

## ▶▶ Mid-Term Strategic Plan

# Growth Roadmap for 2020 & Beyond

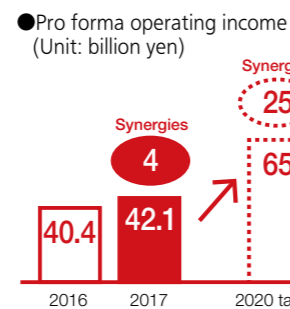
### ▶ Key Metrics and Picture of Success for 2020

Key metrics	Revenue Growth	Value Share	Transactions	EBITDA Margin	ROE
Picture of success	+1.8% CAGR (2016-2020)	Value ahead of volume	Growth in packaging for immediate consumption	EBITDA Margin above 10%	ROE above 6%

### Topics

#### ▶ Creation of net synergies

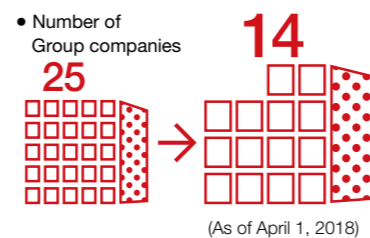
In 2017, we generated cost synergies of ¥4 billion, which contributed to pro forma operating income of ¥42.1 billion (a year-on-year increase of 4%). At the same time, we executed investments of ¥49.9 billion, equivalent to 5% of our net revenues. We are making steady progress in our initiatives to reach our operating income target of ¥65 billion in 2020, with the aim of achieving sustainable growth and a target of ¥25 billion in net synergies by 2020.



Areas	Main measures
Supply Chain and Procurement	<ul style="list-style-type: none"> <li>Network optimization</li> <li>Site and route optimization</li> <li>Manufacturing productivity improvement</li> <li>Increasing insourcing capacity</li> <li>Price negotiation with suppliers</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>Standardized pricing, terms, conditions (PTC)</li> <li>Optimizing route-to-market (RTM)</li> <li>Vending cost-to-serve</li> <li>Sharing of best practice</li> </ul>
Back Office	<ul style="list-style-type: none"> <li>Establish integrated business support function</li> <li>Integrate legacy systems into Coke One+</li> </ul>

#### ▶ Reorganization of the Group

Our Group has undertaken integration of its organizations and businesses with a sense of speed, taking "One company under one management" as our basic principle. To further drive this process and achieve greater growth, we carried out a reorganization of the Group, effective January 1, 2018. Accordingly, our company name has become Coca-Cola Bottlers Japan Holdings Inc., while the number of the Group companies has decreased from 25 on the first day of integration to the current 14.



#### ▶ Clarification of dividends policy

We will continue to prioritize paying a stable dividend while also allowing shareholders to benefit from profit growth by holistically considering our business performance as well as capital structure. After the adoption of IFRS, we will target a dividend payout ratio of 30% or more from 2019. The company will periodically review capital structure and dividend payout ratio to maximize shareholder return while maintaining flexibility to pursue expansion opportunities. The company seeks to use retained earnings to fund investment for sustainable growth for our business and for further enhancement of corporate value.

#### ▶ Acquisition of treasury stock and implementation of tender offer

In April 2018 we acquired 17,075,239 shares of treasury stock (8.28% of outstanding shares) by means of tender offer, as a means to improve ROE and establish an efficient capital structure as outlined in our Mid-Term Strategic Plan.

#### ▶ Financial Information Disclosure based on International Financial Reporting Standards (IFRS)

We will start report our financial results under the International Financial Reporting Standards (IFRS) at the end of fiscal year 2018. By raising the international comparability of our financial information and by enhancing our information disclosures, we will provide more usable information for shareholders and investors.

#### ▶ Introduction of a performance-based stock compensation program

Our company has introduced a performance-based stock compensation program by which our executive directors share the merits and risks of stock price movements with shareholders. The program will also further enhance motivation to contribute to an increased stock price and to increased corporate value in the medium to long term. This stock compensation program is a performance-based stock compensation program that awards compensation in the form of money and common shares of the company's stock in-line with the achievement of targets for the consolidated ROE and consolidated compound growth rate for revenue three consecutive business years. We also implemented the program for Executive Officers of the Company and of Coca-Cola Bottlers Japan.

## ▶▶ 2017 Highlights

### ▶ Financial and Non-Financial Highlights

#### Net Revenues

**¥872.6 billion**

Our net revenues were ¥872.6 billion, primarily due to the effects of business integration. Net revenues on a pro forma basis were ¥991.6 billion.

#### Operating Income

**¥40.5 billion**

Due to factors including the effects of business integration, changes to our tangible fixed asset depreciation method, and cost reductions in the soft drink business, operating income was ¥40.5 billion. Operating income on a pro forma basis was ¥42.1 billion.

#### Operating Income Margin

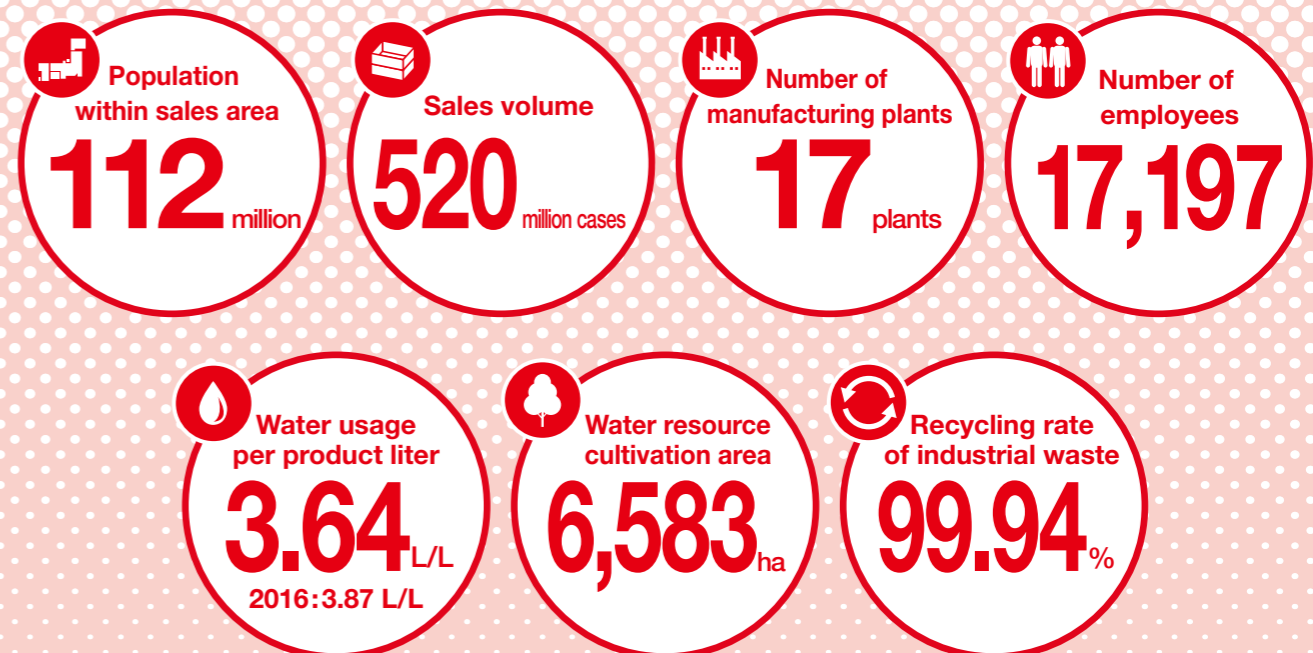
**4.7%**

Due to factors including cost reduction initiatives and the creation of net synergies, operating income margin was 4.7%. Operating income margin on a pro forma basis was 4.2%.

#### ROE

**5.7%**

ROE was 5.7%, primarily due to the effects of business integration. On a pro forma basis, ROE was 4.2%.



## ▶▶2017 Highlights

### ▶ Corporate Integration Highlights

<p>▶ Approval for business integration at the Coca-Cola West and Coca-Cola East Japan General Meetings of Shareholders</p>	January	
<p>▶ Start of the Vending Strategy Project</p> 	February	<p>▶ Launch of Coca-Cola Bottlers Japan</p> 
<p>▶ Announcement of the Mid-Term Strategic Plan "Growth Roadmap for 2020 &amp; Beyond"</p> 	March	
	April	
	May	
	June	<p>▶ Integration of IT functions</p> <p>▶ Integration of procurement functions</p>
	July	
	August	<p>▶ Integration of planning functions</p>
<p>▶ Establishment of the Key Account Management Organization</p>	September	
	October	<p>▶ Reorganization (subsidiaries integration, etc.), change of name of holding company (effective January 1, 2018)</p> 
<p>▶ Formulation of company philosophy "THE ROUTE"</p> 	November	
	December	<p>▶ New structure of six regional sales organizations (effective January 1, 2018)</p>

## ▶▶ Company Philosophy of the CCBJH (Coca-Cola Bottlers Japan Holdings Inc.) Group

# THE ROUTE

The origin of our business lies in route sales. To achieve further development with our customers and business partners, we pay respect for the varied routes of our past, and intend to open up future routes that hold infinite possibilities.



#### Mission

**Deliver happy, refreshing moments to everyone in the community, every day**

#### Corporate Identity

- Community-based** We help build and support sustainable communities, foster strong connections with them, and help protect the environment, Creating Shared Value
- Customer-centric** We focus on all our consumers and customers to become their trusted partner
- Hinkaku (Corporate Dignity)** We respect human rights, honor community principles, and strive to maintain the highest ethical standards
- Diversity** We respect the individuality of our employees, actively incorporating diverse values and ideas so all can achieve their full potential

#### Culture

- Build on our HERITAGE as we shape our FUTURE
- Fuel life and work with commitment and PASSION
- Base judgments on ETHICS
- Think independently, take RESPONSIBILITY
- Enjoy life and welcome CHALLENGE
- Act with RESPECT, inspire RESPECT
- Value COOPERATION
- Pursue 'SIMPLE AND SPEEDY' solutions

We have formulated a code of ethics and conduct as an action policy for employees of CCBJH Group to follow when engaging in business activities that connect to THE ROUTE corporate philosophy in order to achieve the fundamental principles and policies in our corporate operations.

The Group will work each day according to these basic principles, policies, and the code of ethics and conduct to remain a company trusted by our customers, regular patrons, and all of our other stakeholders.

#### Basic principles

- |                              |                           |
|------------------------------|---------------------------|
| concerning the environment   | concerning the community  |
| communication with customers | quality assurance         |
| concerning health            | corporate governance      |
| ethics and compliance        | diversity and inclusion   |
| organizational management    | human resource management |

