English Translation

May 2, 2016

Summary of Consolidated Financial Results for the First Three Months of the Fiscal Year Ending December 31, 2016 <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:	Saburo Kogo, President
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Scheduled date to file quarterly securities report:	May 12, 2016
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, 2016 (from January 1, 2016 to March 31, 2016)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Three months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2016	311,126	14.2	12,496	23.1	11,819	20.7	6,075	33.2
March 31, 2015	272,517	0.5	10,147	1.0	9,791	6.4	4,560	58.6

Note: Comprehensive income
For the three months ended March 31, 2016: ¥(21,227) million [-%]
For the three months ended March 31, 2015: ¥(26,318) million [-%]

Reference: EBITDA
For the three months ended March 31, 2016: ¥34.7 billion [19.4%]
For the three months ended March 31, 2015: ¥29.1 billion [2.3%]
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, 2016: ¥13.5 billion [25.9%]
For the three months ended March 31, 2015: ¥10.7 billion [17.0%]

Note: Net income before amortization of goodwill is the sum of net income attributable to owners of the parent and amortization of goodwill.

	Net income per share	Diluted net income per share
Three months ended	(Yen)	(Yen)
March 31, 2016	19.66	–
March 31, 2015	14.76	–

(2) Consolidated financial position

As of	Total assets	Total equity	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
March 31, 2016	1,432,705	592,350	38.4
December 31, 2015	1,484,434	626,890	39.3

Reference: Shareholders' equity (Equity excluding non-controlling interests)
As of March 31, 2016: ¥550,272 million As of December 31, 2015: ¥583,495 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, 2015	–	33.00	–	35.00	68.00
Fiscal year ending December 31, 2016	–				
Fiscal year ending December 31, 2016 (Forecasts)		34.00	–	34.00	68.00

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

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2016 (from January 1, 2016 to December 31, 2016)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Fiscal year ending December 31, 2016	1,430,000	3.5	90,000	(2.2)	86,500	4.4	40,500	(4.6)	131.07

Note: Revisions to the earnings forecasts most recently announced: None
Reference: EBITDA
For the fiscal year ending December 31, 2016 (forecast): ¥180.0 billion [2.5%]
Net income before amortization of goodwill
For the fiscal year ending December 31, 2016 (forecast): ¥70.0 billion [0.4%]
Note: Net income before amortization of goodwill is the sum of net income attributable to owners of the parent and amortization of goodwill.

* Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2016 (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, 2016	309,000,000 shares
As of December 31, 2015	309,000,000 shares

b. Number of treasury shares at the end of the period

As of March 31, 2016	– shares
As of December 31, 2015	– shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2016	309,000,000 shares
Three months ended March 31, 2015	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, 2016 (from January 1, 2016 to March 31, 2016), there was a gradual recovery in the global economy overall despite signs of weakness in some areas. In Japan, there were indications of a pause in the pickup in consumer spending, but the economy continued to follow a path of gradual recovery.

Amid these circumstances, the Suntory Beverage & Food Limited Group (the Group) put efforts into 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 strengthen earning capacity through cost reductions and to improve quality of products throughout the group. Furthermore, with the aim of achieving sustainable future growth, the Group concentrated on strengthening its business foundation in each area.

In the Japan segment, in addition to reinforcing core brands with a focus on the *Suntory Tennensui* range and *Boss* coffee range, the Group launched products with new value such as *Blood Orangina*, and strengthened high-value-added products such as *Iyemon Tokucha* as part of efforts to create new demand.
In the overseas segment, the Group further reinforced core brands and reduced costs in each area. In Europe, in addition to efforts centering on core brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*, the Group continued to work on initiatives to expand business in on-premise channel in Spain. Furthermore, in Asia, the Group made focused efforts to further strengthen its business foundation, such as 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 ¥311.1 billion, up 14.2% year on year, operating income of ¥12.5 billion, up 23.1%, ordinary income of ¥11.8 billion, up 20.7% and net income attributable to owners of the parent of ¥6.1 billion, up 33.2%.

Results by segment are as follows:

< Japan segment >
In Japan, as well as strengthening core brands, by focusing on high-value-added products such as FOSHU (a Food for Specified Health Uses) drink products, the Group worked on creating new demand and achieved a year-on-year increase in sales volume.
In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Especially, sales of *Suntory Minami-Alps Tennensui & Yogurina* were strong. As a result, sales volume for the range as a whole grew significantly.
In the *Boss* coffee range, in addition to core products *Premium Boss*, *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait*, *Premium Boss Black* and *Premium Boss Bito* in the bottle-shaped canned coffee market, which is showing striking growth, performed strongly. As a result, sales volume for the range as a whole rose considerably year on year.
In the *Iyemon* range, the Company made focused efforts to reinforce brands by continuously making proposals for adjusting flavors to suit the season. Furthermore, the FOSHU green tea *Iyemon Tokucha* continued to sell strongly. As a result, sales volume for the range as a whole rose significantly year on year.

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. As a result of conducting further aggressive marketing activities for *Iyemon Tokucha* and *Suntory Black Oolong Tea*, the total sales volume of FOSHU drink products, including *Suntory Goma Mugicha* and *Pepsi Special,* rose considerably year on year.

The Group is also focused on its initiatives to improve profitability. By launching products with new value such as *Premium Boss - The Latte* and *Blood Orangina* in March, and by strengthening sales of high-value-added products such as FOSHU drink products and small-size format products such as 500 ml PET bottles, the product mix improved. The Group also continued to work on reducing production costs such as packaging materials and manufacturing expenses through such means as moving production of bottle-shaped canned coffee in-house. Sales promotion and advertising costs rose year on year due to aggressive marketing activities.

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

Japan segment net sales: ¥191.6 billion (up 26.5% year on year)
Japan segment profit: ¥7.1 billion (up 114.6% year on year)

In order to provide its full-line beverage services in Japan, Suntory Beverage Solution Limited started its operations in April. The new company will further strengthen consumer response capabilities and sales capabilities in its vending machine business, fountain business, and water dispenser business, with the aim of providing high-added value to consumers through the development of new products and services.

< Overseas segment >
In Europe, aggressive marketing activities were conducted centering on core brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade* and *Ribena*. In France, where the business environment is tough, sales volumes of *Orangina* and *Oasis* fell year on year. In the UK, sales volume of *Lucozade*, which was the subject of brand-vitalization efforts, was firm. In Spain, the Group further pushed the cooperation with PepsiCo, Inc. that began last year and sales continued to be strong in the on-premise channel. Furthermore, with the aim of accelerating growth in Europe as a whole, the Group carried out cost reductions and continued work to optimize its business foundation and create synergy.
In Asia, although the uncertain economic environment continued to affect its business in some regions, the Group worked to strengthen its business foundation and conducted marketing activities centering on core brands in each country. In the health supplement business, in core market Thailand, sales of *BRAND'S Essence of Chicken* continued to be steady. In the beverage business, in Indonesia, the Group made efforts to redevelop the sales structure and the marketing strategy while in Vietnam, in addition to PepsiCo brands, the Group took steps to strengthen marketing for Suntory brand products such as *TEA+*, and sales remained strong.
In Oceania, in addition to vitalizing its mainstay energy drink *V*, the Group worked to expand sales by conducting aggressive marketing activities for the Suntory brand product *OVI*.
In the Americas, the Group further promoted PepsiCo brand products, focusing on the state of North Carolina, and improved business efficiency in sales and distribution. In addition, the Group started sales operations for the Suntory brand product *OVI*.

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, excluding the impact of currency changes, the overseas segment reported year-on-year increases in both net sales and segment profit but due to the stronger yen, both net sales and segment profits declined, as shown below.

Overseas segment net sales: ¥119.5 billion (down 1.3% year on year)
Overseas segment profit: ¥12.8 billion (down 1.6% year on year)

(2) Financial position

Total assets as of March 31, 2016 stood at ¥1,432.7 billion, a decrease of ¥51.7 billion compared to December 31, 2015. The main factors were decreases in goodwill and trademarks in overseas subsidiaries due to the impact of foreign currency translation, and other item.
Total liabilities stood at ¥840.4 billion, a decrease of ¥17.2 billion compared to December 31, 2015. The main factors were decreases in accrued income taxes, interest-bearing debt, and other items.
Equity stood at ¥592.4 billion, a decrease of ¥34.5 billion compared to December 31, 2015. This was due in part to a decrease in foreign currency translation adjustments.

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

As a result of the 2016 Kumamoto Earthquake, which occurred in April 2016, partial damage was suffered by the Suntory Kyushu Kumamoto Plant, etc., to which the Company consigns manufacturing of soft drinks. The Company is still investigating the details, but as it expects the impact on the Company's earnings to be limited at present, no changes have been made to the consolidated earnings forecasts for the fiscal year ending December 2016, which were announced on February 12, 2016.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the three months ended March 31, 2016

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 Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended March 31, 2016, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the method of recording the amount of difference caused by changes in the Company's ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as additional capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the first quarter ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the quarterly consolidated financial statements for the quarterly period to which the date of business combination belongs. In addition, the presentation method for "net income" and other related items was changed, and the presentation of "minority interests" was changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly consolidated financial statements and consolidated financial statements for the first three months ended March 31, 2015 and the previous fiscal year.

The application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in Section 58-2 (3) of the Accounting Standard for Business Combinations, Section 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and Section 57-4 (3) of the Accounting Standard for Business Divestitures. Accordingly, the cumulative amount of impact as of the beginning of this first quarter ended March 31, 2016, in the case of retrospective application of the new accounting policies to all prior periods has been added to or deducted from capital surplus and retained earnings.

As a result, as of the beginning of the first quarter ended March 31, 2016, goodwill and foreign currency translation adjustments decreased by ¥1,971 million and ¥26 million respectively, capital surplus increased by ¥211 million, and retained earnings decreased by ¥2,157 million. The impact from this on operating income, ordinary income and income before income taxes of the first three months ended March 31, 2016 is immaterial.

3. Quarterly Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	97,746	97,521
Notes and accounts receivable-trade	156,918	149,830
Merchandise and finished goods	47,844	51,418
Work in process	6,753	6,838
Raw materials and supplies	27,992	28,843
Other	53,649	57,804
Allowance for doubtful accounts	(352)	(343)
Total current assets	390,553	391,914
Noncurrent assets		
Property, plant, and equipment	347,850	335,331
Intangible fixed assets		
Goodwill	454,212	435,282
Trademarks	188,517	171,005
Other	68,697	65,489
Total intangible fixed assets	711,427	671,776
Investments and other assets		
Investment securities	9,929	9,507
Other	24,873	24,496
Allowance for doubtful accounts	(547)	(555)
Total investments and other assets	34,255	33,449
Total noncurrent assets	1,093,533	1,040,558
Deferred assets	348	232
Total	1,484,434	1,432,705

(Millions of yen)

	As of December 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	119,831	121,083
Electronically recorded obligations-operating	13,619	12,947
Short-term borrowings	113,649	148,034
Lease obligations	7,646	7,584
Accrued income taxes	13,138	9,516
Provision for bonuses	7,255	8,338
Other	163,739	163,081
Total current liabilities	438,881	470,586
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	258,743	213,334
Lease obligations	16,593	15,641
Retirement allowances for directors and audit and supervisory board members	321	335
Net defined benefit liability	6,887	6,917
Other	96,116	93,539
Total long-term liabilities	418,662	369,768
Total liabilities	857,543	840,354
Equity		
Shareholders’ equity		
Common stock	168,384	168,384
Capital surplus	192,323	192,517
Retained earnings	176,537	169,641
Total shareholders’ equity	537,245	530,542
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,894	1,835
Deferred gain (loss) on derivatives under hedge accounting	376	(310)
Foreign currency translation adjustments	46,993	21,231
Remeasurements of defined benefit plans	(3,013)	(3,026)
Total accumulated other comprehensive income	46,249	19,729
Non-controlling interests	43,395	42,078
Total equity	626,890	592,350
Total	1,484,434	1,432,705

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

(Millions of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Net sales	272,517	311,126
Cost of sales	126,228	141,597
Gross profit	146,289	169,528
Selling, general, and administrative expenses	136,141	157,032
Operating income	10,147	12,496
Non-operating income		
Interest income	106	144
Dividend income	95	60
Equity in earnings of affiliates	196	215
Foreign currency exchange gain, net	511	117
Other	248	505
Total non-operating income	1,158	1,043
Non-operating expenses		
Interest expense	1,189	1,387
Other	325	332
Total non-operating expenses	1,514	1,720
Ordinary income	9,791	11,819
Extraordinary income		
Gain on sales of noncurrent assets	43	26
Gain on sales of investment securities	1	47
Other	1	–
Total extraordinary income	45	73
Extraordinary loss		
Loss on disposal of noncurrent assets	720	629
Restructuring cost	271	372
Other	175	49
Total extraordinary losses	1,167	1,051
Income before income taxes	8,669	10,842
Income taxes	3,502	3,440
Net income	5,167	7,401
Net income attributable to non-controlling interests	606	1,325
Net income attributable to owners of the parent	4,560	6,075

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016
Net income	5,167	7,401
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	371	(66)
Deferred loss on derivatives under hedge accounting	(35)	(726)
Foreign currency translation adjustments	(31,334)	(27,729)
Remeasurements of defined benefit plans, net of tax	(46)	(16)
Share of other comprehensive loss in associates	(440)	(91)
Total other comprehensive loss	(31,486)	(28,628)
Total comprehensive loss	(26,318)	(21,227)
Total comprehensive loss attributable to:		
Owners of the parent (the Company)	(26,370)	(20,444)
Non-controlling interests	51	(783)

(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, 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

II. Three months ended March 31, 2016

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	191,602	119,523	311,126	–	311,126
Intersegment sales or transfers	1	560	562	(562)	–
Total	191,603	120,084	311,688	(562)	311,126
Segment profit (Note 3)	7,146	12,752	19,898	(7,402)	12,496

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	7,146	12,752	19,898
Depreciation and amortization	9,327	5,469	14,796
EBITDA	16,473	18,221	34,695

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	51,120	39,788	10,094	18,521	119,523
Intersegment sales or transfers	560	–	–	–	560
Total	51,680	39,788	10,094	18,521	120,084
Segment profit	5,771	4,486	910	1,584	12,752
Depreciation and amortization	2,339	1,950	366	812	5,469
EBITDA	8,110	6,436	1,277	2,397	18,221

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