

Summary of Consolidated Financial Results
for the First Three Months of the Year Ending December 31, 2020
<IFRS> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: First Section, Tokyo Stock Exchange
 Securities code: 2587
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Scheduled date to file quarterly securities report: May 13, 2020
 Scheduled date to commence dividend payments: –
 Attachment of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing meeting (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first three months of the year ending December 31, 2020
(from January 1, 2020 to March 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax for the period		Profit for the period	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended								
March 31, 2020	277,244	(3.0)	19,843	11.6	19,757	13.0	15,642	17.8
March 31, 2019	285,716	3.1	17,783	(33.1)	17,478	(32.1)	13,284	(40.3)

	Profit for the period attributable to owners of the Company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)	(Yen)
Three months ended						
March 31, 2020	12,726	18.8	(14,255)	–	41.18	–
March 31, 2019	10,708	(47.7)	16,276	–	34.66	–

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
As at				
March 31, 2020	1,510,859	811,301	730,582	48.4
December 31, 2019	1,567,299	837,565	756,568	48.3

(3) Consolidated cash flows

	Net cash inflow (outflow) from operating activities	Net cash inflow (outflow) from investing activities	Net cash inflow (outflow) from financing activities	Cash and cash equivalents at the end of the period
Three months ended	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2020	14,240	(16,583)	(6,743)	130,004
March 31, 2019	4,135	(14,270)	(43,392)	93,814

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended December 31, 2019	–	39.00	–	39.00	78.00
Year ending December 31, 2020	–				
Year ending December 31, 2020 (Forecast)		39.00	–	39.00	78.00

Note: Revisions to the forecast of dividends most recently announced: None

3. Consolidated earnings forecast for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share (Yen)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
Year ending December 31, 2020	1,338,000	3.0	117,000	2.7	115,500	3.0	83,000	3.6	70,000	1.6	226.54

Note: Revisions to the earnings forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by IFRS: | None |
| b. Changes in accounting policies due to other reasons: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)
- | | |
|---|--------------------|
| a. Total number of issued shares at the end of the period (including treasury shares) | |
| As at March 31, 2020 | 309,000,000 shares |
| As at December 31, 2019 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As at March 31, 2020 | 3 shares |
| As at December 31, 2019 | 3 shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the year) | |
| Three months ended March 31, 2020 | 308,999,997 shares |
| Three months ended March 31, 2019 | 309,000,000 shares |

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecast, and other special matters**

The earnings forecast contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Operating results

Suntory Beverage & Food Limited Group (the Group), based on the philosophy of enriching consumers' lives by proposing premium and unique products that match the tastes and needs of consumers, put effort into brand reinforcement and new demand creation, and worked to improve the quality of products. In addition, the Group worked to strengthen profitability in each area.

However, the impact of the novel coronavirus disease (COVID-19) currently spreading globally has greatly changed the environment of every major nation. The effect on businesses of the Group both in Japan and overseas became particularly severe in March onwards, and the effect on sales revenue of lockdowns and requests for voluntary business shutdowns in each country has begun to appear. On the other hand, in terms of profit, reduced costs and a rescheduling of investment in marketing expenses and other factors contributed to profit.

As a result of the above, for the operating results of the first three months of the year ending December 31, 2020, the Group reported consolidated revenue of ¥277.2 billion, down 3.0% year on year. Consolidated operating income was ¥19.8 billion, up 11.6% year on year. Profit for the period attributable to owners of the Company was ¥12.7 billion, up 18.8% year on year.

Results by segment are described below.

< Japan business >

The Group worked on strengthening core brands with a focus on water, coffee, and sugar-free tea categories. On the other hand, the Group's sales volume dropped year on year as did that of the overall beverage market because of the effect of COVID-19. The sales volume for the *Suntory Tennensui* brand as a whole rose year on year with demand for large formats for stockpiling at home being a contributing factor. For the *BOSS* brand, despite an active rollout of marketing activities, sales were adversely affected by lapping the launch of *Craft Boss TEA non sugar*, and sales volume for the *BOSS* brand as a whole was lower year on year. In the sugar-free tea category, the healthy portfolio was expanded with the launch of *Iyemon Plus Oishii Toshitsu Taisaku (Delicious Glucose Control)*. In the *Green DAKARA* category, *Green DAKARA Milk and Kajitsu* was launched to provide new value to consumers.

In terms of profit, positive contributions were obtained from cost improvement of ingredients, efforts to reduce costs, and reduced marketing expenses realized through the rescheduling of brand investment to the second quarter onward.

As a result, the Japan business reported revenue of ¥146.8 billion, down 2.6% year on year, and segment profit of ¥7.1 billion, up 9.4% year on year.

< Europe business >

In France, sales volume for the core brand *Orangina* and *Oasis* posted a year-on-year decline due partly to the impact of COVID-19 in March. In the UK, with the ongoing recovery in the sales trend of *Lucozade*, sales volume for the brand exceeded that of the previous year. In Spain, sales volume for the core *Schwepes* brand was firm in the off-premise channel, but down year on year overall as a result of difficulties in the on-premise channel.

In terms of profit, UK sales growth along with efficient use of marketing expenses in France and the UK made a positive contribution.

As a result of these activities, the Europe business reported revenue of ¥44.0 billion, down 5.9% year on year, and segment profit of ¥4.8 billion, up 17.2% year on year.

< Asia business >

In the beverage business, in Vietnam, *Aquafina* and the RTD tea *TEA+* sold strongly, resulting in their sales being higher year on year. Sales in Thailand were slightly down year on year due to weaker consumer sentiment.

Regarding the health supplement business, sales of *BRAND'S Bird's Nest* struggled due to a decline in tourists from China, but the Group promoted its initiatives for mainstay product *BRAND'S Essence of Chicken*. The Group also strengthened the direct-sales business.

As a result, the Asia business reported revenue of ¥55.1 billion, down 3.4% year on year. Segment profit was ¥7.8 billion, up 9.7% year on year.

< Oceania business >

Regarding the beverage business, in addition to focusing efforts on strengthening marketing for energy drinks such as *V*, the Group worked on strengthening its core brands such as *Toby's Estate*, *L'Affare*, and *Mocopan* in the fresh coffee business.

As a result of these activities, the Oceania business enjoyed a year-on-year increase on a currency-neutral basis but because of the effect of foreign exchange reported revenue of ¥12.4 billion, down 3.9% year on year. Segment profit was ¥1.4 billion, up 3.8% year on year.

< Americas business >

In addition to further strengthening sales of the core carbonated beverage brand products, the Group also focused on the growing non-carbonated beverage category, which included water and RTD coffee.

As a result, the Americas business reported revenue of ¥19.0 billion, up 3.7% year on year, and segment profit of ¥1.5 billion, down 1.0% year on year.

(2) Financial position

Total assets as of March 31, 2020 stood at ¥1,510.9 billion, a decrease of ¥56.4 billion compared to December 31, 2019. The main factors were decreases in trade and other receivables, property, plant and equipment and intangible assets.

Total liabilities stood at ¥699.6 billion, a decrease of ¥30.2 billion compared to December 31, 2019. This was due in part to a decrease in trade and other payables.

Total equity stood at ¥811.3 billion, a decrease of ¥26.3 billion compared to December 31, 2019, due in part to a decrease in other components of equity.

(3) Analysis of cash flows

Cash and cash equivalents as at March 31, 2020 amounted to ¥130.0 billion, a decrease of ¥13.6 billion compared to December 31, 2019.

Net cash inflow from operating activities was ¥14.2 billion, an increase of ¥10.1 billion compared to the same period of the previous year. This was mainly the result of a decrease in trade and other payables of ¥11.4 billion, and an increase in inventories of ¥10.5 billion, despite profit before tax for the period of ¥19.8 billion, depreciation and amortization of ¥17.8 billion and a decrease in trade and other receivables of ¥14.1 billion.

Net cash outflow from investing activities was ¥16.6 billion, an increase of ¥2.3 billion compared to the same period of the previous year. This was mainly the result of the payments for property, plant and equipment and intangible assets of ¥17.0 billion.

Net cash outflow from financing activities was ¥6.7 billion, a decrease of ¥36.6 billion compared to the same period of the previous year. This was mainly the result of an increase in short-term borrowings and commercial papers of ¥41.3 billion.

(4) Consolidated earnings forecast and other forward-looking statements

No changes have been made to the consolidated earnings forecast for the year ending December 31, 2020, which was announced on February 13, 2020. The impact on business from the spread of the novel coronavirus disease (COVID-19) is currently unpredictable. We will continue to monitor it closely.

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto (Unaudited)

(1) Condensed quarterly consolidated statement of financial position

Millions of yen

	As at December 31, 2019	As at March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	143,564	130,004
Trade and other receivables	191,240	173,041
Other financial assets	6,200	5,936
Inventories	84,916	92,892
Other current assets	20,287	23,962
Subtotal	446,210	425,837
Assets held for sale	104	0
Total current assets	446,314	425,837
Non-current assets:		
Property, plant and equipment	372,036	360,686
Right-of-use assets	47,446	47,754
Goodwill	247,851	242,304
Intangible assets	411,374	392,247
Investments accounted for using the equity method	1,107	930
Other financial assets	17,162	15,208
Deferred tax assets	14,428	15,508
Other non-current assets	9,575	10,382
Total non-current assets	1,120,984	1,085,022
Total assets	1,567,299	1,510,859

Millions of yen

	As at December 31, 2019	As at March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	74,652	96,866
Trade and other payables	322,455	300,531
Other financial liabilities	38,444	35,032
Accrued income taxes	18,815	14,242
Provisions	1,511	1,888
Other current liabilities	6,026	5,754
Total current liabilities	461,905	454,315
Non-current liabilities:		
Bonds and borrowings	132,716	114,275
Other financial liabilities	45,752	45,988
Post-employment benefit liabilities	15,405	15,399
Provisions	2,557	2,198
Deferred tax liabilities	65,835	62,641
Other non-current liabilities	5,561	4,738
Total non-current liabilities	267,828	245,241
Total liabilities	729,733	699,557
Equity		
Share capital	168,384	168,384
Share premium	182,349	182,432
Retained earnings	464,705	465,380
Treasury shares	(0)	(0)
Other components of equity	(58,870)	(85,614)
Total equity attributable to owners of the Company	756,568	730,582
Non-controlling interests	80,997	80,718
Total equity	837,565	811,301
Total liabilities and equity	1,567,299	1,510,859

(2) Condensed quarterly consolidated statement of profit or loss

Millions of yen

	Three months ended March 31, 2019	Three months ended March 31, 2020
Revenue	285,716	277,244
Cost of sales	<u>(169,489)</u>	<u>(162,776)</u>
Gross profit	116,227	114,468
Selling, general and administrative expenses	(97,798)	(94,256)
Gain on investments accounted for using the equity method	36	17
Other income	501	793
Other expenses	<u>(1,183)</u>	<u>(1,179)</u>
Operating income	17,783	19,843
Finance income	439	553
Finance costs	<u>(744)</u>	<u>(639)</u>
Profit before tax for the period	17,478	19,757
Income tax expense	<u>(4,194)</u>	<u>(4,114)</u>
Profit for the period	<u>13,284</u>	<u>15,642</u>
Attributable to:		
Owners of the Company	10,708	12,726
Non-controlling interests	<u>2,575</u>	<u>2,916</u>
Profit for the period	<u>13,284</u>	<u>15,642</u>
Earnings per share (Yen)	34.66	41.18

(3) Condensed quarterly consolidated statement of comprehensive income

Millions of yen

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit for the period	13,284	15,642
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets	652	(945)
Remeasurement of post-employment benefit plans	22	(61)
Total	<u>675</u>	<u>(1,007)</u>
Items that may be reclassified to profit or loss:		
Translation adjustments of foreign operations	2,478	(29,060)
Changes in the fair value of cash flow hedges	(178)	230
Changes in comprehensive income of investments accounted for using the equity method	17	(60)
Total	<u>2,317</u>	<u>(28,890)</u>
Other comprehensive income for the period, net of tax	<u>2,992</u>	<u>(29,898)</u>
Comprehensive income for the period	<u><u>16,276</u></u>	<u><u>(14,255)</u></u>
Attributable to:		
Owners of the Company	12,983	(14,017)
Non-controlling interests	3,293	(237)
Comprehensive income for the period	<u><u>16,276</u></u>	<u><u>(14,255)</u></u>

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2019

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at December 31, 2018	168,384	182,349	420,638	–	(56,548)	714,823	84,054	798,877
Cumulative effect of adopting new accounting standards			(710)			(710)	(165)	(876)
Balance at January 1, 2019	168,384	182,349	419,927	–	(56,548)	714,112	83,888	798,000
Profit for the period			10,708			10,708	2,575	13,284
Other comprehensive income					2,274	2,274	717	2,992
Total comprehensive income for the period	–	–	10,708	–	2,274	12,983	3,293	16,276
Dividends			(12,051)			(12,051)	(72)	(12,123)
Total transactions with owners of the Company	–	–	(12,051)	–	–	(12,051)	(72)	(12,123)
Balance at March 31, 2019	168,384	182,349	418,584	–	(54,273)	715,044	87,109	802,153

Three months ended March 31, 2020

Millions of yen

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity			
Balance at January 1, 2020	168,384	182,349	464,705	(0)	(58,870)	756,568	80,997	837,565
Profit for the period			12,726			12,726	2,916	15,642
Other comprehensive income					(26,743)	(26,743)	(3,154)	(29,898)
Total comprehensive income for the period	–	–	12,726	–	(26,743)	(14,017)	(237)	(14,255)
Dividends			(12,050)			(12,050)	(40)	(12,091)
Transactions with non-controlling interests		83				83	(0)	83
Total transactions with owners of the Company	–	83	(12,050)	–	–	(11,967)	(40)	(12,008)
Balance at March 31, 2020	168,384	182,432	465,380	(0)	(85,614)	730,582	80,718	811,301

(5) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Three months ended March 31, 2019	Three months ended March 31, 2020
Cash flows from operating activities		
Profit before tax for the period	17,478	19,757
Depreciation and amortization	18,046	17,816
Impairment losses (reversal of impairment losses)	(5)	50
Interest and dividends income	(338)	(286)
Interest expense	724	577
Loss (gain) on investments accounted for using the equity method	(36)	(17)
Decrease (increase) in inventories	(7,836)	(10,546)
Decrease (increase) in trade and other receivables	(2,346)	14,092
Increase (decrease) in trade and other payables	(4,038)	(11,402)
Other	(6,181)	(4,761)
Subtotal	15,466	25,280
Interest and dividends received	205	215
Interest paid	(1,034)	(873)
Income tax paid	(10,501)	(10,382)
Net cash inflow (outflow) from operating activities	4,135	14,240
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(14,279)	(16,969)
Proceeds on sale of property, plant and equipment and intangible assets	14	32
Other	(6)	353
Net cash inflow (outflow) from investing activities	(14,270)	(16,583)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(851)	41,279
Repayments of long-term borrowings	(26,946)	(32,194)
Payments of lease liabilities	(3,470)	(3,068)
Dividends paid to owners of the Company	(12,051)	(12,050)
Dividends paid to non-controlling interests	(72)	(708)
Net cash inflow (outflow) from financing activities	(43,392)	(6,743)
Net increase (decrease) in cash and cash equivalents	(53,527)	(9,087)
Cash and cash equivalents at the beginning of the period	146,535	143,564
Effects of exchange rate changes on cash and cash equivalents	806	(4,473)
Cash and cash equivalents at the end of the period	93,814	130,004

(6) Notes to condensed quarterly consolidated financial statements

(Going concern)

The condensed quarterly consolidated financial statements are prepared on going concern basis.