



SAPPORO

2010

Sapporo Group First Half 2010 Results Presentation

August 2, 2010

Sapporo Holdings Ltd.

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



Agenda

Overview of First Half 2010 Business Results and 2010 Earnings Forecasts

I. Overview of First-Half 2010 Business Results

II. Operating Results by Segment

III. 2010 Earnings Forecasts by Segment

IV. Key Issues

***Reference Material: Data on our Real Estate segment**

*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 2010 Business Results

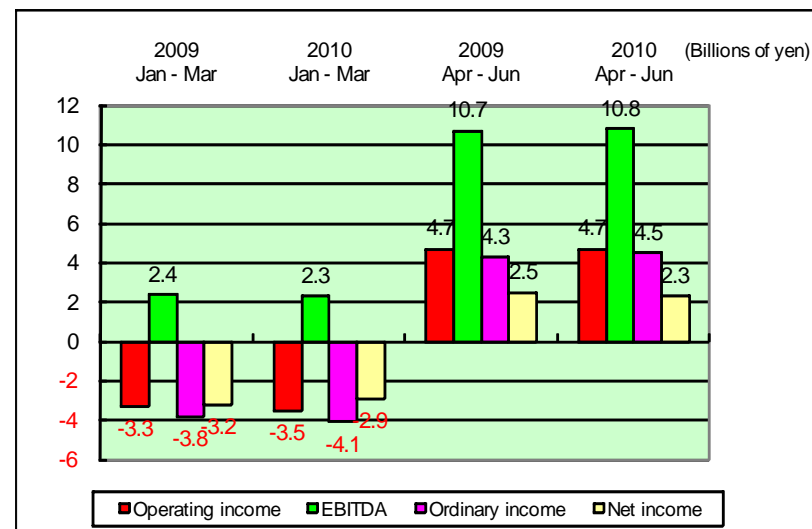
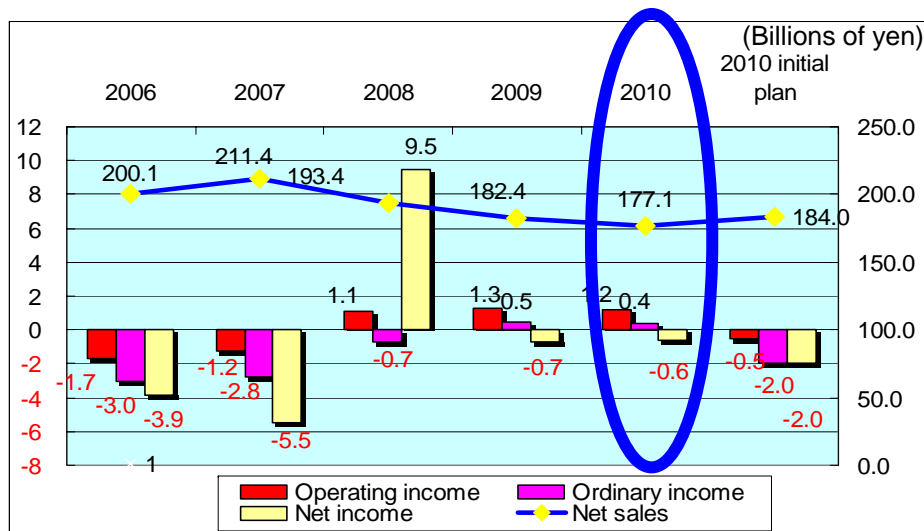


Overview of First Half 2010 Business Results

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

Business Results over the Last Five Years

Operating income, EBITDA, ordinary income, and net income (Year-on-year)



* EBITDA calculated as: operating income + depreciation and amortization + amortization of goodwill

1H
Launch of our new growth strategy

Strategic issues to be tackled in line with our medium-term growth scenario

Strategic investment and capital spending

	Initial 2010 plan (Full-year)	Jan-Jun 2010 (Results)	Jan-Jun 2010 (Breakdown of key items)
Strategic investment	25.5	10.3	Alcoholic Beverages Japan: 3.0 Real estate: 9.7 Restaurants: 0.3
Capital spending	7.7	3.3	Alcoholic Beverages Japan: 2.2 International: 0.2 Soft Drinks: 0.3 Restaurants: 0.1 Real Estate: 0.5
Total	33.2	13.6	

Strengthening of existing business

Resources to be focused on core brands, adaptiveness to environmental changes to be improved

Operating and ordinary profits to match 2009 levels, well up on our February projections
A third successive positive operating profit, a second straight positive ordinary profit

Operating Results by Segment

***Please refer to the following document for our February projections and targets for each business segment: http://www.sapporoholdings.jp/english/ir/report/fs/pdf/200912_presentationmaterials.pdf**

***Please refer to the Appendix for further details of each business segment's profit performance**

Alcoholic Beverages (Japan)

Financial highlights

¥1 billion charge relating to new sales & logistics system (online from 2010)

	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	YoY (%)
Net sales	147.1	148.3	137.1	132.7	125.7	(6.9)
Operating income	(3.2)	(2.9)	(1.0)	(0.0)	(0.1)	(0.1)

Billions of yen

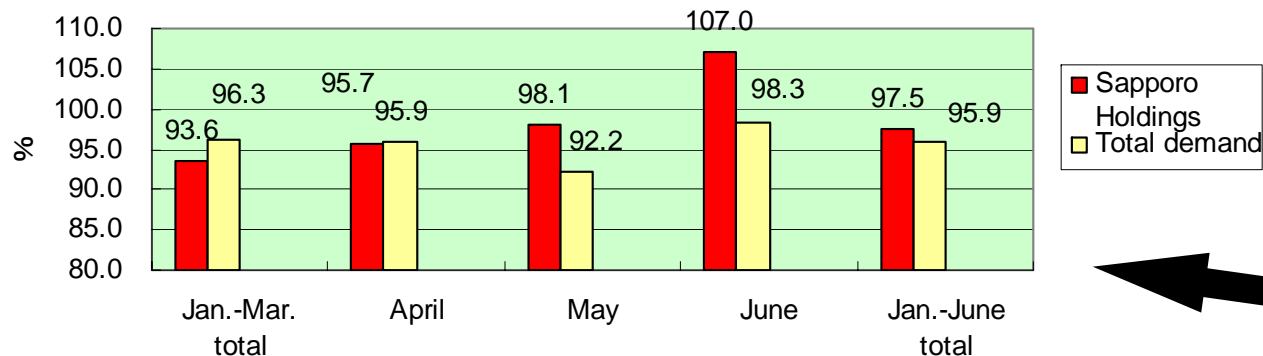
◆ Key points in business plan: progress on priority issues

(1) Improved marketing of alcoholic beverages

Strengthening of brand power through focused deployment of resources

Beer, *happoshu* and new genre total

2010 monthly sales volume



Sapporo outperformed total demand for January-June!

Alcoholic Beverages (Japan)

◆ Key points in business plan: progress on priority issues

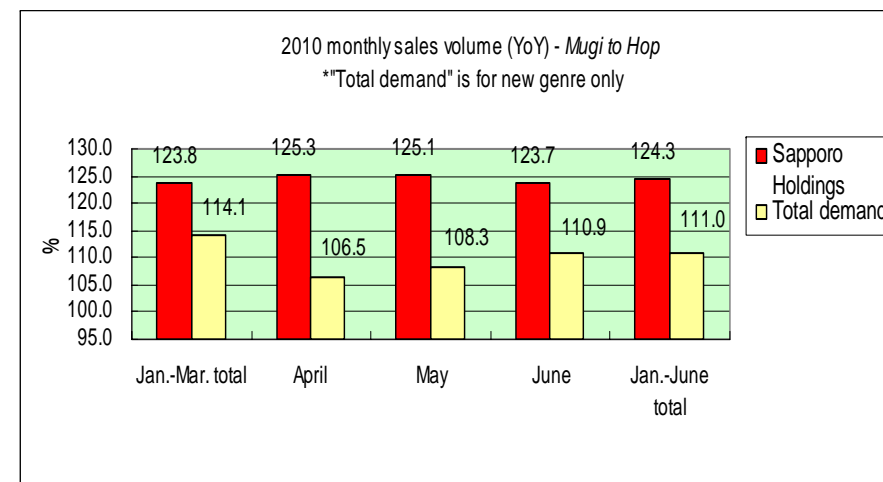
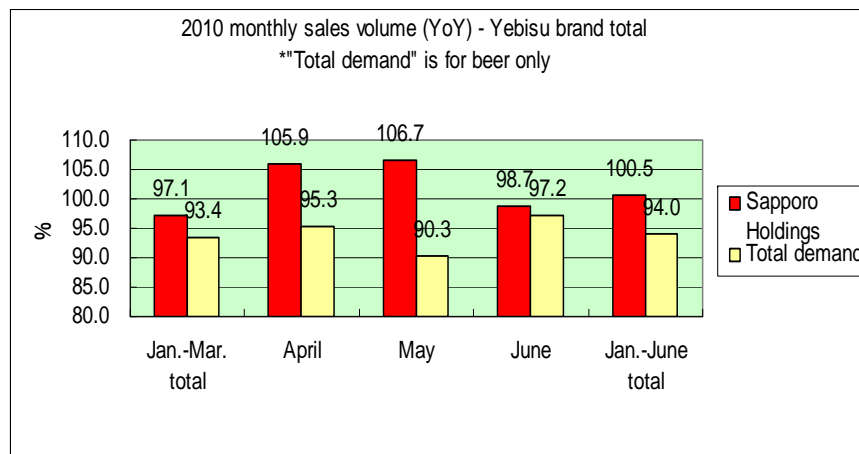
(1) Improved marketing of alcoholic beverages

Strengthening of brand power through focused deployment of resources

Yebisu brand



Mugi to Hop



(2) Progress with cost structure reforms

- Step up efforts to effectively allocate marketing budget and flexibly manage costs
- Stop production at the Katsunuma Winery, consolidate production at the Okayama Winery
- Consolidate breweries, production lines

Alcoholic Beverages (International)

Financial highlights

	Billions of yen					
	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	YoY (%)
Net sales	2.5	13.5	12.4	10.4	12.4	2.0
Operating income	0.1	0.8	0.0	(0.1)	(0.1)	0.0

◆ Key points in business plan: progress on priority issues

(1) Growing our operations in the North American market



An aggressive marketing campaign including television commercials

Sapporo USA: expanding beyond the Japanese-American community into the wider US and Asian-American markets

Sleeman (Canada): sales boosted through marketing emphasis on premium brands

Sleeman outperformed aggregate demand growth (Canada) in 2010!

Sales volume

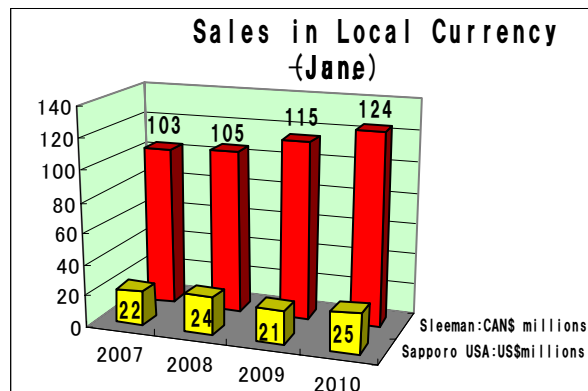
Sales volume (YoY)	2009	2010
Sleeman brand	111%	106%
Total Canadian demand	98%	99%

Sales up more than 30% year-on-year in the Asian-American market

Sales volume

Sapporo USA outperformed aggregate demand growth (USA) in 2010!

Sales volume (YoY)	2009	2010
Sapporo USA Inc.	86%	120%
Total US demand for imported beer	89%	96%





Alcoholic Beverages (International)

◆ Key points in business plan: progress on priority issues

(2) Entering Asian markets



Establishment
Sapporo Vietnam Limited



Expanding into the Vietnamese market

- Brewery construction began in July (with production scheduled to commence in autumn 2011) in preparation for local production and sales in partnership with state-owned Vietnam National Tobacco Corp.

Expanding into the Singapore market

- We are working to boost our sales in the Singapore household market through our alliance with Pokka Corporation (Pokka's tea-based beverages share: 70%; will begin selling Sapporo beer from July 1.)
- We are also considering expanding our market into peripheral economies

Vietnamese market

	Numerical data	Details
Population	86,000,000	
Average age	28	
Total demand for beer in 2008	2 million kiloliters	Third biggest market in Asia, expected to reach Japan's level of 6 million kiloliters by 2025
Sales target in 2019 (quantitative)	0.15 million kiloliters	11% share of the Ho Chi Minh City market, 3% share of the Vietnamese market

Soft Drinks and Food

Financial highlights

	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	YoY (%)
Net sales	26.7	24.1	18.1	14.8	14.7	(0.0)
Operating income	(0.8)	(1.1)	(0.3)	(0.0)	0.0	0.0

Changes to sales accounting policies took effect in 2008
Sales incentives (discounts etc.) are now deducted from sales revenue

Billions of yen



◆ Key points in business plan: progress on priority issues

Cost cuts exceeding ¥3 billion will achieve within three years

(1) Soft drinks: success in implementing cost structure reforms

	2008	2009	2010
	Results	Results	Plan
1. Improvement of existing operations	0.2	0.2	—
2. Organizational consolidation to achieve necessary downsizing	0.3	0.3	—
3. Cost minimization throughout every value chain	0.4	1.2	0.5
Fiscal-year total	1.0	1.8	0.5

Cost savings (billion yen)

(2) Soft drinks: Derive synergies from strategic alliances

Pursue strategic alliance with Pokka Corporation

- Jointly procure cans, cardboard boxes, PET bottles
- Produce green tea, oolong tea for Pokka

(2) Expansion of food business

- Expansion of our target market beyond greater Tokyo to encompass the Koshinetsu, Tokai, and Hokuriku regions of Japan
- New consommé-flavored product launched into the Tokyo market

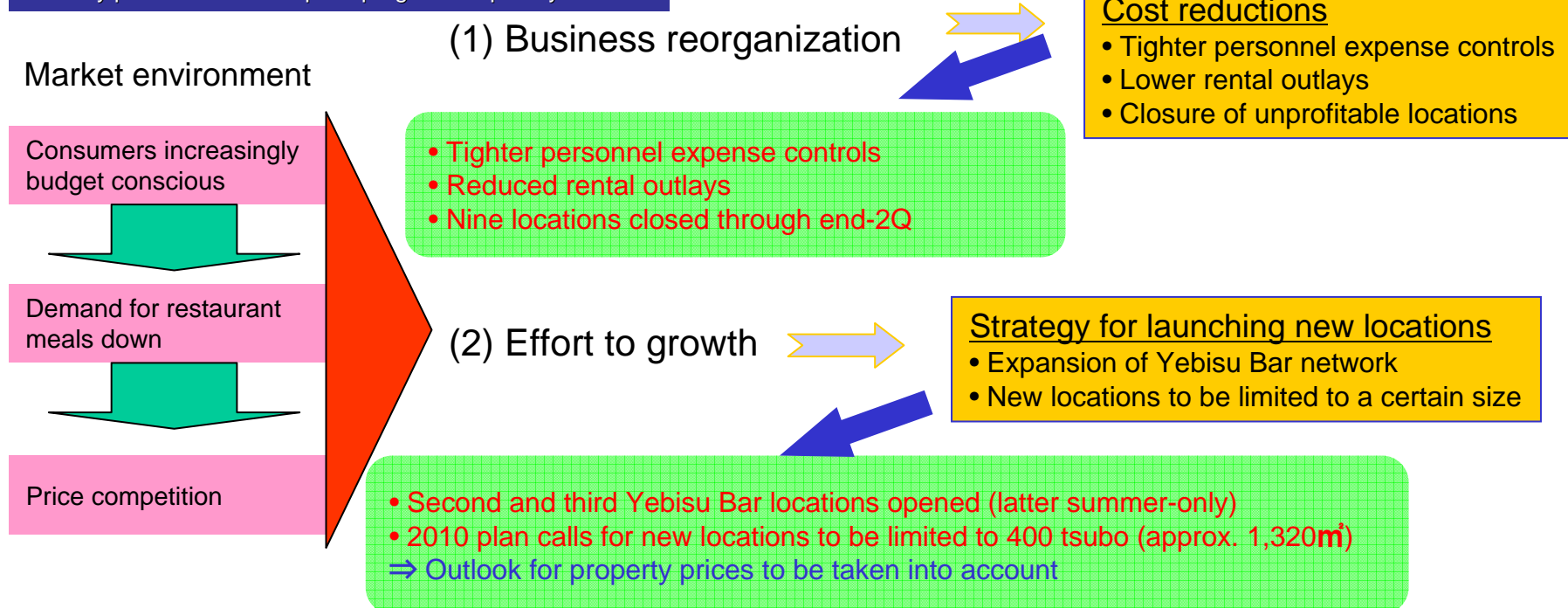
Expansion of confectionery business

- New Sapporo Potekaru products launched in Tokyo
- Expansion of product lineup and sales area

Financial highlights

	Billions of yen					
	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	YoY (%)
Net sales	12.5	13.4	14.0	13.2	12.8	(0.4)
Operating income	(0.0)	(0.1)	(0.0)	(0.4)	(0.4)	(0.0)

◆ Key points in business plan: progress on priority issues





Real Estate

Financial highlights

15% (joint management) stake in Yebisu Garden Place sold in April 2008

Billions of yen

	1H 2006	1H 2007	1H 2008	1H 2009	1H 2010	YoY (%)
Net sales	10.9	11.8	11.7	11.1	11.3	0.2
Operating income	3.1	3.3	3.7	3.5	3.5	(0.0)

◆ Key points in business plan: progress on priority issues

(1) Boost value of existing properties

Occupancy rates remain well above the metropolitan Tokyo average

- Rents have been kept at appropriate levels
- Occupancy rates remain high

As of June 30, 2010

Site area from land registry, floor area as per building certification, occupancy rates are averages for Jan.–June.

Major rental properties in Tokyo 23 wards	Site area (m2)	Floor area (m2)	Occupancy rates (%)	Number of stories
Yebisu Garden Place *1	56,943	298,007	99%	40 floors above ground, 5 below ground
Seiwa Yebisu Building	2,617	10,400	100%	6 floors above ground, 1 below ground
Yebisu Square	1,561	9,126	100%	7 floors above ground, 1 below ground
Shibuya Sakuragaoka Square	1,200	9,268	100%	10 floors above ground, 1 below ground
Sapporo Ginza Building	530	4,232	100%	10 floors above ground, 4 below ground
Strata Ginza *2	1,117	11,411	100%	13 floors above ground, 1 below ground

*1: Figures at left are for entire property. Sapporo holds an 85% stake (jointly managed). Floor numbers are for office buildings only. Occupancy rates are for office areas only.

*2: Figures at left are for entire property. Sapporo owns 922m² of the site (sectional ownership) and 89.72% of the building (joint management).

(2) Growth efforts

- Shinjuku Square office building completed in June
- Shibuya Sakuragaoka Square office building purchased in April

- Develop properties
- Acquire new properties

Please refer to the Appendix for further details of our Real Estate segment's profit performance on page 15.

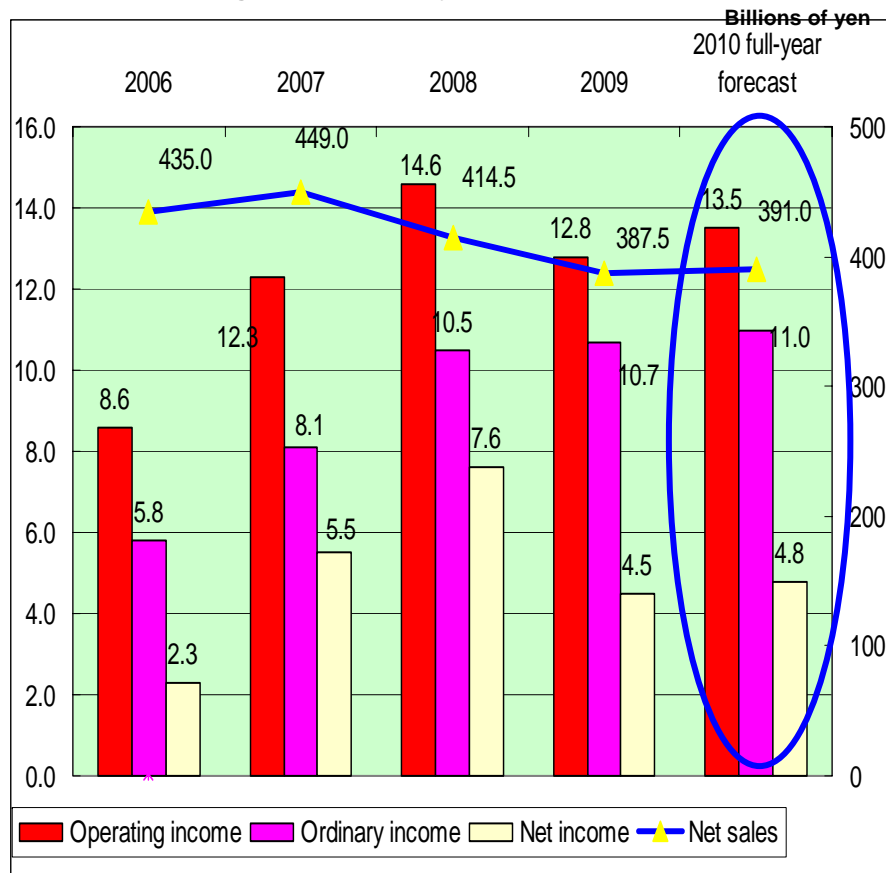
2010 Full-year Earnings Forecasts



2009 Full-year Earnings Forecasts

Full-year Earnings Forecasts

Net sales, Operating income, Ordinary income, Net income



Net sales, Operating income, EBITDA (Year-on-year)

Billions of yen

Full-year forecast by segment	Net sales			Operating income			EBITDA		
	2009	2010	Change	2009	2010	Change	2009	2010	Change
Alcoholic beverages									
Japan	282.9	280.0	(2.9)	7.4	7.5	-	21.6	22.5	0.9
International	22.5	26.0	3.4	0.6	0.8	0.1	2.6	2.8	0.2
Soft Drinks, Food	30.7	33.7	3.0	0.3	0.5	0.2	0.7	0.8	0.1
Restaurants	28.0	26.8	(1.2)	(0.1)	-	0.2	0.7	0.7	-
Real Estate	23.2	24.5	1.2	7.5	8.0	0.5	13.6	13.8	0.2
Corporate and eliminations	-	-	-	(2.9)	(3.3)	(0.4)	(2.9)	(3.3)	(0.4)
Consolidated total	387.5	391.0	3.4	12.8	13.5	0.6	36.3	37.3	0.9

*EBITDA is calculated as: operating income + depreciation and amortization + amortization of goodwill

◆ Full-year forecast vs. initial plan

Billions of yen

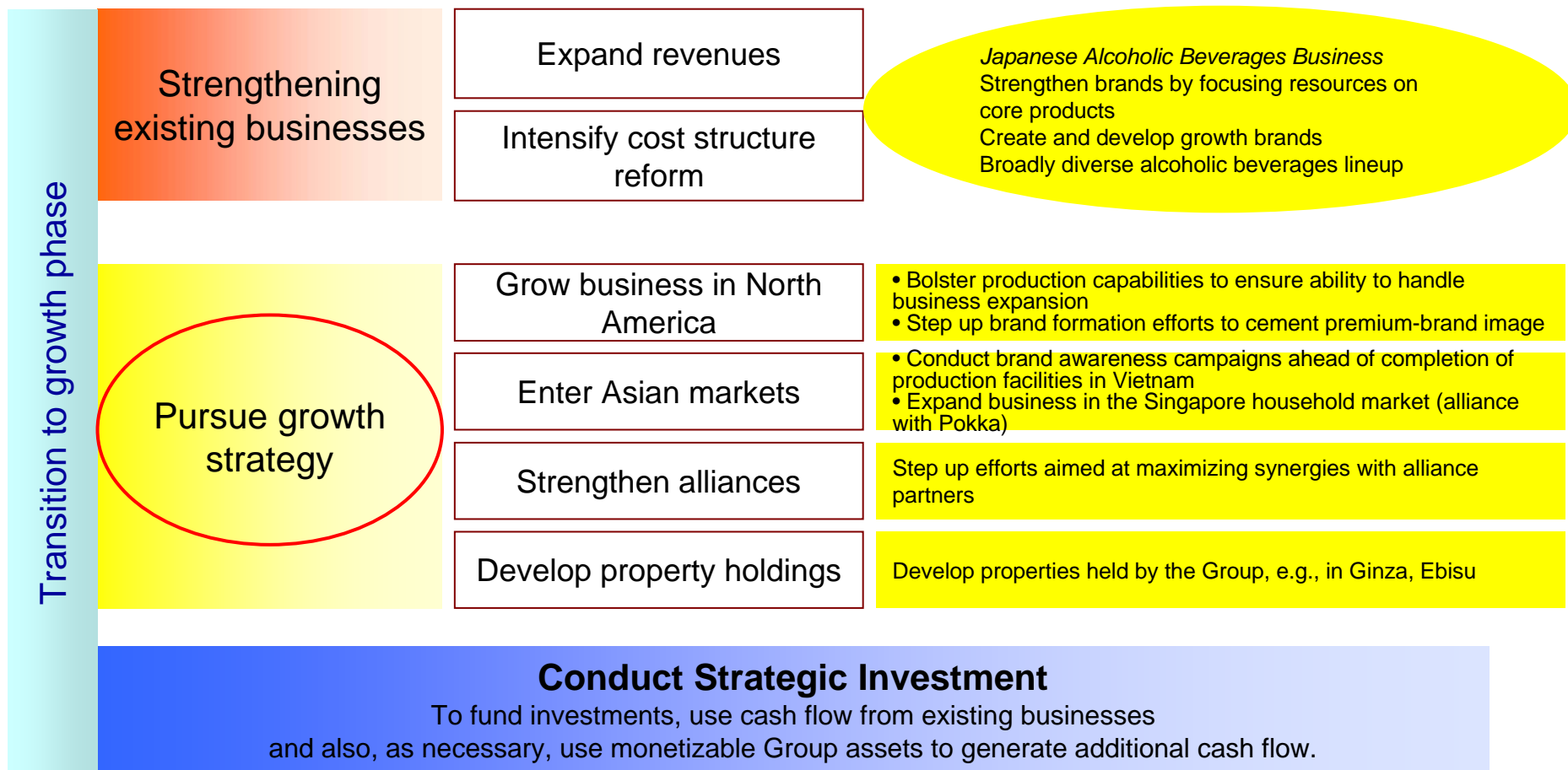
Full-year forecast vs. initial plan	Net sales			Operating income		
	Initial plan	Full-year forecast	Change	Initial plan	Full-year forecast	Change
Alcoholic beverages						
Japan	285.0	280.0	(5.0)	7.5	7.5	-
International	26.0	26.0	-	0.8	0.8	-
Soft Drinks, Food	32.0	33.7	1.7	0.7	0.5	(0.2)
Restaurants	27.0	26.8	(0.2)	0.2	-	(0.2)
Real Estate	24.5	24.5	-	8.0	8.0	-
Corporate and eliminations	-	-	-	(3.7)	(3.3)	0.4
Consolidated total	394.5	391.0	(3.5)	13.5	13.5	-

2010–2011 Sapporo Group Medium-term Management Plan Basic Objectives:
Launch of growth strategy, Strengthening of existing businesses

IV. Key Issues

Strategic Theme

Transition from an *earnings structure reform phase* to a *growth phase* in which we will enhance enterprise value over the medium to long term



Data on our Real Estate segment

Billions of yen

Operating income	2009 Jan — Jun	2010 Jan — Jun	YoY change	2009 full-year	2010 full-year forecasts	YoY change
Real estate leasing						
Tokyo 23 wards	3.2	3.1	(0.0)	6.5	7.0	0.4
Other area	0.4	0.4	(0.0)	0.9	0.9	(0.0)
Real estate leasing total	3.6	3.5	(0.1)	7.5	7.9	0.4
Real estate sales	0.0	0.0	0.0	0.2	0.2	0.0
Other operations*	(0.1)	(0.1)	0.0	(0.2)	(0.1)	0.0
Total	3.5	3.5	(0.0)	7.5	8.0	0.5

* "Other operations" includes back-office operations

Billions of yen

EBITDA	2009 Jan — Jun	2010 Jan — Jun	YoY change	2009 full-year	2010 full-year forecasts	YoY change
Real estate leasing						
Tokyo 23 wards	5.7	5.7	(0.0)	11.6	11.7	0.1
Other area	0.8	0.7	(0.0)	1.6	1.6	(0.0)
Real estate leasing total	6.5	6.4	(0.0)	13.3	13.3	0.1
Real estate sales	0.0	0.0	0.0	0.2	0.3	0.1
Other operations*	0.0	0.0	0.0	0.1	0.1	(0.0)
Total	6.6	6.6	0.0	13.6	13.8	0.2

* "Other operations" includes back-office operations

*EBITDA calculated as: operating income + depreciation expenses

Our real estate rental operations generate relatively stable income—mostly within the 23 wards of Tokyo (see page 11)—and make the biggest contribution to our overall Real Estate segment operating profits.