

# Financial Results for Fiscal Year Ending December 31, 2015

February 12, 2016

Suntory Beverage & Food Limited



# Review of FY2015

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Nobuhiro Torii, President & CEO

# Performance Highlights of FY2015

(Billions of yen)

	FY2015	YoY
Net Sales	1,381.0	+9.8%
Operating Income	92.0	+7.0%
Net Income	42.5	+17.2%

## Key Factors of Management Strategies for 2015 to 2017

- Focus on core areas
  - Focus on approx. 20 countries that include new areas in emerging markets in addition to existing areas of operation
- Establish a position with a strong presence in each area
  - Create new demand by reinforcing core brands and proposing new value products
  - Strengthen distribution and production capabilities
  - Continue initiatives to reduce manufacturing costs
- Evolve toward integrated development
  - Foster “Global Challenge Brand”

## Reinforced Core Brands

- Further strengthened existing brands
- Major success of high value-added products (e.g. *Suntory Minami-Alps Tennensui & Yogurina*)

## Strengthened Distribution

- Acquired base of full-line beverage service by adding Japan Beverage to the group
- Started collaboration with PepsiCo in the Spanish on-premise channel

## Reduced Manufacturing Cost

- Started operation of new production line at Hakushu Plant and bottle-shaped can coffee line at Haruna Plant in Japan
- Started production of PET bottle preform in Vietnam



## Our vision for value

A quest for the best tastes & quality  
to bring happiness & wellness into everyday life.

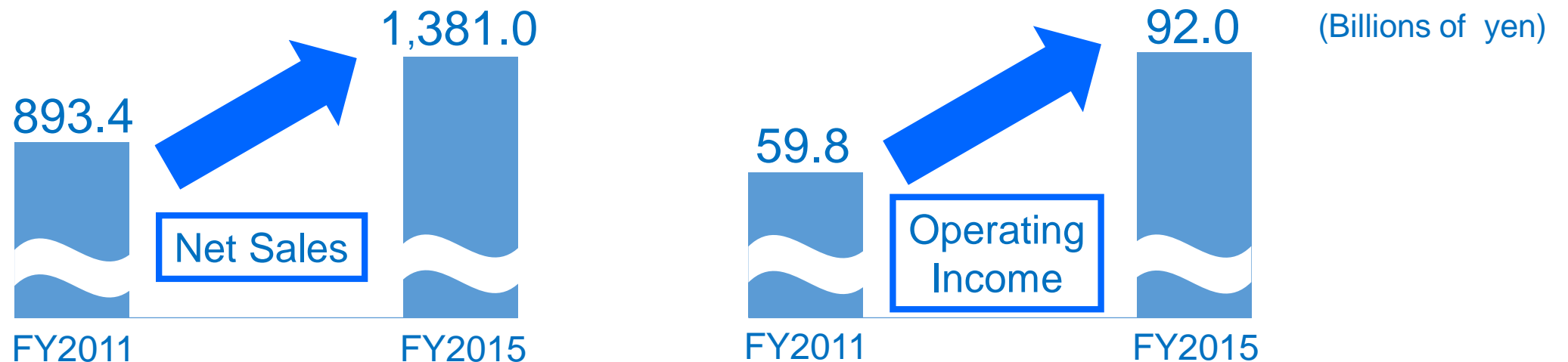
## Our vision for the company

To be the leading global soft drink company  
recognized for our premium and unique brands.

# Review of the Past 5 Years

- Built business foundations globally
- Reformed earnings structure and acquired the basis to accelerate full-line beverage service business in Japan
- Started cross-border brand rollout

- ✓ Increased expertise to win in global competition
- ✓ Improved stability in earnings by expanding business area



# Forecast for FY2016

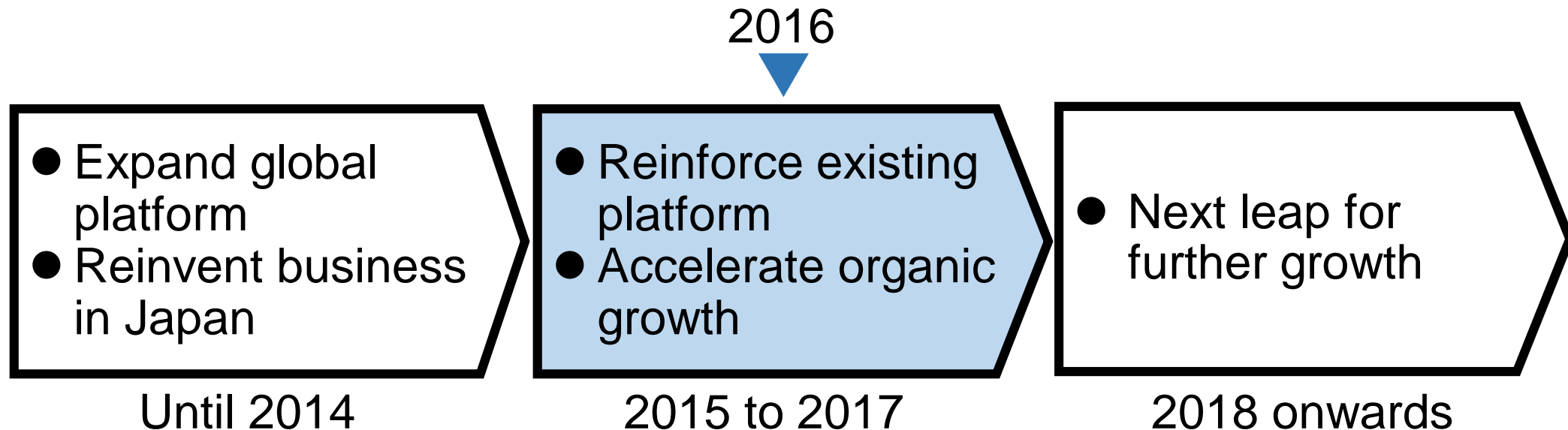
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Saburo Kogo, Executive Vice President & COO



## Key factors of Management Strategies for 2015 to 2017

- Focus on core areas
- Establish a position with a strong presence in each area
- Evolve toward integrated development



Accelerate organic growth and increase earning power

Challenge to a new business model

Create synergies globally

# Reinforce core brands & Focus on core areas



# Challenge to a new business model

Example: Offering office soft drink services (1)

## Acquired business model owned by Japan Beverage



Full-line portfolio that include brand owners' vending machines, mixed product machines, cup-type vending machines, coffee machines and tea servers

Example: Offering office soft drink services (2)

## Provide solution with new added value (Full-line beverage service business)



Create pleasing office environment and contribute to happiness of office workers through soft drinks

Refreshment

Health enhancement

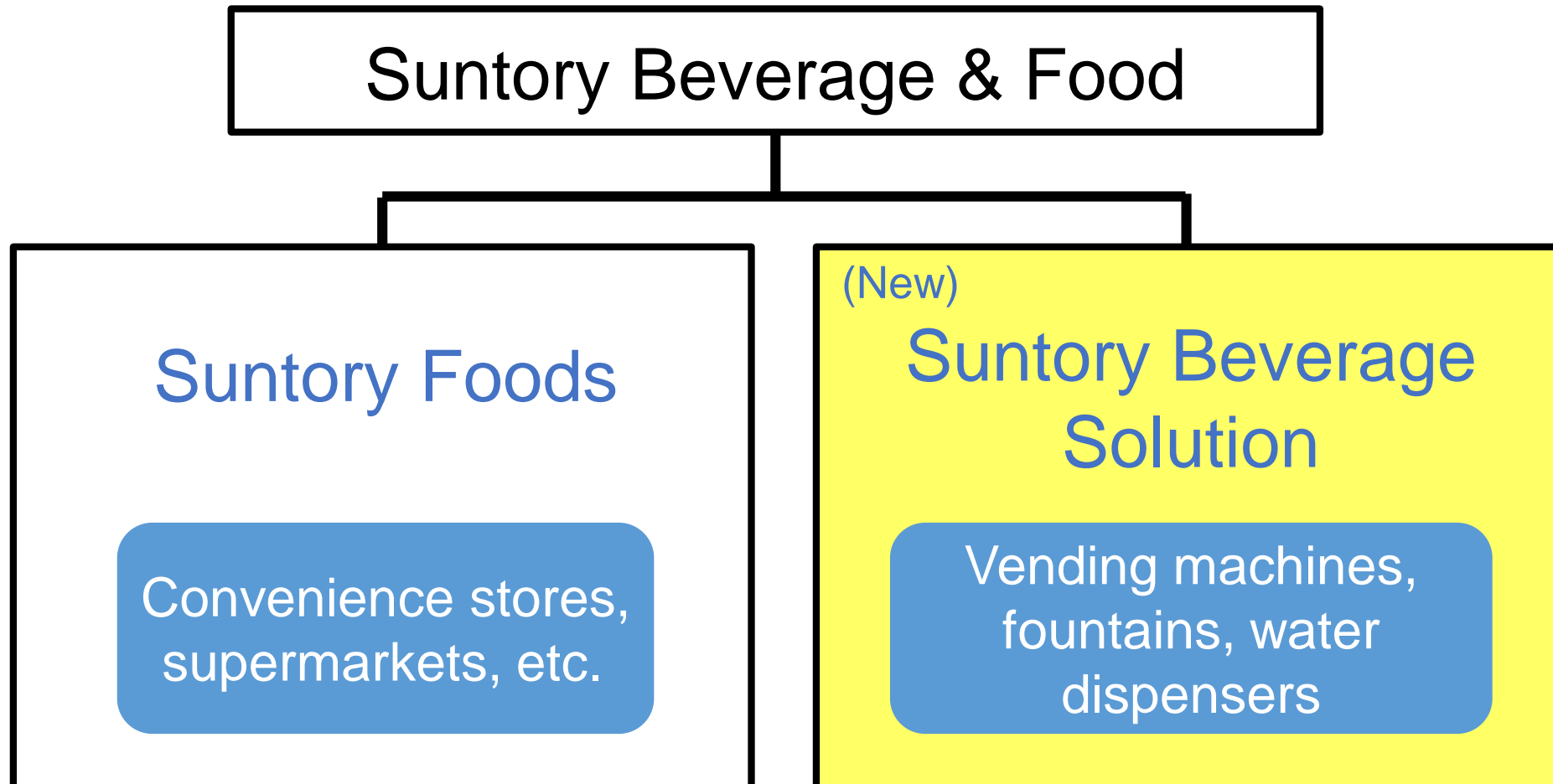
Promote communication

Enhance intellectual productivity

# Challenge to a new business model

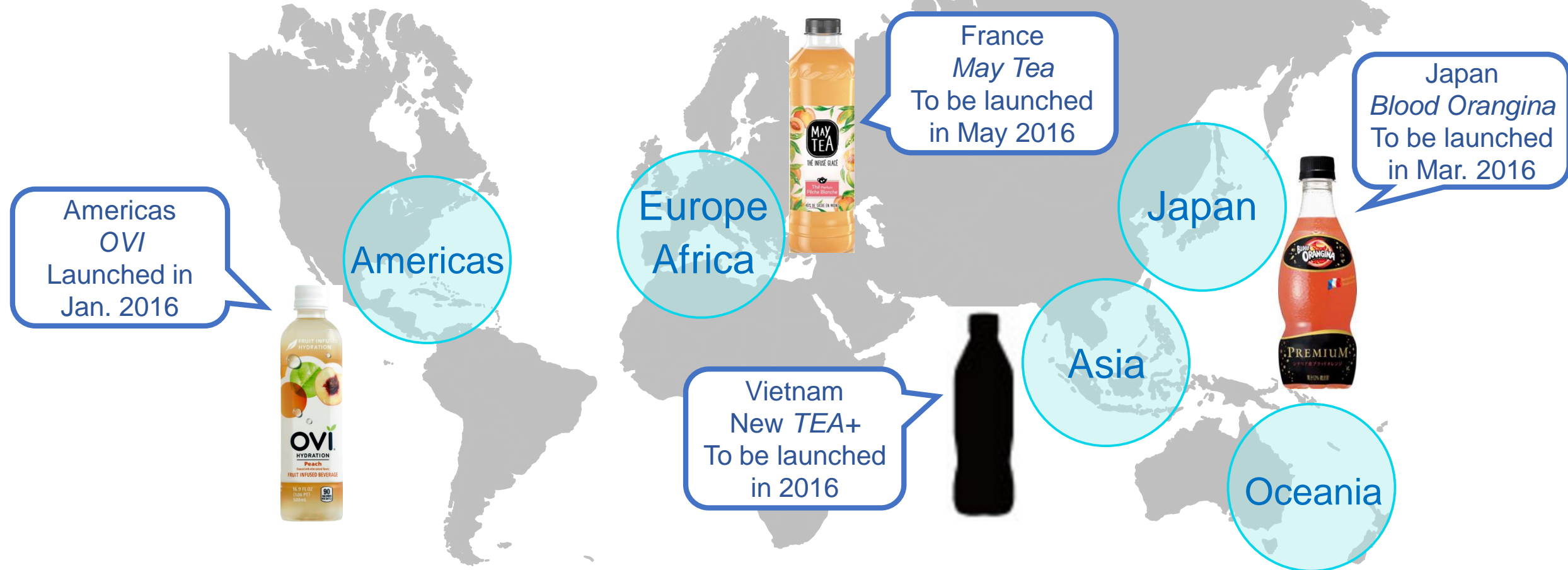
Example: Offering office soft drink services (3)

## Company split-up to accelerate business performance





## New product development and brand rollout by leveraging knowhow among group companies



Leveraging expertise of the group such as SCM and HR

(Billions of yen)

	FY2016 (Forecast)		
		YoY	Currency neutral
Net Sales	1,430.0	+3.5%	+6.6%
Operating Income	90.0	-2.2%	+3.2%
Net Income*	40.5	-4.6%	+0.1%

\* Profit attributable to owners of the parent



# Supplementary Explanation

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Kazuhiro Saito, Managing Executive Officer & CFO

# Financial Results for FY2015

(Billions of yen)

	FY2014 Results	FY2015 Results	Change	
			YoY	% YoY
Net Sales	1,257.3	1,381.0	+123.7	+9.8%
Operating Income	85.9	92.0	+6.1	+7.0%
Ratio	6.8%	6.7% <sup>*1</sup>		
Net Income	36.2	42.5	+6.2	+17.2%
Ratio	2.9%	3.1%		
EBITDA <sup>*2</sup>	161.1	175.5	+14.5	+9.0%
Net income before amortization of goodwill <sup>*3</sup>	61.3	69.7	+8.4	+13.7%

\*1 Operating income ratio excluding the impact from consolidation of Japan Beverage Group and JT A-Star Group is 7.2%

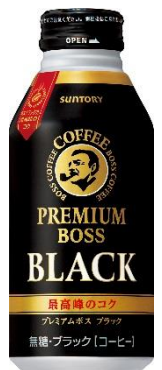
\*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

\*3 Net income before amortization of goodwill = Net Income + amortization of goodwill

# Japan Segment in 2015: Profit Increased amid Intense Competition

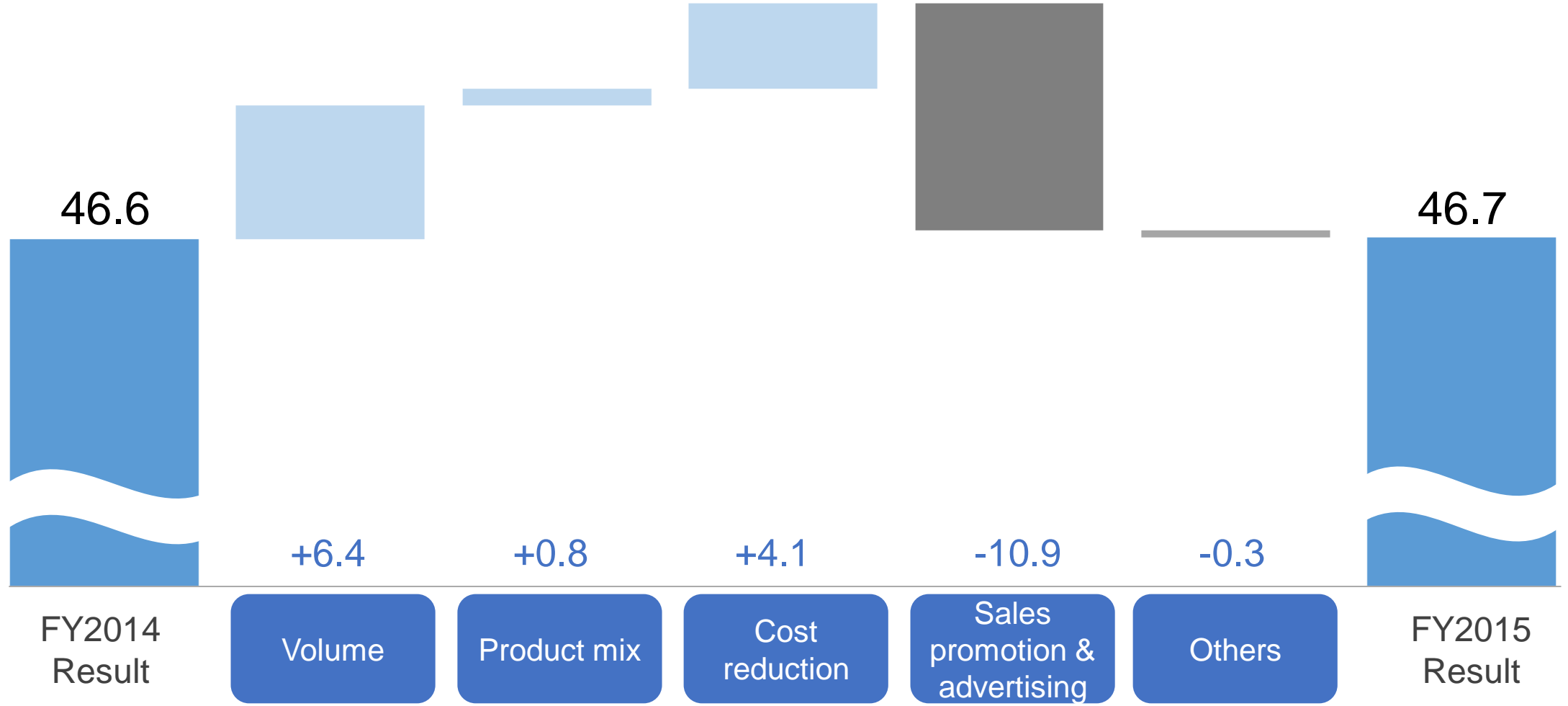
(Billions of yen)

	FY2014 Results	FY2015 Results	Change	
			YoY	% YoY
Sales	722.3	806.9	+84.6	+11.7%
Segment Profit	46.6	46.7	+0.1	+0.2%



# Japan Segment: Operating Profit Bridge for FY2014 to FY2015

(Billions of yen)



# Impact from Consolidation of Japan Beverage Group & JT A-Star Group

(Billions of yen)

**FY2015**  
YoY

Impact from consolidation of JB\*

<b>Sales</b>	1,381.0	+123.7	+50.3		
Japan	806.9	+84.6	+50.3	▶	Sales from JB/JTA Group +50.3
<b>Operating Income</b>	92.0	+6.1	-3.6		
Japan	46.7	+0.1	+0.7	▶	Profit from JB/JTA Group +2.1 Profit decrease due to stock valuation -0.7 Amortization of intangible fixed assets -0.6 Others -0.1
<b>Reconciliations</b>			-4.3	▶	Amortization of goodwill -2.8 One-time adjustment -1.5

\*Impact from consolidation of Japan Beverage Group and JT A-Star Group on July 31, 2015

# Overseas Segment: Results for FY2015

(Billions of yen)

Sales	FY2014 Results	FY2015 Results	Change		
			YoY	% YoY	Currency neutral
Overseas	535.0	574.1	+39.1	+7.3%	+4.0%
Europe	256.5	254.2	-2.3	-0.9%	-0.2%
Asia	154.5	180.5	+26.0	+16.8%	+10.4%
Oceania	44.5	45.6	+1.1	+2.6%	+6.9%
Americas	79.5	93.7	+14.2	+17.8%	+2.9%

# Overseas Segment: Results for FY2015

(Billions of yen)

Segment Profit	FY2014 Results	FY2015 Results	Change		
			YoY	% YoY	Currency neutral
Overseas	64.4	74.0	+9.6	+14.9%	+12.5%
Europe	39.5	44.0	+4.5	+11.3%	+13.5%
Asia	10.4	13.6	+3.2	+30.4%	+18.6%
Oceania	5.6	5.9	+0.3	+4.8%	+10.1%
Americas	8.8	10.5	+1.7	+19.1%	+3.1%

# Europe: Good Sales in On-premise Channels driven by Schweppes

(Billions of yen)

	FY2014 Results	FY2015 Results	% Change		
			Currency neutral		
			Like-for-like*		
Sales	256.5	254.2	-0.9%	-0.2%	+2.5%
Segment Profit	39.5	44.0	+11.3%	+13.5%	



\* Like-for-like basis: Exclude the reclassification impact of recording sales of Lucozade and Ribena in Asia and Oceania to respective area in 2015, which were both included in Europe in 2014.



# Asia: Sales and Profit Increased driven by Vietnam Business

(Billions of yen)

	FY2014 Results	FY2015 Results	% Change	
			Currency neutral	Like-for-like*
Sales	154.5	180.5	+16.8%	+7.1%
Segment Profit	10.4	13.6	+30.4%	+18.6%



\* Like-for-like basis: Exclude the reclassification impact of recording sales of Lucozade and Ribena in Asia and Oceania to respective area in 2015, which were both included in Europe in 2014.

# Oceania: Extended Product Portfolio including V

(Billions of yen)

	FY2014 Results	FY2015 Results	% Change Currency neutral Like-for-like*		
Sales	44.5	45.6	+2.6%	+6.9%	+2.7%
Segment Profit	5.6	5.9	+4.8%	+10.1%	



\* Like-for-like basis: Exclude the reclassification impact of recording sales of Lucozade and Ribena in Asia and Oceania to respective area in 2015, which were both included in Europe in 2014.

# Americas: Achieved Steady Sales and Profit

(Billions of yen)

	FY2014 Results	FY2015 Results	% Change Currency neutral	
Sales	79.5	93.7	+17.8%	+2.9%
Segment Profit	8.8	10.5	+19.1%	+3.1%



# Forecast for FY2016

(Billions of yen)

	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Net Sales	1,381.0	1,430.0	+49.0	+3.5%	+6.6%
Operating Income	92.0	90.0	-2.0	-2.2%	+3.2%
Ratio	6.7%	6.3%			
Net Income <sup>*1</sup>	42.5	40.5	-2.0	-4.6%	+0.1%
Ratio	3.1%	2.8%			
EBITDA <sup>*2</sup>	175.5	180.0	+4.5	+2.5%	+7.2%
Net income before amortization of goodwill <sup>*3</sup>	69.7	70.0	+0.3	+0.4%	+5.5%

\*1 Forecast of net income in 2016 is profit attributable to owners of the parent

\*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

\*3 Net income before amortization of goodwill in 2016 = Profit attributable to owners of the parent + amortization of goodwill

# Japan Segment: Reinforce High Value-added Products

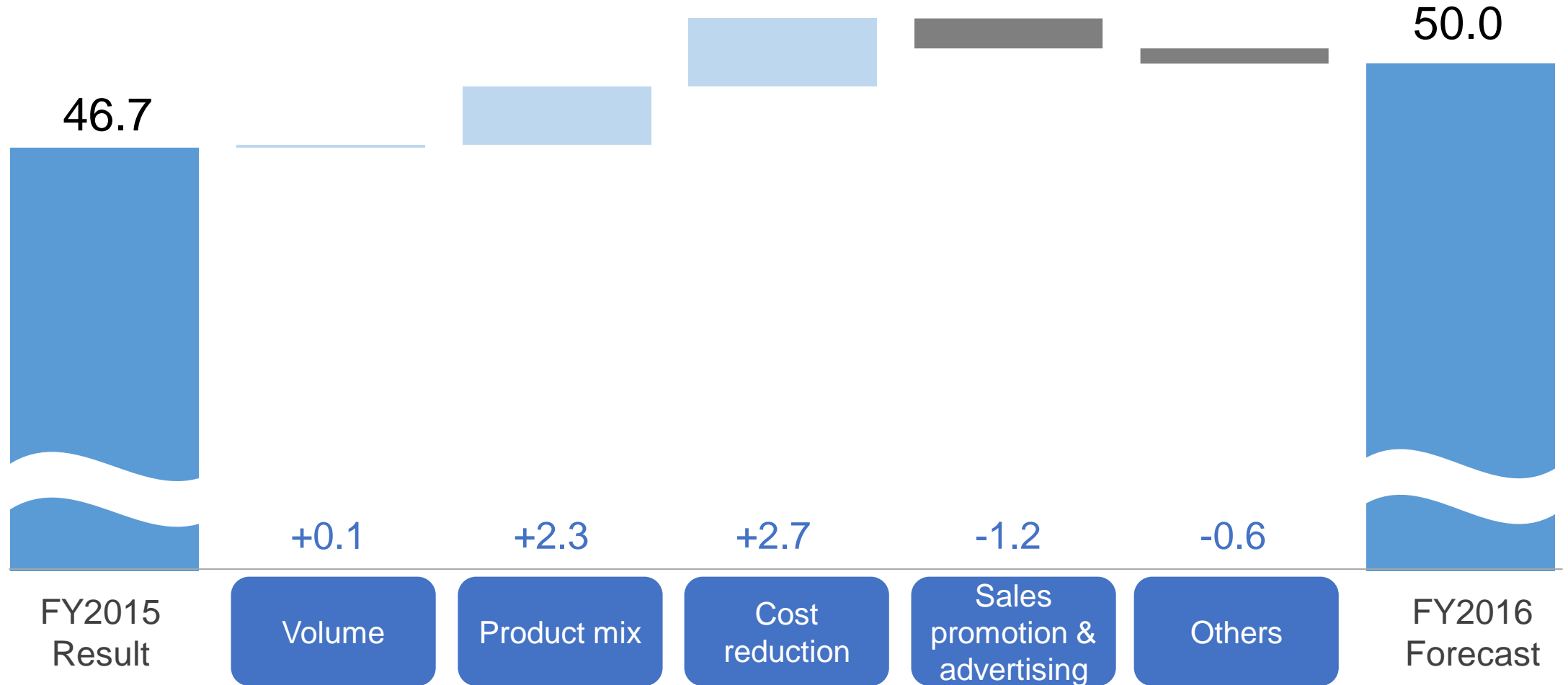
(Billions of yen)

	FY2015 Results	FY2016 Forecast	Change	
			YoY	% YoY
Sales	806.9	870.0	+63.1	+7.8%
Segment Profit	46.7	50.0	+3.3	+7.0%



# Japan Segment: Operating Profit Bridge for FY2015 to FY2016

(Billions of yen)



# Overseas Segment: Forecast for FY2016

(Billions of yen)

Sales	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Overseas	574.1	560.0	-14.1	-2.5%	+4.7%
Europe	254.2	243.5	-10.7	-4.2%	+4.3%
Asia	180.5	183.0	+2.5	+1.4%	+8.1%
Oceania	45.6	42.0	-3.6	-7.9%	+2.5%
Americas	93.7	91.5	-2.2	-2.4%	+0.2%

# Overseas Segment: Forecast for FY2016

(Billions of yen)

Segment Profit	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Overseas	74.0	69.5	-4.5	-6.1%	+2.4%
Europe	44.0	41.0	-3.0	-6.9%	+1.9%
Asia	13.6	13.7	+0.1	+0.7%	+13.7%
Oceania	5.9	4.5	-1.4	-23.1%	-16.1%
Americas	10.5	10.3	-0.2	-2.3%	+0.5%



# Europe: Focus on Growing Profitable Core Brands

(Billions of yen)

	FY2015 Results	FY2016 Forecast	% Change Currency neutral	
Sales	254.2	243.5	-4.2%	+4.3%
Segment Profit	44.0	41.0	-6.9%	+1.9%



# Asia: Reinforce Business Foundation to Accelerate Growth

(Billions of yen)

	FY2015 Results	FY2016 Forecast	% Change Currency neutral	
Sales	180.5	183.0	+1.4%	+8.1%
Segment Profit	13.6	13.7	+0.7%	+13.7%



# Oceania: Continue to Strengthen Product Portfolio

(Billions of yen)

	FY2015 Results	FY2016 Forecast	% Change Currency neutral	
Sales	45.6	42.0	-7.9%	+2.5%
Segment Profit	5.9	4.5	-23.1%	-16.1%



# Americas: Fuel the Growth of Non-carbonated Beverages

(Billions of yen)

	FY2015 Results	FY2016 Forecast	% Change Currency neutral	
Sales	93.7	91.5	-2.4%	+0.2%
Segment Profit	10.5	10.3	-2.3%	+0.5%



# Exchange Rates

(Yen, average exchange rate)

	FY2014 Results	FY2015 Results	FY2016 Forecast
U.S. Dollar	105.8	121.1	118.0
Euro	140.3	134.3	125.0
British Pound	174.2	185.2	165.0
Singapore Dollar	83.5	88.1	85.0
New Zealand Dollar	87.8	84.7	76.0
Australian Dollar	95.4	91.1	82.0

# 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.

Therefore, actual business results and other outcomes published in the future may vary due to these factors. The Company accepts no liability for any loss or damage arising from the use of the information contained in this document.