

Financial Results for FY2013 Business Strategy for FY2014

February 14, 2014

Suntory Beverage & Food Limited

SUNTORY
SUNTORY BEVERAGE & FOOD

Financial Results for FY2013

(Billions of yen)

	FY2012 Results	FY2013 Results	Change	
			(YoY)	(%, YoY)
Net Sales	992.2	1,121.4	+129.2	+13.0%
Operating Income	58.4	72.7	+14.3	+24.4%
Ratio	5.9%	6.5%		
Net Income	23.4	31.2	+7.8	+33.4%
Ratio	2.4%	2.8%		
EBITDA*	114.7	139.6	+25.0	+21.8%
Ratio	11.6%	12.5%		
Net income before amortization of goodwill	43.1	54.4	+11.4	+26.4%
Ratio	4.3%	4.9%		

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

Japan Segment

(Billions of yen)

	FY2012 Results	FY2013 Results	Change	
			(YoY)	(%,YoY)
Sales	688.8	716.9	+28.1	+4.1%
Segment profit	35.6	45.4	+9.8	+27.5%
Ratio	5.2%	6.3%		

- 21 consecutive years of sales growth driven by core brands
- Sales expansion of high value-added products
- Implemented cost reductions in production/distribution
- Challenges for profit management in summer

Overseas Segment

(Billions of yen)

	FY 2012 Results	FY 2013 Results	Change		Change (%, YoY, currency neutral)
			(YoY)	(%, YoY)	
Europe	123.7	154.9	+31.3	+25.3%	-1.0%
Oceania	33.3	41.0	+7.6	+22.9%	+3.0%
Asia	78.8	132.7	+53.8	+68.3%	+40.2%
Americas	67.5	76.0	+8.4	+12.5%	-8.1%
Sales	303.4	404.5	+101.1	+33.3%	+8.3%

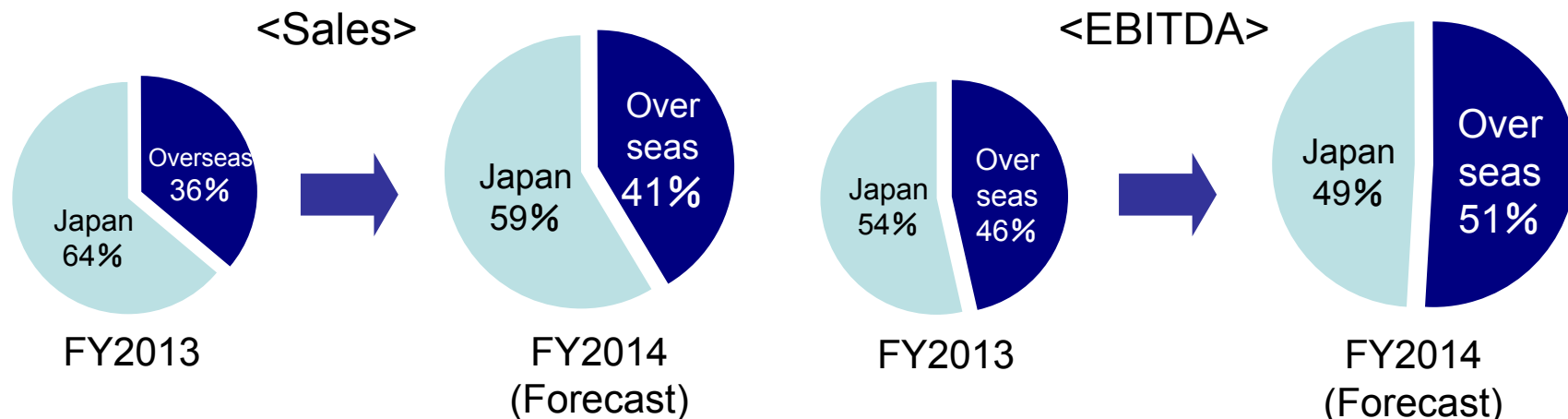
	FY 2012 Results	FY 2013 Results	Change		Change (%, YoY, currency neutral)
			(YoY)	(%, YoY)	
Europe	24.5	27.2	+2.8	+11.4%	-12.4%
Oceania	5.1	6.2	+1.1	+22.4%	-3.1%
Asia	6.2	9.2	+3.0	+47.7%	+11.8%
Americas	6.8	7.9	+1.1	+16.6%	-5.5%
Segment Profit	42.5	50.5	+8.0	+18.9%	-6.5%
Ratio	14.0%	12.5%			

- Europe: Sales of core brands increased but affected by severe economic environment
- Oceania: Sales increased mainly for mineral water and carbonates due to good weather
- Asia: Achieved business expansion, surpassing market growth rate
- Americas: Swapped and sold part of territories to improve profitability

- Reinforce Japanese business to realize further profit growth
- Advance to a new growth stage in Overseas business led by business in Europe (acquisition of Lucozade & Ribena) and Asia (the growing market)



Accelerate growth as a global soft drink company



Forecast for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Forecast	Change	
			(YoY)	(%, YoY)
Net Sales	1,121.4	1,260.0	+138.6	+12.4%
Operating Income	72.7	85.0	+12.3	+16.9%
Ratio	6.5%	6.7%		
Net Income	31.2	35.0	+3.8	+12.2%
Ratio	2.8%	2.8%		
EBITDA	139.6	160.0	+20.4	+14.6%
Ratio	12.5%	12.7%		
Net income before amortization of goodwill	54.4	58.5	+4.1	+7.5%
Ratio	4.9%	4.6%		

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

Japan Segment in FY2014

(Billions of yen)

	FY2013 Results	FY2014 Forecast	Change	
			(YoY)	(%, YoY)
Sales	716.9	740.0	+23.1	+3.2%
Segment profit	45.4	48.0	+2.6	+5.7%
Ratio	6.3%	6.5%		

Realize steady growth in sales and profit by strengthening core brands and further cost reductions

- Drive sales growth in Japan with 7 core brands
- Develop new market
(Expand FOSHU soft drinks and utilize strong brands)
- Implement cost reduction to overcome cost-push factors

Drive Sales Growth in Japan with 7 Core Brands



FY2014(Forecast)
Sales Volume, YoY

+6%

+1%

+12%

+6%

0%

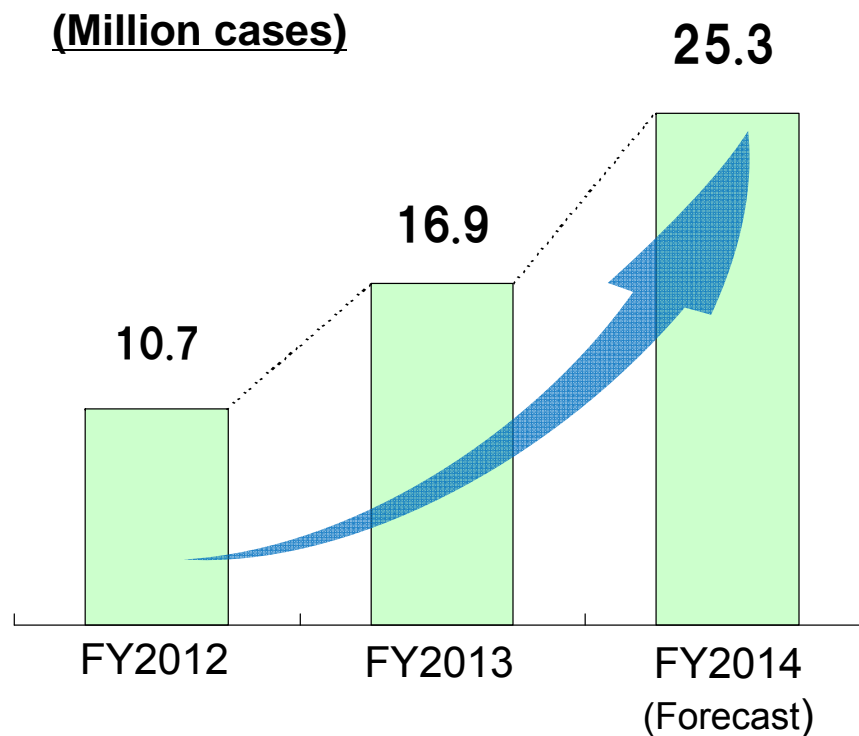
+34%

+20%

Develop New Market (Expand FOSHU Soft Drinks)

Sales volume of FOSHU soft drinks

- Target 1.5 times sales increase (YoY)



Product lineup

- Reinforce marketing activities of each product and implement cross-brand consumer sales campaign

RTD Tea

Cola

Coffee



Develop New Market (Utilize Strong Brand)

Natural Mineral Water

Top brand in mineral water



Sparkling Water

Develop new carbonated water market



Flavored Water

Launch new product under *Suntory Natural Mineral Water* brand

New Product

Measures (examples)

- Expand product categories that use lighter-weight PET bottles
- Expand product categories that use thin labels
- Improve production efficiency by focusing on core brands
- Reduce logistic costs by expanding production bases of core brands
- Promote global procurement of raw materials



Overseas Segment in FY2014

(Billions of yen)

	FY2013	FY2014	Change		Change (%, YoY, currency neutral)
	Results	Forecast	(YoY)	(%, YoY)	
Sales	404.5	520.0	+115.5	+28.6%	+28.7%
Segment profit	50.5	60.5	+10.0	+19.7%	+19.1%
Ratio	12.5%	11.6%			

Advance to a new growth stage in Overseas business led by business in Europe (acquired Lucozade & Ribena) and Asia (the growing market)

- Europe: Enhancement of business foundation throughout the area
- Asia: Further acceleration of business expansion and realization of in-territory synergy
- Oceania/Americas: Secure stable profit

Europe: Enhance Business Foundation throughout the Area

Further strengthening of core brands

- U.K./Ireland: Lucozade, Ribena
- France/Iberia: Schweppes, Orangina

Bold implementation of cost reductions

- Achieve supply chain cost savings by leveraging expertise of Japan
- Move forward with a better aligned and structured business processes

Integration of Lucozade/Ribena into the Group

- Integration of common business processes (IT, etc.)
- Promote business development in emerging countries, including Africa



Further strengthening of core brands

Cerebos Pacific



Suntory Garuda Beverage



Suntory PepsiCo Vietnam Beverage



Cost reductions/Synergy creation

- Promote in-house production of packaging and joint purchasing
- Harness expertise of other Group companies

Favorable Reception of MYTEA/TEA+

MYTEA/TEA+

[Flavor development]



Develop new flavor suited to local consumers

[Communication development]



Develop new communication appealing to local consumers

[Sales activities]



Sales activities utilizing strong distribution of local company

Oceania

- Reinforce “V” as No.1 energy drink
- Development of new product after “V”
- Renovation of production lines and promotion of warehouse reorganization



Americas*

- Strengthen sales of core brands further
- Improve business efficiency including sales and logistics



*Pepsi Bottling Ventures, LLC: JV of SBF & PepsiCo in North Carolina

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Results for FY2013 & Forecast for FY2014 by Segment

(Billions of yen)

	FY2013 Results	Change		Change (%, YoY, currency neutral)	FY2014 Forecast	Change		Change (%, YoY, currency neutral)
		(YoY)	(%, YoY)			(YoY)	(%, YoY)	
Japan	716.9	+28.1	+4.1%	+4.1%	740.0	+23.1	+3.2%	+3.2%
Overseas	404.5	+101.1	+33.3%	+8.3%	520.0	+115.5	+28.6%	+28.7%
Net Sales	1,121.4	+129.2	+13.0%	+5.6%	1260.0	+138.6	+12.4%	+12.4%
Japan	45.4	+9.8	+27.5%	+27.5%	48.0	+2.6	+5.7%	+5.7%
Overseas	50.5	+8.0	+18.9%	-6.5%	60.5	+10.0	+19.7%	+19.1%
Amortization of goodwill	-23.2	-3.5	-	-	-23.5	-0.3	-	-
Operating Income	72.7	+14.3	+24.4%	+9.6%	85.0	+12.3	+16.9%	+16.5%
Ratio	6.5%				6.7%			
Japan	75.0	+11.8	+18.6%	+18.6%	78.5	+3.5	+4.7%	+4.7%
Overseas	64.7	+13.2	+25.6%	-0.7%	81.5	+16.8	+26.0%	+25.4%
EBITDA	139.6	+25.0	+21.8%	+8.8%	160.0	+20.4	+14.6%	+14.3%
Ratio	12.5%				12.7%			

Japan Segment: Results for FY2013

(Billions of yen)

	FY2012	FY2013	Change	
	Results	Results	(YoY)	(%, YoY)
Sales	688.8	716.9	+28.1	+4.1%
Segment profit	35.6	45.4	+9.8	+27.5%
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Sales Volume by Product Category

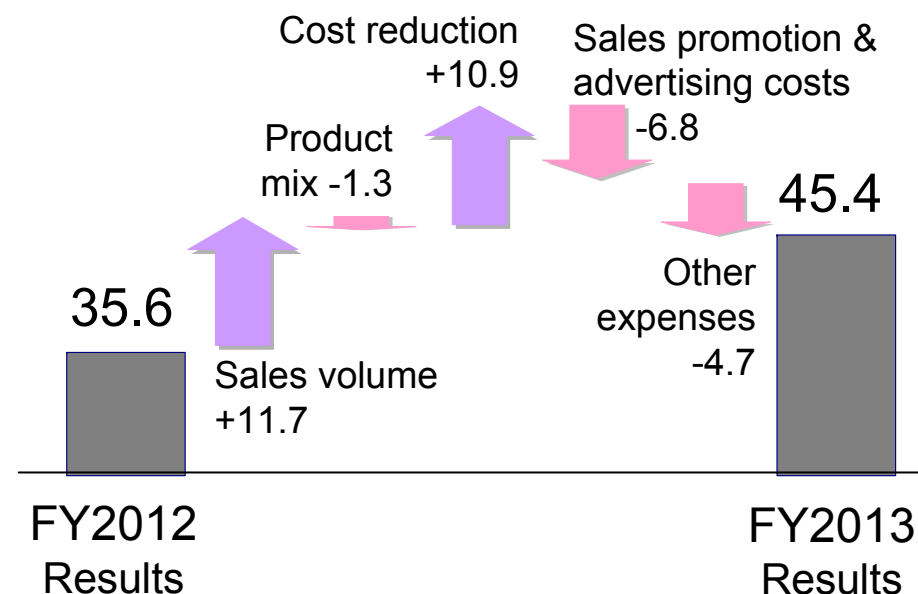
(Million cases)

	FY2012 Results	FY2013 Results	Change (YoY)
Mineral Water	65.7	74.6	+14%
RTD Coffee	81.7	83.0	+2%
RTD Tea (excl. RTD Black Tea)	93.1	100.5	+8%
Cola Drinks	29.0	30.4	+5%
Carbonates (excl. Cola Drinks)	43.5	46.6	+7%
Functional Drinks	20.7	23.9	+15%
Fruit Juices	23.1	20.3	-12%
RTD Black Tea	12.0	10.3	-15%
Others	23.2	25.2	+8%
Total	392.0	414.8	+6%

A reclassification of certain products between the categories of Mineral water and Carbonates (excl. Cola Drinks) has been carried out

Breakdown of Changes in Segment Profit

(Billions of yen)



Overseas Segment: Results for FY2013

(Billions of yen)

	FY2012 Results	FY2013 Results	Change		Change (%, YoY, currency neutral)
			(YoY)	(%, YoY)	
Europe	123.7	154.9	+31.3	+25.3%	-1.0%
Oceania	33.3	41.0	+7.6	+22.9%	+3.0%
Asia	78.8	132.7	+53.8	+68.3%	+40.2%
Americas	67.5	76.0	+8.4	+12.5%	-8.1%
Sales	303.4	404.5	+101.1	+33.3%	+8.3%

Europe	24.5	27.2	+2.8	+11.4%	-12.4%
Oceania	5.1	6.2	+1.1	+22.4%	-3.1%
Asia	6.2	9.2	+3.0	+47.7%	+11.8%
Americas	6.8	7.9	+1.1	+16.6%	-5.5%
Segment Profit	42.5	50.5	+8.0	+18.9%	-6.5%
Ratio	14.0%	12.5%			

Japan Segment: Forecast for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Forecast	Change	
			(YoY)	(%, YoY)
Sales	716.9	740.0	+23.1	+3.2%
Segment profit	45.4	48.0	+2.6	+5.7%
Ratio	6.3%	6.5%		

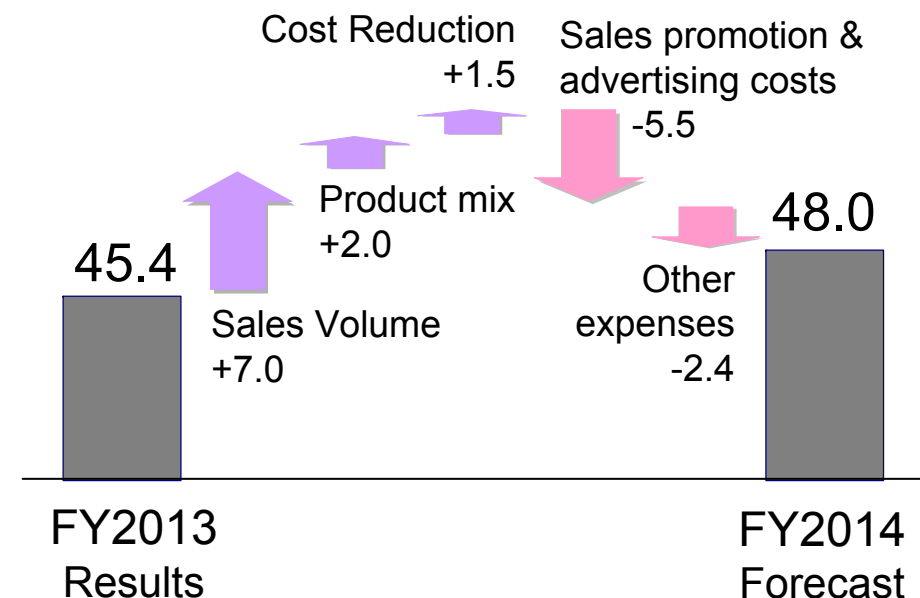
Sales Volume by Product Category

(Million cases)

	FY2013 Results	FY2014 Forecast	Change (YoY)
Mineral Water	74.6	75.9	+2%
RTD Coffee	83.0	84.0	+1%
RTD Tea (excl. RTD Black Tea)	100.5	108.3	+8%
Cola Drinks	30.4	32.3	+6%
Carbonates (excl. Cola Drinks)	46.6	48.1	+3%
Functional Drinks	23.9	27.8	+16%
Fruit Juices	20.3	20.2	-0%
RTD Black Tea	10.3	10.0	-3%
Others	25.2	22.1	-12%
Total	414.8	428.7	+3%

Breakdown of Changes in Segment Profit

(Billions of yen)



Overseas Segment: Forecast for FY2014

(Billions of yen)

	FY2013 Results	FY2014 Forecast	Change		Change (%, YoY, currency neutral)
			(YoY)	(%, YoY)	
Europe	154.9	244.0	+89.1	+57.5%	+57.2%
Oceania	41.0	42.0	+1.0	+2.5%	+6.2%
Asia	132.7	160.0	+27.3	+20.6%	+21.6%
Americas	76.0	74.0	-2.0	-2.6%	-4.8%
Sales	404.5	520.0	+115.5	+28.6%	+28.7%

Europe	27.2	36.5	+9.3	+34.0%	+33.7%
Oceania	6.2	6.3	+0.1	+1.3%	+3.2%
Asia	9.2	9.5	+0.3	+3.2%	+1.7%
Americas	7.9	8.2	+0.3	+4.2%	+1.6%
Segment Profit	50.5	60.5	+10.0	+19.7%	+19.1%
Ratio	12.5%	11.6%			

Exchange Rates

(Yen)

	FY2012 Average exchange rate	FY2013 Average exchange rate	FY2014 Forecast
U.S. Dollar	79.8	97.7	100.0
Euro	102.6	129.8	130.0
British Pound	-	152.8	160.0
Singapore Dollar	63.9	78.1	80.0
New Zealand Dollar	64.7	80.1	78.0
Australian Dollar	82.7	94.4	90.0
Indonesian Rupiah	0.0086	0.0095	0.0089

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.