

Strategy Overseas

# Europe



Message from Management



My name is Stanislas De Gramont, CEO of Suntory Beverage & Food Europe. I joined Suntory Beverage & Food in 2014. Prior to that, I worked for a major European food manufacturer in their Fresh Dairy Division.

Despite a challenging business environment in Europe, we delivered 4.4% sales growth and 1.9% segment profit growth on a currency-neutral basis. In addition to active marketing of our core brands, we have bolstered our brand portfolio, riding the momentum of health consciousness in Europe. In France, we introduced *May Tea*, a low-sugar premium iced tea in May. In the UK, we engaged in active sales of *Highland Spring* spring water, which we began handling in December 2015. Our Africa business entered a new phase during the year. We took over the manufacturing and sales infrastructure for *Lucozade* and *Ribena* from GlaxoSmithKline Consumer Nigeria Plc in Nigeria, home to the largest economy in Africa.

For fiscal 2017, we forecast sales growth of 3.8% and segment profit growth of 1.1% on a currency-neutral basis. As before, we intend to further build our core brands in every region. While we strengthen our core brands in Europe, we will also grow sales by accelerating the introduction of new products in growth categories, conducting sales activities on our main retail channels, and working to expand our on-premise channels. In France, we plan to expand in-store activities and focus on small format products. In the UK, we will develop more products with reduced sugar content. In Spain, we will continue working to expand our sales in on-premise channels. Finally, we plan to reinforce our business infrastructure in Africa, concentrating mainly on the Nigerian market.

(Note) Forecast as of Feb. 13, 2017

**Stanislas De Gramont**  
Chief Executive Officer  
Suntory Beverage & Food Europe



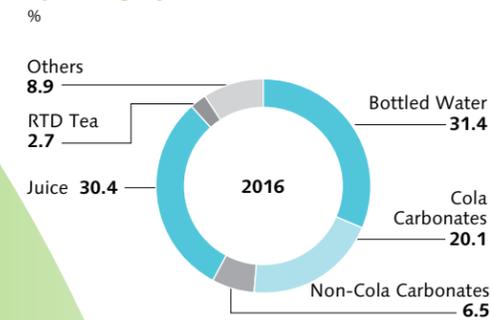
Major Brands



Major country for sale

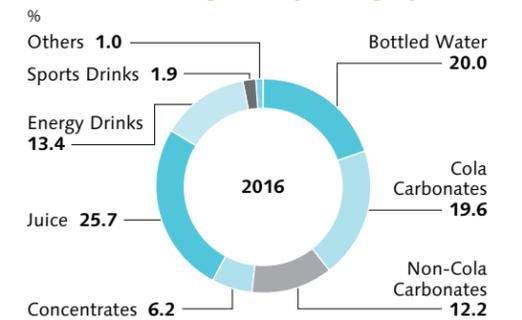
Brand	Major country for sale	Description
Orangina	France	Orangina has been a favorite sparkling fruit juice since it was first introduced in 1936. This national brand is the undisputed leader of carbonated fruit drinks in France. Today, 500 million consumers enjoy <i>Orangina</i> in more than 60 countries across five continents.
Oasis	UK	<i>Oasis</i> is a fruit juice drink with no artificial colors or preservatives.
Ribena	Spain	<i>Ribena</i> is a long-selling fruit juice brand, loved since its introduction in 1938. This drink is so familiar in the UK that most people remember drinking it as a child. In addition to the UK, <i>Ribena</i> is sold throughout Africa, Asia, and Oceania.
Lucozade	UK	<i>Lucozade</i> is a traditional UK brand with a long history of over 80 years since its release in 1927. The lineup of this popular brand in the UK market also includes energy drinks and sports drinks. Its products are sold in over 15 countries around the world, centered on the UK.
Schweppes	Spain	<i>Schweppes</i> is a carbonated beverage brand offering a wide variety of flavors. <i>Schweppes</i> is licensed in 20 countries throughout Europe.

Soft Drink Market Share in France by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP

Soft Drink Market Share in the United Kingdom by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP

Strategy Overseas

# Asia



## Message from Management



My name is Kazuhiro Saito, CEO of Suntory Beverage & Food Asia. Until March 2016, I served as CFO of SBF.

Asia is an important driver of growth for SBF. In this region, we intend to achieve top-line sales growth that outperforms market growth and profit growth that outperforms our sales growth.

For fiscal 2016, our business in Asia reported 3.5% sales growth and 24.8% profit growth on a currency-neutral basis. We made efforts to strengthen our business foundation in each country and region in which we operate, while engaging in marketing activities centered on our core brands. Thailand is a major market for us in the region. Here, sales of *Brand's Essence of Chicken* and other health supplement business products have performed well. In Vietnam, our soft drink business recorded high year-on-year sales of Suntory brands and PepsiCo brands. This result was due to expanded marketing for *TEA + MATCHA* (introduced in April 2016) and other green tea beverages in the face of ongoing second-half deceleration in that market. For the soft

drink business, we will reconstruct our sales system and marketing strategy in Indonesia.

For fiscal 2017, we forecast sales growth of 10.1% and segment profit growth of 22.6% on a currency-neutral basis. We plan to expand our health supplement business sales and logistics structure in Thailand to grow sales of our mainstay *BRAND'S Essence of Chicken*. At the same time, we intend to bolster initiatives in new growth markets. In Vietnam, we plan to focus marketing on the outstanding quality of the products sold in our soft drink business. We will also accelerate sales activities in rural Vietnam as well as in urban centers. Our plans in Indonesia include revising our marketing strategy and restructuring sales and logistics. These efforts will work in combination with an ongoing emphasis on revitalizing our core brands in the region. In Malaysia and other countries, we intend to grow sales of *Ribena* and *Lucozade*. We also expect further growth of our Fresh Coffee business.

(Note) Forecast as of Feb. 13, 2017

**Kazuhiro Saito**  
Chief Executive Officer  
Suntory Beverage & Food Asia



## Major Brands



Sting

Major country for sale

*Sting* energy drink provides an energy boost to charge-up and keep going. The drink invigorates your taste buds with its refreshingly delicious flavor.



TEA+ Matcha

Vietnam

*TEA+ Matcha* is new flavor of *TEA+* brand was launched in 2016. It contains Theanine, which is the active component of green tea and responsible not only for its taste but also for its relaxing effects.



MYTEA Oolong Tea

Indonesia

*MYTEA Oolong Tea* is Suntory brand oolong teas containing health-promoting oolong tea polymerized polyphenols (OTPPs) that were released in 2013. They utilize the technologies of *Suntory Oolong Tea* that has been a long seller in Japan for over 30 years.



Okky Jelly Drink

*Okky Jelly Drink* is an innovation of jelly division. This product combines jelly as both food and drink. Containing jelly of nata de coco, this product is available in a cup in orange, guava, apple, and black currant flavors.



BRAND'S Essence of Chicken

Thailand

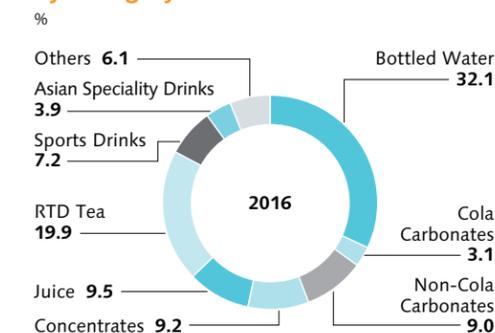
For more than 170 years, *BRAND'S Essence of Chicken* has been a favorite brand for consumers in Thailand and numerous other countries. *BRAND'S Essence of Chicken* is the only essence of chicken in the market backed by extensive research and development, as well as more than 20 published scientific papers proving its efficacy.

## Soft Drink Market Share in Vietnam by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP

## Soft Drink Market Share in Indonesia by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP



### Major Brands



**V**

V contains Guarana extract, which contains a natural form of caffeine. V was created and launched in 1997, where it has become the market leader in Australia and New Zealand.

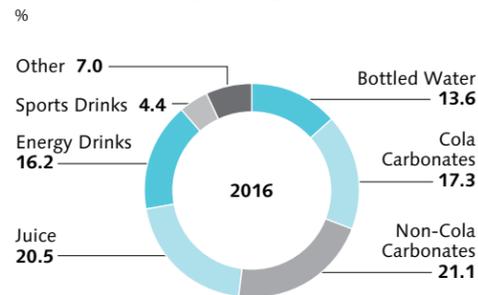
**OVI**

OVI is a delicious hydration beverage that contains the same antioxidant component as green tea. Introduced in 2014, this was the first Suntory brand soft drink sold in Oceania.

**Maximus**

Maximus is an oversized sports drink sold in Australia.

### Soft Drink Market Share in New Zealand by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP

### Strategy Overseas

# Oceania

### Message from Management



My name is Jonathan Moss, CEO of Frucor. I began my career at Frucor in 2006. Prior to that, I worked for a dairy beverage manufacturer in Australia.

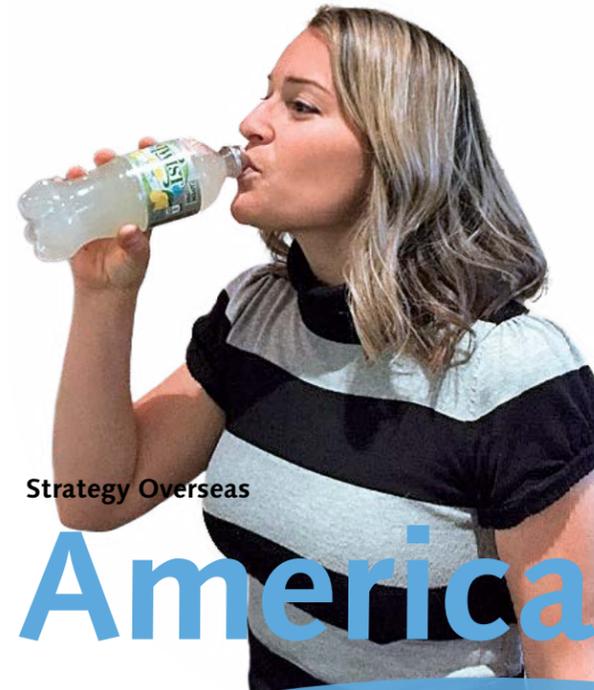
For fiscal 2016, Oceania sales grew 0.4% on a currency-neutral basis, while segment profit fell 2.8%. Last year, we recorded a one-time gain due to a revision of inventory valuation method. The temporary increase in profit for fiscal 2015 resulted in lower comparative profit for fiscal 2016. Without this valuation method change, we would have recorded revenue and profit growth this year. Our V Pure drink is a brand extension of our core V energy drink,

featuring a blend of natural ingredients. In addition to sales of V Pure, we engaged in active marketing of OVI, a hydration drink containing a blend of antioxidants from green tea, and sports drink, Maximus.

For fiscal 2017, we forecast sales growth of 1.4% and segment profit growth of 2% on a currency-neutral basis. We plan to continue to build our V and Maximus brands, while introducing new products and reducing costs.

(Note) Forecast as of Feb. 13, 2017

**Jonathan Moss**  
Chief Executive Officer  
Frucor Group



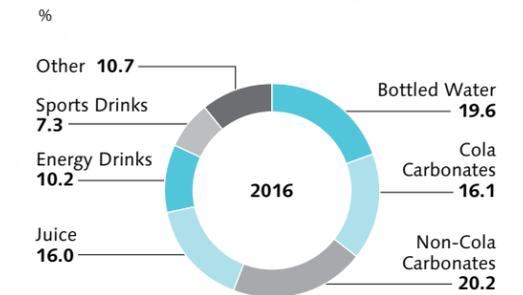
### Major Brands



**Pepsi**

**Nature's Twist**

### Soft Drink Market Share in the United States by Category\*



\* Source: Euromonitor 2017, Off-trade Value RSP

### Strategy Overseas

# Americas

### Message from Management



My name is Paul Finney, CEO of Pepsi Bottling Ventures. I have worked for Pepsi Bottling Ventures since 2006. Prior to joining PBV I worked for PepsiCo for 17 years in a variety of roles. Pepsi Bottling Ventures is a joint venture between Suntory and PepsiCo, and is the largest independent bottler of Pepsi products in North America, headquartered in North Carolina.

For fiscal year 2016, Pepsi Bottling Ventures generated sales growth of 2.4% and segment profit growth of 1.9% on a currency-neutral basis. During the year, in addition to strong marketing of PepsiCo branded products, we also launched the first Suntory brand, OVI, completed

construction and opened the Charlotte optimized warehouse, and our Western Division was recognized with the Donald M. Kendall Bottler of the Year award.

For fiscal year 2017, we forecast a sales decrease of 0.2% and segment profit growth of 0.1% on a currency neutral basis. While we maintain our strong share position in the carbonated beverage category, we will also continue our focus on the high growth portion of our portfolio with non-carbonated beverages.

(Note) Forecast as of Feb. 13, 2017

**Paul Finney**  
Chief Executive Officer  
Pepsi Bottling Ventures