

# Financial Results for Q1 Year Ending December 31, 2021

May 12, 2021  
Suntory Beverage & Food Limited

This is Takayuki Sanno.

Although the situation differs from area to area, the number of COVID-19 infections continues to be on a rise, unfortunately. I would like to offer our heartfelt sympathies to all those who have been personally affected by COVID-19.

I would also like to express our sincere respect and gratitude to medical professionals engaged in the diagnosis and treatment of patients and essential workers dedicated to maintaining critical services and functions that people depend on daily.

Now, I would like to explain the results of the first quarter of FY2021.

Please turn to page 2.

Revenue	Jan-Feb YoY	Mar YoY
Japan	-13%	-1%
APAC	1%	15%
Europe	-23%	12%
Americas	12%	5%
<b>Total</b>	<b>-10%</b>	<b>6%</b>
<hr/>		
(reference) total revenue FY2021 vs. FY2019	-8%	-3%

\* Currency neutral basis for overseas figures

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I will start with the business overview of the first quarter.

The resurgence of COVID-19 since the end of last year negatively affected our business, especially in January and February.

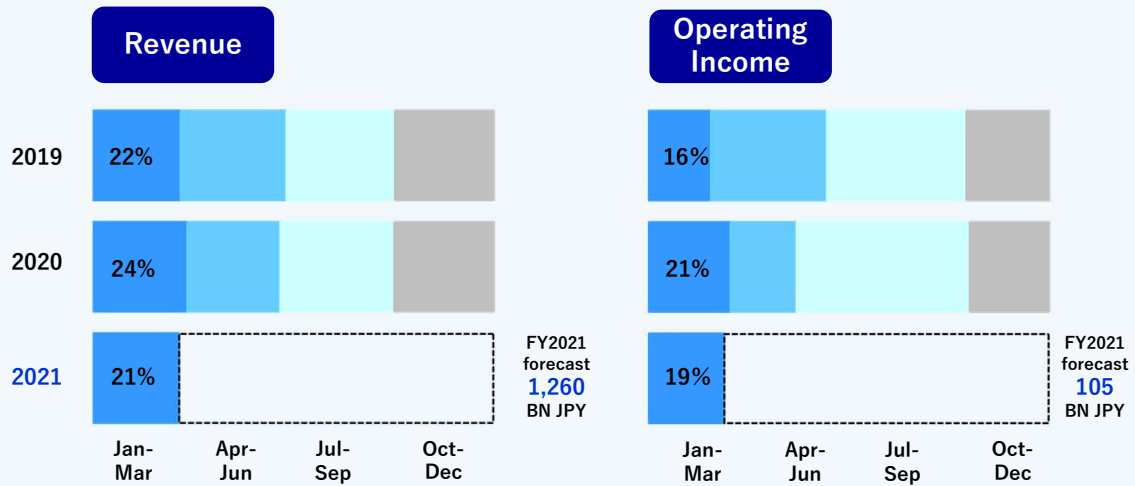
However, our business has returned to a growth trajectory since March, following the relaxation of restrictions such as lockdowns and requests to refrain from business operations mainly in Japan and Europe. We were able to close the single month of March with higher total revenue than the same month last year, narrowing the gap compared to FY2019 as well.

Japan and Europe achieved considerable recoveries in trends.

Despite intermittent restrictions in Asia-Pacific, the region kept on growing strongly to post year-on-year growth in January and February, and double-digit growth in March.

The Americas grew in revenue amid the rising demand in the overall beverage market.

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\* Currency neutral basis for overseas figures

\* Quarterly progresses are against full year results for FY2019 and FY2020, while that of FY2021 is against full year forecast

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Next, I would like to explain our progress in the first quarter against the full year forecast.

Despite the worse-than-expected market environment at the beginning of the year, the progress we made in the first quarter was faster than projected, as a result of our focused activities for core brands and diligent cost management across all regions in accordance with the original plan.

Operating income especially made a steady progress in comparison with FY2019 as well.

We will steadily carry out our activities in the second quarter, which is the most critical period throughout the year, to ensure that we achieve our full year forecast.

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(JPY BN)

	FY2020 Jan-Mar	FY2021 Jan-Mar	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	277.2 BN	269.8 BN	-7.5	-11.9	-2.7%	-4.2%
Operating Income	19.8 BN	19.8 BN	-0.0	-0.5	-0.2%	-2.3%
Operating Income (Organic basis*1)	20.1 BN	19.9 BN	-0.2	-0.5	-1.0%	-2.7%
Net Income*2	12.7 BN	10.7 BN	-2.1	-2.4	-16.2%	-18.2%

\*1 Excluding extraordinary factors from "Other income" and "Other expenses"

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

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Next, I will report the results of the first quarter of FY2021.

Revenue was 269.8 billion yen, down 4.2% on a currency neutral basis, and down 2.7% on a reported basis.

Operating income on an organic basis was 19.9 billion yen, down 2.7% on a currency neutral basis, and down 1.0% on a reported basis.

Operating income including extraordinary factors was 19.8 billion yen, down 2.3% on a currency neutral basis, and down 0.2% on a reported basis.

Quarterly profit attributable to owners of the Company was 10.7 billion yen, down 18.2% on a currency neutral basis, and down 16.2% on a reported basis.

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## Financial Results for Q1 FY2021 (by Segment)

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
<b>Japan</b>	<b>134.2</b> BN	-12.6		-8.6%		<b>4.0</b> BN	-3.1		-44.0%	
<b>APAC</b>	<b>73.5</b>	+6.0	+4.3	+8.9%	+6.2%	<b>12.7</b>	+3.5	+3.4	+38.5%	+36.0%
Organic							+3.5	+3.4	+38.4%	+35.9%
<b>Europe</b>	<b>41.7</b>	-2.3	-5.3	-5.3%	-11.3%	<b>4.0</b>	-0.8	-1.1	-16.2%	-21.6%
Organic							-0.9	-1.3	-18.8%	-24.1%
<b>Americas</b>	<b>20.4</b>	+1.4	+1.7	+7.4%	+9.0%	<b>2.0</b>	+0.5	+0.6	+36.3%	+38.4%
<b>Reconciliation</b>						<b>-2.9</b>	-0.2	-0.2		
<b>Total</b>	<b>269.8</b>	-7.5	-11.9	-2.7%	-4.2%	<b>19.8</b>	-0.0	-0.5	-0.2%	-2.3%
Organic						<b>19.9</b>	-0.2	-0.5	-1.0%	-2.7%

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This slide shows the performance by segment. From here on, the figures are on a currency neutral basis.

- Japan and Europe declined in both revenue and segment profit in the quarterly total, but both regions have recovered robustly to a growth trajectory in the single month of March.
- Asia-Pacific and the Americas posted growth in both revenue and segment profit for the quarter.

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		(JPY BN)			
Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
134.2 BN	-8.6%	—	4.0 BN	-44.0%	—

- Beverage market sales volume estimated at 93% YoY, while SBF Japan marked at 97% YOY, in terms of the actual number of cases

Tougher market conditions due to the declaration of a state of emergency, but we expanded our market share following last year, driven by core brands

- Revenue impacted by lower sales volume and channel mix deterioration due to decrease in the vending machine and convenience store channels, but product mix improved with *Iyemon* and *Craft BOSS* renewals

- Segment profit exceeded expectations as a result of effort to minimize its decline through continuous cost reduction



(Reference) Sales volume (in syrup conversion): 92% YoY for the beverage market, 95% for the Company

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I will start with Japan.

Revenue was 134.2 billion yen. Segment profit was 4.0 billion yen.

- We estimate the sales volume for the overall beverage market was at 93% level of the previous year due to the severe impact from the limited movement and traffic of people due to a state of emergency declared at the beginning of the year.
- Although our business was also impacted by the worse-than-expected external environment, our trend has recovered significantly since March as a result of our focused sales and marketing activities for core brands and partly because of the easing of restrictions. All in all, our sales volume stood at 97% level of the previous year, and we expanded our share in the market.
- Revenue continued to be negatively affected by the channel mix where the vending machine and convenience store channels kept on declining while the supermarket channel

expanded. On the positive side, *Iyemon* and *Craft BOSS* that were renewed last year and in March this year respectively contributed to the improvement of our product mix.

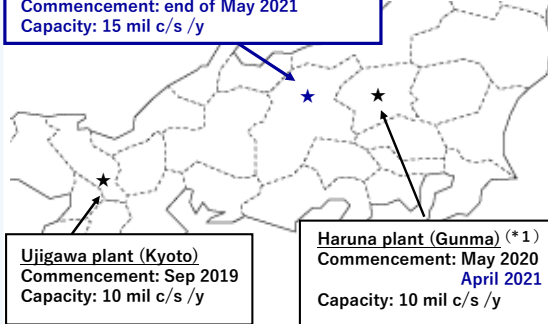
- Segment profit decreased due to a decrease in marginal profit and the revision and delay in marketing spending in March last year in response to the declaration of a state of emergency. However, as a result of our constant effort to reduce cost to minimize the decline in segment profit, its profit progress rate against full year target was roughly the same as Q1 FY2019, exceeding our expectations.

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### Enhancement of production system Cost improvement

#### Expansion of aseptic lines and new plant utilization

**Kita-Alps Shinano-no-mori plant (Nagano)**  
Commencement: end of May 2021  
Capacity: 15 mil c/s /y



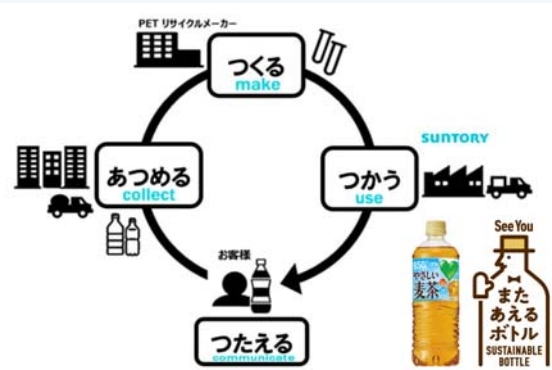
**Ujigawa plant (Kyoto)**  
Commencement: Sep 2019  
Capacity: 10 mil c/s /y

**Haruna plant (Gunma) (\*1)**  
Commencement: May 2020  
April 2021  
Capacity: 10 mil c/s /y

(\*1) Haruna plant's expansion in two phases

### Promotion of activities to reduce environmental impact

#### Promotion of “bottle-to-bottle” horizontal recycling



I will explain the progress in our structural innovation of supply chain, one of the key business strategies for Japan.


Our new plant, Suntory Tennensui Kita-Alps Shinano-no-mori plant, will commence operation at the end of May as scheduled. This, together with the expansion of our Ujigawa and Haruna plants, will almost complete the enhancement of our production system. We will work steadily on stable supply of products and cost improvement.

In addition, we are aiming to achieve our plastic sustainability target of 50% in FY2022, three years ahead of schedule. As part of our actions toward the target, we have launched the “Mataaeru Bottle” project in April on top of our existing activities in “make” and “use” steps. Through this project, we will boost our activities to “communicate” to our customers how helpful it is to “collect” used PET bottles that are in good condition for the “bottle-to-bottle” horizontal recycling.

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(JPY BN)

	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral	
	73.5 BN	+8.9%	+6.2%	12.7 BN	+38.5%	+36.0%	
	Revenue	%YoY	Currency Neutral				
Beverage (Vietnam)	23.1 BN	+10.8%	+12.0%	Focus on core brands led to YoY growth of <i>TEA+</i> and <i>Sting</i> . Market share expanded			
Beverage (Thailand)	16.7 BN	+4.2%	+2.8%	Strong trend in <i>Pepsi</i> brand. Market share expanded			
Health Supplement <sup>(*)</sup>	7.8 BN	-6.0%	-7.3%	Strong trend in <i>BRAND'S Essence of Chicken</i> with continuous strengthening of activities			
Frucor Suntory	12.6 BN	+33.5%	+18.0%	Major growth in mainstay <i>V</i> amid rising demand for energy drinks. Market share expanded			

(\*) Health Supplement results consist of Thailand and Indochina Peninsula

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Moving on to Asia-Pacific.

Revenue was 73.5 billion yen. Segment profit was 12.7 billion yen.

- In Asia, some areas were affected by restrictions to address the rise in COVID-19 infections, but the growth in Vietnam and Oceania drove the business.
- Revenue growth and continued thorough cost management resulted in significant year-on-year growth of segment profit.
- The beverage business in Vietnam increased revenue by more than 10%, led by *TEA+* and *Sting*. Our market share expanded further more.
- The beverage business in Thailand was impacted by the extension of declaration of a state of emergency at the beginning of the year, but has returned to a growth trajectory in March. Revenue grew due to the strong sales of our low-sugar portfolio including *Pepsi* brand and the good trend in *Tea+*, which was reintroduced onto the market. We also expanded our market share.

- The health supplement business was affected by COVID-19 in Thailand during January and February, same as the beverage business in Thailand, but we stayed focused on activities for *BRAND'S Essence of Chicken*. As a result, the sales trend recovered significantly in March, and it remains strong to date.
- Oceania posted a significant increase in revenue with the major growth of *V*, going beyond the energy category's growth.

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(JPY BN)

	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
	41.7 BN	-5.3%	-11.3%	4.0 BN	-16.2%	-21.6%
	Revenue	%YoY	Currency Neutral			
France (*1)	16.5 BN	-0.5%	-7.8%	Strong trend in off-premise channel amid lockdown. <i>Schweppes</i> on a par with the previous year		
UK (*2)	13.1 BN	-1.7%	-7.8%	<i>Lucozade Energy</i> and <i>Lucozade Sport</i> both on recovery trend since March due to easing of restrictions		
Spain (*3)	5.5 BN	-26.1%	-31.0%	Off-premise channel remained strong. On-premise channel on recovery trend since March due to partial easing of restrictions		

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



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Next is Europe.

Revenue was 41.7 billion yen. Segment profit was 4.0 billion yen.

- Europe was particularly affected by the lockdowns at the beginning of the year, but the vaccination programs are underway, mainly in the UK, and restrictions have been eased since March. In Spain as well, the sales trend has picked up with the relaxation of restrictions on restaurants and bars. We observed the same trend in April as well.
- We diligently managed the timing for sales promotion and advertising investment and reduced administrative expenses to minimize the decline in segment profit. France and the UK sustained the same level of profit as the previous year.
- In France, we overcame the difficult months of January and February. In the single month of March, *Orangina*, *Oasis*, and *Schweppes* each posted more than 10% growth compared to the same month last year, partly due to good weather.
- In the UK, the trend recovered for both *Lucozade Energy* and

*Lucozade Sport. Ribena* grew year-on-year in cumulative total due to increased home consumption.

- In Spain, Schweppes fared well that the off-premise channel exceeded the previous year's level. The on-premise channel as well performed better than last year in the single month of March, due to the relaxation of restrictions though the situation remained tough.

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(JPY BN)

Revenue

%YoY Currency  
Neutral

Segment Profit

%YoY Currency  
Neutral

20.4 BN

+7.4%

+9.0%

2.0 BN

+36.3%

+38.4%

- Strong trend in both supermarket and convenience store channels. On-premise business on a gradual recovery trend due to easing of restrictions on night outings and operating hours since the end of February
- Both carbonated and non-carbonated drink categories grew in market shares



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Moving on to the Americas.

Revenue was 20.4 billion yen. Segment profit was 2.0 billion yen.

- The off-premise channel grew significantly. The on-premise channel recovered its sales trend since the easing of restrictions at the end of February.
- Our core brands in each of the carbonated and non-carbonated drink categories performed better than the previous year, resulting in higher market shares.

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### Plastics

Aim to switch all the PET bottles used globally for our products to be made of recycled or plant-based materials by 2030, achieving zero use of virgin petroleum-based materials <sup>(\*1)</sup>  
SBF Japan: Accelerate the 2025 sustainability target of 50% to 2022

### CO2

Revision of environmental target towards 2030 (April 2021)

- reduce GHG emissions from our “direct operations” globally by 50% <sup>(\*2)</sup>
- reduce GHG emissions across our “value chain” by 30% <sup>(\*2)</sup>

Signed “Business Ambition for 1.5 °C”, a pledge to limit global temperature rise to 1.5 °C

### Water

Reduce water use per unit production at our plants by 15% globally by 2030 <sup>(\*3)</sup>

<sup>(\*1)</sup> Suntory Group Plastic Policy

<sup>(\*2)</sup> GHG = Greenhouse Gas, reduction target versus 2019 baseline

<sup>(\*3)</sup> Per unit production = water use per production volume, reduction target versus 2015 baseline

Lastly, I would like to update you on our sustainability initiatives.

I have already mentioned plastics earlier, that I will not go into them here.

In tackling CO2 emissions, we revised our “Environmental target towards 2030” in April, raising the bar to reduce greenhouse gas emissions by 50% from our direct operations globally and by 30% across our value chain by 2030.

We will continue to be committed in driving our sustainability management as a group to resolve the global social challenges.

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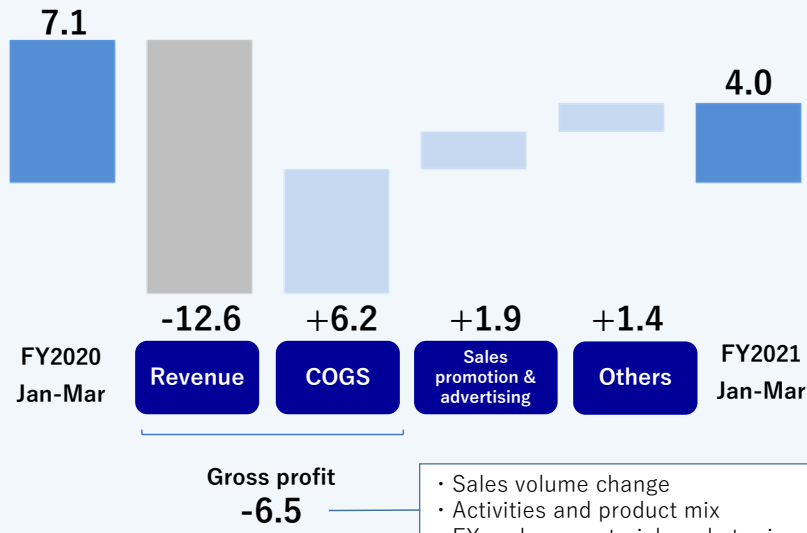
That is all for the first quarter results.

There are still some uncertainties such as the rising number of COVID-19 infections in some areas, but the second quarter and days beyond are decisive period for our activities as the northern hemisphere including Japan is heading into the peak of summer season.

We are determined to translate the current strong momentum into positive outcomes in a steady manner.

That is all from me. Thank you.

(JPY BN)





## Sales Volume of Major Brands

### Japan

(Million cases)	Q1 FY2020		Q1 FY2021	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Suntory Tennensui</i>	24.7	7%	24.3	-2%
<i>BOSS</i>	24.8	-3%	23.2	-6%
<i>Iyemon</i>	10.5	-11%	12.1	15%
<i>GREEN DA · KA · RA</i>	6.7	+13%	6.1	-8%
<i>Suntory Oolong Tea</i>	4.9	-8%	3.8	-22%
<i>PEPSI</i>	3.8	-5%	3.8	0%
<b>FOSHU drinks and Foods with Function Claims</b>	5.1	3%	4.8	-6%
<b>Total</b>	<b>93.1</b>	<b>-2%</b>	<b>88.8</b>	<b>-5%</b>

\* 8oz equivalent for syrup products. 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.

(Reference) YoY changes in sales volume on the basis of actual number of cases  
Q1 FY2020: -2%, Q1 FY2021: -3%

### Europe

(Million liters)	Q1 FY2020		Q1 FY2021	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Oasis</i> (France)	58	-4%	56	-5%
<i>Schweppes</i> (France)	31	1%	31	0%
<i>Orangina</i> (France)	33	-4%	31	-6%
<i>Lucozade</i> (UK, Ireland)	91	1%	82	-10%
<i>Ribena</i> (UK, Ireland)	17	-17%	19	7%
<i>Schweppes</i> (Spain, Portugal)	23	-5%	18	-22%

(JPY, average of period)

	FY2020 Jan-Mar	FY2021 Jan-Mar	FY2021 Forecast
U.S. dollar	108.9	107.2	106.0
Euro	120.1	128.5	127.0
Sterling	139.3	148.6	142.0
Singapore dollar	78.6	80.3	78.0
Thai baht	3.5	3.5	3.4
Vietnam dong	0.0047	0.0047	0.0046
New Zealand dollar	69.1	77.0	71.0
Australian dollar	71.6	82.8	78.0

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