SUNTORY
SUNTORY BEVERAGE & FOOD

Supplementary Material on Consolidated Financial Results for the First Six Months of the Year Ending December 31, 2018

<Results for the First Six Months of the Year Ending December 31, 2018>

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Suntory Beverage & Food Limited

August 6, 2018

<Results for the First Six 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)

	Six months ended June 30, 2017		Six months ended June 30, 2018		Increase (decrease)	
		Ratio to revenue		Ratio to revenue		
Revenue	590.8	100.0%	613.9	100.0%	23.1	3.9%
Gross profit	260.5	44.1%	256.8	41.8%	(3.7)	(1.4%)
Selling, general and administrative expenses	204.2	34.6%	211.3	34.4%	7.1	3.5%
Gain on investments accounted for using the equity method	0.4	0.1%	0.0	0.0%	(0.3)	(88.9%)
Other income	1.0	0.2%	13.3	2.2%	12.3	1,200.0%
Other expenses	3.3	0.6%	2.5	0.4%	(0.8)	(24.1%)
Operating income	54.5	9.2%	56.4	9.2%	1.9	3.5%
Finance income	0.3	0.0%	0.6	0.1%	0.4	127.7%
Finance costs	2.2	0.4%	1.3	0.2%	(0.9)	(40.7%)
Profit before tax for the period	52.6	8.9%	55.7	9.1%	3.1	6.0%
Income tax expense	14.3	2.4%	10.2	1.7%	(4.1)	(28.6%)
Profit for the period	38.2	6.5%	45.5	7.4%	7.3	19.0%
Profit for the period attributable to non-controlling interests	3.8	0.7%	4.2	0.7%	0.3	9.0%
Profit for the period attributable to owners of the Company	34.4	5.8%	41.3	6.7%	6.9	20.1%

(2) Other Indices

(Billions of yen)

		Six months ended June 30, 2017		Six months ended June 30, 2018		Increase (decrease)	
Depreciation		31.4		31.3		(0.0)	(0.1%)
Operating income	Operating margin	54.5	9.2%	56.4	9.2%	1.9	3.5%
EBITDA *1	EBITDA margin	88.1	14.9%	76.9	12.5%	(11.2)	(12.8%)

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

(Billions of yen)

	As at December 31, 2017	As at June 30, 2018	Increase (decrease)	
Total assets	1,522.0	1,563.2	41.2	2.7%
Total equity	746.2	778.3	32.1	4.3%
D/E ratio (Times) *2	0.2	0.2		

*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)

	Six months ended June 30, 2017	Six months ended June 30, 2018
USD	112.3	108.7
EUR	121.7	131.6
GBP	141.4	149.6
SGD	80.0	81.9
THB	3.2	3.4
VND	0.0049	0.0048
NZD	79.6	77.8
AUD	84.8	83.9

2. Revenue Details

(Billions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	327.2	333.8	6.6	2.0%	2.0%	
Europe	118.6	123.5	4.9	4.1%	(2.7%)	
Asia	78.4	92.9	14.6	18.6%	19.0%	
Oceania	26.8	26.3	(0.5)	(2.0%)	(0.6%)	
Americas	39.8	37.3	(2.5)	(6.2%)	(3.0%)	
Reconciliations	–	–	–	–	–	
Consolidation total	590.8	613.9	23.1	3.9%	2.8%	

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 “Six months ended June 30, 2017.”

3. Profit Details

(1) EBITDA

(Billions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	44.3	37.3	(7.0)	(15.8%)	(15.8%)	
Europe	22.7	19.4	(3.2)	(14.2%)	(19.7%)	
Asia	15.3	15.1	(0.2)	(1.2%)	(2.1%)	
Oceania	3.9	4.1	0.1	2.7%	2.0%	
Americas	5.9	5.1	(0.8)	(13.4%)	(10.5%)	
Reconciliations	(4.0)	(4.2)	(0.1)	–	–	*1
Consolidation total	88.1	76.9	(11.2)	(12.8%)	(14.2%)	

*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 “Six months ended June 30, 2017.”

(2) Segment Profit

(Billions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2018	Increase (decrease)		Increase (decrease) currency neutral	Reference
Japan	24.8	18.9	(5.9)	(23.7%)	(23.7%)	
Europe	16.6	14.2	(2.4)	(14.6%)	(20.4%)	
Asia	11.4	22.2	10.8	95.2%	92.6%	
Oceania	2.8	2.9	0.1	3.3%	1.8%	
Americas	4.2	3.8	(0.4)	(10.3%)	(7.3%)	
Reconciliations	(5.4)	(5.6)	(0.3)	–	–	*2
Consolidation total	54.5	56.4	1.9	3.5%	1.3%	

*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 “Six months ended June 30, 2017.”

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

(Billions of yen)

Segment profit for the six months ended June 30, 2017	24.8
Increase in revenue	6.6
Increase in cost of goods sold	(9.4)
Increase in sales promotion and advertising costs	(1.9)
Increase in other expenses	(1.2)
Segment profit for the six months ended June 30, 2018	18.9

4. Summary of Consolidated Statement of Financial Position

(Billions of yen)

	As at December 31, 2017	As at June 30, 2018	Increase (decrease)	Reference
Cash and cash equivalents	113.9	101.4	(12.5)	
Trade and other receivables	176.7	227.5	50.9	
Other financial assets	11.8	0.7	(11.1)	
Inventories	81.0	97.5	16.5	
Other current assets	25.5	29.1	3.6	
Subtotal	408.8	456.1	47.3	
Assets held for sale	22.1	0.0	(22.1)	*3
Current assets	430.9	456.2	25.3	
Property, plant and equipment	354.2	374.3	20.1	*4
Goodwill	254.0	251.1	(2.9)	
Intangible assets	432.8	430.0	(2.9)	
Investments accounted for using the equity method	1.2	1.1	(0.1)	
Other financial assets	20.5	21.2	0.7	
Deferred tax assets	12.7	14.4	1.7	
Other non-current assets	15.7	14.9	(0.7)	
Non-current assets	1,091.1	1,107.1	16.0	
Total assets	1,522.0	1,563.2	41.2	
Bonds and borrowings	95.7	120.3	24.6	*5
Trade and other payables	289.5	335.9	46.4	
Other financial liabilities	32.7	26.9	(5.7)	
Accrued income taxes	18.8	15.1	(3.7)	
Provisions	1.4	0.9	(0.5)	
Other current liabilities	8.9	10.0	1.1	
Subtotal	446.9	509.1	62.2	
Liabilities directly associated with assets held for sale	6.2	–	(6.2)	*3
Current liabilities	453.1	509.1	56.0	
Bonds and borrowings	211.4	165.9	(45.5)	*6
Other financial liabilities	25.3	21.3	(4.0)	
Post-employment benefit liabilities	11.9	12.5	0.6	
Provisions	2.9	2.6	(0.3)	
Deferred tax liabilities	66.0	67.5	1.5	
Other non-current liabilities	5.3	6.1	0.8	
Non-current liabilities	322.7	275.8	(46.9)	
Total liabilities	775.8	784.9	9.1	
Total equity attributable to owners of the Company	690.4	693.5	3.0	
Non-controlling interests	55.8	84.9	29.1	*4
Total equity	746.2	778.3	32.1	
Total liabilities and equity	1,522.0	1,563.2	41.2	

*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)

	Six months ended June 30, 2017		Six months ended June 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Suntory Tennensui	49.6	5%	54.2	9%
Boss	47.2	4%	51.4	9%
Iyemon	27.2	9%	25.6	(6%)
Suntory Oolong Tea	12.1	1%	12.5	4%
Pepsi	10.6	(12%)	9.6	(9%)
Orangina	4.2	(37%)	2.9	(31%)
Green DAKARA	12.7	19%	14.8	16%
FOSHU drinks and Foods with Function Claims	12.9	1%	11.4	(12%)
Total	207.0	2%	214.5	4%

* 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)

	Six months ended June 30, 2017		Six months ended June 30, 2018	
	Actual	Increase (decrease)	Actual	Increase (decrease)
Orangina (France)	85	13%	86	1%
Oasis (France)	140	3%	148	6%
Schweppes (Spain, Portugal)	64	3%	60	(7%)
Lucozade (UK, Ireland)	198	(1%)	184	(7%)
Ribena (UK, Ireland)	54	(2%)	52	(3%)