

# Asahi Group Holdings, Ltd.



## FY2015 2Q 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 August 5, 2015. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results  
(Fiscal 2015 2Q)**

August 5, 2015

**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 2015 (From January 1, 2015 to June 30, 2015)

### (1) Operating Results

	Net sales	% change	Operating income	% change	Ordinary income	% change	Net income	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2015 2Q ended June 30, 2015	856,824	5.6	47,283	8.3	51,707	25.0	39,484	103.9
Fiscal 2014 2Q ended June 30, 2014	811,269	3.9	43,671	18.3	41,361	19.0	19,360	25.5

(Note) Comprehensive income at the end of 2Q FY2015: 50,014 million yen(61.5%)

Comprehensive income at the end of 2Q FY2014: 30,969 million yen(-42.2%)

	Net income per share (Primary)	Net income per share (Diluted)
	(yen)	(yen)
Fiscal 2015 2Q ended June 30, 2015	85.54	85.50
Fiscal 2014 2Q ended June 30, 2014	41.70	39.69

### (2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2015 2Q ended June 30, 2015	1,918,581	888,170	45.4
Fiscal 2014 ended December 31, 2014	1,936,609	896,510	45.5

(Note) Treasury stock at the end of 2Q FY2015: 871,751 million yen

Treasury stock at the end of FY2014: 881,091 million yen

### 2. Dividends

	Cash dividend per share				
	end of first (yen)	end of second (yen)	end of third (yen)	Year-end (yen)	Dividend per (yen)
Year ended December 31, 2014	-	22.00	-	23.00	45.00
Year ended December 31, 2015	-	24.00			
Year ended December 31, 2015 (Forecast)			-	24.00	48.00

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

### 3. Projection for Fiscal 2015 (From January 1, 2015 to December 31, 2015)

	Net sales	% change	Operating income	% change	Ordinary income	% change	Net income	% change	Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Fiscal 2015 ending December 31, 2015	1,860,000	4.2	135,000	5.2	139,000	4.4	75,000	8.5	163.14

(Note) Revisions to the forecast of consolidated results in the current quarter: Yes

**(Note)**

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

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

(1) Issued stock including treasury stock:	
Year ended June 30, 2015	483,585,862 shares
Year ended December 31, 2014	483,585,862 shares
(2) Treasury stock:	
Year ended June 30, 2015	25,684,470 shares
Year ended December 31, 2014	20,984,062 shares
(3) Average of issued Stock:	
Year ended June 30, 2015	461,579,103 shares
Year ended June 30, 2014	464,318,226 shares

**Implementation status of quarterly review processes**

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**

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.

**Consolidated Financial Statements (Unaudited)**  
**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	As of December 31, 2014	As of June 30, 2015
<b>(Assets)</b>		
Current assets		
Cash and deposits	65,064	56,150
Notes and accounts receivable - trade	353,704	314,473
Merchandise and finished goods	82,117	106,245
Raw materials and supplies	42,431	39,528
Deferred tax assets	13,012	14,376
Other	53,042	51,769
Allowance for doubtful accounts	(5,529)	(4,881)
Total current assets	603,842	577,662
Non-current assets		
Property, plant and equipment		
Buildings and structures	433,018	437,438
Accumulated depreciation	(263,734)	(267,791)
Buildings and structures, net	169,283	169,646
Machinery, equipment and vehicles	558,442	561,495
Accumulated depreciation	(423,378)	(427,424)
Machinery, equipment and vehicles, net	135,064	134,070
Other	184,091	186,839
Accumulated depreciation	(105,693)	(107,777)
Other, net	78,398	79,061
Land	202,051	202,098
Construction in progress	20,617	12,831
Total property, plant and equipment	605,415	597,708
Intangible assets		
Goodwill	195,859	167,563
Other	99,930	95,820
Total intangible assets	295,790	263,384
Investments and other assets		
Investment securities	375,044	421,397
Net defined benefit asset	19,252	21,587
Deferred tax assets	9,448	8,532
Other	30,942	31,335
Allowance for doubtful accounts	(3,124)	(3,026)
Total investments and other assets	431,561	479,826
Total non-current assets	1,332,767	1,340,919
Total assets	1,936,609	1,918,581

(Continued)

	(Millions of yen)	
	As of December 31, 2014	As of June 30, 2015
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable - trade	130,402	112,267
Short-term loans payable	184,879	191,563
Commercial papers	76,000	91,000
Current portion of bonds	20,000	-
Accrued alcohol tax	110,361	105,455
Income taxes payable	27,396	19,044
Deposits received	18,255	17,870
Provision for bonuses	4,685	4,383
Other	185,393	164,732
Total current liabilities	<u>757,374</u>	<u>706,317</u>
Non-current liabilities		
Bonds payable	113,000	148,000
Long-term loans payable	40,846	44,221
Provision for directors' retirement benefits	302	205
Net defined benefit liability	26,525	24,308
Deferred tax liabilities	48,611	54,265
Asset retirement obligations	430	419
Other	53,008	52,671
Total non-current liabilities	<u>282,724</u>	<u>324,092</u>
Total liabilities	<u>1,040,099</u>	<u>1,030,410</u>
Net assets		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	143,339	120,540
Retained earnings	477,427	498,905
Treasury shares	(58,176)	(77,398)
Total shareholders' equity	<u>745,120</u>	<u>724,578</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,850	45,561
Deferred gains or losses on hedges	(218)	125
Foreign currency translation adjustment	107,832	101,950
Remeasurements of defined benefit plans	(492)	(464)
Total accumulated other comprehensive income	<u>135,970</u>	<u>147,172</u>
Minority interests	<u>15,419</u>	<u>16,419</u>
Total net assets	<u>896,510</u>	<u>888,170</u>
Total liabilities and net assets	<u>1,936,609</u>	<u>1,918,581</u>

## (2) Consolidated Income Statements and Comprehensive Income Statement

	(Millions of yen)	
	Year ended June 30, 2014 (From January 1 to June 30)	Year ended June 30, 2015 (From January 1 to June 30)
Net sales	811,269	856,824
Cost of sales	485,462	509,815
Gross profit	325,807	347,009
Selling, general and administrative expenses	282,135	299,726
Operating income	43,671	47,283
Non-operating income		
Interest income	202	374
Dividend income	1,205	1,359
Share of profit of entities accounted for using equity method	-	5,411
Other	808	1,536
Total non-operating income	2,215	8,681
Non-operating expenses		
Interest expenses	1,723	1,814
Share of loss of entities accounted for using equity method	728	-
Other	2,074	2,442
Total non-operating expenses	4,525	4,256
Ordinary income	41,361	51,707
Extraordinary income		
Gain on sales of non-current assets	22	49
Gain on sales of investment securities	542	668
Gain on step acquisitions	-	5,932
Total extraordinary income	565	6,650
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,577	1,525
Loss on sales of investment securities	-	39
Loss on valuation of investment securities	23	70
Impairment loss	-	1,743
Business integration expenses	1,649	1,802
Other	1,423	1,218
Total extraordinary losses	4,674	6,399
Income before income taxes and minority interests	37,252	51,959
Total income taxes	17,885	12,992
Income before minority interests	19,366	38,967
Minority interests in income (loss)	6	(517)
Net income	19,360	39,484

(Continued)

	(Millions of yen)	
	Year ended June 30, 2014 (From January 1 to June 30)	Year ended June 30, 2015 (From January 1 to June 30)
Income before minority interests	19,366	38,967
Other comprehensive income		
Valuation difference on available-for-sale securities	3,409	16,731
Deferred gains or losses on hedges	(217)	344
Foreign currency translation adjustment	4,084	(16,919)
Remeasurements of defined benefit plans, net of tax	-	13
Share of other comprehensive income of entities accounted for using equity method	4,326	10,877
Total other comprehensive income	11,602	11,047
Comprehensive income	30,969	50,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,342	50,964
Comprehensive income attributable to minority interests	(372)	(949)

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended June 30, 2014 (From January 1 to June 30)	Year ended June 30, 2015 (From January 1 to June 30)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	37,252	51,959
Depreciation	29,212	30,497
Impairment loss	-	1,743
Amortization of goodwill	6,059	5,123
Increase (decrease) in provision for retirement benefits	(1,643)	-
Increase (decrease) in net defined benefit asset and liability	-	(2,322)
Increase (decrease) in allowance for doubtful accounts	(727)	(726)
Interest and dividend income	(1,407)	(1,733)
Interest expenses	1,723	1,814
Share of (profit) loss of entities accounted for using equity method	728	(5,411)
Loss (gain) on sales of investment securities	-	(660)
Loss (gain) on valuation of investment securities	23	70
Loss (gain) on sales of shares of subsidiaries and associates	-	32
Loss (gain) on sales and retirement of non-current assets	1,554	1,475
Loss (gain) on step acquisitions	-	(5,932)
Decrease (increase) in notes and accounts receivable - trade	27,606	39,173
Decrease (increase) in inventories	(14,480)	(16,094)
Increase (decrease) in notes and accounts payable - trade	(14,819)	(19,376)
Increase (Decrease) in accrued alcohol tax payable	(11,419)	(4,854)
Increase (decrease) in accrued consumption taxes	477	(15,869)
Other, net	3,240	651
Subtotal	63,378	59,560
Interest and dividend income received	4,833	5,337
Interest expenses paid	(1,763)	(1,914)
Income taxes paid	(39,553)	(47,724)
Net cash provided by (used in) operating activities	26,895	15,259
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(25,714)	(21,650)
Proceeds from sales of property, plant and equipment	143	243
Purchase of intangible assets	(6,007)	(3,510)
Purchase of investment securities	(3,760)	(2,282)
Proceeds from sales of investment securities	1,094	1,211
Purchase of subsidiaries stocks and others resulting in change in scope of consolidation	(23,638)	(17,241)
Payments of loans receivable	(383)	(555)
Collection of loans receivable	530	602
Other, net	(4,224)	(2,744)
Net cash provided by (used in) investing activities	(61,962)	(45,928)



(Continued)

	(Millions of yen)	
	Year ended June 30, 2014 (From January 1 to June 30)	Year ended June 30, 2015 (From January 1 to June 30)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	53,604	23,223
Repayments of lease obligations	(4,770)	(4,696)
Proceeds from long-term loans payable	9,190	2,325
Repayments of long-term loans payable	(337)	(4,016)
Proceeds from issuance of bonds	-	35,000
Redemption of bonds	(10,000)	(20,000)
Purchase of treasury shares	(17)	(20,016)
Cash dividends paid	(9,938)	(10,639)
Proceeds from share issuance to minority shareholders	2,310	-
Other, net	(454)	(97)
Net cash provided by (used in) financing activities	39,587	1,081
Effect of exchange rate change on cash and cash equivalents	(221)	(3,116)
Net increase (decrease) in cash and cash equivalents	4,298	(32,704)
Cash and cash equivalents at beginning of period	41,116	62,235
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	21,476
Cash and cash equivalents at end of period	45,415	51,007

(4) Notes regarding premise of a going concern

No applicable items

(5) Segment information

Fiscal 2014 (January 1, 2014 to June 30, 2014)

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

(Millions of yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	417,683	226,264	52,794	100,573	13,954	811,269	-	811,269
2) Inter-segment sales	11,089	2,229	913	570	26,035	40,839	(40,839)	-
Total	428,772	228,494	53,708	101,144	39,989	852,109	(40,839)	811,269
Operating income/loss	43,018	8,474	1,963	(2,364)	(158)	50,932	(7,260)	43,671

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥7,260 million to segment income or loss includes corporate expenses of -¥6,579 million not allocated to any one segment, along with inter-segment sales and elimination of -¥680 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 2015 (January 1, 2015 to June 30, 2015)

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

(Millions of yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others	Total	Adjustment	Consolidated total
I. Net sales								
1) To outside customers	433,502	233,737	54,538	120,826	14,220	856,824	-	856,824
2) Inter-segment sales	12,374	2,353	1,044	983	27,034	43,790	(43,790)	-
Total	445,876	236,090	55,582	121,810	41,255	900,615	(43,790)	856,824
Operating income/loss	43,951	8,434	2,921	298	438	56,044	(8,761)	47,283

(Notes)

- "Others" includes the distribution business and others.
- An adjustment of -¥8,761 million to segment income or loss includes corporate expenses of -¥7,910 million not allocated to any one segment, along with inter-segment sales and elimination of -¥850 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.