

# Asahi Group Holdings, Ltd.



## FY2018 Q3 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 November 2, 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 Q3)**

November 2, 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 September 30, 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 Q3 ended September 30, 2018	1,578,641	3.7	168,045	13.6	165,709	17.6	116,614	24.2
Fiscal 2017 Q3 ended September 30, 2017	1,521,928	24.0	147,869	38.5	140,879	32.2	93,867	61.5

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2018 Q3 ended September 30, 2018	116,502	24.2	91,569	(59.9)
Fiscal 2017 Q3 ended September 30, 2017	93,783	59.8	228,173	-

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Fiscal 2018 Q3 ended September 30, 2018	254.32	254.31
Fiscal 2017 Q3 ended September 30, 2017	204.71	204.70

(Reference) Profit before tax : FY2018 Q3 ended September 30, 2018 162,047 millions of yen 20.7% FY2017 Q3 ended September 30, 2017 134,255 millions of yen 31.2%

\*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.

We adjusted the financial results for fiscal 2017 Q3 ended September 30 retroactively due to the confirmation of the tentative accounting process for business combination on March 2018.

### (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 Q3 ended September 30, 2018	3,113,907	1,197,823	1,194,431	38.4
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	-	45.00	-		
Fiscal 2018 ending December 31, 2018 (forecast)				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 ending December 31, 2018	2,140,000	2.6	220,000	12.0	204,000	11.4	142,300	2.5

  

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2018 ending December 31, 2018	142,000	0.7	309.98

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 %

## 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):

Q3 ended September 30, 2018 483,585,862 shares

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

(2) Treasury shares at period-end:

Q3 ended September 30, 2018 25,504,947 shares

Year ended December 31, 2017 25,461,769 shares

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

Q3 ended September 30, 2018 458,090,937 shares

Q3 ended September 30, 2017 458,129,400 shares

**\* This Consolidated Financial Results for the Third 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 September 30, 2018)

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	58,054	61,217
Trade and other receivables	433,436	394,281
Inventories	155,938	165,456
Income tax receivables	12,354	6,127
Other financial assets	6,896	7,618
Other current assets	27,104	33,222
Subtotal	<u>693,785</u>	<u>667,924</u>
Assets held for sale	<u>118,641</u>	<u>—</u>
Total current assets	<u>812,426</u>	<u>667,924</u>
Non-current assets		
Property, plant and equipment	717,914	689,460
Goodwill and intangible assets	1,538,679	1,486,270
Investments accounted for using equity method	4,846	8,298
Other financial assets	219,142	211,441
Deferred tax assets	11,388	9,235
Net defined benefit assets	26,055	25,029
Other non-current assets	16,368	16,245
Total non-current assets	<u>2,534,396</u>	<u>2,445,982</u>
Total assets	<u>3,346,822</u>	<u>3,113,907</u>
<b>(Liabilities and Equity)</b>		
Current liabilities		
Trade and other payables	433,582	407,394
Bonds and borrowings	359,722	245,735
Income tax payables	51,856	30,702
Allowance	15,451	14,488
Other financial liabilities	29,224	25,792
Other current liabilities	144,355	140,673
Subtotal	<u>1,034,191</u>	<u>864,786</u>
Liabilities directly related to assets held for sale	<u>17,965</u>	<u>—</u>
Total current liabilities	<u>1,052,157</u>	<u>864,786</u>
Non-current liabilities		
Bonds and borrowings	902,203	819,425
Net defined benefit liabilities	25,488	25,146
Deferred tax liabilities	156,780	147,436
Other financial liabilities	52,997	54,618
Other non-current liabilities	4,446	4,669
Total non-current liabilities	<u>1,141,917</u>	<u>1,051,297</u>
Total liabilities	<u>2,194,074</u>	<u>1,916,083</u>
Equity		
Issued capital	182,531	182,531
Share premium	119,051	119,115
Retained earnings	713,146	789,879
Treasury shares	(76,747)	(76,991)
Other components of equity	210,592	179,897
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>1,194,431</u>
Non-controlling interests	<u>7,612</u>	<u>3,391</u>
Total equity	<u>1,152,748</u>	<u>1,197,823</u>
Total liabilities and equity	<u>3,346,822</u>	<u>3,113,907</u>

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

(From January 1 to September 30, 2017 and 2018)

&lt;Consolidated Income Statements&gt;

(Millions of yen)

	Previous Year (From January 1 to September 30)	Current Year (From January 1 to September 30)
Revenue	1,521,928	1,578,641
Cost of sales	(940,799)	(963,621)
Gross Profit	581,129	615,020
Selling, general and administrative expenses	(433,260)	(446,975)
Other operating income	1,221	3,008
Other operating expense	(8,210)	(5,344)
Operating Profit	140,879	165,709
Finance income	2,016	4,234
Finance costs	(7,206)	(7,646)
Share of profit (loss) of entities accounted for using equity method	(1,434)	651
Loss on sales of investments accounted for using equity method	—	(901)
Profit before tax	134,255	162,047
Income tax expense	(40,387)	(45,432)
Profit for the period	93,867	116,614
Attributable to:		
Owners of parent	93,783	116,502
Non-controlling interests	84	111
Total	93,867	116,614
Basic earnings per share (JPY)	204.71	254.32
Diluted earnings per share (JPY)	204.70	254.31

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

(Millions of yen)

	Previous Year (From January 1 to September 30)	Current Year (From January 1 to September 30)
Profit for the period	93,867	116,614
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	8,697	1,121
Remeasurements of defined benefit plans	32	—
Items that might be reclassified to profit or loss		
Cash flow hedges	(13,840)	1,453
Hedging cost	(1,164)	(165)
Translation difference on foreign operations	135,119	(29,953)
Share of other comprehensive income of entities accounted for using equity method	5,462	2,499
Total other comprehensive income	134,305	(25,044)
Total comprehensive income	228,173	91,569
Total comprehensive income attributable to:		
Owners of parent	228,109	90,734
Non-controlling interests	63	835

**(3) Condensed Consolidated Statement of Changes in Equity**  
Fiscal 2017 (January 1 to September 30, 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			93,783				
Other comprehensive income					8,697	32	(13,813)
Total comprehensive income	—	—	93,783	—	8,697	32	(13,813)
Transfer to non-financial assets							11,988
Transactions with owners							
Dividends			(26,571)				
Purchase of treasury shares				(23)			
Disposal of treasury shares		0		0			
Changes through business combinations							
Changes through sales of consolidated subsidiaries							
Changes in the scope of consolidation							
Share-based payment transaction		36					
Transfer from other components of equity to retained earnings			2,873		(2,841)	(32)	
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	36	(23,697)	(23)	(2,841)	(32)	—
Acquisition of non-controlling interests without change in control		2					
Total changes in ownership interests in subsidiaries	—	2	—	—	—	—	—
Total transactions with owners	—	39	(23,697)	(23)	(2,841)	(32)	—
Balance as of September 30, 2017	182,531	118,707	660,021	(76,732)	57,737	—	(2,044)

	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			—		93,783	84	93,867
Other comprehensive income	(1,164)	140,574	134,326		134,326	(20)	134,305
Total comprehensive income	(1,164)	140,574	134,326	—	228,109	63	228,173
Transfer to non-financial assets			11,988		11,988		11,988
Transactions with owners							
Dividends			—		(26,571)	(405)	(26,976)
Purchase of treasury shares			—		(23)		(23)
Disposal of treasury shares			—		0		0
Changes through business combinations			—		—	300	300
Changes through sales of consolidated subsidiaries			—		—		—
Changes in the scope of consolidation			—		—		—
Share-based payment transaction			—		36		36
Transfer from other components of equity to retained earnings			(2,873)		—		—
Other increase (decrease)			—		—	264	264
Total contributions by owners and distribution to owners	—	—	(2,873)	—	(26,558)	159	(26,398)
Acquisition of non-controlling interests without change in control			—		2	(42)	(39)
Total changes in ownership interests in subsidiaries	—	—	—	—	2	(42)	(39)
Total transactions with owners	—	—	(2,873)	—	(26,555)	116	(26,438)
Balance as of September 30, 2017	(1,164)	110,840	165,368	—	1,049,896	9,931	1,059,828

**(3) Condensed Consolidated Statement of Changes in Equity**  
Fiscal 2018 (January 1 to September 30, 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			116,502				
Other comprehensive income					1,121		1,334
Total comprehensive income	—	—	116,502	—	1,121	—	1,334
Transfer to non-financial assets							(28)
Transactions with owners							
Dividends			(41,229)				
Purchase of treasury shares				(244)			
Disposal of treasury shares		0		0			
Changes through business combinations							
Changes through sales of consolidated subsidiaries							
Changes in the scope of consolidation							
Share-based payment transaction		63					
Transfer from other components of equity to retained earnings			1,458		(1,458)		
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	64	(39,770)	(244)	(1,458)	—	—
Acquisition of non-controlling interests without change in control							
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	64	(39,770)	(244)	(1,458)	—	—
Balance as of September 30, 2018	182,531	119,115	789,879	(76,991)	71,048	—	682

	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			—		116,502	111	116,614
Other comprehensive income	(165)	(31,498)	(29,208)	3,440	(25,768)	723	(25,044)
Total comprehensive income	(165)	(31,498)	(29,208)	3,440	90,734	835	91,569
Transfer to non-financial assets			(28)		(28)		(28)
Transactions with owners							
Dividends			—		(41,229)	(665)	(41,894)
Purchase of treasury shares			—		(244)		(244)
Disposal of treasury shares			—		0		0
Changes through business combinations			—		—		—
Changes through sales of consolidated subsidiaries			—		—	(1,711)	(1,711)
Changes in the scope of consolidation			—		—	(2,703)	(2,703)
Share-based payment transaction			—		63		63
Transfer from other components of equity to retained earnings			(1,458)		—		—
Other increase (decrease)			—		—	25	25
Total contributions by owners and distribution to owners	—	—	(1,458)	—	(41,409)	(5,056)	(46,465)
Acquisition of non-controlling interests without change in control			—		—		—
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	—
Total transactions with owners	—	—	(1,458)	—	(41,409)	(5,056)	(46,465)
Balance as of September 30, 2018	(1,345)	109,511	179,897	—	1,194,431	3,391	1,197,823



#### **(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