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2016
Sapporo Group Business Results Presentation
for the Six Months Ended June 30, 2016

August 4, 2016

Sapporo Holdings Ltd.

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

1. Overview of First-Half 2016 Results

2. Towards Third- and Fourth-Quarters 2016

3. Vision of Medium-term Portfolio

Appendix: Collection of Data by Business



1. First-Half 2016 Topics



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First-Half 2016 Results Overview

Earnings: operating income improves ¥4.3 billion y-o-y

(billions of yen)	2015 2Q	2016 2Q	change
Net sales	245.8	248.9	3.0
Operating income	(1.2)	3.0	4.3
Net income	1.1	0.4	(0.6)

- Operating income improved across all segments, returning to profit for the first time in 2 years
- In addition to the increased topline, we are working on initiatives to improve management efficiency
- Posted net income, which fell y-o-y due to an extraordinary income from the sale of Shibuya Sakuragaoka Square a year ago

Steady start to the year for carrying out our word

- Putting into practice the business policy of the “first year of a new period of growth in the beer business,” Black Label and Yebisu led the sales volume of the beer category increased significantly
- Improved management efficiency at International and Food & Soft Drinks through reduction of production cost and review of business transactions
- Yebisu Garden Place has been maintaining high occupancy rate since the beginning of the year and rent levels also have improved

Response to the risk of failing to achieve the plan

- Continue with control of costs such as sales promotion proportionate to sales in each business
- While the International business faces the risk of sales and profit decline due to foreign exchange fluctuations (appreciation of the yen), it is within a range that can be offset by other businesses

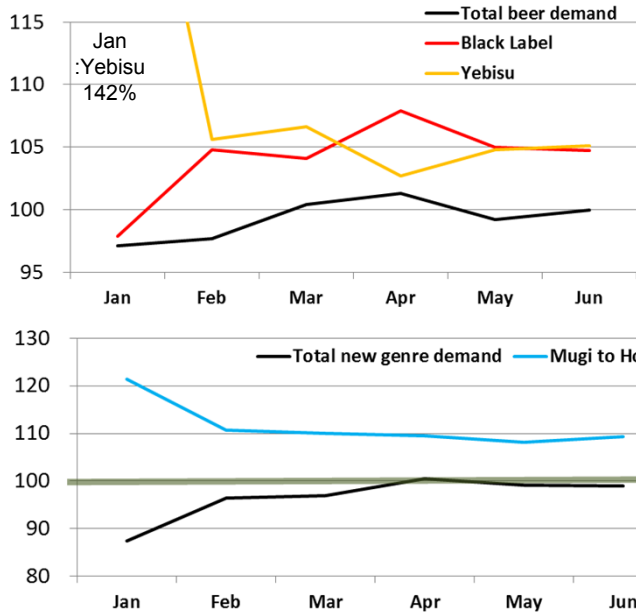


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First-Half 2016 Topics (1): Japanese Alcoholic Beverages

Japanese beer business

%Y-o-y change in sales volumes of 3 core brands



▶ **Sales concentrated on core brands; sales volume of beer and beer-type beverages up 1% y-o-y**

<Beer> up 6% y-o-y (total demand unchanged y-o-y)

▶ **Black Label Brand total 5% y-o-y**

Canned products have been leading sales in a significant way since 2015

Sales of **Extra Brew**, introduced in April in a limited volume, exceeded the plan significantly

▶ **Yebisu Brand total 5% y-o-y**

Improved quality in March

Sales of the Yebisu's highest **Yebisu Meister** launched in May have been strong

▶ **Beer breakdown (volume) 2Q 2015: 56% → 2Q 2016: 59%**

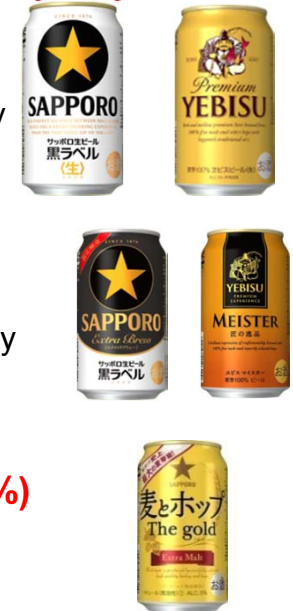
<Happoshu + new genre> Jan-Jun down 4% y-o-y (total demand: down 3%)

▶ **Mugi to Hop The gold Brand total up 9% y-o-y**

Relaunched in February, have been selling well

▶ **Goku Zero down 12% y-o-y**

To relaunch in September to shore up the sales in Autumn



Promoting diversification of product offerings

▶ **Proactive initiatives in growing markets**

- Proposing international brands in the **fine wine*1** market
- **In the RTD market**, we expanded high value-added collaboration products unique to Sapporo and Jan-Jun sales volume rose 25% *1 Medium to premium wines costing 1,500 yen or more

▶ **Steadily increasing sales of hot-sellers in the spirits and Japanese liquor markets.**

Penfolds



Taittinger



From left, Otoko Ume Sour, Kireto Lemon Sour, Nectar Sour



Dewar's



Kokuimo Aka





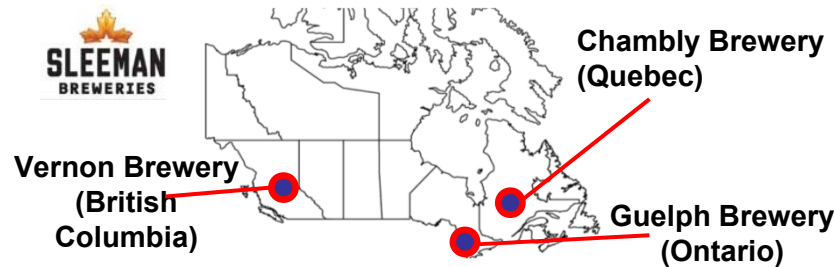
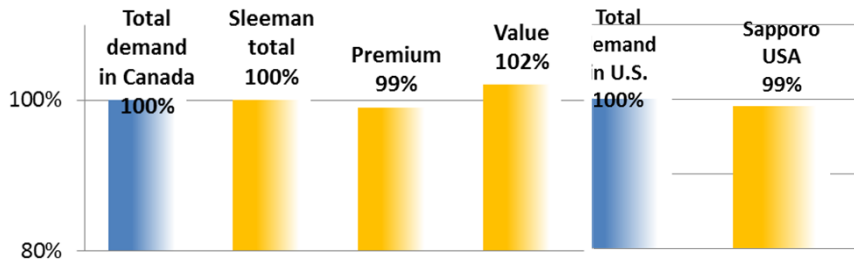
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First-Half 2016 Topics (2): International

➤ North American beer business performed well, Vietnamese business started recovering in 2Q

North American beer business

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



➤ SLEEMAN

Mainly in the west coast, sales value products rose against the backdrop of the slowing Canadian economy due to the weaker crude oil price

Premium products are leading sales in Ontario

➤ Sapporo USA

Temporarily down y-o-y partly due to the previous year's inventory adjustment at wholesales. The market seeing some recovery.

U.S. soft drinks business

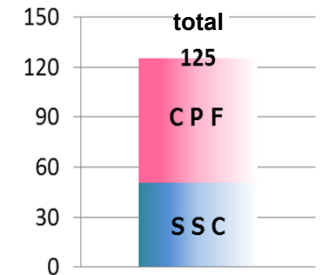
➤ Country Pure Foods, Silver Spring Citrus

The two companies are pursuing synergies such as optimization of production structure

➤ Profitability improved through revision of unprofitable transactions and reduction of cost of orange and apple juices

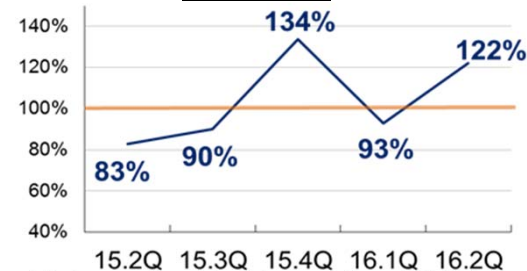
➤ In May, acquired frozen 100% fruit juice business from **Ridgefield's** (to be discussed later)

Jan-Jun net sales (US\$ millions)



Vietnamese beer business

Change in Jan-Jun sales volume in Vietnam



<Sapporo Premium products>



➤ Relunched in November 2015. improved the quality of bottled products in April and standardized the labels to silver color

➤ Though affected by tax increase in 1Q, sales recovered in 2Q led by bottles and 330 ml cans

➤ Entered the medium-priced product market with a new product in July (to be discussed later)

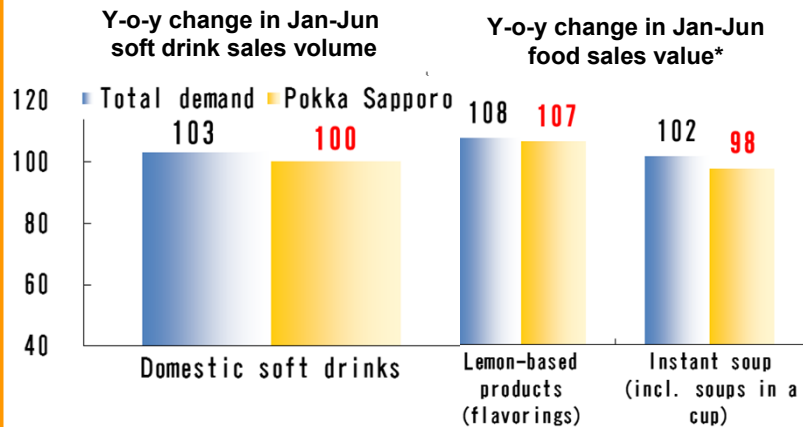


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First-Half 2016 Topics (3): Food & Soft Drinks

Domestic food and soft drinks

▶ **Improving management efficiency through product mix improvement, cost reduction**



*Total demand data: Source –Total for SM and CVS formats by Intage SRI
 Lemon-based product market (Sapporo's definition) and instant soup market: y-o-y change in Jan-Jun 2016 cumulative sales value

<Domestic soft drinks> Sales volume and sales value unchanged y-o-y

- ▶ **Lemon-based drinks:** Summer products including **Kireto Lemon Sparkling** have been strong. Sales volume **up 3% y-o-y**
- ▶ **Coffee drinks:** Sales have been strong. Sales volume were **unchanged y-o-y**
- ▶ **New products:** Introduced U.S. No.1 acai brand **SAMBAZON**



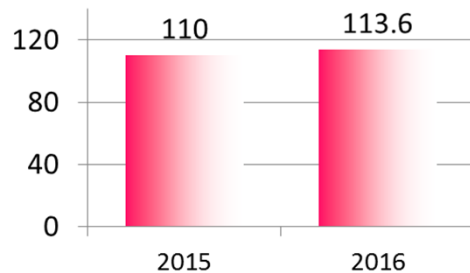
<Domestic foods>

- ▶ **Lemon-based food products:** Sales value **up 7% y-o-y**; sales of **Pokka Lemon 100** have been strong as the increased price took root
- ▶ **Instant soup:** Sales value **down 2% y-o-y**. To catch up in Fall/Winter demand season.



Overseas soft drinks

Jan-Jun overseas sales (SG\$ million)



- ▶ Aim to expand sales in Indonesia, where a new plant is scheduled to start operation this year, and in Myanmar, where license-based production starts
- ▶ In Singapore, maintained top market shares in tea beverages and non-chilled juice markets.



Soy milk, chilled products

- ▶ **The soy milk business, launched last year, had Jan-Jun net sales of ¥1.1 billion**

New products launched



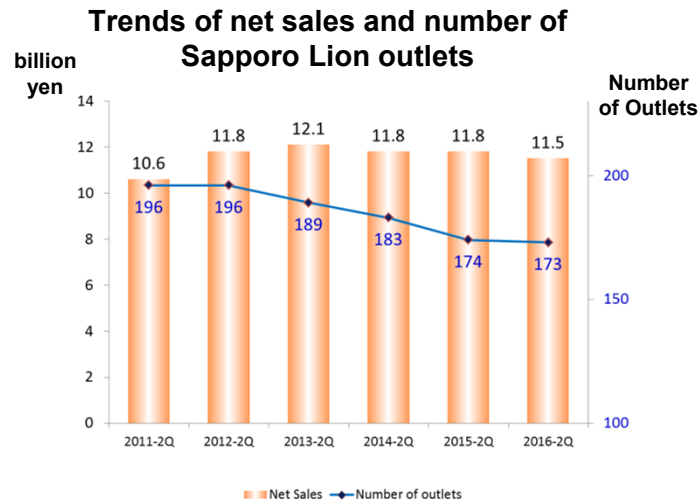


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First-Half 2016 Topics (4): Restaurants

Restaurants business in Japan

Enhancing earnings capability through structural reforms; to take on the challenge of starting a new format in 2016



Sapporo Lion

Comparable-store sales: up 1% y-o-y

- Harsh environment of high ingredient and personnel costs continues
- Closed 20 outlets in 2015, 3 in 2016; carrying out structural reforms to transform into a highly profitable structure
- 1H: newly opened 6 outlets, driving forward the opening of outlets in regional cities and in new formats. The flagship restaurants to resume operations in 3Q onwards –the Shimbashi outlet in July and Ginza Place (Ginza 5-chome) outlet in August

CRAFT BEER KOYOEN KITTE Nagoya outlet



Yebisu Bar Kawasaki Azalea outlet

Marushinkawamura newly consolidated from June

- Operates 18 restaurants including **Kushiro** and **Aburiya** mainly in Sapporo
- Strength in Japanese restaurant format. To acquire operation knowhow and expand SAPPORO brand
- Net sales of approx. 2.2 billion yen in the previous fiscal year

Also in Tokyo Kushiro KITTE Marunouchi outlet





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First-Half 2016 Topics (5): Real Estate

Rental properties

<Yebisu Garden Place>

- **Continues to maintain high occupancy rate**
Also working on improving rent levels of the existing tenants
- **Value up promotion**
 - The restaurant floor on the 38th floor of the tower to open after renovation in Autumn and the same is planned for the 39th floor
 - City Wall by the Yamanote Line is under renovation

Change in **average occupancy rate of Yebisu Garden Place office space (contract basis)**

2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q
87%	91%	93%	99%	99%	99%



Inaugurated in October 2014
Yebisu First Square
Fully operational and making full-year contribution



Property development

<GINZA PLACE>

- **Commencement on Sep. 24 finalized (Basement 1 and 2 to open in advance on Aug. 3)**
 - To become a commercial complex which will be the new landmark and information dissemination/exchange base at the Ginza 4-chome crossing
 - Above the ground 11, below 2 :
Floor space 4,750m²⇒7,350m²





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2016 2Q Results Highlight

(billions of yen)

Consolidated financial results	2015 2Q	2016 2Q	YoY changes (amount, %)	
			Amount	%
Net sales(incl. liquor tax)	245.8	248.9	3.0	1.3%
Net sales (excl. liquor tax)	194.6	195.7	1.1	0.6%
Overseas net sales to total (excl. liquor tax)	24.3 %	21.9%	(2.3)	—
Operating income	(1.2)	3.0	4.3	—
Operating income before goodwill amortization	0.7	4.9	4.2	591.1%
Ordinary income	(1.4)	2.6	4.0	—
Net income attributable to owners of the parent	1.1	0.4	(0.6)	(60.0)%
EBITDA	12.5	15.9	3.3	126.9%
Balance of Net debt	232.8	226.3	(6.5)	(2.8)%
D / E ratio	1.4 times	1.5 times	0.1	—

※Exchange rate

2015: US\$=¥119.17 CAN\$=¥96.00 2016:US\$=¥111.74 CAN\$=¥83.90



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Overview of First-Half 2016 Results (1) Special Factors

<Special factors in the business results (year-on-year)>

(—: negligible)

Business segment	Details	Sales impact	Operating income impact
International	2015: Silver Spring Citrus account period change (changed from Oct 2015 to Sep 2016 -> Jan 2016 to Dec 2016) ⇒2015: consolidating the results for 9 months from Oct 2014 to Jun 2015 2016: Jan to Jun 2016	- approx. 2.8 bn yen	—
International	2015: Country Pure Foods new consolidation (Consolidation started from Feb 24, 2015 , when the stake was acquired) 2016: Sales increase for two months of Jan, Feb	+ approx. 3.0 bn yen	—
Food & Soft Drinks	Entered soy milk business in Sep 2015	+ approx. 1.1 bn yen	—

<Impact of foreign exchange rates>

Average rate during the period (Jan – Jun)

	2015 2Q	2016 2Q
US \$	¥119.17	¥111.74
CAN \$	¥96.00	¥83.90
SG\$	¥87.80	¥80.89

	Net sales	Operating income
Japanese Alcoholic Beverages	—	—
International	-3.3 bn yen	—
Food & Soft Drinks	- 1.1 bn yen	—

<Change in depreciation method>

Declining balance method in some portions → straight line method for all assets

	Japanese Alcoholic Beverages	Food & Soft Drinks	Restaurants	Real Estate
Decline in depreciation (Jan-Jun)	430 million yen	160 million yen	80 million yen	80 million yen



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Overview of First-Half 2016 Results (2) Net Sales by Segment

(billion of yen)	2015 2Q	2016 2Q	YoY change (amount,%)		Notes
Consolidated net sales	245.8	248.9	3.0	1.3%	
Japanese Alcoholic Beverages	121.6	125.7	4.0	3.4%	
International Business	34.7	31.6	(3.1)	(9.1)%	Foreign exchange rates (average rate of 2016 2Q) US\$1=¥111.74 CA\$1 = ¥83.90 VND1 = ¥ 0.0050
Food & Soft Drinks	63.9	64.9	1.0	1.7%	Foreign exchange rates (average rate of 2016 2Q) SG\$1=¥80.89
Restaurant	12.8	12.6	(0.1)	(1.4)%	
Real Estate	9.8	10.9	1.0	11.0%	
Other	2.8	3.0	0.1	6.2%	



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Overview of First-Half 2016 Results

(3) Factors Contributing to Change in Net Sales

<Main Factors Contributing to Changes in Net Sales>

Progress in 2Q

Progress in 1Q

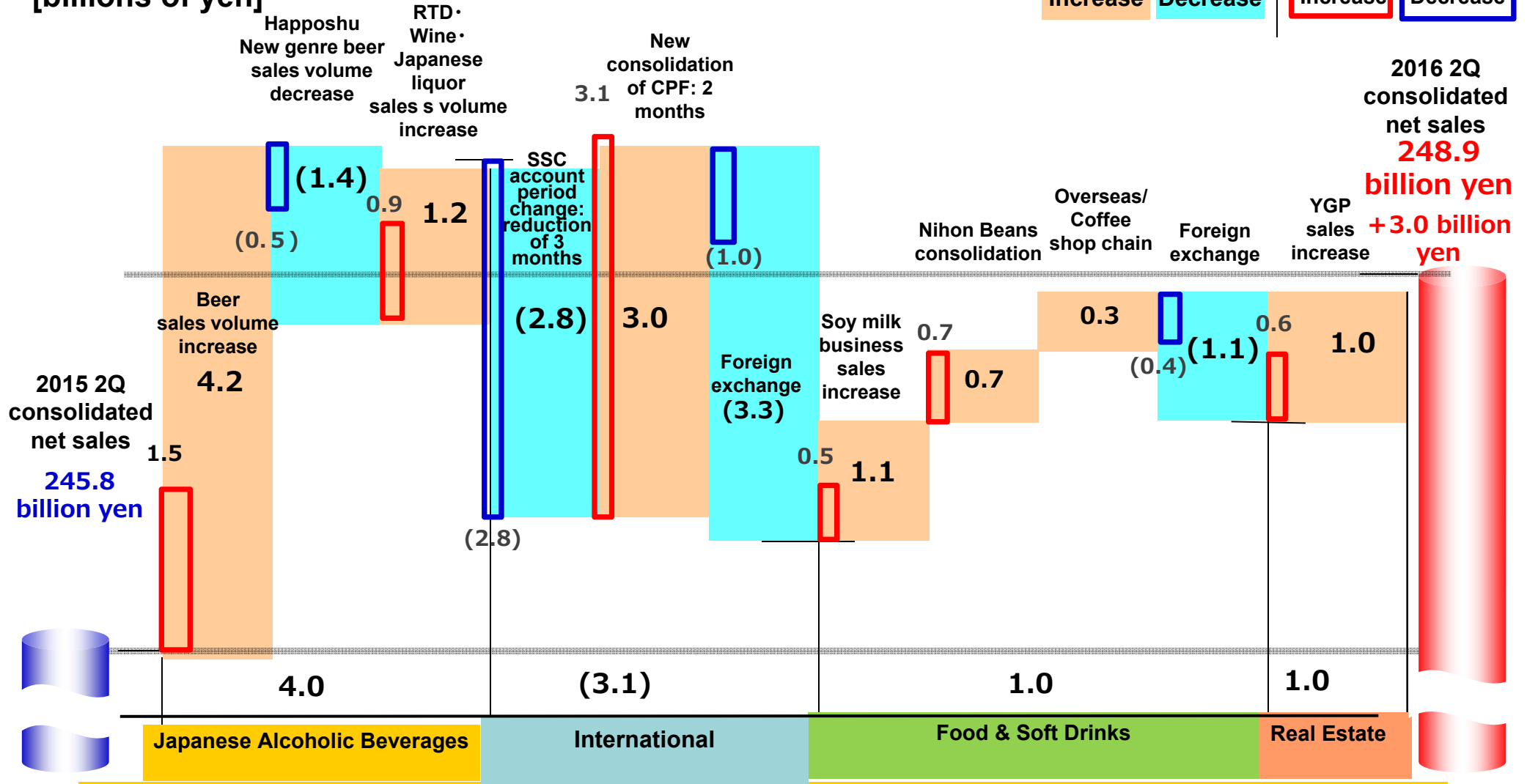
[billions of yen]

Increase

Decrease

Increase

Decrease





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Overview of First-Half 2016 Results (4) Operating Income by Segment

(billion of yen)	2015 2Q	2016 2Q	Change	Notes
Consolidated Operating income	(1.2)	3.0	4.3	
Japanese Alcoholic Beverages	(0.6)	1.4	2.0	
Beer and related product	(2.1)	(0.3)	1.8	Marginal profit+1.4,Fixed cost and other+0.4
Wine and spirits	1.2	1.4	0.2	Marginal profit+0.6,Fixed cost and other-0.4
Other	0.3	0.3	0.1	
International	(0.7)	(0.3)	0.3	
North America, etc.	0.3	0.7	0.3	Marginal profit+0.4,Fixed cost and other-0.1
Vietnam	(1.1)	(1.0)	0.0	Marginal profit+0.0,Fixed cost and other-0.0
Food & Soft Drinks	(1.4)	(0.8)	0.6	
Japanese Food & Soft Drinks	(2.1)	(1.3)	0.8	Marginal profit+0.6,Fixed cost and other+0.1
Overseas Soft Drinks/ Domestic coffee shop chain	0.7	0.5	(0.2)	Overseas Soft Drinks -0.0 Domestic coffee shop chain -0.0
Restaurant	(0.2)	(0.0)	0.1	Existing stores-0.0, Closed outlets +0.2
Real Estates	3.7	5.1	1.4	Rent+1.3, Other factors+0.1
Other	(0.0)	(0.0)	(0.0)	
General corporate and intercompany eliminations	(2.0)	(2.2)	(0.2)	
Amortization of goodwill	2.0	1.9	(0.0)	
International	0.8	0.8	(0.0)	Posted in "North America" & "Vietnam" 2015 Posted in "North America" 2016
Food & Soft Drinks	1.1	1.0	(0.0)	Posted in "Japanese Food & Soft Drinks"
Operating income before goodwill amortization	0.7	4.9	4.2	



Overview of First-Half 2016 Results

(5) Factors Contributing to Changes in Operating Income

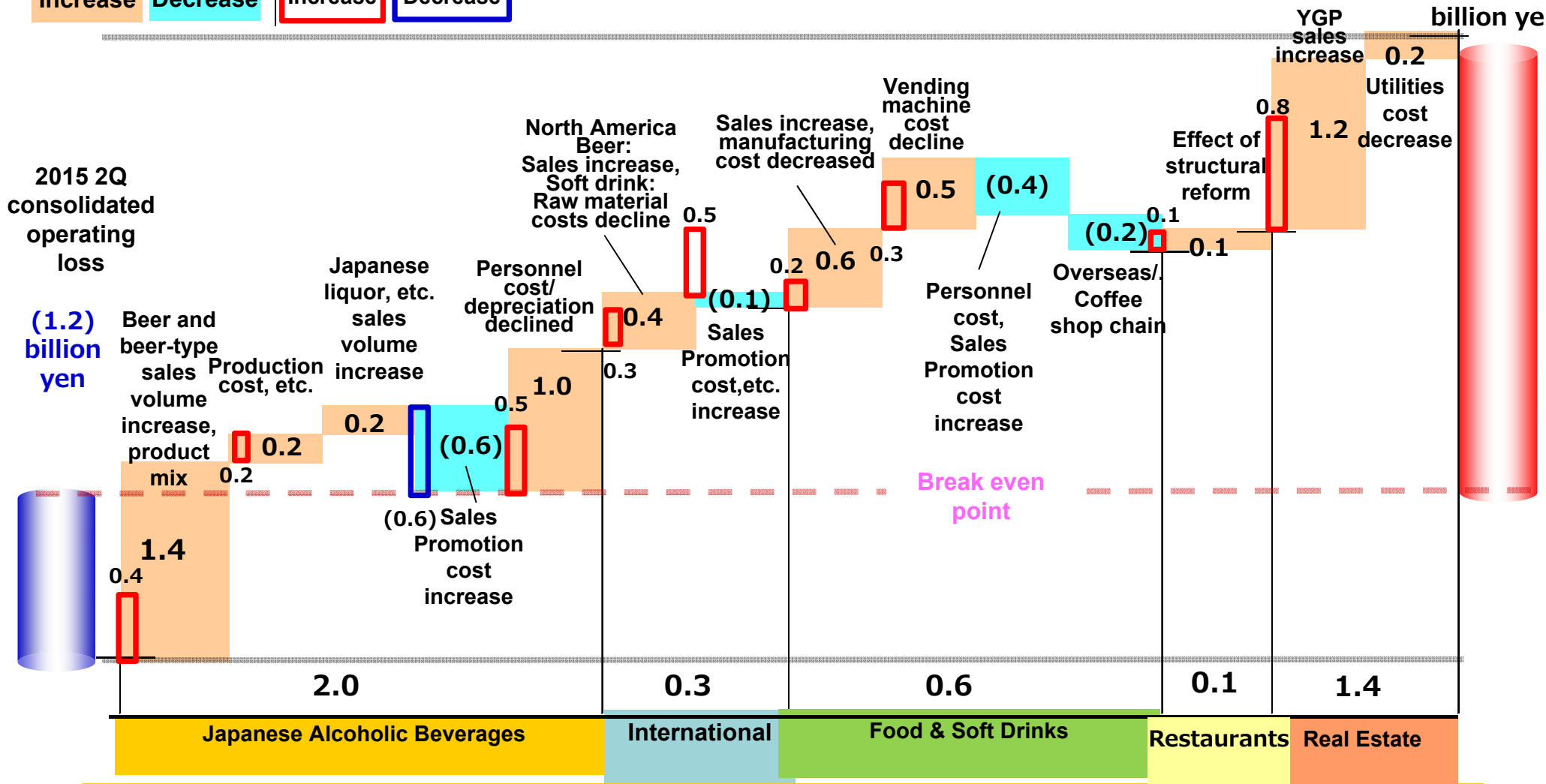
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< Main Factors Contributing to Changes in Operating Income >

2016 2Q consolidated operating income 3.0 billion yen

[billions of yen]





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Overview of First-Half 2016 Results

(6) Changes in Extra Ordinary Gains and Losses

Consolidated Statements of Income

(billion of yen)

	2015 1Q	2016 1Q	Change	Primary Reasons
Net sales	245.8	248.9	3.0	
Operating income	(1.2)	3.0	4.3	
Financial account balance	(0.3)	(0.2)	0.1	
Other non-operating expenses	0.1	(0.2)	(0.3)	Foreign exchange losses-0.2
Ordinary income	(1.4)	2.6	4.0	
Gain on sales of property, plant and equipment	7.4	0.0	(7.4)	2015 : Sale of Shibuya Sakuragaoka Square7.3
Other extraordinary gains	0.4	0.0	(0.4)	2015 : Subsidy income 0.3
Loss on sales/disposal of property, plant and equipment	(0.6)	(0.6)	(0.0)	
Impairment loss	(1.6)	(0.1)	1.5	2015: Welfare facilities-1.4
Other extraordinary losses	(0.3)	(0.2)	0.1	
Income before income taxes and non-controlling interests	3.8	1.7	(2.1)	
Corporate tax, etc.	(2.7)	(1.2)	1.5	
Net income attributable to owners of the parent	1.1	0.4	(0.6)	



Overview of First-Half 2016 Results (7) Cash flows

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Condensed Consolidated Statements of Cash Flows

(billions of yen)

	Six Months ended June 30, 2015	Six Months ended June 30, 2016	Change	Change (%)
Cash flows from operating activities	14.6	14.8	0.1	(0.9)%
Cash flows from investing activities	※ 1.1	(14.0)	(15.1)	-
Free Cash flows	15.8	0.7	(15.0)	(95.2)%
Cash flows from financial activities	(14.9)	1.3	16.2	-

※2015: Investment inflows include proceeds from sales of rental property Shibuya sakuragaoka square :¥17.0 billion yen

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

(1) <Capital expenditure and lease fees>

Consolidated total: Approx. ¥11.5 billion

- Property, plant and equipment, intangible assets, lease fees, etc.
Major items:
- Chiba factory bottling line upgrade (Japanese Alcoholic Beverages):
approx. ¥0.9 billion
- Indonesian soft drinks factory construction work (Foods & Soft Drinks):
approx. ¥0.8 billion
- Lease fees (Foods & Soft Drinks, etc.): approx. ¥1.4 billion

(2) <Other investments>

Consolidated total: Approx. ¥4.2 billion

- Long-term prepaid expenses, subsidiaries' shares, investment securities, etc.
Major items:
- Purchase of subsidiaries' shares, Payment for transfer of business (International, Restaurants): approx. ¥2.2 billion
- Long-term prepaid expenses (Japanese Alcoholic Beverages, Food & Soft Drinks): approx. ¥1.8 billion

(1) + (2) <Jan-Jun 2016 strategic investment total> (incl. ordinary capex, on a cash basis)

- **Approx. ¥15.7 billion**

Direction of Long-Term Strategic Investment

- 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 investment from 2012 to June 2016
 - Including ordinary capex (approx. a half of strategic investments)
 - 2012 investment total: Approx. ¥65.7 bn
 - 2013 investment total: Approx. ¥23.5 bn
 - 2014 investment total: Approx. ¥29.5 bn
 - 2015 investment total: Approx. ¥40.2 bn
 - **2016 2Q investment total: Approx. ¥15.7 billion**
(Full year plan: ¥27.6 billion)

Financing Status

- In Mar. 2016 issued five-year straight bonds worth ¥10.0 billion at annual interest rate of 0.25%
- Credit ratings JCR: A- (Jan 28, 2016)
R&I: BBB+ (Feb 29, 2016)



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Overview of First-Half 2016 Results (8) Balance sheets

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2015	June 30, 2016	Change	Primary Reasons
Current assets	156.3	145.1	(11.1)	
Cash and cash equivalents	10.4	12.4	2.0	
Notes and accounts receivable - trade	92.3	74.8	(17.5)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	38.6	41.1	2.4	
Other	14.9	16.7	1.8	
Fixed assets	464.0	449.7	(14.3)	
Fixed assets	347.7	344.2	(3.5)	
Goodwill	30.2	28.8	(1.3)	
Investments and other assets	86.0	76.5	(9.4)	Decline in investment securities resulting from decline in unrealized holding gain on securities
Total assets	620.3	594.8	(25.5)	
Current liabilities	233.6	222.1	(11.4)	
Notes and accounts payable - trade	36.7	37.8	1.1	
Short-term debt	92.8	94.8	2.0	
Deposits received	8.8	8.5	(0.2)	
Other	95.2	80.9	(14.2)	Decrease in liquor taxes payable
Long-term liabilities	222.9	221.3	(1.5)	
Long-term debt	141.9	143.9	2.0	
Net defined benefit liability	7.6	6.9	(0.6)	
Other	73.3	70.4	(2.9)	
Total liabilities	456.5	443.5	(13.0)	
Shareholders' equity	133.3	131.0	(2.2)	Distribution of dividends-2.7
Accumulated other comprehensive income	24.5	15.0	(9.4)	Decline in unrealized holding gain on securities
Non-controlling interests	5.8	5.1	(0.7)	
Total net assets	163.8	151.3	(12.5)	
Total liabilities and net assets	620.3	594.8	(25.5)	



2 . Towards Third- and Fourth-Quarters 2016



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2016 Full-Year Forecast (No Change to Initial Plan)

We will consider revision in response to foreign exchange fluctuations
(the yen's appreciation) taking into account the degree of its impact

(billions of yen)

Consolidated financial results	2015results	2016targets	YoY changes (amount, %)	
			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 attributable to owners of the parent	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	1.4 times	1.3 times	(0.1)	—
R O E (before goodwill amortization)	6.5%	8.9%	2.4	—
ROE	3.9%	6.5%	2.6	—

※Exchange rate

2015: US\$=¥121.11 CAN\$=¥94.82 2016:US\$=¥126.00 CAN\$=¥96.00

20/39



Vietnam Beer Market and Second-Half Strategy (1)

We entered Vietnam in 2011 with the establishment of a brewery and are currently entering the second stage.



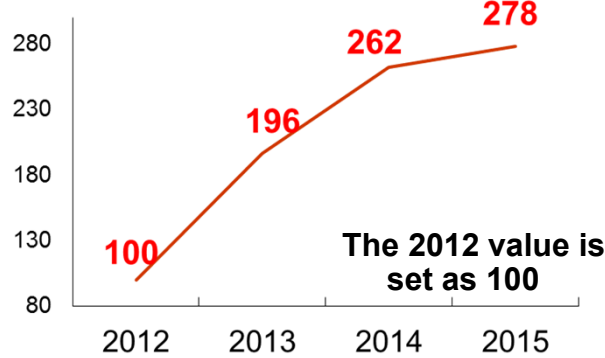
Main market
Ho Chi Minh
(former Saigon)

Long An brewery



Initial production capacity: 40,000 kl
Initial capital investment:
approx. 5.0 billion yen

Change in beer sales volume in Vietnam



Sales volume almost tripled since our full-scale entry, but production volume has not reached 40,000 kl

Relaunch in November

- **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 into account the competitiveness in the premium category

Quality improvement in April 2016

- Changed the bottle label to silver, to standardize with the rest of the labels

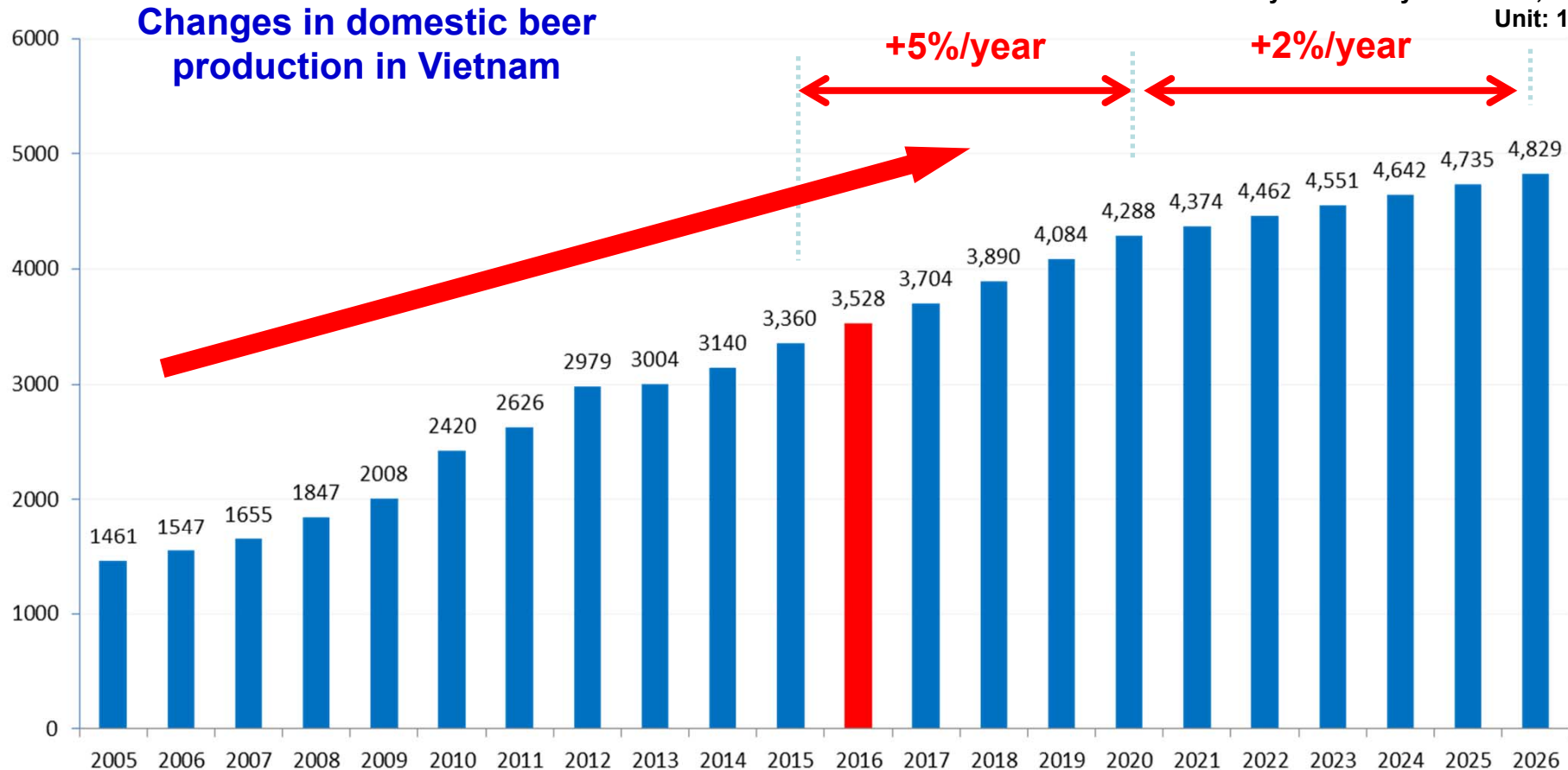




Vietnam Beer Market and Second-Half Strategy (2)

The beer market in Vietnam is expected to continue expanding, although the rate of growth will slow down slightly

Source: Ministry of Industry and Trade, Vietnam
Unit: 1,000 kl



➤ Beer consumption is expected to exceed Japan around 2025



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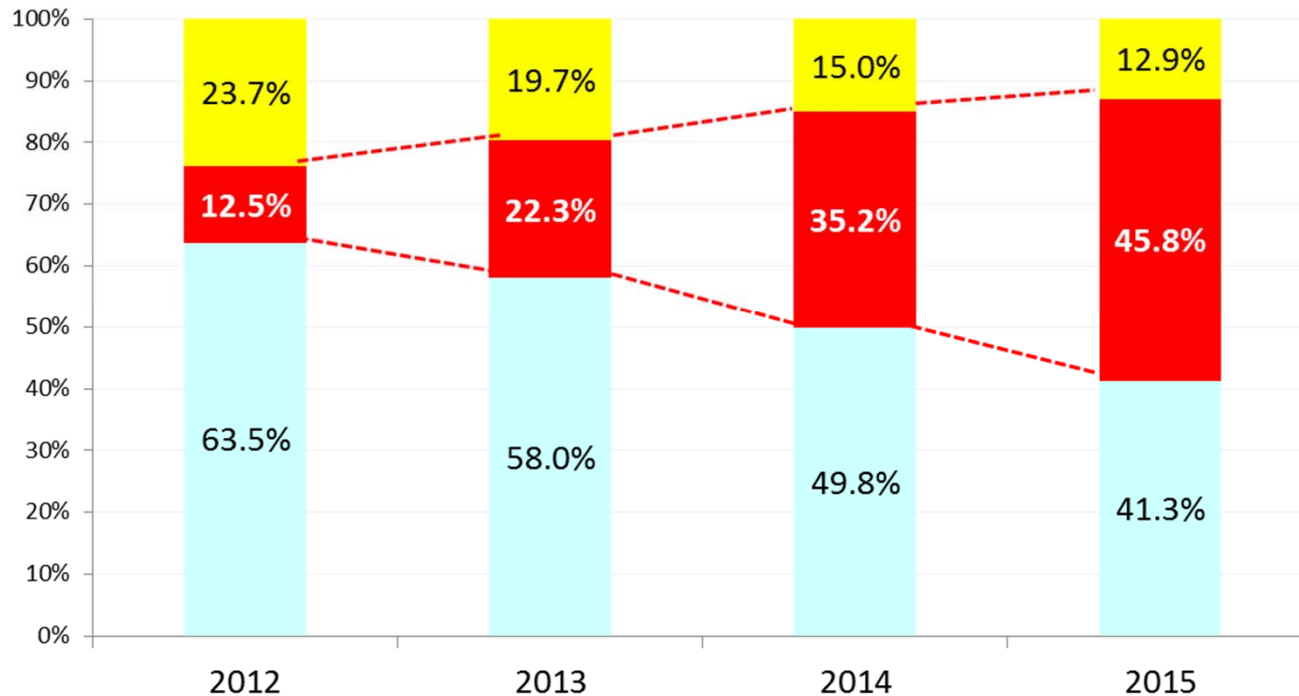
Vietnam Beer Market and Second-Half Strategy (3)

Products in the medium price range are growing rapidly, partly reflecting economic environment and other companies' strategies

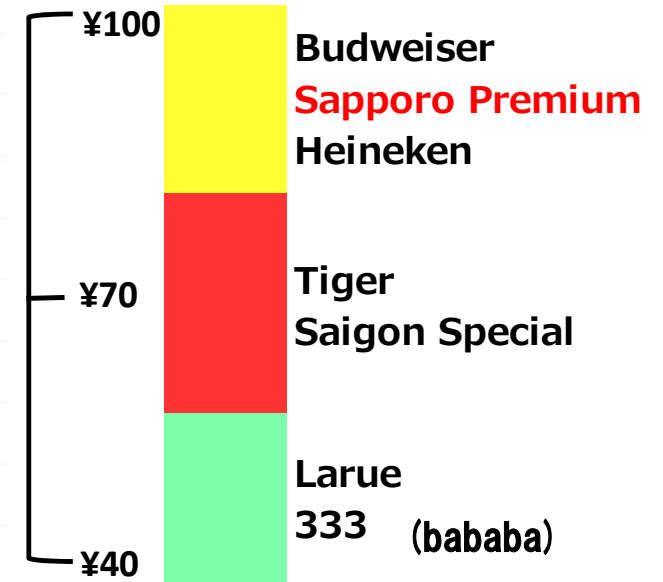
Changes in beer sales breakdown by price in Vietnam

Data source: Nielsen , excluding MT

Economy Mainstream Premium



The image of store price of a 330 ml can (our own research)



- It has become difficult to earn volume unless we capture a share in the medium-priced product market, which is expanding rapidly.



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Vietnam Beer Market and Second-Half Strategy (4)



BLUECAP
PREMIUM BEER



Launch of a new product in the medium price range market

BLUE CAP, introduced on July 28, 2016

- New product of Sapporo Vietnam Ltd.
- Expand the brand portfolio and enter into the volume zone
- Limited to 330 ml cans
- Assuming a target different from that of Sapporo Premium Beer
 - Those in their 20s to 40s in the middle income group
 - Refreshingly smooth and you can drink it endlessly
 - 'Blue' as its theme color to brings out a strong feel of refreshingness

Through launching a new product, we investigate market and customers and utilize those to our business strategy



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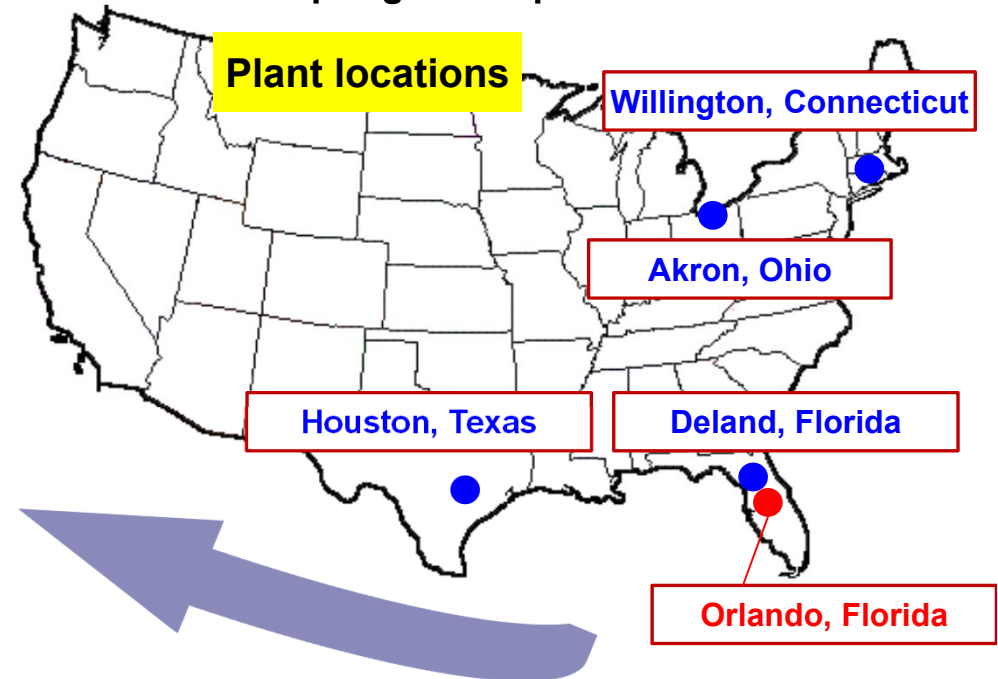
Development of U.S. Soft Drinks Business

Acquisition of the frozen 100% fruit juice business from Ridgefield's

- No. 2 in the frozen fruit juice/ice cream market for school meals
- Gained development and production expertise of frozen 100% fruit juice through the acquisition
- To expand sales on CPF's school meal sales channel for 100% fruit and vegetable juice (28 states → 49 states)
- The net sales for the previous fiscal year were approx. US\$13million



- Country Pure Foods plant
- Silver Spring Citrus plant



- Now we have 5 plants at 2 companies and will expand sales channels and optimize production structure. To also consider expanding the production bases, currently located on the eastern U.S., to the western region



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Real Estate Development in Ginza and Sapporo

GINZA PLACE

To open on September 24



Floor	Shops and restaurants	Overview
11	Kobe Plaisir Ginza	Kobe beef steak restaurant
10	SGC (tentative name)	Jewelry purchase and sales
8, 9	To be announced as needed	
7	Thierry Marx, BISTRO MARX	French restaurant, bistro, cafe
4 - 6	Sony Showroom, Sony Store Ginza	Showroom
3	GINZA PLACE CAFÉ (tentative name)	Event space and café
1, 2	Nissan Brand Center (tentative name)	Showroom, shop, café
1	Elegant Kimono Tsuzureya	Shop
B1, 2	Ginza Lion GINZA PLACE	Beer hall, brasserie

「Sapporo Factory Complex」



N3E4 Project (tentative name)

(redevelopment of former site of Sapporo Factory parking lot 3)

- To redevelop the former parking lot 3 site adjoining Sapporo Factory (Chuo-ku, Sapporo City) as a rental property
- To rent the whole building as a showroom and office space, to contribute to improvement in capability to generate stable revenue
- Site area: 4,360 m²; floor area: 6,900 m², construction is to complete in May 2017



3. Vision of Medium-term Portfolio




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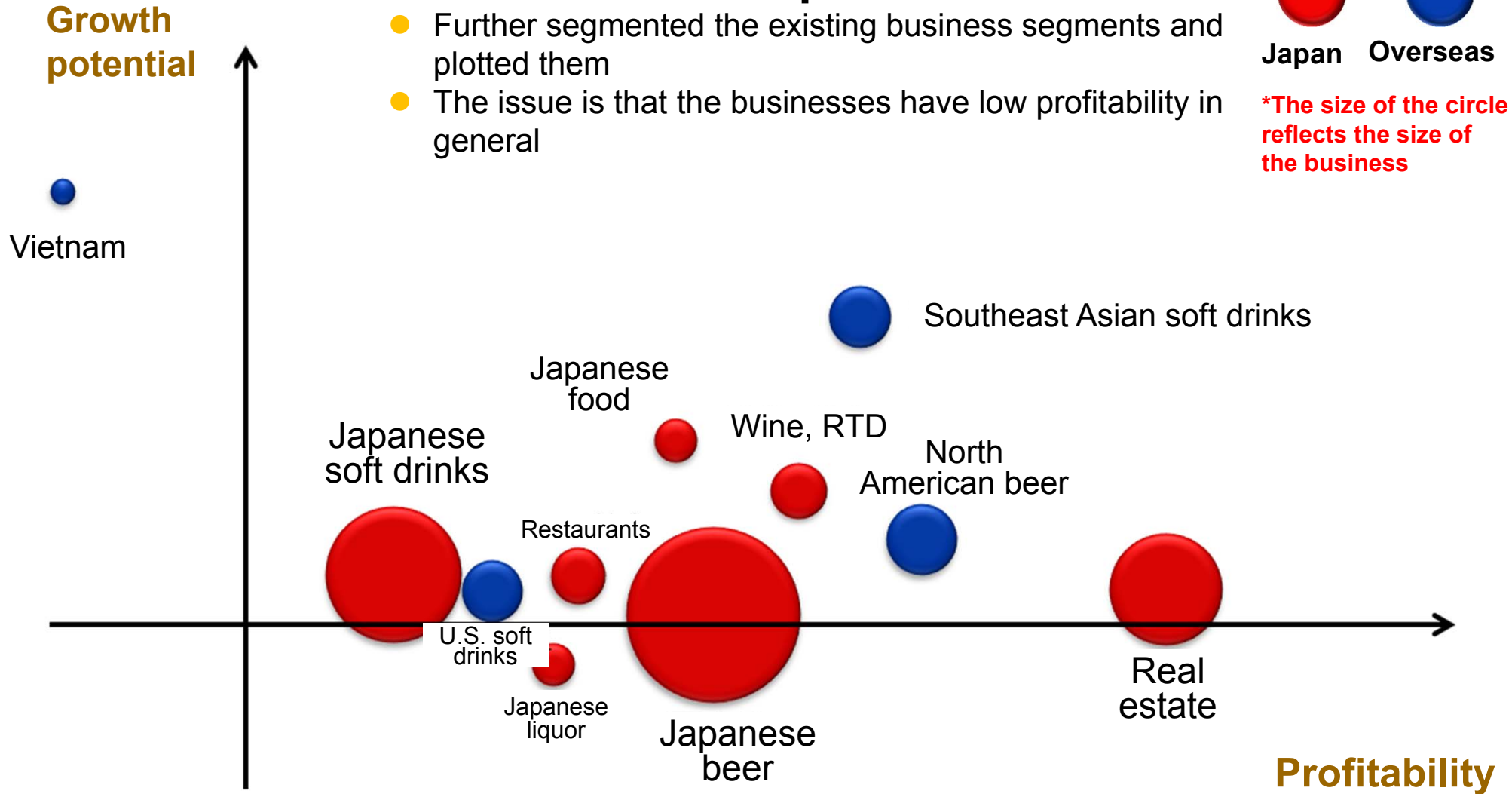
Vision of Medium-Term Business Portfolio (1)

Current business portfolio

- Further segmented the existing business segments and plotted them
- The issue is that the businesses have low profitability in general

 
 Japan Overseas

*The size of the circle reflects the size of the business



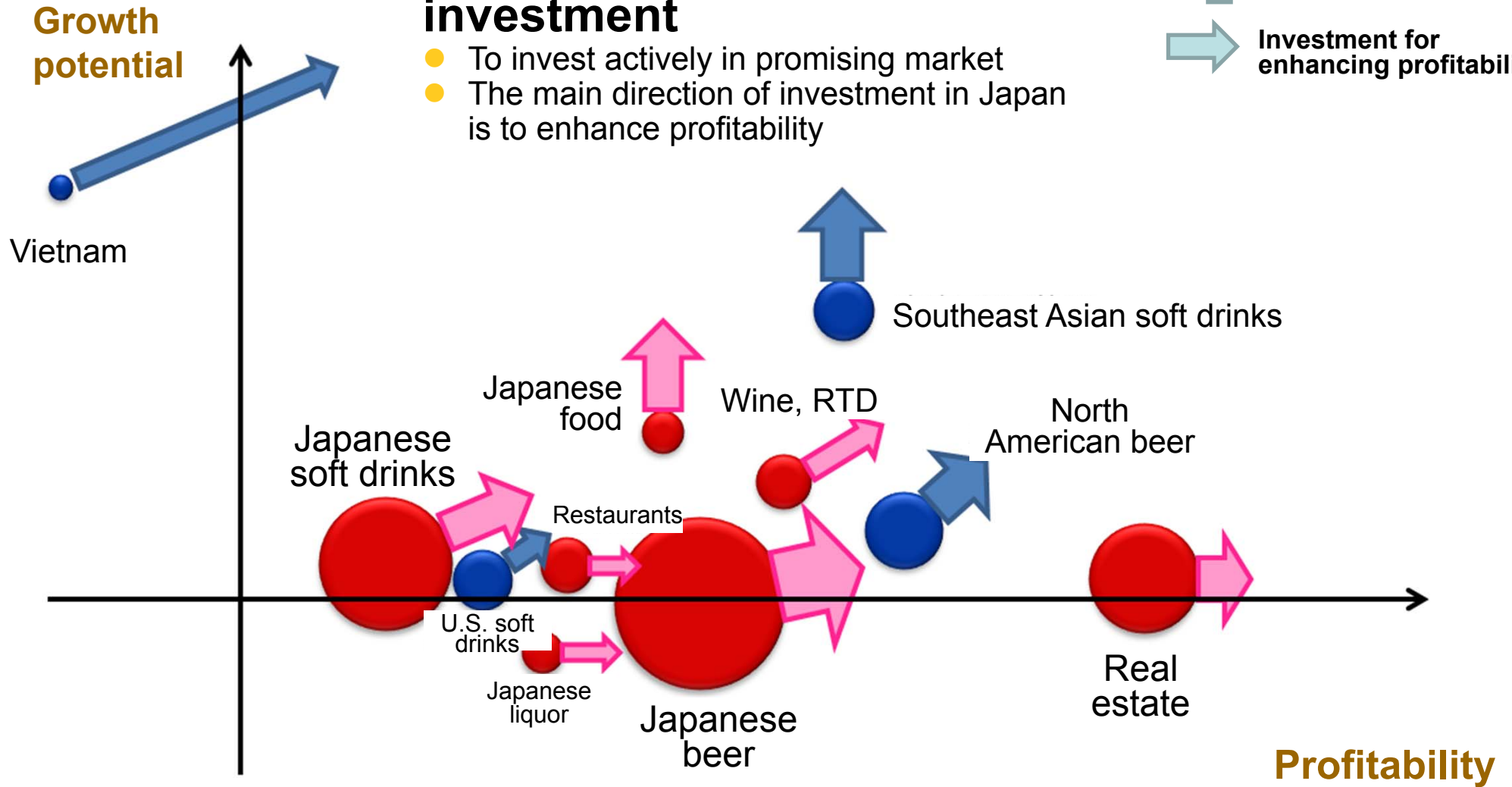


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Vision of Medium-Term Business Portfolio (2)

Direction of medium-term investment

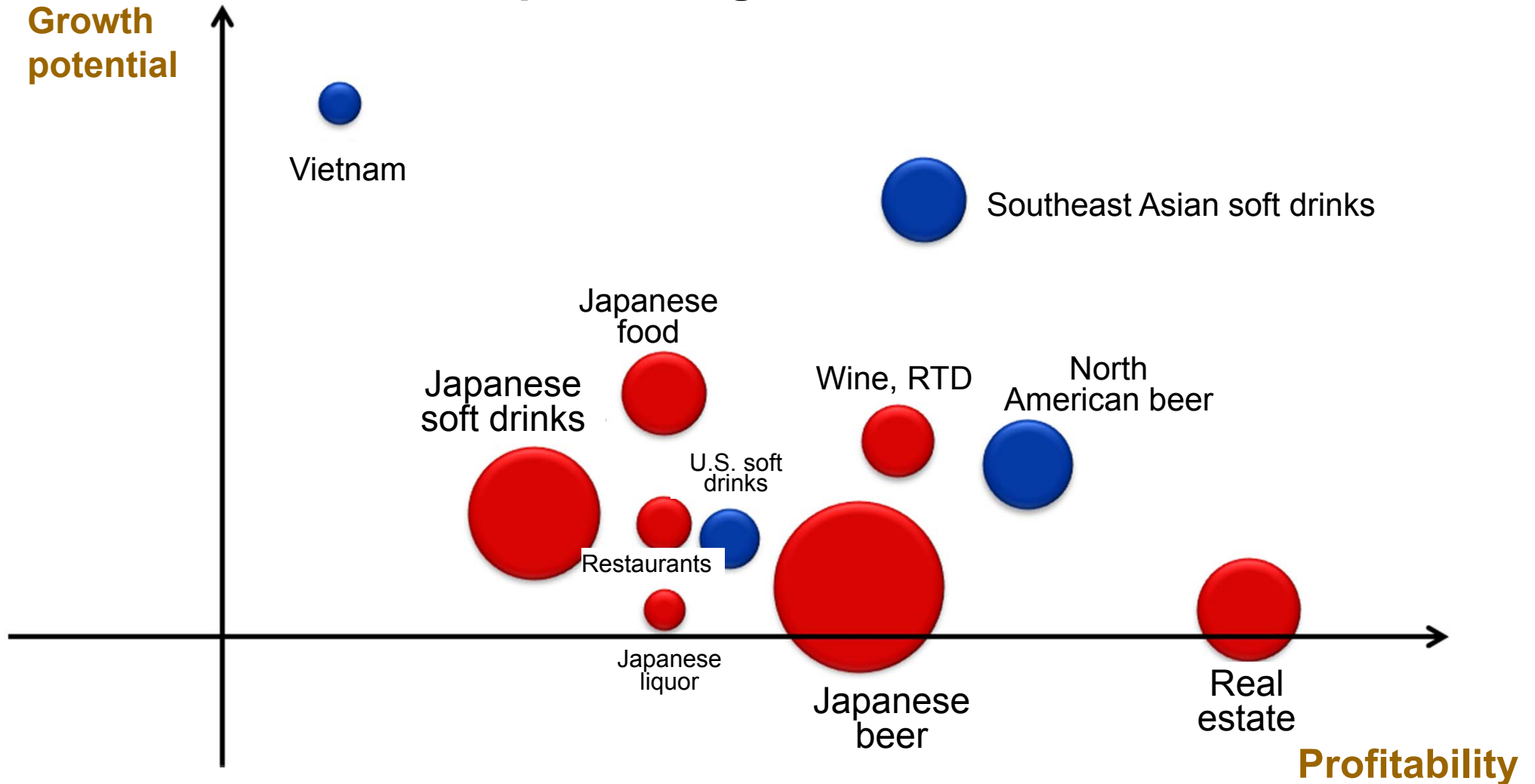
- To invest actively in promising market
- The main direction of investment in Japan is to enhance profitability





Vision of Medium-Term Business Portfolio (3)

Business portfolio goal in the medium term





Appendix : Collection of Data by Business



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2016 2Q:Major Sales and Sales Volume (YoY)

Alcoholic Beverage (Japan)

(10,000 cases)

	Jan. 1 - Jun.30, 2015	Jan. 1 - Jun.30, 2016	YoY
Sapporo Draft Beer Black Label	730	764	105%
YEBISU (total)	382	401	105%
1 Beer (total)	1,253	1,323	106%
2 Happoshu (total)	229	203	89%
3 New genre beer products (total)	744	730	98%
Beer, happoshu, and new genre (total 1+2+3)	2,225	2,256	101%
Non-alcoholic beer taste beverage	56	37	66%
RTD(*1)	105	130	125%

*1 : RTD 1Case=250ml*24

(billions of yen)

	Jan. 1 - Jun.30, 2015	Jan. 1 - Jun.30, 2016	YoY
Domestic wines	2.5	2.4	94%
Imported wines	3.4	3.6	105%
Wine (total)	6.0	6.0	100%
Spirits (total)	2.6	3.0	117%
Shochu (total)	6.9	7.6	110%

Beer (International)

(10,000 cases)

	Jan. 1 - Jun.30, 2015	Jan. 1 - Jun.30, 2016	YoY
SLEEMAN BREWERIES LTD. (*2)	604	606	100%
Sapporo brand	265	272	103%

*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)

	Jan. 1 - Jun.30, 2015	Jan. 1 - Jun.30, 2016	YoY
Soft Drinks (*3)	2,148	2,138	100%

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

Sales (including liquor tax)

(billions of yen)

	Six Months ended June 30, 2015	Six Months ended June 30, 2016	Change	Change (%)
Beer	67.8	72.1	4.2	6.2%
Happoshu	8.7	7.7	(1.0)	(11.5)%
New genre	24.5	24.1	(0.4)	(1.7)%
Total	101.1	103.9	2.8	2.8%

Sales (excluding liquor tax)

(billions of yen)

	Six Months ended June 30, 2015	Six Months ended June 30, 2016	Change	Change (%)
Beer	32.9	35.2	2.2	6.9%
Happoshu	4.8	4.3	(0.5)	(11.5)%
New genre	17.0	16.7	(0.2)	(1.7)%
Total	54.8	56.3	1.4	2.6%

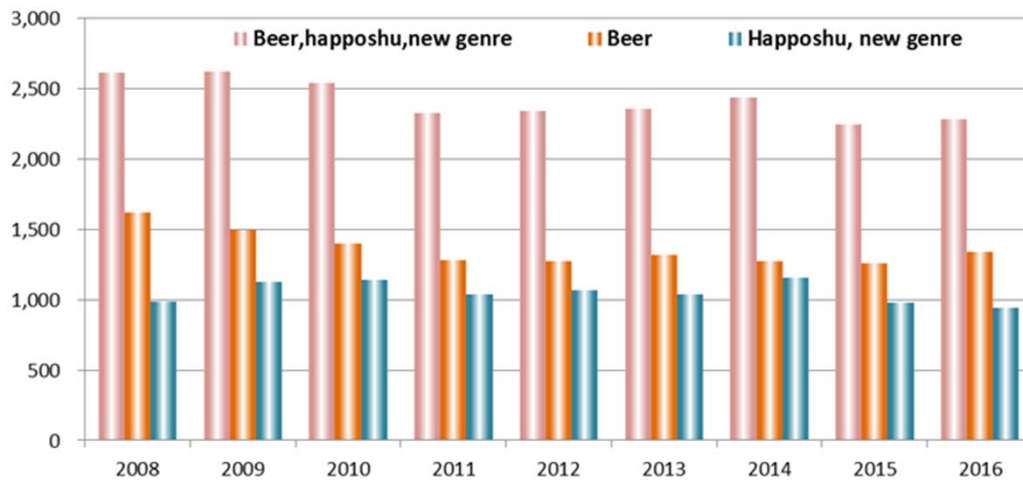


SAPPORO

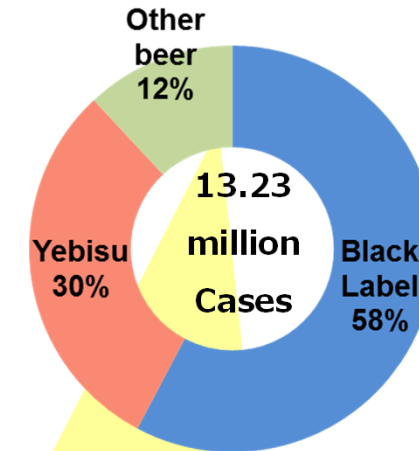
Reference Material (1) Japanese Alcoholic Beverages Beer and Beer-Type Beverages Data

**<Beer and beer-type beverages category
Jan-Jun sales volume YoY change (Shipment base)>**

(10,000 cases)

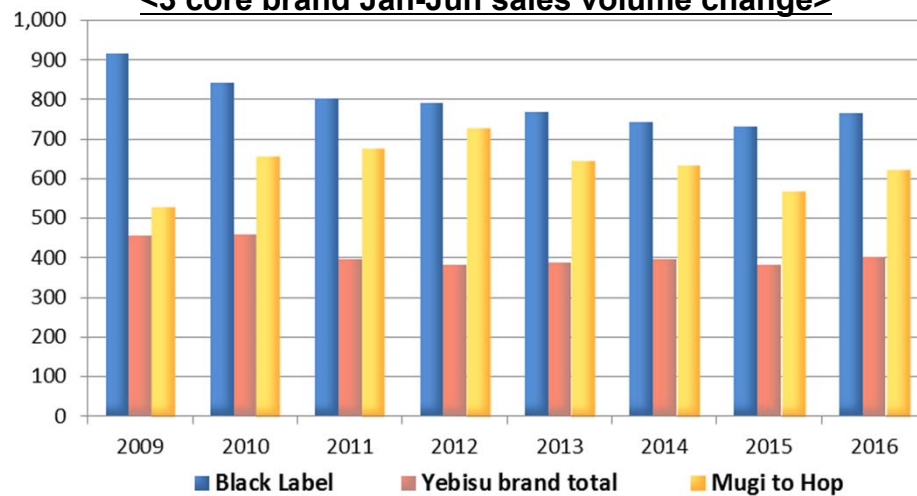


<Beer lineup (Jan-Jun breakdown)>



(10,000 cases)

<3 core brand Jan-Jun sales volume change>



- (1) **Sapporo Lager Beer:** Japan's oldest heat treated beer. It has been available only in bottles, but the canned version is made available this year for a limited volume.
 - (2) **Edelpils:** available only in kegs. It uses 3 times the fine aroma Saaz hops from Czech (compared with the company's existing products) and boasts an unique gorgeous aroma.
 - (3) **Shirohonoka:** Non-filtered beer available only at strictly selected outlets
 - (4) **Sapporo Classic:** Beer using 100% malt, sold only in Hokkaido. Sales have been increasing continuously for the past 15 years
- and so on**



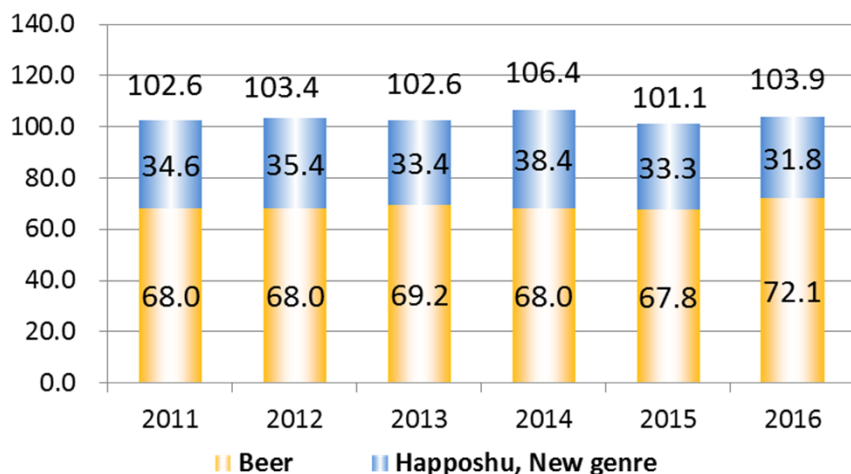


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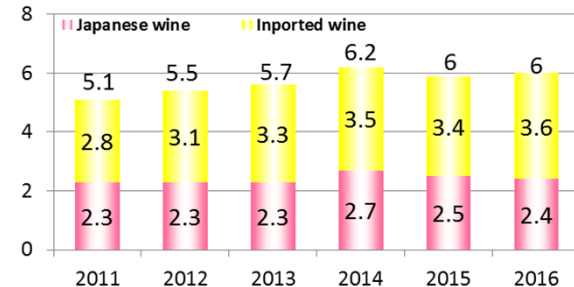
Reference Material(2) Japanese Alcoholic Beverages ~ Beer Category Data ~

<Jan~Jun Net sales> (billions of yen)

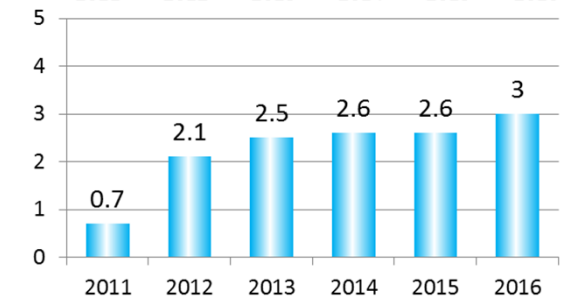
Beer + Beer type beverages (incl. liquor tax)



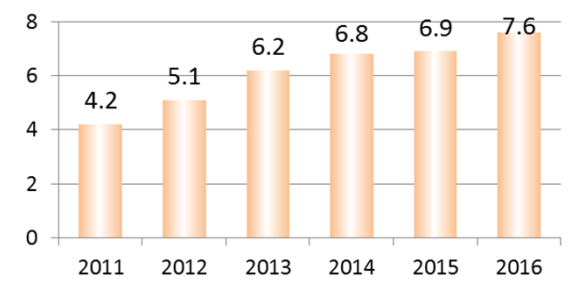
Wine



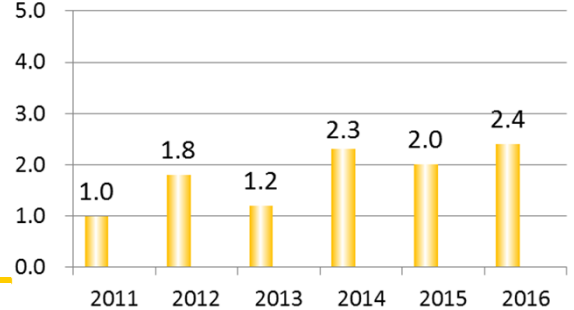
Spirits



Japanese Liquor

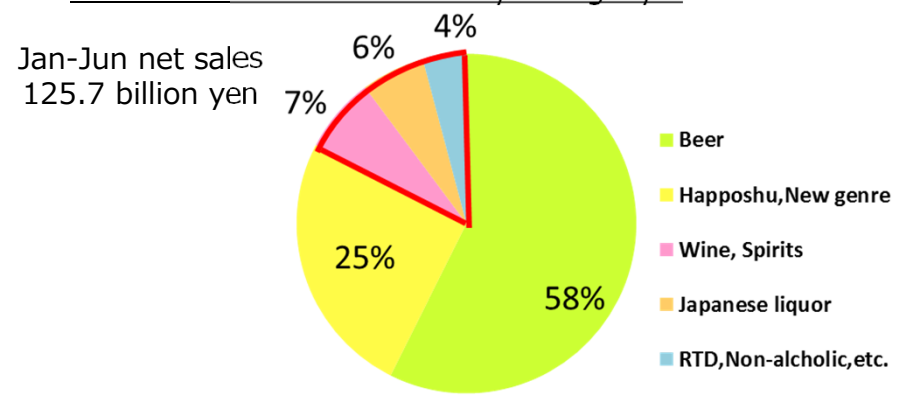


RTD



Promotion of diversification of product offering

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

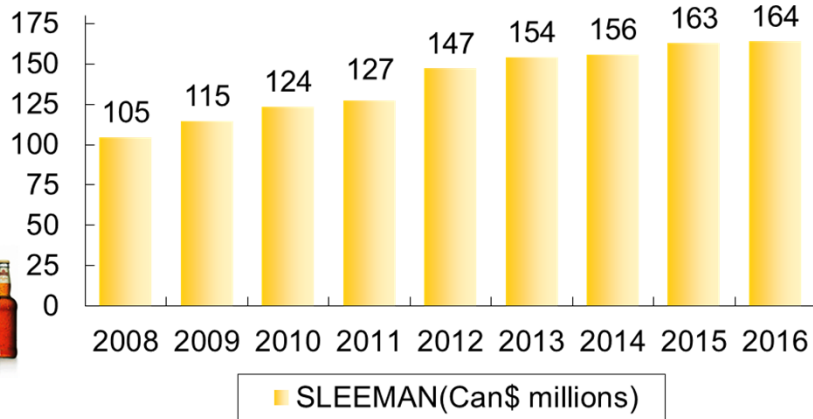
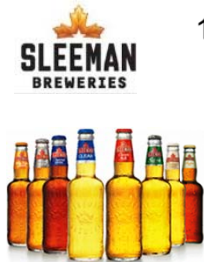




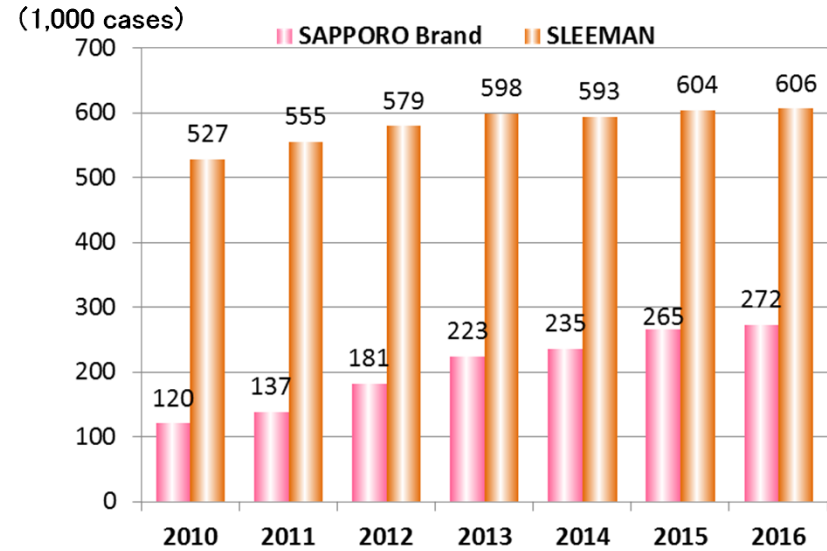
Reference Material(3) International Business ~Data~

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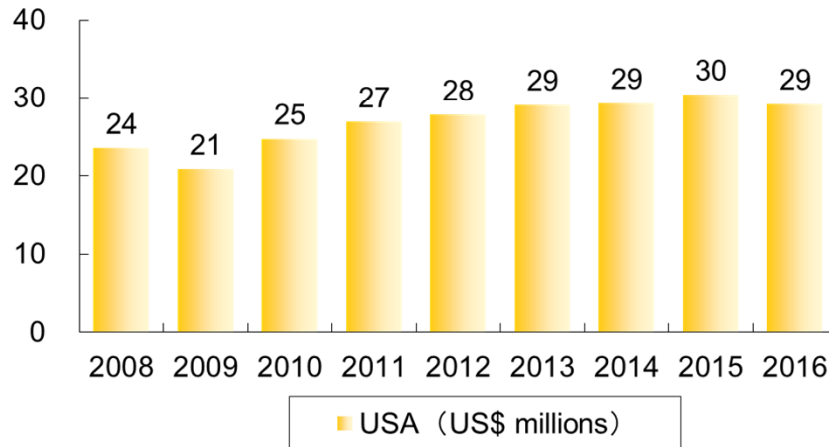
SLEEMAN Net Sales in Local Currency (Jan-Jun)
(before elimination of inter-company transactions)



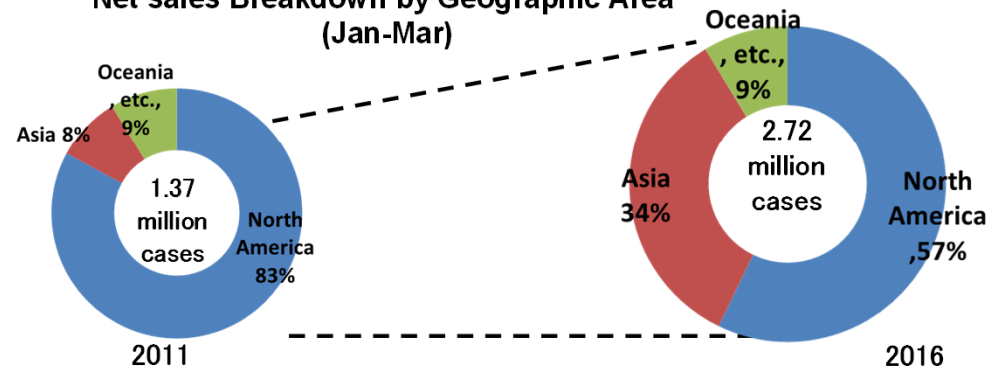
<Trend of overseas sales volume of SAPPORO brand products (Jan-Jun)>



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



Net sales Breakdown by Geographic Area (Jan-Mar)



North America: Canada, U.S.
Asia: Vietnam, Singapore, South Korea, etc.
Oceania, etc.: Australia, Europe, etc.

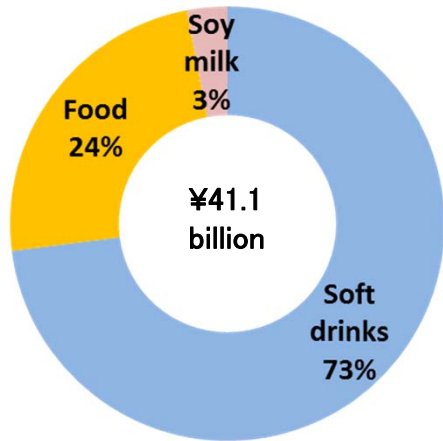


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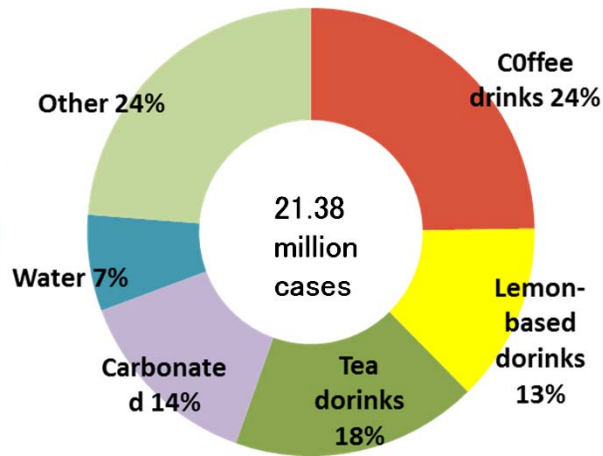
Reference Material(4) Food & Soft Drinks ~ Data ~

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

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



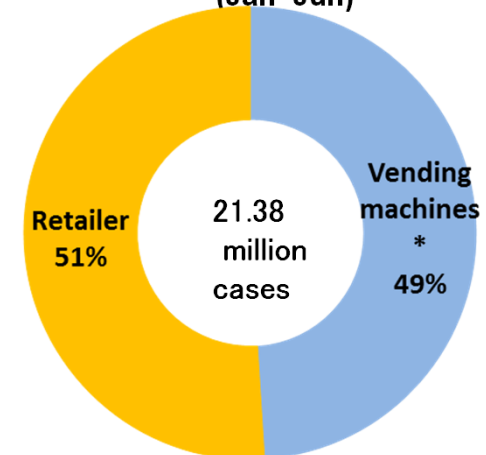
Japanese soft drinks sales volume composition by genre (Jan-Jun)



<Lemon-based drinks>



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

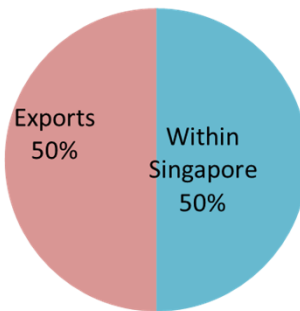


*Vending machines (end of Jun)
Own brand machines : about 90,000 + Multi-brand Machines

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

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

Exporting products to 60 countries



<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 8% on year and strong

Outlets: 196 (as of Jun 30, 2016)
(Directly operated: 114 outlets; FC: 82 outlets)
Hokkaido 3, Tohoku 1, Kanto 106, Tokai 38
Kansai 36, Kyushu 9, Shikoku 3





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Reference Material(5) Restaurants ~ Data ~

<New Sanko Outlets>

9 outlets located in Hokkaido (Sapporo, Otaru)
Jan-Jun 2016: Open 1 outlet

<Marushinkawamura Outlets>

18 outlets located in Hokkaido (Sapporo) and Tokyo

<Outlet expansion in Singapore> 14 outlets

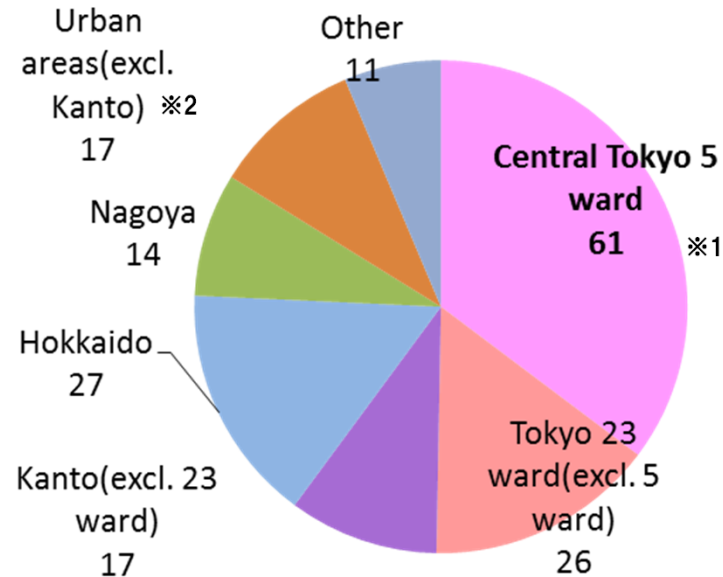
- Ginza Lion (beer hall): 2 outlets
- Tonkichi (pork cutlet): 4 outlets
- Rive Gauche (patisserie): 8 outlets

「GINZA LION」

1st: the Robertson outlet



<Sapporo Lion outlets> 173 Outlets



※1 : Chuo, Chiyoda, Minato, Shinjuku and Shibuya ward

※2 : Sendai, Kyoto, Osaka, Kobe, Fukuoka



Beer Hall Lion Ginza 7Chome





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Reference Material(6) Real Estate ~ Data ~

Major rental properties & occupancy rates *

(*Averages for 2016 2Q (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	99%	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
Ginza Place	645	7,350	—	11 floors above ground, 2 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

Operating income

(billions of yen)

	Jan-Jun 2015	Jan-Jun 2016	Change
Real estate leasing Tokyo's 23 wards	3.5	4.8	1.3
Other areas	0.5	0.6	0.1
Real estate leasing total	4.0	5.4	1.4
Real estate total	—	—	—
Other operations*	(0.3)	(0.2)	0.0
Total	3.7	5.1	1.4

* "Other operations" includes back-office operations.

EBITDA

EBITDA = operating income + depreciation and amortization

(billions of yen)

	Jan-Jun 2015	Jan-Jun 2016	Change
Real estate leasing Tokyo's 23 wards	5.1	6.4	1.2
Other areas	0.8	0.9	0.1
Real estate leasing total	6.0	7.3	1.3
Real estate total	—	—	—
Other operations*	(0.2)	(0.1)	0.0
Total	5.8	7.2	1.3

* "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.