

# Financial Results for Q2 Year Ending December 31, 2022

**August 9, 2022**  
**Suntory Beverage & Food Limited**

# Overview of First Half FY2022

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Kazuhiro Saito, CEO

This is Kazuhiro Saito.

Today, I will report on our first half results and talk about the environment surrounding us, our initiatives, and our future outlook.

Please turn to page 3.

(JPY BN)

	FY2021 Jan-Jun	FY2022 Jan-Jun	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	603.8 BN	679.0 BN	+75.2	+50.8	+12.4%	+8.1%
Operating Income	60.4 BN	80.4 BN	+20.0	+16.3	+33.1%	+25.5%
Operating Income (Organic basis*1)	60.2 BN	64.3 BN	+4.1	+0.5	+6.8%	+0.8%
Net Income*2	32.2 BN	48.7 BN	+16.6	+15.1	+51.5%	+44.8%

\*1 Extraordinary factors and profit/loss impact from transferred business deducted from operating income

\*2 Profit attributable to owners of the Company

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I will start with the results of the first half of FY2022.

Revenue was 679.0 billion yen, operating income including extraordinary factors was 80.4 billion yen, and profit attributable to owners of the Company was 48.7 billion yen. Revenue and profits increased.

While soaring raw material and energy prices have been having greater impact since the second quarter, both revenue and operating income progressed more than expected as we steadily captured demand recovery and maintained company-wide focus on our core brands as well as thorough cost management.

Since the transfer of shares in the fresh coffee business in Oceania was completed, a gain of 15.8 billion yen from the transfer was posted in other income.

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- **Global demand recovery and expansion**
- **Inflation**
- **Diversification of customer preferences and values**

I will now talk about the environment surrounding us.

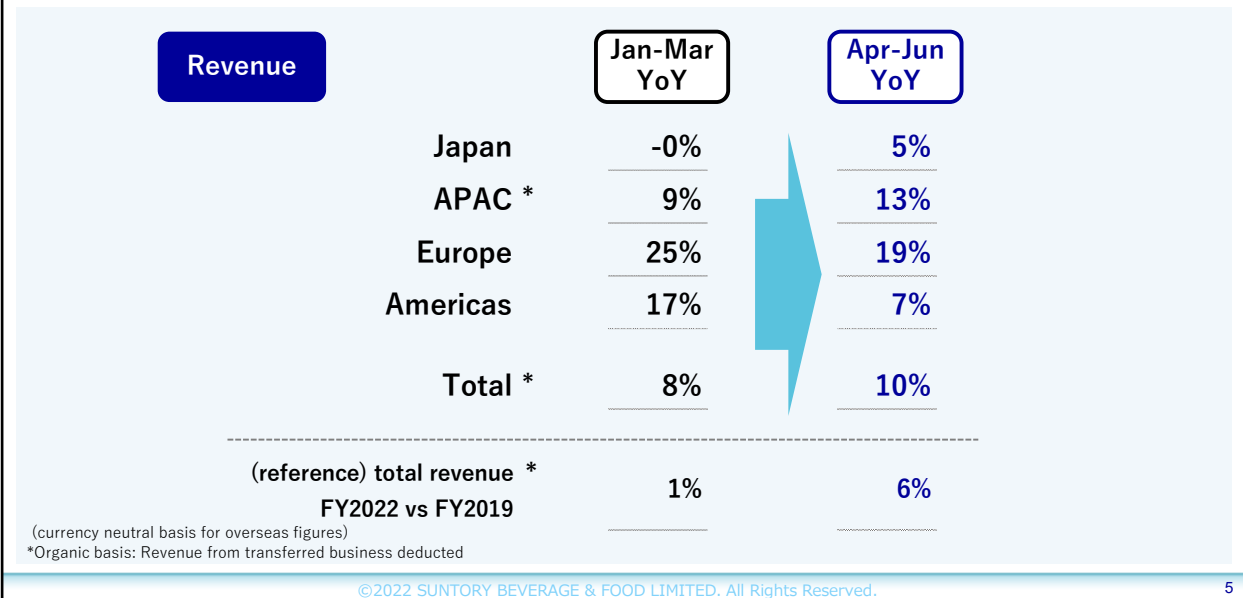
Looking at the situation in the first half and July, demand recovery remained strong globally. Continued demand expansion is observed especially in Europe and the Americas. Although the COVID impact remains in some parts of Asia-Pacific, demand growth in the Vietnamese soft drink market is in full swing, leading the region. In Japan, the market has improved since the second quarter and is now at its peak, due partly to the lifting of priority measures to prevent the spread of COVID-19.

On the other hand, raw material and energy prices have been on a rise, inflation is gaining speed worldwide, and the number of infected people began to rise again as a result of recovery of global movement and flow of people.

In addition, customers' preferences and values are diversifying following the major changes in living environment due to COVID-19, leading to growth of the energy drink and coffee categories, growing interest in sustainability, and accelerated inclination toward digitalization, etc.

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**FY2022 Quarterly Revenue Trend (IFRS)**



I will explain the quarterly situation on a currency neutral basis.

As we steadily captured recovering demand and stayed offensive, revenue grew further in the second quarter. The revenue recovery trend became clearer in comparison with the pre-COVID 2019 level.







In Japan, we grew in sales volume with the lifting of restrictions and favorable weather from the second quarter that our revenue trend recovered significantly, leading the market.

Overseas, revenue kept on growing due to volume increase on the back of demand recovery. Our thorough implementation of RGM measures including price revisions in major countries was also a contributing factor.

We will continue our efforts to mitigate the impact of higher-than-expected cost increases by taking all possible measures to maximize revenue in the second half and beyond, such as price revisions targeted in October for Japan and additional price revisions for other major countries.

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**Our Initiative – Core Brands Innovation**

	Japan			Thailand	France	
	<i>Tennensui</i>	<i>Iyemon</i>	Health conscious products	<i>BRAND'S Essence of Chicken</i>	<i>Oasis</i>	<i>Schweppes</i>
						
Brand growth rate YoY	110%	105%	124%	105%	115%	111%
Beverage market growth rate YoY	103%			97%	103%	

(Source) Brand growth rate of the Company: on a shipment basis (on a value basis for BRAND'S Essence of Chicken, the Essence of Chicken market)  
Beverage market growth rate: Internal estimation on a off-premise sales volume basis  
\* Cumulative total from January to June, 2022 (from January to May for Thailand)  
\* Japan's rates are in terms of the actual number of cases

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Next, I will update you on the outcomes of our core brands innovation.

We kept on accelerating our focus on core brands and innovation across all segments in the first half, driving robust sales growth in major markets.

In Japan, *Suntory Tennensui*, *Iyemon*, and *GREEN DA·KA·RA* each posted a record high sales volume in the first half. The total sales volume also reached a record high. Our core brands underwent a series of refinements, such as the renewal of *CRAFT BOSS* and the first major renewal of *Tokucha* since its launch, and have been steadily delivering results. In Europe, “*Oasis*” in France, which last year became the first overseas core brand to undergo a renewal of contents and packaging, continued to perform well.

We will seek to secure advantageous position in major markets in the second half and beyond, by quickly capturing diversifying preferences and values of our customers and by accelerating our core brands innovation in all segments.

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### Water



**35% reduction<sup>\*1</sup> of water consumption at the SBF plants worldwide**

**2021 result: 21% reduction**

### Greenhouse Gasses



**50% reduction<sup>\*2</sup> of GHG emissions from the SBF sites**

**2021 result: 7% reduction**

### Plastics



**100% replacement of PET bottles to sustainable bottles<sup>\*3</sup> globally**

**2021 result:<sup>\*4</sup> 19%  
Japan: 37%  
Overseas: 6%**

\*1 The goal of the Suntory Group (SBF's goal is 20% reduction). Baseline year: 2015  
\*2 Common goal for the Suntory Group and Suntory Beverage & Food. Baseline year: 2019  
\*3 PET bottles using recycled or plant-based materials 100%  
\*4 Ratio of volume that are 100% sustainable bottles

Lastly, let me update you on our initiatives to drive sustainability.

“Water”, “Greenhouse Gasses”, and “Plastics” continue to be the three priority themes for us. We will draw a clear roadmap for each region and disclose the details and progress of each initiative.

In July, we disclosed the 2021 results for each of our priority themes. We are making steady progress toward achieving our 2030 goals.

Especially with regards to “PET bottles”, in Japan, we are stepping up our educational activities and working with corporations to achieve the sustainable bottles ratio of 50% out of 100% by the end of this fiscal year. Overseas, we are further promoting 100% sustainable bottles for our core brands, including the introduction to *Schweppes* in Spain and the launch of first 100% sustainable bottle product in Vietnam. In Thailand, there was an announcement on June 18, 2022 to allow use of recycled PET bottles for beverages, which had been banned previously. With that, “PET bottles” initiatives has began to make significant progress.

The entire Suntory group will continue to make concerted efforts in sustainability management to solve social issues.

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Leverage comprehensive capabilities in full value chain to achieve record-high revenue



As the Northern Hemisphere enters its peak season in the third quarter, our business environment remains uncertain due to rising costs, ongoing inflation, and the risk of COVID variants spread.

In the second half, all segments will face tougher cost environment. We stay focused on steadily capturing demand growth to drive our sales, flexibly implement RGM measures including price revisions, and constantly work on cost reduction. Japan will be more affected than other markets by the exchange rate and raw material price hikes, but we will leverage the strength in our global portfolio and intensify our activities to achieve the consolidated forecast.

The interim dividend is 39 yen per share, same as last year.

That is all from me. Thank you.



# Supplementary Explanation

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Kazushi Ishikawa, COO

This is Kazushi Ishikawa.

I will give a supplementary explanation.

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(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
<b>Japan</b>	<b>305.9</b> BN	+7.9	-	+2.6%	-	<b>14.1</b> BN	-3.4	-	-19.6%	-
<b>APAC</b>	<b>174.6</b>	+25.8	+12.6	+17.4%	+7.8%	<b>41.3</b>	+17.7	+15.7	+74.8%	+61.2%
Organic *	<b>171.2</b>	+29.5	+16.8	+20.9%	+10.9%	<b>25.4</b>	+2.2	+0.2	+9.4%	+0.9%
<b>Europe</b>	<b>140.1</b>	+29.0	+24.3	+26.1%	+21.0%	<b>23.3</b>	+4.5	+3.6	+23.7%	+18.4%
Organic *						<b>23.1</b>	+4.3	+3.5	+22.9%	+17.6%
<b>Americas</b>	<b>58.5</b>	+12.5	+5.9	+27.1%	+11.3%	<b>7.4</b>	+1.6	+0.7	+26.8%	+11.0%
<b>Reconciliation</b>						<b>-5.7</b>	-0.3	-0.2		
<b>Total</b>	<b>679.0</b>	+75.2	+50.8	+12.4%	+8.1%	<b>80.4</b>	+20.0	+16.3	+33.1%	+25.5%
Organic *	<b>675.6</b>	+78.9	+54.9	+13.2%	+8.8%	<b>64.3</b>	+4.1	+0.5	+6.8%	+0.8%

\* Revenue from transferred business deducted from revenue. Extraordinary factors and profit/loss impact from transferred business deducted from segment profit.

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This slide shows the performance by segment.

Revenue:

- In Japan, the trend recovered significantly from the second quarter onward with the lifting of priority measures to prevent the spread of COVID-19, and revenue increased to the expected level of progress.
- Overseas, RGM activities including price revisions continued to contribute in the second quarter. Each segment achieved a significant increase in revenue. Europe especially progressed much faster than expected.

Segment profit:

- All segments have faced greater impact of soaring raw material and energy prices from the second quarter, but we made progress better than expected at the company level through revenue growth and thorough cost management.
- Japan decreased in profit due to the significant impact of exchange rate and raw material price hikes. Overseas increased in profit as the significant revenue growth resulting from price revisions absorbed cost increases.

Please turn to page 11.

(JPY BN)

Revenue

305.9 BN

%YoY

+2.6%

Currency  
neutral

-

Segment  
Profit

14.1 BN

%YoY

-19.6%

Currency  
neutral

-

- Beverage market sales volume is estimated at 103% YoY, while SBF Japan marked 107% YoY. Continued focused activities for core brands resulted in record-high sales volume and expanded market share in the first half.

*Suntory Tennensui, Iyemon and GREEN DA·KA·RA* posted record-highs in sales volume. FOSHU and products with functional claims recovered in trend with a volume growth effect of *Iyemon Koi Aji* and renewal effect of *Tokucha*.

- Revenue recovered to the expected progress and increased. Channel mix deterioration due to slow recovery of the vending machine and CVS channels was mitigated by volume growth.
- Segment profit was down due to significant impact from foreign exchange and soaring raw material prices especially in Q2 despite thorough supply chain cost reduction activities, etc.



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I will go over details about Japan.

Revenue was 305.9 billion yen. Segment profit was 14.1 billion yen.

- We estimate the sales volume for the overall beverage market was at 103% level of the previous year due to the beginning of demand recovery following the lifting of priority measures to prevent the spread of COVID-19 and favorable weather.
- We stayed focused on core brand enhancement. Our new product launches and marketing activities contributed to our sales volume outperform the market by standing at the record high 107% level of the previous year and resulted in market share expansion.
- Revenue grew and recovered to the expected level of progress in the cumulative total of the first six months, as the deteriorated channel mix due to delayed recovery in the vending machine and CVS channels was absorbed by increased sales volume.
- Segment profit decreased despite our thorough cost management such as improvement in supply chain cost, due to the greater impact from the exchange rate and soaring raw material prices in the second quarter.

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(JPY BN)

	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral	
	174.6 BN	+17.4%	+7.8%	41.3 BN	+74.8%	+61.2%	
	Revenue	%YoY	Currency neutral				
Beverage (Vietnam)	61.5 BN	+34.6%	+17.3%	Demand growth in full swing. Double-digit growth in <i>TEA+</i> and <i>Sting</i> . Gained market share.			
Beverage (Thailand)	38.7 BN	+10.6%	+6.0%	Trend recovered in Q2 and <i>Pepsi</i> brand performed steadily despite remaining COVID impact. Maintained market share.			
Health Supplement (*1)	17.3 BN	+7.9%	+3.4%	Positive outcome from focused activities for <i>BRAND'S Essence of Chicken</i>			
Beverage (Oceania)	27.4 BN	+13.1%	+6.7%	Continued focused activities for energy drink category. <i>V</i> trended strongly.			

(\*1) Health Supplement results consist of Thailand and Indochina Peninsula

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Next is Asia-Pacific. Revenue was 174.6 billion yen. Segment profit was 41.3 billion yen. Gain on the transfer of Oceanian fresh coffee business of 15.8 billion yen was posted.

- Some parts of Asia-Pacific remained under the COVID impact. We continued our focused activities for core brands in beverage and health supplement businesses. Vietnam was the key driver with demand growth in full swing. All major businesses grew in revenue, contributed by price revisions.
- Segment profit increased as a result of revenue growth, despite the significant impact of raw material price hikes which worsened in the second quarter.
- The beverage business in Vietnam continued to gain market share as a result of focused activities for *TEA+* and *Sting*.
- The beverage business in Thailand maintained its market share by continued focused activities for *Pepsi* brand including the low-sugar products amid the lingering impact of COVID-19.
- The health supplement business was affected by COVID-19 similarly to the beverage business in Thailand, but we thoroughly implemented activities for *BRAND'S Essence of Chicken* and revised prices in the second quarter, which resulted in continued growth in revenue.
- The beverage business in Oceania maintained its market share with our continued marketing investment for *V* amid the remaining impact from COVID-19 in New Zealand.

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(JPY BN)

	Revenue	%YoY	Currency neutral	Segment Profit	%YoY	Currency neutral	
	140.1 BN	+26.1%	+21.0%	23.3 BN	+23.7%	+18.4%	
	Revenue	%YoY	Currency neutral				
France	54.0 BN	+16.9%	+13.0%	Strong recovery in on-premise market. Major growth in <i>Oasis</i> , <i>Schweppes</i> , and <i>Orangina</i> . Gained market share.			
UK (*1)	40.4 BN	+27.8%	+20.0%	Continued demand growth. Steady <i>Lucozade Energy</i> and notable growth contribution from <i>Lucozade Sport</i> .			
Spain (*2)	26.0 BN	+53.2%	+48.1%	On-premise market recovery in full swing. <i>Schweppes</i> continued double-digit growth.			

(\*1) UK and Ireland (\*2) Spain and Portugal

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Moving on to Europe.

Revenue was 140.1 billion yen. Segment profit was 23.3 billion yen.

- Sales volume increased in France, the UK, and Spain due to favorable weather, in addition to continued demand expansion in major countries. RGM activities including price revisions contributed to a significant revenue growth.
- Segment profit grew significantly as the revenue growth absorbed the impact of rising raw material and energy prices which intensified in the second quarter and beyond.
- In France, in addition to the steady off-premise channel, the on-premise channel recovered strongly. *Oasis* which was renewed a year ago kept on growing. *Schweppes* and *Orangina* each grew more than 10%.
- In the UK, *Lucozade Energy* performed steadily, and *Lucozade Sport* continued to grow significantly along with increasing number of sporting events and outdoor activities.
- Spain also entered a full-fledged demand recovery in the on-premise channel in the second quarter. *Schweppes* kept on growing double-digit.

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(JPY BN)

Revenue

%YoY

Currency  
neutralSegment  
Profit

%YoY

Currency  
neutral

58.5 BN

+27.1%

+11.3%

7.4 BN

+26.8%

+11.0%

- Continued steady trend in both on- and off-premise.
- Revenue grew with volume increase and price revision effects.
- Segment profit increased, absorbing soaring raw material prices and personnel expenses.



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Lastly, the Americas.

Revenue was 58.5 billion yen. Segment profit was 7.4 billion yen.

- Although the CVS channel was particularly affected by soaring gasoline prices, both on- and off-premise channels continued to perform well.
- Revenue grew significantly as a result of volume growth and RGM activities including price revisions.
- Segment profit increased significantly as the revenue growth absorbed the impact from soaring raw material and energy prices and rising personnel expenses.

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That is all for the second quarter of FY2022.

Thank you.

# Quarterly Results for Q2 FY2022

(JPY BN)

	FY2021 Apr-Jun	FY2022 Apr-Jun	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	334.0 BN	383.0 BN	+49.0	+30.5	+14.7%	+8.7%
Operating Income	40.6 BN	58.7 BN	+18.1	+15.4	+44.7%	+35.5%
Operating Income (Organic basis*1)	40.5 BN	43.0 BN	+2.4	-0.3	+6.0%	-0.7%
Net Income*2	21.5 BN	36.4 BN	+14.9	+13.8	+69.3%	+61.0%

\*1 Extraordinary factors and profit/loss impact from transferred business deducted from operating income

\*2 Profit attributable to owners of the Company



# FY2022 Quarterly Revenue (IFRS)

	(JPY BN)									
	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
<b>Japan</b>	<b>134.0</b>	-0.2	-	-0.1%	-	<b>171.9</b>	+8.1	-	+4.9%	-
<b>APAC</b>	<b>83.0</b>	+9.4	+6.2	+12.8%	+8.1%	<b>91.6</b>	+16.4	+6.4	+21.8%	+7.6%
Organic*	<b>79.7</b>	+9.5	+6.4	+13.6%	+8.7%	<b>91.5</b>	+20.0	+10.4	+28.0%	+12.9%
<b>Europe</b>	<b>53.2</b>	+11.5	+10.5	+27.5%	+24.5%	<b>86.9</b>	+17.5	+13.9	+25.2%	+19.0%
<b>Americas</b>	<b>25.9</b>	+5.5	+3.8	+27.1%	+17.1%	<b>32.6</b>	+7.0	+2.1	+27.1%	+7.1%
<b>Total</b>	<b>296.0</b>	+26.2	+20.2	+9.7%	+7.3%	<b>383.0</b>	+49.0	+30.5	+14.7%	+8.7%
Organic*	<b>292.8</b>	+26.3	+20.4	+9.9%	+7.5%	<b>382.8</b>	+52.6	+34.5	+15.9%	+9.9%

\* Revenue from transferred business deducted

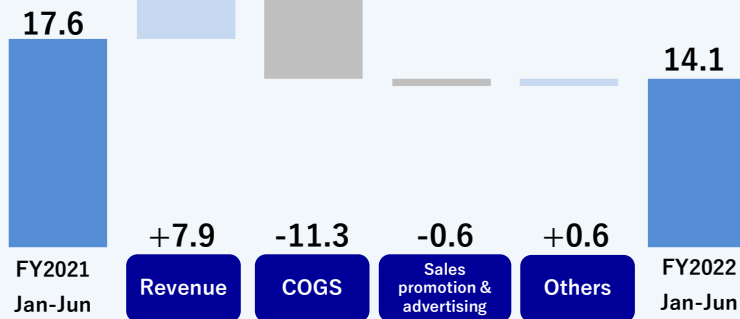
# FY2022 Quarterly Segment Profit (IFRS)

(JPY BN)

	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
<b>Japan</b>	<b>2.6</b>	-1.4	-	-34.8%	-	<b>11.5</b>	-2.1	-	-15.2%	-
<b>APAC</b>	<b>11.8</b>	-0.9	-1.5	-7.2%	-11.2%	<b>29.5</b>	+18.6	+17.2	+170.5%	+139.4%
Organic*	<b>11.7</b>	-0.8	-1.4	-6.6%	-10.6%	<b>13.7</b>	+3.0	+1.6	+28.2%	+13.4%
<b>Europe</b>	<b>6.9</b>	+2.9	+2.8	+72.1%	+66.4%	<b>16.4</b>	+1.6	+0.9	+10.6%	+5.6%
Organic*	<b>6.7</b>	+2.7	+2.6	+68.1%	+62.5%	<b>16.4</b>	+1.6	+0.9	+10.7%	+5.6%
<b>Americas</b>	<b>3.1</b>	+1.0	+0.8	+50.0%	+38.2%	<b>4.3</b>	+0.5	-0.1	+14.1%	-2.7%
<b>Reconciliation</b>	<b>-2.7</b>	+0.2	+0.2			<b>-3.0</b>	-0.5	-0.4		
<b>Total</b>	<b>21.6</b>	+1.8	+0.9	+9.2%	+4.6%	<b>58.7</b>	+18.1	+15.4	+44.7%	+35.5%
Organic*	<b>21.4</b>	+1.7	+0.8	+8.5%	+3.9%	<b>43.0</b>	+2.4	-0.3	+6.0%	-0.7%

\* Extraordinary factors and profit/loss impact from transferred business deducted.

(JPY BN)



Gross Profit  
-3.4

- Sales volume change +9.6
- Activities and product/channel mix -3.6
- FX and raw material market prices -9.4

## Japan

(Million cases)	Q2 YTD FY2021		Q2 YTD FY2022	
	Actual	YoY	Actual	YoY
<i>Suntory Tennensui</i>	55.4	5%	60.7	10%
<i>Boss</i>	50.0	1%	50.9	2%
<i>Iyemon</i>	28.0	12%	29.4	5%
<i>Green DAKARA</i>	18.5	1%	21.0	14%
<i>Suntory Oolong Tea</i>	6.8	-13%	6.6	-3%
<i>PEPSI</i>	7.2	23%	8.3	15%
<b>FOSHU drinks and Foods with Function Claims</b>	10.1	-4%	12.6	24%
<b>Total</b>	<b>195.2</b>	<b>3%</b>	<b>208.1</b>	<b>7%</b>

\* Changed to actual number of cases and arrival basis from FY2022.

\* 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)	Q2 YTD FY2021		Q2 YTD FY2022	
	Actual	YoY	Actual	YoY
<i>Oasis</i> (France)	145	17%	166	15%
<i>Schweppes</i> (France)	90	18%	100	11%
<i>Orangina</i> (France)	88	19%	97	10%
<i>Lucozade</i> (UK, Ireland)	192	6%	207	8%
<i>Ribena</i> (UK, Ireland)	45	23%	43	-4%
<i>Schweppes</i> (Spain, Portugal)	51	16%	62	23%

(JPY, average of period)

	FY2021 Jan-Jun	FY2022 Jan-Jun	FY2022 Forecast*
U.S. dollar	107.9	123.2	115.0
Euro	129.9	134.4	130.0
Sterling	149.9	159.6	154.0
Singapore dollar	80.9	90.2	84.0
Thai baht	3.5	3.7	3.4
Vietnam dong	0.0047	0.0054	0.0050
New Zealand dollar	77.3	81.6	78.0
Australian dollar	83.2	88.6	82.0

\* Forecast at the beginning of the year, announced February 14, 2022

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