

Financial Results for Q3 Year Ending December 31, 2020

November 4, 2020
Suntory Beverage & Food Limited

This is Takayuki Sanno.

I would like to begin my presentation by offering our heartfelt sympathies to all those who have been personally affected by the COVID-19.

I would also like to express our sincere gratitude to medical professionals engaged in the diagnosis and treatment for patients and many others who are working hard to stop the spread of the virus.

I will now explain the results of the third quarter of FY2020.

Please turn to page 2.

- **Major changes in business environment since March due to the COVID-19 outbreak**
- **Market trend recovering since June along with resumption of people movement**
- **“with-COVID” as new normal**
- **Unseasonable weather in peak season (long rainy season in Japan)**

As we shared with you in August, the beverage market is on a recovery trend since June along with the resumption of movement and traffic of people in each region.

On the other hand, restrictions have been reinforced in some areas to cope with the uncertainty imposed by the COVID-19. We consider that it will take certain period of time before a genuine recovery of movement and traffic of people.

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Revenue	Jan-Mar YoY	Apr-Jun YoY	Jul-Sep YoY
Japan	-3%	-18%	-8%
Europe	-2%	-29%	-6%
Asia	-2%	-13%	-4%
Oceania	5%	-7%	5%
Americas	5%	-7%	9%
Total	-2%	-18%	-6%

*currency neutral basis for overseas figures

I will explain more about the situation we are in.

Quarterly revenue comparison year on year shows that the company total has returned from a 18% decrease in the second quarter to a 6% decrease in the third quarter.

Some brands including Japan's *Iyemon* and Europe's *Schweppes* reported better results than last year as a result of our focused activities for the core brands across all regions.

Operating income at the company level increased in the third quarter (Jul-Sep) owing to stringent cost management and favorable commodity prices.

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			(JPY BN)			
	FY2019 Jan-Sep	FY2020 Jan-Sep	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	980.6 BN	886.2 BN	-94.4	-85.4	-9.6%	-8.8%
Operating Income	90.6 BN	77.3 BN	-13.3	-12.4	-14.7%	-13.9%
Operating Income (Organic basis*1)	91.2 BN	77.8 BN	-13.4	-12.5	-14.7%	-13.9%
Net Income*2	57.8 BN	47.3 BN	-10.5	-10.2	-18.2%	-17.7%

*1 Excluding factors derived from extraordinary reasons 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 third quarter of FY2020.

Revenue was 886.2 billion yen, down 8.8% on a currency neutral basis, and down 9.6% on a reported basis.

Operating income on an organic basis was 77.8 billion yen, down 13.9% on a currency neutral basis, and down 14.7% on a reported basis.

Operating income including extraordinary factors was 77.3 billion yen, down 13.9% on a currency neutral basis, and down 14.7% on a reported basis.

Quarterly profit attributable to owners of the Company was 47.3 billion yen, down 17.7% on a currency neutral basis, and down 18.2% on a reported basis.

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Financial Results for Q3 FY2020 by Segment (9 months) SUNTORY SUNTORY BEVERAGE & FOOD

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	481.7 BN	-53.7		-10.0%		29.6 BN	-14.4		-32.7%	
Europe	149.1	-25.2	-22.6	-14.5%	-13.2%	24.3	-3.0	-2.6	-11.0%	-9.6%
Organic							-3.3	-2.9	-11.9%	-10.6%
Asia	156.0	-14.2	-10.7	-8.4%	-6.4%	21.5	+3.9	+4.2	+22.1%	+24.3%
Organic							+3.8	+4.1	+21.3%	+23.6%
Oceania	36.9	-1.5	+0.4	-3.9%	+1.2%	3.9	+0.4	+0.5	+12.4%	+14.5%
Americas	62.5	+0.3	+1.2	+0.5%	+2.0%	6.0	-0.5	-0.4	-7.4%	-6.0%
Reconciliation						-8.1	+0.2	+0.2		
Total	886.2	-94.4	-85.4	-9.6%	-8.8%	77.3	-13.3	-12.4	-14.7%	-13.9%
Organic						77.8	-13.4	-12.5	-14.7%	-13.9%

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

Revenue decreased in Japan, Europe and Asia, but increased in Oceania and the Americas.

Segment profit decreased in Japan, Europe and the Americas, but increased in Asia and Oceania.

I will cover each segment on the following pages.

Please turn to page 6.

Revenue

481.7 BN

%YoY

-10.0%

Segment Profit

29.6 BN

(JPY BN)

%YoY

-32.7%

- Beverage market on a recovery trend since June post lifting of requests to refrain from outings. Negative growth year on year due to unseasonable weather and continued downward trend in the vending machine and convenience store channels
- Sales volume fell by 6%, less severe than the market, with core brands strengthening and *Iyemon* renewal's contribution
- Thorough cost reviews mitigated decrease in segment profit



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I will start with Japan.

We estimate the sales volume for the overall market decreased by 9% in the first nine months of the year due to the extended rainy season into a peak month of July, despite its recovery trend since June.

Our sales volume decrease stood at 6%, less severe than the overall market, as a result of effective core brand activities such as *Iyemon's* robustness and *Tennensui's* better performance over last year.

Revenue was 481.7 billion yen, down 10.0% due to the continued downward trend in the vending machine and convenience store channels while the supermarket channel was on an upward trend.

Segment profit was down 32.7% as our SCM cost improvement activities and cost management mitigated the significant effect from the channel mix deterioration.

We will continue our investment in core brands and initiatives for high-profit products such as health conscious products in tandem with further cost saving.

There is no change to the importance of the vending machine channel. We see change as an opportunity in the current tough situation and are driving the structural reform in an accelerated manner.

Please turn to page 7.

(JPY BN)

Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
149.1 BN	-14.5%	-13.2%	24.3 BN	-11.0%	-9.6%

	Revenue	%YoY	Currency Neutral	
France ^(*1)	68.2 BN	-8.3%	-7.0%	Recovery trend since June. Good weather in summer led <i>Orangina</i> and <i>Oasis</i> ' sales volume to surpass last year
UK ^(*2)	41.3 BN	-10.6%	-9.1%	Continued strength in <i>Lucozade Energy</i> . <i>Lucozade Sport</i> recovering following resumption of sporting activities
Spain ^(*3)	25.4 BN	-33.0%	-32.1%	Sluggish on-premise market due to ongoing restrictions in opening hours

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



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Next is Europe.

Our core brands are on a recovery trend mainly in the off-premise channels. Good weather in the summer also contributed to the recovery. However, revenue fell by 13.2% due especially to the decrease in Spain where the exposure to struggling on-premise market is high.

Segment profit fell by 9.6% due to the sales decrease in April and May despite the contributions from improved efficiency in marketing spend and the favorable commodity market conditions.

In France, revenue decreased by 7.0% due to the continued tough situation in the on-premise market, although our core brands *Orangina* and *Oasis* are recovering.

In the UK, revenue decreased by 9.1% despite the strength in *Lucozade Energy* and signs of recovery in *Lucozade Sport* following resumption of sporting

activities.

In Spain, revenue plunged by 32.1% despite the solid off-premise performance of *Schweppes*.

We must say that uncertainty is growing these days due particularly to the reintroduced lockdown in Europe. Even in this situation, we will stay focused on capturing off-premise demand while we pursue steady progress in our on-premise structural reform.

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(JPY BN)

	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
	156.0 BN	-8.4%	-6.4%	21.5 BN	+22.1%	+24.3%
	Revenue	%YoY	Currency Neutral			
Beverage (Vietnam)	58.8 BN	-7.0%	-5.4%	Continued market slowdown led to revenue decrease		
Beverage (Thailand)	48.2 BN	-0.6%	+1.8%	Revenue grew by successful pricing and format strategy and low-sugar portfolio		
Health Supplement	32.3 BN	-13.3%	-12.2%	<i>Bird's Nest</i> continued to struggle with decrease in the number of Chinese tourists		



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Moving on to Asia.

Revenue was down by 6.4% in a mixed picture.

Segment profit was up 24.3% due to our continuous cost management effort including reviews on the timing of marketing spend and the commodity market condition which remained favorable.

The beverage business in Vietnam reduced revenue by 5.4%. *Aquafina* and *Tea+* performed solidly, but not to the extent to offset the impact of market slowdown as a result of tighter restrictions in some areas.

The beverage business in Thailand recovered to post a 1.8% revenue growth as a result of our successful pricing and format strategy in response to the sugar tax hike last year as well as the expansion of our low-sugar portfolio.

Revenue of the health supplement business decreased by 12.2% because of the severe impact which Thailand

suffered from sluggish tourism demand, while our mainstay *Essence of Chicken* remained strong in each country.

We will boost our effort to make a turn around and go on the offensive by active investment in our core brands in the beverage business and thorough focus on *Essence of Chicken* in the health supplement business.

Please turn to page 9.

(JPY BN)

Oceania

Revenue

36.9 BN

%YoY

-3.9%

Currency
Neutral

+1.2%

Segment Profit

3.9 BN

%YoY

+12.4%

Currency
Neutral

+14.5%

Revenue

Frucor Suntory

28.2 BN

%YoY

-2.4%

Currency
Neutral

+2.9%

Fresh Coffee Business

8.8 BN

%YoY

-8.4%

Currency
Neutral

-3.9%

Americas

Revenue

62.5 BN

%YoY

+0.5%

Currency
Neutral

+2.0%

Segment Profit

6.0 BN

%YoY

-7.4%

Currency
Neutral

-6.0%

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Lastly, Oceania and the Americas.

In Oceania, demand in the off-premise channels including supermarkets remains strong since the lockdown easing.

Revenue grew by 1.2% driven by the steady performance of our core brand V.

Segment profit rose by 14.5% as a result of increased revenue and improved cost efficiency in promotion and advertisement.

In the Americas, PBV observed a steady trend in supermarkets and a gradual recovery continues in the sales trend of convenience stores since June. Currently, the on-premise business is also on its recover, albeit slowly at first.

Revenue rose by 2.0% supported by strong home consumption demand.

Segment profit fell by 6.0% influenced by the channel mix.

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Revision of FY2020 Forecast

Next, I will explain the full year forecast for the year ending December 2020.

Please turn to page 11.

	FY2019 results	FY2020 revised forecast	Change			
			YoY		%YoY	
			Currency Neutral		Currency Neutral	
Revenue	1,299.4 BN	1,185.0 BN	-114.4	-102.9	-8.8%	-8.0%
Operating Income	113.9	95.0	-18.9	-17.7	-16.6%	-15.7%
Operating Income (Organic basis *1)	117.1	96.0	-21.1	-19.9	-18.0%	-17.1%
Net Income *2	68.9	53.5	-15.4	-14.9	-22.3%	-21.8%

(JPY BN)

*1 Excluding factors derived from extraordinary reasons from "Other income" and "Other expenses"
*2 Profit for the year attributable to owners of the Company

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The peak season in the northern hemisphere has passed, but we will continue to execute investment in our core brands and cost management.

Meanwhile, the market environment is deteriorating in some areas, especially in Europe due to the reintroduced lockdown following the recent resurgence of the COVID-19.

We withdrew the full year forecast in August when we announced the results for the first half of the year, but we would like to share with you an updated full year forecast on this occasion, which is prepared based on the third quarter results and other factors.

Revenue is 1,185 billion yen in the new forecast, down 8.0% on a currency neutral basis.

Operating income on an organic basis will be 96 billion yen in the new forecast, down 17.1% on a currency neutral basis.

Operating income including extraordinary factors will be 95 billion yen in the new forecast, down 15.7% on a currency neutral basis.

There is no change to the full year dividend forecast, which is 78 yen per share.

Please turn to page 12.

FY2020 Forecast (IFRS) (by Segment)

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	636.0 BN	-68.3	-	-9.7%	-	35.0 BN	-18.5	-	-34.5%	-
Europe	195.0	-27.5	-25.9	-12.3%	-11.7%	30.0	-3.0	-2.8	-9.1%	-8.4%
Organic							-5.0	-4.8	-14.3%	-13.7%
Asia	214.0	-17.7	-11.3	-7.6%	-5.0%	29.0	+3.8	+4.5	+15.2%	+18.4%
Organic							+3.6	+4.3	+14.1%	+17.2%
Oceania	52.0	-1.2	+0.7	-2.3%	+1.3%	6.5	+0.4	+0.5	+5.9%	+8.1%
Americas	88.0	+0.2	+1.8	+0.3%	+2.1%	8.0	-0.2	-0.1	-2.9%	-1.2%
Reconciliation						-13.5	-1.4	-1.4		
Total	1,185.0	-114.4	-102.9	-8.8%	-8.0%	95.0	-18.9	-17.7	-16.6%	-15.7%
Organic						96.0	-21.1	-19.9	-18.0%	-17.1%

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I will explain the renewed forecast by segment.

There is no major change to the underlying tone up to the third quarter, but uncertainty is growing amid the reintroduction of lockdown in Europe. Although the environment is not favorable, we will look ahead to the coming fiscal year, and will exert concerted effort among regions to drive revenue growth through investment in our core brands, strengthening of activities in the off-premise market, and progress of our structural reform.

Japan expects revenue and segment profit to decrease to 636 billion yen and 35 billion yen respectively.

We will thoroughly strengthen activities for our core brands across water, coffee, tea, and health conscious products.

Europe expects revenue and segment profit to decrease to 195 billion yen and 30 billion yen respectively.

We will step up our activities for off-premise channels including supermarkets in parallel with structural reform

for our on-premise business.

Asia expects revenue to decrease to 214 billion yen and segment profit to increase to 29 billion yen.

We will strengthen our in-store activities for the traditional channel in the beverage business, while fully focusing on *Essence of Chicken* in the health supplement business.

Oceania expects revenue and segment profit to increase to 52 billion yen and 6.5 billion yen respectively.

We will further propel sales growth of *V* which continues to perform well.

The Americas expects revenue to increase to 88 billion yen and segment profit to decrease to 8 billion yen.

We will continue our activities to strengthen sales in the supermarket and convenience store channels.

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That concludes my presentation on the results of the third quarter and the full year forecast for the FY2020.

Under the principle of placing our customers at the center of every pursuit of transformation and evolution, we will further drive our agility and resilience to grow topline, to make progress in structural reform, and to accelerate the momentum for a good start next year.

Thank you.

■ Results for Q3 FY2020 (3 months, IFRS)

(JPY BN)

	FY2019 Jul-Sep	FY2020 Jul-Sep	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	352.8 BN	333.7 BN	-19.1	-19.9	-5.4%	-5.6%
Operating Income	39.7 BN	41.6 BN	+1.9	+1.8	+4.8%	+4.6%
Operating Income (Organic basis *1)	39.8 BN	41.7 BN	+1.9	+1.9	+4.9%	+4.8%
Net Income *2	26.0 BN	26.3 BN	+0.3	+0.1	+1.2%	+0.9%

*1 Excluding factors derived from extraordinary reasons from "Other income" and "Other expenses"

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

FY2020 Quarterly Revenue (IFRS)

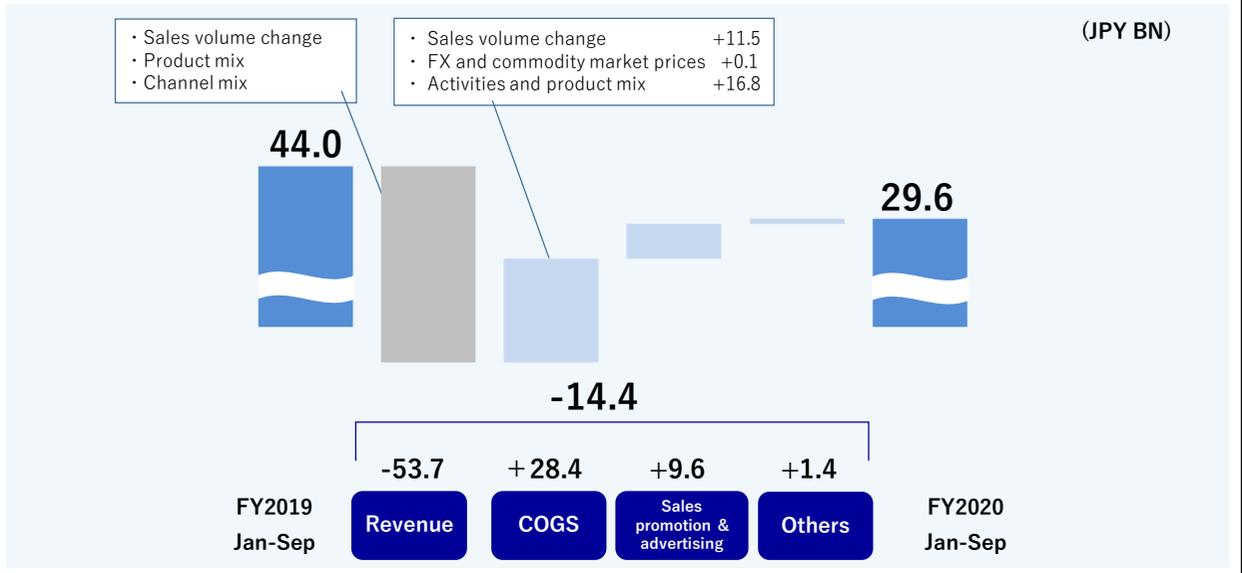
(JPY BN)

	Q1 (Jan-Mar)	Change				Q2 (Apr-Jun)	Change				Q3 (Jul-Sep)	Change			
		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%	-
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%
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%
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%
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%
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%

FY2020 Quarterly Segment Profit (IFRS)

(JPY BN)

	Q1 (Jan-Mar)					Q2 (Apr-Jun)					Q3 (Jul-Sep)				
	YoY	Change		%YoY	Currency	YoY	Change		%YoY	Currency	YoY	Change		%YoY	Currency
		YoY	Currency	%YoY	Currency		YoY	Currency	%YoY	Currency		YoY	Currency	%YoY	Currency
Japan	7.1	+0.6	-	+9.4%	-	4.0	-12.2	-	-75.3%	-	18.6	-2.8	-	-13.1%	-
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%
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%
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%
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%
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%
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%
Reconciliation	-2.7	0.0	0.0			-2.7	0.0	0.0			-2.6	+0.2	+0.2		
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%
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%



Japan

(Million cases)	Q3 FY2019		Q3 FY2019		FY2020 Forecast	
	Actual	Increase (decrease)	Actual	Increase (decrease)	Forecast	Increase (decrease)
<i>Suntory Tennensui</i>	86.3	-6%	88.3	2%	113.7	1%
<i>Boss</i>	82.3	6%	75.4	-8%	103.0	-8%
<i>Iyemon</i>	38.5	-6%	41.9	9%	55.0	7%
<i>Suntory Oolong Tea</i>	18.9	-7%	15.4	-18%	21.0	-16%
<i>PEPSI</i>	15.7	1%	12.8	-18%	17.0	-16%
<i>Green DAKARA</i>	34.6	12%	35.2	2%	42.4	0%
FOSHU drinks and Foods with Function Claims	17.8	2%	16.9	-5%	22.2	-5%
Total	347.4	-2%	327.1	-6%	429.5	-6%

* 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)	Q3 FY2019		Q3 FY2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Orangina (France)</i>	130	-1%	124	-5%
<i>Oasis (France)</i>	214	-5%	205	-4%
<i>Schweppes (Spain, Portugal)</i>	104	2%	81	-22%
<i>Lucozade (UK, Ireland)</i>	312	7%	291	-6%
<i>Ribena (UK, Ireland)</i>	67	-15%	58	-13%

(JPY, average of period)

	FY2019 Jan-Sep	FY2020 Jan-Sep	FY2020 Forecast (as of Nov 4)	Previous Forecast (as of Feb 13)
U.S. Dollar	109.2	107.6	107	109
Euro	122.6	120.9	122	122
British Pound	139.0	136.7	137	143
Singapore Dollar	80.0	77.4	77	81
Thai Baht	3.5	3.4	3.4	3.6
Vietnam Dong	0.0047	0.0046	0.0046	0.0047
New Zealand Dollar	72.5	68.6	69	73
Australian Dollar	76.3	72.8	73	76

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