



Joy brings us together

KIRIN GROUP

FY2018 Results & FY2019 Plan

February 14, 2019
Kirin Holdings Company, Limited

FY2018 Financial Results

- Consolidated Revenue for FY2018 was +3.6% YoY. Consolidated Normalized Operating Profit (OP) increased +2.4% YoY, achieving a record high.
- Normalized OP ¥199.3 billion, ROE17.5%, Normalized EPS 12.6% (3 year CAGR), exceeding the Medium-Term Business Plan (MTBP) targets.
- Profit attributable to Owners of the Company decreased due to the reaction to the positive impact of the sale of Brasil Kirin recorded in the previous year (¥85.0 billion).

FY2019 Plan

- Continue to aim at achieving the top-line growth driven by Kyowa Hakko Kirin and Kirin Brewery.
- Consolidated Normalized OP is expected to decline YoY due to upfront investments aimed at strengthening the foundations for growth from a medium to long-term perspective, in addition to soaring logistics costs, particularly in Japan.
- Plans to increase the dividend by ¥12 per share by raising the consolidated dividend payout ratio from 30%+ to 40% or more, thereby strengthening shareholder returns.

2018 Actual Results

Improved revenues and earnings. Normalized OP surpassed forecasts and achieved record-high profits.

(bn yen)	2018 Actual	2017 Actual ^{*1}	YoY	%
Revenue	1,930.5	1,863.7	66.8	3.6%
Normalized OP ^{*2}	199.3	194.6	4.7	2.4%
Profit before tax	246.9	233.7	13.1	5.6%
Profit attributable to owners of the Company	164.2	242.0	-77.8	-32.1%

Includes gain on the sale of shares in Kirin Amgen, etc.
In the previous year, it includes gain on the sale of Brasil Kirin, etc.

Quantitative targets

	2018 Actual	2017 Actual	YoY	%
ROE	17.5%	29.1%	-	-
Normalized EPS ^{*3}	167 yen	151 yen	16 yen	10.6%

Financial Indicator (Reference)

	2018 Actual	2017 Actual	YoY	%
EPS	183.57 yen	265.17 yen	-81.6 yen	-30.8%

^{*1} In accordance with the settlement of the provisional accounting treatment related to the acquisition of a business (CCNNE) conducted in the fiscal year ended December 31, 2017, the financial figures for that year have been revised retroactively.

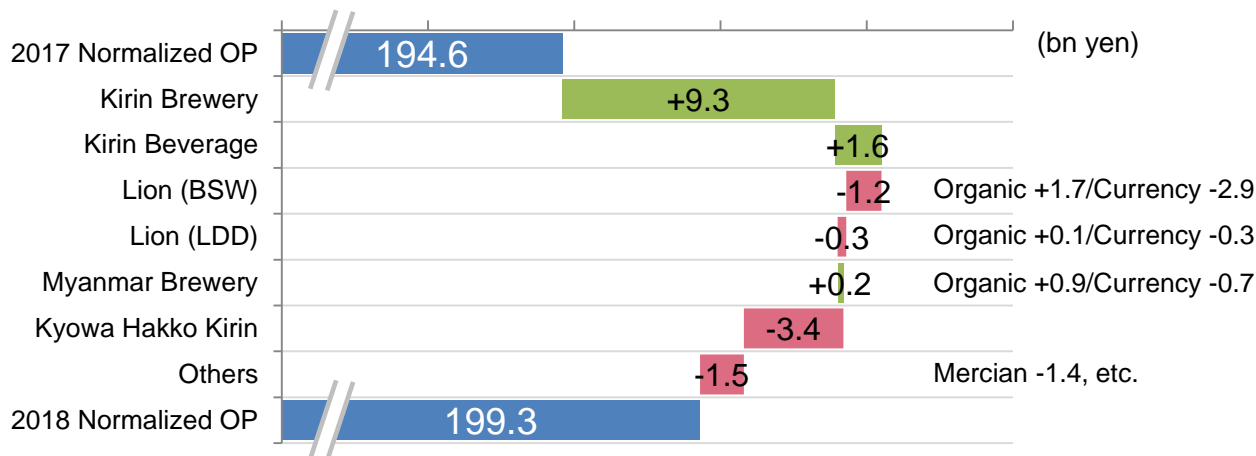
^{*2} A profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

^{*3} See page 18 for details.

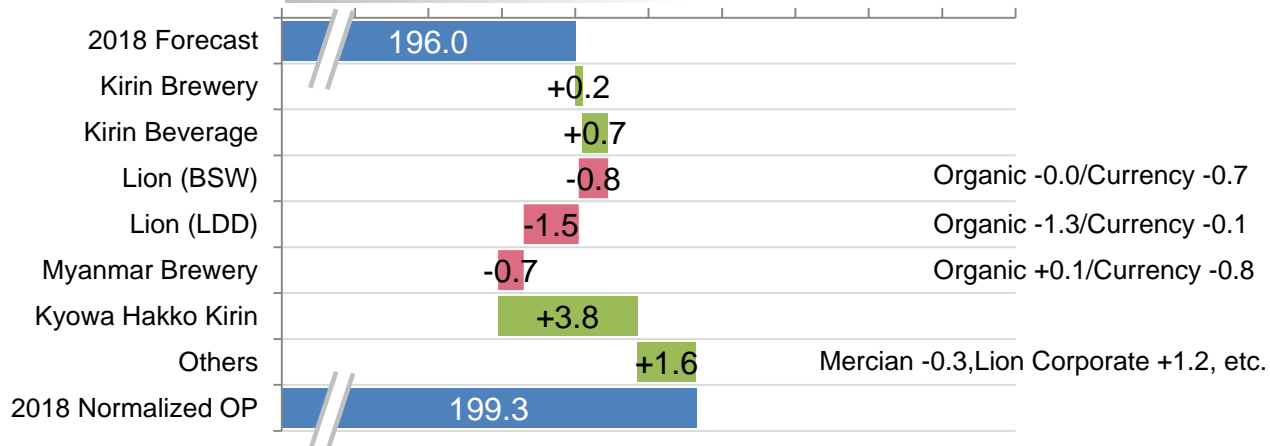
2018 Results: Changes in Normalized OP by companies

Results significantly higher than the previous year and forecast

Year on Year



vs Forecast



YoY

Kirin Brewery

- Significant YoY increase due to strong sales of Honkirin launched in March, in addition to support of core brands such as Kirin Ichiban and Nodogoshi.

Kirin Beverage

- Sales volume increased YoY, but mix deteriorated. Profit increased due to a decrease in sales promotion expenses due to the impact of natural disasters and other factors.

Lion - Beer, Spirits, and Wine (BSW)

- Sales volume was on par with the previous year. Significant profit growth on a local currency basis due to reductions in overhead costs and other factors.

Kyowa Hakko Kirin

- Normalized OP decreased due to lower Revenue and higher promotional expenses.

vs Forecast

Overseas Integrated Beverages

- Foreign exchange fluctuations in the second half resulted in a decline of about 1.6 billion yen compared to forecast.

Kyowa Hakko Kirin

- Market penetration of the new drug POTELIGEO, which was launched in October, surpassed expectations, resulting in a significant increase in sales against target.

Normalized OP is expected to decline due to higher strategic expenses for future growth.

(bn yen)	2019 Forecast	2018 Actual	YoY	%
Revenue	2,000.0	1,930.5	69.5	3.6%
Normalized OP	190.0	199.3	-9.3	-4.7%
Profit before tax	190.0	246.9	-56.9	-23.0%
Profit attributable to owners of the Company	120.0	164.2	-44.2	-26.9%

Includes gain on the sale of shares in Kirin Amgen, etc. in 2018

Quantitative targets

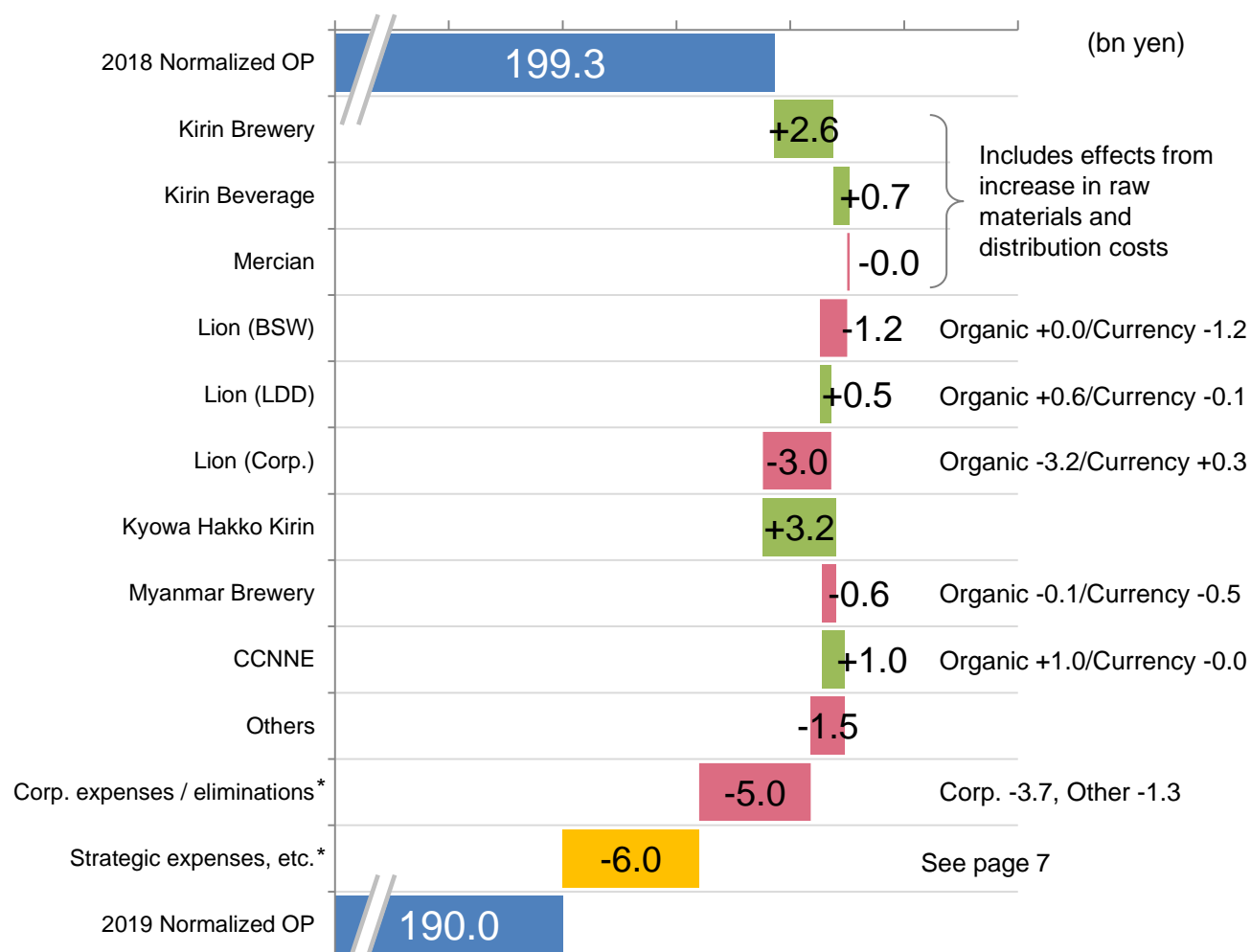
	2019 Forecast	2018 Actual	YoY	%
ROIC	8.8%	11.9%	-	-
Normalized EPS	157 yen	167 yen	-10 yen	-6.0%

Financial Indicator (Reference)

	2019 Forecast	2018 Actual	YoY	%
EPS	136.67 yen	183.57 yen	-46.9 yen	-25.5%

2019 Forecast: Changes in Normalized OP by companies

Normalized OP is expected to decrease due to strategic expenses to achieve MTBP targets



Description

Kirin Brewery

- Continue to concentrate investment in core brands to maximize value in existing product portfolio

Kirin Beverage

- Continue strategy with an awareness of profitability. Expecting higher logistics costs and deteriorating raw material prices

Lion BSW

- Container Deposit Scheme enforced in Queensland. Maintained profit at the same level as the previous year, excluding the impact of exchange rates.

Lion Corporate

- Increase in expenses associated with ICT investment, etc.

CCNNE (Coca-Cola Bottling Company of Northern New England)

- Aiming for higher sales and profits through steady implementation of PMI

Myanmar Brewery Limited

- Sales growth in the high single digits is expected, but costs are also expected to rise due to higher raw material costs stemming from market conditions and exchange rates.

Corporate expenses / eliminations

- Mainly due to a change in the direct allocation method of shared system expenses associated with the integration of Kirin Holdings and Kirin Company, Limited (not indicative of increased costs).

*Corrected Note (5 March 2019):
"Corp. expenses / eliminations" and "Strategic expenses, etc." were in reverse order (corrected).

*Corrected Note (18 March 2019):
Some signs of currency notes were incorrect (Organic X / Currency X, corrected).

The full-year forecast of Lion Dairy and Drinks is included while announcement has been made to sell the business.
"Kyowa Hakko Kirin" indicates the total of the Pharmaceuticals and Bio-chemicals segment.

Conduct strategic investments under the direct control of the Group.

Main reason for the increase in corporate expenses related to strategic expenses		
Existing businesses/ Organizational Capabilities	Approx. 4 billion yen	Digital marketing, human resources, ICT (infrastructure development), etc.
New Businesses	Approx. 2 billion yen	Businesses bridging Pharma and Food & Beverages, etc.

Invest intensively and strategically, improving the Group's capabilities to support existing businesses and develop new businesses

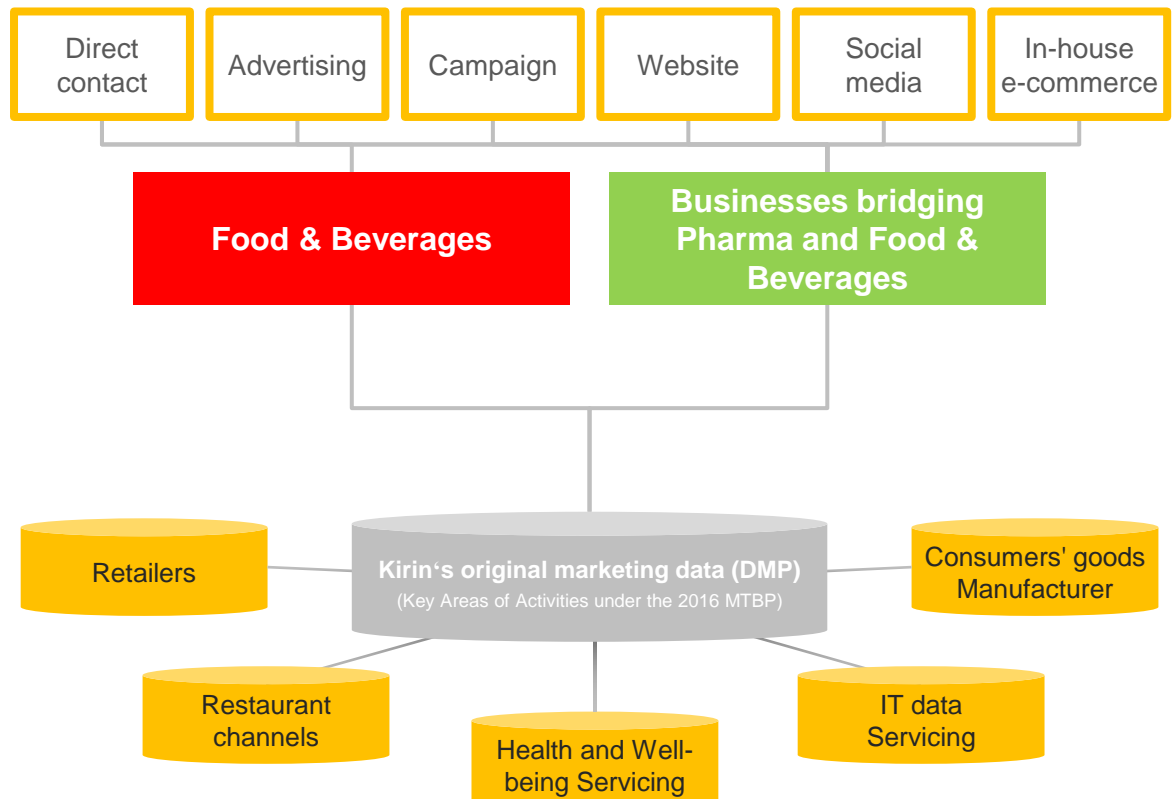
Strengthening digital platforms that will lead to competitive advantages

Achieving One to One Communication

ROI analysis by brand,
Cross-media communication,
e-commerce infrastructure for
new businesses, etc.

Evolving our common data platform by linking with external data sources

Improving the quality of
marketing data,
establishment of data analysis
system, advanced security
measures, etc.



2018 Results: Kirin Brewery



Kirin Brewery

Focused investment in core brands resulted in higher sales and profits

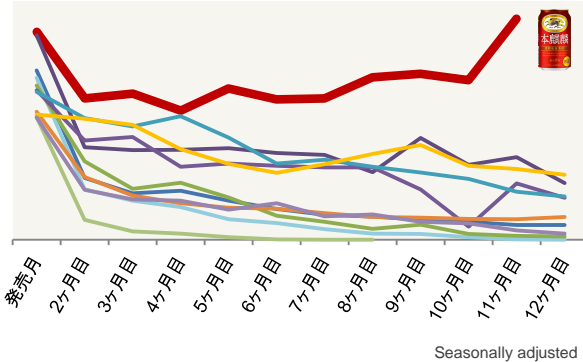
Kirin Ichiban canned product maintained strong momentum in sales

Once-in-a-decade hit product contributed greatly to earnings

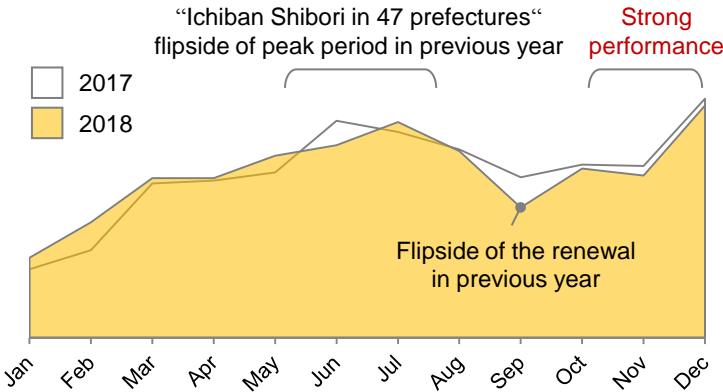


Brewing from only the delicious part of grain - a crisp flavor for
first press of the most fine malt extracts your good times.

Sales Volume Trend 12 Months after Launch
(Comparison with historical products)



Sales Volume of Ichiban Shibori Brand Total Cans



Product name	Launch Date	Sales volume in 12 months
Honkirin	2018	128,000 kl
Nodogoshi Special Time	2017	32,000 kl
Sumikiri	2013	82,000 kl
Koi-Aji Delux	2013	33,000 kl
Mugi-no-Gochiso	2012	37,000 kl
Honkaku Karakuchi	2010	66,000 kl
Hop-no-Shinjitsu	2009	25,000 kl
Koku-no-Jikan	2009	79,000 kl
Strong Seven	2008	75,000 kl
Ryoshitu-Sozai	2007	36,000 kl

"Hon-Kirin" was released in March and is calculated up to 11 months after launch.

Thorough analysis of factors behind success/failure for previously marketed products

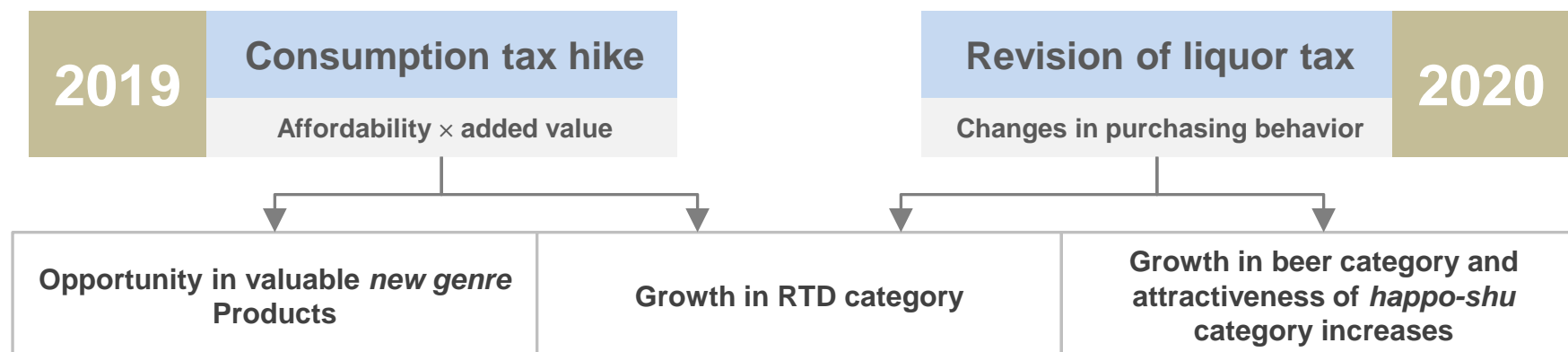


Great results in the first year of sale

2019 Plan: Kirin Brewery

Kirin Brewery

Expand earnings with optimal product portfolios anticipating future changes



Renewal
From mid-January



Renewal
From the beginning of April



Renewal
From the end of February

Continue to invest in core brands, maximizing the value of our existing product portfolio rather than relying on new products

2018 Results: Kirin Beverage

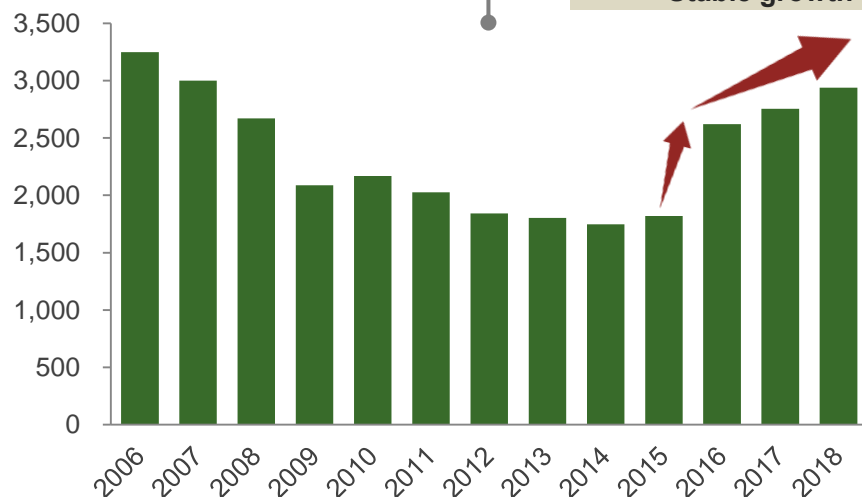
Kirin Beverage

Created a strong foundation that can maintain profitability in response to changes in the business environment

Growth in Existing Domains

- Strong sales of *Gogo-no-Kocha*
- Revival of Nama-cha and Kirin Lemon

(million cases)



V-shaped recovery
→ Stable growth



Nama-cha sales volume

Creation of a sustainable structure

- Improvement of profit-and-loss management system

- Management of sales volume targets for highly profitable cans and small PET bottles
- Changes in profit and loss management at each regional headquarters

Sales of small PET containers

Results reached the upwardly revised target

Kirin Beverage

Strengthen the strategic framework constructed in 2018. Aim to cover increased costs and improve profits

Cost increase

Distribution cost

Deterioration in
raw material prices



Growth in Existing Domains

- Strengthen three core brands
- Strengthen sugar-free and Health and Well-being areas



Initiatives in New Domains

- Development of KIRIN naturals



Creation of a Sustainable Structure

- Promotion of SCM cost reduction
- To build a stable distribution network

Lion BSW

Strong focus brand performance and growth in craft

2018 Strategy

Strengthening brands in focus categories

Improvement in product price/mix through continued investment in craft beer

Cost reduction through business process reforms



Iron Jack +86%
Heineken +6%
Furphy +125%
James Squire +6%



Cost Reduction

- Supply Chain
- Non-Manufacturing Overheads
- Marketing Spend

Decreased sales of Classic categories and the effect of the CDS was offset by strong performance of focus brands

Profit increased due to supply chain initiatives and a focus on overhead cost management

Normalized operating profit increased by AUD\$22m (+3.7%)

Lion

Grow focus categories and execute our global craft beer strategy

Build our brands to grow the core

Beer



Continue to drive strong profit growth across core alcohol business in Australia and New Zealand

- New Contemporary product, coming soon... -

Accelerate new avenues for growth

Premium Crafted Adult Beverages

Build a leading Global Craft Beer Business



Continue to invest in avenues for growth by executing our global craft beer strategy

Investment for a sustainable business

Establish & Leverage technology for the future

Business Transformation

Investment in technology to create a platform for growth

Investment in a platform across the Oceania business to give first class data insights and digital transformation

2018 Results / 2019 Plan: Pharmaceuticals and Bio-Chemicals

Kyowa Hakko Kirin 2018

Launched global strategic products in EU/US, and started sales of biosimilars

Name	Crysvita ^{*1} (KRN23)	POTELIGEO ^{*2} (KW-0761)		Hulio ^{*3} (FKB327)
Country Covered	EU / US	US	EU	EU
Status	Approval / Launched	Launched	Approval	Launched

*1 Drug to treat X-linked hypophosphatemia (XLH), an uncommon, primarily genetic disorder that inhibits growth and retention of bones.

*2 Medicine to treat certain hematologic cancer.

*3 Drugs for the treatment of rheumatoid arthritis and psoriasis.

Kyowa Hakko Kirin 2019

Aim for Further Leaps Forward as a Global Specialty Pharmaceutical company

Maximize the value of global strategic products

- Crysvita Continue to penetrate markets
- POTELIGEO Planned to launch in EU
- KW-6002 Planned to file for regulatory approval in US

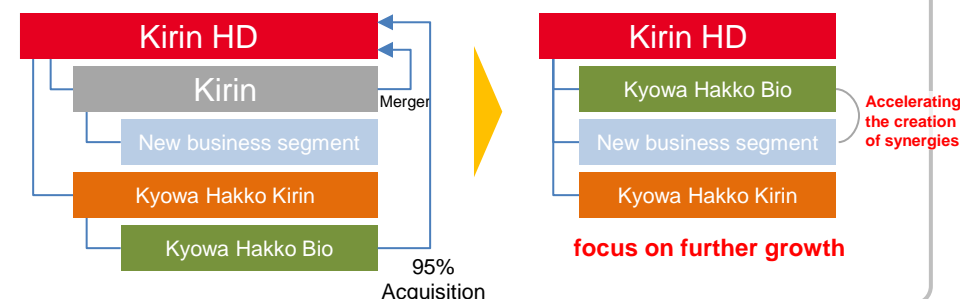
Establish the "One Kyowa Kirin" structure

- Establish North America as an independent region
- Management on a matrix of regional x functional axis (Japan, EMEA, North America, Asia/Oceania)

* EMEA (Europe/Middle East/Africa)

Kirin HD's Acquisition of Kyowa Hakko Bio

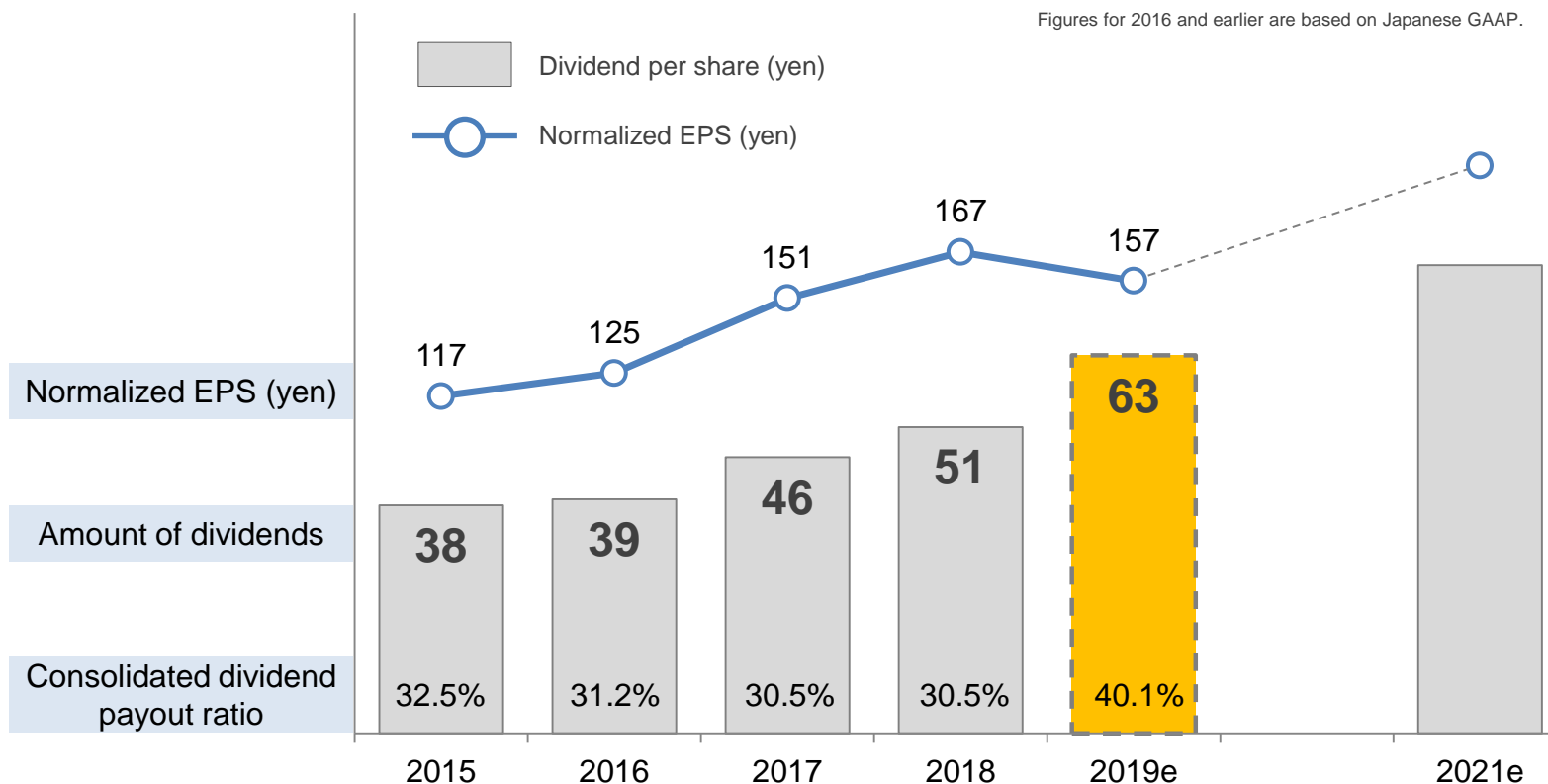
Maximize the corporate value of Kyowa Hakko Bio, and focus Kyowa Hakko's resources on Pharma business



The segment change is expected after the end of April 2019, when the company plans to acquire shares.

Raise Consolidated dividend payout ratio to 40% or more of Normalized EPS. Planned dividend increase of ¥12

Figures for 2016 and earlier are based on Japanese GAAP.



Total return ratio in 2018: 97.5%
as a result of share buy-back

Consider flexible allocation to
additional shareholder return, taking
into account the status of assets
sales and growth investments.

Appendix

Details of the Normalized EPS

Normalized EPS			
(bn yen)		2018 Actual	2017 Actual
Profit attributable to Owners of the Company	①	164.2	242.0
Profit attributable to Non-controlling interests	②	-	85.0
Other operating income/expenses after taxes and other adjustments	③	-14.5	-19.1
Normalization profit	④ = (① - ②) + ③	149.7	137.9
Average number of shares during the period ('000)	⑤	894,506	912,579
Normalized EPS (yen)	④ / ⑤	167 yen	151 yen

2018 Actual Results - Revenue

(bn yen)	2018 Actual	2017 Actual	YoY	%
Revenue	1,930.5	1,863.7	66.8	3.6%
Japan Integrated Beverages	1,078.3	1,051.0	27.4	2.6%
Kirin Brewery	668.1	647.0	21.1	3.3%
Kirin Beverage	284.8	285.7	-0.9	-0.3%
Mercian	64.8	65.3	-0.5	-0.8%
Other and elimination	60.7	53.0	7.7	14.5%
Overseas Integrated Beverages	496.9	448.6	48.3	10.8%
Lion	329.5	348.7	-19.1	-5.5%
Beer, Spirits, and Wine	185.4	195.3	-9.9	-5.1%
Dairy and Drinks	144.2	153.4	-9.2	-6.0%
Myanmar Brewery	26.2	25.6	0.6	2.2%
Other and elimination	141.2	74.3	66.9	90.0%
Pharmaceuticals and Bio-chemicals	339.3	346.7	-7.4	-2.1%
Kyowa Hakko Kirin	347.3	354.2	-6.9	-2.0%
Pharmaceutical	270.4	274.8	-4.3	-1.6%
Biochemicals	76.8	79.4	-2.6	-3.2%
Other and elimination	-8.0	-7.5	-0.5	-
Other	16.0	17.5	-1.5	-8.4%

FY2019 Forecast-Revenue

(bn yen)	2019 Forecast	2018 Actual	YoY	%
Revenue	2,000.0	1,930.5	69.5	3.6%
Japan Beer and Spirits	700.3	685.1	15.2	2.2%
Kirin Brewery	682.0	668.1	13.9	2.1%
Other and elimination	18.3	17.0	1.3	7.8%
Japan Non-alcoholic Beverages	290.3	283.0	7.4	2.6%
Kirin Beverage	292.2	284.8	7.4	2.6%
Elimination	-1.9	-1.9	-0.0	-
Oceania Integrated BeveragesDrinks	329.1	329.5	-0.4	-0.1%
Lion	329.1	329.5	-0.4	-0.1%
Beer, Spirits, and Wine	185.8	185.4	0.4	0.2%
Dairy and Drinks	143.3	144.2	-0.8	-0.6%
Pharmaceuticals and Bio-chemicals	373.5	339.3	34.2	10.1%
Pharmaceuticals (Kyowa Hakko Kirin)	304.0	270.4	33.6	12.4%
Bio-Chemicals (Kyowa Hakko Bio)	77.0	76.8	0.2	0.2%
Others	-7.5	-8.0	0.5	-
Other	306.8	293.7	13.1	4.5%
Mercian	66.7	64.8	1.9	2.9%
Myanmar Brewery	28.3	26.2	2.1	8.0%
CCNNE	138.1	131.7	6.3	4.8%
Other and elimination	73.8	71.0	2.8	3.9%

2018 Actual-Normalized OP

(bn yen)	2018 Actual	2017 Actual	YoY	%
Normalized OP	199.3	194.6	4.7	2.4%
Japan Integrated Beverages	81.2	72.5	8.6	11.9%
Kirin Brewery	80.9	71.6	9.3	13.0%
Kirin Beverage	23.3	21.7	1.6	7.5%
Mercian	2.6	3.9	-1.4	-34.4%
Others	-25.7	-24.7	-0.9	-
Overseas Integrated Beverages	65.1	66.3	-1.3	-1.9%
Lion	51.7	52.6	-0.9	-1.7%
Beer, Spirits, and Wine	53.3	54.5	-1.2	-2.2%
Dairy and Drinks	5.1	5.4	-0.3	-4.9%
Corporate	-6.8	-7.3	0.5	-
Myanmar Brewery	10.1	9.9	0.2	2.1%
Others	3.3	3.9	-0.6	-14.7%
Pharmaceuticals and Bio-chemicals	58.8	62.2	-3.4	-5.5%
Kyowa Hakko Kirin	58.8	62.2	-3.4	-5.5%
Pharmaceutical	50.4	55.0	-4.6	-8.4%
Biochemicals	8.1	7.2	0.9	13.1%
Others	0.3	0.0	0.2	2223.7%
Other	0.4	0.9	-0.5	-57.6%
Corporate expenses/inter-segment eliminations	-6.1	-7.3	1.3	-

FY2019 Forecast-Normalized OP

(bn yen)	2019 Forecast	2018 Actual	YoY	%
Normalized OP	190.0	199.3	-9.3	-4.7%
Japan Beer and Spirits	84.7	82.7	2.0	2.4%
Kirin Brewery	83.5	80.9	2.6	3.2%
Others	1.2	1.8	-0.6	-31.9%
Japan Non-alcoholic Beverages	24.0	23.3	0.7	2.9%
Kirin Beverage	24.0	23.3	0.7	2.9%
Oceania Integrated Beverages	48.2	51.8	-3.6	-7.0%
Lion	48.2	51.8	-3.6	-7.0%
Beer, Spirits, and Wine	52.1	53.3	-1.2	-2.3%
Dairy and Drinks	5.7	5.1	0.5	10.0%
Corporate	-9.6	-6.7	-3.0	-
Pharmaceuticals and Bio-chemicals	62.0	58.8	3.2	5.5%
Pharmaceuticals (Kyowa Hakko Kirin)	54.0	50.4	3.6	7.1%
Bio-Chemicals (Kyowa Hakko Bio)	8.0	8.1	-0.1	-1.6%
Others	-	0.3	-0.3	-
Other	18.4	19.0	-0.6	-3.3%
Mercian	2.5	2.6	-0.0	-1.9%
Myanmar Brewery	9.5	10.1	-0.6	-5.9%
CCNNE	3.8	2.8	1.0	33.5%
Others	2.5	3.5	-0.9	-27.0%
Corporate expenses/inter-segment eliminations	-47.3	-36.3	-11.0	-

2018 Actual results: Kirin Brewery

(1,000 KL)	2018 Actual	2017 Actual	YoY
Total beer	1,710	1,626	5.2%
Beer	590	627	-5.9%
Happo-shu	422	455	-7.3%
New genre	698	543	28.5%
RTD	359	318	13.1%
Non-alcohol beverages	39	42	-5.6%

(bn yen)	2018 Actual	2017 Actual	YoY	%
Revenue	668.1	647.0	21.1	3.3%
Revenue excl. liquor tax	389.7	372.1	17.6	4.7%
Normalized OP	80.9	71.6	9.3	13.0%

2017 Normalized OP (bn yen)		71.6	Main contents
YoY change (bn yen)	Increase in marginal profit of alcohol beverages, etc.	4.8	<ul style="list-style-type: none"> Total beer products 2.7 bn yen (decrease in beer -37 thousand KL; decrease in <i>happo-shu</i> -33 thousand KL; increase in new genre 155 thousand KL) Total other than beer products 3.0 bn yen (increase in RTD 42 thousand KL; decrease in non-alcohol beverages -2 thousand KL) Difference of change in composite of products, etc. -0.9 bn yen
	Decrease in raw material costs, etc.	1.2	
	Decrease in selling expenses	4.8	Decrease in sales promotion expenses 5.1 bn yen; increase in advertising expenses -0.2 bn yen (Total: 66.9 → 62.1 bn yen)
	Increase in other expenses	-1.5	Increase in supplies expenses, increase in electric cost and fuel cost, etc.
	Total	9.3	
2018 Normalized OP		80.9	

Market

- The total beer market declined 2.5% (taxable shipment volume) due to the impact of higher retail prices in line with the enforcement of the revised liquor tax law in June 2017 and sluggish on-premise market including the impact of price revisions for kegs and bottles.
- The RTD market, which continues to grow, has increased by around 13%.

Description

Sales volume

- *Honkirin*, a new genre launched in March drove sales and volume increased approximately 84,000KL (+5.2%) which offset the decline in sales of beer and happo-shu.
- RTD sales also increased significantly (+13.1%) and total beer, RTD and Non-alcohol beverages sales volume increased approximately 6%.

Supplementary Information

- Increase in marginal profit due to sales volume increase and decrease in sales promotion expenses due to campaign reduction.
- Cost reductions offset the impact of rising raw material prices.

2019 Forecast: Kirin Brewery

(1,000 KL)	2019 Fcst	2018 Actual	YoY
Total beer	1,745	1,710	2.0%
Beer	590	590	-0.0%
Happo-shu	420	422	-0.5%
New genre	735	698	5.2%
RTD	390	359	8.5%
Non-alcohol beverages*	39	39	-0.8%

(bn yen)	2019 Fcst	2018 Actual	YoY	%
Revenue	682.0	668.1	13.9	2.1%
Revenue excl. liquor tax	398.1	389.7	8.4	2.3%
Normalized OP	83.5	80.9	2.6	3.2%

Market

- The market for beer products is expected to remain negative at -2% and the RTD market is expected to continue growing at around 6-8%.

Description

Sales volume

- Continue to focus investment in core brands. Total beer sales are expected to increase by about 35,000KL (+2%) and RTD sales by about 31,000KL (+8.5%).

Supplementary Information

- Expecting product mix to be deteriorated due to higher distribution costs. However, the increase in sales volume will offset this deterioration and the will increase marginal profit.
- The effect of rising raw material prices is reduced by cost reductions.
- While investing in areas such as brand enhancement and expansion of craft beer, total sales expenses is expected to be declined slightly as a result of improvement of the efficiency of sales promotion expenses.

2018 Normalized OP (bn yen)		80.9	Description
YoY change (bn yen)	Increase in marginal profits such as Beer, Spirits, and Wine**	2.5	Total beer products 0.5 bn yen (decrease in beer 0 thousand KL; decrease in <i>happo-shu</i> : -2 thousand KL; increase in new genre 37 thousand KL) Total other than beer product 2.6 bn yen (increase in RTD 31 thousand KL; decrease non-alcohol -0 thousand KL) Difference of change in composite of products, etc -0.6 bn yen
	Increase in raw material costs	-0.3	
	Decrease in selling expenses	0.1	Decrease in sales promotion and advertising expenses (Total 62.1 → 62.0 bn yen)
	Decrease in Other expenses	0.3	Decrease in directly charged corporate expenses -2.4 bn yen; increase in depreciation, increase in electric cost and fuel cost, etc.
	Total	2.6	
2019 Normalized OP		83.5	

Corrected Note (18 March 2019): *YoY 0.8 (wrong) -> -0.8 (corrected), **Total beer products 500 million (wrong) 0.5 bn yen (corrected), Difference of change in composite of products, etc DELTA.600 million (wrong), -0.6 bn yen (corrected)

2018 Actual: Kirin Beverage

Sales Volume (million cases)		2018 Actual	2017 Actual	YoY
Category	Black tea	5,190	5,293	-2.0%
	Japanese tea	3,451	3,086	11.8%
	Coffee	2,632	3,080	-14.5%
	Fruit and vegetable juice	2,530	2,471	2.4%
	Carbonated beverages	2,155	2,110	2.2%
	Functional beverages	1,238	1,004	23.3%
	Water	4,319	4,041	6.9%
	Others	1,801	1,741	3.4%
By container	Can	3,541	3,939	-10.1%
	Large PET bottle	7,911	7,589	4.2%
	Small PET bottle	9,700	9,199	5.4%
	Others	2,165	2,099	3.1%
Total		23,316	22,826	2.1%

(bn yen)	2018 Actual	2017 Actual	YoY	%
Revenue	284.8	285.7	-0.9	-0.3%
Normalized OP	23.3	21.7	1.6	7.5%

2017 Normalized OP (bn yen)		21.7	Description
YoY change (bn yen)	Decrease in marginal profit	-1.6	Increase in sales volume 4.91 million cases, 2.4 bn yen Difference of change in products mix and in composition ratio of containers etc. -4.0 bn yen
	Decrease in raw material costs, etc.	0.3	Decrease in raw material cost 0.5 bn yen; Increase in material cost -0.7 bn yen; Decrease in processing cost 0.5 bn yen
	Decrease in selling expenses	3.5	Decrease in sales promotion expenses 0.9 bn yen; Decrease in advertising expenses 2.6 bn yen (Total: 40.2 → 36.7 bn yen)
	Increase in other expenses	-0.6	Increase in depreciation of vending machines, etc.
Total		1.6	
2018 Normalized OP		23.3	

Soft drinks Markets

- Estimated to be +2% YoY due to the impact of the extremely hot summer.

Description

Sales volume

- Total Soft drinks volumes increased 2.1% from the previous year.
- Nama-cha succeeded in expanding the market, and sales were extremely strong, increasing 7% from the previous year.
- Kirin Lemon, which continued to perform well after the renewal, increased its sales volume, particularly in small containers, and drove carbonated beverages.
- The coffee category declined significantly due to the continued trend of container shifts.

Performance Supplementary Information

- Marginal profit declined due to difference of change in product mix and in composition ratio of containers etc., but profits increased due to efforts to reduce costs and maximize the cost-effectiveness of investment to brands. Unused selling expenses that could not be invested due to disasters and other factors also uplifted the profit.

2019 Forecast: Kirin Beverage

Sales Volume (million cases)		2019 Fcst	2018 Actual	YoY
Category	Black tea	5,339	5,190	2.9%
	Japanese tea	3,558	3,451	3.1%
	Coffee	2,929	2,632	11.3%
	Fruit and vegetable juice	2,509	2,530	-0.8%
	Carbonated beverages	2,161	2,155	0.3%
	Functional beverages	1,178	1,238	-4.9%
	Water	4,249	4,319	-1.6%
	Others	1,678	1,801	-6.8%
By container	Can	3,574	3,541	0.9%
	Large PET bottle	7,933	7,911	0.3%
	Small PET bottle	9,969	9,700	2.8%
	Others	2,125	2,165	-1.8%
Total		23,600	23,316	1.2%

(bn yen)	2019 Fcst	2018 Actual	YoY	%
Revenue	292.2	284.8	7.4	2.6%
Normalized OP	24.0	23.3	0.7	2.9%

2018 Normalized OP (bn yen)		23.3	Description
YoY change (bn yen)	Increase in marginal profit	3.7	Increase in sales volume 2.84 million cases, 1.3 bn yen Difference of change in product mix and in composition ratio of containers etc. 2.3 bn yen
	Increase in raw material costs, etc.	-1.1	Decrease in raw material cost 0.1 bn yen; Increase in material cost -0.9 bn yen; Increase in processing cost -0.3 bn yen
	Increase in selling expenses	-1.9	Increase in sales promotion expenses -1.2 bn yen; Increase in advertising expenses -0.7 bn yen (Total 36.7 → 38.6 bn yen)
	Increase in other expenses	-0.0	Decrease in directly charged corp. expenses, 0.8 bn yen; Increase in depreciation of vending machines, etc.
Total		0.7	
2019 Normalized OP		24.0	

Soft drinks Markets

- ▶ Sales are expected to decline slightly from the previous year's level.

Description

Sales volume

- ▶ Aim for +1.2% YoY mainly driven by 3 core brands.
- ▶ Continue to focus on small containers.
- ▶ In addition to core brands, strengthen products in the sugar-free and Health and Well-being areas.

Other

- ▶ Significant cost increases are expected to materialize as logistics costs continue to soar in recent years. In addition, market conditions for raw materials are expected to deteriorate.
- ▶ Announced to increase the price of large PET container products, but it cannot be able to absorb all of the cost increase this year.
- ▶ Aims to increase profits by increasing sales volume and increasing the composition ratio of small PET containers.

2018 Actual: Lion

	Yen base (bn yen)			
	2018 Actual	2017 Actual	YoY	%
Revenue	329.5	348.7	-19.1	-5.5%
BSW	185.4	195.3	-9.9	-5.1%
LDD	144.2	153.4	-9.2	-6.0%
Normalized OP	51.7	52.6	-0.9	-1.7%
BSW	53.3	54.5	-1.2	-2.2%
LDD	5.1	5.4	-0.3	-4.9%
Corp.	-6.8	-7.3	0.5	-

Australian dollar base (millions of Australian dollars)			
2018 Result	2017 Result	YoY	%
4,016	4,044	-27	-0.7%
2,260	2,265	-5	-0.2%
1,756	1,779	-23	-1.3%
632	609	22	3.7%
651	632	19	3.1%
63	62	1	1.1%
-83	-85	2	-

	BSW	LDD
Change in sales volume	-0.1%	-3.9%

Normalized OP YoY Australian dollars	2017 Actual	632	62
	Change in sales volume	-03	-27
	Other	22	28
	2018 Actual	651	63

Description

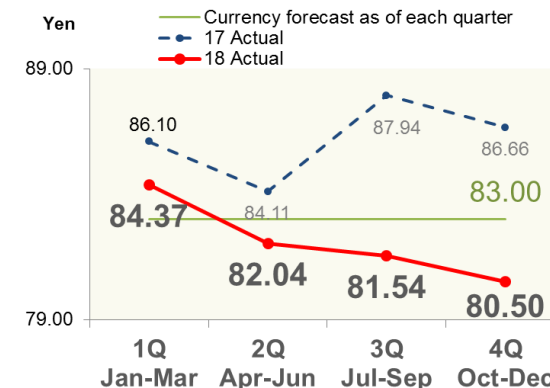
Lion - BSW

- Revenue remained broadly consistent year on year. Decreased sales from the effect of the Container Deposit Schemes was offset by strong performance of Iron Jack and Furphy brands and contributions from craft beer acquisitions (Fourpure and Harringtons)
- Normalized operating profit increased due to supply chain initiatives and a focus on overhead cost management

Lion - LDD

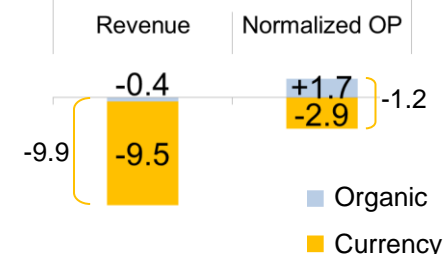
- LDD saw a small decline in revenue predominantly from the Juice category as low margin products were exited in the ambient juice business
- Sales volumes in milk-based beverages and yoghurt which are among LDD's higher margin products continue to grow.
- Net operating profit remained broadly consistent year on year

Exchange Rate - Australian Dollar

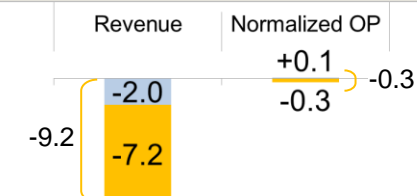


Lion's currency is calculated by accumulating the average rate for each of the three months.

Impact of Currency BSW (bn yen)



Impact of Currency LDD (bn yen)



2019 Forecast: Lion

	Yen base (bn yen)				Australian dollar base (millions of Australian dollars)			
	2019 Fcst	2018 Actual	YoY	%	2019 Fcst	2018 Actual	YoY	%
Revenue	329.1	329.5	-0.4	-0.1%	4,114	4,016	98	2.4%
BSW	185.8	185.4	0.4	0.2%	2,322	2,260	62	2.8%
LDD	143.3	144.2	-0.8	-0.6%	1,792	1,756	35	2.0%
Normalized OP	48.2	51.8	-3.6	-7.0%	602	634	-31	-4.9%
BSW	52.1	53.3	-1.2	-2.3%	652	651	0	0.1%
LDD	5.7	5.1	0.5	10.0%	71	63	8	12.1%
Corp.	-9.6	-6.7	-3.0	-	-120	-81	-39	-

Description

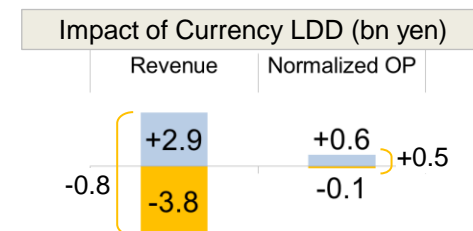
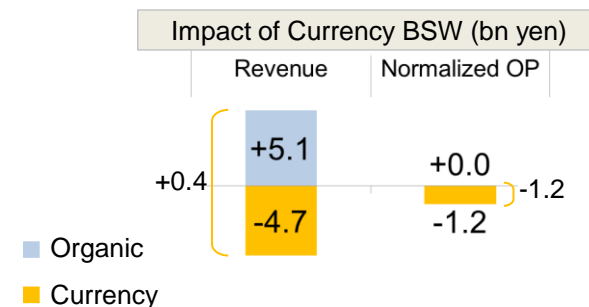
Assumed full year exchange rate: JPY80/AUD

Lion - BSW

- Sales revenue will increase driven by premium and contemporary brands and crafted adult beverages.
- Lion will achieve profitable growth in these focus brands, however, normalized operating income will be flat due to the impact of the container deposit schemes, higher energy costs and investments in IT.

Lion - LDD

- Sales revenue will increase driven by continued growth of Milk Based Beverages, Cheese and Yogurt driven by further innovation, new products and market share wins.
- Normalized operating income will increase due to focus on higher margin channels, new products and cost optimisation



2018 Actual/2019 Forecast: Myanmar Brewery

2018 Actual

	Yen base (bn yen)			
	2018 Actual	2017 Actual	YoY	%
Revenue	26.2	25.6	0.6	2.2%
Normalized OP	10.1	9.9	0.2	2.1%

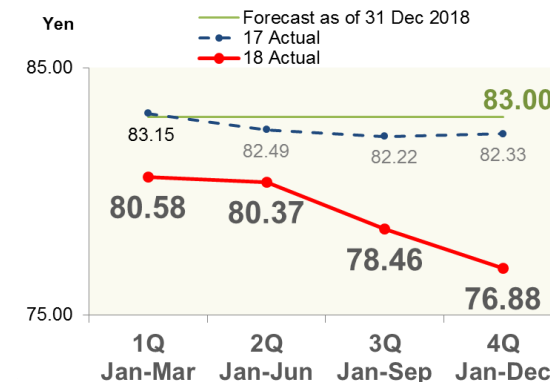
Kyat base (bn MMK)			
2018 Actual	2017 Actual	YoY	%
340	311	29	9.4%
131	120	11	9.4%

2019 Forecast

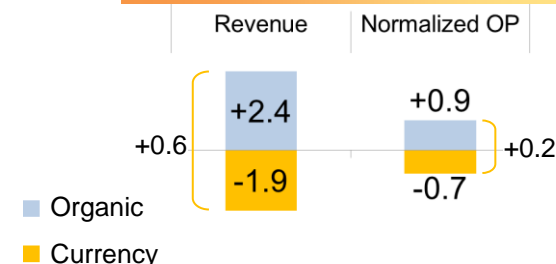
	Yen base (bn yen)			
	2019 Fcst	2018 Actual	YoY	%
Revenue	28.3	26.2	2.1	8.0%
Normalized OP	9.5	10.1	-0.6	-5.9%

Kyat base (Bn MMK)			
2019 Fcst	2018 Actual	YoY	%
387	340	47	13.7%
130	131	-1	-0.9%

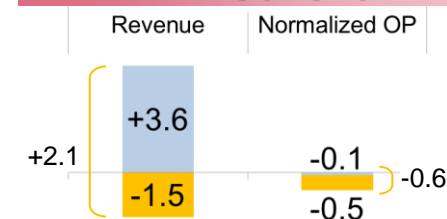
Exchange Rate - 1,000 Myanmar Kyat



Impact of 2018 Actual Currency (bn yen)



Impact of 2019 Forecast Currency (bn yen)



Description

Assumed full year exchange rate: JPY73/MMK'000

2018 Actual

- Sales volume of beer: +12.2% YoY
- Achieved higher sales and profits by maintaining a high market share through the same growth rate as the market.
- Andaman Gold's share of the economy category, which continues to grow strongly, increased.

2019 Forecast

- Cost of raw materials is expected to increase due to continued depreciation of the Myanmar Kyat and deterioration of market conditions.
- As in the previous year, sales volume is expected to grow in the high single digits.

2019 Forecast CCNNE (Coca-Cola Bottling Company of Northern New England)

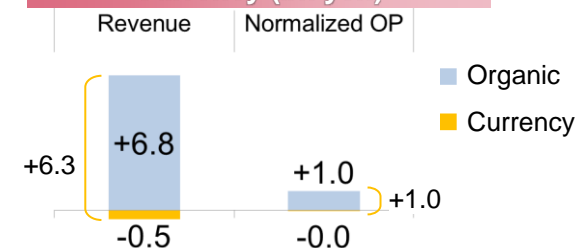
2019 Forecast

	Yen base (bn yen)			
	2019 Fcst	2018 Actual	YoY	%
Revenue	138.1	131.7	6.3	4.8%
Normalized OP	3.8	2.8	1.0	33.5%

U.S. dollar base (million\$)			
2019 Fcst	2018 Actual	YoY	%
1,255	1,193	62	5.2%
35	26	9	34.0%

Assumed full year exchange rate: ¥110/USD

Impact of 2019 Forecast Currency (bn yen)



Description

Sales and profits are expected to increase and the Normalized OP rate is expected to improve due to the steady implementation of PMI after the expansion of sales territory.

- Aim to increase sales volume by capturing market growth.
- Higher raw material costs and higher prices are expected, but the impact will be minimized through the unit price and mix effect by strengthening sales in expanding territories.
- Improve profitability through supply chain optimization and operational efficiency.

2018 Actual/2019 Forecast: Pharmaceuticals and Bio-chemicals

2018 Actual

(bn yen)	2018 Actual	2017 Actual	YoY	%
Revenue	339.3	346.7	-7.4	-2.1%
Kyowa Hakko Kirin	347.3	354.2	-6.9	-2.0%
Pharmaceuticals	270.4	274.8	-4.3	-1.6%
Bio-chemicals	76.8	79.4	-2.6	-3.2%
Other and eliminations	-8.0	-7.5	-0.5	-
Normalized OP	58.8	62.2	-3.4	-5.5%
Kyowa Hakko Kirin	58.8	62.2	-3.4	-5.5%
Pharmaceuticals	50.4	55.0	-4.6	-8.4%
Bio-chemicals	8.1	7.2	0.9	13.1%
Other	0.3	0.0	0.2	2223.7%

2019 Forecast

(bn yen)	2019 Fcst	2018 Actual	YoY	%
Revenue	373.5	339.3	34.2	10.1%
Pharmaceuticals (Kyowa Hakko Kirin)	304.0	270.4	33.6	12.4%
Bio-Chemicals (Kyowa Hakko Bio)	77.0	76.8	0.2	0.2%
Elimination	-7.5	-8.0	0.5	-
Normalized OP	62.0	58.8	3.2	5.5%
Pharmaceuticals (Kyowa Hakko Kirin)	54.0	50.4	3.6	7.1%
Bio-Chemicals (Kyowa Hakko Bio)	8.0	8.1	-0.1	-1.6%
Others	-	0.3	-0.3	-

Description

2018 Actual

- The decline in domestic sales was covered by an increase in overseas sales, but this was offset by the impact of the deconsolidation of Kyowa Medex from 1Q 2018, resulting in a year-on-year decline in Revenue.
- Domestic sales declined, mainly in long-term prescription product, due to NHI drug price revisions in April, the penetration of generics, and growth in competing products. However, new products such as G-Lasta and NOURIAST performed well.
- Overseas sales increased significantly due to the strong performance of Crysvida, a global strategic product, and higher-than-expected sales of POTELIGEO, which was launched in the United States in October.
- Normalized OP declined YoY due to a decline in Revenue and an increase in SG&A expenses to promote the penetration of global strategic products and other new products overseas.
- With regard to Kyowa Hakko Bio, sales declined as the company focused on high-margin products, but Normalized OP increased.

2019 Forecast

- Revenue is expected to increase from the previous year.
- Domestic sales are expected to increase slightly due to the penetration of new products, although long-term prescription product sales are expected to decline.
- Overseas sales are expected to increase significantly as Crysvida and POTELIGEO penetrates more markets.
- Normalized OP is expected to increase, but the rate of change is expected to be slightly lower than in the Revenue due to the increase in SG&A expenses overseas and the increase in R&D expenses for expanding pipelines.
- In the Kyowa Hakko Bio, although sales are expected to increase in the domestic mail-order business and overseas business, sales of active pharmaceutical ingredients in Japan are expected to decline, and profits are expected to be basically unchanged from the previous fiscal year.

Performance of San Miguel Brewery (an affiliate consolidated under the equity-method)



■ San Miguel Brewery local-based consolidated results (October 2017-September 2018)

(million Peso)	Oct-Dec 2017		Jan-Mar 2018		Apr.-Jun. 2018		Jul-Sep 2018		2018 Total	
	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY
Sales	32,599	17%	29,814	18%	32,696	18%	30,852	12%	125,961	16%
Operating Income	9,753	15%	8,313	25%	8,998	22%	8,601	17%	35,665	19%
Operating Income Ratio	29.9%		27.9%		27.5%		27.9%		28.3%	

Source: San Miguel Brewery Inc. Financial Highlights

**Consolidation
period**

■ Incorporation by the equity method (October 2017-September 2018)

(bn yen)	2018	2017	YoY %
Net income (SMB)	50.4	43.3	16%
Consolidated net income <small>(include in the consolidated results)</small>	24.5	21.0	17%

Exchange rate: 1peso=¥2.14 (previous year: ¥2.24)

■ Kirin Holdings' dividend income from San Miguel Brewery

	2018	2017	YoY %
Dividends (bn yen)	12.6	11.9	6%
Cash dividends declared per share (peso)	0.82	0.72	14%

Dividends are recorded on a cash-in basis.

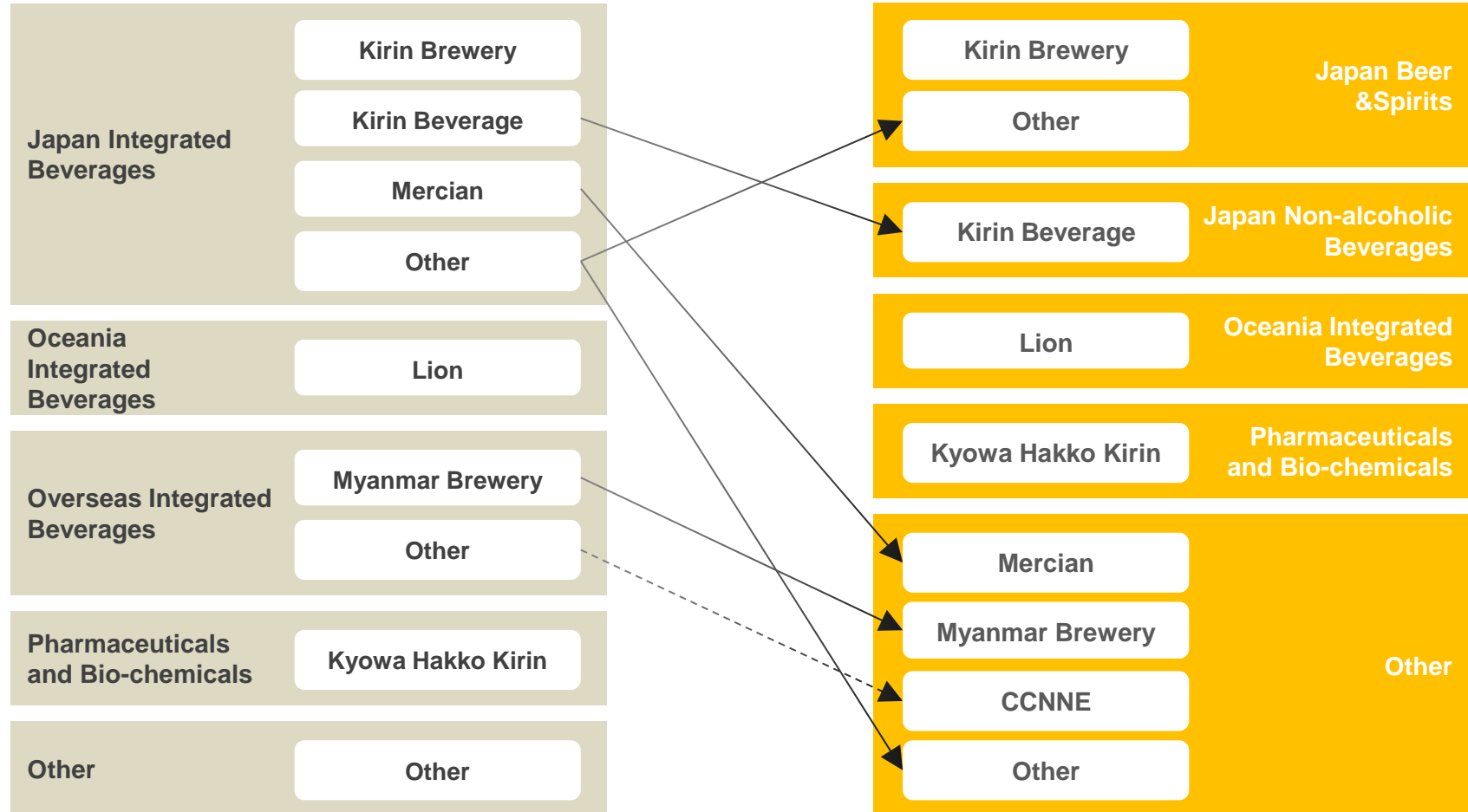
Kirin Group Cost Reduction Initiatives

Achieved cost reductions of approximately ¥43.0 billion over the three years of the 2016 MTBP, exceeding the target of ¥30.0 billion.

(bn yen)	2016-2017 Actual	2018 Actual	2016-2018 Total	Major Initiatives in 2018	2018 Initial target	2018 revised target (2Q)
Kirin Brewery	9.9	3.4	13.3	Reducing product costs through raw material procurement, new products and renovations, and reducing supply chain costs	1.3	1.9
Kirin Beverage	7.8	2.5	10.3	Procurement of raw materials, reduction of waste, etc.	1.3	1.8
Other	7.9	3.0	10.9	Mercian, Lion and Myanmar Brewery	2.0	2.4
Brasil Kirin	8.4	-	8.4		-	-
Total	34.0	8.9	42.9		4.6	6.1

Changes in disclosure segments

Changed the disclosure segments based on the management approach.



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