



Sapporo Group Business Results Presentation for 2015

February 2016

Sapporo Holdings Ltd.

URL <http://www.sapporoholdings.jp/english>

1. Overview of 2015 and Policy for 2016

2. Review of New Management Framework and Toward Next Management Framework

3. 2015 Results Overview and 2016 Results Outlook

Reference material: Appendix “Supplementary Information to the Earnings Report”

Appendix: Collection of Data by Business

1. Overview of 2015 and Policy for 2016

2015 Group Overview

Consolidated earnings: operating income declines ¥0.7 billion y-o-y

(billions of yen)	2014	2015	change
Net sales	518.7	533.7	15.0
Operating income	14.7	13.9	(0.7)
Ordinary income	14.5	13.2	(1.3)
Net income	0.3	6.1	5.7

- Operating income's main factor was a ¥1.5 billion decline in the Japanese Alcoholic Beverages Business.
- All businesses posted operating income for two consecutive years, strengthening the portfolio.
- While we had filing of revised tax liquor return for Goku Zero in 2014, this year it recovered and ROE came to 6.5% (before goodwill amortization).

Concentrating resources on competitive advantages

- The two main brands of Black Label and Yebisu led beer sales that were 101% y-o-y.
- The product lineup of Kireto Lemon expanded and sales of lemon-based drinks came to 118% of the previous year.
- We reviewed property portfolio and focused on Yebisu Garden Place and GINZA PLACE.

Strategic move for overcoming challenges

- Promoted diversification of products we offer in the Japanese Alcoholic Beverages Business, and enhanced the lineup of fine wine whose market is expected to grow.
- The Vietnam beer business entered the second stage. It was relaunched in November and got off to a smooth start.

2016 Group Financial Targets

Management Plan	2015results	2016targets
Consolidated net sales ※incl. liquor tax	¥533.7 bn	¥565.4 bn
Consolidated operating income (before goodwill amortization)	¥18.1 bn	¥25.0 bn
Consolidated operating income	¥13.9 bn	¥21.1 bn
Consolidated ordinary income	¥13.2 bn	¥20.2 bn
Consolidated net income	¥6.1 bn	¥10.5 bn
R O E (before goodwill amortization)	6.5 %	8.9 %
R O E	3.9 %	6.5 %

***We are currently formulating a medium- to long-term plan that starts in 2017. We plan to announce it in fall this year or later.**

Overview of 2015 and Policy for 2016: by Business segment

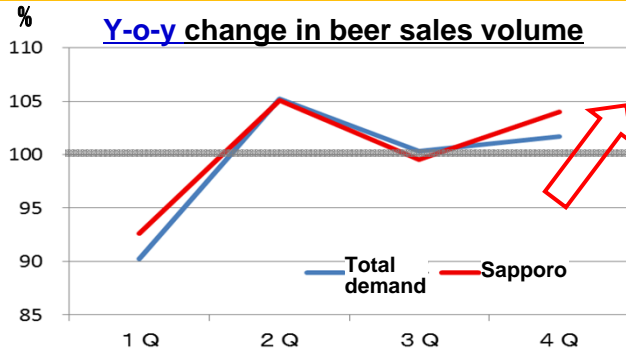


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Overview of 2015 Japanese Alcoholic Beverages

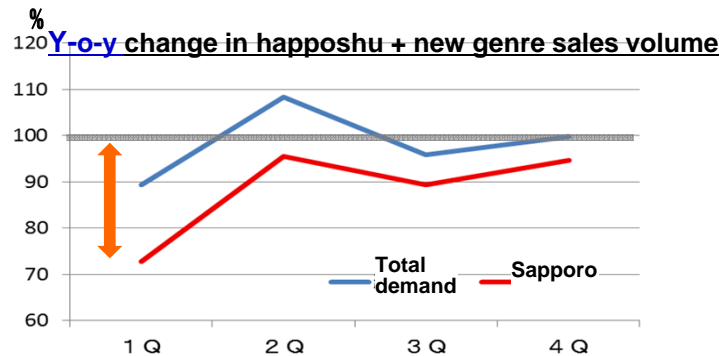
Japanese Beer Business

Sales volume of beer and beer-type beverages down 5% y-o-y (total demand down 1%)



<Beer> Up 1% y-o-y (total demand unchanged y-o-y)

- **Black Label**'s store coverage rate increases; canned products led the brand's first y-o-y sales increase in 21 years
- **Yebisu** recovers in the gift market led by demand for year-end gifts; down 1% y-o-y
- **Beer breakdown (volume)** 2014: 55% → **2015: 59%**



<Happoshu + new genre> down 12% y-o-y (total demand down 1%)

- Increase in new products from competitors and competition intensifies. Unable to recover from the late start in 1Q
- **Goku Zero** sales volume 3.91 million cases (2014: happoshu + new genre 5.77 million cases)
- **Mugi to Hop The gold** down 8% due to failed relaunch measures



Promotion of diversification of product offering

Presenting Japanese wine*2 and global brands in the growing fine wine*1 market

- Signed sales agreements of seven additional brands including Penfolds with TWE
- Signed sales agreement with world-class champagne manufacturer Taittinger

*1 Medium to premium wines costing 1,500 yen or more

*2 Wine made with grapes grown and harvested in Japan alone

Premium Japanese wine
Grande Polaire series



Penfolds



Matua



Taittinger





2016 Key Points in Business Plan Japanese Alcoholic Beverages

**“Seek No.1 by accumulating one-of-a-kind products”
Strengthen cultivation of brand in each field**

■ Beer and beer-type beverages

- ▶ **The first year of strengthening beer:** improve brand value of core brands **Black Label** and **Yebisu**
- ▶ Expand the users of new genre and happoshu through development and nurturing of products that meet customers' need.
- Mugi to Hop The gold** Relaunched and has a good start
- ▶ Create new value for beer as **national craft**
Enhance product lineup of **Craft Label brand**

■ Wine

- ▶ Strengthen **fine wine**: expand profitability with Japanese wine **Grande Polaire**, imported wine **Penfolds** and champagne **Taittinger**

■ Spirits

- ▶ New proposals from the **world's No. 1 rum** **Bacardi**
- ▶ Expand collaborative products such as **Otoko Ume Sour** in **RTD field**





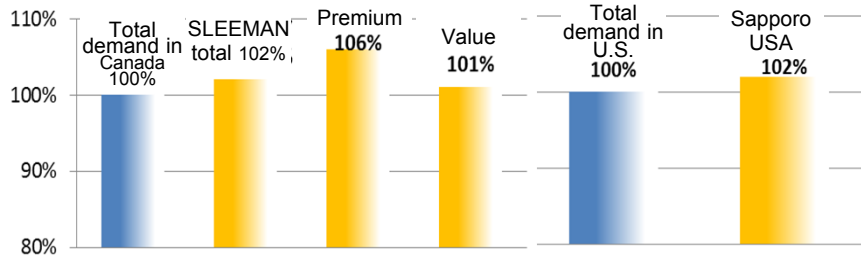
Overview of 2015 International

SAPPORO ➤ North American beer business performed well; Vietnamese beer business to enter the second stage following relaunch

North American beer business

- Focus on premium market; both SLEEMAN and Sapporo USA sales expanded

North American beer sales volume for Jan-Dec (y-o-y)

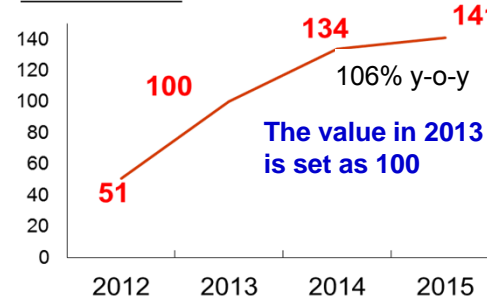


U.S. soft drinks business

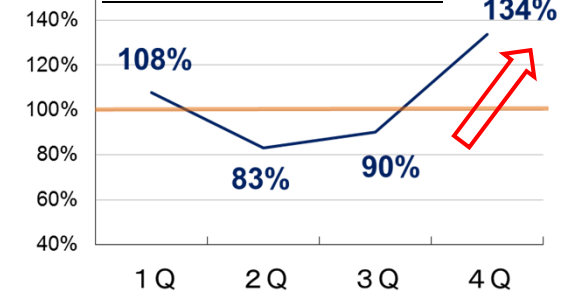
- **Country Pure Foods** newly consolidated from February
- Pursuing synergies with **Silver Springs Citrus**
- Though orange juice prices are hovering high, we will review transactions and revise prices to rein it

Vietnamese beer business

Domestic sales volume in Vietnam for Jan-Dec



Y-o-y change in domestic beer sales volume in Vietnam



- Competition in beer market is intensifying partly due to competitors entering the premium market
- **Review of the strategy**
- **Following the relaunch in November**, it is off to a strong start

Key points of relaunch: appeal novelty and further reflect Vietnamese' taste

- **Flavor:** Retain Sapporo's original flavor, pursue ease of drinking
- **Package:** Unify the brand color to silver, adopt the global design
- **Price:** Pricing range that takes competitiveness into account

JAPAN'S PROMISE





2016 Key Points in Business Plan International

To become a company with strong presence in the premium markets in North America and Southeast Asia

■ North America

Beer: SLEEMAN, Sapporo USA

- Strengthen the **premium brands** and sustain the growth of **SLEEMAN** brand
- Focus on and strengthen the Asian-American market and strengthen **SAPPORO** brand

Soft drinks: Silver Springs Citrus
Country Pure Foods⇒**pursue synergies**

- Expand sales by **enhancing product lineup and sales channels**
- Enhance profitability through **optimization of production structure and low-cost operation**



■ Southeast Asia

Sapporo Vietnam

- Maximize the impact of **Sapporo Premium Beer relaunch**, bolster brand strength and expand sales area
- Enhance profitability by reducing production cost
- **Expand exports** to neighboring ASEAN countries

■ Other

- Early realization of **group synergies** overseas by opening the **European representative office**





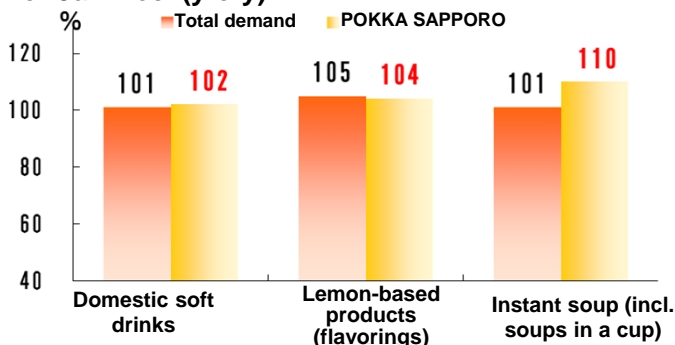
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Overview of 2015 Food & Soft Drinks

- **Domestic soft drinks sales volume were up 2% y-o-y (total demand was up 1%); both domestic food and overseas soft drinks businesses were up y-o-y**

Domestic Food and Soft Drinks

Domestic food and soft drinks cumulative sales volume for Jan-Dec (y-o-y)



Total demand data: Source – Total for SM CVS formats by Intage SRI(nationwide retailer panel research)
Jan-Dec 2015 y-o-y comparison of cumulative sales for the lemon-based products market (Sapporo's definition) and instant soup market

- ▶ **Lemon-based drinks, our strength, and soup led the business; net sales were up 5% y-o-y**

<Domestic soft drinks> Sales volume of 45.35 million cases (up 2% y-o-y)

- **Lemon-based drinks:** Introduced **ENERGIE** and **INNER BEAUTE** from **Kireto Lemon** brand, bottled products are also strong: **up 18% y-o-y**



<Domestic foods>

- **Lemon-based food products**

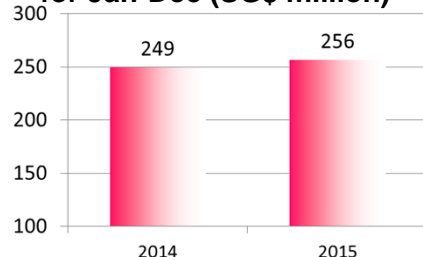
Sales have been strong even after we raised price due to rising costs driven by high ingredients costs: **up 4% y-o-y**

- **Instant soup:** Relaunched and differentiated **Jikkuri Kotokoto** box series: **up 10% y-o-y**



Overseas Soft Drinks

Overseas soft drinks cumulative sales for Jan-Dec (SG\$ million)



<Singaporean non-chilled juice market>

2015

Achieved top market share *

It is growing into the revenue pillar following tea drinks



※Nielsen Singapore MarketTrack
December 2015(Copyright c 2015,
The Nielsen Company)

- ▶ **Strong overseas net sales up 3% year on year (local currency base)**

Enhancing production structure for sales expansion

	Production start	Profile	Halal certified
Singapore	1977	Own plant	○
Malaysia	1993	Joint venture with a local company	○
Malaysia, new	2014	Own plant	○
Indonesia	Summer 2016 planned	Joint venture with a local company	
Myanmar	Summer 2016 planned	Licensed production by a local company	



2016 Key Points in Business Plan Food & Soft Drinks

Move on to the next stage through enhancement of core brand strengths with focus on lemon and soup and through earnings structure reform

■ Domestic soft drinks

- Planning **introduction of new products** offering new values from **Kireto Lemon brand**
- Enhance earnings capability by **ensuring low-cost operation**
Develop the foundation for growth

■ Domestic foods

- Disseminate **lemon's health values** by expanding **lemon-based flavorings users**
- Clarify the target and introduce a **new soup product series**

■ Overseas soft drinks

- **Singapore:** Maintain the top share in tea drinks and non-chilled fruit juice drinks markets; nurture the next pillar of the business
- Expand sales by deploying an **on-site production model** in **Indonesia, Myanmar**, etc.

■ Restaurants in Japan

- **Café de Crié (Coffee shop chain):**
Boost brand values and accelerate growth based on outlet-based detailed marketing

***New entry ⇒ Soy beans and chilled business**

- Strengthen marketing activities for **soymilk yogurt and soymilk drinks**



[Right] Rendering of the Indonesian plant



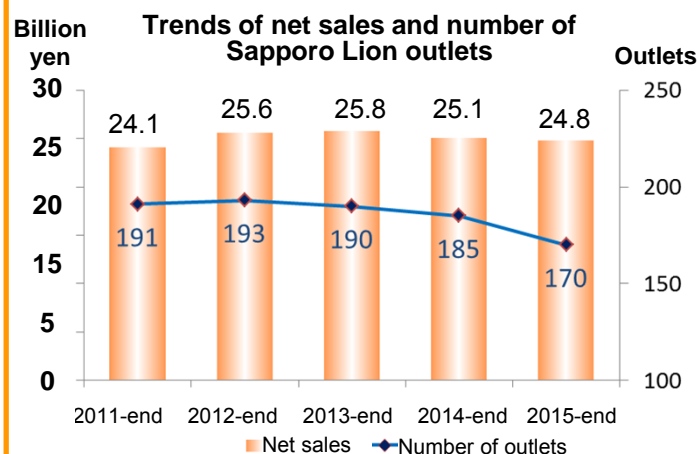


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Overview of 2015 Restaurants

- In the restaurants business in Japan, Lion maintained net sales at all outlets, while reducing the number of unprofitable restaurants

Restaurants business in Japan



Opened in April
Garden Terrace Lion
 Ibaraki Campus, Ritsumeikan University
 (Ibaraki-shi, Osaka)



Sapporo Lion comparable-store sales were up 4% y-o-y

- Jan-Dec: Opened 5 new at strictly selected the locations
- Changed format and renovation of 5 outlets – as part of structural reform
- Harsh environment given the rising raw ingredients and personnel costs. Closed unprofitable outlets in a bid to increase profitability.

Opened in Ginza in December
Grande Polaire Winebar Tokyo

A concept shop of Japanese premium wine **Grande Polaire**
 Dishes featuring food products from the four prefectures that grow grapes*



*Hokkaido, Nagano, Yamanashi, and Okayama



Overseas restaurants business

GINZA LION BEER HALL
 conveying Sapporo brand's taste with 2 outlets in Singapore

- Started up a new brand with partial renovation of an outlet in Suntec

Tonkichi
Ginza
Shokudo



The second GINZA LION BEER HALL outlet, in Suntec



2016 Key Points in Business Plan Restaurants

**Aspire to be the world's No. 1 Beer Hall chain by
“offering Japan's best draft beer” and “delivering 100%
satisfaction to customers”**

■ Japan

- ▶ Open new outlets of **Ginza Lion** and **Yebisu Bar** starting with the reopening of the large-scale flagship outlet that has been closed for business and **expand the area of operation**
- ▶ **Develop new formats** for future multi-outlet operation
- ▶ Further strengthen initiatives of **Club LION Card** (reward card)



■ Overseas

- ▶ Consider **expanding the regions of operation** of the overseas restaurant business centered on the **GINZA LION BEER HALL** format.





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Overview of 2015 Real Estate

➤ Yebisu Garden Place improved office occupancy rate; Ginza 5-chome redevelopment plan is also progressing in line with the plan

<Yebisu Garden Place>

- **Leasing of the space occupied by major tenants has been completed**, and we have been working on increasing rent levels of existing tenants
- **Value up promotion**
 - **Yebisu Garden Cinema** to open in March under a new concept
 - Refurbished and reopened **Glass Square** dining area in the first basement in June
 - Also plan to refurbish the 38th and 39th dining floors.

Yebisu Garden Place



Glass Square



<Ginza 5-chome redevelopment plan>

- **The name of the facility was decided as GINZA PLACE**
 - Construction work and leasing have been progressing strongly towards the inauguration in summer 2016.
 - To become a commercial facility which will be the landmark and information dissemination base at the Ginza 4-chome crossing
 - 11 floors above ground, 2 below
Total floor space 4,232㎡⇒7,382㎡

Rendering of GINZA PLACE



Ebisu First Square

Completed in September 2014,
it has been fully occupied



2016 Key Points in Business Plan Real Estate

**Contribute to enhancement of the group brand
by enhancing the value of our properties**

■ Sustainable growth through urban renewal

- To work on **retaining the high occupancy rates and improving rent levels** at all properties

➤ Yebisu Garden Place

Enhance functions of office, commercial and dining facilities and **further promote to increase value** for boosting the brand strength of the entire city

➤ GINZA PLACE

To contribute revenues early on towards the inauguration in summer 2016

- Drive forward and strategically promote **review and reshuffling of business and property portfolio** to **establish a stable earnings base for the Group**



MAP



Floor	
11	Restaurants
8, 9, 10	Shops, services
7	Restaurants, cafés
4, 5, 6	Showrooms, shops, services
3	Event café
1, 2	Show rooms
B1, B2	Beer hall, restaurants

2016 R&D strategies

2016 R&D Strategies

Further evolve the group's R&D structure and promote creation of new food values that will be a step to the future

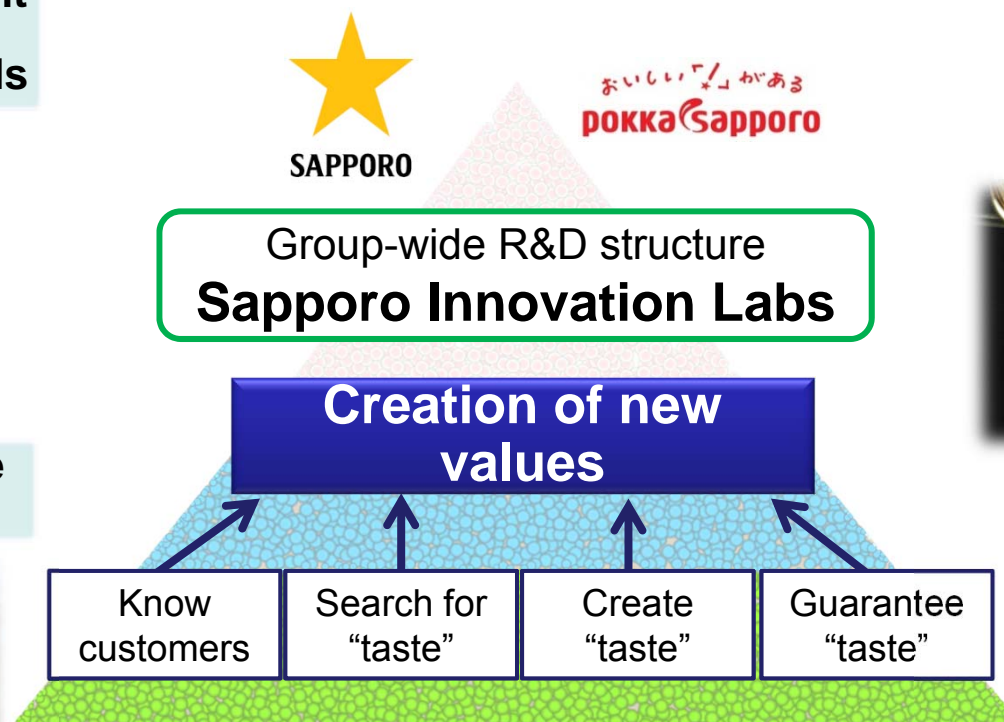
- Product development that gives shape to the value of materials



- Food product processing research aimed at expanding application of food



- Scientifically analyze senses and needs



2015⇒2016 Strengthen Corporate Governance



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Strengthen Corporate Governance

Sapporo Holdings' Officer System

1997 Introduction of independent outside directors

2009 Change to the system of **3 independent outside directors**

*The 2015 officer system: directors (6 internal directors, 3 outside directors)
auditors (2 internal auditors, 2 outside auditors)

Driving forward an appropriate governance system in which they are actively voicing their opinions from an independent position

Internal control over overseas subsidiaries

Familiarize the **SAPPORO Group Code of Corporate Conduct** at overseas subsidiaries to reinforce an operational and management structure that conforms to the respective country's laws and regulations

Response to Revision to Companies Act, Corporate Governance (CG) Code

May 1, 2015 - Revised Companies Act came into effect

June 1, 2015 - Application of Corporate Governance Code began

December 2015 - Established **Basic Policy on Corporate Governance**

Clarifying the Company's corporate governance concept and operating policy

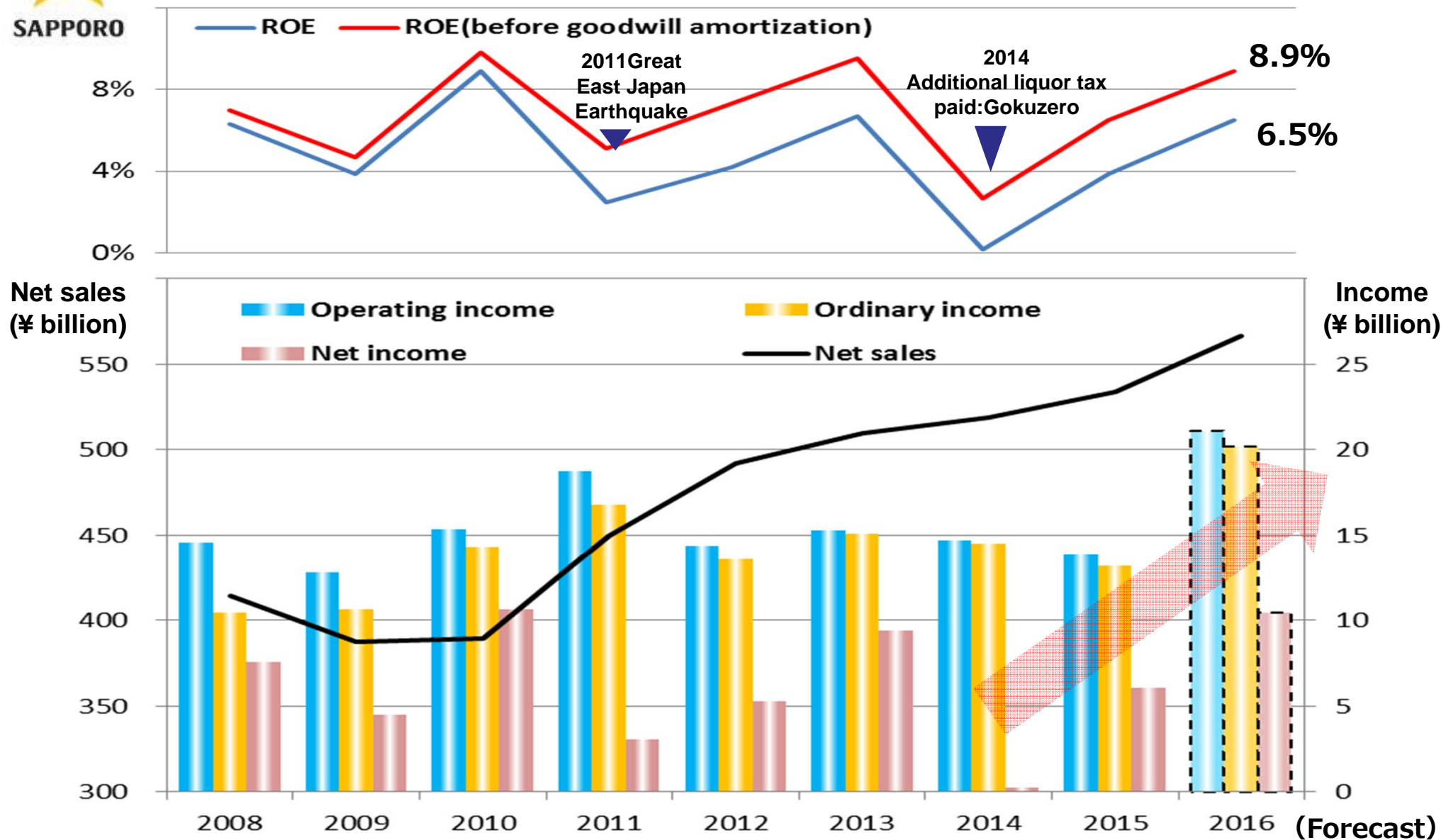
2.Review of New Management Framework and Toward Next Management Framework

Review of New Management Framework



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Changes in FY results and ROE





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Trend of Overseas net sales(excluding liquor tax)



2006 Canada
Made SLEEMAN
into a subsidiary



2011
Business
integration
with POKKA



2011 Vietnam
Beer plant
completed



2012 U.S.
Made Silver
Springs Citrus
into a subsidiary



2015 U.S.
Made Country
Pure Foods into a
subsidiary

Overseas net sales to total
(excluding liquor tax)

2005:
1.5%

2015:
22.6%

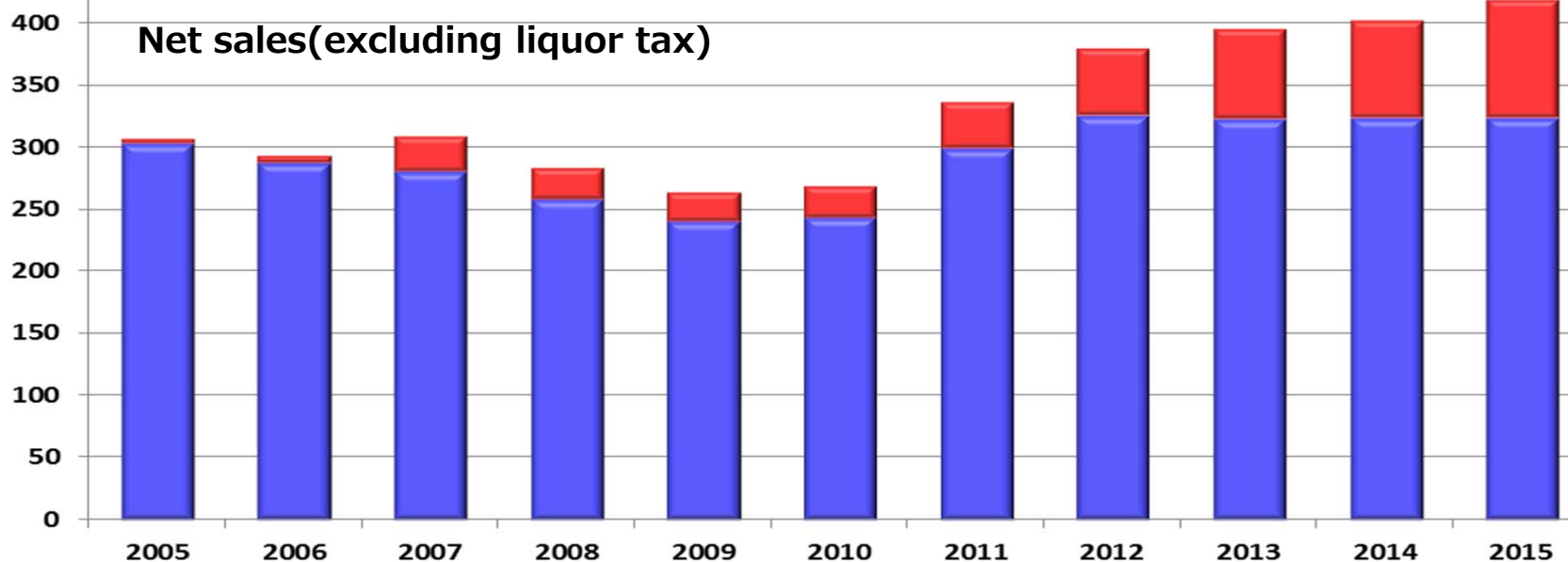
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%

(¥ billion)

Net sales(excluding liquor tax)

2015
Overseas
net sales
¥ 94.5
billion

Overseas net
sales
Domesic net
sales





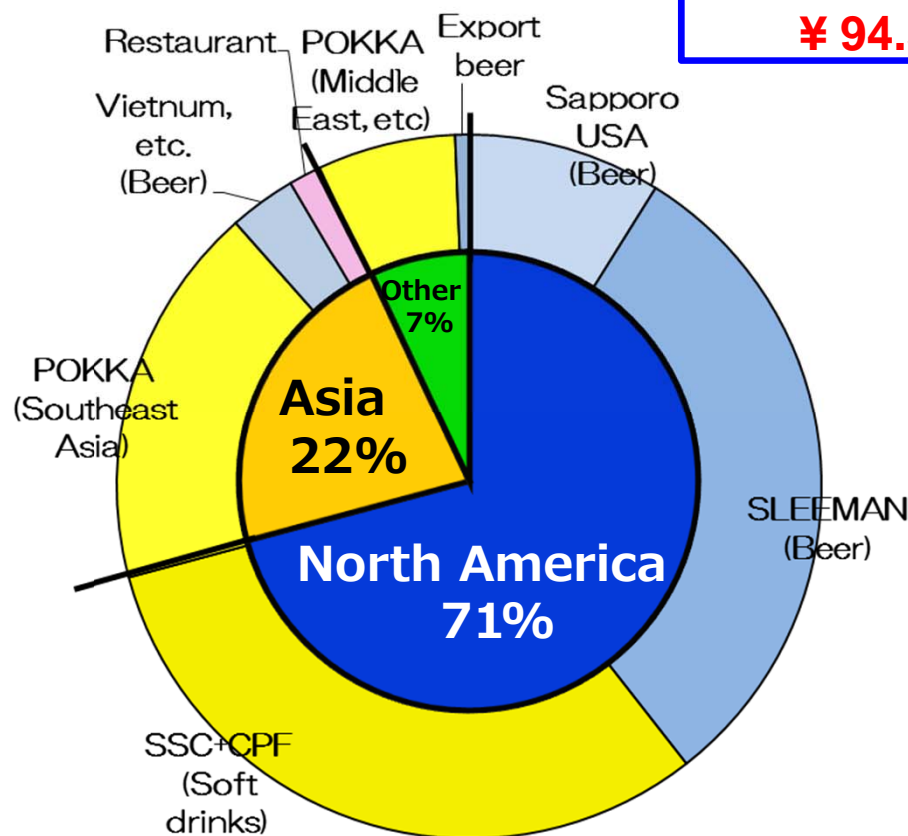
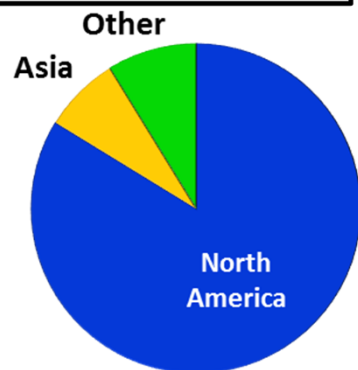
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Sales Breakdown by Geographic Area, Sales Breakdown by category

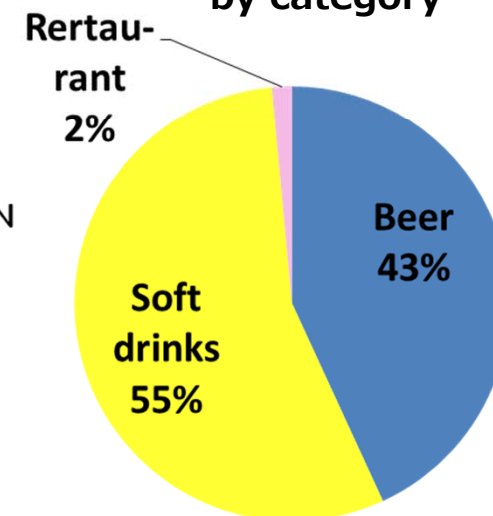
Sales Breakdown by Geographic Area

2015
Overseas net sales
¥ 94.5billion

2010 Overseas net sales
¥25.4 billion
(Beer)



Sales Breakdown by category



*Sales volume base

*Account period change: Silver Springs Citrus consolidating the results for **15 months** from Oct 2014 to Dec 2015

North America: Canada, U.S.
Asia: Vietnam, Singapore, South Korea, Hong Kong, etc.
Other: Oceania, Europe, Middle East, etc.



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(¥ billion)

Changes in EBITDA and Investment

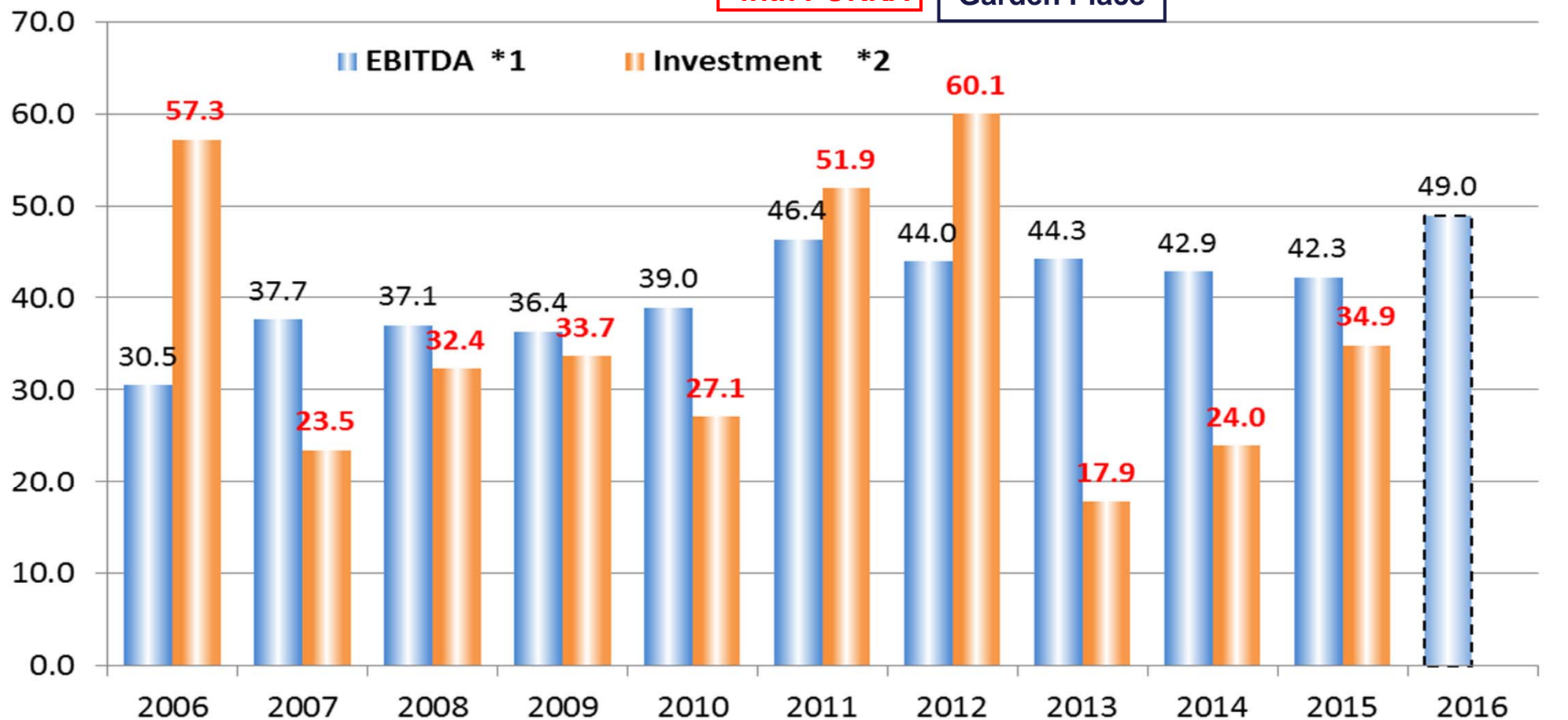
2006 Canada
Made **SLEEMAN**
into a subsidiary



POKKA

2011
Business
integration
with **POKKA**

2012
Acquired 15%
stake in Yebisu
Garden Place



*1 Operating income + Depreciation and amortization + Goodwill amortization

*2 (Cash flow from investments) – Proceeds from sale of investment securities, property, plant and equipment, etc.

Toward Next Management Framework

Toward Next Management Framework

What Sapporo Group aspires to be in 2026 (150th anniversary)

The SAPPORO Group will be a group of companies that is essential for customers to enjoy rich lives throughout the world by continuing the creation and supply new products and services that become No. 1 in the market.

Guidelines for corporate behavior

1. We seek continued **innovation** and provide customers with valuable No. 1 products and services to contribute to their attainment of a richer life
2. We endeavor to create products and services that will **promote communication** among customers
3. We strive to ensure **efficient management** by addressing changes in the business environment

Policy Regarding Return of Profits to Shareholders

Policy Regarding Return of Profits to Shareholders

Providing appropriate returns to shareholders is a key management policy of the Company. Our basic policy is to pay stable dividends, taking our operating performance and financial condition into account.

Concerning our internal reserves, we will appropriate the reserves for making strategic investments in growth fields and for strengthening our financial foundation, based on the new management plan, so as to maximize our corporate value.

We aim to boost return of profits in line with our achievement of the targets set forth by the management plan.

3.2015 Results Overview and 2016 Results Outlook

*** For information on the profitability of each business, please see the
Supplementary Information to our Earnings Report.**

Overview of 2015 Results



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2015 Results Highlight

(billions of yen)

Consolidated financial results	2014	2015	YoY changes (amount, %)	
Net sales(incl. liquor tax)	518.7	533.7	15.0	2.9%
Net sales (excl. liquor tax)	401.8	418.3	16.5	4.1%
Overseas net sales to total (excl. liquor tax)	19.2 %	22.6 %	3.4	—
Operating income	14.7	13.9	(0.7)	(5.3)%
Operating income before goodwill amortization	18.4	18.1	(0.3)	(2.1)%
Ordinary income	14.5	13.2	(1.3)	(9.3)%
Net income	0.3	6.1	5.7	—
EBITDA	42.9	42.3	(0.6)	(1.5)%
Balance of Net debt	237.7	224.3	(13.4)	(5.7)%
D / E ratio	1.5 times	1.4 times	(0.1)	—
R O E (before goodwill amortization)	2.7 %	6.5 %	3.9	—
R O E	0.2 %	3.9 %	3.7	—

※Exchange rate

2014: US\$=¥105.79 CAN\$=¥95.74 2015:US\$=¥121.11 CAN\$=¥94.82



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Overview of 2015(1) Special factors

<Special factors in the business results 2015 (no change in items from 3Q) >

Segment	Factors	Net sales impact	Operating income impact
Japanese Alcoholic Beverages	Change in reportable segment: New Sanko Inc. Changed from Japanese Alcoholic Beverages to Restaurants (Changed retrospectively from 2014.)	minor	minor
International	Account period change: Silver Springs Citrus Initially, 9 months from Oct 2014 to Jun 2015 for 3Q → consolidating the results for 12 months from Oct 2014 to Dec 2015	+approx.2.8bn (foreign exchange +0.4bn)	-approx.0.3bn
International	New consolidation: Country Pure Foods Consolidation started from Feb 24, 2015 , when the stake was acquired	+approx.15.2bn	
Food & Soft Drinks	Sale of Overseas restaurants business In Dec. 2014, sold the restaurant business in Hong Kong	-approx.5.3bn	minor
Restaurants	Change in reportable segment: New Sanko Inc. Changed from Japanese Alcoholic Beverages to Restaurants (Changed retrospectively from 2014.)	minor	minor
Real Estate	In Dec. 2014, sold the sports business	-approx.1.0bn	-approx.0.6bn
Real Estate	In Dec. 2014, sold some lease properties In Feb. 2015, sold Shibuya Sakuragaoka Square trust beneficiary right	-approx.1.0bn	

➤ <Impact of foreign exchange rates>

Average rate during the period
(Jan-Dec)

	2014	2015
US \$	105.79	121.11
CAN \$	95.74	94.82

	Net Sales	Operating Income
Japanese Alcoholic Beverages	—	-0.3bn
International	2.7bn	—
Food & Soft Drinks	0.6bn	—



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Alcoholic Beverage (Japan)

(10,000 cases)

	Fiscal 2014	Fiscal 2015	YoY
Sapporo Draft Beer Black Label	1,615	1,618	100%
YEBISU (total)	964	952	99%
1 Beer (total)	2,896	2,919	101%
2 Happoshu (total)	387	479	124%
3 New genre beer products (total)	1,956	1,583	81%
Beer, happoshu, and new genre (total 1+2+3)	5,238	4,982	95%
Non-alcoholic beer taste beverage	91	93	102%
RTD(*1)	213	218	103%

*1 : RTD 1Case=250ml*24

(billions of yen)

	Fiscal 2014	Fiscal 2015	YoY
Domestic wines	5.6	5.3	93%
Imported wines	8.3	8.2	100%
Wine (total)	13.9	13.5	97%
Spirits (total)	5.7	5.9	103%
Shochu (total)	14.7	14.6	100%

Major Sales and Sales Volume (YoY)

Beer (International)

(10,000 cases)

	Fiscal 2014	Fiscal 2015	YoY
SLEEMAN BREWERIES LTD. (*2)	1,237	1,262	102%
Sapporo brand	488	550	113%

*2 : Excludes contracted manufacturing for the Sapporo brand and sales of the Sapporo brand in Canada.

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE) (10,000 cases)

	Fiscal 2014	Fiscal 2015	YoY
Soft Drinks (*3)	4,464	4,535	102%

*3 : Excludes sales other than Japan

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax)

(billions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015	Change	Change (%)
Beer	157.6	159.3	1.7	1.1%
Happoshu	14.8	18.3	3.5	23.9%
New genre	64.5	52.2	(12.2)	(19.0)%
Total	236.9	229.9	(7.0)	(3.0)%

Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015	Change	Change (%)
Beer	77.0	78.0	1.0	1.4%
Happoshu	8.2	10.2	1.9	23.8%
New genre	44.7	36.2	(8.4)	(18.9)%
Total	129.9	124.4	(5.4)	(4.2)%



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Overview of 2015(2) Net Sales by Segment

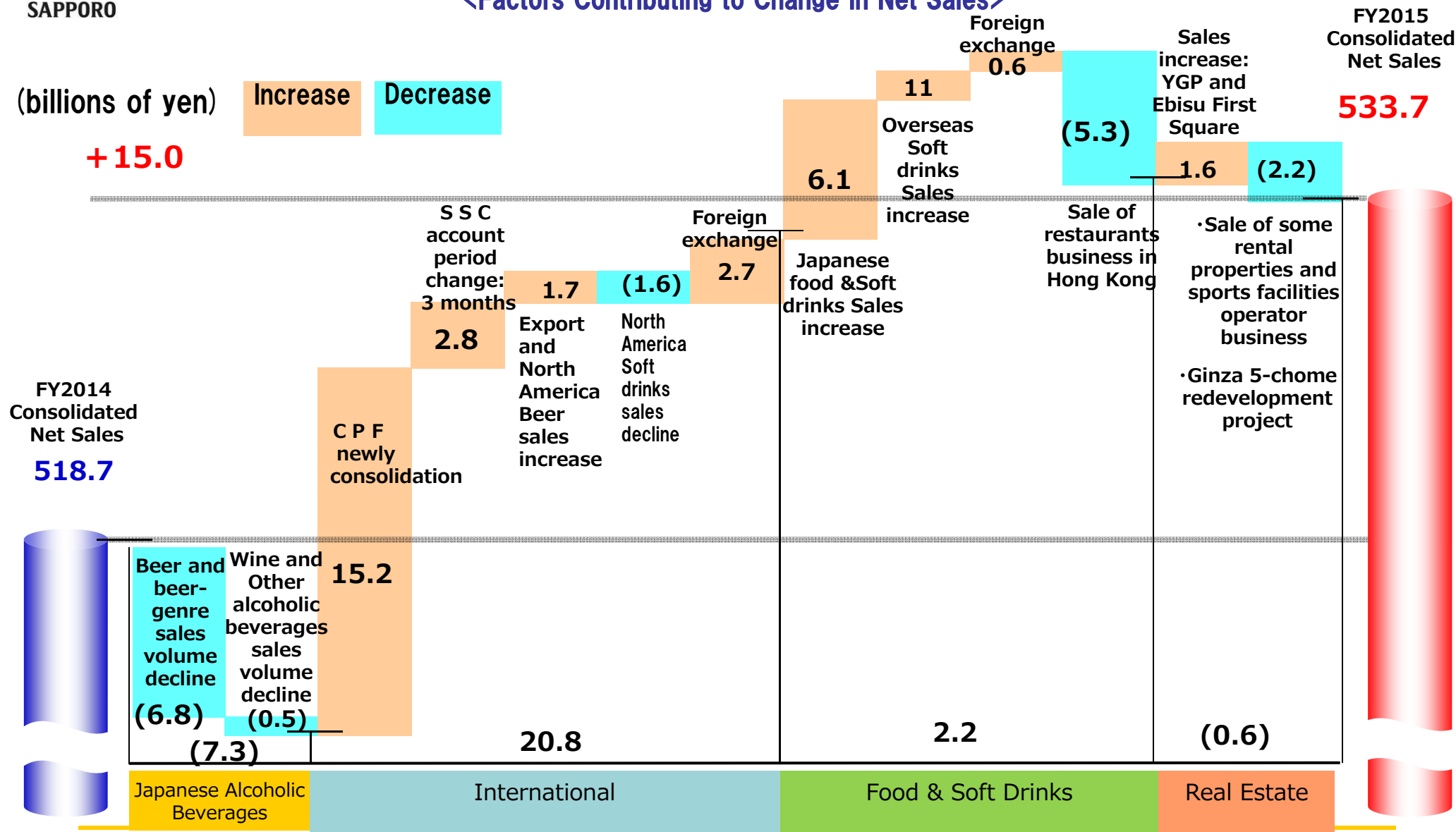
(billion of yen)	2014	2015	YoY change (amount, %)		Notes
Consolidated net sales	518.7	533.7	15.0	2.9%	
Japanese Alcoholic Beverages	281.0	273.6	(7.3)	(2.6)%	
International Business	49.6	70.5	20.8	41.9%	Foreign exchange rates (average rate of 2015) US\$1=¥121.11 CA\$1=¥94.82 VND1= ¥ 0.0054
Food & Soft Drinks	133.4	135.6	2.2	1.7%	Foreign exchange rates (average rate of 2015) SG\$1=¥88.14
Restaurant	27.1	27.0	(0.1)	(0.5)%	
Real Estate	21.5	20.8	(0.6)	(3.0)%	
Other	5.9	6.0	0.1	1.8%	



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Overview of 2015(3) Changes in Net Sales

<Factors Contributing to Change in Net Sales>





Overview of 2015(4) Operating Income by Segment

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(billion of yen)

	2014	2015	Change	Notes
Consolidated Operating income	14.7	13.9	(0.7)	
Japanese Alcoholic Beverages	10.1	8.6	(1.5)	
Beer and related product	7.4	5.6	(1.8)	Marginal profit-3.0,Fixed cost and other+1.2
Wine and spirits	2.2	2.2	(0.0)	
Other	0.7	0.8	0.2	
International	0.1	0.1	(0.0)	
North America, etc.	2.3	2.4	0.1	Marginal profit+0.5,Fixed cost and other-0.4
Vietnam	(2.1)	(2.2)	(0.1)	Marginal profit-0.1,Fixed cost and other+0.0
Food & Soft Drinks	0.1	0.4	0.3	
Japanese Food & Soft Drinks	(1.2)	(1.0)	0.2	Marginal profit+1.0,Fixed cost and other-0.8
Overseas Soft Drinks/ Domestic coffee shop chain	1.3	1.4	0.1	Overseas Soft Drinks +0.0 Domestic coffee shop chain +0.0
Restaurant	0.3	0.5	0.2	Existing stores+0.3,Other-0.1
Real Estates	7.6	8.2	0.5	Rent+0.8,Sales/Other factors-0.2
Other	0.1	0.0	(0.1)	
General corporate and intercompany eliminations	(3.9)	(4.0)	(0.1)	
Amortization of goodwill	3.7	4.1	0.3	
International	1.2	1.8	0.5	Posted in "North America" & "Vietnam"
Food & Soft Drinks	2.5	2.2	(0.2)	Posted in "Japanese Food & Soft Drinks"
Operating income before goodwill amortization	18.4	18.1	(0.3)	



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Overview of 2015(5) Changes in Operating Income

(billions of yen) <Factors Contributing to Change in Operating Income>

FY2014
Consolidated
Operating income

14.7

FY2015
Consolidated
Operating
Income

13.9
(0.7)

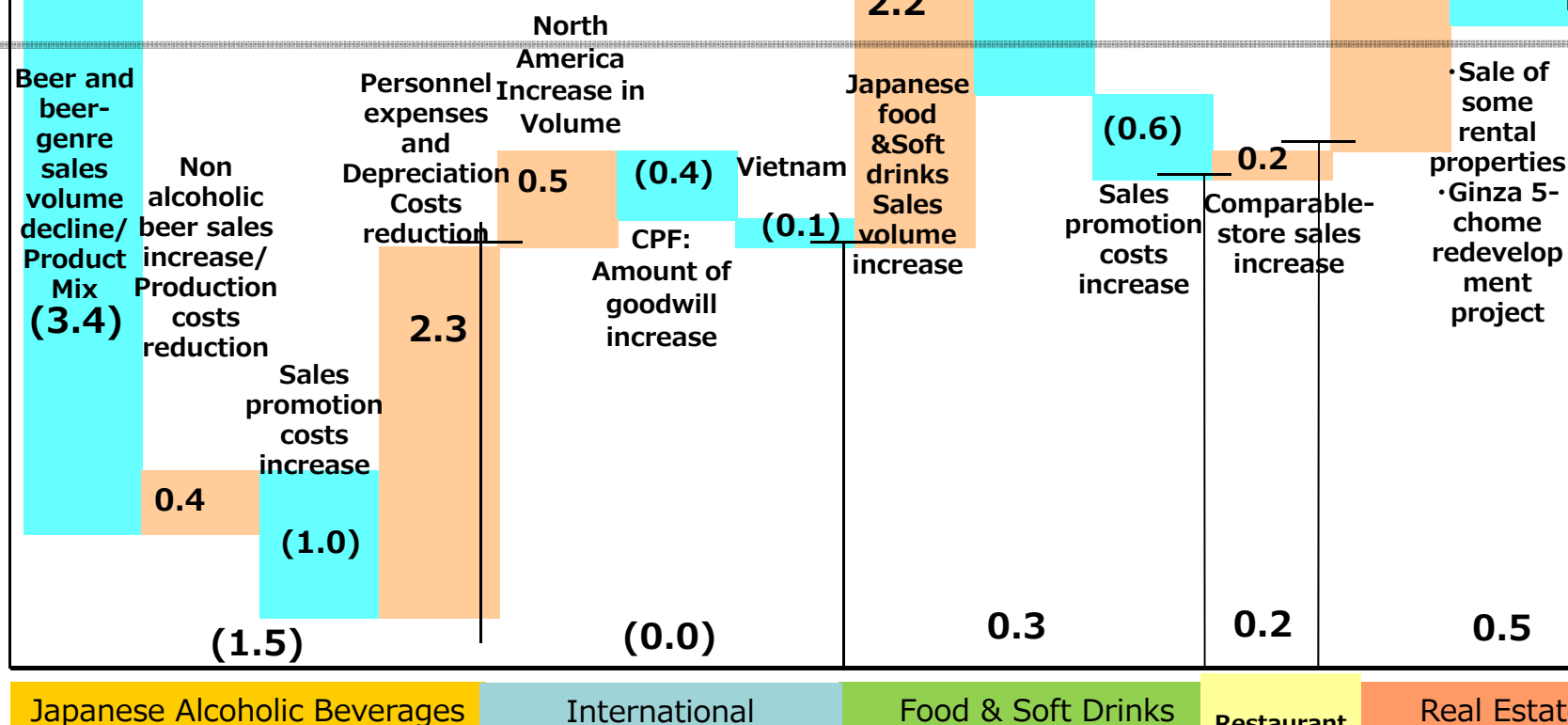
Increase

Decrease

Production
costs
increase

Sales
increase:
YGP and
Ebisu First
Square

Fixed
costs
increase
(0.2)





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Overview of 2015(6) Changes in Extra Ordinary Gains and Losses / Over view of Cash Flows

Consolidated Statements of Income

(billion of yen)

	2014	2015	Change	Primary Reasons
Net sales	518.7	533.7	15.0	
Operating income	14.7	13.9	(0.7)	
Ordinary income	14.5	13.2	(1.3)	Financial income(expense)+0.4,Equity in income (losses) of affiliates-0.2,Foreign exchange losses-1.1
Gain on sales of property, plant and equipment	3.5	7.5	3.9	2015 : Sale of Shibuya Sakuragaoka Square7.3
Other extraordinary gains	1.2	0.4	(0.8)	
Loss on sales/disposal of property, plant and equipment	(2.3)	(1.6)	0.7	
Loss on impairment of property, plant and equipment	(0.9)	(6.0)	(5.1)	2015 : Goodwill of Vietnam business-2.0, welfare facilities/Idle real estate-3.0
Loss on devaluation of investment securities	(0.0)	(1.8)	(1.7)	
Additional liquor tax paid and other	(11.6)	–	11.6	
Other extraordinary losses	(1.8)	(0.1)	1.6	
Income before income taxes and minority interests	2.6	11.6	8.9	
Corporate tax, etc.	(2.3)	(5.5)	(3.2)	
Net income	0.3	6.1	5.7	

Condensed Consolidated Statements of Cash Flows

(billions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015	Change	Change (%)
Cash flows from operating activities	22.2	35.2	12.9	58.3%
Cash flows from investing activities	(17.2)	(9.7)	7.4	-
Free Cash flows	5.0	25.5	20.4	404.7%
Cash flows from financial activities	(7.3)	(24.8)	(17.4)	-



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Overview of 2015(7) Consolidated Balance Sheets

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2014	December 31, 2015	Change	Primary Reasons
Current assets	156.3	156.3	(0.0)	
Cash and cash equivalents	9.7	10.4	0.6	
Notes and accounts receivable - trade	89.2	92.3	3.0	
Inventories	36.5	38.6	2.0	
Other	20.8	14.9	(5.8)	
Fixed assets	469.0	464.0	(5.0)	
Fixed assets	356.6	347.7	(8.8)	
Goodwill	29.9	30.2	0.2	Acquired the share of Country Pure Foods, Inc.
Investments and other assets	82.4	86.0	3.5	
Total assets	625.4	620.3	(5.0)	
Current liabilities	211.7	233.6	21.8	
Notes and accounts payable - trade	35.5	36.7	1.2	
Short-term debt	73.4	92.8	19.3	
Deposits received	9.6	8.8	(0.8)	
Other	93.1	95.2	2.0	
Long-term liabilities	253.6	222.9	(30.7)	
Long-term debt	174.1	141.9	(32.1)	
Net defined benefit liability	4.5	7.6	3.1	The effect of the change in calculation method for retirement benefit obligations and service costs
Other	75.0	73.3	(1.6)	
Total liabilities	465.4	456.5	(8.8)	
Shareholders' equity	133.1	133.3	0.2	Distribution of dividends -2.7, The effect of the change in calculation method for retirement benefit obligations and service costs -3.1
Accumulated other comprehensive income	23.1	24.5	1.3	
Minority interests	3.7	5.8	2.1	
Total net assets	160.0	163.8	3.8	
Total liabilities and net assets	625.4	620.3	(5.0)	



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Overview of 2015(8) Implementation Status of Strategic Investment

Implementation Status of Strategic Investments (including ordinary capex, on a cash bases)

① <Capital expenditure and lease fees>

Consolidated total: Approx. ¥23.4 billion

- Property, plant and equipment, intangible assets, lease fees, etc.

Major items:

- Chiba factory bottling line/logistic center reconstruction (Japanese Alcoholic Beverages) : approx. ¥1.8 billion
- Nagoya factory acquisition of adjacent land/ Production line (Food & Soft Drinks) : approx. ¥0.8 billion
- Ginza 5-chome redevelopment project construction work (Real Estate): approx. ¥4.0 billion
- Ebisu First Square construction balance (Real Estate): approx. ¥1.8 billion
- Yebisu Garden Place value up (Real Estate): approx. ¥2.7 billion
- Lease fees (Food & Soft Drinks, etc.): approx. ¥3.0 billion

② <Other investments>

Consolidated total: Approx. ¥16.8 billion

- Long-term prepaid expenses, subsidiaries' shares, investment securities, etc.

Major items:

- Long-term prepaid expenses (Japanese Alcoholic Beverages, Food & Soft Drinks): approx. ¥6.8 billion
- Subsidiaries' shares: approx. ¥8.4 billion (acquisition of CPF ¥4.8 billion, etc.)
- Investment securities, etc.: approx. ¥1.4 billion

①+② <Jan-Dec 2015 strategic investment total> (incl. ordinary capex, on a cash basis)

- **Approx. ¥40.2 billion**

Direction of Long-Term Strategic Investment

- We will continue to actively carry out strategic investments for growth.

- **The scale of strategic investment from 2012 to 2016 is anticipated to be ¥150 billion to ¥200 billion (in principle, funded from accumulated operating cash flow).**

➤ Changes in Jan-Sep strategic investments

- Including ordinary capex (approx. a half of strategic investments)

– 2012 strategic investment total: Approx. ¥65.7 bn

– 2013 strategic investment total: Approx. ¥23.5 bn

– 2014 strategic investment total: Approx. ¥29.5 bn

– **2015 strategic investment total: Approx. ¥40.2 bn**

(Full year plan: ¥35.1 billion)

(annual plan breakdown: capital expenditure worth ¥20.9 bn, other investments worth ¥19.3 bn)

Financing Status

- In Sep, issued five-year straight bond worth 10.0 billion yen at annual interest rate of 0.33%

- Credit ratings JCR: A- (as of January 28, 2016)

R&I: BBB+

2016 Results Outlook

2016 Results Outlook Highlight

(billions of yen)

Consolidated forecast	2015	2016	YoY changes (amount, %)	
Net sales(incl. liquor tax)	533.7	565.4	31.6	5.9%
Net sales (excl. liquor tax)	418.3	445.2	26.8	6.4%
Overseas net sales to total (excl. liquor tax)	22.6 %	23.5 %	0.9	—
Operating income	13.9	21.1	7.1	51.3%
Operating income before goodwill amortization	18.1	25.0	6.8	38.1%
Ordinary income	13.2	20.2	6.9	52.9%
Net income	6.1	10.5	4.3	71.9%
EBITDA	42.3	49.0	6.6	15.8%
Balance of Net debt	224.3	217.5	(6.8)	(3.0)%
D / E ratio	1.4times	1.3times	(0.1)	—
R O E (before goodwill amortization)	6.5 %	8.9 %	2.4	—
R O E	3.9 %	6.5 %	2.6	—

※Exchange rate

2015:US\$=¥121.11 CAN\$=¥94.82

2016: US\$=¥126.00 CAN\$=¥96.00

Major Sales and Sales Volume (YoY)

Alcoholic Beverage (Japan)

(10,000 cases)

	Fiscal 2015	Full-year estimate for fiscal 2016	YoY
Sapporo Draft Beer Black Label	1,618	1,670	103%
YEBISU (total)	952	1,000	105%
1 Beer (total)	2,919	3,070	105%
2 Happoshu (total)	479	473	99%
3 New genre beer products (total)	1,583	1,597	101%
Beer, happoshu, and new genre (total 1+2+3)	4,982	5,140	103%
Non-alcoholic beer taste beverage	93	100	108%
RTD(*1)	218	240	110%

*1 : RTD 1Case=250ml*24

Beer (International)

(10,000 cases)

	Fiscal 2015	Full-year estimate for fiscal 2016	YoY
SLEEMAN BREWERIES LTD. (*2)	1,262	1,310	104%
Sapporo brand	550	595	108%

*2 : Excludes contracted manufacturing for the Sapporo brand and sales of the Sapporo brand in Canada.

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Fiscal 2015	Full-year estimate for fiscal 2016	YoY
Soft Drinks (*3)	4,535	4,579	101%

*3 : Excludes sales other than Japan

(billions of yen)

	Fiscal 2015	Full-year estimate for fiscal 2016	YoY
Domestic wines	5.3	5.9	112%
Imported wines	8.2	10.9	133%
Wine (total)	13.5	16.9	125%
Spirits (total)	5.9	7.9	134%
Shochu (total)	14.6	15.3	105%

Sales (including liquor tax)

(billions of yen)

	Year ended December 31, 2015	Year ending December 31, 2016	Change	Change (%)
Beer	159.3	165.7	6.3	4.0%
Happoshu	18.3	18.8	0.5	2.8%
New genre	52.2	52.6	0.3	0.7%
Total	229.9	237.2	7.2	3.2%

Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2015	Year ending December 31, 2016	Change	Change (%)
Beer	78.0	80.7	2.6	3.4%
Happoshu	10.2	10.4	0.2	2.7%
New genre	36.2	36.4	0.2	0.7%
Total	124.4	127.7	3.2	2.6%



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2016 Results Outlook (1) Net Sales by Segment

(billions of yen)	2015	2016	YoY change (amount, %)		Notes
Consolidated net sales	533.7	565.4	31.6	5.9%	
Japanese Alcoholic Beverages	273.6	288.0	14.3	5.2%	
International Business	70.5	77.8	7.2	10.4%	Foreign exchange rates(forecast average rate of 2016) US\$1=¥126.00 CA\$1=¥96.00 VND1= ¥ 0.006 CPF 2 months addition
Food & Soft Drinks	135.6	143.7	8.0	5.9%	Foreign exchange rates(forecast average rate of 2016) SG\$1=¥92.00
Restaurant	27.0	27.1	0.0	0.4%	
Real Estate	20.8	22.8	1.9	9.2%	
Other	6.0	6.0	(0.0)	(0.8)%	



2016 Results Outlook (2) Operating Income by Segment

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(billion of yen)

	2015	2016	Change	Notes
Consolidated Operating income	13.9	21.1	7.1	
Japanese Alcoholic Beverages	8.6	11.1	2.4	
Beer and related product	5.6	7.7	2.1	Marginal profit4.1,Fixed cost and other-2.0
Wine and spirits	2.2	2.7	0.5	
Other	0.8	0.7	(0.1)	
International	0.1	0.9	0.7	
North America, etc.	2.4	3.2	0.8	Marginal profit2.1,Fixed cost and other-1.3
Vietnam	(2.2)	(2.3)	(0.1)	Marginal profit0.4,Fixed cost and other-0.5
Food & Soft Drinks	0.4	1.7	1.2	
Japanese Food & Soft Drinks	(1.0)	(0.1)	0.9	Marginal profit2.4,Fixed cost and other-1.6
Overseas Soft Drinks/ Domestic coffee shop chain	1.4	1.8	0.4	Overseas Soft Drinks +0.1,Domestic coffee shop chain/Other factors+0.3
Restaurant	0.5	1.3	0.7	Existing stores+0.2,New stores+0.6
Real Estates	8.2	10.0	1.7	Rent+1.7,Sales/Other factors+0.1
Other	0.0	0.2	0.1	
General corporate and intercompany eliminations	(4.0)	(4.1)	(0.0)	
Amortization of goodwill	4.1	3.9	(0.2)	
International	1.8	1.7	(0.1)	Posted in "North America" & "Vietnam"
Food & Soft Drinks	2.2	2.2	0.0	Posted in "Japanese Food & Soft Drinks"
Operating income before goodwill amortization	18.1	25.0	6.8	



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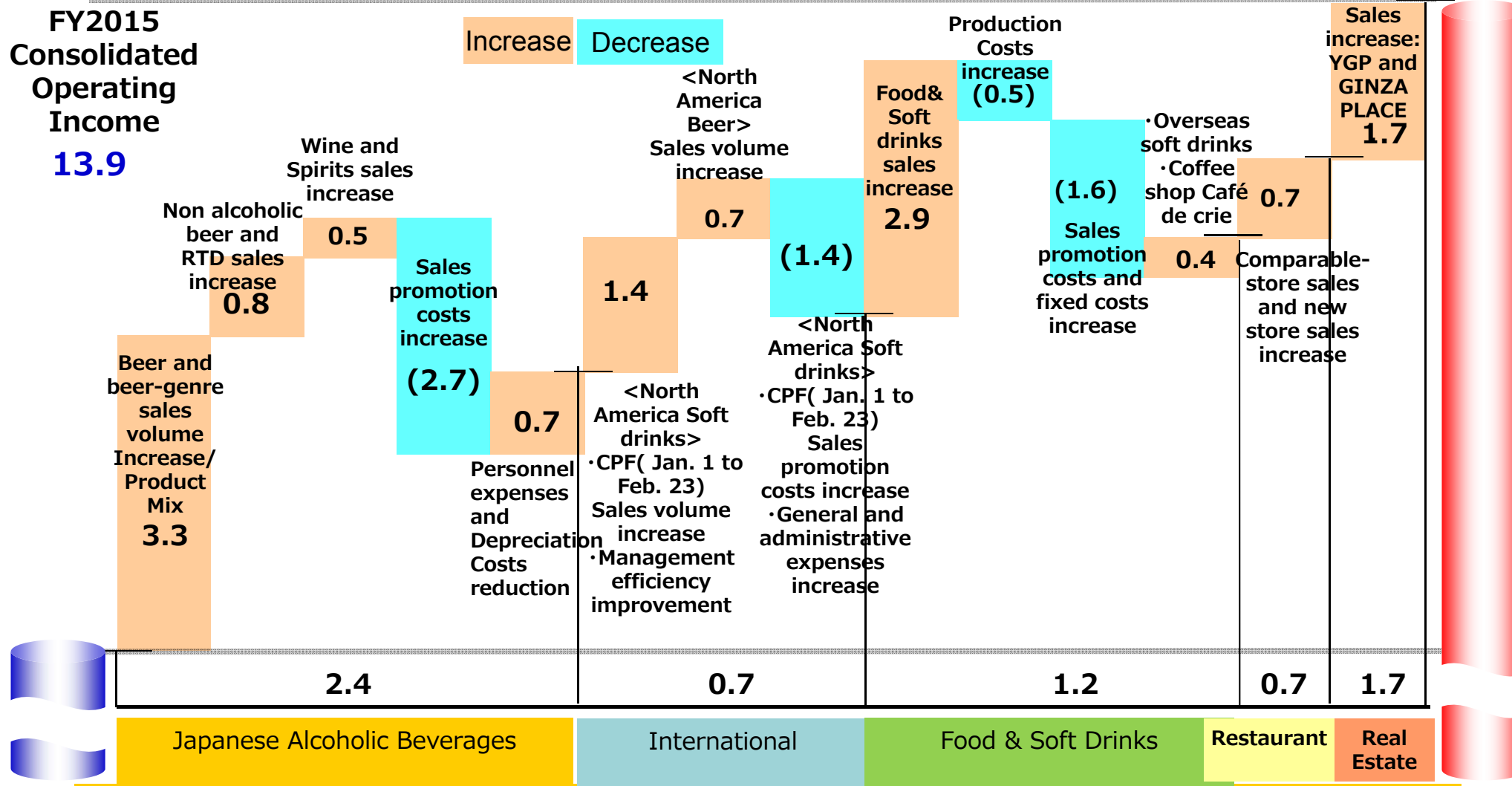
2016 Results Outlook (3) Changes in Operating Income

<Factors Contributing to Change in Operating Income>

FY2016
Target

21.1(Up 7.1)

FY2015
Consolidated
Operating
Income
13.9





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2016 Results Outlook (4) Changes in Extra Ordinary Gains and Losses / Over view of Cash Flows

Consolidated forecast

(billion of yen)	2015	2016	Change	Primary Reasons
Net sales	533.7	565.4	31.6	
Operating income	13.9	21.1	7.1	
Ordinary income	13.2	20.2	6.9	Operating income 7.1 Financial income(expense)-0.4
Income before income taxes and minority interests	11.6	18.2	6.5	Ordinary income 6.9 Gain on sales of property, plant and equipment-7.5 , Loss on impairment of property, plant and equipment+6.0
Corporate tax, etc.	(5.5)	(7.7)	(2.1)	
Net income attribute to owners of the parent	6.1	10.5	4.3	

Condensed Consolidated Statements of Cash Flows

	Year ended December 31, 2015	Year ending December 31, 2016 (Forecast)	Change	Change (%)
Cash flows from operating activities	35.2	37.1	1.8	5.2%
Cash flows from investing activities	(9.7)	(27.6)	(17.8)	-
Free Cash flows	25.5	9.5	(16.0)	(62.8)%

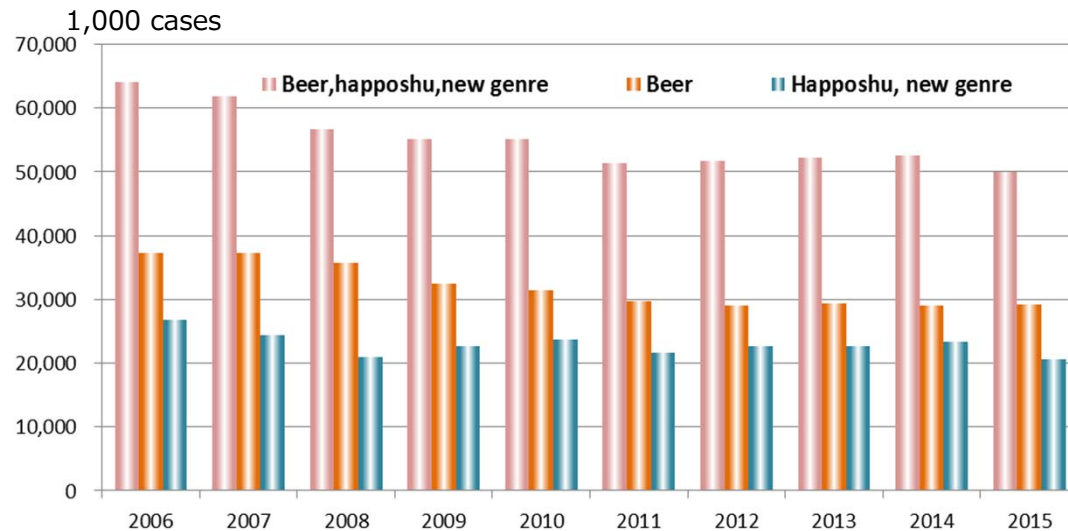
Reference Material : Collection of Data by Business



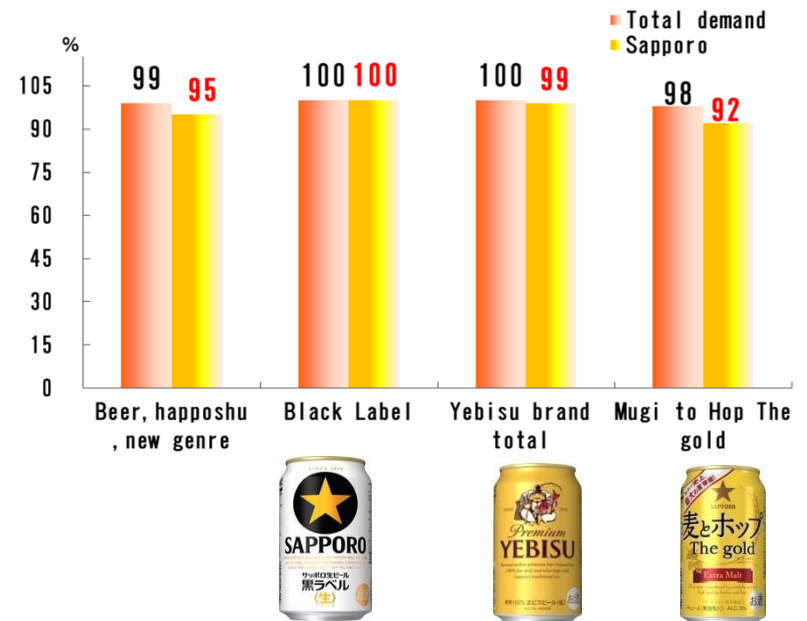
Reference Material(1) Japanese Alcoholic Beverages ~ Beer Category Data ~

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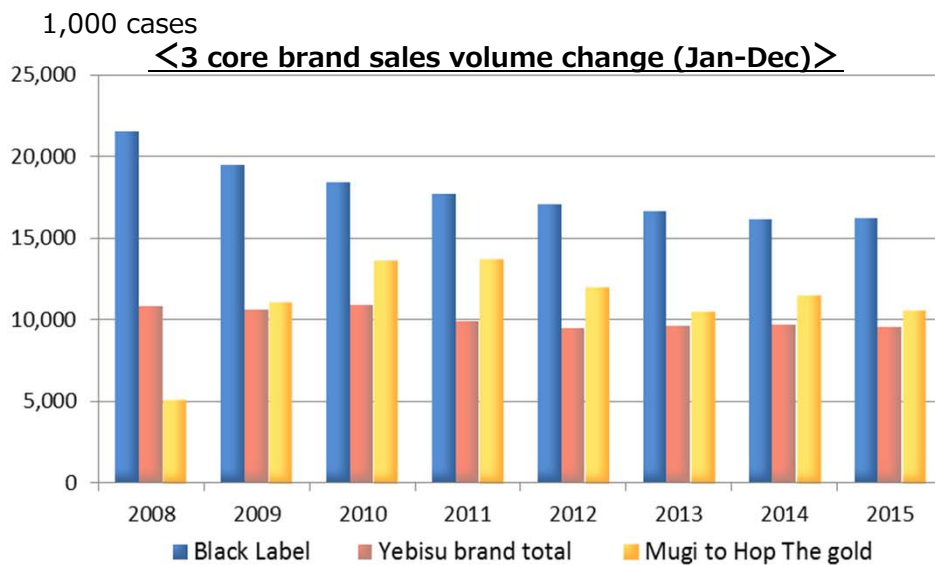
<Beer and beer-type beverages sales volume change (Jan-Dec)>



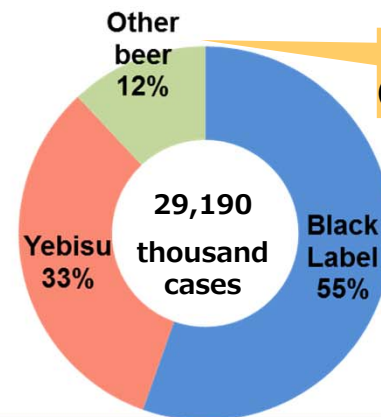
<Core brand sales volume Y-o-Y change (Jan-Dec) >



<3 core brand sales volume change (Jan-Dec)>



<Jan-Dec beer sales breakdown by brand>



(1)Sapporo Lager Beer (2)Edelpils
(3)Shirohonoka (4)Sapporo Classic etc.



(1)

(2)

(3)

(4)

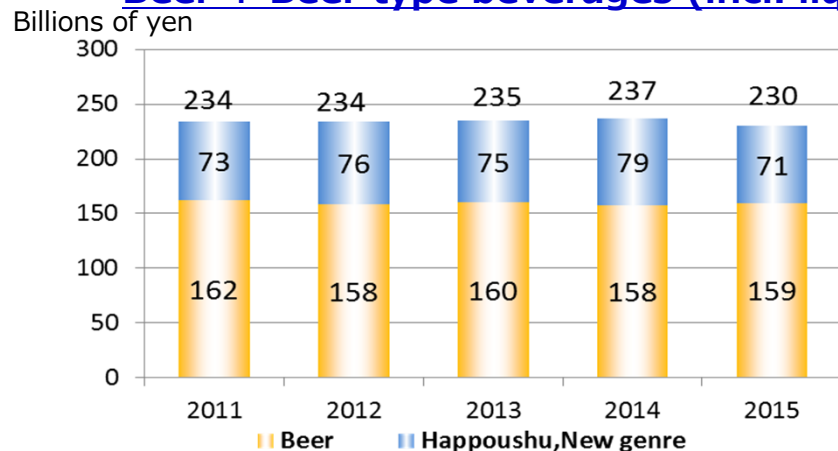


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Reference Material(2) Japanese Alcoholic Beverages ~Multilayers~

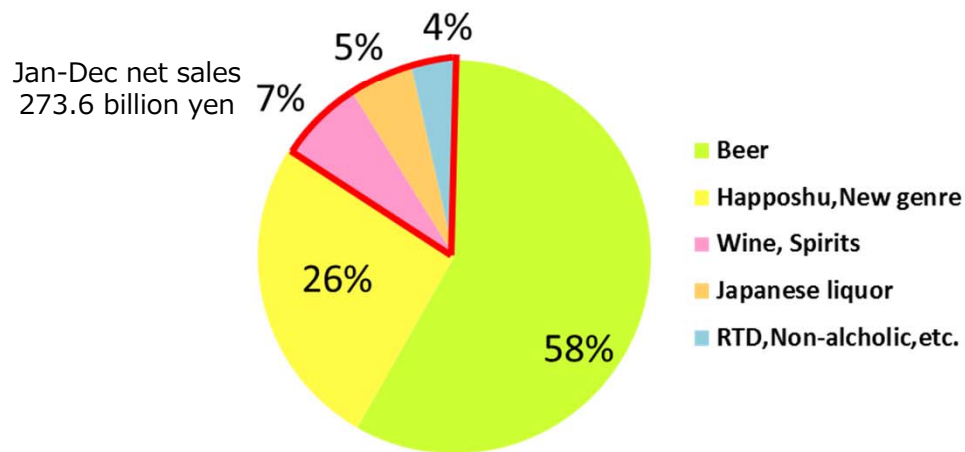
<Jan~Dec Net sales>

Beer + Beer type beverages (incl. liquor tax)

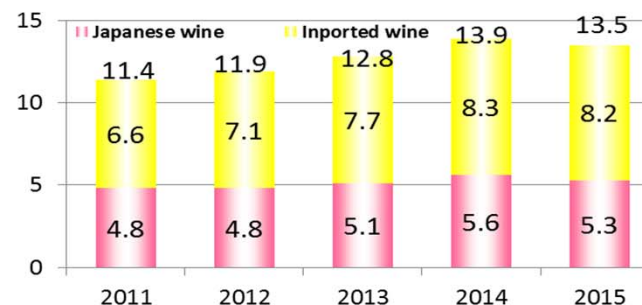


Promoting diversification of product offerings

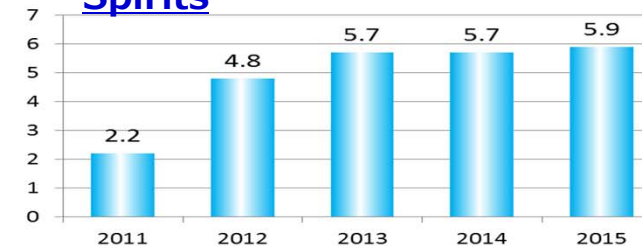
<Japanese Alcoholic Beverage Business
Jan-Dec sales breakdown by category>



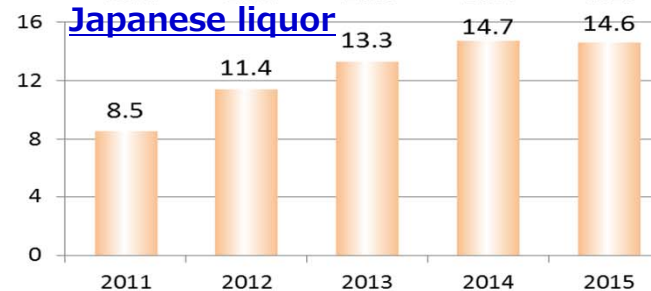
Wine



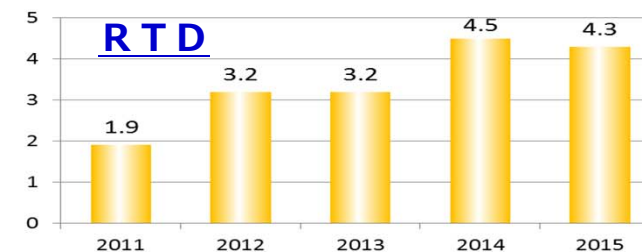
Spirits



Japanese liquor



RTD

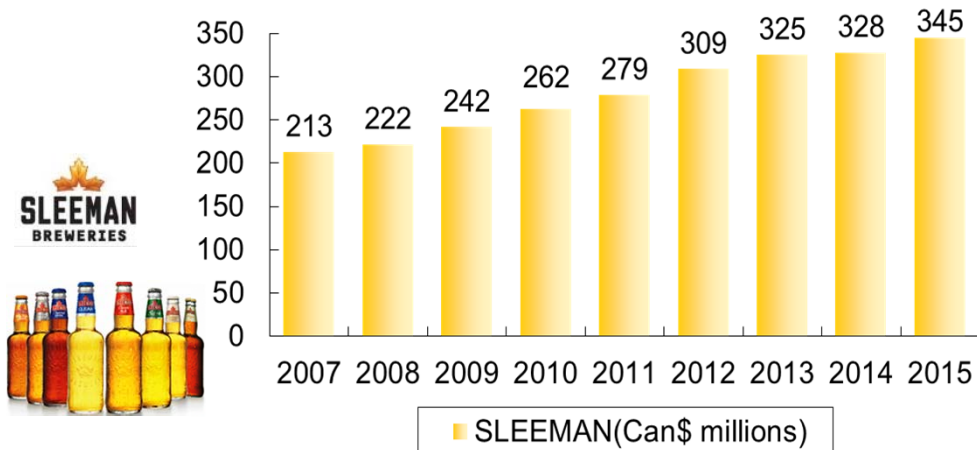




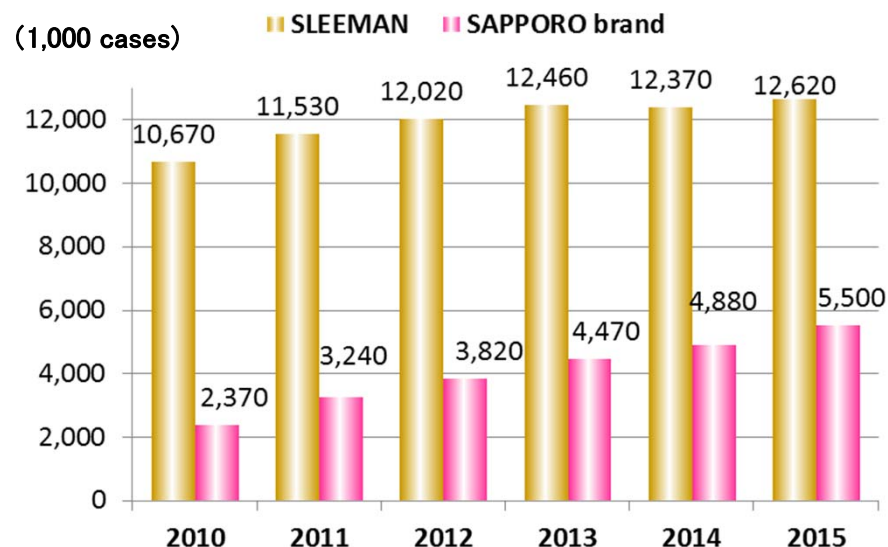
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Reference Material(3) International Business ~Data~

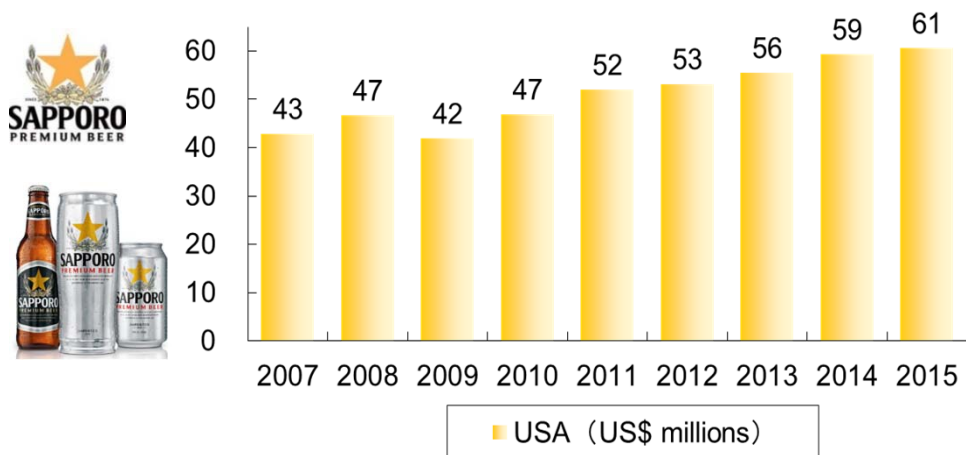
SLEEMAN Net Sales in Local Currency (Jan-Dec)
(before elimination of inter-company transactions)



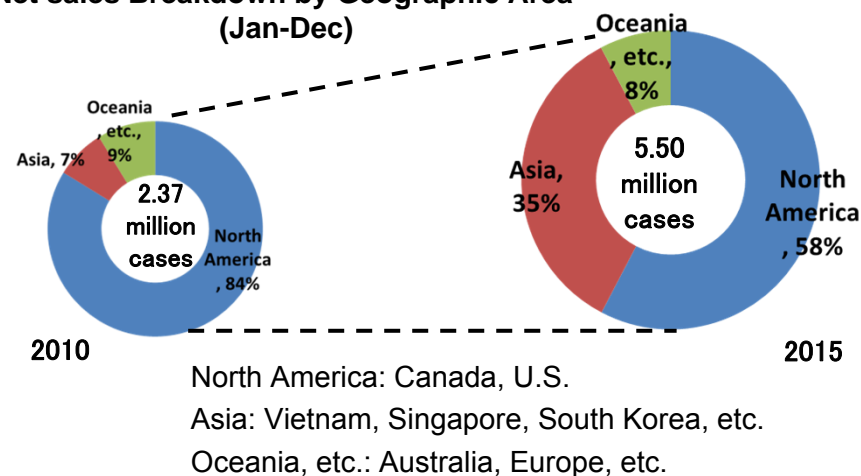
<Trend of overseas sales volume of SAPPORO brand products (Jan-Dec)>



Sapporo USA Net Sales in Local Currency (Jan-Dec)
(before elimination of inter-company transactions)



Net sales Breakdown by Geographic Area (Jan-Dec)



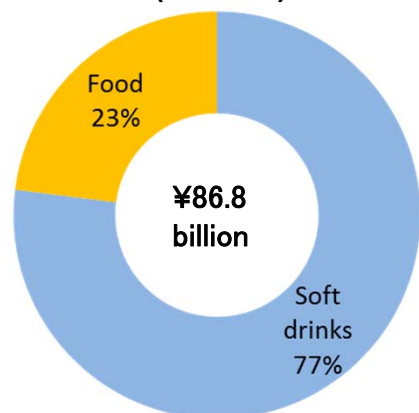


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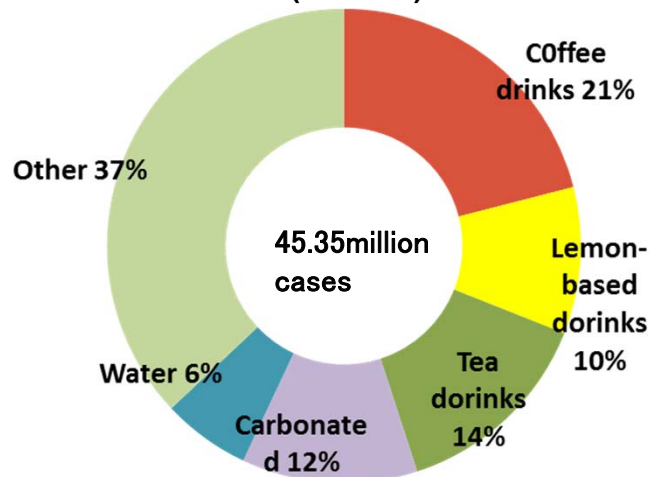
Reference Material(4) Food & Soft Drinks ~ Data ~

<Soft Drinks (Japan): POKKA SAPPORO Food & Beverage Ltd.>

POKKA SAPPORO Food & Beverage sales composition (Jan-Dec)



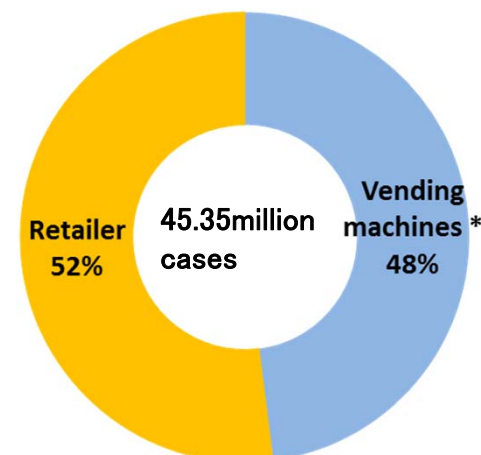
Japanese soft drinks sales volume composition by genre (Jan-Dec)



<Lemon-based drinks>



Japanese soft drinks sales composition by sales channel (Jan-Dec)



*Vending machines (end of Dec)
Own brand machines : about 95,000 + Multi-brand Machines

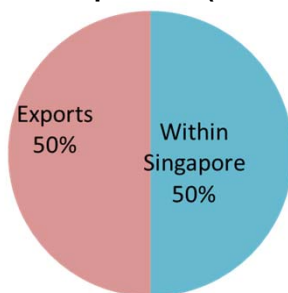
<Soft Drinks (overseas): POKKA Corporation (Singapore) Pte. Ltd.>

- POKKA brand green tea-based drinks have high market share in Singapore.

*Tea 48% / Green tea 65%



POKKA Corporation (Singapore) Sales composition (Jan-Dec)



※Nielsen Singapore MarketTrack December 2015
(Copyright © 2015, The Nielsen Company)

<Restaurants (Domestic): POKKA CREATE Co., Ltd.>

- CAFÉ de CRIÉ has been actively pursuing opening new outlets in new areas and proposal of new menu items. Net sales have been up 5% on year and strong
- Aiming to expand in new markets such as intra-hospital and book & café store.

Outlets: 189 (as of Dec 31, 2015)
(Directly operated: 94 outlets; FC: 95 outlets)
Hokkaido 3, Kanto 103, Tokai 37
Kansai 35, Kyushu 8, Shikoku 3



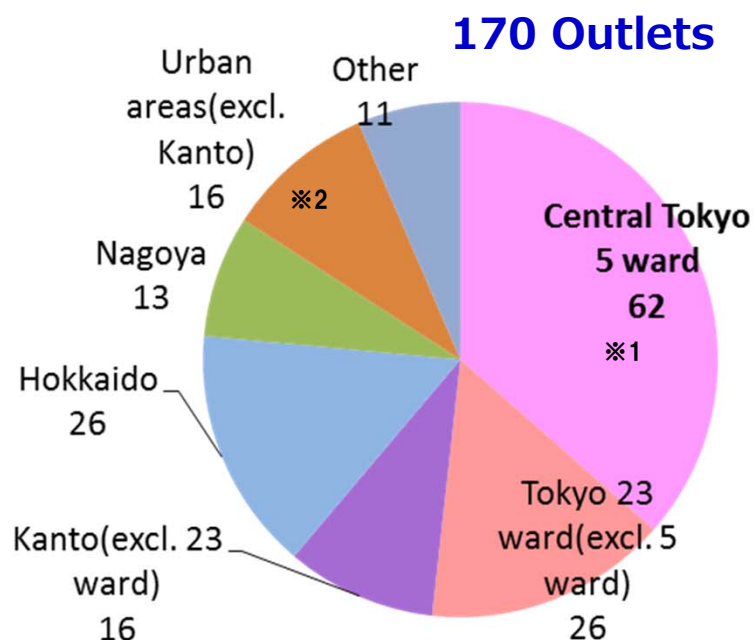


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Reference Material(5) Restaurants ~ Data ~



<Sapporo Lion outlets>



※1 : Chuo, Chiyoda, Minato, Shinjuku and Shibuya ward
※2 : Sendai, Kyoto, Osaka, Kobe, Fukuoka

<New Sanko Outlets>

8 outlets located in Hokkaido
(Sapporo, Otaru)

<Outlet expansion in Singapore> 14 outlets

- Ginza Lion (beer hall): 2 outlets
- Tonkichi (pork cutlet): 4 outlets
- Rive Gauche (patisserie): 8 outlets

「GINZA LION」

1st: the Rodyk outlet





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Reference Material(6) Real Estate ~ Data ~

Major rental properties & occupancy rates *

(*Annual averages for 2015 (contract basis))

Major rental properties in Tokyo's 23 wards	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place *1	56,943	298,007	92%	40 floors above ground, 5 below
Ebisu First Square*	2,596	15,496	100%	12 floors above ground, 1 below
Ebisu Square	1,561	9,126	100%	7 floors above ground, 1 below
Strata Ginza *2	1,117	11,411	100%	13 floors above ground, 1 below

Site areas are taken from the land registry. Floor areas are as per building certification.

*1: The number of floors is for the office block only. Occupancy rates are for office areas only.

*2: Figures are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management)

Information about real estate for lease

Balance sheet value at December 31, 2015 : approx. ¥197.7 billion

Fair value at December 31, 2015 : approx. 357.4 billion yen

Balance sheet value at December 31, 2014 : approx. ¥207.8 billion

Fair value at December 31, 2014 : approx. 348.2 billion yen

*The figure at Dec 31, 2014 includes the book value of Shibuya Sakuragaoka Square, which the company transferred trust beneficiary rights on February 13, 2015. The amount is 9.6 billions of yen.

Operating income

(billions of yen)

	Jan-Dec 2014	Jan-Dec 2015	Change
Real estate leasing Tokyo's 23 wards	6.5	7.8	1.3
Other areas	1.2	0.7	(0.5)
Real estate leasing total	7.8	8.5	0.7
Real estate total	0.1	-	(0.1)
Other operations*	(0.3)	(0.3)	(0.0)
Total	7.6	8.2	0.5

* "Other operations" includes back-office operations.

EBITDA

EBITDA =
operating income + depreciation and amortization
(billions of yen)

	Jan-Dec 2014	Jan-Dec 2015	Change
Real estate leasing Tokyo's 23 wards	10.0	11.4	1.4
Other areas	1.9	0.9	(0.9)
Real estate leasing total	11.8	12.3	0.5
Real estate total	0.1	-	(0.1)
Other operations*	(0.0)	0.0	0.1
Total	11.9	12.4	0.5

* "Other operations" includes back-office operations.



As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.



The earnings forecasts and forward-looking statements appearing in this document were prepared by the SAPPORO Group based on currently available information and its best assessment of potential risks and uncertainties. Actual outcomes may differ materially from forecasts due to changes in various underlying factors.