

# Suntory Holdings Limited

February 15, 2016

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015 (English Translation, UNAUDITED)

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(Fractions of millions have been truncated)

### 1. Consolidated operating results and financial positions for the fiscal year (January 1, 2015 - December 31, 2015)

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥ million	%	¥million	%	¥million	%
December 31, 2015	2,686,765	9.4	185,094	12.3	156,286	1.6	45,239	17.9
December 31, 2014	2,455,249	20.3	164,753	30.2	153,842	27.6	38,363	(80.4)

Referential Information : Income before amortization of goodwill and other

Fiscal year ended	Operating income		Ordinary income		Net income	
	¥ million	%	¥million	%	¥million	%
December 31, 2015	254,827	18.0	226,019	10.2	103,471	30.7
December 31, 2014	215,933	43.2	205,023	41.6	79,145	(63.2)

Note: Income before amortization of goodwill and other = Income + Amortization of Goodwill, Trademarks and other recognized in connection with M&A

Fiscal year ended	Basic net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
December 31, 2015	¥ 66.19	¥ -	5.2	3.4	6.9
December 31, 2014	¥ 56.20	¥ -	4.7	4.5	6.7

Reference: EBITDA Ratio for the fiscal year ending December 31,2015 4.5

EBITDA Ratio for the fiscal year ending December 31,2014 5.2

※EBITDA Ratio = Net interest-bearing debt after adjusted for Hybrid bonds and loans / EBITDA

### (2) Financial positions

As of	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
December 31, 2015	¥ million 4,606,990	¥ million 1,162,629	18.6	¥ 1,254.32
December 31, 2014	4,536,537	1,190,756	19.4	1,290.82

Reference: (Net)Debt / Equity Ratio for the fiscal year ending December 31,2015 1.11

(Net)Debt / Equity Ratio for the fiscal year ending December 31,2014 1.15

※(Net)Debt / Equity Ratio = Net interest-bearing debt after adjusted for Hybrid bonds and loans / Net Assets

### (3) Cash flows

Fiscal year ended	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year end
December 31, 2015	¥ million 266,237	¥ million (207,552)	¥ million 6,527	¥ million 257,990
December 31, 2014	157,686	(1,473,724)	1,077,974	199,308

(Fractions of millions have been truncated)

## 2. Dividends

	Annual dividends	Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
Fiscal year ended	¥	¥ million	%	%
December 31, 2015	12.00	8,205	18.1	0.9
December 31, 2014	12.00	8,199	21.4	1.0

## 3. Consolidated result forecast for the fiscal year ending December 2016 (January 1, 2016 - December 31, 2016)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic net income per share
Fiscal year ending	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
December 31, 2016	2,730,000	1.6	188,000	1.6	160,000	2.4	50,000	10.5	73.15

Income before amortization of goodwill etc.	258,000	1.2	230,000	1.8	108,000	4.4
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## Operating Results

### 1. Economic Overview for the Twelve-Months Period Ended December 31, 2015

Although the global economy during the FY2015 consolidated cumulative period from January 1, 2015 - December 31, 2015 continued to be characterized by uncertainty, as a whole, a mild recovery was observed. The Japanese economy's mild trend towards recovery continued, with signs of brisk activity in personal consumption.

Under these circumstances, the Suntory Group has expanded its business in each of its Non-Alcoholic Beverages and Food, Alcoholic Beverages, and Other Businesses segments both domestically and overseas. The business results for the relevant term was 2.6868 trillion yen in net sales (up 9.4% year-on-year), 185.1 billion yen in operating income (up 12.3%), 156.3 billion yen in ordinary income (up 1.6%) and 45.2 billion in net income (up 17.9%).

As a comparison index against global companies, income before amortization of goodwill etc. was 254.8 billion yen in operating income (up 18.0% year-on-year), 226.0 billion yen in ordinary income (up 10.2%), and 103.5 billion yen in net income (up 30.7%).

<Non-Alcoholic Beverages and Food Segment>

[Suntory Beverage & Food Limited](#) has worked on growth in terms of strengthening the brand and creating new demand not only of the internal business but also with international business. In addition, the entire Suntory Beverage & Food Limited Group strove to improve quality and to strengthen earning power through cost innovations.

Internal business paid attention to not only the strengthening of the main brands, but also creating new demand through the production of goods with new values and improving value-added products.

We promoted [Suntory Tennensui](#)'s qualities of being "clear & tasty" and "natural & healthy" as the brand's unique value. Major growth was seen in sales with smaller volume products such as *Suntory Minami-Alps Tennensui* showing increased sales, and *Suntory Minami-Alps Tennensui & Yogurina* released in April also contributing to this.

Regarding the [Boss](#) coffee series, in addition to renewing the key products, *Premium Boss Black* and *Premium Boss Bito* performed favorably and sales volume grew significantly.

*Iyemon* sales were maintained at a level equivalent to that of the previous fiscal year, with the FOSHU ( a Food for Specified Health Uses ) green tea [Iyemon Tokucha](#) continuing to show increased sales.

In terms of [Green DAKARA](#), the renewed tea *Green DAKARA Yasashii Mugicha* had moved into a solid direction and its sales recorded more than that of the previous fiscal year.

Sales largely increased for *Orangina*, while *Lemongina* co-produced with the [Orangina Schweppes Group](#) as well as seasonal products also contributing.

As for the FOSHU products, in addition to *Iyemon Tokucha*, [Suntory Black Oolong Tea](#) which went through renewal processes in March performed favorably. The growth of the FOSHU market was

driven by the Company through the sales of the products such as *Pepsi Special*, *Suntory Gomamugicha*, *Boss Black* and other bottled and canned FOSHU beverages which total sales had recorded significantly more than that of the previous fiscal year.

Furthermore, as the Japan Beverage Group and JT A-Star Group have joined the Company as of July 31, we have started a “full-line beverage service business” which provides the consumers with a service to suit a wide range of requirements.

The Company has also conducted further cost reductions and development on its main brands in each area of our international business.

In Europe, we worked on operating pro-actively in marketing activities with a focus on the main brands such as [Orangina](#), [Oasis](#), [Schweppes](#), [Lucozade](#), and [Ribena](#). In France we revamped our brand communication efforts, such as with new advertising for *Orangina*. *Schweppes* was popular for commercial use in Spain. Continuous brand development was the main focus in the UK, where we operated proactive marketing activities and introduced new products such as part of the *Lucozade* series.

In Asia we strengthened business platforms in each country and conducted marketing focused on leading brands. As for the health food business, we rolled out a promotion commemorating the 180th anniversary of the launch of [BRAND'S Essence of Chicken](#). With regards to the non-alcoholic beverages business, in Vietnam we took efforts to expand the areas where the PepsiCo and Suntory brands are sold and beefed up our production infrastructure. Here, Suntory brand's *TEA+* experienced large sales growth. Sales also performed favorably in places like Malaysia, where we have built a new sales infrastructure.

In Oceania, in addition to energizing [V](#), a leading Frucor Group brand, we also aggressively marketed Suntory brand product [OVI](#) in an effort to expand sales.

In the U.S., in addition to further strengthened sales of the PepsiCo brands mainly around the state of North Carolina, improvements to operational efficiency were implemented in areas such as efforts to integrate distribution centers.

As a result of the above, net sales for the Non-Alcoholic Beverages and Food Segment were 1.3714 trillion yen (up 9.8% year-on-year) and operating income was 111.0 billion yen (up 6.6%).

#### <Alcoholic Beverages Segment>

Reported sales for [Beam Suntory Inc.](#) increased 23% year to date, benefiting from mid-single-digit organic sales growth and a full year of results from the acquired Beam Inc. business.

In the Americas region, comparable sales increased at a mid-single-digit rate. [Maker's Mark](#) bourbon delivered strong volume growth, and [Knob Creek](#), [Basil Hayden's](#) and [Laphroaig](#) were among the premium brands that achieved double-digit growth for the year. The company's Bourbon brands, led by [Jim Beam](#), gained momentum in the United States in the fourth quarter, benefiting from consumer demand for the core *Jim Beam* product, as well as the introduction of *Jim Beam Apple* and premium line extensions. Strong growth for *Hornitos* tequila and *Midori* liqueur further added to full-year results.

In Beam Suntory's International region, comparable sales increased at a mid-single-digit rate, driven by strong performance in Western Europe, Eastern Europe and Australia. *Maker's Mark*,

*Laphroaig*, and [Canadian Club](#) were among the brands that drove particularly strong volume growth in this region.

Beam Suntory's Japan business (Suntory Spirits Limited) saw 6% year-on-year growth in sales, driven by strong growth in whisky and RTD products. As for whisky, volume increased 13% year-on-year due to the strong growth of the company's major brands. Marketing of [Kakubin](#) to promote its compatibility with food was well received among consumers, and volume in Japan grew 14% year-on-year. New products such as [Hibiki Japanese Harmony](#) and *Chita* single-grain whisky inspired consumers. Volume of *Jim Beam* in Japan jumped by 62% year-on-year as the company continued to build the Bourbon category, supported by the successful promotion of the Citrus Highball as a refreshing way to drink *Jim Beam*. RTD beverages delivered 14% year-on-year volume growth, led by a 19% volume increase for [-196°C Strong Zero](#). *Horoyoi* grew by 1 %, and *Kokushibori* continued to inspire strong consumer demand with its rich fruitiness and flavor, selling 3.13 million cases\*<sup>1</sup>, surpassing the upward adjustment of the year's plan. With the expanding popularity of the highball in the off-premise channel, volume of canned highball products increased 20% year-on-year.

\*1 1 Case = 250mL×24 bottles

While the overall market\*<sup>2</sup> is estimated to be down about 1% year-on-year, [Suntory Beer Limited](#) sold 73.59 million cases\*<sup>3</sup> (up 1% year-on-year). While, in particular, the beer market stayed flat, the company's sales volume grew significantly by 5% year-on-year.

Premium beer's leading brand [The Premium Malt's](#) released the Ale Type *Kaoru Premium* and Super Premium Type *Master's Dream* which furthered proactive marketing activities, and aimed to increase connections with customers. [The Malt's](#) received high popularity mainly from customers aged in their 20s to their 40s as the new standard beer focusing on "umami" flavors. It has stimulated the beer market by exceeding the sales of annual plans revised upwards.

The [Kin-Mugi](#) brand grew 2% year-on-year, about four points better than the market for new genre beers.

For [All Free](#), the top selling brand of alcohol-free beer-type beverages,\*<sup>4</sup> we worked on expanding consumers by proactive marketing activities.

\*2 Beer, happoshu, new genre, alcohol-free beer-type beverage total

\*3 1 Case = 633mL×20 bottles

\*4 Based on Intage SRI research alcohol-free beer-type beverage brand total sales value January 2015 to December 2015 (National supermarket/convenience store/liquor discount store/retail and wholesale liquor store total)

[Suntory Wine International Limited](#) grew sales volume in its wine business by 4% year-on-year. Among domestically-produced wines, the sales of antioxidant agent-free brand *Sankaboshizai Mutenka no Oishii Wine* experienced major growth of 19% year-on-year. Also, among Japanese wines made from 100% domestically-produced grapes, the *Japan Premium Iwadarehara Merlot 2010* received both the Japan Wine Special Prize and the Gold Prize at an international wine competition.

In terms of imported wines, mid-high value products sales increased. The Chilean wine lineup that had a new introduction of *Santa by Santa Carolina* in September and sparkling wines such as *Freixenet* also showed significant increases in sales.

As a result of the above, net sales for the Alcoholic Beverages Segment were 1.0261 trillion yen (up 15.1% year-on-year) and operating income was 78.4 billion yen (up 27.0% year-on-year).

#### <Other Businesses Segment>

[Suntory Wellness Limited](#), [Dynac Corporation](#) and other restaurant businesses, [Häagen-Dazs Japan, Inc.](#) all showed increases in sales. Due to such factors as the transfer of all Suntory's shares in Tipness Ltd. at the end of the previous period, net sales for the Other Businesses Segment were 289.2 billion yen (down 8% year-on-year) and operating income was 30.3 billion yen (down 0.4%).

In addition, domestic net sales were 1.6561 trillion yen (up 5.6% year-on-year) and the international net sales were 1.0306 trillion yen (up 16.1%). Furthermore, the overseas share of net sales was 38% and the overseas share of operating income before amortization of goodwill was 49%.

Since our very inception, Suntory has actively developed its business while also working on activities that contribute to culture, society and the environment based on Suntory's founding spirit of "Sharing the profit with Society."

We continue to provide Great East Japan Earthquake recovery assistance through our programs "Activities to Support Recovery of the Fishing Industry," "Youth Support Initiatives," "Support for Challenged Sports (for Persons with Disabilities)" and "Support through Culture, the Arts, and Sports," which thus far have totaled 10.8 billion yen since the earthquake.

Also, from our strong wish to support Japan's wheelchair basketball, the Company concluded an agreement with the Japan Wheelchair Basketball Federation in July.

As for our environmental activities, we continue to actively work on the Suntory Natural Water Sanctuaries, by which we have cultivated water resources covering approximately 8,000 hectares. By 2020 we aim to cultivate 12,000 hectares, which will produce double the amount of groundwater used at our plants in Japan. The number of participants in the Suntory "Mizuiku" Natural Water Education Program, which conveys water's importance to children, has topped 100,000 for the first time since its start. In addition, we have started up the program in Vietnam, the first foray outside Japan for "Mizuiku". With the cooperation of an American company, we are now developing 100% plant-derived ingredient PET bottles. It has been decided that we will be building a trial plant in January 2016.

## 2. Forecast for the Next Period

The Suntory Group will continue to respond swiftly to changes in the market environment and challenge the creation of new values, while aiming to maintain a harmonious coexistence between society and nature. In addition, we will work to achieve further growth and strengthen profitability as a "global multi-faceted food and beverage company" by making efforts to expand the synergy between the various companies in the Suntory Group.

#### <Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited will continue to strengthen the foundation of both domestic and international business, along with aiming towards the growth of sales and profitability. Our domestic business will make progress on improving the brand value and creating new demand, to develop the general soft drink service provider business.

As for our International business, along with making efforts to strengthen our key brands and business base, as well as to improve profitability through cost savings, we will also strengthen cooperation between the group companies and area control functions toward our medium term integrated development.

#### <Alcoholic Beverages Segment>

Beam Suntory Inc. aims to achieve further growth as the world's No.3 premium spirits company and outperform its global market. To gain market share, Beam Suntory will continue to invest in the growth of its premium brands and in further strengthening its routes to market.

As for Japan, Beam Suntory will focus on *Kakubin*, *Jim Beam*, *Torys Classic*, *-196°C Strong Zero*, *Horoyoi*, *Kokushibori*, canned [Kaku Highball](#) and canned *Torys Highball* and will also launch the new RTDs *-196°C Gokukire* and *Homemade style* to drive new demand.

Suntory Beer Limited will attempt to stimulate the beer market through the development of marketing activities for the Premium Beer's leading brand *The Premium Malt's* and the standard beer, *The Malt's*. We will also work at promoting new demand through further development activities of the *Kin-Mugi* brand and the *All Free* brand.

Suntory Wine International Limited will continue to focus on Japanese wines made from 100% domestically-produced grapes and the *Sankaboshizai Mutenka no Oishii Wine* brand. In terms of imported wines, focus will be spent on spreading wider appeal of wines, expanding sales of Chilean wines and other mid-high value products. Through the product *Carnivor* - the wine for meat dishes - we will be promoting how wines complement food.

#### <Other Businesses Segment>

Suntory Wellness Limited will continue to focus on the [Sesamin](#) series, the skin care product [F.A.G.E.](#) and others. Dynac Corporation and other companies will be operating proactive businesses in restaurants.

Resulting from these activities, net sales of each segment are estimated to be 1.4200 trillion yen (up 3.5% year-on-year) in the Non-Alcoholic Beverages and Food Segment, 1.0400 trillion yen (up 1.4%) in the Alcoholic Beverages Segment, and 270 billion yen (down 6.7%) in the Other Businesses Segment.

Overall, for the period ending in December 2016, we are anticipating net sales of 2.73 trillion yen (up 1.6% year-on-year), operating income of 188 billion yen (up 1.6%) 160 billion yen in ordinary income (up 2.4%) and net income of 50 billion yen (up 10.5% year-on-year).

It should be noted that in terms of income before amortization of goodwill etc., operating income will be 258 billion yen (up 1.2% year-on-year), ordinary income will be 230 billion yen (up 1.8% year-on-year), and net income will be 108 billion yen (up 4.4% year-on-year).

## Consolidated Balance Sheets

(Unit: Millions of yen)

	As of December 31, 2014	As of December 31, 2015	Change
<b>ASSETS</b>			
Current assets	1,166,254	1,205,761	39,507
Cash and deposits	199,331	258,622	59,290
Notes and accounts receivable-trade	376,398	380,562	4,164
Merchandise and finished goods	386,447	370,258	(16,188)
Work in process	14,199	18,212	4,012
Raw materials and supplies	52,227	50,456	(1,770)
Deferred tax assets	40,390	45,349	4,959
Other	99,542	84,409	(15,133)
Allowance for doubtful accounts	(2,282)	(2,109)	173
Non-current assets	3,368,824	3,400,453	31,629
Property, plant and equipment	676,606	686,068	9,462
Buildings and structures, net	185,309	198,016	12,706
Machinery, equipment and vehicles, net	253,480	255,743	2,263
Tools, furniture and fixtures, net	69,266	63,223	(6,042)
Land	107,362	106,203	(1,158)
Construction in progress	39,321	22,362	(16,959)
Other	21,865	40,518	18,652
Intangible assets	2,506,267	2,512,908	6,640
Goodwill	1,118,703	1,136,879	18,175
Trademarks	1,323,906	1,285,478	(38,428)
Other	63,656	90,550	26,894
Investments and other assets	185,951	201,477	15,526
Investment securities	122,396	119,633	(2,763)
Deferred tax assets	9,476	7,890	(1,586)
Net defined benefit asset	272	18,535	18,263
Other	55,694	56,727	1,033
Allowance for doubtful accounts	(1,888)	(1,309)	579
Deferred assets	1,458	774	(683)
<b>TOTAL ASSETS</b>	<b>4,536,537</b>	<b>4,606,990</b>	<b>70,452</b>

(Unit: Millions of yen)

	As of December 31, 2014	As of December 31, 2015	Change
<b>LIABILITIES</b>			
Current liabilities	779,677	934,627	154,949
Notes and accounts payable-trade	144,436	146,790	2,353
Electronically recorded obligations-operating	104,848	109,333	4,484
Short-term loans payable	87,873	161,664	73,790
Current portion of bonds	10,900	51,918	41,018
Accrued alcohol tax	51,561	55,064	3,503
Accrued consumption taxes	22,236	22,349	113
Income taxes payable	22,297	36,629	14,331
Accounts payable-other	142,376	157,615	15,239
Accrued expenses	93,388	83,008	(10,380)
Provision for bonuses	20,737	26,149	5,411
Other	79,021	84,104	5,083
Non-current liabilities	2,566,103	2,509,733	(56,370)
Bonds payable	476,151	421,883	(54,268)
Long-term loans payable	1,470,386	1,427,812	(42,573)
Deferred tax liabilities	453,924	471,066	17,142
Provision for directors' retirement benefits	684	1,004	320
Net defined benefit liability	36,372	33,926	(2,445)
Other	128,585	154,039	25,454
<b>TOTAL LIABILITIES</b>	<b>3,345,781</b>	<b>3,444,361</b>	<b>98,579</b>
<b>NET ASSETS</b>			
Shareholders' equity	739,505	790,288	50,782
Capital stock	70,000	70,000	-
Capital surplus	(20,739)	(20,780)	(41)
Retained earnings	692,849	743,354	50,504
Treasury stock	(2,604)	(2,285)	319
Accumulated other comprehensive income	142,516	67,384	(75,132)
Valuation difference on available-for-sale securities	20,322	26,427	6,104
Deferred gains or losses on hedges	1,239	(3,803)	(5,043)
Foreign currency translation adjustment	132,379	53,256	(79,122)
Remeasurements of defined benefit plans	(11,425)	(8,496)	2,929
Minority interests	308,733	304,956	(3,777)
<b>TOTAL NET ASSETS</b>	<b>1,190,756</b>	<b>1,162,629</b>	<b>(28,126)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,536,537</b>	<b>4,606,990</b>	<b>70,452</b>

## Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015	Change
Net sales	2,455,249	2,686,765	231,515
Cost of sales	1,244,469	1,330,001	85,532
Gross profit	1,210,780	1,356,763	145,983
Selling, general and administrative expenses	1,046,027	1,171,669	125,642
Promotion expenses and commissions	425,356	469,724	44,367
Advertising expenses	108,810	117,369	8,559
Haulage expenses and warehousing expenses	84,242	83,061	(1,181)
Labor expenses	196,480	234,930	38,449
Depreciation	43,303	48,513	5,209
Other	187,833	218,070	30,236
Operating income	164,753	185,094	20,341
Non-operating income	12,006	9,178	(2,827)
Interest income	1,038	973	(65)
Dividends income	5,782	2,552	(3,229)
Miscellaneous income	5,185	5,653	467
Non-operating expenses	22,916	37,987	15,070
Interest expenses	19,179	28,825	9,646
Share of loss of entities accounted for using equity method	860	5,062	4,202
Miscellaneous expenses	2,877	4,099	1,222
Ordinary income	153,842	156,286	2,443
Extraordinary income	13,489	28,931	15,442
Gain on sales of investment securities	370	5,555	5,185
Gain on sales of shares of subsidiaries and associates	12,519	4,294	(8,224)
Gain on step acquisitions	-	15,698	15,698
Other	600	3,383	2,783
Extraordinary loss	41,101	34,655	(6,445)
Impairment loss	609	13,043	12,434
Loss on abandonment of non-current assets	4,361	4,056	(304)
Acquisition related cost	8,941	-	(8,941)
Restructuring cost	16,156	8,344	(7,812)
Amortization of goodwill	5,462	-	(5,462)
Other	5,570	9,211	3,640
Income before income taxes and minority interests	126,230	150,562	24,331
Income taxes-current	60,365	74,705	14,340
Income taxes-deferred	3,565	7,351	3,786
Income before minority interests	62,300	68,505	6,204
Minority interests in income	23,936	23,266	(670)
Net income	38,363	45,239	6,875

## Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal Year ended December 31, 2014	Fiscal Year ended December 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	126,230	150,562
Depreciation and amortization	81,763	94,502
Amortization of goodwill	53,789	64,828
Interest and dividends income	(6,820)	(3,525)
Interest expenses	19,179	28,825
Share of loss (gain) of entities accounted for using equity method	860	5,062
Gain on sales of investment securities	(370)	(5,555)
Gain on sales of subsidiaries' and affiliates' stocks	(12,519)	(4,294)
Gain on step acquisitions	-	(15,698)
Impairment loss	609	13,043
Loss on disposal of non-current assets	4,361	4,056
Decrease (increase) in notes and accounts receivable-trade	(41,611)	(1,468)
Decrease (increase) in inventories	216	(11,783)
Increase (decrease) in notes and accounts payable-trade	22,135	(12)
Increase (decrease) in accrued consumption taxes, alcohol taxes	9,230	3,491
Other, net	4,052	32,266
Subtotal	261,106	354,301
Interest and dividends income received	7,052	4,630
Interest expenses paid	(17,539)	(31,947)
Income taxes paid	(92,934)	(60,746)
Net cash provided by (used in) operating activities	157,686	266,237
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(105,125)	(107,080)
Proceeds from sales of property, plant and equipment and intangible assets	6,552	8,740
Purchase of investment securities	(5,229)	(2,062)
Proceeds from sales and redemption of investment securities	3,389	12,574
Proceeds from refunds of investment securities	-	3,411
Purchase of investments in subsidiaries resulting in change in consolidation scope	(1,388,964)	(134,317)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	16,784	4,853
Advances received related to transfer of business	-	7,036
Other, net	(1,131)	(708)
Net cash provided by (used in) investing activities	(1,473,724)	(207,552)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term bank loans and commercial papers	5,057	(13,107)
Proceeds from long-term loans payable	1,107,424	207,863
Repayment of long-term loans payable	(60,833)	(147,779)
Proceeds from issuance of bonds	168,710	-
Redemption of bonds	(110,885)	(11,400)
Repayments of lease obligations	(3,041)	(4,808)
Proceeds from disposal of treasury shares	1,097	502
Cash dividends paid	(11,598)	(8,199)
Cash dividends paid to minority shareholders	(17,957)	(16,563)
Other, net	-	20
Net cash provided by (used in) financing activities	1,077,974	6,527
Effect of exchange rate change on cash and cash equivalents	18,741	(6,530)
Net increase (decrease) in cash and cash equivalents	(219,322)	58,682
Cash and cash equivalents at the beginning of the period	418,630	199,308
Cash and cash equivalents at the end of the period	199,308	257,990

## Segment Information

### 1. Summary of reportable segments

The reportable segments of the Suntory Group are constituent units of the Group whose separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating the business results.

The Suntory group comprises, under a holding company structure, various business companies based on their primary business activities. Each of these business companies work out a comprehensive strategy applicable to their products and services and carries out their business activities.

Consequently, the Suntory group has decided its two reportable segments, namely, Beverage and Food, Alcoholic Beverage, by combining the business companies with the emphasis on the business company units in consideration of the similarity of their economic characteristics.

Main products and services by each reportable segment are as follows

Reportable segment	Main products
Beverage and Food	Non-alcoholic beverages, health drinks, processed food, other products
Alcoholic Beverage	Spirits, beer, wine and other alcoholic beverages
Others	Operations in China, health food, ice cream, restaurants, flowers and other operations

### 2. Reportable segments

Fiscal year ended December 31, 2014

(Unit: Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	1,249,280	891,497	314,471	2,455,249	-	2,455,249
Inter-segment sales	9,087	4,307	10,024	23,419	(23,419)	-
Total sales	1,258,368	895,804	324,496	2,478,669	(23,419)	2,455,249
Segment income (loss)	104,140	61,726	30,437	196,304	(31,551)	164,753

Fiscal year ended December 31, 2015

(Unit: Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	1,371,384	1,026,134	289,245	2,686,765	-	2,686,765
Inter-segment sales	9,622	2,384	10,828	22,835	(22,835)	-
Total sales	1,381,007	1,028,519	300,074	2,709,601	(22,835)	2,686,765
Segment income (loss)	110,998	78,367	30,320	219,686	(34,591)	185,094

Note: 1. Corporate general and administrative expenses, and inter-segment eliminations that are not allocated to specific segments are included in "Adjustment".

Amounts are stated below.

Fiscal year ended December 31, 2014 (Unit: Millions of yen)

Adjustment on segment income (loss)	(31,551)
Corporate general and administrative expenses that are not attributable to any reportable segment	(31,616)
Inter-segment eliminations	64

Fiscal year ended December 31, 2015 (Unit: Millions of yen)

Adjustment on segment income (loss)	(34,591)
Corporate general and administrative expenses that are not attributable to any reportable segment	(34,668)
Inter-segment eliminations	76

2. Segment income (loss) is adjusted for operating income described in the in the Consolidated Statements of Income.

### 3. Geographic Segments

Fiscal year ended December 31, 2014

(Unit: Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Overseas Total	Total
Net sales	1,567,718	238,853	316,361	332,316	887,530	2,455,249
Net sales as percentage of consolidated sales	63.9%	9.7%	12.9%	13.5%	36.1%	100.0%

Fiscal year ended December 31, 2015

(Unit: Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Overseas Total	Total
Net sales	1,656,118	347,015	333,557	350,074	1,030,646	2,686,765
Net sales as percentage of consolidated sales	61.6%	12.9%	12.4%	13.0%	38.4%	100.0%

Note: 1. Geographical distances are considered in classification of country or area.

2. Countries or areas included in each segment except for Japan are as follows:

Americas: North, Middle and South American countries

Europe: European, Middle Eastern and African countries

Asia and Oceania: Asian and Oceanian countries

3. Due to a change in the management category from this fiscal year, components of Geographic Segments has been changed to "Japan", "Americas", "Europe" and "Asia and Oceania", which previously comprised of "Japan", "Americas", "Europe" and "Asia, Oceania and other".

The information of the previous fiscal year in the segment disclosure has been restated to conform to the current fiscal year's presentation.