



2009

# **Sapporo Group First Half 2009 Results Presentation**

**- Further profit growth in a tough environment -**

**August 4, 2009**

**Sapporo Holdings Ltd.**

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



# Agenda

## Overview of First Half 2009 Business Results and 2009 Earnings Forecasts

### I. Overview of First Half 2009 Business Results

- ◆ Sapporo Group as a whole

### II. Operating Results by Segment and 2009 Earnings Forecasts

- ◆ By segment
- ◆ Sapporo Group as a whole

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

# Overview of First Half 2009 Business Results

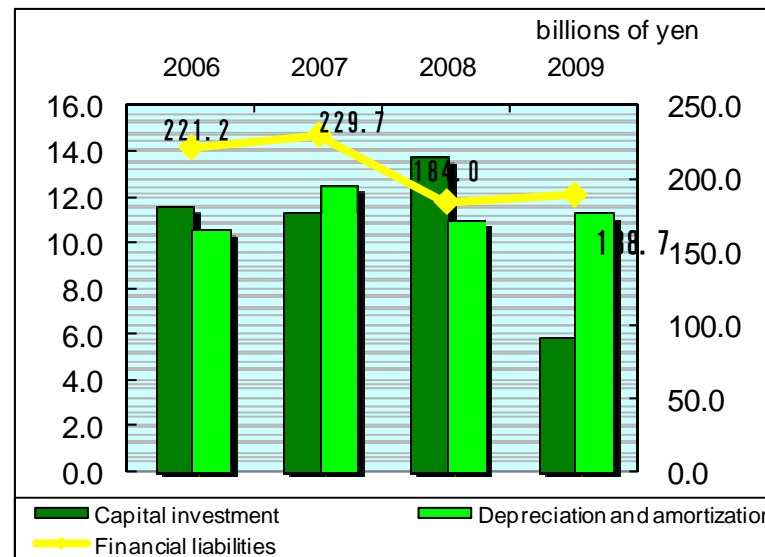
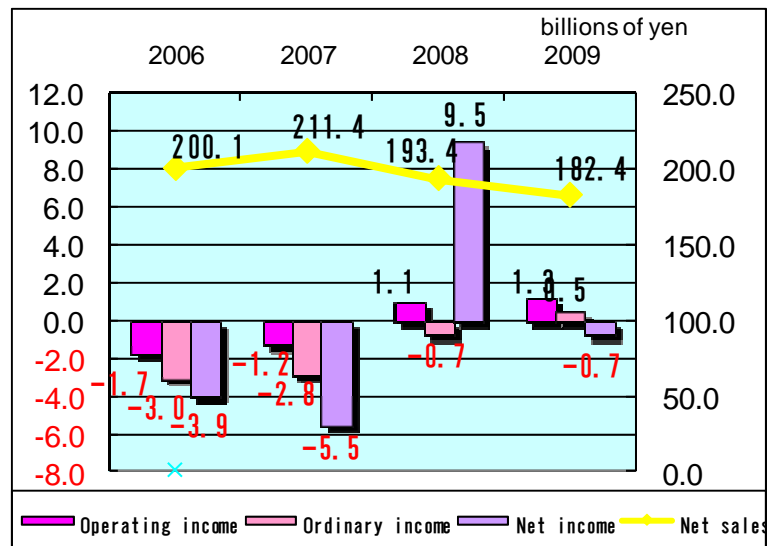


# Overview of First Half 2009 Business Results

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

**Business Results over  
the Last Four Years**

Financial liabilities, capital investment,  
and depreciation and amortization



## 1H 2009: Key points

**Laying the groundwork for a new growth trajectory**

Management resources to be focused on mainstay brands and services

**Steady progress with cost structure reforms**

Tightening of cost controls

**Further profit growth in an adverse climate**

Stable earnings despite a rapidly changing environment

**Sluggish consumer spending**

**Lower sales revenue**

**Changes to accounting standards**

## Operating Results by Segment and 2009 Earnings Forecasts



# Alcoholic Beverages (Japan)

## Financial highlights and full-year forecast

Would have returned to profit in 1H if not for one-time factors due to accounting standard changes

	1H 2006	1H 2007	1H 2008	1H 2009	2009 forecast	YoY (%)
Net sales	147.1	148.3	137.1	132.7	295.6	(1.4)
Operating income	(3.2)	(2.9)	(1.0)	(0.0)	5.6	(27.4)

## Beer marketing strategies

**Decisively focus and reallocate resources**

(1) Management resources focused on the Yebisu brand

Yebisu trial users

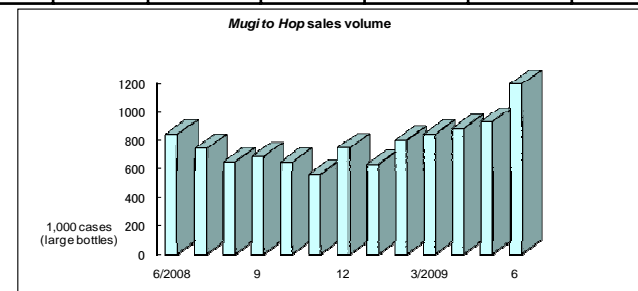
\*Source: Sapporo Holdings brand perception survey (N=601-604, May 2008-February 2009)

YM	Ratio	Male	Female	20s	30s	40s	50s
2/2009	6.1%	5.4%	7.5%	7.3%	5.3%	6.6%	5.3%
11/2008	3.6%	3.3%	4.2%	5.3%	3.3%	2.6%	3.3%
8/2008	6.0%	6.9%	4.2%	4.0%	8.0%	7.9%	4.0%
5/2008	2.3%	2.3%	2.4%	2.0%	4.0%	1.3%	2.0%



**Towards a new growth stage!**

(2) Strengthening of our new genre portfolio with an eye to future growth



**Mugi to Hop to become a new megabrand!**



# Alcoholic Beverages (International)

## Financial highlights and full-year forecast

	Billions of yen					
	1H 2006	1H 2007	1H 2008	1H 2009	2009 forecast	YoY (%)
Net sales	2.5	13.5	12.4	10.4	21.3	(11.7)
Operating income	0.1	0.8	0.0	(0.1)	0.9	(0.1)

## Unit sales

Cumulative 2007–2009 growth in unit sales outpaced total demand growth (Canada, US)

YoY growth in unit sales	'07	'08	'09	'09 vs. '07
Sleeman brand	+6%	+4%	+11%	<b>+15.8%</b>
Total Canadian demand	–1%	0%	–2%	<b>–0.9%</b>

YoY growth in unit sales	'07	'08	'09	'09 vs. '07
Sapporo USA	+8%	+8%	–14%	<b>–6.5%</b>
Total US imported beer demand	+7%	–3%	–11%	<b>–13.8%</b>

## Local-currency sales

Sleeman Breweries

Yen-translated sales have fallen, but sales have continued to rise on a local-currency basis.

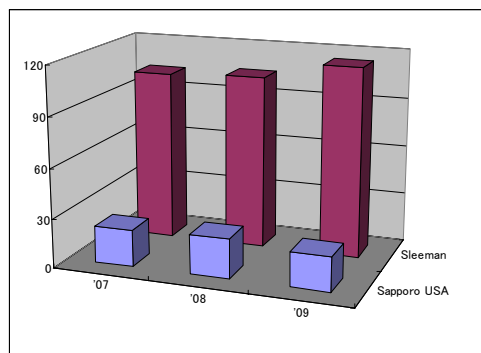
'09 vs. '07: **+11.5%**

Sapporo USA

2009 sales were down due to products being marketed at a super-premium price point and increase in commercial-use market's share of sales.

'09 vs. '07: **–4.0%**

Local-currency sales ('07 - '09)



Sapporo USA's sales are in millions of US\$  
Sleeman's sales are in millions of CAN\$



Exchange rates used ('07 - '09)

	'07	'08	'09	'09 vs. '07
CAN\$1	¥116.23	¥104.15	¥79.42	–31.7%
US\$1	¥123.27	¥104.90	¥95.60	–22.4%



# Soft Drinks

## Financial highlights and full-year forecast

millions of yen

	1H 2006	1H 2007	1H 2008	1H 2009	2009 forecast	YoY (%)
Net sales	26,770	24,194	18,112	14,854	30,800	(16.4)
Operating income	(815)	(1,135)	(370)	(72)	300	36.0

## Restructuring based on a *select-and-focus* approach

Cost savings (million yen)

Strategies	Action plan	2008		2009		2010
		Plan	Results	Plan	Results	Results
1. Improvement of existing operations	<ul style="list-style-type: none"> <li>-Review of unprofitable accounts and a profit-oriented approach to sales</li> <li>-Geographical selection and focus based around our best corporate customers</li> <li>-Review of operator policy aimed at strengthening our vending machine business</li> </ul>	200	250	300		200
2. Organizational consolidation to achieve necessary downsizing	<ul style="list-style-type: none"> <li>-Personnel reductions through the consolidation of head office management divisions</li> <li>-Restructuring and downsizing of sales organization through a renewed focus on sales</li> </ul>	200	300	400		—
3. Cost minimization throughout every value chain	<ul style="list-style-type: none"> <li>-Supply chain management: optimization of production and distribution bases and product inventory levels</li> <li>-Minimization of raw materials procurement costs and losses from product and raw material wastage</li> <li>-Minimization of marketing and vending machine costs (subject to necessary constraints)</li> </ul>	300	450	400		300
Fiscal-year total		700	1,000	1,000		500

**Costs to be cut by at least ¥1.5 billion over next two years**

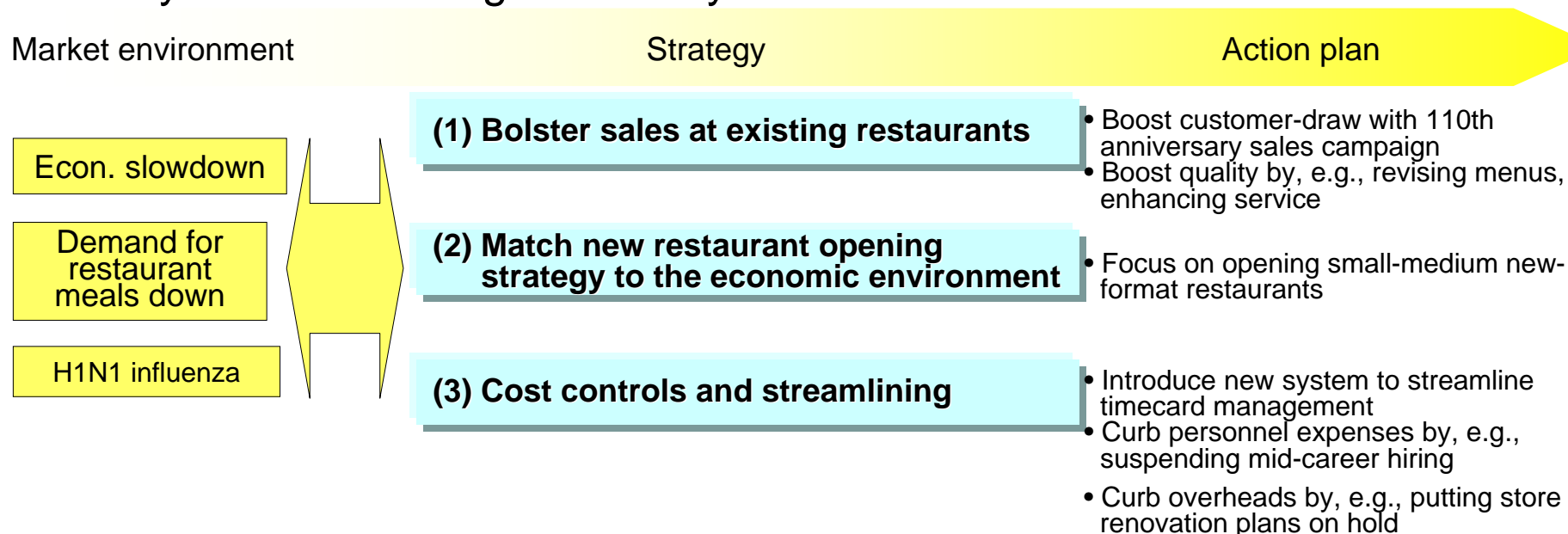


## Financial highlights and full-year forecast

Millions of yen

	1H 2006	1H 2007	1H 2008	1H 2009	2009 forecast	YoY (%)
Net sales	12,564	13,471	14,043	13,282	28,500	(3.5)
Operating income	(79)	(106)	(42)	(443)	200	(63.6)

## Key items on the agenda this year



## Financial highlights and full-year forecast

Billions of yen

	1H 2006	1H 2007	1H 2008	1H 2009	2009 forecast	YoY (%)
Net sales	10.9	11.8	11.7	11.1	23.8	1.5
Operating income	3.1	3.3	3.7	3.5	7.5	(1.5)

### Key points for this year

Strategy

Action plan

#### (1) Boost value of existing properties

Boost value of Yebisu Garden Place

- Maintain/increase occupancy and rents, focusing on office areas
- Invest in energy-saving technologies, mainly for Yebisu Garden Place

#### (2) Develop properties in portfolio

Develop properties, focusing on Tokyo-metro area

- MLB cafe Tokyo commercial facility (Ebisu, opens in Sep.)
- Commercial/office building (Shinjuku 6-chome, to be completed in 2010)
- Chikusa Garden Terrace condominium (Nagoya city)

#### (3) Acquire new assets

Acquire new properties, focusing on Tokyo-metro area

- Seek/acquire new properties in our strategic area of Ebisu; aim to boost value through synergies with properties we already hold (we plan to acquire the Ebisu Square office building in August)
- Office buildings: Seek/acquire properties in central Tokyo also, not just Ebisu



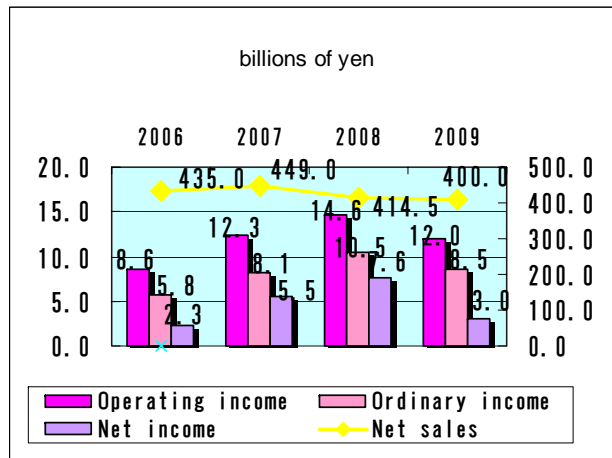
## II-2.

# 2009 Full-year Earnings Forecasts

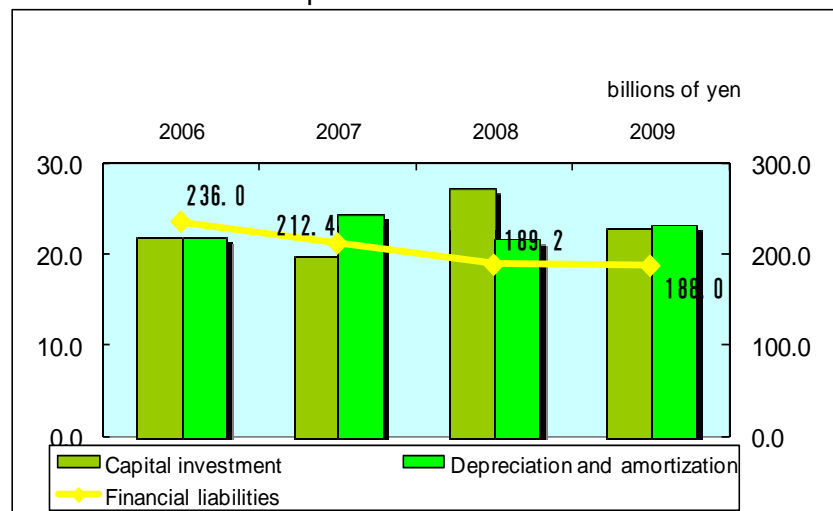
# 2009 Full-year Earnings Forecasts

## - Earnings Forecasts -

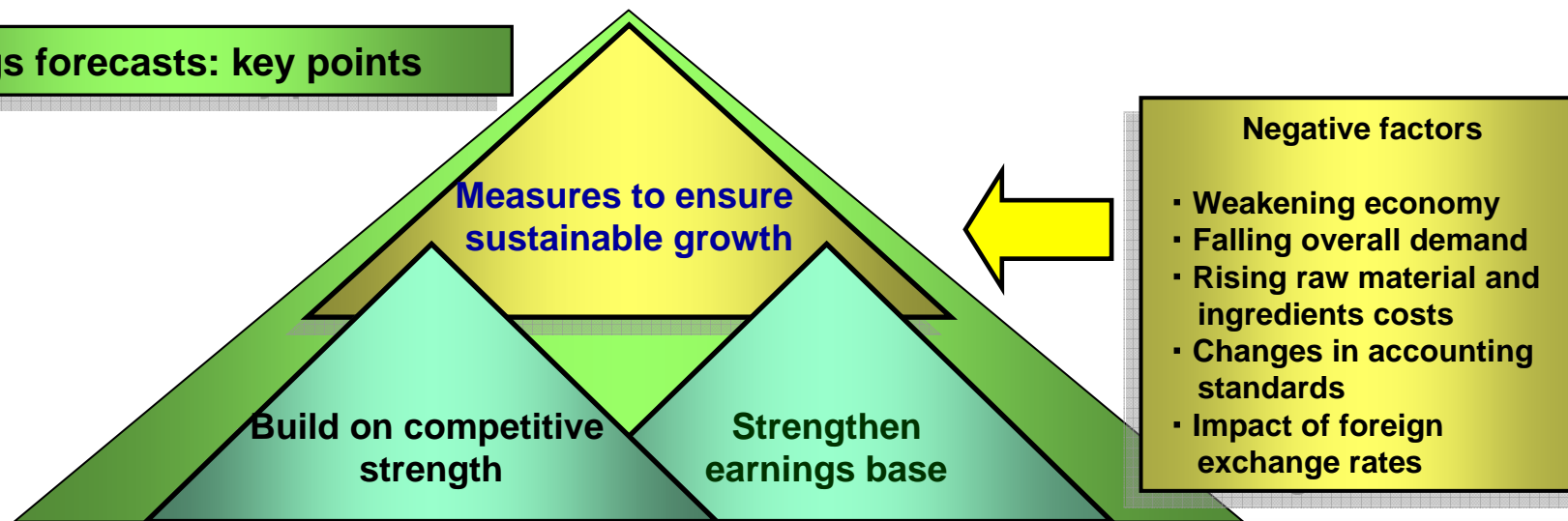
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### Earnings forecasts: key points





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**Thank you for your attention.**