



# Financial Results for 1H Fiscal Year Ending December 31, 2013

August 6, 2013

Suntory Beverage & Food Limited

**SUNTORY**  
SUNTORY BEVERAGE & FOOD

# Financial Results for 1H, FY2013

- Sales increased YoY due to favorable sales of core brands in Japan, as well as growth in Asia
- Achieved growth in operating income, net income and EBITDA

(Billions of yen)

	FY2012 Jan - Jun	FY2013 Jan - Jun	Change (YoY)	Change (%, YoY)
Net Sales	467.3	518.0	+50.7	+10.8%
Operating Income	21.9	27.6	+5.7	+25.9%
Ratio	4.7%	5.3%		
Net Income	6.1	12.0	+5.9	+95.7%
Ratio	1.3%	2.3%		
EBITDA*	49.5	60.1	+10.7	+21.5%
Ratio	10.6%	11.6%		
Net income before amortization of goodwill	16.2	23.4	+7.2	+44.6%
Ratio	3.5%	4.5%		

\* EBITDA = operating income + depreciation + amortization of goodwill

# Financial Results for 1H by Segment

(Billions of yen)

	FY2012 Jan - Jun	FY2013 Jan - Jun	Change (YoY)	Change (%, YoY)
Japan	321.6	331.5	+9.9	+3.1%
Europe	62.9	74.1	+11.2	+17.8%
Oceania	15.5	19.7	+4.1	+26.5%
Asia	36.5	56.5	+20.1	+55.0%
Americas	30.8	36.2	+5.4	+17.6%
Overseas	145.7	186.5	+40.8	+28.0%
<b>Net Sales</b>	<b>467.3</b>	<b>518.0</b>	<b>+50.7</b>	<b>+10.8%</b>
Japan	12.8	16.9	+4.1	+32.0%
Europe	10.6	11.5	+0.9	+8.7%
Oceania	2.1	2.3	+0.2	+11.2%
Asia	3.5	4.7	+1.2	+34.3%
Americas	3.0	3.6	+0.6	+19.8%
Overseas	19.2	22.2	+3.0	+15.4%
Amortization of goodwill	-10.1	-11.4	-1.4	-
<b>Operating Income</b>	<b>21.9</b>	<b>27.6</b>	<b>+5.7</b>	<b>+25.9%</b>
Ratio	4.7%	5.3%		
Japan	26.1	31.5	+5.4	+20.8%
Overseas	23.4	28.6	+5.2	+22.4%
<b>EBITDA</b>	<b>49.5</b>	<b>60.1</b>	<b>+10.7</b>	<b>+21.5%</b>
Ratio	10.6%	11.6%		

# Forecasts for FY2013

- Sales increase by 13.9% YoY due to growth in Japan and Overseas
- Increase in operating income, net income and EBITDA

(Billions of yen)

	FY2012 Full Year	FY2013 Full Year (Forecast)	Change (YoY)	Change (%, YoY)
Net Sales	992.2	1,130.0	+137.8	+13.9%
Operating Income	58.4	75.0	+16.6	+28.3%
Ratio	5.9%	6.6%		
Net Income	23.4	35.0	+11.6	+49.7%
Ratio	2.4%	3.1%		
EBITDA	114.7	142.0	+27.3	+23.8%
Ratio	11.6%	12.6%		
Net income before amortization of goodwill	43.1	59.0	+15.9	+37.0%
Ratio	4.3%	5.2%		

# Forecasts for FY2013 by Segment

(Billions of yen)

	FY2012 Full Year	FY2013 Full Year (Forecast)	Change (YoY)	Change (%, YoY)
Japan	688.8	727.0	+38.2	+5.5%
Europe	123.7	153.0	+29.3	+23.7%
Oceania	33.3	41.0	+7.7	+23.0%
Asia	78.8	134.0	+55.2	+70.0%
Americas	67.5	75.0	+7.5	+11.2%
Overseas	303.4	403.0	+99.7	+32.9%
Net Sales	992.2	1,130.0	+137.8	+13.9%
Japan	35.6	47.5	+11.9	+33.4%
Europe	24.5	28.0	+3.5	+14.5%
Oceania	5.1	6.5	+1.4	+28.0%
Asia	6.2	9.0	+2.8	+44.5%
Americas	6.8	8.0	+1.2	+17.9%
Overseas	42.5	51.5	+9.0	+21.1%
Amortization of goodwill	-19.7	-24.0	-4.3	-
Operating Income	58.4	75.0	+16.6	+28.3%
Ratio	5.9%	6.6%		
Japan	63.2	77.0	+13.8	+21.8%
Overseas	51.5	65.0	+13.5	+26.2%
EBITDA	114.7	142.0	+27.3	+23.8%
Ratio	11.6%	12.6%		

# Japan Segment

## 1H Review

- Sales increased for core brands including “Iyemon”, “Suntory Natural Mineral Water”, “GREEN DAKARA” and “Pepsi”.
- Profitability improved due to reduction in manufacturing costs and distribution expenses, in addition to sales increase

## Actions in 2H

- Further promote reinforcement of core brands, creation of new demand and cost reduction activities

(Billions of yen)

	FY2012 Jan - Jun	FY2013 Jan - Jun	Change (YoY)	Change (%, YoY)	FY2012 Full Year	FY2013 Full Year (Forecast)	Change (YoY)	Change (%, YoY)
Sales	321.6	331.5	+9.9	+3.1%	688.8	727.0	+38.2	+5.5%
Segment profit Ratio	12.8 4.0%	16.9 5.1%	+4.1	+32.0%	35.6 5.2%	47.5 6.5%	+11.9	+33.4%
EBITDA Ratio	26.1 8.1%	31.5 9.5%	+5.4	+20.8%	63.2 9.2%	77.0 10.6%	+13.8	+21.8%

# Sales Volume in Japan by Product Category

(Million cases)

		FY2012	FY2013	Change	FY2012	FY2013	Change
		Jan - Jun	Jan - Jun	(YoY)	Full Year	Full Year (Forecast)	(YoY)
	RTD Coffee	39.2	39.4	+0%	81.7	84.3	+3%
	RTD Tea (excl. RTD Black Tea)	42.2	45.9	+9%	93.1	99.0	+6%
	Mineral Water	30.7	33.1	+8%	65.7	70.0	+7%
	Cola Drinks	12.9	14.7	+14%	29.0	34.0	+17%
	Carbonates (excl. Cola Drinks)	19.4	20.0	+3%	41.1	44.0	+7%
	Fruit Juices	11.5	9.5	-18%	23.1	18.5	-20%
	Functional Drinks	8.7	9.8	+13%	20.7	23.5	+13%
	RTD Black Tea	5.9	5.0	-14%	12.0	9.6	-20%
	Others	11.1	13.1	+18%	25.6	24.3	-5%
<b>Total</b>		<b>181.6</b>	<b>190.5</b>	<b>+5%</b>	<b>392.0</b>	<b>407.2</b>	<b>+4%</b>

# Reinforcement of Core Brands in Japan

○ YoY change of sales volume in 1H

## Iyemon

+11%

- Focus on “Iyemon”, that includes green powdered tea, and “Zeitaku Reicha”



## GREEN DAKARA

+130%

- Recommended by Japanese Society of School Health
- Rapidly growing towards peak season as a drink for preventing heat stroke



## Suntory Natural Mineral Water

+8%

- Maintain No.1 share through its renewal with environment-conscious message
- Launch of carbonated water



## BOSS

+0.4%

- Focus on fostering and strengthening core products (Rainbow Mountain blend, Zeitaku Bito, Black(non-sugar), Café au Lait)
- Launch of new product “Gran Aroma” in August





# Challenges to Create New Demand and Market

Reinforce  
one-of-a-kind brand



Foster to become  
a stronger brand

Expand lineup of  
FOSHU\* category



Promote development  
of new products

Challenge to  
create new market

MY  
BOTTLE  
DRINK **drop**



Collaboration with  
THERMOS

\* FOSHU: Food for Specified Health Uses

# Promote Reduction of Manufacturing Costs and Distribution Expenses

## Manufacturing Costs



- Redesigning of carton case
- Reduction of PET bottle weight
- Increase ratio of in-house production of PET bottles

## Distribution Expenses



- Improve delivery lot and promote direct shipment from factories

# Overseas Segment

## 1H Review

- Sales and profits increased in all regions, centered on significant growth in Asia

## Actions in 2H

- Steadily seize business opportunities in Asia and promote businesses in Europe, where difficult market conditions are expected to continue

(Billions of yen)

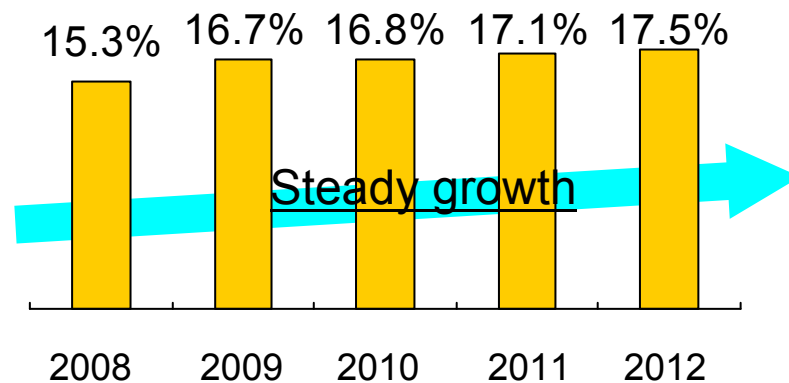
	FY2012 Jan - Jun	FY2013 Jan - Jun	Change (YoY)	Change (%, YoY)	FY2012 Full Year	FY2013 Full Year (Forecast)	Change (YoY)	Change (%, YoY)
Sales	145.7	186.5	+40.8	+28.0%	303.4	403.0	+99.7	+32.9%
Segment profit Ratio	19.2 13.2%	22.2 11.9%	+3.0	+15.4%	42.5 14.0%	51.5 12.8%	+9.0	+21.1%
EBITDA Ratio	23.4 16.1%	28.6 15.4%	+5.2	+22.4%	51.5 17.0%	65.0 16.1%	+13.5	+26.2%

# [ Europe ] 1H Review and Actions in 2H

- 1H: Marketing investment to core brands under unstable conditions in Europe influenced by cold weather in France and stagnant market in Spain
- 2H: Promote reduction of manufacturing cost and distribution expenses in addition to continuous marketing investment to core brands, while difficult market conditions are expected to continue

## Business status in France

### Orangina Schweppes' Market Share



Source: Nielsen, Food channel  
(excl. bottled water)

Focus on core brands  
including “Orangina”, “Schweppes”  
and “Oasis”

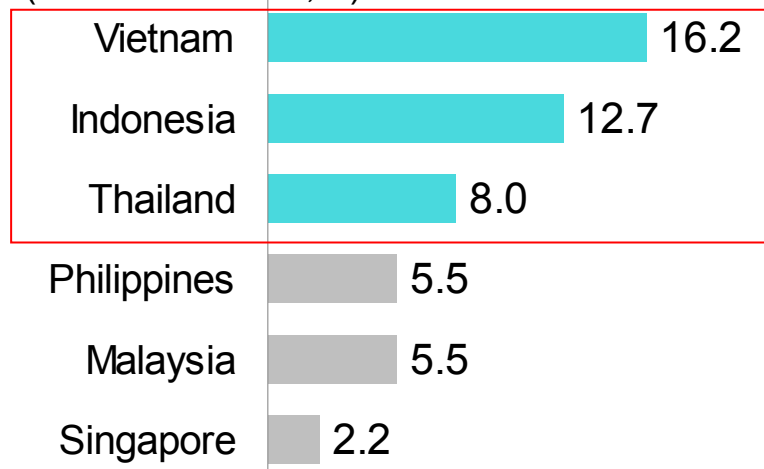


# [ Asia ] 1H Review and Actions in 2H

- 1H: In addition to consolidation of Suntory PepsiCo Vietnam\* from April, sales of Suntory Garuda (Indonesia) increased
- 2H: Seize business opportunities in growing Asian market by reinforcing Suntory brands, as well as further growth on existing brands

## Focus on fast growing market

Growth rate of beverage market  
(2012-15 CAGR,%)



Source: Euromonitor (Off-trade value, RSP),  
based on 2012 fixed exchange rate

## Asian businesses



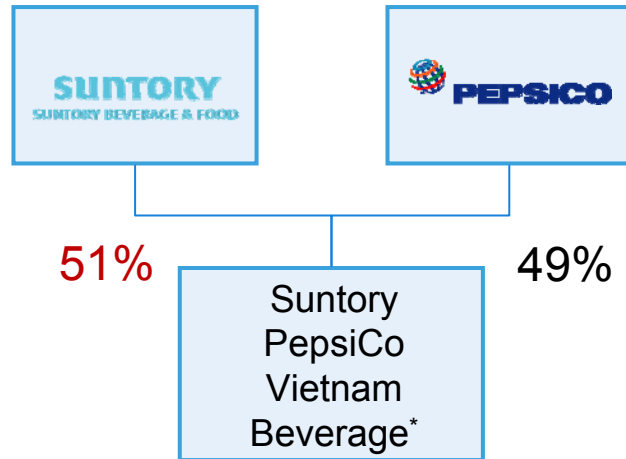
Affiliate accounted for  
by the equity method



\* Company name to be changed from  
"PEPSICO INTERNATIONAL - VIETNAM COMPANY"

# Business Operation in Vietnam

April 2013 onwards



\* Company name to be changed from  
"PEPSICO INTERNATIONAL - VIETNAM COMPANY"

## Speedy management

- Launch of Suntory brand oolong tea "TEA+ Oolong Tea" in August



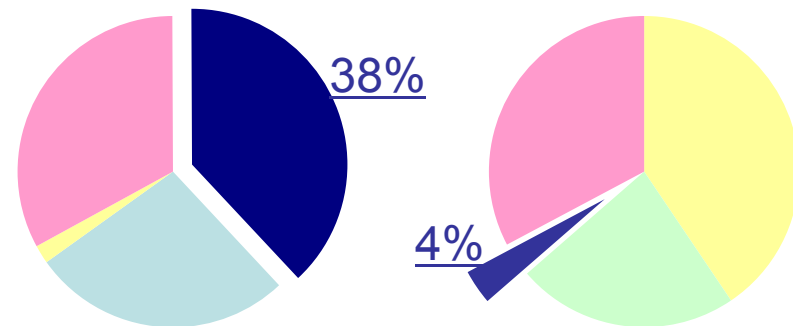
## Strengths of Suntory PepsiCo Vietnam\*

- Around 40% of market share excluding RTD tea

[ Vietnam beverage market share (2012) ]

Vietnam beverage market share  
excl. RTD tea<sup>1</sup>

RTD tea market  
(Approx. 50% of Vietnam beverage market)



- Strong distribution channel that covers around 80% of retail in Vietnam

Source: Analysis based on data from Euromonitor (Off-trade value, RSP)  
1: Do not include bottled water.



# Business Operation in Indonesia

## Reinforce Garuda brands



Okky  
(Fruit juice)



Mountea  
(RTD tea)



Kopyes  
(RTD coffee)

## Expand Suntory brand



Mirai (Green tea)



MY TEA (Oolong tea)



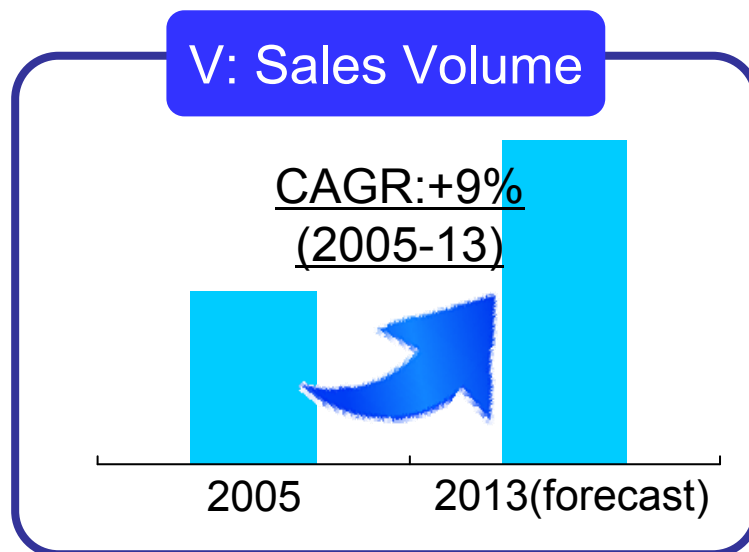
Promotion of "Mirai"

# [ Oceania ] 1H Review and Actions in 2H

1H: Sales of each category increased by favorable weather

2H: Carry out aggressive marketing investment to reinforce core brands, including renewal of energy drink “V”

Promote cost reduction through initiatives including introduction of in-house production line for PET bottles



Promotion of “V Black” (2013)





# [ Americas ] 1H Review and Actions in 2H

- 1H: Market share increased in the home market North Carolina, while the U.S. market declined from previous year due to factors including unfavorable weather
- 2H: Focus management resources to core market and improve profitability through territory reorganization conducted with other bottlers in June

## Overview of territory reorganization

Acquired

Charlotte

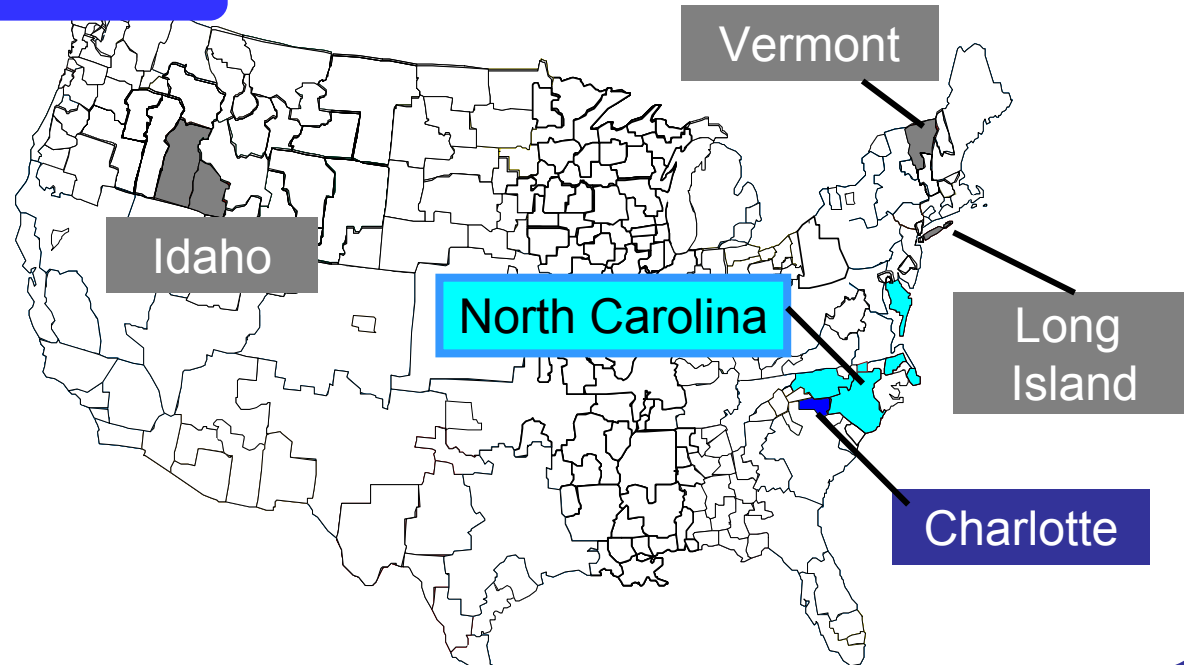


Swap

Idaho, Vermont

Sold

Long Island



DRINK for LIFE.

のみもの大好きサントリー 世界へ



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# Exchange Rates

(Yen, average exchange rate)

	FY2012 Jan - Jun	FY2013 Jan - Jun	FY2012 Full Year	FY2013 Full Year (Forecast)
U.S. Dollar	79.8	95.7	79.8	95.0
Euro	103.5	125.6	102.6	123.0
Singapore Dollar	63.2	77.0	63.9	76.0
New Zealand Dollar	64.2	79.2	64.7	79.0
Australian Dollar	82.4	97.0	82.7	97.0
Indonesian Rupiah	0.0088	0.0099	0.0086	0.0096

# Forward-Looking Statements

This document contains forward-looking statements related to business and financial performance of the Company or the Group.

These forward-looking statements are projections made based on the currently available information and are subject to risks and uncertainties including, but not limited to, economic trends, competition in the industry in which the Company and the Group operate, market needs, exchange rates, as well as tax and other systems.

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