

Financial Results Presentation for H1 2019

H1 2019 Summary
2019 Forecast



August 2019

Overview of Results for H1 2019

- ◆ **Finished in line with target and YoY increase in profit due to favorable performance of Overseas Business, despite stagnation of Alcohol Beverages Business**
 - Finished below target in Alcohol Beverages Business due to the beer-type market contraction more than expected and harsh competition in new genre category
 - Finished in line with target and YoY increase in Core OP thanks to the strong performances and target achievements in Soft Drinks, Food, and Overseas Businesses
- ◆ **Promoted sustainable strategy for premiumization centered on Europe, and acquired foundations for further growth**
 - Promoted premiumization in home markets and facilitated the cross border strategy for global premium brands, enhanced growth categories
 - Commenced new development for global growth strategy driven by the agreement of acquisition of CUB business in Australia

Future Business Strategy

- ◆ **Working on structural reform from a mid- to long term perspective, despite decreasing the full year forecast for Alcohol Beverages and Soft Drinks Businesses**
 - Restructure the category strategy and brand strategy to focus on strengthening beer category
 - Promote high added value products in Soft Drinks and Food Businesses, and expand new growth domains.
- ◆ **Promoting "Glocal Value Creation Management" by expanding overseas foundation for growth and enhancing management resources**
 - Create a global business platform with three core pillars in Japan, Europe and Australia, and expand a foundation for growth
 - Reinforce climate change initiatives and governance reform, and enhance *glocal* talent management

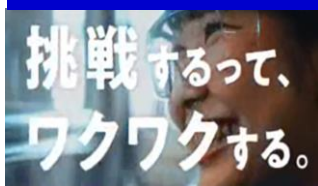
◆ Enhancing the brand equity of *Asahi Super Dry*

Implementing integrated marketing initiatives for creating new markets with marketing 4P:
Appealing coherent messages in advertisement, promotion, and point-of-purchase display

<Appeal the core functional value "Karakuchi"> <Challenge for ultimate freshness>



Ad for KARAKUCHI



Ad for freshness



<Propose new value for young adults>



<Initiatives for Olympic and Paralympic Games Tokyo 2020>



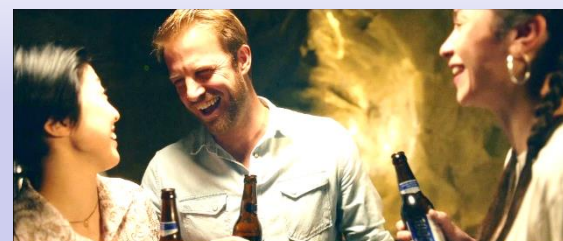
Ad for Olympic



Ad for "Extra Cold"



<Promote initiatives for offering the best quality and expanding drinking opportunities as The JAPAN BRAND>



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

Alcohol Beverages Business: Initiatives for New Genre and Other than Beer-type

◆ Initiatives for New Genre



Clear Asahi

- Renewed marketing strategy with products renewal
- Aiming at increasing customers driven by the brand core message



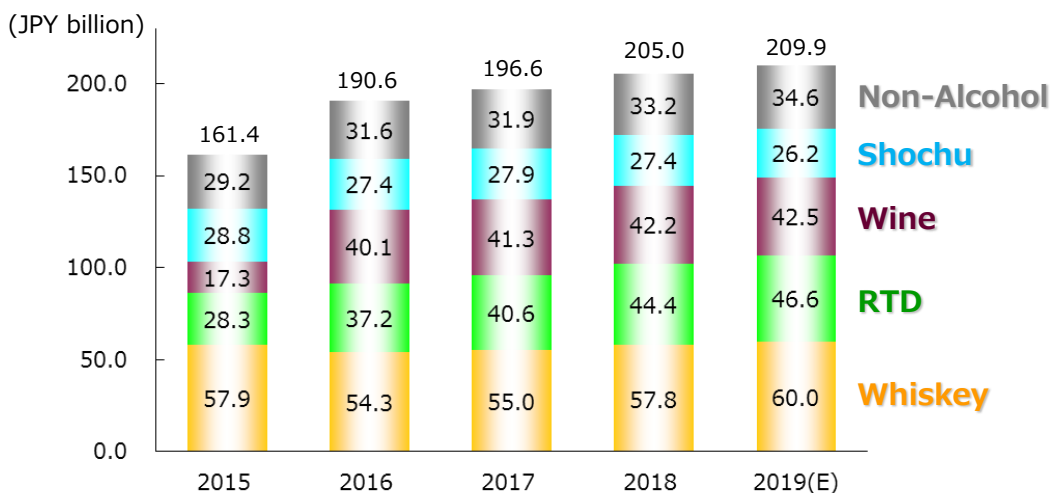
Asahi Gokujyo <Kireaji>

- Revised up the full year forecast from three million cases to four million cases
- Aiming at creating a new market for authentic and crisp taste



◆ Revenue Trend of Other Than Beer-type

<Core Brands Volume Performance for Jan-June (YoY)>



WILKINSON +51%



Black NIKKA +5%



Asahi Dry Zero +1%

Note: Revenue figures are based on J GAAP

◆ Activation of 100-years Brands

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
「100年のワクワクと笑顔。」
Deliver fun and joy, and smiles for 100 years and more

爽快感
気持ちのスーッと澄みわたる

最高の刺激をくれる
本格炭酸

ブランド生誕135年

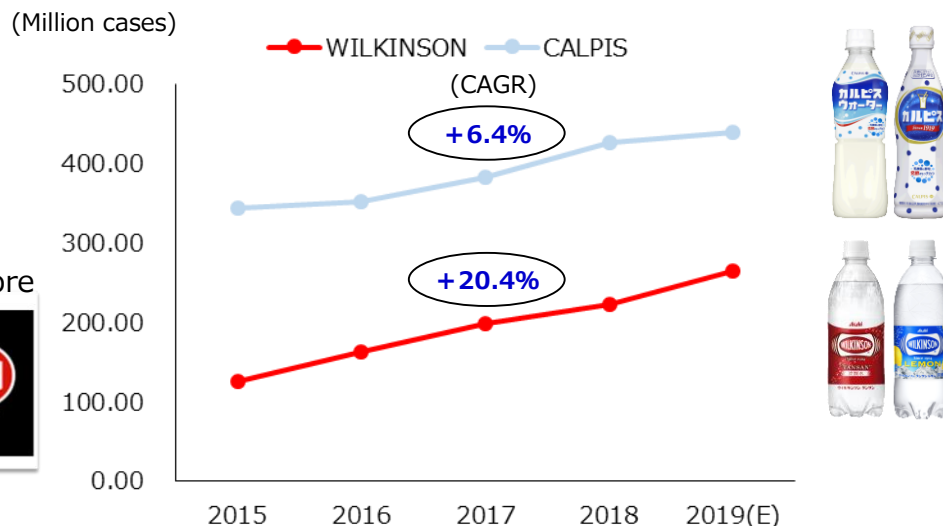
MITSUYA
135 years

WILKINSON
Since 1904

ブランド生誕115年

WILKINSON
115 years

◆ WILKINSON and CALPIS Sales Volume Trend



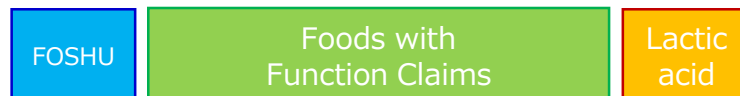
◆ Main Profitability Improvement Driver

	2015	CAGR +2.0%	2019 (E)
① Sales Volume Growth (million cases)	246.48	→	267.20
② Composition of Core 6 Brands	71.0%	→	72.4%
③ Composition* of small PET bottle	51.9%	→	64.9%
④ Operational efficiency/in-house production effect	+JPY5.1 billion		

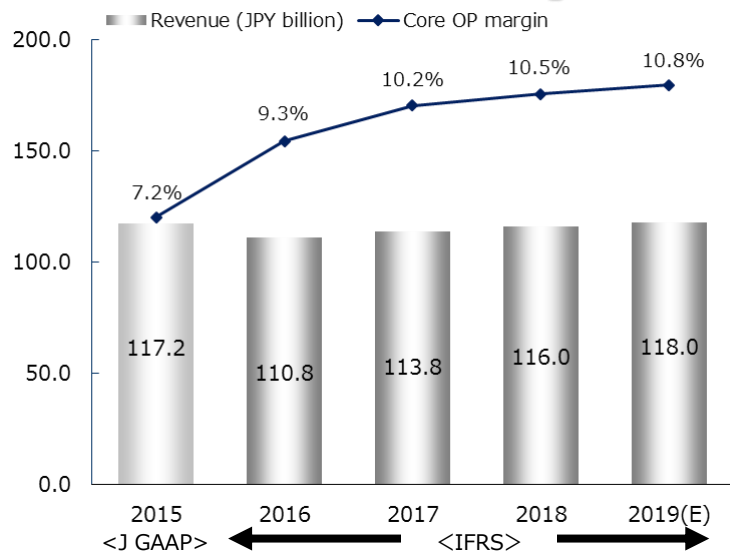
*Composition in all PET bottle / 2019 (E) figure is 6 months result of Jan. - Jun.

◆ Facilitation of Health Field

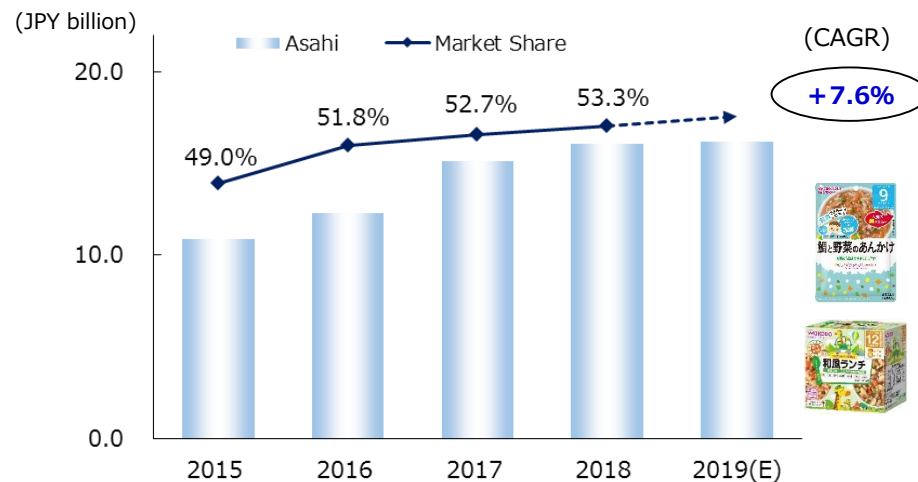
Contribution for tackling the social issues linked to health through such means as leveraging *Calpis-Derived Lactic Acid Bacteria Science Series*



◆ Revenue and Core OP Margin Trend

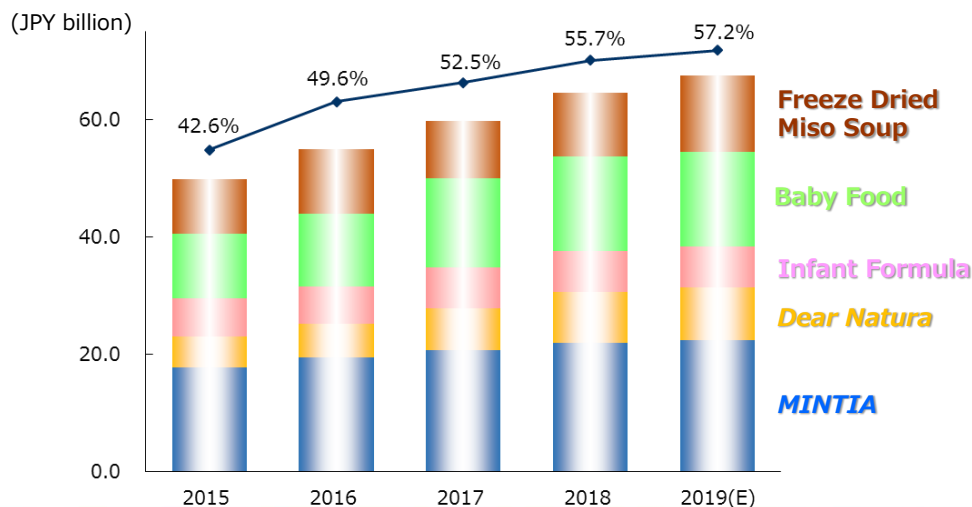


◆ Revenue and Market Share Trend in Baby Food



Source : Intage

◆ Core Brands Revenue Trend



◆ H1 Results and Full Year Forecast

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

chl, million Euro	2019 H1 Results	YoY*2	Against Target*3	2019 Revised Target	YoY*4	Against Initial Target*3
Sales Volume	4,665	1%	2%	10,293	5%	5%
Net Sales (exc liquor tax)	474	2%	-4%	1,084	6%	0%
Core OP*1	77	15%	5%	202	12%	2%
One-off cost	1	2	1	1	3	1

*1 Core OP before deduction of one-off cost

*3 Comparison in budget FX rate

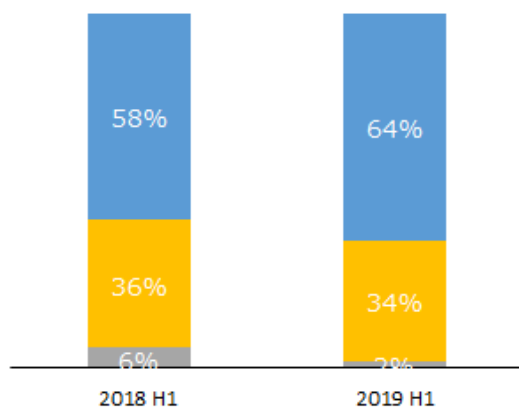
*2 Comparison in FX rate of H1 2018.

*4 Comparison in FX rate of 2018.

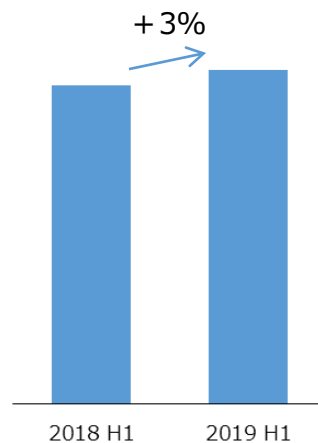
Note: The all figures above include the impacts of Fuller's acquisition and US business transition

Composition by Price Range in Business

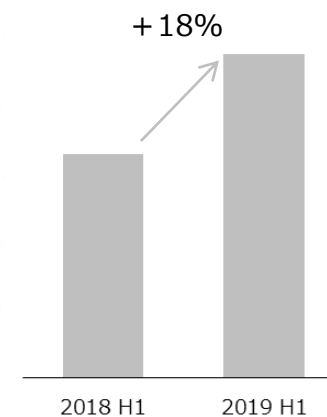
■ Economy ■ Mainstream ■ Above Premium



Peroni Nastro Azzurro Revenue Growth Ratio (Global)



Asahi Super Dry Revenue Growth Ratio (Western Europe + Export)



◆ H1 Results and Full Year Forecast

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

chl, million Euro	2019 H1 Results	YoY*2	Against Target*3	2019 Revised Target	YoY*4	Against Initial Target*3
Sales Volume	16,438	-2%	1%	33,551	0%	0%
Net Sales (exc liquor tax)	978	4%	2%	2,004	5%	2%
Core OP*1	229	9%	6%	490	7%	2%
One-off cost	0	6	0	0	8	0

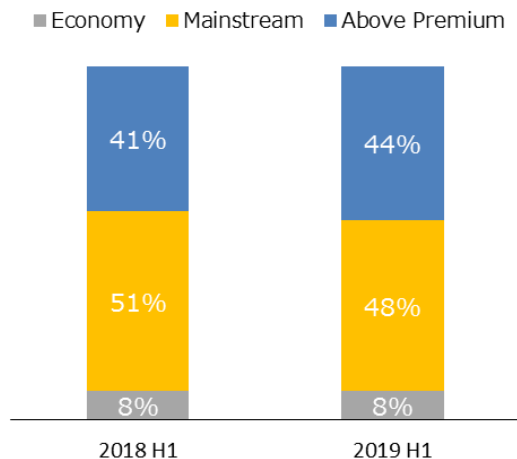
*1 Core OP before deduction of one-off cost

*2 Comparison in FX rate of H1 2018.

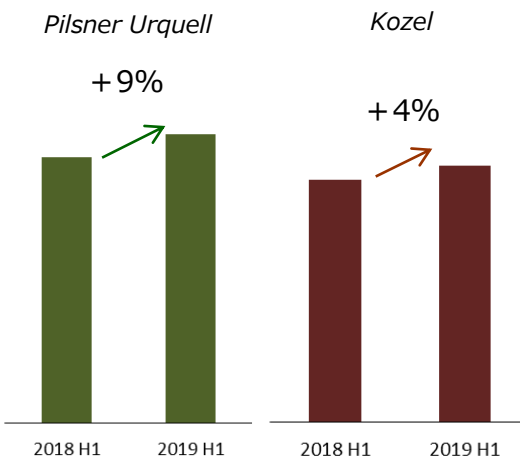
*3 Comparison in budget FX rate

*4 Comparison in FX rate of 2018.

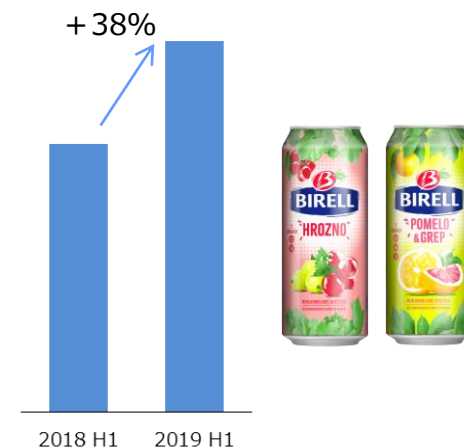
Composition by Price Range in Business



Pilsner Urquell / Kozel Revenue Growth Ratio (Incl. Export)



NAB (Non-Alcohol Beer) Sales Volume Growth Ratio



◆ Cross-selling initiatives of our global premium brands

- ◆ Growth Target: CAGR around +10% (3 brands total)
- ◆ Target Area: Super premium beer markets other than home markets including UK

<Jan.-June, 2019 Growth Rate by Brand, on a volume basis>

	<i>Asahi Super Dry</i>	<i>Peroni Nastro Azzurro</i>	<i>Pilsner Urquell</i>	Total
YoY	+8%	+11%	+5%	+9%



Note: The figure of *Asahi Super Dry* is calculated by solely *Asahi Super Dry*

◆ Globalization of *Asahi Super Dry*

<Sales Volume both in Japan and abroad (Jan.-June, 2019)>

Unit: million cases	Japan	Abroad	Total
Sales Volume	38.67	5.49	44.15
Inc./Dec.	-1.40	+0.40	-1.00
YoY	-4%	+8%	-2%

Note: The figure of Japan is calculated by *Asahi Super Dry* brand total and the figure of abroad is calculated by solely *Asahi Super Dry*



Global Conference held for brand managers of *Asahi Super Dry* in each area

◆ Rationale for Acquisition

- Expand the global overseas foundation for growth based on AGP and Mid-Term Management Policy
- Create a global business platform with three core pillars in Japan, Europe and Australia
- Create synergies with the existing business in Australia and enhance management resources on human resources



◆ Target Business Overview

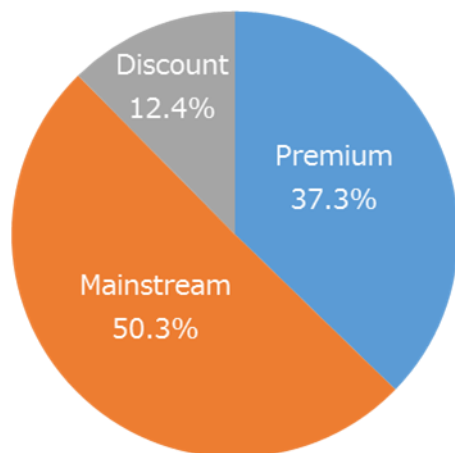
Target	<ul style="list-style-type: none"> • CUB's beer and cider businesses and the related businesses in Australia • Intellectual property rights associated with all CUB beer and cider brands, including <i>Carlton</i>, <i>Great Northern</i> and other brands • Perpetual license to sell AB InBev brands in Australia and manufacturing license of some of CUB's brands and other related assets
No. of Employee	Approx. 1,310 as of March 31 st , 2019
Production and Logistics Sites	3 breweries, 2 craft breweries, 1 cider factory, 13 logistics sites



Performance Trend (Note: forex rate 1AUD = JPY75.6 as of July 18th, 2019)

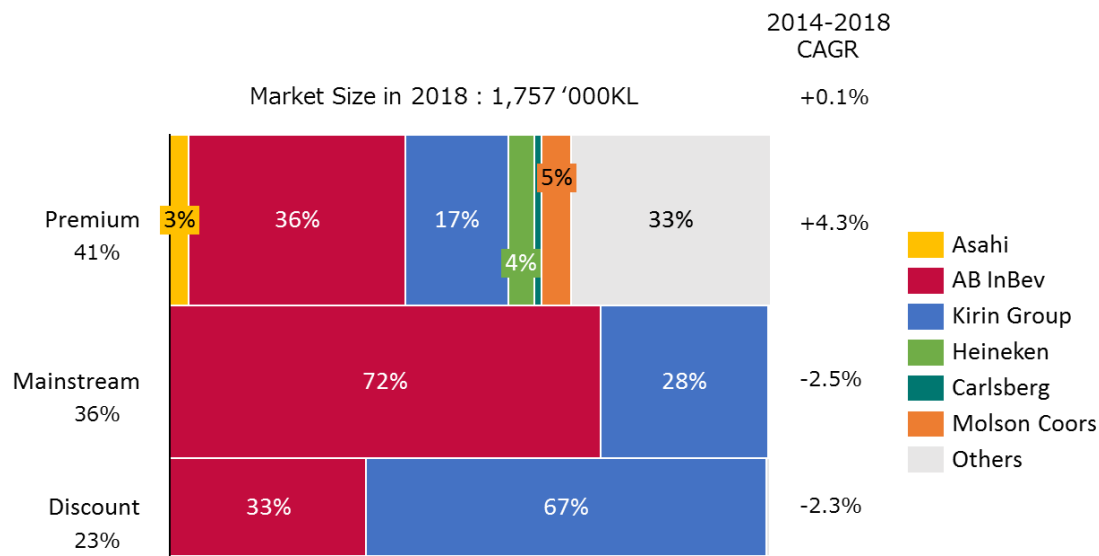
Unit: Million AUD	2019 forecast	2018	2017	2017-2019 CAGR
Net Revenue	2,407 (JPY182.0 billion)	2,294 (JPY173.4 billion)	2,217 (JPY167.6 billion)	4.2%
EBIT	1,034 (JPY78.2 billion)	990 (JPY74.8 billion)	1,023 (JPY77.3 billion)	0.5%
EBITDA	1,100 (JPY83.2 billion)	1,075 (JPY81.3 billion)	1,097 (JPY82.9 billion)	0.1%

Target Business Revenue Composition by Price Segment (2018)



Source: Global Data, on a value basis

Market Composition by Price Segment (2018)



Source: Global Data, on a volume basis

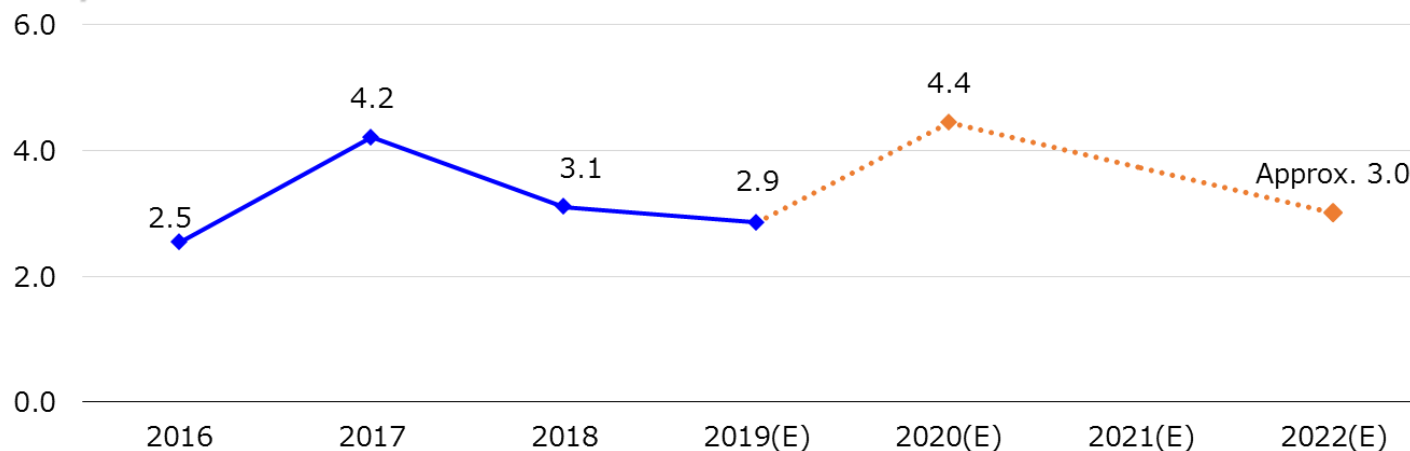
the price of the leading brand in the most popular pack type = 100
 S Premium + Premium > 115, 114 > Mainstream > 91, 90 > Discount
 Note: Premium category includes Super Premium category

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

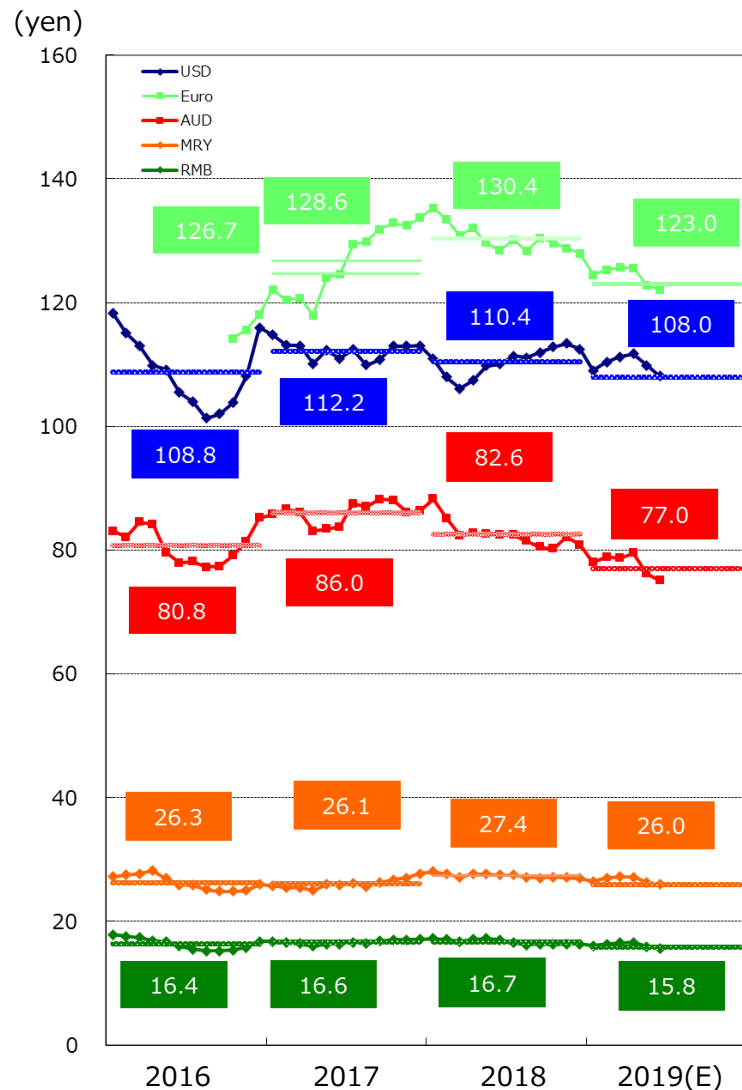
- Considering to raise JPY300.0 billion of equity credit attributes in order to secure financial soundness and maintain current credit rating
- Minimizing dilution for existing shareholders with combining issuance of common stock including use of treasury share, and subordinated bond

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

<Net debt/EBITDA Trend> Note: 2020 estimate figure does not include the impact of equity financing



◆ 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	2019 H1		2019		Reference
		YoY	Against Initial Target	YoY	Against Initial Target	
Europe	Euro	-12.8	-3.0	-27.6	-11.7	
Oceania	AUD	-5.9	-0.2	-12.6	-2.3	
Southeast Asia	-	-0.9	-0.2	-2.3	-1.6	
China	RMB	-0.2	-	-0.3	-0.1	
Others	-	-0.3	-0.1	-1.0	-0.7	
Revenue		-20.0	-3.6	-43.9	-16.4	
Europe	Euro	-2.3	-0.5	-5.1	-2.1	
Oceania	AUD	-0.3	-0.0	-1.1	-0.2	
Southeast Asia	-	-0.1	-0.0	-0.1	-0.1	
China	RMB	-0.0	-	0.0	0.0	
Others	-	-0.0	-0.0	-0.1	-0.1	
Amortization of intangible assets	Euro	0.5	0.1	1.0	0.4	
Amortization of intangible assets	AUD	0.0	0.0	0.1	0.0	
Core OP		-2.1	-0.5	-5.3	-2.0	

◆ Exchange Rate Sensitivity of Key Currencies (2019)

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

(yen/JPY billion)

Currency	Target	Revenue	Core OP	Target business
Euro	123	±3.9	±0.7	Europe
AUD	77	±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

**Overview of
Financial Results for H1 2019
&
Full Year Targets**

Financial Results for H1 2019 Highlight



(JPY billion)

Summary of Statement of Profit or Loss	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Alcohol Beverages Business	410.9	- 7.1	- 1.7%	- 24.2	902.2	- 11.2	- 1.2%	- 38.8
Soft Drinks Business	181.4	6.0	3.4%	2.7	376.0	5.2	1.4%	- 3.6
Food Business	56.3	- 0.2	- 0.3%	- 1.4	118.0	2.0	1.7%	-
Overseas Business	331.9	- 18.4	- 5.2%	- 2.8	714.3	3.9	0.5%	3.2
Other Business	53.1	0.2	0.4%	- 1.2	114.3	4.8	4.4%	- 0.9
Adjustmenet (corporate and elimination)	- 49.8	- 1.8	-	0.8	- 104.2	- 4.5	-	7.6
Revenue	983.8	- 21.2	- 2.1%	- 26.2	2,120.5	0.2	0.0%	- 32.5
Alcohol Beverages Business	42.8	- 0.4	- 1.0%	- 3.0	109.5	0.0	0.0%	- 4.4
Soft Drinks Business	16.8	0.2	1.2%	0.2	37.6	0.4	1.0%	- 2.3
Food Business	6.6	0.3	3.9%	0.1	12.7	0.3	2.7%	-
Overseas Business	44.7	2.6	6.1%	2.2	104.2	3.6	3.5%	- 1.6
Other Business	0.1	- 0.3	- 67.1%	0.6	2.1	- 0.4	- 17.6%	0.1
Adjustmenet (corporate and elimination)	- 10.9	- 1.7	-	0.2	- 23.6	- 4.7	-	- 0.3
Amortization of acquisition-related intangible assets	- 10.5	0.7	-	0.1	- 21.0	1.0	-	0.0
Core operating profit	89.6	1.4	1.6%	0.4	221.5	0.1	0.1%	- 8.5
Operating profit	88.5	0.6	0.6%	2.2	215.5	3.7	1.8%	- 1.5
Profit attributable to owners of parent	61.5	1.2	1.9%	1.1	151.5	0.4	0.3%	- 0.5

Performance excluding the impacts of foreign exchange (The figures in 2019 are converted by the previous year's local currency rate)

Revenue	1,003.9	- 1.2	- 0.1%	- 22.7	2,164.4	44.1	2.1%	- 16.4
Core operating profit	91.7	3.5	4.0%	1.0	226.8	5.4	2.5%	- 6.4

[Revenue]

- H1: Finished below target with -2.1% YoY decline mainly due to the revenue decline of Alcohol Beverages Business and the negative impact of yen appreciation in Overseas Business, outweighing the revenue growth in Soft Drinks Business.
- Annual Target: The target declined by JPY32.5 billion mainly due to the downward revision of Alcohol Beverages and Soft Drinks Businesses because of the bad weather, and the negative impact of yen appreciation.

[Core OP]

- H1: Finished above target with 1.6% YoY growth driven by the steady growth of each Business centered on Overseas Business, mitigating the decrease of Alcohol Beverages Business.
- Annual Target: The target declined by JPY8.5 billion mainly due to the downward revision of Alcohol Beverages and Soft Drinks Businesses because of the bad weather, and the negative impact of yen appreciation in Overseas Business.

<Sales Volume>

	2019 H1 (6months ended June 30)			
	Inc./Dec.	YoY	Against Target	
Beer	39.55	- 1.98	- 4.8%	- 2.75
Happoshu	6.23	- 0.44	- 6.6%	- 0.17
New Genre	19.49	0.33	1.7%	- 1.61
Beer-type beverages Total	65.27	- 2.09	- 3.1%	- 4.53

(Millions of cases)

2019 Revised Target (announced on August 1)				
	Inc./Dec.	YoY	Against Initial Target	
	90.00	- 3.51	- 3.8%	- 4.80
	13.00	- 0.89	- 6.4%	- 0.60
	41.00	1.25	3.1%	- 1.10
	144.00	- 3.16	- 2.1%	- 6.50

<Market Total>

Jan. - Jun.	Annual Forecast
YoY	YoY
-3~4%	-3~4%
around -8%	-6~7%
+5~6%	+3~4%
0~-1%	-1~2%

<Sales Volume by Brand>

	H1 (6months ended June 30)		
	Inc./Dec.	YoY	
Super Dry Total	38.67	- 1.40	- 3.5%
Style Free Total	5.70	- 0.33	- 5.5%
Clear Asahi Total	13.57	- 2.18	- 13.8%

(Millions of cases)

2019 Revised Target (announced on August 1)				
	Inc./Dec.	YoY	Against Initial Target	
	88.50	- 2.35	- 2.6%	- 3.70
	12.00	- 0.57	- 4.5%	- 0.50
	30.00	- 2.76	- 8.4%	- 3.00

<Container Type>

Jan. - Jun.	
	YoY
Bottle	- 4.8%
Can	- 6.9%
Keg	- 1.2%

[Market Total]

- H1: 0% to -1% YoY decline in total volume due to the 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.
- Full Year: YoY contraction by 1% to 2% in total volume expected due to the outflow to the other categories, and the downturn in reaction to the addition of private label products in new genre category last year.

[Sales Volume of Asahi Breweries]

- H1: Finished below target with -3.1% YoY decline in total volume due to the market contraction more than expected in beer category, and harsh competition in new genre category.
 - <Beer> -4.8% YoY decline and below target due to the downturn in reaction to launches of *Shunrei Karakuchi* and *Gran Mild* last year, and market contraction, outweighing the impacts of appealing the brand equities of *Asahi Super Dry* by promoting the Olympic related promotions and the launch of *Asahi Super Dry The Cool*.
 - <Happoshu> -6.6% YoY decline and below target due to the market contraction, despite focusing marketing activities on *Style Free*.
 - <New Genre> +1.7% YoY increase and below target mainly due to the decline of *Clear Asahi* brand, despite of favorable performance of *Gokujiyo <Kireaji>*.
- Annual Target: The target revised downward by 6.50 million cases in total in response to the result of H1 and the continuous market contraction, despite aiming at the recovery of sales momentum.

<Revenue>

(JPY billion)

	2019 H1 (6months ended June 30)			2019 Revised Target (announced on August 1)				
	Inc./Dec.	YoY	Against Target	Inc./Dec.	YoY	Against Initial Target		
Asahi Breweries Revenue	400.1	- 6.8	- 1.7%	- 23.7	877.6	- 11.7	- 1.3%	- 38.4
Other/elimination in segment	10.9	- 0.3	- 2.4%	- 0.5	24.6	0.5	2.3%	- 0.4
Revenue total	410.9	- 7.1	- 1.7%	- 24.2	902.2	- 11.2	- 1.2%	- 38.8

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

Beer	217.1	- 9.2	- 4.1%	- 15.8	496.8	- 17.0	- 3.3%	- 27.5
Happoshu	23.7	- 1.7	- 6.8%	- 0.8	49.4	- 3.5	- 6.6%	- 2.3
New Genre	64.6	1.1	1.7%	- 5.2	135.9	4.2	3.2%	- 3.7
Beer-type beverages total	305.4	- 9.8	- 3.1%	- 21.8	682.2	- 16.3	- 2.3%	- 33.5
Whiskey and spirits	29.0	1.6	5.7%	0.6	60.0	2.1	3.7%	0.7
RTD low-alcohol beverages	21.9	0.8	3.9%	- 1.4	46.6	2.2	5.0%	- 3.4
Wine	19.6	0.2	0.9%	- 1.0	42.5	0.3	0.8%	- 1.0
Shochu	12.5	- 0.7	- 5.5%	- 0.6	26.2	- 1.2	- 4.4%	- 1.2
Non-alcohol beverages	14.9	0.3	2.2%	- 0.1	34.6	1.4	4.3%	0.5

[Revenue of Other than Beer-Type Beverages]

- H1: YoY increase and below target in total mainly due to the favorable performance of whiskey and spirits with strengthened marketing activities for *Black Nikka*, and the shortfall of RTD low-alcohol beverages and wine.
+2.2% YoY growth and below target in Non-alcohol beer taste beverages driven by the strong performance of *Dry Zero* and stagnant sales of the other brands.
- Annual Target: Revised upward in whiskey and spirits, however revised downward in RTD low-alcohol beverages and wine, and others.
Revised upward to +4.3% YoY growth in Non-alcohol beer taste beverages driven by the positive impacts of strengthening marketing activities related to Olympic and Paralympic Games Tokyo 2020 in *Asahi Dry Zero*.

<Core Operating Profit>

(JPY billion)

	2019 H1 (6months ended June 30)			2019 Revised Target (announced on August 1)				
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Change in sales, category and container mix	-	- 1.5		- 8.3	-	- 1.5		- 12.7
Cost reduction in manufacturing	-	0.9		0.1	-	2.1		- 0.1
Cost increase in manufacturing	-	- 0.8		0.1	-	- 1.6		- 0.2
Advertisement and Sales promotion expenses	-	- 1.0		0.9	-	0.3		0.8
Other expenses	-	2.1		4.3	-	0.7		8.1
Asahi Breweries	42.8	- 0.3	- 0.7%	- 2.8	108.7	0.0	0.0%	- 4.1
Other/elimination in segment	0.0	- 0.1	- 94.0%	- 0.2	0.9	0.0	0.1%	- 0.2
Core Operating Profit	42.8	- 0.4	- 1.0%	- 3.0	109.5	0.0	0.0%	- 4.4

【H1: Factors Contributing to Increase/Decrease】 (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: -1.5

(Sales volume increase in beer-type -2.7, Sales increase in other alcohol beverages +1.1, Change in category and container mix, and others)

Cost reduction in manufacturing: +0.9

(Raw materials +0.3, Product mix improvement in categories other than beer-type +0.5, etc.)

Cost increase in manufacturing: -0.8 (Raw materials -0.3, Utilities -0.2, etc.)

Increase in sales promotion expenses: -1.0 (Advertisement -0.6, Promotion expenses -0.4)
(Beer-type -0.4, Others -0.6)

【Annual Target: Factors Contributing to Increase/Decrease】 (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: -1.5

(Sales volume increase in beer-type -4.8, Sales increase in other alcohol beverages +2.4, Change in category and container mix, and others)

Cost reduction in manufacturing: +2.1

(Raw materials +0.3, Product mix improvement in categories other than beer-type +1.3, etc.)

Cost increase in manufacturing: -1.6 (Raw materials -0.6, Utilities -0.3, etc.)

Decrease in sales promotion expenses: +0.3 (Advertisement -1.0, Promotion expenses +1.3)
(Beer-type -0.4, Others +0.7)

Soft Drinks Business (Sales Volume)



<Sales Volume>	2019 H1 (6months ended June 30)				(Millions of cases)				<Market Total>
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target	
Carbonated drinks	35.26	3.59	11.3%	1.78	72.76	5.51	8.2%	2.18	-3~4%
Lactic acid drinks	24.07	0.93	4.0%	- 0.57	50.78	1.24	2.5%	- 1.20	+1~2%
Coffee	20.37	- 0.77	- 3.6%	- 0.96	40.72	- 1.39	- 3.3%	- 1.61	-2~3%
Tea	18.88	0.37	2.0%	0.08	40.42	- 0.88	- 2.1%	- 0.57	+2~3%
Mineral Water	9.51	- 1.76	- 15.6%	- 1.23	20.22	- 3.73	- 15.6%	- 2.78	+6~7%
Fruit juice	9.40	- 0.37	- 3.8%	0.20	19.81	- 1.39	- 6.5%	0.40	-2~3%
Other drinks	10.36	0.90	9.5%	0.97	22.48	1.70	8.2%	1.57	
Sales Volume	127.85	2.88	2.3%	0.28	267.20	1.07	0.4%	- 2.00	around -1%

<Sales Volume by Core Brands> (Millions of cases)

	H1 (6months ended June 30)		
		Inc./Dec.	YoY
MITSUYA CIDER	19.82	0.52	2.7%
CALPIS	20.48	0.56	2.8%
WONDA	19.55	- 0.58	- 2.9%
Asahi Juroku-cha	11.09	0.31	2.8%
OISHII MIZU	9.51	- 1.76	- 15.6%
WILKINSON	12.30	2.24	22.3%

<Container Type>

	Jan. - Jun.	YoY
Can		0.5%
PET Bottle total		3.2%
PET large size		- 5.4%
PET small size		8.6%
Glass Bottle		- 0.2%
Others		1.2%

<Channel Type>

	Jan. - Jun.	YoY
Vending machines		0.3%
Over-the-counter total		2.9%
Convenience Store		7.1%
Supermarket		1.5%
Others		1.7%

[Market Total]

- H1: -1% YoY decline in total volume due to the negative impacts of the bad weather and the price hike of big PET bottle products since April.

[Asahi Soft Drinks Sales Volume]

- H1: +2.3% YoY growth and above target in total, with strong performances mainly from Carbonated drinks, mitigating the declines of Coffee and Mineral Water.
- Annual Target: Revised downward by 2.00 million cases in total in response to the downward revision of Coffee and Mineral Water due to the bad weather at the height of the summer season.

<Core Operating Profit>

(JPY billion / Millions of cases)

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Sales Volume Total	127.85	2.88	2.3%	0.28	267.20	1.07	0.4%	- 2.00
Revenue Total	181.4	6.0	3.4%	2.7	376.0	5.2	1.4%	- 3.6
Change in sales, category and container mix	-	1.8		0.3	-	2.1		- 1.2
Cost reduction in manufacturing	-	0.9		0.0	-	2.1		-
Cost increase in manufacturing	-	- 1.3		- 0.1	-	- 2.8		- 0.2
Advertisement and Sales promotion expenses	-	- 0.5		0.1	-	0.7		- 0.6
Other expenses	-	- 0.7		- 0.1	-	- 1.7		- 0.3
Asahi Soft Drinks	16.8	0.2	1.2%	0.2	37.6	0.4	1.0%	- 2.3
Other/elimination in segment	-	-	-	-	-	-	-	-
Core Operating Profit	16.8	0.2	1.2%	0.2	37.6	0.4	1.0%	- 2.3

[H1: Factors Contributing to Increase/Decrease] (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: +1.8

(Increase in sales volume +1.6, Change in category and container mix, and others)

Cost reduction in manufacturing: +0.9

(Raw materials +0.5, Packages +0.2, operational efficiency / in-house production +0.2)

Cost increase in manufacturing: -1.3 (Raw materials -0.1, Packages -1.2)

Increase in advertisement and sales promotion expenses : -0.5 (Advertisement -0.2, Promotion expenses -0.3)

[Annual Target: Factors Contributing to Increase/Decrease] (JPY billion)

<Breakdown of main factors>

Change in sales, category and container mix: +2.1

(Increase in sales volume +1.5, Change in category and container mix, and others)

Cost reduction in manufacturing: +2.1

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

Cost increase in manufacturing: -2.8 (Raw materials -0.2, Packages -2.6)

Decrease in advertisement and sales promotion expenses : +0.7 (Advertisement +0.5, Promotion expenses +0.2)

<Revenue>

(JPY billion)

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Asahi Group Foods	56.3	- 0.2	- 0.3%	- 1.4	118.0	2.0	1.7%	-
Other / elimination	- 0.0	- 0.0	-	- 0.0	-	0.0	-	-
Revenue	56.3	- 0.2	- 0.3%	- 1.4	118.0	2.0	1.7%	-

<Core Operating Profit>

(JPY billion)

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Asahi Group Foods	6.4	0.3	4.1%	0.1	12.3	0.3	2.7%	-
Other / elimination	0.2	0.0	0.4%	- 0.0	0.4	0.0	2.3%	-
Core Operating Profit	6.6	0.3	3.9%	0.1	12.7	0.3	2.7%	-

[Revenue]

- H1: -0.3% YoY decrease and below target due to the revision of business portfolio, despite strong performance in core brands including *MINTIA*.
- Annual Target: +1.7% YoY increase expected and unchanged from the initial target driven by enhancing development of added value products in core brands.

[Core Operating Profit]

- H1: +3.9% YoY growth and above target driven by earning structure reform through product mix improvement.
- Annual Target: +2.7% YoY growth expected and unchanged from the initial target driven by the revenue growth and the continuous improvement of profitability through enhancing high added value products.

Overseas Business (Revenue)

<Revenue>

(JPY billion)

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	224.5	- 6.5	- 2.8%	0.8	477.7	9.8	2.1%	11.0
Oceania business	74.7	- 6.3	- 7.8%	- 2.0	175.0	0.3	0.2%	- 1.4
Southeast Asia business	23.0	- 2.1	- 8.5%	0.7	42.5	- 3.4	- 7.4%	- 2.1
China business	2.8	- 3.6	- 55.8%	0.1	5.3	- 4.5	- 45.7%	- 0.1
Other / elimination in segment	6.8	0.1	0.9%	- 2.3	13.7	1.6	12.9%	- 4.2
Revenue	331.9	- 18.4	- 5.2%	- 2.8	714.3	3.9	0.5%	3.2

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

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	237.4	6.4	2.8%	3.8	505.2	37.4	8.0%	22.4
Oceania business	80.6	- 0.4	- 0.5%	- 1.9	187.7	12.9	7.4%	0.9
Southeast Asia business	23.8	- 1.3	- 5.0%	0.9	44.9	- 1.1	- 2.3%	- 0.6
China business	3.0	- 3.4	- 53.4%	0.1	5.6	- 4.2	- 42.6%	-
Other / elimination in segment	7.2	0.4	5.6%	- 2.2	14.7	2.6	21.5%	- 3.5
Revenue	351.9	1.7	0.5%	0.7	758.1	47.7	6.7%	19.4

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

Note: See P.22 for details of Europe business

H1

- Oceania: -0.5% YoY decline due to withdrawal from the low profitable deal in Non-alcohol beverages, despite YoY growth in Alcohol beverages. (Non-alcohol beverages -3%, Alcohol beverages +4%)
- Southeast Asia: -5.0% YoY decline due to the negative impact of deconsolidation of Indonesia business, despite favorable performance in Malaysia and Myanmar.
- China: -53.4% YoY decline due to the negative impacts of deconsolidation of Yantai Beer and transfer of export to Oceania, despite good performance of *Asahi Super Dry*.

Annual Target

- Oceania: +7.4% YoY growth driven by reinforcing the sales activities for carbonated drinks and premium beer (Non-alcohol beverages +3%, Alcohol beverages +9%).
- Southeast Asia: -2.3% YoY decline due to the negative impact of deconsolidation of Indonesia business, despite enhancing brand value improvement centered on our own brands.
- China: -42.6% YoY decline due to the negative impacts of deconsolidation of Yantai Beer, despite strengthening sales activities for *Asahi Super Dry* and Europe brands.

Overseas Business (Core Operating Profit)

<Core Operating Profit>

(JPY billion)

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	38.2	2.4	6.7%	2.2	85.2	3.9	4.9%	0.7
Oceania business	4.1	0.3	8.7%	0.4	15.7	0.9	5.9%	0.4
Southeast Asia business	1.4	0.5	60.6%	0.0	2.4	0.2	8.3%	- 0.4
China business	0.1	- 0.5	- 86.1%	0.4	- 0.6	- 1.1	-	0.1
Other / elimination in segment	1.0	- 0.2	- 17.6%	- 0.8	1.5	- 0.4	- 20.0%	- 2.4
Core Operating Profit	44.7	2.6	6.1%	2.2	104.2	3.6	3.5%	- 1.6

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

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	40.5	4.7	13.0%	2.9	90.3	9.0	11.1%	2.9
Oceania business	4.4	0.7	17.2%	0.4	16.8	2.0	13.5%	0.6
Southeast Asia business	1.4	0.6	66.8%	0.0	2.6	0.3	14.3%	- 0.3
China business	0.1	- 0.4	- 85.3%	0.4	- 0.7	- 1.1	-	0.1
Other / elimination in segment	1.0	- 0.2	- 15.7%	- 0.8	1.5	- 0.3	- 16.1%	- 2.4
Core Operating Profit	47.4	5.3	12.5%	3.0	110.6	9.9	9.9%	0.9

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

Note: See P.22 for details of Europe business

H1

- Oceania: +17.2% YoY growth driven by the revenue growth of Alcohol beverages and the progress of building optimal production and logistics systems.
- Southeast Asia: +66.8% YoY growth mainly due to the deconsolidation of Indonesia business and efficient use of advertisement and promotion expenses.
- China: -85.3% YoY decline due to the negative impacts of deconsolidation of Yantai Beer and transfer of export for Oceania, despite good performance of *Asahi Super Dry*.

Annual Target

- Oceania: +13.5% YoY growth driven by the product mix improvement through enhancing premiumization and IT integration synergies.
- Southeast Asia: +14.3% YoY growth driven by product mix improvement through expanding added value products, despite the negative impact of introduction of the sugar tax for sugar sweetened beverages in Malaysia.
- China: -JPY1.1 billion YoY decline expected due to the negative impact of deconsolidation of Yantai Beer, despite enhancing the product mix improvement through reinforcing sales activities for *Asahi Super Dry* and Europe brands.

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

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Western Europe	77.4	4.7	6.4%	0.9	178.8	27.0	17.8%	16.8
Central Europe	160.0	1.7	1.1%	2.9	326.4	10.4	3.3%	5.6
Europe business	237.4	6.4	2.8%	3.8	505.2	37.4	8.0%	22.4

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

	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Gross Core Operating Profit	10.1	1.5	17.5%	0.9	26.2	3.6	15.9%	1.5
One off Cost	0.2	0.3	-	0.2	0.2	0.4	-	0.2
Western Europe	10.4	1.8	21.2%	1.1	26.5	4.0	17.9%	1.7
Gross Core Operating Profit	30.1	2.1	7.3%	1.8	63.9	3.9	6.6%	1.2
One off Cost	- 0.0	0.8	-	- 0.0	- 0.0	1.1	-	- 0.0
Central Europe	30.1	2.9	10.5%	1.8	63.8	5.0	8.5%	1.2
Europe business	40.5	4.7	13.0%	2.9	90.3	9.0	11.1%	2.9
Western Europe	- 2.3	- 0.0	-	- 0.0	- 4.9	- 0.4	-	- 0.4
Central Europe	- 6.6	0.1	-	- 0.0	- 13.0	0.1	-	-
Amortization of intangible assets	- 8.9	0.1	-	- 0.0	- 18.0	- 0.2	-	- 0.4

Western Europe (excluding foreign exchange impacts associated with conversion of local currencies into JPY)

- Revenue: +6.6% YoY growth by the growth centered on third countries and the newly consolidation impact of Fuller's.
- Core OP: +21.2% YoY growth due to the revenue growth of third countries and efficient use of marketing expenses.
- Annual Target: Aim at achieving the revised target by expanding premium brands and promoting Fuller's integration.

Central Europe (excluding foreign exchange impacts associated with conversion of local currencies into JPY)

- Revenue: +1.1% YoY increase driven by the continued focus on premiumization, despite lower volumes due to cycling the very good weather in Q2 last year.
- Core OP: +10.5% YoY growth due to the mix improvement in line with premiumization and continuation of various cost optimization projects
- Annual Target: Continue to deliver long-term sustainable growth through focus on premiumization strategy.

(JPY billion)

Summary of Statement of Profit of Loss	2019 H1 (6months ended June 30)				2019 Revised Target (announced on August 1)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Revenue	983.8	- 21.2	- 2.1%	- 26.2	2,120.5	0.2	0.0%	- 32.5
Core operating profit	89.6	1.4	1.6%	0.4	221.5	0.1	0.1%	- 8.5
Adjustment item	- 1.1	- 0.8		1.8	- 6.0	3.6		7.0
Loss (gain) on sales and retirement of non current assets	- 0.7	- 0.0		1.1	- 3.0	1.1		1.9
Loss (gain) on revaluation of subsidiaries and affiliates	-	- 1.4		-	-	- 1.4		-
Business integration expenses	- 0.6	0.1		- 0.6	- 0.6	2.4		- 0.6
Impairment loss	-	-		-	-	0.3		-
Others	0.1	0.5		1.3	- 2.4	1.3		5.7
Operating profit	88.5	0.6	0.6%	2.2	215.5	3.7	1.8%	- 1.5
Finance income or loss	- 1.4	- 0.3		- 0.2	- 4.1	- 0.5		- 1.1
Share of profit (loss) of entities accounted for using equity method	0.5	0.1		0.1	0.7	- 0.2		0.0
Gain (loss) on sales of investments accounted for using equity method	-	0.9		-	-	0.9		-
Others	- 0.1	0.9		- 0.2	-	0.8		0.7
Profit before tax	87.4	2.1	2.5%	2.0	212.1	4.8	2.3%	- 1.9
Income tax expense	- 25.7	- 0.7	-	- 0.7	- 60.6	- 4.2	-	1.4
Profit for the period	61.7	1.4	2.4%	1.3	151.5	0.6	0.4%	- 0.5
Profit attributable to owners of parent	61.5	1.2	1.9%	1.1	151.5	0.4	0.3%	- 0.5
Profit attributable to non-controlling interests	0.1	0.3	-	0.1	-	0.1	-	-

【Operating Profit】

- H1: +0.6% YoY growth and above target driven by the growth in Core OP in addition to curbing sales and retirement of non-current assets and Others.
- Annual Target: Revised downward by JPY1.5 billion due to the downward revision of core OP, despite reviewing sales and retirement of non-current assets and Others.

【Profit attributable to owners of parent】

- H1: +1.9% YoY growth and above target due to the growth in OP, mitigating the increase of Income tax expense
- Annual Target: Revised downward by JPY0.5 billion due to the downward revision of OP, despite the decrease of Income tax expense.

Asahi

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