

# 2003 Results and Medium-Term Management Plan



February 24, 2004

**Asahi Breweries, Ltd.**

URL <http://www.asahibeer.co.jp>

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# 2003 Results and Overview

# 2003 Results Overview (consolidated)



## 2003 Results (consolidated)

(Billions of yen)

	2003 Results				2003 Plan (8/7)		
	2003	2002	YoY (%)		Plan	Against Plan (%)	
Asahi Breweries	<b>1,107.0</b>	1,093.8	13.2	(1.2%)	1,100.0	7.0	(0.6%)
Asahi Soft Drinks	<b>189.4</b>	177.6	11.8	(6.6%)	188.0	1.4	(0.7%)
Asahi Food & Healthcare	<b>22.0</b>	14.8	7.2	(49.0%)	22.5	-0.5	(-2.2%)
Others	<b>81.9</b>	89.1	-7.2	(-8.1%)	79.5	2.4	(3.0%)
<b>Net Sales</b>	<b>1,400.3</b>	<b>1,375.3</b>	<b>25.0</b>	<b>(1.8%)</b>	<b>1,390.0</b>	<b>10.3</b>	<b>(0.7%)</b>
Asahi Breweries	<b>72.4</b>	69.8	2.6	(3.7%)	63.0	9.4	(14.9%)
Asahi Soft Drinks	<b>2.8</b>	-3.8	6.6	-	2.3	0.5	(21.7%)
Asahi Food & Healthcare	<b>0.0</b>	0.0	0.0	(0.0%)	0.1	-0.1	-
Others	<b>3.7</b>	3.3	0.4	(12.1%)	0.6	3.1	(516.7%)
<b>Operating Income</b>	<b>78.9</b>	<b>69.3</b>	<b>9.6</b>	<b>(13.9%)</b>	<b>66.0</b>	<b>12.9</b>	<b>(19.5%)</b>
Non-operating income or expense	<b>-8.5</b>	-11.8	3.3	-	-6.0	-2.5	-
<b>Ordinary Income</b>	<b>70.4</b>	<b>57.5</b>	<b>12.9</b>	<b>(22.5%)</b>	<b>60.0</b>	<b>10.4</b>	<b>(17.3%)</b>
Extraordinary gains/losses	<b>-21.8</b>	-25.1	3.3	-	-20.6	-1.2	-
<b>Net Income</b>	<b>23.2</b>	<b>14.7</b>	<b>8.5</b>	<b>(57.3%)</b>	<b>21.0</b>	<b>2.2</b>	<b>(10.5%)</b>

Note: Asahi Food & Healthcare 2002 figures are the total of Asahi Beer Food and Asahi Beer Pharmaceutical

- Both sales and earnings rose year on year, and exceeded plan targets
- Net income reached new record high for the third consecutive year

## 2003 Results Overview (non-consolidated)



### 2003 Results (non-consolidated)

(Billions of yen)

	2003 Results				2003 Plan (8/7)		
	2003	2002	YoY Change (%)		Plan	Against Plan (%)	
Beer	784.4	849.6	-65.2	(-7.7%)	776.5	7.9	(1.0%)
Happoshu	195.6	162.4	33.2	(20.4%)	194.7	0.9	(0.5%)
Other	127.0	81.8	45.2	(55.3%)	128.8	-1.8	(-1.4%)
<b>Net Sales</b>	<b>1,107.0</b>	<b>1,093.8</b>	<b>13.2</b>	<b>(1.2%)</b>	<b>1100.0</b>	<b>7.0</b>	<b>(0.6%)</b>
Cost of sales	804.3	799.3	5.0	(0.6%)	-	-	
<b>Gross Margin on Sales</b>	<b>302.7</b>	<b>294.5</b>	<b>8.2</b>	<b>(2.8%)</b>	-	-	
SG&A	230.3	224.7	5.6	(2.5%)	-	-	
<b>Operating Income</b>	<b>72.4</b>	<b>69.8</b>	<b>2.6</b>	<b>(3.7%)</b>	<b>63.0</b>	<b>9.4</b>	<b>(14.9%)</b>
Non-operating income or expense	-9.6	-13.1	3.5	-	-	-	
<b>Ordinary Income</b>	<b>62.8</b>	<b>56.7</b>	<b>6.1</b>	<b>(10.8%)</b>	<b>57.0</b>	<b>5.8</b>	<b>(10.2%)</b>
Extraordinary gains/losses	-18.8	-29.9	11.1	-	-	-	
<b>Net Income</b>	<b>16.4</b>	<b>10.6</b>	<b>5.8</b>	<b>(55.0%)</b>	<b>15.0</b>	<b>1.4</b>	<b>(9.3%)</b>

- Gain in income from other alcoholic beverages covered the decline in beer/happoshu income, allowing for an overall rise
- Greater income and streamlining resulted in year-on-year increases and performance that exceeded plan targets

## ■ 2003 Group Management Overview

### ◆ Business base expanded to improve Group competitiveness

#### ● Alcoholic Beverages Business

- (1) Asahi's position in the beer/happoshu market was improved by reinforcing existing brands and the popularity of new products
- (2) Other alcohol products posted greater sales and improved profitability due to integration, including M&A activity

- **Soft Drinks Business:** Rapid recovery due to a turnaround and growth in sales, as well as structural reforms

### ◆ Cost competitiveness improved throughout the Group

- Continuous cost reductions realized (Alcohol ¥10.8 bil.; Soft Drinks ¥3.5 bil.)

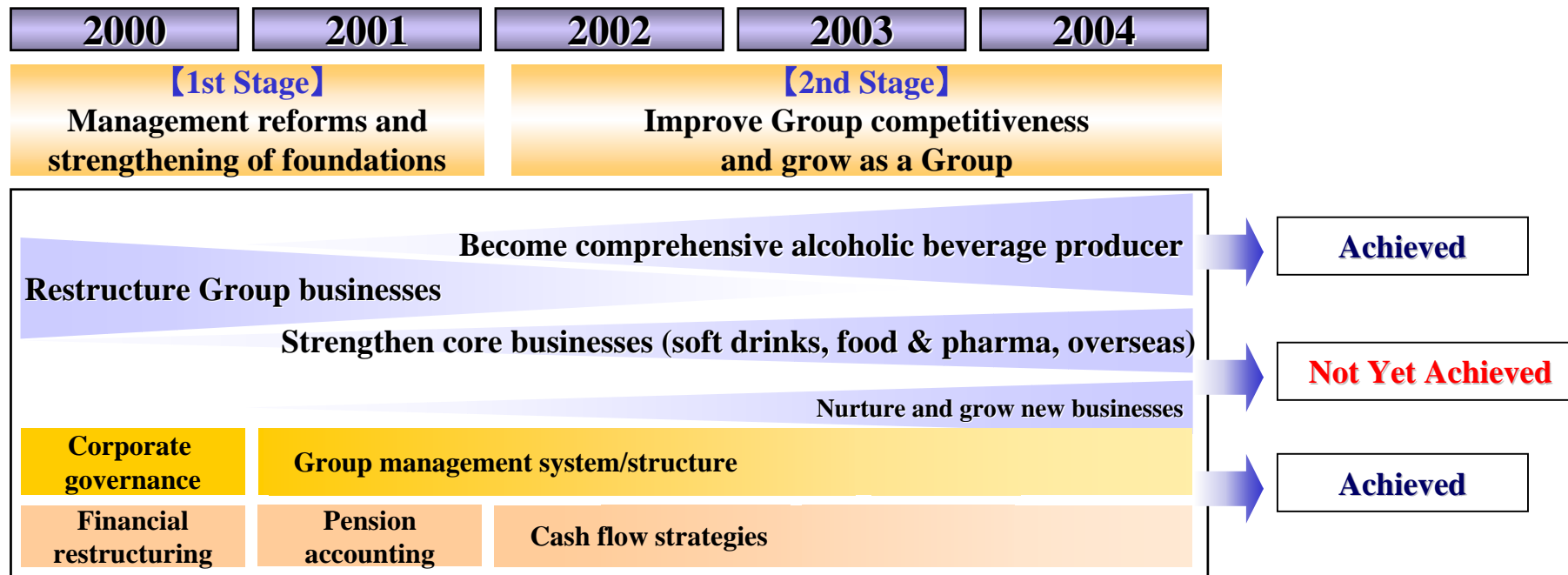
### ◆ Financial position and capital efficiency improved

- Financial and business restructuring allowed us to achieve a record level of net income
- Reductions in liabilities (-¥65.9 bil.) improved the debt/equity ratio, and share buyback (¥8.6 bil) acquired

### ◆ The Second Medium-Term Group Management Plan was formulated

# Background to the Second Medium-Term Group Management Plan **Asahi**

## ■ First Group Medium-Term Management Plan



# The Second Group Medium- Term Management Plan

2004 - 2006

**Shifting to a New Business Structure  
in Pursuit of Profitable Growth**



## ■ Group Medium-Term Vision

For a new Asahi Beer Group with abundant growth potential, we will pursue:

- 1) Total customer satisfaction
- 2) Business structure transformations
- 3) A corporate culture that rewards innovation

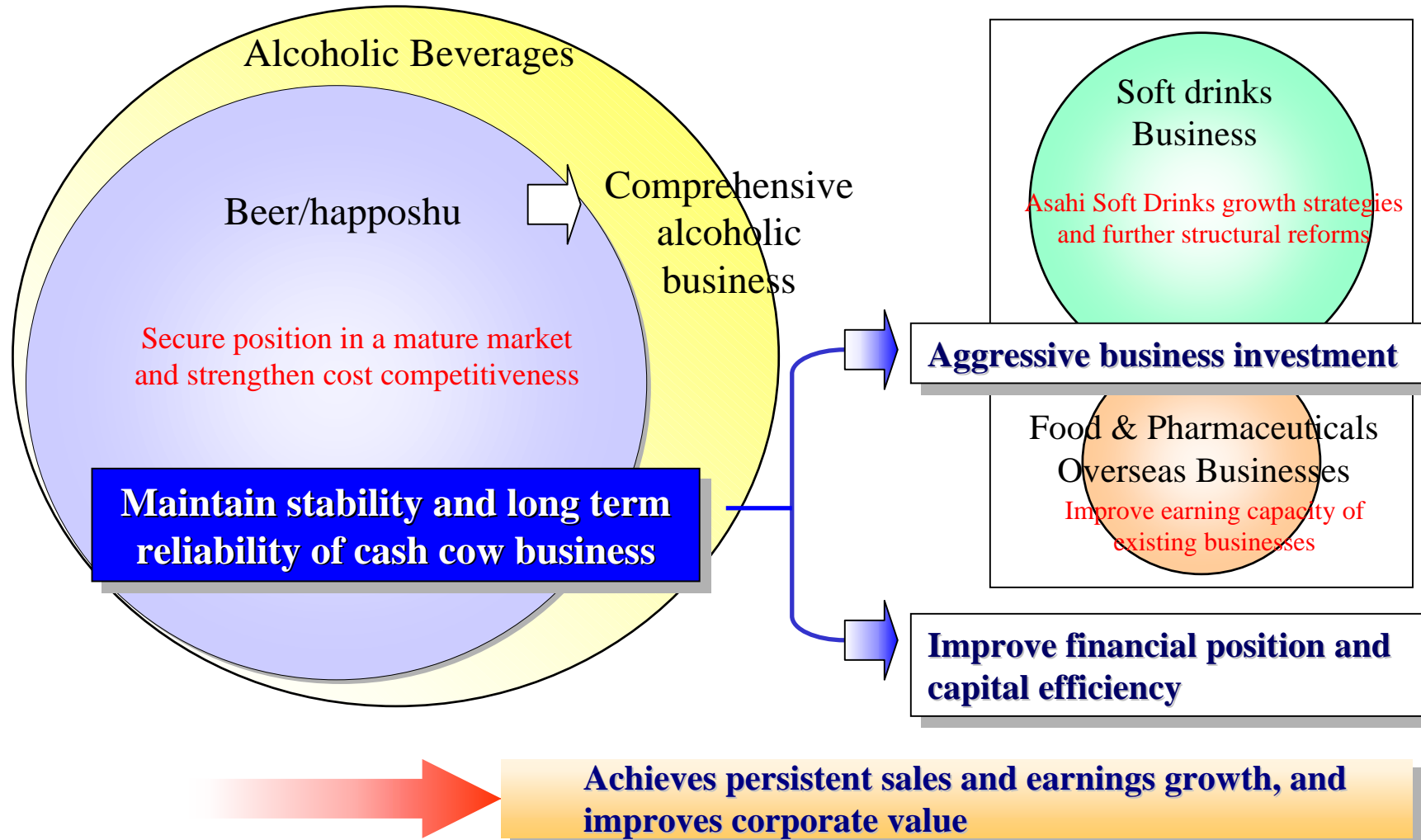
generating an energetic company with the will to meet any challenge



## ■ Group Medium-Term Business Strategies

<b>Alcoholic Beverages</b>	<ul style="list-style-type: none"><li>▪ Emphasize earnings, and concentrate management resources in growth fields</li><li>⇒ Increase sales, and achieve solid earnings growth</li></ul>
<b>Soft Drinks</b>	<ul style="list-style-type: none"><li>▪ Reform structure of Asahi Soft Drinks, realizing dramatic earnings improvement</li><li>▪ Reinforce business foundations and expand scope with M&amp;A and alliances</li></ul>
<b>Food &amp; Pharma; Overseas Business</b>	<ul style="list-style-type: none"><li>▪ Improve earnings structure of existing businesses</li><li>▪ Expand scale by pioneering new fields and markets for future rapid growth</li></ul>
<b>Suppliers and Support Business</b>	<ul style="list-style-type: none"><li>▪ Ensure competitiveness, and implement fundamental structural reforms to increase Group competitiveness</li></ul>

~ Reforming the business and earnings structure to achieve profitable growth ~



# Numerical Targets



## Consolidated Targets

(Billions of yen)

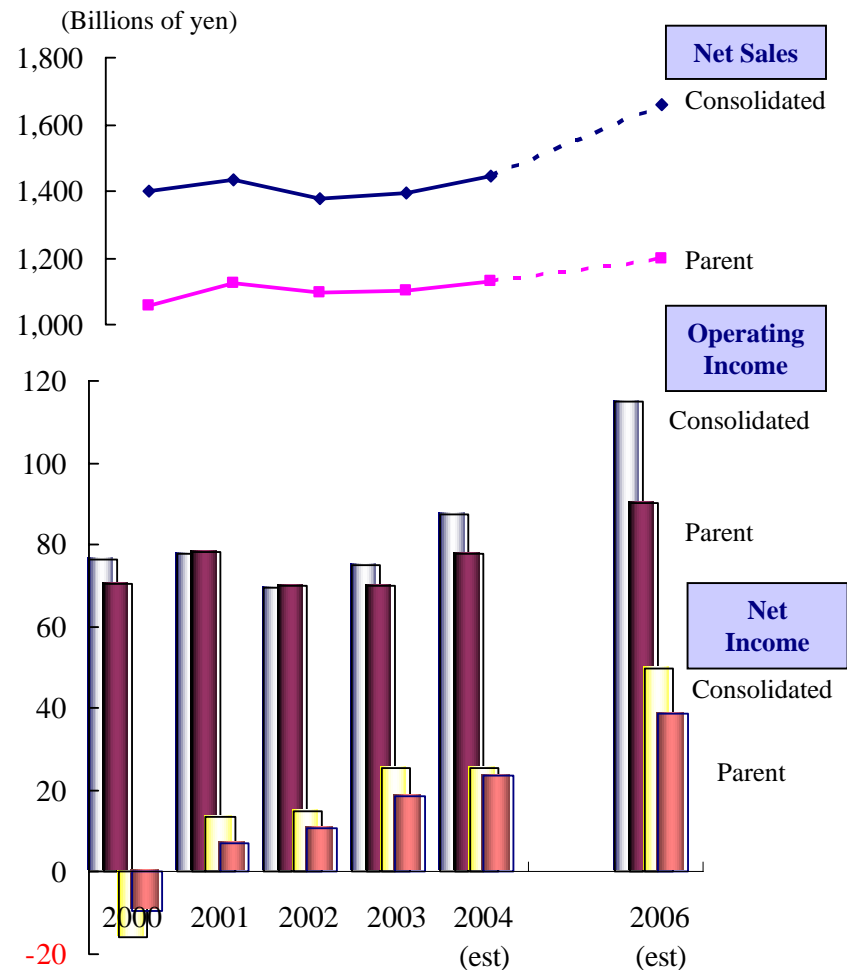
	2003	2006	Change
Net Sales	1,400.3	<b>1,660</b>	<b>19%</b>
Operating Income	78.9	<b>115</b>	<b>46%</b>
Ordinary Income	70.4	<b>110</b>	<b>56%</b>
Net Income	23.2	<b>50</b>	<b>116%</b>
Operating Income Ratio	5.6%	apprx <b>7%</b>	—
ROE	5.9%	over <b>10%</b>	—

## (Reference Indicators)

	2003	2006	Change
Shareholders' Equity	398.1	<b>450</b>	<b>51.9</b>
Financial Liabilities	336.3	<b>300</b>	<b>-36.3</b>
Capital Investment	38.1	<b>38</b>	—
Depreciation	53.1	<b>47</b>	—
Operating FCF	115.3	<b>130</b>	—
FCF	75.0	<b>100</b>	—

\*FCF = Operating CF - PPE expenditures

## Past Performance and Plan



<Second Medium-Term Plan>

# Sales Guidelines by Business Segment



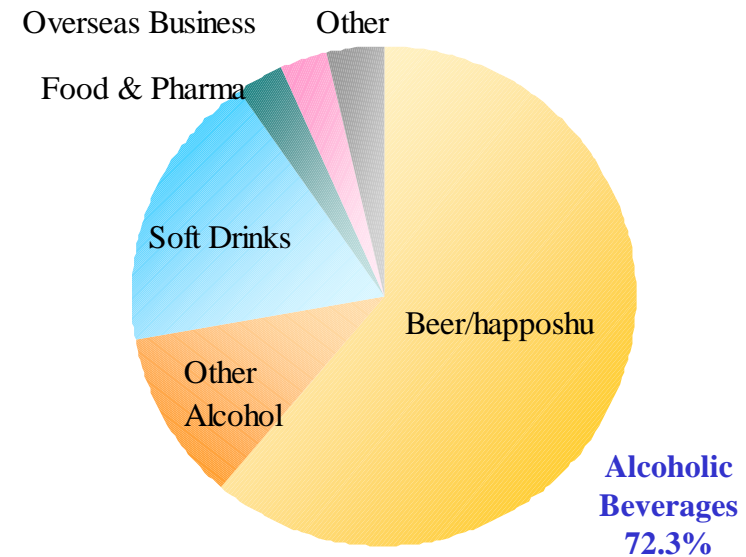
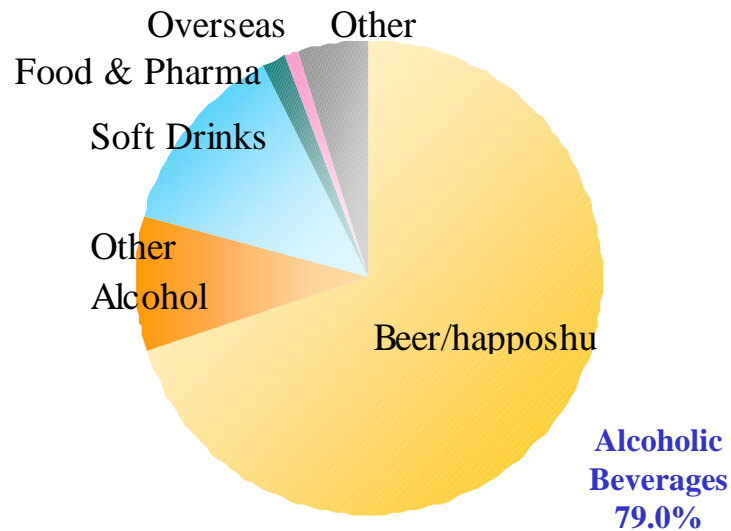
## Sales Guidelines by Segment

(Billions of yen)

	2003	2006	Change
Alcoholic Beverages	1,107.0	1,200	93.0
Soft Drinks	189.4	300	110.6
Food & Pharma	22.0	50	28.0
Overseas Business	13.2	50	36.8
Other	68.7	60	-8.7
<b>Total</b>	<b>1,400.3</b>	<b>1,660</b>	<b>259.7</b>

Includes sales increase of approx. ¥140 bil. from entry into new businesses

## Sales Breakdown



# Operating Income Guidelines by Segment



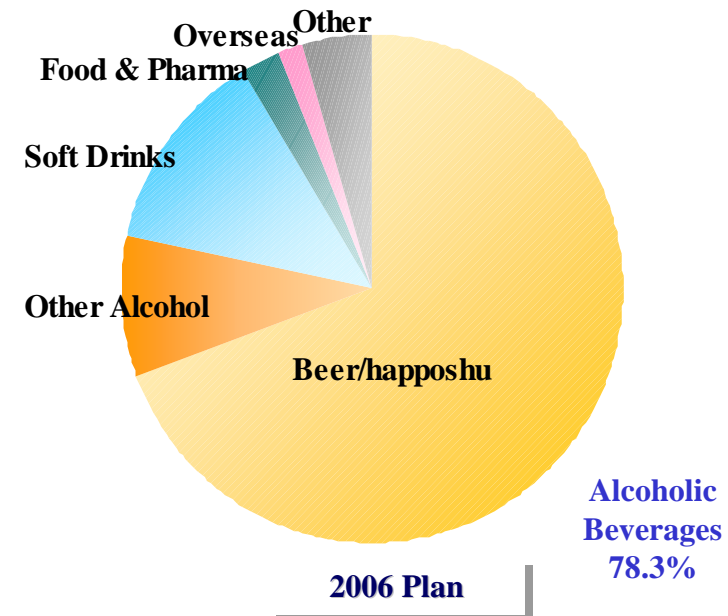
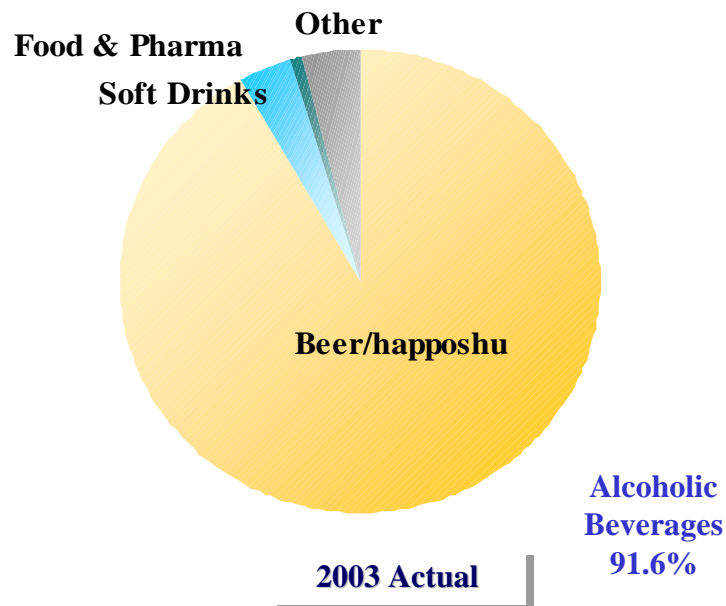
## Operating Income Guidelines by Segment

(Billions of yen)

	2003	2006	Change
Alcoholic Beverage	72.4	<b>90</b>	<b>17.6</b>
Soft Drinks	2.8	<b>15</b>	<b>12.2</b>
Food & Pharma	0.0	<b>3</b>	<b>3.0</b>
Overseas Businesses	-1.5	<b>2</b>	<b>3.5</b>
Other	5.2	<b>5</b>	<b>-0.2</b>
<b>Operating Income Total</b>	<b>78.9</b>	<b>115</b>	<b>36.1</b>

Includes operating income increase of approx. ¥10 bil. from entry into new businesses

## Operating Income Breakdown

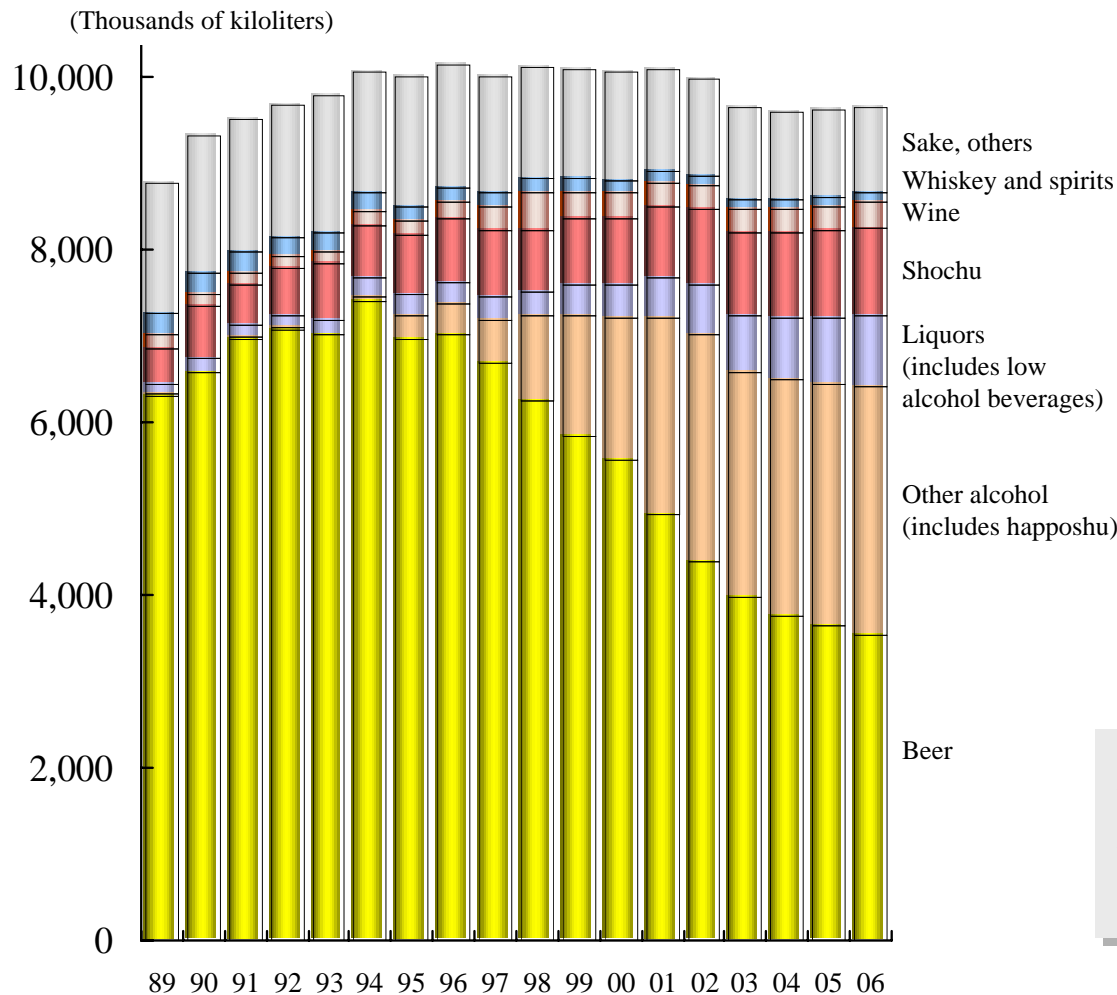


# Alcoholic Beverages Business: Market Forecasts



## Sales Volume Forecasts by Category

(Asahi estimates, taxation base)



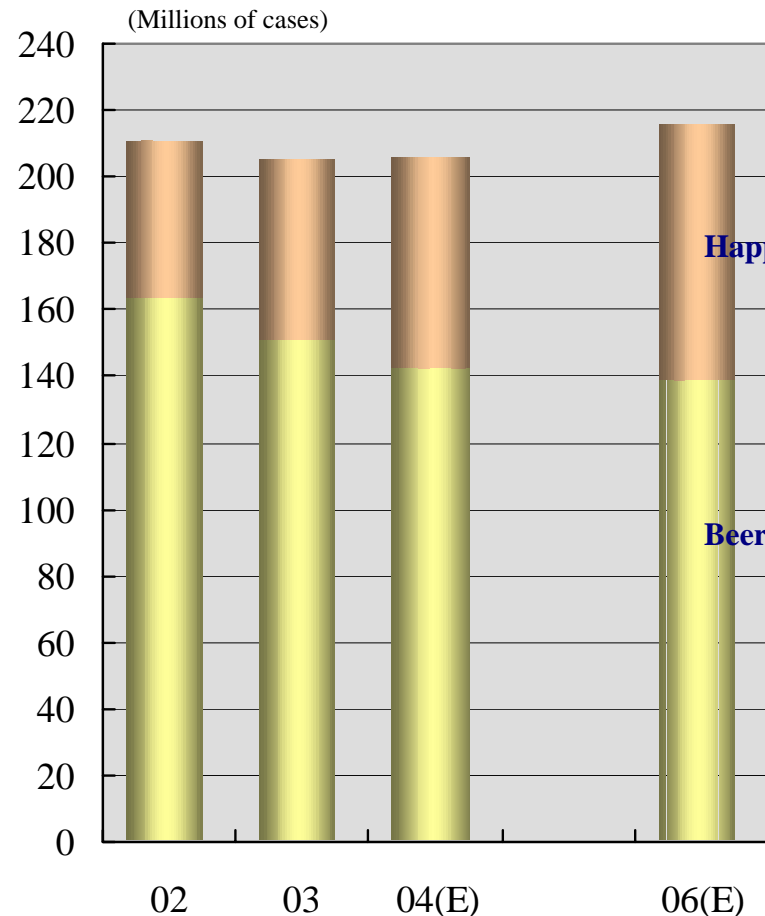
(2003-2006 figures are Asahi forecasts)

## Forecast Market Changes from 2003 Base

	2004 (est.)	2006 (est.)
Beer	approx -6%	approx -11%
Happoshu	approx +6%	approx +10%
Total	approx -1%	approx -3%
Shochu	approx +4%	approx +10%
Low alcohol beverages	approx +8%	approx +23%
Whiskey & Spirits	approx -6%	approx -12%
Wine	unchanged	approx +7%

- ◆ Overall market scale unchanged from 2003
- ◆ Growth trends in happoshu, shochu and low-alcohol drinks categories unchanged

## ■ Sales Volume Guidelines



	2003	2004 (est.)	2006 (est.)
Beer	150.15	141.5	138.5
Happoshu	54.53	63.5	76.5
Total	204.68	205.0	215.0

(Millions of cases)

## 【Goal】

**Maintain stability and long term reliability  
of cash cow business**

## 【Basic Strategies】

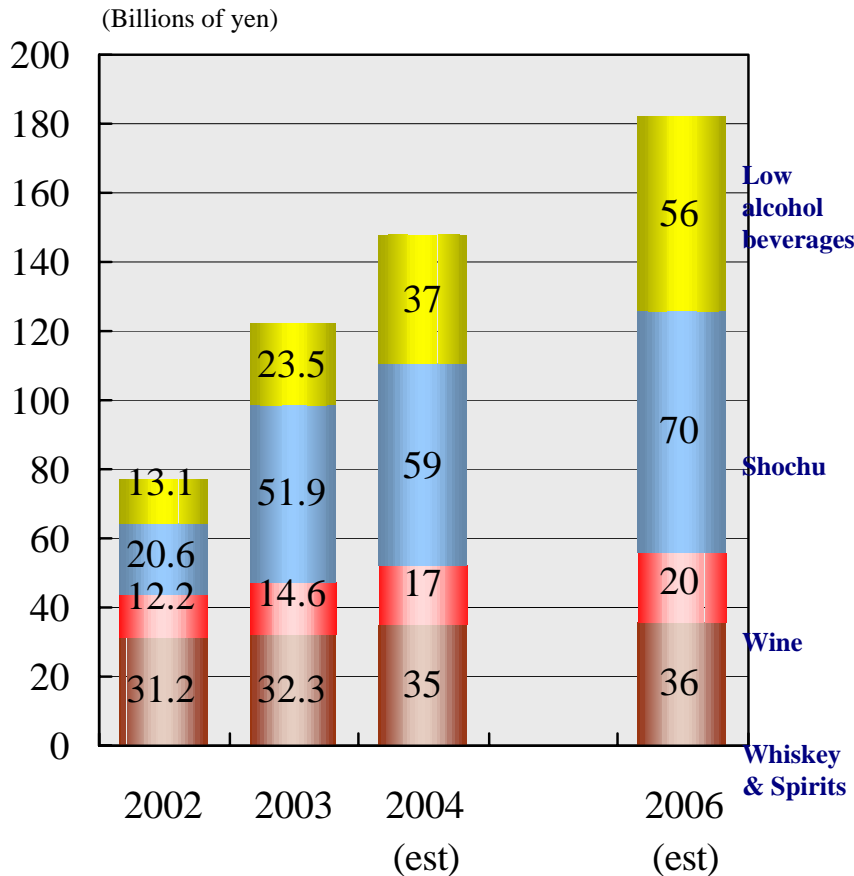
- ◆ **Secure position in beer/happoshu market**
  - **Strengthen core brands**
    - Bolster *Super Dry* and *Honnama* brands
  - **Create new value and new demand**
    - Provide new products and value that anticipate needs
- ◆ **Strengthen cost competitiveness**
  - **Increase marginal income**
    - Further cost reductions in production and logistics
  - **Cut fixed expenses**
    - Efficiency of sales promotion expenses (⇒ change to variable cost)

\*See page 21 for specific business strategies

# Alcoholic Beverages Business: Other Alcohol Categories Strategies



## ■ Sales Guidelines by Category



	2003	2004 (est)	2006 (est)
Four Category Total	122.3	148	182

(Billions of yen)

## 【Goal】

Diversify earnings in the alcoholic beverages business through greater sales and efficiency

## 【Basic Strategies】

### ◆ Establish position in each market category

- Concentrate resources in growth fields
- Strengthen existing brands and create new value and new demand
- Utilize the largest sales network in the alcohol industry

### ◆ Reduce costs and improve sales efficiency

- Further reduce supplier costs
- Efficiency of sales promotion expenses

\*See page 23 for specific business strategies



# Alcoholic Beverages Business: Strengthening Cost Competitiveness **Asahi**

## ■ Cost Reductions Achieved and Current Plan

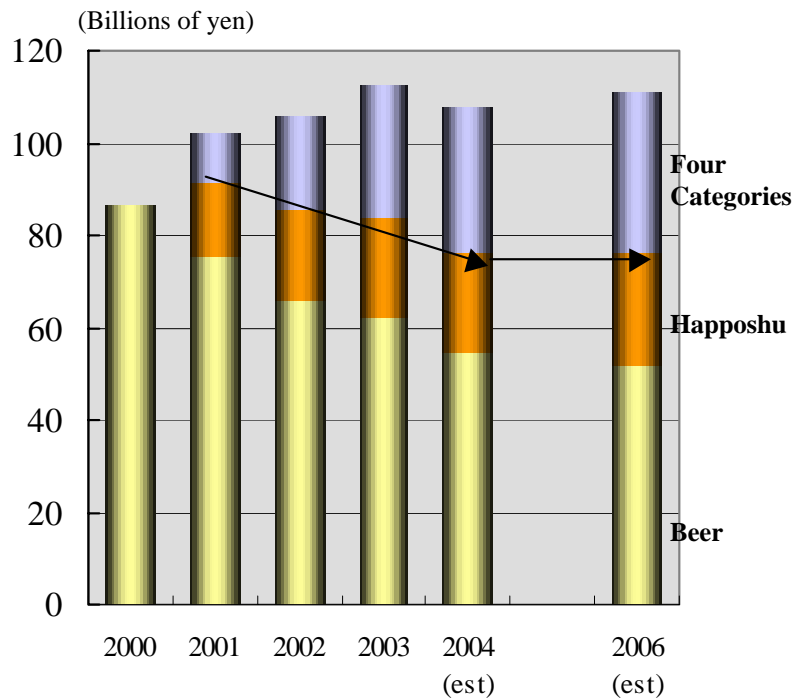
2002	2003	2004-2006 Total (est)
15.3 bil. yen	10.8 bil. Yen	<b>14 bil. Yen</b>

\*Cuts during 2002 and 2003 were mainly in production and logistics

### 【Breakdown of 2004-2006 Reductions】

- Production and logistics ¥5 bil.
- Personnel, sales promotion, others ¥9 bil.

## ■ Advertising and Promotional Expenses Estimate



### 【Advertising and Sales Promotion Expense Strategies】

#### ◆ Beer/happoshu

- Control total cost (maintain 2004 level, reduced ¥7.4 bil. from 2003)
- Secure investment resources for new products though cost reductions for existing brands

#### ◆ Other Alcohol Categories (Four Categories)

- Invest resources to establish market position in each category
- Manage the sales/SGA ratio

\*See page 24 for specific business strategies

# Alcoholic Beverages Business: Measures to Enhance Competitiveness

Strengthen Group competitiveness, focusing on the alcoholic beverages business

## Product Development Structure

- Combine unique technologies from newly acquired Group companies with technology from existing companies  
⇒ Establish a new, highly creative product development structure that responds to evolving customer needs

## Marketing Structure

- Establish a synergistic structure that quickly responds to customer and market changes
- Strengthen cross-utilization of sales support companies (AFM, ADS, Full House) within the Group

## Supply Chain Management

- Enhance market quality in line with Group business expansion  
⇒ Strengthen and optimize Group SCM as a single unit

## R&D Structure

- Strengthen the lateral R&D structure between the alcohol, soft drinks and food and pharmaceuticals businesses
- Utilize the unique technologies of each company to promote basic ingredient development with potential for the future, and new business development

# Core Businesses: Strengthening Existing Businesses and Investment

## ■ Strategies to Strengthen Existing Businesses

### Soft Drinks Business

- Lower the break-even point through structural reforms (optimal production structure, efficiency of vending machines, personnel optimization)
- Focus resources on core brands ⇒ continue growth with greater investment in growth fields

**Sales: ¥189.4 bil. ('03) ⇒ ¥202 bil. ('06)**

### Food and Pharmaceuticals

- Pursue proactive direct marketing of supplements and health foods
- Success through bolstered R&D ⇒ develop and expand line of products incorporating ingredients with new properties

**Sales: ¥22.0 bil. ('03) ⇒ ¥30 bil. ('06)**

### Overseas Businesses

- Focus on China and Asia, expanding business and improving profitability
- Develop joint soft drink business with Tingyi, and utilize the distribution network to expand business

**Sales: ¥13.2 bil. ('03) ⇒ ¥28 bil. ('06)**

## ■ Sales increase realized by M&A activities and other investment

### Soft Drinks Food & Pharmaceuticals Overseas Businesses

- Investment of approx. ¥100 bil. anticipated to build a new growth structure for the Group
  - ◇ Priority on consolidated performance, and proposals with high degrees of synergy within business domains
  - ◇ Attain strong brands in each business, strengthen the marketing structure, and consider cooperation with major producers in Japan and overseas

**Sales: +¥140 bil. ('06)**

# Financial Position Improvements and Cash Flow Strategies



## ■ Financial/Business Restructuring and Accounting Changes

(Billions of yen)

	2000	2001	2002	2003
Marketable securities	45.3	10.2	11.0	1.3
Pension reserve shortfall	18.1	20.4	-	-
Business restructuring	5.8	5.9	5.4	7.7
Real estate disposal	2.0	3.2	4.6	8.3

### 【2004-2006】

- Introduction of asset impairment accounting for fixed assets
- ⇒ Anticipated loss on disposal of real estate approx. ¥30 billion



**Raise net income level ⇒ Plan for new record levels (2004-2006)**

## ■ Cash Flow Strategies

Cumulative cash flow over three years  
**Approx. ¥200 bil.**

Flexible distribution, considering management and the business environment

### 1) Business Investment

- Strategic investment for Group medium to long-term growth  
⇒ Transform business portfolio to create new growth structure

### 2) Shareholder Returns

- Treasury stock acquisition at proper levels and timing
- Provide ample return of earnings centered on continuous, stable dividends

### 3) Reducing Financial Liabilities

- Promote cuts to achieve an appropriate capital balance (debt/equity ratio)

Foster a corporate culture that rewards innovation, and has the will to meet any challenge

## ◆ Initiatives Toward Organizational Reform

### Personnel System Compensation System

- Adopt personnel and compensation systems based on ability and success ⇒ Invigorate the organization
- Strengthen the commitment of the Group company representatives, Asahi Breweries Board of Directors, and executive officers to the medium-term plan ⇒ Leadership on business solutions and form a new value outlook

### Education System

- Introduce new system to support career development fully utilizing skills and abilities
- Expand management improvement seminars and manager training

## ◆ Harmony with Society

### Increasing Societal Trust

- Promote comprehensive approach to increasing societal trust through full quality assurance of safety and reliability, global environmental preservation, strict adherence to laws and company regulations, timely and accurate release of information, and harmony with global society
- Strengthen the internal Group structure (CSR committee), and establish unique CSR program

# 2004 Performance Forecasts and Business Strategies

# 2004 Group Business Strategies and Consolidated Forecasts



## Establish a new earnings structure for the first year of the Second Medium-Term Management Plan

- Alcoholic Beverages ⇒ Pursue further growth and efficiency as a leading comprehensive alcohol producer
- Soft Drinks, Food & Pharmaceuticals, Overseas Business ⇒ Reform the earnings structure of existing businesses, investigate and begin investment in new ones
- Suppliers, Support Businesses ⇒ Improve consolidated earnings through greater quality and cost competitiveness

### ■ 2004 Full Year Forecasts (consolidated)

(Billions of yen)

	2004 Plan (Jan-Dec)			Change (%)
	Plan	2003	Change (%)	
Asahi Breweries	1131.0	1107.0	24.0	(2.2%)
Asahi Soft Drinks	196.5	189.4	7.1	(3.7%)
Asahi Food & Healthcare	25.5	22.0	3.5	(15.9%)
Overseas Businesses	17.0	13.2	3.8	(28.8%)
Other	70.0	68.7	1.3	(1.9%)
<b>Net Sales</b>	<b>1440.0</b>	<b>1400.3</b>	<b>39.7</b>	<b>(2.8%)</b>
Asahi Breweries	78.0	72.4	5.6	(7.8%)
Asahi Soft Drinks	5.0	2.8	2.2	(78.6%)
Asahi Food & Healthcare	-0.4	0.0	-0.4	-
Overseas Businesses	-1.8	-1.5	-0.3	-
Other	3.2	5.2	-2.0	-
<b>Operating Income</b>	<b>84.0</b>	<b>78.9</b>	<b>5.1</b>	<b>(6.4%)</b>
<b>Ordinary Income</b>	<b>80.0</b>	<b>70.4</b>	<b>9.6</b>	<b>(13.5%)</b>
<b>Net Income</b>	<b>26.0</b>	<b>23.2</b>	<b>2.8</b>	<b>(12.0%)</b>

- ◆ Strengthen the foundations for growth in each business  
⇒ Increase sales by ensuring customer satisfaction
- ◆ Strengthen cost competitiveness  
⇒ Cost reductions in core businesses  
(Alcohol ¥9.0 bil.; Soft Drinks ¥3.7 bil.)
- ◆ Further improve the financial position  
⇒ Implement impairment accounting
- ◆ Pursue flexible cash flow strategies  
⇒ Business investment, financial liabilities reduction, and share buyback

**“Pursue further growth and efficiency as a leading comprehensive alcoholic beverage producer”**

- Foster the impression of the leader or close second in each category
- Improve cost competitiveness through reductions in production and logistics, and fixed costs

**■ 2004 Full Year Forecasts (non-consolidated)**

(Billions of yen)

		2004 (Jan-Dec)		
		Plan	2003	Change (%)
	Beer	<b>742.4</b>	784.4	-42.0 (-5.4%)
	Happoshu	<b>236.6</b>	195.6	41.0 (21.0%)
	Others	<b>152.0</b>	127.0	25.0 (19.7%)
<b>Net Sales</b>		<b>1,131.0</b>	1,107.0	24.0 (2.2%)
<b>Operating Income</b>		<b>78.0</b>	72.4	5.6 (7.8%)
<b>Ordinary Income</b>		<b>67.0</b>	62.8	4.2 (6.6%)
<b>Net Income</b>		<b>23.0</b>	16.4	6.6 (40.4%)

- ◆ Further strengthen core brands  
⇒ Strengthen core brands in each category
- ◆ Offer new value, create new demand  
⇒ Offer new products by combining Group strengths
- ◆ Strengthen cost competitiveness  
⇒ Reduce variable and fixed costs  
Cut production costs (¥3.0 bil.), sales promotion expenses (¥3.6 bil.), and personnel costs (¥1.6 bil.)



# Beer/Happoshu: 2003 Overview



## Beer/Happoshu Taxable Volume (Jan-Dec 2003)

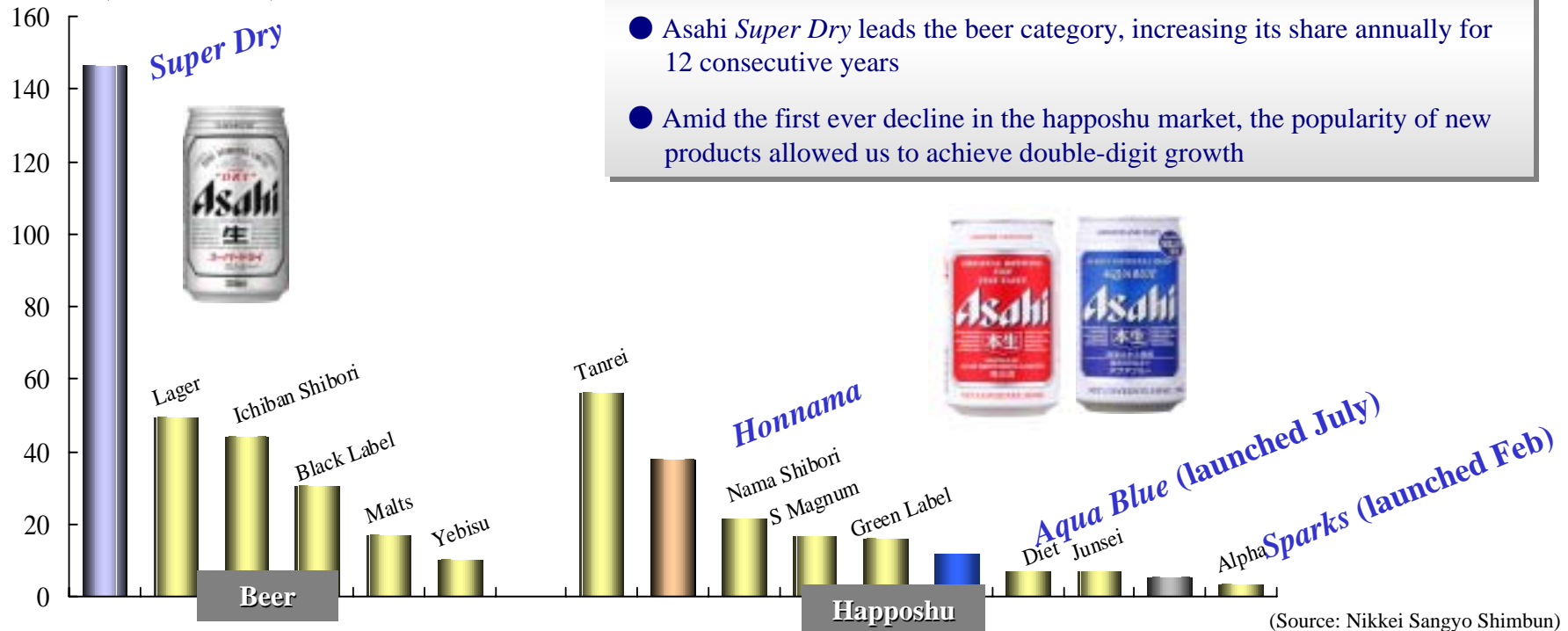
	Asahi Breweries			
	2003	YoY change (%)		Share (% change)
Beer	150.15	-13.01	(-8.0%)	48.2% (+0.8)
Happoshu	54.53	7.38	(+15.7%)	27.1% (+3.9)
Total	204.68	-5.62	(-2.7%)	39.9% (+1.5)

(Millions of cases)

	Industry Overall			
	2003	YoY change (%)		Breakdown (%)
Beer	311.69	-32.24	(-9.4%)	60.7% (-2.1)
Happoshu	201.51	-1.97	(-1.0%)	39.3% (+2.1)
Total	513.21	-34.21	(-6.3%)	100.0% -

## Sales of Major Brands

(Millions of cases)



- Asahi has retained its share of the beer/happoshu market, despite a shrinking market overall for two consecutive years
- Asahi *Super Dry* leads the beer category, increasing its share annually for 12 consecutive years
- Amid the first ever decline in the happoshu market, the popularity of new products allowed us to achieve double-digit growth

# Beer/Happoshu: 2004 Sales Plan and Initiatives



## Beer/Happoshu Sales Plan

(Millions of cases)

		2004 (Jan-Dec)		
		Plan	2003	YoY
	<i>Super Dry</i>	138.5	146.60	-5.5%
	Others	3.0	3.26	-8.0%
Beer		141.5	149.86	-5.6%
	<i>Honnnama</i>	33.5	37.60	-10.9%
	<i>Aqua Blue</i>	25.0	11.45	+118.3%
	<i>Off Time</i>	4.0	—	—
	Others	1.0	5.20	—
Happoshu		63.5	54.25	+17.1%
Total		205.0	204.11	+0.4%

## 【2004 Industry Outlook】

- ◆ Beer: Decline approx. 6%
- ◆ Happoshu: Increase approx. 6%
- ◆ Combined: Slight decrease assumed

Beer

### ● Maximize the potential of the *Super Dry* brand

⇒ Step up product rotations to ensure freshness, and strengthen product sales promotions by industry segment

### ● Alongside traditional mass marketing, develop new ideas to heighten appeal of beer

⇒ Launch new product for restaurants and bars, *Asahi Draft Beer Jyukusen* (March 10, 2004)

Happoshu

### ● Further strengthen the *Honnnama* brand, now a standard brand in the market

⇒ Step up product rotations to ensure freshness, refine the *Honnnama* brand, sales promotion campaigns

### ● Offer innovative new products for consumers who prefer happoshu

⇒ Launch of *Asahi Honnnama Off Time* (March 17, 2004)



## ■ 2003 Asahi Sales Results

(Billions of yen)

		2003 (Jan-Dec)		
		2003	2002	YoY (%)
	Shochu	51.9	20.6	31.3 (152%)
	Whiskey & Spirits	32.3	31.2	1.1 (4%)
	Low-alcohol Drinks	23.5	13.1	10.4 (80%)
	Wine	14.6	12.2	2.4 (20%)
	Other alcohol	2.6	1.6	1.0 (63%)
	<b>Total</b>	<b>124.9</b>	<b>78.7</b>	<b>46.2 (59%)</b>

## 【2003 Industry Estimates】

- ◆ Shochu: Approx. 8% increase
- ◆ Whiskey & Spirits: Approx. 10% decline
- ◆ Low-alcohol drinks: Approx. 11% increase
- ◆ Wine: Approx. 6% decline

## 【Results from integration of core brands】

- *Cocktail Partner* (5.87 mil. cases: +230%)
- *Shunka Shibori* (3.90 mil. cases: +80%)
- *Daigoro* (50,200kl: +10%)
- *Kanoka* (13,400kl: +40%)
- *Black Nikka Clear Blend* (1.48 mil. cases: +6%)



\* Brand figures include M&A of each company from Jan-Aug 2002)

# Alcohol Product Diversification: 2004 Sales Plan and Initiatives



◆ In each category, strengthen existing brands and develop innovative products by combining Group capabilities

## Shochu

- Sales Target: **¥59 bil. (YoY +14%)**
- Strengthen core *Daigoro*, *Kanoka* and *Ichibansatsu* brands through commercial routes
- Enhance lineup of products combining Group strengths, such as *SAZAN*, following the soba shochu *Gen-an*



## Low-Alcohol Drinks

- Sales Target: **¥37 bil. (YoY +58%)**
- Establish the *Cocktail Partner* and *Shunka Shibori* brands, develop extension brands
- Combine expertise enhanced by M&A, launch strategic new products focused on consumer preferences



## Whiskey & Spirits

- Sales Target: **¥35 bil. (YoY +8%)**
- Strengthen core brands *Black Nikka Clear Blend*, *Taketsuru*, *Jim Beam* and *Remy Martin*
- Maintain clarified product and sales strategies for the household and commercial segments



## Wine

- Sales Target: **¥17 bil. (YoY +17%)**
- Utilize a top class lineup of brands in the industry, including *Saint Neige* and *Maxxium*
- Launch low-priced, large volume products for the household volume retail market



Overall Sales Target: **¥150 bil. (YoY +20%)**

# Alcoholic Business : Advertising and Promotion Expense Estimates

## ■ Advertising and Sales Promotion Expenses by Category

(Billions of yen)

		2000	2001	2002	2003		2004 Plan	
						YoY		YoY
	Beer	86.5	75.4	66.0	60.3	-5.7	51.9	-8.4
	Happoshu	-	15.8	19.6	20.5	0.9	21.5	1.0
<b>Beer/Happoshu Total</b>		<b>86.5</b>	<b>91.2</b>	<b>85.6</b>	<b>80.8</b>	<b>-4.8</b>	<b>73.4</b>	<b>-7.4</b>
<i>Net sales/promotion expense ratio</i>		8.3%	8.5%	8.5%	8.3%	-0.2%	7.5%	-0.8%
<b>Other Alcohol Categories</b>		<b>-</b>	<b>10.7</b>	<b>20.4</b>	<b>28.3</b>	<b>7.9</b>	<b>32.1</b>	<b>3.8</b>
<i>Net sales/promotion expense ratio</i>			23.6%	25.9%	22.7%	-3.2%	21.4%	-1.3%
<b>Total</b>		<b>86.5</b>	<b>101.9</b>	<b>106.0</b>	<b>109.1</b>	<b>3.1</b>	<b>105.5</b>	<b>-3.6</b>
<i>Net sales/promotion expense ratio</i>		8.3%	9.1%	9.7%	9.9%	0.2%	9.3%	-0.5%
Sales promotion expenses		54.8	61.0	67.9	77.9	10.0	77.5	-0.4
Advertising expenses		31.8	40.9	38.1	31.2	-6.9	28.0	-3.2

- Happoshu launch    •M&A (Sept)    •Launch of new beer/happoshu products
- Nikka sales integration (Apr)    •M&A full year effect (Jan-Aug)



**Advertising and promotional expense changed to variable cost  
⇒ Alcoholic beverage business earnings more stable and long term**

The logo for Asahi, featuring the word "Asahi" in a stylized, blue, italicized font.

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