



# Financial Results for FY2014 Forecasts for FY2015

February 13, 2015

Suntory Beverage & Food Limited

**SUNTORY**  
SUNTORY BEVERAGE & FOOD

# Financial Results for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Results	Change	
			(YoY)	(YoY, %)
Net Sales	1,121.4	1,257.3	+135.9	+12.1%
Operating Income	72.7	85.9	+13.2	+18.2%
Ratio	6.5%	6.8%		
Net Income	31.2	36.2	+5.0	+16.2%
Ratio	2.8%	2.9%		
EBITDA	139.6	161.1	+21.4	+15.3%
Ratio	12.5%	12.8%		
Net income before amortization of goodwill	54.4	61.3	+6.9	+12.7%
Ratio	4.9%	4.9%		

\* EBITDA = operating income + depreciation and amortization + amortization of goodwill

# Review of FY2014

## Japan Segment

(Billions of yen)

	FY2013 Results	FY2014 Results	Change	
			(YoY)	(YoY, %)
Sales	716.9	722.3	+5.5	+0.8%
Segment Profit	45.4	46.6	+1.2	+2.7%
Ratio	6.3%	6.5%		

- Reinforcement of core brands
  - 5% volume growth in 7 core brands
  - 22 consecutive years of sales growth in total
- Creation of new demand
  - 45% volume growth in FOSHU drinks
  - Strong sales of *Suntory Minami-Alps Tennensui* & *Asazumi Orange* and *PREMIUM BOSS*
- Reduction in manufacturing costs that outweigh cost increase



# Review of FY2014

## Overseas Segment

(Billions of yen)

	FY2013 Results	FY2014 Results	Change		Change (YoY, %, currency neutral)
			(YoY)	(YoY, %)	
Sales	404.5	535.0	+130.5	+32.3%	+24.2%
Segment Profit	50.5	64.4	+13.9	+27.4%	+18.2%
Ratio	12.5%	12.0%			

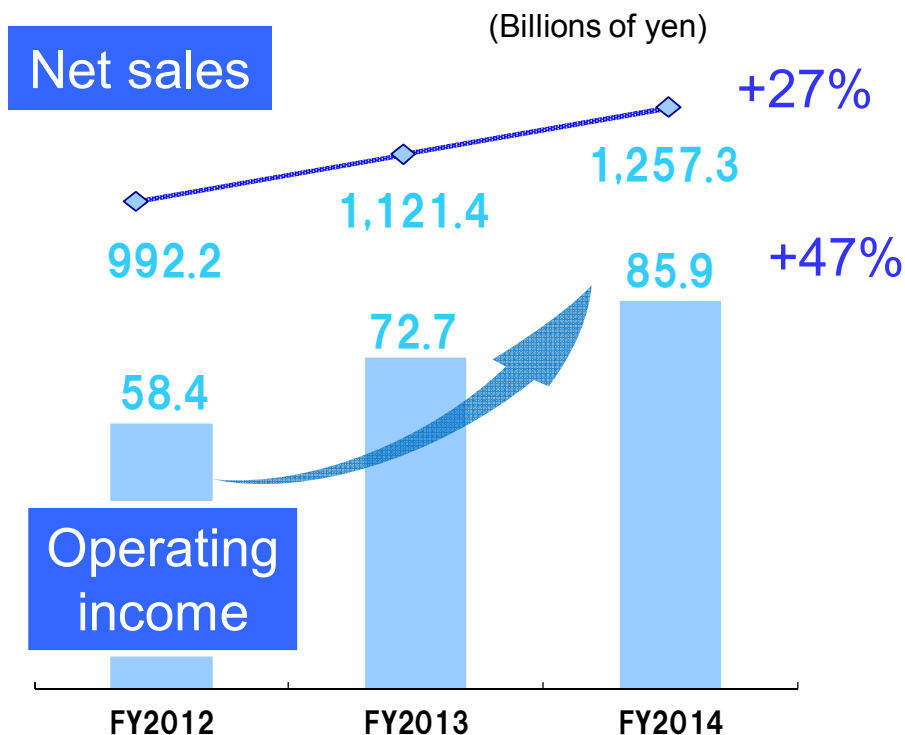
- Lucozade & Ribena contributed to increase in sales and profit
- Achieved sales and profit growth in existing areas

- Europe: Improved profitability at Orangina Schweppes Group
- Asia: Strong sales in Vietnam  
Challenges in Thailand and Indonesia
- Oceania: Purchase price increased in Australia
- Americas: Improved business efficiency

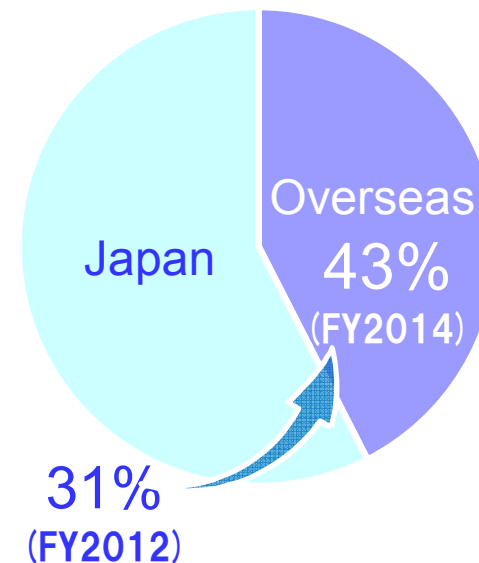


# Achievements in the Past 2 Years

- Net sales increased by 27%, operating income increased by 47%
- Strengthened business structure and improved operating margin by 1.3 points in Japan segment
- Accelerated overseas operations and increased ratio of overseas sales to 43%



## Ratio of Overseas sales



# Our Vision

## Our vision for value

**A quest for the best tastes & quality  
to bring happiness & wellness into everyday life.**

## Our vision for the company

**To be the leading global soft drink company  
recognized for our premium and unique brands.**

# Key factors of Management Strategies for 2015 to 2017

- Focus on core areas
  - Focus on approx. 20 countries that include new areas in emerging markets in addition to existing areas of operation
- Establish a position with a strong presence in each area
  - Create new demand by reinforcing core brands and proposing new value products
  - Strengthen distribution and production capabilities
  - Continue initiatives to reduce manufacturing costs
- Evolve toward integrated development
  - Foster “Global Challenge Brand”

# Forecast for FY2015

(Billions of yen)

	FY2014 Results	FY2015 Forecast	Change	
			(YoY)	(YoY, %)
Net Sales	1,257.3	1,300.0	+42.7	+3.4%
Operating Income	85.9	92.0	+6.1	+7.0%
Ratio	6.8%	7.1%		
Net Income	36.2	42.0	+5.8	+15.9%
Ratio	2.9%	3.2%		
EBITDA	161.1	170.0	+8.9	+5.6%
Ratio	12.8%	13.1%		
Net income before amortization of goodwill	61.3	67.0	+5.7	+9.3%
Ratio	4.9%	5.2%		

\* EBITDA = operating income + depreciation and amortization + amortization of goodwill



# Reinforcing Core Brands (Japan)

- Continue to reinforce 7 core brands and achieve 23 consecutive years of sales growth



\* Forecasts for FY2015, YoY volume growth

# Reinforcing Core Brands (Japan)

- Develop tasty and attractive products through further enhancement in R&D

Products that propose new value



New product



New product

FOSHU drink products

# Reinforcing Core Brands (Overseas)

- Renovate and strengthen marketing activities for core brands in each area



# Strengthening Distribution

Europe

Strengthen businesses in  
Horeca (on-premise) channel

Asia

- Vietnam: Reinforce sales force
- Indonesia: Establish new sales structure
- Malaysia: Start own business by SBF

Africa

Focus on core areas and  
strengthen distribution network

# Reducing Manufacturing Cost

## Japan

Continue initiatives to achieve cost reduction that outweigh cost increase

- Operate new production line at Hakushu & Haruna Plant
- Increase products using thin labels and light-weight caps

## Overseas

Aim to achieve cost reduction of 1% of NSV

- Utilize cost reduction knowhow of Japan (e.g. light-weight PET bottles)
- Promote joint purchasing of raw materials



Expand products with ultra-thin labels



Increase usage of light-weight cap



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# Japan Segment: Results for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Results	Change	
			(YoY)	(%, YoY)
Sales	716.9	722.3	+5.5	+0.8%
Segment Profit	45.4	46.6	+1.2	+2.7%
Ratio	6.3%	6.5%		

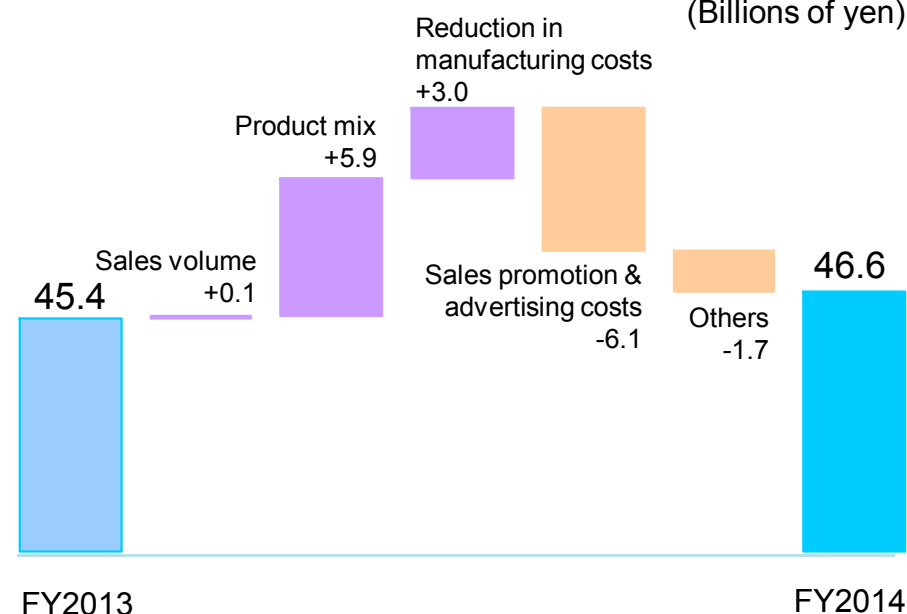
## Sales Volume by Product Category

(Million cases)

	FY2013 Result	FY2014 Result	Change (YoY)
Mineral Water	74.6	79.0	+6%
RTD Coffee	83.0	88.1	+6%
RTD Tea (excl. RTD Black Tea)	100.5	99.6	-1%
Cola Drinks	30.4	29.9	-2%
Carbonates (excl. Cola Drinks)	46.6	46.7	+0%
Functional Drinks	23.9	22.0	-8%
Fruit Juices	20.3	18.1	-11%
RTD Black Tea	10.3	8.9	-13%
Others	25.2	22.7	-11%
<b>Total</b>	<b>414.8</b>	<b>415.0</b>	<b>+0%</b>

## Breakdown of Changes in Segment Profit

(Billions of yen)



# Japan Segment: Forecast for FY2015

(Billions of yen)

	FY2014 Results	FY2015 Forecast	Change	
			(YoY)	(YoY, %)
Sales	722.3	735.0	+12.7	+1.8%
Segment Profit	46.6	48.0	+1.4	+2.9%
Ratio	6.5%	6.5%		

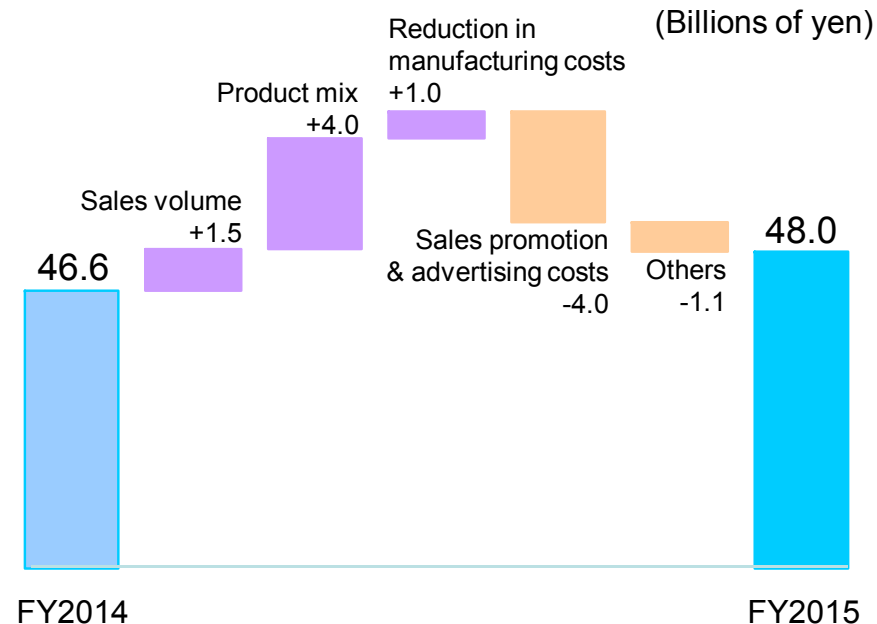
## Sales Volume by Product Category

(Million cases)

	FY2014 Results	FY2015 Forecast	Change (YoY, %)
Mineral Water	79.0	81.3	+3%
RTD Coffee	88.1	89.5	+2%
RTD Tea (excl. RTD Black Tea)	99.6	98.9	-1%
Cola Drinks	29.9	30.1	+1%
Carbonates (excl. Cola Drinks)	46.7	50.2	+7%
Functional Drinks	22.0	21.4	-3%
Fruit Juices	18.1	17.0	-6%
RTD Black Tea	8.9	7.6	-15%
Others	22.7	21.4	-5%
<b>Total</b>	<b>415.0</b>	<b>417.4</b>	<b>+1%</b>

## Breakdown of Changes in Segment Profit

(Billions of yen)





# Overseas Segment: Results for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Results	Change		Change (%, YoY, currency neutral)
			(YoY)	(YoY, %)	
Europe	154.9	256.5	+101.5	+65.5%	+53.1%
Asia	132.7	154.5	+21.8	+16.5%	+12.3%
Oceania	41.0	44.5	+3.5	+8.6%	+2.6%
Americas	76.0	79.5	+3.6	+4.7%	-3.3%
<b>Sales</b>	<b>404.5</b>	<b>535.0</b>	<b>+130.5</b>	<b>+32.3%</b>	<b>+24.2%</b>
Europe	27.2	39.5	+12.3	+45.1%	+33.8%
Asia	9.2	10.4	+1.2	+13.4%	+9.0%
Oceania	6.2	5.6	-0.6	-10.1%	-18.0%
Americas	7.9	8.8	+1.0	+12.4%	+3.2%
<b>Segment profit</b>	<b>50.5</b>	<b>64.4</b>	<b>+13.9</b>	<b>+27.4%</b>	<b>+18.2%</b>
Ratio	12.5%	12.0%			

# Overseas Segment: Forecast for FY2015

(Billions of yen)

	FY2014 Results	FY2015 Forecast	Change		Change (YoY, %, currency neutral)
			(YoY)	(YoY, %)	
Europe	256.5	252.0	-4.5	-1.7%	+1.2%
Asia	154.5	173.0	+18.5	+12.0%	+12.0%
Oceania	44.5	49.0	+4.5	+10.2%	+7.4%
Americas	79.5	91.0	+11.5	+14.4%	+0.9%
<b>Sales</b>	<b>535.0</b>	<b>565.0</b>	<b>+30.0</b>	<b>+5.6%</b>	<b>+4.8%</b>
Europe	39.5	41.0	+1.5	+3.7%	+7.3%
Asia	10.4	12.0	+1.6	+15.1%	+14.3%
Oceania	5.6	5.8	+0.2	+3.8%	+4.5%
Americas	8.8	10.2	+1.4	+15.3%	+0.7%
<b>Segment Profit</b>	<b>64.4</b>	<b>69.0</b>	<b>+4.6</b>	<b>+7.1%</b>	<b>+7.2%</b>
Ratio	12.0%	12.2%			

# Targets for 2015 to 2017

- Operating Income: Mid single digit or above CAGR growth  
Further improve ratio of operating income to net sales
- ROE: Maintain at 10% or above based on net income before amortization of goodwill and improve it further through profit growth
- Net sales: Aim for continued growth

(Each in comparison to 2014 figures, existing businesses and currency-neutral basis)

# Exchange Rates

(Yen)

	FY2013 Average exchange rate	FY2014 Average exchange rate	FY2015 Forecast
U.S. Dollar	97.7	105.8	120.0
Euro	129.8	140.3	135.0
British Pound	152.8	174.2	172.0
Singapore Dollar	78.1	83.5	86.0
New Zealand Dollar	80.1	87.8	90.0
Australian Dollar	94.4	95.4	98.0
Indonesian Rupiah	0.0095	0.0090	0.0087

# Forward-Looking Statements

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.



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