

**Supplementary Material on Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2017**

<Results for the First Six Months of the Fiscal Year Ending December 31, 2017>

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1. Summary of Consolidated Statements of Income, Indices, etc.
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<Reference>

The impact of the change in method of calculating segment profit

**Suntory Beverage & Food Limited**

**August 7, 2017**

<Results for the First Six Months of the Fiscal Year Ending December 31, 2017>

**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, 2016		Six months ended June 30, 2017		Increase (decrease)	
		Ratio to net sales		Ratio to net sales		
Net sales	679.0	100.0%	689.6	100.0%	10.5	1.6%
Gross profit	377.6	55.6%	385.2	55.9%	7.7	2.0%
Selling, general and administrative expenses	337.7	49.7%	342.2	49.6%	4.5	1.3%
Operating income	39.9	5.9%	43.0	6.2%	3.1	7.9%
Non-operating income	1.5	0.2%	1.3	0.2%	(0.2)	(11.9%)
Non-operating expenses	3.0	0.4%	3.4	0.5%	0.3	11.4%
Ordinary income	38.4	5.7%	41.0	5.9%	2.6	6.8%
Extraordinary income	0.1	0.0%	0.3	0.0%	0.2	260.4%
Extraordinary loss	7.4	1.1%	2.1	0.3%	(5.3)	(71.9%)
Income before income taxes	31.0	4.6%	39.2	5.7%	8.1	26.3%
Income taxes	10.0	1.5%	14.9	2.2%	4.9	49.2%
Net income attributable to noncontrolling interests	3.2	0.5%	3.8	0.5%	0.6	18.8%
Net income attributable to owners of the parent	17.9	2.6%	20.5	3.0%	2.6	14.8%

(2) Other Indices

(Billions of yen)

		Six months ended June 30, 2016		Six months ended June 30, 2017		Increase (decrease)	
Depreciation and amortization		29.4		29.8		0.4	1.5%
Amortization of goodwill		14.6		14.4		(0.2)	(1.3%)
Operating income before amortization of goodwill		54.5		57.4		2.9	5.4%
Net income before amortization of goodwill *1		32.5		34.9		2.4	7.5%
EBITDA *2	EBITDA margin	83.9	12.4%	87.3	12.7%	3.4	4.0%

\*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	8.0%	8.3%
	After amortization of goodwill	5.9%	6.2%

(Billions of yen)

	As of December 31, 2016	As of June 30, 2017	Increase (decrease)	
Total assets	1,366.0	1,438.3	72.3	5.3%
Total equity	602.4	618.3	15.8	2.6%
D/E ratio (Times) *3	0.4	0.3		

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

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

(Yen, average exchange rate)

	Six months ended June 30, 2016	Six months ended June 30, 2017
USD	111.7	112.3
EUR	124.5	121.7
GBP	160.0	141.4
SGD	80.9	80.0
VND	0.0050	0.0049
NZD	75.5	79.6
AUD	81.9	84.8

## 2. Sales Details

(Billions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	421.9	426.1	4.3	1.0%	1.0%	
Europe	118.2	118.6	0.4	0.3%	5.7%	
Asia	81.1	84.9	3.9	4.8%	3.6%	
Oceania	19.3	20.2	0.8	4.2%	(0.2%)	
Americas	38.6	39.8	1.2	3.0%	2.5%	
Reconciliations	-	-	-	-	-	
Consolidation total	679.0	689.6	10.5	1.6%	2.2%	

Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” The sales details for the first six months of 2016 have been restated to reflect the revised reportable segment classification.

## 3. Profit Details

### (1) EBITDA

(Billions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	42.1	44.0	1.9	4.5%	4.5%	
Europe	23.5	22.7	(0.8)	(3.4%)	2.4%	
Asia	13.0	15.5	2.5	19.3%	17.3%	
Oceania	3.2	3.4	0.3	7.9%	6.6%	
Americas	6.1	5.9	(0.1)	(2.4%)	(2.9%)	
Reconciliations	(3.9)	(4.2)	(0.3)	-	-	*1
Consolidation total	83.9	87.3	3.4	4.0%	5.3%	

\*1 The reconciliations of EBITDA represent corporate expenses unallocated to each reportable segment.

Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” In addition, the Group administration costs that previously were allocated to each reportable segment are now recorded in reconciliations as corporate expenses. The profit details for the first six months of 2016 have been restated to reflect the revised reportable segment classification and the method of calculating profit of reportable segments.

## (2) Segment Profit

(Billions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	23.5	25.8	2.3	9.7%	9.7%	
Europe	18.9	18.0	(0.9)	(4.7%)	1.0%	
Asia	9.1	11.1	2.0	22.4%	18.9%	
Oceania	2.5	2.6	0.1	4.1%	4.0%	
Americas	4.5	4.2	(0.2)	(5.4%)	(5.9%)	
Reconciliations	(18.6)	(18.7)	(0.1)	-	-	*2
Consolidation total	39.9	43.0	3.1	7.9%	9.6%	

\*2 The reconciliations of segment profit represent amortization of goodwill and corporate expenses unallocated to each reportable segment. Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” In addition, the Group administration costs that previously were allocated to each reportable segment are now recorded in reconciliations as corporate expenses. The profit details for the first six months of 2016 have been restated to reflect the revised reportable segment classification and the method of calculating profit of reportable segments.

## (3) Ordinary Income and Net Income Attributable to Owners of the Parent

(Billions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Increase (decrease)		Reference
Non-operating income	1.5	1.3	(0.2)	(11.9%)	
Non-operating expenses	3.0	3.4	0.3	11.4%	
Ordinary income	38.4	41.0	2.6	6.8%	
Extraordinary income	0.1	0.3	0.2	260.4%	
Extraordinary loss	7.4	2.1	(5.3)	(71.9%)	*3
Income taxes	10.0	14.9	4.9	49.2%	
Net income attributable to noncontrolling interests	3.2	3.8	0.6	18.8%	
Net income attributable to owners of the parent	17.9	20.5	2.6	14.8%	

\*3 The decrease is mainly due to decreases in losses from a natural disaster and restructuring cost.

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

(Billions of yen)

Segment profit for the six months ended June 30, 2016	23.5
Increase in sales volume	3.0
Change in product mix	(1.1)
Reduction in manufacturing costs	2.9
Increase in sales promotion and advertising costs	(1.5)
Increase in other expenses	(1.0)
Segment profit for the six months ended June 30, 2017	25.8

#### 4. Summary of Consolidated Balance Sheets

(Billions of yen)

	As of December 31, 2016	As of June 30, 2017	Increase (decrease)	Reference
Cash and deposits	84.1	106.5	22.3	
Notes and accounts receivable–trade	161.0	195.4	34.4	*4
Inventories	74.7	93.1	18.4	*4
Other	54.6	56.8	2.1	
Current assets	374.5	451.8	77.3	
Property, plant and equipment	338.8	339.8	1.0	
Goodwill	407.3	399.7	(7.5)	
Trademarks	150.8	153.8	3.0	
Other	64.2	62.2	(2.1)	
Intangible fixed assets	622.3	615.7	(6.6)	
Investments and other assets	30.3	30.8	0.6	
Noncurrent assets	991.4	986.4	(5.0)	
Deferred assets	0.1	0.1	(0.0)	
Total	1,366.0	1,438.3	72.3	
Notes and accounts payable–trade	116.1	139.5	23.4	*4
Interest-bearing debt	72.2	86.5	14.3	
Other	222.1	242.6	20.5	
Current liabilities	410.4	468.6	58.2	
Interest-bearing debt	239.3	233.0	(6.3)	
Other	113.9	118.4	4.5	
Long-term liabilities	353.2	351.4	(1.8)	
Total liabilities	763.6	820.0	56.5	
Shareholders' equity	551.1	559.8	8.7	
Accumulated other comprehensive income	1.1	7.0	5.9	
Noncontrolling interests	50.2	51.5	1.3	
Total equity	602.4	618.3	15.8	
Total	1,366.0	1,438.3	72.3	

\*4 The increase is mainly due to seasonal fluctuations on December 31 and June 30.

## 5. Summary of Consolidated Statements of Cash Flows

(Billions of yen)

	Six months ended June 30, 2016	Six months ended June 30, 2017	Increase (decrease)
Income before income taxes	31.0	39.2	8.1
Depreciation and amortization	29.4	29.8	0.4
Amortization of goodwill	14.6	14.4	(0.2)
Other, net	(5.1)	(26.0)	(20.9)
Net cash provided by operating activities	69.9	57.5	(12.5)
Capital expenditures	(24.3)	(22.6)	1.8
Other, net	(0.0)	1.1	1.1
Net cash used in investing activities	(24.4)	(21.5)	2.9
Increase in interest-bearing debt	1.6	3.2	1.6
Cash dividends	(11.7)	(13.2)	(1.5)
Other, net	(4.8)	(3.5)	1.3
Net cash used in financing activities	(14.9)	(13.5)	1.4
Foreign currency translation adjustments	(6.0)	(0.1)	5.9
Net increase in cash and cash equivalents	24.6	22.3	(2.3)

## 6. Other Information

<Sales Volume of Major Brands in Japan Business>

(Million cases)

	Six months ended June 30, 2016		Six months ended June 30, 2017	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Suntory Tennensui</i>	47.3	12%	49.6	5%
<i>Boss</i>	45.4	4%	47.2	4%
<i>Iyemon</i>	24.9	4%	27.2	9%
<i>Suntory Oolong Tea</i>	12.0	(6%)	12.1	1%
<i>Pepsi</i>	11.9	(4%)	10.6	(12%)
<i>Orangina</i>	6.6	(14%)	4.2	(37%)
<i>Green DAKARA</i>	10.6	0%	12.7	19%
FOSHU drinks	12.8	7%	12.9	1%
Total	202.1	2%	207.0	2%

\* The portions of the sales volume by Japan Beverage Holdings Inc., etc. that were supplied from other soft drink manufacturers are not included in the above figures.

<Sales Volume of Major Brands in Europe Business>

(Million liters)

	Six months ended June 30, 2016		Six months ended June 30, 2017	
	Actual	Increase (decrease) year-to-year	Actual	Increase (decrease) year-to-year
<i>Orangina</i> (France)	75	(5%)	85	13%
<i>Oasis</i> (France)	136	(5%)	140	3%
<i>Schweppes</i> (Spain, Portugal)	62	8%	64	3%
<i>Lucozade</i> (UK, Ireland)	199	6%	198	(1%)
<i>Ribena</i> (UK, Ireland)	55	1%	54	(2%)

## <Earnings Forecast for the Fiscal Year Ending December 31, 2017>

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

This information remains unchanged from when it was announced in February 13, 2017.

### 2. Sales Details

(Billions of yen)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ending December 31, 2017, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	890.0	895.0	5.0	0.6%	0.6%	
Europe	229.4	225.0	(4.4)	(1.9%)	3.8%	
Asia	164.3	181.0	16.7	10.1%	10.1%	
Oceania	40.8	42.0	1.2	3.0%	1.4%	
Americas	86.2	87.0	0.8	0.9%	(0.2%)	
Reconciliations	-	-	-	-	-	
Consolidation total	1,410.8	1,430.0	19.2	1.4%	2.2%	

Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” In line with this change, the actual figures for the fiscal year ended December 31, 2016 and forecast figures for the fiscal year ended December 31, 2017 have been restated to reflect the revised reportable segment classification.

### 3. Profit Details

#### (1) EBITDA

(Billions of yen)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ending December 31, 2017, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	94.3	98.5	4.2	4.5%	4.5%	
Europe	48.8	46.5	(2.3)	(4.6%)	1.3%	
Asia	24.1	27.3	3.2	13.0%	12.6%	
Oceania	7.6	8.0	0.4	4.3%	4.6%	
Americas	13.9	14.5	0.6	4.4%	3.2%	
Reconciliations	(7.9)	(8.8)	(0.9)	-	-	*1
Consolidation total	180.8	186.0	5.2	2.9%	4.4%	

\*1 The reconciliations of EBITDA represent corporate expenses unallocated to each reportable segment.

Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” In addition, the Group administration costs that previously were allocated to each reportable segment are now recorded in reconciliations as corporate expenses. In line with this change, the actual figures for the fiscal year ended December 31, 2016 and forecast figures for the fiscal year ended December 31, 2017 have been restated to reflect the revised reportable segment classification and method of calculating profit of reportable segments.

## (2) Segment Profit

(Billions of yen)

	Fiscal year ended December 31, 2016, Actual	Fiscal year ending December 31, 2017, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	57.8	60.4	2.6	4.6%	4.6%	
Europe	39.7	37.9	(1.8)	(4.5%)	1.3%	
Asia	16.2	19.9	3.7	22.7%	21.2%	
Oceania	6.1	6.2	0.1	1.6%	2.5%	
Americas	10.4	10.6	0.2	1.2%	0.1%	
Reconciliations	(36.7)	(37.0)	(0.3)	-	-	*2
Consolidation total	93.5	98.0	4.5	4.8%	6.4%	

\*2 The reconciliations of segment profit represent amortization of goodwill and corporate expenses unallocated to each reportable segment. Starting from the first six months of the fiscal year under review, the previous reportable segments of “Japan business” and “Overseas business” have been changed to “Japan business,” “Europe business,” “Asia business,” “Oceania business” and “Americas business.” In addition, the Group administration costs that previously were allocated to each reportable segment are now recorded in reconciliations as corporate expenses. In line with this change, the actual figures for the fiscal year ended December 31, 2016 and forecast figures for the fiscal year ended December 31, 2017 have been restated to reflect the revised reportable segment classification and method of calculating profit of reportable segments.

## (3) Ordinary Income and Net Income Attributable to Owners of the Parent

This information remains unchanged from when it was announced in February 13, 2017.

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

(Billions of yen)

Segment profit for the fiscal year ended December 31, 2016, Actual	57.8
Increase in sales volume	1.6
Change in product mix	0.5
Reduction in manufacturing costs	3.0
Increase in sales promotion and advertising costs	(2.0)
Increase in other expenses	(0.5)
Segment profit for the fiscal year ending December 31, 2017, Forecast	60.4

## **4. Other Information**

This information remains unchanged from when it was announced in February 13, 2017.

<The impact of the change in method of calculating segment profit>

(On a cumulative basis)

Segment profit before the change

(Millions of yen)

	2016				2017		
	First three months (Jan-Mar, Actual)	First six months (Jan-Jun, Actual)	First nine months (Jan-Sep, Actual)	Full-year (Jan-Dec, Actual)	First three months (Jan-Mar, Actual)	Full-year (Jan-Dec, Forecast)	
Japan	7,146	22,010	43,232	54,731	8,734	57,000	
Overseas	Europe	5,771	18,225	31,294	38,393	5,274	36,500
	Asia	4,486	8,182	11,541	14,317	6,702	17,800
	Oceania	910	2,028	2,974	5,150	1,267	5,200
	Americas	1,584	4,051	6,966	9,569	1,331	9,700
Overseas total	12,752	32,487	52,776	67,431	14,574	69,200	
Reconciliations	(7,402)	(14,614)	(21,568)	(28,680)	(7,213)	(28,200)	
Consolidation total	12,496	39,883	74,440	93,481	16,095	98,000	

Segment profit after the change

(Millions of yen)

	2016				2017	
	First three months (Jan-Mar, Actual)	First six months (Jan-Jun, Actual)	First nine months (Jan-Sep, Actual)	Full-year (Jan-Dec, Actual)	First three months (Jan-Mar, Actual)	Full-year (Jan-Dec, Forecast)
Japan	7,843	23,530	45,432	57,778	9,449	60,400
Europe	6,088	18,888	32,274	39,726	5,574	37,900
Asia	4,877	9,081	12,931	16,203	7,138	19,900
Oceania	1,123	2,482	3,639	6,063	1,482	6,200
Americas	1,786	4,486	7,601	10,439	1,536	10,600
Reconciliations	(9,223)	(18,587)	(27,440)	(36,728)	(9,085)	(37,000)
Consolidation total	12,496	39,883	74,440	93,481	16,095	98,000

(On a quarterly basis)

Segment profit before the change

(Millions of yen)

	2016				2017	
	First quarter (Jan-Mar, Actual)	Second quarter (Apr-Jun, Actual)	Third quarter (Jul-Sep, Actual)	Fourth quarter (Oct-Dec, Actual)	First quarter (Jan-Mar, Actual)	
Japan	7,146	14,863	21,221	11,498	8,734	
Overseas	Europe	5,771	12,453	13,068	7,099	5,274
	Asia	4,486	3,696	3,359	2,776	6,702
	Oceania	910	1,118	945	2,176	1,267
	Americas	1,584	2,466	2,914	2,603	1,331
Overseas total	12,752	19,735	20,289	14,654	14,574	
Reconciliations	(7,402)	(7,211)	(6,953)	(7,112)	(7,213)	
Consolidation total	12,496	27,386	34,557	19,041	16,095	

Segment profit after the change

(Millions of yen)

	2016				2017
	First quarter (Jan-Mar, Actual)	Second quarter (Apr-Jun, Actual)	Third quarter (Jul-Sep, Actual)	Fourth quarter (Oct-Dec, Actual)	First quarter (Jan-Mar, Actual)
Japan	7,843	15,686	21,902	12,345	9,449
Europe	6,088	12,800	13,385	7,451	5,574
Asia	4,877	4,204	3,849	3,271	7,138
Oceania	1,123	1,359	1,156	2,424	1,482
Americas	1,786	2,699	3,115	2,837	1,536
Reconciliations	(9,223)	(9,363)	(8,853)	(9,288)	(9,085)
Consolidation total	12,496	27,386	34,557	19,041	16,095