

Telephone Conference Q&A:
Results for the First Quarter of the Fiscal Year Ending December 2015

Date and time: May 1, 2015, 10:00-11:00

Presenters: Director of Group Finance, Director of Investment Strategy, and Director of Corporate Strategy

Japan Integrated Beverages Business

Q. Regarding domestic beer and soft drink business, how will sales expenses be handled from 2Q and 3Q onward?

(Director of Corporate Strategy) For beer, 1Q proceeded as planned. We are investing in measures to strengthen sales of off-premise and on-premise. From 2Q on we plan to continue the current momentum, managing progress while monitoring cost-benefit performance. With soft drink, sales quantities were maintained at levels comparable with last year in the midst of market decline. With the prior investment in 1Q, we will see the effect on our *Mets* brand, etc. We will take appropriate control measures monitoring the cost-benefit performance as we strengthen sales promotions with flagship brands such as *Gogo-no-Kocha*.

Q. Regarding domestic beer business, April of last year saw a 20% reduction in sales volume, and a two digit drop in May and June. What is the sales plan for this year?

(Director of Corporate Strategy) We have been strengthening measures since April. For our priority brand *Ichiban Shibori*, we are starting the *Ichiban Shibori* Mileage CP, and *nine Ichiban Shibori products brewed by each nine brewery* receiving a projected 3 times or more increase in order size in an effort to strengthen the brand. The function category has a firm lead with sales of *Tanrei Platinum Double* and *Nodogoshi All Light*. We are aiming for a 7% increase in sales quantities for the first half, putting sales on a par with last year.

Q. Regarding domestic soft drink business, 1Q saw a large slowdown compared to the full year plan for mix improvement. What will become of the plan now?

(Director of Corporate Strategy) While high goals were set originally, summer is the most profitable season, and with sales of the new *Mets* brand products, etc., the distribution percentage for 500 PET will increase. In addition, new placement of vending machines and development of dedicated vending machine products will continue, and we will continue to attempt mix improvement throughout the year.

Overseas Integrated Beverages Business

Q. Regarding Australian alcohol beverage business, while the plan was for stabilization throughout the year, 1Q saw a sharp decline in profits. When will this trend change?

(Director of Corporate Strategy) 1Q last year had exceptionally good weather which led to a high average for both sales and profit. We have a large deficit compared to last year, but that will recover from 2Q.

Q. Regarding Brazil, 1Q saw a large drop in sales volume. What efforts will be undertaken in the future to ensure that the company's plans are achieved?

(Director of Corporate Strategy) There are two reasons for the large drop in sales volume. The first is sales competition with rivals. While sales volume continued to drop until August of last

year, from that point it has held steady. The other reason has been the cancellation of unprofitable transactions. From autumn last year efforts have been made according to area, channel, and product. Meanwhile, there have also been efforts to strengthen sales of those areas, channels, and products that show strength, so the sales trends up to 4Q will recover positively compared with last year.

Other

Q. The early application of the Revision of the Accounting Standards regarding Business Combinations seems rather sudden. Why weren't there any indications beforehand in the phases of this balance sheet?

(Director of Group Finance) There was an important monetary impact. Initially procedures for its introduction continued while we benchmarked companies that finalize their accounts in March. There was a broad range of applicable items and it was necessary to conduct retrospective investigations. This delayed the introduction in the beginning-of-year plan. However a high level auditor review in April enabled us to implement early adoption of the revisions. We decided to apply the revisions early due to increased calls to improve capital efficiency and the wishes of various shareholders to move towards international standards.