

Kirin Group Financial Report Presentation for 2014

February 2015
Kirin Holdings Company, Limited

(1) Financial Results for 2014

(2) Business Plan for 2015

**(3) Medium-Term Business Plan(MTBP) Progress
and Policies Going Forward**

(1) Financial Results for 2014

(2) Business Plan for 2015

(3) Medium-Term Business Plan(MTBP) Progress and Policies Going Forward

Overview of Financial Results in 2014



The Japan and Overseas Integrated Beverages Businesses achieved the forecast at 3rd quarter for operating income while R&D and other expenses in the pharmaceuticals business increased.

| (Billion yen) | 2014 results | 2013 results | YoY change (%) | | 2014 Forecast at 3Q |
|-----------------------------------|--------------|--------------|----------------|--------|---------------------|
| Sales | 2,195.7 | 2,254.5 | (58.7) | (2.6) | 2,210.0 |
| Japan integrated beverages | 1,152.9 | 1,180.1 | (27.2) | (2.3) | 1,152.0 |
| Overseas integrated beverages | 693.1 | 685.2 | 7.9 | 1.2 | 707.0 |
| Pharmaceuticals and bio-chemicals | 325.1 | 331.3 | (6.2) | (1.9) | 327.0 |
| Operating income | 114.5 | 142.8 | (28.2) | (19.8) | 120.0 |
| Japan integrated beverages | 48.1 | 62.1 | (13.9) | (22.4) | 48.5 |
| Overseas integrated beverages | 31.2 | 30.6 | 0.5 | 1.9 | 30.0 |
| Pharmaceuticals and bio-chemicals | 38.8 | 54.3 | (15.4) | (28.5) | 46.0 |
| Ordinary income | 94.2 | 132.1 | (37.9) | (28.7) | 102.0 |
| Net income | 32.3 | 85.6 | (53.2) | (62.2) | 35.0 |
| Normalized EBITDA** | 273.1 | 301.4 | (28.3) | (9.4) | 279.0 |
| Normalized EPS** (yen) | 118 | 122 | (4) | (3.3) | 117 |

**See slide 33

2014 Results Japan Integrated Beverages Sales Results

Beer sales volumes declined as a result of intensified competition following the consumption tax rate hike, but results turned towards steady recovery starting in September.

| Thousand KL | Unit | 2014 results | YoY change | 2014 Forecast at 3Q | Market |
|--|-----------|--------------|------------|---------------------|--------------|
| Beer, <i>happo-shu</i> , and new genre total | 000 KL | 1,793 | (6.0%) | (6.9%) | Approx. (2%) |
| Beer | 000 KL | 654 | (2.8%) | (3.0%) | Approx. (1%) |
| <i>Happo-shu</i> | 000 KL | 505 | (3.1%) | (4.4%) | Approx. 4% |
| New genre | 000 KL | 633 | (11.2%) | (12.2%) | Approx. (4%) |
| RTD | 000 KL | 262 | 15.6% | 15.3% | Approx. 7% |
| Wine* | 000 cases | 703 | 6% | — | Approx. 5% |
| Soft drinks | 000 cases | 19,737 | (2%) | (1%) | Approx. (2%) |

* Unit : Domestic wine: 720 ml × 12 equivalent; imported wine: 750 ml × 12 equivalent

Beer
Total

- Shifted to recovery following the September launch of *Tanrei Platinum Double*. *Ichiban Shibori* brands sales increased.
- Market share for the year declined as a result of delayed responses to environmental changes following the consumption tax rate hike and other factors.

RTD

- The new product Bitters, launched in June, became another pillar of sales, achieving a high growth rate that greatly exceeded the market growth rate.

Wine

- Sales of *Château Mercian* and daily wine grew, achieving higher sales for the 8th consecutive year.

Soft drinks

- Sales turned upwards in October and remained at the market level for the year despite the effects of unseasonable weather during the peak season.



2014 Results Japan Integrated Beverages

Despite decreasing year-on-year, brand development from a medium- to long-term perspective proceeded according to plan

| Billion yen | 2014 results | 2013 results | YoY change (%) | | 2014 Forecast at 3Q |
|-----------------------|--------------|--------------|----------------|---------|---------------------|
| Sales | 1,152.9 | 1,180.1 | (27.2) | (2.3) | 1,152.0 |
| Kirin Brewery | 698.7 | 729.1 | (30.4) | (4.2) | 692.6 |
| Kirin Beverage | 345.7 | 353.5 | (7.7) | (2.2) | 350.5 |
| Mercian | 69.1 | 67.0 | 2.1 | 3.1 | 68.8 |
| Others | 39.3 | 30.4 | 8.9 | 29.3 | 40.0 |
| Operating income | 48.1 | 62.1 | (13.9) | (22.4) | 48.5 |
| Kirin Brewery | 42.2 | 51.8 | (9.5) | (18.5) | 42.5 |
| Kirin Beverage | (1.8) | 3.7 | (5.5) | (149.9) | (1.2) |
| Goodwill amortization | (1.9) | (1.9) | — | | (1.9) |
| Total | (3.8) | 1.7 | (5.5) | (325.8) | (3.1) |
| Mercian | 0.2 | 0.3 | (0.1) | (27.9) | 0.5 |
| Others | 9.4 | 8.1 | 1.2 | 15.8 | 8.6 |

Operating income YoY change

| Kirin Brewery | Bill. yen |
|--------------------|-----------|
| Marginal profits | (11.6) |
| Raw material costs | 0.3 |
| Selling expenses | (5.9) |
| Others | 7.7 |
| Total | (9.5) |

| Kirin Beverage | Bill. yen |
|---|-----------|
| Decrease in sales volume | (4.6) |
| Raw material costs | (0.1) |
| Difference in package composition, etc. | (3.4) |
| Selling expenses | 2.8 |
| Others | (0.1) |
| Total | (5.5) |

- Kirin Brewery: Sales, particularly of *Ichiban Shibori*, improved, and sales promotions during the year-end high demand period were reinforced to bolster sales trends that started to emerge.
- Kirin Beverage: Despite the product mix deteriorating because of increases in high-volume product items such as water and tea, steadily promoted improvement measures through bolstering of *Fire*, launch of *Bekkaku*, etc.
- Mercian: Despite the decrease resulting from increased wine and fruit juice material prices with the rapid depreciation of the yen, sales increased as sales number grew at a steady pace
- Group: Approximately 12.0 billion yen in cost reductions achieved for the year

2014 Results Overseas Integrated Beverages Lion

Third quarter income forecast achieved due to strong performance in the alcohol beverage business and higher headquarters cost efficiency

| Left : Billion yen Right : Million AUD | 2014 results | | 2013 results | | YoY change | | YoY change (%) | | 2014 Forecast at 3Q | |
|--|--------------|-------|--------------|-------|------------|-------|----------------|--------|------------------------|-------|
| Sales | 470.2 | 4,989 | 468.4 | 5,093 | 1.7 | (103) | 0.4 | (2.0) | 473.5 | 5,037 |
| Alcohol | 255.8 | 2,715 | 244.9 | 2,663 | 10.8 | 51 | 4.5 | 1.9 | 258.8 | 2,753 |
| Soft Drinks | 214.3 | 2,274 | 223.4 | 2,429 | (9.1) | (155) | (4.1) | (6.4) | 214.6 | 2,283 |
| Operating income prior to amortization of goodwill etc. | 62.9 | 667 | 63.3 | 689 | (0.4) | (21) | (0.8) | (3.2) | 61.9 | 659 |
| Alcohol | 71.0 | 753 | 66.3 | 721 | 4.6 | 32 | 7.1 | 4.5 | 69.0 | 734 |
| Soft Drinks | 1.7 | 18 | 7.3 | 79 | (5.5) | (61) | (75.8) | (76.3) | 3.4 | 36 |
| Corporate | (9.8) | (104) | (10.2) | (111) | 0.4 | 6 | | | (10.4) | (111) |
| Goodwill amortization | (31.1) | (330) | (30.3) | (330) | (0.7) | (0) | | | (31.0) | (330) |
| Brand amortization | (4.1) | (44) | (4.2) | (45) | 0.0 | 1 | | | (4.1) | (43) |
| Operating income | 27.5 | 292 | 28.7 | 313 | (1.2) | (20) | (4.2) | (6.5) | 26.7 | 284 |

Consolidated period: Oct. 2013–Sep. 2014 Currency exchange rate: 94.24 yen (Oct. 2012–Sep. 2013: 91.97 yen)

■ Statement of change in operating income prior to amortization of goodwill etc.

| Mill AUD | Alcohol | Soft Drinks |
|--------------------------|---------|-------------|
| 2013 results | 721 | 79 |
| Changing in sales volume | (33) | (23) |
| Others | 65 | (37) |
| 2014 results | 753 | 18 |

■ Overview of alcohol beverage business

- Although sales volume declined (down 2.7% year-on-year), earnings improved as a result of Lion's long-term strategy of marketing and innovation investment in premium growth categories such as craft and international premium.

■ Overview of soft drinks business

- Sales volume decreased (down 7.3% year-on-year) in a highly competitive and deflationary retail market, while historically high milk prices intensified margin pressure.

2014 Results Overseas Integrated Beverages Brasil Kirin

Although sales volume decreased because of effects from fierce competition, unit prices were steadily increased, and the income forecast at 3rd quater was met.

| Left: Billion yen Right: Million BRL | 2014 results | | 2013 results | | YoY change | | YoY change (%) | | 2014 Forecast at 3Q | |
|--|--------------|-------|--------------|-------|------------|----|----------------|-------|------------------------|-------|
| Sales | 179.9 | 3,987 | 178.3 | 3,947 | 1.5 | 39 | 0.9 | 1.0 | 190.8 | 4,240 |
| Operating income prior to amortization of goodwill etc. | 9.9 | 220 | 8.8 | 196 | 1.0 | 23 | 12.0 | 12.2 | 9.9 | 221 |
| Goodwill amortization | (5.3) | (118) | (5.3) | (118) | 0.0 | — | | | (5.3) | (118) |
| Brand amortization | (3.1) | (69) | (3.1) | (69) | 0.0 | — | | | (3.1) | (69) |
| Operating income | 1.4 | 31 | 0.3 | 7 | 1.0 | 23 | 297.9 | 298.3 | 1.4 | 32 |
| EBITDA | 22.7 | 503 | 21.2 | 470 | 1.5 | 33 | 7.1 | 7.0 | 22.5 | 500 |

Consolidated period: Jan.–Dec. 2014 Currency exchange rate: 45.13 yen (Jan.–Dec. 2013: 45.18 yen)

■ Brasil Kirin's sales status

- Price competition intensified in the first half in conjunction with the FIFA World Cup and demand was sluggish after the event, and as a result, sales volume declined.
- Starting in October, strategic measures for 2015 and later were moved up and commenced.
 - (1) Thorough implementation of effective and efficient sales activities: Change of management in sales and marketing , and review of trading conditions
 - (2) Creation of strong logistics systems: Some sales agents switched to in-house wholesalers

■ Change in operating income

- Increase in gross profit (approx. 82 million real): Sales prices increased through higher unit prices , and manufacturing costs decreased through increased efficiency in the supply chain.
- Higher selling and marketing expenses with restructuring on general and administrative (approx. 58 million real): Strategic brand investment during the peak season etc.

| | YoY change (%) |
|-------------|----------------|
| Beer | (10.1) |
| Soft drinks | (7.3) |
| Total | (9.1) |

Reference: Market Trend (SICOBÉ)

- Beer: YoY Change 4.3%
- Soft drinks: YoY Change 1.0%

2014 Results Pharmaceuticals and Bio-chemicals Business

Sales and income down due to higher R&D expenses and the effects of drug price revisions in April

| (Billion yen) | 2014 results | 2013 results | YoY change (%) | | 2014 Forecast at 3Q |
|--|-----------------|-----------------|----------------|--------|------------------------|
| Sales | 325.1 | 331.3 | (6.2) | (1.9) | 327.0 |
| Kyowa Hakko Kirin | 333.4 | 340.6 | (7.1) | (2.1) | 336.0 |
| Pharmaceuticals | 251.8 | 259.5 | (7.7) | (3.0) | 253.0 |
| Bio-chemicals | 81.5 | 81.0 | 0.5 | 0.7 | 83.0 |
| Other and elimination | (8.2) | (9.2) | 0.9 | | (9.0) |
| Operating income | 38.8 | 54.3 | (15.4) | (28.5) | 46.0 |
| Kyowa Hakko Kirin | 38.8 | 54.3 | (15.4) | (28.5) | 46.0 |
| Pharmaceuticals | 29.0 | 46.1 | (17.0) | (37.0) | 35.0 |
| Bio-chemicals | 7.2 | 5.6 | 1.6 | 28.4 | 8.0 |
| Other/Elimination of amortization of goodwill | 8.7 | 8.7 | — | | 9.2 |
| Goodwill amortization | (6.2) | (6.2) | — | | (6.2) |

■ Pharmaceuticals business

- Sales and income were down as a result of sales price revision and higher R&D expenses.

■ Bio-chemicals business

- Sales and income increased due to increased sales of drug substances and further depreciation of the yen.

2014 Results Non-Operating Income and Expenses

| (Billion yen) | FY2014 results | FY2013 results | YoY change | (%) |
|---|-------------------|-------------------|------------|--------|
| Operating income | 114.5 | 142.8 | (28.2) | (19.8) |
| Non-operating income and expenses | (20.3) | (10.6) | (9.6) | |
| Financial profit or loss, net | (17.9) | (14.2) | (3.6) | |
| Equity in earnings or losses of affiliates | 2.9 | 1.6 | 1.2 | |
| Foreign currency translation gain or loss | 1.0 | 3.3 | (2.2) | |
| Other | (6.3) | (1.3) | (4.9) | |
| Ordinary income | 94.2 | 132.1 | (37.9) | (28.7) |
| Special income * | 8.6 | 73.2 | (64.5) | |
| Special expenses | (25.0) | (48.1) | 23.1 | |
| Income before income taxes and minority interests | 77.8 | 157.2 | (79.3) | (50.5) |
| Income taxes | (33.0) | (53.2) | 20.2 | |
| Minority interests | (12.4) | (18.2) | 5.8 | |
| Net income | 32.3 | 85.6 | (53.2) | (62.2) |

*Extraordinary income of ¥46.2 billion from the sales of Fraser and Neave shares was reported in a prior fiscal year.

(1) Financial Results for 2014

(2) Business Plan for 2015

**(3) Medium-Term Business Plan(MTBP) Progress
and Policies Going Forward**

Business Plan for 2015



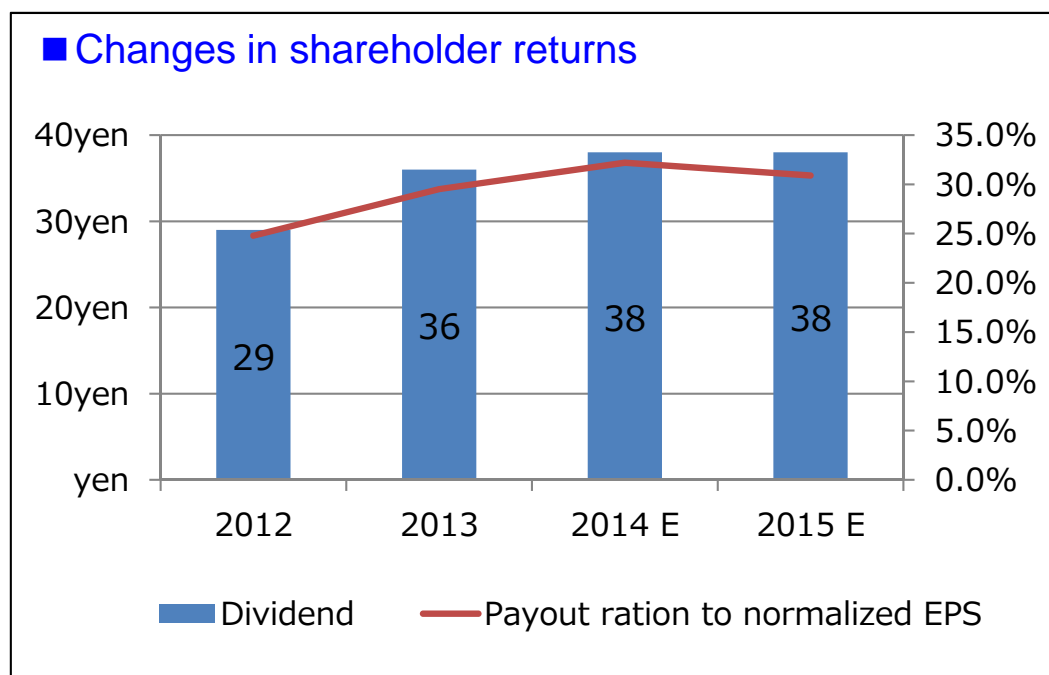
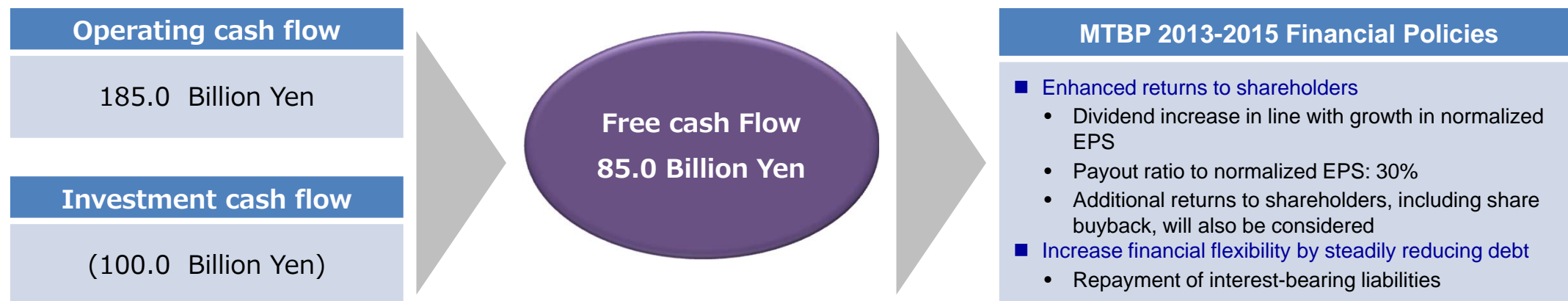
Aim for higher income in overall Group, expecting growth in the overseas and pharmaceutical business to cover the decline in income in the Japan integrated beverages business caused by brand investment from a medium- to long-term perspective

| (Billion yen) | 2015 plan | 2014 results | YoY change (%) | |
|-----------------------------------|-----------|--------------|-------------------|--------|
| Sales | 2,270.0 | 2,195.7 | 74.2 | 3.4 |
| Japan integrated beverages | 1,190.0 | 1,152.9 | 37.0 | 3.2 |
| Overseas integrated beverages | 710.0 | 693.1 | 16.8 | 2.4 |
| Pharmaceuticals and bio-chemicals | 346.0 | 325.1 | 20.8 | 6.4 |
| Operating income | 117.0 | 114.5 | 2.4 | 2.1 |
| Japan integrated beverages | 38.0 | 48.1 | (10.1) | (21.1) |
| Overseas integrated beverages | 38.5 | 31.2 | 7.2 | 23.2 |
| Pharmaceuticals and bio-chemicals | 44.5 | 38.8 | 5.6 | 14.5 |
| Ordinary income | 100.0 | 94.2 | 5.7 | 6.1 |
| Net income | 40.0 | 32.3 | 7.6 | 23.5 |
| Normalized EBITDA* | 276.0 | 273.1 | 2.8 | 1.0 |
| Normalized EPS* (yen) | 121 | 118 | 3 | 2.5 |

*See p. 33

FY2015 financial strategies

Distribution of free cash flow in accordance with the MTBP financial policies



■ The Cancellation of Treasury Stock

- Class of shares to be cancelled: Common stock
- Number of shares to be cancelled: 51,000,000 shares
(5.28% of the total issued shares before cancellation)
(Reference) The total number of own shares at end of 2014:
52,452,089 shares
- Date of cancellation: February 27, 2015
- The total number of issued shares after the cancellation:
914,000,000 shares

(Reference) Share buyback Results

2013: Approx. 49.9 billion yen, 31.90 million shares
2014: Approx. 19.7 billion yen, 15.99 million shares

KIRIN

2015 Business Plan Japan Integrated Beverages Sales Plan

Undertake consistent brand development and creation of value and aim to increase sales volume in all categories including total of beer, happo-shu and new genre

| | Unit | 2015 plan | 2014 | YoY change | Market |
|--|-----------|-----------|--------|------------|----------------|
| Beer, <i>happo-shu</i> , and new genre total | 000 KL | 1,800 | 1,793 | 0.3% | Approx. (1–0%) |
| Beer | 000 KL | 671 | 654 | 2.6% | Approx. (1–0%) |
| <i>Happo-shu</i> | 000 KL | 496 | 505 | (2.0%) | Approx. 0–1% |
| New genre | 000 KL | 633 | 633 | (0.2%) | Approx. (1–0%) |
| RTD | 000 KL | 290 | 262 | 10.6% | Approx. 4–5% |
| Wine | 000 cases | 760 | 703 | 8% | Approx. 4% |
| Soft drinks | 000 cases | 20,910 | 19,737 | 5.9% | Approx. ±0 % |

Units: Domestic wine: 720 ml × 12 equivalent; imported wine: 750 ml × 12 equivalent

Beer

Total

RTD

Wine

Soft drinks

- Beer: Increase brand experience opportunities for *Ichiban Shibori* and launch unique, limited products; launch the craft beer business on a major scale
- *Happo-shu* and new genres: Raise the quality of the *Tanrei* and *Nodogoshi* brands, expand the functional category, and introduce lifestyle proposal-type products
- Develop *Hyoketsu*, *Honshibori*, and *Bitters* into long-selling brands and introduce category-creating products
- Achieve further growth of *Château Mercian*, expand the segment of wine drinkers by launching wine entry products, and further reinforce daily wine products
- Invigorate *Gogo no Kocha* and go on the offensive in mainstream markets (carbonated beverages, coffee, and sugar-free tea)



2015 Business Plan Japan Integrated Beverages

Make increasing sales through brand development as the highest-priority issue while continuing to reduce costs from a medium- to long-term perspective

| (Billion yen) | 2015 plan | 2014 results | YoY change (%) | |
|--------------------------|-----------|--------------|----------------|--------|
| Sales | 1,190.0 | 1,152.9 | 37.0 | 3.2 |
| Kirin Brewery | 712.1 | 698.7 | 13.3 | 1.9 |
| Kirin Beverage | 370.1 | 345.7 | 24.4 | 7.1 |
| Mercian | 70.4 | 69.1 | 1.3 | 2.0 |
| Others | 37.2 | 39.3 | (2.1) | (5.4) |
| Operating income | 38.0 | 48.1 | (10.1) | (21.1) |
| Kirin Brewery* | 57.1 | 66.4 | (9.3) | (14.0) |
| Kirin Beverage* | 6.9 | 5.3 | 1.5 | 29.7 |
| Mercian* | 1.4 | 1.4 | (0.0) | (2.4) |
| Others** | (25.4) | (23.0) | (2.4) | |
| Total | 39.9 | 50.1 | (10.1) | (20.3) |
| Amortization of goodwill | (1.9) | (1.9) | — | |

■ Operating income YoY change

| Kirin Brewery | Billion yen |
|--------------------|-------------|
| Marginal profits | 5.0 |
| Raw material costs | (2.5) |
| Selling expenses | (9.7) |
| Others | (2.1) |
| Total | (9.3) |

| Kirin Beverage | Billion yen |
|---|-------------|
| Increase in sales volume | 12.6 |
| Raw material costs | 2.2 |
| Difference in package composition, etc. | 3.7 |
| Selling expenses | (13.8) |
| Others | (3.1) |
| Total | 1.5 |

* Operating incomes of 2015 plan and 2014 results shown above are before deducting management fees (see p. 34).

** Include management fees and income and loss of the other constituent companies

- The effect of the increase in raw material costs resulting from the depreciation of the yen is reflected in plan
- Raise cost efficiency (reduce fixed costs such as depreciation expenses, increase the percentage of soft drink products produced in-house, etc.) by approximately 8.0 billion yen annually

2015 Business Plan Overseas Integrated Beverages Lion



Further strengthen the alcohol beverages business by reinvigorating the beer market and deliver the Turnaround Plan in the soft drinks business

| Left: Billion yen Right: Mil AUD | 2015 plan | | 2014 results | | YoY change | | YoY change (%) | |
|-------------------------------------|-----------|-------|--------------|-------|------------|-------|----------------|-------|
| Sales | 470.9 | 4,855 | 470.2 | 4,989 | 0.6 | (134) | 0.2 | (2.7) |
| Alcohol | 269.3 | 2,777 | 255.8 | 2,715 | 13.5 | 62 | 5.3 | 2.3 |
| Soft Drinks | 201.5 | 2,077 | 214.3 | 2,274 | (12.8) | (197) | (6.0) | (8.7) |
| Operating income* | 66.6 | 686 | 62.9 | 667 | 3.6 | 19 | 5.9 | 2.9 |
| Alcohol | 69.2 | 714 | 67.0 | 711 | 2.2 | 2 | 3.4 | 0.4 |
| Soft Drinks | 2.9 | 30 | 0.2 | 2 | 2.6 | 27 | 975.0 | 944.4 |
| Corporate | (5.6) | (57) | (4.3) | (46) | (1.2) | (11) | | |
| Goodwill amortization | (32.0) | (330) | (31.1) | (330) | (0.9) | (0) | | |
| Brand amortization | (3.9) | (40) | (4.1) | (44) | 0.2 | 3 | | |
| Operating income after amortization | 30.6 | 315 | 27.5 | 292 | 3.0 | 22 | 10.9 | 7.8 |

Consolidated period: Oct. 2014–Sep. 2015 Currency exchange rate: 97.00 yen (Oct. 2013–Sep. 2014: 94.24 yen)

* 2014 results by business segment reflect changes in headquarters expense allocation rules.

■ Alcohol

- The overall market is expected to continue contracting, but Lion aims to reinvigorate the beer market through a focussed marketing and innovation strategy that will promote the beer category and increase its appeal across a broader range of consumers
- Continue to improve product mix and earnings through Lion's long-term strategy of marketing and innovation investment in premium growth categories such as craft and international premium

■ Soft Drinks

- Reduced sales as the business implements the turnaround strategy and poor performing SKUs and private label contracts cease and investment is refocussed on the most profitable growth segments, brands, customers and channels, a health and wellness portfolio positioning and strategic milk procurement

2015 Business Plan Overseas Integrated Beverages Brasil Kirin



Improve area-based strategies. Aim to recover income levels to equal those in 2012 (first fiscal year of consolidation with the Kirin Group) by raising sales prices and improving cost efficiency.

| Left: Billion yen Right: Mil BRL | 2015 plan | | 2014 results | | YoY change | | YoY change (%) | |
|-------------------------------------|-----------|-------|--------------|-------|------------|-----|----------------|-------|
| Sales | 198.1 | 4,308 | 179.9 | 3,987 | 18.2 | 320 | 10.1 | 8.1 |
| Operating income | 14.3 | 312 | 9.9 | 220 | 4.4 | 91 | 44.4 | 41.7 |
| Goodwill amortization | (5.4) | (118) | (5.3) | (118) | (0.1) | — | | |
| Brand amortization | (3.2) | (69) | (3.1) | (69) | (0.0) | — | | |
| Operating income | 5.6 | 123 | 1.4 | 31 | 4.2 | 91 | 295.5 | 288.1 |
| EBITDA | 27.6 | 600 | 22.7 | 503 | 4.9 | 97 | 21.6 | 19.3 |

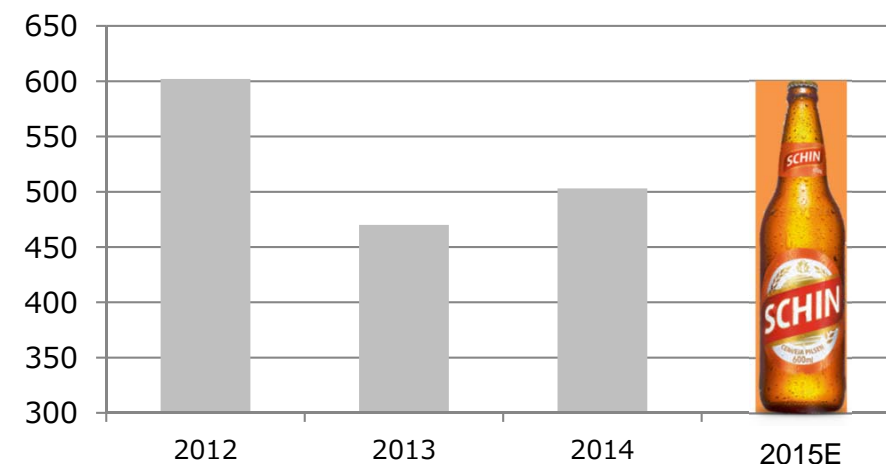
Consolidated period: Jan. –Dec. 2015 Currency exchange rate: 46.00 yen (Jan. –Dec. 2014: 45.13 yen)

- Reinforce sales of channels/products with high profitability
- Ensure thorough effective use of sales expenses, promote effective operating activities directly connected to sales
- Steadily raise unit prices to cover inflation
- Continue efforts to reduce manufacturing costs and administrative expenses

Reference: Forecasts of major economic indicators

- GDP: 0.00% compared with the previous quarter
- Consumer price index: 7.15%
(Source: Forecasts by Banco Central do Brasil and others, as of February 9, 2015)

● EBITDA forecast (2015)



2015 Business Plan Pharmaceuticals and Bio-chemicals Business

KIRIN

Concentrate on increasing market penetration of new products, generate sustainable cash and continue investment in R&D to improve business value

| (Billion yen) | 2014 results | 2013 results | YoY change (%) | |
|---|--------------|--------------|----------------|------|
| Sales | 346.0 | 325.1 | 20.8 | 6.4 |
| Kyowa Hakko Kirin | 354.0 | 333.4 | 20.5 | 6.2 |
| Pharmaceuticals | 269.0 | 251.8 | 17.1 | 6.8 |
| Bio-chemicals | 85.0 | 81.5 | 3.4 | 4.2 |
| Other and elimination | (8.0) | (8.2) | 0.2 | |
| Operating income | 44.5 | 38.8 | 5.6 | 14.5 |
| Kyowa Hakko Kirin | 44.5 | 38.8 | 5.6 | 14.5 |
| Pharmaceuticals | 32.0 | 29.0 | 2.9 | 10.1 |
| Bio-chemicals | 9.5 | 7.2 | 2.2 | 30.5 |
| Other/elimination of amortization of goodwill | 9.2 | 8.7 | 0.4 | 5.3 |
| Goodwill amortization | (6.2) | (6.2) | — | |

■ Pharmaceuticals business

- Increase sales volumes with a focus on new products; contribution by Archimedes (acquired last year) throughout the year
- Increase R&D expenditures

■ Bio-chemicals business

- Increase sales volumes of core amino acid and nucleic acid related substances as well as Ornithine and other products
- Increase profits of Daiichi Fine Chemical

2015 Business Plan Forecast of Non-Operating Profit and Loss

KIRIN

| (Billion Yen) | 2015 forecast | 2014 results | YoY change (%) | |
|---|------------------|--------------|-------------------|------|
| Operating income | 117.0 | 114.5 | 2.4 | 2.1 |
| Non-operating income and expenses | (17.0) | (20.3) | 3.3 | |
| Financial profit or loss, net | (15.5) | (17.9) | 2.3 | |
| Equity in earnings or losses of affiliates | 1.6 | 2.9 | (1.2) | |
| Ordinary income | 100.0 | 94.2 | 5.7 | 6.1 |
| Special income and expenses | (4.0) | (16.3) | 12.3 | |
| Income before income taxes and minority interests | 96.0 | 77.8 | 18.1 | 23.3 |
| Income taxes | (42.5) | (33.0) | (9.5) | |
| Minority interests | (13.4) | (12.4) | (1.0) | |
| Net income | 40.0 | 32.3 | 7.6 | 23.5 |

(1) Financial Results for 2014

(2) Business Plan for 2015

**(3) Medium-Term Business Plan(MTBP) Progress
and Policies Going Forward**

Medium-Term Business Plan 2013-2015 announced in October 2012



2013-2015 MTBP basic policy



- Establish and deploy Kirin Group's Brand-Centered Management
- Deliver results according to the business stage of each region
- Foster competitiveness and powerful brands that help Kirin promote further growth in the Japanese integrated beverages business

Quantitative targets

Mid single-digit CAGR in normalized EBITDA*



Generate stable cash flow

High single-digit CAGR in normalized EPS*



Increase shareholder value through stronger earnings

Guidance on business performance associated with achievement of above targets:

- 2015 Group consolidated sales ¥2,300 bn plus; operating income ¥180 bn plus
Starting from the 2013 MTBP, MTBP guidance on sales and operating income will be updated every year

Financial policy

Increase dividend with 30% consolidated payout ratio on normalized EPS*



Enhance shareholder returns

Reduce interest-bearing debt



Increase financial flexibility

* Normalization: Removing extraordinary gains and losses and other non-operating items to reflect actual earnings more accurately
For definitions of normalized EBITDA, EPS and consolidated payout ratio please see slide 24
FY2012 estimated Normalized EBITDA is ¥315.7 bn; Normalized EPS ¥116

Progress of Medium-Term Business Plan

Plans called for overseas business to drive Group growth and to restore growth in the Japan Integrated Beverages Business, but environmental conditions changed after formulation of the plan, and responses were inadequate, so quantitative targets can not be met

■ Quantitative Targets

| | Quantitative targets of MTBP | 2013-2015 CAGR forecast | Achievement Level | 2015 forecast | 2012 results |
|-------------------|------------------------------|-------------------------|-------------------|---------------|--------------|
| Normalized EBITDA | Mid single-digit CAGR (%) | (3.5%) | Not Achieved | 276.0 Bn Yen | 307.3 Bn Yen |
| Normalized EPS | High single-digit CAGR (%) | 1.1% | Not Achieved | 121 Yen | 117 Yen |

Guidance on sales and operating income

| | 2015 plan | 2015 guidance* | 2012 results |
|-------------------------------|----------------|----------------|----------------|
| Consolidated sales | 2,270.0 Bn Yen | 2,300.0 Bn Yen | 2,186.1 Bn Yen |
| Consolidated operating income | 117.0 Bn Yen | 180.0 Bn Yen | 153.0 Bn Yen |

* Guidance announced in October 2012. Later, the forecast for consolidated operating income was revised to 170.0 billion yen (February 2014)

■ Cash Flow Forecasts

| | 2013-2015 CAGR forecast | Updated Medium-Term Business Plan |
|----------------------|-------------------------|---|
| Operating cash flow | 545.7 Bn Yen | 700.0 Bn Yen plus |
| Investment cash flow | **153.8 Bn Yen | Approximately 300.0 Bn Yen (excluding strategic investment for growth) |
| Free cash flow | 391.9 Bn Yen | 400.0 Bn Yen plus |

** Includes cash in from the sale of Fraser and Neave shares (¥137.0 billion)

Summary of 2013-2014 and Policies Going Forward

KIRIN

Summary of 2013-2014

- Active investment was made in brands to restore growth in the Japan Integrated Beverages Business, but the responses to intensified competition in conjunction with the consumption tax rate hike and other developments were inadequate, and sales volumes, particularly of beer, continued to fall below plans
- Overseas, Lion has steadily achieved profit growth driven by the alcohol beverages business, but Brasil Kirin's growth was below plans because of sluggish growth in the macro economy and changes in the competition environment

Current Policies for the Next Medium- Term Business Plan

- In 2015, measures will be undertaken with the highest priority on restoring the Japan Integrated Beverages Business and Brasil Kirin
- Allocation of resources for achieving recovery will prioritize the Japan Integrated Beverages Business, and recovery plans for the Brasil Kirin and Lion soft drinks businesses will be steadily implemented
- Aim to increase capital efficiency by continuing to engage in optimization of business assets, etc.

* Aim to recover operating income levels to equal those in 2012 and achieve 10% or greater ROE (prior to amortization of goodwill, etc.). Management commitment and quantitative targets shall be specified under next Medium-term Business Plan.

Changes to Group Organizational Structures to Improve Plan Execution Capabilities **KIRIN**

The Group's plan execution capabilities will be improved under a new management structure that integrates the Group headquarters and the Japan regional headquarters

Overview of the Current Organization

- The pure holding company system achieved certain results in terms of bold allocation of resources and globalization for achieving quantum leap in growth
- By establishing a regional headquarters in Japan, allocation of resources that went beyond the framework of the alcohol beverage and soft drink categories in Japan was achieved.
- Amidst extreme environmental changes, achieving suitable and speedy management based on information from the front lines of business is a key issue

Objectives of the New Structure

- Integrate management of the Group headquarters and Japan regional headquarters to increase the pace of strategy formulation and decision making and make allocation of resources more dynamic
- Appoint executive officers of the Group headquarters who are responsible for Brasil Kirin and Southeast Asia and reinforce governance of the Overseas Integrated Beverages Business



Japan Integrated Beverages

Become Japan's leading integrated beverages company by providing consumers surprise and inspiration through brand-centered creation of value

Growth Picture up to 2018

- Continuously expand sales with RTD products and soft drinks as the drivers and based on stopping the decline in market share of beer products
- Strive to increase profitability by raising the percentages of products with a high unit price such as beer and cutting costs and aim to recover operating income levels to equal those in 2013.

■ Development of brands that support growth

- Achieve dramatic growth by increasing brand experience opportunities for "Ichiban Shibori"
- Further reinforce the RTD brand lineup as a driver of market growth
- Reinforce and develop brands in the three major categories of soft drinks (carbonated, coffee, and sugar-free tea)
- Steady growth in the wine category outperforming market growth

■ Creation of value that leads to surprise and inspiration for consumers and society

- Implement marketing that creates new value based on changes in society and customers
- Create value that is shared with society by solving health and environment related problems through the use of original technologies and develop products that lead to regional revitalization.

■ Cost cutting for brand investment

- Already achieved the 2013 Medium-Term Business Plan cost-cutting target of 20.0 billion yen. In 2015, seek to increase efficiency by an additional ¥8.0 billion (increase in-house production of soft drinks and take other measures)

Consistent Development of Strong Product Brands



Categories to be Reinforced in the Future

RTD

Soft drinks



Lion

Further strengthen the alcohol beverages business by reinvigorating the beer market and delivering the Turnaround Plan in the soft drinks business

Growth Picture up to 2018

- Maintain stable profit growth by reinvigorating the Australian beer market and continuing Lion's long-term strategy of marketing and innovation investment in premium growth categories such as craft
- Improve operating income in the soft drinks business compared to 2014 through the implementation of the Turnaround Plan

■ Establish firm leading position in the alcohol beverage market

- Further improve competitive position in high-value growth categories such as craft, international premium and cider
- Stimulate demand by reinvigorating the Australian beer market



■ Transform the business model for the dairy business

- Steadily implement the Turnaround Plan and refocus the business on its most profitable growth segments, brands, customers and channels, a health and wellness portfolio positioning and strategic milk procurement

■ Turnaround juice and grow NARTD

- Dedicated juice and NARTD business unit The Daily Drinks Co. to spur growth through focussed investment
- Concentrate management resources on specific business opportunities with a focus on health



Turnaround Plan

■ Focus on most profitable brands and categories

- Category strategies based on a portfolio reorganized according to growth potential and Lion's position in the market
- Rationalization of SKUs/brands
- Focus resources behind priority categories and products

■ Cost structure reforms throughout the supply chain

- Procurement: Stabilize milk input costs and secure supply through strategic milk procurement and long-term partnerships with dairy farmers
- Manufacturing: Comprehensively review the entire milk production process including packaging and materials to increase cost competitiveness
- Distribution: Reduce logistics costs by further optimising distribution networks

■ Leverage provenance and nutritional benefits to tap into Australian desire to eat better quality foods

- Reformulation and innovation within growing categories through The Goodness Project – a renewed focus on nutrition and 'better for you' foods that will be a core driver of growth in future years

“Goodness Project”

⇒ Focus on high-value brand and category growth, SKU reductions (20%) and sustainable cost reduction in manufacturing and distribution

Positioning of each category

| | Category |
|-----------------------|---|
| Full Force | <ul style="list-style-type: none"> ■ Milk beverages ■ Yogurt ■ Specialty cheeses |
| Must Win | <ul style="list-style-type: none"> ■ Chilled juice ■ Cream |
| Manage Business Model | <ul style="list-style-type: none"> ■ White milk ■ Ambient juice ■ Everyday cheeses |



Brasil Kirin

Aim to establish growth bases with area-based strategies

Growth Picture up to 2018

- Achieve continuous increases in sales and income through optimal brand/channel mix for each market and steady price increases

■ Create a highly profitable brand portfolio

- Raise the brand strength of *SCHIN* in mainstream categories that account for over 80% of the beer market
- Narrow the range of SKUs to streamline the portfolio
- Implement steady price increase

■ Comprehensively conduct effective and efficient sales activities

- Reinforce sales of channels/products with high profitability
- Use sales expenditures efficiently and conduct effective sales activities that lead to sales
- Undertake human resource training programs for sales staff to raise sales skills

■ Build strong distribution systems that can reliably deliver products to consumers

- Encourage in-house wholesaling, optimally place distribution centers and raise the operating efficiency of distributors

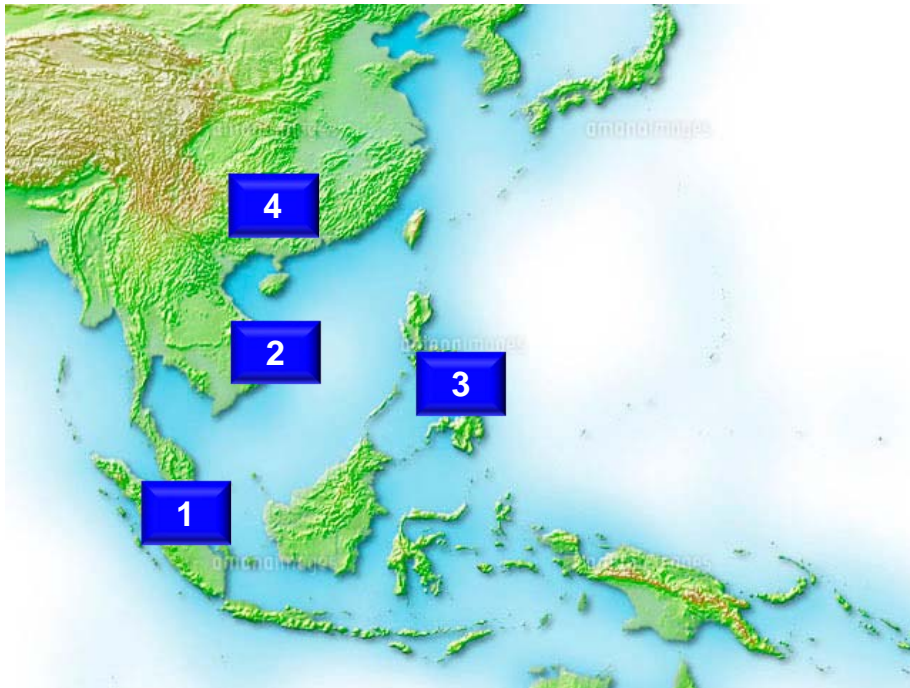


Southeast Asia and China

Continue to build business foundations for each country and area including searching for opportunities for growth investment and establishing strategic alliances

Growth Picture up to 2018

- Expansion strategies implemented according to each country and area and business foundations for the integrated beverages business built in leading consumer markets in Southeast Asia
- San Miguel Brewery and China Resources Kirin Beverages maintain and establish strong positions in developing markets and categories



1 Kirin Holdings Singapore

- Implement expansion strategies for each country to build the foundations for medium- to long-term growth
- Reinforce the *Ichiban Shibori* brand in Singapore, Malaysia, and Thailand

2 Interfood, Vietnam Kirin Beverage

- Reinforce sales capabilities and sales networks to continuously expand sales and reduce manufacturing costs through manufacturing lot control and other measures

3 San Miguel Brewery

- Maintain the number one position in the Philippines and strengthen overseas development by using San Miguel Brewing International's business foundations

4 China Resources Kirin Beverages (Greater China)

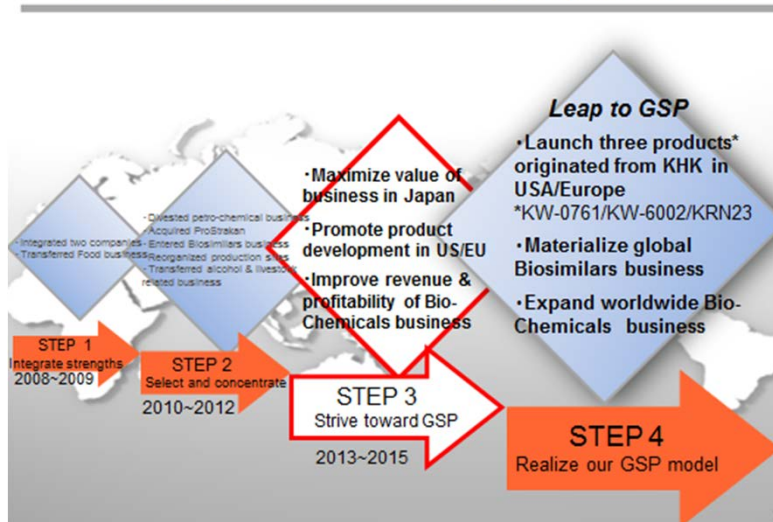
- Achieve 10.0 billion yuan, 2015 sales target, and seek further growth

Pharmaceuticals and Bio-chemicals

Steady progress in line with medium-term business plan within changes of business environment such as drug revisions and expanding impact of generics and biosimilars. Take further measures to accelerate evolution towards GSP.

■ Medium-term Business Plan (announced in January 2013)

Roadmap to Global Specialty Pharmaceutical Company (GSP) **KYOWA KIRIN**



1. Core strategy **KYOWA KIRIN**

Become a global specialty pharmaceutical company

1. Further strengthen competitiveness in Japan through our category-based strategy*
2. Expand our business base in the USA, Europe and Asia and aim to become GSP
3. Strengthen the revenue base of our Bio-Chemicals business

* Category-based strategy applies to the following four disease areas:
Nephrology; Oncology; Immunology & Allergy; and Central Nervous System.

Slide no.10

copyright©2008 Kyowa Hakko Kirin Co., Ltd. All Rights Reserved

■ Accomplishments up to 2014

- Began sale of new drugs according to category-based strategy
- Acquisition of Archimedes of the U.K. to reinforce the business foundation in Europe (2014)
- Executed development alliance agreements with AstraZeneca and others concerning POTELIGEO® in the field of immuno-oncology
- Established the Thai plant to respond to increasing global demand for amino acids toward the business structural reform not susceptible to effects from changes in exchange rates

Creating Shared Value

Aim at creating value that leads to surprise and inspiration for consumers and society with the themes of “health”, “strengthening bonds between people and society”, and “the environment” as themes.

Promoting Health

Promoting health through the use of original technologies



Strengthening Bonds between People and Society

Regional revitalization through business activities

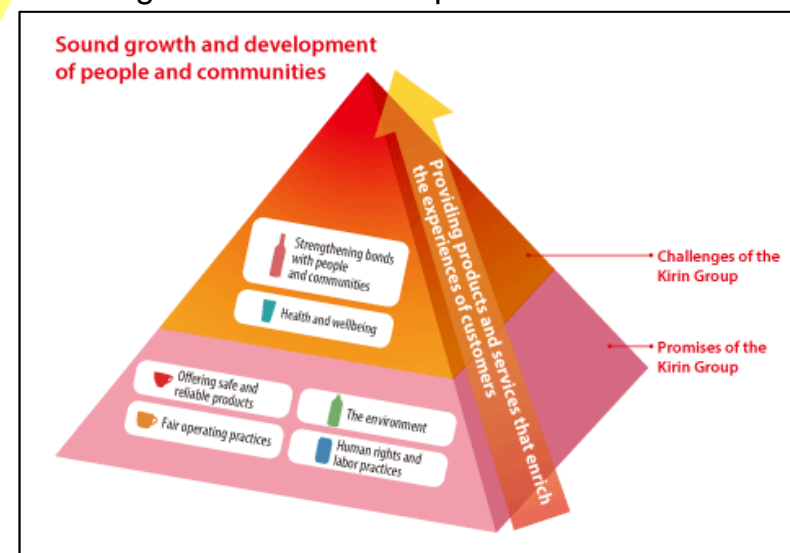


Environmental Initiatives

Lightweight medium bottles, lightweight PET/Sustainable use of recycled resources



● Image of the Kirin Group CSV



Quantitative Targets

| (Billion yen) | 2015 plan | 2014 results | 2013 results | 2012 results |
|---|-----------|--------------|--------------|--------------|
| ■ Normalized EBITDA | 276.0 | 273.1 | 301.4 | 307.3 |
| Operating income | 117.0 | 114.5 | 142.8 | 153.0 |
| Depreciation | 97.0 | 98.9 | 101.1 | 103.4 |
| Goodwill amortization | 51.0 | 49.6 | 47.9 | 42.9 |
| Dividends received from equity method affiliated companies | 11.2 | 10.0 | 9.6 | 7.9 |
| ■ Normalized EPS (yen) (B)/(A) | 121 | 118 | 122 | 117 |
| Average number of shares outstanding during period (thousand) (A) | 912,547 | 918,517 | 943,727 | 961,665 |
| Normalized net income (B) | 110.3 | 108.7 | 115.4 | 112.8 |
| Net income | 40.0 | 32.3 | 85.6 | 56.1 |
| Amortization of goodwill, etc. | 68.9 | 67.3 | 65.2 | 59.5 |
| Special income and expenses after income taxes and minority interests | 1.4 | 9.0 | (35.4) | (2.9) |

Operating income of each domestic business company shown has been changed to one before deducting management fees.

Before Change

| Billion yen | 2015 plan | 2014 results | 2013 results |
|---------------------------|-----------|--------------|--------------|
| Operating Income | | 48.1 | 62.1 |
| Kirin Brewery | | 42.2 | 51.8 |
| Kirin Beverage | | (1.8) | 3.7 |
| Amortization of goodwill* | | (1.9) | (1.9) |
| Total | | (3.8) | 1.7 |
| Mercian | | 0.2 | 0.3 |
| Others | | 9.4 | 8.1 |

After Change

| Billion Yen | 2015 plan | 2014 results | 2013 results |
|---------------------------|-----------|--------------|--------------|
| Operating Income | 38.0 | 48.1 | 62.1 |
| Kirin Brewery | 57.1 | 66.4 | 75.8 |
| Kirin Beverage | 6.9 | 5.3 | 10.2 |
| Mercian | 1.4 | 1.4 | 1.6 |
| Others | (25.4) | (23.0) | (23.6) |
| Total | 39.9 | 50.1 | 64.1 |
| Amortization of goodwill* | (1.9) | (1.9) | (1.9) |

*Goodwill by 100% acquisition of Kirin Beverage (2006)

Effects of Exchange Rate Changes

■ Exchange Rate

| yen | AUD | BRL |
|-----------------------------|-------|-------|
| Average rate for the period | | |
| 2013 actual | 91.97 | 45.18 |
| 2014 actual | 94.24 | 45.13 |
| 2015 forecast | 97.00 | 46.00 |
| Rate at end of period | | |
| 2013 actual | 90.87 | 44.99 |
| 2014 actual | 95.19 | 45.39 |

■ FOREX Sensitivity (Impact of 1 yen change in foreign exchange rate on consolidated business results)

| yen | AUD (Lion) | BRL (Brasil Kirin) |
|--|-------------------|-----------------------|
| Sales | 4.9 | 4.3 |
| Operating income | 0.32 | 0.12 |
| Foreign currency translation adjustments | Approximately 7.0 | Approximately 6.0 |

KIRIN

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