

## **Q&A from Financial Statements Briefing for Closing Accounts of Year Ended December 31, 2015**

<Date and Time> February 12, 15:30-17:00

<Speakers> President, Representative Director Tsutomu Kamijo with Director Toshio Mizokami and President of Sapporo Breweries Ltd. Masaki Oga

Q. Sales volume for beers during 2015 was strong. I think brands other than the core products Black Label and YEBISU are increasing in sales. Could you tell us about those products?

A. (SB President Oga) The Sapporo Classic is cited as a brand following Black Label and YEBISU. The Sapporo Classic is a product sold only in Hokkaido and its sales volume exceeded that of the previous year for the 15<sup>th</sup> consecutive year. The Sapporo Lager is a product only in a bottle but boasts the image of a retro and standard beer, and is marking a two-digit sales increase over the previous year mainly in drinking outlets. In addition, we have a beer called “Shirohonoka” for which brewer’s yeast is not filtered as well as products exclusive for business, such as Edel Pils. Now customers increasingly prefer a diversity of beers, including craft beers. I believe this trend means that our constant efforts made on long-established brands have borne fruit.

Q. The earnings forecast for 2016 seems to be strong. How will the targets be achieved?

A. (Director Mizokami and President Kamijo) For Japanese Alcoholic Beverages, it is important to make sure to conduct progress management on a monthly basis thereby paying costs depending on the sales trend. Also, business companies are watching the monthly sales trend carefully and seeking the quality of allotted costs. Furthermore, we will effectively allot sales promotion expenses to key brands.

In terms of Food & Soft Drinks, the point is that sales volume increases as a result of up-front investments to acquire column space inside of vending machines. In the international business, North America is subject to exchange rate fluctuation risk but the target of sales volume will be achieved on a local currency basis considering the trend in actual results is up from the previous year. We found some challenges in Vietnam but we renewed products in November last year and sales after renewal performed well. This year, we will create an additional effect from the renewal to increase sales. For Restaurants, there are no concerns thanks to the opening of flagship stores in Shimbashi and 5-chome, Ginza as well as the improvement of profit backed by the reduction of underperforming stores. Looking at Real Estate, we consider there are few deviations from the projection.

Q. Could you tell us about the improvement of management practices and profit level?

A. (President Kamijo) As for profit level, we would like to be a company that is able to constantly report operating income of at least 20 billion yen and net income of at least 10 billion. This level can be achieved if 2016 remains as projected.

From a medium and long term viewpoint, our company is a manufacturer of food so we will seek growth not only in the area of alcoholic beverages but also food. For overseas operations, we will ensure growth primarily in North America and Southeast Asia but investment will basically be made to the extent that operating cash flow allows.

Challenges, if any, include the securing of human resources that assume growth. To this end, we are promoting diversity and informally appointed an employee as a female director for the first time. In addition, a marketing meeting will be held on a global basis to utilize the abilities throughout our group. We are also considering the exchange of human resources between overseas subsidiaries in various countries and strive to strengthen our structure in a bid to foster human resources on a global basis.

End