

Asahi



2007 Interim Financial Results Overview and Future Business Strategy

August 2007

ASAHI BREWERIES, LTD.

URL: <http://www.asahibeer.co.jp/english/index.html>



Asahi Beer Group

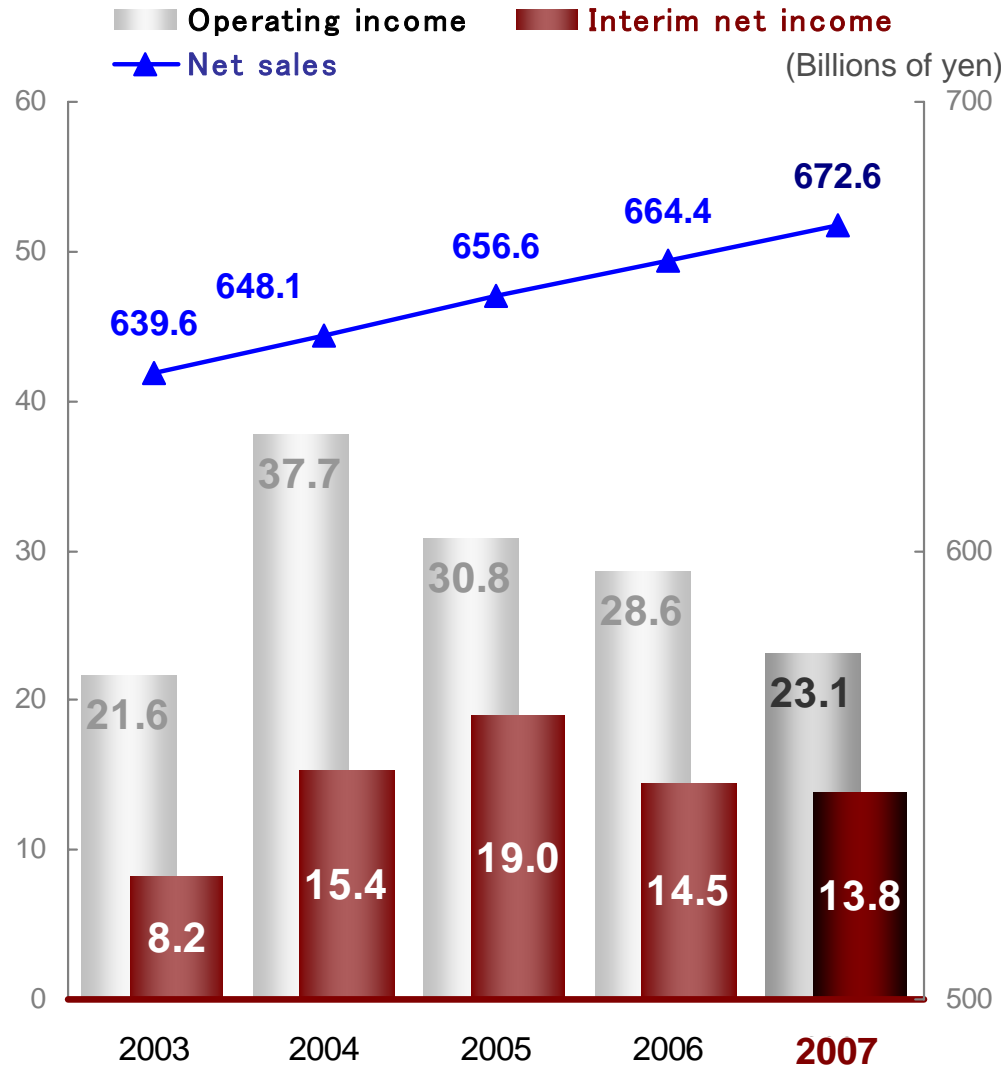
Overview of 2007 Interim Financial Results for the Six Months Ended June 30, 2007 and Future Business Strategy

Kouichi Ikeda

Chairman of the board and CEO



Overview of 2007 Interim Financial Results (Consolidated)



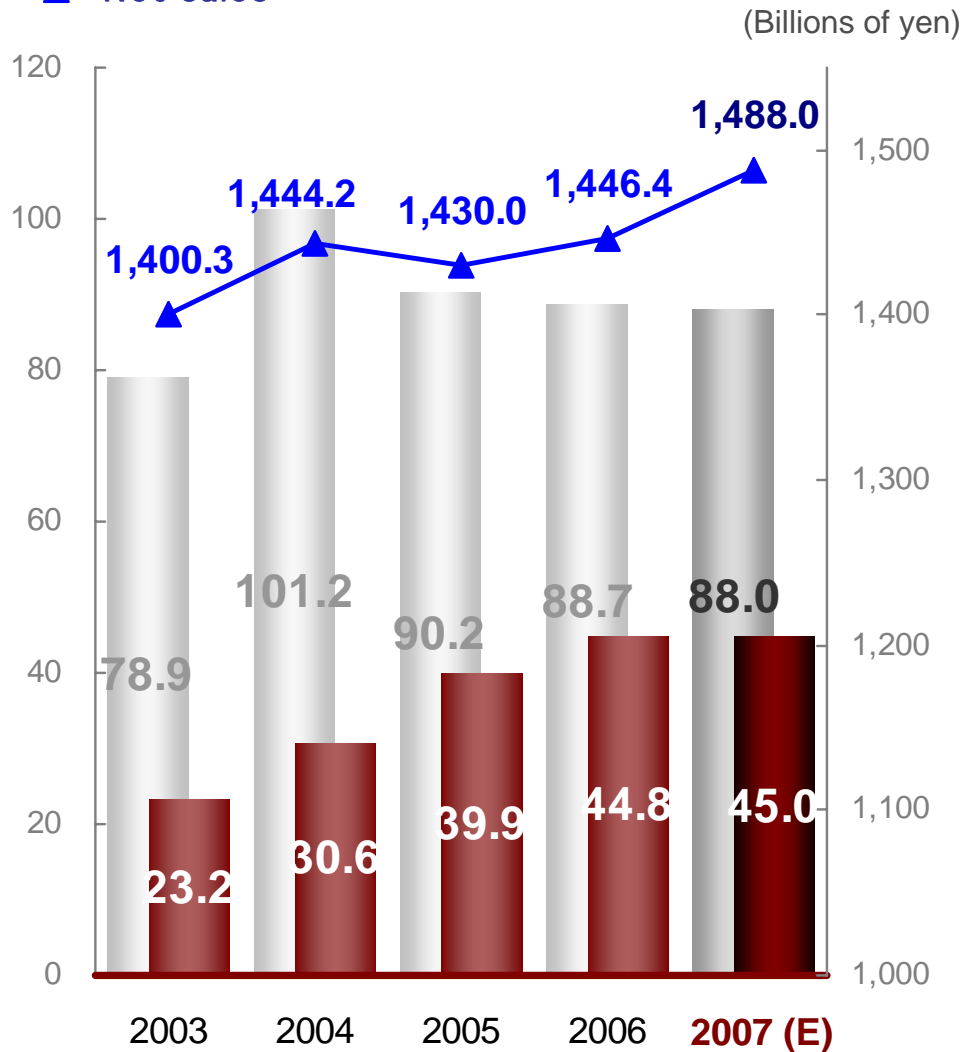
	1H, 2007	1H, 2006	Inc./Dec.	YoY (%)
Alcoholic Beverages	459.3	469.8	-10.5	-2%
Soft Drinks	130.8	120.6	10.2	8%
Food & Healthcare	33.3	22.7	10.6	47%
Overseas	28.7	26.7	2.0	8%
Others	20.5	24.6	-4.1	-16%
Net sales	672.6	664.4	8.2	1%
Alcoholic Beverages	20.4	25.8	-5.4	-21%
Soft Drinks	2.8	3.4	-0.6	-18%
Food & Healthcare	0.1	-0.4	0.5	-115%
Overseas	-1.8	-1.4	-0.4	-
Others	1.6	1.2	0.4	35%
Operating income	23.1	28.6	-5.5	-19%
Ordinary income	26.6	29.7	-3.1	-10%
Net income	13.8	14.5	-0.7	-5%



2007 Full-Year Forecasts



Operating income
 Net income
▲ Net sales



(Billions of yen)

	2007 target	2006	Inc./Dec.	YoY (%)
Alcoholic Beverages	1051.0	1031.1	19.9	2%
Soft Drinks	265.5	249.9	15.6	6%
Food & Healthcare	69.2	55.7	13.5	24%
Overseas	62.3	57.1	5.2	9%
Others	40.0	52.6	-12.6	-24%
Net sales	1488.0	1446.4	41.6	3%
Alcoholic Beverages	76.0	78.6	-2.6	-3%
Soft Drinks	10.5	10.1	0.4	4%
Food & Healthcare	1.1	0.4	0.7	168%
Overseas	-2.5	-3.9	1.4	-
Others	2.9	3.5	-0.6	-17%
Operating income	88.0	88.7	-0.7	-1%
Ordinary income	90.5	90.1	0.4	0%
Net income	45.0	44.8	0.2	0%



Domestic Alcohol Business

◆ Aim to "strengthen competitiveness in the Beer category" with brand investment in "Asahi Super Dry" as pivotal.

- Super Dry: Greater brand loyalty from existing users, stagnation in the B-to-B business.
- Expand support by rejuvenating the Happoshu lineup and strengthening brands in the New Genre category, which fulfills a wide range of needs.

⇒ Despite acquiring the greatest share for the interim period for the first time in 2 years, targets have not been met

Details on p. 7->

Group Business

- Asahi Soft Drinks: Lead by core brands, achieved 8% growth, in excess of the industry average. Chilled Drinks business concentrated in LBs.
- Asahi Food & Healthcare: Growth in sales of main products such as "Mintia".
- Wakodo: Growth in sales, and made progress in cost management.

⇒ Expand revenue base by pursuing synergies within the Group and further strengthening efforts in M&As and alliances.

Overseas Business

- Expanded sales by enhancing production capacity at Beijing Beer Asahi Co., Ltd. and Hangzhou Xihu Beer Asahi Co., Ltd.; Intensifying competition lead to revenue stagnation.
- Haitai Beverage Co., Ltd.: Sales recovered due to strengthening of business management, but targets not achieved due to rising cost of fruit juice materials and sluggish growth of new products.
- Tingyi-Asahi-Itochu Beverages Holding Co. Ltd.: Contributed to profits behind Asahi Soft Drinks.

Details on next page

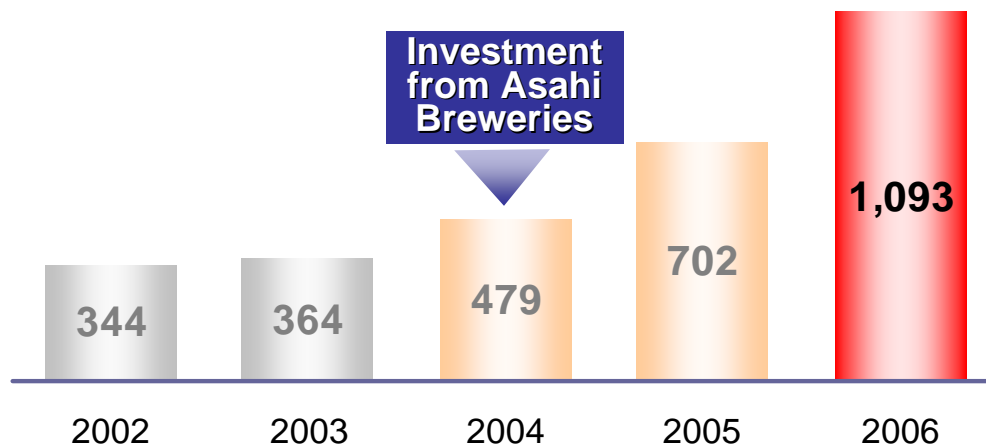


Dynamic growth in the Chinese beverages market

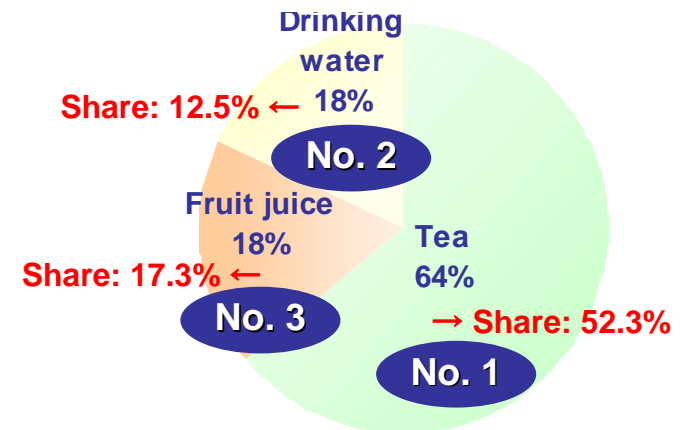
- ◆ Production technology, financial management, support for strategy building, etc.
Support for stronger performance
- ◆ Success in category strategies focusing on tea and water beverages
- ◆ Virtuous cycle of strong capital investment and revenue growth



■ Tingyi Sales in the beverages segment (US\$ millions)



■ Sales breakdown and market share



Source: AC Nielsen (as of November 2006)



Establish optimum production and distribution structures

◆ Streamline production and distribution functions across the whole Group

- Consolidate production and distribution centers for Asahi Breweries, Asahi Soft Drinks and Nikka Whisky

⇒ Start production and distribution of RTD alcohol and other beverages at Ibaraki Brewery



Cooperation between Group companies

◆ Pursue synergies that utilize the strengths of all Group companies

- Cooperation between Asahi Soft Drinks, Asahi Food and Healthcare, Wakodo and LB

⇒ Product development and production consignment through joint utilization of R&D materials and production technology



Strategic alliances with non Group companies

◆ Business and financial alliance with Kagome Co., Ltd.

- Comprehensive alliance based on product R&D, procurement, production, distribution, and marketing and sales channels

⇒ Launch of jointly developed product Tomate (Sep.); Engage in joint distribution and sales promotion





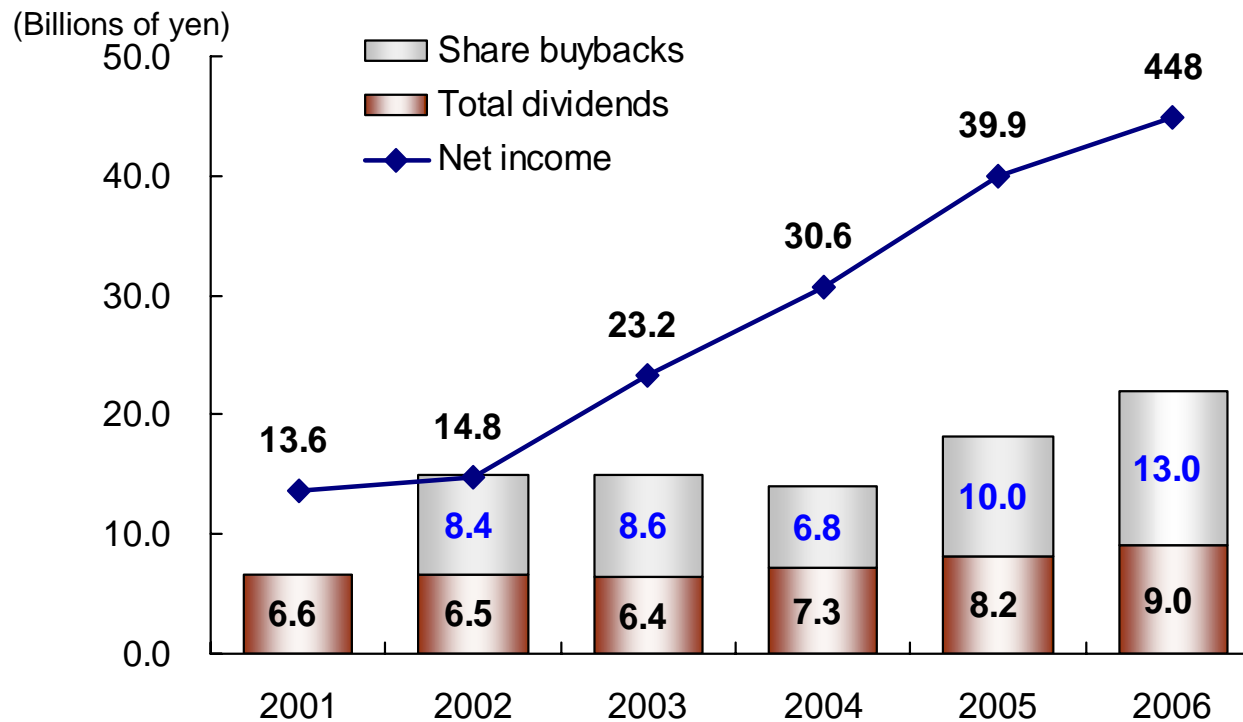
Shareholder Return Policy



Medium-term policy

- Consolidated payout ratio: Aim for stable increases in dividends in excess of 20%
- Share buybacks: Take positive stance to executing buybacks based on capital requirements, etc.

Net Profits and Returns to Shareholders



Ratio of total returns to shareholders	49%	101%	65%	46%	46%	49%
Dividend payout ratio	48.1%	45.0%	27.8%	24.0%	20.7%	20.2%
Per-share dividend	13 yen	13 yen	13 yen	15 yen	17 yen	19 yen

Asahi Breweries

Overview of Interim Financial Results for Six Months Ended June 30, 2007 and Future Business Strategy

Hitoshi Ogita

President and COO



Beer Category: Overview of 2007 Interim Financial Results

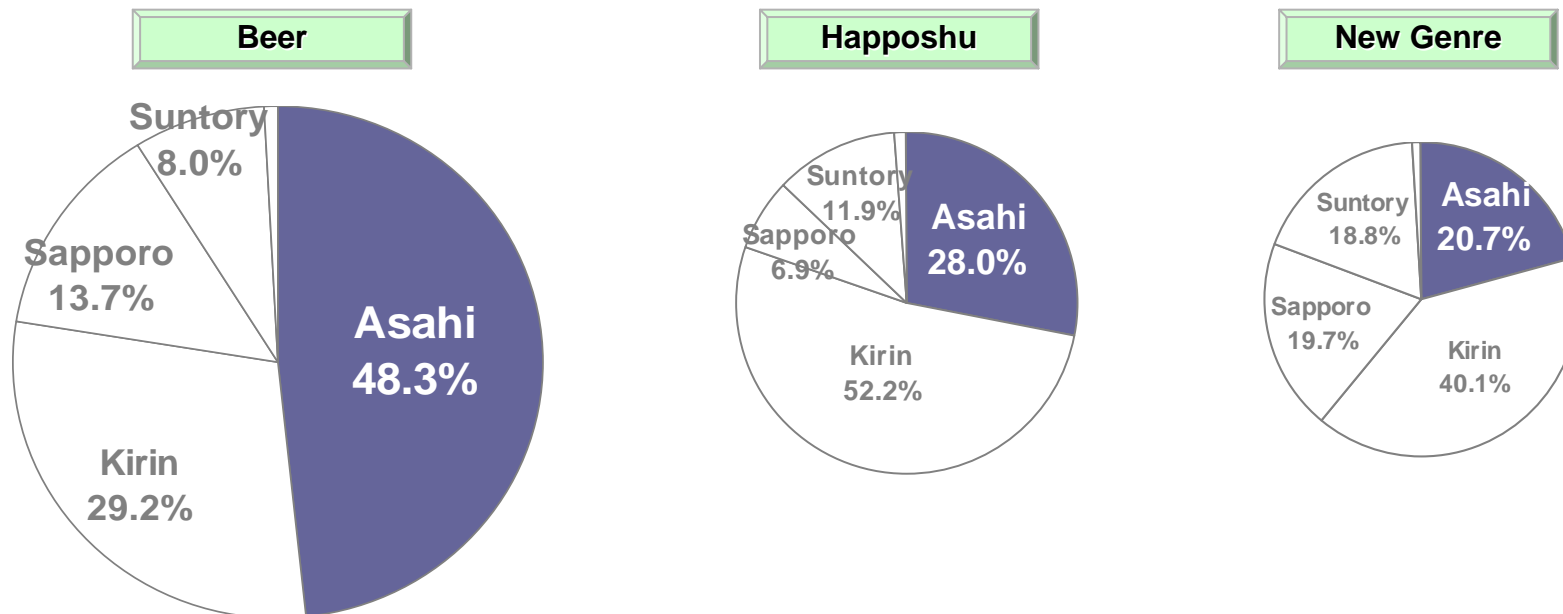


Beer Category Taxable Volume (Jan.-June)

(Millions of cases)

	Industry Total			Asahi Breweries		
	Cases	YoY	Breakedown	Cases	YoY	Market Share
Beer	122.05	-2.8%	53.9%	58.89	-6.2%	48.3%
Happoshu	57.91	-2.7%	25.6%	16.22	14.8%	28.0%
New Genre	46.33	1.5%	20.5%	9.59	5.8%	20.7%
Total	226.30	-1.9%	-	84.70	-1.5%	37.4%

Asahi Breweries Market share by category





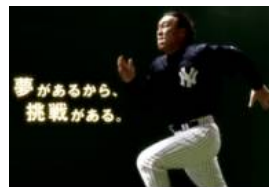
Overview of Super Dry



■ Super Dry Activities in the First Half

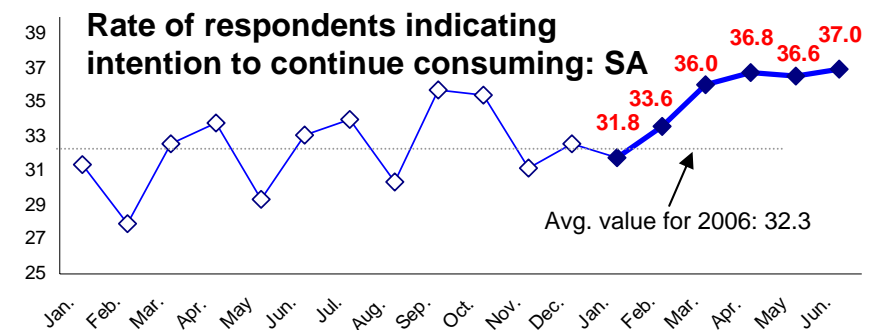
Implement comprehensive marketing activities leading up to the 20th anniversary of Asahi Super Dry sales

- **Production:** Implement super freshness production methods → Further enhanced "freshness" quality
- **Products:** Launch the slim bottle can → Boost new demand with a focus on the young demographic
- **Advertising:** Place major league players Hideki Matsui and Daisuke Matsuzaka in commercials → Bolster the "Challenge" element of brand image
- **Sales promotion:** Largest campaign of its type ever; Implement sales promo activities linked with advertising → Bolster presence as the No. 1 brand



- Improved brand loyalty index for existing users of Super Dry
- Insufficient engagement of casual users and new users
- Stagnation in the B-to-B business

◆ Brand loyalty index (consumer survey, N = 400)





Beer Category: Sales Targets for 2007



■ Sales targets for 2007 by brand

(Millions of cases)

	2007 target	2006	YoY (%)
Super Dry	131.50	132.60	-0.8%
Prime Time	1.60	1.55	3.2%
Other	2.90	3.05	-4.9%
Beer total	136.00	137.20	-0.9%
Honnama Draft	11.50	-	-
Honnama Aqua Blue	9.00	10.20	-11.8%
Zeitaku-biyori	4.50	1.75	157.1%
Style Free	8.00	-	-
Honnama	-	14.60	-
Other	1.00	2.65	-62.3%
Happoshu total	34.00	29.20	16.4%
Gokuuma	12.00	3.80	215.8%
Gubinama	5.50	8.40	-34.5%
Shinnama 3	1.50	8.80	-83.0%
Ajiwai	3.00	-	-
New Genre total	22.00	21.00	4.8%
Total	192.00	187.40	2.5%

Market outlook

	2007/2006
Beer	Approx. -2%
Happoshu	Approx. -3%
New Genre	Approx. +5%
Beer total	Approx. -1%



Beer Category: Business Strategy for the Second Half of 2007



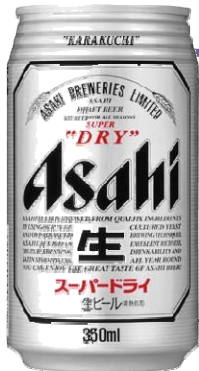
Brand investment in Asahi Super Dry and strengthen product lineup to fulfill a wide range of needs

First Half, 2007

Second Half, 2007

Further bolster brand image and brand quality

Beer



Super Dry



Renewal in Aug.



Prime Time



Happoshu



Honnama Draft



Honnama Aqua Blue



Zeitaku-biyori



Style Free



Launch date: Sep. 4



Honnama Clear Black
*Limited-edition sales



New Genre



Shinnama 3



Gubinama



Gokuuma



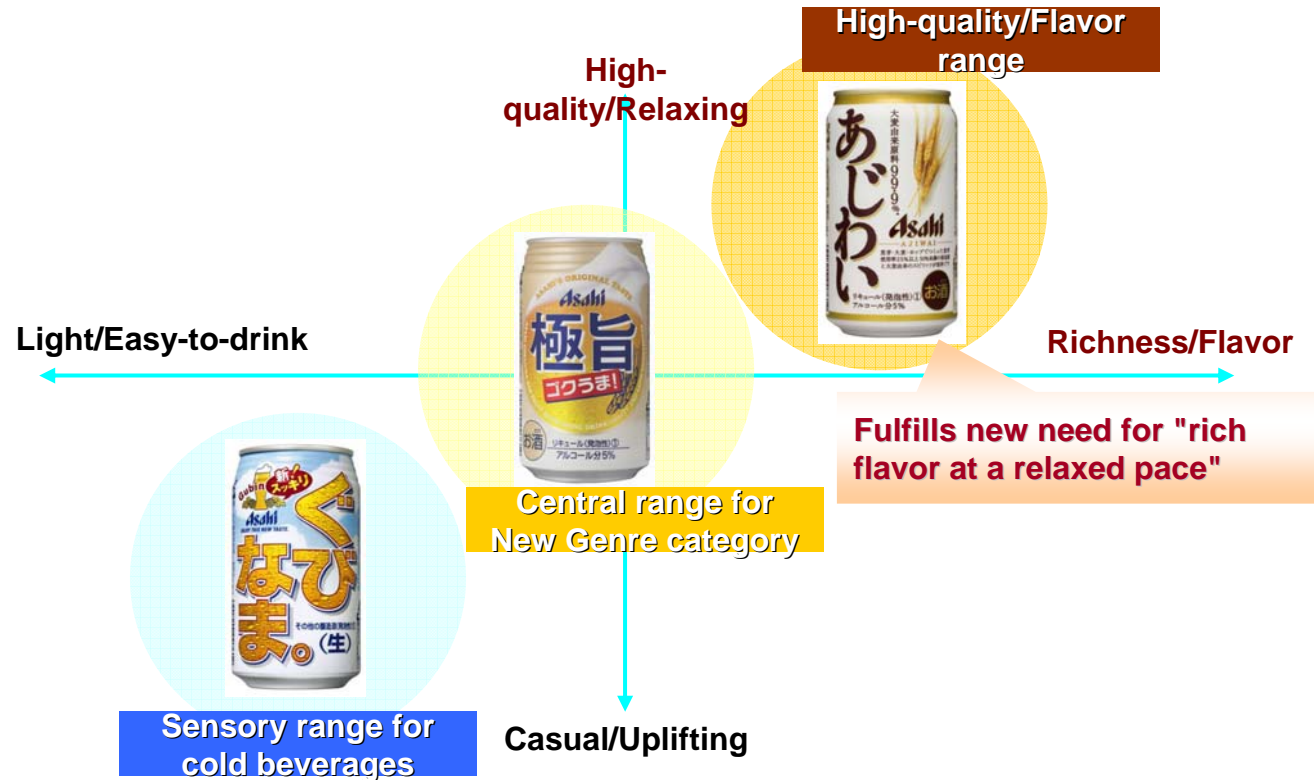
Launch date: Oct. 23



Ajiwai



New Product Overview: Ajiwai (New Genre category)



Product name	Asahi Ajiwai アサヒ あじわい
Launch date	Tuesday, October 23
Sales target	3,000,000 cases (total for Oct.–Dec.)
Product concept	New Genre product using 99.9% raw materials derived from barley to realize a high-quality "deep flavor"

Ajiwai Raw materials

	← Happoshu →		Spirits
Hops	Barley	Malted barley 25–50%	Barley spirits

← 99.9%: Barley-derived raw materials →



Other Alcohol Category: Sales Targets for 2007

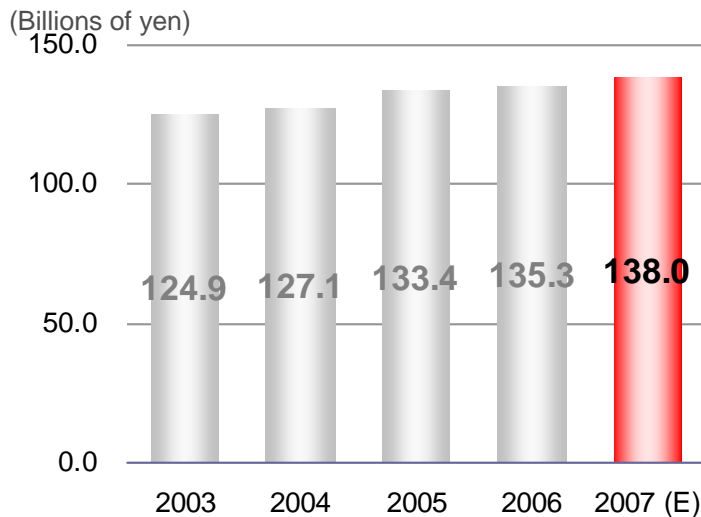


Overview of the first half of 2007

- Strong performance for major shochu brands: "Kanoka" up 10% year-on-year and "Satsumatsukasa" up 53%
- "Asahi Shunkashibori" up 32% year-on-year due to launch of "Sokan"
- Sales of single malt whiskies were up around three-fold due to launch of "Yoichi 500 ml", driving the Japan-produced whiskies category forward



Trends in sales and target for 2007



	2007 target	2006	YoY (%)
Shochu	56.5	57.2	-1.2%
RTD beverages	36.0	32.7	10.0%
Whisky & Spirits	27.0	27.4	-1.6%
Wine	15.5	15.1	2.9%
Other	3.0	2.9	3.6%
Other beverages total	1,380	1,353	2.0%

(Billions of yen)

Develop leading brands and improve profitability in all categories



New Product Overview: Asahi Tomato



機は、完全に熟した。



Asahi & KAGOME

Alcohol handling technology

Carefully selected tomato juice



Combine the strengths of both companies to offer a delicious new flavor

Product name	Asahi Tomato
Product concept	Utilizes tomatoes to offer a new flavor not available in existing RTD beverages. A "tomato cocktail" created through joint development by Asahi Breweries—over 100 years experience in alcoholic beverages—and Kagome—over 100 years experience with vegetable produce and products.
Launch date	Tuesday, September 4
Suggested retail price	¥187 (excl. consumption tax)



Reference: Trends in Marketing Costs



■ Trends in advertising and sales promotion expenses by category

(Billions of yen)

	2002	2003	2004	2005	2006	2007 target	Inc./ Dec.	Change from initial target
Sales promotion premium	67.9	77.9	76.3	77.8	80.8	81.1	0.3	-3.8
Advertising expenses	38.1	31.2	32.3	32.2	32.7	36.6	3.9	0.2
Total	106.0	109.1	108.6	110.0	113.5	117.7	4.2	-3.6

Breakdown

Beer	66.0	60.3	58.0	54.9	58.6	61.1	2.5	-3.1
Happoshu	19.6	20.5	20.4	12.2	9.9	13.6	3.7	0.7
New Genre	-	-	-	9.2	13.0	11.9	-1.1	-0.5
Beer category total	85.6	80.8	78.4	76.3	81.5	86.6	5.1	-2.9
Other beverages total	20.4	28.3	30.2	33.7	32.0	31.1	-0.9	-0.7



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