

Overview of the Kirin Group's Business

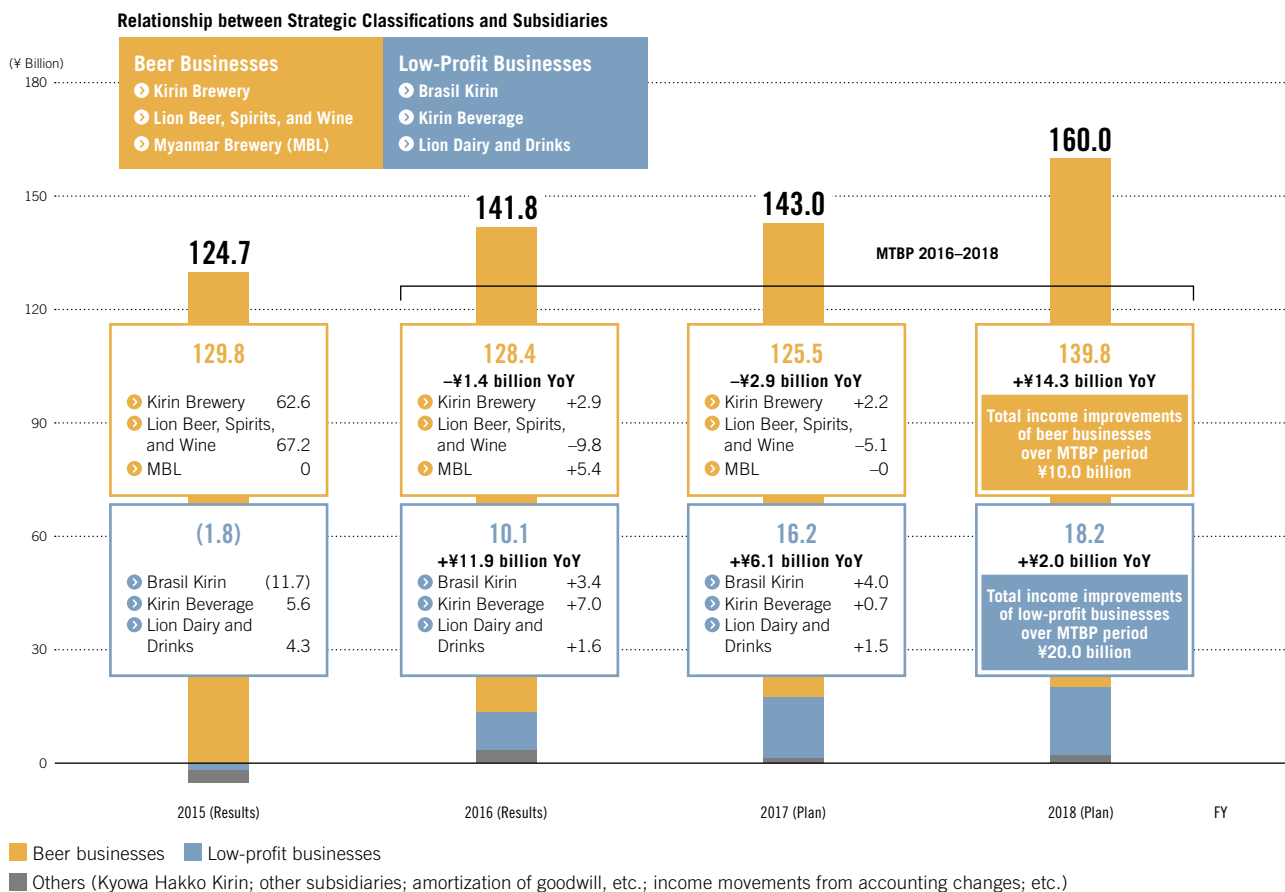
Business Structure

The Kirin Group is centered on Kirin Holdings, a pure holding company. In markets around the world, the Group conducts business in the domains of “food and well-being.” The Integrated Beverages Business provides alcoholic beverages and non-alcoholic beverages. In this business, Group companies coordinate with local overseas subsidiaries to gather feedback from consumers and other members of society and supply products and services that are suited to various lifestyles and sensibilities. The Pharmaceuticals and Bio-chemicals Businesses advance proprietary research projects utilizing sophisticated technologies and unique perspectives. We thereby seek to develop and offer high-quality products that improve the health and enrich the lives of people around the world. Through these businesses, we are realizing sustained growth by providing society with new value.

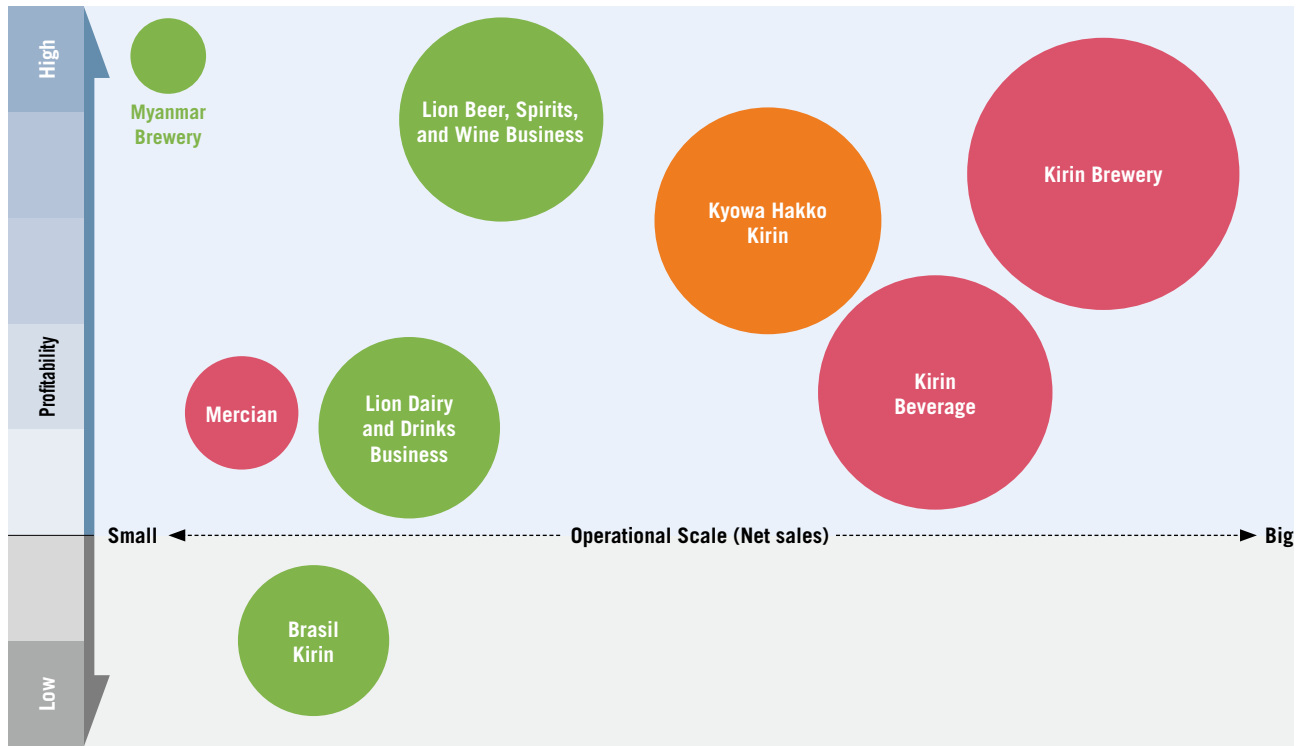
Earnings Structure

The composition of the Kirin Group's consolidated operating income by business segment is extremely well balanced. On the foundation provided by this earnings structure, the Group has formulated strategies for each of its businesses from the viewpoints of market growth potential and earnings potential. The Group's earnings are supported by its beer businesses, in which we are strengthening our profit base. Meanwhile, we are actively investing in R&D activities in the Pharmaceuticals and Bio-chemicals Businesses with the aim of achieving outstanding growth in the medium to long term. In low-profit businesses, we will accelerate efforts to build a strong brand portfolio and implement structural reforms in order to realize profitable growth. Through the finely tuned allocation of management resources, Kirin Holdings will enhance the Group's profitability, leading to sustainable growth.

Operating Income of Subsidiaries by Strategic Classification—Progress in First Year of Medium-Term Business Plan (MTBP)



Scale and Profitability of Subsidiaries



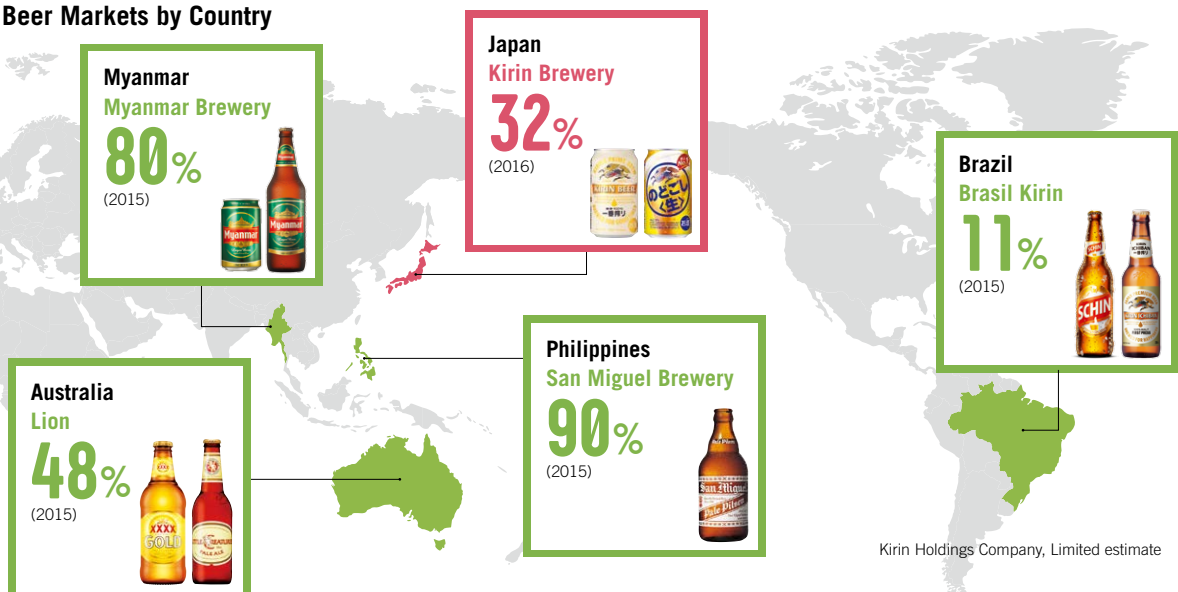
	Kirin Brewery ^{*1}	Kirin Beverage ^{*1}	Mercian ^{*1, *2}	Lion Beer, ^{*3} Spirits, and Wine business	Lion Dairy and Drinks business ^{*3}	Brasil Kirin ^{*3}	Myanmar Brewery ^{*3}	Kyowa Hakko Kirin	
Fiscal 2016									
Net sales (¥ Billion)	402.2	354.6	66.3	222.8	149.8	117.9	22.4	335.7	
Operating income (¥ Billion)	69.8	17.2	3.6	57.4	5.9	(8.3)	8.8	34.7	
Operating profit margin (%)	FY2015	15.1	1.5	2.7	27.0	2.3	(8.7)	—	13.2
	FY2016	17.4	4.9	5.4	25.8	4.0	(7.0)	39.2	10.3
	FY2017	17.3	5.1	3.3	26.4	4.9	(2.9)	36.2	11.3

*1 Operating income for Kirin Brewery, Kirin Beverage, and Mercian is prior to deduction of management fees.

*2 Net sales of Mercian include liquor taxes.

*3 Operating income for Lion, Brasil Kirin, and Myanmar Brewery is operating income before amortization of goodwill, etc.

Shares of Beer Markets by Country



Kirin Holdings Company, Limited estimate