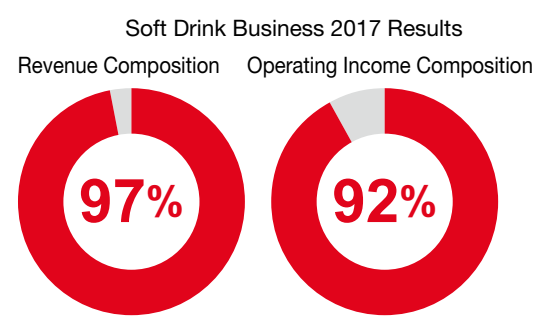


# Business Overview

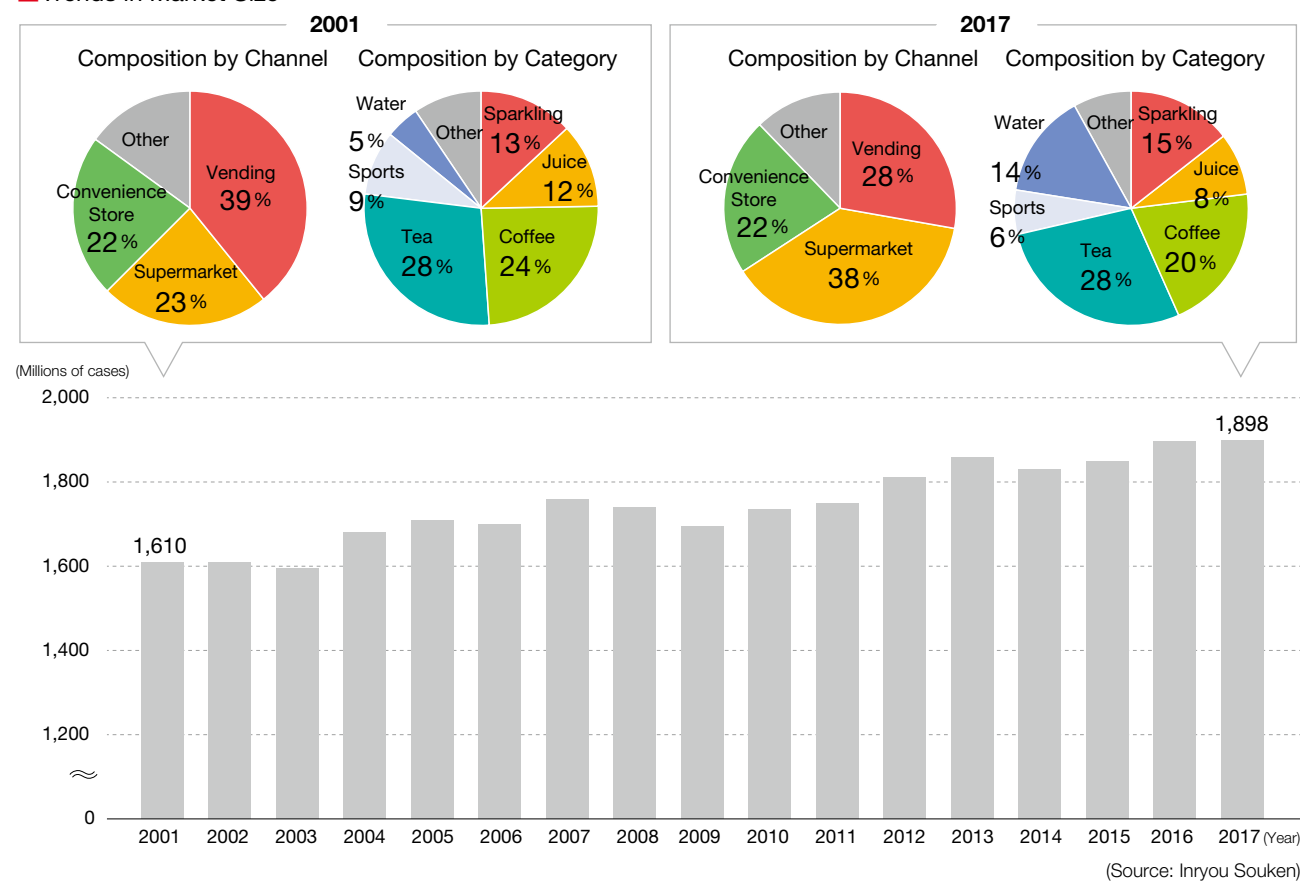
## Soft Drink Business



### The Soft Drink Market in Japan

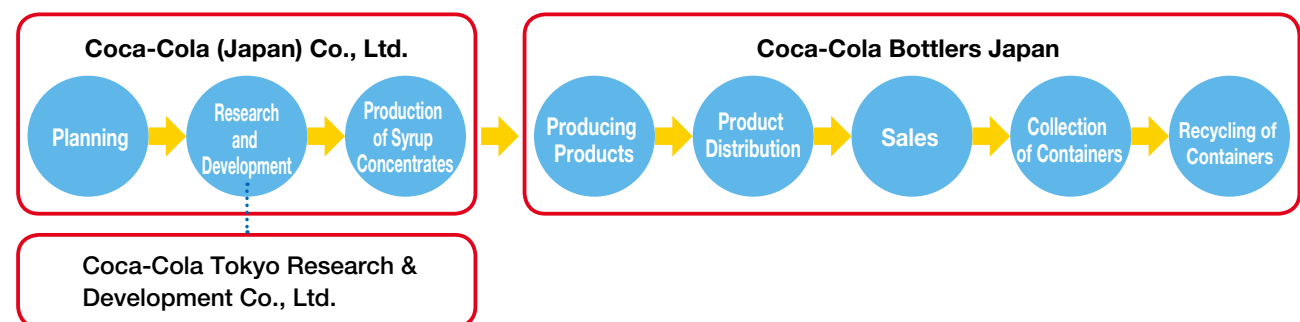
The soft drink market in Japan has been growing steadily, with market scale expanding by approximately 18% over the past 16 years.

#### Trends in Market Size

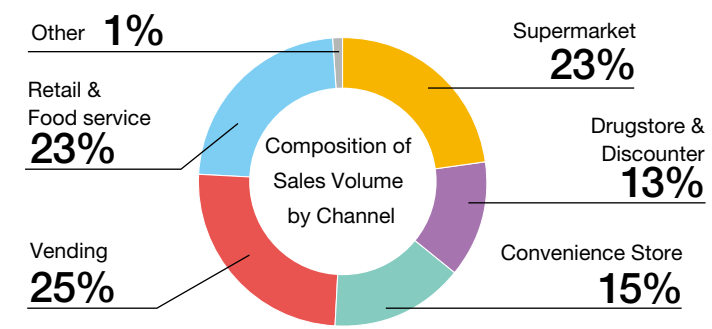


### The Role of Coca-Cola Bottlers Japan in the Coca-Cola System in Japan

The Coca-Cola system operates as a franchise system. Coca-Cola Bottlers Japan Inc. plays central role in our group by engaging in manufacturing, distribution and sales of finished products as a franchisee. At the same time, Coca-Cola (Japan) Co., Ltd., the franchisor and a wholly owned subsidiary of The Coca-Cola Company, engages in operations such as product planning/development, marketing activities including advertising, etc. and supplying concentrate/beverage base.



### Channel Overview



#### Chain Stores

(Supermarkets, Drugstores & Discounters, and Convenience Stores)

At supermarkets, drugstores, and discounters, we actively rolled out Foods for Specified Health Use (FOSHU) and Foods with Function Claims, while working to liven up points of sales through initiatives such as campaigns tailored for each season. Additionally, we strove to increase revenue through meticulous sales activities that sell the right product (brand, volume, etc.) at the optimum wholesale price, matched to the industry and to business partners' conditions. In convenience stores, we worked to boost sales through the launch of new products and through product launches co-planned with business partners.



Display at a supermarket

#### Vending (Vending Machines)

To boost the appeal of vending machines, we prepared optimal product lineups for each location and developed products and campaigns exclusive to vending machines, such as Coca-Cola Coffee Plus. In addition, we worked to strengthen ties with customers and provide new value, through initiatives promotions via our Coke ON smart-phone app.



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

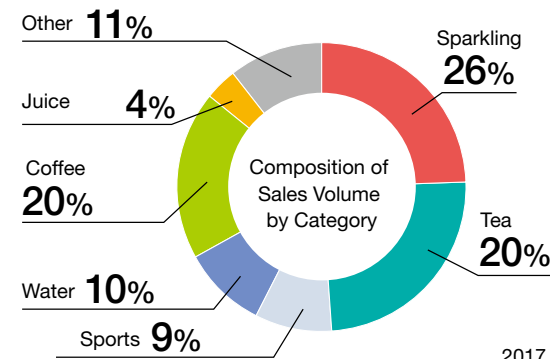
In restaurants, we strove to expand our product share by proposing drink menu items highlighting our products, such as "mocktail" non-alcohol cocktails. In kiosks and hotels, to satisfy the inbound tourism demand we strengthened our rollout of products such as Coca-Cola slim bottles with regional designs, illustrated with famed tourism spots.



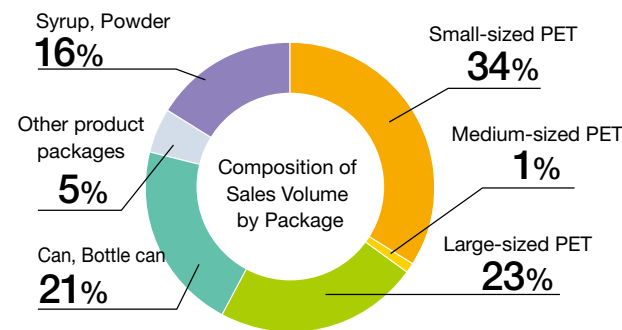
Drink menu with our products

Creating points of sales in souvenir shops

## Product Overview



2017 pro forma results



In addition to the launch of Coca-Cola plus, the first Food for Specified Health Use (FOSHU) in the history of Coca-Cola, we launched products illustrated with depictions of seasons and regions on Coca-Cola slim bottles and worked to strengthen sales. During the winter campaign, we brought energy to the brand through a series of deployments including the Coca-Cola ribbon bottles with lottery tickets.



We launched a variety of new products in the Georgia brand. These include the aromatic and rich-tasting Georgia European Vintage Blend within the Georgia European series, under the supervision of coffee specialty shop Sarutahiko Coffee. We worked to strengthen sales in the high-demand winter season. Our initiatives included the "Vending Machine + 2°C Campaign," offering heated products at an even more enjoyable temperature.



In the Sokenbicha brand, we renewed our Sokenbicha blended tea with a formulation that avoids the use of 27 raw materials specified as allergens. We also launched Sokenbicha Barley, a Food with Function Claims that reduces bodily fat. Efforts to increase sales included the Sokenbicha "Sound" Campaign, which allows people to listen to original Sokenbicha arrangements of Disney music.



We launched I LOHAS Sparkling Grape, a product which adds extract from hand-picked Nagano Prefecture grapes to sparkling water made with select natural water from Japan. In February, we conducted a limited launch of I LOHAS Amao, made with extract from the Amao strawberry of Fukuoka Prefecture, one of the top strawberry brands in the country. Originally available in the Kyushu Area only, the product entered nationwide sales in September in response to many requests in social media for a nationwide launch.



For details of Foods for Specified Health Use (FOSHU) and Foods with Function Claims, please visit <https://www.cocacola.co.jp/brands/all-products>.

## Topics

## Topics New products launched in 2017

## Foods for Specified Health Use and Foods with Function Claims

As demand increases amid customers' growing health consciousness, we launched new Foods for Specified Health Use and Foods with Function Claims in 2017, centered on our sparkling beverages and sugar-free tea products. We have brought together a product line-up that includes Coca-Cola plus, a cola categorized as a Food for Specified Health Use which combines taste and functionality, as well as Sokenbicha Healthy Ingredient Mugicha under a refreshing, healthy, and delicious concept, which is a Food with Function Claims.



## Vending Machine Exclusive Products

To expand sales in the highly profitable vending channel, we have been working to increase the appeal of vending machines. In terms of products, we have introduced vending machine-limited products, and strengthened our product lineups tailored to specific regions and machine locations.



## Limited-Design Coca-Cola Slim Bottles

We launched the design-conscious Coca-Cola slim bottles, including "local designs" that depict famous tourism spots on special regional-oriented designs and "Cherry design" with full-bloom flower petals. In 2017, we launched eight special designs for regions (Tokyo, Kyoto, Kumamoto, etc.) and four limited seasonal bottles (cherry blossoms, fireworks, etc.). Featuring regional attractions and the sense of the seasons in Japan, the bottles have proven their appeal, especially among tourists.

