

Q&A at the Financial Results Presentation: Announcement of the Financial Results for the
Second Quarter of the Fiscal Year Ending December 31, 2014

Date and time: August 7, 2014, 10:00-11:30

Presenters: Senji Miyake (President and CEO) and Akihiro Ito (Director and CFO)

Japan Integrated Beverages Business

Q. As the top company in the *happo-shu* category, what is Kirin's strategy for dealing with the changes in the *happo-shu* market?

(Mr. Miyake) Various beer companies will have introduced zero purine products in the *happo-shu* category by September 2. We have also decided to launch *Tanrei Platinum Double*, by which we will enhance the product line of the Tanrei brand to further strengthen our position in the *happo-shu* market.

Q. What measures is Kirin taking to increase profitability in the soft drinks business?

(Mr. Miyake) We need to increase sales volume, as well as make our product mix more profitable as we believe improving Kirin's relatively low market position is also important for increasing profitability.

Q. What is Kirin's approach to premium beers?

(Mr. Miyake) In a mature market, some consumers have become dissatisfied with the continuing commoditization of beer, which is indicated by the growing interest in products that have different value, even though their prices are high. To cater for the demands of consumers who wish to drink beers with a variety of tastes, Kirin will take the initiative in shaping craft beer culture, which will follow premium beers.

Overseas Integrated Beverages Business

Q. What impact will milk prices have on the Australian soft drinks business in the future?

(Director in Charge of Corporate Strategy) From July new milk prices came into effect, and we think that the negative impact on year-on-year results will be moderate. Also, there is a trend towards falling prices internationally, and this is expected to have a positive effect from next year.

Q. What are the trends in market environment and strategies in Brazil in the second-half?

(Mr. Miyake) During the period when the World Cup was held, there were fierce price wars by competitors, but I think that the trend from August will be towards quietening down of the extreme price competition. We will aim to increase growth at the same rate as the growth of the market in Brazil through combining appropriate products and sales channels.

Q. Brasil Kirin has strength in the on-premise market in the north-eastern part of Brazil; have you been able to hold onto Brasil Kirin's market share in this market?

(Mr. Miyake) The price war during the holding of the World Cup was centred on volume retailers, and we have been able to maintain Brasil Kirin's on-premise market strength in the north-east.

Q. Profit forecasts for Brazil have been revised down; if forecasts still cannot be achieved, is there a risk of goodwill impairment?

(Mr. Ito) As with the Japan integrated beverages business, we are formulating plans with respect to Brasil Kirin for sustained growth over the medium- to long-term. Whether there will be impairment or not will be determined not only on the basis of this fiscal year's results but also in accordance with medium- to long-term business value assessments, including the new plan. At this point, there is no indication of impairment.

Initiatives for sustained growth during the Medium-term Business Plan and thereafter

Q. You have explained about the strengthening of execution capability; what execution capability in particular will contribute to financial results?

(Mr. Miyake) In Japan in recent years, the challenge has been to implement, in the marketing area, Kirin's strength in proposing new value products. In addition, now more than ever, the capability is needed, not only to reliably execute matters that have been decided on, but also to carry out sales activities that constantly take competitors into account. To follow the path of regrowth in the medium- to long-term in Japan, we will take restructuring measures, which shall be reflected in our 2015 plan.

Q. What type of actions are you taking to make changes internally?

(Mr. Miyake) Our top management grasps the issues and communicates ideas through engaging in direct dialogue with employees around Japan. Also, in the future, we will strengthen execution capability by again taking initiatives for optimization of personnel deployment.

Q. To a certain extent, it takes time for the effects of cost reductions to appear; what will operating income levels be in 2015?

(Mr. Miyake) We will reveal our profit forecasts included in our fiscal 2015 plan after taking firm restructuring measures from the perspective of what we need to do, fundamentally, to achieve the domestic regrowth that is a top priority issue.

Q. In the approach to diversified business, in particular, what do you think of the idea that investment efficiency is increased through selection and focus?

(Mr. Miyake) For some time, Kirin has externalized businesses in which its strengths cannot be demonstrated, and has implemented initiatives for focusing on the business areas where its strengths lie. It is already a company that is quite focused on its main business. We always keep the business portfolio in mind while carrying out management of the company.