

(Jan 20<sup>th</sup>, 2014)

## Suntory Beverage & Food Limited 2014 Strategy for Key Brands in Japan

In 2013, Suntory Beverage & Food Limited's business in Japan continued working to expand demand by strengthening brands. We made active efforts to beef up marketing activities for major brands such as *Suntory Natural Mineral Water*, *BOSS* and *Iyemon*, launching new products such as *Suntory Southern Alps Natural Sparkling Water*, *BOSS Gran Aroma*, *Iyemon Zeitaku Reicha* and *Iyemon Tokucha*, and proposing new drinking styles, as in *drop*, the portable cup and drink mixer combo. Through this action we have achieved sales volume in Japan of 414.8 million cases (up 6% year-on-year) in our 21<sup>st</sup> consecutive year of year-on-year increases\*<sup>1</sup>.

In 2014 we plan to further cultivate and strengthen our major brands and create new demand for them, as well as further grow our business and strengthen profitability.

\*<sup>1</sup>Suntory's Performance for Soft Drink Sales Volume in Japan

### (1) Further Cultivation & Strengthening of Major Brands

#### Suntory Natural Mineral Water

We will position Suntory Natural Mineral Water as a core brand in our domestic business, promote the brand's unique value as being "clear and tasty" and "natural and healthy," and carry out active marketing activities. In order to further solidify our number-one position\*<sup>2</sup> in the mineral water market, we will—in addition to aiming for a yet more vigorous sugarless sparkling water market with *Suntory Southern Alps Natural Sparkling Water* and *Lemon*, as well as with *Suntory Natural Mineral Water*, *Aso Natural Mineral Water* and *Okudaisen Natural Mineral Water*—introduce new products that achieve innovative deliciousness so as to

expand the flavored water market. In addition, we plan to promote the rich natural environment of the area represented by the Southern Alps, where *Suntory Natural Mineral Water* is collected, as that brand's image, and to raise brand value. We will focus yet more on our home delivery service such as by investing in new equipment and expanding business areas. Furthermore, we are planning for augmented production facilities in order to, in the medium-term, provide a stable supply of *Suntory Natural Mineral Water*, which continues to grow.

In 2014 we aim for sales of 79.3 million cases (up 6% year-on-year).

\*2 Intage MBI data; mineral water market; sales of Suntory Natural Mineral Water for Jan-Dec 2013

## BOSS

In addition to further cultivation, primarily of the four main products—*BOSS Rainbow Mountain Blend*, *BOSS Zeitaku Bito*, *BOSS Muto Black* and *BOSS Café au Lait*, we will, in order to respond to changes in the market environment and diversification of consumer preferences, take action such as: strengthening bottled products by, for example, redesigning *BOSS Silky Black*; releasing a new food for specified health uses (FOSHU), *BOSS Green*; developing products tailored to sales channels; and we will further improve the position of *BOSS* in the canned coffee market. In 2014 we aim to sell 84 million cases (up 1% year-on-year).

## Iyemon

We will continue to promote "stone-ground green tea leaves" as the *Iyemon* brand's "core value" and develop marketing activities with the two key products being *Iyemon*, with its soothingly deep, rich flavor made from stone-ground green tea leaves, and *Iyemon Zeitaku Reicha*, with its refreshing aroma of cold-brew green tea. In addition, we will cultivate *Iyemon Tokucha*, a FOSHU, and position it as a product offering new value from the *Iyemon* brand.

In 2014 we aim to sell 58.1 million cases (up 12% year-on-year).

## PEPSI

We plan to further strengthen this brand while energizing the cola market with the two products: *Pepsi Nex* and *Pepsi Special*. In March we will give a face-lift to *Pepsi Nex*, the zero-calorie cola, and actively market it in our pursuit of a "innovatively delicious cola." In addition, we will thoroughly promote *Pepsi Special* as the "best-selling FOSHU cola,"\*3 as a "calorie-free" product and promote its compatibility with meals.

In 2014 we aim to sell 32.3 million cases (up 6% year-on-year) of Pepsi.

\*3 Intage MBI data; FOSHU cola market; sales for Nov 2012-Oct 2013

### Suntory Oolong Tea

*Suntory Oolong Tea* is hailed as a long-selling brand for over 30 years, and this year as well we will inform consumers about it by leveraging its quality as a "healthy tea compatible with meals" and promoting its "compatibility with meals" in TV commercials and at storefronts, aiming for sales of 32.6 million cases (flat year-on-year).

### GREEN DAKARA

For *GREEN DAKARA*, the functional beverage with sales volume that has grown to 20 million cases,<sup>\*4</sup> we plan to further raise its value as a beverage that helps people stay hydrated in their everyday lives, thus helping to prevent heat strokes and wintertime dehydration. We will focus on expanding the customer base with the goal of further brand growth and we will expand its consumption on various levels and in various settings by, for example, organizing large give-away sample programs while enlightening consumers about the importance of staying hydrated in their day-to-day living.

In 2014 we aim to sell 26.1 million cases (up 34% year-on-year).

<sup>\*4</sup> Includes *Green Dakara Yasashii Mugicha*.

### Orangina

*Orangina* is hailed for its fresh orange flavor and its natural bitterness that comes from orange peel extract. In 2014 we will see a new container size and establish *Orangina's* position as the carbonated soft drink with fruit juice that possesses the "only one" value by further increasing opportunities to drink it. We aim to sell 10.8 million cases (up 20% year-on-year).

### (2) Creating New Demand

We will develop FOSHU products with added value and new products with original Suntory value.

In addition to customized product marketing for *Suntory Black Oolong Tea*, *Suntory Goma Mugicha*, *Iyemon Tokucha*, *BOSS Green* and *Pepsi Special*, the Suntory Group will run cross-brand promotions targeting consumers, further establish our strong position in the FOSHU soft drink market, as well as utilize the R&D prowess the group has cultivated over many years and make active efforts to develop new FOSHU soft drinks.

Furthermore, we will develop new products with a clear understanding of consumer needs, and attempt to create new demand by coordinating product development, marketing and sales.

#### 2013 Performance & 2014 Plan (by Key Brand)

(Million cases)

	<b>FY2013</b>	<b>Change (YoY)</b>	<b>FY2014</b>	<b>Change (YoY)</b>
<i>Suntory Natural Mineral Water</i>	74.9	+18%	79.3	+6%
<i>BOSS</i>	83.0	+2%	84.0	+1%
<i>Iyemon</i>	52.1	+8%	58.1	+12%
<i>Pepsi</i>	30.4	+5%	32.3	+6%
<i>Suntory Oolong Tea</i>	32.6	-2%	32.6	±0%
<i>GREEN DAKARA</i>	19.5	+95%	26.1	+34%
<i>Orangina</i>	9.0	±0%	10.8	+20%
FOSHU soft drinks	16.9	+58%	25.3	+50%
Total	414.8	+6%	428.7	+3%

#### The Suntory Group's Environmental Activities

Based on the corporate philosophy of "In Harmony with People and Nature," the Suntory Group sees its mission as passing on a sustainable society to the next generation and is actively engaged in diverse environmental conservation work. In addition, we are implementing corporate action with the goal of co-existence with water and a natural environment that manages water.

To be specific, one activity is the Suntory Group's nationwide planting of Suntory Natural Water Sanctuaries where highly dynamic and healthy forests are grown for groundwater recharge. By 2020 we aim to expand these sanctuaries to 12,000

hectares, with a target of recharging double the volume of groundwater used at Suntory Group factories in Japan.

In addition, we are implementing active efforts for the future to lead the Suntory Group into the field of environmental impact reduction, such as by cutting CO<sub>2</sub> emissions in the value chain and the amount of water used at factories, as well as by using the lightest plastic bottles produced in Japan for large and small containers.

In particular, we will focus on reducing our environmental impact in our vending machine business, and we will contribute to cutting the amount of electricity consumed in the daylight hours such as by installing machinery that has even better energy-saving performance.

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