



# KIRIN HOLDINGS COMPANY, LIMITED

## SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

### FOR THE SIX MONTHS ENDED JUNE 30, 2018 (UNDER IFRS)

#### (UNAUDITED)

August 7, 2018

(English Translation)

Fiscal year ending December 31, 2018

#### KIRIN HOLDINGS COMPANY, LIMITED

NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan (URL <http://www.kirinholdings.co.jp/english/>)

Code No.:	2503
Shares Listed:	Tokyo, Nagoya, Sapporo and Fukuoka
Representative:	Mr. Yoshinori Isozaki, President and CEO
For further information, please contact:	Mr. Tetsuya Fujiwara, Director of Group Corporate Communications
	Telephone: +81-3-6837-7015 from overseas
Scheduled date of quarterly securities report scheduled:	August 9, 2018
Commencement date of dividend distribution scheduled:	September 5, 2018
Preparation of supplementary documents to the financial results:	Yes
Holding of financial results presentation (for institutional investors and analysts):	Yes

#### 1. Consolidated business results and financial position for the first six months of the current fiscal year (January 1, 2018 – June 30, 2018)

[Unit: Japanese yen (¥)]

(1) Results of operations (cumulative): (Amounts are rounded to the nearest ¥1 million.)  
(Percentage change compares current results with those of the same period of the previous year)

	Revenue (¥ millions)	Percentage change (%)	Normalized operating profit (¥ millions)	Percentage change (%)	Profit before tax (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2018	918,244	4.6	86,082	(4.3)	131,171	6.6
June 30, 2017	878,154	-	89,906	-	123,059	-

	Profit (¥ millions)	Percentage change (%)	Profit attributable to owners of the Company (¥ millions)	Percentage change (%)	Total comprehensive income (¥ millions)	Percentage change (%)
Six months ended						
June 30, 2018	106,077	(41.6)	86,079	(49.3)	63,918	(66.9)
June 30, 2017	181,620	-	169,777	-	193,127	-

	Basic earnings per share (¥)	Diluted earnings per share (¥)
Six months ended		
June 30, 2018	94.79	94.76
June 30, 2017	186.05	186.04

Reference: Operating profit	Six months ended June 30, 2018	¥99,619 million	(13.3%)
	Six months ended June 30, 2017	¥114,898 million	–%

\* Normalized operating profit is a profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Financial position:

	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	(¥ millions)	(¥ millions)	(¥ millions)	(%)
As of				
June 30, 2018	2,254,932	1,219,717	937,537	41.6
December 31, 2017	2,399,082	1,229,206	957,895	39.9

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended December 31, 2017	—	20.50	—	25.50	46.00
Fiscal year ending December 31, 2018	—	24.00			
Fiscal year ending December 31, 2018 (Forecast)			—	24.00	48.00

Note: Revision of the forecast from recently announced figures: None

## 3. Forecast consolidated business results for the current fiscal year (January 1, 2018 - December 31, 2018)

(Percentage change compares forecast results with actual results of the previous year)

	Revenue	Percentage change	Normalized operating profit	Percentage change	Profit before tax	Percentage change
	(¥ millions)	(%)	(¥ millions)	(%)	(¥ millions)	(%)
Fiscal year ending December 31, 2018	1,960,000	5.2	196,000	0.9	235,000	0.5

	Profit	Percentage change	Profit attributable to owners of the Company	Percentage change	Basic earnings per share
	(¥ millions)	(%)	(¥ millions)	(%)	(¥)
Fiscal year ending December 31, 2018	180,000	(32.5)	155,000	(36.0)	172.94

Note: Revision of the forecast from recently announced figures: None

Reference: Operating profit      Fiscal year ending December 31, 2018      ¥194,000 million (8.1%)

## \* Notes

- (1) Changes in significant subsidiaries for the six months ended June 30, 2018 (Changes in specified subsidiaries accompanying change in scope of consolidation.): Yes

Newly included: —

Excluded: 1 company  
Great Northern Developments Limited

- (2) Changes in accounting policies and changes in accounting estimates

- |  |      |
|--|------|
| i. Changes in accounting policies required by IFRS:      | None |
| ii. Changes in accounting policies due to other reasons: | None |
| iii. Changes in accounting estimates:                    | None |

- (3) Number of shares outstanding (ordinary shares)

- |  |                    |
|--|--------------------|
| i. Number of shares outstanding at the end of the period (including treasury shares)               |                    |
| As of June 30, 2018  | 914,000,000 shares |
| As of December 31, 2017  | 914,000,000 shares |
| ii. Number of treasury shares at the end of the period   |                    |
| As of June 30, 2018  | 16,017,351 shares  |
| As of December 31, 2017  | 1,394,366 shares   |
| iii. Average number of shares during the period (cumulative from the beginning of the fiscal year) |                    |
| For the six months ended June 30, 2018   | 908,137,332 shares |
| For the six months ended June 30, 2017   | 912,547,582 shares |

\* The summary of quarterly consolidated financial results is not subject to quarterly reviews by certified public accountants or audit corporations.

\* Information about proper usage of forecast business results, and other special instructions

- (1) The statements concerning future performance that are presented in this document are based on judgments using information available to Kirin Holdings and the Kirin Group as of the release date of this material. Certain risks and uncertainties could cause the results of Kirin Holdings and the Kirin Group to differ materially from any projections presented herein. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses, market trends, and exchange rates.
- (2) The Company will post the Supplementary Documents to the Financial Results today, Tuesday, August 7, and will post the presentation materials and webcast from the financial results presentation to be held on Wednesday, August 8 and the main Q&A at the meeting as soon as possible on the Company's website.  
(URL of the Company's website)  
<http://www.kirinholdings.co.jp/english/ir/event/explain/index.html>

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## 1. KIRIN GROUP'S CURRENT BUSINESS PERFORMANCE

### (1) STATEMENT OF BUSINESS ACTIVITIES AND RESULTS

During the consolidated period including the second quarter (January 1-June 30, 2018), the global economy continued to experience a modest recovery due to the economic stability of the United States and Europe, as well as to growth in emerging countries, although some areas of uncertainty exist, such as trade issues concerning the United States. On the foreign exchange market, currency depreciation continued, particularly in emerging markets, influenced by such factors as the interest-rate policies of central banks around the world and concerns about trade friction between the United States and China.

In Japan, although employment and income followed a trend toward recovery, there was a surge in raw-material prices, an increase in logistics and personnel costs against the background of a shortage of workers, and a moderate increase in consumer prices, as well as a slight upward trend in household saving.

The Kirin Group (The company and its associated companies) continued to work on the key strategies of the Kirin Group 2016-2018 Medium-Term Business Plan ("2016 MTBP") in order to achieve the target of "restructure and revitalize Kirin, groupwide" during the current fiscal year, which is the final year of the 2016 MTBP. Furthermore, based on the new Long-Term Management Vision, the New Kirin Group Vision 2021 ("New KV2021"), and the Kirin Group's CSV<sup>\*1</sup> Commitment, the Kirin Group stepped up its efforts toward addressing the CSV priority issues, namely, "Health and Well-being", "Community Engagement", and "The Environment", in the alcoholic beverages, non-alcoholic beverages, and pharmaceuticals and bio-chemicals businesses, respectively. In particular, regarding "Health and Well-being", the Kirin Group expanded the rollout of its group-wide brand *iMUSE* based on the Group's original product, *Lactococcus lactis* strain Plasma. Furthermore, in order to develop a new Medium-Term Business Plan, the Kirin Group began reviewing the Group Materiality Matrix. As part of this review work, in April the company held a Stakeholder Dialogue in which it exchanged opinions with its stakeholders about the Kirin Group's CSV management.

As a result, in the consolidated period including the second quarter, consolidated revenue increased due to higher revenue in the Japan Integrated Beverages Business driven by a sales-volume increase for Kirin Brewery Company, Limited, as well as due to significantly higher revenue in the Other Overseas Integrated Beverages Business. On the other hand, consolidated normalized operating profit<sup>\*2</sup> decreased owing to such factors as a lower normalized operating profit in the Oceania Integrated Beverages Business that experienced depreciation of the Australian dollar against the yen compared to the same quarter last year, etc., in addition to a lower normalized operating profit in the Pharmaceuticals and Bio-chemicals Businesses that have been impacted by a drug price revision, among other reasons. Consolidated profit before tax increased on account of capital gain resulting from the transfer of entire stocks of Kirin-Amgen, Inc., and capital gain from the partial transfer by Kyowa Hakko Kirin Company, Limited of its shareholdings in Kyowa Medex Co., Ltd. Consolidated profit attributable to owners of the Company, however, decreased from last year because of the capital gain recorded in the corresponding quarter last year from the transfer of entire stocks of Brasil Kirin.

<sup>\*1</sup> CSV: An acronym for Creating Shared Value; the aim is improvement in corporate values based on both "creation of social value" and "creation of economic value" through addressing social issues.

<sup>\*3</sup> Normalized operating profit: A profit indicator for measuring recurring performance which is calculated by deducting the total of cost of sales and selling, general and administrative expenses from revenue

Consolidated revenue	918.2 billion yen, up 4.6%
Consolidated normalized operating profit	86.1 billion yen, down 4.3%
Consolidated profit before tax	131.2 billion yen, up 6.6%
Consolidated profit attributable to owners of the Company	86.1 billion yen, down 49.3%
(Reference)	
Normalized EPS*	71 yen, down 2.7%

\* Normalization: Non-recurring items such as Other operating income or expenses, etc. have been removed to more accurately reflect actual earnings.

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

As for the acquisition of treasury stocks that has been conducted to further increase returns to shareholders, the total number of acquired stocks is 14,691,700 with an acquisition cost of 44.6 billion yen as of June 30, 2018.

Results by segment are as follows

### **Japan Integrated Beverages Business**

Kirin Brewery Company, Limited continued its focus on enhancing the appeal of its beer category as part of its coherent strategy while executing marketing activities to generate a high return on investment by identifying specific brands and activities for achieving regrowth. In the beer category, the performance of the flagship brand *Kirin Ichiban* continued to be strong, centering on the canned product. Meanwhile, the company started the nationwide rollout of Tap Marché aiming at the expansion and activation of the craft beer market, and expanded brand scope by tying up with two new craft breweries. The sales volume of the new genre category increased significantly from last year, owing to resumed sales of the flagship brand *Kirin Nodogoshi Nama* that underwent a full-scale renewal in June, as well as very strong sales of new products *Honkirin* and *Kirin Nodogoshi STRONG*. As a result, the overall sales volume of the company's beer products total recorded a year-on-year increase despite a negative growth rate in the domestic market for beer products total. In the ready-to-drink (RTD\*) category, an expanding market, a year-on-year increase in sales volume was recorded for the category as a whole, driven by strong sales of the flagship *Kirin Hyoketsu* brand as well as by favorable sales of *Kirin Honshibori™ Chuhai*, and *KIRIN The STRONG* launched in April. Sales in the whiskey, spirits, and wine category also increased from last year, centering on imported whiskey products such as *White Horse*.

Mercian Corporation proposed values for wine that challenged conventional ways of thinking to quickly respond to consumer needs, while advancing efforts to select and concentrate on focus brands in each category. In the imported wine category, sales volumes of *Frontera*, a daily-use product that is undergoing brand-strengthening strategies, and *Casillero del Diablo*, a product in the medium-price range, increased from last year. In the Japan wine market where consumer attention is growing, sales of the flagship brand *Château Mercian* continued to be strong. However, the overall sales volume for wine decreased slightly from last year due to declines in domestically produced wine.

Kirin Beverage Company, Limited advanced measures to build a robust brand framework in addition to strengthening its business base. The company's flagship products under the *Kirin Gogo-no-Kocha* brand underwent an overall renewal one after the other; *Kirin Gogo-no-Kocha Oishii Muto(sugar-free)* in April, and the three regular flavors, straight tea, milk tea, and lemon tea, in June, all resulting in moderate sales. Favorable sales of *Kirin Nama-cha* continued after the product package renewal executed in March. Moreover, *Kirin Lemon*, that underwent an overall renewal as it marked the 90<sup>th</sup> anniversary of its market launch, boosted sales of the carbonated beverage category, which also contributed to the overall sales-volume increase for soft drinks. On the other hand, in the coffee category where the market environment is changing due to the launch of new packaging styles, the sales volume of *Kirin FIRE* decreased from last year.

As a result, in the Japan Integrated Beverages Business, consolidated revenue increased year on year owing to factors affecting Kirin Brewery Company, Limited, such as favorable sales of overall beer products total and an increase in the sales volume of RTD products. Consolidated normalized operating profit slightly decreased from last year, however, despite an increase in normalized operating profit for Kirin Brewery Company, Limited. This was mainly due to deterioration in the difference of change in product mix and in composition ratio of containers etc. for Kirin Beverage Company, Limited resulting from the lower sales volume of its flagship brand *Kirin FIRE*, as well as to increased selling expenses resulting from prior investment to strengthen core brand values for Mercian Corporation.

\*1 RTD: An acronym for "ready-to drink"; RTD liquors are packaged low-alcohol beverages sold in a pre-prepared ready-to-drink form.

Japan Integrated Beverages Business 2018 second-quarter results:

Consolidated revenue	499.2 billion yen, up 1.6 %
Consolidated normalized operating profit	29.8 billion yen, down 0.1 %

## **Overseas Integrated Beverages Business**

In Lion's Beer, Spirits and Wine business, beer market volumes are relatively stable despite the recently-introduced container deposit scheme which has negatively impacted volumes in Australia's largest state (NSW). Whilst the Lion business has faced share challenges in Australia, the company has focused on continuing to strengthen its core beer brands and investing in the growing contemporary and craft segments to drive profitable growth in the medium to long term, with the Iron Jack and Furphy beer brands both performing well during the half. In New Zealand, a new microbrewery was launched in June with a focus on sustainable beer production. In Lion's Dairy & Drinks business, the company's milk beverages category continues to grow ahead of the market, driven by promotion and product innovation. Overall volumes have been adversely impacted by declines in ambient and chilled juice, in part due to the decision to delete unprofitable product lines. The business continues to invest in its distribution network to grow profitability while optimizing its manufacturing operations.

Myanmar Brewery capitalized on its high recognition and impact in the Myanmar beer market so as to further deepen its understanding of the market and consumers through effective market research activities and to execute its sales activities accordingly. Sales of its flagship product *Myanmar Beer* increased, and the *Andaman Gold* sales volume grew significantly against the background of an increased demand for products in the economy category. The company also completed its plant expansion and is now ready to fully meet the growing consumer demand.

As a result, in the Beer, Spirits and Wine business of Oceania Integrated Beverages Business, increased sales volume of core products and reduced costs, especially in the supply chain, contributed to improved profitability. However, sales volume of beer decreased and the yen appreciated year-on-year, resulting in a decline in consolidated revenue and consolidated normalized operating profit. In the Dairy & Drinks business, both consolidated revenue and consolidated normalized operating profit decreased due to a lower sales volume of ambient and chilled juice products and other products, as well as the appreciation of the yen. In sum total, the overall consolidated revenue and consolidated normalized operating profit of the Oceania Integrated Beverages Business decreased from last year.

In other Overseas Integrated Beverages Business, consolidated revenue increased significantly due to a large increase in sales volume for Myanmar Brewery and CCNNE\*, a subsidiary of the soft drinks business in the United States that expanded its business scope in September 2017. Consolidated normalized operating profit decreased, however, due to the impact of higher raw-material costs at CCNNE owing to soaring oil prices.

\*CCNNE: An acronym for the Coca-Cola Bottling Company of Northern New England, Inc., a wholly owned subsidiary that manufactures and sells soft drink products in the northeastern part of the United States.

### **Oceania Integrated Beverages Business 2018 second-quarter results:**

Consolidated revenue	159.2 billion yen, down 3.8%
Consolidated normalized operating profit	20.4 billion yen, down 8.0%

### **Other Overseas Integrated Beverages Business 2018 second-quarter results:**

Consolidated revenue	83.1 billion yen, up 116.5 %
Consolidated normalized operating profit	7.4 billion yen, down 5.7 %

## **Pharmaceuticals and Bio-chemicals Businesses**

In the pharmaceuticals business, in line with its aim of making great strides to become a global specialty pharmaceutical company, Kyowa Hakko Kirin Company, Limited strove to maximize the value of its global strategic products. It also undertook measures to penetrate the market, primarily through its newly launched products, to strengthen its relationships with customers by area, and to expand its product pipeline. In the domestic market, sales decreased due to the negative impact of market competition as well as the penetration of generic drugs following the government's downward drug price revision effective from April, in addition to the impact of the deconsolidation of Kyowa Medex Co., Ltd. On the other hand, sales of Patanol®, anti-allergy eye drops, increased year on year due to increased airborne pollen, while solid growth was also seen in the new product category, for example, with G-Lasta®, an agent for decreasing the incidence of febrile neutropenia. In the overseas market, mainly in China and Korea, sales were solid for products such as GRAN®, a neutropenia treatment drug, and REGPARA®, a treatment for secondary hyperparathyroidism. In addition, Crysvita® (code name: KRN23), a drug for the treatment of X-linked hypophosphatemia launched in Germany and the United States in April, achieved successful market penetration. Sales in the overseas market increased year on year, as a result partly of higher technology licensing revenue which was associated with the approval of Crysvita® (the gain on the sale of the priority review voucher issued by the U.S. Food and Drug Administration (FDA) for marketing approval of Crysvita®). In the research and development arena, in May, a phase III clinical study for RTA402 (generic name: bardoxolone methyl) targeting diabetic kidney disease started in Japan.

In the bio-chemicals business, domestic sales recorded a year-on-year decrease due to the impact of the sale of the plant growth regulator business last year. Overseas sales also decreased because of intensified competition for certain products in Europe and Asia.

As a result, the Pharmaceuticals and Bio-chemicals Businesses recorded a decrease in consolidated revenue due to the drug price revision, decreased domestic sales of long-listed products, and the impact of deconsolidating Kyowa Medex Co., Ltd., notwithstanding the increase in licensing revenue. Consolidated normalized operating profit also decreased despite lower research and development costs, owing to the increase in selling expenses associated with the launch of global strategic products in overseas markets.

Pharmaceuticals and Bio-Chemicals Businesses 2018 second-quarter results:

Consolidated revenue	168.9 billion yen, down 2.9%
Consolidated normalized operating profit	31.2 billion yen, down 3.9%

## **(2) FINANCIAL POSITION**

Total assets at the end of the current consolidated second quarter decreased by 144.2 billion yen from the end of the previous consolidated fiscal year, to 2,254.9 billion yen. This is the result of decreases in trade and other receivables and non-current assets held for sale, etc.

Equity decreased by 9.5 billion yen from the end of the previous consolidated fiscal year to 1,219.7 billion yen due to a decrease recorded in the other equity components and an increase in treasury shares despite an increase in retained earnings.

Liabilities decreased by 134.7 billion yen to 1,035.2 billion yen from the end of the previous consolidated fiscal year, resulting from decreases in bonds and borrowings and in trade and other payables, etc.

## **(3) CONSOLIDATED FORECASTS**

Kirin Group's consolidated forecasts remain unchanged for the full year ending December 31, 2018, as announced on February 14, 2018.



**2. CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**  
**(1) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(¥ millions)

	At December 31, 2017	At June 30, 2018
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	556,223	535,456
Goodwill	261,900	248,775
Intangible assets	184,096	184,622
Equity-accounted investees	210,780	221,518
Other financial assets	208,535	195,151
Other non-current assets	15,799	15,179
Deferred tax assets	96,727	95,201
Total non-current assets	1,534,060	1,495,903
Current assets		
Inventories	194,837	206,875
Trade and other receivables	395,263	372,074
Other financial assets	3,362	5,290
Other current assets	34,303	22,428
Cash and cash equivalents	160,913	152,362
(Sub-total)	788,678	759,029
Assets held for sale	76,344	-
Total current assets	865,023	759,029
Total assets	2,399,082	2,254,932

(¥ millions)

	At December 31, 2017	At June 30, 2018
Equity		
Share capital	102,046	102,046
Share premium	2,208	2,232
Retained earnings	811,520	881,165
Treasury shares	(2,020)	(46,552)
Reserves	44,141	(1,354)
Equity attributable to owners of the Company	957,895	937,537
Non-controlling interests	271,311	282,181
Total equity	1,229,206	1,219,717
Liabilities		
Non-current liabilities		
Bonds and borrowings	362,622	361,219
Other financial liabilities	88,275	88,345
Defined benefit liability	66,016	65,651
Provisions	7,385	7,266
Other non-current liabilities	13,282	11,888
Deferred tax liabilities	18,851	20,313
Total non-current liabilities	556,432	554,682
Current liabilities		
Bonds and borrowings	123,852	43,174
Trade and other payables	224,887	210,844
Other financial liabilities	55,109	45,033
Current tax liabilities	9,853	17,467
Provisions	1,005	672
Other current liabilities	194,628	163,342
(Sub-total)	609,334	480,533
Liabilities associated with assets held for sale	4,111	-
Total current liabilities	613,445	480,533
Total liabilities	1,169,877	1,035,215
Total equity and liabilities	2,399,082	2,254,932

**(2) CONDENSED QUARTERLY CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

**CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
SIX MONTHS ENDED JUNE 30, 2018**

(¥ millions)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Continuing operations		
Revenue	878,154	918,244
Cost of sales	493,982	520,450
Gross profit	384,172	397,794
Selling, general and administrative expenses	294,266	311,712
Normalized operating profit	89,906	86,082
Other operating income	36,282	23,471
Other operating expenses	11,290	9,935
Operating profit	114,898	99,619
Finance income	2,328	2,974
Finance costs	6,648	4,378
Share of profit of equity-accounted investees	12,480	13,174
Gain on sale of equity-accounted investees	-	19,782
Profit before tax	123,059	131,171
Income tax expense	23,225	25,094
Profit from continuing operations	99,834	106,077
Discontinued operations		
Profit from discontinued operations	81,786	-
Profit	181,620	106,077
Profit attributable to:		
Owners of the Company	169,777	86,079
Non-controlling interests	11,843	19,999
Profit	181,620	106,077
Earnings per share (Yen)		
Basic earnings per share		
Continuing operations	96.42	94.79
Discontinued operations	89.62	-
Basic earnings per share	186.05	94.79
Diluted earnings per share		
Continuing operations	96.41	94.76
Discontinued operations	89.62	-
Diluted earnings per share	186.04	94.76

**CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2018**

(¥ millions)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Profit	181,620	106,077
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in equity instruments measured at fair value through other comprehensive income	8,172	1,108
Remeasurements of defined benefit plans	-	(563)
Share of other comprehensive income of equity-accounted investees	503	172
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences on foreign operations	(4,500)	(42,174)
Cash flow hedges	2,461	1,477
Share of other comprehensive income of equity-accounted investees	4,871	(2,179)
Total other comprehensive income	11,507	(42,159)
Comprehensive income	193,127	63,918
Comprehensive income attributable to:		
Owners of the Company	181,848	47,420
Non-controlling interests	11,278	16,498
Comprehensive income	193,127	63,918

**(3) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2017**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2017	102,046	2	597,638	(2,127)	55,432	-
Profit	-	-	169,777	-	-	-
Other comprehensive income	-	-	-	-	7,804	503
Comprehensive income	-	-	169,777	-	7,804	503
Dividends from surplus	-	-	(18,250)	-	-	-
Acquisition of treasury shares	-	-	-	(26)	-	-
Reissuance of treasury shares	-	0	-	0	-	-
Change of scope of consolidation	-	-	-	-	-	-
Share-based payments	-	25	-	54	-	-
Changes in the ownership interest of a subsidiary without a loss of control	-	2,136	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	535	-	(32)	(503)
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	2,162	(17,715)	29	(33)	(503)
Balance at June 30, 2017	102,046	2,164	749,700	(2,098)	63,203	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2017	(41,736)	(5,131)	8,565	706,124	253,064	959,188
Profit	-	-	-	169,777	11,843	181,620
Other comprehensive income	1,304	2,461	12,071	12,071	(565)	11,507
Comprehensive income	1,304	2,461	12,071	181,848	11,278	193,127
Dividends from surplus	-	-	-	(18,250)	(5,245)	(23,496)
Acquisition of treasury shares	-	-	-	(26)	-	(26)
Reissuance of treasury shares	-	-	-	1	-	1
Change of scope of consolidation	-	-	-	-	(3,740)	(3,740)
Share-based payments	-	-	-	80	6	86
Changes in the ownership interest of a subsidiary without a loss of control	268	-	268	2,404	2,538	4,942
Transfer from reserves to retained earnings	-	-	(535)	-	-	-
Other	-	-	-	-	2	2
Total transactions with owners of the Company	268	-	(267)	(15,792)	(6,439)	(22,231)
Balance at June 30, 2017	(40,164)	(2,670)	20,369	872,181	257,903	1,130,084

**Six months ended June 30, 2018**

(¥ millions)

	Equity attributable to owners of the Company					
	Share capital	Share premium	Retained earnings	Treasury shares	Reserves	
					Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2018	102,046	2,208	811,520	(2,020)	73,523	-
Profit	-	-	86,079	-	-	-
Other comprehensive income	-	-	-	-	1,012	(124)
Comprehensive income	-	-	86,079	-	1,012	(124)
Dividends from surplus	-	-	(23,271)	-	-	-
Acquisition of treasury shares	-	-	-	(44,605)	-	-
Reissuance of treasury shares	-	0	-	1	-	-
Share-based payments	-	5	-	72	-	-
Changes in the ownership interest of a subsidiary without a loss of control	-	19	-	-	(0)	-
Transfer from reserves to retained earnings	-	-	6,838	-	(6,962)	124
Other	-	-	-	-	-	-
Total transactions with owners of the Company	-	24	(16,433)	(44,532)	(6,962)	124
Balance at June 30, 2018	102,046	2,232	881,165	(46,552)	67,573	-

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2018	(27,351)	(2,031)	44,141	957,895	271,311	1,229,206
Profit	-	-	-	86,079	19,999	106,077
Other comprehensive income	(41,027)	1,480	(38,658)	(38,658)	(3,501)	(42,159)
Comprehensive income	(41,027)	1,480	(38,658)	47,420	16,498	63,918
Dividends from surplus	-	-	-	(23,271)	(5,702)	(28,973)
Acquisition of treasury shares	-	-	-	(44,605)	-	(44,605)
Reissuance of treasury shares	-	-	-	1	-	1
Share-based payments	-	-	-	77	(27)	50
Changes in the ownership interest of a subsidiary without a loss of control	1	-	1	20	118	138
Transfer from reserves to retained earnings	-	-	(6,838)	-	-	-
Other	-	-	-	-	(17)	(17)
Total transactions with owners of the Company	1	-	(6,837)	(67,779)	(5,628)	(73,407)
Balance at June 30, 2018	(68,376)	(551)	(1,354)	937,537	282,181	1,219,717

#### (4) CONDENSED QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

(¥ millions)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from operating activities		
Profit before tax	123,059	131,171
Profit before tax from discontinued operations	19,778	-
Depreciation and amortization	34,765	33,042
Impairment losses	1,719	1,051
Gain on reversal of impairment losses	-	(3,360)
Interest and dividends received	(3,606)	(2,839)
Share of profit of equity -accounted investees	(12,480)	(13,174)
Interest paid	10,593	2,632
Gain on sale of property, plant and equipment and intangible assets	(32,788)	(6,764)
Loss on disposal and sale of property, plant and equipment and intangible assets	744	713
Gain on sale of shares of subsidiaries	(2,414)	(12,103)
Gain on sale of discontinued operations	(33,237)	-
Gain on sale of equity-accounted investees	-	(19,782)
(Increase) decrease in trade receivables	83,104	17,839
(Increase) decrease in inventories	(5,766)	(16,795)
Increase (decrease) in trade payables	(10,796)	2,536
Increase (decrease) in liquor taxes payable	(27,089)	(2,066)
Increase (decrease) in deposits received	(18,057)	(16,732)
Other	(12,019)	(28,137)
Sub-total	115,510	67,232
Interest and dividends received	9,038	9,429
Interest paid	(3,817)	(2,923)
Income taxes paid	(24,098)	(657)
Cash flows from operating activities	96,634	73,081

(¥ millions)

	Six months ended June 30, 2017	Six months ended June 30, 2018
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(42,092)	(40,278)
Proceeds from sale of property, plant and equipment and intangible assets	44,767	9,469
Acquisition of investments	(11,720)	(1,938)
Proceeds from sale of investments	7,149	16,295
Proceeds from sale of shares of subsidiaries, net of cash disposed of	22,449	9,087
Proceeds from sale of discontinued operations, net of cash disposed of	67,332	-
Acquisition of equity-accounted investees	(2,082)	(4,701)
Proceeds from sale of equity-accounted investees	303	85,059
Collection of loans receivable	16,300	5,800
Other	(2,870)	555
Cash flows from investing activities	99,535	79,349
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	16,722	(521)
Increase (decrease) in commercial paper	(45,000)	-
Proceeds from long-term borrowings	-	11,000
Repayment of long-term borrowings	(18,991)	(20,000)
Payment for redemption of bonds	-	(70,000)
Payment for acquisition of treasury shares	(43)	(44,613)
Dividends paid	(18,250)	(23,271)
Dividends paid to non-controlling interests	(5,628)	(6,983)
Other	(5,235)	(1,181)
Cash flows from financing activities	(76,426)	(155,569)
Effect of exchange rate changes on cash and cash equivalents	(8,565)	(6,486)
Net increase (decrease) in cash and cash equivalents	111,179	(9,626)
Cash and cash equivalents at beginning of year	66,499	161,987
Cash and cash equivalents at end of period	177,678	152,362

Note: Cash flows related to discontinued operations are included in the condensed quarterly consolidated statement of cash flows.



**(5) NOTES TO CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS  
(GOING CONCERN ASSUMPTION)**

There are no matters to report under this item.

**Supplementary Documents to  
the Consolidated Financial Statements  
for the Six Months Ended June 30, 2018**

1. Condensed Consolidated Statement of Financial Position
2. Condensed Consolidated Statement of Profit or Loss, Indices, etc.
3. Revenue Details
4. Profit Details
5. Condensed Consolidated Statement of Cash Flows

**KIRIN HOLDINGS COMPANY, LIMITED  
August 7, 2018**

# 1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(¥ billions)

	As of June 30, 2018, Actual	As of December 31, 2017, Actual	Increase (decrease)	Description of changes
Non-current assets	1,495.9	1,534.1	(38.2)	
Property, plant and equipment	535.5	556.2	(20.8)	
Goodwill	248.8	261.9	(13.1)	
Intangible assets	184.6	184.1	0.5	
Equity-accounted investees	221.5	210.8	10.7	
Other	305.5	321.1	(15.5)	
Current assets	759.0	865.0	(106.0)	
Inventories	206.9	194.8	12.0	
Trade and other receivables	372.1	395.3	(23.2)	
Cash and cash equivalents	152.4	160.9	(8.6)	
Other	27.7	114.0	(86.3)	Decrease due to sale of non-current assets held for sale, etc.
Total assets	2,254.9	2,399.1	(144.2)	
Equity	1,219.7	1,229.2	(9.5)	
Equity attributable to owners of the Company	937.5	957.9	(20.4)	
Non-controlling interests	282.2	271.3	10.9	
Non-current liabilities	554.7	556.4	(1.7)	
Bonds and borrowings	361.2	362.6	(1.4)	
Other	193.5	193.8	(0.3)	
Current liabilities	480.5	613.4	(132.9)	
Bonds and borrowings	43.2	123.9	(80.7)	Decrease due to repayment and redemption, etc.
Trade and other payables	210.8	224.9	(14.0)	
Other	226.5	264.7	(38.2)	
Total liabilities	1,035.2	1,169.9	(134.7)	
Total equity and liabilities	2,254.9	2,399.1	(144.2)	

## **2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INDICES, etc.**

### (1) Condensed Statement of Profit or Loss, Indices, etc.

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	Increase (decrease)	
Revenue	918.2	878.2	40.1	4.6%
Gross profit	397.8	384.2	13.6	3.5%
Selling, general and administrative expenses	311.7	294.3	17.4	5.9%
Normalized operating profit	86.1	89.9	(3.8)	(4.3%)
Other operating income	23.5	36.3	(12.8)	(35.3%)
Other operating expenses	9.9	11.3	(1.4)	(12.0%)
Operating profit	99.6	114.9	(15.3)	(13.3%)
Finance income	3.0	2.3	0.6	27.8%
Finance costs	4.4	6.6	(2.3)	(34.1%)
Share of profit of equity-accounted investees	13.2	12.5	0.7	5.6%
Gain on sale of equity-accounted investees	19.8	-	19.8	-
Profit before tax	131.2	123.1	8.1	6.6%
Income tax expense	25.1	23.2	1.9	8.0%
Profit from continuing operations	106.1	99.8	6.2	6.3%
Profit from discontinued operations	-	81.8	(81.8)	-
Profit	106.1	181.6	(75.5)	(41.6%)
Owners of the Company	86.1	169.8	(83.7)	(49.3%)
Non-controlling interests	20.0	11.8	8.2	68.9%
Normalized EPS	¥71	¥73	(¥2)	(2.7%)
Revenue (excluding liquor tax)	783.8	744.4	39.4	5.3%
Normalized operating profit ratio (excluding liquor tax)	11.0%	12.1%		
Normalized EBITDA	125.2	127.5	(2.3)	(1.8%)

Normalized EPS = Normalized profit / Average number of shares outstanding during period

Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

Normalized EBITDA = Normalized operating profit + Depreciation and amortization + Dividends received from equity-accounted investees

(2) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual
Lion (AUD)	83.26	85.11
Myanmar Brewery (MMK ('000))	80.37	82.49

(3) Period for the Consolidation of Profit or Loss of the Major Overseas Company

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual
San Miguel Brewery	From October 2017 to March 2018	From October 2016 to March 2017

### 3. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	Increase (decrease)	
Revenue	918.2	878.2	40.1	4.6%
Japan Integrated Beverages	499.2	491.4	7.9	1.6%
Kirin Brewery	307.6	301.8	5.7	1.9%
Kirin Beverage	133.4	134.0	(0.6)	(0.4%)
Mercian	29.3	30.7	(1.4)	(4.4%)
Other and elimination	29.0	24.9	4.1	16.3%
Overseas Integrated Beverages	242.3	203.8	38.5	18.9%
Lion	159.2	165.4	(6.2)	(3.7%)
Beer, Spirits, and Wine	87.8	90.6	(2.8)	(3.1%)
Dairy and Drinks	71.3	74.7	(3.4)	(4.5%)
Myanmar Brewery	14.4	13.6	0.8	6.2%
Other and elimination	68.7	24.8	43.9	176.9%
Pharmaceuticals and Bio-chemicals	168.9	173.9	(5.0)	(2.9%)
Kyowa Hakko Kirin	172.5	177.4	(4.9)	(2.8%)
Pharmaceuticals	133.8	137.5	(3.7)	(2.7%)
Bio-chemicals	38.7	39.9	(1.2)	(3.0%)
Other and elimination	(3.6)	(3.5)	(0.1)	-
Other	7.9	9.1	(1.3)	(13.7%)

(Reference) Revenue excluding liquor tax

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual
Kirin Brewery	179.9	174.2

(2) Sales Volume Details of Major Business Companies

a. Kirin Brewery

	Six months ended June 30, 2018, Actual		Six months ended June 30, 2017, Actual	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	272	(4.3%)	284	(1.6%)
<i>Happo-shu</i>	201	(7.5%)	217	(1.0%)
New genre	306	18.7%	258	(4.4%)
Sub-total	778	2.6%	758	(2.4%)
RTD	165	12.1%	147	7.6%
Non-alcohol beverages	18	(0.2%)	18	48.7%

The above sales volume excludes exports and liquor tax exempts.

b. Kirin Beverage Group

	Six months ended June 30, 2018, Actual		Six months ended June 30, 2017, Actual	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	2,438	(2.3%)	2,495	3.1%
Japanese tea	1,576	10.9%	1,421	16.8%
Coffee	1,334	(9.2%)	1,469	(2.5%)
Fruit and vegetable juice	1,262	6.6%	1,184	(7.7%)
Carbonated beverage	1,013	1.3%	1,000	(11.3%)
Functional beverage	500	19.6%	418	15.0%
Water	2,008	7.2%	1,873	(6.5%)
Other	753	(0.5%)	757	(3.3%)
Total	10,884	2.5%	10,617	(0.8%)
Container Type				
Can	1,770	(6.7%)	1,896	(3.1%)
Large-sized PET bottles (2L, 1.5L, etc.)	3,643	4.2%	3,495	(0.1%)
Small-sized PET bottles (500ml, 280ml, etc.)	4,411	4.0%	4,240	0.1%
Other	1,060	7.6%	986	(2.1%)
Total	10,884	2.5%	10,617	(0.8%)

## 4. PROFIT DETAILS

### (1) Normalized Operating Profit Details

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	(¥ billions) Increase (decrease)
Normalized operating profit	86.1	89.9	(3.8)
Japan Integrated Beverages	29.8	29.8	(0.0)
Kirin Brewery	31.0	27.9	3.1
Kirin Beverage	10.0	12.2	(2.2)
Mercian	0.8	2.0	(1.2)
Others *	(12.0)	(12.3)	0.3
Overseas Integrated Beverages	27.8	30.1	(2.2)
Lion	20.4	22.2	(1.8)
Beer, Spirits, and Wine	22.9	23.1	(0.2)
Dairy and Drinks	1.1	2.1	(1.0)
Corporate	(3.6)	(3.0)	(0.6)
Myanmar Brewery	6.6	6.0	0.6
Others	0.8	1.8	(1.0)
Pharmaceuticals and Bio-chemicals	31.2	32.5	(1.3)
Kyowa Hakko Kirin	31.2	32.5	(1.3)
Pharmaceuticals	27.4	29.1	(1.7)
Bio-chemicals	3.4	3.2	0.2
Others	0.4	0.1	0.2
Other	0.1	0.7	(0.6)
Corporate expenses/inter-segment eliminations	(2.8)	(3.1)	0.3

\* Including expenses of the holding company and profit (loss) of other subsidiaries.

## (2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	1.4	Total beer products 0.8 Sales decrease in beer (12) thousand KL Sales decrease in <i>happo-shu</i> (16) thousand KL Sales increase in new genre 48 thousand KL Total other than beer products 1.3 Sales increase in RTD 18 thousand KL Sales decrease in non-alcohol beverages (0) thousand KL, etc. Difference of change in composite of products, etc. (0.7)
	Decrease in raw material cost	0.2	
	Decrease in selling expenses	2.5	Decrease in sales promotion 3.7, increase in advertising (1.2) (Total 34.8→32.3)
	Increase in other expenses	(1.0)	Increase in supplies expenses, increase in electric cost and fuel cost, etc.
	Total	3.1	
Kirin Beverage	Decrease in marginal profit of soft drink beverages	(1.9)	Increase in sales volume 2.68 million cases, 1.3 Difference of change in products mix and in composition ratio of containers, etc. (3.2)
	Decrease in raw material cost, etc.	0.5	Decrease in raw material cost 0.1, increase in material cost (0.1), decrease in processing cost 0.4
	Increase in selling expenses	(0.3)	Increase in sales promotion (0.2), increase in advertising (0.2) (Total 16.2→16.5)
	Increase in other expenses	(0.5)	
	Total	(2.2)	

## (3) Other Operating Income and Other Operating Expenses

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	Increase (decrease)
Other operating income	23.5	36.3	(12.8)
Gain on sale of shares of subsidiaries	12.1	2.4	9.7
Gain on sale of property, plant and equipment and intangible assets	6.8	32.6	(25.8)
Gain on reversal of impairment losses	3.4	-	3.4
Other	1.2	1.3	(0.1)
Other operating expenses	9.9	11.3	(1.4)
Software development expenses	3.8	2.5	1.3
Business restructuring expenses	1.3	2.9	(1.5)
Loss on disposal and sale of property, plant and equipment and intangible assets	0.7	0.7	0.1
Other	4.1	5.3	(1.2)



(4) Finance Income, Finance Costs, Share of Profit of Equity-accounted Investees, etc.

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	Increase (decrease)
Finance income	3.0	2.3	0.6
Interest income	0.9	0.7	0.2
Dividend income	2.0	1.5	0.5
Other	0.1	0.1	0.0
Finance costs	4.4	6.6	(2.3)
Interest paid	2.6	3.3	(0.7)
Foreign exchange losses (net)	1.4	3.1	(1.7)
Other	0.3	0.3	0.0
Share of profit of equity-accounted investees	13.2	12.5	0.7
San Miguel Brewery	12.4	10.6	1.8
Others	0.8	1.9	(1.1)
Gain on sale of equity-accounted investees	19.8	-	19.8

## 5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### (1) Summary of Statement of Cash Flows

(¥ billions)

	Six months ended June 30, 2018, Actual	Six months ended June 30, 2017, Actual	Increase (decrease)
Cash flows from operating activities	73.1	96.6	(23.6)
Profit before tax	131.2	123.1	8.1
Depreciation and amortization	33.0	34.8	(1.7)
Other	(91.1)	(61.2)	(29.9)
Cash flows from investing activities	79.3	99.5	(20.2)
Acquisition of property, plant and equipment and intangible assets	(40.3)	(42.1)	1.8
Other	119.6	141.6	(22.0)
Cash flows from financing activities	(155.6)	(76.4)	(79.1)
Increase (decrease) in interest-bearing liabilities	(79.5)	(47.3)	(32.3)
Dividends paid	(30.3)	(23.9)	(6.4)
Other	(45.8)	(5.3)	(40.5)
Exchange rate changes	(6.5)	(8.6)	2.1
Net increase (decrease) in cash and cash equivalents	(9.6)	111.2	(120.8)

### (2) Information by Segment

As of June 30, 2018, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization	12.3	10.1	10.5	0.2	(0.1)	33.0
Acquisition of property, plant and equipment and intangible assets	19.8	12.4	7.2	0.7	0.2	40.3
Normalized EBITDA	42.0	44.1	41.7	0.3	(2.9)	125.2

As of June 30, 2017, Actual

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization	11.9	8.5	10.9	0.4	(0.0)	31.6
Acquisition of property, plant and equipment and intangible assets	18.5	12.6	9.8	0.9	(2.6)	39.2
Normalized EBITDA	41.7	44.6	43.3	1.0	(3.1)	127.5

As information by segment does not include discontinued operations, each total amount in the table does not match the corresponding amount in (1) Summary of Statement of Cash Flows.

**Supplementary Documents to the Forecast  
Consolidated Business Results  
for the Fiscal Year Ending December 31, 2018**

1. Condensed Consolidated Statement of Profit or Loss, Indices, etc.
2. Revenue Details
3. Profit Details
4. Information By Segment

**KIRIN HOLDINGS COMPANY, LIMITED**  
**August 7, 2018**

# 1 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INDICES, etc.

## (1) Condensed Statement of Profit or Loss, Indices, etc.

(¥ billions)						
	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual	Increase (decrease)		Fiscal year ending December 31, 2018, Initial forecast	Increase (decrease)
Revenue	1,960.0	1,863.7	96.3	5.2%	1,960.0	-
Normalized operating profit	196.0	194.3	1.7	0.9%	196.0	-
Other operating income	24.0	46.9	(22.9)	(48.8%)	16.0	8.0
Other operating expenses	26.0	30.1	(4.1)	(13.6%)	18.0	8.0
Operating profit	194.0	211.1	(17.1)	(8.1%)	194.0	-
Finance income	5.8	4.8	1.0	20.1%	4.0	1.8
Finance costs	7.5	11.1	(3.6)	(32.3%)	6.0	1.5
Share of profit of equity-accounted investees	22.9	26.5	(3.6)	(13.6%)	23.3	(0.4)
Gain on sale of equity-accounted investees	19.8	2.4	17.4	709.0%	19.7	0.1
Profit before tax	235.0	233.8	1.2	0.5%	235.0	-
Income tax expense	55.0	51.9	3.1	5.9%	55.0	-
Profit from continuing operations	180.0	181.8	(1.8)	(1.0%)	180.0	-
Profit from discontinued operations	-	85.0	(85.0)	-	-	-
Profit	180.0	266.8	(86.8)	(32.5%)	180.0	-
Owners of the parent	155.0	242.1	(87.1)	(36.0%)	155.0	-
Non-controlling interests	25.0	24.8	0.2	1.0%	25.0	-
ROE	16.0%	29.1%			16.0%	
Normalized EPS	¥157	¥151	¥6	4.0%	¥157	-
Revenue (excluding liquor tax)	1,661.0	1,574.3	86.7	5.5%	1,668.0	(7.0)
Normalized operating profit ratio (excluding liquor tax)	11.8%	12.3%			11.8%	
Normalized EBITDA	278.0	272.3	5.7	2.1%	280.0	(2.0)
Net interest-bearing liabilities / Normalized EBITDA	0.79	1.19			0.85	

Normalized EPS = Adjusted profit / Average number of shares outstanding during period

Adjusted profit = Profit ± Other operating income and expenses and other items after income taxes

Normalized EBITDA = Normalized operating profit + Depreciation and amortization + Dividends received from equity-accounted investees

(1) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(¥)

	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual	Fiscal year ending December 31, 2018, Initial forecast
Lion (AUD)	83.00	86.33	88.00
Myanmar Brewery (MMK ('000))	83.00	82.33	83.00

(2) Period for the Consolidation of Profit or Loss of the Major Overseas Company

	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual
San Miguel Brewery	From October 2017 to September 2018	From October 2016 to September 2017

## 2. REVENUE DETAILS

(1) Revenue Details

(¥ billions)

	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual	Increase (decrease)		Fiscal year ending December 31, 2018, Initial forecast	Increase (decrease)
Revenue	1,960.0	1,863.7	96.3	5.2%	1,960.0	-
Japan Integrated Beverages	1,100.0	1,051.0	49.0	4.7%	1,080.0	20.0
Kirin Brewery	678.7	647.0	31.7	4.9%	662.3	16.4
Kirin Beverage	292.7	285.7	7.0	2.4%	295.5	(2.8)
Mercian	65.2	65.3	(0.0)	(0.1%)	64.8	0.4
Other and elimination	63.4	53.0	10.4	19.7%	57.5	5.9
Overseas Integrated Beverages	516.0	448.6	67.4	15.0%	536.0	(20.0)
Lion	341.3	348.7	(7.4)	(2.1%)	370.0	(28.7)
Beer, Spirits, and Wine	188.1	195.3	(7.2)	(3.7%)	206.3	(18.2)
Dairy and Drinks	153.1	153.4	(0.2)	(0.1%)	163.7	(10.5)
Myanmar Brewery	28.5	25.6	2.9	11.3%	28.5	-
Other and elimination	146.2	74.3	71.9	96.8%	137.5	8.7
Pharmaceuticals and Bio-chemicals	327.0	346.7	(19.7)	(5.7%)	327.0	-
Kyowa Hakko Kirin	335.0	354.2	(19.2)	(5.4%)	335.0	-
Pharmaceuticals	261.0	274.8	(13.8)	(5.0%)	261.0	-
Bio-chemicals	74.0	79.4	(5.4)	(6.8%)	74.0	-
Other and elimination	(8.0)	(7.5)	(0.5)	-	(8.0)	-
Other	17.0	17.5	(0.5)	(2.6%)	17.0	-

(Reference) Revenue excluding liquor tax

	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual	(¥ billions) Fiscal year ending December 31, 2018, Initial forecast
Kirin Brewery	394.6	372.1	384.6

(2) Sales Details of Major Business Companies

a. Kirin Brewery

	Fiscal year ending December 31, 2018		Fiscal year ended December 31, 2017	
	Revised forecast	Increase (decrease)	Actual	Increase (decrease)
Sales volume	Thousand KL		Thousand KL	
Beer	612	(2.4%)	627	(3.3%)
Happo-shu	436	(4.2%)	455	(3.3%)
New genre	691	27.1%	543	(6.0%)
Sub-total	1,739	6.9%	1,626	(4.2%)
RTD	350	10.2%	318	8.4%
Non-alcohol beverages	37	(11.1%)	42	58.7%

The above sales volume excludes exports and liquor tax exemptions.

b. Kirin Beverage Group

	Fiscal year ending December 31, 2018		Fiscal year ended December 31, 2017	
	Revised forecast	Increase (decrease)	Revised forecast	Increase (decrease)
Category	10,000 cases		10,000 cases	
Black tea	5,420	2.4%	5,293	0.5%
Japanese tea	3,500	13.4%	3,086	7.2%
Coffee	2,960	(3.9%)	3,080	(4.8%)
Fruit and vegetable juice	2,650	7.2%	2,471	9.5%
Carbonated beverage	2,110	0.0%	2,110	(8.8%)
Functional beverage	1,140	13.5%	1,004	11.3%
Water	4,080	1.0%	4,041	(3.1%)
Other	1,540	(11.6%)	1,741	(5.3%)
Total	23,400	2.5%	22,826	(2.2%)
Container Type				
Can	3,807	(3.3%)	3,939	(5.5%)
Large-sized PET bottles (2L, 1.5L, etc.)	7,669	1.1%	7,589	(0.4%)
Small-sized PET bottles (500ml, 280ml, etc.)	9,755	6.0%	9,199	(1.3%)
Other	2,169	3.3%	2,099	(5.6%)
Total	23,400	2.5%	22,826	(2.2%)

### 3. PROFIT DETAILS

#### (1) Normalized Operating Profit Details

(¥ billions)					
	Fiscal year ending December 31, 2018, Revised Forecast	Fiscal year ended December 31, 2017, Actual	Increase (decrease)	Fiscal year ending December 31, 2018, Initial forecast	Increase (decrease)
Normalized operating profit	196.0	194.3	1.7	196.0	-
Japan Integrated Beverages	80.5	72.5	8.0	76.0	4.5
Kirin Brewery	80.7	71.6	9.1	77.5	3.2
Kirin Beverage	22.6	21.7	0.9	22.6	-
Mercian	2.9	3.9	(1.0)	2.3	0.6
Others *	(25.7)	(24.7)	(1.0)	(26.4)	0.7
Overseas Integrated Beverages	66.0	66.0	0.0	70.5	(4.5)
Lion	52.7	52.6	0.1	55.9	(3.2)
Beer, Spirits, and Wine	54.1	54.5	(0.4)	57.3	(3.2)
Dairy and Drinks	6.6	5.4	1.2	7.9	(1.3)
Corporate	(8.0)	(7.3)	(0.6)	(9.3)	1.4
Myanmar Brewery	10.7	9.9	0.9	10.7	0.0
Others	2.6	3.6	(1.0)	3.9	(1.4)
Pharmaceuticals and Bio-chemicals	55.0	62.2	(7.2)	55.0	-
Kyowa Hakko Kirin	55.0	62.2	(7.2)	55.0	-
Pharmaceuticals	47.0	55.0	(8.0)	47.0	-
Bio-chemicals	8.0	7.2	0.8	8.0	-
Others	-	0.0	(0.0)	-	-
Other	0.5	0.9	(0.4)	0.5	-
Corporate expenses/inter-segment eliminations	(6.0)	(7.3)	1.3	(6.0)	-

\* Including expenses of the holding company and profit (loss) of other subsidiaries.

## (2) Normalized Operating Profit Breakdown of Major Business Companies

(¥ billions)

Company name	Major factors	Increase (decrease)	Description
Kirin Brewery	Increase in marginal profit of alcohol beverages, etc.	8.4	Total beer products 6.3 Sales decrease in beer (15) thousand KL Sales decrease in <i>happo-shu</i> (19) thousand KL Sales increase in new genre 147 thousand KL Total other than beer products 2.0 Sales increase in RTD 32 thousand KL Sales decrease in non-alcohol beverages (5) thousand KL, etc Difference of change in composite of products, etc. 0.1
	Decrease in raw material cost	0.8	
	Decrease in selling expenses	3.1	Decrease in sales promotion and advertising (Total 66.9→63.8)
	Increase in other expenses	(3.2)	Increase in supplies expenses, increase in electric cost and fuel cost, etc.
	Total	9.1	
Kirin Beverage	Increase in marginal profit of soft drink beverages	3.0	Increase in sales volume 5.74 million cases, 2.8 Difference of change in products mix and in composition ratio of containers, etc. 0.2
	Increase in raw material cost, etc.	(0.5)	Decrease in raw material cost 0.1, increase in material cost (0.7), Decrease in processing cost 0.2
	Increase in selling expenses	(0.0)	Increase in sales promotion and advertising (Total 40.2→40.3)
	Increase in other expenses	(1.6)	Increase in depreciation of sales equipment, etc.
	Total	0.9	



#### **4. INFORMATION BY SEGMENT**

Fiscal year ending December 31, 2018, Revised forecast

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization	24.7	21.0	24.3	0.3	0.2	70.5
Acquisition of property, plant and equipment and intangible assets	39.0	36.0	23.0	1.0	-	99.0
Normalized EBITDA	105.2	98.5	79.3	0.8	(5.8)	278.0

Fiscal year ended December 31, 2017, Actual

(¥ billions)

	Japan Integrated Beverages	Overseas Integrated Beverages	Pharmaceuticals and Bio-chemicals	Other	Adjustment	Total
Depreciation and amortization	25.2	18.3	22.0	0.6	(0.0)	66.1
Acquisition of property, plant and equipment and intangible assets	31.4	31.7	22.3	1.5	(1.1)	85.9
Normalized EBITDA	97.8	96.2	84.2	1.4	(7.4)	272.3