

2009 first-quarter results presentation

First three months (January – March) of the fiscal year ending December 31, 2009



May 8, 2009
KIRIN HOLDINGS COMPANY, LIMITED

Summary: 2009 consolidated Q1 results

● Sound start to the year

Sales and operating income increased by the good sales performance of Kirin Brewery, the consolidation of Kyowa Hakko Kirin and other factors, and the shift to 'qualitative expansion' has begun

(billion yen)	2009 Q1 results	Change in percent	Change in yen	2008 Q1 results	2009 first half forecasts	Achievement to date
Sales	487.2	+13.3%	+57.2	430.0	1,070.0	45.5%
Operating income	9.4	+2.5%	+0.2	9.2	36.0	26.1%
Ordinary income	13.2	—	+15.2	(2.0)	38.0	34.7%
Net income	(6.1)	—	(5.5)	(0.6)	10.0	—

Sales

Increased to record level for four consecutive years, with contribution from Kyowa Hakko Kirin

Operating income

Increased with good performance at Kirin Brewery and effect of consolidating Kyowa Hakko Kirin

Ordinary income

Increased substantially, aided by translation adjustment from recovery of Australian dollar (actual rate ¥67.01 versus ¥62.61, the rate as of end 08)

Net income

Decreased as a result of such factors as write-down of investment securities, impairment losses and increase in tax (from change in accounting method*)

*With adoption of quarterly reporting standards the method has changed from estimated annual tax rate to a cumulative tax rate from each company

Kirin Brewery

● Strong start to year with beer + happo-shu + new genre above estimates

- Total taxed volumes of B+H+NG up 1.3% even amid negative growth for overall industry. Particular strength in *Nodogoshi* and the renewed *Ichiban Shibori*. First quarterly lead in volume among industry peers since Q1 2007.
- Operating income up ¥1.7 billion
 - marginal profit up ¥0.8 billion from higher volumes of NG and RTDs and other factors
 - input costs up ¥0.7 billion but energy and others savings reduced overall costs ¥0.1 billion
 - advertising and promotional costs down ¥3.4 billion; distribution costs down ¥0.3 billion
- Depreciation expenses up ¥1.5 billion, mainly from change in useful life standards

Kirin Beverage

● Progressed measures to strengthen core brands and to implement belt-tightening initiatives for profitability improvement

- Sales and operating income largely flat at +¥0.5 billion and +¥0.036 billion amid negative growth of overall industry
 - earnings up ¥1.4 billion from improved container mix
 - input costs up ¥0.7 billion but production efficiencies, etc. reduced overall costs ¥0.8 billion
- Channel mix deteriorated (lower sales volume at vending machines) due to economic slowdown
- Focused on improvement of core brands
- Launched high added value product *Kirin Hakko Ucon* (developed in collaboration with Kyowa Hakko Bio)

Kyowa Hakko Kirin

- **Pharma: sales and earnings up from performance of core products**

Chemicals: sales and earnings down

- Good sales and growth in market share of *NESP®*, *ESPO* supported by consolidation effects; also sound sales performance of anti-allergy drug ALLELOCK during hay fever season
- In the bio-chemical business, amino acids for medical or industrial use performed well. Earnings negatively impacted by exchange rates.
- Chemicals business hit by fall in sales prices affecting market for finished products amid deteriorating environment

Australia

- **Further strong performance at LN; performance lifting at NF**

- Lion Nathan: Good sales with shift to premium beer and added-value products; 2009 NPAT guidelines upwardly revised from AU\$300-315 million → \$305-315 million
- National Foods: Input costs easing and price rises being steadily introduced. Benefits arising from Dairy Farmers integration: cost reductions progressing well

New strategic alliance with San Miguel Brewery

- **Agreed on purchase of shares in beer operating company; aiming to progress integrated beverages group strategy in Asia**

- Reached private transaction agreement to acquire 43.249% of San Miguel Brewery Inc. (SMB—with 95% market share in the Philippines beer market) held by San Miguel Corporation, with additional TOB to take total Kirin stake to 48.3%. All transactions scheduled for completion by end of May 2009.
- Have secured priority negotiation rights for sale of SMC's overseas beer businesses to SMB, for discussion by Kirin, SMC and SMB

Pursuing *qualitative expansion* and *Group synergies*

2009 basic strategy

1. Realize intra-Group synergies
2. Renew growth in domestic alcohol business
3. Pursue domestic integrated beverages group strategy
4. Pursue overseas integrated beverages group strategy

- New presidents at Kirin Brewery, Kirin Beverage and Mercian Corp. from end March: Speeding reform with new structure

- Beginning specific action programs addressing 14 key areas for synergy-realization

Establishing a cross-company team as structure to resolve issues in areas such as Group procurement reform, Group sales and distribution system optimization, and strengthening group-wide sales force and channel functions

- Currently developing 2010-2012 medium-term business plan for announcement in September 2009

Topics from each operating company

● Kirin Brewery:

- Maintain promising sales momentum: enhance pursuit of three main product strategies (strengthen core brands, improve our response to consumer health consciousness, and increase overall demand) as peak season approaches. Continue promoting *Ichiban Shibori*, *Nodogoshi* and *Tanrei* series while adding new product *Kirin Free* (April 8), renewal of *Strong Seven* (switch-over from mid May) and launch of new genre product *Koku no Jikan* (June 24)
- Strengthen sales structure in Japan for Guinness®, Smirnoff Ice® and other Diageo brands following agreement with Diageo to establish JV company (operation to commence from June)

● Mercian Corporation:

- Aim to be strong No. 1 in wine; collaborate with Kirin Brewery in initiatives and sales

● Kirin Beverage:

- Accelerate measures to improve profitability; focus on cost reduction while retaining and enhancing sales volumes of products with high profitability

● Kyowa Hakko Kirin:

- Accelerate integration of pharma operations: continue to pursue sales synergies in ESA; realize cost synergies through R&D reorganization, etc.

● Kirin Kyowa Foods (launching from April 2009):

- Develop food materials that offer great taste and support health, based on fermentation-based technical skills available in Kyowa Hakko Foods and Kirin Food-tech

● Lion Nathan:

- Basic agreement reached in April to make 100% subsidiary of Kirin; further accelerate pace of integrated beverages group strategy in Oceania; pursue improved earnings capability in overseas operations

● National Foods:

- Expand integration synergies with Dairy Farmers as input prices forecasted to be stabilizing