

Asahi Group Holdings, Ltd.



FY2020 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 11, 2020. This translation was made for information only. The Company gives no warranty with respect to its correctness.

**Summary Report of Financial Results
(Fiscal 2020 Q1)**

May 11, 2019

Asahi Group Holdings, Ltd.

Code number: 2502
Shares Listed: First Section of each of Tokyo Stock Exchanges
Head Office: Tokyo
Contact: Osamu Ishizaka, Executive Officer, Head of Corporate Communications
Tel: + 81 3 5608 5126 (<https://www.asahigroup-holdings.com/en/>)
US GAAP: Not applicable

1. Overview of performance (From January 1, 2020 to March 31, 2020)

(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 2020 Q1 ended March 31, 2020	409,133	(4.7)	15,874	(36.0)	12,923	(44.5)	8,286	(45.9)
Fiscal 2019 Q1 ended March 31, 2019	429,376	(2.9)	24,794	3.0	23,283	(6.1)	15,305	5.2

	Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2020 Q1 ended March 31, 2020	8,334	(45.3)	(215,620)	-
Fiscal 2019 Q1 ended March 31, 2019	15,234	2.9	(1,178)	-

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Fiscal 2020 Q1 ended March 31, 2020	18.20	18.19
Fiscal 2019 Q1 ended March 31, 2019	33.26	33.26

(Reference) Profit before tax : FY2020 Q1 ended March 31, 2020 9,473 millions of yen FY2019 Q1 ended March 31, 2019 22,068 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 2020 Q1 ended March 31, 2020	2,914,131	1,010,745	1,008,524	34.6
Fiscal 2019 ended December 31, 2019	3,140,788	1,248,279	1,246,314	39.7

2. Dividends

	Cash dividend per share				
	Q1	Q2	Q3	Year-end	Total annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2019 ended December 31, 2019	-	52.00	-	48.00	100.00
Fiscal 2020 ended December 31, 2020	-				
Fiscal 2020 ending December 31, 2020 (forecast)		53.00	-	53.00	106.00

Note: Changes to the latest dividend forecast announced: No

Asahi Group's shareholder return policy is to steadily increase dividends and maintain our previous dividends forecast for the fiscal 2020 ended December 31, 2020 at the present time, regardless of changes in our business performance.

3. Forecast for Fiscal 2020 (January 1, 2020 to December 31, 2020)

	Revenue		Core Operating Profit		Operating Profit		Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2020 H1 ending June 30, 2020	-	-	-	-	-	-	-	-
Fiscal 2020 ending December 31, 2020	-	-	-	-	-	-	-	-

	Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(yen)
Fiscal 2020 H1 ending June 30, 2020	-	-	-
Fiscal 2020 ending December 31, 2020	-	-	-

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

(Reference) Profit before tax : FY2020 ending December 31, 2020 forecast - millions of yen - %

<Constant Currency Basis>

	Revenue		Core Operating Profit	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal 2020 ending March 31, 2020 *1	417,133	(2.9)	16,143	(34.9)
Fiscal 2020 ending December 31, 2020 (forecast)	-	-	-	-

*1 The figures in FY2020 are converted by the previous year's local currency rates.

Earnings forecast left undetermined due to uncertainty over when COVID-19 outbreak will end.

Revised forecast will be announced by 1H results announcement.

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: 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):

Q1 ended March 31, 2020 483,585,862 shares

Year ended December 31, 2019 483,585,862 shares

(2) Treasury shares at period-end:

Q1 ended March 31, 2020 25,510,231 shares

Year ended December 31, 2019 25,509,372 shares

Asahi Group's shareholder return policy is to steadily increase dividends and maintain our previous dividends forecast

for the fiscal 2020 ended December 31, 2020 at the 458,075,908 shares

Year ended December 31, 2019 458,079,236 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, 2020 : 35,742 shares, Year ended December 31, 2019 : 35,742 shares, Q1 ended March 31, 2019 : 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

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, 2019 and March 31, 2020)

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
(Assets)		
Current assets		
Cash and cash equivalents	48,489	61,557
Trade and other receivables	407,621	297,812
Inventories	171,717	180,704
Income tax receivables	24,940	26,695
Other financial assets	51,277	5,479
Other current assets	31,067	38,544
Total current assets	735,113	610,794
Non-current assets		
Property, plant and equipment	735,022	711,229
Goodwill and intangible assets	1,398,422	1,308,107
Investments accounted for using equity method	8,755	9,367
Other financial assets	198,657	171,850
Deferred tax assets	15,734	55,362
Net defined benefit assets	20,655	20,153
Other non-current assets	28,424	27,266
Total non-current assets	2,405,674	2,303,337
Total assets	3,140,788	2,914,131
(Liabilities and Equity)		
(Liabilities)		
Current liabilities		
Trade and other payables	423,810	357,660
Bonds and borrowings	408,259	472,130
Income tax payables	39,555	21,776
Allowance	14,407	12,698
Other financial liabilities	56,265	161,559
Other current liabilities	133,375	97,515
Total current liabilities	1,075,673	1,123,341
Non-current liabilities		
Bonds and borrowings	534,955	525,246
Net defined benefit liabilities	24,778	24,717
Deferred tax liabilities	147,969	119,759
Other financial liabilities	106,240	107,602
Other non-current liabilities	2,890	2,718
Total non-current liabilities	816,835	780,043
Total liabilities	1,892,509	1,903,385
Asahi Group's shareholder return policy is to steadily increase dividends and maintain our previous dividends forecast for the fiscal 2020 ended December 31, 2020 at the present time, regardless of changes in our business performance		
Issued capital	182,531	182,531
Share premium	119,163	119,202
Retained earnings	918,523	904,549
Treasury shares	(77,011)	(77,015)
Other components of equity	103,107	(120,742)
Total equity attributable to owners of parent	1,246,314	1,008,524
Non-controlling interests	1,965	2,221
Total equity	1,248,279	1,010,745
Total liabilities and equity	3,140,788	2,914,131

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

(From January 1 to March 31, 2019 and 2020)

<Consolidated Income Statements>

(Millions of yen)

	Previous year (From January 1 to March 31)	Current year (From January 1 to March 31)
Revenue	429,376	409,133
Cost of sales	(268,379)	(264,311)
Gross Profit	160,996	144,821
Selling, general and administrative expenses	(136,201)	(128,947)
Other operating income	257	402
Other operating expense	(1,769)	(3,352)
Operating Profit	23,283	12,923
Finance income	2,487	1,045
Finance costs	(3,949)	(4,548)
Share of profit (loss) of entities accounted for using equity method	247	52
Profit before tax	22,068	9,473
Income tax expense	(6,762)	(1,187)
Profit for the period	15,305	8,286
Attributable to:		
Owners of parent	15,234	8,334
Non-controlling interests	70	(48)
Total	15,305	8,286
Basic earnings per share (JPY)	33.26	18.20
Diluted earnings per share (JPY)	33.26	18.19

	Previous year (From January 1 to March 31)	Current year (From January 1 to March 31)
Profit for the period	15,305	8,286
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	6,396	(17,970)
Items that might be reclassified to profit or loss		
Cash flow hedges	2,367	(106,296)
Hedging cost	301	(506)
Translation difference on foreign operations	(25,606)	(99,000)
Share of other comprehensive income of entities accounted for using equity method	56	(133)
Total other comprehensive income	(16,484)	(223,907)
Total comprehensive income	(1,178)	(215,620)
Total comprehensive income attributable to:		
Owners of parent	(1,227)	(215,963)
Non-controlling interests	49	342

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2019 (January 1 to March 31, 2019)

	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	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						
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			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			—	—		—
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

(3) Condensed Consolidated Statement of Changes in Equity

Fiscal 2020 (January 1 to March 31, 2019)

	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	Cash flow hedges
Balance as of January 1, 2020	182,531	119,163	918,523	(77,011)	63,354	32,797
Cumulative effects of changes in accounting policies						
Restated Balance as of January 1, 2020	182,531	119,163	918,523	(77,011)	63,354	32,797
Comprehensive income						
Profit for the period			8,334			
Other comprehensive income					(17,970)	(106,296)
Total comprehensive income	—	—	8,334	—	(17,970)	(106,296)
Transfer to non-financial assets						126
Transactions with owners						
Dividends			(21,987)			
Purchase of treasury shares				(4)		
Disposal of treasury shares		0		0		
Changes through sales of consolidated subsidiaries						
Share-based payment transaction		39				
Transfer from other components of equity to retained earnings			(321)		321	
Other increase (decrease)		(0)				
Total contributions by owners and distribution to owners	—	39	(22,309)	(4)	321	—
Total transactions with owners	—	39	(22,309)	(4)	321	—
Balance as of March 31, 2020	182,531	119,202	904,549	(77,015)	45,706	(73,371)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Hedging cost	Translation difference on foreign operations	Total other components of equity			
Balance as of January 1, 2020	(1,125)	8,080	103,107	1,246,314	1,965	1,248,279
Cumulative effects of changes in accounting policies			—	—		—
Restated Balance as of January 1, 2020	(1,125)	8,080	103,107	1,246,314	1,965	1,248,279
Comprehensive income						
Profit for the period			—	8,334	(48)	8,286
Other comprehensive income	(506)	(99,525)	(224,298)	(224,298)	391	(223,907)
Total comprehensive income	(506)	(99,525)	(224,298)	(215,963)	342	(215,620)
Transfer to non-financial assets			126	126		126
Transactions with owners						
Dividends			—	(21,987)	(23)	(22,011)
Purchase of treasury shares			—	(4)		(4)
Disposal of treasury shares			—	0		0
Changes through sales of consolidated subsidiaries			—	—	(62)	(62)
Share-based payment transaction			—	39		39
Transfer from other components of equity to retained earnings			321	—		—
Other increase (decrease)			—	(0)	(0)	(1)
Total contributions by owners and distribution to owners	—	—	321	(21,952)	(86)	(22,039)
Total transactions with owners	—	—	321	(21,952)	(86)	(22,039)
Balance as of March 31, 2020	(1,631)	(91,445)	(120,742)	1,008,524	2,221	1,010,745

(4) Notes to the Condensed Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

None

(Additional Information)

Asahi Group announced on 19 July 2019 that it had entered into an agreement with Anheuser-Busch InBev (“AB InBev”) to acquire 100% of the shares of AB InBev’s Australian business (“CUB”) (“Proposed Transaction”).

The Proposed Transaction is subject to approval from the Australian Competition and Consumer Commission (“ACCC”) and Foreign Investment Review Board (“FIRB”) of Asahi Group as the purchaser of CUB.

We have obtained such approval from ACCC and FIRB.

Given this, Asahi Group and AB InBev will move to completion of the Proposed Transaction on 1 June 2020.