

## **Asahi Group Holdings, Ltd.**

### Q1 2023 Financial Results Briefing Conference Call Summary

Date & time: Friday May 12, 2023; 18:00–19:00

Presenter: Atsushi Katsuki, President and CEO, Representative Director

#### **◆Executive Summary** (P1)

- In the first quarter, the Group overall was able to achieve 7.9% revenue growth and 24.3% core operating profit growth even with continued unprecedented cost increases.
- We achieved top-line growth in all businesses by implementing appropriate price strategies in various regions since last year, in addition to expanding premium category and global brands.
- In core operating profit, we achieved profit growth that exceeded the plan, mainly in Japan, despite significant cost increases, mainly for variable costs, by improving unit prices to exceed these increases and strengthening cost management.
- From the second quarter onward, it will be necessary to monitor inflation-associated impacts on demand in addition to the prices of raw materials and energy. However, we will not relax investment in the premiumization strategy and aim to achieve the plan set at the beginning of the year, as well as aiming for a recovery in performance in the next fiscal year and beyond.
- In addition, under the Medium- to Long-Term Management Policy, we will continue to invest in the core strategies of integrating sustainability into management and in human capital to further strengthen the foundations for sustainable growth.

#### **◆Status of Improvement in Unit Sales Price/Cost Increases** (P2)

- In the first quarter, the unit sales price rose 6.6% in Japan, 17.3% in Europe, and 4.1% in Oceania, improving more than last year in three major regions.

- The effect of price revisions was the biggest driver of improvement in unit price in all three regions, but the premiumization strategy also made steady progress.
- In addition to the expansion of the premium category in each region, the global brands continued to expand well beyond their home markets, with increases of over 10% year on year in sales of Super Dry and Peroni Nastro Azzuro.
- Although sales volumes were somewhat below expectation in some countries, partly due to temporary demand associated with price revisions, there have been no major changes in consumption trends so far in any of the regions. In particular, we are planning to strengthen the brand for the upcoming demand season in Europe and Japan to make up for any slowdown.
- Total cost increases, centered on raw materials and energy, were just under 25.0 billion yen in the three-month period from January to March, which was largely in line with expectations.
- For the annual outlook, we currently anticipate cost increases will be around 100.0 billion yen as expected as the beginning of the year, taking into account the large volume of raw materials already hedged and requests from suppliers although there are signs of softening in some market conditions.
- Thus, we believe we got off to a very good start in the first quarter, with each region improving profitability while maintaining its competitive advantage in terms of market share and other factors, in the face of cost increases in line with expectations.
- Once again, we will aim for sustainable growth from the next fiscal year and beyond by continuing unwavering investment in our premiumization strategies and core strategies to enable us to accelerate this positive trend in the second quarter and beyond.