

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

This is Kazuhiro Saito.

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

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

Today, I will explain the results of FY2020 followed by the newly prepared medium-term management strategy and plan as well as the forecast for FY2021.

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Overview of FY2020

I will start with an overview of our performance in FY2020.

Please turn to page 4.

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

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Revenue was 1,178.1 billion yen. Operating income including extraordinary factors was 96.2 billion yen, higher than the revised forecast at the Company level.

Amid the dramatic changes in business environment in the past year, we made it our first priority to continue producing, selling, and distributing our products, which constitute daily necessities, for our customers. We have been operating with a sense of mission while ensuring the safety and security of our employees and their families.

In parallel, we conducted focused activities especially for our core brands to address the changing behavior and preferences of our customers. As a result, we are now in a more competitive position than our peers in many countries. We could also generate cash steadily, which demonstrates the fundamental fitness of our business.

It was a year in which we did everything we could in the adverse environment, and we came to recognize the challenges to be addressed even more clearly.

In 2021, we will aggressively pursue the next round of growth.

We are planning to pay out 39 yen per share of year-end dividend as previously announced, making the total dividend for the year 78 yen.

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

We have gained a great deal of learning for the future as we navigate through the turbulent business environment under the COVID-19 crisis.

First of all, the strength of core brands. Long-standing, popular brands displayed their resilience in consumption trends all over the world. It was a great reminder of how important absolute trust in quality is in a situation of this kind.

Next point is that the right-brain is as equally vital as the left-brain for human beings. To be more specific, healthy products and services grew naturally, but at the same time, energy drinks, carbonated drinks, and the coffee category grew remarkably as people sought stress relief and refreshment amid the dramatic changes in daily life and work environment. With restrictions on movement and traffic of people still in place, we will continue to quickly and aggressively capture demand including the “right-brain” type of demand which is expected to grow more.

Underlying trends such as E-Commerce expansion and heightening environmental awareness have been boosted by the COVID-19 crisis. This was also a major point we noticed.

Please turn to page 6.

	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

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I would like to highlight the strength of our core brands on this slide.

In Japan, *Iyemon* went through a major renewal in April followed by significant growth.

In overseas markets, our brands grew faster than the market, namely *TEA+* in Vietnam, the energy drink *V* in Oceania, and *Schweppes* in France.

Actually, the key to remain as core brand is innovation. A product which remains unchanged for a decade cannot stay as a core brand for ever-changing customers. We are convinced that always being there for our customers by constantly applying new technologies to our core brands, through the “core brand-innovation” as we call it, is the most important factor in the world of daily necessities.

We will continue refining our core brands through innovation.

Please turn to page 7.

Management Strategy

Next, I will go over our management strategy.

Please turn to page 8.

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.

There is no change to our medium-term management plan despite the COVID-19 impact.

Our basic direction and our aspiration to achieve 2.5 trillion yen revenue by 2030 remains unchanged.

We will also continue to aim for profit growth that is higher than revenue growth.

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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

I will explain the key strategic pillars of our medium-term management plan.

“First Mover” and “Game Changer” will continue to be the pillars in our growth strategy.

On the First Mover part, we will drive sustainable organic growth through core brand innovation and creation of new product categories.

On the Game Changer part, we will develop new markets and beverage business models, and actively engage in M&A in pursuit of inorganic growth.

Both organic and inorganic growth will be enabled by Centers of Excellence, DX (Digital Transformation) and the newly established Asia-Pacific Region.

On the structural transformation front, we will accelerate at a stretch in addressing the long-standing issues of Japan’s vending machine business and Europe’s on-premise business, especially that of Spain. We will continue working on these two issues as they are entering the most critical phase this year.

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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



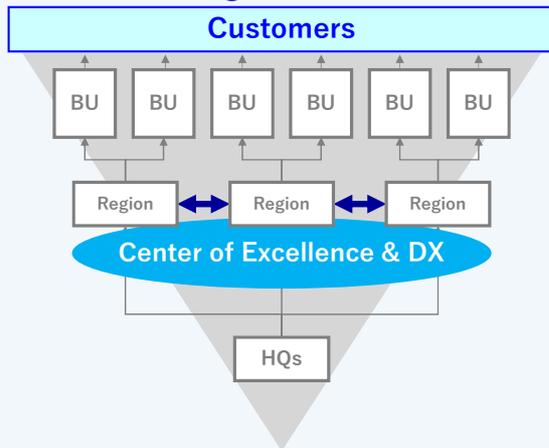
Now, I would like to give you more details about the core brand innovation I mentioned earlier.

This year, we will continue to focus the most on the core brands shown in the slide. Let me reiterate that we will quickly grasp the needs of our customers who are going through rapid lifestyle changes. We will keep on evolving our core brands, not only in terms of the products themselves, but also the communication methods.

We will also conduct activities to create new product categories for each market. The first step is to create a RTD coffee category by strengthening the expansion of the *BOSS* brand abroad. In addition, we will actively expand non-alcoholic RTDs in overseas markets.

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“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

Let me talk about Centers of Excellence and DX that enable our strategy.

Please look at the inverted triangle on the left-hand side. We will thoroughly strengthen our customer-centric “Gemba” capabilities. To support the advancement of “Gemba” in each market, we will promote the sharing of excellent expertise, in other words, Centers of Excellence, namely, core brands innovation, revenue growth management (RGM), and route-to-market sales and distribution strategy (RtM) as part of our groupwide effort.

On top of that, the main functions to promote Centers of Excellence will be allocated in Asia-Pacific, our main growth driver, to support the overall growth of the group.

In addition, we will speed up DX. We have initiated various activities to date such as AI-based demand forecasting and operational efficiency improvement, and advanced analysis on the effectiveness and efficiency of sales promotions.

Through Centers of Excellence and DX, we will further build up our “Gemba” capabilities in an authentic way to swiftly address our customers’ needs and accelerate the transformation.

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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.

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Let me present our newly established Asia-Pacific region.

We launched “SBF APAC” as our growth driver through the integration of Asia and Oceania. As the growth driver of the entire SBF group, APAC aims for a continuous double-digit growth in Asia through expansion of Suntory brand and creation of new categories.

Japan continues to strive for growth faster than the market, while serving as the global innovation driver.

Europe will expedite its core brands innovation for *Schweppes* and *Oasis*, and the structural transformation of the on-premise business in Spain.

The Americas will contribute to the group as the originator of RGM, one of the elements in Center of Excellence and strives to win growth in the expanding energy drink market.

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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.

Next, let me introduce our new management team.

We will welcome the regional CEOs of Asia-Pacific and Europe as new members of the board, subject to the official approval by the meeting of shareholders and the meeting of board of directors in March.

With this, we are aiming to make decisions more quickly through lively discussions based on the facts and realities in “Gemba”.

This change will bring more diverse talent with expertise and experience, and add more strength to our management team.

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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

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Sustainability initiatives are becoming increasingly important.

On the plastics front, we will replace all PET bottle materials 100% with recycled and plant-based materials globally by 2030 in pursuit of realizing zero usage of new fossil-derived materials. In Japan, we will accelerate our 2025 sustainability target of 50% to 2022.

In tackling CO2 emissions, we aim for net zero greenhouse gas emissions across the value chain by 2050.

Last element is water, which we embrace in our philosophy. We will reduce water consumption at our plants worldwide by 15% per unit production through groupwide promotion of the activities under the Suntory Group “Water Philosophy”.

Please turn to page 15.

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

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

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I will now touch on the medium-term management plan, covering the three-year period from 2021 to 2023.

Using 2020 as the base year, targets for organic growth are set as follows:

- Revenue growth of CAGR mid-single digit
- Operating income growth of CAGR above 10%
- Operating income margin of 10% by 2023

In parallel, we target to surpass the 2019 revenue and operating income levels in 2022.

In the area of inorganic growth, we will put emphasis on M&A. While setting the upper limit of net debt equity ratio of 1x, we will allocate 200-300 billion yen for investment for the time being.

We will be flexible in shareholder returns according to the situation.

Please turn to page 16.

Forecast for FY2021

Next, I will move on to the forecast for FY2021.

Please turn to page 17.

(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

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Our theme in FY2021 is “Agile Transformation”.

Leveraging our strengths that we became convinced of in 2020, we will go “offensive” without hesitation. To be specific, we will drive revenue growth by extensively investing in our core brands, while accelerating structural transformation.

Revenue forecast is 1,260.0 billion yen, up 6.2% on a currency neutral basis.

Our forecast for organic operating income is 106.0 billion yen, up 5.9% on a currency neutral basis.

Operating income growth including extraordinary factors is forecasted to be 105.0 billion yen, up 7.9% on a currency neutral basis.

Our forecast for net income attributable to owners of the Company is 60.5 billion yen, up 14.7% on a currency neutral basis.

We are forecasting an annual dividend of 78 yen, same as FY2020.

That is all from me, thank you.

Supplementary Explanation

Takayuki Sanno, CFO

This is Takayuki Sanno.

I will now explain the FY2020 results and FY2021 forecast in a little more detail.

Please turn to page 19.

Overview of FY2020

I will start with the FY2020 results.

Please turn to page 20.

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%

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This is the performance by segment.

The figures are on a currency neutral basis hereafter.

- All regions except for Europe reported annual organic operating income higher than the revised forecast, as a result of focused activities for our core brands, diligent cost management, etc., despite the continued impact from COVID-19 through the fourth quarter.
- Revenue increased in Oceania and the Americas.
- Segment profit increased in Asia, Oceania and the Americas.

I will walk you through segment by segment on the following pages.

Please turn to page 21.

		(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

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I will start with Japan.

Revenue was 633.0 billion yen. Segment profit was 37.0 billion yen.

- We estimate the sales volume for the overall beverage market in 2020 was at 93% level of the previous year due to a series of requests to refrain from outings since the second half of March, the extended rainy season into the peak month of July, and the resurgence of COVID infections since October.
- Under those circumstances, we concentrated our effort in core brands. To give you a highlight, the largest ever renewal since its launch was conducted for *Iyemon* at the difficult timing immediately after the first declaration of a state of emergency, which resulted in a significant growth. All in all, we outperformed the market with our sales volume standing at 96% level of the previous year, and we also achieved the record high market share.
- Revenue was negatively impacted by channel mix deterioration in which the vending machine and convenience store channels decreased while the supermarket channel increased.
- Segment profit exceeded the revised forecast as a result of our thorough review on various cost items which mitigated the

(JPY BN)

Revenue

%YoY

Currency
Neutral

Segment Profit

%YoY

Currency
Neutral

190.0 BN

-14.6%

-14.1%

27.2 BN

-17.5%

-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 summerUK
(*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 demandSpain
(*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

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Next is Europe.

Revenue was 190.0 billion yen. Segment profit was 27.2 billion yen.

- The April and winter lockdowns in major countries resulted in significant negative impact. Spain's on-premise market was especially hit hard.
- Despite such a headwind, our intensive activities for core brands with primary focus on *Schweppes* and *Lucozade Energy* as well as improvement in marketing spend contributed to minimizing the profit decrease.

In France, *Orangina* and *Oasis* performed much better than the market and FY2019 during the summer peak, demonstrating the brand's strong capabilities.

In the UK, *Lucozade Energy* trended steadily, resulting in better results than FY2019.

In Spain, *Schweppes* performed well in the off-premise channel. Our structural transformation for the on-premise channel was accelerated amid the prolonged tough situation.

Please turn to page 23.

(JPY BN)

Revenue

%YoY

Currency
Neutral

Segment Profit

%YoY

Currency
Neutral

212.0 BN

-8.5%

-6.2%

27.9 BN

+10.8%

+13.5%

Revenue

%YoY

Currency
NeutralBeverage
(Vietnam)

79.5 BN

-8.0%

-5.9%

Focused core brand activities led to YoY growth of *TEA+* and steady trend for *Sting*

Beverage
(Thailand)

61.4 BN

-3.1%

-0.4%

New *Pepsi* 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 *BRAND's Essence of Chicken* boosted by continuous, focused activities



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Moving on to Asia.

Revenue was 212.0 billion yen. Segment profit was 27.9 billion yen.

- Vietnam and Thailand outperformed the market through our focused activities for core brands despite the COVID-19 impact similar to other areas.
- Segment profit on an organic basis was above the previous year and the revised forecast, with recovery in the commodity market and our diligent cost management.

The beverage business in Vietnam leveraged its portfolio, overcoming the significant impact from the market slowdown. *TEA+*, among others, captured health-related needs and largely exceeded the FY2019 results.

The beverage business in Thailand successfully implemented the pricing and format strategy in response to the sugar tax hike and expanded the low-sugar portfolio.

The health supplement business has recently started to see an upward sales trend for Brand's Essence of Chicken, as a result of our continuous effort to boost activities and the transformation of distribution strategy, especially in Thailand.

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Oceania & Americas		FY2020 Results		SUNTORY SUNTORY BEVERAGE & FOOD		
		(JPY BN)				
Oceania	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
	53.0 BN	-0.4%	+2.8%	6.5 BN	+5.2%	+7.0%
	Revenue	%YoY	Currency Neutral			
	Frucor Suntory	40.8 BN	+0.9%	+4.2%		
	Fresh Coffee Business	12.1 BN	-6.2%	-3.5%		
Americas	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral
	90.1 BN	+2.7%	+4.9%	9.1 BN	+10.4%	+12.8%

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Lastly, Oceania and the Americas.

In Oceania, revenue was 53.0 billion yen, while segment profit was 6.5 billion yen.

- Revenue grew significantly year on year driven by the steady performance of our core, energy drink brand *V* at Frucor Suntory.
- Segment profit also grew as a result of increased revenue and improved cost efficiency in promotion and advertisement.

The Americas posted 90.1 billion yen in revenue, and 9.1 billion yen in segment profit.

- Revenue grew significantly in both carbonated and non-carbonated drink categories, by PBV's successful, strengthened activities for home consumption.
- Segment profit also grew due to revenue increase and cost management.

Please turn to page 25.

Forecast for FY2021

Next, I will explain our forecast for FY2021.

Please turn to page 26.

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%

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This slide shows the FY2021 forecast by segment.

We plan to grow both revenue and profit in all segments in FY2021.

I will go over each segment in more detail in the following pages.

Please turn to page 27.

Revenue		Segment Profit	
	%YoY		(JPY BN) %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



I will start with Japan.

The size of the overall beverage market is expected to grow 2% in 2021. Meanwhile, we plan to grow our volume by 4% to return to the FY2019 level.

We expect revenue growth of 3.3% to 654.0 billion yen, as we continue to concentrate our investment in core brands for further growth, such as *Suntory Tennensui*, *BOSS*, *Iyemon*, and health conscious products with a centerpiece *Tokucha*. At the same time, we will further accelerate the transformation of the vending machine business, pushing through the anticipated difficulties in the vending machine and convenience store channels.

For segment profit, our target for the year is 41.0 billion yen, or 10.9% year-on-year growth. We will invest in our core brands extensively, and push forward the structural transformation for the vending machine business as well as other cost reform including supply chain cost reduction to achieve the target.

I will cover our key business strategies next.

Please turn to page 28.

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

We have set three key business strategies for FY2021.

Firstly, business model transformation of the vending machine business.

- We will raise the earnings capability per machine, per location by strengthening our actions including introduction of larger machines, and display chamber reviews.
- We also will continue to improve the operational efficiency through wireless technology-based route optimization, etc.
- We are aiming to boost productivity and profitability by driving organizational efficiency through consolidation of Japan Beverages' sales branch.

Secondly, growth acceleration of core brands.

- *Suntory Tennensui*, *BOSS*, and *Iyemon* will remain our primary focuses. Among which, *Craft BOSS* will go through a major renewal for its key “coffee series” which celebrates the fifth anniversary.
- For *Tokucha*, the centerpiece of our health conscious products, we will run marketing activities to address new lifestyles to encourage people to develop a healthy habit while enjoying their daily life.

Lastly, structural innovation of SCM.

- The new water plant will commence operation this year. We will promote further efficiency with the new production system.

(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



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Next is the newly established Asia-Pacific.

2021 is positioned as the year of investment for the growth in Asia-Pacific, with double-digit growth in Asia.

We expect revenue growth of 9.6% to 292.0 billion yen, which will be driven by our intensive investment in core brands, especially *TEA+*, *Brand's*, *V*, and *Sting* across the region, while we take on creation of new product categories by launching non-alcoholic RTDs, as we look ahead to the demand growth.

For segment profit, our target for the year is 37.0 billion yen, or 7.1% year-on-year growth with a plan for active marketing investments, by creating synergy through collaboration between the beverage and health supplement businesses, and by our continued diligence in cost management.

Please turn to page 30.

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

In Vietnam, we will expand *TEA+* sales in the northern area, and carry out brand innovation for the energy drink *Sting*.

In Thailand, we will respond to the rising health-related needs among consumers with the sugar tax hike in mind, through boosting our continued marketing effort for low- and no-sugar *Pepsi* brand, and by investing more for the reintroduction of *TEA+*.

The health supplement business will focus on brand revitalization of *BRAND'S. Essence of Chicken* is the primary focus of innovation, aiming for a double-digit growth for the year.

Frucor Suntory will continue investing in the further growth of the *V* brand in the strong energy category. Also, active investment in the *BOSS* brand, which has high potential.

Please turn to page 31.

(JPY BN)

Revenue

%YoY

Currency
Neutral

Segment Profit

%YoY

Currency
Neutral

222.0 BN +16.9% +12.3%

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



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Moving on to Europe.

We expect revenue growth of 12.3% to 222.0 billion yen through brand expansion of *Schweppes* across Europe in addition to our continuous, concentrated investment in our core brands.

For segment profit, our target for the year is 31.5 billion yen, or 11.2% year-on-year growth with active brand investment while reducing costs by diligent cost management and making progress in the structural transformation of the on-premise business.

Please turn to page 32.

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

In France, we will revitalize the *Oasis* brand, and thoroughly strengthen our marketing activities for *Orangina*, to maximize both revenue and segment profit.

In the UK, we will continue our effort to stimulate demand in a broad range of sporting occasions for *Lucozade Sport*, while maintaining the strong momentum of *Lucozade Energy*.

In Spain, in addition to the *Schweppes* core brand innovation in all Europe, we conduct marketing activities to pursue new drinking occasion for *Schweppes*. We will also accelerate the structural transformation of the on-premise business, while reviewing marketing expense at a higher pace.

Please turn to page 33.

(JPY BN)

Revenue

%YoY

Currency
Neutral

Segment Profit

%YoY

Currency
Neutral

92.0 BN

+2.1%

+2.8%

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



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Lastly, the Americas.

In pursuit of revenue growth of 2.8% to 92.0 billion yen and segment profit growth of 2.9% to 9.3 billion yen, we will step up our activities for *Pepsi* and *Mtn. Dew* in the carbonated drink category, refocus on *Orangina* in accordance with changes to the license, boost activities for the energy drink category, and drive RGM to optimize the price, channel, and product mixes.

That is all from me. Thank you.

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)					Q2 (Apr-Jun)					Q3 (Jul-Sep)					Q4 (Oct-Dec)				
	YoY	Change		Change		YoY	Change		Change		YoY	Change		Change		YoY	Change		Change	
		Currency neutral	%YoY	Currency neutral			Currency neutral	%YoY	Currency neutral			Currency neutral	%YoY	Currency neutral			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)

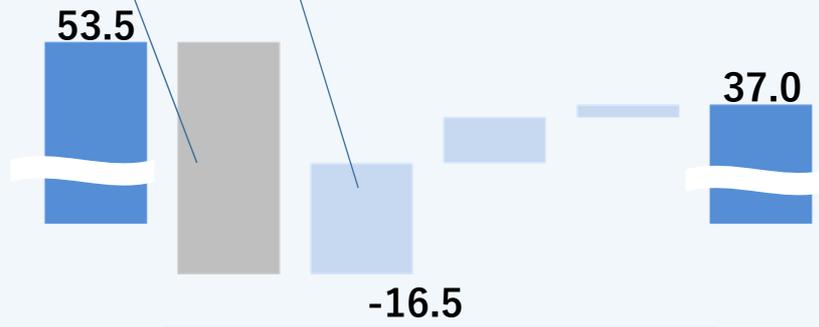
(JPY BN)

	Q1 (Jan-Mar)				Q2 (Apr-Jun)				Q3 (Jul-Sep)				Q4 (Oct-Dec)							
	Profit	Change			Profit	Change			Profit	Change			Profit	Change						
		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			-3.4	0.3	0.4	
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		+2.0	+2.3	+11.3%	+13.0%		-17.4	-16.7	-52.1%	-51.1%		1.9	1.9	+4.9%	+4.8%		-4.6	-4.3	-17.9%	-16.7%

- 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

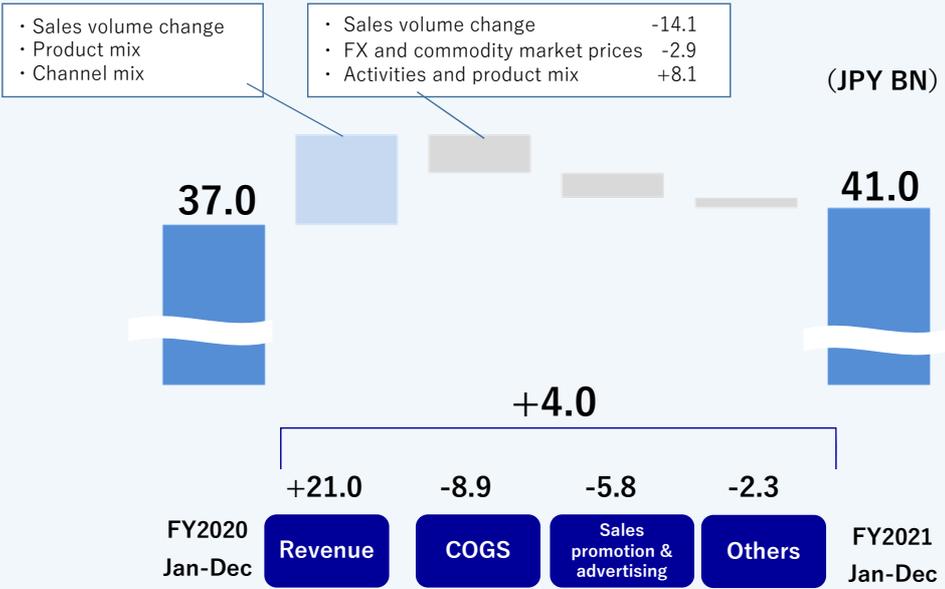
(JPY BN)



FY2019
Jan-Dec

-71.3	+37.3	+13.4	+4.1
Revenue	COGS	Sales promotion & advertising	Others

FY2020
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 (France)</i>	276	-4%	258	-7%
<i>Schweppes (France)</i>	159	-6%	158	-0%
<i>Orangina (France)</i>	164	-0%	155	-5%
<i>Lucozade (UK, Ireland)</i>	406	7%	380	-6%
<i>Ribena (UK, Ireland)</i>	86	-14%	79	-8%
<i>Schweppes (Spain, Portugal)</i>	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

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