

Summary of Consolidated Financial Results
for the First Three Months of the Fiscal Year Ending December 31, 2015
<under Japanese GAAP> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: First Section, Tokyo Stock Exchange
 Securities code: 2587
 URL: <http://www.suntory.com/sbf/>
 Representative: Nobuhiro Torii, President
 Inquiries: Nobuhiro Yasui, Senior General Manager, Corporate Communication Division
 TEL: +81-3-3275-7022 (from overseas)

Scheduled date to file quarterly securities report: May 13, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2015 (from January 1, 2015 to March 31, 2015)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Three months ended								
March 31, 2015	272,517	0.5	10,147	1.0	9,791	6.4	4,560	58.6
March 31, 2014	271,187	23.2	10,042	8.1	9,199	8.8	2,875	0.8

Note: Comprehensive income

For the three months ended March 31, 2015:	¥(26,318) million	[–%]
For the three months ended March 31, 2014:	¥(1,962) million	[–%]

Reference: EBITDA

For the three months ended March 31, 2015:	¥29.1 billion	[2.3%]
For the three months ended March 31, 2014:	¥28.4 billion	[14.6%]

For the definition of EBITDA, its calculation method, etc., refer to “Segment information, etc.” on page 9.

Net income before amortization of goodwill

For the three months ended March 31, 2015:	¥10.7 billion	[17.0%]
For the three months ended March 31, 2014:	¥9.1 billion	[8.7%]

	Net income per share	Diluted net income per share
Three months ended	(Yen)	(Yen)
March 31, 2015	14.76	–
March 31, 2014	9.31	–

(2) Consolidated financial position

	Total assets	Total equity	Shareholders' equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
March 31, 2015	1,317,556	602,340	42.7
December 31, 2014	1,389,096	635,624	42.9

Reference: Shareholders' equity (Equity excluding minority interests)

As of March 31, 2015: ¥562,280 million

As of December 31, 2014: ¥595,377 million

2. Dividends

	Annual cash dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended December 31, 2014	–	29.00	–	31.00	60.00
Fiscal year ending December 31, 2015	–				
Fiscal year ending December 31, 2015 (Forecasts)		33.00	–	33.00	66.00

Note: Revisions to the forecasts of dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2015 (from January 1, 2015 to December 31, 2015)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2015	1,300,000	3.4	92,000	7.0	88,000	7.0	42,000	15.9	135.92

Note: Revisions to the earnings forecasts most recently announced: None

Reference: EBITDA

For the fiscal year ending December 31, 2015 (forecast): ¥170.0 billion [5.6%]

Net income before amortization of goodwill

For the fiscal year ending December 31, 2015 (forecast): ¥67.0 billion [9.3%]

*** Notes**

- (1) Changes in significant subsidiaries during the three months ended March 31, 2015 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- | | |
|---|------|
| a. Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| b. Changes in accounting policies due to other reasons: | None |
| c. Changes in accounting estimates: | None |
| d. Restatement of prior period financial statements after error corrections: | None |
- (4) Number of issued shares (common stock)
- | | |
|--|--------------------|
| a. Total number of issued shares at the end of the period (including treasury stock) | |
| As of March 31, 2015 | 309,000,000 shares |
| As of December 31, 2014 | 309,000,000 shares |
| b. Number of treasury shares at the end of the period | |
| As of March 31, 2015 | – shares |
| As of December 31, 2014 | – shares |
| c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) | |
| Three months ended March 31, 2015 | 309,000,000 shares |
| Three months ended March 31, 2014 | 309,000,000 shares |

*** Indication regarding execution of quarterly review procedures**

The quarterly review pursuant to the Financial Instruments and Exchange Act does not apply to this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

*** Proper use of earnings forecasts, and other special matters**

The earnings forecasts contained in these materials are based on our judgment attributable to information available to the Company and the Group as of the date of announcement of these materials, and include certain risks and uncertainties. These statements are not intended as a promise by the Company to achieve such results. Actual business results may differ substantially due to various factors such as economic situation surrounding the Company and the Group, market trend, exchange rates and other factors.

Attached Materials

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1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Qualitative information regarding consolidated operating results

In the first three months of the fiscal year ending December 31, 2015 (from January 1, 2015 to March 31, 2015), there was a gradual recovery in the global economy overall despite signs of weakness in some areas. In Japan, although there were signs of weakness in consumer spending and others, the economy continued to follow a path of gradual recovery.

Amid these circumstances, the Suntory Beverage & Food Limited Group (the Group) strived to grow both its Japanese and overseas businesses further through brand reinforcement and new demand creation under its philosophy of proposing premium and unique products that match the tastes and needs of consumers, and enriching consumers' lives. By utilizing the expertise of each company, the Group also worked to improve quality of products throughout the group and to strengthen earning capacity through cost reductions.

In the Japan segment, a year-on-year decline is expected in the market overall reflecting the impact of a rise in demand before a consumption tax increase in April 2014. Although the sales volume of the Group also decreased year on year, the Group reinforced core brands with a focus on the *Suntory Tennensui* range and *Boss* coffee range, and worked to create new demand by launching products that bring new value and high-value-added products.

In the overseas segment, the Group further reinforced core brands and reduced costs in each area. In Europe, the Group worked to create a more effective management information infrastructure to promote the creation of synergy between Orangina Schweppes Group and Lucozade Ribena Suntory Group. Furthermore, in Asia, the Group worked to strengthen its sales and production structures.

As a result of the above, for the operating results of the first three months of the fiscal year under review, the Group reported consolidated net sales of ¥272.5 billion, up 0.5% year on year, operating income of ¥10.1 billion, up 1.0%, ordinary income of ¥9.8 billion, up 6.4% and net income of ¥4.6 billion, up 58.6%.

Results by segment are as follows:

< Japan segment >

The Group continued to work to reinforce core brands and create new demand. However, total sales volume in Japan fell year on year due to the impact of a rise in demand before a consumption tax increase in April 2014.

In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Sales of *Suntory Minami-Alps Tennensui Sparkling* and the brand's flavored water variety, *Suntory Minami-Alps Tennensui & Asa-zumi Orange*, were strong. As a result, sales volume for the range as a whole was about level year on year.

In the *Boss* coffee range, the Group carried out renewals of core products *Premium Boss*, *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait*, and launched *Premium Boss Black* in the bottle canned coffee market, which is showing striking growth. The Group also conducted aggressive marketing activities. As a result, sales volume for the range as a whole was about level year on year.

In the *Iyemon* range, although the FOSHU (a Food for Specified Health Uses) green tea *Iyemon Tokucha* continued to sell strongly, sales volume for the range as a whole fell year on year.

The sales volume of the *Pepsi* range fell year on year, partly reflecting the impact of *Pepsi Nex Zero*, which recorded significant sales growth in March 2014 due to a renewal of its contents and packaging.

The sales volume of the *Suntory Oolong Tea* range fell year on year, despite continued marketing

activities.

Green DAKARA obtained further recognition as a fluid replacement beverage as a countermeasure for the dryness in winter. Sales of the barley tea *Green DAKARA Yasashii Mugicha* were steady, and sales volume for the range as a whole was level year on year. The sales volume of the carbonated fruit drink *Orangina* showed dramatic growth due partly to the contribution from a 1.2-liter PET bottle size launched last year in response to the diverse needs of consumers.

The Company made a contribution to market expansion of FOSHU drink products, which are attracting attention on the back of increasing health consciousness, and is establishing a strong position in this market. In addition to *Iyemon Tokucha*, *Suntory Black Oolong Tea*, for which the contents and packaging were renewed in March to encourage more people to enjoy the product with daily meals, sold strongly. Even so, the total sales volume of FOSHU drink products including *Boss Green*, *Suntory Goma Mugicha* and *Pepsi Special* fell year on year.

The Group's initiatives to improve profitability consisted of not only improving the product mix by strengthening sales of the 500 ml PET bottle size, but also continuing to reduce manufacturing costs by such means as making PET bottle caps lighter.

As a result of the above, the Japan segment reported year-on-year decreases in both net sales and segment profit, as shown below.

Japan segment net sales: ¥151.4 billion (down 3.3% year on year)

Japan segment profit: ¥3.3 billion (down 54.4% year on year)

< Overseas segment >

In Europe, aggressive marketing activities were conducted centering on core brands such as *Orangina*, *Schwepes*, *Lucozade* and *Ribena*. In Spain, sales in the on-premise market, which the Group has been concentrating on, continued to be strong. Furthermore, with the aim of accelerating growth in Europe as a whole, the Group not only carried out cost reductions but also continued work to optimize its business foundation and create synergy.

In Asia, although the unstable economic environment continued to affect our business, we worked to strengthen our business foundation and conducted marketing activities centering on core brands in each country. In the health food business, in Thailand, we conducted promotions to celebrate the 180th anniversary of the launch of *BRAND'S Essence of Chicken*. In the beverage business, in Vietnam, we aggressively implemented initiatives such as expanding the areas where Suntory brands are on sale and conducting marketing activities for the lunar New Year, resulting in growth in sales. Furthermore, in areas including Malaysia, where we are working to establish our own sales structures, we implemented successful business launches.

In Oceania, the Frucor Group worked to expand sales by vitalizing its mainstay energy drink *V* and conducting aggressive marketing activities for the Suntory brand product *OVI*.

In the Americas, the Group improved business efficiency by such means as carrying out initiatives to integrate distribution bases, and further promoted PepsiCo brand products, focusing on the state of North Carolina.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity by sharing the R&D technology and knowhow for the reduction of costs among all Group companies.

As a result of these activities, the overseas segment reported year-on-year increases in both net sales and segment profit, as shown below.

Overseas segment net sales: ¥121.1 billion (up 5.7% year on year)

Overseas segment profit: ¥13.0 billion (up 43.9% year on year)

(2) Financial position

Total assets as of March 31, 2015 stood at ¥1,317.6 billion, a decrease of ¥71.5 billion compared to December 31, 2014. The main factors were a decrease in cash and deposits, and decreases in goodwill and trademarks in overseas subsidiaries due to the impact of foreign currency translation. Total liabilities stood at ¥715.2 billion, a decrease of ¥38.3 billion compared to December 31, 2014. The main factors were decreases in notes and accounts payable-trade, accrued income taxes, interest-bearing debt, and other items.

Equity stood at ¥602.3 billion, a decrease of ¥33.3 billion compared to December 31, 2014, due in part to a decrease in foreign currency translation adjustments.

(3) Consolidated earnings forecasts and other forward-looking statements

No changes have been made to the consolidated earnings forecasts for the fiscal year ending December 2015, which were announced on February 13, 2015.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the three months ended March 31, 2015

No items to report

(2) Application of specific accounting for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(Application of the Accounting Standard for Retirement Benefits and its Guidance)

For the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions specified under the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits from the first quarter ended March 31, 2015 and reviewed its calculation method of retirement benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis. In addition, the Company changed the method for determining the bond maturity that forms the basis for determining the discount rate from a method that is based on a period approximate to the average remaining working lives of employees to one that uses different discount rates set according to each estimated timing of benefit payment.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in the calculation method of retirement benefit obligations and current service cost were recognized in retained earnings as of the beginning of the first quarter ended March 31, 2015.

As a result, as of the beginning of the first quarter ended March 31, 2015, net defined benefit asset increased by ¥826 million, net defined benefit liability decreased by ¥4,361 million, and retained earnings increased by ¥3,326 million. The impact from this on operating income, ordinary income and income before income taxes and minority interests of the first three months ended March 31, 2015 is immaterial.

3. Quarterly Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	105,520	89,338
Notes and accounts receivable-trade	152,476	153,937
Merchandise and finished goods	42,254	41,998
Work in process	3,553	4,202
Raw materials and supplies	29,079	29,021
Other	53,916	51,030
Allowance for doubtful accounts	(354)	(207)
Total current assets	386,446	369,321
Noncurrent assets		
Property, plant, and equipment		
Machinery, equipment, and other	138,989	136,877
Other	200,111	190,264
Total property, plant, and equipment	339,100	327,142
Intangible fixed assets		
Goodwill	381,760	347,571
Trademarks	199,899	189,976
Other	41,798	42,574
Total intangible fixed assets	623,458	580,122
Investments and other assets		
Investment securities	19,277	19,562
Other	20,468	21,145
Allowance for doubtful accounts	(468)	(431)
Total investments and other assets	39,277	40,276
Total noncurrent assets	1,001,836	947,540
Deferred assets	813	694
Total	1,389,096	1,317,556

(Millions of yen)

	As of December 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	111,612	104,851
Electronically recorded obligations-operating	11,990	12,261
Short-term borrowings	54,688	83,466
Lease obligations	986	924
Accrued income taxes	14,456	6,518
Provision for bonuses	4,485	5,115
Other	156,430	158,383
Total current liabilities	354,650	371,522
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	264,399	215,680
Lease obligations	2,281	2,194
Retirement allowances for directors and audit and supervisory board members	9	6
Net defined benefit liability	10,474	5,676
Other	81,656	80,134
Total long-term liabilities	398,821	343,693
Total liabilities	753,471	715,215
Equity		
Shareholders' equity		
Common stock	168,384	168,384
Capital surplus	192,701	192,227
Retained earnings	150,463	148,772
Total shareholders' equity	511,549	509,383
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,316	1,687
Deferred gain on derivatives under hedge accounting	606	576
Foreign currency translation adjustments	83,801	52,576
Remeasurements of defined benefit plans	(1,897)	(1,944)
Total accumulated other comprehensive income	83,827	52,896
Minority interests	40,247	40,059
Total equity	635,624	602,340
Total	1,389,096	1,317,556

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Net sales	271,187	272,517
Cost of sales	125,971	126,228
Gross profit	145,216	146,289
Selling, general, and administrative expenses	135,174	136,141
Operating income	10,042	10,147
Non-operating income		
Interest income	68	106
Dividend income	43	95
Equity in earnings of affiliates	166	196
Foreign currency exchange gain, net	296	511
Other	172	248
Total non-operating income	746	1,158
Non-operating expenses		
Interest expense	1,122	1,189
Other	466	325
Total non-operating expenses	1,589	1,514
Ordinary income	9,199	9,791
Extraordinary income		
Gain on sales of noncurrent assets	64	43
Other	15	2
Total extraordinary income	80	45
Extraordinary loss		
Loss on disposal of property, plant, and equipment	656	720
Restructuring cost	1,237	271
Other	71	175
Total extraordinary losses	1,966	1,167
Income before income taxes and minority interests	7,313	8,669
Income taxes	3,797	3,502
Net income before minority interests	3,516	5,167
Minority interests in net income	640	606
Net income	2,875	4,560

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015
Net income before minority interests	3,516	5,167
Other comprehensive income (loss)		
Unrealized gain on available-for-sale securities	49	371
Deferred loss on derivatives under hedge accounting	(356)	(35)
Foreign currency translation adjustments	(5,046)	(31,334)
Remeasurements of defined benefit plans, net of tax	–	(46)
Share of other comprehensive loss in associates	(125)	(440)
Total other comprehensive loss	(5,479)	(31,486)
Total comprehensive loss	(1,962)	(26,318)
Total comprehensive loss attributable to:		
Owners of the parent (the Company)	(2,315)	(26,370)
Minority interests	352	51

**(3) Notes to quarterly consolidated financial statements
(Notes on premise of going concern)**

No items to report

(Segment information, etc.)

[Segment information]

I. Three months ended March 31, 2014

1. Information regarding amounts of sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	156,598	114,589	271,187	–	271,187
Intersegment sales or transfers	–	345	345	(345)	–
Total	156,598	114,934	271,533	(345)	271,187
Segment profit (Note 3)	7,307	9,007	16,315	(6,272)	10,042

- Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the quarterly consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Total
Segment profit	7,307	9,007	16,315
Depreciation and amortization	7,519	4,575	12,094
EBITDA	14,827	13,583	28,410

EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Asia	Oceania	Americas	Total
Sales					
Sales to external customers	55,205	33,387	10,237	15,759	114,589
Intersegment sales or transfers	345	–	–	–	345
Total	55,551	33,387	10,237	15,759	114,934
Segment profit	4,711	1,921	1,103	1,271	9,007
Depreciation and amortization	2,065	1,492	335	681	4,575
EBITDA	6,776	3,414	1,438	1,953	13,583

2. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

No items to report

(Significant change in amount of goodwill)

No items to report

(Significant gain on negative goodwill)

No items to report

II. Three months ended March 31, 2015

1. Information regarding amounts of sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	151,427	121,090	272,517	–	272,517
Intersegment sales or transfers	–	333	333	(333)	–
Total	151,427	121,424	272,851	(333)	272,517
Segment profit (Note 3)	3,329	12,961	16,291	(6,143)	10,147

- Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
2. The segment profit is adjusted with operating income described on the quarterly consolidated statements of income.
3. The EBITDA for each reportable segment is as follows:

(Millions of yen)

	Japan	Overseas	Total
Segment profit	3,329	12,961	16,291
Depreciation and amortization	7,424	5,354	12,778
EBITDA	10,753	18,316	29,069

EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Asia	Oceania	Americas	Total
Sales					
Sales to external customers	50,795	39,805	11,523	18,966	121,090
Intersegment sales or transfers	333	–	–	–	333
Total	51,128	39,805	11,523	18,966	121,424
Segment profit	6,576	3,007	1,770	1,607	12,961
Depreciation and amortization	2,147	1,982	406	818	5,354
EBITDA	8,723	4,990	2,176	2,426	18,316

2. Information regarding impairment loss on noncurrent assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on noncurrent assets)

No items to report

(Significant change in amount of goodwill)

No items to report

(Significant gain on negative goodwill)

No items to report

(Notes on substantial changes in the amount of shareholders' equity)

No items to report