

Asahi Group Holdings, Ltd.



FY2017 Q1 Consolidated Financial Results (IFRS)

NOTE:

All information has been prepared in accordance with International Financial Reporting Standards (IFRS). 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 15, 2017. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results
(Fiscal 2017 Q1)**

May 15, 2017

Asahi Group Holdings, Ltd.

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

1. Overview of performance (From January 1, 2017 to March 31, 2017)

(figures are rounded down to the million)

(1) Business performance

(percentage figures represent the change from the previous year)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ended March 31, 2017	379,176	9.6	14,993	20.0	13,642	5.7	2,725	32.2
Fiscal 2016 ended March 31, 2016	345,946	-	12,490	-	12,901	-	2,061	-

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ended March 31, 2017	2,790	29.8	(10,293)	-
Fiscal 2016 ended March 31, 2016	2,149	-	(19,867)	-

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Fiscal 2017 ended March 31, 2017	6.09	6.09
Fiscal 2016 ended March 31, 2016	4.69	4.69

*Core operating profit is the reference index for normalized business performance. Core operating profit = Revenue - (COGS + general administrative cost)

*Core operating profit is not the index defined in IFRS. We think this index is useful for financial statements users so that we disclose it spontaneously.

(2) Financial Condition

	Total assets	Total Equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Fiscal 2017 Q1 ended March 31, 2017	2,991,770	835,765	826,146	27.6
Fiscal 2016 ended December 31, 2016	2,086,381	846,105	836,354	40.1

2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2016 ended December 31, 2016	-	26.00	-	28.00	54.00
Fiscal 2017 ending December 31, 2017	-	-	-	-	-
Fiscal 2017 ending December 31, 2017 (forecast)	-	30.00	-	30.00	60.00

Note: Changes to the latest dividend forecast announced: None

3. Forecast for Fiscal 2017 (January 1, 2017 to December 31, 2017)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2017 ending June 30, 2017	843,000	-	58,100	-	52,800	-	36,100	-
Fiscal 2017 ending December 31, 2017	1,820,000	6.6	165,000	11.1	146,000	6.7	96,100	10.3

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2017 ending June 30, 2017	36,000	-	78.58
Fiscal 2017 ending December 31, 2017	96,000	7.6	209.55

Note: Changes to the latest consolidated results forecast announced: None

Notes

(1) Changes in status of material subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): Yes

New: 1 company (Asahi Breweries Europe Ltd), Excluded: - company (-)

(2) Changes in accounting policies, or changes in accounting estimates

- (1) Changes in accounting policies required by IFRS: No
- (2) Changes in accounting policies other than item (1) above: No
- (3) Changes in accounting estimates: No

(3) Number of shares (common stock):

(1) Issued share at period-end (including treasury shares):

Year ended March 31, 2017	483,585,862 shares
Year ended December 31, 2016	483,585,862 shares

(2) Treasury shares at period-end:

Year ended March 31, 2017	25,454,918 shares
Year ended December 31, 2016	25,453,509 shares

(3) Average number of outstanding shares during the period:

Year ended March 31, 2017	458,131,422 shares
Year ended March 31, 2016	458,087,613 shares

*** This Consolidated Financial Results for the First Quarter is not subject to quarterly review procedures**

*** 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.

4. Consolidated Financial Statements (Unaudited)

(1) Consolidated Statement of Financial Position (As of December 31, 2016 and March 31, 2017)

(Millions of yen)

	As of December 31, 2016	As of March 31, 2017
(Assets)		
Current assets		
Cash and cash equivalents	48,459	63,106
Trade and other receivables	397,340	332,226
Inventories	136,460	157,543
Income tax receivables	14,161	11,949
Other financial assets	3,428	4,367
Other current assets	31,934	36,492
Subtotal	631,784	605,685
Assets held for sale	3,241	—
Total current assets	635,026	605,685
Non-current assets		
Property, plant and equipment	570,771	688,863
Goodwill and intangible assets	491,538	1,299,913
Investments accounted for using equity method	141,398	146,007
Other financial assets	198,586	193,845
Deferred tax assets	18,825	22,169
Net defined benefit assets	18,942	19,249
Other non-current assets	11,293	16,034
Total non-current assets	1,451,355	2,386,085
Total assets	2,086,381	2,991,770
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	332,639	349,117
Bonds and borrowings	281,870	1,213,947
Income tax payables	34,957	24,002
Other financial liabilities	26,352	23,642
Other current liabilities	142,828	118,837
Subtotal	818,649	1,729,547
Liabilities directly related to assets held for sale	907	—
Total current liabilities	819,556	1,729,547
Non-current liabilities		
Bonds and borrowings	288,490	287,011
Net defined benefit liabilities	25,789	26,573
Deferred tax liabilities	49,302	53,660
Other financial liabilities	54,127	54,464
Other non-current liabilities	3,009	4,747
Total non-current liabilities	420,719	426,457
Total liabilities	1,240,276	2,156,005
Equity		
Issued capital	182,531	182,531
Share premium	118,668	118,680
Retained earnings	589,935	580,857
Treasury shares	(76,709)	(76,714)
Other components of equity	21,927	20,792
Total equity attributable to owners of parent	836,354	826,146
Non-controlling interests	9,750	9,618
Total equity	846,105	835,765
Total liabilities and equity	2,086,381	2,991,770

(2) Consolidated Statement of Profit or Loss and Comprehensive Income

(From January 1 to March 31, 2016 and 2017)

<Consolidated Income Statements>

(Millions of yen)

	Year ended March 31, 2016 (From January 1 to March 31)	Year ended March 31, 2017 (From January 1 to March 31)
Revenue	345,946	379,176
Cost of sales	(226,086)	(245,281)
Gross Profit	119,860	133,894
Selling, general and administrative expense	(107,369)	(118,901)
Other operating income	2,455	684
Other operating expense	(2,045)	(2,034)
Operating Profit	12,901	13,642
Finance income	433	321
Finance costs	(2,062)	(2,613)
Share of profit (loss) of entities accounted for using equity method	(6,246)	(5,452)
Profit before tax	5,025	5,898
Income tax expense	(2,964)	(3,172)
Profit	2,061	2,725
Attributable to:		
Owners of parent	2,149	2,790
Non-controlling interests	(88)	(65)
Total	2,061	2,725
Basic earnings per share (JPY)	4.69	6.09
Diluted earnings per share (JPY)	4.69	6.09

<Consolidated Statement of Comprehensive Income>

	(Millions of yen)	
	Year ended March 31, 2016 (From January 1 to March 31)	Year ended March 31, 2017 (From January 1 to March 31)
Profit	2,061	2,725
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial instruments measured at fair value through other comprehensive income	(13,104)	(16)
Items that might be reclassified to profit or loss		
Cash flow hedges	192	(12,538)
Translation difference on foreign operations	(6,056)	(6,828)
Share of other comprehensive income of entities accounted for using equity method	(2,959)	6,365
Total other comprehensive income	(21,928)	(13,018)
Total comprehensive income	(19,867)	(10,293)
Total comprehensive income attributable to:		
Owners of parent	(19,355)	(10,003)
Non-controlling interests	(511)	(289)

(3) Consolidated Statement of Changes in Equity
Fiscal 2016 (January 1 to March 31, 2016)

(Millions of yen)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity					Total equity attributable to owners of parent		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2016	182,531	120,524	549,084	(77,377)	36,596	—	(138)	(21,800)	14,657	789,420	14,261	803,682
Comprehensive income												
Profit			2,149						—	2,149	(88)	2,061
Other comprehensive income					(13,104)		192	(8,592)	(21,505)	(21,505)	(423)	(21,928)
Total comprehensive income	—	—	2,149	—	(13,104)	—	192	(8,592)	(21,505)	(19,355)	(511)	(19,867)
Transfer to non-financial assets							47		47	47		47
Transactions with owners												
Dividends			(11,905)						—	(11,905)	(516)	(12,422)
Purchase of treasury shares				(4)					—	(4)		(4)
Disposal of treasury shares		(303)		688					—	385		385
Changes through business combinations									—	—		—
Share-based payment transaction									—	—		—
Transfer from other components of equity to retained earnings			60		(60)				(60)	—		—
Other increase (decrease)									—	—		—
Total contributions by owners and distribution to owners	—	(303)	(11,845)	684	(60)	—	—	—	(60)	(11,524)	(516)	(12,040)
Acquisition of non-controlling interests without change in control									—	—		—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	(303)	(11,845)	684	(60)	—	—	—	(60)	(11,524)	(516)	(12,040)
Balance as of March 31, 2016	182,531	120,221	539,389	(76,693)	23,431	—	101	(30,393)	(6,860)	758,587	13,233	771,821

(3) Consolidated Statement of Changes in Equity
Fiscal 2017 (January 1 to March 31, 2017)

(Millions of yen)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity					Total equity attributable to owners of parent		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2017	182,531	118,668	589,935	(76,709)	51,881	—	(219)	(29,734)	21,927	836,354	9,750	846,105
Comprehensive income												
Profit			2,790						—	2,790	(65)	2,725
Other comprehensive income					(16)		(12,486)	(291)	(12,794)	(12,794)	(223)	(13,018)
Total comprehensive income	—	—	2,790	—	(16)	—	(12,486)	(291)	(12,794)	(10,003)	(289)	(10,293)
Transfer to non-financial assets							12,617		12,617	12,617		12,617
Transactions with owners												
Dividends			(12,827)						—	(12,827)	(405)	(13,232)
Purchase of treasury shares				(5)					—	(5)		(5)
Disposal of treasury shares									—	—		—
Changes through business combinations									—	—	300	300
Share-based payment transaction		11							—	11		11
Transfer from other components of equity to retained earnings			958		(958)				(958)	—		—
Other increase (decrease)									—	—	261	261
Total contributions by owners and distribution to owners	—	11	(11,868)	(5)	(958)	—	—	—	(958)	(12,821)	156	(12,665)
Acquisition of non-controlling interests without change in control									—	—		—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	11	(11,868)	(5)	(958)	—	—	—	(958)	(12,821)	156	(12,665)
Balance as of March 31, 2017	182,531	118,680	580,857	(76,714)	50,906	—	(88)	(30,025)	20,792	826,146	9,618	835,765

(4) Notes to the Condensed Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

None