

**Kirin Group
Financial Results for the First Quarter of 2014**

**April 30, 2014
Kirin Holdings Company, Limited**

First Quarter Performance Highlights



- We made a stable start towards achieving our quantitative targets. Each indicator is generally progressing according to plan.

(Billion yen)	FY2014	FY2013	YoY change	
Sales New record high	528.7	520.6	+8.0	+1.5%
Operating income	30.0	24.1	+5.8	+24.4%
Ordinary income	28.5	23.4	+5.1	+21.7%
Net income	11.1	54.3*	(43.2)	(79.6%)

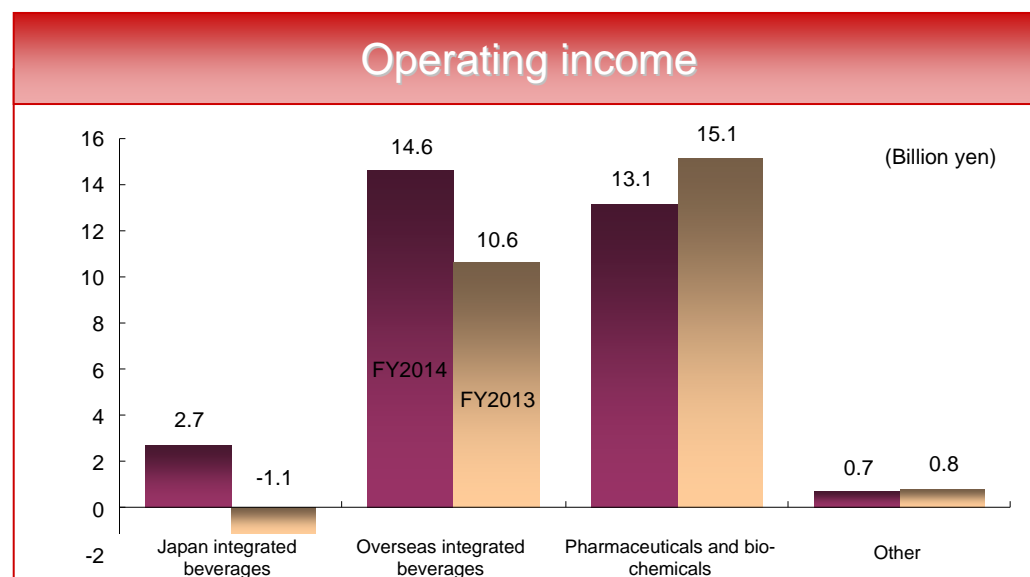
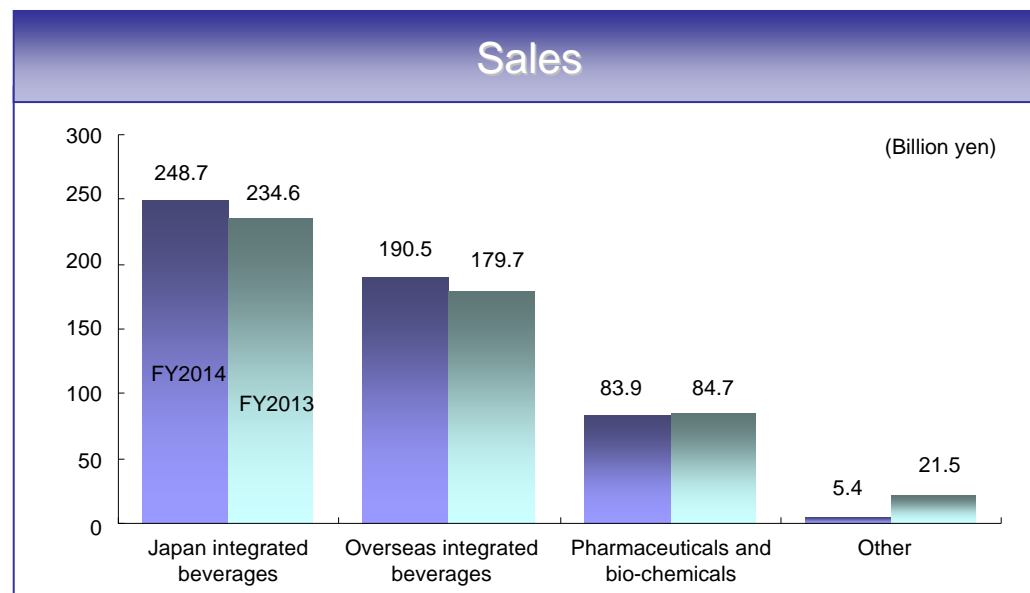
* Extraordinary income of ¥46.2 billion was reported in conjunction with the sale of Fraser & Neave shares.

(Progress towards quantitative targets)

Normalized <i>EBITDA</i>*	66.4	58.3	8.1	+13.9%
Normalized <i>EPS</i>*	3.0	2.0	1.0	+50.0%

* See page 7: Quantitative targets, for details.

Performance in Individual Segments



- Japan integrated beverages

Efforts were focused on developing core brands and maximizing capture of additional demand in the lead-up to the consumption tax rate hike. Sales volumes of alcohol beverages and soft drinks increased, leading to higher sales and income.

- Overseas integrated beverages

Australia: The alcohol beverage business was steady, making up for the decline in income in the soft drink business, which continues to face challenging conditions.

Brazil: Sales volumes were flat from the previous year, but sales revenues and income were up as a result of higher prices and comprehensive cost controls.

- Pharmaceuticals and bio-chemicals

Lower sales of anti-allergy agents and eye drops as a result of low airborne pollen counts and a decline in technology licensing revenues affected performance.

- Other

Kirin Kyowa Foods was removed from the scope of consolidation (July 2013).

Progress on Priority Issues (1): Japan integrated beverages



	Beer total	RTD	Wine	Soft drinks
Sales volume (YoY change)	+6.2%	+20.7%	+11.0%	+7.0%

- Sales of the three core Kirin beer brands, the highest-priority issue, proceeded according to the initial forecast.
- Sales of *Hyoketsu* and *Honshibori* RTD were good. Establishment of a strong brand portfolio is proceeding.



YoY Change
+9.1%

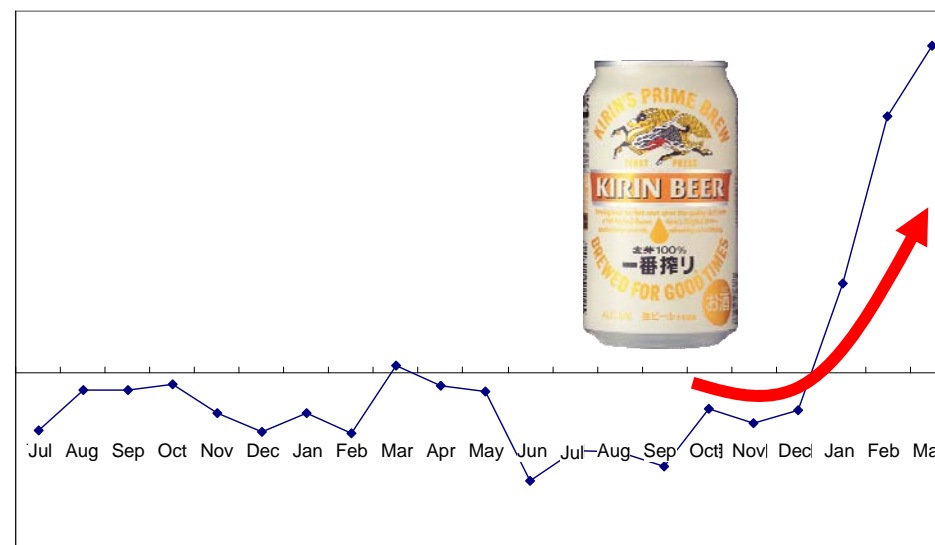


YoY Change
+10.8%



YoY Change
+8.7%

Year-on-Year Change in Monthly Sales of Canned
Ichiban Shibori beer



* The sales trend line for can beer products has reversed as a result of product revisions and advertising commenced at the beginning of the year.

Progress on Priority Issues (2): Brasil Kirin

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YoY change

Beer & Soft Drink Sales Volume	Sales	Operating income prior to amortization of goodwill etc.	EBITDA
+0.9%	+12.7%	+\$R9MM	+\$R9MM

- Avoidance of excessive price competition resulted in slight increase in sales volume, however raised sales prices contributed to an increase in sales. In addition, comprehensive cost controls were implemented and the target income level was achieved.

Market Topics

- Carnival all over Brazil (early March)



Kirin Measures

- Branding of the core *Schin* and *Devassa* beer products was reinforced



- January–March Sales
 - Beer: +1.2% YoY
 - Soft drinks: +0.4% YoY



- Raise market presence even further by focusing resources on and reinforcing promotions for *Kirin Ichiban Shibori*, *Tanrei Green Label*, and *Nodogoshi Nama*.
- Improve product mix and reinforce cost control of Kirin Beverage



- Formulate strategies and implement measures flexibly tailored to changes in competitive conditions
- Continue measures to reinforce branding of the core *Schin* beer brand
- Capture maximum the demand brought about by the FIFA World Cup

Australia



- Steadily achieve income target mainly by Australian beer business
- Continue measures to reinforce the high-value segment and further transform the operation in the soft drinks and food business.

Appendix-1: Quantitative targets



(Normalized EBITDA)

(Billion yen)

	2014 targets	2014 Q1	2013 Q1
Operating income	140.0	30.0	24.1
Depreciation	104.2	21.9	22.6
Goodwill amortization	48.0	12.1	11.5
Dividends received from equity method affiliated companies	9.8	2.3	-
Normalized EBITDA	302.0	66.4	58.3

(Normalized EPS)

(Billion yen)

	2014 targets	2014 Q1	2013 Q1
Net income	49.0	11.1	54.3
Amortization of goodwill etc.	65.5	16.5	15.7
Special income and expenses after income taxes and minority interests	5.7	0.5	(50.9)
Normalized net income (A)	120.2	28.1	19.0
Average number of shares outstanding during period (thousand) (B)	929,340	929,321	961,121
Normalized EPS (yen) (A)/(B)	129	30	20

Appendix-2: Japan integrated beverages 2014 Q1 results



	2014 Q1	2013 Q1	YoY change
Beer	136,000KL	128,000KL	5.8%
Happo shu	114,000KL	109,000KL	4.6%
New genre	146,000KL	136,000KL	7.8%
Beer category total	397,000KL	374,000KL	6.2%
RTD	54,000KL	44,000KL	20.7%
Soft drinks	41,710 thousand cases	39,070 thousand cases	7.0%

		2014 Q1 (billion yen)	2013 Q1 (billion yen)	YoY change (billion yen) (%)	
Sales	Kirin Brewery	151.9	142.4	9.4	6.6
	Kirin Beverage	72.2	69.9	2.2	3.3
	Mercian	15.8	14.4	1.4	9.8
	Other	8.7	7.7	0.9	12.7
	Total	248.7	234.6	14.1	6.0
Operating income	Kirin Brewery	3.8	0.5	3.2	595.4
	Kirin Beverage	(3.7)	(4.1)	0.4	-
	Goodwill	(0.4)	(0.4)	-	-
	Total	(4.2)	(4.6)	0.4	-
	Mercian	(0.1)	0.0	(0.2)	-
	Other	3.4	2.9	0.4	16.0
Operating income		2.7	(1.1)	3.9	-

Operating Income Breakdown

1. Kirin Brewery

Major factors	Change (Bn yen)	Description
Increase in marginal profit of alcohol beverages	3.5	Sales increase in beer 8 thousand KL, Y1.0bn Sales increase in <i>happo-shu</i> 5 thousand KL, Y0.5bn Sales increase in new genre 10 thousand KL, Y1.2bn Sales increase in RTD 10 thousand KL, Y0.9bn Difference of change in product mix, etc
Raw material cost of alcohol beverages	0.0	Increase in price of malt, Y(0.2)bn Decrease in price of wrapping material, Y0.4bn etc
Increase in selling expenses	(0.8)	Increase in sales promotion and advertising Y(0.9)bn etc Beer, <i>happo-shu</i> , new genre Y(1.0)bn RTD Y(0.4)bn etc
Decrease in other expenses	0.5	Decrease in depreciation, Y 0.7bn
Total	3.2	

2. Kirin Beverage

Major factors	Change (Bn yen)	Description
difference in volume of sales	2.8	Increase in sales volume, 2.64 million cases
Increase in raw material cost, etc	(0.5)	Increase in material cost, Y(0.2)bn Decrease in wrapping material cost, Y0.1bn etc
Decrease due in change of composition ratio of containers, etc	(2.2)	
Increase in selling expenses	(0.2)	Increase in sales promotion and advertising Y, (0.2)bn etc
Decrease in other expenses	0.5	Decrease in sales equipment cost, Y0.3bn etc
Total	0.4	

Appendix-3: Lion 2014 Q1 results



		FY2014 Q1		FY2013 Q1		YoY change		YoY change (%)	
		Bn JPY	Mil AUD	Bn JPY	Mil AUD	Bn JPY	Mil AUD	Yen Basis	AUD Basis
Sales	Alcohol	78.3	839	73.2	851	5.0	(12)	6.9	(1.4)
	Soft Drinks	56.3	604	54.3	631	2.0	(27)	3.7	(4.3)
		134.6	1,443	127.6	1,483	7.0	(39)	5.5	(2.7)
Operating Income	Alcohol	24.6	263	20.0	232	4.5	31	23.0	13.4
	Soft Drinks	1.1	12	1.6	18	(0.4)	(6)	(29.7)	(35.2)
	Corporate	(2.0)	(22)	(2.2)	(25)	0.1	3		
Operating Income		23.6	253	19.4	225	4.2	28	21.9	12.5
Goodwill Amortization		(7.7)	(82)	(7.0)	(82)	(0.6)	(0)		
Brand Amortization		(1.0)	(10)	(0.9)	(11)	(0.0)	0		
OP After Amortization		14.9	159	11.3	131	3.5	28	31.5	21.3

Consolidated period: Oct. – Dec. 2013 Currency exchange rate: 93.31 yen (Oct.-Dec. 2012: 86.08 yen)

* Alcohol beverage sales in AUD were in real terms up 3.8% (in conjunction with changes to local accounting procedures, the AUD 851 million in sales in the 1st quarter of 2013 includes AUD 43 million in tariffs on imported beer but such tariffs are not included in sales in the 1st quarter of 2014)

Alcohol	Changing in Operating Income (Mil AUD)	Soft Drinks
232	FY2013 Q1	18
(3)	Changing in Sales Volume	(4)
35	Others	(1)
263	FY 2014 Q1	12

	Sales Volume (YoY change)
Alcohol	(0.5 %)
Soft Drinks	(3.0 %)

Appendix-4: Brasil Kirin 2014 Q1 results



	2014 Q1		2013 Q1		YoY change		YoY change (%)	
	Bn JPY	Mil BRL	Bn JPY	Mil BRL	Bn JPY	Mil BRL	Yen basis	BRL basis
Sales	46.8	1,068	44.0	948	2.7	120	6.3	12.7
Operating income	1.6	38	1.3	29	0.3	9	23.9	31.2
Goodwill Amortization	(1.3)	(29)	(1.3)	(29)	0.0	-		
Brand Amortization	(0.7)	(17)	(0.8)	(17)	0.0	-		
OP After Amortization	(0.3)	(8)	(0.8)	(17)	0.4	9	-	-
EBITDA	4.6	107	4.5	98	0.1	9	2.2	9.2

Consolidated period: Jan. – Mar. 2014 Currency exchange rate: 43.86 yen (Jan.-Mar. 2013: 46.47 yen)

	Sales volume (YoY change)
Beer	+1.2 %
Soft drinks	+0.4%
Total	+0.9%

* Reference: Market (SICOBÉ)

Beer: +10.6%

Soft drinks: + 2.5%

- Increase in gross income (+\$R54 MM): Higher manufacturing costs were covered through higher unit prices resulting from an increase in sales prices and increased efficiency in the supply chain.
- Increase in selling expenses and general and administrative expenses (-\$R44 MM):
 - (1) Strategic brand investment to maximize sales volume during the peak season
 - (2) Respond to aggressive low-pricing strategies from competition

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