



2011

Sapporo Group Business Results Presentation for the Nine Months ended September 30, 2011

November 1, 2011

Sapporo Holdings Ltd.

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

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- 1. Overview of Results in First Nine Months of 2011**
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※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 Results in First Nine months of 2011



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Overview of Results in First 9 months of 2011 –Consolidated

Third-quarter 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.

Third-quarter extraordinary losses included ¥1.0 bn related to asset retirement obligations and ¥4.7 bn in disaster-related losses.

Third-quarter net income consequently decreased 2.7 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	284.0	324.4	40.3	14.2%
Consolidated operating income	9.4	12.2	2.7	29.2%
Consolidated ordinary income	8.5	10.5	1.9	23.2%
Consolidated net income	3.3	0.5	(2.7)	(82.9)%



Overview of Results in First 9 months of 2011– By Segment

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Excluding the Japanese Alcoholic Beverages Business and Restaurants Business, which were hurt by the disaster, and the Soft Drinks Business, which booked goodwill amortization of ¥0.4 billion, 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	5.0	5.0	(0.0)	(0.3)%	
International Alcoholic Beverages	0.5	0.5	0.0	1.4%	
-North America, other	0.7	1.2	0.5	64.2%	
-Vietnam	(0.1)	(0.6)	(0.5)	—	
Soft Drinks	1.3	1.0	(0.2)	(19.8)%	
POKKA Group	—	1.7	1.7	—	
Restaurants	0.0	(0.0)	(0.1)	—	
Real Estate	5.5	6.4	0.8	16.3%	
Other	(0.6)	(0.5)	0.0	—	
General corporate	(2.3)	(1.9)	0.3	—	
Consolidated operating income	9.4	12.2	2.7	29.2%	



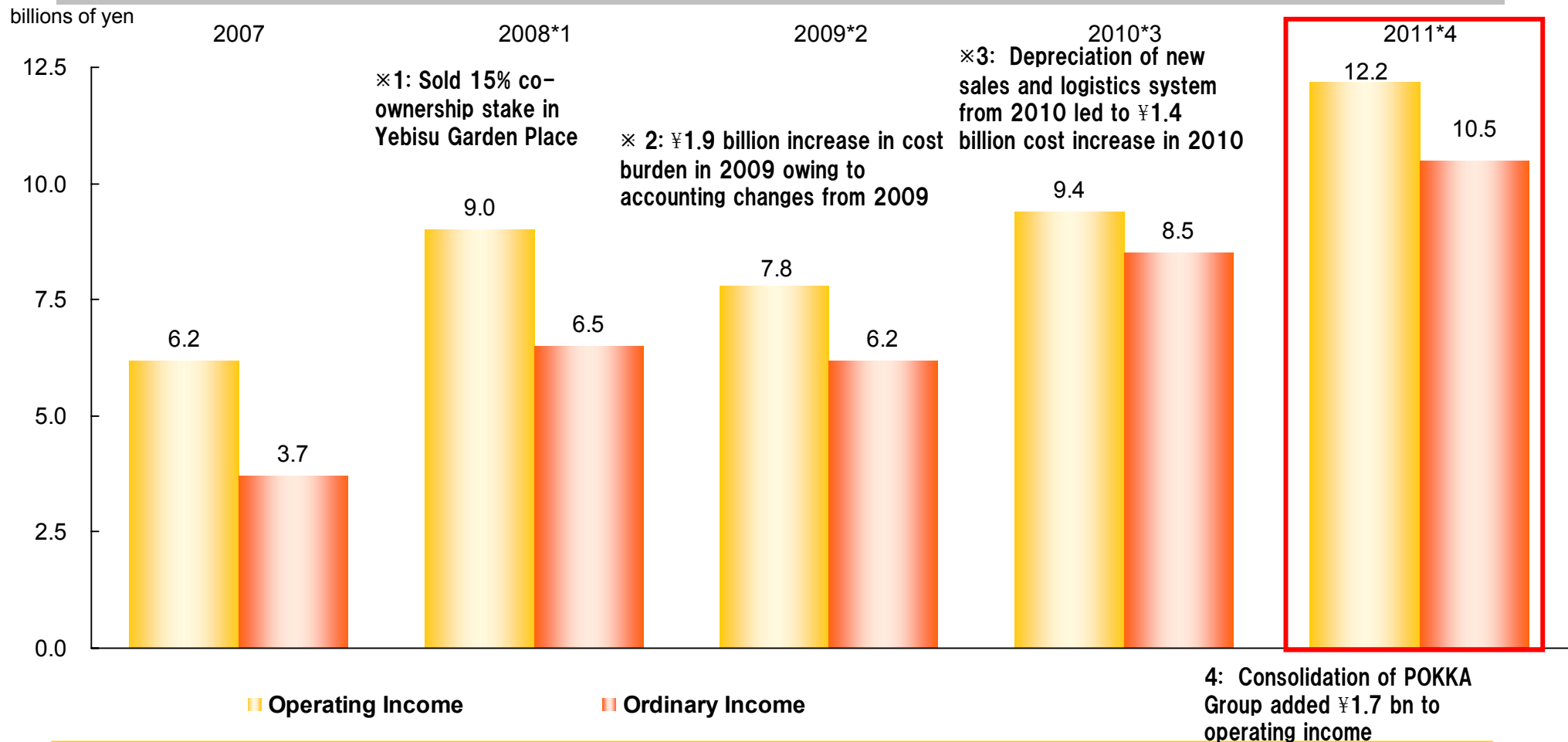
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Overview of Results in First 9 months of 2011 – Trends –

Sharp increases in operating and ordinary income.

Profit growth trend intact even w/o consolidation of POKKA Group

Trends for Operating Income and Ordinary Income



Overview of Results for the first 9 months of 2011 – Earthquake's Impact

Breakdown of ¥4.7bn in quake-related extraordinary losses posted through first 9 months

<By Type of Expense>

- Fixed asset disposals and inventory losses
 - ¥0.9 bn
- Cost of restoring assets to original state
 - ¥2.1 bn
- Fixed costs incurred during work stoppages
 - ¥1.5 bn
- Other disaster-related expenditures
 - ¥0.2 bn

<By Segment>

- Japanese Alcoholic Beverages
 - ¥4.31 bn (fixed asset disposals, inventory losses, asset restoration costs, fixed costs during work stoppages, etc)
- Soft Drinks
 - ¥0.11 bn (fixed asset disposals, inventory losses, work stoppages, etc)
- POKKA Group
 - ¥0.04 bn (inventory losses, other disaster related expenses, etc)
- Restaurants
 - ¥0.08 bn (inventory losses, asset restoration, work stoppages, etc)
- Real Estate
 - ¥0.11 bn (facility repairs, fixed costs during work stoppages, etc)

※ Reference

Breakdown of ¥5.0 bn in quake-related extraordinary losses to be taken during 2011

< By Type of Expense >

- Fixed asset disposals and inventory losses
 - ¥1.2 bn
- Cost 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

< By Segment >

- Japanese Alcoholic Beverages
 - ¥4.6 bn (fixed asset disposals, inventory losses, asset restoration costs, fixed costs during work stoppages, etc)
- Soft Drinks
 - ¥0.09 bn (fixed asset disposals, inventory losses, work stoppages, etc)
- POKKA Group
 - ¥0.05 bn (inventory losses, other disaster related expenses, etc)
- Restaurants
 - ¥0.07 bn (inventory losses, asset restoration, work stoppages, etc)
- Real Estate
 - ¥0.1 bn (facility repairs, fixed costs during work stoppages, etc)

2. Operating Results by Segment

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



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Results for the first 9 months: Japanese Alcoholic Beverage Business (1)

Results highlights

Sales down on Earthquake impact.
Operating income was around the same as the previous year with 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 concentrating resources on Yebisu Beer, Sapporo Draft Beer Black Label, and Mugli to Hop
- By holding back on new product launches and focusing on 3 core brands, as in 2010, we achieved volume growth for those 3 brands above the industrywide YoY growth for Jan-Sep. Need to focus on 3 brands was increased by earthquake's impact.

Total shipments of Sapporo beer, happoshu, and new-genre beer products, however fell 7.3% YoY, a sharper drop than the 4.6% decline industrywide



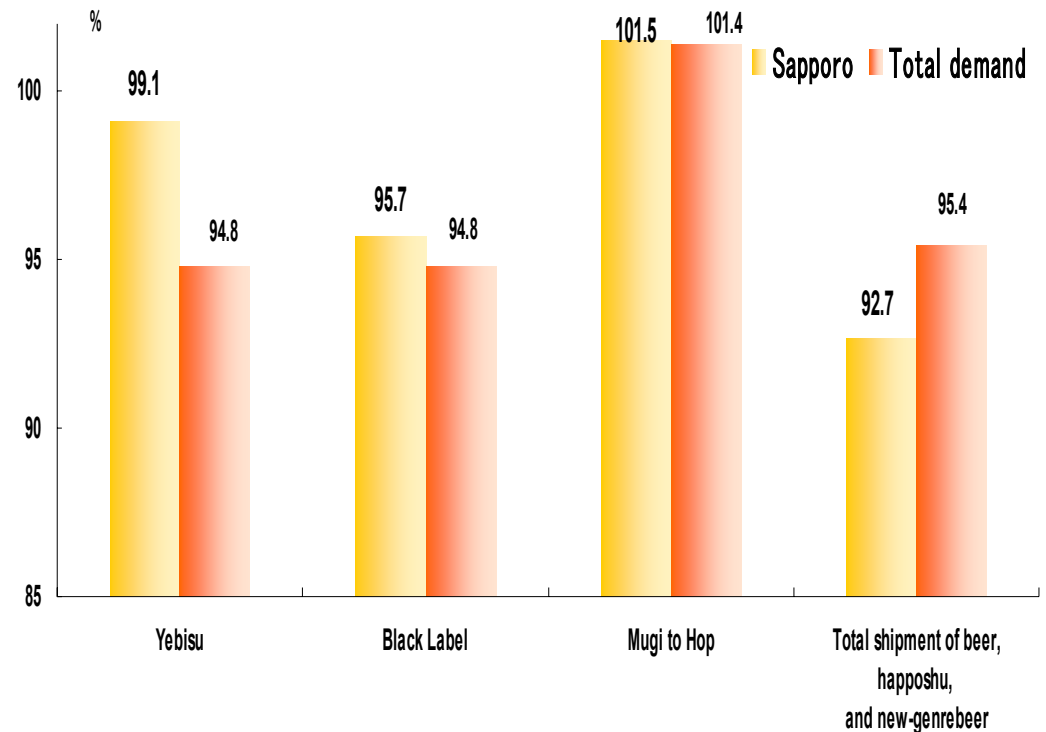
(billions of yen)

Year-over-year changes

	2010	2011	Amount	%
Net sales	201.2	191.5	(9.7)	(4.9%)
Operating income	5.0	5.0	(0.0)	(0.3%)

Jan-Sep unit sales (YoY)

(Yebisu & Black Label in total beer demand: Mugli to Hop in new-genre total demand)





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Results for the first 9 months: Japanese Alcoholic Beverage Business (2)

Key points in business plan: implementation status

2. Positioning for growth in expanding areas

Non-alcoholic beer market initiatives

- Mar 16: launched Premium Alcohol Free
 - sales exceeded plan despite self-restraint on advertising after earthquake
- Annual sales target doubled to 1.2 mn cases (large bottle count)**
 - About 850,000 cases shipped as of end-September, bringing revised target of 1.2mn cases well within reach



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: Launched Triangle Ginger Highball
- July: Launched limited-quantity Sapporo Nectar Sour Sparkling Mango
- Sep: Launched limited-quantity Sapporo Nectar Sour Sparkling La France



3. Strengthening operating base

Cost structure reforms

- Implementing management-driven projects targeted at reducing costs by ¥3.0 bn from 2011 to 2013
- To cover decline in sales in earthquake's aftermath, we have made efforts to realize cost-cutting targets earlier than planned, including curtailing capital investments and fixed expenses, resulting in much larger cost reductions than in the first 9 months of 2010.



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Results for the first 9 months: Japanese Alcoholic Beverage Business (3)

Moves toward growth in expanding areas during first 9 months of 2011

- Signed sales agreement with major Korean foods maker CJ Group
Commercial sales of CJ Bonga Makgeolli launched from July 13
 - **Not included in full-year estimate**
- Entered into alliance with Bacardi Japan, supplier of world No. 1 rum brand. Started sales of major brands shown below from October 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 bn
 - **Not included in full-year estimate**



Bacardi



World's No. 1 rum brand on volume/value basis

Bombay Sapphire



World's No. 1 gin brand on value basis

Gray Goose



World's No. 1 super premium vodka on volume/value basis

Martini



World's No. 1 Italian sparkling wine on volume/value basis

Dewar's



America's No. 1 scotch whisky on volume/value basis



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Results for the first 9 months: International Alcoholic Beverages (1)

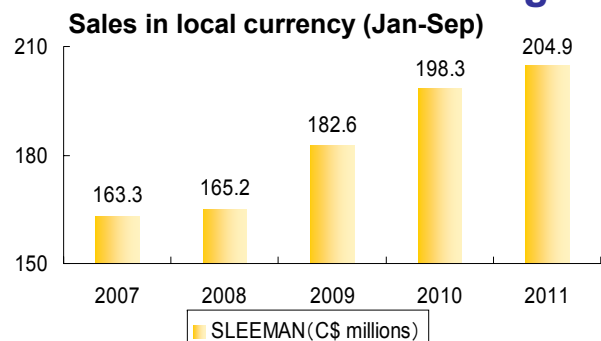
Results highlights

Yen appreciation erased gains in local currency terms, especially in North America, resulting in flat YoY sales in yen terms.

Operating income also flat, as gains in North America were offset by ¥0.6 bn investment cost in Vietnam.

Key points in business plan: implementation status

1. North American business growth



SLEEMAN (Canada)

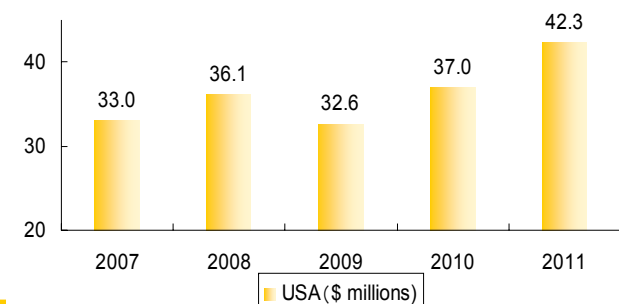
- Sales expanded on increased investment in marketing of premium brands
- Sales growth higher than that for total demand in Canada

(Jan-Sep) 5th straight year of Year-on-year volume growth

Unit sales (YoY)	2010	2011
SLEEMAN brand	106%	107%
Canada total demand	100%	98%

Continues to outperform total demand for imported beers in US !
(Jan-Sep)

Unit sales (YoY)	2010	2011
USA companies	115%	105%
US total import beer demand	98%	102%



Sapporo USA

- Expanding from Japanese-American market base into wider US and Asian-American markets
- Sales to Asian-American market up more than 10% YoY

	2010	2011	(billions of yen)	
			Year-over-year changes	
			Amount	%
Net sales	19.5	19.4	(0.0)	(0.5)%
Operating income	0.5	0.5	0.0	1.4%
North America	0.7	1.2	0.5	64.2%
Others				
Vietnam	(0.1)	(0.6)	(0.5)	—



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Results for the first 9 months: International Alcoholic Beverages (2)

Key point in business plan: implementation status

2. Expansion in Asian market (incl. Oceania)

Developments in Vietnam

- Plant construction proceeding smoothly toward startup on November 24
- In August, began stocking ingredients and preparing for fermentation and aging processes
- Will start sales of locally produced beer by year-end

Developments in Singapore

- Expanding imported beer sales in local household market in cooperation with POKKA CORPORATION. (POKKA has top share (70%) in local green tea-based drink market)
- Sales target: 100,000 cases in 2014 (large bottles)



Vietnam brewery site



Developments in South Korea

- Started sales of imported beer to household and commercial markets with cooperation of partner Mael Dairies Co., Ltd. (Mael has top shares in cheese, low-fat milk, and chilled coffee drinks)
- Sales target: 1.5 mn cases in 2015 (1 case = 350ml × 24) in an aim to become the no.1 imported brand

Developments in Oceania

- Made full-fledged entry into Australian/ New Zealand premium beer market in October via licensing agreement with Coopers Brewery Ltd. (No.3 in Australia's beer market, No. 2 in premium beer market with 17.3% share) Aiming at top share among Japanese beer brands **Not included in full-year estimate**
- sales targets: 160,000 cases in 2012, 500,000 in 2016 (1 case = 355ml × 24)





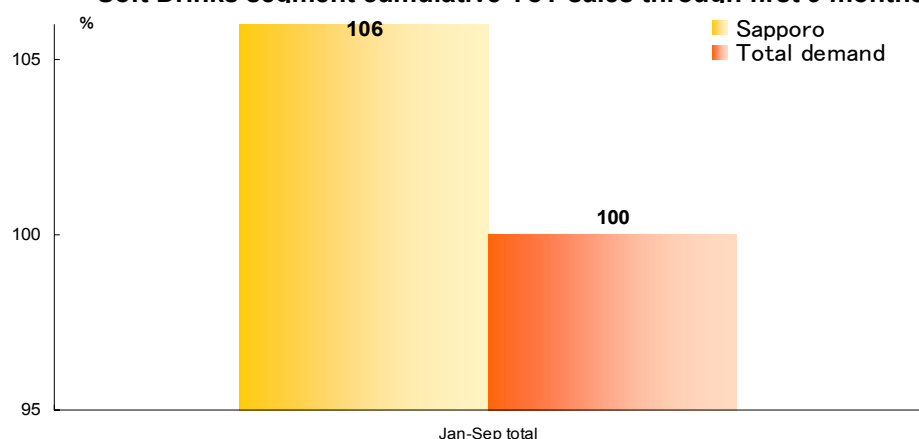
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Results for the first 9 months: Soft Drinks

Results highlights

While overall domestic market struggled to match 2010 volumes prompted by the hot summer, we achieved strong YoY sales growth on the back of the rise in demand following the earthquake. Goodwill amortization of ¥0.4 bn through first 9 months.

Soft Drinks segment cumulative YoY sales through first 9 months



Key points in business plan: implementation status

Brand strengthening/cultivation

- Concentrate marketing investment and sales effort on core brands
 - *Gabunomi*: 7% YoY growth
 - Gerolsteiner: 5% YoY growth
 - Ribbon: -1% YoY growth
- Creation of new value propositions
 - *Oishii Tansansui*, *Sonomama Zukuri*



(Billions of yen)

	Year-over-year changes			
	2010	2011	Amount	%
Sales	25.4	28.4	3.0	11.9%
Operating income	1.3	1.0	(0.2)	(19.8%)
before GW amortization	1.3	1.4	0.1	5.9%

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

Synergies with Kyodo Milk Industry Co.,Ltd.

- Released first collaborative product, Chousyoku Fruits, in April
 - Joint marketing to large retailers



Synergies with POKKA Corporation

- Synergies led to cost savings of ¥261mn in Jan-Sep
 - Synergies from joint procurement and consigned production



Results for the first 9 months: POKKA Corporation (1) [consolidated from 2Q]

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Results highlights

New consolidation makes YoY comparisons meaningless, but comparisons based on figures below shows POKKA sales up in all segments except Overseas Beverages and Foods business, where YoY decline reflects negative calendar effect on Singapore sales from early occurrence of lunar new year in 2011. Domestic Beverages and Foods Business made big contribution to increased operating income.

Ref: Apr-Sep segment sales and YoY comparisons

※Intergroup eliminations for Apr-Sep total ¥1.0 bn

	Before intersegment eliminations		(billions of yen)		Year-over-year changes	
	2010	2011	Amount	%		
Domestic Bev/Foods	38.3	38.3	0.0	0.2%		
Overseas Bev/Foods	5.2	5.0	(0.1)	(3.6)%		
Domestic Restaurants	2.7	3.0	0.2	9.2%		
Overseas Restaurants	2.1	2.3	0.1	7.6%		
Other Businesses	4.9	5.1	0.1	3.3%		
Pokka corporate	(2.9)	(2.9)	(0.0)	—		
Sales (total)	50.5	※50.9	0.4	0.9%		
Operating income	2.1	2.4	0.2	12.6%		

※ POKKA profit/loss items consolidated from 2Q

	(billions of yen)		Year-over-year changes	
	2010	2011 (Apr-Sep)※	Amount	%
Net sales	—	49.9	49.9	—
Operating income	—	1.7	1.7	—
Before GW amortization	—	2.4	2.4	—



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Results for the first 9 months: Pokka Corporation (2) [consolidated from 2Q]

Key points in business plan: implementation status

Beverages & Foods Business (Japan): POKKA Corp. and six group vending machine operators

1. Beverages Business

- Concentrating investments in core brands
 - Kireto Lemon
 - ・ 10th anniversary sales campaign
 - ・ Introduced Kireto Lemon Soukai Sparkling
 - Canned coffee sales supported by promotional cans and others



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
 - ・ introduced "Lemonja" character to raise awareness of lemon's positive attributes



3. Cost-cutting efforts

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



4. New production line

- Added cup soup line at Gunma plant
 - ・ Supply capacity enhanced ahead of peak demand period

Synergies with Sapporo Beverage

- Synergies led to cost savings of ¥240mn in Apr-Sep
 - Synergies from joint procurement and consigned production



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Results for the first 9 months: Pokka Corporation (3) [consolidated from 2Q]

Key points in business plan: implementation status

■ Beverages & Foods Business (Overseas): POKKA Singapore

Lunar new year's shift to January led to quiet February

Demand picked up from March but Feb-Jul sales still down YoY

1. Increase production capacity

- Raised in-house production ratio, boosted efficiency

2. Strengthened SCM

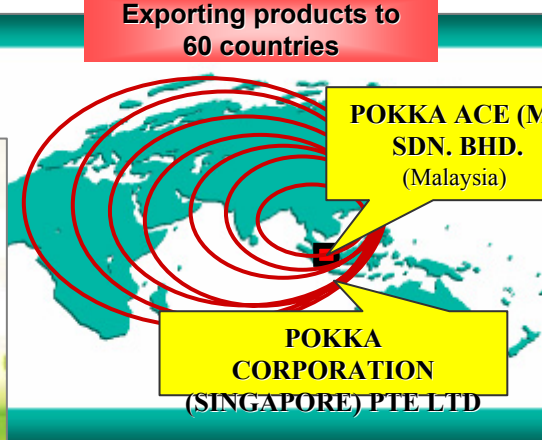
- Lowered distribution and warehousing costs
- Reduced inventories

High share of Singapore's green tea market



New carbonated drink line started trial runs in October

Exporting products to 60 countries



■ Other businesses

• Ice cream business

Foremost Blueseal brand (Okinawa)



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

1. Expand sales via growth at existing stores, chain expansion

- Outlets: 159 (104 in Kanto, 31 in Tokai, 21 in Kansai, 3 in Kyushu (as of October 2011))
- Expansion plans = 15 outlets a year (4 directly run/11 franchises)
- Effectively using remodeling plan to strengthen brand image

2. Profits up on successful efforts to lift profit ratio

- Improved COGS ratio
- Closed unprofitable stores



■ Restaurants Business (Overseas): POKKA CORPORATION(HongKong) and POKKA Food (Singapore) Pte.Ltd.

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

- Outlets: 40 (as of end-Sep 2011)
Hong Kong 29; Singapore 10, Macao 1
- New store openings during Feb-Jul 2011
Hong Kong 1 (Mikichi)





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Results for the first 9 months: Restaurants

Results highlights

Consumer spending dropped sharply after the Great East Japan Earthquake. Although consumer spending is recovering, the business environment remains highly competitive.

Decline in comparable store sales has been slowing, from -16.1% YoY in 1Q to -7.6% in 2Q and just -4.1% in 3Q, but cumulative sales for the first 9 months of 2011 were still down 8.8% YoY. Operating income nearly same YoY, on closure of unprofitable stores, cost reductions, and contributions from new stores.

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 stores opened for total of 7 in first 9 months
 - All stores performing as planned

(billions of yen)

			Year-over-year change	
			Amount	%
	2010	2011		
Net sales	20.1	17.8	(2.2)	(11.1)%
Operating income	0.0	(0.0)	(0.1)	—

2. Earnings structure reform

- Locations closed in first 9 months: 6
- Locations operating as of end of 3Q: 195



Results for the first 9 months: Real Estate (1)

(billions of yen)

Results highlights

Maintaining stable revenues despite continued fall in rents in Tokyo office leasing market

Key point in business plan: implementation status

	Year-over-year changes			
	2010	2011	Amount	%
Net sales	17.2	16.6	(0.6)	(3.9)%
Operating income	5.5	6.4	0.8	16.3%

(as of 30 September 2011)

1. Boosting value of existing properties

- Keeping rents at appropriate levels
- Redeveloping existing properties
 - Negotiating w/ current tenants before rebuilding the Seiwa Yebisu Building
 - (occupancy down to 77% from 2010 average of 99% as tenants begin to vacate property)
- Maintaining high occupancy rates
 - Occupancy rates as of end-Sep at our Tokyo properties (table at right) compare favorably with the 91% average for office buildings in Tokyo's 5 central wards

Major rental properties in Tokyo's 23 wards	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place *1	56,943	298,007	93%	40 floors above ground, 5 below
Seiwa Yebisu Building	2,617	10,400	77%	6 floors above ground, 1 below
Yebisu Square	1,561	9,126	90%	7 floors above ground, 1 below
Shibuya Sakuragaoka Square	1,200	9,268	100%	10 floors above ground, 1 below
Sapporo Ginza Building	530	4,232	96%	10 floors above ground, 4 below
Strata Ginza *2	1,117	11,411	100%	13 floors above ground, 1 below

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

Occupancy rates are averages for January–September 2011.

*1. Figures are for entire property. Sapporo holds an 85% stake (jointly managed). Number of floors for office wings/buildings only. Occupancy rates are for office areas only.

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

2. Growth initiatives

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



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Results for the first 9 months: 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
- Redeveloping existing properties to boost value; starting this year with Seiwa Yebisu Building

Operating Income							EBITDA*						
(billions of yen)							(billions of yen)						
	2010 Jan-Sep	2011 Jan-Sep	Change (value)	2010 full year	2011 revised forecast	Change (value)		2010 Jan-Sep	2011 Jan-Sep	Change (value)	2010 full year	2011 revised forecast	Change (value)
Real estate leasing							Real estate leasing						
Tokyo's 23 wards	4.7	5.5	0.7	6.7	7.1	0.4	Tokyo's 23 wards	8.5	8.0	(0.5)	11.4	10.5	(0.9)
Other areas	0.6	0.6	0.0	0.8	0.8	(0.0)	Other areas	1.1	1.2	0.0	1.5	1.5	0.0
Real estate leasing total	5.4	6.2	0.8	7.5	7.9	0.3	Real estate leasing total	9.7	9.2	(0.4)	12.9	12.1	(0.8)
Real estate sales	0.1	0.4	0.2	0.5	0.4	(0.1)	Real estate sales	0.1	0.4	0.2	0.5	0.4	(0.1)
Other operations※	(0.0)	(0.2)	(0.1)	(0.1)	(0.3)	(0.2)	Other operations※	0.1	(0.0)	(0.1)	0.1	(0.0)	(0.2)
Total	5.5	6.4	0.8	8.0	8.0	0.0	Total	10.0	9.7	(0.3)	13.6	12.5	(1.1)

※“Other operations” includes back-office operations

* EBITDA = operating income + depreciation and amortization

※“Other operations” includes back-office operations

3. Growth Strategies and Future Policies



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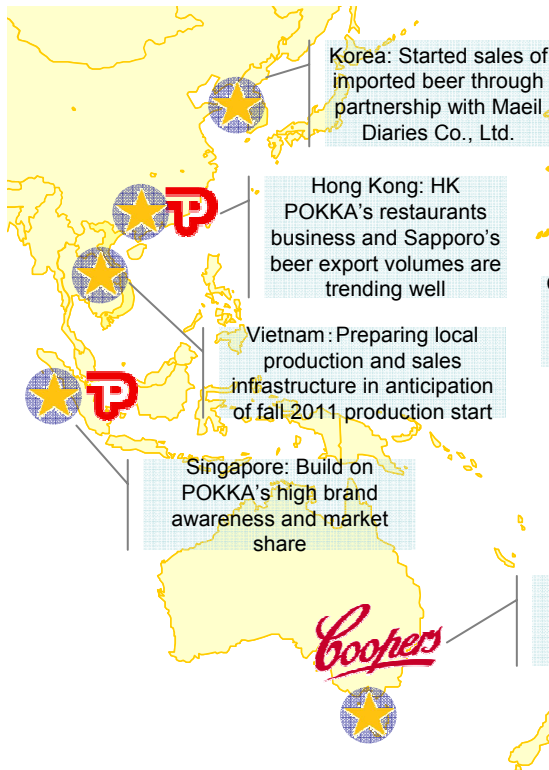
Business Strategy: Outlook for International Expansion

Promote unique international strategy through organic growth and local partnerships

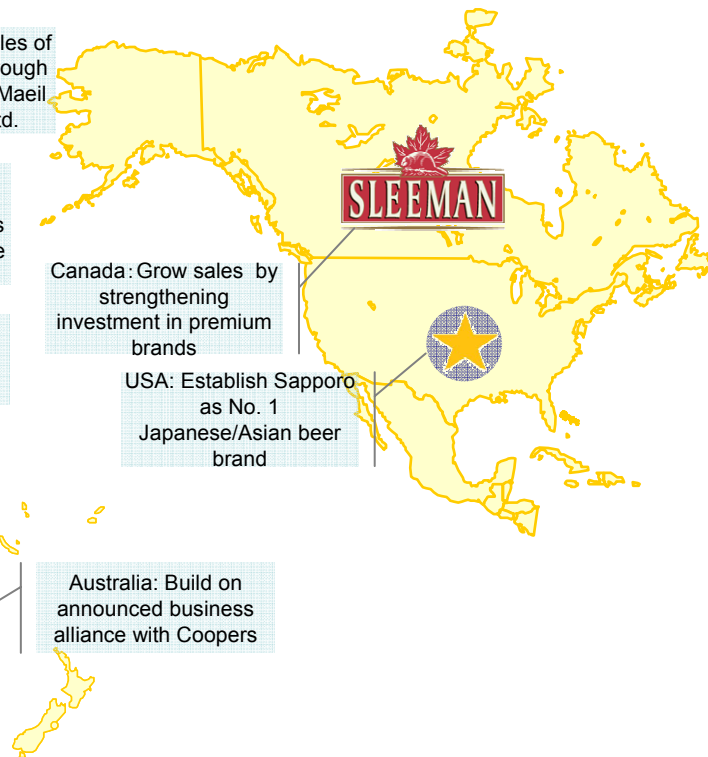
Unique International Expansion Strategy

- An area strategy organized around two pillar domains, North America and Asia • Oceania
 - Achieve balanced growth in both regions through organic growth and alliances with local partners

Asia • Oceania



North America



Strengthening Southeast Asian business base by activating synergies with POKKA

- Use high brand recognition and sales channel in Singapore to expand sales of Sapporo (currently "Black Label") products
 - Sales volumes have already hit stride
- Plan to sell Sapporo products in Southeast Asian countries beyond Singapore after start of Vietnam plant (projected in Autumn 2011) by using POKKA's sales network

Acquisition and alliance strategies aimed at enhancing Sapporo's brand penetration

- Orient international expansion towards specialized, premium products
- Recent example: business alliance with Coopers Brewery in the Oceania region (licensed production and sales of Sapporo brand products)
- Promote overall brand within Asia by establishing manufacturing base in Australia

Business Strategy: Domestic Business Initiatives

Strengthen profitability of stable revenue sources by concentrating resources on premium assets

Narrowing the brand universe and concentrating investment in “premium” brands

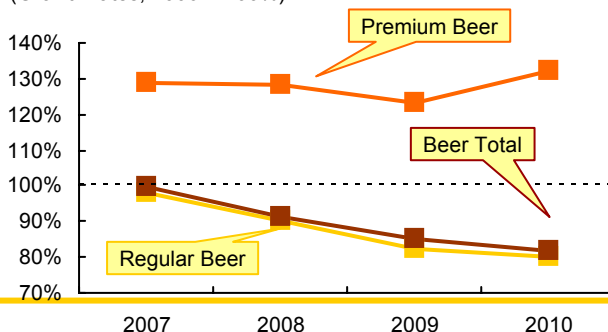
- Focus managerial resources on “Yebisu,” “Black Label,” and “Mugi-to-Hop,” which account for 3/4 of beer case sales
- Sales volumes have greatly exceeded total demand for “Yebisu,” “Mugi-to-Hop,” and core 3-brand-total, raising market share

Core Brands



Premium Beer vs. Regular Beer Trend

(Growth rates; 2006 = 100%)



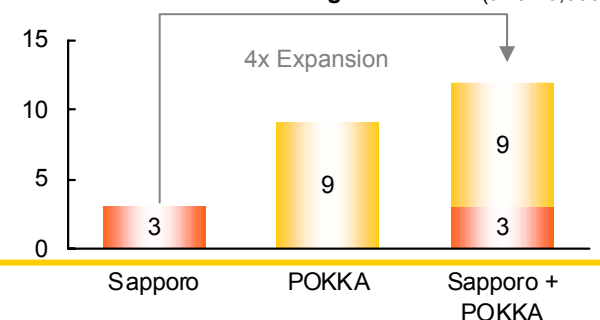
Bolster soft drinks / foods / restaurant businesses through pursuit of synergies with POKKA CORPORATION

- Extend POKKA CORPORATION's know-how in core products and businesses to whole group
 - Strengthening foods segment via newly acquired soup business
- Expand sales of Sapporo soft drinks through POKKA's vending machines sales channels
- Enhance profitability by extending Sapporo's know-how to POKKA's soft drinks business
 - Reducing number of products and concentrating investment, etc.

Selected POKKA Brands



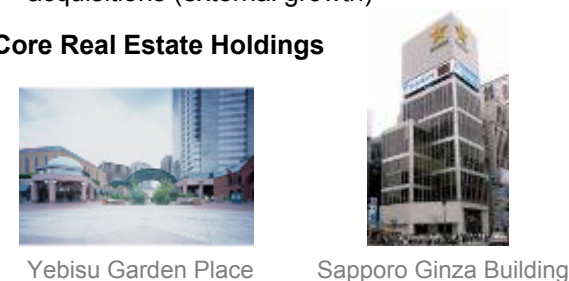
Increased Access to Vending Machines (unit: 10,000)



Use of “premium” real estate holdings

- Retain prime properties, centering on holdings in Ginza and Ebisu—some of the most valuable areas in domestic real estate
- Maintain and bolster stable revenue structure by enhance value of existing real estate holdings (internal growth) and through new property acquisitions (external growth)

Core Real Estate Holdings



- Prime properties in great location of central Tokyo

Real estate leasing assets (at Dec. 31, 2010)

Carry value on consolidated B/S: 173.6 bn
Fair value at end 2010: 313.8 bn
Difference: 140.2 bn



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Growth Strategies and Future Policies

Strategic Investments in First 9 months of 2011

Acquisition of shares related to integration of POKKA CORPORATION

- Acquired additional shares on March 29, making POKKA a consolidated subsidiary (Post-acquisition equity stake: 86.8%)
- Acquisition price = ¥22.4 bn + ¥8.2 bn in assumed net financial liabilities
Total investment as of end-March: ¥30.6 bn
- Acquisitions since April (total cost of ¥5.2 bn) have raised equity stake to 98.6% as of end-September
- Total investment in 2011: ¥35.8 bn (total invested in first 9 months of 2011, excludes earlier investment in 21.4% equity stake)

Acquisition of shares following Sapporo Beverage Co., Ltd's 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: ¥10.4 bn

- Breakdown: Japanese Alcoholic Beverages ¥2.1 bn, International Alcoholic Beverages ¥2.5 bn, POKKA Group ¥1.2 bn, Real Estate ¥4.0 bn, etc.

Other investments > Consolidated total: ¥1.4 bn

- Breakdown: Japanese Alcoholic Beverages etc.

Total strategic investment in first 9 months (includes ordinary capex)

- ¥54.7 bn

Direction of Strategic Long-Term 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
- Envisage strategic investments of ¥150–200 bn during 2012–16
 - Includes ordinary capital expenditures (about half of total strategic investments)
- If our growth strategy necessitates investments that drive the D/E ratio above the targeted value, we may consider liquidating some real estate holding

Summary of POKKA-related investments

- Cost of shares acquired as of end-September: ¥35.1 bn (including 21.4% share acquired prior to 2011)
- Assumed net financial liabilities: ¥8.2 bn
- Lease obligations: ¥10.4 bn
- Total investment: ¥53.7 bn
- POKKA's annual EBITDA: about ¥10.0 bn
- EBITDA multiple: about 5.4x

4. For Reference:2011 Full-Year Earnings Forecasts

※The company has made no revisions to its consolidated earnings forecast for the year ending December 31, 2011, since it last revised its forecast on June 30, 2011.

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



SAPPORO

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	—
Consolidated operating income	15.4	18.0	2.5	16.9%