

**Financial Results Presentation  
for 2019**

**2019 Summary  
2020 Forecast**



**February 2020**

## 2019 Overview

### ◆ Core OP down 3.8% YoY due to unfavorable weather and negative forex impact (-1.0% constant currency basis)

- Revenue and Core OP in Alcohol Beverages Business decreased due to market contraction, mix deterioration, and increased competition in the New Genre market.
- Consolidated Core OP decline due to weather-related profit decline of the Soft Drinks business and negative impact of yen appreciation against the euro, Australian dollar, etc.

### ◆ Expanded foundation for growth in Overseas Business through strengthening premiumization strategy in Europe and M&A in Australia.

- Core OP in Europe Business grew by 11% (constant currency basis) due to progress with premiumization strategy and global brand expansion.
- Agreement to acquire Carlton & United Breweries (CUB) of Australia expanded “glocal” foundation for growth to accelerate premiumization strategy.

## Future Business Strategy

### ◆ Achieve medium-term stabilization of domestic profit base by revitalizing brands and promoting structural reforms of three domestic businesses

- Shift management focus from volume to value to rebuild sustainable earnings base in Alcohol Beverage Business.
- Restructure overall SCM of Soft Drinks Business, and strengthen brands/expand new growth businesses in Food Business

### ◆ Promote “value creation management” by accelerating efforts to turn Overseas Business into growth engine and intensify ESG initiatives.

- Build global platform centered on three core areas of Japan, Europe, and Australia, Accelerate growth through reorganization of overseas beer business.
- Expand climate change adaptation, Further develop governance by full-scale ERM and building the management team with more flexibility to the changes

## ◆ Long-term management policy for Asahi Breweries

**“Transform toward value-focused management that seeks to create new markets and value for customers.**

- Shift management focus from volume (cases) to value (value/profit) amid market contraction and diversifying values.
- Manifest Asahi Group Philosophy’s vision of “achieving growth as a value creator with high-value-added brands” to increase sustainability of profit base.
- Key strategies are: 1) Improve overall product mix; 2) leaner management not predicated on volume growth; and 3) create new markets and value.
- Reduce excessive competition for market share and transform employees’ mindset through changing KPIs by changing disclosure policy of sales trend.

## ◆ Initiatives for Super Dry

### 2020 Super Dry strategy

Increase the number of beer drinkers by providing rediscovery of the value of beer and special drinking experiences



### New brand message

Beer tastes great.  
I always look forward to this moment!

Ads starring consumers based on consumer insights.



Create new demand and expand demand for beer among younger age groups.



Expand Extra Cold tasting experiences.



Pursue excellence in the taste of freshly brewed beer.



Initiatives to build excitement over 2020 Tokyo Olympics.



## ◆ New Genre portfolio

⇒ クリアアサヒ ⇒



極上 <キレ味>

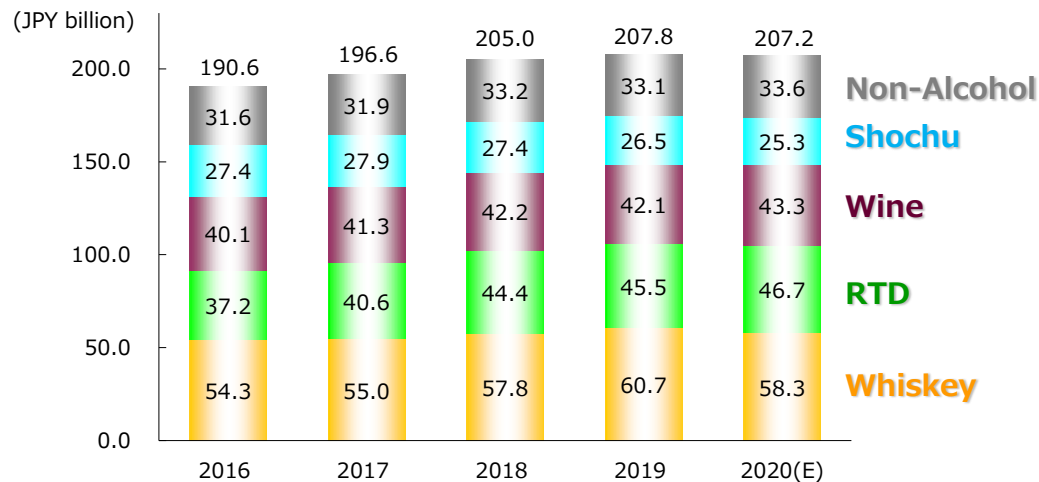


アサヒ ザ・リッチ



<b>Needs/insight</b>	Wants to bring enjoyment to the dinner table every day	Wants to blast away the day's stress and fatigue	Wants to enjoy premium beer as an everyday experience
<b>Brand message</b>	If the beer is tasty even down to the foam, your meal will taste greater.	Gokujo (Kire Aji) to quench your thirst	Rival is premium beer

## ◆ Revenue Trend in Other Alcohol Beverages



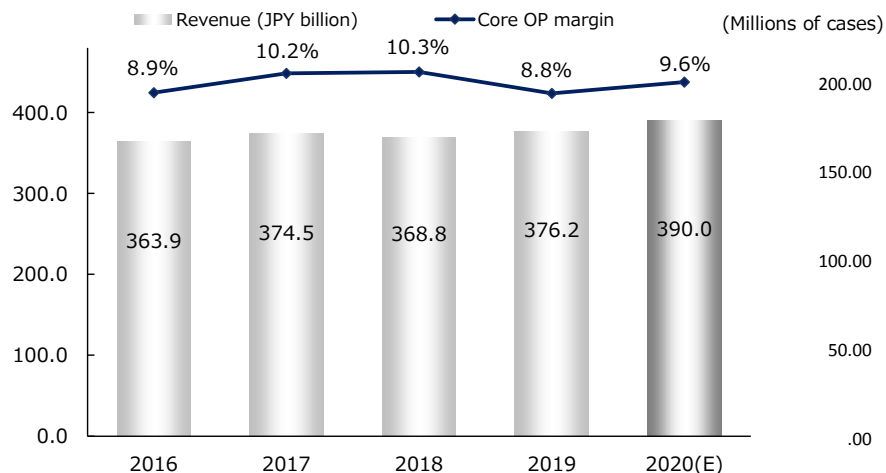
※ Revenue figures are based on J GAAP

※ Export numbers of whiskey category are excluded from 2020 forecast



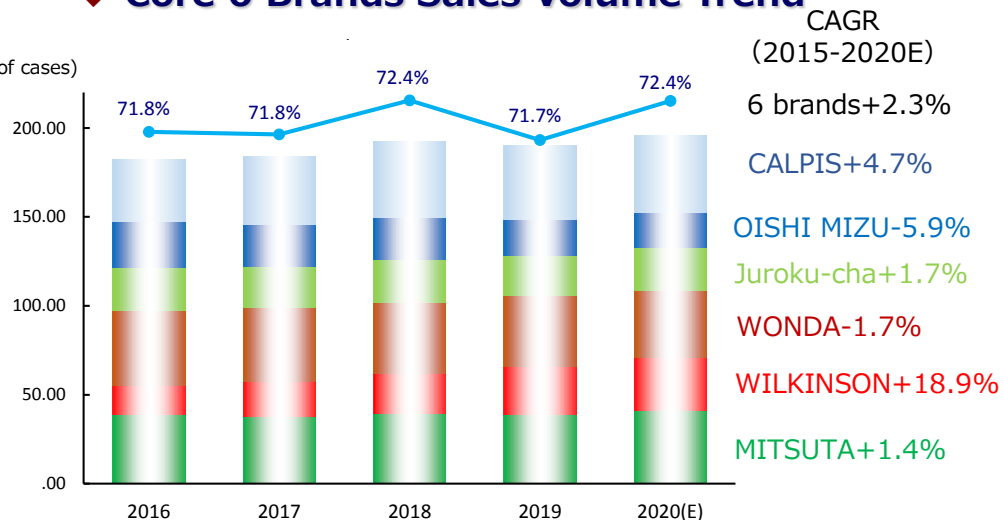


## ◆ Revenue and Core OP Margin Trend



\*Transferred Elbee shares in Nov.2017

## ◆ Core 6 Brands Sales Volume Trend



## ◆ Proposal of Health Function for New Value Creation



「GREEN CALPIS」

「PLANT TIME」

「HATARAKU ATAMANI」

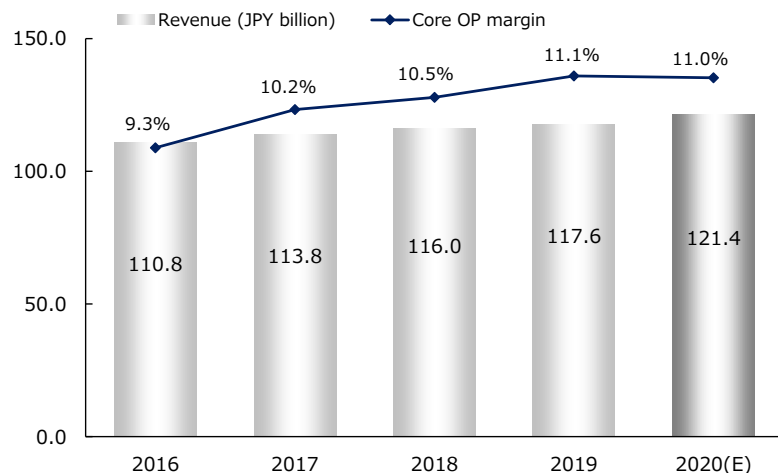
## ◆ Initiatives to Realize Sustainable Packaging

1. Expand lineup of label-less products
2. Roll-label products for 「MITSUYA」 PET500ml
3. Using recycled PET

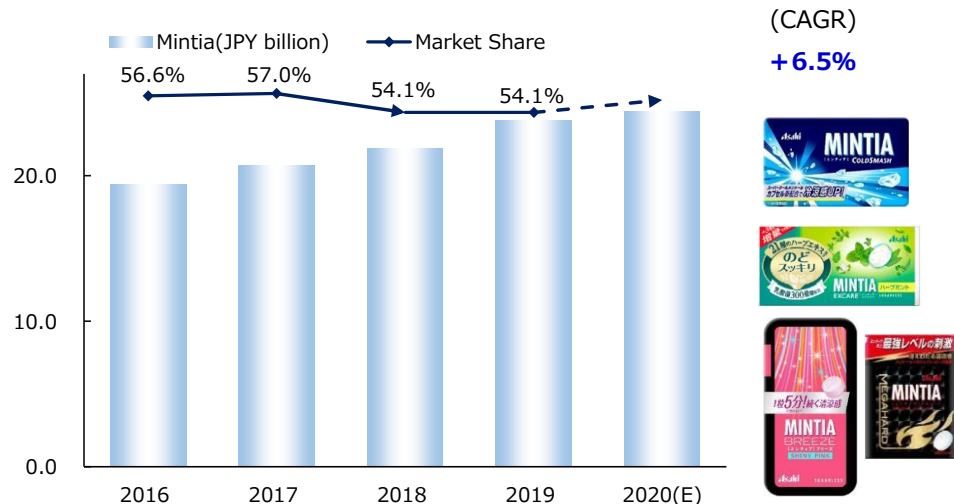


(※) 「MITSUYA」「WILKINSON」「CALPIS WATER」「CALPIS SODA」 etc

## ◆ Revenue and Core OP Margin Trend

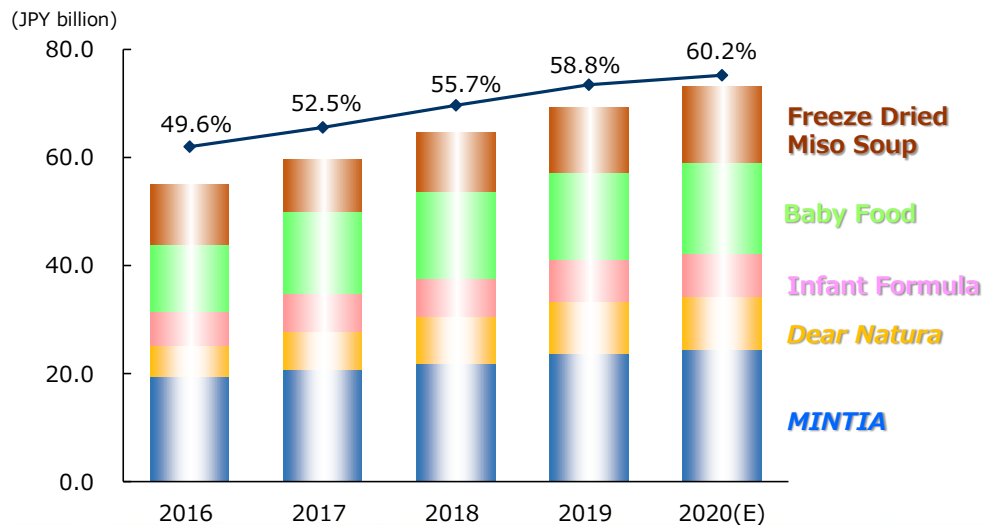


## ◆ Revenue and Market Share Trend of MINTIA



Source: INTAGE Food SRI / candy (candy tablet market) / nationwide (excluding Okinawa) / all-industry / MINTIA total

## ◆ Core Brands Revenue Trend



## ◆ Western Europe Business

<2019 Results (constant currency basis) >

khl, million Euro	2019 Results	YoY*2	Against Target*3
Sales Volume	9,834	0%	-4%
Net Sales (exc liquor tax)	1,034	0%	-5%
Core OP*1	200	10%	-1%
One-off cost	- 4	- 2	- 3

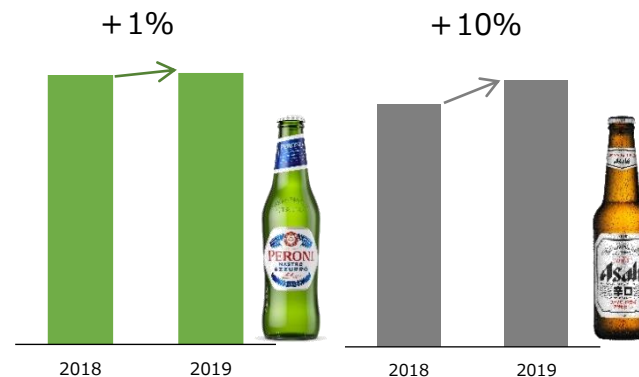
\*1 Core OP before deduction of one-off cost

\*3 Comparison in budget FX rate

\*2 Comparison in FX rate of 2018

< Core Brand Net Sales Growth Rate (Global) >

**Peroni Nastro Azzurro** **Asahi Super Dry**



## ◆ Central Europe Business

<2019 Results (constant currency basis) >

khl, million Euro	2019 Results	YoY*2	Against Target*3
Sales Volume	33,661	0%	0%
Net Sales (exc liquor tax)	2,006	5%	0%
Core OP*1	498	9%	1%
One-off cost	- 0	8	- 0

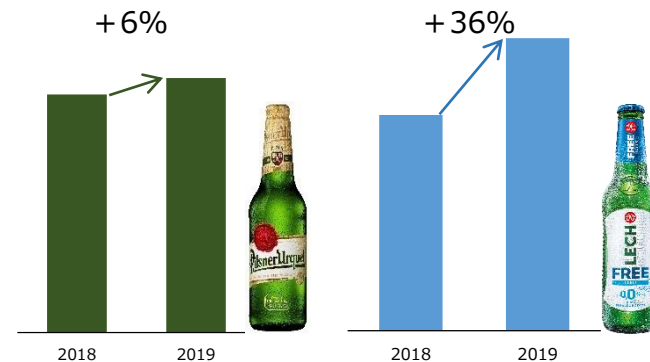
\*1 Core OP before deduction of one-off cost

\*3 Comparison in budget FX rate

\*2 Comparison in FX rate of 2018

< Core Brand Net Sales Growth Rate (Global) >

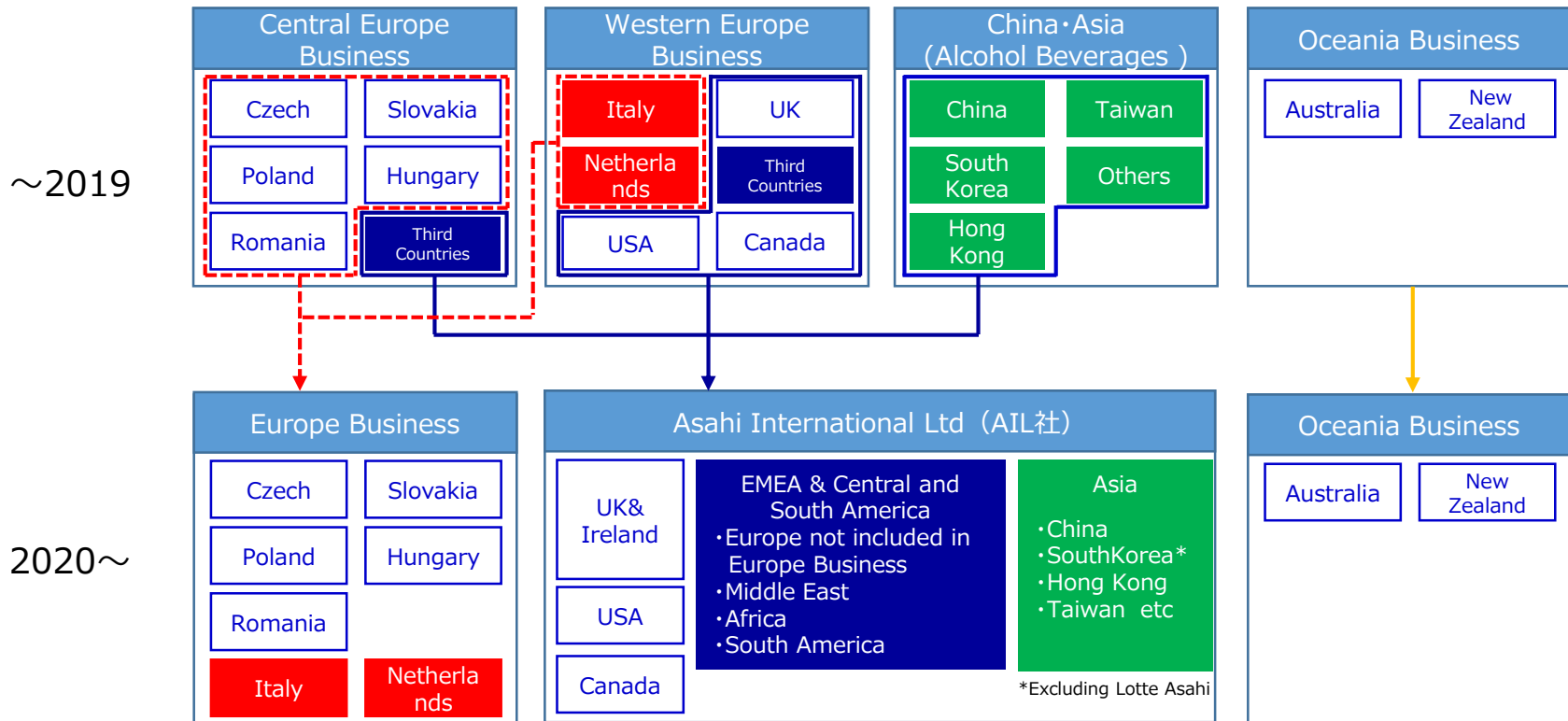
**Pilsner Urquell** **NAB (Non-Alcohol Beer)**



## ◆ Purpose and significance of reorganization

- Build a “glocal” management structure through integration/separation of functions mainly in Europe and reorganization with the goal of creating an streamlined organization.
- Europe Business: Focus on local markets in Europe to build a sustainable foundation for growth through premiumization of whole portfolio.
- Asahi International: Increase global presence through export business and marketing strategy focused on premium brands.

### <Overview of Reorganization>





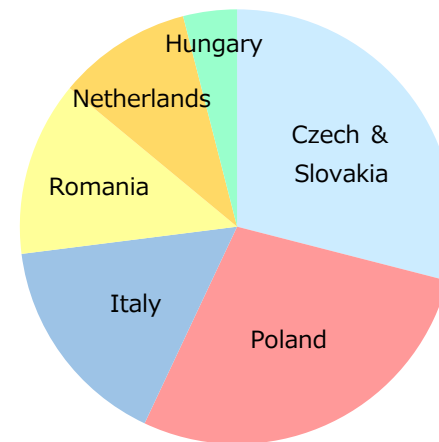
## ◆ Europe Business

<2020 Forecast (constant currency basis)>

khl, million Euro	2020 Target	YoY*
Sales Volume	43,578	2%
Net Sales (exc liquor tax)	2,724	5%
Core OP*1	622	0%

\* Comparison in FX rate of 2019

<Revenue Composition by Country (2019) >



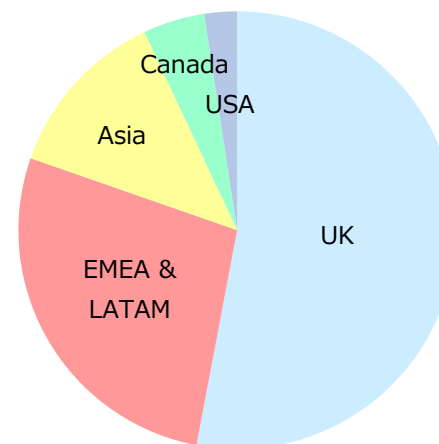
## ◆ Asahi International Ltd

<2020 Forecast (constant currency basis)>

khl, million Euro	2020 Target	YoY*
Sales Volume	4,474	4%
Net Sales (exc liquor tax)	679	9%
Core OP*1	73	17%

\* Comparison in FX rate of 2019

<Revenue Composition by Country (2019) >



## ◆ Target Business Overview

Target	<ul style="list-style-type: none"> <li>• CUB's beer and cider businesses and the related businesses in Australia</li> <li>• Intellectual property rights associated with all CUB beer and cider brands, including <i>Carlton</i>, <i>Great Northern</i> and other brands</li> <li>• Perpetual license to sell AB InBev brands in Australia and manufacturing license of some of AB InBev's brands and other related assets</li> </ul>
No. of Employee	1,877 as of December 31 <sup>st</sup> , 2019 (Consolidated base of target companies, including temporary employees)
Production and Logistics Sites	3 breweries, 3 craft breweries, 13 logistics sites



## ◆ Rationale and Overview of Financing Plan (Permanent Financing of JPY1.2 trillion)

- Considering to raise JPY300.0 billion of equity credit attributes in order to secure financial soundness and maintain current credit rating
- Minimizing dilution for existing shareholders with combining issuance of common stock including use of treasury share, and subordinated bond

Funding Methods	Overview
<b>Public Offering</b>	Issuing common stock including use of treasury shares (Approx. 25.50 million shares) (Maximum amount: JPY200.0 billion)
<b>Subordinated Bond</b>	Issuing subordinated bond (assuming 50% equity credit attribute), which is considered as an equity regarding the credit ratings (Equity Value: Approx. JPY100.0 billion)
<b>Debt</b>	Considering to diversify funding methods in order to reduce total cost of capital and interest (Approx. JPY800.0 billion)

- ◆ Sep. 2019 「Competitive IT Strategy Company 2019」 for 5 consecutive years
- ◆ Sep. 2019 「DJSI」 for 12 consecutive years
- ◆ Jan. & Feb. 2020 CDP Climate Change & Water Security “A List” Company
- ◆ Feb. 2020 「FTSE4Good Index Series」 for 18 consecutive years  
「FTSE Blossom Japan Index」 for 3 consecutive years



FTSE4Good



FTSE Blossom  
Japan



CLIMATE



WATER



攻めのIT経営銘柄2019  
Competitive IT Strategy Company

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



MSCI Japan Empowering  
Women Index (WIN)



## “Asahi Group Environmental Vision 2050”

### Passing the Gifts of Nature to Future Generations with the “Neutral and Positive” Concept

#### Zero environmental burden (neutral)

Aim for zero environmental burden in our business activities

1. Response to climate change

Aim for zero CO2 emissions  
2030 : Reduce CO2 emissions by 30%  
2050 : Reach zero CO2 emissions

- Promote initiatives consistent with TCFD Recommendations.
- Expand use of green energy in the manufacture of alcohol beverage products.
- Advance transition to use of renewable energy in the Netherlands and Poland.
- Promote use of solar power generation at domestic breweries.
- Promote joint delivery within industry.

2. Sustainable use of resources

agricultural raw materials 100%  
Packaging 100%  
Water 100%

- Expand use of sustainable RSPO-certified palm oil.
- Source raw materials from multiple suppliers.
- Develop label-less PET products and minimize product label sizes.
- Expand use of bottles containing recycled PET in Japan and Oceania.
- Use water more efficiently by reducing and recycling water used in factory processes.

#### Create environmental value (positive)

Leverage the Group’s proprietary technologies to create greater environmental value in society

3. Utilize microorganisms and fermentation technologies

Leverage Group strengths to create new environmental value

- Launch products with contain the functional substance lactononadecapeptide derived from fermentation.

4. Process innovation

Create groundbreaking technologies and frameworks

- Develop fuel cell power generation technology using brewery wastewater
- Begin joint development of effective use of coffee byproducts.

- Reinforce initiatives by Asahi Biocycle Co., Ltd. utilizing beer yeast cell wall material in agricultural materials.
- Use of beer yeast cell wall fertilizer at Hanshin Koshien Stadium.
- Received Minister of Agriculture, Forestry, and Fisheries Prize at the second Eco-Products Awards

## ◆ Major Initiatives for Enhancing Corporate Governance (2018~2019)

2018	2019
<ul style="list-style-type: none"> <li>➢ Title of CEO transferred from chairman and representative director to president and representative director to improve the effectiveness of management supervision from operational execution.</li> <li>➢ Majority of Outside Officers were appointed as members of the Nomination Committee and Compensation Committee.</li> <li>➢ Third-party evaluations of the effectiveness of the Board of Directors were introduced.</li> <li>➢ Evaluation of the effectiveness of the Audit &amp; Supervisory Board were commenced and third-party evaluations were introduced.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The Company transitioned to a structure in which the chairman of the Board of Directors does not serve concurrently as a representative director.</li> <li>➢ Standard and guidelines were formulated for the resignation of the CEO, the appointment of representative directors, term of office for officers</li> <li>➢ Abolition of Advisor system</li> <li>➢ The number of Outside Directors on the Board of Directors was raised, now constituting one-third of total Board members.</li> <li>➢ The overall functions of remuneration systems were strengthened to provide incentive to Internal Directors.</li> </ul>

### <Reference: Composition of Remuneration for the Directors>

	Fixed remuneration	Variable remuneration		
	Basic remuneration	Bonuses (annual)	Bonuses (medium-term)	Stock compensation
Breakdown	35%	50%		15%
Period	-	Single fiscal year	Three years	Three years
Performance Indicators (weighting)	-	<ul style="list-style-type: none"> <li>•Core operating profit (50%)</li> <li>•Profit attributable to owners of parent (50%)</li> </ul>	<ul style="list-style-type: none"> <li>•Financial value indicators (60%)</li> <li>•Social value indicators (40%)</li> </ul>	
Individual valuation	-	Yes	Yes	No
Clawback provisions	-	No	No	Yes

※Remuneration model when achieving 2019 performance targets of president and representative director



# Reinforcing ESG initiatives (Enhancing Enterprise Risk Management)

## ◆ Advancing Enterprise Risk Management (ERM)

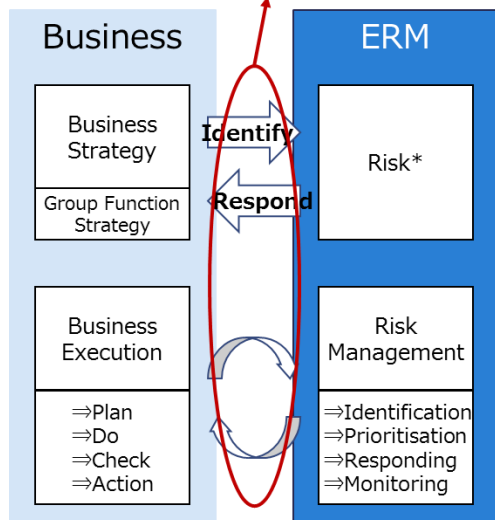
- Introduced enterprise risk management (ERM; a system to manage risk as an organization) in 2019 in order to achieve business targets.
- Control overall risk volume by putting the Asahi Group Philosophy (AGM) into action and managing major risks that could obstruct the advancement of our Medium-term Management Plan.
- Confirm effectiveness of ERM by management structure centered on risk management committee and monitoring by board of directors.

<Establishment of  
Asahi Group Statement on Risk Appetite>

- We will promote appropriate risk-taking as a group by establishing a statement on risk appetite that clearly defines risks that should be taken and risks that should be avoided.

### <Asahi Group ERM>

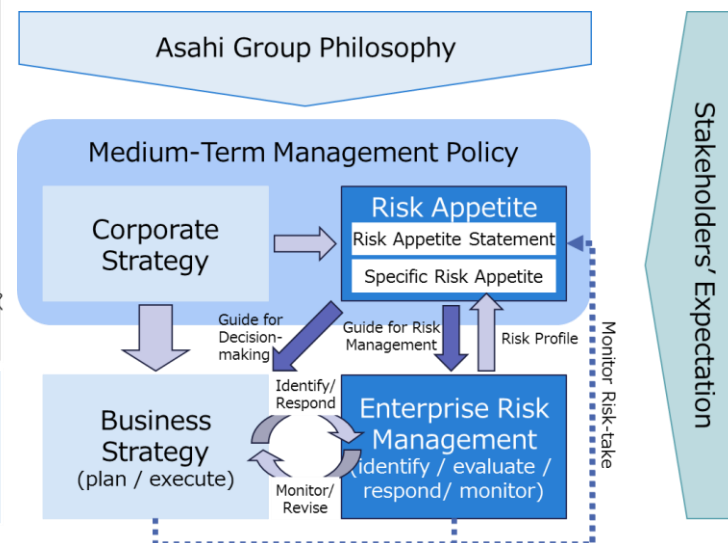
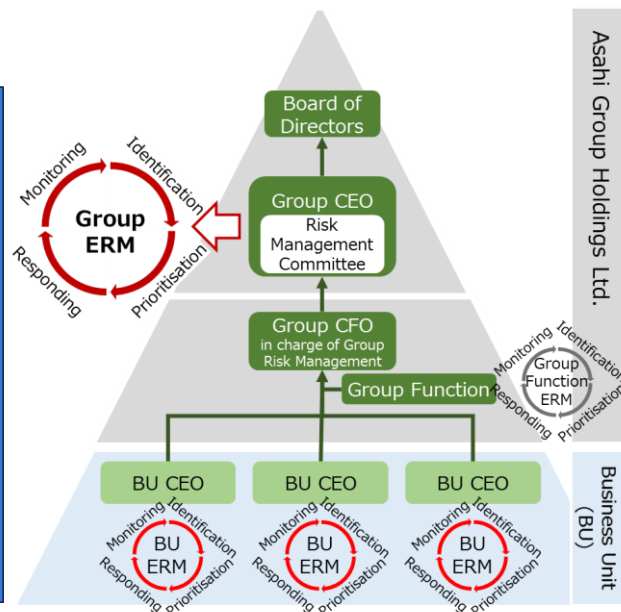
Align with the Business Strategy and its Execution



\* Definition

The effect of uncertainty on the ability of Asahi Group to achieve the strategic objectives defined in the Medium-Term Management Policy based on "The Asahi Group Philosophy"

### <Group ERM Management Structure>



# Financial Results for 2019

## Financial Forecast for 2020

\*The effects of changes 1, 2, and 3 below resulting from business reorganization effective January 1, 2020 were reflected in the figures from the beginning of 2020 and comparable previous year's results in 2019.

1. Calpis Beverage U.S.A., which was previously included in "Other/elimination in segment" under the Overseas Business, was transferred to Asahi Soft Drinks Co., Ltd.
2. Accompanying reorganization of the international beer business, the Central Europe Business was renamed the Europe Business, to which businesses in Italy and the Netherlands were moved from the Western Europe Business. The Western Europe Business was renamed Asahi International Ltd., and absorbed the export and license businesses in Japan, Oceania, and areas in Europe other than those managed by the Europe Business.
3. Calpis Indonesia, which was previously included in "Other/elimination in segment" under the Overseas Business, was moved to the Southeast Asia Business.

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# Financial Results Highlights (constant currency basis)

- ◆ **2019 Core OP YoY decline by 1.0% due to profit decrease in Alcohol and Soft Drinks Business, despite of sharp profit increase in Overseas Business (constant currency basis)**
  - Alcohol : YoY decline in revenue and Core OP due to decrease in sales volume of beer-type, despite improving efficiency in manufacturing and fixed costs
  - Soft Drinks : YoY Core OP decline due to increased costs associated with unfavorable weather during peak season despite efforts to streamline variable costs
  - Food : YoY Core OP growth on revenue growth and mix improvements from main brands, as well as streamline advertising expenses.
  - Overseas : Sharp Core OP growth on progress with premiumization in Europe and enhancing high value-added strategy in Australia
- ◆ **Target +3.3% YoY Core OP growth in 2020 on steady revenue growth and core OP growth in each business, especially Soft Drinks and Overseas. (constant currency basis)**

<Revenue and Core operating profit> \*constant currency basis (based on previous year's FX rates)

(JPY billion)

	2019				2020 forecast		
		YoY (Amount / %)		Against Target		YoY (Amount / %)	
Alcohol Beverages Business	886.9	- 26.5	- 2.9%	0.3	887.4	0.6	0.1%
Soft Drinks Business	376.2	5.5	1.5%	- 0.7	390.0	13.1	3.5%
Food Business	117.6	1.7	1.4%	- 0.3	121.4	3.7	3.2%
Overseas Business	748.8	38.4	5.4%	- 3.1	736.9	38.4	5.5%
Other Business	109.2	- 0.3	- 0.3%	- 5.1	110.4	1.2	1.1%
Adjustmenet (corporate and elimination)	- 100.5	- 0.8	-	4.8	- 96.5	3.6	-
Revenue	2,138.3	18.0	0.8%	- 4.2	2,149.7	60.7	2.9%
Alcohol Beverages Business	105.5	- 4.0	- 3.6%	0.0	106.5	1.0	0.9%
Soft Drinks Business	33.2	- 4.0	- 10.8%	- 0.3	37.5	4.1	12.2%
Food Business	13.0	0.7	5.3%	0.3	13.4	0.4	2.8%
Overseas Business	109.8	9.2	9.1%	0.5	105.5	3.3	3.2%
Other Business	2.3	- 0.3	- 10.3%	0.2	2.0	- 0.2	- 10.8%
Adjustmenet (corporate and elimination)	- 22.3	- 3.5	-	- 0.1	- 23.5	- 1.2	-
Amortization of acquisition-related intangible assets	- 22.4	- 0.4	-	- 0.4	- 21.4	- 0.2	-
Core operating profit	219.1	- 2.3	- 1.0%	0.3	220.0	7.1	3.3%

# Financial Results Highlights (actual currency basis)

<Revenue and Core operating profit (actual currency basis) >

(JPY billion)

	2019				2020 forecast		
		YoY (Amount / %)		Against Target	YoY (Amount / %)		
Alcohol Beverages Business	886.9	- 26.5	- 2.9%	0.3	887.4	0.6	0.1%
Soft Drinks Business	376.2	5.5	1.5%	- 0.7	390.0	13.1	3.5%
Food Business	117.6	1.7	1.4%	- 0.3	121.4	3.7	3.2%
Overseas Business	699.6	- 10.8	- 1.5%	3.1	722.2	23.7	3.4%
Other Business	109.2	- 0.3	- 0.3%	- 5.1	110.4	1.2	1.1%
Adjustmenet (corporate and elimination)	- 100.5	- 0.8	-	4.8	- 96.5	3.6	-
Revenue	2,089.0	- 31.2	- 1.5%	2.0	2,135.0	46.0	2.2%
Alcohol Beverages Business	105.5	- 4.0	- 3.6%	0.0	106.5	1.0	0.9%
Soft Drinks Business	33.2	- 4.0	- 10.8%	- 0.3	37.5	4.1	12.2%
Food Business	13.0	0.7	5.3%	0.3	13.4	0.4	2.8%
Overseas Business	102.4	1.8	1.8%	1.3	103.7	1.4	1.4%
Other Business	2.3	- 0.3	- 10.3%	0.2	2.0	- 0.2	- 10.8%
Adjustmenet (corporate and elimination)	- 22.3	- 3.5	-	- 0.1	- 23.5	- 1.2	-
Amortization of acquisition-related intangible assets	- 21.2	0.8	-	- 0.5	- 21.0	0.2	-
Corporate adjustment (IFRS adjustment)	-	-	-	-	-	-	-
Core operating profit	213.0	- 8.4	- 3.8%	1.0	218.5	5.5	2.6%
Operating profit	-	-	-	-	-	-	-
Profit attributable to owners of parent	-	-	-	-	-	-	-

## 【2019】

- Net Sales : -1.5% YoY decline due to the revenue decline of Alcohol Business and the negative impact of yen appreciation (¥-49.2bn) in Overseas Business.

- Core OP : -3.8% YoY decline due to the profit decline of Alcohol and Soft Drinks Business and the negative impact of yen appreciation (¥-6.1bn)

## 【2020】

- Net Sales : Target +2.2 YoY growth driven by the increases of three domestic businesses and Overseas Business centered on Oceania business.

- Core OP : Target +2.6% YoY growth driven by profit increases in the three domestic Businesses and Overseas Business despite the negative impact of yen appreciation (¥-1.5bn).



# Alcohol Beverages Business (Sales Volume of Beer-type)

## <Sales Volume>

(Millions of cases)

	2019	2019		Against target
		YoY (Amount / %)		
Beer	88.39	- 5.12	- 5.5%	0.39
Happoshu	13.19	- 0.71	- 5.1%	0.19
New Genre	40.38	0.63	1.6%	- 0.12
Beer-type beverages Total	141.96	- 5.19	- 3.5%	0.46

\*

## <Market Trend>

2019	2020 forecast
YoY	YoY
-4~-5%	-1~-2%
approx. -7%	-8~-9%
approx. +4%	flat
-1~-2%	-1~-2%

## <Sales Volume by Brands>

(Millions of cases)

	2019	2019		Against target
		YoY (Amount / %)		
Super Dry Total	86.44	- 4.41	- 4.9%	0.14
Style Free Total	12.08	- 0.49	- 3.9%	0.08
Clear Asahi Total	28.31	- 4.45	- 13.6%	- 0.19

2020 forecast			2019	YoY
YoY (Amount / %)				
84.70	1.15	1.4%	Bottle	- 6.8%
10.90	- 0.18	- 1.6%	Can	- 6.4%
19.30	0.46	2.4%	Keg	- 3.1%

\*Started to disclose sales forecast by brands from 2020

### [Market Total]

•2019 : YoY contraction by -1 to -2 % in the total volume due to decline in beer despite of an increase in new genre with new product launches by competitors.

•2020 : YoY contraction by -1 to -2% in total volume expected due to the industry's structural trend despite the rate of contraction in beer expected to shrink.

### [Sales volume of Asahi Breweries]

•2019

<Beer> -5.5% YoY decline in total volume due to the market contraction and downturn in reaction to new products launches last year, despite strengthening on appealing the brand equity of *Asahi Super Dry*.

<Happoshu> -5.1% YoY decline due to the contraction in market and other brands, despite focusing marketing activities on *Style Free*.

<New Genre> +1.6% YoY increase by favorable performance of *Gokujyo <Kireaji>* despite the decline of *Clear Asahi* brand.

•2020年 (※Sales Target by brands)

<Asahi Super Dry> Target +1.4% YoY driven by strengthening marketing centered on promotion of drinking experience through Tokyo Olympic and Paralympic and targeting activities on young people.

<Style Free> Target -1.6% YoY decline due to the market contraction, despite the continuous marketing activity focused on *Style Free*.

<Clear Asahi> Target +2.4% YoY driven by developing the marketing activities linked with food in addition to quality improvement by renewal of the product.

# Alcohol Beverages Business (Revenue)



<Revenue>

(JPY billion)

|                              | 2019  |                  |        |                | 2020 forecast    |     |      |
|------------------------------|-------|------------------|--------|----------------|------------------|-----|------|
|                              |       | YoY (Amount / %) |        | Against target | YoY (Amount / %) |     |      |
| Asahi Breweries Revenue      | 863.4 | - 25.9           | - 2.9% | 0.5            | 863.6            | 0.2 | 0.0% |
| Other/elimination in segment | 23.5  | - 0.6            | - 2.5% | - 0.3          | 23.9             | 0.4 | 1.7% |
| Revenue total                | 886.9 | - 26.5           | - 2.9% | 0.3            | 887.4            | 0.6 | 0.1% |

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

|                           |       |        |        |       |       |       |        |
|---------------------------|-------|--------|--------|-------|-------|-------|--------|
| Beer                      | 486.0 | - 27.8 | - 5.4% | 2.1   | -     | -     | -      |
| Happoshu                  | 50.1  | - 2.8  | - 5.3% | 0.7   | -     | -     | -      |
| New Genre                 | 133.9 | 2.1    | 1.6%   | - 0.4 | -     | -     | -      |
| Beer-type beverages total | 670.1 | - 28.4 | - 4.1% | 2.4   | 666.0 | 0.0   | 0.0%   |
| Whiskey and spirits       | 60.7  | 2.9    | 5.0%   | 0.2   | 58.3  | 0.2   | 0.3%   |
| RTD low-alcohol beverages | 45.5  | 1.1    | 2.4%   | - 0.2 | 46.7  | 1.2   | 2.7%   |
| Wine                      | 42.1  | - 0.1  | - 0.3% | - 0.5 | 43.3  | 1.2   | 2.9%   |
| Shochu                    | 26.5  | - 0.9  | - 3.4% | 0.2   | 25.3  | - 1.2 | - 4.4% |
| Non-alcohol beverages     | 33.1  | - 0.1  | - 0.3% | - 0.2 | 33.6  | 0.5   | 1.5%   |

※Export numbers are excluded from 2020 forecast (It is reflected to comparable year (2019))

## 【Revenue of Other Alcohol Beverages】

- 2019 : YoY growth in total of other than beer-type mainly due to revenue increase in whiskey and spirits and wine, despite the decrease in Shochu.  
-0.3% YoY decline in Non-alcohol beverages due to the decrease of other brands despite the increase in *Dry Zero*
- 2020 : Target YoY growth in total driven by the increase of RTD and wine, despite the decrease in Shochu  
Target +1.5% YoY growth driven by creating new drinking opportunities for *Dry Zero*.

## <Core Operating Profit>

(JPY billion)

|   |       | 2019             |                |       | 2020 forecast    |       |  |
|---|-------|------------------|----------------|-------|------------------|-------|--|
|   |       | YoY (Amount / %) | Against Target |       | YoY (Amount / %) |       |  |
| Change in sales, category and container mix | -     | - 8.0            | - 1.5          | -     | 3.2              |       |  |
| Cost reduction in manufacturing             | -     | 2.0              | 0.1            | -     | 2.6              |       |  |
| Cost increase in manufacturing              | -     | - 2.1            | - 0.7          | -     | - 1.5            |       |  |
| Advertisement and Sales promotion expenses  | -     | 0.9              | 0.4            | -     | 0.0              |       |  |
| Other expenses                              | -     | 3.6              | 1.8            | -     | - 3.6            |       |  |
| Asahi Breweries                             | 104.9 | - 3.7            | - 3.4%         | 0.1   | 106              | 0.7%  |  |
| Other/elimination in segment                | 0.6   | - 0.3            | - 31.3%        | - 0.1 | 1                | 40.3% |  |
| Core Operating Profit                       | 105.5 | - 4.0            | - 3.6%         | 0.0   | 107              | 0.9%  |  |

### [2019 : Factors Contributing to Increase/Decrease] (JPY billion)

#### <Breakdown of main factors>

Change in sales, category and container mix : -8.0

(Sales volume decrease in bee-type -8.5, Sales increase in other alcohol beverages +1.1, Change in category and container mix, and others)

Cost reduction in manufacturing: +2.0

(Raw materials +0.4, Product mix improvement in categories other than beer-type +1.1, etc.)

Cost increase in manufacturing: -2.1, (Raw materials -0.5, transportation -0.5, Utilities -0.2, etc.)

Decrease in sales promotion expenses : +0.9 (Advertisement -0.8, Promotion +1.7)

(Beer-type -0.1, other +1.0)

### [2020 : Factors Contributing to Increase/Decrease] (JPY billion)

#### < Breakdown of main factors >

Change in sales, category and container mix : +3.2

(Sales volume increase in bee-type +1.1, Sales increase in other alcohol beverages +1.2, Change in category and container mix, and others)

Cost reduction in manufacturing: +2.6

(Raw materials +0.6, Utilities +0.6, Product mix improvement in categories other than beer-type +0.2, etc.)

Cost increase in manufacturing: -1.5, (Raw materials -0.6, transportation -0.8, etc.)

Increase/decrease in sales promotion expenses : ±0.0 (Advertisement +4.0, Promotion -4.0)

(Beer-type -2.0, other +2.1)

## <Sales Volume>

|                    | 2019   |                  |         |                |
|--------------------|--------|------------------|---------|----------------|
|                    |        | YoY (Amount / %) |         | Against target |
| Carbonated drinks  | 72.98  | 5.72             | 8.5%    | 0.82           |
| Lactic acid drinks | 48.87  | - 0.66           | - 1.3%  | - 0.43         |
| Coffee             | 41.15  | - 0.97           | - 2.3%  | 0.05           |
| Tea                | 39.96  | - 1.33           | - 3.2%  | - 0.64         |
| Mineral Water      | 19.92  | - 4.03           | - 16.8% | 0.07           |
| Fruit juice        | 19.22  | - 1.98           | - 9.3%  | - 0.97         |
| Other drinks       | 23.05  | 2.27             | 10.9%   | - 0.05         |
| Sales Volume       | 265.15 | - 0.98           | - 0.4%  | - 1.15         |

(Millions of cases)

## <Market Trend>

|  | 2020 forecast |                  |         | 2019        | 2020 forecast |
|--|---------------|------------------|---------|-------------|---------------|
|  |               | YoY (Amount / %) |         | YoY         | YoY           |
|  | 77.28         | 4.30             | 5.9%    | approx. -4% | -             |
|  | 50.05         | 1.18             | 2.4%    | approx. -4% | -             |
|  | 39.51         | - 1.64           | - 4.0%  | approx. -2% | -             |
|  | 38.75         | - 1.21           | - 3.0%  | approx. +2% | -             |
|  | 19.60         | - 0.32           | - 1.6%  | approx. -6% | -             |
|  | 17.31         | - 1.91           | - 10.0% | approx. -3% | -             |
|  | 28.01         | 4.96             | 21.5%   | -           | -             |
|  | 270.50        | 5.35             | 2.0%    | approx. -2% | ±0%~+1%       |

## <Sales Volume by Brands>

|                  | 2019  |                  |         |
|------------------|-------|------------------|---------|
|                  |       | YoY (Amount / %) |         |
| MITSUYA CIDER    | 39.15 | - 0.32           | - 0.8%  |
| CALPIS           | 26.94 | 4.72             | 21.2%   |
| WONDA            | 41.77 | - 0.86           | - 2.0%  |
| Asahi Juroku-cha | 39.50 | - 0.71           | - 1.8%  |
| OISHII MIZU      | 22.84 | - 1.24           | - 5.1%  |
| WILKINSON        | 19.92 | - 4.03           | - 16.8% |

|  | 2020 forecast |                  |        |
|--|---------------|------------------|--------|
|  |               | YoY (Amount / %) |        |
|  | 41.00         | 1.85             | 4.7%   |
|  | 30.00         | 3.06             | 11.4%  |
|  | 43.30         | 1.53             | 3.7%   |
|  | 37.60         | - 1.90           | - 4.8% |
|  | 24.23         | 1.39             | 6.1%   |
|  | 19.60         | - 0.32           | - 1.6% |

### [Market Total]

- 2019 : YoY contraction by -2% in total volume mainly due to the negative impacts of the unfavorable weather in high season and the price hike of large PET bottle products since April.
- 2020 : Expected slight YoY growth driven by upturn in reaction to unfavorable weather in high season last year despite remaining the negative impact of price hike in big PET bottle products

### [Asahi Soft Drinks Sales Volume]

- 2019 : -0.4% YoY decline due to the decrease in fruit juice and tea, despite the sales increase in carbonated drinks.
- 2020 : Target +2.0% YoY growth driven by strengthening *Mitsuya* and *Wilkinson* and developing the products related to health.

## <Core Operating Profit>

|   |        |        |                  |                | (Millions of cases / JPY billion) |       |       |
|---|--------|--------|------------------|----------------|-----------------------------------|-------|-------|
|   |        | 2019   |                  | Against Target | 2020 forecast                     |       |       |
|   |        |        | YoY (Amount / %) |                | YoY (Amount / %)                  |       |       |
| Sales Volume Total                          | 265.15 | - 0.98 | - 0.4%           | - 1.15         | 270.50                            | 5.35  | 2.0%  |
| Revenue Total                               | 376.2  | 5.5    | 1.5%             | - 0.7          | 390.0                             | 13.1  | 3.5%  |
| Change in sales, category and container mix | -      | - 0.7  |                  | - 0.9          | -                                 | 3.2   |       |
| Cost reduction in manufacturing             | -      | 2.0    |                  | 0.2            | -                                 | 5.4   |       |
| Cost increase in manufacturing              | -      | - 3.1  |                  | - 0.1          | -                                 | - 0.7 |       |
| Advertisement and Sales promotion expenses  | -      | - 0.2  |                  | 0.4            | -                                 | - 0.2 |       |
| Other expenses                              | -      | - 2.0  |                  | -              | -                                 | - 3.6 |       |
| Asahi Soft Drinks                           | 33.2   | - 4.0  | - 10.8%          | - 0.3          | 37.5                              | 4.1   | 12.2% |
| Other/elimination in segment                | -      | -      | -                | -              | -                                 | -     | -     |
| Core Operating Profit                       | 33.2   | - 4.0  | - 10.8%          | - 0.3          | 37.5                              | 4.1   | 12.2% |

### **[2019 : Factors Contributing to Increase/Decrease]** (JPY billion)

#### <Breakdown of main factors>

Change in sales, category and container mix : -0.7

(Sales volume decrease -0.7, Change in category and container mix, and others)

Cost reduction in manufacturing: +2.0

(Raw materials +0.9, Packages +0.5, Operational efficiency/in-house production +0.7, etc. )

Cost increase in manufacturing: -3.1, (Raw materials -0.4, Packages -2.7, etc.)

Increase in sales promotion expenses : -0.2 (Advertisement +0.2, Promotion -0.4)

### **[2020 : Factors Contributing to Increase/Decrease]** (JPY billion)

#### <Breakdown of main factors>

Change in sales, category and container mix : +3.2

(Sales volume decrease +2.6, Change in category and container mix, and others)

Cost reduction in manufacturing: +5.4

(Raw materials +0.6, Packages +1.8, Operational efficiency/in-house production +3.0, etc. )

Cost increase in manufacturing: -0.7, (Raw materials -0.7)

Increase in sales promotion expenses : -0.2 (Advertisement -0.1, Promotion -0.1)



## <Revenue>

(JPY billion)

|                     |       | 2019             |      |                |
|---------------------|-------|------------------|------|----------------|
|                     |       | YoY (Amount / %) |      | Against Target |
| Asahi Group Foods   | 117.7 | 1.7              | 1.4% | - 0.3          |
| Other / elimination | - 0.0 | - 0.0            | -    | - 0.0          |
| Revenue             | 117.6 | 1.7              | 1.4% | - 0.3          |

|  | 2020 forecast    |     |      |
|--|------------------|-----|------|
|  | YoY (Amount / %) |     |      |
|  | 121.4            | 3.7 | 3.2% |
|  | -                | 0.0 | -    |
|  | 121.4            | 3.7 | 3.2% |

## <Core Operating Profit>

(JPY billion)

|                       |      | 2019             |       |                |
|-----------------------|------|------------------|-------|----------------|
|                       |      | YoY (Amount / %) |       | Against Target |
| Asahi Group Foods     | 12.5 | 0.5              | 4.4%  | 0.2            |
| Other / elimination   | 0.5  | 0.1              | 34.2% | 0.1            |
| Core Operating Profit | 13.0 | 0.7              | 5.3%  | 0.3            |

|  | 2020 forecast    |       |         |
|--|------------------|-------|---------|
|  | YoY (Amount / %) |       |         |
|  | 13.0             | 0.5   | 3.8%    |
|  | 0.4              | - 0.1 | - 23.6% |
|  | 13.4             | 0.4   | 2.8%    |

### **[2019]**

- Revenue : +1.4% YoY growth driven by the favorable performance of main brands including *Mintia*.
- Core OP : +5.3% YoY growth due to the mix improvement and efficiency improvement in advertising expenses in addition to revenue growth.

### **[2020]**

- Revenue : Target +3.2% YoY growth driven by continuous brand enhancement with new value proposal in main brands.
- Core OP : Target +2.8% YoY growth driven by revenue growth and manufacturing cost reduction.

# Overseas Business (Revenue) \*constant currency basis



<Revenue \*constant currency basis (based on previous year's FX rates)>

(JPY billion)

|                         | 2019  |                  |         |                | 2020 forecast    |       |       |
|-------------------------|-------|------------------|---------|----------------|------------------|-------|-------|
|                         |       | YoY (Amount / %) |         | Against Target | YoY (Amount / %) |       |       |
| Europe business         | 493.9 | 26.1             | 5.6%    | - 11.0         | 398.5            | 10.2  | 2.6%  |
| Western Europe          | 168.8 | 17.0             | 11.2%   | - 9.8          | -                | -     | -     |
| Central Europe          | 325.2 | 9.1              | 2.9%    | - 1.2          | -                | -     | -     |
| Oceania business        | 194.8 | 20.1             | 11.5%   | 7.2            | 201.7            | 22.9  | 12.8% |
| Southeast Asia business | 45.7  | - 0.3            | - 0.6%  | 0.8            | 45.8             | 0.9   | 2.0%  |
| China business          | 5.6   | - 4.2            | - 42.7% | - 0.0          | -                | -     | -     |
| Asahi International     | -     | -                | -       | -              | 113.8            | 9.5   | 9.1%  |
| Other / elimination     | 8.8   | - 3.3            | - 27.5% | - 0.1          | - 22.8           | - 5.1 | -     |
| Revenue                 | 748.8 | 38.4             | 5.4%    | - 3.1          | 736.9            | 38.4  | 5.5%  |

<Performance including foreign exchange impact>

|         |       |        |        |     |       |      |      |
|---------|-------|--------|--------|-----|-------|------|------|
| Revenue | 699.6 | - 10.8 | - 1.5% | 3.1 | 722.2 | 23.7 | 3.4% |
|---------|-------|--------|--------|-----|-------|------|------|

\*Oceania Business : Reflect the impact of changing the accounting method due to container deposit legislation to 2019 results and 2020 forecast.

## [Revenue (constant currency basis)]

<2019>

### •Europe

(Western) +11.2% YoY growth driven by favorable performance of third countries and the newly consolidated impact of Fuller's, despite of the slowdown of sales growth in UK due to unfavorable weather.

(Central) +2.9% YoY growth driven by the steady progress of premiumization in each home market, despite cycling very good weather last year.

- Oceania : +11.5% YoY growth driven by promoting high value added strategy in Non-Alcohol and Alcohol Beverages Businesses.
- Southeast Asia : -0.6% YoY decline due to the negative impact of deconsolidation of Indonesia business, despite of the favorable performance centered on added value products in Malaysia.
- China : -42.7% YoY decline due to the negative impact of transfer of export to Oceania in addition to the deconsolidation of Yantai Beer, outweighing the strong performance of *Asahi Super Dry*.

<2020年>

- Europe : Target +2.6% YoY growth driven by strengthening premium beer and non-alcohol beverages in each country.
- Oceania : Target +12.8% YoY growth driven by enhancing the category and brand management.
- Southeast Asia : Target +2.0% YoY growth driven by developing added value products and strengthening business foundation in each country.
- Asahi International : Target +9.1% YoY growth driven by expanding the premium beer development with portfolio strategy.

<Core OP \* constant currency basis (based on previous year's FX rates)>

(JPY billion)

|                         | 2019  |                  |         |                | 2020 forecast |                  |       |
|-------------------------|-------|------------------|---------|----------------|---------------|------------------|-------|
|                         |       | YoY (Amount / %) |         | Against Target |               | YoY (Amount / %) |       |
| Europe business         | 90.5  | 9.2              | 11.3%   | 0.4            | 77.9          | 0.2              | 0.3%  |
| Western Europe          | 25.6  | 3.2              | 14.3%   | - 0.6          | -             | -                | -     |
| Central Europe          | 64.8  | 6.0              | 10.2%   | 1.0            | -             | -                | -     |
| Oceania business        | 16.6  | 1.8              | 12.1%   | - 0.2          | 16.9          | 1.6              | 10.7% |
| Southeast Asia business | 2.4   | 0.2              | 6.9%    | - 0.2          | 2.5           | 0.3              | 14.5% |
| China business          | - 0.4 | - 0.8            | -       | 0.3            | -             | -                | -     |
| Asahi International     | -     | -                | -       | -              | 8.8           | 1.7              | 24.3% |
| Other / elimination     | 0.7   | - 1.2            | - 63.9% | 0.2            | - 0.6         | - 0.6            | -     |
| Revenue                 | 109.8 | 9.2              | 9.1%    | 0.5            | 105.5         | 3.3              | 3.2%  |

<Performance including foreign exchange impact>

|                       |       |     |      |     |       |     |      |
|-----------------------|-------|-----|------|-----|-------|-----|------|
| Core Operating Profit | 102.4 | 1.8 | 1.8% | 1.3 | 103.7 | 1.4 | 1.4% |
|-----------------------|-------|-----|------|-----|-------|-----|------|

## [Core Operating Profit (constant currency basis)]

<2019>

•Europe

Western : +14.3% YoY growth driven by curbing the marketing expenses and optimizing fixed cost.

Central : +10.2% YoY growth due to the positive impact of revenue growth including mix improvement and various cost optimization.

•Oceania : +12.1% YoY growth driven by efficient use of marketing expenses and production efficiency improvement.

•Southeast Asia : +6.9% YoY growth driven by revenue growth and fixed cost optimization including advertisement and promotion cost.

•China : -8 billion JPY YoY decline due to the negative impact of transfer of export to Oceania and deconsolidation of Yantai Beer, despite the profit increase of the existing business.

<2020>

•Europe : Target +0.3% YoY driven by premiumization and mix improvement, despite the increase of fixed cost and marketing cost.

•Oceania : Target +10.7% YoY growth driven by efficient use of various cost and logistic optimization in addition to revenue growth.

•Southeast Asia : Target +14.5% YoY growth driven by improving cost efficiency of production and fixed cost.

•Asahi International : +24.3% YoY growth driven by revenue growth despite the increase of marketing expenses and fixed cost.

# Operating Profit/Profit attributable to owners of parent



(JPY billion)

|   | 2019    |                  |        |                | 2020 forecast    |       |         |
|---|---------|------------------|--------|----------------|------------------|-------|---------|
|   |         | YoY (Amount / %) |        | Against Target | YoY (Amount / %) |       |         |
| Revenue   | 2,089.0 | - 31.2           | - 1.5% | 2.0            | 2,135.0          | 46.0  | 2.2%    |
| Core operating profit   | 213.0   | - 8.4            | - 3.8% | 1.0            | 218.5            | 5.5   | 2.6%    |
| Adjustment item   | - 11.5  | - 1.9            | -      | - 1.5          | - 15.0           | - 3.5 | -       |
| Loss (gain) on sales and retirement of non current assets             | - 3.9   | 0.2              | -      | - 0.9          | - 4.8            | - 0.9 | -       |
| Gain (loss) on revaluation of subsidiaries and affiliates             | -       | - 1.4            | -      | -              | -                | -     | -       |
| Business integration expenses   | - 5.5   | - 2.5            | -      | - 4.3          | -                | 5.5   | -       |
| Impairment loss   | - 0.1   | 0.2              | -      | - 0.1          | -                | 0.1   | -       |
| Others  | - 2.1   | 1.5              | -      | 3.7            | - 10.2           | - 8.1 | -       |
| Operating profit  | 201.4   | - 10.3           | - 4.9% | - 0.6          | 203.5            | 2.1   | 1.0%    |
| Finance income or loss  | - 4.3   | - 0.6            | -      | - 0.2          | - 4.0            | 0.3   | -       |
| Share of loss (profit) of entities accounted for using equity method  | 0.9     | - 0.0            | - 1.6% | 0.1            | 0.5              | - 0.3 | - 39.9% |
| Loss (gain) on sales of investments accounted for using equity method | -       | 0.9              | -      | -              | -                | -     | -       |
| Others  | - 0.6   | 0.2              | -      | - 0.6          | -                | 0.6   | -       |
| Profit before tax   | 197.4   | - 9.9            | - 4.8% | - 1.2          | 200.0            | 2.6   | 1.3%    |
| Income tax expense  | - 56.1  | 0.3              | -      | 0.5            | - 58.0           | - 1.9 | -       |
| Profit  | 141.3   | - 9.6            | - 6.4% | - 0.7          | 142.0            | 0.7   | 0.5%    |
| Profit attributable to owners of parent                               | 142.2   | - 8.9            | - 5.9% | 0.2            | 143.0            | 0.8   | 0.6%    |
| Profit attributable to non-controlling interests                      | - 0.9   | - 0.8            | -      | - 0.9          | - 1.0            | - 0.1 | -       |

## [2019]

- Operating Profit : -4.9% YoY decline due to the increase of business integration expenses and the decrease of gain on revaluation of subsidiaries and affiliates in addition to Core OP decline.
- Net Profit\* : -5.9% YoY decline due to the decrease of OP despite the decrease of income tax expenses.

## [2020]

- Operating Profit : Target +1.0% YoY growth driven by Core OP growth despite expecting the increase in loss on sales and retirement of non current asset and other expenses.
- Net Profit\* : Target +0.6% YoY growth driven by OP growth despite of income tax expenses increase.

\* Profit attributable to owners of parent

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

(JPY billion)

| Business                          | Currency | 2019    | 2020   |
|-----------------------------------|----------|---------|--------|
|                                   |          | Results | Target |
| Western Europe                    | Euro     | -9.8    | -      |
| Central Europe (Europe)*          | Euro     | -20.8   | -6.6   |
| Asahi International               | Euro     | -       | -1.9   |
| Oceania                           | AUD      | -16.0   | -4.7   |
| Southeast Asia                    | -        | -1.8    | -1.4   |
| China                             | RMB      | -0.3    | -      |
| Others                            | -        | -0.5    | -0.1   |
| Revenue                           |          | -49.2   | -14.7  |
| Western Europe                    | Euro     | -1.7    | -      |
| Central Europe (Europe)*          | Euro     | -4.1    | -1.3   |
| Asahi International               | Euro     | -       | -0.1   |
| Oceania                           | AUD      | -1.4    | -0.4   |
| Southeast Asia                    | -        | -0.1    | -0.1   |
| China                             | RMB      | 0.0     | -      |
| Others                            | -        | -0.0    | 0.0    |
| Amortization of intangible assets | -        | 1.2     | 0.3    |
| Core Operating Profit             |          | -6.1    | -1.5   |

※2020 Target : As Europe Business

## ◆ Exchange Rate Sensitivity of Key Currencies (2020)

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

(JPY billion)

| Currency | Target  | Revenue | Core OP |
|----------|---------|---------|---------|
| Euro     | 120 JPY | ±4.2    | ±0.7    |
| AUD      | 74 JPY  | ±2.7    | ±0.2    |

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

## ◆ Major Currency Exchange Rate Trend

(JPY)

| Currency       | 2017  | 2018  | 2019  |
|----------------|-------|-------|-------|
| Euro (Western) | 126.7 | 130.4 | 122.0 |
| Euro (Central) | 128.6 |       |       |
| AUD            | 86.0  | 82.6  | 75.8  |

# Asahi

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