

Q&A at the Financial Results Presentation: Announcement of the Financial Results for Period Ended December 2011 and Kirin Group Business Approach for 2012

Date and time: Friday 10 February, 2012, 17:15-18:45

Presenters: Senji Miyake, President & CEO, Yoshiharu Furumoto, Managing Director & CFO, Representative Director, along with relevant department heads of Group companies

Abbreviations:

KB: Kirin Brewery, KBC: Kirin Beverage

**Domestic integrated beverages business**

Q. Describe the background to plans to increase domestic sales volumes in both the alcohol beverages and soft drinks businesses?

Miyake: KB considers that the disaster in 2011 had a 2-3% impact. Therefore, it is in no way an overstretch to target 2.0% growth compared to the previous year in beer sales volume. Core brands have been performing well since last year. We were not able to achieve our goals in the new genre category this year, however, we aim to gain the support of consumers through the release of new products, such as *Mugi no Gochiso*, which capture current consumer trends. In addition, we believe there is ample room for the appeal of new products such as *Kirin Wine Cocktail Wine Spritzer White* in the RTD category, which is still growing. The KBC domestic sales growth target of 9% compared with the previous year may appear high. However, it represents a return to the same level of sales volumes as in 2009. Both KB and KBC feel confident that, by enacting initiatives which could not be implemented in 2011 due to the effects of the disaster, they are able to realize their programs in this year. We also wish to achieve profit through efforts including ongoing cost-cutting.

Q. Describe the purpose of the newly established Kirin Beer Marketing?

KB department head: Our main aim is to strengthen our orientation to the local community and enable faster response by unifying merchandising with sales and marketing.

Q. What is the basis of the recently announced new structure for KB and KBC?

Miyake: This is the final fiscal year of the 2010-2012 medium-term business plan, and also year zero of the 2013 medium-term business plan. This is when we will put the finishing touches on our long-term operating framework “Kirin Group Vision 2015,” therefore, we considered it preferable to have a structure which allows the formulators of the plan themselves to implement it.

**Overseas integrated beverages business**

Q. Explain the background to the 2012 plans for Australia’s Lion (in particular the soft drinks business) and Brazil’s Schincariol.

Miyake: Regarding Lion’s soft drinks business, we started fundamental reforms last year. All the challenges have become clear, and we are moving forward with projects addressing each. The results we initially anticipated will be pushed back slightly. However, we feel we can achieve them. Lion has achieved its (local currency-based) revised business plan for fiscal 2011, and we

believe it has escaped from its downward spiral.

As was explained in August 2011 (announcement of consolidation of subsidiaries), Schincariol's actual results were lower than the 2011 profit forecast. However, the 2012 target for net sales of a 12% increase on the previous year should be achievable by managing sales through volume, price and the shift to high value-added products. We also believe it is possible to realize the EBIT target of 355 million BRL through growth and cost-cutting. Through the post-merger integration of the company, we have confirmed a strong management system in terms of production, and also come to understand issues in the supply chain. I have experienced and resolved all of these issues in KB, and I believe it possible to settle them through strengthening the value chain alignment.