

# 2018

Annual Review



**Coca-Cola Bottlers Japan Holdings Inc.**

コカ・コーラ ボトラーズジャパンホールディングス株式会社

Securities Code: 2579



**We must "do the right thing"  
for the long term,  
while getting the day to day right**

**Coca-Cola**  
BOTTLETS JAPAN HOLDINGS INC.

Representative Director  
and President

**Calin Dragan**

## Inaugural Message

I am Calin Dragan, and on March 26, 2019 I assumed the position of President and Representative Director of Coca-Cola Bottlers Japan Holdings Inc. (CCBJH). It is an honor to speak to you as a representative of this great company as we embark on a journey of transformation to set a foundation for sustainable growth into the future. After working in Japan as Vice President of Coca-Cola West Co., Ltd. and President of Coca-Cola East Japan Co., Ltd., I most recently led bottling operations for The Coca-Cola Company in 15 countries worldwide as President of the Bottling Investment Group (BIG). It is indeed a great pleasure for me to return to Japan, and I am looking forward to connecting with all of you through our extensive Coca-Cola business that represents close to 90% of The Coca-Cola Company's sales volume in Japan.

Coca-Cola Bottlers Japan Holdings, Inc. is Asia's largest Coca-Cola bottler and ranks among the top Coca-Cola bottlers worldwide in terms of sales revenue. We operate our business activities with a community-based and customer-centric corporate philosophy under one mission,

"To deliver happy, refreshing moments to everyone in the community, every day".

## Setting the Foundation for Recovery and Growth

Since our launch in April 2017, we can point to many accomplishments in creating a new company from the management integration of Coca-Cola West and Coca-Cola East Japan. This includes the consolidation and reorganization of multiple subsidiaries and Coca-Cola system-affiliated companies, the generation of 12 billion yen in net synergies and savings since "Day One" of operations and the launch of our new corporate philosophy "THE ROUTE". Although our business results were severely impacted by heavy rain and flooding in July 2018, we see 2019 as a transition year focused on recovery and building foundation for future growth. Aiming to return growth trajectory in 2020 and onward, we understand and are quickly taking action to address various challenges we face by investing to recover and grow product supply capacity to respond to rapid changes in consumer purchasing behavior, and to



### 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

- ① Build on our HERITAGE as we shape our FUTURE
- ② Fuel life and work with commitment and PASSION
- ③ Base judgments on ETHICS
- ④ Think independently, take RESPONSIBILITY
- ⑤ Enjoy life and welcome CHALLENGE
- ⑥ Act with RESPECT, inspire RESPECT
- ⑦ Value COOPERATION
- ⑧ Pursue 'SIMPLE AND SPEEDY' solutions

replace the flood-damaged Hongo plant and related facilities.

In terms of product supply, we are investing to put seven new manufacturing lines in operation by Spring of 2020, including our new Hiroshima plant, which will replace the damaged Hongo plant. Already in the first quarter of 2019 we have started operation of two new lines in Kyoto and Kumamoto. We also broke ground on the construction of a new “mega-distribution center” in Saitama as part of the Project Shinsei work underway to optimize our nationwide logistics and distribution infrastructure. On the sales front, we are putting into practice initiatives for profitable sales growth, having announced the first price increase in 27 years for large PET products, and through the creation of a joint vending business team together with the Coca-Cola (Japan) Company to revitalize our important vending business.

## Toward Best-in-class Governance

We have also renewed our governance system as a fundamental building block of this foundation for

sustainable growth. The majority of our board members are now outside directors to enhance independence, and our board reflects diversity in gender, nationality and important professional experience from across industry as well as relevant expertise from the global Coca-Cola network. Furthermore, we have actively streamlined our organizational structure by reducing the number of executive officers and reporting layers, initiating a voluntary retirement program and introducing arrangements for more flexible working styles.

## Our Commitment

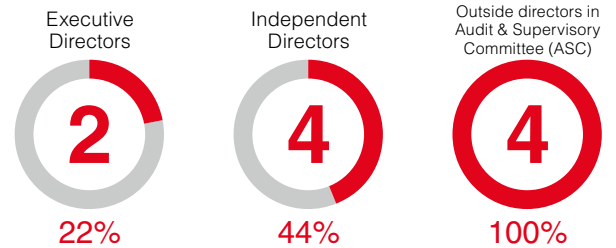
In order to earn the trust of consumers, customers and all stakeholders each and every day, we are committed in to grow this business in a sustainable way and to create shared value based on our community-based and customer-centric business principles. We will continue to promote growth-oriented and speedy initiatives, supported by a financial strategy that drives shareholder value creation. I would like to thank you for your continued understanding and support now and in the years to come.



## Board of Directors



### Governance & Independence



**Outside Director  
Independent Director  
Hiroshi Yoshioka**

Has management experience with Sony Corporation and global insights. Previously served as an outside director of Coca-Cola East Japan.

**Outside Director  
Independent Director  
Hiroko Wada**

Has abundant experience in marketing, management, and organization and human resource development in the consumer goods industry. Has served as a director of The Procter & Gamble Company, representative director and president of Dyson and of Toys "R" Us-Japan, Ltd.

**Director and Chairman  
Tamio Yoshimatsu**

Has worked with Coca-Cola bottlers in Japan for about 50 years. Led business integration as the first President of CCBJH.

**Representative Director, Vice President,  
Chief Financial Officer and Head of Finance  
Bjorn Ulgenes**

Has experience with finance in the Coca-Cola system in Europe, the Middle East, Africa, and Japan. Most recently, served as Deputy Finance Director of The Coca-Cola Company's Europe, Africa and Middle East (EMEA) Group.

**Representative Director  
and President  
Calin Dragan**

Has worked with Coca-Cola bottlers, including in Japan, for about 20 years. Most recently, served as President of The Coca-Cola Company's Bottling Investments Group.



## Diversity and Professional Skillset

Women on the Board



33%

Nationalities



Coca-Cola System Experience



56%

Finance/Audit



33%

FMCG



67%

IT/Manufacturing



22%

Figures in circles represent the number of corresponding directors. The figure for nationality represents the number of nationalities of directors.



Outside Director (serving on the Audit & Supervisory Committee)  
Independent Director  
**Nami Hamada**

Has a wealth of experience in finance and accounting, including managing her own finance consulting company as well as management experience in Lehman Brothers Japan Inc.

Outside Director (serving on the Audit & Supervisory Committee)  
Independent Director  
**Celso Guiotoko**

Has IT and supply chain experience in multinational corporations, as well as a wealth of management and auditing experience at Nissan Motor Co., Ltd.

Outside Director (serving on the Audit & Supervisory Committee)  
**Jennifer Mann**

Has extensive experience related to human resources and global ventures in the Coca-Cola system. Currently serves as Senior Vice President and President of Global Ventures at The Coca-Cola Company.

Outside Director (serving on the Audit & Supervisory Committee)  
**Irial Finan**

Has extensive management experience, with many years of involvement in the management of The Coca-Cola Company and in the Coca-Cola business as the representative of the Bottling Investments Group supervising Coca-Cola bottlers worldwide. Currently serves as Director of Coca-Cola European Partners.

# Topics

## | Decision to relocate the Hongo Plant and restart operations in 2020

In July 2018, heavy rains in Western Japan caused damage to our manufacturing and distribution facilities, vending machines and other sales equipment, vehicles, and product inventory. In particular, the Hongo Plant in Mihara, Hiroshima Prefecture and the adjoining distribution center suffered severe flood damage, forcing the plant to halt operations. We have decided to relocate the Hongo Plant within the region, and will restart operations in the spring of 2020 as Hiroshima Plant. We have acquired a site for the relocation, and plan to start two aseptic product production lines in the spring of 2020.

## | Start of operation of new production lines at the Kyoto and Kumamoto Plants

We are working to expand our production capacity to meet growing demand for aseptic products. We are carrying out investments to launch seven new aseptic product production lines by the spring of 2020, including operation at the new Hiroshima Plant.

### Kyoto Plant

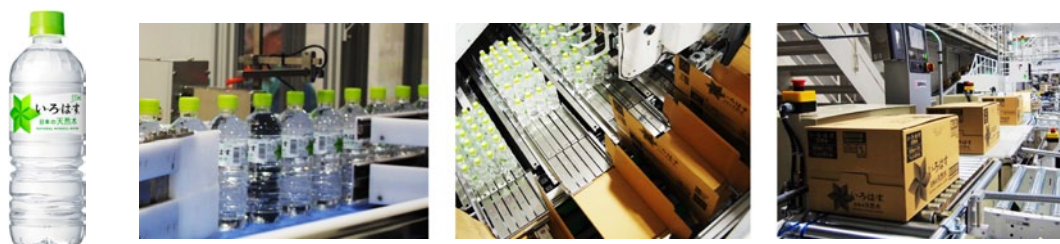
In late February 2019, we started operation of a new production line at the Kyoto plant. Production will focus on Ayataka, Sokenbicha, Georgia Japan Craftsman, and other products for which demand is expected to grow as the peak demand season approaches, contributing to the establishment of a stable supply system.

#### ■ Main products produced at the Kyoto Plant (2019)



### Kumamoto Plant

The new production line at the Kumamoto plant began operation in late March 2019. Adopting the latest equipment, the new line will produce I LOHAS mineral water, flavored water, and more. Water for I LOHAS mineral water produced at the Kumamoto Plant is newly sourced from the Aso region.



## | Price revisions for large PET bottle products

While our company has made efforts to streamline production and operations and to reduce costs, due to the recent increase in distribution costs and raw material prices, beginning with product shipped on April 1, 2019 we have revised the wholesale price and suggested retail price for large-sized PET bottle products. We will continue taking steps to address cost increases and will strive to improve our service.

## | Acquisition of treasury shares

In April 2018, we acquired 17.08 million shares of treasury shares (8.28% of outstanding shares) by means of a tender offer to improve ROE and establish an efficient capital structure. In November 2018, the Company announced a second share buyback program of up to JPY 25 billion/10.80 million shares. By February 22, 2019, the Company had completed acquisition of JPY 25 billion/7.82 million shares (3.79% of outstanding shares) of treasury stock.



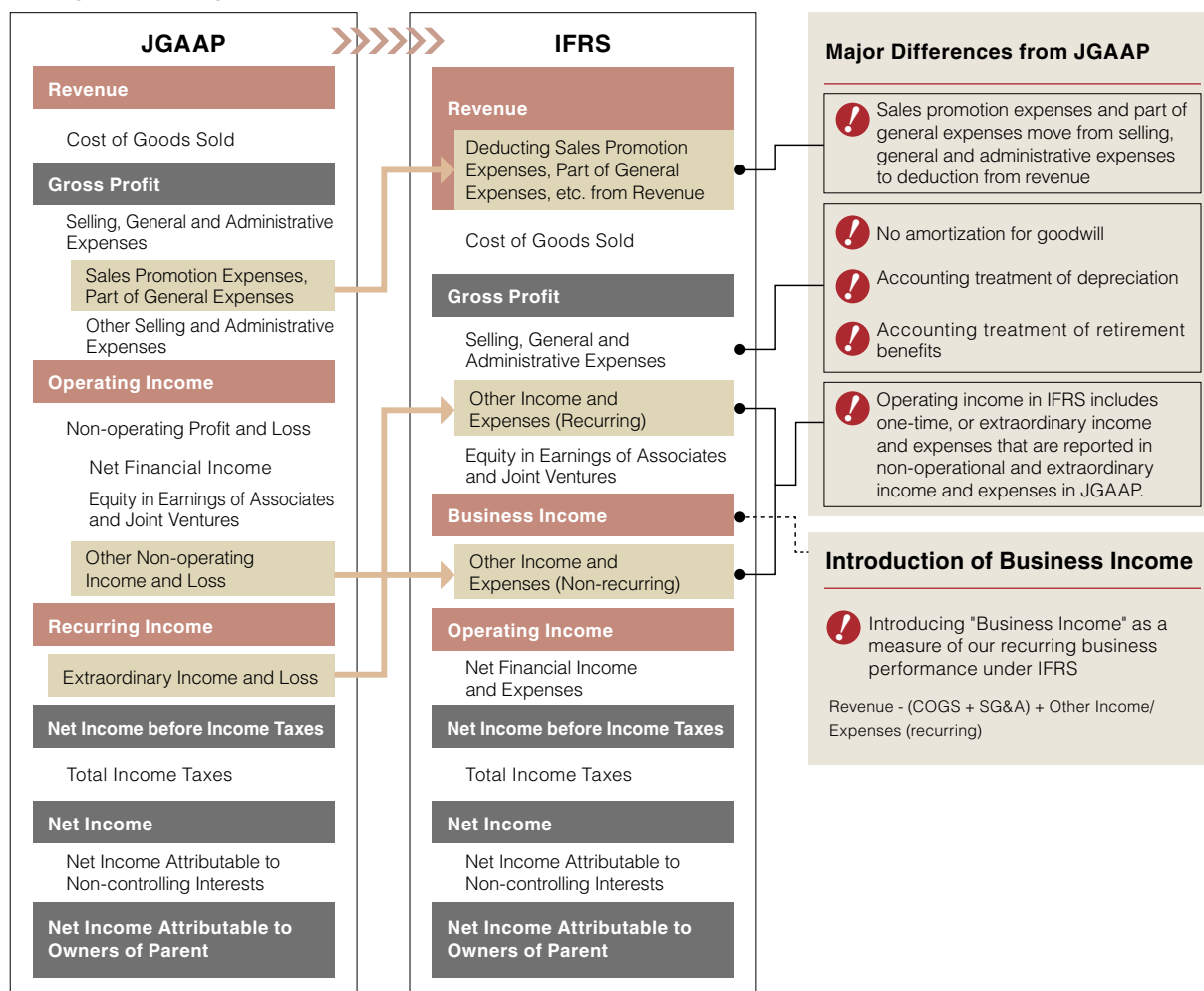
## Adopting International Financial Reporting Standards (IFRS)

We have adopted IFRS since reporting our full-year 2018 results. We believe this enhances the comparability of our financial results in global capital markets, providing useful financial information for investors and shareholders.

### Main objectives of the change

- Improved international comparability of financial information
- Provision of useful information to shareholders and investors
- Easy comparability with other companies in the industry and other global Coca-Cola bottlers

### Changes resulting from the introduction of IFRS



## Coca-Cola Bottlers Japan Holdings selected for DJSI Asia Pacific ESG investment index

In September 2018, for the first time, Coca-Cola Bottlers Japan Holdings was selected for the DJSI Asia Pacific index of the Dow Jones Sustainability Indices (DJSI), a family of worldwide ESG (Environmental, Social, and Governance) investment indices. The Company continues to position "Creating Shared Value" (CSV) as one of our most important business imperatives, and will work to resolve social issues through our business activities.

MEMBER OF  
**Dow Jones Sustainability Indices**  
 In Collaboration with RobecoSAM

The DJSI is a family of stock market indices created jointly by U.S.-based S&P Dow Jones Indices and the Swiss investment consulting firm RobecoSAM. It meticulously tracks over 3,400 major corporations around the globe in terms of economic, environmental, and societal criteria, to select companies that demonstrate excellent sustainability. It is a global index for ESG investments, and serves as a benchmark for selecting key investment targets.

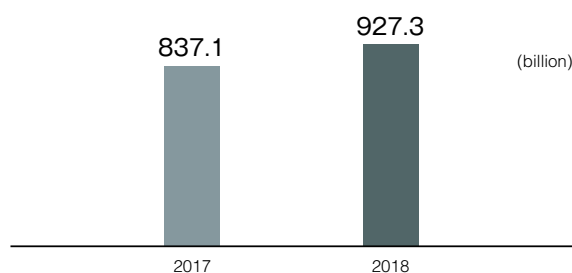
# Financial and Non-Financial Highlights (2018 results)

## Financial highlights

▶▶▶ See P. 27 for details.

### Revenue

**927.3** billion yen

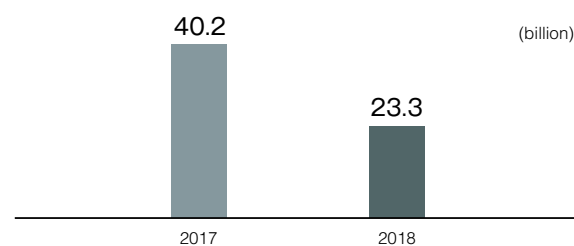


Revenue increased by JPY 90.2 billion from the previous fiscal year to JPY 927.3 billion due to the effects of the business integration performed effective April 1, 2017.

### Business Income\*

**23.3** billion yen

Business Income Margin: 2.5%

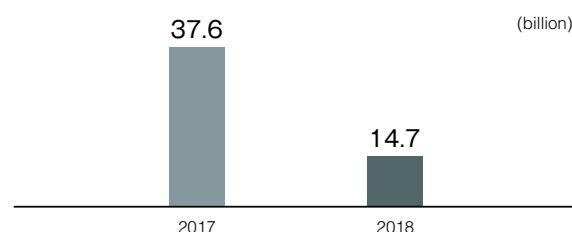


While revenue recorded a net increase, business income declined by JPY 16.9 billion from the previous fiscal year to JPY 23.3 billion due to supply constraints caused by damage from heavy rains in July 2018 and rapidly increasing demand for aseptic products in the beverage business.

### Operating Income

**14.7** billion yen

Operating Income Margin: 1.6%

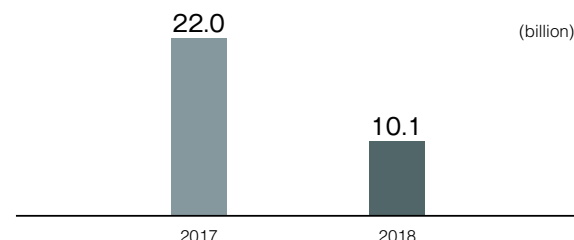


In addition to a decrease in business income, operating income decreased by JPY 22.9 billion from the previous fiscal year to JPY 14.7 billion due to losses from the disposal and retirement of damaged equipment, inventory in the beverage business, etc.

### Net Profit Attributable to Owners of The Parent

**10.1** billion yen

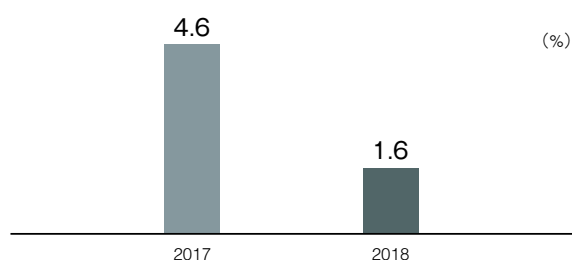
EPS: JPY 52.68



With the decline in operating income, income attributable to owners of parent declined by JPY 11.9 billion from the previous fiscal year to JPY 10.1 billion.

### ROE

**1.6%**



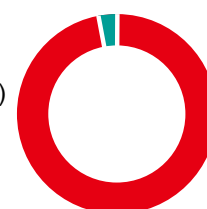
Although equity attributable to owners of the parent decreased due to the result of share buybacks net profit attributable to owners of the parent decreased from the previous fiscal year and ROE was down to 1.6%.

### Segment Information

#### 〈Revenue〉

■ Beverage Business  
899.9 billion yen (97.0%)

■ Healthcare & Skincare Business  
27.4 billion yen (3.0%)



#### 〈Operating Income〉

■ Beverage Business  
8.9 billion yen (60.4%)

■ Healthcare & Skincare Business  
5.8 billion yen (39.6%)



\*We introduce "Business Income" as a measure of our underlying or recurring business performance after the adoption of IFRS. Business Income deducts cost of goods and SG&A from revenue and includes other income and expenses which we believe are recurring in nature.



## Non-Financial Highlights

▶▶▶ See P. 17 for details.



Health

Launch of Foods for Specified Health Use (FOSHU) and Foods with Function Claims

11.5 million cases

Number of seminars held on hydration/  
Number of participants44 times  
About 7,000 persons

Environment

Water consumption in manufacturing process

13,998 km<sup>3</sup>  
(-7.3% year-on-year)Water used to manufacture  
1L of a product3.34 L/L  
(-8.3% year-on-year)

Energy consumption in manufacturing process

3,715 million MJ  
(-8.2% year-on-year)2018 EUR(energy use ratio)  
per 1 liter of product0.89 MJ/L  
(-9.2% year-on-year)Recycling rate of  
industrial waste

About 99.1%

CFC-free vending  
machine ratio

About 78%



Community

Number of participants in plant tours

6 plants About 167,000

Number of participants in company sports clinics,  
and rugby and field hockey classes

About 4,400



Number of employees

17,100

Women in manager  
and leader positions

8%

Number of new graduate  
hires in fiscal 2019

385

# Beverage Business

## Overview of Coca-Cola Bottlers Japan Inc. (CCBJI)

### Sales area

Tokyo, Kyoto, Osaka and  
**35 prefectures**



### Number of consumers

(population and number of households in areas of coverage)

**About 112 million**

(about 51 million households)



### Number of brands

**Over 50**

### Number of SKUs

**Over 800**

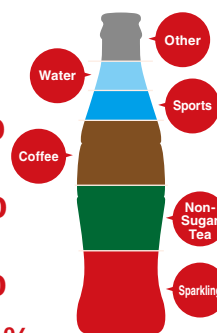
### Product portfolio

**Sparkling 27%**

**Non-Sugar Tea 20%**

**Coffee 20%**

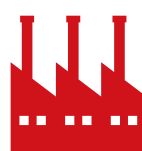
**Sports 9%, Water 9%**



### Annual sales volume

**~510 million cases**

※2018 results



### Production sites

**17 plants**

※Production suspended at Hongo Plant



### Number of vending machines

**~700K**

※As of end of 2018



### Number of customer outlets

**~240K**

※As of end of 2018



### Sales Centers

**About 350**

※As of February 2019, including distribution centers



### Number of fleet vehicles

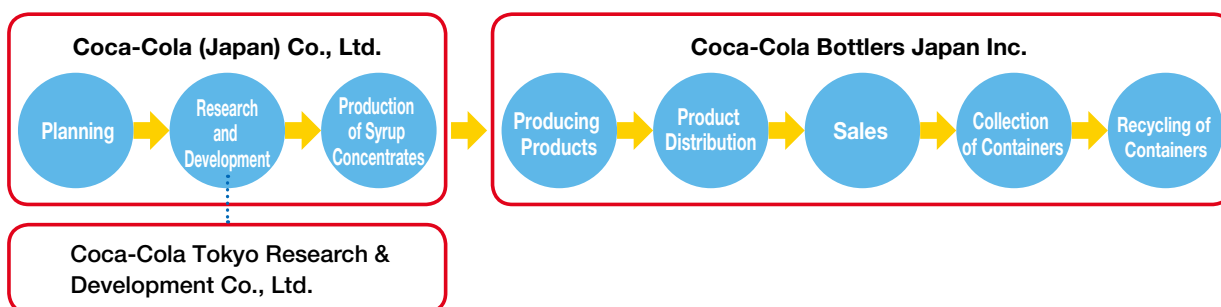
**About 16,200**

※As of end of 2018

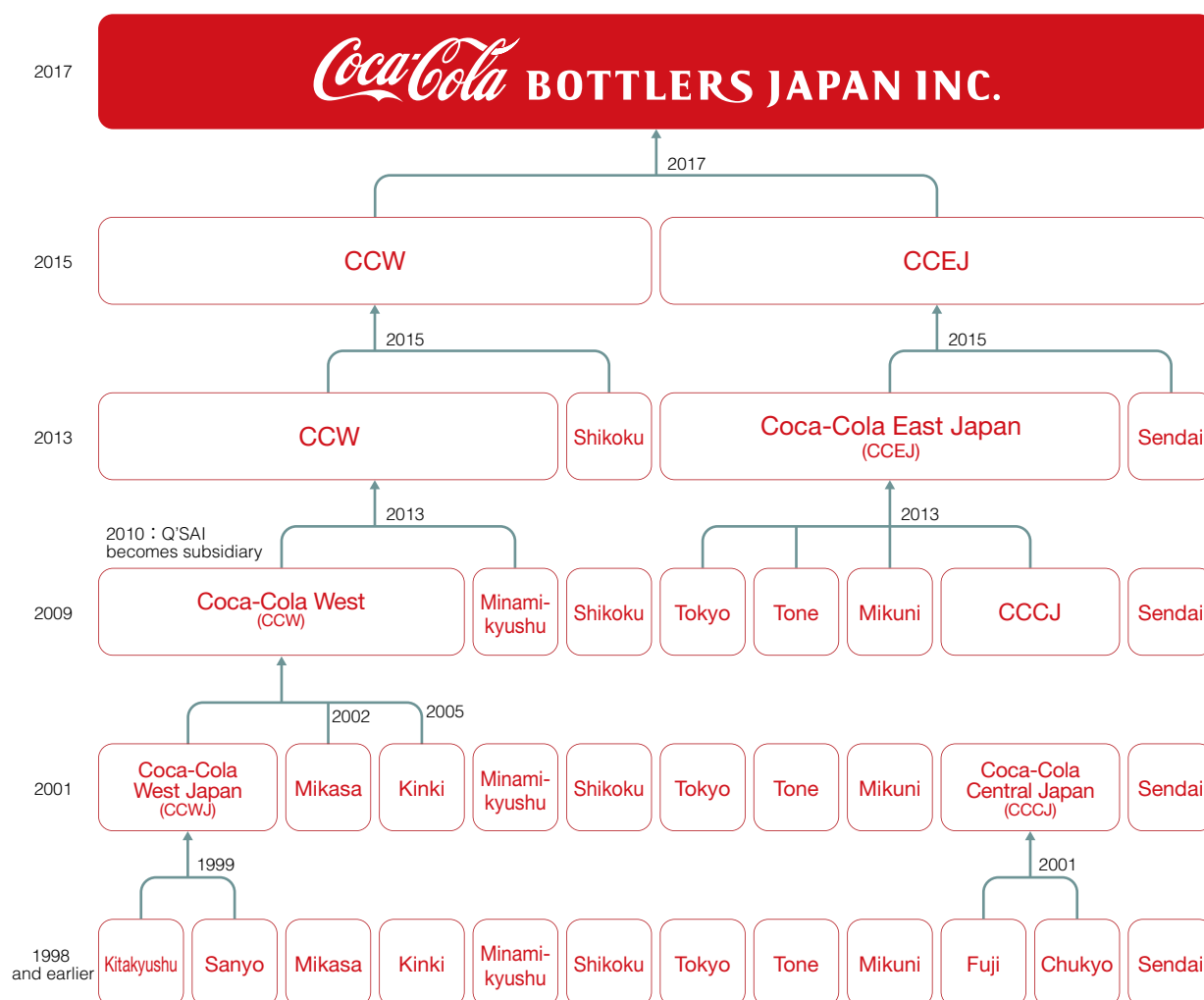


## | The Role of CCBJI in the Coca-Cola System in Japan

The Coca-Cola system in Japan consists of Coca-Cola (Japan) Company, Ltd., responsible for supplying concentrate, product planning/development, and marketing activities including advertising, etc., and bottler companies that produce and sell the finished products, as well as other affiliated companies. Our company and other bottler entities produce beverages under strict quality management in the respective plants and deliver Coca-Cola products to the customers through business outlets and vending machines.



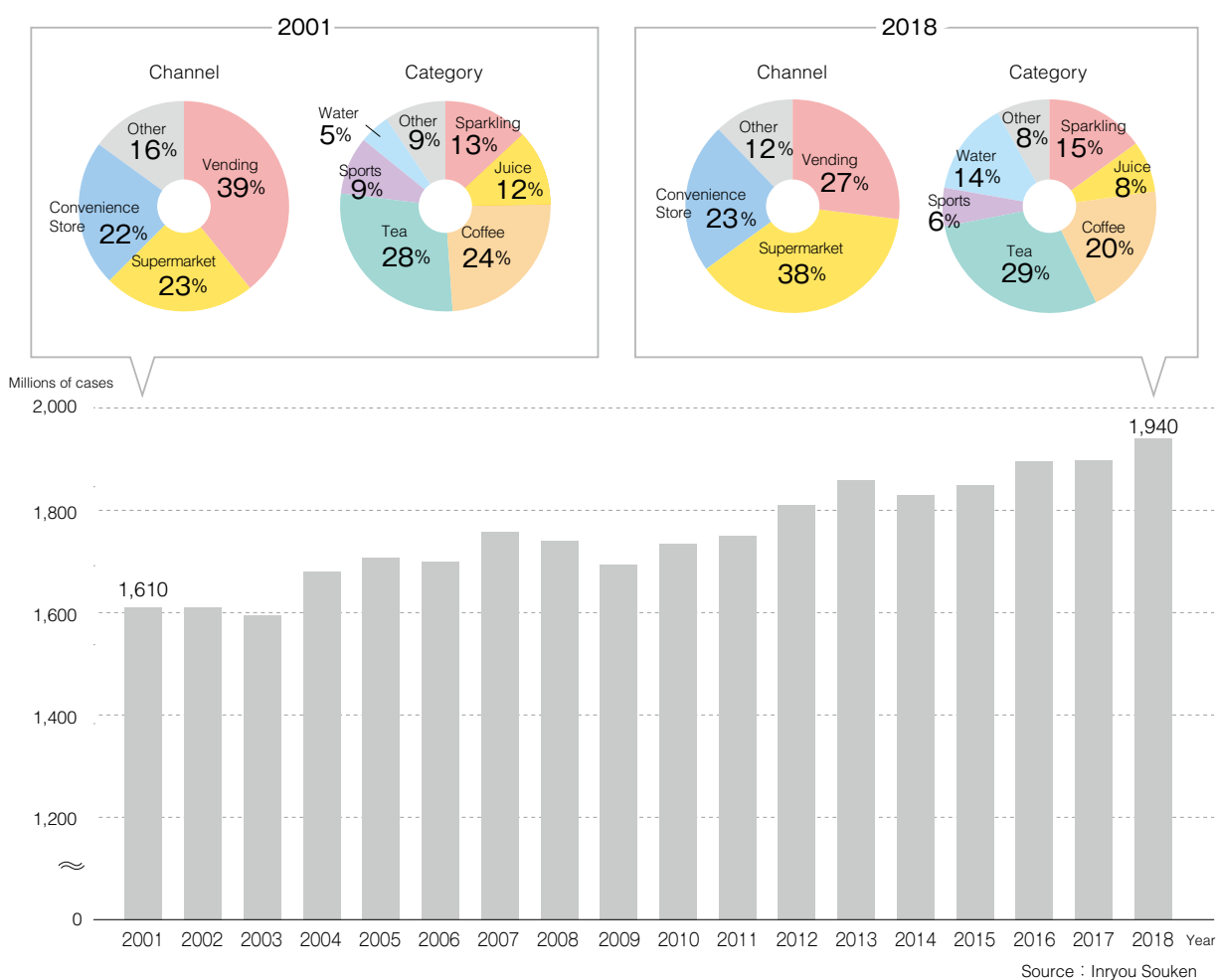
## | History of our Company (Background to major mergers and consolidation)



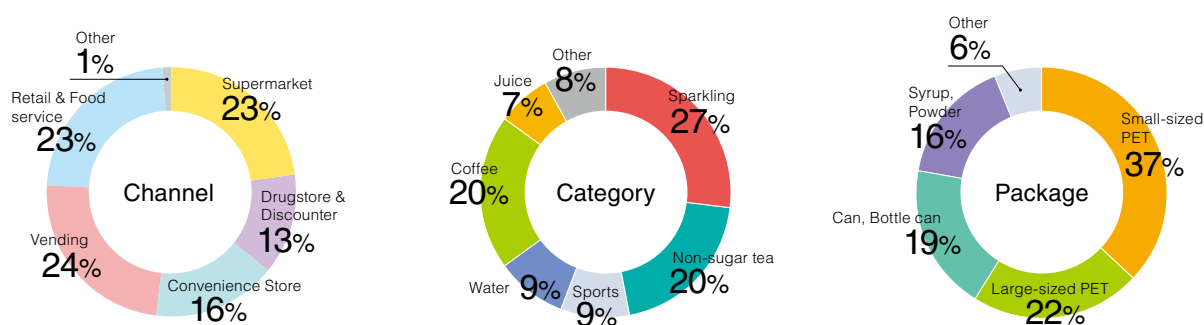
## | The NARTD Market in Japan

The NARTD market in Japan has been growing steadily, with market scale expanding by approximately 20% over the past 17 years.

### ■ Trends in Market Size (Shipment volume - physical case)



## | CCBJI Sales Volume (2018 results)





## Channel Overview

### Chain Stores (Supermarkets, Drugstores & Discounters, and Convenience Stores)

In the supermarket channel, we worked actively to roll out new products and campaigns such as the Coca-Cola Winter campaign and ribbon bottle, to activate points of sales as well as to more effectively segment sales activities that identify the right product at the optimum wholesale price according to the customers' circumstances and consumer demand. In convenience stores, we actively expanded launches of innovative new products as well as channel and/or customer exclusive products to drive transaction growth.



Create Sales Floor for Winter Campaign

### Vending (Vending Machines)

To boost the appeal of vending machines, we prepared optimal product lineups for each machine location and developed new products and campaigns exclusive to vending machines. In addition, we carried out exclusive campaigns through our Coke ON smartphone app, and worked to provide new value to customers through the launch of initiatives including Coke ON Walk, which lets people earn drinks just by walking, and Coke ON Pay cashless settlement.



Coke ON



Georgia Coke ON app exclusive campaign

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

We made progress in expanding our product lineup by proposing drinks using our products, such as "Mocktails", non-alcohol cocktails in restaurants. In addition, at kiosks and hotels, we launched regional-design Coca-Cola slim bottles with illustrations of famous tourist spots and also proposed tailored sales approaches for individual customers to improve service and consumer product offerings.



"Mocktail" non-alcohol cocktails



Development of regional design slim bottles

## Coke ON smartphone app with Coke ON Pay cashless payment feature

Starting in November 2018, we began providing Coke ON Pay cashless payment as a new feature of Coke ON. After registering credit card and other information, customers can connect the smartphones to Coke ON Pay-compatible vending machines to purchase products directly through the app.

We have continued to strengthen features and services of our loyalty program Coke ON since the start of service in 2016, like Coke ON Walk, which lets customers earn drinks just by walking with step count function of smart phone.



## Product Overview

As a "Total Beverage Company", we offer products across wide variety of categories such as Sparkling, Non-sugar tea, Coffee, Water, Sports and more.

### Key brands by beverage category:



#### Sparkling

### Coca-Cola

The Coca-Cola Brand holds the number one share in the carbonated soft drink market. In 2018, we launched Coca-Cola slim bottles with exclusive designs illustrating seasons and local areas, along with seasonal campaigns. During our winter campaign, we worked to energize the brand through developments like the Coca-Cola ribbon bottle that lets consumers win prizes.



Coca-Cola slim bottle NEW YEAR design



Winter campaign

#### Non-sugar Tea

### Ayataka

Made with carefully selected domestic tea leaves, Ayataka is a tea with the authentic flavor of cloudy, teapot-brewed green tea. In February of 2018, we launched Ayataka Chaba no Amami, a less-bitter and easy-to-drink green tea; in June, Ayataka Hojicha, a roasted tea with a solid, lingering taste and fragrance; and in September, Ayataka Tokusencha, a cloudy green tea designated a Food for Specified Health Use (FOSHU).



Ayataka  
Chaba no  
Amami

Ayataka  
Hojicha

Ayataka  
Tokusencha

#### Coffee

### Georgia

Georgia remains beloved by a wide range of consumers as the top brand of coffee. The brand delivers distinctive and varied tastes through its commitment to coffee beans and manufacturing processes. We launched a number of new products, including Georgia Grand Bito, a low-sweetness canned coffee with solid coffee flavor for a whole new drink sensation, and Georgia Japan Craftsman, which offers cold-brew deliciousness in a PET bottle.



#### Water

### I LOHAS

I LOHAS is a beloved brand of water that values both taste and the environment. We launched a variety of new products in the flavored water series, including I LOHAS Hakuto (White Peach) and I LOHAS 20th Century Nashi.



I LOHAS  
Mineral Water

I LOHAS  
Hakuto

I LOHAS  
20th Century  
Nashi

Please refer to the link below for details on label permissions and notifications regarding FOSHU beverages (in Japanese only).  
<https://www.cocacola.co.jp/inryoguide/lineup>



## Major new products launched in 2018

### » Coca-Cola Peach

The world's first Coca-Cola with a peach flavor, this refreshing drink perfectly matches the fragrance of peach to the deliciously stimulating sparkle of Coca-Cola. In January 2019, the drink made its reappearance with the addition of white peach juice for an even richer taste.



Renewed  
on January  
7, 2019

### » Canada Dry The Tansan

This carbonated water has no calories, sugar, or caffeine. We have expanded the products lineup in four different flavors, by launching The Tansan Strong and The Tansan Lemon in March, The Tansan Apple Mint in May, and The Tansan Lime in August.



Renewed  
on March  
11, 2019

### » Kochakaden Craftea Orange tea, Peach tea

This tea drink offers a new concept: 100% pure fruit juice added to black tea. It is made with the choicest ingredients and a commitment to quality in every process. Enjoy a fruity flavor and refreshing sweetness made with honey, 100% fruit juice, and double\*1 the normal amount of 100% hand-picked Ceylon tea leaves.

\*1 Compared to Kochakaden Royal Lemon Tea



Renewed  
on March  
4, 2019

### » Georgia Japan Craftsman

This product uses cold-brewed coffee craftsmanship.\*2 Careful and slow extraction from low-temperature water reduces bitterness and acidity in this coffee, for a refreshing and light taste that is popular in Japan.

\*2 Contains 5% cold-brewed coffee



Renewed  
on April  
22, 2019

### Coca-Cola slim bottle regional designs



In 2018, we released a number of Coca-Cola slim bottle regional designs, illustrated with famed regional tourism spots. We launched Sendai, Chiba, Nagoya, Koshien, and Hiroshima designs in June; Nara, Aizu, Shibuya, Tokyo, Mount Fuji (Yamanashi), and Mount Fuji (Shizuoka) designs in August; and Niigata, Shonan, Hida Takayama, Osaka, and Hakata designs in October. We also launched a Tokugawa design / Meiji Restoration design to commemorate the 150th year since the Meiji Restoration. These have been a hit with customers, especially tourists.

### Coca-Cola's first alcoholic drink "Lemondo" launched in Kyushu



Alcohol content  
9%  
Lemon juice  
17%

Alcohol content  
7%  
Lemon juice  
7%

Alcohol content  
5%  
Lemon juice  
10%

Alcohol content  
3%  
Lemon juice  
7%

Oni Lemon  
(Strong Lemon)

Salted Lemon

Teiban (Regular)  
Lemon

Honey Lemon



Studying the choicest lemon sours served in bars throughout Japan, we adopted the preparation method in which whole, grated lemon is soaked in alcohol ahead of

serving. Adding to a lineup of three products varied by alcohol content and percentage of fruit juice, we launched Lemondo Oni Lemon in February 2019.

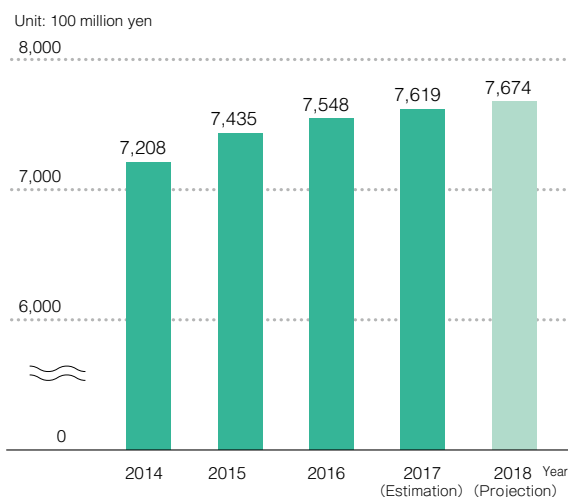
# Healthcare & Skincare Business

The operation of our healthcare and skincare business is centered on Q'SAI Co., Ltd., our wholly-owned subsidiary.

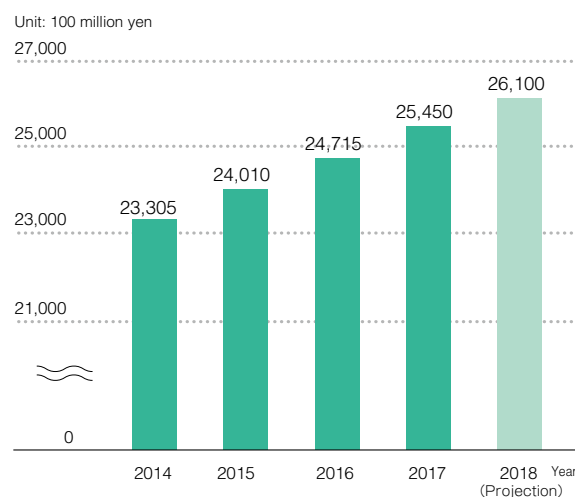
## Market Sizes for Health Food and Cosmetics Products in Japan

Driven 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



### Trends in Market Size of Cosmetics



Source: Yano Research Institute Ltd., as of October 2018

## Channel Overview

### Home Shopping

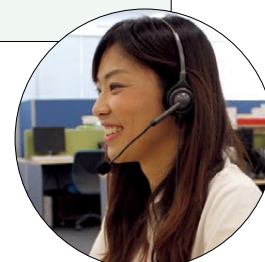
The home shopping channel accounts for about 90% of revenue, and we made efforts to enhance consumer attraction through television infomercials and official shopping sites. Call centers receive orders and provide guidance as a point of contact to provide sales support, spreading awareness of new products as well as proposing products that match consumer characteristics and needs. We also strengthened sales promotion activities to existing consumers, including value campaigns in our membership newsletter.



Infomercial program



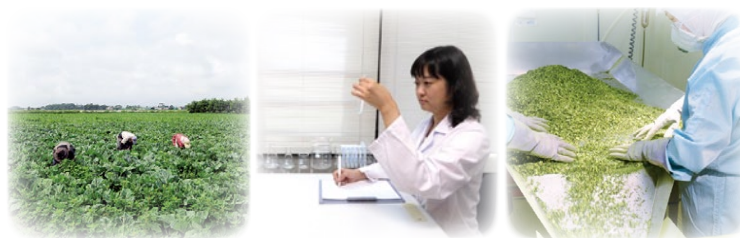
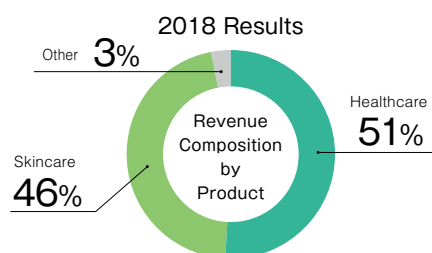
Official shopping site



At a call center



## Product Overview



## Healthcare Products

### »Kale Aojiru

Made with 100% domestic kale grown without agricultural chemicals and chemical fertilizers, this product is rich in beta-carotene, calcium, potassium, vitamin C, dietary fiber, and other nutrients often lacking in diets. In 2017, the 35th year since the product's launch, Q'SAI Kale Aojiru was ranked as the No.1\*1 kale aojiru product for the 11th consecutive year.



\*1 Survey by Yano Research Institute Ltd., calculating totals for product series on the basis of shipment value by manufacturers in the fiscal 2007-2017 kale powder market (as of November 2018)

### »Hiza Support Collagen **Foods with Function Claims**

This product is Japan's first Food with Function Claims in the knee joint category. Containing the functional substance collagen peptide, Hiza Support Collagen displays effectiveness in helping knee joints bend and stretch. In the 11th year of its sales, the product took the No.1\*2 spot in mail order sales of all collagen health food products in 2018. Many customers with knee joint-related concerns have experienced the efficacy of the product.



\*2 Survey by Yano Research Institute Ltd., calculating totals for product series on the basis of shipment value by manufacturers in the fiscal 2007-2017 collagen health food mail order sales market (as of November 2018) (supplement types only) (including conventional products)

## Skincare Products

### »Cola-rich Series

The "Cola-rich" series is a skin care series developed under the strict standard fostered in the health food field. We are enriching the line-up with beauty products such as BB Cream and the all-in-one Cola-rich beauty gel cream that brings together the functions of lotion, milky lotion, serum, moisturising serum and cream.



## 2018 New products

### »Cola-rich Series All-in-One Gel: Big Size

In response to requests from consumers, we released larger sizes of Cola-rich EX and Cola-rich EX Super Moist II. We also set more appealing prices than the regular size price, to actively engage consumers in reducing volumes of resources such as product boxes, packaging, and shipping boxes.



About 2.1 times the normal volume

Launched July 1

### »Shionagasu, a salt-absorbing supplement for "washing away," not reducing, salt intake

Seaweed-derived alginate, the main ingredient in Shionagasu, absorbs the salt from meals. The product lets people practice easy health habits when they want to enjoy meals without concern over salt, or when salt intake is otherwise difficult to control for dining out, etc.



Launched December 1

### »Introducing a kale aojiru for on-premise use "Qsai Aojiru No Aru Shokutaku"

We are working in a variety of ways to bring enjoyment of Kale Aojiru to even more people. As a part of this, we are expanding into sales channels other than home shopping sales, through initiatives such as collaboration with hotels to sell sweets and breads made with products from our Kale Aojiru Series. In December 2018, we launched "Qsai Aojiru No Aru Shokutaku", a Kale Aojiru exclusive for on-premise use.



Launched December 1

## Initiatives Aimed at Creating Shared Value (CSV) with Society

### Our CSV Policy

With Creating Shared Value (CSV) at the core of our management, and taking the respective importance of society and our business into account, our Group identifies three key themes : contribution to people's health, evolution to an environmentally leading company, and strengthening collaboration with communities.



### Contribution to the Achievement of SDGs

In September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development" was adopted as a position document at the "United Nations Sustainable Development Summit", with over 150 participating member nations. At the center of the agenda are the Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets.

Taking on the SDGs is vital for us as we aim to achieve CSV. Under this recognition, we look to the SDGs as resource for identifying and evaluating our CSV program.

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



## Priorities for Achieving CSV

### Contributing to People's Health

#### Basic principles concerning health

As a company closely tied to people's everyday lives, we provide valuable products and services matched to the needs and preferences of a range of generations, always focusing on quality and health first. In addition, through education on proper dietary habits and opportunities to enjoy sports, we will work to maintain and promote people's health as we advocate active and healthy lifestyles.

#### Examples of initiatives

- Rigorous quality control
- Support of customers' needs with diverse products
- Awareness, education and nutrition labeling



### Evolution to an Environmentally Leading Company

#### Basic principles concerning the environment

We view the effective use of natural resources, including the water that is indispensable to our business activities, and the protection of the environment for the next generation as our vital mission. By engaging in environmental conservation through innovation that balances the reduction of environmental burdens with business growth, as well as environmental protection and awareness-building activities in local communities, we will achieve Creating Shared Values (CSV) together with those communities.

#### Examples of initiatives

- Water resource management and replenishment
- Reduction of greenhouse gas emissions
- Promotion of recycling
- Adoption of low environmental impact containers



### Strengthening of Collaboration with Communities

#### Basic principles concerning the community

We will continue to deepen the ties to local communities that we have nurtured over the years, and will grow together with society toward a sustainable future. As a company loved by all, we will continue to address issues in society and local regions while reinvigorating those regions, and will achieve Creating Shared Value (CSV) with communities and our Group.

#### Examples of initiatives

- Sports clinics led by the Coca-Cola Red Sparks
- Summer Schools
- Environmental clean-up activities
- Let's learn from the forest and other programs



Ichimura Shizenjuku Kyushu

# Health

## Launch of Foods for Specified Health Use (FOSHU) and Foods with Function Claims

As a company closely tied to our customers' varied lifestyle scenarios, we deliver refreshing moments together with a full lineup of delicious beverages that meet the needs of the times. In response to customers' growing health orientation, we are expanding our lineup of Foods for Specified Health Use (FOSHU) and Foods with Function Claims. In line with this, in 2018 we launched Ayataka Tokusencha green tea. By providing products that aid the promotion of health while refreshing mind and body, we offer support for our customers' lifestyles.



Foods for Specified Health Use

Foods with Function Claims

Please refer to the link below for details on label permissions and notifications regarding FOSHU beverages (in Japanese only).  
<https://www.cocacola.co.jp/inryoguide/lineup>

## Holding of Seminars on Hydration

In order to promote proper hydration in a variety of scenarios in everyday life and sports, we hold seminars on hydration for schools, groups, and companies. In 2018, we held 44 seminars with about 7,000 participants. Comments from seminar attendees include "I realized the importance of a well-regulated life once again" "I learned the importance of minerals," and "I understood the importance of timing in hydration."



# Environment

## Aiming to realize a "World Without Waste"

### 2030 Packaging Vision

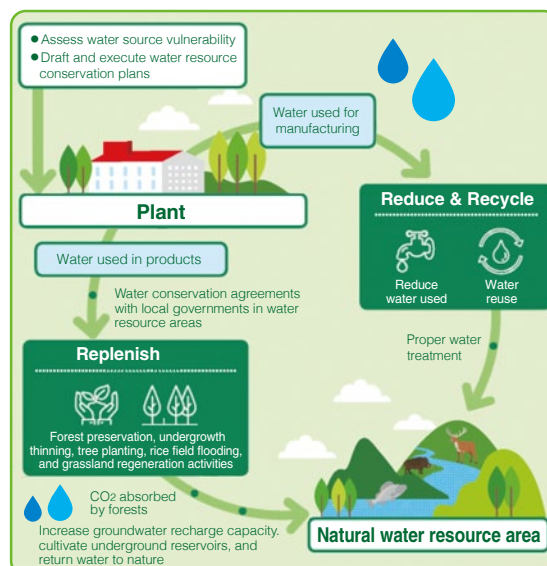
In January 2018, the Coca-Cola system in Japan announced its 2030 Packaging Vision, based on the global initiative to realize a "World Without Waste" announced by The Coca-Cola Company. As a member of the Coca-Cola system, the CCBJH Group will further accelerate its initiatives to realize the 2030 Packaging Vision.

### Three core elements of the 2030 Packaging Vision

- 1 Whenever possible, avoid using non-renewable, petroleum-based raw materials for PET bottles. Promote the use of recycled PET resin or plant-based raw materials, aiming for, on average, 50% or more of either in each PET bottle.
- 2 Help achieve even further improvements to recycling rates and PET bottle/aluminum can collection in Japan by collaborating with national and local governments, the beverage industry, and local communities to build and maintain a more robust packaging collection and recycling scheme. Aim to collect and recycle an amount of packaging equivalent to the volume used for Coca-Cola products sold in Japan.
- 3 Help keep communities looking beautiful through cleanup campaigns and actively participate in awareness activities related to plastic waste in oceans and rivers.

## Promotion of Water Resource Protection Activities

The Company forms agreements with regional governments, forestry cooperatives, and other organizations and engages in water resource protection activities for most of the water sources of our manufacturing facilities. We engage in conservation and regeneration of forests, grasslands, as well as the flooding of paddy fields with high cultivation capability. We currently have about 6,974 ha (+391 ha vs prior year) under water resource cultivation.







# Community

## Plant tour program

Through our plant tours, we aim to clearly explain our production processes and food safety initiatives, so that we can be a partner trusted by persons of all generations.

We position plant tours as an important opportunity for direct communication with customers, consumers and other stakeholders. In 2018, at our plants in Zao (Miyagi Prefecture), Tama (Tokyo), Tokai (Aichi Prefecture), Kyoto, Komatsu (Ehime Prefecture) and Ebino (Miyazaki Prefecture), about 167,000 visitors enjoyed our plant tour.



## Sports clinics, rugby and field hockey classes

CCBJH owns the Coca-Cola Red Sparks men's rugby team and women's field hockey team.

To contribute to the sound physical and mental development of youth while demonstrating active and healthy lifestyles to people in our communities, we hold sports clinics and classes for rugby and field hockey by the Coca-Cola Red Sparks. We held such events 38 times in 2018, with about 4,400 participants.



## Respect for human rights and employee motivation: Promotion of diversity

### Human rights awareness activities, promotion of active participation by women

We conduct training and e-Learning for promoting an understanding of human rights, fostering a culture of respect for diversity and raising awareness of human rights. We are also strengthening awareness-building activities for managers in order to eliminate harassment. We provide career support for women and support for balancing work and childcare, to promote active participation of women in all facets of our corporate activities. As a result of these initiatives, we have been selected in 2019 as a "Semi-Nadeshiko Brand," a government designation for listed companies that excel in promoting participation by women.



Woman's Leadership Program



Semi-Nadeshiko Brand

### Introduction of the new "Sawayaka Style" dress code

Our Company has introduced a new dress code to create workplaces that are work-friendly, starting with comfortable wear. By welcoming and respecting individuality and positive thinking, we aim to create an environment in which people can work pleasantly together.

In addition to business suits and our company uniforms, we advocate a casual business style appropriate to the time, place, and occasion, such as polo shirts and jeans.



Example of Sawayaka Style dress

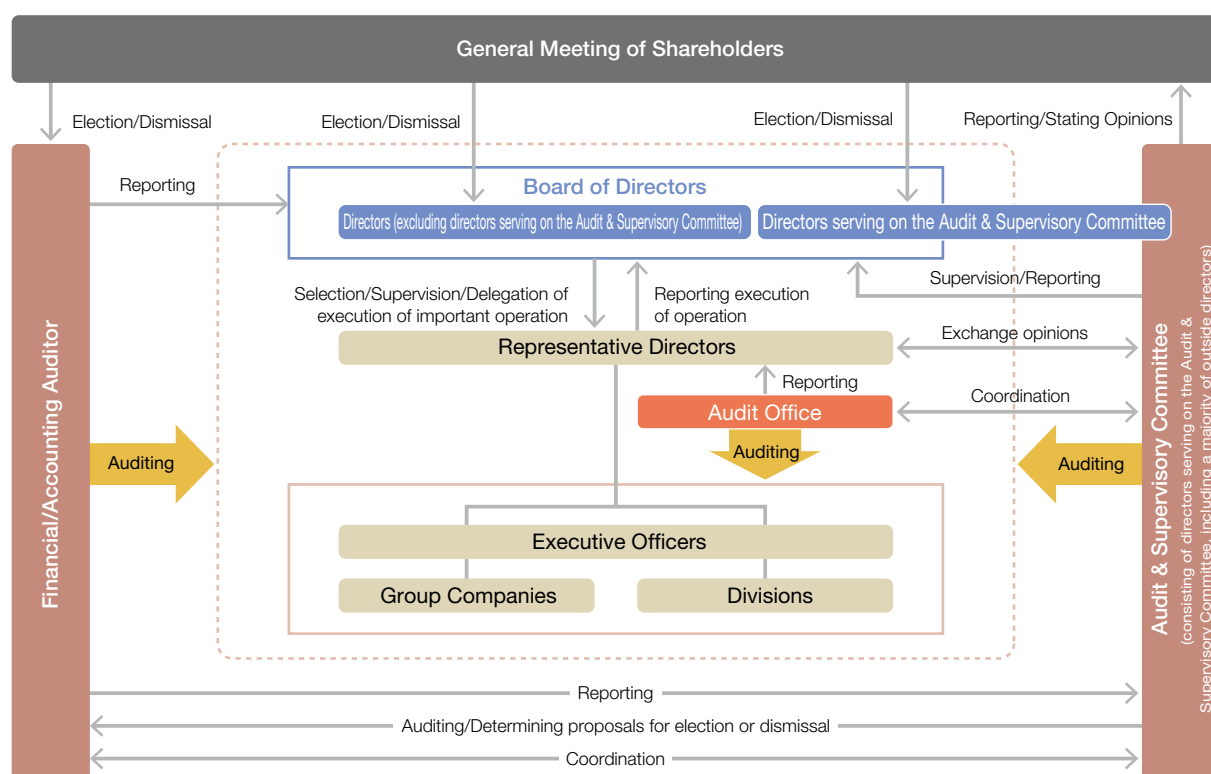
## Corporate Governance Basic Policy

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 all outside directors including some independent directors. The management oversight function of the Audit & Supervisory Committee is further enhanced by its members 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 Structure]

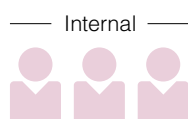


## Board of Directors

The Board of Directors consists of up to 10 directors (the number specified in the Articles of Incorporation, excluding directors serving as Audit & Supervisory Committee members) and up to 7 directors serving as Audit & Supervisory Committee members. The composition reflects an appropriate balance of deep knowledge concerning the business of our Company's Group, along with diverse knowledge and expertise of company management, financial strategy, risk management, legal compliance, and other matters. In addition, in light of the important role of outside directors in corporate governance, we have elected several independent outside directors based on the Company's standards for independence.

In order to determine candidates for director, the Company judges candidates' future potential and degree of contribution in accordance with the Company's evaluation system for the internal directors. In the nomination of outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company.

## [Overview of Board of Directors]



Independent directors

Female directors

☒ Outside directors 6/9

☒ Independent directors 4/9

☒ Female directors 3/9

	Gender	Assumption of office	Term of office (Year)	Outside Director	Audit & Supervisory Committee members	Independent directors	Attendance in 2018	
							Board of Directors meetings (9 times)	Audit & Supervisory Committee meetings (6 times)
Calin Dragan	Male	March 2019	1	—	—	—	—	—
Bjorn Ulgenes	Male	March 2019	1	—	—	—	—	—
Tamio Yoshimatsu	Male	April 2017	1	—	—	—	9	—
Hiroshi Yoshioka	Male	April 2017	1	○	—	○	9	—
Hiroko Wada	Female	March 2019	1	○	—	○	—	—
Irial Finan	Male	April 2017	2	○	○	—	9	6
Jennifer Mann	Female	March 2019	2	○	○	—	—	—
Celso Guiotoko	Male	March 2019	2	○	○	○	—	—
Nami Hamada	Female	March 2019	2	○	○	○	—	—
《Reference : Directors who retired as of March 26, 2019》								
Vikas Tiku	Male	April 2017	1	—	—	—	9	—
Yasunori Koga	Male	April 2017	1	—	—	—	9	—
Costin Mandrea	Male	April 2017	1	—	—	—	9	—
Tadanori Taguchi	Male	April 2017	2	—	○	—	9	6
Zenji Miura	Male	April 2017	2	○	○	○	9	6
John Murphy	Male	April 2017	2	○	○	—	8	5

## Audit & Supervisory Committee

The Company has adopted an Audit & Supervisory Committee (ASC) system. The ASC, which is composed of only outside directors including some independent directors, discuss and deliberate important issues such as nomination and compensation of executive management and Directors prior to the discussion and deliberation by the Board of Directors. Then, based on the counsel and advice by ASC, the Board of Directors, which consists of multiple independent outside directors, resolve the issues. Through this process, we have been strengthening the independence, objectivity and accountability of the Board of Directors. The tenure of ASC members continue until the conclusion of the annual shareholders meeting for the last business year which ends within two years from the time of their election, as stipulated in Companies Act in Japan.

## Appointment of outside directors

In the nomination of outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company. Also, the Company deems that outside directors possess sufficient independence from the Company if the outside director or candidate does NOT fall under any of the following requirements through investigation by the Company.

### Reasons for appointment of outside directors

Category/Name	Reasons for appointment (Positions etc. are at the time of appointment)	Independent Director
Outside Director Hiroshi Yoshioka	Appointed to leverage his extensive managerial experience and global insights, cultivated through experience as a Coca-Cola bottler outside director and at Sony Corporation, on behalf of our Group's management.	○
Outside Director Hiroko Wada	Appointed to leverage her extensive management experience and global insights, cultivated as director of The Procter & Gamble Company and representative director of Dyson and of Toys "R" Us-Japan.	○
Outside director (Audit & Supervisory Committee member) Irial Finan	Appointed for his extensive experience and global insights as a corporate manager, with many years of involvement in the Coca-Cola business as an outside director of a Coca-Cola bottler in Japan, as part of management of The Coca-Cola Company, and as representative of the Bottling Investments Group supervising Coca-Cola bottlers worldwide, and for auditing experiencing as a Director and Audit & Supervisory Committee member of the Company.	
Outside director (Audit & Supervisory Committee member) Jennifer Mann	Currently serves as The Coca-Cola Company Senior Vice President and Global Ventures President. Appointed for extensive experience and global insights from many years of involvement in the Coca-Cola business and on the Company's management team.	
Outside director (Audit & Supervisory Committee member) Celso Guiotoko	Appointed for abundant management experience and global insights cultivated at Nissan Motor Co., Ltd., and auditing experience as a corporate auditor at that company.	○
Outside director (Audit & Supervisory Committee member) Nami Hamada	Appointed for extensive experience in finance and accounting, including managing a finance-related consulting company herself, and for abundant experience and global insights cultivated on the corporate management team of Lehman Brothers Japan.	○

**The Company considers the directors have sufficient independence if the directors shall NOT fall in any of the criteria listed below;**

- Employee and/or executive of the Company and/or subsidiary within past 10 years
  - Person and/or executive who have significant business relationship with the Company within past 1 year\*1
  - Employee and/or executive of the company which have significant business relationship with the Company within past 1 year\*1
  - Consultant, certified public accountant, attorney, etc. receiving significant compensation from the Company other than executive compensation within past 1 year \*2
  - Person, employee and/or executive who receive significant donation from the Company within past 1 year \*2
  - Close relatives corresponding to the above \*3
- \*1 Transaction between the Company and the person and/or the company exceed 2% of the Company's revenue of the latest fiscal year  
 \*2 Annual compensation exceeds JPY 10 million  
 \*3 Within second-degree of relationship

## Evaluation of the effectiveness of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors based on self-evaluation by Directors concerning operation of the Board of Directors, its support structure, composition, etc. In the 2018 evaluation of effectiveness, the following issues were identified.

- Securing of time for thorough deliberation on important matters.
- Early provision of information to Directors for purpose of thorough deliberation.
- Enhancement of provision of information to outside directors.
- Promotion of diversity in Board of Directors.
- Continuation of investigation into optimal governance models.

Based on the results of this evaluation of effectiveness, we will actively and continuously work toward the improvement of management aspects to enhance and deepen discussions at Board of Directors meetings and toward the securing of diversity in members of the Board, as we also work toward further sustainable growth and improvement of medium- to long-term corporate value.

## Compensation for Directors

Compensation for Directors is determined by the Representative Director, with the consent of the Board of Directors in accordance with criteria stipulated by the Board of Directors. To reflect Directors' responsibilities and contributions to the Company's business performance, the compensation consists of a fixed based compensation and performance-based compensation.


We implemented a Performance-based stock compensation program for executive directors and executive officers following approval of the proposal at the General Meeting of Shareholders in March 2018. This program awards compensation in the form of money and shares of the company's stock in line with the achievement of targets for consolidated ROE and consolidated revenue growth rate for three consecutive fiscal years. Although the Company does not impose the requirement that Directors hold stock, under the program, executive directors share the risks and benefits of stock price fluctuations with shareholders, for the purpose of improving medium- to long-term corporate value and further enhancing motivation to contribute to an increased stock price.

Only a fixed compensation shall be paid for part-time directors and outside directors. Compensation for Directors who are Audit & Supervisory Committee members is determined through deliberation by said Directors.

### ■Directors' Compensation (2018 results)

Category	Total amount of compensation, etc. (Million yen)	Total amount by type of compensation, etc. (Million yen)			Number of eligible directors
		Basic compensation	Bonus	Performance-based stock compensation	
Directors	487	375	85	27	5
Of which, paid to outside directors	13	13	—	—	1
Directors (Audit & Supervisory Committee members)	87	87	—	—	4
Of which, paid to outside directors	50	50	—	—	3
Total	575	463	85	27	9
Of which, paid to outside directors	63	63	—	—	4

### ■Executive compensation system

Compensation item	Fixed compensation	Variable compensation	
	Basic compensation	Bonus	Performance-based stock compensation (Long-term incentives)
Provision timing	Monthly	Annually	After 3 years
Details	<ul style="list-style-type: none"> <li>● Determination of annual amount provided as fixed compensation portion.</li> <li>● Monthly provision of 1/12 of determined annual amount.</li> </ul>	<ul style="list-style-type: none"> <li>● Provision 1 time/year as compensation reflecting business performance every year.</li> <li>● Varies within range of 0 to 225% of the basic compensation in accordance with yearly company business performance and individual evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>● Stock compensation with varying number of shares receivable, based on evaluation of 3-year business performance.</li> <li>● Granting of right to receive, as compensation for execution of business for 3 years.</li> <li>● Number of shares received varies within range of 0 to 150%.</li> </ul>
Ratio of fixed to variable portion (example)			



## Risk management system

In order to earn the trust of society and stakeholders and to enable sound and sustainable management, the Group is working to construct and operate an effective risk management system that is integrated with internal controls.

The risk management system of the Company consists of a Risk Management Committee that performs deliberation and decision-making on company-wide basic risk management policies and risk prevention activities on regular basis; Crisis Management Committee that performs decision-making and instruction for crisis management response in the event of serious incidents or accidents; and Disaster Countermeasures Task Force that performs deliberation and decision-making on the invoking of business continuity plans (BCP) in the event of a large-area, large-scale disaster that has a significant impact on our business activities.



### ■List of risks the Company identifies

1. Risks related to changes in assets
2. Risks related to retirement benefit obligations
3. Risks related to increased costs of raw materials, etc.
4. Risks related to competition and changes in markets
5. Risks related to changes in consumer preferences and health concerns
6. Risks related to economic conditions
7. Risks related to infrastructure investment
8. Risks related to the supply chain
9. Risks related to changes in the retail environment
10. Risks related to water resources
11. Risks related to trademarks and trust in brand
12. Risks related to relevant laws and regulations
13. Risks related to alcoholic beverages
14. Risks related to tax reform
15. Risks related to product safety and quality
16. Risks related to business integration
17. Risks related to litigation
18. Risks related to the business of affiliated companies
19. Risks accompanying dependence on The Coca-Cola Company
20. Risks related to weather
21. Risks related to natural disasters
22. Risks related to information security
23. Risks related to securing and developing human resources

## | Status of Internal Control System

We have established an internal control system for ensuring the appropriate performance of the Company and Group companies.

### ● System to ensure that the execution of duties of Directors and employees of the Group conforms to laws and ordinances and to the Articles of Incorporation

- The code of conduct shall be established in order to ensure that all the Directors, Executive Officers, and employees of the Company's group comply with laws and regulations and the Articles of Incorporation to act in conformity with social norms. The Ethics and Compliance Committee shall be convened periodically in order to reinforce the compliance system and to prevent non-compliance.
- An internal whistle-blowing system against non-compliance, namely, a reporting and consultation contact separate from the reporting line to immediate managers, shall be set up.
- The Company shall strengthen the supervisory functions of the Board of Directors by adopting a system with an Audit & Supervisory Committee, where audits are conducted by an Audit and Supervisory Committee consisting entirely of outside directors.
- The department in charge of internal auditing shall be established in order to audit whether business activities are conducted appropriately and effectively in conformity with laws and regulations, the Articles of Incorporation, Company Rules and Regulations, etc.
- The Company clearly identifies the firm stance against anti-social forces and organizations that cause threats to the orders and safety of civil society and that the Company never ties with such entities. The Company shall never accede to any illegal request and deal with any such request in cooperation with the police, attorneys, etc.

### ● Matters related to the preservation and management of information involving the execution of duties by Directors

- The Company shall record information regarding minutes of General Shareholders meetings, minutes of Board of Directors meetings, documents and other materials related to important decision-makings and Directors' performance of their duties in documents or electronic media and retain it in accordance with the Rules of Documentation Handling and Information Security Policy in a manner similar to that for statutory documents.
- The Company's Directors may inspect such documents, etc. at any time.

### ● Regulations and other systems concerning management of the risk of losses to the Group

- In accordance with our group policy on responding to material business risks and from the viewpoint of management of other risks, significant items shall be reported to the Risk Management Committee, and the Risk Management Committee shall determine policies to accommodate the risks as required.
- The Company establishes rules/guidelines and maintains an organization to execute effective response to material risks, and ensure the matters to be passed down by establishing manuals and implementing training for the entire Group.
- The department in charge of risk management in the Company or its subsidiaries is to monitor the condition of company-wide risks, and take appropriate measures on a group-wide basis. The Company shall appoint a person responsible for prompt response to newly emerging risks.

### ● System for ensuring the efficient execution of duties by Directors of the Group

- The Board of Directors of the Company shall establish management policy and objectives for the Group to be shared among Directors, executive officers, and employees of the Group, and shall establish efficient methods for achieving the objectives, including the allocation of authority based on rules for decision-making in the Group.
- The Company shall organize and deliberate on appropriate meeting structures in its operating companies in addition to the Board of Directors of the Company to deliberate significant matters affecting the entire Company Group, thereby ensuring that decisions are reached based on considerations of multi-dimensional aspects.

### ● System to ensure the appropriateness of operations in a corporate group consists of the Company and its subsidiaries

The Company will ensure the unification of management through establishment of a corporate philosophy, management policy, code of business conduct and Chart of Authority shared across the Group, and supervise and manage the performance of the subsidiaries' operations.

### ● System concerning employees requested by the Audit & Supervisory Committee to assist with its duties, and matters concerning the independence of said employees from Directors and the ensuring of the effectiveness of instructions to said employees

The Company shall assign employees to assist the Audit & Supervisory Committee. These employees shall assist the execution of duties of the Audit & Supervisory Committee under the direction and command of the Audit & Supervisory Committee, and shall not accept instruction and command from Directors (excluding members of the Audit & Supervisory Committee).

### ● System for reporting to the Audit & Supervisory Committee by Directors and employees of the Group, and system for preventing disadvantageous treatment for reason of having reported

- Directors (excluding Directors who are members of the Audit & Supervisory Committee), executive officers, employees, etc. of the Group shall promptly report to the Audit & Supervisory Committee upon discovering any facts that may cause serious damage to the Group, such as violations of laws and ordinances.
- The department in charge of internal audits shall regularly report to the Audit & Supervisory Committee on the findings of internal audits and the status of other activities in the Group.
- The department in charge of compliance shall regularly report to the Audit & Supervisory Committee on the status of whistleblowing in the Group.
- The Company shall prohibit disadvantageous treatment of persons for reason of having reported to the Audit & Supervisory Committee, and shall make this prohibition known to Directors, executive officers, employees, etc. of the Group.

### ● Matters concerning procedures for the prepayment or reimbursement of expenses incurred in the execution of duties of Audit & Supervisory Committee members, and policies involving the handling of expenses or obligations incurred in the execution of other duties

Every year, the Company shall allocate necessary budget for the execution of duties by Directors who are Audit & Supervisory Committee members.

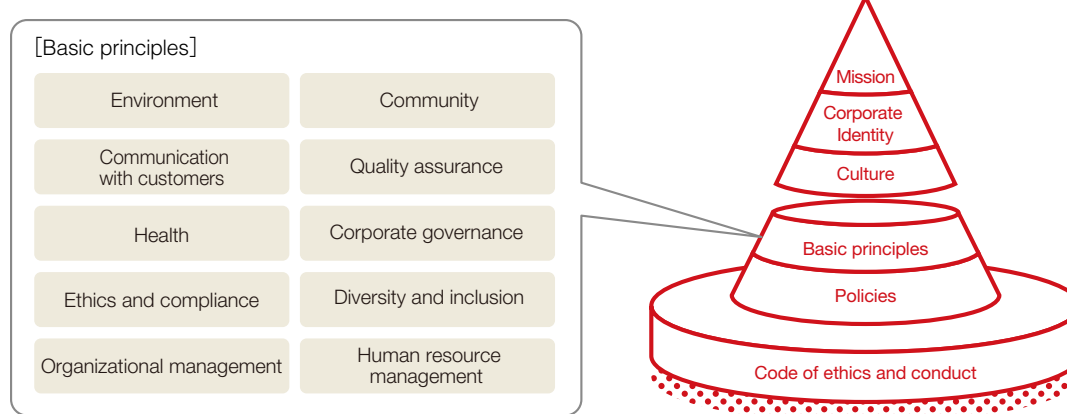
### ● Other systems to ensure that the Audit and Supervisory Committee's audit is conducted effectively

- The Representative Director & President and the Audit & Supervisory Committee members shall hold a meeting on a regular basis to exchange opinions in order to communicate with each other.
- The Representative Director & President shall prepare an environment to enable coordination with attorneys, certified public accountants, and other external experts when recognized as necessary by Audit & Supervisory Committee members for the execution of their duties.
- The Audit & Supervisory Committee shall establish opportunities for the exchange of opinions with the department in charge of internal audits and accounting auditors periodically.

## Basic principles, policies, and code of ethics and conduct, based on our corporate philosophy

In order to engage in business activities based on the corporate philosophy we call THE ROUTE, the Company has created basic principles and policies for matters involving operation of the company; has established a code of ethics and conduct as guidelines for the actions to be taken by group employees in order to realize our principles and policies; and works to ensure that these are made known to officers and employees.

Moreover, to further foster and instill awareness of ethics and compliance awareness in employees, and to promote a corporate culture that emphasizes ethics and compliance, we work primarily through the Ethics and Compliance Committee to promote activities including awareness and education activities, the operation of a consultation desk, response to other compliance cases, and examination and implementation of measures to prevent recurrence.



## Policy regarding cross-shareholdings

It is the Company's policy to refrain from cross-shareholdings in principle.

However, the Company does hold shares acquired for the purpose of creating business opportunities and establishing, maintaining, and strengthening relationships with customers and local communities. We evaluate and report on the cost of these major cross-shareholdings and the return on investment, and, based on those evaluations, are working to reduce them.

## Promotion of information disclosure and constructive dialog through IR activities

With the goal of timely and appropriate information disclosure and constructive dialog with shareholders and investors, we engage in a variety of IR activities in which we explain our business strategies, business activities, financial and non-financial information, and other information through quarterly earnings presentation and IR meetings.

IR team shares opinions and information received through dialog with relevant internal divisions, to reflect daily IR activities and business execution.

### ■ Main IR activities in 2018

Activity	Number of times	Details
Earnings Presentation	4 times	Held quarterly earnings presentation hosted by President and CFO. The content is available via Webcast on the Company's website. ( <a href="https://en.ccbj-holdings.com/ir/library/presentation.php">https://en.ccbj-holdings.com/ir/library/presentation.php</a> )
IR meetings with analysts and institutional investors	About 260 companies total	Held face-to-face and phone meetings with analysts and institutional investors.
Participation in domestic and overseas conferences	7 times	Domestic: 4 times; overseas: 3 times.
Presentation for individual investors	3 times	Held briefings by IR manager.
Other IR briefings	1 time	Held briefings by top management for analysts and institutional investors.

## Historical financial data

Financial data through fiscal 2016 indicates results for Coca-Cola West Co., Ltd. prior to the business integration.  
Financial data for fiscal 2017 indicates results for Coca-Cola Bottlers Japan Holdings Inc. from 2Q.

JGAAP		2008	2009	2010	2011	2012	2013
Revenue	(Millions of yen)	395,556	369,698	375,764	399,717	386,637	431,711
Revenue YoY	(%)	- 3.4	- 6.5	1.6	6.4	- 3.3	11.7
Operating Income	(Millions of yen)	10,521	2,242	12,003	16,469	13,463	15,927
Operating Income Margin	(%)	2.7	0.6	3.2	4.1	3.5	3.7
Net Profit before Income Taxes	(Millions of yen)	2,402	- 10,446	12,982	14,013	12,186	18,730
Profit Before Taxes Margin	(%)	0.6	- 2.8	3.5	3.5	3.2	4.3
Net Profit Attributable to Owners of Parent	(Millions of yen)	129	- 7,594	7,582	6,997	6,031	13,625
Net Profit Margin	(%)	0.0	- 2.1	2.0	1.8	1.6	3.2
Comprehensive Income	(Millions of yen)	—	—	—	5,605	7,326	16,332
Net Profit per Share	(Yen)	1.25	- 75.96	75.84	69.99	60.33	128.15
Return on Equity (ROE)	(%)	0.1	- 3.3	3.4	3.1	2.6	5.6
Return on Assets	(%)	3.7	0.7	3.8	4.7	4.1	4.7
Total Assets	(Millions of yen)	277,696	326,818	346,032	342,560	337,348	374,418
Net Assets	(Millions of yen)	234,521	222,816	226,267	227,864	231,056	257,936
Equity Ratio	(%)	84.4	68.2	65.3	66.4	68.4	68.8
Net Assets per Share	(Yen)	2,345.03	2,227.96	2,260.03	2,275.55	2,307.44	2,359.82
Price Book Value Ratio (PBR)	(Times)	0.8	0.7	0.7	0.6	0.6	0.9
Price Earnings Ratio (PER)	(Times)	1,549.5	- 21.6	19.4	19.1	22.1	17.4
Cash Flow from Operating Activities	(Millions of yen)	16,180	28,747	31,732	39,960	26,324	40,082
Cash Flow from Investing Activities	(Millions of yen)	2,153	- 23,447	- 49,203	- 34,050	- 14,243	- 16,493
Cash Flow from Financing Activities	(Millions of yen)	- 31,486	43,297	- 16,316	- 8,780	- 7,149	- 8,286
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	22,412	71,221	37,434	34,564	39,495	60,275
Dividend Payout Ratio	(%)	3,440.0	—	52.7	58.6	68.0	32.0
Dividend per Share (Interim Dividend)	(Yen)	43.00 (21.00)	42.00 (21.00)	40.00 (20.00)	41.00 (20.00)	41.00 (20.00)	41.00 (20.00)
Depreciation and Amortization	(Millions of yen)	21,741	24,069	22,405	21,371	20,643	23,758
Capital Expenditure	(Millions of yen)	18,032	25,201	16,524	21,201	20,031	20,242
Number of The Employees (Average number of temporary workers not included in the above)		8,142 (2,334)	8,172 (2,289)	8,331 (2,009)	8,105 (2,073)	7,877 (1,890)	9,650 (2,059)



2014	2015	2016	2017
424,406	440,476	460,455	872,623
- 1.7	3.8	4.5	89.5
11,008	14,262	21,143	40,579
2.6	3.2	4.6	4.7
8,409	15,228	12,707	39,240
2.0	3.5	2.8	4.5
4,482	9,970	5,245	25,244
1.1	2.3	1.1	2.9
6,931	11,217	5,022	31,976
41.07	91.35	48.05	144.26
1.8	3.9	2.0	5.7
3.0	3.8	5.5	6.3
337,260	378,105	377,468	883,918
254,150	260,878	261,173	627,485
75.2	68.9	69.1	70.9
2,325.19	2,386.81	2,389.28	3,070.01
0.7	1.0	1.4	1.3
40.4	26.9	71.7	28.5
28,628	40,422	34,388	72,450
- 9,590	- 24,994	- 19,921	- 41,090
- 37,498	22,416	- 7,546	- 26,159
41,830	79,828	86,727	118,741
99.8	44.9	95.7	30.5
41.00 (20.00)	41.00 (20.00)	46.00 (22.00)	44.00 (22.00)
22,943	24,048	17,491	37,352
22,783	16,181	25,728	42,539
8,324 (1,949)	8,837 (2,613)	8,616 (2,499)	17,197 (4,403)

IFRS		2017	2018
Revenue	(Millions of yen)	837,069	927,307
Revenue YoY	(%)	—	10.8
Business Income	(Millions of yen)	40,177	23,276
Business Income Margin	(%)	4.8	2.5
Operating Income	(Millions of yen)	37,594	14,682
Operating Margin	(%)	4.5	1.6
Net Profit Attributable to Owners of The Company	(Millions of yen)	21,967	10,117
Net Profit Margin	(%)	2.6	1.1
Total Comprehensive Income	(Millions of yen)	30,065	3,197
Basic Earnings per Share	(Yen)	125.53	52.68
Return on Equity Attributable to Owners of The Parent (ROE)	(%)	4.6	1.6
Return on Assets	(%)	5.6	1.6
Total Assets	(Millions of yen)	929,304	877,472
Total Equity	(Millions of yen)	655,038	580,906
Ratio of Equity Attributable to Parent Owners	(%)	70.4	66.2
Equity Attributable to Owners of The Parent per Share	(Yen)	3,204.90	3,163.63
Price Book Value Ratio (PBR)	(Times)	1.3	1.0
Price Earnings Ratio (PER)	(Times)	32.8	62.4
Cash Flow from Operating Activities	(Millions of yen)	73,014	51,244
Cash Flow from Investing Activities	(Millions of yen)	- 14,299	- 48,628
Cash Flow from Financing Activities	(Millions of yen)	- 26,717	- 55,835
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	118,742	65,510
Dividend Payout Ratio	(%)	35.1	94.9
Dividend per Share (Interim Dividend)	(Yen)	44.00 (22.00)	50.00 (25.00)
Depreciation and amortization expense	(Millions of yen)	41,383	47,531
Capital Expenditure	(Millions of yen)	42,800	53,136
Number of The Employees (Average number of temporary workers not included in the above)		17,197 (4,403)	17,100 (3,957)

Note: As for the amount, Japanese Standards are rounded down, and IFRS is rounded off. In addition, the ratio is rounded off.

## Analysis of Operating Results

Coca-Cola Bottlers Japan Holdings Inc. ("CCBJH" or the "Company") announced full-year results for the fiscal year (January 1, 2018 to December 31, 2018) on February 14, 2019. In this period, total nonalcoholic ready-to-drink (NARTD) beverage industry volume performance was slightly positive versus prior year, supported by strong demand driven by a record hot summer which helped to offset the negative impact of various natural disasters, such as earthquakes, heavy rain and flooding. The health food and cosmetics industries continue to grow, driven by demand from health-conscious consumers and inbound tourism, while the competitive environment has been marked by successive product launches by various industry players.

In 2018, CCBJH remained focused on initiatives linked to our "Growth Roadmap for 2020 and Beyond" strategic plan, representing the principles of local presence on a national scale, driving innovation and successfully meeting our synergy and savings commitments. However, our business was significantly impacted by supply constraints and higher manufacturing and logistics costs related to the extraordinary rain and flooding experienced in Western Japan in July 2018. The Hongo manufacturing plant and adjacent warehouse and distribution center of our subsidiary, Coca-Cola Bottlers Japan Inc., located in Mihara City, Hiroshima Prefecture, experienced substantial flooding, with damage to equipment and finished goods inventory resulting in a complete shutdown of the Hongo facilities and disruption to the regional transport infrastructure. We expect the manufacturing and logistics cost outlook to remain elevated through Spring of 2020 as we continue to rely on alternate product supply points and longer shipping distances until new manufacturing capacity is built, including the relocation of the Hongo plant in Hiroshima. Further, rapidly increasing consumer demand for aseptically produced beverages in PET packaging put additional pressure on product supply capacity, which also impacted our 2018 results.

### ■ Highlights

- Reported net revenue increased 11% versus prior year due to the April 1, 2017 business integration.
- Reported business income decreased 42% versus prior year driven by higher manufacturing and logistics expenses due to supply constraints and flooding disruption.
- Continued progress on integration and setting foundation for growth. Created one aligned HR and benefit system including equity linked long-term incentive plan; Completed deployment of ERP system back-office solution across all territories; Finalized legal entity consolidation from 25 in December 2017 to 12 in December 2018; Acquired new plant facilities in Hiroshima to replace flooded Hongo factory.
- Announced new 25 billion yen share-buyback program in November as part of financial framework for value creation. Also completed share repurchase worth 55.9 billion yen in April. 2018 annual dividend per share was 50 yen, an increase of 6 yen versus prior year.
- Announced management change and restructuring. New board of director nominees reflect best-in-class governance, independence and diversity standards.

(Unit: Billions of yen)

	2017	2018	YoY
Net Revenue	837.1	927.3	+11%
Business Income	40.2	23.3	-42%
Net Income Attributable to Owners of Parent	22.0	10.1	-54%

※2017 results are consolidated results of former CCW in the first quarter, and integrated results of CCBJH from April 1, 2017 to December 31, 2017.

※We introduce "Business Income" as a measure of our underlying or recurring business performance after the adoption of IFRS. Business Income deducts cost of goods and SG&A from revenue, and includes other income and expenses which we believe are recurring in nature.

Full-year reported consolidated net revenue was JPY 927.3 billion, an increase of 90.2 billion, or 11% compared to the prior-year period, and net revenue of the beverage business increased JPY 92.7 billion to 899.9 billion (up 11%) year-on-year, primarily due to the business integration of CCW and CCEJ effective April 1, 2017. Net revenues of the healthcare & skincare business fell by JPY 2.5 billion to 27.4 billion (down 8%) year-on-year, as growth of newly-launched products was unable to offset weakness of existing product performance due to increased competition, etc.

Full-year reported business income, an indicator of our recurring business performance, was JPY 23.3 billion, a decrease of 16.9 billion or 42% year-on-year. Business income of the beverage business decreased JPY 17.2 billion, or 49% year-on-year to 17.9 billion, mainly driven by disruptions to product supply caused by the heavy rain in Western Japan and supply constraints due to rapidly growing demand of newly-launched aseptic products. In addition, channel and package mix continued to have a negative impact, primarily as a result of performance in the vending channel. Business income in the healthcare & skincare business was JPY 5.3 billion, an increase of 3 billion or 6% year-on-year, as we continued a strong focus on operating efficiency in sales promotion, etc.

Reported operating income was JPY 14.7 billion, a decrease of 22.9 billion or 61% year-on-year driven by loss on disposal of damaged assets and inventories due to disaster in the beverage business. Reported net income attributable to owners of parent was JPY 10.1 billion, a decrease of 11.9 billion, or 54% versus prior year.

## Analysis of Financial Position

Our equity ratio at the end of the fiscal year was 66.2%. We believe that we maintain solid financial position.

Assets at the end of the year declined by JPY 51.8 billion from the end of the previous fiscal year to 877.5 billion. This is mainly attributable to a decrease of cash and equivalents due to share repurchases a total of 68 billion yen completed in 2018. In addition, assets and inventories decreased as a result of write-off/disposal of damaged assets and inventories due to the flooding disaster, etc. Liabilities increased by JPY 22.3 billion from the end of the previous fiscal year to 296.6 billion, primarily due to an increase of loans, net defined benefits liabilities, etc. Total equity (net assets) decreased by JPY 74.1 billion from the end of the previous fiscal year to 580.9 billion, mainly due to an increase of treasury stock due to the completed share repurchases.

## Analysis of Cash Flows

### <Cash Flows from Operations>

Net cash generated from operations was JPY 51.2 billion (73.0 billion in previous year term). This results mainly from JPY 14.8 billion from net profit before tax, depreciation expenses, increase of account payable-trade and others, posting loss on write-off/disposal of fixed assets due to disaster, etc. offset by an increase of accounts receivable-trade and others, inventories, payment of taxes, etc.

### <Cash Flows from Investment Activities>

Net cash used for investment activities was JPY 48.6 billion (14.3 billion in previous year term), due to purchases of fixed assets to drive growth and synergy capture, etc.

### <Cash Flows from Financing Activities>

Net cash used for financing activities was JPY 55.8 billion (26.7 billion in previous year term), due to total JPY 68 billion yen share buy-back in 2018, increase of short-term loan for share buyback and operating capital, payment of dividends, etc.

As a result of these activities, cash and cash equivalents at the end of this year was JPY 65.5 billion, a decrease of 53.2 billion versus prior year term.

## Capital Expenditures

Capital expenditures was JPY 53.1 billion mainly for investment in the beverage business, including vending machines and sales equipment to strengthen sales capabilities as well as manufacturing equipment to improve productivity and to adapt for new products.

## Research and Development

Although the Company is engaged in research and development activities in the healthcare and skincare businesses, the amounts involved are small with no particular items of note.

## Policies for Profit Distribution and Dividends

We periodically review our capital structure and dividend payout ratio to maximize shareholder returns while maintaining flexibility to pursue expansion opportunities. We may utilize retained earnings for investments for sustainable growth to pursue business growth and further enhancement of corporate value.

CCBJH sets its basic policy regarding dividends, which includes active redistribution of profits while placing the highest priority on paying dividends in a stable manner, by comprehensively reviewing the Company's business performance and level of retained earnings. In addition, the Company has set a payout ratio target of 30% or more for net profit attributable to owners of the parent, starting from full-year 2018 results announcement, after adoption of IFRS. The company pays interim and year-end dividends.

Annual dividends per share for fiscal 2018 were 50 yen, an increased of 6 yen from the previous fiscal year.

**Consolidated statement of financial position** (As of December 31)

(Millions of yen)

	2017	2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	118,742	65,510
Trade and other receivables	88,061	92,402
Inventories	61,989	68,781
Other financial assets	1,691	645
Other current assets	11,688	10,740
Total current assets	282,170	238,078
Non-current assets		
Property, plant and equipment	439,059	435,305
Goodwill	88,880	88,880
Intangible assets	67,385	66,539
Investments accounted for using the equity method	327	298
Other financial assets	40,353	34,796
Defined benefit asset	43	38
Deferred tax assets	5,149	6,264
Other non-current assets	5,938	7,274
Total non-current assets	647,133	639,394
Total assets	929,304	877,472



(Millions of yen)

	2017	2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	100,576	105,701
Bonds and loans payable	1,817	45,512
Other financial liabilities	941	993
Income taxes payable	7,666	3,069
Provisions	57	18
Other current liabilities	20,893	22,230
Total current liabilities	131,950	177,524
Non-current liabilities		
Bonds and loans payable	77,854	56,401
Other financial liabilities	1,285	749
Defined benefit liabilities	27,940	33,712
Provisions	2,080	2,191
Deferred tax liabilities	29,927	23,082
Other non-current liabilities	3,229	2,907
Total non-current liabilities	142,315	119,042
Total liabilities	274,265	296,566
Equity		
Capital stock	15,232	15,232
Capital surplus	450,498	450,533
Retained earnings	184,317	182,418
Treasury stock	- 4,693	- 72,651
Accumulated other comprehensive income	9,258	4,915
Equity attributable to owners of the parent	654,611	580,448
Non-controlling interests	427	458
Total equity	655,038	580,906
Total liabilities and equity	929,304	877,472

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

### Consolidated statements of profit or loss

(Millions of yen)

	2017	2018
Revenue	837,069	927,307
Cost of sales	424,287	475,156
Gross profit	412,782	452,151
Selling general, and administrative expenses	371,007	426,195
Other income	1,421	2,116
Other expense	5,614	13,385
Share of income (loss) of equity method investees	12	- 5
Operating profit	37,594	14,682
Financial income	961	830
Finance expense	641	745
Profit for the year before income tax	37,914	14,767
Income tax expense	16,031	4,605
Net profit for the year	21,883	10,162
Net profit for the year attributable to:		
Owners of the parent	21,967	10,117
Non-controlling interests	- 83	45
Basic earnings per share (yen)	125.53	52.68

### Consolidated statements of comprehensive income

(Millions of yen)

	2017	2018
Net profit for the year	21,883	10,162
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	4,126	- 2,889
Share of other comprehensive income of equity method investees	- 12	- 4
Net changes in financial assets measured at fair value through other comprehensive income	3,612	- 3,344
Subtotal	7,726	- 6,236
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	16	- 12
Cash flow hedges	440	- 716
Subtotal	456	- 728
Total other comprehensive income for the year	8,182	- 6,965
Total comprehensive income for the year	30,065	3,197
Comprehensive income attributable to:		
Owners of the parent	30,149	3,152
Non-controlling interests	- 83	45

## Business Income

We introduce "Business Income" as a measure of our underlying or recurring business performance after the adoption of IFRS. Business Income deducts cost of goods and SG&A from revenue and includes other income and expenses which we believe are recurring in nature.

The following table shows a bridge between business and operating income in IFRS.

(Millions of yen)

	2017	2018
Gross Profit	412,782	452,151
Selling, General & Administrative Expenses	371,007	426,195
Other income (Recurring)	931	1,635
Other expenses (Recurring)	2,541	4,310
Investment gain/loss on equity method	12	- 5
Business Income	40,177	23,276
Other income (Non-recurring)	489	481
Other expenses (Non-recurring)	3,073	9,075
Operating Income	37,594	14,682

## Segment information (January 1 to December 31)

### <Reportable segments>

The Group has established organizational management systems for each of its products and services. Based on the types and nature of its products and the markets in which it sells its products, the Group's operating segment and reportable segment businesses are "Beverage business" and "Healthcare & Skin Care business".

(Millions of yen)

	2017			2018		
	Beverage business	Healthcare & Skincare business	Total	Beverage business	Healthcare & Skincare business	Total
Revenue	807,165	29,904	837,069	899,863	27,444	927,307
Segment profit <sup>※</sup>	33,932	3,662	37,594	8,864	5,818	14,682

※Segment profit is operating profit on consolidated statements of income.

## Consolidated statements of changes in equity (January 1 to December 31)

2017

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Accumulated other comprehensive income	Total		
Balance as of January 1, 2017 (Before restatement)	15,232	109,072	164,436	- 4,593	7,674	291,821	415	292,235
Adjustments resulting from the adoption of IFRS 9, etc.	—	—	577	—	- 2,503	- 1,927	—	- 1,927
Balance as of January 1, 2017 (After restatement)	15,232	109,072	165,012	- 4,593	5,171	289,894	415	290,309
Comprehensive income for the year								
Net profit for the year	—	—	21,967	—	—	21,967	- 83	21,883
Other comprehensive income	—	—	—	—	8,182	8,182	—	8,182
Total comprehensive income for the year	—	—	21,967	—	8,182	30,149	- 83	30,065
Transactions with owners, etc.								
Dividends of surplus	—	—	- 7,113	—	—	- 7,113	- 29	- 7,142
Purchase of treasury stock	—	—	—	- 111	—	- 111	—	- 111
Disposal of treasury stock	—	6	—	12	—	17	—	17
Changes due to business combinations	—	—	—	—	—	—	398	398
Changes in interest in subsidiaries	—	- 143	—	—	356	213	- 273	- 60
Reclassification from accumulated other comprehensive income to retained earnings	—	—	4,451	—	- 4,451	—	—	—
Stock issued in exchange of shares	—	341,563	—	—	—	341,563	—	341,563
Total transactions with owners, etc.	—	341,425	- 2,662	- 100	- 4,095	334,569	96	334,664
Balance as of December 31, 2017	15,232	450,498	184,317	- 4,693	9,258	654,611	427	655,038

2018

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Accumulated other comprehensive income	Total		
Balance as of January 1, 2018	15,232	450,498	184,317	- 4,693	9,258	654,611	427	655,038
Comprehensive income for the year								
Net profit for the year	—	—	10,117	—	—	10,117	45	10,162
Other comprehensive income	—	—	—	—	- 6,965	- 6,965	—	- 6,965
Total comprehensive income for the year	—	—	10,117	—	- 6,965	3,152	45	3,197
Transactions with owners, etc.								
Dividends of surplus	—	—	- 9,173	—	—	- 9,173	- 21	- 9,194
Purchase of treasury stock	—	- 25	—	- 67,961	—	- 67,987	—	- 67,987
Disposal of treasury stock	—	1	—	4	—	4	—	4
Transactions of share-based payment	—	67	—	—	—	67	—	67
Reclassification from accumulated other comprehensive income to retained earnings	—	—	- 2,843	—	2,843	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets	—	—	—	—	- 221	- 221	—	- 221
Other changes	—	- 7	—	—	—	- 7	7	—
Total transactions with owners, etc.	—	36	- 12,016	- 67,958	2,622	- 77,316	- 14	- 77,329
Balance as of December 31, 2018	15,232	450,533	182,418	- 72,651	4,915	580,448	458	580,906



## Consolidated statements of cash flows (January 1 to December 31)

(Millions of yen)

	2017	2018
<b>Cash flows from operating activities</b>		
Profit for the year before income tax	37,914	14,767
Adjustments for:		
Depreciation and amortisation	41,383	47,531
Impairment losses	1,603	202
Change in allowance for credit losses	238	255
Interest and dividends income	- 494	- 516
Interest expense	611	612
Share of loss (profit) of equity method investees	- 12	5
Loss on step acquisitions, net	538	—
Gain on sale of property, plant and equipment	- 536	- 215
Loss on disposal and sale of property, plant and equipment	1,494	9,399
Decrease (increase) in trade and other receivables	- 4,693	- 4,355
Decrease (increase) in inventories	8,474	- 6,869
Decrease (increase) in other assets	1,299	393
Increase (decrease) in trade and other payables	- 5,981	2,234
Increase (decrease) in net defined benefit liabilities	759	491
Increase (decrease) in other liabilities	- 293	1,148
Other	63	501
Subtotal	82,367	65,579
Interest received	17	3
Dividend received	453	487
Interest paid	- 565	- 548
Income taxes paid	- 10,484	- 14,553
Income taxes refund	1,226	275
Net cash provided by operating activities	73,014	51,244
<b>Cash flows from investing activities</b>		
Acquisitions of property, plant and equipment and intangible assets	- 43,111	- 49,752
Proceeds from sales of property, plant and equipment and intangible assets	1,605	658
Purchases of other financial assets	- 130	- 137
Proceeds from sale of other financial assets	609	273
Proceeds from sale of a subsidiary	—	406
Proceeds by business combinations	26,798	—
Other	- 70	- 75
Net cash used in investing activities	- 14,299	- 48,628
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	- 2,000	24,000
Repayments of long-term loans payable	- 2,070	- 1,817
Proceeds from long-term loans payable	29	—
Redemption of bonds	- 14,000	—
Dividends paid	- 7,113	- 9,173
Dividends paid to non-controlling interests	- 29	- 21
Proceeds from disposal of treasury stock	22	4
Purchases of treasury stock	- 111	- 67,998
Purchases of treasury stock by subsidiaries	- 7	—
Acquisition of shares of subsidiaries from non-controlling interests	- 409	—
Other	- 1,028	- 830
Net cash used in financing activities	- 26,717	- 55,835
Net foreign exchange differences on cash and cash equivalents	16	- 12
Net increase (decrease) in cash and cash equivalents	32,014	- 53,231
Cash and cash equivalents at the beginning of the year	86,728	118,742
Cash and cash equivalents at the end of the year	118,742	65,510

## Company Profile / Stock Information (As of December 31, 2018)

### Company Profile

Company name • Coca-Cola Bottlers Japan Holdings Inc.

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

Registered office • 7-9-66 Hakozaki, Higashi-ku, Fukuoka, Japan

Establishment • December 20, 1960\*1

Paid-in capital • JPY 15,232 million

Number of employees  
(consolidated) • 17,100

Securities Code • 2579

Authorized Shares • 500,000 thousand shares

Outstanding Shares • 206,269 thousand shares\*2

Number of Shareholders • 66,260

Number of Shares  
per Trading Unit • 100 shares

Stock Exchange  
Listings • Tokyo Stock Exchange (First Section)  
Fukuoka Stock Exchange

\*1 As of January 1, 2018, the company name was changed to Coca-Cola Bottlers Japan Holdings Inc.

\*2 Issued shares of the Company are common shares only. The Company has not issued preferred shares or any other types of shares which entail rights different from those of common shares.

### Major Shareholders

Shareholder	Number of Shares Held (Thousands)	Shareholding Ratio (%)
Coca-Cola (Japan) Co., Ltd.	27,956	15.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,772	3.7
Japan Trustee Services Bank, Ltd. (Trust Account)	6,159	3.4
Toyo Seikan Group Holdings, Ltd.	5,607	3.1
Ichimura Foundation for New Technology	5,295	2.9
Satsuma Shuzo Co., Ltd.	4,699	2.6
Sensusha Co., Ltd.	4,088	2.2
Coca-Cola Holdings West Japan, Inc.	4,075	2.2
Mitsubishi Heavy Industries Machinery Systems, Ltd.	3,912	2.1
MCA Holdings Co., Ltd.	3,408	1.9

Note1: 22,793 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

Note2: The Coca-Cola Company holds 18.4% through Coca-Cola (Japan) Co., Ltd., Coca-Cola Holdings West Japan, Inc., and other subsidiaries.

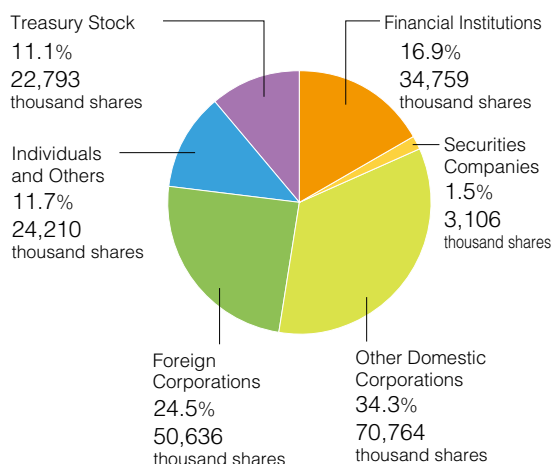
### Rating Information

	2012	2013	2014	2015	2016	2017	2018
Japan Credit Rating Agency, Ltd. (JCR) long-term issuer rating	AA-	AA-	AA-	AA-	AA-	AA-	AA-
Rating and Investment Information, Inc. (R&I) issuer rating	A+	A+	A+	A+	A+	A+	A+

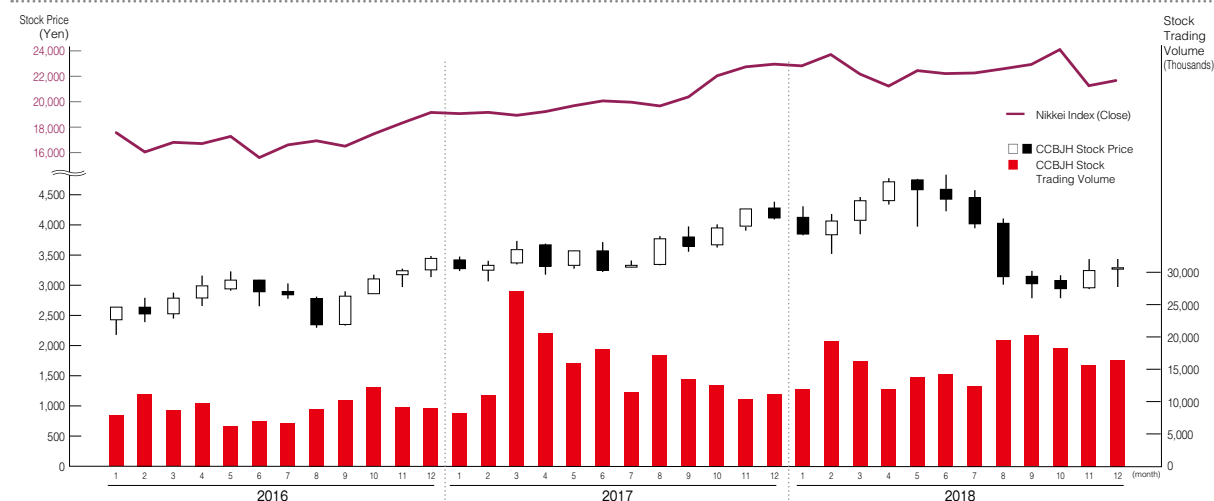
### Bond information

	Date of issue	Total amount issued (Million yen)	Coupon rate (%)	Maturity date
Coca-Cola West Co., Ltd. 2nd series	December 17, 2009	20,000	1.483	December 17, 2019
Coca-Cola West Co., Ltd. 3rd series	June 17, 2015	30,000	0.524	June 17, 2022
Coca-Cola East Japan Co., Ltd. 2nd series	December 14, 2015	16,000	0.276	December 14, 2020

### Composition of Shareholders



### Stock Price and Stock Trading Volume



## Communication Tools

Through the timely and appropriate disclosure of information, we seek to be a company that is correctly understood and trusted by all of our stakeholders. We report financial information primarily using various IR tools, while reporting ESG information (non-financial information concerning the environment, society, and governance), the target of much attention in recent years, primarily through our CSV Report. We also report wide-ranging corporate information on our website.

### IR tools

Our IR tools report primarily financial information for our investors.



ANNUAL REVIEW



TO OUR SHAREHOLDERS  
(Biannual report to individual shareholders,  
Japanese version only)

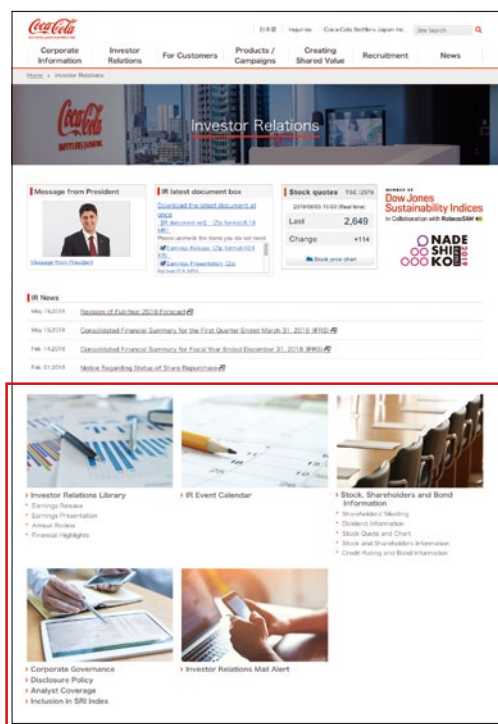
### CSV Report

We communicate information concerning sustainability to our stakeholders.



### Website for shareholders and investors

<https://en.ccbj-holdings.com/ir/>



Our website provides financial information, IR event schedules, IR materials, and other extensive IR information for shareholders and investors. We also provide timely earnings announcements, news releases, and other notifications to registered users.

<b>Investor Relations Library</b> <ul style="list-style-type: none"> <li>▶Earnings Release</li> <li>▶Earnings Presentation</li> <li>▶Annual Review</li> <li>▶Financial Highlights</li> </ul>	<b>IR Event Calendar</b>	<b>Stock, Shareholders and Bond Information</b> <ul style="list-style-type: none"> <li>▶Shareholders' Meeting</li> <li>▶Dividend Information</li> <li>▶Stock Quote and Chart</li> <li>▶Stock and Shareholders Information</li> <li>▶Credit Rating and Bond Information</li> </ul>
	<b>Corporate Governance Disclosure Policy Analyst Coverage Inclusion in SRI Index</b>	<b>Investor Relations Mail Alert</b>



**Coca-Cola Bottlers Japan Holdings Inc.**

Tokyo Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6211, Japan