



# **2011 Sapporo Group Business Results Presentation for the Six Months ended June 30, 2011**

**August 1, 2011**

**Sapporo Holdings Ltd.**

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

1. Overview of First-Half 2011 Business Results
2. Operating Results by Segment
3. Growth Strategies and Future Policies
4. 2011 Full-Year Earnings Forecasts

※These materials contain forward-looking statements that 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.

# **1. Overview of First-Half 2011 Business Results**



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# Overview of First-Half 2011 Results – Consolidated

1H sales rose sharply as gains at the Soft Drinks Business and the consolidation of the POKKA Group compensated for declines at the Japanese Alcoholic Beverage and Restaurants businesses, partially due to impact of the Great East Japan Earthquake.

Operating income rose on cost reductions in all segments and contributions from the POKKA Group and the real estate business.

1H extraordinary losses included ¥1.0 bn related to asset retirement obligations and ¥4.6 bn in disaster-related losses.

1H net loss consequently widened by 2.2 bn vs. the year-earlier.

(billions of yen, except percentages)

\*Additional POKKA CORPORATION shares acquired on March 29, 2011.  
Income statement items consolidated from Q2.

	2010	2011	Year-over-year changes	
			Amount	%
Consolidated net sales	177.1	194.4	17.2	9.8%
Consolidated operating income	1.2	3.0	1.7	149.2%
Consolidated ordinary income	0.4	2.0	1.5	375.1%
Consolidated net income	(0.6)	(2.9)	(2.2)	—



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## Overview of First-Half 2011 Results – By Segment

Excluding the Restaurants Business, which was hurt by the disaster, and the International Alcoholic Beverages Business, which made a ¥0.4 bn investment in its Vietnam operations during the term, all other segments posted YoY gains. Income gains were supported by cost cuts in all segments and contributions from the POKKA Group and the real estate business.

### Operating Income

	2010	2011	Year-over-year changes		(billions of yen, except percentages)
			Amount	%	
Japanese Alcoholic Beverages	(0.1)	0.0	0.2	—	
International Alcoholic Beverages <i>-North America, other</i> <i>-Vietnam</i>	(0.1)	(0.2)	(0.1)	—	
	(0.0)	0.2	0.2	—	
	(0.1)	(0.4)	(0.3)	—	
Soft Drinks	0.4	0.5	0.1	27.1%	
POKKA Group	—	0.7	0.7	—	
Restaurants	(0.4)	(0.6)	(0.2)	—	
Real Estate	3.5	4.2	0.7	21.1%	
Other	(0.4)	(0.3)	0.0	—	
General corporate	(1.6)	(1.3)	0.2	—	
<b>Consolidated operating income</b>	<b>1.2</b>	<b>3.0</b>	<b>1.7</b>	<b>149.2%</b>	

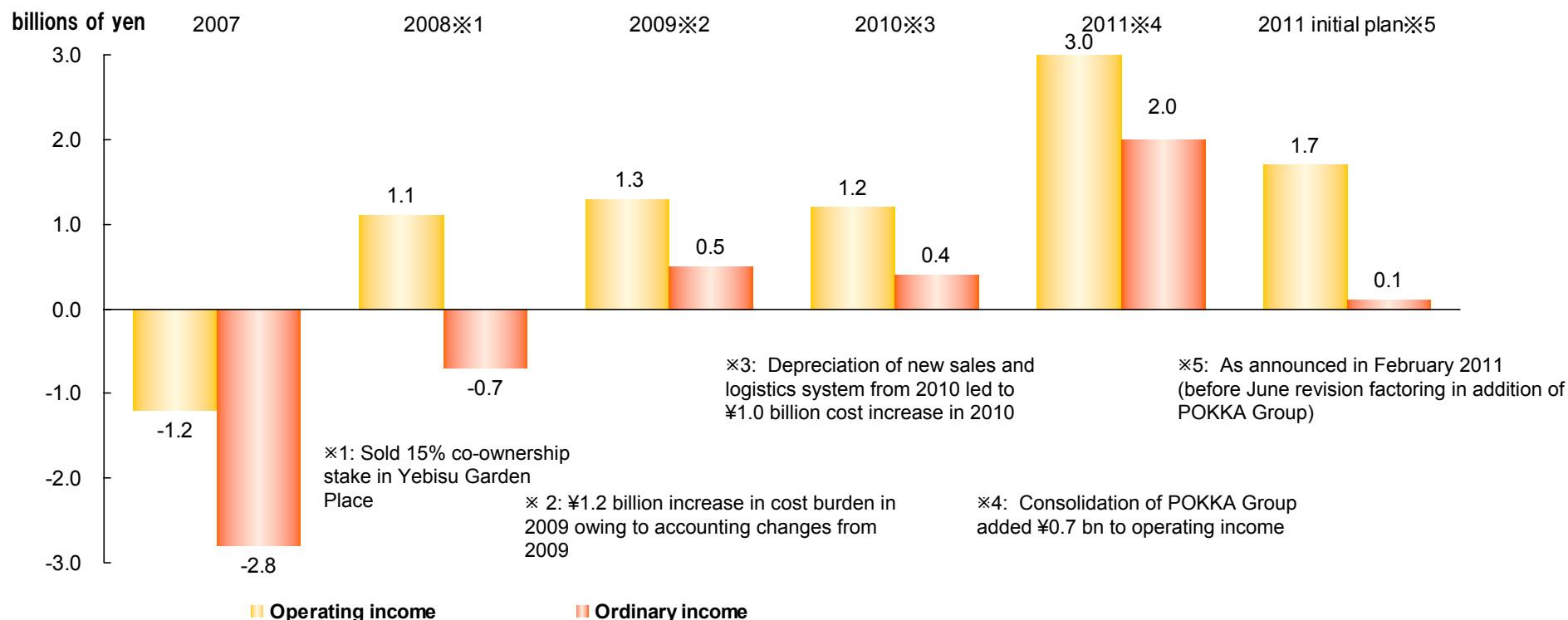


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## Overview of First-Half 2011 Results –Trends–

Sharp gains in both operating and ordinary income. Earnings remain on growth trajectory, with surplus achieved in 1H for fourth straight year.

### Trends for Operating and Ordinary Income





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# Overview of First-Quarter 2011 Results – Earthquake's Impact

## Breakdown of ¥4.6 bn in quake-related extraordinary losses taken in 1H

- Fixed asset disposals and inventory losses
  - ¥0.9 bn
- Costs of restoring assets to original state
  - ¥2.0 bn
- Fixed costs incurred during work stoppages
  - ¥1.5 bn
- Other disaster-related expenditures
  - ¥0.2 bn

## ※Reference Breakdown of ¥5 bn in quake-related extraordinary losses to be taken during 2011

- Fixed asset disposals and inventory losses
  - ¥1.2 bn
- Costs of restoring assets to original state
  - ¥2.0 bn
- Fixed costs incurred during work stoppages
  - ¥1.4 bn
- Other disaster-related expenditures
  - ¥0.4 bn

## Damages and current status of main production facilities

### Restoration status

#### ➤ Chiba Brewery

- Packaging line resumed partial operation on March 28
- Brewing process completely reinstated on April 25

#### ➤ Sendai Brewery

- Packaging line resumed partial operation on May 2
- All processes resumed on May 19

We are now prepared to meet peak season demand for beer without trouble, including necessary responses to power shortages.

## 2. Operating Results by Segment

※Please refer to the Supplementary Information for more details on each business's profitability





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# 1H Results: Japanese Alcoholic Beverage Business (1)

## Results highlights

**Sales down on Earthquake impact.**  
**Operating income improves by ¥0.2 bn on lower capital investment and other cost reductions**

## Key points in business plan: implementation status

### 1. Bolster brand strength by focusing on core products

- Bolstering brand strength by strategically concentrating resources on Yebisu Beer, Sapporo Beer Black Label, and Mugi to Hop
- By holding back on new product launches, and instead focusing on 3 core brands, as we also did in 2010, we achieved a turnaround in core brand sales volume from April, however 1H total shipments still fell short of the industry-wide YoY growth for all categories.
- See slide 10 for 1H sales trends for core brands



(billions of yen except percentages)

	2010	2011	Year-over-year changes	
			Amount	%
Net sales	125.9	118.2	(7.7)	(6.2)%
Operating income	(0.1)	0.0	0.2	—

## 2. Positioning for growth in expanding areas

### Non-alcoholic beer market initiatives

- Mar 16: launched Premium Alcohol Free
  - Unit sales exceeded plan despite self-restraint on advertising after earthquake; **doubled annual sales target to 1.2 million cases**
- Surpassed 0.6 million cases in July



### Low-alcohol beer segment initiatives

- Feb: Launched limited-quantity Sapporo Nectar Creamy Peach cocktail-style drink
- April: Released new, improved Sapporo Nectar Sour Sparkling Peach
- May 11: Launched Triangle Ginger Highball (postponed from original launch date of Mar. 23 owing to earthquake)





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# 1H Results: Japanese Alcoholic Beverage Business (2)

## Key points in business plan: implementation status

### 3. Strengthening operating base

#### Cost structure reforms

- Implementing management-driven projects targeted at reducing costs by ¥3.0 bn from 2011 to 2013
- Bringing cost-cutting targets forward owing to quake's impact



#### Impact of Great East Japan Earthquake; status of restoration efforts

- Sendai and Chiba breweries: operations halted
  - Full ops restored as of Apr 25 at Chiba and May 19 at Sendai
- Supply shortages forced focus on own-brands
  - Prioritized supply of core brands Yebisu Beer, Sapporo Black Label, and Mugu to Hop
  - Suspended product sales resumed as of Aug 1
- Total "Disaster-related losses" booked in 1H: ¥4.2 bn, including fixed assets, inventory losses, fixed costs during work stoppages
- ※ Full-year estimate: ¥4.6 bn

## Announcements in 1H of new moves toward growth in expanding areas

- Signed sales agreement with major Korean foods maker CJ Group Commercial sales of CJ Bonga Maccori launched from Jul 13
  - Not included in 1H results
- Entered into alliance with Bacardi Japan, supplier of many world No. 1 brands; Will begin sales of following brands from Oct 1
  - Sales of 90 items across 29 brands
  - Expand western spirits into earnings pillar equal to wine/shochu
  - 2016 western spirit sales target: ¥10.0 billion
  - Not included in 1H results

Bacardi	Bombay Sapphire	Gray Goose	Martini	Dewar's
				
World's No. 1 rum brand on volume/value basis	World's No. 1 gin brand on value basis	World's No. 1 super premium vodka on volume/value basis	World's No. 1 Italian sparkling wine on volume/value basis	America's No. 1 scotch whisky on volume/value basis

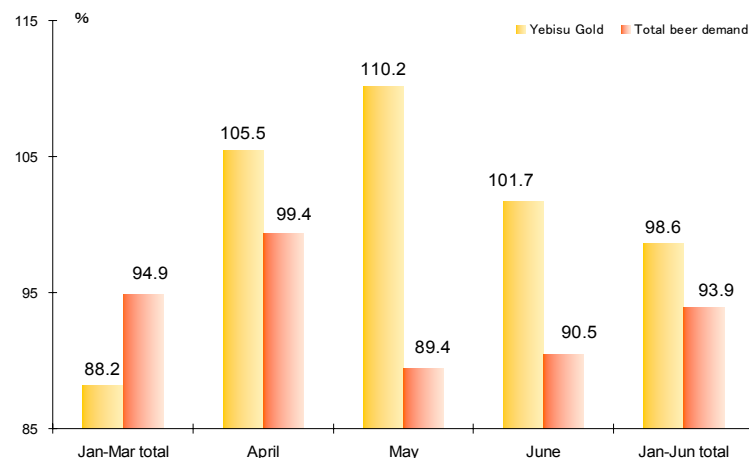


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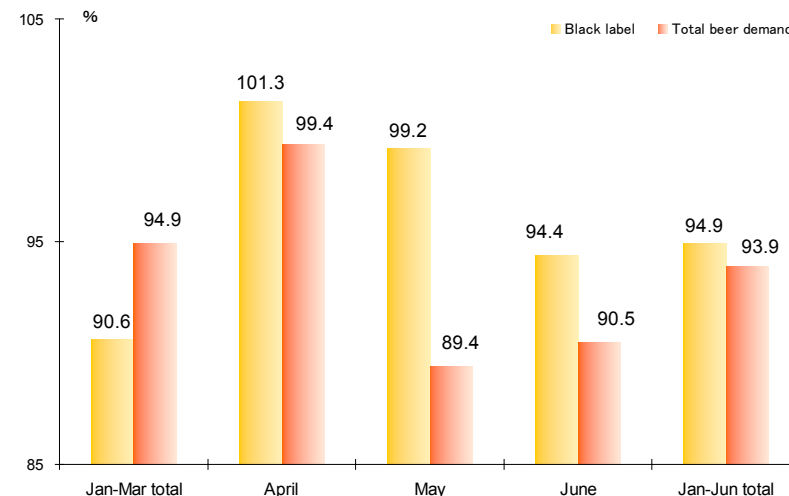
# 1H Results: Japanese Alcoholic Beverage Business (3)

Shipment growth at core brands Yebisu, Sapporo Draft Beer Black Label and Mugi to Hop has beaten trend for total demand since April but concentration on core brands following earthquake has resulted in shipments of Sapporo beer, happoshu, and new-genre beer lagging YoY growth in aggregate demand for three categories in Jan-Jun.

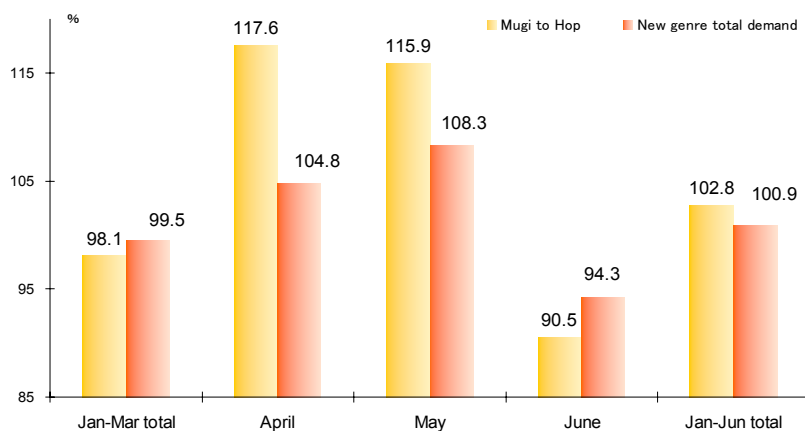
**Yebisu Gold Label—monthly unit sales growth in 2011 (YoY)**



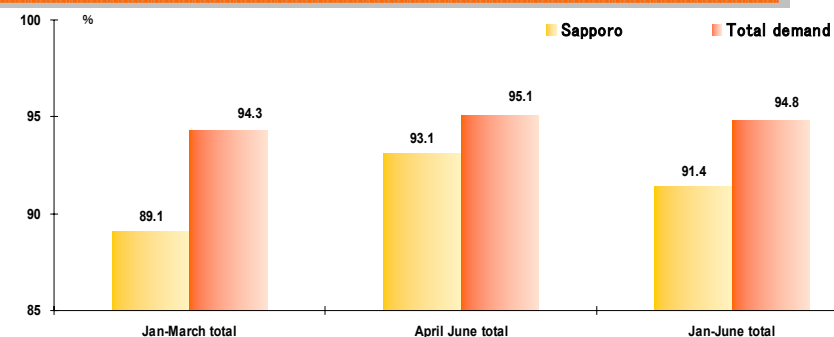
**Sapporo Draft Beer Black Label—monthly unit sales growth in 2011 (YoY)**



**Mugi to Hop—monthly unit sales growth in 2011 (YoY)**



**Total shipments of beer, happoshu, and new-genre beer**





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# 1H Results: International Alcoholic Beverages (1)

## Results highlights

Yen appreciation wiped out strong gains in local currency terms, especially in North America, keeping segment sales flat YoY in yen terms.

Operating loss increased by ¥0.1 bn on a ¥0.4 bn investment in Vietnam business.

Key points in business plan: implementation status



Net sales

Operating income

-North America,  
other  
-Vietnam

(billions of yen, except percentages)

Year-over-year changes

2010

2011

Amount

%

12.4

12.4

(0.0)

(0.3)%

(0.1)

(0.2)

(0.1)

—

(0.0)

0.2

0.2

—

(0.1)

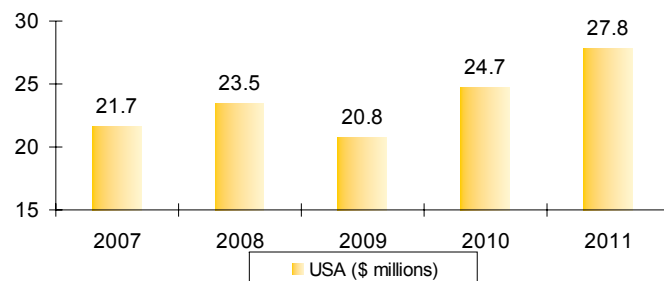
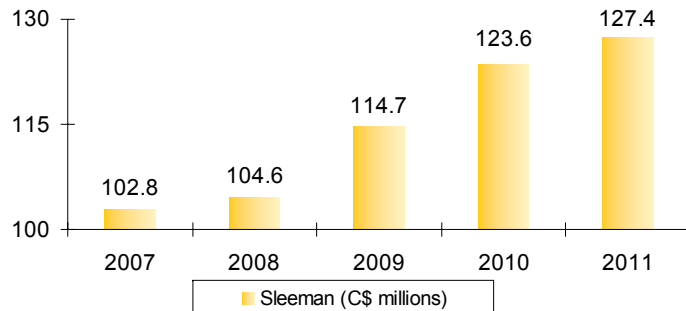
(0.4)

(0.3)

—

## 1. Growth of North American business

Sales in local currency (Jan-Jun)



### Sleeman (Canada)

- Sales expanded on increased investment in marketing of premium brands
  - Sales growth higher than that for total demand in Canada



(Jan-Jun)

5<sup>th</sup> straight year of Year-on-year volume growth

Year-on-year sales volume	2010	2011
Sleeman brand	106%	105%
Total Canadian demand	99%	97%

### Sapporo USA

- Expanding from Japanese-American market base into wider US and Asian-American markets
  - Over 30% growth in Asian-American market

(Jan-Jun)

Continues to outperform total demand for imported beers in US

Year-on-year sales volume	2010	2011
USA companies	120%	109%
Total US Demand for beer imported beer	96%	108%



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# 1H Results: International Alcoholic Beverages (2)

Key point in business plan: implementation status

## Expansion in Asian market (incl. Oceania)

### Developments in Vietnam

- Plant construction proceeding smoothly toward planned start of operation in autumn 2011
- Putting together production system, marketing strategy and supply network in preparation for local beer production and sales by end of year

### Developments in Singapore

- Expanding imported beer sales in local household market in cooperation with POKKA CORPORATION.  
(POKKA has top share in local tea-based drink market)
- Sales of Imported Sapporo beer up 10% Y on Y



## Developments in South Korea

- Started sales of imported beer to household and commercial markets with cooperation of partner Maeil Diaries Co., Ltd. (Maeil has top shares in cheese, low-fat milk, and chilled drinks)

## Developments in Oceania

- Will enter Australian/New Zealand premium beer market from October via licensing agreement with Coopers Brewery Ltd. (not included in 1H results)  
(Coopers is No.3 in Australia's beer market, No. 2 in premium beer market with 17.3% share)



Vietnam plant under construction (June 29)





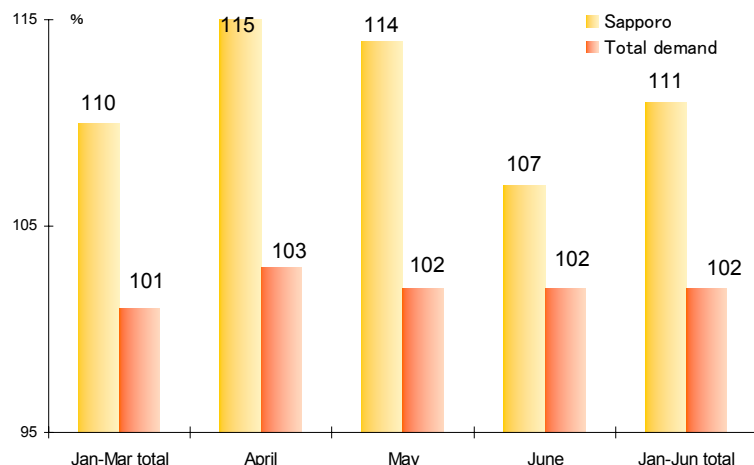
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# 1H Results: Soft Drinks

## Results highlights

**Achieved large YoY sales increase in 1H despite impact of earthquake and flat industrywide demand**

Soft drinks monthly unit sales growth in 2011 (YoY)



## Key points in business plan: implementation status

### Brand strengthening/cultivation

#### ➤ Concentrate marketing investment and sales effort on core brands

- Gerolsteiner: **17%** YoY growth
- Gabunomi: **3%** YoY growth
- Ribbon: Same as a year-earlier

#### ➤ Creation of new value propositions

- Oishii Tansansui, Sonomama Zukuri



(billions of yen, except percentages)

### Year-over-year changes

	2010	2011	Amount	%
<b>Sales</b>	14.5	<b>17.6</b>	3.0	21.1%
<b>Operating inc before GW amortization</b>	0.4 0.4	<b>0.5</b> <b>0.7</b>	0.1 0.3	27.1% 92.3%

※ From 2011, Food Business moved from Soft Drinks segment to Others

## Impact of Great East Japan Earthquake; status of restoration efforts

#### ➤ 1H disaster-related losses: ¥100 million

Inventory losses, asset disposal costs, fixed costs during work stoppages, etc.

\*Forecast for the year: ¥90 million

#### ➤ Supply shortages forced us to focus on a few core brands and delay new product launches

• **Planned serial resumption**

#### ➤ Rising demand for mineral water, unsweetened beverages

## Synergies with Kyodo Milk Industry Co., Ltd.

#### ➤ Released first collaborative product, Chousyoku Fruits, in April

- Quake delays release of new Ribbon-chan package scheduled for March





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# POKKA CORPORATION 1H results (1) newly consolidated

## Results highlights

New consolidation makes previous year comparisons meaningless, but a comparison based on figures below shows POKKA sales up by ¥0.4 billion as rising demand for Domestic Beverages and Foods Business's lemon based products made up for sales decline at the Overseas Beverages and Foods business, with a negative calendar effect from a shift in demand to before Singapore's lunar new year celebrations. (POKKA Singapore's fiscal year ends in January. Feb-Apr results were consolidated, but the pre-lunar new year demand came in January this year, as opposed to February in 2010.)

Ref: Apr-Jun segment sales and YoY growth  
(before intergroup eliminations)

※Intergroup eliminations for Apr-Jun total ¥0.6 billion.

(billions of yen,  
except percentages)

			Year-over-year changes	
	2010	2011	Amount	%
Net sales	—	24.0	24.0	—
Operating inc before goodwill amortization	— —	0.7 1.0	0.7 1.0	— —

\*Profit/loss item consolidated after 1H of fiscal year. 2011: Apr-June

(billions of yen,  
except percentages)

			Year-over-year changes	
	2010	2011	Amount	%
Japanese Alcoholic Beverages	18.1	18.6	0.4	2.7%
International Alcoholic Beverages	2.7	2.4	(0.3)	(11.9)%
Restaurants (domestic)	1.3	1.4	0.0	6.6%
Restaurants (overseas)	1.0	1.1	0.1	10.5%
Other	2.2	2.3	0.1	5.0%
POKKA companies	(1.3)	(1.4)	(0.0)	—
Total	24.2	※24.6	0.4	1.7%



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# POKKA CORPORATION 1H results (2) newly consolidated

## Key points in business plan: implementation status

### Beverages & Foods Business (Japan): POKKA Corp.

#### 1. Beverages Business

- Concentrating investments in core brands  
Kireto Lemon
  - ・ 10<sup>th</sup> anniversary sales campaign
  - ・ **Introduced Kireto Lemon Soukai Sparkling**
- Canned coffee sales supported by promotional cans



Dragonball promotional cans

#### 2. Food Business

- Concentrating investments in growth products  
**Invested in TV commercials for Kantanbimi brand of Korean soups**
- POKKA Lemon 100  
**marketing as a drink to ‘take in’ the morning**



#### 3. Cost-cutting efforts

- Lowered COGS by using a competitive procurement process, reduced fixed expenses

### Impact of Great East Japan Earthquake (Apr-Jun); status of restoration efforts

- ・ Damage at Gunma Plant's automated warehouse  
Operations in Apr-Jun large returned to pre-quake levels

### Beverages & Foods Business (Japan): 6 vending machine operators



- Halt in supply of ingredients and materials forced cancellation of some product launches
- “Disaster-related losses” booked in Apr–Jun: ¥30 million, includes inventory losses, fixed costs during work stoppages  
※ **Full-year estimate: ¥50 million**





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# POKKA CORPORATION 1H results (3) newly consolidated

## Key points in business plan: implementation status

### Beverages & Foods Business (Overseas): POKKA Singapore

Shift in lunar new year led to quiet month in February

Demand picked up from March but Feb-Apr sales were down

#### 1. Increase production capacity

- Raised in-house production ratio, boosted efficiency

#### 2. Strengthened SCM

- Lowered distribution and warehousing costs

- Reduced inventories

High share of Singapore's green tea market



### Other businesses



•Ice cream business

Foremost Blueseal brand (Okinawa)

### Restaurants Business (Domestic): POKKA CREATE Co.,Ltd.

#### 1. Expand sales via growth at existing stores and chain expansion

- Locations: 158 (103 in Kanto, 32 in Tokai, 20 in Kansai, and 3 in Kyushu (as of July 2011))
- Expansion plans = 15 outlets a year (4 directly run/11 franchises)
- Effectively using remodeling plan to strengthening brand image

#### 2. Profits up on successful efforts to lift profit ratio

- Improved COGS ratio
- Closed unprofitable stores



### Restaurants Business (Overseas): POKKA CORPORATION

(Hong Kong) and POKKA Food (Singapore) Pte. Ltd.

- Nuclear plant accident has caused sales to fall, albeit only slightly. Hong Kong performance strong.

- Locations: 38 (as of June 2011)  
Hong Kong 26; Singapore 10, Macao 1

- New store openings in Feb-Apr 2011

Hong Kong 1





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# 1H Results: Restaurants

## Results highlights

Consumer spending dropped sharply after the Great East Japan Earthquake. While consumer spend has been recovering more recently, the business environment remains highly competitive.

The decline in comparable store sales improved from  $-16.2\%$  YoY in 1Q to  $-7.7\%$  in 2Q, for a 1H decline of  $11.8\%$ . As a result, both sales and income fell in 1H.

(Large impact from  $33.5\%$  drop in March; June sales down only  $1.3\%$ .)

## Key point in business plan: implementation status

### 1. Positioning for growth

#### New restaurant opening strategy

- Synergy with Japanese Alcoholic Beverage business: Opening of Yebisu Bar outlets
  - Opened #3 outlet in Osaka's Umeda district, #4 in Tokyo Dome City, #5 in Tokyo's Kagurazaka district
- Ginza Lion chain expansion
  - Mini Brasserie Ginza Lion opened in Sapporo
- 3 other locations opened for total of 7 in 1H
  - All locations performing as planned

### 2. Earnings structure reform

- Locations closed in 1H: 5
- Locations operating at end of 1H: 196



(billions of yen,  
except percentages)

## Year-over-year changes

	2010	2011	Amount	%
Net sales	12.4	10.5	(1.9)	(15.3)%
Operating income	(0.4)	(0.6)	(0.2)	—

## Impact of Great East Japan Earthquake; status of restoration efforts

- Only 1 store still closed, all others have reopened  
**Resumed operations at all stores but the one in Natori City Cultural Center, which is being used as an evacuation center**
- 1H disaster-related losses: ¥80 million
- Inventory losses, restoration expenses, fixed costs during work stoppages
- ※Full-year estimate: ¥70 million





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# 1H Results: Real Estate (1)

## Results highlights

**Maintaining stable revenues despite continued downturn in rents in Tokyo office leasing market**

## Key point in business plan: implementation status

(billions of yen,  
except percentages)

### Year-over-year changes

	2010	2011	Amount	%
Net sales	11.3	11.0	(0.2)	(2.5)%
Operating income	3.5	4.2	0.7	21.1%

## 1. Boosting value of existing properties

- Keeping rents at appropriate levels
- Redeveloping existing properties
  - Continuing negotiations with current tenants before rebuilding the Seiwa Yebisu Building
- Maintaining high occupancy rates
  - Occupancy rates at our Tokyo properties (table at right) compare favorably with the 91% average for office buildings in metropolitan Tokyo (5 central wards).

(as of June 30)

Major rental properties in Tokyo's 23 wards	Site area (m <sup>2</sup> )	Floor area (m <sup>2</sup> )	Occupancy rates (%)	Number of stories
Yebisu Garden Palace*1	56,943	298,007	94%	40 floors above ground, 5 below ground
Seiwa Yebisu Building	2,617	10,400	83%	6 floors above ground, 1 below ground
Yebisu Square	1,561	9,126	84%	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	96%	10 floors above ground, 4 below ground
Strata Ginza*2	1,117	11,411	100%	13 floors above ground, 1 below ground

## 2. Growth initiatives

- Acquire new properties
  - Storia Shirokanedai rental apartment building acquired in February

Site areas are taken from the land registry. Floor areas are as per building certification.

**Occupancy rates are averages for January–March.**

\*1: Figures are for entire property. Sapporo holds an 85% stake (jointly managed). Number of stories is for office wings/buildings 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).

Visit the website below for more details about our Real Estate business's properties.  
(<http://www.yebisu-gp.jp/business/index.html>)



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# 1H Results: Real Estate (2)

## Overview of Real Estate Business

- Majority of the business's operating income is from real estate leasing
  - Property portfolio largely comprises properties in metropolitan Tokyo (5 central wards; see previous page)
- Targeting growth via new acquisitions
- Also considering redevelopment of existing properties to boost value

## Impact of Great East Japan Earthquake; status of restoration efforts

- Some properties temporarily subjected to use restrictions (due to planned power outages)
  - All properties now operating under normal conditions
- 1H disaster-related losses: ¥110 million  
Fixed costs incurred during facility repairs/operation stoppages
- ※ Full-year estimate: ¥100 million

### Operating income

(billions of yen, except percentages)

	2010 Jan-June	2011 Jan-June	Change	2010 (full year)	2011 revised forecast	Change
Real estate leasing						
Tokyo's 23 wards	3.1	3.6	0.5	6.7	7.1	0.4
Other areas	0.4	0.4	(0.0)	0.8	0.8	(0.0)
Real estate leasing total	3.5	4.0	0.5	7.5	7.9	0.3
Real estate sales	0.0	0.4	0.3	0.5	0.4	(0.1)
Other operations*	(0.1)	(0.2)	(0.1)	(0.1)	(0.3)	(0.2)
Total	3.5	4.2	0.7	8.0	8.0	0.0

### EBITDA

(billions of yen, except percentages)

	2010 Jan-June	2011 Jan-June	Change	2010 (full year)	2011 revised forecast	Change
Real estate leasing						
Tokyo's 23 wards	5.7	5.3	(0.3)	11.4	10.5	(0.9)
Other areas	0.7	0.7	0.0	1.5	1.5	0.0
Real estate leasing total	6.4	6.1	(0.3)	12.9	12.0	(0.9)
Real estate sales	0.0	0.4	0.3	0.5	0.4	(0.1)
Other operations*	0.0	(0.0)	(0.1)	0.1	(0.0)	(0.2)
Total	6.6	6.4	(0.1)	13.6	12.4	(1.2)

\* EBITDA = operating income + depreciation and amortization

※"Other operations" includes back-office operations

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### **3. Growth Strategies and Future Policies**



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# Growth Strategy and Future Policies

## Strategic Investments during 1H

### Additional acquisition of shares in conjunction with integration with POKKA CORPORATION

- Acquired an additional 65.35% on March 29, making POKKA a consolidated subsidiary (Post-acquisition: 86.76% ownership stake)
- Acquisition price = ¥22.4 bn + ¥8.2 bn in assumed net financial liabilities  
**Total investment : ¥30.6 bn**
- Acquired another 10.03% since April for ¥4.6 bn (Equity stake at 96.79% as of end-June)
- **Total investment: ¥35.2 bn** (total invested in 2011 1H, excludes earlier investment in 21.41% equity stake)

### Acquisition of Sapporo Beverages Co.,Ltd.shares following CB execution

- Acquired shares on April 28 from YK,Crescent Partners after it converted CB holdings
- **Total investment ¥7.1 bn** = acquisition price of ¥10.8 bn – ¥3.8 bn stock issuance price

### Capital expenditure (cash basis) > Consolidated total: ¥7.3 bn

- Breakdown: Japanese Alcoholic Beverages ¥1.5bn, International Alcoholic Beverages ¥2.1bn, Real Estate ¥2.9bn, etc.

### Other investments > Consolidated total: ¥0.9 bn

- Breakdown: Japanese Alcoholic Beverages etc.

### Total strategic investment in 1H (includes ordinary capex)

- **¥50.5 bn**

## Direction of Long-Term Strategic Investments

- Investment plans will take into account the 2016 management benchmark for D/E ratio of around 1:1
- Will continue making strategic growth investments as we target continued growth
- **Raised 2011 strategic investment plan from initial ¥63.5 bn to ¥64.4 bn**
- Still envision strategic investments totaling ¥150–200 bn during 2012–16
  - Includes ordinary capital expenditures (about half of total strategic investments)
- **If our growth strategy necessitates investment that will drive the above the management index over its target value, we may consider liquidating some real estate property holdings**

## 4. 2011 Full-Year Earnings Forecasts

※Please also refer to our June 30 news release “Supplementary Information on Consolidated Earnings”





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## 2011 Consolidated Earnings Forecasts (vs initial plan)

We estimate the impact of the Great East Japan Earthquake will keep sales of the Japanese Alcoholic Beverages and Restaurants businesses below initial targets.

Operating income should be supported by higher income at the Soft Drinks Business, the POKKA Group's contribution, and cost cuts at the Japanese Alcoholic Beverages.

We therefore stay with the initial target.

We project full-year disaster-related extraordinary losses of ¥5.0 bn and have lowered our net income forecast by ¥3.3 bn from the initial plan.

(billions of yen, except percentages)

\*Additional POKKA CORPORATION shares acquired on March 29, 2011.  
Income statement items consolidated from Q2.

	2011 initial plan	2011 revised plan	Year-over-year changes	
			Amount	%
<b>Consolidated net sales</b>	482.0	<b>462.0</b>	(20.0)	(4.1)%
<b>Consolidated operating income</b>	18.0	<b>18.0</b>	0.0	0.0%
<b>Consolidated ordinary income</b>	15.5	<b>15.5</b>	0.0	0.0%
<b>Consolidated net income</b>	6.0	<b>2.7</b>	(3.3)	(55.0)%





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## 2011 Operating Income Forecasts (vs initial plan) by Segment

Although we expect lower earnings at the Restaurants and Real Estate businesses, we maintain our initial target for consolidated operating income on expected increases to profits from the Soft Drinks Business and the POKKA Group. Extraordinary costs attributed to fixed costs incurred during disaster-related work stoppages are expected to total ¥1.2 bn at the Japanese Alcoholic Beverages Business and ¥1.4 bn on a companywide consolidated basis.

### Operating Income

	2011 initial plan	2011 revised plan	Year-over-year changes		(billions of yen, except percentages)
			Amount	%	
Japanese Alcoholic Beverages	9.8	9.8	0.0	0.0%	
International Alcoholic Beverages	0.1	0.1	0.0	0.0%	
-North America, other	1.4	1.4	0.0	0.0%	
-Vietnam	(1.3)	(1.3)	0.0	0.0%	
Soft Drinks	0.7	1.0	0.3	42.9%	
POKKA Group	2.3	2.5	0.2	8.7%	
Restaurants	0.4	0.0	(0.4)	(100.0)%	
Real Estate	8.3	8.0	(0.3)	(3.6)%	
Other	(0.4)	(0.4)	0.0	—	
General corporate	(3.2)	(3.0)	0.2	—	
Consolidated operating income	18.0	18.0	0.0	0.0%	



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## 2011 Consolidated Earnings Forecasts (vs 2010)

We expect consolidated sales to rise as positive contributions from the International Alcoholic Beverages and Soft Drinks combine with the consolidation of the POKKA Group to offset disaster-induced earnings declines at the Japanese Alcoholic Beverages and Restaurants businesses.

We expect operating income to rise ¥2.5 bn YoY on expected contributions from consolidation of the POKKA Group and earnings growth at the Japanese Alcoholic Beverages business. We look for ordinary income to rise for the fifth straight year.

However, we project net income to fall ¥8.0 bn owing to the absence this year of the ¥8.1bn extraordinary gain on asset sales in 2010 and the posting of extraordinary losses of ¥1.0 bn on asset retirement obligations and ¥5.0bn for disaster-related costs.

\*Additional POKKA CORPORATION shares acquired on March 29, 2011.  
Income statement items consolidated from Q2.

	2010	2011 revised plan	Year-over-year changes		(billions of yen, except percentages)
			Amount	%	
Consolidated net sales	389.2	462.0	72.7	18.7%	
Consolidated operating income	15.4	18.0	2.5	16.9%	
Consolidated ordinary income	14.3	15.5	1.1	8.2%	
Consolidated net income	10.7	2.7	(8.0)	(74.9)%	



## 2011 Operating Income Forecasts (vs 2010) by Segment

**SAPPORO** In addition to the consolidation of the POKKA Group, we expect positive contributions to operating income from all segments except International Alcoholic Beverages, where earnings will be weighed down by investments in Vietnam, and Soft Drinks, which will book goodwill amortization of ¥0.6 bn. Extraordinary costs attributed to fixed costs incurred during disaster-related work stoppages are expected to total ¥1.2 bn at the Japanese Alcoholic Beverages Business and ¥1.4 bn on a companywide consolidated basis.

### Operating Income

(billions of yen,  
except  
percentages)

	2010	2011 revised plan	Year-over-year changes	
			Amount	%
Japanese Alcoholic Beverages	9.2	9.8	0.5	6.1%
International Alcoholic Beverages	0.5	0.1	(0.4)	(80.1)%
-North America, other	0.8	1.4	0.6	66.1%
-Vietnam	(0.3)	(1.3)	(1.0)	—
Soft Drinks	1.2	1.0	(0.2)	(22.3)%
POKKA Group	—	2.5	2.5	—
Restaurants	0.1	0.0	(0.1)	(100.0)%
Real Estate	8.0	8.0	0.0	0.0%
Other	(0.7)	(0.4)	0.3	—
General corporate	(3.0)	(3.0)	0.0	—
<b>Consolidated operating income</b>	<b>15.4</b>	<b>18.0</b>	<b>2.5</b>	<b>16.9%</b>