

Summary of Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending December 31, 2014
<under Japanese GAAP> (UNAUDITED)

Company name: **Suntory Beverage & Food Limited**
 Shares listed: First Section, Tokyo Stock Exchange
 Securities code: 2587
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Scheduled date to file quarterly securities report: November 13, 2014
 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, 2014 (from January 1, 2014 to September 30, 2014)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Nine months ended								
September 30, 2014	940,686	12.4	64,818	24.1	62,380	28.6	30,837	25.8
September 30, 2013	837,157	12.0	52,210	20.0	48,493	20.3	24,516	57.0

Note: Comprehensive income
 For the nine months ended September 30, 2014: ¥34,557 million [(46.9)%]
 For the nine months ended September 30, 2013: ¥65,073 million [227.0%]

Reference: EBITDA
 For the nine months ended September 30, 2014: ¥120.6 billion [19.4%]
 For the nine months ended September 30, 2013: ¥101.0 billion [18.4%]
 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, 2014: ¥49.6 billion [18.8%]
 For the nine months ended September 30, 2013: ¥41.7 billion [36.7%]

	Net income per share	Diluted net income per share
Nine months ended	(Yen)	(Yen)
September 30, 2014	99.80	–
September 30, 2013	99.26	–

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The net income per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Shareholders' equity ratio
As of	(Millions of yen)	(Millions of yen)	(%)
September 30, 2014	1,360,205	599,319	41.3
December 31, 2013	1,256,701	592,968	44.4

Reference: Shareholders' equity (Equity excluding minority interests)

As of September 30, 2014: ¥561,848 million As of December 31, 2013: ¥558,200 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, 2013	–	0.00	–	58.00	58.00
Fiscal year ending December 31, 2014	–	29.00	–		
Fiscal year ending December 31, 2014 (Forecasts)				29.00	58.00

Note 1: Revisions to the forecasts of dividends most recently announced: None

Note 2: Fiscal year-end dividend for the fiscal year ended December 31, 2013:

The dividend amount includes a special dividend payment of ¥5.00 to commemorate the listing of shares on the stock exchange.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2014 (from January 1, 2014 to December 31, 2014)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
	Fiscal year ending December 31, 2014	1,260,000	12.4	85,000	16.9	81,000	20.4	35,000	12.2

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

Reference: EBITDA

For the fiscal year ending December 31, 2014 (forecast): ¥160.0 billion [14.6%]

Net income before amortization of goodwill

For the fiscal year ending December 31, 2014 (forecast): ¥59.5 billion [9.4%]

*** Notes**

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2014 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting 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, 2014 | 309,000,000 shares |
| | As of December 31, 2013 | 309,000,000 shares |
| b. | Number of treasury shares at the end of the period | |
| | As of September 30, 2014 | – shares |
| | As of December 31, 2013 | – shares |
| c. | Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) | |
| | Nine months ended September 30, 2014 | 309,000,000 shares |
| | Nine months ended September 30, 2013 | 247,000,000 shares |

Note: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The Company has calculated the number of issued shares (common stock) based on the assumption that the share split was conducted at the beginning of the previous fiscal year.

*** Indication regarding execution of quarterly review procedures**

The quarterly review pursuant to the Financial Instruments and Exchange Act does not apply to this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

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

The earnings forecasts 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. 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

In the first nine months of the fiscal year ending December 31, 2014 (from January 1, 2014 to September 30, 2014), there was a gradual recovery in the global economy overall centered on developed countries. In addition, although weakness was observed in some areas of the Japanese economy, it also continued to follow a path of gradual recovery.

Amid these circumstances, the Suntory Beverage & Food Limited Group (the Group) strived to grow both its Japanese and overseas businesses further by generating demand through brand reinforcement. By utilizing the expertise of each company, the Group also worked to improve quality of products throughout the group and to strengthen earning capacity through cost reductions.

In the Japan segment, while sales were affected by the consumption tax increase in April and unseasonable weather in the summer, the Group continued efforts to further strengthen the business structure to realize greater profit growth, such as reinforcing core brands, reducing costs and investing effectively in marketing. In addition, the Group stimulated new demand by such means as launches of new products of flavored water and FOSHU (a Food for Specified Health Uses) drinks that offer high added value.

In the overseas segment, the Group further strengthened core brands and reduced costs in each area. In Europe, the Group worked to create a more effective business base to create synergy between Orangina Schweppes Group and Lucozade Ribena Suntory Limited, which was established in January. Furthermore, in Asia, the Group worked to strengthen product development functions, marketing functions and its production structure.

As a result of the above, for the operating results of the first nine months of the fiscal year under review, the Group reported consolidated net sales of ¥940.7 billion, up 12.4% year on year, operating income of ¥64.8 billion, up 24.1%, ordinary income of ¥62.4 billion, up 28.6%, and net income of ¥30.8 billion, up 25.8%.

Results by segment are as follows:

< Japan segment >

In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Sales of *Suntory Minami-Alps Tennensui Sparkling*, *Suntory Minami-Alps Tennensui Sparkling Lemon*, and the brand's flavored water variety, *Suntory Minami-Alps Tennensui & Asa-zumi Orange*, were strong. As a result, sales volume for the range as a whole grew considerably year on year.

In the *BOSS* coffee range, strong sales of the core products including *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black* and *Café au Lait* contributed to considerable growth in sales volume for the range as a whole. In addition, *PREMIUM BOSS*, which was created with a new production method using the Company's R&D capabilities, is recording good sales following its launch in September.

In the *Iyemon* range, the FOSHU green tea *Iyemon Tokucha* continued to sell strongly, as shown by its cumulative sales volume, which has exceeded 10 million cases since its launch in October last year. As a result, sales volume for the range as a whole grew steadily.

The sales volume of the *Pepsi* range was about level with the previous fiscal year. Topical advertising activities were carried out to promote *Pepsi NEX ZERO*, which had its contents and packaging renewed in March.

The sales volume of the *Suntory Oolong Tea* range fell year on year, despite continued marketing activities.

GREEN DAKARA obtained further recognition as a fluid replacement beverage as a

countermeasure for the dryness in winter and heat stroke in the summer. Sales of the barley tea *GREEN DAKARA Yasashii Mugicha* were also strong. As a result, sales volume for the range as a whole grew considerably year on year. The sales volume of the carbonated fruit drink *Orangina* grew steadily due partly to the launch of a 1.2-liter PET bottle size in response to the diverse needs of customers.

The Company made a contribution to market expansion of FOSHU drink products, which are attracting attention on the back of increasing health consciousness, and is establishing a strong position in this market. In total, the sales volume of the FOSHU drink products, which include *BOSS GREEN*, *Suntory Black Oolong Tea*, *Suntory Goma Mugicha* and *Pepsi Special* in addition to *Iyemon Tokucha*, grew substantially year on year.

The Group's initiatives to improve profitability consisted of not only improving the product mix by strengthening sales of the 500 ml PET bottle size and of FOSHU drink products, but also continuing to reduce manufacturing costs by such means as making PET bottles and cardboard for packaging lighter.

As a result of the above, the Japan segment reported year-on-year increases in both net sales and segment profit, as shown below.

Japan segment net sales: ¥547.2 billion (up 1.0% year on year)

Japan segment profit: ¥35.4 billion (up 9.3% year on year)

< Overseas segment >

In Europe, marketing activities were conducted centering on core brands such as *Orangina* and *Schweppes* in France and Spain, and *Lucozade* and *Ribena* in the UK. In addition, the Group strengthened its sales structure in Spain for on-premise market. The Group also worked to optimize its business foundation, particularly in production and sales, and to create synergy with the aim of accelerating growth in Europe as a whole. As part of these efforts, UK sales operations for *Orangina* and a range of energy drinks marketed under the *V* brand, which were previously carried out by consignment, were transferred in increments to Lucozade Ribena Suntory Limited from July. In Oceania, the Frucor Group worked to vitalize its mainstay energy drink *V*. It also expanded its product lineup by such means as starting sales operations for *Lucozade* and *Ribena* in July and launching *OVI*, its first Suntory brand product, in September. In addition, the Frucor Group's research and development base in New Zealand was upgraded in order to further strengthen its product development capabilities.

With respect to Asia, we made aggressive efforts to expand business in various countries mainly by strengthening our business foundation and launching new products. In Thailand, sales continued to be affected by an unstable economic environment. Even so, we continued working to expand sales of Suntory brand products including *MYTEA Oolong Tea* in Indonesia and *TEA+ Oolong Tea* in Vietnam, which showed substantial sales growth, and *C.C.Lemon*, which was launched in Vietnam in July.

In the Americas, the Group gained improvement in business efficiency such as sales activities and distribution, and further promoted *Pepsi* brand products, focusing on the state of North Carolina.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity through the overseas deployment of the R&D technology and knowhow for the reduction of costs developed in Japan.

As a result of these activities, the overseas segment reported year-on-year increases in both net sales and segment profit, as shown below.

Overseas segment net sales: ¥393.5 billion (up 33.3% year on year)

Overseas segment profit: ¥48.2 billion (up 30.0% year on year)

(2) Financial position

Total assets as of September 30, 2014 stood at ¥1,360.2 billion, an increase of ¥103.5 billion compared to December 31, 2013. The main factors were increases in cash and deposits, notes and accounts receivable-trade, merchandise and finished goods and other items.

Total liabilities stood at ¥760.9 billion, an increase of ¥97.2 billion compared to December 31, 2013. The main factors were increases in notes and accounts payable-trade, interest-bearing debt, and other items.

Equity stood at ¥599.3 billion, an increase of ¥6.4 billion compared to December 31, 2013, due in part to an increase in retained earnings resulting from the recording of net income, despite other factors including a decrease in retained earnings resulting from payments of cash dividends.

(3) Consolidated earnings forecasts and other forward-looking statements

After taking into consideration a review of non-operating items and extraordinary items, we have revised the consolidated earnings forecasts for the fiscal year ending December 31, 2014, which were announced on February 14, 2014, as follows.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecasts (A)	1,260,000	85,000	78,000	35,000	113.27
Revised forecasts (B)	1,260,000	85,000	81,000	35,000	113.27
Change in amount (B-A)	-	-	3,000	-	-
Change (%)	-	-	3.8	-	-
(Reference)					
Actual results for the fiscal year ended December 31, 2013	1,121,361	72,715	67,257	31,196	118.79

Note 1: <Reference> EBITDA

For the fiscal year ending December 31, 2014 (forecast): Revised forecast ¥160.0 billion (no revision from previous forecast)
Net income before amortization of goodwill

For the fiscal year ending December 31, 2014 (forecast): Revised forecast ¥59.5 billion (previous forecast ¥58.5 billion)

Note 2: On April 16, 2013, the Company conducted a 1:500 share split whereby 1 share of common stock was split into 500 shares of common stock. The net income per share amounts were calculated on the assumption that the share split was conducted at the beginning of the previous fiscal year.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the nine months ended September 30, 2014

No items to report

(2) Application of specific accounting for preparing quarterly consolidated financial statements

No items to report

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

No items to report

3. Quarterly Consolidated Financial Statements (Unaudited)

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	45,869	104,459
Notes and accounts receivable-trade	126,116	166,178
Merchandise and finished goods	40,140	47,655
Work in process	2,991	4,219
Raw materials and supplies	24,523	27,613
Other	44,000	52,012
Allowance for doubtful accounts	(320)	(386)
Total current assets	283,321	401,752
Noncurrent assets		
Property, plant, and equipment	312,820	318,034
Intangible fixed assets		
Goodwill	400,050	372,537
Trademarks	184,942	189,846
Other	37,656	38,664
Total intangible fixed assets	622,649	601,049
Investments and other assets		
Investment securities	17,820	18,579
Other	19,800	20,279
Allowance for doubtful accounts	(842)	(428)
Total investments and other assets	36,778	38,429
Total noncurrent assets	972,249	957,513
Deferred assets	1,131	939
Total	1,256,701	1,360,205

(Millions of yen)

	As of December 31, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	99,794	120,783
Electronically recorded obligations-operating	14,696	14,556
Short-term borrowings	156,772	56,405
Commercial papers	16,000	–
Accrued income taxes	11,227	10,365
Provision for bonuses	3,949	5,357
Lease obligations	1,432	1,070
Other	142,764	173,653
Total current liabilities	446,636	382,192
Long-term liabilities		
Bonds payable	–	40,000
Long-term debt	129,346	250,171
Liability for employee retirement benefits	6,320	6,862
Retirement allowances for directors and audit and supervisory board members	23	8
Lease obligations	2,760	2,279
Other	78,645	79,370
Total long-term liabilities	217,096	378,692
Total liabilities	663,733	760,885
Equity		
Shareholders' equity		
Common stock	168,384	168,384
Capital surplus	192,701	192,701
Retained earnings	141,077	145,060
Total shareholders' equity	502,163	506,146
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	963	1,173
Deferred gain on derivatives under hedge accounting	264	184
Foreign currency translation adjustments	54,809	54,344
Total accumulated other comprehensive income	56,037	55,702
Minority interests	34,767	37,470
Total equity	592,968	599,319
Total	1,256,701	1,360,205

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

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Net sales	837,157	940,686
Cost of sales	370,410	424,201
Gross profit	466,747	516,484
Selling, general, and administrative expenses	414,536	451,666
Operating income	52,210	64,818
Non-operating income		
Interest income	295	237
Dividend income	96	120
Equity in earnings of affiliates	365	539
Other	669	767
Total non-operating income	1,426	1,665
Non-operating expenses		
Interest expense	3,692	3,369
Other	1,451	734
Total non-operating expenses	5,144	4,104
Ordinary income	48,493	62,380
Extraordinary income		
Gain on sales of noncurrent assets	43	127
Insurance income	1,049	-
Restructuring gain	2,281	-
Other	11	32
Total extraordinary income	3,385	159
Extraordinary loss		
Loss on disposal of property, plant, and equipment	1,820	1,835
Restructuring cost	1,831	3,508
Other	138	882
Total extraordinary losses	3,790	6,226
Income before income taxes and minority interests	48,088	56,313
Income taxes	20,372	22,515
Net income before minority interests	27,716	33,797
Minority interests in net income	3,199	2,960
Net income	24,516	30,837

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Net income before minority interests	27,716	33,797
Other comprehensive income		
Unrealized gain on available-for-sale securities	391	209
Deferred gain (loss) on derivatives under hedge accounting	6	(71)
Foreign currency translation adjustments	36,482	314
Share of other comprehensive income in associates	475	306
Total other comprehensive income	37,356	759
Total comprehensive income	65,073	34,557
Total comprehensive income attributable to:		
Owners of the parent (the Company)	60,182	30,502
Minority interests	4,890	4,054

(3) Notes to quarterly consolidated financial statements**(Notes on premise of going concern)**

No items to report

(Segment information, etc.)

[Segment information]

I. Nine months ended September 30, 2013

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

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	542,004	295,152	837,157	–	837,157
Intersegment sales or transfers	–	736	736	(736)	–
Total	542,004	295,889	837,894	(736)	837,157
Segment profit (Note 3)	32,400	37,034	69,434	(17,223)	52,210

Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.

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	Overseas	Total
Segment profit	32,400	37,034	69,434
Depreciation and amortization	22,116	9,457	31,573
EBITDA *	54,516	46,491	101,007

* EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Oceania	Asia	Americas	Total
Sales					
Sales to external customers	120,856	28,708	90,761	54,827	295,152
Intersegment sales or transfers	736	–	–	–	736
Total	121,592	28,708	90,761	54,827	295,889
Segment profit	21,676	3,176	6,303	5,877	37,034
Depreciation and amortization	3,222	925	3,268	2,040	9,457
EBITDA	24,898	4,102	9,571	7,917	46,491

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, 2014

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

(Millions of yen)

	Reportable segments		Total	Reconciliations (Note 1)	Consolidated (Note 2)
	Japan	Overseas (Note 4)			
Sales					
Sales to external customers	547,202	393,484	940,686	–	940,686
Intersegment sales or transfers	–	902	902	(902)	–
Total	547,202	394,387	941,589	(902)	940,686
Segment profit (Note 3)	35,407	48,150	83,558	(18,739)	64,818

- Notes 1. The reconciliations of segment profit represent amortization of goodwill unallocated to each reportable segment.
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	Overseas	Total
Segment profit	35,407	48,150	83,558
Depreciation and amortization	22,512	14,539	37,051
EBITDA *	57,920	62,689	120,610

* EBITDA is the sum of segment profit and depreciation and amortization.

4. The breakdown of sales, profit and EBITDA by overseas segment shown below has been categorized by the location of parent companies of local group companies.

(Millions of yen)

	Europe	Oceania	Asia	Americas	Total
Sales					
Sales to external customers	199,753	30,913	107,516	55,300	393,484
Intersegment sales or transfers	902	–	–	–	902
Total	200,656	30,913	107,516	55,300	394,387
Segment profit	32,297	3,132	6,356	6,363	48,150
Depreciation and amortization	6,092	1,114	5,262	2,069	14,539
EBITDA	38,389	4,247	11,619	8,432	62,689

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