

Financial Results for First Half Fiscal Year Ending December 31, 2016

August 4, 2016

Suntory Beverage & Food Limited



Review of First Half FY2016

Saburo Kogo, President & CEO

Performance Highlights

(Billions of yen)

FY2016
Jan - Jun

YoY

Currency neutral

Net Sales

679.0

+9.1%

+14.0%

Operating Income

39.9

+5.0%

+13.5%

Net Income

17.9

-4.8%

+3.1%

Accelerate organic growth and increase earning power

Challenge to a new business model

Create synergies globally

Launched products offering new value to create new demand



Launched on
August 2, 2016

Pursued to strengthen business foundation in core regions

Europe

- UK & France: Expanded brand portfolio
- Spain: Focused on on-premise channel



Asia

- Vietnam: Solidified market leadership and strengthened tea category
- Health Supplement: Strengthened core brands to accelerate growth



Oceania Americas

- Reinforced product portfolio of non-CSD



Provide solution with new added value (Full-line beverage service business)



Create pleasing office environment and contribute to happiness of office workers through soft drinks

Refreshment

Health enhancement

Promote communication

Enhance intellectual productivity

First step

“Suntory GREEN+” supporting corporate employee health and welfare management

Companies working on employee health management

Offering new service that raise awareness of employees' health & welfare

FOSHU products



X

Vending machine development capability

Overview of our service

- ✓ Earn points when purchasing products from dedicated vending machines
- ✓ Able to exchange those points for FOSHU products
- ✓ Manage earned points with a smartphone app
- ✓ Earn points by also walking in order to promote exercise



Acquisition of soft drink operations and route to market capabilities in Nigeria

Overview

Acquire route to market for sales and marketing of the two brands Lucozade & Ribena and manufacturing facilities from GSK Nigeria

Acquisition price

Approx. 7 billion yen
(Subject to adjustments including foreign exchange rates)

Sales of soft drinks

Approx. 9 billion yen*
(Approx. 15 billion naira)



*Sales of Nutritional Healthcare; actual results for the fiscal year ended December 2015, calculated at the rate of 0.6 yen per Nigerian naira.

Enhance cooperation by function globally and utilize expertise of each group company

New product development (R&D)

- Japan – France: *Blood Orangina*
- France – Japan: *May Tea*
- Vietnam – Japan: *TEA+ MATCHA*
- Americas*¹ – Japan: *OVI* (Following launch in Australia & New Zealand)

SCM

- Sharing manufacturing know-how
- Pursue initiatives on global joint purchasing
- Sharing expertise of reducing manufacturing costs

Finance

- Promote initiatives to improve working capital (CCC*²) globally

HR

- Continue active exchanges of personnel

*1: North Carolina; business region of Pepsi Bottling Ventures Group

*2: CCC: Cash Conversion Cycle

Financial Results of First Half FY2016

Haruhisa Inada, Managing Executive Officer & CFO

Summary of First Half

Total

- On track with strong performance in Japan offsetting FX impact

Japan

- Sales and profit increased driven by initiatives to improve profitability

Overseas

- Sluggish in France, growth in Vietnam
- Negative FX impact on sales and profit

Financial Results for First Half FY2016

(Billions of yen)

	FY2015 Jan - Jun	FY2016 Jan - Jun	Change		
			YoY	% YoY	Currency neutral
Net Sales	622.3	679.0	+56.7	+9.1%	+14.0%
Operating Income	38.0	39.9	+1.9	+5.0%	+13.5%
Ratio	6.1%	5.9%			
Net Income ^{*1}	18.8	17.9	-0.9	-4.8%	+3.1%
Ratio	3.0%	2.6%			
EBITDA ^{*2}	76.4	83.9	+7.5	+9.8%	+17.1%
Net income before amortization of goodwill ^{*3}	31.1	32.5	+1.4	+4.6%	+12.5%

*1 Net income for Jan-Jun FY2016 is net income attributable to owners of the parent

*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

*3 Net income before amortization of goodwill (Jan-Jun FY2015) Net income + amortization of goodwill

(Jan-Jun FY2016) Net income attributable to owners of the parent + amortization of goodwill

Financial Results for First Half FY2016

	(Billions of yen)			
	FY2015 Jan - Jun	FY2016 Jan - Jun	Change	
			YoY	% YoY
Net Sales	622.3	679.0	+56.7	+9.1%
Japan	350.5	421.9	+71.3	+20.3%
Overseas	271.8	257.2	-14.6	-5.4%
Operating Income	38.0	39.9	+1.9	+5.0%
Japan	15.3	22.0	+6.7	+44.1%
Overseas	35.0	32.5	-2.5	-7.2%
Reconciliations	-12.3	-14.6	-2.3	

Japan Segment: Results for First Half FY2016

(Billions of yen)

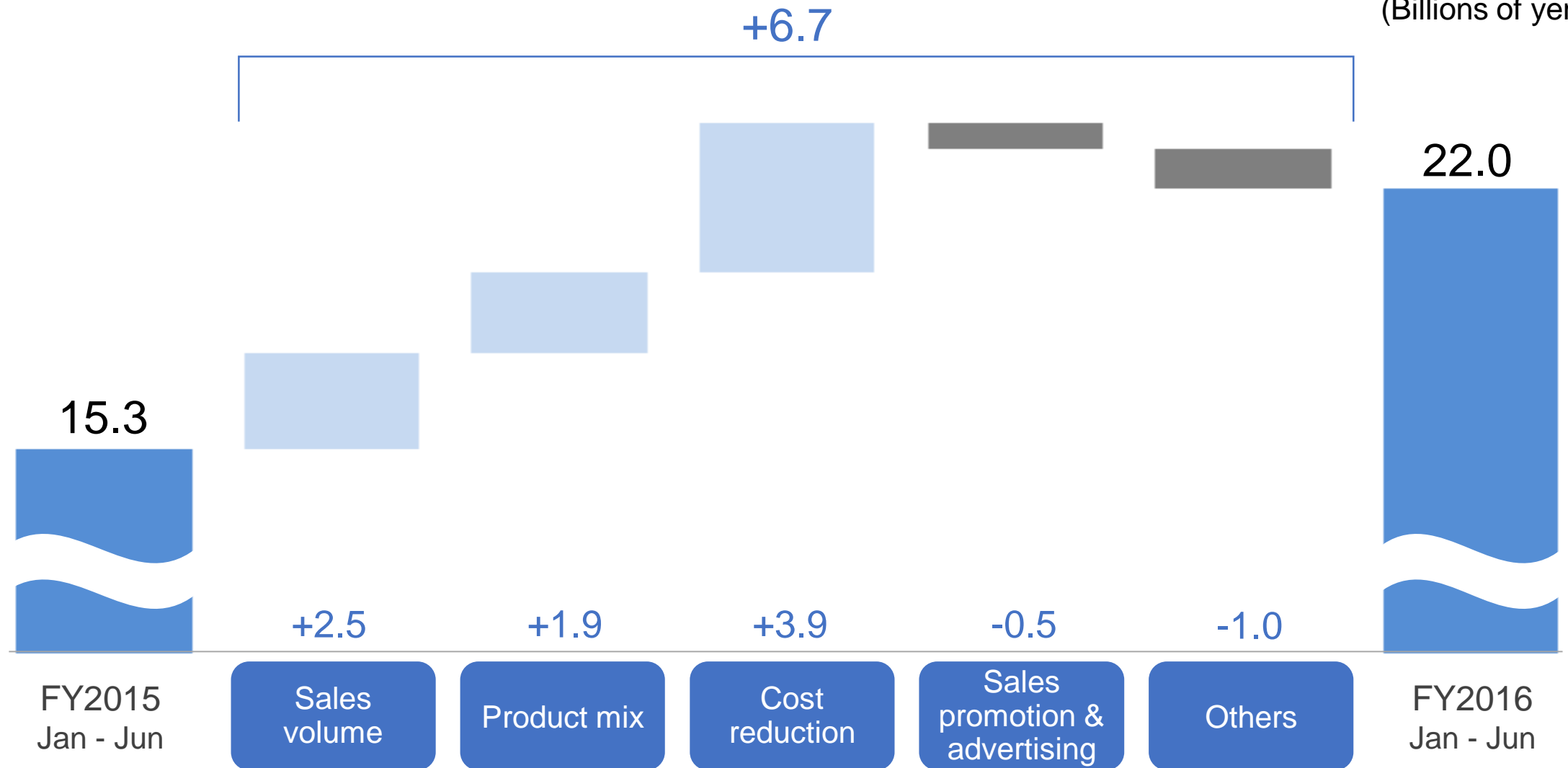
	FY2015 Jan - Jun	FY2016 Jan - Jun	Change	
			YoY	% YoY
Sales	350.5	421.9	+71.3	+20.3%
Segment Profit	15.3	22.0	+6.7	+44.1%
Ratio	4.4%	5.2%		

- Sales increased significantly mainly due to consolidation impact of Japan Beverage Group
- Profit increased significantly contributed by initiatives to improve profitability



Japan: Segment Profit Bridge for H1 FY2015 to H1 FY2016

(Billions of yen)



Overseas Segment: Results for First Half FY2016

(Billions of yen)

Sales	FY2015 Jan - Jun	FY2016 Jan - Jun	Change		
			YoY	% YoY	Currency neutral
Overseas	271.8	257.2	-14.6	-5.4%	+5.0%
Europe	122.8	118.2	-4.7	-3.8%	+5.6%
Asia	85.3	81.1	-4.3	-5.0%	+7.3%
Oceania	22.2	19.3	-2.8	-12.8%	+1.5%
Americas	41.5	38.6	-2.9	-6.9%	+0.2%

Overseas Segment: Results for First Half FY2016

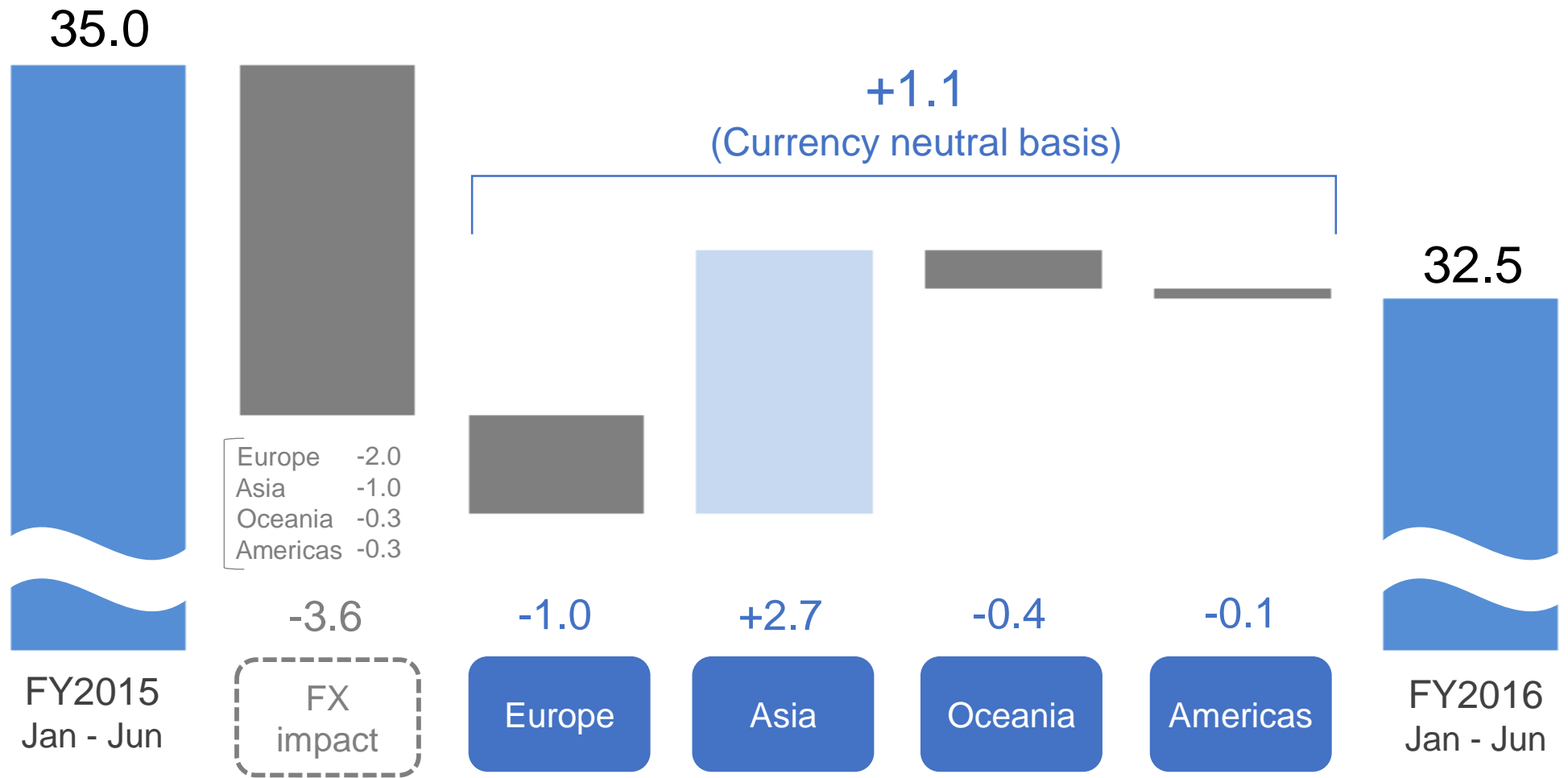
(Billions of yen)

Segment
Profit

	FY2015 Jan - Jun	FY2016 Jan - Jun	Change		
			YoY	% YoY	Currency neutral
Overseas	35.0	32.5	-2.5	-7.2%	+3.5%
Ratio	12.9%	12.6%			
Europe	21.2	18.2	-3.0	-14.2%	-5.4%
Asia	6.5	8.2	+1.7	+25.9%	+48.6%
Oceania	2.8	2.0	-0.8	-27.0%	-17.6%
Americas	4.5	4.1	-0.5	-10.1%	-2.6%

Overseas: Segment Profit Bridge for H1 FY2015 to H1 FY2016

(Billions of yen)



(Billions of yen)

	FY2015 Jan - Jun	FY2016 Jan - Jun	% Change Currency neutral	
Sales	122.8	118.2	-3.8%	+5.6%
Segment Profit	21.2	18.2	-14.2%	-5.4%

- France: Negatively impacted by recurrent deflation pressure and adverse weather
- UK: Expanded product portfolio
- Spain: Good sales in on-premise channel, also contributed by PepsiCo collaboration



(Billions of yen)

	FY2015 Jan - Jun	FY2016 Jan - Jun	% Change Currency neutral	
Sales	85.3	81.1	-5.0%	+7.3%
Segment Profit	6.5	8.2	+25.9%	+48.6%

- Beverage: Sales grew and costs improved in Vietnam
- Health supplements: *Essence of Chicken* in Thailand recorded good sales



(Billions of yen)

	FY2015 Jan - Jun	FY2016 Jan - Jun	% Change Currency neutral	
Sales	22.2	19.3	-12.8%	+1.5%
Segment Profit	2.8	2.0	-27.0%	-17.6%

- Continued to focus on V. Launched V Pure (New Zealand)
- Profit declined due to revision of inventory valuation method in 2015



(Billions of yen)

	FY2015 Jan - Jun	FY2016 Jan - Jun	% Change Currency neutral	
Sales	41.5	38.6	-6.9%	+0.2%
Segment Profit	4.5	4.1	-10.1%	-2.6%

- Good momentum in non-carbonated beverages
- Negatively impacted by adverse weather in May & June



Key Factors for Second Half FY2016

Japan

High uncertainty from weather,
return to deflation, etc.

Continue initiatives to
improve profitability

France

Continuing deflation

Execute recovery plan

Vietnam

Slow down of market growth
due to degradation in external
environment

Aim to increase market share
in northern region

SUNTORY

SUNTORY BEVERAGE & FOOD

Forecast for FY2016

(Billions of yen)

	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Net Sales	1,381.0	1,430.0	+49.0	+3.5%	+6.6%
Operating Income	92.0	90.0	-2.0	-2.2%	+3.2%
Ratio	6.7%	6.3%			
Net Income ^{*1}	42.5	40.5	-2.0	-4.6%	+0.1%
Ratio	3.1%	2.8%			
EBITDA ^{*2}	175.5	180.0	+4.5	+2.5%	+7.2%
Net income before amortization of goodwill ^{*3}	69.7	70.0	+0.3	+0.4%	+5.5%

*1 Forecast of net income in 2016 is net income attributable to owners of the parent

*2 EBITDA = operating income + depreciation and amortization + amortization of goodwill

*3 Net income before amortization of goodwill in 2016 = Net Income attributable to owners of the parent + amortization of goodwill

Japan Segment: Forecast for FY2016

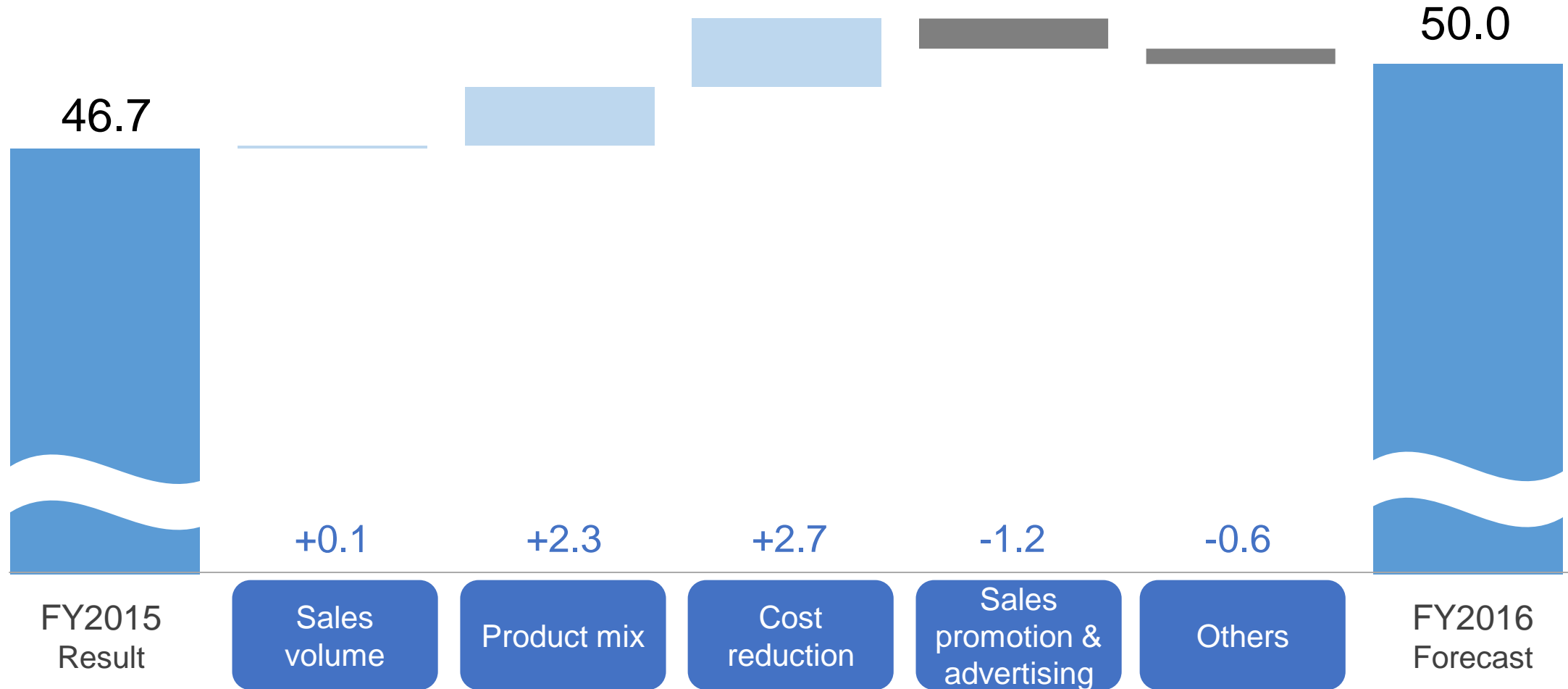
(Billions of yen)

	FY2015 Results	FY2016 Forecast	Change	
			YoY	% YoY
Sales	806.9	870.0	+63.1	+7.8%
Segment Profit	46.7	50.0	+3.3	+7.0%



Japan: Segment Profit Bridge for FY2015 to FY2016

(Billions of yen)



Overseas Segment: Forecast for FY2016

(Billions of yen)

Sales	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Overseas	574.1	560.0	-14.1	-2.5%	+4.7%
Europe	254.2	243.5	-10.7	-4.2%	+4.3%
Asia	180.5	183.0	+2.5	+1.4%	+8.1%
Oceania	45.6	42.0	-3.6	-7.9%	+2.5%
Americas	93.7	91.5	-2.2	-2.4%	+0.2%

Overseas Segment: Forecast for FY2016

(Billions of yen)

Segment Profit	FY2015 Results	FY2016 Forecast	Change		
			YoY	% YoY	Currency neutral
Overseas	74.0	69.5	-4.5	-6.1%	+2.4%
Europe	44.0	41.0	-3.0	-6.9%	+1.9%
Asia	13.6	13.7	+0.1	+0.7%	+13.7%
Oceania	5.9	4.5	-1.4	-23.1%	-16.1%
Americas	10.5	10.3	-0.2	-2.3%	+0.5%

Exchange Rates

(Yen, average exchange rate)

	FY2015 Jan - Jun	FY2016 Jan - Jun	FY2016 Forecast
U.S. Dollar	120.3	111.7	118.0
Euro	134.1	124.5	125.0
British Pound	183.3	160.0	165.0
Singapore Dollar	89.1	80.9	85.0
New Zealand Dollar	89.1	75.5	76.0
Australian Dollar	94.0	81.9	82.0

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