SUNTORY
SUNTORY BEVERAGE & FOOD

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>

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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 ± 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 ± 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)
Suntory Tennensui	20.6	4%	22.3	8%
Boss	22.8	1%	24.1	6%
Iyemon	12.8	10%	12.0	(6%)
Suntory Oolong Tea	5.2	(3%)	5.6	7%
Pepsi	4.7	(7%)	4.0	(15%)
Orangina	1.6	(53%)	1.2	(26%)
Green DAKARA	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)
Orangina (France)	35	12%	33	(6%)
Oasis (France)	62	3%	62	(1%)
Schweppes (Spain, Portugal)	25	(4%)	25	(1%)
Lucozade (UK, Ireland)	90	5%	79	(12%)
Ribena (UK, Ireland)	24	0%	24	(3%)