

2016

Annual Review





I am grateful for the understanding and support of the many parties involved in the launch of Coca-Cola Bottlers Japan.

I present here our ideals and future prospects.

Junio Yoshimatsu

Representative Director &
President

Striving to become a company that delivers “Beverages for Life,” in step with peoples’ lives and daily needs

April 1, 2017 represents a defining moment in the history of the integration of the Coca-Cola system in Japan.

As recently as 1999, there were 17 independent Coca-Cola bottlers in Japan, each of which had a strong local presence and business operations in their designated geographic sales territories throughout the country. On April 1, 2017, the bottling territories in the West and East regions of Japan were brought together into one company through the business integration of Coca-Cola West and Coca-Cola East Japan. Out of this union, comprising 12 of the original “legacy” bottler territories in Japan, Coca-Cola Bottlers Japan Inc. (CCBJI) was created, with a sales area covering Tokyo, Osaka, Kyoto and 35 prefectures, representing approximately 90% of the domestic sales volume of the Coca-Cola system in Japan. CCBJI is now the third-largest Coca-Cola bottler in the world in terms of revenue, and a leader in the Japanese soft drink industry with national scale.

Throughout our history, we at CCBJI have provided a wide variety of brands and products across key beverage categories, and we have led the industry and the global Coca-Cola system as a total beverage company. Moving forward, we will continue to provide a rich beverage portfolio that appeals to a wide range of ages and drinking occasions in order to further grow our business in step with peoples’ lives and daily needs. This is what we call “Beverages for Life.”

We expect the soft drink market in Japan to continue to grow, despite demographic trends, driven by growth in per-capita beverage consumption, as consumer needs diversify and industry competition remains robust. Amid these conditions, the creation of CCBJI will increase our competitive strength and create a solid business foundation to respond quickly to changes in our operating environment and to meet the needs of our customers and the local communities in which we operate. In addition, we will leverage our respective knowledge and experience across CCW and CCEJ to introduce best practices that strengthen sales activities and improve production efficiency to continue to grow the Coca-Cola business in Japan, and to lead and support the development of the Japanese soft drink industry.

Launch of Mid-Term Strategic Plan, the Growth Roadmap for 2020 & Beyond, creating sustainable growth, integration synergies and world-class capabilities

We recently announced our mid-term strategic plan, the Growth Roadmap for 2020 and Beyond. Under this plan, we expect to achieve ¥25 billion in net integration synergies by 2020, while building capabilities to deliver sustainable revenue growth.

We are committed to a growth agenda supported by the three strategic pillars of revenue growth, vending business transformation and development of a robust product innovation pipeline. Best-in-class customer interaction, marketplace execution and in-depth local knowledge are critical enablers to ensure the success of these initiatives.

Our revenue growth initiatives will expand sales and improve profitability, while ensuring we stay true to our consumers. We will deliver profitable, high value-added products and leverage our competitive advantage in marketplace execution, superior customer service and local consumer insights.

Second, we will re-imagine the vending business to achieve profitable growth. Leveraging our strength as the largest operator of vending machines in Japan, we will promote reforms to create vending machines that are the most convenient channel for customers while at the same time taking a comprehensive review of the cost to serve in this important channel.

Third, innovation is the key to create and sustain revenue growth from attractive new products that contribute to profit growth. By actively promoting value-added innovation that is embraced by consumers and customers, as well as sharing, implementing and executing successful examples from across the global Coca-Cola system, we will capture new opportunities for innovation and move forward together with The Coca-Cola (Japan) Company.

Finally, we will work on optimizing our balance sheet and capital structure through the Growth Roadmap for 2020 and Beyond, enabling us to maximize shareholder returns and ultimately achieve 6% or higher ROE (return on equity) by 2020.

Striving to achieve 2017 earnings targets and creating additional momentum

In 2017, the first year of the Growth Roadmap for 2020 and Beyond, we expect to generate revenues of ¥906.5 billion, operating income of ¥40.1 billion, recurring income of ¥38.1 billion, and net profit attributable to owners of parent of ¥21.5 billion.

By operating segment, we expect net revenues of ¥872.4 billion and operating income of ¥36.5 billion in the soft drink business and net revenues of ¥34.1 billion and operating income of ¥3.6 billion in the healthcare & skin-care business.

Regarding shareholder returns for 2017, we forecast annual dividends of ¥44 per share (interim ¥22, year-end ¥22). This is consistent with the dividend per share paid in 2016 prior to the integration of the two companies (excluding commemorative dividends), and reflects our commitment to providing a stable dividend while continuing to invest as necessary for the health and sustainable growth of this business.

Growth and innovation to become a best-in-class Coca-Cola bottler world-wide

CCBJI will steadily implement the Growth Roadmap for 2020 and Beyond to reinforce its financial standing while enhancing growth and profitability, in an effort to respond to our shareholders and investors' expectations through enriching returns and improving corporate value. At the same time, as the largest Coca-Cola bottler in Japan and a leader in the beverage industry, we will strive to be a company that is trusted by consumers and customers to grow hand in hand with the communities in which we operate.

Moving forward, we will continue our journey to transform into a best-in-class Coca-Cola bottler both in form and substance through our unrelenting efforts to grow and innovate, as the springboard for our future.

We ask for the continued understanding as well as the long-lasting support from all of our valued stakeholders.

Coca-Cola Bottlers Japan Kick-off!

On April 1, 2017, Coca-Cola West (CCW) whose sales area covers the Kinki, Chugoku, Shikoku and Kyushu regions, and Coca-Cola East Japan (CCEJ) whose sales area covers the Tokyo metropolitan area, South Tohoku and Tokai regions integrated their businesses to establish Coca-Cola Bottlers Japan Inc. (CCBJI).

CCBJI is...

✓ The world's third largest

Coca-Cola bottler by revenue

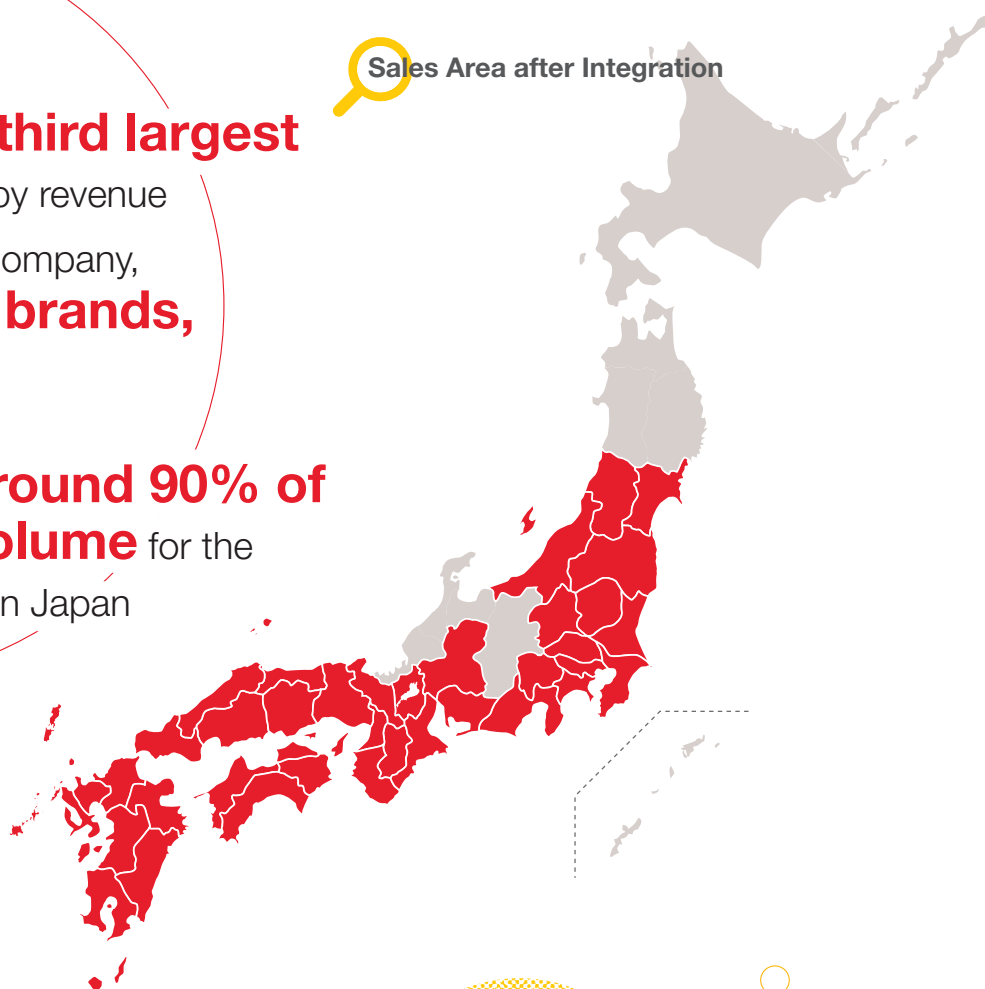
✓ A Total Beverage Company, offering 50+ brands, 600+ SKUs*

*Stock keeping unit

✓ Responsible for around 90% of total sales volume for the

Coca-Cola system in Japan

Sales Area after Integration



CCBJI by the Numbers

Sales Area
Tokyo, Osaka, Kyoto and 35 prefectures

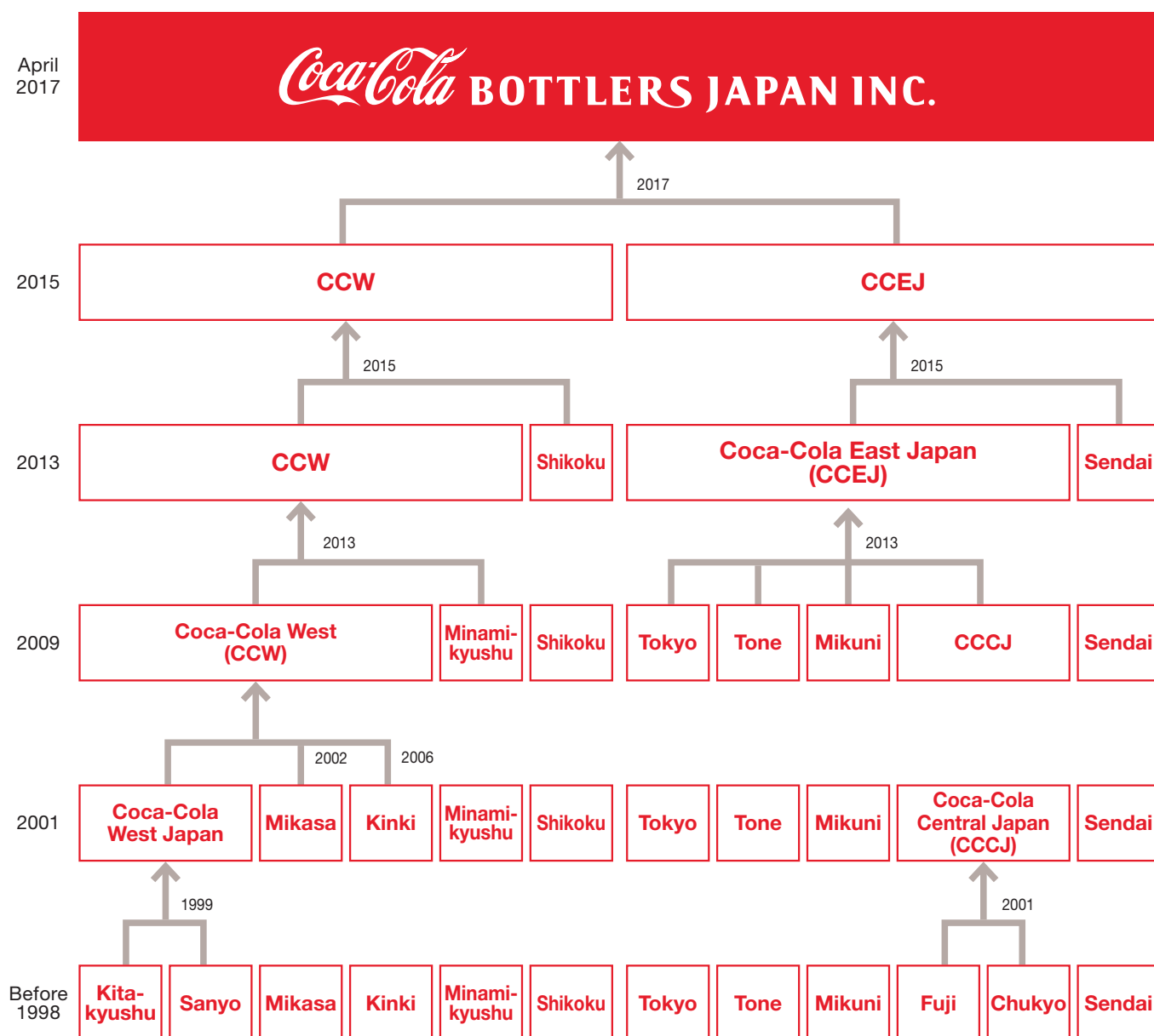
Number of Consumers
(Sales area population)

About **50 million households**
About **112 million consumers**

Annual Revenue
About **1 trillion yen**
(aggregation of CCW and CCEJ 2016 results)

Annual Sale Volume
More than 500 million cases
(aggregation of CCW and CCEJ 2016 results)

Historical Evolution of CCBJI



Number of
Employees

About **25,000**

(including temp staff)

Number of
Vending Machines

About **740,000**

(as of end of 2016)

Customer Outlets

About **320,000 outlets**

(as of end of 2016)

Sales and
Distribution Centers

351 centers

(as of January 2017)

Manufacturing
Plants

17 plants

(as of end of 2016)

Medium-Term Business Plan

Growth Roadmap for 2020 & Beyond

■ The heart of the decision to form CCBJI

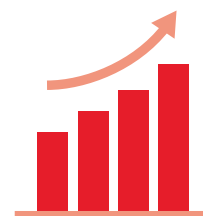
Bringing together a proven leadership team committed to growth



Partnering with our customers and communities



Driving shareholder value



■ Key metrics and picture of success

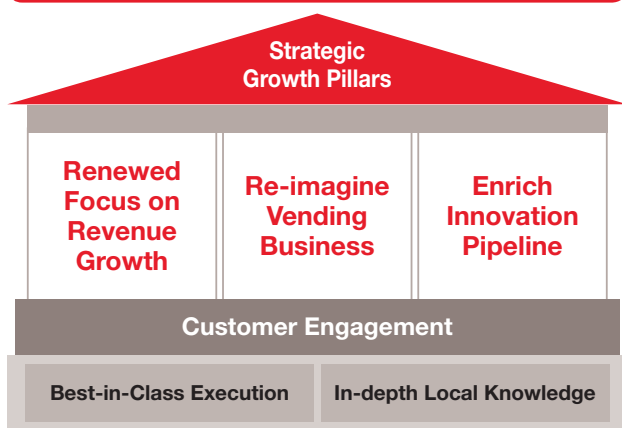
Key metrics	Picture of success
Revenue Growth	+1.8% CAGR (2016-2020) Revenue growth management initiatives, revenue-rich innovation
Value Share	Value ahead of volume Value share growth ahead of volume share growth
Transactions	Growth in packaging for immediate consumption Growth in smaller, immediate consumption packs
EBITDA* Margin	EBITDA margin above 10% Deliver strong cash flow from operations
Return on Equity (ROE)	ROE above 6% Optimize balance sheet to maximize shareholder returns

*Earnings before interest, taxes, depreciation and amortization

■ Key points



Focus on growth



Establishing a new operating model

Organize for growth

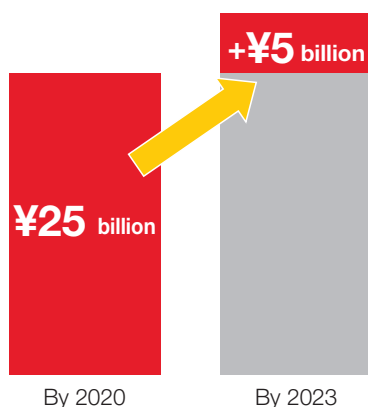
Operate as one enterprise

Coca-Cola system mindset

Lead the industry

Create integration synergies

[Synergy Targets (net)]



Financial framework

1. Grow earnings to generate steady cash flow

2. Invest to grow & deliver synergy commitments

3. Build efficient capital structure and focus on ROE

People & communities

1. Invest in developing capabilities of employees who are the pillars of customer focus and local expertise

2. Strengthen local community connections

Supported by a solid corporate governance structure

(As of July 1, 2017)

Board of Directors



Tamio Yoshimatsu

Representative Director & President



Vikas Tiku

Representative Director & Vice President, Chief Financial Officer, Head of Transformation



Yasunori Koga

Director & Senior Executive Officer, Head of Administration



Costin Mandrea

Director & Senior Executive Officer, Head of Commercial



Hiroshi Yoshioka

Outside, Independent Director



Tadanori Taguchi

Director, Audit & Supervisory Committee Member



Zenji Miura

Outside, Independent Director, Audit & Supervisory Committee Member



Irial Finan

Outside Director, Audit & Supervisory Committee Member, President of Bottling Investment Group, The Coca-Cola Company



John Murphy

Outside Director, Audit & Supervisory Committee Member, President of Asia Pacific Group, The Coca-Cola Company

Executive Officers



Shunichi Nasu

Senior Executive Officer, Head of Integration Management Office



Kyoichi Takagi

Executive Officer, Head of Corporate Planning



Toyoji Okada

Executive Officer, Head of Human Resources



Maki Kado

Executive Officer, Head of Procurement



Yoshiaki Murata

Executive Officer, Head of Key Account Management



Jawahar Solai Kuppuswamy

Senior Executive Officer, Head of Finance



Shigeki Okamoto

Executive Officer, Head of Corporate Communications



Asako Aoyama

Executive Officer, Head of Transformation Projects



Edward Walters

Executive Officer, Head of Logistics



Bruce Herbert

Senior Executive Officer, Head of Supply Chain



Haruko Ozeki

Executive Officer, Head of Legal



Raymond Shelton

Executive Officer, Head of Investor Relations

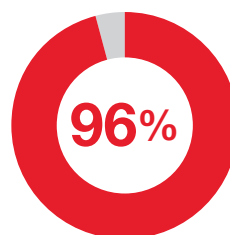
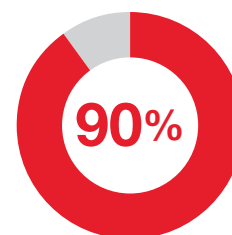


Yoichi Nishiguchi

Executive Officer, Head of Manufacturing

Business Overview

Soft Drink Business

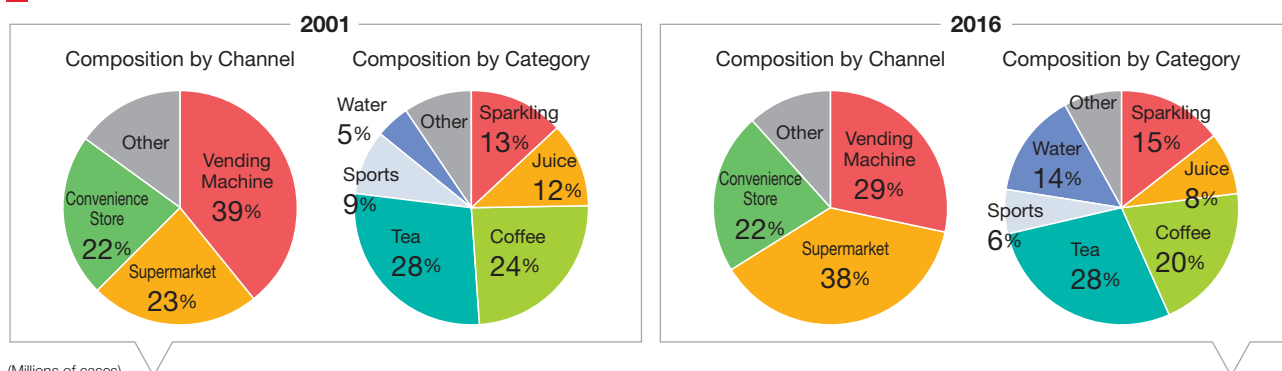
Soft Drink Business
Revenue Composition*Soft Drink Business
Operating Income Composition*

*Results for the first half of fiscal 2017 (January to June)

The Soft Drink Market in Japan

The soft drink market in Japan has been growing steadily, approximately 18% in volume growth over the past 15 years. In particular, market growth has been driven by the supermarket channel, as well as the tea and mineral water categories.

Trends in Market Size



(Millions of cases)

2,000

1,800

1,610

1,400

1,200

≈

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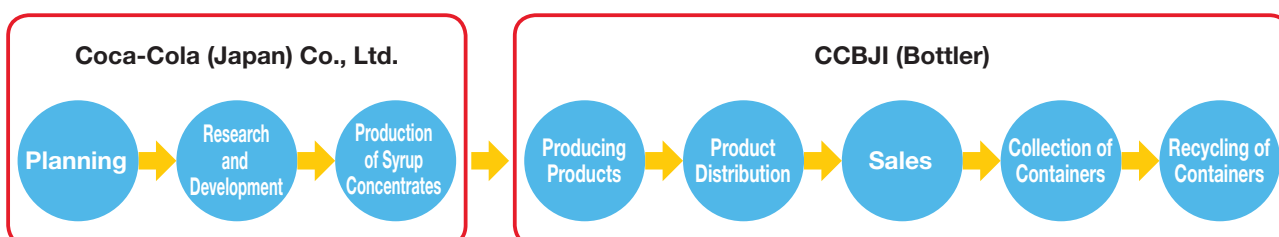
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 (Year)

1,896

(Source: Inryou Souken)

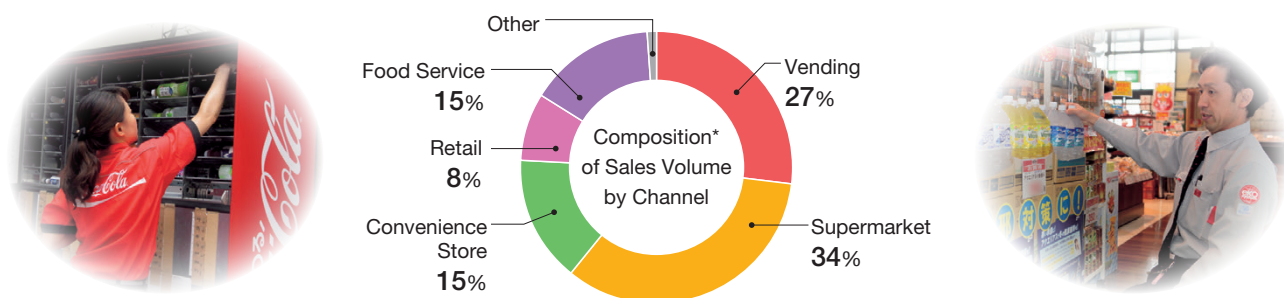
The Role of CCBJI (as a Bottler) in the Coca-Cola System in Japan

The Coca-Cola system operates as a franchise system. The bottler, CCBJI, engages in manufacturing, distribution and sales of finished products as a franchisee. At the same time, Coca-Cola (Japan), the franchisor and a wholly-owned subsidiary of The Coca-Cola Company, engages in operations such as planning, research and development of products, producing syrup concentrates and advertising.



Soft Drink Business

Channel Overview



*Results for the first half of fiscal 2017 (January to June; including January to March actual of CCEJ)

Chain Store (Supermarkets and Convenience Stores)

At supermarkets, we work to liven up points of sales through initiatives such as implementing campaigns tailored for each season and event. Additionally, we strive to increase revenue through meticulous sales activities that match the right brand, package, price point and sales channel with the beverage consumption occasion. On the other hand, our revenue growth strategy for convenience stores includes launching new products and joint promotions with customers.



Display at a supermarket

Vending (Vending Machines)

In the vending channel, our products are delivered directly to consumers through vending machines. With the aim of increasing revenue per machine, we work to improve the consumer attraction of vending machines through measures such as introducing new products and developing products exclusive to the vending machine channel, and differentiation of product line-up depending on the location. In addition, we are actively expanding into indoor locations with high potential. Furthermore, we are striving to provide new value through the use of IT with the Coke ON app for smartphones, launched in 2016.



Coke ON, a smartphone app

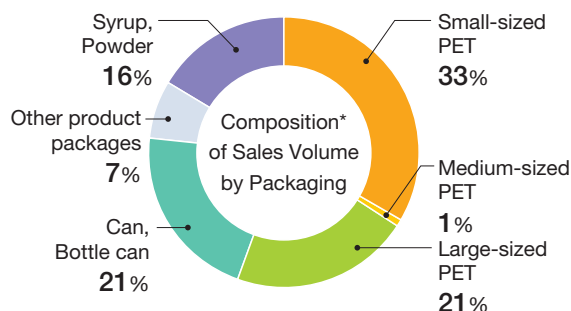
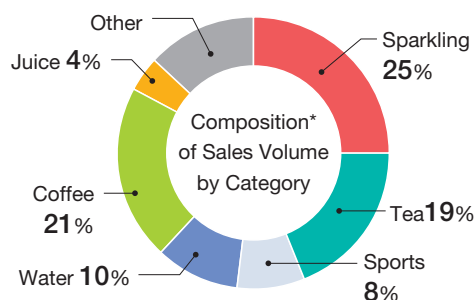
Retail & Food Service (Restaurants, Kiosks, etc.)

As for restaurants, we are striving to enhance the range of our products by providing ideas such as drink menus that highlight our products. Specifically, we are working on generating new demand by promoting our non-alcohol cocktails as “mocktails.” As for kiosks and other outlets, we are striving to grow our business by making use of sales equipment such as coffee machines and table-top coolers. In addition, in response to growing demand for the online selling of our products, we have been devoting resources for marketing activities geared toward online sales.



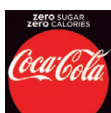
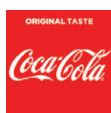
Drink menu with our products

Product Overview



*Results for the first half of fiscal 2017 (January to June; including January to March actual of CCEJ)

Sparkling



Tea



Sports



Water



Coffee



Major Brands

Coca-Cola

The brand Coca-Cola boasts the top share of the sparkling beverages market. Initiatives to support the brand included promotions linked to the Rio de Janeiro Olympic Games in 2016. In 2017, we developed various limited edition Coca-Cola slim bottles, such as the cherry blossom design and a special design for Tokyo. In addition, we launched “Coca-Cola plus,” a FOSHU designated product* to satisfy the needs of health-conscious consumers.

*For details of a Food for Specified Health Use (FOSHU), please visit <https://en.ccbji.co.jp/product/>.



Coca-Cola plus

Cherry blossom design

Regional design

Georgia (Coffee)

Georgia is the number one brand in the canned coffee beverage market. Our new launches during 2016 included “Georgia The Premium Bito,” a bottle-canned coffee with a full body and subtle sweetness, and “Georgia Café Bottle Coffee” (950ml), which provides a freshly brewed aroma and richness either at home or at the office, to name but a few of the efforts to cater to diversifying consumer needs. Additionally, during the high-demand winter months we ran the “Vending Machine +2°C Campaign,” which provides heated beverages in vending machines at warmer temperatures to meet consumers’ demand.



Georgia The Premium Bito

Vending Machine +2°C Campaign

Ayataka (Green tea)

Ayataka is characterized by “an authentic green-tea taste like fresh brewed in a teapot” using high quality Japanese tea leaves. In 2016, we worked to grow revenue by responding to consumers’ diverse tastes through the launch of two flavors, “Ayataka” and “Ayataka Nigorihonoka.” And in 2017, which marks 10 years since the launch of Ayataka, we are making efforts to enhance the Ayataka brand such as renewing the product packaging.



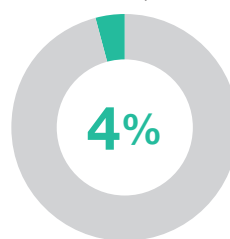
Ayataka

Ayataka Nigorihonoka

Business Overview

Healthcare & Skincare Business

Healthcare & Skincare Business
Revenue Composition*



Healthcare & Skincare Business
Operating Income Composition*



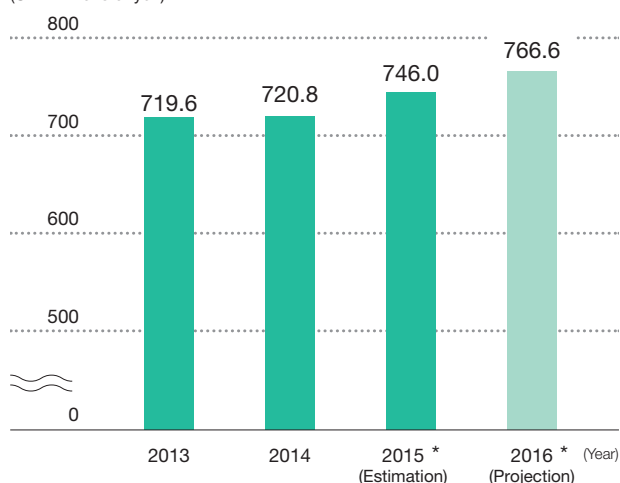
*Results for the first half of fiscal 2017 (January to June)

Market sizes for health food and cosmetics products in Japan

Backed by consumers' increased consciousness toward health and beauty, the market sizes for health food and cosmetics products in Japan have seen continued growth every year.

Trends in Market Size of Health Food

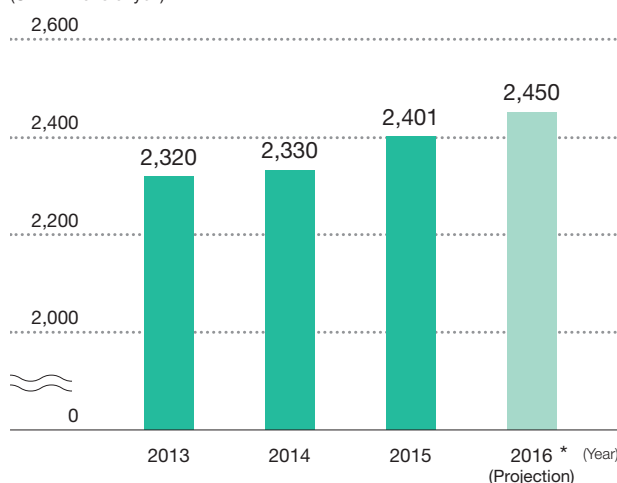
(Unit: Billions of yen)



*Estimated by Yano Research Institute (as of October, 2016)

Trends in Market Size of Cosmetics

(Unit: Billions of yen)



(Source: Yano Research Institute Ltd.)

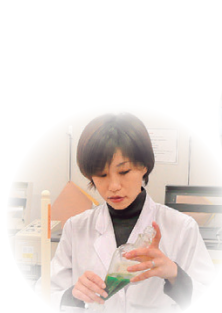
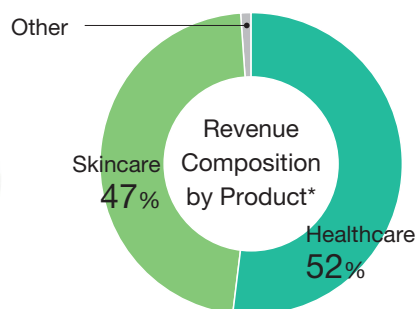
Channel Overview

Home Shopping

The home shopping channel accounts for about 90% of revenue. We continuously review our infomercial programs and broadcast slots to enhance consumer attraction. Call centers receive orders and provide guidance as a point of contact to provide sales support, spreading awareness of new products as well as proposing products that match consumer characteristics and needs. Sales promotion activities to existing consumers include value campaigns in our membership newsletter.



Product Overview



*Results for the first half of fiscal 2017 (January to June)

Healthcare Products

Kale Powder

Our Kale Powder contains 100% domestically grown and hand-picked kale which is free of both agrichemicals and chemical fertilizers. Kale Powder is rich in various nutrients that our bodies need such as beta-carotene, calcium, potassium, vitamin C and dietary fiber.



Hiza Support Collagen

Hiza Support Collagen is the first food that claims knee joint support in Japan. It contains a functional substance "collagen peptide" and shows its effectiveness when bending and stretching knee joints.



*For details of the functional claims on these products, please visit <http://corporate.kyusai.co.jp/company/r-and-d/research/kinousei/>.

First Collaboration between the Soft Drink Business and the Healthcare & Skincare Business

Minute Maid Oishii Fruit Aojiru

By blending high quality kale juice (aojiru) made in Japan by Q'SAI CO., LTD. which is produced without using any agrichemicals or chemical fertilizers, and Minute Maid brand apple, white grape and orange fruit juices, we have created an aojiru which is tasty and easy to drink. Available in an easy to consume 190g can size, it is perfect for a drink on a busy morning or refreshment while on the go.



Launched
December
2016

Skincare Products

Cola-Rich Series

Cola-rich is an all-in-one beauty gel cream, with all the functions of a lotion, milky lotion, serum and skin cream contained in one product. We are striving to enrich the product line-up of the Cola-rich series by launching products such as "Cola-rich Face Wash CC," a serum face wash containing collagen and "Placenta α," an all-in-one beauty supplement.



CSR Initiatives

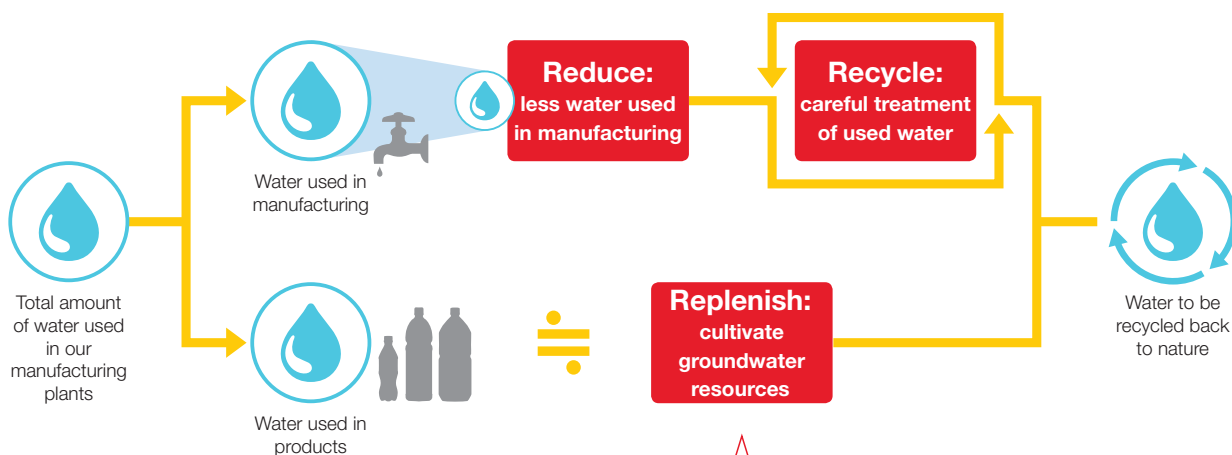
Water Resource Protection Activities

At CCBJI, water is a precious resource for all of our products. We strive to Reduce, Recycle and Replenish in order to protect water resources.

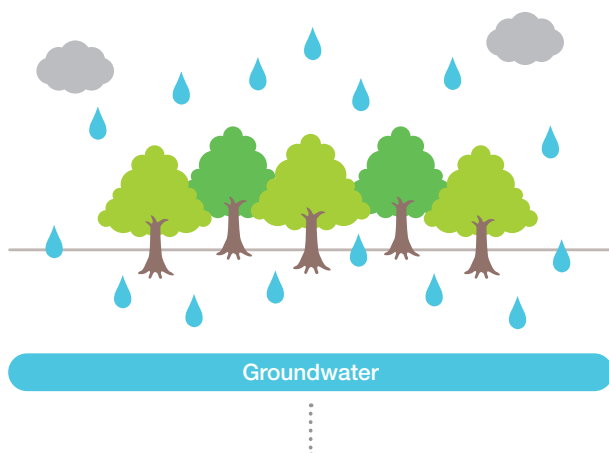
Water Resource Management

In the Coca-Cola system, “Water Neutrality,” where the same amount of water that has been used in products or the manufacture of products is returned to nature, is a key priority. In 2016, “Water Neutrality” was achieved across the Coca-Cola System in Japan.

■ Water Neutrality Diagram



Replenishing Water Resources through Forest Conservation Activities



Rainwater is slowly absorbed in forests with water retention capabilities maintained through forest thinning, tree-planting and other forest conservation activities, which then forms a vast supply of groundwater.



Support through Sports Activities

As a company that progresses together with local communities, we contribute to creating a society where individuals can have active, healthy lives through sports activities for children who will become flag-bearers of the next generation and support for activities such as city-sponsored marathons in many locales.

We are also keen on promoting interest in rugby and field hockey, both of which are sponsored by the Company, with efforts led by the “Coca-Cola Red Sparks,” a men’s rugby team in the Japan Rugby Top League, and the “Coca-Cola West Red Sparks,” a women’s field hockey team in the Hockey Japan League.

In addition to active participation in their respective leagues, both teams are holding sports promotion activities in close connection with local communities, including rugby and field hockey lessons, seminars and clinics.



Rugby clinic



Field hockey clinic

Contribution to the Local Communities

Under the concept that healthy local communities are the foundation of our sustainable business activities, we aim to become a company which is trusted as a member of the local community through support for the local events and cultural, educational, and welfare activities.

Classic Concerts and Family Musical

We have been sponsoring Classic Concerts since 1989, providing high-quality and authentic classical music performances for local residents. Since 1994, we have held Family Musicals during summer break for both children and parents to enjoy.



Youth Support through the Challenge Internship

In cooperation with the “Challenge Internship” hosted by Fukushima Prefecture, we are supporting internship programs for high school and university students at NPOs in the prefecture. This activity is geared toward helping young individuals learn about resolving social issues in the region and encouraging them to make a contribution.



Product Donations through Food Banks

Through food banks, we donate our products to local welfare facilities and incorporated NPOs that support childcare, welfare for the disabled and the homeless. We started this activity from April 2016.



Supporting “Ichimura Shizenjuku-Kyushu” Activities

Since 2003, we have continued supporting “Ichimura Shizenjuku-Kyushu,” a program which promotes educational activities for children. During an eight-month period every year, elementary and junior school students stay in one of Tosu City’s nature-rich locations over a weekend, participating in activities that mainly provide hands-on experience in farming tasks.



Corporate Governance

Corporate Governance Basic Policy

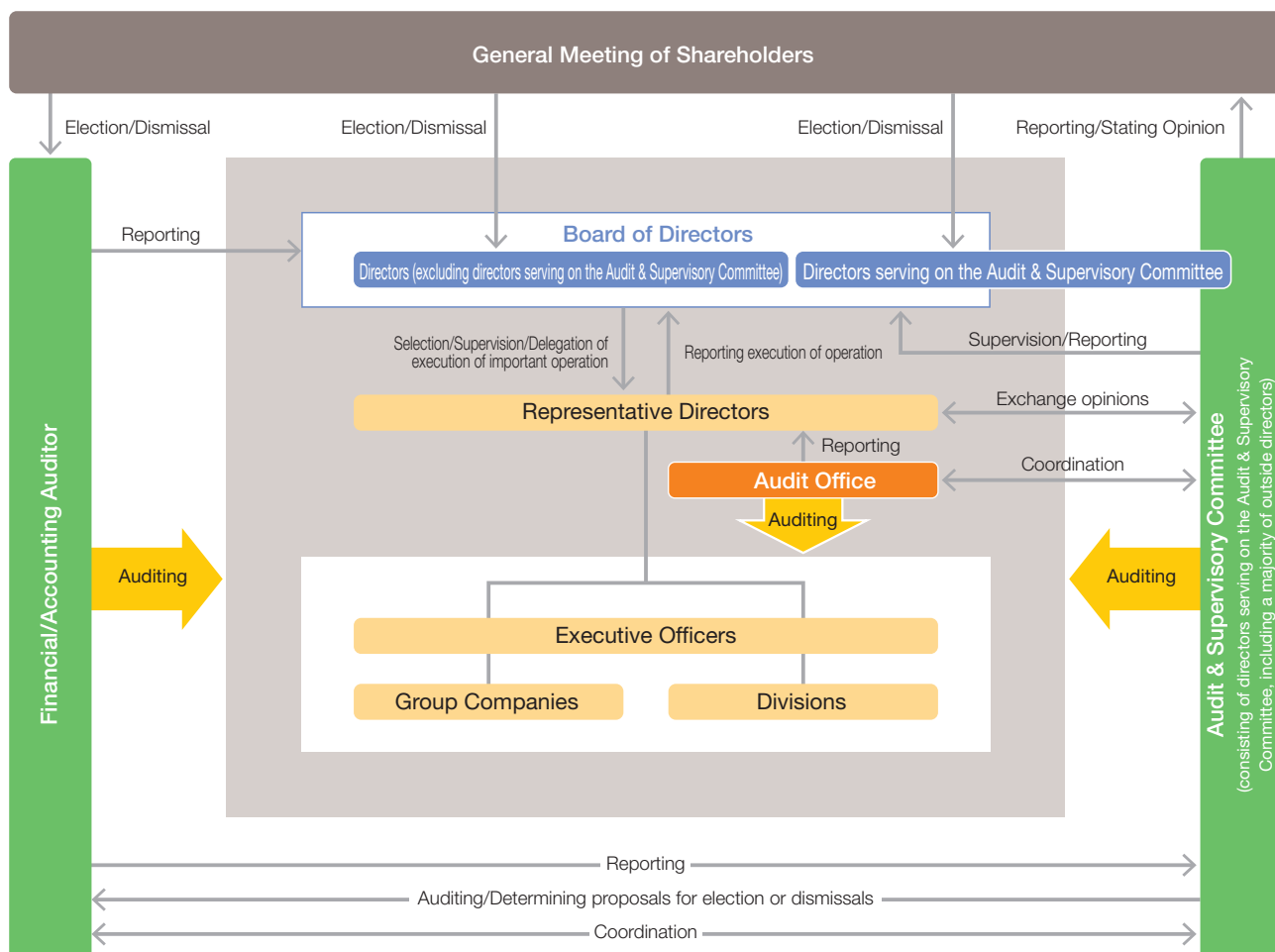
The Company's basic policy for corporate governance is to increase management efficiency and transparency, thus raising shareholder value.

With the aim of further strengthening our governance structure, the Company has put in place an Audit & Supervisory Committee. The Company's Audit & Supervisory Committee consists of three outside directors in addition to one full-time director.

In addition to a majority of its members serving as outside directors, the oversight function of the Audit & Supervisory Committee is further enhanced by having voting rights at Board of Directors' meetings and the right to state opinions on matters such as the nomination and remuneration of directors at General Meetings of Shareholders.

In addition, we have adopted the executive officer system in an effort to separate decision-making and supervisory functions from the execution of operations of the corporation. By delegating some of the decisions on important business execution to directors, the Company can enrich discussions on matters of special importance at the Board of Directors' meetings, while further expediting business judgments on other matters by management under the Representative Director (the management team).

■ Chart of Corporate Governance System

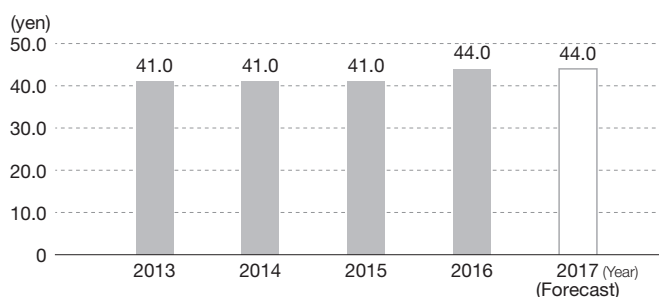


Dividend Policy and Shareholder Reward Points System

Dividend

We intend to pay an annual dividend per share of ¥44 (interim dividend of ¥22 and year-end dividend of ¥22) in 2017. This is consistent with the dividend per share paid in 2016 for Coca-Cola West and Coca-Cola East Japan prior to integration (excluding commemorative dividend at CCW).

■ Trends of Annual Dividend (excluding a commemorative dividend) per Share



Note: Data before 2016 is the results for Coca-Cola West Co., Ltd. prior to the business integration. The company paid a commemorative dividend per share of ¥2 in 2016.

Shareholder Reward Points System

We provide "Shareholder Reward Points" in late March of the following year to shareholders with 100 or more shares as of December 31, depending on the number of shares held and holding period. Shareholders can choose to exchange their Reward Points (one point = ¥60) by referring to the shareholder benefit site and the catalog of goods on our website, with assorted Coca-Cola products or as donations to social contribution activities, etc.

In addition, we introduced a Long-Term Holding Preferential Points System on December 31, 2015 (record date). For shareholders who continuously hold our shares for three years or longer, we will present Long-Term Holding Preferential Points depending on the number of shares held.

■ Options for Reward Points (examples)



Coca-Cola product selection

Social contribution
activities
Donation to Ichimura
Shizenjuku-Kyushu



Large Bath Towels
with Coca-Cola
logo



■ Overview of Shareholder Reward Point System

Number of shares held	Holding period: less than 3 years	Holding period: 3 years or more		
	Shareholder Reward Points	(1) Shareholder Reward Points	(2) Long-Term Holding Preferential Points	Total Points (1) + (2)
from 100 to less than 500 shares	45 Reward Points	45 Reward Points	+30 points	75 Reward Points
from 500 to less than 1,000 shares	60 Reward Points	60 Reward Points	+45 points	105 Reward Points
from 1,000 to less than 5,000 shares	90 Reward Points	90 Reward Points	+60 points	150 Reward Points
5,000 or more shares	180 Reward Points	180 Reward Points	+120 points	300 Reward Points

Consolidated Financial Indices

Results for Coca-Cola West Co., Ltd. prior to the business integration.

Item		2006	2007	2008	2009	2010
Net Revenues	(Millions of yen)	327,821	409,521	395,556	369,698	375,764
Growth Rate in Net Revenues	(%)	33.3	24.9	(3.4)	(6.5)	1.6
Operating Income	(Millions of yen)	12,321	16,056	10,521	2,242	12,003
Operating Income / Net Revenues	(%)	3.8	3.9	2.7	0.6	3.2
Recurring Income	(Millions of yen)	13,225	17,493	11,048	2,085	12,659
Recurring Income / Net Revenues	(%)	4.0	4.3	2.8	0.6	3.4
Income (Loss) before Income Taxes	(Millions of yen)	13,108	14,254	2,402	(10,446)	12,982
Income before Income Taxes / Net Revenues	(%)	4.0	3.5	0.6	(2.8)	3.5
Net Profit (Loss) Attributable to Owners of Parent	(Millions of yen)	7,570	9,375	129	(7,594)	7,582
Return on Sales	(%)	2.3	2.3	0.0	(2.1)	2.0
Comprehensive Income	(Millions of yen)	—	—	—	—	—
Earnings (Loss) Per Share	(Yen)	82.22	88.29	1.25	(75.96)	75.84
Return on Equity	(%)	3.6	3.7	0.1	(3.3)	3.4
Return on Assets	(%)	5.1	5.6	3.7	0.7	3.8
Total Assets	(Millions of yen)	304,907	315,672	277,696	326,818	346,032
Net Assets	(Millions of yen)	250,463	254,025	234,521	222,816	226,267
Equity Ratio	(%)	82.1	80.5	84.4	68.2	65.3
Net Assets per Share	(Yen)	2,358.05	2,391.83	2,345.03	2,227.96	2,260.03
Price Book Value Ratio (PBR) ^{*1}	(times)	1.2	1.0	0.8	0.7	0.7
Price Earnings Ratio (PER) ^{*2}	(times)	33.5	28.0	1,549.5	(21.6)	19.4
Cash Flow from Operating Activities	(Millions of yen)	21,806	33,000	16,180	28,747	31,732
Cash Flow from Investing Activities	(Millions of yen)	(14,956)	(23,306)	2,153	(23,447)	(49,203)
Cash Flow from Financing Activities	(Millions of yen)	(9,244)	3,586	(31,486)	43,297	(16,316)
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	22,284	35,564	22,412	71,221	37,434
Dividend Payout Ratio (Consolidated)	(%)	51.1	48.7	3,440.0	—	52.7
Dividend per Share	(Yen)	42.00	43.00	43.00	42.00	40.00
[Interim Dividend Amount per Share]	(Yen)	[20.00]	[21.00]	[21.00]	[21.00]	[20.00]
Interest Coverage Ratio ^{*3}	(times)	589.3	285.4	462.7	97.2	35.4
Depreciation and Amortization	(Millions of yen)	19,571	22,533	21,741	24,069	22,405
Capital Expenditure	(Millions of yen)	22,020	19,951	18,032	25,201	16,524

*1 Price Book Value Ratio (PBR) = Market Value at End of Period ÷ Equity per Share

*2 Price Earnings Ratio (PER) = Market Value at End of Period ÷ Earnings per Share

*3 Interest Coverage Ratio = Operating Cash Flow ÷ Interest Paid

	2011	2012	2013	2014	2015	2016	2016 (CCEJ)
	399,717 6.4	386,637 (3.3)	431,711 11.7	424,406 (1.7)	440,476 3.8	460,455 4.5	572,496 1.7
	16,469 4.1	13,463 3.5	15,927 3.7	11,008 2.6	14,262 3.2	21,143 4.6	18,489 3.2
	16,044 4.0	13,845 3.6	16,606 3.8	10,609 2.5	13,723 3.1	20,602 4.5	17,921 3.1
	14,013 3.5	12,186 3.2	18,730 4.3	8,409 2.0	15,228 3.5	12,707 2.8	17,472 3.1
	6,997 1.8	6,031 1.6	13,625 3.2	4,482 1.1	9,970 2.3	5,245 1.1	10,718 1.9
	5,605	7,326	16,332	6,931	11,217	5,022	6,464
	69.99	60.33	128.15	41.07	91.35	48.05	84.51
	3.1	2.6	5.6	1.8	3.9	2.0	4.6
	4.7	4.1	4.7	3.0	3.8	5.5	4.8
	342,560	337,348	374,418	337,260	378,105	377,468	369,348
	227,864	231,056	257,936	254,150	260,878	261,173	233,635
	66.4	68.4	68.8	75.2	68.9	69.1	63.1
	2,275.55	2,307.44	2,359.82	2,325.19	2,386.81	2,389.28	1,836.64
	0.6	0.6	0.9	0.7	1.0	1.4	1.4
	19.1	22.1	17.4	40.4	26.9	71.7	30.5
	39,960	26,324	40,082	28,628	40,422	34,388	32,707
	(34,050)	(14,243)	(16,493)	(9,590)	(24,994)	(19,921)	(32,959)
	(8,780)	(7,149)	(8,286)	(37,498)	22,416	(7,546)	(4,969)
	34,564	39,495	60,275	41,830	79,828	86,727	16,352
	58.6	68.0	32.0	99.8	44.9	95.7	37.9
	41.00 [20.00]	41.00 [20.00]	41.00 [20.00]	41.00 [20.00]	41.00 [20.00]	46.00 [22.00]	32.00 [16.00]
	58.1	41.8	66.0	50.8	97.2	72.6	257.8
	21,371	20,643	23,758	22,943	24,048	17,491	22,287
	21,201	20,031	20,242	22,783	16,181	25,727	35,935

Consolidated Financial Statements

Results for Coca-Cola West Co., Ltd. prior to the business integration.

Consolidated Balance Sheets (As of December 31)

(Unit: Millions of yen)

Item	2014	2015	2016
ASSETS			
Current Assets			
Cash and Deposits	41,996	49,955	63,849
Trade Notes and Accounts Receivable	27,797	30,086	29,649
Marketable Securities	100	30,001	23,112
Merchandise and Finished Goods	25,659	27,735	27,279
Work in Process	547	600	652
Raw Materials and Supplies	2,166	2,305	1,998
Deferred Tax Assets (Current Portion)	3,299	2,817	2,572
Other	14,798	14,758	14,761
Allowance for Doubtful Accounts	(316)	(372)	(287)
Total Current Assets	116,050	157,888	163,587
Fixed Assets			
Property, Plant and Equipment			
Buildings and Structures, net	33,132	33,230	31,162
Machinery, Equipment, Vehicles, net	23,252	21,381	22,688
Sales Equipment, net	27,113	30,313	39,999
Land	59,155	63,204	62,128
Construction in Progress	11	69	5
Other, net	1,457	1,978	1,829
Total Property, Plant and Equipment	144,124	150,178	157,815
Intangible Assets			
Goodwill	39,539	31,762	22,668
Other	8,160	6,638	4,889
Total Intangible Assets	47,699	38,401	27,557
Investments and Other Assets			
Investment Securities	19,162	22,382	20,144
Deferred Tax Assets	1,708	1,512	1,367
Net Defined Benefit Asset	—	—	123
Other	8,914	8,317	7,392
Allowance for Doubtful Accounts	(398)	(574)	(519)
Total Investments and Other Assets	29,386	31,637	28,508
Total Fixed Assets	221,210	220,217	213,881
Total Assets	337,260	378,105	377,468

(Unit: Millions of yen)

Item	2014	2015	2016
LIABILITIES			
Current Liabilities			
Trade Notes and Accounts Payable	17,750	19,532	15,990
Current Portion of Long-Term Loans Payable	2,517	2,517	17
Accrued Income Taxes	2,024	2,112	5,717
Other Accounts Payable	20,649	21,426	25,042
Provision for Sales Promotion Expenses	260	355	308
Other	8,173	10,061	8,662
Total Current Liabilities	51,375	56,006	55,739
Long-Term Liabilities			
Bonds Payable	20,000	50,000	50,000
Long-Term Loans Payable	2,719	201	183
Deferred Tax Liabilities	1,270	3,381	2,965
Net Defined Benefit Liability	3,871	3,375	3,505
Provision for Directors' Retirement Benefits	149	163	191
Other	3,722	4,099	3,709
Total Long-Term Liabilities	31,734	61,221	60,556
Total Liabilities	83,109	117,227	116,295
NET ASSETS			
Shareholders' Equity			
Common Stock	15,231	15,231	15,231
Capital Surplus	109,072	109,072	109,072
Retained Earnings	131,355	136,851	137,404
Treasury Stock	(4,580)	(4,586)	(4,593)
Total Shareholders' Equity	251,079	256,569	257,114
Other Accumulated Comprehensive Income			
Net Unrealized Gain (Loss) on Other Marketable Securities	3,389	5,217	4,092
Deferred Gains or Losses on Hedges	317	(177)	77
Foreign Currency Translation Adjustments	16	17	(3)
Cumulative Adjustments for Retirement Benefits	(1,026)	(1,132)	(522)
Total Other Accumulated Comprehensive Income	2,696	3,924	3,643
Non-Controlling Interests	374	384	414
Total Net Assets	254,150	260,878	261,173
Total Liabilities and Net Assets	337,260	378,105	377,468

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (January 1 to December 31)

Results for Coca-Cola West Co., Ltd. prior to the business integration.

Consolidated Statements of Income

(Unit: Millions of yen)

Item	2014	2015	2016
Net Revenues	424,406	440,476	460,455
Cost of Goods Sold	211,525	216,524	221,844
Gross Profit	212,881	223,951	238,611
Selling, General and Administrative Expenses	201,873	209,689	217,467
Operating Income	11,008	14,262	21,143
Non-Operating Income	1,264	1,209	1,239
Interest Income	79	53	48
Dividends	339	370	410
Equity in Earnings of Associates	87	88	199
Gain on Sales of Property, Plant and Equipment	205	120	27
Rent Income	106	101	124
Other Non-Operating Income	445	475	428
Non-Operating Expenses	1,663	1,748	1,780
Interest Expenses	550	416	468
Loss on Disposal of Property, Plant and Equipment	489	726	746
Expense for Bond Issuance	—	133	—
Other Non-Operating Expenses	623	472	565
Recurring Income	10,609	13,723	20,602
Extraordinary Income	611	8,177	1,131
Gain on Sales of Property, Plant and Equipment	189	—	921
Gain on Sales of Investment Securities	421	78	209
Gains on Negative Goodwill	—	8,099	—
Extraordinary Losses	2,810	6,672	9,025
Impairment Loss	—	5,191	6,857
Loss from Disaster	24	—	1,081
Loss on Disposal of Property, Plant and Equipment	—	1,113	—
Write-down of Investment Securities	16	78	156
Loss on Disposal of Inventories	421	—	—
Goods Indication Response Expenses	190	—	—
Loss on abandonment of inventories	—	—	930
Loss on Withdrawal from Pension Fund	—	289	—
Structural Reform Costs	981	—	—
Restructuring Expenses	760	—	—
Loss on Liquidation of Associates	417	—	—
Income before Income Taxes	8,409	15,228	12,707
Income Taxes	2,531	3,211	7,039
Income Tax Adjustments	1,363	2,028	364
Total Income Taxes	3,894	5,239	7,404
Net Profit	4,515	9,989	5,303
Net Profit Attributable to Non-Controlling Interests	32	18	58
Net Profit Attributable to Owners of Parent	4,482	9,970	5,245

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

Item	2014	2015	2016
Net Profit	4,515	9,989	5,303
Other Comprehensive Income			
Net Unrealized Gain (Loss) on Other Marketable Securities	1,174	1,827	(1,125)
Foreign Currency Translation Adjustments	16	1	(20)
Adjustments for Retirement Benefits	893	(114)	592
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	332	(486)	272
Total Other Comprehensive Income	2,416	1,228	(280)
Comprehensive Income	6,931	11,217	5,022
(Breakdown)			
Comprehensive Income Attributable to Owners of Parent	6,899	11,198	4,964
Non-Controlling Interests	32	18	58

Consolidated Statements of Changes in Shareholders' Equity (January 1 to December 31)

Results for Coca-Cola West Co., Ltd. prior to the business integration.

(Unit: Millions of yen)

	Shareholders' Equity					Other Accumulated Comprehensive Income					Non- Controlling Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Net Unrealized Gain (Loss) on Other Marketable Securities	Deferred Gains (Losses) on Hedges	Foreign Currency Translation Adjustments	Cumulative Adjustments for Retirement Benefits	Total Other Accumulated Comprehensive Income		
Balance as of January 1, 2016	15,231	109,072	136,851	(4,586)	256,569	5,217	(177)	17	(1,132)	3,924	384	260,878
Changes during the Consolidated Fiscal Year 2016												
Distribution of Dividends	—	—	(4,692)	—	(4,692)	—	—	—	—	—	—	(4,692)
Net Profit Attributable to Owners of Parent	—	—	5,245	—	5,245	—	—	—	—	—	—	5,245
Acquisition of Treasury Stock	—	—	—	(6)	(6)	—	—	—	—	—	—	(6)
Cancellation of Treasury Stock	—	—	0	0	0	—	—	—	—	—	—	0
Net Changes in Items Other than Shareholders' Equity during the Fiscal Year	—	—	—	—	—	(1,125)	255	(20)	609	(280)	30	(250)
Total Changes during the Fiscal Year	—	—	552	(6)	545	(1,125)	255	(20)	609	(280)	30	295
Balance as of December 31, 2016	15,231	109,072	137,404	(4,593)	257,114	4,092	77	(3)	(522)	3,643	414	261,173

Consolidated Statements of Cash Flows (January 1 to December 31)

Results for Coca-Cola West Co., Ltd. prior to the business integration.

(Unit: Millions of yen)

Item	2014	2015	2016
Cash Flows from Operating Activities			
Income before Income Taxes	8,409	15,228	12,707
Depreciation and Amortization	22,943	24,048	17,491
Impairment Loss	—	5,191	6,857
Amortization of Goodwill	2,649	2,649	2,302
Increase (Decrease) in Provision for Directors'	3	14	27
Retirement Benefits			
Increase (Decrease) in Net Defined Benefit Liability	(1,726)	(610)	1,003
Decrease (Increase) in Net Defined Benefit Asset	—	24	(123)
Interest and Dividend Income	(419)	(423)	(459)
Interest Expenses	550	416	468
Equity in Losses (Earnings) of Associates	(87)	(88)	(199)
Loss (Gain) on Sales of Marketable and Investment Securities	(421)	(78)	(209)
Write-down of Marketable and Investment Securities	16	78	156
Loss (Gain) on Sales of Fixed Assets	(370)	(118)	(893)
Loss on Disposal of Fixed Assets	404	1,538	875
Gains on Negative Goodwill	—	(8,099)	—
Loss on Liquidation of Associates	417	—	—
Decrease (Increase) in Accounts Receivable	(1,032)	262	437
Decrease (Increase) in Inventories	854	2,491	711
Decrease (Increase) in Other Assets	(97)	1,936	(128)
Increase (Decrease) in Accounts Payable	1,517	(1,447)	(3,542)
Increase (Decrease) in Other Liabilities	(1,260)	721	160
Other	37	336	(89)
Sub-total	32,389	44,073	37,553
Interest and Dividends Received	440	425	459
Interest Paid	(563)	(415)	(473)
Income Taxes Paid	(3,812)	(3,862)	(3,918)
Income Taxes Refunded	175	202	767
Net Cash Provided by Operating Activities	28,628	40,422	34,388
Cash Flows from Investing Activities			
Acquisition of Marketable and Investment Securities	(1,021)	(20)	(257)
Proceeds from Sales of Marketable Securities and Investment Securities	6,958	272	876
Acquisition of Fixed Assets	(21,702)	(16,576)	(23,347)
Proceeds from Sales of Fixed Assets	1,475	863	2,304
Acquisition of Shares of Subsidiaries and Associates	—	—	(3)
Acquisition of Shares of Subsidiaries	(301)	(20)	—
Acquisition of Shares of Subsidiaries with Change in Scope of Consolidation	—	(10,124)	—
Expenses for Sale of Shares of Subsidiaries with Change in Scope of Consolidation	(74)	—	—
Long-Term Loans	(1,110)	(441)	(453)
Proceeds from Collection of Long-Term Loans	1,012	923	959
Increase in Time Deposits	(3,305)	(160)	(160)
Proceeds from Refund of Time Deposits	8,505	296	167
Other	(25)	(7)	(6)
Net Cash Used in Investing Activities	(9,590)	(24,994)	(19,921)
Cash Flows from Financing Activities			
Expenses for Repayment of Short-Term Loans	—	(50)	—
Expenses for Repayment of Long-Term Loans	(2,517)	(2,517)	(2,517)
Proceeds from Issuance of Bonds	—	29,866	—
Redemption of Bonds	(30,000)	—	—
Expenses for Acquisition of Treasury Stock	(3)	(6)	(6)
Proceeds from Sales of Treasury Stock	0	0	0
Dividends Paid	(4,474)	(4,474)	(4,692)
Dividends Paid to Non-Controlling Interests	(34)	(34)	(28)
Other	(467)	(366)	(300)
Net Cash Provided by (Used in) Financing Activities	(37,498)	22,416	(7,546)
Translation Differences for Cash and Cash Equivalents	16	1	(20)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,444)	37,845	6,899
Cash and Cash Equivalents at Beginning of Year	60,275	41,830	79,828
Increase in Cash and Cash Equivalents Associated with New Consolidation	—	152	—
Cash and Cash Equivalents at End of Year	41,830	79,828	86,727

Company Profile / Stock Information (As of June 30, 2017)

Company Profile

Company name: Coca-Cola Bottlers Japan Inc.

Headquarters: Tokyo Midtown Tower, 9-7-1 Akasaka,
Minato-ku, Tokyo, Japan

Registered office: 7-9-66 Hakozaiki, Higashi-ku, Fukuoka,
Japan

Establishment: December 20, 1960
(As of April 1, 2017, the company name was
changed to Coca-Cola Bottlers Japan Inc.)

Paid-in capital: ¥15,231 million

**Number of employees
(consolidated):** 17,200

Stock Information

Basic Information

Securities Code: 2579

Authorized Shares: 500,000 thousand shares

Outstanding Shares: 206,268 thousand shares

**Number of
Shareholders:** 59,311

**Number of Shares
per Trading Unit:** 100 shares

**Stock Exchange
Listings:** Tokyo Stock Exchange (First Section)
Fukuoka Stock Exchange

Major Shareholders

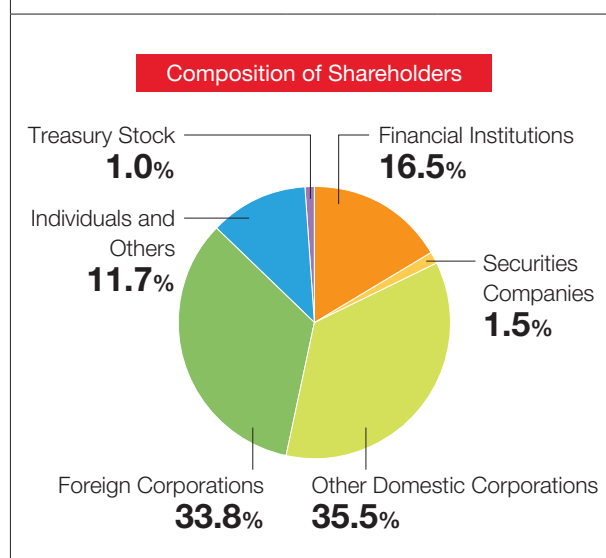
Shareholder	Number of Shares Held (Thousands)	Shareholding Ratio (%)
Ricoh Company, Ltd.	17,075	8.4
European Refreshments	15,454	7.6
Coca-Cola (Japan) Co., Ltd.	12,502	6.1
Japan Trustee Services Bank, Ltd. (Trust Account)	6,288	3.1
Toyo Seikan Group Holdings, Ltd.	5,604	2.7
The New Technology Development Foundation	5,294	2.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,261	2.6
Satsuma Shuzo Co., Ltd.	4,699	2.3
Senshusha Co., Ltd.	4,088	2.0
Coca-Cola Holdings West Japan, Inc.	4,074	2.0

Note1: 2,006 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

Note2: Shareholding ratio of The Coca-Cola Company: 16.35%
(Including indirect holdings through subsidiaries such as European Refreshments, Coca-Cola (Japan) Co., Ltd. and Coca-Cola Holdings West Japan, Inc.)

Number of Shares Held and Percentage of Shares Held by Shareholder Category

	Number of Shareholders (Persons)	Number of Shares Held (Thousands)
Financial Institutions	80	34,047
Securities Companies	43	3,175
Other Domestic Corporations	919	73,132
Foreign Corporations	511	69,731
Individuals and Others	57,757	24,174
Treasury Stock	1	2,006
Total	59,311	206,268





Coca-Cola Bottlers Japan Inc.

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<https://en.ccbji.co.jp/>