



KIRIN

Joy brings us together

Kirin Group

FY2019 Results & FY2020 Plan

February 14, 2020
Kirin Holdings Company, Limited

FY2019 financial results summary

- Consolidated Normalized Operating Profit (OP) of 190.8 bn yen exceeded FY2019 Plan of 190.0 bn yen
- Normalized EPS and ROIC outperformed FY2019 Plan, driven by an increase in Equity gains of affiliated companies and Share buyback
- DPS increased by 1 yen per share, from 63 yen to 64 yen

Outlook for FY2020

- Increase both in Revenue and Profits. Profit attributable to owners of the Company is expected to improve drastically as a result of rebound from impairment losses in 2019
- Expected ROIC of 8.9%. Medium-Term Business Plan (MTBP) target ROIC of 10%
- Expected normalized EPS of 162 yen, increase of 4 yen from 2019. DPS planned to increase by 1 yen per share, from 64 yen to 65 yen

Normalized OP, Profit attributable to owners of the Company and all the quantitative targets exceeded FY2019 Revised forecast

(bn yen)	FY19 Actual	FY18 Actual	YoY	%
Revenue	1,941.3	1,930.5	10.8	0.6%
Normalized OP*1	190.8	199.3	-8.6	-4.3%
Profit before tax	116.8	246.9	-130.0	-52.7%
Profit attributable to owners of the Company	59.6	164.2	-104.6	-63.7%

Quantitative targets

	FY19 Actual	FY18 Actual	YoY	%
ROIC*2	5.2%	12.0%	-	-
Normalized EPS*3	158 yen	167 yen	-9 yen	-5.4%

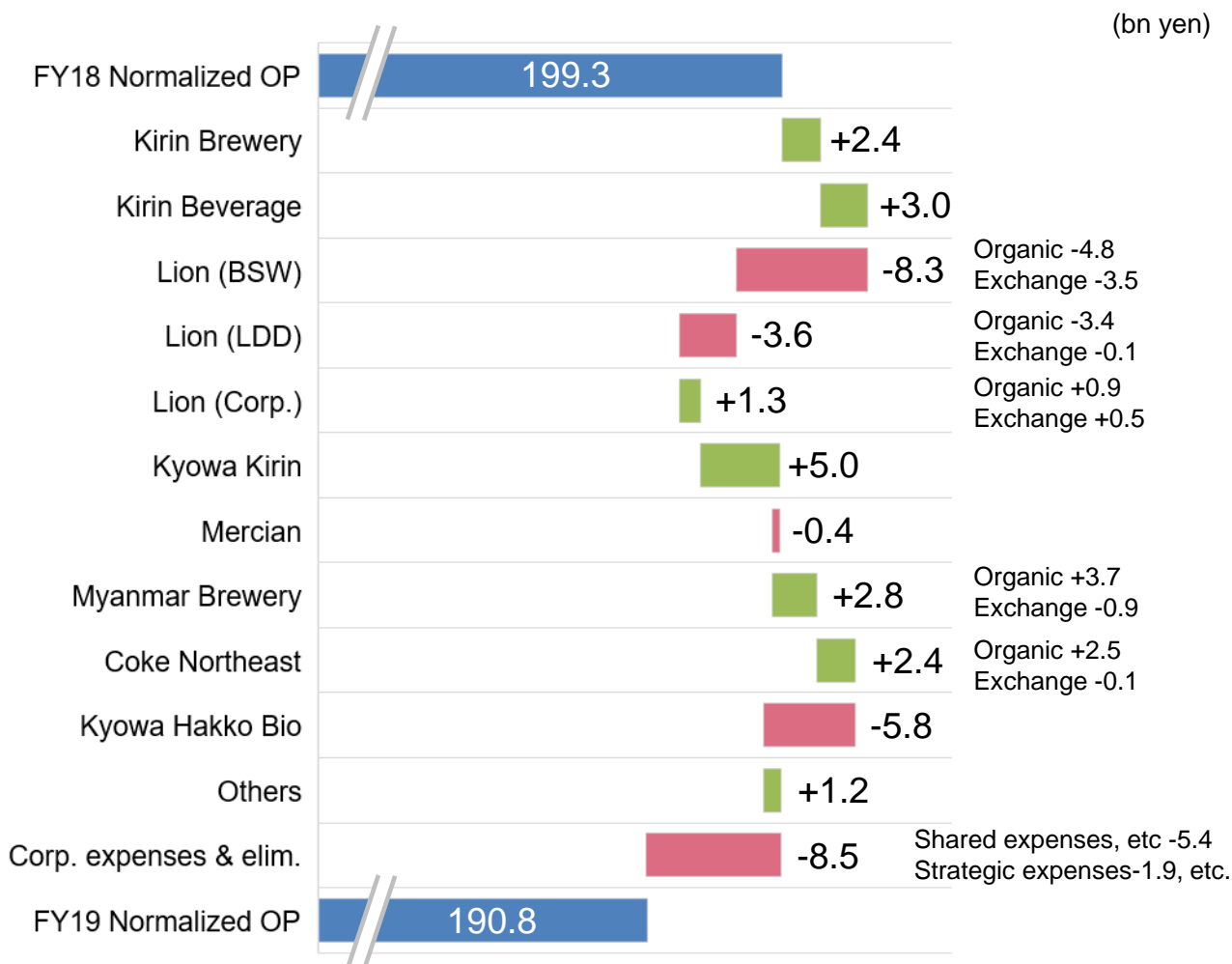
	FY19 Actual	FY18 Actual	YoY	%
Dividend per share	64 yen	51 yen	13 yen	25.5%

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

*2 2018 Actual is revised due to retroactive adjustment (11.9% ⇒ 12.0%)

*3 See page 44 for details.

Solid performance from domestic businesses, exceeding FY2019 company forecast of 190 bn yen



Description

Kirin Brewery

- Revenue excluding liquor tax increased, driven by increased sales volume
- Normalized OP increased as a result of lower SG&A expenses and others

Kirin Beverage

- Revenue & Normalized OP increased driven by increased sales volume etc.

Lion Beer, Spirits and Wine (BSW)

- Normalized OP decreased due to decreased sales volume and increased SCM-cost, etc.

Lion Dairy and Drinks (LDD)

- Normalized OP decreased due to decreased sales volume and increased raw milk costs, etc.

Kyowa Kirin

- Normalized OP increased due to increased sales of global strategic products.

Myanmar Brewery

- Normalized OP increased as a result of higher sales volume and price

Kyowa Hakko Bio

- Significant losses in 4Q due to the discontinued manufacturing and shipment of products

Corporate expenses / eliminations

- Whilst strategic expenses increased, lower expense spendings compared to the company plans through disciplined investment

Expected increase in Revenue, Normalized OP, Profits, ROIC, Normalized EPS and DPS

(bn yen)	FY20 Target	FY19 Actual	YoY	%
Revenue	2,000.0	1,941.3	58.7	3.0%
Normalized OP*1	191.0	190.8	0.2	0.1%
Profit before tax	189.5	116.8	72.7	62.2%
Profit attributable to owners of the Company	115.5	59.6	55.9	93.7%

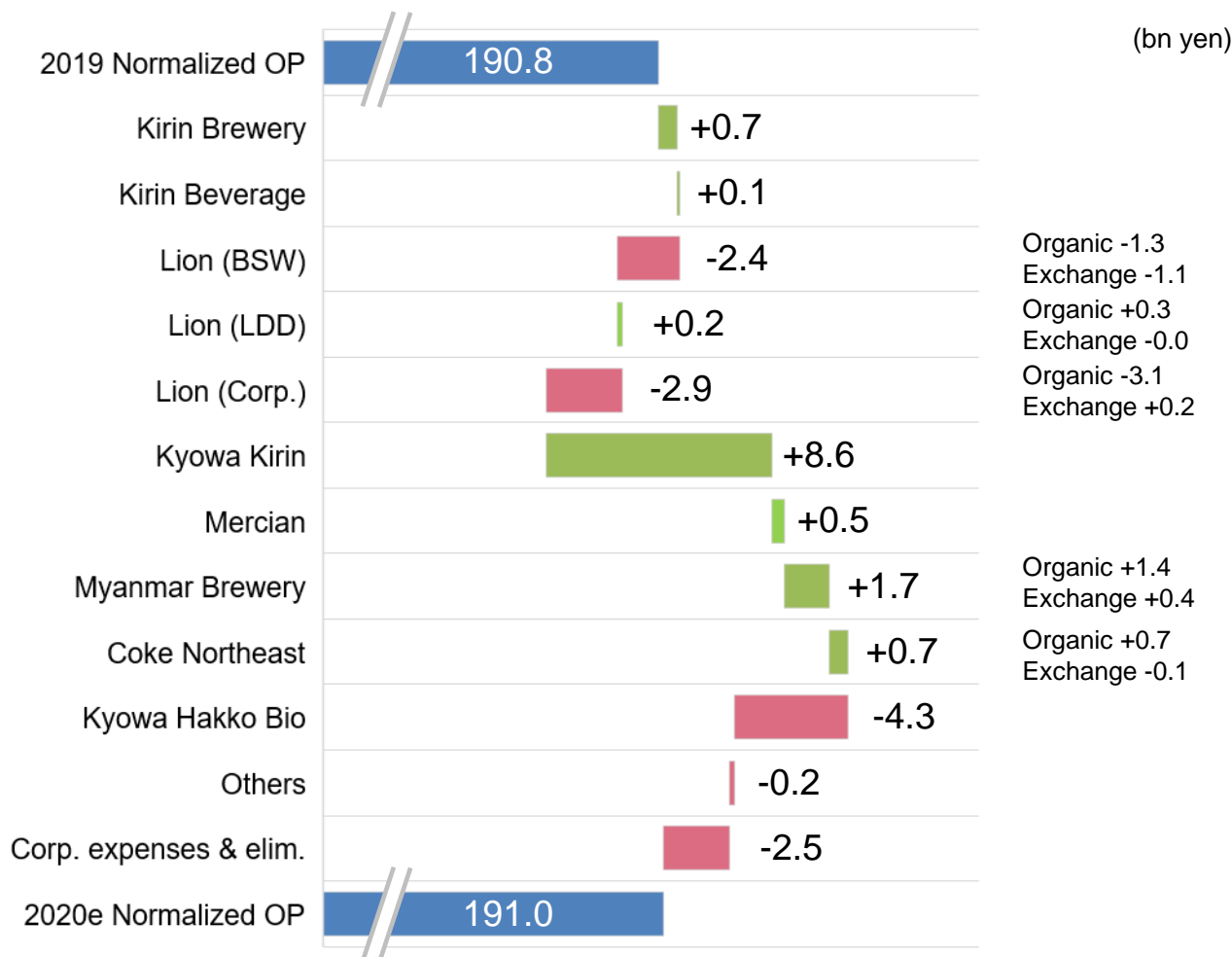
Quantitative targets

	FY20 Target	FY19 Actual	YoY	%
ROIC	8.9%	5.2%	-	-
Normalized EPS	162 yen	158 yen	4 yen	2.5%

	FY20 Target	FY19 Actual	YoY	%
Dividend per share	65 yen	64 yen	1 yen	1.6%

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

Kirin Brewery, Myanmar Brewery and especially Kyowa Kirin contribute to OP growth



Description

Kirin Brewery

- Increase in profit, marginal profits offset expected cost increase

Kirin Beverage

- Higher logistics costs offset by improved product mix in composition ratio of containers (increased small PET)

Lion Beer, Spirits and Wine (BSW)

- Increase in marketing cost to strengthen brand equity and increase in amortization expense etc.

Kyowa Kirin

- Further penetration and expansion of highly profitable global strategic products

Myanmar Brewery

- Sales volume continues to outperform the market

Kyowa Hakko Bio

- Decrease in profit due to increased fixed cost as a result of declining efficiency rate
- After thoroughly verifying the manufacturing procedure for all items, production and shipment will be resumed sequentially, starting with the highest priority products

Corporate expenses / eliminations

- Cost increase as FY2019 results had less expense compared to FY2019 plan

Continued market outperformance with improved revenue and profits

FY2019 Plan

Focus on core products

Year-on-year increase
in revenues and profit*
with Normalized OP margin of
21.4%

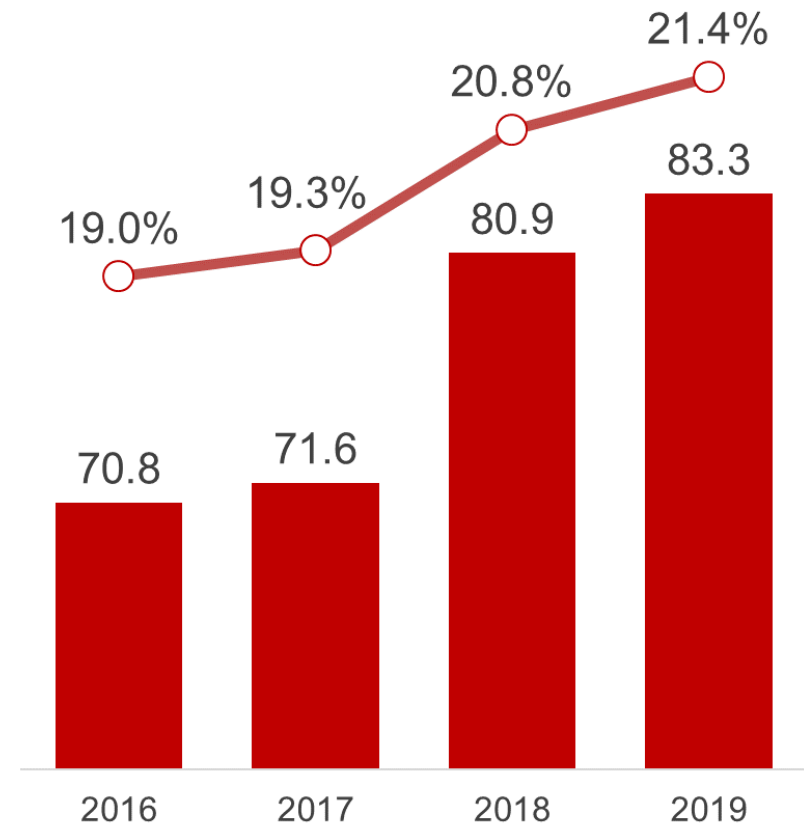
Beer sales volume

Market: **appx. -1%**
Kirin Brewery: **+0.3%**

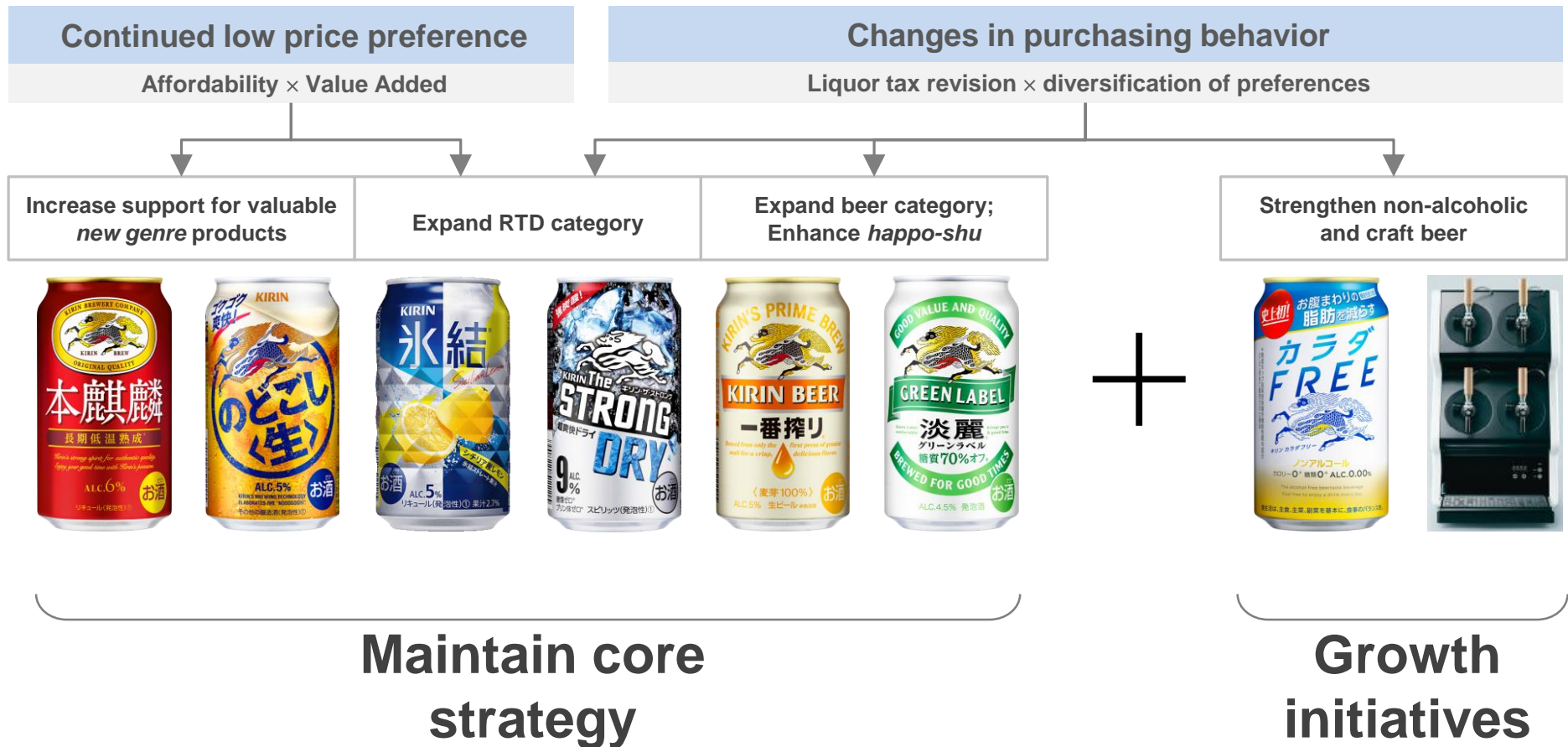
* Revenue excluding liquor tax

FY2019 Actual

Normalized OP (bn yen) / Normalized OP margin



Maintain core strategy and strengthen focus on non-alcoholic and craft beer in anticipation of medium- and long-term market trends



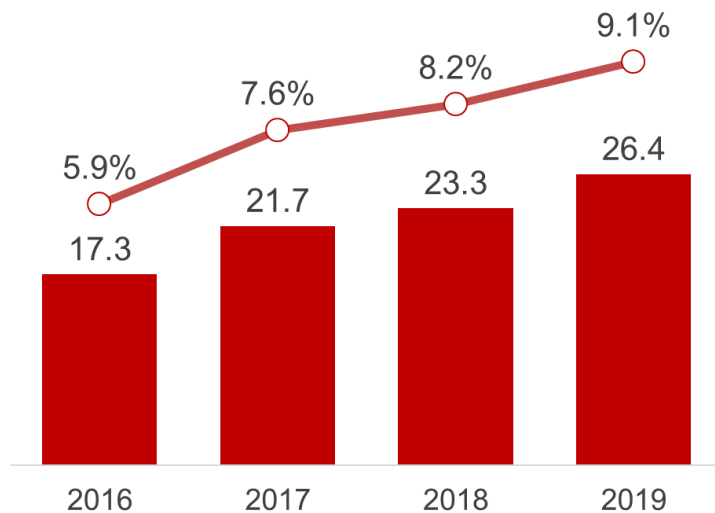
Steady results in the first year of the medium-term plan. In 2020, target growth centered on CSV

FY2019 Plan

Existing brands × Sugar-free and low-sugar

FY2019 Actual

Normalized OP (bn yen) / Normalized OP margin



FY2020 Plan

Profit generation through CSV-centered growth

- Enhance sales by investing in sugar-free and low-sugar categories, including Go-go-no-kocha and Namacha
- Improve container mix by raising ratio of small PET bottles
- Sustainable supply chain (Kirin Gateway, door-to-door warehouse, SKU optimization)



**Aggressive competition in H1 impacted FY2019 result.
Lion will continue to invest in craft and digital capabilities in FY2020.**

FY2019 Plan

Focus on growth categories

Implement global craft beer strategy

FY2019 Actual

- Aggressive competition in H1 required additional investment in our brands and strategic initiatives.
- Decrease of Normalized OP is mainly driven by ongoing additional investment in our brands and lower recovery of supply chain costs.

FY2020 Plan

- Focus resources on consumers to grow our brands
- Focus on avenues for growth through Craft in US/UK
- Transform our cost base to provide fuel for growth
- Execute the Australia ERP implementation



**On track with a launch of global strategic products in the US and Europe.
In 2020, increase in revenues and profits**

FY2019 Plan

**Maximize value of
global strategic products**

FY2019 Actual

- New products, such as Crysvisa and Poteligeo, are steadily penetrating US and European markets
- Nourianz launched in the US in October
- Increased revenue from technology license related to Fasenra

Revenue: +34.3bn yen
Normalized OP: +5.0bn yen

YoY

FY2020 Plan

- Expand indication of Crysvisa for adults
- Launch Poteligeo in Europe

Major Pipelines

KW-6356 Parkinson's Disease	Phase 2 Japan
KHK4083 Atopic dermatitis	Phase 2 International collaboration
RTA 402 Chronic renal disease	Phase 3 Japan

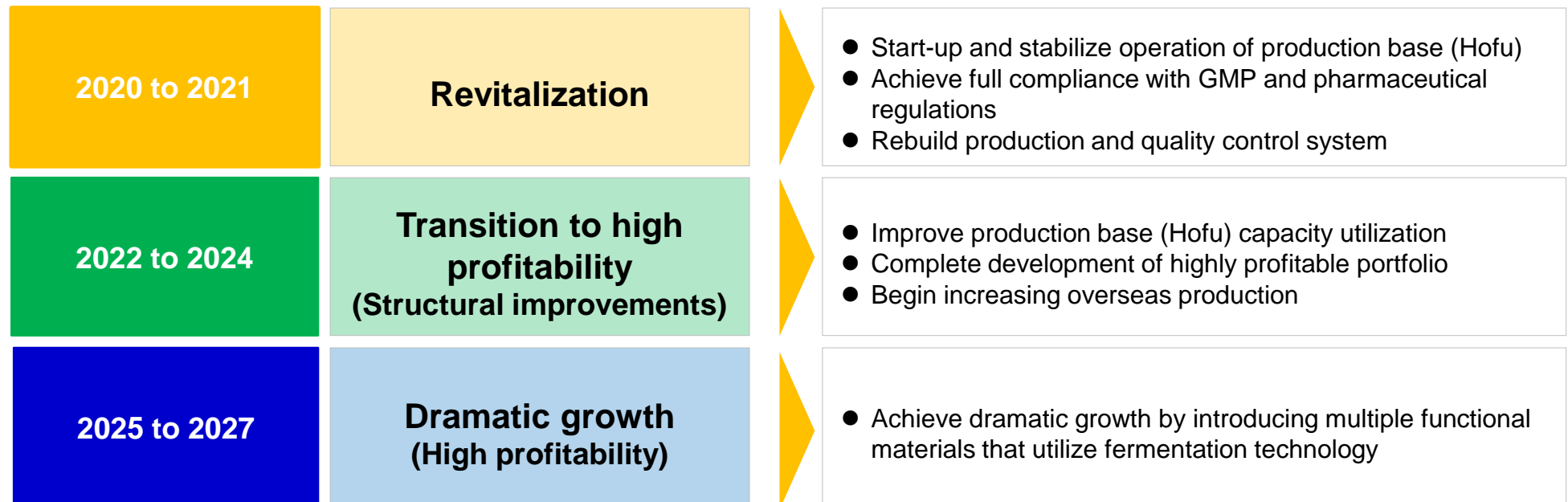
Revenue: +21.2bn yen
Normalized OP: +8.6bn yen

YoY

Achieve business revitalization in 2020 and 2021, becoming a highly profitable business within five years. Towards 2027, establish a highly profitable product pipeline utilizing expertise in fermentation biotechnology

Quality control issues were exposed in August 2019

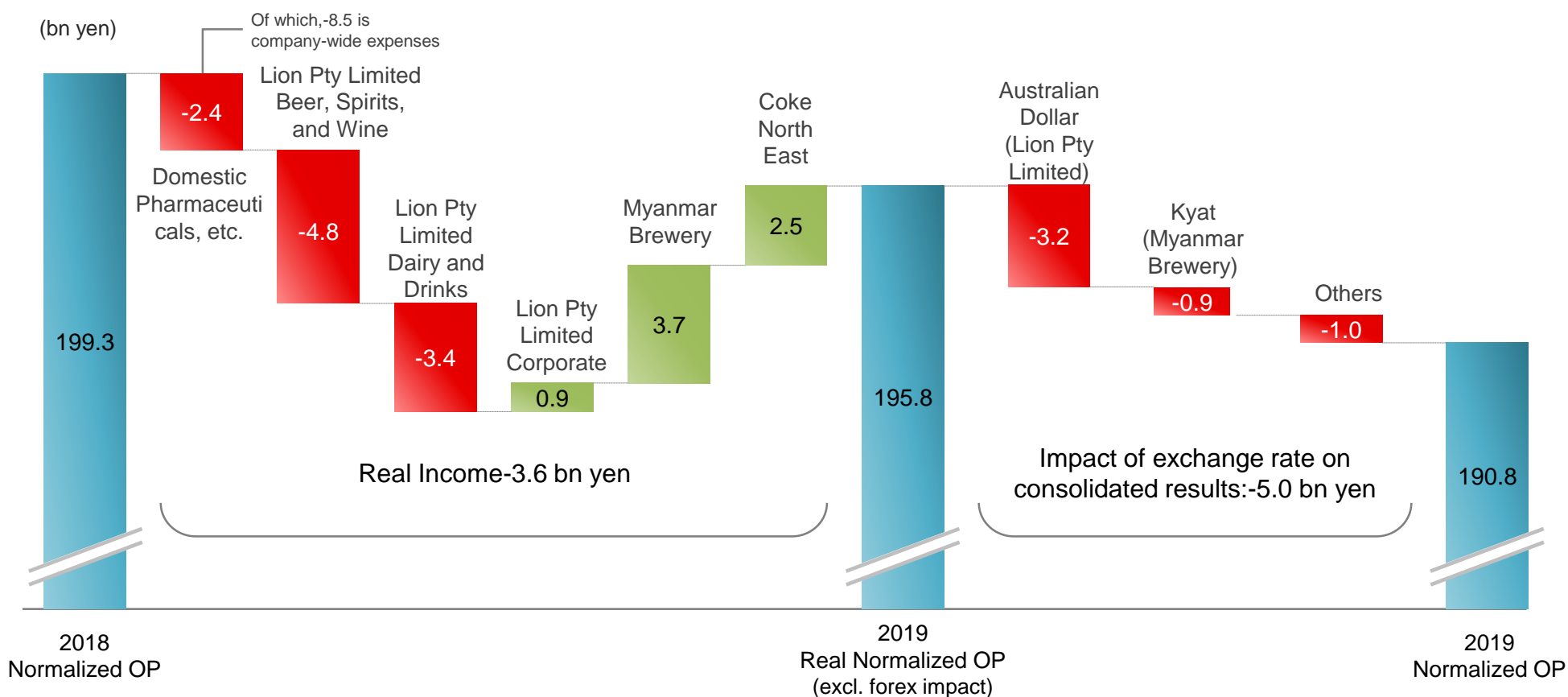
- Review quality assurance systems
- Educate Employees, review of procedure manuals, and automate equipment



Impact of Exchange Rate on Consolidated Results for FY2019

Real Normalized OP excluding forex impact decreased by 3.6 bn yen (-1.8%)

- The impact of the yen's appreciation against Australian Dollar and against the Kyat was roughly -5.0 bn yen on a consolidated basis.
- In Japan, sales were strong for Kirin Brewery, Kirin Beverage, and Kyowa Kirin, but impacted by company-wide expenses.



Progress of Medium-Term Business Plan KPIs

Medium-Term Business Plan: KPIs

Financial targets	2019 Actual	Targets for 2021
Normalized EPS	158 yen (160 yen)	Average annual growth rate of 5% or more
ROIC	5.2%	10% or more in FY2021

Excluding the impact of currency fluctuations in parentheses

Non-Financial targets	2019 Actual	Targets for 2021
Corporate Brand Value	\$2,007 million	\$2,200 million
Employee engagement	70%	72% or more
CSV commitment	Steady progress	Refer to the QR code for more detailed results

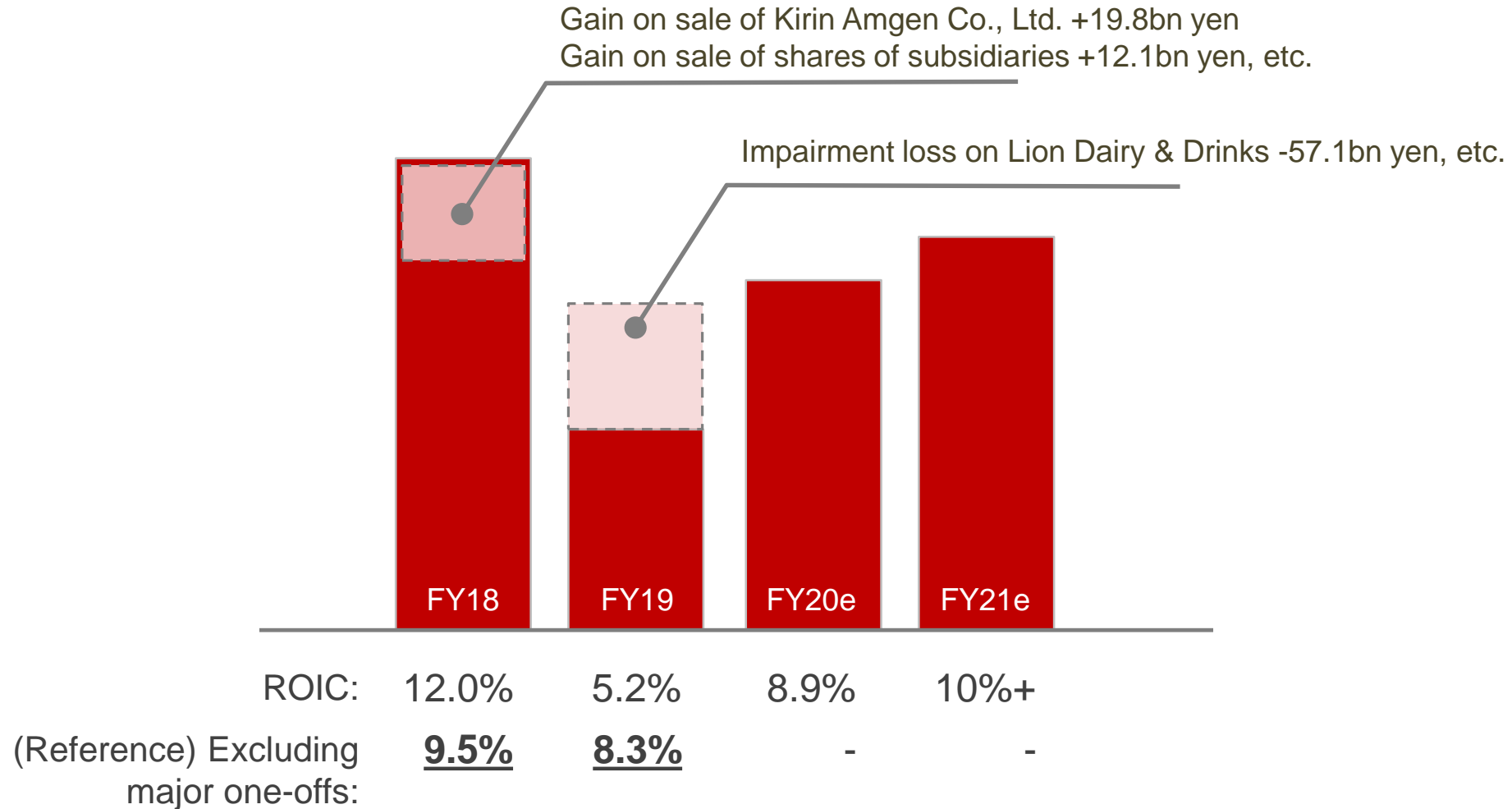


In addition to financial targets, non-financial targets are evaluated for determination of Executive Officers' stock compensation.

Regarding the progress and achievement status of CSV commitment, comprehensively evaluate the initiatives for the four focus areas.

Path to ROIC Target

On track toward 2021 ROIC target of 10%+, excluding one-offs



Medium-Term Management Plan: Cash Allocation Priorities

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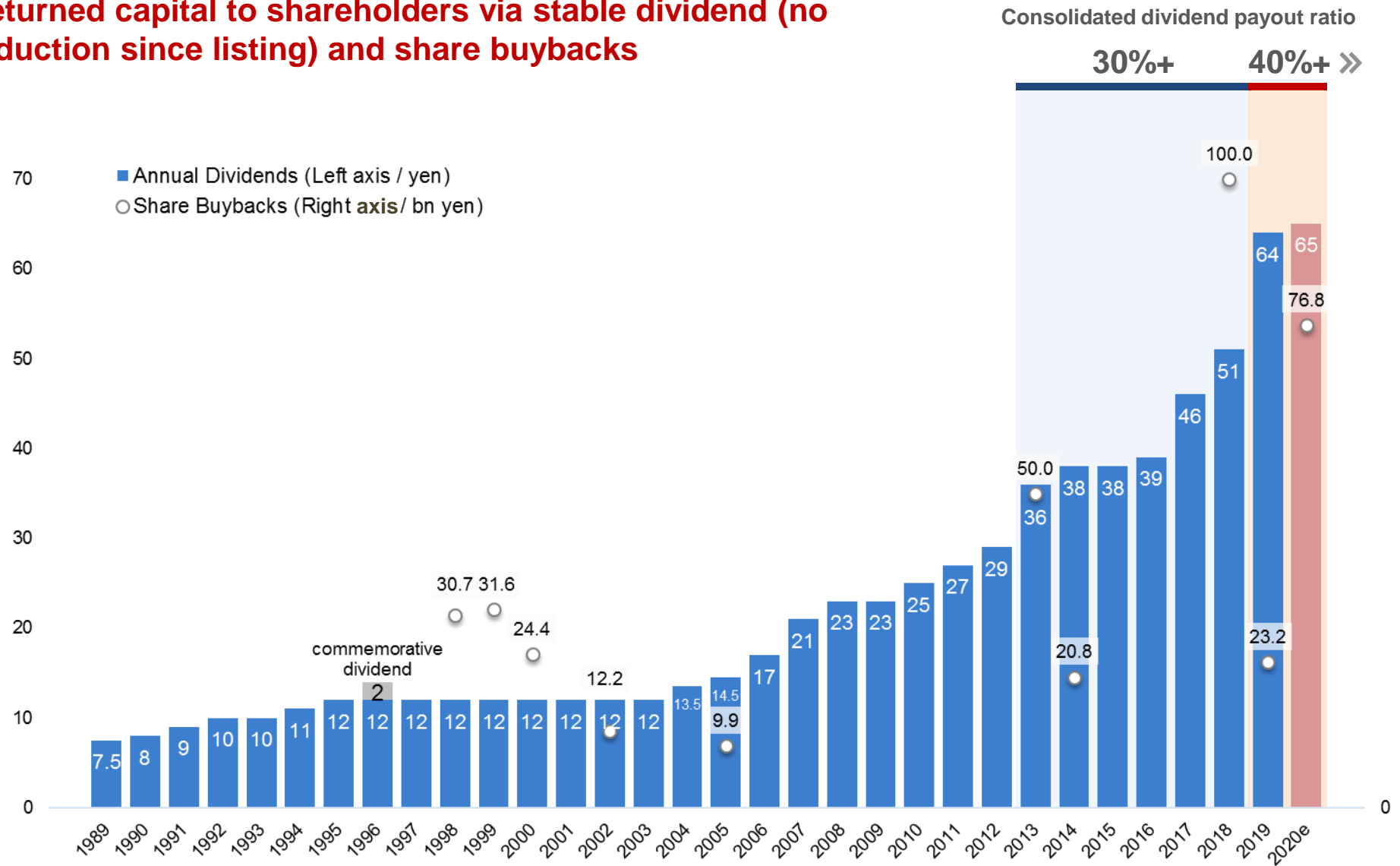


Free Cash Flow

- 1. Stable dividend**
- 2. Growth investment (M&A)**
 - Priority 1: Food
 - Priority 2: Health Science
- 3. Share buyback**

Annual Dividend

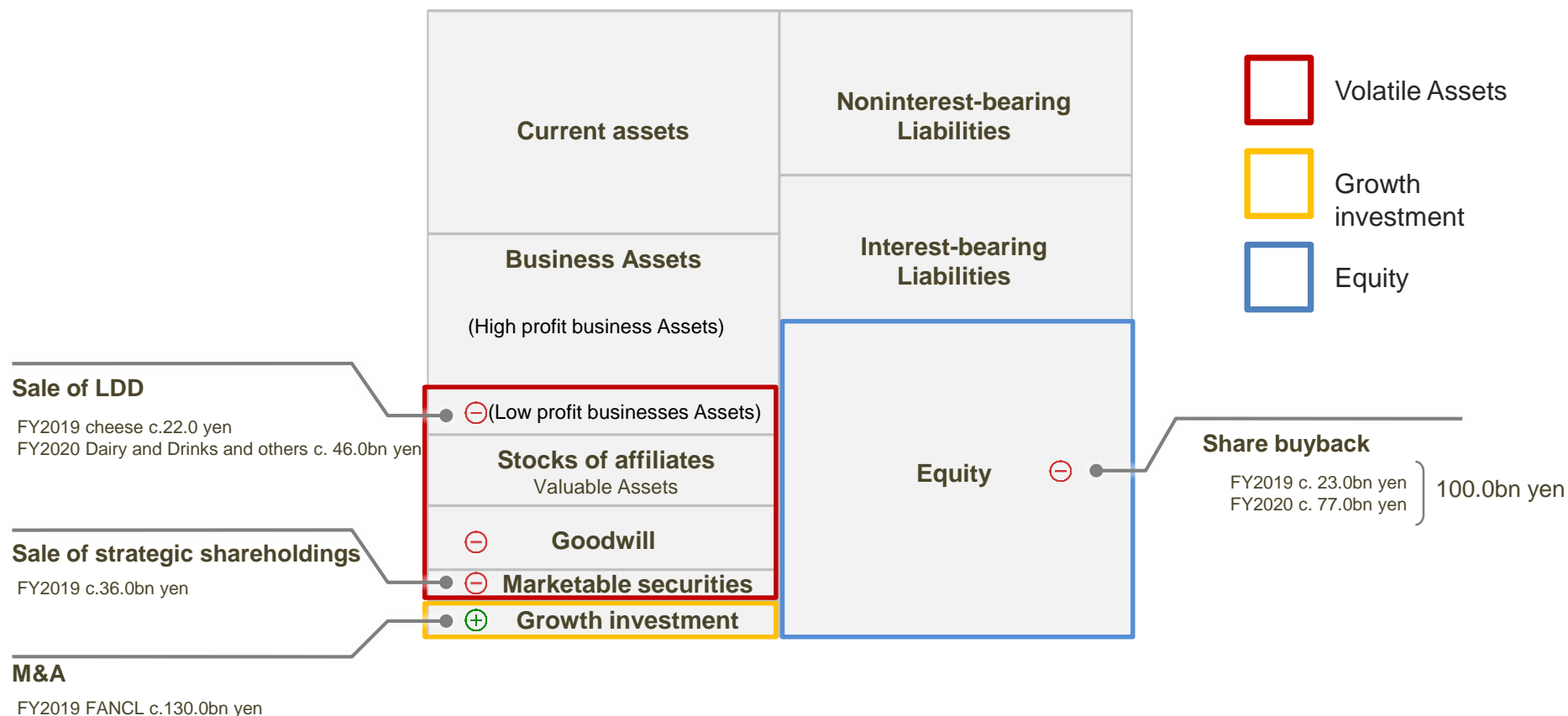
Returned capital to shareholders via stable dividend (no reduction since listing) and share buybacks



FY2019 Year-End Balance Sheet

Growth investment and Volatile Assets are controlled without fully depending on interest-bearing debt

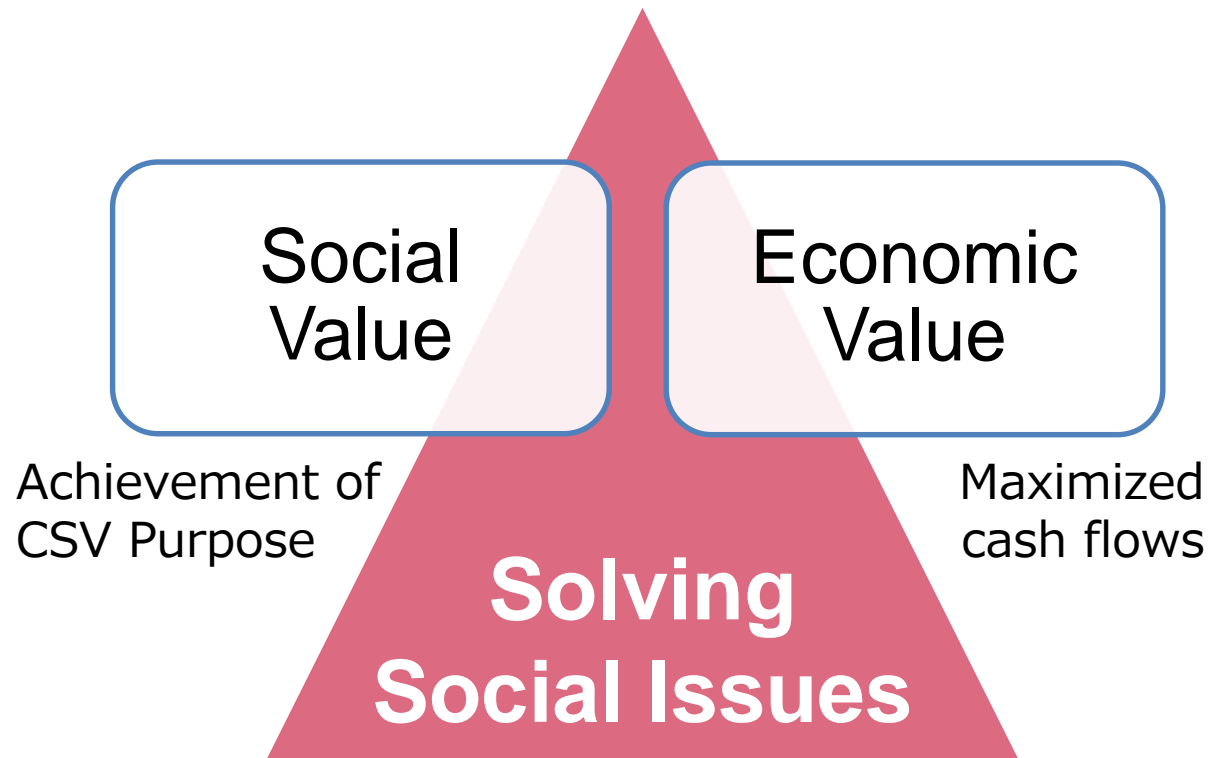
- Use cash from sale of Lion Pty Limited Dairy and Drinks and other strategic holdings to repurchase 100.0bn yen of stock



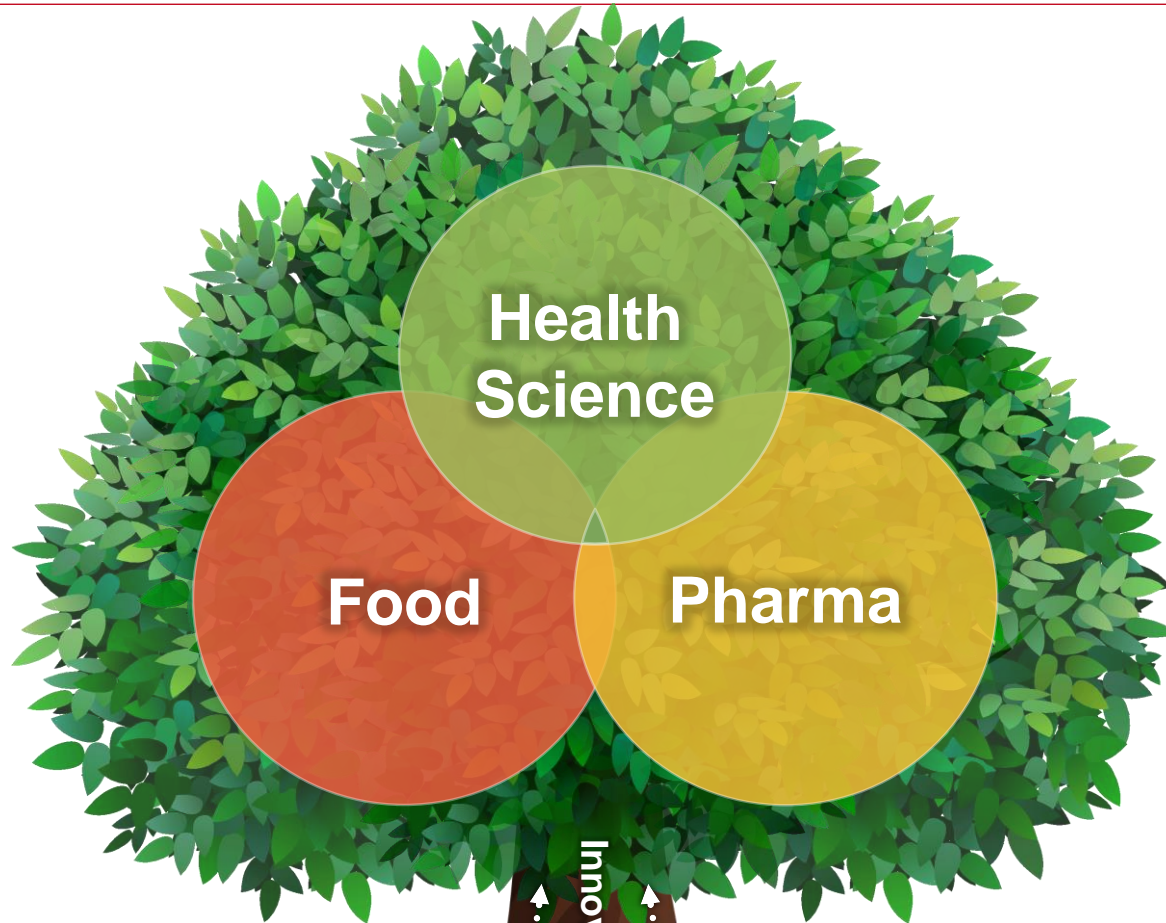
Results and Initiatives for Medium Term 2019-2021 Plan

**Become a leading global CSV company and
aim to maximize "Social Value" and "Economic Value"**

Sustainable Growth



Kirin Group's Core Competencies and Value Creation



Health
Science

Food

Pharma

Innovation

Core technology that assures value creation:

Fermentation & Biotechnology

Consumer centric
marketing expertise

ICT accelerating
value creation

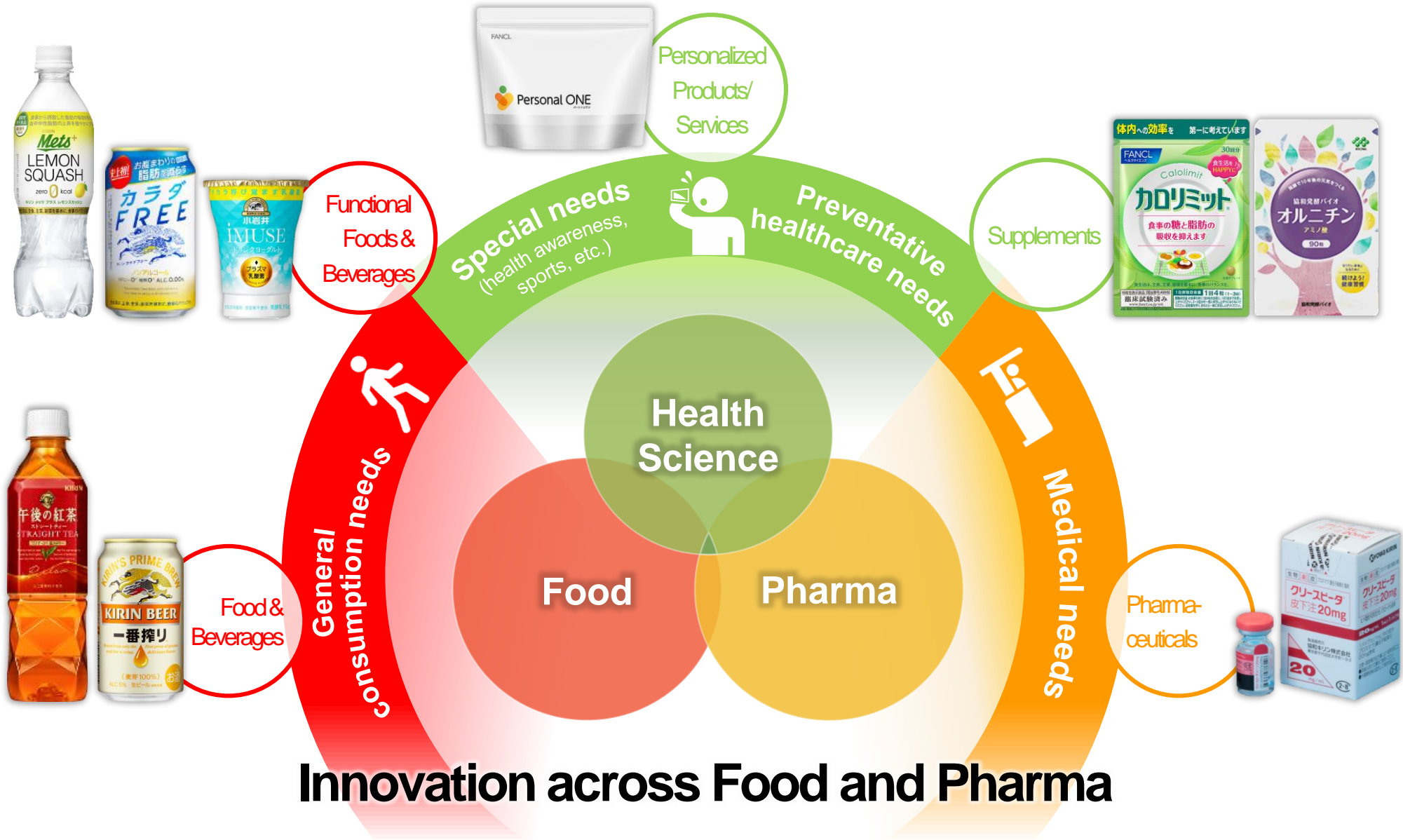
Diversity and inclusion,
culture for innovation

Value Creation

**Core
competencies**
Foundations for driving
innovations

Kirin Group's Business Domains

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Progress and Achievements of Medium-Term Business Plan

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Solid growth in existing businesses in the 1st year of MTBP. Delivered as promised

Food

Alcoholic and non-alcoholic Beverages

Strengthen profitability

- ▶ Established strong brand equity and profit base in Japan
- ▶ Expanded value-added categories to overseas, e.g. craft beer

Pharma

Drive rapid growth

- ▶ Maximized value of global strategic products
- ▶ Expanded pipeline through development of new products

Health Science

Launch and develop

- ▶ Strengthened development of high-function materials
- ▶ Built unique Kirin business model

Medium-Term Business Plan

Progress and Achievements: Food

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Beer and beverages outperforming competitors

Food

Alcoholic and non-alcoholic Beverages

Kirin Brewery

Volume up for 2nd consecutive year
Profit up for 4th consecutive year

Pharma

Kirin Beverage

Volume up for 2nd consecutive year
Profit up for 5th consecutive year

Health Science

Myanmar Brewery Limited

Volume up for 3rd consecutive year
Profit up for 3rd consecutive year

Consolidated in 2016

Medium-Term Business Plan

Progress and Achievements: Food - Kirin Brewery



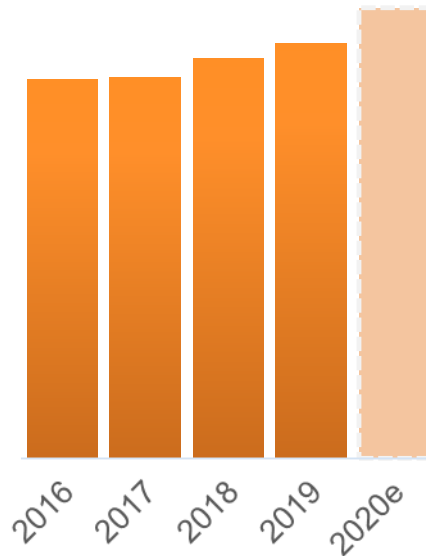
Kirin Brewery's growth is outperforming the industry

"Ichiban Shibori"

3rd consecutive year of growth in Cans
Become "Mainstream Japan Beer"



"Ichiban Shibori" FY Volume

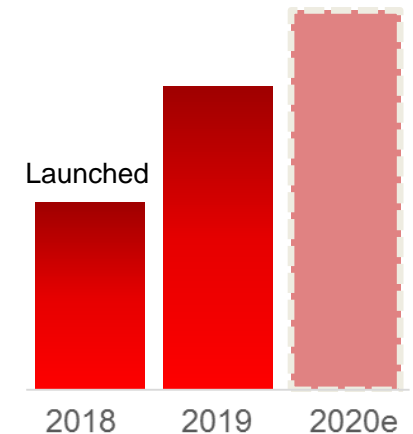


"Honkirin"

Drove the highest Sales volumes
for new genres



"Honkirin" FY Volume



Medium-Term Business Plan Progress and Achievements-Pharma

Progressing successfully on the launch of global strategic products into US / Europe

Food

Alcoholic and non-alcoholic Beverages

Pharma

Health Science



Crysvita (Genetic Rickets)



2018



2018



Poteligeo (Hematological cancer)



2018



Nourianz (Parkinson's Disease)



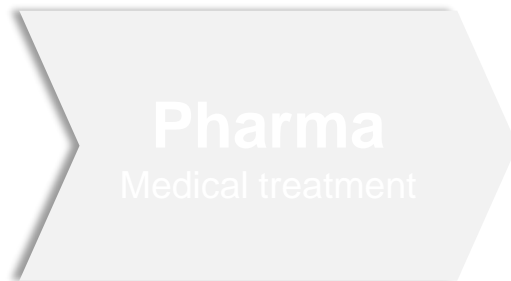
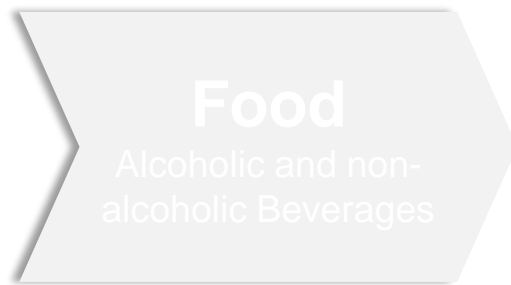
2019



Medium-Term Business Plan

Progress and Achievements: Health Science

FANCL investment completes foundation of the Health Science value chain



“Businesses bridging Pharma and Food & Beverages”



“Health Science”

Medium-Term Business Plan Progress and Challenges

Maintaining progress while addressing potential issues

**Rapidly
changing
Beer market**

(alcohol tax revision,
beer market contraction)

**Launch new
initiatives
driving
profitability**

**Strengthen
position in
Craft Beer
market**



Tap Marché
exceeds 13,000
locations

Acquired
New Belgium
Brewing in US

**Expansion
of Health and
Wellness
markets**

**Establish
Health
Science
platform**

**Equity
business
alliance with
FANCL**



FANCL

Thoroughly review
the Quality
Assurance structure

Pursue new
synergies

Kirin's Initiatives to Create Synergies with FANCL

Four subcommittees established to pursue timely synergy initiatives

Conducted **200+** meetings by end of January 2020

Product development

R&D

Health and wellness

- Promotion of joint research
- Material and product development

Cosmetics

- Leverage Kirin technology and expertise
- Container recycling and environmental initiatives

Health and wellness

Marketing collaboration

- Marketing based on demographics and consumer needs
- Near, medium, and long-term initiatives

Channel synergies

Mutual utilization of infrastructure

Channel Infrastructure Synergy

- Collaboration of FANCL and Kyowa Hakko Bio on mail-order / e-commerce channel
- Leverage FANCL sales channel for Koiwai Dairy and Mercian products
- Health and wellness management promotion project
- Leverage Kirin vending machines (Tappiness)
- Introduce mutual distribution and business partners

Cost efficiencies

Mutual utilization of infrastructure

To streamline value chain (marketing, etc.)

- Joint production and distribution
- Review procurement
- Co-Promotion, Co-PR, etc.

Exchanges / Interactions

Cross-Promotion

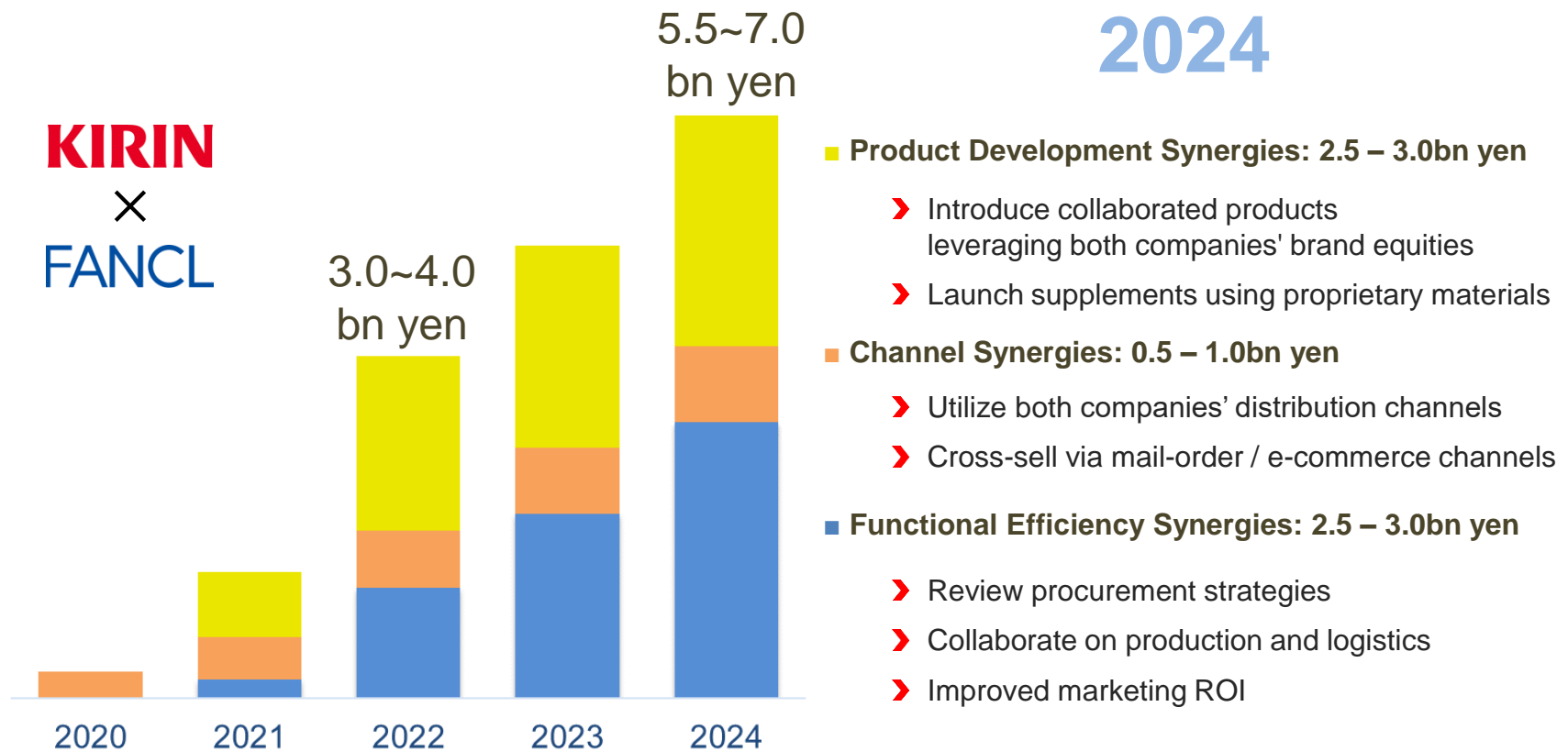
Promoting mutual understanding

- Employee exchanges
- Information exchanges
- Seminars and workshops
- Install Kirin vending machines in FANCL facilities

Generating Synergies with FANCL

Targeting 5.5 - 7.0 bn yen of synergies in five years

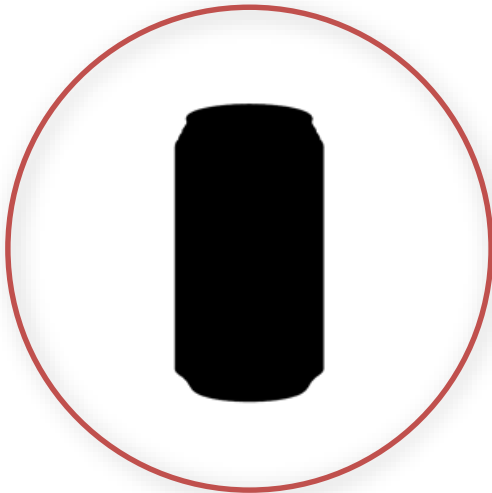
Contributions to Kirin Holdings' Normalized OP



New products to be launched after Fall 2020 through Product Development Synergies

Kirin Beer

Leverage FANCL brands



Kirin Beverage

Leverage FANCL brands



FANCL

Utilize proprietary materials
developed by Kirin



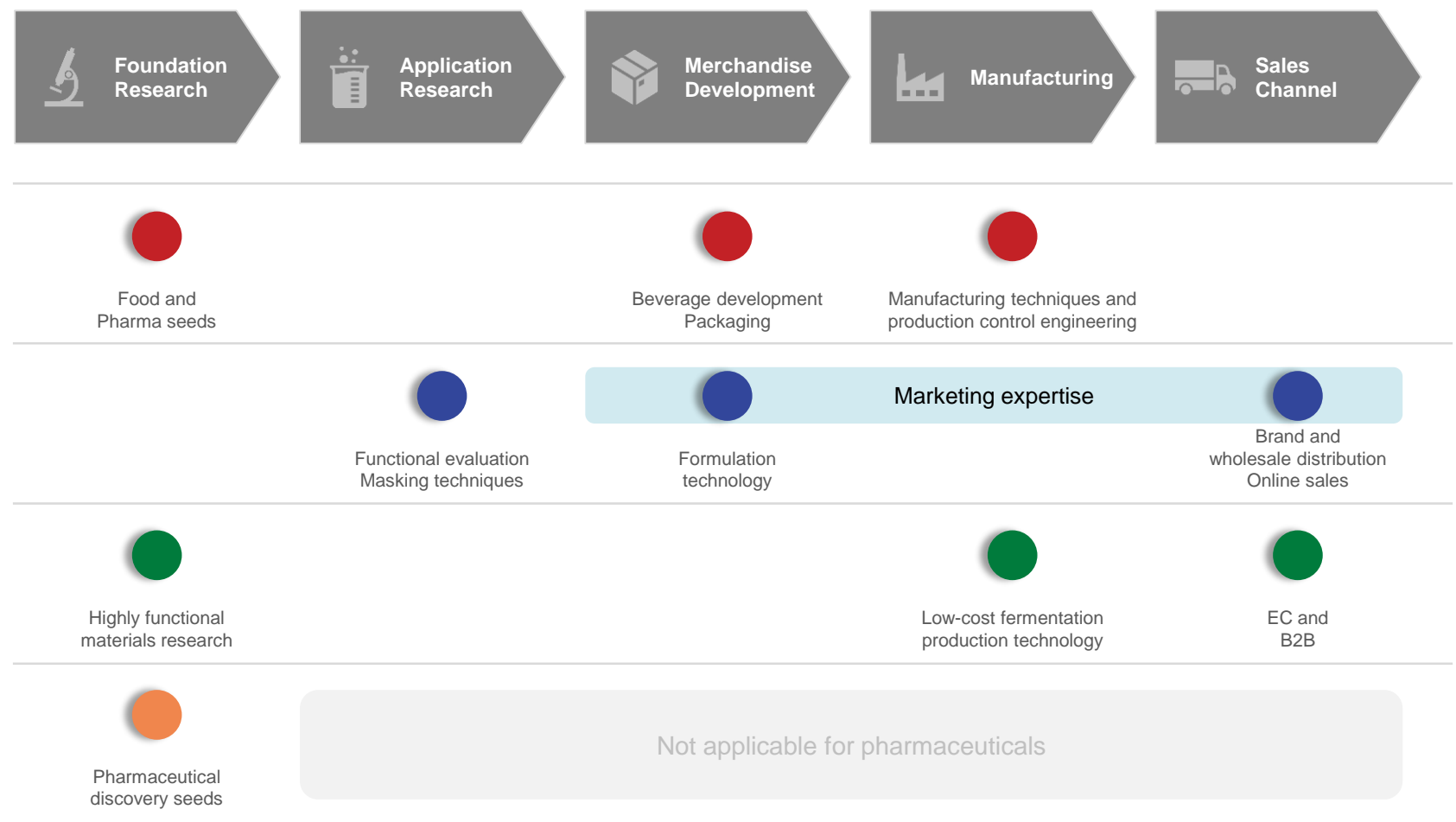
2020 Fall ~

Health Science

Build a strong value chain in Health Science



Build a strong value chain by combining industry-leading strengths of each business



Key Success Factor to Win in Health Sciences

Business Concept

Leverage Expertise to Fulfill Unmet Needs for Health and Wellness by Leveraging Our Expertise

Key Success Factor

Generate synergies through
fermentation biotechnology

Low-cost fermentation
production technology



Manufacturing techniques and
production control engineering



Manufacturing control of
pharmaceutical products



Generate synergies
with existing businesses

Brand marketing



Marketing knowhow in
beverage industry



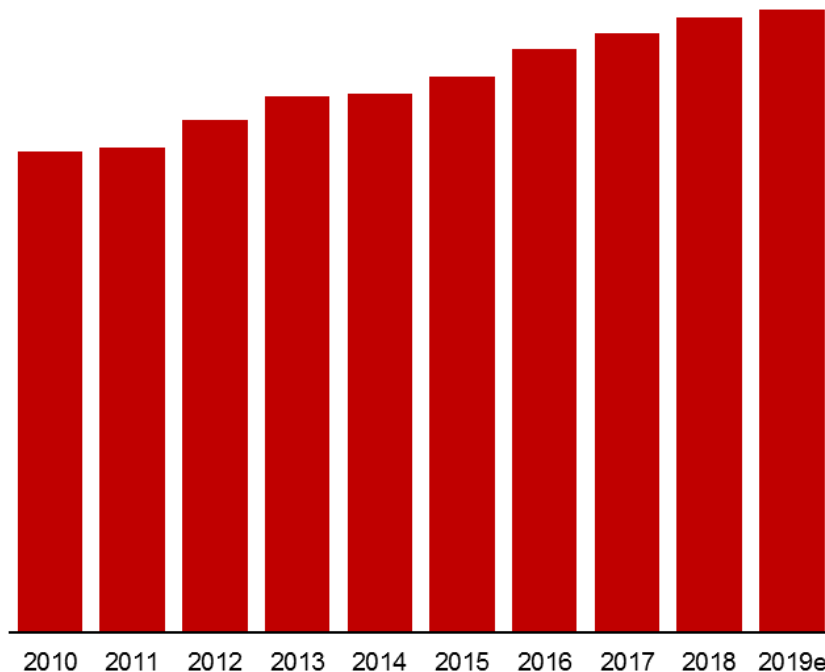
Scientific regulatory knowledge



Strong Growth Potential for Health and Wellness Food Markets

Leverage Kirin's strengths to capture opportunities in Japan's expanding health and wellness food market

Health and Wellness Food Market: 2.4tn yen*



Source: Fuji Keizai H/B Marketing Handbook 2019

*Total of health-oriented foods (obvious foods, drinks) and function-oriented foods (health foods, series supplements)

Social Trends

Aging population	Shrinking workforce
Women's advancement in society	Changing diet and nutrition



Kirin Group's Strengths



Solutions in Health Science

(Deeper dive at upcoming Investor Day)

Growth Scenario Example: "Human Milk Oligosaccharides"

Mass and low cost production with fermentation technology will enable us to
1) be competitive, 2) contribute to Wellness, 3) create new market,
4) increase margins



What is human milk oligosaccharide (HMO)?

Oligosaccharides specifically contained in human breast milk (primarily colostrum). There are reports with evidence of how it affect immune activation, intestinal protection, prebiotics, brain function development, etc.

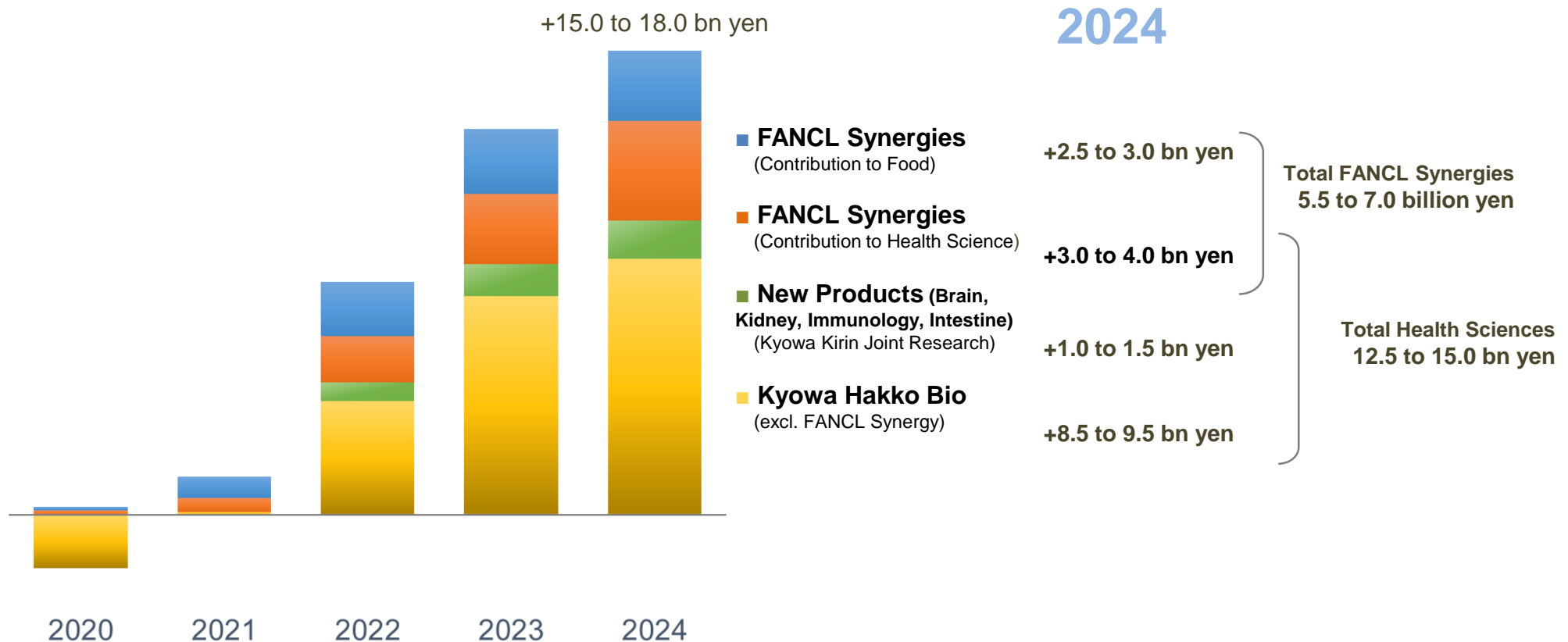
Potential use case of processed HMO through the fermentation production

- Mixing with powdered milk to improve health of babies
- Provide the benefits of breastfeeding beyond childhood (Health and Well-being foods, etc.)

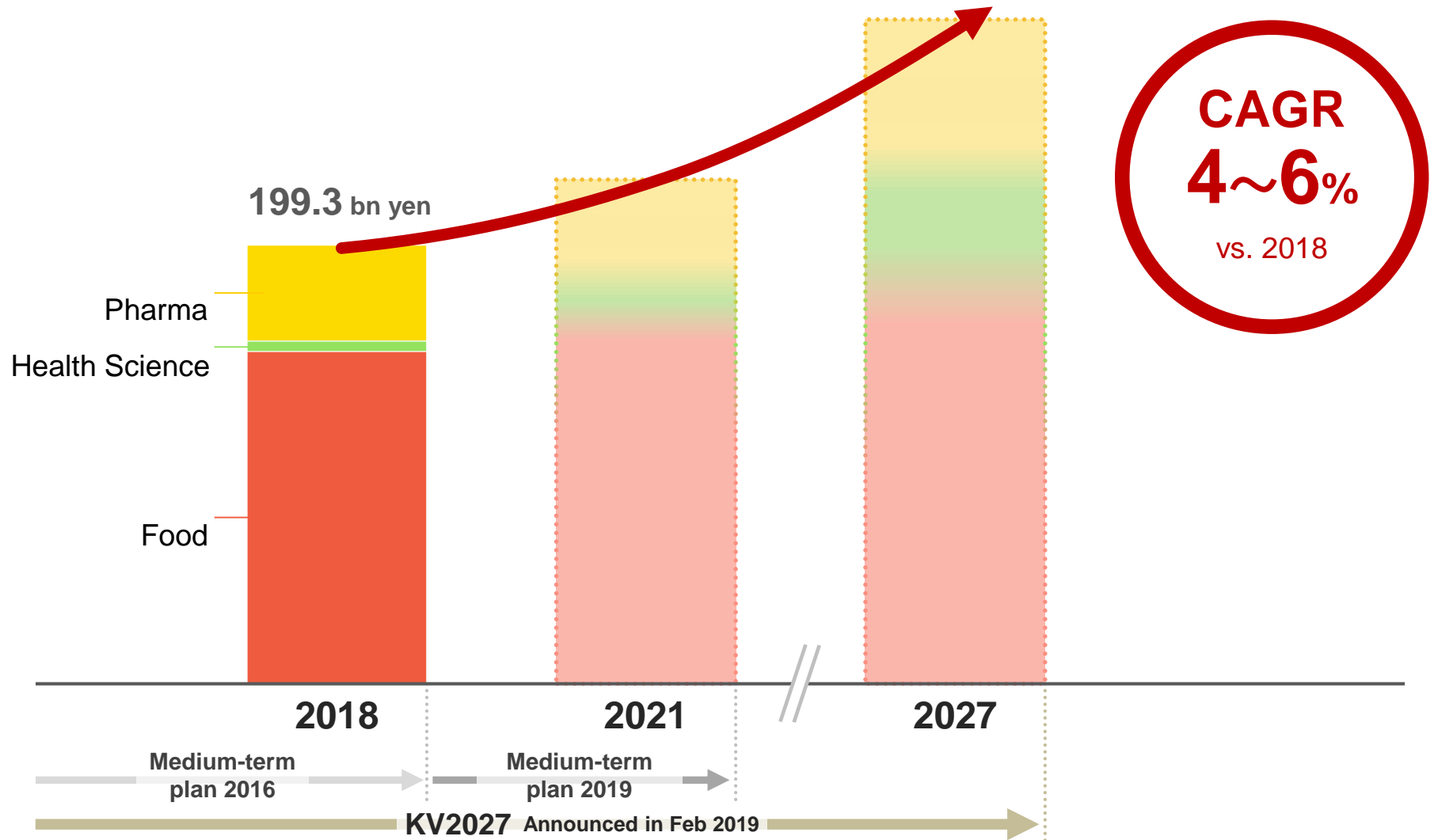
Profit contributions from Health Science related field

**15.0 – 18.0 bn yen of Normalized OP from Health Science in Five Years;
including 2.5 – 3.0 bn yen of FANCL synergies to Food**

Contributions to Kirin Holdings' Normalized OP



KV2027 Normalized OP Growth



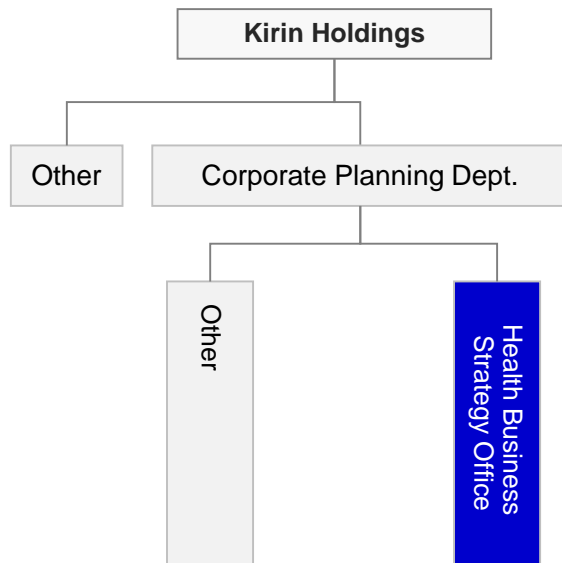
Governance

Business Governance in Health Science

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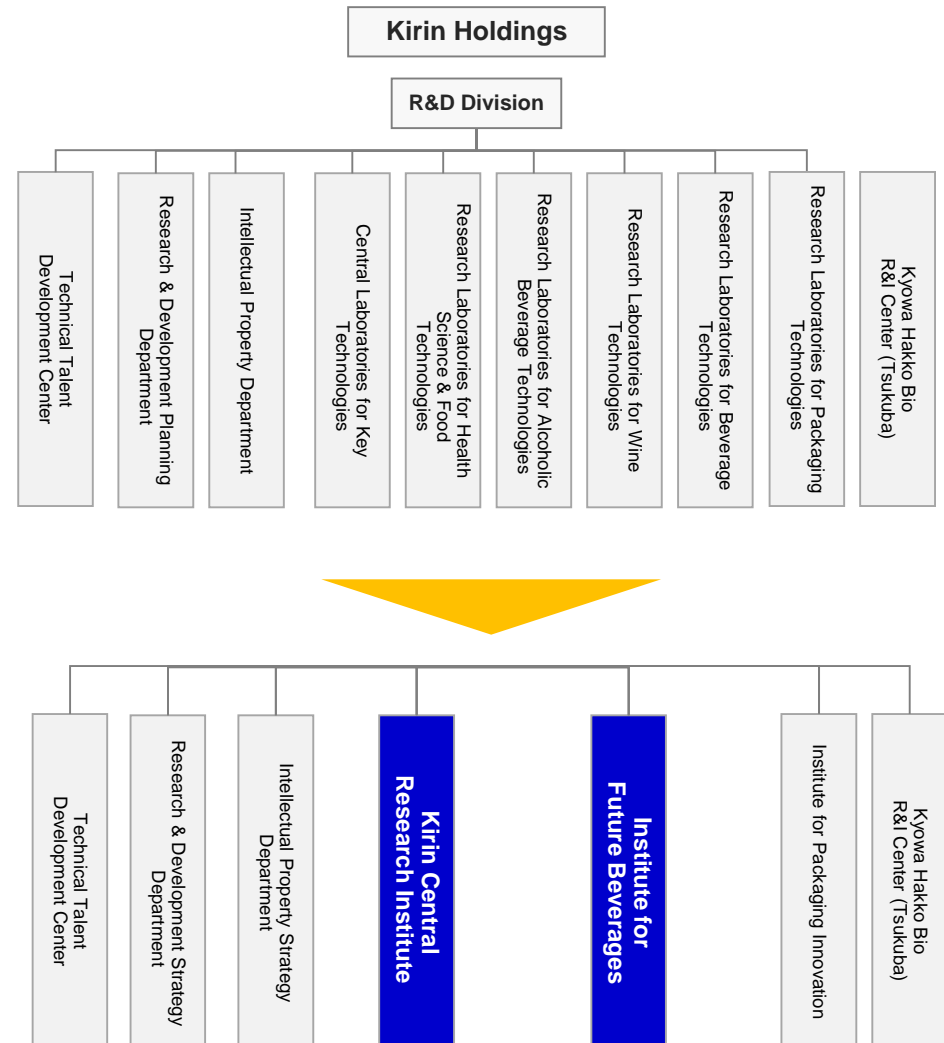


Established Health Business Strategy Office



Established Health Business Strategy Office in 2020 Q1, which formulates an overall strategy in Health Science area and supervise and promote a series of initiatives

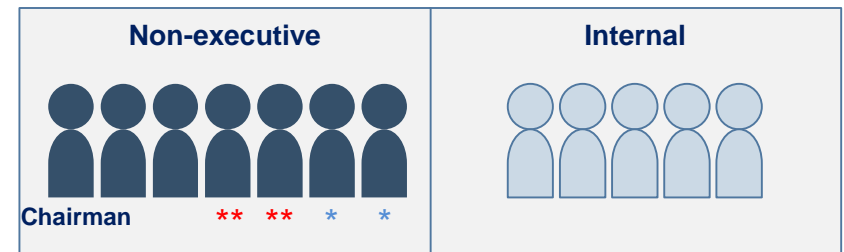
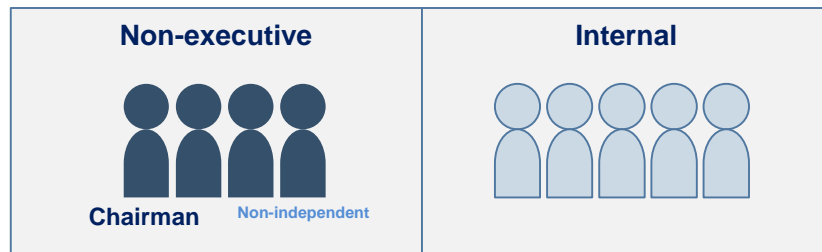
Integration of R&D Institute



Corporate Governance (Post AGM)

Strengthen monitoring functions by increasing the diversity and expertise of Board of Directors; conduct strategic reviews of investment projects as appropriate

	FY2019	FY2020	Priorities for Enhancing Skillset
Total # of Board of Directors	9	12	Health Science
Internal directors	5	5	ESG / Sustainability
Non-executive directors	4	7	Brand Strategy / Marketing
Independent directors	3	7	International
(% of independent directors)	33%	<u>58%</u>	Finance / Accounting
Female	0	<u>2</u>	
International	0	<u>2</u>	



** Female * International

Appendix

Details of the Normalized EPS

Normalized EPS			
(bn yen)		2019 Actual	2018 Actual
Profit attributable to Owners of the Company	①	59.6	164.2
Profit from discontinued operations	②	-	-
Other operating income/expenses after taxes and other adjustments	③	79.0	-14.5
Normalization profit	④ = (① - ②) + ③	138.6	149.7
Average number of shares during the period ('000)	⑤	877,038	894,506
Normalized EPS (yen)	④ ÷ ⑤	158	167

2019 Actual - Revenue

(bn yen)	2019 Actual	2018 Actual	YoY	%
Revenue	1,941.3	1,930.5	10.8	0.6%
Japan Beer and Spirits	681.9	685.1	-3.2	-0.5%
Kirin Brewery	665.0	668.1	-3.1	-0.5%
Other and elimination	16.9	17.0	-0.1	-0.6%
Japan Non-alcoholic Beverages	286.8	283.0	3.8	1.4%
Kirin Beverage	288.8	284.8	4.0	1.4%
Elimination	-2.0	-1.9	-0.2	—
Oceania Integrated Beverages	299.7	329.5	-29.8	-9.0%
Lion	299.8	329.5	-29.8	-9.0%
Beer, Spirits, and Wine	171.5	185.4	-13.8	-7.5%
Dairy and Drinks	128.2	144.2	-15.9	-11.0%
Elimination	-0.0	-0.0	-0.0	—
Pharmaceuticals	304.9	270.4	34.4	12.7%
Kyowa Kirin	305.8	271.5	34.3	12.6%
Elimination	-1.0	-1.1	0.1	—
Other	368.0	362.5	5.5	1.5%
Mercian	63.9	64.8	-0.9	-1.4%
Myanmar Brewery	32.6	26.2	6.4	24.4%
Coke Northeast	132.6	131.7	0.9	0.6%
Kyowa Hakko Bio	74.9	78.2	-3.3	-4.2%
Other and elimination	64.2	61.7	2.4	4.0%

2020 Forecast - Revenue

(bn yen)	2020 Forecast	2019 Actual	YoY	%
Revenue	2,000.0	1,941.3	58.7	3.0%
Japan Beer and Spirits	697.6	681.9	15.7	2.3%
Kirin Brewery	679.1	665.0	14.1	2.1%
Other and elimination	18.4	16.9	1.6	9.2%
Japan Non-alcoholic Beverages	288.5	286.8	1.7	0.6%
Kirin Beverage	290.4	288.8	1.5	0.5%
Elimination	-1.9	-2.0	0.1	—
Oceania Integrated Beverages	318.6	299.7	18.9	6.3%
Lion	318.7	299.8	18.9	6.3%
Beer, Spirits, and Wine	200.5	171.5	29.0	16.9%
Dairy and Drinks*	118.1	128.2	-10.1	-7.9%
Elimination	-0.1	-0.0	-0.0	—
Pharmaceuticals	326.1	304.9	21.2	7.0%
Kyowa Kirin	327.0	305.8	21.2	6.9%
Elimination	-0.9	-1.0	0.0	—
Other	369.2	368.0	1.2	0.3%
Mercian	65.3	63.9	1.4	2.2%
Myanmar Brewery	36.4	32.6	3.8	11.7%
Coke Northeast	132.5	132.6	-0.0	-0.0%
Kyowa Hakko Bio	64.5	74.9	-10.4	-13.9%
Other and elimination	70.6	64.2	6.5	10.1%

*Kirin Foods Australia Holdings, a 100% subsidiary of Lion had entered into the Stock Purchase Agreement whereby Lion-Dairy and Drinks are to be transferred to Mengniu Dairy's subsidiary in November, 2019. The timing of the transfer has not been determined.

2019 Actual - Normalized OP

(bn yen)	2019 Actual	2018 Actual	YoY	%
Normalized OP	190.8	199.3	-8.6	-4.3%
Japan Beer and Spirits	85.2	82.7	2.5	3.0%
Kirin Brewery	83.3	80.9	2.4	3.0%
Other and elimination	1.8	1.8	0.1	3.0%
Japan Non-alcoholic Beverages	26.4	23.3	3.0	13.0%
Kirin Beverage	26.4	23.3	3.0	13.0%
Oceania Integrated Beverages	41.4	51.8	-10.5	-20.2%
Lion	41.4	51.8	-10.5	-20.2%
Beer, Spirits, and Wine	45.1	53.3	-8.3	-15.5%
Dairy and Drinks	1.6	5.1	-3.6	-69.1%
Corporate	-5.3	-6.7	1.3	—
Pharmaceuticals	55.4	50.4	5.0	9.9%
Kyowa Kirin	55.4	50.4	5.0	9.9%
Other	27.0	27.1	-0.1	-0.3%
Mercian	2.2	2.6	-0.4	-15.5%
Myanmar Brewery	12.9	10.1	2.8	27.8%
Coke Northeast	5.3	2.8	2.4	86.0%
Kyowa Hakko Bio	2.3	8.1	-5.8	-71.4%
Other and elimination	4.4	3.5	0.9	25.5%
Corporate expenses/inter-segment	-44.6	-36.0	-8.5	—

2020 Forecast - Normalized OP

(bn yen)	2020 Forecast	2019 Actual	YoY	%
Normalized OP	191.0	190.8	0.2	0.1%
Japan Beer and Spirits	85.5	85.2	0.3	0.4%
Kirin Brewery	84.0	83.3	0.7	0.8%
Other and elimination	1.5	1.8	-0.3	-17.5%
Japan Non-alcoholic Beverages	26.5	26.4	0.1	0.5%
Kirin Beverage	26.5	26.4	0.1	0.5%
Oceania Integrated Beverages	36.2	41.4	-5.1	-12.4%
Lion	36.2	41.4	-5.1	-12.4%
Beer, Spirits, and Wine	42.6	45.1	-2.4	-5.4%
Dairy and Drinks*	1.8	1.6	0.2	14.4%
Corporate	-8.2	-5.3	-2.9	—
Pharmaceuticals	64.0	55.4	8.6	15.6%
Kyowa Kirin	64.0	55.4	8.6	15.6%
Other	25.8	27.0	-1.2	-4.5%
Mercian	2.7	2.2	0.5	23.2%
Myanmar Brewery	14.6	12.9	1.7	13.4%
Coke Northeast	6.0	5.3	0.7	12.8%
Kyowa Hakko Bio	-2.0	2.3	-4.3	—
Other	4.6	4.4	0.2	4.4%
Corporate expenses/inter-segment	-47.1	-44.6	-2.5	—

*Kirin Foods Australia Holdings, a 100% subsidiary of Lion had entered into the Stock Purchase Agreement whereby Lion-Dairy and Drinks are to be transferred to Mengniu Dairy's subsidiary in November, 2019. The timing of the transfer has not been determined.

2019 Actual: Kirin Brewery

(1,000 HL)	2019 Actual	2018 Actual	YoY
Total beer	17,150	17,100	0.3%
Beer	5,600	5,900	-5.0%
Happo-shu	3,920	4,220	-7.1%
New genre	7,630	6,980	9.3%
RTD	3,820	3,590	6.3%
Non-alcohol beverages	400	390	1.6%

(bn yen)	2019 Actual	2018 Actual	YoY	%
Revenue	665.0	668.1	-3.1	-0.5%
Revenue excl. liquor tax	390.1	389.7	0.5	0.1%
Normalized OP	83.3	80.9	2.4	3.0%

Note

Domestic Liquor Markets

- ▶ Beer decreased slightly by about -1%.
- ▶ The RTD market continues to expand, and total beer and RTD exceeded the prior year.

Sales Volume

- ▶ Beer sales increased 0.3%, surpassing the market, led by the focused on Kirin Ichiban canned product and Honkirin.

Revenue • Normalized OP

- ▶ Revenue declined due to a decrease in beer composition, but revenue excluding liquor tax came in higher.
- ▶ Normalized OP increased as marginal profit declines as a result of lower sales volumes and higher transportation costs for beer and happo-shu, which were offset by lower selling expenses and other cost

2018 Normalized OP (bn yen)		80.9	Main items
YoY change (bn yen)	Decrease in marginal profit of alcohol beverages, etc.	-4.3	Total beer products -4.2 bn yen (decrease in beer -300,000HL, decrease in happo-shu -300,000HL, increase in new genre 650,000HL) Total other than beer products 1.6 bn yen (increase in RTD 230,000HL, increase in non-alcohol beverages 10,000HL) Difference of change in composite of products, etc. -1.7bn yen
	Decrease in raw material costs	0.7	
	Decrease in selling expenses	2.5	Decrease in sales promotion expenses: 2.5bn yen; decrease in advertising expenses: 0.0bn yen (Total: 62.1bn →: 59.6bn yen)
	Decrease in Other expenses	3.5	Decrease in allocated corporate expenses 2.4bn yen, etc.
	Total	2.4	
2019 Normalized OP		83.3	

2020 Forecast: Kirin Brewery

(1,000 HL)	2020 Fcst	2019 Actual	YoY
Total beer	17,300	17,150	0.9%
Beer	5,700	5,600	1.7%
Happo-shu	3,890	3,920	-0.8%
New genre	7,710	7,630	1.1%
RTD	4,200	3,820	9.9%
Non-alcohol beverages	500	400	25.3%

(bn yen)	2019 Actual	2018 Actual	YoY	%
Revenue	679.1	665.0	14.1	2.1%
Revenue excl. liquor tax	395.8	390.1	5.7	1.5%
Normalized OP	84.0	83.3	0.7	0.8%

Note

Sales volume

- Continued focus on marketing with aim to increase sales volume by focusing on core brands.
- Expand market for RTDs and non-alcoholic beverages in response to market needs.

Revenue • Normalized OP

- Increase sales volume for non-alcoholic beverages, which are growing due to increases in RTDs and new products.
- SG&A expenses are expected to rise to bolster investments in non-alcohol beverages and craft beer.
- Increase profits as higher marginal profit and lower cost offsets increasing cost. Further develop brands with a view to long-term growth.

2019 Normalized OP (bn yen)		83.3	Description
YoY change (bn yen)			Total beer products 1.3bn yen (increase in beer 100,000HL, decrease in happo-shu -30,000HL, increase in new genre 80,000HL)
	Increase in marginal profit of alcohol bevs., etc	2.1	Total other than beer products 4.7bn yen (increase in RTD 380,000HL, increase in non-alcohol beverages 100,000HL, etc.)
			Difference of change in composite of products, etc. -3.9bn yen
	Increase in raw material cost	-1.9	
	Decrease in selling expenses	0.5	Decrease in sales promotion and advertising (Total 59.6bn → 59.1bn yen)
	Decrease in other expenses	0.0	
	Subtotal	0.7	
2020 Normalized OP (Forecast)		84.0	

From this fiscal year, a part of sales promotion expenses has been reclassified from fixed costs to variable costs.

2019 Actual: Kirin Beverage

Sales Volume (10,000 cases)		FY19 Actual	FY18 Actual	YoY
Category	Black tea	5,711	5,190	10.1%
	Japanese tea	3,419	3,451	-0.9%
	Coffee	2,758	2,632	4.8%
	Fruit and veg. juice	2,453	2,530	-3.1%
	Carbonated beverages	1,929	2,155	-10.5%
	Functional beverages	1,144	1,238	-7.7%
	Water	4,256	4,319	-1.5%
	Others	1,912	1,801	6.2%
By Container	Can	3,166	3,541	-10.6%
	Large PET bottle	7,864	7,911	-0.6%
	Small PET bottle	10,551	9,700	8.8%
	Others	2,001	2,165	-7.5%
Total		23,583	23,316	1.1%

(bn yen)	2019 Actual	2018 Actual	YoY	%
Revenue	288.8	284.8	4.0	1.4%
Normalized OP	26.4	23.3	3.0	13.0%

2018 Normalized OP (bn yen)		23.3	Main items
YoY change (bn yen)	Increase in marginal profit	4.4	Increase in sales volume 2.66 million cases, 1.3bn yen, difference of change in products mix and in composition ratio of containers, etc. 3.2bn yen
	Decrease in raw material costs, etc.	0.0	Decrease in raw material cost 0.7bn yen, increase in material cost -0.5bn yen, Increase in processing cost -0.2bn yen
	Increase in selling expenses	-0.5	Increase in sales promotion cost -1.4bn yen, decrease in advertising cost 0.9bn yen (Total 36.7→37.2)
	Increase in other expenses	-0.9	Decrease in allocated corporate expenses 0.8bn yen, increase in depreciation of vending machine, etc.
Total		3.0	
2019 Normalized OP		26.4	

Note

Soft drinks markets

- ▶ Soft drinks market shrank by 2%.

Sales Volume

- ▶ Despite the impact of large-scale PET product price revisions and unseasonable weather in Jul, sales volume rose 1.1%, a record high.
- ▶ Gogo-no-Kocha and Fire brands increased 9% and 4%, respectively, driven by products in the sugar-free and low-sugar fields.

Supplement to business performance

- ▶ In addition to increased sales volume and large-scale PET price revisions, change in the sales scheme, which is a single-year factor, increased its marginal profit and offset the impact of a decrease in the can composition ratio and an increase in logistics costs.
- ▶ Due to a change in the sales scheme for Tropicana, single-year increases were also recorded in selling expenses and Other expenses. However, Normalized OP margin was 9.1%, thanks to streamlining measures improved its selling practices

2020 Forecast: Kirin Beverage

Sales Volume (10,000 cases)		2020 Fcst	2019 Actual	YoY
Category	Black tea	5,773	5,711	1.1%
	Japanese tea	3,591	3,419	5.0%
	Coffee	2,634	2,758	-4.5%
	Fruit and veg. juice	2,401	2,453	-2.1%
	Carbonated beverages	2,110	1,929	9.4%
	Functional beverages	1,072	1,144	-6.2%
	Water	4,218	4,256	-0.9%
	Others	1,800	1,912	-5.9%
By Container	Can	3,129	3,166	-1.2%
	Large PET bottle	7,788	7,864	-1.0%
	Small PET bottle	10,732	10,551	1.7%
	Others	1,951	2,001	-2.5%
Total		23,600	23,583	0.1%

(bn yen)	2020 Fcst	2019 Actual	YoY	%
Revenue	290.4	288.8	1.5	0.5%
Normalized OP	26.5	26.4	0.1	0.5%

FY19 Normalized OP (bn yen)		26.4	Main items
YoY change (bn yen)	Increase in marginal profit	1.4	Increase in sales volume 0.17 million cases 0.1bn yen, difference of change in products mix and in composition ratio of containers, etc. 1.3bn yen
	Decrease in raw material costs, etc.	0.4	Decrease in raw material cost 0.5bn yen, decrease in material cost 0.1bn yen, Increase in processing cost -0.2bn yen
	Increase in selling expenses	-0.5	Increase in sales promotion and advertising -0.5bn yen (Total 37.2→37.7)
	Increase in other expenses	-1.2	Increase in depreciation of vending machine, etc.
Subtotal		0.1	
FY20 Normalized OP (Revised)		26.5	

Note

Soft drinks markets

- It is expected to remain at the same level as the previous year.

Sales Volume and Revenue

- The company aims to offset the negative impact of large-scale PET price revisions and a reaction to a large-scale increase in demand for water in the previous year by strengthening core brands and the sugar-free and low-sugar fields, with the aim of slightly increasing sales volumes and increasing sales.
- By brand, the company aims to increase sales of Gogo-no-Kocha and Nama-cha and foster Kirin Lemon.

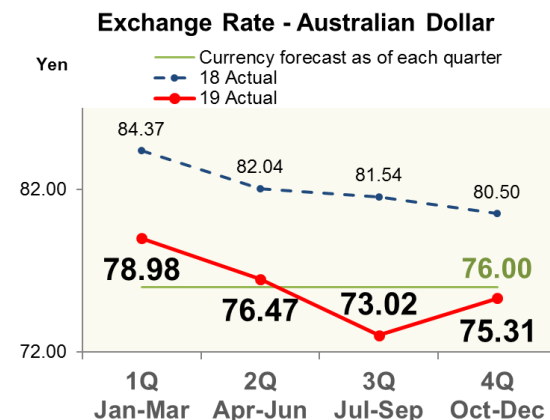
Normalized OP

- Although logistics costs are expected to continue increasing, difference of change in product mix and in composition ratio of containers will improve due to an increase in the proportion of small PETs.
- Selling expenses will increase year-on-year mainly due to 2019 being more efficient than planned. Company will continue to allocate investment to increase efficiency
- Normalized OP is expected to be 9.1%, the same as the previous year.

2019 Actual: Lion

	Yen base (bn yen)			
	2019 Actual	2018 Actual	YoY	%
Revenue	299.8	329.5	-29.8	-9.0%
BSW	171.5	185.4	-13.8	-7.5%
LDD	128.2	144.2	-15.9	-11.0%
Normalized OP	41.4	51.8	-10.5	-20.2%
BSW	45.1	53.3	-8.3	-15.5%
LDD	1.6	5.1	-3.6	-69.1%
Corporate	-5.3	-6.7	1.3	-

	AUS dollar base (million AUS\$)			
	2019 Actual	2018 Actual	YoY	%
Revenue	3,949	4,016	-67	-1.7%
BSW	2,261	2,260	1	0.0%
LDD	1,689	1,756	-68	-3.9%
Normalized OP	545	634	-89	-14.1%
BSW	593	651	-58	-8.9%
LDD	21	63	-42	-66.4%
Corporate	-70	-81	11	-



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

	BSW	LDD
Change in sales volume	-6.1%	-2.5%

Normalized OP YoY Australian dollars (million)	2018 Actual	651	63
	Change in sales volume	-62	-8
	Other	4	-34
	2019 Actual	593	21

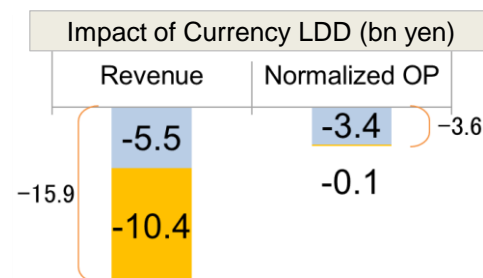
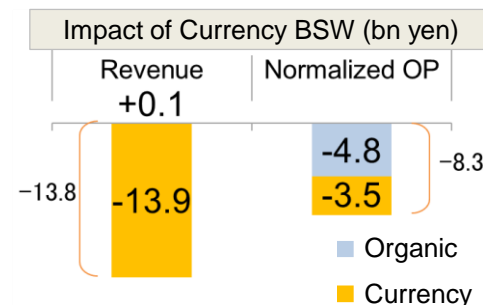
Note

Beer, Spirits & Wine (BSW)

- Decline in volume YoY due to the aggressive competition seen in the Australian market and slower 1Q sales impacted by stronger customer orders in 4Q FY 2018.
- Sales volume in the classic category continued to decline consistent with the market for this category. Our core brands remain strong.
- Despite achieving some price increases, improved mix and reduced costs, this was not enough to offset the impact of the decline in sales volumes.

Dairy and Drinks (LDD)

- Revenue and normalized operating profit continue to be impacted by the severe drought in Australia driving up the cost of milk across most dairy regions in Australia.
- The sale of the specialty cheese business completed in October 2019.



2020 Forecast: Lion

	Yen base (bn yen)			
	2020 Forecast	2019 Actual	YoY	%
Revenue	318.7	299.8	18.9	6.3%
BSW	200.5	171.5	29.0	16.9%
LDD	118.1	128.2	-10.1	-7.9%
Normalized OP	36.2	41.4	-5.1	-12.4%
BSW	42.6	45.1	-2.4	-5.4%
LDD	1.8	1.6	0.2	14.4%
Corporate	-8.2	-5.3	-2.9	—

	AUD basis (million AUS\$)			
	2020 Forecast	2019 Results	YoY	%
Revenue	4,307	3,949	357	9.1%
BSW	2,710	2,261	450	19.9%
LDD	1,596	1,689	-92	-5.5%
Normalized OP	490	545	-55	-10.1%
BSW	576	593	-17	-2.9%
LDD	25	21	3	15.9%
Corporate	-111	-70	-41	—

Assumed exchange rate: ¥74.00 (AUD)

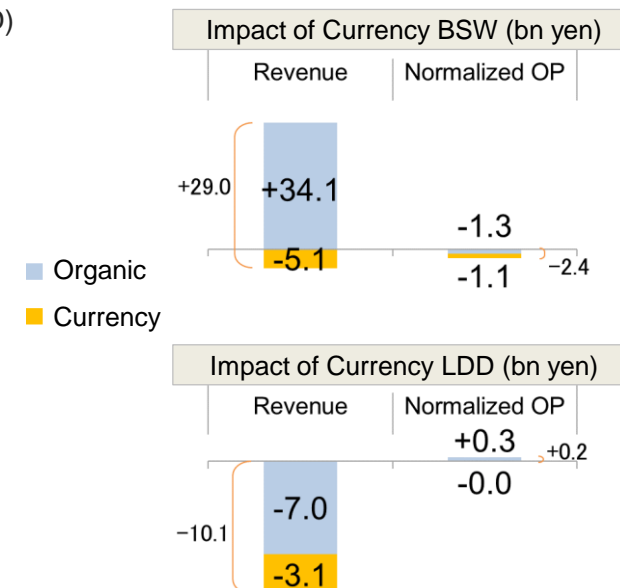
Note

Beer, Spirits & Wine (BSW)

- Sales revenue will increase driven by the acquisition of New Belgium Brewing albeit the impact to NOP will be limited due to F20 integration costs.
- In order to tackle the decline of the classic category in Australia and the impact on Lion's portfolio, we will focus long term by building the strength of our portfolio through further brand investment.
- FY2020 plan is based on an assumption of continued aggressive competition and difficult market conditions. While profitability will temporarily decline in F20, we expect to improve profitability over the medium to long term.

Corporate

- Corporate expenses will increase due to further investment in digital capabilities in F20 which includes implementation of the new ERP system.



(bn yen)	2019 Actual	2018 Actual	YoY	%
Revenue	304.9	270.4	34.4	12.7%
Kyowa Kirin	305.8	271.5	34.3	12.6%
Elimination	-1.0	-1.1	0.1	-
Normalized OP	55.4	50.4	5.0	9.9%
Kyowa Kirin	55.4	50.4	5.0	9.9%

Forecast for 2020				
(bn yen)	2020 Fcst	2019 Actual	YoY	%
Revenue	326.1	304.9	21.2	7.0%
Kyowa Kirin	327.0	305.8	21.2	6.9%
Elimination	-0.9	-1.0	0.0	-
Normalized OP	64.0	55.4	8.6	15.6%
Kyowa Kirin	64.0	55.4	8.6	15.6%

Note FY2019

Revenue: Increasing

- ▶ In Japan, despite the impact of NHI drug price reductions, sales remained on par with the prior year due to growth in sales of new products such as ZEALASTA and RITUXIMABO BS.
- ▶ Outside Japan, revenue grew significantly on the launch of strategic products Crysvita, Poteligeo, and Nourianz.
- ▶ Technology licensing revenue decreased slightly year on year due to the effect from one-time income in the prior year, despite an increase in royalties related to Fasenra's licens.

Normalized OP: Increasing

- ▶ Despite increases in SG&A expenses associated with the establishment of a sales structure overseas and R&D expenses associated with pipeline development, revenue exceeded these expenses and Normalized OP increased significantly.

Note FY2020

- ▶ Revenue is expected to increase year on year.
- ▶ In Japan, revenue is expected to decline due to factors such as drug price revisions and the shift to NESP AGs.
- ▶ Overseas, sales are expected to increase significantly due to expanded indications for adults for Crysvita, the launch of Poteligeo in Europe, and the penetration of Nourianz.
- ▶ Revenues rose on increasing technology licensing revenue from Fasenra.
- ▶ Normalized OP is also projected to increase year on year. Although SG&A expenses and R&D expenses are expected to increase, the growth rate is expected to exceed the sales revenue's growth due to the penetration and expansion of highly profitable global strategic products.

	Yen base (bn yen)			
	2019 Actual	2018 Actual	YoY	%
Revenue	32.6	26.2	6.4	24.4%
Normalized OP	12.9	10.1	2.8	27.8%

	Kyat base (bn MMK)			
	2019 Actual	2018 Actual	YoY	%
Revenue	452	340	111	32.7%
Normalized OP	179	131	48	36.3%

Note

2019 Actual

- Sales volume increased significantly to 20.9%. In addition to the increase in the beer drinking population, the market expanded significantly due to the delayed start of the rainy season in 2Q.
- Andaman Gold, which has the largest market share in the fastest-growing economy category, performed exceptionally well.
- Sales volume and price increases greatly exceeded the deterioration in the mix, achieving higher sales and profits.

2020 forecast

- In this fiscal year, while the weather factors in the previous year will be reversed, the market is expected to expand from high single-digit to c.10%.
- Myanmar Brewery Limited aims to grow faster than the market amid an increasingly challenging market environment.

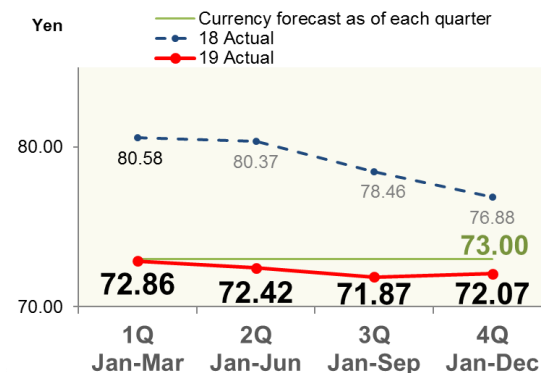
2020 Full-Year Forecast

	Yen base (bn yen)			
	2020 Fcst	2019 Actual	YoY	%
Revenue	36.4	32.6	3.8	11.7%
Normalized OP	14.6	12.9	1.7	13.4%

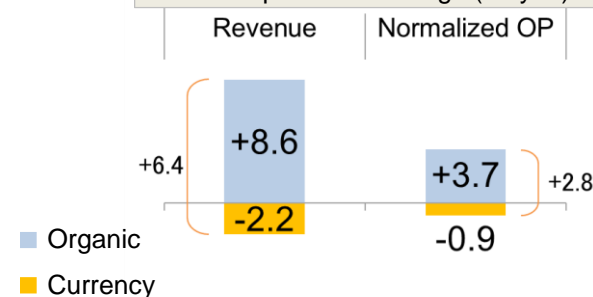
Assumed exchange rate: ¥74.00 ('000 MMK)

	Kyat base (bn MMK)			
	2020 Fcst	2019 Actual	YoY	%
Revenue	491	452	40	8.8%
Normalized OP	197	179	19	10.5%

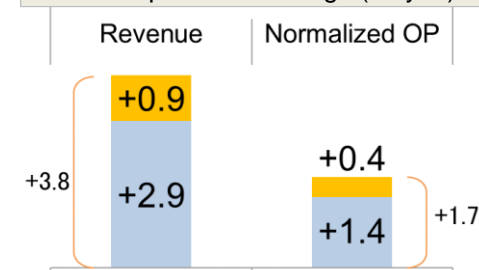
Exchange Rate - 1,000 Myanmar Kyat



FY19 Impact of Exchange (bn yen)



FY20 Impact of Exchange (bn yen)



	Yen base (bn yen)			
	2019 Actual	2018 Actual	YoY	%
Revenue	132.6	131.7	0.9	0.6%
Normalized OP	5.3	2.8	2.4	86.0%

U.S. dollar base (million \$)			
2019 Actual	2018 Actual	YoY	%
1,213	1,193	20	1.7%
48	26	23	88.0%

Note

2019 Actual

- Revenue increased due to higher sales volume and the effects of price revisions from the previous year to the current year.
- Significant profit growth was achieved thanks to the effects of the reorganization of production bases, supply chain optimization, and operational efficiency improvement in the previous year.

2020 forecast

- The company aims to increase sales and profits by continuing to capture market growth, raising unit prices, and improving efficiency through PMI.
- Normalized OP rate increased from 4.0% to 4.5%.

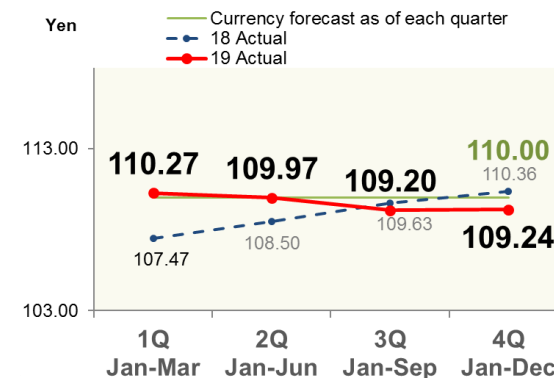
2020 Full-Year Forecast

	Yen base (bn yen)			
	2020 Fcst	2019 Actual	YoY	%
Revenue	132.5	132.6	-0.0	-0.0%
Normalized OP	6.0	5.3	0.7	12.8%

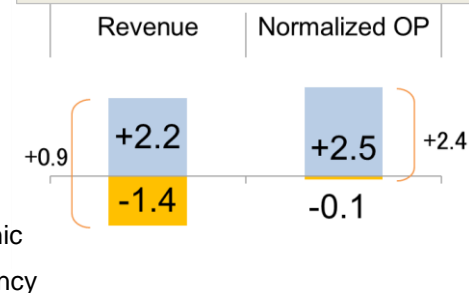
Assumed exchange rate: ¥108.00 (USD)

U.S. dollar basis (million \$)			
2020 Fcst	2019 Actual	YoY	%
1,227	1,213	14	1.1%
55	48	7	14.0%

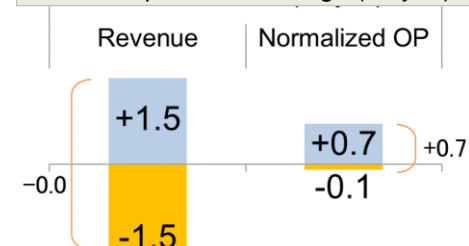
Exchange Rate - US Dollar



FY19 Impact of Exchange (bn yen)



FY20 Impact of Exchange (bn yen)



Affiliate consolidated under the equity-method

Performance of San Miguel Brewery



San Miguel Brewery local-based consolidated results (October 2018 – September 2019)

(million Pesos)	Oct-Dec 2018		Jan-Mar 2019		Apr-Jun 2019		Jul-Sep 2019		FY2019 Total	
	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY	Actual	YoY
Sales*	35,887	10%	34,832	17%	35,451	8%	33,600	9%	139,770	11%
Operating Income*	9,373	-4%	9,556	15%	9,377	4%	9,267	8%	37,573	5%
Operating Income Ratio	26.1%		27.4%		26.4%		27.6%		26.9%	

*Local disclosure base

Source : San Miguel Brewery Inc. Financial Highlights, Quarterly Reports

Incorporation by the equity method

(October 2018 – September 2019)

(bn yen)	2019	2018	YoY %
Net income (SMB)	54.1	50.4	7%
Consolidated net income (include in the consolidated results)	26.3	24.5	7%

Exchange rate: 1peso=¥2.13 (previous year: ¥2.14)

Kirin Holdings' dividend income from San Miguel Brewery

	2019	2018	YoY
Dividends (bn yen)	15.7	12.6	25%
Cash dividends declared per share (peso)	1.00	0.82	22%

Dividends are recorded on a cash-in basis.

This material is intended for informational purposes only and is not a solicitation or offer to buy or sell securities or related financial instruments.



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