

Kirin Group Financial Results for 2011 and Business Approach for 2012

**February 10, 2012
Kirin Holdings Company, Limited**

Contents

• 2011 consolidated performance highlights	..... p3
• 2012 forecasts	..... p4
• 2011 in review	..... p5
• 2012 Kirin Group business plan	..... p6
• 2012 targets in operating income (difference from MTBP)	..... p7
• Further improvements in profitability and efficiency	..... p8
• Continuing to promote a domestic integrated beverages group strategy	..... p9
• Pursuing growth in overseas integrated beverages business and strengthening global management practices	..... P10
• Lion	..... P11-12
• Schincariol	..... P13-15
• Strengthening of Group management practices in Southeast Asia	..... P16
• Strengthening of Pharmaceuticals business	..... P17
• Engage in CSR activities that enhance Kirin's coexistence with society	..... P18
• 2012 financial strategies	..... P19
• Supplementary materials	..... P21-32

2011 consolidated performance highlights

Working steadily towards qualitative expansion continuously in the second year of the 2010 mid-term business plan (MTBP), we realized improvement of profitability and efficiency

		2011 Actual (billion yen)	YoY change (billion yen) (%)	
	Domestic alcohol beverages	868.2	(60.2)	(6.5)
	Domestic non-alcohol beverages	314.5	(33.2)	(9.5)
	Overseas beverages	454.2	50.2	12.4
	Pharmaceuticals and biochemicals	332.8	(72.7)	(17.9)
	Others	101.9	9.9	10.8
Net sales		2,071.7	(106.0)	(4.9)
	Domestic alcohol beverages	70.5	(2.6)	(3.6)
	Domestic non-alcohol beverages	2.8	0.3	14.2
	Overseas beverages	15.3	(7.5)	(32.8)
	Pharmaceuticals and biochemicals	49.4	0.7	1.5
	Others	6.2	(1.8)	(22.8)
Operating income		142.8	(8.7)	(5.8)
Equity in earning of affiliates		10.5	1.0	11.2
Ordinary income		136.8	(4.1)	(2.9)
Special income and expenses		(51.8)	8.7	—
Income before income taxes and minority interests		84.9	4.5	5.7
Net income		7.4	(3.9)	(35.0)

< Domestic integrated beverages business >
Kirin Brewery strengthened core brands, Mercian's table wines were selling well, Kirin Beverage addressed strengthening of products and sales force and continued reform of earnings structure

< Overseas integrated beverages business >
In Australia, despite the negative impact on consumer sentiment of natural disasters and uncertainty about the future of the economy combined with a general lack of improvement in the business environment, we achieved the revised profit target.

< Pharmaceuticals and biochemicals >
Kyowa hakko kirin's pharmaceutical s business maintained higher sales of flagships products and developing of new drugs candidates went well

■ Net income decreased because of writing down of investment securities and posting loss from the Great East Japan Earthquake and booking impairment loss for fixed assets

2012 forecasts

Both domestic and overseas integrated beverages business plan increases in sales and profit

		2012 Forecast (billion yen)	YoY change (billion yen) (%)	
	Domestic alcohol beverages	883.0	14.7	1.7
	Domestic non-alcohol beverages	340.0	25.4	8.1
	Overseas beverages	587.0	132.7	29.2
	Pharmaceuticals and biochemicals	318.0	(14.8)	(4.5)
	Others	102.0	0.0	0.1
Net sales		2,230.0	158.2	7.6
	Domestic alcohol beverages	73.5	2.9	4.1
	Domestic non-alcohol beverages	6.0	3.1	114.1
	Overseas beverages	27.5	12.1	78.7
	Pharmaceuticals and biochemicals	51.0	1.5	3.1
	Others	6.5	0.2	3.8
Operating income		162.0	19.1	13.4
Equity in earning of affiliates		1.1	(9.3)	(88.9)
Ordinary income		140.0	3.1	2.3
Special income and expenses		(12.0)	39.8	—
Income before income taxes and minority interests		128.0	43.0	50.7
Net income		48.0	40.5	548.0

< Domestic integrated beverages business >
Pursue increases in sales and profit in total domestic integrated beverages business through strengthening of brands and sales force, and providing new form of customer value that meets their needs

< Overseas integrated beverages business >
Lion plans improvement in profit through the reform in soft drink beverages business and premiumization / innovation in alcohol beverages business. Schincariol will look to improve both sales and profitability under the new management structure in its first year of consolidated operation.

■ Pharmaceuticals and biochemicals business
The pharmaceuticals business expects to generate increased revenue and increased profits mainly through higher sales of flagship products and rapid market penetration of new products. This should absorb the effects of last year's externalization of the chemicals arm of the business.

2011 in review

- Working steadily towards qualitative expansion
- Key issues are boosting the profitability of overseas operations and building growth in the domestic integrated beverages business

Achievements

■ Profitability and Efficiency

Operating income ratio before goodwill amortization = 10.9% (Net sales excluding liquor tax) *10.5% in FY2010

■ Generated group synergies that exceeded medium-term business plan targets for 2010

1. CCT cost synergies: ¥28.0 billion
2. Asset liquidation: ¥170.3 billion
3. Launch of activities geared towards creation of global synergies

■ Expansion of foundations of overseas operations

1. Schincariol in Brazil was made a wholly-owned subsidiary
2. Beverage operations in China reconfigured under China Resources Kirin Beverages (Greater China) Company Ltd.

Issues

■ Generating renewed growth in the domestic integrated beverages business

1. Achieving growth in core brands through selection and concentration
2. Creating new forms of customer value
3. Further strengthening sales outcomes

■ Boosting the profitability of overseas operations

1. Extensive restructuring of Australian operations, from production through to sales
2. Address PMI issues in Brazilian operations as a matter of urgency

2012 Kirin Group business plan

Aiming to achieve the target of qualitative expansion through reversing and boosting declining sales by enhancing brand strength and sales operations and creating new forms of customer value while pursuing strategies to boost profitability

Basic policy

- Promote a domestic integrated beverages group strategy based on brand-focused management
- Pursue growth in the overseas integrated beverages business
- Strengthen the domestic foundation and promote global expansion in the pharmaceuticals business
- Strengthen group management capabilities accompanying the advance of globalization
- Engage in CSR activities that enhance Kirin's coexistence with society

(Unit: billion yen)

Quantitative targets

		2011 Actual	2012 Target	2010 MTBP target
Net sales excluding liquor tax		1,748.3	1,905.0	2,130.0
Operating income	Before goodwill amortization	189.8	213.2	231.0
	After goodwill amortization	142.8	162.0	188.0
Operating income ratio	Before goodwill amortization excluding liquor tax	10.9%	11.2%	10.8%
	After goodwill amortization excluding liquor tax	8.2%	8.5%	8.8%
ROE before goodwill amortization		6.9%	11.6%	Over 10%

Guidelines

Overseas sales ratio	31%	35%	29%
EBITDA	247.6	301.0	341.0
D/E ratio	1.25	1.06	0.50
Total assets turnover ratio (net sales excluding liquor tax)	0.64	0.67	Over 0.80

2012 targets in operating income (difference from MTPB)

Working to resolve the remaining issues in a bid to achieve objectives for the current period, which is the bridging year leading into the 2013 MTBP (the final KV2015 MTBP), though the operating income target of 2012 fall below the initial targets in 2010 MTBP

2010 Increase target in operating income vs 2009 (difference from initial targets in 2010 MTBP) (billion yen)

		Initial target in 2010 MTBP	Current target	Difference	Explanation
Domestic	Domestic growth through domestic integrated beverages and pharmaceuticals business, etc	22.2	2.4	(19.8)	<ul style="list-style-type: none"> Domestic integrated beverage business : - 22.0 billion yen Pharmaceuticals and Biochemicals : - 4.0billion yen
	CCT* cost synergies	19.1	35.6	+16.5	
Overseas	Australia	18.3	(9.9)	(28.2)	<ul style="list-style-type: none"> Alcohol: - 2.7 billion yen Soft Drinks: - 19.4 billion yen Corporate expenses and adjustment of goodwill amortization, etc : - 6.1 billion yen
	Brazil	-	5.5	+5.5	
Total		59.6	33.6	(26.0)	

Note: CCT = Cross Company Team. A dedicated Group-wide team charged with generating synergies and enhancing management practices within the Group

- In domestic integrated beverage business, sales falling below the targets in both alcohol and non-alcohol business along lower market growth rate than expected. In Pharmaceutical and Biochemicals, Pharmaceutical business exceeding the initial target although ¥7.0 billion of negative impact by sale of all shares of Kyowa Hakko Chemical
- In Australia, soft drink business falling short of target mainly due to volume reduction and input cost increase, either sales volume or price rise less than expected in alcohol beverages business, 2012 operating income is resulting in lower level compared in 2009

Further improvements in profitability and efficiency

Achieved 2010 MTBP targets in cost synergies and asset liquidation, and further implementation

Quantitative targets

	2010 - 2011 Actual	2012 Targets	2010-2012 Actual + Targets	2010-2012 Initial targets
Total CCT cost synergies	28.0	7.6	35.6	19.1
Production / distribution	10.7	3.8	14.5	5.0
Purchasing	13.1	1.3	14.4	10.1
IT, etc.	4.2	2.5	6.7	4.0
Asset liquidation	170.3	34.0	204.3	over 150.0

1.CCT cost synergies

- Production : Reduction of variable expense in production
- Procurement : Continuing cost saving in Japan,
and starting global collaboration with Lion and Schincariol Group
- IT/other : Integration of sales supporting system

2. Asset liquidation : Continuing sale of fixed assets, mainly such as investment securities and real estates

Continuing to promote a domestic integrated beverages group strategy

Kirin Brewery, Mercian Corp. and Kirin Beverage will work more closely together to stimulate renewed growth in the domestic integrated beverages business

Framework

- Realization of management centered on product brands
 - Implementing further effective marketing activities by mutual exploitation of brand management measures of each company
 - Promoting growth in core brands through selection and concentration
 - Providing new forms of value that meets the needs of customers
- Structural changes along the entire value chain
 - Reducing input material procurement costs, optimizing operations at domestic production facilities, reducing distribution costs (in conjunction with CCT)

Quantitative targets for 2011

Domestic integrated beverages combined total
(* domestic alcohol + domestic non-alcohol beverages) (billion yen)

	2011 Actual	2012 Target	Increase/ decrease (%)
Net sales *	1,182.8	1,223.0	3.4
Kirin Brewery	775.2	789.8	1.9
Mercian	71.8	70.3	(2.2)
Kirin Beverage	317.0	342.2	7.9
Operating income *	73.3	79.5	8.3
Kirin Brewery	66.6	70.0	5.1
Mercian	1.2	1.3	2.8
Kirin Beverage	2.6	5.8	120.9

Integrating the head office premises of the domestic group companies around the three companies mentioned above after April 2013, to promote further collaboration

Pursuing growth in overseas integrated beverages business and strengthening global management practices

- Strengthening operational foundations in Asia, Oceania and Brazil and generating growth through cooperation between businesses in different countries
- Pursuing a foundation-level management structure geared towards global growth in the medium term

(billion yen)

	FY11Actual	FY12 target	YoY change
Net sales	454.2	587.0	+29.2%
Operating income	15.3	27.5	+ 78.7%

- Restore the earnings potential of Australian business and pursue steady growth of the Brazilian business
- Implement/strengthen organizational structures in southeast Asia designed to accelerate the creation of group synergies



- Subsidiary
- Affiliated company

Lion 2011 Results

Achieved the revised profit target of A\$588M despite the challenging conditions experienced in both the alcohol and soft drink beverages businesses. Like many other FMCG companies, Lion saw persistent poor global economic conditions sustain low consumer confidence and increasing saving activity in both Australia and New Zealand, which was compounded by poor weather and natural disasters.

	Consolidated basis		Local basis	
	billion yen	YoY(%)	million AUD	YoY(%)
Alcohol beverages	186.6	0.4	2,240	(3.0)
Soft drink beverages	234.6	26.3	2,817	21.2
Sales Revenue	421.3	13.4	5,057	9.1
Alcohol beverages	47.7	(5.4)	573	(8.7)
Soft drink beverages	7.7	(1.0)	93	(5.0)
Corporate expense	(6.4)	33.3	(77)	28.7
Operating Income	49.1	(8.2)	589	(11.5)
Goodwill	(25.7)	7.2	(308)	3.4
Brand amortisation	(9.4)	3.3	(113)	(0.4)

<Alcohol Beverages>

- Through premiumisation and improvement in product mix, Lion minimized the volume decline impact on revenue.
 - Despite the tough market, Lion's craft beer (James Squire) and new innovations (Tooheys 5 Seeds*) performed well.
- * Cider category

<Soft drink beverages>

- Conditions remain challenging driven by the loss of key private label contracts and deep discounting on white milk.
- Lion saw a strong performance in dairy beverages and specialty cheese, despite the challenging environment in white milk and juice.
- Continued sustainable cost reduction to achieve the target.

*FY2010 (Alcohol Beverages) 1AUD=80.42yen, (Soft drink beverages) 1AUD= 79.95yen
FY2011 1AUD= 83.30yen

Operating income breakdown (prior to amortisation of goodwill and brand)

(million AUD)

	2010	2011	YoY change	Cause of change	
Alcohol beverages	628	573	(54)	Volume (43)	*Sales volume (4.2) %
				COGS 5	
				Other (17)	
Soft drink beverages	98	93	(4)	Volume (132)	*Sales volume (14.9)%
				COGS (69)	
				Other 163	
				Impact of fiscal change term 34	

Lion 2012 Forecast

Continued commitment to investing in our people & a focused portfolio of high potential brands and optimizing the business to drive sustainable results in the long term and support Kirin's integrated beverages strategy in Australia.

Key initiatives

1. Reform soft drinks business

Build a strong business platform by focussing investment on high potential brands, optimising the site footprint and establishing the best value chain for future growth.

2. Premiumization and innovation

Improve product mix through premiumization and innovation in growing categories, such as craft and low-carb beer.

3. Sustainable cost reduction

Fixed cost reduction throughout the business

< Forecast for 2012 >

		Consolidated basis		Local basis	
		billion yen	YoY(%)	million AUD	YoY(%)
	Alcohol beverages	194.7	4.4	2,374	6.0
	Soft drink beverages	215.7	(8.1)	2,631	(6.6)
Sales Revenue		410.5	(2.6)	5,006	(1.0)
	Alcohol beverages	49.6	4.0	605	5.6
	Soft drink beverages	7.9	1.9	96	3.5
	Corporate expense	(8.4)	32.3	(103)	34.4
Operating Income		49.1	(0.1)	598	1.5
Goodwill		(25.3)	(1.6)	(308)	-
Brand amortisation		(4.0)	(57.4)	(48)	(56.8)

<Alcohol Beverages>

- Lion seeks to attain its profit target by investing in its brands, driving premiumisation, improving mix and initiating various cost saving efforts.

<Soft drink beverages>

- Despite tough circumstances, such as the ongoing deep discounting of private label white milk, weak consumer confidence, and increased input costs, Lion seeks to attain its profit target through effective procurement, improving mix, and sustainable cost reduction.

Schincariol (1) Towards growth in the medium- to long-term

< Post merger integration (PMI) evaluation >

Strengths

- Portfolio of strengthened products as an integrated beverages business, exemplary product quality, presence in emerging markets
- A corporate emphasis on brand and human resources, strong team work, plus a secure basis for the generation of group synergies
- Risk management functions have been prepared to a high level, appropriate measures for dealing with tax, legal and environmental issues

Issues

- As a previously family-owned business, sales-orientation is strong, so awareness of profitability and development of business processes is an issue
- Regional differences in brand power, inefficiencies in value chains due to lack of cooperation between functions
- There is a need to quickly address market response delays caused by operational disruptions resulting from the conflict between former shareholders



Vision for growth in the medium- to long-term

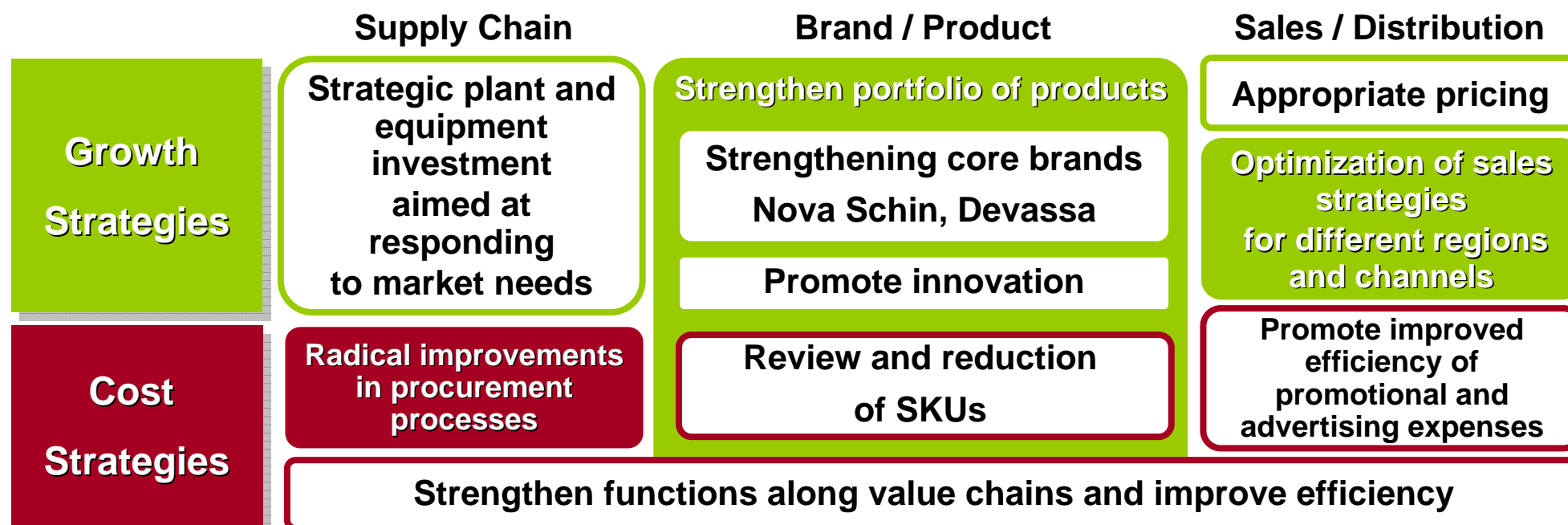



To realize growth in both sales and profit in the fast-growing market in Brazil

- Under a new management structure, aim to resolve issues resulting from the old structure, realize profitability potential and meet growth expectations by combining the strengths of Kirin and Schincariol.
- Establish customer-oriented value chains and strive to increase brand value.
- Eliminate strain, waste and irregularities in all processes, from procurement to sales, and increase productivity.
- Create new group synergies as an important part of an integrated beverages group strategy.

Schincariol (2) 2012 business plan

- Under the new management structure, aim to rapidly tackle PMI issues, reverse last year's temporary stagnation and achieve significant improvements in performance, and set about establishing a basis for growth in the medium- to long-term based on Kirin's experience.
- Promote optimization of marketing strategies that are in line with market realities, and accelerate growth in sales and profit.
- Strengthen functions along the entire value chain and improve efficiency.



Targets	Net sales	3.3 billion BRL		<i>Aiming for further growth, a medium-term plan for 2013-2015 will be established this year</i>
	Operating income (Before goodwill amortization)	355 million BRL		

(12% increase on the previous year)

Schincariol (3) Forecast for 2012

< Forecast for 2012 (consolidated after reclassification) >

	Forecast for 2012 ^{*1}	
	(¥ billions) ^{*2}	(million BRL)
Net sales	141.9	3,300
Alcohol beverages	110.0	2,560
Soft drinks	31.9	740
Operating income	5.5	129
Total of alcohol beverages and soft drinks	15.2	355
Goodwill amortization	(9.6)	(225)
EBITDA	23.6	550

Forecast for 2012 Primary Considerations

- The beer market is expected to grow 2.8% on the previous year (volume base). In addition to growth in line with market growth, Kirin aims to improve profitability through measures such as strengthening brands and appropriate pricing.
- The non-alcohol beverage market is expected to grow 3.8% on the previous year (volume base). Kirin aims to grow above market growth as a reaction to the previous year's low growth caused by demand-supply gaps.
- Cost savings through radical improvements in procurement processes.
- Improved efficiency of advertising investments through measures such as profit management of both customers and SKUs, and strategic allocation of marketing and advertising costs.

Note	Unit : million BRL
2011 actual (local base) ^{*3}	
Net sales	2,946
EBIT	(20)
EBITDA (normalized) ^{*4}	400

2011 actual primary considerations

- Although the beer market was up 3.4% ,and the non-alcohol beverage market was up 7.9 %^{*5}, there was only an approx. 2% increase in the amount of beer and non-alcohol beverages sold.
- Price increases remain a reflection of the inflation rate and increases in taxes, and cannot cover increasing costs of raw materials.
There is also the influence of the deterioration of product mix and over-expenditure on promotional and advertising costs. Operational disruptions and delays caused by the intensifying conflict between shareholders since spring were also a factor.
- Fluctuations from 2010 EBIT (124 million BRL):
Increase in sales volume +21 million BRL, Cost increases in raw materials -76 million BRL, Other -89 million BRL

Note1: KH consolidated accounts basis

2: 1 BRL= ¥43

3: Not included in KH consolidated accounts

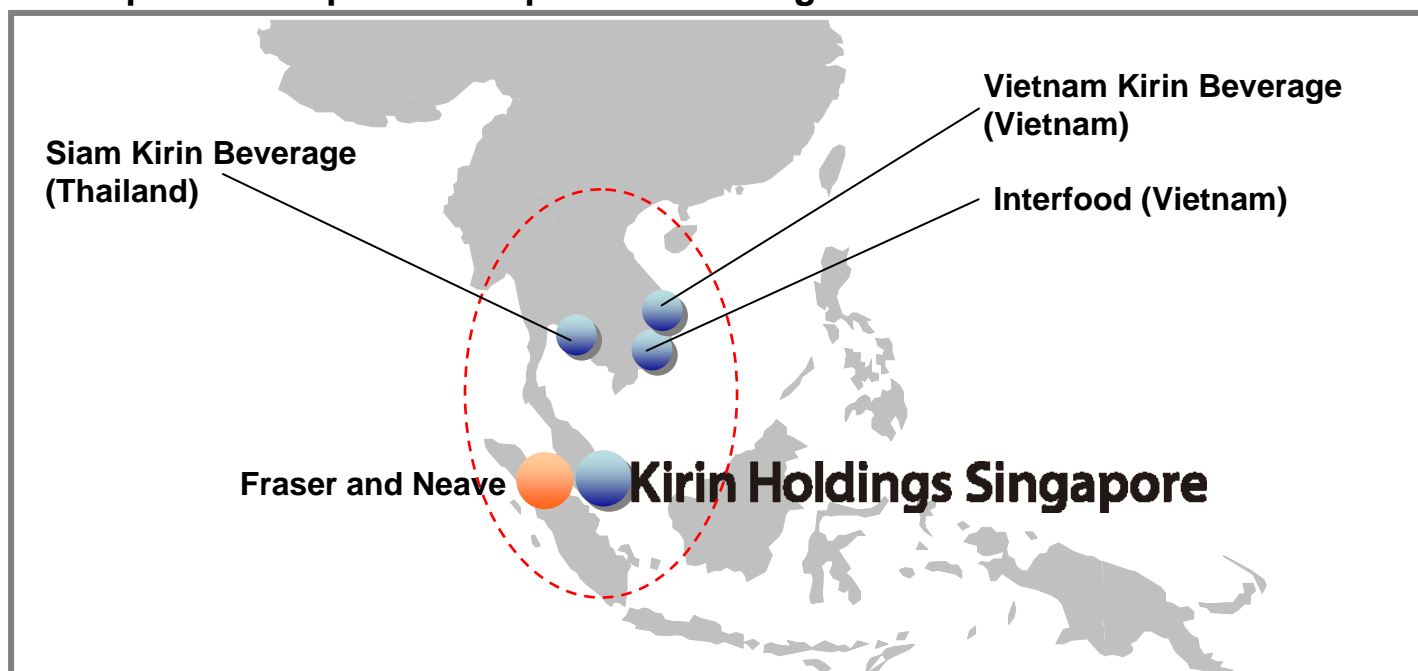
4: EBITDA adjusted for one-time campaign expenses, family costs, etc.

5: Both figures are volume based. Source: SICOBÉ

Strengthening Group management practices in Southeast Asia

Kirin Holdings Singapore coordinates the operations of operating companies in Southeast Asia and promotes Group synergies through integration of functions and restructuring operations

- Integration of sales function of Vietnam Kirin Beverage and Interfood
- Stronger focus in product development on local customer preferences
- Sharing of area development of supply chain among companies in the region to promote expansion of product coverage areas



Expanding the Kirin Group brand in Southeast Asia

- Utilize Fraser and Neave sales channels and aim to release products from Kirin Beverage brand into Singapore & Malaysia in the 1H
- Kirin holdings Singapore will mainly continue to expand the sales area of Kirin and group companies brands, and to promote product development on local customer preferences

Strengthening the domestic foundations of the pharmaceutical business while pursuing global expansion

Strengthening the domestic foundations while aggressively pursuing overseas operations

Framework

- Further strengthen domestic sales operations as a means of boosting sales of flagship products and speeding up market penetration of new products
- Reinforcement of the partnership with ProStrakan (UK) as part of global development and sales strategy in Europe & the US
- Set up joint venture company together with Fujifilm to provide a new business model for the biosimilars market

Pharma business quantitative targets

Sales targets by product

		2011 Actual (billion yen)	2012 Target (billion yen)	YoY Change (%)
Net sales		229.1	242.0	5.6
Operating income		41.3	45.7	10.6
		2012 Target (billion yen)		YoY Change(%)
Nephrology	NESP	50.5		(10.5)
	ESPO [®]	4.0		(24.5)
	REGPARA [®]	13.1		13.9
Immunology / allergology	Allelock [®]	29.7		2.1
	Patanol [®]	11.3		(0.9)
Oncology	GRAN [®]	13.3		(10.1)
Cardiovascular system	Coniel	17.3		(12.2)
New products	Fentos	4.9		58.1
	Asacol	4.1		46.4

< New drug development >

KW-0761

Developed as a treatment for adult T cell leukemia/lymphoma (ATL), application for approval submitted April 2011

KW-6500

Developed as a treatment to counter loss of movement functionality due to motor complications accompanying Parkinson's disease; application for approval submitted July 2011

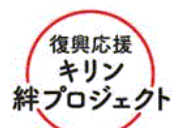
ARQ 197

Phase III multinational clinical trials for progressive and metastatic non-small-cell lung cancer launched in Japan, South Korea and Taiwan in August 2011

Engage in CSR activities that enhance Kirin's coexistence with society

The Kirin Group takes its CSR obligations very seriously as a company group committed to providing customers with new forms of value in Food and Health. Kirin strives to address social issues through its business in line with the philosophy of fostering bonds with all our stakeholders.

1. Supporting reconstruction and rebuilding in areas affected by the Great East Japan Earthquake



笑顔で結ぶ。人を、日本を。

The Kirin Group will donate approximately six billion yen over three years under the Reconstruction Support—Kirin Bonds Project. In 2012, the second year of the Project, the entire Group remains committed to the task of servicing the needs of affected regions.

- Rebuilding of regional food culture and food production industries
 - Support for reconstruction of agricultural industries
 - Support for reconstruction of marine produce industries
- Support for bringing happiness to children
 - Assisting high school students at agricultural institutions in finding work
 - Support through musical programs
 - Support through table tennis programs
- Heart and Soul Support
 - Support through soccer programs

* Pursuing coordinated initiatives within the Group as well as liaison with customers as a means of promoting safety and security in the Food and Health domain, including radiation issues

2. Environmental conservation at the global level

Reducing the environmental burden throughout the value chain, particularly by incorporating the principles of reducing CO₂ emissions and promoting biodiversity conservation into procurement practices

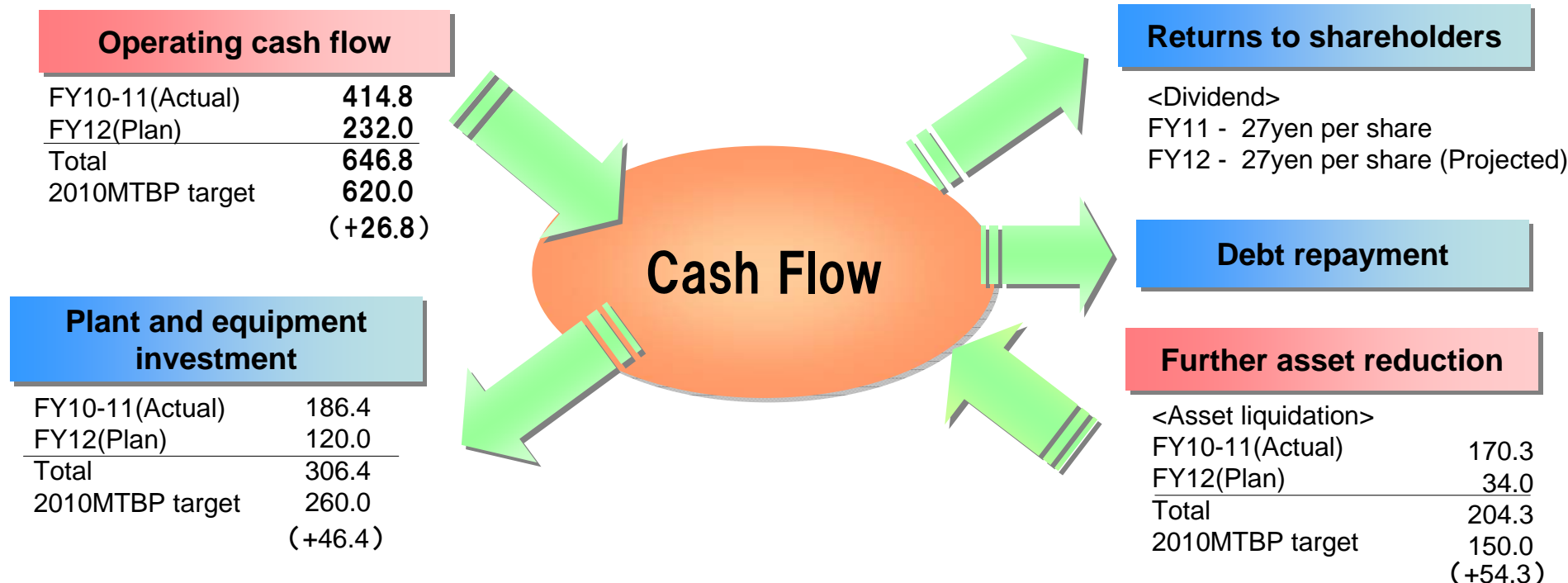
3. Dealing with alcohol-related issues

- Helping to eradicate the problem of drunk driving with Kirin FREE, non-alcohol beer- taste beverage
- Promoting responsible drinking in a society

2012 financial strategies

Strengthening the financial fundamentals by generating a steady cash flow and repaying interest-bearing debts

(Billion yen)



■ Return to shareholders

1. Dividends

Over 30% of consolidated payout ratio as guideline ; taking into account the impact of amortization of goodwill associated with growth investment

2. Share buyback

Priority given to repaying interest-bearing debts in 2012

■ Plant and equipment investment

Investment amounts through 2010-2012 will go above our mid-term guideline, but we implement necessary investments to increase profitability and efficiency

■ Capital structure

The D/E ratio went above 1.0 at the end of FY2011. Through debt repayment we aim to bring it back below 1.0 as quickly as possible.

■ New investments

New investments will be considered, with the possibility of creating synergies with existing operations

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KIRIN

1. 2012 plan for domestic integrated beverages business
Kirin Brewery
Mercian
Kirin Beverage
2. LION
3. Schincariol
4. San Miguel Brewery
5. New drugs development
6. Breakdown of goodwill: 2012 full-year forecast
7. Consolidated periods

1-1. 2012 plan for domestic integrated beverages business / Kirin Brewery

Sustained ongoing growth through further improvement in branding strength and sales force

Basic policy

- Strengthening core brands through selection and concentration, creating new forms of value for customers
- Stronger focus on sales with the establishment of Kirin Beer Marketing

Sales targets

	2011 Actual (x 10,000 cases)	2012 Target (x 10,000 cases)	YoY change (%)
Ichiban Shibori	3,340	3,420	+2.4
Beer total	5,640	5,510	(2.3)
Tanrei Green Label	1,690	1,760	+4.1
Happo-shu total	4,710	4,530	(3.8)
Nodogoshi nama	4,780	5,200	+8.8
Mugi no Gochisou	-	470	-
New genre total	5,680	6,320	+11.3
Total	16,030	16,350	+2.0
Hyoketsu	2,860	3,000	+4.9
Wine Spritzer	-	83	-
Total for RTD	3,220	3,670	+14.0
Kirin FREE	410	510	+24.4
Beer-taste beverages	440	550	+25.0

Resources concentrated
into five brands



RENEW

Creating new forms
of value



2/8

2/22

Aiming for operating income of 70.0bn yen, an increase of 3.3bn yen, through further strengthening of sales force to turn sales around

1-2. 2012 plan for domestic integrated beverages business / Mercian

Concentration of management resources in alcohol business

Wine business basic policy

- Product strategy: develop/build product brands into the No. 1 position in their respective product categories
- Sales strategy: Boost earnings through qualitative evolution of value proposal marketing
- The challenges of market creation
- Management predicated on brand 
- Ongoing improvements designed to boost productivity and cost competitiveness
- Human resources training and development and strengthening of the organization designed to achieve significant growth

Quantitative targets

	(billion yen)		
	2011 Actual	2012 Target	YoY change
Sales	71.8	70.3	(2.2)%
Operating income	1.2	1.3	(2.8)%

< Sales targets for wine > (x 10,000cases)

		2011 Actual	2012 Target	YoY change
	Domestic	357	375	18
	Imported	230	253	23
Total		587	628	41

Aiming for an increase of both sales and operating income in the alcohol beverages business through further strengthening of product brands with a focus on table wines

1-3. 2012 plan for domestic integrated beverages business / Kirin Beverage

Ongoing reform of earnings structure and higher earnings through growth

Basic policy

- Developing attractive product proposals predicated on a clear understanding of customer attitudes and targets
 - (1) Promoting/Creating No. 1 brands in various categories
 - (2) Expanding the domain with proposals that have new value beyond conventional categories
 - (3) New proposals in the high-volume sugar-free tea category
 - (4) Strengthening product strategies by channel
- Further evolution of value proposal marketing
 - (1) Expansion of automatic vending machines that contribute to society
 - (2) Strengthening point of sale programs

Sales targets

	2011 Actual (x10,000cases)	2012 Target (x10,000cases)	YoY change
Gogono-Kocha	4,544	4,850	107
FIRE	2,936	3,100	106
Nama Cha	2,026	2,300	114
Domestic mineral water	2,357	2,450	104
Volvic	1,005	950	95
Fruit and vegetable juice	1,836	2,150	117
Carbonated beverage	846	1,100	130
Total for domestic soft drink beverages	17,024	18,600	109

2012 growth drivers Stronger focus on sugar-free tea category



Aiming for operating income of 5.8bn yen, an increase of 3.1bn yen, through further initiatives with a focus on core brands based on the ongoing reform

2 – 1 . Lion (Soft drinks business) Long/Mid term Challenge and Initiatives

F12 cause of change to 2010-2012Mid-term plan target*

*Operating income prior to amortization of goodwill & brand

Mid-term profit target A\$350M → FY12 profit forecast A\$96M

【Major cause of change】

1. Lessened gross margin driven by **volume reduction** with expansion of private label products
2. **Input cost increase** for milk and juice

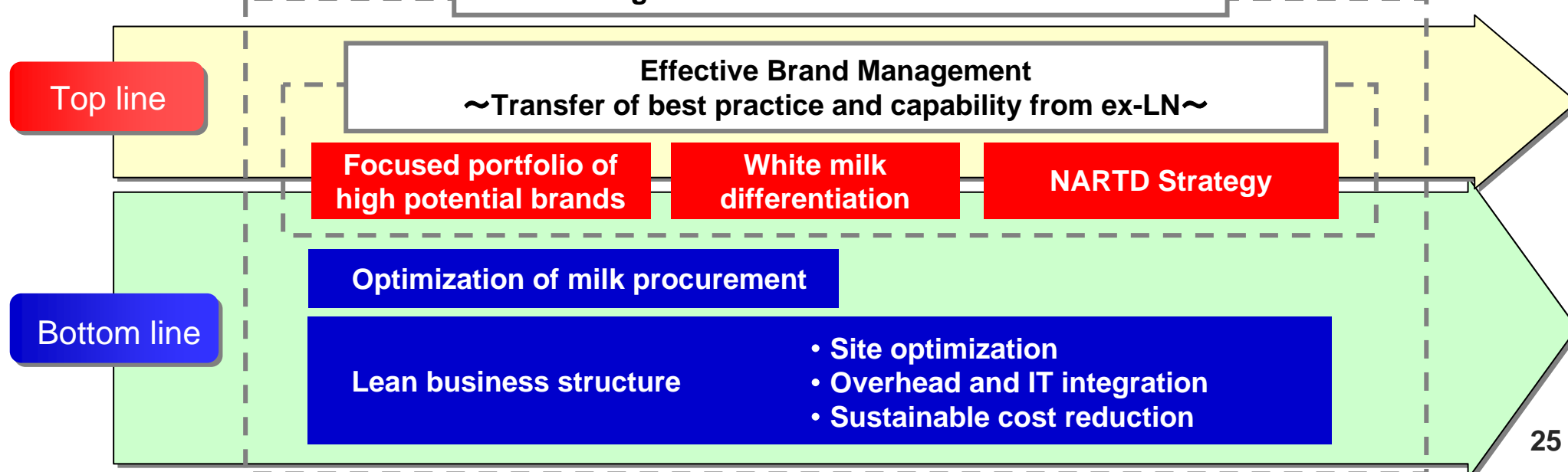
【Challenge】

Build resilient business platform to achieve sustainable growth

Business vision and major initiatives

- Build lean business structure to deal with volatile market due to price reduction and input cost increases
- Improve operating margin ratio → double the rate by 2015

Driving an achievement culture within Lion



2 – 2. Lion (Soft drinks business) Major Initiatives and progress

Top line

Bottom line

Focused portfolio of high potential brands

- Focus on high potential brands
- Invest in differentiated categories (Expand high-value added categories: flavoured milk, yoghurt and specialty cheese)

White milk differentiation

- Enhance high-value added products (e.g. wellbeing) in order to abate regular milk ratio

NARTD Strategy

- Channel optimisation : Roll out channel optimisation and new IT system in WA CFS market. Made great progress in WA and roll out to other states such as NSW.
- New products : Develop new products and seek opportunities to enter into growing categories. (e.g. wellbeing)



Bottom line

Optimization of milk procurement

- Introduction of 2tier pricing system
2tier pricing system : Designed to better reflect the value creation that comes from milk that is used to make drinking milk versus commodity. Manage excess milk cost and enhance resilience to price volatility.

Lean business structure

- Site optimisation
On schedule. After completion of the current optimisation plan, Lion will have 17 manufacturing sites. (It was 31 as of November 2008)
- Sustainable cost reduction
Continue fixed cost reduction throughout the company

3-1. Overview of the Brazilian market

Market Scale *1

(2011 Volume)

Beer market **132.7** million HL

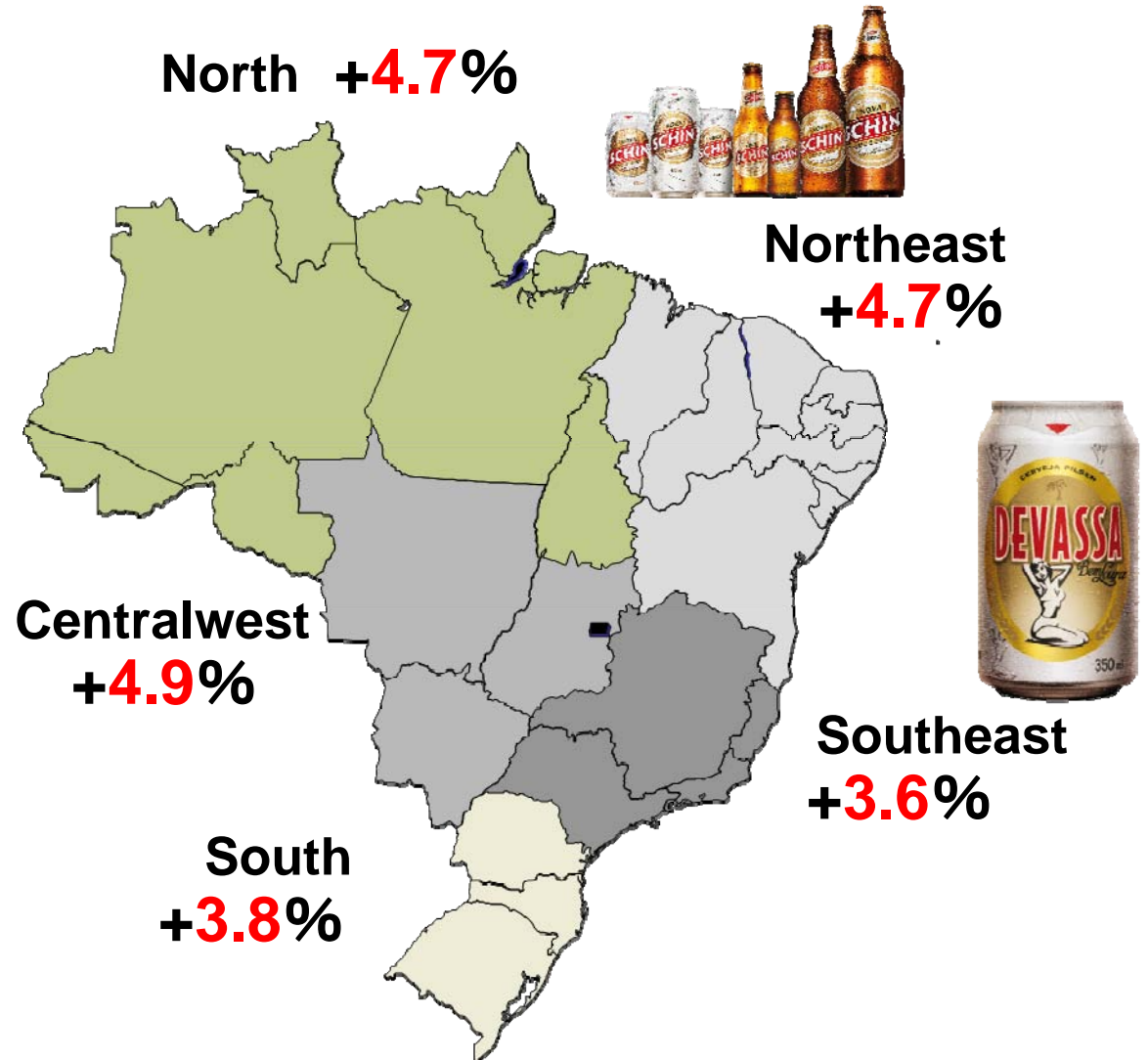
Non-alcohol beverage market
162.4 million HL

Market Growth Rate *2

(2007-2011 CAGR, Value, nominal terms)

Beer market **+13.5%**

Non-alcohol beverage market *3
+11.2%



Regional GDP Growth Rates *4

(2001-2008 CAGR, real terms)

Note 1: Source: SICUBE

2: Source: Nielsen

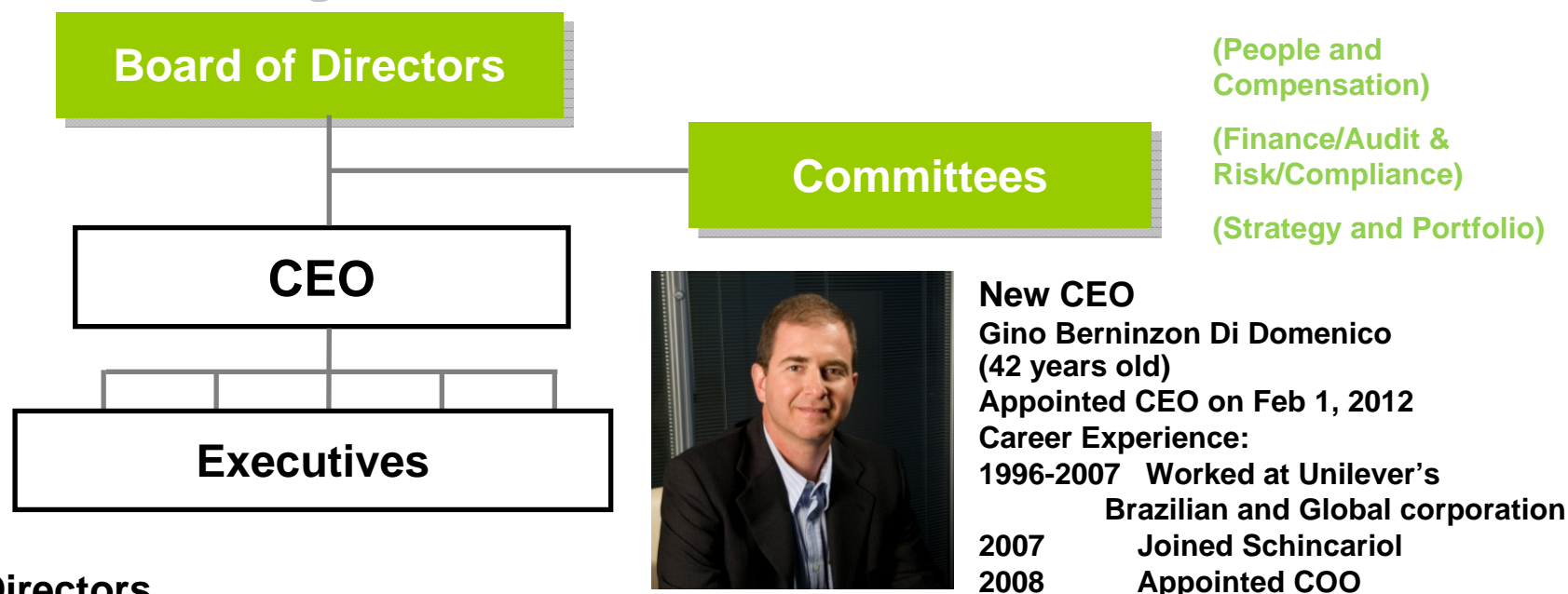
3: Only carbonated beverages

4: Source: IBGE

3-2. Schincariol new management structure

As Schincariol moves away from being a family-owned business, it will strive to rationalize its management, achieve improved transparency, and speed up its decision-making. A new management structure balancing Kirin governance and local independent business operations will be created.

Schincariol New Management Structure



➤ Board of Directors

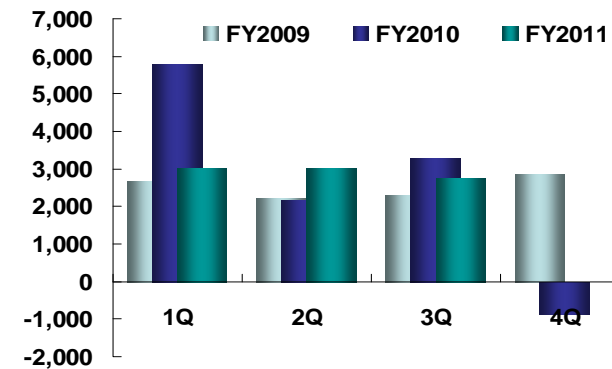
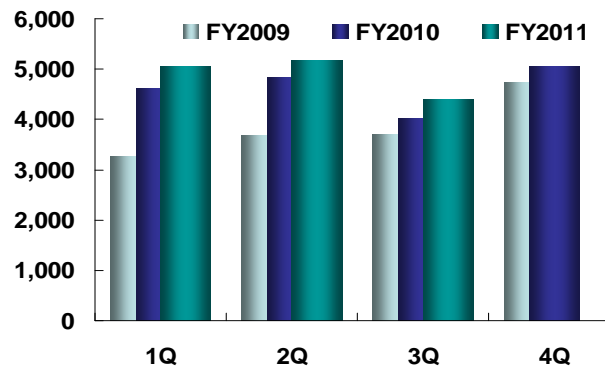
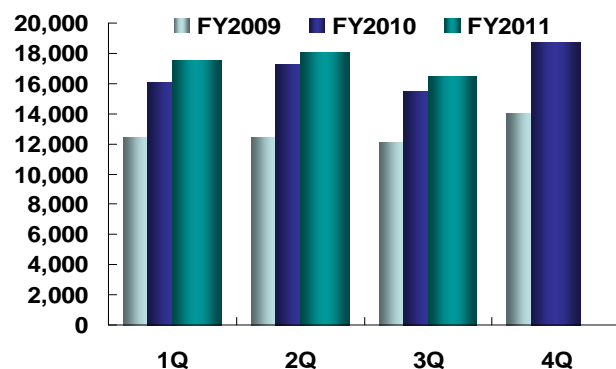
A total of 6 directors will be appointed: CEO, 2 non-executive directors who are familiar with the Brazilian market and 3 Kirin personnel

Non-executive directors: Fernando Mitri (Former CEO of IBM Brazil)

Vinicius Pianti (Former President of Unilever Brazil)

➤ Committees: Comprised of members from both Kirin and Schincariol, addressing important operational issues

NET INCOME



Key brands at San Miguel Brewery

Upper
Premium

Premium

Upper
Popular

Popular

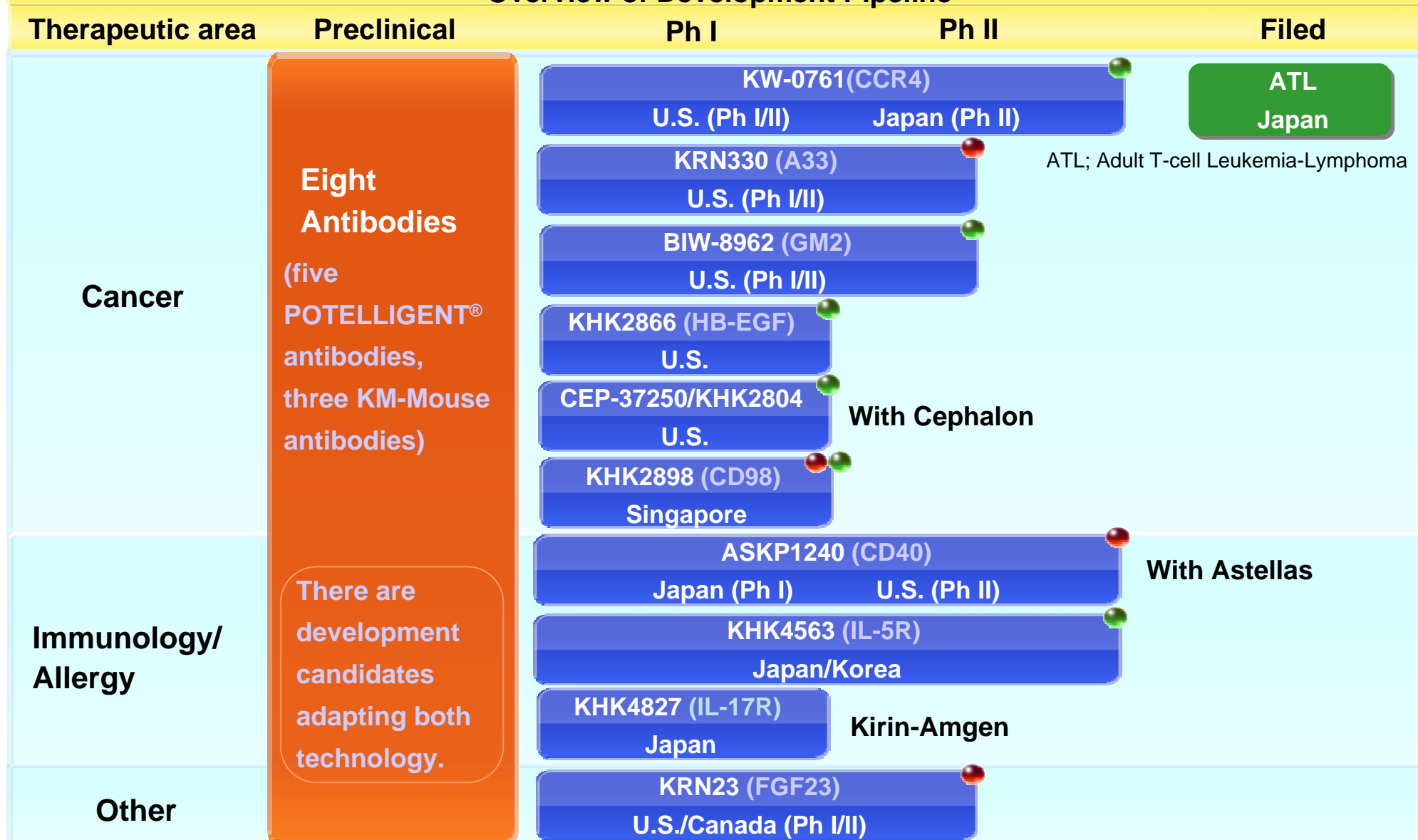
Economy

Non-Alcoholic



5. Therapeutic antibodies and new drugs (as of January 2012)

Overview of Development Pipeline



6. Breakdown of goodwill: 2012 full-year forecast

		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	1998 ~ 2009	25.3	355.9	14	4.0	42.9	2~19	29.3
	Kirin Beverage	2006	1.9	26.9	14	—	—	—	1.9
	Kyowa Hakko Kirin	2007	6.2	94.7	16	—	—	—	6.2
	Schincariol	2011	9.6	184.0	19	—	—	—	9.6
	Other		3.9	—	—	—	—	—	3.9
	Total consolidated subsidiaries		47.2			4.0			51.2
Equity method	San Miguel Brewery	2009	5.9	98.7	17	1.5	25.4	17	7.5
	Fraser and Neave	2011	1.6	30.0	19	—	—	—	1.6
	China resources Kirin Beverages (Greater China) Company	2011	1.7	33.7	19	—	—	—	1.7
	Total equity method		9.4			1.5			10.9
Total			56.6			5.5			62.1

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

*2 Amortization (2) is included in depreciation

7. Consolidated results period list

■ FY2012

	FY2011				FY2012											
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Kirin Holdings																
LION																
Schincariol																
San Miguel Brewery																
Fraser and Neave																

■ FY2011

	FY2010				FY2011											
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Kirin Holdings																
LION (alcohol and non-alcohol)																
San Miguel Brewery																
Fraser and Neave																

■ FY2010

	FY2009				FY2010											
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Kirin Holdings																
Lion Nathan National Foods (alcohol)																
Lion Nathan National Foods (non-alcohol)																
San Miguel Brewery																



Kirin Holdings



Consolidated subsidiaries



Affiliates accounted for by the equity method