

# Suntory Holdings Limited

## Summary on FY2023-H1 Earnings

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Thank you for your continued support to the Suntory Group.

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

I will begin with Suntory Group's revenue for the six months ended June 30, 2023.

Revenue including excise taxes was 1.5470 trillion yen, up 12.7% year on year.

Revenue excluding excise taxes was 1.3909 trillion yen, up 13.1% year on year.

Next is income.

Operating income was 167.7 billion yen, up 11.3% year on year.

Adjusted operating income, which excludes non-recurring items from operating income and serves as a metric representing our business profit, was 163.8 billion yen, up 20.2% year on year.

Profit attributable to owners of the Company was 86 billion yen, up 16.3% year on year.

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

I will provide explanations by segment.

#### <Beverages and Foods Segment>

Revenue was 745.9 billion yen, up 10.3% year on year.

Operating income was 80.0 billion yen, down 11.8% year on year.

Suntory Tennensui and GREEN DAKARA in Japan each achieved record-high sales volume for the first half of a fiscal year. Overseas, strengthening of activities for core brands led to growth in sales volume and an increase in revenue. Operating income declined due to the reaction to the gain on transfer of a business recorded in the previous year.

As announced by Suntory Beverage & Food Limited the other day, Frucor Suntory Group and Beam Suntory Inc. are taking steps towards working together more closely with the aim of achieving further growth in the Oceania market.

#### <Alcoholic Beverages Segment>

Revenue including excise taxes was 642.2 billion yen, up 13.8% year on year.

Revenue excluding excise taxes was 486.6 billion yen, up 15.3% year on year.

Operating income was 90.2 billion yen, up 31.0% year on year.

Spirits business revenue grew more than 10% year on year, both including and excluding excise taxes.

Overseas, sales grew in core markets, including Asia. In Japan, we did well in Jim Beam, Ao, and Kaku Highball Can. The RTD segment took on the challenge of creating new demand by launching such products as Kodawari Sakaba no Tako-hi and -196°C chu-hi Shunkan Toketsu, and achieved growth that outpaced the market. We are strengthening our proposals for new value through Suntory Gin Sui, with the concept of Sui Gin Soda, which goes well with our everyday food.

In the beer business, the beer category was the driver of an 11% year-on-year increase in sales volume for the beer business as a whole (which includes non-alcoholic drinks), constituting significant outperformance relative to the market, which is estimated to have contracted relative to the previous year. The Premium Malt's brand has undergone a major renewal with the aim of creating a new premium product that matches the times, leading to the brand as a whole growing 11% year on year. The new Suntory Draft Beer that was launched in April has been rated highly by consumers for its thoroughly satisfying mouth feel and its unprecedented drinkability. With sales volume surpassing 2 million cases three months after the launch, the other day we revised up the annual sales plan to approximately 1.3 times the initial figure, to 4 million cases.

In the non-alcohol category, we broadened our lineup of beverages in pursuit of our goal of creating a culture that can be enjoyed by people who drink alcohol and those who do not, launching Ashita wo Omou All-Free and Non-Aru Banshaku Highball Non-alcoholic to join existing products All-Free and Non-Aru Banshaku Lemon Sour Non-alcoholic. We also opened “Non-aru Sakaba” stores all over Japan, and actively conveyed the attractiveness of non-alcoholic beverages to consumers.

Moreover, this year is a memorable one for the Suntory Group, marking the 100th anniversary of whisky making, and the 60th anniversary of our entry into the beer business. Going forward we will continue to refine our MONOZUKURI technology and product development capabilities, pursuing even better tastes and higher quality, and striving to create new demand.

#### <Others Segment>

Revenue including excise taxes was 159.0 billion yen, up 20.2% year on year.

Revenue excluding excise taxes was 158.4 billion yen, up 20.3% year on year.

Operating income was 23.2 billion yen, up 45.5% year on year.

In the health food business, Locomore and Omega Aid performed well due to customers becoming more health-conscious.

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

The corporate philosophy of the Suntory Group is “to create harmony with people and nature, create a rich lifestyle and culture, and inspire the "Brilliance of Life"”.

With regard to sustainability management, as a comprehensive global food and alcoholic beverage company that depends upon water, agricultural products, and other benefits of the natural environment,

Suntory has been striving to help create a society in which people and nature benefit each other in a sustainable way.

First we have the water that is essential for our MONOZUKURI. This year, Suntory Natural Water Sanctuaries celebrates its 20th anniversary of engaging in activities to cultivate water resources and enhance biodiversity. In February we established a new Suntory Natural Water Sanctuary at Tokyo Hinohara, the 22nd such site in Japan. And also in February, the Kyushu Kumamoto Plant obtained the highest “Platinum” level of certification from the Alliance for Water Stewardship, in relation to sustainable water usage for the local watershed. In addition, this year our next-generation environmental education through Suntory Mizuiku (Water Education Program) activities will take place in a total of nine countries in Asia, Europe, and Oceania, with the United Kingdom and New Zealand being new additions. Going forward we will continue to promote activities to achieve sustainability for water.

In terms of greenhouse gases, we aim to introduce one of the largest systems for manufacturing green hydrogen in Japan, using renewable energy sources such as solar power, to our Hakushu plant, and in March the decision to proceed to demonstration experiments has been made. We continue to work with Yamanashi Prefecture with a target of deployment by 2025.

We have also established the target of making plastic bottles used globally 100% sustainable by 2030. We will continue to promote bottle-to-bottle horizontal recycling, take on the challenges of making packaging more lightweight and of generating industry-leading technological innovation, and work on activities to reduce environmental impact.

#### **(4) Outlook for 2023**

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

Revenue including excise taxes is forecast to be 3.12 trillion yen, up 5.0% year on year

Revenue excluding excise taxes is forecast to be 2.81 trillion yen, up 5.7% year on year

Operating income is forecast to be 280 billion yen, up 1.3% year on year

EBITDA of 280 billion yen, up 3.5% year-on-year

Profit attributable to owners of the Company is forecast to be 140 billion yen, up 2.8% year on year.

Going forward, despite the unclear outlook and uncertain situation in which we find ourselves, the Group will continue to work as one to surpass the results of the previous year in both sales and profits.

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