

Q&A at the Financial Results Presentation: Announcement of the Financial Results for the Period Ended December 2012 and the Kirin Group Business Approach for 2013

Date and time: February 14, 2013, 17:00-18:30

Presenters: Senji Miyake (President and CEO) and Masahito Suzuki (Director and CFO)

Japan integrated beverage business

Q. You plan to actively invest in marketing for 2013, but how will this year's investments generally differ from previous years? What results will be produced?

Mr. Miyake: Overseas growth will be the driving force within the group over the next three years, and we have held comprehensive discussions with domestic operating companies so that they can achieve renewed growth. It will not be possible, as in the past, to break through the diminishing equilibrium merely through individual companies such as Kirin Brewery, Kirin Beverage, and Mercian acting on their independent, individual ideas. Kirin Company will thoroughly conduct quick sales progress follow-ups and appropriate control of policy measures. We will meticulously lay the foundation to increase sales and income in the domestic integrated beverages business by 2015, the third year of the 2013 medium-term business plan, relative to 2012. This year, we hope to convey to customers the presence and vitality of the Kirin brand in a way that leads to enhanced sales next year and the year after.

Kirin Beverage's product line-up has been changing since the second half of last year. Sales have been strong thanks to the positive impact from *Kirin Mets Cola* and *Kirin Gogo-no-Kocha*, and with products such as *Sekai-no-Kitchen-Kara*, we have led the industry with new brand value proposals not offered by other companies. In the alcohol beverages business too, we strongly believe we will produce the desired results by making investments from an integrated perspective.

Q. Do you plan to cut costs in 2013 as well?

Mr. Miyake: Under the previous medium-term business plan, we initially planned to cut costs by about 20 billion yen through the work of the Cross Company Team (CCT), but ultimately we were able to achieve about double the reduction. At that time, Kirin Brewery, Kirin Beverage, and Mercian were independent companies, so an inter-organizational function like the CCT was necessary. We maintained this function within Kirin Company, Limited, which was established in January of this year, and formulated a cost-cutting plan. We are looking to cut costs in production and logistics as well as through joint procurement by Lion and Brasil Kirin.

Overseas integrated beverages business

Q. What is the outlook for future growth at Brasil Kirin?

Mr. Miyake: Within Brazil's overall market, the middle-income segment is expanding, and we believe that sales volume will increase by about 4% to 5% annually. We believe that Brasil Kirin can achieve sales growth in the high single digits, above the rate of inflation. Based on the composition of Brazil's population, the country's average age, and upcoming events such as the 2014 soccer World Cup and the 2016 Summer Olympics, it is likely that this trend will continue for some time.

Q. Kirin Holdings recently sold its holdings of Fraser and Neave, Limited. What is your strategy for Southeast Asia?

Mr. Miyake: Southeast Asia will remain an important region based on its growth potential and profitability. We will first develop business in each country by building on our existing business foundations in Vietnam, Thailand, and other countries. We will continue to study whether to grow through our own efforts or form alliances with partners.

Financial strategy

Q. Kirin Holdings currently has about one trillion yen in interest-bearing liabilities. What level of debt do you think is appropriate?

Mr. Miyake: As stated in our 2013 mid-term business plan, we intend to repay approximately a quarter of this one trillion yen in order to improve our financial flexibility and prepare for future business challenges.