

Suntory Holdings Limited

May 6, 2016

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 (English Translation, UNAUDITED)**

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(% Fractions of millions have been truncated)

**1. Consolidated operating results and financial positions for the Three months of the current fiscal year
(January 1, 2016 - March 31, 2016)**

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥million	%	¥ million	%	¥million	%	¥million	%
Three months ended								
March 31, 2016	594,871	7.5	30,696	13.4	24,704	10.9	11,638	165.7
March 31, 2015	553,164	14.3	27,060	35.5	22,270	5.5	4,380	(51.3)

Referential Information : Income before amortization of goodwill and others

	Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥million	%	¥million	%
Three months ended						
March 31, 2016	48,187	10.3	42,194	8.4	25,955	40.5
March 31, 2015	43,699	65.2	38,909	41.0	18,468	42.8

Note : Income before amortization of goodwill and others = 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, 2016	17.02	-
March 31, 2015	6.41	-

(2) Financial positions

	Total assets	Net assets	Ratio of equity to total assets
As of	¥ million	¥ million	%
March 31, 2016	4,298,206	1,074,440	18.3
December 31, 2015	4,606,990	1,162,629	18.6

**2. Consolidated result forecast for the fiscal year ending December 2016
(January 1, 2016 - December 31, 2016)**

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Fiscal year ending									
December 31, 2016	2,730,000	1.6	188,000	1.6	160,000	2.4	50,000	10.5	73.15

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 and others	258,000	1.2	230,000	1.8	108,000	4.4
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Operating Results

1. Overview of the consolidated quarter under review

During the first quarter of the fiscal 2016 consolidated cumulative period (January 1, 2016 to March 31, 2016), the global economy showed signs of a gradual recovery overall despite continuing uncertainty. In Japan, the economy continued to follow a path of gradual recovery, but there were indications of a pause in the pickup in consumer spending.

Amid these circumstances, the Suntory Group actively expanded business in Japan and overseas in each of the three segments, “Non-Alcoholic Beverages and Food,” “Alcoholic Beverages,” and “Other Businesses.” In the first quarter of FY2016, sales increased by 7.5% from the previous year to 594.9 billion yen, operating income by 13.4% to 30.7 billion yen, ordinary income by 10.9% to 24.7 billion yen, and quarterly net income attributable to owners of parent by 165.7% to 11.6 billion yen.

When calculations exclude amortization of goodwill and others in line with global standards, operating income increased by 10.3% to 48.2 billion yen, ordinary income by 8.4% to 42.2 billion yen, and quarterly net income attributable to owners of parent by 40.5% to 26.0 billion yen.

<Non-Alcoholic Beverages and Food Segment>

Suntory Beverage & Food Limited focused on strengthening brands and creating new demand while also leveraging knowledge across the Group to strengthen profitability by improving product quality and reforming the cost structure.

The domestic business aimed to create new demand by concentrating on products with high added value such as Food for Specified Health Uses (FOSHU), in addition to strengthening core brands.

Suntory Tennensui promoted the brand’s characteristics of “clear and refreshing” and “natural and healthy” as its unique value. Overall sales of the brand grew significantly, with a great contribution from *Suntory Minami-Alps Tennensui & Yogurina*, launched in April.

BOSS sales increased significantly, with brisk sales of *Premium BOSS Black* and *Premium BOSS Bito*, in addition to renewals of the flagship products.

Overall sales of the *Iyemon* brand exceeded those of the same period of last fiscal year, as the brand continued to offer altering flavors to suit the changing season and the FOSHU green tea *Iyemon Tokucha* continued to sell strongly.

In FOSHU products, the Company is driving market expansion and building for itself an unshakable position. The Company continued to conduct proactive marketing activities for *Iyemon Tokucha* and *Suntory Black Oolong Tea*, and sales volumes for FOSHU products including *Suntory Gomamugicha* and *Pepsi Special*, significantly exceeded previous-year levels.

The international business implemented measures to further strengthen core brands and reduce costs in each region.

In Europe, active marketing campaigns were deployed focusing on flagship brands such as *Orangina*, *Oasis*, *Schweppes*, *Lucozade*, and *Ribena*. In the UK, sales of *Lucozade* posted steady sales due to revitalization

initiatives. In Spain, the Group continued to promote cooperation with PepsiCo, Inc. that began last year and sales continued to be strong in the on-premise market. In addition, along with cost reduction, the Company also continued to work on issues such as optimizing the business foundation and creating synergy for the sake of growth throughout Europe.

In Asia, the focus was reinforcing the business base in each country, and implementing marketing measures for key brands. In the health food business, sales of *BRAND'S Essence of Chicken* in Thailand were steady. In the beverage business, the Group implemented measures to rebuild the sales structure and the marketing strategy in Indonesia. The Group took steps to strengthen marketing for Suntory brands such as *TEA+* as well as PepsiCo brands in Vietnam, and sales remained strong.

In Oceania, in addition to energy drink *V*, the Group's main brand, the Group also proactively marketed Suntory brand product *OVI* in an effort to expand sales.

In the Americas, in addition to further strengthening sales of North Carolina - based PepsiCo brands, improvements to operational efficiency were implemented in sales and distribution. The Group also began sales for the *OVI* Suntory brand.

The result was that sales in the Non - Alcoholic Beverages and Food Segment increased 14.2% on the year to 309.2 billion yen, while operating income increased by 18.6% to 16.6 billion yen.

< Alcoholic Beverages Segment >

Comparable sales for Beam Suntory Inc. increased at a mid-single digit rate. Results benefited from strong global growth for brands including *Jim Beam*, *Maker's Mark*, *Courvoisier*, *Canadian Club*, *Teacher's*, *Hornitos* and *Kakubin*, as well as *Scottish malts* and *-196°C RTD* products. Reflecting the adverse impact of currency exchange rates and divestitures, sales on a reported basis were down slightly year on year.

In the Americas region, sales grew in both North and South America. Results were driven by strong shipments for the company's leading bourbon brands -- *Jim Beam* and *Maker's Mark* -- as well as for brands including *Hornitos*, *Courvoisier*, super-premium bourbons and Japanese whiskies. Growth for *Jim Beam* was fueled by strong consumer demand for the core *Jim Beam* expression, plus favorable trends for line extensions including *Jim Beam Apple*. Bourbon remains one of the US market's fastest growing categories, and the Beam Suntory bourbon portfolio is demonstrating strong growth at all premium price points.

In Beam Suntory's International region, sales grew across the region's developed and emerging markets, including Australia, Germany, Spain, Russia, India and Southeast Asia. The region's results were fueled by broad-based share gains, led by rising global demand for *Jim Beam*, as well as strong growth for *Courvoisier*, *Canadian Club* and *Teacher's*, and successful activations promoting the company's super-premium malts.

Beam Suntory's Japan business (Suntory Spirits Limited) saw 4% year-on-year growth in sales. As for the whisky category, *Jim Beam* delivered particularly strong results in Japan, with volumes up 35%, enhanced by successful promotion on- and off-premise of the *Jim Beam Highball* and expanded points of contact with consumers. Furthermore, the company's premium whisky craftsmanship, including for the *Hibiki* brand, was recognized throughout the world with top awards at prestigious international tasting competitions. RTD beverages delivered 15% year-on-year volume growth, led by a 19% volume increase for *-196°C Strong Zero*, which consumers are increasingly enjoying as their beverage of

choice with meals. The *-196°C* brand achieved significant year-on-year volume growth of 23% thanks to the popularity of the refreshing flavor of *-196°C Gokukire*, launched in March. *Horoyoi* saw 26% year-on-year volume growth, thanks to its flavor and brand communication activities. Canned *Kaku Highball* and canned *Torys Highball* continued their momentum, with the volume of canned highball products increasing 29% year-on-year.

Suntory Beer Limited sales grew by 2% year on year, significantly outperforming the market as a whole*¹, which fell by 2%.

For *The Premium Malt's*, the Company offered a new value proposition to the domestic beer market by launching the new concept ale beer *Kaoru Ale*, causing sales volume to exceed previous-year levels. As for *The Malt's*, the Company implemented aggressive marketing activities such as beginning a campaign in February. In the *Kinmugi* brand, *Kinmugi* itself rose by 6% year on year while *Kinmugi (75% Less Sugar)* increased by 10% year on year.

For *All Free*, the top selling*² brand of alcohol-free beer-type beverages, the Company worked on expanding consumers by proactive marketing activities.

*1. Beer, happoshu, new genre, alcohol-free beer-type beverage total

*2. Source: Intage SRI, January - December 2015 (total for supermarkets, convenience stores, liquor - selling department stores and retail/wholesale liquor shops nationwide)

Suntory Wine International Limited sales were higher than in the same period of last fiscal year.

In the domestic market, Japanese wines made from grapes grown entirely in Japan recorded 21% year-on-year growth in sales volume. Imported wines saw favorable sales, driven by introductions of new Chilean wine and sparkling wine products.

Based on the above, net sales in the Alcoholic Beverages Segment remained 217.6 billion yen, while operating income increased by 3.6% from the same period of last fiscal year to 15.2 billion yen.

<Other Businesses Segment>

For Suntory Wellness Limited, the *Sesamin* series and the *F.A.G.E.* anti-aging skin-care cosmetics and others posted strong net sales, growing 12% from the same period of last fiscal year. New products performed well for Häagen-Dazs Japan, Inc., resulting in net sales growth of 4% over the previous year. Dynac Corporation and other restaurant businesses also posted robust results.

Based on the above, the Other Businesses Segment posted net sales of 68.1 billion yen, up 5% on the year, and operating income of 7.6 billion yen, up 25.1%.

Domestic net sales were 377.6 billion yen, up 15% year on year, while overseas net sales came to 217.3 billion yen, down 3.3% year on year. Overseas net sales increased by 3.3% excluding the effect of foreign exchange rates.

The overseas share of net sales was 36.5% and the overseas share of operating income before amortization of goodwill was 54.7%.

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."

The Company continues to provide Great East Japan Earthquake recovery assistance through "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," thus far having totaled 10.8 billion yen since the earthquake. In addition, in July of last year, the Company concluded an official partner agreement with the Japan Wheelchair Basketball Federation, so as to support Japan's wheelchair basketball.

Moreover, the Company has supplied approximately 210,000 bottles of *Suntory Tennensui* as relief supplies for the Kumamoto earthquake that occurred in April 2016 and have further decided to contribute a donation of 100 million yen.

As for environmental activities, the Company continues to actively work on the Suntory Natural Water Sanctuaries, by which it has cultivated water resources covering approximately 8,000 hectares. By 2020, the Company aims to cultivate 12,000 hectares, which will produce double the amount of groundwater used at its plants in Japan. In addition to its activities within Japan the Suntory "*Mizuiku*" Natural Water Education Program, which conveys water's importance to children, is in its second year of operation in Vietnam, where the Company is implementing an expansion of the area being targeted. The Company is also working on lighter packaging materials and promoting reductions in the amount of water and energy used in its production processes. With the cooperation of an American company, the Company is now developing 100% plant-derived ingredient PET bottles. Construction of a trial plant began in January 2016.

2. Forecast for the Next Period

For the period ending in December 2016, the Company is anticipating sales of 2.73 trillion yen, up 1.6% year - on - year, operating income of 188 billion yen, up 1.6%, ordinary income of 160 billion yen, up 2.4%, and net income attributable to owners of parent of 50 billion yen, up 10.5% year-on-year.

In terms of income before amortization of goodwill and others, operating income will be 258 billion yen, up 1.2% year-on-year, ordinary income will be 230 billion yen, up 1.8%, and net income attributable to owners of parent will be 108 billion yen, up 4.4%.

(There are no changes to the performance forecast announced on February 15, 2016.)

Consolidated Balance Sheets

(Millions of Yen)

	As of December 31, 2015	As of March 31, 2016	Change
ASSETS			
Current assets	1,205,761	1,105,354	(100,407)
Cash and deposits	258,622	212,449	(46,172)
Notes and accounts receivable-trade	380,562	327,604	(52,958)
Inventories	438,927	434,651	(4,275)
Other	129,758	132,389	2,630
Allowance for doubtful accounts	(2,109)	(1,740)	368
Non-current assets	3,400,453	3,192,246	(208,207)
Property, plant and equipment	686,068	658,205	(27,863)
Buildings and structures, net	198,016	188,494	(9,521)
Machinery, equipment and vehicles, net	255,743	247,183	(8,560)
Tools, furniture and fixtures, net	63,223	61,023	(2,200)
Land	106,203	99,714	(6,489)
Other	62,881	61,789	(1,091)
Intangible assets	2,512,908	2,337,821	(175,086)
Goodwill	1,136,879	1,055,694	(81,185)
Trademarks	1,285,478	1,195,026	(90,451)
Other	90,550	87,100	(3,449)
Investments and other assets	201,477	196,218	(5,258)
Investment securities	119,633	114,991	(4,641)
Other	83,153	82,470	(682)
Allowance for doubtful accounts	(1,309)	(1,243)	65
Deferred assets	774	606	(168)
TOTAL ASSETS	4,606,990	4,298,206	(308,784)

(Millions of Yen)

	As of December 31, 2015	As of March 31, 2016	Change
LIABILITIES			
Current liabilities	934,627	897,608	(37,018)
Notes and accounts payable-trade	146,790	149,286	2,496
Electronically recorded obligations-operating	109,333	101,674	(7,658)
Short-term loans payable	161,664	257,790	96,125
Current portion of bond	51,918	2,500	(49,418)
Accrued alcohol tax	55,064	33,482	(21,581)
Accrued consumption taxes	22,349	15,834	(6,514)
Income taxes payable	36,629	17,756	(18,873)
Accounts payable-other	157,615	136,746	(20,868)
Accrued expenses	83,008	73,137	(9,870)
Provision for bonuses	26,149	25,792	(357)
Other	84,104	83,607	(497)
Non-current liabilities	2,509,733	2,326,156	(183,576)
Bonds payable	421,883	408,204	(13,678)
Long-term loans payable	1,427,812	1,314,965	(112,847)
Deferred tax liabilities	471,066	430,561	(40,504)
Provision for directors' retirement benefits	1,004	978	(26)
Net defined benefit liability	33,926	32,852	(1,073)
Other	154,039	138,593	(15,446)
TOTAL LIABILITIES	3,444,361	3,223,765	(220,595)
NET ASSETS			
Shareholders' equity	790,288	789,539	(749)
Capital stock	70,000	70,000	-
Capital surplus	(20,780)	138,016	158,797
Retained earnings	743,354	583,807	(159,546)
Treasury stock	(2,285)	(2,285)	-
Accumulated Other Comprehensive Income	67,384	(2,885)	(70,270)
Valuation difference on available-for-sale securities	26,427	24,716	(1,711)
Deferred gains or losses on hedges	(3,803)	(7,209)	(3,405)
Foreign currency translation adjustment	53,256	(11,793)	(65,050)
Remeasurements of defined benefit plans	(8,496)	(8,598)	(102)
Non-controlling interests	304,956	287,787	(17,168)
TOTAL NET ASSETS	1,162,629	1,074,440	(88,188)
TOTAL LIABILITIES AND NET ASSETS	4,606,990	4,298,206	(308,784)

Consolidated Statements of Income

(Millions of Yen)

	Three months ended March 31, 2015	Three months ended March 31, 2016	Change
Net sales	553,164	594,871	41,706
Cost of sales	275,200	289,858	14,658
Gross profit	277,963	305,012	27,048
Selling, general and administrative expenses	250,903	274,315	23,411
Operating income	27,060	30,696	3,636
Non-operating income	3,570	2,618	(952)
Interest income	207	285	78
Dividend income	113	104	(8)
Foreign exchange gains	821	-	(821)
Share of gain of entities accounted for using equity method	660	1,178	517
Miscellaneous income	1,767	1,049	(717)
Non-operating expenses	8,360	8,611	251
Interest expenses	6,876	7,139	263
Miscellaneous expenses	1,483	1,471	(12)
Ordinary income	22,270	24,704	2,433
Extraordinary income	903	9,252	8,348
Gain on transfer of business	-	8,778	8,778
Other	903	473	(429)
Extraordinary loss	3,949	3,361	(588)
Loss on disposal of non-current assets	941	1,036	95
Business restructuring expense	2,229	913	(1,315)
Other	779	1,411	631
Income before income taxes	19,224	30,594	11,370
Income taxes	12,133	14,194	2,060
Net income	7,090	16,400	9,309
Net income attributable to non-controlling interests	2,710	4,762	2,051
Net income attributable to owners of parent	4,380	11,638	7,257

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. Industry Segments

Three months ended March 31, 2015

(Millions of Yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment ⁽¹⁾	Consolidated Total ⁽²⁾
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

Three months ended March 31, 2016

(Millions of Yen)

	Beverage and Food	Alcoholic Beverage	Others	Total	Adjustment ⁽¹⁾	Consolidated Total ⁽²⁾
Net sales						
Sales to customers	309,170	217,585	68,114	594,871	-	594,871
Inter-segment sales	1,955	1,304	2,588	5,848	(5,848)	-
Total sales	311,126	218,889	70,703	600,719	(5,848)	594,871
Segment income (loss)	16,551	15,239	7,631	39,422	(8,725)	30,696

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 March 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
Three months ended March 31, 2016	(Millions of Yen)
Adjustment on segment income (loss)	(8,725)
Corporate general and administrative expenses that are not attributable to any reportable segment	(8,742)
Inter-segment eliminations	16

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