



Sapporo Group Management Plan 2010–2011

Shifting into a new growth trajectory

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Sapporo Group Management Plan: Overview of 2009

Overview of 2009

Steadily achieved profit targets and advanced strategic alliances as a platform for future growth

- Affected by changes in external environment including the economic downturn, deflationary pressures, and unseasonal summer weather.
- Against this backdrop, the Sapporo Group worked on the following two key themes, the ultimate goal being solid achievement of profit targets.

Key objectives	Key areas	Successes	Future challenges
I. Capitalizing on our strengths and bolstering our earnings base	<ul style="list-style-type: none"> - Carry out cost structure reforms in all businesses - Reinforce earnings base by focusing resources on the Group's strengths, such as core brands 	<ul style="list-style-type: none"> - Achieved consolidated ordinary income target, 3 consecutive years of profit growth - Operating income increased if excluding the impact of the changes to accounting and taxation systems 	<ul style="list-style-type: none"> - Further strengthen core brands to boost revenues - Ensure low-cost operations
II. Laying a platform for sustained growth	<ul style="list-style-type: none"> - Carry out measures based on the New Management Framework - Forge strategic alliances - Expand internationally 	<ul style="list-style-type: none"> - New entry into growth areas - Strategic capital and business alliances with influential partners 	<ul style="list-style-type: none"> - Execute plans to ensure success of new measures - Further strengthen and expand alliances



Consolidated Results

Billions of yen, except ratios and percentages

	2008 Results	2009 Targets	2009 Results
Net sales (incl. liquor taxes)	414.5	408.3	387.5
Operating income	14.6	12.0	12.8 ^{*1}
Ordinary income	10.5	8.5	10.7
Net income	7.6	3.0	4.5
Operating margin (excl. liquor taxes)	5.2%	4.2%	4.9%
Outstanding financial liabilities	189.2	188.0	197.5
D/E ratio	1.6	1.6	1.7
ROE	6.3%	2.6%	3.9% ^{*2}

*1. Changes to accounting and taxation standards meant that operating income for 2009 was ¥2.4 billion lower than it would have been under the previous standards, reflecting an increase in depreciation expenses as well as operating expenses and other items associated with the disposal of obsolete inventories.

*2. Under the previous accounting and taxation standards, our consolidated operating margin (excluding liquor taxes) for 2009 would have been 5.8%.



Results by Segment

Billion yen

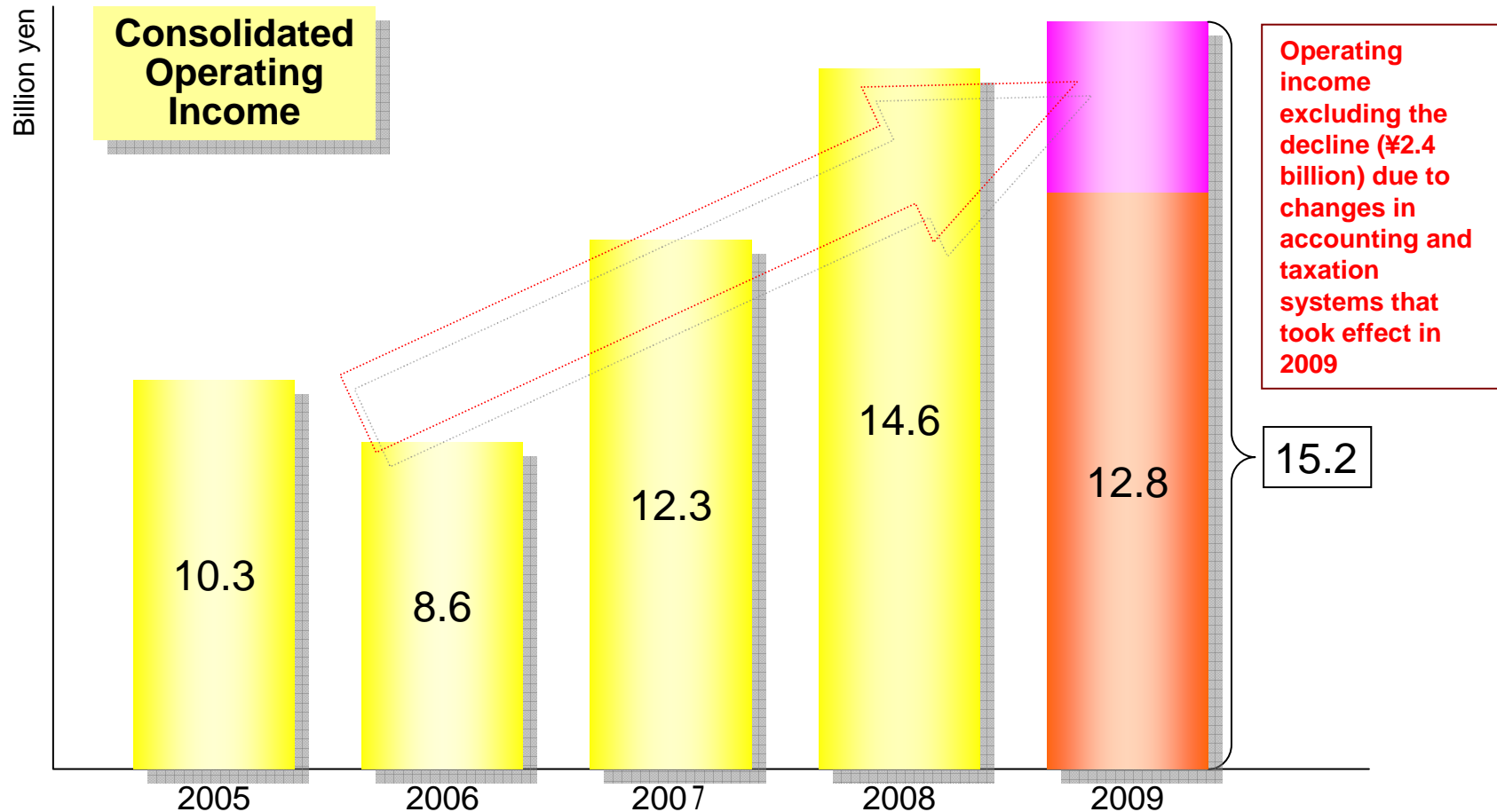
		2008 Results	2009 Targets	2009 Results
Net Sales	Alcoholic Beverages (Japan)	299.6	295.6	282.9
	Alcoholic Beverages (International)	25.0	22.1	22.5
	Soft Drinks and Food	36.8	35.5	30.7
	Restaurants	29.5	30.5	28.0
	Real Estate	23.4	24.6	23.2
Operating Income	Alcoholic Beverages (Japan)	7.7	5.6	7.4
	Alcoholic Beverages (International)	0.9	0.9	0.6
	Soft Drinks and Food	0.2	0.3	0.3
	Restaurants	0.5	0.7	(0.1)
	Real Estate	7.6	7.7	7.5
	Eliminations	(2.3)	(3.2)	(2.9)

*Exchange rates used for the 2009 plan: US\$=¥90, CAN\$=¥75 Results: US\$=¥93.65, CAN\$=¥82.30



Operating Performance

Excluding the impact of accounting and taxation system changes, operating income grew for a third consecutive year





Progress with respect to Key Themes

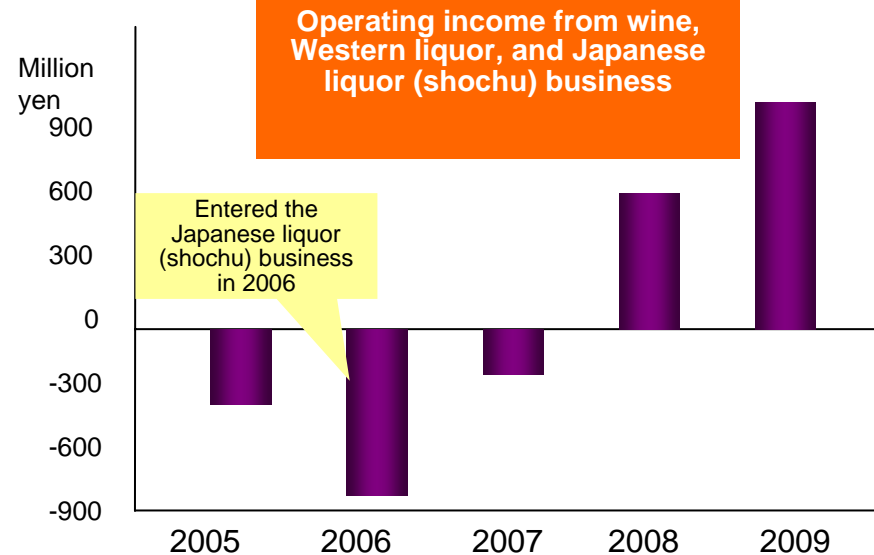
Capitalizing on our strengths and bolstering our earnings base

Laying a platform for sustained growth

Increase profits by strengthening core products, increase earnings from wine and shochu, and reducing costs

- Implemented marketing strategies focused on core products Yebisu and *Mugi to Hop*. Market shares increased in each category
- Increased earnings from wine and shochu by strengthening foundations
- Lowered breakeven point through company-wide cost structure reforms

2009	Overall demand ('09 vs. '08)	Our results
Yebisu total	Beer Approx. 93%	97.9%
New genre total	New genre Approx. 121%	127.0%





Progress with respect to Key Themes

Capitalizing on our strengths and bolstering our earnings base

Laying a platform for sustained growth

Sleeman Breweries in Canada achieved sales growth that outstripped growth in overall market demand

Expansion of Sleemans's beer business

- A double-digit growth in sales volume year-over-year by virtue of stronger marketing
Maintains largest market share among the premium beers in Canada
- Since its acquisition in 2006, Sleeman's growth has continued to outperform growth in overall beer demand in Canada

Sleeman Breweries' Sales

Y-o-Y sales volume	2007	2008	2009
Sleeman brands	104%	106%	110%
Overall Canadian demand	100%	100%	98%



Progress with respect to Key Themes

Capitalizing on our strengths and bolstering our earnings base

Laying a platform for sustained growth

Launch of beer business in the promising Vietnamese market

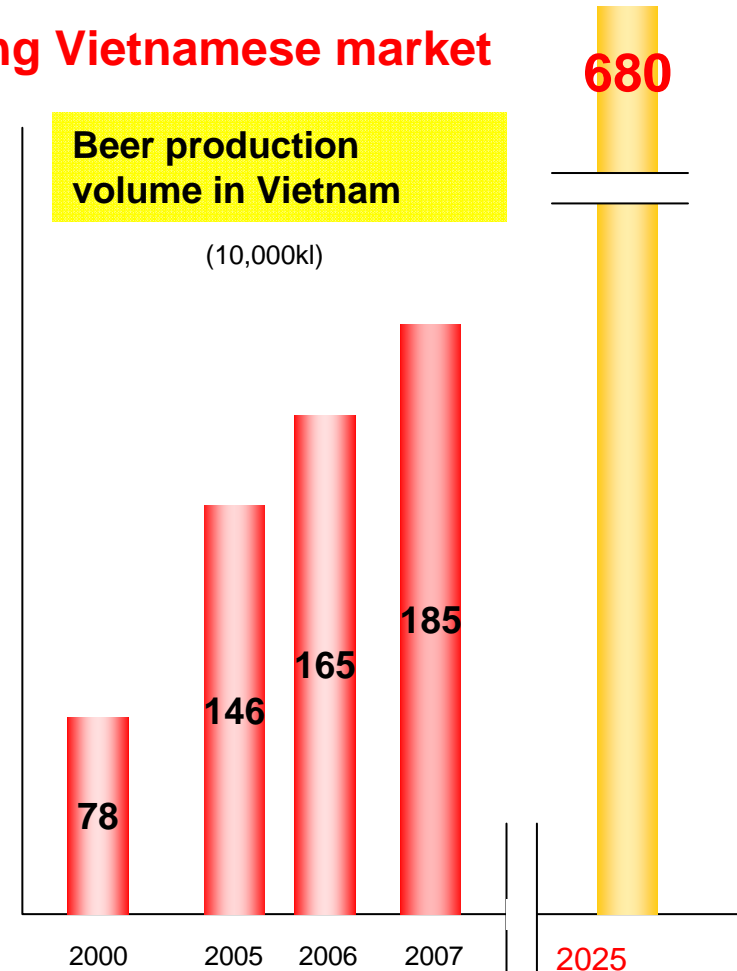
Entry into beer business in Vietnam

- Joint venture with state-owned Vinataba
- Market influence and wide sales network
- Construction of plant to manufacture beer (Long An province, Ho Chi Minh City suburbs)
- Construction to start in 2010; plant expected to start operation by autumn 2011
- Aiming for 150,000 kl sales by 2019



Beer production volume in Vietnam

(10,000kl)



*2025 forecast by the Vietnamese Ministry for Industry and Trade



Progress with respect to Key Themes

Capitalizing on our strengths and bolstering our earnings base

Laying a platform for sustained growth

Enter growth markets and form alliances with influential partners

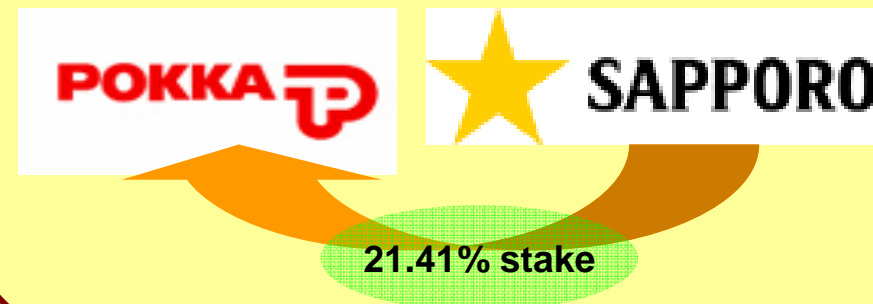
Entry into yogurt, dessert and chilled drinks markets

- Established Azumino Food jointly with Marudai Food
Aiming to expand business in growth markets
- Develop unique products by capitalizing on research and other expertise in alcohol and soft drinks business
- Expand sales channels using the marketing and sales skills of both companies



Strategic alliance with Pokka Corporation

- Aiming maximize effects of integration across entire group
- Cost synergies in soft drinks and alcoholic beverages businesses
Collaborate in procurement, distribution, production, and vending machines, and expand economies of scale through joint initiatives
- Collaborate in multiple arenas
Collaborate in the Japanese alcoholic beverages market (promote retail sales, develop new alcoholic beverages)
Collaborate in the international alcoholic beverages market (market beer in Singapore)





2010-2011 Sapporo Group Management Plan



Relationship to Overarching Plan



Long-term Management Policy: Sapporo Group's New Management Framework

(Announced in October 2007)

Business domains

**Creation of value
in food**

**Creation of
comfortable
surroundings**

Basic growth strategies

Focus enterprise resources on building competitive advantages by creating high levels of value-added

Forge strategic alliances aimed at building competitive advantages and expanding business

Actively expand internationally

Enhance the Group's strategic and operational synergies

Purpose of New Framework

Fundamental roadmap for boldly reallocating resources, making strategic investments, and “**managing on the offensive**” to enhance competitiveness while maintaining sound management with a view to long-term growth targets.

Goals (for 2016, 140th year since the Group's inception)

Consolidated net sales:
¥600 bn (incl. liquor taxes)
¥450 bn (excl. liquor taxes)

Consolidated operating income:
¥40 bn

Operating margin: 9%
(excl. liquor taxes)

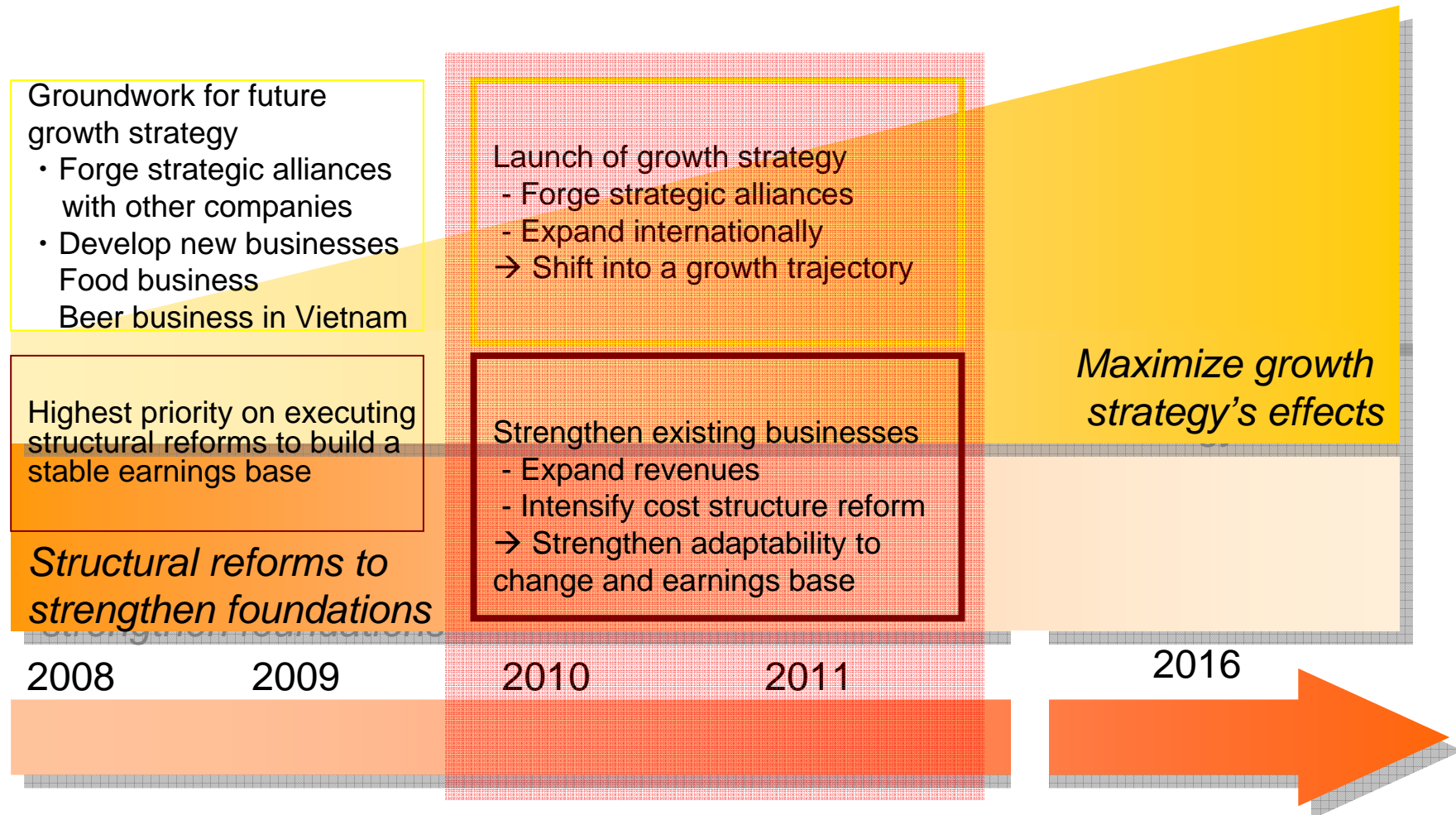
ROE: 8% or more

D/E ratio: approx. 1:1



Positioning of 2010-2011 Sapporo Group Management Plan

Transition from a structural reform phase to a growth phase





Medium-term Scenarios for the Sapporo Group's Growth



Medium-term Growth Scenario: Alcoholic Beverages (Japan)

**Strengthen the Group's earnings base by upgrading value-added
across all alcoholic beverage product lines**

Growth Scenarios

- Create high-value-added products and markets that enable us to capitalize on Sapporo Breweries' strengths
- Build a solid earnings base by establishing competitive advantages in value-added products

Strategic Challenges

- Product development and marketing aimed at creating new markets by offering new value in the beer category
- Expand the shochu, wine and RTD beverage businesses over the medium term through brand strengthening and strategic alliances to achieve operating income of around ¥2 billion
- Maximize value chain efficiency by tapping into group synergies and forging alliances with other companies



Medium-term Growth Scenario: Alcoholic Beverages (International)

**Drive Group growth by expanding geographical coverage and
business in North America and Asia**

Growth Scenarios

- **Expand business in the two markets of North America and Asia (Vietnam, Singapore, etc.)**
- **Drive expansion of not only the beer business but other group operations including soft drinks, food, and restaurants**

Strategic Challenges

- **Expand business through Sleeman Breweries and Sapporo USA by strengthening organizational structures and marketing efforts and undertaking strategic M&As**
- **Expand business in Asia by putting Vietnam operations into gear and entering new Asian markets, including in ASEAN nations**



Medium-Term Growth Scenario: Soft Drinks and Food

**Expand the business by establishing brands with unique value,
and through strategic alliances and M&As**

Growth Scenarios

- Harness group strengths to develop high-value-added products to bolster market presence
- Expand business through strategic business and capital alliances

Strategic Challenges

- Expand business domain to include not only shelf-stable beverages but chilled beverages and food also and expand overseas also
- In food, undertake alliances that offer technological advantages to develop products with unique features
- Enhance group synergies in procurement, distribution, product development, marketing, and other areas



Medium-term Growth Scenario: Restaurants

**Strengthen brands and earnings base in the Restaurants business,
an important interface with consumers**

Growth Scenarios

- Open new locations focusing on Greater Tokyo, Sapporo, and Nagoya; develop diverse dining formats at a broad range of price points
- As an interface with consumers, restaurants have a key role in communicating with customers and strengthening brands

Strategic Challenges

- Scrap and build restaurants and establish a low-cost operations framework
- Implement an M&A strategy to complement and strengthen our balanced restaurant portfolio
- Expand overseas in tandem with overseas expansion of the Alcoholic Beverages business



Medium-term Growth Scenario: Real Estate

Bolster profitability of existing properties and expand by acquiring and developing new properties

Growth Scenarios

- Expand business by improving the value of the assets under the Group, and by acquiring and developing new properties

Strategic Challenges

- Develop Group assets including properties in Ginza, Ebisu, Sapporo, and elsewhere
- Expand earnings from Yebisu Garden Place by renovating and enhancing the property's appeal
- Designating the Ebisu area as a strategic area, acquire new assets mainly in central Tokyo and enhance property values by tapping into synergies with existing properties and other means



2010-2011 Sapporo Group Management Plan: Business Plans



Alcoholic Beverages (Japan)

Basic Policy

-Embark on a growth trajectory by building a unique presence in mature markets and pursue efficiencies by stepping up our select-and-focus approach to allocating resources.

Quantitative Targets

	2009 Results	2010 Targets	2011 Targets
Net sales	282.9	285.0	290.0
Operating income	7.4	7.5	8.5

Billion yen

Key Points for 2010-2011 Business Plans

1. Bolster marketing of alcoholic beverages

1) Focusing resources on core products to enhance brand strength

- Black Label: Step up trial testing and position this brand as a refined adult beverage through a new communication strategy.
- Yebisu: Mark its 120th anniversary through more proactive communication based on the brand's unique value to achieve growth for the Yebisu brand as a whole.
- *Mugi to Hop*: Maintain growth rate above the entire new genre market through marketing that promotes the product's unique characteristics

Marketing theme: Taste that inspires!
Communication message: Bringing more cheer to your "Cheers!"



Alcoholic Beverages (Japan)

Key Points for 2010-2011 Business Plans (continued)

2) Create and develop new growth brands

- We will initiate product develop projects based on a new development framework, accumulate in-house knowledge from multiple sources, and develop uniquely differentiated products in the true Sapporo mold.

3) Branching out into new areas

- Expand the wine business's earnings by enhancing the brand value of our core imported wines and stepping up efforts in the solidly growing additive-free wine market.
- Lay the groundwork for sustained growth in the shochu business by bolstering high-value-added products and fostering brands from a medium-term perspective.
- Plan new RTD products based on new value propositions to enhance our market presence.

2. Cost structure reforms

- Improve cost efficiency by cutting ingredient and material costs, efficiently allocating marketing expense, enhancing flexible cost controls
- Holistically boost production and distribution efficiency. Look at consolidating beer production lines and other means of improving production efficiency.



Alcoholic Beverages (International)

Basic Policy

- Grow the business into a pillar that supports the Group's future growth.
In the key North American market, expand business by focusing investment on brands and areas where Group strengths can be harnessed.
In the developing Asian market, put our business in Vietnam into full swing.

Quantitative Targets

	2009 Results	2010 Targets	2011 Targets
Net sales	22.5	26.0	27.5
Operating income	0.6	1.0	1.5

Billion yen

Key Points for 2010-2011 Business Plans

1. Business growth in North America

1) Marketing strategies

- Sleeman Breweries will strive for sales growth above the overall market growth by further stepping up investment in marketing of its strongly performing premium brands.
- Sapporo USA will lay the groundwork for further growth by expanding beyond the American-Japanese market segment to encompass the wider US and ethnic Asian market segments.

2) Bolster production capabilities

- Bolster production capabilities through facilities expansions, consignment production, and M&As to cover capacity shortfalls arising as Sleeman Breweries expands its operations.

3) Cost structure reforms

- Further improve product quality and cost efficiency through quality control, process stabilization, and production cost reductions, and so on.

Alcoholic Beverages (International)

Key Points for 2010-2011 Business Plans (continued)

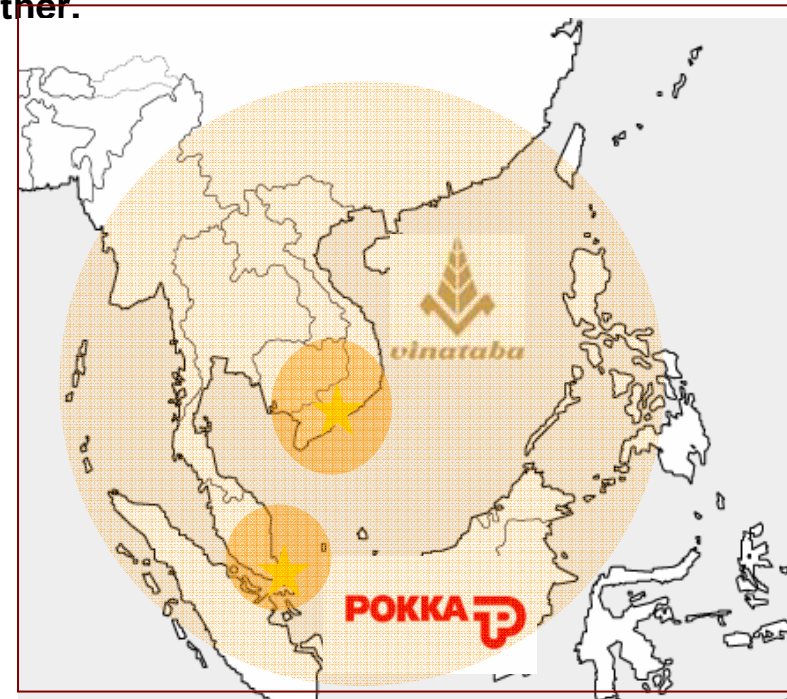
2. Expanding into the Asian Market

1) Building our presence in Vietnam

- In Vietnam, launch Vietnam beer operations in earnest through alliance with Vinataba.
- Begin export sales of beer in the first half of 2010; develop marketing strategies and a distribution network to develop the business further.
- Consider further expansion of production bases with an eye on expanding business throughout Vietnam.
- Local production facilities scheduled to be completed in 2010 in the aim of going into operation in autumn 2011.

2) Expanding our operations in Singapore

- Collaborate with Pokka to utilize its strong sales network and boost sales in the Singapore household market while seeking to penetrate markets in adjacent nations.





Soft Drinks

Basic Policy

- Focus resources on core brands, strengthen brand power, and shift into a growth trajectory. Also aim to ramp up the impact of already-successful structural reforms by utilizing group synergies and strategic alliances.

Quantitative Targets

	Billion yen		
	2009 Results	2010 Targets	2011 Targets
Net sales	30.7	32.0	34.0
Operating income	0.3	0.7	1.5

Key Points for 2010-2011 Business Plans

1. Bolster marketing

1) Strengthen and cultivate brands

- Focus marketing investment and sales efforts on core brand products to strengthen brand power.
- Bolster product development framework to enable creation of high-value-added products.

2) Strengthen alliances

- Form strategic alliances to enhance our lineup of highly distinctive products and gain greater access to customers.



Soft Drinks

Key Points for 2010-2011 Business Plans (continued)

2. Cost structure reforms

- 1) Implement a cost structure reform program
 - Use our select-and-focus approach to fully implement a cost structure reform program throughout the entire value chain.
- 2) Generate synergies from strategic alliances
 - Unleash synergies from alliance with Pokka as rapidly as possible by working group-wide to strengthen the vending machine business, jointly develop products, collaborate in marketing and sales, optimize production lines, reduce procurement costs, and establish a joint distribution system.

3. Food products business

- 1) Confectionary business (Sapporo Fine Foods Co., Ltd.)
 - In Greater Tokyo, introduce new products in the Sapporo Potekaru range of non-oil-fried potato chips, drawing on the tripling of production capacity from capital investment in 2009. Expand the product line-up and geographic coverage in light of future sales trends.
- 2) Yogurt, dessert and chilled beverages business (Azumino Food Co., Ltd.)
 - Expand sales channels primarily for core products with tapioca to popularize the brand and grow sales.
 - Strive to utilize group synergies; e.g., through active use of Sapporo Breweries' technologies.

Restaurants

Basic Policy

- Amid the heavy impact of the economic downturn, further cut costs, reform our cost structure, and develop dining formats and build an operational structure able to withstand economic change over the medium term.

Quantitative Targets

	2009 Results	2010 Targets	2011 Targets
Net sales	28.0	27.0	28.0
Operating income	(0.1)	0.2	0.5

Billion yen

Key Points for 2010-2011 Business Plans

1. Business structure reform

1) Cost reductions

- Personnel costs to be made less sensitive to sales revenue through a hiring freeze and more efficient shift and rostering arrangements.
- Reduce unit input costs by using common ingredients, furniture and fixtures, and consumables.
Make efforts to lower rents for restaurants to reduce cost.
- Close unprofitable restaurants (around 10 locations), mainly in the first half, to improve earnings as early as possible.
- Reduce food and labor costs as part of a medium-term cost structure reforms

2. Measures to ensure growth

1) Launching new restaurants

- Open new Yebisu Bar establishments, a new format that harnesses synergies with Sapporo Breweries.
- To curb new capacity additions in 2010 versus past years, limit new restaurants to a gross floor area of 400 tsubo (1,320 m²) .



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Real Estate

Basic Policy

- Given a harsh market outlook, a main priority is maintaining occupancy rates. We will also strive to maintain and limit declines in rents. We will continue to acquire new properties, focusing on prime assets.

Quantitative Targets	Billion yen		
	2009 Results	2010 Targets	2011 Targets
Net sales	23.2	24.5	26.5
Operating income	7.5	8.0	10.0

Key Points for 2010-2011 Business Plans

1. Boost value of existing properties

1) Yebisu Garden Place

- Boost tenant satisfaction through measures to boost value and ensure fair market rents. Proactive and flexible approach to leasing to maintain high occupancy rates.

2) Sapporo Factory

- Renovate the facility to expand office space and improve earnings power of the facility as a whole through timely leasing to appropriate tenants.

2. Positioning for growth

1) Real estate development

- Complete ongoing development projects as quickly as possible.

2) Acquiring new properties

- Designating Ebisu as a strategic area, acquire new assets that meet our investment criteria mainly in central Tokyo.
- Maximize income from property to be acquired in Shibuya in the first half of 2010.



2010-2011 Sapporo Group Management Plan Basic Policies and Management Goals

Basic Policies

Shift into a growth trajectory by initiating growth strategies and strengthening existing businesses

We will use the plan's two-year term to transition from a phase of earnings-base strengthening with priority on structural reform to a growth phase aimed at realizing out medium-term growth scenarios.

Initiate growth strategies

Take action based on growth scenarios and medium-term challenges for each business to add value of the medium-to long-term.

Strengthen existing businesses

In each of our businesses, build competitive advantages by focusing resources on strong brands to improve adaptability to changes in environment.

We plan to invest 65 billion yen over two years to support strategic initiatives in pursuit of growth

Fund with cash flow from existing operations. Also use monetizable Group assets to generate additional cash flow



Management Goals

Consolidated Targets

Billions of yen, except ratios and percentages

	2010 Targets	2011 Targets
Net sales (incl. liquor taxes)	394.5	406.0
Operating income	13.5	17.0
Ordinary income	11.0	13.5
Net income	4.8	6.0
Operating margin (excl. liquor taxes)	5.0%	6.0%
Financial liabilities	210.0	217.0
D/E ratio	1.7	1.7
ROE	4.0%	5.0%



Management Goals

Billion yen

Targets by segment

		2010 Targets	2011 Targets
Net sales	Alcoholic Beverages (Japan)	285.0	290.0
	Alcoholic Beverages (Intl.)	26.0	27.5
	Soft Drinks and Food	32.0	34.0
	Restaurants	27.0	28.0
	Real Estate	24.5	26.5
Operating income	Alcoholic Beverages (Japan)	7.5	8.5
	Alcoholic Beverages (Intl.)	1.0	1.5
	Soft Drinks and Food	0.7	1.5
	Restaurants	0.2	0.5
	Real Estate	8.0	10.0
	Eliminations ^{*1}	(3.9)	(5.0)

*Exchange rates for 2010 and 2011: US\$=¥90, CAN\$=¥82

*1. "Eliminations" includes marketing costs and other up-front investment in relation to our operations in Vietnam.



2010-2011 Sapporo Group Management Plan: Group-wide Strategies and Shareholder Returns Policy



Overall Strategy

Enhancing group synergies

- Integrate IT infrastructure to encourage greater information sharing and cooperation within the Group.
Further consolidate support infrastructure to reinforce the Group's low-cost operations structure.
- Cultivate human resources through personnel exchanges and career development to build a dynamic organization where employees thrive.
- To further boost the value of the Sapporo and Yebisu brands as key Group assets, continue to collaborate Group-wide on staging local beer festivals in Sapporo, and throughout the rest of Hokkaido, and the Yebisu Beer Festival in Ebisu, Tokyo.

Commitment to corporate social responsibility (CSR)

- Based on our CSR policies, we will continue to focus on food safety and security, alcohol-related problems, and environmental issues such as global warming.
- Provide in-house training aimed at promoting employee awareness and appropriate conduct in relation to CSR and compliance.



Shareholder Returns Policy

Basic Policy

- Sapporo Holdings Limited is committed to providing fair returns to our shareholders as a key management policy. Our basic policy is to pay stable dividends to the extent permitted by our operating performance and financial condition.

We also aim to maximize corporate value by internally retaining funds to strengthen our financial base and strategically invest in growth businesses in accord with our new Management Plan.

Dividends for 2009 and 2010

- For 2009, we intend to pay annual dividends of ¥7 per share.

For 2010, we intend to again pay annual dividends of ¥7 per share by steadily carrying out our Management Plan while also making strategic investments and strengthening our financial foundation.



**To make people's lives richer
and more enjoyable.**



These materials contain forward-looking statements regarding but not limited to future earnings and future actions, circumstances, and occurrences. These statements are based on information available when these materials were prepared and are subject to risks and uncertainties.

Actual results and financial performance may therefore differ materially from the future outlook described by forward-looking statements presented in these materials.