

Financial Results for Q1 Year Ending December 31, 2020

May 8, 2020
Suntory Beverage & Food Limited

This is Takayuki Sanno.

We would like to extend our deepest sympathies and condolences to all those who have been personally affected by the COVID-19.

We 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.

Based on the current situation, I would like to begin my presentation by explaining the business environment and our stance to navigate through it.

Please turn to page 2.

- **Major changes in business environment since March due to the COVID-19 outbreak**
 - **Changes in consumer behavior**
 - **Changes in purchasing/drinking occasions**
 - **Changes in product selection (preferences)**

The timing of the onset of COVID-19 impact varied from region to region, but the business environment surrounding us has changed significantly since March in particular.

As a result, our performance in the January to March period was influenced by the virus.

Stockpiling demand has risen mainly in the supermarket channel.

Overall demand from the on-premise channel has dropped significantly due to suspended or self-restrained operation of on-premise accounts, with some exceptions for take-out and delivery services.

Increased home consumption has led to more purchases not only in the supermarket channel but also in e-commerce.

Bulk buying of large format products and multipacks has become prevalent, with a clear inclination toward popular products.

As mentioned above, we have been observing a major shift.

Please turn to page 3.

Revenue	Jan-Mar YoY	Mar YoY
Japan	-3%	-9%
Europe	-2%	-12%
Asia	-2%	-10%
Oceania	5%	0%
Americas	5%	10%

*currency neutral basis for overseas figures

First, I would like to take a closer look at the single month of March, which was a major turning point.

Japan's Revenue declined by 9%.

By channel, the supermarket channel grew, while the convenience store and the vending machine channels declined under the requests to refrain from outings.

Europe reported a 12% drop in Revenue.

The on-premise channels in France and Spain were hit especially hard.

Asia's Revenue was down by 10%.

In particular, the Beverage Business in Thailand and the Health Supplement Business plunged due to the sluggish economy and lockdown.

Oceania saw stockpiling demand, but resulted in the same Revenue level as the previous year due to lockdowns. The Americas grew Revenue by 10% driven by stockpiling demand.

Please turn to page 4.

【Continue with focus】

- Management with long-term perspective
- Brand investment
- Mid- to long-term structural reform for sustainable growth and stronger earning power

【Activities aligned with changes in the business environment】

- Safety and security of employees and their families as the first priority
- Continuous production and sales never to disrupt the product pipeline
- Maximization of opportunities by capturing changes in customer preferences and purchasing occasions
- Overall cost review from scratch

I would like to explain our stance under such circumstances.

There is no change in how we run our business based on a long-term perspective.

We keep on polishing up our “brands” to continue delivering them to our customers, while we continue supporting our “people/teams” in each part of our business.

In addition, we will proceed with activities to address changes in the business environment.

We prioritize the safety and security of our employees and their families above anything else.

We comply with requests and instructions from the government of each country to prevent the spread of infection as we continue our “production” to keep on delivering our products to our customers, through which we fulfill our social responsibility.

We will identify changes in consumer behavior and preferences, continue brand investments with clear and distinct priorities, and respond swiftly to changes in purchasing occasions.

Costs will be reviewed from scratch in the process.

When it comes to our performance, we anticipate inevitable headwinds in the second and following quarters due to the lockdowns in various countries as well as the requests to refrain from outings and to suspend operations in Japan.

The business environment may recover in the third quarter onwards, but there is uncertainty about what lies ahead. Given the current circumstances, we made a judgement that this is not the appropriate timing for us to revise the full year forecast for FY2020.

We will keep our eyes on the timing of lockdown easing and stay-at-home request lifting, etc., and update you on the forecast when we have good visibility on the situation.

Please turn to page 5.



©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

5

Amid the prolonged impact of the COVID-19, we will continue our contribution to society.

We are providing supplies to medical institutions, food and beverages to local communities, and support to our customers in the on-premise market all over the world.

Suntory Group has started a group-wide action to provide free of charge alcohol disinfectants to medical institutions in Japan, the United States of America, and Europe.

As a beverage maker, we will continue our efforts to distribute beverages essential to people's lives and to offer support according to the situation of each country.

Please turn to page 6.

(JPY BN)

	FY2019 Jan-Mar	FY2020 Jan-Mar	Change			
			YoY	Currency Neutral	%YoY	Currency Neutral
Revenue	285.7 BN	277.2 BN	-8.5	-4.8	-3.0%	-1.7%
Operating Income	17.8 BN	19.8 BN	+2.1	+2.3	+11.6%	+13.2%
Operating Income (Organic basis*1)	18.0 BN	20.1 BN	+2.0	+2.3	+11.3%	+13.0%
Net Income*2	10.7 BN	12.7 BN	+2.0	+2.2	+18.8%	+20.5%

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

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

©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

6

Now, I will report on the first quarter results.

Revenue was 277.2 billion yen, down 1.7% on a currency neutral basis, and down 3.0% on a reported basis.

Operating income on an organic basis was 20.1 billion yen, up 13.0% on a currency neutral basis, and up 11.3% on a reported basis.

Operating income including extraordinary factors was 19.8 billion yen, up 13.2% on a currency neutral basis, and up 11.6% on a reported basis.

Quarterly profit attributable to owners of the Company was 12.7 billion yen, up 20.5% on a currency neutral basis, and up 18.8% on a reported basis.

Please turn to page 7.

Financial Results for Q1 FY2020 (by Segment)

(JPY BN)

	Revenue	Change				Segment Profit	Change			
		YoY	Currency Neutral	%YoY	Currency Neutral		YoY	Currency Neutral	%YoY	Currency Neutral
Japan	146.8 BN	-3.9	-	-2.6%	-	7.1 BN	+0.6	-	+9.4%	-
Europe	44.0	-2.8	-0.9	-5.9%	-2.1%	4.8	+0.7	+0.8	+17.2%	+21.5%
Organic							+0.6	+0.7	+13.7%	+17.9%
Asia	55.1	-1.9	-1.4	-3.4%	-2.4%	7.8	+0.7	+0.7	+9.7%	+10.5%
Organic							+0.7	+0.7	+9.7%	+10.5%
Oceania	12.4	-0.5	+0.6	-3.9%	+5.0%	1.4	+0.1	+0.1	+3.8%	+9.4%
Americas	19.0	+0.7	+0.9	+3.7%	+5.0%	1.5	-0.0	+0.0	-1.0%	+0.2%
Reconciliation						-2.7	+0.0	+0.0		
Total	277.2	-8.5	-4.8	-3.0%	-1.7%	19.8	+2.1	+2.3	+11.6%	+13.2%
Organic						20.1	+2.0	+2.3	+11.3%	+13.0%

©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

7

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

Revenue was down in Japan, Europe and Asia year on year, resulting in a decrease in total.

Segment Profit grew in all regions, achieving a double-digit growth in total.

I will cover each segment on the following pages.

Please turn to page 8.

(JPY BN)

Revenue

146.8 BN

%YoY

-2.6%

Segment Profit

7.1 BN

%YoY

+9.4%

- Sales volume fell by 2% in total due to requests to refrain from outings started in March
- Vending machine channel in particular plunged in sales volume
- Segment Profit rose YoY due to price increase for large format PET products, cost saving efforts and the shift of sales promotion and advertising to Q2 and beyond



©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

8

First is Japan.

We estimate sales volume for the overall market fell by 2% in the January to March period due to the requests to refrain from outings made in March.

Our sales volume decline was in line with the market trend.

Revenue was 146.8 billion yen, down 2.6%.

Sales volume decreased mainly in the convenience store and the vending machine channels.

However, the sales trends for FOSHU and functional beverages were maintained partly due to the launch of the functional beverage

“Iyemon Plus Oishii Toshitsu Taisaku” (Delicious Glucose Control).

Continued positive effect from the price increase for large format PET bottle products also contributed to Revenue.

Segment Profit was up 9.4% as a result of our cost saving effort and the shift of sales promotion and advertising timing to the second quarter and beyond.

From April, trends are becoming even tougher with reduced stockpiling demand and the severe impact on the convenience store and the vending machine channels due to the requests to refrain from outings.

On the other hand, our brands in the strategic categories such as *“Suntory Tennensui”*, *“GREEN DA · KA · RA”* and *“New Iyemon”* (launched in April) are performing steadily, and the e-commerce

channel is showing a double-digit growth.

Please turn to page 9.

(JPY BN)

Revenue

44.0 BN

%YoY

-5.9%

Currency
Neutral

-2.1%

Segment Profit

4.8 BN

%YoY

+17.2%

Currency
Neutral

+21.5%

Revenue

%YoY

Currency
NeutralFrance
(*1)

18.6 BN

-7.1%

-3.2%

Weak on-premise market due to lockdown. Revenue fell due to *Orangina* and *Oasis* sales declineUK
(*2)

13.3 BN

-1.3%

+1.8%

Supermarket channel grew by stockpiling demand. Revenue increased on a currency neutral basis

Spain
(*3)

7.5 BN

-15.4%

-11.8%

Lockdown led to rapid deterioration of on-premise market and Revenue drop

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



©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

9

Next is Europe.

Revenue decreased by 2.1% in the January to March period despite the growth in the UK as the on-premise markets in France and Spain were weak.

Segment Profit increased by 21.5% as a result of improved efficiency in marketing spending and lower commodity prices.

In France, Revenue fell by 3.2% as our core brands "*Orangina*" and "*Oasis*" performed lower than the previous year amid the deterioration of on-premise market conditions since March.

In the UK, temporary stockpiling demand drove the growth of "*Lucozade Energy*", leading to a 1.8% increase in Revenue.

In Spain, Revenue dropped by 11.8% as the on-premise market deteriorated significantly.

Moving into April, similar to Japan, stockpiling demand has subsided, and the on-premise market is in an even tougher situation. On the other hand, "*Schweppes*" brand is doing well across Europe excluding the UK, as is "*Ribena*" concentrated juice in the UK, thanks to home consumption demand.

Please turn to page 10.

(JPY BN)

Revenue

55.1 BN

%YoY

-3.4%

Currency
Neutral

-2.4%

Segment Profit

7.8 BN

%YoY

+9.7%

Currency
Neutral

+10.5%

	Revenue	%YoY	Currency Neutral	
Beverage (Vietnam)	20.8 BN	+0.2%	+2.4%	<i>Aquafina</i> and the RTD tea <i>TEA+</i> underpinned performance
Beverage (Thailand)	16.0 BN	-1.0%	-0.7%	Core brands slowed down due to lockdown from March
Health Supplement	12.1 BN	-9.5%	-9.8%	<i>Bird's Nest</i> hit hard by decrease in the number of Chinese tourists



©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

10

Moving on to Asia.

Revenue fell by 2.4% in the January to March period as the lockdown effect started to appear early.

Segment Profit rose by 10.5% due to lower commodity prices and changes to the timing of marketing spending.

The Beverage Business in Vietnam grew Revenue by 2.4% in the January to March period, underpinned by “*Aquafina*” and “*TEA+*” despite the tightening of lockdown restrictions.

The Beverage Business in Thailand lost 0.7% of its Revenue. A decrease in the number of tourists from China and the lockdown implemented at the end of March added to the economic downturn which began at the end of the previous fiscal year.

In the Health Supplement Business, our core brand “*Essence of Chicken*” was strong across the board. However, “*Bird's Nest*” which is typically purchased by Chinese tourists plunged in Thailand such that Revenue of the business was pushed down by 9.8%.

Vietnam introduced a nationwide lockdown in April. Although it is being eased from the end of April, the tough situation continues for our core traditional channel due to significantly lower street traffic.

Thailand suspended the Songkran festival scheduled in April to celebrate the new year on the old Thai calendar. We assume that it

will take more time for the Thai market to recover.

On the other hand, our market shares in the core categories in Vietnam and the Beverage Business in Thailand have been growing.

We anticipate a good trend for “*Essence of Chicken*” backed by the inclination toward products to support the immune system.

Please turn to page 11.

						(JPY BN)	
Oceania	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral	
	12.4 BN	-3.9%	+5.0%	1.4 BN	+3.8%	+9.4%	
		Revenue	%YoY	Currency Neutral			
	Frucor Suntory	9.4 BN	-4.7%	+3.9%			
	Fresh Coffee Business	2.9 BN	-2.6%	+6.8%			
Americas	Revenue	%YoY	Currency Neutral	Segment Profit	%YoY	Currency Neutral	
	19.0 BN	+3.7%	+5.0%	1.5 BN	-1.0%	+0.2%	

©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

11

Lastly, Oceania and the Americas.

In Oceania, both Frucor Suntory and the Fresh Coffee Business grew Revenue in the January to March period. Segment Profit also rose by 9.4%.

Oceania remains under lockdown like other countries, but New Zealand is on its way to ease the lockdown, and sales trends at on-premise accounts and convenience stores are gradually improving.

In the Americas, PBV increased Revenue in the January to March period due to stockpiling demand, and Segment Profit grew 0.2%.

Sales trends at on-premise accounts and convenience stores have been tough since April, but demand for home consumption continues to be strong.

Please turn to page 12.

SUNTORY

SUNTORY BEVERAGE & FOOD

©2020 SUNTORY BEVERAGE & FOOD LIMITED. All Rights Reserved.

12

That is all for the first quarter performance.

Now, I will explain our financial condition.

Our balance sheet has been strengthened with a decreased net debt and improved trend in D/E ratio. We have also secured an adequate commitment line which means that there is sufficient cash on hand and liquidity for business continuity.

We will continue with necessary investment, while reviewing non-essential and non-urgent spending from scratch to strengthen our cashflow management, as I mentioned at the beginning of the presentation.

In addition, there is no change to our dividend policy..

Meanwhile, we anticipate the tough business environment will persist from April. We will continue monitoring the situation and will update you on the impact on our business, etc. on another occasion.

We will drive our business towards sustainable growth without changing our management stance on a long-term perspective, while swiftly responding to changes in consumer preferences and shifts in purchasing occasions.

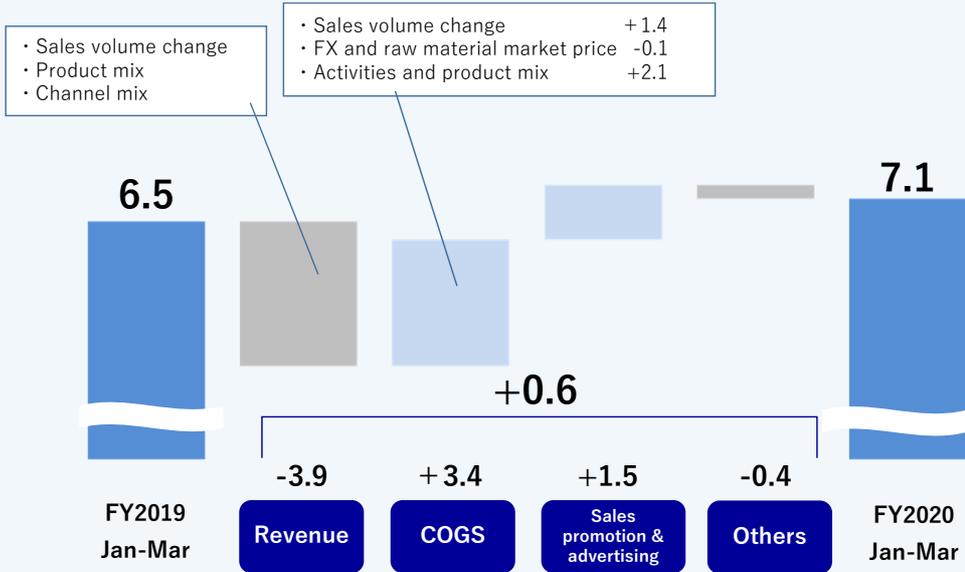
Upon concluding my presentation, I would like to once again extend our deepest sympathies and condolences to all those who have been personally affected by the COVID-19.

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.

That is all from me.

(JPY BN)



Sales Volume of Major Brands

Japan

(Million cases)	Three months ended March 31, 2019		Three months ended March 31, 2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Suntory Tennensui</i>	23.1	4%	24.7	7%
<i>BOSS</i>	25.6	6%	24.8	-3%
<i>Iyemon</i>	11.7	-2%	10.5	-11%
<i>Suntory Oolong Tea</i>	5.3	-5%	4.9	-8%
<i>PEPSI</i>	4.0	-2%	3.8	-5%
<i>Green DAKARA</i>	5.9	20%	6.7	13%
FOSHU drinks and Foods with Function Claims	4.9	-5%	5.1	3%
Total	95.4	2%	93.1	-2%

* 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)	Three months ended March 31, 2019		Three months ended March 31, 2020	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Orangina</i> (France)	35	6%	33	-4%
<i>Oasis</i> (France)	61	-2%	58	-4%
<i>Schwepes</i> (Spain, Portugal)	24	-2%	23	-5%
<i>Lucozade</i> (UK, Ireland)	90	14%	91	1%
<i>Ribena</i> (UK, Ireland)	21	-11%	17	-17%

(JPY, average of period)

	FY2019 Jan-Mar	FY2020 Jan-Mar	FY2020 Forecast
U.S. Dollar	110.2	108.9	109
Euro	125.2	120.1	122
British Pound	143.7	139.3	143
Singapore Dollar	81.4	78.6	81
Thai Baht	3.5	3.5	3.6
Vietnam Dong	0.0048	0.0047	0.0047
New Zealand Dollar	75.1	69.1	73
Australian Dollar	78.5	71.6	76

This document contains forward-looking statements related to business and financial performance of the Company or the Group.

These forward-looking statements are projections made based on the currently available information and are subject to risks and uncertainties including, but not limited to, economic trends, competition in the industry in which the Company and the Group operate, market needs, exchange rates, as well as tax and other systems.

Therefore, actual business results and other outcomes published in the future may vary due to these factors. The Company accepts no liability for any loss or damage arising from the use of the information contained in this document.