English Translation

November 2, 2017

Summary of Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending December 31, 2017 <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 and Chief Executive Officer
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Scheduled date to file quarterly securities report:	November 10, 2017
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 nine months of the fiscal year ending December 31, 2017 (from January 1, 2017 to September 30, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Nine months ended	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
September 30, 2017	1,095,022	2.7	76,842	3.2	73,190	1.4	37,029	1.7
September 30, 2016	1,065,818	4.4	74,440	6.5	72,171	17.1	36,423	(5.7)

Note: Comprehensive income (loss)
For the nine months ended September 30, 2017: ¥58,445 million [–%]
For the nine months ended September 30, 2016: ¥(45,083) million [–%]

Reference: EBITDA
For the nine months ended September 30, 2017: ¥143.6 billion [2.9%]
For the nine months ended September 30, 2016: ¥139.6 billion [7.6%]
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 nine months ended September 30, 2017: ¥58.9 billion [1.6%]
For the nine months ended September 30, 2016: ¥58.0 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.

	Net income per share	Diluted net income per share
Nine months ended	(Yen)	(Yen)
September 30, 2017	119.84	–
September 30, 2016	117.88	–

(2) Consolidated financial position

	Total assets	Total equity	Shareholders' equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
September 30, 2017	1,428,468	634,515	40.8
December 31, 2016	1,366,000	602,447	40.4

Reference: Shareholders' equity (Equity excluding noncontrolling interests)
As of September 30, 2017: ¥582,720 million As of December 31, 2016: ¥552,229 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, 2016	–	34.00	–	39.00	73.00
Fiscal year ending December 31, 2017	–	37.00	–		
Fiscal year ending December 31, 2017 (Forecast)				37.00	74.00

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

3. Consolidated earnings forecast for the fiscal year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

(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, 2017	1,445,000	2.4	98,000	4.8	93,000	1.9	47,000	2.0	152.10

Note: Revisions to the earnings forecast most recently announced: Yes

Reference: EBITDA
For the fiscal year ending December 31, 2017 (forecast): ¥187.0 billion [3.4%]
Net income before amortization of goodwill
For the fiscal year ending December 31, 2017 (forecast): ¥76.3 billion [2.1%]

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 nine months ended September 30, 2017 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting methods 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:	None
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 September 30, 2017	309,000,000 shares
As of December 31, 2016	309,000,000 shares

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

As of September 30, 2017	– shares
As of December 31, 2016	– shares

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

Nine months ended September 30, 2017	309,000,000 shares
Nine months ended September 30, 2016	309,000,000 shares

*** Quarterly financial results reports are not required to be subjected to quarterly review.**

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

The earnings forecast 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 Nine Months

(1) Operating results

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.

As a result of the above, for the operating results of the first nine months of the fiscal year ending December 31, 2017, the Group reported consolidated net sales of ¥1,095.0 billion, up 2.7% year on year, operating income of ¥76.8 billion, up 3.2%, ordinary income of ¥73.2 billion, up 1.4% and net income attributable to owners of the parent of ¥37.0 billion, up 1.7%.

Results by segment are described below.
In order to strengthen global management and to accelerate growth further, the Company implemented organizational changes on April 1, 2017. In accordance with this, starting from the first six months of the fiscal year ending December 31, 2017, 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."
Also, in order to more appropriately evaluate and manage the performance of each reportable segment, we have changed the method for calculating the profit or loss of each reportable segment. For details of the changes, please refer to (3) Notes to quarterly consolidated financial statements, (Segment information, etc.), Matters related to changes in reportable segment, etc.
For the comparison with the same period of the previous year, the figures for the first nine months of the previous fiscal year have been restated to reflect the new classifications after the change in reportable segments, as well as the revised method of calculation for profit or loss of each reportable segment.

< Japan business >
In Japan, the Group worked on creating new demand by proposing products that bring new value, as well as strengthening core brands. As the result, sales volume increased year on year.
For the *Suntory Tennensui* brand, the Group promoted the brand's unique value by emphasizing its qualities of "clear & tasty" and "natural & healthy," and sales for the core product *Suntory Tennensui* mineral water remained strong. With the contribution of *Suntory Tennensui PREMIUM MORNING TEA Lemon* launched in April, sales volume for the brand as a whole considerably exceeded that of the same period of the previous year.
For the *Boss* coffee brand, the Group continued to focus on core products: *Premium Boss*, *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait*. In addition, the Group launched *Pride of Boss* in September to celebrate the 25th anniversary of the launch of the *Boss* brand, with the aim of invigorating the 185g canned coffee market. Furthermore, *Craft Boss Black* recorded strong sales since its launch in April by offering a new style of drinking coffee–from a PET bottle. As a result of these activities, sales volume for the brand as a whole increased year on year.
For the *Iyemon* brand, both the flavor and packaging were renewed in March in order to provide a PET bottle green tea product with the color, scent and taste of "freshly-brewed high-quality tea" desired by consumers. Active marketing operations were also effective to increase sales volume over previous year.
For the *Suntory Oolong Tea* brand, both the flavor and packaging were renewed in May to provide the unique value and taste of oolong tea, leading to a year-on-year increase in sales volume.
Although sales volumes of FOSHU drink products declined year on year, we made efforts to capture new users, such as the launch of *Suntory Tokucha Jasmine* in June.
The Group also focused on its initiatives to improve profitability. The approach includes not only production cost reduction through measures such as reducing raw material costs, but also efficient spending on sales promotion and advertising.

In the vending machine business, the Group continued to focus its efforts on sales to corporate customers. By launching canned and PET bottle products exclusive to vending machines as well as proposing a variety of equipment such as cup coffee machines and tea servers, the Group strove to capture beverage demand in the office environment.
As a result of these activities, the Japan business reported sales of ¥688.5 billion, up 1.5% year on year and segment profit of ¥47.8 billion, up 5.1%.

< Europe business >
In Europe, aggressive marketing activities were conducted with a focus on core brands.
In France, the Group focused on small-size format products, which helped sales volume of the carbonated fruit drink *Orangina* and the fruit juice *Oasis* to increase year on year. In addition, sales of the premium low-sugar iced tea *May Tea*, launched in May 2016, continued to gain new customers and generate additional sales.
In the UK, while sales of the energy drink *Lucozade Energy* was challenging, the sports drink *Lucozade Sport* delivered strong growth due to proactive marketing activities. As a result, sales volume of the *Lucozade* brand products decreased year on year. Sales volume of the fruit juice *Ribena* also decreased year on year.
In Spain, the Group continued to concentrate on on-premise channels, and sales of *Schweppes* grew steadily, with a highlight on tonic water.
In Africa, the Group strove to reinforce the business foundation with a focus on Nigeria.
As a result of these activities, the Europe business reported sales of ¥185.6 billion, up 2.9% year on year and segment profit of ¥30.8 billion, down 4.6%.

< Asia business >
In Asia, in addition to reinforcing core brands, the Group worked on strengthening the sales and distribution structures in each country.
Regarding the beverage business, in Vietnam, sales increased year on year contributed by proactive marketing activities for the energy drink *Sting* and the RTD tea *TEA+*. In Indonesia, the Group undertook initiatives to reinforce the sales and distribution structures with measures such as improving distributor management capabilities centering Java area. These efforts led to strong sales of the cup jelly drink *Okky*.
Regarding the health supplement business, sales of *BRAND'S Essence of Chicken* grew in the core market Thailand, due to factors such as improved route-to-market capabilities achieved by changing the distribution structure. From May onward, Cerebos Pacific Limited and its subsidiaries began business under the name of BRAND'S SUNTORY to further strengthen the *BRAND'S* brand. In addition, the major functions of the business, such as marketing, were relocated from Singapore to Thailand in June to grasp consumers' needs more swiftly and appropriately.
As a result of these activities, the Asia business reported sales of ¥129.4 billion, up 8.7% year on year and segment profit of ¥15.8 billion, up 22.4%.

< Oceania business >
In Oceania, the Group worked to expand sales by conducting aggressive marketing activities surrounding its core brands.
In New Zealand, under the unfavorable business environment, the Group introduced new flavors and conducted aggressive marketing activities, primarily for the energy drink *V* and the fruit juice *Just Juice*.
In Australia, the Group worked on initiatives to expand sales by proceeding with the flavor expansion of the *V* brand, as well as bolstering storefront activities of the sports drink *Maximus*.
As a result of these activities, the Oceania business reported sales of ¥29.9 billion, up 5.0% year on year and segment profit of ¥3.4 billion, down 5.7%.
Furthermore, in order to promote the Group's management, from June onward, subsidiaries in New Zealand and Australia began business under the name of FRUCOR SUNTORY.

< Americas business >
In the Americas, the Group strove to further support PepsiCo brand products in North Carolina, while focusing on the growing non-carbonated beverage category, which included water and RTD coffee.
The Americas business reported sales of ¥61.6 billion, up 2.9% year on year and segment profit of ¥7.2 billion, down 4.7%.

(2) Financial position
Total assets as of September 30, 2017 stood at ¥1,428.5 billion, an increase of ¥62.5 billion compared to December 31, 2016. The main factors were increases in notes and accounts receivable-trade and inventories.
Total liabilities stood at ¥794.0 billion, an increase of ¥30.4 billion compared to December 31, 2016. This was due in part to an increase in notes and accounts payable-trade.
Equity stood at ¥634.5 billion, an increase of ¥32.1 billion compared to December 31, 2016, due in part to an increase in retained earnings resulting from the recording of net income attributable to owners of the parent and an increase in foreign currency translation adjustments.

(3) Consolidated earnings forecast and other forward-looking statements
After taking into consideration of such factors as business circumstances and the effect of changes in exchange rates, we have revised the consolidated earnings forecast for the fiscal year ending December 31, 2017, which were announced on February 13, 2017, as follows.

	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)
Previous forecast (A)	1,430,000	98,000	95,500	47,000	152.10
Revised forecast (B)	1,445,000	98,000	93,000	47,000	152.10
Change in amount (B–A)	15,000	–	(2,500)	–	–
Change (%)	1.0	–	(2.6)	–	–
(Reference) Actual results for the fiscal year ended December 31, 2016	1,410,765	93,481	91,224	46,056	149.05

<Reference> EBITDA
For the fiscal year ending December 31, 2017 (forecast): Revised forecast ¥187.0 billion (previous forecast ¥186.0 billion)
Net income before amortization of goodwill
For the fiscal year ending December 31, 2017 (forecast): Revised forecast ¥76.3 billion (previous forecast ¥75.2 billion)

2. Quarterly Consolidated Financial Statements and Significant Notes (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	84,127	91,662
Notes and accounts receivable-trade	161,037	198,506
Merchandise and finished goods	46,378	58,580
Work in process	4,406	6,051
Raw materials and supplies	23,953	27,781
Other	54,858	55,772
Allowance for doubtful accounts	(217)	(847)
Total current assets	374,544	437,508
Noncurrent assets		
Property, plant, and equipment	338,775	337,493
Intangible fixed assets		
Goodwill	407,283	399,007
Trademarks	150,827	159,736
Other	64,204	62,084
Total intangible fixed assets	622,316	620,829
Investments and other assets		
Investment securities	10,290	10,173
Other	20,553	22,561
Allowance for doubtful accounts	(582)	(180)
Total investments and other assets	30,261	32,555
Total noncurrent assets	991,353	990,877
Deferred assets	103	83
Total	1,366,000	1,428,468

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	116,081	141,367
Electronically recorded obligations-operating	12,742	16,894
Short-term borrowings	72,239	84,781
Lease obligations	7,074	6,720
Accrued income taxes	15,849	14,070
Provision for bonuses	8,002	11,319
Other	178,389	187,472
Total current liabilities	410,378	462,628
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	199,283	171,188
Lease obligations	11,670	9,087
Retirement allowances for directors and audit and supervisory board members	246	282
Net defined benefit liability	8,784	9,348
Other	93,188	101,418
Total long-term liabilities	353,174	331,325
Total liabilities	763,552	793,953
Equity		
Shareholders' equity		
Common stock	168,384	168,384
Capital surplus	183,628	183,828
Retained earnings	199,116	212,662
Total shareholders' equity	551,128	564,874
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,020	2,168
Deferred gain (loss) on derivatives under hedge accounting	130	(497)
Foreign currency translation adjustments	2,973	19,778
Remeasurements of defined benefit plans	(4,023)	(3,604)
Total accumulated other comprehensive income	1,100	17,845
Noncontrolling interests	50,218	51,794
Total equity	602,447	634,515
Total	1,366,000	1,428,468

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

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net sales	1,065,818	1,095,022
Cost of sales	469,306	482,483
Gross profit	596,511	612,539
Selling, general, and administrative expenses	522,071	535,697
Operating income	74,440	76,842
Non-operating income		
Interest income	306	308
Dividend income	84	81
Equity in earnings of affiliates	544	464
Other	894	983
Total non-operating income	1,829	1,838
Non-operating expenses		
Interest expense	3,396	2,036
Foreign currency exchange loss, net	–	2,832
Other	703	622
Total non-operating expenses	4,099	5,490
Ordinary income	72,171	73,190
Extraordinary income		
Gain on sales of noncurrent assets	52	113
Gain on sales of shares of subsidiaries and associates	–	150
Other	47	39
Total extraordinary income	100	302
Extraordinary loss		
Losses on disposal of noncurrent assets	1,704	1,413
Losses from a natural disaster	3,589	–
Restructuring cost	3,219	1,582
Product recall related costs	–	1,399
Other	583	365
Total extraordinary losses	9,096	4,761
Income before income taxes	63,174	68,731
Income taxes	22,076	25,924
Net income	41,097	42,807
Net income attributable to noncontrolling interests	4,673	5,777
Net income attributable to owners of the parent	36,423	37,029

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Net income	41,097	42,807
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	(38)	152
Deferred loss on derivatives under hedge accounting	(557)	(627)
Foreign currency translation adjustments	(85,257)	15,603
Remeasurements of defined benefit plans, net of tax	170	443
Share of other comprehensive income (loss) in associates	(497)	66
Total other comprehensive income (loss)	(86,180)	15,638
Total comprehensive income (loss)	(45,083)	58,445
Total comprehensive income (loss) attributable to:		
Owners of the parent (the Company)	(44,053)	53,775
Noncontrolling interests	(1,029)	4,670

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Segment information, etc.)

Matters related to changes in reportable segment, etc.

(Change in classification of reportable segments)

In order to strengthen global management and to accelerate growth further, the Company implemented organizational changes on April 1, 2017. In accordance with this, starting from the first six months of the fiscal year ending December 31, 2017, 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 segment information for the first nine months ended September 30, 2016, has been presented based on the revised reportable segment classification.

(Change to calculation method for profit (loss) by reportable segment)

In order to more appropriately evaluate and manage the performance of each reportable segment, the Company includes the Group administration costs allocated to each reportable segment up until now as corporate expenses from the first six months of the fiscal year ending December 31, 2017. The reportable segment profit for the first nine months ended September 30, 2016 has been presented based on the revised method of calculation for profit or loss of each reportable segment.

[Segment information]

I. Nine months ended September 30, 2016

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

(Millions of yen)

	Reportable segment					Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Europe	Asia	Oceania	Americas			
Sales								
Sales to external customers	678,126	180,370	118,967	28,440	59,913	1,065,818	–	1,065,818
Intersegment sales or transfers	5	1,245	57	3	–	1,312	(1,312)	–
Total	678,131	181,616	119,025	28,444	59,913	1,067,130	(1,312)	1,065,818
Segment profit (Note 3)	45,432	32,274	12,931	3,639	7,601	101,881	(27,440)	74,440

Notes 1. The reconciliations of segment profit represent amortization of goodwill and corporate expenses unallocated to each reportable segment. The corporate expenses are the Group administration costs incurred by the Company.

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	Europe	Asia	Oceania	Americas	Total	Reconciliations (Note 1)	Total after reconciliations
Segment profit	45,432	32,274	12,931	3,639	7,601	101,881	(27,440)	74,440
Depreciation and amortization of goodwill	27,629	6,593	5,819	1,162	2,292	43,497	21,686	65,184
EBITDA (Note 2)	73,062	38,868	18,751	4,801	9,894	145,378	(5,754)	139,624

Notes 1. The reconciliations of EBITDA represent corporate expenses unallocated to each reportable segment. The corporate expenses are the Group administration costs incurred by the Company.

2. EBITDA is the sum of segment profit, depreciation and amortization of goodwill.

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. Nine months ended September 30, 2017

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

(Millions of yen)

	Reportable segment					Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Europe	Asia	Oceania	Americas			
Sales								
Sales to external customers	688,538	185,623	129,352	29,861	61,647	1,095,022	–	1,095,022
Intersegment sales or transfers	2	1,144	393	5	–	1,546	(1,546)	–
Total	688,540	186,767	129,746	29,866	61,647	1,096,568	(1,546)	1,095,022
Segment profit (Note 3)	47,764	30,804	15,830	3,432	7,246	105,078	(28,236)	76,842

Notes 1. The reconciliations of segment profit represent amortization of goodwill and corporate expenses unallocated to each reportable segment. The corporate expenses are the Group administration costs incurred by the Company.
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	Europe	Asia	Oceania	Americas	Total	Reconciliations (Note 1)	Total after reconciliations
Segment profit	47,764	30,804	15,830	3,432	7,246	105,078	(28,236)	76,842
Depreciation and amortization of goodwill	27,313	7,111	6,555	1,302	2,512	44,795	21,992	66,788
EBITDA (Note 2)	75,077	37,915	22,386	4,735	9,758	149,874	(6,243)	143,630

Notes 1. The reconciliations of EBITDA represent corporate expenses unallocated to each reportable segment. The corporate expenses are the Group administration costs incurred by the Company.
2. EBITDA is the sum of segment profit, depreciation and amortization of goodwill.

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