

Supplementary Material on Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2016

<Results for the First Six Months of the Fiscal Year Ending December 31, 2016>

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Suntory Beverage & Food Limited

August 4, 2016

<Results for the First Six Months of the Fiscal Year Ending December 31, 2016>

1. Summary of Consolidated Statements of Income, Indices, etc.

(1) Summary of Consolidated Statements of Income

(Billions of yen with fractional amounts rounded off)

	Six months ended June 30, 2015		Six months ended June 30, 2016		Increase (decrease)	
		Ratio to net sales		Ratio to net sales		
Net sales	622.3	100.0%	679.0	100.0%	56.7	9.1%
Gross profit	340.5	54.7%	377.6	55.6%	37.0	10.9%
Selling, general and administrative expenses	302.5	48.6%	337.7	49.7%	35.1	11.6%
Operating income	38.0	6.1%	39.9	5.9%	1.9	5.0%
Non-operating income	1.1	0.2%	1.5	0.2%	0.4	41.0%
Non-operating expenses	3.2	0.5%	3.0	0.4%	(0.2)	(6.3%)
Ordinary income	35.8	5.8%	38.4	5.7%	2.5	7.1%
Extraordinary income	0.1	0.0%	0.1	0.0%	0.0	0.7%
Extraordinary loss	2.4	0.4%	7.4	1.1%	5.0	210.0%
Income before income taxes	33.5	5.4%	31.0	4.6%	(2.5)	(7.4%)
Income taxes	12.6	2.0%	10.0	1.5%	(2.6)	(20.9%)
Net income attributable to non-controlling interests	2.2	0.3%	3.2	0.5%	1.0	47.8%
Net income attributable to owners of the parent	18.8	3.0%	17.9	2.6%	(0.9)	(4.8%)

(2) Other Indices

(Billions of yen)

		Six months ended June 30, 2015		Six months ended June 30, 2016		Increase (decrease)	
Depreciation and amortization		26.1		29.4		3.3 12.7%	
Amortization of goodwill		12.3		14.6		2.3 18.8%	
Operating income before amortization of goodwill		50.3		54.5		4.2 8.4%	
Net income before amortization of goodwill *1		31.1		32.5		1.4 4.6%	
EBITDA *2	EBITDA margin	76.4	12.3%	83.9	12.4%	7.5	9.8%

*1 Net income before amortization of goodwill is Net income attributable to owners of the parent plus Amortization of goodwill.

*2 EBITDA is Operating income plus Depreciation and amortization, and Amortization of goodwill.

Operating margin	Before amortization of goodwill	8.1%	8.0%
	After amortization of goodwill	6.1%	5.9%

(Billions of yen)

	As of December 31, 2015	As of June 30, 2016	Increase (decrease)	
Total assets	1,484.4	1,406.8	(77.6)	(5.2%)
Total equity	626.9	556.6	(70.3)	(11.2%)
D/E ratio (Times) *3	0.5	0.5		

*3 D/E ratio: (Interest-bearing debt - Cash and deposits) / Total equity

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)	
Capital expenditures	29.4	25.2	(4.2)	(14.3%)

(3) Exchange Rate for the Consolidation of Profit or Loss of the Major Overseas Companies

(Yen, average exchange rate)

	Six months ended June 30, 2015	Six months ended June 30, 2016
USD	120.3	111.7
EUR	134.1	124.5
GBP	183.3	160.0
SGD	89.1	80.9
NZD	89.1	75.5
AUD	94.0	81.9

2. Sales Details

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	350.5	421.9	71.3	20.3%	20.3%	
Europe	122.8	118.2	(4.7)	(3.8%)	5.6%	
Asia	85.3	81.1	(4.3)	(5.0%)	7.3%	
Oceania	22.2	19.3	(2.8)	(12.8%)	1.5%	
Americas	41.5	38.6	(2.9)	(6.9%)	0.2%	
Overseas	271.8	257.2	(14.6)	(5.4%)	5.0%	
Reconciliations	-	-	-	-	-	
Consolidation total	622.3	679.0	56.7	9.1%	14.0%	

3. Profit Details

(1) EBITDA

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	30.1	40.6	10.5	34.8%	34.8%	
Europe	25.7	22.8	(2.9)	(11.4%)	(2.2%)	
Asia	10.5	12.1	1.6	14.8%	32.5%	
Oceania	3.7	2.7	(1.0)	(26.1%)	(15.7%)	
Americas	6.3	5.6	(0.6)	(10.3%)	(3.0%)	
Overseas	46.3	43.3	(3.0)	(6.5%)	4.2%	
Reconciliations	-	-	-	-	-	
Consolidation total	76.4	83.9	7.5	9.8%	17.1%	

(2) Segment Profit

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	15.3	22.0	6.7	44.1%	44.1%	
Europe	21.2	18.2	(3.0)	(14.2%)	(5.4%)	
Asia	6.5	8.2	1.7	25.9%	48.6%	
Oceania	2.8	2.0	(0.8)	(27.0%)	(17.6%)	
Americas	4.5	4.1	(0.5)	(10.1%)	(2.6%)	
Overseas	35.0	32.5	(2.5)	(7.2%)	3.5%	
Reconciliations	(12.3)	(14.6)	(2.3)	-	-	*1
Consolidation total	38.0	39.9	1.9	5.0%	13.5%	

*1 The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.

(3) Ordinary Income and Net income attributable to owners of the parent

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)		Reference
Non-operating income	1.1	1.5	0.4	41.0%	
Non-operating expenses	3.2	3.0	(0.2)	(6.3%)	
Ordinary income	35.8	38.4	2.5	7.1%	
Extraordinary income	0.1	0.1	0.0	0.7%	
Extraordinary loss	2.4	7.4	5.0	210.0%	*2
Income taxes	12.6	10.0	(2.6)	(20.9%)	
Net income attributable to non-controlling interests	2.2	3.2	1.0	47.8%	
Net income attributable to owners of the parent	18.8	17.9	(0.9)	(4.8%)	

*2 The increase is mainly due to increases in losses from a natural disaster and restructuring cost.

(4) Breakdown of Increase (Decrease) in Segment Profit for Japan Segment

(Billions of yen)

Segment profit for the six months ended June 30, 2015	15.3
Increase in sales volume	2.5
Change in product mix	1.9
Reduction in manufacturing costs	3.9
Increase in sales promotion and advertising costs	(0.5)
Increase in other expenses	(1.0)
Segment profit for the six months ended June 30, 2016	22.0

4. Summary of Consolidated Balance Sheets

(Billions of yen)

	As of December 31, 2015	As of June 30, 2016	Increase (decrease)	Reference
Cash and deposits	97.7	122.4	24.6	
Notes and accounts receivable–trade	156.9	174.6	17.6	
Inventories	82.6	90.2	7.6	
Other	53.3	62.4	9.1	
Current assets	390.6	449.5	58.9	
Property, plant and equipment	347.9	313.8	(34.0)	
Goodwill	454.2	404.7	(49.5)	*3
Trademarks	188.5	146.3	(42.2)	*4
Other	68.7	60.5	(8.2)	
Intangible fixed assets	711.4	611.5	(99.9)	
Investments and other assets	34.3	31.8	(2.4)	
Noncurrent assets	1,093.5	957.2	(136.3)	
Deferred assets	0.3	0.1	(0.2)	
Total	1,484.4	1,406.8	(77.6)	
Notes and accounts payable–trade	119.8	133.3	13.5	
Interest-bearing debt	113.6	142.4	28.7	*5
Other	205.4	222.4	17.0	
Current liabilities	438.9	498.1	59.2	
Interest-bearing debt	298.7	242.1	(56.7)	*6
Other	119.9	110.1	(9.8)	
Long-term liabilities	418.7	352.2	(66.5)	
Total liabilities	857.5	850.2	(7.3)	
Shareholders' equity	537.2	542.3	5.0	
Accumulated other comprehensive income	46.2	(25.3)	(71.6)	*7
Non-controlling interests	43.4	39.7	(3.7)	
Total equity	626.9	556.6	(70.3)	
Total	1,484.4	1,406.8	(77.6)	

*3 The decrease is mainly due to the impact of amortization of goodwill and foreign currency translation related to overseas subsidiaries.

*4 The decrease is mainly due to the impact of foreign currency translation related to overseas subsidiaries.

*5 The increase is mainly due to an increase in short-term borrowings arising from new loans payable.

*6 The decrease is mainly due to the impact of the transfer from long-term liabilities (long-term debt) to current liabilities (current portion of long-term debt) and foreign currency translation related to overseas subsidiaries.

*7 The decrease is mainly due to a decrease in foreign currency translation adjustments.

5. Summary of Consolidated Statements of Cash Flows

(Billions of yen)

	Six months ended June 30, 2015	Six months ended June 30, 2016	Increase (decrease)
Income before income taxes	33.5	31.0	(2.5)
Depreciation and amortization	26.1	29.4	3.3
Amortization of goodwill	12.3	14.6	2.3
Other, net	(12.5)	(5.1)	7.4
Net cash provided by operating activities	59.4	69.9	10.5
Capital expenditures	(26.3)	(24.3)	2.0
Other, net	(0.9)	(0.0)	0.9
Net cash used in investing activities	(27.3)	(24.4)	2.9
Increase in interest-bearing debt	(11.9)	1.6	13.5
Cash dividends	(10.8)	(11.7)	(0.9)
Other, net	(0.5)	(4.8)	(4.3)
Net cash used in financing activities	(23.2)	(14.9)	8.3
Foreign currency translation adjustments	0.3	(6.0)	(6.3)
Net increase in cash and cash equivalents	9.2	24.6	15.4

6. Other Information

<Sales Volume in Japan by Product Category>

(Million cases)

	Six months ended June 30, 2015		Six months ended June 30, 2016	
	Actual	Increase (decrease) year-to-year	Actual	Increase (decrease) year-to-year
Mineral water	40.3	11%	45.2	12%
RTD coffee	43.7	3%	45.4	4%
RTD tea (excl. RTD black tea)	46.0	(2%)	47.1	2%
Cola drinks	12.5	(18%)	11.9	(4%)
Carbonates (excl. cola drinks)	25.3	15%	24.3	(4%)
Sports drinks, etc	8.6	(21%)	7.5	(13%)
Fruit juices	7.6	(12%)	7.7	2%
RTD black tea	3.9	(8%)	3.7	(5%)
Others	10.1	(4%)	9.2	(10%)
Total	198.0	1%	202.1	2%

* The portions of the sales volume by Japan Beverage Holdings Inc. and JT A-Star Co., Ltd. that were supplied from other soft drink manufacturers are not included in the above figures.

<Sales Volume of Major Brands in Europe>

(Million liters)

	Six months ended June 30, 2015		Six months ended June 30, 2016	
	Actual	Increase (decrease) year-to-year	Actual	Increase (decrease) year-to-year
Orangina (France)	79	(3%)	75	(5%)
Oasis (France)	143	3%	136	(5%)
Schweppes (Spain, Portugal)	58	7%	62	8%
Lucozade (UK, Ireland)	187	(4%)	199	6%
Ribena (UK, Ireland)	54	(12%)	55	1%