

# Asahi Group Holdings, Ltd.



## FY2016 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 3, 2016. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results  
(Fiscal 2016 2Q)**

August 03, 2016

**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 2016 (From January 1, 2016 to June 30, 2016)

### (1) Operating Results

	Net sales	% change	Operating income	% change	Ordinary income	% change	Profit attributable to owners of the parent	% change
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2016 Q2 ended June 30, 2016	863,701	0.8	52,456	10.9	45,072	(12.8)	28,548	(27.7)
Fiscal 2015 Q2 ended June 30, 2015	856,824	5.6	47,283	8.3	51,707	25.0	39,484	103.9

(Note) Comprehensive income at the end of FY2016 Q2: (34,726) million yen ( - )

Comprehensive income at the end of FY2015 Q2: 50,014 million yen (61.5%)

	Earnings per share (Primary)	Earnings per share (Diluted)
	(yen)	(yen)
Fiscal 2016 Q2 ended June 30, 2016	62.32	62.31
Fiscal 2015 Q2 ended June 30, 2015	85.54	85.50

### (2) Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2016 Q2 ended June 30, 2016	1,797,662	845,071	46.4
Fiscal 2015 ended December 31, 2015	1,901,554	891,829	46.2

(Note) Treasury stock at the end of FY2016 Q2: 833,284 million yen

Treasury stock at the end of FY2015: 877,672 million yen

## 2. Dividends

	Cash dividend per share				
	end of first	end of second	end of third	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2015 ended December 31, 2015	-	24.00	-	26.00	50.00
Fiscal 2016 ending December 31, 2016	-	26.00			
Fiscal 2016 ending December 31, 2016 (Forecast)			-	27.00	53.00

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

## 3. Forecast for Fiscal 2016 (January 1, 2016 to December 31, 2016)

	Net sales	% change	Operating income	% change	Ordinary income	% change	Profit attributable to owners of the parent	% change	Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(yen)
Fiscal 2016 ending December 31, 2016	1,860,000	0.1	140,700	4.1	138,500	(5.1)	80,000	4.7	174.63

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

## 4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): 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: 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, 2016	483,585,862 shares
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Year ended December 31, 2015	483,585,862 shares
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(2) Treasury stock:

Year ended June 30, 2016	25,450,021 shares
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Year ended December 31, 2015	25,676,299 shares
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(3) Average of issued Stock:

Year ended June 30, 2016	458,111,877 shares
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Year ended June 30, 2015	461,579,103 shares
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### \* Implementation status of review processes

At the time of disclosure of this summary of consolidated financial results, the review procedures in accordance with the Financial Instruments and Exchange Act had not been completed.

### \* Forward-looking statements and other special instructions

The forward-looking statements that reflect Asahi's forecasts for consolidated and unconsolidated results in this document are based on information available at the time of the release of these materials and reasonable assumptions made by Asahi.

Certain risks and uncertainties could cause the results of Asahi to differ materially from any projections presented herein.

## 5. Consolidated Financial Statements (Unaudited)

### (1) Consolidated Balance Sheets (As of December 31, 2015 and June 30, 2016)

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
<b>(Assets)</b>		
Current assets		
Cash and deposits	48,210	54,882
Notes and accounts receivable - trade	362,240	309,722
Merchandise and finished goods	91,200	108,256
Raw materials and supplies	41,114	38,296
Deferred tax assets	15,048	19,416
Other	47,546	48,006
Allowance for doubtful accounts	(4,861)	(1,420)
Total current assets	600,498	577,160
Non-current assets		
Property, plant and equipment		
Buildings and structures	433,344	430,950
Accumulated depreciation	(267,980)	(270,623)
Buildings and structures, net	165,364	160,326
Machinery, equipment and vehicles	561,787	553,953
Accumulated depreciation	(426,872)	(428,477)
Machinery, equipment and vehicles, net	134,914	125,476
Other	184,187	183,429
Accumulated depreciation	(105,598)	(105,708)
Other, net	78,588	77,720
Land	193,891	191,643
Construction in progress	9,339	10,213
Total property, plant and equipment	582,098	565,380
Intangible assets		
Goodwill	145,104	128,686
Other	90,444	84,535
Total intangible assets	235,549	213,222
Investments and other assets		
Investment securities	422,469	381,380
Net defined benefit assets	24,574	26,339
Deferred tax assets	8,183	7,229
Other	30,752	31,395
Allowance for doubtful accounts	(2,571)	(4,446)
Total investments and other assets	483,408	441,898
Total non-current assets	1,301,056	1,220,501
Total assets	1,901,554	1,797,662

(Continued)

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable - trade	126,800	104,943
Short-term loans payable	156,239	168,386
Commercial papers	63,000	37,000
Current portion of bonds	30,000	30,000
Accrued alcohol tax	110,044	108,605
Income taxes payable	23,460	19,224
Deposits received	18,076	17,327
Provision for bonuses	4,917	4,162
Other	182,654	186,629
Total current liabilities	715,193	676,279
Non-current liabilities		
Bonds payable	118,000	118,000
Long-term loans payable	47,690	44,208
Provision for directors' retirement benefits	237	210
Net defined benefit liabilities	23,377	22,212
Deferred tax liabilities	54,445	42,679
Asset retirement obligations	441	442
Other	50,339	48,556
Total non-current liabilities	294,531	276,311
Total liabilities	1,009,725	952,591
<b>(Net assets)</b>		
Shareholders' equity		
Capital stock	182,531	182,531
Capital surplus	120,524	120,221
Retained earnings	524,859	541,502
Treasury stock	(77,377)	(76,696)
Total shareholders' equity	750,537	767,558
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,799	31,523
Deferred gains or losses on hedges	(82)	(8,802)
Foreign currency translation adjustment	81,259	42,252
Remeasurements of defined benefit plans	157	752
Total accumulated other comprehensive income	127,134	65,725
Non-controlling interests	14,157	11,787
Total net assets	891,829	845,071
Total liabilities and net assets	1,901,554	1,797,662

**(2) Consolidated Income Statements and Comprehensive Income Statements**

(From January 1 to June 30, 2015 and 2016)

&lt;Consolidated Income Statements&gt;

(Millions of yen)

	Year ended June 30, 2015 (From January 1 to June 30)	Year ended June 30, 2016 (From January 1 to June 30)
Net sales	856,824	863,701
Cost of sales	509,815	500,928
Gross profit	347,009	362,773
Selling, general and administrative expenses	299,726	310,316
Operating income	47,283	52,456
Non-operating income		
Interest income	374	166
Dividend income	1,359	1,765
Share of profit of entities accounted for using equity method	5,411	-
Other	1,536	517
Total non-operating income	8,681	2,449
Non-operating expenses		
Interest expenses	1,814	1,619
Share of loss of entities accounted for using equity method	-	5,709
Other	2,442	2,504
Total non-operating expenses	4,256	9,833
Ordinary income	51,707	45,072
Extraordinary income		
Gain on sales of non-current assets	49	2,006
Gain on sales of investment securities	668	1,534
Gain on step acquisitions	5,932	-
Other	-	336
Total extraordinary income	6,650	3,877
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,525	1,407
Loss on sales of investment securities	39	31
Loss on valuation of investment securities	70	17
Impairment loss	1,743	-
Business integration expenses	1,802	1,373
Other	1,218	709
Total extraordinary losses	6,399	3,539
Income before income taxes	51,959	45,410
Income taxes	12,992	17,323
Profit	38,967	28,086
Loss attributable to non-controlling interests	(517)	(462)
Profit attributable to owners of the parent	39,484	28,548

<Comprehensive Income Statements>

(Millions of yen)

	Year ended June 30, 2015 (From January 1 to June 30)	Year ended June 30, 2016 (From January 1 to June 30)
Profit (loss)	38,697	28,086
Other comprehensive income		
Valuation difference on available-for-sale securities	16,731	(14,319)
Deferred gains or losses on hedges	344	(8,720)
Foreign currency translation adjustment	(16,919)	(28,166)
Remeasurements of defined benefit plans	13	569
Share of other comprehensive income of entities accounted for using equity method	10,877	(12,175)
Total other comprehensive income	11,047	(62,812)
Comprehensive income	50,014	(34,726)
(Breakdown)		
Comprehensive income attributable to owners of the parent	50,964	(32,860)
Comprehensive income attributable to non-controlling interests	(949)	(1,865)

### (3) Consolidated Statements of Cash Flows

(From January 1 to June 30, 2015 and 2016)

(Millions of yen)

	Year ended June 30, 2015 (From January 1 to June 30)	Year ended June 30, 2016 (From January 1 to June 30)
<b>Cash flows from operating activities</b>		
Income before income taxes	51,959	45,410
Depreciation	30,497	29,810
Impairment loss	1,743	-
Amortization of goodwill	5,123	4,601
Increase (decrease) in net defined benefit asset and liability	(2,322)	(2,127)
Increase (decrease) in allowance for doubtful accounts	(726)	(1,480)
Interest and dividend income	(1,733)	(1,931)
Interest expenses	1,814	1,619
Foreign exchange loss (gain)	1,392	525
Share of (profit) loss of entities accounted for using equity method	(5,411)	5,709
Gain (loss) on sales of investment securities	(628)	(1,502)
Loss (gain) on valuation of investment securities	70	17
Loss (gain) on sales of non-current assets	(49)	(2,006)
Loss (gain) on sales and retirement of non-current assets	1,525	1,407
The difference between gains and losses on step acquisition	(5,932)	-
Decrease (increase) in notes and accounts receivable - trade	39,173	46,225
Increase (Decrease) in inventories	(16,094)	(17,283)
Decrease (Increase) in notes and accounts payable - trade	(19,376)	(19,228)
Decrease (Increase) in accrued alcohol tax payable	(4,854)	(1,280)
Decrease (Increase) in accrued consumption taxes	(15,869)	(6,890)
Other, net	(740)	3,201
Subtotal	59,560	84,796
Interest and dividend income received	5,337	3,022
Interest expenses paid	(1,914)	(1,620)
Income taxes paid	(47,724)	(25,493)
Net cash provided by (used in) operating activities	15,259	60,705
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,650)	(23,534)
Proceeds from sales of property, plant and equipment	243	3,025
Purchase of intangible assets	(3,510)	(1,998)
Purchase of investment securities	(2,282)	(843)
Proceeds from sales of investment securities	1,211	2,288
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(17,241)	-
Payments of loans receivable	(555)	(18)
Collection of loans receivable	602	276
Other, net	(2,744)	(666)
Net cash provided by (used in) investing activities	(45,928)	(21,471)



(Continued)

(Millions of yen)

	Year ended June 30, 2015 (From January 1 to June 30)	Year ended June 30, 2016 (From January 1 to June 30)
Cash flows from financing activities		
Increase (Decrease) in short-term loans payable	23,223	(14,632)
Repayments of lease obligations	(4,696)	(4,124)
Proceeds from long-term loans payable	2,325	5,794
Repayments of long-term loans payable	(4,016)	(4,216)
Proceeds from issuance of bonds	35,000	-
Payments for redemption of bonds	(20,000)	-
Purchase of treasury stock	(20,016)	(8)
Cash dividends paid	(10,639)	(11,905)
Dividends paid to non-controlling interests	-	(516)
Other, net	(97)	499
Net cash provided by (used in) financing activities	1,081	(29,109)
Effect of exchange rate change on cash and cash equivalents	(3,116)	(1,935)
Net increase (decrease) in cash and cash equivalents	(32,704)	8,188
Cash and cash equivalents at beginning of period	62,235	43,290
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	21,476	-
Cash and cash equivalents at end of period	51,007	51,479

#### (4) Notes concerning the premise of a going concern

There are no applicable items.

#### (5) Segment information

I Fiscal 2015 (January 1, 2015 to June 30, 2015)

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

(Millions of yen)

	Reporting Segment				Others	Total	Elimination or corporate	Consolidated total
	Alcohol Beverages	Soft Drinks	Food	Overseas				
Net sales								
1) To outside customers	434,714	225,375	54,538	122,832	19,363	856,824	-	856,824
2) Inter-segment sales	12,165	2,074	1,044	983	27,034	43,302	(43,302)	-
Total	446,880	227,449	55,582	123,816	46,398	900,127	(43,302)	856,824
Operating income / loss	44,060	8,497	2,921	(340)	664	55,803	(8,519)	47,283

(Notes)

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

2. Adjustment of segment income (loss) of (8,519) million yen includes corporate expense of (7,910) million yen which is not allocated to reportable segment and the elimination of inter-segment transactions, etc. of (609) million yen. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.

3. Segment income (loss) was reconciled with operating income presented in the consolidated statements of income.

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

(Significant asset impairment losses)

In the second quarter of the consolidated financial year, impairment losses are booked by 315 million yen in "Alcohol Beverages" segment and by 1,428 million yen in "Overseas" segment respectively.

(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 third quarter of the current consolidated financial year, was reduced by 36 million yen in the "Alcohol Beverages" segment, by 24,855 million yen in the "Soft Drinks" segment, by 794 million yen in the "Food" segment, and by 6,235 million yen in the "Overseas" segment respectively.

II Fiscal 2016 (January 1, 2016 to June 30, 2016)

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

(Millions of yen)

	Reporting Segment				Other	Total	Elimination or corporate	Consolidated total
	Alcohol Beverages	Soft Drinks	Food	Overseas				
Net sales								
1) To outside customers	446,056	229,645	58,425	108,533	21,041	863,701	-	863,701
2) Inter-segment sales	12,735	3,176	818	1,266	27,607	45,605	(45,605)	-
Total	458,791	232,821	59,244	109,800	48,648	909,307	(45,605)	863,701
Operating income / loss	45,557	10,783	4,626	665	206	61,839	(9,382)	52,456

(Notes)

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

2. Adjustment of segment income (loss) of (9,382) million yen includes corporate expense of (9,231) million yen which is not allocated to reportable segment and the elimination of inter-segment transactions, etc. of (151) million yen. The corporate expenses are mainly Group management expenses generated by the Company in its role as a pure holding company.

3. Segment income (loss) was reconciled with operating income presented in the consolidated statements of income.

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

There are no applicable items.

3. Item regarding changes on reporting segments

As a result by reviewing the internal management system, taking the opportunity afforded by reorganizing the business, classifications of reporting segments of some consolidated subsidiaries are changed.

The segment information for the previous second quarter of the consolidated financial year is published based on the classification mentioned above.

#### (6) Significant subsequent event

There are no applicable items.