

## Suntory Holdings Limited

February 14, 2017

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2016 (English Translation, UNAUDITED)

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(Fractions of millions have been truncated)

1. Consolidated operating results and financial positions for the fiscal year  
(January 1, 2016 - December 31, 2016)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥million	%	¥ million	%	¥million	%	¥million	%
December 31, 2016	2,651,479	(1.3)	197,988	7.0	175,825	12.5	121,518	168.6
December 31, 2015	2,686,765	9.4	185,094	12.3	156,286	1.6	45,239	17.9

## Referential Information : Income before amortization of goodwill and others

Fiscal year ended	Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥million	%	¥million	%
December 31, 2016	264,288	3.7	242,125	7.1	175,517	69.6
December 31, 2015	254,827	18.0	226,019	10.2	103,471	30.7

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

Fiscal year ended	Basic net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
December 31, 2016	177.62	-	14.0	3.9	7.5
December 31, 2015	66.19	-	5.2	3.4	6.9

Reference: EBITDA Ratio for the fiscal year ending December 31, 2016 3.8

EBITDA Ratio for the fiscal year ending December 31, 2015 4.5

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

## (2) Financial positions

As of	Total assets	Net assets	Ratio of equity to total assets	Net assets per share
	¥ million	¥ million	%	¥
December 31, 2016	4,374,356	1,156,720	20.0	1,276.01
December 31, 2015	4,606,990	1,162,629	18.6	1,254.32

Reference: (Net)Debt / Equity Ratio for the fiscal year ending December 31, 2016 0.97

(Net)Debt / Equity Ratio for the fiscal year ending December 31, 2015 1.11

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

## (3) Cash flows

Fiscal year ended	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at year end
	¥ million	¥ million	¥ million	¥ million
December 31, 2016	256,326	(64,366)	(91,840)	352,525
December 31, 2015	266,237	(207,552)	6,527	257,990

(Fractions of millions have been truncated)

## 2. Dividends

	Annual dividends	Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
Fiscal year ended	¥	¥ million	%	%
December 31, 2016	13.00	8,902	7.3	1.0
December 31, 2015	12.00	8,205	18.1	0.9

## 3. Consolidated result forecast for the fiscal year ending December 2016 (January 1, 2017 - December 31, 2017)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic net income per share
Fiscal year ending	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
December 31, 2017	2,690,000	1.5	201,000	1.5	178,000	1.2	71,000	(41.6)	103.78

Income before amortization of goodwill and others	267,000	1.0	244,000	0.8	125,000	(28.8)
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## Operating Results

### 1. Overview of the Twelve-Month Period Ended December 31, 2016

Although a mild recovery was observed overall in the global economy during the FY2016 consolidated cumulative period from January 1, 2016 to December 31, 2016, the business environment continued to be characterized by uncertainty. Gradual recovery continued in the Japanese economy, but some weakness was seen, such as in personal consumption and in corporate profits.

Amid these circumstances, the Suntory Group has actively expanded business in each of three segments, “Non-Alcoholic Beverages and Food,” “Alcoholic Beverages,” and “Other Businesses” both domestically and abroad. In terms of business results for the fiscal year under review, while net sales decreased by 1.3% year on year to 2.6515 trillion yen, reflecting the adverse impact of currency exchange rates, record high levels were achieved for operating income (up 7% year on year to 198 billion yen) and ordinary income (up 12.5% year on year to 175.8 billion yen). Net income attributable to owners of parent was 121.5 billion yen, up 168.6% year on year, due to the impact of gains on the transfer of businesses and capital reorganization or restructuring of overseas subsidiaries.

When calculations exclude amortization of goodwill and others, operating income increased by 3.7% year on year to 264.3 billion yen, ordinary income by 7.1% year on year to 242.1 billion yen and net income attributable to owners of parent by 69.6% year on year to 175.5 billion yen.

#### [Non-Alcoholic Beverages and Food Segment]

Suntory Beverage & Food Limited proposed products based on the concepts of “natural & healthy” and “unique & premium”, focused on strengthening brands and creating new demand, while all members of the Suntory Beverage & Food Limited aimed to strengthen profitability and improve product quality by reforming the cost structure based on insights provided by its Group companies.

The domestic business aimed to create new demand for the products through strengthening the lineup of high-value-added products such as food for specified health uses (FOSHU) in addition to strengthening core brands, resulting in sales volume exceeding the level of the previous year. In the *Suntory Tennensui* line, sales of *Suntory Yogurina & Minami-Alps Tennensui* performed well, and the brand's annual overall sales volume grew significantly as over 100 million cases were sold for the brand for the first time. The *BOSS* brand focused on promoting flagship products, and the sales volume of the bottle-shaped canned coffees *Premium BOSS Black* and *Premium BOSS Bito* grew significantly, driving sales for the brand as a whole. In September, a new product was launched in the *Premium BOSS* brand, expanding the lineup. In the *Iyemon* series, the sales volume of the FOSHU green tea *Tokucha* grew considerably, and there was significant growth for the brand overall. In FOSHU products, the company is driving market expansion and building for itself an unshakable position. We continued to work on proactive marketing for *Iyemon Tokucha* and *Suntory Black Oolong Tea*, and in August we launched *Tokucha Caffeine Zero*. As a result, total sales volumes of FOSHU products grew considerably from the year earlier level.

The Company has also conducted further development and cost reductions on its main brands in each area of its international business. In Europe, we conducted proactive marketing, primarily for key brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade*, and *Ribena*. In France, in a difficult operating environment, sales of *Orangina* remained at the same level as last year while *Oasis* fell below the results for the previous fiscal year. In the UK, the zero-calorie *Lucozade Zero* performed strongly, and the results for *Lucozade* and *Ribena* outperformed the previous fiscal year. In Spain, the Group continued to promote the cooperation with PepsiCo, Inc. In addition, the Group bolstered its brand portfolio in Europe, as consumers in the region are becoming increasingly health-conscious. In the UK, we actively promoted *Highland Spring* spring water, and launched the low-sugar premium iced tea *May Tea* in France. In Africa, we took over the business foundation related to the manufacture and sale of *Lucozade* and *Ribena* in Nigeria from GlaxoSmithKline Consumer Nigeria Plc in order to strengthen our business in the region. In Asia, we worked to strengthen our business base in each country and conducted marketing focused on leading brands. As for the health food business, *BRAND'S Essence of Chicken* and other products performed strongly in Thailand. In the beverage business, in Vietnam, the Group took steps to strengthen marketing for Suntory brand products such as *TEA+ MATCHA* green tea, and sales greatly surpassed those of the previous fiscal year along with PepsiCo brands. In Oceania, in addition to launching *V Pure* in its mainstay energy drink brand *V*, the Group worked to expand sales by conducting aggressive marketing activities for the sports beverage *Maximus* and the hydrating beverage *OVI*. In the United States, in addition to further strengthened sales of the *PepsiCo* brands mainly in the state of North Carolina, improvements to operational efficiency were implemented in areas such as reconsolidation of distribution centers. In addition, the Group launched sales of *OVI* in the country.

As a result of the above, net sales for the Non-Alcoholic Beverages and Food Segment were increased 2.1% year on year to 1.4009 trillion yen and operating income increased by 2.0% year on year to 113.2 billion yen.

[Alcoholic Beverages Segment]

Full-year comparable sales for Beam Suntory Inc. increased at a mid-single-digit rate, driven by strong growth for brands including *Jim Beam*, *Maker's Mark*, *Hornitos* tequila and Japanese ready-to-drink products, plus the company's super-premium Bourbon and Scotch whiskies. Mid-single-digit sales growth in the United States drove strong results in the Americas region. In the International region, results reflected broad-based growth across developed and emerging markets, including double-digit sales gains in Spain, India, Russia and Southeast Asia. The company's Japan business (Suntory Spirits Limited) saw 3% year-on-year growth in sales. Among whiskies, strategic brands *Jim Beam*, *Torys <Classic>* and *Chita* delivered significant growth. RTD beverages grew case volumes 14% due to higher consumer demand for *-196°C Strong Zero*, *Horoyoi* and canned highball products.

As the overall market<sup>\*1</sup> is estimated to be down about 2% year-on-year, Suntory Beer Limited experienced a 3% sales decrease to 71.65 million cases<sup>\*2</sup>. The company's market share for beer excluding alcohol-free beer-type beverages reached a record-high level of 15.7% (on a taxable volume basis). For our leading premium beer brand *The Premium Malt's*, we stimulated the premium beer market through activities such as a promotional campaign designed to encourage demand for premium beer on Fridays and other days before holidays and the proposal of "casual gifts" that go beyond existing gift demand. In addition, we launched *The Premium Malt's Kaoru Ale*, an ale beer suitable for Japanese tastes, and it proved popular. In the *Kinmugi* brand, both *Kinmugi* itself and *Kinmugi (75% Less Sugar<sup>\*3</sup>)* as record highs were achieved for both products. For the *All Free* brand, we worked on expanding consumers by proactive marketing activities aimed at expanding the alcohol-free beer-type beverage market.

At the Suntory Kumamoto Plant where operations were suspended due to damage by the Kumamoto Earthquake, preparation of *The Premium Malt's* was resumed in November 2016, the shipping of draft beer was resumed in December 2016, and canned beer in January 2017.

\*1 Total of beer, happoshu, new-genre beer, alcohol-free beer-type beverage

\*2 Converted to large bottles (1 Case = 633mL×20 bottles)

\*3 Compared to Suntory's *Kinmugi*

Suntory Wine International Limited grew sales by 1% year-on-year. In Japan, the wine market is estimated to be up about 1% year on year on the basis of the number of units sold, but the Company's sales greatly outperformed the market, increasing 7% year on year. In Japanese wine, record highs have been achieved for the *Sankaboshizai Mutenka* brand for seven consecutive years since its launch, and "Japanese wine" made from grapes grown entirely in Japan performed strongly. As for imported wines, *Carnivor* and other wines have been well-received as wines that go well with specific dishes and ingredients, and mid-high value products saw growth. Furthermore, sales for *Beaujolais Nouveau* performed strongly as a result of proactive marketing activities, growing 9% year on year as a result.

As a result of the above, net sales for the Alcoholic Beverages Segment were 988.7 billion yen, down 3.6% year on year, and operating income was 88.3 billion yen, up 12.7% year on year.

#### [Other Businesses Segment]

Suntory Wellness Limited experienced a 10% sales increase year on year with brisk sales of the *Sesamin* series, the *F.A.G.E.* anti-aging skin-care cosmetics, and other products. At Haagen-Dazs Japan, Inc., sales were up 5% year on year thanks to strong sales of new products. Meanwhile, Suntory (China) Holdings Co., Ltd. dissolved its joint venture with Tsingtao Brewery Co., Ltd. in March of this year, leaving the Other Businesses segment with net sales of 261.9 billion yen, down 9.5% year on year, and operating income of 32.6 billion yen, up 7.6% year on year.

In addition, domestic sales rose to 1.7475 trillion yen, up 5.5% year on year, and overseas sales fell to 904 billion yen, down 12.3% year on year. Overseas net sales excluding the effects of the forex rate stayed at roughly the same level as the previous year.

The overseas share of net sales was 34.1% and the overseas share of operating income before amortization of goodwill and others was 45.3%.

Since our very inception, Suntory has actively 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."

We engaged in reconstruction support activities for the Kumamoto Earthquake, including supplying relief goods immediately after the earthquake and donating 100 million yen in May. In October, we decided to donate an additional 300 million yen as funds for reconstruction support activities, and started the activity, the *Suntory "Land of Water" Kumamoto Support Project*. Our reconstruction support activities for the Great East Japan Earthquake are continuing, with donation reaching a total of 10.8 billion yen.

As for our environmental activities, we continue to work on the *Suntory Natural Water Sanctuaries*, by which we have cultivated water resources covering approximately 9,000 hectares. We implement our Suntory "Mizuiku" Natural Water Education Program for conveying the importance of water to children not only in Japan but also in Vietnam. Additionally, based on our 2R+B strategy<sup>\*4</sup> for plastic bottle development, we are working on lighter packaging materials and, jointly with an American company, we are developing 100% plant derived ingredient PET bottles.

<sup>\*4</sup> 2R+B is short for "Reduce/Recycle + Bio." It is our approach of substituting recyclable materials for petroleum-based materials whenever possible while striving for efficient use of resources through reduced plastic consumption and the use of recycled materials.

## 2. Forecast for the Next Period

The Suntory Group will continue to respond swiftly to changes in the market environment and take on the challenge of creating new values, while aiming to maintain a harmonious coexistence between society and nature. In addition, the Group aims to achieve further growth and strengthen profitability as a global multi-faceted food and beverage company by striving to expand the synergy between the various companies in the Suntory Group.

[Non-Alcoholic Beverages and Food Segment]

Suntory Beverage & Food Limited will continue to strengthen the foundation of both domestic and international business, along with aiming towards the growth of sales and profitability in each area.

In our domestic business, we will implement various initiatives in response to changes in the consumption environment that affects the beverage industry with a focus on enhancing the brand and innovation as we strive for further growth.

As for our international business, along with strengthening our key brands and business base in each area, as well as improving profitability through cost savings, we will also strengthen collaboration among the Group companies and area control functions for unified development of the entire Group.

[Alcoholic Beverages Segment]

As the world's third largest premium spirits company, Beam Suntory Inc. aims to outperform its global market by building its premium brands, leveraging strong routes to market, and further fueling its growth through organizational efficiency and effectiveness. Specifically in Japan, the company plans to enhance marketing activities for whisky brands including *Jim Beam*, *Kakubin*, *Torys* 〈*Classic*〉 and *Chita*, as well as key RTD brands such as *-196°C Strong Zero*, *Horoyoi* and canned highball products.

Suntory Beer Limited will focus on the three main brands of *The Premium Malt's*, *Kinmugi*, and *All Free*. In particular, Suntory Beer Limited will use the renewal of *The Premium Malt's* in March as an opportunity to actively pursue marketing activities to stimulate new demand and provide added impetus to the premium beer market.

Suntory Wine International Limited will leverage its strengths as a wine maker focused on making the high-quality wines with its own vineyards in Japan and Europe and also a distributor that handles high-quality wines from around the world in an aim for further growth. In order to broadly spread the appeal of wine in Japan, Suntory Wine International Limited will introduce new domestic and imported wines and conduct activities aimed at communicating their value, thereby creating new demand.

[Other Businesses Segment]

Suntory Wellness Limited will continue to focus on the *Sesamin* series, the skin care product *F.A.G.E.*, and other products. In addition, Haagen-Dazs Japan, Inc., Dynac Corporation, and other group companies will proactively conduct business activities.

Resulting from these activities, net sales of each segment are estimated to be 1.420 trillion yen (up 1.4% year on year) in the Non-Alcoholic Beverages and Food Segment, 1.0200 trillion yen (up 3.2% year on year) in the Alcoholic Beverages Segment, and 250 billion yen (down 4.5% year on year) in the Other Businesses Segment.

Overall, for the period ending in December 2017, we are anticipating net sales of 2.690 trillion yen (up 1.5% year-on-year), operating income of 201 billion yen (up 1.5% year on year), ordinary income of 178 billion yen (up 1.2% year on year), and net income attributable to owners of parent of 71 billion yen (down 41.6% year on year).

In terms of income before amortization of goodwill and others, operating income will be 267 billion yen, up 1.0% year on year, ordinary income will be 244 billion yen, up 0.8% year on year, and net income attributable to owners of parent will be 125 billion yen, down 28.8% year on year.



## Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016	Change
<b>ASSETS</b>			
Current assets	1,205,761	1,267,103	61,341
Cash and deposits	258,622	353,157	94,535
Notes and accounts receivable - trade	380,562	368,858	(11,704)
Merchandise and finished goods	370,258	347,826	(22,431)
Work in process	18,212	15,321	(2,890)
Raw materials and supplies	50,456	40,244	(10,212)
Deferred tax assets	45,349	42,854	(2,495)
Other	84,409	100,204	15,795
Allowance for doubtful accounts	(2,109)	(1,363)	745
Non-current assets	3,400,453	3,106,737	(293,716)
Property, plant and equipment	686,068	640,821	(45,247)
Buildings and structures, net	198,016	183,282	(14,733)
Machinery, equipment and vehicles, net	255,743	236,052	(19,691)
Tools, furniture and fixtures, net	63,223	58,389	(4,834)
Land	106,203	100,444	(5,759)
Construction in progress	22,362	24,581	2,219
Other	40,518	38,070	(2,448)
Intangible assets	2,512,908	2,274,426	(238,481)
Goodwill	1,136,879	1,012,334	(124,545)
Trademarks	1,285,478	1,180,264	(105,213)
Other	90,550	81,827	(8,722)
Investments and other assets	201,477	191,490	(9,987)
Investment securities	119,633	116,068	(3,564)
Deferred tax assets	7,890	16,233	8,343
Net defined benefit asset	18,535	12,168	(6,366)
Other	56,727	48,233	(8,494)
Allowance for doubtful accounts	(1,309)	(1,214)	94
Deferred assets	774	515	(259)
<b>TOTAL ASSETS</b>	<b>4,606,990</b>	<b>4,374,356</b>	<b>(232,634)</b>

(Millions of yen)

	As of December 31, 2015	As of December 31, 2016	Change
<b>LIABILITIES</b>			
Current liabilities	934,627	1,002,217	67,589
Notes and accounts payable - trade	146,790	133,170	(13,619)
Electronically recorded obligations - operating	109,333	105,953	(3,379)
Short-term loans payable	161,664	193,179	31,514
Current portion of bonds	51,918	114,523	62,604
Accrued alcohol tax	55,064	51,434	(3,629)
Accrued consumption taxes	22,349	20,394	(1,955)
Income taxes payable	36,629	24,119	(12,509)
Accounts payable - other	157,615	150,922	(6,692)
Accrued expenses	83,008	87,590	4,581
Provision for bonuses	26,149	27,482	1,332
Other	84,104	93,447	9,342
Non-current liabilities	2,509,733	2,215,419	(294,314)
Bonds payable	421,883	327,935	(93,947)
Long-term loans payable	1,427,812	1,308,189	(119,623)
Deferred tax liabilities	471,066	429,873	(41,192)
Provision for directors' retirement benefits	1,004	1,090	86
Net defined benefit liability	33,926	35,341	1,415
Other	154,039	112,987	(41,052)
<b>TOTAL LIABILITIES</b>	<b>3,444,361</b>	<b>3,217,636</b>	<b>(226,724)</b>
<b>NET ASSETS</b>			
Shareholders' equity	790,288	895,287	104,999
Capital stock	70,000	70,000	-
Capital surplus	(20,780)	133,198	153,978
Retained earnings	743,354	693,688	(49,666)
Treasury stock	(2,285)	(1,598)	686
Accumulated Other Comprehensive Income	67,384	(21,495)	(88,879)
Valuation difference on available-for-sale securities	26,427	25,491	(935)
Deferred gains or losses on hedges	(3,803)	(2,257)	1,546
Foreign currency translation adjustment	53,256	(29,763)	(83,020)
Remeasurements of defined benefit plans	(8,496)	(14,966)	(6,469)
Non-controlling interests	304,956	282,927	(22,028)
<b>TOTAL NET ASSETS</b>	<b>1,162,629</b>	<b>1,156,720</b>	<b>(5,909)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>4,606,990</b>	<b>4,374,356</b>	<b>(232,634)</b>

## Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016	Change
Net sales	2,686,765	2,651,479	(35,286)
Cost of sales	1,330,001	1,262,489	(67,512)
Gross profit	1,356,763	1,388,989	32,225
Selling, general and administrative expenses	1,171,669	1,191,001	19,332
Promotion expenses and commissions	469,724	490,049	20,324
Advertising expenses	117,369	107,914	(9,454)
Haulage expenses and warehousing expenses	83,061	79,633	(3,427)
Labor expenses	234,930	247,292	12,362
Depreciation	48,513	50,950	2,436
Other	218,070	215,161	(2,908)
Operating income	185,094	197,988	12,893
Non-operating income	9,178	9,732	553
Interest income	973	1,047	74
Dividends income	2,552	854	(1,698)
Share of profit of entities accounted for using equity method	-	5,246	5,246
Miscellaneous income	5,653	2,583	(3,069)
Non-operating expenses	37,987	31,895	(6,091)
Interest expenses	28,825	27,644	(1,181)
Share of loss of entities accounted for using equity method	5,062	-	(5,062)
Miscellaneous expenses	4,099	4,251	151
Ordinary income	156,286	175,825	19,539
Extraordinary income	28,931	27,005	(1,926)
Gain on sales of non-current assets	2,501	3,750	1,249
Gain on sales of shares of subsidiaries and associates	4,294	4,500	205
Gain on step acquisitions	15,698	-	(15,698)
Insurance Income	-	7,000	7,000
Gain on transfer of business	-	8,505	8,505
Other	6,438	3,249	(3,189)
Extraordinary loss	34,655	26,211	(8,444)
Loss on abandonment of non-current assets	4,056	4,077	20
Restructuring cost	8,344	6,698	(1,645)
Losses from a natural disaster	-	10,917	10,917
Other	22,254	4,518	(17,736)
Income before income taxes	150,562	176,618	26,056
Income taxes - current	74,705	51,715	(22,989)
Income taxes - deferred	7,351	(27,433)	(34,785)
Net income	68,505	152,336	83,831
Net income attributable to non-controlling interests	23,266	30,818	7,552
Net income attributable to owners of parent	45,239	121,518	76,279

## Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes	150,562	176,618
Depreciation and amortization	94,502	92,939
Amortization of goodwill	64,828	61,310
Interest and dividends income	(3,525)	(1,902)
Interest expenses	28,825	27,644
Share of loss (profit) of entities accounted for using equity method	5,062	(5,246)
Gain on sales of subsidiaries and associates	(4,294)	(4,500)
Gain on step acquisitions	(15,698)	-
Gain on transfer of business	-	(8,505)
Loss on disposal of non-current assets	4,056	4,077
Increase in notes and accounts receivable-trade	(1,468)	(16,049)
(Increase) decrease in inventories	(11,783)	3,378
(Decrease) increase in notes and accounts payable-trade	(12)	4,226
Increase (decrease) in accrued consumption taxes, alcohol taxes	3,491	(3,077)
Other, net	39,754	23,357
Subtotal	354,301	354,270
Interest and dividends income received	4,630	3,933
Interest expenses paid	(31,947)	(28,085)
Income taxes paid	(60,746)	(73,792)
Net cash provided by operating activities	266,237	256,326
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(107,080)	(100,409)
Proceeds from sales of property, plant and equipment and intangible assets	8,740	8,312
Purchase of investment securities	(2,062)	(1,251)
Proceeds from redemption of investment securities	3,411	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(134,317)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	4,853	8,204
Advances received related to transfer of business	7,036	-
Proceeds from transfer of business	-	25,148
Payments for transfer of business	-	(8,088)
Other, net	11,866	3,716
Net cash used in investing activities	(207,552)	(64,366)
<b>Cash flows from financing activities</b>		
(Decrease) increase in short-term bank loans and commercial papers	(13,107)	2,209
Proceeds from long-term loans payable	207,863	125,018
Repayment of long-term loans payable	(147,779)	(163,104)
Proceeds from issuance of bonds	-	50,000
Redemption of bonds	(11,400)	(68,808)
Repayments of lease obligations	(4,808)	(9,453)
Proceeds from disposal of treasury shares	502	1,155
Cash dividends paid	(8,199)	(8,205)
Cash dividends paid to non-controlling interests	(16,563)	(16,639)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(3,808)
Other, net	20	(204)
Net cash provided by (used in) financing activities	6,527	(91,840)
Effect of exchange rate change on cash and cash equivalents	(6,530)	(5,583)
<b>Net increase in cash and cash equivalents</b>	<b>58,682</b>	<b>94,535</b>
Cash and cash equivalents at the beginning of the period	199,308	257,990
Cash and cash equivalents at the end of the period	257,990	352,525

## 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.

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	Spirits, beer, wine and other alcoholic beverages
Others	Operations in China, health food, ice cream, restaurants, flowers and other operations

### 2. Reportable segments

Fiscal year ended December 31, 2015

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	1,371,384	1,026,134	289,245	2,686,765	-	2,686,765
Inter-segment sales	9,622	2,384	10,828	22,835	(22,835)	-
Total sales	1,381,007	1,028,519	300,074	2,709,601	(22,835)	2,686,765
Segment income	110,998	78,367	30,320	219,686	(34,591)	185,094

Fiscal year ended December 31, 2016

(Millions of yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment	Consolidated Total
Net sales						
Sales to customers	1,400,866	988,741	261,870	2,651,479	-	2,651,479
Inter-segment sales	9,898	4,823	9,541	24,263	(24,263)	-
Total sales	1,410,765	993,565	271,411	2,675,742	(24,263)	2,651,479
Segment income	113,208	88,336	32,618	234,163	(36,175)	197,988

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.

Fiscal year ended December 31, 2015	(Millions of yen)
Adjustment on segment income (loss)	(34,591)
Corporate general and administrative expenses that are not attributable to any reportable segment	(34,668)
Inter-segment eliminations	76

Fiscal year ended December 31, 2016	(Millions of yen)
Adjustment on segment income (loss)	(36,175)
Corporate general and administrative expenses that are not attributable to any reportable segment	(36,242)
Inter-segment eliminations	66

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

### 3. Geographic Segments

Fiscal year ended December 31, 2015

(Unit: Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Overseas Total	Total
Net sales	1,656,118	347,015	333,557	350,074	1,030,646	2,686,765
Net sales as percentage of consolidated sales	61.6%	12.9%	12.4%	13.0%	38.4%	100.0%

Fiscal year ended December 31, 2016

(Unit: Millions of yen)

	Japan	Americas	Europe	Asia and Oceania	Overseas Total	Total
Net sales	1,747,494	326,254	293,942	283,787	903,984	2,651,479
Net sales as percentage of consolidated sales	65.9%	12.3%	11.1%	10.7%	34.1%	100.0%

Note: 1. Geographical distances are considered in classification of country or area.

2. Countries or areas included in each segment except for Japan are as follows:

Americas: North, Middle and South American countries

Europe: European, Middle Eastern and African countries

Asia and Oceania: Asian and Oceanian countries