

Overseas Integrated Beverages Business

Lion (Oceania)

- ➔ A food company in Oceania with a Beer, Spirits, and Wine Business as well as a Dairy and Drinks Business
- ➔ No. 1 shares of the beer markets in both Australia and New Zealand*
- ➔ Leading national brands in multiple categories in the Dairy and Drinks Business

* Kirin estimate (as of the end of September 2016)



2016 MTBP Basic Strategy

In the Beer, Spirits, and Wine Business, a key new challenge for fiscal 2017 and thereafter will be the recovery of profits following the loss of a sales license for ABI* brand products. In the Dairy and Drinks Business, Lion will increase profitability by implementing ongoing cost reductions while focusing on sales in high-profit categories.

* Anheuser-Busch InBev

Lion Beer, Spirits, and Wine Business

Revitalize and grow the Australian beer market

2018 Guidance

- ➔ **Maintain market position**
- ➔ **Maintain high operating profit margin (2015: 27.0%)**

Measures to Improve Profitability

- ➔ **Revitalize the market**
 - Beer the Beautiful Truth campaign to revitalize the market
- ➔ **Strengthen growth categories**
 - Further strengthen our growing craft beer business
 - Develop growing cider category
- ➔ **Reduce indirect costs**
 - Reduced costs, gained operational efficiencies, other cost reduction initiatives undertaken in fiscal 2015 to be realized in fiscal 2016

Lion Dairy and Drinks Business

Implement the Turnaround Plan to grow profits

2018 Guidance

- ➔ **Operating profit margin of 5% or more (2015: 2.3%)**
Operating income before amortization of goodwill, etc.

Measures to Improve Profitability

- ➔ **Prioritize resource allocation to focus categories and brands**
 - Focus sales efforts on milk-based beverages and other higher profit products
- ➔ **Deliver value based on Health and Nutrition**
 - Strengthen brands through The Goodness Project
- ➔ **Reform cost structure of the entire supply chain**
 - Supply chain cost reductions in line with the Turnaround Plan

Fiscal 2016 Business Report

In the Beer, Spirits, and Wine Business, the purchase price of imported beer increased due to the depreciation of the Australian dollar. As a result, the operating profit margin was down 1.2%. However, on a local basis, Lion achieved the planned levels of sales and operating income. In the Dairy and Drinks Business, Lion advanced cost reductions through a reevaluation of the entire supply chain management, and achieved an increase in profits despite a decline in sales volume.

Lion Beer, Spirits, and Wine Business—Progress during Fiscal 2016

➔ Revitalized the market

- Beer market in Australia grew slightly. During the campaign period, market growth was evident, it is believed that the Beer the Beautiful Truth campaign contributed to this growth

➔ Strengthened growth categories

- Volumes of the craft beers *James Squire* and *Little Creatures* increased. Completed the acquisition of craft breweries in Australia and New Zealand (Australia: Panhead; New Zealand: Byron Bay)
- Started overseas rollout of *Little Creatures*

➔ Reduced cost base

- Cost reductions through increased efficiency (implemented in fiscal 2015)

Lion Dairy and Drinks Business—Progress during Fiscal 2016

➔ Prioritized resource allocation to focus categories and brands

- Positioned milk-based beverages as “Full Force” category, and increased the sales volume of the main brand *Dare*

➔ Delivered value based on Health and Nutrition

- Rolled out The Goodness Project

➔ Reformed cost structure of the entire supply chain

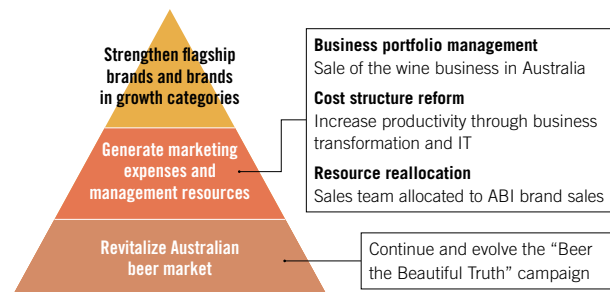
- The cost reductions through the Turnaround Plan enabled profits to increase despite the sales volume decrease of 10.4%

Fiscal 2017 Business Plan

In the Beer, Spirits, and Wine Business, Lion will work to build

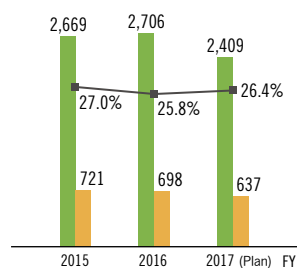
a new brand portfolio and achieve a recovery in profit. In the Dairy and Drinks Business, Lion will further strengthen its sales capabilities in the milk-based beverages category and will continue to implement cost reduction measures through a review of the overall supply chain management. In these ways, we will aim to increase sales and profits.

Grow Earnings from Lion & Kirin Brands Post-ABI in Australia



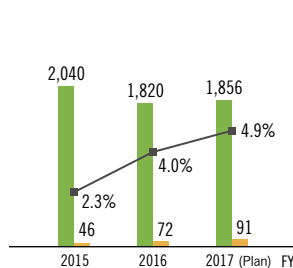
Sales and Operating Income

Lion Beer, Spirits, and Wine Business
(Million A\$)



■ Sales ■ Operating income (before amortization of goodwill, etc.)
— Operating income ratio before amortization of goodwill, etc.

Lion Dairy and Drinks Business
(Million A\$)



Lion Beer, Spirits, and Wine Business

Sales **-A\$296 MM** **-11.0%**

- Decrease in sales volume due to ABI brand loss
- Decrease in sales due to the sale of the Australian wine business
- Increase the craft beer sales volume and improve the unit price and mix by continuing the pricing policy

Operating income* **-A\$60 MM** **-8.7%**
Yen base: -¥5.1 billion

- The weak Australian dollar will have a lower impact on the purchase expenses for imported beer
- Although sales expenses will decrease by the amount spent on ABI brands, marketing investments will increase for own brands and Kirin brands

* Operating income before amortization of goodwill, etc.

Lion Dairy and Drinks Business

Sales **+A\$36 MM** **+2.0%**

- Increase in the sales volume of milk-based beverages, yogurt, specialty cheeses, etc.
- Increase in sales volume by rebuilding the sales network and reinforcing sales capabilities
- Decrease in the sales volume of white milk

Operating income* **+A\$19 MM** **+26.2%**
Yen base: +¥1.5 billion

- Increase profitability by driving improved portfolio mix with high margin categories
- Continue to cut costs through the supply chain

* Operating income before amortization of goodwill, etc.

Brasil Kirin

- Operates beer and soft drink businesses throughout Brazil
- Strong presence in northern and northeastern Brazil
- Nurturing premium and craft beers in southern and southeastern Brazil



Sale of Brasil Kirin Shares

In fiscal 2016, in a market with negative growth, Brasil Kirin achieved gains in the sales volume of both beer and soft drinks. Results were seen with measures to increase efficiency, such as the sale of a plant, and Brasil Kirin was able to set a target date of fiscal 2019 for a return to profitability at the operating income level. However, we believed that there were certain limitations in transforming Brasil Kirin into a sustainable and high-profit business on its own. To find the best option for increasing shareholder value, we considered a wide range of actions, including a business alliance and the sale of shares.

As a result, in February 2017 we concluded a stock purchase agreement with Bavaria S.A. (a wholly owned Brazilian subsidiary of Heineken International B.V.) whereby all shares in Brasil Kirin are to be transferred to Bavaria. Moving forward, steady, sustained plan implementation will be a key issue in achieving a smooth business transfer.

Overseas Integrated Beverages Business



Myanmar Brewery

- ➔ Manufacturing and sales of beer in Myanmar
- ➔ No. 1 share of beer market in Myanmar (approximately 80%)*
- ➔ Strengths include dominant brand equity and a strong distribution network

* Kirin estimate (as of the end of September 2016)



2016 MTBP Basic Strategy

By increasing production capacity and expanding the brand portfolio, Myanmar Brewery will steadily capture market growth and maintain and strengthen its dominant position as market leader.

Invest to strengthen position as market leader

2018 Guidance

- ➔ Maintain market position
- ➔ Capture share of market growth

Measures to Improve Profitability

- ➔ Expand brand portfolio
 - Explore launch of premium brand in Myanmar
- ➔ Strengthen business platform
 - Expand production facilities
 - Strengthen and expand sales channels

Fiscal 2016 Business Report

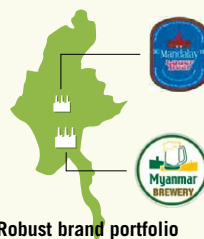
Rapid progress was made with the process of integration following the acquisition, and the sales volume of core product *Myanmar Beer* recorded favorable growth. In this setting, Myanmar Brewery took steps to strengthen its brand portfolio. In addition, the Kirin Group provided technical support to expand and increase the efficiency of Myanmar Brewery's production facilities.

Progress Made in Fiscal 2016

- ➔ **Expanded brand portfolio**
 - Developed and launched *KIRIN ICHIBAN* as a foreign premium brand and *Myanmar Premium* as a domestic premium brand, and established a gap-free brand portfolio
- ➔ **Strengthened business platform**
 - In addition to the new packaging line, completed preparations for increasing brewing capacity, which will enable the company to respond to peak demand in 2017
 - Made progress in increasing production efficiency through technological support from Kirin Brewery
 - Expanded sales in the supermarket channel in the household market

Fiscal 2017 Business Plan

Myanmar Brewery will implement appropriate marketing strategies by product category and advance human resources development to enhance organizational capabilities. Furthermore, the company will utilize Kirin's technologies and know-how to expand production facilities. Kirin has decided to acquire 51% of Mandalay Brewery in northern Myanmar. Moving forward, Myanmar Brewery will steadily work to capture market growth by acquiring new production and shipping facilities in northern Myanmar.



Acquire Mandalay Brewery

- Acquire the Mandalay brand
- Further expand production facilities
- Acquire production and shipping facilities in northern Myanmar

Robust brand portfolio

Foreign premium	
Domestic premium	
Mainstream beer	
Economy beer	

Expand production facilities

- Improve facility efficiency and increase production through technological support from the Kirin Group
- Expand can lines
- Expand bottle lines



Sales and Operating Income (before amortization of goodwill, etc.)

(Billion kyat)

