

Suntory Holdings Limited

Summary on FY2024-H1 Earnings

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Thank you for your continued support to the Suntory Group.

(1) Overview of Results

As for Suntory Group's revenue,

Revenue including liquor tax was 1trillion 649.2 billion yen, up 6.6% year-on-year.

Revenue excluding liquor tax was 1trillion 488.3 billion yen, up 7.0% year-on-year.

In terms of profit,

Operating income was 186.7 billion yen, up 11.3% year-on-year.

The adjusted operating income, which represents profit from the business, and is calculated by excluding non-recurring items from operating income, was 165.7 billion yen, up 1.2% year-on-year.

The interim income attributable to owners of the company was 92.7 billion yen, up 7.8% year-on-year.

We achieved record levels in the first half for revenue, operating income, and interim income attributable to owners of the company.

(2) Business Trends

Next, I will explain by segment.

<Beverages and Foods Segment>

Revenue was 813.6 billion yen, up 9.1% year-on-year.

Operating income was 92.3 billion yen, up 15.3% year-on-year.

Both revenue and income grew, thanks to the continued strong sales of "Suntory Tennensui" in Japan, as well as the ongoing marketing efforts for core brands such as "Oasis" overseas.

<Alcoholic Beverages Segment>

Revenue including liquor tax was 664.2 billion yen, up 3.4% year-on-year.

Revenue excluding liquor tax was 503.9 billion yen, up 3.5% year-on-year.

Operating income was 106.7 billion yen, up 18.2% year-on-year.

Operating income includes the gain on sales of the shares of affiliates.

First, the Spirits business.

Outside of Japan, we achieved year-on-year growth for products such as "Jim Beam" bourbon whisky

and “On The Rocks” RTD cocktail. We actively engaged in the global expansion of RTDs through the “—196” brand in areas such as the US and Europe. In April, Beam Suntory rebranded to Suntory Global Spirits, ten years after the M&A. We will aim to further expand the business and create synergies across the Group. In Japan, sales of the “Jim Beam” brand and canned highballs were strong in the whisky category. For gin, sales of the “SUI” brand achieved strong growth of 19% year on year, thanks to the popularity of its “refreshing taste”. In the RTD category, we worked to create new demand through the development of the “—196Sugar Free” series and the “Matsurika Jasmine Chawari JJ Can.”.

Next is the Beer business. The “Suntory Draft Beer” brand enjoyed strong year-on-year sales volume growth of 30%, thanks to the new launch of bottles and kegs, in addition to the high acclaim for its good flavor that balances both “powerful taste and easiness-to-drink”. For “The Premium Malt’s” brand, we further widened the contact points with consumers under the new message “For good days, The Premium Malt’s”, and sales volume increased year-on-year.

In the Wine business, sales of our core brand “Sankaboshizai Mutenka no Oishii Wine” significantly outperformed the same period of the previous fiscal year.

In the “Non-alcoholic beverage” category, we have expanded our product lineup as well as contact points with consumers, with the aim of “creating a culture that can be enjoyed together by both drinkers and non-drinkers”.

<Others Segment>

Revenue including liquor tax was 171.4 billion yen, up 7.8% year-on-year.

Revenue excluding liquor tax was 170.9 billion yen, up 7.9% year-on-year.

Operating income was 22.1 billion yen, down 4.7% year-on-year.

In the “Health and Wellness products” business, sales of “Locomore”, which supports leg health, and “VARON”, a skincare brand for men, were strong.

(3) Environmental management

Suntory Group’s purpose is “To inspire the brilliance of life, by creating rich experiences for people, in harmony with nature”.

As a multifaceted beverages company that depends on the gifts of nature such as water and agricultural products, Suntory is striving to help create a society in which people and nature benefit each other in a sustainable way and aims to promote sustainability management based on the goal of enriching people’s lives while still protecting the natural environment.

As the entire planet faces many challenges such as climate change, water shortage, and environmental pollution, the Suntory Group, as a global company, is addressing “water sustainability,” “greenhouse gas (GHG) reduction,” and “recycling of plastic resources” as its three most important themes.

First, "water sustainability". Through the "Suntory Natural Water Sanctuary" activities aimed at enhancing water resource cultivation capabilities, we are currently cultivating more than twice the amount of groundwater pumped at our plants in Japan. This "Water Positive" activity, to nurture more water in the system than the amount of water taken in, also leads to biodiversity initiatives, and has received the most certifications as a single company under the "Other Effective area-based Conservation Measures (OECM)" program which is promoted by the Ministry of the Environment of Japan. We are further strengthening our activities by signing agreements in two new forests this year. 2024 marks the 20th anniversary of the start of our Suntory "Mizuiku" - Education Program for Nature and Water program. Currently, the program is being offered in a total of eight countries in Asia including Japan, Europe and Oceania, and the cumulative number of participants to date has exceeded 580,000. This August, as part of the 20th anniversary project, we will host the "Mizuiku Experience for Adults" event.

Next is "GHG reduction". Construction of the "Yamanashi Model P2G System", which will enable the largest scale production of "green hydrogen" in Japan, began in February. We will continue to work with the Yamanashi Prefectural government and participating companies to launch the system in 2025. In the area of containers and packaging, we launched a limited edition of "The Premium Malt's (sustainable aluminum)" in January, which uses green aluminum as part of our effort to reduce GHG emissions throughout the value chain. In the area of raw materials, we are making cross-industry efforts with our suppliers, such as starting sugarcane cultivation in Thailand through regenerative agriculture.

In plastics, we have been focusing on "bottle-to-bottle" horizontal recycling in Japan. In addition to signing horizontal recycling agreements with many municipalities and companies, we have been actively introducing 100% recycled PET bottles into our products. In 2023, more than one out of every two bottles were made from 100% recycled PET bottles in Japan.

In addition to our own activities, Suntory is collaborating with local residents and companies in the value chain, thereby going beyond the conventional framework. In May, we signed a comprehensive partnership agreement with the Tokyo Metropolitan Government regarding environmental conservation. The Suntory Group will make broad use of the expertise we have built up in sustainability activities.

(4) Outlook for 2024

Due to the factors including the competition becoming more intense, as well as currency fluctuations, expected to continue in the second half of the year, we have not changed our forecast announced in February of this year.

Revenue including liquor tax, 3 trillion 450 billion yen, up 5.0% year-on-year.

Revenue excluding liquor tax, 3 trillion 110 billion yen, up 5.3% year-on-year.

Operating income of 320 billion yen, up 0.9% year-on-year.

Adjusted operating income of 320 billion yen, up 1.0% year-on-year.

Net income attributable to owners of the company of 153 billion yen, down 11.4% year-on-year.

The decline in net income attributable to owners of the company is related to the gain we booked in 2023, in relation to tax reforms in the U.S. and other countries.

We will continue our Group-wide efforts, aiming for even higher goals.
We look forward to your continued support to Suntory.