

Kirin Group

Presentation of Financial Results for the Third Quarter of 2017

October 31, 2017

Kirin Holdings Company, Limited

3Q Update

Significant increase in operating income (+15.7% YoY)

- Kirin Beverage and Kyowa Hakko Kirin have driven the Group's profit increase
- Myanmar Brewery's sales volume continued to increase, recording an increase in both sales and profits

Operating income exceeds 3Q target

- Kirin Beverage and Myanmar Brewery reached the full-year operating income forecast as of the end of 3Q
- Continuous efforts will be made to achieve the full-year operating income target, 152 billion yen (released on August 3)

Net income revised upwards to 120 billion yen

- The upward revision reflects progress up to 3Q and expected increase in net income for consolidated subsidiaries

Voluntary adoption of IFRS resolved

- Disclosure under the IFRS will commence from the fiscal year ending December 31, 2017

3Q Highlights of Financial Results

- Sales did not meet the target; however, operating income and ordinary income achieved 3Q targets and quarterly net income reached the full-year forecast
- Full-year forecast of net income has been revised upwards reflecting the progress up to 3Q and the expected increase in net income for consolidated subsidiaries
- Normalized EPS forecast has been unchanged

(bn yen)	2017 3Q actual	2016 3Q actual	YoY change		Full-year forecast	
Sales	1,456.9	1,542.9	(85.9)	(5.6)%	1,970.0	No change
Operating income	128.0	110.6	17.3	15.7%	152.0	No change
Ordinary income	133.5	108.0	25.4	23.6%	156.0	No change
Net income attribute to owners of the parent	117.6	75.1	42.5	56.7%	120.0	+6.0 bn yen

■ Quantitative target

(bn yen)	2017 3Q actual	2016 3Q actual	YoY change		Full-year forecast	
Normalized EPS(yen)	123	93	30	32.3%	137	No change

(Note) See page 11 for details of normalized EPS

■ Financial indicators

(bn yen)	2017 3Q actual	2016 3Q actual	YoY change	
Operating income before amortization of goodwill, etc. (bn yen)	148.6	131.9	16.7	12.7%
EPS	128.93 yen	82.31 yen	46.62 yen	56.6%
EPS before amortization of goodwill, etc.	160 yen	114 yen	46 yen	40.4%

3Q Operating Income: Key Factors for Change (YoY)

Beer businesses

<Kirin Brewery>

- Sales volume of beer products decreased, but profit increased due to increased sales volumes of RTD and non-alcohol beer-taste beverages, supported by the launch of *Zero ICHI*, and a decrease in raw material costs, etc.

<Lion Beer, Spirits, and Wine>

- Profit decreased mainly due to loss of licensed brands

<Myanmar Brewery>

- Profit increased resulted from significant increase in sales volume and upward revision of prices implemented both this year and last, etc.

Low-profit businesses

<Kirin Beverage>

- Profit increased significantly due to improved product mix achieved by increased sales volumes of *Gogo-no-Kocha* and *Nama-cha* as well as further cost cuts, etc.

<Lion Dairy & Drinks>

- Profit decreased due to surge in orange juice price and the impact of inventory evaluation based on standard costing

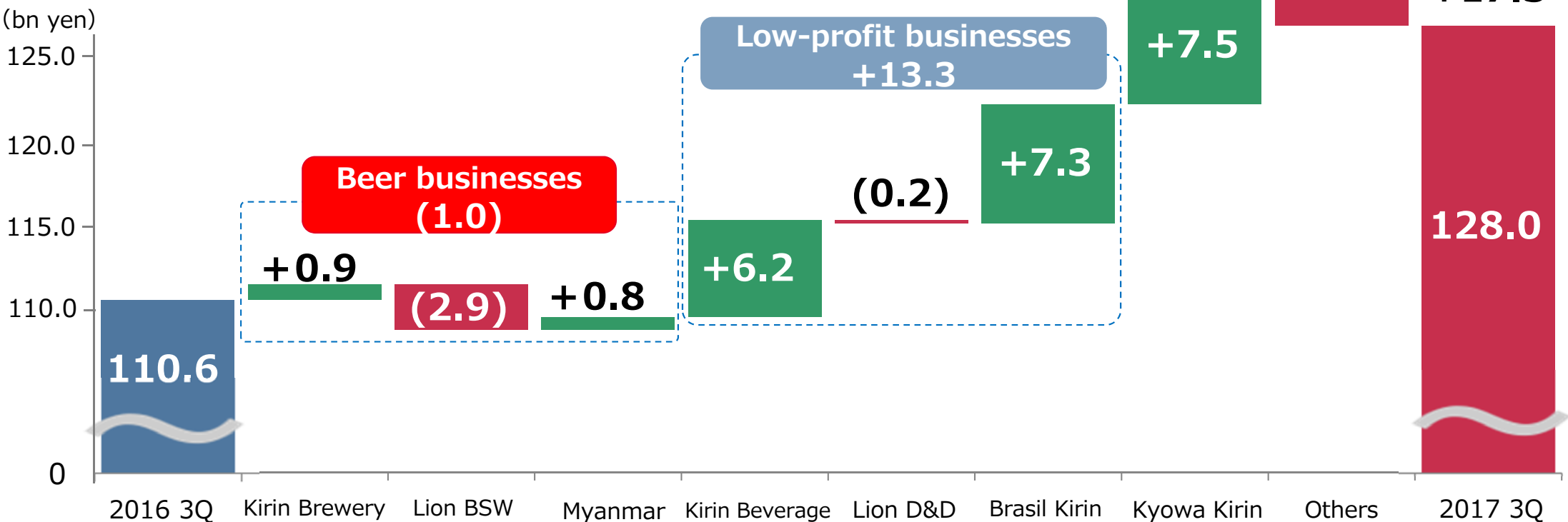
<Brasil Kirin>

- Deconsolidated from 2Q onwards (impact of operating loss before amortization of goodwill, etc. in 3Q 2016: (8.1) billion yen)

Pharmaceuticals & Bio-chemicals

<Kyowa Hakko Kirin>

- Domestic sales of pharmaceuticals decreased, but profit increased due to higher licensing revenue and lower research and development costs, etc.



Invest, strengthen, and grow
profit base in the beer businesses

Kirin Brewery 3Q Update

Enhance
appeal of the
beer category

Through marketing that captures the “moment” of the consumers’ contacts with the brand, the renewed *Ichiban Shibori* brand recorded a significant increase in sales of the canned product (+21%)

Contact with the information



TVCM
15,000 GRP

Seek connections



Creation of on-line
contents that
encourage
consumers to
connect with others

Purchase

In-store merchandising
that changes
the message depending
on the “distance”
from the consumers



For illustration purposes

Taste and assess

Stronger branding activities at
on-premise market as crucial places
for tasting



Promote the distinctive taste

Invest, strengthen, and grow
profit base in the beer businesses

Kirin Brewery update and future initiatives

Enhance
appeal of the
beer category

The number of partners using Tap Marché, the system to serve craft beer from dispensers, has reached 1,000 in Tokyo and 3 other neighboring prefectures, and gain nationwide coverage in FY2018

Tap Marché



Recover market
share in the
Happoshu/new
genre categories

Achieve large sales of
Nodogoshi brand
driven by new products

Strengthen brand
in the RTD/non-
alcoholic segments

Aim to achieve
sales volume target



Jan-Sep (5)%



Nodogoshi ZERO
〔 launched
on Sep 19 〕



Nodogoshi Hanaawa
the seasonal offer
(to be launched in Nov)



+ 13% each



Aim to reach +71.6%
in total for non-alcohol
beer-taste beverages

Restructure and revitalize
low-profit businesses

Update and future initiatives

Kirin Beverage

Performance of *Gogo-no-Kocha* brand has been strong
Continue to strengthen *Nama-cha* and *FIRE* brands

午後の紅茶

Gogo-no-Kocha



Jan-Sep +4%
(Jul-Sep +3%)

生茶

Nama-cha



Jan-Sep +9%
(Jul-Sep -0.6%)

 **FIRE**

Revitalize the brand
by appealing to heavy
canned coffee users



Lion Dairy & Drinks

Steadily building the brands and the sales foundation
of the “Full Force” category — Milk-Based Beverages —

■ Brand building



+7% YoY
in sales volume
Oct. 2016 – Jun. 2017



Product Innovation:
Dare Cold Pressed
coffee launched

■ Optimizing our Supply Chain network



- **Following the European Medicines Agency (EMA), the US Food and Drug Administration (FDA) has accepted the application for approval of KRN23^{*1}, one of Kyowa Hakko Kirin's global strategic products in October**

^{*1} KRN23 is a compound under development as a drug for the treatment of X-linked hypophosphatemia (XLH). XLH is a rare congenital disease that is a hereditary bone growth/maintenance disorder presenting symptoms of rickets or softening of the bones (osteomalacia).

- **KW-0761, another global strategic product, received the designation of Breakthrough Therapy from the FDA in August**

KRN23

Indication		Status in the US		Status in Europe
XLH	Pediatric	Jun 2016 FDA Granted Breakthrough Therapy designation	Oct 2017 FDA ➤ Accepted application for approval ➤ Granted Priority Review designation	Dec 2016 EMA Accepted application For approval ^{*2}
	Adult			

^{*2} In Europe, application for approval for use in adult patients is to be made after receiving approval for use in pediatric patients.

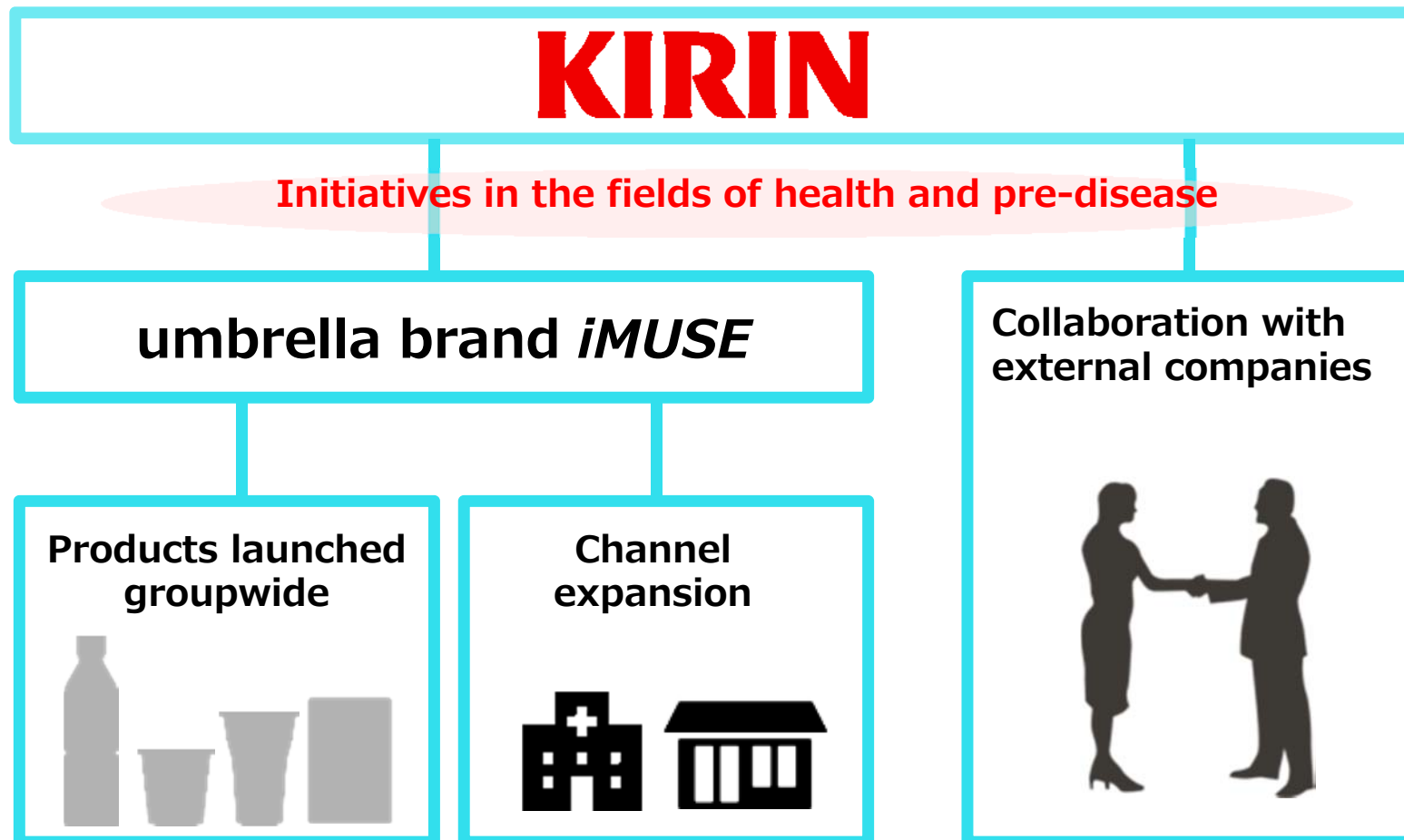
KW-0761

Indication		Status in the US	Status in Europe
CTCL	Recurrent/ Refractory	August 2017 FDA granted Breakthrough Therapy designation	(Note) KW-0761 is undergoing phase III clinical trials in Europe and the US

Launch new products, services and businesses in the fields of health and pre-disease leveraging multiple core businesses



New initiative has started in the expanding lactic acid market centering on Plasma *Lactococcus* in the form of a joint research project between Kirin, Koiwai Dairy Products, and Kyowa Hakko Bio



Impact on FY2017 profit/loss due to voluntary adoption of IFRS

Japanese GAAP

Sales

Cost of sales

SG&A expenses

Variable sales expenses

Operating income

Non-operating income or expenses

Financial profit and loss

Equity in earnings of affiliates

Other non-operating income or expenses

Ordinary income

Special income or expenses

Income before income taxes

Income taxes

Net income

Net income attributable to non-controlling interests

Net income attributable to owners of the parent

IFRS

Sales revenue

(Variable sales expenses)

Cost of sales

SG&A expenses

Normalized operating profit*

Other operating income or expenses

Operating profit

Financial income

Financial costs

Share of profit of entities accounted for using equity method

Profit before income taxes

Corporate income taxes

Profit from continuing operations

Profit from discontinued operations

Profit

Profit attributable to non-controlling interests

Profit attributable to owners of the parent company

Estimated amount of financial impact (bn yen)

Impact on sales revenue (110)

- Deduction variable sales expenses from sales revenue : (80)
- Reclassification as discontinued operation (Brasil Kirin) : (30)

Impact on normalized operating profit +30

* Normalized operating profit is an additional indicator for understanding of underlying sustainable performance of the Group

: Normalized operating profit
= Sales revenue – (Cost of sales + SG&A expenses)

- Non-amortization of goodwill/brands, etc. (consolidated subsidiaries) : +27
- Reclassification as discontinued operation (Brasil Kirin) : +1

Impact on profit attributable to owners of the parent company +110

- Impact on normalized operating profit : +30
- Non-amortization of goodwill/brands, etc. (entities accounted for using equity method) : +10
- Impact of foreign currency translation adjustments (Brasil Kirin) : +76

Impact of resetting foreign currency translation adjustments to zero at the beginning of 2016 based on the exemption for first-time adoption

Other

*Changing of some foreign subsidiaries' the fiscal year end
Lion, Myanmar Brewery, etc.:
Oct (previous year) -Sep ⇒ Jan-Dec

Appendices

(Reference) Normalized EPS Breakdown

(bn yen)	2017 3Q actual	2016 3Q actual	2015 3Q actual
Profit attributable to owners of parent	117.6	75.1	54.9
Amortization of goodwill, etc.	28.2	29.1	34.0
Special income or expenses after income taxes and minority interests	(33.3)	(19.2)	(8.7)
Normalized net income ①	112.5	85.0	80.3
Average number of shares outstanding during period (000 shares) ②	912,569	912,524	912,539
Normalized EPS (yen) ① / ②	123	93	88

3Q Actual Results by Segment

(bn yen)	2017 3Q actual	2016 3Q actual	Y on Y change	
				%
Sales	1,456.9	1,542.9	(85.9)	(5.6)%
Japan Integrated Beverages	834.9	851.2	(16.2)	(1.9)%
Overseas Integrated Beverages	353.8	420.8	(66.9)	(15.9)%
Pharmaceuticals and Bio-chemicals	253.2	252.4	0.7	0.3%
Other	14.9	18.3	(3.4)	(18.6)%
Operating income	128.0	110.6	17.3	15.7%
Japan Integrated Beverages	58.9	52.4	6.4	12.4%
Overseas Integrated Beverages	35.8	31.3	4.4	14.1%
Pharmaceuticals and Bio-chemicals	36.7	29.1	7.5	26.0%
Other	1.0	2.2	(1.1)	(52.4)%
Corporate expenses and elimination	(4.5)	(4.5)	0.0	
Ordinary income	133.5	108.0	25.4	23.6%
Net income attributable to owners of the parent	117.6	75.1	42.5	56.7%

Sales

- Sales decreased by 85.9 billion yen YoY due to the decreased sales volume of Kirin Brewery beer products, the change in the Kirin Beverage accounting process to deduct some selling expenses from sales (1Q only), the decreased sales volume in Lion's BSW business following the termination of licensed sales of ABI brands, and the Brasil Kirin deconsolidation, etc. Impact of FX on consolidation of the Overseas Integrated Beverages: +5.2 billion yen
- Sales were below 3Q target because Kirin Brewery was unable to reach its sales volume target, etc.

Operating income

- Japan Integrated Beverages and Pharmaceuticals and Bio-chemicals: Significant increase in operating income
- Overseas Integrated Beverages: Despite decreased income in Lion due to termination of licensed sales of ABI brands, etc., operating income increased overall by 4.4 billion yen YoY due to the Myanmar Brewery profit increase and the deconsolidation of Brasil Kirin that had recorded an operating loss last year. Impact of FX on consolidation: (0.6) billion yen
- All segments increased profits; overall increase on last year was 17.3 billion yen
- All segments overachieved targets

Ordinary income / Quarterly net income

- Ordinary income increased YoY by 25.4 billion yen owing to an increase in operating income and increase in equity in earnings of affiliates due to San Miguel Brewery strong performance, etc.
- Quarterly net income increased YoY by 42.5 billion yen due to the tax impact of the Brasil Kirin share transfer (despite recognition of loss on the share transfer), an increase in ordinary income, and recognition of gain on sale of non-current assets

3Q Actual Results

Japan Integrated Beverages (JIB) /Overseas Integrated Beverages (OIB)

(bn yen)	2017 3Q actual	2016 3Q actual	YOY change		2017 plan (Aug 3)
JIB Sales	834.9	851.2	(16.2)	(1.9)%	1,163.0
Kirin Brewery	496.8	502.8	(5.9)	(1.2)%	692.7
Kirin Beverage	254.8	267.7	(12.9)	(4.8)%	345.8
Mercian	44.8	45.8	(0.9)	(2.1)%	65.4
Other & elimination	38.3	34.7	3.5	10.3%	59.0
JIB Operating income	58.9	52.4	6.4	12.4%	69.5
Kirin Brewery	52.0	51.0	0.9	1.9%	72.1
Kirin Beverage	21.8	15.6	6.2	40.3%	20.0
Mercian	2.3	1.7	0.6	40.4%	3.2
Other	(17.3)	(15.8)	(1.4)	—	(25.9)
OIB Sales	353.8	420.8	(66.9)	(15.9)%	448.0
Lion	262.9	287.6	(24.6)	(8.6)%	344.7
Brasil Kirin	31.5	79.1	(47.5)	(60.1)%	31.5
Myanmar Brewery	19.7	18.0	1.7	9.6%	24.3
Other & elimination	39.5	36.0	3.4	9.7%	47.3
OIB Operating income	35.8	31.3	4.4	14.1%	46.5
Lion*	28.0	31.4	(3.4)	(10.9)%	38.3
Brasil Kirin*	(1.0)	(8.6)	7.6	—	(1.0)
Myanmar Brewery*	6.3	5.3	1.0	19.0%	5.6
Other	2.4	3.2	(0.8)	(25.2)%	3.5

*Operating income after amortization of goodwill etc.

Note: Brasil Kirin was deconsolidated from 2Q of 2017 onwards; only the 1Q results are consolidated 13

3Q Actual Results of Japan Integrated Beverages: Kirin Brewery

(bn yen)

		2017 3Q actual	2016 3Q actual	YonY change	2017 plan (Aug 3)
Sales	Beer	192.0	197.0	(2.5)%	266.9
	<i>Happo-shu</i>	102.7	106.1	(3.2)%	140.1
	New genre	106.0	113.1	(6.3)%	153.3
	Beer products total	400.9	416.3	(3.7)%	560.5
	RTD	64.7	59.4	8.8%	88.6
	Whiskey, spirits and wine/other	31.2	26.9	15.7%	43.5
Sales		496.8	502.8	(1.2)%	692.7
Sales excl. liquor tax		294.4	295.8	(0.5)%	411.1

Overall beer market

Overall market demand shrank by 2.4% due to the impact from revisions to the Liquor Tax Act etc. enforced in Jun, unusual weather during Jul and Aug, and typhoon in Sep, etc.

Kirin Brewery sales volume

- Beer products decreased by 4.0% (approx. 50,000kl) due to the impact of changing the voluntary guideline in Jan as well as the sluggish market during Jul and Sep, etc.
- *Ichiban Shibori* brand decreased by 2%, which was less than the decline rate of the overall beer market, due to an increase in canned products following the brand renewal, etc.
- Total of *Happoshu* outperformed the market, but *Nodogoshi* in the new genre segment recorded a decrease by 5%
- Performance of *Hyoketsu* and *Honshibori* brands in the RTD segment was strong; both recorded an increase by 13%
- Performance of the non-alcohol beer-taste segment increased by 59%, owing to the continuous sales volume increase of *ZERO Ichi*, a new product launched in April

2016 Operating income		51.0	Description	2017 plan
YonY change	Decrease in marginal profit	(0.4)	Decrease in beer: down 12,000kl/(1.6) bn yen, decrease in <i>happoshu</i> : down 11,000kl/(1.2) bn yen, decrease in new genre: down 27,000kl/(3.2) bn yen, increase in RTD: up 20,000kl/ 2.1 bn yen, etc.	5.9
	Decrease in raw material costs, etc	2.4	Decrease in raw material expenses: 1.2 bn yen Decrease in packaging expenses: 1.2 bn yen	2.6
	Decrease in selling expenses	0.9	Decrease in sales promotion expenses: 2.4 bn yen Increase in advertising expenses: (0.8) bn yen (Total 71.0→69.3 bn yen), etc.	(0.7)
	Increase in other expenses	(2.0)	Increase in depreciation expenses: (0.6) bn yen, etc.	(5.6)
Total		0.9		2.2
2017 Operating income		52.0		72.1

3Q Actual Results of Japan Integrated Beverages: Kirin Beverage

Sales volumes (million cases)		2017 3Q actual	2016 3Q actual	YonY change	2017 plan (Aug 3)
Category	Black tea	3,823	3,743	2.1%	5,350
	Japanese tea	2,377	2,159	10.1%	3,230
	Coffee	2,185	2,242	(2.5)%	3,240
	Fruit and vegetable juice	1,915	2,112	(9.3)%	2,380
	Carbonated beverages	1,698	1,863	(8.9)%	1,890
	Health/Sport drinks	831	681	22.0%	1,090
	Water	3,086	3,221	(4.2)%	4,070
	Other	1,403	1,553*	(9.7)%	1,950
Container type	Can	2,863	2,962	(3.3)%	4,132
	Large PET bottle	5,851	5,866	(0.3)%	7,368
	Small PET bottle	6,984	7,038	(0.8)%	9,465
	Other	1,620	1,708*	(5.2)%	2,235
	Total	17,318	17,574	(1.5)%	23,200
Sales (bn yen)		254.8	267.7	(4.8)%	345.8

Overall soft drinks market

Overall market demand increased in July due to the very hot weather, but decreased in Aug due to unusual weather; the Jan-Sep total remains at the same level as last year

Kirin Beverage sales volume

By category

- Focus brands: *Gogo-no-Kocha*: +4%, *Nama-cha*: +9%, and *FIRE*: (6)%
- Health/sports drinks: New product sales under the *Supli* brand were strong: +22%

By packaging

- Cans/small PET products: (2)%, large PET products: (0)%

By channel

- Retailer: *Nama-cha*, *Gogo-no-Kocha*, and *FIRE* increased but *Alkali Ion Water* decreased
- CVS: *Gogo-no-Kocha* and *Nama-cha* increased but *FIRE* decreased
- Vending machine: *Mets* increased but *FIRE* decreased

*Excluding sales outsourced to manufacturing affiliates, unconsolidated in 2017

FY2016 Operating income		15.6	Description	2017 plan
YonY change (bn yen)	Increase in marginal profit	2.7	Decrease in sales volume: down 2.56 million cases / (1.2) bn yen Difference due to product/packaging mix: 3.9 bn yen	3.5
	Decrease in raw material costs, etc	2.5	Increase in raw material expenses: (0.0) bn yen, decrease in packaging expenses: 1.6 bn yen, decrease in processing expenses: 1.0 bn yen	0.7
	Decrease in selling expenses	0.1	Decrease in sales promotion expenses: 2.0 bn yen, increase in advertising expenses (1.8) bn yen (total 26.2 →26.1 bn yen)	(1.3)
	Decrease in other expenses	0.9	Personnel expenses, etc.	(0.1)
Total		6.2		2.7
FY2017 Operating income		21.8		20.0

3Q Actual results of Overseas Integrated Beverages: Lion

	Yen base (bn yen)				Full Year 2017 forecast (Aug 3)	A\$ base (million A\$)				Full Year 2017 forecast (Aug 3)
	2017 3Q actual	2016 3Q actual	YonY change	YonY Change (%)		2017 3Q actual	2016 3Q actual	YonY change	YonY Change (%)	
Sales	262.9	287.6	(24.6)	(8.6)%	344.7	3,119	3,429	(309)	(9.0)%	4,104
Beer, Spirits, and Wine	149.0	172.6	(23.5)	(13.6)%	192.4	1,768	2,058	(289)	(14.1)%	2,290
Dairy & Drinks	113.8	114.9	(1.0)	(0.9)%	152.3	1,351	1,370	(19)	(1.4)%	1,813
Operating income before amortization of goodwill etc.	38.7	42.0	(3.3)	(8.0)%	52.5	459	501	(42)	(8.5)%	625
Beer, Spirits, and Wine	40.9	43.8	(2.9)	(6.6)%	53.5	485	522	(37)	(7.1)%	637
Dairy & Drinks	2.9	3.2	(0.2)	(8.2)%	6.9	35	38	(3)	(8.7)%	82
Corporate	(5.1)	(4.9)	(0.1)	—	(7.9)	(61)	(59)	(1)	—	(94)
Goodwill amortization	(8.2)	(8.1)	(0.0)	—	(10.9)	(97)	(97)	(0)	—	(130)
Brand amortization	(2.4)	(2.4)	(0.0)	—	(3.2)	(28)	(28)	0	—	(38)
Operating income	28.0	31.4	(3.4)	(10.9)%	38.3	332	375	(42)	(11.4)%	456

Consolidation period : Oct 2016 to Jun 2017
 Currency Rate : ¥ 84.30 (previous year : ¥ 83.87)

	Beer, Spirits and Wine	Dairy & Drinks
Changes in sales volume	(13.8)%	(1.6)%
Changes in operating income before amortization of goodwill etc. (A\$ m)	2016	522
	Sales volume change	(114)
	Other	76
	2017	485

Sales

Beer, Spirits, and Wine: Sales decreased due to lower sales volume in Australia (impact of ABI-licensed brand loss, etc.) The underlying Sales (excluding the impact of the ABI brand loss and Fine Wine Partners divestment) is in line with the prior year. Impact of FX rate on consolidation: +¥0.7 bn

Dairy & Drinks: Despite the strong sales in full force categories, overall sales decreased slightly due to lower sales volume in the juice category, impacted by a surge in raw material prices resulting from the supply shortage of Australian oranges and increased commodity prices for orange fruit juice concentrate. Impact of FX rate on consolidation: +¥0.5 bn

Operating income before amortization of goodwill etc.

Beer, Spirits, and Wine: Operating income decreased mainly due to lower sales volume in Australia. Underlying Operating income (excluding the impact of the ABI brand loss) is in line with the prior year. Impact of FX rate on consolidation: +¥0.2 bn

Dairy & Drinks: Operating income decreased due a surge in raw material prices resulting from the supply shortage of Australian oranges and increased commodity prices for orange fruit juice concentrate, and the loss resulting from inventory revaluation at the beginning of the year reflecting lower milk prices. Impact of FX rate on consolidation: +¥0.0 bn

3Q Actual results of Overseas Integrated Beverages: Myanmar Brewery

	Yen base (bn yen)				Full Year 2017 forecast	Kyat base (Bn MMK)				Full Year 2017 forecast
	2017 3Q actual	2016 3Q actual	YoY change	YoY Change (%)		2017 3Q actual	2016 3Q actual	YoY change	YoY change (%)	
Sales	19.7	18.0	1.7	9.5%	24.3	237	194	43	22.1%	286
Operating income before goodwill amortization	8.7	7.8	0.8	10.8%	8.8	104	84	19	23.5%	104
Goodwill amortization	(1.2)	(1.2)	0.0	—	(1.6)	(14)	(13)	(1)	—	(19)
Brand amortization	(1.1)	(1.2)	0.1	—	(1.5)	(13)	(13)	—	—	(18)
Operating income	6.3	5.3	1.0	19.0%	5.6	76	57	18	32.6%	66

Consolidation period: Oct 2016 to Jun 2017

Currency rate: 1,000 kyat = 83.09 yen (the same period last year: ¥92.62)

■ Changes in sales volume

(%)	YoY
Beer	+18.9

- Prices were revised in June but sales volume continued to increase due to successful sales promotion activities
- Flagship brand *Myanmar Beer* increased by 6%; *Andaman Gold* in the economy category also continued to record a significant increase by 94%
- By packaging, sales volumes of canned and keg products increased

Sales

- Sales increased due to a significant increase in sales volume as well as the impact of price increases conducted in 2016 and 2017
- Product mix had a negative impact on sales due to increased percentage of products in the economy category
- Impact of FX rate on consolidation: (2.2) billion yen

Operating income before amortization of goodwill etc.

- Operating income increased due to a significant increase in sales volume and the impact of price increases, covering the negative impact of personnel expenses and of increased raw material cost resulting from unfavorable currency rate
- Product mix had a negative impact on operating income due to increased percentage of products in the economy category
- Selling expenses decreased YoY, and spent were below the plan
- Impact of FX rate on consolidation: (0.9) billion yen

3Q Actual results of Pharmaceuticals and Bio-chemicals: Kyowa Hakko Kirin

(bn yen)	2017 3Q actual	2016 3Q actual	YonY change		2017 plan (Aug 3)
Sales	253.2	252.4	0.7	0.3%	339.0
Kyowa Hakko Kirin	258.4	257.7	0.6	0.3%	347.0
Pharmaceuticals	198.2	195.8	2.4	1.2%	266.0
Bio-chemicals	60.1	61.9	(1.7)	(2.8)%	81.0
Other and elimination	(5.2)	(5.2)	0.0	—	(8.0)
Operating income	36.7	29.1	7.5	26.0%	42.0
Kyowa Hakko Kirin	36.7	29.1	7.5	26.0%	42.0
Pharmaceuticals	29.1	22.0	7.0	32.1%	33.0
Bio-chemicals	5.0	4.7	0.2	5.6%	6.0
Other, elimination of amortization of goodwill	7.2	6.9	0.2	3.3%	9.1
Amortization of goodwill	(4.6)	(4.6)	—	—	(6.1)

Sales

Pharmaceuticals:

Domestic sales decreased because of drug price revisions and increased penetration of generic drugs, but sales increased due to the significant contribution of higher licensing revenue overseas related to KHK4563

Bio-chemicals:

Despite steady sales in the mail-order business etc., overall sales decreased due to a decrease in overseas sales, etc.

Operating income

Pharmaceuticals:

Operating income increased due to an increase in licensing revenue overseas as well as a decrease in general and administrative expenses including R&D expenses

Bio-chemicals:

Despite a decrease in sales, operating income increased slightly due to an increase in the percentage of profitable products, etc. in sales overall

KIRIN

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