

Financial Results for Fiscal Year Ended December 31, 2019

February 13, 2020
Suntory Beverage & Food Limited

Overview of FY2019 Management Strategy Forecast for FY2020

Kazuhiro Saito, President & CEO

Overview of FY2019

■ Performance Highlights for FY2019 (IFRS)

(JPY BN)	FY2019 revised forecast (2019.11.5)	FY2019 results	Variance from forecast	Year-on-year change			
				JPY BN	Currency neutral	%	Currency neutral
Revenue	1,297.0 BN	1,299.4 BN	+2.4	+5.1	+25.4	+0.4%	+2.0%
Operating income	111.0 BN	113.9 BN	+2.9	+0.4	+2.3	+0.3%	+2.0%
Operating income (organic basis*1)	112.0 BN	117.1 BN	+5.1	+8.7	+10.9	+8.0%	+10.2%
Net income *2	68.0 BN	68.9 BN	+0.9	-11.1	-9.6	-13.9%	-12.3%

*1 Excluding extraordinary factors such as M&A

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

Management Strategy

Establish a unique position, moving one step ahead of consumer trends, in the global beverages industry

Our aspiration is 2.5 Trillion yen sales by 2030, to be achieved organically by outperforming the market, as well as through incremental growth from new investments.

Aim for profit growth which outpaces revenue growth

First Mover

- Double down on core brands through innovation
- Innovate future categories

Game Changer

- Go beyond RTD (Ready To Drink)
- Expand into new markets

Way of working

- “*Gemba*” centric
- Break down silos, build One Team

■ Promotion of Sustainability Management

- **Activities focused on “Plastics”, “CO2” and “Water”**
- **Promote environmental management throughout the entire value chain**



FY2020 Forecast

■ FY2020 Forecast (IFRS)

(JPY BN)	FY2020 forecast	Year-on-year change			
		JPY BN	Currency neutral	%	Currency neutral
Revenue	1,338.0 BN	+38.6	+34.8	+3.0%	+2.7%
Operating Income	117.0 BN	+3.1	+2.3	+2.7%	+2.0%
Operating Income (Organic basis *1)	120.0 BN	+2.9	+2.2	+2.5%	+1.9%
Net Income *2	70.0 BN	+1.1	+0.5	+1.6%	+0.8%

*1 Excluding extraordinary factors such as M&A

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

Supplement to the FY2019 Results

Takayuki Sanno / CFO

Overview of FY2019

■ Performance in FY2019 (IFRS) (By segment)

(JPY BN)	Revenue	Year-on-year change				Segment Profit	Year-on-year change			
		JPY BN	Currency neutral	%	Currency neutral		JPY BN	Currency neutral	%	Currency neutral
Japan	704.3 BN	-4.5	—	-0.6%	—	53.5 BN	+0.8	—	+1.5%	—
Europe	222.5	-16.5	-1.4	-6.9%	-0.6%	33.0	+3.9	+5.7	+13.4%	+20.8%
Organic							+2.1	+4.1	+6.3%	+13.3%
Asia	231.7	+24.3	+24.5	+11.7%	+11.8%	25.2	-4.0	-4.3	-13.7%	-14.5%
Organic							+5.8	+5.5	+29.3%	+27.8%
Oceania	53.2	-1.0	+2.9	-1.8%	+5.8%	6.1	-0.2	+0.2	-3.7%	+3.4%
Americas	87.8	+2.7	+3.8	+3.2%	+4.5%	8.2	-0.2	-0.1	-2.9%	-1.7%
Reconciliation						-12.1	+0.2	+0.0		
Total	1,299.4	+5.1	+25.4	+0.4%	+2.0%	113.9	+0.4	+2.3	+0.3%	+2.0%
Organic						117.1	+8.7	+10.9	+8.0%	+10.2%

(JPY BN)	Revenue	%YoY	Segment Profit	%YoY
	704.3 BN	-0.6%	53.5 BN	+1.5%

- Sales volume fell 1.2%, due to bad weather conditions etc.
- Sales trend recovered for FOSHU and functional beverages, thanks to reinforcement of marketing efforts
- Profit growth thanks to recovery in FOSHU and functional beverages, as well as contribution from price increase of large format pet bottle products



(JPY BN)	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral
	222.5 BN	-6.9%	-0.6%	33.0 BN	+13.4%	+20.8%
Organic basis					+6.3%	+13.3%

	Revenue	%YoY	Currency neutral	
France (* 1)	94.6 BN	-9.2%	-3.0%	<i>Oasis</i> struggled, and revenue declined. Recently, the core brands <i>Orangina</i> and <i>Oasis</i> are both recovering.
UK (* 2)	60.2 BN	-1.5%	+4.3%	<i>Lucozade Energy</i> continued to grow, and revenue increased. The weak market for the on-premise channel led to revenue decline. However, sales volume of our main brand <i>Schweppes</i> grew year-on-year, thanks to strengthening activities for the off-premise channel.
Spain (* 3)	48.1 BN	-9.5%	-3.4%	

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



(JPY BN)	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral
	231.7 BN	+11.7%	+11.8%	25.2 BN	-13.7%	-14.5%
Organic basis					+29.3%	+27.8%

Revenue	%YoY	Currency neutral
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Beverage (Vietnam)	86.4 BN	+12.2%	+14.6%
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On top of market growth, core brands such as *Sting* and *TEA+* continued to do well.

Beverage* (Thailand)	63.4 BN	+41.2%	+37.2%
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Significant revenue growth of approx. 40% per annum, outperforming market growth..

Health Supplement	54.4 BN	-1.4%	-2.8%
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Strengthening distribution, and trend has improved.
Revenue down for the full year, but grew in the 2nd half.

*Beverages (Thailand) : Previous year was a 10-month fiscal year (business started in March 2018)



(JPY BN)

Oceania

Revenue

53.2 BN

%YoY

-1.8%

Currency
neutral

+5.8%

Segment Profit

6.1 BN

%YoY

-3.7%

Currency
neutral

+3.4%

Revenue

%YoY

Currency
neutral

Frucor Suntory 40.5 BN

-0.7%

+6.5%

Fresh Coffee Business 12.9 BN

-3.4%

+5.2%

(JPY BN)

Americas

Revenue

87.8 BN

%YoY

+3.2%

Currency
neutral

+4.5%

Segment Profit

8.2 BN

%YoY

-2.9%

Currency
neutral

-1.7%

FY2020 Forecast

FY2020 Forecast (IFRS)

(JPY BN)	FY2019 results	FY2020 forecast	Year-on-year change			
			JPY BN	Currency neutral	%YoY	Currency neutral
Revenue	1,299.4 BN	1,338.0 BN	+38.6	+34.8	+3.0%	+2.7%
Operating Income	113.9	117.0	+3.1	+2.3	+2.7%	+2.0%
Operating Income (Organic basis *1)	117.1	120.0	+2.9	+2.2	+2.5%	+1.9%
Net Income *2	68.9	70.0	+1.1	+0.5	+1.6%	+0.8%

*1 Excluding extraordinary factors such as M&A

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

FY2020 Forecast (IFRS) (by Segment)

(JPY BN)	Revenue	Year-on-year change				Segment Profit	Year-on-year change			
		JPY BN	Currency neutral	%YoY	Currency neutral		JPY BN	Currency neutral	%YoY	Currency neutral
Japan	713.0 BN	+8.7	—	+1.2%	—	54.0 BN	+0.5	—	+1.0%	—
Europe	226.0	+3.5	+2.0	+1.6%	+0.9%	34.0	+1.0	+0.7	+3.0%	+2.1%
Asia	255.0	+23.3	+21.4	+10.1%	+9.2%	28.0	+2.8	+2.4	+11.2%	+9.4%
Oceania	54.0	+0.8	+0.3	+1.4%	+0.6%	6.5	+0.4	+0.3	+5.9%	+5.4%
Americas	90.0	+2.2	+2.3	+2.6%	+2.6%	9.0	+0.8	+0.8	+9.2%	+9.3%
Reconciliation						-14.5	-2.4	-2.4		
Total	1,338.0	+38.6	+34.8	+3.0%	+2.7%	117.0	+3.1	+2.3	+2.7%	+2.0%
Organic						120.0	+2.9	+2.2	+2.5%	+1.9%

(JPY BN)

Revenue

%YoY

Segment Profit

%YoY

713.0 BN

+1.2%

54.0 BN

+1.0%

- Further strengthen brands for future growth
Aim for approx. 1% growth in volume
- Continue strengthening premium price products such as FOSHU and functional beverages, and seek 1.2% growth in revenue
- Grow revenue, and also grow Segment Profit through continued cost reductions

Establish a high added-value and profitable business model

- Further strengthen FOSHU and functional beverages
- Develop new, high value-add products through innovation

SCM structural innovation

- Launch new production line in Haruna Plant
- Promote further cost reduction

Reforms of the vending machine business structure

- Make vending machines more attractive. Improve product offering and services
- Further promote route optimization. Pursue efficiencies using technologies

(JPY BN)	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral
	226.0 BN	+1.6%	+0.9%	34.0 BN	+3.0%	+2.1%

- Reinforce efforts on core brands, and prioritize our activities, thereby solidify the recovery trend from 2nd half of 2019
- Grow revenue and profit through commercial excellence and cost reduction

France

Seek revenue growth, by revitalizing *Oasis* and strengthening sales of *Orangina*

UK

Continue growth of *Lucozade*, re-establishing *Ribena* value proposition

Spain

Accelerate and complete reforms for *Schweppes* in on-premise channel

(JPY BN)	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral
	255.0 BN	+10.1%	+9.2%	28.0 BN	+11.2%	+9.4%

- Further growth of Beverage business, and secure recovery trend in Health Supplement business, to achieve steady growth
- Reinforce core brands, and expand Suntory brand offering

**Beverage
(Vietnam)**

Seek further growth, by maintaining growth trend of core brand *Sting*, and strengthening Suntory brands such as *TEA+*

**Beverage
(Thailand)**

Grow revenue by reinforcing marketing, such as expanding product offering of *Pepsi* low-sugar and no-sugar

**Health
Supplement**

Focus on brand revitalization of *BRAND'S Essence of Chicken*. Promote initiatives in Thailand, as well as Taiwan and Myanmar

(JPY BN)

Oceania

Revenue

54.0 BN

%YoY

+1.4%

Currency
neutral

+0.6%

Segment Profit

6.5 BN

%YoY

+5.9%

Currency
neutral

+5.4%

- Further strengthen core brands in both Frucor Suntory and Fresh Coffee Business

(JPY BN)

Americas

Revenue

90.0 BN

%YoY

+2.6%

Currency
neutral

+2.6%

Segment Profit

9.0 BN

%YoY

+9.2%

Currency
neutral

+9.3%

- Accelerating topline growth while enhancing profitability through cost reduction

SUNTORY
SUNTORY BEVERAGE & FOOD

■ Results for Q4 of FY2019 (3 months, IFRS)

(JPY BN)	Q4 of 2018	Q4 of 2019	Year-on-year change			
			JPY BN	Currency neutral	%YoY	Currency neutral
Revenue	322.2 BN	318.8 BN	-3.4	+1.4	-1.1%	+0.4%
Operating Income	19.2 BN	23.4 BN	+4.2	+4.2	+21.6%	+21.9%
Operating Income (Organic basis *1)	24.7 BN	25.9 BN	+1.1	+1.4	+4.5%	+5.8%
Net Income *2	14.2 BN	11.1 BN	-3.1	-2.8	-22.0%	-21.5%

*1 Excluding extraordinary factors such as M&A

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

FY2019 Quarterly Revenue (IFRS)

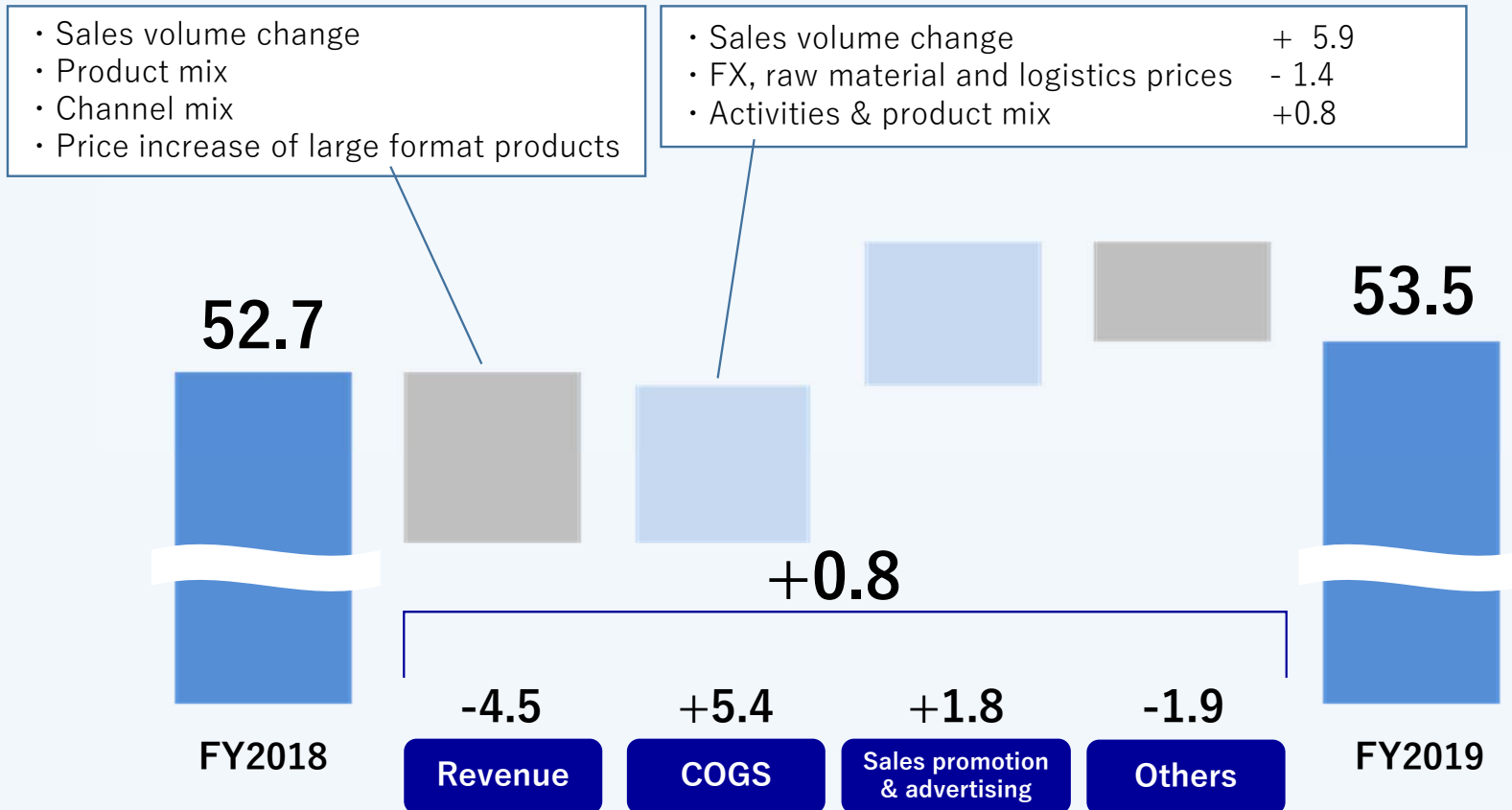
(JPY BN)	Q1 (Jan-Mar)					Q2 (Apr-Jun)					Q3 (Jul-Sep)					Q4 (Oct-Dec)				
		YoY		%YoY			YoY		%YoY			YoY		%YoY			YoY		%YoY	
			Currency neutral		Currency neutral			Currency neutral		Currency neutral			Currency neutral		Currency neutral			Currency neutral		Currency neutral
Japan	150.7	0.2	—	0.2%	—	185.3	1.9	—	1.1%	—	199.4	-3.6	—	-1.8%	—	168.9	-3.1	—	-1.8%	—
Europe	46.8	-3.0	-0.2	-6.1%	-0.5%	64.3	-5.8	-2.1	-8.3%	-3.1%	63.2	-5.7	-0.2	-8.3%	-0.3%	48.1	-1.9	1.1	-3.8%	2.3%
Asia	57.0	10.8	11.0	23.3%	23.9%	58.2	8.1	8.2	16.1%	16.3%	55.0	3.3	3.5	6.5%	6.8%	61.4	2.1	1.9	3.5%	3.1%
Oceania	12.9	-0.7	0.2	-4.9%	1.4%	12.5	-0.2	0.6	-1.5%	4.8%	13.0	0.4	1.5	3.5%	13.1%	14.8	-0.5	0.6	-3.5%	4.5%
Americas	18.3	1.3	0.9	7.4%	5.5%	21.6	1.3	1.2	6.5%	5.6%	22.3	0.1	0.8	0.5%	3.9%	25.6	0.0	0.9	0.1%	3.5%
Total	285.7	8.6	12.1	3.1%	4.4%	342.1	5.3	9.8	1.6%	2.9%	352.8	-5.4	2.1	-1.5%	0.6%	318.8	-3.4	1.4	-1.1%	0.4%

FY2019 Quarterly Segment Profit (IFRS)

(JPY BN)	Q1 (Jan-Mar)				Q2 (Apr-Jun)				Q3 (Jul-Sep)				Q4 (Oct-Dec)							
	YoY	Currency neutral	%YoY	Currency neutral	YoY	Currency neutral	%YoY	Currency neutral	YoY	Currency neutral	%YoY	Currency neutral	YoY	Currency neutral	%YoY	Currency neutral				
Japan	6.5	1.3	—	24.8%	—	16.2	2.5	—	18.0%	—	21.4	0.4	—	1.9%	—	9.4	-3.4	—	-26.3%	—
Europe	4.1	-0.1	0.1	-1.8%	3.7%	10.6	-0.3	0.2	-3.0%	2.0%	12.6	1.0	1.8	8.4%	16.8%	5.7	3.3	3.5	137.5%	159.1%
Organic																	1.2	1.7	20.2%	29.5%
Asia	7.1	-9.9	-9.8	-58.4%	-58.2%	5.6	1.3	1.1	30.2%	25.7%	4.9	0.1	0.2	1.5%	5.1%	7.5	4.6	4.2	152.5%	124.5%
Organic		1.3	1.4	23.6%	25.5%		1.6	1.5	40.2%	35.0%		0.2	0.4	3.8%	7.5%		2.6	2.3	51.6%	42.5%
Oceania	1.4	-0.1	-0.1	-9.7%	-4.1%	1.2	-0.2	-0.1	-13.1%	-7.7%	0.9	0.3	0.4	48.4%	70.4%	2.6	-0.2	-0.0	-6.7%	-0.1%
Americas	1.5	-0.0	-0.0	-0.4%	-2.2%	2.3	-0.0	-0.0	-0.4%	-1.3%	2.7	0.0	0.1	0.7%	3.6%	1.8	-0.3	-0.2	-12.4%	-8.7%
Reconciliation	-2.7					-2.8					-2.8					-3.8				
Total	17.8	-8.8	-8.5	-33.1%	-32.2%	33.1	3.3	3.7	11.0%	12.6%	39.7	1.7	2.8	4.6%	7.7%	23.4	4.2	4.2	21.6%	21.9%
Organic	18.0	2.6	2.9	16.8%	19.3%	33.4	3.8	4.3	13.0%	14.6%	39.8	1.1	2.2	2.9%	6.0%	25.9	1.1	1.4	4.5%	5.8%

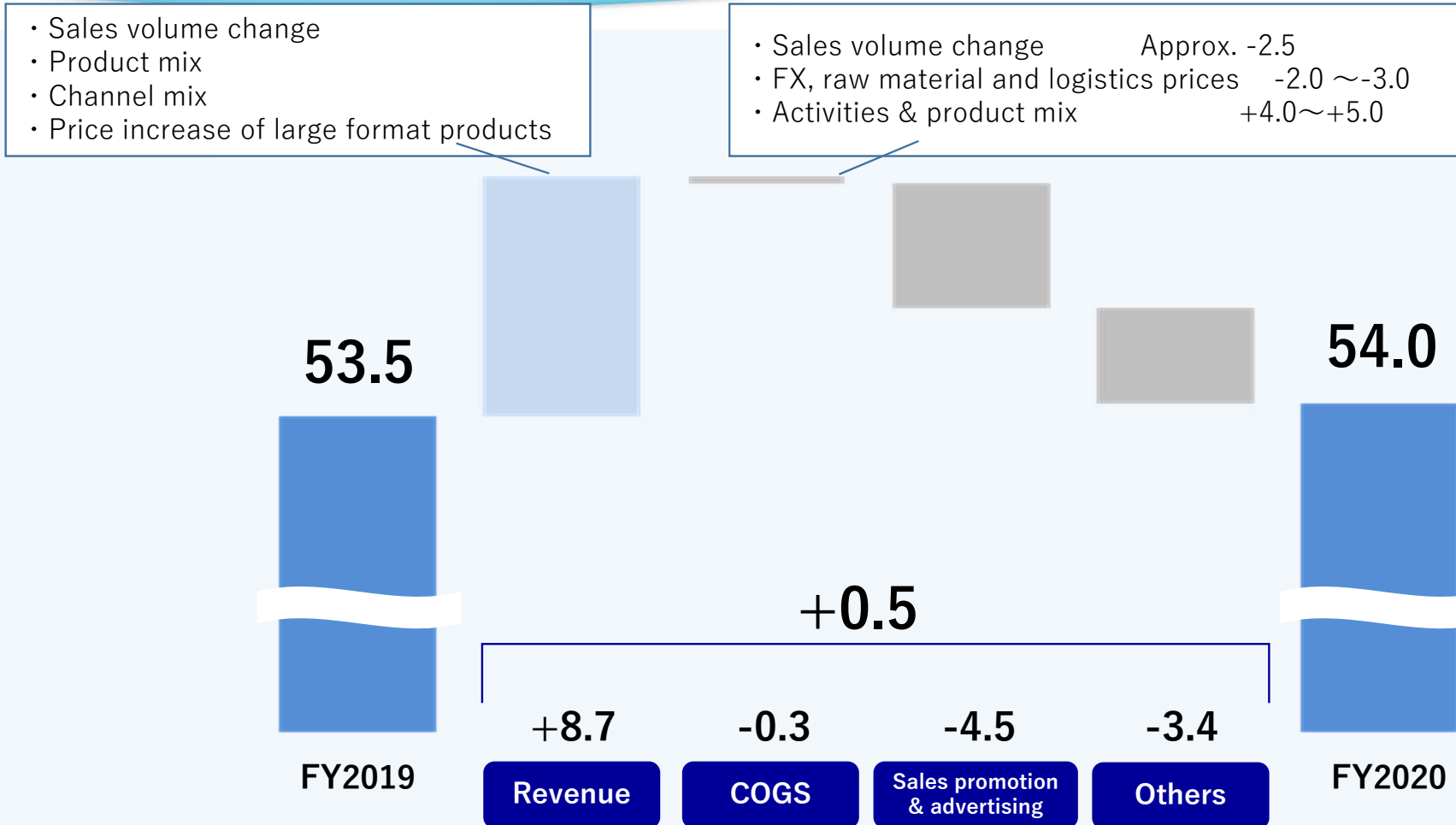
FY2019 Segment Profit Bridge

(JPY BN)



FY2020 Segment Profit Bridge

(JPY BN)



Sales Volume of Major Brands

Japan

(Million cases)	Year ended December 31, 2018		Year ended December 31, 2019		Year ending December 31, 2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)	Forecast	Increase (decrease)
<i>Suntory Tennensui</i>	117.3	9%	113.1	-4%	116.5	3%
<i>Boss</i>	107.9	9%	111.8	4%	112.0	0%
<i>Iyemon</i>	53.7	-5%	51.2	-5%	55.0	7%
<i>Suntory Oolong Tea</i>	26.5	1%	25.0	-6%	23.5	-6%
<i>Pepsi</i>	20.2	-8%	20.2	0%	20.2	0%
<i>Green DAKARA</i>	37.7	24%	42.3	12%	44.5	5%
FOSHU drinks and Foods with Function Claims	23.3	-10%	23.4	0%	24.3	4%
Total	462.2	4%	456.5	-1%	459.0	1%

*The portions of the sales volume that were supplied from other soft drink manufacturers such as Japan Beverage Holdings Inc. are not included in the above figures.

Europe

(Million liters)	Year ended December 31, 2018		Year ended December 31, 2019	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Orangina</i> (France)	164	5%	164	-0%
<i>Oasis</i> (France)	287	5%	276	-4%
<i>Schweppes</i> (Spain, Portugal)	132	-4%	134	2%
<i>Lucozade</i> (UK, Ireland)	381	3%	406	7%
<i>Ribena</i> (UK, Ireland)	100	-4%	86	-14%

Exchange Rates

(JPY, average of period)

	FY2018 Result	FY2019 Result	FY2020 Forecast
U.S. dollar	110.4	109.0	109
Euro	130.4	122.1	122
Sterling	147.4	139.2	143
Singapore dollar	81.9	80.0	81
Thai baht	3.4	3.5	3.6
Vietnam dong	0.0048	0.0047	0.0047
New Zealand dollar	76.4	71.9	73
Australian dollar	82.6	75.8	76

■ Disclaimer on 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.