

## President's Message

Nobuhiro Torii  
President

"We will accelerate our growth even further by strengthening our global business foundation and creating brands that appeal to the tastes of customers throughout the world."

**Q1** SBF was listed on the First Section of the Tokyo Stock Exchange on July 3, 2013. Please tell us about the background to this move and the Company's objectives.

**A** By expanding our existing business and aggressively pursuing M&As, we aim to become internationally recognized as a leading global company in the soft drink industry.

SBF is the largest operating company in the Suntory Group, responsible for the group's non-alcoholic beverage and food businesses. In Japan, we have leveraged our strengths in product development and marketing to develop numerous powerful brands, including *BOSS* (RTD coffee), *Iyemon* (RTD green tea), and *Suntory Oolong Tea*. Our sales volumes in Japan have expanded steadily year on year for 21 consecutive years. Now our business is growing rapidly overseas as well, following our aggressive pursuit of M&A opportunities to acquire a business base and leading brands and product development aligned with local consumer preferences in each area.

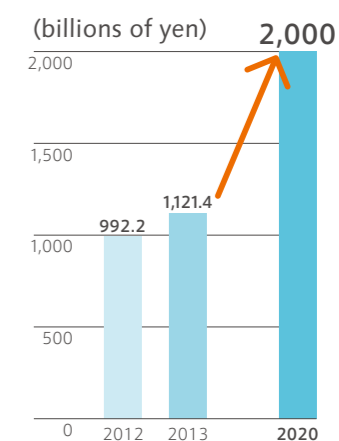
In our vision for 2020, we have set our sights on achieving consolidated net sales of ¥2 trillion. To reach this target, we will accelerate our growth as an autonomous global company through strategic acquisitions and expansion of our existing businesses. And, judging that a solid financial base would be essential to support these efforts, we listed the company on the First Section of the Tokyo Stock Exchange on July 3, 2013.

We aim to fully demonstrate our own strengths in product development and marketing, and make major advances as a company with unique, premium brands and a strong presence to become internationally recognized as a leading global company in the soft drink industry.

In terms of numerical targets, we have now embarked on our Medium-term Management Plan 2013-15. In the three years up until 2015, we aim to achieve a high single-digit CAGR—that is, 5% or more—for net sales and a high single-digit CAGR or higher for EBITDA of the existing businesses, compared to their 2012 levels. We intend to drive further growth in our existing Japan and overseas business segments, which will underpin our global growth, while undertaking earnings structure reforms and aggressively pursuing M&A opportunities to develop new businesses.

### Our Vision for 2020

Net sales  
¥2 trillion



[ The Medium-term Management Plan covering the period 2013-15 ]  
Net sales: High single-digit CAGR growth (5% or higher)  
EBITDA: High single-digit CAGR growth or higher (existing businesses)

**Q2** Please give a summary of the fiscal year ended December 31, 2013 and your targets for the fiscal year ending December 31, 2014.

**A** In the fiscal year ended December 31, 2013, we saw a substantial increase in both sales and earnings. In fiscal 2014, we will build an even stronger business in Japan, and enter a new growth stage, mainly in Europe and Asia.

Fiscal 2013, the year ended December 31, 2013, was the first year of our Medium-term Management Plan. We saw substantial increases in both sales and earnings, with consolidated net sales of ¥1,121.4 billion, up 13.0% year on year, operating income of ¥72.7 billion, up 24.4% year on year, and net income of ¥31.2 billion, up 33.4% year on year.

In the Japan segment, we worked to foster and strengthen core brands and to create new demand through new product launches and aggressive marketing activities such as cross-brand consumer sales campaigns. As a result, sales increased 4.1% and segment profit rose 27.5%, marking a significant increase in our profitability.

In the overseas segment, we worked to develop our core brands in each area and to expand our business by launching new products in emerging markets. In addition, we used Group synergies to improve quality and strengthen our earning capacity. This involved extending our home-grown R&D technology and cost-cutting expertise overseas. As a result, sales increased 33.3% year on year, and segment profit increased 18.9%.

In fiscal 2014, we will continue striving to accelerate our growth as a global soft drink company. To achieve even further earnings growth, we will work to make our Japan business even stronger and enter a new growth stage centered on business expansion in Europe and in Asia, where markets are growing. Our numerical forecasts are consolidated net sales of ¥1,260.0 billion, up 12.4% year on year, operating income of ¥85.0 billion, up 16.9% year on year, and net income of ¥35.0 billion, up 12.2% year on year.

	(billions of yen)		
	FY2013	FY2014 (Forecast*)	Year-on-year change
Net Sales	1,121.4	1,260.0	12.4%
Operating Income	72.7	85.0	16.9%
Net Income	31.2	35.0	12.2%
EBITDA	139.6	160.0	14.6%

\*Forecast as of February 14, 2014



Credits Photo © Thomas Bismuth



### Q3 What kind of strategies do you have in mind for achieving the vision for 2020 of consolidated net sales of ¥2 trillion?

**A** We will utilize our strengths in product development and marketing to drive faster growth in our Japan and overseas segments.

The type of value we want to offer customers worldwide is encapsulated in our slogan, "A quest for the best tastes & quality to bring happiness & wellness into everyday life." Having set out our vision for achieving consolidated net sales of ¥2 trillion by 2020, we have adopted the following policies for achieving it: 1) strengthen core brands and create new demand in our domestic business, 2) strengthen the business foundation focused on key areas in our overseas business, and 3) develop new business by aggressively pursuing M&A opportunities.

There is no clever scheme for implementing these policies—the only real approach is to accurately grasp customer needs in Japan and each area overseas, swiftly develop products to meet those needs, and deliver them to customers.

We are expecting competition to intensify in our domestic business. To meet this challenge, as well as continuing to focus on strengthening our existing core brands, we will develop products by leveraging our powerful branding capabilities. We will strive to create new demand by fostering and reinforcing high value-added FOSHU products, and developing products that offer SBF's unique and inimitable value.

In responding to the needs of Japanese consumers as their tastes have diversified, we have developed strengths in product development and marketing. I believe we can fully demonstrate these abilities on the global stage too. For example, there is increasing demand around the world related to people seeking to be healthier, and this has created potential for a global expansion in demand for tea beverages. In fact, the Suntory brand authentic green tea beverages *Mirai*, *MYTEA Oolong Tea*, and *TEA+ Oolong Tea*, developed with tea beverage technology cultivated in Japan, are now seeding new markets in Southeast Asia. In our overseas business, we will not only drive business expansion by introducing Suntory brands like this, but aim to achieve continuous business growth by promoting

synergy creation through the sales of strong brands that straddle national and corporate boundaries and the transfer of Japan's advanced beverage production technologies to other parts of Suntory Beverage & Food Limited Group (the Group).

In addition to growing our existing businesses in Japan and overseas, we will also expand our business through aggressive pursuit of M&A opportunities. For SBF, M&As are premised on targets that match with our strategy, have a strong brand and a strong distribution platform. Guided by these premises, in 2009, we acquired the Frucor Group in New Zealand and the Orangina Schweppes Group in France. Then, in 2013, we acquired *Lucozade* and *Ribena*, two leading brands with established businesses in the U.K., Africa, and Asia.

Now, having secured a business foundation in Europe and Asia, to a certain extent, we will take our global management framework to the next level. Specifically, we will position Suntory Beverage & Food Asia Pte. Ltd. and the newly established Suntory Beverage & Food Europe Limited as regional managing companies and advance our management from an individual company basis to a regional basis. The change will give us the speed to respond flexibly to customer needs and market changes at the regional level, helping us to accelerate business growth.

Looking at our medium- to long-term direction, we will continue to develop our businesses globally, including Africa, the Middle East and emerging markets, with the aim of increasing the share of overseas business sales.



### Q4 Please talk about your initiatives for continuously increasing SBF's corporate value.

**A** We are aiming to grow sustainably by providing safe, reliable, high quality products and building trust in our relationships with our stakeholders.

We have a corporate mission of "In Harmony with People and Nature." This informs our activities as a company that provides soft drinks—we work to protect the earth's valuable water resources, to protect the environment that provides that water, and to provide safe, reliable, high quality products and services.

Management is also included in this. As a global company, we strive to promote sound management and to build a high level of trust in our relationships with stakeholders. We are also working to strengthen our

corporate governance.

We also recognize that returning profits to our shareholders is one of our most important management tasks. Our basic policy is to aim for a consolidated dividend payout ratio of 30% or more of net income before amortization of goodwill, giving overall consideration to the business environment and performance, and prioritizing strategic investments and capital expenditures aimed at promoting sustained profit growth and increased corporate value.

Could you please give your closing message to shareholders and investors.

We will continue to grow in the tradition of the Suntory Group, exemplified by the corporate motto, *Yatte Minahare*—Go for it! We will propose unique products tailored to meet the taste preferences of our customers in various countries as we strive to become a leading global soft drink company and meet the expectations of our shareholders by continuously increasing our corporate value. I ask for your continued support for our endeavors.

Nobuhiro Torii  
President

