

[Q&A from Teleconference Meeting] 1Q of Year ending December 31, 2014

<Time> May 9, 17:30-18:30

<Speakers> Director Toshio Mizokami with the General Manager of the IR Section

1. Japanese Alcoholic Beverages Business

Q. Could you tell us about sales after the increase in consumption tax?

A. (GM of IR Section)

Our total sales volume up to April increased and exceeded overall growth.

As a result of focusing on core brands from the beginning of the year, we have achieved sales greater than those projected at the beginning of the year.

(Mizogami)

The “Mugi To Hop The Gold” brand was renewed in February and is selling steadily. Moreover, the brisk premium beer market is having a positive impact on YEBISU.

2. International Business

Q. In the 1st quarter, sales volume decreased year on year in both North America and Vietnam. What are the factors behind this?

A. (Mizogami)

SLEEMAN BREWERIES has been marking a steady increase in sales volume since we acquired the company in 2007, but price competition has become fierce as the price needs to be competitive in certain states. The price range in the Canadian market is structured in three layers, as is the case with Japan, and consists of Value, Standard, and Premium in order of the lowest price first. Fierce price competition is seen in the Standard price range. SLEEMAN BREWERIES does not handle any products in the Standard price range, but price competition has affected its Value products. Capitalizing on a lower limit in the price competition, SLEEMAN BREWERIES has implemented a recovery plan. Thus, there seems to be no significant impact on full-year results.

In addition, the Premium market is growing in Canada, so we will continuously go on the offensive in the Premium market where SLEEMAN BREWERIES has a competitive advantage.

The decline in sales volume of Sapporo U.S.A. is attributable to a temporary spell of cold weather, so there is no impact on full-year results.

Decreased sales volume in Vietnam is caused by a temporary factor, namely a reaction to the last-minute demand seen in the same period of the previous year before liquor taxes increased. The total sales volume up to April has rebounded to double-digit growth.

As recognition of the Sapporo brand in Vietnam has reached about 90%, we will continue engaging in sales activities to help increase the drinking ratio. In addition, products produced in Vietnam are exported to 12 countries, and therefore, we believe we can also take measures even in markets other than Vietnam.

3. Other

Q. Overall, the 1st quarter saw positive earnings. What is your assessment of this?

A. (Mizogami)

Operating income in the 1st quarter marked a year-on-year improvement of 3 billion yen, but in and after 2nd quarter we will make investments in brand products. We have yet to review the projection drawn up at the beginning of the year.

End