



2014

Sapporo Group Business Results Presentation for the Six Months Ended June 30, 2014

August 6, 2014

Sapporo Holdings Ltd.

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

1. First-Half 2014 Topics

2. Revision of 2014 Full-Year Earnings Forecasts

Reference

1. Overview of First-Half 2014 Results
2. Supplementary Information to First-Half 2014 Results (Business Summary)
3. Sapporo Group's Medium-Term Management Plan 2014 - 2016

1. First-Half 2014 Topics

First-Half 2014 Topics (1)

Japanese Alcoholic Beverages

- **Jan-Jun cumulative: Sales volume of beer and beer-type beverages (beer, happoshu and new genre) up 5 % yoy (total demand down 1% yoy)**

Following 1Q, Sapporo's 2Q sales growth again exceeded total demand growth despite the reaction to the last-minute surge in demand before the consumption tax increase of April and the temporary suspension of sales of Goku Zero* in June

*See the timely disclosure releases of June 4 and June 20 for details

<Status of core brands>

Beer

- **Total sales of Yebisu brand increased 2% yoy as seasonal and limited-quantity products contributed along with summer gift sales**



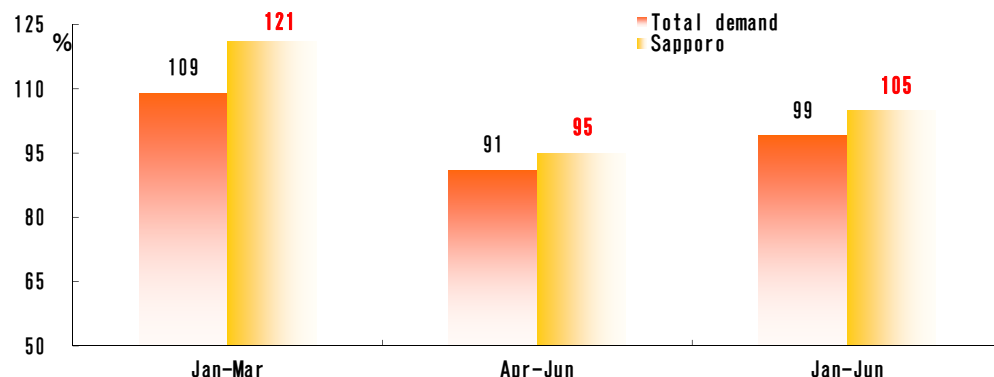
New Genre

- **Sales of Mugi to Hop The gold continued to grow steadily even after its renewal in February (up 13% yoy)**
- **Sales of Goku Zero* also continued to outperform the plan as of mid-June FY2014 sales: 2.9 million cases (large bottle count)**

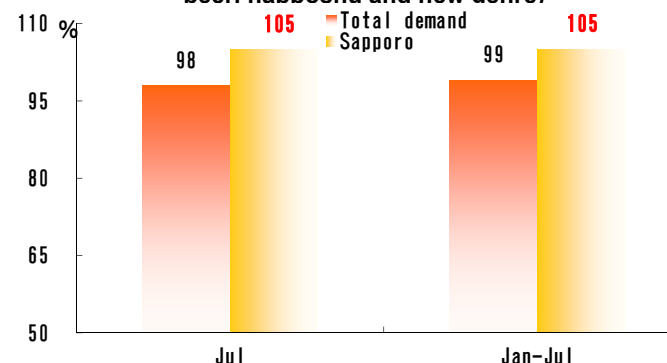


*The world's first new genre beverage with no carbohydrates or purine bodies, launched in June 2013
Re-launched as happoshu on July 15: No change to Goku Zero FY2014 plan of 5.5 million cases (large bottle count) (new genre + happoshu)

Jan – Jun Cumulative Sales Volume YoY Comparison (total for beer, happoshu and new genre)



Ref: July Sales Volume YoY Comparison (total for beer, happoshu and new genre)



Re-launch on July 15
 July plan – 11% growth

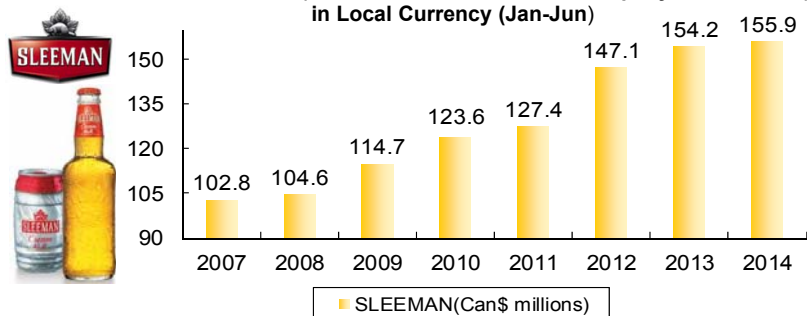


First-Half 2014 Topics (2)

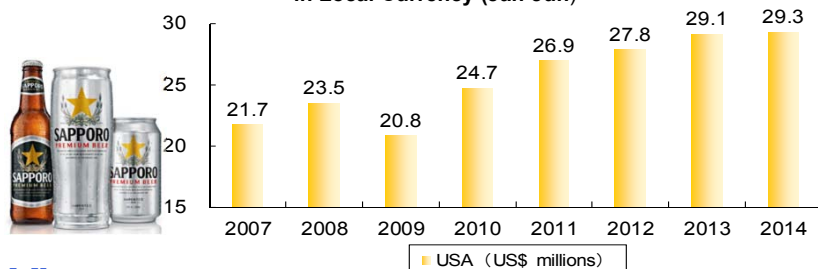
International Business

North America

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



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



SLEEMAN (Canada)

- Despite sales declining amid intensifying price competition of best-value products, sales outperformed total demand year over year
- Jan-Jun cumulative: Premium – up5%; Value – down 4%
- Slowdown in sales of best-value products bottomed out after the price reduction in April

(Jan-Jun)

Unit sales (YoY)	2013	2014
SLEEMAN*	103%	99%
Canada total demand	Approx. 97%	Approx. 98%

*Excluding Sapporo brand

Sapporo USA (U.S.)

- Sales declined by 13% yoy in the first quarter due to shipment delays caused by the cold waves in January and February
- Sales grew 6% yoy as shipment delays were resolved
- Cumulative sales for Jan-Jun recovered to only a 3% decline

(Jan-Jun)

Unit sales (YoY)	2013	2014
Sapporo USA*	105%	97%
US total import beer demand	Approx. 99%	Approx. 96%

*Sapporo brand

Vietnam

➢ In Vietnam,

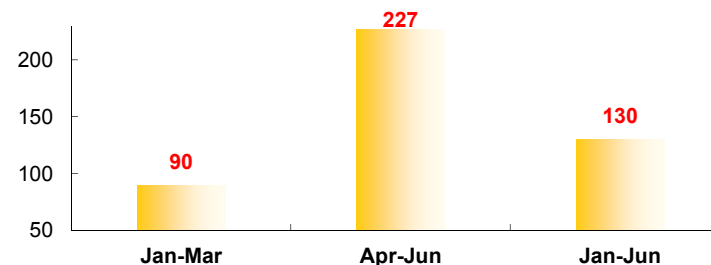
Sales in the first quarter declined year over year due to impacts such as the reaction to the temporary demand in March last year before the liquor tax increase in April, sales volume grew significantly from April, **with cumulative sales for first half growing 30% yoy**

➢ We have started exporting to neighboring countries step-by-step and we are exporting to 12 countries and regions as of June 30, 2014

- Sapporo brand has a presence in 8 of 10 ASEAN countries



Jan-Jun 2014 yoy sales volume in Vietnam (excluding exports)



First-Half 2014 Topics (3)

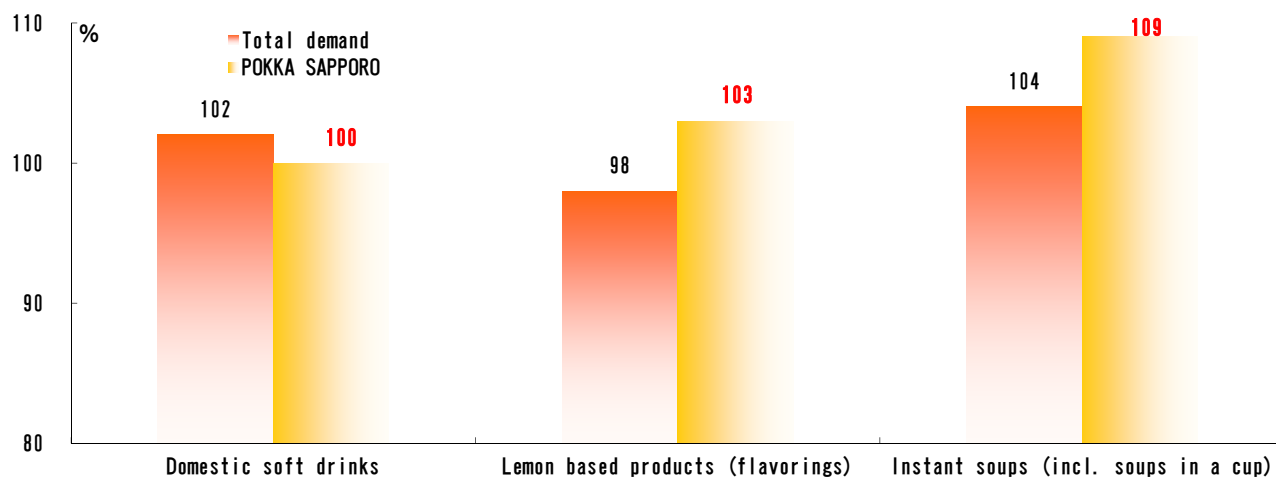
Food & Soft Drinks

➤ **POKKA SAPPORO Food & Beverages Ltd., into its second year of operations: Sales have exceeded the previous year's level from the beginning of the year**

• **While domestic soft drinks sales volume stayed more or less at the same level year over year, sales volumes of domestic food products' lemon based products and instant soups increased year over year.**

Operating loss **narrowed** on the back of increased sales and cost control.

Jan – Jun Cumulative Sales Volume YoY



Apr 14: Green Shower launched
Sales volume growing strongly with total sales of 400,000 cases against annual target of 750,000 cases

Food & Soft Drinks* Operating Income YoY

(billions of yen)	Jan-Jun
Operating income 2014	(1.8)
Operating income 2013	(2.4)
Change	0.6

Total demand data: Source – Total for SM CVS formats by Intage SRI(nationwide retailer panel research)
Jan–Jun 2014 yoy comparison of cumulative sales amount for the lemon-based products market (Sapporo's definition) and instant soup market

*Operating income shown is after goodwill amortization (1.2 billion yen)

First-Half 2014 Topics (4)

Restaurants

- Sapporo's comparable-store sales in Jan-Jun period were 100.1% while those of overall pub/izakaya dining format underperformed the previous year's level

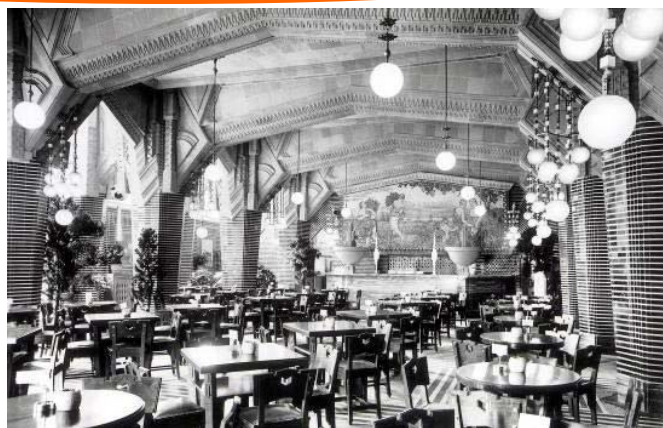
While sales for all restaurants declined due to renovation of buildings that house key restaurants in Ginza and Shinbashi, comparable-store sales, which were affected by heavy snow in February, improved from 98.3% in the Jan-Mar period

The Thank You Festivals to commemorate the anniversaries at the key restaurants below were also successful.

- April: Beer Hall LION GINZA 7-chome in Ginza, Japan's oldest beer hall (no reconstruction) currently in operation, celebrated its 80th anniversary
- May: Beer Hall Lion Tanukikoji in Sapporo celebrated the 100th anniversary since the start of its operation



1934 Completion (Ginza)



1914 Opening (Sapporo)





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First-Quarter 2014 Topics (5)

Real Estate

➤ Activities to enhance the value of existing properties

- In consideration of the future recovery in rent levels, enhance the value of existing properties through renovation.

Yebisu Garden Place

- Efforts to enhance the property's value in view of its 20th anniversary this year
 - Office renovation 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 district
 - Augmentation of emergency power supply completed in March
 - Renovation of communal space in the second basement restaurant floor also completed in March
 - **Steady progress in leasing agreement with a new tenant, while occupancy rate temporarily declined due to the end of the lease contract with a large tenant at the end of May.**



Yebisu Garden Place

Redevelopment of the Ginza and Ebisu Areas

➤ **Redevelopment of Seiwa Yebisu Building**

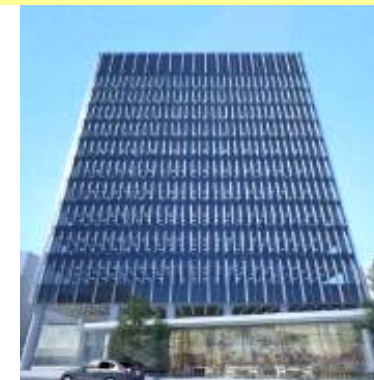
- The new name has been decided as Ebisu First Square
- Redevelopment including expansion of total floor space
- 6 floors above ground, 1 below ⇒ 12 floors above ground, 1 below
(total floor area 10,400m²⇒15,178m²)
- Making smooth progress, including costs and construction period, towards completion in September 2014. It is **expected to start operation almost fully occupied.**

➤ **Redevelopment of Sapporo Ginza Building situated on Ginza 4-chome intersection**

- 10 floors above ground, 4 below ⇒ 12 floors above ground, 2 below
(total floor area 4,232m²⇒7,082m²)
- Demolition started in April 2014 towards completion at the end of June 2016
- Started discussion on construction works to design a facade befitting the latest Ginza landmark



Sapporo Ginza Building
(completed in 1970)



Ebisu First Square
(New name; artist's rendering)



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First-Half 2014 Topics (6)

Implementation Status of Strategic Investments (Including Ordinary Capex, on a cash basis)

<Capital expenditure and lease fees>

Consolidated total: Approx. ¥11.4 bn

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

Major items:

- Chiba plant for Goku Zero production (Japanese Alcoholic Beverages): approx. ¥0.2 billion, upgrade of plant tour facility at Kyushu Hita plant (Japanese Alcoholic Beverages): approx. ¥0.1 billion, construction of Nagoya plant (Food & Soft Drinks): approx. ¥0.9 billion, photovoltaic power generation at Gunma plant (Food & Soft Drinks): approx. ¥0.3 billion, construction of Malaysian plant (Food & Soft Drinks): approx. ¥1.4 billion, construction of Ebisu First Square (new name; Real Estate): approx. ¥1.6 billion, value enhancement of Yebisu Garden Place (Real Estate): approx. ¥0.6 billion, lease fees (Food & Soft Drinks, Other): approx. ¥1.7 billion, etc.

<Other investments> Consolidated total: Approx. ¥3.4 billion

- Long-term prepaid expenses, investment securities, compensation expenses, etc.

Major items:

- Long-term prepaid expenses (Japanese Alcoholic Beverages, Food & Soft Drinks) : approx. ¥1.5 billion, investment securities, etc.: approx. ¥0.4 billion, compensation expenses for Sapporo Ginza Building : approx. ¥1.5 billion

<Jan-Jun 2014 strategic investment total (incl. ordinary capex, on a cash basis)>

- **Approx. ¥14.8 billion**

Credit Ratings

<Credit rating by JCR>

- As of August 6, 2014: A- (stable)

<Credit rating by R&I>

- As of August 6, 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 billion 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
 - **2014 strategic investment plan: Approx. ¥33.9 bn**

2. Revision of 2014 Full-Year Earnings Forecasts

Revision of 2014 Full-Year Earnings Forecasts

Consolidated net income target alone has been revised

➤ revision limited to recording of 11.6 billion yen extraordinary loss

Sapporo Group revised only its net income target from the initial figure due to a one-time factor of recording an extraordinary loss of 11.6 billion yen in liquor tax difference* resulting from the voluntary filing of revised tax returns for Goku Zero.

While business performance for 2014 has been progressing ahead of the plan, the revision reflects only this extraordinary loss, which has been already finalized.

The Group plans to swiftly revise and announce its earnings forecasts when it becomes necessary in the future.

* Regarding the difference in liquor tax amount recorded as extraordinary loss, the Group intends to assert its contention in accordance with legal procedures, by taking into consideration the opinions of external experts.

	2013 results	2014 revised targets	2014 initial targets	YoY change (amount, %)		Comparison with initial targets (amount, %)	
(billions of yen)							
Consolidated net sales	509.8	537.7	537.7	27.8	5.5 %	—	—
Operating income before goodwill amortization	19.3	19.0	19.0	(0.3)	(1.7)%	—	—
Consolidated operating income	15.3	15.0	15.0	(0.3)	(2.2)%	—	—
Consolidated ordinary income	15.1	13.6	13.6	(1.5)	(10.1)%	—	—
Consolidated net income	9.4	(2.0)	5.0	(11.4)	—	(7.0)	—

Reference 1: Overview of First-Half 2014 Results



Overview of First-Half 2014 Results

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➤ Net sales: **up** YoY

- Japanese Alcoholic Beverages: sales increased, as sales volume of beer and beer-type beverages rose from the beginning of the year compared with the first half of 2013.
- Food & Soft Drinks: sales increased, as sales of food increased, while sales volume of soft drinks remained in line with the previous year's level.

➤ Operating income: **up** YoY

• Operating income significantly exceeded the plan throughout the group

- Japanese Alcoholic Beverages: profit increased significantly as sales rose
- International: profit decreased due to the decline in sales volume in North America
- Food & Soft Drinks: the amount of loss decreased, as sales increased and cost-control measures contributed

➤ Net income: **down** YoY

Extraordinary income: negative factor includes reduction in the 3.5 billion yen of gain on sales of investment securities recorded in the previous year.
Extraordinary loss: negative factors include the recording of 2.3 billion yen as cost for demolition, removal, etc. in the Sapporo Ginza Building redevelopment project this year, and recording of 11.6 billion yen as a difference in liquor tax amount due to voluntary filing of revised tax liquor return for Goku Zero this year.

(billions of yen)		2013 2Q	2014 2Q	YoY changes (amount, %)	
	Japanese Alcoholic Beverages	120.5	127.1	6.6	5.5%
	International	23.0	23.7	0.6	2.8%
	Food & Soft Drinks	60.7	62.7	2.0	3.3%
	Restaurants	12.6	12.3	(0.2)	(1.9)%
	Real Estate	11.0	10.9	(0.0)	(0.8)%
	Other	3.1	2.8	(0.2)	(9.4)%
Consolidated net sales		231.2	239.8	8.6	3.7%
Operating income before goodwill amortization		2.4	2.8	0.4	16.1%
	Japanese Alcoholic Beverages	0.1	1.3	1.1	559.7%
	International	0.3	(0.5)	(0.9)	—
	North America, other Vietnam	1.2 (0.9)	0.6 (1.1)	(0.6) (0.2)	(53.0)% —
	Food & Soft Drinks	(2.4)	(1.8)	0.6	—
	Restaurants	(0.2)	(0.3)	(0.1)	—
	Real Estate	4.4	4.3	(0.1)	-3.0%
	Other	0.0	0.1	0.0	298%
	General corporate	(1.8)	(1.9)	(0.1)	—
Consolidated operating income		0.4	1.0	0.5	114.2%
Consolidated ordinary income		0.3	0.2	(0.0)	(18.8)%
Consolidated net income		0.1	(10.9)	(11.1)	—

Reference 2: Supplementary Information to First-Half 2014 Results (Business Summary)

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



Japanese Alcoholic Beverages

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Results highlights

Net sales increased year over year, as total sales volumes for beer and beer-type beverages rose 5% and sales of wine, western spirits and shochu also exceeded the previous year's level.

Operating income rose as sales grew.

Key points in business plan: implementation status

<Initiatives other than beer and beer-type beverages>

RTD

- Sales volume exceeded the plan and increased significantly by 94% thanks to success of collaborative products offered for each price range and contribution from Sapporo Otoko Ume Sour, which has been available full year since September 2013.
- Bacardi grew strongly, exceeding the previous year's level significantly.
 - Offered canned products, with focus on Bacardi Mojito, at ¥189
 - Offered bottled products, with focus on Bacardi Mojito Bottle, at ¥230
- The sales target of Sapporo Otoko Ume Sour was revised upward.
 - 350ml cans are offered at ¥160, and we have decided to offer 500ml cans at ¥217.
- Group collaborative product Kireto Lemon Sour is offered at ¥160.

*All prices are reference retail prices (excl. tax).



*Incl. liquor taxes

(billions of yen)

YoY change

	2013 2Q	2014 2Q	Amount	%
Net sales*	120.5	127.1	6.6	5.5%
Operating income	0.1	1.3	1.1	559.7%

Wine

- Total net sales of imported and domestic wine rose 9% year over year
- Imported wines: strong performance from Yellow Tail, Garcia Carrion and Santa Rita
- Domestic wines: sales of Grande Polaire have been strong. Sales of new product Sangria Rico also have been strong; its sales target has been revised upward



Western spirits

- Conclusion of an operating alliance agreement with Bacardi Japan, supplier of the world's No.1 rum brand.
 - Net sales grew 4% year over year
 - Promoting continued active business development in both the household and commercial markets.
 - Net sales of RTS* Bacardi are also significantly higher than the previous year's level
- *Ready to serve. Liqueur which can be made into cocktail just by adding soda, etc.



Shochu

- Net sales increased 11% year over year
- Net sales of blended Imo Shochu Kokuimo and Mugi Shochu Koimugi grew



International

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Results highlights

Net sales slightly increased thanks to the impact of weaker yen, though they declined on a local currency basis due to intensifying competition in Canada and the impact of the cold wave in the U.S. in January and February.

Operating income decreased due to the impact of the sales volume decline in North America .

Key points in business plan: implementation status

North American (excl. SLEEMAN, Sapporo USA)

Silver Springs Citrus (U.S.)

- the largest U.S. maker of private-brand chilled drinks (a 51% stake)
 - The beverage business has been performing strongly in the North American market

Asian and Oceania Market (excl. Vietnam)

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.
- **2014: Double digit growth year over year**

	(billions of yen)		YoY change	
	2013 2Q	2014 2Q	Amount	%
Net sales	23.0	23.7	0.6	2.8%
Operating income	0.3	(0.5)	(0.9)	—
North America	1.2	0.6	(0.6)	(53.0)%
others	(0.9)	(1.1)	(0.2)	—
Vietnam				

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.
- **2014: In line with the previous fiscal year's level**



Oceania

- 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-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)
- **2014 results: Sales have been exceeding the previous year's level**





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Food & Soft Drinks (1)

Results highlights

Net sales of the domestic food and soft drinks business and the overseas soft drinks business, which entered the second year after the integration, increased year over year.

Operating loss narrowed, as sales increased and costs were controlled.

Key points in business plan: implementation status

	(billions of yen)		YoY change	
	2013 2Q	2014 2Q	Amount	%
Net sales	60.7	62.7	2.0	3.3%
Operating income Before GW amortization	(2.4)	(1.8)	0.6	—
	(1.0)	(0.4)	0.6	—

Food and Soft Drinks (Domestic): POKKA SAPPORO Food & Beverages Ltd., vending machine operators

- Develop unique soft drinks and work on new categories
- Expand the scale of the core brands with focus on lemon and soup products

<div style="background-color: yellow; padding: 5px; border: 1px solid black;">Lemon, natural foods</div>  <div style="background-color: yellow; padding: 10px; border: 1px solid black;"> Pokka Lemon 100 Major renewal Kireto Lemon Sales of Sparkling have been strong </div>	<div style="background-color: lightblue; padding: 5px; border: 1px solid black;">Beverages</div>  <div style="background-color: lightblue; padding: 10px; border: 1px solid black;"> Green Shower Developing a new market with a new brand </div>	<div style="background-color: orange; padding: 5px; border: 1px solid black;">Soup, foods</div>  <div style="background-color: orange; padding: 10px; border: 1px solid black;"> Jikkuri Kotokoto Revitalizing with spring and summer flavors </div>	<div style="background-color: lightgreen; padding: 5px; border: 1px solid black;">Overseas brands</div>  <div style="background-color: lightgreen; padding: 10px; border: 1px solid black;"> Vittel, Contrex Launched in January 2014 </div>	<div style="background-color: peachpuff; padding: 5px; border: 1px solid black;">Commercial market</div>  <div style="background-color: peachpuff; padding: 10px; border: 1px solid black;"> Otoko Ume Syrup Sequentially increasing the number of restaurants using the product </div>	<div style="background-color: lightgreen; padding: 5px; border: 1px solid black;">Vending machine channel: 100,000 machine network</div> <div style="font-size: 2em; color: green; margin: 10px 0;">+</div> <div style="background-color: lightgreen; padding: 5px; border: 1px solid black;">Further strengthening of marketing to corporate customers</div> 
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Food & Soft Drinks (2)

Key points in business plan: implementation status

■ Soft Drinks (International):

POKKA Corporation (Singapore) Pte Ltd

- Boost production capacity by bringing the new plant in Malaysia on line
- Maintain and expand the lead in the market share for tea drinks in Singapore
- Accelerate POKKA brand recognition in countries, other than Singapore, where its products are available



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



The Malaysian plant completed in July, currently in trial run



POKKA brand was No. 1
in non-carbonated beverage category of
INFLUENTIAL BRANDS AWARDS 2013



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

- Further improve FC support system
- Expand and enhance high-quality outlets
- Nurture human resources for FC business, enhance education and training system

Outlets: 176 (as of June 30, 2014)
(Directly operated: 90 outlets; FC: 86 outlets)

Hokkaido 1, Kanto 100, Tokai 37
Kansai 28, Kyushu 7, Shikoku 3



First outlet in
Hokkaido opened
on April 25

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

- Outlet: 34 in total (as of June 30, 2014)
- Hong Kong 33, Macau 1





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Restaurants

Results highlights

Net sales declined, although comparable-store sales showed signs of recovery at 100.1% in the six months through June. This is mainly attributable to the fact that key restaurants in Ginza and Shinbashi suspended operations for long periods as the buildings housing them are being renovated.

Operating income slightly decreased reflecting the sales decline.

Key points in business plan: implementation status

Restaurant expansion

- Locations newly opened Jan-Jun 2014: 10 outlets (Japan)
- Synergy with Japanese Alcoholic Beverages: Opening of YEBISU BAR outlets
 - New outlets opened in Nishi-shinjuku in Jan, in Ueno in Apr: Increased to 14 outlets as of June 30
- Opening of a new format restaurant
 - Apr: Opened Wine House PICNIC CLUB, a restaurant offering wine and oven fresh rotisserie chicken, in Osaka
- Locations closed Jan-Jun 2014: 17 (Japan)
- **Locations operating as of June 30, 2014: 183 in Japan**



Singapore
Ginza Lion Beer Hall

Locations operating as of Jun 30, 2014 in Singapore: 13 outlets

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



(billions of yen)

			YoY change	
	2013 2Q	2014 2Q	Amount	%
Net sales	12.6	12.3	(0.2)	(1.9)%
Operating income	(0.2)	(0.3)	(0.1)	—



YEBISU BAR Uenonomori Sakura
Terrace outlet



Wine House PICNIC CLUB Osaka New City outlet

➤ Restaurant business in Singapore

- Transfer of the restaurant business in Singapore from POKKA Corporation (Singapore) Pte. Ltd. to Sapporo Lion Limited in 2013
- **Opened the 1st Ginza Lion in Singapore in October 2013**
- Spreading the beer hall culture around the world – start of overseas operations
- Aim to expand the number of restaurants in Southeast Asia including Singapore and started selecting candidate locations for opening restaurants



Real Estate

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Results highlights

- The majority of operating income from the Real Estate business is from real estate leasing.
- The property portfolio largely comprises the following properties in Tokyo (5 central wards).

Occupancy rates are averages for Jan-Jun 2014 (contract basis).

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	87%	40 floors above ground, 5 below
Yebisu First Square*	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	—	*29%	—
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. "*/s are redevelopment projects.

*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)

(billions of yen)

YoY change

	2013 2Q	2014 2Q	Amount	%
Net sales	11.0	10.9	(0.0)	(0.8)%
Operating income	4.4	4.3	(0.1)	(3.0)%

Unrealized gain on real estate for lease was ¥127.7 billion as of Dec. 31, 2013.

Balance sheet value at December 31, 2013 : approx. 210.0 billion yen

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

Operating income

(billions of yen)

	Jan-Jun 2013	Jan-Jun 2014	Change
Real estate leasing			
Tokyo's 23 wards	4.0	3.9	(0.0)
Other areas	0.5	0.5	(0.0)
Real estate leasing total	4.6	4.5	(0.0)
Real estate total	—	—	—
Other operations*	(0.1)	(0.2)	(0.0)
Total	4.4	4.3	(0.1)

**Other operations" includes back-office operations.

EBITDA

EBITDA = operating income + depreciation and amortization
(billions of yen)

	Jan-Jun 2013	Jan-Jun 2014	Change
Real estate leasing			
Tokyo's 23 wards	5.7	5.5	(0.1)
Other areas	0.9	0.9	(0.0)
Real estate leasing total	6.6	6.4	(0.1)
Real estate total	—	—	—
Other operations*	(0.0)	(0.0)	(0.0)
Total	6.6	6.3	(0.2)

**Other operations" includes back-office operations.

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

***2014 targets have been revised among the figures announced on February 12, 2014.**

(Revision of 2014 targets: only net income and figures that are affected by the change to net income)



SAPPORO

2014-2016 Targets Based on Current Businesses

With revised 2014 targets

Medium-Term Management Plan

	2006 results	2013 results	2014 targets (revised)	2015 targets	2016 targets	2016 New Management Framework
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	(¥2.0 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	1.7 times	1.5 times	1.3 times	around 1:1
ROE	2.1%	6.7%	-	5.5%	8.1%	8% or higher
(before goodwill amortization)	2.1%	9.5%	1.3%	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.



As an intrinsic part of people's lives, Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.



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.