

Suntory Holdings Limited

May 8, 2014

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2014 (English Translation, UNAUDITED)

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1. Consolidated operating results and financial positions for the Three months of the current fiscal year (January 1, 2014 - March 31, 2014)

(1) Operating results (Fractions of millions have been truncated)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended								
March 31, 2014	483,986	18.6	19,965	41.6	21,110	67.5	8,998	87.4
March 31, 2013	408,179	4.7	14,101	72.1	12,599	99.0	4,801	470.1

	Basic net earnings per share	Diluted net earnings per share
	¥	¥
Three months ended		
March 31, 2014	13.19	-
March 31, 2013	7.04	-

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets
	¥ million	¥ million	%
As of			
March 31, 2014	2,620,697	1,038,145	28.9
December 31, 2013	2,374,070	1,056,726	32.3

2. Dividends

	Annual Dividends				
	1Q End	2Q End	3Q End	Year-end dividend	Total
Fiscal year ended	¥	¥	¥	¥	¥
December 31, 2013	-	-	-	17.00	17.00
December 31, 2014	-				

3. Forecast for the current fiscal year (January 1, 2014 - December 31, 2014)

	Net sales		Operating income		Ordinary income		Net income for the period		Basic net earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Fiscal year	2,220,000	8.8	146,000	15.4	140,000	16.1	50,000	(74.4)	73.29

On May 1, 2014, Beam Inc. became a fully owned subsidiary of Suntory group through the acquisition of entire outstanding shares. Impact of this transaction to the above forecast for Suntory group is currently under assessment and not reflected

Note: Revision of the forecast from recently announced figures: No
% figures represent change from previous fiscal year.

Operating Results

1. Economic Overview during the Fiscal Year 2014 First Quarter Consolidated Cumulative Period

During the first quarter of the fiscal 2014 consolidated cumulative period (January 1, 2014 – March 31, 2014), the world economy, albeit showing weakness in some parts, overall moved toward recovery. As for the Japanese economy, it gradually recovered due to factors such as improved corporate earnings and an increase in consumer spending.

Within this context, the Suntory Group has taken proactive efforts including strengthened marketing activities for its major brands, principally *The Premium Malt's*, *Kin-Mugi*, *Kakubin*, *Yamazaki*, *Hakushu*, *Mineral Water Suntory Tennensui*, *BOSS* and *Pepsi*. As a result, our performance for the reported period saw net sales of 484.0 billion yen (up 18.6% year-on-year), operating income of 20.0 billion yen (up 41.6%), ordinary income of 21.1 billion yen (up 67.5%) and quarterly net profit of 9.0 billion yen (up 87.4%).

In addition, we have made progress with efforts toward globalizing our business, such as implementing our integration with Beam Inc.

<Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited spurred demand by strengthening brands and worked to create further growth in both its domestic and overseas business.

In our domestic business, we continued and beefed up efforts we have hitherto undertaken such as strengthening core brands and cutting costs, and we proceeded with reforms for a stronger business structure toward further growth in profits.

We positioned *Mineral Water Suntory Tennensui* as a central brand in our domestic business, promoted its qualities of being "clear and tasty" and "natural and healthy" as the brand's unique value and vastly increased sales volume. *Mineral Water Suntory Minami-Alps Tennensui Sparkling* and *Mineral Water Suntory Minami-Alps Tennensui Sparkling Lemon* contributed also to an expansion in the market for sugarless sparkling water. Efforts to strengthen leading brand *BOSS* taken since last year were successful and sales volume grew dramatically. *BOSS GREEN*, a food for specified health uses (FOSHU) launched in January, also contributed to increased sales. For *Pepsi* there was buzz-generating advertising for *Pepsi Nex Zero*, which had its content and packaging redesigned in March, and there were big gains in sales volume. As for FOSHU products, which garner attention due to heightened health-consciousness, we helped expand the market for them and there was a significant increase in sales volume for *Iyemon Tokucha*, *BOSS GREEN*, *Suntory Black Oolong Tea*, *Goma Mugicha* and *Pepsi Special*.

In our overseas business, in addition to further strengthening of core brands and cost-cutting in all regions, we took efforts to strengthen operational bases in Europe and Asia for future growth in sales and profit.

In Europe, we engaged in marketing with a focus on *Orangina* and *Schweppes*, leading brands in France and Spain. In addition, Lucozade Ribena Suntory Limited, which was the recipient of a transfer of the production and sale of *Lucozade* and *Ribena*, symbolic brands in the U.K., began operating. Furthermore, we established Suntory Beverage & Food Europe Limited as a company to manage our

European business for continent-wide growth and a stronger business. In Oceania we took brand strengthening efforts such as the addition of a new flavor for leading energy drink V. In Asia we strengthened our operational base in countries whose economies continue to grow and took proactive efforts to expand business, such as the introduction of new products. In Indonesia the Suntory brand *MYTEA Oolong Tea* did favorably, while in March we launched *De'Koffie*, a coffee drink created by utilizing development techniques cultivated in Japan. In Vietnam, Suntory brand *TEA+ Oolong Tea* penetrated the market and contributed to higher sales. In the U.S., in addition to even stronger sales of North Carolina-based Pepsi brands, improvements to operational efficiency were implemented in areas such as sales and distribution.

The result was that net sales in the Non-Alcoholic Beverages and Food Segment increased 23.3% on the year to 269.6 billion yen.

<Beer and Spirits Segment>

Suntory Liquors Limited bolstered activities to offer value that will lead to the creation of demand, with "premium" being the keyword.

In the beer business we achieved our highest sales volume ever at 14.82 million cases^{*1} (up 3.4% year-on-year). As a result of facilitating the expansion of contact points with consumers and striving to improve brand power, we shipped 3.11 million cases (up 3.1% year-on-year). For new genre beers sales volume rose significantly for the *Kin-Mugi* series to 8.17 million cases (up 15.6% year-on-year). Sales of *All Free*, the top selling brand of alcohol-free beer-type beverages,^{*2} grew to 1.28 million cases (up 15.2% year-on-year).

*1 Converted to large bottles (1 case = 633 ml x 20 bottles); includes alcohol-free beer-type beverages

*2 Source: Intage MAI survey of alcohol-free beer-type beverage brands; cumulative sales amount January – December 2013 (total for supermarkets, convenience stores, liquor-selling department stores and retail/wholesale liquor shops nationwide)

In the spirits business, while major brands performed favorably, there was temporary demand prior to the consumption tax hike and sales were up 17% year-on-year.

As for whisky sales volume, major brands posted a favorable performance, up 19% year-on-year. For *Kakubin* we worked to improve brand power by, for example, shaking up communication, and it performed very favorably with a 27% year-on-year increase in sales. Sales of premium whiskies made in Japan grew significantly by 28% year-on-year. Furthermore, *Hibiki 12 Years Old* won the top prize in its category at a worldwide competition of spirits in April. As for imported whiskies, we worked to add consumer contact points for major brands including *Jim Beam*, *Maker's Mark* and *Ballantine's*.

RTD sales volume performed favorably, up 13% year-on-year. As for *-196°C Strong Zero, Dry* and other products grew well, up 20% year-on-year, while for *Horoyoi* the introduction of new products, coupled with the strong performance of the standard lineup, contributed to sales growth of 10%. In addition, Suntory's canned highballs gained market traction, growing 18% year-on-year.

Concerning RTS,^{*3} Suntory is steadily creating new markets as exemplified by the very favorable performance of *Funwari Kyogetsu* and the positive reviews earned by *Cocktail Tours*.

*3 RTS (Ready To Serve): Alcoholic beverages for the casual enjoyment of the authentic taste of cocktails and

other flavors simply by serving them on the rocks

As for our international business, we have taken efforts to achieve greater market penetration by our whiskies such as through proactive marketing activities for whisky brands *Yamazaki*, *Hakushu* and *Hibiki*, primarily in the West. Suntory has also bolstered promotions of *Kakubin* and *The Premium Malt's* in Asia.

As a result, net sales in the Beer and Spirits Segment increased 9.2% year-on-year to 127.8 billion yen.

<Other Businesses Segment>

Suntory (China) Holding Co., Ltd. is performing favorably in the beer business while in the beverage business the company's sales of major brand Oolong Tea were much higher.

Suntory Wine International Limited dramatically increased sales by 13% year-on-year. Antioxidant agent-free *Sankaboshizai Mutenka no Oishii Wine* performed very favorably, up 30% year-on-year, while sales of "Japanese wine" made with 100% domestic grapes did well.

Suntory Wellness Limited saw strong performances from the Sesamin series and *Glucosamine & Chondroitin*, as well as skin care products such as *F.A.G.E.*, resulting in an increase of 20% in sales by the company on the year.

Based on the foregoing, net sales in the Other Businesses Segment increased 19.4% on the year to 86.6 billion yen.

In addition, domestic sales were up 10.2% on the year to 34.19 billion yen and overseas sales up 45.1% on the year to 14.21 billion yen.

Since our very inception, Suntory has aggressively pursued interests while also putting forth initiatives to contribute to culture and society and implement environmental activities based on Suntory's founding spirit of "Sharing the Profit with Society." Moreover, based on the corporate message "Suntory, Bringing Water to Life," various activities were implemented during the reported period with the objective of maintaining harmonious coexistence between society and nature.

We have provided Great East Japan Earthquake recovery assistance through our programs "Activities to Support Recovery of the Fishing Industry," "Youth Support Initiatives" and "Support through Culture, the Arts, and Sports." In the reported period we decided to add 2 billion yen, including 1 billion yen of further support for paraspots in Tohoku. This brings our cumulative post-quake donations to 10.8 billion yen.

As for our environmental activities, in our production processes we have encouraged initiatives to conserve energy and use environmentally-friendly containers and packaging. In addition, we have set a new target toward 2020, in addition to our formulation of the Suntory Environmental Vision toward 2050, for the purpose of passing on a sustainable global environment to the next generation. In the Suntory Natural Water Sanctuaries where we practice water resource cultivation, we will expand their area to 12,000 ha by 2020 in order to produce twice as much groundwater for use at our plants in

Japan.

2. Full-Year Forecast

For the period ending in December 2014, we are anticipating sales of 2.22 trillion yen (up 8.8% year-on-year), operating profits of 146 billion yen (up 15.4% year-on-year), ordinary profits of 140 billion yen (up 16.1% year-on-year) and net profit of 50 billion yen (down 74.4%).

(On May 1, 2014, Beam Inc. became a fully owned subsidiary of Suntory group through the acquisition of entire outstanding shares. Impact of this transaction to the above forecast for Suntory group is currently under assessment and not reflected.)

Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2013	As of March 31, 2014	Change
Current assets	1,007,834	1,278,889	271,054
Cash and deposits	418,654	668,903	250,249
Notes and accounts receivable-trade	287,242	278,777	(8,464)
Inventories	224,134	235,283	11,148
Other	78,679	96,716	18,037
Allowance for doubtful accounts	(875)	(791)	83
Noncurrent assets	1,364,861	1,340,580	(24,280)
Property, plant and equipment	527,269	523,558	(3,710)
Buildings and structures, net	148,760	147,753	(1,006)
Machinery, equipment and vehicles, net	180,555	177,497	(3,058)
Tools, furniture and fixtures, net	67,709	67,444	(264)
Land	94,760	94,286	(474)
Other	35,482	36,576	1,094
Intangible assets	650,413	635,317	(15,096)
Goodwill	409,293	397,511	(11,781)
Trademarks	184,942	182,836	(2,106)
Other	56,177	54,968	(1,208)
Investments and other assets	187,178	181,704	(5,473)
Investment securities	116,302	112,533	(3,768)
Other	73,162	71,210	(1,951)
Allowance for doubtful accounts	(2,285)	(2,039)	246
Deferred assets	1,374	1,227	(147)
TOTAL ASSETS	2,374,070	2,620,697	246,626

(Millions of Yen)

	As of December 31, 2013	As of March 31, 2014	Change
LIABILITIES			
Current liabilities	760,029	736,494	(23,534)
Notes and accounts payable-trade	93,703	104,337	10,633
Electronically recorded obligations-operating	106,106	96,811	(9,295)
Short-term loans payable	83,428	145,226	61,798
Current portion of bond	108,566	70,877	(37,689)
Accrued alcohol tax	46,412	28,026	(18,386)
Accrued consumption taxes	10,791	10,531	(259)
Income taxes payable	34,392	10,087	(24,305)
Accounts payable-other	122,239	105,496	(16,742)
Accrued expenses	62,329	61,979	(349)
Provision for bonuses	12,616	17,334	4,717
Other	79,442	85,786	6,343
Noncurrent liabilities	557,315	846,056	288,741
Bonds payable	64,700	63,700	(1,000)
Long-term loans payable	322,387	613,201	290,814
Provision for retirement benefits	11,000	11,139	138
Provision for directors' retirement benefits	298	220	(78)
Other	158,928	157,795	(1,132)
TOTAL LIABILITIES	1,317,344	1,582,551	265,206
NET ASSETS			
Shareholders' equity	711,624	709,025	(2,599)
Capital stock	70,000	70,000	-
Capital surplus	(21,109)	(21,109)	-
Retained earnings	666,066	663,466	(2,599)
Treasury stock	(3,332)	(3,332)	-
Accumulated Other Comprehensive Income	56,386	48,893	(7,493)
Valuation difference on available-for-sale securities	20,611	18,230	(2,380)
Deferred gains or losses on hedges	1,374	980	(394)
Foreign currency translation adjustment	34,400	29,682	(4,717)
Minority interests	288,714	280,227	(8,487)
TOTAL NET ASSETS	1,056,726	1,038,145	(18,580)
TOTAL LIABILITIES AND NET ASSETS	2,374,070	2,620,697	246,626

Consolidated Statements of Income

(Millions of Yen)

	Three months ended March 31, 2013	Three months ended March 31, 2014	Change
Net sales	408,179	483,986	75,806
Cost of sales	201,968	244,602	42,634
Gross profit	206,211	239,384	33,172
Selling, general and administrative expenses	192,109	219,419	27,309
Operating income	14,101	19,965	5,863
Non-operating income	866	4,545	3,679
Interest income	199	351	151
Dividends income	45	3,456	3,411
Equity in earnings of affiliates	147	-	(147)
Miscellaneous income	473	738	264
Non-operating expenses	2,367	3,400	1,032
Interest expenses	1,964	2,386	421
Miscellaneous expenses	403	1,013	610
Ordinary income	12,599	21,110	8,511
Extraordinary income	1,110	148	(961)
Gain on sales of noncurrent assets	15	126	110
Other	1,095	22	(1,072)
Extraordinary loss	2,635	2,316	(318)
Loss on disposal of noncurrent assets	874	924	49
Business restructuring expense	1,183	1,237	53
Other	577	154	(422)
Income before income taxes and minority interests	11,075	18,943	7,867
Income taxes	5,354	7,595	2,240
Income before minority interests	5,720	11,347	5,627
Minority interests in income	919	2,349	1,430
NET INCOME	4,801	8,998	4,196

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, Beer and spirits, 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 and other products
Beer and Spirits	Beer, whisky, shochu, RTDs and other alcoholic beverages
Others	Operations in China, wine, health food, ice cream, restaurants, sports, flowers and other operations

2. Reportable segments

Three months ended March 31, 2013

(Millions of Yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment ⁽¹⁾	Consolidated Total ⁽²⁾
Net sales						
Sales to customers	218,592	117,082	72,504	408,179	-	408,179
Inter-segment sales	1,488	587	2,480	4,555	(4,555)	-
Total sales	220,081	117,669	74,984	412,735	(4,555)	408,179
Segment income	12,897	2,862	5,351	21,110	(7,009)	14,101

Three months ended March 31, 2014

(Millions of Yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	269,597	127,796	86,592	483,986	-	483,986
Inter-segment sales	1,554	849	2,593	4,997	(4,997)	-
Total sales	271,152	128,646	89,185	488,984	(4,997)	483,986
Segment income	13,995	6,072	6,960	27,028	(7,063)	19,965

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

Amounts are stated below.

Three months ended March 31, 2013	(Millions of Yen)
Adjustment on segment income	(7,009)
Corporate general and administrative expenses that are not attributable to any reportable segment	(7,026)
Inter-segment eliminations	17
Three months ended March 31, 2014	(Millions of Yen)
Adjustment on segment income	(7,063)
Corporate general and administrative expenses that are not attributable to any reportable segment	(7,079)
Inter-segment eliminations	16

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