



Sapporo Group Business Results Presentation for the Six Months Ended June 30, 2017

August 4, 2017

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

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First- Half 2017 Results Point

- Progress in line with initial plan
- No change to full-year forecast
- Promote initiatives for transformation of the Group management platform and enhancement brand
- Toward growth in the “Food” field and global business expansion
 - Acquisition of entire equity in Anchor Brewing Company
 - Transfer production of silver Cans which have been produced by SLEEMAN, Canada to Vietnam
 - Relaunch of soy milk yogurt , etc.

First-Half 2017
Point

First-Half 2017 Highlight

	(billions of yen)			
	2016 2Q	2017 2Q	YoY changes (amount, %)	
Net sales (incl. liquor tax)	248.9	257.9	9.0	3.6%
Net sales (excl. liquor tax)	195.7	203.6	7.8	4.0%
Overseas net sales to total (excl. liquor tax)	21.9 %	22.0 %	0.0%	-
Operating income	3.0	3.0	(0.0)	(1.0)%
Operating income before goodwill amortization	4.9	4.9	(0.0)	(0.9)%
Ordinary income	2.6	2.6	0.0	1.3%
Profit attributable to owners of parent	0.4	0.2	(0.2)	(52.3)%
Balance of Net debt	226.3	221.1	(5.1)	(2.3)%
D / E ratio ※Net	1.5 times	1.3 times	(0.2)	-
EBITDA	15.9	16.4	0.5	3.5%



**Progress in line with initial plan; no change to full-year forecast
Sales of all businesses increased y-o-y, operating income
remained unchanged**



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(billions of yen)

Net Sales

257.9

YoY Change

+9.0

- ✓ Sales increased at all businesses, top-line continues to grow

Operating income

3.0

YoY Change

-0.0

- ✓ Logistics, personnel, sales promotion cost increased

Profit attributable to owners of parent

0.2

YoY Change

-0.2

- ✓ Net income for the third consecutive term
- ✓ Profit declined due to the impact of the estimated income taxes for the organizational restructuring in the previous fiscal year

Net Sales by Segment

(billions of yen)

	2016.2Q	2017.2Q	YoY changes (amount, %)	
Consolidated Net sales	248.9	257.9	9.0	3.6%
Japanese Alcoholic Beverages	125.7	127.5	1.7	1.4%
International	31.6	33.7	2.0	6.6%
Food & Soft Drinks	64.9	65.4	0.5	0.8%
Restaurants	12.6	13.8	1.1	9.2%
Real Estate	10.9	11.8	0.9	8.6%
Other	3.0	5.5	2.5	82.7%



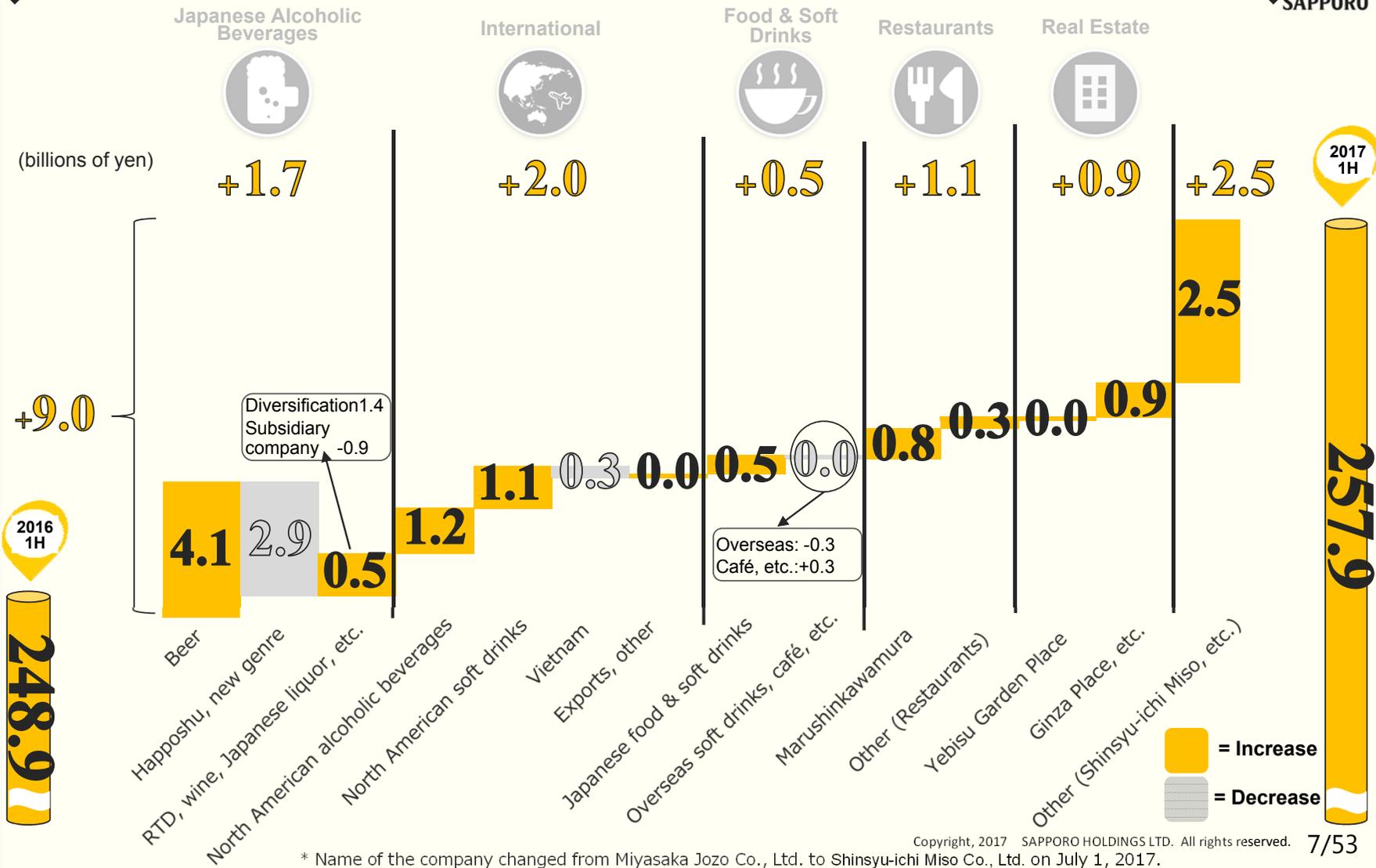
Sales growth led by beer in Japan, diversification, food & soft drinks, and North America

Net increase from Ginza Place, Shinsyu-ichi Miso since September 2016



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Main Factors Contributing to Changes in Net Sales



* Name of the company changed from Miyasaka Jozo Co., Ltd. to Shinsyu-ichi Miso Co., Ltd. on July 1, 2017.

Operating Income by Segment

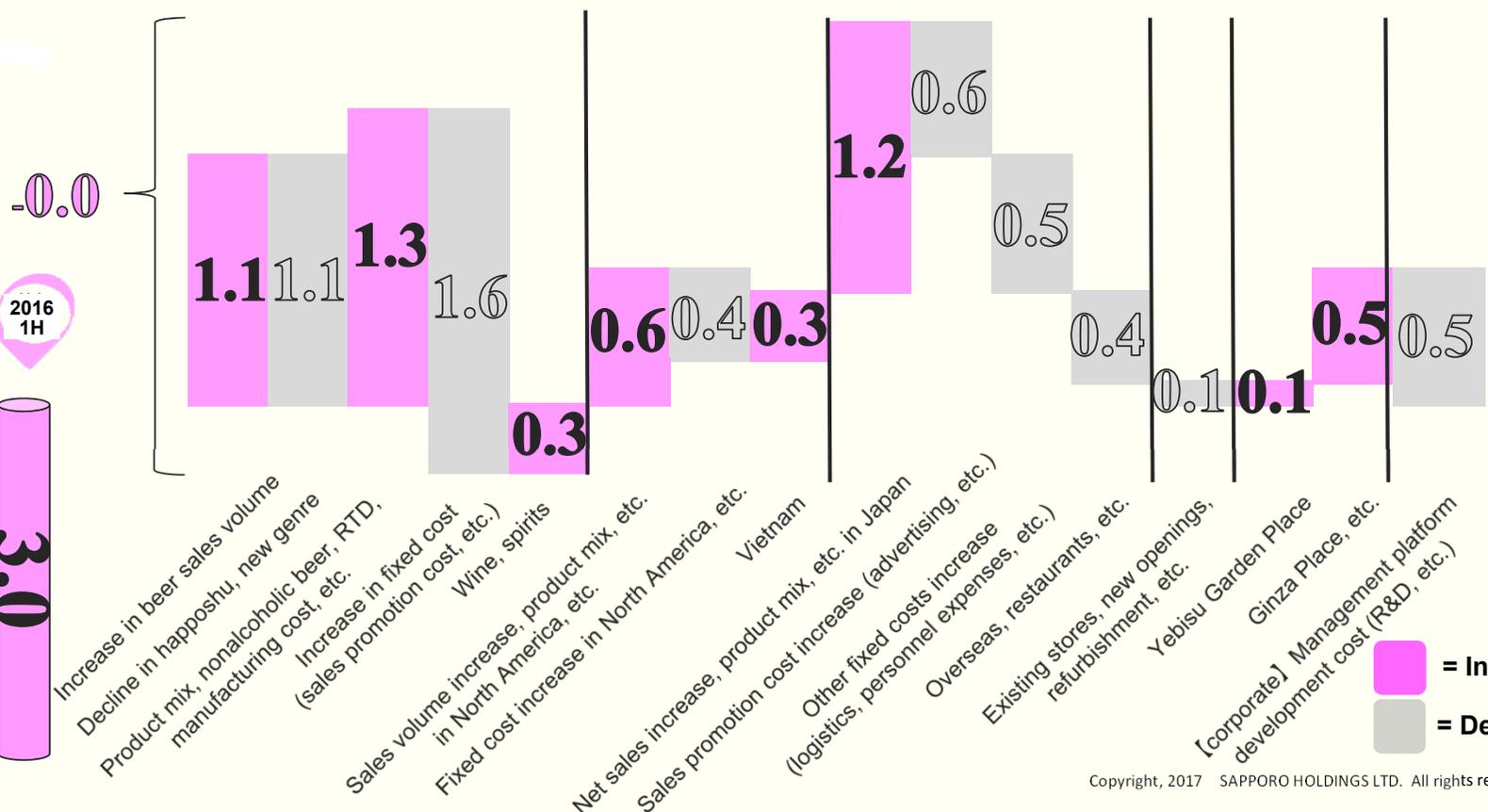
	(billions of yen)		
	2016 2Q	2017 2Q	YoY changes
Consolidated operating income	3.0	3.0	(0.0)
Japanese Alcoholic Beverages	1.4	1.4	(0.0)
International	(0.3)	0.1	0.4
Food & Soft Drinks	(0.8)	(1.1)	(0.3)
Restaurants	(0.0)	(0.2)	(0.1)
Real Estate	5.1	5.8	0.6
Other	(0.0)	(0.0)	(0.0)
General corporate and intercompany eliminations	(2.2)	(2.8)	(0.5)
Amortization of goodwill	1.9	1.9	0.0
International	0.8	0.8	0.0
Food & Soft Drinks	1.0	1.0	0.0
Operating income before goodwill amortization	4.9	4.9	(0.0)



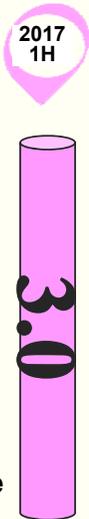
Profit growth from high-performing businesses, while operating income remain unchanged y-o-y due to investment in brand enhancement and management platform development



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Main Factors Contributing to Changes in Operating Income



= Increase
 = Decrease

Overview of Each Business



Japanese Alcoholic Beverages

Strong sales of beer and diversification products boosted marginal profit ratio; fixed cost increased due to brand investment, while operating income remained unchanged y-o-y



Positive

- ✓ **Sales of all beer including Black Label, Yebisu and others remained strong**

(Black Label sales volume **up 3%** y-o-y, Yebisu **up 4%** y-o-y, beer total **up 5%**)

- ✓ **Product mix improvement progressed**

(Beer's component ratio among beer and beer-type beverages increased from 59% in FY2016 1H to **62%** in FY2017 1H: improvement in product mix added **¥0.2** billion.)

- ✓ **Sales of wine, Western spirits, Japanese liquor, and RTD exceeded the levels a year earlier**

(Sales of wine business **up 3%** y-o-y, those of spirits business **up 11%** y-o-y)

Negative

- ✓ **Slow sales trend for happoshu, new genre**

(Mugi to Hop brand **down 4%** y-o-y, Goku Zero brand **down 25%** y-o-y)

- ✓ **Demand for beer-type beverages have weakened due to store price increase**

→ **The impact is gradually showing in the high price range also and we need to stimulate demand going into the second half.**

*See Appendix in slides 34 to 40.

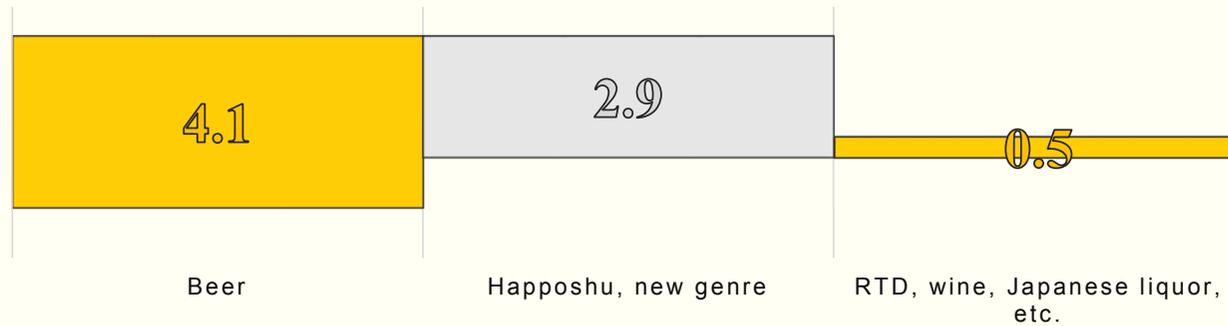


Japanese Alcoholic Beverages



(billions of yen)

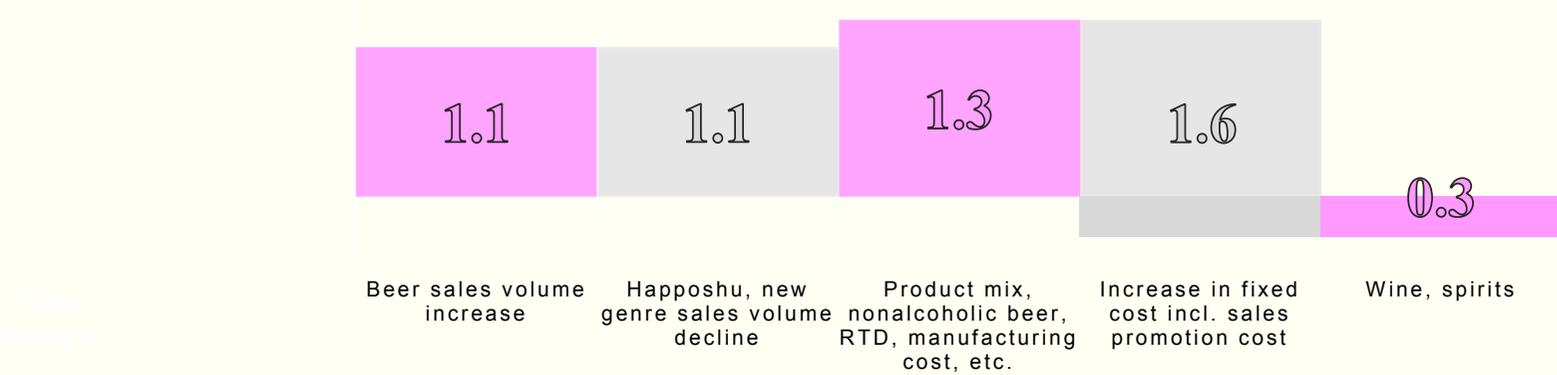
Net Sales **127.5** YoY change **+1.7**



(Reference) *Estimates

Total demand : Beer down **1%**
 Happoshu down **2%**
 New genre unchanged

Operating income **1.4** YoY change **-0.0**



Estimates

Total demand



◎ Implement strategy that focuses further on the 2 major brands

- ✓ Black Label's sales channels for young people have been expanding markedly and the number of outlets offering the product also has been expanding
- ✓ Almost 90% of those who purchased Yebisu's Hanamiyabi are users of brands other than Yebisu brand
- ✓ There is great potential for the two major brands to grow further and we will expand brand contacts going to the peak phase (See Appendix in page 40)
- ✓ As for Mugi to Hop and Goku Zero, we will shore up the declining trend within the limited resources



◎ Measures to strengthen wine business and grow it into the second pillar

- ✓ Introduced AI (artificial intelligence) at Azuminoikeda Vineyard for systemized cultivation technology utilizing various data
Aim for further improvement in grape quality and speedy handing down of cultivation technology by establishing the technology
(http://www.sapporobeer.jp/news_release/0000021664/index.html)
- ✓ Continue to strengthen Luxury 4, whose sales have been strong.
(*Luxury 4: The four wine brands we are especially focusing on., Taittinger, Penfolds, Marques de Riscal, Grande Polaire)

◎ Go on the offensive with strong RTD

- ✓ Ai no Skal White Sour, which has been sold only in Western Japan, achieved annual sales target (136,000 cases) in three months from launch.
- ✓ Nation-wide launch on September 5, 2017
(http://www.sapporobeer.jp/news_release/0000021650/index.html)





International

North America continues to be strong; pursuing reforms in Vietnam



Positive

- ✓ **Despite stagnation in the North American beer market, both Sleeman and Sapporo grew**

(Sales volume at Sleeman **up 1%**, Sapporo brand at Sapporo USA **up 10%**)

- ✓ **At CPF, food service and co-packing continue to be strong**
- ✓ **Exports to South Korea and Taiwan also grew, contributing to earnings**

Negative

- ✓ **Like 1Q, sales in Vietnam declined due to the impact of controlled sales promotion cost**
⇒ Currently promoting various structural reforms and aim to improve operating rate and profitability by transferring production of Silver cans for North America and Europe to Vietnam (See slide 17 for details)
- ✓ **Operating results of SSC slowed down as it was affected by the difficult business environment such as the decline in orange juice consumption in the U.S. and the reduction in orange yield in Florida**

*CPF: Country Pure Foods
SSC: Silver Springs Citrus

*See Appendix in slides 41 and 42.

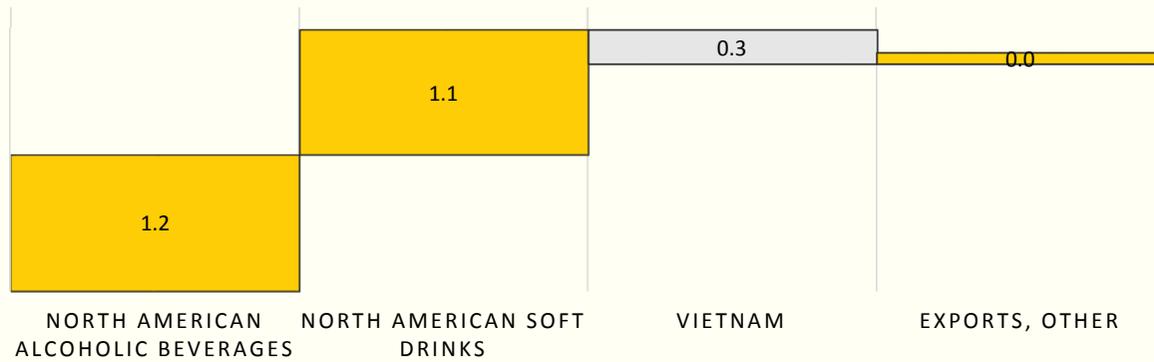


International



(billions of yen)

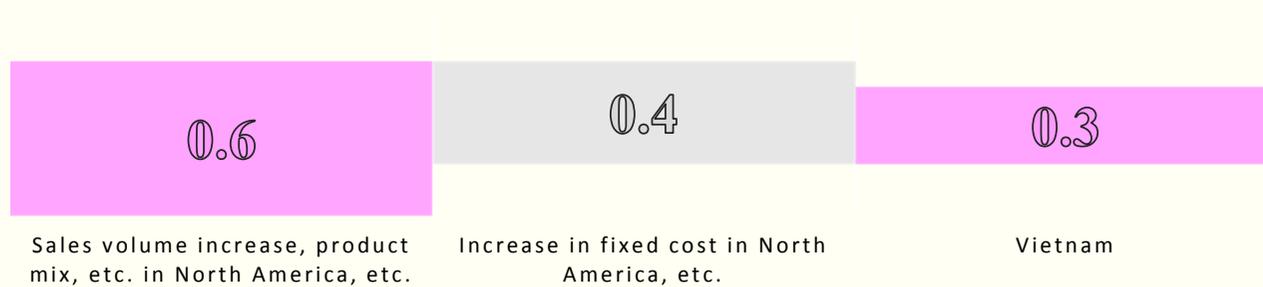
Net Sales **33.7** YoY change **+2.0**



(Reference) *Estimates

Total demand : Canadian beer down about **2%**
 U.S. beer down about **2%**

Operating income **0.1** YoY change **+0.4**



Total demand

Estimates
Total demand



© SLEEMAN expanding partner business



- ✓ SLEEMAN adopts the expansion of partner business as part of its growth strategy
- ✓ It has been building a relationship of trust with DIAGEO over the years. SLEEMAN has been operating for more than 15 years in Quebec, continuing with the partner agreement in logistics, contributing to earnings
(Sales volume has increased 30% in the most recent two years)
- ✓ In April 2017, SLEEMAN signed partner agreement with Carlsberg Canada.
Began handling its products (Quebec)

© To generate synergies between the 2 soft drink companies in North America

- ✓ Various synergies can be generated such as in production and purchasing
- ✓ Aim to integrate SSC and CPF in 2018



© CPF started to produce SideKicks internally

- ✓ Sales of Ridgefield's SideKicks (sherbet), which it purchased in 2016, have been expanding smoothly taking advantage of CPF's sales network
- ✓ Though CPF had been outsourcing SideKicks production and did not have its own sherbet factory, it began making the product at its own factory given the strong earnings

*CPF: Country Pure Foods
SSC: Silver Springs Citrus





Going Forward

© Promoting optimization of global supply chain

- ✓ Transfer production of so-called Silver cans which have been produced by Guelph Plant of SLEEMAN to Vietnam
- ✓ As the transfer will create redundant capacity at SLEEMAN, the company will make those products which it had been outsourcing to City Brewing at its own facility (some product will continue to be made at City Brewing)
- ✓ Even though logistics cost increases, we will improve profitability of the overall International business by improving the operating rate in Vietnam and switching to internal production of some products at SLEEMAN





© Acquisition of entire equity in Anchor Brewing Company

- ✓ Anchor is a U.S. beer manufacturer which owns the prominent Anchor Steam Beer brand
- ✓ We signed an equity transfer agreement with Anchor Brewers & Distillers, LLC (hereinafter, “ABD”) and made Anchor Brewing a group company by acquiring the entire equity from ABD.
- ✓ In the Long-Term Management Vision SPEED150, we call for promotion of global business expansion and had been considering expansion of the beer business in the U.S., where we are the No. 1 beer brand among Asian beers for more than 30 years, through the acquisition of a new brand in addition to further extension of Sapporo brand.
- ✓ We will increase the speed of business growth in the U.S by combining the strong brand and network of Anchor with the foundation of our U.S. beer business

Company name	Anchor Brewing Company, LLC (beer manufacturing and sales)
Location	1705 Mariposa Street, San Francisco, California, USA
Year founded	1896
Representative	CEO Matt Davenport
Num. of Employees	160 (as of December 2016)
Production plant	1 (San Francisco, California)
Sales volume	Approx. 1.75 million cases (equivalent to 355ml×24 bottles in 2016)
Annual Sales	Approx. 33 million USD (about ¥3.7 billion in fiscal 12/2016)

* As Anchor is a limited liability company, it is an acquisition of equity instead of shares.



Food & Soft Drinks

(billions of yen)

Areas in which we focus have been performing strongly, but concerns over changes in overseas business environment



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Positive

- ✓ **Lemon-based products registered high growth rate**
(Lemon-based soft drinks sales volume **up 14%** y-o-y, lemon-based food products **up 8%**)
- ✓ **Brand strength of Tabicha retto series improved, tea drinks made rapid progress**
(Tea drink sales volume **up 14%** y-o-y)
- ✓ **Shored up canned cold soup for summer; soup products performed well**
(Soup sales volume **up 8%** y-o-y)
- ✓ **Cost improvement of aseptic bottling lines generated almost 0.3 billion yen** (annual impact is expected to be **0.5** billion yen)

Negative

- ✓ **Sales of coffee drinks continued to decline y-o-y as canned coffee market shrinks**
- ✓ **Sales of mineral water in the non-focus areas declined**
→ To offset it with the growth of focus areas (lemon-based, tea drinks, etc.)
- ✓ **Market condition in Singapore worsened (decline in foreign workers**
→ **demand for daily supplies fell**)
- ✓ **We are closely watching the Singaporean economy**

*Total demand data:
Source

- Inryou-souken and Intage SRI Lemon-based products market (Sapporo's definition)
Total for SM CVS formats in the instant soup market:
Jan-Jun 2017 y-o-y comparison of cumulative sales amount

*See Appendix in slides 43 to 47.

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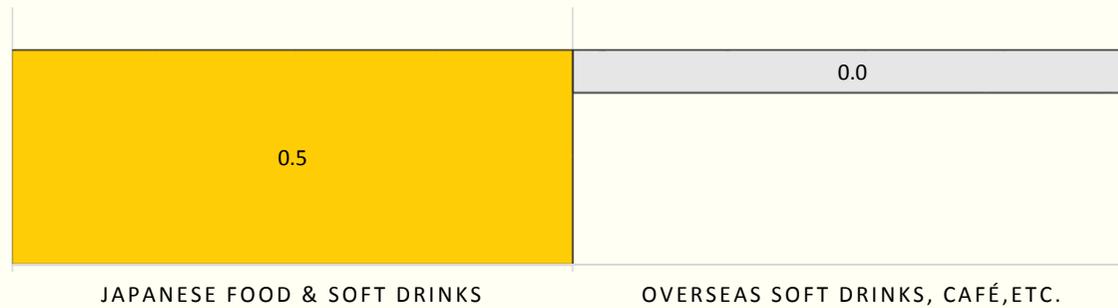


Food & Soft Drinks



(billions of yen)

Net Sales **65.4** YoY change **+0.5**



(Reference)	*Estimates
Total demand	Domestic soft drinks up 1% Lemon-based products up 1% Instant soups up 4%

Operating income **-1.1** YoY change **-0.3**



Total demand

Estimates
Total demand



◎ Focused investment in high-performing lemon-based products, tea drinks, soups

- ✓ Leveraging canned cold soups, in which we have the top share, we will stimulate demand in the summer and expand the market
- ✓ Further expand the tea drink business with the Tabicha retto series, which uses rare ingredients grown in Japan
- ✓ Signed a partnership agreement with Hiroshima Prefecture regarding Setouchi Hiroshima Lemon in 2013 and another agreement with the town of Osakikamijima-cho, Toyota-gun, Hiroshima Prefecture regarding Ocho Lemon in 2016. In April 2017, we signed an agreement aimed at promotion of Kure Lemon and vitalization of the region with the city of Kure, Hiroshima Prefecture.
⇒ Strengthened the partnerships with lemon farmers and the region with the aim of becoming a comprehensive lemon-product company

https://www.pokkasapporo-fb.jp/company/news/release/170412_01.html

◎ Relaunch of Tōnyū de Tsukutta Yogurt

- ✓ While we have a 70% share in the soymilk yogurt market, its size is still small and there is room for significant growth
- ✓ We will relaunch the yogurt certified as food for specified health uses, which is marking the 20th year of its introduction, and take the initiative as the leader in building the market

https://www.pokkasapporo-fb.jp/company/news/release/170615_01.html

◎ Start commercial production in Indonesia, Myanmar

- ✓ Strengthen our competitiveness with the local production model in the growing soft drink market in Southeast Asia
(See Appendix in slide 47 for details)

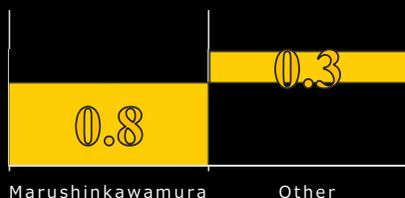




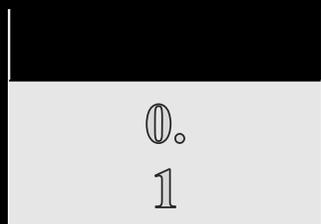
Restaurants

(billions of yen)

Sales **13.8** YoY change **+1.1**



Operating income **-0.2** YoY change **-0.1**



Continuing with the sales growth trend, but at a rate slightly weaker than the plan



Positive

- ✓ **Nonconsolidated sales of Sapporo Lion continued to be strong**

(Comparable-store sales up 1% y-o-y)

- ✓ **Marushinkawamura contributed to sales**

(Total sales for Jan-Jun period were about ¥1.0 billion → As consolidation started in June 2016, sales from January - May were net increase)

- ✓ **Yebisu Bar Hiroshima, Shin Yokohama outlets opened in 1Q are thriving**

Negative

- ✓ **COGS ratio was in line with the plan in 1H reflecting; it is uncertain about the factor for concerncontrol over menu**

- ✓ **Difficulty in hiring persists and personnel expenses are increasing**

- ✓ **LION GINZA 7-Chome and Haneda Airport outlets were closed for refurbishment**

(Sales decline caused by the closure from January 10 to February 28 for Ginza 7-Chome outlet and from April 1 to July 2 for Haneda Airport outlet.)

- ✓ **Sales are sluggish in Singapore**

*See Appendix in slide 44.



◎ **Maintain sales with the mainstay outlets and the successful Yebisu Bar format**

◎ **Measures to reduce cost**

- ✓ In a market environment where the pressure of cost increase is mounting, we will implement maximum measures such as COGS control and reduction of various expenses to reduce the impact

◎ **Disseminate brand through Yebisu Bar and Grande Polaire Winebar**

- ✓ Having opened during February and March, 2017, sales at Yebisu Bar Hiroshima and Shin Yokohama outlets have been significantly exceeding the plan
- ✓ As showrooms of the Sapporo Group, they serve as a forum for experiencing the Sapporo Group brands



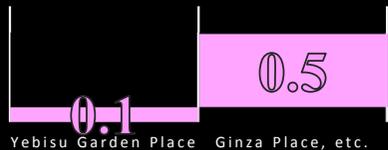
Real Estate

(billions of yen)

Sales **11.8** YoY change **+0.9**



Operating income **5.8** YoY change **+0.6**



Stable operation of mainstay properties contributed to sales and profits



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Positive

- ✓ **Yebisu Garden Place (YGP) maintained stable occupancy rate**
(Jan-Jun total occupancy rate **98%**)
- ✓ **Ginza Place, opened in September 2016, contributed to sales and profits**
- ✓ **Profit increased also at properties in Sapporo led by Sapporo Factory**

Negative

- ✓ **Nothing to mention in particular**

*See Appendix in slides 45 to 47.



恵比寿ガーデンプレイス

サッポロファクトリー

◎ Stable operation of mainstay properties

- ✓ Yebisu Garden Place (YGP), Ginza Place and other mainstay properties maintained stable occupancy
- ✓ Renovation work of the YGP Tower Restaurant Street on the 39th floor is progressing for August opening

◎ Completion of TDY Sapporo Collaboration Showroom work

- ✓ Developed in property adjacent to Sapporo Factory located in Chuo ward, Sapporo
- ✓ Completed construction in May, Opening in July 2017 (See Appendix in slide 50)

Difference in consolidated period of 2 group companies Impact of exchange rates negligible



<Special factors in business results> (YoY)

(- = negligible)

Business segment	Details	Impact on sales	Impact on operating income
Restaurants	Marushinkawamura Inc.: consolidation began in June 2016	Approx. ¥0.8 billion	-
Other	Shinsyu-ichi Miso Co., Ltd.: consolidation began in October 2016	Approx. ¥2.7 billion	-

<Impact of foreign exchange rates>

(- = negligible)

	FY2016 2Q	FY2017 2Q
US \$	¥111.74	¥112.34
EUR	¥124.58	¥121.66
CAN \$	¥83.90	¥84.24
SG\$	¥80.89	¥80.01

	Impact on sales	Impact on operating income
Japanese Alcoholic Beverages	-	-
International	-	-
Food & Soft Drinks	-	-

**Special Factors
in the Business
Results**

No significant factors affecting Other Income and Expenses

(billions of yen)	2016 2Q	2017 2Q	Change	Primary Reasons
Operating income	3.0	3.0	(0.0)	-
Financial account balance	(0.2)	(0.1)	0.1	-
Other non-operating expenses	(0.2)	(0.2)	(0.0)	-
Ordinary income	2.6	2.6	0.0	-
Gain on sales of property, plant and equipment	0.0	0.2	0.1	-
Other extra ordinary gains	0.0	0.0	0.0	-
Loss on sales/ disposal of property, plant and equipment	(0.6)	(0.4)	0.2	-
Impairment loss	(0.1)	(0.2)	(0.1)	-
Other extra ordinary losses	(0.2)	(0.3)	(0.1)	-
Profit before income taxes	1.7	1.9	0.2	-
Corporate tax, non-controlling interests	(1.2)	(1.7)	(0.4)	2016 : Special factor resulting from organization restructuring
Profit attributable to owners of parent	0.4	0.2	(0.2)	-

Changes in Other Income and Expenses



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20.3 billion yen decline y-o-y in total assets

<Comparison with the end of FY2016>

- Cash and cash equivalent
- Trade receivables
→ Impact of seasonal factors, bank holidays, etc.
- Inventory
- Current assets, etc.
- Fixed assets
- Goodwill
- Investments, etc.

(billions of yen)



Total assets
606.0

Current assets
150.5

Fixed assets
455.5

Changes in Balance Sheets

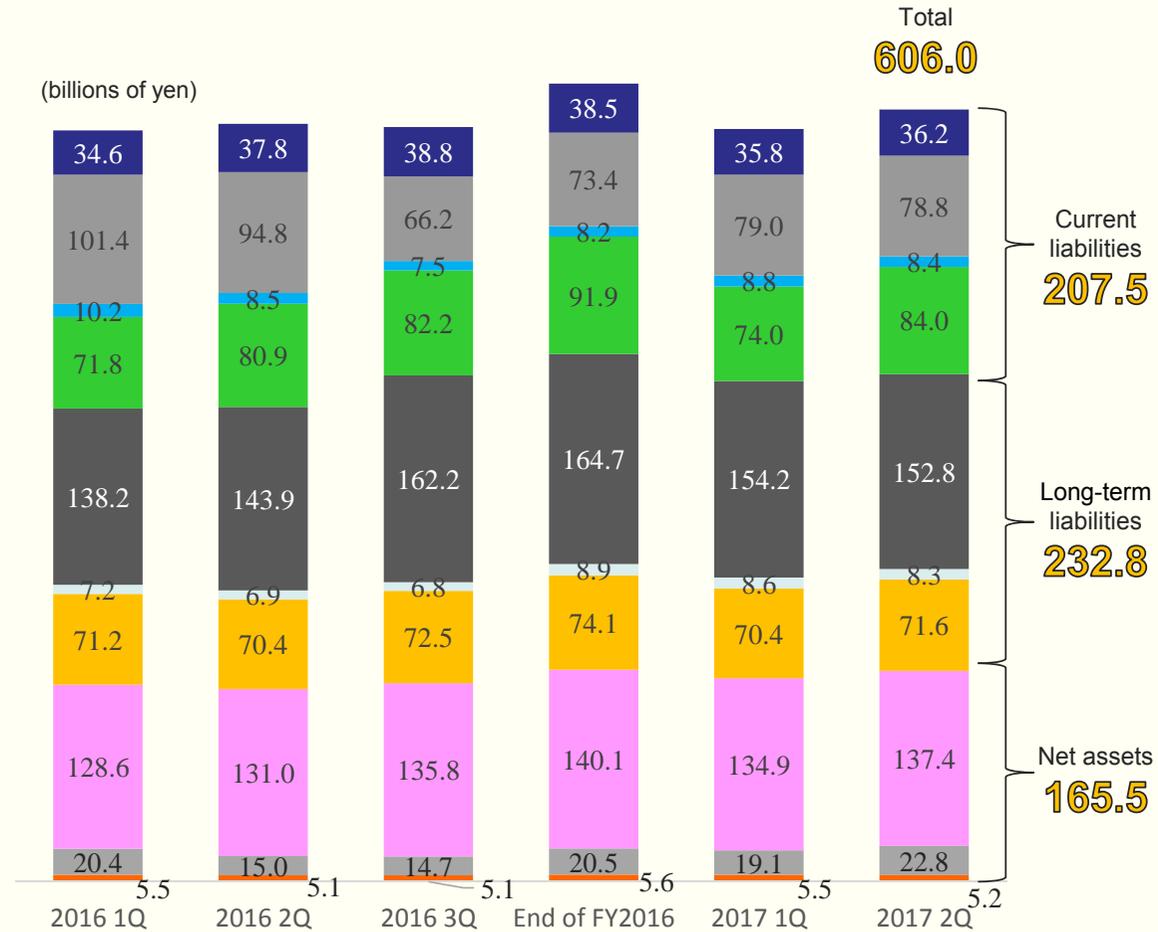


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Total liabilities down by 19.5 billion yen, total net assets down by 0.7 billion yen

<Comparison with the end of FY2016>

- Accounts payable
- Short-term bank liabilities
- Deposits received
- Current liabilities, etc.
→Reduction in liquor taxes payable
- Long-term bank liabilities
→Transfer of current portion of bonds
- Net defined benefit liability
- Long-term liabilities, etc.
- Shareholders' equity
→Dividend payment
- Accumulated other comprehensive income
- Non-controlling interests



Changes in Balance Sheets

(billions of yen)

Balance of net debt **221.1**

(comparison with end of FY2016) **-6.3**

(comparison with 2016 2Q) **-5.1**

D/E ratio **1.3 times**

*Net

Cash basis investment totaled 11.9 billion yen

(billions of yen) <Consolidated cash flow statements>

	2016 2Q	2017 2Q	Change	%
Cash flow from operating activities	14.8	16.4	1.6	11.2%
Cash flow from investment activities	-14.0	-6.0	8.0	-
Free cash flow	0.7	10.4	9.7	1269.8%
Cash flow from financing activities	1.3	-10.5	-11.8	-

①<Capital expenditure, lease fees> about **¥8.7** billion in consolidated total
(tangibles, intangibles, lease fees, etc.)

<Major items>

- "Liquor," "Food," "Drinks" –related: about ¥5.3 billion (Nasu Plant one-way bottle-related work, etc.)
- Real Estate-related: about ¥2.0 billion (Boosting value of YGP, etc.)
- SGM Group infrastructure streamlining, etc.: about ¥1.1 billion
*SGM: Sapporo Group Management Co., Ltd.

②<Lease fees> about **¥1.5** billion

③<Other investment> about **¥1.5** billion in consolidated total

(Long-term prepaid expense, subsidiaries' shares, investment securities, etc.)

<Major items>

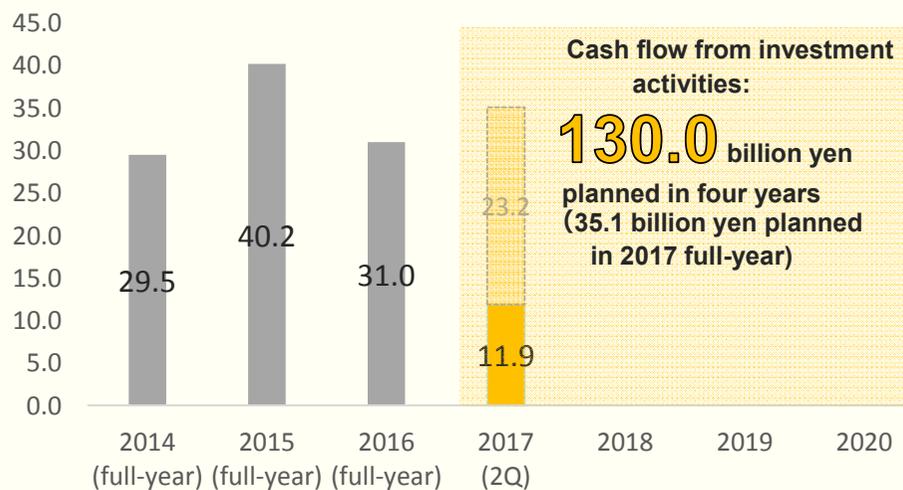
- Long-term prepaid expense (Japanese Alcoholic Beverages/Food & Beverages) about ¥1.2 billion

①+②+③<FY2017 2Q investment total>

(Incl. cash basis, current capital expenditure, lease fees)

about **¥11.9** billion

(billions of yen) <Trend in investment (cash basis)>



Promote initiatives for transformation of the Group management platform

R&D

- Established Delicious Taste Technology Research Center in first quarter
- Pursue measures for creating values in food
- Started health survey research related to lemon in Osakikamijima-cho in Hiroshima Prefecture



Personnel, human resources

- Started trial run of new system for work style improvement ((1) Interval system, (2) Team (pair) system, (3) Telework, (4) Hourly paid leave, (5) Super flex)
- Promote hiring and nurturing of diverse human resources including global human resources (Global training for managers, language, learning support one-of-a-kind hiring, volunteer dispatch to JICA, etc.)

Finance

- Concrete measures for reviewing the strategic cross-shareholding formulated in the first quarter
- Started implementation according to the contents of the drawn up measures from the second quarter

Others

- Promote Group-wide operational efficiency using AI (artificial intelligence) technology
- In the demonstration experiment, internal inquiry handling was reduced by 45%

http://www.sapporoholdings.jp/news_release/0000020382/index.html

Sapporo Breweries wins the top prize at the 36th European Brewery Convention for the third consecutive time, a first in Japan



- ✓ The Group presented its research on the aroma of SORACHI ACE, a hop variety developed in Japan, at the 36th European Brewery Convention (EBC) held in Slovenia from May 14 to 18, 2017, and won the Best Poster award.
http://www.sapporobeer.jp/news_release/0000021634/index.html
- ✓ The convention is held once every two years and is one of the authoritative conferences in the world related to beer brewing technology.
- ✓ The event attracts researchers in beer manufacturing from not only Europe but also from around the world including Japan. Some 52 presentations were made in the oral section and 102 in the poster section, and the best one from each section was presented with the Best Paper award and Best Poster award respectively.
- ✓ Sapporo breweries is **the only Japanese brewery to have won this award** and the award this time **is the third consecutive time the company has won the top prize**



Winning the 2017 Best Poster award

Appendix

Major sales & sales volume



Beer (Japan)

(10,000 cases)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Sapporo Draft Beer Black Label	764	785	103%	1,663	1,680	101%
YEBISU (total)	401	418	104%	972	1,070	110%
1 Beer (total)	1,323	1,391	105%	3,048	3,140	103%
2 Happoshu (total)	203	164	81%	411	360	88%
3 New genre beer products (total)	730	686	94%	1,495	1,560	104%
Beer, happoshu, and new genre (total 1+2+3)	2,256	2,241	99%	4,955	5,060	102%
Non-alcoholic beer taste beverage	37	34	91%	83	86	104%

(billions of yen)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Domestic wines	2.4	2.4	101%	5.0	5.0	101%
Imported wines	3.6	3.7	103%	8.5	9.2	109%
Wine (total)	6.0	6.1	103%	13.5	14.3	106%
RTD, Spirits and Shochu (total)	13.1	14.5	111%	27.8	29.4	106%

Beer (International)

(10,000 cases)

	Jan. 1 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
SLEEMAN BREWERIES LTD. (*2)	606	615	101%	1,291	1,300	101%
Sapporo brand	272	292	108%	580	630	109%

*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 - Jun.30, 2016	Jan. 1 - Jun.30, 2017	YoY	Fiscal 2016 Actual	Full-year estimate for fiscal 2017	YoY
Soft Drinks(*3)	2,138	2,129	100%	4,688	4,700	100%

*Excludes sales other than Japan and soy milk drinks sales in Japan.

Sales Breakdown for Japanese Alcoholic Beverages

Sales (including liquor tax) (billions of yen)

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Beer	72.1	76.2	4.1	5.8%
Happoshu	7.7	6.2	(1.4)	(19.0)%
New genre	24.1	22.6	(1.4)	(6.1)%
Total	103.9	105.2	1.2	1.2%

Sales (excluding liquor tax) (billions of yen)

	Six Months ended June 30, 2016	Six Months ended June 30, 2017	Change	Change (%)
Beer	35.2	37.7	2.4	6.9%
Happoshu	4.3	3.4	(0.8)	(19.0)%
New genre	16.7	15.7	(1.0)	(6.1)%
Total	56.3	56.9	0.6	1.1%

Appendix

Appendix Japanese Alcoholic Beverages



【Beer】 (sales volume)

Jan-Jun **up 5%** y-o-y (total demand down 1%)

- ✓ Black Label Brand total **up 3%** y-o-y
(Sales of the canned version : **up 14%** y-o-y)
- ✓ Yebisu Brand total **up 4%** y-o-y

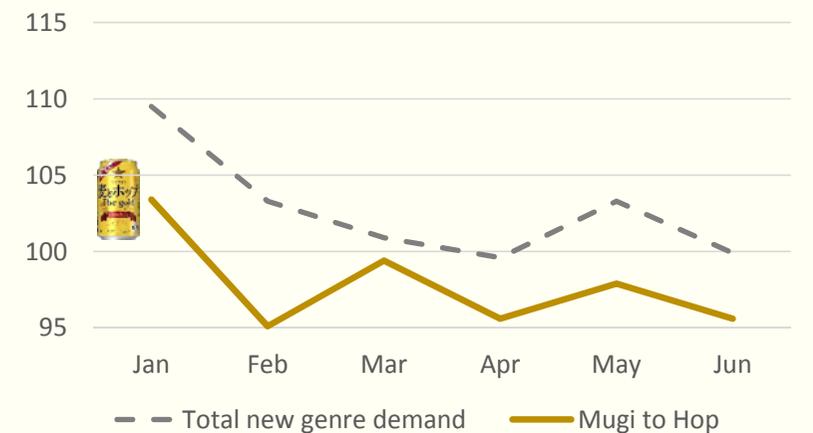
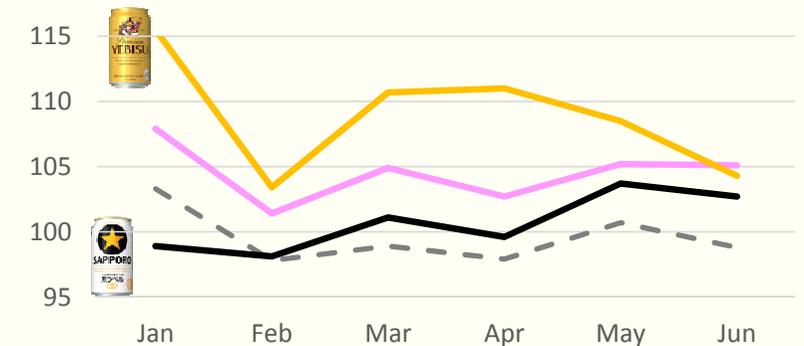
【Happoshu+new genre】 (sales volume)

- ✓ Jan- Jun down **9%**
(total demand unchanged y-o-y)
- ✓ Mugi to Hop Brand total down **4%** y-o-y
- ✓ Goku Zero Brand total down **25%** y-o-y

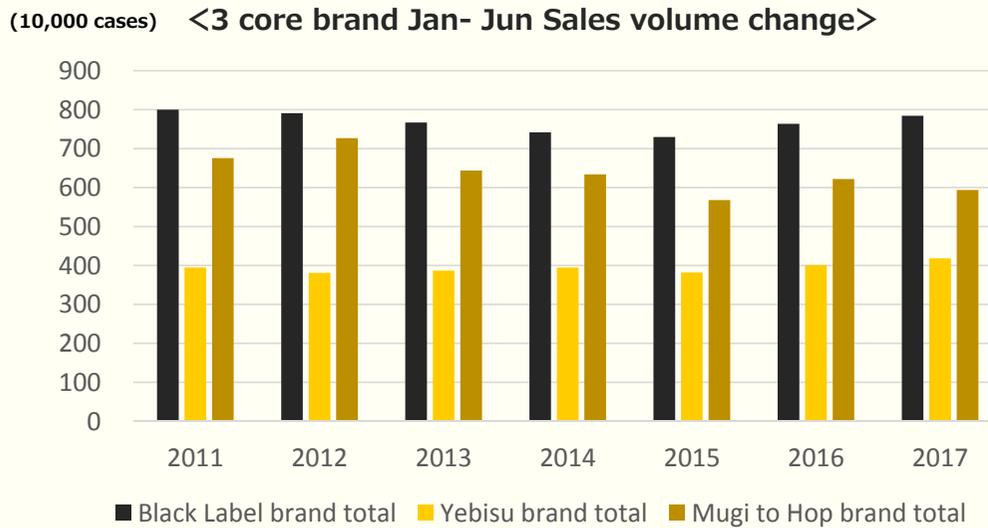
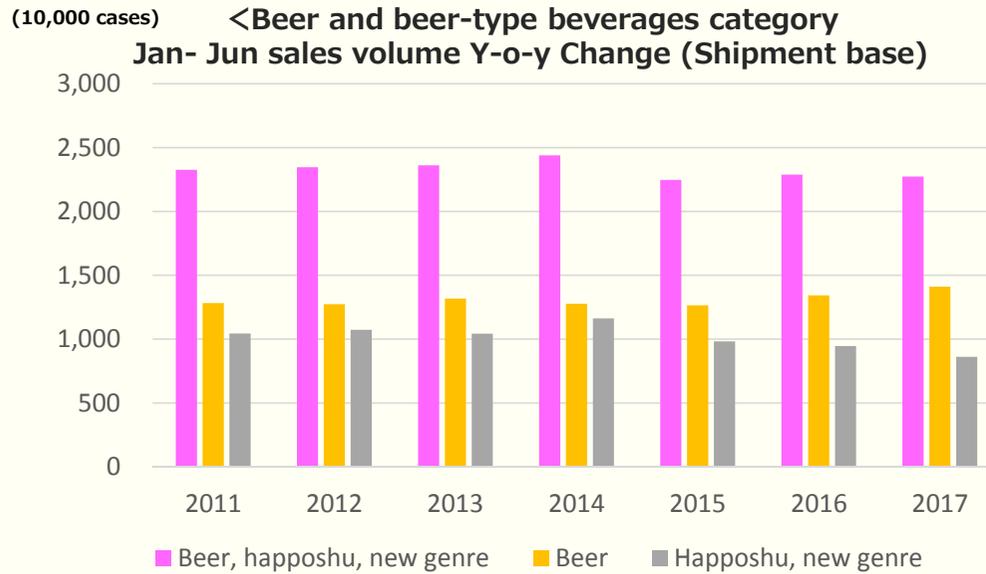
【Wine , Spirits and other】 (sales value)

- ✓ Wine : **up 3%** y-o-y
- ✓ RTD : **up 33%** y-o-y
- ✓ Spirits : **up 14%** y-o-y
- ✓ Japanese liquor : **up 3%** y-o-y

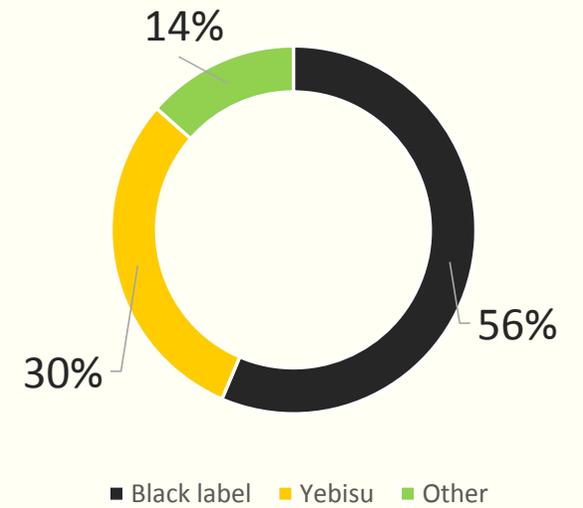
<Y-o-y change in sales volume of 3 core brands>



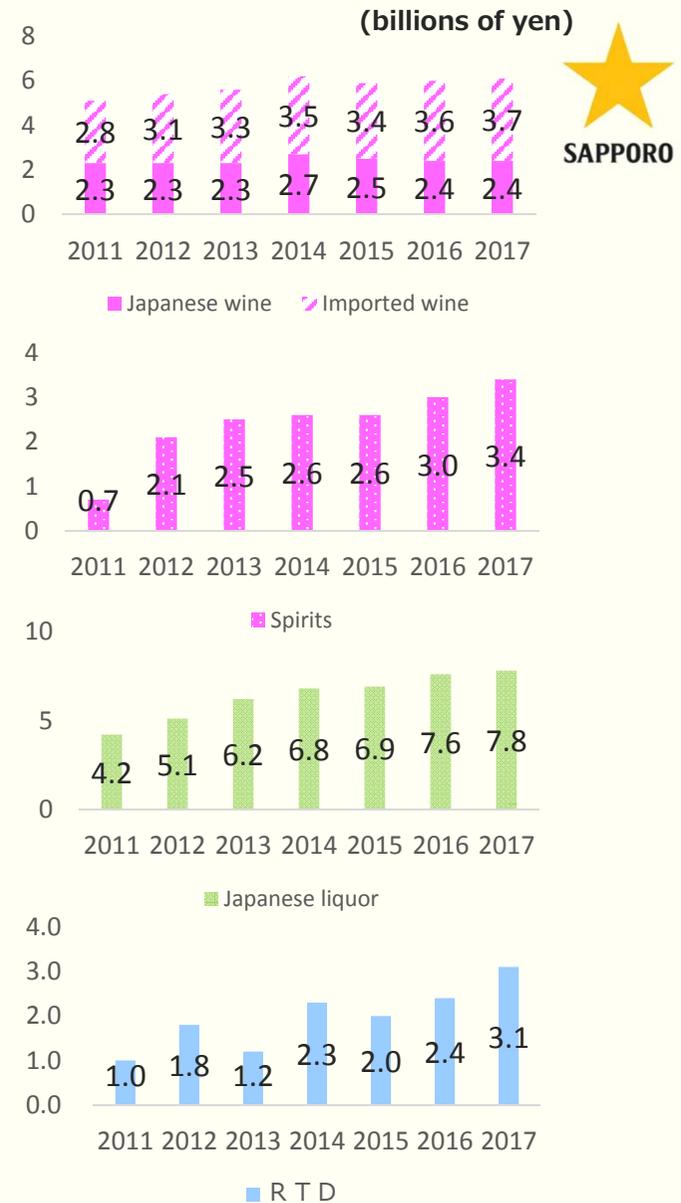
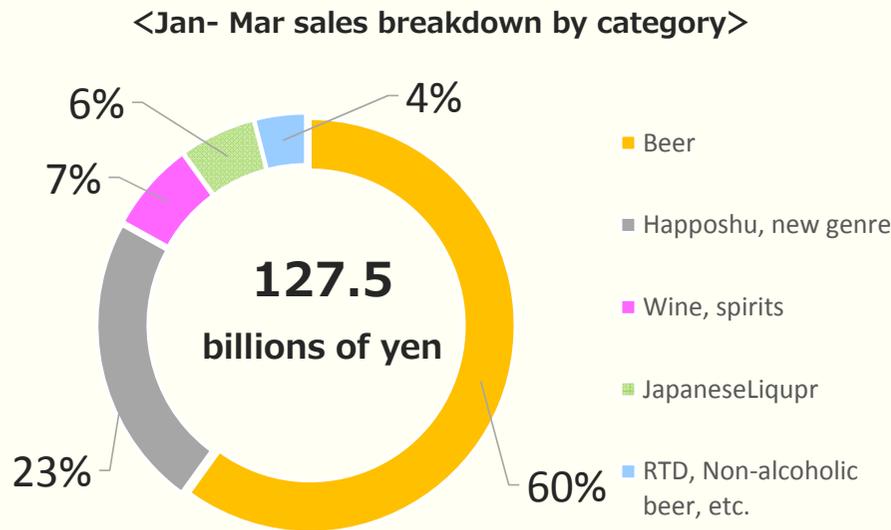
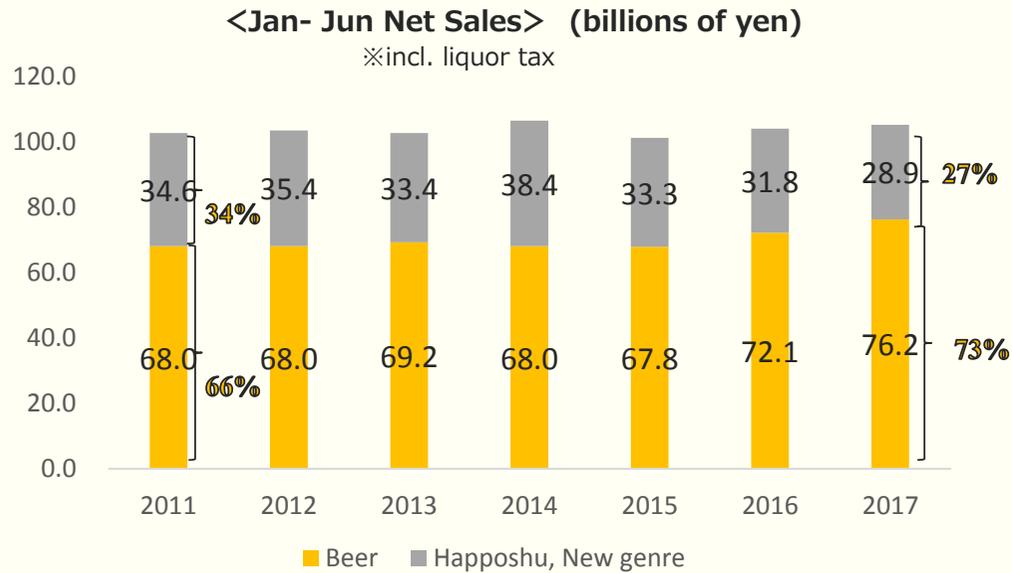
Appendix Japanese Alcoholic Beverages



<Beer lineup (Jan - Jun breakdown)>



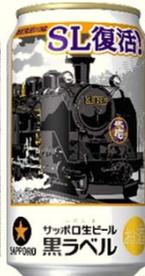
Appendix Japanese Alcoholic Beverages



<Jan-Jun Major New Products>



Black label extra brew
(Limited amount)



Black Label
Special edition can

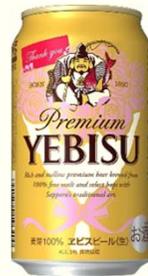


Sapporo lager beer
(Limited amount)



SAPPORO

Appendix
Japanese Alcoholic
Beverages



YEBISU
Special edition can



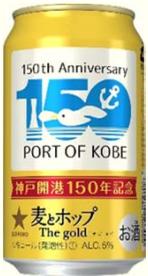
Sapporo Classic
Natsuno soukai



Shizuoka bakushu
(Regionally product)



Gokuzero
Special edition can



Mugi to Hop brand
(Limited amount)



Napolin Sour (RTD)



Umekaku soda (RTD)



Kireto Lemon sour
improved

Awards in 2017



- ✓ Grande Polaire Hokkaido dry bacchus 2016*1 **became the only Japanese wine to win Gold** at the International Wine & Spirits Competition 2017 (IWSC)
http://www.sapporobeer.jp/news_release/0000021618/index.html

*1 Sales limited to Hokkaido area (excluding directly run outlets and Internet shop; to be shipped in August.)



- ✓ Won the **Superior Taste Award 3 stars, the highest rank, for the fourth consecutive year** at the International Taste & Quality Institute with Sapporo WHITE BELG
http://www.sapporobeer.jp/news_release/0000021640/index.html



- ✓ Honkaku Mugi Shochu Waramugi **won bronze** at the International Spirits Challenge*1
http://www.sapporobeer.jp/news_release/0000021645/index.html

*1 International Spirits Challenge (ISC)
 It is a spirits competition held every year by Drinks International, a British publisher specialized in the drinks industry. Brand tasting is done by more than 50 specialists in the spirits industry over seven days and it awards gold, silver and bronze in different categories including shochu, whiskey, brandy, gin and vodka.

Appendix



Sapporo Draft Beer Black Label

Expand brand contacts



THE PERFECT BEER GARDEN 2017 OSAKA



THE PERFECT DAYS 2017



THE PERFECT BEER GARDEN 2017 TOKYO



Appendix



サッポロ生ビール黒ラベル「THE PERFECT BEER GARDEN 2017 OSAKA」概要
 ・オープン期間：2017年6月20日（火）～9月24日（日）＜予定＞
 ・通常営業時間：平日17：00～22：30（L.O 22：00）／土日祝12：00～22：30（L.O 22：00）
 ・休業日：なし（雨天時も営業）
 ・運営：株式会社ニューミュンヘン
 ・協力：サッポロビール株式会社
 ・所在地：大阪府大阪市北区梅田3丁目2番4号 西梅田スクエア内
 ・URL：<http://www.sapporobeer.jp/beer/garden/index.html>
 ・座席数：最大353席

会場	エリア・開催期間
東京	パーフェクトデイズ2017東銀座イベント特設会場（東京都中央区銀座五丁目13～7）・6月30日～7月2日
仙台	レゼル西反ビル1F（青葉区一番町）・7月5日～7月9日
新潟	万代シティパーク・7月5日～7月9日
名古屋	ミッドランドスクエアアトリウム・7月5日～7月9日
京都	京都駅構内 北東交番横スペース・7月5日～7月9日
広島	紙屋町シャレオ中央広場・7月5日～7月9日
福岡	福岡市役所西側ふれあい広場・6月28日～7月2日
鹿児島	JR鹿児島中央駅アミュ広場・7月7日～7月9日

「THE PERFECT BEER GARDEN 2017 TOKYO」概要
 ・オープン期間：2017年7月13日（木）～2017年9月17日（日）＜予定＞
 ・通常営業時間：平日17：00～23：00（L.O 22：30）／土日祝12：00～22：00（L.O 21：30）
 ・休業日：なし（雨天時も営業）
 ・運営：株式会社ニュートーキー
 ・協力：サッポロビール株式会社
 ・所在地：東京都渋谷区千駄ヶ谷5丁目24番55号
 ・URL：<http://www.sapporobeer.jp/beer/garden/index.html>
 ・座席数：最大154席

http://www.sapporobeer.jp/news_release/search/index.php?pageID=3#results

Appendix International



【SLEEMAN】

- ✓ Jan- Jun **up 1%** y-o-y *sales volume (total demand down 2%)

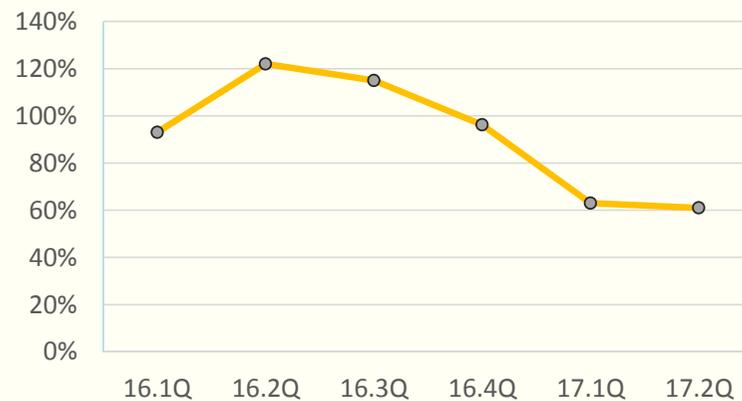
【Sapporo U.S.A.】

- ✓ Jan- Jun **up 10%** y-o-y *sales volume (total demand down 2%)

【Vietnam】

- ✓ Jan- Jun **down 39%** y-o-y *sales volume

<Y-o-y change in domestic sales volume in Vietnam>



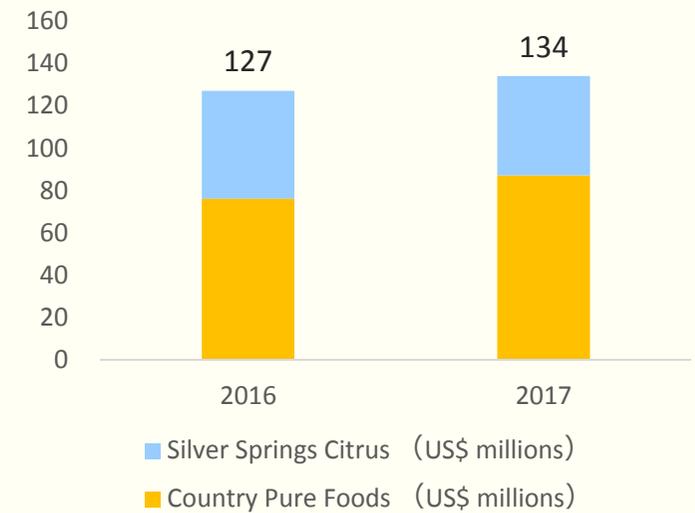
【U.S. soft drinks business】



- ✓ Jan- Jun **up 7%** y-o-y *sales revenue

<U.S. soft drinks business Net Sales in Local Currency (Jan-Jun)>

* before elimination of inter- company transactions

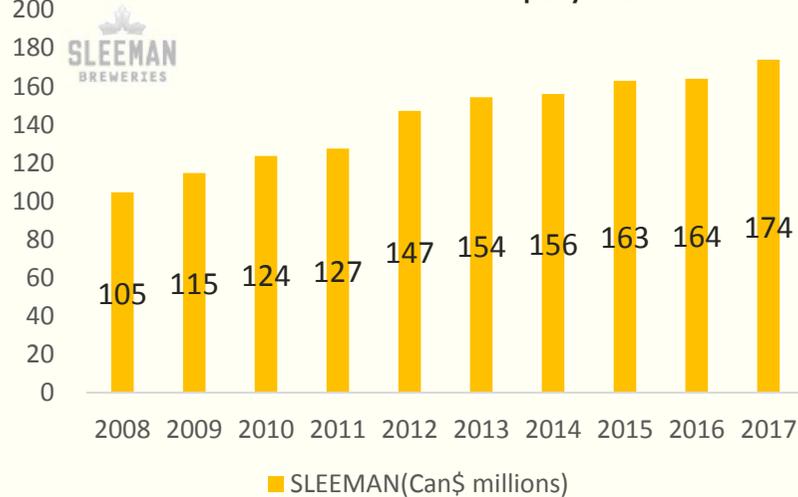


Appendix International

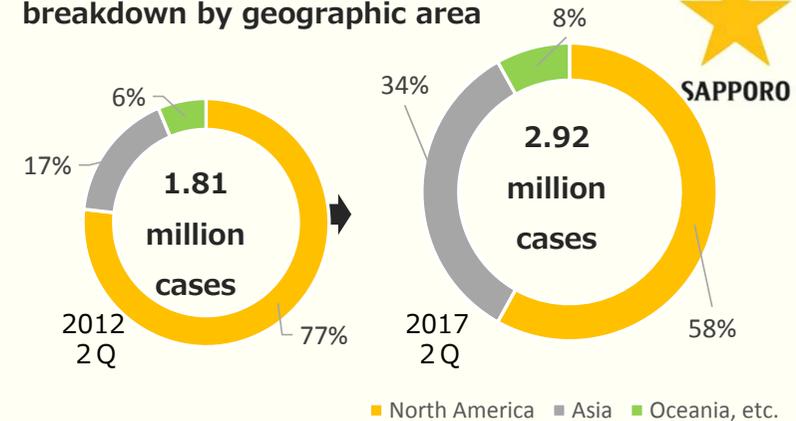


<SLEEMAN : Net Sales in Local Currency (Jan- Jun)>

*before elimination of inter- company transactions



Sapporo brand sales volume breakdown by geographic area



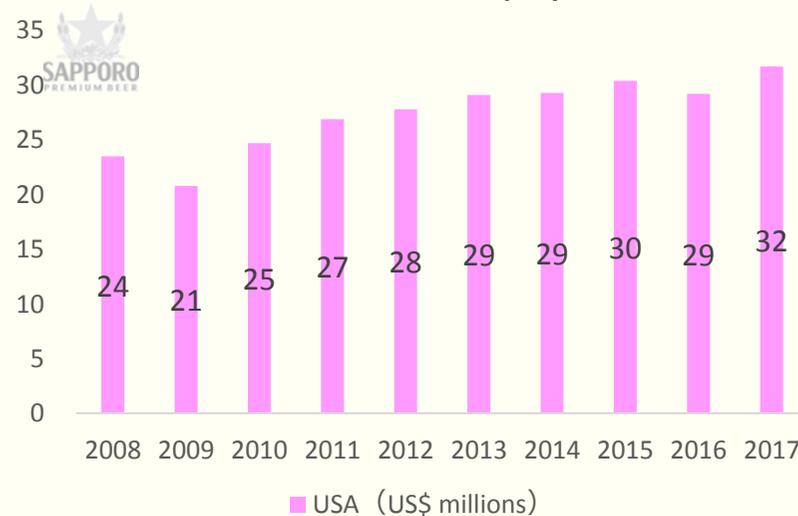
North America : Canada, U.S.

Asia : Vietnam, Singapore, South Korea, etc.

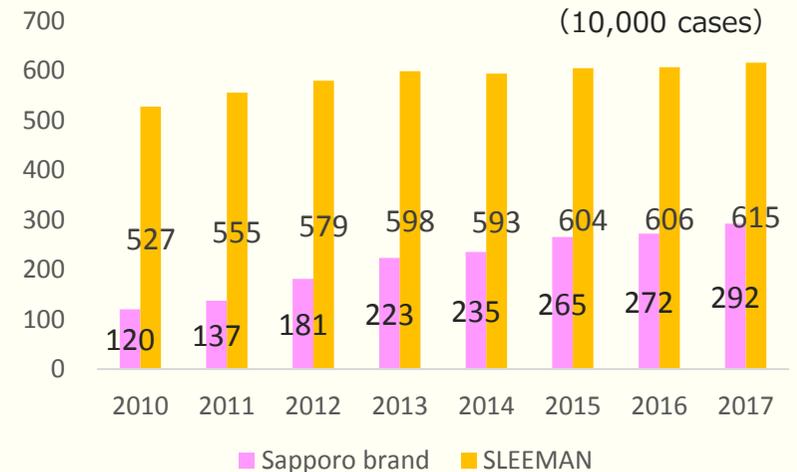
Oceania, etc. : Australia, Europe, etc.

<Sapporo U.S.A. : Net Sales in Local Currency (Jan- Jun)>

*before elimination of inter- company transactions



<Trend of overseas sales volume of Sapporo brand products (Jan- Jun)>



【Lemon-based drinks】

✓ Jan-Jun **up 14%** y-o-y



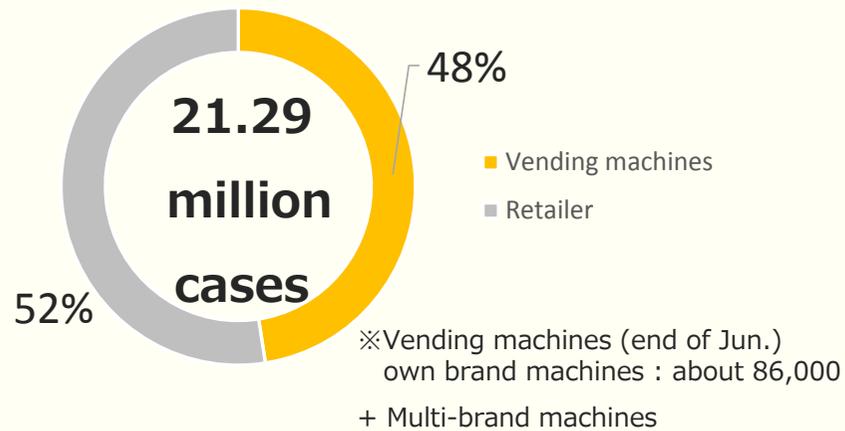
【Unsweetened tea drinks】

✓ Jan- Jun **up 14%** y-o-y

【Coffee drinks】

✓ Jan- Jun **down 7%** y-o-y

<Japanese soft drinks
POKKA SAPPORO Food & Beverage
Sales composition by sales channel
(Jan- Jun)>



【Lemon-based food products】

✓ Jan- Jun **up 8%** y-o-y



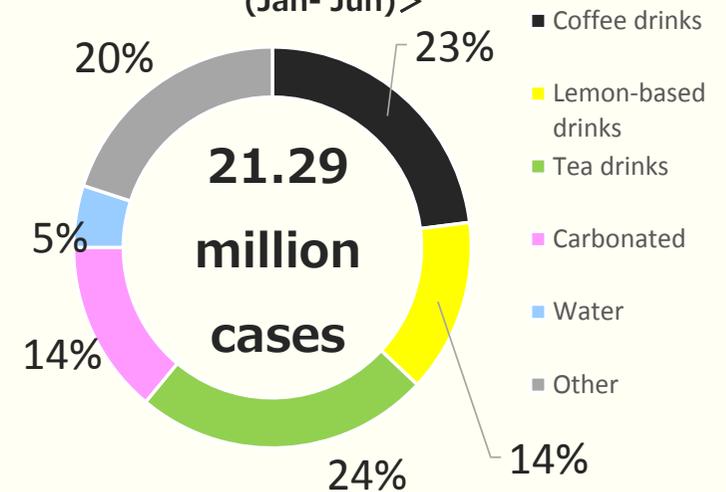
【Soups】

✓ Jan- Jun **up 8%** y-o-y

【Soy milk, chilled products】

✓ Jan -Jun Net Sales approx. **¥1.0** billion

<Japanese soft drinks
Sales composition by genre
(Jan- Jun)>



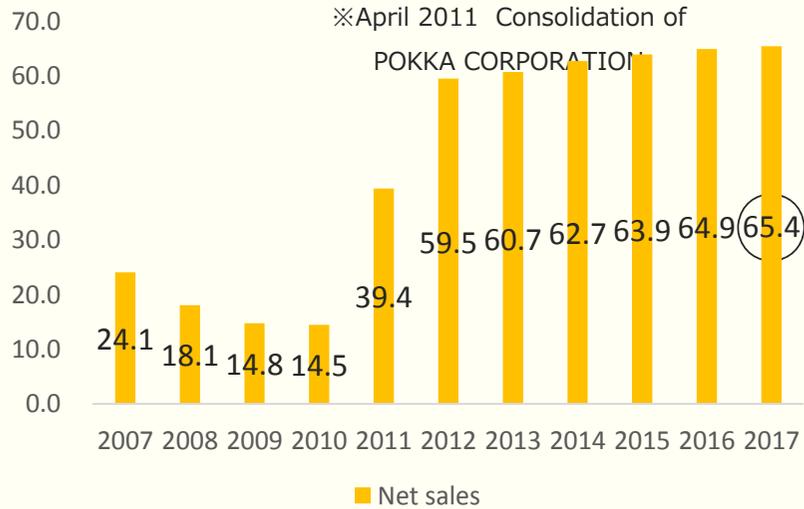
Appendix Food & Soft Drinks



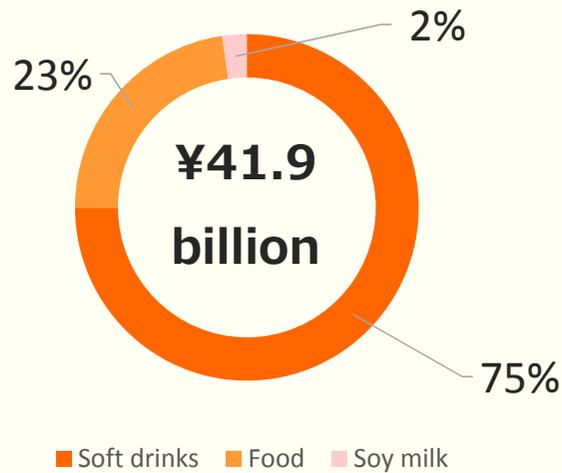
Appendix Food & Soft Drinks



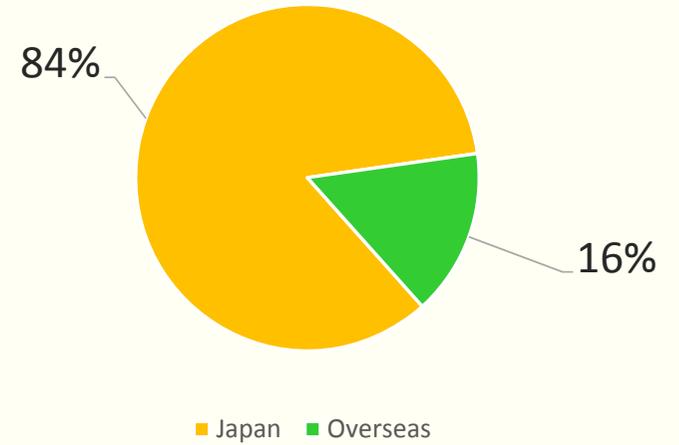
<Food & Soft Drinks segment Net sales>
(Jan- Jun)



<Japanese soft drinks
POKKA SAPPORO Food & Beverage
Sales composition (Jan- Jun)>



<Food & Soft Drinks segment
Net sales break down by geographic area>

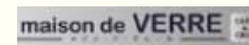


<Overseas soft drinks
POKKA Corporation (Singapore)
Sales composition (Jan- Jun)>

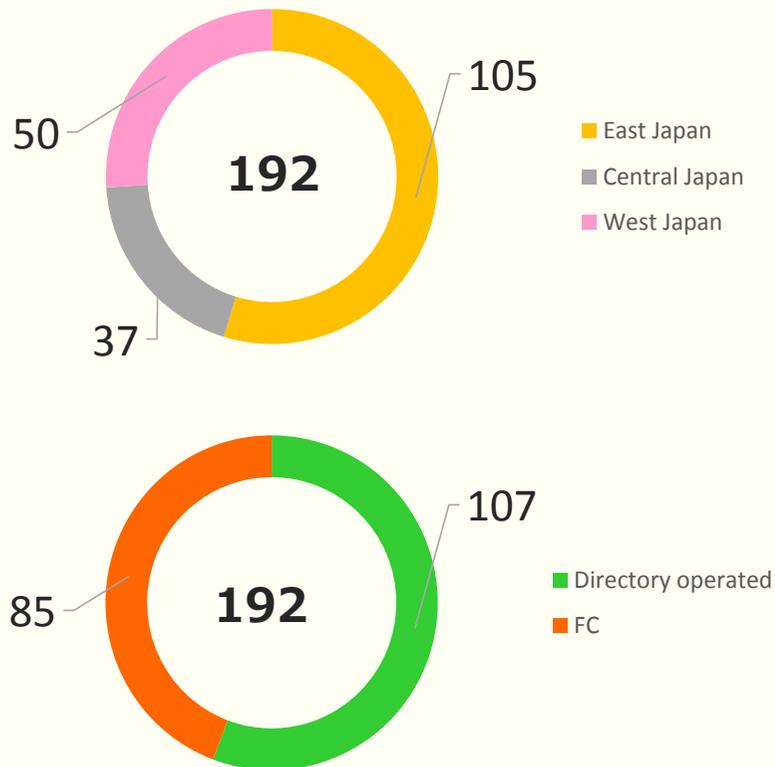


[Pokka Create CO., Ltd.]

✓ Jan- Jun Net sales **¥4.2 billion**
up 6% y-o-y



<Number of outlets as of June 30, 2017 : 192>



<New & refurbish outlets >



Appendix
 Food & Soft Drinks



<Jan- Jun Major new products>



Lemon no genki
(Functional food label)



Kireto lemon sparkling
improved



Spice lemonade



Ribbon yuubari
melon soda



Ribbon yuubari
melon gelly



Ribbon Napolin
classic



pokkaSapporo



Tabicha
retto series



Yakitoukibicha



Nippon mugicha



Furano Lavender tea



Jikkuri kotokoto
kongari
pan soup series



Gabunomi series



Soya farm yogurt improved

Appendix
Food & Soft Drinks



Soft drinks production plant in Indonesia PT. POKKA DIMA INTERNATIONAL began operation



- ✓ One PET bottle filling line to fill green tea, black tea and fruit juice drinks in 350 to 500 ml PET bottles was introduced in the new plant
- ✓ It mainly produces tea drinks such as Jasmine Green Tea 450 ml and 350 ml Lemon Black Tea



Appendix

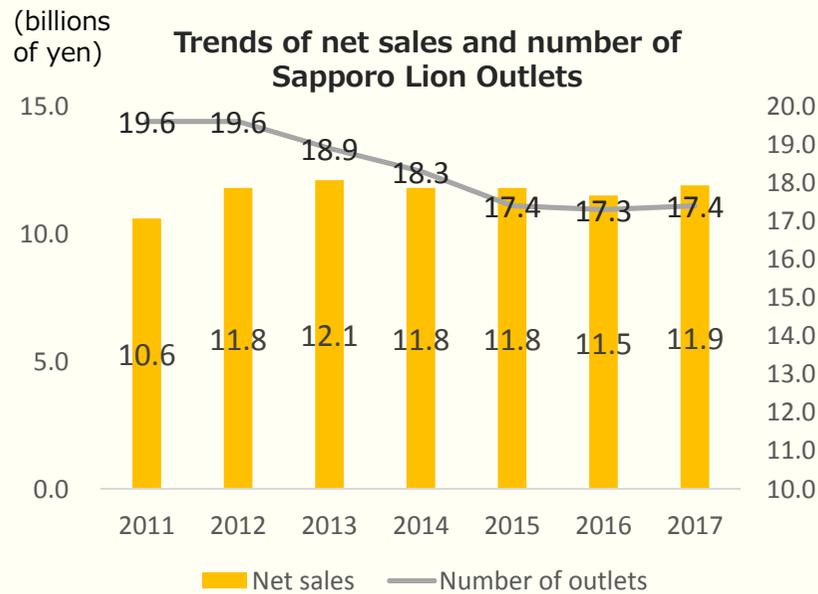


[Profile of the new plant]

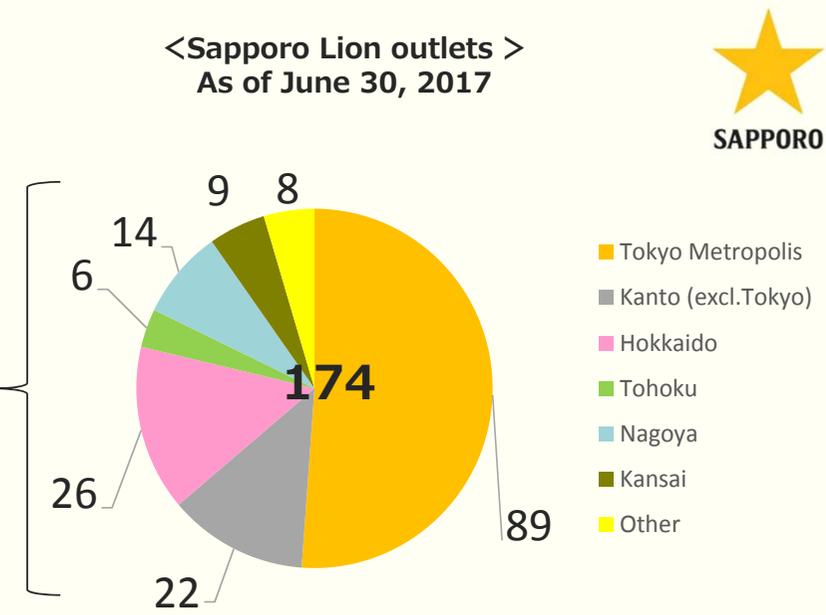
- Name: PT.POKKA DIMA INTERNATIONAL
- Location: Kampung Jabong I Dusun III RT.41/RW.06,
Desa Curugrendeng Kec. Jalancagak, Subang, Indonesia
- Plant Manager: Tatsuhiro Obayashi (director in charge of production)
- Employees: 74
- Site area: 64,000m² Built-up area: 3,400 m² (production), 3,400 m² (warehouse)
- Products: Green tea, black tea, fruit juice drinks, etc.
- Production capacity: 350ml to 500ml PET bottles: 400 bottles/minute, 5 million cases/year
- Total construction cost: 200 billion Rp. (approx. 1.8 billion yen when 1 Rp. = 0.009 yen)

https://www.pokkasapporo-fb.jp/company/news/release/170501_01.html

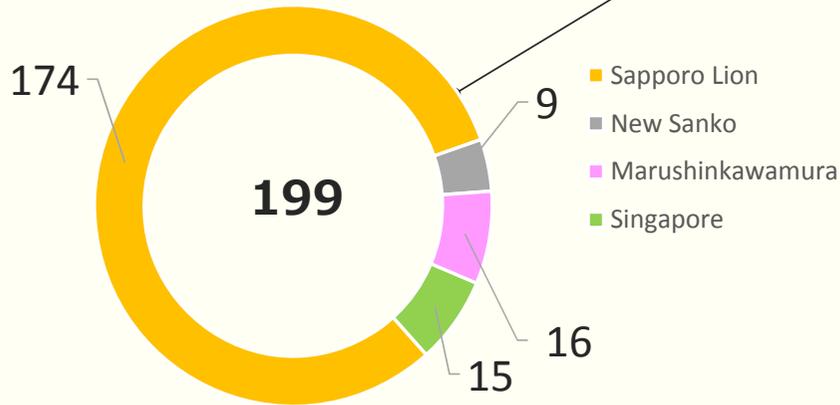
Appendix Restaurants



<Sapporo Lion outlets> As of June 30, 2017



<Restaurants segment total number of outlets>



<Brands>



Appendix Real Estate



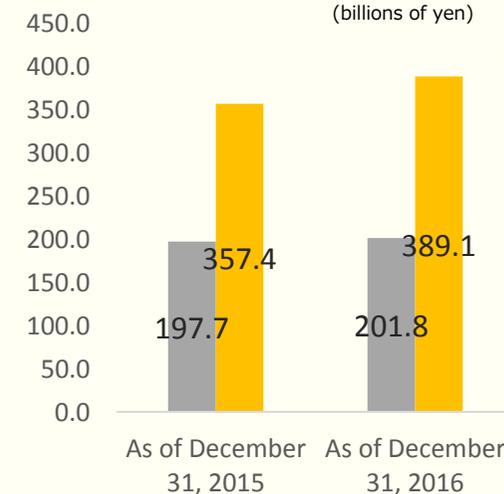
<Major rental properties & occupancy rates : (Averages for 2017 2Q)>

	Site area (m ²)	Floor area (m ²)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	98	40 floors above ground, 5 below
Ebisu First Square	2,596	16,012	100	12 floors above ground, 1 below
Ebisu Square	1,561	8,644	100	7 floors above ground, 1 below
Ginza Place	645	7,350	98	11 floors above ground, 2 below
Strata Ginza ⁽²⁾	1,117	11,411	100	13 floors above ground, 1 below

*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>

(billions of yen)



SAPPORO

■ Balance sheet value ■ Fair value

(billions of yen)

<Operating income>	2016 2Q	2017 2Q	Change
Yebisu Garden Place, etc.	4.0	4.2	0.1
Hokkaido	0.5	0.6	0.1
Other area & other operations	0.9	1.4	0.5
General corporate	(0.3)	(0.4)	(0.1)
Total	5.1	5.8	0.6

<EBITDA>

(billions of yen)

	2016 2Q	2017 2Q	Change
Yebisu Garden Place, etc.	5.5	5.6	0.1
Hokkaido	0.7	0.9	0.1
Other area & other operations	1.2	1.9	0.6
General corporate	(0.3)	(0.4)	(0.1)
Total	7.2	7.9	0.7

EBITDA= Operating income + depreciation and amortization)

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New commercial facility in the plot adjacent to Sapporo Factory TDY Sapporo Collaboration Showroom completed



- ✓ Redevelopment of the former parking lot 3 site adjacent to Sapporo Factory
Inaugurated in July 2017
- ✓ The surrounding area is a key area in the Sapporo City Development Strategy promoted by the city. We aim to improve the convenience of the residents to further revitalize the city through a synergistic effect with Sapporo Factory
- ✓ The facility is operated by three companies which have an alliance in the refurbishment field – TOTO LTD., DAIKEN CORPORATION and YKK AP Inc. It is the eighth outlet in the country and the first in Hokkaido.

Appendix



http://www.sapporo-re.jp/news_release/pdf/20170515/20170515.pdf

Shibuya Ward's first company-led in-office nursery Poppins Nursery School Ebisu Hop Kids opened on April 1 at Yebisu Garden Place

- ✓ A consortium-type (for multiple companies) in-office nursery utilizing the company-led childcare project*¹, a childcare support system of the Cabinet Office
- ✓ Established and operated by Poppins Corporation
- ✓ Implementing original dietary education in the *educare* program at the nursery using POKKA's lemon and Shinsyu Ichi Miso (soy beans)
- ✓ We hope that the development of an environment that enables both work and child care will improve Yebisu Garden Place's brand value, while contributing to the community and be of some help in reducing children on the waiting list by allotting seats to Shibuya Ward residents.

*1 Company-led childcare project

A new system introduced by the Cabinet Office in April 2016. It provides aid for development and operation of childcare facility for employees, established in a company-led effort.



http://www.sapporo-re.jp/news_release/pdf/20170317/20170317.pdf

Appendix



Various Initiatives by the Sapporo Group



- ✓ Selected as a member of the SNAM Sustainability Index again in 2017
 - Sapporo Group's ESG-related initiatives have been highly rated-
 - *The index is used for the SNAM sustainable fund management. The SNAM sustainable fund management began by SNAM in August 2012 is a responsible investment product for pension funds and corporate investors invested in companies with high ratings in ESG (environment, society, governance)
http://www.sapporoholdings.jp/news_release/0000020378/index.html



- ✓ Managing public pensions, Government Pension Investment Fund (GPIF) selected issues for three stock indices for ESG investment. Sapporo Group was selected for two of them.
 - FTSE Blossom Japan Index
 - MCSI Japan ESG Select Leaders Index

- ✓ Comprehensive collaboration agreement signed between Kokugakuin University and Sapporo Holdings
 - To implement collaborative projects including community-linked cooperation starting at Shibuya, next-generation human resources development and new value creation
http://www.sapporoholdings.jp/news_release/0000020375/index.html



- ✓ Nagano Prefecture and Sapporo Breweries signed the Biodiversity Protection Partnership Agreement
 - ✓ http://www.sapporobeer.jp/news_release/0000021628/index.html



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.