

2020 Q1 Consolidated Financial Results Highlight

◆ Business Performance Highlight

(Billions of yen)

	Q1 (3 months ended March 31)			
		2019	Inc./Dec.	YoY
Revenue	409.1	429.4	- 20.2	- 4.7%
Domestic Business	208.3	215.1	- 6.8	- 3.2%
Overseas Business	112.2	120.2	- 8.0	- 6.7%
Revenue excluding liquor tax	320.6	335.4	- 14.8	- 4.4%
Core operating profit *	15.9	24.8	- 8.9	- 36.0%
Operating profit	12.9	23.3	- 10.4	- 44.5%
Profit before tax	9.5	22.1	- 12.6	- 57.1%
Profit for the period	8.3	15.3	- 7.0	- 45.9%
Profit attributable to owners of parent	8.3	15.2	- 6.9	- 45.3%

* Core operating profit is the reference index for normalized business performance.

Core operating profit = Revenue - (COGS + general administrative cost)

◆ Performance excluding the impacts of foreign exchange

(The figures in 2020 are converted by the previous year's local currency rate)

Revenue	417.1	429.4	- 12.2	- 2.9%
Core operating profit	16.1	24.8	- 8.7	- 34.9%

◆ Reference Index

	Q1 (3 months ended March 31)		
		2019	Inc./Dec.
Alcohol Beverages Business (including liquor tax)	8.1%	8.1%	0.0%
(excluding liquor tax)	13.3%	13.3%	0.0%
Soft Drinks Business	1.4%	4.1%	- 2.7%
Food Business	13.1%	11.6%	1.5%
Overseas Business (including liquor tax)	6.5%	10.2%	- 3.7%
(excluding liquor tax)	7.9%	12.3%	- 4.4%
Core operating profit margin (including liquor tax)	3.9%	5.8%	- 1.9%
(excluding liquor tax)	5.0%	7.4%	- 2.4%
EPS (yen)	18.2	33.3	- 15.1

2020 Q1 Consolidated Financial Results

◆ Summary of Statement of Profit or Loss

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Alcohol Beverages Business	166.3	179.1	- 12.8	- 7.1%
Soft Drinks Business *1	75.1	76.8	- 1.7	- 2.2%
Food Business	28.2	26.2	2.0	7.5%
Overseas Business *1	136.4	144.5	- 8.1	- 5.6%
Other Business	23.5	24.1	- 0.6	- 2.5%
Adjustment (corporate and elimination)	- 20.4	- 21.3	1.0	-
Revenue	409.1	429.4	- 20.2	- 4.7%
Alcohol Beverages Business	13.5	14.5	- 1.0	- 7.1%
Soft Drinks Business *1	1.1	3.2	- 2.1	- 66.1%
Food Business	3.7	3.0	0.6	20.9%
Overseas Business *1	8.8	14.8	- 5.9	- 40.3%
Other Business	- 0.6	- 0.5	- 0.1	-
Adjustment (corporate and elimination)	- 5.3	- 4.9	- 0.4	-
Amortization of acquisition-related intangible assets	- 5.2	- 5.3	0.1	-
Core operating profit	15.9	24.8	- 8.9	- 36.0%
Adjustment item	- 3.0	- 1.5	- 1.4	-
Loss (gain) on sales and retirement of non current assets	- 0.4	- 0.5	0.1	-
Business integration expenses	- 0.8	- 0.3	- 0.5	-
Others	- 1.7	- 0.7	- 1.0	-
Operating profit	12.9	23.3	- 10.4	- 44.5%
Financing income or loss	- 1.5	- 1.3	- 0.2	-
Share of profit (loss) of entities accounted for using equity method	0.1	0.2	- 0.2	- 78.7%
Others	- 2.0	- 0.1	- 1.8	-
Profit before tax	9.5	22.1	- 12.6	- 57.1%
Income tax expense	- 1.2	- 6.8	5.6	-
Profit for the period	8.3	15.3	- 7.0	- 45.9%
Profit attributable to owners of parent	8.3	15.2	- 6.9	- 45.3%
Profit attributable to non-controlling interests	- 0.0	0.1	- 0.1	-

* The effects of change 1 below resulting from business reorganization effective January 1, 2020 were reflected in figures from the beginning of 2020 and comparable previous year's results in 2019.

*1 We transferred Calpis Beverages U.S.A which was previously in Other/elimination in Overseas Business to Asahi Soft Drinks Business in Soft Drinks Business.

◆ Summary of Statement of Financial Position

(Billions of yen)

		Q1 (as of March 31)		
		end of 2019	Inc./Dec.	YoY
Total Assets	2,914.1	3,140.8	- 226.7	- 7.2%
Total Equity	1,010.7	1,248.3	- 237.5	- 19.0%
Total equity attributable to owners of parent	1,008.5	1,246.3	- 237.8	- 19.1%
Interest-bearing debt	997.4	943.2	54.2	5.7%

◆ Others

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Capital expenditures	19.9	18.0	2.0	10.9%
Depreciation	17.8	17.4	0.4	2.5%

* Capital expenditures and depreciation do not include lease assets or trademarks at the time of acquisition of subsidiaries.

2020 Q1 Financial Results (Individual)

◆ Revenue

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Asahi Breweries	162.5	174.1	- 11.6	- 6.7%
Other / elimination in segment	3.8	5.0	- 1.2	- 23.5%
Alcohol Beverages Business	166.3	179.1	- 12.8	- 7.1%
Asahi Soft Drinks *1	75.1	76.8	- 1.7	- 2.2%
Other / elimination in segment	-	-	-	-
Soft Drinks Business	75.1	76.8	- 1.7	- 2.2%
Asahi Group Foods	28.2	26.2	2.0	7.5%
Other / elimination in segment	- 0.0	- 0.0	- 0.0	-
Food Business	28.2	26.2	2.0	7.5%
Europe business *2	70.4	76.8	- 6.3	- 8.3%
Oceania business *3	39.8	38.7	1.1	2.7%
Southeast Asia business *4	11.0	12.3	- 1.2	- 10.1%
Asahi International *2	18.8	18.1	0.8	4.2%
Other / elimination in segment *1,4	- 3.6	- 1.3	- 2.3	-
Overseas Business	136.4	144.5	- 8.1	- 5.6%
Other Business	23.5	24.1	- 0.6	- 2.5%
Adjustment (corporate and elimination)	- 20.4	- 21.3	1.0	-
Total	409.1	429.4	- 20.2	- 4.7%

◆ Core Operating Profit

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Asahi Breweries	13.8	14.6	- 0.8	- 5.5%
Other / elimination in segment	- 0.3	- 0.1	- 0.2	-
Alcohol Beverages Business	13.5	14.5	- 1.0	- 7.1%
Asahi Soft Drinks *1	1.1	3.2	- 2.1	- 66.1%
Other / elimination in segment	-	-	-	-
Soft Drinks Business	1.1	3.2	- 2.1	- 66.1%
Asahi Group Foods	3.5	2.9	0.6	21.1%
Other / elimination in segment	0.1	0.1	0.0	16.1%
Food Business	3.7	3.0	0.6	20.9%
Europe business *2	7.6	9.5	- 1.9	- 20.4%
Oceania business *5	1.7	2.5	- 0.8	- 33.7%
Southeast Asia business *4	0.2	0.6	- 0.4	- 67.8%
Asahi International *2	- 0.2	2.0	- 2.1	-
Other / elimination in segment *1,4	- 0.5	0.1	- 0.6	-
Overseas Business	8.8	14.8	- 5.9	- 40.3%
Other Business	- 0.6	- 0.5	- 0.1	-
Adjustment (corporate and elimination) *6	- 5.3	- 4.9	- 0.4	-
Amortization of acquisition-related intangible assets	- 5.2	- 5.3	0.1	-
Total	15.9	24.8	- 8.9	- 36.0%

* The effects of change 1 below resulting from business reorganization effective January 1, 2020 were reflected in figures from the beginning of 2020 and comparable previous year's results in 2019.

*1 We transferred Calpis Beverages U.S.A which was previously in Other/elimination in Overseas Business to Asahi Soft Drinks Business in Soft Drinks Business.

*2 Accompanying reorganization of the international beer business, the Central Europe Business was renamed the Europe Business, to which businesses in Italy and the Netherlands were moved from the Western Europe Business. The Western Europe Business was renamed Asahi International Ltd., and absorbed the export and license businesses in Japan, Oceania, and areas in Europe other than those managed by the Europe Business.

*3 Including 2.5bn JPY impact of accounting change related to container deposit legislation.

*4 We transferred Calpis Indonesia which was previously in Other/elimination in Overseas Business to Southeast Asia in Overseas Business.

*5 Including once-off cost -0.3 bn JPY related to CUB acquisition.

*6 Adjustment to Core operating profit includes all corporate expenses incurred by Asahi Group Holdings. In addition, Asahi Group Holdings records income from major subsidiaries such as management fees and corporate brand royalties on a non-consolidated basis. Core operating profit for each business segment has been arrived at without taking into account major subsidiaries' expenditures for these management fees and corporate brand royalties.

Segment Results (constant currency basis)

◆ Revenue

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Alcohol Beverages Business	166.3	179.1	- 12.8	- 7.1%
Soft Drinks Business *1	75.1	76.8	- 1.7	- 2.2%
Food Business	28.2	26.2	2.0	7.5%
Europe business *2	73.4	76.8	- 3.4	- 4.4%
Oceania business *3	43.6	38.7	4.9	12.7%
Southeast Asia business *4	11.3	12.3	- 0.9	- 7.5%
Asahi International *2	19.6	18.1	1.6	8.6%
Other / elimination in segment *1,4	- 3.6	- 1.3	- 2.3	-
Overseas Business	144.4	144.5	- 0.1	- 0.1%
Other Business	23.5	24.1	- 0.6	- 2.5%
Adjustment (corporate and elimination)	- 20.4	- 21.3	1.0	-
Total	417.1	429.4	- 12.2	- 2.9%

◆ Core Operating Profit

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Alcohol Beverages Business	13.5	14.5	- 1.0	- 7.1%
Soft Drinks Business *1	1.1	3.2	- 2.1	- 66.1%
Food Business	3.7	3.0	0.6	20.9%
Europe business *2	7.9	9.5	- 1.6	- 17.0%
Oceania business *5	1.8	2.5	- 0.7	- 27.3%
Southeast Asia business *4	0.2	0.6	- 0.4	- 67.3%
Asahi International *2	- 0.2	2.0	- 2.1	-
Other / elimination in segment *1,4	- 0.5	0.1	- 0.6	-
Overseas Business	9.3	14.8	- 5.5	- 37.1%
Other Business	- 0.6	- 0.5	- 0.1	-
Adjustment (corporate and elimination) *6	- 5.3	- 4.9	- 0.4	-
Amortization of acquisition-related intangible assets	- 5.4	- 5.3	- 0.1	-
Total	16.1	24.8	- 8.7	- 34.9%

* The figures in 2020 are converted by the previous year's local currency rate

* The effects of change 1 below resulting from business reorganization effective January 1, 2020 were reflected in figures from the beginning of 2020 and comparable previous year's results in 2019.

*1 We transferred Calpis Beverages U.S.A which was previously in Other/elimination in Overseas Business to Asahi Soft Drinks Business in Soft Drinks Business.

*2 Accompanying reorganization of the international beer business, the Central Europe Business was renamed the Europe Business, to which businesses in Italy and the Netherlands were moved from the Western Europe Business. The Western Europe Business was renamed Asahi International Ltd., and absorbed the export and license businesses in Japan, Oceania, and areas in Europe other than those managed by the Europe Business.

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*4 We transferred Calpis Indonesia which was previously in Other/elimination in Overseas Business to Southeast Asia in Overseas Business.

*5 Including once-off cost -0.4 bn JPY related to CUB acquisition.

*6 Adjustment to Core operating profit includes all corporate expenses incurred by Asahi Group Holdings.

In addition, Asahi Group Holdings records income from major subsidiaries such as management fees and corporate brand royalties on a non-consolidated basis. Core operating profit for each business segment has been arrived at without taking into account major subsidiaries' expenditures for these management fees and corporate brand royalties.

Exchange Rate

◆ Exchange Rate

(yen)

	2019 Q1 (Average)	2020 Q1 (Average)
US dollar	110.2	108.9
Euro	125.2	120.1
Australian dollar	78.5	71.6
Malaysia Ringgit	26.9	26.1

Breakdown of Inc./Dec. in Profit (Alcohol Beverages Business & Soft Drinks Business)

< Alcohol Beverages Business >

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Asahi Breweries Revenue	162.5	174.1	- 11.6	- 6.7%
Other / elimination in segment	3.8	5.0	- 1.2	- 23.5%
Revenue total	166.3	179.1	- 12.8	- 7.1%
Change in sales, category and container mix *1	-	-	- 4.0	
Cost reduction in manufacturing *2	-	-	0.5	
Cost increase in manufacturing *3	-	-	- 0.8	
Advertisement and Sales promotion expenses *4	-	-	2.0	
Other expenses	-	-	1.6	
Change in personal expenses	-	-	- 0.0	
Change in depreciation	-	-	0.1	
Change in selling equipment expenses	-	-	0.1	
Change in other materials	-	-	1.4	
Asahi Breweries Core operating profit	13.8	14.6	- 0.8	- 5.5%
Other/elimination in segment	- 0.3	- 0.1	- 0.2	-
Core operating profit total	13.5	14.5	- 1.0	- 7.1%

*1 Beer-type sales volume change -4.0, Other alcohol beverages sales change 0.3, Category and container mix and others

*2 Mix improvement of other than beer-type 0.2

*3 Transportation -0.4, and others

*4 Advertisement 1.0, Promotion expense 1.0 (Beer-type 1.0, others 1.0)

(reference: total expense) Advertisement 6.0, Promotion expense 8.1

< Soft Drinks Business >

(Billions of yen)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Asahi Soft Drinks Revenue	75.1	76.8	- 1.7	- 2.2%
Other / elimination in segment	-	-	-	-
Revenue total	75.1	76.8	- 1.7	- 2.2%
Change in sales, category and container mix *1	-	-	- 1.5	
Cost reduction in manufacturing *2	-	-	0.6	
Cost increase in manufacturing *3	-	-	- 0.2	
Advertisement and Sales promotion expenses *4	-	-	- 0.1	
Change in other materials *5	-	-	- 0.9	
Asahi Soft Drinks Core operating profit	1.1	3.2	- 2.1	- 66.1%
Other/elimination in segment	-	-	-	-
Core operating profit total	1.1	3.2	- 2.1	- 66.1%

*1 Sales volume change -1.4, Category and container mix change, and others

*2 Raw materials 0.3, Operational efficiency / In-house production 0.3

*3 Raw materials -0.2

*4 Promotion expense -0.1

*5 Depreciation, and others

< Asahi Soft Drinks Sales Volume >

(Million case)

		Q1 (3 months ended March 31)		
		2019	Inc./Dec.	YoY
Carbonated drinks	15.24	14.37	0.87	6.1%
Lactic acid drinks	9.23	9.93	- 0.70	- 7.0%
Coffee	8.32	9.13	- 0.81	- 8.8%
Tea	7.74	8.32	- 0.58	- 7.0%
Mineral water	3.73	4.15	- 0.42	- 10.1%
Fruit juice	3.28	4.43	- 1.15	- 25.9%
Other drinks	5.37	4.17	1.20	28.8%
Asahi Soft Drinks total	52.91	54.48	- 1.58	- 2.9%

Details of amortization of acquisition-related intangible assets

◆Details of amortization of acquisition-related intangible assets

(Billions of yen)

	Q1 (3 months ended March 31)		
		2019	Inc./Dec.
Alcohol Beverages Business	- 0.1	- 0.1	-
Soft Drinks Business	- 0.4	- 0.4	-
Food Business	-	-	-
Europe business	- 3.6	- 3.7	0.2
Oceania business	- 0.5	- 0.5	0.0
Southeast Asia business	-	-	-
Asahi International	- 0.7	- 0.5	- 0.1
Overseas Business	- 4.7	- 4.8	0.1
Other Business	- 0.0	- 0.0	-
Total	- 5.2	- 5.3	0.1