

Viewing Asahi Kasei’s Business Portfolio from an External Perspective Chieko Matsuda, Outside Director

Dynamic corporate management capable of flexible transformation as a major strength



Chieko Matsuda
Outside Director

Cross-sectoral flexibility spurs innovation

I’ve been an Outside Director of Asahi Kasei since June 2023. At Board of Directors meetings, discussions of the business portfolio have been much more frequent and extensive than I expected. There were important growth investment projects in fiscal 2023. When making decisions, the Board of Directors always discusses the suitability of each project in terms of the overall balance of the business portfolio. I find it remarkable that Asahi Kasei’s Board of Directors makes its decisions based on a greater awareness of the overall business portfolio than other companies that operate across a broad range of sectors.

Equity investors tend to take a negative view of business diversification. Being an Outside Director, though, has given me a somewhat different impression of

Asahi Kasei than other diversified companies. Not rooted in preconceived notions of its business sectors, Asahi Kasei’s value creation stems from making full use of its technologies and know-how to pursue its Group Mission of contributing to life and living for people around the world. I believe this is because most of Asahi Kasei’s wide-ranging businesses are rooted in its founding technologies. Asahi Kasei’s corporate management features the flexibility to transform itself in accordance with changes in the environment by organically connecting people and organizations to continuously spur innovation through co-creation, which in turn supports inorganic growth. Being able to spur spontaneous innovation from within is certainly an outstanding strength in a dramatically changing and unpredictable world.

The challenge of expanding growth businesses to ensure business portfolio transformation

I think a big reason for Asahi Kasei’s tepid evaluation in capital markets is that the Health Care sector—positioned as a first priority area—has not grown as much as expected, in addition to uncertainty regarding structural transformation of the Material sector. Asahi Kasei’s business portfolio is currently in a transitory period. While expediting the progress of fundamental structural transformation, Asahi Kasei also needs to focus resources on future growth areas and foster them into new pillars of business. M&A is merely a means to achieving this goal, so the company must clearly articulate its future vision for such investments. Regarding structural transformation, I expect Asahi Kasei to take the initiative in boldly transforming petrochemical chain-related businesses—to be a leader of industry-wide reorganization and hold a position at the forefront of such efforts.

That said, I feel that the company’s corporate divisions and business divisions could communicate better with one another about the business portfolio. While

I sense that there is awareness of the need for profitability that takes into account the cost of capital, there seems to be inadequate dialogue and action in this regard. Corporate divisions should deepen their understanding of the approach to the business portfolio and the expectations of businesses by engaging in fuller communication with business divisions. Corporate divisions also need to raise their performance. For their part, business divisions should have a better understanding of how their businesses are viewed by capital markets. For example, business divisions could explain their growth strategies to investors and then receive feedback.

I am certain that Asahi Kasei’s business portfolio will become even more closely aligned with people’s life and living as the company continues to create value in accordance with its Group Mission. I look forward to seeing the management deftly take controlled risks in growth businesses to generate high returns.