

**Asahi Soft Drinks Co., Ltd.  
Future Management Strategy**



**President and Representative Director  
Katsuhiko Kishigami**

**2019  
June**

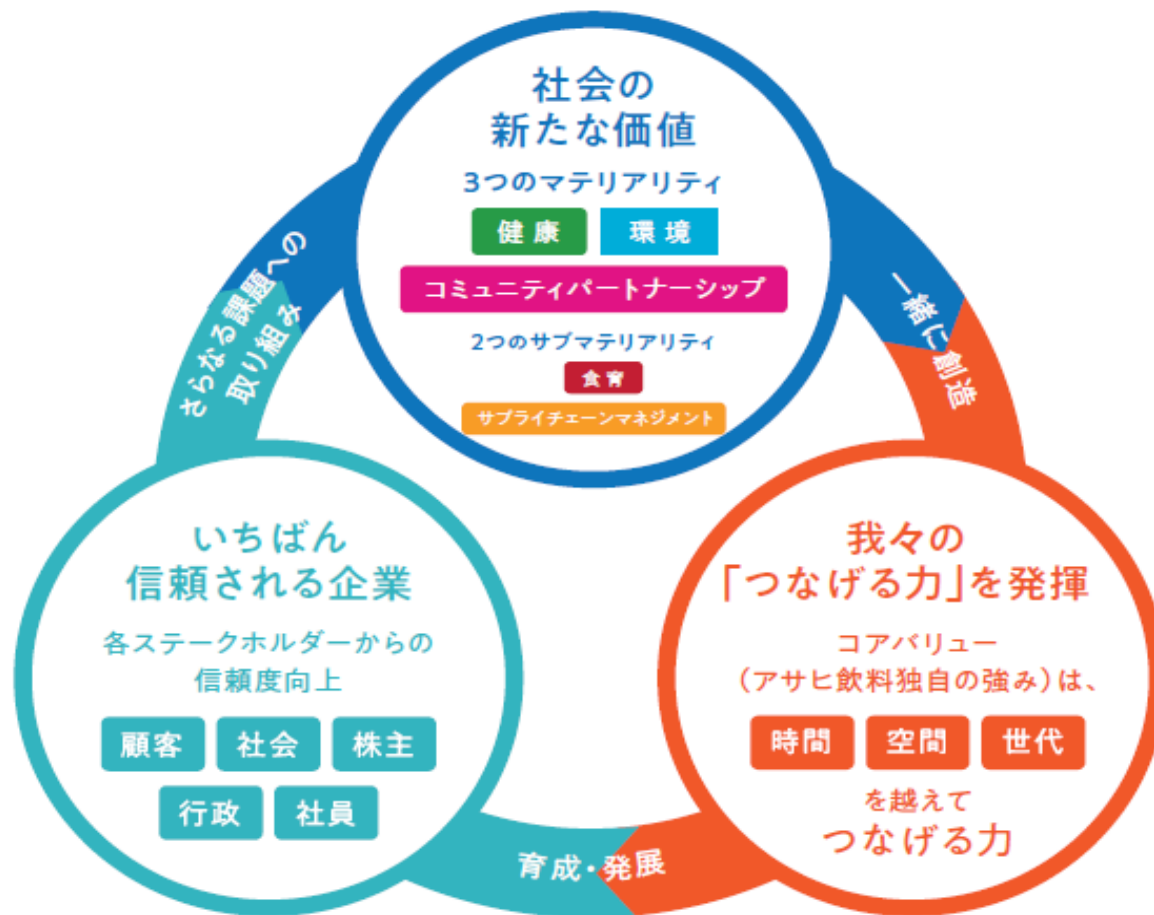
# **1. Overview of Business Results in 2018**

**2. Formulation of New Corporate Slogan**

**3. Future Management Strategy**

## Formulated corporate vision and settled five key material issues

Aiming at a corporate growth centered on enhancement of financial values and social values



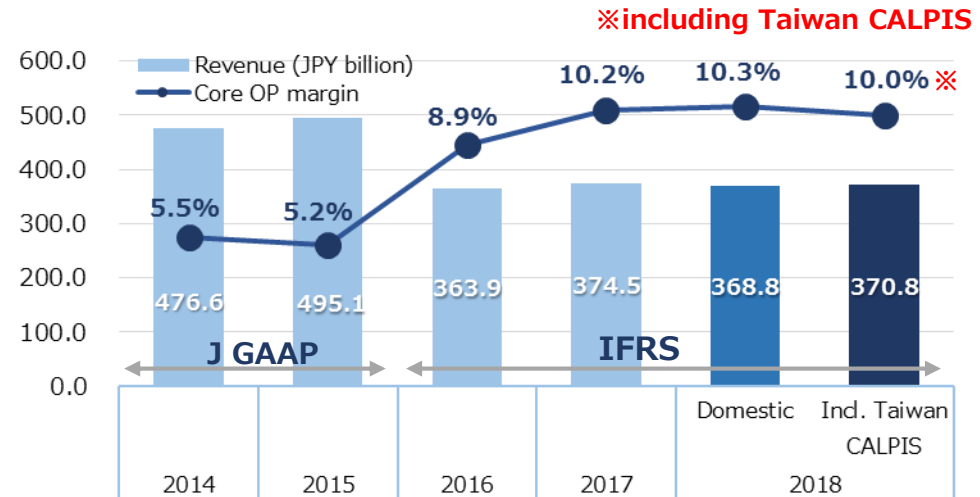
## Achieved 16 consecutive years growth in sales volume and core OP margin of 10.3%

### Sales Volume in 2018

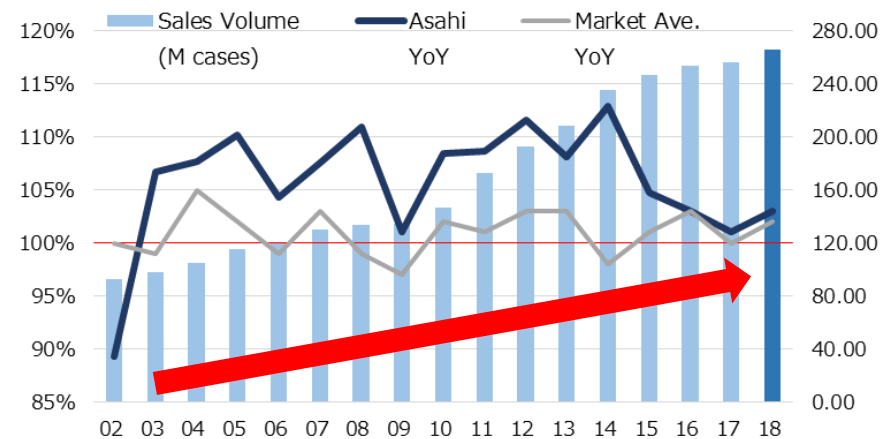
Brand	Sales Volume (million cases)	YoY
MITSUYA CIDER	39.47	+5.2%
CALPIS	42.63	+11.1%
WONDA	40.24	-3.4%
Asahi "Juroku-Cha"	24.08	+5.0%
OISHII MIZU	23.96	+2.1%
WILKINSON	22.25	+11.8%
6 core brands total	192.63	+4.8%
<b>Total</b>	<b>266.13</b>	<b>+4.1%</b>

- Focused management resources on 6 core brands
- Significant sales increases in *MITSUYA*, *CALPIS*, and *WILKINSON*
- Set new sales volume records in *CALPIS* and *WILKINSON*
- Commenced to settle vending machines with freezing functions
- Alliances with competitors in vending machines channel
- Streamlined logistics and reduced environmental burden

### Revenue and Core OP margin Trend



### Sales Volume Trend



## Initiatives for social value enhancement in five key material issues



Health



Environment



Partnership



Dietary Education



SCM

Health
Environment
Partnership with Local Communities
Dietary Education
SCM

New products launches in lactic acid bacteria drink category  
Participation in FUN+WALK PROJECT promoted by Japan Sports Agency

Launches of label-less PET bottle products in *OISHII MIZU*  
Launches of products using plant-derived materials for packaging in *MITSUYA*

Promotion of initiatives for presymptomatic disease with Kanagawa prefecture  
Donation of part of the profits from sales in *MITSUYA* and *CALPIS* to children nurturing initiatives

Family dietary education events taking advantage of our unique techniques and know-hows

Establishment of new logistics center for efficient logistics and reduction of environmental burden

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## 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



## Asahi Asahi Group Philosophy



“Promises to Our Customers”  
Deliver fun and joy, and smiles  
for 100 years and more

We clearly defined the values  
we would propose for our  
customers and society in order  
to realize our Vision



Background for formulating our corporate slogan:

“For 100 years and more” reflects our will to our customers. While the awareness of healthy life is increasing, we wish our customers are sound in both mind and body, and become 100 years old through our products and services.

It also shows our strength to hold 100-years long-selling brands.

## 100年のワクワクと笑顔を。

Deliver fun and joy, and smiles for 100 years and more

# アサヒ飲料

## 人生100年時代を共に。あなたのココロとカラダに

## 驚きや感動、そして、健康をお届けしたい。

## いつも、そばに。これからも、ずっと笑顔を。

Together in The 100-Year Life. We wish to deliver excitements, inspirations, and health to your mind and body.

We always stay with you and continue to deliver smiles.

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## Medium-Term Management Policy

**“Aiming to be the leader in the soft drinks industry”**

“Industry-wide top-class profitability”, “Challenges for new categories”

“Leadership for cooperation in non-competitive categories”, “Establishment of foundation for CSV management”

## Management Strategy in 2019

“Enhancing brand equities and challenging with brands” is our overall activities’ guideline. We will establish foundation for becoming the leader in the industry through initiatives including building foundation for solid profitability and creating new values.

## Targets in 2019 ※ including Taiwan CALPIS

(Unit: millions of cases)

	Targets	2018	YoY
Sales Volume (millions of cases)	269.20	266.13	3.07 +1.2%
Revenue (JPY billion)	379.6	370.8	8.8 +2.4%
Core OP (JPY billion) (margin)	39.9 (10.5%)	37.3 (10.0%)	2.7 +7.2% (+0.5%)

Brand	Sales Volume	YoY
MITSUYA	41.10	+4.1%
CALPIS	44.30	+3.9%
WONDA	40.40	+0.4%
Asahi “Juroku-cha”	24.40	+1.3%
OISHII MIZU	23.00	-4.0%
WILKINSON	24.50	+10.1%
6 core brands	197.70	+2.6%
<b>Total</b>	<b>269.20</b>	<b>+1.2%</b>

**Further promoting our business growth through solving issues by leveraging our unique strengths for opportunities and risks generated by external environmental changes**

## Opportunities and Risks

- Diversification of consumption patterns stemming from maturity of beverage market and increasing health awareness
- Changes to consumption and competition trends driven by e-commerce and other examples of sales channel diversification
- Trend toward lower prices stemming from expansion of retailers' private label products
- Ongoing increases in distribution, personnel, raw material, and other costs
- Increasing attention to waste plastic and other environment-related social issues

## Our Strengths

- Multiple long-selling brands centered on growing categories
- Industry-leading profitability achieved through optimal production and logistics systems
- Synergy-creation capabilities leveraging business integrations and alliances
- Corporate culture of addressing health, environmental, and other social issues

Further enhancing our 100-years brands' intrinsic equities as a company which promises to deliver fun and joy, and smiles to the customers in the next 100 years

CALPIS  
100 years

ブランド生誕100年

**カルピス®**

「想いをつなぐ」  
「おいしさと健康」

アサヒ飲料スローガン Asahi Soft Drinks Corporate Slogan

**「100年のワクワクと笑顔を。」**

Deliver fun and joy, and smiles for 100 years and more



気持ちがスーッと澄みわたる  
**爽快感**

ブランド生誕135年

MITSUYA  
135 years

最高の刺激をくれる  
**本格炭酸**

ブランド生誕115年



WILKINSON  
115 years

Developing activities related to 100th anniversary, interlocking products, advertisement, sales promotion, and sales places.  
Evaluating values for “Linking feelings to the future” and “Delicious and Healthy” towards the next 100th anniversary

## Theme1

### “Link feelings to the future”



Link feelings which CALPIS has nurtured in 100 year to the future

## Supporting various anniversary events

Doll's festival

Graduation ceremony

Children's Day

Star festival

Obon festival

Personal anniversary

## Star Festival in 2019

TVCM

SNS

Place

Product

Promotion

## Theme2

### “Delicious and Healthy”



Evaluate deliciousness and health value of CALPIS, in addition to convey the appeals of fermentation

## “Fermentation Blend” Project

Platform for expanding Japanese fermentation culture and the appeal of fermentation

Product Place

Event

Partnership

Dietary Education



Making proposals including new categories and high-added value products centered on *MITSUYA CIDER* for creating new demands

Products matched with consumer tastes and needs

## Standard CSD

Core category with huge markets



Enhancing brand equity of *MITSUYA CIDER*

Establishing the unique value

Expansion of vending machines with freezing functions



Aiming at securing a better position in the freezing category



Partnership with local areas

Providing education classes on environment in each local production area of fruit juice



## Trend for Light Taste

Trend for light taste and non-sugar

NEW



Developing new category *MITSUYA Lemonade*

Nurturing a new pillar in the growing market

## Trend for Genuine Taste

Trend for rich and genuine taste

NEW



Proposing high-added value Tokusan *MITSUYA* series  
Using selected local fruits in Japan

## Pursuing strong and high quality stimulation Leading the carbonated water category as a No.1 brand

### Improvement of perceived quality aiming at the best carbonated water

Enhancing genuine value of carbonated water

“Strengthen gas pressure”

Stimulating sense of hearing when opened

“Strengthen sense of carbonation”

他の追随を許さない  
「最高の炭酸水」を追求

2019

2018

ウィルキンソン  
タンサン史上  
最強刺激※

※製造時

クラッシュボトル

刺激の強さを更にイメージした新容器



**ブランド誕生**  
100年を超える伝統と信頼

**ダイヤボトル**  
シャープな刺激を体現した容器

**クラッシュボトル**  
刺激の強さを更にイメージした新容器

1904

2015

### Product strategy in 2019

#### Enhancing brand strength



**TANSAN**

Most focused item  
leading the brand  
sales



**TANSAN  
LEMON**

Leading the brand sales  
growth

#### Further expanding carbonated water market

##### Acquiring new customers



**TANSAN TEA**

Focused on millennial  
generations

NEW



**TANSAN EXTRA**

Foods with function claims

Taking on challenges for creating new categories in response to social issues related on health as new drivers for growth

H1 in 2019  
revitalizing existing categories

H2 in 2019  
Creating new categories

健康チャレンジ!  
100年のワクワクと笑顔を。  
アサヒ飲料

カルピスの由来の  
乳酸菌科学



カルピス

十六茶



Providing solutions for social issues related on health through soft drinks

NEW



Aiming at solving health issues in local communities by collaborating activities in each local community with our health related products

## Major activities for solving health issues in local communities





## Aiming at reconstructing optimal production and logistics system in response to increasing demands of PET bottle products and shortage of truck drivers

### Enhancing production capacity in Gunma factory

Enhancing production capacity by 1.3 times in comparison with a conventional one

- ① Building aseptic lines
  - Building one more line from 3 lines
  - Producing lactic acid drinks including *CALPIS WATER*
  - Scheduled to start operation on May 2020
- ② Renewing lactic acid fermentation facilities for *CALPIS*
  - Space-saving, labor-saving, and automatic operations in 24 hours
  - Scheduled to start operation on June 2019



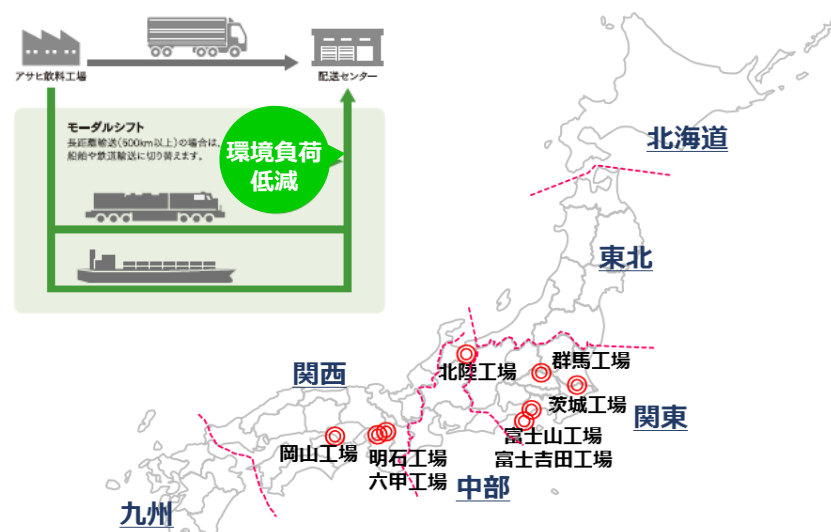
### Response to logistics issues

Reducing long-distance transportation by promoting local production for local consumption

- Improving the ratio of supply and demand in each logistics block

#### Promoting modal shift

- Responding to the environmental changes including shortage of drivers and trucks
- Reducing environmental burden by lowering CO2 emissions



Opening regular factory tour in Gunma factory in response to CALPIS 100<sup>th</sup> anniversary

## 「カルピス」みらいのミュージアム -CALPIS "MIRAI" MUSEUM-

〈「カルピス」の想い〉を未来へつなげていく体験ができる場へ

Scheduled  
to open in  
October  
2019





Formulated “Containers and Packaging 2030” aiming at circular society in addition to reducing environmental burden toward realizing sustainable society

## Containers and Packaging 2030

Formulated “Containers and Packaging 2030” for realizing sustainable container and packaging use

### [Recycled PET and eco-friendly materials]

Aiming at using recycled PET, plant-derived eco-friendly materials, and similar substances for 60% (by weight) of its plastic containers and packaging (PET bottles, labels, caps, plastic bottles) by 2030

### [Reduction]

Aiming at reducing the weight of plastic containers and packaging by increasing its use of label-less bottles and other means

### [Development of new environmental friendly containers]

Engaging in R&D of containers made of new eco-friendly materials and substances other than plastic

## Initiatives for reducing plastic container and packaging



Participated in “Plastic Smart” campaign promoted by Ministry of the Environment



## Expanding label-less bottles



## Solving industry-wide issues by promoting collaboration with competitors as a leading company

### Sales exchanges in vending machines with Dydo



「ミツ矢サイダー430mlPET」、  
「カルピスウォーター430mlPET」2商品を  
ダイドードリンク（株）の自動販売機へ商品供給  
2018年3月下旬より開始

2018.01.15

2018.01.15



### Collaboration in repair of vending machines and transportation with Kirin



**KIRIN** アサヒ飲料、キリンビバレッジ  
非競争分野における協業を開始  
輸送能力向上及び自動販売機修理業務の取り組み開始

2018.07.25

アサヒ飲料株式会社  
キリンビバレッジ株式会社  
2018.07.25

### Sales exchanges in vending machines with Dydo



ダイドードリンク（株）の主力ボトル缶コーヒーブランドを  
自動販売機で3月より販売開始

2019.02.18

2019.02.18



### Sales exchanges in vending machines with Itoen



「ウィルキンソン タンサンPET500ml」を  
（株）伊藤園の自動販売機へ商品供給  
同時に（株）伊藤園の「おへいお茶 緑茶PET500ml」を  
当社自動販売機で販売開始

2019.03.04

2019.03.04



### Collaboration expansion in repair of vending machines



アサヒ飲料、キリンビバレッジ 非競争分野における協業を拡大  
自動販売機修理業務の取り組みエリアの拡大

2019.05.28

アサヒ飲料株式会社  
キリンビバレッジ株式会社  
2019.05.28

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