

Third Quarter Financial Results for the Year Ending December 31, 2011

November 4, 2011

Kirin Holdings Company, Limited

Third-quarter results

Record high operating income and ordinary income. Steady progress being made toward targets revised at end of 1H

Main contributors to increase have been domestic alcohol beverages business and pharmaceuticals and biochemicals business

	2011 3Q	YoY change	YoY Change (%)
Sales	1549.1	(53.6)	(3.3)
Operating income bfore goodwill amortization	155.1	10.4	7.2
(goodwill amortization)	(35.2)	(4.1)	—
Operating income	119.9	6.2	5.5
Equity in earnings of affiliate	7.9	(1.8)	(18.5)
Ordinary income	115.5	8.1	7.6
Special income and expenses	(30.4)	0.5	—
Income before income tax and minority interests	85.0	8.7	11.4
Income taxes	44.8	(1.5)	(3.3)
Minority interests	13.3	7.5	131.3
Net Income	26.9	2.7	11.2

(Unit: billion yen)

	2011 3Q	YoY change	YoY change (%)
Domestic alcohol beverages	636.3	(45.2)	(6.6)
Domestic non-alcohol beverages	236.3	(33.1)	(12.3)
Overseas beverages	347.6	56.7	19.5
Pharmaceuticals and biochemicals	254.0	(45.5)	(15.2)
Other	74.7	13.5	22.2
Sales	1,549.1	(53.6)	(3.3)
Domestic alcohol beverages	56.9	2.1	3.9
Domestic non-alcohol beverages	3.2	0.1	3.3
Overseas beverages	15.0	(0.8)	(5.2)
Pharmaceuticals and biochemicals	40.6	4.8	13.4
Other	4.8	(1.2)	(19.9)
Corporate expenses inter-segment eliminations	(0.7)	1.2	—
Operating Income	119.9	6.2	5.5

(Unit: billion yen)

Full-year forecast

**Revised forecast for net income in response to loss on devaluation of investment securities, etc.
Carried over forecasts revised at end of 1H for sales, operating income and ordinary income.**

	Full-year forecast (Nov.4)	YoY change (%)	Difference to forecast at end of 1H
Sales	2,110.0	(3.1)	—
Operating income bfore goodwill amortization	191.3	(1.1)	—
(goodwill amortization)	(47.3)	—	—
Operating income	144.0	(5.0)	—
Equity in earnings of affiliate	10.0	6.1	—
Ordinary income	138.0	(2.1)	—
Net Income	27.0	137.0	(25.0)

(Unit: billion yen)

Sales and Operating income by company

		2011 3Q		Full-year forecast	
		billion yen	YoY change(%)	billion yen	YoY change(%)
Kirin Brewery (non-consolidated)	Sales	570.8	(6.6)	782.1	(5.3)
	Operating Income	54.5	1.0	66.0	(5.6)
Mercian	Sales	50.4	(3.4)	73.0	(6.1)
	Operating Income	0.1	—	1.0	355.9
Kirin Beverage	Sales	238.3	(10.9)	329.5	(5.9)
	Operating Income	3.1	(3.3)	4.0	50.8
Lion (consolidated, after reclassification)	alcohol beverages	142.9	(0.1)	196.3	5.7
	non-alcohol beverages	179.2	46.4	236.3	27.2
	Sales	322.1	21.3	432.7	16.4
	alcohol beverages	16.0	(9.8)	23.4	(8.4)
	non-alcohol beverages	0.6	—	(1.8)	—
	corporate expenses	(3.2)	—	(7.2)	—
	Operating Income	13.4	(3.3)	14.3	(29.6)
Kyowa Hakko Kirin (consolidated, after reclassification)	Sales	262.3	(13.8)	342.0	(17.3)
	Operating Income	40.6	13.4	46.5	(4.6)

Domestic alcohol beverages business (Kirin Brewery, Mercian)

**Sales of key products in beer, RTD* and wine categories remained strong.
From September, launched national campaigns and introduced succession of special seasonal products to further strengthen sales ahead of the most important year-end period.**

■ Sales performance

	2011 3Q		Full-year forecast		Remarks
	KL	YoY change (%)	KL	YoY change (%)	
Beers	1,502	(5.7)	2,054	(4.6)	Maintained strong sales of leading products (Jan-Sep, compared to previous year)
Beer	521	(5.1)	722	(3.9)	• <i>Kirin Ichiban Shibori Nama Beer</i> (2.8)%, market: (4.2)%
Happo-shu	445	(10.1)	597	(9.7)	• <i>Tanrei Green Label</i> +1.7%
New genre	535	(2.2)	735	(0.7)	• <i>Kirin Nodogoshi Nama</i> +1.5%
RTD	141	(4.9)	192	(4.0)	Sales of <i>Kirin Chuhai Hyoketsu</i> recovered +3.7%
Beer taste beverages	41	(31.5)	58	(25.1)	On-premise sales remained strong. Number of stores stocking <i>Kirin FREE</i> broke the 100,000 mark
Wines		5.0		6.0	Sales of leading domestic and imported table wines were strong
domestic		10.0			• <i>Mercian Oishii-Sankaboshizai-Mutenka Wine</i> +27%
import		(1.0)			• <i>Franzia</i> +9%
					• <i>Frontera</i> +7%

■ Key efforts ahead of the year-end peak demand period

Kirin Brewery	<ul style="list-style-type: none"> ➢ Increased focus on core brands: <i>Kirin Ichiban Shibori Nama Beer</i>, <i>Tanrei Green Label</i>, <i>Kirin Nodogoshi Nama</i> ➢ Secure increase through special seasonal products: 50% YoY increase for <i>Ichiban Shibori Toretate Hop Nama Beer</i> ➢ Creation of customer demand through major campaign: “Imakoso! Erabo. Nippon no Umai!” campaign (from Sep)
Mercian	<ul style="list-style-type: none"> ➢ Acquisition of demand in high season: <i>Beaujolais Nouveau</i>, sparkling wines (<i>Sunrise Sparkling</i>, etc.) ➢ Strengthening activities of leading products: <i>Chateau Mercian Ensemble</i> (Sep release), good sales of table wines ➢ Creation of new categories: More robust proposals aimed at greater handling of <i>Mercian Free Sparkling</i> (Nov release)

* RTD: Ready To Drink

Domestic non-alcohol beverages business (Kirin Beverage)

Overall sales being led by strong sales of core brand, *Kirin Gogo-no-Kocha*. Minimized reaction to fierce heat of last summer.

Strengthen response to hot drinks market ahead of year-end, and work to creating more customer demand

■ Sales performance

	2011 3Q		Full-year forecast		Remarks
	10,000 cases	YoY (%)	10,000 cases	YoY (%)	
Domestic	13,009	98	17,660	101	• Jul-Sep 98% YoY (market 98%)
Black tea	3,427	108	4,680	105	• Continued to maintain strong sales in black tea market
Coffee	2,319	94	3,670	110	• Effects from renewing leading coffee product, <i>FIRE</i> , helped to recover to last year's level by September
Green tea	1,581	91	2,150	97	• Maintained post-earthquake record demand in water category
Mineral water	2,603	116	3,460	122	
Overseas	433	83	540	78	• Decrease as a consequence of change in scheme for China business
Total	13,442	97	18,200	100	

■ Efforts for year-end peak demand period

- Further strengthen core brands:
 - Enhance brand lineup, including *Kirin Gogo-no-Kocha* special seasonal products
 - Match the different drinking styles of each generation by strengthening expansion of the *Kirin FIRE* brand through both cans and PET bottles
- Respond to demand during the winter season: Sequentially introduce seven hot products from late Sep, with a focus on the *Kirin Gogo-no-Kocha* brand
- Respond to the health consciousness of customers: Release of *Kirin Karada Omoi-Cha Poppo-Cha* (Nov)

Overseas beverages (Lion)

- Both the alcohol beverages and soft drinks businesses are on track to meet the targets
- The alcohol beverages business is recovering gradually. Drastic measures are continuing to be promoted in the soft drinks business, aimed at improving profitability in the medium term

Operating income breakdown of Lion (Prior to amortization of goodwill and brand)

■2011 3Q Actual on local currency basis (consolidated after reclassification)

(Unit: AUD million)

	Oct 2010 to Jun 2011	YoY change	Cause of change		
Alcohol	422	(30)	Volume COGS Other	(34) 6 (2)	sales volume (4.5)%
Soft drinks	92	37	Volume * COGS * Other * Impact of fiscal change term	(81) (38) 122 34	sales volume (13.4)% FY2011 1Q Actual

* YoY change (Jan-Jun)

■Beer, Spirits & Wine / Australia

Third quarter volumes were up 4.2%, resulting in a YTD volume decrease of 6.2% versus the prior corresponding period, consistent with the overall beer market decline of 6.3%*. The improved third quarter conditions saw Lion's volume share grow 1.1** share points, returning to its historical trend. The market continued to be very competitive, and in this challenging environment Lion remained focused on managing its business for the long term through a sustainable balance of volume, pricing and mix. Lion continued its program of innovation to drive value growth and widen the footprint of its portfolio. *Nielsen scan track, YTD to 30/06/11 **Nielsen scan track, quarter to 30/06/11

■Dairy & Drinks

The revenue of Dairy & Drinks division declined due to the loss of key private label contracts and deep discounting on white milk. As a result of this continued discounting activity Lion has seen a transfer of sales volume from higher margin branded products into private label and from the non-grocery channel to grocery. Lion remains committed to investment in its core strategic assets to deliver sustainable growth over the long term.

Pharmaceutical and biochemicals business (Kyowa Hakko Kirin)

Sales of our leading brand NESP[®], treatment for nephrogenic anemia, remain strong. Following on from the 1H, the pharmaceuticals business is performing well.
Steady progress is being made in the development of new drugs, especially in Japan and the rest of Asia.

■ Sales performance for major pharmaceutical products

		2011 3Q		Full-year forecast (midterm revision)	
		Billion yen	YoY(%)	Billion yen	YoY (%)
Nephrology	NESP [®] / ESPO [®]	44.4	121	56.1	107
	REGPARA [®]	8.2	122	11.1	117
Immunology/allergology	Allelock [®]	22.2	116	29.0	108
	Patanol [®]	9.8	164	11.6	154
Oncology	GRAN [®] / Neu-up [®] *	10.5	94	14.5	101
Cardiovascular system	Coniel [®]	14.3	93	19.7	94

* The manufacturing and sales right of Neu-up[®] was taken over by YAKULT HONSHA CO., LTD as of March 1, 2010

■ Overview of the pharmaceuticals business

- Sales of NESP[®], treatment for nephrogenic anemia, remained strong. Additionally, our antiallergic agents, Allelock[®] and Patanol[®], contributed to the increase in sales helped by higher amounts of airborne pollen during 1H.
- Steady progress made in the development of new drugs
 - Applied for approval of KW-6500, a drug which is currently being developed for treating any loss of motor function associated with motor complications in patients with Parkinson's disease (Japan)
 - Commenced Phase III international joint clinical trial for ARQ 197 which targets advanced or metastatic non-small cell lung cancer (Japan, Korea and Taiwan)

Efforts for the challenges presented in the Medium-Term Business Plan

Efforts for the challenges presented in the Medium-Term Business Plan have achieved their annual targets.

CCT cost synergies

(Unit: billion yen)

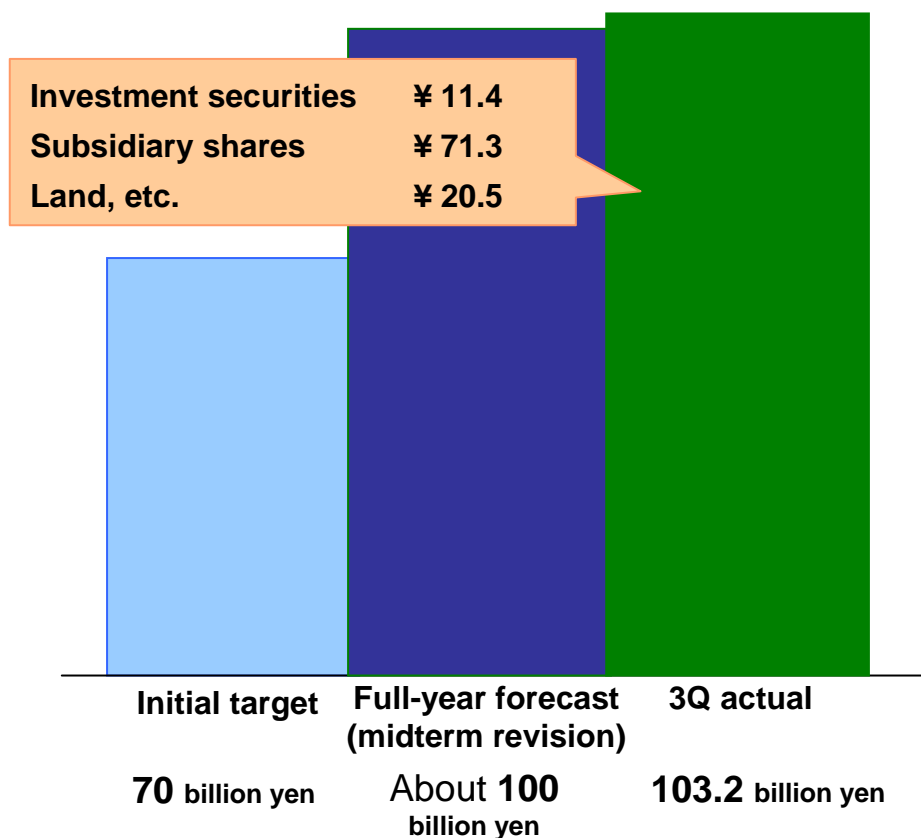
	Annual target	3Q	Progress rate (%)
Production / distribution	4.7	4.8	104
Purchasing	4.0	3.7	93
IT, etc.	0.7	0.9	111
Total	9.4	9.4	100

Selection and concentration of business portfolio

- Transferred all shares of Kyowa Hakko Chemical (March)
 - Transferred Mercian's fish feed business (April)
 - Transferred shares of Kirin Australia* (April)
 - Transferred Mercian's pharmaceuticals and chemicals business (July)
- (* malt manufacturing subsidiary in Australia)

Asset liquidation

(Unit: billion yen)



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KIRIN

Appendix

- 2010-2012 medium-term business plan indices
- 2011 sales & operating income by segment
- Breakdown of goodwill: 2011 full-year forecast
- Individual consolidated periods
- Antibody pharmaceutical pipeline
- San Miguel Brewery

Medium-term business plan indices

		2011 3Q (actual)	2011 Full-year forecast (revised 8/5)	2011 Full-year forecast (initial)	2012 End-of-year target
Sales	Excluding liquor tax Bottom figure: Year-on-year change (%)	¥1,319.1billion (2.3)%	¥1,782.0 billion (2.9)%	¥1,810.0 billion (1.4)%	¥2,130.0 billion —
Operating income	Before amortization of goodwill Bottom figure: Year-on-year change	¥155.1billion 7.2%	¥191.3 billion (1.1)%	¥194.3 billion 0.4%	¥231.0 billion —
EBITDA	Bottom figure: Year-on-year change	¥202.1billion 3.6%	¥294.0billion 9.1%	¥312.0 billion 15.8%	¥341.0 billion —

Operating income ratio (%)	Before amortization of goodwill, excluding liquor tax	11.8	10.7	10.7	10.8
	After amortization of goodwill, excluding liquor tax	9.1	8.1	8.4	8.8
ROE (%)	Before amortization of goodwill		10.4	10.5	10% and more
	After amortization of goodwill		5.3		
EPS (¥)	Before amortization of goodwill		112	113	
	After amortization of goodwill		54		
Overseas ratio (%)	Sales excluding liquor tax	31.4	30	30	29
D/E ratio		0.99	0.94	0.65	0.5
Total assets turnover ratio	Sales excluding liquor tax		0.64	0.70	0.80 and more

2011 sales & operating income by segment

	Sales			Operating income		
	3Q	Annual target (revised)	Annual target (initial)	3Q	Annual target (revised)	Annual target (initial)
Domestic alcohol beverages business	636.3 (6.6)	878.0 (5.4)	908.0 (2.2)	56.9 3.9	70.0 (4.4)	73.5 0.4
Domestic non-alcohol beverages business	236.3 (12.3)	327.0 (6.0)	342.0 (1.7)	3.2 3.3	4.0 63.1	5.5 124.2
Overseas beverages business	347.6 19.5	468.0 15.8	472.0 16.8	15.0 (5.2)	17.0 (25.8)	26.0 13.5
Pharmaceuticals and biochemicals business	254.0 (15.2)	333.0 (17.9)	316.0 (22.1)	40.6 13.4	46.5 (4.6)	40.0 (17.9)
Other businesses	74.7 22.2	104.0 13.1	102.0 10.9	4.8 (19.9)	8.0 (1.3)	8.5 4.9
Corporate expenses • Inter-segment eliminations				Δ0.7 (一)	(1.5) —	(1.5) —
Total	1549.1 (3.3)	2,110.0 (3.1)	2140.0 (1.7)	119.9 5.5	144.0 (5.0)	152.0 0.3

Top figure: Actual or forecast (billion yen)

Bottom figure: Year-on-year change (%)

Breakdown of goodwill: 2011 full-year forecast/ Revised at end of 1H

(Unit: billion yen)

		Year acquired	Total amortization of goodwill, etc. (1) + (2) *1						
			Goodwill			Brand			
			Amortization (1)	Unamortized balance	Years remaining	Amortization (2) *2	Unamortized balance	Years remaining	
Consolidated subsidiaries	Lion Nathan	1998	2.5	16.8	7	6.1	7.2	11	8.7
	Lion Nathan (Goodwill)	1998	1.0	1.0	1	—	—	—	1.0
	Lion Nathan (wholly-owned subsidiary)	2009	14.3	258.2	18	—	—	—	14.3
	J. Boag & Son	2008	1.4	8.9	7	0.5	3.2	7	1.9
	National Foods	2007	6.6	108.8	17	2.8	40.2	17	9.5
	Kirin Beverage	2006	1.9	28.9	15	—	—	—	1.9
	Kyowa Hakko Kirin	2007	6.2	100.9	17	—	—	—	6.2
	Other		3.5	—	—	—	—	—	3.5
	Total consolidated subsidiaries		37.8			9.5			47.3
Equity method	San Miguel Brewery	2009	5.9	104.7	18	1.6	28.4	18	7.6
	Fraser and Neave	2011	1.1	28.3	20	—	—	—	1.1
	Total equity method		7.0			1.6			8.7
Total			44.9			11.1			56.1

*1 "Amortization of goodwill" in indices, etc.

*2 Amortization (2) is included in depreciation

Individual consolidated periods

■2009

	2008				2009											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Kirin Holdings																
Lion Nathan																
National Foods																
San Miguel Brewery																
San Miguel																

■2010

	2009				2010											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Kirin Holdings																
Lion Nathan National Foods (alcohol beverages)																
Lion Nathan National Foods (soft drinks)																
San Miguel Brewery																

■2011

	2010				2011											
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Kirin Holdings																
Lion																
San Miguel Brewery																
Fraser and Neave Limited																



Accounting period of Kirin Holdings

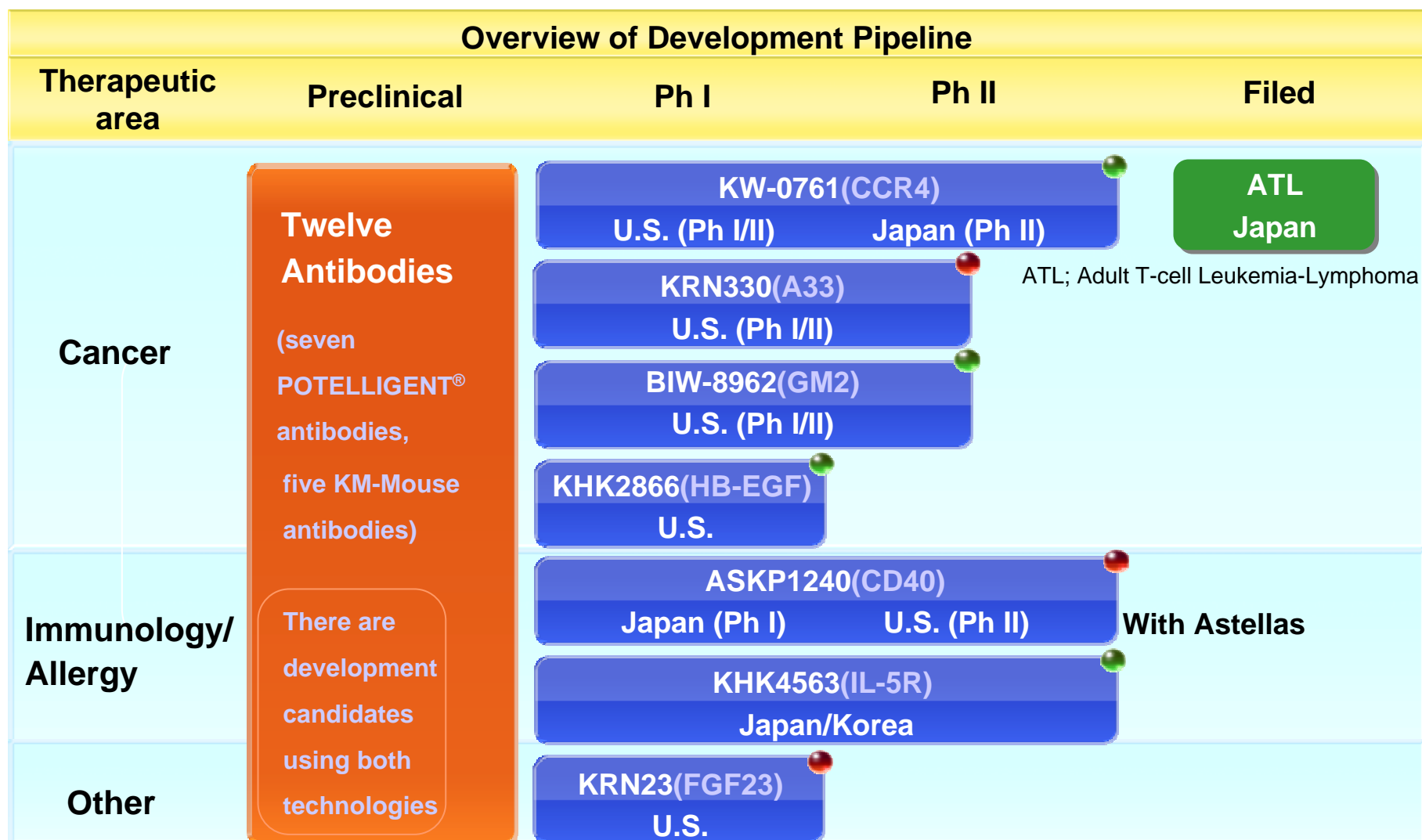


Subsidiaries



Affiliates accounted for by the equity method

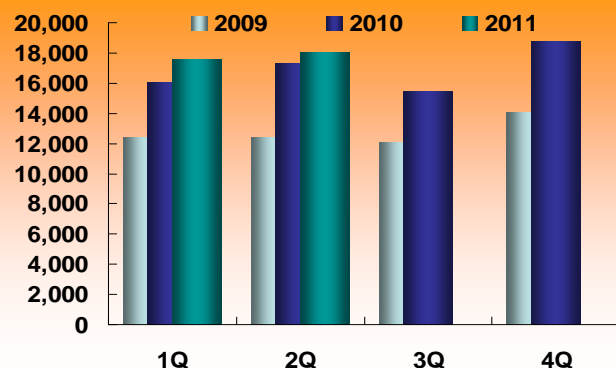
Antibody pharmaceutical pipeline (as of October 27, 2011)



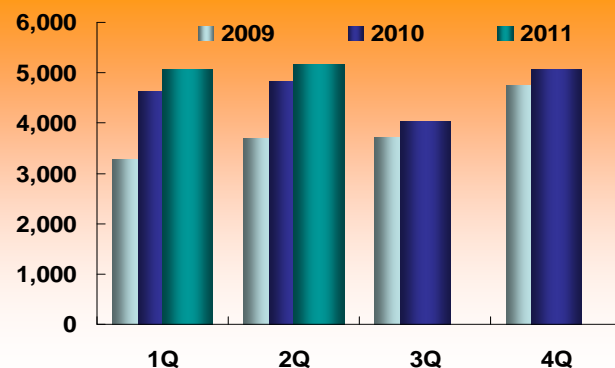
● : POTELLIGENT® Technology ● : KM-Mouse Technology

San Miguel Brewery

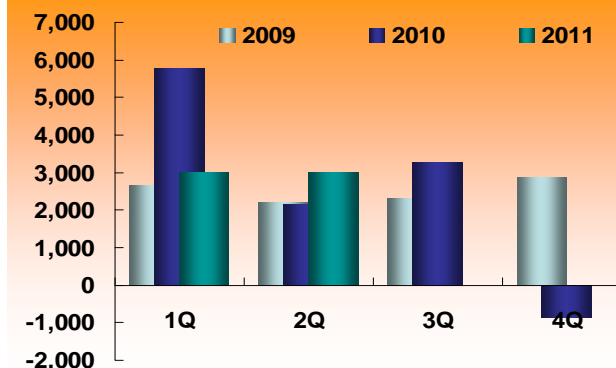
Sales



Operating income



Net income



(Unit: PHP million. Source: San Miguel Brewery website)

- During 1H of 2011, volume of domestic sales in the Philippines continued to increase on the back of a favorable market (+4% YoY). Overseas as well, strong sales such as in Indonesia, Thailand and Hong Kong helped achieve a 6% YoY increase in sales volume.

Main San Miguel brands

Upper Premium



Premium



Upper Popular



Popular



Economy



Non-Alcoholic

