

# Suntory Holdings Limited

## Summary on FY2022-H1 Earnings

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Thank you for your continued support to the Suntory Group.

Before I begin my presentation, I would like to extend my sincere condolences to those who have suffered infections from the still ongoing COVID-19 pandemic, as well as thank those in medical services, and everyone else who is working to support our lives.

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

I will begin with Suntory Group's revenue for the six months ended June 30, 2022.

Revenue including excise taxes was 1.3730 trillion yen, up 15.2% year on year.

Revenue excluding excise taxes was 1.2302 trillion yen, up 15.1% year on year.

Although revenue is basically reported using revenue excluding excise taxes, in order to make ourselves comparable with many of the domestic players in Japan, who report their revenue including excise taxes, we also disclose the "revenue including excise taxes".

The market environment for the first-half revenue continues to be affected by COVID-19, but revenue from business in Japan recovered and overseas business continued to grow significantly.

Next is income.

Operating income was 150.6 billion yen, up 19.4% year on year.

Profit attributable to owners of the Company was 74 billion yen, up 40.2% year on year.

Despite the impact of COVID-19 on market conditions and supply chain costs increased more than anticipated, sales growth, acceleration of the premiumization strategy and initiatives such as improvement of cost efficiency resulted in an increase in revenue and profit.

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

I will provide explanations by segment.

<Beverages and Foods Segment>

Revenue was 676.5 billion yen, up 12.5% year on year.

Operating income was 90.8 billion yen, up 29.1% year on year.

As announced yesterday by Suntory Beverage & Food Ltd., sales volume grew in Japan, mainly driven by *Suntory Tennensui*, *Iyemon* and *Green DAKARA*. Overseas as well, in addition to continuing efforts to focus on our core brands, the effect of price revisions resulted in sales exceeding those in the previous

year, leading to an increase in both revenue and profit.

#### <Alcoholic Beverages Segment>

Revenue including excise taxes was 564.3 billion yen, up 18.5% year on year.

Revenue excluding excise taxes was 422 billion yen, up 19.2% year on year.

Operating income was 68.9 billion yen, up 9.5% year on year.

The spirits business revenue excluding excise taxes grew by over 10% year on year, on a local currency basis. Overseas, the premiumization strategy being implemented by Beam Suntory paid off, and sales grew in major markets such as the United States and Europe.

In Japan, revenue excluding excise taxes grew by 9% from the same period of the previous year. Whisky performed well due to the core brands of *Kakubin* and *Ao*, in addition to canned *Kaku Highball*. RTD sales volume increased by 2% year on year due to active marketing activities such as the launch of *CRAFT-196°C*. In addition, *SUI* Suntory Gin proposes the new value of *SUI Gin Soda* that pairs well with everyday meals in order to embrace the challenge of creating a new market as a “third type of soda mix”. *Canned SUI Gin Soda* launched in March is performing well, already reaching the initial annual sales target in May.

In the beer business, the Company’s sales volume increased by 2% year on year.

*The Premium Malt’s* brand grew by 31% year on year due to activities highlighting its value as a go-to brand of premium beer based on changes in customers’ awareness.

*Perfect Suntory Beer* was popular for zero carbohydrates with the flavor of authentic beer, and sales increased by 42% year on year.

The *Kin-Mugi* brand is aimed at being a “new genre most suitable for regularly drinking at home” and a promotion based on the theme of evening drinks was carried out, strengthening proposals for enjoying a drink with seasonal ingredients and dishes.

In addition, in the non-alcoholic category spanning the Alcoholic Beverages segment, we engaged in the initiatives of realization of overwhelming flavor, expansion of the lineup and proposals communicating appeal, with the aim of creating a culture that can be enjoyed by people who drink alcohol and those who do not, which is made possible by an alcohol content of 0.00%. The sales volume increased by 4% year-on-year.

#### <Others Segment>

Revenue including excise taxes was 132.2 billion yen, up 15.8% year on year.

Revenue excluding excise taxes was 131.7 billion yen, up 15.9% year on year.

Operating income was 15.9 billion yen, up 5.2% year on year.

In the health and wellness products business, in addition to major brands such as *Locomore* and *Omega A.D.E.*, new brands such as *VARON* men’s skincare performed well. Management reforms were also

carried out in the restaurant business. Revenue in this business grew significantly.

### **(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.

With regard to water, which is essential for Suntory’s craftsmanship, we revised Environmental Targets toward 2030 in January, setting new targets such as reducing the water intensity of production at Suntory factories by 35% globally and replenishing more than 100% of the water used in over half of Suntory’s factories through water resource cultivation.

With regard to greenhouse gases, we are aiming for net zero GHG emissions throughout the entire value chain by 2050, and are globally implementing a variety of initiatives to achieve this. In April, we switched the power purchased in all 30 of Suntory’s production and R&D sites in Japan related to soft drink, food and alcoholic beverage businesses to 100% renewable energy. We will continue to endeavor to reduce emissions through further active introduction of energy-saving technologies and the utilization of renewable energy in both Suntory’s own facilities and equipment and 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 virgin petroleum-based materials by only using recycled or plant-based materials. We will continue activities to reduce environmental impact through the promotion of bottle-to-bottle horizontal recycling, making packaging more lightweight, and promoting industry-leading technological innovation.

### **(4) Outlook for 2022**

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

Revenue including excise taxes is forecast to be 2.778 trillion yen, up 8.5% year on year

Revenue excluding excise taxes is forecast to be 2.48 trillion yen, up 8.5% year on year

Operating income is forecast to be 248 billion yen, up 0.2% year on year

Profit attributable to owners of the Company is forecast to be 115 billion yen, up 0.9% year on year.

Although the performance was strong in the first half of the fiscal year, 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.

This brings my explanation to an end. We look forward to your continued support to Suntory.