

# Asahi Group Holdings, Ltd.



## FY2019 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, 2019. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results  
(Fiscal 2019 Q1)**

May 8, 2019

**Asahi Group Holdings, Ltd.**

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

## 1. Overview of performance (From January 1, 2019 to March 31, 2019)

(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 2019 Q1 ended March 31, 2019	429,376	(2.9)	24,794	3.0	23,283	(6.1)	15,305	5.2
Fiscal 2018 Q1 ended March 31, 2018	442,092	16.6	24,071	60.5	24,804	81.8	14,547	433.8

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2019 Q1 ended March 31, 2019	15,234	2.9	(1,178)	-
Fiscal 2018 Q1 ended March 31, 2018	14,799	430.3	(23,204)	-

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Fiscal 2019 Q1 ended March 31, 2019	33.26	33.26
Fiscal 2018 Q1 ended March 31, 2018	32.31	32.30

(Reference) Profit before tax : FY2019 Q1 ended March 31, 2019 22,068 millions of yen FY2018 Q1 ended March 31, 2018 22,102 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 2019 Q1 ended March 31, 2019	3,026,574	1,121,487	1,118,372	37.0
Fiscal 2018 Q1 ended March 31, 2018	3,079,315	1,149,647	1,146,420	37.2

### 2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2018 ended December 31, 2018	-	45.00	-	54.00	99.00
Fiscal 2019 ended December 31, 2019	-				
Fiscal 2019 ending December 31, 2019 (forecast)		52.00	-	54.00	106.00

Note: Changes to the latest dividend forecast announced: No

### 3. Forecast for Fiscal 2019 (January 1, 2019 to December 31, 2019)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2019 H1 ending June 30, 2019	1,010,000	0.5	89,200	1.1	86,300	(1.8)	60,400	0.3
Fiscal 2019 ending December 31, 2019	2,153,000	1.5	230,000	3.9	217,000	2.5	152,000	0.7

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2019 H1 ending June 30, 2019	60,400	0.0	131.90
Fiscal 2019 ending December 31, 2019	152,000	0.6	331.81

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

(Reference) Profit before tax : FY2019 ending December 31, 2019 forecast 214,000 millions of yen 3.2 %

## 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, 2019 483,585,862 shares

Year ended December 31, 2018 483,585,862 shares

(2) Treasury shares at period-end:

Q1 ended March 31, 2019 25,506,890 shares

Year ended December 31, 2018 25,506,181 shares

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

Q1 ended March 31, 2019 458,079,236 shares

Year ended December 31, 2018 458,109,584 shares

(Note) The treasury shares which are excluded from calculations of the number of treasury shares at the end of the fiscal period and the average number of shares during the period under review include the Company's shares held by Japan Trustee Services Bank, Ltd. as trust property of the performance-lined stock compensation system for the Directors.

(Q1 ended March 31, 2019 : 38,700 shares, Year ended December 31, 2018 : 38,700 shares, Q1 ended March 31, 2018 : 38,700 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, 2018 and March 31, 2019)

(Millions of yen)

	As of December 31, 2018	As of March 31, 2019
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	57,317	50,328
Trade and other receivables	427,279	347,975
Inventories	160,319	173,831
Income tax receivables	37,308	37,928
Other financial assets	7,025	5,966
Other current assets	25,324	39,070
Total current assets	714,576	655,099
Non-current assets		
Property, plant and equipment	689,985	719,912
Goodwill and intangible assets	1,428,543	1,396,772
Investments accounted for using equity method	8,668	9,065
Other financial assets	184,533	186,573
Deferred tax assets	16,300	16,359
Net defined benefit assets	19,282	18,854
Other non-current assets	17,424	23,939
Total non-current assets	2,364,738	2,371,475
Total assets	3,079,315	3,026,574
<b>(Liabilities and Equity)</b>		
<b>(Liabilities)</b>		
Current liabilities		
Trade and other payables	416,842	383,800
Bonds and borrowings	262,620	320,644
Income tax payables	39,624	25,113
Allowance	17,655	15,934
Other financial liabilities	62,027	36,313
Other current liabilities	140,821	104,327
Total current liabilities	939,591	886,134
Non-current liabilities		
Bonds and borrowings	764,768	760,960
Net defined benefit liabilities	25,517	25,632
Deferred tax liabilities	137,277	133,777
Other financial liabilities	59,776	95,626
Other non-current liabilities	2,736	2,956
Total non-current liabilities	990,076	1,018,952
Total liabilities	1,929,668	1,905,087
<b>(Equity)</b>		
Issued capital	182,531	182,531
Share premium	119,128	119,145
Retained earnings	821,120	812,116
Treasury shares	(76,997)	(77,000)
Other components of equity	100,637	81,579
Total equity attributable to owners of parent	1,146,420	1,118,372
Non-controlling interests	3,227	3,115
Total equity	1,149,647	1,121,487
Total liabilities and equity	3,079,315	3,026,574

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

(From January 1 to March 31, 2018 and 2019)

&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	442,092	429,376
Cost of sales	(278,002)	(268,379)
Gross Profit	164,090	160,996
Selling, general and administrative expenses	(140,018)	(136,201)
Other operating income	2,170	257
Other operating expense	(1,437)	(1,769)
Operating Profit	24,804	23,283
Finance income	1,444	2,487
Finance costs	(3,412)	(3,949)
Share of profit (loss) of entities accounted for using equity method	167	247
Gain (loss) on sales of investments accounted for using equity method	(901)	—
Profit before tax	22,102	22,068
Income tax expense	(7,555)	(6,762)
Profit for the period	14,547	15,305
Attributable to:		
Owners of parent	14,799	15,234
Non-controlling interests	(252)	70
Total	14,547	15,305
Basic earnings per share (JPY)	32.31	33.26
Diluted earnings per share (JPY)	32.30	33.26

## &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	14,547	15,305
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	(4,142)	6,396
Items that might be reclassified to profit or loss		
Cash flow hedges	(468)	2,367
Hedging cost	(47)	301
Translation difference on foreign operations	(35,734)	(25,606)
Share of other comprehensive income of entities accounted for using equity method	2,641	56
Total other comprehensive income	(37,751)	(16,484)
Total comprehensive income	(23,204)	(1,178)
Total comprehensive income attributable to:		
Owners of parent	(23,707)	(1,227)
Non-controlling interests	502	49

**(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)
Cumulative effects of changes in accounting policies							
Restated 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 sales of consolidated subsidiaries							
Change in the scope of consolidation							
Share-based payment transaction		38					
Transfer from other components of equity to retained earnings			253		(253)		
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	39	(20,361)	(229)	(253)	—	—
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
Cumulative effects of changes in accounting policies			—		—		—
Restated 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 sales of consolidated subsidiaries			—		—	(1,711)	(1,711)
Change in the scope of consolidation			—		—	(2,703)	(2,703)
Share-based payment transaction			—		38		38
Transfer from other components of equity to retained earnings			(253)		—		—
Other increase (decrease)			—		—		—
Total contributions by owners and distribution to owners	—	—	(253)	—	(20,805)	(4,879)	(25,684)
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

### (3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2019 (January 1 to March 31, 2019)

(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, 2019	182,531	119,128	821,120	(76,997)	53,015	—	(641)
Cumulative effects of changes in accounting policies			(1,993)				
Restated Balance as of January 1, 2019	182,531	119,128	819,126	(76,997)	53,015	—	(641)
Comprehensive income							
Profit for the period			15,234				
Other comprehensive income					6,396		2,359
Total comprehensive income	—	—	15,234	—	6,396	—	2,359
Transfer to non-financial assets							(103)
Transactions with owners							
Dividends			(24,736)				
Purchase of treasury shares				(3)			
Disposal of treasury shares		0		0			
Changes through sales of consolidated subsidiaries							
Changes in the scope of consolidation							
Share-based payment transaction		17					
Transfer from other components of equity to retained earnings			2,491		(2,491)		
Other increase (decrease)							
Total contributions by owners and distribution to owners	—	17	(22,244)	(3)	(2,491)	—	—
Total transactions with owners	—	17	(22,244)	(3)	(2,491)	—	—
Balance as of March 31, 2019	182,531	119,145	812,116	(77,000)	56,920	—	1,613

	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, 2019	(1,839)	50,103	100,637	—	1,146,420	3,227	1,149,647
Cumulative effects of changes in accounting policies			—		(1,993)		(1,993)
Restated Balance as of January 1, 2019	(1,839)	50,103	100,637	—	1,144,426	3,227	1,147,653
Comprehensive income							
Profit for the period			—		15,234	70	15,305
Other comprehensive income	301	(25,519)	(16,462)	—	(16,462)	(21)	(16,484)
Total comprehensive income	301	(25,519)	(16,462)	—	(1,227)	49	(1,178)
Transfer to non-financial assets			(103)		(103)		(103)
Transactions with owners							
Dividends			—		(24,736)	(161)	(24,897)
Purchase of treasury shares			—		(3)		(3)
Disposal of treasury shares			—		0		0
Changes through sales of consolidated subsidiaries			—		—		—
Changes in the scope of consolidation			—		—		—
Share-based payment transaction			—		17		17
Transfer from other components of equity to retained earnings			(2,491)		—		—
Other increase (decrease)			—		—		—
Total contributions by owners and distribution to owners	—	—	(2,491)	—	(24,722)	(161)	(24,883)
Total transactions with owners	—	—	(2,491)	—	(24,722)	(161)	(24,883)
Balance as of March 31, 2019	(1,538)	24,583	81,579	—	1,118,372	3,115	1,121,487



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

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

Asahi Group has adopted IFRS 16 "Leases" (hereinafter, the "Standard") since FY2019 Q1.

##### **(1) Leases as Lessee**

Under the Standard, in principle, a single accounting model will be used to treat lessee's leases on balance, and the lessee will recognize a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make a lease payment.

Asahi Group record a right-of-use asset in Property, plant and equipment and lease liability in Other financial liabilities in Condensed Consolidated Statement of Financial Position

The Group will not restate comparative figures but recognizes the cumulative impact of the application of the Standard as an adjustment to the beginning balance of retained earnings on January 1, 2019.

In addition, the Group plans to apply a practical expedient to grandfather the definition of a lease on transition.

This means that the Standard will be applied to all contracts entered into before January 1, 2019, and identified as leases in accordance with IAS 17 "Leases" and IFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease."

##### **(2) Leases as Lessor**

Regarding the leases which Asahi Group is the lessor, excluding subleases, we do not need to adjust at the time of transition to the Standard.

Asahi Group has processed accounting based on the Standard since application start date.

##### **(3) The impact to the Condensed Consolidated Financial Statements**

Due to the application of the Standard, total assets increased 42,728 million yen and total liabilities increased 44,812 million yen, respectively.

The impact on profit for the period and cash flows during this period are immaterial.

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

None