

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	2014	2015	2016	2017
Revenue	(Millions of yen)	395,556	369,698	375,764	399,717	386,637	431,711	424,406	440,476	460,455	872,623
Revenue YoY	(%)	-3.4	-6.5	1.6	6.4	-3.3	11.7	-1.7	3.8	4.5	89.5
Operating Income	(Millions of yen)	10,521	2,242	12,003	16,469	13,463	15,927	11,008	14,262	21,143	40,579
Operating Income Margin	(%)	2.7	0.6	3.2	4.1	3.5	3.7	2.6	3.2	4.6	4.7
Net Profit before Income Taxes	(Millions of yen)	2,402	-10,446	12,982	14,013	12,186	18,730	8,409	15,228	12,707	39,240
Profit Before Taxes Margin	(%)	0.6	-2.8	3.5	3.5	3.2	4.3	2.0	3.5	2.8	4.5
Net Profit Attributable to Owners of Parent	(Millions of yen)	129	-7,594	7,582	6,997	6,031	13,625	4,482	9,970	5,245	25,244
Net Profit Margin	(%)	0.0	-2.1	2.0	1.8	1.6	3.2	1.1	2.3	1.1	2.9
Comprehensive Income	(Millions of yen)	—	—	—	5,605	7,326	16,332	6,931	11,217	5,022	31,976
Net Profit per Share	(Yen)	1.25	-75.96	75.84	69.99	60.33	128.15	41.07	91.35	48.05	144.26
Return on Equity (ROE)	(%)	0.1	-3.3	3.4	3.1	2.6	5.6	1.8	3.9	2.0	5.7
Return on Assets	(%)	3.7	0.7	3.8	4.7	4.1	4.7	3.0	3.8	5.5	6.3
Total Assets	(Millions of yen)	277,696	326,818	346,032	342,560	337,348	374,418	337,260	378,105	377,468	883,918
Net Assets	(Millions of yen)	234,521	222,816	226,267	227,864	231,056	257,936	254,150	260,878	261,173	627,485
Equity Ratio	(%)	84.4	68.2	65.3	66.4	68.4	68.8	75.2	68.9	69.1	70.9
Net Assets per Share	(Yen)	2,345.03	2,227.96	2,260.03	2,275.55	2,307.44	2,359.82	2,325.19	2,386.81	2,389.28	3,070.01
Price Book Value Ratio (PBR)	(Times)	0.8	0.7	0.7	0.6	0.6	0.9	0.7	1.0	1.4	1.3
Price Earnings Ratio (PER)	(Times)	1,549.5	-21.6	19.4	19.1	22.1	17.4	40.4	26.9	71.7	28.5
Cash Flow from Operating Activities	(Millions of yen)	16,180	28,747	31,732	39,960	26,324	40,082	28,628	40,422	34,388	72,450
Cash Flow from Investing Activities	(Millions of yen)	2,153	-23,447	-49,203	-34,050	-14,243	-16,493	-9,590	-24,994	-19,921	-41,090
Cash Flow from Financing Activities	(Millions of yen)	-31,486	43,297	-16,316	-8,780	-7,149	-8,286	-37,498	22,416	-7,546	-26,159
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	22,412	71,221	37,434	34,564	39,495	60,275	41,830	79,828	86,727	118,741
Dividend Payout Ratio	(%)	3,440.0	—	52.7	58.6	68.0	32.0	99.8	44.9	95.7	30.5
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)	41.00 (20.00)	41.00 (20.00)	46.00 (22.00)	44.00 (22.00)
Depreciation and Amortization	(Millions of yen)	21,741	24,069	22,405	21,371	20,643	23,758	22,943	24,048	17,491	37,352
Capital Expenditure	(Millions of yen)	18,032	25,201	16,524	21,201	20,031	20,242	22,783	16,181	25,728	42,539
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)	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
Assets		
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

	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

	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.

	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".

	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*	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)

	Equity attributable to owners of the parent							Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Accumulated other comprehensive income	Total			
2017	(Millions of yen)								
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	

	Equity attributable to owners of the parent							Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury Stock	Accumulated other comprehensive income	Total			
2018	(Millions of yen)								
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)

	2017	2018
(Millions of yen)		
Cash flows from operating activities		
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
Cash flows from investing activities		
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
Cash flows from financing activities		
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