

Asahi Group Holdings, Ltd.



FY2014 1Q Financial Results

NOTE:

All information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached materials have been rounded down to omit fractions less than one million yen. This document is a partial English translation of the Japanese Financial Statement which was filed at Stock Exchanges in Japan on May 2, 2014. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results
(Fiscal 2014)**

May 2, 2014

Asahi Group Holdings, Ltd.

Code number: 2502
Shares Listed: First Section of each of Tokyo Stock Exchanges
Head Office: Tokyo
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US GAAP: Not applicable

1. Consolidated Financial Results for Fiscal 2014 (From January 1, 2014 to March 31, 2014)

(1) Operating Results

(Rounded down to millions of yen, except per share data)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2014 1Q ended March 31, 2014	375,049	10.0	15,368	145.4	10,168	237.7
Fiscal 2013 1Q ended March 31, 2013	340,810	9.6	6,263	35.0	3,011	(25.5)

Notes: Comprehensive income at the end of 1Q FY2014: 15,666 million yen (-62.1%)

Comprehensive income at the end of 1Q FY2013: 41,289 million yen(41.5%)

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
Fiscal 2014 1Q ended March 31, 2014	2,609	-	5.64	5.35
Fiscal 2013 1Q ended March 31, 2013	(1,617)	-	(3.54)	-

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2014 1Q ended March 31, 2014	1,763,785	835,463	46.8
Fiscal 2013 ended December 31, 2013	1,791,555	827,481	45.7

Notes: Equity at the end of 1Q FY2014: 825,206 million yen

Equity at the end of FY2013: 819,294 million yen

2. Dividends

	Cash dividend per share				
	end of first	end of second	end of third	Year-end	Dividend per
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended December 31, 2013	-	21.50	-	21.50	43.00
Year ending December 31, 2014	-				
Year ending December 31, 2014 (Forecast)		22.00	-	22.00	44.00

3. Projection for Fiscal 2014 (January 1, 2014 to December 31, 2014)

	Net sales	% change	Operating income	% change	Ordinary income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2014 ending June 30, 2014	795,000	1.8	37,000	0.2	33,500	(3.6)
Fiscal 2014 ending December 31, 2014	1,750,000	2.1	123,000	4.7	126,000	1.9

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
Fiscal 2014 ending June 30, 2014	13,500	(12.5)	29.19
Fiscal 2014 ending December 31, 2014	67,000	8.5	144.88

(Note) Revisions to the forecast of consolidated results in the current quarter: No

4. Other

(1) Change in the scope of consolidation and application of the equity method: No

(2) Adoption of simplified accounting methods or special accounting methods : Yes

(3) Changes in accounting policies, procedures and methods of indication of accounting methods

- (1) Changes due to amendment of accounting standard: No
- (2) Change in accounting policies other than item (1) above: Yes
- (3) Changes in accounting estimate: Yes
- (4) Retrospective restatements: No

(4) Number of shares issued and outstanding at the end of the term (consolidated):

(1) Issued stock including treasury stock:

Three months ended March 31, 2014	483,585,862 shares
Year ended December 31, 2013	483,585,862 shares

(2) Treasury stock:

Three months ended March 31, 2014	21,110,475 shares
Year ended December 31, 2013	21,352,561 shares

(3) Average of issued Stock:

Three months ended March 31, 2014	462,420,240 shares
Three months ended March 31, 2013	457,486,333 shares

Implementation status of quarterly review processes

This Fact Sheet is not subject to quarterly review processes under the Financial Products and Exchange Law.

At the time of this document's release, review of the quarterly financial statements under the Financial Products and Exchange Law had not been completed.

Cautionary Statement with Respect to Forward-Looking Statements

(1) This report contains forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results.

These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Asahi's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

(2) The Asahi Groups business performance fluctuates with the seasons because demand in its main businesses of alcohol beverages and soft drinks is concentrated in the summer season.

5. Consolidated Financial Statements (Unaudited)

(1) Consolidated Balance Sheets (As of March 31, 2014 and March 31, 2013)

(in million yen)

	As of December 31, 2013	As of March 31, 2014
(Assets)		
Current assets		
Cash and deposits	42,200	43,682
Notes and accounts receivable-trade	317,106	259,702
Merchandise and finished goods	81,562	88,353
Raw materials and supplies	36,740	36,003
Deferred tax assets	15,504	15,705
Other	44,893	46,643
Allowance for doubtful accounts	(3,117)	(2,715)
Total current assets	<u>534,890</u>	<u>487,375</u>
Noncurrent assets		
Tangible fixed assets;		
Property, plant and equipment		
Property, plant and equipment	432,483	436,598
Accumulated depreciation	(267,877)	(269,272)
Buildings and structures, net	<u>164,605</u>	<u>167,326</u>
Machinery, equipment and vehicles	565,942	576,736
Accumulated depreciation	(444,958)	(449,602)
Machinery, equipment and vehicles, net	<u>120,984</u>	<u>127,133</u>
Other	180,080	182,995
Accumulated depreciation	(106,997)	(109,709)
Other, net	<u>73,082</u>	<u>73,285</u>
Land	206,110	207,170
Construction in progress	19,436	18,886
Total property, plant and equipment	<u>584,219</u>	<u>593,802</u>
Intangible assets		
Goodwill	196,203	196,108
Other	93,822	97,872
Total intangible assets	<u>290,025</u>	<u>293,980</u>
Investments and other assets		
Investment securities	331,427	337,297
Deferred tax assets	9,120	9,169
Other	47,519	47,913
Allowance for doubtful accounts	(5,647)	(5,753)
Total investments and other assets	<u>382,419</u>	<u>388,626</u>
Total noncurrent assets	<u>1,256,665</u>	<u>1,276,409</u>
Total assets	<u>1,791,555</u>	<u>1,763,785</u>

(Continued)

(in million yen)

	As of December 31, 2013	As of March 31, 2014
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	118,650	91,966
Short-term loans payable	134,334	110,468
Commercial papers	67,000	132,000
Current portion of bonds	20,000	20,000
Accrued alcohol tax	110,371	85,987
Income taxes payable	32,151	9,147
Deposits received	18,087	16,540
Provision for bonuses	4,284	9,818
Other	161,201	151,017
Total current liabilities	666,081	626,946
Noncurrent liabilities		
Bonds payable	148,937	148,936
Long-term loans payable	33,450	40,509
Provision for retirement benefits	22,581	22,477
Provision for directors' retirement benefits	192	173
Deferred tax liabilities	37,745	35,426
Asset retirement obligations	429	425
Other	54,655	53,425
Total noncurrent liabilities	297,993	301,375
Total liabilities	964,074	928,322
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	152,537	152,421
Retained earnings	428,661	421,333
Treasury stock	(40,032)	(39,579)
Total shareholders' equity	723,698	716,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,981	19,917
Deferred gains or losses on hedges	223	109
Foreign currency translation adjustment	74,390	88,474
Total accumulated other comprehensive income	95,595	108,500
Minority interests	8,186	10,256
Total net assets	827,481	835,463
Total liabilities and net assets	1,791,555	1,763,785

(2) Consolidated Income Statements and Comprehensive Income Statement

(From January 1, 2014 to March 31, 2014)

<Consolidated Income Statements>

(in million yen)

	As of March 31, 2013	As of March 31, 2014
Net sales	340,810	375,049
Cost of sales	209,286	227,967
Gross profit	131,524	147,082
Selling, general and administrative expenses	125,261	131,713
Operating income	6,263	15,368
Non-operating income		
Interest income	87	100
Dividend income	72	86
Foreign exchange gains	391	-
Other	650	617
Total non-operating income	1,201	804
Non-operating expenses		
Interest expenses	935	862
Loss on valuation of derivatives	95	196
Share of loss of entities accounted for using equity method	2,659	4,300
Other	763	645
Total non-operating expenses	4,454	6,004
Ordinary income	3,011	10,168
Extraordinary income		
Gain on sales of non-current assets	55	10
Gain on sales of investment securities	150	0
Total extraordinary income	205	10
Extraordinary losses		
Loss on sales and retirement of non-current assets	620	748
Loss on sales of investment securities	36	-
Loss on valuation of investment securities	1	-
Business integration expenses	352	486
Other	328	607
Total extraordinary losses	1,339	1,841
Income before income taxes and minority interests	1,876	8,337
Income taxes	3,447	5,656
Income (loss) before minority interests	(1,571)	2,680
Minority interests in income (loss)	46	71
Net income (loss)	(1,617)	2,609

(Continued)
 <Comprehensive Income Statements>

	(in million yen)	
	As of March 31, 2013	As of March 31, 2014
Income (loss) before minority interests	(1,571)	2,680
Other comprehensive income		
Valuation difference on available-for-sale securities	11,732	(1,063)
Deferred gains or losses on hedges	(1)	(114)
Foreign currency translation adjustment	21,801	4,846
Share of other comprehensive income of associates accounted for using equity method	9,328	9,317
Total other comprehensive income	42,860	12,985
Comprehensive income	41,289	15,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	40,972	15,514
Comprehensive income attributable to minority interests	316	152

(3) Notes regarding premise of a going concern

No applicable items

(4) Segment information

Fiscal 2013 (January 1, 2013 to March 31, 2013)

1. Information on net sales and profits or losses by reported segment

(in millions yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	172,438	91,671	23,761	46,547	6,391	340,810	-	340,810
2) Inter-segment sales	4,389	921	625	45	10,613	16,595	(16,595)	-
Total	176,827	92,592	24,386	46,593	17,005	357,405	(16,595)	340,810
Operating income/loss	12,463	(1,884)	290	(1,576)	(92)	9,199	(2,936)	6,263

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥2,936 million to segment income or loss includes corporate expenses of -¥2,399 million not allocated to any one segment, along with inter-segment sales and elimination of -¥536 million. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.
- Segment income and loss are based on adjusted operating income reported in the consolidated statements of income.

2. Information regarding asset impairment losses and goodwill based on reporting segments

(Significant asset impairment losses)

There are no applicable items.

. Fiscal 2014 (January 1, 2014 to March 31, 2014)

1. Information on net sales and profits or losses by reported segment

(in millions yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	193,035	97,617	27,044	50,548	6,803	375,049	-	375,049
2) Inter-segment sales	4,853	641	442	329	11,553	17,820	(17,820)	-
Total	197,889	98,258	27,486	50,878	18,357	392,870	(17,820)	375,049
Operating income/loss	18,502	(171)	1,322	(361)	(345)	18,947	(3,578)	15,368

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥3,578 million to segment income or loss includes corporate expenses of -¥3,181 million not allocated to any one segment, along with inter-segment sales and elimination of -¥396 million. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.
- Segment income and loss are based on adjusted operating income reported in the consolidated statements of income.

2. Information regarding asset impairment losses and goodwill based on reporting segments

(Significant asset impairment losses)

There are no applicable items.

(5) Other notes

(Impact of Seasonal Factors)

The Asahi Groups business performance fluctuates with the seasons because demand in its main businesses of alcohol beverages and soft drinks is concentrated in the summer season. Demand is lowest during the first quarter in particular.

(6) Major Subsequent Events

No applicable items.