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SAPPORO Group Medium-Term Management Plan 2014–2016 —For Realization of Sustainable Growth—

Sapporo Holdings Limited (“SH”) is pleased to announce the SAPPORO Group Medium-Term Management Plan 2014–2016 (the “Medium-Term Management Plan 2014–2016”).

The SAPPORO Group (“the Group”) has been promoting initiatives to enhance its corporate value in line with the SAPPORO Group’s New Management Framework (the “New Management Framework”) formulated in 2007 with targets set for 2016, which coincides with its 140th anniversary. Including the current fiscal year, there are three years until the final year of the New Management Framework, and during this time we will accelerate our growth strategies as a “manufacturer of food products” to achieve our targets, thereby realizing sustainable growth.

The three-year period is also positioned as a period to realize farsighted efforts with an eye toward 2017 and thereafter. Concepts that help formulate the next long-term management framework, targeting the 150th anniversary of our foundation in 2026 are also reported herein.

I. SAPPORO Group Medium-Term Management Plan 2014—2016

1. New Management Framework (released on October 30, 2007)

1) Overview of the New Management Framework

Taking a long-term perspective, we will deepen and expand the scope of our two business domains, Creating Value in Food and Creating Comfortable Surroundings, to realize growth and enhance profitability.

To achieve these goals, we will focus on four growth strategies:

- (1) Create high-value-added products and services
- (2) Form strategic alliances
- (3) Promote international expansion
- (4) Expand synergies among Group companies

2) Financial Targets for 2016—The Target Year of the New Management Framework

Consolidated net sales: ¥600 billion (including liquor taxes)

¥450 billion (excluding liquor taxes)

Consolidated operating income: ¥40 billion (before amortization of goodwill)

Consolidated operating income margin: 9.0% (before amortization of goodwill, excluding liquor taxes)

ROE: 8% or higher

D/E ratio: around 1:1

2. Outline of the Medium-Term Management Plan 2014–2016

Under the Medium-Term Management Plan 2014–2016, we set quantitative targets based on the businesses currently in operation. As a “manufacturer of food products,” we will accelerate the four growth strategies of the New Management Framework to secure steady results.

In addition, we will promote further cost reductions, expand synergies among Group companies and pursue M&As to achieve the financial targets set for 2016 under the New Management Framework.

3. Group Strategy

To accelerate the four growth strategies and secure steady results, we will take the following initiatives.

1) Initiatives by business segment

Japanese Alcoholic Beverages

- To fulfill the new vision “Seek No. 1 by accumulating one-of-a-kind products,” we will continue innovations unique to Sapporo, to be the “No. 1 creator of moving experiences.”
- We will make intensive investments in branding and other efforts during the 2014–2015 period commensurate with the increase in profit planned for 2016.

International Business

- We will promote market penetration of the Sapporo brand chiefly in North America and Southeast Asia.
- In Canada and the U.S. markets, we will seek better performance in the beer and soft drinks businesses for which we have enjoyed favorable results.
- In Southeast Asia, we will continue to pursue the beer business according to plan in Vietnam, in which we have operated on a full scale for two years since 2012, to improve operating income and achieve profitability.

Food & Soft Drinks

- In the domestic food and soft drinks business, we will seek earlier recovery of business performance through focused efforts to establish the core brands of POKKA SAPPORO, enhance marketing power in terms of the quality of proposals and pioneering ideas as well as the number of activities, and reduce costs to attain the growth stage in 2015 and thereafter.
- In the restaurants business, we will accelerate the opening of Café de Crié franchised coffee shops, which have been operating favorably.
- In the overseas soft drinks business, based on the increased capacity of manufacturing due to the completion of a Malaysian factory, we will maintain the top share of the tea beverages market in Singapore and further expand their sales, while accelerating the growth of sales in other countries as well.

Restaurants

- By supplying of hospitable services and safe and delicious food menus, we will seek to offer “Japan’s No. 1 enjoyable stores,” continuously loved and appreciated by customers.
- In the domestic market, we will strengthen the core Ginza Lion and YEBISU BAR brands. Overseas, we will promote the expansion of the GINZA LION BEER HALL restaurant format, the first store of which was opened in Singapore last fall and has been operating favorably.

Real Estate

- We will enhance the value of the properties we hold in Ebisu, Ginza and Sapporo to

- contribute to enhancement of the Group's branding strength.
 - Through two redevelopment projects—Sapporo Ebisu Building (tentative name) and Sapporo Ginza Building—and enhancement of the value of Yebisu Garden Place, we aim for a significant increase in profit during the 2015–2016 period.
- 2) Expanding synergies among Group companies
- Led by Group headquarters (the headquarters functions are shared by SH and SAPPORO GROUP MANAGEMENT LTD.), we will promote alliances and cooperation between different businesses of the Group. Group headquarters will address the issue of management restructuring to optimize the overall management of the Group across its different businesses.
 - To accelerate its growth as a “manufacturer of food products,” Group headquarters will integrate and reinforce the R&D functions within the Group. The headquarters will also promote the sharing of skills and expertise through communication among personnel within the Group to create an environment that stimulates innovation, thereby enhancing the Group's ability to develop and expand new products and services. In addition, structural reforms and cost reductions will be promoted across Group companies to maximize cost-related synergies.

4. Financial Targets

<Quantitative targets of the Medium-Term Management Plan 2014–2016>

【Quantitative Targets】

ROE: 8% or higher in 2016

Dividend: ¥7 per share or more

During the three-year period of 2014–2016, we will put the highest priority on the achievement of our ROE target to enhance the overall corporate strength of the Group by improving profitability and capital efficiency.

In addition, we will maintain the stable supply of dividends to our shareholders, while seeking an increase in the return of profits according to our business performance and financial status.

Reference: Comparison of financial targets between the Medium-Term Management Plan 2014–2016 (based on businesses currently in operation) and the New Management Framework
(Billions of yen, unless otherwise specified)

	2013 results	2014 targets	2015 targets	2016 targets	2016 New Management Framework
Consolidated net sales (including liquor taxes)	509.8	537.7	563.0	595.0	600.0
Consolidated net sales (excluding liquor taxes)	395.3	430.1	454.3	484.4	450.0

Consolidated operating income (before amortization of goodwill)	19.3	19.0	23.4	31.2	40.0
Consolidated operating income	15.3	15.0	19.5	27.5	
Consolidated ordinary income	15.1	13.6	17.8	25.7	
Consolidated net income	9.4	5.0	8.6	13.4	
Consolidated operating income margin (excluding liquor taxes, before amortization of goodwill)	4.9%	4.4%	5.2%	6.4%	9%
D/E ratio	1.6times	1.6times	1.5times	1.3Times	around 1:1
ROE	6.7%	3.3%	5.5%	8.1%	8% or higher
ROE (before amortization of goodwill)	9.5%	5.9%	8.0%	10.4%	8% or higher

Note:

1. We plan to achieve the 2016 financial targets of the New Management Framework through the combined efforts to attain the targets of the Medium-Term Management Plan 2014–2016 based on the businesses currently in operation and to seek further cost reductions, expand synergies among Group companies, and promote M&As.
2. Assumed exchange rates: 2013-2014: US\$=¥105.00 CAN\$=¥101.00

5. Financial Strategy

1) Basic policies

- (1) Reinforce corporate governance and make selective investments.
- (2) Be aware of the debt-equity balance to enhance financial soundness.

2) Targets

- (1) Strategic investments will be continued with a target range of ¥150 billion–¥200 billion for 2012–2016, within the operating cash flows to create future cash.
- (2) Appropriate financing activities will be pursued with close attention to the short to long term and direct to indirect balances of interest-bearing debt and changes in the balance of interest-bearing debt.

6. Promoting CSR-Focused Management

We will promote CSR-focused management as one of the key strategies for realizing the

sustained growth of the Group under the New Management Framework, thereby contributing to the creation of a sustainable society, as well as growing as a good corporate citizen.

We will promote CSR initiatives with a focus on the following activity fields.

- (1) Quality of food and space (provision of safe and reliable products/pursuit of quality)
- (2) Conservation of the global environment
- (3) Harmonious coexistence with society (contribution to local communities/educational activities to promote appropriate drinking habits)
- (4) Fair and just dealings
- (5) Development of human resources and enhancement of the working environment
- (6) Sound corporate management (promotion of internal controls, information disclosure and compliance)

II. Formulating the Next Long-Term Management Framework

The following describes the concepts underpinning the next long-term management framework, which will be formulated within the next three years, targeting 2026, our 150th anniversary, and is in line with the Group's management philosophy: to make people's lives richer and more enjoyable.

Target of the Group:

The SAPPORO Group will be a group of companies that is essential for customers to enjoy rich lives throughout the world by continuing the creation and supply of new products and services that become No. 1 in the market.

Guidelines for corporate behavior:

- (1) We seek continued innovation and provide customers with valuable No. 1 products and services to contribute to ensuring their richer life.
- (2) We endeavor to create products and services that will activate communications between customers.
- (3) We strive to ensure the efficient business operations by addressing changes in the business environment.

End

The plans and targets stated in this document were prepared based on forecasts made by the SAPPORO Group from information available at the time of publication and therefore involves potential risks and uncertainties.

Actual outcomes may differ materially from these plans and targets due to changes in various underlying factors.