



SAPPORO

Sapporo Group Business Results for 2017 - Management Plan for 2018

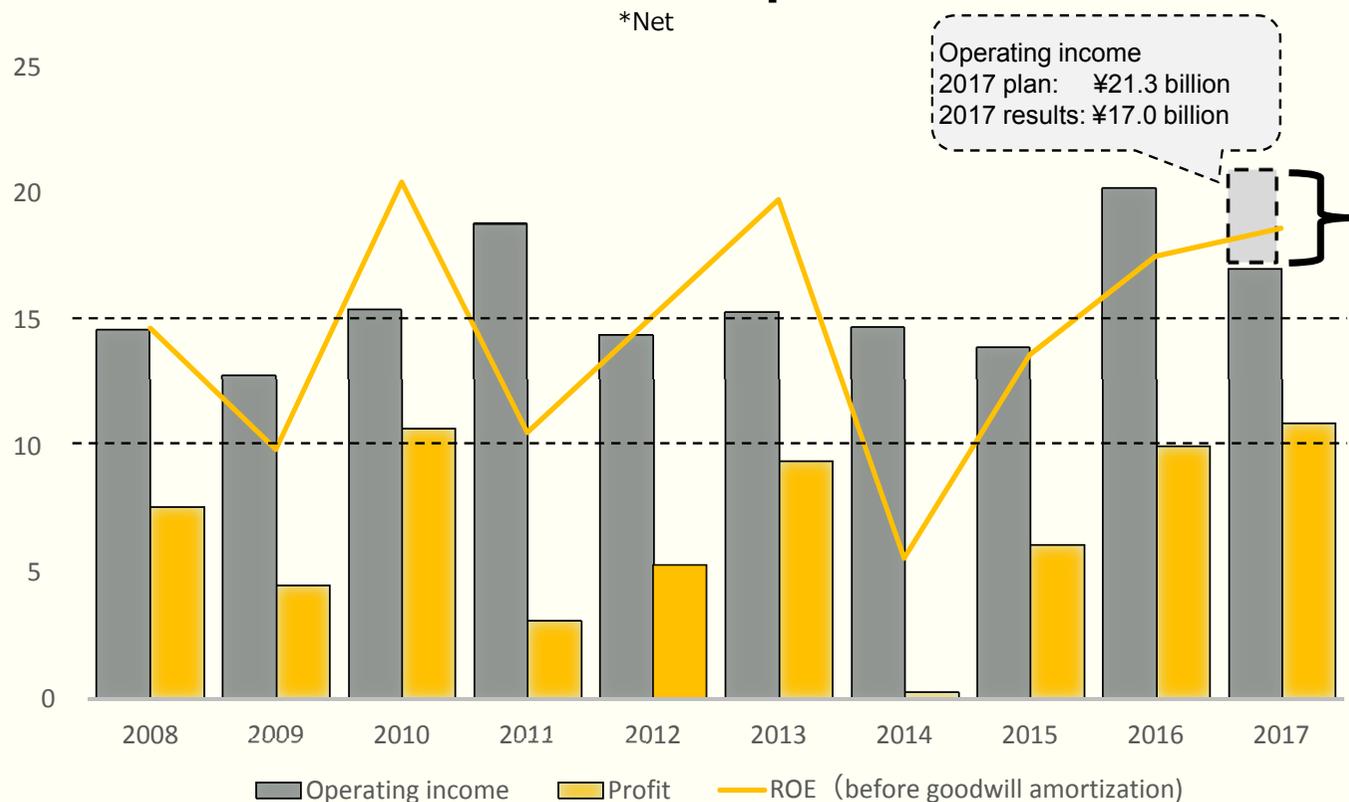
February 16, 2018

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

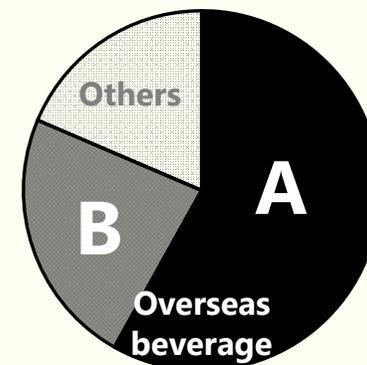
2017



- ✓ **Operating income for 2017 was ¥17.0 billion**
(down ¥4.3 billion v/s plan; down ¥3.2 billion YoY)
- ✓ **Achieved ¥10.0 billion level in profit**
- ✓ **Dividend increased from ¥37 per share to ¥40 per share,**
while **D/E ratio improved to 1.2 times**



Breakdown by factors related to the decline in operating income by ¥4.3 billion versus plan



A: Downturn at SSC (changes in the market, rise in raw ingredient prices, etc.)
B: Fall in demand in Singapore, regulations in export markets, etc.

*SSC : Silver Springs Citrus

2017

✓ Continued Strengthening of Core Brands

(YoY for all categories)



+13%

Black Label (can)
Sales volume



+11%

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PREMIUM



+17%

Lemon-based drinks
Sales volume



+5%

Soups
Sales volume



YEBISU BAR

+17%

YEBISU BAR
Net sales (Japan)

YEBISU GARDEN PLACE
GINZA PLACE
SAPPORO
factory

+9%

Sapporo/Yebisu/Ginza,
Real Estate
EBITDA

2018

✓ Year to get overseas businesses of each company to catch up, while continuing with brand strengthening and growth strategies



SPEED150

First Medium-Term Management Plan (2017-2020)

Reforms at unprecedented speed for the switch to the growth stage

Second Medium-Term Management Plan (2021-2023)

Active investment and creating success
to achieve a spurt in the growth stage

Third Medium-Term Management Plan (2024-2026)

Try to create opportunities
in anticipation of the next growth stage

- Reform of group management platform
- Continued growth of existing business
- Create results in the investment business
- Grasp growth opportunities

- Active investment for growth
- Achieve continuous growth
- Create successes for achieving the vision

- Achieving the vision
- Active efforts for the next stage

Brand strengthening

Brand strengthening

2017 2018 2019 2020

1. **Sapporo Group Business Results for 2017** P6~P30
2. **Management Plan for 2018** P31~P46

Appendix: Reference Materials(FY2017)

2017 Highlight

(billions of yen)

	2016	2017	YoY changes (amount, %)	
Net sales (incl. liquor tax)	541.8	551.5	9.7	1.8%
Net sales (excl. liquor tax)	424.0	433.2	9.2	2.2%
Overseas net sales to total (excl. liquor tax)	20.5%	21.2%	0.7%	-
EBITDA	46.5	44.5	(1.9)	(4.2)%
Operating income	20.2	17.0	(3.2)	(16.0)%
Operating income before goodwill amortization	24.1	20.9	(3.2)	(13.2)%
Ordinary income	19.2	16.4	(2.7)	(14.5)%
Profit attributable to owners of parent	9.4	10.9	1.5	15.9%
Dividend per share	37yen	40yen	3yen	8.1%
Balance of Net debt	227.5	220.8	(6.6)	(2.9)%
D / E ratio ※Net	1.4 times	1.2 times	(0.2)	-



Sales increased for the 8th consecutive term, and while operating income fell, final profits rose as assets were streamlined

(billions of yen)

Sales
YoY Change
551.5 **+9.7**

✓ Topline continued to grow

Operating income
YoY Change
17.0 **-3.2**

✓ Tough challenges faced by overseas soft drinks division was the major factor

Profit attributable to owners of parent
YoY Change
10.9 **+1.5**

✓ Pursued asset streamlining including sale of shares held in strategic cross-shareholdings

Net Sales by Segment

(billions of yen)

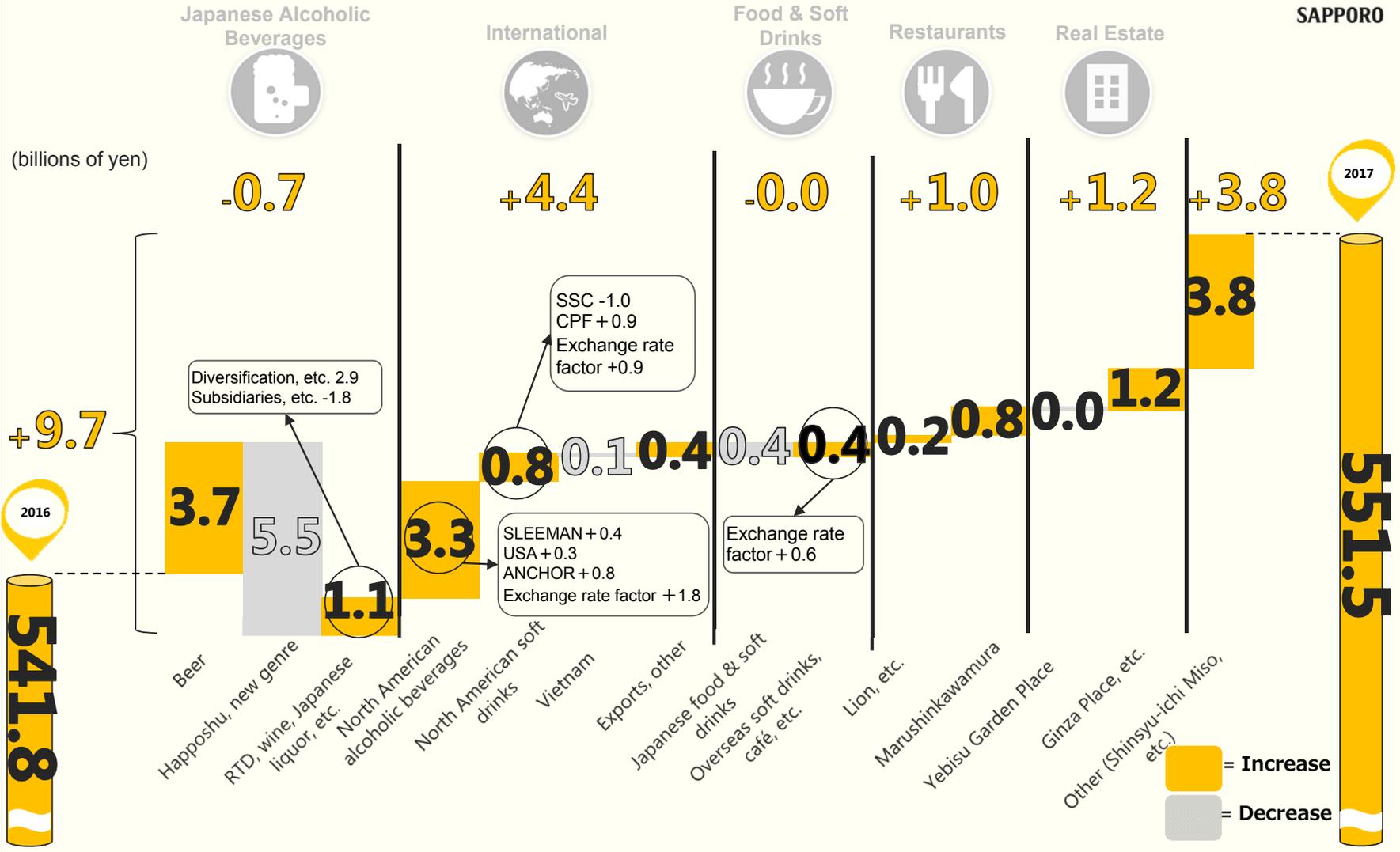
	2016	2017	YoY changes (amount, %)	
Consolidated Net sales	541.8	551.5	9.7	1.8%
Japanese Alcoholic Beverages	279.4	278.6	(0.7)	(0.3)%
International	65.4	69.8	4.4	6.8%
Food & Soft Drinks	137.9	137.8	(0.0)	(0.0)%
Restaurants	28.1	29.1	1.0	3.6%
Real Estate	22.9	24.1	1.2	5.4%
Other	8.0	11.8	3.8	47.5%



Driven by sales increase in beer in Japan, diversification and North American alcoholic beverages
 Net increase in Ginza Place and new consolidated business*



Main Factors Contributing to Changes in Net Sales



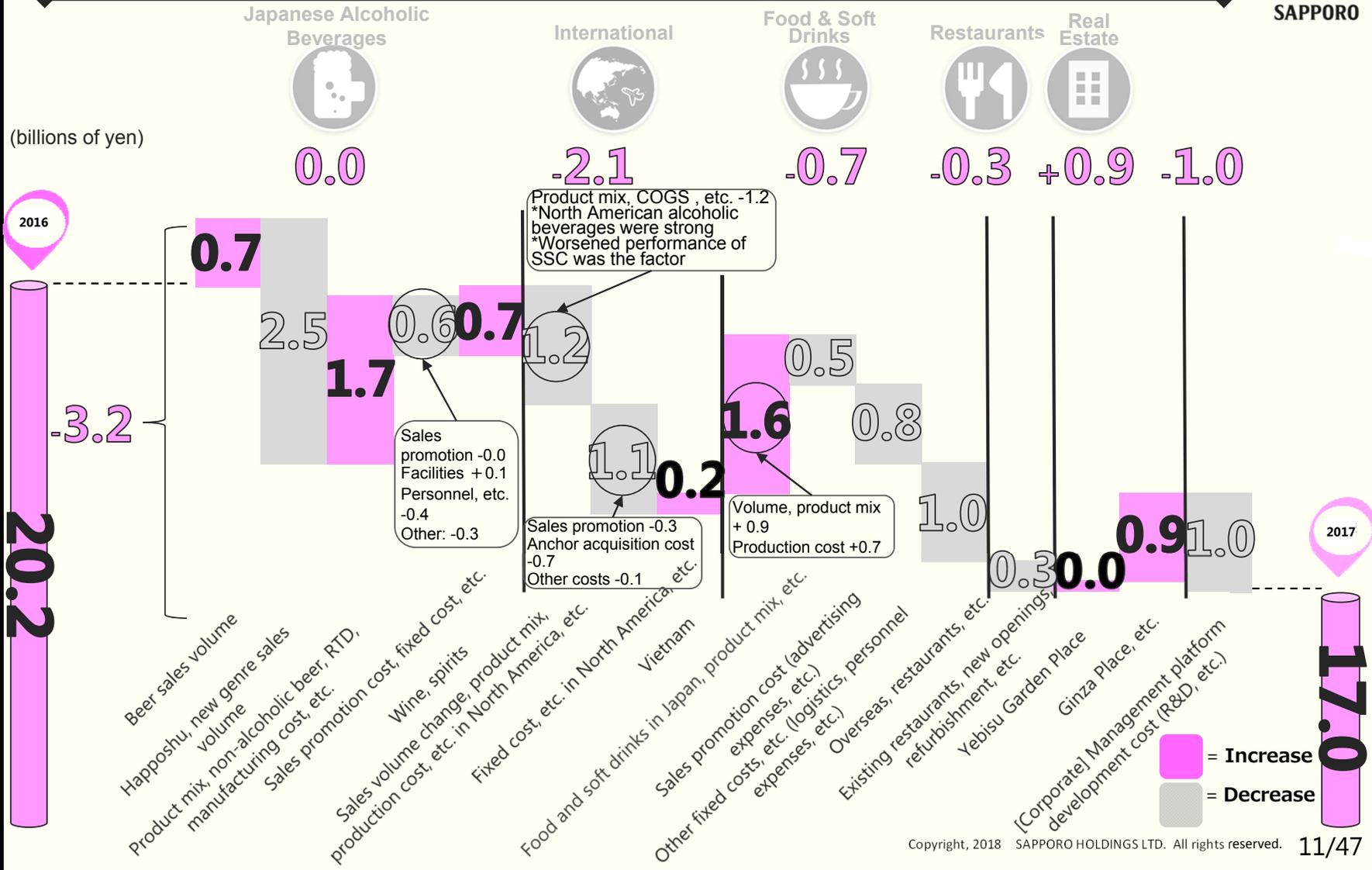
*Marushinkawamura, Shisyu-ichi Miso, Anchor

Operating Income by Segment

	(billions of yen)		
	2016	2017	YoY changes
Consolidated operating income	20.2	17.0	(3.2)
Japanese Alcoholic Beverages	11.7	11.7	0.0
International	0.9	(1.2)	(2.1)
Food & Soft Drinks	1.3	0.5	(0.7)
Restaurants	0.6	0.3	(0.3)
Real Estate	10.3	11.2	0.9
Other	(0.0)	0.0	0.1
General corporate and intercompany eliminations	(4.5)	(5.7)	(1.1)
Amortization of goodwill	3.9	3.9	0.0
International	1.6	1.7	0.0
Food & Soft Drinks	2.1	2.1	(0.0)
Operating income before goodwill amortization	24.1	20.9	(3.2)



Performance of overseas soft drinks worsened Operating income declined due to investments in core brands and management platform in addition to M&A expenses



**Main Factors
Contributing to
Changes
in Operating
Income**

Japanese Alcoholic Beverages

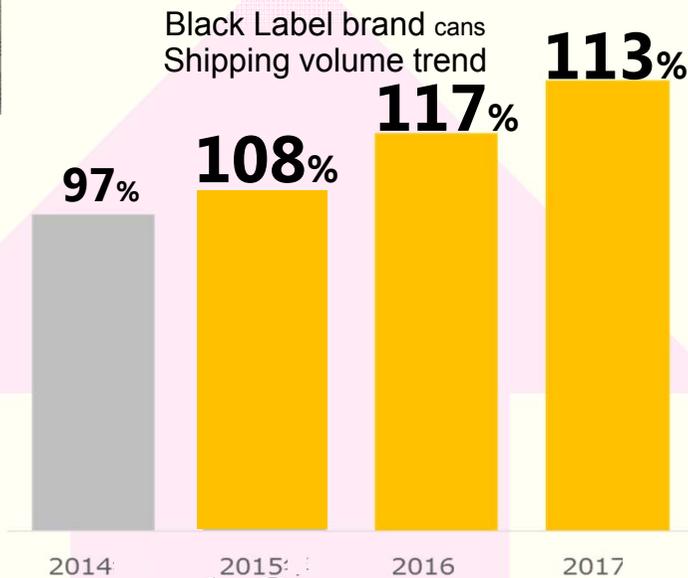
Black Label achieved double-digit growth for 2 continuous years in "Cans," which is a test of brand power
Increased sales in all categories for diversification



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Shipping volume
-representative image-



Up **13%** YoY



Yebisu brand cans
Sales volume

Up **1%** YoY



Diversification total
Sales amount trend



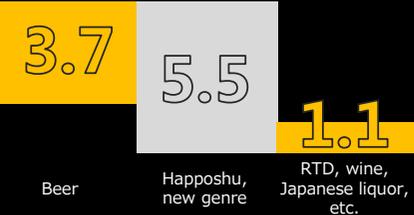
Approx. ¥24.0 bln → Approx. ¥ **44.8** bln
2011 2017



Japanese Alcoholic Beverages

(billions of yen)

Sales **278.6** YoY change **-0.7**



Operating income **11.7** YoY Change **0**



EBITDA **19.4** YoY Change **+0.4**

	Strengthening of core beer brands	Expand sales of fine wine Diversification progress <small>(wine, RTD, western spirits, Japanese liquor)</small>	Fresh initiatives for growth
External environment	<ul style="list-style-type: none"> Total demand -2%(YoY) Holding off on buying due to Liquor Tax Act revision Unseasonal weather during peak period 	<ul style="list-style-type: none"> Wine market growing steadily Significant growth in RTD market 	—
Medium-Term Plan progress	<ul style="list-style-type: none"> Progressing steadily 	<ul style="list-style-type: none"> Progressing steadily 	<ul style="list-style-type: none"> Progressing steadily
Results	<ul style="list-style-type: none"> Black Label brand sales up 2% YoY Customer base expanded with the launch of Yebisu Hana Miyabi Beer Up 2% YoY 	<ul style="list-style-type: none"> Wine Up 1% YoY Spirits Up 12% YoY Ratio of diversification in sales is 16% <small>(Diversification accounted for 8% of sales in 2011)</small> 	<ul style="list-style-type: none"> Expanded presence in EC channel Sales volume of Photo, Beer & Smiles →up 147% YoY Launch of new craft beer brand (Innovative Brewer)
Issues	<ul style="list-style-type: none"> Shoring up Happoshu, new genre →Mugi to Hop Brand down 6% YoY 	<ul style="list-style-type: none"> Response to increased demand for Japanese wine Strengthen fine wine brand Response to growing RTD market 	<ul style="list-style-type: none"> Response to diversification of consumption

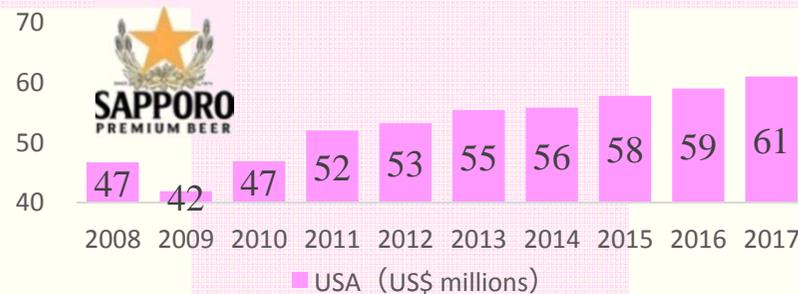
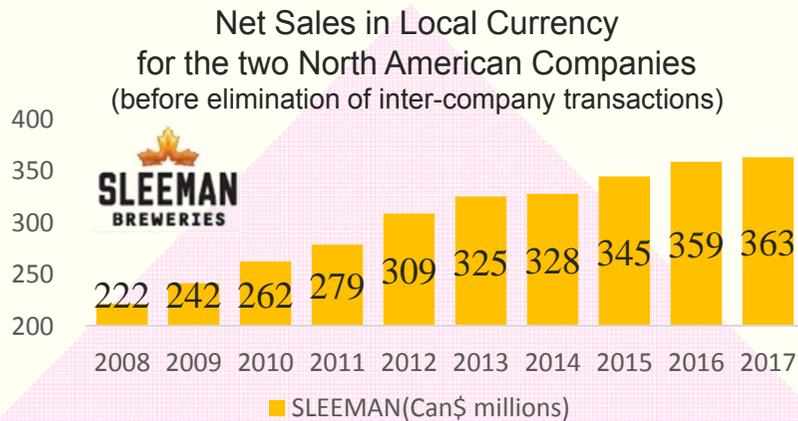


International

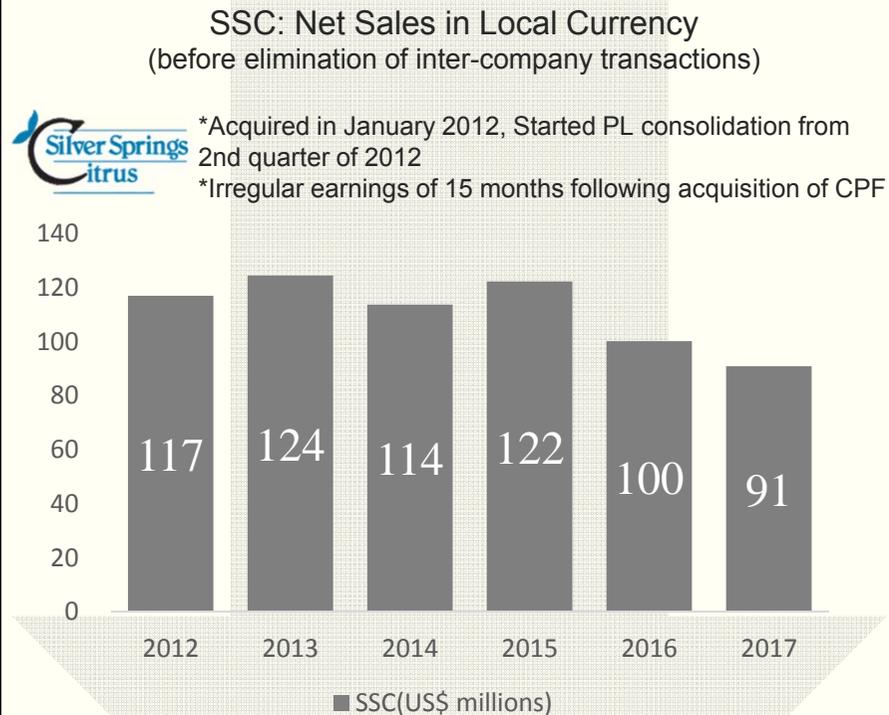
North American alcoholic beverages grew, but North American soft drinks (SSC) declined even as measures to improve profits progressed in Vietnam



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SLEEMAN sales expansion for 11 continuous years
Sapporo USA sales expansion for 8 continuous years



Down 9% YoY



International

(billions of yen)

Sales **69.8** YoY change **+4.4**

0.8 0.1 0.4

3.3

North American alcoholic beverages
North American soft drinks
Vietnam
Exports, other

Operating income **-1.2** YoY change **-2.1**

1.2

Volume change, product mix, production cost, etc. in North America
Fixed cost, etc. in North America, etc.
Vietnam

1.1

0.2

EBITDA **3.6** YoY Change **-1.9**

	North American alcoholic beverages	North American soft drinks	Vietnam	Other Asian countries (South Korea, Singapore, Taiwan, etc.)
External environment	 <ul style="list-style-type: none"> North American beer market declined year on year 	 <ul style="list-style-type: none"> Orange juice consumption declined in the U.S. Florida orange prices rose 	 <ul style="list-style-type: none"> Beer market grew On the other hand, premium beer struggled 	 <ul style="list-style-type: none"> Imported beer grew in South Korea
Medium-Term Plan progress	 <ul style="list-style-type: none"> Progressing steadily 	 <ul style="list-style-type: none"> To work on fundamental revision 	 <ul style="list-style-type: none"> Structural reform underway 	 <ul style="list-style-type: none"> Progressing steadily
Results	<ul style="list-style-type: none"> Sleeman's share rose → Close to 10% operating margin Sapporo Brand → up 6% YoY (USA) Acquired Anchor 	<ul style="list-style-type: none"> Sales, earnings expansion at CPF Preparations for integration of two companies (CPF& SSC) 	<ul style="list-style-type: none"> Transfer of manufacturing of products for the U.S. Review of marketing promotion investment (Review of unprofitable channels) 	<ul style="list-style-type: none"> Launched Yebisu in South Korea Net sales in South Korea → up 96% YoY
Issues	<ul style="list-style-type: none"> Anchor's PMI 	<ul style="list-style-type: none"> SSC's manufacturing facility Steady operation, improving yield 	<ul style="list-style-type: none"> Securing the status as a premium brand Rebuilding the distribution network Improving operating rate and reducing cost 	<ul style="list-style-type: none"> Response to the growing South Korean market

While Japanese mainstay brands grew, challenge is to restore the performance of overseas soft drinks business



Food & Soft Drinks

[Lemon-based drinks]

Up **17%** YoY (Sales volume)



[Lemon-based food]

Up **9%** YoY



[Tea drinks]

Up **10%** YoY



[Soups]

Up **5%** YoY



[Overseas soft drinks]

POKKA Corporation Singapore net sales



Down **4%** YoY



Food & Soft Drinks

(billions of yen)

Sales **137.8** YoY change **-0.0**

0.4

Japanese food & soft drinks

0.4

Overseas soft drinks, café, etc.

Operating income **0.5** YoY change **-0.7**

1.6

Sales increase, product mix, etc. at Japanese food & soft drinks

0.5

Sales promotion cost

0.8

Other fixed cost, etc.

1.0

Overseas, café, etc.

EBITDA **8.3** YoY Change **-0.8**

	Japanese soft drinks	Lemon	Soup	New business (Soy beans)	Japanese restaurant (café)	Overseas soft drinks
External environment	<ul style="list-style-type: none"> Total demand Unchanged (YoY) (est.) *Volume-based	<ul style="list-style-type: none"> Total demand +3%(YoY) (est.) *Lemon-based foods *Value-based	<ul style="list-style-type: none"> Total demand +4%(YoY) (est.) *Instant soup Value-based	<ul style="list-style-type: none"> Market is expanding 	<ul style="list-style-type: none"> Total demand +3%(YoY) *Café dining format *Value-based	<ul style="list-style-type: none"> Decline in demand in Singapore Introduction of sugar tax, etc.
Medium-Term Plan progress	Somewhat tough	Progressing steadily	Progressing steadily	Being nurtured	Progressing steadily	<ul style="list-style-type: none"> To work on fundamental revision
Results	<ul style="list-style-type: none"> Tea drinks →Up 10% YoY ¥0.6 billion cost reduction from use of aseptic bottling line 	<ul style="list-style-type: none"> Lemon-based drinks →Up 17% YoY Lemon-based foods →Up 9% YoY 	<ul style="list-style-type: none"> Soups →Up 5% YoY 	<ul style="list-style-type: none"> Sales →¥2.1 billion Up 2% YoY 	<ul style="list-style-type: none"> Sales →¥8.6 billion Up 4% YoY 	<ul style="list-style-type: none"> Rise in Singapore market share
Issues	<ul style="list-style-type: none"> Increasing profitability (vending machines, etc.) Fall in demand for canned coffee 	<ul style="list-style-type: none"> Expansion of market size 	<ul style="list-style-type: none"> Profitability improvement 	<ul style="list-style-type: none"> Expansion of the market size for soymilk yoghurt 	<ul style="list-style-type: none"> Strengthening the Café de Crié brand Opening of stores and expansion 	<ul style="list-style-type: none"> Response to tax and other regulations in each country Response to health needs

Total demand data: Inryou-souken and Intage SRI Lemon-based products market (Sapporo's definition)
Total for SM CVS formats in the instant soup market
Jan-Dec 2017 Sapporo results Comparison of cumulative boxes, sales amount YoY, Japan Food Service Association: Dining out industry market trend survey

Sales expanded but personnel cost and overseas restaurants weighed on earnings



Restaurants business
Sales



Up **4%** YoY

Restaurants business
Ratio of personnel cost to sales

Worsen **0.6%**
YoY

Sales at Singapore restaurant

Down **12%** YoY



Restaurants



Restaurants

(billions of yen)

Sales **29.1** YoY change **+1.0**

0.8

0.2

Lion, etc.

Marushinkawamura

Operating income **0.3** YoY change **-0.3**

0.3

Existing restaurants,
new openings,
refurbishment, etc.

EBITDA **0.9** YoY change **-0.2**

	Sapporo Lion	New Sanko, Marushinkawamura	Lion Singapore
External environment	 <ul style="list-style-type: none"> • Price rise of vegetables and other raw materials • Rise in personnel cost • Unseasonal weather, etc. 	 <ul style="list-style-type: none"> • Same as left 	 <ul style="list-style-type: none"> • Demand fell in Singapore
Medium-Term Plan progress	 <ul style="list-style-type: none"> • Somewhat tough 	 <ul style="list-style-type: none"> • Progressing steadily 	 <ul style="list-style-type: none"> • To work on fundamental revision
Results	<ul style="list-style-type: none"> • Comparable-store sales <p>Unchanged</p>	<ul style="list-style-type: none"> • Marushinkawamura contributed to sales, earning through the year (consolidated from June 2016) • Aburiya format has been strong 	<ul style="list-style-type: none"> • Recognition, experience of SAPPORO brand in Singapore
Issues	<ul style="list-style-type: none"> • Introduction of high value-added menu • Pursuit of efficient operation following rise in personnel cost • Cost reduction for each restaurant, etc. 	<ul style="list-style-type: none"> • Same as left • Strengthening of internal control and consolidation of head office management function 	<ul style="list-style-type: none"> • Improving profitability • Review of unprofitable stores

Contribute to Group Brand, Generate Stable Earnings



Real Estate



Yebisu Garden Place

Yebisu Garden Place-related

EBITDA
¥ **10.9** billion

Up **1** % YoY



Sapporo Factory

Hokkaido-related

EBITDA
¥ **1.7** billion

Up **11** % YoY

*Excluding company-wide costs

GINZA PLACE

Ginza Place

Other properties, projects
including Ginza Place

EBITDA
¥ **4.0** billion

Up **45** % YoY



Real Estate

(billions of yen)

Sales **24.1** YoY change **+1.2**

1.2

0

Yebisu Garden Place

Ginza Place, etc.

Operating income **11.2** YoY change **+0.9**

0.9

0

Yebisu Garden Place

Ginza Place, etc.

EBITDA **15.6** YoY Change **+1.2**

	Yebisu Garden Place	Hokkaido (Sapporo), etc.	Ginza Place
External environment	 <ul style="list-style-type: none"> Market conditions strong in city center *Supply is expected to increase leading to stronger competition 	 <ul style="list-style-type: none"> Market conditions strong in Sapporo region too *Redevelopment is expected to progress in the east side of the Sosei River, wherer population inflow is accelerating 	 <ul style="list-style-type: none"> Market conditions strong in city center
Medium-Term Plan progress	 <ul style="list-style-type: none"> Progressing steadily 	 <ul style="list-style-type: none"> Progressing steadily 	 <ul style="list-style-type: none"> Progressing steadily
Results	<ul style="list-style-type: none"> Value being boosted by renovation of restaurant area, etc. Increased earnings following rent increase, etc. Occupancy rate 98% 	<ul style="list-style-type: none"> Completed redevelopment of parking lot No.3 	<ul style="list-style-type: none"> Contributed to earnings through year-round occupancy (Opened in Sep 2016) Achieved visitor count in excess of 4 million, the target for 2017. Occupancy rate 99%
Issues	<ul style="list-style-type: none"> Maintaining high occupancy rate Flexible rent revision reflecting market conditions Maintenance and repair from the long-term perspective and boosting of value 	<ul style="list-style-type: none"> Toughening the earnings capability of Sapporo Factory 	<ul style="list-style-type: none"> Maintaining high occupancy rate Increased recognition as Ginza's new landmark

- Difference in consolidated period of 3 group companies
Impact of exchange rates negligible

<Special factors in business results> (YoY)

Business segment	Details	Impact on sales
International	Anchor Brewing Company, LLC.: consolidation began in October 2017	Approx. ¥0.8 billion
Restaurants	Marushinkawamura Inc.: consolidation began in June 2016	Approx. ¥0.8 billion
Other	Shinsyu-ichi Miso Co., Ltd.: consolidation began in October 2016	Approx. ¥4.0 billion

<Impact of foreign exchange rates>

	2016	2017
US \$	¥108.81	¥112.17
EUR	¥120.30	¥126.70
CAN \$	¥82.07	¥86.47
SG\$	¥78.76	¥81.26



	Impact on sales
Japanese Alcoholic Beverages	-
International	¥2.7 billion
Food & Soft Drinks	¥0.6 billion

Special Factors in the Business Results

Improvement in asset efficiency, asset reduction Impairment loss on Vietnam



(billions of yen)	2016	2017	Change	Factors contributing to changes
Operating income	20.2	17.0	(3.2)	-
Financial account balance	(0.8)	(0.6)	0.2	-
Other non-operating income/expenses	(0.3)	(0.0)	0.2	-
Ordinary income	19.2	16.4	(2.7)	-
Gains on sales of property, plant and equipment	0.0	2.0	1.9	Sale of Seiwa Koraibashi Building (Osaka), etc.
Other extraordinary gains	0.0	4.8	4.8	Sale of shares held in cross-shareholdings
Loss on sale/disposal of property, plant and equipment	(1.4)	(1.1)	0.3	-
Impairment loss	(1.0)	(3.7)	(2.7)	Long An plant (Vietnam) Building, machinery, etc.
Other extraordinary losses	(0.4)	(0.6)	(0.2)	-
Profit before income taxes	16.4	17.8	1.3	-
Corporate tax, loss attributable to non-controlling interests	(7.0)	(6.8)	0.3	-
Profit attributable to owners of parent	9.4	10.9	1.5	-

Changes in Extra Ordinary Gains and Losses



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4.2 billion yen y-o-y increase in total assets

<Key factors contributing to changes from the end of FY2016>

■ Cash and cash equivalents

■ Trade receivables

■ Inventory

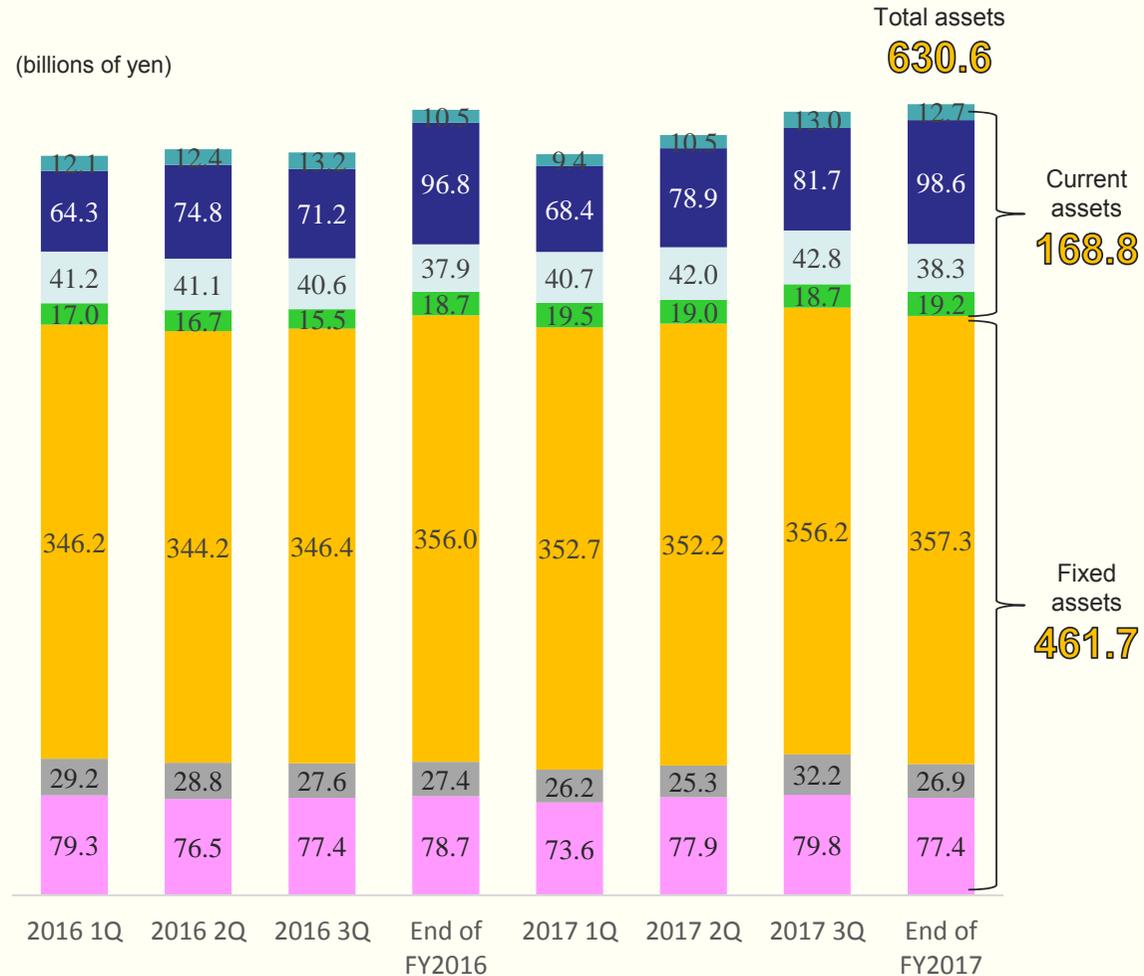
■ Current assets, etc.

■ Fixed assets

■ Goodwill

⇒ Acquisition of Anchor (¥3.5 billion)
*Tentatively recorded ¥7.8 billion in 3Q

■ Investments, etc.



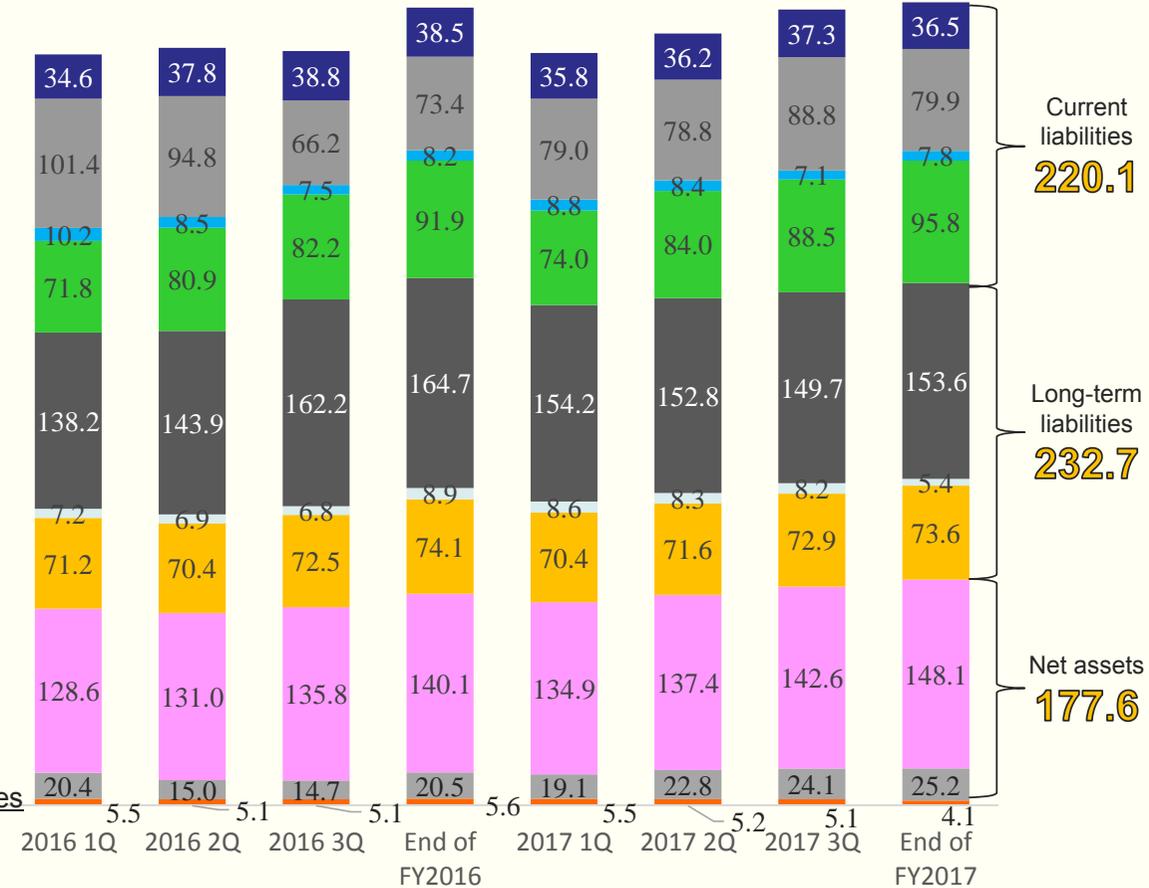
Changes in Balance sheets

Total liabilities down by 7.0 billion yen from 2016-end Total net assets up by 11.2 billion yen

<Key factors contributing to changes from the end of FY2016>

- Accounts payable
- Short-term bank liabilities
→ Increase in short-term borrowings
- Deposits received
- Current liabilities, etc.
- Long-term bank liabilities
→ Decrease in long-term borrowings
- Net defined benefit liability
- Long-term liabilities, etc.
- Shareholders' equity
→ Net income, payment of dividends
- Accumulated other comprehensive income
→ Increase in unrealized holding gain on securities
- Non-controlling interests

(billions of yen)



Total liabilities,
total net assets
630.6

Current liabilities
220.1

Long-term liabilities
232.7

Net assets
177.6

Changes in Balance Sheets

(billions of yen)

Balance of net debt **220.8**

(comparison with end of FY2016) **-6.6**

D/E ratio **1.2 times**

*Net



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Cash basis investment totaled about 36.5 billion yen

(billions of yen) <Consolidated cash flow (CF) statement>

	2016	2017	Change	Change (%)
Cash flow from operating activities	32.5	30.0	(2.5)	(7.9)%
Cash flow from investment activities	(27.5)	(17.8)	9.7	-
Free cash flow	4.9	12.1	7.1	144.4%
Cash flow from financing activities	(4.8)	(10.1)	(5.3)	-

① <Capital expenditure> about ¥15.2 billion in consolidated total (tangibles, intangibles)

<Major items>

- “Alcoholic Beverages,” “Food” and “Soft Drinks” -related: about ¥9.9 billion (Nasu Brewery one-way bottle-related work, etc.)
 - Real estate-related: about ¥2.6 billion (Boosting value of YGP, etc.)
 - SGM Group infrastructure streamlining, etc.: about ¥2.0 billion
- *SGM: Sapporo Group Management Ltd.

② <Lease fees> about ¥2.9 billion in consolidated total

③ <Other investment> about ¥18.3 billion in consolidated total

(Long-term prepaid expense, subsidiaries' shares, investment securities, etc.)

<Major items>

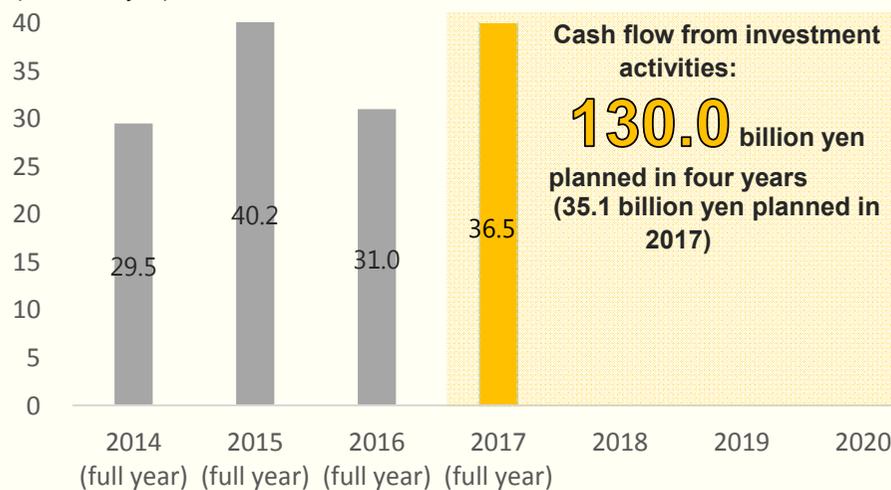
- Long-term prepaid expense (Japanese Alcoholic Beverages/ Food & Soft Drinks): about ¥5.4 billion
- Acquisition of Anchor of the U.S.: about ¥11.9 billion

① + ② + ③ <2017 investment total>

(cash basis, including current capital expenditure, lease fees)

about ¥36.5 billion

(billions of yen) <Trend in investment (cash basis)>



Financial Status

Promote initiatives for transformation of the Group management platform



R&D

- Established Delicious Taste Technology Research Center in the first quarter
- Pursue measures for creating values in food
- Started health survey research related to lemon in Osakikamijima-cho in Hiroshima Prefecture



Personnel, human resources

- Started trial run of new system for work style improvement
- Promoted hiring and nurturing of diverse human resources including global human resources
- Drafting of the Health Creation Declaration

Finance

- Concrete measures for reviewing the strategic cross-shareholding formulated in the first quarter
- Started implementation according to the contents of the drawn up measures from the second quarter
- Started selling part of the cross-shareholding in the third quarter
- Continued selling the cross-shareholding in the fourth quarter (shares worth ¥8.2 billion in total were turned into cash)

Others

- Promote utilization of AI (artificial intelligence) technology
 - *Utilization in handling of internal inquiries
 - *Utilization in grape cultivation at own winery
 - *Utilization in document-based selection in new graduate hiring process

R & D

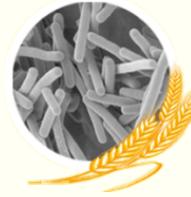
R&D successes reflected in product development, social contribution



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Research on SBL88 lactic acid bacteria

SBL88



- ✓ Utilized research results of barley-derived SBL88 lactic acid bacteria in development of products such as soymilk and miso

Research on lemon

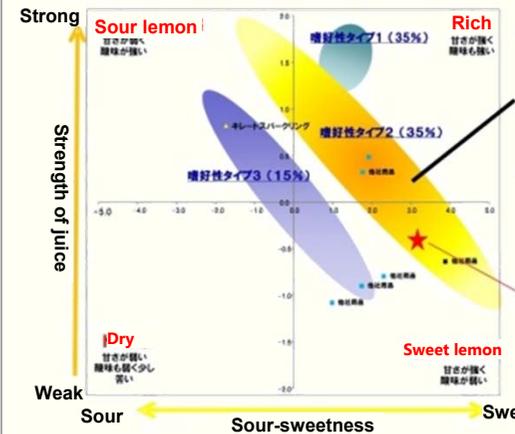


- ✓ Promoted research on citric acid and lemon polyphenol
- ✓ Digitized sensations such as taste of lemon-based drinks and applied it in new product development

Research on hop



- ✓ Won the highest award at 36th European Brewery Convention for the third consecutive year for research on the aroma of SORACHI ACE
→ Sapporo is the only Japanese beer manufacturer which has won the award



<Attributes of palatability type 2>
 -Higher percentage of male users
 -Many have a liking for lemon soda
 -Prefer slightly sweeter and less sour



POKKA SAPPORO
 Food & Beverages'
 new product
 Lemon no Shizuku

Transformation
 of the Group
 Management
 Platform

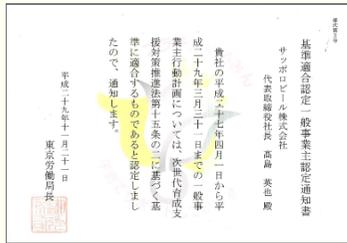


Nurture bold human resources with sound body and mind

Personnel, human resources

Work style improvement, child-rearing support

- ✓ Sapporo Breweries Work Style Improvement 2020
 - Revised telecommuting system
 - Introduced super flexitime system
 - Introduced hourly paid holiday system



- ✓ As a top-level company providing child rearing support, Sapporo Breweries obtained the Platinum Kurumin certification from the Ministry of Health, Labour and Welfare.
- ✓ According to the ministry website, there are 118 companies with the Platinum Kurumin certification as of the end of October.

- <Specific child rearing support measures taken by the company>
- ① Various mechanisms for male employees to take child rearing leave
 - ② Flexible work style linked with work style improvement
 - ③ Establishment of child-care facility in workplace
 - ④ Implementation of Family Day (workplace visit by family members, etc.)

Human resource development



- ✓ Newly established management layer nurturing program
- ✓ Expanded cross-border global meetings
- ✓ Global human resources development through GPC training*, etc.
 - ① Increase experience of foreign cultures and English language
 - ② Learn work and life overseas
 - ③ Learn customers and markets

With the above themes, we implemented a program that consists of lectures, on-line English conversation classes and overseas training.

* "Global Resource Development Program for Coming Generation"

Health and productivity management

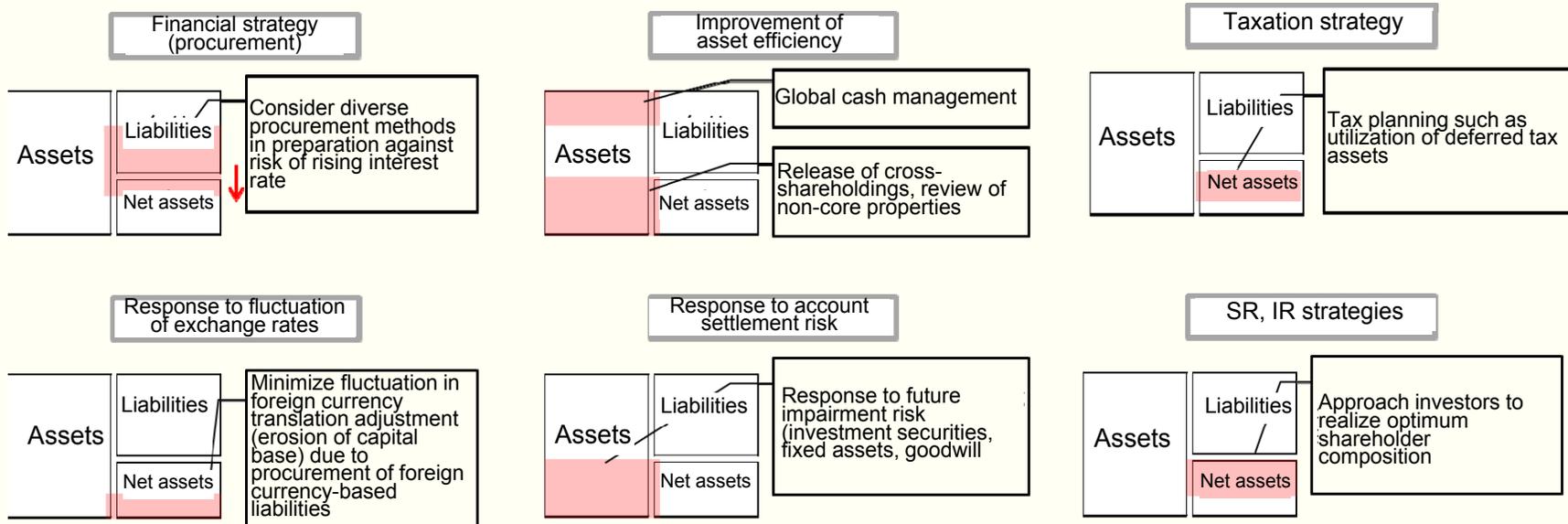


- ✓ Formulated Sapporo Group Health Creation Declaration
- ✓ Certified as Excellent Enterprise of Health and Productivity Management-White 500!

Transformation of the Group Management Platform



Promotion of Initiatives for Improving Quality of Balance Sheet



Improve asset efficiency

✓ Reviewed cross-shareholding and shares worth ¥8.2 billion in total were turned into cash

Financial strategy (procurement)

✓ Extend procurement terms, stabilize interest rates, standardize redemption timing

Response to impairment risk

✓ Appropriate response to future impairment risks (Impairment loss recorded in 2017 in Vietnam)

Transformation of the Group Management Platform



2. Management Plan for FY2018

Following Voluntary IFRS Application, Management Goal Figures of **2020** First Medium-Term Management Plan 2020 Have Been Replaced

◆ Start of voluntary IFRS application

• As we promote global business expansion in Japan, North America and Asia, we start voluntarily application of IFRS with the aim of facilitating international comparisons of Group financial information in the capital markets and unifying accounting procedures throughout the Group.

• Listed EBITDA as an indicator that is less affected by changes in accounting treatments due to voluntary IFRS application

*EBITDA

J-GAAP

→ Operating income + Depreciation and amortization +

Amortization of goodwill

IFRS

→ Profit from operations before non-recurring items

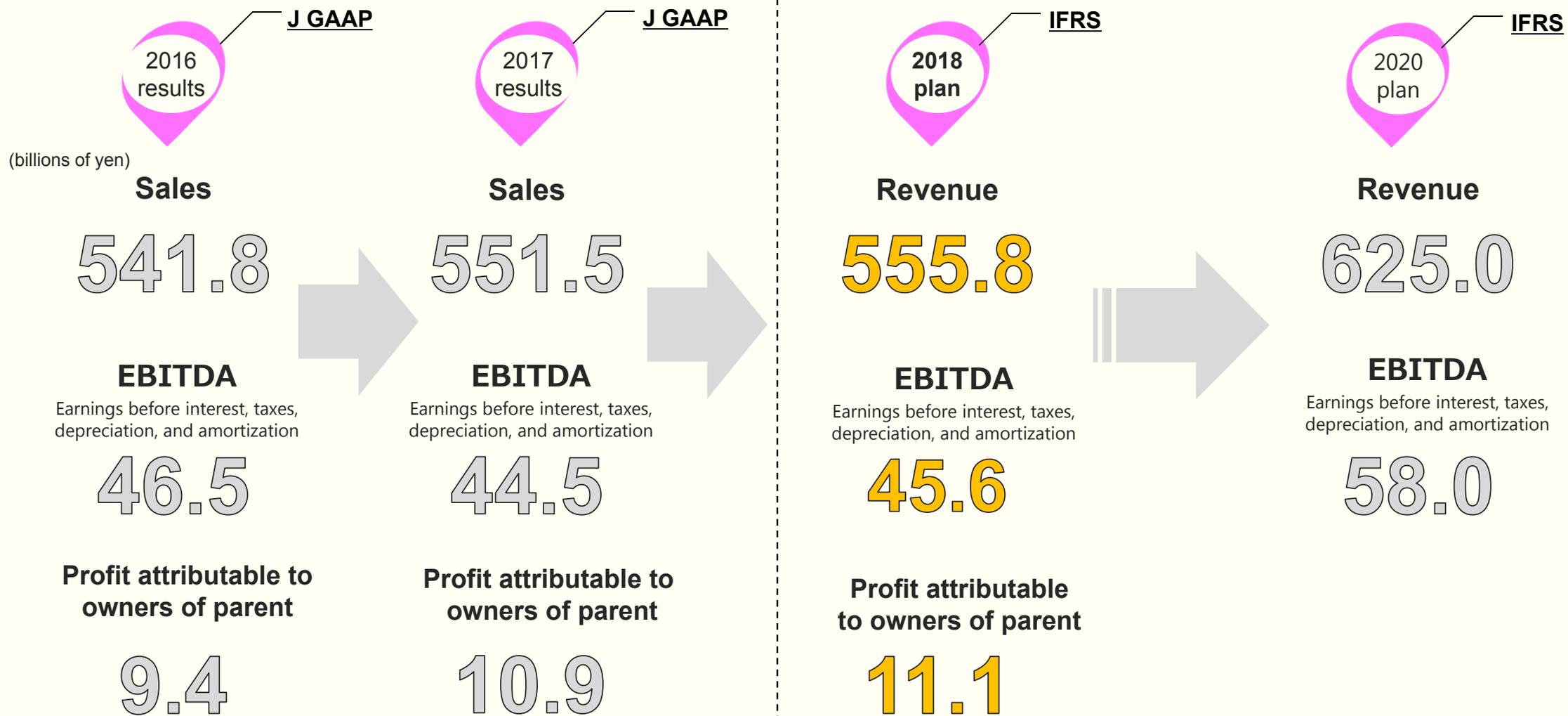
(Revenue – Cost of sales – SG&A expenses) +

Depreciation and amortization

	2020 goals (J GAAP)			2020 goals (IFRS)	
	Net sales	Operating income before goodwill amortization	EBITDA*	Revenue	EBITDA*
Consolidated total	640.0	34.0	59.0	625.0	58.0
Japanese Alcoholic Beverages	315.0	14.0	23.0	293.4	22.5
International	79.0	5.0	9.0	91.7	9.0
Food & Soft Drinks	162.0	6.5	12.4	156.5	12.4
Restaurants	32.0	1.6	2.6	31.5	2.5
Real Estate	25.0	12.0	16.3	24.9	16.3
New business, other	27.0	0.9	0.8	27.0	0.8
Corporate	-	(6.0)	(5.1)	-	(5.5)

Group Management Plan

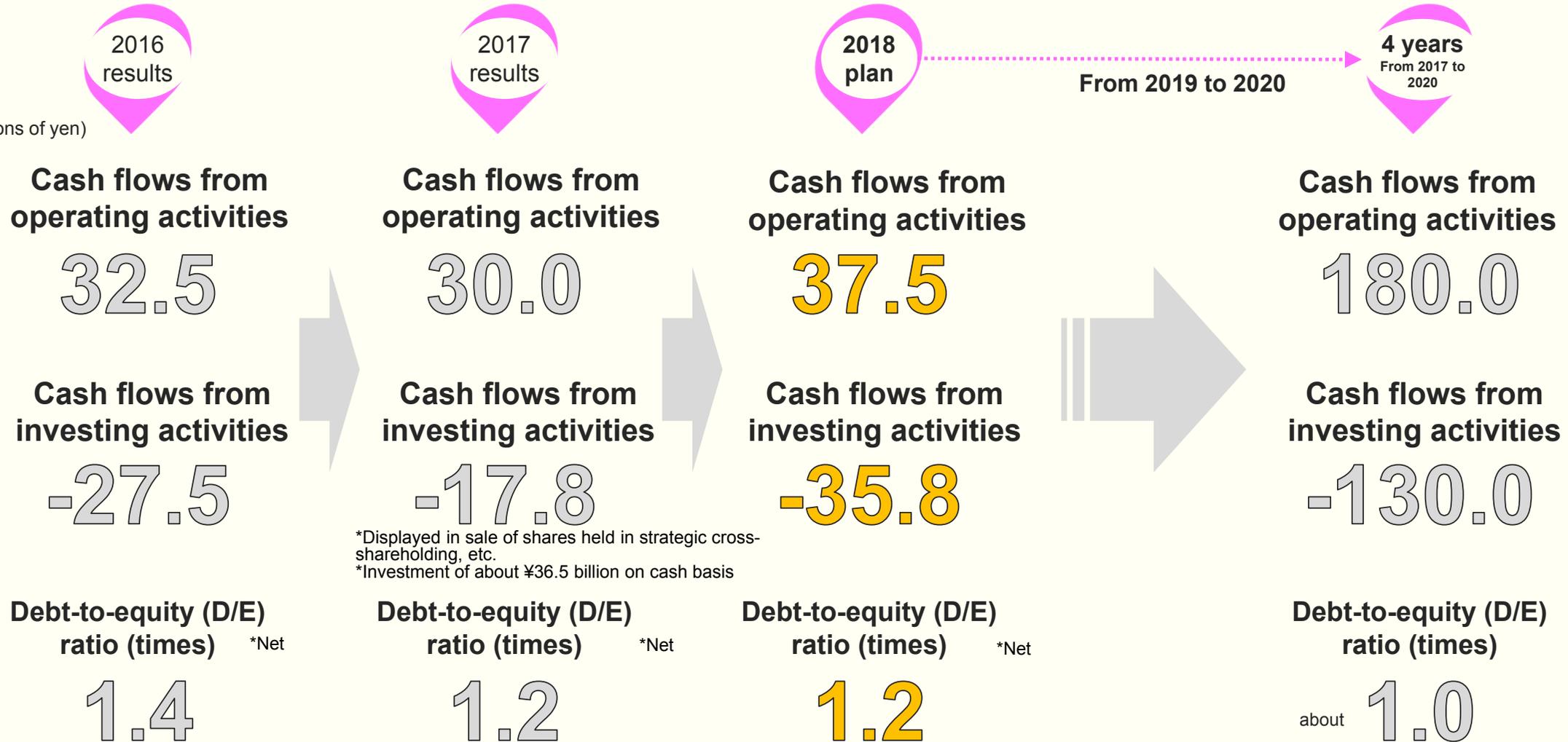
2017-2020



Group Management Plan

2017-2020

(billions of yen)



Management Plan

2018



(billions of yen)

	2017 (J GAAP)	2018 (IFRS)	YoY changes (amount, %)	
Net sales: Revenue (incl. liquor tax)	551.5	555.8	4.2	0.8%
Net sales: Revenue(excl. liquor tax)	433.2	425.2	7.9	(1.8)%
Overseas net sales: revenue to total (excl. liquor tax)	21.2%	21.6%	0.4%	-
EBITDA	44.5	45.6	1.0	2.3%
Operating income: Operating profit	17.0	18.7	1.6	9.8%
Operating income before goodwill amortization	20.9		(2.2)	(10.9)%
Ordinary income	16.4	-	-	-
Profit attributable to owners of parent	10.9	11.1	0.1	1.1%
Balance of Net debt	220.8	222.3	1.4	0.6%
D / E ratio ※Net	1.2 times	1.2 times	-	-

	2017	2018 (Forecast)
US \$	¥112.17	¥110.00
EUR	¥126.70	¥128.00
CAN \$	¥86.47	¥88.00

Impact of Voluntary IFRS Application on Income Statement

2018

◎ Impact on revenue

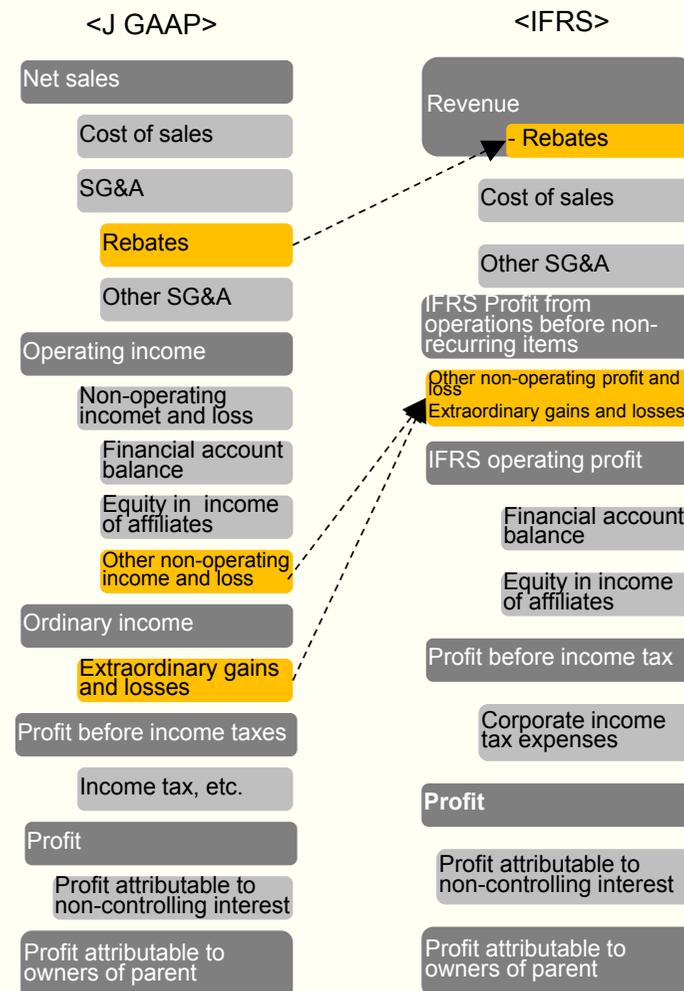
(billions of yen)

✓ Change of liquor tax indication (Sleeman: net → gross)	: + 11.9	-15.6
✓ Rebate (from SG&A to deduction from sales)	: - 27.3	
✓ Other	: - 0.2	

◎ Impact on IFRS operating profit

(billions of yen)

✓ Non-amortization of goodwill	: + 4.4	-0.9
✓ Change in residual value of depreciation cost	: - 1.8	
✓ Retirement benefit expenses (Change from expected rate of returns to discount rate, etc.)	: - 0.9	
✓ Reclassification of non-operating, extraordinary gains or losses	: - 2.5	
✓ Other	: - 0.1	



Sales by Segment After Application of IFRS

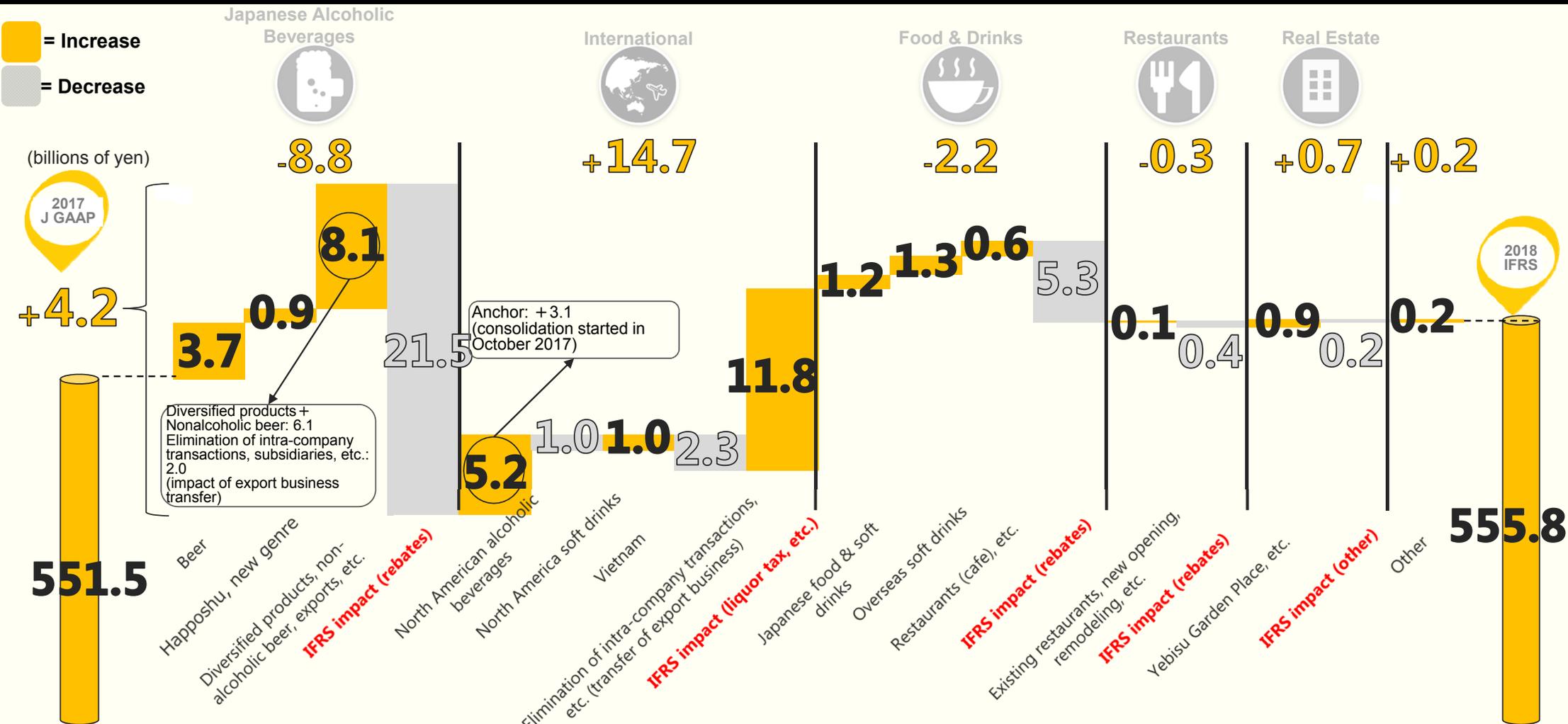
2018

(billions of yen)	① 2017 (J GAAP)	② 2018 plan (J GAAP)	Change (②-①)	③ 2018 plan (IFRS)	Change (③-②)	YoY change *Amount, rate (③-①)	
Consolidated net sales (Revenue)	551.5	571.4	19.8	555.8	(15.6)	4.2	0.8%
Japanese Alcoholic Beverages*	281.3	294.0	12.6	272.5	(21.5)	(8.8)	(3.2)%
International*	67.1	70.0	2.9	81.9	11.8	14.7	22.0%
Food & Soft Drinks	137.8	140.9	3.0	135.6	(5.3)	(2.2)	(1.7)%
Restaurants	29.1	29.3	0.1	28.8	(0.4)	(0.3)	(1.2)%
Real Estate	24.1	25.0	0.9	24.9	(0.2)	0.7	3.2%
Other	11.8	12.1	0.2	12.1	0.0	0.2	2.1%

*The export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd. effective January 1, 2018. The consolidated financial statements for fiscal 2017 have been adjusted retroactively to reflect these changes. (Net sales: 2.6 billions of yen, Operating income: 0.4 billions of yen)

Impact of Voluntary IFRS Application on Sales by Segment

2018



*In 2018, export business of Sapporo International Inc. has been transferred to Sapporo Breweries Ltd.

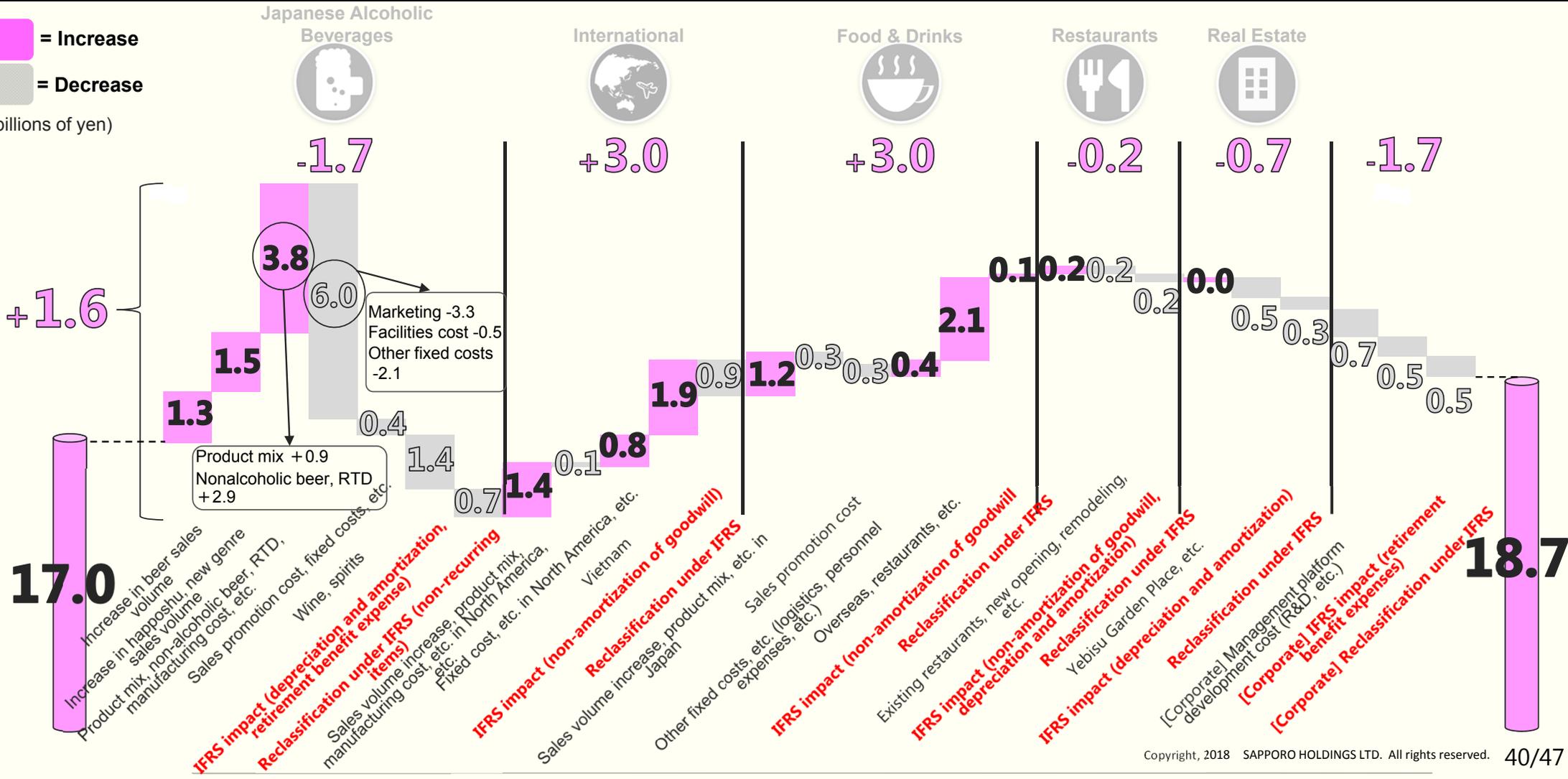
Operating income by Segment After Application of IFRS

2018

(billions of yen)	① 2017 (J GAAP)	② 2018 plan (J GAAP)	Change (②-①)	③ 2018 plan (IFRS)	Change (③-②)	YoY change *Amount, rate (③-①)
Operating income: (Operating profit)	17.0	19.6	2.6	18.7	(0.9)	1.6
Japanese Alcoholic Beverages	12.2	12.5	0.2	10.5	(2.0)	(1.7)
International	(1.6)	0.4	2.0	1.4	1.0	3.0
Food & Soft Drinks	0.5	1.4	0.8	3.6	2.2	3.0
Restaurants	0.3	0.5	0.1	0.1	(0.4)	(0.2)
Real Estate	11.2	11.3	0.0	10.5	(0.8)	(0.7)
Other	0.0	0.0	0.0	0.1	0.0	0.0
Corporate	(5.7)	(6.5)	(0.7)	(7.5)	(1.0)	(1.7)

Impact of Voluntary IFRS Application on Operating Income by Segment 2018

= Increase
 = Decrease
 (billions of yen)





Japanese Alcoholic Beverages

Revenue **272.5** YoY change **-8.8**

IFRS operating profit **10.5** YoY change **-1.7**

2018

*The Japanese standards were used in the previous term

Continuation of strengthening beer business

<Black Label>

- ✓ Creation of brand experience, linking of home-use and commercial-use, consistent brand strategy



<Yebisu>

- ✓ "Celebrate every day" → Promote it as "YEBISU DAY"
- ✓ Creation of koto consumption (consumption based on intangible qualities), response to casual gift
- ✓ Initiatives with external partners *

*Signed a partnership agreement with Nihon Michelin Tire Co., Ltd. on Michelin Guide Tokyo, Kyoto, Osaka 2018

*To cosponsor DINING OUT, a premium outdoor restaurant to be opened just for several days somewhere in Japan.



Happoshu, new genre, non-alcoholic beer

- ✓ Shore up primarily core brands



Japanese Alcoholic Beverages	2017	2018 estimate	YoY change
① Beer total	3,102	3,150	+2%
Sapporo draft beer Black Label total	1,701	1,750	+3%
Yebisu total	961	970	+1%
② Happoshu total	335	200	-40%
③ New genre total	1,422	1,600	+13%
Beer, happoshu, new genre total (①+②+③)	4,859	4,950	+2%
Beer taste non-alcoholic beer	70	150	+113%



Japanese Alcoholic Beverages

2018

Growth in wine, spirits → profitability up

<Wine> To become the second pillar following beer

- ✓ Strengthen the Grande Polaire brand
- ✓ Establish the imported fine wine brand
- ✓ Strengthen sales of daily wine power brand



<Spirits RTD, Japanese liquors, Western spirits> Boost brand presence

- ✓ RTD: Under the slogan of “giving shape to surprise,” create one-of-a-kind products that are fresh and come with surprise
- ✓ Japanese liquors: As a manufacturer that offers versatile fun, propose diverse Japanese liquors
- ✓ Bacardi: Expand sales by leveraging its brand strength cultivated in the global market



New initiatives for growth

- ✓ Take on diversification of consumption as an opportunity and build a product growth model that is different from existing mass marketing
- ✓ Introduce small lot multi-product production facilities (to start manufacturing in June 2018 in Yaizu, Shizuoka)
- ✓ Respond to needs for products in promising EC market
- ✓ Create new category with Innovative Brewer
- ✓ Create and spread the beer culture through Japan Beer Test
- ✓ Expand export business primarily targeting East Asia



Japanese alcoholic beverages	2017	2018 estimate	YoY change
Wine total	13.6	15.0	+11%
Japanese wine	5.1	5.4	+6%
Imported wine	8.5	9.6	+13%
Spirits total RTD, Western spirits, shochu	31.2	33.4	+7%

(billion yen)

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International

Revenue **81.9** YoY change **14.7**

IFRS operating profit **1.4**

YoY change **3.0**

2018

*The Japanese standards were used in the previous term

Further growth in North American alcoholic beverages, leveraging synergies

<SLEEMAN>

- ✓ Strengthen brand portfolio through brand investment, development of new products
- ✓ Enhance business with partners
- ✓ Improve operation process through streamlining and 5S, reduce costs

<SAPPORO USA>

- ✓ Advance selection and concentration of areas and formats
- ✓ Boost SAPPORO brand value, improve competitiveness in non-Japanese market

<ANCHOR>

- ✓ Sales expansion: Centered in San Francisco and Los Angeles, rebuild sales strategy in California (in cooperation with SAPPORO USA)
- ✓ Cost reduction: Reduce production cost with personnel and technological support from SLEEMAN, personnel synergies with SAPPORO USA
- ✓ Strengthening of management platform: Formulate mission, vision, enhance managerial accounting, reform personnel evaluation system, implement organizational culture reform



Integration of North American soft drinks, performance recovery

<Country Pure Foods & Silver Springs Citrus>

- ✓ Reform into a more muscular management structure by integrating the two companies
- ✓ Promote operation by centralizing procurement functions and plant operation management
- ✓ Achieve growth centered on the expanding Food Service business
- ✓ Streamline management platform by introducing common IT infrastructure and personnel system



Reforms to turn Vietnam profitable

- ✓ SPB brand activities by clarifying positioning
- ✓ Improve profitability by narrowing down target formats, streamline sales activities
- ✓ Rebuild own distribution network
- ✓ Review raw ingredients and materials, unit delivery cost to reduce costs
- ✓ Improve operating rate through production transfer of Silver Cup for North America



Overseas beer	2017	2018 estimate	YoY change
Overseas brands*1	1,300	1,410	108%
Sapporo brand	643	680	106%

(10,000 cases, large bottle count)

*1 Including Sleeman and Anchor

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*The Japanese standards were used in the previous term

Earnings improvement of soft drinks Boost the presence of lemon and soup products

<Domestic soft drinks>

- ✓ Initiative for improving profitability (business management with focus on profitability, SKU reduction, etc.)
- ✓ Establish presence in sozai-kei (ingredients) soft drink market
- ✓ Review operation, explore and protect good locations to improve profit from vending machine



<Lemon-based products>

- ✓ Strengthen Kireto Lemon brand
- ✓ Expand lemon juice market, establish and expand peripheral lemon-based food products
- ✓ Stabilize procurement for B-to-B expansion, acquire stable customers



<Soups>

- ✓ Further grow the Jikkuri Kotokoto brand
- ✓ Grow core products of cup-based soups, expand into peripheral fields
- ✓ Develop, nurture products with health value



Flexible strategy implementation for overseas soft drinks



- ✓ Maintain the position of top brand in non-carbonated drink market in Singapore
- ✓ Establish, enhance the market position in Malaysia, Indonesia
- ✓ Build development structure to create in a timely manner products suitable for respective markets (taste, cost, taxation system, etc.)

Growth in soy beans, chilled products



- ✓ Implement various measures to expand the presence of soymilk yogurt
- ✓ Signed licensing agreement with Blue Diamond Growers To start manufacturing and sale of almond drink Almond Breeze in Japan from March 2018

Stable growth of Café de Crié

- ✓ Strengthen Crié brand
- ✓ Create stable revenue through vitalization of existing outlets and deployment of new formats



Soft drinks (POKKA SAPPORO Food & Beverages Ltd.)	2017	2018 estimate	YoY change
Soft drinks*1	4,551	4,700	+3%

(10,000 cases)

*1 Japanese sales alone. (excluding soymilk)



Restaurants

Revenue **28.8** YoY change **-0.3**

IFRS operating profit **0.1** YoY change **-0.2**

2018

*The Japanese standards were used in the previous term

Value promotion of beer halls, contribution to Group brand

< Comparable-store sales increase >

- ✓ Improve spending per customer by introducing high value added menu items, etc.
- ✓ Measures to increase repeat customers leveraging point card, app, etc.
- ✓ Improve sales quality (draft beer, dishes, service, restaurant environment, etc.)

< New openings >

- ✓ With the Ginza Lion and Yebisu Bar formats as the pivot, open restaurants in Tokyo Metropolitan area and major regional cities

< Remodeling of restaurants, switch to other formats >

- ✓ Pursue remodeling and switch to other formats to improve profitability of existing restaurants and respond to ageing facilities

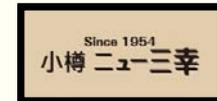
< Cost control, human resource utilization, nurturing >

- ✓ Maintain, lower COGS ratio, strengthen loss management
- ✓ Verify introduction of labor-saving equipment for restaurants
- ✓ Implement various measures to improve hiring of human resources and stability of work force
- ✓ Human resource development (formulate and manage skill map, enhance training)
- ✓ Improve occupational health and ES (enhance welfare)



Growth of New Sanko, Marushinkawamura

- ✓ Take on the challenge of new openings, new formats
- ✓ Hire, nurture human resources in cooperation with Lion
- ✓ Maintain, lower COGS ratio, strengthen loss management
- ✓ Integrate head office management functions



Improve overseas profitability (Singapore)

- ✓ Improve recognition, expand beer hall format
- ✓ Improve spending per customer using value-added ingredients
- ✓ Enhance product lineup in the cake business, reduce COGS through review of ingredients



Real Estate

Revenue **24.9** YoY change **0.7**

IFRS operating profit **10.5** YoY change **-0.7**

2018

*The Japanese standards were used in the previous term

Continued growth of value, profitability of existing projects

<Yebisu Garden Place>

- ✓ Implement measures to maintain high occupancy rate taking into account the macro environment
- ✓ Flexibly revise office rents upwards reflecting the market, improve rent revenue by replacing tenants
- ✓ Implement continuous measures to enhance value
- ✓ Strengthen competitiveness and brand strengths by forming attractive businesses

YEBISU GARDEN PLACE



<Ginza Place>

- ✓ Improve accessibility within the building, maximize the potential of location by enhancing signage and holding building-wide events, and establish it as Ginza's new land mark

GINZA PLACE



<Sapporo Factory >

- ✓ Promote branding, remodeling plan taking into account changes in environment of Sapporo, implement measures to improve profitability

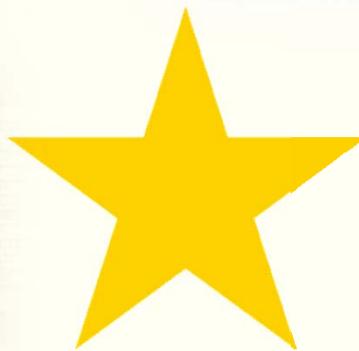
SAPPORO Factory



Promote urban renewal, new business development Development of management platform, etc.

- ✓ Promote Yebisu Urban Renewal to improve value of Yebisu
- ✓ Give shape to and promote urban renewal measures in the east side of the Sosei River area in collaboration with administration, council, etc.
- ✓ Shuffle property portfolio
- ✓ Aim for creation of new business domain, work on information gathering, concrete measures

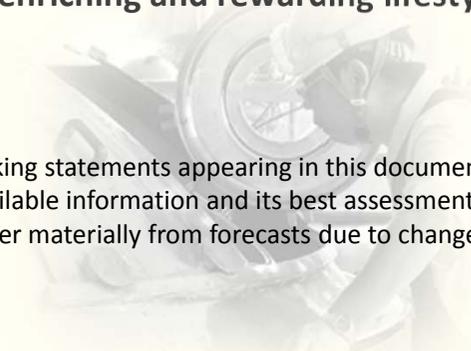
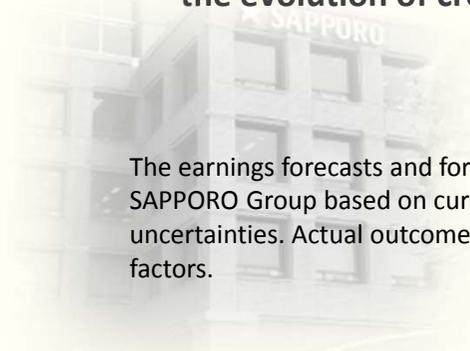




SAPPORO

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.



Appendix: Reference Materials (FY2017)

Major sales & sales volume



Alcoholic Beverage (Japan)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Sapporo Draft Beer Black Label (total)	1,663	1,701	102%	1,750	103%
YEBISU (total)	972	961	99%	970	101%
1 Beer (total)	3,048	3,102	102%	3,150	102%
2 Happoshu (total)	411	335	81%	200	60%
3 New genre beer products (total)	1,495	1,422	95%	1,600	113%
Beer, happoshu, and new genre (total 1+2+3)	4,955	4,859	98%	4,950	102%
Non-alcoholic beer taste beverage	83	70	85%	150	213%

(billions of yen)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Domestic wines	5.0	5.1	101%	5.4	106%
Imported wines	8.5	8.5	100%	9.6	113%
Wine (total)	13.5	13.6	101%	15.0	111%
RTD, Spirits and Shochu (total)	27.8	31.2	112%	33.4	107%

Beer (International)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	1,291	1,300	101%	1,410	108%
Sapporo brand	580	643	111%	680	106%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Fiscal 2016	Fiscal 2017	YoY	Full-year estimate for fiscal 2018	YoY
Soft Drinks (*1)	4,688	4,551	97%	4,700	103%

*1 : Excludes sales other than Japan and soy milk drinks sales in Japan

Sales (including liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Beer	167.2	170.9	3.7	2.2%
Happoshu	15.7	12.8	(2.9)	(18.6)%
New genre	49.3	46.7	(2.6)	(5.4)%
Total	232.4	230.5	(1.8)	(0.8)%

Sales (excluding liquor tax)

(billions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017	Change	Change (%)
Beer	82.3	84.6	2.2	2.7%
Happoshu	8.7	7.1	(1.6)	(18.6)%
New genre	34.2	32.3	(1.9)	(5.6)%
Total	125.3	124.0	(1.3)	(1.1)%

Appendix Japanese Alcoholic Beverages



【Beer】 (sales volume)

Jan-Dec **up 2%** y-o-y (total demand down 3%)

- ✓ **Black Label Brand total up 2%** y-o-y
(Sales of the canned version : **up 13%** y-o-y)
- ✓ **Yebisu Brand total down 1%** y-o-y

【Happoshu+new genre】 (sales volume)

- ✓ **Jan- Dec down 8%**
(total demand down 2%)
- ✓ **Mugi to Hop Brand total down 6%** y-o-y
- ✓ **Goku Zero Brand total down 25%** y-o-y

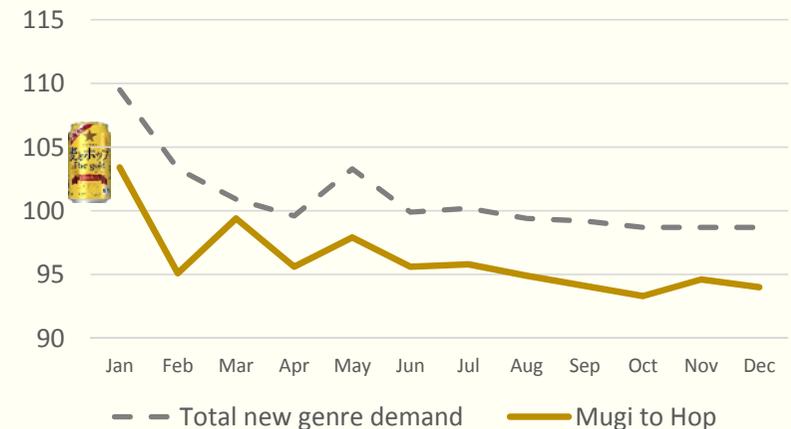
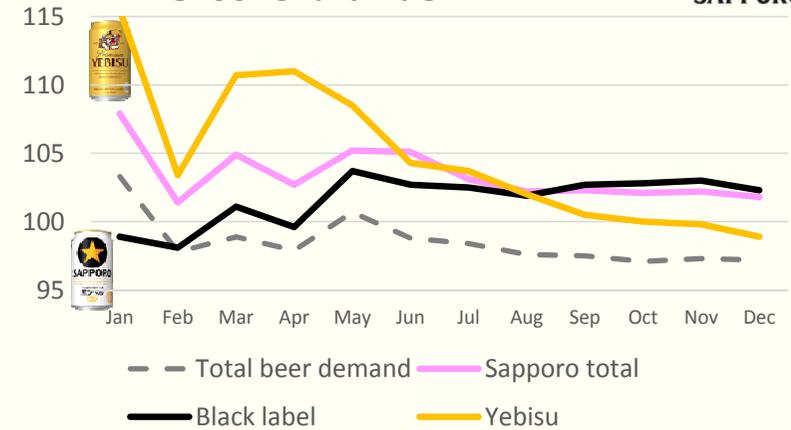
【Wine , Spirits and other】 (sales value)

- ✓ **Wine : up 1%** y-o-y
- ✓ **RTD : up 37%** y-o-y
- ✓ **Spirits : up 13%** y-o-y
- ✓ **Japanese liquor : up 4%** y-o-y

Appendix
Japanese Alcoholic
Beverages



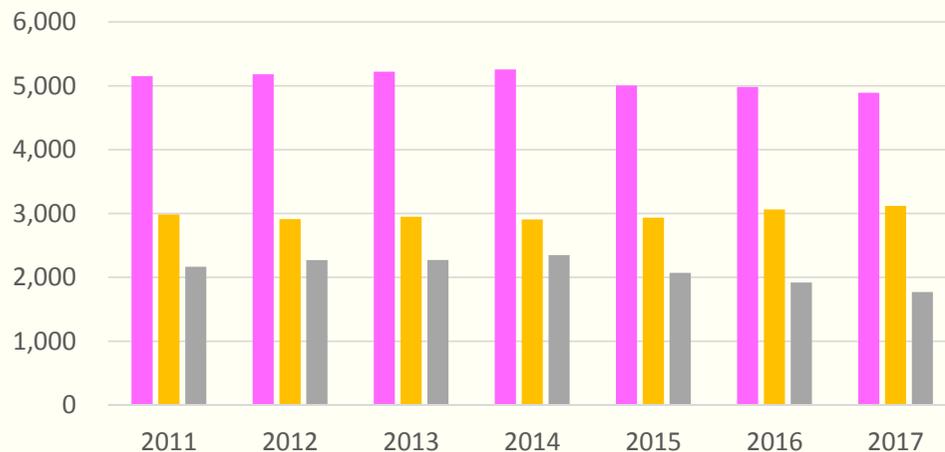
<Y-o-y change in sales volume of 3 core brands>



< Beer, Happoshu and New genre beer Jan- Dec Sales volume change > *Shipment base

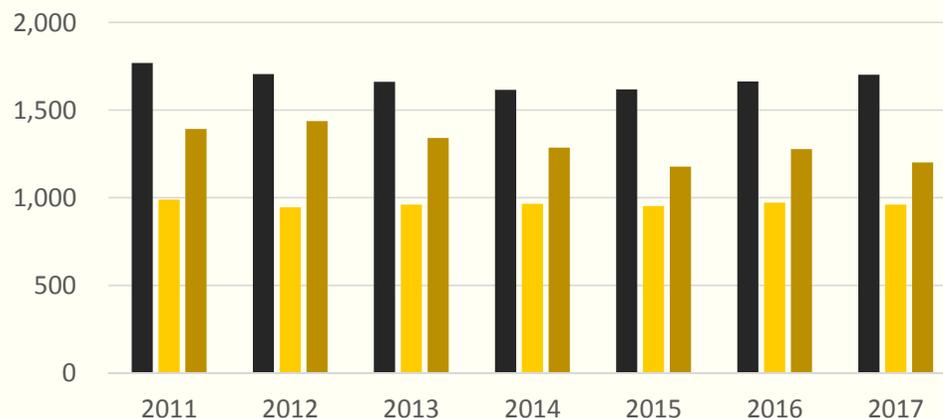


(10,000 cases)



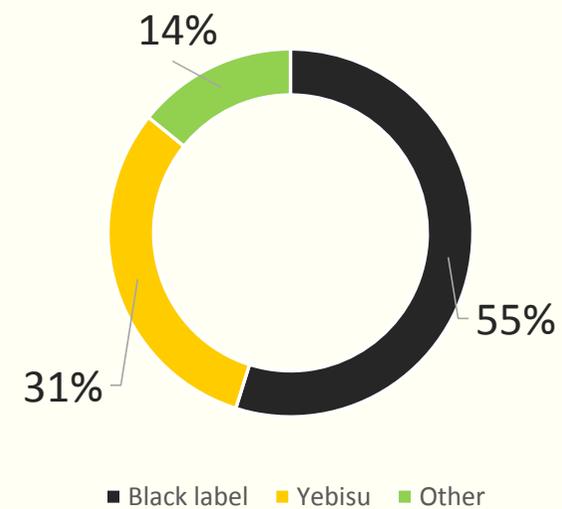
■ Total (Beer, Happoshu and New genre) ■ Beer ■ Happoshu and New genre

< 3 core brand Jan- Dec Sales volume change > *Sales base



■ Black label brand total ■ Yebisu brand total ■ Mugi to Hop brand total

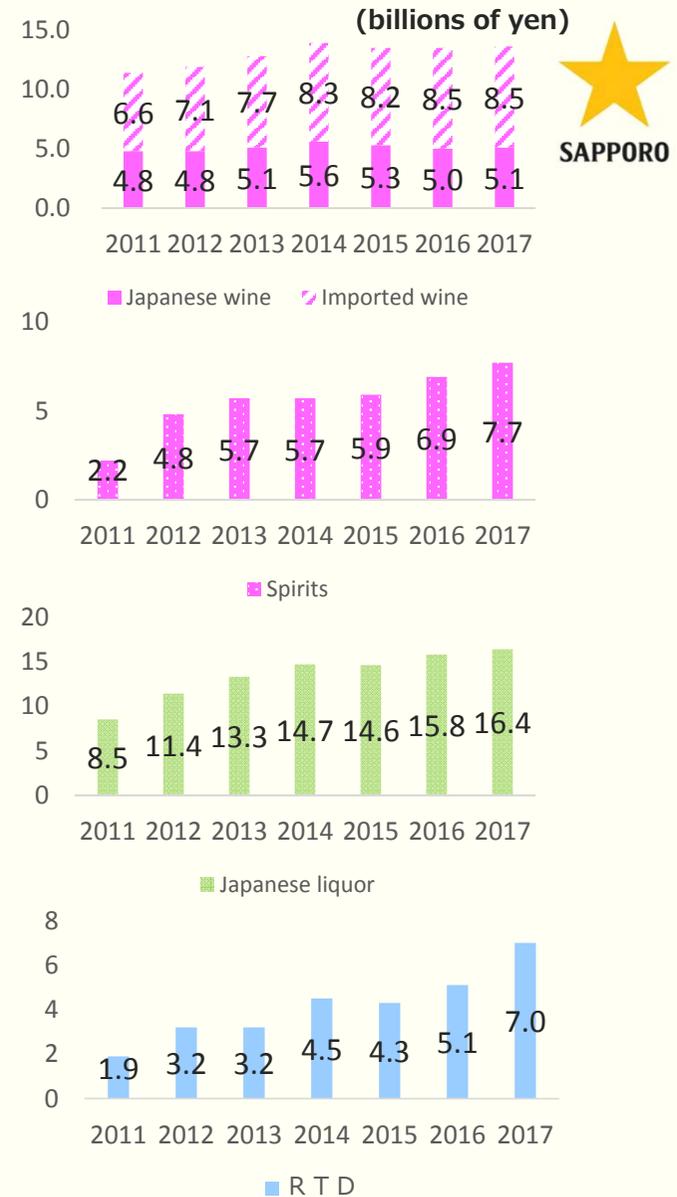
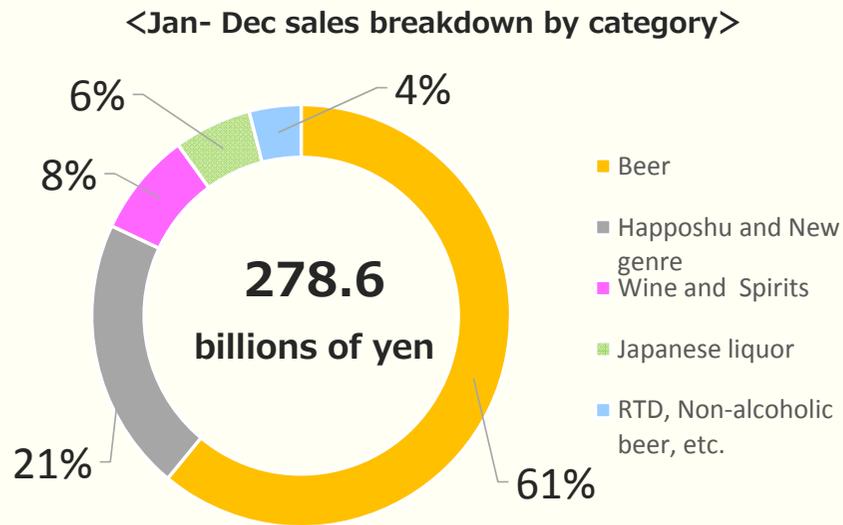
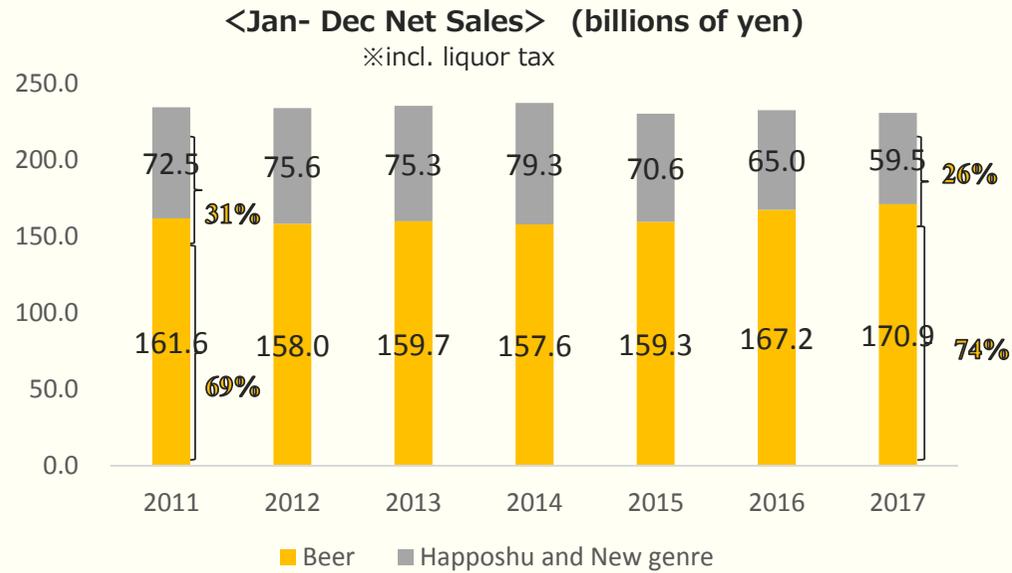
< Beer lineup (Jan - Dec breakdown) >



Appendix
Japanese Alcoholic
Beverages



Appendix Japanese Alcoholic Beverages



Appendix Japanese Alcoholic Beverages



<2017 Major new products> Beer, Happoshu, New genre beer and RTD *incl. improved products



<2017 Major new products> Wine, Spirits and Japanese liquor
 *incl. improved products



Appendix
 Japanese Alcoholic
 Beverages



Sales of Sapporo Draft Beer Black Label grew for the 3rd consecutive year!

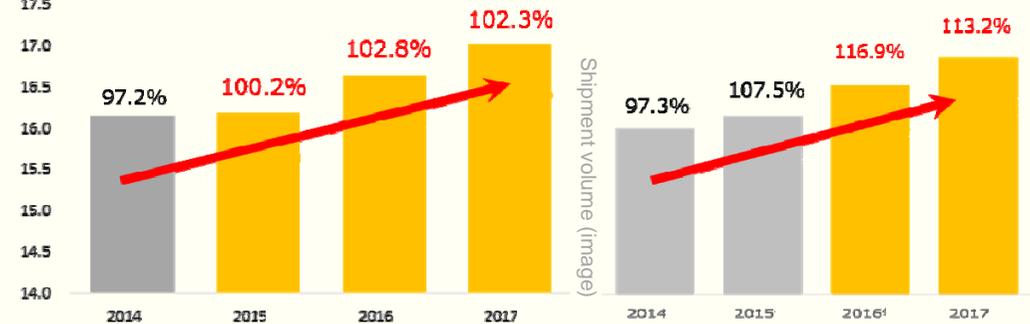


<Strong trend led by cans>

Million cases

YoY changes in Black Label brand total (cans, bottles, kegs) since 2014

YoY changes in Black Label brand cans in shipment volume

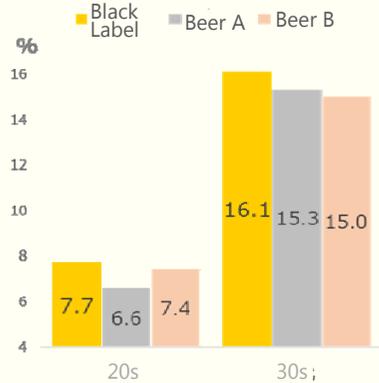


Appendix Japanese Alcoholic Beverages



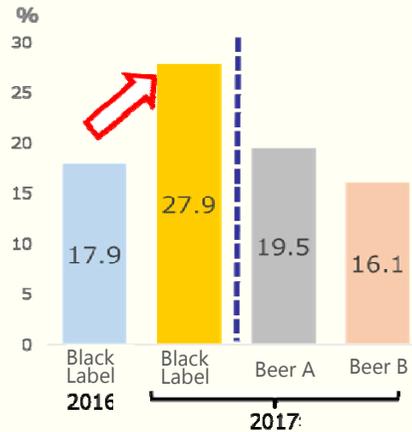
Comparison by user age group

Source: SCI-M composition ratio by age group



Good brand symbol, logo

Source: Sapporo study Target: all age groups



<Supported by young generation; high marks for the key visual>



Appendix Japanese Alcoholic Beverages

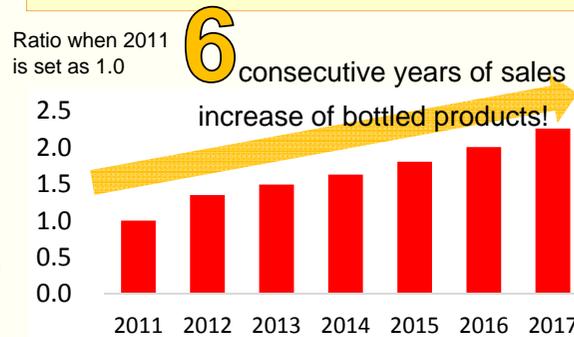


Each brand saw sales increase thanks to strengthening of beer



Sapporo Lager Beer

- The oldest existing beer brand in Japan
- Nickname of Red Star
- Website Akaboshi★Tanteidan
Retro-inspired store sales promotion tools



Sapporo Classic (Hokkaido)

17 consecutive years of sales increase!

Edelpils



15 consecutive years of sales increase!

Premium White Shirohonoka



Since launch, **10** consecutive years of sales increase!

Fumisokainishite (Niigata)



3 consecutive years of sales increase!

Shizuoka Bakushu (Shizuoka)



Since launch, **4** consecutive years of sales increase!

Appendix International



【SLEEMAN】

- ✓ Jan-Dec down **1%** y-o-y *sales volume (total demand estimate down 2%)

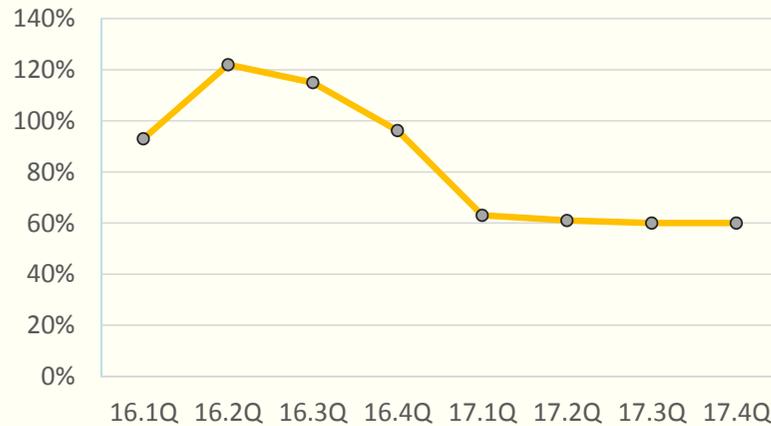
【Sapporo U.S.A.】

- ✓ Jan- Dec **up 6%** y-o-y *sales volume (total demand estimate down 2%)

【Vietnam】

- ✓ Jan- Dec down **40%** y-o-y *sales volume

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



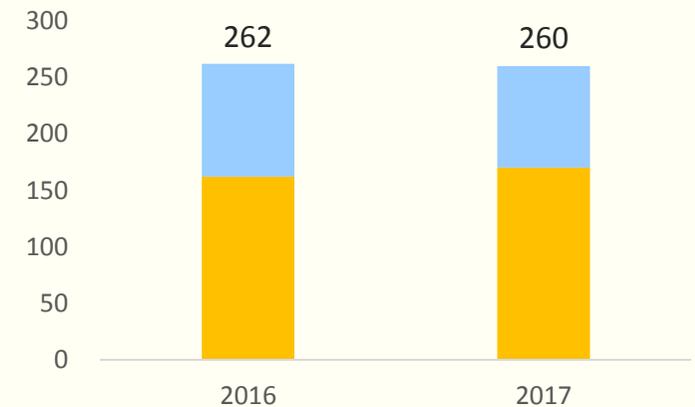
【U.S. soft drinks business】



- ✓ Jan- Dec down **1%** y-o-y *sales revenue

<U.S. soft drinks business Net Sales in Local Currency (Jan-Dec)>

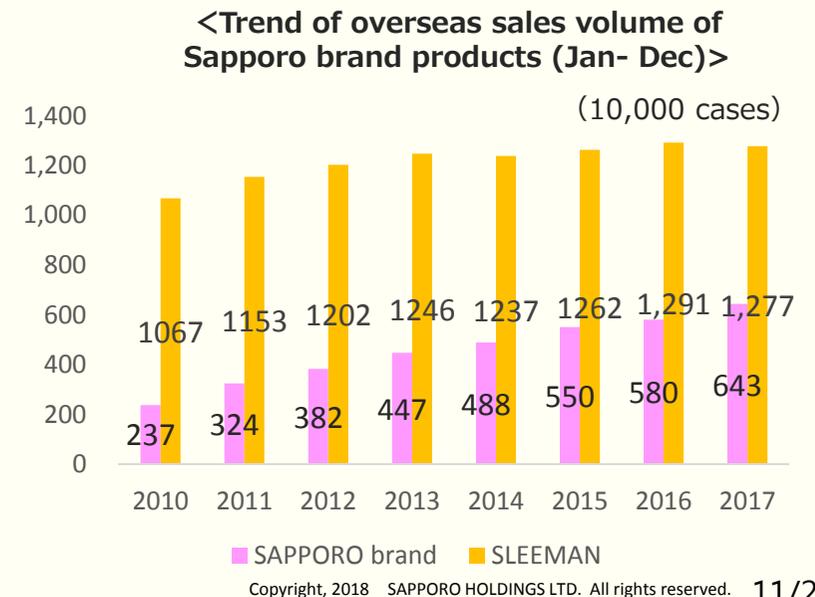
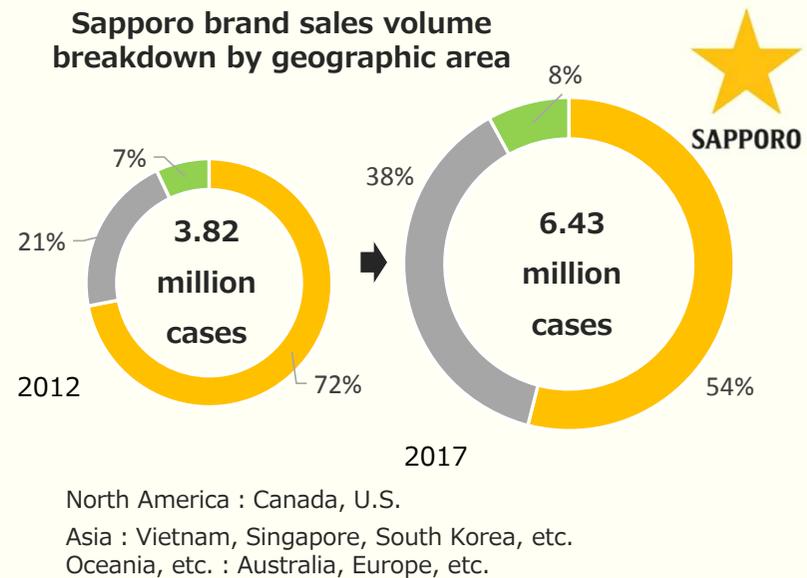
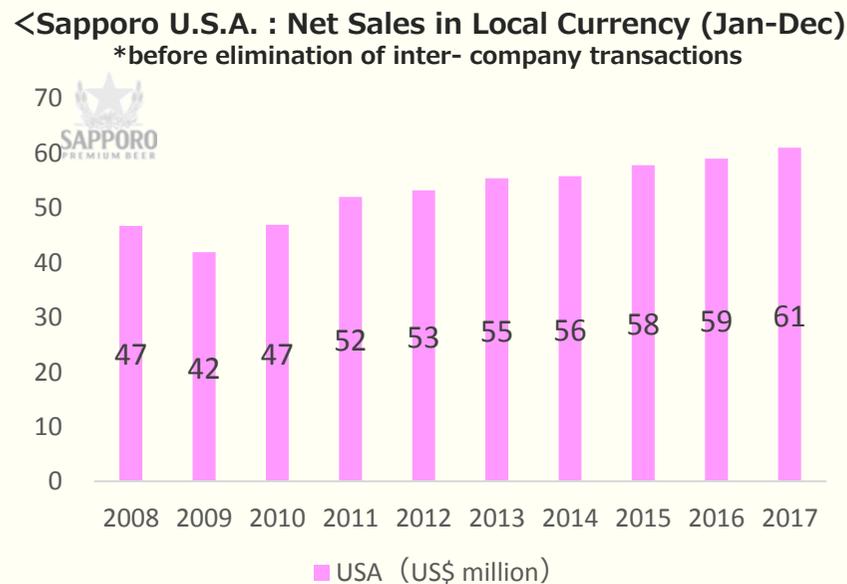
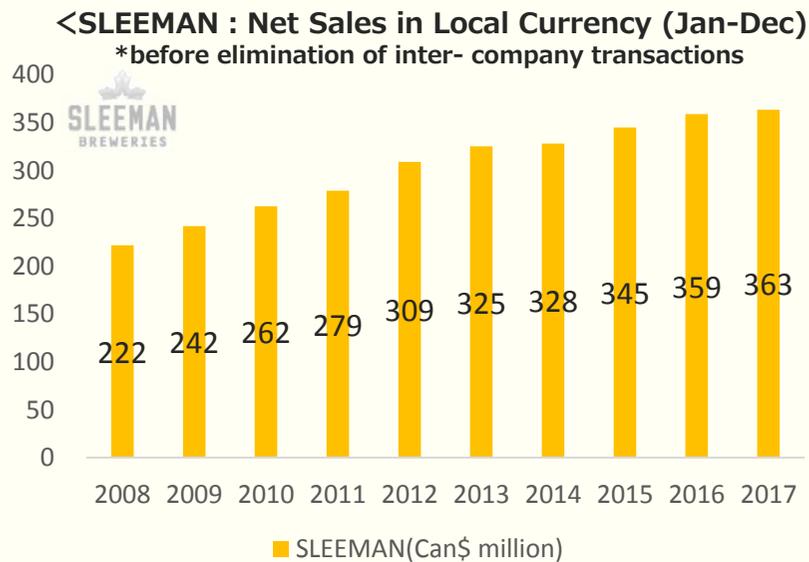
* before elimination of inter- company transactions



■ Silver Springs Citrus (US\$ million)
 ■ Country Pure Foods (US\$ million)



Appendix International



Anchor Public Taps, tap room directly operated by Anchor, opened

- ✓ In October, Anchor Public Taps, tap room directly operated by Anchor, opened in the plot adjacent to the head office plant on Mariposa St., San Francisco
- ✓ A tap room is a pub restaurant operated directly by a beer manufacturer and is a trend in the current U.S. craft beer industry.
- ✓ In addition to its head office plant, Anchor plans to brew limited beer products in the tap room and offer them to customers

Appendix International



[Overview]

- Aim: Expand contact of Anchor and its products with customers and improve brand image
- Seats: 150 (125 indoor, 25 outdoor) + and planning to add 125 seat beer garden
- Beer available: about 10 types of draft beer in kegs at all time

【Lemon-based drinks】

✓ Jan-Dec **up 17%** y-o-y



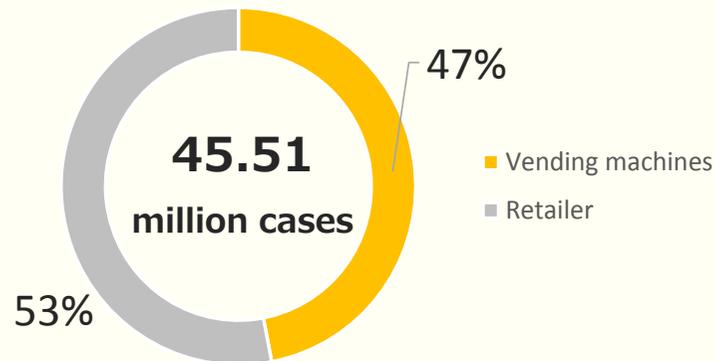
【Unsweetened tea drinks】

✓ Jan- Dec **up 10%** y-o-y

【Coffee drinks】

✓ Jan- Dec down **12%** y-o-y

<Japanese soft drinks
POKKA SAPPORO Food & Beverage
Sales composition by sales channel
(Jan- Dec)>



※Vending machines (end of Dec.)
own brand machines : about 85,000
+ Multi-brand machines

【Lemon-based food products】

✓ Jan- Dec **up 9%** y-o-y



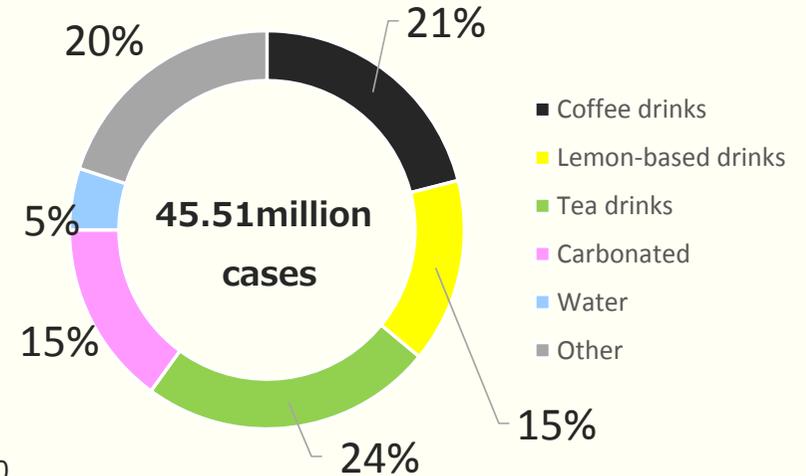
【Soups】

✓ Jan- Dec **up 5%** y-o-y

【Soy milk, chilled products】

✓ Jan -Dec Net Sales approx. **¥2.1 billion**

<Japanese soft drinks
Sales composition by genre
(Jan- Dec)>

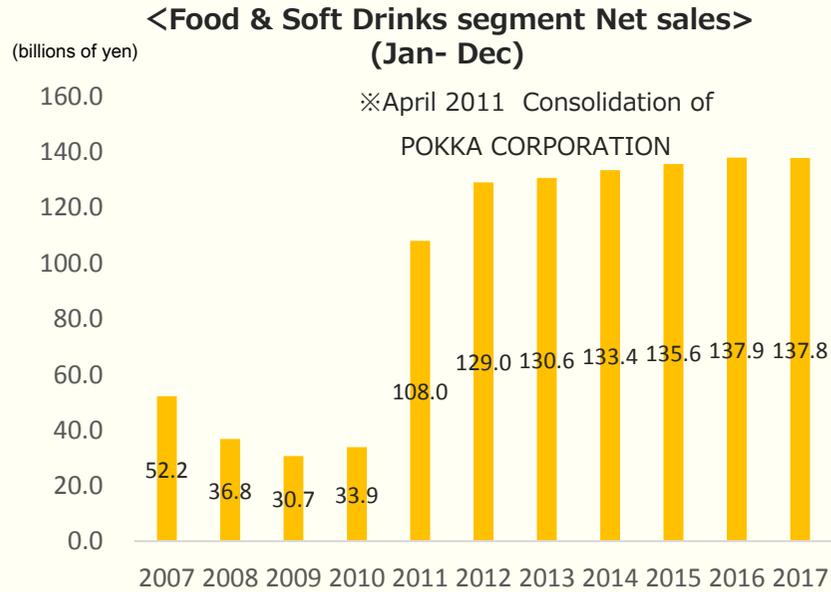


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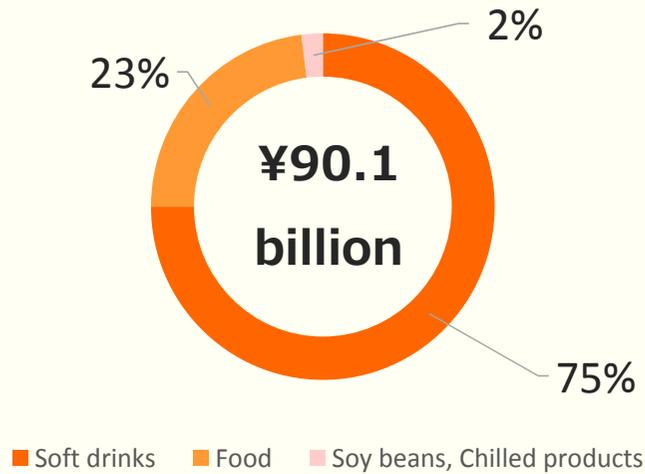
Appendix Food & Soft Drinks



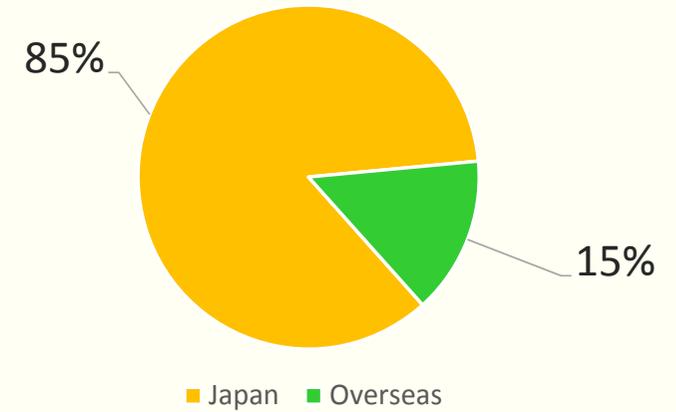
Appendix Food & Soft Drinks



<Japanese soft drinks POKKA SAPPORO Food & Beverage Sales composition (Jan- Dec)>



<Food & Soft Drinks segment Net sales break down by geographic area>

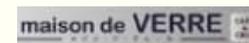


<Overseas soft drinks POKKA Corporation (Singapore) Sales composition (Jan- Dec)>

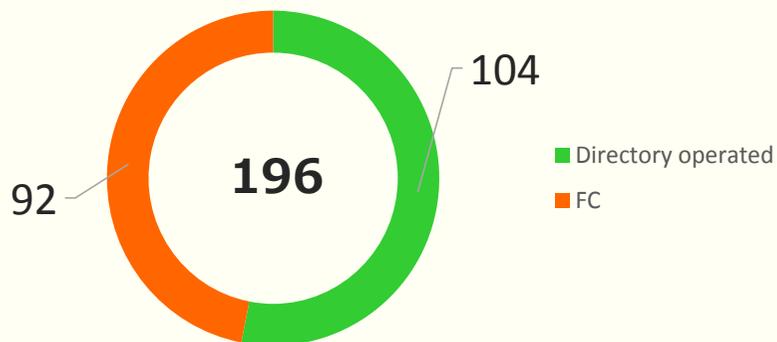
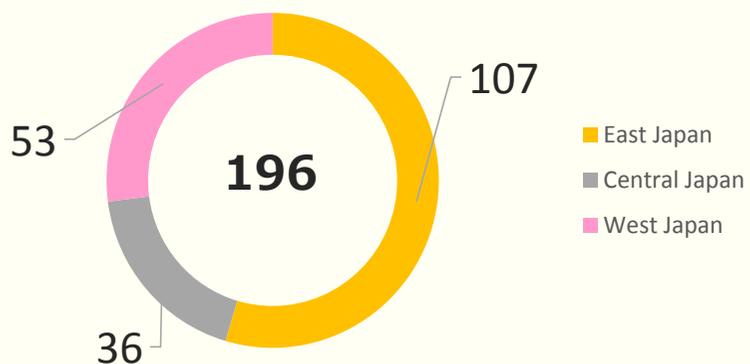


【Pokka Create CO., Ltd.】

✓ Jan- Dec Net sales **¥8.6** billion
up 4% y-o-y



<Number of outlets as of December 31, 2017 : 196>



<New & refurbish outlets >

 2017.12.14 CAFÉ de CRIÉ サクラス戸塚 グランドオープン	 2017.11.30 メゾン・ド・ヴェール 神戸御影 グランドオープン	 2017.11.15 メゾン・ド・ヴェール 丸栄 グランドオープン
 2017.11.2 CAFÉ de CRIÉ イオンタウン千種 リニューアルオープン	 2017.10.30 CAFÉ de CRIÉ 新検見川駅 グランドオープン	 2017.9.15 メゾン・ド・ヴェール ミウイ橋本 グランドオープン

おトクで便利なリチャージプリペイドカード
カフェ・クリエカード
 さらに便利で使いやすい
 チャージ＆決済OK!
 5%OFF

Appendix Food & Soft Drinks



<2017 Major new products>

*incl. improved products



おいしい「レ」がある
pokka Sapporo



Appendix
Food & Soft Drinks



<2017 Major new products>

*incl. improved products



Appendix
Food & Soft Drinks



Unsweetened tea series with ingredients grown in Japan won the Food Action Nippon MIP Award



- ✓ Currently, we use the Food Action Nippon logo with messages such as “This product uses ingredients grown in Japan by Kaga bou Hojicha (name of the respective product)” on the back side of the package for 16 products*. The company’s stance to use ingredients grown in Japan and its contribution to raising the recognition of the logo was instrumental in it winning the Food Action Nippon MIP Award.
- ✓ It was the third consecutive year of winning Food Action Nippon award: in 2015, Nippon Oolong 500ml PET won the Excellent Product award in the food industry products category of Food Action Nippon Award 2015, and in 2016 Kaga bou Hojicha 500ml PET was one of 100 products that won the Food Action Nippon Award 2016.

*As of October 2017



Food Action Nippon is an initiative promoted jointly by private companies, organizations and administration to expand consumption of agricultural, forestry and fishery products grown in Japan so as to bequeath the country’s food culture to future generations as well as to create it.

https://www.pokkasapporo-fb.jp/company/news/release/171031_01.html

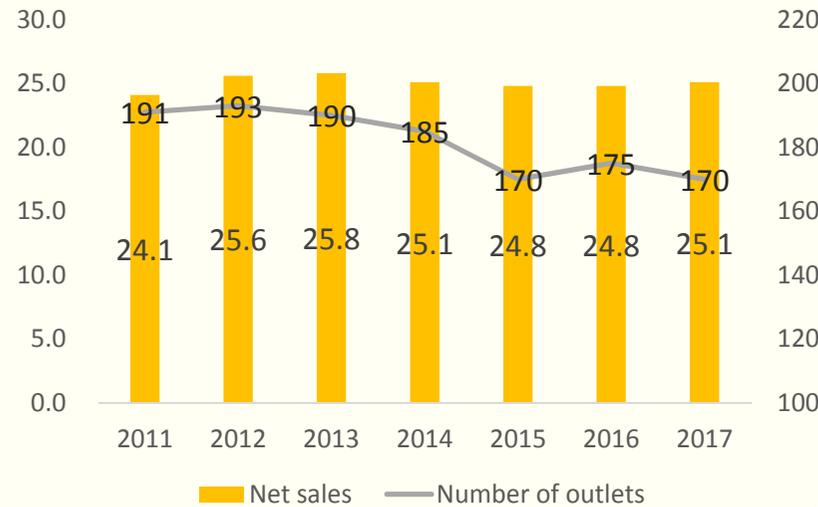
Appendix Food & Soft Drinks



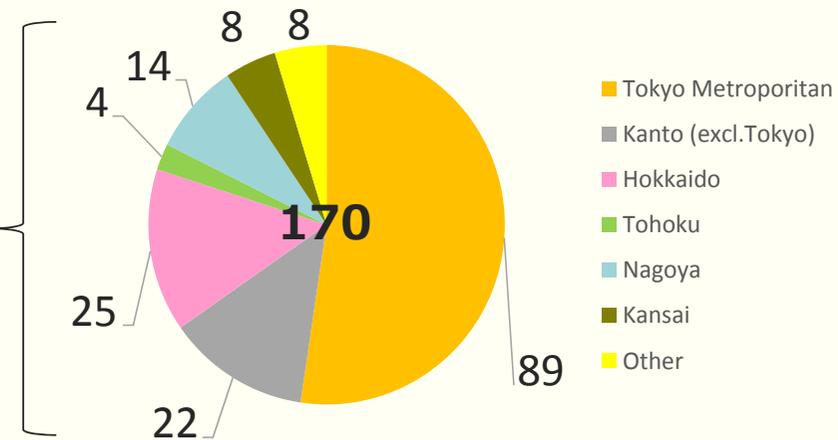
Appendix Restaurants



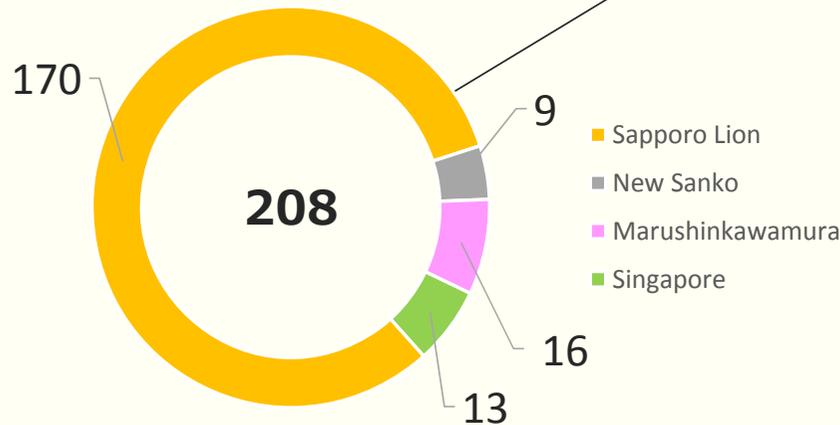
(billions of yen)
Trends of net sales and number of Sapporo Lion Outlets



**<Sapporo Lion outlets >
As of Dec 31, 2017**



<Restaurants segment total number of outlets >



<Brands >



Appendix Real Estate

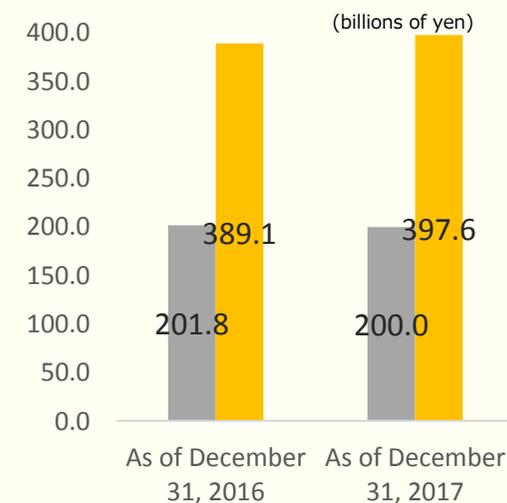


<Major rental properties & occupancy rates : (Averages for 2017)>

	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	98	40 floors above ground, 5 below
Ebisu First Square	2,596	16,012	100	12 floors above ground, 1 below
Ebisu Square	1,561	8,644	100	7 floors above ground, 1 below
Ginza Place	645	7,350	99	11 floors above ground, 2 below
Strata Ginza ⁽²⁾	1,117	11,411	100	13 floors above ground, 1 below

*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 ■ Fair value

	(billions of yen)		
<Operating income>	2016	2017	Change
Yebisu Garden Place, etc.	7.9	8.0	0.0
Hokkaido	1.1	1.2	0.1
Other area & other operations	2.0	3.0	1.0
General corporate	(0.7)	(1.0)	(0.2)
Total	10.3	11.2	0.9

<EBITDA>

	(billions of yen)		
	2016	2017	Change
Yebisu Garden Place, etc.	10.8	10.9	0.1
Hokkaido	1.6	1.7	0.1
Other area & other operations	2.7	4.0	1.2
General corporate	(0.7)	(1.0)	(0.2)
Total	14.4	15.6	1.2

EBITDA= Operating income + depreciation and amortization)

Various Initiatives by the Sapporo Group (2017)



Appendix

<Alliances>

- ✓ Comprehensive partnership agreement signed between Kokugakuin University and Sapporo Holdings
 -To implement collaborative projects including community-linked cooperation starting at Shibuya, next-generation human resources development and new value creation (Photo 1)
http://www.sapporoholdings.jp/news_release/0000020375/pdf/20170616shkokugakuin.pdf
- ✓ Nagoya City Bureau of Tourism, Culture & Exchange, Sapporo Breweries Ltd. and Sapporo Holdings Limited sign a partnership agreement for promoting Reims, France (Photo 2)
http://www.sapporoholdings.jp/news_release/0000020381/pdf/20170704nagoya.pdf
- ✓ Aeon Global SCM and Sapporo Group start joint operation utilizing RORO (roll-on/roll-off) ship (cargo ship) (Photos 3)
http://www.sapporoholdings.jp/news_release/0000020389/pdf/20170721AEONSAPPOROHP.pdf
- ✓ Tokyo University of Agriculture and Sapporo Holdings Limited sign a comprehensive partnership agreement (Photo 4)
http://www.sapporoholdings.jp/news_release/0000020393/pdf/20170803toukyounoudai.pdf

Photo 1



Photo 2



<Support, donations, etc. (excerpt) >

- ✓ Donated funds to support victims of a large-scale fire in Itoigawa, Niigata Prefecture
http://www.sapporoholdings.jp/news_release/0000020346/index.html
- ✓ Supported the Mashikimachi Next Generation Nurturing Project in Kumamoto Prefecture
 -Held various events at Mashiki Cultural Center-
http://www.sapporoholdings.jp/news_release/0000020360/index.html

Photos 3



Photo 4



Various Initiatives by the Sapporo Group (2017)



Appendix

<Aid/Contributions, etc. (excerpts)>

- ✓ Donated the “Bell of Hope” the symbol of recovery in front of Onagawa Station
-Using a portion of the draft beer sales at Yebisu Beer Festival-
http://www.sapporoholdings.jp/news_release/0000020363/index.html
- ✓ Donated digital signage system to Minamisanriku Shokokai
-Using a portion of the draft beer sales at Yebisu Beer Festival -
http://www.sapporoholdings.jp/news_release/0000020364/index.html
- ✓ Donated Earthquake Disaster Reference Library facility to Shitsukawa High School, Miyagi Prefecture
- Using a portion of the draft beer sales at Yebisu Beer Festival -
http://www.sapporoholdings.jp/news_release/0000020372/index.html
- ✓ Contributed to construction fund for Yebisu statue, symbol for good catch at Kesennuma City
- Contributed a portion of sales at Yebisu Beer Festival for Great East Japan Reconstruction Aid-
http://www.sapporoholdings.jp/news_release/0000020404/index.html
- ✓ Donated funds and supplies to victims of heavy rains in Kyushu
http://www.sapporoholdings.jp/news_release/0000020383/index.html
http://www.sapporoholdings.jp/news_release/0000020386/index.html
- ✓ Cooperation in selling produce from Oita
-Support for earthquake-affected regions of Kumamoto-
http://www.sapporoholdings.jp/news_release/0000020390/index.html
- ✓ Spending part of sales at Yebisu Beer Festival for kids’ baseball teams in Kesennuma City
http://www.sapporoholdings.jp/news_release/0000020402/index.html
- ✓ Contribution to Shibuya ward’s next generation nurturing
http://www.sapporoholdings.jp/news_release/0000020416/index.html
- ✓ Contribution to Meguro ward’s sports promotion
http://www.sapporoholdings.jp/news_release/0000020406/index.html
- ✓ Support to “How to speak beautiful Japanese” class at Mashikimachi, Kumamoto Prefecture
http://www.sapporoholdings.jp/news_release/0000020407/index.html
- ✓ Donated ¥2 million as operating funds of collabo school (Mashiki Musojuku)
-On November 13, the presentation ceremony at Mashiki Kiyama Junior High School-
http://www.sapporoholdings.jp/news_release/0000020408/index.html
- ✓ Supported 2017 Sendai Pageant of Starlight, Sendai’s winter tradition
-Donated about 40,000 LED bulbs-
http://www.sapporoholdings.jp/news_release/0000020413/index.html
- ✓ Donated ¥5 million as operating funds of collabo schools (after-class school) in Miyagi and Iwate Prefectures
http://www.sapporoholdings.jp/news_release/0000020414/index.html