

Coca-Cola East Japan

Q4 & Full-Year 2015

Earnings Presentation

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February 15, 2016

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

(Posted to CCEJ Website February 12, 2016)



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.

Taste The Feeling: New Global Campaign

Coca-Cola East Japan
Q4 & Full-Year 2015



The advertisement features a red background. In the top left, there is a red circle containing the white Coca-Cola logo. Below it, the text "TASTE THE FEELING" is written in white. In the center, a glass of Coca-Cola with a thick head of foam and a condensation-covered bottle of Coca-Cola are shown. The glass and bottle both have the white Coca-Cola logo on them. In the bottom left, the Japanese text "味わおう、はじけるおいしさを。" is written in white. In the bottom right, there is a small white copyright notice: "© 2015 Coca-Cola East Japan Inc. All rights reserved."

Coca-Cola

TASTE THE FEELING

味わおう、
はじける
おいしさを。

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Introduction

- Overview and Key Messages

Full-Year 2015 Results

- Share, Volume and Financial Results

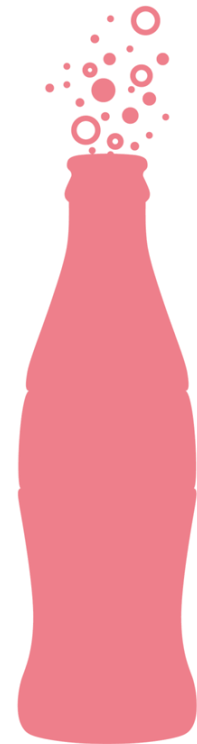
One+ Roadmap for Growth

- Key Takeaways

Outlook for Full-Year 2016

- Full-Year Plan

Wrap-up



- ✓ **Full-year reported operating income slightly ahead of revised forecast (October 2015)**
- ✓ **Delivered positive gross profit impact of volume, price and mix in Q4**
- ✓ **Full-year gross profit margins improved, as we deliver manufacturing and procurement synergies**
- ✓ **Recovery of market share in Q4, both volume and value (Product launches & investment)**
- ✓ **Transformation of our business continued in Q4**
 - Commissioned one new production line in Iwatsuki
 - Completed legal entity consolidation of Sendai Coca-Cola Bottling Co., and subsidiaries into CCEJ and inclusion in ERP system as of January 1, 2016
 - Successfully completed second bond offering of JPY 16 billion
- ✓ **Announced key management transition plan (Finance, Corporate Communications)**

2015: Major achievements in the second full year of operations

- ✓ **Sendai Coca-Cola Bottling Company**
 - Acquisition completed on April 1, 2015
 - Completed legal entity consolidation and inclusion in ERP system as of January 1, 2016
- ✓ **Consolidated further eight subsidiaries and established mixed vending operation subsidiary, FV East Japan on April 1, 2015**
- ✓ **Commissioned four new production lines in Ibaraki, Iwatsuki and Ebina, and a new bottle can filler in Tokai**
- ✓ **Deployed and stabilized Phase One of ERP system “CokeOne+”**
- ✓ **Standard RTM deployment completed, starting phase 2 optimization**
- ✓ **Organizational capability strengthened**

Q4 & Full-Year 2015 Results

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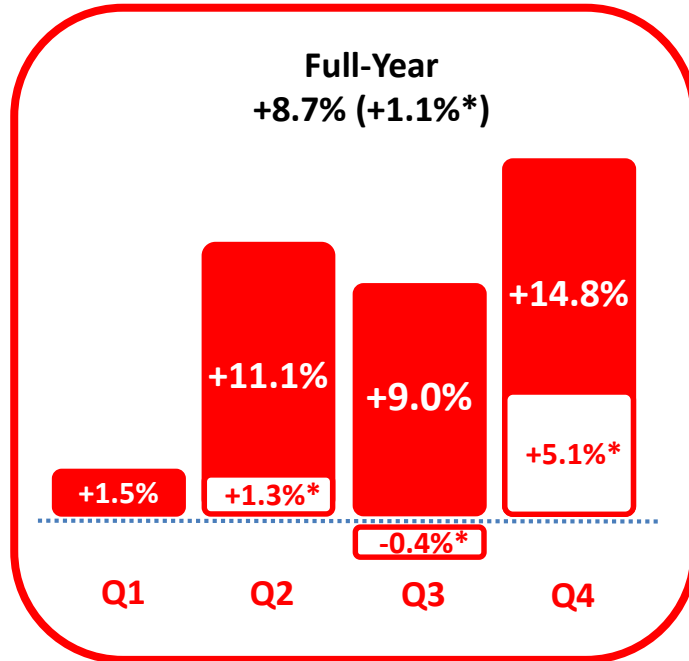
100 YEARS OF THE

COCA-COLA BOTTLE

Full-Year Volume Performance

Coca-Cola East Japan
Q4 & Full-Year 2015

Reported Volume by Quarter



* Organic volume growth, not including Q2 acquisition of Sendai Coca-Cola Bottling Co.

2015 - Highlight by Quarter

Q1

- Cycling 2014 ahead of consumption tax increase

Q2

- Sendai acquisition on April 1
- Strong volume in April cycling C-tax increase in 2014
- Less CCEJ volume promotions starting in June (2L Water)

Q3

- Unseasonal summer weather (cooler & wetter than average)
- Continued soft results in vending channel
- Volume decline in 2L pack size due to less discounting
- Competitor promotions, new product launches continue

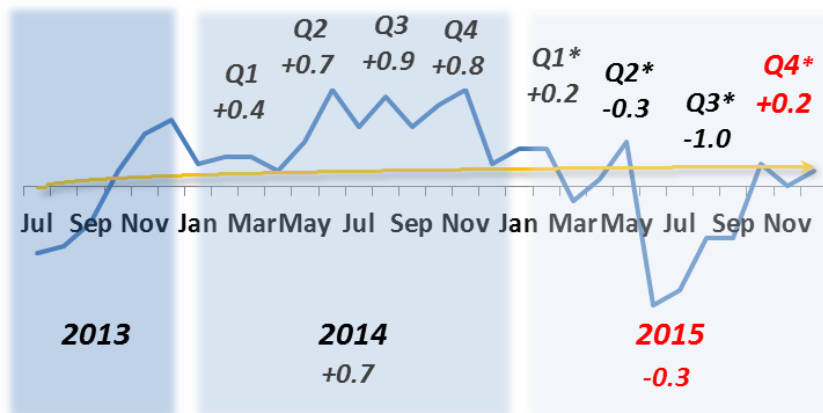
Q4

- Recovering growth and gained market share
- Successful new product launches in coffee & flavored water
- Selective and targeted investment in promotional activities (balancing volume and value)

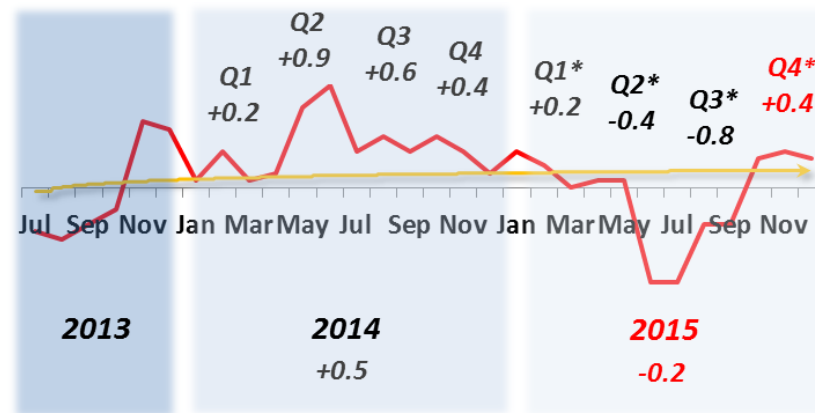
2015 Market Share*	vs. Prior Year	
	Q4	Full-Year
Volume	+0.2	-0.3
Value	+0.4	-0.2

- Share gains in Colas, Teas and Water
- Value share gains in Supermarket, Convenience Store, Drug & Discounter channels
- Value share ahead of volume share

Volume Share vs. Prior Year



Value Share vs. Prior Year



* Including Sendai

Source: Intage, OTC channel, NARTD beverages

OTC Retail Pricing Trends

- Average retail price declined vs. prior year, reflecting market trends
- CCEJ average retail price above market average for both large and small packages, driven by less aggressive promotional activity and selective investment— continuing from the third quarter

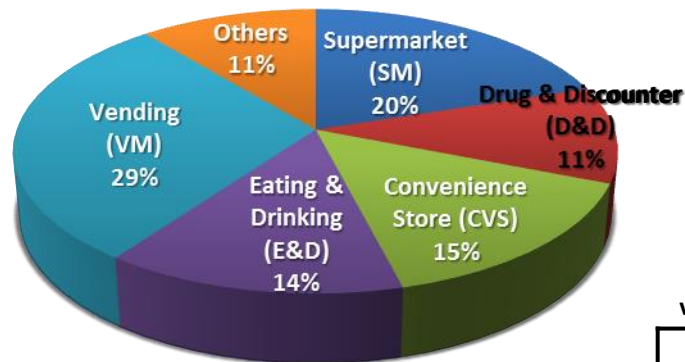
CCEJ OTC Retail Price (As of January 3, 2016)	vs. Prior Year (in Yen)	
	Last 12 Weeks	Full-Year 2015
Large PET	-1.8	-2.2
500ml PET	-1.2	-1.6

CCEJ OTC Retail Price (As of January 3, 2016)	vs. Market Average (in Yen)	
	Last 12 Weeks	Full-Year 2015
Large PET	+11.9	+13.7
500ml PET	+1.2	+0.5

Source: Intage, OTC channel, NARTD beverages



Q4 Volume by Channel (% of total)

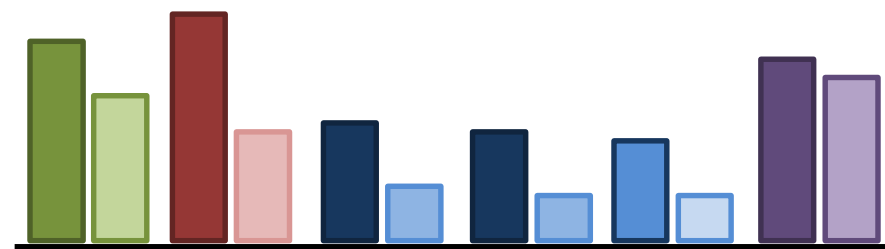


Total Volume, including Sendai
Q4 +14.8%; Full-Year 2015 +8.7%

Q4 Organic Performance Drivers

- Convenience store growth led by water, coffee, teas
- Drug & Discounter grew across categories
- Supermarket recovery driven by tea, water and coffee
- Vending recovery led by Georgia The Premium & new PicOS (“picture of success” column management)
- Eating & Drinking growth led by outlet expansion

Channel Volume Growth Including Sendai



vs. Prior Year	CVS	D&D	Nat'l SM	Local SM	VM	E&D
Q4 2015	+22%	+25%	+13%	+12%	+11%	+20%
FY 2015	+16%	+12%	+6%	+5%	+5%	+18%

* NST (Non-Sugar Tea)

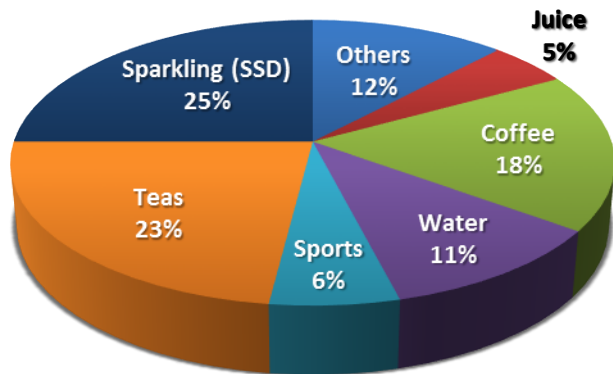
**Organic Volume
Excluding Sendai →**
Q4 +5.1%; Full-Year +1.1%

vs. Prior Year	CVS	D&D	Nat'l SM	Local SM	VM	E&D
Q4 2015	+11%	+11%	-1%	+5%	+1%	+12%
FY 2015	+8%	+2%	-5%	-1%	-3%	+11%

Performance by Category: Driving Value

Coca-Cola East Japan
Q4 & Full-Year 2015

Q4 Volume by Category (% of total)

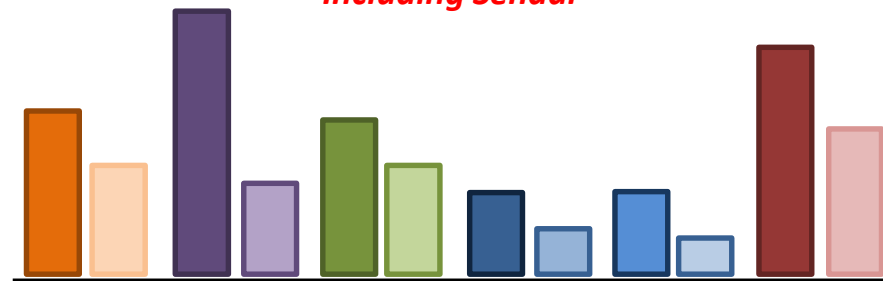


Total Volume, including Sendai
Q4 +14.8%; Full-Year 2015 +8.7%

Q4 Organic Performance Drivers

- Water growth fueled by ilohas momo (peach) launch
- Tea (NST) growth driven by strong momentum of Ayataka
- Coffee led by launch of The Premium & customer-exclusive
- Sparkling soft drink recovery led by E&D and D&D channels
- Juice growth driven by new outlet expansion

Category Volume Growth Including Sendai



vs. Prior Year	NST	Water	Coffee	Sparkling	Sports	Juice
Q4 2015	+18%	+29%	+17%	+9%	+9%	+25%
FY 2015	+12%	+10%	+12%	+5%	+4%	+16%

* NST (Non-Sugar Tea)

**Organic Volume
Excluding Sendai →**
Q4 +5.1%; Full-Year +1.1%

vs. Prior Year	NST	Water	Coffee	SSD	Sports	Juice
Q4 2015	+10%	+17%	+4%	even	-2%	+15%
FY 2015	+6%	+2%	+3%	-2%	-5%	+8%

Full-Year 2015 Financial Results

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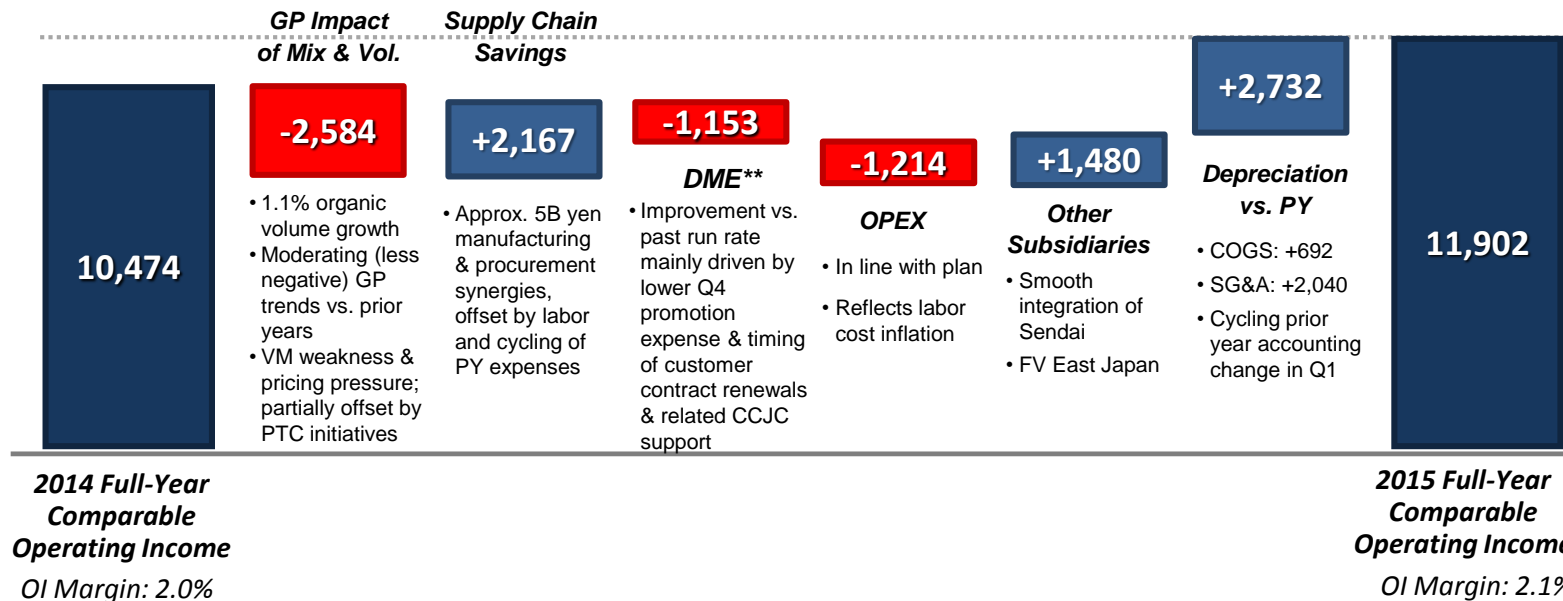
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Drivers of Full-Year Operating Income

Coca-Cola East Japan
Q4 & Full-Year 2015

In MMJPY



*Adjusted for 1,118 million in Full-Year 2014 and 1,111 million in Full-Year 2015 non-recurring expenses

**DME: Direct Marketing Expenses

Full-Year 2015 Results

Coca-Cola East Japan
Q4 & Full-Year 2015

- Volume and revenue growth gain traction in Q4 • Improved gross margin driven by manufacturing and procurement efficiency
- SG&A increase led by marketing investment, logistics, Sendai integration, etc. • Net income increased due to lower effective tax rate versus prior year

Full-Year 2015 Actual in million yen		FY 2015 One-time items	FY 2015 Comparable	FY 2014 Comparable	Vs. PY	
					Diff	%
Sales Volume <i>(BAPC) (,000 cases)</i>	305,951	-	305,951	281,586	+24,365	+8.7
Net Revenue	563,162	-	563,162	523,299	+39,862	+7.6
COGS	302,087	-	302,087	283,963	+18,123	+6.4
Gross Profit	261,075	-	261,075	239,336	+21,739	+9.1
SG&A	250,284	-1,111	249,173	228,861	+20,312	+8.9
Operating Income	10,791	1,111	11,902	10,474	+1,428	+13.6
Profit Before Tax	8,286	2,901	11,187	10,643	+544	+5.1
Net Income	5,354	1,867	7,221	5,975	+1,246	+20.9

*Adjusted for 1,118 million in Full-Year 2014 non-recurring expenses

Note: Full-Year 2014 results include JPY 1,028 million in COGS and JPY 4,545 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: 2014 volume was revised in our Q4 2014 earnings announcement as a result of data and system standardization.

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One+ Roadmap for Growth

Coca-Cola East Japan

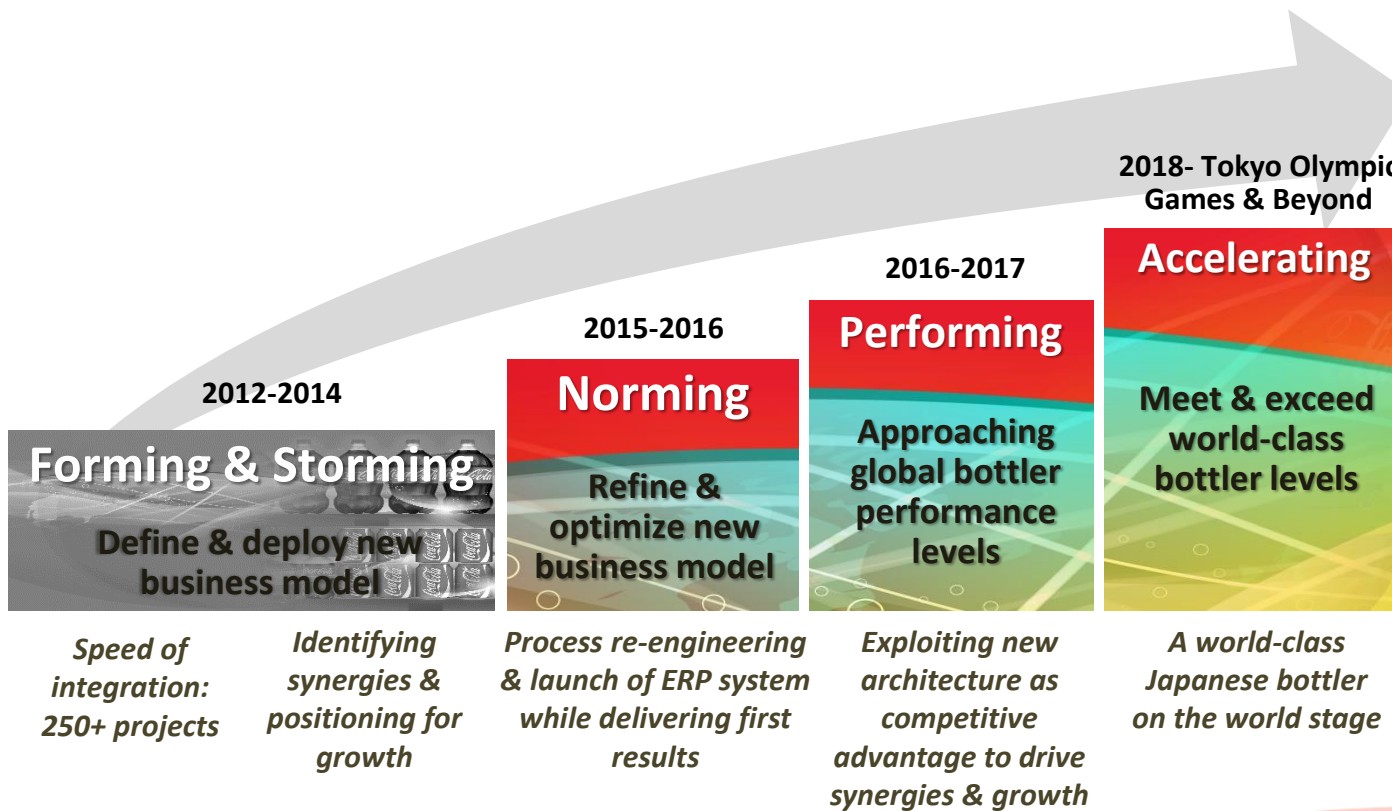
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CCEJ One+ Roadmap for Growth

Coca-Cola East Japan
Q4 & Full-Year 2015

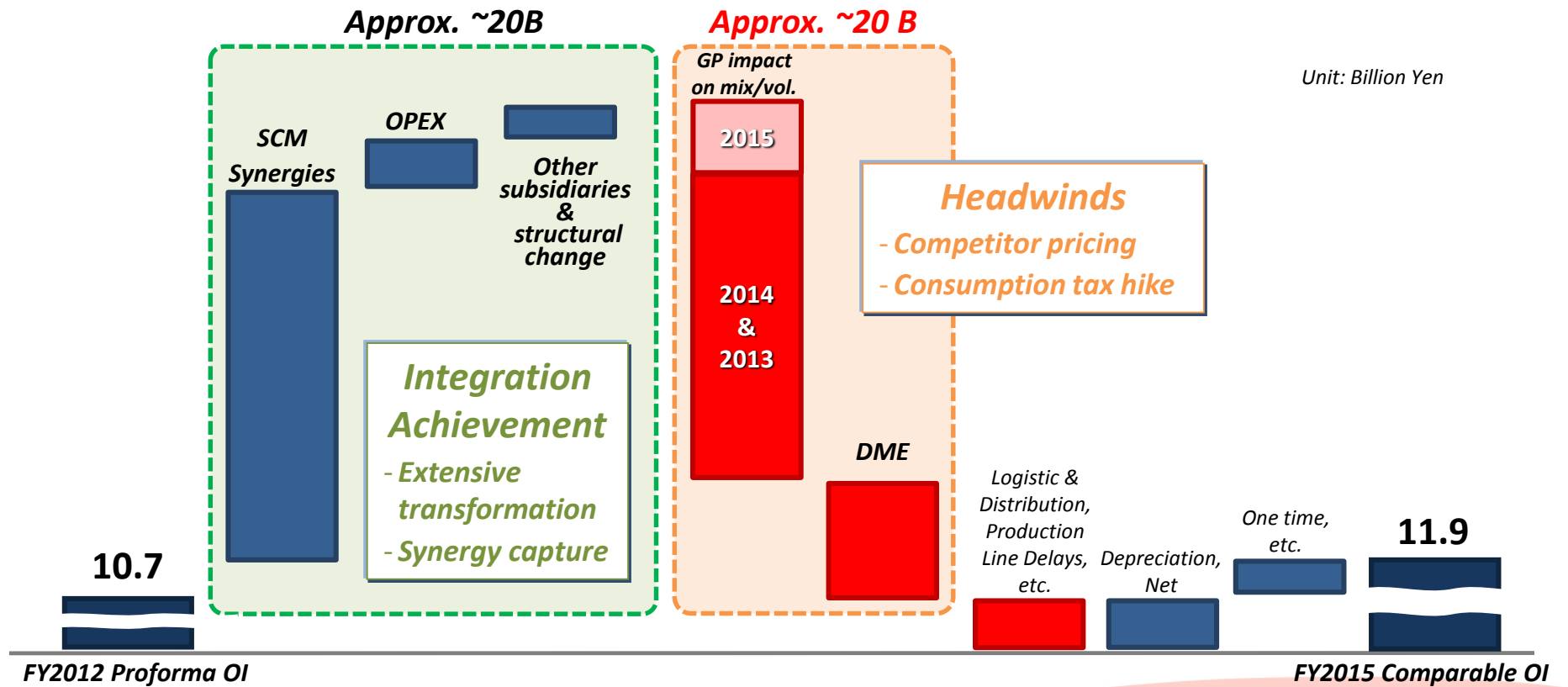


TOKYO 2020



2012 to 2015 Operating Income Drivers

Significant Integration Value Offset by Top Line Erosion



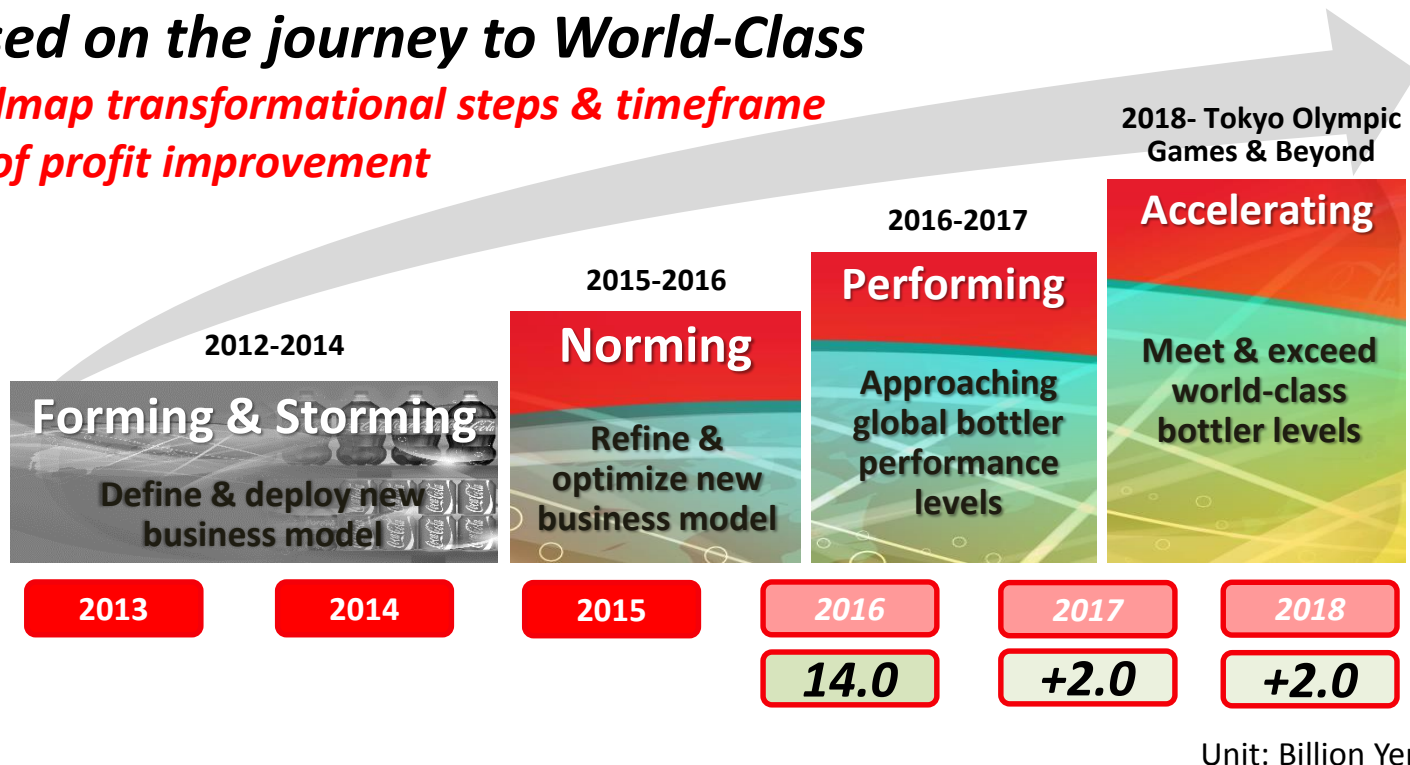
*Numbers are rounded.

One+ Roadmap Progress & Update

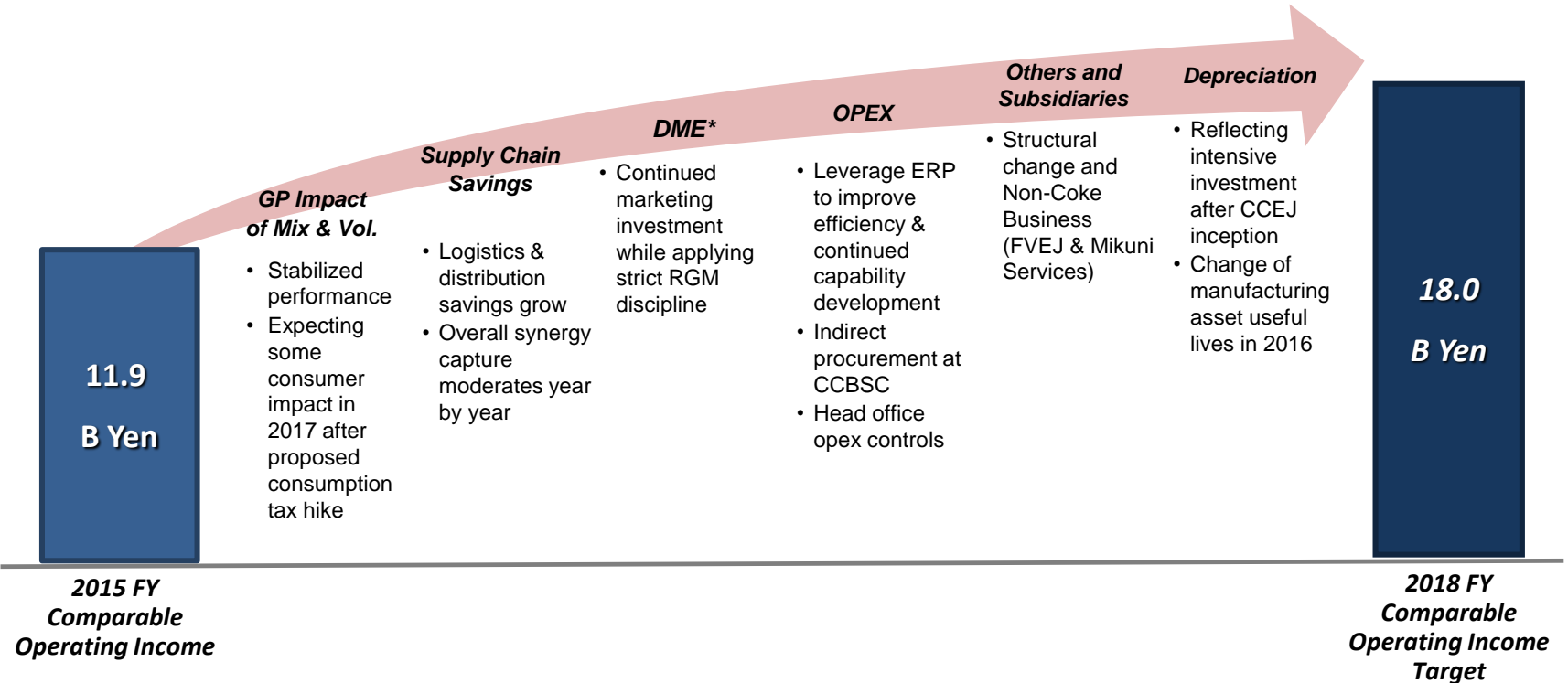
Coca-Cola East Japan
Q4 & Full-Year 2015

Remain focused on the journey to World-Class

- **Maintain Roadmap transformational steps & timeframe**
- **Delayed pace of profit improvement**



2015 to 2018 Operating Income: Continued Synergy Opportunities & Stabilized Top Line



*DME: Direct Marketing Expenses

Reflection on “Day One” Focus Areas

Coca-Cola East Japan
Q4 & Full-Year 2015

Good progress in four out of five focus areas. Revenue growth still a challenge.

Growth

Some progress in 2015 versus past trends



Speed

Unprecedented speed and scope of change



Synergies

Reduce costs and drive efficiency



Infrastructure

Create optimal operating structure



People

Build a world-class, modernized workforce



Full-Year 2016 Outlook

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Full-Year 2016 Plan Overview

Operating Income	14 Billion Yen
Revenue Growth	+1.4%
Operating Income Margin	2.5%

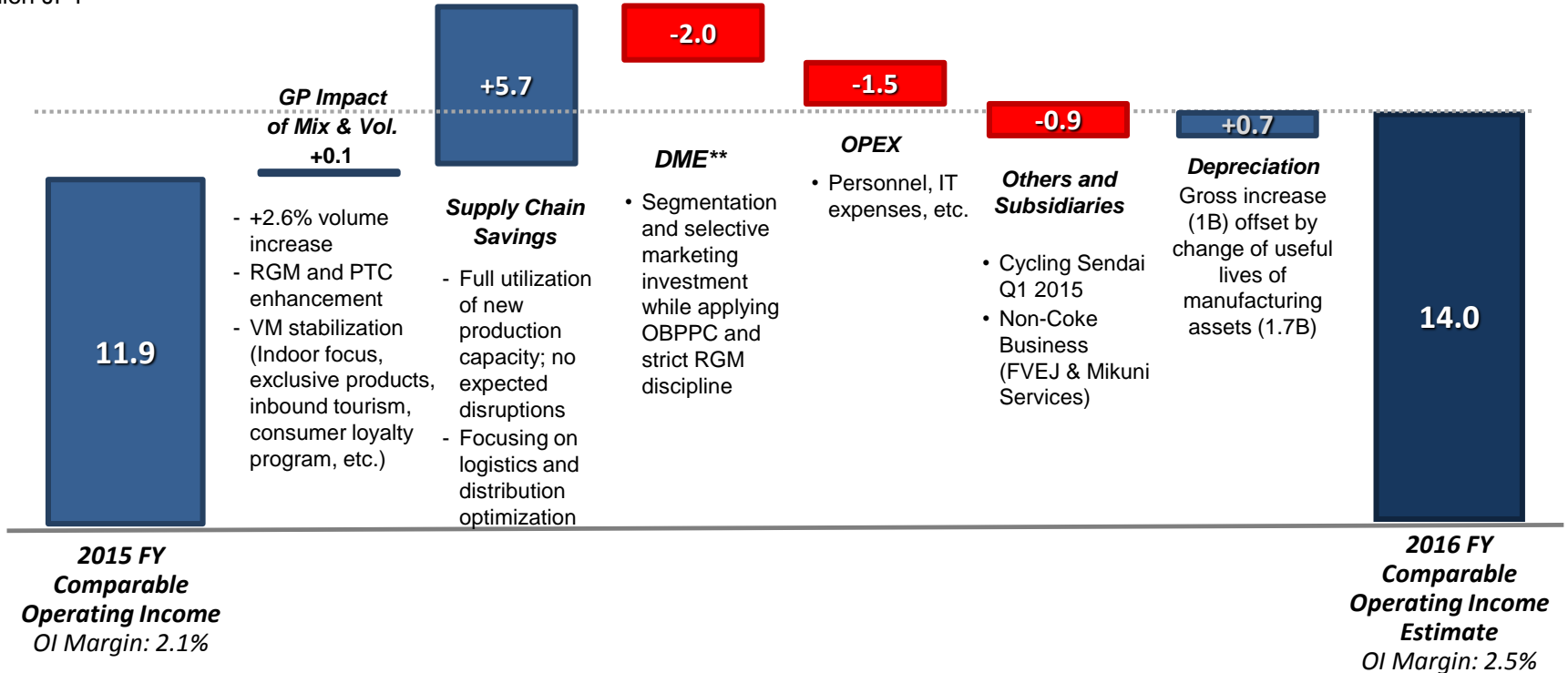
Macro Environment	<ul style="list-style-type: none">• Individual consumption showing weakness• Tailwind for input costs; forex, lower energy and commodity prices, etc.
NARTD Market Environment	<ul style="list-style-type: none">• Flat to negative market growth• Ongoing channel mix shift• Continued pressure on retail pricing
CCEJ Initiatives	<ul style="list-style-type: none">• Manage price/mix, appropriate balance between volume and value• Stabilize profitability in important Vending channel• Focus on revenue growth management (RGM)• Continue to extract supply chain synergies and OPEX savings

FY 2016 Reported Estimate in million yen		FY 2016 One-time Items	FY 2016 Comparable Estimate	FY 2015 Comparable Result	Vs. PY	
					Diff	%
Sales Volume* (BAPC) (,000 cases)	313,893	-	313,893	305,951	+7,942	+2.6
Net Revenue	571,300	-	571,300	563,162	+8,138	+1.4
Gross Profit	271,172	-	271,172	261,075	+10,097	+3.9
Operating Income	14,000	-	14,000	11,902	+2,098	+17.6

Drivers of Full-Year 2016 Operating Income Estimate

Coca-Cola East Japan
Q4 & Full-Year 2015

In billion JPY



* Numbers are rounded

**DME: Direct Marketing Expenses

2016 Major Initiatives by Function

Commercial

- Continued focus on Revenue Growth Management (RGM) through strengthened OBPPC and pricing, terms & conditions
- Holistic review of cost-to-serve structure, including vending
- Segmentation and selective marketing investment, product, SKU deployment

Supply Chain

- ¥5.7 billion net supply chain synergies
- Full utilization of new production capacity
- Shift focus to logistics and distribution optimization

Support Functions

- People development, process standardization, systems stability, performance culture
- OPEX management: review of Corporate overhead
- Leverage phase 1, continue phase 2 of CokeOne+ ERP system development

Focus on Vending

- Segmented and selective investment and PicOS (column management), continue focus on expanding indoors
- Vending-exclusive products
- Deployment of consumer loyalty program using smartphone application
- Appeal to inbound tourism



280ml VM exclusive



Multi-language explanation of machine operation and products

Sparkling

Coca-Cola Global Campaign
"Taste The Feeling"



Largest ever sampling of Coke and Coke Zero



Canada Dry
Renewal



Schweppes
Grape Sparkling



Georgia, Tea, Water, etc.

Georgia Deep
Impact launch



Karadasukoyakacha W
(FOSHU tea)
Renewal



Kocha Kaden
Cherry
Royal Milk Tea



Hina-matsuri (Girls' Festival)
Promotion



Tsumugi
Oolong Tea
Renewal



✓ **Quarterly profit phasing**

Majority of full-year Operating Income generated in third quarter

✓ **Capital Expenditure**

Cold drink equipment, fleet, plant & equipment, etc., including shift of some projects from 2015 to 2016

✓ **Depreciation**

2016 plan reflects change of the useful life of machinery and equipment for manufacturing to a range of 7 to 20 years from 10 years, which more realistically reflects the estimated useful lives of these assets. As a result of this change, FY2016 forecast includes 1.7 billion yen benefit of depreciation expenses.

Unit: Billion JPY	Capex	
	2015 Actual	2016 Plan
COGS Capitalized	7.3	31.2
SG&A Capitalized	29.9	25.3
TOTAL	37.2	56.5

Depreciation	
2015 Actual	2016 Plan
7.3	6.8
16.5	17.2
23.8	24.0

Note

- Capex includes assets under construction.
- Sendai consolidated from Q2 2015. As a result, 2015 actual doesn't include Q1 of Sendai.

Wrap-Up

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Maintain Roadmap transformational steps & timeframe, focusing on growth

Growth

Stabilizing in 2016, more rational pricing

Speed

Unprecedented speed and scope of change

Synergies

Reduce costs and drive efficiency

Infrastructure

Create optimal operating structure

People

Build a world-class, modernized workforce

APPENDIX

Coca-Cola East Japan

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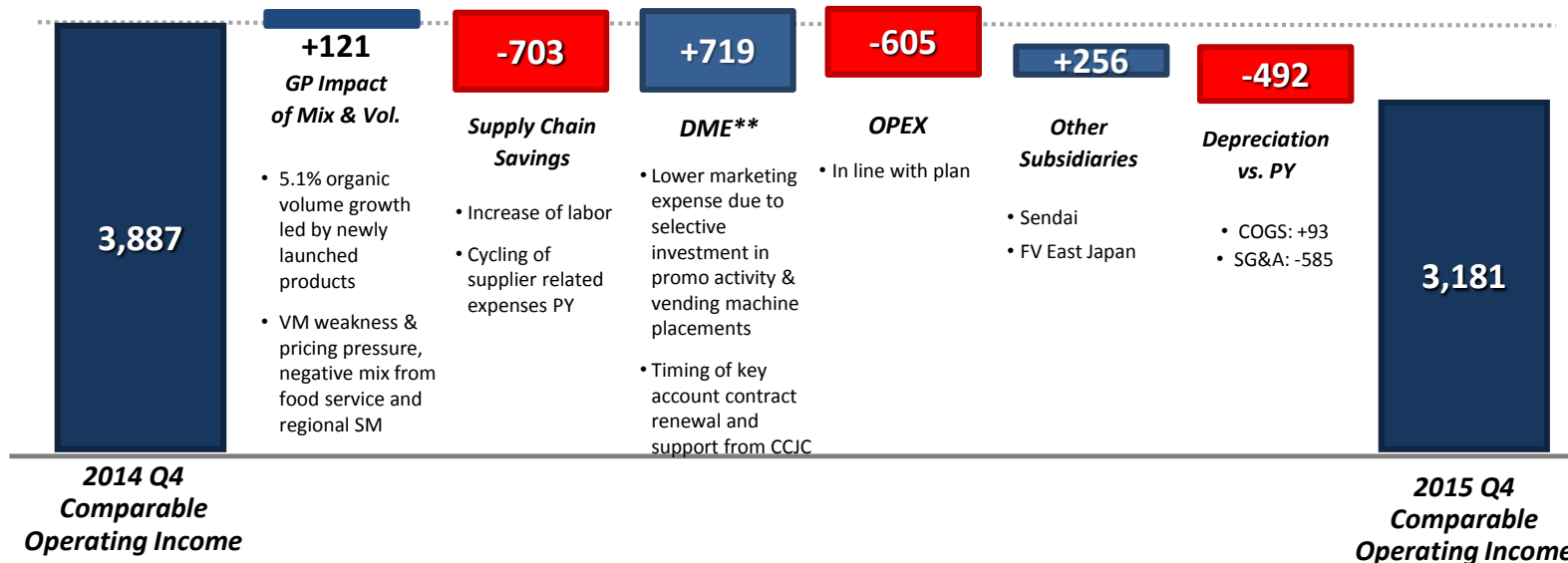
100 YEARS OF THE

COCA-COLA BOTTLE

Drivers of Fourth Quarter Operating Income

Coca-Cola East Japan
Q4 & Full-Year 2015

In MM JPY



*Adjusted for 263 million in Q4 2014 and 81 million in Q4 2015 non-recurring expenses

**DME: Direct Marketing Expenses

Fourth Quarter 2015 Results

Coca-Cola East Japan
Q4 & Full-Year 2015



- Gross profit margin slightly down due to increase of labor and cycling of PY
- SG&A increase led by logistics & distribution, depreciation, Sendai integration, etc.
- Taxes increased due to recalculation of securities sold and change of deferred tax asset treatment, etc.

2015 Q4 Actual in million yen		2015 Q4 One-time items	2015 Q4 Comparable	2014 Q4 Comparable	Vs. PY	
					Diff	%
Sales Volume <i>(BAPC) (,000 cases)</i>	75,373	-	75,373	65,663	+9,710	+14.8
Net Revenue	137,632	-	137,632	122,698	14,934	+12.2
COGS	74,089	-	74,089	64,809	9,280	+14.3
Gross Profit	63,543	-	63,543	57,889	5,653	+9.8
SG&A	60,441	-81	60,360	54,002	6,357	+11.8
Operating Income	3,102	81	3,183	3,887	-704	-18.1
Profit Before Tax	2,384	168	2,551	3,854	-1,303	-33.8
Net Income	1,174	108	1,281	2,619	-1,338	-51.1

BAPC (Bottler Actual Physical Cases)

*Adjusted for 263 million in Q4 2014 non-recurring expenses

Note: 2014 volume was revised in our Q4 2014 earnings announcement as a result of data and system standardization.

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 IBS Co., Ltd. (CCIBS)	Providing business consulting services, as well as developing and maintaining the information systems to support Coca-Cola System companies in Japan. Jointly owned by The Coca-Cola Company and all the bottlers in Japan.
Coca-Cola Business Sourcing Co., Ltd. (CCBSC)	Providing joint procurement of raw materials, packaging, equipment, indirect material, etc., for Coca-Cola System companies in Japan. 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.
PicOS	Abbreviation of Picture of Success , which outlines standards and example for making ideal market place execution and market place activities including product deployment, CDE and advertisement placement, vending machine faces and column management, etc.
RTM	Abbreviation of Route-to-Market . A framework, a process, a philosophy, a proven approach for driving profitable growth.

THANK YOU

Coca-Cola East Japan
Q4 & Full-Year 2015 Earnings Call
February 15, 2016

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