

# Financial Results for Q2 Year Ending December 31, 2018

Aug 6, 2018  
Suntory Beverage & Food Limited

# 2018 First Half Review

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Saburo Kogo, President & CEO

(Billions of yen)

	FY2018 Jan - Jun	Change		
		YoY	%YoY	Currency Neutral
Revenue	<b>613.9</b>	<b>+23.1</b>	<b>+3.9%</b>	<b>+2.8%</b>
Operating Income	<b>56.4</b>	<b>+1.9</b>	<b>+3.5%</b>	<b>+1.3%</b>
Net Income*	<b>41.3</b>	<b>+6.9</b>	<b>+20.1%</b>	<b>+17.3%</b>

\* Profit for the period attributable to owners of the Company

## Structure Reform

- Strengthen core brands
- Accelerate portfolio expansion
- Enhance SCM & Optimize costs
- React to shift in drinking scenes and RTM
- Merger & Acquisition

# Supplementary Explanation

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Yuji Yamazaki,

Senior Managing Executive Officer

Member of the Board

# Financial Results for Q2, FY 2018 by Segment

(Billions of yen)	Revenue	Change			Segment Profit	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	<b>333.8</b>	+6.6	+2.0%	—	<b>18.9</b>	-5.9	-23.7%	—
Europe	<b>123.5</b>	+4.9	+4.1%	-2.7%	<b>14.2</b>	-2.4	-14.6%	-20.4%
Asia	<b>92.9</b>	+14.6	+18.6%	+19.0%	<b>22.2</b>	+10.8	+95.2%	+92.6%
Organic*	71.9	+3.1	+4.5%	+4.2%	9.1	-0.9	-8.9%	-10.6%
Oceania	<b>26.3</b>	-0.5	-2.0%	-0.6%	<b>2.9</b>	+0.1	+3.3%	+1.8%
Americas	<b>37.3</b>	-2.5	-6.2%	-3.0%	<b>3.8</b>	-0.4	-10.3%	-7.3%
Reconciliation	—	—	—	—	-5.6	-0.3	—	—
<b>Total</b>	<b>613.9</b>	<b>+23.1</b>	<b>+3.9%</b>	<b>+2.8%</b>	<b>56.4</b>	<b>+1.9</b>	<b>+3.5%</b>	<b>+1.3%</b>
Organic*	592.8	+11.6	+2.0%	+0.8%	43.3	-9.8	-18.5%	-20.3%

\*Excluding gain on sale of food and instant coffee business, Food and Instant Coffee Business, Thai Joint Venture

## Japan

Revenue increased due to good performance of core brands.  
Profit decreased due to adverse product mix and supply chain cost.

## Europe

Revenue decreased (currency neutral) due to market deceleration affected by bad weather and uncertainty caused by UK sugar tax.  
Profit decreased due to revenue decrease and effect of investment for *MayTea*.

## Asia

On top of good performance in Vietnam, the new JV business in Thailand also attributed, resulting in revenue increase. Profit increased due to gain on sale of food and instant coffee business.

## Oceania

Both revenue and profit are almost flat (currency neutral).

## Americas

Revenue slightly decreased due to deceleration of the core CSD products.  
Profit decreased due to revenue decrease and rise of raw material price.

Revenue increased due to good performance of core brands.  
Profit decreased due to adverse product mix and supply chain cost.

(Billions of yen)

Revenue	%YoY	Segment Profit	%YoY
333.8	+2.0%	18.9	-23.7%

- Good performance of key categories including water, coffee, and sugar-free tea.
- Adverse product mix due to deceleration of FOSHU & 185g can coffee.
- Supply chain cost increased due to continuous preparation for the peak season.





**Strategy for H2, FY2018**

**Increase sales of core brands**

**Strengthen FOSHU & 185g can coffee**

**Proactive SC cost cut activity**

## Mid-term Strategy

Innovate production & SC management

Establish new high added-value & profitability model

Innovate Vending Machine Business

Bad weather continued to affect Europe in Q2, resulting revenue decrease (currency neutral). Profit decreased due to revenue decrease and investment for *MayTea*.

(Billions of yen)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
123.5	+4.1%	-2.7%	14.2	-14.6%	-20.4%

	Revenue	%YoY	Currency Neutral	
France <sup>(*1)</sup>	53.8	+13.0%	+4.5%	Good performance of core brands and <i>MayTea</i>
UK <sup>(*2)</sup>	30.6	-3.5%	-8.8%	Recover of Lucozade Energy slower than expected, decreased.
Spain <sup>(*3)</sup>	25.1	-2.8%	-10.1%	Decreased due to market deceleration caused by bad weather.



(\*1) France, Belgium (\*2) UK, Ireland (\*3) Spain, Portugal

## France

- Further growth of core brands & *MayTea*
- Continuous improvement on supply chain

## UK

- Sales recovery of *Lucozade Energy*

## Spain

- Enhance activity in peak season to aim for recovery

On top of good performance in Vietnam, the new JV business in Thailand also attributed, resulting in revenue increase. Profit increased due to gain on sale of food and instant coffee business.

(Billions of yen)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
92.9	+18.6%	+19.0%	22.2	+95.2%	+92.6%

	Revenue	%YoY	Currency Neutral	
Beverage (Vietnam)	36.9	+8.2%	+10.6%	Good performance in CSD and tea
Beverage (Thailand)	17.8	–	–	Post-M&A integration goes well
Health Supplement	25.5	+0.9%	–2.5%	While grow in developing countries, struggling in Thailand. Decreased (currency neutral).

## 《Oceania》

Both revenue and profit are almost flat (currency neutral).

(Billions of yen)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
26.3	-2.0%	-0.6%	2.9	+3.3%	+1.8%
	Revenue	%YoY	Currency Neutral		
Frucor Suntory	19.8	-3.1%	-1.5%		
Fresh Coffee Business	6.4	+1.2%	+2.3%		

## 《Americas》

Revenue slightly decreased due to deceleration of the core CSD products.

Profit decreased due to revenue decrease

(Billions of yen)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
37.3	-6.2%	-3.0%	3.8	-10.3%	-7.3%

(Billions of yen)

	FY2018 Forecast	Change		
		YoY	%YoY	Currency Neutral
Revenue	<b>1,293.0</b>	<b>+59.0</b>	<b>+4.8%</b>	<b>+4.6%</b>
Operating Income	<b>127.0</b>	<b>+9.0</b>	<b>+7.7%</b>	<b>+7.3%</b>
Net Income*	<b>80.0</b>	<b>+1.9</b>	<b>+2.4%</b>	<b>+2.0%</b>

\* Profit for the period attributable to owners of the Company

# **SUNTORY**

## **SUNTORY BEVERAGE & FOOD**



# FY2018 Forecast (by Segment)

(Billions of yen)

	Revenue	Change			Segment Profit	Change			Net Income*	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	<b>693.0</b>	+3.8	+0.6%	—	<b>58.5</b>	+1.2	+2.1%	—	—	—	—	
Europe	<b>255.0</b>	+16.1	+6.7%	+4.5%	<b>34.0</b>	-0.6	-1.7%	-3.5%	—	—	—	
Asia	<b>200.0</b>	+36.5	+22.3%	+23.6%	<b>31.0</b>	+8.8	+39.8%	+40.4%	—	—	—	
Oceania	<b>58.0</b>	+1.7	+3.0%	+2.6%	<b>6.7</b>	+0.7	+11.4%	+8.9%	—	—	—	
Americas	<b>87.0</b>	+1.0	+1.1%	+3.1%	<b>9.3</b>	+0.0	+0.0%	+2.0%	—	—	—	
Reconciliation	—	—	—	—	-12.5	-1.1	—	—	—	—	—	
<b>Total</b>	<b>1,293.0</b>	<b>+59.0</b>	<b>+4.8%</b>	<b>+4.6%</b>	<b>127.0</b>	<b>+9.0</b>	<b>+7.7%</b>	<b>+7.3%</b>	<b>80.0</b>	<b>1.9</b>	<b>+2.4%</b>	<b>+2.0%</b>

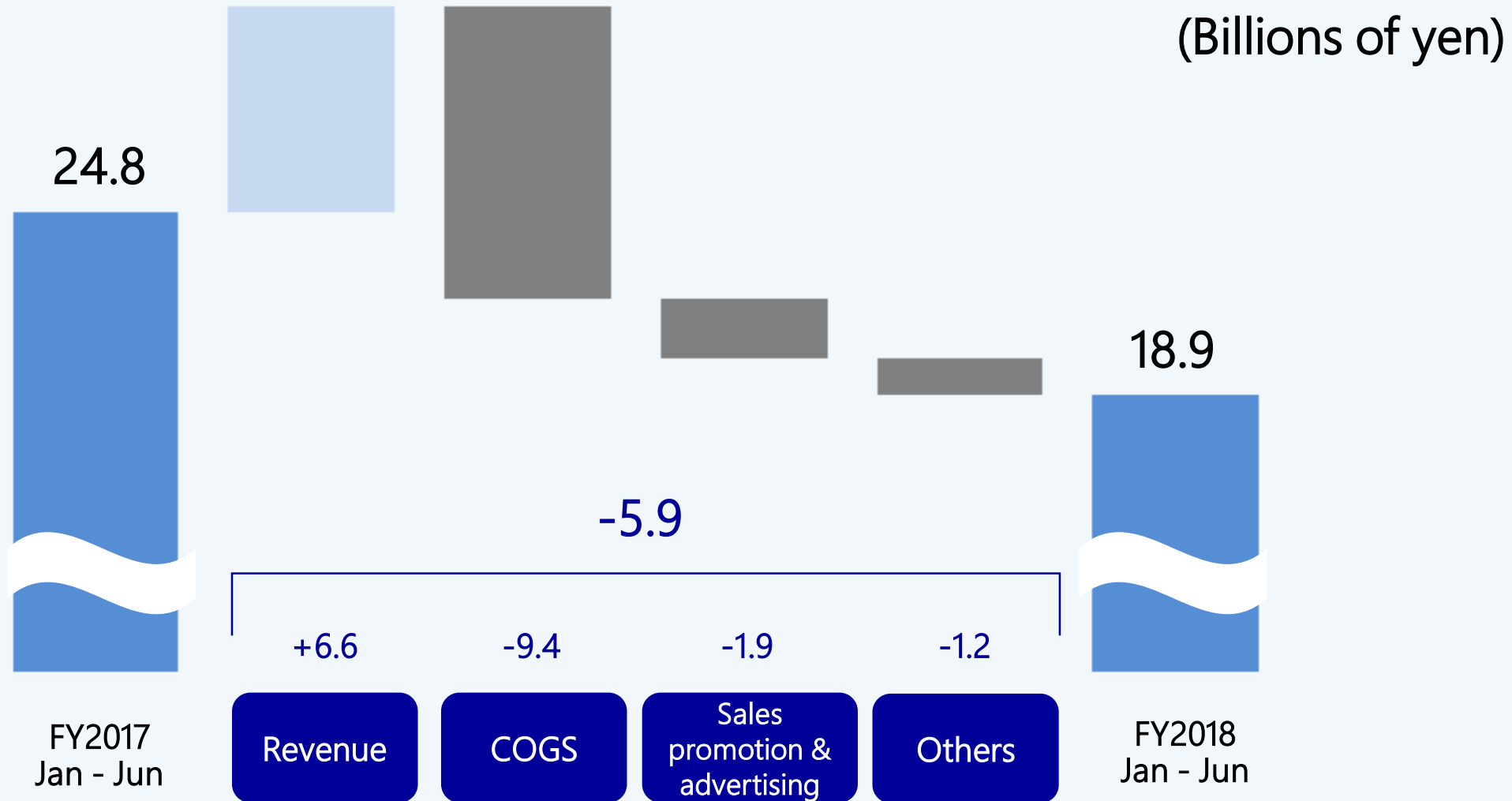
\* Profit for the period attributable to owners of the Company

# Revenue Results by Quarter

	Q1 (Jan-Mar)	Change			Q2 (Apr-Jun)	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	150.5	+3.2	+2.1%	—	183.4	+3.5	+1.9%	—
Europe	51.8	+2.3	+4.6%	-3.1%	71.7	+2.6	+3.7%	-2.5%
Asia	44.3	+5.0	+12.7%	+13.5%	48.6	+9.6	+24.4%	+24.6%
Oceania	13.6	-0.1	-0.7%	+0.4%	12.7	-0.4	-3.4%	-1.6%
Americas	17.0	-1.5	-8.2%	-3.7%	20.3	-0.9	-4.4%	-2.5%
Reconciliation	—	—	—	—	—	—	—	—
Total	277.1	+8.8	+3.3%	+2.3%	336.7	+14.3	+4.4%	+3.2%

# Segment Profit Results by Quarter

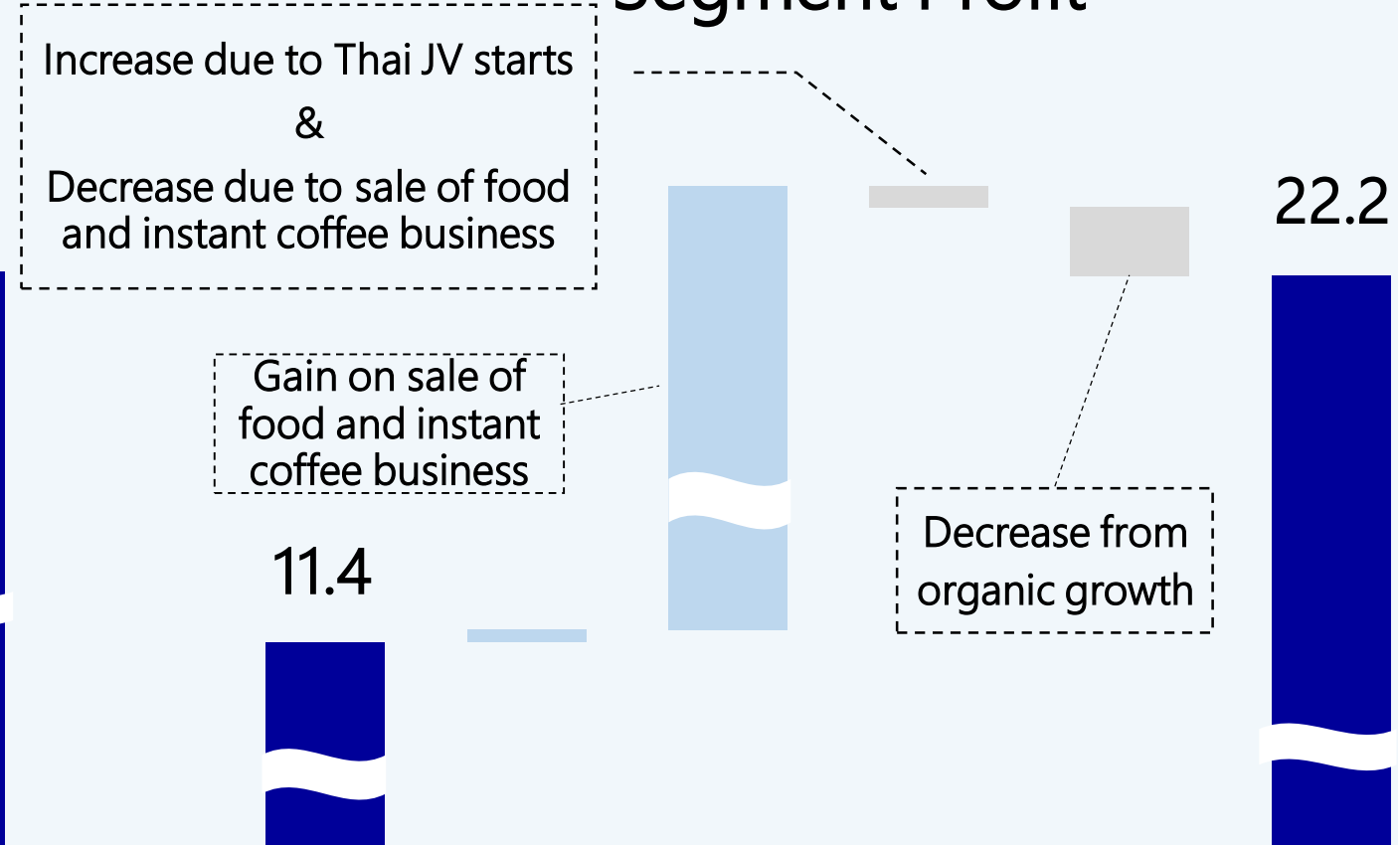
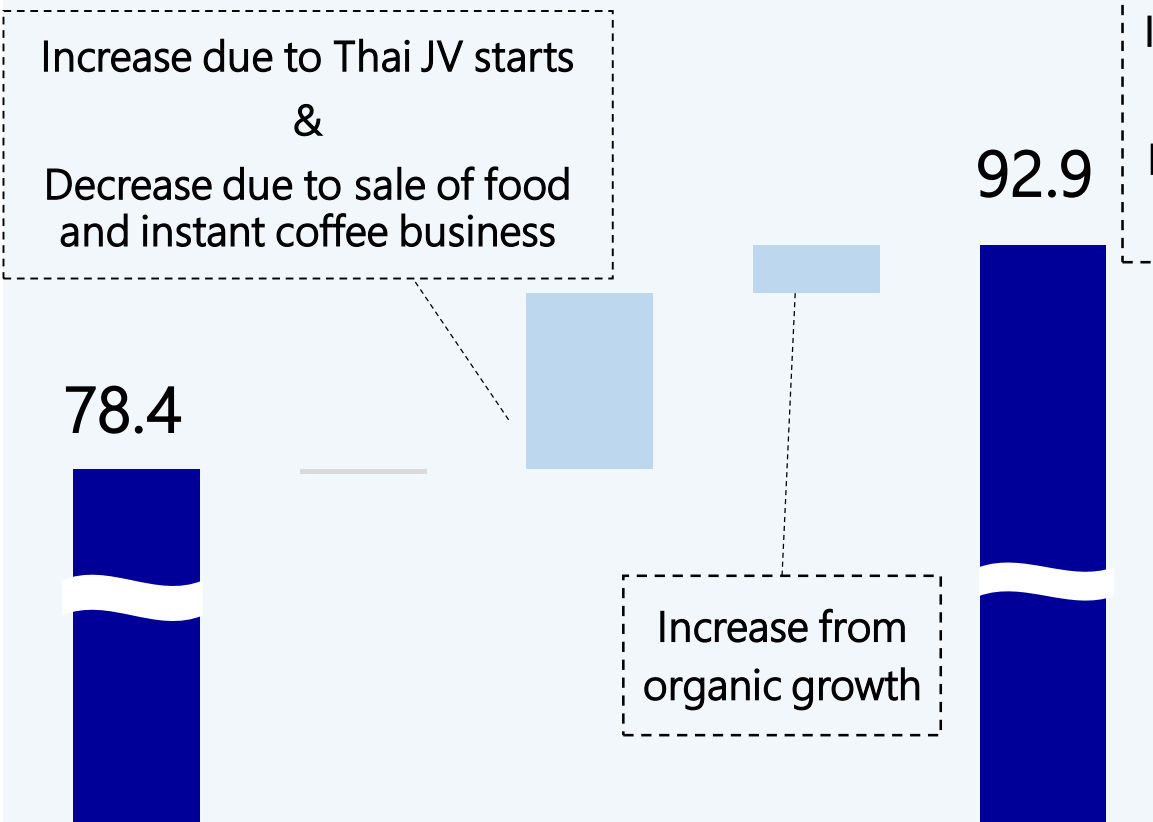
	Q1 (Jan-Mar)	Change			Q2 (Apr-Jun)	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	5.2	-3.0	-36.6%	—	13.7	-2.9	-17.4%	—
Europe	3.7	-1.2	-24.4%	-30.1%	10.5	-1.2	-10.5%	-16.3%
Asia	17.5	+10.1	+136.5%	+131.2%	4.7	+0.7	+18.7%	+19.2%
Oceania	1.5	+0.1	+7.6%	+5.4%	1.4	-0.0	-0.9%	-1.7%
Americas	1.5	+0.0	+0.2%	+5.1%	2.3	-0.4	-16.2%	-14.1%
Reconciliation	-2.8	-0.4	—	—	-2.8	+0.1	—	—
Total	26.6	+5.7	+27.0%	+24.3%	29.8	-3.7	-11.2%	-13.0%



(Billions of yen)

## Revenue

## Segment Profit



FY2017  
Jan - Jun

FX

Thai JV &  
Sale of  
Business

Organic

FY2018  
Jan - Jun

FY2017  
Jan - Jun

FX

Gain on  
sale of  
business

Thai JV &  
Sale of  
Business

Organic

FY2018  
Jan - Jun

	FY 2017 Jan-Jun	FY 2018 Jan-Jun	FY 2018 Forecast
U. S. Dollar	112.3	108.7	110
Euro	121.7	131.6	131
British Pound	141.4	149.6	142
Singapore Dollar	80.0	81.9	81
Thai Baht	3.2	3.4	3.3
Vietnam Dong	0.0049	0.0048	0.0048
New Zealand Dollar	79.6	77.8	79
Australian Dollar	84.8	83.9	87

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