

**Supplementary Material on Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2018**

<Results for the Year Ended December 31, 2018>

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**Suntory Beverage & Food Limited**

**February 14, 2019**

<Results for the Year Ended 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)

	Year ended December 31, 2017		Year ended December 31, 2018		Increase (decrease)	
		Ratio to revenue		Ratio to revenue		
Revenue	1,234.0	100.0%	1,294.3	100.0%	60.2	4.9%
Gross profit	536.2	43.5%	535.5	41.4%	(0.7)	(0.1%)
Selling, general and administrative expenses	412.4	33.4%	424.9	32.8%	12.5	3.0%
Gain on investments accounted for using the equity method	0.4	0.0%	0.1	0.0%	(0.3)	(69.2%)
Other income	5.9	0.5%	14.6	1.1%	8.7	148.9%
Other expenses	12.1	1.0%	11.8	0.9%	(0.3)	(2.7%)
Operating income	118.0	9.6%	113.6	8.8%	(4.4)	(3.7%)
Finance income	0.9	0.1%	1.0	0.1%	0.2	18.5%
Finance costs	4.4	0.4%	2.8	0.2%	(1.6)	(36.7%)
Profit before tax	114.4	9.3%	111.8	8.6%	(2.6)	(2.3%)
Income tax expense	28.3	2.3%	23.0	1.8%	(5.3)	(18.7%)
Profit for the year	86.2	7.0%	88.8	6.9%	2.7	3.1%
Profit for the year attributable to non-controlling interests	8.1	0.7%	8.8	0.7%	0.7	9.3%
Profit for the year attributable to owners of the Company	78.1	6.3%	80.0	6.2%	1.9	2.4%

## (2) Other Indices

(Billions of yen)

		Year ended December 31, 2017		Year ended December 31, 2018		Increase (decrease)	
Depreciation		63.9		63.3		(0.6) (1.0%)	
Operating income		118.0		113.6		(4.4) (3.7%)	
Profit for the year attributable to owners of the Company		78.1		80.0		1.9 2.4%	
EBITDA *1	EBITDA margin	188.2	15.2%	174.1	13.5%	(14.1)	(7.5%)

\*1 EBITDA is calculated as operating income - Other income + Other expenses + Depreciation.

EPS (Yen)	252.79	258.98	6.19	2.4%
Operating margin	9.6%	8.8%		
ROE	12.0%	11.4%		
Dividend payout ratio *2	29.7%	30.1%		

\*2 Dividend payout ratio for each year is calculated by dividing the total cash dividends of that year by profit for the year attributable to owners of the Company of that year.

(Billions of yen)

	As at December 31, 2017	As at December 31, 2018	Increase (decrease)	
Total assets	1,522.0	1,539.4	17.4	1.1%
Total equity	746.2	798.9	52.7	7.1%
Capital expenditures	59.1	60.4	1.3	2.2%
D/E ratio (Times) *3	0.2	0.2		

\*3 D/E ratio is calculated as (Interest-bearing debt - Cash and deposits ± 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)

	Year ended December 31, 2017	Year ended December 31, 2018
USD	112.2	110.4
EUR	126.7	130.4
GBP	144.5	147.4
SGD	81.3	81.9
THB	3.3	3.4
VND	0.0049	0.0048
NZD	79.7	76.4
AUD	86.0	82.6

## 2. Revenue Details

(Billions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	689.2	708.7	19.5	2.8%	–	
Europe	238.9	245.2	6.2	2.6%	0.2%	
Asia	163.5	201.1	37.6	23.0%	24.5%	
Oceania	56.3	54.2	(2.1)	(3.8%)	0.3%	
Americas	86.0	85.0	(1.0)	(1.2%)	0.4%	
Reconciliations	–	–	–	–	–	
Consolidation total	1,234.0	1,294.3	60.2	4.9%	4.9%	

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 “Year ended December 31, 2017.”

## 3. Profit Details

### (1) EBITDA

(Billions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	96.8	89.8	(7.0)	(7.3%)	–	
Europe	48.2	42.1	(6.1)	(12.6%)	(14.7%)	
Asia	29.7	31.6	1.9	6.2%	6.9%	
Oceania	9.0	8.4	(0.6)	(6.6%)	(5.5%)	
Americas	13.0	11.5	(1.5)	(11.2%)	(9.8%)	
Reconciliations	(8.6)	(9.3)	(0.8)	–	–	*1
Consolidation total	188.2	174.1	(14.1)	(7.5%)	(7.8%)	

\*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 “Year ended December 31, 2017.”

## (2) Segment Profit

(Billions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	57.3	52.7	(4.6)	(8.1%)	–	
Europe	34.6	25.0	(9.6)	(27.8%)	(29.7%)	
Asia	22.2	33.3	11.1	50.2%	50.4%	
Oceania	6.0	6.4	0.4	6.0%	6.1%	
Americas	9.3	8.5	(0.8)	(8.7%)	(7.3%)	
Reconciliations	(11.4)	(12.3)	(0.9)	–	–	*2
Consolidation total	118.0	113.6	(4.4)	(3.7%)	(4.3%)	

\*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 “Year ended December 31, 2017.”

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

(Billions of yen)

Segment profit for the year ended December 31, 2017	57.3
Increase in revenue	19.5
Increase in cost of goods sold	(20.1)
Increase in sales promotion and advertising costs	(2.0)
Increase in other expenses	(2.0)
Segment profit for the year ended December 31, 2018	52.7

#### 4. Summary of Consolidated Statement of Financial Position

(Billions of yen)

	As at December 31, 2017	As at December 31, 2018	Increase (decrease)	Reference
Cash and cash equivalents	113.9	146.5	32.7	
Trade and other receivables	176.7	184.9	8.2	
Other financial assets	11.8	1.0	(10.8)	
Inventories	81.0	85.8	4.8	*3
Other current assets	25.5	25.1	(0.3)	
Subtotal	408.8	443.3	34.5	
Assets held for sale	22.1	0.0	(22.1)	*4
<b>Current assets</b>	<b>430.9</b>	<b>443.4</b>	<b>12.4</b>	
Property, plant and equipment	354.2	375.4	21.2	*5
Goodwill	254.0	250.7	(3.3)	
Intangible assets	432.8	418.6	(14.3)	
Investments accounted for using the equity method	1.2	1.2	(0.0)	
Other financial assets	20.5	21.0	0.5	
Deferred tax assets	12.7	14.3	1.6	
Other non-current assets	15.7	15.0	(0.7)	
<b>Non-current assets</b>	<b>1,091.1</b>	<b>1,096.1</b>	<b>4.9</b>	
<b>Total assets</b>	<b>1,522.0</b>	<b>1,539.4</b>	<b>17.4</b>	
Bonds and borrowings	95.7	75.4	(20.2)	*6
Trade and other payables	289.5	303.8	14.3	
Other financial liabilities	32.7	30.7	(1.9)	
Accrued income taxes	18.8	18.4	(0.3)	
Provisions	1.4	2.1	0.7	
Other current liabilities	8.9	8.6	(0.2)	
Subtotal	446.9	439.1	(7.8)	
Liabilities directly associated with assets held for sale	6.2	–	(6.2)	
<b>Current liabilities</b>	<b>453.1</b>	<b>439.1</b>	<b>(14.0)</b>	
Bonds and borrowings	211.4	195.4	(15.9)	*7
Other financial liabilities	25.3	20.2	(5.2)	
Post-employment benefit liabilities	11.9	13.3	1.4	
Provisions	2.9	2.7	(0.2)	
Deferred tax liabilities	66.0	63.5	(2.5)	
Other non-current liabilities	5.3	6.4	1.1	
<b>Non-current liabilities</b>	<b>322.7</b>	<b>301.4</b>	<b>(21.3)</b>	
<b>Total liabilities</b>	<b>775.8</b>	<b>740.5</b>	<b>(35.3)</b>	
Total equity attributable to owners of the Company	690.4	714.8	24.4	
Non-controlling interests	55.8	84.1	28.3	*5
<b>Total equity</b>	<b>746.2</b>	<b>798.9</b>	<b>52.7</b>	
<b>Total liabilities and equity</b>	<b>1,522.0</b>	<b>1,539.4</b>	<b>17.4</b>	

\*3 The increase is mainly due to the impact of more raw materials used.

\*4 The decrease is mainly due to the impact of sale of subsidiaries.

\*5 The increase is mainly due to the impact of acquisition of subsidiaries.

\*6 The decrease is mainly due to the impact of repayment of current portion of long-term liabilities.

\*7 The decrease is mainly due to the transfer from non-current liabilities (long-term borrowings) to current liabilities (current portion of long-term borrowings).

## **5. Summary of Consolidated Statements of Cash Flows**

(Billions of yen)

	Year ended December 31, 2017	Year ended December 31, 2018	Increase (decrease)
Profit before tax	114.4	111.8	(2.6)
Depreciation and amortization	63.9	63.3	(0.6)
Other	(28.9)	(28.8)	0.1
Cash flows from operating activities	149.5	146.4	(3.2)
Payments for capital expenditures	(55.3)	(56.9)	(1.6)
Payments for purchase of shares of subsidiaries	–	(26.7)	(26.7)
Proceeds from sales of shares of subsidiaries	–	24.2	24.2
Other	2.4	0.9	(1.5)
Cash flows from investing activities	(53.0)	(58.5)	(5.6)
Increase (decrease) in interest-bearing debt	(26.5)	(19.6)	6.9
Dividends paid to owners of the Company	(23.5)	(23.8)	(0.3)
Dividends paid to non-controlling interests	(5.4)	(6.5)	(1.1)
Other	(8.2)	(7.0)	1.2
Cash flows from financing activities	(63.6)	(56.9)	6.7
Net increase (decrease) in cash and cash equivalents	33.0	30.9	(2.0)
Effects of exchange rate changes	0.3	(1.7)	(2.0)
Cash and cash equivalents included in assets held for sale	(3.4)	3.4	6.9

## 6. Other Information

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

(Million cases)

	Year ended December 31, 2017		Year ended December 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Suntory Tennensui</i>	108.0	7%	117.3	9%
<i>Boss</i>	99.0	6%	107.9	9%
<i>Iyemon</i>	56.4	2%	53.7	(5%)
<i>Suntory Oolong Tea</i>	26.2	2%	26.5	1%
<i>Pepsi</i>	21.9	(13%)	20.2	(8%)
<i>Orangina</i>	8.0	(29%)	5.6	(30%)
<i>Green DAKARA</i>	30.5	19%	37.7	24%
FOSHU drinks and Foods with Function Claims	26.0	(7%)	23.3	(10%)
Total	442.9	3%	462.2	4%

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

<Sales Volume of Major Brands in Europe Business>

(Million liters)

	Year ended December 31, 2017		Year ended December 31, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
<i>Orangina</i> (France)	157	3%	164	5%
<i>Oasis</i> (France)	273	2%	287	5%
<i>Schweppes</i> (Spain, Portugal)	138	2%	132	(4%)
<i>Lucozade</i> (UK, Ireland)	371	(8%)	381	3%
<i>Ribena</i> (UK, Ireland)	104	(6%)	100	(4%)

<Earnings Forecast for the Year Ending December 31, 2019>

**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)

	Year ended December 31, 2018 Actual		Year ending December 31, 2019 Forecast		Increase (decrease)	
		Ratio to revenue		Ratio to revenue		
Revenue	1,294.3	100.0%	1,313.0	100.0%	18.7	1.4%
Gross profit	535.5	41.4%	546.5	41.6%	11.0	2.0%
Selling, general and administrative expenses	424.9	32.8%	432.6	32.9%	7.7	1.8%
Gain on investments accounted for using the equity method	0.1	0.0%	0.1	0.0%	(0.0)	(27.5%)
Other income	14.6	1.1%	1.0	0.1%	(13.6)	(93.1%)
Other expenses	11.8	0.9%	5.0	0.4%	(6.8)	(57.7%)
Operating income	113.6	8.8%	110.0	8.4%	(3.6)	(3.1%)
Finance income	1.0	0.1%	0.8	0.1%	(0.2)	(22.5%)
Finance costs	2.8	0.2%	2.8	0.2%	0.0	0.8%
Profit before tax	111.8	8.6%	108.0	8.2%	(3.8)	(3.4%)
Income tax expense	23.0	1.8%	31.5	2.4%	8.5	37.1%
Profit for the year	88.8	6.9%	76.5	5.8%	(12.3)	(13.9%)
Profit for the year attributable to non-controlling interests	8.8	0.7%	10.0	0.8%	1.2	13.5%
Profit for the year attributable to owners of the Company	80.0	6.2%	66.5	5.1%	(13.5)	(16.9%)

## (2) Other Indices

(Billions of yen)

		Year ended December 31, 2018, Actual		Year ending December 31, 2019, Forecast		Increase (decrease)	
Depreciation		63.3		72.0		8.7	13.7%
Operating income		113.6		110.0		(3.6)	(3.1%)
Profit for the year attributable to owners of the Company		80.0		66.5		(13.5)	(16.9%)
EBITDA *1	EBITDA margin	174.1	13.5%	186.0	14.2%	11.9	6.8%

\*1 EBITDA is calculated as operating income - Other income + Other expenses + Depreciation.

EPS (Yen)	258.98	215.21	(43.77)	(16.9%)
Operating margin	8.8%	8.4%		
ROE	11.4%	9.0%		
Dividend payout ratio *2	30.1%	36.2%		

\*2 Dividend payout ratio for each year is calculated by dividing the total cash dividends of that year by profit for the year attributable to owners of the Company of that year.

(Billions of yen)

	As at December 31, 2018 Actual	As at December 31, 2019 Forecast	Increase (decrease)	
Total assets	1,539.4	1,543.0	3.6	0.2%
Total equity	798.9	847.0	48.1	6.0%
Capital expenditures	60.4	66.0	5.6	9.3%
D/E ratio (Times) *3	0.2	0.1		

\*3 D/E ratio is calculated as (Interest-bearing debt - Cash and deposits ± 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)

	Year ended December 31, 2018, Actual	Year ending December 31, 2019, Forecast
USD	110.4	111.0
EUR	130.4	129.0
GBP	147.4	144.0
SGD	81.9	81.0
THB	3.4	3.4
VND	0.0048	0.0048
NZD	76.4	73.0
AUD	82.6	80.0

## 2. Revenue Details

(Billions of yen)

	Year ended December 31, 2018, Actual	Year ending December 31, 2019, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	708.7	709.0	0.3	0.0%	–	
Europe	245.2	245.0	(0.2)	(0.1%)	1.3%	
Asia	201.1	219.0	17.9	8.9%	9.9%	
Oceania	54.2	53.0	(1.2)	(2.2%)	1.6%	
Americas	85.0	87.0	2.0	2.3%	1.8%	
Reconciliations	–	–				
Consolidation total	1,294.3	1,313.0	18.7	1.4%	2.0%	

## 3. Profit Details

### (1) EBITDA

(Billions of yen)

	Year ended December 31, 2018, Actual	Year ending December 31, 2019, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	89.8	93.4	3.6	4.0%	–	
Europe	42.1	46.0	3.9	9.4%	10.1%	
Asia	31.6	34.0	2.4	7.7%	8.6%	
Oceania	8.4	9.6	1.1	13.5%	16.1%	
Americas	11.5	12.3	0.7	6.1%	7.2%	
Reconciliations	(9.3)	(9.3)	0.1	–	–	*1
Consolidation total	174.1	186.0	11.9	6.8%	7.4%	

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

### (2) Segment Profit

(Billions of yen)

	Year ended December 31, 2017, Actual	Year ending December 31, 2019, Forecast	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	52.7	53.0	0.3	0.6%	–	
Europe	25.0	31.5	6.5	26.1%	27.9%	
Asia	33.3	22.5	(10.8)	(32.5%)	(31.9%)	
Oceania	6.4	6.5	0.1	2.0%	4.1%	
Americas	8.5	8.5	0.0	0.1%	(0.4%)	
Reconciliations	(12.3)	(12.0)	0.3	–	–	*2
Consolidation total	113.6	110.0	(3.6)	(3.1%)	(2.5%)	

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

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

(Billions of yen)

Segment profit for the year ended December 31, 2018, Actual	52.7
Increase in revenue	0.3
Decrease in cost of goods sold	3.0
Increase in sales promotion and advertising costs	(0.7)
Increase in other expenses	(2.4)
Segment profit for the year ending December 31, 2019, Forecast	53.0

#### 4. Other Information

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

(Million cases)

	Year ended December 31, 2018		Year ending December 31, 2019	
	Actual	Increase (decrease)	Forecast	Increase (decrease)
<i>Suntory Tennensui</i>	117.3	9%	119.8	2%
<i>Boss</i>	107.9	9%	109.8	2%
<i>Iyemon</i>	53.7	(5%)	53.7	0%
<i>Suntory Oolong Tea</i>	26.5	1%	26.5	0%
<i>Pepsi</i>	20.2	(8%)	20.1	(0%)
<i>Green DAKARA</i>	37.7	24%	37.7	0%
FOSHU drinks and Foods with Function Claims	23.3	(10%)	23.9	2%
Total	462.2	4%	462.2	0%

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