

Financial Results for Fiscal Year Ended December 31, 2018

**February 14, 2019
Suntory Beverage & Food Limited**

FY2018 Review

FY2019 Forecast

Saburo Kogo, President & CEO

2018 Review

Performance Highlights of FY2018 (IFRS)

(Billions of yen)

	FY2018 Revised Forecast (2018.11.5)	FY2018 Results	v.s. Revised Forecast	Change		
				YoY	%YoY	Currency Neutral
Revenue	1,293.0	1,294.3	+1.3	+60.2	+4.9%	+4.9%
Operating Income	118.0	113.6	-4.4	-4.4	-3.7%	-4.3%
Operating Income (Organic basis*1)	106.0	106.4	+0.3	-9.7	-8.4%	-8.9%
Net Income*2	80.0	80.0	+0.0	+1.9	+2.4%	+1.8%

*1 Excluding factors related to extraordinary reasons such as M&A

*2 Profit for the year attributable to owners of the Company

Extreme Climate

Aging Society

Deflation

**Less-Sugar Trend
Plastic Concerns**

**Shortage of
Labor**

**Price Hike of Raw
Materials & Logistics**

**Traditional Cost
Reduction Reaching
its Limit**

**Change
in Places
to Buy/Drink**

**Vending Machine
Less
Profitable**

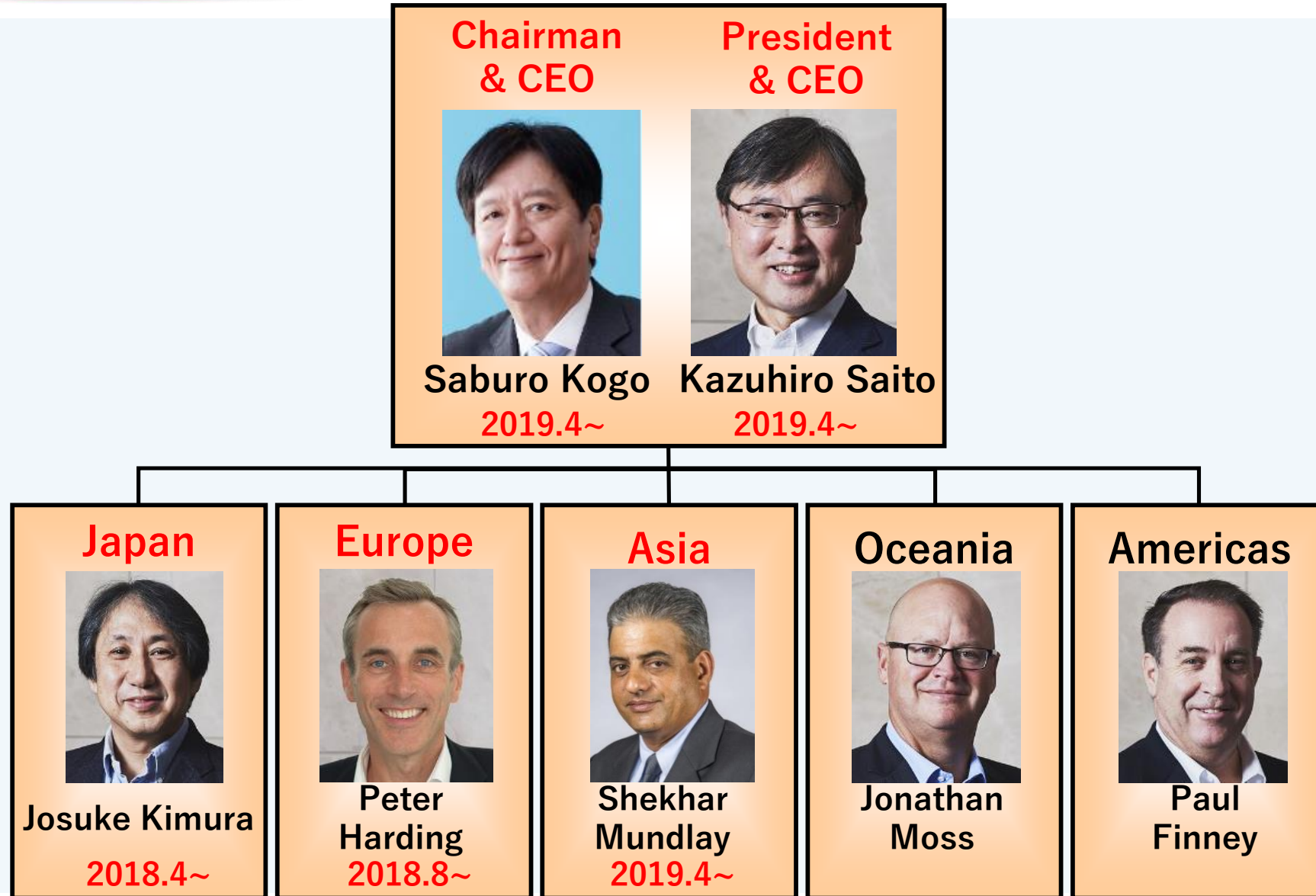
**Fierce
Competition**

Reconstruction of Profit Generation Force

- **Portfolio** (Creating new needs and added value)
- **Availability** (Creating new drinking & purchasing occasions)
- **Supply Chain** (Creating new, efficient, and environmental “delivery route”)

Transformational Growth

- **Organic growth of Asia**
- **Expand areas and business model**
- **Develop multinational brands**



FY2019 Forecast

(Billions of yen)

	FY2019 Forecast	Change		
		YoY	%YoY	Currency Neutral
Revenue	1,313.0	+18.7	+1.4%	+2.0%
Operating Income	110.0	-3.6	-3.1%	-2.5%
Operating Income (Organic basis*1)	111.0	+2.6	+2.4%	+3.0%
Net Income*2	66.5	-13.5	-16.9%	-16.4%

*1 Excluding factors related to extraordinary reasons such as M&A

*2 Profit for the year attributable to owners of the Company

Further Details

Yuji Yamazaki,
Senior Managing Executive Officer

FY2018 Review

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(Billions of yen)

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*1 Excluding factors related to extraordinary reasons such as M&A

*2 Profit for the year attributable to owners of the Company

**Main Factors in
Operating Income**

Impairment Loss
(approx. -4.0B yen)

Record impairment loss for certain brands in Spain and Nigeria business.

Restructure, etc.
(approx. -1.0B yen)

Expenses related to management reform and Africa business reconstruction in Europe region.

**Main Factors in
Net Income***

**Tax Revision
Overseas**
(approx. +5.0B yen)

Due to tax revision in the Netherlands, future corporate tax rate is to be decreased, resulting in reversal of deferred tax liabilities

* Profit for the year attributable to owners of the Company

FY2018 Results (IFRS) (by Segment)

(Billions of yen)	Revenue	Change			Segment Profit	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	708.7	+19.5	+2.8%	—	52.7	-4.6	-8.1%	—
Europe	245.2	+6.2	+2.6%	+0.2%	25.0	-9.6	-27.8%	-29.7%
Organic					30.8	-5.5	-15.2%	-17.4%
Asia	201.1	+37.6	+23.0%	+24.5%	33.3	+11.1	+50.2%	+50.4%
Organic	153.2	+9.4	+6.5%	+8.1%	19.8	+1.7	+9.7%	+10.1%
Oceania	54.2	-2.1	-3.8%	+0.3%	6.4	+0.4	+6.0%	+6.1%
Americas	85.0	-1.0	-1.2%	+0.4%	8.5	-0.8	-8.7%	-7.3%
Reconciliation	—	—	—	—	-12.3	-0.9	—	—
Total	1,294.3	+60.2	+4.9%	+4.9%	113.6	-4.4	-3.7%	-4.3%
Organic	1,246.3	+32.0	+2.6%	+2.6%	106.4	-9.7	-8.4%	-8.9%

(Billions of yen)

Revenue

%YoY

Segment Profit

%YoY

708.7

+2.8%

52.7

-8.1%

- Revenue increased due to core brands' good performance
 - *Suntory Tennensui* ranked No.1* by annual sales volume in domestic soft drink market.
 - *Boss* brand sales volume exceeded 100M cases
- Profit decreased due to adverse product mix, and SC cost increase from lack of in-house production capacity, natural disasters and increased raw material price



*Based on survey results by Inryou Soken

(Billions of yen)

Revenue

245.2

%YoY

+2.6%

Currency
Neutral

+0.2%

Segment Profit

25.0

%YoY

-27.8%

Currency
Neutral

-29.7%

Organic

30.8

-15.2%

-17.4%

Revenue

%YoY

Currency
NeutralFrance
(*1)

104.2

+9.3%

+6.2%

Good performance of core brands as well as *MayTea*UK
(*2)

61.1

+0.9%

-1.0%

Recovery trend for *Lucozade Energy* after summerSpain
(*3)

53.2

-6.4%

-9.0%

Continued to decline YoY mainly due to decline in on-premise Market

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



(Billions of yen)

Revenue

201.1

%YoY

+23.0%

Currency
Neutral

+24.5%

Segment Profit

33.3

%YoY

+50.2%

Currency
Neutral

+50.4%

Organic

153.2

+6.5%

+8.1%

19.8

+9.7%

+10.1%

Revenue

%YoY

Currency
NeutralBeverage
(Vietnam)

77.0

+10.0%

+12.3%

Good performance of CSD, tea, and water continued, grew by double digits

Beverage
(Thailand)

44.9

—

—

Post M&A integration went as planned

Health
Supplement

55.2

-0.6%

-1.2%

Core *Essence of Chicken* struggled in Thailand, but grew in Taiwan and Myanmar

(Billions of yen)

Oceania

Revenue

54.2

%YoY

-3.8%

Currency
Neutral

+0.3%

Segment Profit

6.4

%YoY

+6.0%

Currency
Neutral

+6.1%

Revenue

%YoY

Currency
Neutral

Frucor Suntory

40.7

-4.7%

-0.8%

Fresh Coffee Business

13.4

-1.0%

+3.1%

Steady performance of energy drink,
almost flat YoY on currency neutralEach brand showed steady performance,
revenue increased on currency neutral

Americas

Revenue

85.0

%YoY

-1.2%

Currency
Neutral

+0.4%

Segment Profit

8.5

%YoY

-8.7%

Currency
Neutral

-7.3%

FY2019 Forecast

FY2019 Forecast (IFRS)

(Billions of yen)

	FY2018 Results	FY2019 Forecast	Change		
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Revenue	1,294.3	1,313.0	+18.7	+1.4%	+2.0%
Operating Income	113.6	110.0	-3.6	-3.1%	-2.5%
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Net Income*2	80.0	66.5	-13.5	-16.9%	-16.4%

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*2 Profit for the year attributable to owners of the Company

FY2019 Forecast (IFRS) (by Segment)

(Billions of yen)	Revenue	Change			Segment Profit	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	709.0	+0.3	+0.0%	—	53.0	+0.3	+0.6%	—
Europe	245.0	-0.2	-0.1%	+1.3%	31.5	+6.5	+26.1%	+27.9%
Organic					33.0	+2.2	+7.3%	+8.7%
Asia	219.0	+17.9	+8.9%	+9.9%	22.5	-10.8	-32.5%	-31.9%
Organic					22.5	+0.6	+2.9%	+3.7%
Oceania	53.0	-1.2	-2.2%	+1.6%	6.5	+0.1	+2.0%	+4.1%
Americas	87.0	+2.0	+2.3%	+1.8%	8.5	+0.0	+0.1%	-0.4%
Reconciliation	—	—	—	—	-12.0	+0.3	—	—
Total	1,313.0	+18.7	+1.4%	+2.0%	110.0	-3.6	-3.1%	-2.5%
Organic					111.0	+2.6	+2.4%	+3.0%

(Billions of yen)

Revenue

%YoY

Segment Profit

%YoY

709.0

+0.0%

53.0

+0.6%

- In terms of revenue, prevent further deterioration of product mix and aim for flat sales volume and revenue.
- While cost increase from rising raw material price is expected, aiming for flat profit YoY by price increase of certain products and cost reduction
- Continue pushing mid-term structural change to aim for profitability increase



**Establish a high added-value
and profitability business model**

SCM structural innovation

**Reforms of the
vending machine business structure**

(Billions of yen)

Revenue

245.0

%YoY

-0.1%

Currency
Neutral

+1.3%

Segment Profit

31.5

%YoY

+26.1%

Currency
Neutral

+27.9%

Organic

33.0

+7.3%

+8.7%

- While Spain is expected to continue to decline due to market condition, other countries will continue to focus on core brands, revenue is planned to be slightly increased on a currency neutral basis
- Due to the effect of impairment loss in 2018, profit increase is expected in 2019. With new and strengthened management team, we aim for profitability recovery and profit increase on organic basis.



France

- Growing core brands and *MayTea*
- Cost reduction through SCM improvement

UK

- Continue growth of *Lucozade Energy*, which is in recovering trend

Spain

- Aim for trend recovery of Schweppes in on-premise channel with new management team and plans

(Billions of yen)

Revenue

219.0

%YoY

+8.9%

Currency
Neutral

+9.9%

Segment Profit

22.5

%YoY

-32.5%

Currency
Neutral

-31.9%

Organic

22.5

+2.9%

+3.7%

- Aim for increase in both revenue & profit on organic basis
- On top of focusing on core brands, working on expanding low-sugar portfolio to meet health-trend needs for beverage business



**Beverage
(Vietnam)**

- Strengthening marketing for core brands *Sting* and *TEA+*, as well as reinforcing low-sugar portfolio

**Beverage
(Thailand)**

- Strengthen marketing of core CSD and focus on low-sugar portfolio, and expanding revenue by strengthening sales force

**Health
Supplement**

- Recover trend of *Essence of Chicken* in Thailand, and further reinforce sales in emerging countries such as Myanmar, and Taiwan

(Billions of yen)

Oceania

Revenue

53.0

%YoY

-2.2%

Currency
Neutral

+1.6%

Segment Profit

6.5

%YoY

+2.0%

Currency
Neutral

+4.1%

- Aim for revenue and profit increase on currency neutral basis for both Beverage and Fresh Coffee Business by strengthening core brands

Americas

Revenue

87.0

%YoY

+2.3%

Currency
Neutral

+1.8%

Segment Profit

8.5

%YoY

+0.1%

Currency
Neutral

-0.4%

- While business environment continues to be tough, aim for flat revenue and profit

Global Water Initiatives

Water Resource Conservation Activities



Education Program for Nature & Water (Mizuiku)



External Evaluation



FTSE4Good

Selected as a constituent of “FTSE4Good Index Series” & “FTSE Blossom Japan Index”



Awarded position on the “CDP Water Security A List Company” for the third year in a row

SUNTORY

SUNTORY BEVERAGE & FOOD

Financial Results for Q4, FY2018 (3 months) (IFRS)

(Billions of yen)

	FY2018 Oct-Dec	Change		
		YoY	%YoY	Currency Neutral
Revenue	322.2	+18.4	+6.1%	+7.3%
Operating Income	19.2	-5.7	-22.8%	-20.9%
Operating Income (Organic basis*1)	24.5	+0.8	+3.3%	+6.3%
Net Income*2	14.2	-4.9	-25.6%	+23.7%

*1 Excluding factors related to extraordinary reasons such as M&A

*2 Profit for the year attributable to owners of the Company

Revenue Results by Quarter (IFRS)

(Billions of yen)

	Q1 (Jan-Mar)	Change			Q2 (Apr-Jun)	Change			Q3 (Jul-Sep)	Change			Q4 (Oct-Dec)	Change		
		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral		YoY	%YoY	Currency Neutral
Japan	150.5	+3.2	+2.1%	—	183.4	+3.5	+1.9%	—	202.9	+7.0	+3.6%	—	172.0	+5.9	+3.6%	—
Europe	51.8	+2.3	+4.6%	-3.1%	71.7	+2.6	+3.7%	-2.5%	70.2	+3.1	+4.7%	+5.0%	51.5	-1.8	-3.4%	+1.1%
Asia	44.3	+5.0	+12.7%	+13.5%	48.6	+9.6	+24.4%	+24.6%	50.4	+9.3	+22.7%	+26.5%	57.8	+13.8	+31.2%	+32.2%
Oceania	13.6	-0.1	-0.7%	+0.4%	12.7	-0.4	-3.4%	-1.6%	12.6	-0.9	-7.0%	+0.5%	15.3	-0.6	-3.9%	+1.5%
Americas	17.0	-1.5	-8.2%	-3.7%	20.3	-0.9	-4.4%	-2.5%	22.2	+0.3	+1.4%	+1.2%	25.5	+1.1	+4.7%	+5.0%
Total	277.1	+8.8	+3.3%	+2.3%	336.7	+14.3	+4.4%	+3.2%	358.2	+18.8	+5.5%	+6.3%	322.2	+18.4	+6.1%	+7.3%

Segment Profit Results by Quarter (IFRS)

(Billions of yen)

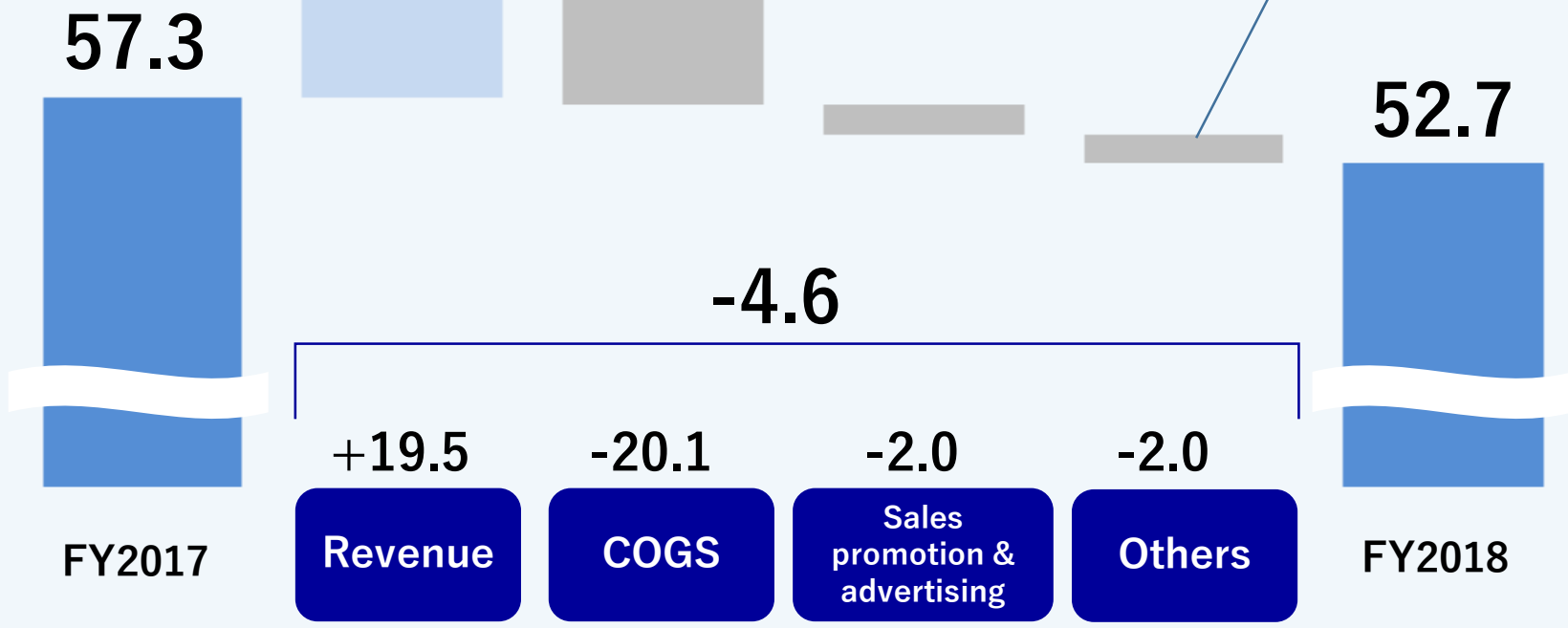
	Q1 (Jan-Mar)				Q2 (Apr-Jun)				Q3 (Jul-Sep)				Q4 (Oct-Dec)			
	YoY	Change		Currency Neutral	YoY	Change		Currency Neutral	YoY	Change		Currency Neutral	YoY	Change		Currency Neutral
%YoY			%YoY				%YoY				%YoY				%YoY	
Japan	5.2	-3.0	-36.6%	-	13.7	-2.9	-17.4%	-	21.0	+0.2	+0.8%	-	12.8	+1.1	+9.3%	-
Europe	3.7	-1.2	-24.4%	-30.1%	10.5	-1.2	-10.5%	-16.3%	10.9	-1.2	-9.9%	-11.1%	-0.2	-6.0	-103.1%	-103.3%
Asia	17.5	+10.1	+136.5%	+131.2%	4.7	+0.7	+18.7%	+19.2%	5.6	+1.4	+33.7%	+35.1%	5.6	-1.1	-16.3%	-14.5%
Oceania	1.5	+0.1	+7.6%	+5.4%	1.4	-0.0	-0.9%	-1.7%	0.6	-0.5	-45.5%	-46.2%	2.8	+0.8	+37.0%	+41.0%
Americas	1.5	+0.0	+0.2%	+5.1%	2.3	-0.4	-16.2%	-14.1%	2.7	-0.3	-10.4%	-10.1%	2.0	-0.1	-3.2%	-3.3%
Reconciliation	-2.8	-0.4	-	-	-2.8	+0.1	-	-	-2.8	-0.2	-	-	-3.9	-0.4	-	-
Total	26.6	+5.7	+27.0%	+24.3%	29.8	-3.7	-11.2%	-13.0%	38.0	-0.6	-1.6%	-2.0%	19.2	-5.7	-22.8%	-20.9%
Organic	15.1	-5.2	-25.6%	-27.3%	28.8	-4.7	-13.9%	-15.8%	37.9	-0.7	-1.7%	-2.1%	24.5	+0.8	+3.3%	+6.3%

(Billions of yen)

- Sales volume change
- Product mix
- Channel mix

- Sales volume change -14.1
- FX, raw material market price -3.4
- Activities & product mix -2.6
(incl. logistics turmoil due to natural disasters and hot summer)

- Change in personnel expense for VD business
- Change in R&D expense
- Change in other G&A expense



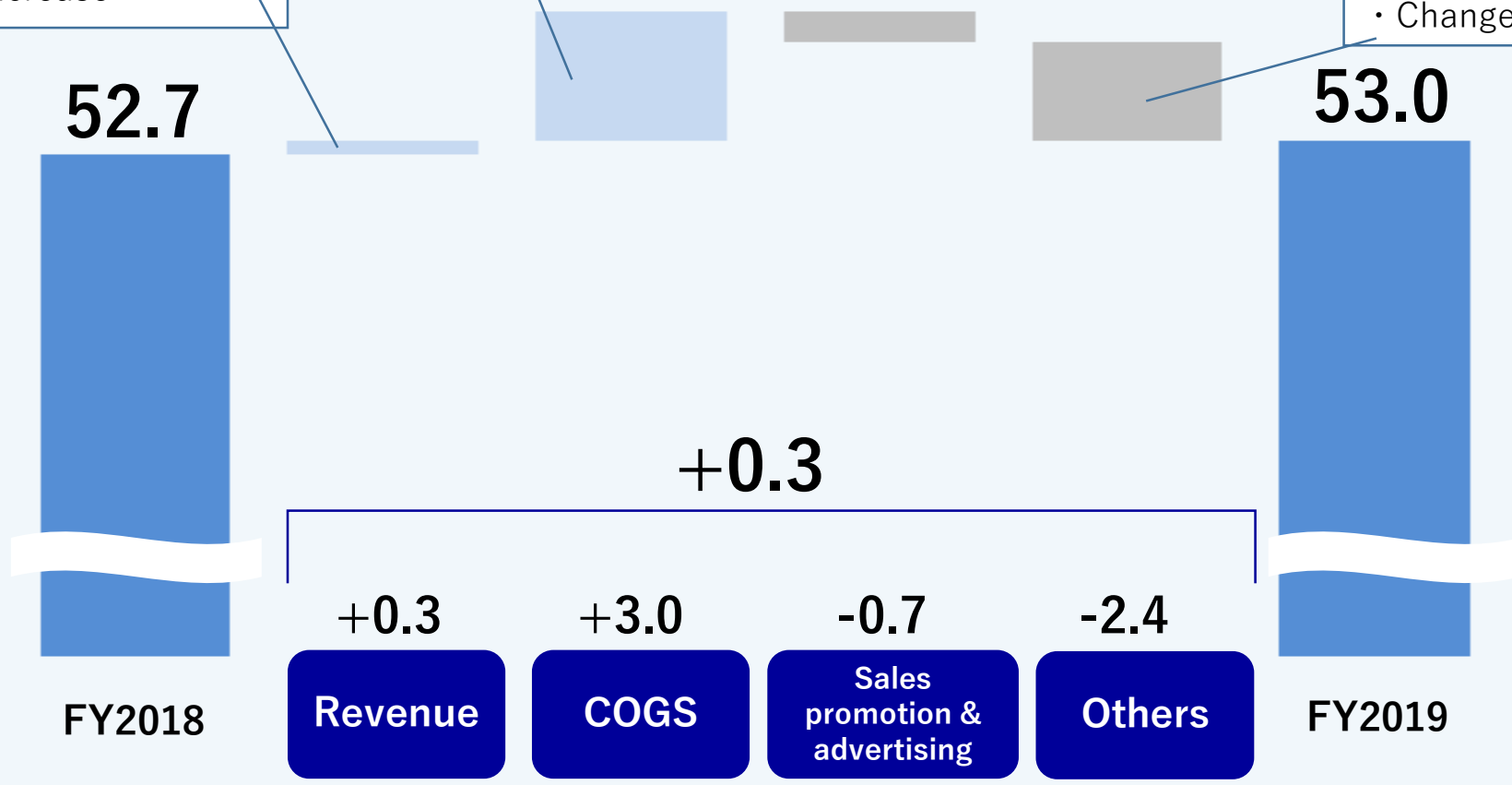
Segment Profit Bridge for FY2019

(Billions of yen)

- Sales volume change
- Product mix
- Channel mix
- Price increase

- Sales volume change ±0.0
- FX, raw material market price -3.0~-4.0
- Activities & product mix +6.0~+7.0
(incl. reversal of logistics cost increase from natural disasters and hot summer in 2018)

- Change in personnel expense for VD business
- Change in R&D expense
- Change in other G&A expense

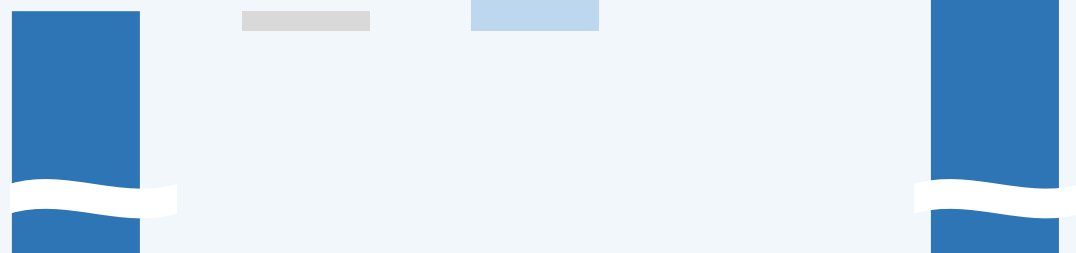


(Billions of yen)

Revenue

Increase due to Thai JV starts
&
Decrease due to sale of food
and instant coffee business

Increase from
organic growth



FY2017

FX

Thai JV &
Sale of
Business

Organic

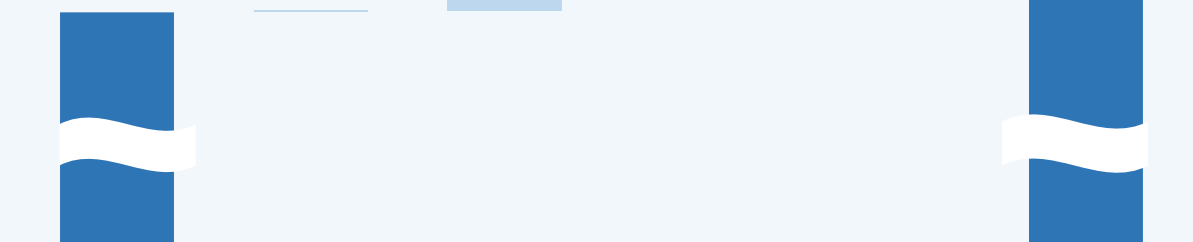
FY2018

Segment Profit

Increase due to Thai JV
starts
&
Decrease due to sale
of food and instant
coffee business... etc.

Increase from
organic growth

Gain on sale of
food and
instant coffee
business



FY2017

FX

Gain on
sale of
business

Thai JV &
Sale of
Business

Organic

FY2018

	FY2017 Results	FY2018 Results	FY2019 Forecast
U.S. Dollar	112.2	110.4	111
Euro	126.7	130.4	129
British Pound	144.5	147.4	144
Singapore Dollar	81.3	81.9	81
Thai Baht	3.3	3.4	3.4
Vietnam Dong	0.0049	0.0048	0.0048
New Zealand Dollar	79.7	76.4	73
Australian Dollar	86.0	82.6	80

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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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