

Western Europe Business



May 2019

**Asahi Europe will become a
global premium beer powerhouse**

AEL leads the growth of Asahi Group in international beer business to be global player with local approach through

- Premiumisation in mother country business and
- Global brand expansion in international business

Growth Engines

- Full potential mindset and strategies
- Opportunity-led portfolios and unified brand platforms
- Flawless and disciplined execution
- Centers of excellence focused on our core capabilities

Rockets

- Focus on global cities with high premium consumption
- Global brand-led portfolios and unified brand platforms
- Influence on the “last mile” through bespoke routes-to-market
- Adopters of “best practice” in core capabilities

Driving strong and sustainable performance in “Growth Engines”

- Executing long-term strategies to achieve our targets
- Growing “Core Brands” N.P.R. in all markets
- Penetrating into growth segments via Innovation
- Driving cost efficiencies across all Businesses

Positioning “Rockets” for disproportional long-term success

- Delivering strong growth in current geographic footprint
- Expanding beyond current footprint based on our ability to win
- Developing strong commercial partnerships
- Embedding our “Ways of Working”

Creating unassailable competitive advantages

- Developing world-class commercial capabilities
- Enhancing and growing our talent base
- Optimizing our cost efficient and scalable back office
- Embedding our winning “challenger” culture

Revenue : Average annual growth rate in the high single digits

Core operating profit : Average annual growth of +/- 10%

2017 Results and 2018 Forecast

(excluding foreign exchange impacts associated with conversion of local currencies into Euro)

khl million Euro	2017 Results	YoY*2	Against Target*3	2018 Forecast	YoY*4
Sales Volume	8,786	7%	6%	9,119	4%
Net Sales (exl. Alcohol tax)	859	9%	5%	905	7%
Core OP*1	154	13%	3%	167	10%
Once off cost	-14	36	-1	-1	14

*1 Core OP before reduction of one-off cost

*2 Comparison in FX rate of 2016. 2016 result is estimated number due to before acquisition

*3 Comparison in target FX rate

*4 Comparison in FX rate of 2017

Revenue : Average annual growth rate in the high single digits

Core operating profit : Average annual growth of +/- 10%

2018 Results vs Prior Year and Budget

(excluding foreign exchange impacts associated with conversion of local currencies into Euro)

khl, million Euro	2018 Results	YoY*2	Against Target*3
Sales Volume	9,351	6%	3%
Net Sales (exl. Alcohol tax)	929	9%	1%
Core OP*1	172	13%	2%
One-off cost	-1	13	0

*1 Core OP before reduction of one-off cost

*2 Comparison in 2017 FX rate. 2017 result is estimated number due to before acquisition

*3 Comparison in budget FX rate

- Rockets strategy is based on 4 pillars:
 - Premium Global brands portfolio
 - Bespoke route-to-markets by territory
 - Uncompromising in-market execution
 - Margin enhancement for distributors and customers

- Birra Peroni will continue to drive top-line growth while driving for industry-leading Core OP margin,
 - Increasing penetration and premiumization of key socialising occasions
 - Step-changing availability and visibility in the North
 - Achieving preferred status among key customers
- Key enablers to achieve this ambition:
 - Enhancing commercial capabilities - brand building, account development, in-market execution
 - Simplifying business processes and streamlining costs

- Royal Grolsch aims to become the leading super-premium beer business in The Netherlands on its way to total market leadership by,
 - Increasing its focus on high-potential market segments
 - Accelerating the organic growth of the Grolsch brand
 - Achieving superior execution at the point of purchase / consumption
- Key enablers to achieve this ambition:
 - Enhancing commercial capabilities - brand building, account development, in-market execution
 - Improving product cost efficiencies

- Asahi aims to become the leading premium beer business in the U.K. by,
 - Sustainably driving Peroni Nastro Azzurro to its full potential
 - Growing share of Asahi Super Dry in the Super-Premium lager segment
 - Driving disproportionate value growth in the On and Off-Trade channels
- Key enablers to achieve this ambition:
 - Shaping a high performance culture
 - Enhancing processes and routines to increase investment effectiveness and efficiency

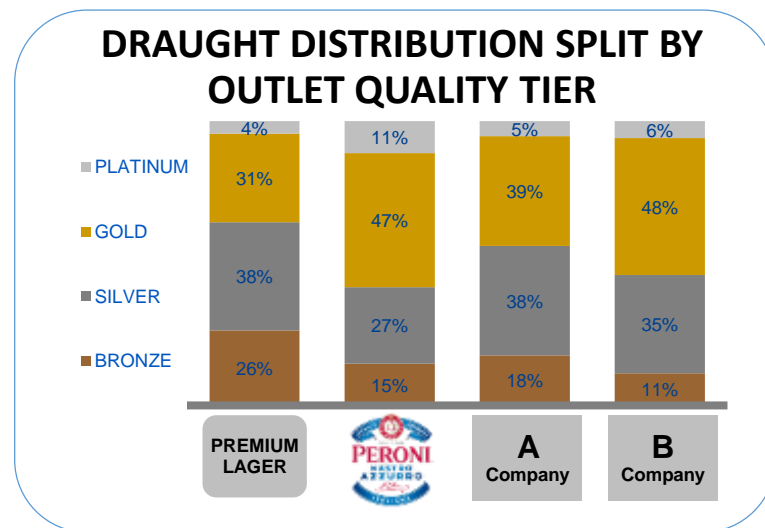
- Hedging to mitigate GBPEUR exchange rate volatility
- Establishing customs clearance processes with logistics providers
- Maximising use of “London Gateway” to minimize impact of ports’ congestion
- Increasing U.K. stocks of top-nine SKU’s by two weeks
- Offsetting incremental logistics and warehousing costs
- Mitigating potential limitations on U.K. bank account passporting via EU-based accounts

Premium segment continues to out-perform the Lager category by a significant margin

- Within an increasingly competitive market, AUK continues to grow the Peroni brand:
 - Increasing **Brand Power** (from 7.9 to 8.2 in Q1) growing ahead of competition
 - Driving **Value Rate of Sale** ahead of competition (~ 50% higher)
 - Maintaining significant **premium pricing** to the premium+ category in both channels
- On-trade:
 - Peroni continues to retain a higher **quality distribution** base vs the category average and competition
- Off-trade:
 - Peroni secured a 35% SKU **distribution increase** in our biggest customer, Tesco (from April)

VALUE RATE OF SALE

	ON TRADE	OFF TRADE
	£602	£190
A Company	£366	£105
B Company	£402	£97
C Company	£300	£59



Elevate the brand above competition through packaging redesign, focusing on *Style* and *Quality*



DIGITAL FIRST APPROACH SOCIAL MEDIA-LED



*“Peroni Style Edit”
Collaboration with 5
influential content
creators from around
the world*

OFF TRADE



ON TRADE & EVENTS



Elevating and premiumising the non-alcoholic beer segment



PR LAUNCH ACTIVITY

BAZAAR

Condé Nast
Traveler

STYLIST
MAGAZINE

Men'sHealth

Stella
* MAGAZINE * THE BLOG *

The **INDEPENDENT**

COMMUNICATION

DRIVING TRIAL THROUGH KEY PARTNERS AND EVENTS

HARVEY NICHOLS

LONDON FASHION WEEK

wework

Our ambition is to become the number 1 Super-Premium beer brand in the world

FROM:

*“THE JAPANESE ONE” ON THE BAR,
ONLY ASSOCIATED WITH JAPANESE FOOD*

TO:

*INSPIRE THROUGH ASAHI SUPER DRY’S
UNIQUE “KARAKUCHI” TASTE*

OBJECTIVE:

DRIVE TRIAL WITH ENRICHMENT SEEKERS IN A DISTINCTIVE WAY

KEY TASKS:

TASK 1: GROW SUPER-PREMIUM MARKET **PRESENCE** AND TRADE ADVOCACY

TASK 2: ELEVATE **PURPOSE** BEYOND FUNCTIONAL KARAKUCHI TO AN EMOTIONAL ASPIRATIONAL MIND-SET

TASK 3: BRING THE CONCEPT OF KARAKUCHI TO LIFE THROUGH **EXPERIENCES**



KARAKUCHI

TASTE IT TO UNDERSTAND IT

**PRESENCE:
TRADE ADVOCACY**



**PURPOSE:
COMMUNICATION**



**EXPERIENCES:
BRING KARAKUCHI TO LIFE**



- Fuller's contributes to the achievement of the Asahi Europe Vision,
 - Enhances our premium brands portfolio
 - Generates incremental international expansion opportunities
 - Delivers above market average revenues
- Fuller's brands are complementary to our existing portfolio,
 - Provide access to new value pools (ales, cider, entry premium lager)
 - Offer the potential to access incremental consumer segments and moments
- Fuller's aligns to our current business model and organisational strengths
- Fuller's will contribute to Asahi's reputation

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Core operating profit : Average annual growth of +/- 10%

2018 Results and 2019 Forecast

(excluding foreign exchange impacts associated with conversion of local currencies into Euro)

khl, million Euro	2019 Forecast	YoY*2
Sales Volume	9,318	0%
Net Sales (exl. Alcohol tax)	977	5%
Core OP*1	190	11%
One-off cost	0	1

*1 Core OP before reduction of one-off cost

*2 Comparison in FX rate of 2018.

Asahi

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