



SAPPORO

2008

Sapporo Group 2008 Interim Results Presentation

August 6, 2008

Sapporo Holdings Ltd.

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



Agenda

- **Overview of 2008 Interim Business Results and Forecast for the Full Fiscal Year**

1. Overview of 2008 Interim Business Results

Sapporo Group as a whole

By segment

2. Forecast for the Full Fiscal Year

Progress with and Future Steps for the Sapporo Group's 2008–2009

Management Plan

Sapporo Group as a whole

By segment

Steps to achieve sustainable growth

These materials contain forward-looking statements, which are based on information available when the materials were prepared and are subject to risks and uncertainties. Actual performance may differ materially from the future outlook described for various reasons.



I.

Overview of 2008 Interim Business Results

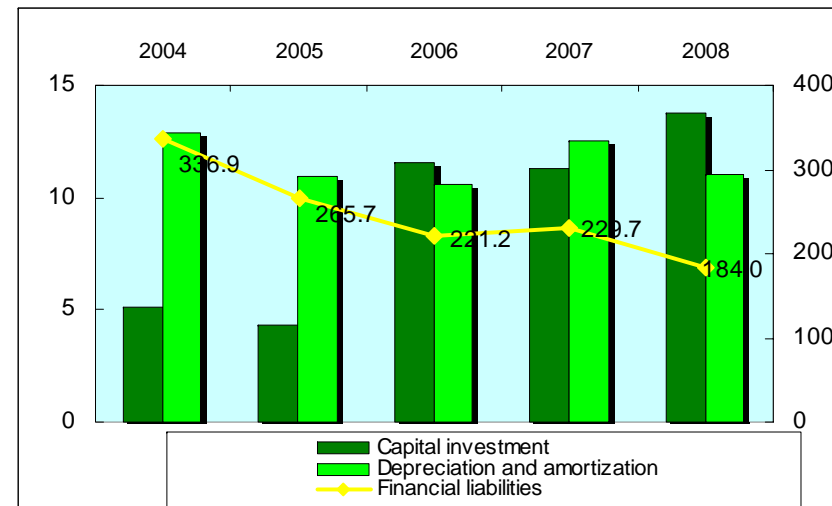
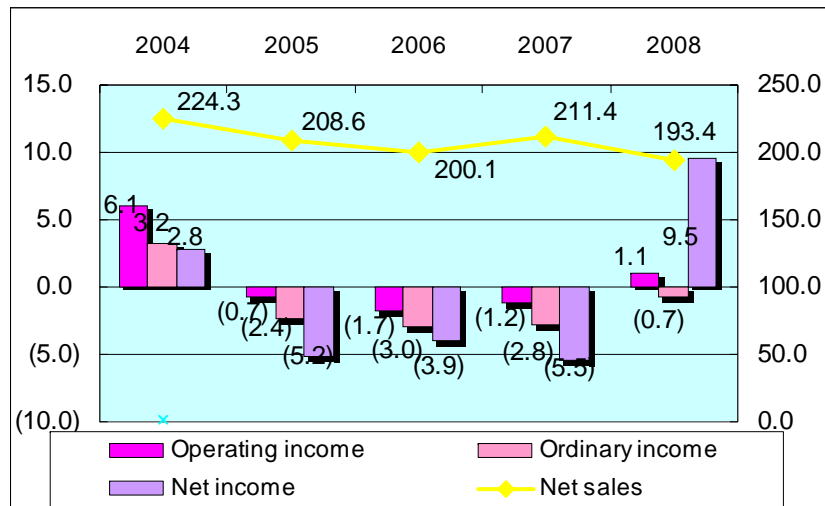


Overview of 2008 Interim Business Results

Net sales, operating income, ordinary income, and net income

Business Results Over the Last Five Years

Financial liabilities, capital investment, and depreciation and amortization



First six months of 2007: Key points

Expanded operations and bolstered earnings base capitalizing on strengths

Profit increased as a result of tight control of sales promotion expenses to offset a decrease in sales in the Alcoholic Beverages and Soft Drinks businesses and a rise in the cost of raw materials and ingredients

Profit posted for the interim period for the first time since 2004

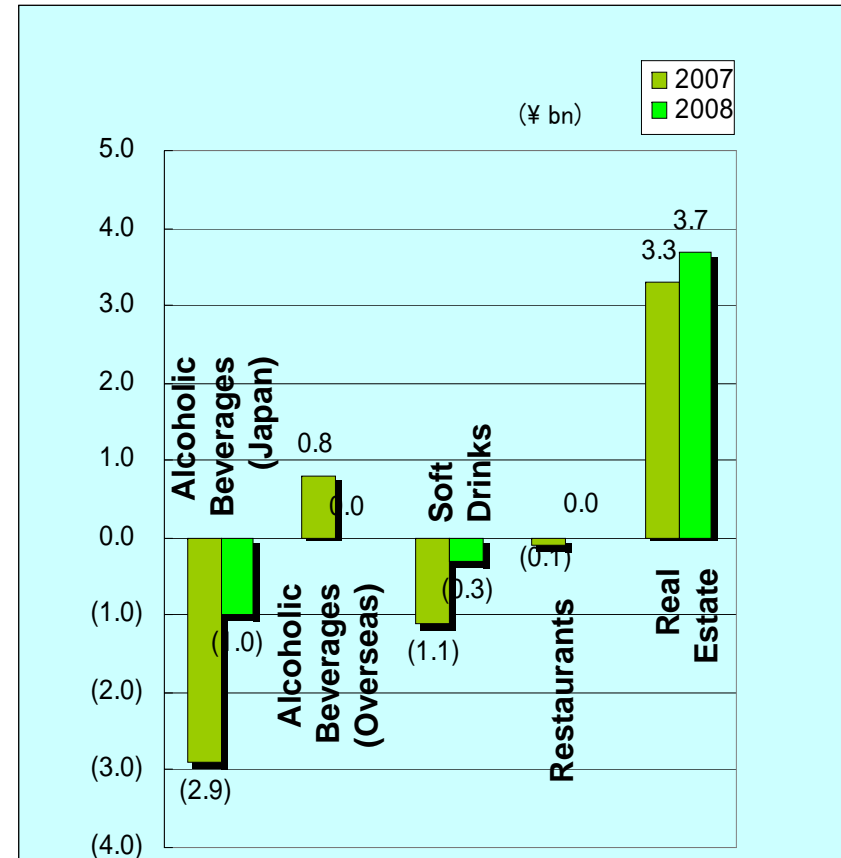
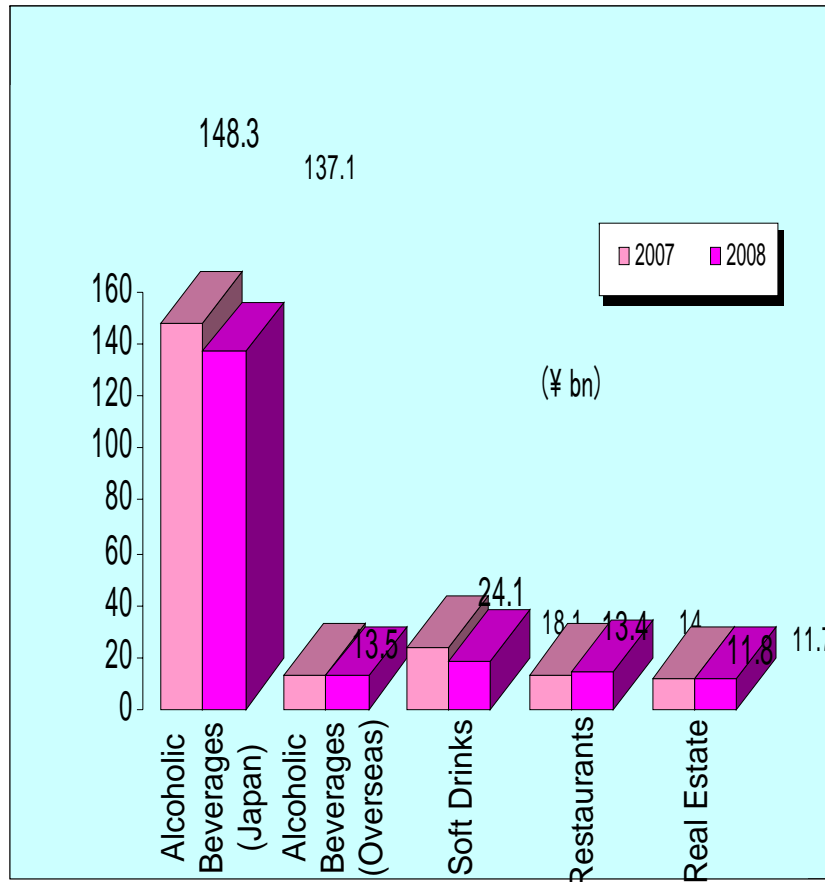


Overview of 2008 Interim Business Results (All Businesses)

Net sales

Business Results by Segment

Operating income





Overview of 2008 Interim Business Results Alcoholic Beverages (Japan)

By segment: Key points

▣ Alcoholic Beverages (Japan)

Market Environment: Price hikes in the food industry, increasing consumer belt-tightening, preference for low prices, price revisions by all Japanese brewers

Total demand down 4% from last year
Rising cost of raw materials and ingredients, focus on safety, reliability, and health consciousness

Our Efforts: Price revision in April, focus on mainstay brands, launched products aimed at health-conscious consumers, expanded High-value-added products such as Yebisu, increased share in beer market, launched Mugi to Hop, a new-genre product that offers full-bodied satisfaction comparable with beer

Response to changes Reduced fixed costs, reduced cost of sales, increased operating rates due to closure of the Osaka plant

Safety and reliability Efforts in a collaborative contract farming system
Awarded Germany's Bundesehrenpreis in Gold (National Honor in Gold) (first Japanese company ever to receive the award)



Overview of 2008 Interim Business Results Alcoholic Beverages (Overseas)

By segment: Key points

▣ Alcoholic Beverages (Japan)

Market Environment: U.S. economic slowdown stemming from the subprime debacle

Slight demand growth in North American beer market, overall expansion in Asian countries

Premium Value, rising cost of raw materials and ingredients, trend toward stronger yen

Our Efforts: Aggressive marketing in North America, reviewed Sleeman's management structure

Introduced Yebisu into the U.S. market, exchange rate effects,
sales up 5% at Sleeman Breweries, up 8% at Sapporo USA,
up 22% for other export activities



Overview of 2008 Interim Business Results

Soft Drinks

By segment: Key points

▣ Soft Drinks

Market Environment: Large number of players, continued intense competition,
profits down even at large-companies

Total demand at the same level as last year

Our Efforts: Shifted to a stable earnings structure,
strategic alliance with YK,Crescent Partners

Reviewed unprofitable deals, narrowed down the product lineup selectively,
sought a more efficient personnel structure, formed mutual alliances in the
vending machine business (Itoen Ltd , Pokka Corporation)

Reduced magnitude of loss, return to profitability in sight

Building high-value-added brands

Bolstered products such as Ocean Spray Cranberry and Gerolsteiner



Overview of 2008 Interim Business Results

Restaurants

By segment: Key points

Restaurants

Market Environment: Food safety and reliability, sluggish sales in suburban areas due to surging gasoline prices, reduced banquet demand due to foundering corporate performance, rising personnel costs due to tight labor market, rising costs of inputs such as foodstuffs

Most of the restaurant industry engaged in tough competition

Our Efforts: Pursuing unique vintage-yet-new value, based on the concept of "Tradition, Safety, Reliability, Satisfaction," beer halls recovered, improved service and quality levels

Achieved growth by introducing new store formats, developed Japanese-style chains such as Tomoru, Kakoiya, and Irimoya

Nasu Mori no Beer En opened in April, opened restaurants in key regional cities, held cost-of-sales ratio in check, increased amount spent per customer

Urban stores dominated sales up 1.2% at existing establishments



Overview of 2008 Interim Business Results

Real Estate

By segment: Key points

Real Estate

Market Environment: Worsening housing market conditions, real estate slump, central-Tokyo office demand firm

Our Efforts: Strategic alliance with the Morgan Stanley Group

Began co-managing the Yebisu Garden Place property

Expanded asset portfolio Acquired a new property in Shinjuku, Tokyo
(will redevelop to boost its income)
Sapporo Urban Development Co., Ltd.,
commenced operations
(plans to acquire new properties in the Hokkaido region)

Worked to boost the value of Group properties Examining ways to maximize value of the former Osaka plant site

High occupancy rates at existing properties,
making steady progress in raising rents



II.

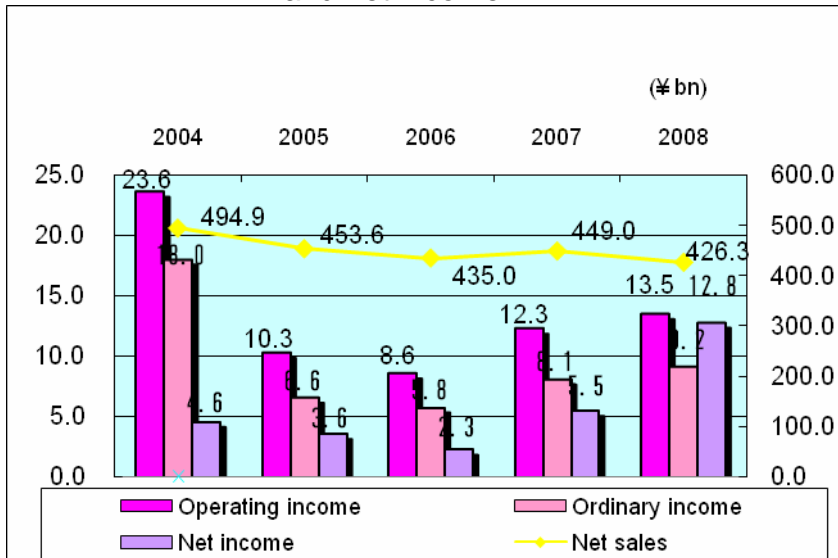
Forecast for the Full Fiscal Year
and
Progress with and Future Steps
for the Sapporo Group's 2008–
2009 Management Plan



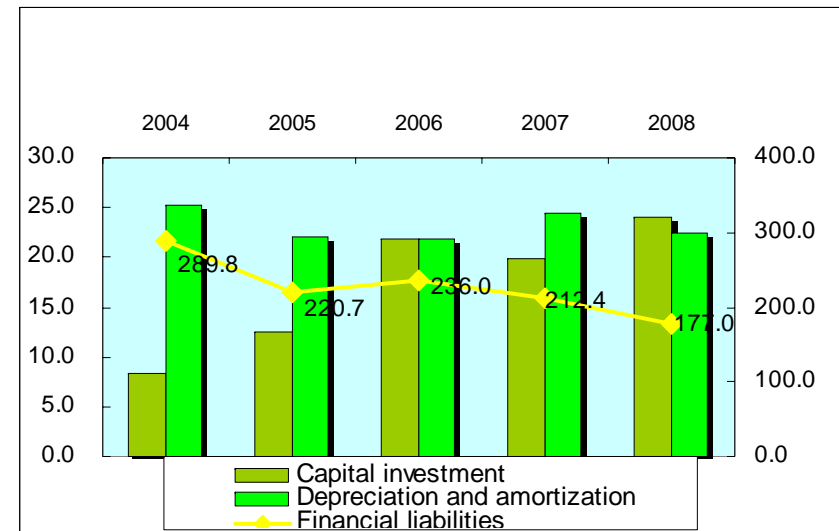
Forecast for the Full Fiscal Year

Results Forecast

Net sales, operating income, ordinary income, and net income



Financial liabilities, capital investment, and depreciation and amortization



Results forecast: Key points

Steps to achieve sustainable growth

Steadily reform earnings structure to build a solid operating base

Risks anticipated

- Lower pricing, decrease in net sales
- Rise in the cost of raw materials and ingredients
- Implement tighter cost control



Forecast for the Full Fiscal Year by Segment and Progress with the Sapporo Group's 2008-2009 Management Plan

Forecast by Segment and Progress with 2007-2008 Management Plan

(¥ bn)

Net sales	2007 actual	2008 forecast	Medium-term plan target (2008)	Medium-term plan target (2009)	Operating income	2007 actual	2008 forecast	Medium-term plan target (2008)	Medium-term plan target (2009)
Alcoholic Beverages (Japan)	315.8	307.5	323.2	321.0	Alcoholic Beverages (Japan)	6.1	7.5	7.5	8.0
Alcoholic Beverages (Overseas)	27.7	27.2	28.6	30.0	Alcoholic Beverages (Overseas)	1.6	1.2	1.2	1.4
Soft Drinks	52.2	37.8	43.6	43.0	Soft Drinks	(0.8)	(0.5)	(0.5)	0.1
Restaurants	28.9	30.1	30.1	32.0	Restaurants	(0.6)	0.8	0.8	1.0
Real Estate	24.1	23.7	23.7	25.0	Real Estate	7.0	7.4	7.4	8.4
					Group total	(2.3)	(2.9)	(2.9)	(3.4)

By segment: Key points

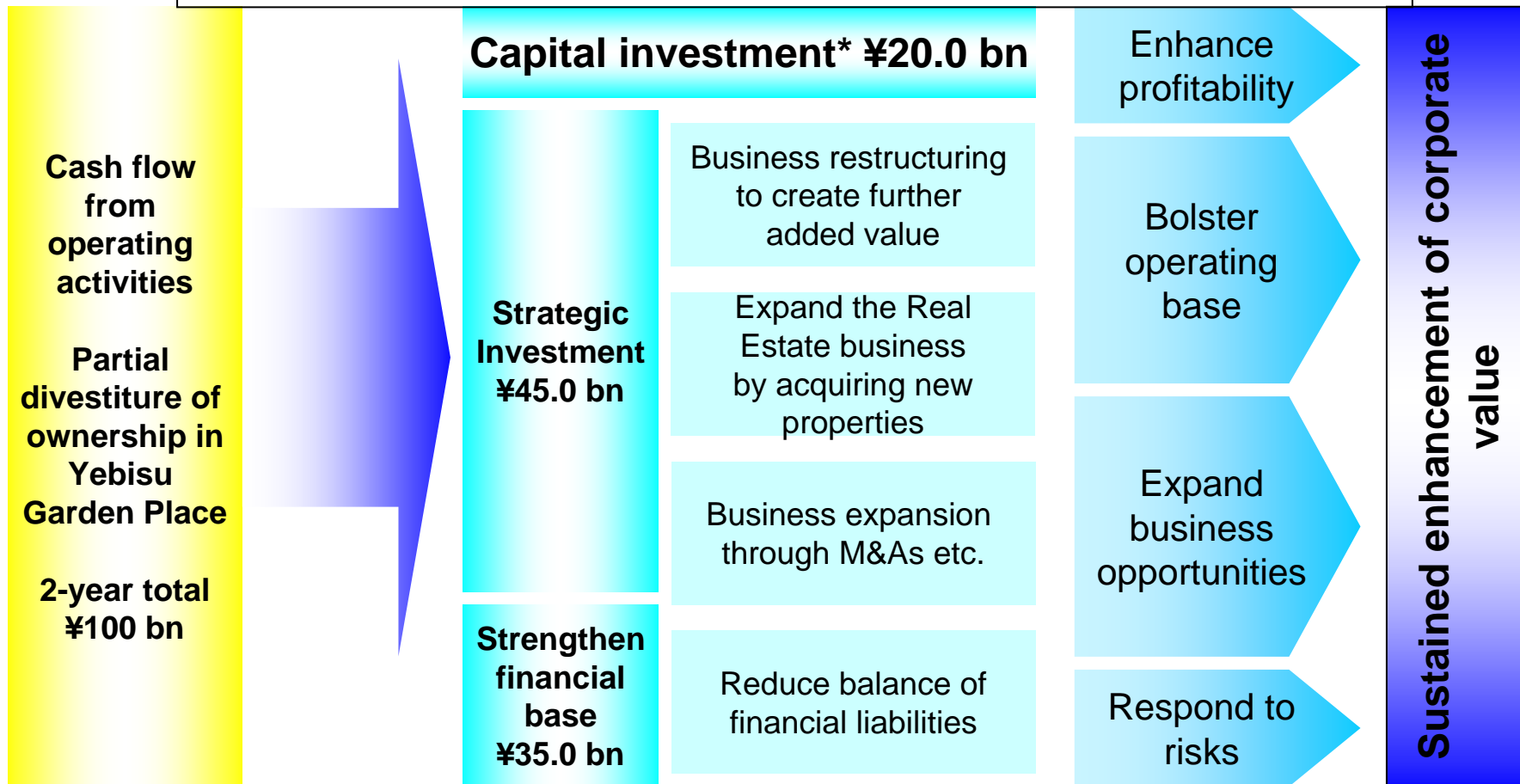
- ▣ Alcoholic Beverages (Japan) Work to achieve full-year targets, with a priority on *Sapporo Black Label, Yebisu, and Muji to Hop*
- ▣ Alcoholic Beverages (Overseas) Expand operations in North America and other countries, focusing efforts on Sleeman Breweries
- ▣ Soft Drinks Build up high-value-added brands such as *Gerolsteiner* and *Kissui*.
- ▣ Restaurants Revitalize existing restaurants and open more new-format establishments, including *Kakoiya* and *Irimoya*
- ▣ Real Estate Expand asset portfolio Acquire new properties
Maximize the value of Group properties Former Osaka plant site etc.

Exchange rate conversions: 2007 USD / JPY 114.15, CAD / JPY 116.34; 2008 USD and CAD both JPY 105 ;Medium-term plan target 2008& 2009 USD and CAD both JPY 110



2008–2009 Steps to Achieving Sustainable Growth

Over the two years, execute ¥45.0 bn in strategic investment and reduce financial liabilities by ¥35.0 bn



* Strategic investments includes real estate investments.



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Thank you for your attention.

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