

**[Key Q&A] Analysts Meeting on Financial Results for the
Fiscal Year Ending December 31, 2014**

[Japan Segment]

Q. 2015 forecast for sales volume in Japan (+1%) looks conservative. Are you seeing slowdown in growth of Japanese beverage market? Please explain your forecast for the beverage market.

A. We cannot expect a continuous year-on-year growth of 1 to 2% in the Japanese beverage market, like we have been experiencing in the past. Our forecast for the market in 2015 is a slight decline or flat compared to the previous year. Under these circumstances, we have set our plan for sales volume growth to exceed the market. Our focus is more on raising the unit price than the sales volume. We think that how we can create demand in the market is important for the future. Market growth cannot be expected by putting on discounts. We believe that launching products that match the tastes of the consumers is the key for growth.

Q. Improvement in product mix largely contributed to profit growth in 2014. How do you plan to improve product mix in 2015?

A. We forecast that improvement in product mix will be ¥4 billion in 2015. Our plan is to increase sales volume of FOSHU products by almost double-digits and *BOSS* coffee range by 2%. And by also launching new value products in 500ml PET bottles, we believe our forecast figures are achievable.

Q. In 2014, sales volume of *Iyemon Tokucha* exceeded 12 million cases. What kind of strengths, in terms of product development and marketing, led to this big hit?

A. In terms of product development, we were the first to find out that quercetin glucoside has a function to help reduce body fat and launched *Iyemon Tokucha* after 7 years from its research. From a perspective of marketing, we established a new world of *Iyemon Tokucha* by utilizing the brand equity we have built from the green tea *Iyemon*. In addition, we succeeded in enhancing the brand value with all people related in this brand, including the sales force.

[Overseas segment]

Q. How much was the contribution from Lucozade Ribena Suntory in terms of sales and profit? And how much do you expect for 2015?

A. Our initial forecast for Lucozade Ribena Suntory was ¥86 billion in sales and ¥8

billion in operating profit. Sales were almost in line and operating profit exceeded our forecast. As for the sales in 2015, we forecast a slight increase in UK and Ireland, double-digits growth in Asia and Africa, making 3 to 4% growth as a total of *Lucozade* and *Ribena* business.

Q. It was mentioned that you intend to strengthen distribution in 2015. What kind of achievements do you expect from this?

A. In 2015, we are planning to establish our own sales structure in several countries, where distributors used to manage. In Asia, we started selling *Ribena* through our new sales force in Malaysia. We are also looking into selling Suntory brand products at an early timing as possible. Likewise, in Africa, we are working to strengthen distribution network in several countries we are focusing on, such as South Africa and Kenya. We are only at the initial stage for this year, and we think we can see some achievements from next year.