

Kirin Group Financial Results for the First Quarter of 2013

**April 26, 2013
Kirin Holdings Company, Limited**

- A steady start has been made to achieving a shift towards organic growth. Sales and profit increased significantly in the overseas integrated beverages business.
- A share buyback of up to 50 billion yen was commenced as a means of providing additional returns to shareholders.

Progress towards target

	<u>1Q results</u>	<u>2013 target</u>
Normalized EBITDA	58.3 billion yen (6.6)% YoY	316.0 billion yen +2.8% YoY
Normalized EPS	20 yen +53.8% YoY	121 yen +3.4% YoY

First Quarter Performance Highlights

Sales reached a new record high for the third consecutive year. Overseas integrated beverages business contributed substantially to earnings.

		FY2013 (Billion yen)	FY2012 (Billion yen)	YoY change (Billion yen) (%)	
Sales	Japan integrated beverages	234.6	237.5	(2.9)	(1.2)
	Overseas integrated beverages	179.7	152.5	27.2	17.9
	Pharmaceuticals and bio-chemicals	84.7	84.8	(0.1)	(0.2)
	Other	21.5	22.3	(0.8)	(3.6)
	Sales	520.6	497.2	23.3	4.7
Operating income	Japan integrated beverages	(1.1)	0.8	(2.0)	-
	Overseas integrated beverages	10.6	6.6	3.9	59.9
	Pharmaceuticals and bio-chemicals	15.1	18.7	(3.5)	(19.1)
	Other	0.8	0.0	0.7	946.0
	Operating income	24.1	25.3	(1.1)	(4.6)
Ordinary income	Equity in earnings of affiliates	1.9	(2.8)	4.8	-
	Ordinary income	23.4	19.2	4.2	22.3
	Special income and expenses	54.4	(1.2)	55.7	-
	Income before income taxes and minority interests	77.9	17.9	60.0	335.1
	Net income	54.3	(3.0)	57.3	-

Overseas, sales increased in Australia and Brazil, and soft drinks in Japan also contributed to increased sales.

- Lion: +19.3%
- Brasil Kirin: +15.1%
- Kirin Beverage: +5.5%

Income from overseas integrated beverages increased. Lion's income increased as a result of strong sales in the alcohol beverages business (up 2.1 billion yen). Brasil Kirin's operating income before amortization of goodwill etc. increased (up 1.4 billion yen).

In the pharmaceuticals and bio-chemicals business, sales of leading pharmaceutical products were strong and progressed in line with plans.

Net income (Record high)
• A gain on sale of shares in Fraser and Neave was reported (special income of 46.2 billion yen).

* New reporting segments were created in FY2013.

Japan Integrated Beverages

Improved sale volumes for key brands.

Ichiban Shibori



+ **0.6%**
YoY



Gogo-no-Kocha

+ **9.0%**
YoY



Carbonated soft drinks



+ **93.0%**
YoY



RTD

+ **2.5%**
YoY

- Deployed a new brand communication and a marketing plan aimed at expansion of consumption scenarios
- Achieved sales targets for beer, *happo-shu* (low-malt beer), RTD and soft drinks
- Continue to cut expenses, including production costs. Selling expenses were as planned.

Sales volume increased for “*Kirin Nodogoshi Nama*” in March, and with the addition of the new product “*Sumikiri*” in May, we aim to reach the annual sales target for the new genre category

Renewed



+

May 14



Overseas Integrated Beverages (1): Lion

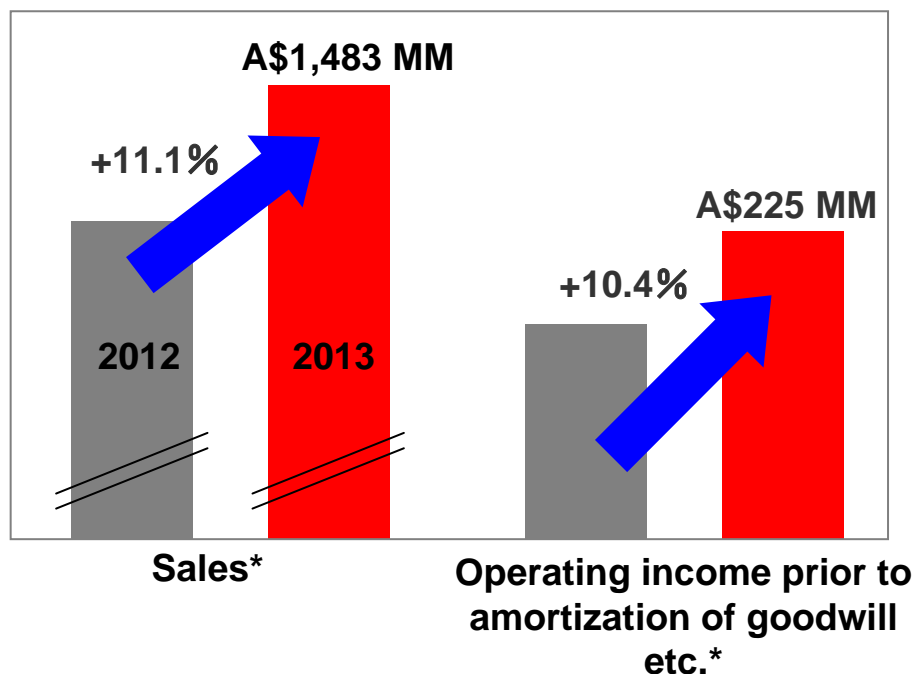
Good progress in Australian alcohol business for the peak period, with premiumisation improving product mix and boosting earnings

●Alcohol beverages

- ◆ Shift to high-value products and strengthening growing categories (international premium and craft)
- ◆ Total sales volume +10.3% (vs last year) and improvement of sales mix

●Soft drinks beverages

- ◆ Growth from value-added brands such as Dare



*LION TOTAL

Leading brands for our growth



Performed well
Largest brand
in AU



Volume growth in
AU beer category



Strengthened
value-added
brands



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Reference: Breakdown of Lion Performance at 1Q

		FY2013 1Q		FY2012 1Q		YoY change		YoY change (%)	
		Billion yen	Million AUD	Billion yen	Million AUD	Billion yen	Million AUD	Yen basis	AUD basis
Sales	Alcohol beverages	73.2	851	52.7	658	20.4	192	38.8	29.3
	Soft drinks beverages	54.3	631	54.2	676	0.1	(44)	0.3	(6.6)
		127.6	1,483	107.0	1,334	20.6	148	19.3	11.1
	Alcohol beverages	20.0	232	14.5	181	5.4	51	37.8	28.3
	Soft drinks beverages	1.6	18	3.5	44	(1.9)	(25)	(54.5)	(57.7)
	Corporate expense	(2.2)	(25)	(1.7)	(21)	(0.5)	(4)		
Operating income		19.4	225	16.3	204	3.0	21	18.5	10.4
Goodwill amortization		(7.0)	(82)	(6.1)	(77)	(0.9)	(5)		
Brand amortization		(0.9)	(11)	(0.9)	(11)	(0.0)	0		
Operating income after amortization of goodwill etc.		11.3	131	9.2	115	2.1	16	22.9	14.5

Consolidated results period: October – December 2012 / Currency exchange rate: 86.08 yen (Oct-Dec 2011: 80.18 yen)

Alcohol beverages	Change in operating income (million AUD)	Soft drinks beverages
181	2012	44
31	Change in sales volume	(12)
21	Other	(13)
232	2013	18

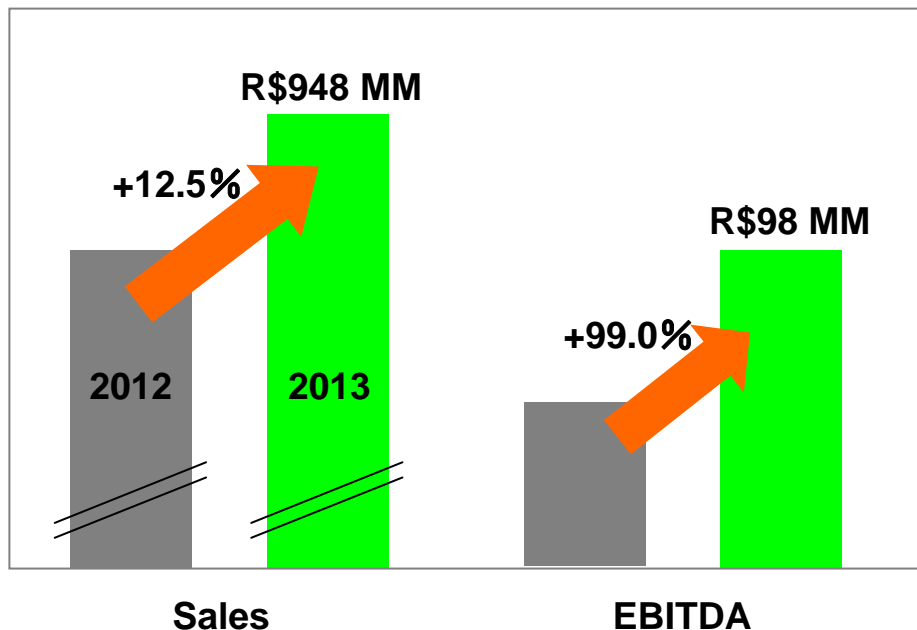
	Sales volumes
Alcohol beverages	YoY change: +10.3%
Soft drinks beverages	YoY change: (7.0)%

Overseas Integrated Beverages (2): Brasil Kirin



Sales are increasing in line with market growth, and profitability is steadily rising.

- **Steady top-line growth**
 - ◆ Increased customer contact through continuation of sales measures to convey product value
 - ◆ Reinforcement of leading brands such as Nova Schin
- **Further improvements in profitability and efficiency**
 - ◆ Improvements in manufacturing efficiency as well as effective and efficient brand investment
 - ◆ Improvement to EBITDA margin: 10.3% (5.8% in 2012 1Q)



Heightened presence

Reference: Breakdown of Brasil Kirin Performance at 1Q



		FY2013		FY2012		YoY change		YoY change (%)	
		Billion yen	Million BRL	Billion yen	Million BRL	Billion yen	Million BRL	Yen basis	BRL basis
	Alcohol beverages*	26.9	580	24.7	544	2.2	36	8.9	6.5
	Soft drinks beverages*	7.9	172	7.2	159	0.6	12	11.1	7.5
Sales		44.0	948	38.2	843	5.7	105	15.1	12.5
Operating income		1.3	29	(0.0)	(1)	1.4	30	-	-
Goodwill amortization		(1.3)	(29)	(2.5)	(56)	1.1	26		
Brand amortization		(0.8)	(17)	-	-	(0.8)	(17)		
Operating income after amortization of goodwill etc.		(0.8)	(17)	(2.6)	(57)	1.7	39	-	-
EBITDA		4.5	98	2.2	49	2.3	49	104.5	99.0

Consolidated results period: January–March 2013 / Currency exchange rate: 46.47yen (Jan-Mar 2012: 45.42 yen)

* Calculated on a management accounting basis which excludes taxes etc. that are included in institutional accounting

Sales volume trends

Beer: Middle single digit increase YoY

Soft drinks beverages: High single digit increase YoY

Reference: Details of indices etc.

(Normalized EBITDA)

(Billion yen)	FY2013 1Q
Operating income	24.1
Depreciation	22.6
Amortization of goodwill	11.5
Dividends received from entities accounted for by the equity method	-
Normalized EBITDA	58.3

(Normalized EPS)

(Billion yen)	FY2013 1Q
Net income	54.3
Amortization of goodwill etc.	15.7
Special income or expenses after income taxes and minority interests	(50.9)
Normalized net income (A)	19.0
Average number of shares outstanding during period (B)	961,121,262
Normalized EPS = A/B	20 yen

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