

Kirin Group

2016 Financial Results & 2017 Business Plan

February 13, 2017
Kirin Holdings Company, Limited

In 2016, the company achieved results that exceeded the plan.

As promised during the opening statement during the meeting held to explain the 2016-18 Plan, we implemented the structural reforms quickly and with resolution, and significant advances were made in particular to the “low-profit businesses: restructure & revitalize,” including increased profitability at Kirin Beverage and profit improvements exceeding the plan at Brasil Kirin.

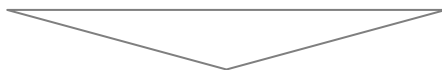
2016-18 Plan approach and aims

- ▶ Bold action groupwide to restructure and revitalize Kirin, focus on profitability
- ▶ Selective, focused allocation of resources, clear priorities
- ▶ Decisive implementation, full commitment to achieve targets

Excerpt from the Kirin Group's 2016-2018 Medium-Term Business Plan announced in February 2016

- Against the quantitative targets in the 2016-18 Plan of “ROE before amortization of goodwill, etc. over 15%” and “Normalized EPS CAGR over 6%,” we achieved 21.9% and +6.8% (+8 yen), respectively, in 2016
- Consolidated operating income for the year was 141.8 billion yen, and net profit was 118.1 billion yen. These results are +7.8 billion yen and +19.1 billion yen, respectively, above the 3Q forecast
- In regards to “Restructure & revitalize low-profit businesses” operating income for the year at Kirin Beverage was 17.2 billion yen, 6.1 billion yen above the initial plan, and the operating profit margin was 4.9%
- In regards to “invest, strengthen and grow profit base in the beer businesses,” although the initiatives were steadily advanced, the sales volume of happoshu and new genre products at Kirin Brewery largely decreased.
- Concerning the cost cuts, costs were cut by 25.0 billion yen, significantly exceeding the plan of 19.0 billion yen

- Brasil Kirin was placed under the authority of Kirin Holdings executive officer in charge in 2015.
- Kirin Holdings changed Brasil Kirin CEO in August, 2015.
- **Kirin Holdings and Brasil Kirin together have been carrying out full restructuring.**
- Although the market contracted , the sales volume of both beer and soft drinks increased in 2016.
- **Proceed towards restoring profitability in 2018 ahead of the plan** due to improved efficiency of organization and business operation including the sale of the plant.
- Meanwhile, considering the highly competitive market in Brazil, **Kirin Holdings has come to the conclusion that there are certain limitations in transforming Brasil Kirin into high-profitable business on its own.**
- **Kirin Holdings considered the best option for the shareholder's value**, while carrying out the restructuring.



**Agreed to transfer Brasil Kirin's 100% shares to Bavaria S.A.,
which is a wholly-owned subsidiary of Heineken International N.V**

For realizing sustainable growth

– Recognizing the challenges and future initiatives –

2017 Plan

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

Kirin Brewery

Lion (Beer, Spirits, & Wine)

Myanmar Brewery

- **Kirin Brewery and Lion Beer, Spirits, and Wine**, which make up a majority of the Group's profits, have been caught up in competition **typical to a mature market**, and they have been forced to **respond to significant changes in the business environment** resulting from the respective **revision to the liquor tax and loss of the ABI brands**.
- **Myanmar Brewery** has completed the expansion of the premium brands through the quick execution of the PMI, and the aim of expanding the production facilities has been set. Within the growing Southeast Asia market, we will first steadily advance the **strategy for realizing further growth at Myanmar Brewery**, and at the same time, we will link the ongoing **search for investment opportunities** to "invest, strengthen and grow profit base in the beer businesses."

2. Restructure and revitalize low-profit businesses

Brasil Kirin

Kirin Beverage

Lion (Dairy & Drinks)

- Significant strides were made in improving the profits at the low profit businesses.
- **While continuing to improve profitability**, in order to **also realize growth**, it is necessary to **strengthen competitiveness, including strong brands and alliances**.
- Continuing efforts aimed at achieving the plan for business transfer of Brasil Kirin

3. Invest to achieve outstanding growth in the pharmaceuticals and bio-chemicals businesses

Kyowa Hakko Kirin

- Due to the stricter government policies aimed at limiting healthcare spending, we need to **continue creating excellent pharmaceuticals and increase the ratio of overseas sales**.

Challenge**Recovering market share
in the happoshu and new genre categories**

- Based on the details of the liquor tax revision and category composition at Kirin Brewery, **recovering and maintaining market share in the happoshu and new genre categories** is an **urgent challenge** for achieving increased both in sales and profits at Kirin Brewery.
- Continue to propose definite value for the ever-changing “now” of consumers**, and in particular, **strengthen *Nodogoshi***, for which the decreased brand power has become evident in the sales volume

Consumer trends

- Polarization of consumption is further accelerating
- Dual existence of consumption with a focus on “genuine” and firmly rooted support for “low price”

Weak sales of Nodogoshi

- Limited edition products and sales promotions have failed to capture demand
- Advertising communications have failed to attract consumer support



Challenge**Reform the market structure for domestic beer products**

- In order to achieve growth in the shrinking domestic beer market, along with recovering the sales volume in the happoshu and new genre categories, **execute “enhance appeal of the beer category” as a consistent strategy**
- Through the Tap Marche and other initiatives, continue to create opportunities to experience craft beer, and aim to **expand the craft beer market**
- With strong determination, take the lead and drive the **transformation to a market structure that does not succumb to excessive price competition**



Continue to strengthen ***Ichiban Shibori***

Interest in social
issues, such as
regional
revitalization



Drive growth of the **craft beer market**

Expanded
definition of beer
planned for 2018



Transform the market to a structure that
does not **fall into excessive price
competition**

Fair transaction
standards through the
revision to the Liquor
Tax Act, etc.

Challenge

**Grow earnings behind Lion & Kirin brands post ABI
in Australia**

- View the end of imported beer sales of the Anheuser-Busch InBev brand, which had relatively decreased profitability, as an opportunity, and **concentrate all management resources into strengthening the company's own brands and Kirin brands**

**Strengthen the flagship brands and
brands in growth categories**



**Generate marketing expenses
and management resources**

Business
portfolio
Management

**Sale of the wine business
in Australia**

Cost
structure
reform

**Increase productivity through
business transformation and IT**

Resource
reallocation

Sales team allocated to ABI brand sales



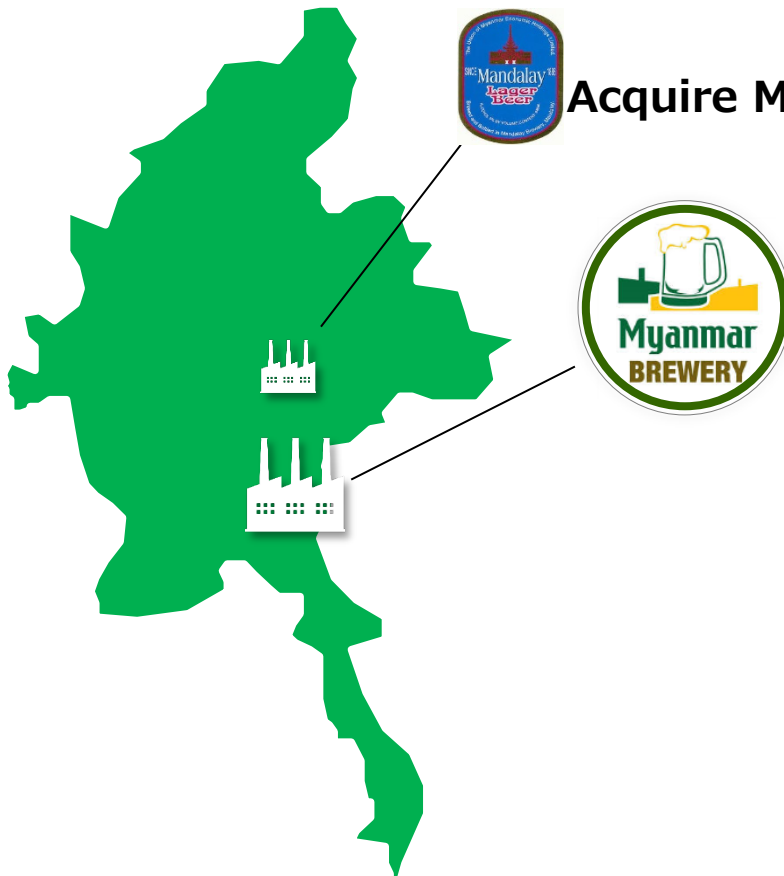
Revitalize Australian beer market

Continue and evolve
the "Beer The Beautiful Truth" campaign

Challenge

Grow the Myanmar beer business by expanding the business platform

- Convert **Mandalay Brewery**, located in upper Myanmar, into a joint venture, and **acquire a 51% equity share**
- Further strengthen the market position, and **steadily work to grow the beer market in Myanmar by acquiring production and shipping facilities in northern Myanmar**



Acquire Mandalay Brewery →

- Acquire the Mandalay brand
- Further expand the production facilities
- Acquire production and shipping facilities in northern Myanmar

■ Robust brand portfolio

Foreign premium



Domestic premium



Mainstream beer



Economy beer



■ Expand the production facilities

- ✓ Improve facility efficiency and increase production through technological support from Kirin Brewery
- ✓ Expand the can lines
- ✓ Expand the bottle lines



Challenge Strengthen the business base for beer in Asia and Oceania

- As one of the options for investing, strengthening and the profit base in the beer businesses, **continue to search for investment opportunities in the Southeast Asia market, which is a market with high growth potential**



Challenge**Further strengthening the brand power and
on-going cost structure reform**

- By getting more focused on “*Gogo-no-Kocha*”, “*Nama-cha*” and “*FIRE*”, **continue to realize growth by “strengthening the brand power”**
- Directed at creating resources for investing in the brand and improving profit, **continue to reform the cost structure, including considering alliances with other companies**

**Increase the sales volume of cans and
small PET bottles by strengthening the
focus brands**



**Reform Profit
Structure**

Alliances

Challenge**Shift to increased profits on increased sales**

- Through cost reductions, Lion Dairy and Drinks has continued to achieve increased profits in spite of decreased sales since 2015.
- From 2017 on, **shift to increased sales by strengthening the brands through the strategic allocation of resources to Milk Based Beverages and other “Full Force” categories, The Goodness Project and rebuilding the sales network**



Challenge

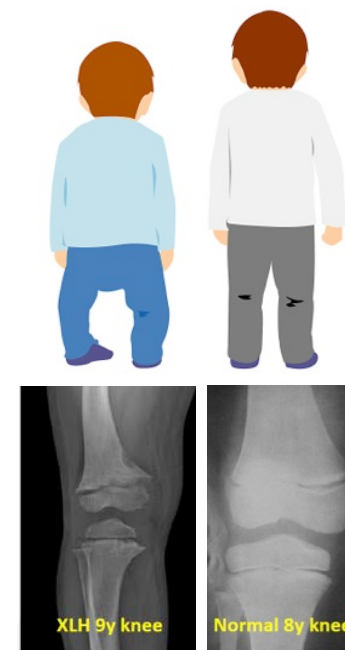
Approval in Europe and the US for the global strategic product KRN23

- KRN23 – “antirachitic” was designated as a Breakthrough Therapy by the U.S. Food and Drug Administration (FDA) in June 2016, **and at the end of 2016, the application approval was accepted by the European Medicines Agency (EMA)**
- By smoothly advancing the development of KRN23 in Europe and the US, link it to **invest to outstanding growth in the Pharmaceutical and Bio-chemicals businesses**

KRN23 (Note)

Indication		Country/region	Development stage		Other topics	
			Phase 2	Phase 3		
XLH	Pediatric	U.S., Europe/Asia	(2018)		(June, 2016) Designated Breakthrough Therapy by the FDA	(Dec, 2016) Application for approval was accepted by EMA ※ Phase 3 development in parallel
	Adult	U.S., Europe/Asia	(2017)			

(Scheduled trial completion date)



Excerpt from the Kyowa Hakko Kirin FY2016-2020 Mid-term Business Plan

(Note) KRN23 :
A drug under development mainly for the treatment of X-linked hypophosphatemia (XLH), a disease caused by a hereditary factor leading to bone development/maintenance disorders. XLH is a rare disease characterized by the symptom of either rickets or of softening of the bones (osteomalacia).

Challenge Promoting the CSV initiatives – Strategy framework for sustainable growth

- CSV priority issues are: **“health and well-being,” “community engagement” and “the environment,” which are closely related to the core businesses.** By proactively working on social issues in these areas, create innovations so as to realize the sustainable growth set forth in the new KV2021.
- As the underlying prerequisite, address the alcohol-related problems, and fulfill the company's responsibility as an alcohol producer.

Themes, main social issues



A Responsible Alcohol Producer

- Harmful use of alcohol



Targeted results (examples)

- Develop and implement education programs
- Expand portfolio of no- and lower-alcohol products



Zero ICHI Kirin Free

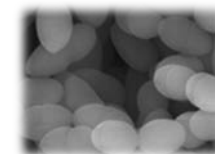


Health and Well-being

- Increase in non-communicable diseases, growing healthcare spending
- Threats to food safety and security



- Establish new products, services and businesses to support self-care for healthy people and people with pre-disease



Plasma lactobacillus



Community Engagement

- Decline of the local economies and communities
- Sustainability of raw material producers



- Expand products and services created together with local stakeholders
- Revitalize the region through support for producers



47 Todofuken no Ichiban Shibori



The Environment

- Global warming, threats to water resources and ecosystems, increased environmental load from containers and packaging

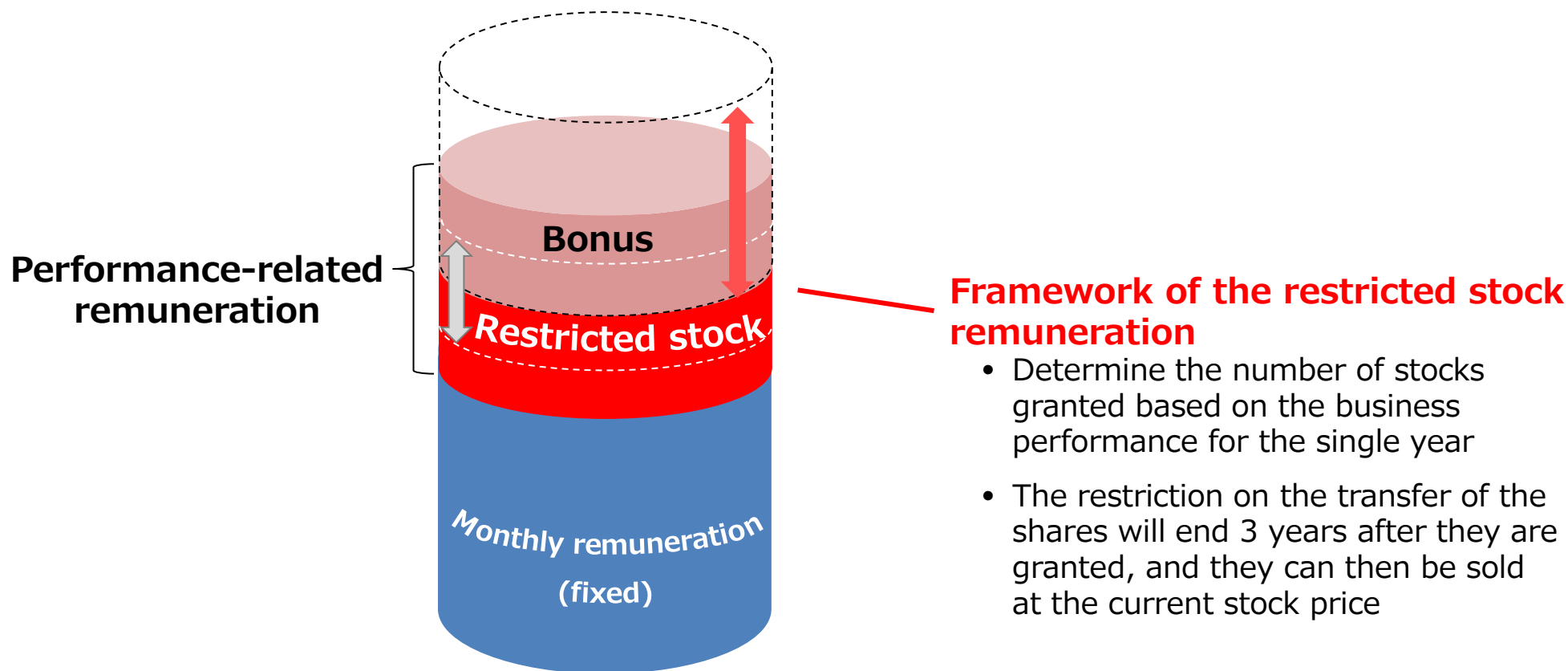


- Further reduce GHG emissions through increased use of renewable energy
- Expand use of certified raw materials



Solar panel at brewery

- A **restricted stock remuneration** will be introduced with the aim of further **increasing the achievement of the 2016-18 Plan** through an accumulation of achievement **the annual plan** , **increasing the corporate value over the medium to long-term and increasing the incentive to manage the business directed at increasing shareholder value**
- The **evaluation indicators** for the performance-related remuneration, which is made up of the bonus and company stock, shall be the **guidance and quantitative targets in the 2016-18 Plan**



Following approval at the General Meeting of Shareholders in March 2017

- **Decisively execute the 2017 Plan.**
With solid execution and continuity, fulfill the “restructure and revitalize Kirin, groupwide” set forth in the 2016-18 Plan, and drive to sustainable growth.
- **Along with the challenges in each business, start working on the CSV commitments, and create a “game changer” that shifts the axis of competition in each business. In addition, create and foster drivers of new growth.**

For realizing sustainable growth

– Recognizing the challenges and future initiatives –

2017 Plan

Overview

Transferee	Bavaria S.A. (a wholly-owned subsidiary of Heineken International N.V)
Date of agreement	February 13 th , 2017
Transfer price	R\$ 2,200 million (approx. 77.0 billion yen)
Transfer date	TBD (The transfer of the shares is expected to be executed immediately after CADE's approval)

Financial Impact

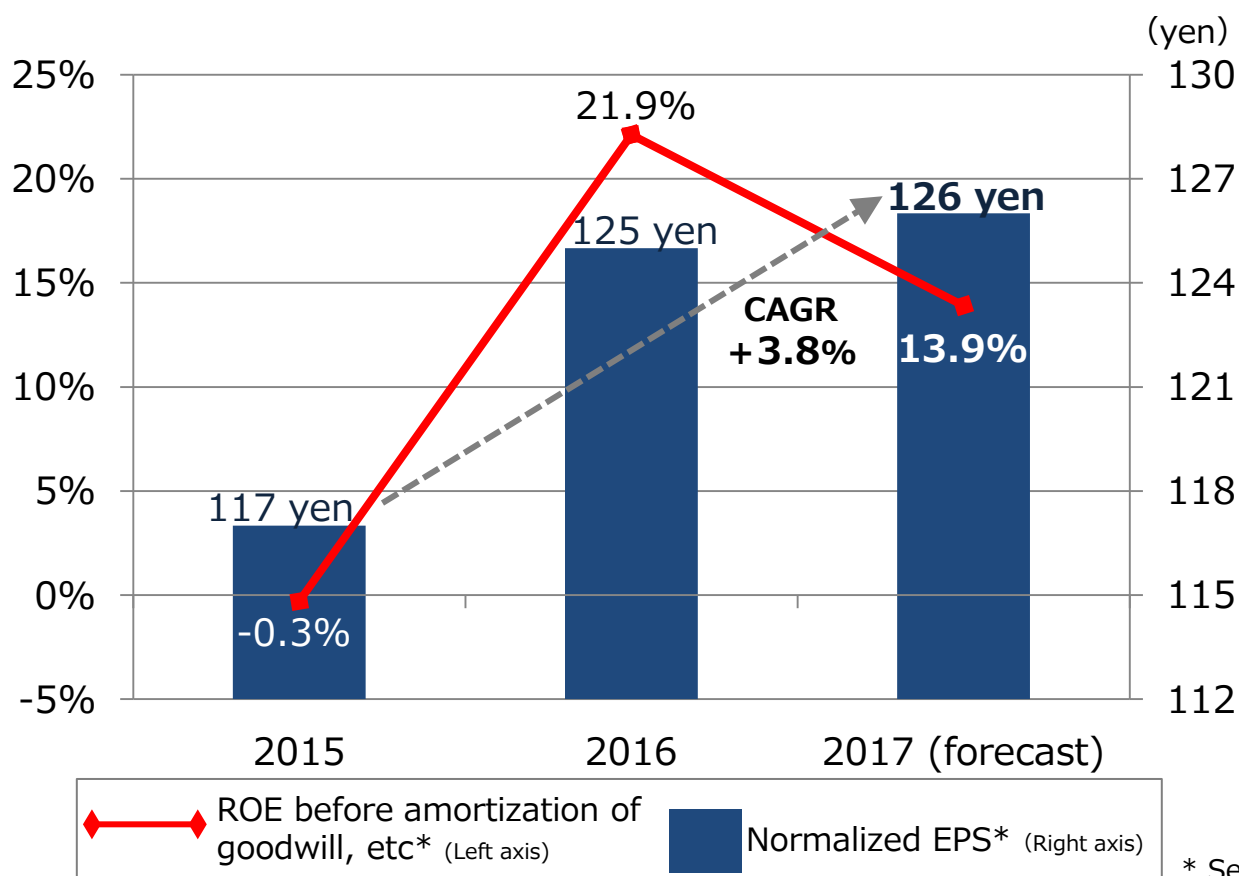
- Profit / loss on sale of Brasil Kirin's shares is not yet determined, because the transfer date is unconfirmed
- Calculating the impact on net income as accounting settlement on a 2016 basis, it would be slightly positive

- **Continue the investments for “Invest, strengthen and grow profit base in the beer businesses” and “Invest to achieve outstanding growth in the Pharmaceutical and Bio-chemicals business,” and prioritize the growth of Kirin Brewery.**
- **Kirin Holdings will support improving the profitability of the businesses by creating synergies between the businesses and promoting the alliance strategy.**
- **At each business, in addition to continuing efforts aimed at achieving the 2016-18 Plan, lay the foundation for the CSV strategy and shift the axis of competition.**
- **Set the target consolidated operating income at 143.0 billion yen (0.8% increase year-on-year), and aim to achieve an ROE before amortization of goodwill, etc. of 13.9% and normalized EPS of 126 yen (CAGR from 2015 of 3.8%).**
- **In continuation from 2016, create results and make steady progress in achieving the plan**

Note : On the premise that Brasil Kirin is consolidated full year to the exclusion of the impact of loss on sale and net income etc. , because the timing of the sale is unconfirmed

Quantitative targets in the 2016-18 Plan ROE and Normalized EPS

- The 2016 ROE before amortization of goodwill, etc. was initially planned to be 14.0%, but as a result of the increased consolidated operating income and the extraordinary income that included the cancellation fee from the termination of the ABI distribution license agreement in Australia, it was **21.9%**
- In 2017, given the higher operating income from 2016, ROE before amortization of goodwill, etc. is forecast to be **13.9%**
- Similarly, normalized EPS is forecast to increase 1 yen to 126 yen, and the 2-year CAGR is expected to be **3.8%**

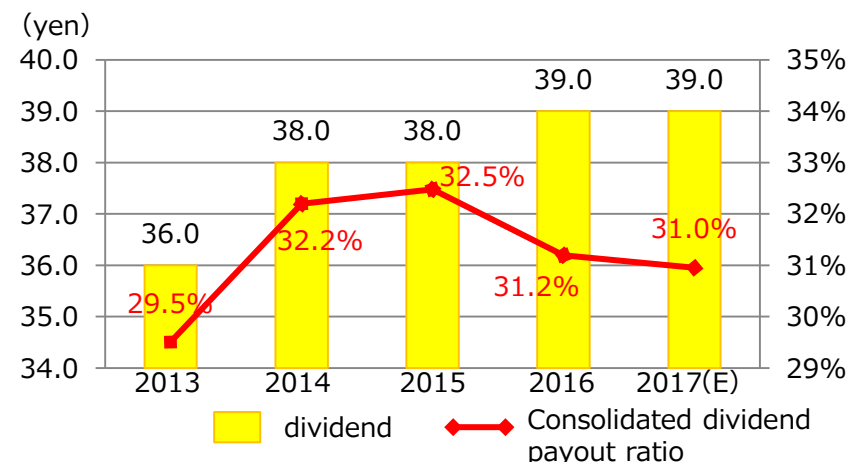


* See p.34 for details

- In 2016, the operating cash flow exceeded the plan as a result of the cancellation fee from the termination of the ABI distribution license agreement etc., and from a medium to long-term perspective, interest bearing debt repayment of 108.5 billion yen was repaid earlier than planned in order to increase financial flexibility
- In 2017, given the increased consolidated operating income, achieve an operating cash flow of at least 180.0 billion yen, and given the investment cash flow of (70.0) billion yen, create a free cash flow of 110.0 billion yen
- Based on the overachievement of free cash flow and the growth ratio of normalized EPS, increase the dividend at 1 yen to 39 yen in 2016, and plan to pay 39 yen in 2017 on the basis of the policy as payout ratio 30% over of normalized EPS



	2016年	中計
Operating CF	226.4 bn yen	550.0 bn yen+
Investment CF	(77.5 bn yen)	(290.0 bn yen)
Free CF	148.9 bn yen	260.0 bn yen +
Shareholder returns(dividend)	43.2 bn yen	125.0 bn yen
Repayment of interest bearing debt	108.5 bn yen	135.0 bn yen



- Sales and operating incomes are forecast to increase, and net income is expected to increase on a normalized basis excluding extraordinary gains and losses

bn yen	2017 Plan	2016 actual	YonY change	
Sales	2,100.0	2,075.0	24.9	1.2%
Operating income	143.0	141.8	1.1	0.8%
Ordinary income	144.0	140.6	3.3	2.4%
Net income attributable to the owners of parent	68.0	118.1	(50.1)	(42.4)%
Operating income before amortization of goodwill, etc. (bn yen)	170.5 bn yen	169.9 bn yen	0.6	0.4%
EPS (yen)	74.52 yen	129.49 yen	54.97	(42.5)%
EPS before amortization of goodwill, etc. (yen)	116 yen	172 yen	(56)	(32.6)%

Beer businesses

Decreased profits on decreased earnings

- ▶ **Kirin Brewery** and **Myanmar Brewery** are expected to achieve **increased profits on increased earnings**, but this increase is forecast to be overshadowed by the **decreased profits on decreased earnings** at **Lion Beer, Spirits and Wine** due the impact of the exchange rate and end of the ABI brand distribution license

Low-profit businesses

Increased profits on increased earnings

- ▶ Regarding sales, a decrease in earnings is expected due to the deduction of part of the selling expenses from sales at **Kirin Beverage (1Q)** and the impact of the exchange rate at **Lion Dairy and Drinks** although the increased earnings at **Brasil Kirin** resulting from increased sales volumes and improvements to the unit price/mix are expected to offset and exceed this decrease
- ▶ **Operating income is planned to increase at all 3 companies**

Pharmaceutical and Bio-Chemicals business

Increased profits on increased earnings

- ▶ Forecast **increased profits on increased earnings** as a result of **increased licensing revenue** and **lower research and development expenses**

2017 Plan – Operating income by segment and business

- The lower profits at Lion(Beer, Spirits & Wine) will be offset by the increased profits from the Pharmaceuticals and Bio-chemicals businesses etc., and operating income is forecast to increase

bn yen	2017 Plan	2016 Actual	YonY change	
Operating income	143.0	141.8	1.1	0.8%
Japan Integrated Beverages	67.5	67.2	0.2	0.4%
Kirin Brewery	72.1	69.8	2.2	3.2%
Kirin Beverage	18.0	17.2	0.7	4.1%
Mercian	2.2	3.6	(1.3)	(37.9)%
Others	(24.9)	(23.5)	(1.3)	—
Overseas Integrated Beverages	42.0	43.3	(1.3)	(3.0)%
Lion (after amortization of goodwill etc.)	37.4	42.8	(5.3)	(12.5)%
Goodwill amortization	(10.6)	(10.7)	0.0	—
Brand amortization	(3.1)	(3.1)	0.0	—
Brasil Kirin (after amortization of goodwill etc.)	(5.1)	(9.0)	3.9	—
Goodwill amortization	—	—	—	—
Brand amortization	(0.7)	(0.7)	(0.0)	—
Myanmar Brewery (after amortization of goodwill etc.)	5.6	5.4	0.2	3.8%
Goodwill amortization	(1.6)	(1.7)	0.1	—
Brand amortization	(1.5)	(1.6)	0.1	—
Others	4.0	4.1	(0.0)	(1.8)%
Pharmaceuticals and Bio-chemicals	38.0	34.7	3.2	9.4%
Others	3.0	3.3	(0.3)	(9.9)%

Kirin Brewery

Sales

+21.6 billion yen +3.2%

- Increase the beer sales volume
- Improve the mix by increasing the component ratio of beer
- Increase the RTD sales volume

Operating income

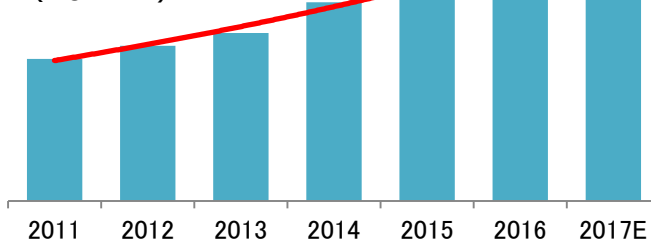
+2.2 billion yen +3.2%

- Increase gross profits by increasing the sales volume of non-alcohol products
- Continue to improve productivity at the plants by working to cut raw material costs and not replacing workers who retire
- **Regarding the selling expenses**, in order to strengthen the brand power and contribute to increasing the sales volume, while **effectively utilizing such expenses**, aim for an overall level comparable to last year



RTD total
+6.2%

Sales volume trend for RTD (2011~)



Target sales volumes for the main brands



Ichiban Shibori total

+6.9%



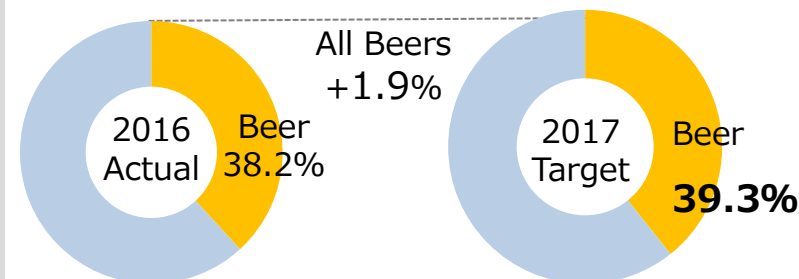
Nodogoshi total

+3.9%



Tanrei total

(2.4)%



Non-alcohol total **+33.4%**

NEW
Kirin Zero Ichi

Lion (Beer, Spirits, and Wine)**Sales****A\$ (296) MM (11.0)%**

- Decrease in sales volume due to ABI brand loss
- Decrease in sales due to the sale of the Australian wine business
- Increase the craft beer sales volume, and improve the unit price and mix by continuing the pricing policy

Operating income***A\$ (60) MM (8.7)%**
Yen base: **(5.1) bn JPY**

- The weak Australian dollar will have a lower impact on the purchase expenses for imported beer
- Although sales expenses will decrease by the amount spent for the ABI brands, marketing investments will increase for own brands and Kirin brands

* Operating income before amortization of goodwill, etc.

Myanmar Brewery**Sales****+Kt 38 bn +15.6%**

- Increase the sales volume
- Increase in the unit price as a result of the pricing policy in 2016
- Improve the mix through the increasing the sales volume of premium brands due to year-round sale

Operating income***+Kt 6 bn +6.5%**
Yen base: **(0.0) JPY**

- Impact of the weak kyat on the cost of imported raw materials
- Increase investment in marketing for strengthening the brands
- Higher labor expenses and other expenses
- Cut the procurement, logistics and production costs

**Progress made
towards increasing
the operating income
by +10.0 billion yen**



2016 (Actual)
(1.4) billion yen**

2017 (Plan)
(2.9) billion yen

Total for 2016-2017 (Plan)
(4.3) billion yen

** Excluding the 4.3 billion yen impact due to the change in depreciation method

Kirin Beverage

Sales

(4.9) billion yen (1.4)%

- Soft drink sales volume on par with last year
- Improve the price/mix by increasing sales of cans and small PET bottles
- Impact of part of the selling expenses being deducted from sales (1Q only)

Operating income

+0.7 billion yen +4.1%

- Reduce processing expenses by cutting raw material costs, and reduce waste by focusing on the main brands and reducing SKU
- Increase selling expenses (fixed sales promotion expenses and advertising expenses) aimed at strengthening the brand power

Target sales volume

million cases	Target volume	YonY change (%)
Soft drink total	233.50	+0%
Can & small PET sub-total	137.87	+2%

Target sales volume of the main brands



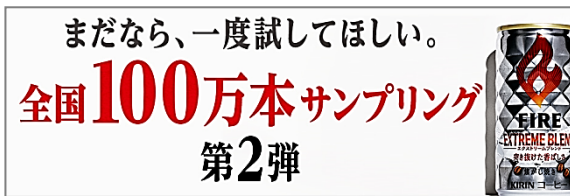
Sales promotions



KIRIN × LINE

Kirin's unique vending machine service:

Tappiness



Brasil Kirin

Sales

+R\$ 575 MM +15.5%

- Increase the sales volume of both beer and soft drinks
- **Improve the mix** by increasing the sales volume of craft , premium beer and the upper mainstream Devassa beer
- Increase in the unit price as a result of the price hike in 2016

Operating income*

+R\$ 138 MM

Yen base: +4.0 bn JPY

- Decrease in the cost of imported raw materials due to a stronger real
- Lower fixed expenses due to the sale of the Macacu Plant in 2016

* Operating income before amortization of goodwill, etc.

Lion (Dairy and Drinks)

Sales

+A\$ 36 MM +2.0%

- Increase in the sales volume of Milk Based Beverages, yogurt, specialty cheeses, etc.
- Increase in sales volume by rebuilding the sales network and reinforcing the sales capability
- Decrease in sales volume of White Milk

Operating income*

+A\$ 19 MM +26.2%

Yen base: +1.5 bn JPY

- Increase profitability by driving improved portfolio mix with high margin categories
- Continue to cut costs through the supply chain

Progress made
towards increasing
the operating income
by +20.0 billion yen

2016 (Actual)

+11.9 billion yen**

2017 (Plan)

+6.1 billion yen

Total for 2016-2017 (Plan)

+18.0 billion yen

** Excluding the 4.6 billion yen impact due to the change in depreciation method

Kyowa Hakko Kirin

Sales

+0.2 billion yen +0.1%

- Growth in new products in the domestic and overseas pharmaceuticals business
- Drop in the sales of patent expired products due to the increased market penetration of generics
- **Increased licensing revenue** from overseas

Operating income

+3.2 billion yen +9.4%

- **Increase gross profit through increased licensing revenue**
- **Lower R&D expenses** following the completion of the trials for the pharmaceuticals in late-stage development in Japan
- **In the Bio-chemicals business, increase the sales at the highly profitable businesses (on-line sales, overseas, etc.) YonY**

- In 2016, each company cut costs in excess of the targets, and cost cuts for the group as a whole were **25.0 billion yen**
- With a view to achieve the target of **30.0 billion yen** in the 2016-18 plan ahead of schedule, cost cuts for the group as a whole will be **more than 4.0 billion yen**.

(bn yen)	2016 actual	2017 target	2016-17 Total	2017 Main initiatives
Kirin Brewery	7.2	1.5	8.7	Procurement of raw materials and materials, and cut supply chain costs
Kirin Beverage	6.1	0.9	7.0	Procurement of raw materials and materials, and SCM cost cut
Brasil Kirin	7.2	1.3	8.5	Sale of the Macacu plant undertaken in 2016
Lion and others	4.5	0.3	4.8	Procurement of material at Mercian etc.
Total	25.0	4.0	29.0	

※Considering application from the disclosure of the 2017 annual financial statements

Japanese standard	IFRS
Sales	Sales revenue △ Sales promotion expenses (partial)
Cost of sales	Cost of sales
SG&A expenses Sales promotion expenses (partial)	SG&A expenses Other operating revenue or expenses
Operating income	Operating income
Non-operating income or loss Financial account balance Investment gain or loss accounted for using the equity method Other non-operating income or loss	Financial account balance Investment gain or loss accounted for using the equity method
Ordinary income Extraordinary gain or loss	
Pretax income	Pretax income
Corporate tax, etc.	Corporate income tax expenses
Net income	Net income

Approximate impact amount
(Estimated based on the plan for 2017)

Sales revenue (70)-(80) bn yen

- Sales promotion expenses linked to sales will be deducted from the sales revenue (Reclassified)
- No change to the handling of the liquor tax (beer, spirits and wine sold in Japan include the tax)

- Non-amortization of goodwill, brands, etc. (some will continue to be amortized)
- Retirement benefit expenses, depreciation expenses etc.

Total of +29- +32 bn yen

- Non-operating income or loss (excluding the financial account balance) and extraordinary gain or loss will be transferred to other operating revenue or expenses (Reclassified)
- Income or losses on the sale or valuation of investment securities will be transferred to other comprehensive income

- Non-amortization of goodwill, brands, etc. included in the investment gains or losses accounted for using the equity method

+10 bn yen

- Ordinary income will not be disclosed

Pretax income + 39- +42 bn yen

(Note) The above impact amount does not incorporate the impact resulting from changes to the financial settlement date at overseas subsidiaries.

Appendices

Overview of the 2016 financial results

bn yen	2016 Actual	2015 Actual	YonY change		Forecast (Nov. 2, 2016)
Sales*	2075.0	2196.9	(121.8)	(5.5)%	2090.0
Operating income**	141.8	124.7	17.1	13.7%	134.0
Ordinary income	140.6	128.1	12.4	9.7%	132.0
Net income/loss attributable to the owners of parent	118.1	(47.3)	165.4	—	99.0

* From FY2016, part of the selling expenses have been deducted from sales at Kirin Beverage, Mercian and Brasil Kirin, and Myanmar Brewery has been newly consolidated

** Compared to FY2015, profits in FY2016 (operating income and below) reflect: ① Myanmar Brewery has been newly consolidated; ② depreciation costs decreased by approx. 10.1 billion yen due to the change in depreciation method; ③ amortization of goodwill, etc. decreased by approx. 4.2 yen due to impairment of Brasil Kirin

■ Quantitative targets

Billion yen	2016 Actual	2015 Actual	YonY change		Forecast (Nov. 2, 2016)
ROE before amortization of goodwill, etc. (%)	21.9	(0.3)	—	—	20.2
Normalized EPS (yen)***	125	117	8	6.8%	115

*** See p.34 for details

■ Financial indicators

	2016 Actual	2015 Actual	YonY change	
Operating income before amortization of goodwill, etc. (billion yen)	169.9	158.5	113	7.2%
EPS (yen)	129.49	(51.87)	181.36	—
EPS before amortization of goodwill, etc. (yen)	172	(3)	175	—

■ ROE before amortization of goodwill, etc.

	2017 Plan	2016 Actual	2015 Actual
ROE before amortization of goodwill, etc. (%)	13.9	21.9	(0.3)
Net income (before amortization of goodwill, etc.) (%)	5.0	7.5	(0.1)
Asset Turnover Ratio	0.76	0.74	0.85
Financial leverage	3.10	3.35	3.09

■ Normalized EPS

(bn yen)	2017 Plan	2016 Actual	2015 Actual	2016-17 CAGR plan
Net income	68.0	118.1	(47.3)	—
Amortization of goodwill, etc.	37.7	38.4	44.7	—
Extraordinary gains or losses after income taxes, etc.	9.4	(42.7)	109.6	—
Normalized net income ①	115.1	113.8	107.0	—
Average number of outstanding shares during the period (1,000 shares) ②	912,515	912,522	912,537	—
Normalized EPS (yen) ①÷②	126	125	117	+3.8%

2016 Operating income by segment and business

- Increased profits from Kirin Beverage, Brasil Kirin and Myanmar Brewery, and profits increased by 17.1 billion yen year-on-year

bn yen	2016 Actual	2015 Actual	YonY change		2016 forecast at 3Q
Operating income	141.8	124.7	17.1	13.7%	134.0
Japan Integrated Beverages	67.2	47.9	19.2	40.1%	63.0
Kirin Brewery	69.8	62.6	7.2	11.6%	70.8
Kirin Beverage	17.2	5.6	11.6	205.3%	15.5
Mercian	3.6	1.9	1.6	83.3%	2.5
Others	(23.5)	(22.2)	(1.2)	—	(25.8)
Overseas Integrated Beverages	43.3	33.2	10.0	30.2%	42.0
Lion (after amortization of goodwill etc.)	42.8	48.0	(5.2)	(10.9)%	42.5
Goodwill amortization	(10.7)	(12.1)	1.4	—	(10.8)
Brand amortization	(3.1)	(3.7)	0.5	—	(3.1)
Brasil Kirin (after amortization of goodwill etc.)	(9.0)	(18.5)	9.4	—	(9.5)
Goodwill amortization	—	(4.2)	4.2	—	—
Brand amortization	(0.7)	(2.5)	1.8	—	(0.6)
Myanmar Brewery (after amortization of goodwill etc.)	5.4				5.6
Goodwill amortization	(1.7)				(1.6)
Brand amortization	(1.6)				(1.6)
Others	4.1	3.6	0.4	11.3%	3.4
Pharmaceuticals and Bio-chemicals	34.7	46.8	(12.0)	(25.8)%	35.0
Others	3.3	3.8	(0.5)	(13.7)%	2.0

- 47 *Todofuken no Ichiban Shibori* was well-received by consumers, and the **strengthening of the *Ichiban Shibori* brand and steady progress in the craft beer initiatives contributed to “enhance appeal of the beer category.”**
- Cost cuts right across the supply chain led to profits that exceeded the plan, but **the sales volume of happoshu and the new genre brands *Tanrei* and *Nodogoshi* significantly decreased, resulting in lower sales revenue. This remains as a challenge to the recovery of Kirin Brewery.**

Kirin Brewery

► Target a V-shaped recovery, growth in sales and profits

2018 Guidance

2018 OPM :
17%+

	Sales(Ex liquor tax)	Operating income	OPM
2015 Actual	415.3 bn yen	62.6 bn yen	15.1%
2016 Actual	402.2 bn yen	69.8 bn yen	17.4%

Measures to improve profitability

Enhance appeal of the
beer category

Strengthen functional
categories

Strengthen business
base; sustain brand
investment

Progress during 2016

- ✓ Sales volume of the *Ichiban Shibori* brand increased for the third consecutive year
- ✓ Concluded a capital and business partnership with the US craft brewer Brooklyn Brewery
Brewing and sales of the Brooklyn brand in Japan is expected to start in 2017
- ✓ Kept at least a 40% share in the functional category, Sales volume of “*Tanrei Platinum Double*” increased for the second consecutive year
- ✓ Sales volume of RTDs and whiskies increased
- ✓ Cut costs by 7.2 billion yen by cutting raw material costs and increasing productivity at the plants

- **Achieved the planned sales and operating income**
- **Kept increased sales** due to the price realization and increased sales volume of craft beer although sales volume overall decreased
- **Increased cost of sales of imported beer due to weaker AUD caused operating income to decrease**

Lion (Beer, Spirits, and Wine)► **Revitalize and grow the ANZ beer market****2018 Guidance**

- ❑ Maintain market position
- ❑ Maintain high OPM

**Measures to
improve profitability**Revitalize
the marketStrengthen
growth categoriesReduce
cost base

	Sales	Operating income*	OPM
2015 Actual	2,669 MM AUD	721 MM AUD	27.0%
2016 Actual	2,706 MM AUD	698 MM AUD	25.8%

* Operating income before amortization of goodwill, etc.

Progress during 2016

- ✓ **Beer market in Australia grew slightly.** During the campaign period, market growth was evident, **it is believed that the Beer the Beautiful Truth campaign contributed to this growth**
- ✓ **Volumes of the craft beers *James Squire* and *Little Creatures* increased.** Completed the acquisition of craft breweries in Australia and New Zealand (Panhead and Byron Bay)
- ✓ Little Creatures and craft growing outside Australia
- ✓ Structure rationalization in 2015 realized benefits as planned

- **Quickly implemented the PMI** following the takeover in August 2015, and **successfully shifted to the execution of the 2016-2018 MTBP measures in 2016, the first year since being consolidated**
- The market growth slowed slightly due consumers' refraining from alcohol during the general election in November 2015, and competition has intensified since the takeover. **However, operating income for the year was according to plan**

Myanmar Brewery**► Invest to strengthen position as market leader****2018 Guidance**

- ❑ Maintain market position
- ❑ Capture share of market growth

Situation in 2016

- ✓ **Maintained a market share of about 80%** and an overwhelming leading position
- ✓ Aimed to **establish capacity that can capture future market growth through an expansion to the production facilities**

Measures to improve profitability

Expand brand portfolio

Progress during 2016

- ✓ **Developed and launched *Kirin Ichiban* as a foreign premium brand and *Myanmar Premium* as a domestic premium brand, and established a gap-free brand portfolio**

Strengthen business platform

- ✓ In addition to the **new packaging line, completed preparations for increasing the brewing capacity**, which will enable the company to respond to peak demand in 2017
- ✓ **Made progress in increasing production efficiency** through technological support from Kirin Brewery
- ✓ **Expanded sales in the supermarket channel in the household market**

- The main brands of *Gogo-no-Kocha*, *Nama-cha* and *FIRE* were strengthened, and the sales volume increased 8.1%, significantly exceeding underlying market growth
- “Strengthen brands” and “reform the profit structure” formed a virtuous cycle, and an operating income margin of 4.9% was achieved in the first year of the MTBP

Kirin Beverage

► Achieve profitability through full restructuring growth through structural reform

2018 Guidance

OPM **above**
3%

	Sales	Operating income	OPM
2015 Actual	372.0 bn yen	5.6 bn yen	1.5%
2016 Actual	354.6 bn yen	17.2 bn yen	4.9%

Measures to
improve profitability

Build robust brand
framework

Reform profit
structure

Use alliances to solve
structural issues

Progress during 2016

- ✓ In the sugar-free tea category, the *Nama-cha* brand was revitalized, and the sales volume rose +44% year-on-year
- ✓ In the coffee category, *FIRE* was renewed, and progress was made in fostering and strengthening the brand
- ✓ Sales volume of cans and small PET bottles increased 8%. Strengthened the management of sales promotion expenses for large PET bottle campaigns.
- ✓ By **focusing on the main brands**, the sales volumes of *Gogo-no-Kocha* and *Nama-cha* significantly increased, and **in addition to increased operating rates and productivity at the plants, losses due to waste were lowered and costs were reduced by 6.1 billion yen**
- ✓ **Alliance with Dydo Drinco** contributed to increased vending machine sales

- **Although the market contracted, the sales volume of both beer and soft drinks increased.** In the south and southeast, **sales of craft and premium beer significantly increased, and sales of the mainstream beer Devassa, which underwent a renewal, also grew**

Brasil Kirin

► Achieve profitability through full restructuring

2018 Guidance

Achieve profit in
2019

Operating income (Before/after amortization of goodwill, etc.)	Yen base (¥bn)		Real base (R\$ MM)	
	Before amortization	After amortization	Before amortization	After amortization
2015 Actual	(11.7)	(18.5)	(322)	(509)
2016 Actual	(8.3)	(9.0)	(262)	(284)

Measures to improve profitability

Grow profit domains
based on regional
product strategy

Shift to cost structure
and organization
matched to sales
volume

Progress during 2016

- ✓ Compared to the previous year, the **sales volume increased 1.3% for beer, 7.4% for soft drinks and 3.5% overall**
- ✓ **The craft and premium beer category increased by 315.8%, and Devassa increased double digit**
- ✓ **Cost cuts** from improved efficiency of own distribution and lower indirect costs were **about 7.2 billion yen (227 million real)**, overachieving the plan of 6 billion yen (200 million real)
- ✓ Directed at the optimization of production sites, **completed the sale of the Macacu Plant in the state of Rio de Janeiro**

- Increased profits were achieved due to progress of resource allocation for focus category and products and the continued cost structure reform
- **Continuing the Goodness Project**, which aims to increase the ratio of products with reduced fat, sugar, salt, energies, additives, etc., **and will drive sales growth**

Lion (Dairy and Drinks)

► Implement Turnaround Plan to grow profits

2018 Guidance	Sales	Operating income*	OPM
OPM above 5%	2015 Actual 2,040 MM AUD	46 MM AUD	2.3%
	2016 Actual 1,820 MM AUD	72 MM AUD	4.0%

* Operating income before amortization of goodwill, etc.

Measures to improve profitability

Priority resource
allocation to priority
categories and brands

Deliver value based on
Health and Nutrition

Reform cost structure of
the entire supply chain

Progress during 2016

- ✓ Positioned **Milk Based Beverage** as “Full Force” category, and **increased the sales volume of the main brand *Dare***
- ✓ **Rolled out The Goodness Project**
- ✓ **The cost reductions through the Turnaround Plan enabled profits to increase** despite the sales volume decrease (10.4)%

- Development of the global strategic products is progressing smoothly

Kyowa Hakko Kirin

- Realize a major uplift in growth as a global specialty pharmaceutical company

2020 Guidance

Core operating income*
of **¥100bn+**
*(Pre-consolidation)

	Core operating income※
2015 Actual	53.4 bn yen
2016 Actual	38.2 bn yen
2016 Forecast	38.0 bn yen

* Operating income + Amortization of goodwill + Profits/Losses of equity accounted affiliates

Invest to achieve outstanding growth

Improve global competitiveness

Progress during 2016

- ✓ **KRN23 was designated a Breakthrough Therapy** by the Federal Drug Administration (FDA), and at the end of 2016, the **application for approval was accepted by the European Medicines Agency (EMA)**

■ Three global strategic products

Development no.	Indication/Target disease
KW-6002	Parkinson's disease
KRN23	X-linked hypophosphatemia
KW-0761	ATL (Adult t-cell Leukemia-Lymphoma) , CTCL (Cutaneous T-Cell Lymphoma)

2016 Actual results of segment

(bn yen)	2016 actual	2015 actual	Y on Y change		Announced on Nov. 2 nd , 2016	
				%	Forecast	vs. forecast
Sales	2,075.0	2,196.9	(121.8)	(5.5)%	2,090.0	(15.0)
Japan Integrated Beverages	1,153.2	1,191.5	(38.3)	(3.2)%	1,174.0	(20.8)
Overseas Integrated Beverages	561.4	624.1	(62.7)	(10.1)%	555.0	6.4
Pharmaceuticals and Bio-chemicals	335.7	355.7	(20.0)	(5.6)%	336.0	(0.3)
Other	24.6	25.4	(0.7)	(3.1)%	25.0	(0.4)
Operating income	141.8	124.7	17.1	13.7%	134.0	7.8
Japan Integrated Beverages	67.2	47.9	19.2	40.1%	63.0	4.2
Overseas Integrated Beverages	43.3	33.2	10.0	30.2%	42.0	1.3
Pharmaceuticals and Bio-chemicals	34.7	46.8	(12.0)	(25.8)%	35.0	(0.3)
Other	3.3	3.8	(0.5)	(13.7)%	2.0	1.3
Corporate expenses and elimination	(6.7)	(7.1)	0.4		(8.0)	1.3
Ordinary income	140.6	1,28.1	12.4	9.7%	132.0	8.6
Net income※	118.1	(47.3)	165.4	—	99.0	19.1

※Net income attributable to shareholders of the parent company

Sales

- Decreased by (121.8) bn yen year-on-year : Deducting part of the selling expenses from sales about (38.0) bn yen at Kirin Beverage, Brasil Kirin and others, impact of the currency rate at the Overseas Integrated Beverages (69.6) bn yen, impact of the currency rate(15.4) bn yen and the reduction to the drug pricing standard in the Pharmaceuticals and Bio-chemicals
- 15.0 bn yen below the plan :At Kirin Beverage, the sales volume overachieved the plan, but mainly due to the inability to achieve the sales volume at Kirin Brewery (20.6) bn yen

Operating income

- Increased by +17.1 bn yen year-on-year : Increased profits from the Japan & Overseas Integrated Beverages offset the negative profit factors including lower licensing revenue in the Pharmaceuticals and the impact of the currency rate at the Overseas Integrated Beverages (4.8) bn yen
- +7.8 bn yen above the plan: Licensing revenue at the Pharmaceuticals fell slightly below the plan, but increased profits at both the Japan and Overseas Integrated Beverages exceeded the plan, resulting in an operating income of 141.8 bn yen

Net income

- Increased by +165.4 bn yen year-on-year (rebound from the impairment loss last year) : Investment gain or loss accounted for by the equity method was a loss (4.3) bn yen, but due to the cancellation fee received by Lion and the proceeds from the sale of a plant at Brasil Kirin
- Exceeding the plan by 19.1 bn yen (highest profit ever recorded) : Strong results at San Miguel Brewery +0.1 bn yen, the refund at Brasil Kirin +9.6 bn yen, net income was 118.1 bn yen

(bn yen)	2017 plan	2016 actual	YonY change	
				%
Sales	2,100.0	2,075.0	24.9	1.2%
Japan Integrated Beverages	1,170.0	1,153.2	16.7	1.5%
Overseas Integrated Beverages	570.0	561.4	8.5	1.5%
Pharmaceuticals and Bio-chemicals	336.0	335.7	0.2	0.1%
Other	24.0	24.6	(0.6)	(2.6)%
Operating income	143.0	141.8	1.1	0.8%
Japan Integrated Beverages	67.5	67.2	0.2	0.4%
Overseas Integrated Beverages	42.0	43.3	(1.3)	(3.0)%
Pharmaceuticals and Bio-chemicals	38.0	34.7	3.2	9.4%
Other	3.0	3.3	(0.3)	(9.9)%
Corporate expenses and elimination	(7.5)	(6.7)	(0.7)	
Ordinary income	144.0	140.6	3.3	2.4%
Net income ※	68.0	118.1	(50.1)	(42.4)%

※ Net income attributable to shareholders of the parent company

Sales	<ul style="list-style-type: none"> The deduction of part of the selling expenses from sales at Kirin Beverage from 2016Q2 and the loss of the ABI brand distribution license at Lion (Beer, Spirits, and Wine) will have an impact, but sales are expected to increase by +24.9 bn yen year-on-year as a result of increased sales volumes at Kirin Brewery & Brasil Kirin and the impact of the currency rate at the Overseas Integrated Beverages +10.5 bn yen
Operating income	<ul style="list-style-type: none"> Increased sales volumes at the Japan Integrated Beverages and increased sales at the Pharmaceuticals and Bio-chemicals will absorb the impact of the loss of the ABI brand distribution license at Lion (Beer, Spirits, and Wine) and operating income is expected to increase +1.1 bn yen year-on-year
Net income	<ul style="list-style-type: none"> Although there is an investment gain accounted for using the equity method resulting from the strong performance at San Miguel Brewery, because there were no extraordinary gains this term and expenses, net income will decrease by (50.1) bn yen year-on-year to 68 bn yen

2016 Actual results of Japan Integrated Beverages Business



(bn yen)	2016 actual	2015 actual	Y on Y change		16 forecast at Q3	VS forecast
Sales	1,153.2	1,191.5	(38.3)	(3.2)%	1,174.0	(20.8)
Kirin Brewery	684.5	707.2	(22.6)	(3.2)%	705.1	(20.6)
Kirin Beverage*	354.6	372.0	(17.4)	(4.7)%	350.6	4.0
Mercian	66.3	69.3	(3.0)	(4.4)%	67.4	(1.1)
Other and elimination	47.7	42.8	4.8	11.4%	50.9	(3.2)
Operating income	67.2	47.9	19.2	40.1%	63.0	4.2
Kirin Brewery	69.8	62.6	7.2	11.6%	70.8	(1.0)
Kirin Beverage	17.2	5.6	11.6	205.3%	15.5	1.7
Mercian	3.6	1.9	1.6	83.3%	2.5	1.1
Other	(23.5)	(22.2)	(1.2)	—	(25.8)	2.3

Sales

* In 2016, sales promotion expenses of 33.8 bn yen were deducted from sales

Kirin Brewery: Sales decreased (28.1) bn yen as the increased sales volume of RTD +3.7% +2.8 bn yen and increased sales of whisky and spirits +2.6 bn yen could not offset the year-on-year drop in the sales volume of all beers (5.5)%

Kirin Beverage: Although sales decreased from 2Q when part of the selling expenses started to be deducted from sales, the sales volume of soft drinks increased +8.1%, and essentially, earnings significantly increased

Mercian: Although sales of wine grew 1% year-on-year, the deterioration of the price mix resulting from the growth in low-price imported wines and the partial deduction of selling expenses from sales resulted in lower sales

Other: Sales increased +4.8 bn yen due to the strong performance at affiliate companies

Operating income

Kirin Brewery: Although marginal profit for beer decreased (11.1 bn yen), profits increased as a result of increased sales volumes of other alcoholic beverages, improvements to the container mix, cost cuts and the impact of the change to the depreciation method +4.3 bn yen

Kirin Beverage: Profits increased as a result of increased marginal income on the increased sales volume +7.8 bn yen, cost cuts and the change to the depreciation method +4.6 bn yen

Mercian: Profits increased due to improvements to the cost of sales resulting from the appreciation of the Japanese yen

Other: Profits decreased due to the impact of the currency rate at affiliate companies and the increased expenses at the Kirin Company headquarters

2017 Business Plan of Japan Integrated Beverages Business

(bn yen)	2017 plan	2016 actual	YonY change	
Sales	1,170.0	1,153.2	16.7	1.5%
Kirin Brewery	706.1	684.5	21.6	3.2%
Kirin Beverage	349.7	354.6	(4.9)	(1.4)%
Mercian	66.1	66.3	(0.2)	(0.3)%
Other and elimination	47.9	47.7	0.2	0.6%
Operating income	67.5	67.2	0.2	0.4%
Kirin Brewery	72.1	69.8	2.2	3.2%
Kirin Beverage	18.0	17.2	0.7	4.1%
Mercian	2.2	3.6	(1.3)	(37.9)%
Other	(24.9)	(23.5)	(1.3)	—

Sales

Kirin Beer: Sales will increase based on sales volume growth of +1.9% year-on-year for all beers +13.7 bn yen and +6.2% for RTD +4.6 bn yen and increased sales of spirits and wine +3.3 bn yen

Kirin Beverage: Soft drink sales volume will be on par with 2016, but sales are expected to decrease due to the impact of deducting part of the selling expenses from sales from 2016 Q2

Mercian: Although sales of wine will increase, sales are expected to decrease due to lower Japanese spirits and liqueur sales

Other: Earnings at affiliate companies will be on par with 2016

Operating income

Kirin Beer: Profits will increase as selling expenses will be on par with last year and the increased marginal income resulting from increased sales volume of alcoholic beverages and non-alcoholic beverages will absorb the higher depreciation expenses due to increased capital expenditures and higher electricity/fuel expenses

Kirin Beverage: Profits will increase as increased marginal income resulting from increased sales volumes of cans and small PET bottles and cut costs will absorb the higher selling and other expenses

Mercian: Profits will decrease because selling expenses will increase as a result of strengthened Investments in the brand

Other: Although expenses are not expected to increase at the Kirin Company headquarters, profits will decrease due to lower profits at affiliate companies

2016 Actual results of Japan Integrated Beverages Business : Kirin Brewery

		2016 actual	2015 actual	YonY change
Sales volume (1,000KL)	Beer	648	660	(1.8)%
	<i>Happo-shu</i>	470	501	(6.2)%
	New genre	578	633	(8.7)%
	Subtotal	1,698	1,796	(5.5)%
	RTD	292	282	3.7%
	Non-alcoholic drinks	26	28	(9.0)%

Sales (bn yen)	684.5	707.2	(3.2)%
Sales excl. liquor tax (bn yen)	402.2	415.3	(3.2)%

2015 Operating income		62.6	Description
YonY change (bn yen)	Decrease in marginal profit for alcoholic beverages	(8.4)	Decrease in beer, down (12,000)kl / (1.4) bn yen; Decrease in <i>Happo-shu</i> , down (31,000)kl/ (3.2) bn yen; Decrease in new genre, down (55,000)kl / (6.5) bn yen, Increase in RTD, up 10,000kl / 0.9 bn yen
	Decrease in raw material costs, etc.	4.5	Decrease in raw material expenses 3.7 bn yen; Decrease in packaging expenses 0.8 bn yen
	Decrease in selling expenses	1.6	Increase in sales promotion expenses (1.8) bn yen; Decrease in advertising expenses 3.8 bn yen (Total: 98.3 → 96.3 bn yen), etc. (Beer, <i>Happo-shu</i> , new genre: 2.9 bn yen; RTD: (0.8) bn yen, etc.)
	Decrease in other expenses	9.5	Decrease in depreciation expenses 5.9 bn yen; Decrease in personnel expenses 2.0 bn yen; Decrease in electricity/fuel expenses 1.3 bn yen, etc.
Total		7.2	※Including the 4.3 bn yen impact due to the change in depreciation method
2016 Operating income		69.8	

Overall beer market

- Due to the poor weather and weak commercial market, the overall market shrank by approx. (2)%

Kirin Brewery sales volume

Beer: *Ichiban Shibori* sales volume increased for the third consecutive year +0.9%, and sales of 47 *Todofuken no Ichiban Shibori* were 2.7 million cases (volume converted into 12.66 liters), double the initial target

Happo-shu: *Tanrei Green Label* (2.6)% and *Tanrei Platinum Double* +6.6% in the functional category achieved solid results

Total for all beer: Sales declined (5.5)% due to lower sales volumes of the *Happo-shu* product *Tanrei Gokujo Nama* (13.1)% and the new genre product *Nodogoshi Nama* (7.1)%

RTD: Growth continued due to the strong results for the flagship brand *Hyoketsu* +6.0%

		2017 plan	2016 actual	YonY change
Sales volume (1,000KL)	Beer	680	648	4.8%
	Happo-shu	462	470	(1.9)%
	New genre	588	578	1.7%
	Subtotal	1,730	1,698	1.9%
	RTD	311	292	6.2%
	Non-alcoholic drinks	35	26	33.4%

Sales (bn yen)	706.1	684.5	3.2%
Sales excl. liquor tax (bn yen)	416.6	402.2	3.6%

2016 Operating income		69.8	Description
YonY change (bn yen)	Increase in marginal profit for alcoholic beverages	7.2	Increase in beer, up 31,000kl/ 4.0 bn yen; Decrease in happoshu, down (9,000)kl/(1.0) bn yen; Increase in new genre, up 10,000kl/ 1.2 bn yen; Increase in RTD, up 19,000kl/ 1.8 bn yen, etc.
	Decrease in raw material costs, etc.	0.8	Decrease in raw material expenses
	selling expenses	0	Sales promotion expenses ±0 bn yen (Total 96.3 →96.3 bn)
	Increase in other expenses	(5.8)	Increase in depreciation expenses; Increase in electricity/fuel expenses, etc.
	Total	2.2	
2017 Operating income		72.1	

Overall beer market

- Overall market will continue to contract; forecast a decline of about (1)%

Kirin Brewery sales volume

Beer: Sales will grow +6.9% as a result of total sales of *Ichiban Shibori* brand from the sales of 47 *Todofuken no Ichiban Shibori* products and stronger seasonal proposals.

Happoshu: Sales will grow +2.7% as a result of the launch of a new flavor for *Tanrei Green Label* in the functional category

New genre: Sales of the *Nodogoshi* brand will grow +3.9% as a result of the renewal of *Nodogoshi Nama* and the launch of *Nodogoshi Special Time*

RTD: Sales will grow +6.2% as a result of the aggressive investment of assets focused on the flagship brand *Hyoketsu*

Non-alcohol: Significant growth of +33.4% as a result of the launch of the beer flavored non-alcoholic beverage *Zero ICHI*

2016 Actual results of Japan Integrated Beverages Business : Kirin Beverage

Sales volume (million cases)		2016 actual	2015 actual	YonY change
Category	Black tea	52.64	48.08	9.5%
	Japanese tea	28.77	20.53	40.1%
	Coffee	32.34	31.29	3.4%
	Fruit and vegetable juice	27.31	26.39	3.5%
	Carbonated beverages	23.12	24.18	(4.4)%
	Functional beverages	9.02	7.61	18.5%
	Water	41.68	39.02	6.8%
	Other	20.08	20.18	(0.5)%
Container type	Can	41.69	39.20	6.4%
	Large PET bottle	76.17	69.70	9.3%
	Small PET bottle	93.20	85.70	8.8%
	Other	23.90	22.68	5.4%
	Total	234.96	217.28	8.1%
Sales (bn yen)		354.6	372.0	(4.7)%

2015 Operating income		5.6	Description
YonY change (bn yen)	Increase in marginal profit of non-alcoholic beverages	5.2	Increase in sales volume, up 17.67 million cases/ 7.8 bn yen Difference due to product/packaging mix (2.6) bn yen
	Decrease in raw material costs, etc.	6.7	Decrease in raw material expenses 2.4 bn yen; Decrease in packaging expenses 1.6 bn yen; Decrease in processing expenses 2.7 bn yen
	Increase in selling expenses	(2.1)	Increase in sales promotion expenses (0.0) bn yen; Increase in advertising expenses (2.0) bn yen (Total: 37.4→39.6 bn yen)
	Decrease in other expenses	1.7	Decrease in sales equipment expenses, etc.
Total		11.6	※Including the 4.6 bn yen impact due to the change in depreciation method
2016 Operating income		17.2	

Overall soft drinks market

Grew +2% as a result of the aggressive actions of each company

Kirin Beverage sales volume

Achieved a significant increase of +8.1% YonY

Category: Led by the flagship *brand Gogo-no-Kocha* (+9%) and *Nama-cha* (+44%), which achieved sales of more than 26 million cases (more than 1.5 times the initial forecast) following a complete renewal in March
FIRE has also had a strong start following renewal in October

Container t: Sales volume of small containers (cans and small PET bottles) increased 8% YonY
Sales in the convenience store and mass retailer channels were strong as a result of the renewal of *Nama-cha*, and sales in the vending machine channel were also strong as a result of increased operating ratios, investment in dedicated merchandise and the alliance with Dydo Drinco

※ In 2016, sales promotion expenses of 33.8 bn yen were deducted from sales

2017 Business plan of Japan Integrated Beverages Business : Kirin Beverage

Sales volume (million cases)		2017 plan	2016 actual	YonY change
Category	Black tea	53.00	52.64	0.7%
	Japanese tea	31.00	28.77	7.8%
	Coffee	33.30	32.34	3.0%
	Fruit and vegetable juice	26.20	27.31	(4.1)%
	Carbonated beverages	20.40	23.12	(11.8)%
	Functional beverages	10.80	9.02	19.7%
	Water	40.40	41.68	(3.1)%
	Other	18.40	18.44	(0.2)%
Container type	Can	41.58	41.69	(0.3)%
	Large PET bottle	72.85	76.17	(4.4)%
	Small PET bottle	96.29	93.20	3.3%
	Other	22.78	22.26	2.3%
	Total	233.50	233.32	0.1%

Sales (bn yen)	349.7	354.6	(1.4)%
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2016 Operating income		17.2	Description
YonY change (bn yen)	Increase in marginal profit of non-alcoholic beverages	3.2	Increase in sales volume, up 0.17 million cases/ 0.1 bn yen Difference due to product/packaging mix 3.1 bn yen
	Decrease in raw material costs, etc.	0.5	Decrease in packaging expenses 0.5 bn yen
	Increase in selling expenses	(1.6)	Increase in sales promotion expenses (1.3) bn yen; Increase in advertising expenses (0.3) bn yen (Total: 39.6→41.3 bn yen)
	Increase in other expenses	(1.3)	Increase of vending machine depreciation; Increase in communication expenses, etc.
Total		0.7	
2017 Operating income		18.0	

Overall soft drinks market

The market is expected to contract (0-1)% as a result of a rebound from the strong year last year and weaker consumer spending

Kirin Beverage sales volume

Maintain the strong momentum, and aim for results on par with last year

Category: In accordance with the plan containing clear priorities, sales volumes of the focus brands are expected to increase (*Gogo-no-Kocha* +1%, *Nama-cha* +8%, *FIRE* +3%)

Containers: Aim to increase the sales volume of small containers (cans and small PET bottles) by +2% mainly for the focus brands
Expect large PET bottles to decrease by (4)%

(Note) Sales volume of the Other category: Excluding sales outsourced to manufacturing affiliates that will not be consolidated in 2017

2016 Actual results of Overseas Integrated Beverage Business: Lion



	Yen base (bn yen)				Full year forecast at Q2	A\$ base (million A\$)				Full year forecast at Q2
	2016 actual	2015 actual	YonY change	YonY change (%)		2016 actual	2015 actual	YonY change	YonY change (%)	
Sales	372.6	438.7	(66.0)	(15.1)	374.5	4,526	4,709	(182)	(3.9)	4,513
Beer, Spirits, and Wine	222.8	248.6	(25.8)	(10.4)	220.5	2,706	2,669	37	1.4	2,657
Dairy and Drinks	149.8	190.0	(40.2)	(21.2)	154.0	1,820	2,040	(220)	(10.8)	1,856
Operating income before amortization of goodwill etc.	56.7	63.9	(7.2)	(11.3)	56.5	688	686	2	0.4	681
Beer, Spirits, and Wine*	57.4	67.2	(9.7)	(14.5)	57.9	698	721	(23)	(3.2)	698
Dairy and Drinks*	5.9	4.3	1.6	39.0	6.4	72	46	26	57.3	77
Corporate*	(6.7)	(7.6)	0.8	—	(7.8)	(82)	(81)	(6)	—	(94)
Goodwill Amortization	(10.7)	(12.1)	1.4	—	(10.8)	(130)	(130)	0	—	(130)
Brand amortization	(3.1)	(3.7)	0.5	—	(3.1)	(38)	(39)	1	—	(38)
Operating income	42.8	48.0	(5.2)	(10.9)	42.5	520	516	4	0.8	512

Consolidation period: October 2015 – September 2016

Currency rate: 82.33 yen (previous year: 93.16yen)

※ 2015 operating income breakdown by business reflects application of headquarters expense allocation rule.

		Beer, Spirits, and Wine	Dairy and Drinks
Changes in sales volume		(1.1%)	(10.4%)
Changes in operating income before amortization of goodwill etc. (A\$ m)	2015	721	46
	Sales volume change	(20)	(42)
	Other	(3)	68
	2016	698	72

Sales

Beer, Spirits, and Wine: Improvements to the product mix resulting from price realization and increased sales volume of craft beer offset the lower sales volume in Australia

Impact of the consolidation currency rate: (29.3) bn yen

Dairy and Drinks: Sales decreased as a result of lower sales volumes following the sale of the everyday cheese business and slow sales of white milk

Impact of the consolidation currency rate: (19.7) bn yen

Operating income

Beer, Spirits, and Wine: Profits decreased as a result of the increased cost of sales for imported beer due to the depreciation of the Australian dollar

Impact of the consolidation currency rate: (7.5) bn yen

Dairy and Drinks: Profits increased as a result of focusing on the high value-added categories and cutting costs

Impact of the consolidation currency rate: (0.7) bn yen

2017 Business Plan of Overseas Integrated Beverage Business: Lion

	Yen base (bn yen)				A\$ base (million A\$)			
	2017 plan	2016 actual	YonY change	YonY change (%)	2017 plan	2016 actual	YonY change	YonY change (%)
Sales	349.8	372.6	(22.8)	(6.1)	4,266	4,526	(260)	(5.8)
Beer, Spirits, and Wine	197.6	222.8	(25.2)	(11.3)	2,409	2,706	(296)	(11.0)
Dairy and Drinks	152.2	149.8	2.4	1.6	1,856	1,820	36	2.0
Operating income before amortization of goodwill etc.	51.2	56.7	(5.4)	(9.6)	625	688	(63)	(9.2)
Beer, Spirits, and Wine*	52.2	57.4	(5.1)	(9.0)	637	698	(60)	(8.7)
Dairy and Drinks*	7.5	5.9	1.5	25.7	91	72	19	26.2
Corporate*	(8.5)	(6.7)	(1.7)	—	(104)	(82)	(22)	—
Goodwill Amortization	(10.6)	(10.7)	0.0	—	(130)	(130)	(0)	—
Brand amortization	(3.1)	(3.1)	0.0	—	(37)	(38)	0	—
Operating income	37.4	42.8	(5.3)	(12.5)	456	520	(63)	(12.2)

Consolidation period: October 2016 – September 2017 Currency rate: 82.00 yen (previous year: 82.33 yen)

Sales	<p>Beer, Spirits, and Wine: Sales will decrease due to lower sales volumes resulting from the loss of the ABI brand distribution license Impact of the consolidation currency rate: (0.7) bn yen</p> <p>Dairy and Drinks: Sales will increase as higher sales volumes in the main categories will offset the decrease in White Milk Impact of the consolidation currency rate: (0.6) bn yen</p>
Operating income	<p>Beer, Spirits, and Wine: Lower volumes resulting from the contraction of the alcoholic beverages market in Australia will be offset by improvements to the product mix and price realization, including higher sales volumes in the high value added categories such as craft beer Profits will decrease due to the impact of the loss of the ABI brand distribution license Impact of the consolidation currency rate: (0.2) bn yen</p> <p>Dairy and Drinks: Trend toward higher profits will continue as a result of increased sales volume in the high margin categories and cost reductions Impact of the consolidation currency rate: (0.0) bn yen</p>

■ OPM

%	2017 plan	2016 actual
Beer, Spirits, and Wine	26.5	25.8
Dairy and Drinks	4.9	4.0

2016 Actual results of Overseas Integrated Beverages Business : Brasil Kirin **KIRIN**

	Yen base (bn yen)				Full year forecast at Q2	Real base (million R\$)				Full year forecast at Q2
	2016 actual	2015 actual	YoY change	YoY change(%)		2016 actual	2015 actual	YoY change	YoY change(%)	
Sales	117.9	134.2	(16.3)	(12.1)	112.9	3,706	3,698	7	0.2	3,765
Operating income before amortization of goodwill, etc.	(8.3)	(11.7)	3.3	—	(8.9)	(262)	(322)	60	—	(296)
Goodwill amortization	—	(4.2)	4.2	—	—	—	(117)	117	—	—
Brand amortization	(0.7)	(2.5)	1.8	—	(0.6)	(22)	(69)	47	—	(22)
Operating income	(9.0)	(18.5)	9.4	—	(9.5)	(284)	(509)	225	—	(318)
EBITDA	(0.9)	0.2	(1.1)	—	1.5	(30)	5	(36)	—	50

Consolidation period: January 2016 – December 2016

Currency rate: 31.83 yen (previous year: 36.30 yen)

■ Changes in sales volume

(%)	YoY
Beer	+1.3
Soft drinks	+7.4
Total	+3.5

<Reference> Market trend (SICOBÉ)
(Dec. 2015-Nov. 2016)*

• Beer: (1.8)% YoY

• Carbonated drinks: (5.4)% YoY

※Because SICOBÉ ended on Dec. 12, 2016, the results are for the 1 year from Dec. 2015 – Nov. 2016

Sales

- On par with 2015, but when the rebates, which started to be deducted from sales from 2016 R\$(77) MM, are added back, sales increased +2.3%, and achieving the plan
- Unit price decreased as a result of the delay in reflecting tax increase into the product prices, etc.

Operating income

- Imported raw material expenses increased due to the impact of the currency rate and higher commodity prices, but the operating loss improved due to lower costs resulting from improved efficiency

■ YoY change of operating income before amortization of goodwill, etc.

Gross profit decrease down R\$247MM

- Amount deducted from sales increase as a result of the tax increase in 2015 and the accounting process change
- Increase in raw materials expenses due to depreciation of the Brazilian real and higher commodity prices

SG&A cost decrease down R\$307MM

- Of the selling expenses, started to deduct the rebate to retailers from sales from 2016
- Cost reduction resulting from improved efficiency

	Yen base (bn yen)			
	2017 plan	2016 actual	YonY change	YonY change (%)
Sales	149.8	117.9	31.9	27.1
Operating income before amortization of goodwill, etc.	(4.3)	(8.3)	4.0	—
Goodwill amortization	—	—	—	—
Brand amortization	(0.7)	(0.7)	(0.0)	—
Operating income	(5.1)	(9.0)	3.9	—
EBITDA	4.7	(0.9)	5.7	—

Real base (million R\$)			
2017 plan	2016 actual	YonY change	YonY change(%)
4,282	3,706	575	15.5
(124)	(262)	138	—
—	—	—	—
(22)	(22)	0	—
(146)	(284)	138	—
135	(30)	165	—

Consolidation period: January 2017 – December 2017 Currency rate: 35.00 yen (previous year: 31.83 yen)

Sales	<ul style="list-style-type: none"> By continuing the regional strategy and utilizing the overall brand portfolio, aim to increase the sales volume of both beer and soft drinks Effects of the price hike in 2016 and the improvement to the product mix resulting from increased sales volumes in the profit domains are expected (Impact of the consolidation currency rate: +13.5 bn yen)
Operating income	<ul style="list-style-type: none"> Raw material expenses are forecast to increase given the higher commodity prices for imported raw material, but including switching to domestic procurement, efforts will be made to reduce the risks Reduce the risk of currency rate fluctuations through foreign-exchange reservations Fixed expenses are forecasted to decrease as a result of the sale of the Macacu plant at the end of November 2016 Continue efforts to cut other costs, and create support for potential downturns <p>(Impact of the consolidation currency rate: (0.3) bn yen)</p>

■ Brand Portfolio

Craft	BADEN BADEN	
Premium	一番搾り KIRIN ICHIBAN	EISENBAHN
Main stream	SCHIN	DEVASSA Puro & Malte
Economy	GRAU	GLACIAL
Soft drinks	VIVA SCHIN	Hubbano

Sales volumes of both beer and beverages increased,
and **essentially, an increase of sales by 2.3%** was achieved

Achieved a profit for the year (R\$ 247 MM) as a result of the sale of a plant
and significant cost reductions through improved efficiency

(million R\$)	2016 actual	2015 actual	YonY change	YonY change (%)
Sales	3,706	3,698	+7	+0.2
Sales adjusted*	3,783	3,698	+85	+2.3
Operating income before amortization of goodwill, etc.	(262)	(322)	+60	—
EBITDA	(30)	5	(36)	—
Net income**	247	(4,226)	+4,473	—

* The rebate paid to retailers, which had been recorded as a selling expense until 2015, started to be deducted from sales in 2016.
In order to compare the sales based on the same standard, R\$ 77 MM was added back to sales in 2016 as an adjustment.

** Before adjustment for consolidation

➤ Highlights

- Even excluding the impairment loss in 2015, **net income increased by R\$ 893 MM**
- Higher raw material prices and the negative impact of the currency rate were offset by **cost reductions**
- Both beer and soft drinks outperformed the market in volume, and **market share increased**
- Achieved **significantly higher sales volumes for craft and premium beer**

➤ Market Share



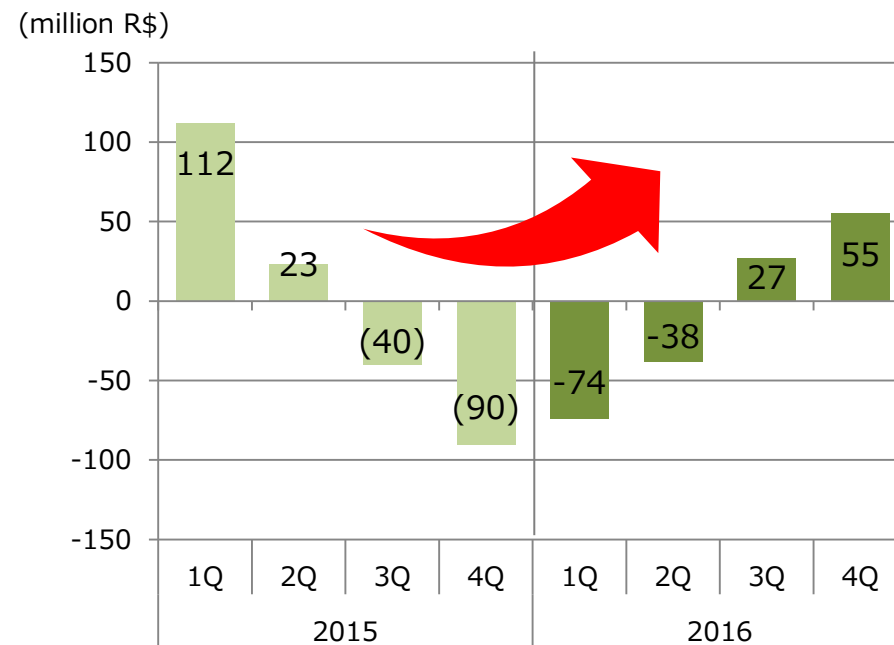
Market trend from Jan to Dec, 2016

source: Nielsen

Beer: (4.8)%

Soft drinks: (9.0)%

➤ Profit (EBITDA)



Yen base (bn yen)	2016 actual	2016 forecast	Kyat base (Bn MMK)	2016 actual	2016 forecast
Sales	22.4	22.8	Sales	247	253
Operating income before goodwill amortization	8.8	8.8	Operating income before goodwill amortization	97	99
Goodwill amortization	(1.7)	(1.6)	Goodwill amortization	(19)	(17)
Brand amortization	(1.6)	(1.6)	Brand amortization	(18)	(18)
Operating income	5.4	5.6	Operating income	59	64

Consolidation period: October 2015 – September 2016 Currency rate: 1,000 kyat = 90.62 yen (Forecast: 90.00 yen)

Sales	<ul style="list-style-type: none"> As a result of the general election, production equipment problems and other factors, the sales volume fell below the plan and the sales target was not achieved
Operating income	<ul style="list-style-type: none"> Costs such as selling expenses failed to achieve the plan, but the operating income before amortization of goodwill, etc. was according to the plan based on the local accounting standards

Yen base (bn yen)	2017 plan	YonY change		Kyat base (Bn MMK)	2017 plan	YonY change	
Sales	24.3	1.8	8.5%	Sales	286	38	15.6%
Operating income before goodwill amortization	8.8	(0.0)	(0.1)%	Operating income before goodwill amortization	104	6	6.5%
Goodwill amortization	(1.6)	0.1	—	Goodwill amortization	(19)	—	—
Brand amortization	(1.5)	0.1	—	Brand amortization	(18)	—	—
Operating income	5.6	0.2	3.8%	Operating income	66	6	10.6%

Consolidation period: October 2016 – September 2017 Currency rate : 1,000 kyat = 85.00 yen (YonY : 90.62 yen)

Sales	<ul style="list-style-type: none"> Sales will increase as a result of increased sales volume, raising prices last year, and improvements to the mix due to increased sales in the premium category (Impact of the consolidation currency rate: (1.6) bn yen)
Operating income	<ul style="list-style-type: none"> Improvements to efficiency will absorb the increased costs resulting from investments in the brand and personnel, and profits will increase (Impact of the consolidation currency rate: (0.5) bn yen)

- The equity method affiliate San Miguel Brewery, in which Kirin owns a 48.6% share, boasts an overwhelming share in the rapidly growing Philippines and continued to record strong results in 2016

Consolidated amount according to the equity method

(bn yen)	2016	2015
Sales	221.0	218.4
Operating income	60.4	59.9
Consolidated net income (Consolidated amount)	9.4	9.2

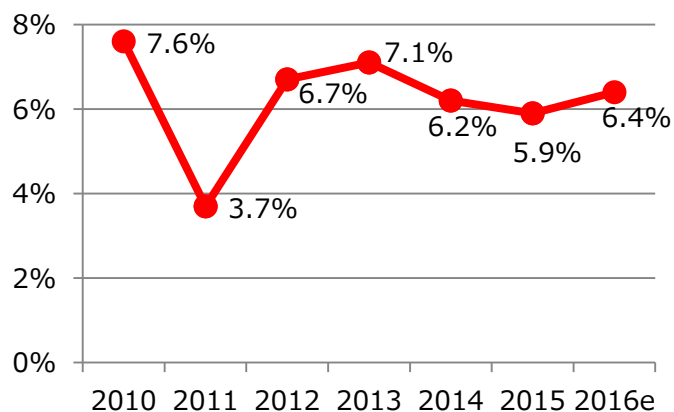
Consolidation period according to the equity method: October 2015 – September 2016
 Currency rate: 1 peso = 2.38 yen (previous term: 2.68 yen)

Results on a local base (Jan. – Sept. 2016)

(million peso)	2016	2015	Yon Y change
Sales	69,298	58,790	18%
Operating income	18,714	15,746	19%
OPM (%)	27.0	26.8	

SAN MIGUEL CORPORATION
 2016 September YTD Results

Philippine real GDP growth rate



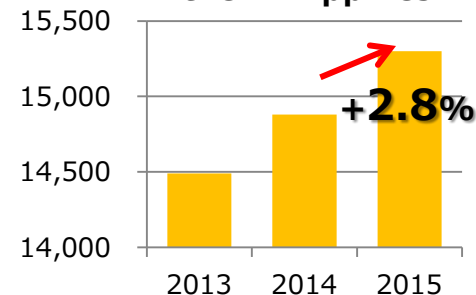
(Source) IMF World Economic
 Outlook Data: October 2016 Edition

Market share in the
 Philippine market

Approx. 90%



Beer consumption in the Philippines



(Source) Canadian Data

(Source) Canadian Data

2016 Actual results of Pharmaceuticals and Bio-chemicals Businesses

(bn yen)	2016 actual	2015 actual	YonY change		2016 forecast
Sales	335.7	3,55.7	(20.0)	(5.6)%	336.0
Kyowa Hakko Kirin	343.0	3,64.3	(21.2)	(5.8)%	344.0
Pharmaceuticals	262.5	2,78.4	(15.8)	(5.7)%	263.0
Bio-chemicals	80.5	85.9	(5.4)	(6.3)%	81.0
Other and elimination	(7.2)	(8.5)	1.2	—	(8.0)
Operating income	34.7	46.8	(12.0)	(25.8)%	35.0
Kyowa Hakko Kirin	34.7	46.8	(12.0)	(25.8)%	35.0
Pharmaceuticals	26.3	36.2	(9.8)	(27.3)%	27.5
Bio-chemicals	5.3	8.1	(2.8)	(34.7)%	4.5
Other, elimination of amortization of goodwill	9.2	8.6	0.6	7.2%	9.1
Amortization of goodwill	(6.1)	(6.1)	—	—	(6.1)

Sales	<p>Pharmaceuticals: Sales of the new products steadily grew, but due to the increased penetration of generics and the reduction to the drug pricing standard, sales of the main product <i>Nesp</i> and patent expired product <i>Allelock</i> decreased</p> <p>Due to the impact of recording the temporary payment following the conclusion of the option agreement for KHK4563 last year and the decrease in royalties, licensing revenue fell</p> <p>Overseas sales decreased due to the impact of the currency rate</p> <p>Bio-chemicals: Sales decreased due to the impact of the currency rate for overseas sales (4.1) bn yen and other factors</p>
Operating income	<p>Pharmaceuticals: Profits declined due to increased research and development expenses and lower gross profits</p> <p>Bio-chemicals: Profits declined due to lower gross profit, including the impact of the currency rate (2.5) bn yen</p>

(bn yen)	2017 plan	2016 actual	YonY change	
Sales	336.0	335.7	0.2	0.1%
Kyowa Hakko Kirin	344.0	343.0	0.9	0.3%
Pharmaceuticals	264.0	262.5	0.4	0.2%
Bio-chemicals	81.0	80.5	0.4	0.6%
Other and elimination	(8.0)	(7.2)	(0.7)	—
Operating income	38.0	34.7	3.2	9.4%
Kyowa Hakko Kirin	38.0	34.7	3.2	9.4%
Pharmaceuticals	29.0	26.3	2.6	10.2%
Bio-chemicals	6.0	5.3	0.6	13.0%
Other, elimination of amortization of goodwill	9.1	9.2	(0.1)	(1.2)%
Amortization of goodwill	(6.1)	(6.1)	—	—

Sales

Pharmaceuticals: Sales will increase as a result of higher licensing revenue and growth in the sales of new pharmaceuticals in Japan and overseas
Bio-chemicals: Sales of pharmaceuticals and health food raw materials will increase

Operating
income

Pharmaceuticals: Profits will increase as a result of increased gross profits and lower expenses for products in late-stage development
Bio-chemicals: Profits will increase as a result of increased gross profits, improvements to the cost of sales, and other factors

Kirin's philosophy

- Contribute to people's health and well-being and to enhancing the affluence of society through efforts underpinned by craftsmanship based on technologies. Aspire to realizing a bright future by working together with our customers.

Why CSV?

- By proactively working to solve social issues, aim to further contribute to our customers' happiness.
- By leveraging our strengths to tackle social issues, change our way of thinking and generate even greater originality and ingenuity, leading to innovations.

What kinds of social issues to tackle?

- Focus our efforts on three key social issues which are strongly related to our core businesses: "health and well-being," "community engagement," and "the environment."

Connection of the three social issues

- Through the sustainability of our planet, which is blessed with a natural beauty that we must pass on to future generations, realize rich and vibrant communities that foster sound physical and mental health - and lead to happiness in everyday life.

Aspiration / Vision for the future

- Aspire to achieve a level of happiness where people can live healthy lives in affluent communities while enjoying the many blessings of nature.
- By changing our way of thinking and generating even greater originality and ingenuity in our day-to-day work, and creating thrilling value together with our customers, continuously grow well into the future.

CSV priority issue

Item

Our commitment

Our outcomes

0. A Responsible Alcohol Producer

Education in appropriate drinking and nurturing a positive drinking culture

- We will work towards eradicating the harmful use of alcohol, consistent with regional challenges.
- We will work to develop no- and lower-alcohol products in each category and improve consumer acceptance of these products.



- Develop and implement our education programs across priority misuse issues in each region by 2018.
- Set target to measure the reach of our education programs (e.g., the number of people reached by the programs, the number of educational events held, etc.) in 2019 and beyond.
- Expand our portfolio of no- and lower-alcohol products in each category.

1. Health and Well-being

Supporting self-care for healthy people and people with pre-disease

- We will help consumers manage their daily energy (calories/ kilojoules) and nutrient intake through providing a balanced portfolio of products and information - helping them address major non communicable diseases, including obesity.



- Specific targets will be developed, aligned to our approach.

- We will contribute to enhancing customers' quality of life throughout their lifetime, and strive to create revolutionary products, services and new businesses



- Launch multiple new products, services and businesses by 2021.

CSV priority issue	Item	Our commitment	Our outcomes
1. Health and Well-being	Evolution in medical treatment	<ul style="list-style-type: none"> We will continuously discover innovative drugs and expand our commercialization activities globally. (Kyowa Hakko Kirin) 	<ul style="list-style-type: none"> Quickly begin sales in the European and U.S. markets of KRN23 treatment for X-linked hypophosphatemic rickets (XLH), KW-0761 treatment for adult T-cell leukemia-lymphoma and cutaneous lymphoma, and KW-6002 treatment for Parkinson's disease.
		<ul style="list-style-type: none"> By providing inexpensive, high quality biosimilars and "Authorized versions" of biologics, we will contribute to the further use of biomedicines and to solving a global issue, increases in healthcare spending. (Kyowa Hakko Kirin) 	<ul style="list-style-type: none"> Quickly begin sales of biosimilars in accordance with the patent environment in each country and region. Aim to obtain approval in Japan for an "Authorized version" of NESP®.
	Health-oriented business management	<ul style="list-style-type: none"> As a company that delivers products and services contributing to consumer health, we will create an environment and opportunity for our employees to proactively improve their own health. We will address any mental health issues facing our employees and work to prevent lifestyle-related diseases. <p>Also, as a member of the alcohol beverage industry, we will promote responsible drinking that encourages employees to be role models for society.</p> 	<ul style="list-style-type: none"> Build up internal systems and promote activities to realize flexible working styles. Reduce the number of employees who have problems involving mental health issues, lifestyle-related diseases, and inappropriate drinking.

CSV priority issue

Item

Our commitment

Our outcomes

1. Health and Well-being

Safety and security of our products

- We will establish a hygiene management system for the production process based on global standards* and continue to work on improving product safety. Also, we will enhance communication related to quality in order to build trust and increase a sense of security among our customers.

*HACCP: Hazard Analysis and Critical Control Point



- Set target in 2017 regarding the hygiene management system.
- Improve customers' sense of security in our product quality and their trust in the Kirin brand through their deep understanding of our products and raw materials.

2. Community Engagement

Enhancing sustainability of the supply chain

- We will work on improving the quality and stable procurement of Japanese hops and brew unique beers that can only be made by using Japanese hops, while contributing to the revitalization of key producing areas. (Kirin Brewery)



- Stop the reduction in harvest volume of Japanese hops.
- Develop unique products that use Japanese hops.
- Aim to be highly valued and used by not only Kirin but many brewers around the world.
- Disclose actual results related to the cooperation between local communities and Kirin.

- We will support Sri Lankan black tea farmers through long-term initiatives such as facilitating the acquisition of Rainforest Alliance certification, and expand the use of certified tea leaves. (Kirin Beverage)



- Expand the number of farms to which assistance in obtaining Rainforest Alliance certification is provided.
- Expand the use of Rainforest Alliance certified tea leaves.

CSV priority issue

Item

Our commitment

Our outcomes

2. Community Engagement

Enhancing sustainability of the supply chain

- We will drive development of Japan wines to ensure global recognition, and contribute to revitalizing key producing areas and local communities that are the foundations of growing grapes and making wines. (Mercian)



- We will continue to develop long term, sustainable and mutually beneficial partnerships with our dairy farmers that build a profitable demand for dairy and ensure sustainable returns and the creation of value through the supply chain. (Lion Dairy & Drinks)



- Improve evaluation of “Chateau Mercian” and increase its sales volume.
- Expand the size of vineyards for Japanese wines.
- Also disclose actual results of various initiatives in contracted farming areas.

- Ensure long-term partnerships with our dairy farmers across Australia.
- Maintain and continue to build strong engagement with our dairy farmers.
- Roll out the Lion Dairy Pride Program to all our dairy suppliers and ensure completion of the On-line Self Assessment Tool.

CSV priority issue	Item	Our commitment	Our outcomes
2. Community Engagement	Regional revitalization through business activities	<ul style="list-style-type: none"> We will develop products and services that energize local communities, with each of our business sites cooperating with local stakeholders. 	<ul style="list-style-type: none"> Expand products and services created together with local stakeholders. Launch projects that will lead to regional revitalization, including participation in events and the branding of local products. Launch programs that support the development of future community leaders.
		<ul style="list-style-type: none"> We will support the entrepreneurship of local residents responsible for small-lot deliveries, and contribute to the improvement of local economies. (Brasil Kirin) 	<ul style="list-style-type: none"> Increase the number of micro-distributors.
3. The Environment	Reflecting environmental activities in our business strategies	<ul style="list-style-type: none"> We will work to further reduce GHG emissions through various initiatives including the introduction of renewable energy. 	<ul style="list-style-type: none"> Implement initiatives aiming to achieve medium-term GHG reduction targets based on the SBT (Science Based Targets) approach. Increase the proportion of renewable energy (set target in 2017).
		<ul style="list-style-type: none"> We will reduce water usage in production activities, and continuously preserve water sources. 	<ul style="list-style-type: none"> Reduce water usage (30% less in 2030 than in 2015). (Kyowa Hakko Kirin) Improve the efficiency of water usage in 2017 by 1.5% (HL/HL-production) compared with water usage in 2016. (Brasil Kirin) Continue conservation of water source areas including reforestation activities (Kirin Brewery /Kirin Beverage /Brasil Kirin)

CSV priority issue

Item

Our commitment

Our outcomes

3. The Environment

Reflecting environmental activities in our business strategies

- We will protect the natural environment and preserve the ecosystems surrounding our business sites as well as areas rich in raw materials.



- Improve the sustainability of farms in Sri Lanka.
- Secure biodiversity in Japan's agricultural areas.
- Raise seedling for forest restoration and implement environmental education (2017 targets: 750K seedlings / 5K participants). (Brasil Kirin)

- We will continue to reduce the weight of containers and packaging, and rely less on non-renewable resources and increase the sustainability of materials.



- Maintain and expand the bottle-to-bottle initiative (use of 100% recycled PET for certain products).
- Study and promote the use of bioplastics.
- Maintain and expand the use of FSC-certified paper for primary and secondary containers.
- Increase the use of recyclable container raw materials: >90% by 2030. (Lion)
- Increase the use of recycled packaging raw materials: >50% by 2030. (Lion)
- Develop a lighter weight PET bottle for mix juice products in 2017. (Brasil Kirin)

- Kirin Group will contribute to achieve 8 Sustainable Development Goals (SDGs) out of the 17 goals, which were adopted by the United Nations in September 2015

The SDGs to contribute to achieve



KIRIN

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