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Announcement regarding acquisition of the beer and cider business of Fuller, Smith & Turner P.L.C.

Asahi Group Holdings, Ltd. (“Asahi” or “we”) is pleased to announce that Asahi Europe Ltd (“AEL”), a wholly-owned subsidiary of Asahi, has executed the Sale and Purchase Agreement today with Fuller, Smith & Turner P.L.C. (“Fuller’s”), which is listed on London Stock Exchange, and operates pubs, hotels, and a premium beer and cider business, to acquire the premium beer, cider business and its related assets (“Target Business”) held by Fuller’s (“Proposed Transaction”).

I. Rationale for the Proposed Transaction

Asahi has re-established the new group philosophy “Asahi Group Philosophy (“AGP”)”, introduced in January 2019. The AGP articulates our mission of “Deliver on our great taste promise and bring more fun to life” and our vision of “Be a value creator globally and locally, growing with high-value-added brands”. Under the AGP, we aim to expand our global platform for further growth as a global player by developing high-value-added brands domestically and internationally as well as creating integration synergies in regions where Asahi has entered into.

As part of the strategy, Asahi has recently built strong business foundations in Western, and Central and Eastern Europe by acquiring the alcoholic beverage business which owns global premium brands such as “Peroni” and “Pilsner Urquell”.

The Proposed Transaction is the acquisition of the premium beer and cider business of Fuller’s (which includes intellectual property rights of renowned brands such as “London Pride”) and we expect to enrich our premium brand portfolio and create synergies by leveraging our European business platform. Moreover, we will establish a strong relationship with Fuller’s and enhance our business through the execution of a long-term supply agreement with Fuller’s who own more than 380 pubs and hotels primarily in London and the south of England, where on-trade channels including pubs make up a significant share.

The Target Business includes “London Pride”, a prestigious premium ale brand with strong brand recognitions mainly in London, “Frontier”, a growing brand in the premium lager market, and “Cornish Orchards”, a growing brand in the premium cider market.

Through the acquisition of these businesses and brands, we aim to establish a unique position as a global player that will grow based on renowned premium brands, in addition to “Super Dry”, “Peroni”, and “Pilsner Urquell”.

Furthermore, we have a policy to enhance the ability to generate cash flow by expanding synergies in the United Kingdom, one of the most important markets in Europe, and the ability to increase the “earning power” of our international businesses by integrating “strengths” such as our brand equity and cost competitiveness which have been cultivated domestically and internationally.

II. Overview of the Proposed Transaction

Below is an overview of the Sale and Purchase Agreement with regard to the acquisition of the Target Business executed by AEL today.

- (1) Contract parties: Fuller's (seller), Asahi Europe Ltd (purchaser)
- (2) Target shares and assets: All of the issued shares in The Fuller's Beer Company Limited ("NewCo"), and three existing subsidiaries engaged in Fuller's premium beer, cider and other related business, which will hold intellectual property rights associated with all Fuller's beer and cider brands, and other assets of the Target Business (Asahi is entitled to have the right to use the "Fuller's" brand globally in connection with all beverage products pursuant to an exclusive perpetual royalty-free licence).
- (3) Scheme for the Proposed Transaction: Fuller's will establish a new company, NewCo to which it will transfer the Target Business (other than the shares in the three existing subsidiaries). AEL will acquire all of the issued shares of NewCo and the existing three subsidiaries.
- (4) Purchase price: GBP 250 million on a cash free and debt free enterprise value basis (c. JPY 36.8 billion^{※1})
Advisory fee: c. JPY 600 million

※1: Calculated at the rate of 147.22 GBP/JPY as of 24 January 2019

Condition Precedent to completion: The completion of a corporate reorganisation by Fuller's to transfer the Target Business to NewCo, the approvals at Fuller's Extraordinary General Meeting, and receipt of the relevant confirmations from the Competition and Markets Authority in the United Kingdom

III. Overview of the Target Business

The Target Business consists of 4 companies. As Asahi are not able to disclose financial information for certain of the companies, provided below is a brief description of one of the major entities comprising the Target Business.

(1) Company name	The Fuller's Beer Company Limited
(2) Registered head office	London, United Kingdom
(3) Representative	Simon Emeny, Richard Fuller, Jonathon Swaine and Simon Dodd (Directors)
(4) Business description	Beer, cider and soft drinks brewing and production, wine wholesaling, as well as the distribution thereof
(5) Fiscal year-end	31 January
(6) Capital amount	GBP 1 (c. JPY 147.22 ^{※2}) (as of 24 January 2019)
(7) Established	21 January 2019
(8) Current ownership	Fuller, Smith & Turner P.L.C. (100%)
(9) Number of employees	Employees will be transferred to NewCo by the completion.
(10) Relationship between Asahi and NewCo	There are no capital, personal or trade relationships between the company and Asahi. A subsidiary of Asahi distributes a part of its products to pubs and hotels managed by Fuller's before the transfer of the Target Business.

※2: Calculated at the rate of 147.22 GBP/JPY as of 24 January 2019

IV. Key financials for Fuller's Beer Business for the most recent three fiscal years (in millions of GBP)^{※3}

Fiscal period	Year ended Mar. 2018	Year ended Mar. 2017	Year ended Mar. 2016
(1) Net assets	—	—	—
(2) Total assets	—	—	—
(3) Net sales	102.2	99.5	80.6
(4) Operating profit (EBIT)	6.8	8.0	7.6
(5) EBITDA	10.6	11.7	11.1

※3: The table above sets out the segment information for Fuller's Beer Business which is disclosed in their Annual Report. Net assets and total assets of for Fuller's Beer Business in the relevant fiscal years are not

available and are therefore not disclosed.

V. Overview of the Seller

(1)Company name	Fuller, Smith & Turner P.L.C.
(2)Registered head office	London, United Kingdom
(3)Representative	Simon Emeny, CEO
(4)Business description	Manufacturing, sales and distribution of beer and cider, and operation of managed and tenanted pubs and hotels
(5)Fiscal year-end	31 March
(6)Capital amount	GBP 23 million (c. JPY 3.4billion ^{※4})(as of 31 March 2018)
(7)Established	22 August 1929
(8)Current ownership	24.4% of the ordinary share capital comprises A shares with nominal value of 40p each (which are listed on the London Stock Exchange). The remaining 75.6% of the ordinary share capital comprises B ordinary shares with nominal value of 4p each, and C ordinary shares with nominal value of 40p each, which are not listed. The shareholders who own more than 3% of the A class listed shares are as follows: BlackRock 13.71%、Standard Life Aberdeen 8.75%、Ameriprise Financial Inc 5.80%、James Sharp 4.49%、Banco Santander 3.60%、LGT Vestra LLP 3.06% (as of 23 January 2019, sourced from Bloomberg)
(9)Number of employees	Approximately 4,913 (as of 31 March 2018)
(10)Relationship between Asahi and Fuller's	There are no capital, personal or trade relationships between the company and Asahi. A subsidiary of Asahi distributes a part of its products to pubs and hotels managed by the company.

※4: Calculated at the rate of 147.22 GBP/JPY as of 24 January 2019

VI. Expected schedule of the Proposed Transaction

The schedule towards the completion of the acquisition is as follows.

(1)	Execution of the Sale and Purchase Agreement with Fuller's	Today
(2)	Completion of the Proposed Transaction fulfilment of condition precedents	Estimated in the first half of 2019

VII. Impact on Asahi's financial performance

The completion of this transaction is not expected to have a material impact on Asahi's non-consolidated and consolidated financials for the fiscal year ending December 2019.

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