

Financial Results for Q1 Year Ending December 31, 2023

May 11, 2023
Suntory Beverage & Food Limited

This is Noriaki Otsuka.

Thank you very much for taking the time today.

I will now explain our financial results for the first quarter of FY2023.

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(JPY BN)

	FY2023 Jan-Mar	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Revenue	337.2	+41.2	+13.9%	+26.3	+8.4%
Operating Income	26.4	+4.7	+22.0%	+2.8	+12.0%
Non-recurring items	-0.5	-1.1	—	-1.1	—
Operating Income (Organic basis*1)	26.8	+5.8	+27.6%	+4.0	+17.3%
Net Income*2	14.6	+2.2	+18.1%	+1.2	+9.3%

*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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Revenue was 337.2 billion yen, up 13.9% year on year, and up 8.4% on a currency neutral basis.

Operating income was 26.4 billion yen, up 22.0% year on year, and up 12.0% on a currency neutral basis.

Operating income on an organic basis excluding non-recurring items was 26.8 billion yen, up 27.6% year on year, and up 17.3% on a currency neutral basis.

Net profit attributable to owners of the Company was 14.6 billion yen, up 18.1% year on year, and up 9.3% on a currency neutral basis.

In the first quarter, sales volume continued to grow in key markets as a result of fully focused activities for our core brands in all segments, amid a recovery in foot traffic in Japan and continued demand growth overseas. Price revisions for PET bottle products in Japan from October last year and flexible price revisions overseas also contributed to revenue growth in all segments.

As expected, we were impacted by cost increases due to high raw material prices and currency fluctuations, but we were able to absorb these impacts through revenue growth and cost management, and achieved profit growth at the company level.

We got off to a good start, exceeding our revenue and operating income expectations.

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Let me explain our initiatives to drive core brands innovation.

In 2023, we will continue to strengthen our efforts across all segments to develop our core brands innovation in order to achieve further revenue growth.

In Japan, *Suntory Tennensui*, *BOSS*, and *GREEN DA · KA · RA* performed well due to new product launches and enhanced marketing activities.

In APAC, *TEA+* and *Sting* in Vietnam and *V* in Oceania maintained high growth rates.

In Europe, *Oasis* in France and *Schweppes* in Spain continued to deliver double-digit growth as a result of increased brand activities.

We are seeing steady results from our continued core brands innovation by quickly identifying changes in demand in key markets.

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(JPY BN)

	Revenue	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Japan	145.8	+11.8	+8.8%	+11.8	+8.8%
APAC	89.9	+12.8	+16.6%	+5.0	+5.9%
Europe	68.6	+14.6	+26.9%	+11.5	+20.1%
Americas	32.9	+7.0	+27.2%	+3.5	+11.7%
Total	337.2	+46.2	+15.9%	+31.7	+10.4%
Segment Profit					
Japan	3.6	+1.0	+39.0%	+1.0	+39.0%
APAC	12.0	+0.6	+5.3%	-0.6	-4.6%
Europe	10.7	+4.0	+59.1%	+3.7	+52.5%
Americas	3.7	+0.7	+22.0%	+0.3	+7.2%
Reconciliation	-3.2	-0.5		-0.4	
Total	26.8	+5.8	+27.6%	+4.0	+17.3%

* Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.
* Africa has been reclassified from APAC to Europe in 2023. Reclassified 2022 figures are used in this table for year-on-year comparisons.

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This slide shows the results by segment.

From here on, the commentary by segment will be provided on an organic basis, excluding non-recurring items, and on a currency neutral basis.

Revenue:

- Increased in all segments.
- Japan grew on higher sales volume and price revisions for PET bottle products from October last year.
- Each of the overseas segments achieved growth due to steady demand and the thorough implementation of RGM activities, including flexible price revisions.

Segment profit:

- Japan, Europe, and the Americas increased by absorbing cost increases through revenue growth and strict cost management.
- APAC decreased due to negative revenue growth in the health supplement business, while revenue in the beverage business increased.

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(JPY BN)

Revenue	%YoY		Segment Profit	%YoY	
	Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
145.8 BN	+8.8%	–	3.6 BN	+39.0%	–

- Beverage market sales volume estimated at 100%, while SBF Japan marked 103% YoY. Fully focused activities for core brands led to above-market growth in all channels and market share gains. *Suntory Tennensui*, *BOSS* and *GREEN DA·KA·RA* performed well.
- Revenue grew faster than sales volume, reaching 109% of the previous year's level. Significant contribution from price revisions for PET bottle products implemented from October 2022.
- Segment profit increased due to revenue growth and strict cost management, despite high raw material costs and yen depreciation as expected.



* Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

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First, Japan.

Revenue was 145.8 billion yen. Segment profit was 3.6 billion yen.

- We estimate the sales volume in the beverage market landed at 100%, on par with the previous year, due in part to a recovery in foot traffic and favorable weather conditions, amid the impact of price revisions for PET bottle products from October last year.
- We continued to implement focused activities for our core brands. New product launches and marketing activities contributed to an increase in sales volume to 103% of the previous year's level. All channels outperformed the market growth, resulting in further share gains.
- Revenue grew faster than sales volume, reaching 109% of the previous year's level, thanks to a significant contribution from the effect of price revisions, which have steadily improved unit prices.
- The impact of high raw material costs and yen depreciation was absorbed, and segment profit increased.

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(JPY BN)

	Revenue	%YoY		Segment Profit	%YoY	
		Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
	89.9 BN	+16.6%	+5.9%	12.0 BN	+5.3%	-4.6%
	Revenue	%YoY			%YoY	
		Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
Beverage (Vietnam)	36.4 BN	+34.9%	+22.6%	<p>Traditional trade channel continued to grow amid steady demand trend. Core brands such as <i>TEA+</i> and <i>Sting</i> grew. Price revisions in February also contributed.</p> <p>Demand trended steadily. <i>PEPSI</i> brand and <i>TEA+</i> grew. Flexible price revisions since last year also contributed.</p> <p>Demand continued to decline due to inflation, etc. Strengthened activities for <i>BRAND'S Essence of Chicken</i>.</p> <p>Strengthened activities for <i>V. BOSS</i> trended well. Price revisions in February also contributed.</p> 		
Beverage (Thailand)	20.9	+20.9%	+8.8%			
Health Supplement ^(*1)	8.0	-8.5%	-17.7%			
Beverage (Oceania)	16.5	+25.2%	+17.3%			

(*1) Health Supplement results consist of Thailand and Indochina Peninsula
Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

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Moving on to Asia-Pacific.

Revenue was 89.9 billion yen. Segment profit was 12.0 billion yen.

- In Asia-Pacific, we continued focused activities for our core brands in the beverage and health supplement businesses. While the health supplement business is taking time to recover, robust growth in the beverage business in Vietnam was a key driver for the segment. The beverage businesses in Oceania and Thailand also contributed to incremental growth.
- Revenue grew due to factors such as flexible price revisions in key markets.
- Segment profit declined due to the significant impact of negative revenue growth in the health supplement business.
- The beverage business in Vietnam continued to grow in the traditional trade channel. Our focused activities for *TEA+* and *Sting* resulted in significant growth in sales volume.
- The beverage business in Thailand, amid steadily trending demand, achieved growth for *PEPSI* brand and *TEA+*.
- In the health supplement business, activities for *BRAND'S Essence of Chicken* were thoroughly implemented in the face of declining demand impacted by inflation. As a result, the sales trend is gradually recovering.
- The beverage business in Oceania continued marketing investment for *V. BOSS* trended well.

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(JPY BN)

Revenue	%YoY		Segment Profit	%YoY	
	Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
68.6 BN	+26.9%	+20.1%	10.7 BN	+59.1%	+52.5%

Revenue	%YoY	
	Incl. currency effect	Currency neutral

France **24.9** BN +25.2% +14.8%

Robust demand continued in both off- and on-premise. *Oasis*, *Schwepes*, and *Orangina* continued significant growth. Gained market share. Price revisions in March also contributed.

UK **20.9** +20.0% +16.3%
(*1)

Demand remained strong. *Lucozade* and *Ribena* grew. Price revisions since last December also contributed.

Spain **11.5** +51.5% +38.9%
(*2)

Continued to benefit from favorable weather and increased on-premise demand. *Schwepes* grew double-digit. Price revisions since last November also contributed.



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

Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

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Next is Europe.

Revenue was 68.6 billion yen. Segment profit was 10.7 billion yen.

- Demand in key markets remained strong in the first quarter. Sales volume increased in key markets as a result of increased focused activities for our core brands.
- Revenue increased due to price revisions and other factors.
- Segment profit increased as a result of revenue growth and strict cost management, amid the impact of high raw material costs and rising energy prices.
- In France, robust demand continued in both the off- and on-premise channels. Sales volume of our core brands, *Oasis*, *Schwepes*, and *Orangina* continued to grow, gaining market share.
- In the UK, our core brands *Lucozade* and *Ribena* grew due to continued strong demand.
- In Spain, *Schwepes* continued to grow at a strong double-digit rate, driven by continued demand growth in the on-premise channel and favorable weather conditions.

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(JPY BN)

Revenue	%YoY		Segment Profit	%YoY	
	Incl. currency effect	Currency neutral		Incl. currency effect	Currency neutral
32.9 BN	+27.2%	+11.7%	3.7 BN	+22.0%	+7.2%

- Robust demand continued in both off- and on-premise channels.
- Sales volume trended positively due to increased activities in both carbonated and non-carbonated categories and channel expansion for *Gatorade*.
- Major contribution from price revision effect, leading to revenue growth.
- Absorbed impact of high raw material costs and rising labor costs, and achieved profit growth.



Organic basis: Revenue excludes revenue from transferred business. Segment profit excludes extraordinary factors and profit/loss impact from transferred business.

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Finally, the Americas.

Revenue was 32.9 billion yen. Segment profit was 3.7 billion yen.

- Robust demand continued in the first quarter. In addition to increased activities in both carbonated and non-carbonated categories, channel expansion, particularly for *Gatorade*, contributed to the increment. Sales volume trends were positive in both off- and on-premise channels.
- RGM activities, including price revisions, contributed to revenue growth.
- Revenue growth and cost reduction activities led to an increase in segment profit, despite the impact of high raw material costs and rising labor costs.

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That is all for the first quarter of FY2023.

Core brands innovation, RGM activities, and structural transformation that we have been working on in each segment are steadily yielding results, and we are confident of further business growth.

Under the assumption that a high degree of uncertainty will remain regarding future economic conditions, changes in demand and costs, etc., we will continue to work diligently to achieve our guidance by implementing the necessary measures, including focused activities for our core brands and thorough cost management such as SCM activities.

Finally, as previously reported, a new management structure was initiated with the appointment of Ms. Ono as our new President, effective March 24. Under the new leadership, we at Suntory Beverage & Food will work as one to ensure a positive conclusion to FY2023, the last year of the current medium-term management plan.

This concludes my presentation. Thank you.

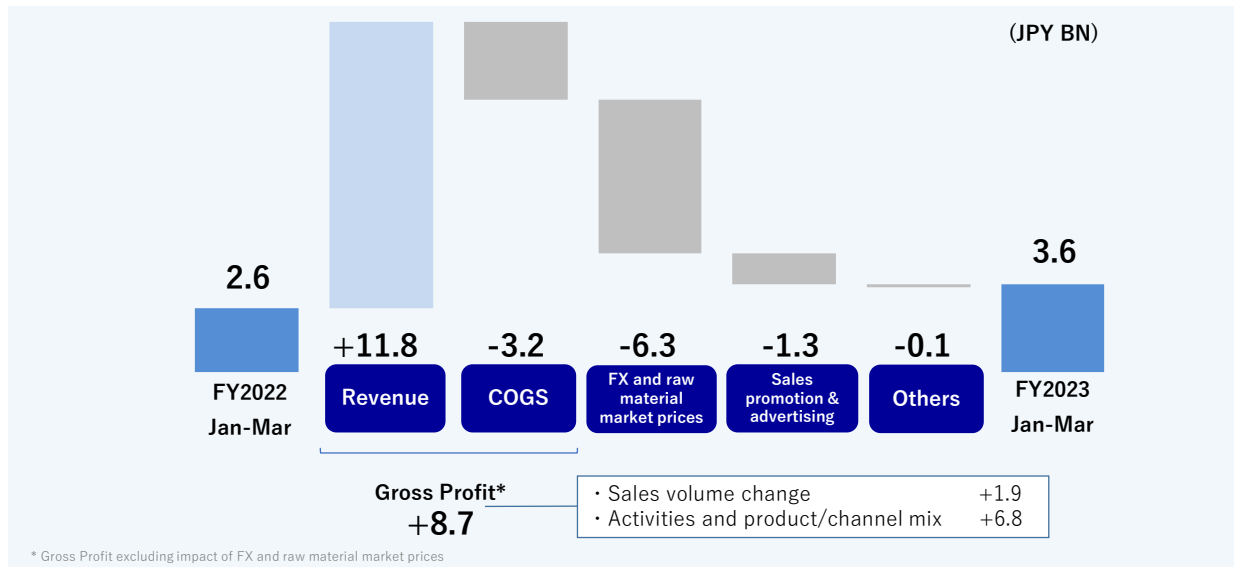
(JPY BN)

	FY2023 Jan-Mar	Descriptions
Operating Income	26.4	
Non-recurring items	-0.5	APAC -0.2 Europe -0.3
Operating Income (Organic basis)	26.8	

(JPY BN)

	Revenue	Change			
		Incl. currency effect		Currency neutral	
		YoY	%YoY	YoY	%YoY
Japan	145.8	+11.8	+8.8%	+11.8	+8.8%
APAC	89.9	+9.5	+11.9%	+1.5	+1.7%
Europe	68.6	+12.8	+23.0%	+9.5	+16.0%
Americas	32.9	+7.0	+27.2%	+3.5	+11.7%
Total	337.2	+41.2	+13.9%	+26.3	+8.4%
Segment Profit					
Japan	3.6	+1.0	+39.0%	+1.0	+39.0%
APAC	11.8	+0.3	+2.9%	-0.9	-6.8%
Europe	10.4	+3.2	+43.5%	+2.8	+36.7%
Americas	3.7	+0.7	+22.0%	+0.3	+7.2%
Reconciliation	-3.2	-0.4		-0.4	
Total	26.4	+4.7	+22.0%	+2.8	+12.0%

* Africa has been reclassified from APAC to Europe in 2023. Reclassified 2022 figures are used in this table for year-on-year comparisons.



Japan

(Million cases)	Q1 FY2022		Q1 FY2023		FY2023	
	Actual	YoY	Actual	YoY	Forecast	YoY
<i>Suntory Tennensui</i>	26.0	7%	26.6	2%	132.0	2%
<i>Boss</i>	24.1	4%	24.6	2%	102.0	-2%
<i>Iyemon</i>	12.6	4%	11.8	-7%	63.0	2%
<i>GREEN DA·KA·RA</i>	6.5	5%	7.2	10%	48.0	-1%
<i>Suntory Oolong Tea</i>	2.8	-8%	3.0	7%	15.0	1%
<i>PEPSI</i>	3.5	22%	3.7	4%	17.0	-2%
FOSHU drinks and Foods with Function Claims	5.4	12%	8.3	55%	47.0	45%
Total	88.3	4%	91.0	3%	445.0	0%

* 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)	Q1 FY2022		Q1 FY2023	
	Actual	YoY	Actual	YoY
<i>Oasis</i>	64	15%	73	13%
<i>Schweppes</i> (France)	37	18%	38	4%
<i>Orangina</i> (France)	37	17%	40	9%
<i>Lucozade</i> (UK, Ireland)	94	14%	99	5%
<i>Ribena</i> (UK, Ireland)	20	5%	20	2%
<i>Schweppes</i> (Spain, Portugal)	21	14%	26	25%

(JPY, average during period)

	FY2022 Jan-Mar	FY2023 Jan-Mar	FY2023 Forecast
U.S. dollar	116.4	132.4	130.0
Euro	130.4	142.2	141.0
Sterling	156.0	161.0	160.0
Singapore dollar	86.0	99.4	98.0
Thai baht	3.5	3.9	3.9
Vietnam dong	0.0051	0.0056	0.0056
New Zealand dollar	78.7	83.4	84.0
Australian dollar	84.3	90.6	91.0

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