



Sapporo Group Business Results Presentation for 2013

February 13, 2014

Sapporo Holdings Ltd.

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

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- Overview of Basic Strategy and Strategic Investment for 2013

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2. Supplementary Information to 2013 Results (Overview by Business Segment)

1. Overview of 2013



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Overview of 2013

Overview of 2013

➤ **Sales increased by ¥17.3 billion, operating income by ¥0.9 billion and net income by ¥4.0 billion**

• **Japanese Alcoholic Beverages: Sales increased by ¥4.9 billion, operating income by ¥2.3 billion**

Sales volume of beer exceeded the level of the previous year, as **Yebisu Beer sales expanded (brand 2% yoy increase)**
Sales for beer and beer-type beverages increased compared to the previous year, with sales of new-genre product **Goku Zero also rising.**

Sales of wine, western spirits and shochu also rose resulting in increased sales for the entire segment

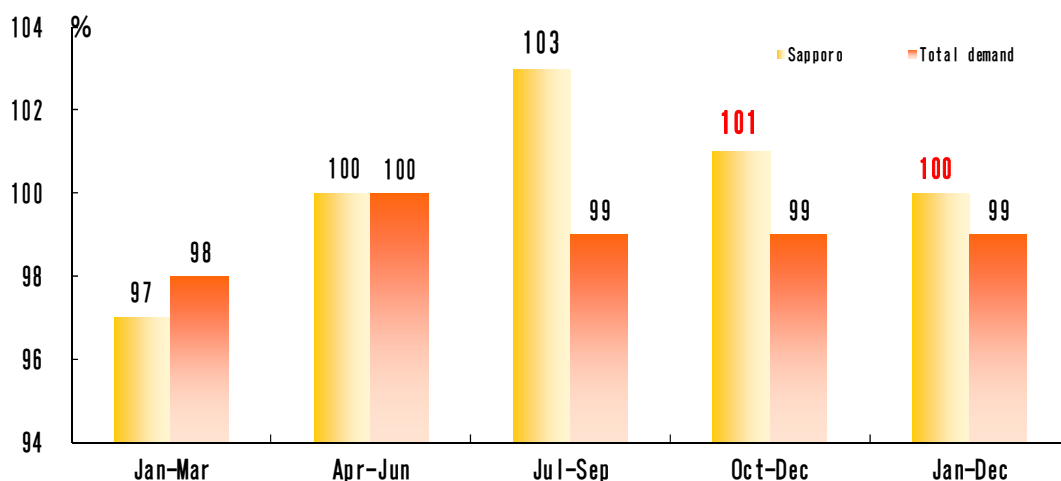
Operating income also rose significantly as a result of increased sales as well as tighter cost controls, beginning with marketing expenses.



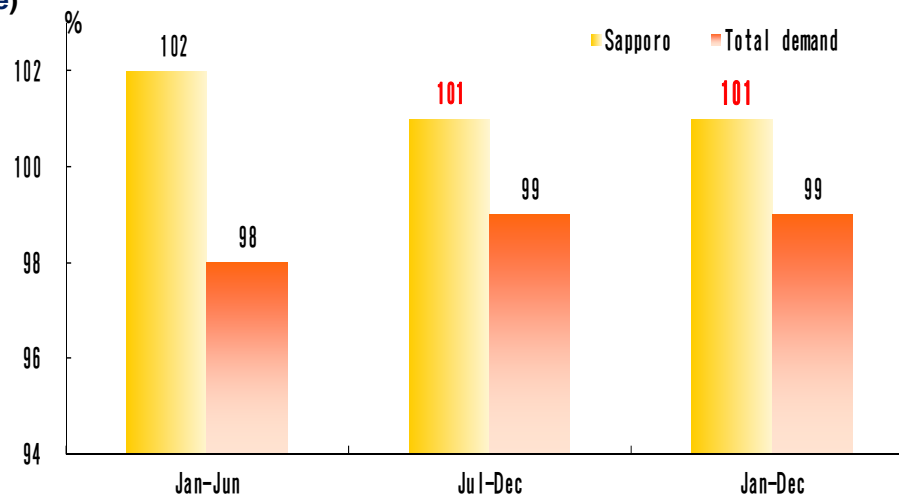
- Launched **Goku Zero**, the world's first beer-type beverage with no carbohydrates or purine bodies, on June 19.
- Initial sales plan of 2.2 million cases was **revised upwardly to 3 million cases (large bottle count)**
- **About 3.6 million cases sold in 2013**, exceeding the initial plan substantially



Jan.-Dec. Cumulative Sales Volume YoY Comparison (Beer, Happoshu, New Genre)



Jan.-Dec. Cumulative Sales Volume YoY Comparison (Beer)





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Overview of FY2013

Overview of 2013

•International Business: Sales increased by ¥12.0 billion, operating income by ¥1.2 billion

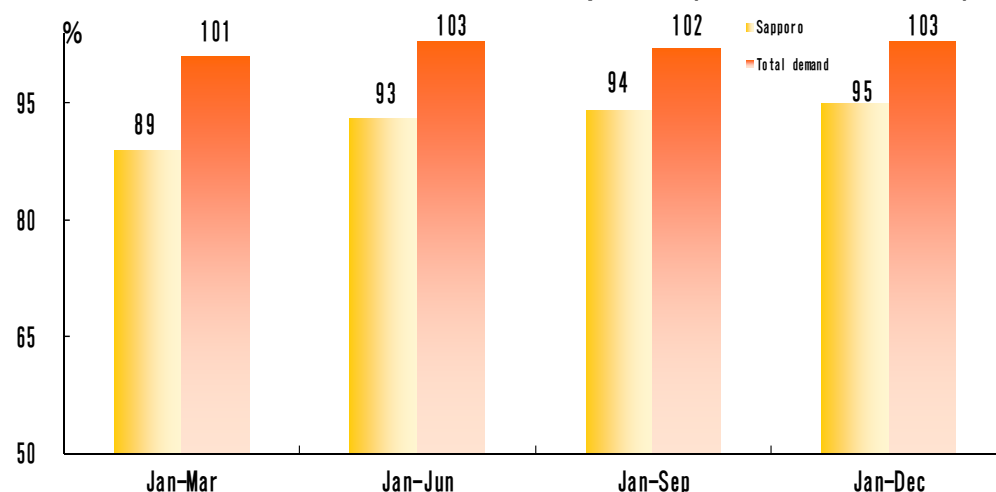
Both sales and profits increased on the back of local currency-based growth in North America and Vietnam as well as the addition of Silver Spring Citrus, whose consolidation started in April 2012, in addition to the impact of yen depreciation.

•Food & Soft Drinks: Sales increased by ¥1.6 billion, operating income declined by ¥1.8 billion: the newly integrated Pokka Sapporo Food & Beverage Ltd. started operations in January

Sales increased, despite the decrease in domestic soft drinks sales from the beginning of the year due to the impact of integration preparations in the previous year on normal sales activities and also of the decrease in product items, as net increase of POKKA ACE (MALAYSIA) SDN. BHD. , whose consolidation occurred at the start of the year, contributed.

Decline in operating income is due to the impact of the decrease in profits in domestic soft drinks through the 2nd quarter

Jan.-Dec. Cumulative Sales Volume YoY Comparison (Domestic soft drinks)



Food & Soft Drinks Operating Income **before Goodwill Amortization** by each half YoY (billions of yen)

	Jan-Jun	Jul-Dec	Jan-Dec
Operating income 2013	(1.0)	2.2	1.2
Operating income 2012	0.1	2.9	3.1
Change	(1.2)	(0.6)	(1.8)

•Profit before taxes: increased by ¥6.0 billion

Increased as a result of factors including the recording of a ¥3.5 billion gain on sales of investment securities as extraordinary gains



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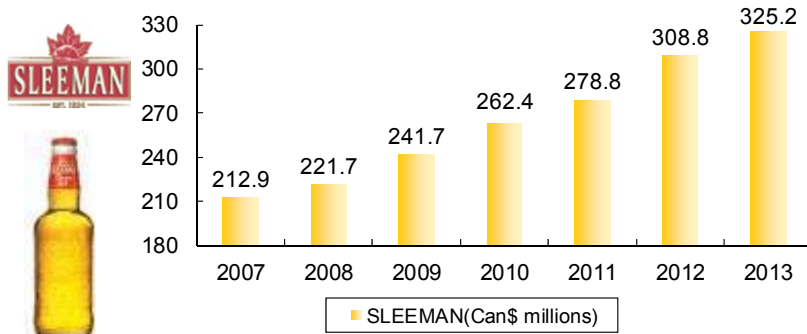
Overview of 2013 Basic Strategies

Creating new opportunities for growth

➤ Restructuring of North American Production Facilities: International Business

- Production of Sapporo brand products for the U.S. market was outsourced from SLEEMAN Breweries in Canada to City Brewing Company, a major contract manufacturer in the U.S., from July, as the SLEEMAN facility was operating at full capacity.
- Canada: Responded to increased domestic demand for the SLEEMAN brand by utilizing the extra capacity generated by the above move
- U.S.: Met increased demand for Sapporo brand products.
- Built a foundation for further growth in the growing North American beer market

SLEEMAN Net Sales (before elimination of inter-company transactions) in Local Currency (Jan-Dec)



SLEEMAN (Canada)

Sales growth on increased investment in marketing of premium brands

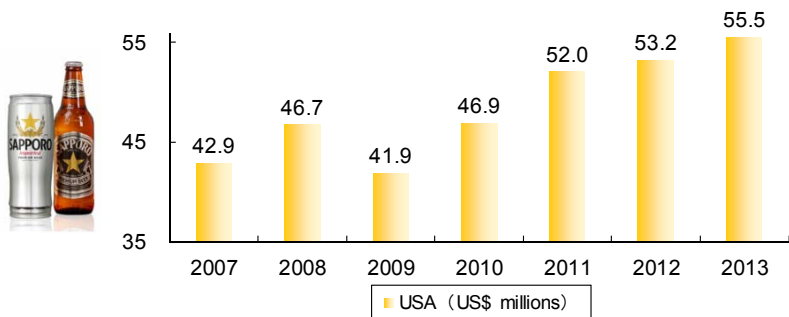
- Sales growth higher than total demand growth in Canada

(Jan-Dec) **1.5 times compared to 2006!**

Unit sales (YoY)	2012	2013
SLEEMAN*	105%	104%
Canada total demand	Approx. 102%	Approx. 97%

*Excluding Sapporo brand

Sapporo USA Net Sales (before elimination of inter-company transactions) in Local Currency (Jan-Dec)



Sapporo USA (U.S.)

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

- Performance better than U.S. total import beer demand

(Jan-Dec) 4th straight year of year-over-year volume growth!
Impact of collapse of Lehman Brothers in 2009

Unit sales (YoY)	2012	2013
Sapporo USA*	101%	105%
US total import beer demand	Approx. 100%	Approx. 97%

Sapporo brand



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Overview of 2013 Basic Strategies

Creating new opportunities for growth

➤ Reorganization of restaurant business in Singapore: Restaurants

- Transfer of the restaurant business in Singapore from POKKA Corporation (Singapore) Pte. Ltd. to Sapporo Lion Limited in January
- **Brought forward the opening by one year of the 1st Ginza Lion in Singapore to October**
- Spreading the beer hall culture around the world – start of overseas operations
- Initial plan: Aim to operate 10 beer halls in Singapore and elsewhere in Southeast Asia within five years

Singapore Tonkichi



Singapore Ginza Lion Beer Hall



➤ Singapore outlets: total of 13 (as of December, 31 2013)

- Ginza Lion (beer hall): 1 outlet
- Tonkichi (pork cutlets): 4 outlets
- Domani (Italian): 1 outlet
- Rive Gauche (pastry): 7 outlets

Challenges toward growth in all businesses

➤ See the segment pages in Reference: Supplementary Information to 2013 Results.



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Overview of 2013 Basic Strategies

Carrying out growth measures

➤ Activities to enhance the value of existing properties: Real Estate

- **In consideration of the recovery in rent levels, enhance the value of existing properties through renovation.**
- Enhancing the value of Yebisu Garden Place in preparation for its 20th anniversary in 2014
Office renewal focused on business continuity, including augmentation of emergency power supply facilities in times of disaster, as well as enhancement of office convenience
Refurbishing commercial and restaurant facilities to enhance the appeal of the entire Ebisu area
- Redevelopment works at Sapporo Ebisu Building (provisional name), including expansion of total floor area, has been progressing favorably for completion in the autumn of 2014
- **Decision regarding redevelopment of Sapporo Ginza Building located in Ginza 4-chome intersection including expansion of total floor area.**



Yebisu Garden Place



Sapporo Ebisu Building
(Provisional name; artist's rendering)

➤ Enhance lemon products' (foods) production capability: Food & Soft Drinks

- **Domestic Foods: Added lemon products' (foods) production line in Kitagoya City, enhanced production capacity**

Constructed a new building and set up a cutting-edge production line in response to the growth strategy for the core business of Pokka Lemon 100. Production capacity can be increased by a maximum of 70% compared to present capacity.

Full-scale operations started in January 2014.



Nagoya plant new building



Malaysia plant (artist's rendering)



➤ Strengthening of the soft drinks business in Southeast Asia: Food & Soft Drinks

- **Overseas Soft Drinks: POKKA Singapore to construct a new plant in Malaysia and double production capacity**

Planned start of construction in Johor State at the end of June, with full-scale operation planned for July 2014

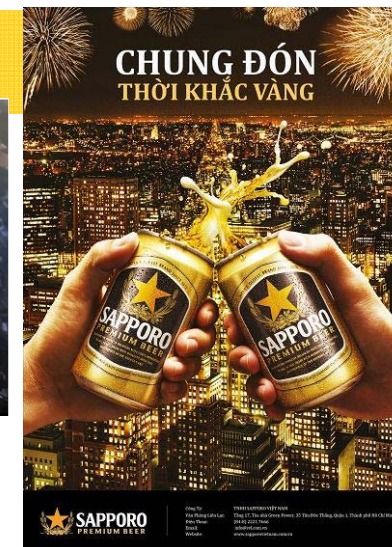
Resolution of chronic supply shortages in Singapore and export markets
Strengthening the business in Malaysia, the most important market in Southeast Asia, and surrounding countries

Malaysia plant ground-breaking ceremony



Overview of 2013 Basic Strategies

Carrying out growth measures

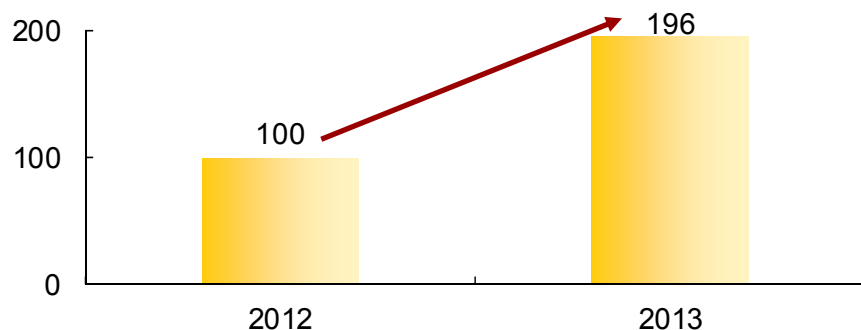


State of progress in Alcoholic Beverages Business in Vietnam: International Business

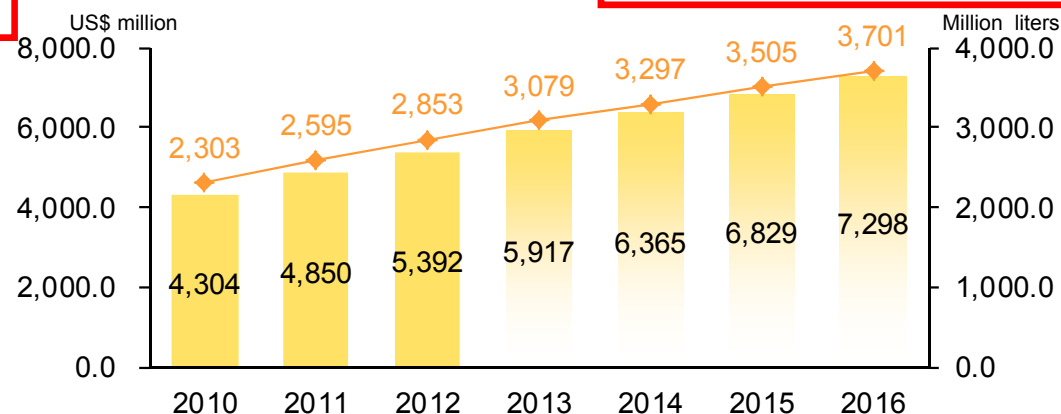
- Steady progress with sales volume in Vietnam, where full-scale marketing began in April 2012, and exports to neighboring countries have also been progressing well
- Substantial growth in sales volumes in Vietnam during the first Tet (New year's holiday) sales season
- Supply of beer kegs to expand beer culture in Vietnam. Plans to expand sales activities to Hanoi
- In Vietnam at the end of December, **we delivered to approx. 2,600 restaurants in the commercial market**, mainly in Ho Chi Minh City, **and to approx. 4,100 outlets in the retail market, including convenience stores and large supermarkets.**
- Sequential start of export to neighboring countries in 2013: export to Malaysia, Singapore, Thailand, Australia, New Zealand, South Korea, Indonesia, Hong Kong, the Philippines, Myanmar, Cambodia, and Guam as of December 31, 2013
- Sapporo brand has a presence in eight of ten ASEAN countries

Third largest market in Asia after China and Japan

Jan-Dec 2013 sales volume, taking Jan-Dec 2012 volume (excluding exports) as 100



Beer market in Vietnam*



Expected to reach size of the Japanese market by 2020

* Euromonitor

\$ mn — Million liters



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Overview of 2013 Basic Strategies

Implementation Status of Strategic Investments (Including Ordinary Capex)

<Capital expenditure (cash basis) and lease fees>

Consolidated total: Approx. ¥18.0bn

- Property, plant and equipment, intangible assets, lease fees, etc.

Major items:

- Nagoya plant (Food & Soft Drinks): approx. ¥2.4 billion, Malaysian plant (Food & Soft Drinks): approx. ¥0.5 billion, demolition of Seiwa Yebisu Building (Real Estate): approx. ¥0.3 billion, value enhancement of Yebisu Garden Place (Real Estate): approx. ¥1.0 billion, lease fees (Food & Soft Drinks, other): approx. ¥4.2 billion, etc.

<Other investments> Consolidated total: Approx. ¥5.5 bn

Long-term prepaid expenses, investment securities, etc.

Major items:

- Long-term prepaid expenses (Japanese Alcoholic Beverages, Food & Soft Drinks) : approx. ¥3.7 billion, acquisition of treasury stock (general corporate): approx. ¥0.9 billion, investments in securities: ¥0.9 billion

<Jan-Dec 2013 strategic investment total (incl. ordinary capex)>

- **Approx. ¥23.5 bn**

Credit Ratings

<Credit rating by JCR>

- As of February 13, 2014: A- (stable)

<Credit rating by R&I>

- As of February 13, 2014: BBB+ (stable)

<Achievement of low-cost financing>

- In March 2013, issued ¥10 bn in five-year straight bonds at a low cost of 0.39%
- In December 2013, issued ¥10 bn in seven-year straight bonds at a low cost of 0.614%

Direction of Long-Term Strategic Investments

- **We will continue to actively carry out strategic investments for growth.**
- **The scale of strategic investment from 2012 to 2016 is anticipated to be from ¥150 to ¥200 billion (in principle, funded from accumulated operating cash flow).**
 - Including ordinary capex (approx. half of strategic investments)
 - 2012 strategic investment total: Approx. ¥65.7 bn
 - **2013 strategic investment total: Approx. ¥ 23.5 bn (2013 plan: Approx. ¥ 28 bn)**

2. Sapporo Group's New Management Framework and Past Initiatives

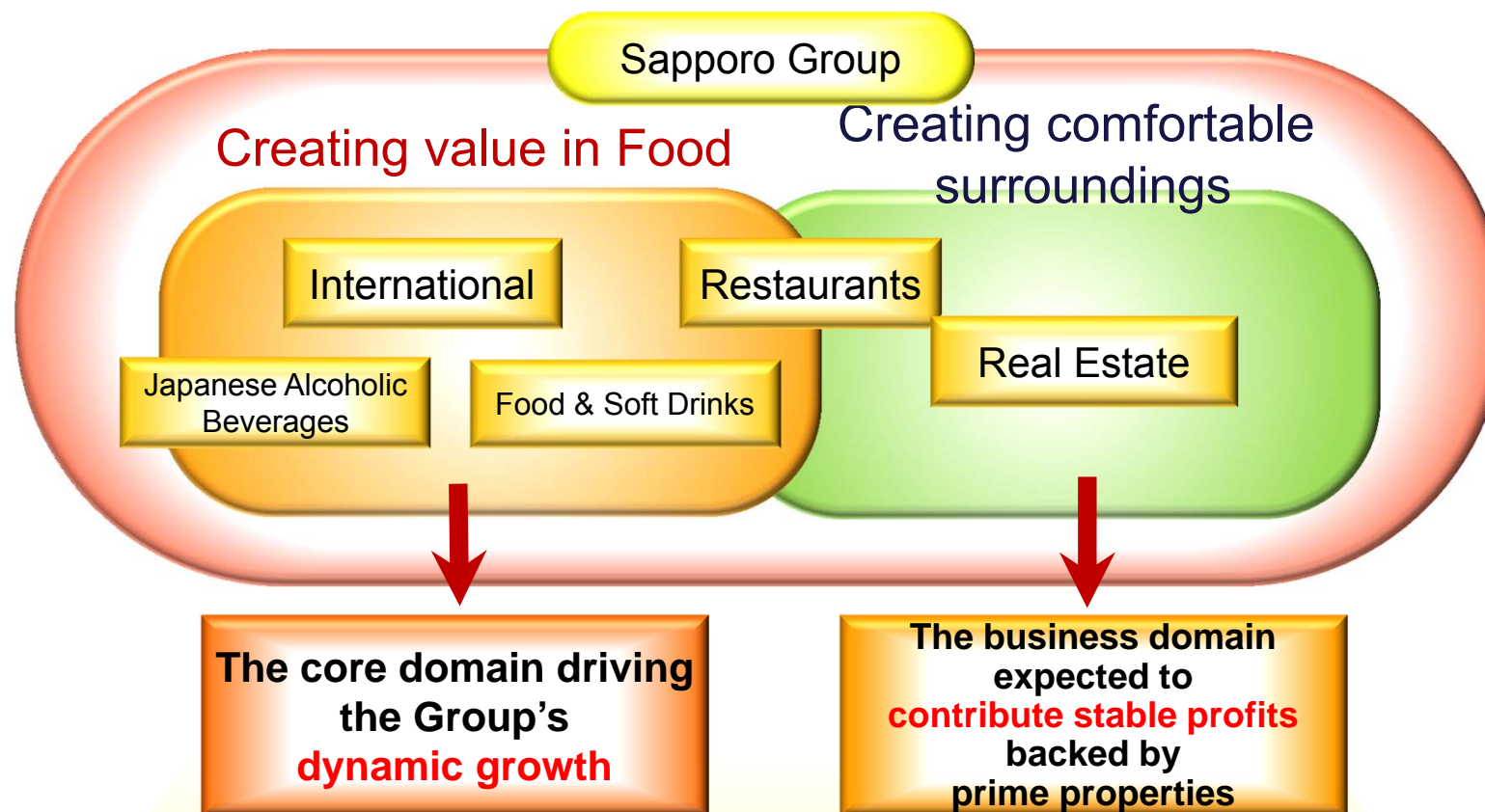


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Introduction

- ◆ The long-term management strategies under the New Management Framework, which has targets set for 2016, the year which marks the 140th anniversary of Sapporo Holdings, was formulated in 2007 and promotes measures aimed at improving corporate value.
- ◆ With three years remaining, including this year, to 2016, the Group drafted a new management plan “Sapporo Group’s Medium-Term Management Plan 2014-2016,” and aims to achieve the targets set under the New Management Framework for 2016 by accelerating the growth strategies and achieving sustainable growth as a manufacturer of food products.
- ◆ Moreover, this three-year period will be positioned as the launching pad for initiatives that look beyond 2017, and the Group will start formulating the next long-term management framework covering the period until 2026, the year marking the 150th anniversary of the Group.

Sapporo Group's Business Domains



We position the creation of value in food as our core business domain and will make active investments for growth

Sapporo Group's New Management Framework Announced in 2007

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

2016, 140th anniversary of founding

◆ **Consolidates sales: ¥600 bn** (incl. liquor tax)

¥450 bn (excl. liquor tax)

◆ **Consolidated operating income: ¥40 bn** (before goodwill amortization)

◆ **Consolidated operating margin: 9.0%** (before goodwill amortization, excl. liquor tax)

◆ **ROE: 8% or higher**

◆ **D/E ratio: Approx. 1 : 1**

◆ **Group strategies**

1. Create high-value-added products and services
2. Form strategic alliances
3. Promote international expansion
4. Expand group synergies

Creating value in Food

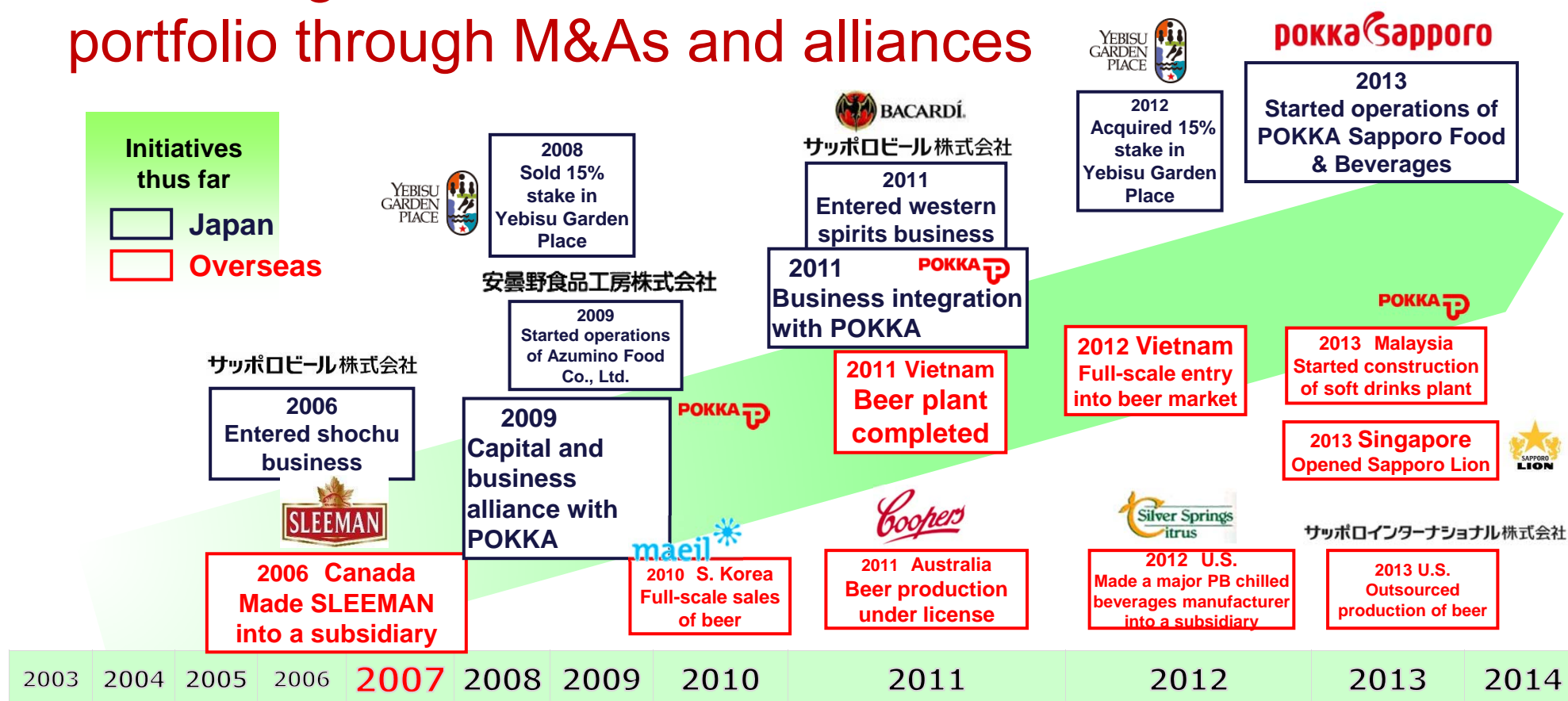
2007

Creating comfortable surroundings

Announced
in Oct 2007

Changes to Sapporo Group

Promoting diversification of business portfolio through M&As and alliances

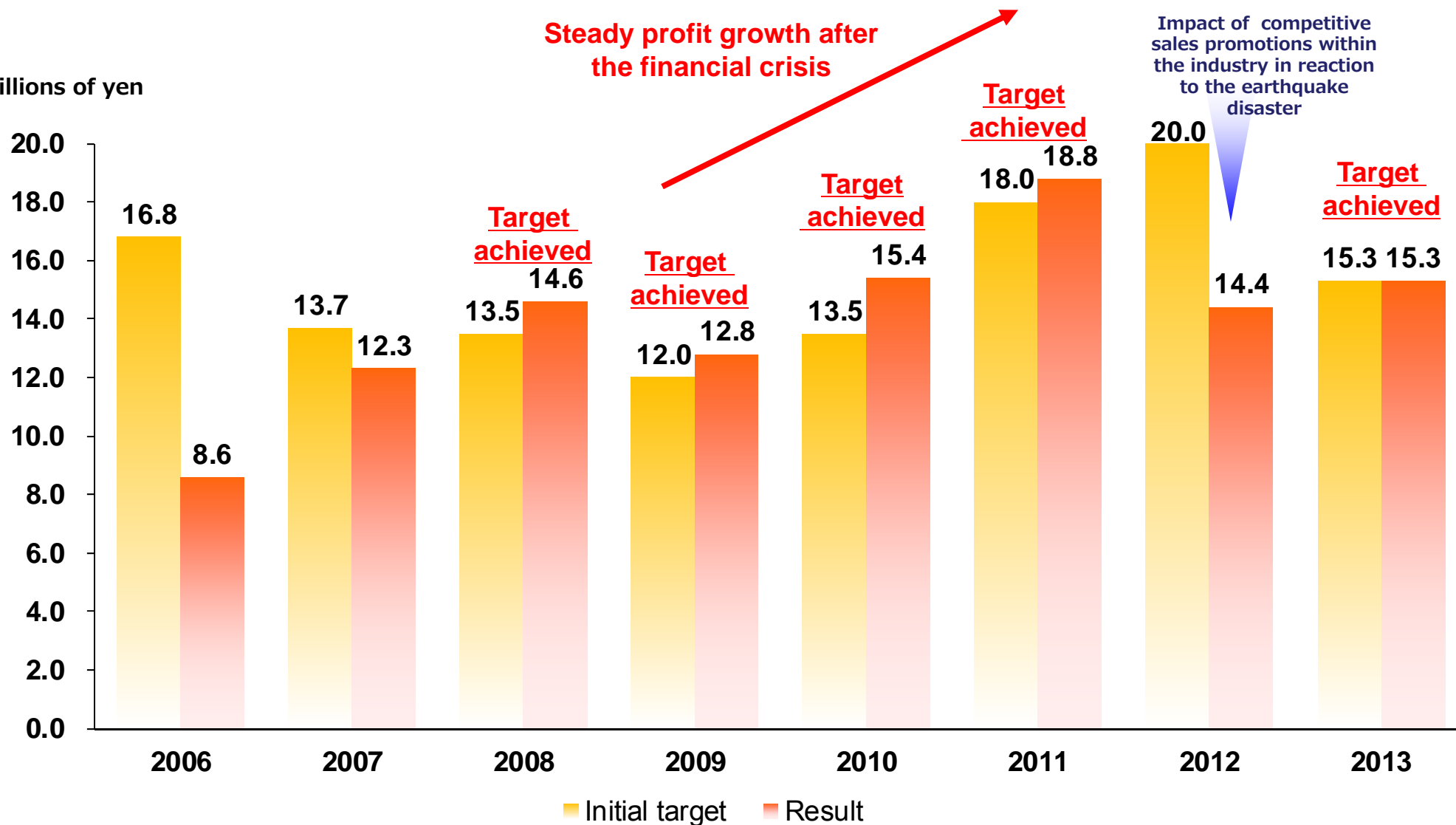


From 2003 – Transition to holding company

2007 Formulated New Management Framework

Profit Growth and Profit Management (Consolidated Operating Income)

Billions of yen

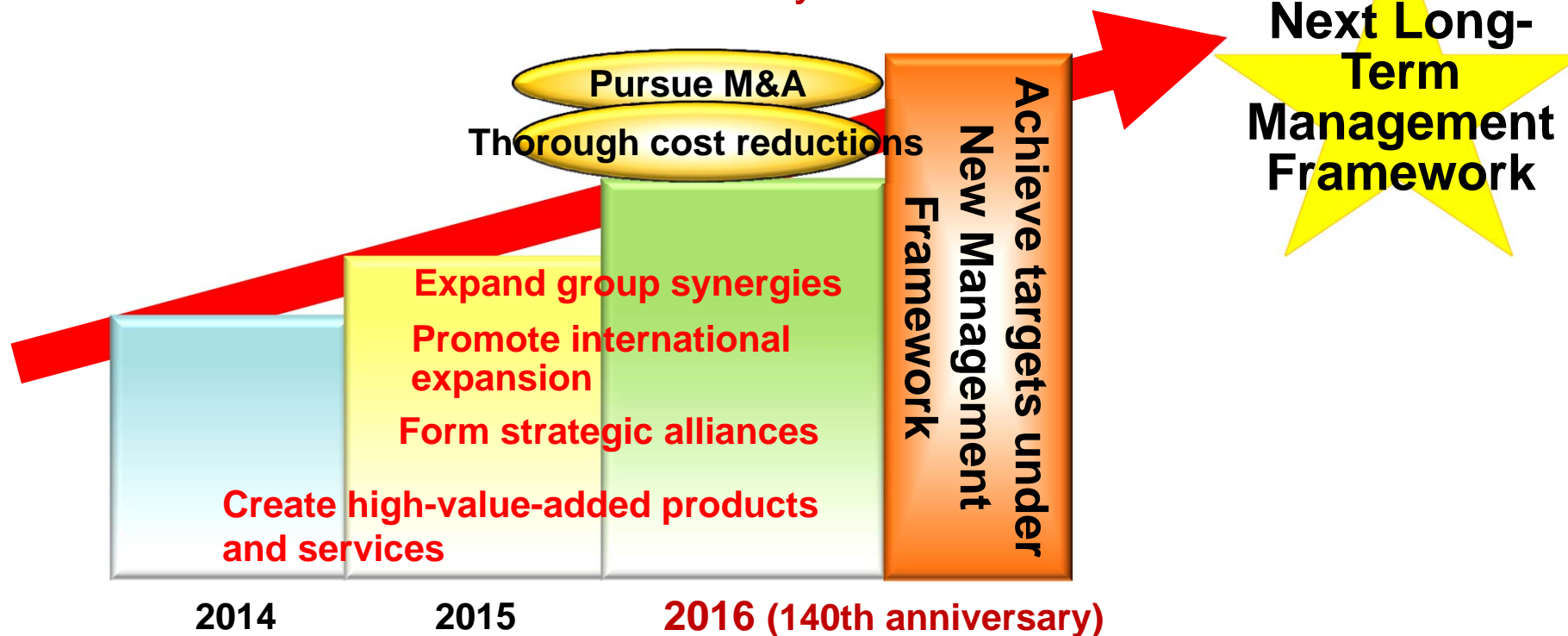


3. Sapporo Group's Medium-Term Management Plan 2014-2016

Sapporo Group Medium-Term Management Plan 2014-2016

As a “manufacturer of food products,” we will accelerate the four growth strategies of the New Management Framework to achieve the financial targets set for 2016 under the framework.

Also, this three-year period is positioned as a period to launch initiatives that look beyond 2017, and we will start formulating the next long-term management framework targeting 2026, the year marking the 150th anniversary of our foundation.



2014-2016 Japanese Alcoholic Beverages

“Seek No.1 by accumulating one-of-a-kind products”
Continue creation of new value and brand strengthening

Key points in Management Plan

■ Beer business

- Create one-of-a-kind products and create distinct values
- Raise brand value through focused investment in core brands

■ Wine and liquor business

- Expand fine wines, strengthen new world brands
- Develop distinct products that focus on health and functionality

■ RTD business

- Secure core brand in volume zone

■ Shochu business

- Expand blended shochu further and offer new values in umeshu

■ Western spirits business

- Expand business by strengthening alliance with Bacardi Japan



2014-2016 International Business

Pursue brand development of Sapporo with focus on North America and Southeast Asia

Key points in Management Plan

■ North America

SLEEMAN

- Achieve significant growth of the SLEEMAN brand (including Sapporo brand)
- Strengthen structure by pursuing efficiency across entire North American business including Sapporo USA

Sapporo USA

- Develop alcoholic beverages market leveraging the track record of being the No.1 Asian beer brand for 27 consecutive years
- Expand sales by investing in marketing focused primarily on LA and NY markets

Silver Springs Citrus

- Expand business scope by leveraging the unique strengths in manufacturing and sales of chilled beverages primarily of PB contract manufacturing. Harness new demand in the west coast market.



Key points in Management Plan

■ Southeast Asia

Sapporo Vietnam:

- ▶ Continue with investment in Ho Chi Minh city, Vietnam's biggest market, to boost brand recognition
- ▶ Start marketing in areas near Ho Chi Min City
- ▶ Expand sales to the Japanese market in the country's capital, Hanoi
- ▶ Expand exports to neighboring ASEAN countries



Other areas

- ▶ Expand sales and profits in South Korea, Australia, Singapore, etc.



2014-2016 Food & Soft Drinks

Recover business performance of the Japanese soft drinks business
Move to a new stage of growth stage by expanding both the food and overseas soft drinks businesses

Key points in Management Plan

■ Japanese soft drinks business

- ▶ “Establish core brands that only Pokka Sapporo can offer”
- “Strengthen the marketing effort in terms of both quality (ability to make proposals and develop new customers) and quantity (increased marketing activities)”
- “Ensure low-cost operations centered on cost reduction” to improve the growth foundation
- ▶ “Expand the scale primarily of lemon and soup products” for moving on to the growth stage

Work on “development of unique soft drink brands” and “new categories”

■ Domestic restaurants business

- ▶ Aggressive expansion of the Café de Crié chain

■ Overseas soft drinks business

- ▶ Boost production capacity by starting operation of the new plant in Malaysia
- ▶ Maintain and expand the leading share in the Singapore market for tea drinks
- ▶ Accelerate Pokka brand recognition in countries, other than Singapore, where its products are available



Create “No.1 enjoyable stores,” continually loved by customers

Accelerate expansion of core brands

Key points in Management Plan

■ Expansion of core brands

- ▶ Expand outlets mainly of the core brand Ginza Lion and YEBISU BAR primarily in Tokyo Metropolitan area
- ▶ Develop new formats targeting customers in their 20s to 40s
- ▶ Improve profitability by scrapping unprofitable brands and outlets

■ Franchise business

- ▶ Conduct assessment of model restaurants and launch full scale expansion

■ Overseas business

- ▶ Expand GINZA LION BEER HALL format restaurants into new areas



Enhance value of Yebisu Garden Place Boost value of properties in Ebisu, Ginza and Sapporo

Key points in Management Plan

■ Ebisu

- Improve convenience and comfort to boost the value of Yebisu Garden Place, and increase profit
- Complete construction of Sapporo Ebisu Building (tentative name) and start operation (scheduled for autumn 2014) as a state-of-the-art office building with emphasis on safety and environmental friendliness



■ Ginza:

- Drive forward redevelopment of Sapporo Ginza Building located at the Ginza 4-chome intersection to strengthen information dissemination from the new landmark and increase profit



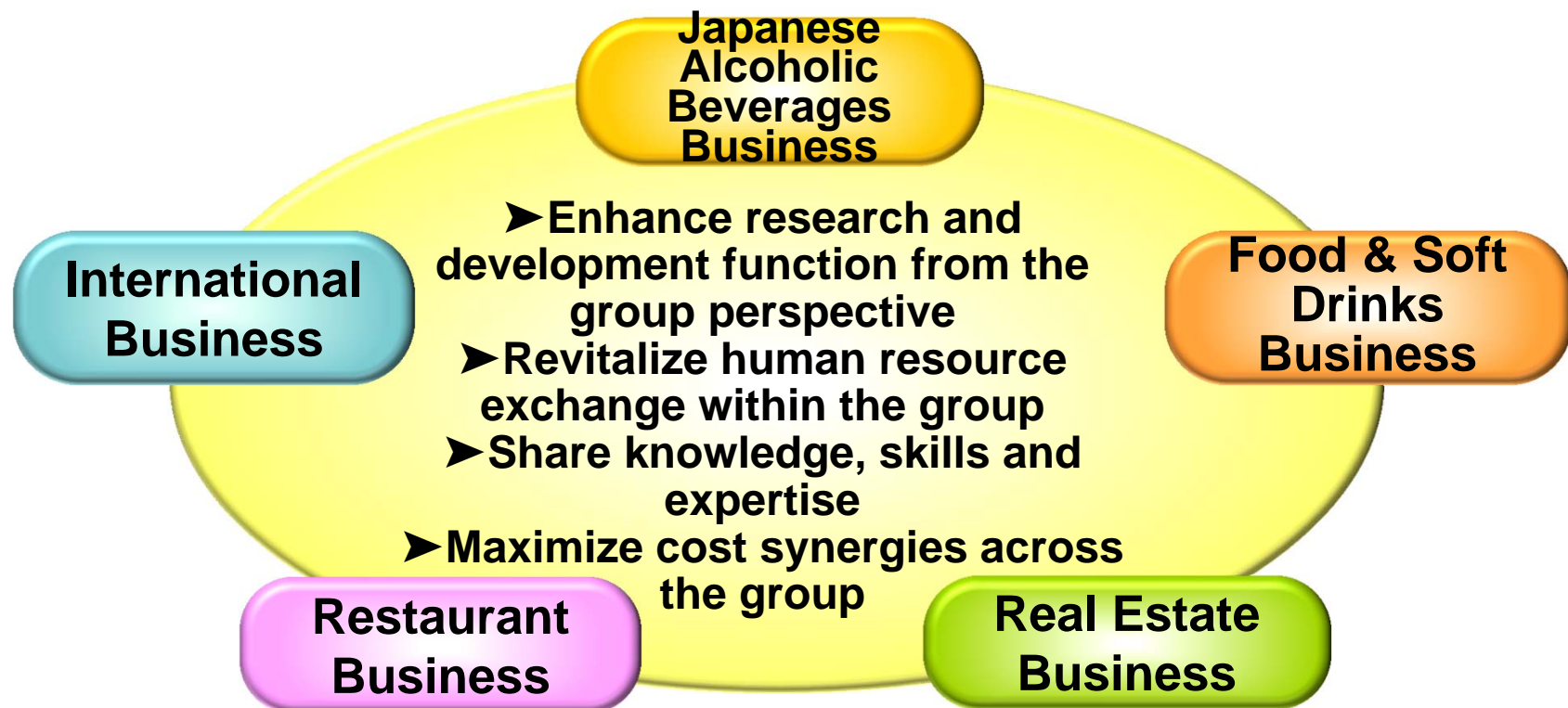
*Artist rendering
Sapporo Ebisu Bldg. (tentative name)

■ Sapporo:

- Promote renovation of Sapporo Factory to maximize customer satisfaction

Roles of Group Headquarters

Promote collaboration/cooperation between businesses
Achieve group total optimum through management reform



2014-2016 Financial Targets

Medium-Term Management Plan 2014-2016: Quantitative Targets

[Quantitative targets]

- **ROE : 8% or higher in 2016**
- **Dividends : ¥7 per share or more**
- ◆ We will place the highest priority on achieving our ROE target to enhance the overall corporate strength of the Group by improving profitability and capital efficiency
- ◆ We will maintain stable dividend payment to shareholders while seeking an increase in the return of profits according to our business performance and financial status.



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2014-2016 Targets Based on Current Businesses

Reference

	2006 results	2013 results	Medium-Term Management Plan			2016 New Management Framework
			2014 targets	2015 targets	2016 targets	
Consolidated net sales *incl. liquor tax	¥435.0 bn	¥509.8 bn	¥537.7 bn	¥563.0 bn	¥595.0 bn	¥600.0 bn
(excl. liquor tax)	¥294.0 bn	¥395.3 bn	¥430.1 bn	¥454.3 bn	¥484.4 bn	¥450.0 bn
Consolidated operating income	¥8.6 bn	¥15.3 bn	¥15.0 bn	¥19.5 bn	¥27.5 bn	¥40.0 bn
(before goodwill amortization)	¥8.6 bn	¥19.3 bn	¥19.0 bn	¥23.4 bn	¥31.2 bn	
Consolidated ordinary income	¥5.8 bn	¥15.1 bn	¥13.6 bn	¥17.8 bn	¥25.7 bn	-
Consolidated net income	¥2.3 bn	¥9.4 bn	¥5.0 bn	¥8.6 bn	¥13.4 bn	-
Consolidated operating margin *excl. liquor tax	2.9%	3.9%	3.5%	4.2%	5.2%	9.0%
(before goodwill amortization)	2.9%	4.9%	4.4%	5.2%	6.4%	
D/E ratio	2.1 times	1.6 times	1.6 times	1.5 times	1.3 times	around 1:1
ROE	2.1%	6.7%	3.3%	5.5%	8.1%	8% or higher
(before goodwill amortization)	2.1%	9.5%	5.9%	8.0%	10.4%	

*Assumed exchange rates: 2014-2016: US\$ = ¥105.00, CAN\$ = ¥101.00

*We aim to achieve the goals of the 2016 New Management Framework through further cost reduction, creation of group synergies and M&A s in addition to achievement of targets based on the performance of current businesses under the Medium-Term management Plan 2014-2016.



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2014-2016 Targets Based on Current Businesses by Segment

Medium-Term Management Plan

Reference

		2013 results	2014 targets	2015 targets	2016 targets
Net sales	Japanese Alcoholic Beverages	¥274.9 bn	¥284.3 bn	¥292.4 bn	¥305.2 bn
	International Business	¥48.2 bn	¥57.2 bn	¥61.6 bn	¥68.0 bn
	Food & Soft Drinks	¥130.6 bn	¥140.0 bn	¥147.8 bn	¥154.8 bn
	Restaurants	¥26.8 bn	¥28.1 bn	¥30.6 bn	¥33.5 bn
	Real Estate	¥22.7 bn	¥22.3 bn	¥24.6 bn	¥26.9 bn
	Other	¥6.4 bn	¥5.8 bn	¥6.0 bn	¥6.6 bn
	Consolidated total	¥509.8 bn	¥537.7 bn	¥563.0 bn	¥595.0 bn
Operating income	Japanese Alcoholic Beverages	¥9.9 bn	¥9.0 bn	¥9.0 bn	¥12.0 bn
	International Business	¥1.2 bn	¥1.1 bn	¥2.4 bn	¥3.8 bn
	Food & Soft Drinks	(¥1.4 bn)	¥0.1 bn	¥1.1 bn	¥2.4 bn
	Restaurants	¥0.4 bn	¥1.0 bn	¥1.3 bn	¥1.6 bn
	Real Estate	¥8.6 bn	¥7.2 bn	¥9.4 bn	¥11.5 bn
	Other	¥0.2 bn	¥0.2 bn	¥0.2 bn	¥0.2 bn
	Corporate and intercompany eliminations	(¥3.6 bn)	(¥3.6 bn)	(¥3.9 bn)	(¥4.0 bn)
	Consolidated total	¥15.3 bn	¥15.0 bn	¥19.5 bn	¥27.5 bn
	Consolidated total (before goodwill amortization)	¥19.3 bn	¥19.0 bn	¥23.4 bn	¥31.2 bn

*Assumed exchange rates: 2014-2016: US\$ = ¥105.00, CAN\$ = ¥101.00

4. Overview of 2013 Results



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Overview of 2013 Results: Special Factors

Breakdown of special factors (net increase, etc.) that prevent meaningful year-on-year comparisons between net sales and operating income in 2012 and 2013 are shown below. See the Supplementary Information to the Earnings Report for factors behind changes resulting from other business activities.

Net Sales

<International Business>

- April 2012 consolidation of profit and loss account of Silver Springs Citrus
Jan-Mar 2013 net increase ⇒ approx. +¥3.0 bn

<Food & Soft Drinks>

- January consolidation of profit and loss account of POKKA ACE Malaysia (change from equity method affiliate to consolidated subsidiary)
⇒ approx. +¥5.5 bn

<Real Estate>

- March 2012 inclusion of 15% of trust beneficiary rights for Yebisu Garden Place in the profit and loss account
Jan-Feb 2013 net increase ⇒ approx. +¥0.4 bn

<Consolidated Total>

- Approx. +¥8.9 bn

Operating Income

<International Business>

- April 2012 consolidation of profit and loss account of Silver Springs Citrus
Jan-Mar 2013 net increase ⇒ approx. +¥0.1 bn

<Food & Soft Drinks>

- January consolidation of profit and loss account of POKKA ACE Malaysia (change from equity method affiliate to consolidated subsidiary)
⇒ approx. +¥0.1 bn

<Real Estate>

- March 2012 inclusion of 15% of trust beneficiary rights for Yebisu Garden Place in the profit and loss account
Jan-Feb 2013 net increase ⇒ approx. +¥0.2 bn

<Consolidated Total>

- Approx. +¥0.4 bn



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Overview of 2013 Results: Management Indices, Disclosure of Real Estate Leasing Asset Prices

Management Indices vs. Targets and Previous Year

	Results vs. Targets			2012 vs. 2013 Results		
	2013 Target	2013 Results	Change	2012 Results	2013 Results	Change
Operating margin (excl. liquor taxes, before goodwill amortization)	4.8%	4.9%	0.1%	4.8%	4.9%	0.1%
Financial liabilities (billion yen) (excl. lease obligations)	254.0	247.8	(6.2)	257.6	247.8	(9.8)
D/E ratio (times)	1.8	1.6	(0.2)	1.9	1.6	(0.3)
ROE	4.1%	6.7%	2.6%	4.2%	6.7%	2.4%
ROE before GW amortization	7.1%	9.5%	2.4%	7.3%	9.5%	2.2%

Disclosure of real estate leasing assets

(As of Dec. 31, 2013)

Balance sheet value at Dec 31, 2013:	210.0	(billion yen)
Fair value at Dec 31, 2013:	337.7	
Difference:	127.7	

See Earnings Report for further details



Overview of 2013 Results

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➤ Net sales: up YoY

4 consecutive years of sales increase

In addition to the special factors mentioned earlier:

- Japanese Alcoholic Beverages: sales increased as sales volume of beer and beer-type beverages rose
- International: sales increased due to sales growth and the impact of the weaker yen

➤ Operating income: up YoY

- Japanese Alcoholic Beverages: profit increased as sales rose and marketing expenses declined
- International: Profit increased due to sales increase in North America and Vietnam
- Food & Soft Drinks: profit declined, as sales of the Japanese food and soft drinks sales declined reflecting narrowing down of product lineup and increased costs due to the integration
- Real Estate: profit declined, as rent income declined due to the redevelopment of Sapporo Ebisu Building (provisional name)

➤ Net income: up YoY

Extraordinary income: Increased partly due to 3.5 billion yen of gain on sales of investment securities

* Effective the three months ended March 31, 2013, Sapporo Logistics Systems Co., Ltd., which was previously included in the Japanese Alcoholic Beverages segment, and Pokka Logistics Co., Ltd., which was previously included in the Food & Soft Drinks segment, were reclassified to the Other segment.

In addition, Pokka Food (Singapore) Pte. Ltd. was moved from the Food & Soft Drinks segment to the Restaurants segment.

These changes have been retroactively applied to the above figures for 2012.

(billions of yen)

	2012 results	2013 results	YoY changes (amount, %)	
Japanese Alcoholic Beverages	269.9	274.9	4.9	1.8%
International	36.1	48.2	12.0	33.5%
Food & Soft Drinks	129.0	130.6	1.6	1.3%
Restaurants	26.6	26.8	0.2	0.8%
Real Estate	23.2	22.7	(0.4)	(1.9)%
Other	7.5	6.4	(1.1)	(14.8)%
Consolidated net sales	492.4	509.8	17.3	3.5%
Operating income before GW amortization	18.2	19.3	1.0	5.7%
Japanese Alcoholic Beverages	7.5	9.9	2.3	31.6%
International	(0.0)	1.2	1.2	—
North America	1.6	3.0	1.4	86.4%
Vietnam	(1.7)	(1.8)	(0.1)	—
Food & Soft Drinks	0.3	(1.4)	(1.8)	—
Restaurants	0.5	0.4	(0.1)	(22.9)%
Real Estate	9.3	8.6	(0.7)	(7.6)%
Other	(0.4)	0.2	0.6	—
General corporate	(2.9)	(3.6)	(0.6)	—
Consolidated operating income	14.4	15.3	0.9	6.4%
Consolidated ordinary income	13.6	15.1	1.4	10.5%
Consolidated net income	5.3	9.4	4.0	75.2%



Overview of 2013 Results: Targets vs. Results

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➤ **Net sales: target unachieved**

• International: Sales exceeded the target, partly due to the weaker yen

• Food & Soft Drinks: The target was unachieved as the Japanese soft drink sales declined reflecting narrowing down of product lineup following the integration

➤ **Operating income: target achieved**

• Japanese Alcoholic Beverages: Profit increased as a result of cost control over items including marketing expenses

• International: In addition to sales increase, profit increased reflecting improved cost control and the weaker yen

• Food & Soft Drinks: The target was not achieved, due to the significant impact of the decline in Japanese soft drink sales.

➤ **Ordinary income: up vs. target**

• Ordinary income increased due to improved financial account balance and the foreign exchange gains from the weaker yen

➤ **Net income: up vs. target**

• Net income increased thanks to lower extraordinary losses including loss on valuation of investment securities

(billions of yen)	2013 targets	2013 results	vs. target (amount, %)	
Japanese Alcoholic Beverages	275.2	274.9	(0.2)	(0.1)%
International	43.3	48.2	4.9	11.4%
Food & Soft Drinks	136.5	130.6	(5.8)	(4.3)%
Restaurants	26.8	26.8	0.0	0.1%
Real Estate	23.6	22.7	(0.8)	(3.5)%
Other	6.6	6.4	(0.1)	(2.4)%
Consolidated net sales	512.0	509.8	(2.1)	(0.4)%
Operating income before GW amortization	19.2	19.3	0.1	0.7%
Japanese Alcoholic Beverages	9.0	9.9	0.9	10.0%
International	0.0	1.2	1.2	—
North America	1.8	3.0	1.2	68.7%
Vietnam	(1.8)	(1.8)	(0.0)	—
Food & Soft Drinks	1.0	(1.4)	(2.4)	—
Restaurants	0.8	0.4	(0.3)	(48.1)%
Real Estate	8.3	8.6	0.3	4.6%
Other	(0.1)	0.2	0.3	—
General corporate	(3.7)	(3.6)	0.0	—
Consolidated operating income	15.3	15.3	0.0	0.3%
Consolidated ordinary income	14.0	15.1	1.1	8.1%
Consolidated net income	5.5	9.4	3.9	71.9%

Reference 1: Sapporo Group's New Management Framework and Past Initiatives (Supplement)

1. Creation of High-value-added Products and Services

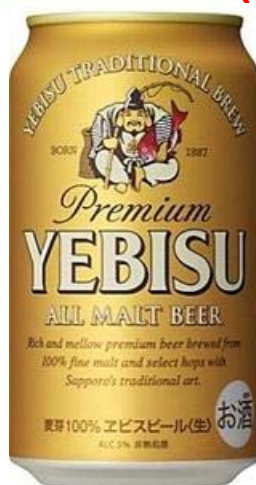
Goku Zero- First such concept
in the world

Launched Jun 2013

- The world's first zero purine, zero carbohydrate beer-type beverage
- Sales plan 2.2 million cases
 - Result **3.58 million cases**
(outperformed plan by 63%)
- 2014 target: 5.5 million cases**
(54% YoY increase)



*Cases of large bottles
(633ml × 20 bottles)



Various proposals by Yebisu brand

- Implementing various initiatives such as new product value proposals, Yebisu Bar and Yebisu Beer Memorial Hall
- 2013 Yebisu brand
 - ⇒ Result **9.61 million cases** (up 2% YoY)
 - 2014 target: 10 million cases** (4% YoY increase)

1. Creation of High-value-added Products and Services

Proposing products that can be enjoyed with ease

- **Sparkling wine in barrel, Polestar, the first by a major liquor manufacturer**

2012: Limited sale in Tokyo Metropolitan area

2013: Offered by **about 4,000 restaurants** following the nation-wide launch

- **Imo Shochu Kokuimo blended shochu**

No.1* in sales among blended imo shochu

2013 result: 74% YoY increase

*Source: MAI



Polestar, sparkling wine in a barrel



Imo Shochu Kokuimo blended shochu



Special quality backed by gold medal awards

Sapporo's flagship wine, Grand Polaire, which is in its 11th year since introduction

- High quality Japanese wine with special grapes from Hokkaido, Nagano, Yamanashi and Okayama, Japan's major wine producing areas
- Procuring grapes from **own vineyard and from collaborating contract farmers**
- **2013: Received 3 gold medal awards** at a Japanese wine competition
- **2013 result: 25% YoY increase**



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1. Creation of High-value-added Products and Services

One and only in the world: Insisting on collaborative contract farming

- **100% collaborative contract farming of malt and hop, the only such initiative of its kind in the world, was highly acclaimed and received the golden “Bundesehrenpreis (federal prize)”**
- **Nurturing safe and secure ingredients together with about 2,300 producers in 10 countries around the world**



1. Creation of High-value-added Products and Services

Strong brands in lemon category

- **No. 1 in lemon products (flavorings) category*** (Market share: 86%)
- Kireto Lemon Sparkling is highly acclaimed among lemon juice-based soft drinks
- 2013: Key brands grew
 POKKA Lemon 100: 1% YoY increase
 Kireto Lemon: 1% YoY increase



*Source: Lemon juice survey in Food stuff Marketing Handbook 2014 by Fuji Keizai Co., Ltd (2012 results)

Further evolution in the soup category



- **Jikkuri Kotokoto and Kongari Pan corn potage soup became No. 1 in single product sales¹ among cup type instant soup products**
- 2013: Jikkuri Kotokoto soup series 9% YoY increase
- **No. 1 market share in canned soup category²**

*1 Source: Cup-type instant soup market sales ranking by Intage SRI (FMCG retail panel research) (Oct-Dec 2013 total)*2 Source: Canned soup survey in Food stuff Marketing Handbook 2014 by Fuji Keizai Co., Ltd (2012 results)

1. Creation of High-value-added Products and Services

Yebisu Garden Place, pioneer in integrated urban development



- 20th anniversary this year
- About 12 million people visit every year, **260 million people in total since its opening**
- **The office tower had 98%* occupancy rate in 2013**
- Implementing measures to enhance its brand value

*As of Dec 31, 2013: around 93% average occupancy rate for office buildings in Tokyo's 5 central wards
Source: Miki Shoji Company

Enhancing value of properties in Ebisu



Artist rendering
Sapporo Ebisu Building (tentative name)

Driving forward redevelopment of Sapporo Yebisu Building (tentative name)
Yebisu Square (occupancy rate: 100%)*
Shibuya Sakuragaoka Square
(occupancy rate: 100%)*
Chezvia Ebisu (a share house **resulting from renovation of an existing property**;
Inaugurated in Feb 2013)

*As of Dec 31, 2013

Japan's top beer hall



- Established in 1899
- 2013 sales **26.8 billion yen**
- Number of outlets **190***
- **Japan's largest beer hall chain**

*As of Dec 31, 2013

2. Formation of Strategic Alliances

A major alliance leading to Pokka Sapporo Food & Beverages Ltd.

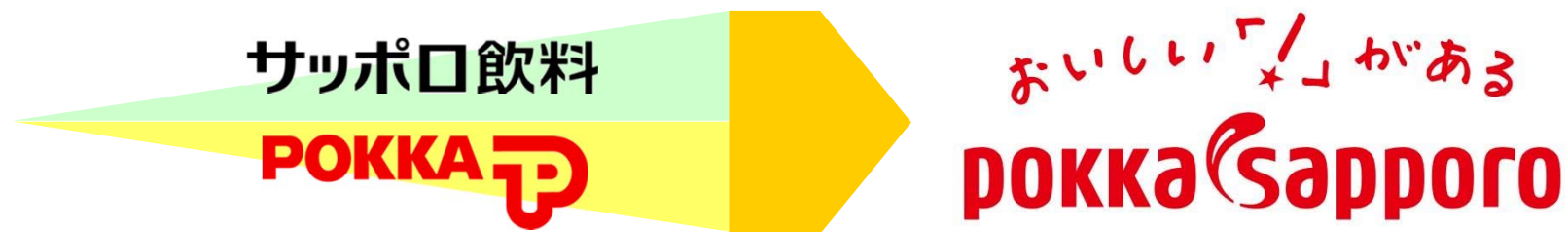
Sep 2009: Capital/business alliance with POKKA Corporation



Mar 2011: Management integration with POKKA Corporation



Jan 2013: Pokka Sapporo Food & Beverages starts operation



2. Formation of Strategic Alliances

Alliance with Bacardi Japan

- Started selling beverages such as offerings from **Bacardi, the world's No. 1 rum brand**^{*1}
- Started selling 90 items of 29 brands, mainly western spirits, in Oct 2011
- Nurturing these offerings into a stable source of profits along with wine and shochu

*1 Source: IWSR

- Launched **Mojito** RTD (can/bottle) and RTS and leading the trend
- 2013: **total RTS 170% YoY increase**^{*2}

*2 Total of Mojito, Daiquiri and Pina Colada

● 2013 Spirits Business^{*3} result **22.2 billion yen (15% YoY increase)**

*3 Spirits business: western liquors, Shochu and RTD

* 4 World's No. 1 rum; * 5 World's No. 1 super premium vodka; * 6 World's No. 1 premium gin by sales value; * 7 World's No. 1 Italian sparkling wine



2. Implementation of Strategic Alliances

Established Azumino Food Co., Ltd.

- A joint venture with Marudai Food Co., Ltd.
Foray into the yogurt/chilled dessert business



Business alliance with Maeil Dairies Co., Ltd.

- South Korea's No. 3 dairy manufacturer
- Started full-scale beer marketing in the country
- **No. 2 market share** among Japanese beer brands*

*An article in the Aug 2013 issue of The Economist (Korea Joong Ang Daily)

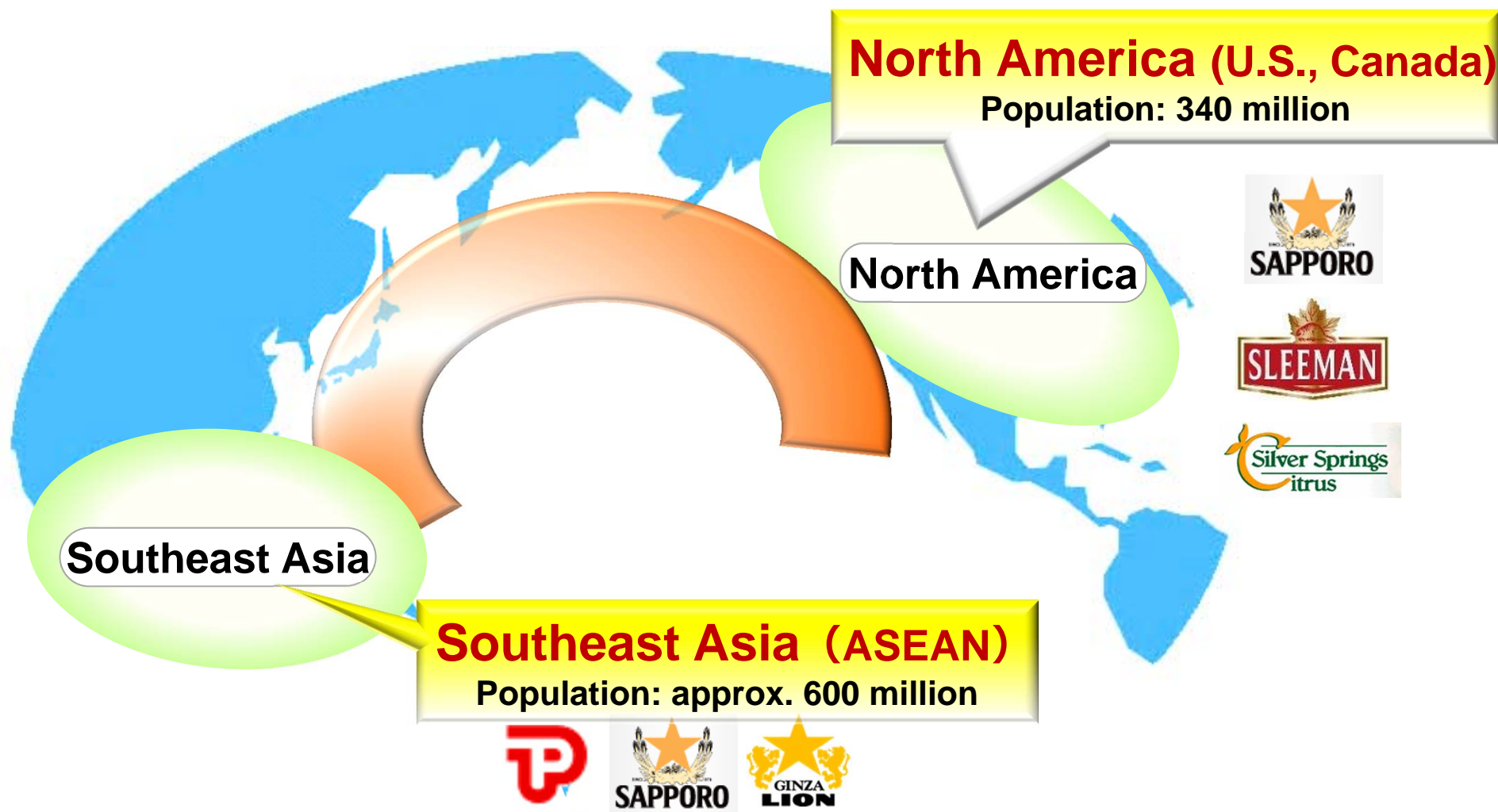


Aggressive expansion of overseas hard water brands



- Started selling **Gerolsteiner**, Germany's No. 1 carbonated mineral water in 2004. **This year marked the 9th straight year of sales increase**
- In Jan 2014, started sales of **Vittel** and **Contrex**. Together with Gerolsteiner, showcased the value of functions using Sapporo's unique lineup of hard water products.

3. Promotion of International Expansion: Sapporo Group's Overseas Strategy



3. Promotion of International Expansion: Business Expansion in North America

Canada: SLEEMAN (beer)



- **7th straight year of sales increase after M&A**
- Exceeded **19 million cases** per year
(2013 result; 1 case = 355 ml × 24 bottles)
- Sales volume **1.5 times**
(2013 result; compared with 2006)

U.S.: Sapporo USA (beer)



- Sapporo brand has been the **No.1** Japanese/Asian beer brand for **27 consecutive years**
(2012 result, as the 2013 statistics have not yet been disclosed)

U.S.: Silver Springs Citrus (soft drinks)

- **The largest U.S.** manufacturer of private-brand chilled drinks



3. Promotion of International Expansion: Business Expansion in Southeast Asia

Sapporo Vietnam (beer)

Implementing thorough marketing and sales activities
with focus on Ho Chi Minh



2013
results in Vietnam
96% YoY increase



Exporting to
12 countries
mainly in
ASEAN

3. Promotion of International Expansion: Business Expansion in Southeast Asia

POKKA Singapore (soft drinks)

With 37 years of history in Singapore, the POKKA brand has made inroads into the market

- **No. 1 brand in the non-carbonated beverage category**

Selected as No. 1 brand in the non-carbonated beverage category of INFLUENTIAL BRANDS AWARDS 2013*, a consumer trend survey targeting people from 18 to 28 years old

*Source: Brand Alliance Pte Ltd, Singapore



- In addition to Singapore, **it exports to 60 countries around the world**

- 2013: overseas sales

12.5 million cases

Reinforcing production structure with the new plant being constructed in Malaysia



4. Expansion of Group Synergies

Toward further creation of cost synergies within the group

- ◆ 2008 Established Sapporo Pro Assist Co., Ltd.
 - Consolidation of personnel, accounting and administration operations
 - **Promotion of shared service**
- ◆ 2011 Reorganized Sapporo Pro Assist into Sapporo Group Management Ltd.
 - Increasing efforts to create synergies related to **value chain** of IT, procurement and logistics



4. Expansion of Group Synergies

Sapporo Group Online Shop Launched

Integrated Sapporo Group's online shopping business

- Launched at the end of Nov 2013
- 2016: Aiming for sales of **1.3 billion yen** with **150,000 members**

Product development through collaboration between group companies

- With the success of Otoko Ume Sour, Pokka Sapporo and Sapporo Breweries jointly developed Otoko Ume Syrup
- Further products of the two companies' collaboration will be proposed in 2014**



To be launched in April

Reference 2: Supplementary Information to 2013 Results (Business Summary)

**For information on the profitability of each business, please see the
Supplementary Information to our Earnings Report.**



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Japanese Alcoholic Beverages

Results highlights

Net sales increased year over year and total sales volumes for beer and beer-type beverages exceeded the previous year's level, as sales volume of beer and new genre grew 1% year over year and sales of wine, western spirits and shochu also rose year over year. Operating income significantly rose as a result of higher sales as well as cost control over items including marketing expenses.

Key points in business plan: implementation status

1. Bolstering of brand strength of core products (excl. beer and new-genre)

- Premium Alcohol Free: unchanged year over year in the Jan-Dec period



2. Growth as a comprehensive alcoholic beverage enterprise

RTD

- Although Bacardi performed favorably, up 26% from the same period a year earlier, sales volume declined year over year, partly due to lower-than-expected sales of Nectar RTD and TEA'S HI.
- Following the launch of RTD Bacardi Mojito in April, the Bacardi Pina Colada Fizz Bottle and Strawberry Daiquiri Fizz Bottle were introduced.
- Sales of Sapporo Otoko Ume Sour launched in April for a limited period have been strong and it was made available year-round from the end of September. Sales volume has significantly exceeded the plan.



(billions of yen)

YoY change

*Incl. liquor taxes

Net sales*

2012

2013

Amount

%

269.9

274.9

4.9

1.8%

Operating income

7.5

9.9

2.3

31.6%

Wine

- Total net sales rose year over year on growth from higher sales of domestic wines in addition to imported wines.
- Imported wines: Strong performance from Yellow Tail and Garcia Carrion
- Domestic wines: Strong performance from Grande Pinaire. Three items won Gold Prize in Japan Wine Competition 2013



Western Spirits

- Conclusion of an operating alliance agreement with Bacardi Japan, supplier of the world's No.1 rum brand.

Start of sales in Oct 2011

- Significant year-over-year increase in net sales
- Active business development in both the household and commercial markets
- Sales of RTS* product "Bacardi Classic Cocktails Mojito" have been progressing at a rate significantly exceeding the plan



*Ready to serve. Liqueur which can be made into cocktail just by adding soda, etc.

Shochu

- Significant year-over-year increase in net sales
- Solid performance from Imo Shochu Kokuimo blended shochu
- Contribution to the sales increase from Kuroumeshu





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International Business

Results highlights

Net sales increased 33.5% year over year as a result of local currency-based growth, mainly in North America, the impact of yen depreciation, and the addition of the Jan-March results of Silver Springs Citrus (SSC).

Operating income rose as increases in income from the North American business as well as SSC significantly exceeded growth in expenses for market development in Vietnam.

Key points in business plan: implementation status

1. North American business growth (excl. SLEEMAN, Sapporo USA)

Silver Springs Citrus (U.S.)

- Acquired a 51% stake in Silver Springs Citrus, the largest U.S. maker of private-brand chilled drinks
 - Full-scale entry into the beverage business in the North American market
 - Consolidation of the profit and loss account from April
 - Contributing to sales and profits

2. Asian and Oceania Market (excl. Vietnam)

Developments in Singapore

- Household market sales channel expansion in collaboration with POKKA for beer produced in Vietnam
- 2014 sales target: Approx. 150,000 cases (1 case = 355 ml × 24 bottles)
- Striving to be the No. 1 Japanese beer brand.
- 2013: Outperformed the plan. Double digit growth year over year



(billions of yen)

	2012	2013	YoY change	
			Amount	%
Net sales	36.1	48.2	12.0	33.5%
Operating income North America, others Vietnam	(0.0)	1.2	1.2	—
	1.6	3.0	1.4	86.4%
	(1.7)	(1.8)	(0.1)	—

Developments in South Korea

- Strengthened Sapporo brand value and sales structure in South Korea by entering into an alliance with Maeil Dairies Co., Ltd. (market share leader in cheese, low-fat milk, and chilled coffee drinks) in January 2012 and acquiring a 15% stake in M's Beverage Co., Ltd., a wholly owned liquor sales subsidiary of Maeil
Non-equity method affiliate
- 2012 sales target of 380,000 cases (1 case = 350 ml × 24 bottles):
420,000 cases sold and target achieved
- 2015 sales target of 1.5 million cases (1 case = 350 ml × 24 bottles)
- Aiming to be the No. 1 imported brand.
- 2013: Outperformed the plan. Double digit growth year over year

Developments in Oceania

- October 2011 entry into 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-scale start-up in 2012 Aim to be the No. 1 Japanese beer brand.
- 2012 sales target of 160,000 cases (1 case = 355 ml × 24 bottles): 160,000 cases sold and target achieved
- 2016 sales target of 500,000 cases (1 case = 355 ml × 24 bottles)
- 2013: Progressed in line with the plan. Double digit growth year over year





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Food & Soft Drinks (1)

Results highlights

While domestic beverages sales declined due to the impact of integration preparations and the reduction in the number of product items, overall sales increased with a net increase from the consolidation of Pokka Ace (M) SDN. BHD.

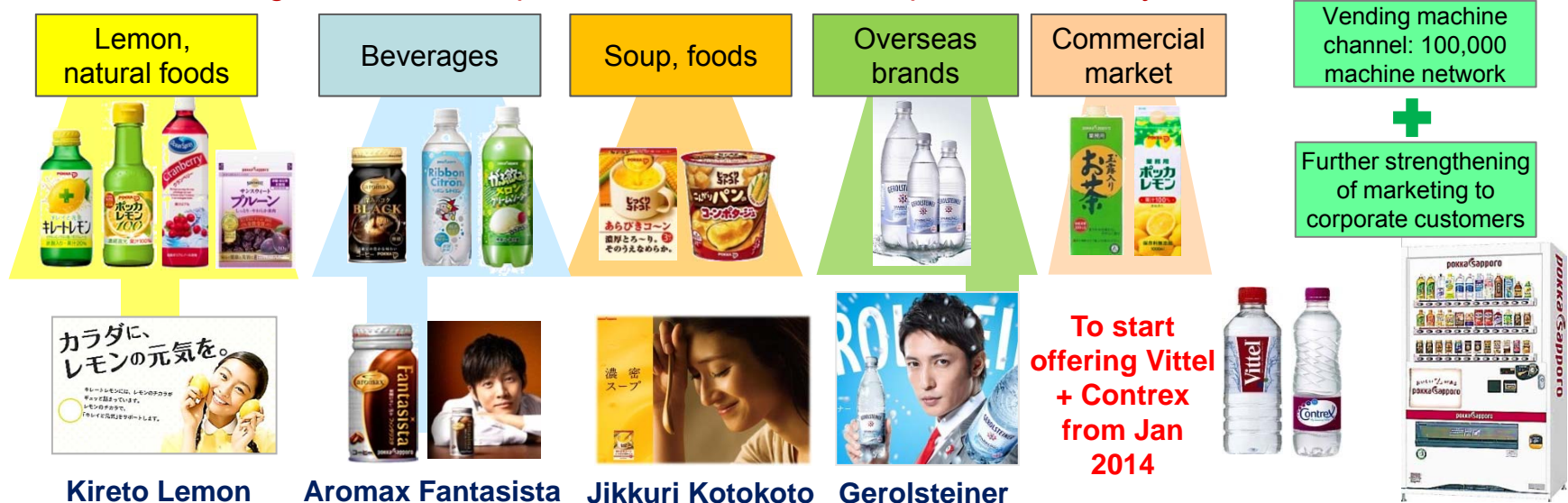
Operating income declined, reflecting the significant sales decline in domestic beverages.

Key points in business plan: implementation status

	(billions of yen)		YoY change	
	2012	2013	Amount	%
Net sales	129.0	130.6	1.6	1.3%
Operating income Before GW amortization	0.3	(1.4)	(1.8)	—
	3.1	1.2	(1.8)	(60.1)%

Japanese Food & Soft Drinks: Pokka Sapporo Food & Beverages Ltd., vending machine operators

Organization of products in five business categories to leverage the strengths of both companies and invest in sales promotion of key brands



Food & Soft Drinks (2)

Key points in business plan: implementation status

■ Soft Drinks (International):

POKKA Corporation (Singapore) Pte Ltd

1. Expand into countries neighboring Singapore

- Market activation and production capacity expansion measures

2. Bolster sales in existing export markets

- Strengthening of alliances with agencies in the Middle East and Europe



POKKA brand was No. 1

in non-carbonated beverage category of
INFLUENTIAL BRANDS AWARDS 2013,
one of Singapore's consumer trend
surveys

POKKA brand green tea-based
drinks have high market share
in Singapore.



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

1. Accelerate opening of highly profitable outlets: new markets, new collaborations
2. Ensure growth potential of existing outlets: effective renovation
3. Improve speed and quality of product development
4. Improve, strengthen capability of FC head office

Outlets: 170 (as of December 31, 2013)
(Directly operated: 84 outlets; FC: 86 outlets)

Kanto 97, Tokai 35
Kansai 28, Kyushu 7, Shikoku 3



■ Restaurants (International): POKKA CORPORATION (Hong Kong)

- Outlet: 36 in total (as of December 31, 2013)

• Hong Kong 35, Macau 1





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Restaurants

Results highlights

While net sales increased as cumulative sales at existing outlets exceeded the previous year's level by 1%, operating income was at the same level as the previous year due to the significant impact of profit decline in September and October, when the business was affected by lower sales due to bad weather and cancellation of special events.

Key points in business plan: implementation status

Restaurant expansion

- Locations newly opened Jan-Dec 2013: 13 outlets (Japan)
- Synergy with Japanese Alcoholic Beverages: Opening of Yebisu Bar outlets
 - 2013: New outlet opened in Kyoto, Kobe Sannomiya and Ochanomizu, bringing the number of outlets to 12 as of December 31, 2013
- Opening of a new format restaurant
 - Oct: Kappo Bar HASSUN, a casual kappo-style restaurant, in Ginza
- Locations closed Jan-Dec 2013: 16 (Japan)
- **Locations operating as of December 31, 2013: 190 in Japan, 13 in Singapore**



(billions of yen)

		YoY change	
		Amount	%
	2012	2013	
Net sales	26.6	26.8	0.2 0.8%
Operating income	0.5	0.4	(0.1) (22.9)%



Yebisu Bar Kyoto
Yodobashi



Yebisu Bar Kobe
Sannomiya



Yebisu Bar Ochanomizu





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Real Estate (1)

Results highlights

A stable revenue structure was maintained amid weakening of rent levels in the Tokyo metropolitan area office leasing market.

Key points in business plan: implementation status

Boosting the value of existing properties

Yebisu Garden Place

- Maintenance and improvement of the occupancy rate and achievement of appropriate rent levels
 - **Yebisu Garden Place maintained high occupancy rate of 98% in December on a single-month basis** compared to the 93% average for office buildings in Tokyo's 5 central wards
 - Major Tokyo properties maintained high occupancy rates throughout the year (table at right)
 - Augmentation of emergency power supply facilities for completion in spring 2014, has been progressing according to the plan, and renovation of the communal space in the second basement, which is a restaurant floor, has also started.

Redevelopment of the Ginza and Ebisu Areas

- Redevelopment of Seiwa Yebisu Building*
 - Started redevelopment including expansion of floor area (6 floors above ground, 1 below ⇒ 12 floors above ground, 1 below)
 - Making smooth progress towards completion in the autumn of 2014 (provisional name: Sapporo Ebisu Building)
- Redevelopment Sapporo Ginza Building*
 - **Made a decision on redevelopment of the Ginza 4-chome intersection area (floor area 4,232m²⇒7,082m²)**
 - Aiming to start working early on redevelopment including the expansion of the property's floor space to provide an external appearance suitable for a Ginza landmark

(billions of yen)

YoY change

	2012	2013	Amount	%
Net sales	23.2	22.7	(0.4)	(1.9)%
Operating income	9.3	8.6	(0.7)	(7.6)%

(As of December 31, 2013)

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	—	*0%	—
Yebisu Square	1,561	9,126	100%	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	*74%	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 Jan-Dec 2013.

*1: The number of floors is for the office block 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)



**Sapporo Ginza Building
(completed 1970)**



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Real Estate (2)

Overview of Real Estate Business

- The majority of operating income from the Real Estate business is from real estate leasing.
 - The property portfolio largely comprises properties in Tokyo (5 central wards: see previous page).
 - **Unrealized gain on real estate for lease was ¥127.7 billion as of Dec. 31, 2013.**

Balance sheet value at December 31, 2013: approx. 210. billion yen

Fair value at December 31, 2013: approx. 337.7 billion yen

Operating Income

(billions of yen)

	2012	2013	Change
Real estate leasing			
Tokyo's 23 wards	8.6	7.9	(0.6)
Other areas	1.0	1.1	0.0
Real estate leasing total	9.6	9.0	(0.6)
Real estate total	—	—	—
Other operations*	(0.2)	(0.3)	(0.1)
Total	9.3	8.6	(0.7)

* "Other operations" includes back-office operations

EBITDA

(billions of yen)

	2012	2013	Change
Real estate leasing			
Tokyo's 23 wards	12.1	11.2	(0.8)
Other areas	1.7	1.7	0.0
Real estate leasing total	13.8	13.0	(0.8)
Real estate total	—	—	—
Other operations*	0.1	0.0	(0.0)
Total	14.0	13.1	(0.8)

EBITDA = operating income + depreciation and amortization

* "Other operations" includes back-office operations



To make people's lives richer
and more enjoyable.



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.