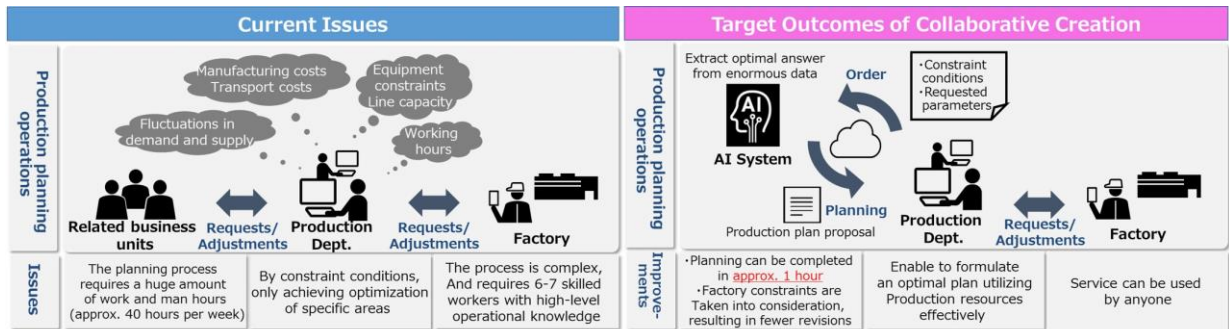


FOR IMMEDIATE RELEASE

Suntory Beverage & Food and Hitachi Develop Production Planning System Utilizing AI through Collaborative Creation

Supporting stable product supply adapted to demand and improve in workflow efficiency



Current issues of production planning operations and target outcomes from applying AI system in Suntory

Tokyo, October 31, 2018 --- Suntory Beverage & Food Ltd. (TSE: 2587, Suntory) and Hitachi, Ltd. (TSE: 6501, Hitachi) today announced that they developed the system that automatically creates optimal production plans utilizing AI through collaborative creation, and will put it into practical use as of January 2019. Previously, the formulation of a single production plan took approximately 40 hours per week, with multiple skilled personnel considering various requirements. In this system, which combines Hitachi's AI technology and Suntory's planning knowhow, it is possible to automatically create a production plan which is both feasible and optimal, within the short period of approximately 1 hour.

By introducing this system at main in-house and outsourced plants in Japan, Suntory aims to optimize its production plans for all areas in Japan, establish a framework for the stable supply of products to meet fluctuating demand, increase productivity by improving workflow efficiency, and realize workstyle reforms.

Beverage manufacturers have come under increasing pressure in recent years to supply products quickly and flexibly in response to market trends such as the diversification of consumer needs and fluctuations in demand caused by the weather. Manufacturers need to create optimal production plans which meet fluctuating demand and also take complex constraint conditions such as delivery dates, production capacity, and production and transport costs into consideration.

At Suntory, production planners previously created production plans based on their own experience. However, the creation of plans considering complex constraint conditions requires a high level of skill, and takes a large amount of time. Moreover, production plans focused on individual production areas, therefore only achieving optimization of specific areas rather than achieving overall optimization through the effective utilization of all production resources.

In response to this situation, Suntory—an innovator of manufacturing activity including SCM⁽¹⁾—and Hitachi—a provider of solutions for the manufacturing and distribution industries through its Lumada⁽²⁾ utilizing advanced digital technologies—teamed up to develop a system which can formulate optimal production plans even under fluctuating demand and complex constraint conditions. The development was conducted through collaborative creation combining Suntory’s planning knowhow and Hitachi’s AI technology, based on the concept of “Harmony between People and AI,” and with the cooperation of Hitachi Consulting Co., Ltd., which possesses wide-ranging knowledge of consulting in the manufacturing industry. As a result of applying the system in production planning at Suntory’s actual production locations and conducting trials to validate the effects, it was found that the system offered an outlook for shortening the time—which previously required approximately 40 hours per week to create an average—to around one hour. Suntory has therefore decided to commence actual operation of the system at main in-house and outsourced domestic plants as of January 2019.

Moving forward, through the utilization of digital technology such as this system, Suntory will seek to increase productivity and promote workstyle reforms, and to bolster its initiatives aimed at achieving effective utilization of resources.

Hitachi plans to adapt the system developed on this occasion into a general-purpose system, and to deploy it as one of its Lumada solutions for the manufacturing industry.

(1) SCM: Supply Chain Management

(2) Lumada is Hitachi’s advanced digital solutions, services, and technologies for turning data into insights to drive digital innovation

About Suntory Beverage & Food Ltd.

Suntory Beverage & Food Ltd (SBF) is a global soft drink company with consolidated revenue of approx. 1.2 trillion yen in 2017.

Headquartered in Japan and listed on the Tokyo Stock Exchange since 2013, SBF is expanding its business with a diverse portfolio of soft drinks and globally integrated platform in five key regions: Japan, Europe, Asia, Oceania and the Americas.

SBF’s vision is to enrich our drinking-experiences to be more natural, healthy, convenient, and fulfilling, by leading the next drinks revolution.

SBF is a core company of Suntory Group, which was founded in 1899 with consolidated revenue of approx. 2.4 trillion yen in 2017.

For further information please visit <http://www.suntory.com/softdrink/index.html>

About Hitachi, Ltd.

Hitachi, Ltd. (TSE: 6501), headquartered in Tokyo, Japan, delivers innovations that answer society's challenges, combining its operational technology, information technology, and products/systems. The company's consolidated revenues for fiscal 2017 (ended March 31, 2018) totaled 9,368.6 billion yen (\$88.4 billion). The Hitachi Group is an innovation partner for the IoT era, and it has approximately 307,000 employees worldwide. Through collaborative creation with customers, Hitachi is deploying Social Innovation Business using digital technologies in a broad range of sectors, including Power/Energy, Industry/Distribution/Water, Urban Development, and Finance/Social Infrastructure/Healthcare. For more information on Hitachi, please visit the company's website at <http://www.hitachi.com>.

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
