

Financial Results for Fiscal Year Ending December 31, 2016

February 13, 2017

Suntory Beverage & Food Limited

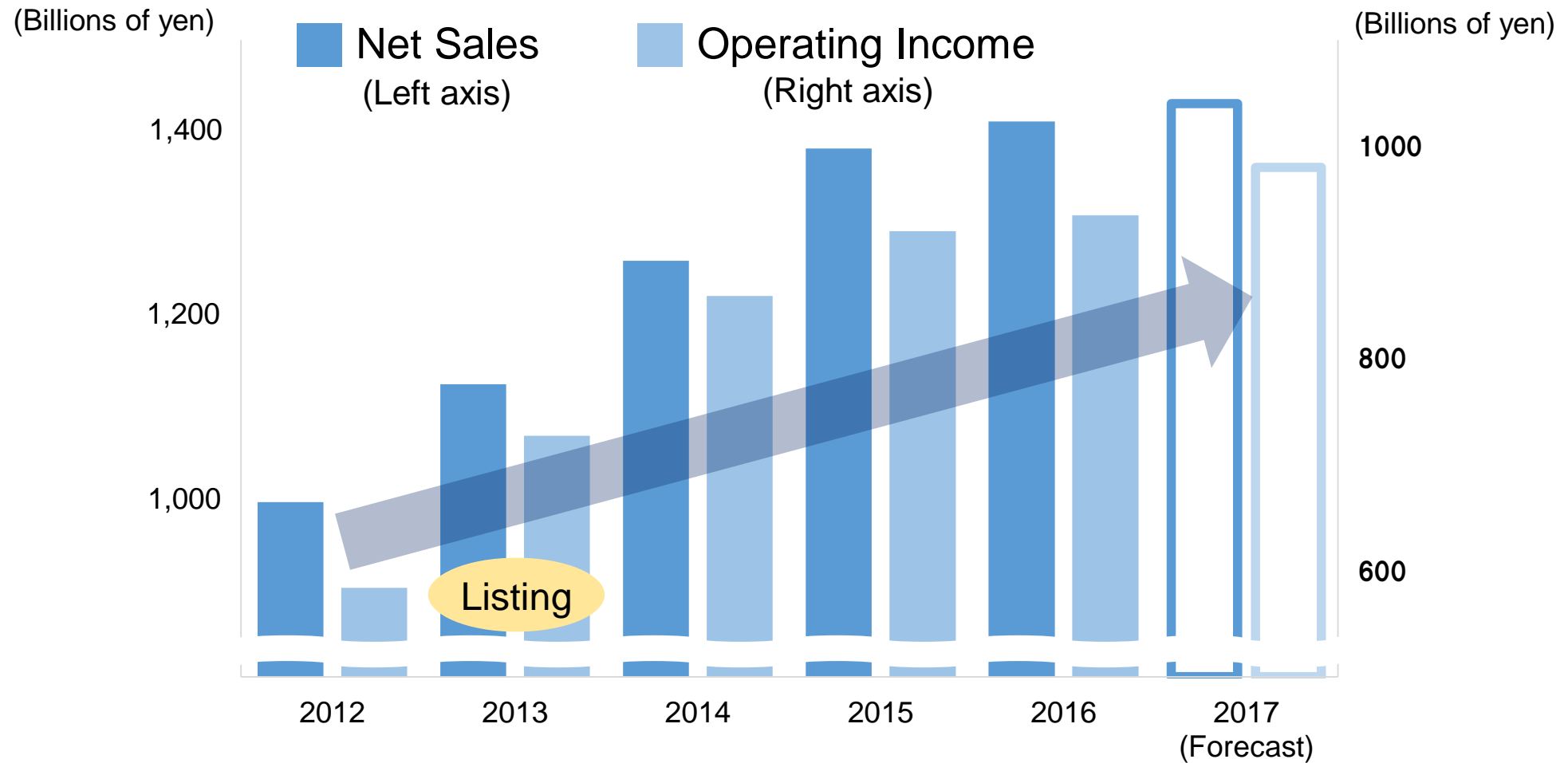


FY2016 Review and FY2017 Strategy

Saburo Kogo, President & CEO

FY2016 Review

Achieving continuous growth in sales and profit



Performance Highlights of FY2016

Sales and profits grew,
overcoming the headwind of yen appreciation

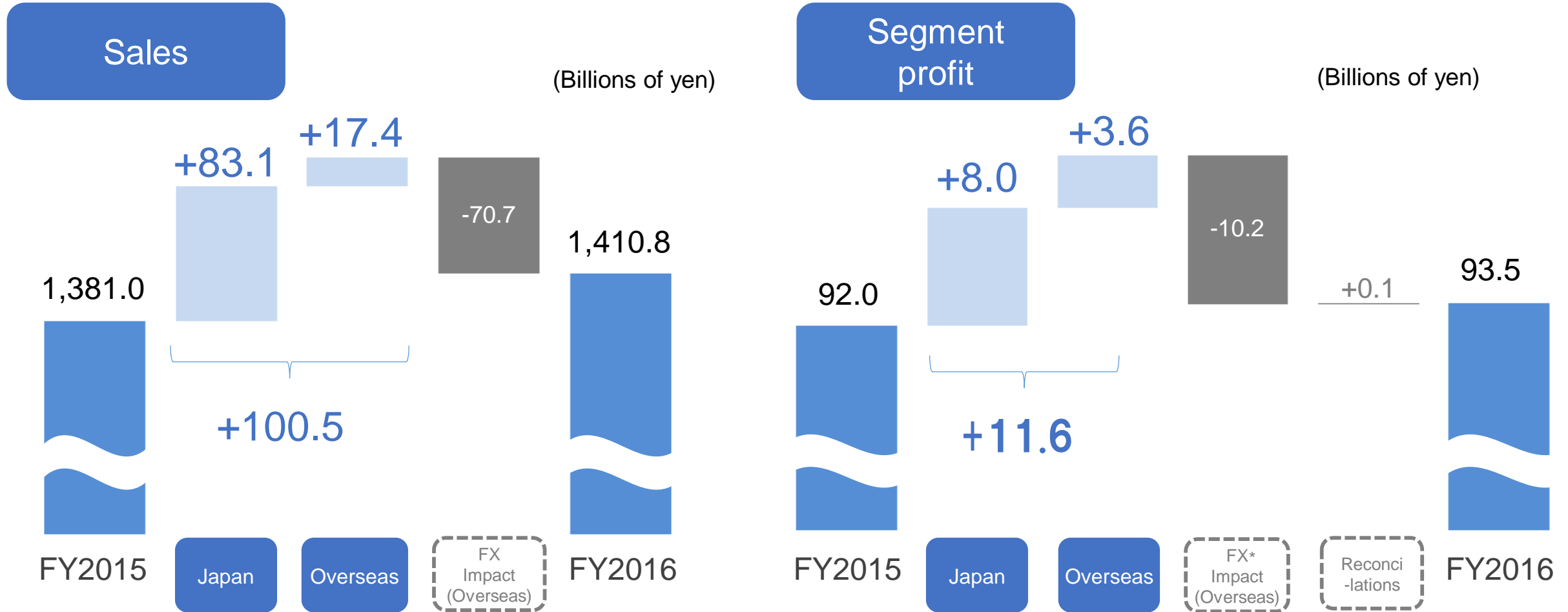
(Billions of yen)

| | FY2016 | Change YoY % | Currency neutral |
|------------------|---------|-----------------|---------------------|
| Net Sales | 1,410.8 | +2.2% | +7.7% |
| Operating Income | 93.5 | +1.6% | +11.4% |
| Net Income* | 46.1 | +8.5% | +16.4% |

* Profit attributable to owners of the parent

Performance Highlights of FY2016

Sales and profits grew both in Japan and Overseas (Currency-neutral basis)

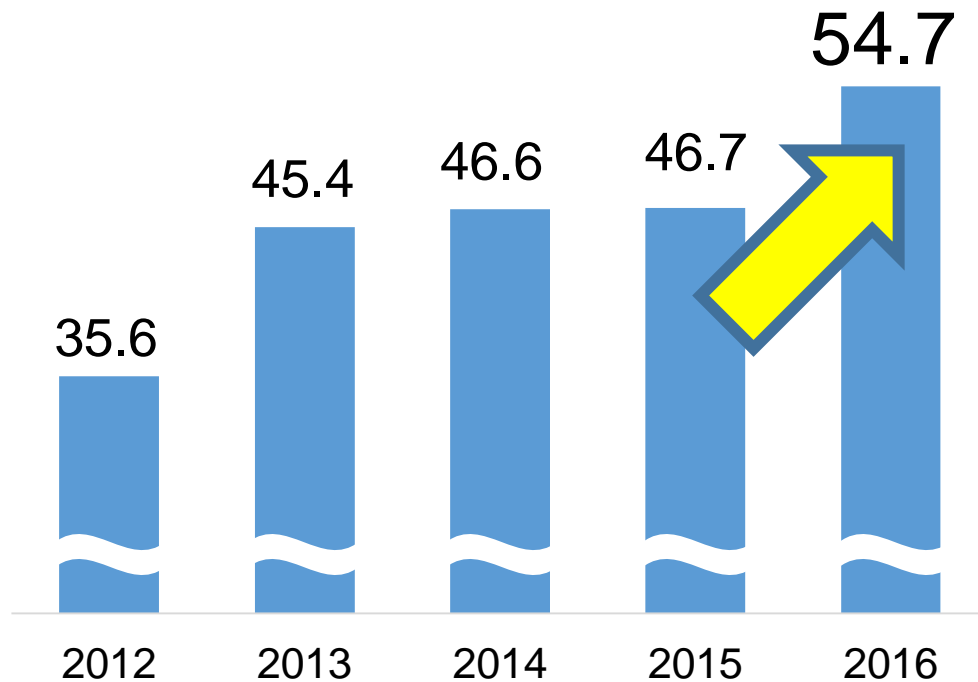


* FX impact on overseas segment only

Segment profit exceeded 50 billion yen for the first time

[Segment Profit]

(Billions of yen)



- Earned profit by 'non-price marketing'
 - Focus on high value-added products and small format products
 - Efficient investment on promotion
- Further cost reductions
- Profit increased in vending machine business

Steadily reinforced business growth drivers in each region

Europe

- France: Recovered sales and share after disappointing H1
- UK: Expanded product portfolio with less sugar
- Spain: Continued success in on-premise channel
- Africa: Route to Market (plant/sales) acquisition in Nigeria

Asia

- Vietnam: Gained market share in a declining market
- Health Supplements: Growth through brand revitalization

Oceania

- Maintained V leadership

Americas

- Continued portfolio expansion in non-carbonated category

FY2017 Strategy

Aim for higher sales growth than market
and higher profit growth than net sales

[Key Factors of FY2017 Management Policy]

- Continue and further reinforce business foundation in each region
- Expand business in new markets where high growth is expected (Asia, Africa)
- Expand premium business (Health supplement business in Asia)
- Further reinforce global management structure

Aim for 5th consecutive YoY increase in net sales and profit since listed in 2013 ^{*1}

(Billions of yen)

| | 2017 Forecast | Change YoY % | Currency neutral |
|--------------------------|---------------|--------------|------------------|
| Net Sales | 1,430.0 | +1.4% | +2.2% |
| Operating Income | 98.0 | +4.8% | +6.4% |
| Net Income ^{*2} | 47.0 | +2.0% | +3.7% |

*1: Fifth consecutive year-on-year increase from 2013 to 2017, compared from 2012.

*2: Net income attributable to owners of the parent

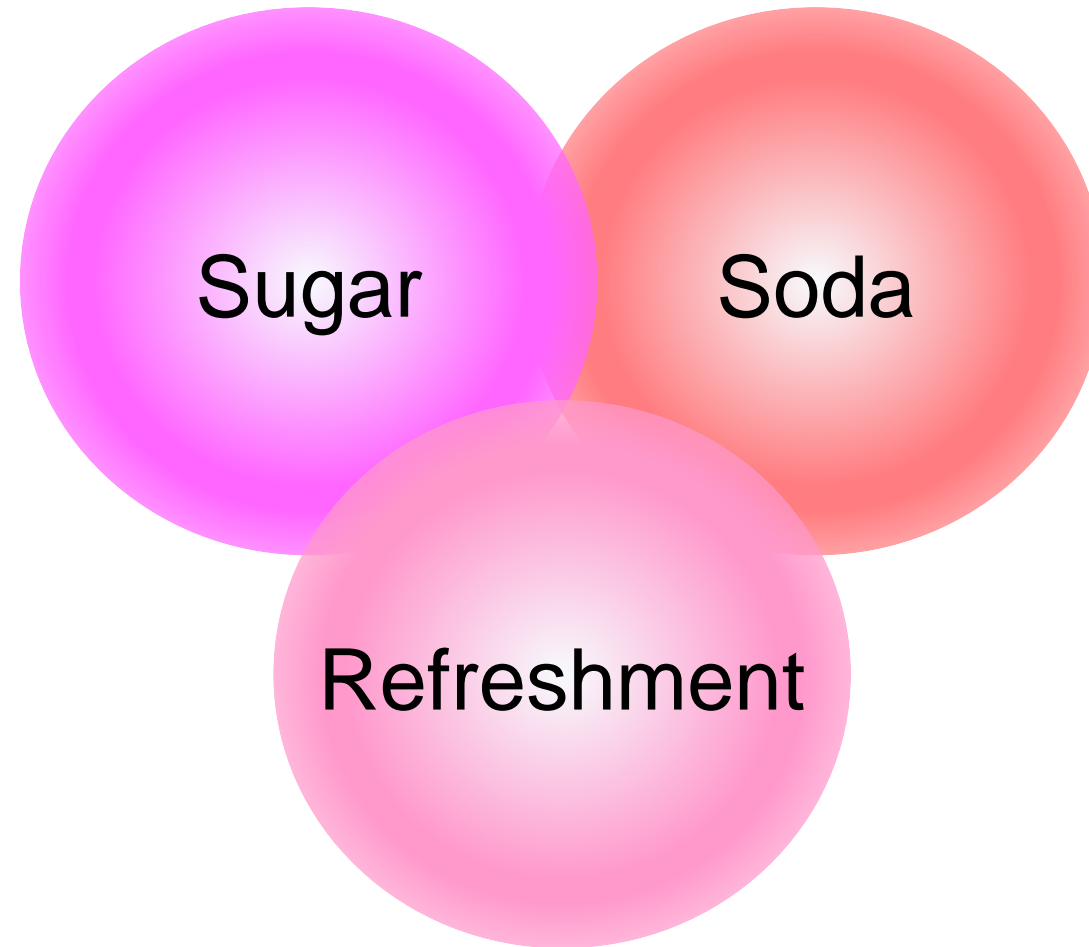
Our Strategy for the Future Looking Ahead

A quest for the best tastes & quality
to bring happiness & wellness into everyday life

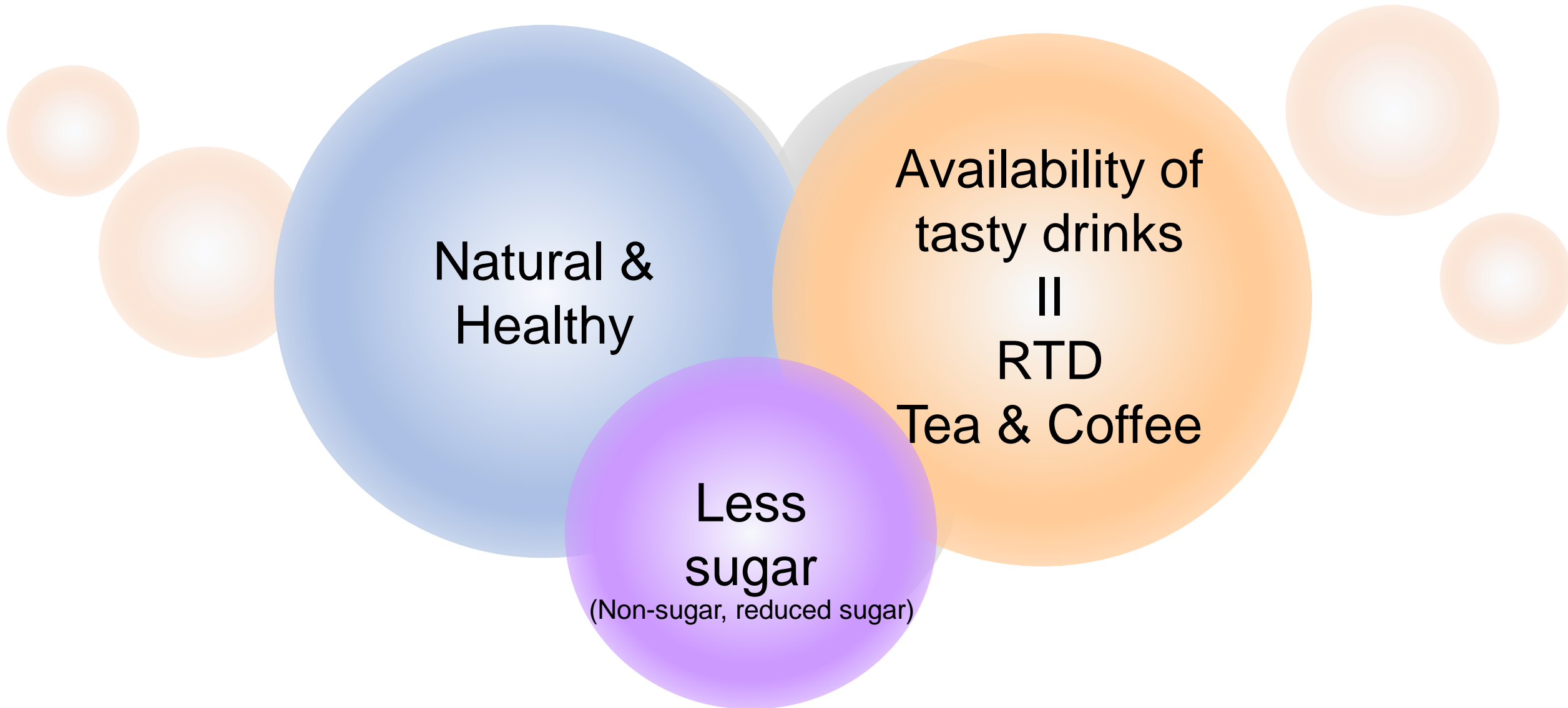
To be the leading global soft drink company
recognized for our premium and unique brands

**To satisfy our consumers' needs
by offering new value**

Longtime Consumer Needs toward Soft Drinks

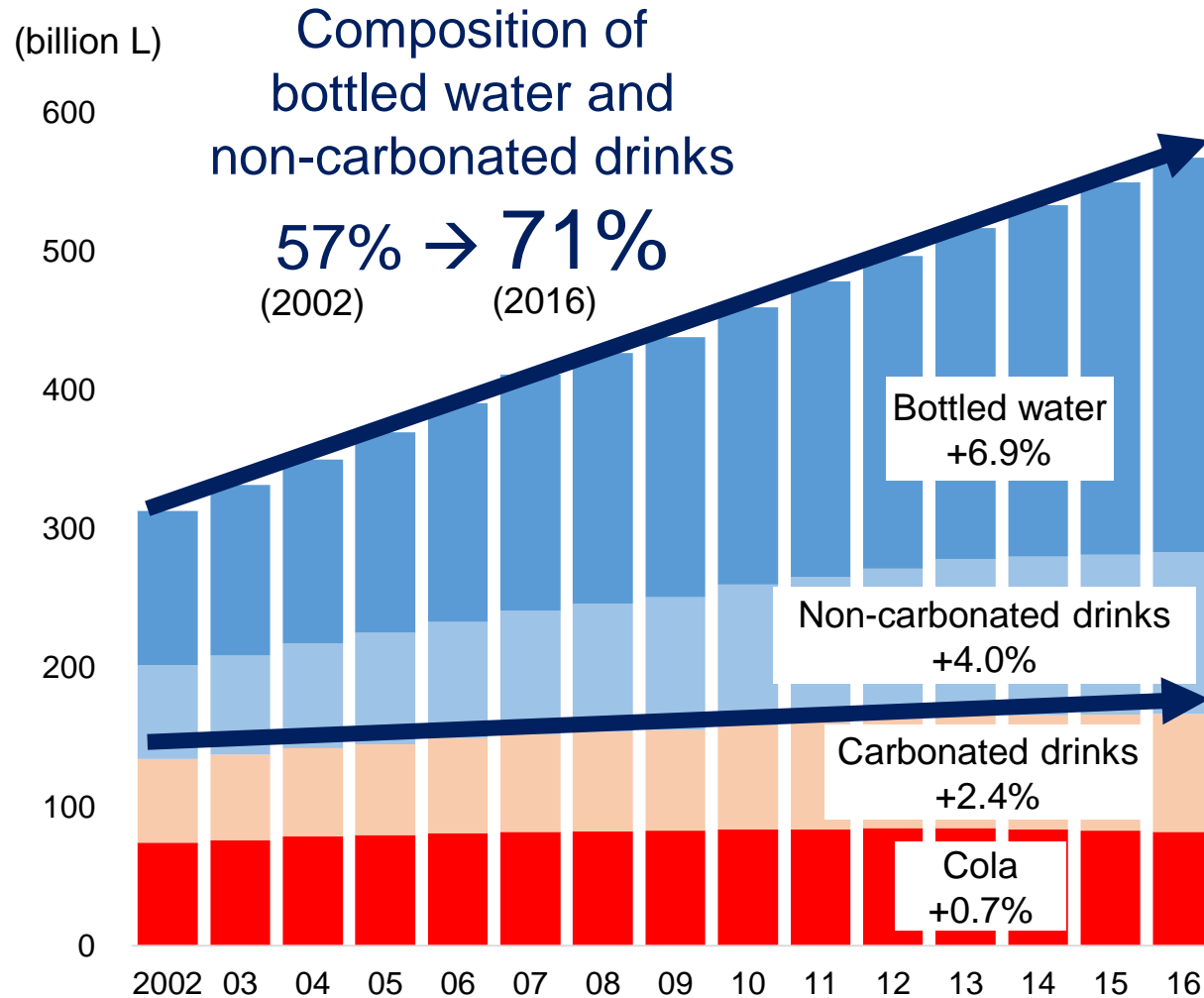


New Values Desired by Consumers

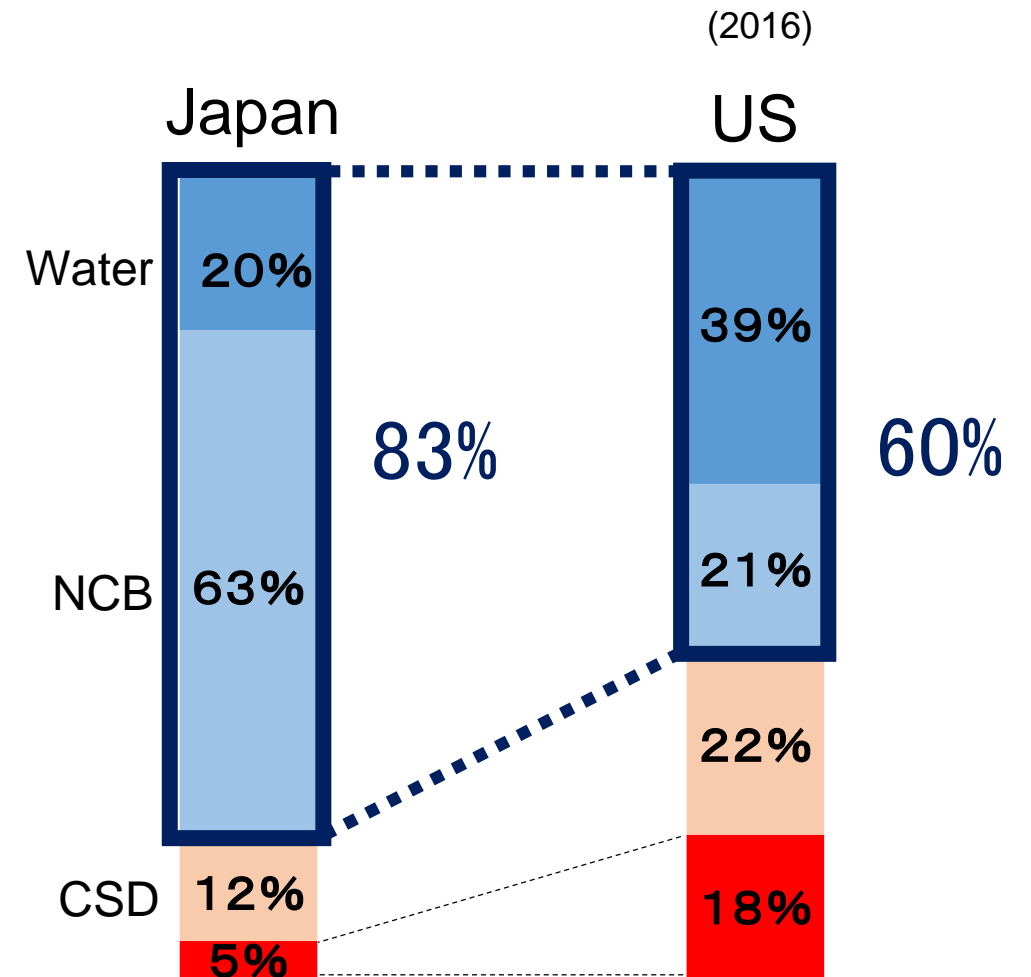


Global Market Trend of Soft Drinks

[Global Soft Drinks Market] *



[Market share by category] *



* Source: Euromonitor, Off-trade volume

In Order to Satisfy Our New Consumers' Needs

[Products launched in 2016]



Japan

UK

France

Vietnam

New Zealand

USA

To Be the Third Force

Supplementary Explanation

Haruhisa Inada, Managing Executive Officer

FY2016 Results

Achieved growth at all levels

(Billions of yen)

| | FY2015 Result | FY2016 Result | Changes | | |
|---|------------------|------------------|---------|-------|------------------|
| | | | YoY | % YoY | Currency neutral |
| Net Sales | 1,381.0 | 1,410.8 | +29.8 | +2.2% | +7.7% |
| Operating Income | 92.0 | 93.5 | +1.5 | +1.6% | +11.4% |
| Net Income ^{*1} | 42.5 | 46.1 | +3.6 | +8.5% | +16.4% |
| EBITDA ^{*2} | 175.5 | 180.8 | +5.3 | +3.0% | +11.3% |
| Net income before amortization of goodwill ^{*3} | 69.7 | 74.7 | +5.0 | +7.2% | +15.4% |

*1 Net income for Jan-Sep FY2016 is net income attributable to owners of the parent

*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

*3 Net income before amortization of goodwill (FY2015) Net income + amortization of goodwill
(FY2016) Net income attributable to owners of the parent + amortization of goodwill

FY2016 Results by Segment

Sales and profit grew in almost all regions

(Billions of yen)

| | Sales | Changes | | | Segment Profit | Changes | | |
|----------|-------|---------|--------|------------------|----------------|---------|--------|------------------|
| | | YoY | % YoY | Currency neutral | | YoY | % YoY | Currency neutral |
| Japan | 890.0 | +83.1 | +10.3% | - | 54.7 | +8.0 | +17.1% | - |
| Overseas | 520.7 | -53.4 | -9.3% | +3.5% | 67.4 | -6.6 | -8.9% | +5.6% |
| Europe | 229.4 | -24.8 | -9.8% | +4.4% | 38.4 | -5.6 | -12.8% | +1.9% |
| Asia | 164.3 | -16.2 | -9.0% | +3.5% | 14.3 | +0.7 | +5.3% | +24.8% |
| Oceania | 40.8 | -4.8 | -10.6% | +0.4% | 5.2 | -0.7 | -12.0% | -2.8% |
| Americas | 86.2 | -7.5 | -8.0% | +2.4% | 9.6 | -1.0 | -9.2% | +1.9% |

* Oceania's segment profit was negatively impacted by revision of inventory valuation method in 2015

Significant profit growth due to successful initiatives
focused on profitability

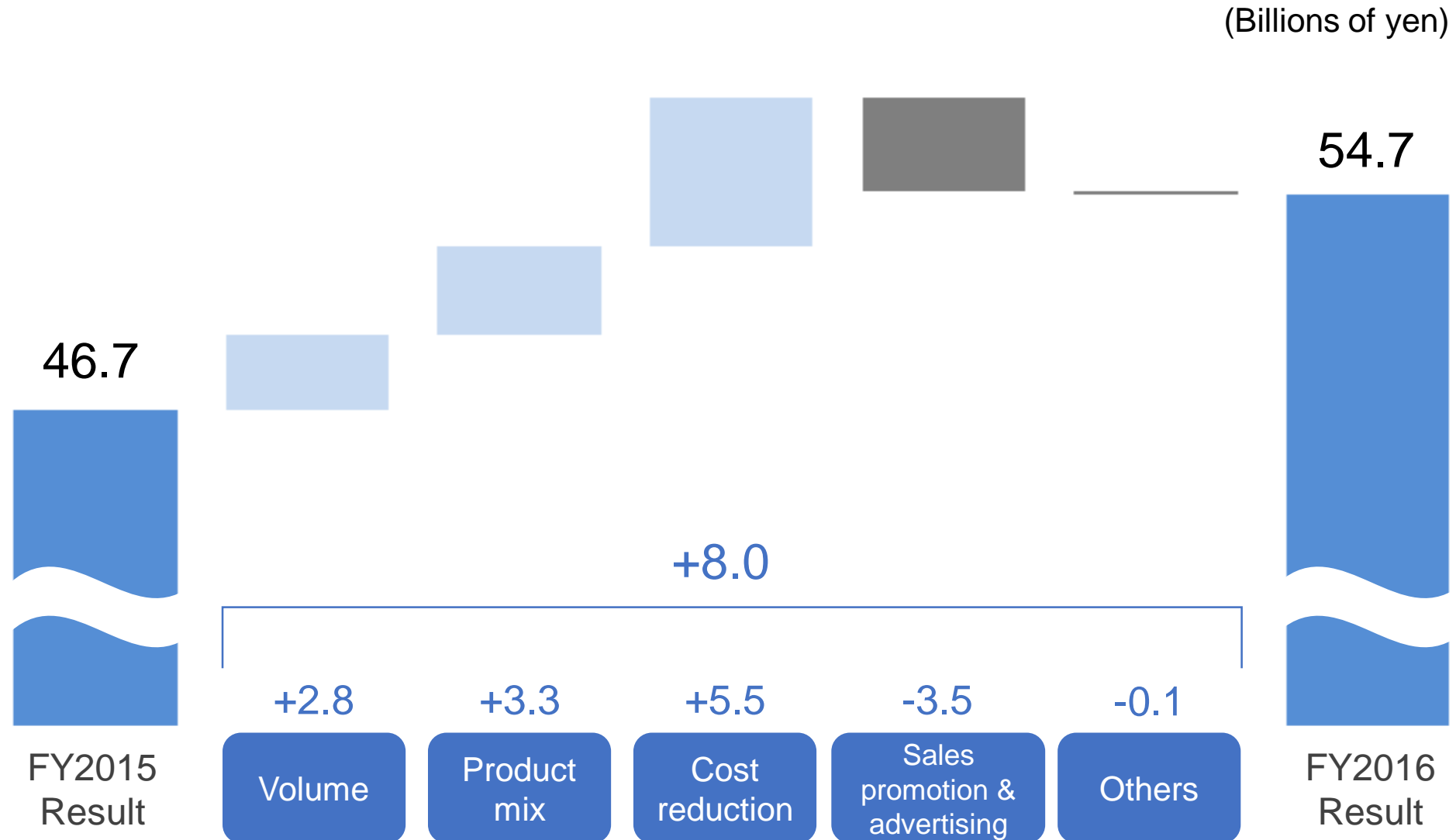
(Billions of yen)

| Net Sales | % YoY | Segment Profit | % YoY |
|-----------|--------|----------------|--------|
| 890.0 | +10.3% | 54.7 | +17.1% |

- Sales increased significantly contributed by the consolidation impact of Japan Beverage Group
- Initiatives to improve profitability contributed to considerable growth in profit

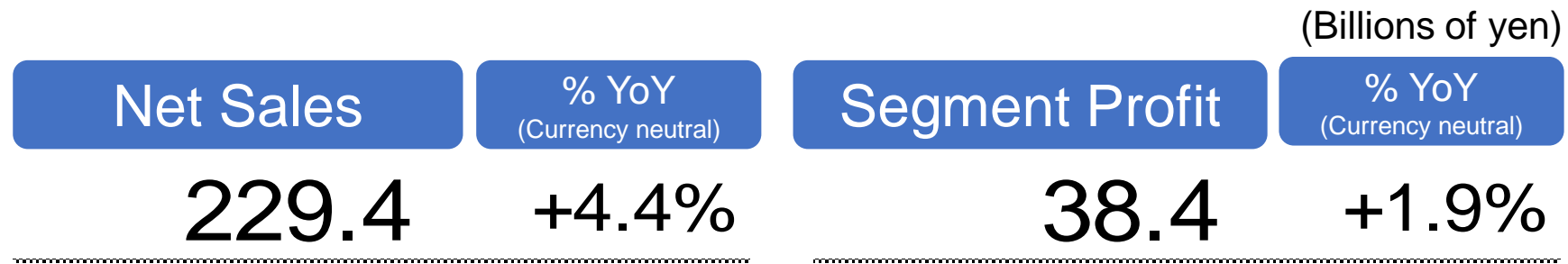


FY2016 Results: Japan Segment Profit Bridge



FY2016 Results: Europe

Sales and profit grew due to strong performance in UK and Spain offsetting the decline in France in H1



| | Sales | % YoY (currency-neutral) | |
|----------------------|-------|-----------------------------|--|
| France ^{*1} | 88.3 | -0.3% | Sluggish in H1 but sales picked up in H2 |
| UK ^{*2} | 64.3 | +6.5% | Good sales momentum thanks to <i>Lucozade Zero</i> |
| Spain ^{*3} | 53.7 | +10.8% | On-premise further growth |



*1: France and Belgium *2: UK and Ireland +3: Spain and Portugal

Sales and profit increased while market declined

(Billions of yen)

| Net Sales | % YoY (Currency neutral) | Segment Profit | % YoY (Currency neutral) |
|-----------|-----------------------------|----------------|-----------------------------|
| 164.3 | +3.5% | 14.3 | +24.8% |

| | Sales | % YoY (currency-neutral) | |
|--------------------|-------|-----------------------------|---|
| Vietnam | 66.3 | +3.8% | Improved profit generation despite sales growth slowed down due to adverse market |
| Health Supplements | 49.4 | +4.4% | <i>BRAND'S Essence of Chicken</i> recorded good sales mainly in Thailand |



Oceania

Good performance of V mainly in Australia.
Profit impacted by one-off adjustment

| | | (Billions of yen) | |
|-----------|-----------------------------|-------------------|-----------------------------|
| Net Sales | % YoY (Currency neutral) | Segment Profit | % YoY (Currency neutral) |
| 40.8 | +0.4% | 5.2 | -2.8% |



Americas

Sales and profit increased, driven by
non-carbonated beverages growth

| | | (Billions of yen) | |
|-----------|-----------------------------|-------------------|-----------------------------|
| Net Sales | % YoY (Currency neutral) | Segment Profit | % YoY (Currency neutral) |
| 86.2 | +2.4% | 9.6 | +1.9% |



FY2017 Forecast

Forecasted growth in both sales and profit

(Billions of yen)

| | FY2016 Result | FY2017 Forecast | Changes | | |
|---|------------------|--------------------|---------|-------|------------------|
| | | | YoY | % YoY | Currency neutral |
| Net Sales | 1,410.8 | 1,430.0 | +19.2 | +1.4% | +2.2% |
| Operating Income | 93.5 | 98.0 | +4.5 | +4.8% | +6.4% |
| Net Income ^{*1} | 46.1 | 47.0 | +0.9 | +2.0% | +3.7% |
| EBITDA ^{*2} | 180.8 | 186.0 | +5.2 | +2.9% | +4.4% |
| Net income before amortization of goodwill ^{*3} | 74.7 | 75.2 | +0.5 | +0.6% | +2.4% |

*1 Net income for FY2016 is net income attributable to owners of the parent

*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

*3 Net income before amortization of goodwill: Net income attributable to owners of the parent + amortization of goodwill

FY2017 Forecast by Segment

Aiming for steady growth in each region

(Billions of yen)

| | Sales | Changes | | | Segment Profit | Changes | | |
|----------|-------|---------|--------|------------------|----------------|---------|--------|------------------|
| | | YoY | % YoY | Currency neutral | | YoY | % YoY | Currency neutral |
| Japan | 895.0 | +5.0 | +0.6% | - | 57.0 | +2.3 | +4.1% | - |
| Overseas | 535.0 | +14.3 | +2.7% | +5.0% | 69.2 | +1.8 | +2.6% | +5.8% |
| Europe | 225.0 | -4.4 | -1.9% | +3.8% | 36.5 | -1.9 | -4.9% | +1.1% |
| Asia | 181.0 | +16.7 | +10.1% | +10.1% | 17.8 | +3.5 | +24.3% | +22.6% |
| Oceania | 42.0 | +1.2 | +3.0% | +1.4% | 5.2 | +0.0 | +1.0% | +2.0% |
| Americas | 87.0 | +0.8 | +0.9% | -0.2% | 9.7 | +0.1 | +1.4% | +0.1% |

FY2017 Forecast: Japan Segment

(Billions of yen)

Net Sales

895.0

% YoY

+0.6%

Segment Profit

57.0

% YoY

+4.1%

- Pursue Brand and Innovation strategy
 - Reinforce core brands and promote high value-added strategy for future growth
- Promote SCM initiatives in a medium- and long-term perspective
 - Start operation of new production line at Suntory Okudaisen Bunanomori Water Plant and Suntory Kyushu Kumamoto Plant
 - Continue cost reduction initiatives
- Strengthen vending machine business
 - Promote initiatives to acquire good locations (Focus on corporate sales and Tokyo area)
 - Improve sales per machine (products, columns, vending machines)

Reinforce our core brands and offer new value

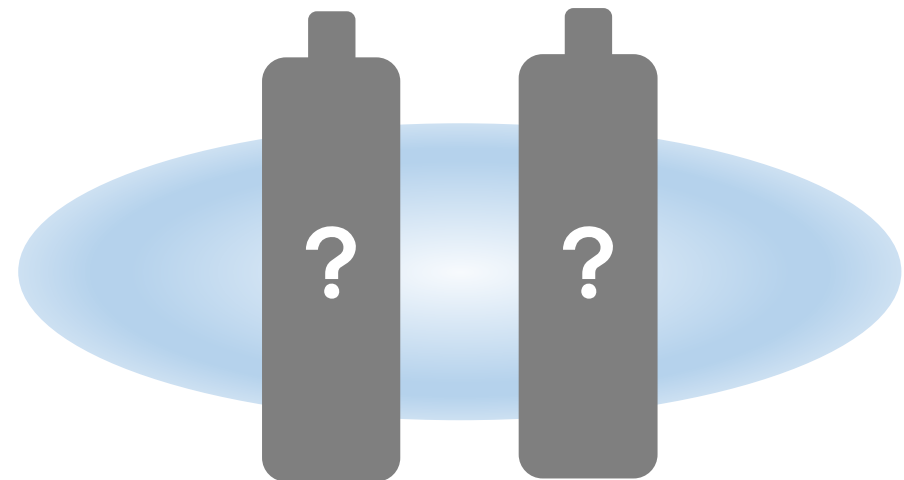
1. Revitalize *Iyemon*

(To be launched on March 7)



Creation of authentic “teapot”
green tea desired by consumers

2. New high value-added products



Launch cross-category
new value-added products

Expand production capacity and continue cost reduction

1. Expand production capacity

- Expand production line in Suntory Okudaisen Bunanomori Water Plant
- Restore and expand production at Suntory Kyushu Kumamoto Plant

2. Cost reduction initiatives

- Improve efficiency in production and logistics by ramping up capacity
- Continue efforts to reduce weight of packaging



Suntory Okudaisen Bunanomori Water Plant (Tottori, Japan)

2017 Strategy for Vending Machine Business

Acquire good indoor locations by reinforcing corporate customers

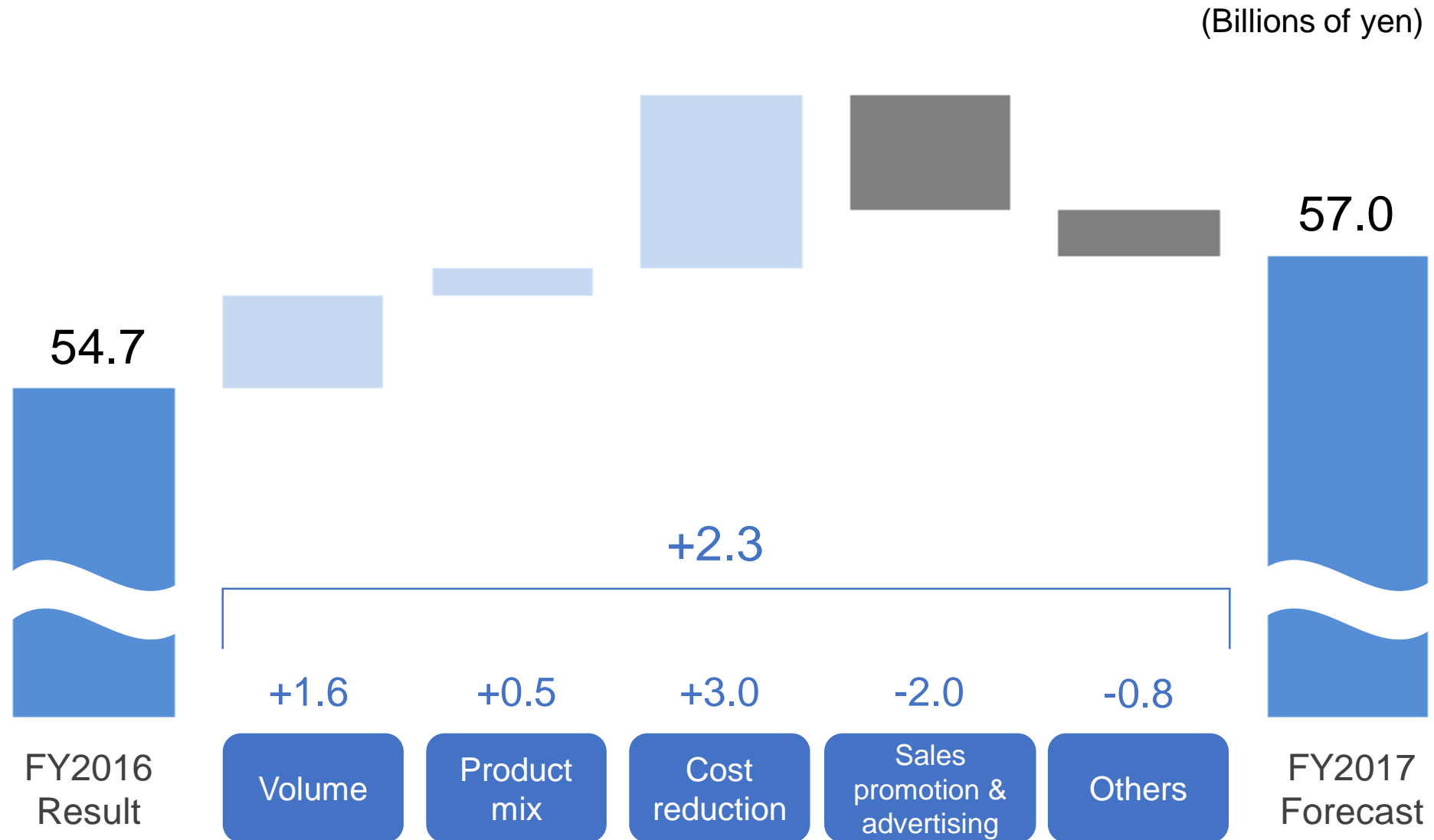
SBF Group's vending machine business

- Strengthen corporate business sales function
- Promote collaboration within the Group



Suntory Group's corporate sales divisions

FY2017 Forecast: Japan Segment Profit Bridge



FY2017 Forecast: Europe

| Net Sales | % YoY (Currency neutral) | Segment Profit | % YoY (Currency neutral) |
|-----------|-----------------------------|----------------|-----------------------------|
| 225.0 | +3.8% | 36.5 | +1.1% |

France

- Drive sales through increased visibility at point of sales
- Improve product format mix

UK

- Implement new less sugar portfolio initiative
- Further improvement in production efficiency

Spain

- Accelerate initiatives in on-premise channel

Others

- Continue to expand business in Africa with focus on Nigeria



(Billions of yen)

| Net Sales | % YoY (Currency neutral) | Segment Profit | % YoY (Currency neutral) |
|-----------|-----------------------------|----------------|-----------------------------|
| 181.0 | +10.1% | 17.8 | +22.6% |

Vietnam

- Further build confidence in our brands' superior quality
- Pursue sales growth opportunity in untapped regions



Health supplements

- Leverage new route-to-market in Thailand
- Continue to expand in high growth markets (Myanmar, etc.)



FY2017 Forecast: Oceania/Americas

(Billions of yen)

Oceania

Net Sales

42.0

% YoY

(Currency neutral)

+1.4%

Segment Profit

5.2

% YoY

(Currency neutral)

+2.0%

- Drive penetration of V through innovation
- Deliver on recent innovations potential (*Maximus*, etc.)



Net Sales

87.0

% YoY

(Currency neutral)

-0.2%

Segment Profit

9.7

% YoY

(Currency neutral)

+0.1%

- Maintain sales leadership in key categories
- Improve operations through SCM efficiency



Americas

Differences arising from IFRS Transition

[Impact on FY2017 Forecast]

*Figures are an approximation

| | | |
|-------------------------|---------------------------------------|--------------------|
| Net Sales | Deduction of rebates in Japan | -200.0 billion yen |
| Operating Income | Goodwill not subject to amortization | +26.0 billion yen |
| | Addition of extraordinary income/loss | -8.0 billion yen |
| Net Income [*] | Goodwill not subject to amortization | +26.0 billion yen |

IFRS based disclosure will commence from the earnings closing of the fiscal year ending December 31, 2017.

* Net income attributable to owners of the parent

SUNTORY

SUNTORY BEVERAGE & FOOD

Exchange Rates

(Yen, average exchange rate)

| | FY2015 Result | FY2016 Result | FY2017 Forecast |
|--------------------|------------------|------------------|--------------------|
| U.S.Dollar | 121.1 | 108.8 | 110 |
| Euro | 134.3 | 120.2 | 115 |
| British Pound | 185.2 | 147.5 | 135 |
| Singapore Dollar | 88.1 | 78.7 | 77 |
| Vietnam Dong | 0.0055 | 0.0049 | 0.0048 |
| New Zealand Dollar | 84.7 | 75.7 | 77 |
| Australian Dollar | 91.1 | 80.8 | 82 |

FY2016 Q4 (3 months) Results by Segment

(Billions of yen)

| | Sales | Changes | | | Segment Profit | Changes | | |
|----------|-------|---------|--------|------------------|----------------|---------|--------|------------------|
| | | YoY | % YoY | Currency neutral | | YoY | % YoY | Currency neutral |
| Japan | 211.9 | -1.5 | -0.7% | - | 11.5 | -1.2 | -9.7% | - |
| Overseas | 133.0 | -13.6 | -9.3% | +3.5% | 14.7 | -2.4 | -14.0% | +0.8% |
| Europe | 49.0 | -6.6 | -11.9% | +6.0% | 7.1 | -0.5 | -6.0% | +17.6% |
| Asia | 45.4 | -5.2 | -10.2% | +0.0% | 2.8 | -1.8 | -39.9% | -30.8% |
| Oceania | 12.3 | -1.0 | -7.3% | -0.9% | 2.2 | -0.0 | -1.2% | +3.4% |
| Americas | 26.3 | -0.8 | -3.1% | +7.6% | 2.6 | -0.1 | -2.7% | +9.0% |

Forward-Looking Statements

This document contains forward-looking statements related to business and financial performance of the Company or the Group.

These forward-looking statements are projections made based on the currently available information and are subject to risks and uncertainties including, but not limited to, economic trends, competition in the industry in which the Company and the Group operate, market needs, exchange rates, as well as tax and other systems.

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