



Sapporo Group Business Results Presentation for the Nine Months Ended September 30, 2018

November 2, 2018

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

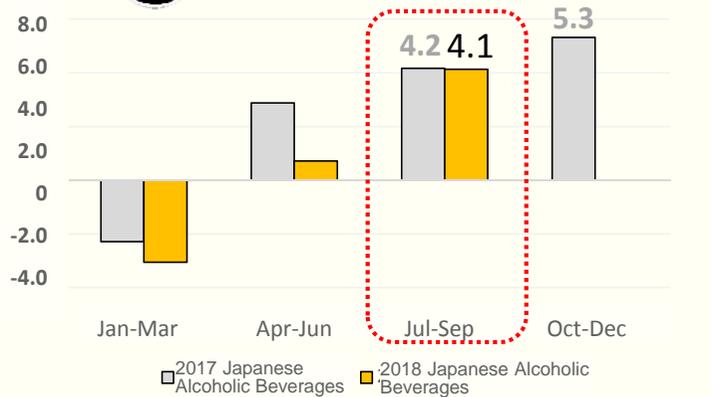
<Third-Quarter 2018 Key Points>

▶ Performance improved in each business despite impact of unseasonal weather and natural disasters

<Operating profit levels for each quarter (YoY comparison)>



Japanese Alcoholic Beverages

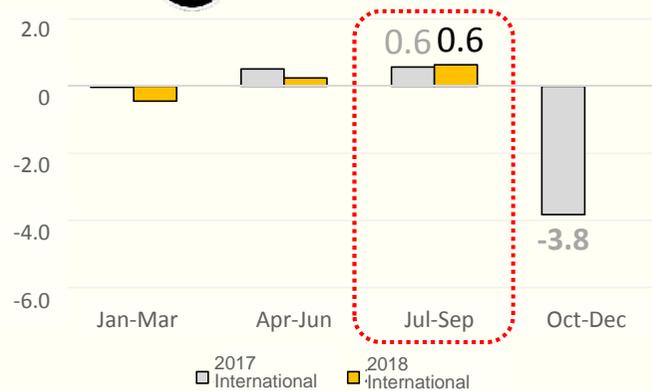


★ **Key point for the Jul-Sep quarter**
Despite strong impact of disasters, profit came to levels similar to the previous year

<Toward attainment of targets>
A YoY profit increase of approx. ¥0.4 billion is necessary in the Oct-Dec quarter. We will work on Black Label beer, which has remained strong compared with overall demand, and 99.99 (RTD), which has been selling well.



International

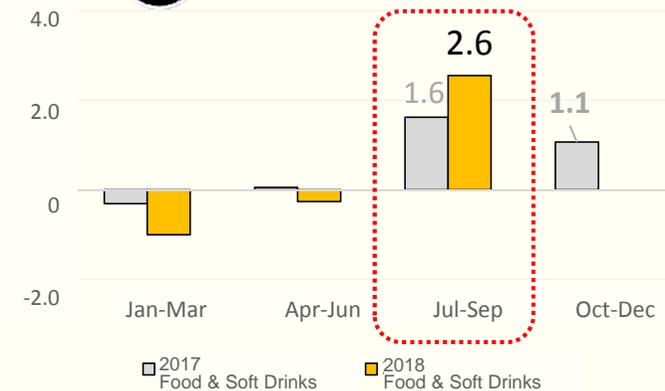


★ **Key point for the Jul-Sep quarter**
Vietnam turned profitable and contributed to profit exceeding the previous year's level

<Toward attainment of targets>
A YoY profit increase of approx. ¥4.5 billion is necessary in the Oct-Dec quarter. In 4Q 2017, profit declined by ¥2.7 billion due to impairment loss related to Vietnam and saw loss exceeding ¥1.0 billion in the second half due to worsened performance at SSC. We aim to attain our targets with the improvement from the integration of SSC and CPF and no more impact from the impairment in Vietnam.



Food & Soft Drinks

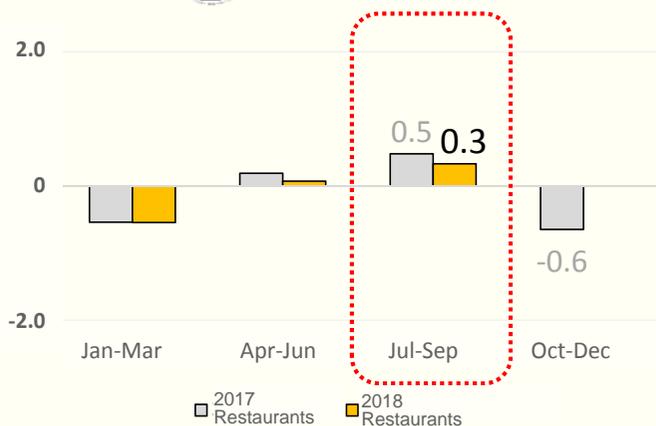


★ **Key point for the Jul-Sep quarter**
Profit rose by overcoming the confusion in the distribution network

<Toward attainment of targets>
A YoY profit increase of approx. ¥1.3 billion is necessary in the Oct-Dec quarter. We aim to attain our targets by carrying out active sales promotion activities in 4Q, the peak period for soup and other such products.



Restaurants

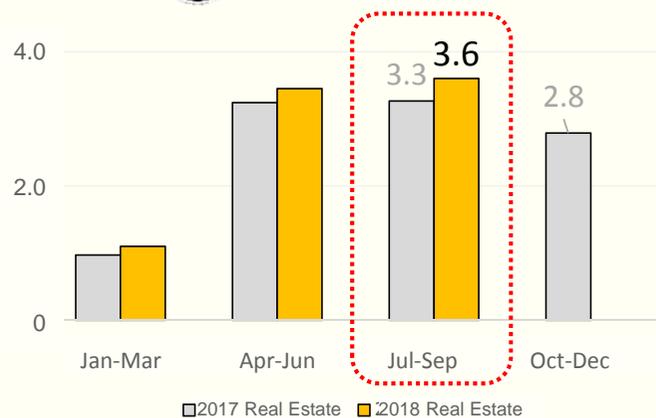


★ Key point for the Jul-Sep quarter
Existing restaurants struggled, while revenues also fell due to disasters

<Toward attainment of targets>
A YoY profit increase of approx. 0.8 billion yen is necessary in the Oct-Dec quarter.
In the 4Q 2017, the business posted -¥0.6 billion resulting from impairment of some restaurants, etc. While a tough business environment including high ingredient and personnel expenses is expected to continue, we have been improving menu control and operations. We aim to attain our targets by leveraging new well-performing restaurants and refurbished restaurants.



Real Estate



★ Key point for the Jul-Sep quarter
Profitability continued to improve, resulting in strong performance

<Toward attainment of targets>
While disaster-damage-related repairs are required, we expect to solidly attain our upward-revised targets.

Corporate, Other



★ Key point for the Jul-Sep quarter
Reduced corporate costs

<Toward attainment of targets>
We are working on reduction of corporate costs and expect to attain the level of our revised targets.

(billions of yen)

Third-Quarter 2018 Highlight

2018
3Q



While both sales and profits fell due to the poor performance in the first half, operating profit for the Jul-Sep period increased about ¥1.3 billion.

(billions of yen)

Revenue

■ 2017 3Q (IFRS)
■ 2018 3Q (IFRS)



*See p.6, 7 for details

Operating Profit

■ 2017 3Q (IFRS)
■ 2018 3Q (IFRS)



*See p.8, 9 for details

Profit attributable to owners of parent

■ 2017 3Q (IFRS)
■ 2018 3Q (IFRS)



- The Japanese alcoholic beverages and food and soft drinks businesses saw large declines in sales, resulting in revenue decline of ¥9.7 billion

- Operating profit declined ¥2.9 billion due to struggles with new genre Japanese alcoholic beverages and stagnation in the high price range market
- Unsettled weather and natural disasters including heavy rain in Western Japan and an earthquake in Hokkaido put downward pressure on earnings due to lost sales opportunities, increased logistics expenses, a decline in restaurant customers, and the need to repair some facilities

- Declined ¥1.1 billion due to the decline in operating profit

Third-Quarter 2018 Highlights

2018
3Q



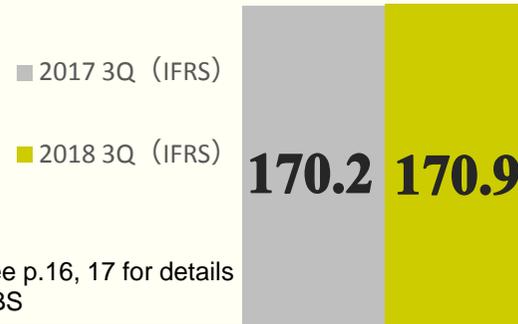
(billions of yen)

Balance of net debt



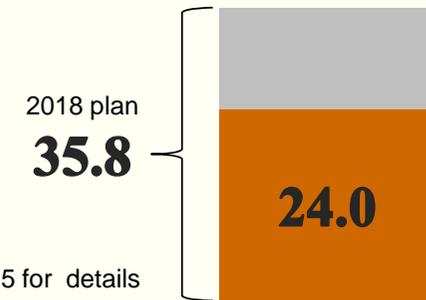
D/E ratio **1.3** times

Equity



*See p.16, 17 for details of BS

Cash basis investment



*See p.15 for details

Transformation of the Group management platform



➤ First in the world! Sapporo measures the color of beer foam

~"The foam of fresh beer is whiter and more beautiful"~
~"Crystal malt enhances the color of foam"~

➤ Won Gold at the first "gan-ally-bu" Awards

~Strengthening the company with dialogue and systems that allow cancer patients to work more comfortably~

*See p.18, 19 for details

Group Topics

- Selected for the FTSE4Good Index Series and FTSE Blossom Japan Index
- Prior start of joint collection of beer pallets in 6 prefectures in Tohoku
 - ~Four beer manufacturers to reduce annual CO2 emissions by about 735t (about 56% compared with previous level)
- The 10th Yebisu Beer Festival
 - ~Donated amount equivalent to beer sales to disaster-stricken areas
 - Total donation until the end of last year reached about 120 million yen

Revenue by Segment

2018
3Q



(billions of yen)

	① 2017 3Q (Japanese GAAP)	② 2017 3Q (IFRS)	Change <difference due to accounting standards> (②-①)	③ 2018 3Q (IFRS)	YoY change (③-②)	YoY change (rate) (③-②)
Consolidated revenue	400.8	390.7	(10.1)	381.0	(9.7)	-2.5%
Japanese Alcoholic Beverages*	201.4	187.7	(13.8) <small>(Rebate subtracted from revenue -13.9)</small>	179.8	(7.8)	-4.2%
International Business*	49.3	57.8	8.5 <small>(Change in price to include liquor tax +8.5)</small>	59.1	1.2	2.1%
Food and Soft Drinks	101.5	97.2	(4.3) <small>(Rebate subtracted from revenue -3.7)</small>	94.2	(3.0)	-3.1%
Restaurants	22.1	21.8	(0.3) <small>(Rebate subtracted from revenue -0.3)</small>	20.9	(0.9)	-4.0%
Real Estate	18.0	17.8	(0.2)	18.3	0.5	3.0%
Other	8.5	8.5	0.0	8.7	0.2	2.8%

*From 2018, the export business of Sapporo International Inc. was transferred to Sapporo Breweries Ltd.
The figures for 2017 have been retroactively adjusted to reflect this.

Factors are explained
in the next slide

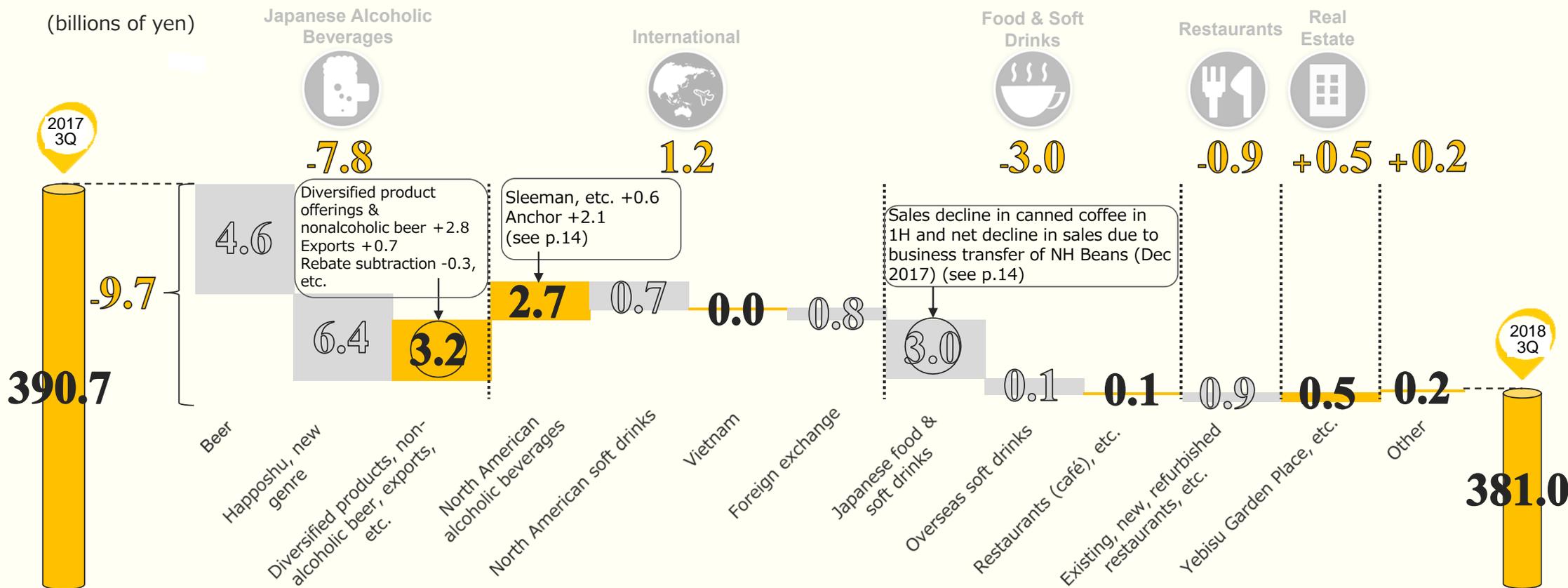
Main Factors Contributing to Changes in Revenue

2018
3Q



🔍 : The main factors are revenue declines in the high price range beer and new genre categories

■ = Increase
■ = Decrease



*From 2018, the export business of Sapporo International Inc. was transferred to Sapporo Breweries Ltd.

Operating Profit by Segment

2018
3Q



(billions of yen)	① 2017 3Q (Japanese GAAP)	② 2017 3Q (IFRS)	Change <difference due to accounting standards> (②-①)	③ 2018 3Q (IFRS)	YoY change (③-②)
Consolidated operating profit	10.7	9.7	(1.0) <small>(Retirement benefit expenses -1.0, etc.)</small>	6.8	(2.9)
Japanese Alcoholic Beverages*	6.2	4.8	(1.5) <small>(Depreciation and amortization -0.9, retirement benefit expenses -0.5, etc.)</small>	1.8	(3.0)
International*	(0.1)	1.1	1.2 <small>(Non-amortization of goodwill +1.2, etc.)</small>	0.4	(0.6)
Food and Soft Drinks	(0.2)	1.4	1.6 <small>(Non-amortization of goodwill +1.6, etc.)</small>	1.3	(0.1)
Restaurants	0.3	0.1	(0.1) <small>(Depreciation and amortization -0.1)</small>	(0.1)	(0.3)
Real Estate	8.8	7.5	(1.4) <small>(Real-estate tax-0.5, depreciation and amortization -0.3, etc.)</small>	8.2	0.7
Other	(0.1)	(0.2)	(0.1) <small>(Reclassification -0.1)</small>	(0.1)	0.1
Corporate	(4.1)	(4.8)	(0.7) <small>(Retirement benefit expenses -0.5, reclassification -0.2)</small>	(4.6)	0.2

*From 2018, the export business of Sapporo International Inc. was transferred to Sapporo Breweries Ltd. The figures for 2017 have been retroactively adjusted to reflect this.

Factors are explained in the next slide

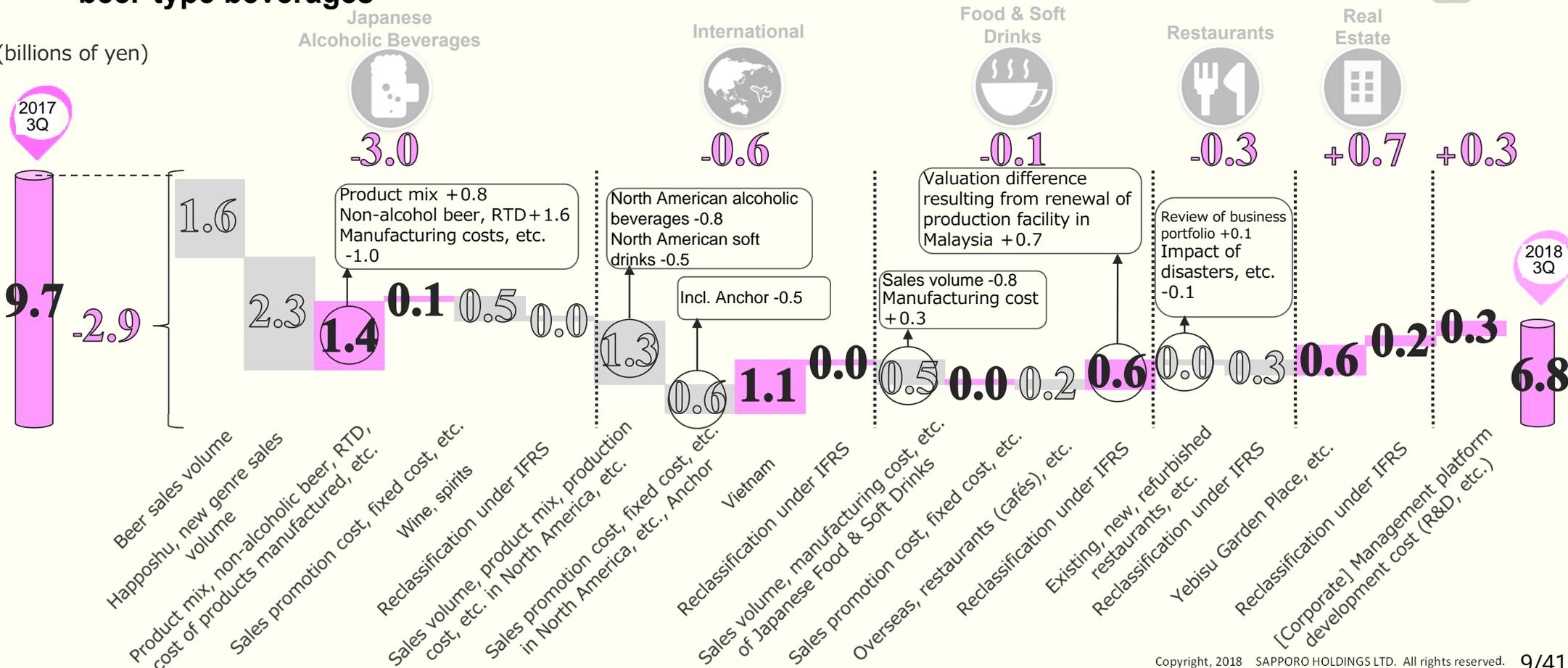
Main Factors Contributing to Changes in Operating Profit 2018 3Q



: Significant profit increase in Vietnam, Real Estate continues to be strong
While RTD led Japanese Alcoholic Beverages, profit declined due to lower sales of beer and beer-type beverages

■ = Increase
■ = Decrease

(billions of yen)



*Reclassification under IFRS: Other non-operating revenues and expenses as well as extraordinary income and loss



Japanese Alcoholic Beverages

Revenue **179.8** YoY Change **-7.8**

IFRS Operating profit **1.8** YoY Change **-3.0**

2018 3Q

*YoY change is on an IFRS basis

Positive

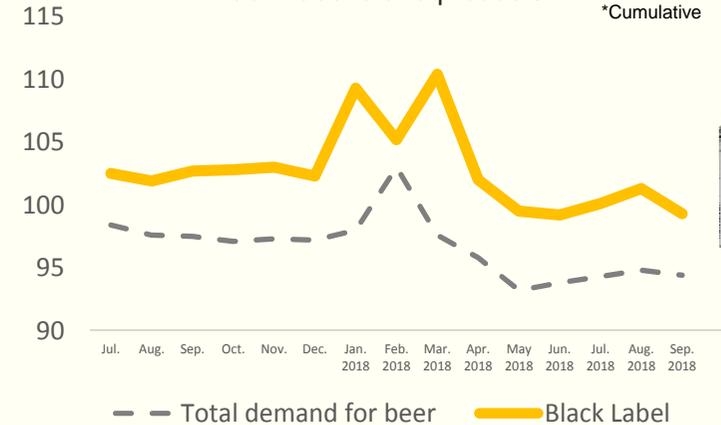
- Black Label brand cans were up **6%** year on year exceeding total demand growth rate for beer and growing steadily

- RTD was up **51%** year on year led by 99.99 (four nine)



*Black Label is based on sales volume and RTD on sales value

<YoY changes in sales volume of Black Label brand products>

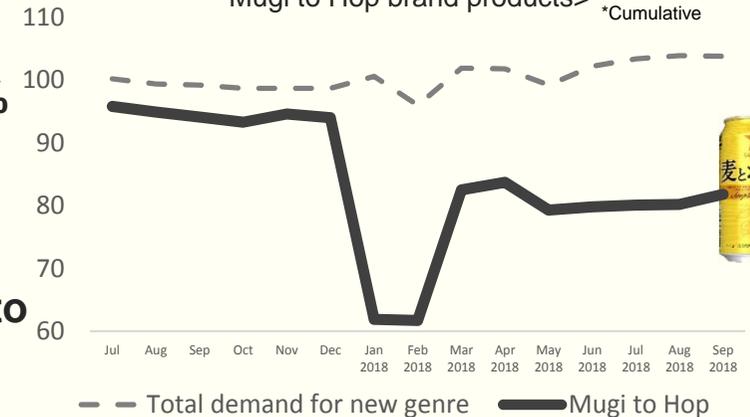


Negative

- Sales volume of new genre products was down **13%** year on year

- Demand for high price range beer market continues to stagnate

<YoY changes in sales volume of Mugi to Hop brand products>





International

Revenue **59.1** YoY change **+1.2**

IFRS Operating profit **0.4** YoY change **-0.6**

2018 3Q

*YoY change is on an IFRS basis

Positive

- Sales at Sleeman continued to increase
- Sapporo brand expanded overseas
Double digit growth in Canada
- Vietnam earnings improved **¥1.1** billion, with 2018 3Q also profitable

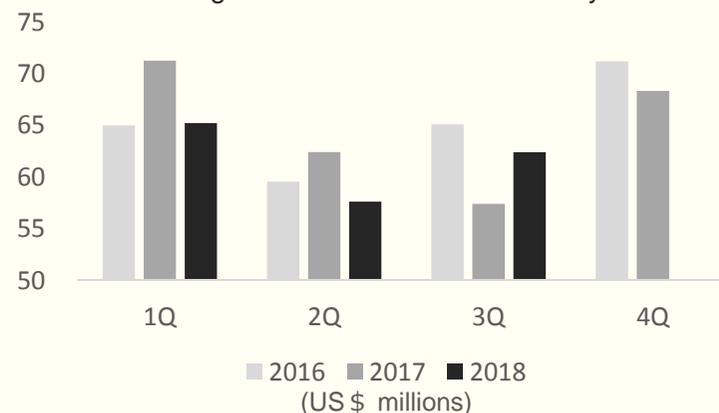
<Changes in overseas beer sales volume (cumulative from Jan to Sep every year)>



Negative

- The effect of improvement of North American soft drinks to start showing in the fourth quarter
- Anchor is carrying out the groundwork for next year onwards, but is facing difficulties in the immediate future due to stagnant market
Steps to be taken to ensure brand strengthening by focusing on San Francisco
- Logistics cost increased in the USA

<North American soft drinks: Changes in revenue in local currency>





Food & Soft Drinks

Revenue **94.2** YoY change **-3.0**

IFRS Operating profit

1.3 YoY change **-0.1**

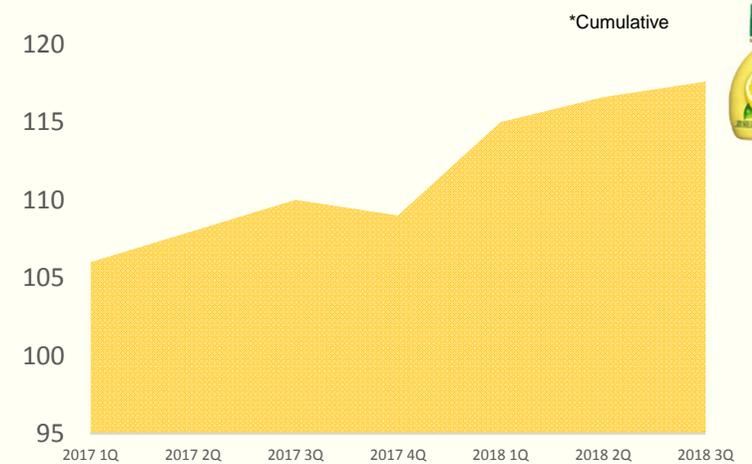
*YoY change is on an IFRS basis

2018 3Q

Positive

- Sales volume of lemon-based products were up **18%** year on year
- Soy and chilled products, which we are currently cultivating, were up **9%** year on year
Installation of manufacturing facility for soy yoghurt proceeding toward start of operations in March next year
- Maintained high share in Singapore with domestic sales also staying strong

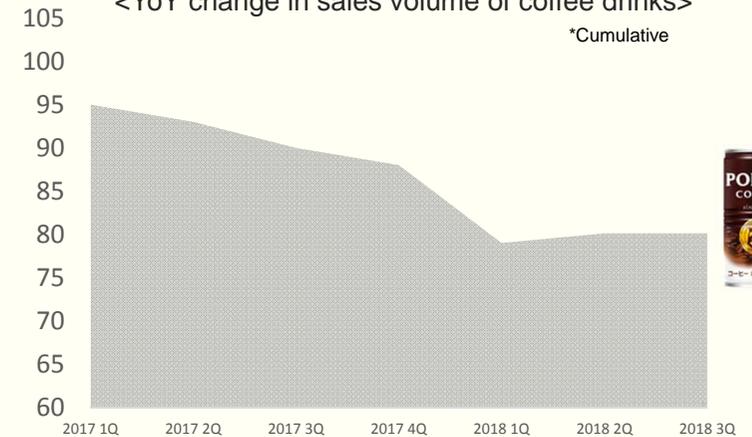
<YoY change in sales volume of lemon-based products>



Negative

- Decline in coffee drinks bottomed out but sales volume fell about **20%** year on year
→ Shored up sales by launching Hokuo Black Coffee, etc.
- Fall in sales due to Middle Eastern commodity tax
→ Promoting product development to suit the local taste

<YoY change in sales volume of coffee drinks>





Restaurants

Revenue	20.9	YoY change	-0.9
IFRS Operating profit	-0.1	YoY change	-0.3

Positive

- Strong performance by Yebisu Bar format
- Transferred Japanese restaurants, etc. in Singapore to local company → Focus on beerhall format



Negative

- Comparable-store sales were down 3% year on year



Real Estate

Revenue	18.3	YoY change	+0.5
IFRS Operating profit	8.2	YoY change	+0.7

Positive

- All mainstay properties maintained stable occupancy rates
- Carried out strategic reallocation of properties in accordance with Medium-Term Management Plan
Promoted Ebisu urban development

*Transferred 2 properties for ¥7.25 billion in Shinjuku, etc.
Acquired 3 rental properties in Shibuya ward for ¥6.4 billion

Negative

- No significant factors

Special Factors in the Business Results

2018
3Q



➤ Impact of exchange rates on operating profit is negligible

<Special factors in business results (YoY)>

Business segment	Details	Impact on revenue
International	ANCHOR BREWING COMPANY, LLC Consolidation began in October 2017	Approx. +¥2.1 billion
Food & Soft Drinks	NH Beans *Former Nihon Beans Transfer of business in December 2017	Approx. -¥1.9 billion

<Impact of foreign exchange rates>

	2017 3Q	2018 3Q
US\$	¥111.89	¥109.61
EUR	¥124.58	¥130.87
CAN\$	¥85.66	¥85.11
SG\$	¥80.53	¥81.78



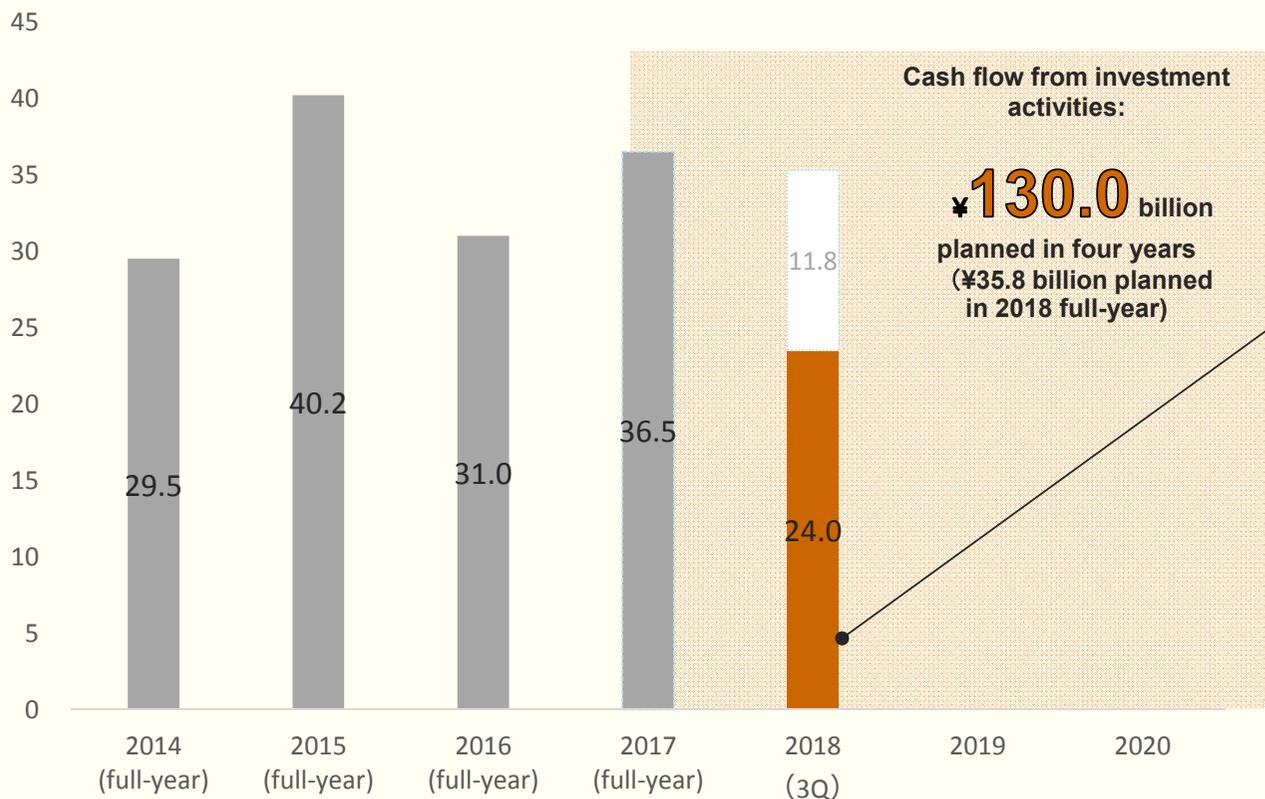
	Impact on revenue
Japanese Alcoholic Beverages	-
International	Approx. -¥0.8 billion
Food & Soft Drinks	-

-: negligible impact



➤ Cash basis investment totaled ¥24.0 billion

<Changes in cash basis investment>



(billions of yen)

①<Capital expenditure>

consolidated total of approx. **¥13.2 billion**
 (tangibles, intangibles)

<Major items>

- “Alcoholic Beverages,” “Food,” “Soft Drinks” –related: about ¥11.0 billion
 - Mini brewery-related works, filter introduction related work, etc.: about ¥4.2 billion
 - Capital investment in Sleeman, etc.: about ¥1.2 billion
 - Soy milk-related work: about ¥2.3 billion, etc.
 - SGM Group infrastructure streamlining, etc.: about ¥1.8 billion
- *SGM: Sapporo Group Management Ltd.

②<Investment properties> consolidated total of approx. **¥3.1 billion**

③<Lease fees> consolidated total of approx. **¥3.2 billion** *Except lease fees for restaurant furniture

④<Other investment> approx. **¥4.5 billion** in consolidated total
 (Long-term prepaid expenses, investment securities, etc.)

①+②+③+④ <2018 3Q investment total>
 (Cash basis; including current capital expenditure, lease fees)
approx. ¥24.0 billion

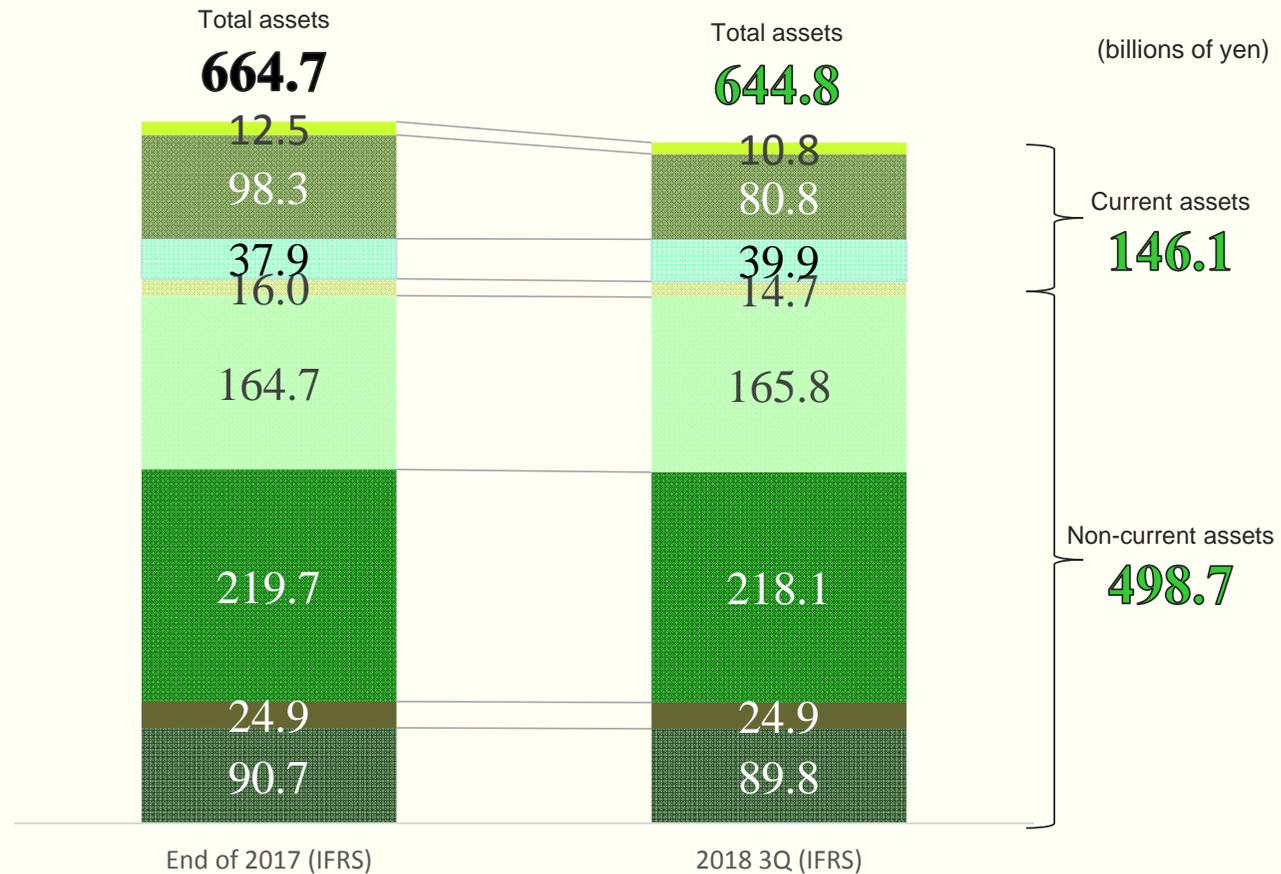
Changes in Balance Sheets

2018
3Q



: Total assets declined ¥19.9 billion compared with the end of the previous year

- Cash and cash equivalents
- Trade receivables
→Seasonal factors, etc.
- Inventories
- Other current assets
- Fixed assets
- Investment property
- Goodwill
- Other non-current assets



Changes in Balance Sheets

2018
3Q



☞ : Total liabilities down by ¥15.1 billion, total equity down by ¥4.8 billion compared with the end of the previous year

Trade payables

Short-term financial liabilities

Other current liabilities
→Decline in liquor tax payable and income tax payable

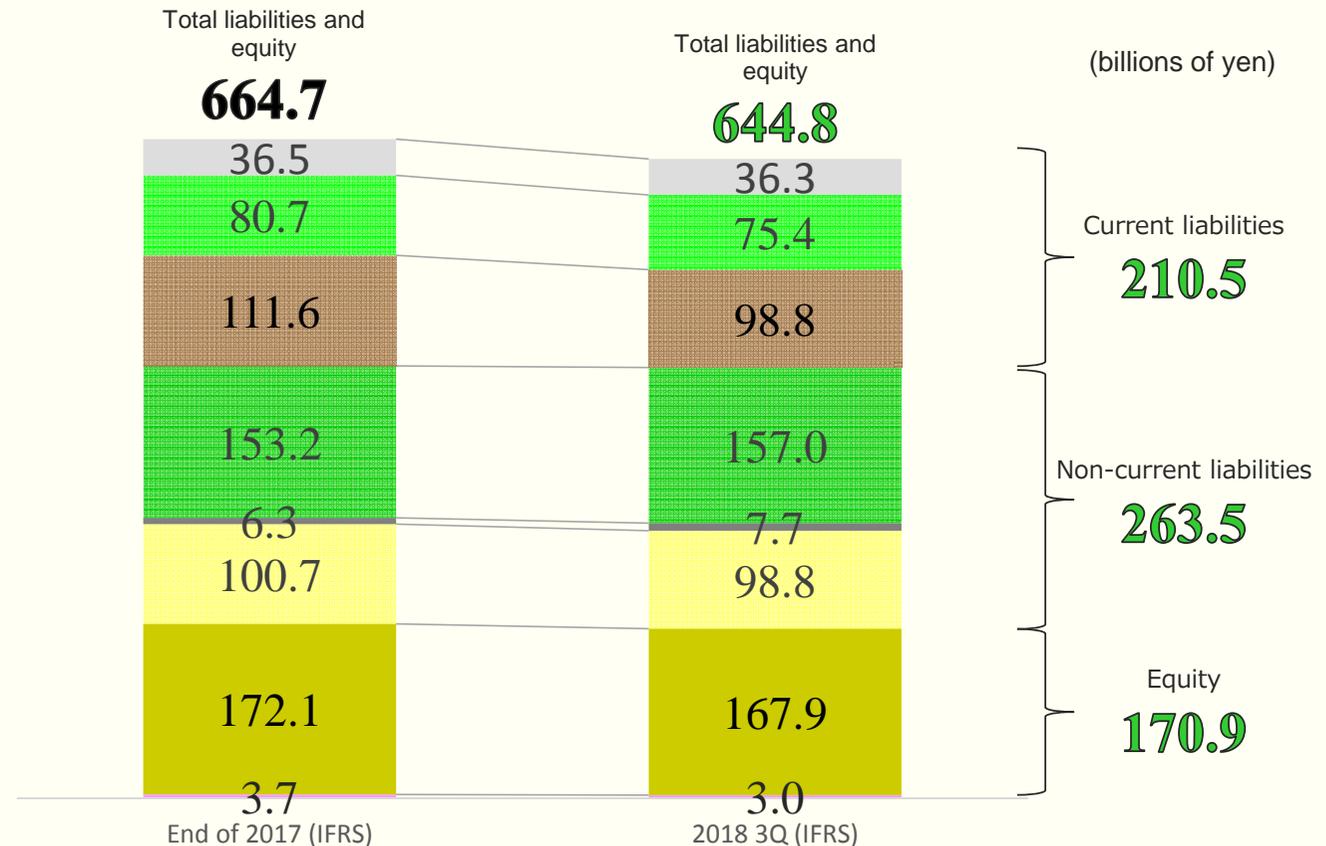
Long-term financial liabilities
→Bond issuance

Net defined benefit liability

Other non-current liabilities

Total equity attributable to owners of parent
→3Q profit, payment of dividends

Non-controlling interests



R&D



First in the world! Sapporo measures the color of beer foam

- "The foam of fresh beer is whiter and more beautiful," "crystal malt enhances the color of foam" -

Sapporo Breweries Ltd. developed a method to measure the color of beer foam for the first time in the world and discovered that the foam is whiter in fresh beer and also that the color of the foam changes depending on the malt used for brewing the beer.

We will be using this technology now for quality management required to realize whiter and more beautiful foam as well as to develop new products that are particular about the color of the foam.

http://www.sapporobeer.jp/news_release/000022014/index.html

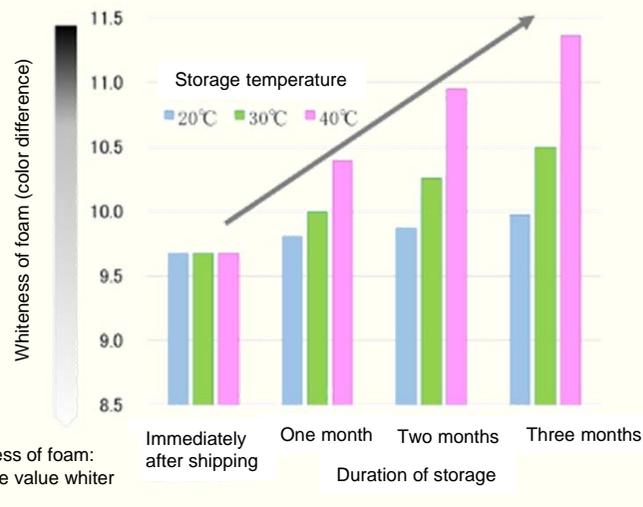


Fig 1. Change in whiteness of foam when amber colored beer is stored

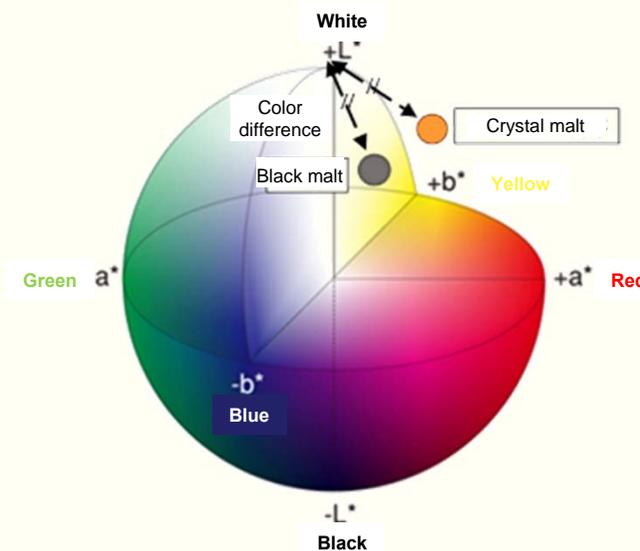


Fig 2. Color of beer foam using crystal malt and black malt (L*a*b* color space chromaticity diagram)

Personnel, human resources



Won Gold Medal at the 1st gan-ally-bu AWARDS 2018

-Strengthening the company with dialogue and systems that allow cancer patients to work more comfortably-

Sapporo Breweries Ltd. won a gold medal at the 1st gan-ally-bu Award, sponsored by “gan-ally-bu,” a private project tackling issues relating to cancer and employment. We would like to build this initiative into one of the Group’s strengths, offering a work environment that is more comfortable for people with cancer and engaging in dialogue to honor the wishes of employees with cancer who hope for a society where those suffering from cancer can continue working.

http://www.sapporobeer.jp/news_release/000022032/index.html

<★Key points that led to the Group receiving a gold award>

- Has a system in place for employees suffering from cancer and their superiors to obtain information necessary to balance both work and treatment by providing the “Manual to Support Treatment and Work”.
- Has a system in place for an employee to continue working while undergoing treatment by enabling flexible working through the introduction of a hourly paid holiday system, a super flextime system, and telecommuting.
- The company partially subsidizes lifestyle diseases-related health examinations (examinations cover areas included in medical examinations conducted by health insurance societies, etc. as well as cancer examinations) and has a system that allows employees to undergo examinations during working hours.
- Has appointed industrial physicians and public health nurses to offices around the nation, and has a system where employees can have health consultations easily.
- Has a system where employees can consult an in-house advisor regarding their careers, as well as their own health and family matters.



Appendix

Appendix

Major sales & sales volume

Alcoholic Beverage (Japan)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Sapporo Draft Beer Black Label (total)	-	-	99%	1,701	1,706	100%
YEBISU (total)	-	-	87%	961	851	89%
1 Beer (total)	-	-	96%	3,102	3,007	97%
2 Happoshu (total)	-	-	78%	335	245	73%
3 New genre beer products (total)	-	-	87%	1,422	1,247	88%
Beer, happoshu, and new genre (total 1+2+3)	-	-	92%	4,859	4,500	93%
Non-alcoholic beer taste beverage	54	72	133%	70	106	151%

(billions of yen)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Domestic wines	3.5	3.3	93%	5.1	5.2	102%
Imported wines	5.4	5.2	96%	8.5	8.8	103%
Wine (total)	9.0	8.5	95%	13.6	14.0	103%
RTD, Spirts and Shochu (total)	22.6	25.3	112%	31.2	35.5	114%
Subtotal	31.7	33.9	107%	44.9	49.5	110%
Rebate subtracted from sales	(4.9)	(5.6)	-	(7.2)	-	-
Total	26.8	28.3	106%	37.7	-	-

*Full year estimate for rebate subtracted from sales is not disclosed.

Beer (International)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Overseas brand (SLEEMAN, Anchor, etc.)	965	1,039	108%	1,300	1,410	108%
Sapporo brand	462	467	101%	643	680	106%

Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(10,000 cases)

	Jan. 1 - Sep. 30, 2017	Jan. 1 - Sep. 30, 2018	YoY	Fiscal 2017 Actual	Full-year estimate for fiscal 2018	YoY
Soft Drinks (*1)	3,393	3,281	97%	4,551	4,700	103%

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

Sales (including liquor tax)

(billions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018	Change	Change (%)
Beer	121.2	116.6	(4.6)	(3.8)%
Happoshu	9.5	7.4	(2.0)	(21.5)%
New genre	34.9	30.4	(4.4)	(12.8)%
Subtotal	165.5	154.4	(11.1)	(6.7)%
Rebate subtracted from sales	(9.0)	(8.6)	0.5	-
Total	156.5	145.9	(10.6)	(6.8)%

Sales (excluding liquor tax)

(billions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018	Change	Change (%)
Beer	60.1	57.8	(2.3)	(3.9)%
Happoshu	5.3	4.1	(1.1)	(21.2)%
New genre	24.4	21.1	(3.3)	(13.7)%
Subtotal	89.8	83.0	(6.8)	(7.6)%
Rebate subtracted from sales	(9.0)	(8.6)	0.5	-
Total	80.8	74.5	(6.3)	(7.8)%

Appendix Japanese Alcoholic Beverages



【Beer】 (sales volume)

Jan-Sep down **4%** y-o-y (total demand down 6%)

- ✓ Black Label Brand total down **1%** y-o-y
(Sales of the canned version : **up 6%** y-o-y)
- ✓ Yebisu Brand total down **13%** y-o-y

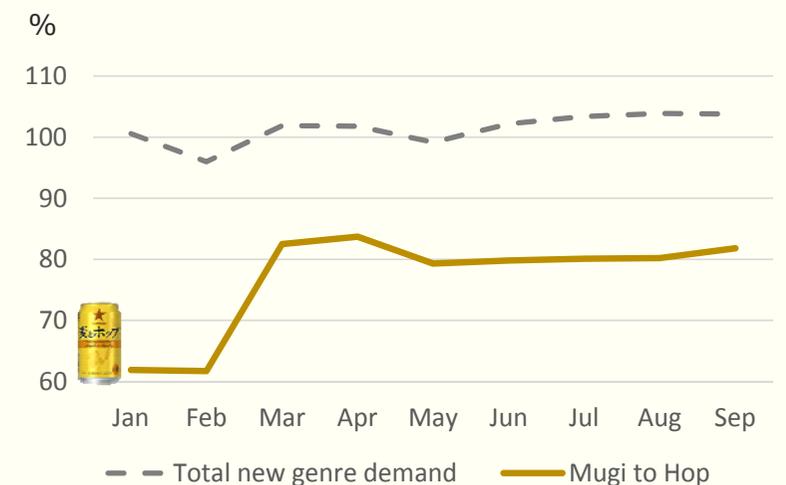
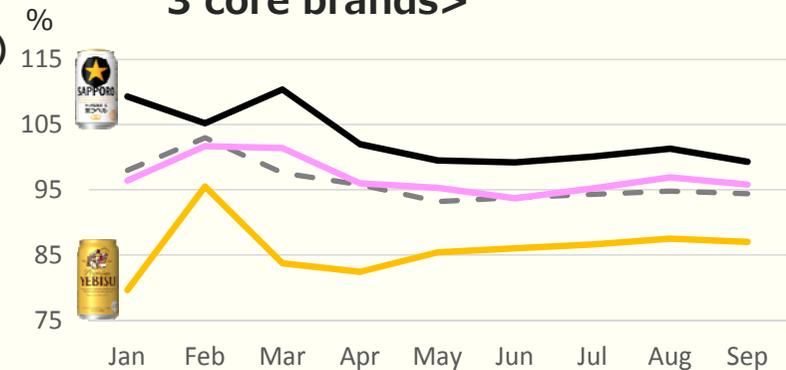
【Happoshu and new genre】 (sales volume)

- ✓ Jan- Sep down **15%**
(total demand unchanged)
- ✓ Mugi to Hop Brand total down **18%** y-o-y
- ✓ Goku Zero Brand total down **26%** y-o-y

【Wine, Spirits and other】 (net sales)

- ✓ Wine : down **5%** y-o-y
- ✓ RTD : **up 51%** y-o-y
- ✓ Spirits : **up 10%** y-o-y
- ✓ Japanese liquor : down **5%** y-o-y

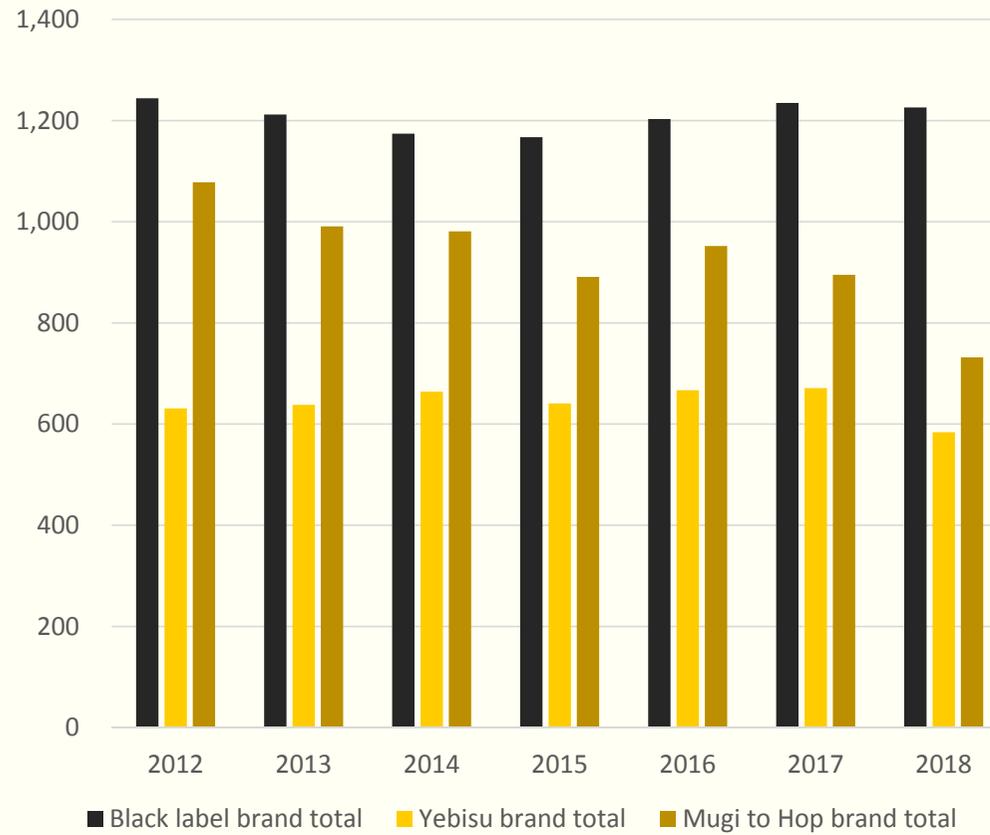
<Y-o-y change in sales volume of 3 core brands>



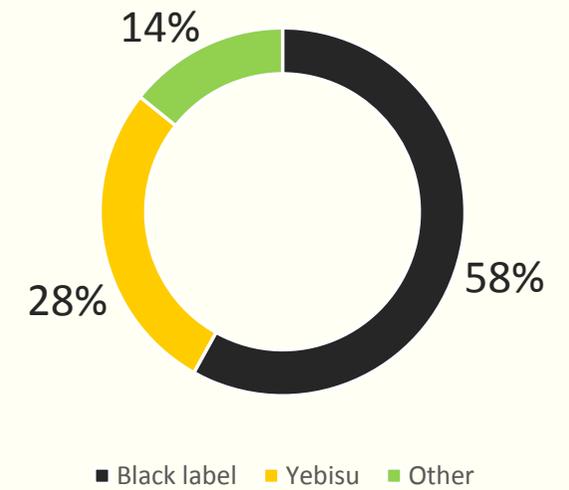
Appendix Japanese Alcoholic Beverages



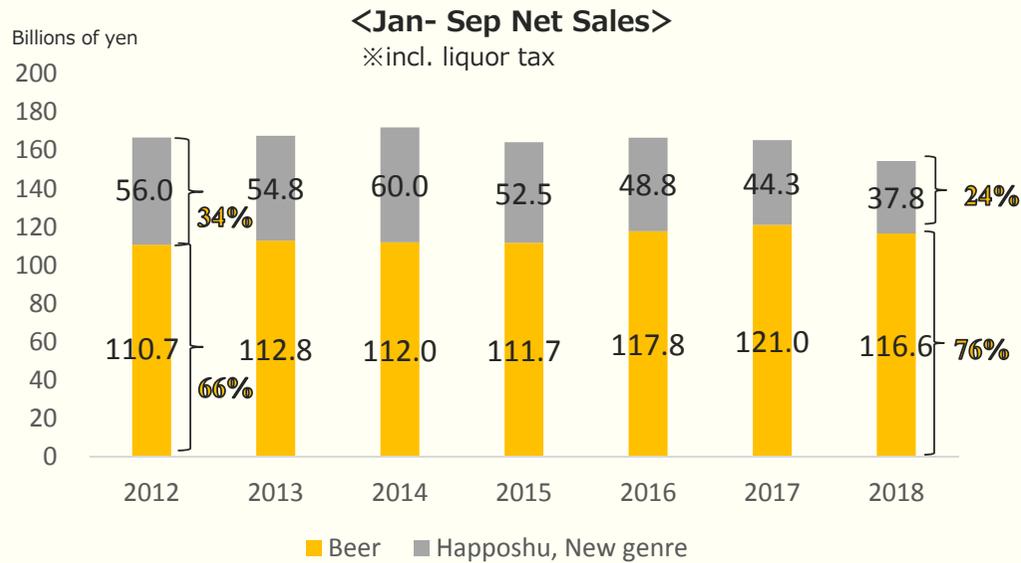
(10,000 cases) <3 core brand Jan- Sep Sales volume change>



<Beer lineup (Jan - Sep breakdown)>

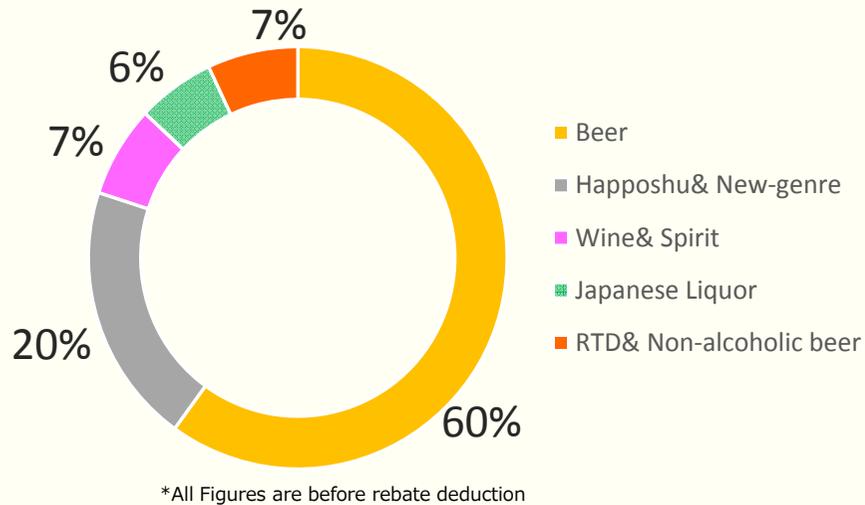


Appendix Japanese Alcoholic Beverages



<Jan- Sep sales breakdown by category>

*before subsidiary companies sales, elimination of inter- company transactions and rebate deduction



<Jul- Sep Major new products> *incl. improved products (※I)



Kohaku YEBISU



Sapporo LAGER BEER



Black label <Black>



Hokkaido draft beer



Baisen draft beer



Kuradashi draft beer



Innovative Brewer
Gourmet beer



Mugi to Hop
Tohoku no kaori



Mugi to Hop
Kaoru Furano



Furano no kaori



(Special edition) Mugi to Hop



Appendix
Japanese Alcoholic
Beverages



(Special edition) Halloween design products



(Special edition) Sapporo Draft beer Black label

Appendix



<Jul- Sep Major new products> *incl. improved products (※I)



Sapporo Chuhi 99.99
(Four nine RTD)



Left : Citron Sour (※I)
Right : Napolin Sour



Otoko Ume sour (Plum RTD)
Left: Otoko Ume sour (※I)
Midle: Super Otoko Ume sour (※I)
Right: Dry Otoko Ume sour



Otoko Ume sour (Plum RTD)
Halloween special design



Rirakusu
(Sappari grape fruit vinegar RTD)



Momomomo Nectar Sour
(Golden and White peach RTD)



Umekaku
Soda shitate no Ume cocktails
(Shine Muscat)



Salt and Litchi Sour



Ai no Skal Sour
Left : Blue Soda Sour
Right : Red Apple Sour



Left : Limoncello lemon sour
Right: Apancello orange sour



Umekaku
kajitsushitate no
Umeshu cocktail Yuzu



White Plum liquor

Appendix



<Jul- Sep Major new products>

*incl. improved products (※I)



Bio Mania <organic>
Left: Chile Cabernet Sauvignon
Right: Chile Chardonnay



Grande Polaire- Azuminoikeda (Japanese wine)



Japanese wine



La cuvee MYTHIQUE
Halloween design



Penfolds Grange



Dewar's White label
200ml



Yellow tail Bubbles



Penfolds g3

At Japan Wine Competition 2018, Grande Polaire Yamanashi Koshu Barrel Fermentation 2017 won first-ever three consecutive years of Gold and top honor in its category



At the Japan Wine Competition 2018 held in July in Yamanashi Prefecture, Grande Polaire Yamanashi Koshu Barrel Fermentation 2017 won the Gold and top honor in its category.

In the Koshu division, one of the wine varieties representing Japan, the wine had received the Gold and top honor for two consecutive years and made it three years in a row with this year's win, the first-ever wine to do so. Sapporo products also won four Silvers and nine Bronzes.

Grande Polaire Yamanashi Koshu Barrel Fermentation 2017 uses only grapes grown in Katsunuma-cho, Koshu-shi, and is brewed by selecting fully ripe Koshu grapes with superior sugar content and taste. It is light yellow in color with a slight greenish tint and is a dry wine with sound acidity and a fruit-derived sweet aftertaste that harmoniously blends a flowery aroma that reminds of citrus and the gentle fragrance of the cask in which it was fermented.

The Sapporo Group will further upgrade its flagship brand Grande Polaire to a higher level and continue to work on wine production that will succeed not only in Japan but also the rest of the world.

http://www.sapporobeer.jp/news_release/0000021984/index.html



Appendix



Appendix International



【Overseas brand】

(Products of Sleeman and Anchor)

✓ Jan-Sep **up 8%** y-o-y *sales volume

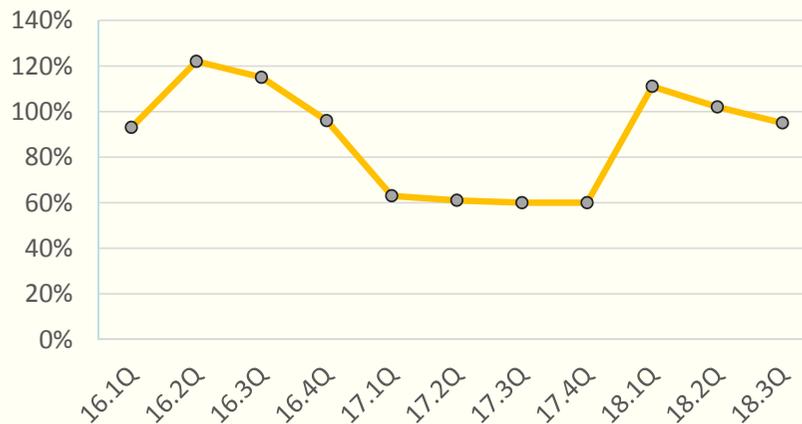
【Sapporo brand】

✓ Jan- Sep **up 1%** y-o-y *sales volume

【Vietnam】

✓ Jan- Sep **down 4%** y-o-y *sales volume

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

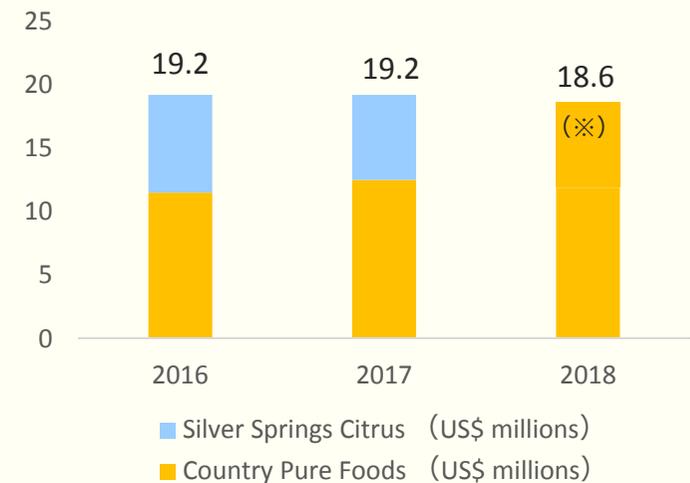


【U.S. soft drinks business】

✓ Jan- Sep **down 3%** y-o-y
*sales revenue after elimination of inter- company transactions

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

(※)SSC and CPF integrated in Apr 2018

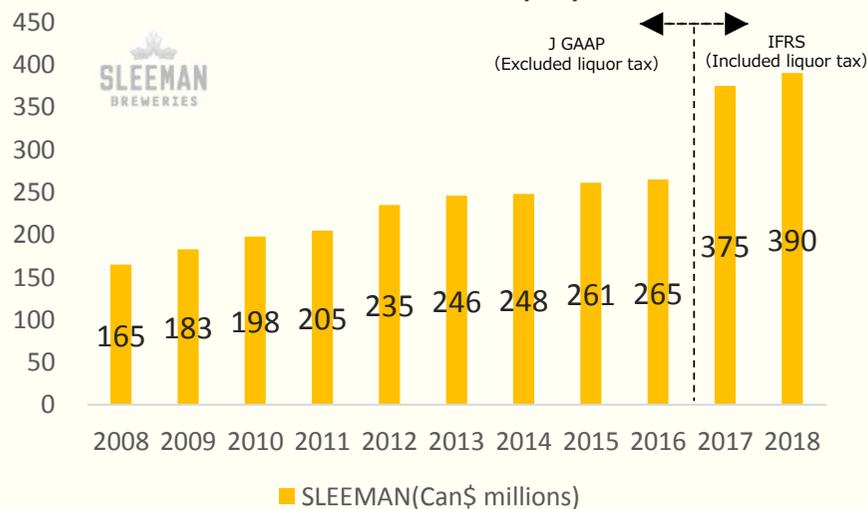


Appendix International

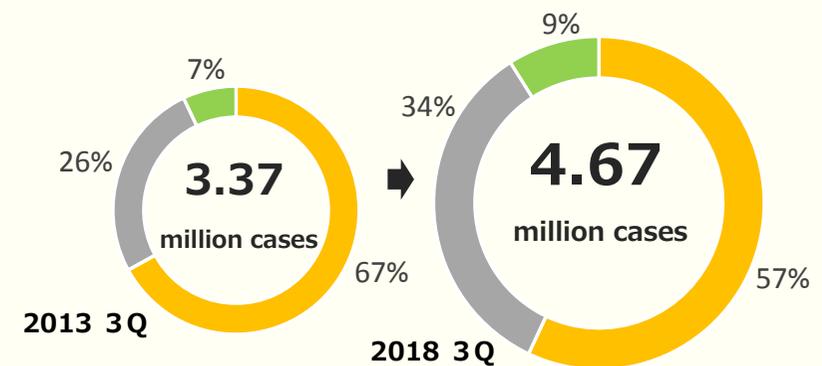


<SLEEMAN : Net Sales in Local Currency (Jan-Sep)

*before elimination of inter- company transactions



Sapporo brand sales volume breakdown by geographic area



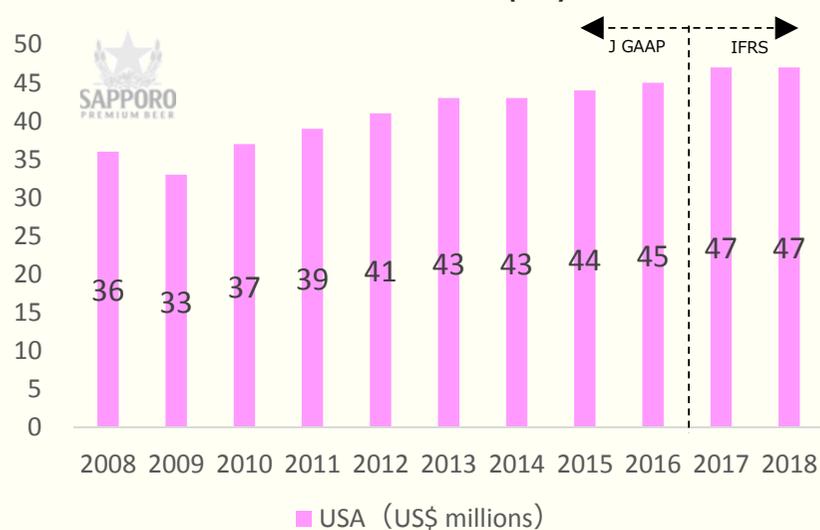
North America : Canada, U.S.

Asia : Vietnam, Singapore, South Korea, etc.

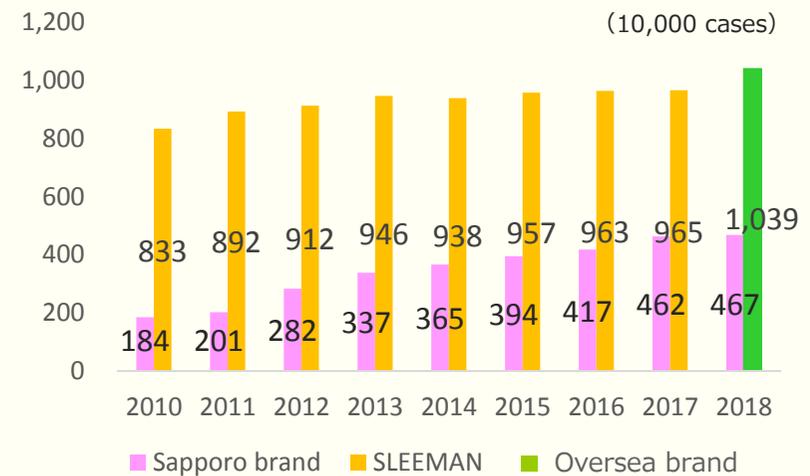
Oceania, etc. : Australia, Europe, etc.

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

*before elimination of inter- company transactions



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



Appendix Food & Soft Drinks



【Lemon-based drinks】



✓ Jan-Sep **up 7%** y-o-y *sales volume

【Unsweetened tea drinks】

✓ Jan- Sep **up 1%** y-o-y *sales volume

【Coffee drinks】

✓ Jan- Sep **down 20%** y-o-y *sales volume
✓

【Lemon-based food products】

✓ Jan- Sep **up 18%** y-o-y *sales volume
✓

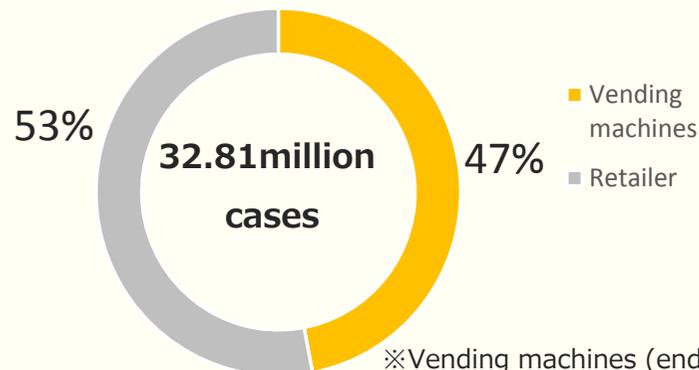
【Soups】

✓ Jan- Sep **down 8%** y-o-y *sales volume
✓

【Soy milk, chilled products】

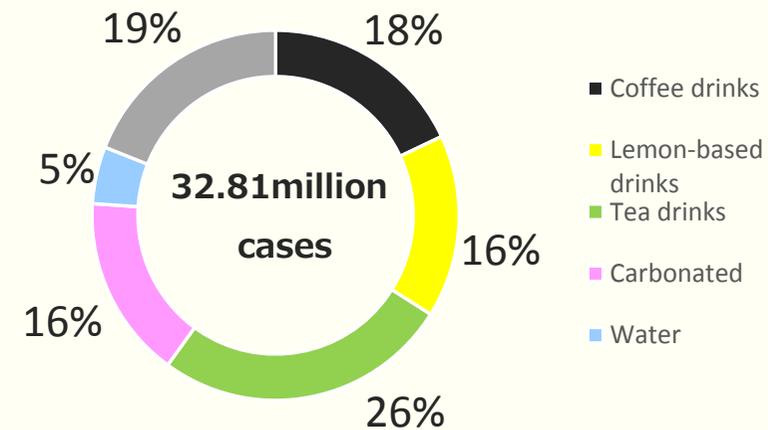
✓ Jan -Sep **up 9%** y-o-y *sales volume

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

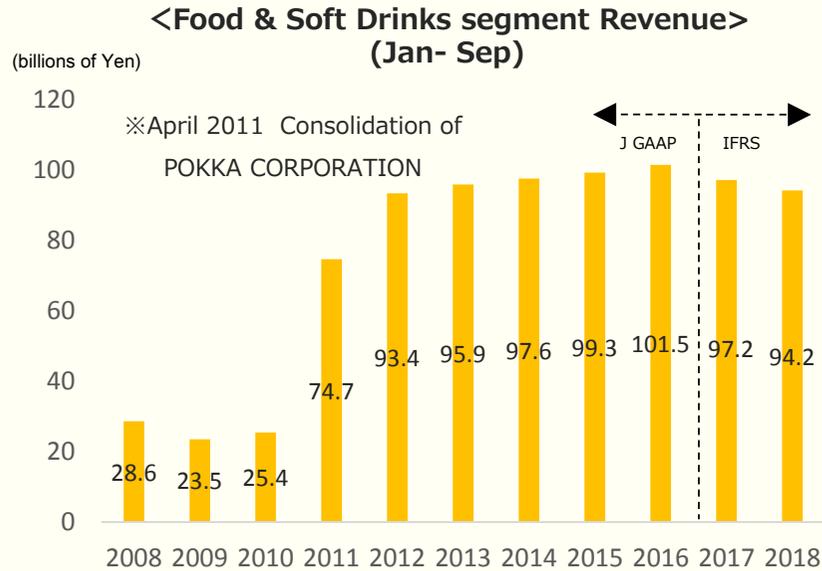


※Vending machines (end of Sep.)
own brand machines : about 82,000
+ Multi-brand machines

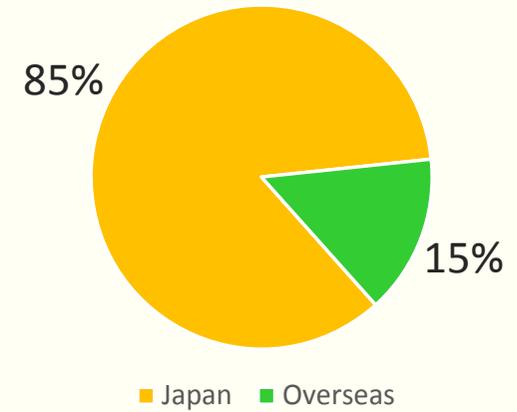
<Japanese soft drinks
Sales composition by genre
(Jan- Sep)>



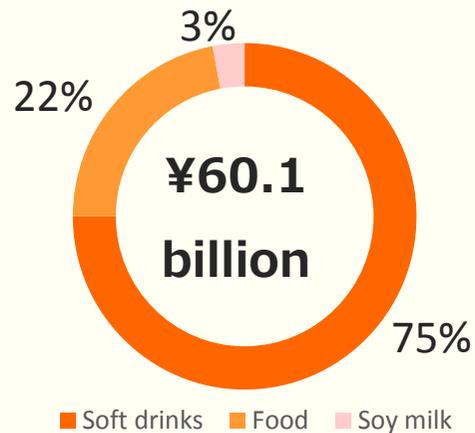
Appendix Food & Soft Drinks



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



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



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



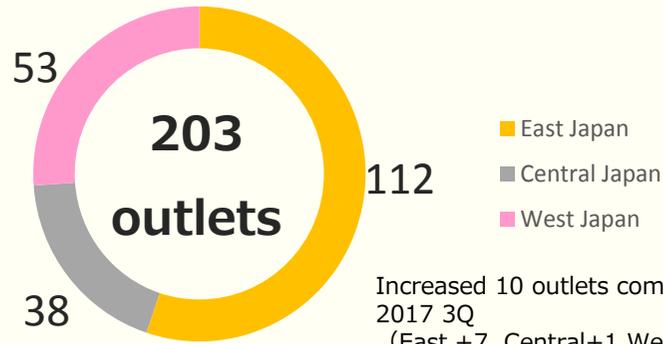
Appendix
Food & Soft Drinks



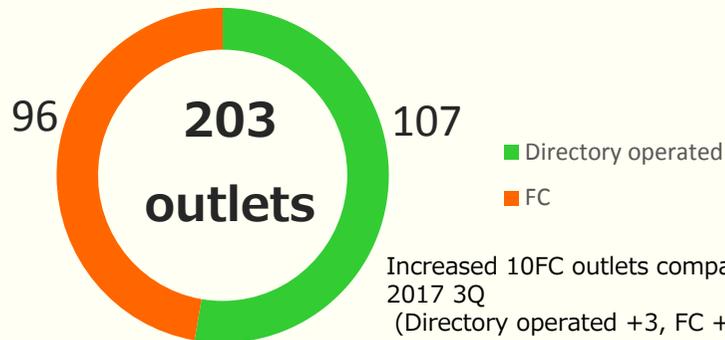
【Pokka Create CO., Ltd.】

✓ Jan- Sep Revenue **¥6.5** billion
unchanged y-o-y

<Number of outlets as of September 30, 2018 : 203>



Increased 10 outlets compared with 2017 3Q
(East +7, Central+1, West+2)



Increased 10FC outlets compared with 2017 3Q
(Directory operated +3, FC +7)



<New & refurbish outlets >



<Jul-Sep Major New products > Drink *incl. improved products (※I)



Left:Chocolate drink
Right:Milk shake



JELEETS Crush Pudding
(Pudding shake)



Café de Crie Black coffee



Pear drink

参考資料

Appendix



Kireto lemon calcium drink



Unsweetened tea



Tea latte (※I)



Lavender tea



Hibiscus tea

<Jul-Sep Major New products > Foods



Risorante and other soups



参考資料
Appendix



Jikkuri-kotokoto Soup series



[Activities to expand Pokka Lemon brand contacts]

Lemon Sour Grand Prix 2018 in Kanto



POKKA SAPPORO Food & Beverages Ltd. in collaboration with Gurunavi, Inc. held Lemon Sour Grand Prix 2018 in Kanto from June 18 to July 18, 2018. From the 121 original lemon sour menu items entered by the participating restaurants, Kanto's No. 1 lemon sour was decided based on voting from general customers and comprehensive examination by external judges and the company. https://www.pokkasapporo-fb.jp/company/news/release/180618_01.html

*Name of menu items, restaurants: https://www.pokkasapporo-fb.jp/company/news/release/180821_01.html

(From left) Grand Prix, second place, chicken best match prize, 2018 trend prize



Appendix



Lemon healthy stand limited to summer installed in Tokyo, Ebisu, and Nagoya



Lemon healthy stand offers healthy drinks that helps people to experience the deliciousness of lemon. All items on the menu including Lemonade with Selectable Lemon Content and Frozed Lemonade use lemon and are unique to Pokka Sapporo, with emphasis on the deliciousness of lemon. Further, customers can enjoy photogenic drinks that come with additional lemon toppings and in frozen form.

https://www.pokkasapporo-fb.jp/company/news/release/180712_01.html

<Exterior of the shop and the drink menu items (representative image)>

Construction of new soymilk yogurt production line

POKKA SAPPORO Food & Beverages Ltd. has been creating new business and product fields while expanding its beverage brands leveraging strengths in the lemon and soup businesses. In October 2015, it purchased the business rights to soymilk drinks and soymilk yogurt from Toraku Foods Co., Ltd. and began the soy beans and chilled business.

While Toraku has been manufacturing soymilk yogurt, the company decided that it is necessary to manufacture it in-house to expand the market. The line it is newly installing can produce both existing small sized containers and additionally large-sized containers and enables the company to deploy soymilk yogurt products that even more reflect customer needs.

Going forward, the company will aim for further growth of the soy beans and chilled business by producing soymilk yogurt products at its own plant and offering new values to consumers.

<Facility overview>

Manufacturing item:	soymilk yogurt
Number of lines:	2 (large container of about 400g, small container of about 100g)
Production capacity:	3.8 million cases per year (a case has 12 small-sized containers) 3.4 million cases per year (a case has 6 large-sized containers)
Investment:	¥5.3 billion
Location:	Gunma Plant, POKKA SAPPORO Food & Beverages Ltd. Sakai Hokubu Industrial Park, Sakai Higashi Arai 1301-1, Isesaki-shi, Gunma Prefecture
Scheduled completion:	March 2019

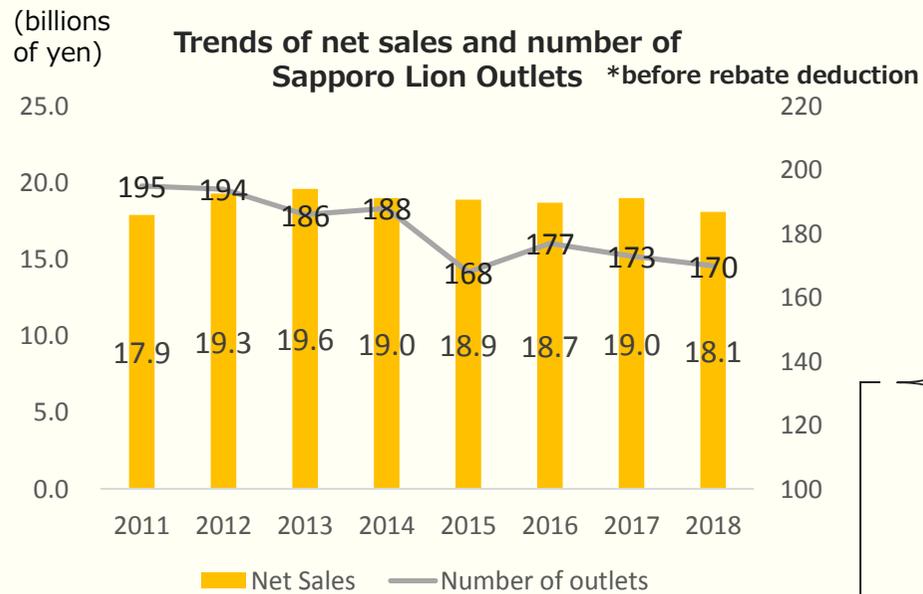


Appendix

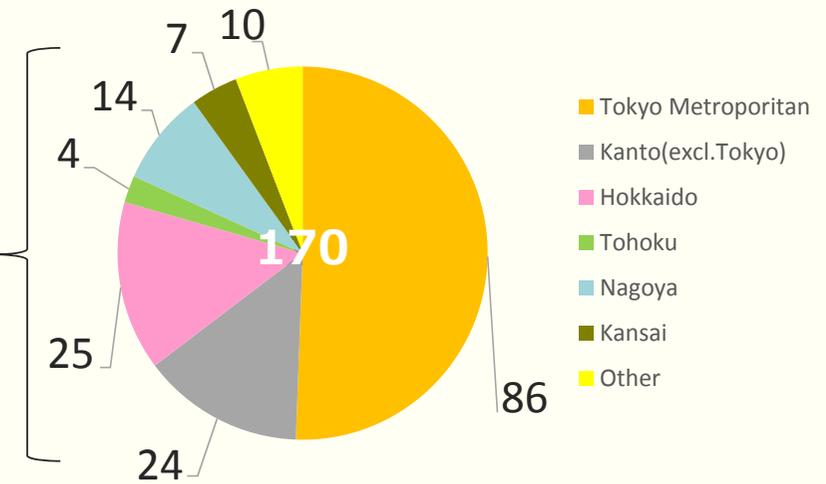


https://www.pokkasapporo-fb.jp/company/news/release/180926_02.html

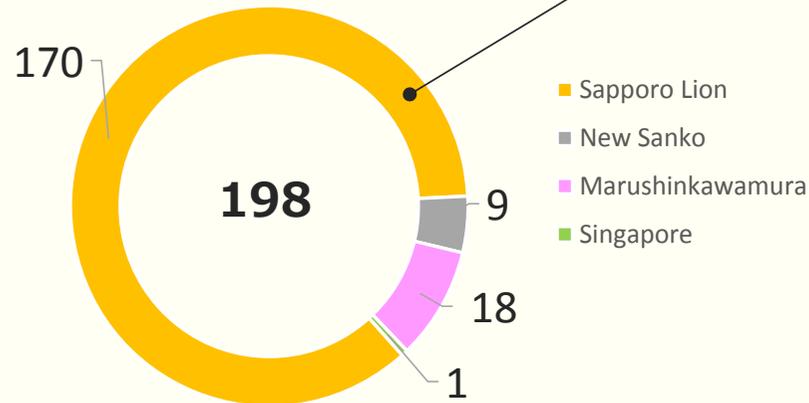
Appendix Restaurants



<Sapporo Lion outlets > As of Sep 30, 2017



<Restaurants segment total number of outlets>



<Brands>



Appendix Real Estate



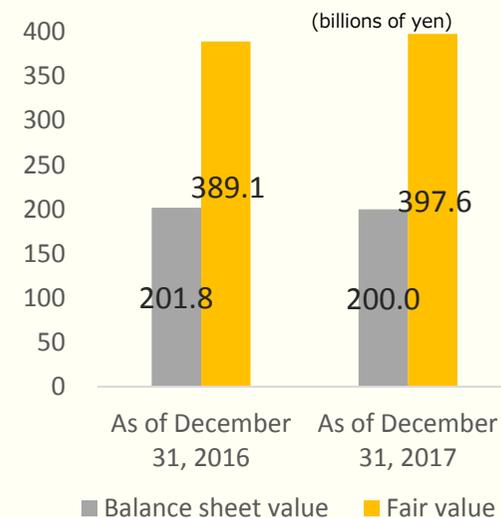
<Major rental properties & occupancy rates : (Averages for 2018 3Q)>

	Site area (㎡)	Floor area (㎡)	Occupancy rate (%)	No. of floors
Yebisu Garden Place ⁽¹⁾	56,943	298,007	100	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	100	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 922㎡ of the site (sectional ownership) and 89.72% of the building (joint management)

<Information about Real Estate for lease>



(billions of yen)

<Operating income>	2017 3Q	2018 3Q	Change
Yebisu Garden Place, etc.	-	5.8	-
Hokkaido	-	1.0	-
Other area & other operations	-	2.0	-
General corporate	-	(0.7)	-
Total	-	8.2	-

※There's no disclosure of operating income for 2017.3Q

(billions of yen)

<EBITDA>	2017 3Q	2018 3Q	Change
Yebisu Garden Place, etc.	-	8.2	-
Hokkaido	-	0.9	-
Other area & other operations	-	3.7	-
General corporate	-	(0.7)	-
Total	-	12.1	-

※Under IFRS,

EBITDA=Profit from operations before non-recurring items+ Depreciation and amortization

Copyright, 2018 SAPPORO HOLDINGS LTD. All rights reserved.

Various Initiatives by the Sapporo Group

- ✓ Selected as component for FTSE4Good Index Series and FTSE Blossom Japan Index, major indexes of ESG investment.
http://www.sapporoholdings.jp/news_release/0000020447/index.html
- ✓ Prior start of joint collection of beer pallets in 6 prefectures in Tohoku
http://www.sapporobeer.jp/news_release/0000022035/index.html
- ✓ Donations to the afflicted areas of 2018 Hokkaido Eastern Iburi earthquake
http://www.sapporoholdings.jp/news_release/0000020452/index.html
- ✓ Tohoku restoration support with shareholder special benefit plan
~Utilization in education support for children who will play major roles in restoration of Tohoku~
http://www.sapporoholdings.jp/news_release/0000020443/index.html
- ✓ Donation of part of sales to Chiba Environment Restoration Fund
http://www.sapporobeer.jp/news_release/0000021987/index.html
*Photos 1, 2
- ✓ The 10th Yebisu Beer Festival themed on “Beer festival of grown-ups’ city”
~ Restoration Support Marché was held commemorating the 10th anniversary ~
http://www.sapporoholdings.jp/news_release/0000020449/index.html
*Photos 3, 4

Photo 1



Photo 2



Photo 3



Photo 4





SAPPORO

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

