

Update the Medium-Term Management Policy based on the new group philosophy

Financial Results
2018 Summary
2019 Forecast



February 2019

Financial Results for 2018

Financial Forecast for 2019

- * We change the disclosure method to allocate the results of IFRS adjustment into each individual Business's revenue and core operating profit. In response to this change, the figures in 2018 and 2019 forecast in each Business include the impacts of IFRS adjustment.
- * We reconstructed the business segment on January 1, 2019. We reflect the impact related to the issues described as below *1, 2 to the figures in 2018 and 2019 forecast.
- *1 We changed the export structure and transferred the export beer sales in Asahi Breweries in Alcohol Beverages Business previously to Other/elimination in Overseas Business.
- *2 We transferred Taiwan Calpis which was previously in Other/elimination in Overseas Business to Asahi Soft Drinks in Soft Drinks Business.

Financial Results Highlight for 2018



(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Alcohol Beverages Business	919.4	- 39.0	- 4.1%	- 23.2	941.0	27.6	3.0%
Soft Drinks Business	368.8	- 5.8	- 1.5%	- 0.9	379.6	8.8	2.4%
Food Business	116.0	2.2	1.9%	2.1	118.0	2.0	1.7%
Overseas Business	713.3	76.3	12.0%	11.0	711.1	0.7	0.1%
Other Business	109.5	3.3	3.1%	- 1.3	115.2	6.1	5.6%
Adjustment (corporate and elimination)	- 106.6	- 1.6	-	- 7.3	- 111.8	- 12.5	-
Revenue	2,120.3	35.4	1.7%	- 19.7	2,153.0	32.7	1.5%
Alcohol Beverages Business	117.1	- 3.4	- 2.8%	- 3.9	113.9	4.4	4.0%
Soft Drinks Business	38.1	- 0.2	- 0.6%	- 0.8	39.9	2.7	7.2%
Food Business	12.2	0.6	4.9%	0.1	12.7	0.3	2.7%
Overseas Business	99.6	32.5	48.5%	4.0	105.8	5.2	5.2%
Other Business	2.4	0.4	19.7%	- 0.0	2.0	- 0.5	- 19.5%
Adjustment (corporate and elimination)	- 19.0	1.3	-	2.4	- 23.3	- 4.5	-
Amortization of acquisition-related intangible assets	- 22.0	- 2.8	-	- 0.2	- 21.0	1.0	-
Corporate adjustment (IFRS adjustment)	- 7.0	- 3.3	-	- 0.2	-	-	-
Core operating profit	221.4	25.0	12.7%	1.4	230.0	8.6	3.9%
Operating profit	211.8	28.6	15.6%	7.8	217.0	5.2	2.5%
Profit attributable to owners of parent	151.1	10.1	7.1%	9.1	152.0	0.9	0.6%

[2018]

- Revenue: Finished below target with +1.7% YoY growth mainly due to the decrease in Alcohol Beverages and Soft Drinks Businesses, despite the growth of Overseas Business.
- Core OP: Finished above target with +12.7% YoY growth driven by substantial increase in Overseas Business, mitigating the decrease in Alcohol Beverages Business.

[2019]

- Revenue: Target +1.5% YoY growth driven by the increases in the three domestic Businesses centered on Alcohol Beverages and the slight increase in Overseas Business including the forex impact.
- Core OP: Target +3.9% YoY growth driven by the increases in the three domestic Businesses and Overseas Business centered on Europe business.

<Sales Volume>

	2018			
		YoY (Amount / %)		Against target
Beer	93.51	- 6.47	- 6.5%	- 2.34
Happoshu	13.89	- 1.12	- 7.4%	- 0.45
New Genre	39.75	- 3.23	- 7.5%	- 1.85
Beer-type beverages Total	147.16	- 10.82	- 6.8%	- 4.65

(Millions of cases)

<Market Trend>

2019 forecast			2018	2019 forecast
			YoY	YoY
			YoY	
	YoY (Amount / %)		-5~6%	-1~2%
	YoY (Amount / %)		-8~9%	-3~4%
	YoY (Amount / %)		+4~5%	Around. +1%
	YoY (Amount / %)		-2~3%	Around -1%

<Sales Volume by Brands>

	2018			
		YoY (Amount / %)		Against target
Super Dry Total	90.85	- 7.09	- 7.2%	- 2.25
Style Free Total	12.57	- 0.78	- 5.8%	- 0.53
Clear Asahi Total	32.76	- 3.09	- 8.6%	- 1.94

(Millions of cases)

2019 forecast			2018	YoY
			YoY	
	YoY (Amount / %)		Can	- 10.8%
	YoY (Amount / %)		Keg	- 4.5%
	YoY (Amount / %)		Bottle	- 7.3%

【Market Total】

- 2018: -2% to -3% YoY decline in total volume due to outflow to the other categories and sluggish performance of on-premise market, despite of the addition of private label products in the other brewer in New Genre category.
- 2019: YoY contraction by approx. -1% in total volume expected due to the industry's structural trend in addition to the outflow to the other categories, despite of the addition of private label products in New Genre category.

【Sales Volume of Asahi Breweries】

- 2018
 - <Beer> Finished below target with -6.5% YoY decline due to the market contraction and downturn in reaction to reinforced marketing activities last year, despite boosting market demand through the launch of *Asahi Super Dry Shunrei Karakuchi*.
 - <Happoshu> Finished below target with -7.4% YoY decline due to the market contraction, despite promoting the activity focused on *Style Free*.
 - <New Genre> Finished below target with -7.5% YoY decline mainly due to the decrease in *Clear Asahi Prime Rich* under the influence of competitors' new products launches.
- 2019
 - <Beer> Target +1.4% YoY growth driven by revitalizing brand equity of *Asahi Super Dry* through such means as renewing the marketing strategy
 - <Happoshu> Target -2.1% YoY decline due to the market contraction and the other brands decrease, despite the continuous marketing activity focused on *Style Free*.
 - <New Genre> Target +5.9% YoY growth driven by strengthening marketing activities for *Clear Asahi* and launch of *Gokujo Kireaji*.

Alcohol Beverages Business (Revenue)



<Revenue>

		2018		
		YoY (Amount / %)	Against Target	
Beer	519.8	- 26.2	- 4.8%	- 14.0
Happoshu	52.9	- 5.0	- 8.6%	- 1.7
New Genre	131.8	- 10.6	- 7.5%	- 6.2
Beer-type beverages total	704.5	- 41.8	- 5.6%	- 21.9
Whiskey and spirits	57.8	2.8	5.1%	0.9
RTD low-alcohol beverages	44.4	3.8	9.5%	- 0.8
Wine	42.2	0.9	2.2%	0.5
Shochu	27.4	- 0.5	- 1.8%	- 0.2
Other	0.0	- 0.0	- 10.2%	- 0.0
Other alcohol beverages total	171.9	7.1	4.3%	0.4
Non-alcohol beverages	33.2	1.3	4.2%	0.1
Other, contracted manufacture, etc.	23.8	- 0.3	- 1.3%	0.2
Asahi Breweries Revenue	933.4	- 33.8	- 3.5%	- 21.1
Other/elimination in segment	24.0	- 3.7	- 13.4%	0.1
Corporate adjustment (IFRS adjustment)	- 38.0	- 1.5	-	- 2.1
Revenue total	919.4	- 39.0	- 4.1%	- 23.2

(JPY billion)

		2019 forecast	
		YoY (Amount / %)	
Asahi Breweries Revenue	916.0	26.6	3.0%
Other/elimination in segment	25.0	1.0	4.1%
Revenue total	941.0	27.6	3.0%

<Reference: Revenue by category (before rebate deduction)>

Beer	524.3	10.5	2.1%
Happoshu	51.7	- 1.2	- 2.3%
New Genre	139.6	7.8	6.0%
Beer-type beverages total	715.7	17.2	2.5%
Whiskey and spirits	59.3	1.4	2.5%
RTD low-alcohol beverages	50.0	5.6	12.6%
Wine	43.5	1.3	3.1%
Shochu	27.3	- 0.0	- 0.2%
Non-alcohol beverages	34.1	0.9	2.7%

[Other alcohol beverages total]

- 2018: Finished above target with +4.3% YoY growth in total due to increase of RTD low-alcohol beverages with newly launched *Zeitaku Shibori* and whiskey and spirits with favorable performance of *Black Nikka*. Finished above target with +4.2% YoY growth in sales of Non-alcohol beverages mainly driven by reinforced marketing activities of *Dry Zero*.
- 2019: Target YoY growth in total driven by enhancing RTD low-alcohol beverages with newly launched *Wilkinson Hard Nine* (+12.6% YoY). Target +2.7% YoY growth in sales of Non-alcohol beverages driven by newly launched impact of *Dry Zero Spark*.

<Core Operating Profit>

		2018		
		YoY (Amount / %)	Against Target	
Beer-type - Change in sales volume	-	- 10.7		- 6.3
Change in Beer-type	-	0.6		- 0.9
Other alcohol beverages - change in sales volume	-	3.2		0.7
Cost reduction in manufacturing	-	1.3		-
Cost increase in manufacturing	-	- 1.6		- 0.6
Advertisement and Sales promotion expenses	104.3	0.6		0.2
Other expenses	-	3.1		2.8
Asahi Breweries	116.2	- 3.4	- 2.8%	- 4.0
Other/elimination in segment	0.9	0.0	1.0%	0.1
Core Operating Profit	117.1	- 3.4	- 2.8%	- 3.9

(JPY billion)

		2019 forecast		
		YoY (Amount / %)		
Change in sales, category and container mix	-	11.2		
Cost reduction in manufacturing	-	2.2		
Cost increase in manufacturing	-	- 1.4		
Advertisement and Sales promotion expenses	-	- 0.5		
Other expenses	-	- 7.4		
Asahi Breweries	112.8	4.2	3.8%	
Other/elimination in segment	1.1	0.2	24.2%	
Core Operating Profit	113.9	4.4	4.0%	

[2018: Factors Contributing to Growth/Decline] (JPY billion)

<Breakdown of main factors>

Beer-type – Decrease in sales volume: -10.7 (including the impact of price revision)

Cost reduction in manufacturing: +1.3

(Raw materials +0.4, Product mix improvement in categories of other than beer-type +0.7, etc.)

Cost increase in manufacturing: -1.6 (Raw materials -0.4, Utilities -0.7, etc.)

Decrease in sales promotion expense: +0.6 (Advertisement -1.3, Promotion expenses +1.9)
(Beer-type +1.5, Others -0.9)

[2019 forecast: Factors Contributing to Growth/Decline] (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: +11.2

(Sales volume increase in beer-type +6.7, Sales increase in other alcohol beverages +4.2, etc.)

Cost reduction in manufacturing: +2.2

(Raw materials +0.3, Product mix improvement in categories other than beer-type +1.4, etc.)

Cost increase in manufacturing: -1.4 (Raw materials -0.5, Utilities -0.4, etc.)

Increase in sales promotion expenses: -0.5 (Advertisement -1.9, Promotion expenses +1.3)
(Beer-type unchanged, Others -0.5)

Soft Drinks Business (Sales Volume)



<Sales Volume>

	2018	2018		
		YoY (Amount / %)	Against target	
Carbonated drinks	67.26	5.19	8.4%	0.93
Lactic acid drinks	49.53	5.16	11.6%	1.07
Coffee	42.11	- 2.06	- 4.7%	- 1.69
Tea	41.29	1.09	2.7%	0.55
Mineral Water	23.96	0.50	2.1%	- 0.84
Fruit juice	21.20	- 1.22	- 5.4%	1.65
Other drinks	20.77	1.49	7.7%	0.96
Sales Volume	266.13	10.15	4.0%	2.63

(Millions of cases)

<Market Trend>

	2019 forecast			2018	2019 forecast
	YoY (Amount / %)			YoY	YoY
	70.58	3.32	4.9%	+2~3%	
	51.97	2.44	4.9%	+7~8%	
	42.34	0.22	0.5%	0~-1%	
	40.98	- 0.31	- 0.7%	+2~3%	
	23.00	- 0.96	- 4.0%	+3~4%	
	19.42	- 1.78	- 8.4%	0~+1%	
	20.91	0.14	0.7%	-	
	269.20	3.07	1.2%	around +2%	unchanged YoY

<Sales Volume by Brands>

	2018	2018	
		YoY (Amount / %)	
MITSUYA CIDER	39.47	1.95	5.2%
CALPIS	42.63	4.29	11.2%
WONDA	40.24	- 1.41	- 3.4%
Asahi Juroku-cha	24.08	1.15	5.0%
OISHII MIZU	23.96	0.50	2.1%
WILKINSON	22.25	2.35	11.8%

	2019 forecast		
	YoY (Amount / %)		
	41.10	1.63	4.1%
	44.30	1.67	3.9%
	40.40	0.16	0.4%
	24.40	0.32	1.3%
	23.00	- 0.96	- 4.0%
	24.50	2.25	10.1%

[Market Total]

- 2018: YoY growth of approx. 2% in total volume driven by hot weather and aggressive marketing activities in each beverage company, despite of negative factors including several natural disasters.
- 2019: Expected to maintain YoY in total volume with beverage companies focusing their activities on proposal of added value products, despite of the expected deterioration of consumer sentiment in response to the hike of consumption tax rate.

[Asahi Soft Drinks Sales Volume]

- 2018: Finished above target with +4.0% YoY growth in total sales volume with strong performances from core brands excluding *WONDA*.
- 2019: Target +1.2% YoY growth in total volume through enhancement of new value proposal utilizing the core brands equities.

<Core Operating Profit>

	2018	2018		Against Target
		YoY (Amount / %)		
Sales Volume Total	266.13	10.15	4.0%	2.63
Revenue Total	368.8	- 5.8	- 1.5%	- 0.9
Change in sales volume	-	4.3		1.0
Change in product & pack mix, etc.	-	0.3		0.1
Cost reduction in manufacturing	-	3.7		-
Cost increase in manufacturing	-	- 2.0		- 0.4
Advertisement and Sales promotion expenses	-	- 2.9		- 1.1
Other expenses	-	- 2.6		- 0.5
Asahi Soft Drinks	37.9	0.8	2.3%	- 0.8
LB	-	- 0.9	-	-
Other/elimination in segment	0.2	- 0.2	- 42.5%	0.0
Core Operating Profit	38.1	- 0.2	- 0.6%	- 0.8

(Millions of cases / JPY billion)

	2019 forecast		
	YoY (Amount / %)		
Sales Volume Total	269.20	3.07	1.2%
Revenue Total	379.6	8.8	2.4%
Change in sales, category and container mix	-	3.3	
Cost reduction in manufacturing	-	2.1	
Cost increase in manufacturing	-	- 2.6	
Advertisement and Sales promotion expenses	-	1.3	
Other expenses	-	- 1.4	
Asahi Soft Drinks	39.9	2.7	7.2%
Other/elimination in segment	-	-	-
Core Operating Profit	39.9	2.7	7.2%

[2018: Factors Contributing to Growth/Decline] (JPY billion)

<Breakdown of main factors>

Increase in sales volume: +4.3, Change in product & packaging mix: +0.3

Cost reduction in manufacturing: +3.7

(Raw materials +1.2, Packages +0.8, operational efficiency / in-house production +1.7)

Cost increase in manufacturing: -2.0 (Raw materials -0.9, Packages -1.1)

Increase in advertisement and sales promotion expenses: -2.9 (Advertisement +1.0, Promotion expenses -3.9)

[2019 forecast: Factors Contributing to Growth/Decline] (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: +3.3 (including the impact of price revision)

(Increase in sales volume +2.6, Change in category and container mix +0.7)

Cost reduction in manufacturing: +2.1

(Raw materials +0.8, Packages +0.6, operational efficiency / in-house production +0.7)

Cost increase in manufacturing: -2.6 (Raw materials -0.2, Packages -2.4)

Decrease in advertisement and sales promotion expenses : +1.3 (Advertisement +0.5, Promotion expenses +0.8)

<Revenue>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Asahi Group Foods	128.6	2.5	2.0%	2.3	118.0	2.0	1.7%
Other / elimination	- 0.0	0.0	-	- 0.0	-	0.0	-
Corporate adjustment (IFRS adjustment)	- 12.7	- 0.3	-	- 0.2	-	-	-
Revenue	116.0	2.2	1.9%	2.1	118.0	2.0	1.7%

<Core Operating Profit>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Asahi Group Foods	11.8	0.7	6.3%	0.2	12.3	0.3	2.7%
Other / elimination	0.4	- 0.1	- 25.2%	- 0.1	0.4	0.0	2.3%
Core Operating Profit	12.2	0.6	4.9%	0.1	12.7	0.3	2.7%

【Revenue】

- 2018: Finished above target with +1.9% YoY growth with expanding lineups centered on core brands including *MINTIA*.
- 2019: Target +4.9% YoY growth driven by revenue growth and reduction of manufacturing costs through factors including review of procurement for raw materials and improvement of manufacturing efficiency.

【Core Operating Profit】

- 2018: +1.7% YoY growth driven by enhancing core brands equities and development of added value products leveraging the core technologies.
- 2019: Target +2.7% YoY growth driven by continuous improvement of product mix through enhancement of developments of added value products and manufacturing cost reduction.

Overseas Business (Revenue)

<Revenue>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Europe business	465.5	91.9	24.6%	16.0	464.5	- 1.0	- 0.2%
Oceania business	174.7	1.5	0.9%	- 2.5	176.4	1.7	1.0%
Southeast Asia business	45.9	- 9.5	- 17.1%	- 2.0	44.7	- 1.3	- 2.8%
China business	9.8	- 6.6	- 40.3%	0.3	5.4	- 4.3	- 44.4%
Other/elimination	17.3	- 1.1	- 5.7%	- 0.8	20.1	5.6	38.9%
Revenue	713.3	76.3	12.0%	11.0	711.1	0.7	0.1%

<Revenue (excluding foreign exchange impacts associated with conversion of local currencies into Japanese yen)>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Europe business	457.0	83.4	22.3%	7.6	480.5	15.0	3.2%
Oceania business	182.0	8.8	5.1%	- 1.6	186.7	12.0	6.9%
Southeast Asia business	44.3	- 11.2	- 20.1%	- 2.5	45.5	- 0.5	- 1.1%
China business	9.7	- 6.7	- 41.0%	0.4	5.6	- 4.2	- 42.6%
Other/elimination	17.3	- 1.0	- 5.7%	- 1.1	20.4	6.0	41.4%
Revenue	710.2	73.3	11.5%	2.9	738.7	28.3	4.0%

[Revenue (excluding forex impacts associated with conversion of local currencies into JPY)]

Note: See P.10 for details of Europe business

2018

- Oceania: +5.1% YoY growth driven by strong performance of Alcohol beverages with *Peroni*, despite of decline of Non-alcohol beverages. (Non-alcohol beverages -2%, Alcohol beverages +15%)
- Southeast Asia: -20.1% YoY decline due to the impact of deconsolidation of Indonesia business, despite of favorable performance of Asahi brands in Malaysia and Myanmar.
- China: -41.0% YoY decline due to the impact of deconsolidation of Yantai Beer, despite of favorable performance of premium brands including *Asahi Super Dry*.

2019

- Oceania: Target +6.9% YoY growth driven by reinforcing the sales for added value products and premium brands (Non-alcohol beverages +1%, Alcohol beverages +9%).
- Southeast Asia: Target -1.1% YoY decline due to the impact of deterioration of consumer sentiment in response to the tax revision, despite enhancing added value improvement centered on core brands.
- China: -42.6% YoY decline due to the impact of transfer of export to Oceania, despite strengthening sales activities for *Asahi Super Dry* and Europe brands.

Overseas Business (Core Operating Profit)

<Core Operating Profit>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Europe business	81.1	30.1	58.9%	4.6	84.5	3.4	4.2%
Oceania business	14.8	0.8	5.5%	- 0.4	15.3	0.5	3.5%
Southeast Asia business	2.2	1.4	174.5%	0.1	2.8	0.6	25.0%
China business	0.5	- 0.5	- 50.0%	0.0	- 0.7	- 1.2	-
Other/elimination	1.0	0.7	354.1%	- 0.3	3.9	1.9	96.1%
Core Operating Profit	99.6	32.5	48.5%	4.0	105.8	5.2	5.2%

<Core Operating Profit (excluding foreign exchange impacts associated with conversion of local currencies into Japanese yen)>

(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Europe business	79.7	28.6	56.1%	3.1	87.4	6.3	7.8%
Oceania business	15.4	1.4	9.9%	- 0.3	16.2	1.4	9.5%
Southeast Asia business	2.1	1.3	159.5%	0.1	2.9	0.6	27.1%
China business	0.5	- 0.5	- 50.7%	0.0	- 0.7	- 1.2	-
Other/elimination	1.0	0.7	353.7%	- 0.3	3.9	1.9	97.8%
Core Operating Profit	98.6	31.6	47.1%	2.6	109.7	9.1	9.0%

[Core OP (excluding foreign exchange impacts associated with conversion of local currencies into JPY)]

Note: See P.10 for details of Europe business

2018

- Oceania: +9.9% YoY growth driven by revenue growth in Alcohol beverages and operational efficiency improvement through integration synergies.
- Southeast Asia: +159.5% YoY growth mainly due to the impact of deconsolidation of Indonesia business and reduction of manufacturing costs through productivity improvement.
- China: -50.7% YoY decline due to the impact of deconsolidation of Yantai Beer, despite of the manufacturing costs reduction through streamlining procurement process.

2019

- Oceania: Target +9.5% YoY growth driven by revenue growth of premium brands and productivity improvement.
- Southeast Asia: Target +27.1% YoY growth driven by mix improvement and reduction of manufacturing costs reduction through review for manufacturing process.
- China: Target JPY1.2 billion YoY decline due to the impact of transfer of export to Oceania, despite enhancing product mix improvement through reinforcing sales activities for premium beer category.

Europe Business (Revenue/Core Operating Profit)

<Revenue>

(JPY billion)

		2018			2019 forecast		
		YoY (Amount / %)	Against Target		YoY (Amount / %)		
Western Europe	149.5	14.4	10.7%	4.2	154.4	4.9	3.3%
Central Europe (consolidated from Apr. 2017)	316.1	77.5	32.5%	11.8	310.1	- 6.0	- 1.9%
Europe business	465.5	91.9	24.6%	16.0	464.5	- 1.0	- 0.2%

<Core Operating Profit>

(JPY billion)

		2018			2019 forecast		
		YoY (Amount / %)	Against Target		YoY (Amount / %)		
Gross Core Operating Profit	22.5	2.9	14.9%	1.1	24.0	1.5	6.6%
One off Cost	- 0.2	1.6	-	- 0.1	-	0.2	-
Western Europe	22.3	4.6	25.7%	1.0	24.0	1.7	7.5%
Gross Core Operating Profit	59.9	14.8	32.7%	3.4	60.6	0.6	1.0%
One off Cost	- 1.1	10.7	-	0.2	- 0.0	1.1	-
Central Europe	58.8	25.5	76.5%	3.6	60.5	1.7	2.9%
Europe business	81.1	30.1	58.9%	4.6	84.5	3.4	4.2%
Western Europe	- 4.5	- 0.2	-	- 0.0	- 4.4	0.2	-
Central Europe	- 13.2	- 3.5	-	- 0.2	- 12.6	0.6	-
Amortization of intangible assets	- 17.7	- 3.7	-	- 0.2	- 17.0	0.7	-

[2018]

- Revenue: Finished above target with +24.6% YoY growth driven by revenue growth in all home markets and the newly consolidated impact of Central Europe business.
- Core OP: Finished above target with +58.9% YoY growth driven by revenue growth both in Western and Central Europe businesses and mix improvements, in addition to the newly consolidation impact of Central Europe business.

[2019]

- Revenue: Target -0.2% YoY decline due to the negative impact of the appreciation of yen (negative JPY16.0 billion), despite promoting further premiumization in home markets and third countries.
- Core OP: Target +4.2% YoY growth driven by revenue growth and mix improvement, despite of the negative impact of the appreciation of yen (negative JPY2.9 billion).

Operating Profit/Profit Attributable to Owners of Parent



(JPY billion)

	2018				2019 forecast		
		YoY (Amount / %)	Against Target		YoY (Amount / %)		
Revenue	2,120.3	35.4	1.7%	- 19.7	2,153.0	32.7	1.5%
Core operating profit	221.4	25.0	12.7%	1.4	230.0	8.6	3.9%
Adjustment item	- 9.6	3.6		6.4	- 13.0	- 3.4	
Loss (gain) on sales and retirement of non current assets	- 4.1	1.3		0.6	- 5.0	- 0.8	
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	- 9.6		-	-	-	
Gain (loss) on revaluation of subsidiaries and affiliates	1.4	1.4		-	-	- 1.4	
Business integration expenses	- 3.0	1.1		- 2.2	-	3.0	
Impairment loss	- 0.3	9.8		- 0.3	-	0.3	
Others	- 3.6	- 0.5		8.3	- 8.0	- 4.4	
Operating profit	211.8	28.6	15.6%	7.8	217.0	5.2	2.5%
Finance income or loss	- 3.6	0.1		- 0.3	- 3.0	0.6	
Share of loss (profit) of entities accounted for using equity method	0.9	- 0.2		0.1	0.7	- 0.2	
Loss (gain) on sales of investments accounted for using equity method	- 0.9	- 18.8		-	-	0.9	
Others	- 0.8	0.6		- 3.3	- 0.7	0.1	
Profit before tax	207.3	10.3	5.2%	4.3	214.0	6.7	3.2%
Income tax expense	- 56.4	1.8		4.3	- 62.0	- 5.6	
Profit	150.9	12.1	8.7%	8.6	152.0	1.1	0.7%
Profit attributable to owners of parent	151.1	10.1	7.1%	9.1	152.0	0.9	0.6%
Profit attributable to non-controlling interests	- 0.1	2.0		- 0.4	-	0.1	

[2018]

- Operating Profit: Finished above target with +15.6% YoY growth driven by Core OP growth and the decrease of factors including Others cost.
- Profit attributable to owners of parent:
Finished above target with +7.1% YoY growth due to OP growth and decrease of income tax expense

[2019]

- Operating Profit: Target +2.5% YoY growth driven by Core OP growth, despite of downturn in response to revaluation of subsidiaries and affiliates and increase of Other costs expected.
- Profit attributable to owners of parent:
Target +0.6% YoY growth driven by OP growth, despite of the increase of income tax expense.

**Formulation of new group philosophy
“Asahi Group Philosophy”**

The Medium-Term Management Policy Update

◆ Overview of the management over past three years

- Strengthening brand equities in the three domestic businesses and improving profitability through making more progress than planned in reforming the earning structure
- Expanding the foundation for growth significantly driven by acquiring Europe beer businesses and restructuring business portfolio with agility
- Outperforming the guidelines of key performance indicators and enhancing corporate value through improving asset and capital efficiency and enhancing ESG initiatives

◆ External Environment in the Future

- Expanding various opportunities and risks including value diversification in consumer sentiment and global premium market growth
- Growing needs to disclose integrated information and promote constructive dialogues with stakeholders in response to factors including the revision of Japan's Corporate Governance Code

◆ Formulation of new group philosophy and the Medium-Term Management Policy update

- Formulating Asahi Group Philosophy sharing worldwide in the new stage for growth
- Updating the Medium-Term Management Policy embodying AGP and enhancing "Glocal Value Creation Management"

◆ External Environment in the Future

- Development of further value diversification in consumer sentiment driven by factors including various tax revisions and development of digitalization
- Expansion of various opportunities and risks including growing VUCA* environment and global premium category growth
- Growing needs to disclose integrated information and promote constructive dialogues with stakeholders in response to the revision of Japan's Corporate Governance Code and the release of Guidance for Collaborative Value Creation by METI in Japan

*Volatility, Uncertainty, Complexity, Ambiguity

◆ SWOT Analysis for business portfolio

Blue: Domestic, Brown: Overseas

<ul style="list-style-type: none"> ● Holding No.1 brands in various categories including beer-type beverages ● Holding industry-wide top-class profitability in Alcohol Beverages, Soft Drinks and Food Businesses ○ Acquiring established premium brands in Europe, the brand nurturing know-how and human resources ○ Structuring leading networks in Oceania and Asia 	Strength	Weakness	<ul style="list-style-type: none"> ● Progressing maturation of alcohol beverages and soft drinks markets due to the declining birthrate and the aging population ● Continuing severe competition under deflation environment ○ Increasing oligopolization by global large companies ○ Increasing various regulations against alcohol and sugar and others
<ul style="list-style-type: none"> ● Expanding market structure change by liquor tax revision and diversifying consumer sentiment ● Revitalizing consumer sentiment driven by Tokyo 2020 Olympic and Paralympic Games and Osaka Expo in the coming years ● Diversifying consumption value in the youth driven by development of e-commerce and digitalization ○ Growing premium and super premium beer market sustainably ○ Expanding markets in high added value categories including non-alcohol beverages 	Opportunity	Threat	<ul style="list-style-type: none"> ● Decreasing markets more than expected due to deterioration of economies and consumer sentiment ● Deteriorating competitive environment due to the increase of consumption tax rate ○ Slowing down premiumization in response to economic downturn in focused areas ○ Changing business models sophisticated by large competitors through digitalization



Asahi Group Philosophy

Our Mission

Deliver on our great taste promise
and bring more fun to life

Our Vision

Be a value creator globally and locally,
growing with high-value-added brands

Our Values

Challenge and innovation
Excellence in quality
Shared inspiration

Our Principles

Building value together with all our stakeholders

Customers: Win customer satisfaction with products and services that exceed expectations

Employees: Foster a corporate culture that promotes individual and company growth

Society: Contribute to a sustainable society through our business

Partners: Build relationships that promote mutual growth

Shareholders: Increase our share value through sustainable profit growth and shareholder returns

Enhancing "Glocal Value Creation Management" based on Asahi Group Philosophy

◆ **Strengthening earning power** driven by high added value enhancement and earning structure reform

- Enhancing high added value brands in Japan and overseas and achieving revenue growth with expanding cross-selling
- Reforming the earning structure through introduction of zero based budgeting and optimization of procurement system

*The target of earning structure reform impact including zero based budgeting (2019-2021 accumulated):
over JPY30.0 billion

- Sophisticating business administration utilizing ROIC and improving asset and capital efficiency through cash flow maximization

◆ **Sophisticating management resources** aimed at expansion of the new foundation for growth

- Reforming corporate culture for realizing innovation and disruption and investing intangible assets (R&D and human resources and others)
- Promoting bolt-on type M&As complementing the existing businesses and expanding alliances with competitors and other industries' players
- Implementing business structure reform taking advantage of digital transformation and advancing business model

◆ **Reinforcing ESG initiatives** supporting sustainable value creation process

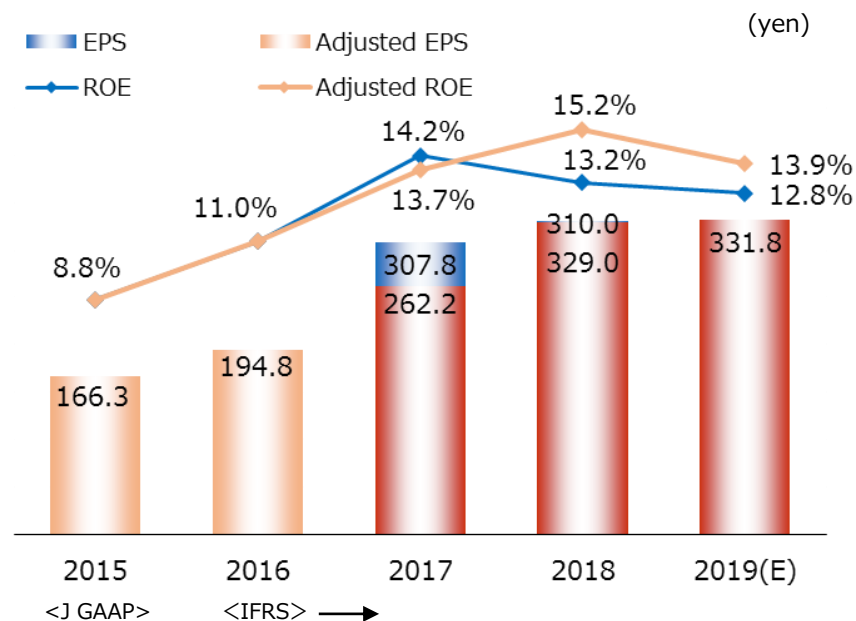
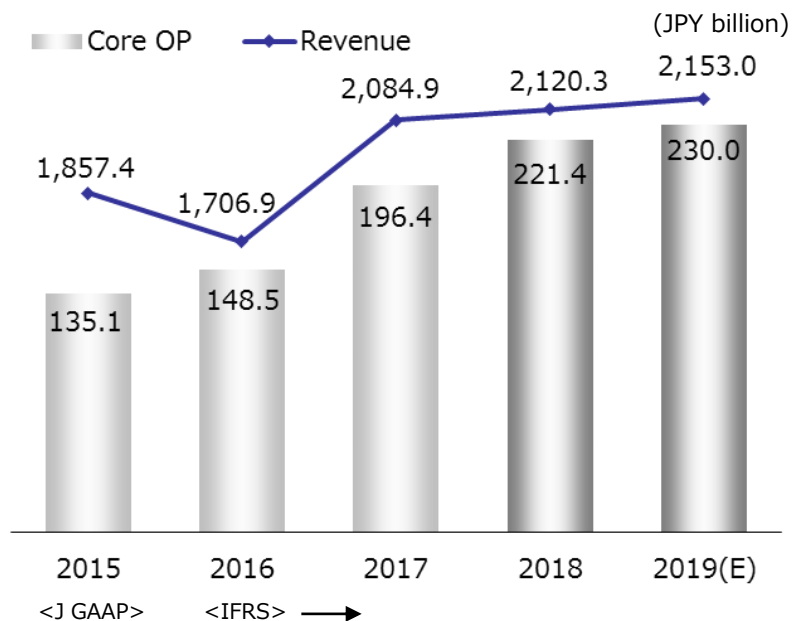
- Formulating "Asahi Group Environmental Vision 2050" and improving sustainable activities through value creation leveraging the unique strength
- Enhancing glocal talent management and HR diversity and fostering human rights management system
- Sophisticating risk management system (Enterprise Risk Management) and reforming governance system supporting group and global growth

⇒ **Promoting constructive dialogues with the above three key initiatives as engagement agendas**

◆ Key Performance Indicator (KPI) Concept and Guidelines

	2017 results	Guidelines for next 3 years out
Revenue	JPY2,084.9 billion	Stable growth from existing businesses – Business restructuring + New M&As
Core OP	JPY196.4 billion	CAGR : mid to high single digit
EPS (adjusted*)	262.2 yen	CAGR : mid to high single digit
ROE (adjusted*)	13.7%	Maintain 13% or above

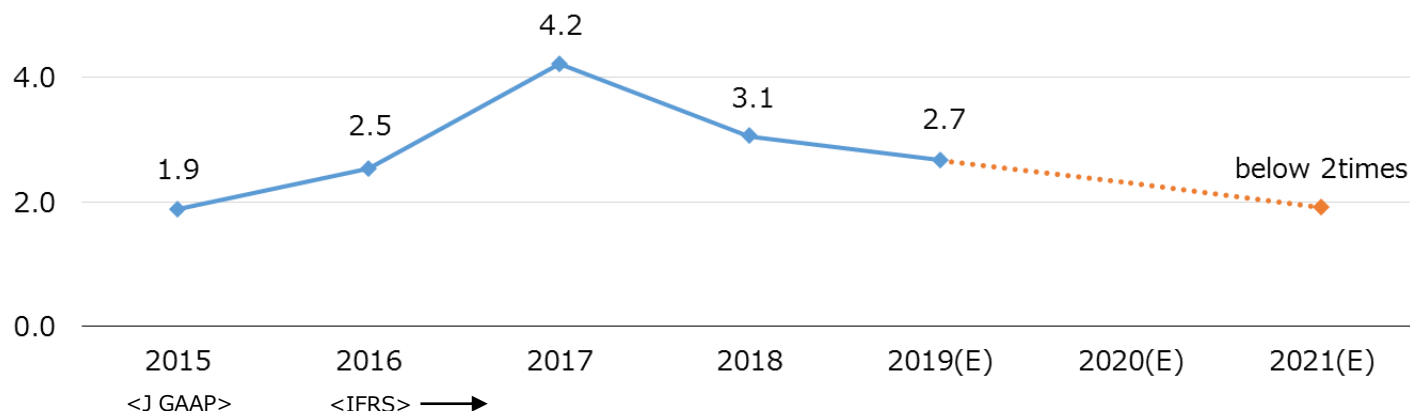
*Adjusted figures are calculated after the deduction of special factors including business portfolio restructuring and forex impact



◆ Financial and Cash Flow Guidelines

	Guidelines from 2019 onward
Cash Flow	FCF : above JPY170.0 billion (annual average)
Investment for Growth	Prioritize M&As for expansion of foundations for growth and promote debt reduction for enhancing investment capacity
Debt Reduction	Net debt / EBITDA : below 2 times by the end of FY2021
Shareholder Returns	Stable dividend increases with the aim of a dividend payout ratio of 35% * (-2021) Note: aiming at dividend payout ratio of 40% in the future *Adjusted profit attributable to owners of parent is used for calculation

<Net debt/EBITDA>



Business	Medium-Term Key Initiatives
Alcohol Beverages	<ul style="list-style-type: none"> ◆ Sophisticating structure for innovation and cost reduction and establishing the position as a leading company in the domestic alcohol industry 1) Implementing integrated marketing strategy for new market creation looking toward the future environmental change and renovating the core brands value 2) Promoting zero based budgeting, minimizing the cost and creating resources for investments for growth through building optimal production and logistics system 3) Sophisticating product development process, expanding new drinking opportunity and enhancing business model utilizing digital transformation
Soft Drinks	<ul style="list-style-type: none"> ◆ Aiming at an leading company in the soft drinks industry with industry-wide top-class profitability 1) Enhancing core 6 brands values and improving profitability driven by building optimal production and logistics system and reforming vending machines business 2) Establishing new foundation for growth through challenging new category creation and allocating business resources for health-conscious category 3) Strengthening corporate brand value driven by solving social challenges in the region of health and environment and expanding alliances with partners
Food	<ul style="list-style-type: none"> ◆ Enhancing the unique strength further and expanding foundation for growth through new market creation 1) Improving core brand and category values further utilizing core technologies and materials 2) Nurturing growth drivers in new categories and markets and developing overseas business 3) Streamlining overall value-chain, improving productivity and reinforcing quality assurance system
Overseas	<ul style="list-style-type: none"> ◆ Leading sustainable group growth centered on promoting premiumization and expanding cross-selling of core premium brands 1) Reinforcing premium portfolio in each country and expanding cross-selling of core premium brands centered on Europe 2) Creating opportunity for growth driven by innovation in the region of non-alcohol beer taste beverages and functional drinks in light of consumption diversification 3) Promoting continuous zero based budgeting, reinvesting for further growth and strengthening foundation for growth through bolt-on type M&As

◆ Results and Forecasts for Earning Structure Reform

Note: The figures include the net impacts of ZBB

JPY billion	2019-2021 3 year forecast	Initiatives	2016-2018 Forecast	2016-2018 Results
Alcohol Beverages	Over 20.0	Structure optimal production and logistics system in response to demand shift among categories and consumption diversification	Over 14.0	17.1
Soft Drinks		Reduce container weights and raw material costs by streamlining procurement area and methods		11.3
		Enhance optimal production and logistics system by improving operational efficiency and strengthening partnership		
Food		Reduce manufacturing cost by reviewing manufacturing method and packaging design		3.1
		Structure optimal production and logistics system by improving own production capacity and reviewing consignment production scheme		
Overseas		Reduce manufacturing cost by reviewing manufacturing process and sophisticating demand and supply adjusting method		10.7
	Reduce manufacturing cost through improving procurement efficiency and optimize fixed cost (Europe)			
Total	Over 30.0		20.0-30.0	42.2

<Zero Based Budgeting Initiatives>

- Ensuring all fixed costs including advertisement and sales promotion expenses and personnel costs to visualize and clearly defying what initiatives to stop and finally prioritizing the budget allocation
- Investing the resources from stopping expenses in key initiatives in the Medium-Term Management Policy in addition to increasing the profit

Reinforcing ESG initiatives supporting sustainable value creation process

- ◆ Formulating "Asahi Group Environmental Vision 2050", improving sustainable activities through value creation leveraging the unique strength
 - Goals of Asahi Group Environmental Vision 2050
 - 1) Achieving zero CO2 emissions
 - 2) Using 100% of sustainable resources (agricultural raw materials, containers and packaging, water)
 - Corporate value creation seeking solutions to social issues by leveraging Asahi's unique strengths (yeast and lactic acid bacteria technologies)

- ◆ Enhancing glocal talent management and HR diversity and fostering human rights management
 - Developing human resources and enhancing HR diversity by putting the right person to the right place globally and merging local HR management systems
 - Strengthening initiatives for respect for human rights by evaluating various internal and external risks relating to human rights and renewing due diligence process for human rights

- ◆ Sophisticating risk management system (Enterprise Risk Management) and reforming governance system supporting group and global growth
 - Reinforcing global risk management system with the operation of ERM (Enterprise Risk Management)
 - Strengthening governance system by reforming the board of directors through such means as enhancing supervisory function of the board of directors as a body that supervises business executions and promoting diversification

Asahi Group Environmental Vision 2050

We will work on to achieve the goals below by 2050

- Aiming to achieve zero environmental impact in the business activities
- Endeavoring to create more environmental value to society by leveraging the Group's unique technologies



Zero Environmental Impact (Neutral)

Environmental Value Creation (Positive)

Response to climate change	Sustainable resources use	Utilization of technologies on microorganisms and fermentation	Process innovation
Zero CO2 emissions 2030: reduction by 30% 2050: zero emissions	<ul style="list-style-type: none"> • Sustainable procurement of agricultural raw materials • Sustainable use of containers and packaging • Water neutral 	New environmental value creation leveraging the unique strength	Creation of breakthrough technologies and systems

Overview of Business Results for 2018
&
Future Business Strategy

Asahi Super Dry Brand Theme: The JAPAN BRAND

SUPER
“DRY”

Increasing loyal users through integrated marketing and improving brand equities

Brand Communication Strategy

Emotional Value Appeal

Establish the brand image representing Japan with high quality, uniqueness and challenge spirits

Functional Value Appeal

Improve the value of “KARAKUCHI” and freshness



Ad Strategy Enhancing Appeal of Brand Equity

Corporate Innovation

挑戦するって、
ワクワクする。

SUPER DRY
INNOVATION!

Asahi Super Dry Brand Image

世界をドキドキさせる。

Reinforcing Initiatives to Acquire New Customers



Extra Cold
Improving quality of head on beer



Stylish tumbler



Asahi Super Dry
Shunrei Karakuchi



Asahi Breweries, Ltd. is a Tokyo 2020 Olympic and Paralympic Gold Partner (beer and wine)

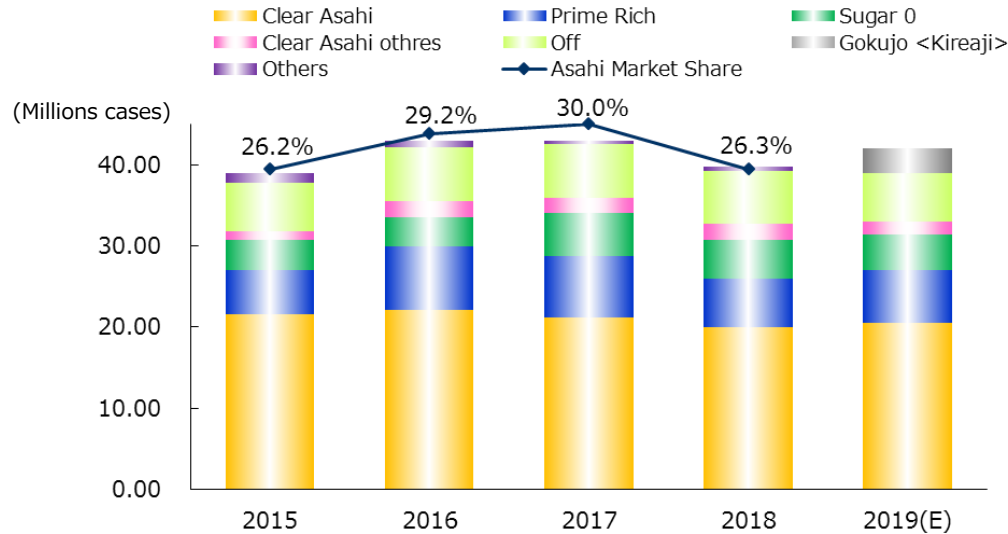


555ml jug



Region-limited Label

◆ Sales Volume Trend of New Genre



Note : Market share is calculated based on shipment volume

<Challenge in 2018>

Contraction of *Clear Asahi* brand due to new product launches impacts in competitors
 Delay to tackle the change of consumption trend

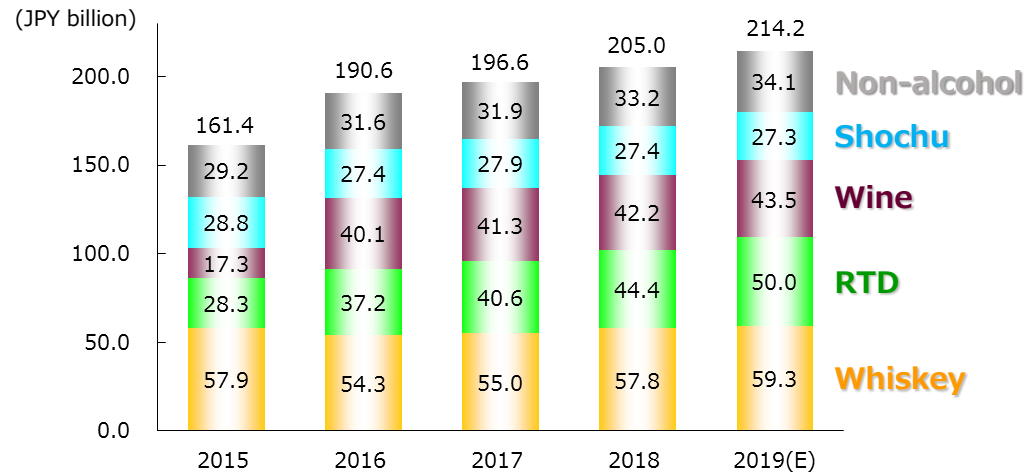
<Strategy in 2019>

Improving added value of *Clear Asahi* brand and reestablish the position in New Genre category leveraging the launch of *Gokujo <Kireaji>*

◆ Brand Development in response to Consumer Preferences in New Genre

Sharpness/Refreshing		Glamorous/Richness	
Sharpness	Refreshing	Glamorous	Richness
<p>Pursuing Clear Taste Barley100% × Asahi's Unique Sharpness Original fermentation technology</p> <p><i>Gokujo <Kireaji></i></p>	<p>Rich Barley Taste Improving barley taste and refreshing aroma through renewal</p> <p><i>Clear Asahi</i></p>	<p>Top-end Richness and Aroma Establishing premium position in New Genre category</p> <p><i>Clear Asahi Prime Rich</i></p>	

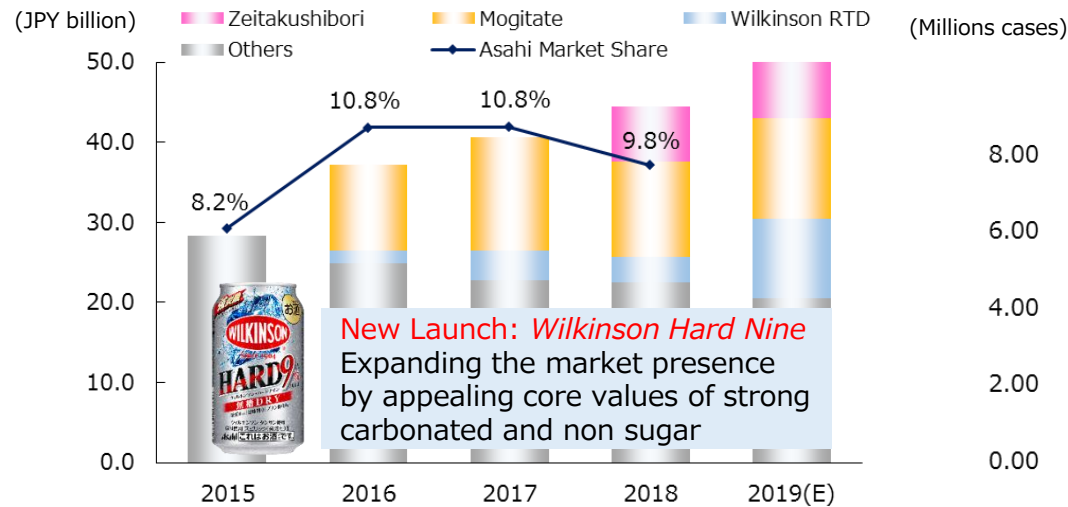
◆ Revenue Trend in Other Alcohol Beverages



Note : Revenue figures are based on J GAAP

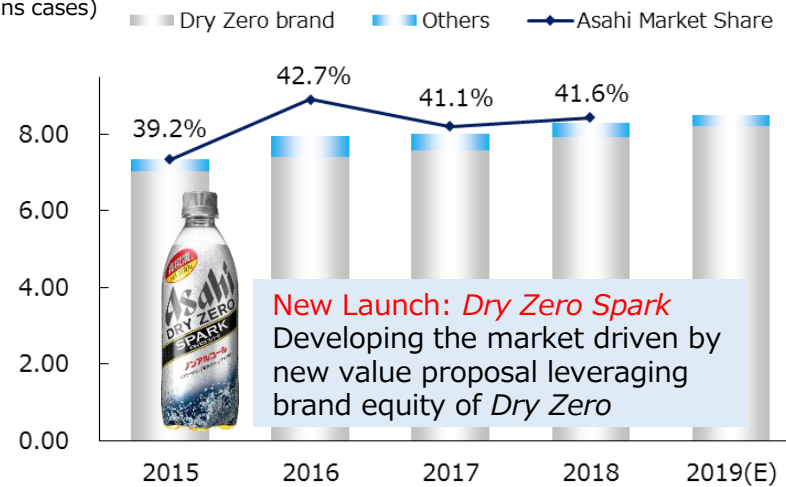


◆ RTD: Revenue and Market Share Trend



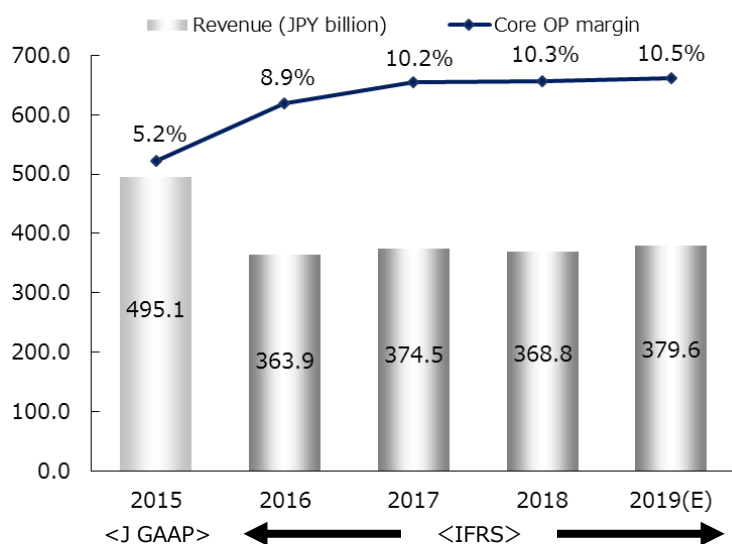
Source : Intage

◆ Non-alcohol Beer Taste Beverages: Sales Volume and Market Share Trend

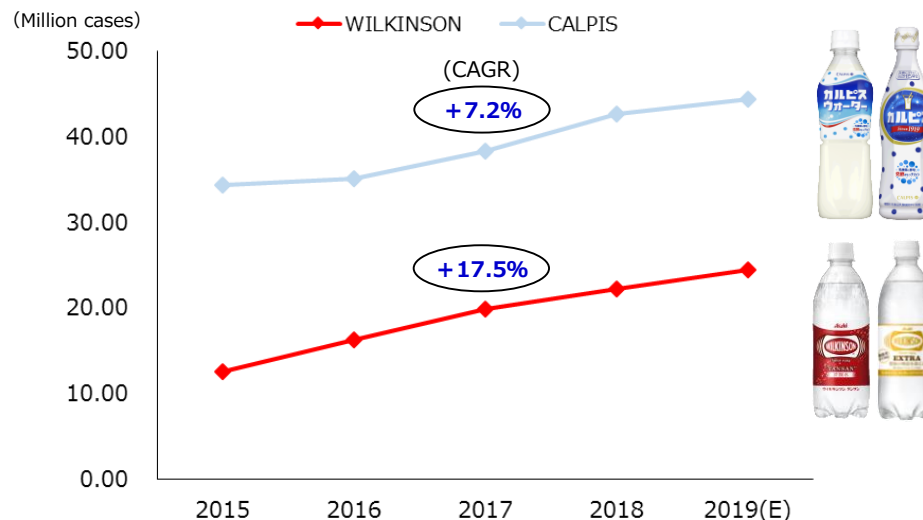


Source : Intage

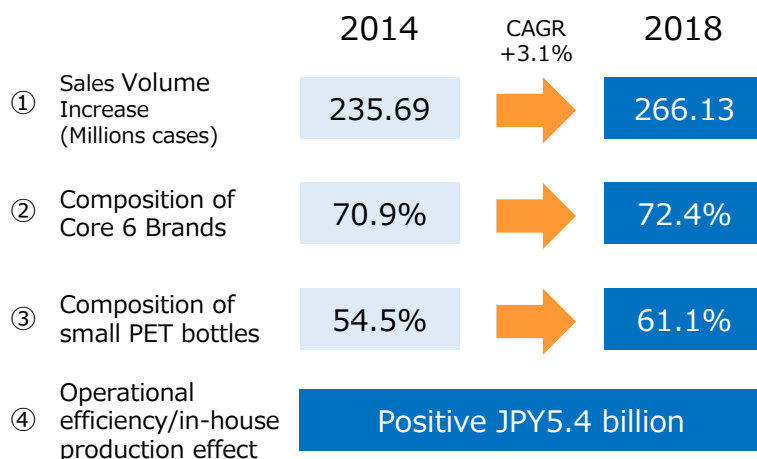
◆ Revenue and Core OP Margin Trend



◆ Sales Volume Trend of WILKINSON and CALPIS

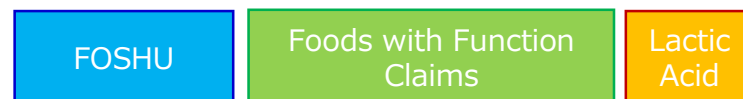


◆ Key Profitability Improvement Drivers

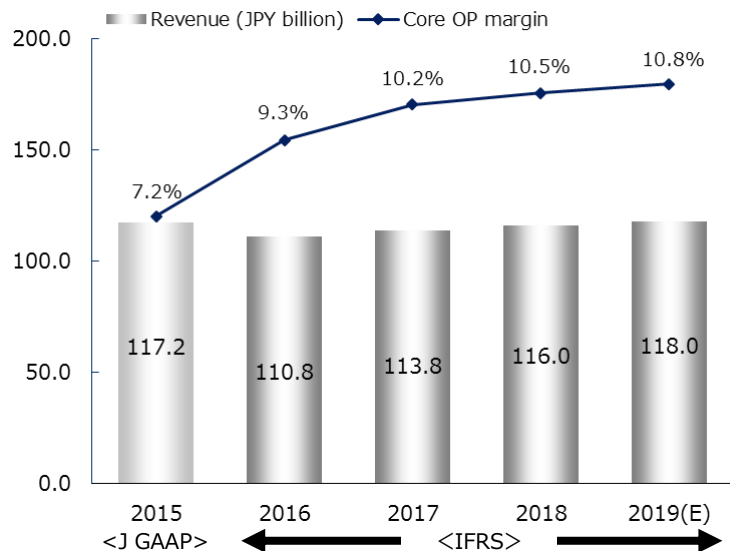


◆ Enhancement of Health Functional Field

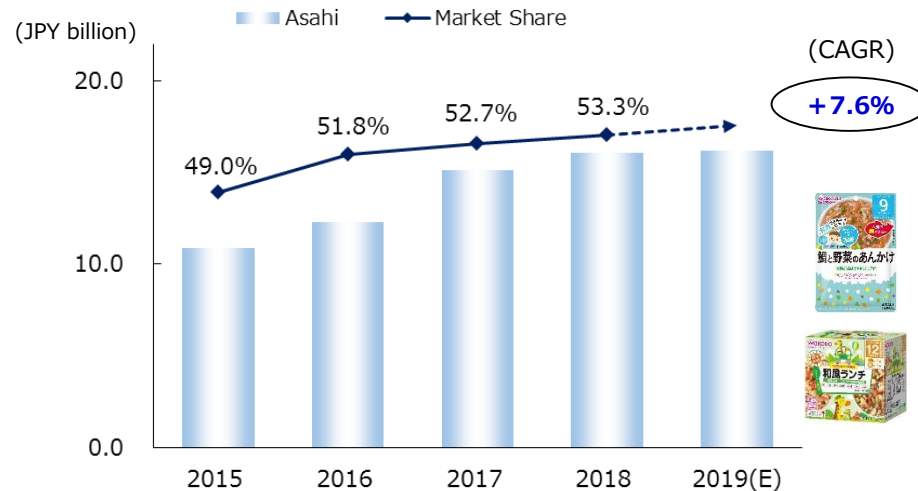
Contribution for tackling the social issues linked to health through such means as leveraging *Calpis-Derived Lactic Acid Bacteria Science Series*



◆ Revenue and Core OP Margin Trend

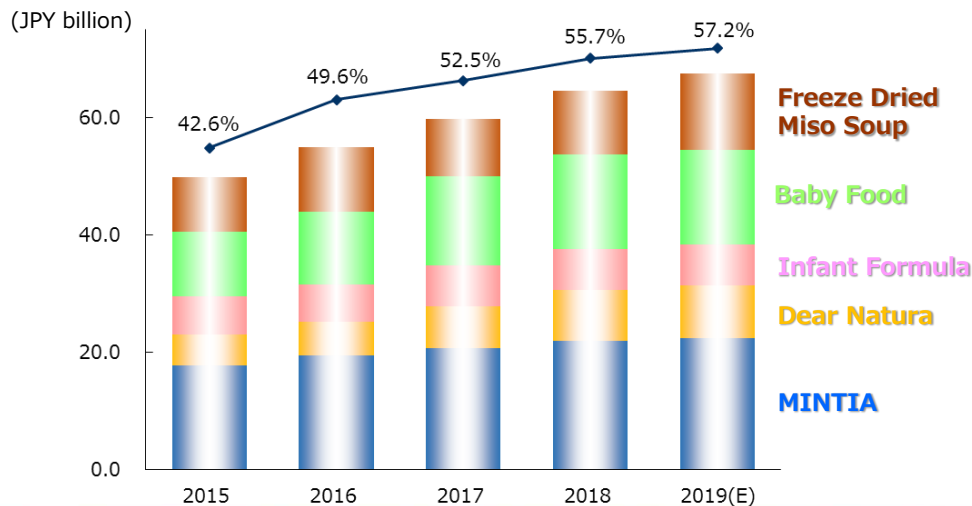


◆ Revenue and Market Share Trend in Baby Food



Source : Intage

◆ Core Brands Revenue Trend



◆ 2018 Results and 2019 Forecast

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

chl. million Euro	2018 Results	YoY*2	Against Target*3	2019 Forecast	YoY*4
Sales Volume	9,351	6%	3%	9,318	0%
Net Sales (exl. Alcohol tax)	929	9%	1%	977	5%
Core OP*1	172	13%	2%	190	11%
One-off cost	-1	91	9	0	1

*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

*4 Comparison in FX rate of 2018.

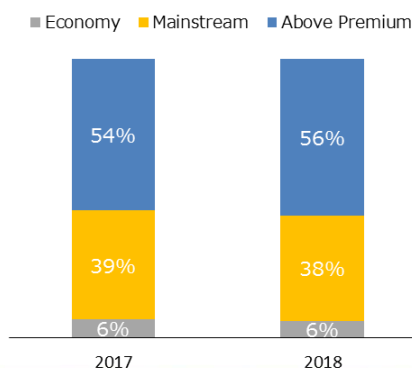
(2018 Overview) Revenue increased above target driven by sales increase in all businesses with favorable performance of main brands and brand enhancement of *Super Dry*

Profit increased above target driven by revenue growth and product mix improvement due to the growth of UK and the International businesses

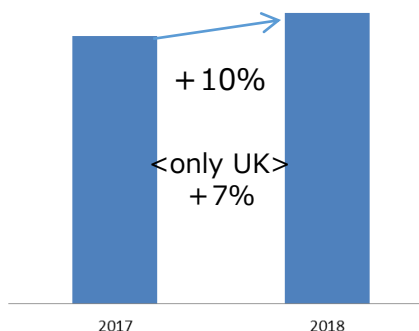
(2019 Strategy) Expand sustainable foundation for growth through revenue increase of premium brands including *Super Dry* and optimization of cost

◆ Progress of Strategy for Growth

Premium Ratio in Business



Peroni Nastro Azzurro Net Sales Growth Rate (Global)



◆ 2018 Results and 2019 Forecast

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

khl, million Euro	2018 Results	YoY*2 (Full year basis)	Against Target*3	2019 Forecast	YoY*4
Sales Volume	33,531	4%	1%	33,442	0%
Net Sales (exl. Alcohol tax)	1,924	7%	2%	1,970	3%
Core OP*1	460	19%	3%	475	7%
One-off cost	-8	84	2	0	8

*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

*4 Comparison in FX rate of 2018.

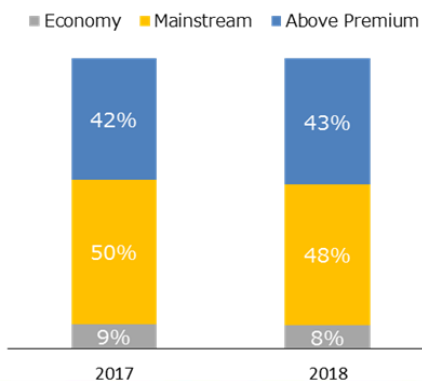
(2018 Overview) Revenue increased above target driven by an increase in volumes across all countries with favourable performance of premium brands and assisted by good weather

Profit increased above target driven by category mix improvement and cost optimisation programs

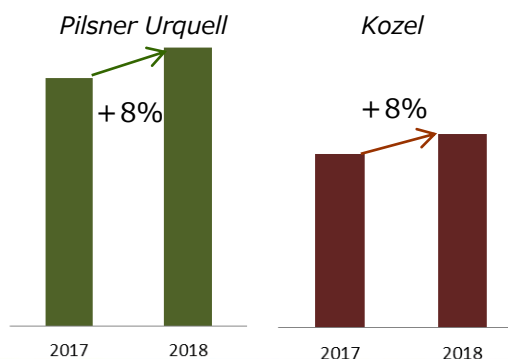
(2019 Strategy) Continue to premiumize the portfolio in the domestic markets, accelerate growth of premium in the export market, continuing to leverage this through cost optimization opportunities positively impacting an already strong profit margin while growing our talent base for wider Group benefit

◆ Progress of Strategy for Growth

Premium Ratio in Business



Pilsner Urquell/Kozel Net Sales Growth Rate (CE & Export)

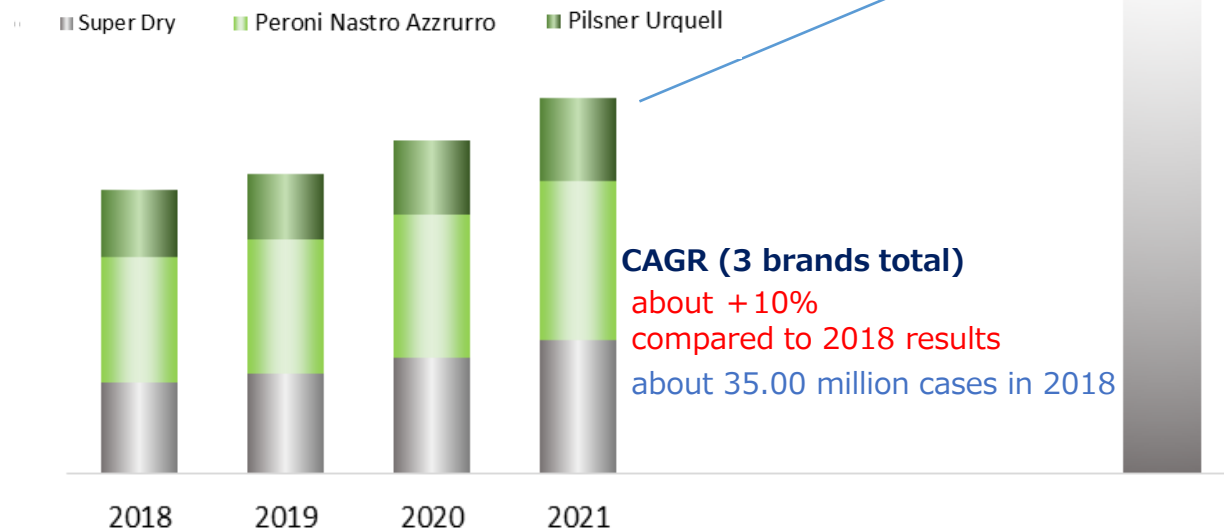


◆ Cross-selling Strategy for Global Premium Brands

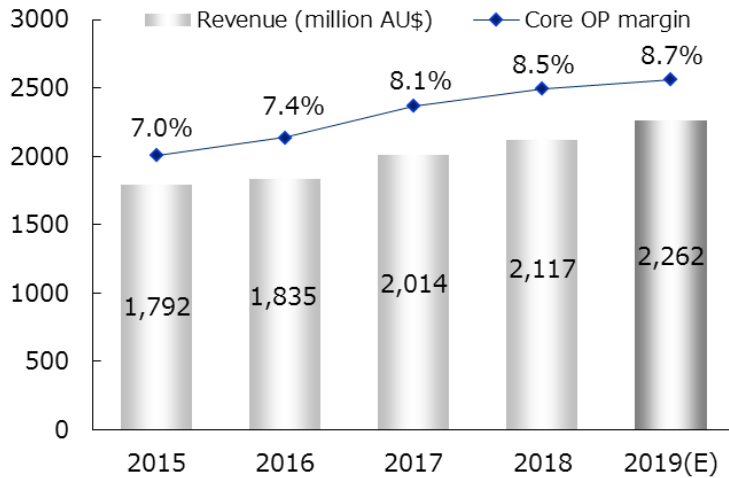
- ◆ Brand: *Asahi Super Dry*, *Peroni Nastro Azzurro*, *Pilsner Urquell*
- ◆ Area: Super premium beer markets other than home markets including UK
- ◆ Basic Strategy: Strategy focused on portfolio utilizing brand equities and key cities in core areas



Sales Volume Forecast in 3 Brands Other Than Home Markets (-2021)



◆ Revenue and Core OP Margin Trend (based on local currency: AUD)



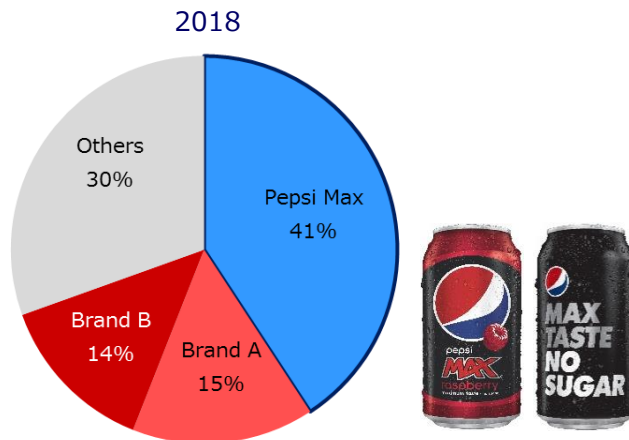
◆ Cost Reduction (including integration synergies): Result

JPY billion	2016	2017	2018	2016-2018 3 yr forecast
Cost Reduction	1.8	3.2	2.3	Over 5.0



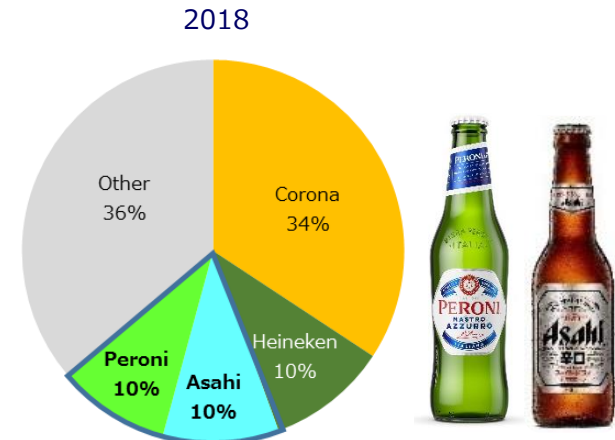
◆ Initiatives in Growing Categories (Australia)

<Non/Low Sugar Cola Market Share>



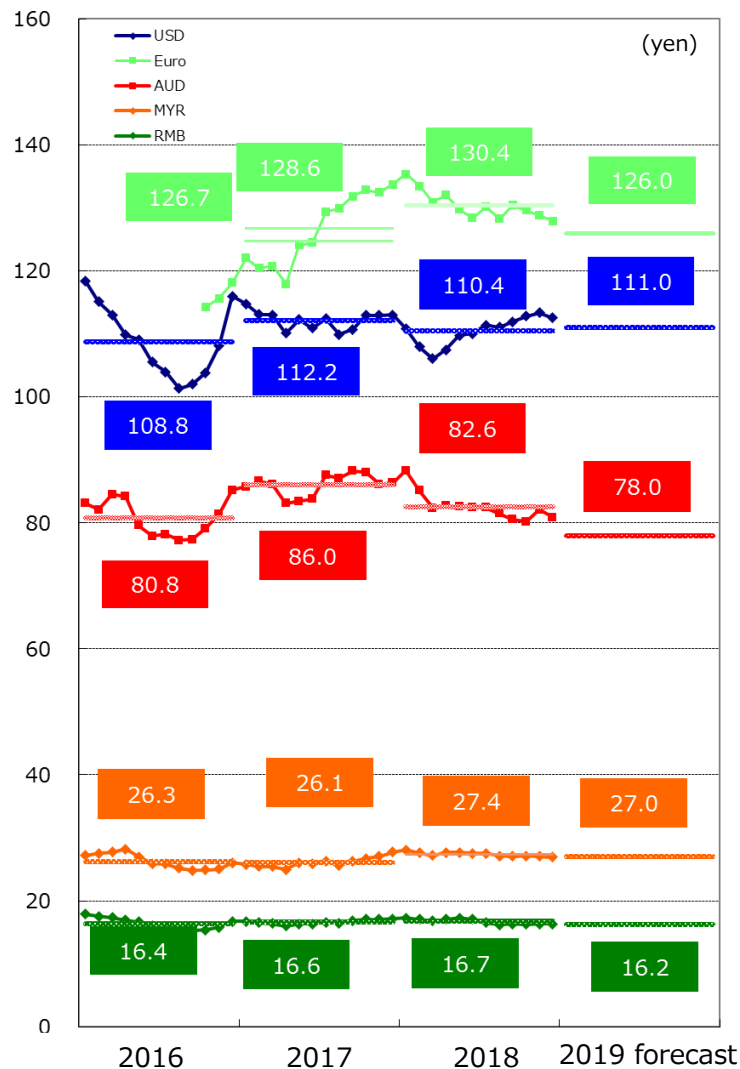
Source: Aztec, volume basis

<International Premium Beer Market Share>



Source: Aztec, value basis

◆ Key Currencies and the Company's Average Exchange Rates Trend



◆ Impact of Foreign Exchange Rates on Statement of Profit or Loss

(JPY billion)

Business	Currency	2018 result	2019 forecast	Reference
Europe	Euro	8.5	-16.0	
Oceania	AUD	-7.3	-10.3	
Southeast Asia	-	1.7	-0.8	
China	RMB	0.1	-0.2	
Others	-	0.0	-0.3	
Revenue		2.9	-27.7	
Europe	Euro	1.4	-2.9	
Oceania	AUD	-0.6	-0.9	
Southeast Asia	-	0.1	-0.0	
China	RMB	0.0	0.0	
Others	-	-0.0	-0.0	
Amortization of intangible assets	Euro	-0.3	0.6	
Amortization of intangible assets	AUD	0.1	0.1	
Core OP		0.7	-3.2	

◆ Exchange Rate Sensitivity of Key Currencies (2019)

[Foreign exchange sensitivity for core currencies in 2019]

Impact from forex fluctuations of 1 yen to target currency (full year)

Currency	Target	Revenue	Core OP	Target business
Euro	126	±3.7	±0.7	Europe
AUD	78	±2.3	±0.2	Oceania

Note1: The figures do not include the impact to amortization of intangible assets
 Note2: Impact of forex rates means the impact of conversion of business results in local currencies into the results in yen

Asahi

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