

Coca-Cola East Japan Q1 2015 Earnings Conference Call

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Coca-Cola East Japan

コカ・コーライーストジャパン株式会社

www.ccej.co.jp



Forward-Looking Statements

The plans, performance forecasts, and strategies appearing in this material are based on the assumptions and judgment of the management of Coca-Cola East Japan Co. Ltd. (CCEJ) in view of data obtained as of the date this material was released. These forecasts may differ materially from actual performance due to risks and uncertain factors such as those listed below.

Risks and uncertain factors are not limited to the items listed below. They are also included in our annual securities report, or “Yuka Shoken Houkokusho”.

- Intensification of price competition in the marketplace
- Change in economic trends surrounding our business
- Major fluctuations in capital markets
- Fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen and the U.S. dollar
- Increases in prices of raw materials
- Change in the tax environment
- CCEJ's ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management;
- CCEJ's ability to market and distribute effectively
- Uncertain factors other than those above

The information in this presentation is provided for informational purposes and should not be construed as a solicitation of an investment in our securities.

CCEJ undertakes no duty to update any statement in light of new information or future events. You should rely on your own independent examination of us before investing in any securities issued by our company.

Introduction

- Overview and Key Messages
- Transforming our Business

First Quarter Results

- Share, Volume and Financial Results

Integrating Sendai Coca-Cola Bottling Company

- Revised Full-Year Plan
- One+ Roadmap for Growth

Second Quarter Milestones

- Marketing Activities and Key Milestones



- ✓ **Q1 comparable operating loss improved by 3.6 billion yen vs. prior year, including cycling the impact of the accounting policy change in Q1 2014.**
- ✓ **Revenue performance in line with volume, reflecting improved price/mix in the quarter.**
- ✓ **Sixth consecutive quarter of volume and value share growth. Focus on value.**
- ✓ **Launches and innovation drove continued growth in tea, water & coffee.**
- ✓ **Delivering manufacturing synergies, partially offset by some continued impact of line efficiency issues and product write-off from end of 2014.**

First Quarter 2015 Results

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100 YEARS OF THE

COCA-COLA BOTTLE

- ✓ Rapid organizational transformation & integration continues; acquired Sendai Coca-Cola Bottling Company, consolidated eight subsidiaries into FV East Japan.
- ✓ Phase One of ERP System operational. Fine-tuning and “hypercure” IT support ongoing. Working to ensure stable continuity of supply during transition.
- ✓ Developing capabilities for pricing, terms & conditions management to improve price/mix.
- ✓ Restructuring indirect procurement into Coca-Cola Business Services Company
- ✓ Evolution of the leadership team
- ✓ CCEJ Commercial Transformation selected as a top-three finalist in global Coca-Cola system competition

Q1: Marketing & Innovation Platforms

Coca-Cola East Japan

Q1

Coca-Cola Bottle 100th Anniversary



Coca-Cola Life



Schweppes Citrus



Q1

Georgia Campaign

Emerald Mountain Blend

Aluminum Can Rollout

New Flavor Launch



Georgia Campaign
The world is made up of someone's work



Georgia New Flavor
Mitsuboshi Presso (Three-Star Presso)

Q1

I lohas Renewal

FOSHU Tea

PEKO RAKU Crushable Large PET

TSUMUGI Oolong Tea

Aquarius Renewal



特定保健用食品
からだすこやか茶.W
Karada Sukoyacha W



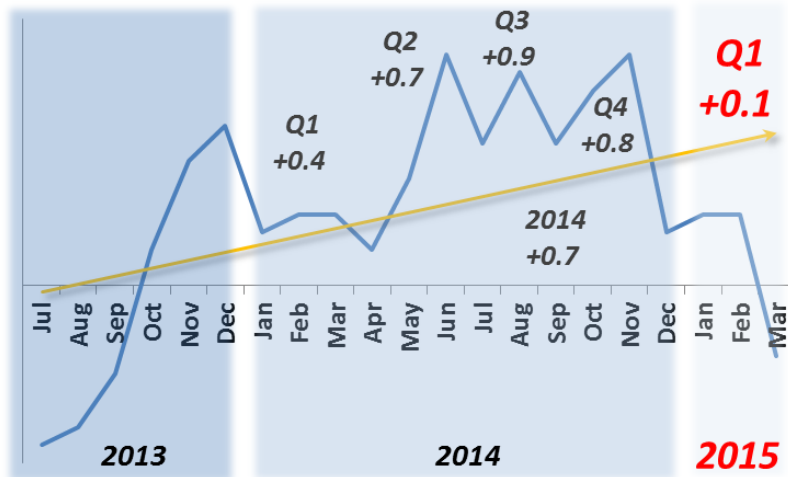
Balanced Volume & Value Share Growth



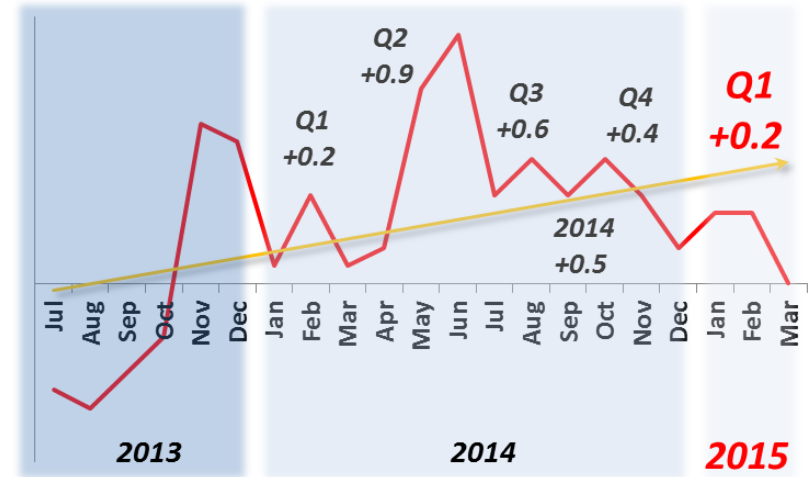
Q1 2015 Market Share*	
Volume	+0.1
Value	+0.2

Value share growth ahead of volume share
Lower share growth vs. prior year, in line with plan
Share gains in cola, tea, sports and water

Volume Share vs. Prior Year

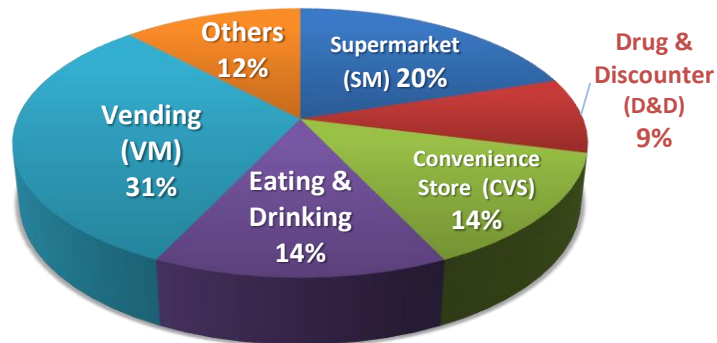


Value Share vs. Prior Year



*Source: Intage, OTC channel, NARTD beverages

Q1 2015 Volume by Channel (% of total)

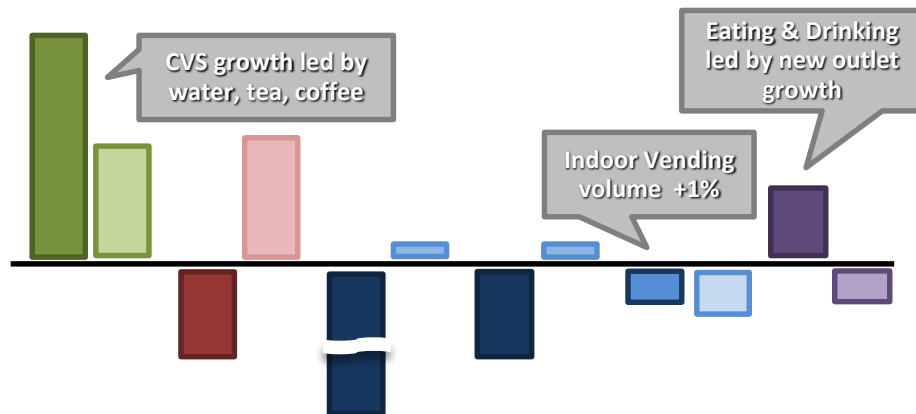


Q1 2015 Total Volume -1.5%

Cycling Q1 2014 volume growth of +3.4% ahead of consumption tax increase

- Convenience Stores cycling -5%
- Drug & Discounter cycling +14%
- National Supermarkets cycling +16%
- Vending and Eating & Drinking cycling 0%

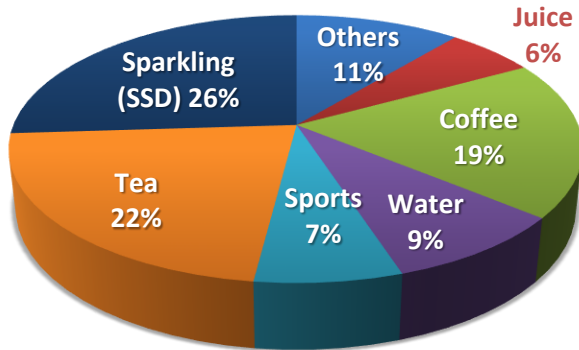
Channel Volume Growth



vs. Prior Year	CVS	D&D	Nat'l SM	Local SM	VM	Eat & Drink
Q1 2015	+14%	-5%	-15%	-5%	-2%	+4%
FY 2014	+7%	+8%	+1%	+1%	-3%	-2%

* BAPC (Bottler Actual Physical Cases)

Q1 2015 Volume by Category (% of total)

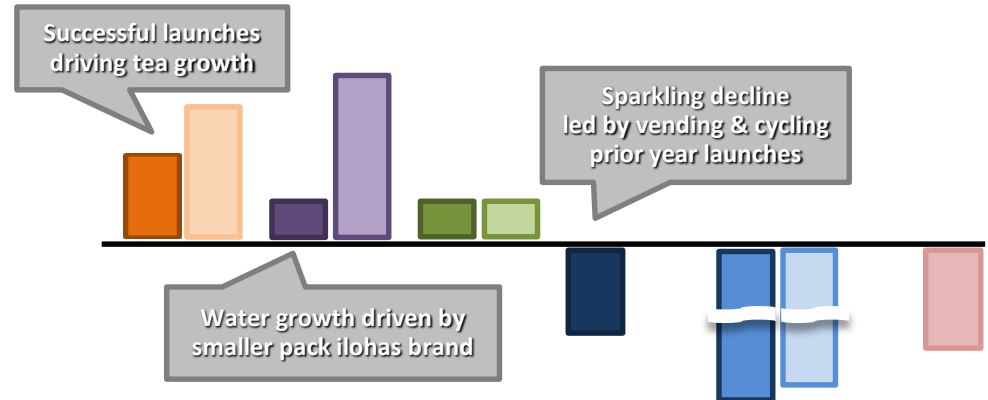


Q1 2015 Total Volume -1.5%

Cycling Q1 2014 volume growth of +3.4% ahead of consumption tax increase

- Non-Sugar Tea (NST) cycling +10%
- Water cycling +9%
- Coffee cycling -2%
- Sparkling cycling +4%
- Sports drinks cycling +10%

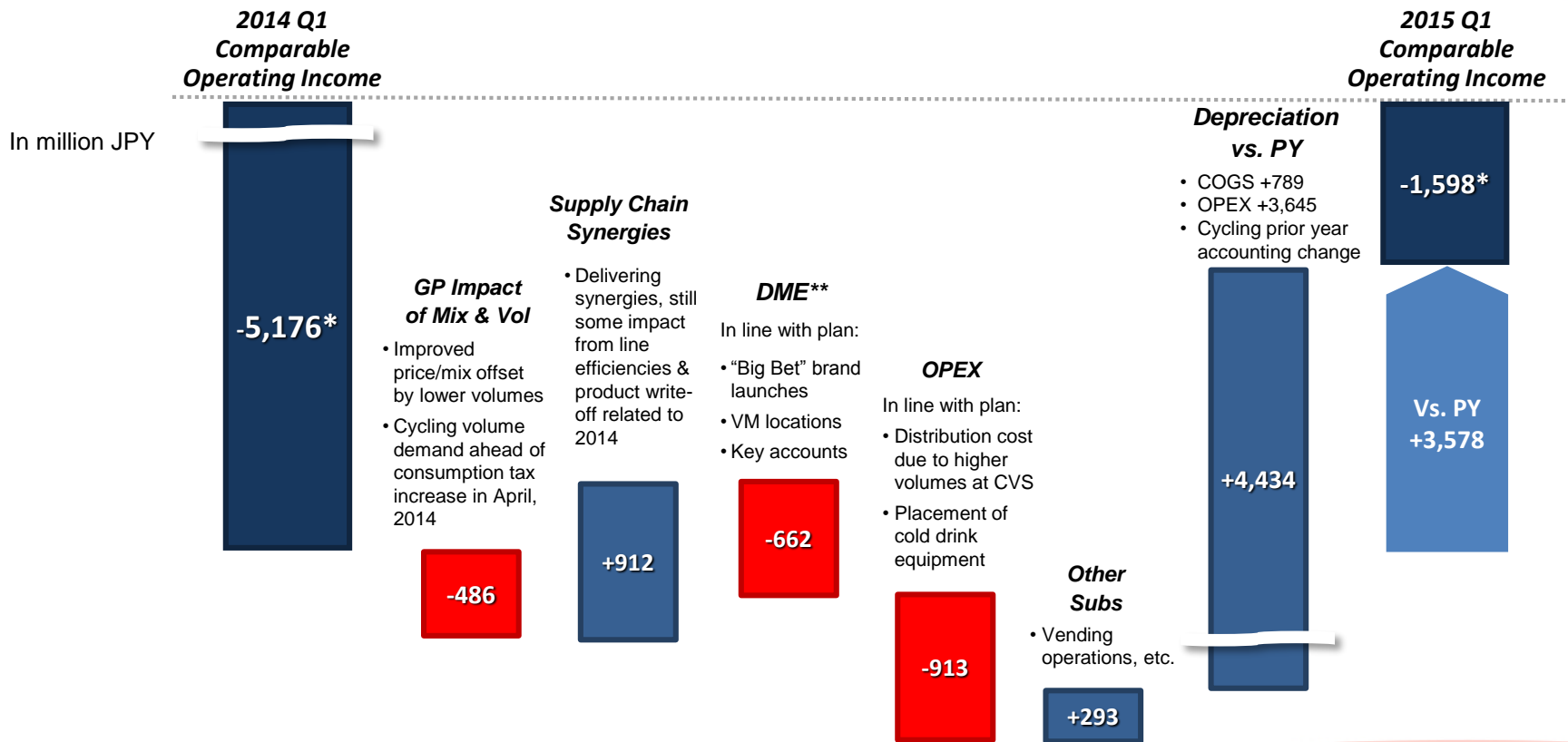
Category Volume Growth



vs. Prior Year	NST	Water	Coffee	Sparkling	Sports	Juice
Q1 2015	+5%	+2%	+2%	-5%	-16%	even
FY 2014	+8%	+10%	+2%	even	-9%	-6%

* BAPC (Bottler Actual Physical Cases)

Drivers of First Quarter Operating Income *Coca-Cola East Japan*



*Adjusted for 408 million in Q1 2014 and 341 million in Q1 2015 non-recurring expenses

**DME: Direct Marketing Expenses

First Quarter 2015 Results

2015 Q1 Actual in million yen		2015 Q1 One-time items	2015 Q1 Comparable	2014 Q1 Comparable		Vs. PY	
						Diff	%
Sales Volume <i>(BAPC) (,000 cases)</i>	59,010	-	59,010	59,884	-874	-1.5	
Net Revenue	110,220	-	110,220	111,915	-1,695	-1.5	
COGS	58,846	-	58,846	61,552	-2,706	-4.4	
Gross Profit	51,374	-	51,374	50,362	1,012	+2.0	
SG&A	53,313	-341	52,972	55,539*	-2,567	-4.6	
Operating Income	-1,939	341	-1,598	-5,176	3,578	-	
Profit Before Tax	-2,674	1,031	-1,643	-5,121	3,478	-	
Net Income	-1,543	663	-880	-3,977	3,098	-	

*Adjusted for 408 million in Q1 2014 non-recurring expenses

Note: Q1 2014 results include JPY 805 million in COGS and JPY 3,850 million in SG&A due to the write-off of residual value of existing tangible fixed assets related to a change in accounting policy

Note: 2013 and 2014 volumes were revised in our Q4 2014 earnings announcement as a result of data and system standardization.

Integrating Sendai Coca-Cola Bottling Company

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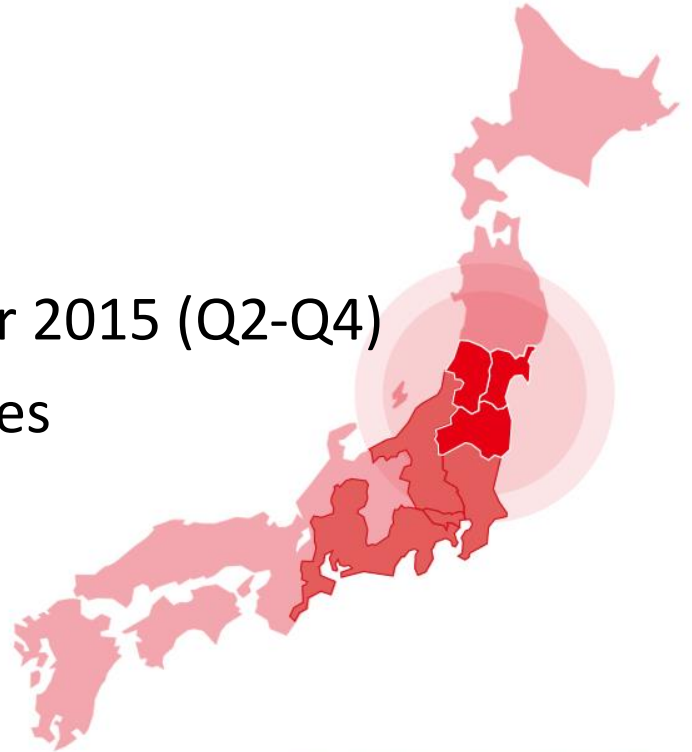
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COCA-COLA BOTTLE

- Sendai joined CCEJ as of April 1, 2015;
Now South Tohoku Region
- Full integration planned in 2016
- +200 million yen Operating Income for 2015 (Q2-Q4)
- Expect 1.5 to 2.0 billion yen in synergies
by end of 2017



Revised 2015 Plan Including Sendai

2015 FY Previous Comparable Estimate in million yen		Sendai (Q2 to Q4)	2015 FY Revised Comparable Estimate	2014 FY Comparable Result	Vs. PY	
					Diff	%
Sales Volume* (BAPC) (,000 cases)	287,763	21,020	308,783	281,586	27,197	+10%
Net Revenue	535,700	36,200	571,900	523,299	48,601	+9%
Gross Profit	256,100	14,400	270,500	239,336	31,164	+13%
Operating Income	15,600	200	15,800	10,474	5,326	+51%
Profit Before Tax	15,700	100	15,800	10,643	5,157	+49%
Net Income	9,600	**300	9,900	5,975	3,925	+66%
<i>OI margin</i> 2.9%			<i>OI margin</i> 2.8%	<i>OI margin</i> 2.0%		

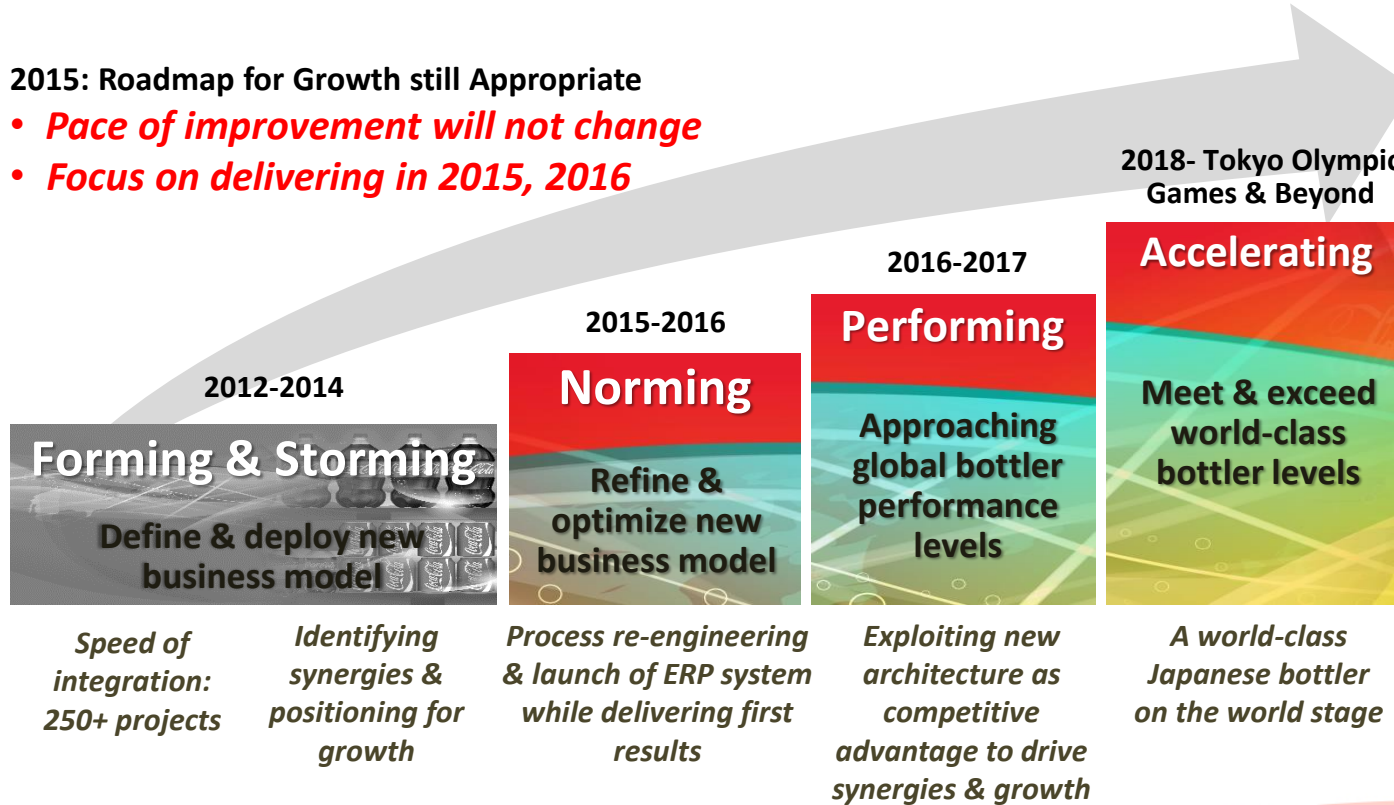
*Due to the slight difference of volume conversion method between CCEJ and Sendai, CCEJ is currently working to apply its unified and standardized volume conversion method to Sendai. You may expect changes when CCEJ presents actual volume number in the earnings result. Also, 2014 volumes were revised in our Q4 2014 earnings announcement as a result of data and system standardization.

**Including change of taxes due to government tax reform.

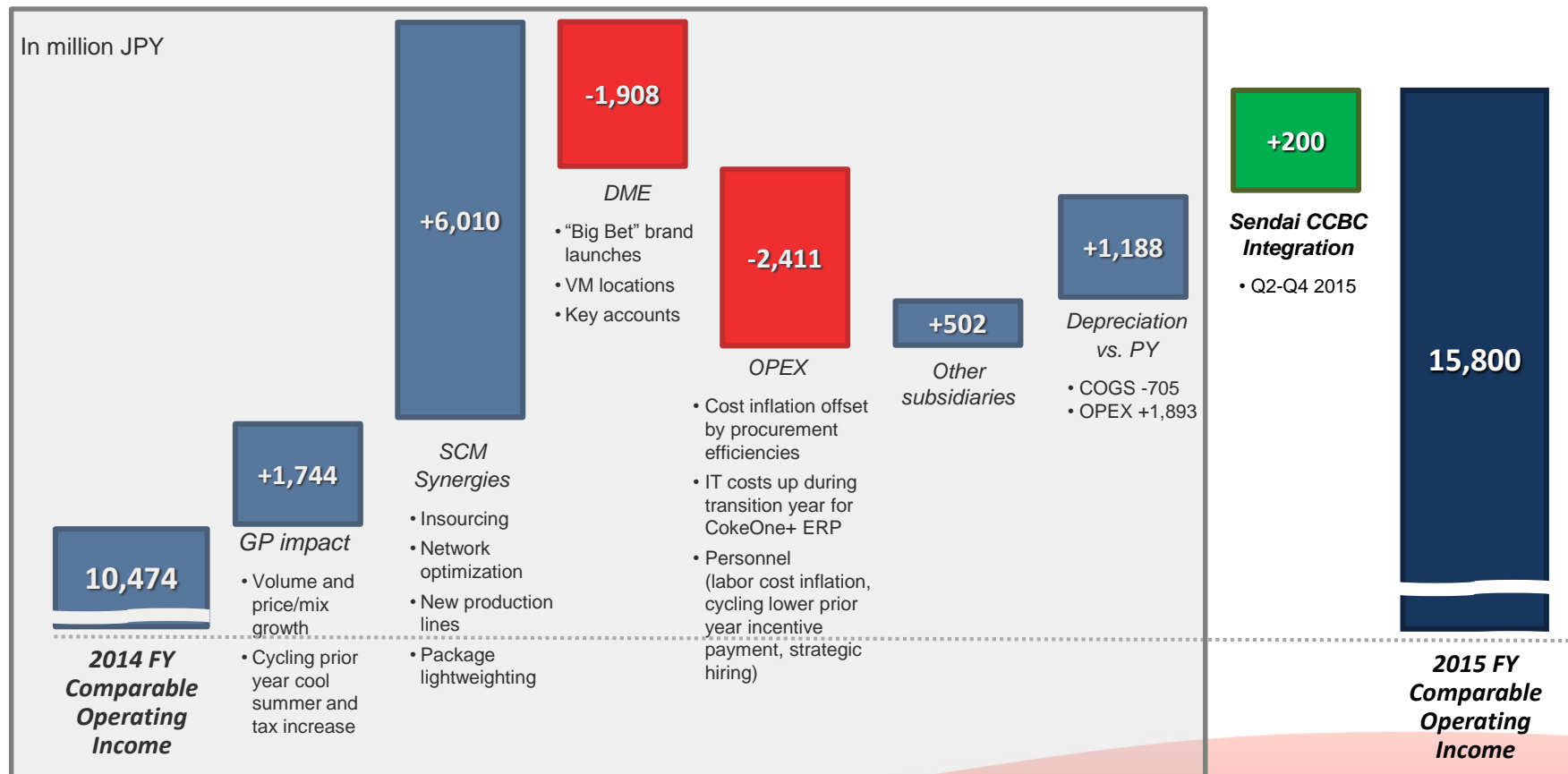
One+ Roadmap for Growth

2015: Roadmap for Growth still Appropriate

- *Pace of improvement will not change*
- *Focus on delivering in 2015, 2016*



Revised 2015 Operating Income



Previous 2015 Estimate

Second Quarter 2015 Milestones

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Q2: Connecting with the Consumer

Q2

Coca-Cola Bottle 100th Anniversary



Coca-Cola Life

CCEJ New Website/Plant Tours



Coca-Cola Aluminum Contour Bottle announced



Share-a-Coke



Q2

Customer-Exclusive Branded Products

Georgia European Renewal

Georgia Private Reserve



Georgia K's BREAK

Georgia Craftsman Select



Concept Cafe Coffee House European opens in Omotesando, Tokyo



Q2

I lohas

FOSHU Tea

PEKO RAKU Crushable Large PET

TSUMUGI Oolong Tea

Hajime Green Tea



I lohas Aloe

I lohas Tomato



特定保健用食品 からだすこやか茶.W



Karada Sukoykacha W 1L PET



Using Japanese tea leaves



Customer Exclusive brand

- ✓ **Continued stabilization and utilization of new ERP system; management of stable product supply as we fully shift to new system.**
- ✓ **Full rollout of new Route-to-Market across 130+ sales centers.**
- ✓ **Operational integration of Sendai (now South Tohoku Region) and FV East Japan**
- ✓ **Pricing, Terms & Conditions; Promotional optimization**

APPENDIX

Coca-Cola East Japan

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The Coca-Cola System

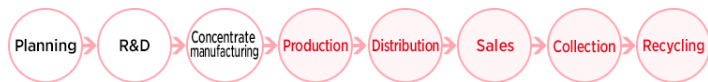


A powerful partnership driving growth of the Coca-Cola business

The Coca-Cola system in Japan consists of the Coca-Cola (Japan) Company (CCJC), bottlers and other related companies.

CCJC, as the franchise owner, is responsible for supplying concentrate and beverage bases (coffee beans, tea leaves, juices, etc.) for all of Coca-Cola's brands, as well as R&D, innovation, and marketing and brand development.

The bottlers, including CCEJ, as franchisees, are responsible for manufacturing, distribution and selling the finished products. We all are working together with our system partners to grow the Coca-Cola business by optimizing our overall operations through more efficient production and distribution, marketplace execution that is firmly focused on the consumer, faster response to market preferences, enhanced customer service, and rigorous quality control.



Coca-Cola (Japan) Company

- Brands
- Innovation
- Global perspective
- Consumer focus
- Superior insights

Coca-Cola East Japan

- Supply chain
- Cost optimization
- Local expertise
- Customer focus
- World-class execution

Other Coca-Cola System Related Companies in Japan

Coca-Cola Tokyo Research & Development Co., Ltd. (CCTR&D)	Product development and technical support to respond to the needs of the customer in Japan. A wholly owned subsidiary of The Coca-Cola Company.
Coca-Cola Business Service Co., Ltd. (CCBSC)	Providing joint procurement of raw materials, packaging, etc. as well as business consulting services, developing and maintaining the information systems to support Coca-Cola System. Jointly owned by The Coca-Cola Company and all the bottlers in Japan.
Coca-Cola Customer Marketing Company (CCCMC)	Business negotiations window for nationwide retail, convenience stores, supermarket and food-service chains as well as developing proposals for sales promotions and storefront activities. Jointly owned by CCJC and all the bottlers in Japan.
FV Corporation Co., Ltd. (FVC)	Sales negotiations window for national chain vending operators, and deals non-Coca-Cola products as well as Coca-Cola branded products. Jointly owned by CCJC and all the bottlers in Japan.

Glossary of frequently used terms

CDE	Abbreviation of Cold Drink Equipment . Vending machines, coolers and beverage dispensers, etc.
Coolers	The equipment with Coca-Cola's logos which keeps beverages at an appropriate temperature (chilled and/or hot) for immediate consumption, and ready for selling them at the storefront of retail outlets and restaurants. It serves as point-of-sales advertising, too.
DME	Abbreviation of Direct Marketing Expenses . Sales promotion-related expenses reported in advertisement & sales promotion expenses and partly in sales commissions of SG&A.
FC	Abbreviation of Future Consumption . Purchase or sell beverage for future consumption in home, etc. It also means the products / SKUs for FC (for example, single packages 1L or more and multi-pack of IC packages) and channels that consumers purchase the beverages for FC. (for example, supermarket, drug & discounter channels, etc.).
HORECA	Abbreviation of Hotel, Restaurants and Cafeteria . Generally means sales channels of these kinds.
IC	Abbreviation of Immediate Consumption . Purchase or sell beverage for consuming it immediately. It also means the products / SKUs for IC (for example, single packages less than 1L as well as fountains) and channels that consumers purchase the beverages for IC (for example, vending machine, convenience stores channels, etc.).
OBPPC	Abbreviation of Occasion, Brand, Package, Price, Channel . A segmentation strategy tailored to consumption opportunities in five areas: occasion, brand, package, price and channel.
Operational Excellence (OE)	The Coca-Cola System's way to develop people and culture around productivity which allows higher financial value achievement by driving sustainable improvement using common language and tools as well as focusing on business priorities.
RTM	Abbreviation of Route-to-Market . A framework, a process, a philosophy, a proven approach for driving profitable growth.

THANK YOU

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