

Suntory Holdings Limited

November 6, 2014

**SUMMARY OF CONSOLIDATED FINANCIAL RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 (English Translation, UNAUDITED)**

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**1. Consolidated operating results and financial positions for the nine months of the current fiscal year
(January 1, 2014 - September 30, 2014)**

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

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Nine months ended						
September 30, 2014	1,782,444	18.5	116,880	30.7	110,002	29.6
September 30, 2013	1,504,183	9.6	89,422	17.3	84,855	17.9

	Net income		Basic net earnings per share	Diluted net earnings per share
	¥ million	%	¥	¥
Six months ended				
September 30, 2014	29,428	(84.0)	43.13	-
September 30, 2013	183,626	605.9	269.15	-

(2) Financial position

	Total assets	Net assets	Ratio of equity to total assets
	¥ million	¥ million	%
As of			
September 30, 2014	4,342,573	1,102,180	18.7
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	2,440,000	19.6	167,000	32.0	143,000	18.6	37,000	(81.1)	54.23

Note: 1. Revision of the forecast from recently announced figures: No
2. % figures represent change from previous fiscal year.

Reference: Before amortization of goodwill etc. for the fiscal year ending December 31, 2014 (forecast)

216,000	43.3	192,000	32.6	76,000	(64.6)
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Reference: Adjusted EBITDA for the fiscal year ending December 31, 2014 (forecast) 5.2

※Adjusted EBITDA = Net interest-bearing debt after adjusted for Hybrid bonds and loans / Adjusted EBITDA for Beam Suntory Jan-Dec (Net)Debt / Equity Ratio for the fiscal year ending December 31, 2014 (forecast) 1.2

※(Net)Debt / Equity Ratio = Net interest-bearing debt after adjusted for Hybrid bonds and loans / Net Assets

Operating Results

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

During the third quarter of the fiscal 2014 consolidated cumulative period (January 1, 2014 – September 30, 2014), the world economy gradually recovered. Although some weakness was observed in the Japanese economy, it continued to gradually move toward recovery.

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*, *Jim Beam*, *Mineral Water Suntory Tennensui*, *BOSS* and *Pepsi*.

As a result, our performance for the reported period saw net sales of 1.7824 trillion yen (up 18.5% year-on-year), operating income of 116.9 billion yen (up 30.7%) and ordinary income of 110 billion yen (up 29.6%). Meanwhile, quarterly net profit was 29.4 billion yen (down 84.0% year-on-year) due to reasons including the consequences of declaring extraordinary profits that accompanied Suntory Beverage & Food Limited's market listing in the same period the year before as well as one-time costs associated with the acquisition of Beam Inc. during the reported period.

<Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited spurred demand by strengthening brands and worked to create further growth in both its Japanese and overseas business. The company's group as a whole undertook initiatives to improve quality by utilizing each company's knowledge as well as to strengthen earning power through cost innovation.

In addition to strengthening core brands, in our Japanese business we introduced new flavored water products and FOSHU drink products with high added value into the market and spurred new demand. Furthermore, we proceeded with reforms for a more robust business structure toward further growth in profits.

We promoted *Mineral Water Suntory Tennensui* for its qualities of being "clear and tasty" and "natural and healthy" as the brand's unique value. Year-on-year sales volume was up significantly for the brand as a whole, with *Mineral Water Suntory Minami-Alps Tennensui Sparkling*, *Mineral Water Suntory Minami-Alps Tennensui Sparkling Lemon* and *Mineral Water Suntory Minami-Alps Tennensui & Asa-zumi Orange* performing favorably.

In addition to leading *BOSS* products, *PREMIUM BOSS*, launched in September, performed favorably, and sales volume for the brand as a whole enjoyed large gains. For *Pepsi* there was buzz-generating advertising for *Pepsi Nex Zero*, which had its content and packaging redesigned in March. Sales volume of *GREEN DAKARA* was up dramatically year-on-year due to yet greater recognition as a rehydrating drink to prevent heat stroke during the summer. As for FOSHU drink products, the company led an expansion in the market and established a solid position due to such factors as dramatically higher year-on-year sales volume of *Iyemon Tokucha*.

In our overseas business, we took action in all regions such as further strengthening core brands

and cutting costs.

In Europe, we engaged in marketing focused on leading brands such as *Orangina* and *Schweppes* in France and Spain as well as *Lucozade* and *Ribena* in the U.K., among other brands. In addition, we made efforts to optimize business infrastructure and create synergy for growth throughout Europe. As a part of these efforts, sales of *Orangina* and energy drink *V*, which had traditionally been consigned in the U.K., were handed over to Lucozade Ribena Suntory Limited.

In Oceania, the Frucor Group took efforts to stimulate sales of leading brand *V*, while also expanding its product lineup such as by commencing sales of *Lucozade* and *Ribena* in July and launching its first Suntory brand product, *OVI*, in September.

In Asia we strengthened our operational base in each country and took proactive efforts to expand business, such as the introduction of new products. Specifically in Vietnam, Suntory brand product *TEA+ Oolong Tea* grew significantly and we launched a new product, *C.C. Lemon*.

In the U.S., in addition to further bolstering sales activities for the *Pepsi* brand primarily in North Carolina, improvements to operational efficiency were implemented in areas such as sales and distribution.

These developments resulted in net sales in the Non-Alcoholic Beverages and Food Segment increasing 12.4% on the year to 935 billion yen.

<Beer and Spirits Segment>

This segment includes Suntory Liquors Limited, which has a beer business as well as a spirits business of whiskies, RTDs and other products. In May, Beam Suntory Inc. was added as a new consolidated company.

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 in Japan at 53.22 million cases^{*1} (up 2% year-on-year).

For *The Premium Malt's* grew sales to 12.43 million cases (up 1% year-on-year). Meanwhile, year-on-year sales of mid-year gifts were up significantly as premium beers attracted greater notice.

For new genre beers the *Kin-Mugi* brand performed favorably with sales of 26.85 million cases (up 10% year-on-year). Sales of *All Free*, the top selling brand of alcohol-free beer-type beverages,^{*2} grew to 5.36 million cases (up 2% year-on-year). Overseas, Suntory has bolstered sales of *The Premium Malt's* in Asia and Oceania.

The beer business was made independent of Suntory Liquors Limited on October 1 and is now managed by newly established company Suntory Beer Limited.

In the spirits business, major brands performed favorably and sales were up 7% year-on-year.

Sales of whiskies in Japan grew by 5% year-on-year.

For *Kakubin*, in February we shook up communications and strengthened efforts to promote how well it goes when drunk with food, and sales grew significantly by 10% year-on-year. As for sales of premium whiskies made in Japan, *Yamazaki*, *Hakushu* and *Hibiki* performed favorably and sales grew significantly by 23% year-on-year. Furthermore, *Hibiki 21 Years Old* won the top prize in the whisky category at a worldwide competition of spirits in July.

As for imported whiskies, we worked to add consumer contact points, primarily for bourbon whiskies such as *Jim Beam* and *Maker's Mark*.

Overseas, we have taken efforts to achieve greater market penetration through proactive marketing activities for whisky brands *Yamazaki*, *Hakushu* and *Hibiki* in Europe and North America, and *Kakubin* in Asia.

RTDs performed favorably, up 6% year-on-year. As for *-196°C Strong Zero* brand, *Dry* and other products grew well, up 9% year-on-year, while *Horoyoi* rose 8% year-on-year due to factors such as the proactive introduction of new products. In addition, Suntory's canned highballs gained market traction, growing significantly by 13% year-on-year.

Concerning RTS,^{*3} *Funwari Kyogetsu* continues to perform favorably and Suntory is steadily creating new markets.

Beam Suntory Inc. has seen favorable performance driven by the strong global growth of its premium whisky brands, led by *Jim Beam* (the world's No.1^{*4} bourbon) and *Maker's Mark*, as well as demand for its tequila brands, led by *Sauza* and *Hornitos*.

The company's performance includes sustained growth in the United States, the world's largest spirits market. Beam Suntory Inc., the world's No.3 premium spirits company, completed the organizational integration of Suntory Liquors' spirits business on October 1.

These developments resulted in net sales in the Beer and Spirits Segment increasing 36.8% year-on-year to 563 billion yen.

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

*2 According to Intage MAI data. Total sales amount of alcohol-free beer-type beverage brands amount from January 2013 to December 2013 (nationwide supermarkets/convenience stores/alcohol discount stores/general & commercial liquor store total).

*3 RTS (Ready To Serve) – Spirits which offer the authentic flavor of cocktails and other alcoholic beverages simply by pouring into a glass.

*4 2013 sales volume results (*IMPACT NEWSLETTER*, February 1 & 15, 2014 ed.)

<Other Businesses Segment>

Suntory Wine International Limited enjoyed favorable performance from "Japanese wine" made with 100% domestic grapes grown in Japan. *Tomi White 2012* won two prizes at an international wine contest in May: the "Special Award Japan" prize and the "Gold Medal." In addition, antioxidant agent-free *Sankaboshizai Mutenka no Oishii Wine* continued to grow sales.

Suntory Wellness Limited saw favorable performances from products including the *Sesamin* series

and skin care product *F.A.G.E.*, resulting in an increase of 11% in sales by the company on the year.

Suntory (China) Holding Co., Ltd. increased sales by 24% year-on-year.

Based on the foregoing, net sales in the Other Businesses Segment increased 9.2% on the year to 284.4 billion yen.

In addition, Japanese sales were up 3.0% on the year to 1.16 trillion yen and overseas sales were up 64.9% on the year to 622.4 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" as our "Suntory Tohoku Sunsun Project." In the reported period we decided to spend 2 billion yen, including 1 billion yen "Support for Challenged Sports (sports for persons with disabilities)" initiative, expanding our cumulative support activities since the earthquake to a total of 10.8 billion yen.

As for our environmental activities, we have set a new target for 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 2.44 trillion yen (up 19.6% year-on-year), operating income of 167 billion yen (up 32.0%), ordinary income of 143 billion yen (up 18.6%) and net profit of 37 billion yen (down 81.1%).

(There are no changes to the performance forecast announced on August 6, 2014.)

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2013	As of September 30, 2014	Change
Current assets	1,007,834	1,134,917	127,082
Cash and deposits	418,654	200,452	(218,201)
Notes and accounts receivable	287,242	352,215	64,972
Inventories	224,134	459,689	235,554
Other	78,679	124,664	45,985
Allowance for doubtful accounts	(875)	(2,103)	(1,228)
Non-current assets	1,364,861	3,206,553	1,841,692
Property, plant and equipment	527,269	639,401	112,132
Buildings and structures, net	148,760	180,262	31,502
Machinery, equipment and vehicles, net	180,555	228,103	47,548
Tools, furniture and fixtures, net	67,709	68,056	346
Land	94,760	106,418	11,657
Other	35,482	56,561	21,078
Intangible assets	650,413	2,366,204	1,715,790
Goodwill	409,293	1,034,197	624,904
Trademarks	184,942	1,271,508	1,086,565
Other	56,177	60,498	4,321
Investments and other assets	187,178	200,947	13,768
Investment securities	116,302	120,522	4,220
Other	73,162	82,290	9,128
Allowance for doubtful accounts	(2,285)	(1,866)	419
Deferred assets	1,374	1,102	(272)
TOTAL ASSETS	2,374,070	4,342,573	1,968,502

(Millions of yen)

	As of December 31, 2013	As of September 30, 2014	Change
LIABILITIES			
Current liabilities	760,029	914,838	154,808
Notes and accounts payable-trade	93,703	133,681	39,977
Electronically recorded obligations	106,106	116,952	10,845
Short-term loans payable	83,428	247,175	163,746
Current portion of bond	108,566	26,122	(82,443)
Accrued alcohol tax	46,412	33,830	(12,581)
Accrued consumption taxes	10,791	17,617	6,825
Income taxes payable	34,392	17,557	(16,835)
Accounts payable-other	122,239	136,529	14,289
Accrued expenses	62,329	83,503	21,174
Provision for bonuses	12,616	24,887	12,271
Other	79,442	76,979	(2,462)
Non-current liabilities	557,315	2,325,554	1,768,239
Bonds payable	64,700	341,854	277,154
Long-term loans payable	322,387	1,417,339	1,094,951
Provision for retirement benefits	11,000	26,665	15,664
Provision for directors' retirement benefits	298	620	322
Long-term deferred tax liabilities	80,104	436,439	356,335
Other	78,824	102,634	23,810
TOTAL LIABILITIES	1,317,344	3,240,392	1,923,048
NET ASSETS			
Shareholders' equity	711,624	730,569	18,945
Capital stock	70,000	70,000	-
Capital surplus	(21,109)	(20,739)	370
Retained earnings	666,066	683,913	17,847
Treasury stock	(3,332)	(2,604)	727
Accumulated Other Comprehensive Income	56,386	81,197	24,811
Valuation difference on available-for-sale securities	20,611	19,584	(1,026)
Deferred gains or losses on hedges	1,374	394	(980)
Foreign currency translation adjustment	34,400	61,218	26,818
Minority interests	288,714	290,412	1,698
TOTAL NET ASSETS	1,056,726	1,102,180	45,454
TOTAL LIABILITIES AND NET ASSETS	2,374,070	4,342,573	1,968,502

Consolidated Statements of Income

(Millions of yen)

	Nine months ended September 30,	Nine months ended September 30,	Change
Net sales	1,504,183	1,782,444	278,261
Cost of sales	741,088	894,042	152,954
Gross profit	763,094	888,402	125,307
Selling, general and administrative expenses	673,672	771,521	97,849
Operating income	89,422	116,880	27,458
Non-operating income	3,989	8,246	4,257
Interest income	715	809	93
Dividends income	1,486	4,647	3,160
Miscellaneous income	1,787	2,790	1,002
Non-operating expenses	8,556	15,124	6,567
Interest expenses	6,249	12,525	6,276
Miscellaneous expenses	2,307	2,598	291
Ordinary income	84,855	110,002	25,147
Extraordinary income	180,414	391	(180,023)
Insurance Income	1,049	-	(1,049)
Restructuring gain	2,281	-	(2,281)
Gain on change in equity	131,383	-	(131,383)
Gain on sales of equity in subsidiaries and affiliates' stocks	45,490	-	(45,490)
Gain on sales of noncurrent assets	63	210	147
Gain on sales of investment securities	74	134	60
Other	71	46	(25)
Extraordinary loss	7,382	21,108	13,725
Loss on disposal of non-current assets	2,518	2,584	66
Acquisition-related cost	-	8,816	8,816
Restructuring cost	2,151	7,114	4,963
Other	2,713	2,591	(121)
Income before income taxes and minority interests	257,886	89,285	(168,601)
Income taxes	62,501	40,389	(22,112)
Income before minority interests	195,385	48,895	(146,489)
Minority interests in income	11,758	19,467	7,709
Net income	183,626	29,428	(154,198)

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 industry segment are as follows

Industry 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

Nine months ended September 30, 2013

(Millions of yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	831,985	411,630	260,567	1,504,183	-	1,504,183
Inter-segment sales	5,172	2,593	8,278	16,044	(16,044)	-
Total sales	837,157	414,223	268,845	1,520,227	(16,044)	1,504,183
Segment income	66,328	23,557	22,957	112,844	(23,421)	89,422

Nine months ended September 30, 2014

(Millions of yen)

	Beverage and Food	Beer and Spirits	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	935,010	562,987	284,446	1,782,444	-	1,782,444
Inter-segment sales	6,632	2,894	7,650	17,177	(17,177)	-
Total sales	941,643	565,882	292,097	1,799,622	(17,177)	1,782,444
Segment income	78,509	37,217	24,338	140,065	(23,185)	116,880

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

Amounts are stated below.

Nine months ended September 30, 2013 (Millions of yen)

Adjustment on segment income (loss) (23,421)

Corporate general and administrative expenses that are not attributable to any reportable segment (23,473)

Inter-segment eliminations 52

Nine months ended September 30, 2014 (Millions of yen)

Adjustment on segment income (loss) (23,185)

Corporate general and administrative expenses that are not attributable to any reportable segment (23,233)

Inter-segment eliminations 48

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