

# Asahi Group Holdings, Ltd.



## FY2018 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 8, 2018. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results  
(Fiscal 2018 Q1)**

May 8, 2018

**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. Overview of performance (From January 1, 2018 to March 31, 2018)

(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 for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 Q1 ended March 31, 2018	442,092	16.6	24,071	60.5	24,804	81.8	14,547	433.8
Fiscal 2017 Q1 ended March 31, 2017	379,176	9.6	14,993	20.0	13,642	5.7	2,725	32.2

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 Q1 ended March 31, 2018	14,799	430.3	(23,204)	-
Fiscal 2017 Q1 ended March 31, 2017	2,790	29.8	(10,293)	-

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Fiscal 2018 Q1 ended March 31, 2018	32.31	32.30
Fiscal 2017 Q1 ended March 31, 2017	6.09	6.09

(Reference) Profit before tax : FY2018 Q1 ended March 31, 2018 22,102 millions of yen FY2017 Q1 ended March 31, 2017 5,898 millions of yen

\*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 2018 Q1 ended March 31, 2018	3,082,672	1,103,958	1,100,721	35.7
Fiscal 2017 ended December 31, 2017	3,346,822	1,152,748	1,145,135	34.2

## 2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2017 ended December 31, 2017	-	30.00	-	45.00	75.00
Fiscal 2018 ending December 31, 2018	-				
Fiscal 2018 ending December 31, 2018 (forecast)		45.00	-	45.00	90.00

Note: Changes to the latest dividend forecast announced: No

## 3. Forecast for Fiscal 2018 (January 1 to December 31, 2018)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 H1 ending June 30, 2018	998,000	6.5	81,700	14.6	75,600	12.0	55,000	35.3
Fiscal 2018 ending December 31, 2018	2,140,000	2.6	220,000	12.0	200,000	9.2	142,300	2.5

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2018 H1 ending June 30, 2018	55,000	35.1	120.05
Fiscal 2018 ending December 31, 2018	142,000	0.7	309.96

Note: Changes to the latest consolidated results forecast announced: No

(Reference) Profit before tax : FY2018 ending December 31, 2018 forecast 203,000 millions of yen 3.1 %

We adjusted the amortization of acquisition-related intangible assets of Central Europe business during April - June in 2017 retroactively due to the confirmation of the tentative accounting process for business combination on March 2018.

The percentage figures reflected the retroactive adjustment for the results in 2017

## Notes

(1) Changes in status of material subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

New: - company ( - ), Excluded: - company ( - )

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

(1) Changes in accounting policies required by IFRS: Yes (Refer to P.8 (4) Notes to the Condensed Consolidated Financial Statements)

(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):

Q1 ended March 31, 2018	483,585,862 shares
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Year ended December 31, 2017	483,585,862 shares
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(2) Treasury shares at period-end:

Q1 ended March 31, 2018	25,502,155 shares
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Year ended December 31, 2017	25,461,769 shares
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(3) Average number of outstanding shares during the period:

Q1 ended March 31, 2018	458,109,584 shares
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Q1 ended March 31, 2017	458,131,422 shares
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**\* 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. Condensed Consolidated Financial Statements (Unaudited)

##### (1) Condensed Consolidated Statement of Financial Position (As of December 31, 2017 and March 31, 2018)

(Millions of yen)

	As of December 31, 2017	As of March 31, 2018
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	58,054	65,506
Trade and other receivables	433,436	343,607
Inventories	155,938	159,677
Income tax receivables	12,354	19,057
Other financial assets	6,896	4,869
Other current assets	27,104	29,167
Subtotal	<u>693,785</u>	<u>621,885</u>
Assets held for sale	<u>118,641</u>	<u>—</u>
Total current assets	<u>812,426</u>	<u>621,885</u>
Non-current assets		
Property, plant and equipment	717,914	695,158
Goodwill and intangible assets	1,538,679	1,496,901
Investments accounted for using equity method	4,846	8,418
Other financial assets	219,142	208,340
Deferred tax assets	11,388	10,660
Net defined benefit assets	26,055	25,626
Other non-current assets	16,368	15,682
Total non-current assets	<u>2,534,396</u>	<u>2,460,787</u>
Total assets	<u>3,346,822</u>	<u>3,082,672</u>
<b>(Liabilities and Equity)</b>		
Current liabilities		
Trade and other payables	433,582	378,650
Bonds and borrowings	359,722	300,766
Income tax payables	51,856	19,111
Allowance	15,451	15,401
Other financial liabilities	29,224	26,499
Other current liabilities	144,355	109,384
Subtotal	<u>1,034,191</u>	<u>849,814</u>
Liabilities directly related to assets held for sale	<u>17,965</u>	<u>—</u>
Total current liabilities	<u>1,052,157</u>	<u>849,814</u>
Non-current liabilities		
Bonds and borrowings	902,203	898,185
Net defined benefit liabilities	25,488	25,389
Deferred tax liabilities	156,780	148,170
Other financial liabilities	52,997	55,645
Other non-current liabilities	4,446	1,508
Total non-current liabilities	<u>1,141,917</u>	<u>1,128,899</u>
Total liabilities	<u>2,194,074</u>	<u>1,978,714</u>
Equity		
Issued capital	182,531	182,531
Share premium	119,051	119,091
Retained earnings	713,146	707,584
Treasury shares	(76,747)	(76,976)
Other components of equity	210,592	168,491
Other components of equity related to disposal group held for sale	(3,440)	—
Total equity attributable to owners of parent	<u>1,145,135</u>	<u>1,100,721</u>
Non-controlling interests	<u>7,612</u>	<u>3,236</u>
Total equity	<u>1,152,748</u>	<u>1,103,958</u>
Total liabilities and equity	<u>3,346,822</u>	<u>3,082,672</u>

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

(From January 1 to March 31, 2017 and 2018)

&lt;Consolidated Income Statements&gt;

(Millions of yen)

	Previous Year (From January 1 to March 31)	Current Year (From January 1 to March 31)
Revenue	379,176	442,092
Cost of sales	(245,281)	(278,002)
Gross Profit	133,894	164,090
Selling, general and administrative expenses	(118,901)	(140,018)
Other operating income	684	2,170
Other operating expense	(2,034)	(1,437)
Operating Profit	13,642	24,804
Finance income	321	1,444
Finance costs	(2,613)	(3,412)
Share of profit (loss) of entities accounted for using equity method	(5,452)	167
Loss on sales of investments accounted for using equity method	—	(901)
Profit before tax	5,898	22,102
Income tax expense	(3,172)	(7,555)
Profit for the period	2,725	14,547
Attributable to:		
Owners of parent	2,790	14,799
Non-controlling interests	(65)	(252)
Total	2,725	14,547
Basic earnings per share (JPY)	6.09	32.31
Diluted earnings per share (JPY)	6.09	32.30

## &lt;Consolidated Statement of Comprehensive Income&gt;

(Millions of yen)

	Previous Year (From January 1 to March 31)	Current Year (From January 1 to March 31)
Profit for the period	2,725	14,547
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	(16)	(4,142)
Items that might be reclassified to profit or loss		
Cash flow hedges	(12,538)	(468)
Hedging cost	—	(47)
Translation difference on foreign operations	(6,828)	(35,734)
Share of other comprehensive income of entities accounted for using equity method	6,365	2,641
Total other comprehensive income	(13,018)	(37,751)
Total comprehensive income	(10,293)	(23,204)
Total comprehensive income attributable to:		
Owners of parent	(10,003)	(23,707)
Non-controlling interests	(289)	502

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

(Millions of yen)

	Equity attributable to owners of parent						
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges
Balance as of January 1, 2017	182,531	118,668	589,935	(76,709)	51,881	—	(219)
Comprehensive income							
Profit for the period			2,790				
Other comprehensive income					(16)		(12,486)
Total comprehensive income	—	—	2,790	—	(16)	—	(12,486)
Transfer to non-financial assets							12,617
Transactions with owners							
Dividends			(12,827)				
Purchase of treasury shares				(5)			
Disposal of treasury shares							
Changes through business combinations							
Share-based payment transaction		11					
Transfer from other components of equity to retained earnings			958		(958)		
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	11	(11,868)	(5)	(958)	—	—
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)	—	—
Balance as of March 31, 2017	182,531	118,680	580,857	(76,714)	50,906	—	(88)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Other components of equity related to disposal group held for sale	Total equity attributable to owners of parent		
	Hedging cost	Translation difference on foreign operations	Total other components of equity				
Balance as of January 1, 2017	—	(29,734)	21,927	—	836,354	9,750	846,105
Comprehensive income							
Profit for the period			—		2,790	(65)	2,725
Other comprehensive income		(291)	(12,794)		(12,794)	(223)	(13,018)
Total comprehensive income	—	(291)	(12,794)	—	(10,003)	(289)	(10,293)
Transfer to non-financial assets			12,617		12,617		12,617
Transactions with owners							
Dividends			—		(12,827)	(405)	(13,232)
Purchase of treasury shares			—		(5)		(5)
Disposal of treasury shares			—		—		—
Changes through business combinations			—		—	300	300
Share-based payment transaction			—		11		11
Transfer from other components of equity to retained earnings			(958)		—		—
Other increase (decrease)			—		—	261	261
Total contributions by owners and distribution to owners	—	—	(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	—	—	(958)	—	(12,821)	156	(12,665)
Balance as of March 31, 2017	—	(30,025)	20,792	—	826,146	9,618	835,765

**(3) Condensed Consolidated Statement of Changes in Equity**  
Fiscal 2018 (January 1 to March 31, 2018)

(Millions of yen)

	Equity attributable to owners of parent						
	Issued capital	Share premium	Retained earnings	Treasury shares	Other components of equity		
					Changes in fair value of financial instruments measured at fair value through OCI	Remeasurements of defined benefit plans	Cash flow hedges
Balance as of January 1, 2018	182,531	119,051	713,146	(76,747)	71,386	—	(624)
Comprehensive income							
Profit for the period			14,799				
Other comprehensive income					(4,142)		(578)
Total comprehensive income	—	—	14,799	—	(4,142)	—	(578)
Transfer to non-financial assets							99
Transactions with owners							
Dividends			(20,615)				
Purchase of treasury shares				(229)			
Disposal of treasury shares		0		0			
Changes through business combinations							
Changes through sales of consolidated subsidiaries							
Share-based payment transaction							
Transfer from other components of equity to retained earnings		38					
Transfer to other components of equity related to disposal group held for sale			253		(253)		
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	39	(20,361)	(229)	(253)	—	—
Acquisition of non-controlling interests without change in control							
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	39	(20,361)	(229)	(253)	—	—
Balance as of March 31, 2018	182,531	119,091	707,584	(76,976)	66,990	—	(1,103)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Other components of equity related to disposal group held for sale	Total equity attributable to owners of parent		
	Hedging cost	Translation difference on foreign operations	Total other components of equity				
Balance as of January 1, 2018	(1,179)	141,010	210,592	(3,440)	1,145,135	7,612	1,152,748
Comprehensive income							
Profit for the period			—		14,799	(252)	14,547
Other comprehensive income	(47)	(37,179)	(41,947)	3,440	(38,507)	755	(37,751)
Total comprehensive income	(47)	(37,179)	(41,947)	3,440	(23,707)	502	(23,204)
Transfer to non-financial assets			99		99		99
Transactions with owners							
Dividends			—		(20,615)	(463)	(21,079)
Purchase of treasury shares			—		(229)		(229)
Disposal of treasury shares			—		0		0
Changes through business combinations			—		—		—
Changes through sales of consolidated subsidiaries			—		—	(1,711)	(1,711)
Share-based payment transaction			—		—	(2,703)	(2,703)
Transfer from other components of equity to retained earnings			—		38		38
Transfer to other components of equity related to disposal group held for sale			(253)		—		—
Other increase (decrease)			—		—		—
Total contributions by owners and distribution to owners	—	—	(253)	—	(20,805)	(4,879)	(25,684)
Acquisition of non-controlling interests without change in control			—		—		—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	—	(253)	—	(20,805)	(4,879)	(25,684)
Balance as of March 31, 2018	(1,227)	103,831	168,491	—	1,100,721	3,236	1,103,958



#### **(4) Notes to the Condensed Consolidated Financial Statements**

##### **(Changes in Accounting Policies)**

Asahi Group has adopted IFRS 15 "Revenue from Contracts with Customers" and "Clarifications to IFRS 15" since FY2018 Q1. We applied the method to recognize the cumulative impacts incurred by the application of this standard on the application start date, which is permitted as a provisional measure.

We recognized the revenue based on 5 steps approach as below in accordance with IFRS 15.

STEP1 Identify the contract(s) with a customer

STEP2 Identify the separate performance obligations (PO) in the contract

STEP3 Determine the transaction price

STEP4 Allocate the transaction price to the separate POs

STEP5 Recognize revenue when the entity satisfies a PO

The impact compared with the previous accounting standard is minor for the condensed consolidated financial statements.

##### **(Notes Regarding Going Concern Assumptions)**

None