Sapporo Group Business Results Presentation for FY2012

February 12, 2013

Sapporo Holdings Ltd.

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(Accompanying document: Supplementary Information to Earnings Report)

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Sapporo Group Management Plan 2013-2014

- Establishing the Foundation for Realizing the New Management Framework and Generating Results -

February 8, 2013

Sapporo Holdings Ltd.

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1. Overview of 2012 Results

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Progress of Implementation of 2012 Basic Strategies

We promoted three basic strategies for achieving dramatic growth

Creating new opportunities for growth

We will continue to aggressively pursue M&As and alliances both in Japan and overseas

Challenge toward growth in all businesses

We will leverage the strengths of our various businesses' brands and management resources to accept new challenges to beat the competition

Carrying out growth measures

To realize the fruits of the various initiatives undertaken in recent years, we will continue to make forward investments and take steps to strengthen the business foundation

Creating new opportunities for growth

- International Business:
- On January 31, 2012, we acquired a 15% stake in M's Beverage Co., Ltd., a wholly owned alcoholic beverage distribution subsidiary of Maeil Dairies Co., Ltd. for approx. ¥51mn to boost Sapporo's brand value and strengthen our product distribution network in South Korea. *A non-equity method affiliate
- On January 31, 2012, we acquired 51% of outstanding shares in Silver Spring Citrus, the largest U.S. maker of private brand chilled drinks, from the Toyota Tsusho Group for approx. ¥1.8bn to make a full-scale entry into the U.S. beverage business.
  *Started consolidating the profit/loss items from April

- Japanese Alcoholic Beverages:
- Create a new beer culture and revitalize the market
- Established Hyaku-nin Beer Lab, a customer participation beer products development website, using Facebook
- Started Waku Waku Brewery, a website where customers can create one-of-a-kind original beer products by designing their own labels and choosing their own combination of beer flavor and bottle color.
- Held the first Japan Beer Certificate Examination (known as *Beerken*).
- Sales of regional products (i.e. for certain regions only) and products in collaboration with specific retailers

Regional

Specific retailer

Challenge toward growth in all businesses

- **See the segment pages under Supplementary Information to 2012 Results**

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Progress of Implementation of 2012 Basic Strategies

Carrying out growth measures

Steps for boosting the value of Yebisu Garden Place

- **Increased the stake in Yebisu Garden Place to 100% in March 2012; started implementing measures to boost its value towards its 20th anniversary in 2014.**
- Taking into account the anticipated recovery in rent levels from 2013 onwards when excess supply in the real estate rental market caused by the boom in new office building construction is eliminated, we have embarked on renovation of properties to boost their value starting this year.
- In addition to improving the convenience of the offices, we will refurbish them with a focus on features including disaster prevention measures, safety and security and enhanced emergency power supply facilities to ensure business continuity during disasters.
- Refurbish commercial and restaurant facilities to boost the attractiveness of the entire Ebisu region in addition to that of Yebisu Garden Place.

Yebisu Garden Place (opened in 1994)

Preparations for start-up of POKKA SAPPORO FOOD & BEVERAGE LTD. in Jan. 2013

- **Announced the new structure and organization in October in addition to the logo.**
- **Started the integrated operation of the new company from January 2013**

Logo of POKKA SAPPORO FOOD & BEVERAFE LTD.

おいしい「!」がある
pokka sapporo

Strengthening of the alcoholic beverages and soft drinks business in Southeast Asia

- **Alcoholic beverages business: Position Vietnam as the bridgehead of our Southeast Asia strategy and gradually expand into neighboring countries.**
- **Soft drinks business: With Pokka Singapore at the center, take measures to gradually boost the presence in surrounding countries.**

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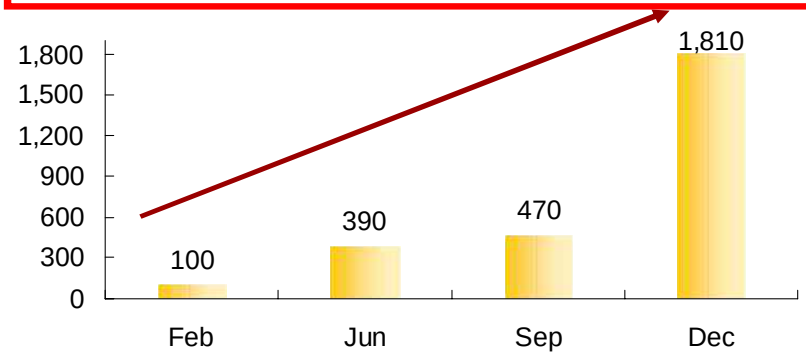
Progress of Implementation of 2012 Basic Strategies

Carrying out growth measures

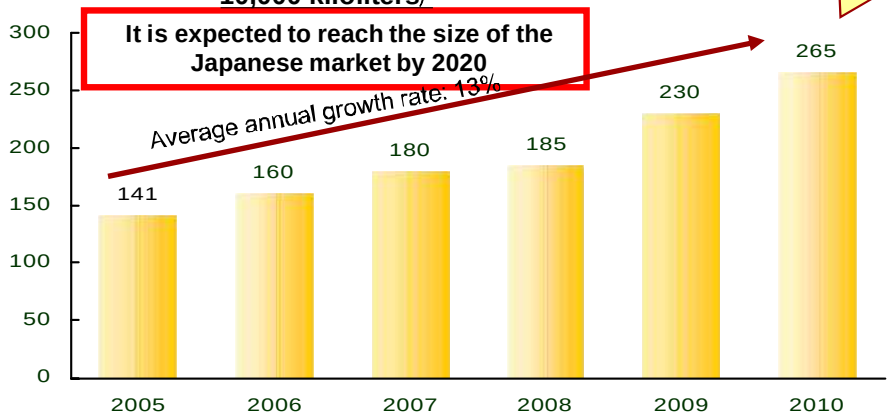
- **Progress in the alcoholic beverages business in Vietnam, where we made a full-scale entry**
  - **We entered the Vietnamese market at the end of February 2012 and launched full-scale marketing from April. Sales volume and exports to surrounding countries have been making good progress.**
  - **We started selling beer in kegs so as to spread the beer culture within Vietnam.**
  - In Vietnam, **our products are being delivered to about 1,500 restaurants** primarily in Ho Chi Minh as of the end of December and **about 2,000 retail outlets such as CVS and major supermarkets.**
  - We started exporting to surrounding countries in 2012. As of the end of December, we were exporting to Malaysia, Singapore, Thailand, Australia, New Zealand, South Korea, Indonesia, Hong Kong, the Philippines and Myanmar. Next, we plan to export to Cambodia.
  - With the addition of Cambodia, the Sapporo brand will have a presence in eight out of the10 ASEAN countries.

June, September and December single month index when February single month sales volume (excl. exports) is set as 100



Changes in beer consumption in Vietnam (unit: 10,000 kiloliters)

The 3rd largest market in Asia after China and Japan



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Progress of Implementation of 2012 Strategic Investments

Implementation Status of Strategic Investments (incl. ordinary capex)

<Acquisition of stake in Silver Springs Citrus>

- Acquired 51% of outstanding shares in Silver Springs Citrus and made it a consolidated subsidiary
- Started consolidating the balance sheet from the end of March and profit/loss items from April
- The cost of the share acquisition is approx. ¥1.8 bn
- Net financial liabilities were approx. ¥0.7 bn

Total investment is approx. ¥2.5 bn

<Acquisition of shares in M's Beverage>

- Acquired a 15% stake at the end of January (non-equity method affiliate)

Total investment is approx. ¥50 mn

<Acquisition of 15% of trust beneficiary rights in Yebisu Garden Place>

- Acquired from the joint holder on March 1 and started to reflect profit/loss items from March

Total investment is approx. ¥40.5 bn

<Capex (on a cash basis)/lease payments>

Consolidated total of approx. ¥17.3 bn

- Breakdown: Japanese Alcoholic Beverages: ¥3.0 bn; International: ¥1.9 bn; Sapporo Beverage: ¥0.1 bn; POKKA Group:¥7.7 bn; Restaurants:¥0.6 bn; Real Estate:¥1.6 bn; General corporate: ¥2.0 bn, etc.

<Other investments> **Consolidated total of approx. ¥5.4 bn**

- Breakdown: Japanese Alcoholic Beverages, POKKA Group, etc.

<Implementation status of strategic investment from Jan to Dec 2012 (incl. ordinary capex)>

- **Approx. ¥65.7 bn (2012 target:. ¥64.0 bn)**

Credit Ratings

<Credit rating by JCR>

- As of February 8, 2013: A- (stable) rating

<Credit rating by R&I>

- As of February 8, 2013: BBB+ (stable) rating

<Achievement of low-cost finance>

- In March 2012, issued five-year straight bonds worth ¥10 bn at a low cost.

Direction of Long-term Strategic Investments

- **We will continue to actively carry out strategic investments for growth.**
- **We expect to make ¥150 bn to ¥200 bn worth of strategic investments from 2012 to 2016 (basically accumulation of cash flows from operations).**
  - **Including ordinary capex (worth about half of the strategic investments)**

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Overview of 2012 Results: Special Factors

Breakdown of special factors that do not allow meaningful year on year comparisons between net sales and operating income for 2012 and a year earlier
See the Supplementary Information to our Earnings Report for factors behind changes resulting from other business activities

Net Sales

<International>

- We started consolidating the profit/loss items of Silver Spring Citrus from April ⇒ **approx. +¥7.2 bn**

<Food & Soft Drinks: POKKA Group>

- We started adding the profit/loss items from April 2011 and this meant net increase for the Jan-Mar period ⇒ **approx. +¥22.3 bn**

<Real Estate>

- Started reflecting the profit/loss items from March for the acquisition of 15% of trust beneficiary rights for Yebisu Garden Place from the joint holder in the complex ⇒ **approx. +¥2.0 bn**

<Total>

- **Approx. +¥31.5 bn**

Operating Income

<International>

- We started consolidating the profit/loss items of Silver Spring Citrus in April ⇒ **approx. +¥0.1 bn**

<Food & Soft Drinks: Sapporo Beverage>

- In April 2011 we started goodwill amortization for the acquisition of shares from Crescent Partners after it converted CB holdings, and goodwill amortization was a net increase in the Jan-Mar period of 2012
- ⇒ **approx. -¥0.2 bn**

<Food & Soft Drinks: POKKA Group>

- Started reflecting the profit/loss items from April 2011, resulting in an operating loss for the Jan-Mar period of 2012 ⇒ **approx. -¥0.5 bn**
- Started reflecting the profit/loss items from April 2011 and goodwill amortization resulting from the integration of the POKKA Group was a net increase in the Jan-Mar period of 2012 ⇒ **approx. -¥0.4 bn**

<Real Estate>

- Acquired 15% of trust beneficiary rights for Yebisu Garden Place from the joint holder in the complex and have been reflecting the profit/loss items from March

⇒ **approx. +¥1.0 bn**

<Total>

- **Approx. +-¥0.0 bn**

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Overview of 2012 Results

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- **Net sales: up YoY**

Sales increased markedly for the Group as a whole with increases for Japanese Alcoholic Beverages and Restaurants, which were directly affected by the earthquake, in addition to the special factors discussed in the previous slide.

The sales increase for Japanese Alcoholic Beverages, the first increase in 8 years.

- **Operating income: down YoY**

While operating income showed a YoY 4Q increase, this was not sufficient to offset the decline for the nine-month through 3Q.

For the whole year, while profits increased for Restaurants and Real Estate, overall operating income decreased by ¥4.4 bn YoY due to increased marketing costs compared with the previous year in Japanese Alcoholic Beverages and Food & Soft Drinks, reversion to the norm after the surge in demand in Food & Soft Drinks following the earthquake in 2011, and increased investment by International Business for development of the Vietnam market in addition to the special factors described in the previous slide.
(Operating income before GW amortization decreased by ¥3.6 bn YoY)

- **Net income: up YoY**

Net income rose ¥2.2 bn YoY as extraordinary losses were reduced by ¥8.2 bn YoY (mainly ar impairment loss of ¥1.5 bn, a ¥1.0 bn loss due to asset retirement obligations and a ¥5.4 bn loss stemming from the disaster in 2011.)

*The 2011 first quarter consolidated net sales figure lacks continuity with the figure announced last year due to retroactive adjustment of pa years from the first quarter of fiscal 2012.

* POKKA Group's profit/loss items have been consolidated since the second quarter of fiscal 2011.

(billions of yen)

	2011 results	2012 results	YoY changes (amount, %)	
Japanese Alcoholic Beverages	268.1	**274.4**	6.3	2.3%
International	25.8	**36.1**	10.2	39.5%
Food & Soft Drinks	108.0	**132.1**	24.1	22.3%
Sapporo Beverage	32.2	**30.3**	(1.9)	(5.9)%
POKKA Group	75.8	**101.8**	26.0	34.3%
Restaurants	24.0	**25.6**	1.5	6.3%
Real Estate	22.4	**23.2**	0.7	3.3%
Other	0.7	**0.8**	0.1	15.4%
Consolidated net sales	449.4	**492.4**	43.0	9.6%
Operating income before GW amortization	21.9	**18.2**	(3.6)	(16.8)%
Japanese Alcoholic Beverages	9.3	**7.5**	(1.7)	(19.2)%
International	0.3	**(0.0)**	(0.4)	—
North America	1.4	**1.6**	0.2	18.3%
Vietnam	(1.0)	**(1.7)**	(0.7)	—
Food & Soft Drinks	3.6	**0.3**	(3.3)	(90.1)%
Sapporo Beverage	0.7	**(0.0)**	(0.8)	—
POKKA Group	2.9	**0.4**	(2.5)	(85.9)%
Before GW amortization	5.7	**3.1**	(2.6)	(45.7)%
Restaurants	0.2	**0.5**	0.3	146.0%
Real Estate	8.5	**9.3**	0.8	9.9%
Other	(0.6)	**(0.4)**	0.2	—
General corporate	(2.6)	**(2.9)**	(0.3)	—
Consolidated operating income	18.8	**14.4**	(4.4)	(23.7)%
Consolidated ordinary income	16.8	**13.6**	(3.1)	(18.6)%
Consolidated net income	3.1	**5.3**	2.2	70.4%

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Overview of 2012 Results - Revised Targets vs. Results-

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- Net sales: Unachieved

  ' The Japanese Alcoholic Beverages Business, while managing to increase the market share with sales of beer products rising YoY, net sales was short of the target as total demand declined during the peak summer period and December.

- Operating income: Unachieved

  ' **While operating income rose by about ¥2.4bn at the Japanese Alcoholic Beverages business for 4Q YoY, it was not sufficient to offset the decline for the nine-month period through 3Q, thus falling short of the target.**

- Although net sales and operating income were short of the target, ordinary income exceeded the target on lower interest payments and foreign exchange gains, while net income also exceeded the target, thanks to a reduction in loss on valuation of investment securities.

(billions of yen)

	2012 revised targets	2012 results	Vs. Targets (amount,%)	
Japanese Alcoholic Beverages	277.5	**274.4**	(3.0)	(1.1)%
International	37.3	**36.1**	(1.1)	(3.2)%
Food & Soft Drinks	128.1	**132.1**	4.0	3.2%
Sapporo Beverage	30.1	**30.3**	0.2	0.7%
POKKA Group	98.0	**101.8**	3.8	4.0%
Restaurants	24.9	**25.6**	0.7	2.9%
Real Estate	24.4	**23.2**	(1.1)	(4.9)%
Other	0.8	**0.8**	0.0	8.9%
Consolidated net sales	493.0	**492.4**	(0.5)	(0.1)%
Operating income before GW amortization	19.9	**18.2**	(1.6)	(8.1)%
Japanese Alcoholic Beverages	9.0	**7.5**	(1.4)	(16.4)%
International	0.0	**(0.0)**	(0.0)	—
North America	1.8	**1.6**	(0.1)	(8.3)%
Vietnam	(1.8)	**(1.7)**	0.0	—
Food & Soft Drinks	0.2	**0.3**	0.1	82.0%
Sapporo Beverage	(0.2)	**(0.0)**	0.1	—
POKKA Group	0.4	**0.4**	0.0	3.3%
Before GW amortization	2.9	**3.1**	0.2	7.5%
Restaurants	0.6	**0.5**	(0.0)	(10.2)%
Real Estate	9.3	**9.3**	0.0	1.0%
Other	(0.4)	**(0.4)**	(0.0)	—
General corporate	(2.7)	**(2.9)**	(0.2)	—
Consolidated operating income	16.0	**14.4**	(1.5)	(9.9)%
Consolidated ordinary income	13.0	**13.6**	0.6	5.3%
Consolidated net income	3.6	**5.3**	1.7	49.8%

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Overview of 2012 Results – Management Indices, Disclosure of Real Estate Leasing Asset Prices-

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Management Indices vs. Targets and Previous Year

	Results vs. Targets			2011 vs. 2012 Results		
	2012 Revised targets	**2012 Results**	Change	2011 Results	**2012 Results**	Change
Operating margin (excl. liquor taxes, before goodwill amortization	5.1%	**4.8%**	(0.3)%	6.5%	**4.8%**	(1.7)%
Financial liabilities (billion yen) (excl. lease obligations)	249.0	**257.6**	8.6	219.1	**257.6**	38.5
D/E ratio (times)	2.0	**1.9**	(0.1)	1.8	**1.9**	0.1
ROE(%)	2.9%	**4.2%**	1.4%	2.5%	**4.2%**	1.8%
before gw amortization	6.1%	**7.3%**	1.2%	5.1%	**7.3%**	2.2%

(As of Dec. 31, 2012)

Disclosure of real estate leasing assets

(billion yen)

Carry value on consolidated B/S	**209.9**
Fair value at end of term	**335.6**
Difference	**125.7**

See Earnings Report for further details

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Reference: Supplementary Information to 2012 Results

***For information on each business's profitability, please also see the Supplementary Information to our Earnings Report**

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Japanese Alcoholic Beverages (1)

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Results highlights

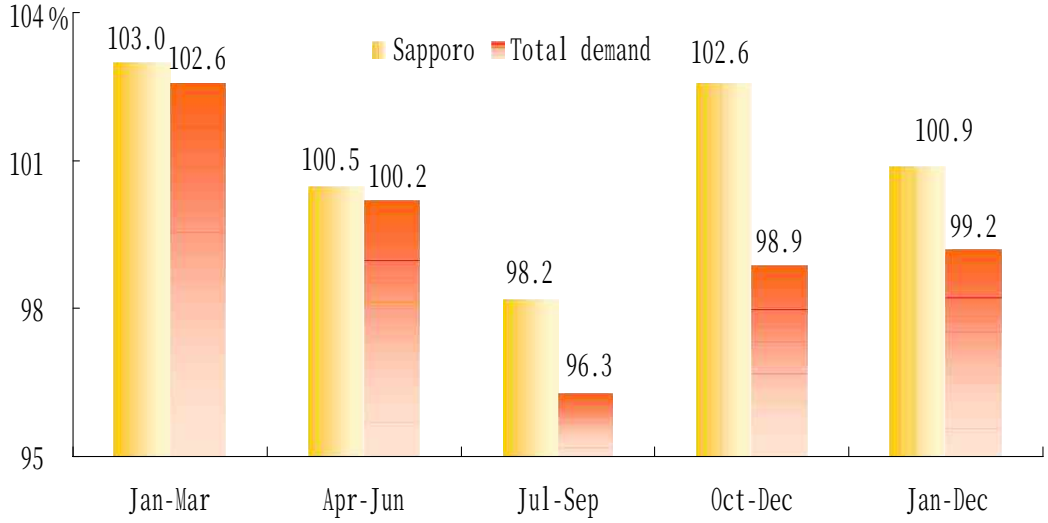
Net sales increased first time in eight years as sales volumes of beer, happoshu and new-genre beer products rose compared with the same period a year earlier, exceeding the general demand in each quarter, and with increased sales of RTD, wines, western spirits and shochu.
Operating income declined due to the cost incurred from aggressive marketing and increased burden of fixed cost during the down period for the loss caused by the 2011 disaster.

(billions of yen)

	2011	2012	Year-over-year changes: Amount	Year-over-year changes: %
Net sales*	268.1	**274.4**	6.3	2.3%
Operating income	9.3	**7.5**	(1.7)	(19.2)%

*Incl. liquor taxes

YoY sales volume for Jan-Dec (beer, happoshu, new-genre beer products)



Key points in business plan: implementation status

1. Bolster brand strengths of core products

- Further bolstered brand strength of the three core brands of Sapporo Draft Beer Black Label, Yebisu Beer and Mugi to Hop and of Premium Alcohol Free, a non-alcoholic beer-taste beverage.
- While the rebound from the direct impact of the earthquake also contributed, Jan-Dec total shipments of beer, happoshu, and new-genre beer products were 100.9% compared with the same period a year earlier, outperforming the 99.2% for general demand and increasing the market share, as we focused on the three core brands.
- With the contribution from Premium Alcohol Free Black, the world's first non-alcoholic canned dark beer introduced in May, sales of Premium Alcohol Free increased 7.3% year over year in the Jan-Dec period. However, the brand fell short of achieving the target partly due to new products launched by competitors.
- With the contribution from Mugi to Hop Black introduced in March, sales of Mugi to Hop rose 3.2% YoY in the Jan-Dec period, outperforming the 101% for general demand and increasing the market share.
- We introduced new-genre beer product Hokkaido PREMIUM in July as a refreshingly flavored product to enhance the lineup.

Re-launch on Feb 13, 2013

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Japanese Alcoholic Beverages (2)

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Key points in business plan: implementation status

2. Laying the groundwork for growth in expanding areas

RTD-related actions <Sapporo's first year of promoting Ready To Drink products: Triple the sales>

- While sales for Jan-Dec period significantly exceeded the level for the same period a year earlier by 68%, this did not meet our target as competition intensified with the introduction of new products by other companies.
- We re-launched existing products and carried out line extension while expanding offering of trial drinks and ensuring market penetration in addition to bringing about collaborative synergies and increased public interest.
- As shown below, we actively introduced new products in Oct-Dec:
  - Oct 10: Launched Bacardi Apple Mojito
  - Nov14: Launched CJ Oishii Makgeoli Yuzu
  - Nov 21: Launched Nectar Tsubu-tsubu Cocktail
  - Nov 28: Launched TEA'S HI Darjeeling & Muscat

RTD launched in Oct-Dec

Non-alcoholic RTD

3. Expanding sales of wine, western spirits and shochu

Wine

- Sales of Japanese wines were same as the previous year, while imported wines registered significant growth YoY.
- Imported wine: Growth in Beringer, Santa Rita and Garcia Carrion
- Japanese wine: Growth in Grande Polaire

Western Spirits

- Signed sales agreement with No.1 Korean foods maker CJ (Cheil Jedang) Group. Launched CJ Bonga Makgeolli in July 2011 in the industrial-use market. Sales approximately doubled YoY and exceeded target.
- Entered into alliance with Bacardi Japan, supplier of world No. 1 rum brand, and started sales in October 2011.
  - Launched Bacardi Classic Cocktails Mojito, Japan's first Mojito base that can be served with soda, in April and achieved full-year target in three months. The target was revised to 60,000 cases, three times the initial figure, which was also achieved.

Shochu

- Achieved year-over-year sales growth
- Singly-distilled *Waramugi* and *Kararimo* also exceeded previous year's figures
- Strong sales in blended shochus *Imo Shochu Kokuimo* and *Mugi Shochu Koimugi*
- *Kuroumesyu* also contributed to rise in sales

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International Business (1)

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Results highlights

Sales increased 39.5% YoY primarily in North America on the back of gains in local currency terms and the addition of Silver Springs Citrus's results. Operating income declined due to the impact of expenses related to cultivating the Vietnamese market.

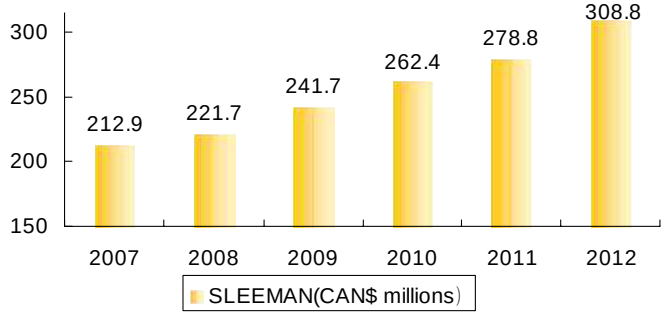
(billions of yen)

	2011	2012	Year-over-year changes: Amount	Year-over-year changes: %
Net sales	25.8	**36.1**	10.2	39.5%
Operating income	0.3	**(0.0)**	(0.4)	—
North America, others	1.4	**1.6**	0.2	18.3%
Vietnam	(1.0)	**(1.7)**	(0.7)	—

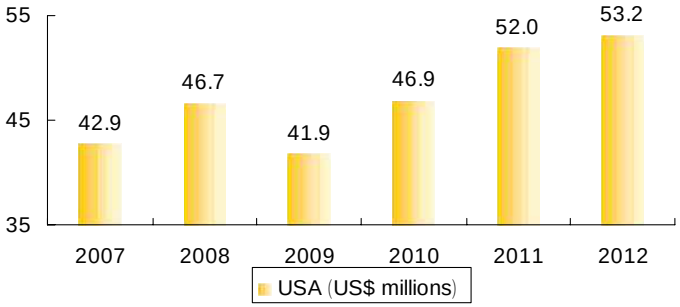
Key points in business plan: implementation status

1. North American business growth

Sleeman: Sales in local currency (Jan-Dec)



Sapporo USA: Sales in local currency (Jan-Dec)



SLEEMAN (Canada)

➢Sales expanded on increased investment in marketing of premium brands

- Sales growth higher than that for total demand in Canada

(Jan-Dec)

Since M&A, 6th straight year of year-on-year volume growth!

Unit sales (YoY)	2011	2012
SLEEMANbrand	109%	**105%**
Canada total demand	Approx. 99%	**Approx. 102%**

Sapporo USA(U.S.)

➢Expanding from the Japanese-American market into wider U.S. and Asian-American markets

(Jan-Dec)

YoY growth in total sales volume since 2009, when sales were affected by the Lehman crisis

Unit sales (YoY)	2011	2012
Sapporo US	110%	**101%**
U.S. general demand for imported beer	Approx. 100%	**Approx. 100%**

Silver Springs Citrus (U.S.)

➢Acquired a 51% stake in Silver Springs Citrus, the largest U.S. market of private-brand chilled drinks

- Full-fledged entry into beverages business in the North American market
- **Started consolidation of profit/loss items from April**

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International Business (2)

Key points in business plan: implementation status

2. Expansion in Asian market (incl. Oceania)

Developments in Vietnam

- Full-fledged entry of locally produced beer in the market from end of February 2012
- Started full-scale marketing in the country including through billboards and TV commercials from April 2012
- Positioned Vietnam as the bridgehead and a gradually expanding into ASEAN countries.

Developments in Singapore

- Expanding imported beer sales channels in local household market in cooperation with POKKA Corporation
- Sales target: 150,000 cases in 2014 (1 case = 355ml× 24 bottles)
- Aim to be the top Japanese beer brand.

Developments in South Korea

- Strengthened Sapporo brand value and sales structure in South Korea by acquiring 15% sake in M's Beverage Co., Ltd., a wholly owned liquor sales subsidiary of Maeil Dairies Co., Ltd. (which has top share in cheese, low-fat milk, and chilled coffee drinks market), signing the agreement on Jan 31, 2012. **A non-equity method affiliate**
- Sales targets: 380,000 cases in 2012 **Achieved target with sales of 420,000 cases** (1 case = 350ml × 24 bottles)
- Sales targets: 1.5 million cases in 2015(1 case = 350ml × 24 bottles)
- Aim to become the No.1 imported brand

Development in Oceania

- In October 2011, we entered the Australian/New Zealand premium beer market via a licensing agreement with Coopers Brewery Ltd. (No. 3 in Australia's beer market, No. 2 in premium beer market with a 17.3% share)
- Full-fledged entry from 2012: aim to be the top Japanese beer brand
- Sales targets: 160,000 cases in 2012 :**Achieved target of 160,000 cases** (1 case = 355ml × 24 bottles)
- Sales targets: 500,000 in 2016 (1 case = 355ml × 24 bottles)

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Food & Soft Drinks – Sapporo Beverage

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Results highlights

Sales volume declined to 93% of the previous year against a general demand rise to103%, partly due to the reversal of the surge in demand (for Japanese drinking water) following the disaster in 2011.
The decline in sales volume was accompanied by a decline in operating income.
Operating income margin (before goodwill amortization) was 3.0%.

(billions of yen)

*After retroactive adjustment	2011	2012	Year-over-year changes	
			Amount	%
Net sales	*32.2	**30.3**	(1.9)	(5.9)%
Operating income	0.7	**(0.0)**	(0.8)	—
Before GW amortization	1.5	**0.9**	(0.5)	(39.0)%

Key points in business plan: implementation status

Strengthening/cultivation of competitive brands

- Concentrating investment on important categories and brands
  - •Ribbon: -9% YoY growth
    - ⇒Raised brand recognition by airing a short animation of Ribbon-chan on TV.
    - ⇒Carried out a promotion campaign in collaboration with a popular video game to expand sales.
  - •Gabunomi: -8% YoY growth
    - ⇒Carried out a tie-up campaign with a popular cartoon film to broaden sales channels and enhance market penetration
  - •Gerolsteiner: +10% YoY growth
    - ⇒Further promoting trials and building repeat customers
- Other brands
  - •Oishii Tansansui: +64%
    - Growth on the back of higher demand for alcohol consumption at home⇒Continued focus

Collaboration with other companies to bolster core brands

- In April, re-launched Chosyoku Fruits, a product in collaboration with Kyodo Milk Industry Co., Ltd.
- In March, launched Ribbon Napolin Ice, a product in collaboration with Akagi Nyugyo Co., Ltd., in Hokkaido
- Presented to mass retailers a collaboration campaign of Gabunomi and other products with Kyodo Milk's Homerum Bar

Synergies with POKKA Corporation

- Synergies led to cost saving of ¥324 mn in Jan-Dec
  - •Synergies from joint procurement and consigned production

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Food & Soft Drinks – POKKA Group (1)

SAPPORO

Results highlights

Net sales increased partly due to the full-year contribution from the consolidation, which was implemented in April.
Operating income declined due to higher good will amortization and an operating loss in the first quarter, as well as due to the active spending for the switch to common Sapporo Group palettes and market development.

(billions of yen)

	Apr-Dec 2011*	Jan-Dec 2012	Year-over-year change: Amount	Year-over-year change: %
Net sales	75.8	**101.8**	26.0	34.3%
Operating income	2.9	**0.4**	(2.5)	(85.9)%
Before GW amortization	4.2	**2.1**	(2.0)	(48.1)%

*Started consolidating POKKA's profit/loss items from 2011 2Q.

Key points in business plan: implementation status

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

1. Beverages Business

- Concentrating investments in core brands
  - ・Kireto Lemon ・・Re-launch of spring , summer products, airing of new commercials
  - ・Aromax ・・Re-launched all products under the brand
  - ・Yasuragi Kibun no Corn-cha ・・Taking on the challenge of nurturing a new category in the tea beverages market; commercial being aired

2. Food Business

- Focused on core and growth brands
  - ・Jikkuri Kotokoto Kongaripan ・・Series completely revamped
  - ・Pokka Lemon 100 ・・Added new Lemonja designs
  - ・Kantanbimi ・・ Expanded product lineup by launching Korean seasonings

3. Started Working on Maintenance Plan for Nagoya Plant

- Construct new building on the site to manufacture Pokka Lemon
  - ・Correspond to the growth strategy for the core business of Pokka Lemon 100
  - ・The plant is to start operation in mid 2013

Synergies with Sapporo Beverage

- Synergies led to savings of about ¥390 mn in the Jan-Dec period
  - •Synergies from joint procurement and commissioned manufacture

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Food & Soft Drinks – POKKA Group (2)

Key points in business plan: implementation status

■ Beverages & Foods Business (Overseas): POKKA Singapore

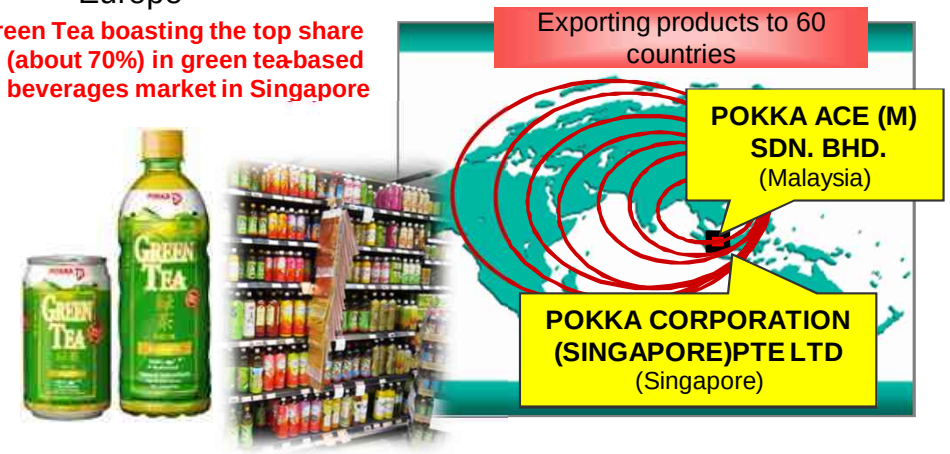
1. Expand into Singapore's neighboring countries

- Implementing measures to activate markets in Indonesia and Malaysia and increase production capacity

2. Bolster sales in existing markets

- Strengthening alliances with agencies in Middle East and Europe

Green Tea boasting the top share (about 70%) in green tea-based beverages market in Singapore



■ Other businesses

・Ice cream business
Foremost Blueseal brand (Okinawa)

- Opened first company-run outlet in Naha, Okinawa

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

1. Expanded sales via growth at existing stores, introduction of new seasonal products

- Outlets: 163 (97 in Kanto, 35 in Chukyo, 24 in Kansai, 6 in Kyushu, 1 in Shikoku; as of December 31, 2012)
- Effectively using re-modeling plan to strengthen brand image

2. Profits up on successful efforts to lift profit ratio

- Promoted refurbishment of outlets with a new brand package
- Actively introduced new menu items on a regular basis

■ Restaurants Business (Overseas)* POKKA CORPORATION (Hong Kong) and POKKA Food (Singapore) Pte. Ltd.

- Outlets: 42 in total (as of December 31, 2012)
  - ・Kong Kong 30, Singapore 11, Macao 1
- New outlets opened in Jan-Dec 2012
  - ・Hong Kong: Pokka Café 1, Mikichi 1, Kurotaki 1
  - ・Singapore: Rive Gauche 2

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Restaurants

Results highlights

Sales for the Jan-Dec period increased 2.4% YoY at existing stores in the Restaurant Business, which was directly affected by the Great East Japan Earthquake in 2011.
In addition to this, operating income improved YoY, on closure of unprofitable outlets, cost reductions and contributions from new outlets.

(billions of yen)

	2011	2012	Year-over-year changes	
			Amount	%
Net sales	24.0	25.6	1.5	6.3%
Operating income	0.2	0.5	0.3	146.0%

Key points in business plan: implementation status

1. Positioning for growth

New restaurant opening strategy

- Synergy with the Japanese Alcoholic Beverage Business: Opening Yebisu Bar outlets
  - In addition to two new outlets in Akasaka and Tokyo Station's Kurobei Yokocho, the format of the Osaki and Ginza 2-chome outlets was changed, increasing the number of Yebisu Bar outlets to 9 as of the end of December.
- Ginza Lion chain expansion
  - Opened new mid-sized Ginza Lion
  - Opened new outlet in the Ueno Saigo Hall
- New business format
  - Opened the Kitchen Ginza Lion, a new outlet which specializes in roast beef
  - Opened Suruga Maru, a seafood and tempura rice bowl shop in a highway rest area
  - Opened Ooi Hokkaido Oshamanbe Japanese pub/restaurant serving seafood from Hokkaido

Ginza YEBISU BAR

Ginza 3-chome, Oshamanbe pub/restaurant

- Total of 13 outlets opened from January through December 2012
  - All outlets are performing as planned

2. Earnings structure reform

- Locations closed in the Jan-Dec period: 11
- Locations operating as of the end of December: 193

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Real Estate (1)

SAPPORO

Results highlights

Despite decline in real estate revenues, sales and income rose from March onwards as we acquired 15% trust beneficiary rights in Yebisu Garden Place. Maintaining stable revenues even as Tokyo office leasing market is affected by the supply of a large volume of new office buildings.

(billions of yen)

	2011	2012	Year-over-year changes Amount	Year-over-year changes %
Net sales	22.4	**23.2**	0.7	3.3%
Operating income	8.5	**9.3**	0.8	9.9%

Key points in business plan: implementation status

Boosting value of existing properties

Yebisu Garden Place

- Maintain and improve occupancy rate and achieve appropriate rent levels
  - In March, we acquired the 15% trust beneficiary rights from the joint holder needed for 100% ownership
  - Maintained high occupancy rates and rent levels as of the end of December at Yebisu Garden Place and other major Tokyo properties (table at right) compared to the 91% average for office buildings in Tokyo's 5 central wards
  - Started working to enhance the value by adding emergency power supply facilities, etc.

Occupancy rates are averages for January–December 2012

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

(As of December 31)

Major rental properties in Tokyo's 23 wards	Site area (m2)	Floor area (m2)	Average occupancy rate (%)	No. of floors
Yebisu Garden Place(1)	56,943	298,007	96%	40 floors aboveground, 5 below
Seiwa Yebisu Building*	2,617	—	*44%	6 floors aboveground, 1 below
Yebisu Square	1,561	9,126	94%	7 floors aboveground, 1 below
Shibuya Sakuragaoka Square	1,200	9,268	100%	10 floors aboveground, 1 below
Sapporo Ginza Building	530	4,232	96%	10 floors aboveground, 4 below
Strata Ginza (2)	1,117	11,411	99%	13 floors aboveground, 1 below

*1. Figures are for entire property. 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)

Redevelopment of Ginza and Ebisu Areas

- Redevelopment of Seiwa Yebisu Building
  - Redevelopment (including expansion of floor area) has started and will be completed in the fall of 2014
  - All tenants vacated the building in October in line with the rebuilding plan

  (*Average occupancy rate down to 44% from 67% in the same period a year earlier)
- Redevelopment of Sapporo Ginza Building
  - We drafted the plan for redevelopment of Ginza 5chome including expansion of floor area and began negotiations with involved parties.

Seiwa Yebisu Building (completed 1975)

Sapporo Ginza Building (Completed 1970)

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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 Tokyo 5 central wards; see the previous slide**
  - **Unrealized gains on properties for lease as of the end of December 2012 was ¥125.7 billion.**
- **In January, we changed the trade name of Yebisu Garden Place Co., Ltd. to Sapporo Real Estate Co., Ltd. to raise the Sapporo brand value and strengthen Group synergies.**

Operating Income

(billions of yen)

	FY2011	FY2012	Change
Real estate leasing			
Tokyo's 23 wards	7.6	8.6	0.9
Other areas	0.8	1.0	0.1
Real estate leasing total	8.5	9.6	1.0
Sales	0.4	—	(0.4)
Other operations*	(0.3)	(0.2)	0.1
Total	8.5	9.3	0.8

* "Other operations" includes back-office operations

EBITDA

(billions of yen)

	FY2011	FY2012	Change
Real estate leasing			
Tokyo's 23 wards	11.0	12.1	1.1
Other areas	1.5	1.7	0.1
Real estate leasing total	12.6	13.8	1.2
Sales	0.4	—	(0.4)
Other operations*	(0.0)	0.1	0.2
Total	12.9	14.0	1.0

EBITDA = operating income + depreciation and amortization

* "Other operations" includes back-office operations

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2. Sapporo Group Management Plan 2013-2014

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Medium- to Long-Term Strategy

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

Basic approach: Working steadily toward long-term goals while also boldly revising resource allocations, executing strategic investments, and enhancing competitiveness through aggressive management

Goals (for 2016, 140th anniversary of founding)

-Consol. sales ¥600 bn (incl. liquor tax)
¥450 bn (excl. liquor tax)
-Consol. operating income
¥40 bn (before goodwill amortization)

◆ Group strategies
1. Concentrate resources on creation of high -value-added products and services
2. Engage in strategic alliances aimed at building competitive advantage and expanding business
3. Actively expand overseas operations
4. Expand group synergies on the strategic and operational fronts

Food value creation

2007

Creating comfortable surroundings

(Announced October 2007)

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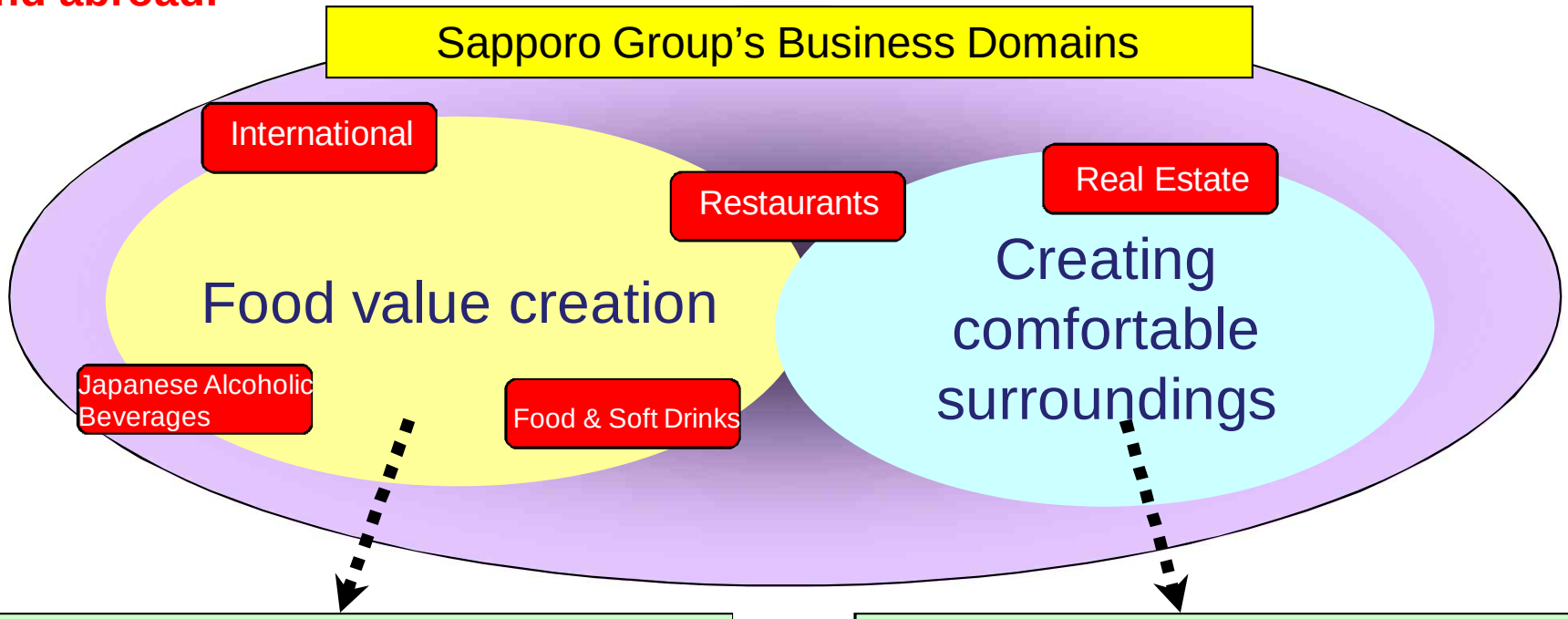
Medium-term Target of New Group Management Structure

Of the two business domains, we position food value creation business as the core domain and will make active investments for growth both in Japan and abroad.



The core domain driving the Group's great dynamic growth

The business domain expected to contribute stable profits backed by prime properties

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2013-2014 Management Targets

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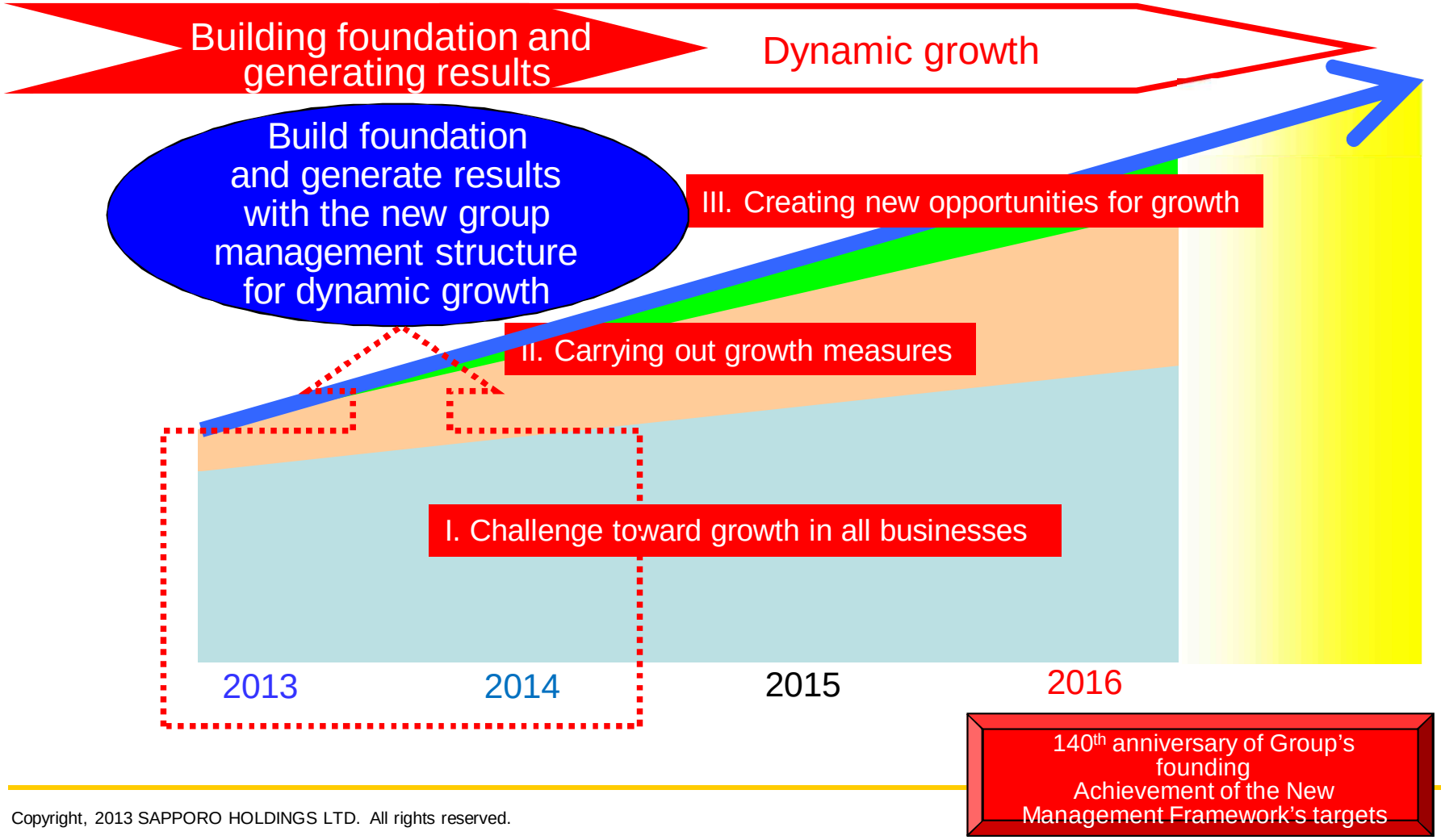
Position of Sapporo Group Management Plan 2013-2014

Four years are left until 2016. We position 2013 and 2014 as a crucial period in building the foundation for achieving the plan and drive forward initiatives for further improving our corporate value under the new group management structure, also with an eye on achieving various goals ahead of schedule.



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2013-2014 Management Targets

	2006 results	2012 results	Consolidated targets: 2013 targets	Consolidated targets: 2014 targets	2016 targets
Consolidated net sales *incl. liquor tax	¥435.0 bn	¥492.4 bn	¥512.0 bn	¥533.0 bn	¥600.0 bn
(excl. liquor tax)	¥294.0 bn	¥379.7 bn	¥397.3 bn	¥416.0 bn	¥450.0 bn
Consolidated operating income	¥8.6 bn	¥14.4 bn	¥15.3 bn	¥17.8 bn	¥40.0 bn
(before goodwill amortization)	¥8.6 bn	¥18.2 bn	¥19.2 bn	¥21.6 bn	
Consolidated ordinary income	¥5.8 bn	¥13.6 bn	¥14.0 bn	¥16.5 bn	-
Consolidated net income	¥2.3 bn	¥5.3 bn	¥5.5 bn	¥7.0 bn	-
Consolidated operating margin *excl. liquor tax	2.9%	3.8%	3.9%	4.3%	9.0%
(before goodwill amortization)	2.9%	4.8%	4.8%	5.2%	
D/E ratio	2.1 times	1.9 times	1.8 times	1.7 times	Around 1:1
ROE	2.1%	4.2%	4.1%	5.1%	8% or higher
(before goodwill amortization)	2.1%	7.3%	7.1%	8.0%	

*Assumed exchange rates: 2012-2013: US$ = ¥85, CAN$ = ¥83

*The 2014 targets above do not reflect the impact of tax increases, as there is uncertainty surrounding future direction of consumption tax.

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2013-2014 Management Targets by Segment

		2012 results	Targets: 2013 targets	Targets: 2014 targets
Net sales	Japanese Alcoholic Beverages	¥269.9 bn	¥275.2 bn	¥283.5 bn
	International Business	¥36.1 bn	¥43.3 bn	¥46.4 bn
	Food & Soft Drinks	¥129.0 bn	¥136.5 bn	¥145.5 bn
	Restaurants	¥26.6 bn	¥26.8 bn	¥28.2 bn
	Real Estate	¥23.2 bn	¥23.6 bn	¥22.4 bn
	Other	¥7.5 bn	¥6.6 bn	¥7.0 bn
	Corporate and intercompany eliminations	—	—	—
	Consolidated total	**¥492.4** bn	**¥512.0** bn	**¥533.0** bn
Operating income	Japanese Alcoholic Beverages	¥7.5 bn	¥9.0 bn	¥9.0 bn
	International Business	(¥0.0 bn)	¥0.0 bn	¥1.1 bn
	Food & Soft Drinks	¥0.3 bn	¥1.0 bn	¥2.7 bn
	Restaurants	¥0.5 bn	¥0.8 bn	¥1.0 bn
	Real Estate	¥9.3 bn	¥8.3 bn	¥7.3 bn
	Other	(¥0.4 bn)	(¥0.1 bn)	¥0.0 bn
	Corporate and intercompany eliminations	(¥2.9 bn)	(¥3.7 bn)	(¥3.3 bn)
	Consolidated total	¥14.4 bn	¥15.3 bn	¥17.8 bn
	Consolidated total (before goodwill amortization)	**¥18.2** bn	**¥19.2** bn	**¥21.6** bn

*Assumed exchange rates: 2012-2013: US$ = ¥85, CAN$ = ¥83

* SAPPORO LOGISTIC SYSTEMS CO., LTD., previously accounted for in Japanese Alcoholic Beverages, and POKKA Logistics Co., Ltd. , previously accounted for in Food & Soft Drinks were moved to Others from FY2013. Also, Pokka Food (Singapore) Pte. Ltd. was moved from Food & Soft Drinks to Restaurants. Due to these fa ctors, the figures under 2012 results have been retroactively adjusted .

*The 2014 targets above do not reflect the impact of tax increases, as there is uncertainty surrounding future direction of consumption tax.

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2013-2014 Basic Strategies

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Basic Strategies for Promoting Dynamic Growth

I. Challenges toward growth in all businesses

★While leveraging the strengths of each business's brands and management resources, we will accept new challenges to beat the competition in all of our businesses.

II. Carrying out growth measures

★To realize the fruits of the initiatives undertaken by the Group in recent years, we will continue to make forward investments and take other steps to strengthen our foundations.

III. Creating new opportunities for growth

★We will continue to aggressively pursue attractive M&A deals and alliances, both in Japan and overseas.

*Details of each strategy will be discussed under business plans by each segment.

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Strategic Investment

Basic concept of strategic investment

◇**We will continue to pursue active strategic investments aimed at further developing the Sapporo Group.**

◇**We envisage strategic investments worth ¥150 billion to ¥200 billion from 2012 through 2016. These investments will generally be made within the scope of operating cash flows.**

◇**For FY2013, we plan to make strategic investments of approximately ¥28 billion.**

*Strategic investments includes ordinary capex.

<FY2013 strategic investment> *Projects that have been decided as of now

・Investment for raising the value of Yebisu Garden Place complex and rebuilding Seiwa Yebisu Building

・Capital investment in the Japanese alcoholic beverage and foods & soft drinks businesses aimed at further improving efficiency

・Openings of new restaurants, etc. in Japan and abroad

YEBISU BAR

CAFE de CRIE

Yebisu Garden Place

*Drawing of how Seiwa Yebisu Building will look (post reconstruction)

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Overall Group Strategy

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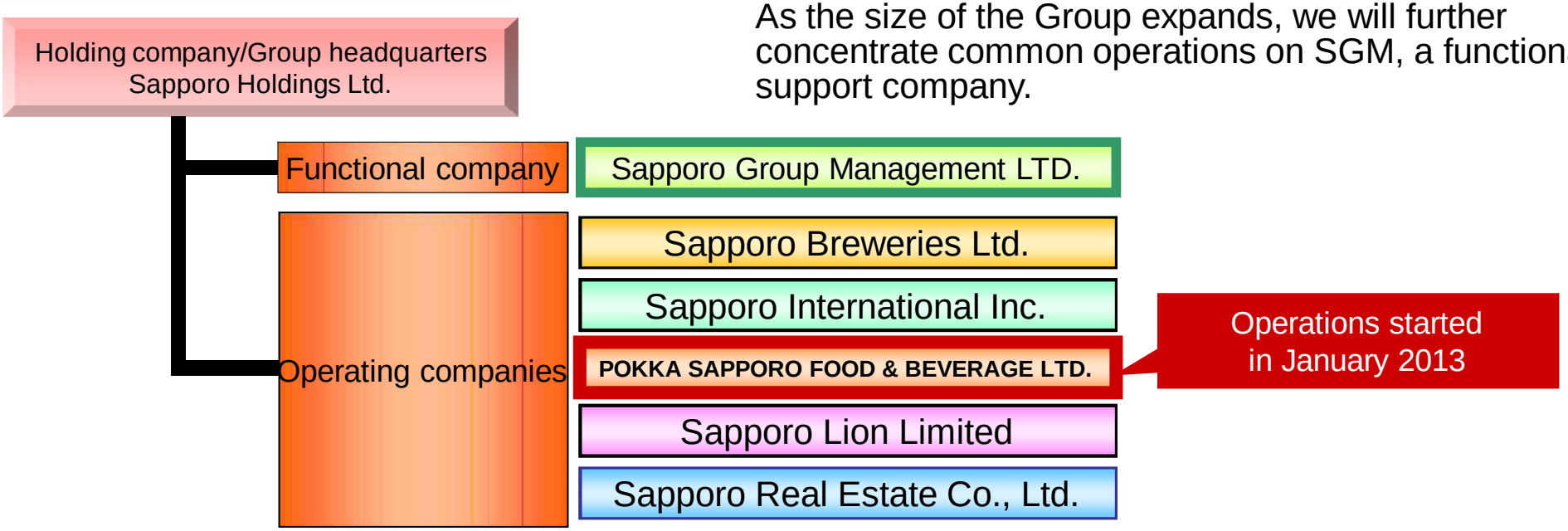
Overall Group Strategy

1. Further promotion of efficiency in Group Management

As the size of the Group expands, we will further concentrate common operations on SGM, a functional support company.



2. Initiatives for enhancing Group brand

We will implement Group-wide initiatives for increasing the no. of Sapporo Group fans primarily in the areas where we can leverage the Group's strengths.

3. Strengthening development of Group human resources

We will develop human resources so as to strengthen abilities to implement growth strategy and respond to changes.

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Business Plans

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Japanese Alcoholic Beverages

We are pursuing the dual strategies of “Growth in the beer-taste market” and “Growth as a comprehensive alcoholic beverage enterprise,” under which we aim to display to the markets the qualities unique to the Sapporo brand while further enhancing profitability, and raising corporate value and brand value.

(billions of yen)

Quantitative targets	2012 results	2013 targets	2014 targets
Net sales	269.9	275.2	283.5
Operating income	7.5	9.0	9.0

Key Points in Management Plan 2013-2014

1. Bolster brand strength by focusing management resources on the core beer -taste products

Our beer business will continue to focus on its three core brands - Yebisu, Sapporo Draft Beer Black Label, and Mugi to Hop - while also devoting resources to enhance the brand image of Sapporo Premium Alcohol Free to be re-launched in February this year in the nonalcoholic beer beverage market.

Campaign Slogan

Bringing more cheer to your ‘Cheers’!

SAPPORO

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Japanese Alcoholic Beverages

Key Points in Management Plan 2013-2014 (cont.)

2. Revitalize beer market and disseminate information

In a bid to revitalize the beer market and enhance information dissemination, we, as an organization that creates beer culture, are holding the Japan Beer Certificate Examination, and also hosting the Hyaku-nin Beer Lab and Hokkaido Likers aimed at directly communicating with customers via Facebook. We are also offering the Waku Waku Brewery service, making a dream come true for our customers, by enabling them to customize their beer.

Japan Beer Certificate Examination

Hyaku-nin Beer Lab (facebook)

***Waku Waku* Brewery**

3. Growth as a comprehensive alcoholic beverage enterprise

We aim to grow as a comprehensive alcoholic beverage enterprise and pursue growth of wine, western spirits, *shochu* and *umeshu*, and RTD products as a stable source of profits behind beer products.

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International Business

In North America, we will accelerate the growth of the business by capitalizing on its strengths in the premium beer category and aim to boost sales by actively engaging in growth markets in Asia and elsewhere. We also will promote expansion of businesses other than alcoholic beverages.

(billions of yen)

Quantitative targets	2012 results	2013 targets	2014 targets
Net sales	36.1	43.3	46.4
Operating income	(0.0)	0.0	1.1

Key Points in Management Plan 2013-2014

1. Business strategy in North America

- In Canada, SLEEMAN BREWERIES will continue to spend aggressively on marketing as it seeks to maintain and enhance the value of its core premium brands. Including sales of its growing value brands, the company aims to achieve unit sales growth that exceeds total demand growth.
- In the United States, Sapporo USA also aims for unit sales growth in excess of total demand growth. While continuing to target the Japanese -American market segment, Sapporo USA will redouble its efforts to strengthen our presence in the wider Asian -American and general population sections of the US beer market.

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International Business

Key Points in Management Plan 2013-2014 (cont.)

2. Expansion in Asia and Oceania

- We aim to boost sales by actively engaging in growth markets in Southeast Asia and elsewhere while keeping an eye on opportunities to tap into new markets as we strengthen the foundations of our International Business segment and expand its operations.
- In particular, we will continue with full-scale marketing efforts in Vietnam to quickly establish and expand our Sapporo brand in that market. In addition we will extend our sales activities, from the current focus on the Ho Chi Min area to the Northern part of the country, including Hanoi.
- To strengthen sales, we will utilize the 15% equity stake we acquired in January 2012 in a company established by our local partner, Maeil Dairies Co., Ltd. in South Korea and leverage our brewing and sales licensing agreement with Australia's Coopers Brewery in Oceania.

3. Expansion of business domain

We will leverage the strong business base of Silver Springs Citrus, Inc., in which we acquired an equity stake in January 2012, to expand our soft drinks business in the North American market.

Silver Springs Citrus, Inc. (USA)

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Food & Soft Drinks

We will achieve complete integration of POKKA SAPPORO FOOD & BEVERAGE LTD., which commenced its business in January 2013, and strongly pursue synergies to grow the business into a third stable source of profits for the Group management.

(billions of yen)

Quantitative targets	2012 results	2013 targets	2014 targets
Net sales	129.0	136.5	145.5
Operating income	0.3	1.0	2.7

Key Points in Management Plan 2013-2014

- With the integration, the segment's marketing division reviewed its growth strategies and will develop business in five categories: beverage brands, overseas brands, lemon & natural foods, soups & related foods, and commercial-use products. We will expand the business with the aim of achieving 170.0 billion yen in net sales and 8.5 billion yen in operating income before goodwill amortization in 2016, which is the final year of the New Management Framework.
- We plan to concentrate marketing expenditures and resources on such core domestic and overseas beverage brands as Gerolsteiner, Aromax, Ribbon, and *Gabunomi,* new brands including *Yasuragi Kibun no Corn-Cha* tea drink, as well as primarily Kireto Lemon and POKKA Lemon 100 products in the lemon & natural foods category.
- We will increase the production capacity of our overseas soft drinks business to build a foundation for further growth.

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Restaurants

As the operating company engaged in realizing both “Food value creation” and “Creating comfortable surroundings,” we aim to expand sales by increasing customer satisfaction through promotion of differentiation strategies including bolstering the brand attractiveness and opening new restaurants.

(billions of yen)

Quantitative targets	2012 results	2013 targets	2014 targets
Net sales	26.6	26.8	28.2
Operating income	0.5	0.8	1.0

Key Points in Management Plan 2013-2014

- We will improve value and capitalize on differential advantage in the market by enhancing our Lion brand through offering of high quality draft beer from kegs, which is the biggest added value.
- We will actively expand business with focus on strong YEBISU BAR and small and medium-sized Ginza Lion restaurants. We will also pursue development of a restaurant format that would lead to new openings following YEBISU BAR and Ginza Lion, with the aim of opening about 15 to 20 outlets totaling around 700 *tsubo (approx.2,314 square meters)*
- We will improve profitability through measures such as cost reduction through centralized purchasing utilizing center -based distribution and the lowering of costs for opening restaurants by standardizing their interiors.
- We transferred Pokka Food Singapore, which was part of the Food & Soft Drinks business until last year, to the Restaurant business in January so that Sapporo Lion could operate the restaurant business in Singapore. With an eye on the international expansion of beer hall business, we will drive forward efforts to strengthen the revenue base of overseas restaurants and conduct field studies.

Ginza Lion
Marunouchi Center Building restaurant

YEBISU BAR
Kyoto Yodobashi restaurant

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Real Estate

We will raise Sapporo brand's value and strengthen Group synergies while boosting the value of our prime properties so as to further improve profitability for the future.

(billions of yen)

Quantitative targets	2012 results	2013 targets	2014 targets
Net sales	23.2	23.6	22.4
Operating income	9.3	8.3	7.3

Key Points in Management Plan 2013-2014

- We will continue to work on improving occupancy rates and rent levels. At Yebisu Garden Place, our core facility which will celebrate its 20th anniversary in 2014, we will enhance BCP (business continuity plan) readiness through measures including installation of additional emergency power-generation facilities and refurbishment of commercial floors to boost its asset value through further strengthening of brand attractiveness and improving convenience of the entire facility.
- We will also steadily implement work on the reconstruction of the Seiwa Yebisu Building, which will be the revelopment in the Ebisu area, while driving forward the discussion for re-development of Sapporo Ginza Building located at the Ginza 4-chome intersection including an increase in its floor space.

*Drawing of how Seiwa Yebisu Building will look (post reconstruction)

Yebisu Garden Place

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Returning Profits to Shareholders

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Returning Profits to Shareholders

Basic Policy

- Providing fair returns to our shareholders is a key management policy of our Group. 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 Management Plan.

Dividend Policy

- We will pay a dividend of ¥7 per share from retained earnings for the year ended December 31, 2012. For 2013, we plan to pay annual dividends of ¥7 per share once again by enhancing earnings through steady implementation of our Management Plan while taking into account returning profits to shareholders and internally retaining funds to strengthen our financial base and make future strategic investments.

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The earnings forecasts and forward-looking statements appearing in this document were prepared by the SAPPORO Group based on currently available information and its best assessment of potential risks and uncertainties. Actual outcomes may differ materially from forecasts due to changes in various underlying factors.

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