

**Supplementary Material on Consolidated Financial Results for the First
Three Months of the Year Ending December 31, 2018**

<Results for the First Three Months of the Year Ending December 31, 2018>

1. Summary of Consolidated Statement of Profit or Loss, Indices, etc.
2. Revenue Details
3. Profit Details
4. Summary of Consolidated Statement of Financial Position
5. Other Information

Suntory Beverage & Food Limited

May 9, 2018

<Results for the First Three Months of the Year Ending December 31, 2018>

1. Summary of Consolidated Statement of Profit or Loss, Indices, etc.

(1) Summary of Consolidated Statement of Profit or Loss

(Billions of yen with fractional amounts rounded off)

	Three months ended March 31, 2017		Three months ended March 31, 2018		Increase (decrease)	
		Ratio to revenue		Ratio to revenue		
Revenue	268.3	100.0%	277.1	100.0%	8.8	3.3%
Gross profit	117.8	43.9%	115.8	41.8%	(2.0)	(1.7%)
Selling, general and administrative expenses	96.1	35.8%	100.1	36.1%	4.0	4.1%
Gain on investments accounted for using the equity method	0.2	0.1%	0.0	0.0%	(0.2)	(80.0%)
Other income	0.6	0.2%	12.0	4.3%	11.5	1,984.7%
Other expenses	1.5	0.6%	1.2	0.4%	(0.3)	(22.4%)
Operating income	20.9	7.8%	26.6	9.6%	5.7	27.0%
Finance income	0.2	0.1%	0.2	0.1%	0.0	30.2%
Finance costs	0.8	0.3%	1.0	0.4%	0.3	32.6%
Profit before tax for the period	20.3	7.6%	25.7	9.3%	5.4	26.8%
Income tax expense	5.4	2.0%	3.5	1.3%	(1.9)	(35.7%)
Profit for the period	14.9	5.5%	22.3	8.0%	7.4	49.5%
Profit for the period attributable to non-controlling interests	1.8	0.7%	1.8	0.6%	(0.1)	(3.6%)
Profit for the period attributable to owners of the Company	13.1	4.9%	20.5	7.4%	7.4	57.0%

(2) Other Indices

(Billions of yen)

		Three months ended March 31, 2017		Three months ended March 31, 2018		Increase (decrease)	
Depreciation		15.5		15.6		0.1	0.5%
Operating income	Operating margin	20.9	7.8%	26.6	9.6%	5.7	27.0%
EBITDA *1	EBITDA margin	37.4	13.9%	31.3	11.3%	(6.1)	(16.3%)

*1 EBITDA is calculated as operating income \pm Other income and expenditure aside from gain on investments accounted for using the equity method + Depreciation.

(Billions of yen)

		As at December 31, 2017		As at March 31, 2018		Increase (decrease)	
Total assets		1,522.0		1,540.1		18.1	1.2%
Total equity		746.2		761.8		15.6	2.1%
D/E ratio (Times) *2		0.2		0.3			

*2 D/E ratio is calculated as (Interest-bearing debt - Cash and deposits \pm Valuation difference from adopting hedge accounting, etc.) / Total equity

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

(Yen, average exchange rate)

	Three months ended March 31, 2017	Three months ended March 31, 2018
USD	113.6	108.2
EUR	121.0	133.1
GBP	140.7	150.8
SGD	80.2	82.1
THB	3.2	3.4
VND	0.0050	0.0048
NZD	80.9	78.8
AUD	86.2	85.2

2. Revenue Details

(Billions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	147.3	150.5	3.2	2.1%	2.1%	
Europe	49.5	51.8	2.3	4.6%	(3.1%)	
Asia	39.3	44.3	5.0	12.7%	13.5%	
Oceania	13.7	13.6	(0.1)	(0.7%)	0.4%	
Americas	18.6	17.0	(1.5)	(8.2%)	(3.7%)	
Reconciliations	–	–	–	–	–	
Consolidation total	268.3	277.1	8.8	3.3%	2.3%	

Following the organizational changes, the fresh coffee business, which was previously included in “Asia business,” was reclassified from “Asia business” into “Oceania business” starting in 2018. Accordingly, the reportable segments after the reclassification are provided for “Three months ended March 31, 2017.”

3. Profit Details

(1) EBITDA

(Billions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	17.8	14.4	(3.4)	(19.3%)	(19.3%)	
Europe	7.9	6.5	(1.4)	(17.3%)	(23.0%)	
Asia	9.2	8.3	(0.9)	(9.7%)	(12.1%)	
Oceania	1.9	2.0	0.1	6.3%	5.2%	
Americas	2.4	2.2	(0.2)	(9.1%)	(4.6%)	
Reconciliations	(1.8)	(2.1)	(0.3)	–	–	*1
Consolidation total	37.4	31.3	(6.1)	(16.3%)	(17.9%)	

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

Following the organizational changes, the fresh coffee business, which was previously included in “Asia business,” was reclassified from “Asia business” into “Oceania business” starting in 2018. Accordingly, the reportable segments after the reclassification are provided for “Three months ended March 31, 2017.”

(2) Segment Profit

(Billions of yen)

	Three months ended March 31, 2017	Three months ended March 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	8.2	5.2	(3.0)	(36.6%)	(36.6%)	
Europe	4.9	3.7	(1.2)	(24.4%)	(30.1%)	
Asia	7.4	17.5	10.1	136.5%	131.2%	
Oceania	1.4	1.5	0.1	7.6%	5.4%	
Americas	1.5	1.5	0.0	0.2%	5.1%	
Reconciliations	(2.5)	(2.8)	(0.4)	–	–	*2
Consolidation total	20.9	26.6	5.7	27.0%	24.3%	

*2 The reconciliations of segment profit represent corporate expenses unallocated to each reportable segment.

Following the organizational changes, the fresh coffee business, which was previously included in “Asia business,” was reclassified from “Asia business” into “Oceania business” starting in 2018. Accordingly, the reportable segments after the reclassification are provided for “Three months ended March 31, 2017.”

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

(Billions of yen)

Segment profit for the three months ended March 31, 2017	8.2
Increase in revenue	3.2
Increase in cost of goods sold	(4.3)
Increase in sales promotion and advertising costs	(1.5)
Increase in other expenses	(0.3)
Segment profit for the three months ended March 31, 2018	5.2

4. Summary of Consolidated Statement of Financial Position

(Billions of yen)

	As at December 31, 2017	As at March 31, 2018	Increase (decrease)	Reference
Cash and cash equivalents	113.9	113.5	(0.4)	
Trade and other receivables	176.7	186.8	10.2	
Other financial assets	11.8	6.6	(5.2)	
Inventories	81.0	87.1	6.1	
Other current assets	25.5	28.5	3.1	
Subtotal	408.8	422.6	13.8	
Assets held for sale	22.1	0.0	(22.1)	*3
Current assets	430.9	422.6	(8.3)	
Property, plant and equipment	354.2	377.3	23.1	*4
Goodwill	254.0	253.7	(0.3)	
Intangible assets	432.8	438.5	5.7	*4
Investments accounted for using the equity method	1.2	1.2	(0.1)	
Other financial assets	20.5	18.9	(1.5)	
Deferred tax assets	12.7	14.1	1.4	
Other non-current assets	15.7	13.8	(1.9)	
Non-current assets	1,091.1	1,117.5	26.4	
Total assets	1,522.0	1,540.1	18.1	
Bonds and borrowings	95.7	139.1	43.5	*5
Trade and other payables	289.5	289.6	0.1	
Other financial liabilities	32.7	26.9	(5.7)	
Accrued income taxes	18.8	11.1	(7.7)	
Provisions	1.4	1.1	(0.3)	
Other current liabilities	8.9	8.8	(0.0)	
Subtotal	446.9	476.7	29.8	
Liabilities directly associated with assets held for sale	6.2	–	(6.2)	*3
Current liabilities	453.1	476.7	23.6	
Bonds and borrowings	211.4	188.5	(22.9)	*6
Other financial liabilities	25.3	25.1	(0.2)	
Post-employment benefit liabilities	11.9	12.2	0.4	
Provisions	2.9	2.8	(0.1)	
Deferred tax liabilities	66.0	68.3	2.3	
Other non-current liabilities	5.3	4.7	(0.6)	
Non-current liabilities	322.7	301.6	(21.1)	
Total liabilities	775.8	778.3	2.5	
Total equity attributable to owners of the Company	690.4	679.8	(10.6)	
Non-controlling interests	55.8	82.0	26.2	*4
Total equity	746.2	761.8	15.6	
Total liabilities and equity	1,522.0	1,540.1	18.1	

*3 The decrease is mainly due to the impact of sales of shares of subsidiaries.

*4 The increase is mainly due to the impact of business combination.

*5 The increase is mainly due to an increase in short-term borrowings provided from external parties and the transfer from non-current liabilities (long-term borrowings) to current liabilities (short-term borrowings).

*6 The decrease is mainly due to the transfer from non-current liabilities (long-term borrowings) to current liabilities (short-term borrowings).

5. Other Information

<Sales Volume of Major Brands in Japan Business> * On the basis of shipment volumes

(Million cases)

	Three months ended March 31, 2017		Three months ended March 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Suntory Tennensui</i>	20.6	4%	22.3	8%
<i>Boss</i>	22.8	1%	24.1	6%
<i>Iyemon</i>	12.8	10%	12.0	(6%)
<i>Suntory Oolong Tea</i>	5.2	(3%)	5.6	7%
<i>Pepsi</i>	4.7	(7%)	4.0	(15%)
<i>Orangina</i>	1.6	(53%)	1.2	(26%)
<i>Green DAKARA</i>	4.1	23%	4.9	21%
FOSHU drinks	5.8	0%	5.0	(13%)
Total	90.6	1%	93.5	3%

* 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)

	Three months ended March 31, 2017		Three months ended March 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Orangina</i> (France)	35	12%	33	(6%)
<i>Oasis</i> (France)	62	3%	62	(1%)
<i>Schweppes</i> (Spain, Portugal)	25	(4%)	25	(1%)
<i>Lucozade</i> (UK, Ireland)	90	5%	79	(12%)
<i>Ribena</i> (UK, Ireland)	24	0%	24	(3%)

(Additional information) *Updated on May 11, 2018

Along with the filing of quarterly securities report (for the first three months of the year ending December 31, 2018) to director-general of Kanto Local Finance Bureau on May 11, 2018, the Supplementary Material was updated with following information included in the filed quarterly security report.

- **(Appendix 1) Condensed quarterly consolidated statement of cash flows**
- **(Appendix 2) Information relating to Business Combinations and Acquisition of Non-controlling Interests**

(Appendix 1) Condensed quarterly consolidated statement of cash flows

Millions of yen

	Three months ended March 31, 2017	Three months ended March 31, 2018
Cash flows from operating activities		
Profit before tax for the period	20,290	25,733
Depreciation and amortization	15,522	15,605
Impairment losses (reversal of impairment losses)	5	(5)
Interest and dividends income	(146)	(208)
Interest expense	744	654
Gain on investments accounted for using the equity method	(228)	(45)
Loss (gain) on sales of shares of subsidiaries	–	(11,555)
(Increase) decrease in inventories	(8,652)	(5,641)
(Increase) decrease in trade and other receivables	8,497	(5,698)
Increase (decrease) in trade and other payables	(9,308)	(6,744)
Other	4,739	(6,498)
Subtotal	31,464	5,595
Interest and dividends received	146	122
Interest paid	(1,132)	(831)
Income tax paid	(12,640)	(11,569)
Net cash inflow from operating activities	17,838	(6,683)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(12,700)	(12,726)
Proceeds on sale of property, plant and equipment and intangible assets	331	361
Payments for purchase of shares of subsidiaries	–	(25,207)
Proceeds from sales of shares of subsidiaries	–	23,621
Other	795	(17)
Net cash (outflow) from investing activities	(11,573)	(13,968)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	29,799	40,266
Proceeds from long-term borrowings	26,628	9,500
Repayments of long-term borrowings	(51,127)	(17,409)
Payments of finance lease liabilities	(2,175)	(1,900)
Dividends paid to owners of the Company	(12,051)	(11,742)
Dividends paid to non-controlling interests	(707)	(71)
Other	344	54
Net cash (outflow) from financing activities	(9,289)	18,697
Net increase (decrease) in cash and cash equivalents	(3,024)	(1,955)
Cash and cash equivalents at the beginning of the year (Opening balance on the condensed quarterly consolidated statement of financial position)	84,096	113,883
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	–	3,439
Cash and cash equivalents at beginning of period	84,096	117,322
Effect of exchange rate changes on cash and cash equivalents	(249)	(1,843)
Cash and cash equivalents at end of period	80,822	113,524

(Appendix 2) Information relating to Business Combinations and Acquisition of Non-controlling Interests

Three months ended March 31, 2018

(Acquisition of beverage business in Thailand)

As at March 5, 2018, Suntory Beverage & Food Asia Pte. Ltd., a subsidiary of Suntory Beverage & Food Limited, acquired 51% shares of International Refreshment (Thailand) Co., Ltd., a soft drink operation of PepsiCo, Inc. in Thailand from Pepsi-Cola (Thai) Trading Co., Ltd., a subsidiary of PepsiCo Inc., aiming to expand the soft drink business in Thailand. The company's name after the acquisition is Suntory PepsiCo Beverage (Thailand) Co., Ltd.

The price paid in cash on the date of acquisition was ¥32,039 million (US \$302 million). However, the final acquisition price is subject for adjustment reflecting price adjustments required by the share purchase agreement. The price adjustment process is uncompleted as at the end of the three month period, March 31, 2018 and planned to be finalized during the second quarter of the year in accordance with the share purchase agreement.

Goodwill of ¥4,061 million was recorded in association with this transaction. The goodwill reflects the synergies expected to be created through future business expansion. Non-controlling interests of ¥26,881 million were recorded, measured as to reflect the ownership of non-controlling shareholders over the fair value of identifiable net assets of the acquired company.

As the process of allocating acquisition costs is still in process, the above amounts were provisionally calculated based on all available information as at the end of the three month period, March 31, 2018.

The acquisition related costs for this business combination were ¥784 million, which was recorded in "Other expenses." Acquisition costs of ¥108 million were accounted for in the three months ended March 31, 2018, and ¥675 million were accounted for in the year ended December 31, 2017.

Revenue and operating profit of the acquired company after the date of acquisition that was recognized in the condensed quarterly consolidated statement of profit or loss for the reporting period was ¥5,149 million and ¥469 million, respectively.

Had this business consolidation taken effect from the beginning of the period, its revenues and operating profit for the three months ended March 31, 2018 would have been ¥289,149 million and ¥27,661 million, respectively.

(Disposal of the food and instant coffee business)

Cerebos Pacific Limited ("CPL"), a subsidiary of Suntory Beverage & Food Asia Pte. Ltd., (a subsidiary of Suntory Beverage & Food Limited.) completed the transfer of all of the shares of its three subsidiaries operating food and instant coffee business to The Kraft Heinz Company as at March 9, 2018. As a result, the balances recorded in assets held for sale and liabilities directly associated with assets held for sale in the fiscal year ended December 31, 2017 were reduced.

The consideration received by cash at the time of the transfer date was ¥25,690 million (AUD \$306 million), and a gain on transfer of ¥11,555 million was recorded in "Other income" in the three months ended March 31, 2018. However, as the final transfer price will be revised to reflect the price adjustment as required in the share purchase agreement, the gain on transfer is subject for update during the six months ending June 30, 2018, as results of the price adjustment.