

**Suntory Holdings Limited**

May 7, 2015

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF  
FOR THE THREE MONTHS ENDED MARCH 31, 2015 (English Translation, UNAUDITED)**

Company Name: Suntory Holdings Limited  
(URL: <http://www.suntory.com/>)  
Representative: Takeshi Niinami, President  
Contact: Satoshi Hamaoka, Head of Public Relations  
Public Relations Office: Tel:+81(0)3 5579-1150  
Tel:+81(0)6 6346-0835

(Fractions of millions have been truncated)

**1. Consolidated operating results and financial positions for the Three months of the current fiscal year  
(January 1, 2015 - March 31, 2015)**

(1) Operating results (% figures represent change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥ million	%	¥million	%	¥million	
Three months ended								
March 31, 2015	553,164	14.3	27,060	35.5	22,270	5.5	4,380	(51.3)
March 31, 2014	483,986	18.6	19,965	41.6	21,110	67.5	8,998	87.4

Referential Information : Income before amortization of goodwill etc.

	Operating income		Ordinary income		Net income	
	¥ million	%	¥million	%	¥million	
Three months ended						
March 31, 2015	43,699	65.2	38,909	41.0	18,468	42.8
March 31, 2014	26,457	32.7	27,602	49.8	12,935	21.7

Note: Income before amortization of goodwill etc. = Income + Amortization of Goodwill, Trademarks and other recognized in connection with M&A

	Basic net income per share	Diluted net income per share
Three months ended	¥	¥
March 31, 2015	6.41	-
March 31, 2014	13.19	-

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets
As of	¥ million	¥ million	%
March 31, 2015	4,405,355	1,126,526	18.9
December 31, 2014	4,536,537	1,190,756	19.4

**2. Consolidated result forecast for the fiscal year ending December 2015  
(January 1, 2015 - December 31, 2015)**

	Net sales		Operating income		Ordinary income		Net income		Basic net income per share
Fiscal year ending	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
December 31, 2015	2,650,000	7.9	193,000	17.1	167,000	8.6	50,000	30.3	73.17

Note: 1. Revision of the forecast from recently announced figures: No

2. % figures represent change from previous fiscal year.

Reference:

Income before amortization of goodwill etc.	261,000	20.9	235,000	14.6	108,000	36.5
---	---------	------	---------	------	---------	------

EBITDA Ratio for the fiscal year ending December 31,2015 (forecast) 4.3

※EBITDA Ratio=Net interest-bearing debt after adjusted for Hybrid bonds and loans / EBITDA

(Net)Debt / Equity Ratio for the fiscal year ending December 31,2015 (forecast) 1.05

※(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 First Quarter Consolidated Cumulative Period

During the first quarter of the fiscal 2015 consolidated cumulative period (January 1, 2015 – March 31, 2015), although the world economy showed weakness in some parts, overall it moderately moved toward recovery. Weakness was seen in the Japanese economy in individual consumption and elsewhere, but it continued to moderately recover.

Under these circumstances, the Suntory Group actively expanded business at home and abroad in both the Non-Alcoholic Beverages and Food Segment and the Alcoholic Beverage Segment. Our performance for the reported period saw net sales of 553.2 billion yen (up 14.3% year-on-year), operating income of 27.1 billion yen (up 35.5%), ordinary income of 22.3 billion yen (up 5.5%) and quarterly net profit of 4.4 billion yen (down 51.3%).

When calculations exclude amortization of goodwill and other amortization expenses, operating income was 43.7 billion yen (up 65.2% year-on-year), ordinary income was 38.9 billion yen (up 41.0% year-on-year), and quarterly net profit was 18.5 billion yen (up 42.8% year-on-year).

#### <Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited made efforts to strengthen brands and create new demand, while also working across the group to improve quality and boost profitability.

In our domestic business, as the overall market was expected to perform lower due to the effect of last-minute demand accompanying the April 2014 consumption tax hike, we continued to endeavor to strengthen core brands and create new demand.

We promoted *Suntory Tennensui's* qualities of being "clear and tasty" and "natural and healthy" as the brand's unique value. *Suntory Minami-Alps Tennensui Sparkling* and *Suntory Minami-Alps Tennensui & Asa-zumi Orange* performed favorably.

In addition to revamping key *BOSS* products, we launched coffee *Premium Boss Black* in a bottle-shaped can and marketed aggressively.

The 1.2 liter plastic bottle version of *Orangina*, which we launched last year to answer a variety of consumer needs, also contributed to growing sales of the product.

Among food for specified health uses (FOSHU), *Suntory Black Oolong Tea*, which had a redesigned recipe and package in March, performed favorably, as did *Iyemon Tokucha*.

In all areas of our overseas business, we further strengthened core brands, cut costs and implemented other measures.

In Europe, we marketed aggressively, principally for leading brands like *Orangina*, *Schweppes*, *Lucozade* and *Ribena*. Wholesale sales continued to perform favorably in Spain. In addition, along with cost-cutting we also continued to work on issues such as creating synergy for the sake of growth throughout Europe.

In Asian countries where we operate, we engaged in marketing with a focus on leading brands and strengthened our operational base. As for the health food business, in Thailand we rolled out a promotion to commemorate the 180<sup>th</sup> anniversary of *BRAND's Essence of Chicken's* launch. As for the

beverage business, in Vietnam, where we took active measures such as expanding the areas where Suntory brands are deployed, sales grew. Furthermore, in Malaysia, we built a sales organization and business has started up at a good pace.

In Oceania, in addition to energy drink *V*, a leading Frucor Group brand, we also aggressively marketed Suntory brand product *OVI* in an effort to expand sales.

In the U.S., in addition to strengthening sales of North Carolina-based *PepsiCo* brands, improvements to operational efficiency were implemented in areas such as integrated distribution centers.

The result was that net sales in the Non-Alcoholic Beverages and Food Segment increased 0.4% on the year to 270.7 billion yen.

#### <Alcoholic Beverage Segment>

On a comparable basis, Beam Suntory Inc. grew sales on strong performance in North America and Japan. On a reported basis, sales were up 111% year-on-year, reflecting organic sales growth and the acquisition of Beam Inc.

The company's premium whisky portfolio drove the favorable first quarter results, led by Bourbon, Japanese whisky, single-malt Scotch and Canadian. *Maker's Mark* and *Canadian Club* delivered strong sales gains, while sales increased at strong double-digit rates for *Knob Creek*, *Basil Hayden's*, *Hibiki* and *Laphroaig*.

To expand the Japanese whisky category, the company introduced *Hibiki JAPANESE HARMONY* in Japan with plans to launch the product in the United States and other key global markets later in 2015. In addition, proactive marketing activities were developed for the *Kakubin* in Asia, in efforts to expand the Japanese whisky category. Reflecting the outstanding quality of the company's portfolio, *Knob Creek* and *Yamazaki 18 Years Old* were named best in their categories at a prestigious international competition.

Beam Suntory's Japan business (Suntory Spirits Limited) saw 2% year-on-year growth in sales.

The company's major whisky brands posted favorable performance in Japan: despite a challenging comparison to the year-ago quarter when demand temporarily surged in advance of the consumption tax hike, whisky volume increased 2% year-on-year. As for domestic premium whiskies, *Hibiki JAPANESE HARMONY* performed favorably, helping the *Hibiki* brand grow volume by 62% year-on-year.

Imported whiskies such as *Jim Beam* and *Maker's Mark* drove strong demand, with volume up 39% year-on-year. *Jim Beam* was received especially well by consumers, who responded to new communications and ideas for consuming the product, such as the *Jim Beam Citrus High Ball*. Volume for *Jim Beam* rose 58% year-on-year.

RTD volume performed favorably, up 9% year-on-year. In addition to continued strong performance by *-196°C Strong Zero*, *Kokushibori*, launched in February, received acclaim as an RTD that delivers plentiful fruitiness and a deep richness. In addition, Suntory's canned highballs gained market traction, growing volume by 14% year-on-year.

Among RTS\*<sup>1</sup> drinks, the *Sumiwataru* series excelled, with volume up 22% year-on-year.

\*1. RTS (Ready To Serve): Alcoholic beverages for the casual enjoyment of the authentic taste of cocktails and other drinks simply by pouring into a glass

Due to the effects of last-minute demand accompanying the April 2014 consumption tax hike, the overall market<sup>\*2</sup> was down an estimated 9% year-on-year. Under these circumstances, Suntory Beer Limited's sales volume was 14.05 million cases<sup>\*3</sup> (down 5.3% year-on-year).

For *The Premium Malt's* we proposed new value to the premium beer market, such as with the launch of *Master's Dream*, a "super premium class" beer.

Among new genre beers, we aggressively marketed the *Kin-Mugi* brand.

For *All Free*, the top selling brand of alcohol-free beer-type beverages,<sup>\*4</sup> we worked to add more drinkers, such as by limited-quantity sales of a new flavor.

\*2. Includes alcohol-free beer-type beverages

\*3. Converted to large bottles (1 case = 633 ml x 20 bottles)

\*4. Source: Intage SRI, January – December 2014 (total for supermarkets, convenience stores, liquor-selling department stores and retail/wholesale liquor shops nationwide)

Suntory Wine International Limited, among domestically-produced wines, antioxidant agent-free *Sankaboshizai Mutenka no Oishii Wine*, a brand with well-received new low-calorie<sup>\*5</sup> products, and "Japanese wine" made entirely from grapes grown in Japan, continued to experience growing sales. We strengthened sales of imported wines for mid- and high-priced products.

\*5. When compared with the mean calorie count of of Suntory's core domestically-produced wines

Based on the foregoing, net sales in the Alcoholic Beverage Segment increased 52.1% on the year to 217.7 billion yen.

#### <Other Businesses Segment>

Group companies such as Suntory Wellness Limited, Suntory (China) Holding Co., Ltd., Häagen-Dazs Japan, Inc. and Dynac Corporation expanded business. Furthermore, sales in the Other Businesses Segment dropped 9.0% year-on-year to 64.9 billion yen, partially due to the transfer of all Tipness Limited stock that was in our possession.

In addition, domestic sales were down 4.0% on the year to 328.4 billion yen and overseas sales up 58.2% on the year to 224.8 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, various activities were implemented during the reported period with the objective of maintaining harmonious coexistence between society and nature.

We continue to provide Great East Japan Earthquake recovery assistance through our programs "Activities to Support Recovery of the Fishing Industry," "Youth Support Initiatives," "Support for Challenged Sports (for Persons with Disabilities)" and "Support through Culture, the Arts, and Sports," which has amounted to 10.8 billion yen since the earthquake.

As for our environmental activities, we continue to actively expand the Suntory Natural Water Sanctuaries for water resource cultivation, a program that has cultivated water resources covering an area of approximately 8,000 hectares. We aim to expand this area to 12,000 hectares by 2020 to double the volume of groundwater used at our plants in Japan. Furthermore, we have started up the Suntory "Mizuiku" Natural Water Education Program, which conveys water's importance to children, in Vietnam, the program's first foray outside Japan. We have also developed more lightweight containers and packages, and encouraged water and energy conservation in our production processes.

## 2. Full-Year Forecast

For the period ending in December 2015, we are anticipating sales of 2.65 trillion yen (up 7.9% year-on-year), operating profits of 193 billion yen (up 17.1% year-on-year), ordinary profits of 167 billion yen (up 8.6% year-on-year) and net profit of 50 billion yen (up 30.3%).

Note that when amortization of goodwill and other amortization expenses are excluded, operating income was 261 billion yen (up 20.9% year-on-year), ordinary profits were 235 billion yen (up 14.6% year-on-year), and net profit was 108 billion yen (up 36.5% year-on-year).

(There are no changes to the performance forecast announced on February 16, 2015.)

## Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2014	As of March 31, 2015	Change
Current assets	1,166,254	1,119,030	(47,223)
Cash and deposits	199,331	193,496	(5,835)
Notes and accounts receivable-trade	376,398	338,914	(37,483)
Inventories	452,874	450,354	(2,520)
Other	139,932	138,233	(1,699)
Allowance for doubtful accounts	(2,282)	(1,968)	314
Noncurrent assets	3,368,824	3,284,891	(83,933)
Property, plant and equipment	676,606	657,484	(19,121)
Buildings and structures, net	185,309	182,830	(2,479)
Machinery, equipment and vehicles, net	253,480	249,961	(3,518)
Tools, furniture and fixtures, net	69,266	66,052	(3,214)
Land	107,362	104,448	(2,913)
Other	61,187	54,191	(6,995)
Intangible assets	2,506,267	2,420,424	(85,842)
Goodwill	1,118,703	1,062,209	(56,494)
Trademarks	1,323,906	1,293,094	(30,812)
Other	63,656	65,120	1,463
Investments and other assets	185,951	206,982	21,030
Investment securities	122,396	133,657	11,261
Other	65,442	74,565	9,122
Allowance for doubtful accounts	(1,888)	(1,241)	647
Deferred assets	1,458	1,433	(24)
<b>TOTAL ASSETS</b>	<b>4,536,537</b>	<b>4,405,355</b>	<b>(131,182)</b>

(Millions of Yen)

	As of December 31, 2014	As of March 31, 2015	Change
<b>LIABILITIES</b>			
Current liabilities	779,677	816,269	36,592
Notes and accounts payable-trade	144,436	135,120	(9,315)
Electronically recorded obligations-operating	104,848	96,715	(8,132)
Short-term loans payable	87,873	127,942	40,068
Current portion of bond	10,900	59,680	48,780
Accrued alcohol tax	51,561	32,609	(18,951)
Accrued consumption taxes	22,236	14,690	(7,546)
Income taxes payable	22,297	11,062	(11,235)
Accounts payable-other	142,376	130,656	(11,720)
Accrued expenses	93,388	78,393	(14,994)
Provision for bonuses	20,737	22,533	1,795
Other current liabilities	79,021	106,864	27,843
Noncurrent liabilities	2,566,103	2,462,559	(103,544)
Bonds payable	476,151	427,259	(48,891)
Long-term loans payable	1,470,386	1,418,788	(51,598)
Provision for directors' retirement benefits	684	618	(65)
Net defined benefit liability	36,372	29,370	(7,001)
Other	582,509	586,522	4,013
<b>TOTAL LIABILITIES</b>	<b>3,345,781</b>	<b>3,278,829</b>	<b>(66,952)</b>
<b>NET ASSETS</b>			
Shareholders' equity	739,505	750,557	11,051
Capital stock	70,000	70,000	-
Capital surplus	(20,739)	(21,213)	(474)
Retained earnings	692,849	704,376	11,526
Treasury stock	(2,604)	(2,604)	-
Accumulated Other Comprehensive Income	142,516	82,670	(59,846)
Valuation difference on available-for-sale securities	20,322	25,044	4,722
Deferred gains or losses on hedges	1,239	(314)	(1,554)
Foreign currency translation adjustment	132,379	69,301	(63,077)
Remeasurements of defined benefit plans	(11,425)	(11,360)	64
Minority interests	308,733	293,297	(15,435)
<b>TOTAL NET ASSETS</b>	<b>1,190,756</b>	<b>1,126,526</b>	<b>(64,230)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,536,537</b>	<b>4,405,355</b>	<b>(131,182)</b>

## Consolidated Statements of Income

(Millions of Yen)

	Three months ended March 31, 2014	Three months ended March 31, 2015	Change
Net sales	483,986	553,164	69,177
Cost of sales	244,602	275,200	30,597
Gross profit	239,384	277,963	38,579
Selling, general and administrative expenses	219,419	250,903	31,484
Operating income	19,965	27,060	7,095
Non-operating income	4,545	3,570	(975)
Interest income	351	207	(143)
Dividends income	3,456	113	(3,343)
Equity in earnings of affiliates	-	821	821
Miscellaneous income	738	2,428	1,690
Non-operating expenses	3,400	8,360	4,960
Interest expenses	2,386	6,876	4,490
Miscellaneous expenses	1,013	1,483	469
Ordinary income	21,110	22,270	1,159
Extraordinary income	148	903	754
Gain on sales of noncurrent assets	126	882	755
Other	22	21	(1)
Extraordinary loss	2,316	3,949	1,632
Loss on disposal of noncurrent assets	924	941	17
Business restructuring expense	1,237	2,229	991
Other	154	779	624
Income before income taxes and minority interests	18,943	19,224	281
Income taxes	7,595	12,133	4,538
Income before minority interests	11,347	7,090	(4,256)
Minority interests in income	2,349	2,710	361
<b>NET INCOME</b>	<b>8,998</b>	<b>4,380</b>	<b>(4,618)</b>



## 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, Alcoholic Beverage, by combining the business companies with the emphasis on the business company units in consideration of the similarity of their economic characteristics.

(Changes of reportable segments)

Due to the reorganization carried out on October 1, 2014, from the prior fiscal year Beer and Spirits segment was renamed Alcoholic Beverage segment.

In addition, wine business previously included in Others segment has been transferred to this Alcoholic Beverage segment.

The segment information for the three months ended March 31, 2014 has been restated.

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, other products
Alcoholic Beverage	Whisky, RTDs, shochu, beer, wine and other alcoholic beverages
Others	Operations in China, health food, ice cream, restaurants, flowers and other operations

### 2. Industry Segments

Three months ended March 31, 2014

(Millions of Yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	269,597	143,096	71,291	483,986	-	483,986
Inter-segment sales	1,554	899	2,603	5,058	(5,058)	-
Total sales	271,152	143,996	73,895	489,044	(5,058)	483,986
Segment income (loss)	13,995	6,265	6,767	27,028	(7,063)	19,965

Three months ended March 31, 2015

(Millions of Yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment <sup>(1)</sup>	Consolidated Total <sup>(2)</sup>
Net sales						
Sales to customers	270,653	217,652	64,858	553,164	-	553,164
Inter-segment sales	1,864	1,540	2,830	6,235	(6,235)	-
Total sales	272,517	219,192	67,689	559,399	(6,235)	553,164
Segment income (loss)	13,952	14,711	6,100	34,764	(7,704)	27,060

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.

Three months ended December 31, 2014	(Millions of Yen)
Adjustment on segment income (loss)	(7,063)
Corporate general and administrative expenses that are not attributable to any reportable segment	(7,079)
Inter-segment eliminations	16
Three months ended December 31, 2015	(Millions of Yen)
Adjustment on segment income (loss)	(7,704)
Corporate general and administrative expenses that are not attributable to any reportable segment	(7,722)
Inter-segment eliminations	18

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