

# 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

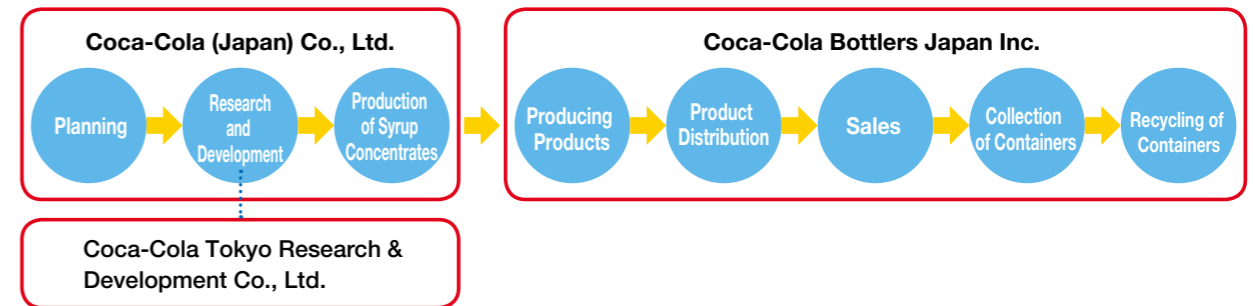
**Number of customer outlets**  
**~240K**  
※As of end of 2018

**Sales Centers**  
**About 350**  
※As of February 2019, including distribution centers

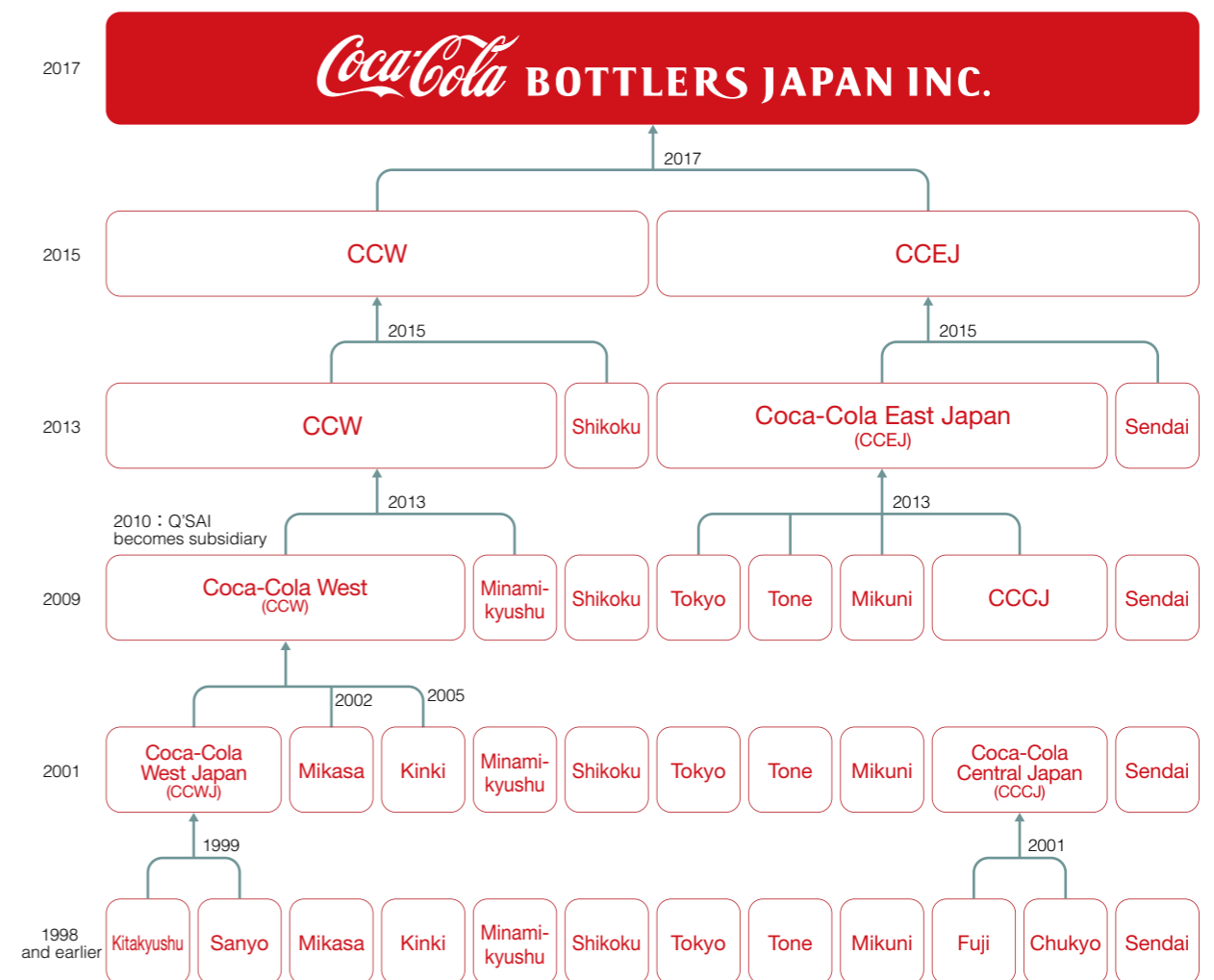
**Number of fleet vehicles**  
**About 16,200**  
※As of end of 2018

## 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.



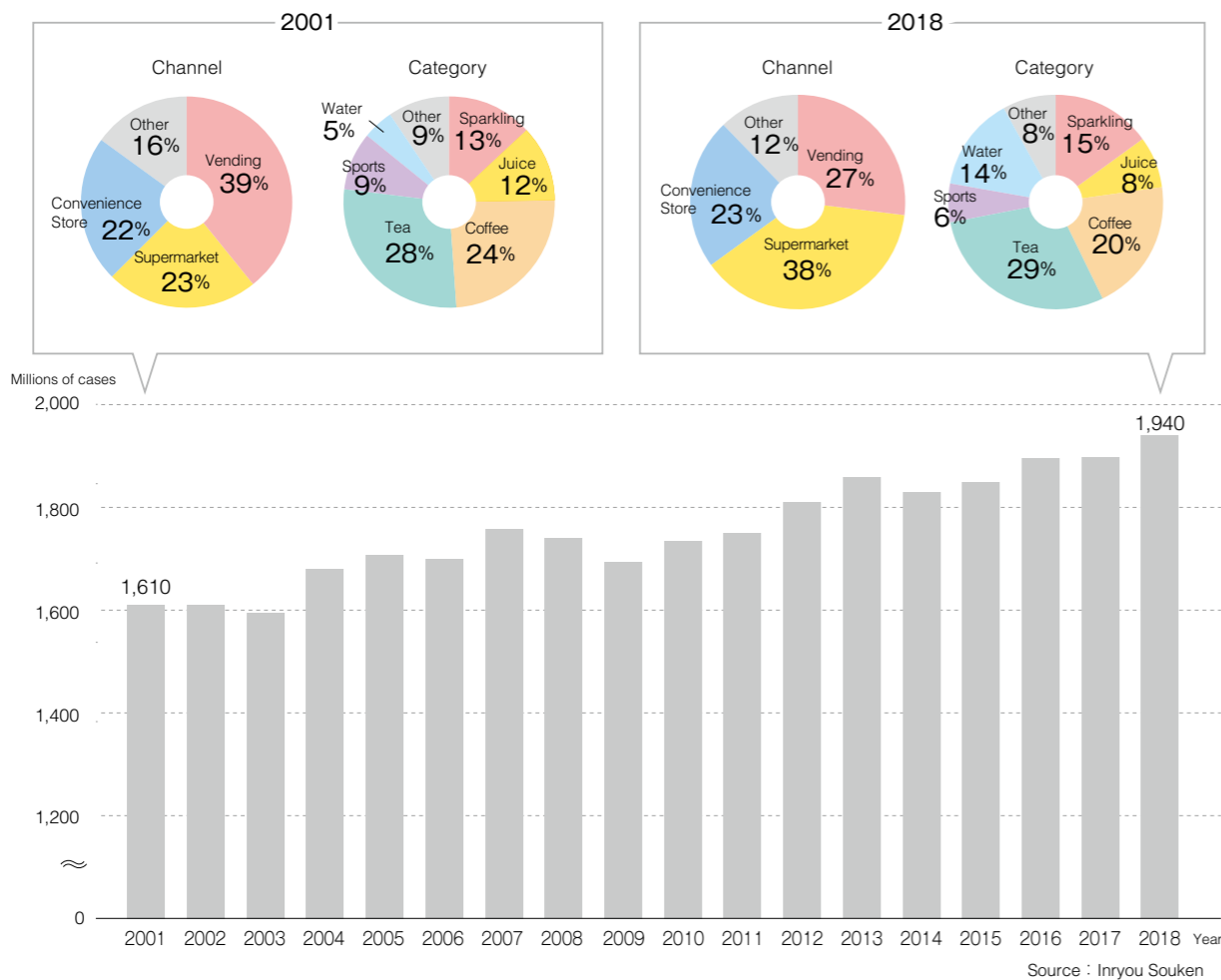
## History of our Company (Background to major mergers and consolidation)



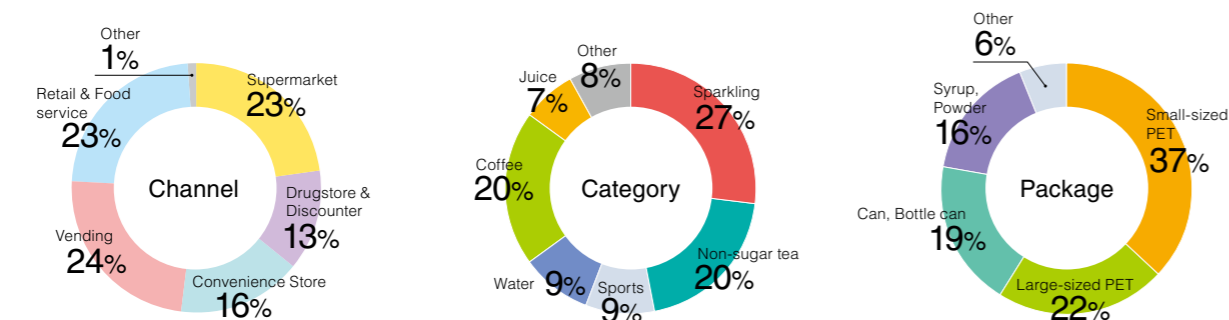
## The NARTD Market in Japan

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.



**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).



**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.



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.



### » 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.



### » Kochakaden Craftera 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.



### » 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

\*1 Compared to Kochakaden Royal Lemon Tea

### 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

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.



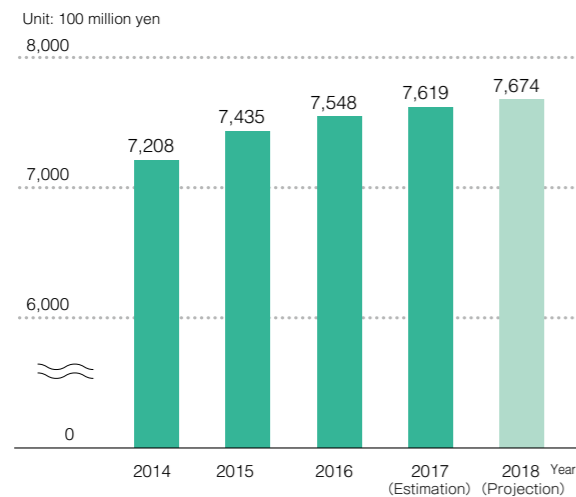
# Healthcare & Skincare Business

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

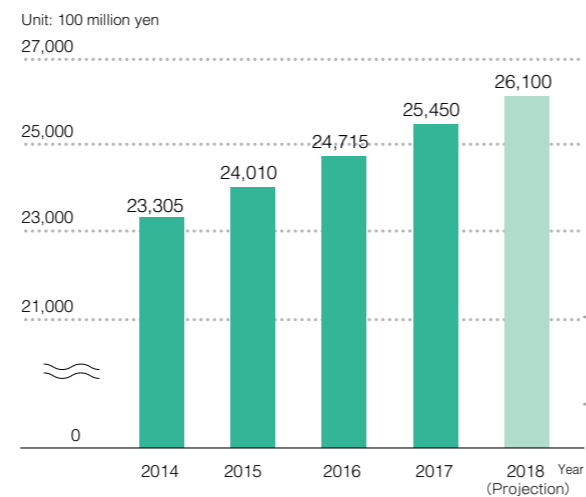
## Market Sizes for Health Food and Cosmetics Products in Japan

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

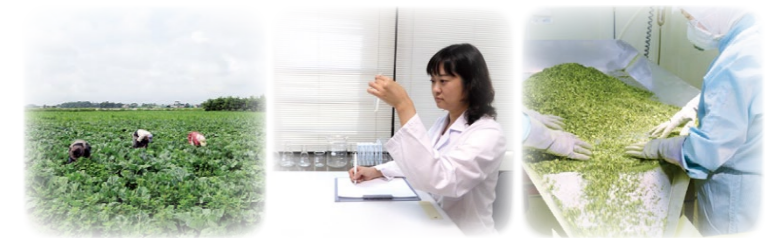
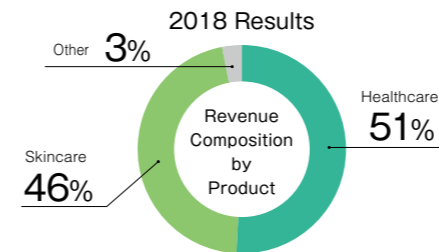


Official shopping site



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.



#### » 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.



#### » 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.



For details on the submitted claims of Foods for Specified Health Use, please visit <https://corporate.kyusai.co.jp/development/claims.php> (in Japanese only)