

Special Feature 1

INSIGHT, Asahi

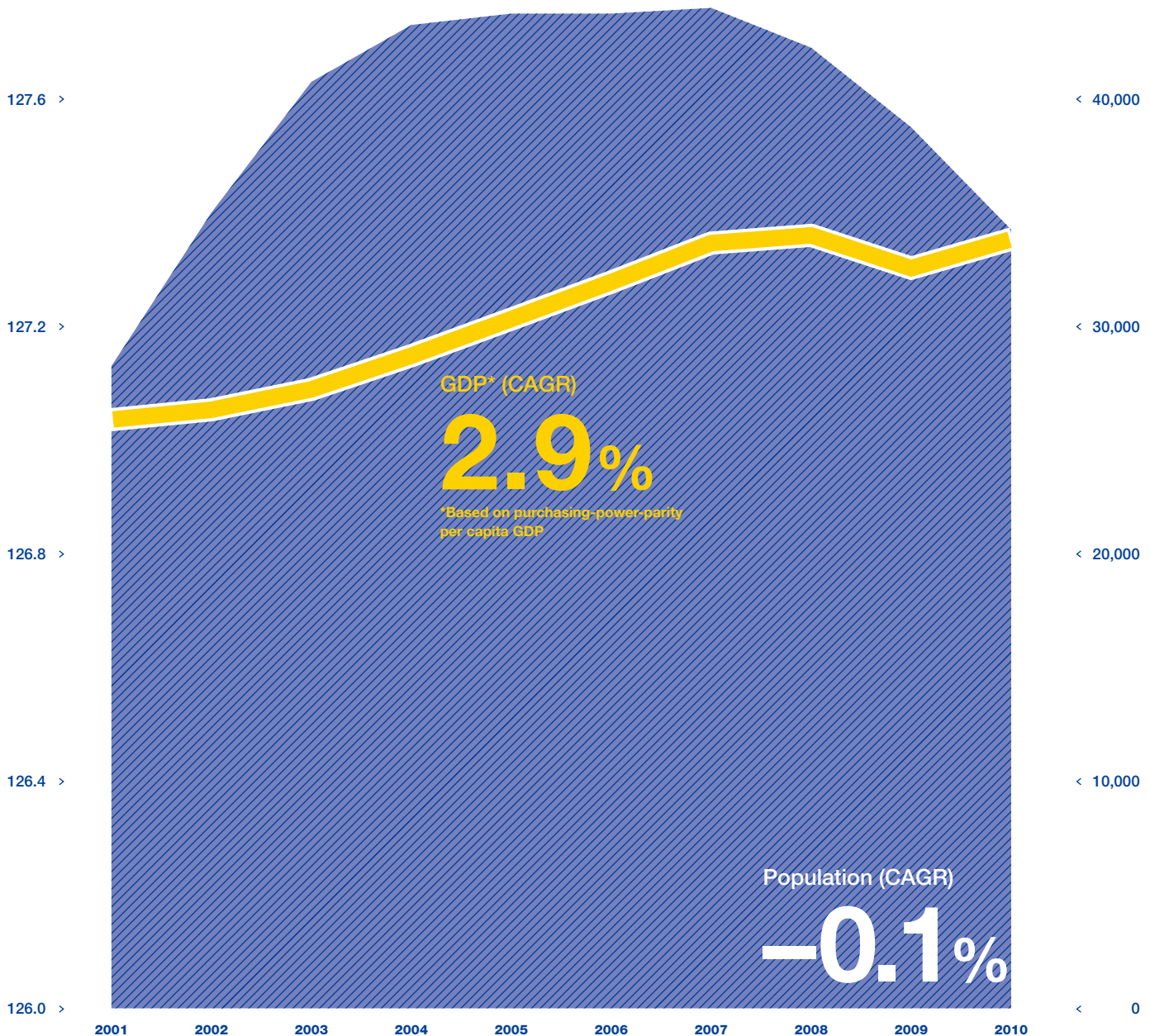
Asahi's Environment and Position

Changes in population and GDP Domestic

(Million people)
128.0 >

(US dollars)
< 50,000

The Maturing Japanese Market



Changes in population and GDP Asia and Oceania

(Million people)
4,000 >

(US dollars)
< 12,000

The Growing Asia and Oceania Market

GDP* (CAGR)

5.3%

*Based on purchasing-power-parity per capita GDP

Population (CAGR)

1.5%

3,700 >

< 10,000

3,400 >

< 8,000

3,100 >

< 6,000

2,800 >

< 4,000

2,500 >

< 2,000

< 0

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Source: IMF-World Economic Outlook (April 2011)

*Data taken from countries with populations over 1 million.

Key Issues for Asahi

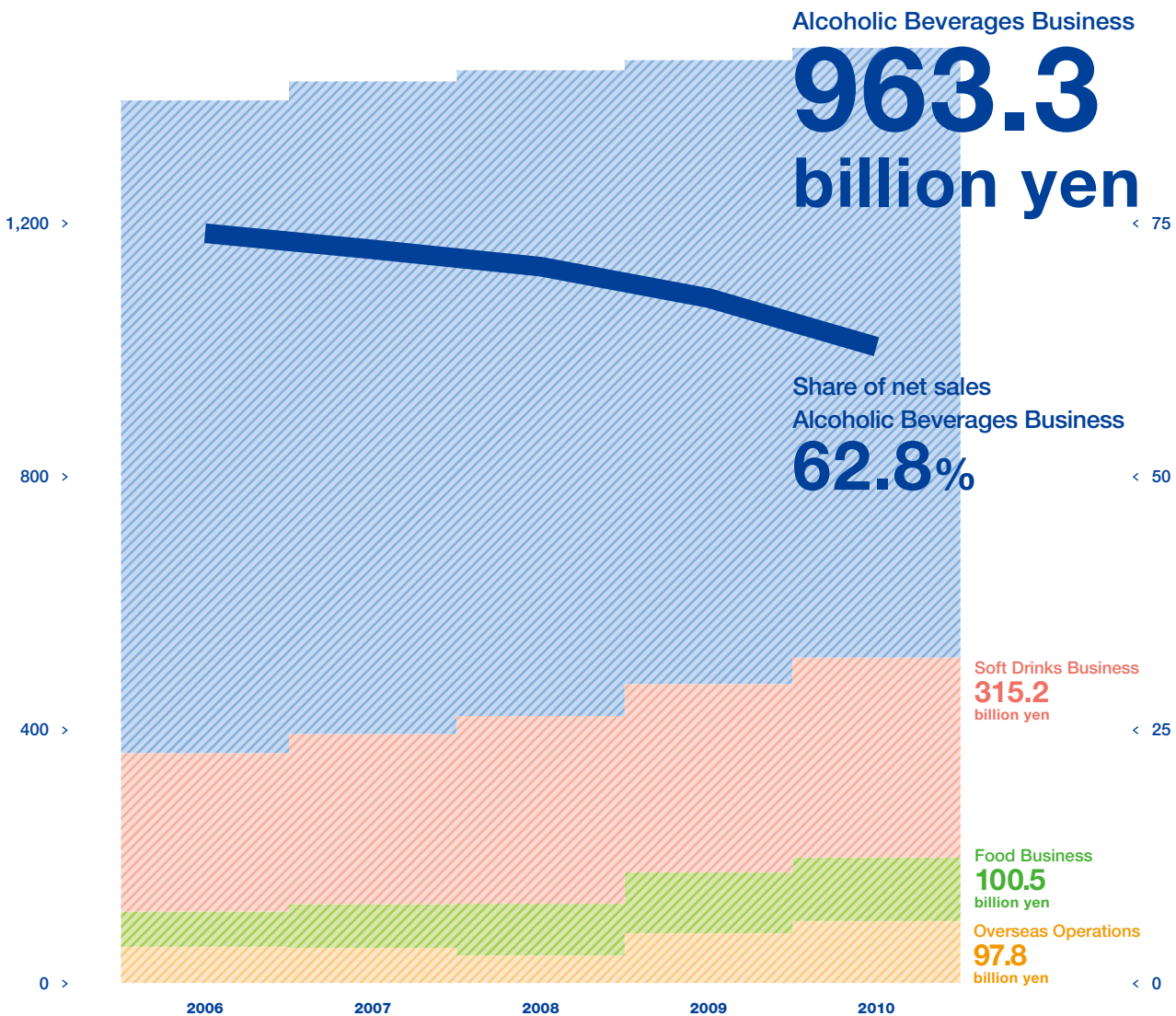


Net Sales

Majority of Earnings Generated by Domestic Alcoholic Beverages Business in 2010

(¥ billion)
1,600 >

(%)
< 100





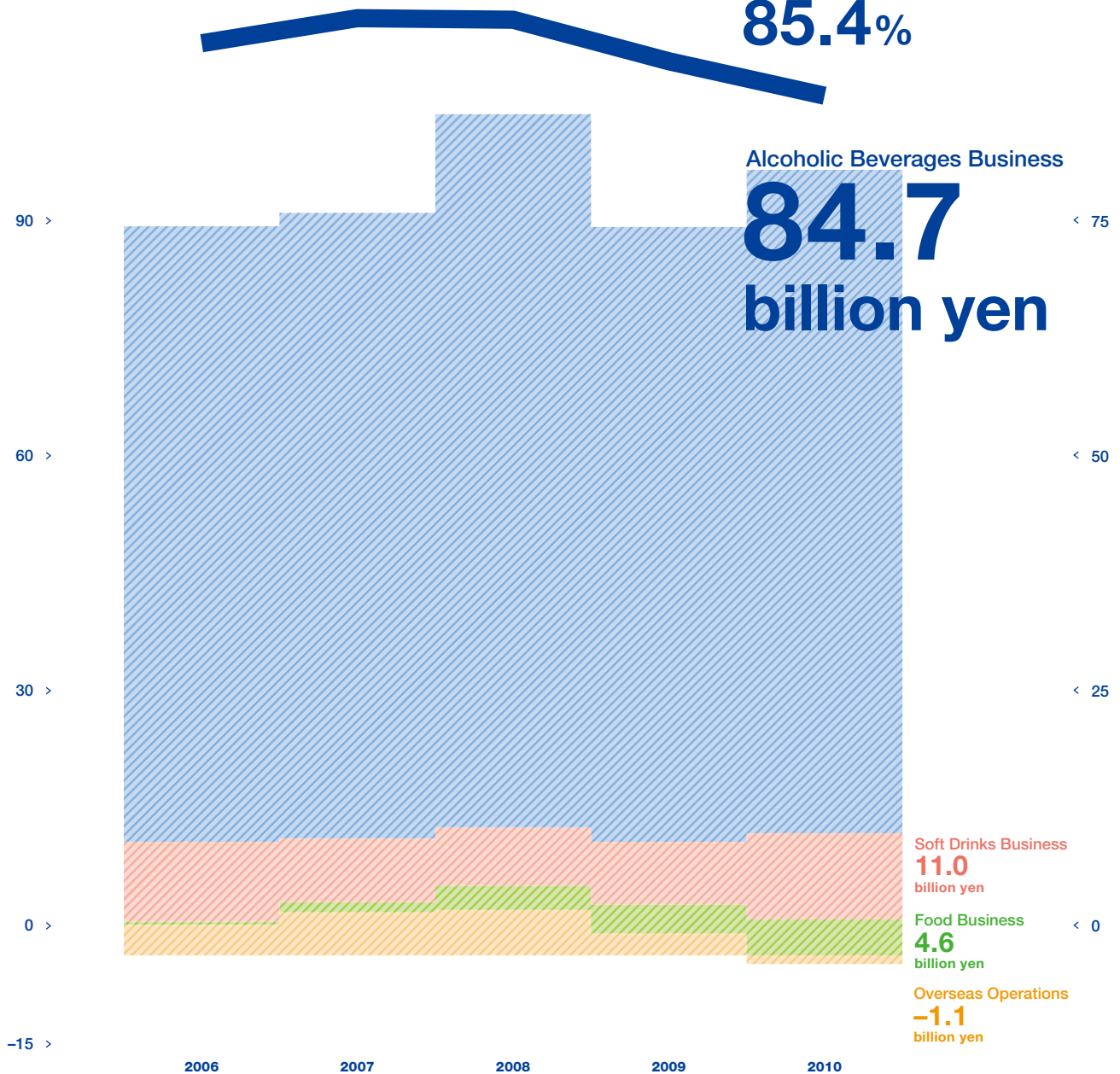
Strengthen the earnings base from existing businesses, and bolster business portfolio.

Operating Income (Loss)

(¥ billion)
120 >

Share of operating income
Alcoholic Beverages Business < 100 (%)

85.4%



Alcoholic Beverages Business

84.7
billion yen

Soft Drinks Business
11.0
billion yen

Food Business
4.6
billion yen

Overseas Operations
-1.1
billion yen

Asahi Strategy

The Asahi Group formulated a new Long-Term Vision 2015 and Medium-Term Management Plan 2012, based on market trends in and outside of Japan and the Group's earnings structure. Both plans began in 2010.

LONG-TERM VISION

2015

Striving for transforming the bounty of nature into the "Kando" of food while becoming a trusted company with global quality.

Long-Term Vision 2015:
Quantitative Targets

Net Sales

¥2–2.5 trillion

EBITDA*/Net sales ratio

12% or higher

Overseas Sales Contribution

20–30%

*EBITDA = Ordinary Income + Interest expense + Depreciation
(including amortization of goodwill)

MEDIUM-TERM MANAGEMENT PLAN

2012

A Milestone for Achieving the Long-Term Vision.

Alcoholic Beverages Business:

Strengthening and cultivating core brands while striving for world-class profitability

Soft Drinks Business:

Cultivating strong brands and raising profitability to become a pillar of the industry realignment

Food Business:

Reinforcing brands and seeking group synergies in areas of strength

Overseas Operations:

Raising profitability in China by alliance with Tsingtao Brewery and expanding our presence in Asia and Oceania

Strategies for achieving the Long-Term Vision:

- Improve profitability at existing businesses
- Promote capital and business alliances in and outside of Japan

Aim for operating income ratio of around **8%**
(excl. alcohol tax, **12%**).

- Aim for operating income ratio of **10%** or higher for alcoholic beverages business (excl. alcohol tax, **18%**).
- Aim for operating income ratio of **5%** or higher for soft drinks business, food business, and overseas operations.

Aim for compound annual growth of **15%** or more for income from investments in equity-method affiliates.

- Proactively support above-market growth at Tingyi-Asahi Beverages and Tsingtao Brewery.

Aim for net income of **¥65.0** billion
(Around **¥75.0** billion before goodwill and other depreciation costs)

Strategy Execution in 2010

The fiscal year ended December 31, 2010 was the first for the Medium-Term Management Plan 2012. During the year we accelerated our progress on a variety of initiatives towards the plan's completion. Our efforts centered on improving profitability in existing businesses and promoting capital and business alliances in Japan and overseas.

April Acquisition of the Rokko no Oishii Mizu Brand

Asahi Soft Drinks Co., Ltd. acquired the *Rokko no Oishii Mizu* brand, which has a 7% share of Japan's mineral water market (2009 data) and is widely known to many customers in Japan as a daily drinking water product. By adding *Rokko no Oishii Mizu* to its existing high-added-value bottled water brand *Asahi Fujisan no Vanadium Tennensui*, Asahi Soft Drinks aims to expand its presence in Japan's growing mineral water market.



JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

January Stronger Alliance with the Carlsberg Group

In the global beer business, we reinforced our alliance with the Carlsberg Group in a move to bolster sales of *Asahi Super Dry* outside of Japan.

January marked the full-scale launch of sales of *Asahi Super Dry* by Carlsberg Hong Kong. The result was double-digit growth in sales year on year in Hong Kong in 2010. In July, Carlsberg Malaysia also began selling *Asahi Super Dry*, lifting sales there by 40% year on year.

May Limited-time Opening of Asahi Super Dry Extra Cold Bar

Asahi Breweries, Ltd. opened the *Asahi Super Dry Extra Cold Bar* for a limited time in Tokyo's Ginza district. "Extra cold" is a new proposal for enjoying *Asahi Super Dry* that has won support from a broad spectrum of customers and contributed



greatly to revitalizing the *Asahi Super Dry* brand.

March Formulation of the Asahi Group Environmental Vision 2020

To contribute to the realization of a sustainable society, the Asahi Group will actively work to address environmental issues, based on the four themes of building a low-carbon society, building a recycling-oriented society, preserving biodiversity, and raising awareness of the bounties of nature.

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October
**Integration of LB Co., Ltd. (Tokyo)
and LB Co., Ltd. (Nagoya)**

Asahi Breweries, Ltd. converted LB Co., Ltd. (Tokyo) and LB Co., Ltd. (Nagoya) into wholly owned subsidiaries. On January 1, 2011, both companies were merged and their respective management resources integrated. This move opens the way for Asahi Breweries to develop growth strategies in the chilled beverages business domain that were not feasible when the subsidiaries were separate, and to boost profitability.

August
**Transition to a Holding Company
Structure**

The Asahi Group announced a scheduled transition to a holding company structure on July 1, 2011. This move will enhance Group governance functions, develop manufacturing skills across the entire Group, and strengthen management infrastructure.

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November
**Investment and Subsequent
Business Alliance with a Major
Food and Distribution Company
in China**

The Asahi Group, in collaboration with ITOCHU Corporation, invested in TING HSIN (CAYMAN ISLANDS) HOLDING CORP., the holding company for the Ting Hsin Group, a major food and distribution company in China. In addition to the soft drinks business in China, a basic agreement was reached to pursue a business alliance in the food business in China and Taiwan.

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JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

September
**New Production Framework in
Beer-type Beverages Ahead of
Profit Structure Reform**

To boost profitability, Asahi Breweries, Ltd. opted to integrate production functions for beer-type beverages and move to a structure in Japan consisting of eight breweries. This decision is expected to greatly enhance production efficiency in the Company's domestic brewery network. The likely result is profit structure reform that will greatly surpass targets set in Medium-Term Management Plan 2012. Cost reduction benefits after shifting to the new production framework are expected to be around ¥4.5 billion annually.

December
Acquisition of Rokujo Mugicha

An agreement was concluded with Kagome Co., Ltd. to transfer the *Rokujo Mugicha* brand to Asahi Soft Drinks.

Plans are to revitalize the brand and swiftly capture a 10% share in the domestic soft drinks market by leveraging Asahi Soft Drinks' advantages as the core company for the Asahi Group's soft drinks business in Japan.

* Product launched on May 31, 2011

