



Three Months ended March 31, 2020

Consolidated First Quarter Earnings Report - Supplementary Information

Consolidated Results (Three months ended March 31, 2020)

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May 2020

SAPPORO HOLDINGS LTD.

Securities Code: 2501

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

1. Financial Highlights

Consolidated Financial Highlights

(billions of yen, except percentages, ratios, per-share data, and exchange rates)

	Three months ended March 31, 2019 (*1)	Three months ended March 31, 2020	Change	Change(%)	
Revenue	101.0	99.8	(1.1)	(1.1%)	
(ref.) Excluding liquor tax	77.4	77.1	(0.3)	(0.3%)	
Revenue growth rate	(3.2%)	(1.1%)	—	—	
(ref.) Excluding liquor tax	(2.2%)	(0.3%)	—	—	
Overseas revenue	16.2	15.2	(0.9)	(5.8%)	
Overseas revenue growth rate	(0.5%)	(5.8%)	—	—	
Core operating profit (*2)	(5.8)	(6.2)	(0.4)	—	
Core operating margin	(5.7%)	(6.2%)	—	—	
Operating profit	(4.1)	(6.1)	(1.9)	—	
Profit attributable to owners of parent	(3.6)	(4.6)	(1.1)	—	
Total assets	625.5	609.1	(16.5)	(2.6%)	
Total equity	166.3	152.7	(13.6)	(8.2%)	
Balance of debt :Net (*3)	217.5	213.1	(4.4)	(2.0%)	
Debt-to-equity ratio (times) :Net (*4)	1.3	1.4	—	—	
Depreciation and amortization	6.0	6.1	0.1	1.5%	
EBITDA (*5)	0.2	(0.1)	(0.3)	—	
Exchange rates (Yen) (*10)	US\$	110.23	108.91	—	—
	CAN\$	82.96	81.09	—	—
	SG\$	81.37	78.63	—	—

	2019 (*1)	2020 (Forecast)	Change	Change(%)
Revenue	491.9	—	—	—
(ref.) Excluding liquor tax	371.1	—	—	—
Revenue growth rate	(0.4%)	—	—	—
(ref.) Excluding liquor tax	0.1%	—	—	—
Overseas revenue	71.2	—	—	—
Overseas revenue growth rate	(4.1%)	—	—	—
Core operating profit (*2)	11.7	—	—	—
Core operating margin	2.4%	—	—	—
Operating profit	12.2	—	—	—
Profit attributable to owners of parent	4.4	—	—	—
Total assets	638.7	—	—	—
Total equity	174.5	—	—	—
Balance of debt :Net (*3)	212.1	—	—	—
Debt-to-equity ratio (times) :Net (*4)	1.2	—	—	—
Depreciation and amortization	24.2	—	—	—
EBITDA (*5)	36.0	—	—	—
EBITDA interest-bearing debt ratio(times) (*6)	5.9	—	—	—
Capital expenditure	29.9	—	—	—
Cash basis	29.9	—	—	—
R O E (%) (*7)	2.6%	—	—	—
E P S (yen sen) (*8)	55.92	—	—	—
D O E (%) (*9)	1.9%	—	—	—
Payout ratio (%)	75.1%	—	—	—
Exchange rates (Yen) (*10)	US\$	109.03	—	—
	CAN\$	82.19	—	—
	SG\$	79.93	—	—

*1: The profit and loss of the North American soft drinks business has been classified under discontinued operations in 2019.

Therefore, the amount of continuing operations excluding the amount of discontinued operations from related items is shown.

*2: Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

*3: The balance of debt includes commercial paper but excludes the balance of lease obligations.

*4: Net balance of debt /Equity total

*5: EBITDA (IFRS)= Core operating profit + Depreciation and amortization

(excluding depreciation expense on leased assets which is charged on the rent of restaurants)

*6: Net balance of debt /EBITDA

*7: Profit attributable to owners of parent/owend capiteal (Average)

*8: Profit attributable to owners of parent/Average number of shares during the period

*9: Dividend/Equity attributable to owners of parent(end of period)

*10: Revenues and expenses are translated into Japanese yen at the average exchange rate for the fiscal year.

2. Major Sales and Sales Volume

Sales Volume: Beer (Japan)

(10,000 cases)

	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Change(%)
Sapporo Draft Beer Black Label (total)	—	—	—	(4.7%)
YEBISU (total)	—	—	—	(19.9%)
1 Beer (total)	—	—	—	(9.4%)
2 Happoshu (total)	—	—	—	(15.6%)
3 New genre beer products (total)	—	—	—	35.4%
Beer, happoshu, and new genre (total 1+2+3)	—	—	—	3.3%
Non-alcoholic beer taste beverage	14	11	(3.0)	(21.4%)

Following the agreement of the Brewers Association of Japan, there is no disclosure of the sales volume for the first quarter.

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

Sales Volume: Beer (International)

(10,000 cases)

	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Change(%)
Overseas brand (SLEEMAN, Anchor, etc.)	279	277	(2)	(0.7%)
Sapporo brand	84	87	3	3.6%
North America	362	364	1	0.3%
Sapporo brand	58	34	(23)	(40.3%)
Other areas	58	34	(23)	(40.3%)
Total	420	398	(22)	(5.3%)

Sales: Beer (Japan) *including liquor tax

(billions of yen)

	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Change(%)
Beer	30.3	27.5	(2.8)	(9.3%)
Happoshu	1.7	1.4	(0.3)	(15.6%)
New genre	8.0	10.9	2.8	35.4%
Subtotal	40.1	39.8	(0.2)	(0.6%)
Rebate subtracted from sales	(2.2)	(2.4)	(0.1)	—
Total	37.8	37.5	(0.4)	(0.9%)

Sales: Alcoholic Beverage (Japan)

(billions of yen)

	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Change(%)
Domestic wines	0.9	0.9	(0.0)	(1.7%)
Imported wines	1.6	1.5	(0.1)	(3.9%)
Wine (total)	2.6	2.4	(0.2)	(6.8%)
RTD, Spirits and Shochu (total)	8.7	8.3	(0.4)	(4.3%)
Subtotal	11.4	10.7	(0.7)	(5.7%)
Rebate subtracted from sales	(2.3)	(2.0)	0.3	—
Total	9.1	8.8	(0.3)	(3.5%)

Sales: Food & Soft Drinks (POKKA SAPPORO FOOD & BEVERAGE)

(billions of yen)

	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Change(%)
Soft Drinks	13.1	13.7	0.6	4.5%
Food (Lemon · Soups · Soy milk, chilled products)	6.7	7.1	0.5	6.7%

3. Consolidated Results (Three months ended March 31, 2020)

Consolidated Statements of Income

(billions of yen)

	Three months ended March 31, 2019 (*1)	Three months ended March 31, 2020 (*1)	Change	Change(%)
Alcoholic Beverages (*2)	66.3	63.4	(3.0)	(4.5%)
Japan & Asia	50.0	48.7	(1.3)	(2.6%)
North America	10.3	10.2	(0.1)	(1.4%)
Restaurants	6.1	4.5	(1.5)	(25.5%)
Food & Soft Drinks	28.5	30.3	1.8	6.5%
Real Estate	6.1	6.1	(0.0)	(0.2%)
Other (*2)	0.0	0.0	0.0	18.9%
Revenue	101.0	99.8	(1.1)	(1.1%)
Alcoholic Beverages (*2)	(3.4)	(4.6)	(1.3)	—
Japan & Asia	(2.5)	(2.8)	(0.3)	—
North America	(0.5)	(0.6)	(0.1)	—
Restaurants	(0.3)	(1.2)	(0.8)	—
Food & Soft Drinks	(2.0)	(1.4)	0.6	—
Real Estate	1.1	1.2	0.1	7.3%
Other - General corporate and intercompany eliminations (*2)	(1.5)	(1.4)	0.2	—
Core operating profit (*3)	(5.8)	(6.2)	(0.4)	—
Other operating income	2.7	0.4	(2.4)	(87.0%)
Other operating expense	1.1	0.2	(0.9)	(78.6%)
Operating profit	(4.1)	(6.1)	(1.9)	—
Financial income (expense) / Foreign exchange gains (losses)	(0.3)	(0.2)	0.1	—
Equity in net income (loss) of affiliates	0.0	0.0	(0.0)	(39.5%)
Profit before tax	(4.5)	(6.3)	(1.8)	—
Income taxes	(0.9)	(1.6)	(0.7)	—
Loss from continuing operations	(3.6)	(4.7)	(1.1)	—
Loss from discontinued operations	(0.1)	—	0.1	—
Loss	(3.8)	(4.7)	(0.9)	—
Profit (loss) attributable to non-controlling interest	(0.2)	(0.1)	0.1	—
Loss attributable to owners of parent	(3.6)	(4.6)	(1.1)	—

EBITDA (*4)	0.2	(0.1)	(0.3)	—
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*1: The profit and loss of the North American soft drinks business has been classified under discontinued operations in 2019.

Therefore, the amount of continuing operations excluding the amount of discontinued operations from related items is shown.

*2: The logistics businesses were listed under "other business", will be classified under "Alcoholic Beverages" in 2020.

To enable year-on-year comparisons, figures for the previous fiscal year have been adjusted to reflect the new reportable segments.

*3: Core operating profit is calculated as Revenue - Cost of sales - SG&A expenses.

*4: EBITDA (IFRS) = Core operating profit + Depreciation and amortization

(excluding depreciation expense on leased assets which is charged on the rent of restaurants)

Consolidated Statements of Cash Flows

	Three months ended March 31, 2019	Three months ended March 31, 2020	Change	Change(%)
Increase (decrease) in cash and cash equivalents	2.3	14.1	11.9	518.4%
Cash flows from operating activities	4.8	11.2	6.4	132.2%
Profit before tax	(4.7)	(6.3)	(1.6)	—
Depreciation and amortization	7.0	6.8	(0.2)	(3.2%)
Income taxes payment	(1.3)	(2.4)	(1.1)	—
Cash flows from investing activities	2.6	(7.1)	(9.7)	—
Purchase(Proceeds from sales) of property, plant and equipment	(2.4)	(3.0)	(0.6)	—
Purchase(Proceeds from sales) of Investment property	6.9	(2.7)	(9.6)	—
Free Cash flows	7.5	4.2	(3.3)	(44.1%)
Cash flows from financial activities	(5.2)	10.2	15.4	—
Change in financial liabilities	(0.4)	14.9	15.4	—
Dividend paid	(3.1)	(3.1)	(0.0)	—
Repayments of lease liabilities	(1.7)	(1.7)	0.0	—
Cash and cash equivalents (beginning of the period)	10.0	15.2	5.2	52.3%
Cash and cash equivalents (end of the period)	12.3	29.4	17.1	139.2%

4. Consolidated Results (Three months ended March 31, 2020)

Year-on-year

(1) Alcoholic Beverages

(billions of yen)

Change factor	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Details
Beer genre increase (decrease) in volume			0.1	Beer -1.0 Happoshu -0.1 New genre +1.2
Beer genre product mix			(0.1)	Excluding composition of sales volume difference between genres
Manufacturing cost ,other			(0.1)	
Wine · Spirits · Shochu			0.2	
Otehrs			(0.2)	Non-alcoholic beer · RTD
Marginal profit			0.0	
Advertising and promotion expenses			(0.2)	Rebate subtracted from sales
Personnel expenses, Facilities costs ,other			(0.0)	
Domestic subsidiary,consolidated adjustment, other			0.1	
Fixed costs and other			(0.1)	
Alcoholic Beverages in Japan			(0.1)	
Alcoholic Beverages in Asia			(0.1)	Vietnam
Alcoholic Beverages in Japan & Asia	(2.5)	(2.8)	(0.3)	
Alcoholic Beverages in North America	(0.5)	(0.6)	(0.1)	
Restaurants	(0.3)	(1.2)	(0.8)	
Alcoholic Beverages(Core operating profit)	(3.4)	(4.6)	(1.3)	

(2) Food & Soft Drinks

(billions of yen)

Change factor	Jan. 1 - Mar.31, 2019	Jan. 1 - Mar.31, 2020	Change	Details
Increase (decrease) in volume			0.6	
Manufacturing cost ,other			(0.0)	
Logistics costs			(0.3)	
Marginal profit			0.3	
Advertising and promotion expenses			(0.2)	
Personnel expenses, Facilities costs ,other			0.2	
Fixed costs and other			0.0	
Domestic subsidiary,consolidation adjusting, other			0.2	
Japanese Food & Soft Drinks			0.5	
Overseas Soft Drinks/ Domestic coffee shop chain			0.1	Overseas+0.25 · Domestic coffee shop chain -0.17
Food & Soft Drinks(Core operating profit)	(2.0)	(1.4)	0.6	

5. Consolidated Results (Three months ended March 31, 2020)

Segment Information

(billions of yen)

		Alcoholic Beverages	Food & Soft Drinks (*1)	Real Estate	Other	Corporate and elimination	Consolidated total(*1)
Revenue	Jan. 1 - Mar.31, 2020	63.4	30.3	6.1	0.0	—	99.8
	Jan. 1 - Mar.31, 2019	66.3	28.5	6.1	0.0	—	101.0
	Change	(3.0)	1.8	(0.0)	0.0	—	(1.1)
Core operating profit (*2)	Jan. 1 - Mar.31, 2020	(4.6)	(1.4)	1.2	0.0	(1.4)	(6.2)
	Jan. 1 - Mar.31, 2019	(3.4)	(2.0)	1.1	0.0	(1.6)	(5.8)
	Change	(1.3)	0.6	0.1	0.0	0.2	(0.4)
Operating profit	Jan. 1 - Mar.31, 2020	(4.5)	(1.4)	1.2	0.0	(1.3)	(6.1)
	Jan. 1 - Mar.31, 2019	(3.3)	(2.3)	3.0	0.0	(1.6)	(4.1)
	Change	(1.3)	0.9	(1.8)	0.0	0.2	(1.9)
Depreciation and amortization	Jan. 1 - Mar.31, 2020	2.8	1.5	1.3	0.0	0.5	6.1
	Jan. 1 - Mar.31, 2019	2.8	1.5	1.3	—	0.4	6.0
	Change	(0.0)	0.0	0.0	0.0	0.0	0.1
E B I T D A (*3)	Jan. 1 - Mar.31, 2020	(1.8)	0.1	2.5	0.0	(0.9)	(0.1)
	Jan. 1 - Mar.31, 2019	(0.5)	(0.5)	2.4	0.0	(1.1)	0.2
	Change	(1.3)	0.6	0.1	0.0	0.2	(0.3)
Capital expenditures (cash basis)	Jan. 1 - Mar.31, 2020	1.7	1.0	2.8	0.0	0.5	6.1
	Jan. 1 - Mar.31, 2019	1.6	0.6	1.7	0.0	0.7	4.6
	Change	0.2	0.4	1.1	(0.0)	(0.2)	1.4

*1: The profit and loss of the North American soft drinks business has been classified under discontinued operations in 2019.

Therefore, the amount of continuing operations excluding the amount of discontinued operations from related items is shown.

*2: Core operating profit is calculated as Revenue – Cost of sales – SG&A expenses.

*4: EBITDA (IFRS)= Core operating profit + Depreciation and amortization

(excluding depreciation expense on leased assets which is charged on the rent of restaurants)

6. Consolidated Results (Three months ended March 31, 2020)

Condensed Consolidated Statement of Financial Position

(billions of yen)

	Year ended December 31, 2019	Three months ended March 31, 2020	Change	Details
Current assets	155.8	140.9	(14.9)	
Cash and cash equivalents	15.2	29.4	14.1	
Trade and other receivables	92.5	60.5	(32.0)	Seasonal factors
Inventories	36.5	38.3	1.8	
Other	11.5	12.7	1.2	
Non-current assets	483.0	468.2	(14.8)	
Property, plant and equipment , Intangible	155.9	152.9	(3.0)	
Investment property	219.6	219.9	0.3	
Goodwill	18.4	18.2	(0.1)	
Other	89.2	77.2	(12.0)	
Total assets	638.7	609.1	(29.6)	
Current liabilities	210.5	217.2	6.8	
Trade and other payables	34.5	31.2	(3.2)	
Short-term financial liabilities	72.1	98.9	26.8	increase cash on hand
Other	103.9	87.1	(16.8)	
Non-current liabilities	253.7	239.2	(14.5)	
Long-term financial liabilities	155.2	143.5	(11.7)	
Net defined benefit liability	5.0	8.0	2.9	
Other	93.5	87.7	(5.8)	
Total liabilities	464.2	456.4	(7.8)	
Equity attributable to owners of parent	174.1	152.3	(21.8)	Valuation difference on available-for-sale securities
Equity attributable to non-controlling interests	0.5	0.4	(0.1)	
Total equity	174.5	152.7	(21.9)	
Total liabilities and equity	638.7	609.1	(29.6)	

Total Asset by segment

(billions of yen)

	Year ended December 31, 2019	Three months ended March 31, 2020	Change	Details
Alcoholic Beverages(*1)	297.3	266.9	(30.4)	
Food & Soft Drinks	117.6	106.3	(11.3)	
Real Estate	244.7	240.9	(3.9)	
Other(*1)	0.7	0.1	(0.6)	
Corporate and eliminations	(21.6)	(5.1)	16.5	
Total	638.7	609.1	(29.6)	

*1: The logistics businesses were listed under "other business", will be classified under "Alcoholic Beverages" in 2020 .

To enable year-on-year comparisons, figures for the previous fiscal year have been adjusted to reflect the new reportable segments.

Financial Liabilities by segment(*1)

(billions of yen)

	Year ended December 31, 2019	Three months ended March 31, 2020	Change	Details
Alcoholic Beverages(*2)	49.3	53.8	4.4	
Food & Soft Drinks	23.3	18.3	(5.0)	
Real Estate	130.0	136.3	6.3	
Other(*2)	0.0	0.0	(0.0)	
Corporate and eliminations	24.7	34.0	9.4	
Total	227.3	242.4	15.1	

*1: The balance of debt includes commercial paper but excludes the balance of lease obligations.

*2: The logistics businesses were listed under "other business", will be classified under "Alcoholic Beverages" in 2020 .

To enable year-on-year comparisons, figures for the previous fiscal year have been adjusted to reflect the new reportable segments.