



2015 Sapporo Group Business Results Presentation for the Three Months Ended March 31, 2015

May 8, 2015

Sapporo Holdings Ltd.

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

1. First-Quarter 2015 Topics

2. Overview of First-Quarter 2015 Results

Reference

- 1 Sapporo Group Management Plan 2015 - 2016
- 2 Supplementary Information to First-Quarter 2015 Results (Overview by Business Segment)

1. First-Quarter 2015 Topics

First-Quarter 2015 Group Topics

Reaction to the last-minute demand

- Total demand for beer and beer-type beverages in Japan were 90% of the same period a year ago, when there was the last minute surge in demand before the consumption tax rate increase.
- Further, the Group's beer and beer-type beverage sales volume was lower than total demand, as competition intensified in new genre and functional beer-type products

Expanding the strengths

- Sales of standard beer Sapporo Draft Beer Black Label exceeded total demand on the back of strong commercial-use sales
- While sales of domestic soft drinks industry was 96% year on year, lemon-based drinks, which is our strong point, grew significantly (up 37% y-o-y). As a result, domestic soft drinks sales of the Group remained at the same level as the previous year's
- Construction work started for Ginza 5-chome redevelopment project for completion in 2016

Select-and-focus approach

- Continuing with the select-and-focus approach. Sold Shibuya Sakuragaoka Square reflecting the favorable market conditions and future profitability
- Started consolidating Country Pure Foods, Inc. from February, strengthening U.S. soft drinks business



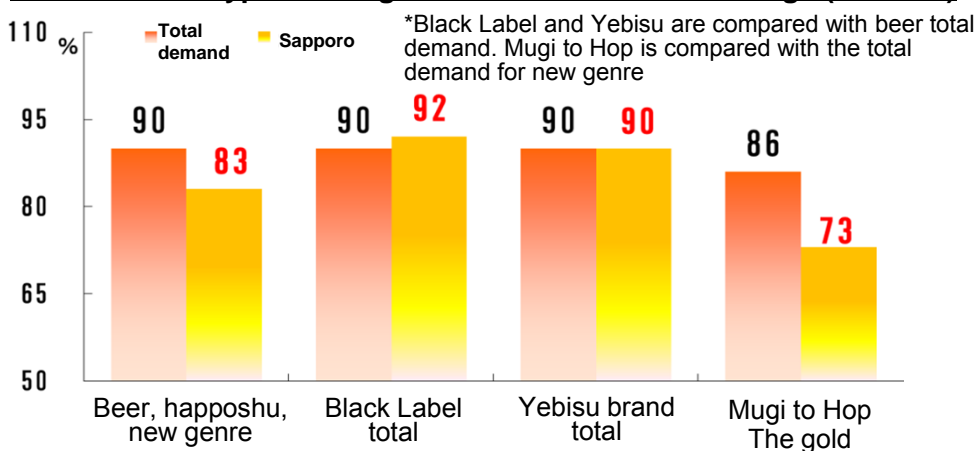
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First-Quarter 2015 Topics (1)

Japanese Alcoholic Beverages

- **Sales volume of beer and beer-type beverages (beer, happoshu and new genre) down 17% y-o-y (total demand down 10% y-o-y)**

Beer and beer-type beverages sales volume Y-o-Y change (Jan-Mar)



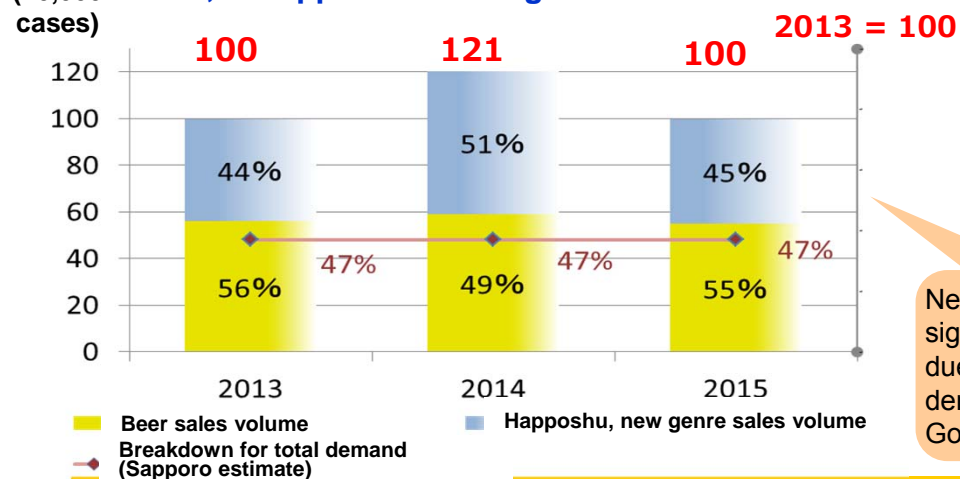
<3 core brands> status – Reaction to last-minute demand

- **“Yebisu” posted strong sales, while “Black Label” exceeded total demand on the back of strong commercial-use sales**
- **“Mugito Hop The gold” sales were below total demand due to the last-minute demand and relaunch of the previous year**



Net sales(¥ bn)	2014 1Q	2015 1Q
Beer	29.9	27.8
Happoshu	0.9	3.6
New genre	18.3	10.7
Total	49.2	42.2

(10,000 cases) “Beer,” “Happoshu + New genre” breakdown



<Status of new offerings>

Goku Zero Declined as the needs were dispersed in functionality beer-type beverages

From Feb: The new, improved Goku Zero offers new value as a beverage using zero artificial sweeteners

Launch Schedule

May 26

First-ever non-alcoholic with food for specified health use

Sapporo Plus



New genre sales rose significantly in 2014 due to the last-minute demand surge and Goku Zero

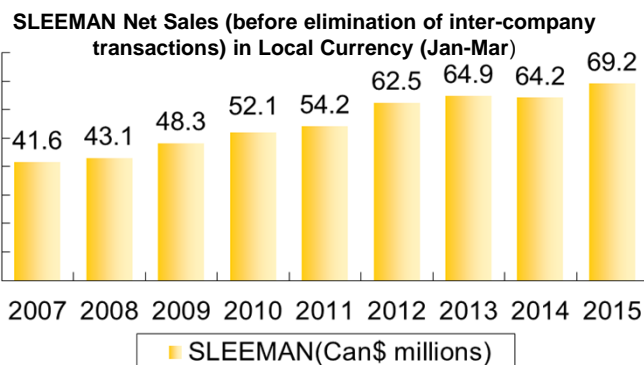


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First-Quarter 2015 Topics (2)

International

North America



SLEEMAN (Canada)

- Competition intensified for value products in 2014. Price is on the rising trend for value products this year
- **Net sales were up 8% v/s 2014 up 7% v/s 2013**
- **Sales volume y-o-y: Premium – up 6% Value – up 2%**

Sapporo USA (U.S.)

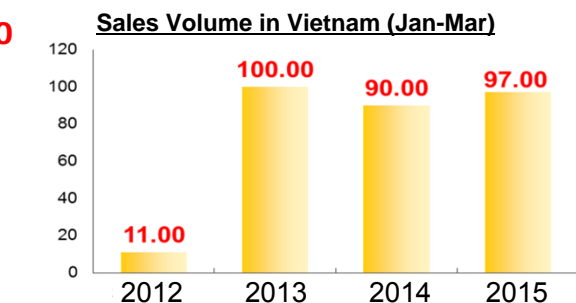
- Shipment delays occurred due to the cold wave in 2014. It was normalized this year
- **Net sales were up 20% v/s 2014 up 9% v/s 2013**

Sapporo Vietnam

- Active sales promotion investment to build brand and expand sales channels
- Sales volume **up 8% y-o-y (domestic)**
- Sapporo brand is exported to 11 countries and regions including 7 ASEAN countries

Vietnam

2013 = 100



(Jan-Mar)

Unit sales (YoY)	2014	2015
SLEEMAN*1	98%	103%
Canada total demand	Approx. 97%	Approx. 99%

*1 Excluding Sapporo brand

Sales volume (YoY)	2014	2015
Sapporo USA*2	87%	118%

Total U.S. demand: flat *2 Sapporo brand

Strengthening U.S. Soft Drinks business

Newly consolidating Country Pure Foods (CPF) from Feb (a 51% stake)

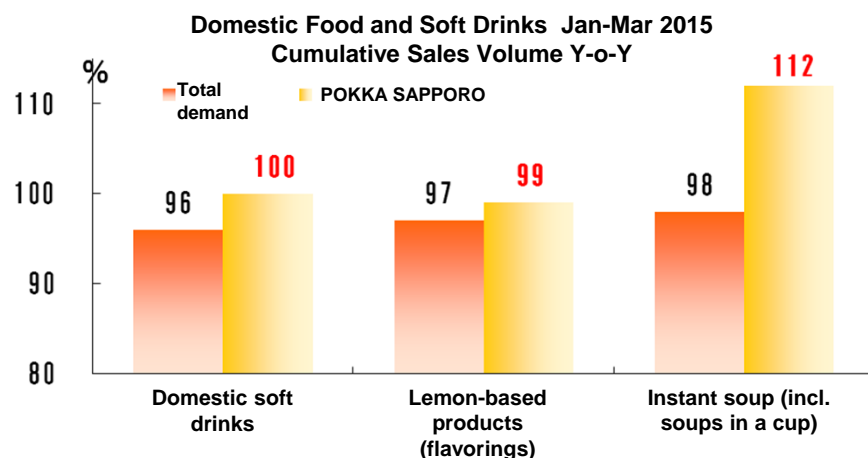
- **Together with Silver Springs Citrus (SSC; a 51% stake), the sales are about ¥30 billion (fiscal year 2014 results)**
- In 1Q, ingredient cost rose sharply at SSC due to poor harvest of oranges in Florida
- → Diligently working on measures including review of selling price

First-Quarter 2015 Topics (3)

Food & Soft Drinks

- Net sales in Japan at the same level as 2014 led by solid sales of lemon-based drinks and unsweetened tea drinks

Domestic Food and Soft Drinks: POKKA SAPPORO Food & Beverages Ltd.



Total demand data: Source – Total for SM CVS formats by Intage SRI(nationwide retailer panel research)

Jan-Mar 2015 y-o-y comparison of cumulative sales amount for the lemon-based products market (Sapporo's definition) and instant soup market

<Overview of main categories>

- Domestic soft drinks: Sales volume of 9.20 million cases (y-o-y 100%, the same as the previous year), exceeding total demand (96% y-o-y) led by lemon-based drinks and unsweetened tea (green and oolong tea) despite the reversal of the previous year
- Lemon-based drinks: Up 37% y-o-y, as sales expanded with contributions from Pokka Poka Lemon and new product Kireto Lemon ENERGIE
- Lemon-based products: Proposed new uses of lemon with introduction of Shio Lemon. Down 1%.
- Instant soup: Enhanced lineup of with Jikkuri Kotokoto Kongari Pan series, etc. Up 12%

Overseas Soft Drinks: POKKA Corporation (Singapore) Pte. Ltd.

- Both domestic sales in Singapore and exports grew. Up 7% y-o-y in local currency

To establish a manufacturing and sales company in Indonesia

- Agreed to form a joint venture with PT DIMA INDONESIA (a 50% stake)
- Planning a factory for products to be sold in Indonesia
- To obtain Halal certification





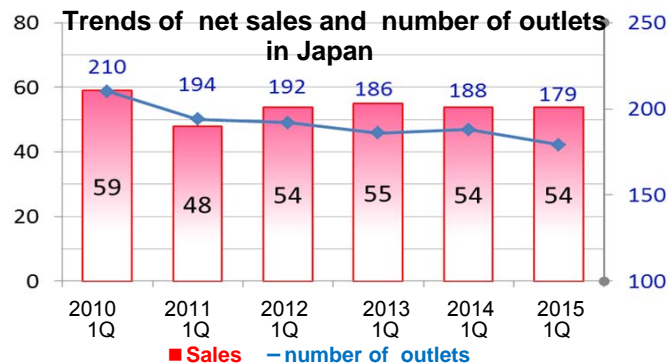
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First-Quarter 2015 Topics (4)

Restaurants

Restaurants business in Japan

Jan-Mar 2015 sales in Japan at the same level as 2014



- Sales for all outlets declined as operation of the key restaurants in Ginza and Shimbashi were suspended due to redevelopment of the buildings they are housed
- Jan-Mar 2015 sales at existing outlets were up 6% y-o-y
- Rise in raw ingredients and personnel expenses, driving forward closure of unprofitable restaurants

Overseas restaurants business

➤ Locations operating as of Mar 31, 2015 in Singapore: 15 outlets

- Ginza Lion (beer hall): 2 outlets
- Tonkichi (pork cutlet): 4 outlets
- Domani (Italian): 1 outlet
- Rive Gauche (patisserie): 8 outlets

- **Opened new outlet of Rive Gauche**



Real Estate

Yebisu Garden Place

- **Leasing to a new tenant, after the end of the lease contract with a large tenant at the end of May 2014, progressed smoothly and occupancy rate has recovered**
- **Promotion value increase**
 - Opened a movie theater with a new concept in March
 - Refurbished the first basement food facility to reopen in June



Yebisu Garden Place

Yebisu Garden Cinema



Exterior design of Ginza 5-chome redevelopment



Ginza 5-chome redevelopment project

- **Construction started in March for opening in Summer 2016**
 - Redevelopment project for the site facing Ginza 4-chome, the center of Ginza
 - Above the ground 11, below 2 **Floor space 4,232m²→7,082m²**
 - Commercial facility, which will be the new landmark of Ginza and information dissemination center

Practicing select-and-focus approach: Sale of Shibuya Sakuragaoka Square

- Sold trust beneficiary right taking into consideration current real estate market and future profitability
- Selling price was ¥17.0 billion and ¥7.3 billion was recorded as extraordinary profit

2. Overview of First-Quarter 2015 Results

Overview of First-Quarter 2015 Results (1)

Special Factors

<Net Sales>

<Japanese Alcoholic Beverages> <Restaurants>

- **Change in reportable segment : New Sanko Inc.**
 - Change from Japanese Alcoholic Beverages to Restaurants
⇒ approx. **+¥0.2 billion** (2014 result has been retroactively adjusted to reflect this change. The effect of operating income is immaterial)

<International>

- **Account period change: Silver Springs Citrus**
 - SSC was consolidated for six months due to the change in the consolidation period ⇒ approx. **+¥2.7 billion**
(Foreign exchange impact+ ¥0.4 billion) **Total +¥3.1 billion**
- **Newly consolidation: Country Pure Foods**
 - Newly consolidation of CPF was started in February 24.
⇒ approx. **+¥1.4 billion** (Including foreign exchange impact +¥0.2 billion)

<Food & Soft Drinks>

- **Sale of Overseas restaurants business**
 - Sold restaurants business in Hong Kong in December 2014
⇒ approx. **-¥1.3billion** (The effect of operating income is immaterial.)

<Real Estate>

- **Sale of some rental properties and sports facilities operator business**
 - Sold sports facilities operator business in Dec.2014
 - Sold some rental properties in Dec. 2014
 - Sold trust beneficiary right of Shibuya Sakuragaoka Square in Feb. 2015
⇒approx. **Total -¥0.5billion**
(Breakdown: Sports-¥0.3 billion; Rental properties- ¥0.2billion)

<Operating Income>

<International>

- **Account period change: Silver Springs Citrus**
 - SSC was consolidated for six months due to the change in the consolidation
- **Newly consolidation: Country Pure Foods**
 - Newly consolidation of CPF was started in February 24.
⇒ approx. **Total -¥0.2 billion**

<Real Estate>

- **Sale of some rental properties and sports facilities operator business**
 - Sold sports facilities operator business in Dec.2014
 - Sold some rental properties in Dec.2014
 - Sold trust beneficiary right of Shibuya Sakuragaoka Square in Feb. 2015
⇒approx. **Total -¥0.1billion**

<The Effects of Changes in Foreign Exchange Rates>

- **Net Sales: approx.+¥1.9 billion**
(Breakdown: International +¥1.5bn; Food & Soft Drinks +¥0.4bn)
- **Operating Income: Slightly negative**

Average rates during the period	2014 1Q	2015 1Q
US \$	102.78	119.17
(Jan-Mar.)	CAN \$	93.10
		96.00



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Overview of First-Quarter 2015 Results (2)

➤ Net sales: **down Y-o-Y**

- Japanese Alcoholic Beverages: Sales volume of beer and beer-type beverages significantly declined from the previous year due to the impact of the last-minute surge in demand in March 2014 ahead of the rise in consumption tax in April.
- International: Sales increased year on year, as SSC was consolidated for six months due to the change in the consolidation period and new consolidation of CPF was started in February 24.
- Foods & Soft Drinks: Net sales declined due to the impact of the sale of our restaurant business in Hong Kong last year despite overseas soft drinks and domestic restaurants business sales increased

➤ Operating income: **down Y-o-Y**

- Japanese Alcoholic Beverages: Loss increased due largely to sales decline in beer and beer-type beverages despite cost reduction efforts primarily targeting sales promotion cost
- International: Loss expanded due to the steep rise in cost of oranges at the U.S. soft drinks business
- Food & Soft Drinks: Sales volume of domestic soft drinks was in line with the previous year, but loss expanded due to higher raw ingredients cost
- Real Estate: Profit declined due to property sales in 2014 and 2015 as well as temporary decline in occupation rate of Yebisu Garden Place

➤ Net income: **up Y-o-Y**

Extraordinary income: ¥7.3 billion from the sale of trust beneficiary right of Shibuya Sakuragaoka Square this year

Extraordinary loss: Reversal of ¥2.3 billion in cost for demolition, removal, etc. in the Sapporo Ginza Building redevelopment project in 2014

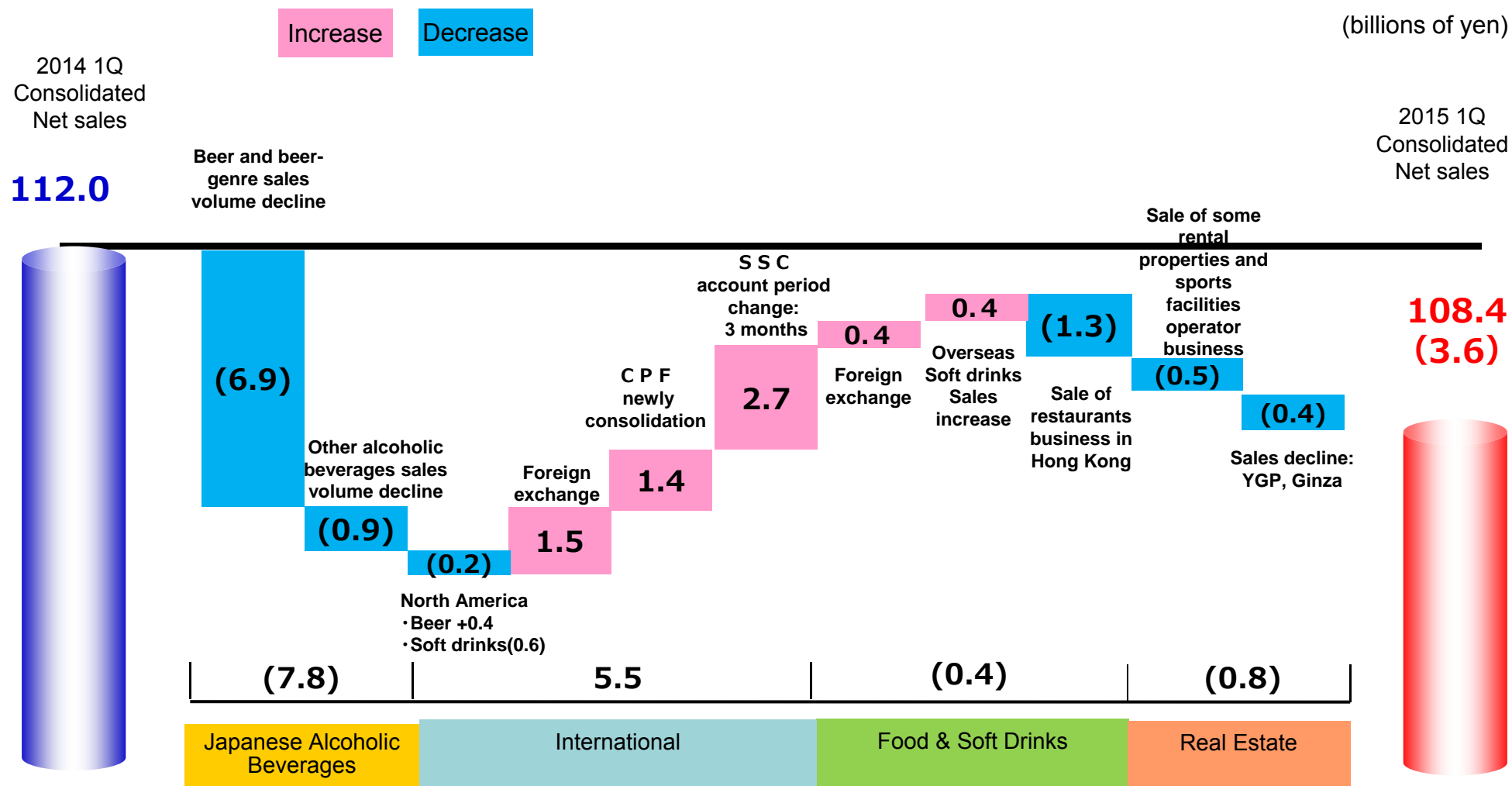
(billions of yen)		2014 1Q	2015 1Q	YoY changes (amount, %)	
	Japanese Alcoholic Beverages	59.0	51.2	(7.8)	(13.3)%
	International	10.4	16.0	5.5	53.3%
	Food & Soft Drinks	29.8	29.3	(0.4)	(1.7)%
	Restaurants	5.8	5.8	0.0	0.4%
	Real Estate	5.6	4.7	(0.8)	(15.7)%
	Other	1.3	1.3	(0.0)	(0.3)%
	Consolidated net sales	112.0	108.4	(3.6)	(3.2)%
	Operating income before goodwill amortization	(0.7)	(3.3)	(2.6)	—
	Japanese Alcoholic Beverages	(1.1)	(2.3)	(1.1)	—
	International North America, other Vietnam	(0.8)	(1.2)	(0.3)	—
		(0.3)	(0.6)	(0.3)	—
		(0.5)	(0.6)	(0.1)	—
	Food & Soft Drinks	(0.7)	(1.2)	(0.4)	—
	Restaurants	(0.3)	(0.3)	(0.0)	—
	Real Estate	2.2	1.7	(0.5)	(24.5)%
	Other	0.0	(0.0)	(0.0)	—
	General corporate	(0.8)	(0.8)	0.0	—
	Consolidated operating income	(1.7)	(4.3)	(2.6)	—
	Consolidated ordinary income	(2.3)	(4.5)	(2.2)	—
	Consolidated net income	(3.8)	0.8	4.6	—



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Overview of First-Quarter 2015 Results(3)

Factors Contributing to Change in Net sales

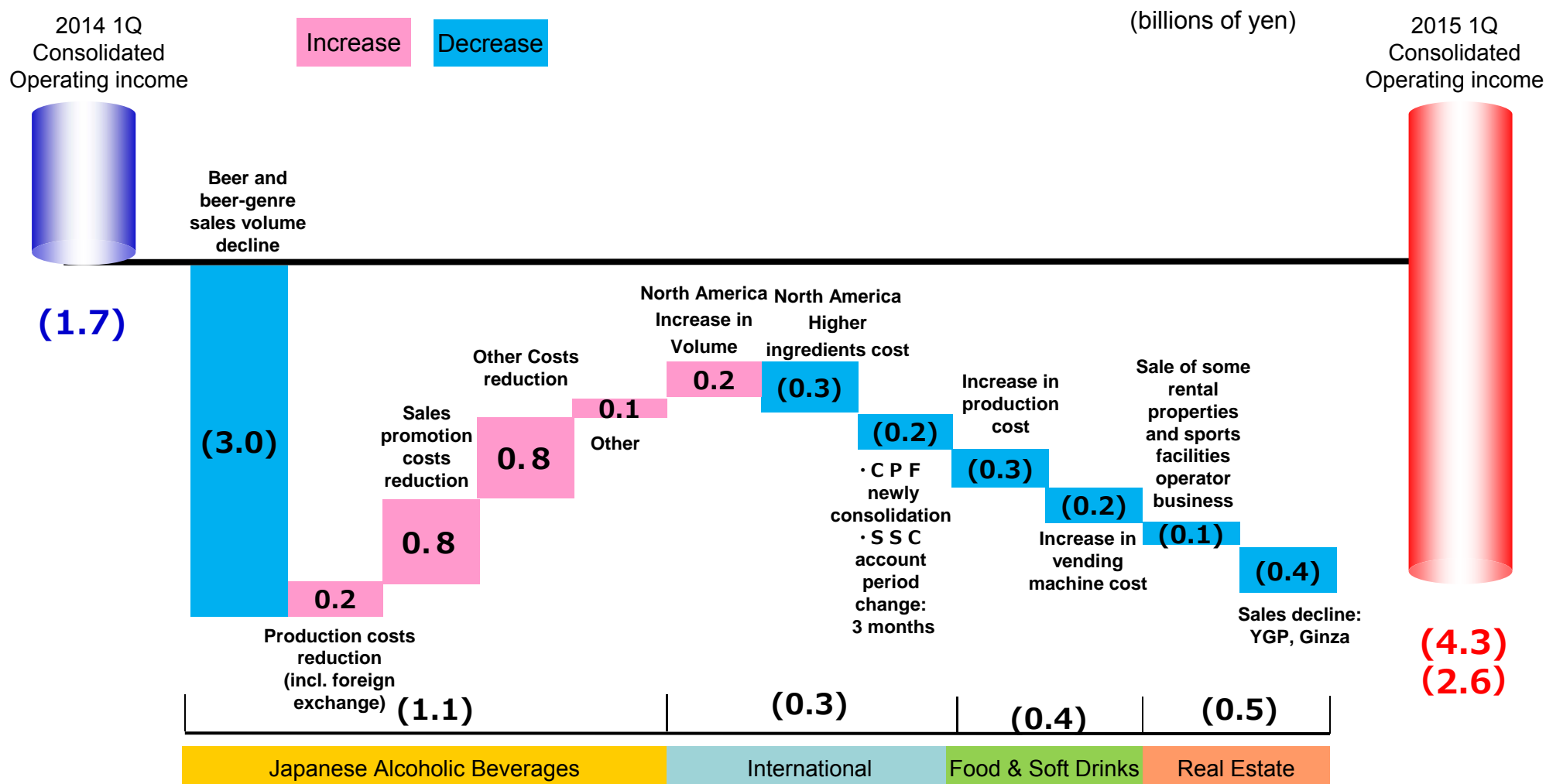




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Overview of First-Quarter 2015 Results (4)

Factors Contributing to Changes in Operating Income



Overview of First-Quarter 2015 Results(5)

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

① <Capital expenditure and lease fees>

Consolidated total: Approx. ¥9.4 bn

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

Major items:

- Ojima factory(Japanese Alcoholic Beverages): approx.¥0.3 billion, Nagoya factory (Food & Soft Drinks): approx.¥0.3 billion , Ginza 5-chome redevelopment project (Real Estate): approx.¥3.7 billion, Ebisu First Square (Real Estate): approx.¥1.5 billion, Yebisu Garden Place(Real Estate): approx.¥0.7 billion, Lease fees((Food & Soft Drinks):approx.¥0.8 billion

② <Other investments>

Consolidated total: Approx. ¥ 8.4 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
Consolidated subsidiaries :approx.. ¥5.8 billion,
Investment securities, etc.: approx. ¥1.0 billion

① + ② < Jan-Mar 2015 strategic investment total (incl. ordinary capex, on a cash basis) >

- **Approx. ¥17.8 billion**

Credit Ratings

<Credit rating by JCR>

- As of May 8, 2015: A- (stable)

<Credit rating by R&I>

- As of May 8, 2015: BBB+ (stable)

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 total: Approx. ¥29.5 bn

— **2015 strategic investment total:** Approx. ¥17.8 bn

— **2015 plan: ¥35.1 bn** (capex ¥19.8 bn, other investments ¥15.3bn)

Reference 1: Sapporo Group Management Plan 2015-2016

***There has been no changes to the figures announced on
February 12, 2015.**

2015-2016 Targets Based on Current Businesses

Management plan	2014 results	2015 targets	2016 targets	New management framework
Consolidated net sales *incl. liquor tax	¥518.7 bn	¥545.7 bn	¥579.5 bn	¥600.0 bn
Consolidated operating income (before goodwill amortization)	¥18.4 bn	¥20.7 bn	¥28.0 bn	¥40.0 bn
Consolidated operating income	¥14.7 bn	¥16.3 bn	¥23.5 bn	—
Consolidated ordinary income	¥14.5 bn	¥15.2 bn	¥22.1 bn	
Consolidated net income	¥0.3 bn	¥8.0 bn	¥11.4 bn	
D/E ratio	1.5 times	1.3 times	1.2 times	Around 1:1
ROE (before goodwill amortization)	2.7 %	7.8 %	9.6 %	8% or higher
ROE	0.2 %	5.0 %	6.9 %	

*Assumed exchange rates: 2015-2016: US\$ = ¥113.00, CAN\$ = ¥99.00



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2015-2016 Targets Based on Current Businesses by Segment

Management Plan		2014 results	2015 targets	2016 targets
Net sales	Japanese Alcoholic Beverages	¥281.8 bn	¥290.2 bn	¥305.0 bn
	International	¥49.6 bn	¥67.8 bn	¥76.0 bn
	Food & Soft Drinks	¥133.4 bn	¥133.7 bn	¥141.7 bn
	Restaurants	¥26.3 bn	¥27.2 bn	¥27.5 bn
	Real Estate	¥21.5 bn	¥20.8 bn	¥22.8 bn
	Other	¥5.9 bn	¥6.0 bn	¥6.5 bn
	Consolidated total	¥518.7 bn	¥545.7 bn	¥579.5 bn
Operating income	Japanese Alcoholic Beverages	¥10.2 bn	¥9.5 bn	¥12.0 bn
	International	¥0.1 bn	¥1.0 bn	¥2.6 bn
	Food & Soft Drinks	¥0.1 bn	¥0.7 bn	¥1.4 bn
	Restaurants	¥0.2 bn	¥0.9 bn	¥1.3 bn
	Real Estate	¥7.6 bn	¥7.9 bn	¥9.9 bn
	Other	¥0.1 bn	¥0.2 bn	¥0.2 bn
	Eliminations and Corporate	¥(3.9) bn	¥(3.9) bn	¥(3.9) bn
	Consolidated total	¥14.7 bn	¥16.3 bn	¥23.5 bn
	Consolidated total (before goodwill amortization)	¥18.4 bn	¥20.7 bn	¥28.0 bn

*Assumed exchange rates: 2015-2016: US\$ = ¥113.00, CAN\$ = ¥99.00

Reference 2: Supplementary Information to First-Quarter 2015 Results (Overview by Business Segment)

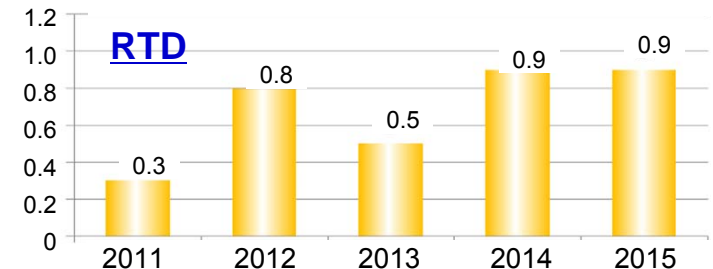
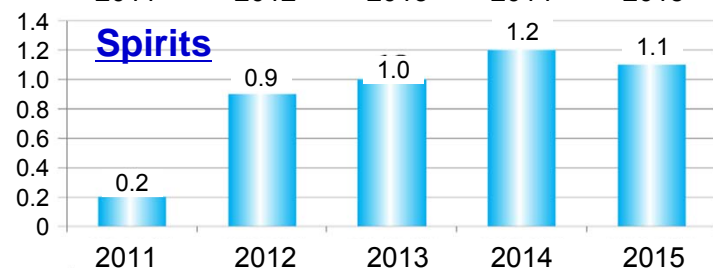
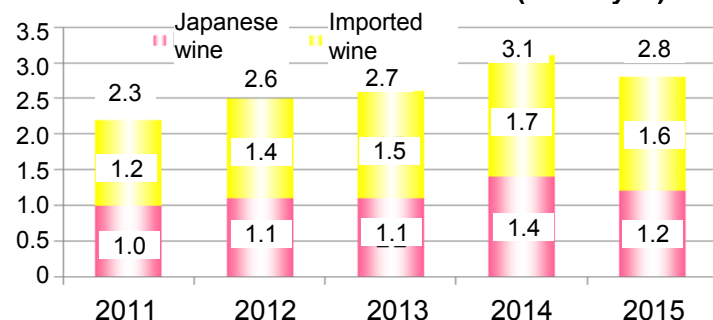
**For information on the profitability of each business, please see the
Supplementary Information to our Earnings Report.**



Reference Material (1) Japanese Alcoholic Beverages

SAPPORO Wine

Jan-Mars sale value
(billion yen)



Progress in diversified product offerings

- **Net sales declined due to the impact of the last-minute surge in demand last year but sales of the core products in each category grew**
- **Wine:** In Japanese wine, we launched Grande Polaire Azumino Ikeda Vineyard from the Grande Polaire premium wine series, made with 100% Japanese grapes, which was well-received. Net sales **fell 9% year over year.**
- **Spirits:** The world's No. 1 rum brand Bacardi, including Bacardi Mojito were well received. Net sales **fell 10% year over year.**
- **Japanese liquor:** Blended Imo Shochu Kokuimo, the top-selling product in the category. Sales of Umesu increased 11% on year. Net sales **fell 6% year over year.**
- **RTD:** Otoko Ume Sour, a collaboration product, continues to be strong. Net sales **fell 2% year over year.**



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Reference Material (2) International

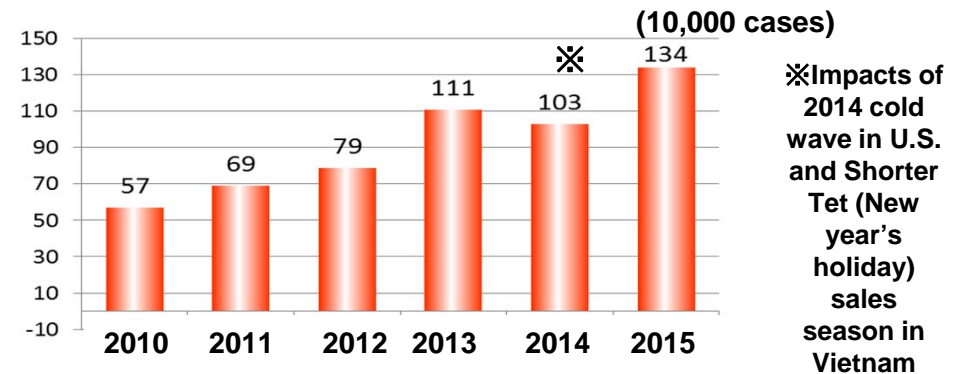
Profile of Country Pure Foods

CPF profile	Strength in commercial-use sales to non-commercial organizations such as educational and medical institutions mainly in the U.S. and it is also engaged in production of private brand products for major retail chains and contract manufacturing for major beverage manufacturers
Location	Akron, Ohio
Business	<ul style="list-style-type: none"> • Manufacturing and sale of commercial-use foods (school and hospital meals) and fruit juice • Manufacturing and sale of private brand fruit juice for retail chains • Contract manufacturing of fruit juice for beverage manufacturers
Production bases	4 factories (Akron, Ohio; Deland, Florida; Ellington, Connecticut; and Houston, Texas)
Net sales	18.3 billion yen (fiscal year ended December 2013)

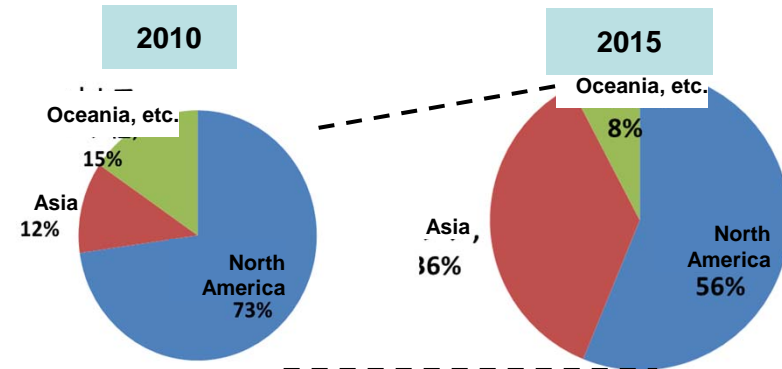


Overseas expansion of SAPPORO brand

Trend of overseas sales volume of SAPPORO brand products (Jan-Mar)



Sales Breakdown by Geographic Area (Jan-Mar)



North America: Canada, U.S.

Asia: Vietnam, Singapore, South Korea, etc.

Oceania, etc.: Australia, Europe, etc.



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Reference Material (3) Food & Soft Drinks, Real Estate

Food & Soft Drinks

■ Soft Drinks (Overseas): POKKA Corporation (Singapore) Pte. Ltd.

<Enhancing production capabilities towards sales expansion>

- Completed construction of the POKKA Malaysia factory and started production in October 2014
- Started construction of a factory in Myanmar to conduct licensed production aiming for starting in 2016
- Agreed to form a joint venture with PT DIMA INDONESIA to manufacture and sell soft drinks in Indonesia aiming for starting in 2016.

Planning for starting construction in the first half of 2015

< POKKA achieved 12 consecutive months No.1 in Non-Chilled Juice

Drink in Singapore>

* source: Nielsen Market Track APR'14-MAR'15



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

- CAFÉ de CRIÉ celebrated its 20th anniversary and the company has been actively pursuing opening new outlets in new areas and proposal of new menu items.
- Net sales rose 10% y-o-y
- Further improvement in FC support system
- Nurtured human resources for FC business, enhanced education and training system
- Open new formats of CAFÉ de CRIÉ (intra-hospital and suburban-type)

Outlets: 185 (as of December 31, 2014)
(Directly operated: 94 outlets; FC: 91 outlets)

Hokkaido 2, Kanto 104, Tokai 37
Kansai 31, Kyushu 8, Shikoku 3



Real Estate

Occupancy rates are annual averages (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
Ebisu First Square	2,596	15,496	100%	12 floors above ground, 1 below
Ebisu Square	1,561	9,126	100%	7 floors above ground, 1 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

*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)

Ebisu First Square

- Completed in September 2014, **it has been fully occupied** and has become a new popular spot in the Ebisu area
- **Floor area: 10,400m² ⇒ 15,496m², full-year operation from 2015**

Real Estate for Lease at Dec. 31.2014

Balance sheet value at Dec.31, 2014 :
approx. ¥207.8 billion

Fair value at December 31, 2014 :
approx. 348.2 billion yen

Ebisu First Square





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.