



**SAPPORO**

# Sapporo Group Business Results Presentation for the Nine Months Ended September 30, 2019

**November 6, 2019**

URL <https://www.sapporoholdings.jp/en/>

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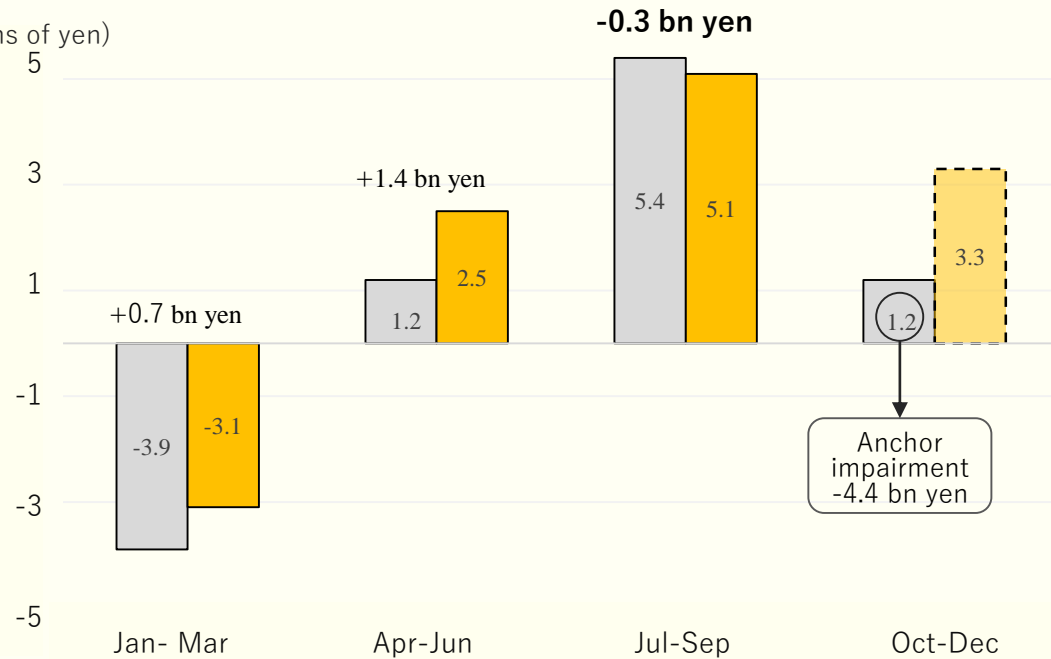
# ◆ Third-Quarter 2019 Key Points

- ▶ **Alcoholic Beverages: Domestic business was roughly in line with plan. In North America, Sapporo brand performed strongly but other brands struggled.**

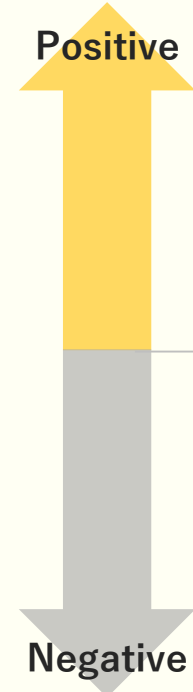
## Alcoholic Beverages

<Quarterly operating profit (vs. previous year)>

(billions of yen)



□ 2018    ■ 2019 (Oct-Dec is forecast)



- Black Label and Yebisu brand canned products were strong
  - RTD sales continued to grow
  - New genre sales in the Jul-Sep period increased thanks to relaunch of Mugi to Hop
  - Sapporo Premium in North America remained strong
  - New genre sales in the nine months since January declined compared with the previous year
  - Total demand in the Canadian market declined due to unfavorable weather
  - Production efficiency of Anchor declined due to lower sales volume
- ➔ We revised down full-year earnings forecast

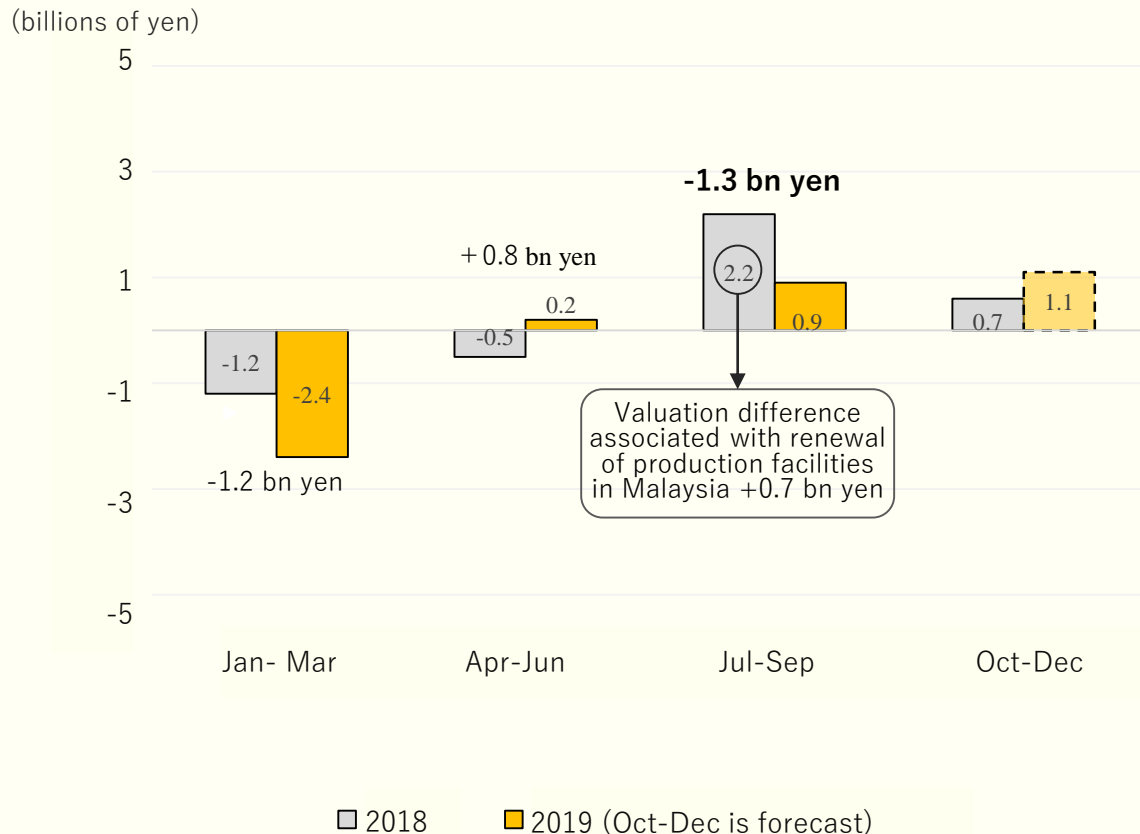
### <Future measures>

- Continue to focus on beer and RTD in Japan  
Try to recover further in new genre
- Strengthen the foundation of North American business and implement growth strategy

# ◆Third-Quarter 2019 Key Points

▶ **Food & Soft Drinks: Lemon-based products were strong, but soft drinks struggled due to cool summer.**

## Food & Soft Drinks



Positive

- Lemon-based products remain strong
- Consolidation of Yasuma Co., Ltd. boosted revenue
- Profitability in Asia is on recovery trend
- North American business narrowed losses through structural reform

Negative

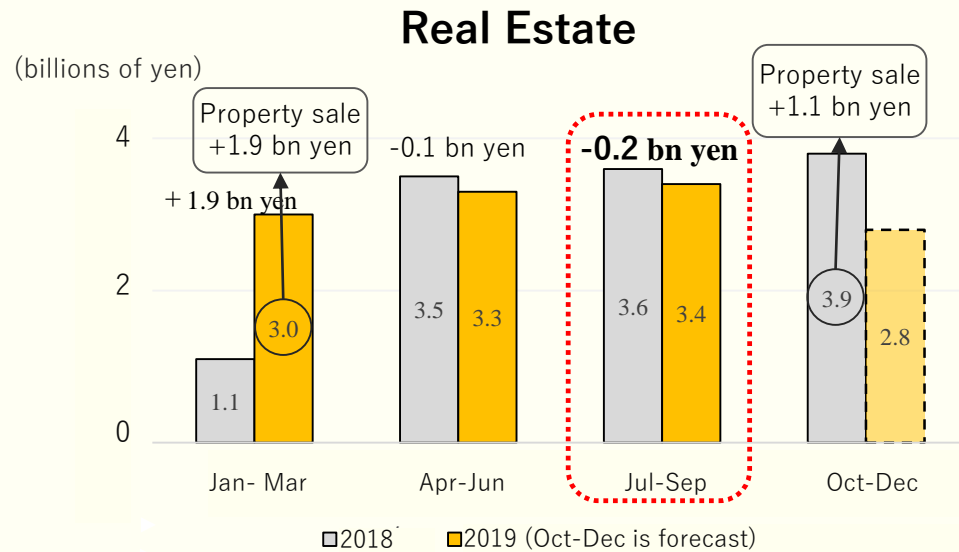
- Sales of soft drinks fell due to decline in number of vending machines in Japan
- Sales of soup declined
- Soft drink sales in summer fell due to cool weather
- ➔ We revised down full-year earnings forecast

### <Future measures>

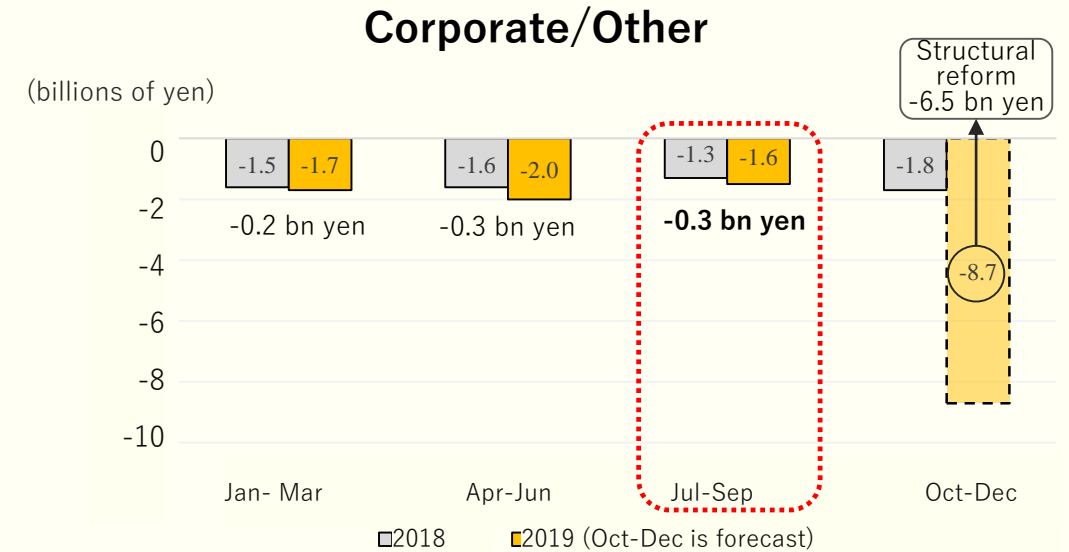
- Focus on soup and hot beverages, whose peak season is winter
- Further expansion of the soymilk yogurt market
- Generate synergies with Yasuma

# ◆ Third-Quarter 2019 Key Points

## ▶ Real Estate: Existing properties remained solid



## ▶ Corporate: Management platform development cost decreased but structural reform expenses expected to increase



### <Key points for Jul-Sep period>

- Mainstay properties maintained stable occupancy rates

### <Future measures>

- Revise upward full-year earnings forecast to reflect cost reductions
- Maintain current level of occupancy rates to achieve targets
- Continue to review property portfolio

### <Key points for Jul-Sep period>

- Systematic expenditure accompanying progress in management platform development

### <Future measures>

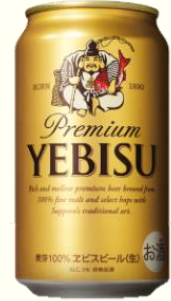
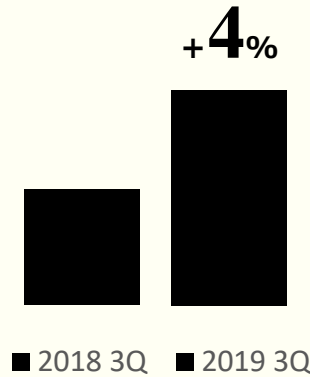
- Reduce management platform development cost (1.5 billion yen → 1.0 billion yen)  
Revise downward full-year earnings forecast to reflect structural reform expense increase (3.0 billion yen → 6.5 billion yen)

# Strengthening of Beer Business and Approach to Low Price Category

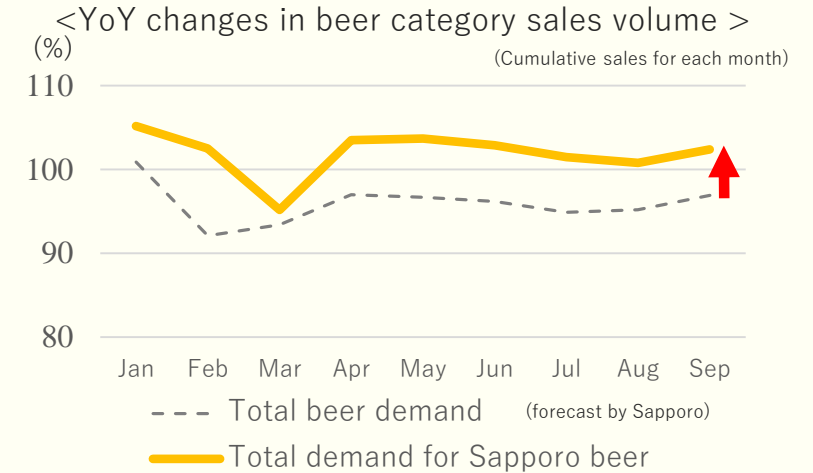
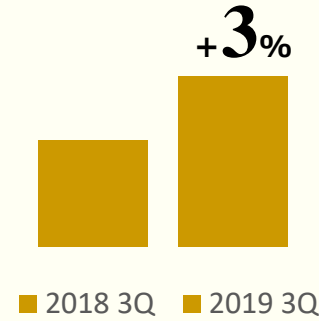
## ▶ Steady progress in strengthening of beer business



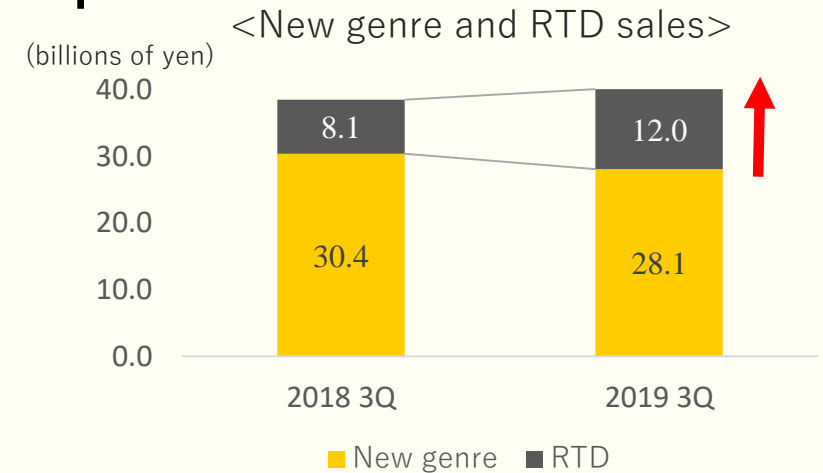
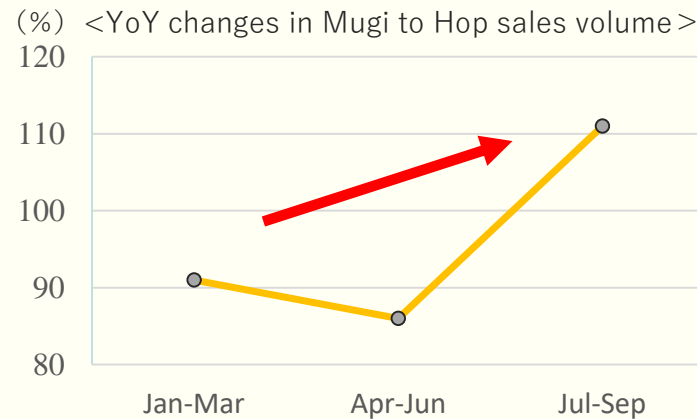
Black Label brand sales volume (cans)



Yebisu brand sales volume (cans)



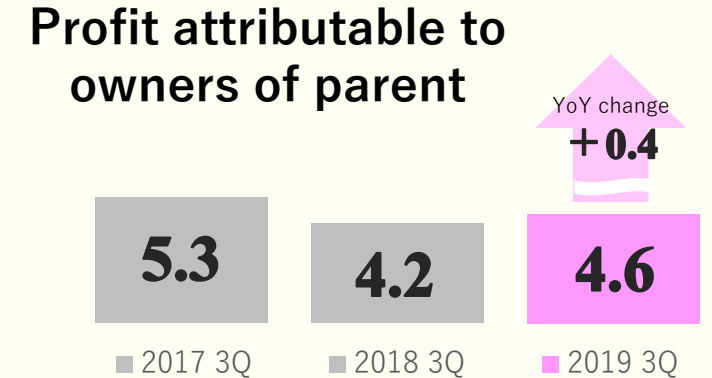
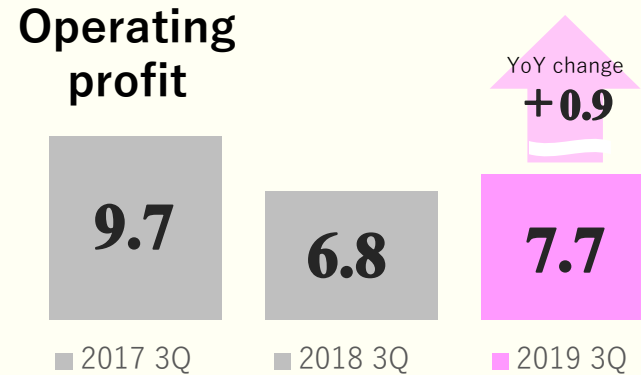
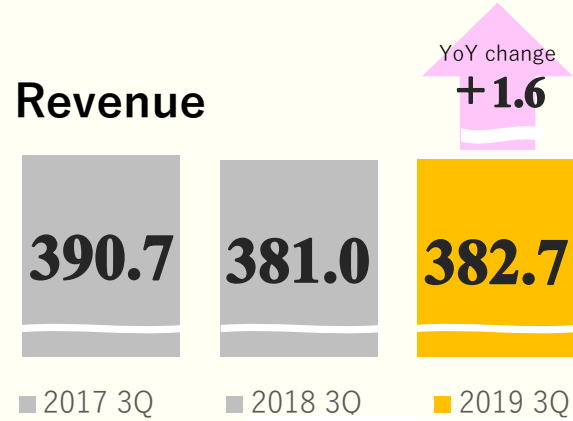
## ▶ New genre on recovery track thanks to impact of Mugi to Hop relaunch



# Business Results

# Third Quarter 2019 Highlights

## ▶ Certain level of success achieved in nurturing beer, RTD, and lemon-based food brands Challenges remain in structural reforms of North American and Japanese soft drinks



- ▶ While beer and RTD in Japan and Sapporo Premium in North America performed strongly in the alcoholic beverage business, the new genre slowdown and impact of exchange rate on North American alcoholic beverages resulted in a revenue decline of ¥1.0 billion
- ▶ Revenue of the food & soft drinks business increased ¥2.7 billion, despite the slowdown in Japanese soft drinks caused by inclement weather, as sales were boosted by consolidation of Yasuma and a return to profitability in the North American soft drinks business

- ▶ Operating profit increased ¥0.9 billion, as cost control in the alcoholic beverages business (Japan) and sale of properties in the Real Estate business offset the profit decline in the food & soft drinks business and North American alcoholic beverages business

- ▶ Increased as operating profit improved

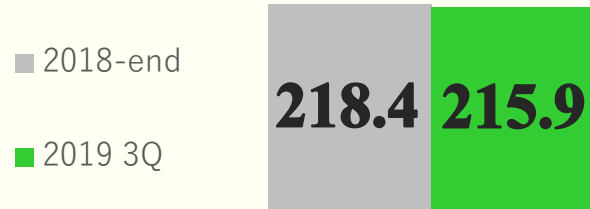
(billions of yen)

\* All figures are based on IFRS



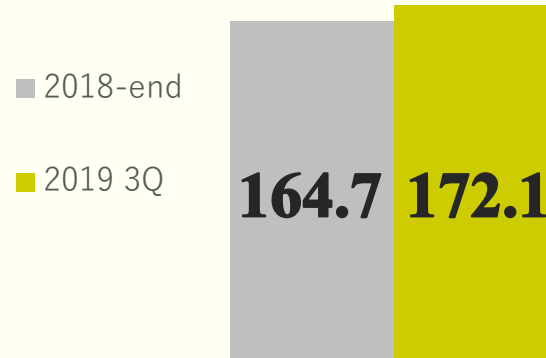
# Third Quarter 2019 Highlights

## Balance of net debt

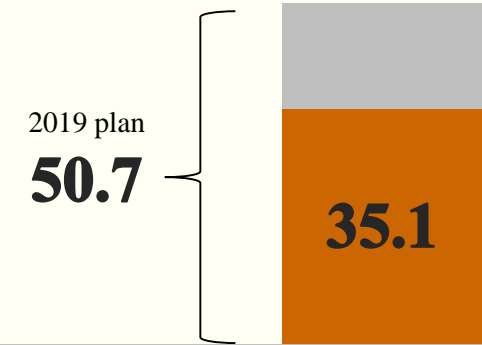


**D/E ratio (net) 1.3** times      YoY change  $\pm 0.0$  times

## Equity



## Cash basis investment



(billions of yen)

## Transformation of the Group management platform



- Construction of industry's first hybrid beer/soup plant completed (See slide 18)
- Introduced plan-driven logistics system that harnesses AI technologies (See slide 19)

## Group topics

- Held Ebisu Sustainable City Business Contest (See slide 37) [https://www.sapporo-re.jp/pdf/sapporore/store/storage/cname\\_20190711165353.pdf](https://www.sapporo-re.jp/pdf/sapporore/store/storage/cname_20190711165353.pdf)
- The 11th Yebisu Beer Festival (See slide 38) <https://www.sapporoholdings.jp/news/dit/?id=8469>

# Revenue by Segment

(billions of yen)

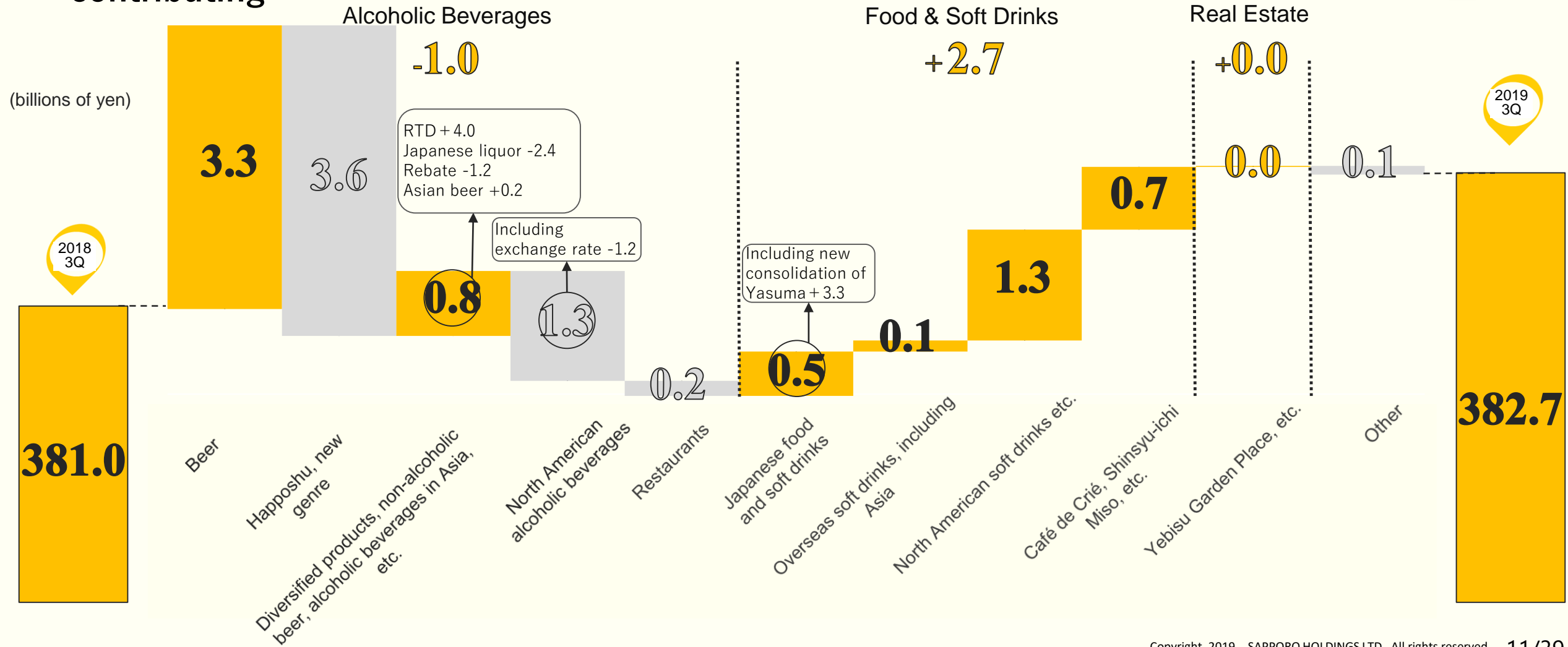
	2018 3Q	2019 3Q	YoY changes (amount)	YoY changes (%)
<b>Revenue by Segment</b>	381.0	<b>382.7</b>	<b>1.6</b>	0.4%
Alcoholic Beverages	239.5	<b>238.5</b>	<b>(1.0)</b>	(0.4)%
Japan & Asia	180.7	181.1	0.4	0.2%
North America	37.9	<b>36.6</b>	(1.3)	(3.4)%
Restaurants	20.9	<b>20.7</b>	(0.2)	(0.8)%
Food & Soft Drinks	118.7	<b>121.5</b>	<b>2.7</b>	2.3%
Japan & Asia	98.4	<b>99.8</b>	1.4	1.4%
North America	20.3	<b>21.6</b>	1.3	6.6%
Real Estate	18.3	<b>18.3</b>	<b>0.0</b>	0.1%
Other	4.5	<b>4.4</b>	(0.1)	(2.3)%

Factors are explained  
in the next slide

# Main Factors Contributing to Changes in Revenue


Beer and RTD grew, while new genre products were on a recovery track thanks to the impact of the Mugi to Hop relaunch  
 Profit increased YoY with Yasuma consolidation and sales recovery in North America contributing

= Increase  
 = Decrease




# Operating Profit by Segment

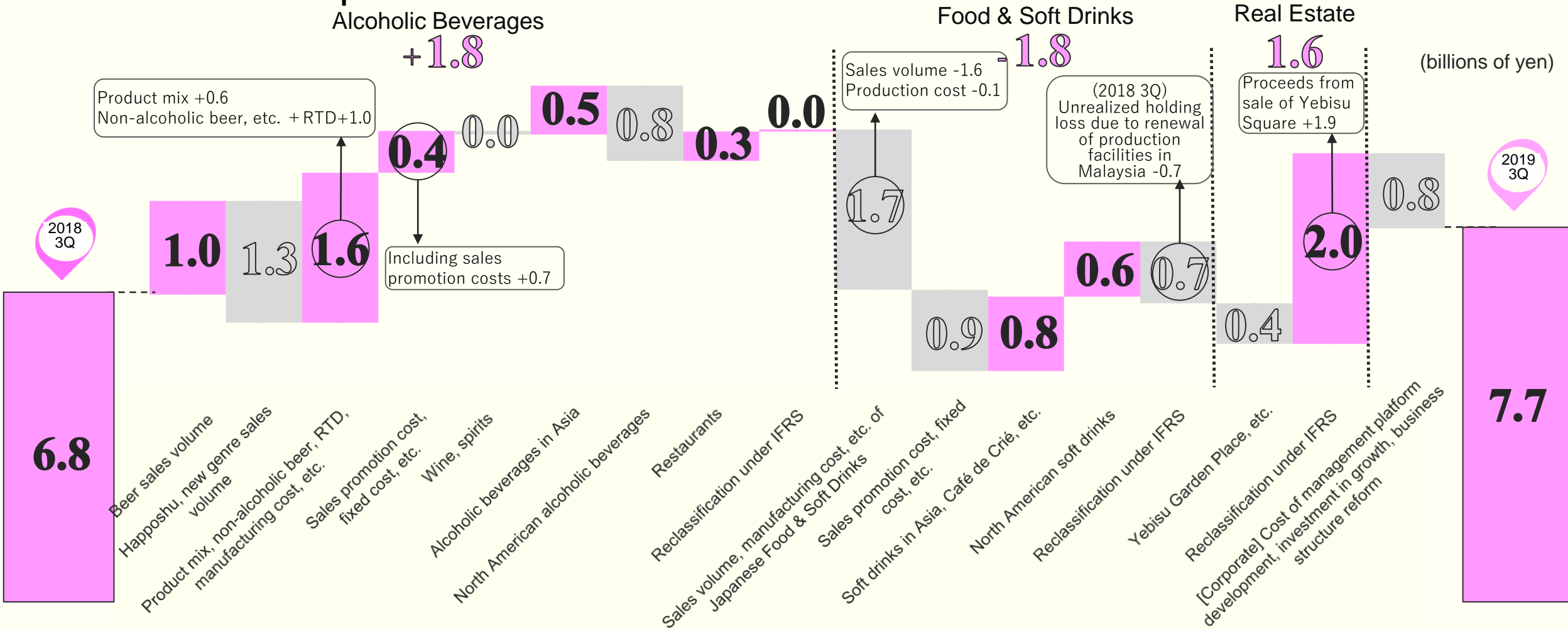
	2018 3Q	2019 3Q	YoY changes (amount)	(billions of yen) YoY changes (%)
<b>Operating Profit by Segment</b>	6.8	<b>7.7</b>	0.9	12.9%
Alcoholic Beverages	2.7	<b>4.5</b>	1.8	68.3%
Japan & Asia	2.1	<b>4.3</b>	2.3	109.8%
North America	0.8	<b>0.1</b>	(0.8)	(89.5%)
Restaurants	(0.1)	<b>0.1</b>	0.3	-
Food & Soft Drinks	0.5	<b>(1.3)</b>	(1.8)	-
Japan & Asia	1.1	<b>(1.2)</b>	(2.4)	-
North America	(0.6)	<b>(0.1)</b>	0.6	-
Real Estate	8.2	<b>9.7</b>	1.6	19.3%
Other	0.1	<b>(0.1)</b>	(0.2)	-
General corporate and intercompany eliminations	(4.5)	<b>(5.1)</b>	(0.6)	-

 Factors are explained in the next slide

# Main Factors Contributing to Changes in Operating Profit


**Contributions from cost control in Alcoholic Beverages in Japan and improved profitability in Vietnam**  
**Improvement in profitability of Soft Drinks in Asia and sale of investment real estate in 1Q**  
**also contributed to profit increase**

= Increase  
 = Decrease



\*Reclassification under IFRS: Other non-operating revenues and expenses as well as extraordinary income and loss.

# Special factors in the business results

## ▶ Impact of exchange rates on operating profit is minimal

### <Special factors in business results (YoY)>

Business segment	Details	Impact on revenue	Impact on operating profit
Alcoholic Beverages	Wild Rose Brewery LTD. Consolidated from 2Q of 2019	-	-
Food & Soft Drinks	Yasuma Co., Ltd. Consolidated from 2Q of 2019 * 1Q :Balance sheet only	Approx. 3.3 billion	-

-: negligible impact

### <Impact of foreign exchange rates (currency translation)>

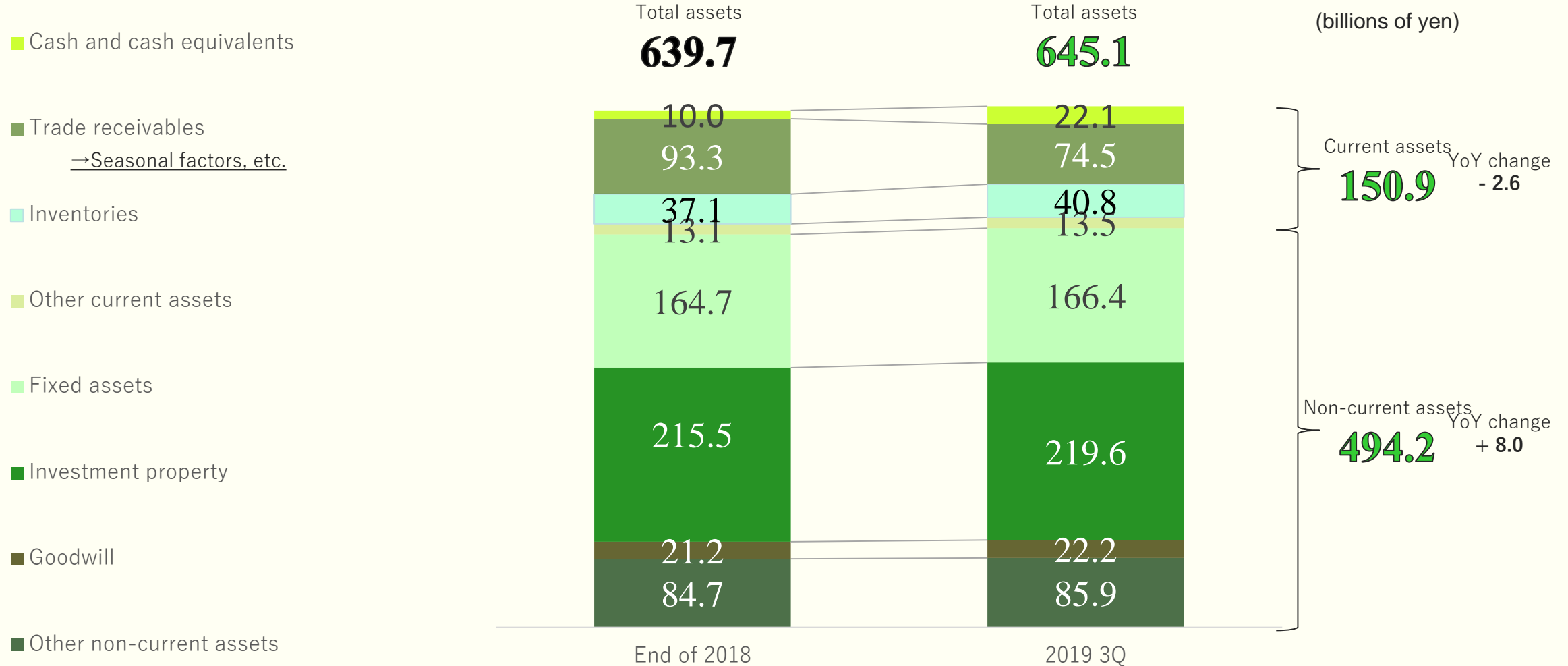
	2018 3Q	2019 3Q	*Average rates for the quarter	
\$US	¥109.61	¥109.13		
EUR	¥130.87	¥122.62		
\$CAN	¥85.11	¥82.13		
\$SG	¥81.78	¥79.99		

	Impact on revenue	Impact on operating profit
Alcoholic Beverages	Approx. -¥1.2 billion	-
Food & Soft Drinks	-	-

# Changes in Balance Sheets

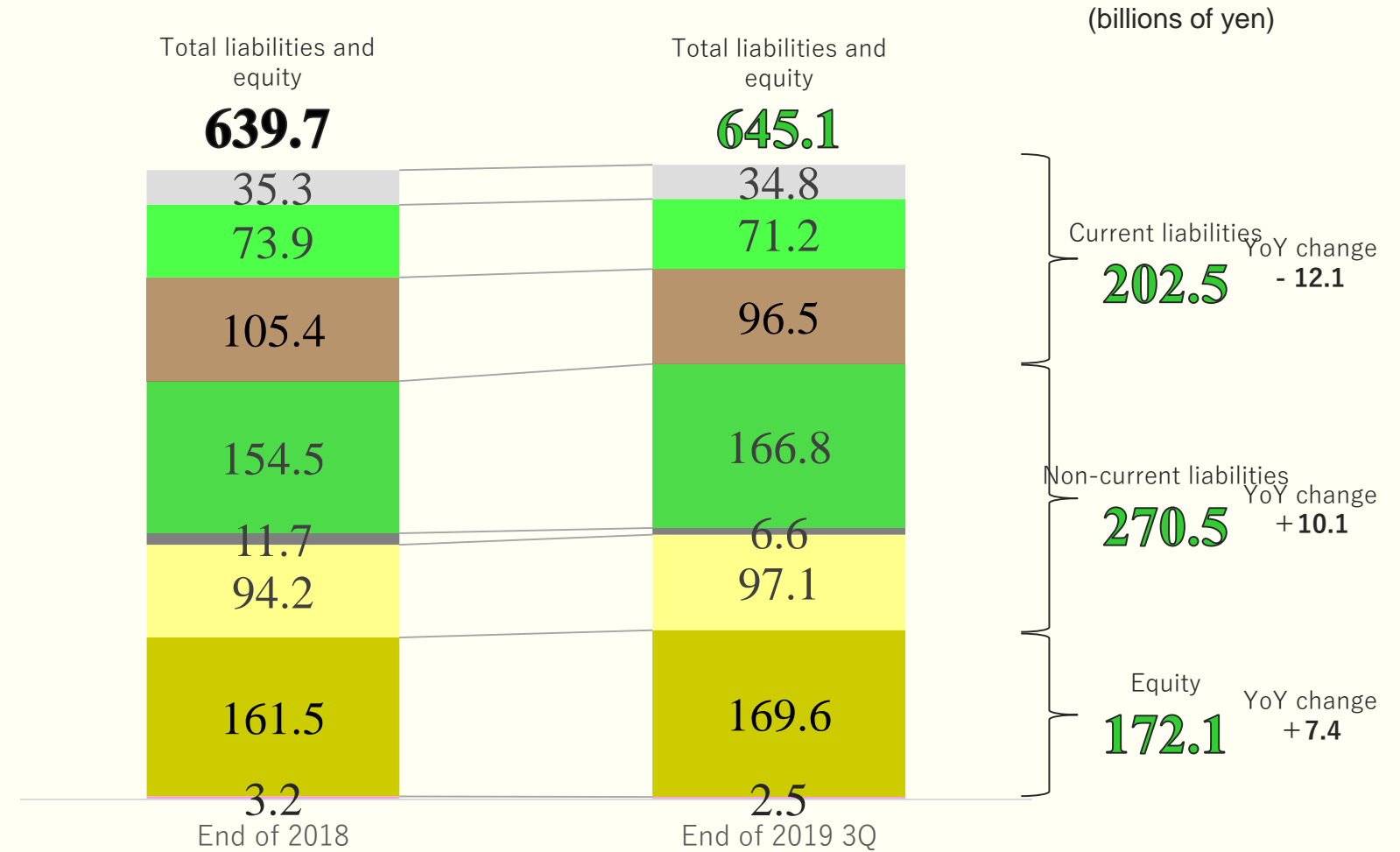
## ▶ Total assets increased ¥5.4 billion from year end



# Changes in Balance Sheets

▶ Total liabilities declined ¥2.0 billion from year end, total equity increased ¥7.4 billion

- Trade payables
- Short-term financial liabilities
- Other current liabilities
- Long-term financial liabilities
- Net defined benefit liabilities
- Other non-current liabilities
- Equity attributable to owners of parent
- Non-controlling interests





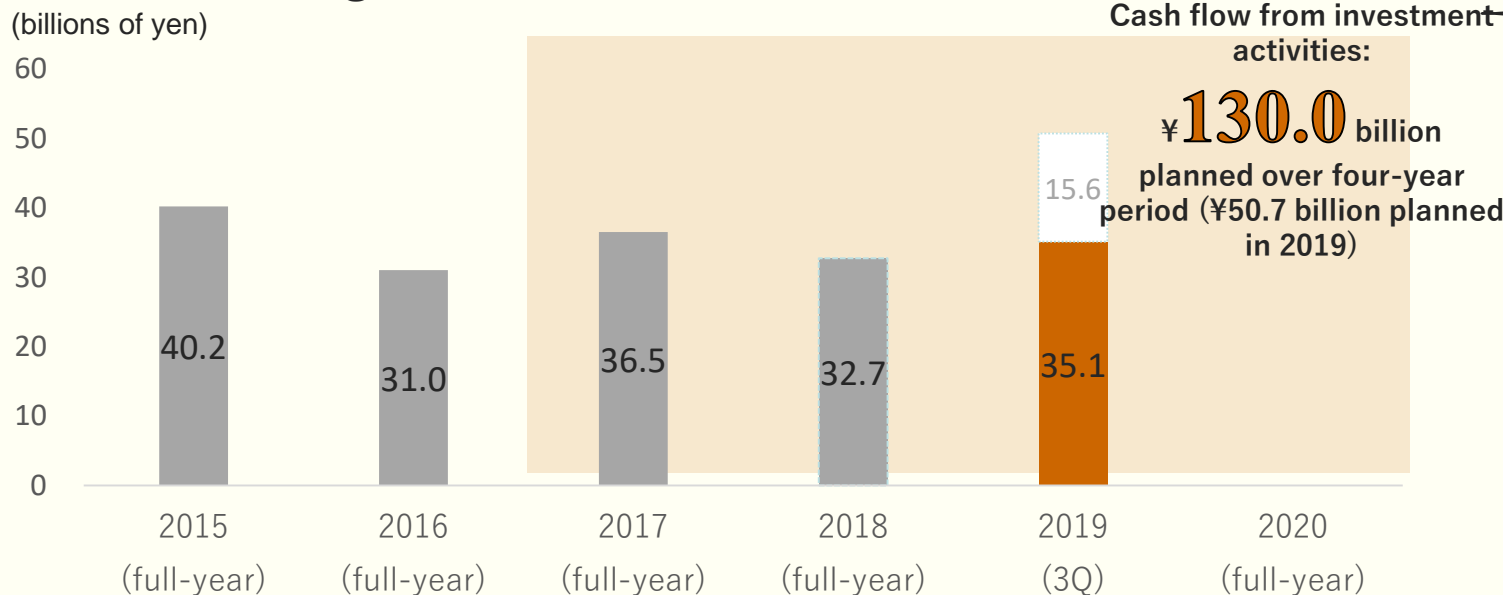
# Financial Status

## Investment on a cash basis was ¥35.1 billion

### <Consolidated cash flow (CF) statement>

	2018 3Q	2019 3Q	Change	Change (%)
CF from operating activities	26.7	34.4	7.6	28.6%
CF from investing activities	- 19.3	- 21.9	- 2.6	-
Free CF	7.4	12.4	5.0	68.0%
CF from financing activities	- 9.0	- 0.3	8.8	-

### <Changes in amount of investment (cash basis)>



#### ① <Capital expenditure>

Consolidated total of approx. **¥13.6 billion**  
(property, plant and equipment, intangible assets)

#### <Major items>

- “Alcoholic Beverages,” “Food,” and “Soft Drinks”-related: Approx. ¥11.2 billion  
POKKA SAPPORO plant facilities-related: Approx. ¥4.0 billion  
System update work at domestic beer plants, etc.: Approx. ¥3.4 billion  
Capital expenditure etc. at Sleeman: Approx. ¥0.8 billion
- Group-wide infrastructure optimization, etc.: Approx. ¥2.4 billion

#### ② <Investment properties>

Consolidated total of approx. **¥12.9 billion**

#### ③ <Lease fees> consolidated total of approx. **¥3.0 billion**

\*Excluding lease fees for renting restaurant premises

#### ④ <Other investments> Consolidated total of approx. **¥5.5 billion**

(including long-term prepaid expenses, investment securities, etc.)

#### ①+②+③+④ <3Q 2019 investment total>

(cash basis; including recurring capital expenditure and lease fees)

Approx. **¥35.1 billion**

# Transformation of the Group Management Platform

## ▶ Construction of industry's first hybrid beer/soup production plant completed

- Utilization of existing beer plant platform / Reduction of environmental load through sharing of production utilities -

POKKA SAPPORO Food & Beverages Ltd. ("PS") has commenced production at a plant newly constructed on the grounds of Sapporo Breweries' Sendai plant in Natori, Miyagi Prefecture. The new plant is equipped to produce cup-based soup and granular ingredients for powdered soup.

The instant soup market has enjoyed solid growth in recent years on the back of trends in customer snacking needs and diversifying eating habits including a shift toward simpler meals and eating alone. Ever since introducing canned soup in 1980, we have been nurturing the soup business while monitoring changes in food culture and lifestyles and suggesting new eating styles to customers.

PS currently has three soup production bases, namely, the Nagoya plant, Gunma plant, and Iwata Pokka Foods Co., Ltd. (a wholly owned consolidated subsidiary of PS), and has been working to cater to the growing demand for instant soup. We established the new Sendai plant and enhanced in-house cup-based soup production capacity so as to be able respond more flexibly to the market and promote further proactive business expansion. With the launch of operations at the plant, total production capacity has increased by 50%.

Further, establishing the soup plant on the grounds of Sapporo Breweries' Sendai plant facilitates the utilization of the Sapporo Group assets and the generation of synergies.

With operations now underway at the new plant, we aim to pursue further business growth.



# Transformation of the Group Management Platform

## ▶ Introduction of a plan-driven logistics system that harnesses AI technologies

-Building a common system for three Sapporo Group companies-

Sapporo Group has introduced an AI technology-based product supply and demand planning system called the “Supply Chain Planning System” (“SCPS”). Three Sapporo Group companies (Sapporo Breweries Ltd., POKKA SAPPORO Food & Beverages Ltd., and Sapporo Group Logistics Co. Ltd.) began using the system in August 2019.

The SCPS serves as a common system for Sapporo Group’s alcoholic beverages, soft drinks, and food, and covers everything from demand prediction to production planning and supply and inventory replenishment planning. Sapporo Group and Canon Marketing Japan Group subsidiary Canon IT Solutions Inc. (“Canon ITS”) jointly formulated the SCPS’s standard operating procedures. The system was developed utilizing planning solutions such as Canon ITS’s FOREMAST. Sapporo Group endorses the White Logistics Movement initiative and has declared that it will work to improve the efficiency of logistics and the working conditions of logistics workers with focus on standardization of logistics operations and establishment of a network of Group facilities. With the introduction of SCPS, the operational flow/systems of products in different categories are being integrated and plan-driven logistics operations are being standardized. By helping to address issues such as truck driver shortages, business structure diversification, and dependence on the capabilities of certain employees, while also helping to realize inventory optimization, logistics standardization, and reform of the working styles of those engaged in logistics, SCPS will play a significant role in helping the Group achieve its business targets.

Further, in the first half of 2020, the group plans to add functions to the system to support decision-making and enhance data accuracy.

The logistics business environment is becoming increasingly severe with every passing year and issues such as labor shortages and increasing logistics costs are coming to the fore. The Sapporo Group will continue working together with Canon ITS to take on this logistics crisis.

# Revision of 2019 Full-Year Earnings Forecasts

# Revision of 2019 Full-Year Earnings Forecasts

(billions of yen)		2019 Initial forecast	2019 Revised forecast	Revision amount	2018 Results	Change
<b>Consolidated revenue</b>		<b>548.8</b>	<b>542.0</b>	<b>(6.8)</b>	<b>521.9</b>	<b>20.1</b>
	Alcoholic Beverages	346.0	<b>341.9</b>	<b>(4.1)</b>	330.0	<b>11.9</b>
	Food & Soft Drinks	172.2	<b>169.5</b>	<b>(2.7)</b>	161.3	<b>8.2</b>
	Real Estate	24.6	<b>24.6</b>	-	24.5	<b>0.1</b>
	Other	6.0	<b>6.0</b>	-	6.0	<b>(0.0)</b>
<b>Consolidated operating profit</b>		<b>12.6</b>	<b>6.2</b>	<b>(6.4)</b>	<b>10.8</b>	<b>(4.7)</b>
	Alcoholic Beverages	9.7	<b>7.8</b>	<b>(1.9)</b>	3.9	<b>3.9</b>
	Food & Soft Drinks	1.7	<b>(0.2)</b>	<b>(1.9)</b>	1.1	<b>(1.3)</b>
	Real Estate	12.1	<b>12.5</b>	<b>0.4</b>	12.0	<b>0.5</b>
	Other	0.1	<b>0.1</b>	-	0.2	<b>(0.1)</b>
	Corporate	(11.0)	<b>(14.0)</b>	<b>(3.0)</b>	(6.4)	<b>(7.6)</b>
<b>Profit attributable to owners of parent</b>		<b>8.7</b>	<b>3.3</b>	<b>(5.4)</b>	<b>8.5</b>	<b>(5.2)</b>

## <Alcoholic Beverages>

Revenue: -¥4.1 billion

Operating profit: -¥1.9 billion

→ Impact of exchange rates and sales volume decline in North America

## <Food & Soft Drinks>

Revenue: -¥2.7 billion

Operating profit: -¥1.9 billion

→ Decline in sales volume of soft drinks

## <Real Estate>

Operating profit: ¥0.4 billion

→ Cost reduction

## <Corporate>

Operating profit: -¥3.0 billion

→ Decline in management platform development cost, increase in structural reform cost

# Appendix

# Appendix: 2018 3Q ( Previous year's result ) Conversion Table of Revenue, Operating Profit by Segment



SAPPORO  
(billions of yen)

* ( ) denotes new segment	Former segments (5 business domain structure)	New segments (3 business domain structure)	Difference	Remarks
<b>Revenue</b> (billions of yen)	381.0	<b>381.0</b>	-	
Japanese Alcoholic Beverage (Alcoholic Beverages)	179.8	<b>239.5</b>	59.7	
International (-)	59.1	-	(59.1)	<ul style="list-style-type: none"> <li>• North American alcoholic beverages and Vietnam moves to Alcoholic Beverages ¥37.9 billion</li> <li>• North American soft drinks moves to Food &amp; Soft Drinks ¥21.3 billion</li> </ul>
Food & Soft Drinks (Food & Soft Drinks)	94.2	<b>118.7</b>	24.5	
Restaurants	20.9	-	(20.9)	• To Alcoholic Beverages ¥20.9 billion
Real Estate (Real Estate)	18.3	<b>18.3</b>	-	
Other	8.7	<b>4.5</b>	(4.2)	• Shinshu-ichi Miso moves to Food & Soft Drinks ¥4.2 billion
	Former segments (5 business domain structure)	New segments (3 business domain structure)	Difference	Remarks
<b>Operating profit</b>	6.8	<b>6.8</b>	-	
Japanese Alcoholic Beverage (Alcoholic Beverages)	1.8	<b>2.7</b>	0.9	
International (-)	0.4	-	(0.4)	<ul style="list-style-type: none"> <li>• North American alcoholic beverages and Vietnam moves to Alcoholic Beverages ¥0.8 billion</li> <li>• North American soft drinks moves to Food &amp; Soft Drinks ¥-0.4 billion</li> </ul>
Food & Soft Drinks (Food & Soft Drinks)	1.3	<b>0.5</b>	(0.8)	
Restaurants	(0.1)	-	0.1	• To Alcoholic Beverages ¥-0.1 billion
Real Estate (Real Estate)	8.2	<b>8.2</b>	-	
[Corporate] Other	(4.7)	<b>(4.5)</b>	0.2	• Shinshu-ichi Miso moves to Food & Soft Drinks ¥-0.2 billion

# Appendix : Major sales & sale volume

## Alcoholic Beverages (Japan)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Sapporo Draft Beer Black Label (total)	—	—	100%	1,687	1,760	104%
YEBISU (total)	—	—	99%	857	870	102%
1 Beer (total)	—	—	102%	2,991	3,100	104%
2 Happoshu (total)	—	—	83%	257	200	78%
3 New genre beer products (total)	—	—	92%	1,217	1,150	95%
Beer, happoshu, and new genre (total 1+2+3)	—	—	98%	4,466	4,450	100%
Non-alcoholic beer taste beverage	72	55	76%	93	85	92%

(billions of yen)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Domestic wines	3.3	3.1	93%	4.7	5.3	115%
Imported wines	5.2	5.4	104%	8.2	9.3	113%
Wine (total)	8.5	8.5	100%	12.9	14.7	114%
RTD, Spirits and Shochu (total)	25.3	28.0	111%	35.3	41.2	117%
Subtotal	33.9	36.6	108%	48.3	55.9	116%
Rebate subtracted from sales	(5.6)	(7.1)	—	(8.5)	—	—
Total	28.3	29.4	104%	39.8	—	—

\*Full year estimate for rebate subtracted from sales is not disclosed.

## Beer (International)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	1,039	1,007	97%	1,368	1,341	98%
Sapporo brand	467	463	99%	628	641	102%

## Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Sep.30, 2018	Jan. 1 - Sep.30, 2019	YoY	Fiscal 2018 Actual	Full-year estimate for fiscal 2019	YoY
Soft Drinks(*1)	3,281	3,122	95%	4,370	4,280	98%

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

## Sales (including liquor tax)

(billions of yen)

	Nine months ended September 30, 2018 IFRS	Nine months ended September 30, 2019 IFRS	Change	Change (%)
Beer	116.6	119.9	3.3	2.9%
Happoshu	7.4	6.1	(1.3)	(17.5%)
New genre	30.4	28.1	(2.3)	(7.7%)
Subtotal	154.4	154.1	(0.3)	(0.2%)
Rebate subtracted from sales	(8.6)	(8.4)	0.2	—
Total	145.9	145.8	(0.1)	(0.1%)

## Sales (excluding liquor tax)

(billions of yen)

	Nine months ended September 30, 2018 IFRS	Nine months ended September 30, 2019 IFRS	Change	Change (%)
Beer	57.8	59.7	1.9	3.4%
Happoshu	4.1	3.4	(0.7)	(17.7%)
New genre	21.1	19.5	(1.6)	(7.5%)
Subtotal	83.0	82.6	(0.4)	(0.5%)
Rebate subtracted from sales	(8.6)	(8.4)	0.2	—
Total	74.5	74.3	(0.2)	(0.2%)



# Appendix : Alcoholic Beverages (Japan)

## 【Beer】 (Sales volume)

- ✓ Jan- Sep **up 2%** y-o-y
- ✓ Black Label brand total : **Unchanged** y-o-y  
(Sales of the canned version : **up 4%** y-o-y)
- ✓ Yebisu brand total : **down 1%** y-o-y  
(Sales of the canned version : **up 3%** y-o-y)

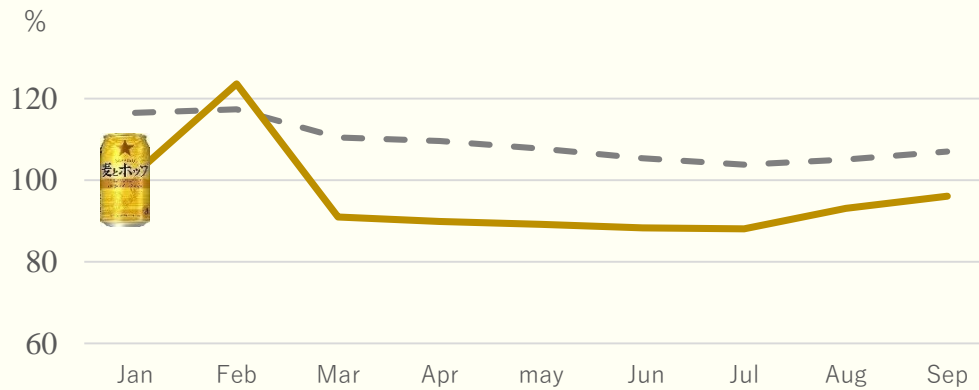
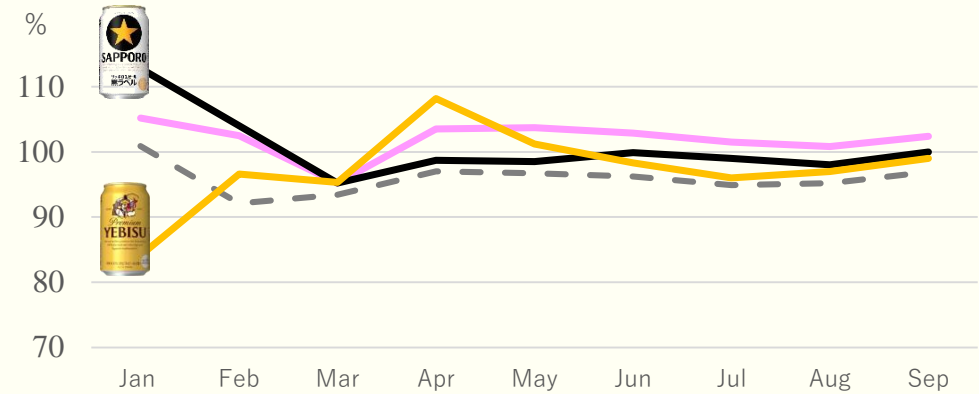
## 【Happoshu and new genre】 (Sales volume)

- ✓ Jan- Sep **down 10%**
- ✓ Mugi to Hop brand total : **down 4%** y-o-y

## 【Wine, Spirits and other】 (Sales revenue)

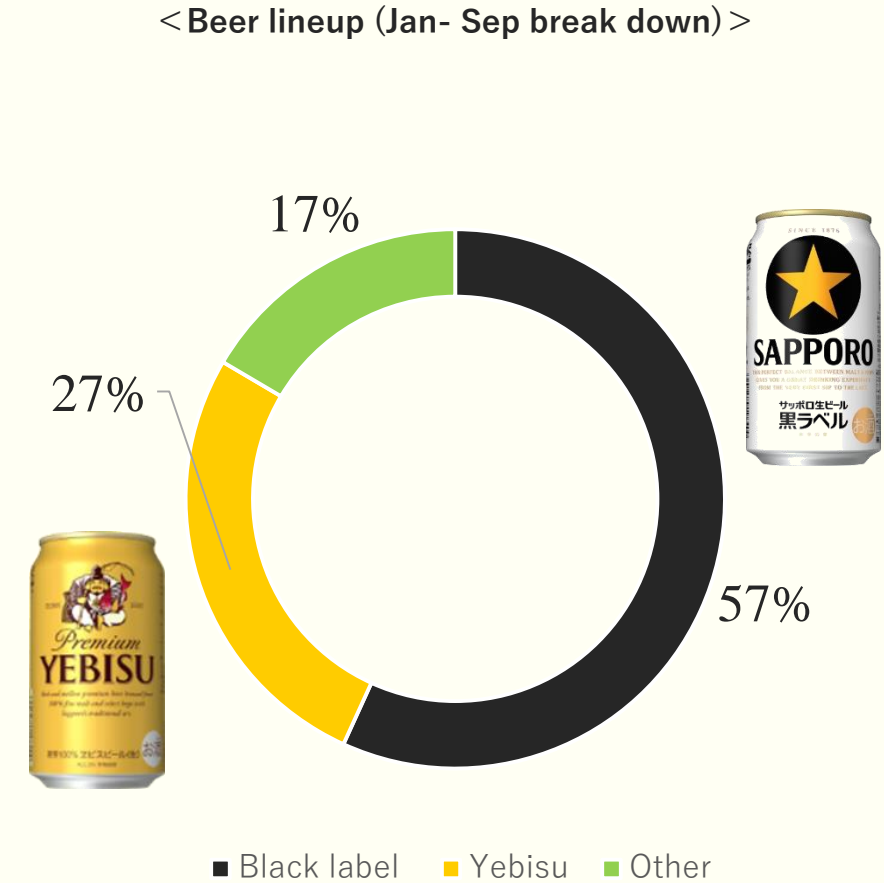
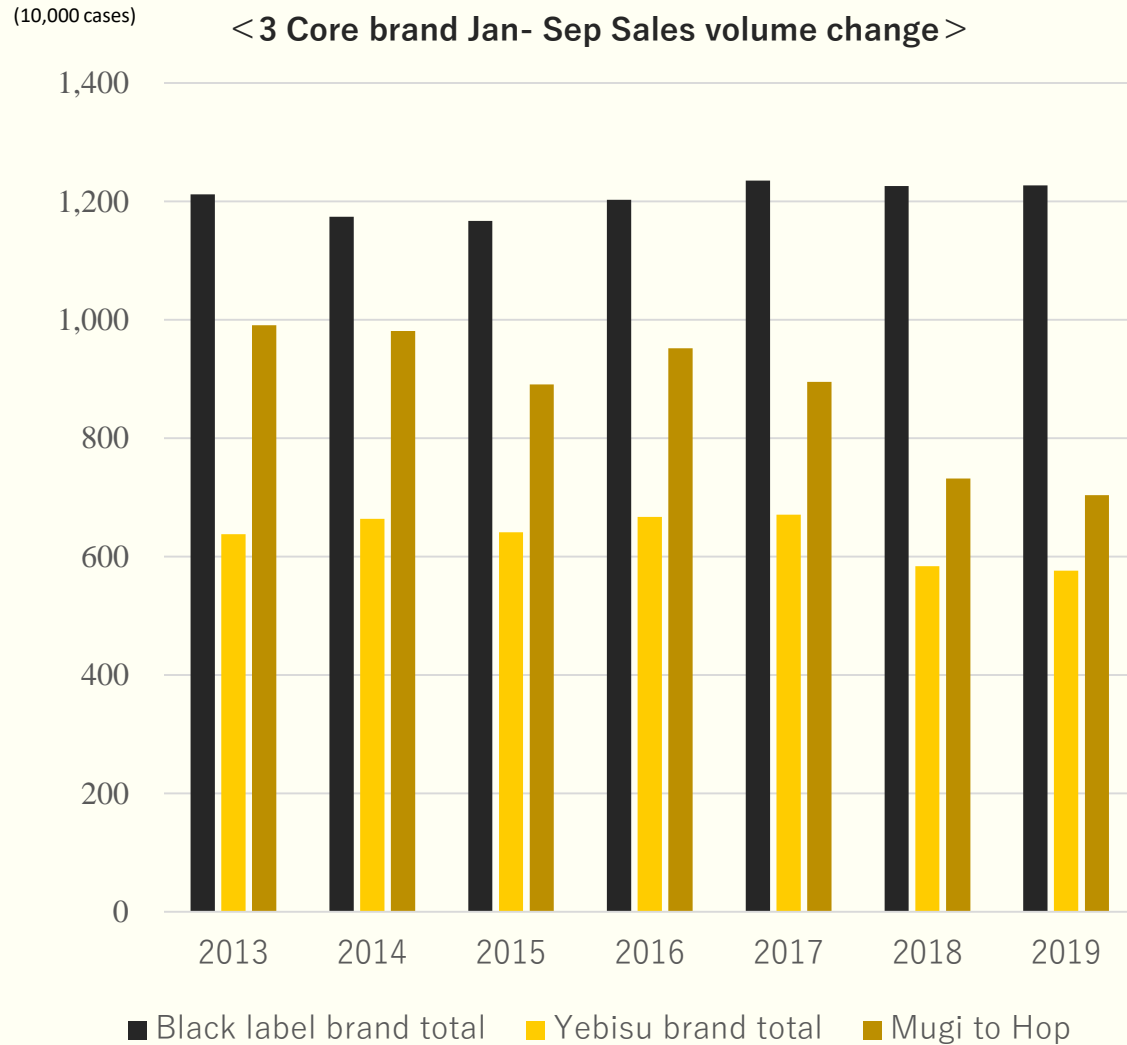
- ✓ Wine : **Unchanged** y-o-y
- ✓ RTD : **up 49%** y-o-y
- ✓ Spirits : **up 18%** y-o-y
- ✓ Japanese liquor : **down 21%** y-o-y

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

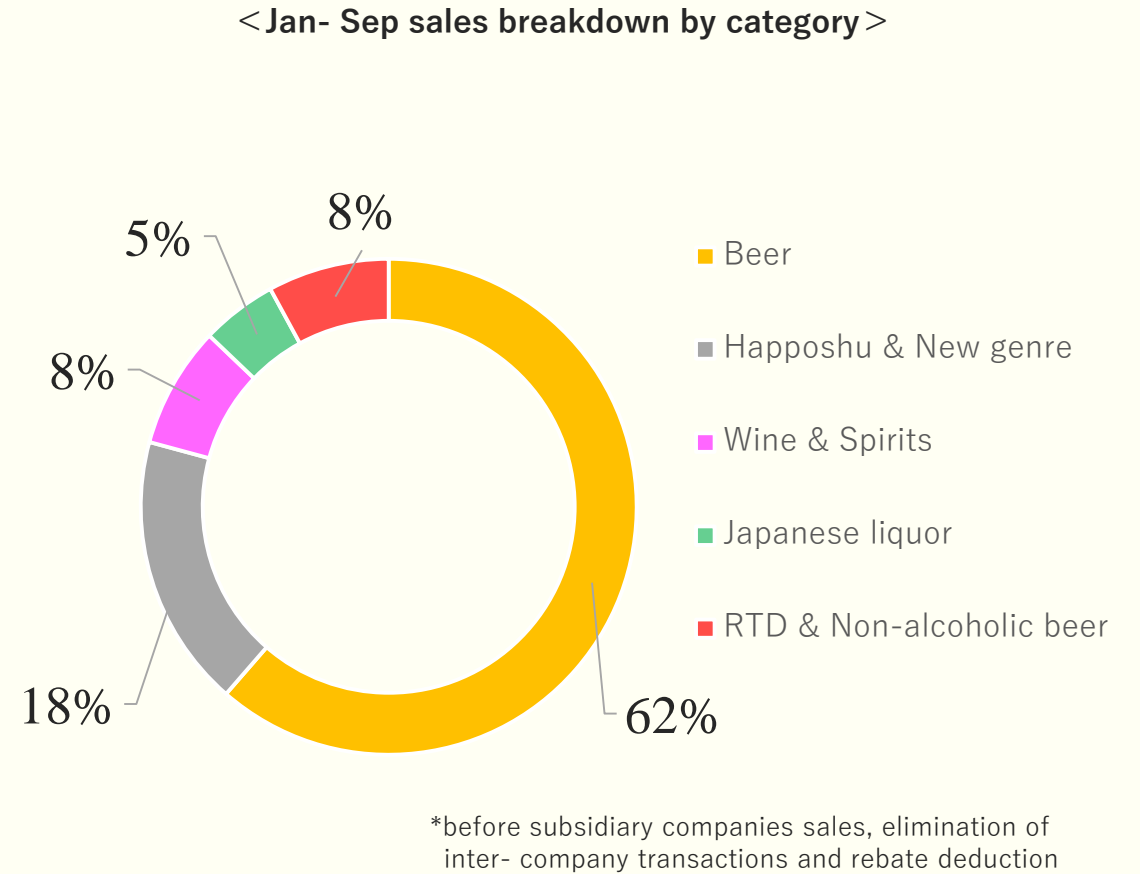
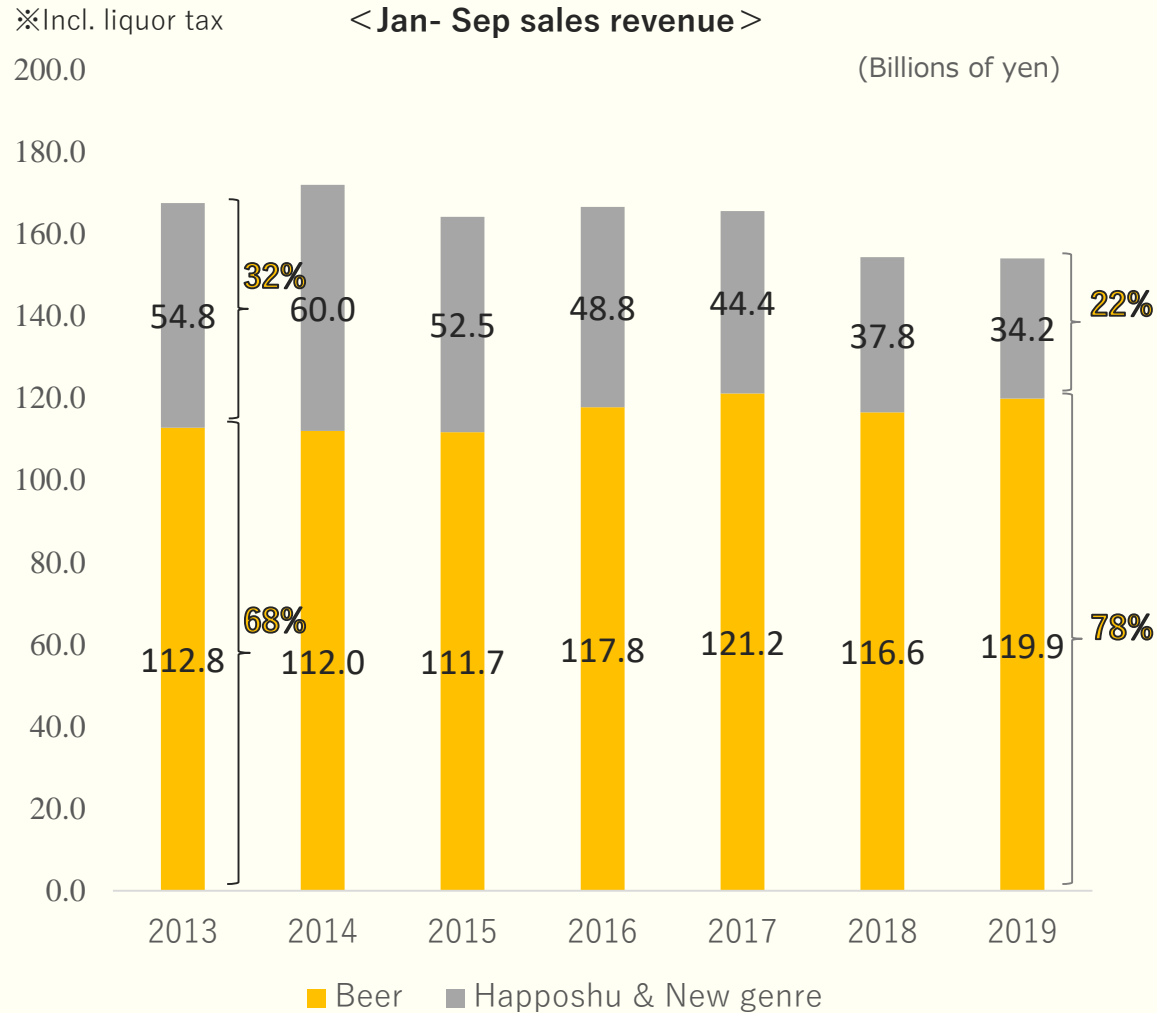


(Jan.1-Sep.30)

# Appendix : Alcoholic Beverages (Japan)

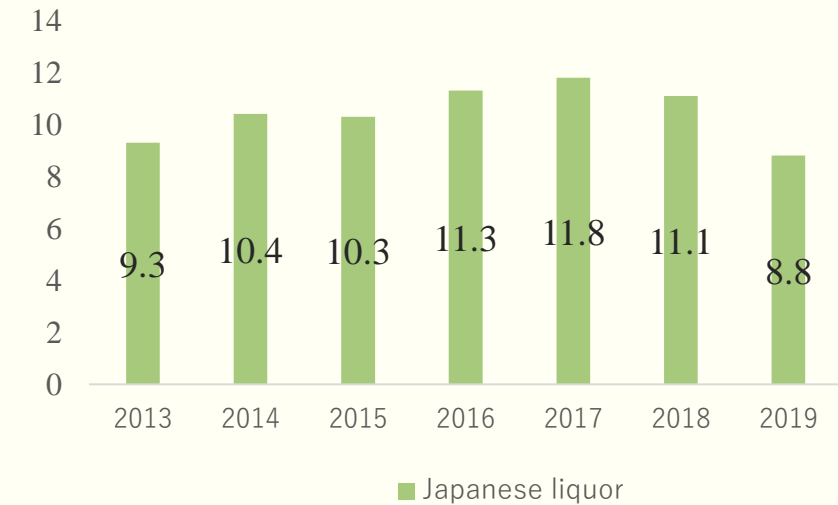
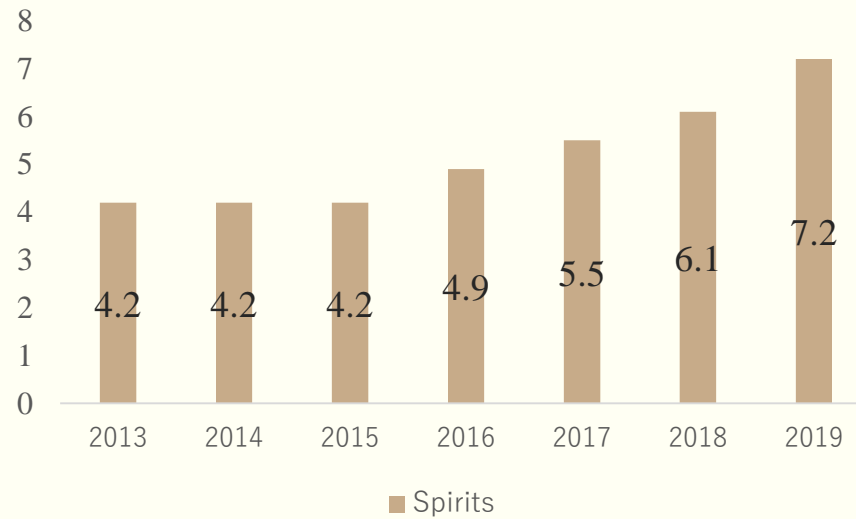
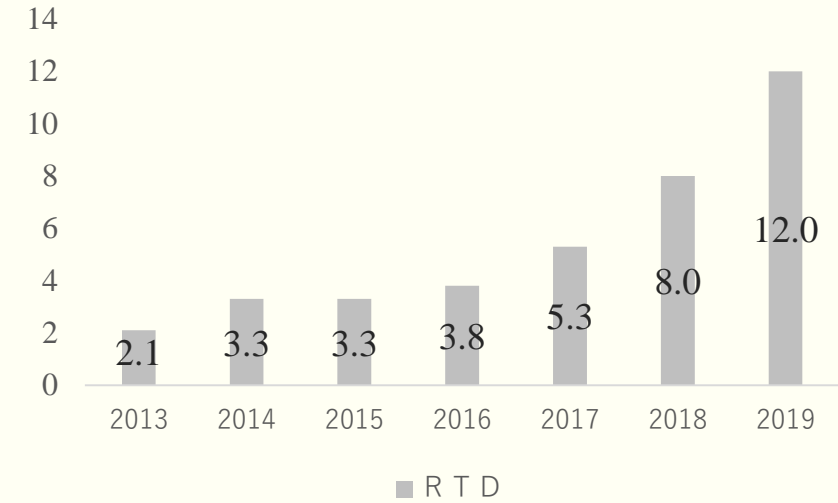
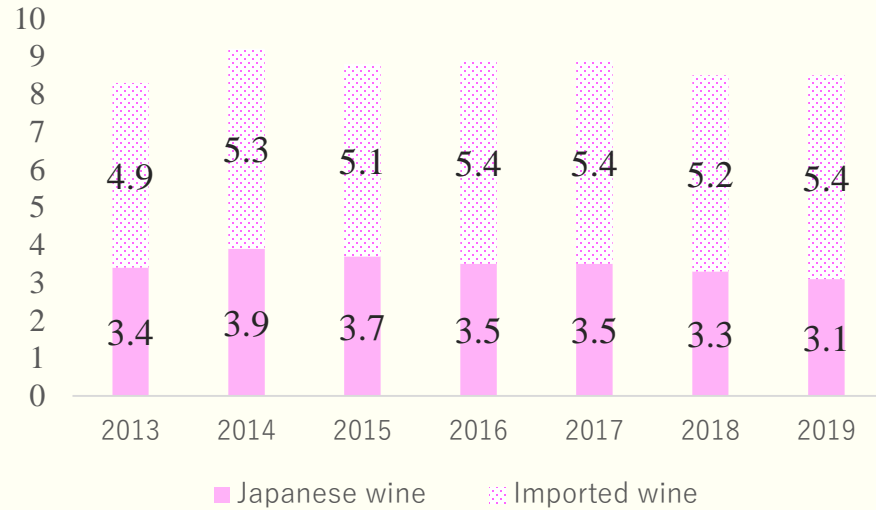


# Appendix : Alcoholic Beverages (Japan)



# Appendix : Alcoholic Beverages (Japan)

< Jan- Sep sales revenue > (Billions of yen)



# Appendix : Major New Alcoholic Beverages (Japan) Product Launches in Jul, Aug, and Sep

\*incl. improved products (\*1)



Kohaku Yebisu

## 麦とホップ



Mugu to Hop(\*1) Limited version of Mugu to Hop

## HOPPIN' GARAGE BREW YOUR IDEA



HOPPIN' GARAGE



Sapporo LAGER BEER



Sapporo Ginza Lion Ale



Baisen draft beer



Seven Premium Kamifurano Osumisan no hop batake kara

## SAPPORO CHU-HI 99.99 フォーナイン



9 9.9 9 <Four Nines>



9 9.9 9 <Four Nines> Clear ginger

## LEMON THE RICH



Lemon The Rich series

## 男梅



Otoko Ume highball (Plum RTD)



Otoko Ume sour (Plum RTD)

## うめカク



RTD Plum wine cocktail



Umekaku Left : Ramune Right : Kiwi

## Skal 愛のスコール ホワイトソー



Ai no Skal White Sour series



## NECTAR サワー



Nectar sour

# Appendix : Alcoholic Beverages (Overseas)

## 【Overseas brand】 (Products of Sleeman and Anchor)

✓ Jan- Sep down **3%**

## 【Sapporo brand】

✓ Jan- Sep down **1%**

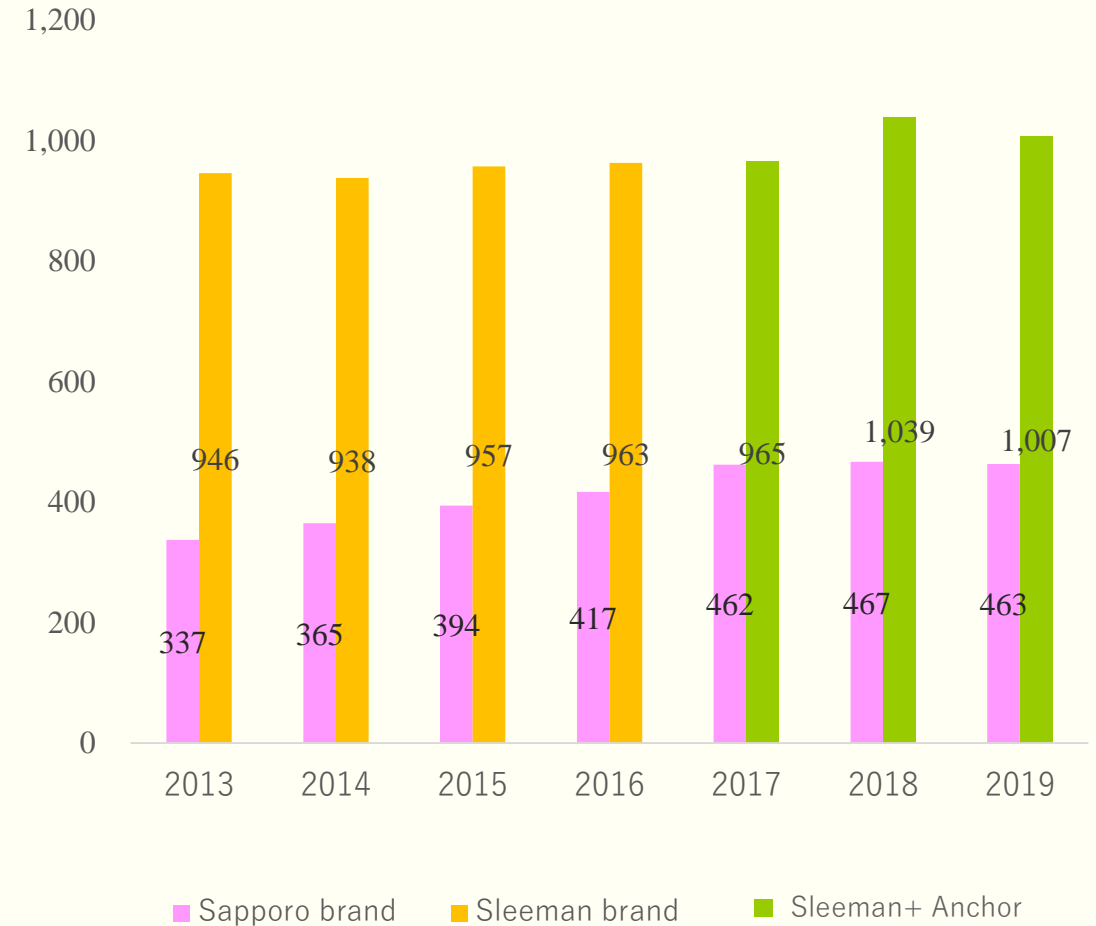
## 【Vietnam】

✓ Jan- Sep **up 12%** (including export)

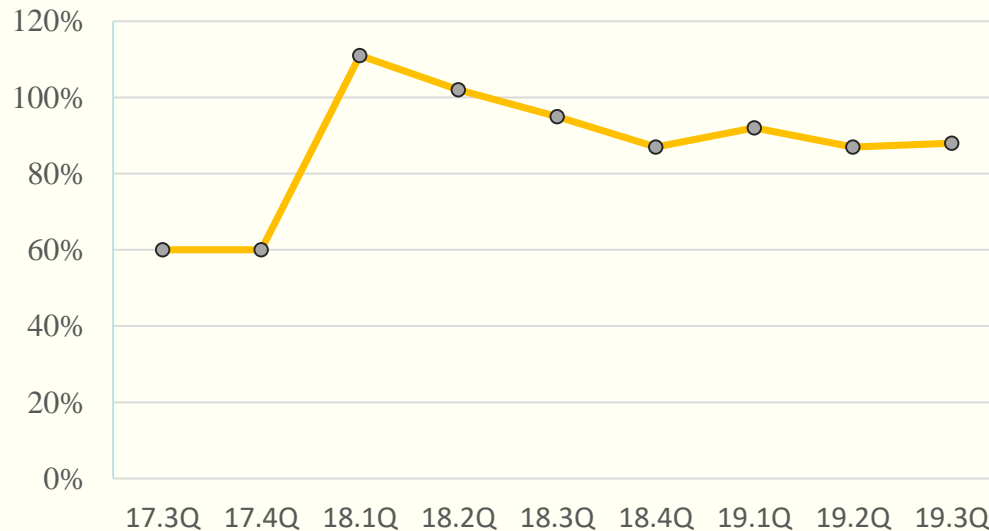


## < Overseas sales volume (Jan-Sep) >

(10,000 cases)

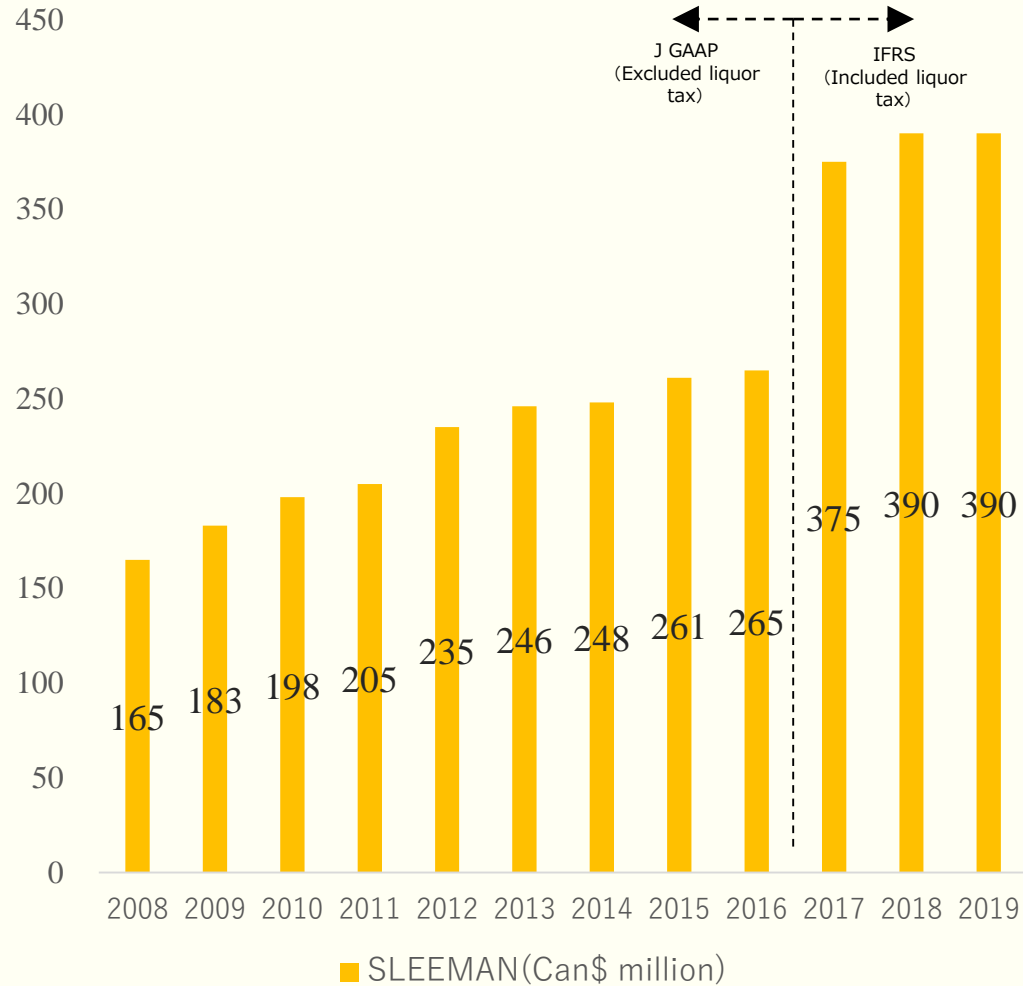


## < Y-o-y change in domestic sales volume in Vietnam >



# Appendix : Alcoholic Beverages (Overseas)

< Sleeman : Sales revenue in local currency (Jan- Sep) >  
 \*before elimination of inter- company transactions



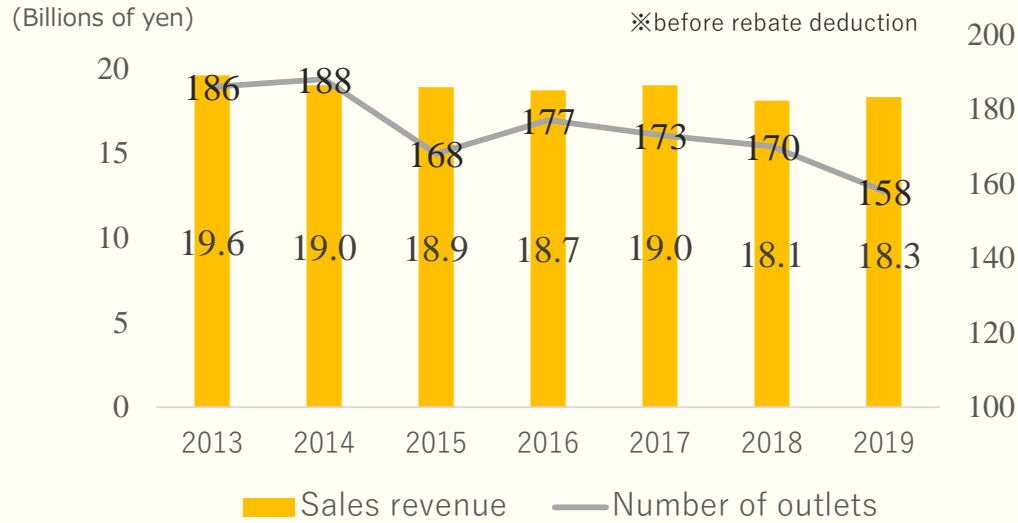
< Sapporo U.S.A.& Anchor : Sales revenue in local currency (Jan- Sep) >  
 \*before elimination of inter- company transactions



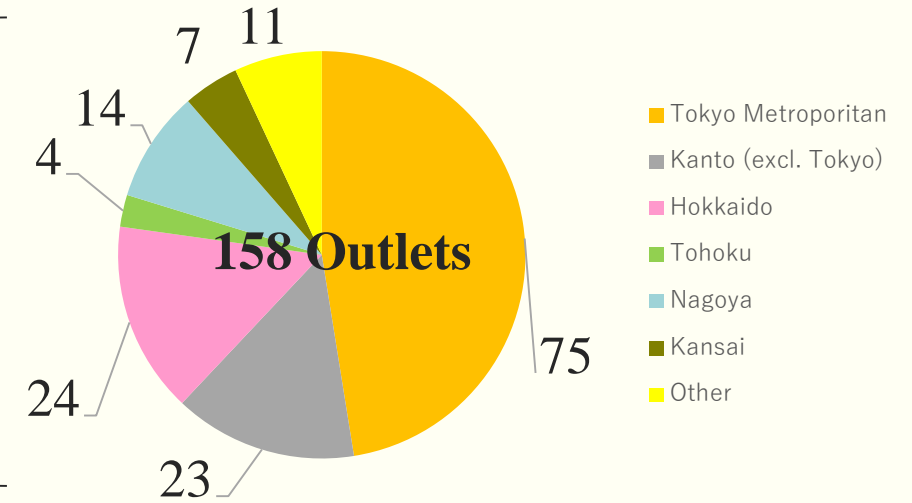


# Appendix : Alcoholic Beverages (Restaurants)

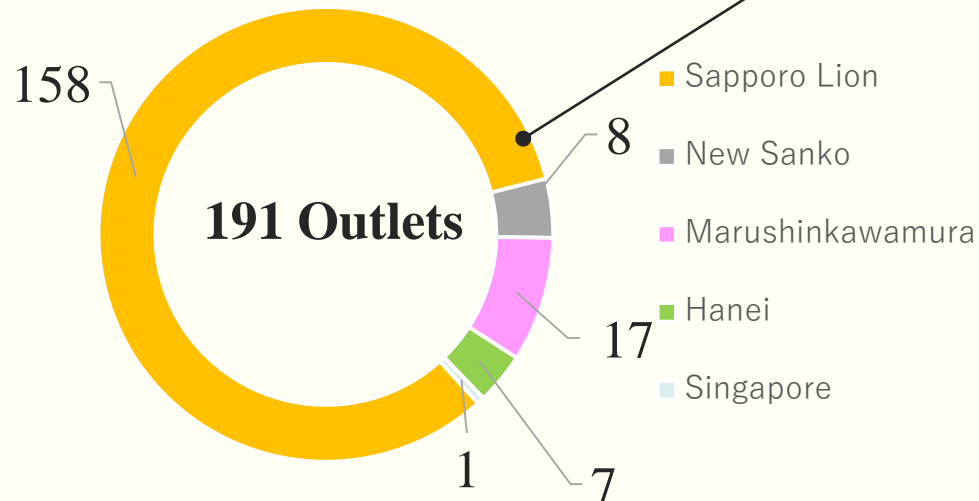
< Sales revenue and number of Sapporo Lion Outlets >



< Sapporo Lion outlets > As of Sep 30, 2019



< Total number of outlets >



< Brands >



(Jan.1-Sep.30)



# Appendix : Food & Soft Drinks

## 【Lemon based-drinks】

✓ Jan-Sep **up 4%** y-o-y  
(Sales volume)



## 【Lemon-based food products】

✓ Jan-Sep **up 8%** y-o-y  
(Sales volume)



## 【Unsweetened tea drinks】

✓ Jan-Sep **down 2%** y-o-y  
(Sales volume)



## 【Soups】

✓ Jan-Sep **down 4%** y-o-y  
(Sales volume)



## 【Coffee drinks】

✓ Jan-Sep **down 11%** y-o-y  
(Sales volume)



## 【Soy milk, chilled products】

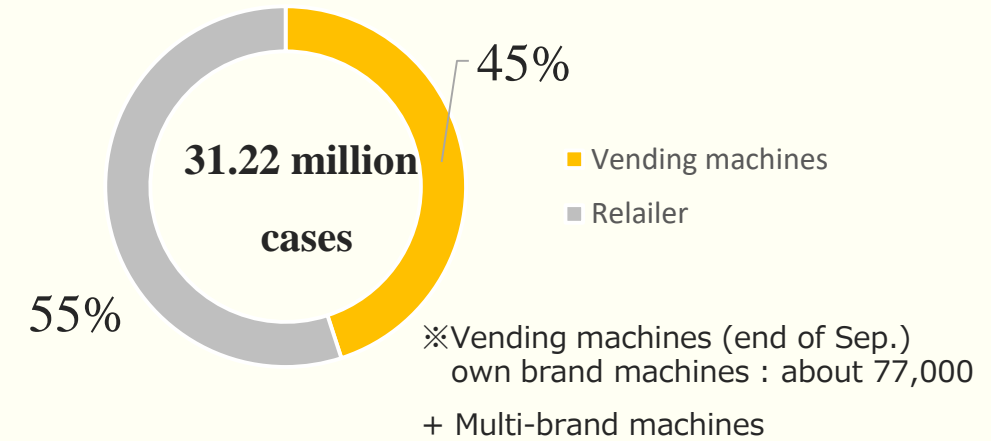
✓ Jan-Sep **up 10%** y-o-y  
(Sales volume)



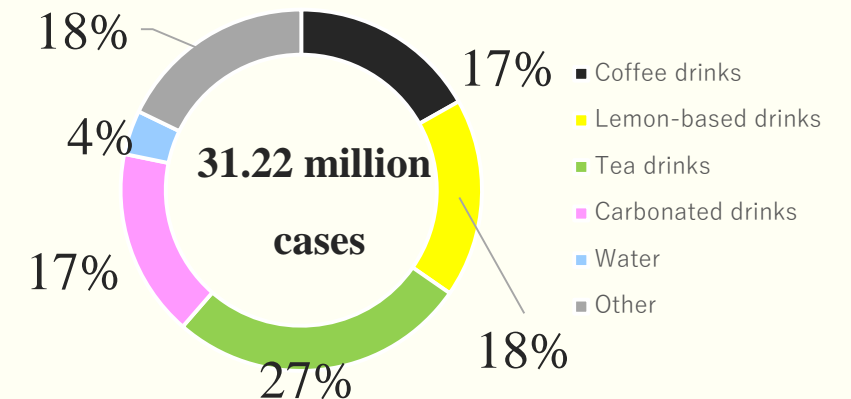
## 【U.S. Soft drinks】

✓ Jan-Sep **up 6%** y-o-y  
(Sales revenue after elimination of inter-company transactions)

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

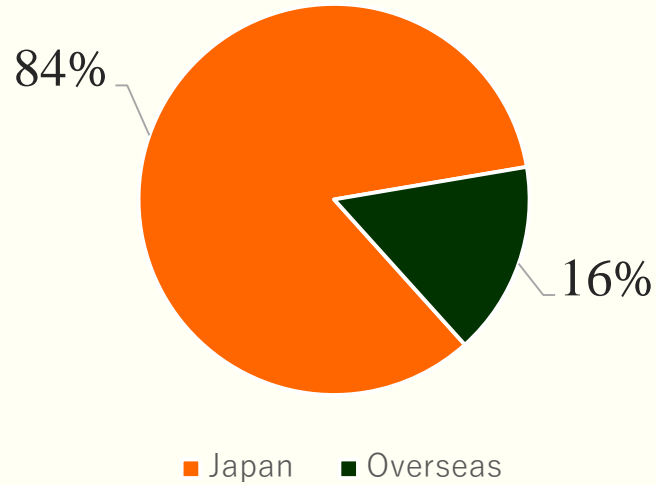


< Japanese soft drinks  
Sales composition by genre (Jan- Sep)>



# Appendix : Food & Soft Drinks

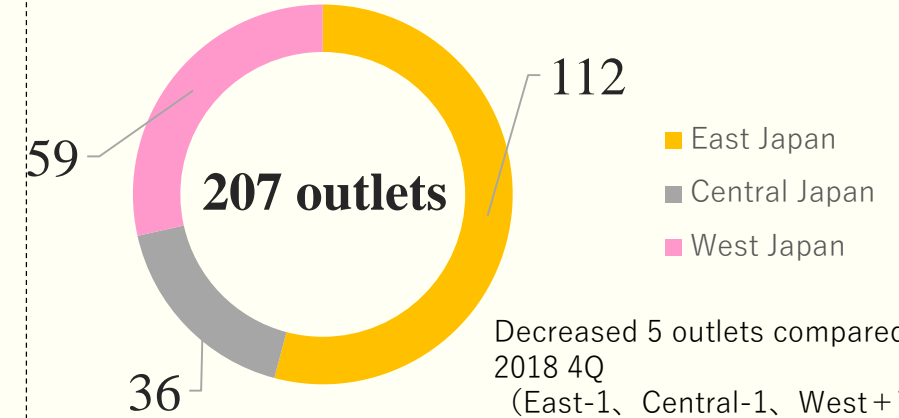
<< Food & Soft Drinks segment  
Revenue break down by geographic area >>



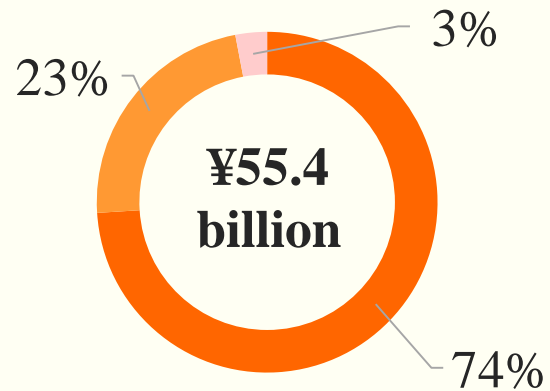
## 【Pokka Create Co., Ltd.】

✓ Jan- Sep Sales revenue **¥ 6.6 billion**  
up **2%** y-o-y

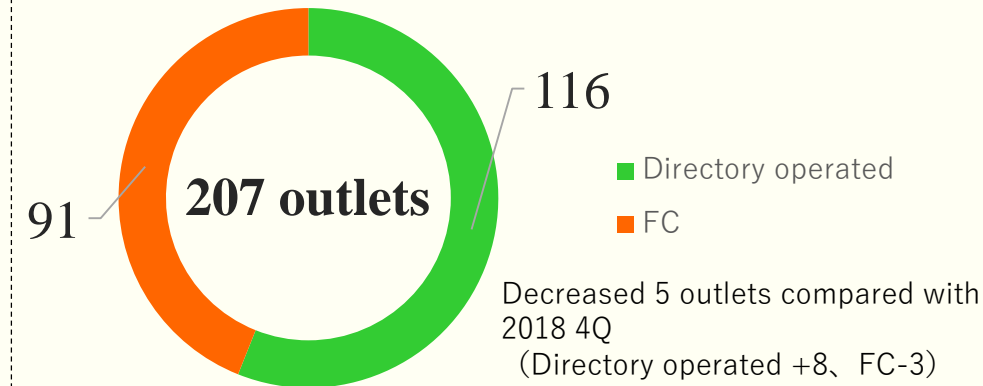
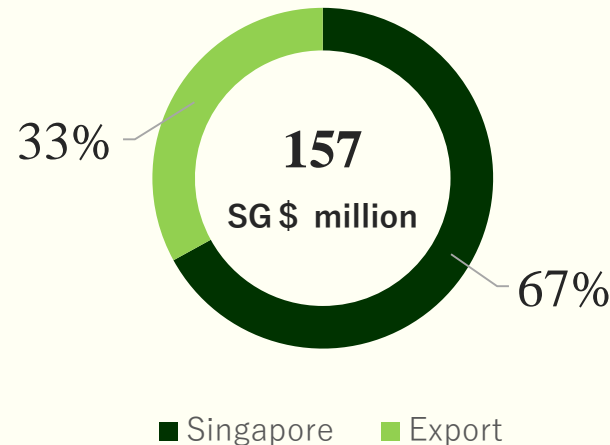
< Number of outlets as of Sep 30, 2019 >



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



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



# Appendix: Major New Food & Soft Drinks (Japan) Product Launches in Jul, Aug, and Sep



Jikkuri kotokoto Soup GRANDE



Jikkuri kotokoto Soup



Jikkuri kotokoto Soup series



Risorante



Karau Soup



LEMON MADE



Unsweetened tea Sparkling



「Hokkaido Origin」 Series



JELEETS LATTE JELLY



Almond Breeze



# Appendix : Real Estate

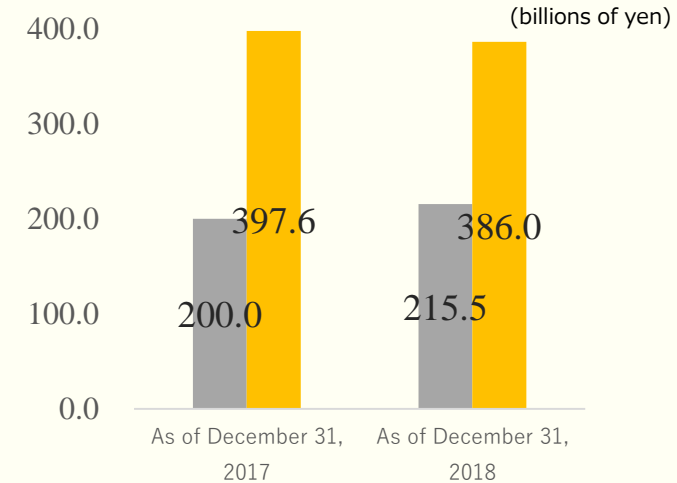
## < Major rental properties & occupancy rates : (Averages for 2019 3Q) >>

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

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

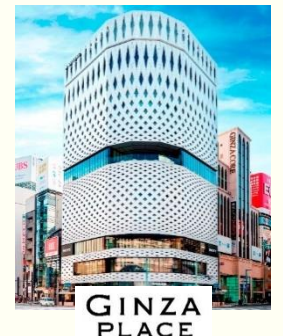
\*2: Figures are for entire property. Sapporo owns 922m<sup>2</sup> of the site (sectional ownership) and 89.72% of the building (joint management)

## < Information about Investment property >



■ Carrying value on the consolidated statement of financial position

■ Fair value (billions of yen)



## < Operating profit >

	(billions of yen)		
	2018 3Q	2019 3Q	Change
Yebisu Garden Place, etc.	5.8	5.8	(0.1)
Hokkaido	0.1	0.9	(0.0)
Other area & other operations	2.3	4.0	1.7
General corporate	(0.9)	(1.0)	(0.1)
Total	8.2	9.7	1.6

## < EBITDA >

	(billions of yen)		
	2018 3Q	2019 3Q	Change
Yebisu Garden Place, etc.	8.2	8.1	(0.1)
Hokkaido	1.4	1.3	(0.0)
Other area & other operations	3.0	2.8	(0.2)
General corporate	(0.5)	(0.5)	0.0
Total	12.1	11.7	(0.4)

## ▶ Ebisu Sustainable City Business Contest

Sapporo Real Estate Co., Ltd. is holding an “Ebisu Sustainable City Business Contest” with the theme of “sustainable future urban development.” The company began accepting ideas from July 17 on a special dedicated website and the winner will be chosen in December at the conclusion of the business contest. The event will be held at a shared workspace scheduled to open at Yebisu Garden Place this autumn.



## Appendix: Group

### ▶ The 11th Yebisu Beer Festival

- Enjoy delicious Yebisu Beer at the main venue, designed to evoke the image of Japan's first beer hall, Yebisu Beer Hall, which opened 120 years ago -

The Sapporo Group held the 11th Yebisu Beer Festival from September 13 at Yebisu Garden Place, the birthplace of Yebisu Beer.

The Yebisu Beer Festival was launched in 2009 to further enrich Japan's beer culture and express the Sapporo Group's gratitude to the citizens of Ebisu and the people who have helped to nurture Yebisu Beer. The festival was held for the 11th time this year.

The site is the location of the plant that produced Yebisu Beer, which went on sale in 1890. The local area was named after the beer and the brewery was popular with locals for nearly a century until it closed in 1988. Yebisu Garden Place was subsequently born on the site as a pioneering urban complex in 1994.

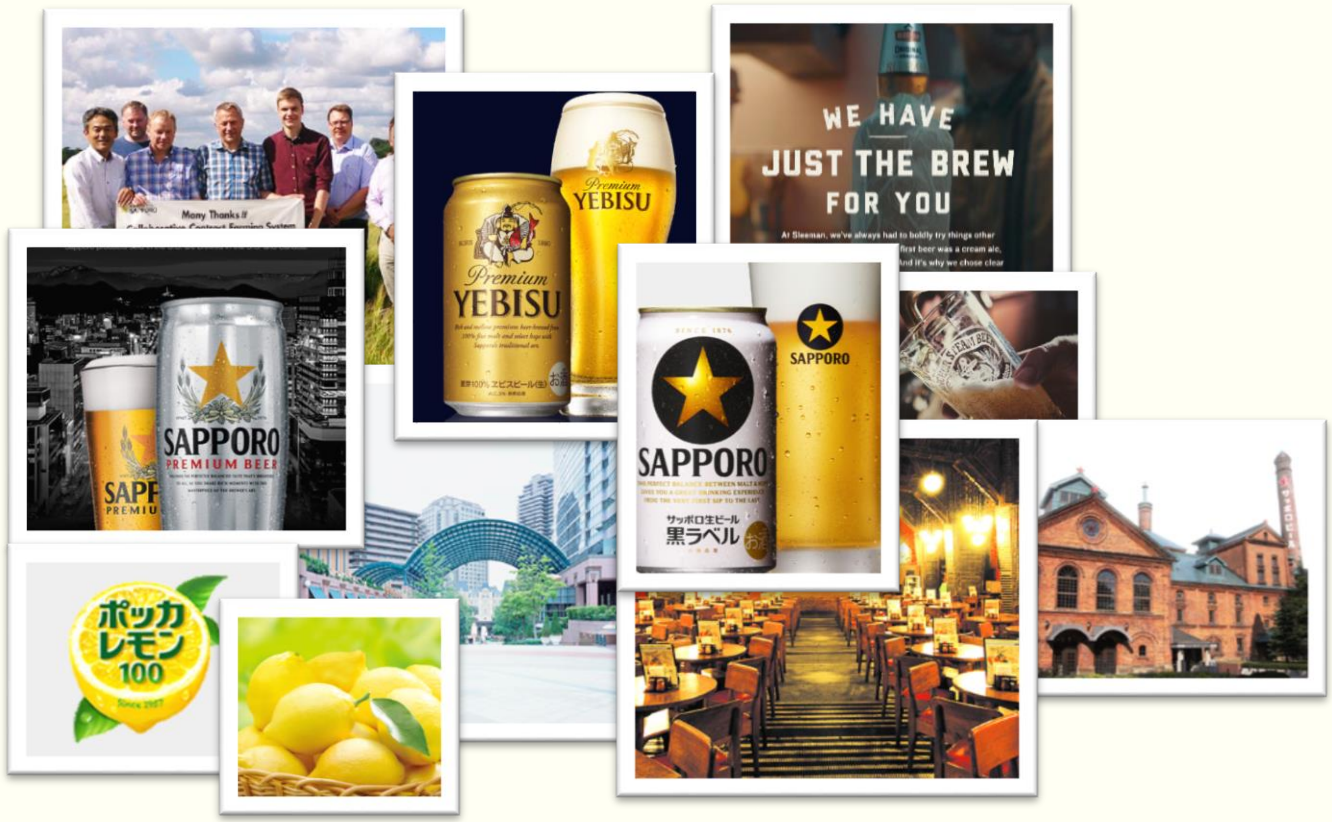
2019 marks the major milestone 120th anniversary of the opening of Yebisu Beer Hall, Japan's first beer hall, and we welcomed customers to the main festival venue in the central plaza with a menu featuring recreated dishes evocative of those served at the beer hall at the time as well as delicious beer on tap.

We also donated part of the proceeds from beer sales again this year to support reconstruction efforts in areas affected by the Great East Japan Earthquake and Kumamoto Earthquake disasters.



<https://www.sapporoholdings.jp/news/dit/?id=8469>





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

