

Suntory Beer Limited Business Strategy for 2016

Suntory Beer Limited heralds its company vision of "bringing excitement with outstanding taste." In 2015, *The Premium Malt's Master's Dream* of the super premium class and the flavorful *The Malt's* with 'umami' flavors for proposing a new appeal of beer were launched. In 2016, we will continue to pursue good flavor with all earnestness, while also taking on the challenge of innovation in every area from the creation of new categories to the generation of new contact points with consumers.

- Review of 2015

The total market for the beer category in Japan*¹ was estimated to shrink about 1% compared to the previous year. Under these circumstances, Suntory Beer Limited had total sales of 73.59 million cases*² (up 1% year-on-year), achieving a sales volume that surpasses the previous year. Sales of the beer category, excluding non-alcoholic beer-type beverages, totaled 66.54 million cases (up 2% year-on-year).

Beer sales in particular grew significantly, selling 24.65 million cases (up 5% year-on-year).

By brand, proactive marketing activities were rolled out for *The Premium Malt's*, such as the launch of *The Premium Malt's Kaoru Premium*, resulting in sales volume in Japan that was equivalent to last year's levels, and sales amounts for Japan set record highs with contribution from the release of the super premium class product *The Premium Malt's Master's Dream*.

Launched in September, *The Malt's*, which acquired new beer users as a new standard in beer that focused on 'umami' flavors, contributed to the added impetus of the market. The sales volume totaled 3.24 million cases, exceeding the upwardly-revised annual plan.

The *Kin-Mugi* series grew, selling 36.92 million cases (up 2% year-on-year) to break set a new high sales record.

Through proactive marketing activities, efforts were made to expand users of All-Free, the best selling*³ brand of the non-alcoholic beer-type beverage. In addition, we launched All-Free Collagen and worked on flavor development.

*1 Includes happoshu, new-genre beer, and non-alcoholic beer-type beverages

*2 One case is equivalent to twenty large (633 mL) bottles

*3 Source: Intage SRI survey between December 2014 and November 2015 at supermarkets, convenience stores, discounted liquor stores, and on- and off-premise liquor stores nationwide.

- Strategy for 2016

The total market for the beer category in Japan and the beer market in Japan excluding the non-alcoholic beverages are forecast to shrink by about 1% compared to the previous year. Suntory Beer Limited will further bolster marketing activities related to not only the *The Premium Malt's* that boasts an overwhelming presence in the premium beer market but also the standard beer *The Malt's*, to provide added impetus to the beer market. Additionally, we will further strengthen activities for the *Kin-Mugi* series and *All-Free* to stimulate demand. Suntory Beer Limited's goal is to sell 74.8 million cases (up 2% year-on-year) with the aim of selling 67.65 million cases (up 2% year-on-year) in the beer category.

- ▼ *The Premium Malt's*

As a leading brand and driving force of the premium beer market, *The Premium Malt's* will be improved in quality and strengthened in terms of brand value. Further, we will strive to create new markets of the super premium class and ale-style beers.

- ▽ *The Premium Malt's* refined

The content of *The Premium Malt's* has been refined for the enjoyment of an even richer flavor by increasing the amount of Diamond malt, one of our special ingredients. By engaging in proactive communication as well as activities at shops beginning in January, we will strongly promote our consistent dedication to ingredients and quality.

- ▽ Launch of *The Premium Malt's Kaoru Ale*

With the goal of proposing the new appeal of premium beer to our consumers and creating a new market of ale-style beers, *The Premium Malt's Kaoru Ale*, featuring a refreshing fruity scent, will be launched on March 1 (Tues.).

- ▽ Expansion of sales channel for *The Premium Malt's Master's Dream*

The sales channel of *The Premium Malt's Master's Dream*, which has been received favorably in its limited sales in convenience stores, restaurants and bars and as gift sets, will be expanded to all business conditions to further expand contact points with consumers.

▼ *The Malt's*

The Malt's, a beer with a multi-layered 'umami' flavor that never fails to satisfy with an experience of bitterness, richness and a hint of sweetness, has been received well mainly by consumers in their 20s to 40s since it was released in last September. Continuing into 2016 with the theme of "enjoying umami taste with friends," we will strive to invigorate the beer market by proactively rolling out marketing activities, including the large-scale implementation of "UMAMI Experience Promotion" with three million people so that as many consumers as possible can experience its taste, as well as starting the "Kanpai with UMAMI!" campaign from February 15 (Mon.).

▼ *Kin-Mugi* series

For *Kin-Mugi*, which has been renewed for a better enjoyment of the taste of barley, the favorably received television commercials featuring actress Rei Dan will continue to be used to reinforce its brand value of being high quality and a great choice for the dinner table. Further, we will aim to expand the range of users through implementation of marketing activities themed on seasons, such as cherry blossom viewing and fireworks. Beginning in January, we will launch the "Well-Balanced Five Kinds of Vegetables for Everyone!" campaign to increase demand for *Kin-Mugi* (75% Less Sugar*⁴) that is delicious, yet low in carbohydrates.

*⁴ Compared to Suntory's *Kin-Mugi*

▼ Non-alcoholic beer-type beverage *All-Free*

A re-launch was implemented for *All-Free* in February, with the features that achieved 0.00% alcohol, zero calories*⁵, zero carbohydrates*⁶ and zero purine*⁷ left unchanged, and in addition to the refreshing aftertaste that has been supported by our consumers, we reinforced its beer-like delicious flavor. Suntory Beer Limited will begin an active marketing campaign that includes the release of new television commercials as well as a sampling drive for further improving brand recognition and expanding consumption experience.

*⁵ Based on the Nutrition Labeling Standards, less than 5 kcal of calories per 100 mL is considered zero calories.

*⁶ Based on the Nutrition Labeling Standards, less than 0.5 g of carbohydrates per 100 mL is considered zero carbohydrates.

*⁷ Less than 0.5 mg of purines per 100 mL is considered zero purine.