



2016
Sapporo Group Business Results Presentation
for the Nine Months Ended September 30, 2016

November 4, 2016

Sapporo Holdings Ltd.

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



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1. Overview of Third Quarter 2016 Results



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Third-Quarter 2016 Group Results Overview

Earnings: operating income improves ¥6.8 billion y-o-y

(billions of yen)	2015 3Q	2016 3Q	Change
Net sales	388.1	392.2	4.1
Operating income	5.9	12.8	6.8
Net income	1.9	5.2	3.3

➤ Topline continued to increase (**7th straight term of net sales increase**) and measures to improve management efficiency made progress

➤ **Record operating income in recent 10 years**

➤ Net income increased, despite an extraordinary gain from the sale of Shibuya Sakuragaoka Square recorded a year ago.

Steady progress in the year for carrying out our word

- Putting into practice the business policy of the “first year of a new period of growth in the beer business,” Black Label and Yebisu continued to perform strongly
- With the inauguration of Ginza Place, the foundation to generate stable profit was put into place in the Real Estate business
- Improved management efficiency at International, Food & Soft Drinks and Restaurants through cost reduction

Achievement of the plan

- We revised the landing points for the International, Food & Soft Drinks and Restaurants to reflect changes in the economic situation and the impact of foreign exchange rates
- Continue with control of costs such as sales promotion expenses according to sales of each business and achieve y-o-y increase in all businesses



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Third-Quarter 2016 Topics (1): Japanese Alcoholic Beverages

➤ The “first year of a new period of growth in the beer business” showed remarkable result and component ratio increased

Beer and beer-type beverages

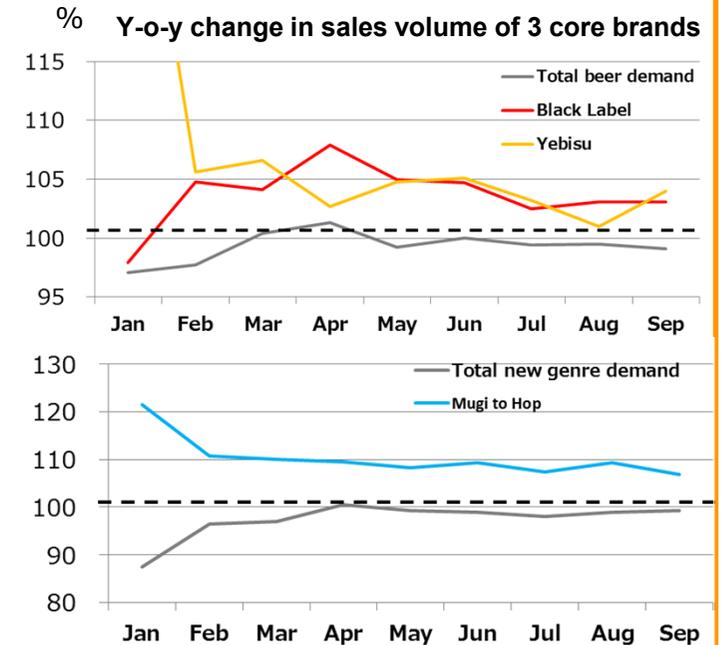
<Beer>

- **Jan-Sep up 5% y-o-y (total demand down 1%)** (sales volume)
- Black Label Brand total up 3% y-o-y
- Yebisu Brand total up 4% y-o-y
- Beer's component ratio: 57% in 3Q 2015 → **increased to 60% in 3Q 2016**



<Happoshu + new genre>

- Jan-Sep down 7% (total demand down 2%)
- Mugi to Hop Brand total up 7% y-o-y
- Goku Zero Down 13% (relaunched in September)

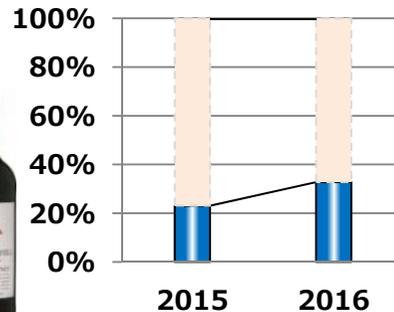


Wine

- **Implementing reform for making it the second pillar of the business: focusing on fine wine**
- Proposing international brands in the fine wine market*1
- **Fine wine's share in imported wine** → 23% in 3Q 2015 → **33% in 3Q 2016**



Fine wine's share in imported wine



*1 Medium to premium wines costing 1,500 yen or more

Spirits, other

- **Strong in general** (RTD is sales volume, Spirits and Japanese liquor are sales value)
- RTD business: up 21% y-o-y
- Spirits business: up 17% y-o-y
- Japanese liquor business: up 9% y-o-y





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Third-Quarter 2016 Topics (2): International

➤ North American beer business continues to grow, Vietnamese business started recovering in 2Q

North American beer business

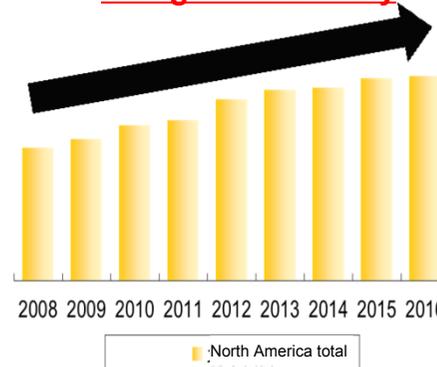
<SLEEMAN>

- **Jan-Sep up 1% y-o-y** (sales volume)
 - **Record** net sales on a local currency basis
 - Leading sales with premium products in Eastern area and value products in Western area

<Sapporo USA>

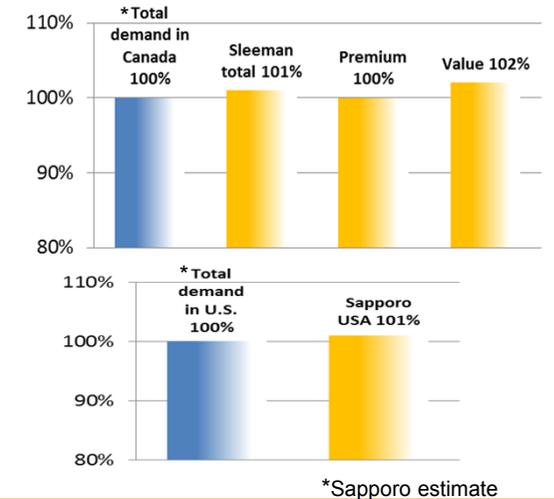
- **Jan-Sep up 1% y-o-y** (sales volume)
 - **Record net sales** as SAPPORO brand expands well
 - Improvement of distribution costs and other factors also contributed to profit increase

➤ **North America sales have been rising continuously**



*Simple sum of sales on a local currency basis

North American beer sales volume for Jan-Sep (y-o-y)



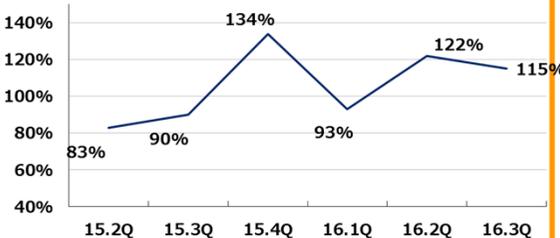
*Sapporo estimate

Vietnamese beer business

- **Jan-Sep up 9% y-o-y**
 - Improved the quality of bottled products in April
 - Continued with initiatives to reduce costs
 - Fell y-o-y in 1Q partly due to a tax increase
 - Recovered from 2Q led by bottled products and 330ml cans
 - In 3Q, **launched BLUE CAP in July**
Taking on the challenge of a new pricing range



Change in Jan-Sep sales volume in Vietnam



U.S. soft drinks business

<Country Pure Foods> <Silver Springs Citrus>

➤ Pursuing synergies in optimization of production structure

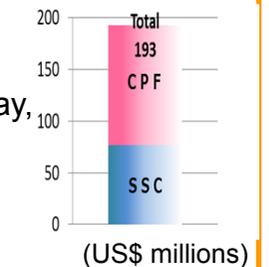
➤ Reduction of cost of juices

<Ridgefield's>

➤ Following the acquisition in May, it has been performing smoothly



Jan-Sep net sales





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Third-Quarter 2016 Topics (3): Food & Soft Drinks

➤ Domestic soft drinks and lemon-based products have been strong; continuing to promote cost reductions

Domestic food and soft drinks

<Domestic soft drinks>

- **Jan-Sep up 3% y-o-y** (sales volume)
 - Lemon-based drinks: Up 7% y-o-y
 - Coffee drinks: Down 1% y-o-y
 - Unique products such as Kaga bou Hojicha using twig tea grown in Japan led overall sales

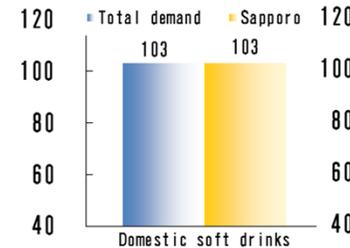


<Domestic foods>

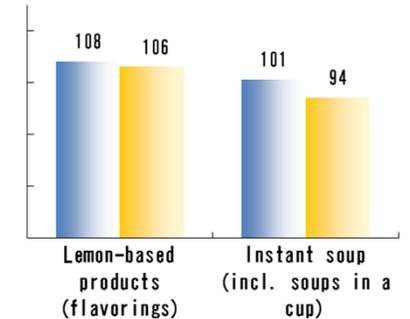
- Jan-Sep down 5%
 - Lemon-based food products: Unchanged y-o-y (**sales value up 6%**) → the increased price took root
 - Instant soup: Down 9% (sales value down 6%)
 - New products: Launched microwavable Jikkuri Kotokoto Gohobi Dining



Y-o-y change in Jan- Sep soft drinks sales volume



Y-o-y change in Jan- Sep foods sales value



➤ Driving forward improvement of management efficiency and cost reduction

- Aseptic bottling line in Gunma plant started operating in July → Improve costs by producing drinks internally
- Controlling discount of instant soup products
- Improving profitability through cost control of vending machines, etc.



Overseas soft drinks

- The business in Singapore was strong and **sales value was up 7% y-o-y**
- Exports sales value fell 8% y-o-y due to declining demand reflecting falling crude oil price, unstable political situation, etc. in the Middle East

Jan- Sep overseas sales (SG\$ million)



Soy milk, chilled products

➤ The soy milk business, launched last year, had Jan-Sep net sales of ¥1.6 billion





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Third-Quarter 2016 Topics (4): Restaurants

➤ Amid harsh market environment, enhancing earnings capability through steady structural reform

Restaurants business in Japan

<Sapporo Lion>

➤ **Comparable-store sales: unchanged y-o-y**

- Harsh environment of high ingredient and personnel costs continues
- Closed 20 outlets in 2015, 4 in 2016
- Newly opened 11 outlets and refurbished 2
- Carrying out structural reforms to transform into a highly profitable structure
⇒ **Operating income increased 41% y-o-y**

➤ The flagship restaurants to resume operations, to contribute to profits in the future

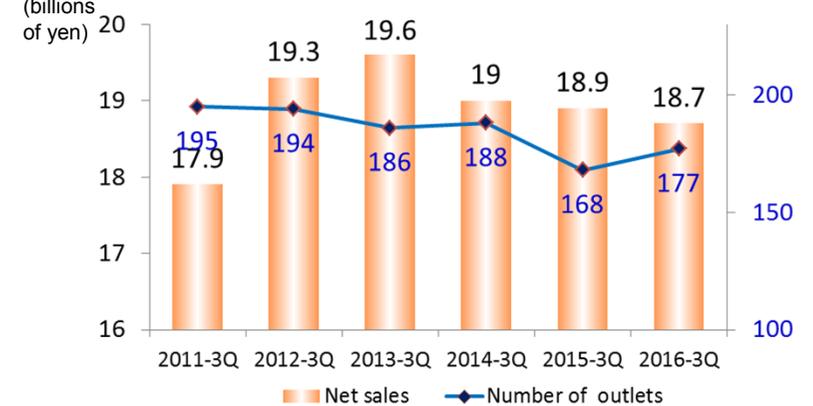
- July 15
Ginza Lion Shimbashi opened (a total of 3 floors: about 401 m²)
- August 3
Ginza Lion GINZA PLACE opened (a total of 2 floors: about 480 m²)

<Marushinkawamura>

➤ Newly consolidated from June

- Primarily in Sapporo, operates 14 outlets of Kushiro and Sapporo Ginrin restaurants in Sapporo and 2 in Kanto region
- Strength in Japanese restaurant format with relatively high unit price and high business entertainment demand
- Net sales of approximately ¥2.2 billion in fiscal year 2015

Trends of net sales and number of Sapporo Lion outlets



▲ Ginza Lion Shimbashi



▲ Ginza Lion GINZA PLACE

Kushiro KITTE Marunouchi ➤





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Third-Quarter 2016 Topics (5): Real Estate

GINZA PLACE opens; Yebisu Garden Place maintains stable occupancy rate

Real estates

<Yebisu Garden Place>

- Continues to maintain high occupancy rate. Value enhancement of the property have also been implemented
 - The restaurant floor of the 38th floor of the tower opened after renovation on October 27. The 39th floor is scheduled to open in Summer 2017
 - BRICK END opened along the Yamanote Line on October 6

<GINZA PLACE>

- Aspires to become the landmark that creates tomorrow's Ginza
 - Inaugurated on September 24 with the concept of the "base for information dissemination and exchange"
 - Above the ground 11, below 2. Total floor space of about 7,350m²

<Other properties>

- Ebisu First Square has been maintaining 100% occupancy rate since its inauguration
- We are continuing with value enhancement of Sapporo Factory and started working on redevelopment of the former Parking Lot 3 site in the adjacent plot for renting the entire building as a showroom and offices. (completion scheduled in May 2017)

Change in **average occupancy rate** of Yebisu Garden Place office space (contract basis)

2015 1Q	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q	2016 3Q
87%	91%	93%	99%	99%	99%	99%

Yebisu Garden Place



BRICK END



GINZA PLACE



Ebisu First Square





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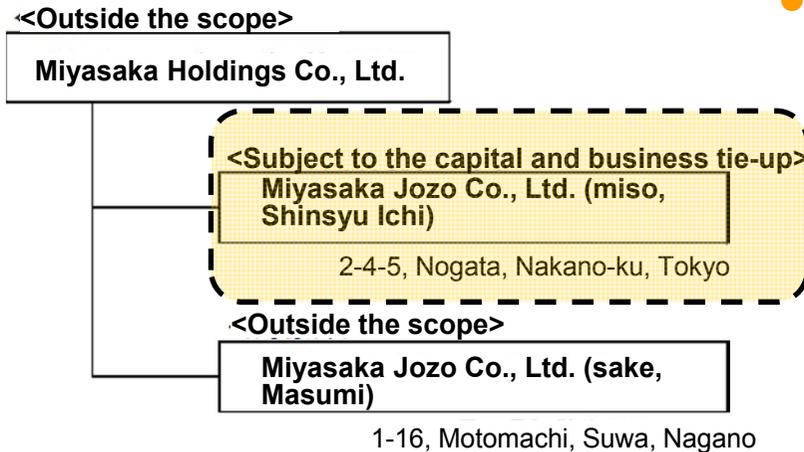
Third-Quarter 2016 Topics (6): Miyasaka Jozo Co., Ltd.

➤ Aim to expand the food domain with the Shinsyu Ichi brand at the core

➤ **September 5, 2016: Purchased a 51% stake in Miyasaka Jozo Co., Ltd., which manufactures and markets miso, instant miso soup and freeze-dried products.**

Company profile

- Trade name: Miyasaka Jozo Co., Ltd.
- Address: 2-4-5, Nogata, Nakano-ku, Tokyo
- Capital stock: ¥48 million (before the third-party share allocation)
- Net sales: approx. ¥7.0 billion
- Shareholders:



食卓に、おいしさと感動を

神州一味噌

創業1662年・宮坂醸造

- Manufacturing bases:
 - Kofu Factory (Kofu, Yamanashi; manufacturing of miso)
 - Uenohara Factory (Uenohara, Yamanashi; setup of instant miso soup)
 - Higashikurume Factory (Higashikurume, Tokyo; manufacturing of freeze-dried products)
 - Marutakagura Factory (Suwa, Nagano; manufacturing of miso)
- Main products

▶ Miko-chan



▶ Oishiine!! Tonjiru



▶ Omisoshiru de Nyusankin



▶ Ju-yonwari





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2016 3Q Results Highlight

(billions of yen)

Consolidated financial results	2015 3Q	2016 3Q	YoY changes (amount, %)	
			Amount	%
Net sales(incl. liquor tax)	388.1	392.2	4.1	1.1%
Net sales (excl. liquor tax)	305.6	307.7	2.0	0.7%
Overseas net sales to total (excl. liquor tax)	23.5 %	21.0%	(2.5)	—
Operating income	5.9	12.8	6.8	115.1%
Operating income before goodwill amortization	9.0	15.8	6.7	75.3%
Ordinary income	4.9	11.5	6.6	134.5%
Net income attributable to owners of the parent	1.9	5.2	3.3	174.8%
EBITDA	26.9	32.3	5.3	20.1%
Balance of Net debt	222.3	215.1	(7.1)	(3.2)%
Net D / E ratio	1.4 times	1.4 times	—	—

※Exchange rate

2015: US\$=¥120.99 CAN\$=¥96.08 2016:US\$=¥108.59 CAN\$=¥82.09



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Overview of Third Quarter 2016 Results (1) Special Factors

<Special factors in the business results (year-on-year)>

(—: negligible)

Business segment	Details	Sales impact	Operating income impact
International	2015: Silver Spring Citrus account period change (changed from Oct 2015 to Sep 2016 -> Jan 2016 to Dec 2016) ⇒2015: consolidating the results for 9 months from Oct 2014 to Jun 2015 2016: Jan to Jun 2016	- approx. 2.8 bn yen	—
International	2015: Country Pure Foods new consolidation (Consolidation started from Feb 24, 2015, when the stake was acquired) 2016: Sales increase for two months of Jan, Feb	+ approx. 2.9 bn yen	—
Food & Soft Drinks	Entered soy milk business in Oct 2015	+ approx. 1.6 bn yen	—

<Impact of foreign exchange rates>

Average rate during the period (Jan – Sep)

	2015 3Q	2016 3Q
US \$	¥120.99	¥108.59
CAN \$	¥96.08	¥82.09
SG\$	¥88.74	¥79.15

	Net sales	Operating income
Japanese Alcoholic Beverages	—	—
International	-6.3 bn yen	—
Food & Soft Drinks	- 1.9 bn yen	—

<Change in depreciation method>

Declining balance method in some portions → straight line method for all assets

	Japanese Alcoholic Beverages	Food & Soft Drinks	Restaurants	Real Estate
Decline in depreciation (Jan-Sep)	690 million yen	260 million yen	140 million yen	120 million yen



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Overview of Third Quarter 2016 Results (2) Net Sales by Segment

(billions of yen)	2015 3Q	2016 3Q	YoY change (amount, %)		Notes
Consolidated net sales	388.1	392.2	4.1	1.1%	
Japanese Alcoholic Beverages	195.2	200.0	4.8	2.5%	
International Business	53.2	48.0	(5.2)	(9.8)%	Foreign exchange rates (average rate of 2016 3Q) US\$1=¥108.59 CA\$1=¥82.09 VND1= ¥ 0.00480
Food & Soft Drinks	99.3	101.5	2.2	2.3%	Foreign exchange rates (average rate of 2016 3Q) SG\$1=¥79.15
Restaurant	20.5	21.0	0.4	2.3%	
Real Estate	15.2	16.7	1.5	9.9%	
Other	4.4	4.7	0.2	6.4%	



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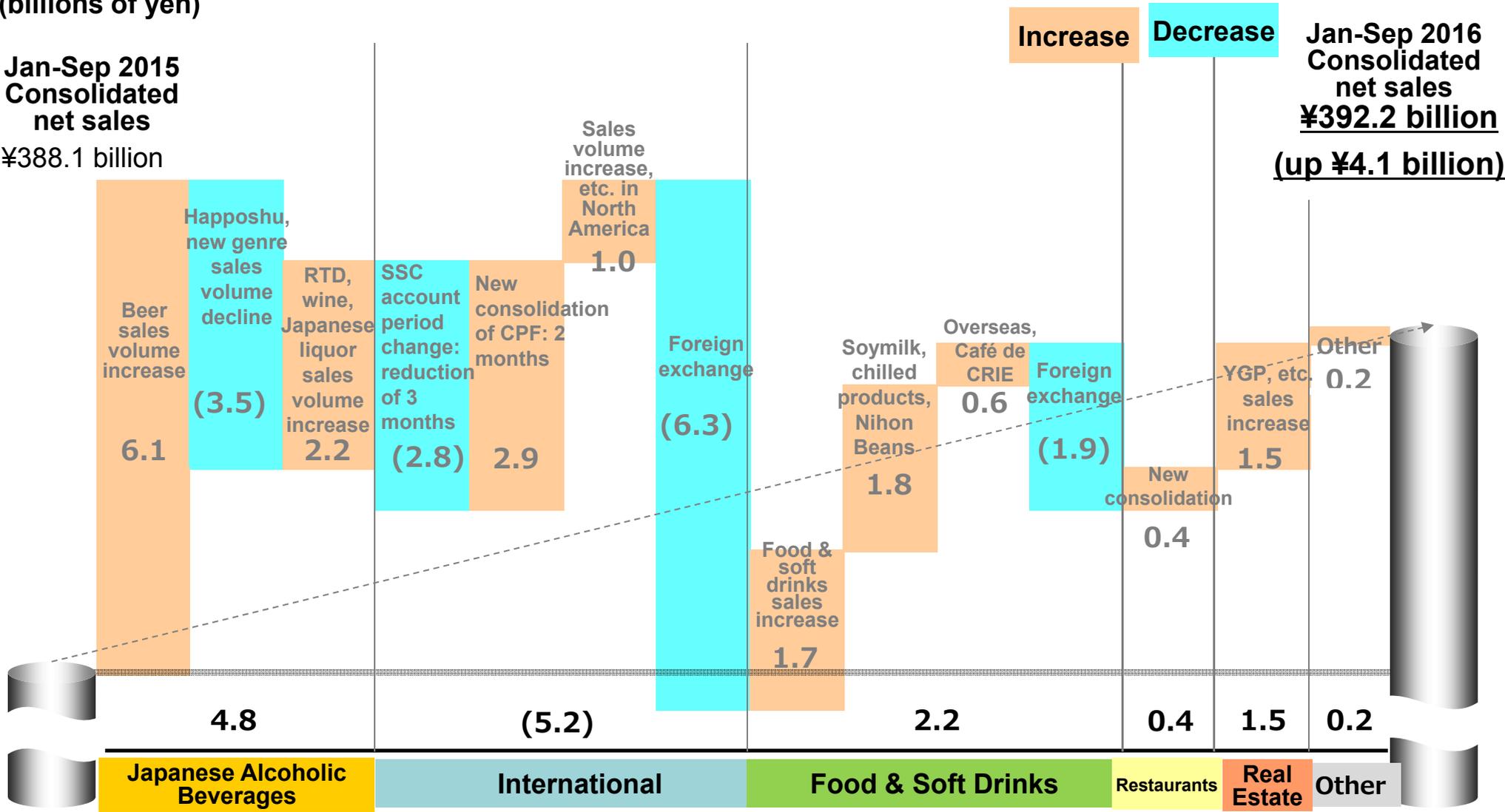
Overview of Third-Quarter 2016 Results (3): Factors Contributing to Change in Net Sales

<Main Factors Contributing to Changes in Net Sales>

(billions of yen)

Jan-Sep 2015
Consolidated
net sales
¥388.1 billion

Jan-Sep 2016
Consolidated
net sales
¥392.2 billion
(up ¥4.1 billion)





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Overview of Third Quarter 2016 Results (4) Operating Income by Segment

(billion of yen)	2015 3Q	2016 3Q	Change	Notes
Consolidated Operating income	5.9	12.8	6.8	
Japanese Alcoholic Beverages	3.0	6.3	3.3	
Beer and related product	1.3	4.0	2.7	Marginal profit+1.5,Fixed cost and other+1.3
Wine and spirits	1.1	1.5	0.4	Marginal profit+0.8,Fixed cost and other-0.4
Other	0.7	0.8	0.1	
International	(0.0)	0.7	0.8	
North America, etc.	1.5	2.0	0.5	Marginal profit+0.9,Fixed cost and other-0.4
Vietnam	(1.6)	(1.3)	0.3	Marginal profit+0.0,Fixed cost and other+0.3
Food & Soft Drinks	(0.5)	0.6	1.2	
Japanese Food & Soft Drinks	(1.5)	(0.3)	1.2	Marginal profit+1.4,Fixed cost and other-0.2
Overseas Soft Drinks/ Domestic coffee shop chain	1.0	0.9	(0.1)	
Restaurant	0.3	0.5	0.1	Comparable stores-0.1, Closed outlets +0.2
Real Estates	6.1	8.0	1.9	Rent+1.7, Other factors+0.2
Other	0.0	(0.1)	(0.1)	
General corporate and intercompany eliminations	(3.0)	(3.4)	(0.3)	
Amortization of goodwill	3.0	2.9	(0.1)	
International	1.2	1.2	(0.0)	
Food & Soft Drinks	1.7	1.6	(0.1)	
Operating income before goodwill amortization	9.0	15.8	6.7	



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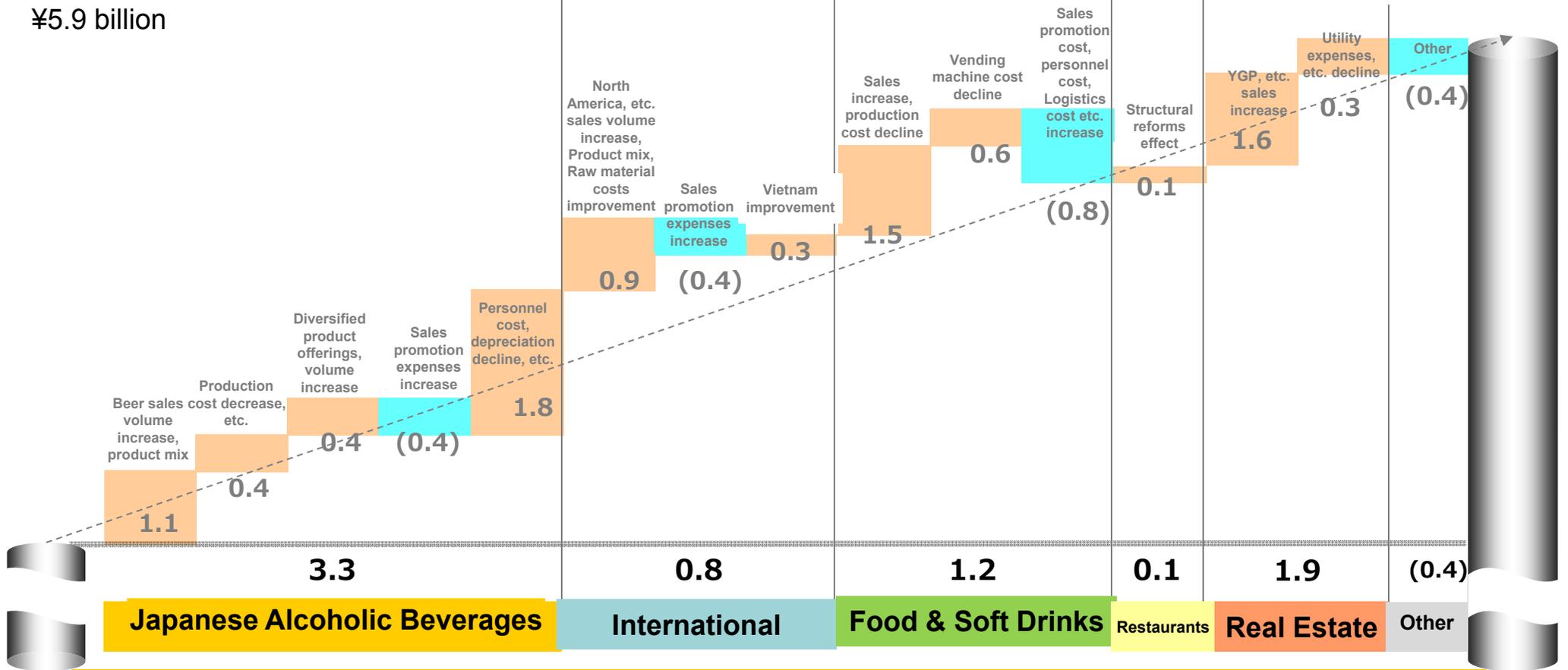
Overview of Third-Quarter 2016 Results (5): Factors Contributing to Change in Operating Income

<Main Factors Contributing to Changes in Operating Income>

(billions of yen)

Jan-Sep 2015
consolidated
operating
income
¥5.9 billion

Increase Decrease **Jan-Sep 2016
consolidated
operating income
¥12.8 billion
(+¥6.8 billion)**





Overview of Third Quarter 2016 Results

(6) Changes in Extra Ordinary Gains and Losses

Consolidated Statements of Income

(billions of yen)

	2015 3Q	2016 3Q	Change	Primary Reasons
Net sales	388.1	392.2	4.1	
Operating income	5.9	12.8	6.8	
Financial account balance	(0.8)	(0.7)	0.1	
Other non-operating expenses	(0.3)	(0.6)	(0.3)	Foreign exchange losses-0.2
Ordinary income	4.9	11.5	6.6	
Gain on sales of property, plant and equipment	7.4	0.0	(7.3)	2015 : Sale of Shibuya Sakuragaoka Square7.3
Other extraordinary gains	0.4	0.0	(0.4)	2015 : Subsidy income 0.3
Loss on sales/disposal of property, plant and equipment	(0.9)	(1.2)	(0.3)	
Impairment loss	(3.3)	(0.5)	2.8	2015: Welfare facilities-1.4, Idle real estate-1.7
Other extraordinary losses	(1.9)	(0.3)	1.6	2015: Loss on devaluation of investment securities-1.6
Income before income taxes and non-controlling interests	6.6	9.6	2.9	
Corporate tax, etc.	(4.8)	(4.3)	0.5	
Net income attributable to owners of the parent	1.9	5.2	3.3	



Overview of Third Quarter 2016 Results (7)

Implementation Status of Strategic Investment

Implementation Status of Strategic Investments (including ordinary capex, on a cash bases)

(1) <Capital expenditure and lease fees>

Consolidated total: Approx. ¥15.7 billion

- Property, plant and equipment, intangible assets, lease fees, etc.
Major items:
- Chiba brewery bottling line upgrade (Japanese Alcoholic Beverages):
approx. ¥0.9 billion
- Indonesian soft drinks factory construction work (Food & Soft Drinks):
approx. ¥0.8 billion
- Gunma plant aseptic bottling line (Food & Soft Drinks)
approx. ¥0.4 billion
- Lease fees (Foods & Soft Drinks, etc.): approx. ¥2.2 billion

(2) <Other investments>

Consolidated total: Approx. ¥5.0 billion

- Long-term prepaid expenses, subsidiaries' shares, investment securities, etc.
Major items:
- Purchase of subsidiaries' shares, Payment for transfer of business
(International, Restaurants): approx. ¥2.1 billion
- Long-term prepaid expenses (Japanese Alcoholic Beverages,
Food & Soft Drinks): approx. ¥2.8 billion

(1) + (2) <Jan-Sep 2016 strategic investment total>

(incl. ordinary capex, on a cash basis)

- **Approx. ¥20.6 billion**

Direction of Long-Term Strategic Investment

- The scale of strategic investment from 2012 to 2016 is anticipated to be ¥150 billion to ¥200 billion (in principle, funded from accumulated operating cash flow).
- Changes in investment from 2012 to September 2016
 - Including ordinary capex (approx. a half of strategic investments)
 - 2012 investment total: Approx. ¥65.7 bn
 - 2013 investment total: Approx. ¥23.5 bn
 - 2014 investment total: Approx. ¥29.5 bn
 - 2015 investment total: Approx. ¥40.2 bn
 - **2016 3Q investment total: Approx. ¥20.6 billion**
(Full year plan: ¥27.6 billion)

(annual plan breakdown: capital expenditure worth ¥19.5 bn, other investments worth ¥8.1 bn)

Financing Status

- In Mar. 2016 issued five-year straight bonds worth ¥10.0 billion at annual interest rate of 0.25%
- Credit ratings JCR: A- (Jan 28, 2016)
R&I: BBB+ (Feb 29, 2016)



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Overview of Third Quarter 2016 Results (8) Balance sheets

Condensed Consolidated Balance Sheets

(billions of yen)

	December 31, 2015	September 30, 2016	Change	Primary Reasons
Current assets	156.3	140.6	(15.6)	
Cash and cash equivalents	10.4	13.2	2.8	
Notes and accounts receivable - trade	92.3	71.2	(21.0)	Seasonal factors, Bank holiday(Dec. 31)
Inventories	38.6	40.6	1.9	
Other	14.9	15.5	0.5	
Fixed assets	464.0	451.6	(12.3)	
Fixed assets	347.7	346.4	(1.2)	
Goodwill	30.2	27.6	(2.5)	
Investments and other assets	86.0	77.4	(8.5)	Decline in investment securities resulting from decline in unrealized holding gain on securities
Total assets	620.3	592.3	(28.0)	
Current liabilities	233.6	194.8	(38.7)	
Notes and accounts payable - trade	36.7	38.8	2.1	
Short-term debt	92.8	66.2	(26.6)	Decrease in current portion of long-term bank loans
Deposits received	8.8	7.5	(1.2)	
Other	95.2	82.2	(13.0)	Decrease in liquor taxes payable
Long-term liabilities	222.9	241.6	18.7	
Long-term debt	141.9	162.2	20.3	Increase in long-term bank loans
Net defined benefit liability	7.6	6.8	(0.7)	
Other	73.3	72.5	(0.8)	
Total liabilities	456.5	436.5	(20.0)	
Shareholders' equity	133.3	135.8	2.4	
Accumulated other comprehensive income	24.5	14.7	(9.7)	Decline in unrealized holding gain on securities
Non-controlling interests	5.8	5.1	(0.7)	
Total net assets	163.8	155.7	(8.0)	
Total liabilities and net assets	620.3	592.3	(28.0)	



2. Revision of 2016 Full-Year Earnings Forecasts



Revision of 2016 Full-Year Earnings Forecasts

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- **Net sales: down ¥17.7 billion from initial forecast**
 - International: forecast was cut by ¥13.1 billion due to the deviation of the exchange rate from the assumption at the beginning of the year
 - Food & Soft Drinks: forecast was cut by ¥7.3 billion due to the deviation of the exchange rate from the assumption at the beginning of the year
 - Restaurants: forecast was raised by ¥1.1 billion due to new consolidation of Marushinkawamura, etc.
 - Other: forecast was raised by ¥1.6 billion due to new consolidation of Miyasaka Jozo Co., Ltd.
- **Operating income: down ¥1.0 billion from initial forecast**
 - International: down ¥0.3 billion due to reduced net sales forecast
 - Food & Soft Drinks: down ¥0.3 billion due to reduced net sales forecast
 - Restaurants: down ¥0.4 billion due to deviation of comparable-store sales from initial forecast
- **Ordinary income: down ¥1.0 billion from initial forecast**
 - Forecast was reduced by ¥1.0 billion reflecting the lower operating income
- **Net income: down ¥0.5 billion from initial forecast**
 - Forecast was reduced by ¥0.5 billion reflecting the decline in operating income

(billions of yen)	2016 initial forecasts	2016 revised forecasts	Revised amount	2015 results	Change
Japanese Alcoholic Beverages	288.0	288.0	-	273.6	14.3
International	77.8	64.7	(13.1)	70.5	(5.8)
Food & Soft Drinks	143.7	136.4	(7.3)	135.6	0.7
Restaurants	27.1	28.2	1.1	27.0	1.1
Real Estate	22.8	22.8	-	20.8	1.9
Other	6.0	7.6	1.6	6.0	1.5
Net sales	565.4	547.7	(17.7)	533.7	13.9
Operating income before goodwill amortization	25.0	24.0	(1.0)	18.1	5.8
Japanese Alcoholic Beverages	11.1	11.1	-	8.6	2.4
International	0.9	0.6	(0.3)	0.1	0.4
Food & Soft Drinks	1.7	1.4	(0.3)	0.4	0.9
Restaurants	1.3	0.9	(0.4)	0.5	0.3
Real Estate	10.0	10.0	-	8.2	1.7
Other	0.2	0.2	-	0.0	0.1
General corporate	(4.1)	(4.1)	-	(4.0)	(0.0)
Operating income	21.1	20.1	(1.0)	13.9	6.1
Ordinary income	20.2	19.2	(1.0)	13.2	5.9
Net income attributable to owners of the parent	10.5	10.0	(0.5)	6.1	3.8

▶ **Though it is a downward revision reflecting the impact of economic market conditions (foreign exchange, etc.), all businesses are expected to achieve increased profits.**



Appendix : Collection of Data by Business



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2016 3Q:Major Sales and Sales Volume (YoY)

Alcoholic Beverage (Japan)

(10,000 cases)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2015	YoY
Sapporo Draft Beer Black Label	-	-	103%
YEBISU (total)	-	-	104%
1 Beer (total)	-	-	105%
2 Happoshu (total)	-	-	88%
3 New genre beer products (total)	-	-	95%
Beer, happoshu, and new genre (total 1+2+3)	-	-	100%
Non-alcoholic beer taste beverage	62	75	82%
RTD(*1)	204	169	121%

*1 : RTD 1Case=250ml*24

Effective from July, 2014, the company has changed the reporting method of its sales volume of beer-type beverages, following the agreement of the Brewers Association of Japan, and therefore no disclosure of the sales volume is made for third quarter of the current fiscal year ending December 31, 2014.

The sales volume for the first half and end of the fiscal year shall be disclosed as in the past.

(billions of yen)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2015	YoY
Domestic wines	3.5	3.7	95%
Imported wines	5.4	5.1	104%
Wine (total)	8.9	8.9	100%
Spirits (total)	4.9	4.2	117%
Shochu (total)	11.3	10.3	109%

Beer (International)

(10,000 cases)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2015	YoY
SLEEMAN BREWERIES LTD. (*2)	963	957	101%
Sapporo brand	417	394	105%

*2 : Excludes contracted manufacturing for the Sapporo brand and sales of the Sapporo brand in Canada.

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Sep.30, 2016	Jan. 1 - Sep.30, 2015	YoY
Soft Drinks (*3)	3,463	3,377	103%

*3 : Excludes sales other than Japan and soy milk drinks sales in Japan

Sales (including liquor tax)

(billions of yen)

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2016	Change	Change (%)
Beer	111.7	117.8	6.1	5.5%
Happoshu	13.7	12.0	(1.6)	(12.3)%
New genre	38.8	36.8	(1.9)	(5.0)%
Total	164.2	166.7	2.4	1.5%

Sales (excluding liquor tax)

(billions of yen)

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2016	Change	Change (%)
Beer	54.5	57.8	3.3	6.1%
Happoshu	7.6	6.6	(0.9)	(12.3)%
New genre	26.9	25.5	(1.3)	(5.0)%
Total	89.0	90.1	1.0	1.2%



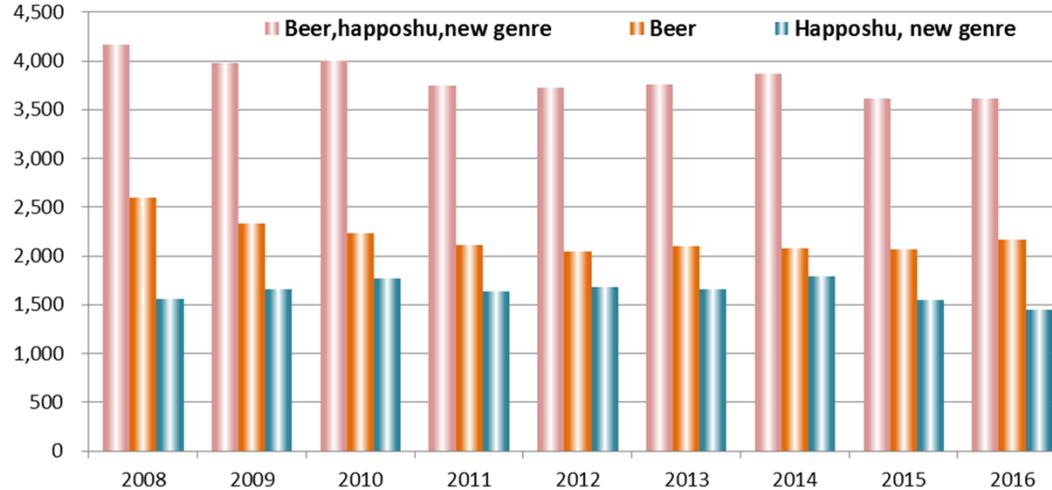
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Reference Material (1) Japanese Alcoholic Beverages Beer and Beer-Type Beverages Data

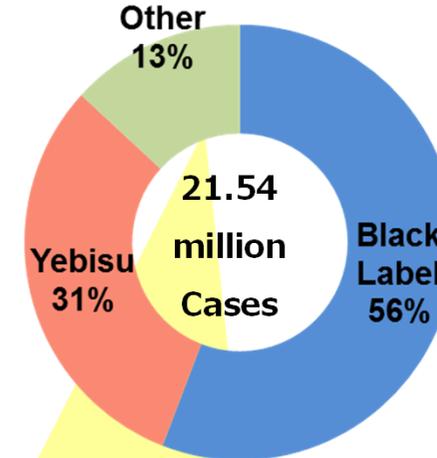
<Beer and beer-type beverages category

Jan-Sep sales volume YoY change (Shipment base)>

(10,000 cases)

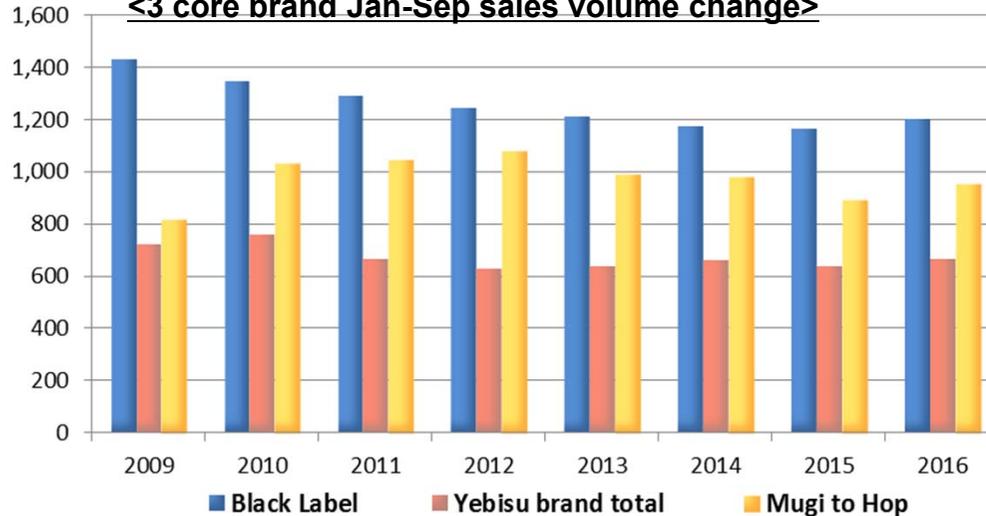


<Beer lineup (Jan-Sep breakdown)>



(10,000 cases)

<3 core brand Jan-Sep sales volume change>



- (1) **Sapporo Lager Beer**: Japan's oldest heat treated beer. It has been available only in bottles, but the canned version is made available this year for a limited volume.
- (2) **Edelpils**: available only in kegs. It uses 3 times the fine aroma Saaz hops from Czech (compared with the company's existing products) and boasts an unique gorgeous aroma.
- (3) **Shirohonoka**: Non-filtered beer available only at strictly selected outlets
- (4) **Sapporo Classic**: Beer using 100% malt, sold only in Hokkaido. Sales have been increasing continuously for the past 15 years
and so on



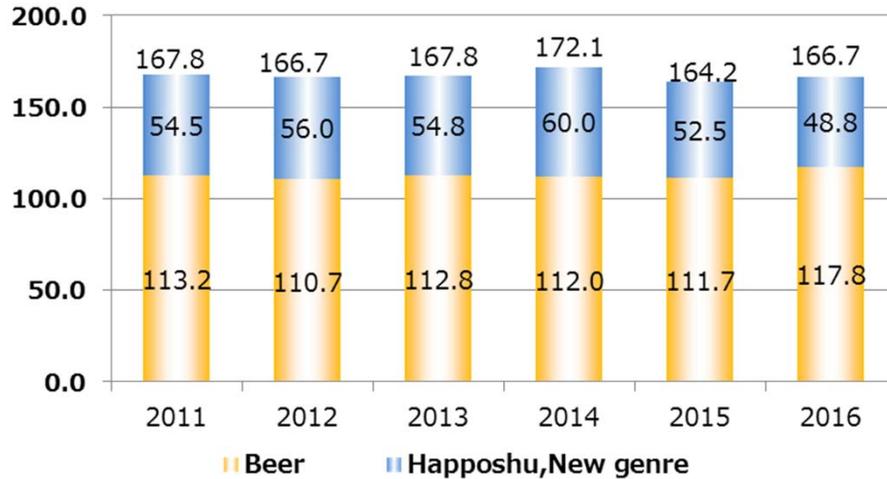


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Reference Material(2) Japanese Alcoholic Beverages ~Beer Category Data~

<Jan~Sep Net sales> (billions of yen)

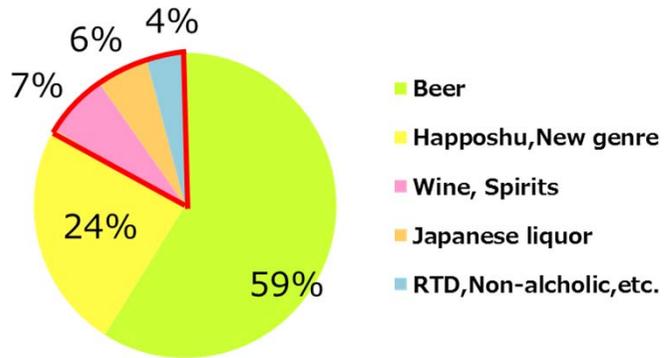
Beer + Beer type beverages (incl. liquor tax)



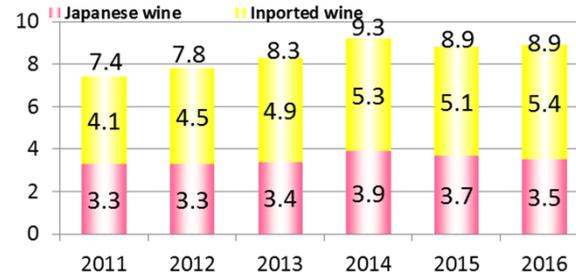
Promotion of diversification of product offering

<Japanese Alcoholic Beverage Business Jan-Sep sales breakdown by category>

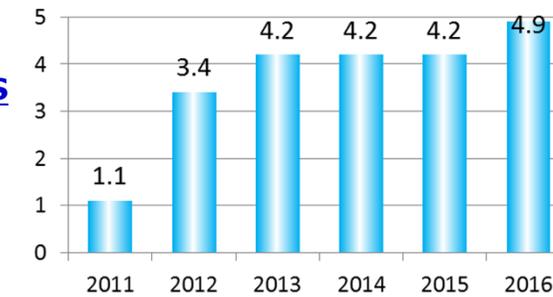
Jan-Sep net sales 200.0 billion yen



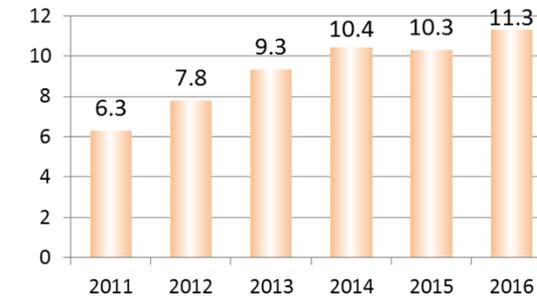
Wine



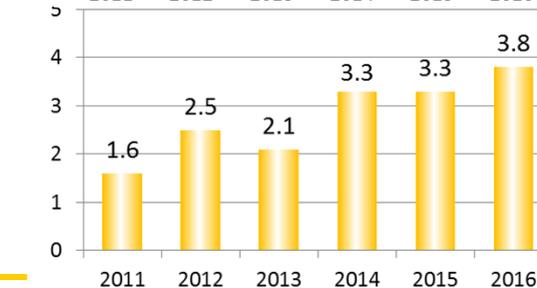
Spirits



Japanese Liquor



RTD

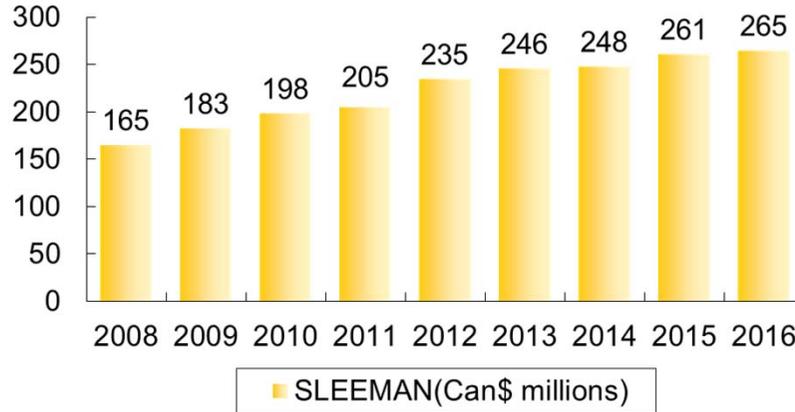




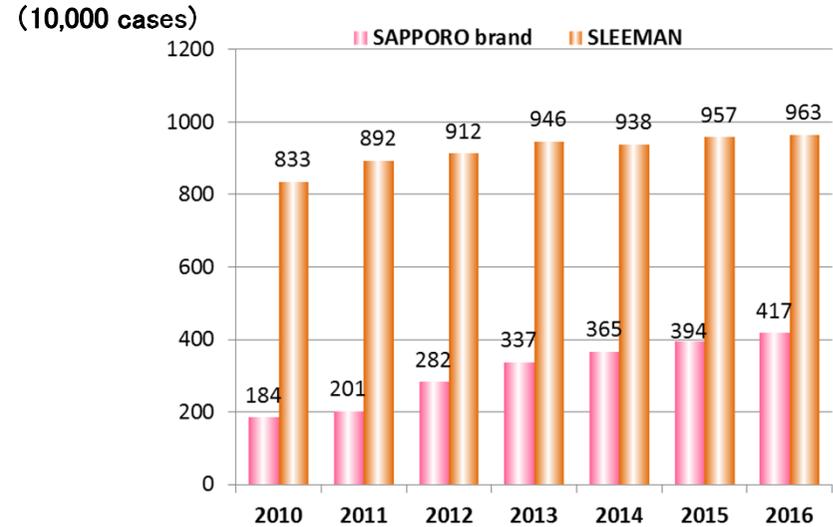
Reference Material(3) International Business ~Data~

SAPPORO

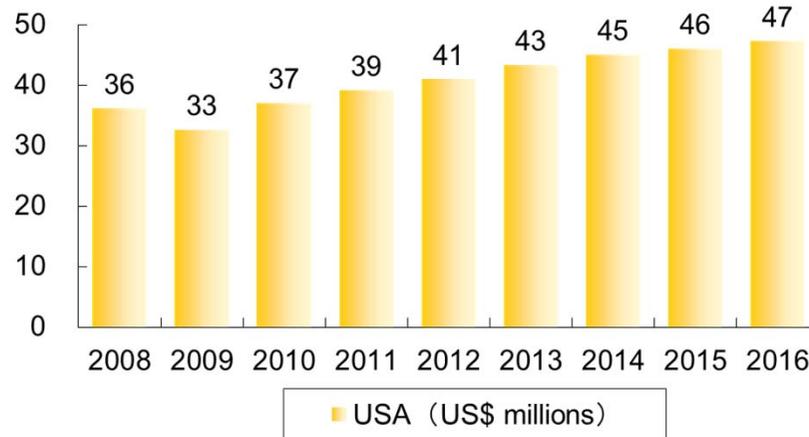
SLEEMAN Net Sales in Local Currency (Jan-Sep)
(before elimination of inter-company transactions)



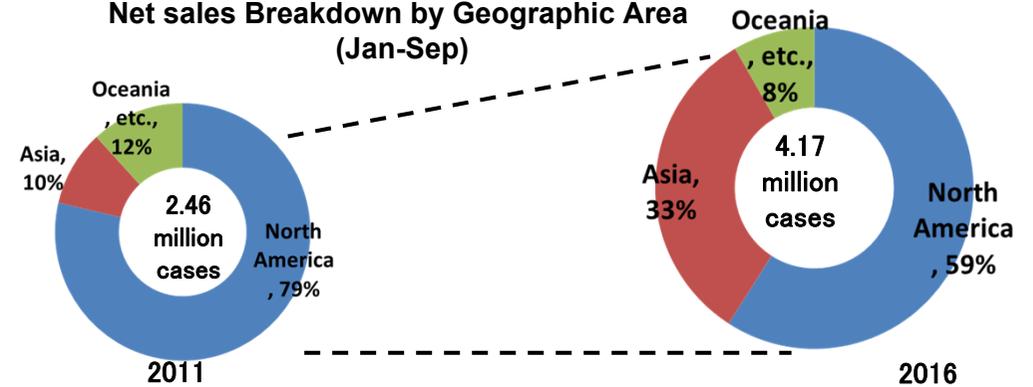
<Trend of overseas sales volume of SAPPORO brand products (Jan-Sep) >



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



Net sales Breakdown by Geographic Area (Jan-Sep)



North America: Canada, U.S.
Asia: Vietnam, Singapore, South Korea, etc.
Oceania, etc.: Australia, Europe, etc.

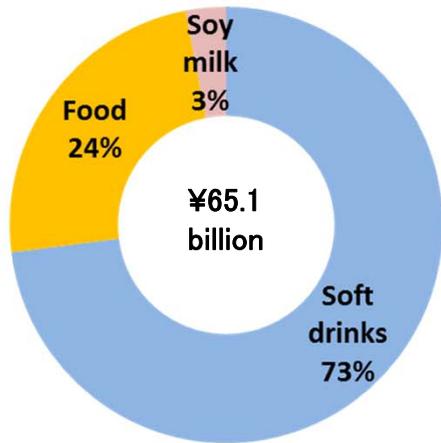


SAPPORO

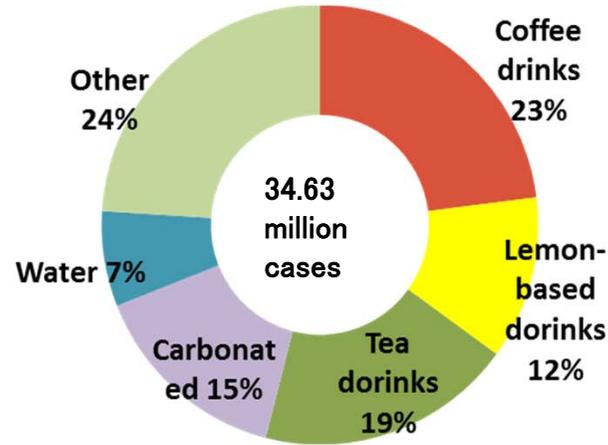
Reference Material(4) Food & Soft Drinks ~ Data ~

<Soft Drinks (Japan): POKKA SAPPORO Food & Beverage Ltd.>

POKKA SAPPORO Food & Beverage sales composition (Jan-Sep)



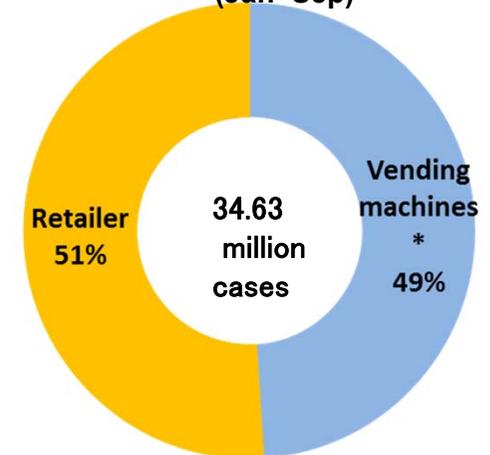
Japanese soft drinks sales volume composition by genre (Jan-Sep)



<Lemon-based drinks>



Japanese soft drinks sales composition by sales channel (Jan-Sep)

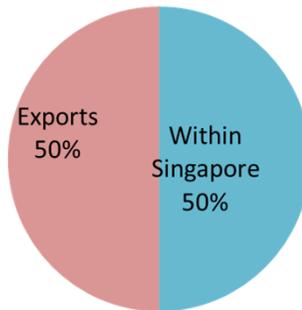


*Vending machines (end of Sep)
Own brand machines : about 90,000 + Multi-brand Machines

<Soft Drinks (overseas): POKKA Corporation (Singapore) Pte. Ltd.>

POKKA Corporation (Singapore) Sales composition (Jan-Sep)

Exporting products to 60 countries



<Restaurants (Domestic): POKKA CREATE Co., Ltd.>

➢ CAFÉ de CRIÉ has been actively pursuing opening new outlets in new areas and proposal of new menu items. Net sales have been up 7% on year and strong

Outlets: 194 (as of Sep 30, 2016)
(Directly operated: 112 outlets; FC: 82 outlets)
East Japan 108, Central Japan 38, West Japan 48



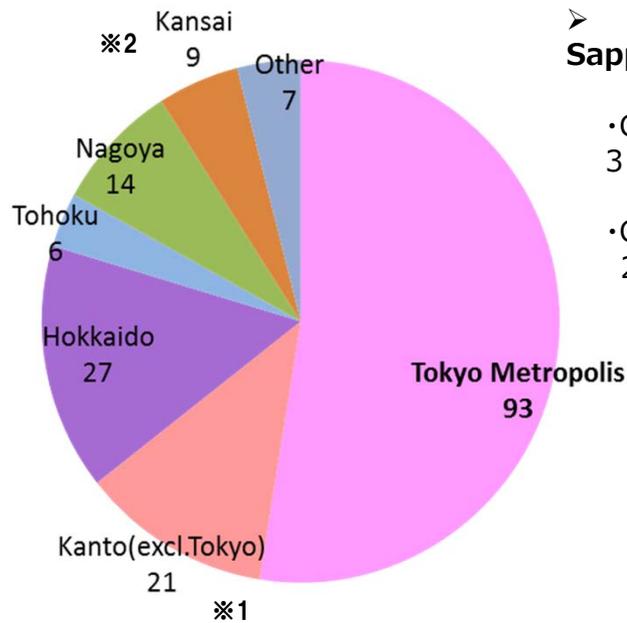


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Reference Material(5) Restaurants ~ Data ~

<Sapporo Lion outlets>

177 Outlets (as of Sep 30, 2016)



> Reopening of Sapporo Lion flagship outlets

- Ginza Lion Shimbashi
3 floor, Approx. 401m²
- Ginza Lion GINZA PLACE
2 floor, Approx. 480m²

※1 : Tochigi, Gunma, Saitama, Chiba, Kanagawa, Yamanashi
 ※2 : Osaka, Kyoto, Hyogo

<New Sanko Outlets>

- > 1954 Established in Otaru
- > 9 Outlets located in Hokkaido

<Marushinkawamura Outlets>

- > Kushiro:4 outlets located in Sapporo
1 outlet in Tokyo
- > Sapporo Ginrin:1 outlets in Sapporo
1 outlet in Kawasaki
- > Aburiya: 5 outlets in Sapporo
- > Kakureya:2 outlets in Sapporo
- > Manekiya:2 outlets in Sapporo

<Outlet expansion in Singapore>

14 outlets

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



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Reference Material(6) Real Estate ~ Data ~

Major rental properties & occupancy rates *

(*Averages for 2016 3Q (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	99%	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	97%	7 floors above ground, 1 below
Ginza Place	645	7,350	–	11 floors above ground, 2 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)

Information about real estate for lease

Balance sheet value at December 31, 2015 : approx. ¥197.7 billion

Fair value at December 31, 2015 : approx. ¥ 357.4 billion

Operating income

(billions of yen)

	Jan-Sep 2015	Jan-Sep 2016	Change
Real estate leasing			
Yebisu Garden Place etc.	4.7	6.2	1.5
Hokkaido	0.8	0.9	0.1
Other areas & Other operations	1.2	1.5	0.3
General Corporate eliminations	(1.2)	(1.2)	–
Total	5.5	7.4	1.9

EBITDA

EBITDA = operating income + depreciation and amortization

(billions of yen)

	Jan-Sep 2015	Jan-Sep 2016	Change
Real estate leasing			
Yebisu Garden Place etc.	6.8	8.3	1.5
Hokkaido	1.2	1.3	0.1
Other areas & Other operations	1.9	2.1	0.2
General Corporate eliminations	(1.2)	(1.2)	–
Total	8.7	10.5	1.8



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.