

Financial Results for Fiscal Year Ended December 31, 2020

February 9, 2021
Suntory Beverage & Food Limited

Overview of FY2020 Management Strategy Forecast for FY2021

Kazuhiro Saito, President & CEO

Overview of FY2020

Performance Highlights for FY2020 (IFRS)

(JPY BN)

	FY2020 revised forecast (Nov 4, 2020)	FY2020 results	Variance from forecast	Change				
				YoY	Currency neutral		%YoY	Currency neutral
Revenue	1,185.0 BN	1,178.1 BN	-6.9	-121.2	-110.8	-9.3%	-8.6%	
Operating Income	95.0 BN	96.2 BN	+1.2	-17.8	-16.7	-15.6%	-14.8%	
Operating Income (Organic basis*1)	96.0 BN	99.0 BN	+3.0	-18.1	-16.8	-15.4%	-14.5%	
Net Income*2	53.5 BN	52.2 BN	-1.3	-16.7	-16.2	-24.2%	-23.7%	

*1 Excluding extraordinary factors such as M&A

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

- **Strength of core brands**
- **Rising demand for healthy and anti-stress products**
- **Expansion of E-Commerce**
- **Heightening environmental awareness**

	Japan	Vietnam	Oceania	France
	Iyemon	TEA+	V	Schweppes
Brand growth rate YoY	109%	102%	108%	107%
Beverage market growth rate YoY	93%	90%	106%	100%

(Sources) Brand growth rate of the Company: on a shipping basis, Beverage market growth rate: internal estimation on a sales volume basis

* Cumulative total from January to December 2020 (from January to November for Vietnam)

* Japan's rate is in terms of the actual number of cases

* Oceania and France's rates indicate the off-premise market only

Management Strategy

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

Our aspiration is ¥2.5 trillion revenue 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.

Growth Strategy

First Mover – Organic Growth

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

Game Changer – Inorganic Growth

- Expand into new markets
- Accelerate M&A investment

Enablers

- Accelerate “Centers of Excellence” and “DX”
- Establish Asia-Pacific Region (APAC) to unlock growth

Structural Transformation

- Vending machine business transformation in Japan
- On-premise business transformation in Europe

Core brands innovation

- Japan (*Suntory Tennensui, BOSS, Iyemon, and Tokucha*)
- Overseas (*BRAND'S, V, Schweppes, and Oasis*)

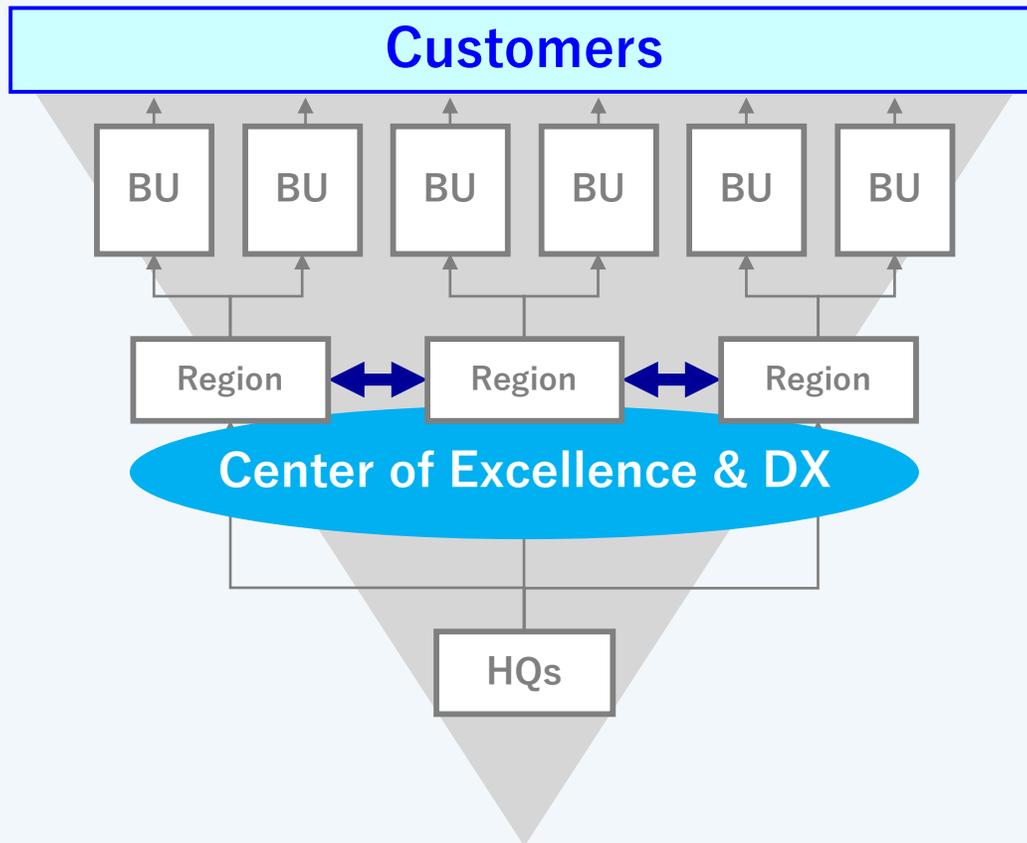
Creation of new categories

- Overseas RTD coffee: *BOSS*
- Overseas non-alcoholic RTD



■ Key Strategic Pillar ② CoE and DX promotion

“Gemba”-centric, customer-centric organization



BU: Operating companies in each country
RGM: Price, packs, mix management, etc.
RtM: Sales and distribution strategy

Centers of Excellence

Boost overall strengths of the SBF group by rolling out the excellence of each region

<Specific examples>

- Core brands innovation
- Revenue growth management (RGM)
- Route-to-Market (RtM)

DX promotion

Accelerate transformation by actively leveraging data and digital solutions

<Specific examples>

- AI-based demand forecasting and operational efficiency improvement
- Advanced data analysis on the effectiveness and efficiency of sales promotions
- Visualization of HR information at global level

Launch SBF APAC as growth driver through integration of Asia and Oceania

Japan

- Market leading growth
- Global innovation driver

APAC

- Driving force for the overall growth of SBF
- Expansion of Suntory brand and creation of new categories

Europe

- Return to high profitability by expediting core brands innovation and structural transformation of the on-premise business

Americas

- Sustainable growth through RGM

RGM: Price, packs, mix management, etc.

Diverse, Strong Top Management Team*



Kazuhiro Saito
Representative Director
and President
(SBF CEO/SBFAP Chairman)



Josuke Kimura
Senior Managing Executive Officer,
Member of the Board
(SBFJ CEO)



Shekhar Mundlay
Director,
Member of the Board
(SBFAP CEO)



Peter Harding
Director,
Member of the Board
(SBFE CEO)



Kazutomo Aritake
Director,
Member of the Board



Yukari Inoue
Outside Director



Yuji Yamazaki
Director
(Member of the Audit and
Supervisory Committee)



Harumichi Uchida
Outside Director
(Member of the Audit and
Supervisory Committee)



Mika Masuyama
Outside Director
(Member of the Audit and
Supervisory Committee)

• To be officially approved in the ordinary general meeting of shareholders to be held in late-March, 2021 and the meeting of board of directors to be held thereafter.

Plastics

All PET bottle materials to be replaced 100% with recycled and plant-based materials globally by 2030 in pursuit of realizing zero usage of new fossil-derived materials

- **SBF Japan: Accelerate the 2025 sustainability target of 50% to 2022**

CO2

Net zero greenhouse gas emissions across the value chain by 2050

Water

Groupwide promotion of the Suntory Group “Water Philosophy” for deeper understanding of the natural cycle of water, environmentally conscious water use, watersheds conservation, and engagement with the local community

- **Reduce water consumption 15% at the SBF plants worldwide by 2030***

* Reduction per unit production

Organic Growth

Revenue : CAGR mid-single digit growth*
Operating Income : CAGR above 10% growth*
Operating Income Margin : Achieve 10% by 2023
Target to surpass 2019 Revenue and Operating Income level in 2022
営業利益

Inorganic Growth

- Accelerate M&A investment
- Maximum net debt equity ratio 1x (approximately ¥700 BN)
 - Allocate ¥200-300 BN for investment

* Base year: 2020, on a currency neutral basis

Forecast for FY2021

FY2021 Forecast (IFRS)

(JPY BN)

	FY2021 forecast	Change			
		YoY	Currency neutral	%YoY	Currency neutral
Revenue	1,260.0 BN	+81.9	+73.3	+6.9%	+6.2%
Operating Income	105.0 BN	+8.8	+7.7	+9.2%	+7.9%
Operating Income (Organic basis ^{*1})	106.0 BN	+7.0	+5.9	+7.1%	+5.9%
Net Income ^{*2}	60.5 BN	+8.3	+7.7	+15.9%	+14.7%

*1 Excluding extraordinary factors such as M&A

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

Supplementary Explanation

Takayuki Sanno, CFO

Overview of FY2020

FY2020 Results (IFRS) (by Segment)

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	633.0 BN	-71.3		-10.1%		37.0 BN	-16.5		-30.8%	
Europe	190.0	-32.5	-31.3	-14.6%	-14.1%	27.2	-5.8	-5.6	-17.5%	-17.0%
Organic							-7.3	-7.1	-20.8%	-20.3%
Asia	212.0	-19.7	-13.9	-8.5%	-6.2%	27.9	+2.7	+3.3	+10.8%	+13.5%
Organic							+3.8	+4.4	+15.1%	+17.9%
Oceania	53.0	-0.2	+1.4	-0.4%	+2.8%	6.5	+0.3	+0.4	+5.2%	+7.0%
Americas	90.1	+2.4	+4.2	+2.7%	+4.9%	9.1	+0.9	+1.0	+10.4%	+12.8%
Reconciliation						-11.5	+0.6	+0.6		
Total	1,178.1	-121.2	-110.8	-9.3%	-8.6%	96.2	-17.8	-16.7	-15.6%	-14.8%
Organic						99.0	-18.1	-16.8	-15.4%	-14.5%

		(JPY BN)	
Revenue	%YoY	Segment Profit	%YoY
633.0 BN	-10.1%	37.0 BN	-30.8%

- Sales volume estimated at 93% YoY for beverage market, while ours stood at 96% in terms of the actual number of cases
Concentration on core brands and *Iyemon* renewal led to the record high market share*
- Revenue impacted by channel mix deterioration due to decrease in the vending machine and convenience store channels
- Decrease in segment profit mitigated through structural transformation and thorough cost reviews

* Source: Inryo-soken. Cases exclude syrup and powder

Sales volume (in syrup conversion): 91% YoY for the beverage market, 94% for the Company



(JPY BN)

Revenue

190.0 BN

%YoY

-14.6%

Currency
Neutral

-14.1%

Segment Profit

27.2 BN

%YoY

-17.5%

Currency
Neutral

-17.0%

Revenue

%YoY

Currency
NeutralFrance
(*1)

86.6 BN

-8.5%

-8.4%

Successful focused activities for *Schweppes*. *Orangina* and *Oasis* outperformed the market significantly in the summer

UK
(*2)

54.1 BN

-10.1%

-8.6%

Continued strength in *Lucozade Energy* addressing anti-stress needs. Setback YoY for *Lucozade Sport* due to decline in sporting demand

Spain
(*3)

31.2 BN

-35.1%

-35.0%

Successful focused activities for off-premise *Schweppes*. On-premise largely impacted by restrictions in operating hours

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



Revenue			Segment Profit		
	%YoY	Currency Neutral		%YoY	Currency Neutral
212.0 BN	-8.5%	-6.2%	27.9 BN	+10.8%	+13.5%

(JPY BN)

	Revenue	%YoY	Currency Neutral	
Beverage (Vietnam)	79.5 BN	-8.0%	-5.9%	Focused core brand activities led to YoY growth of <i>TEA+</i> and steady trend for <i>Sting</i>
Beverage (Thailand)	61.4 BN	-3.1%	-0.4%	New <i>Pepsi</i> low-sugar portfolio contributed to better results than the market despite the market slowdown
Health Supplement	48.6 BN	-10.6%	-9.1%	Upward sales trend for <i>BRAND'S Essence of Chicken</i> boosted by continuous, focused activities



(JPY BN)

Oceania

Revenue

53.0 BN

%YoY

-0.4%

Currency
Neutral

+2.8%

Segment Profit

6.5 BN

%YoY

+5.2%

Currency
Neutral

+7.0%

Revenue

Frucor Suntory

40.8 BN

%YoY

+0.9%

Currency
Neutral

+4.2%

Fresh Coffee Business

12.1 BN

-6.2%

-3.5%

Americas

Revenue

90.1 BN

%YoY

+2.7%

Currency
Neutral

+4.9%

Segment Profit

9.1 BN

%YoY

+10.4%

Currency
Neutral

+12.8%

Forecast for FY2021

FY2021 Forecast (IFRS) (by Segment)

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	654.0 BN	+21.0		+3.3%		41.0 BN	+4.0		+10.9%	
APAC	292.0	+27.0	+25.5	+10.2%	+9.6%	37.0	+2.6	+2.5	+7.7%	+7.1%
Organic							+1.1	+0.9	+3.0%	+2.5%
Europe	222.0	+32.0	+24.4	+16.9%	+12.3%	31.5	+4.3	+3.2	+15.7%	+11.2%
Organic							+4.7	+3.6	+17.1%	+12.6%
Americas	92.0	+1.9	+2.5	+2.1%	+2.8%	9.3	+0.2	+0.3	+2.2%	+2.9%
Reconciliation						-13.8	-2.3	-2.2		
Total	1,260.0	+81.9	+73.3	+6.9%	+6.2%	105.0	+8.8	+7.7	+9.2%	+7.9%
Organic						106.0	+7.0	+5.9	+7.1%	+5.9%

		(JPY BN)	
Revenue	%YoY	Segment Profit	%YoY
654.0 BN	+3.3%	41.0 BN	+10.9%

- Kick off business remodeling for the new era while agilely grasping the changes in consumer sentiment
- Strive to achieve sales volume growth of 4%, outpacing the market
- Aim for 3.3% revenue growth by focusing on core brands and accelerating the transformation of the vending machine business
- Anticipate profit growth through revenue growth and continued cost reduction



Transformation of the vending machine business model

- Raise earnings capability per machine/location through evolution of product lineup and services
- Accelerate operational efficiencies through route optimization, etc.
- Boost productivity and profitability by driving organizational efficiency

Growth acceleration of core brands

- Strengthen *Suntory Tennensui*, *BOSS*, *Iyemon*, and *Tokucha*

Structural innovation of supply chain

- Launch a new *Tennensui* plant to increase production capacity
- Pursue further efficiency and cost reduction

(JPY BN)

Revenue

%YoY

Currency
Neutral

Segment Profit

%YoY

Currency
Neutral

292.0 BN

+10.2%

+9.6%

37.0 BN

+7.7%

+7.1%

- Accelerate core brands innovation

Focused investment in core brands (*TEA+*, *BRAND'S*, *V*, and *Sting*)

- Create new categories (non-alcoholic RTD)
- Create synergy through collaboration between the beverage and the health supplement businesses



**Beverage
(Vietnam)**

- Maintain growth trends in the core brands *TEA+* and *Sting*

**Beverage
(Thailand)**

- Boost marketing activities for *Pepsi* low- and no-sugar portfolio
- Increase investment for reintroduction of *TEA+*

**Health
Supplement**

- Innovate the core brand *BRAND'S*

**Frucor
Suntory**

- Invest continuously in the *V* brand
- Invest actively in the *BOSS* brand

(JPY BN)

Revenue

%YoY

Currency
Neutral

222.0 BN +16.9% +12.3%

Segment Profit

%YoY

Currency
Neutral

31.5 BN +15.7% +11.2%

- Expand sales by accelerating core brands innovation
 - Focused investment in key markets for the core brands (*Schweppes*, *Lucozade*, *Oasis* and *Orangina*)
 - Aim for *Schweppes* expansion across Europe (excluding UK)
- Promote structural transformation for the on-premise business mainly in Spain



France

- Invest continuously in *Schweppes*
- Strengthen marketing activities for the core *Oasis* and *Orangina*

UK

- Invest intensively in strong *Lucozade Energy*
- Increase contact points for *Lucozade Sport*

Spain

- Innovate *Schweppes*
- Promote structural transformation for the on-premise business

(JPY BN)

Revenue

%YoY

Currency
Neutral

92.0 BN

+2.1%

+2.8%

Segment Profit

%YoY

Currency
Neutral

9.3 BN

+2.2%

+2.9%

- Accelerate growth by strengthening the carbonated and energy drink categories while being more innovative in sales
- Review portfolio in pursuit of higher revenue and profit



SUNTORY

SUNTORY BEVERAGE & FOOD

FY2020 Results vs Revised Forecast (IFRS) (by Segment)

	Revenue			Segment Profit			(JPY BN)
	FY2020 revised forecast (Nov 4, 2020)	FY2020 results	Variance from forecast	FY2020 revised forecast (Nov 4, 2020)	FY2020 results	Variance from forecast	
Japan	636.0 BN	633.0 BN	-3.0 BN	35.0 BN	37.0 BN	2.0 BN	
Europe	195.0	190.0	-5.0	30.0	27.2	-2.8	
Organic				300.0	277.6	-2.2	
Asis	214.0	212.0	-2.0	29.0	27.9	-1.1	
Organic				290.0	292.6	0.3	
Oceania	52.0	53.0	+1.0	6.5	6.5	-0.0	
Americas	88.0	90.1	+2.1	8.0	9.1	1.1	
Reconciliation				-13.5	-11.5	2.0	
Total	1,185.0	1,178.1	-6.9	95.0	96.2	1.2	
Organic				96.0	99.0	3.0	

Results for Q4 FY2020 (3 months, IFRS)

	(JPY BN)					
	FY2019 Oct-Dec	FY2020 Oct-Dec	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	318.8 BN	291.9 BN	-26.9	-25.4	-8.4%	-8.0%
Operating Income	23.4 BN	18.9 BN	-4.5	-4.3	-19.2%	-18.5%
Operating Income (Organic basis ^{*1})	25.9 BN	21.2 BN	-4.6	-4.3	-17.9%	-16.7%
Net Income ^{*2}	11.1 BN	4.9 BN	-6.1	-6.1	-55.4%	-55.1%

*1 Excluding extraordinary factors such as M&A

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

FY2020 Quarterly Revenue (IFRS)

(JPY BN)

	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change				Q3 (Jul-Sep)	Change				Q4 (Oct-Dec)	Change			
		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	146.8	-3.9		-2.6%		151.9	-33.4		-18.0%		183.0	-16.4		-8.2%		151.3	-17.5		-10.4%	
Europe	44.0	-2.8	-0.9	-5.9%	-2.1%	43.6	-20.7	-17.8	-32.2%	-29.0%	61.4	-1.8	-3.8	-2.8%	-5.9%	40.9	-7.2	-8.7	-15.0%	-17.5%
Asia	55.1	-1.9	-1.4	-3.4%	-2.4%	49.4	-8.8	-7.2	-15.1%	-12.7%	51.5	-3.5	-2.2	-6.3%	-4.1%	56.0	-5.5	-3.2	-8.9%	-5.4%
Oceania	12.4	-0.5	+0.6	-3.9%	+5.0%	10.7	-1.8	-0.8	-14.6%	-6.8%	13.8	+0.8	+0.6	+6.5%	+4.7%	16.1	+1.3	+1.0	+8.8%	+6.8%
Americas	19.0	+0.7	+0.9	+3.7%	+5.0%	19.6	-2.0	-1.6	-9.4%	-7.4%	23.9	+1.7	+1.9	+7.5%	+8.7%	27.6	+2.1	+3.0	+8.1%	+12.1%
Total	277.2	-8.5	-4.8	-3.0%	-1.7%	275.3	-66.8	-60.8	-19.5%	-18.1%	333.7	-19.1	-19.9	-5.4%	-5.6%	291.9	-26.9	-25.4	-8.4%	-8.0%

FY2020 Quarterly Segment Profit (IFRS)

(JPY BN)

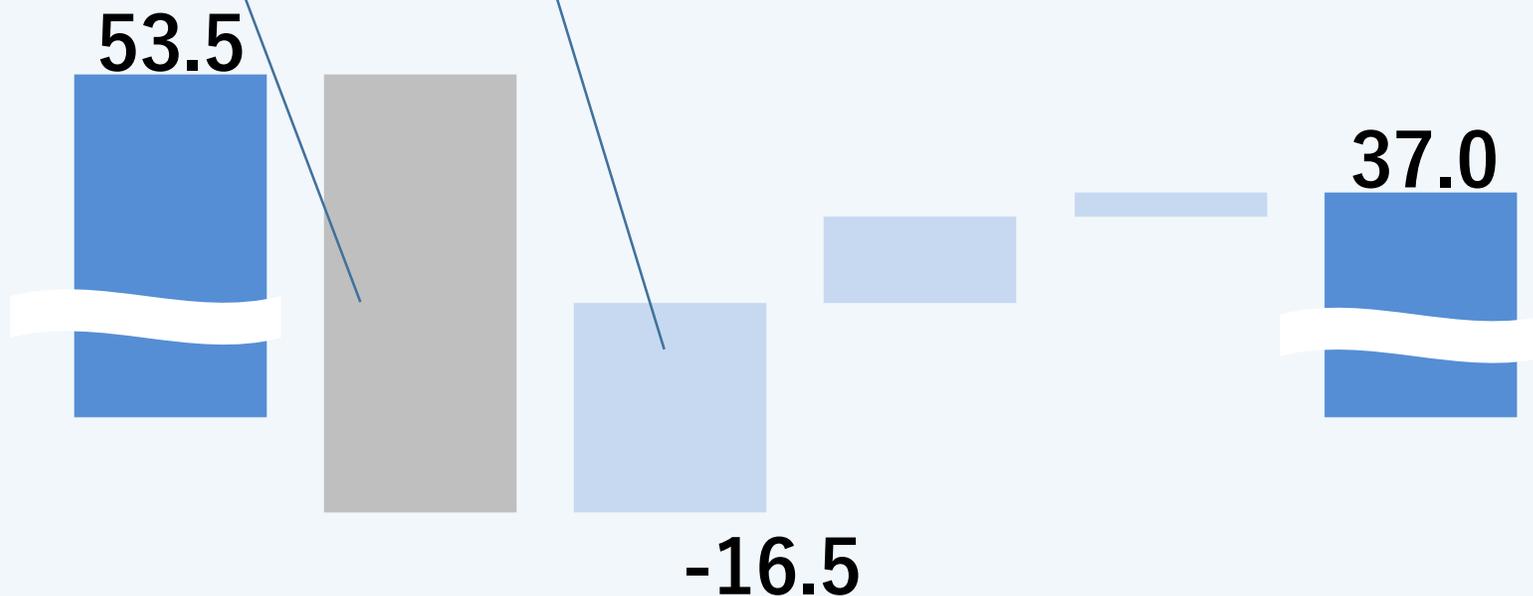
	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change				Q3 (Jul-Sep)	Change				Q4 (Oct-Dec)	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	7.1	+0.6		+9.4%		4.0	-12.2		-75.3%		18.6	-2.8		-13.1%		7.4	-2.1		-22.1%	
Europe	4.8	+0.7	+0.8	+17.2%	+21.5%	5.7	-4.8	-4.4	-45.7%	-43.3%	13.8	1.1	0.9	+9.1%	+7.4%	2.9	-2.8	-3.0	-48.8%	-50.5%
Organic		+0.6	+0.7	+13.7%	+17.9%		-5.1	-4.7	-47.2%	-44.9%		1.3	1.0	+10.1%	+8.2%		-4.0	-4.2	-54.5%	-55.7%
Asia	7.8	+0.7	+0.7	+9.7%	+10.5%	6.9	+1.3	+1.4	+22.7%	+26.0%	6.9	1.9	2.1	+39.1%	+42.7%	6.4	-1.2	-0.9	-15.5%	-12.5%
Organic		+0.7	+0.7	+9.7%	+10.5%		+1.3	+1.4	+22.9%	+26.2%		1.8	1.9	+35.9%	+39.4%		0.1	0.3	+0.7%	+4.4%
Oceania	1.4	+0.1	+0.1	+3.8%	+9.4%	0.5	-0.7	-0.7	-57.5%	-55.6%	2.0	1.1	1.0	+123.8%	+110.0%	2.5	-0.1	-0.1	-4.3%	-2.9%
Americas	1.5	-0.0	+0.0	-1.0%	+0.2%	1.4	-0.8	-0.8	-36.3%	-35.0%	3.0	0.4	0.4	+13.1%	+14.5%	3.1	1.3	1.4	+75.4%	+83.4%
Reconciliation	-2.7	0.0	0.0			-2.7	0.0	0.0			-2.6	0.2	0.2	+3.3%		-3.4	0.3	0.4	+3.3%	
Total	19.8	+2.1	+2.3	+11.6%	+13.2%	15.9	-17.2	-16.6	-52.1%	-51.1%	41.6	1.9	1.8	+4.8%	+4.6%	18.9	-4.5	-4.3	-19.2%	-18.5%
Organic	20.1	+2.0	+2.3	+11.3%	+13.0%	16.0	-17.4	-16.7	-52.1%	-51.1%	41.7	1.9	1.9	+4.9%	+4.8%	21.2	-4.6	-4.3	-17.9%	-16.7%

Segment Profit Bridge for FY2020

- Sales volume change
- Product mix
- Channel mix

- Sales volume change +17.5
- FX and commodity market prices +0.4
- Activities and product mix +19.3

(JPY BN)



FY2019
Jan-Dec

Revenue

COGS

Sales
promotion &
advertising

Others

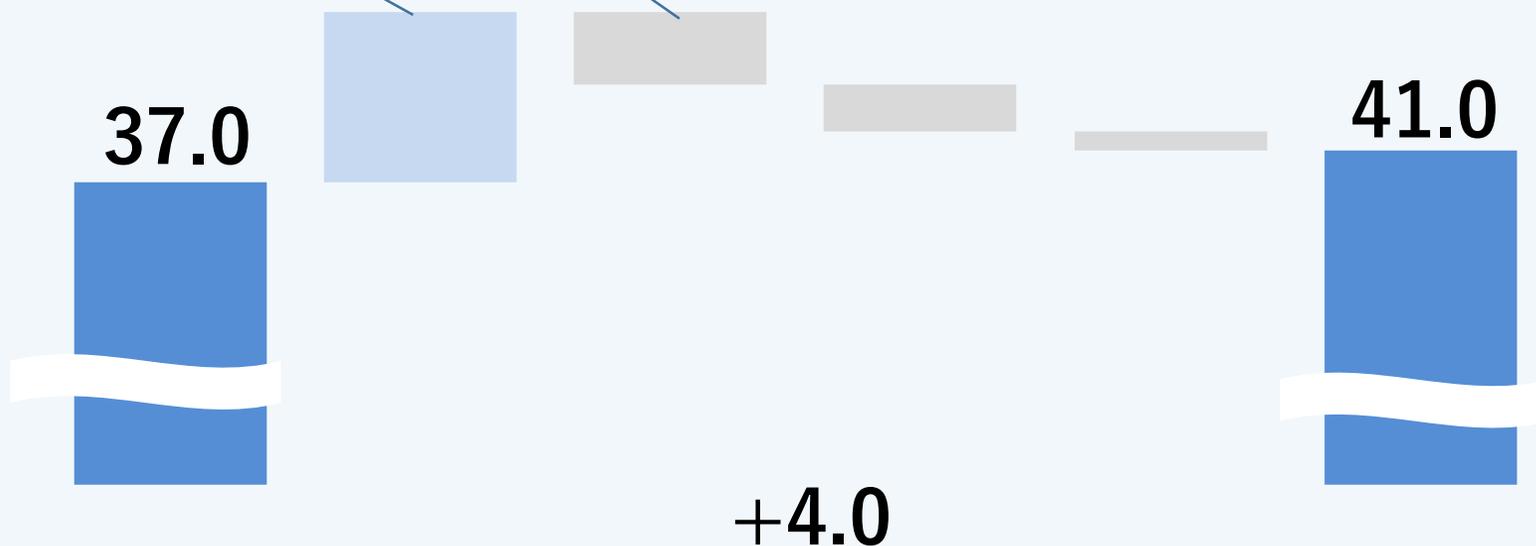
FY2020
Jan-Dec

Segment Profit Bridge Forecast for FY2021

- Sales volume change
- Product mix
- Channel mix

- Sales volume change -14.1
- FX and commodity market prices -2.9
- Activities and product mix +8.1

(JPY BN)



FY2020
Jan-Dec

Revenue

COGS

Sales
promotion &
advertising

Others

FY2021
Jan-Dec

Japan

(Million cases)	FY2019		FY2020		FY2021 Forecast	
	Actual	Increase (decrease)	Actual	Increase (decrease)	Forecast	Increase (decrease)
<i>Suntory Tennensui</i>	113.1	-4%	112.9	-0%	115.5	2%
<i>Boss</i>	111.8	4%	102.7	-8%	106.5	4%
<i>Iyemon</i>	51.2	-5%	55.6	9%	60.0	8%
<i>Green DAKARA</i>	42.3	12%	42.1	-0%	45.0	7%
<i>Suntory Oolong Tea</i>	25.0	-6%	20.3	-19%	21.5	6%
<i>PEPSI</i>	20.2	0%	16.9	-16%	18.2	8%
FOSHU drinks and Foods with Function Claims	23.4	0%	22.3	-5%	22.3	0%
Total	456.5	-1%	427.2	-6%	445.0	4%

* On the basis of shipment volume

* 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)	FY2019		FY2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Oasis</i> (France)	276	-4%	258	-7%
<i>Schweppes</i> (France)	159	-6%	158	-0%
<i>Orangina</i> (France)	164	-0%	155	-5%
<i>Lucozade</i> (UK, Ireland)	406	7%	380	-6%
<i>Ribena</i> (UK, Ireland)	86	-14%	79	-8%
<i>Schweppes</i> (Spain, Portugal)	134	2%	104	-22%

(JPY, average of period)

	FY2019 Result	FY2020 Result	FY2021 Forecast
U.S. dollar	109.0	106.8	106.0
Euro	122.1	121.9	127.0
Sterling	139.2	137.0	142.0
Singapore dollar	80.0	77.4	78.0
Thai baht	3.5	3.4	3.4
Vietnam dong	0.0047	0.0046	0.0046
New Zealand dollar	71.9	69.4	71.0
Australian dollar	75.8	73.7	78.0

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.