

# Suntory Holdings Limited

## Summary on FY2021-H1 Earnings

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Thank you for your continued support of the Suntory Group.

### **(1) Overview of Results**

I will begin with Suntory Group's revenue for the six months ended June 30, 2021.

Revenue excluding excise taxes was 1.0692 trillion yen, up 8.6% year on year.

Revenue including excise taxes was 1.192 trillion yen, up 7.8% year on year.

Operating income was 126.1 billion yen, up 33.4% year on year.

Profit attributable to owners of the Company was 52.7 billion yen, up 16.6% year on year.

Although the impact of COVID-19 on the market environment has been prolonged, a recovery in sales primarily in overseas markets drove the business of the Group as a whole, resulting in increases in both revenue and profit.

### **(2) Business Trends**

I will provide explanations by segment.

#### <Beverages and Foods Segment>

Revenue was 601.5 billion yen, up 9.3% year on year.

Operating income was 70.3 billion yen, up 54.7% year on year.

As announced by Suntory Beverage & Food Ltd., sales volume centered on *Tennensui*, *BOSS* and *Iyemon* increased in Japan. In Asia, sales exceeded the previous year's level due mainly to strengthening of activities of core brands. In Europe and America, the soft drink market steadily recovered due mainly to the relaxation of restrictions resulting from progress in vaccinations, and sales increased. As a result, both revenue and profit increased.

#### <Alcoholic Beverages Segment>

Revenue excluding excise taxes was 354.0 billion yen, up 7.4% year on year.

Revenue including excise taxes was 476.3 billion yen, up 5.8% year on year.

Operating income was 62.9 billion yen, up 0.5% year on year.

Overseas in particular, Beam Suntory saw strong sales of whisky mainly in Europe and America, resulting in sales exceeding pre-COVID level of 2019.

In the beer business, the Company's sales volume declined by 8% year on year. Although this fell below the previous year's level due to the impact of on-premise business in Japan, the categories of off-premise canned products, functional products, and non-alcoholic products, which capture changes in customer consumption behavior, grew.

Under the "The Premium Malt's" brand performed well due to *Kaoru Ale* cans being well received for their fruity taste and refreshing fragrance.

*Perfect Suntory Beer* launched in April was well received for its contents balancing straight-up beer flavor with zero carbohydrate. Furthermore, sales of *Kin-Mugi 75% Less Carbohydrate* and *KARADA-WO-OMOU All-Free* non-alcoholic beer grew, backed by the tailwind of health-conscious customers during the COVID-19 pandemic.

Revenue in the spirits business increased by 12% year on year. Overseas, the support of strong off-premise demand drive growth, with on-premise sales also recovering in Europe and America.

In Japan, revenue was on par with the same period of the previous year. Whisky saw growth in *Maker's Mark*, *Ao*, *Chita* and Highball cans. RTD sales volume increased by 6% year on year due to favorable performance of *-196°C* and *Kodawari Sakaba no Lemon Sour*. Furthermore, the *Non-arubanshaku lemon sour* non-alcoholic beverage launched in March was well received by many customers due to heightened health awareness.

#### <Others Segment>

Revenue (excluding excise taxes) was 113.7 billion yen, up 8.4% year on year.

Operating income was 15.1 billion yen, up 68.9% year on year.

In the health food business, *Sesamin* and *Locomore* performed well due to customers becoming more health-conscious during the COVID-19 pandemic.

### **(3) Environmental management**

The Suntory Group has continued to grow based on the founding spirits of "Yatte Minahare" and "Giving Back to Society." Furthermore, we have made the promise of "Mizu To Ikiru" with society, and have been actively engaged in environmental management along with our business activities.

In recent years, as global environmental problems have increased in severity, the role of companies has become increasingly important for the realization of a sustainable world.

We aim to effectively achieve zero emissions of greenhouse gases throughout the value chain by 2050, and in April we raised our emission reduction target in the Group's own facilities to 50% by 2030 (based on emissions in 2019).

This May, the Suntory Kita-Alps Shinano-no-Mori Water Plant, which is the Company's first plant in Japan with zero CO2 emissions, went into operation utilizing renewable energy. We will continue to reduce greenhouse gas emissions both in the Group own facilities and equipment, and throughout the value chain.

We have also established the target of making the plastic bottles used globally 100% sustainable by 2030 in terms of not using any new raw materials derived from fossil fuels by only using recycled materials or plant-derived materials. We will continue activities reducing environmental impact through the promotion of bottle-to-bottle horizontal recycling, making packaging more lightweight, and promoting industry-leading technological innovation.

#### **(4) Outlook for 2021**

There are no changes from the results forecasts announced this February.

The forecast for the fiscal year ending December 31, 2021 is as follows:

Revenue excluding excise taxes of 2.258 trillion yen, up 7.1% year on year

Revenue including excise taxes of 2.538 trillion yen, up 7.2% year on year

Operating income of 221 billion yen, up 1.8% year on year

Adjusted operating income up 2.8% year on year

At the end of the first half of the fiscal year, we have progressed generally in line with our plans, but we will aim for further growth while continuing with marketing investment, etc. for strengthening branding as the economy is expected to remain uncertain in the future.

For these six-month results, the recovery in sales primarily in overseas markets drive growth of the Group as a whole. Meanwhile, although the market environment in Japan remains severe, customers' accumulated demand is expected to rise rapidly once the vaccination rate increases and the COVID-19 pandemic subsides. We will flexibly and swiftly respond to changes in the environment to enable us to meet customers' fundamental desire to "drink, eat and talk with colleagues and friends."

In addition, we will track changes in customers' lifestyle practices and consumer behavior such as heightened health awareness and environmental awareness, and continue to conduct business activities tailored to customers' needs in Japan and overseas.

This brings my explanation to an end.

We look forward to your continued support to Suntory.