

Asahi Group Holdings, Ltd.



FY2015 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 April 30, 2015. This translation was made for information only. The Company gives no warranty with respect to its correctness.

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

April 30, 2015

Asahi Group Holdings, Ltd.

Code number: 2502
Shares Listed: First Section of each of Tokyo Stock Exchanges
Head Office: Tokyo
Contact: Kazutomo Tamesada, General Manager, Public Relations Section
Tel: + 81 3 5608 5126 (<http://www.asahigroup-holdings.com/en/>)
US GAAP: Not applicable

1. Consolidated Financial Results for Fiscal 2015 (From January 1, 2015 to March 31, 2015)

(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 2015 1Q ended March 31, 2015	374,192	(0.2)	10,806	(29.7)	13,009	27.9
Fiscal 2014 1Q ended March 31, 2014	375,049	10.0	15,368	145.4	10,168	237.7

(Note) Comprehensive income at the end of 1Q FY2015: ¥16,184 million (3.3%)

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

	Net income	% change	Net income per share (Primary)	Net income per share (Diluted)
	(Millions of yen)	(%)	(yen)	(yen)
	Fiscal 2015 1Q ended March 31, 2015	13,327	410.8	28.80
Fiscal 2014 1Q ended March 31, 2014	2,609	-	5.64	5.35

(2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
	Fiscal 2015 1Q ended March 31, 2015	1,875,616	872,636
Fiscal 2014 ended December 31, 2014	1,936,609	896,510	45.5

(Note) Treasury stock at the end of 1Q FY2015: ¥858,056 million

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

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, 2014	-	22.00	-	23.00	45.00
Year ended December 31, 2015	-				
Year ended December 31, 2015 (Forecast)		24.00	-	24.00	48.00

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

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

	(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 2015 ending June 30, 2015	850,000	4.8	43,000	(1.5)	46,500	12.4
Fiscal 2015 ending December 31, 2015	1,850,000	3.6	135,000	5.2	139,000	4.4

	Net income	% change	Net income per share
	(Millions of yen)	(%)	(yen)
	Fiscal 2015 ending June 30, 2015	30,500	57.5
Fiscal 2015 ending December 31, 2015	75,000	8.5	162.04

(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:

Three months ended March 31, 2015 483,585,862 shares

Year ended December 31, 2014 483,585,862 shares

(2) Treasury stock:

Three months ended March 31, 2015 20,724,336 shares

Year ended December 31, 2014 20,984,062 shares

(3) Average of issued Stock:

Three months ended March 31, 2015 462,802,131 shares

Three months ended March 31, 2014 462,420,240 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

(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.

2. Consolidated Financial Statements (Unaudited)
(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of December 31, 2014	As of March 31, 2015
(Assets)		
Current assets		
Cash and deposits	65,064	74,079
Notes and accounts receivable - trade	353,704	264,930
Merchandise and finished goods	82,117	97,033
Raw materials and supplies	42,431	40,885
Deferred tax assets	13,012	13,867
Other	53,042	55,055
Allowance for doubtful accounts	(5,529)	(4,610)
Total current assets	<u>603,842</u>	<u>541,241</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	433,018	436,601
Accumulated depreciation	(263,734)	(265,406)
Buildings and structures, net	<u>169,283</u>	<u>171,194</u>
Machinery, equipment and vehicles	558,442	561,697
Accumulated depreciation	(423,378)	(425,881)
Machinery, equipment and vehicles, net	<u>135,064</u>	<u>135,815</u>
Other	184,091	183,519
Accumulated depreciation	(105,693)	(106,060)
Other, net	<u>78,398</u>	<u>77,458</u>
Land	202,051	202,293
Construction in progress	20,617	11,323
Total property, plant and equipment	<u>605,415</u>	<u>598,084</u>
Intangible assets		
Goodwill	195,859	167,814
Other	99,930	98,967
Total intangible assets	<u>295,790</u>	<u>266,781</u>
Investments and other assets		
Investment securities	375,044	412,258
Net defined benefit asset	19,252	20,537
Deferred tax assets	9,448	8,535
Other	30,942	31,249
Allowance for doubtful accounts	(3,124)	(3,073)
Total investments and other assets	<u>431,561</u>	<u>469,507</u>
Total non-current assets	<u>1,332,767</u>	<u>1,334,374</u>
Total assets	<u>1,936,609</u>	<u>1,875,616</u>

(Continued)

<Consolidated Income Statements and Comprehensive Income Statement>

(Millions of yen)

	As of December 31, 2014	As of March 31, 2015
(Liabilities)		
Current liabilities		
Notes and accounts payable - trade	130,402	101,421
Short-term loans payable	184,879	150,494
Commercial papers	76,000	157,000
Current portion of bonds	20,000	20,000
Accrued alcohol tax	110,361	79,243
Income taxes payable	27,396	31,514
Deposits received	18,255	16,420
Provision for bonuses	4,685	10,188
Other	185,393	147,323
Total current liabilities	757,374	713,606
Non-current liabilities		
Bonds payable	113,000	113,000
Long-term loans payable	40,846	44,932
Provision for directors' retirement benefits	302	211
Net defined benefit liability	26,525	24,325
Deferred tax liabilities	48,611	53,217
Asset retirement obligations	430	432
Other	53,008	53,253
Total non-current liabilities	282,724	289,373
Total liabilities	1,040,099	1,002,979
(Net assets)		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	143,339	120,568
Retained earnings	477,427	472,749
Treasury shares	(58,176)	(57,458)
Total shareholders' equity	745,120	718,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,850	36,691
Deferred gains or losses on hedges	(218)	276
Foreign currency translation adjustment	107,832	103,185
Remeasurements of defined benefit plans	(492)	(486)
Total accumulated other comprehensive income	135,970	139,665
Minority interests	15,419	14,580
Total net assets	896,510	872,636
Total liabilities and net assets	1,936,609	1,875,616

(2) Consolidated Income Statements and Comprehensive Income Statement

<Consolidated Income Statements>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Net sales	375,049	374,192
Cost of sales	227,967	226,944
Gross profit	147,082	147,247
Selling, general and administrative expenses	131,713	136,441
Operating income	15,368	10,806
Non-operating income		
Interest income	100	278
Dividend income	86	278
Share of profit of entities accounted for using equity method	-	2,889
Other	617	1,082
Total non-operating income	804	4,529
Non-operating expenses		
Interest expenses	862	966
Share of loss of entities accounted for using equity method	4,300	-
Other	841	1,359
Total non-operating expenses	6,004	2,326
Ordinary income	10,168	13,009
Extraordinary income		
Gain on sales of non-current assets	10	41
Gain on sales of investment securities	0	39
Gain on step acquisitions	-	3,650
Total extraordinary income	10	3,732
Extraordinary losses		
Loss on sales and retirement of non-current assets	748	458
Loss on sales of investment securities	-	5
Impairment loss	-	1,428
Business integration expenses	486	650
Other	607	599
Total extraordinary losses	1,841	3,141
Income before income taxes and minority interests	8,337	13,600
Income taxes	5,656	677
Income before minority interests	2,680	12,923
Minority interests in income (loss)	71	(404)
Net income	2,609	13,327

(Continued)

<Consolidated Income Statements and Comprehensive Income Statement>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Income before minority interests	2,680	12,923
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,063)	7,840
Deferred gains or losses on hedges	(114)	495
Foreign currency translation adjustment	4,846	(16,532)
Remeasurements of defined benefit plans, net of tax	-	6
Share of other comprehensive income of entities accounted for using equity method	9,317	11,450
Total other comprehensive income	12,985	3,260
Comprehensive income	15,666	16,184
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,514	17,022
Comprehensive income attributable to minority interests	152	(838)

(3) Notes regarding premise of a going concern

No applicable items

(4) Segment information

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

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

(Millions of yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others *1	Total	Adjustment *2	Consolidated total*3
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)

*1. "Others" includes the distribution business and others.

*2. 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.

*3. 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 March 31, 2015)

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

(Millions of yen)

	Alcohol beverages	Soft drinks	Foods	Overseas	Others *1	Total	Adjustment *2	Consolidated total*3
I. Net sales								
1) To outside customers	180,832	97,475	26,419	62,693	6,771	374,192	-	374,192
2) Inter-segment sales	4,982	772	493	401	11,379	18,029	(18,029)	-
Total	185,815	98,248	26,912	63,094	18,150	392,221	(18,029)	374,192
Operating income/loss	14,344	(712)	931	382	(305)	14,641	(3,834)	10,806

(Notes)

*1. "Others" includes the distribution business and others.

*2. An adjustment of -¥3,834 million to segment income or loss includes corporate expenses of -¥3,608 million not allocated to any one segment along with inter-segment sales and elimination of -¥226 million. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.

*3. 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 Impairment Loss on Fixed Assets)

In the "Overseas" segment, an impairment loss of 1,428 million yen has been recognized.

(Application of Accounting Standard for Retirement Benefits, etc.)

Effective from the first quarter of the current consolidated financial year (ending December 31, 2015), an accounting method has been changed for calculating retirement benefit liabilities and the service cost.

The effect of the said change on the segment income for the first quarter is, however, immaterial.

(Application of Accounting Standard, etc. for Business Combinations)

Effective from the first quarter of the current consolidated financial year, differences caused by change in the Company's equity in the subsidiaries and affiliates with controlling interests have now been adjusted in capital surplus, and acquisition-related expenses have now been reported as expenses incurred during the consolidated financial year in which said acquisition takes place.

As a result of this change, therefore, and in comparison with the old method, segment income in the first quarter of the consolidated financial year increased by 0 million yen in "Alcoholic Beverages" segment, by 16 million yen in "Foods" segment, and by 34 million yen in "Overseas" segment respectively. Furthermore, segment loss in "Soft Drinks" segment decreased by 474 million yen.

(Significant Change in the Amount of Goodwill)

As a result of the application of Accounting Standard for Business Combinations, Accounting Standard for Consolidated Financial Statements, and of Accounting Standard for Business Divestiture, etc., effective from the first quarter of the current consolidated financial year, the amount in Goodwill has been reduced. In accordance with the said application, the amount of goodwill, as at the beginning of the first quarter of the current consolidated financial year, was reduced by 36 million yen in the "Alcoholic Beverages" segment, by 24,855 million yen in the "Soft Drinks" segment, 794 million yen in the "Foods" segment, and by 6,235 million yen in the "Overseas" segment respectively.

(5) Notes on Significant Changes in Shareholders' Equity

(5) Notes on Significant Changes in Shareholders' Equity

Effective from the first quarter of the current consolidated financial year (ending December 31, 2015), an accounting method has been applied of Accounting Standard for Business Combinations, Accounting Standard for Consolidated Financial Statements, and of Accounting Standard for Business Divestiture, etc.

(6) 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.

(7) Major Subsequent Events

(Acquisition of own shares)

Asahi Group Holdings, Ltd. announced that it has resolved at a meeting of the Board of Directors held on today to repurchase its own shares based on Article 156 of the Corporation Law of Japan as applied pursuant to Article 165, Paragraph 3 of the same law, as outlined below.

1. Reason for Repurchase

To enhance shareholder returns and to improve capital efficiency.

2. Details of Repurchase

- | | |
|--|---|
| (1) Class of shares to be repurchased | Common shares |
| (2) Total number of shares to be repurchased | 6 million (maximum) |
| (3) Total amount of repurchase | 20 billion yen (maximum) |
| (4) Period of repurchase | From May 7 to July 31, 2015 |
| (5) Method of repurchase | Purchase in the market through a trust bank |