

Kirin Brewery Company, Limited

2003 Financial Results

うれしいを、
つぎつぎと。

KIRIN

February 2004

■ Consolidated: Two consecutive years of rising sales and profits Operating income up 13% to a record ¥101.5 billion

Earnings structure reform of the parent Growth business + production/sales streamlining
= profits increase of ¥11.9 bil.

Rising sales at main Group companies Sales at Kirin Beverage up ¥28.4 bil, Lion Nathan up
¥18.4 bil.

Greater profits at overseas subsidiaries Lion Nathan consolidated earnings of ¥19.8 bil., up ¥4.4 bil.



Developed to a comprehensive alcohol/drinks Group, at which each of domestic/overseas alcohol and non-alcohol businesses contributes to the Group's earnings

■ Non-consolidated: Despite extremely severe market, operating income up 27%; ordinary income up 33%

[Environment]

- Partial recovery of individual consumption, but consumers still wary
- Tax increase slowed growth of *happo-shu* market; cool summer blunted demand
- Continued growth in the *chu-hi* market; breakdown of category borders

Growth in new core businesses Sales growth from *Hyoketsu* ¥51.0 bil., Pharmaceuticals ¥55.3 bil.

Further earnings structure reform Achieved ¥16.9 bil. cutoff from strategic allocation of marketing costs; ¥7.2 bil. from review of ingredient purchasing

Greater net interest expense Increase in Lion Nathan's dividends, etc.



Shift to a structure with multiple core businesses less susceptible to adverse market conditions

■ Quantitative Targets (consolidated)

Sales	¥1,700 bil. (+6.4%; +¥102.5 bil.)
Operating income	¥106 bil. (+4.4%; +¥4.5 bil.)
Ordinary income	¥102 bil. (+7.7%; +¥7.4 bil.)
Net income	¥43 bil. (+32.7%; +10.7 bil.)

■ Group Strategies

- (1) Strengthen the domestic alcohol beverages and soft drinks businesses, the core representative businesses of the Kirin brand**
 - > Bolster product brands that enhance the value of the Kirin brand
 - > Establish new business models that utilize synergies of the domestic alcohol beverages and soft drinks businesses
- (2) Further develop the overseas alcohol beverages business, and the diversified businesses**
 - > Overseas alcohol beverage businesses: Group development focused on Asia/Oceania, including consideration of new cooperative ventures
 - > Pharmaceuticals business: Strengthen the marketing base; bolster sales of *ESPO*; Expand business in Asia/Oceania
- (3) Implement corporate social responsibility (CSR) program**

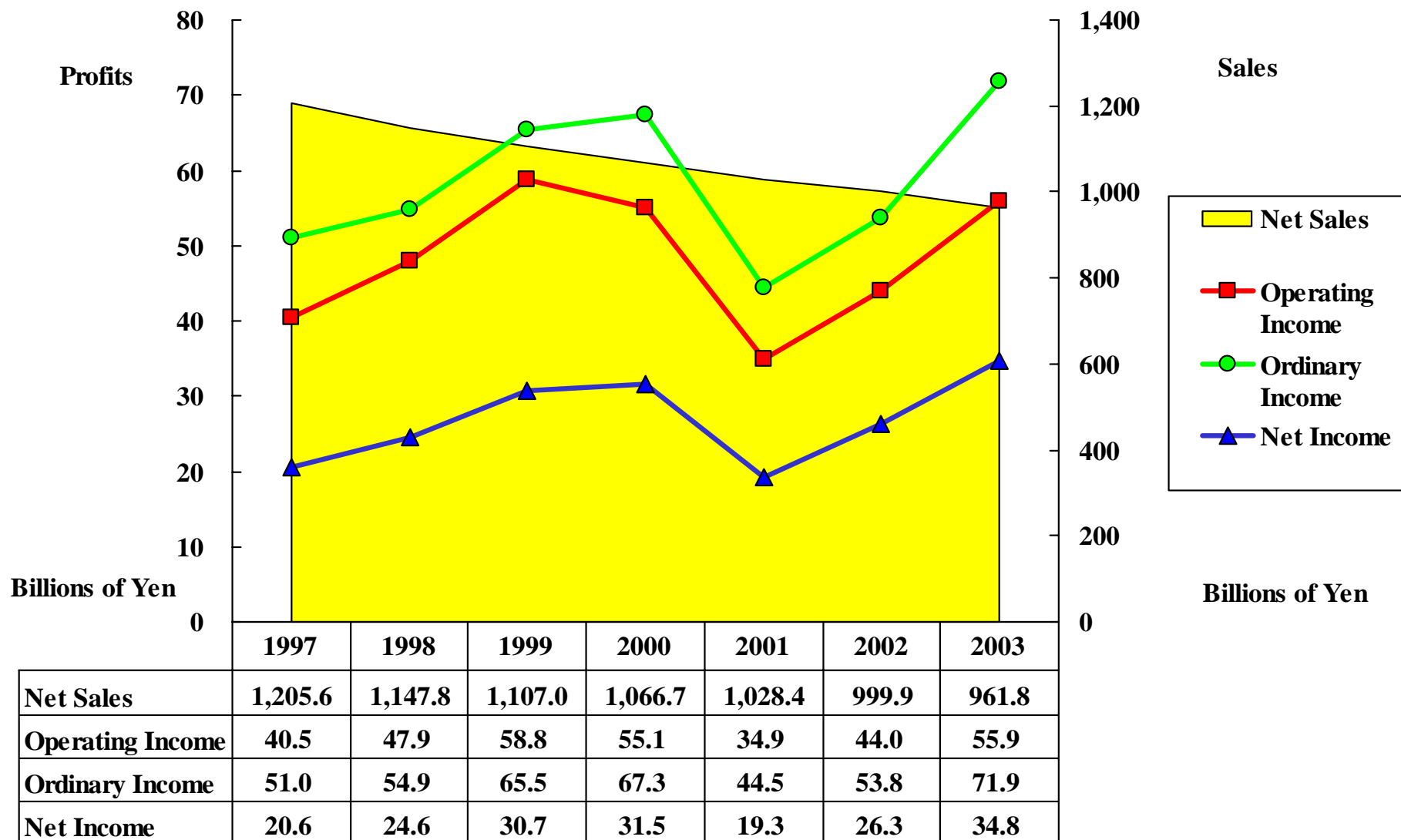
■ Improving Shareholder Returns

Per share dividends increase ¥1, from ¥12 per year to ¥13 (from 2004 1H)
New special shareholder benefit plan (for shareholders holding more than one stock unit as of December 31, 2003)

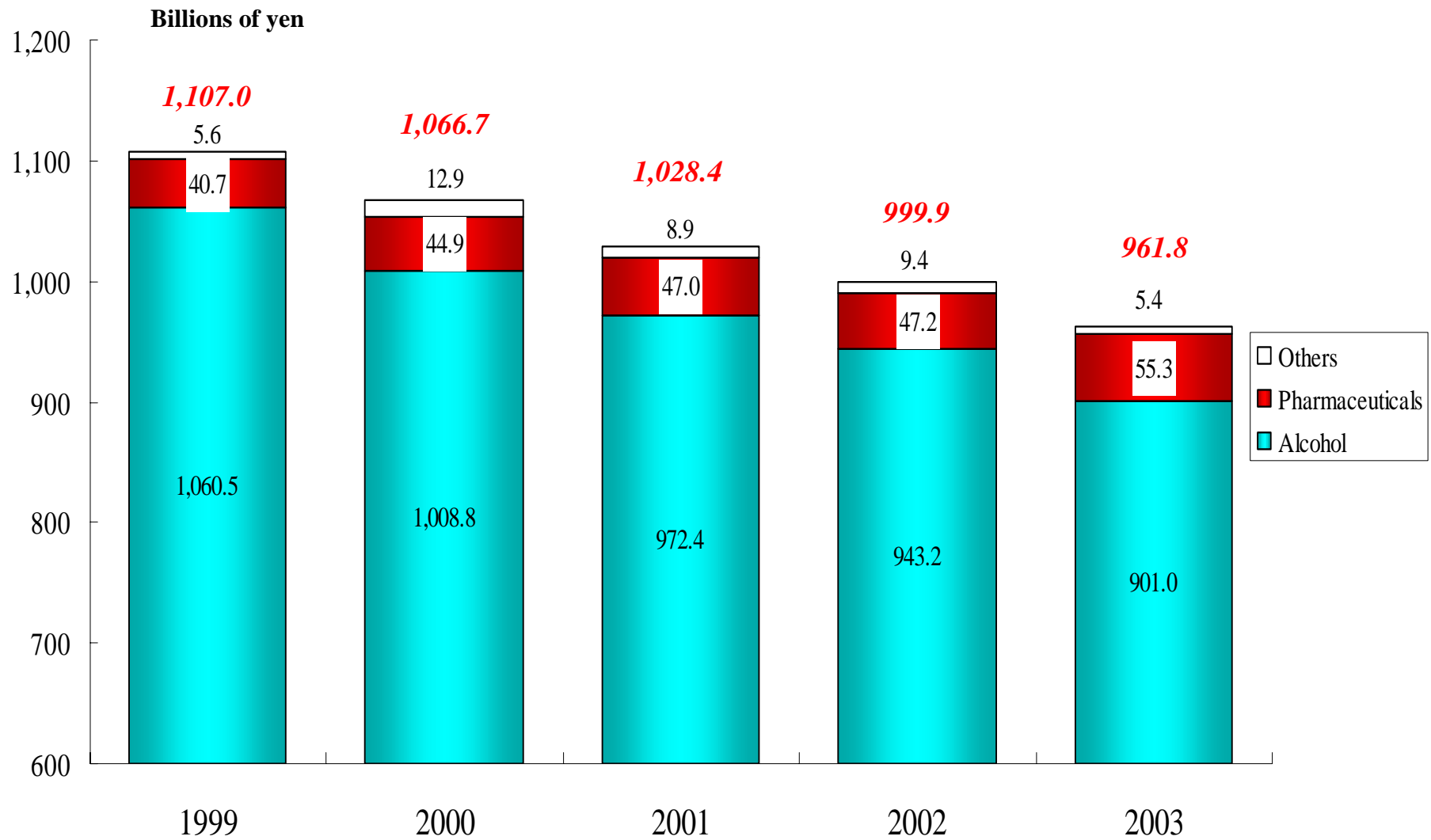
*Communication with shareholders being improved through better business reports and Web site

Non-Consolidated Results

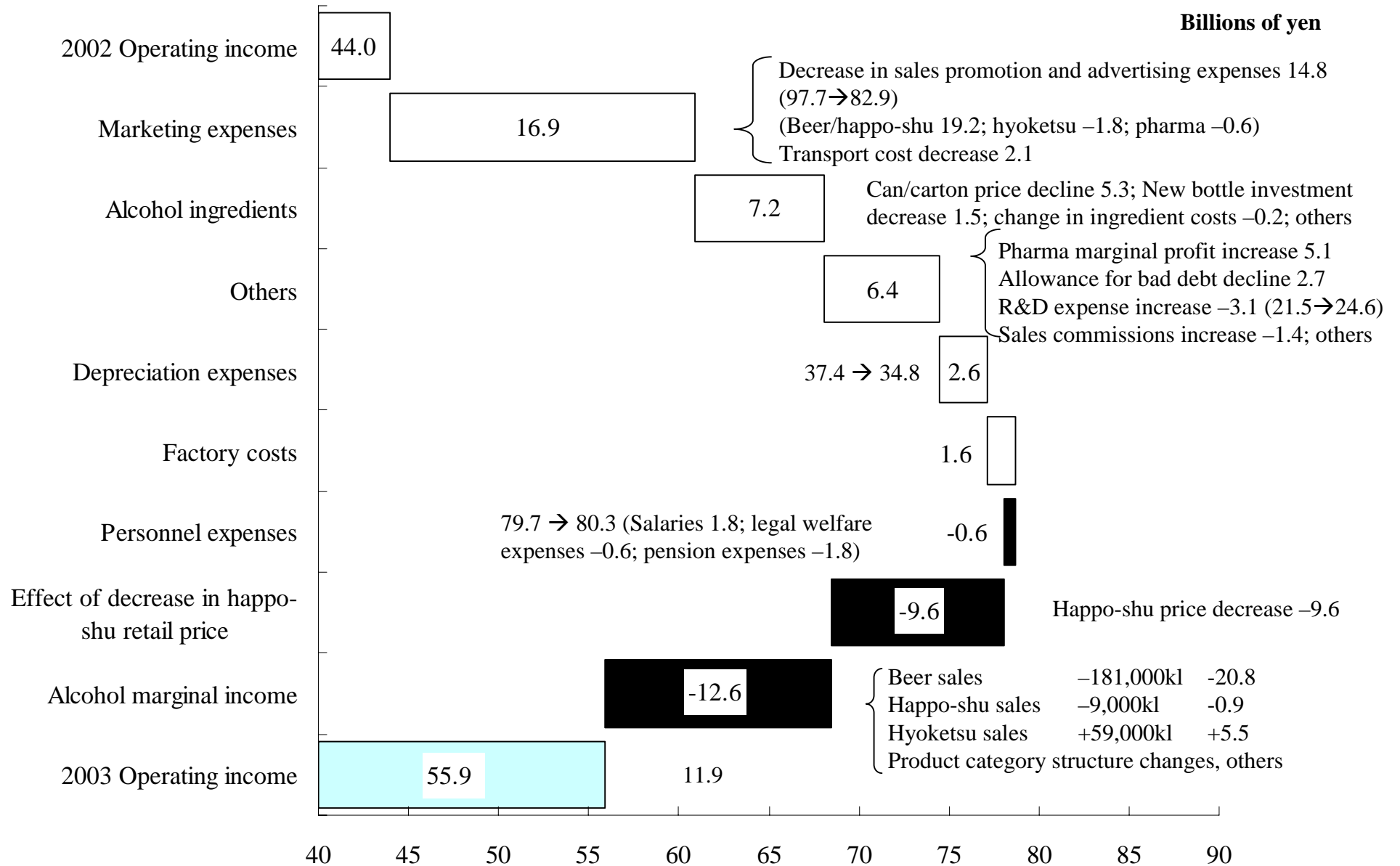
Sales and Profits *(non-consolidated, 2003 actual)*



Sales Breakdown *(non-consolidated, 2003 actual)*



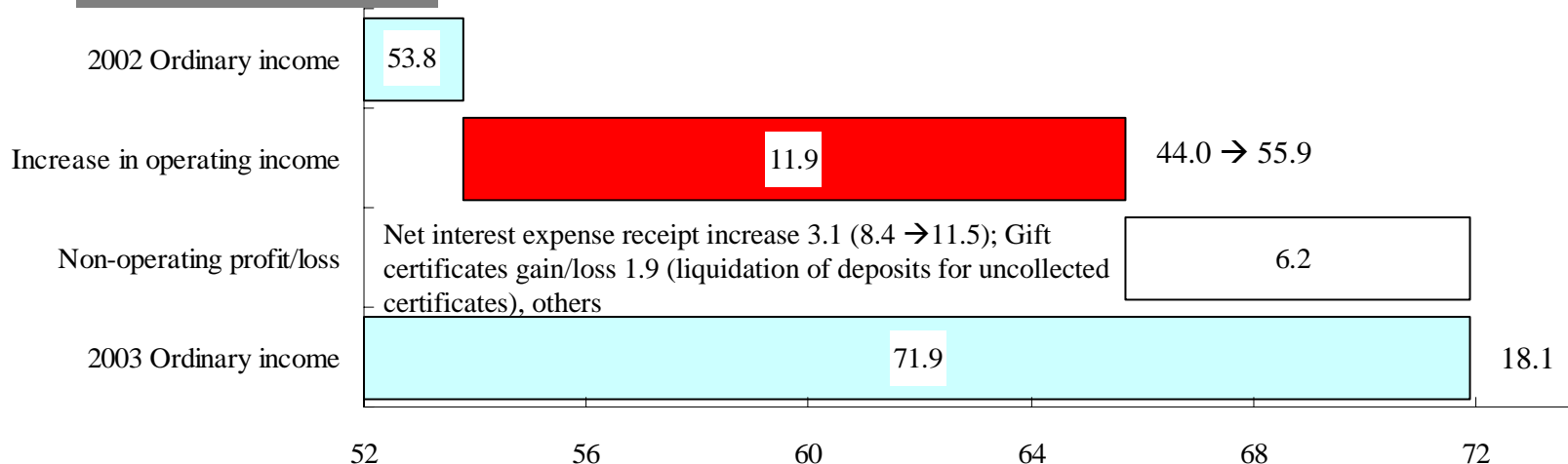
Changes in Operating Income (*non-consolidated, 2003 actual*)



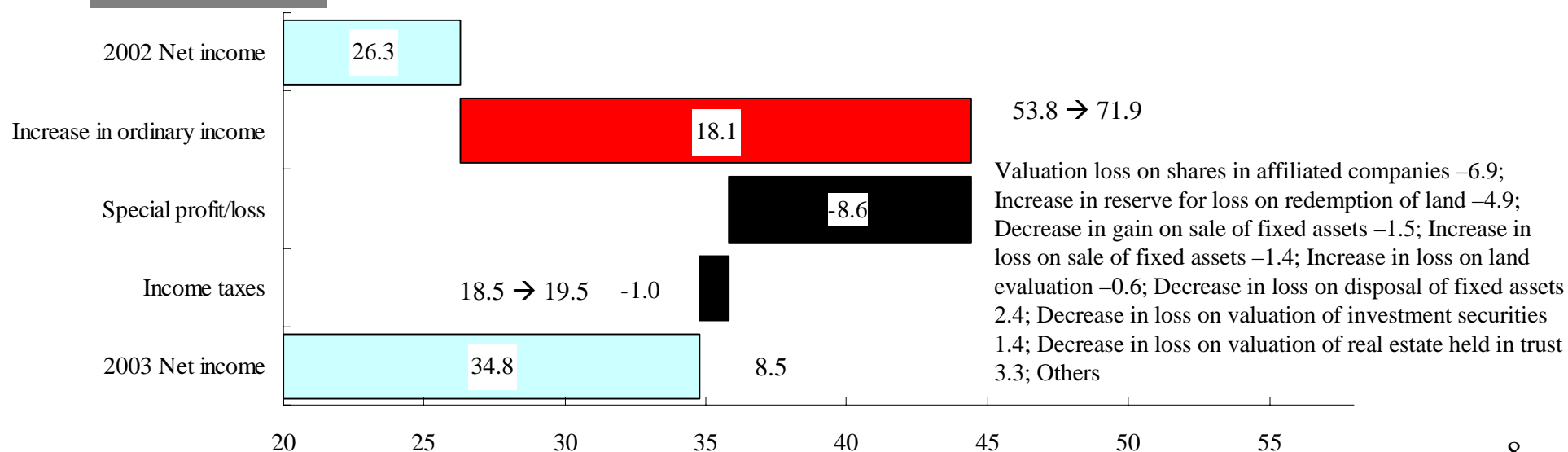
Changes in Ordinary and Net Income *(non-consolidated, 2003 actual)* **KIRIN**

Billions of yen

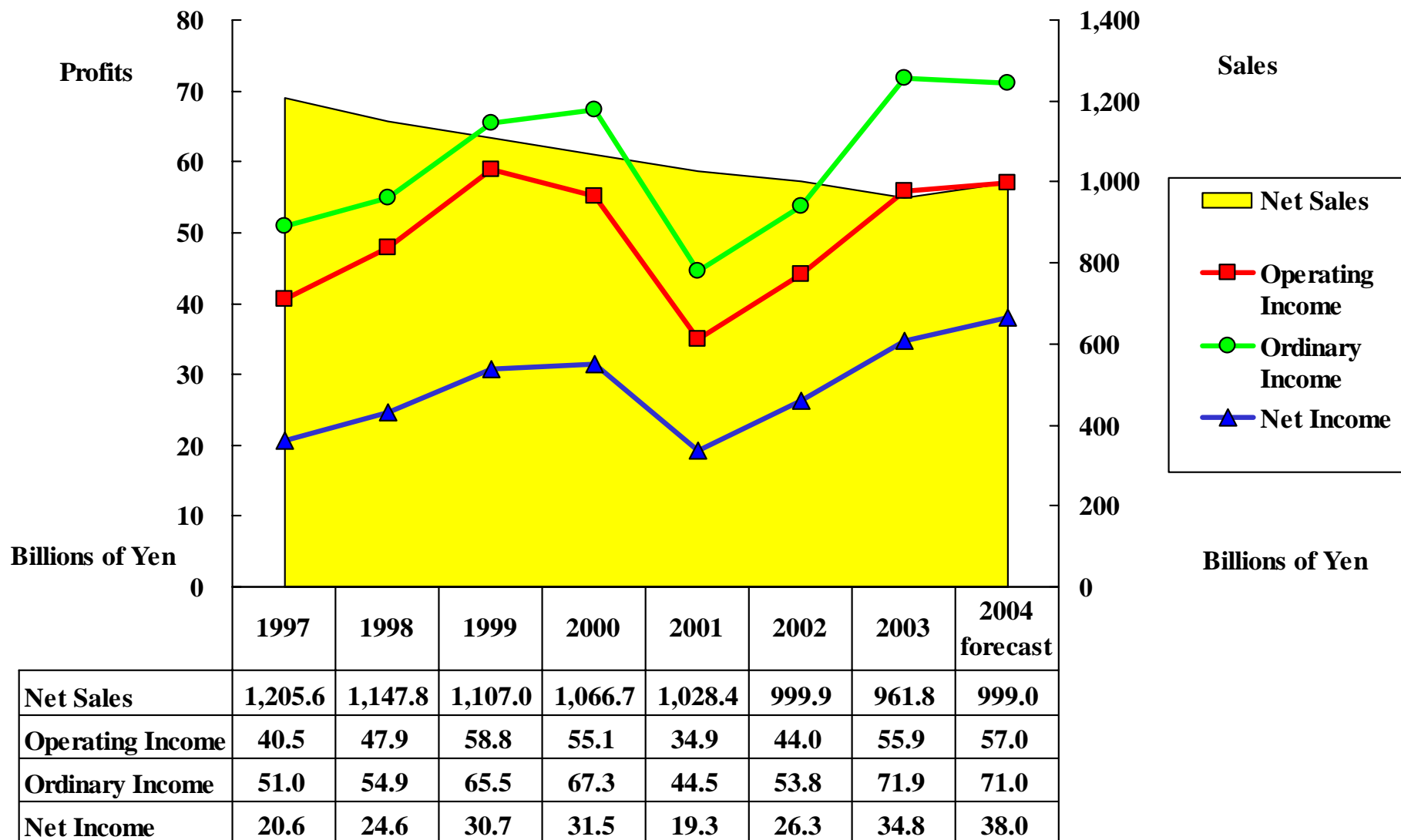
Ordinary Income



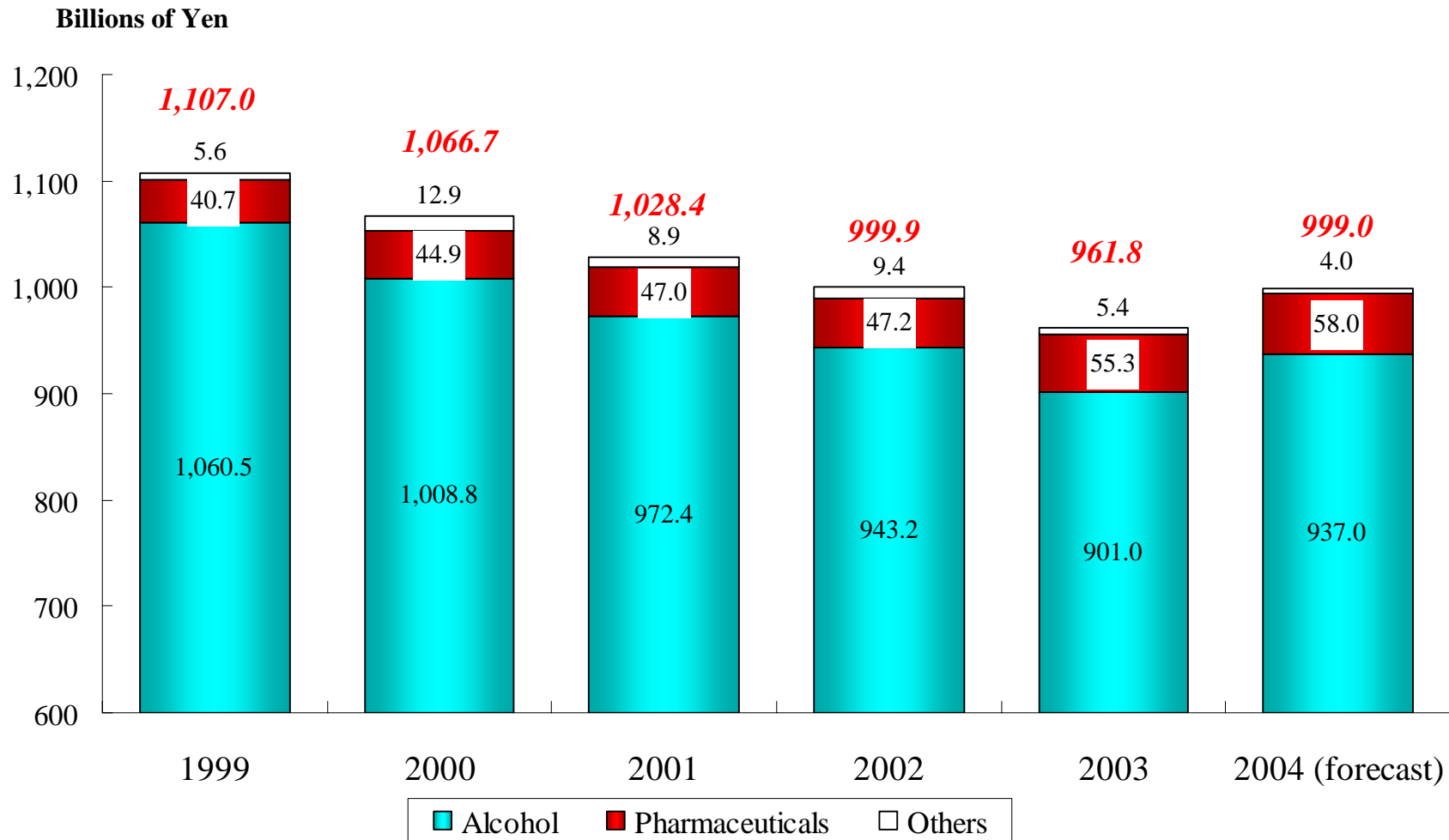
Net Income



Sales and Profits *(non-consolidated, 2004 forecast)*



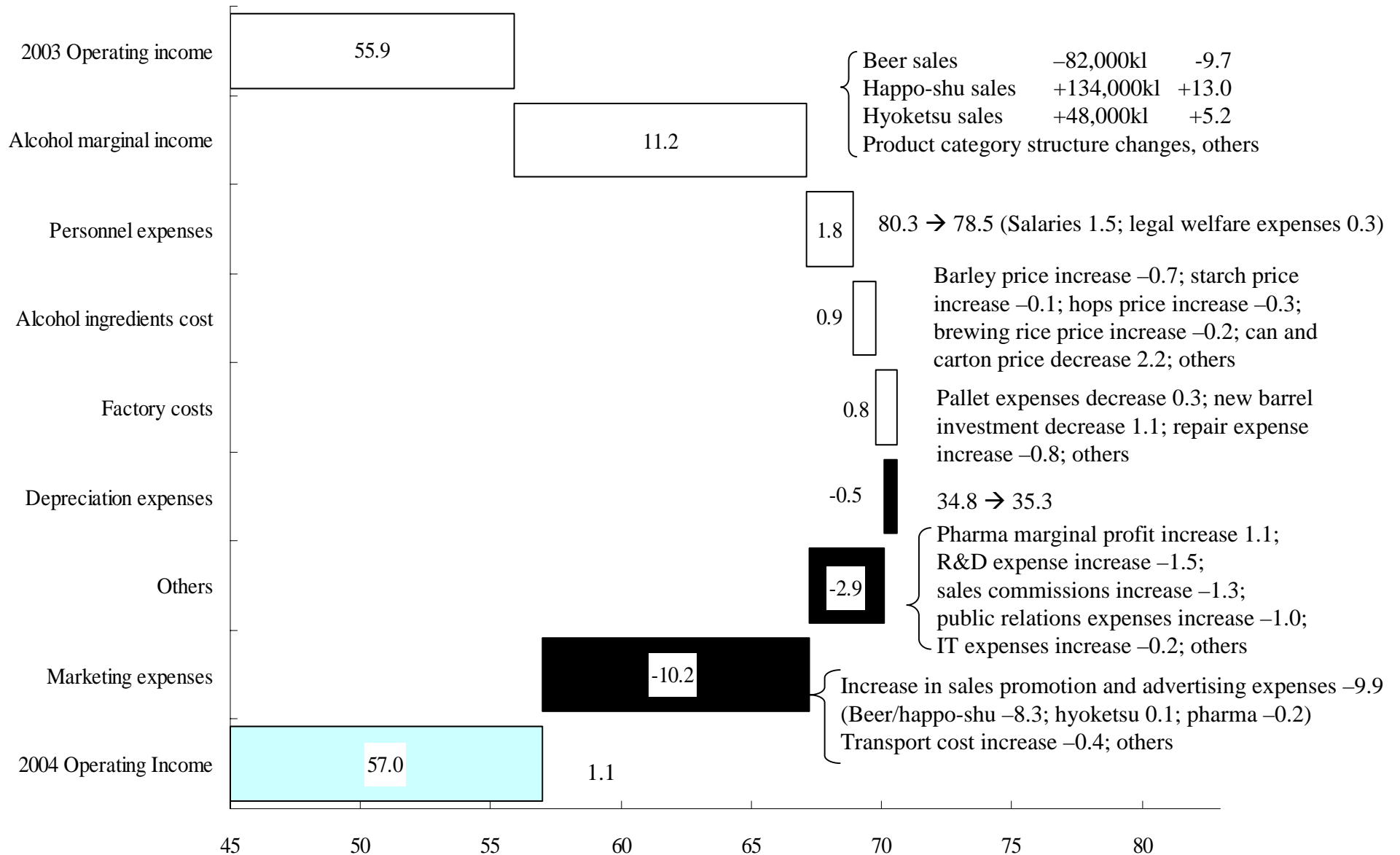
Sales Breakdown *(non-consolidated, 2004 forecast)*



Changes in Operating Income (*non-consolidated, 2004 forecast*)



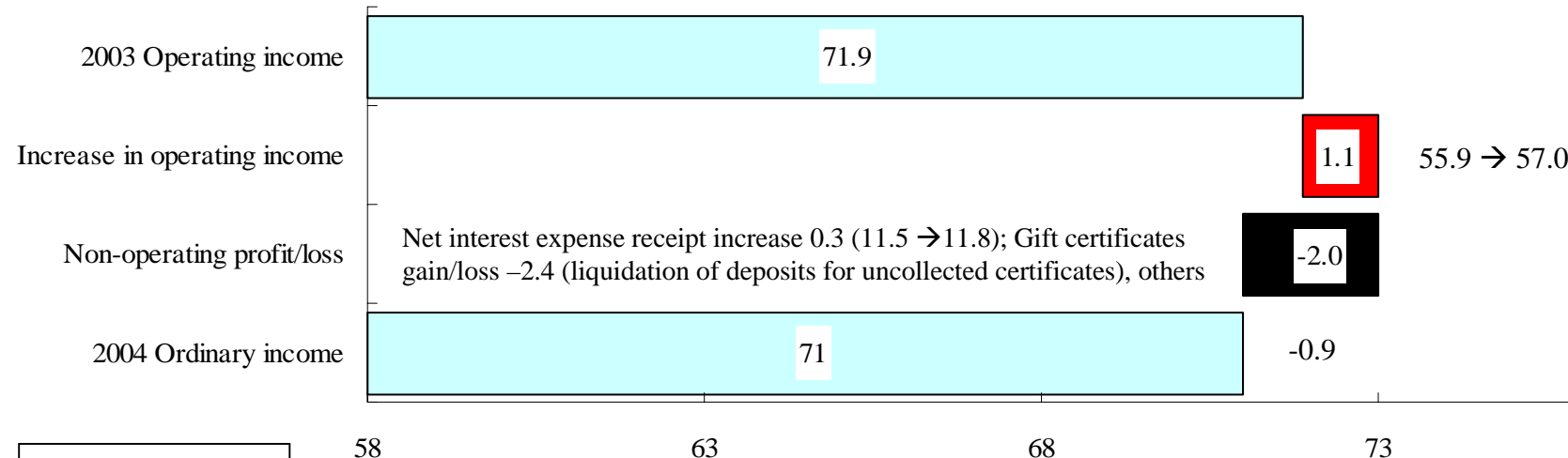
Billions of yen



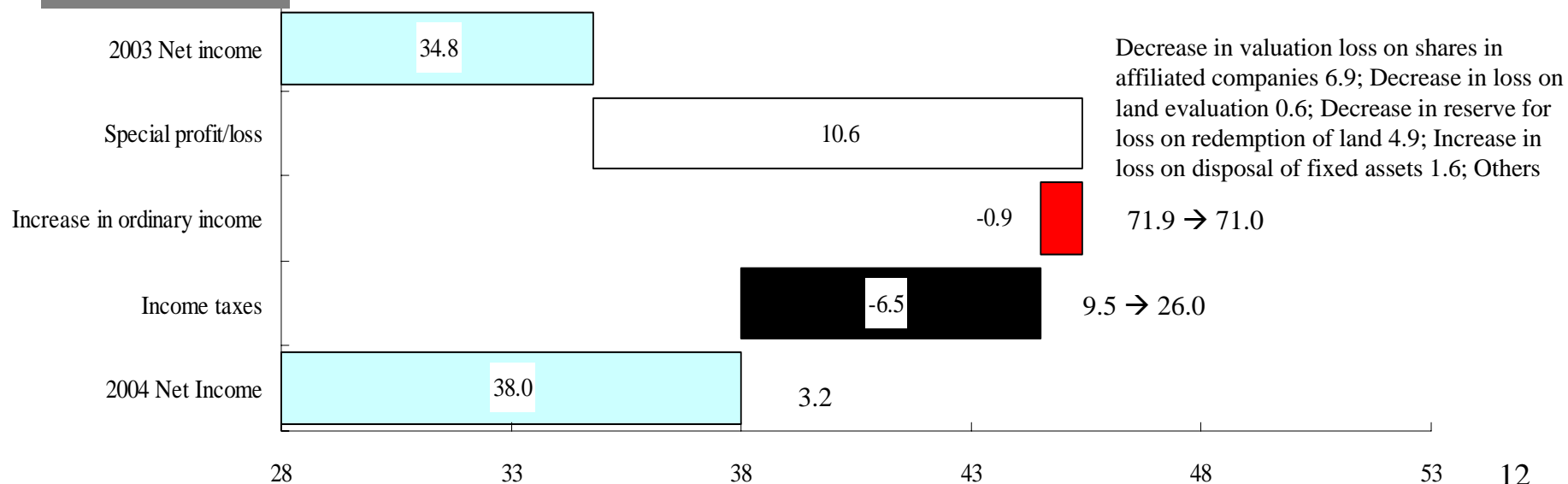
Changes in Ordinary and Net Income *(non-consolidated, 2004 forecast)* **KIRIN**

Billions of yen

Ordinary Income



Net Income



Operating Income vs. Sales Promotion and Advertising Expenses

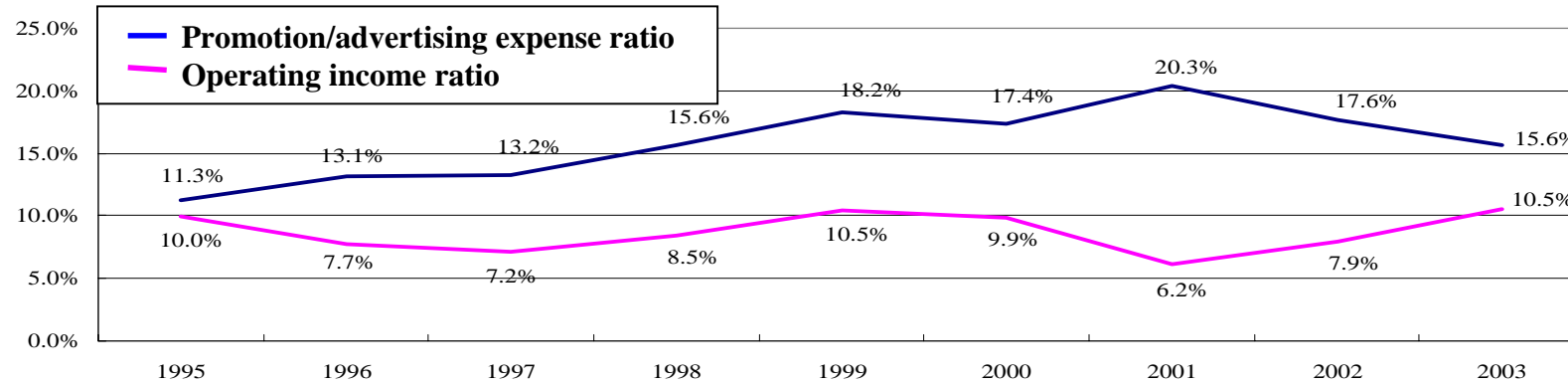
(non-consolidated)



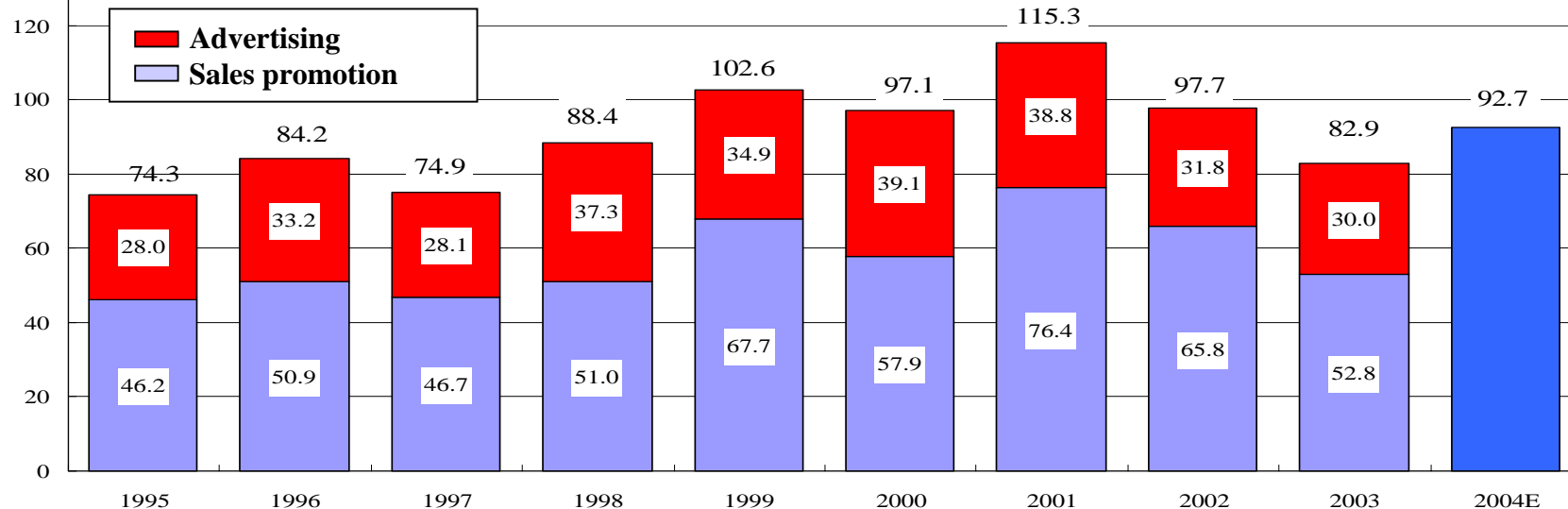
- Sales promotion and advertising expenses have declined from a peak in 2001, with corresponding improvements in operating income
- From 2004, sales promotion and advertisement will be conducted to strengthen the Kirin brand, with expenses reduced to 1998 levels

Billions of yen

Operating income and promotion/advertising expense ratios (sales before deduction for beer taxes)

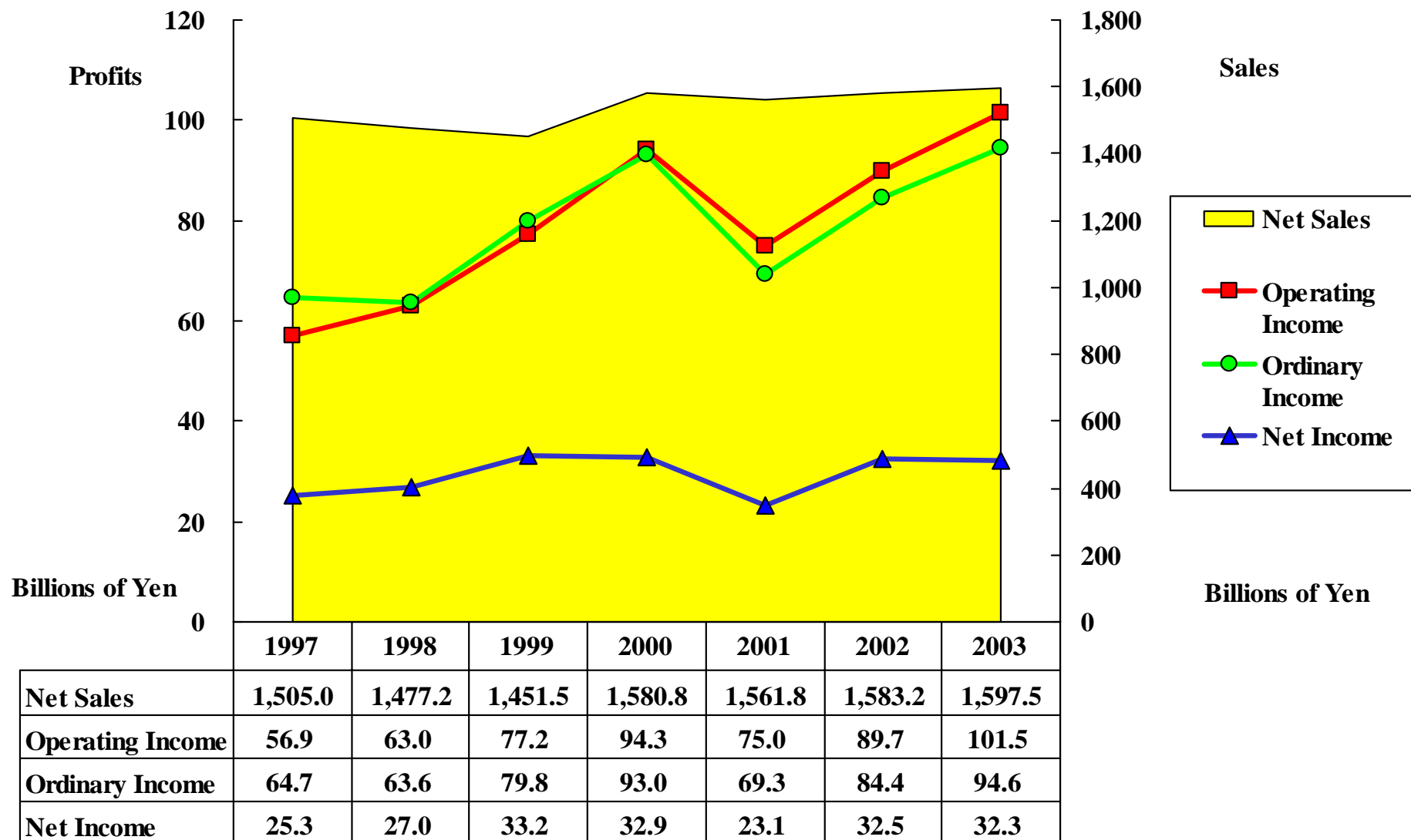


Sales promotion and advertising expenses (billions of yen)



Consolidated Results

Sales and Profits *(consolidated, 2003 actual)*

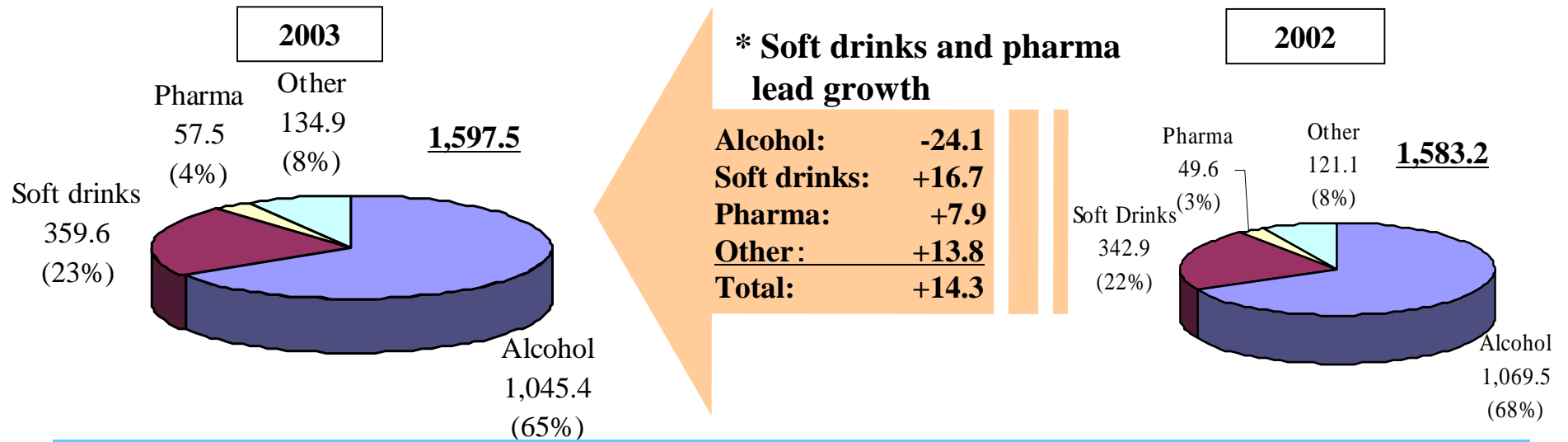


2003 Sales by Segment and Company (consolidated)



By Segment

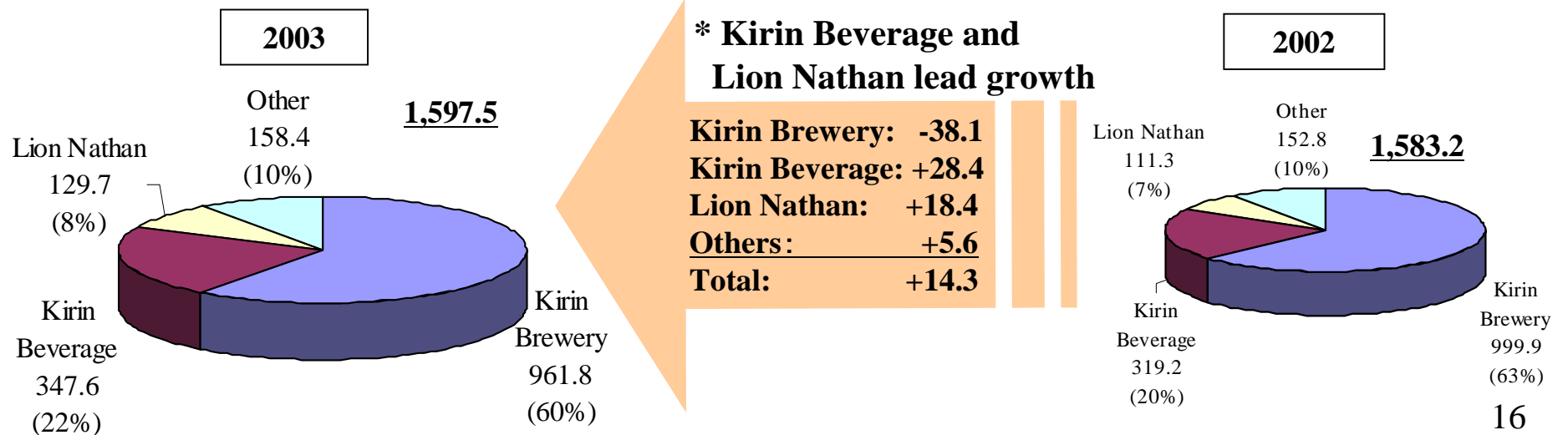
Billions of yen



By Company

※ All sales figures are prior to inter-company elimination

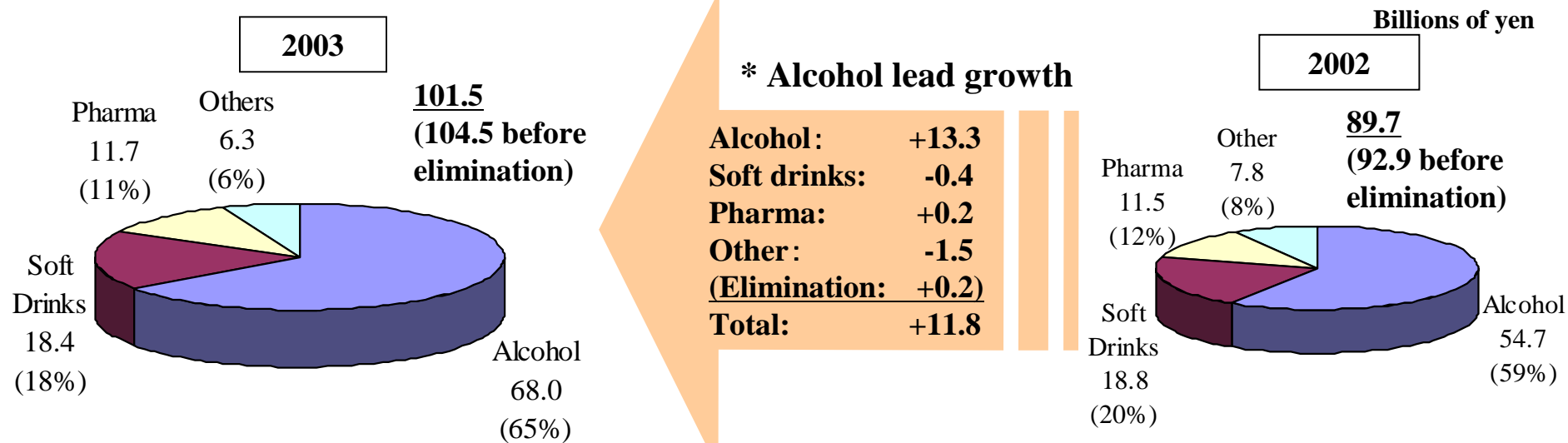
Billions of yen



2003 Operating Income by Segment and Company *(consolidated)* **KIRIN**

■ By Segment

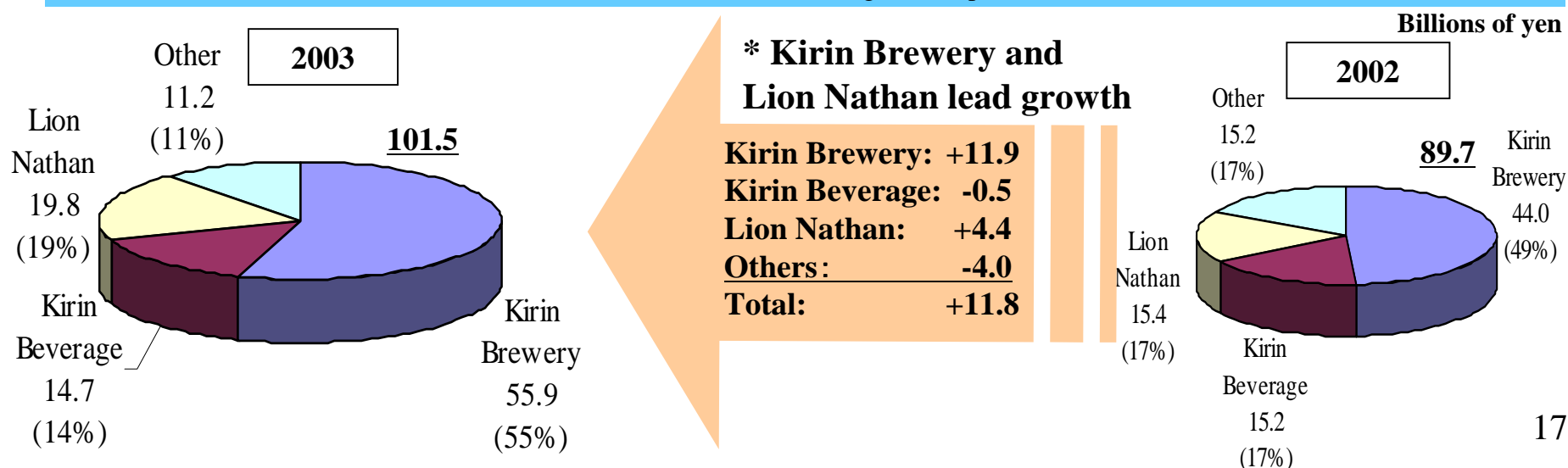
※ Operating income figures are prior to inter-segment elimination



■ By Company

※ Operating income figures are prior to inter-company elimination

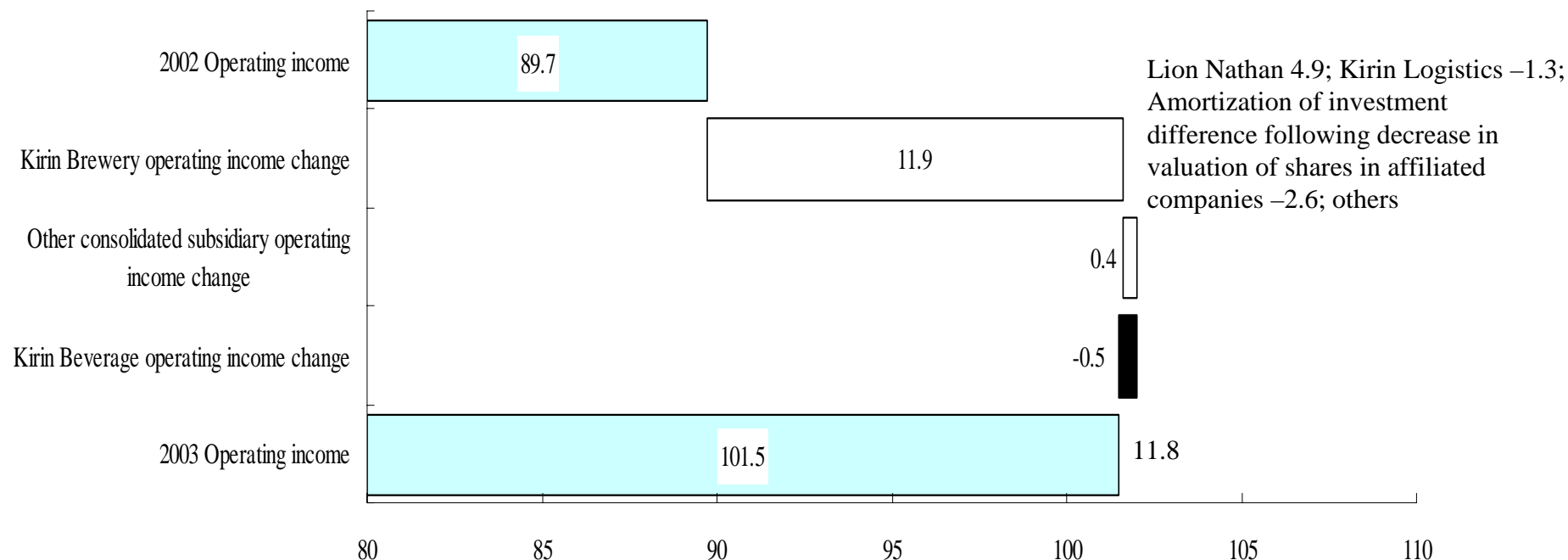
※ Lion Nathan figures are post consolidation difference and brand amortization



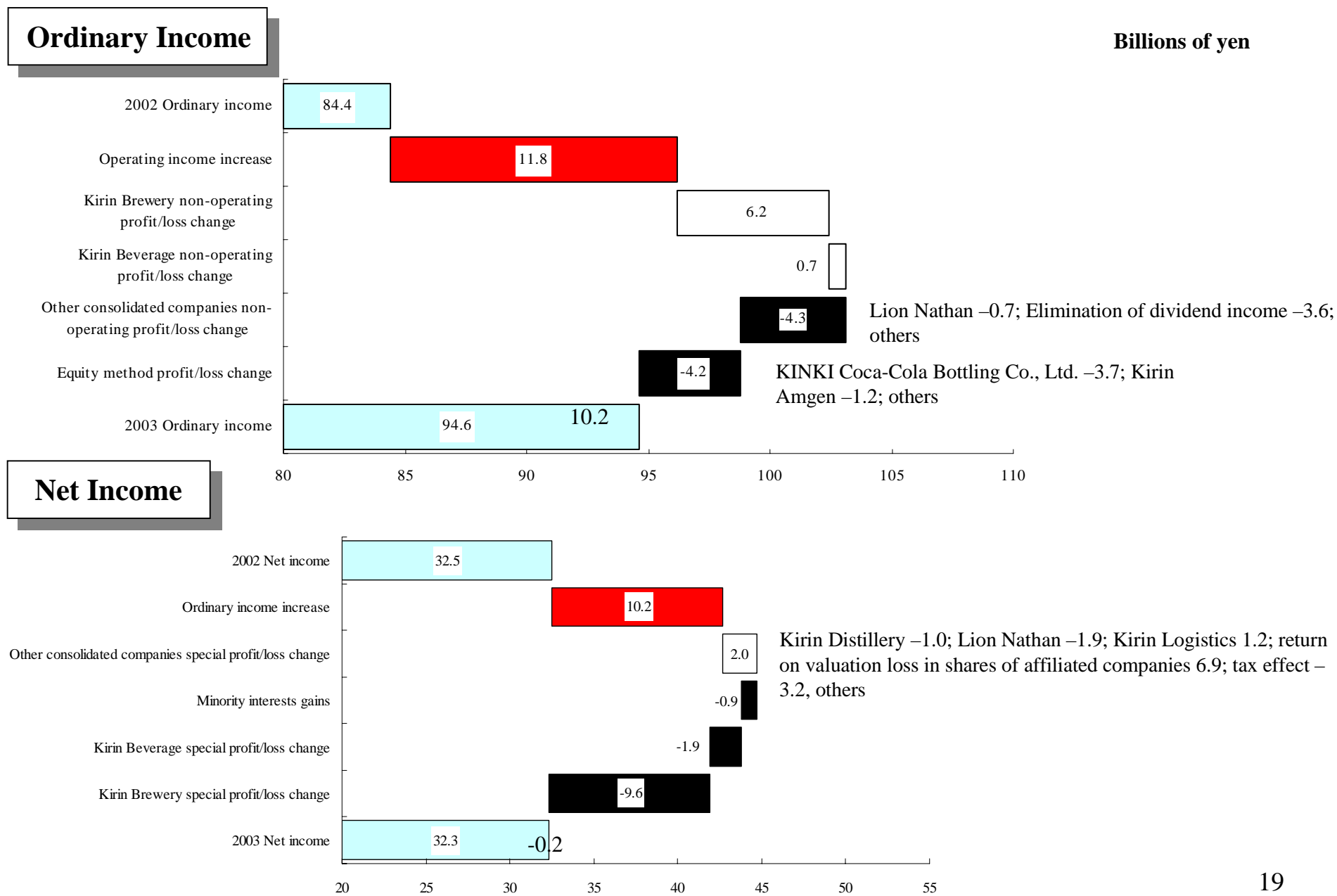
Changes in Operating Income *(consolidated, 2003 actual)*



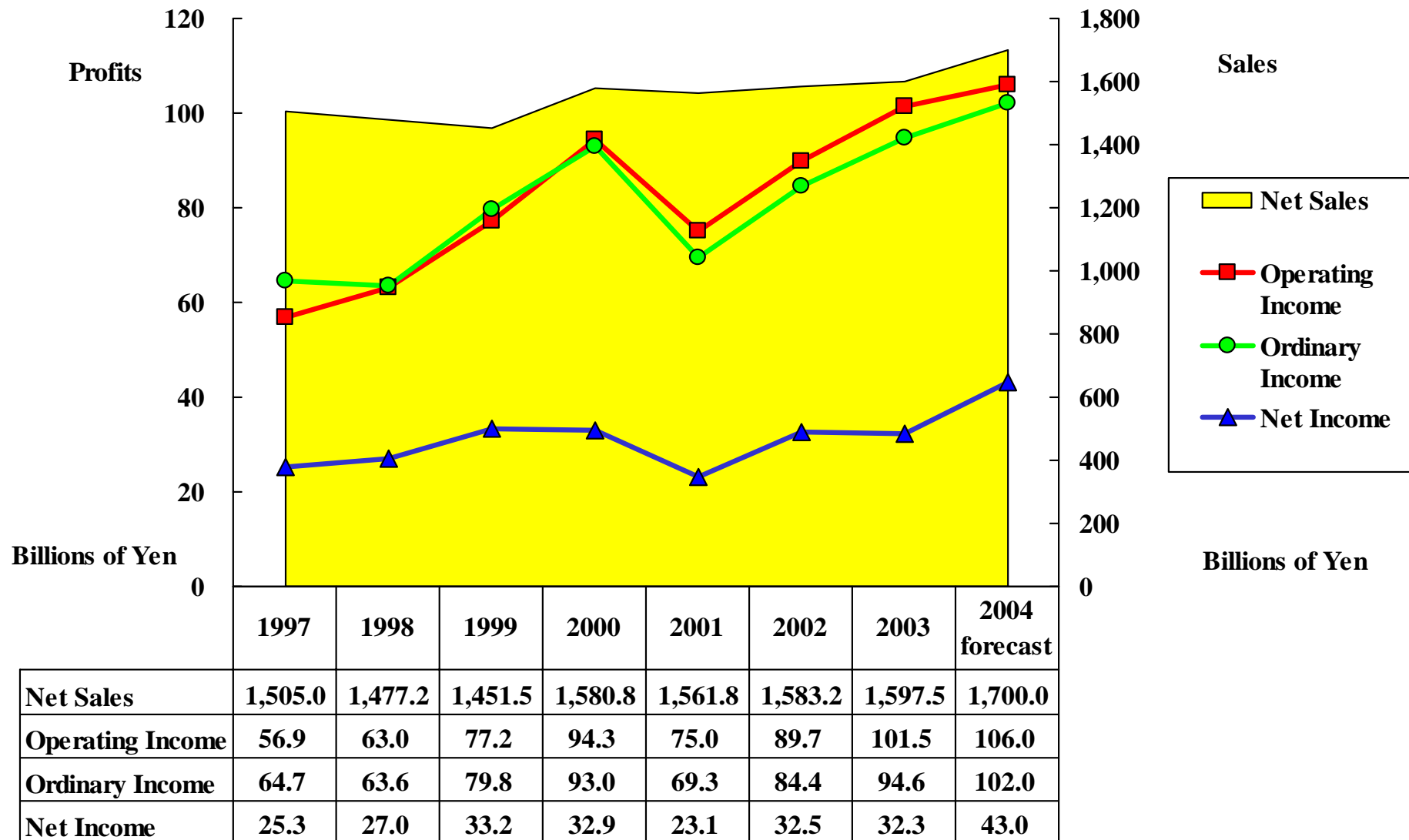
Billions of yen



Changes in Ordinary and Net Income (consolidated, 2003 actual) **KIRIN**



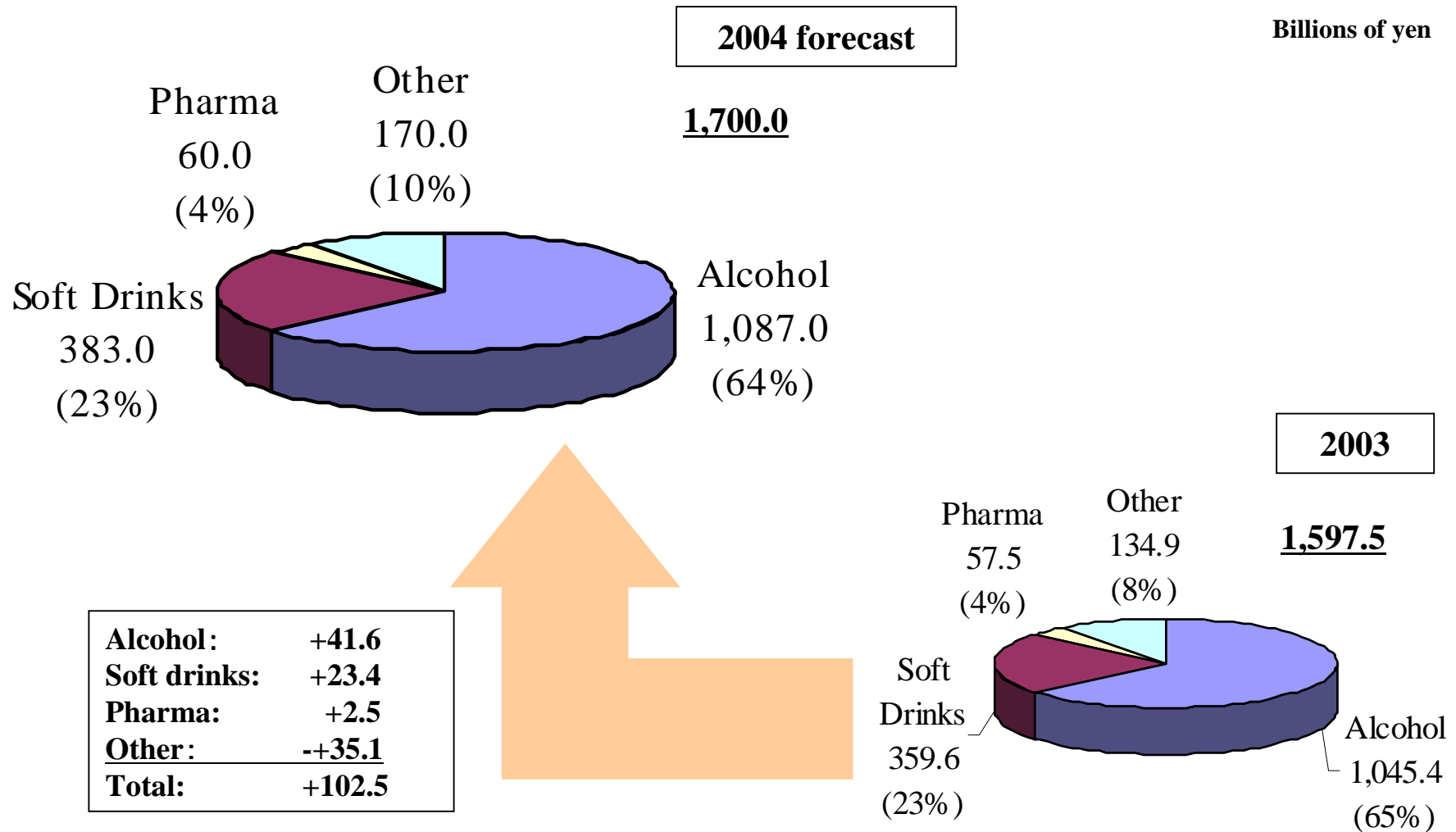
Sales and Profits (consolidated, 2004 forecast)



2004 Consolidated Sales by Segment (forecast)



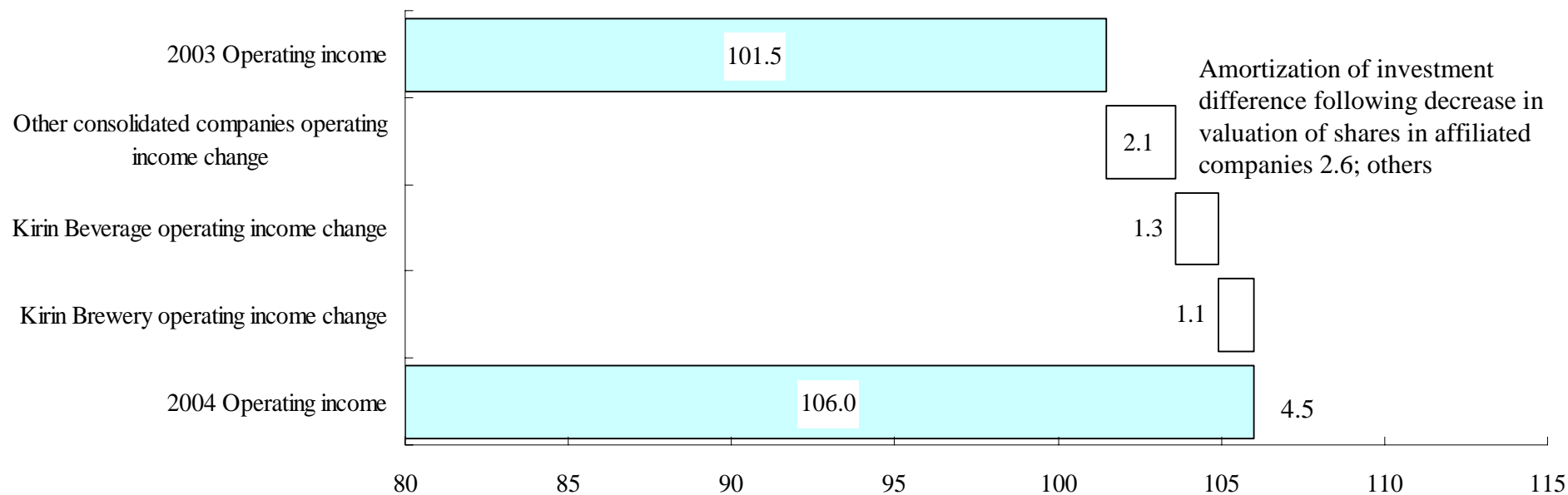
■ By Segment



Changes in Operating Income *(consolidated, 2004 forecast)*



Billions of yen

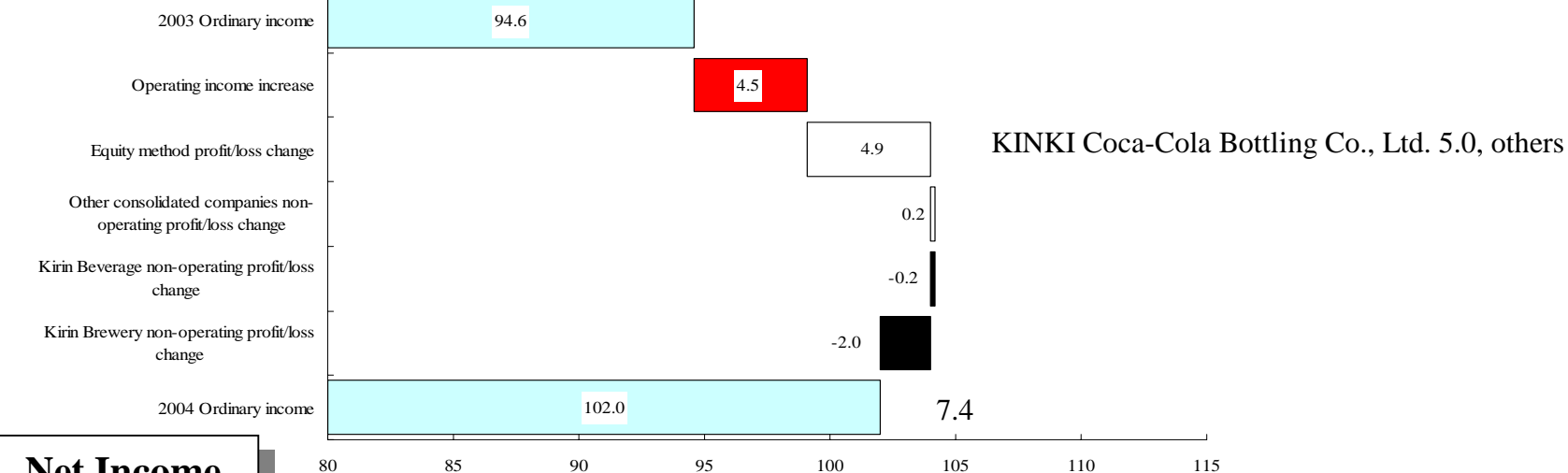


Note: Because forecasts for Lion Nathan and San Miguel are not released, 2003 results (in local currency) have been used for 2004 forecasts

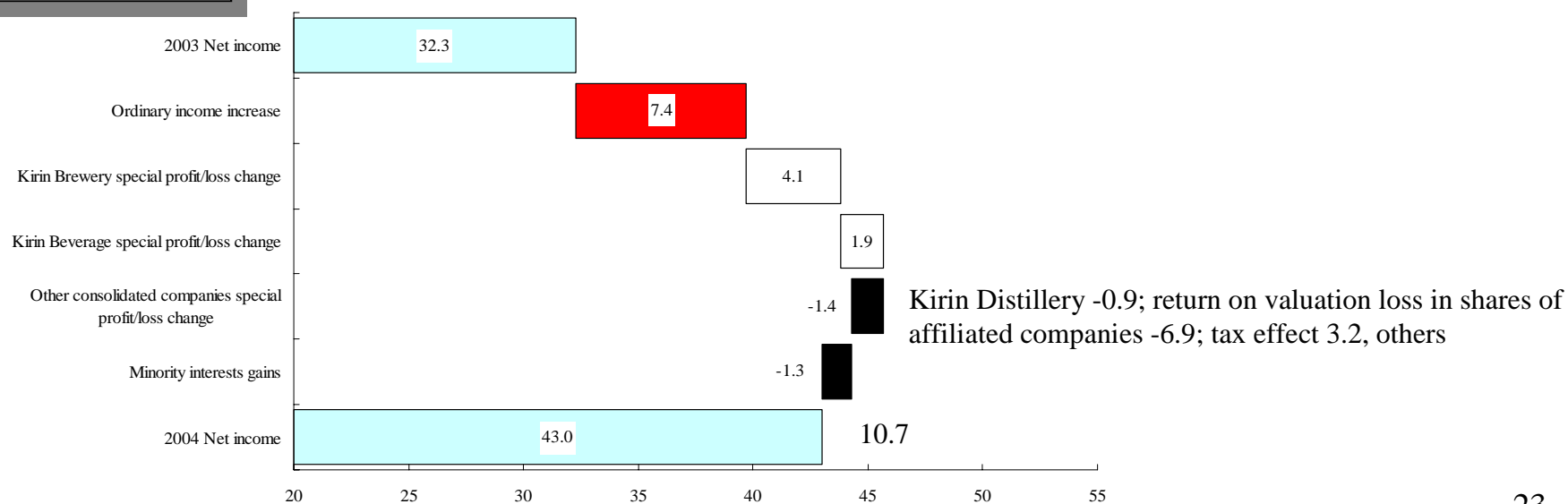
Changes in Ordinary and Net Income (consolidated, 2004 forecast) **KIRIN**

Ordinary Income

Billions of yen



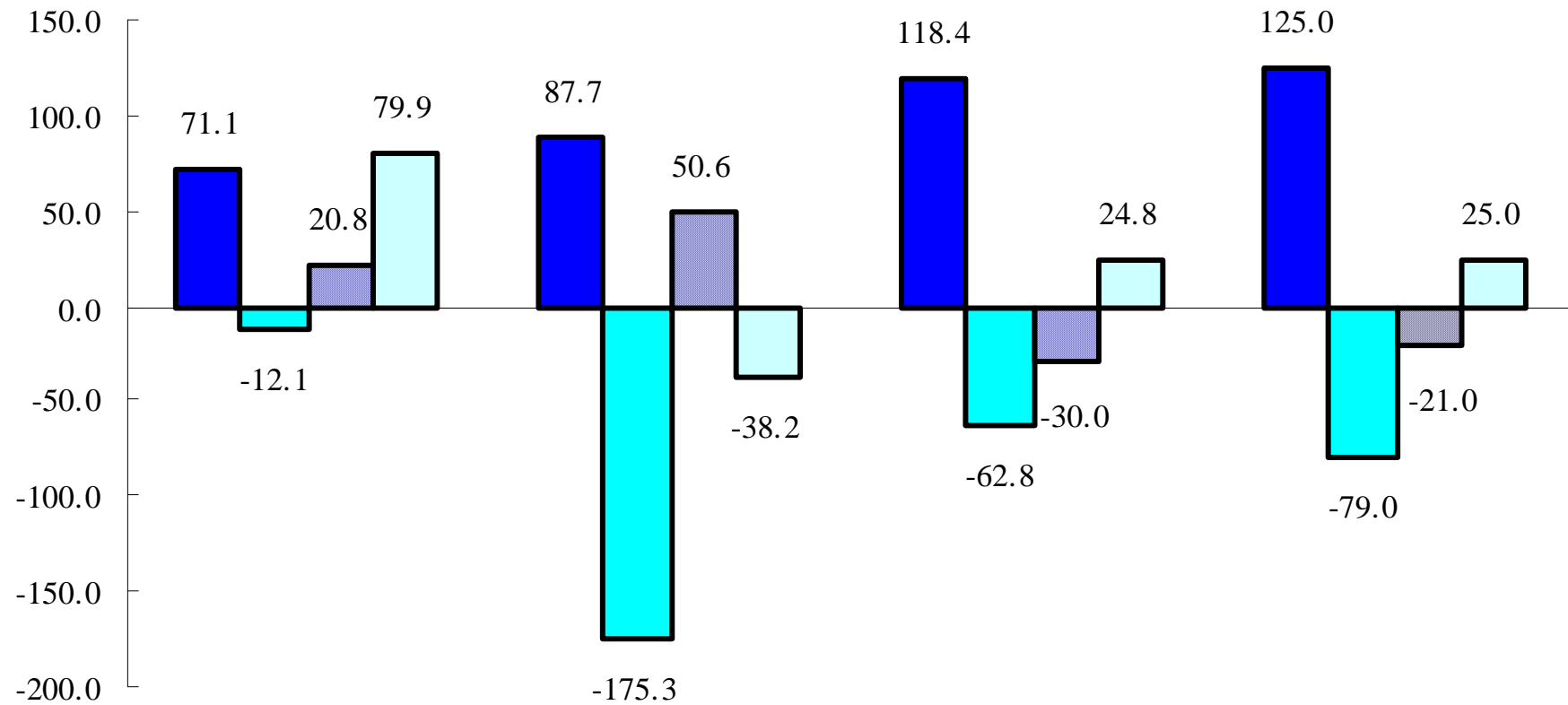
Net Income



Cash Flows (consolidated)



Billions of yen <2001> → <2002> → <2003> → <2004 Est.>



■ Operating Activities
 ■ Investing Activities
 ■ Financing Activities
 ■ Total

Quantitative Targets for 2006

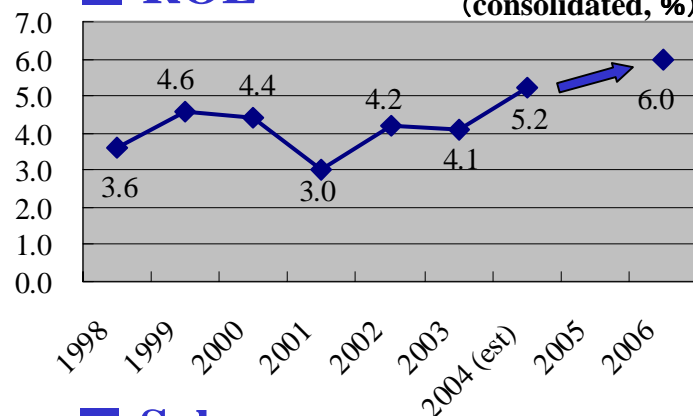


■ Operating Income Ratio

(consolidated)

■ ROE

(consolidated, %)



■ Sales

● By Segment (consolidated)

	2003	2004 (est.)	2006 target
Operating income ratio	6.4%	6.2%	7.0%

	2003	2004 (est.)	2006 target
ROE	4.1%	5.2%	6.0%

	2003	2004 (est.)	2006 target
Consolidated	1,597.5	1,700.0	1,860.0
Parent	961.8	999.0	1,040.0

(Billions of yen)

	2003	2004 (est.)	2006 target
Alcohol	1,045.4	1,087.0	1,120.0
(domestic)	(899.7)	(937.0)	(969.0)
(overseas)**	(145.6)	(150.0)	(151.0)
Soft Drinks	359.6	383.0	* 450.0
Pharma	57.5	60.0	70.0
Other	134.9	170.0	* 220.0
Total	1,597.5	1,700.0	1,860.0

(Billions of yen)

* Because Kirin Beverage and Koiwai Dairy Products have finalized their plans for business collaboration, the Koiwai foods business (¥60 bil. target for 2006), has been moved to "Other" from "Soft Drinks," in which it was included at the mid-term plan announcement. (2006 targets in the mid-term plan were Soft Drinks ¥510 bil., Other ¥160 bil.)

** Because forecasts for Lion Nathan are not released, the 2003 results have been used for 2004 forecasts and 2006 targets.

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