



# **First Quarter 2007 Results Presentation**

**April 26, 2007**

**Coca-Cola West Holdings (2579)**

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# Contents

## I . 1Q Results

- 1Q Highlight
- 1Q Consolidated Profit Change Factors

## II . 2Q Business Plan

- 2Q Performance Projections
- 2Q Consolidated Profit Change Factors
- 2Q Brand Strategy
- 2Q Channel Strategy
- 2Q Scenario for Achieving Sales Volume
- Performance Projections for the fiscal 2007

## III . Management Integration

- Purpose of the integration with Kinki CCBC
- Initiatives following the integration
- Market information following the integration

- Capital and Business Alliance with Minami Kyushu CCBC
- Results of Minami Kyushu CCBC
- Combined scale of operation
- Positioning of bottlers in the world
- The way of thinking about CCNBC

### [Reference]

- OTC Market Share (exclude vending machine)
- By Brand/Channel :
  - Sales Volume/Revenue/Gross Profit on Sales Composition Ratio
- Overview of Group Companies
- Performance Trend (Consolidated)
- Financial Data
- Our Group Companies–Principal Business
- Coca–Cola System in Japan
- Coca–Cola Related Companies and Their Role
- Minami Kyushu CCBC group data
- Glossary

# Summary

## 1. 1Q Highlight

- ① Sales volume : vs. plan +0.6%, vs. last year +1.7%, solid growth since 4Q 2006
  - Strong growth in core brand and priority brand
  - Brisk sales of Kinki CCBC
- ② Accomplish 1Q plan, and fairly good start to the medium-term management plan

## 2. 2Q Business Plan

- ① Launch new products focused on core brand
- ② Improve volume per machine and profitability due to the removal of machines with low sales, and enhance proposal-based sales initiatives toward increase the number of installed machines in summer

## 3. Management Integration

- ① Start works made through corporation with TCCC/CCJC in full swing
  - Holding of management meetings and marketing forum
  - Start cooperation marketing
- ② Capital/Business alliance with Minami Kyushu CCBC
  - Improve more dominant competitive edge by uniting the Kyushu region
  - Gain ground as a leading bottler in Japan, and more strengthening of partnership with TCCC/CCJC
- ③ Future relationship with CCNBC
  - Response as a regional bottler

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# I . 1Q Results

# 1Q Highlight (Jan-Mar) – Sales Volume

➤ Solid growth since 4Q 2006

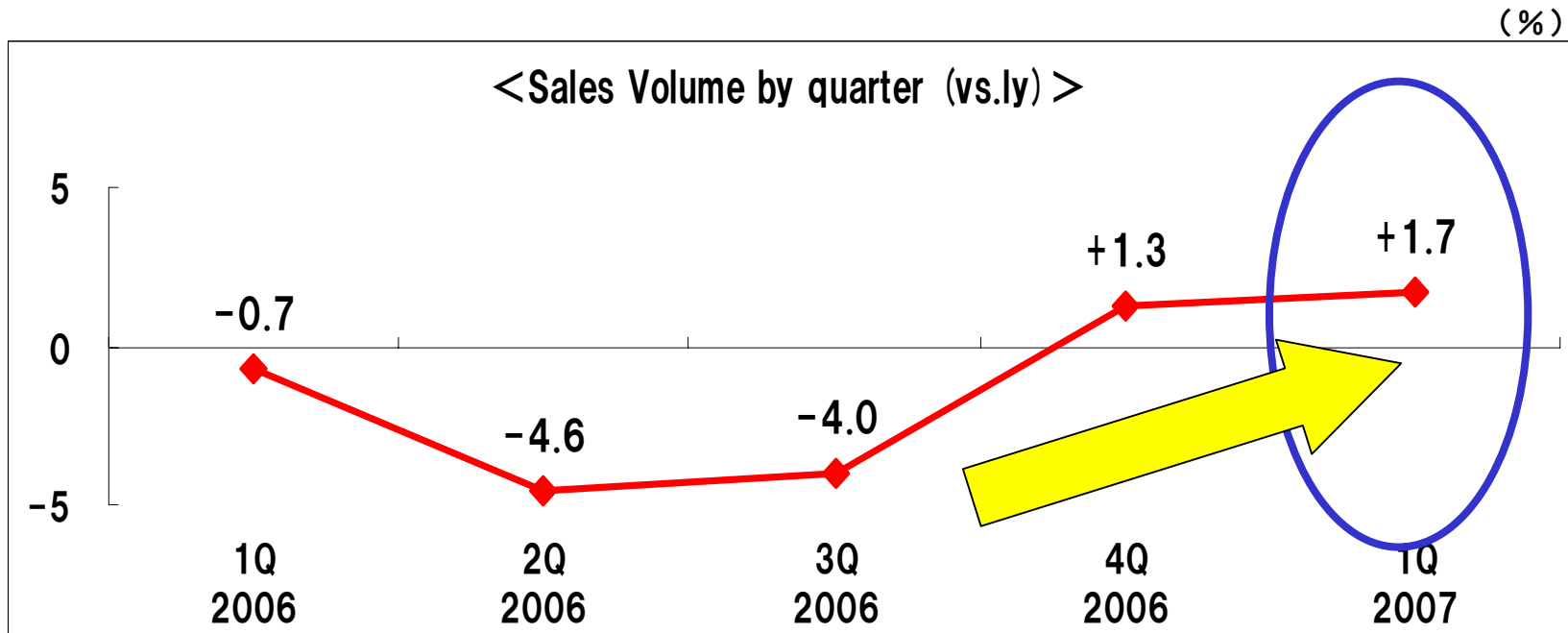
➤ Sales Volume : vs. plan +0.6%, vs. ly +1.7%

(thousand cases except %)

	2006 actual ※1	2007					
		plan ※2	actual	vs.plan		vs.ly	
				change	%	change	%
1Q	38,463	38,865	39,104	+239	+0.6	+641	+1.7

※1 The actual figure is the total of CCWJ, Kinki CCBC, Mikasa CCBC actual.

※2 The above plan is based on the performance forecast announced as of Feb 7, 2007.



# 1Q Highlight (Jan-Mar) – Brand

## Actual sales volume by brand

(thousand cases except %)

		1Q 2007				
		actual	vs.plan		vs.ly	
			change	%	change	%
C o r e	Coca-Cola	2,857	+132	+4.9	+93	+3.4
	Georgia	10,776	+66	+0.6	+105	+1.0
	Soukenbicha	2,893	+270	+10.3	+223	+8.4
	Aquarius	2,876	+107	+3.9	+303	+11.8
	Priority	2,146	+122	+6.0	+710	+49.5
	Complement	5,563	-614	-9.9	-544	-8.9
	Other	11,992	+156	+1.3	-249	-2.0
	<b>Total</b>	<b>39,104</b>	<b>+239</b>	<b>+0.6</b>	<b>+641</b>	<b>+1.7</b>

※ The actual figure is the total of CCWJ, Kinki CCBC, Mikasa CCBC actual.

\*Priority brand : Sprite, Karada Meguricha, Mineral Water, Minute Maid

\*Complement brand : Hajime, Fanta, Qoo, Koucha Kaden, Canada Dry, Hung Oolong Tea

## Review

<Core brand>

### ■Coca-Cola TM

- Maximize the exposure of new campaign, “the Coke side of life” which has started from Jan. 29
- Double-digit sales volume growth in Diet Coca-Cola (vs.ly:+10.0%)

### ■Georgia

- Continued to show sequential improvement (+1.0%)
  - Renewed focus on core flavors
  - Success of new products, especially “Georgia café espresso” (4Q 06:-19.9% ⇒ 1Q 07:+83.1%)
  - Success of the new marketing campaign

### ■Soukenbicha

- Double-digit sales volume growth due to new campaign “Because Beauty Comes From Within” (vs.ly:+8.4%)
- Brisk sale of seasonal flavor “Oriental Style”

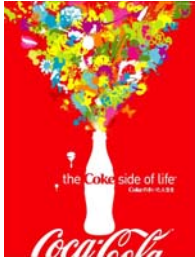
### ■Aquarius

- Double-digit sales volume growth by launch “Vitamin Guard” (vs.ly : +11.8%)

<Priority brand>

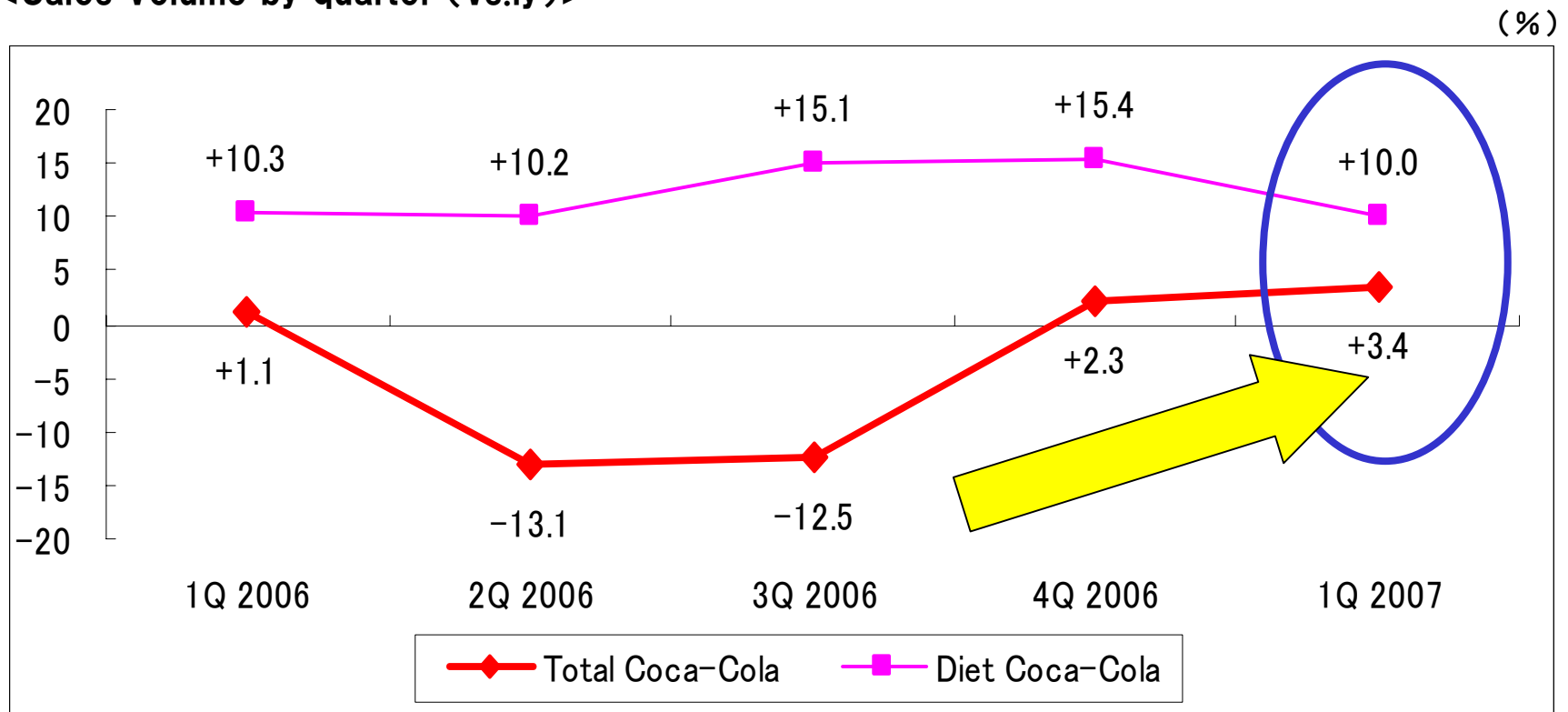
- Double-digit sales volume growth by re-launch Sprite (vs.ly : +125.9%)

# 1Q Highlight (Jan-Mar) — Coca-Cola



- Continued to show sequential improvement
- Double-digit sales volume growth in Diet Coca-Cola

<Sales Volume by quarter (vs.ly)>

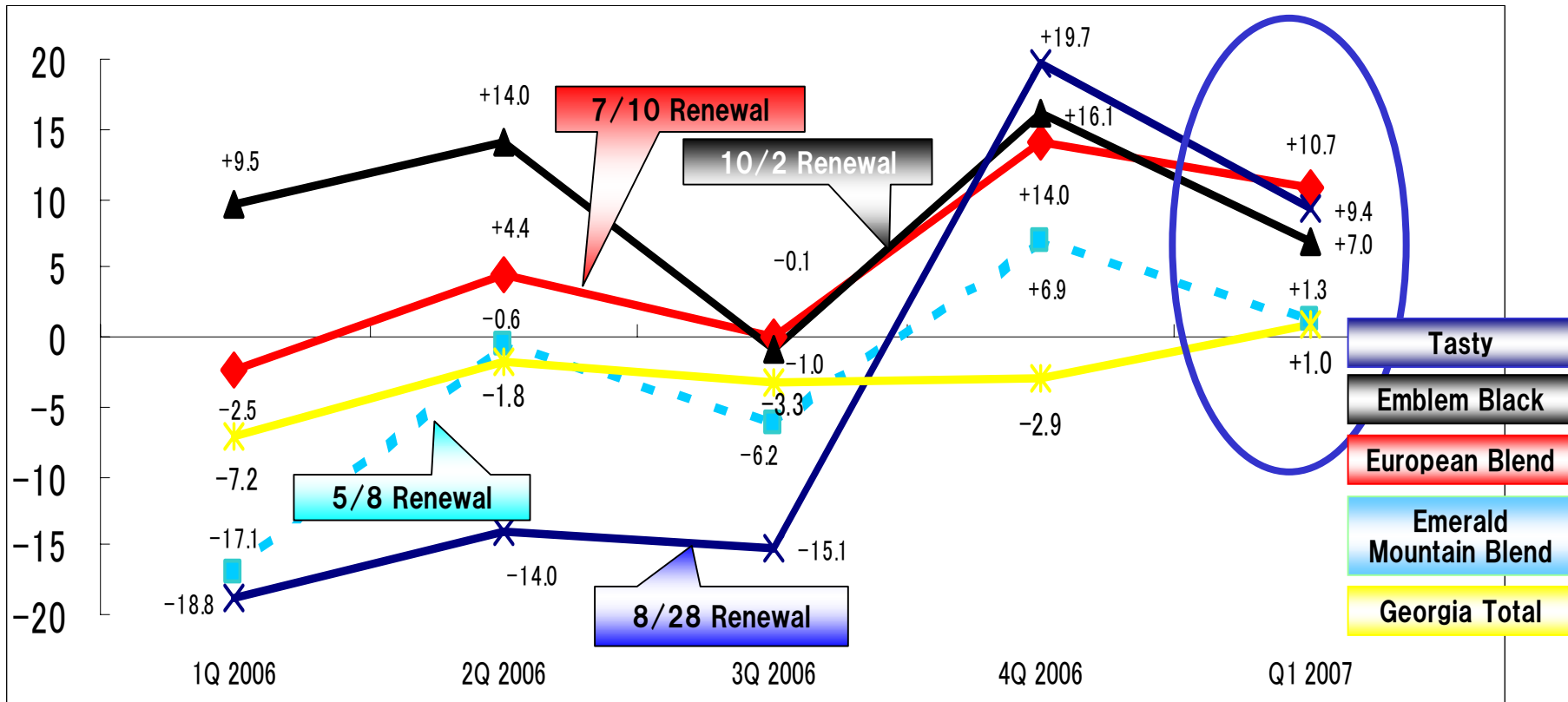


# 1Q Highlight (Jan-Mar) — Georgia



- Continued to show sequential improvement in total Georgia sales volume (+1.0%)
- Continued to show strong growth in core flavor which accounts for around 60% of total Georgia sales volume

<Core flavor sales volume by quarter (vs.ly) >





# 1Q Highlight (Jan-Mar) – Channel

## Actual sales volume by brand

(thousand cases except %)

1Q 2007

	1Q 2007				
	actual	vs.plan		vs.ly	
		change	%	change	%
Vending	13,235	+32	+0.2	-49	-0.4
Chain Store	7,114	+124	+1.8	+515	+7.8
CVS	4,414	+42	+1.0	+179	+4.2
Retail	4,936	-151	-3.0	-455	-8.4
Food Service	3,801	+185	+5.1	+207	+5.8
Distributor	344	+7	+2.1	+2	+0.7
Other	5,259	+1	+0.0	+242	+4.8
<b>Total</b>	<b>39,104</b>	<b>+239</b>	<b>+0.6</b>	<b>+641</b>	<b>+1.7</b>

※ 2006 actual is the total of CCWJ, Kinki CCBC, Mikasa CCBC 2006 actual.

\*CCWJ/NNB enterprise adjustment :  
transferred CCWJ's cup machines to NNB  
transferred NNB's Coca-Cola vending machines to CCWJ  
(Sales volume of NNB is accounted in 'Other' section)

## Review

<Sales volume by area (vs.ly) > (%)

	CCWJ	Kinki	Mikasa
Vending	-2.0	+1.4	-0.1
Chain Store	+4.3	+12.9	+4.6

When the influence accompanying CCWJ/NNB enterprise adjustment (\*) is removed,  
CCWH Vending (vs.ly) : +3.0%  
CCWJ Vending (vs.ly) : +5.0%

### ■ Vending

- CCWJ : Improve VM with low sales (7,500 VMs)  
Retired:2,000 VMs, Installed:5,500 VMs
- Kinki : Prevention of the removal of VMs
- Mikasa : Formulate optimum products line-up

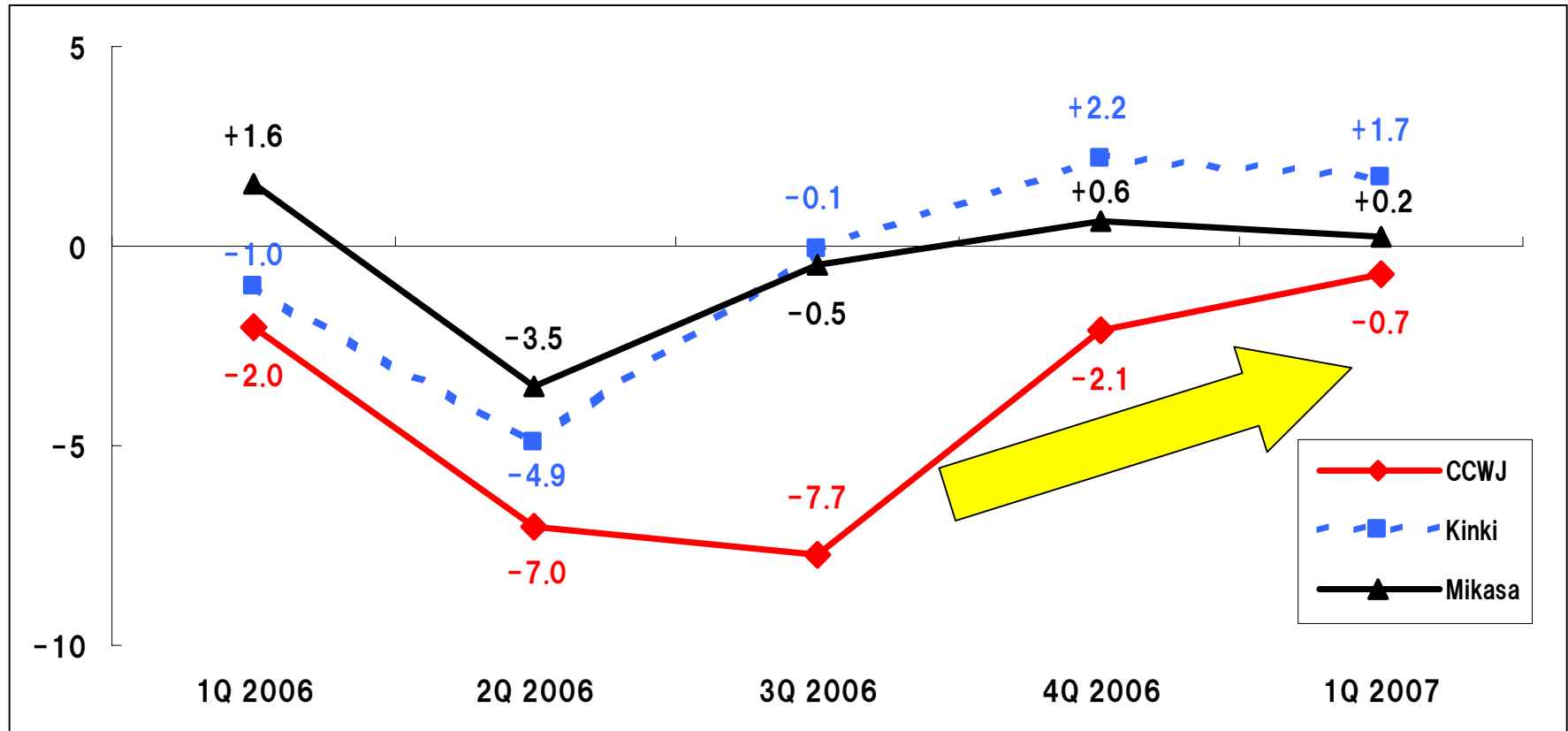
### ■ Chain Store

- CCWJ : Revitalization of core brand by responding to consumer with customers
- Kinki : Expand stable items by reinforcing customer management
- Mikasa : Deliver 500ml sized PET products as much as possible

# 1Q Highlight (Jan-Mar) — Volume Per Machine (VPM)

<VPM by area (vs.ly) >

(%)



# 1Q Highlight (Jan-Mar) – Consolidated P&L

➤ Revenues : vs.plan +803 MM JPY (+0.9%), vs.ly +38,182 MM JPY (+73.8%)

➤ Operating Income : vs.plan +530 MM JPY (+106.1%), vs.ly +412 MM JPY (-28.6%)

(million yen except %)

	1Q 2006 actual ※1	1Q 2007					
		plan ※2	actual	vs.plan		vs.ly	
				change	%	change	%
Revenues	51,720	89,100	89,903	803	0.9	38,182	73.8
Cost of goods sold	28,453	49,900	50,804	904	1.8	22,351	78.6
Gross profit	23,267	39,200	39,098	-101	-0.3	15,830	68.0
SG&A	21,824	38,700	38,067	-632	-1.6	16,243	74.4
Operating income	1,442	500	1,030	530	106.1	-412	-28.6
Non-operating income	320	400	465	65	16.4	144	45.1
Non-operating expenses	179	200	240	40	20.2	60	33.8
Recurring income	1,583	700	1,255	555	79.4	-328	-20.7
Extraordinary income	-	200	217	17	9.0	217	-
Extraordinary losses	-	50	35	-14	-29.9	35	-
Income before income taxes, minority interests	1,583	850	1,438	588	69.2	-145	-9.2
Income taxes	756	350	655	305	87.4	-100	-13.3
Minority interests	-65	-	1	1	-	67	-
Net income	892	500	780	280	56.1	-112	-12.6

※1 The above actual figure is ex-CCWJ group's (consolidated) actual.

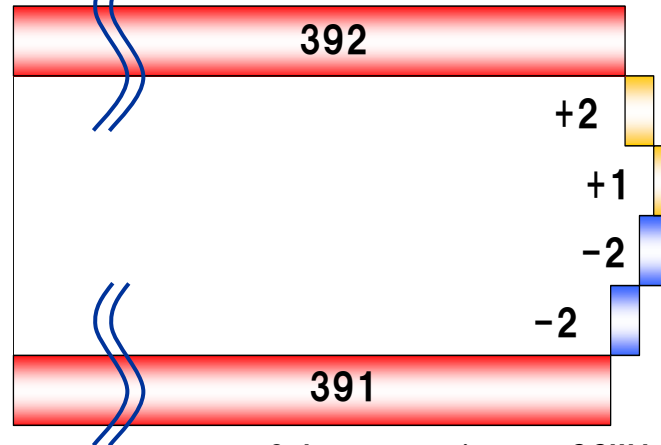
※2 The above plan is based on the performance forecast announced as of Feb 7, 2007.

# 1Q Consolidated Profit Changes Factors (vs.plan)

## <Gross Profit>

(in 100 million yen)

2007 1Q gross profit plan  
 Impact from sales companies (\*)  
 Sales volume increase  
 Increase in profit from toll fee  
 Impact from sales companies (\*)  
 Decrease by sales mix  
 Other  
 2007 1Q Gross profit actual



**Vs. plan : -100 million yen**

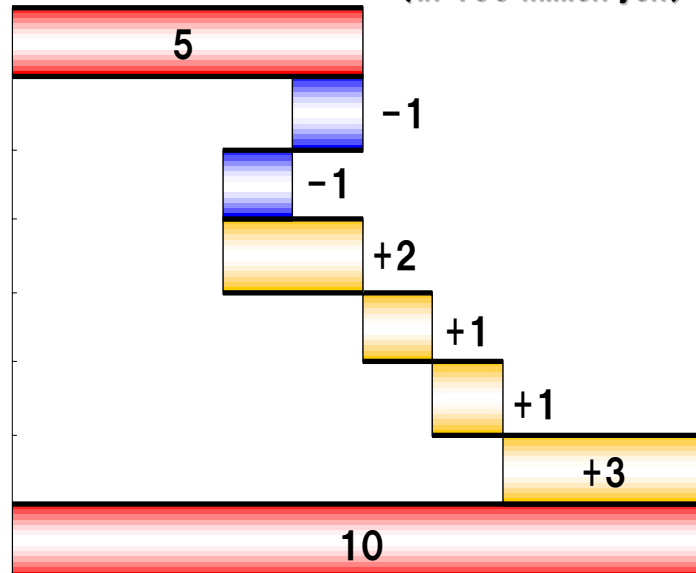
- \* Main factors for profit increase
  - Sales volume 200 million yen
  - Toll fee 100 million yen
- \* Main factors for profit decrease
  - Sales mix -200 million yen

\* Sales companies are CCWJ, Kinki CCBC, and Mikasa CCBC.

## <Operating Income>

(in 100 million yen)

2007 1Q Operating income plan  
 Decrease of gross profit  
 Decrease in sales commission  
 Increase in advertising cost  
 Decrease of repair cost  
 Decrease supplies expenses  
 Decrease of other  
 2007 1Q Operating income actual

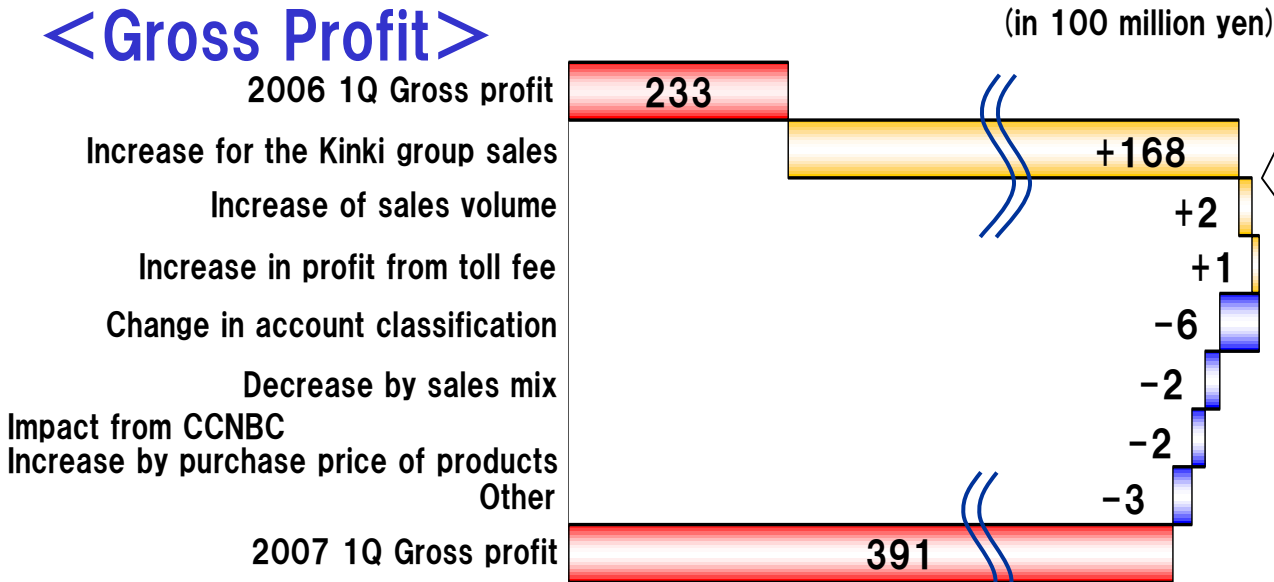


**Vs. plan : 500 million yen**

- \* Main factors for decrease
  - Decrease of gross profit -100 million yen
  - Increase of sales commission -100 million yen
- \* Main factors for increase
  - Decrease of advertising cost 200 million yen
  - Decrease of repair cost 100 million yen
  - Decrease of supplies expenses 100 million yen

# 1Q Consolidated Profit Changes (vs.1y)

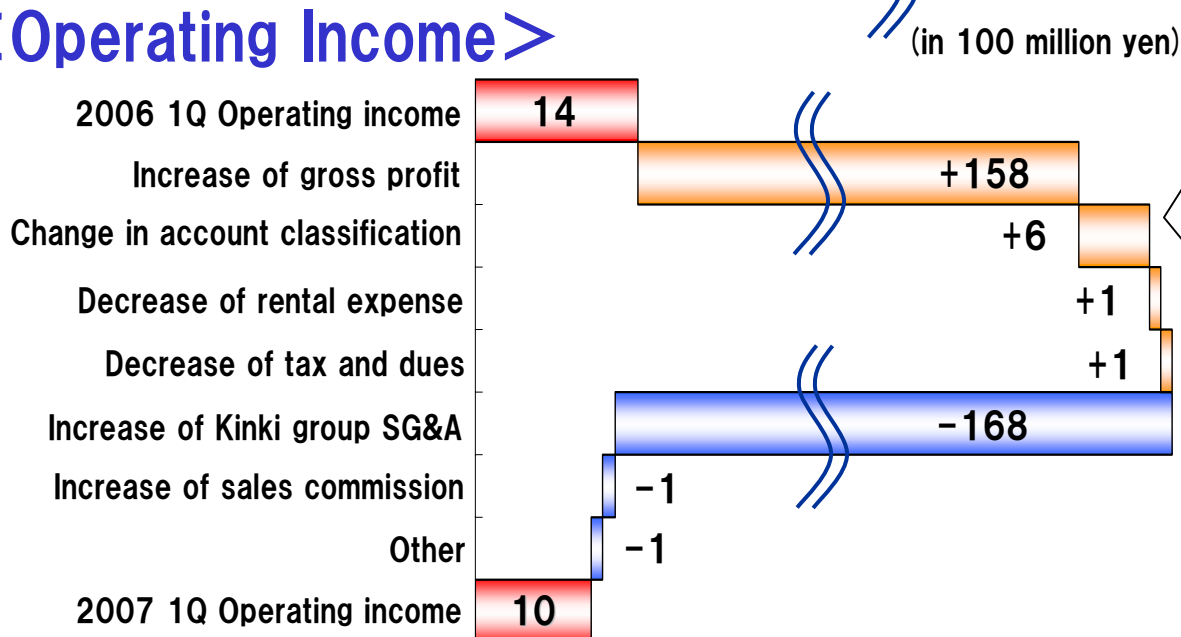
## <Gross Profit>



Vs. last year : +15,800 million yen

- \* Main factors for increase
  - Increase of Kinki group 16,800 million yen
  - Increase of sales volume 200 million yen
  - Increase in profit from toll fee 100 million yen
- \* Main factors for decrease
  - Change in account classification -600 million yen
  - Sales mix -200 million yen
  - Impact from CCNBC -200 million yen
  - Increase by purchase price -200 million yen

## <Operating Income>



Vs. last year : -400 million yen

- \* Main factors for increase
  - Increase of gross profit 15,800 million yen
  - Change in account classification 600 million yen
  - Decrease of rental expense 100 million yen
  - Decrease of tax and dues 100 million yen
- \* Main factors for decrease
  - Kinki group SG&A -16,800 million yen
  - Increase of sales commission -100 million yen

## <Consolidated P/L>

(million yen except %)

	1Q 2006 actual ※	1Q 2007		
		actual	vs.ly	
			change	%
Revenues	89,234	89,903	669	0.7
Cost of goods sold	49,715	50,804	1,089	2.2
Gross profit	39,518	39,098	-420	-1.1
SG&A	38,214	38,067	-146	-0.4
Operating income	1,303	1,030	-273	-21.0
Non-operating income	491	465	-26	-5.3
Non-operating expenses	381	240	-141	-37.0
Recurring income	1,414	1,255	-158	-11.2
Extraordinary income	3	217	214	-
Extraordinary losses	192	35	-157	-81.8
Income before income taxes, minority interests	1,224	1,438	213	17.4
Income taxes	715	655	-59	-8.4
Minority interests	2	1	0	-
Net income	506	780	273	54.0

※ The above actual figure is ex-CCWJ group's (consolidated) actual.

# Reference: 1Q Results – Consolidated Profit Changes Factors (vs.ly)

In case of adding ex-Kinki group's actual

## <Gross Profit>

(in 100 million yen)

2006 1Q Gross profit

395

Increase of sales volume

+6

Decrease by sales mix

-5

Impact from CCNBC

Increase by purchase price of products

-2

Other

-3

2007 1Q Gross profit

391

Vs. last year : -400 million yen

- \* Main factors for increase
  - Increase of sales volume 600 million yen
- \* Main factors for decrease
  - Sales mix -500 million yen
  - Impact from CCNBC
  - Increase by purchase price of products -300 million yen

## <Operating Income>

(in 100 million yen)

2006 1Q Operating income

13

Increase of gross profit

-4

Increase of sales commission

-2

Decrease of rental expense

+2

Decrease of tax and dues

+1

2007 1Q Operating income

10

Vs. last year : -300 million yen

- \* Main factors for decrease
  - Increase of gross profit -400 million yen
  - Increase of sales commission -200 million yen
- \* Main factors for increase
  - Decrease of rental expense 200 million yen
  - Decrease of tax and dues 100 million yen

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## II. 2Q Business Plan



# 2Q Performance Projections

## <Sales Volume Plan>

(thousand cases except %)

	2Q 2006 actual※	2Q 2007		
		total	change	%
<b>CCWH</b>	<b>46,368</b>	<b>48,021</b>	<b>1,654</b>	<b>+3.6</b>

※ 2006 actual is the total of CCWJ, Kinki CCBC and Mikasa CCBC 2006 actual.

## <Consolidated P/L>

(million yen except %)

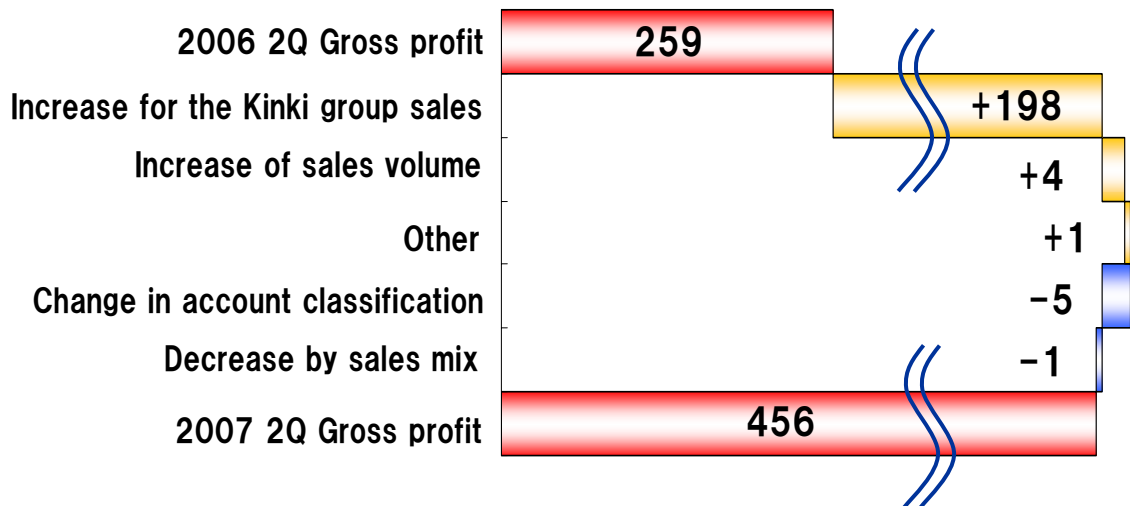
	2Q 2006 actual※	2Q 2007		
		plan	change	%
<b>Revenues</b>	<b>59,972</b>	<b>106,400</b>	<b>46,428</b>	<b>77.4</b>
<b>Operating income</b>	<b>1,687</b>	<b>3,800</b>	<b>2,113</b>	<b>125.3</b>
<b>Recurring income</b>	<b>1,880</b>	<b>4,000</b>	<b>2,120</b>	<b>112.8</b>
<b>Net income</b>	<b>837</b>	<b>2,200</b>	<b>1,363</b>	<b>162.8</b>

※ 2006 actual is CCWH consolidated P/L.  
(Ex-CCWJ consolidated P/L (1H) +CCWH consolidated P/L (2H))

# 2Q Consolidated Profit Factors (vs.ly)

## <Gross Profit>

(in 100 million yen)

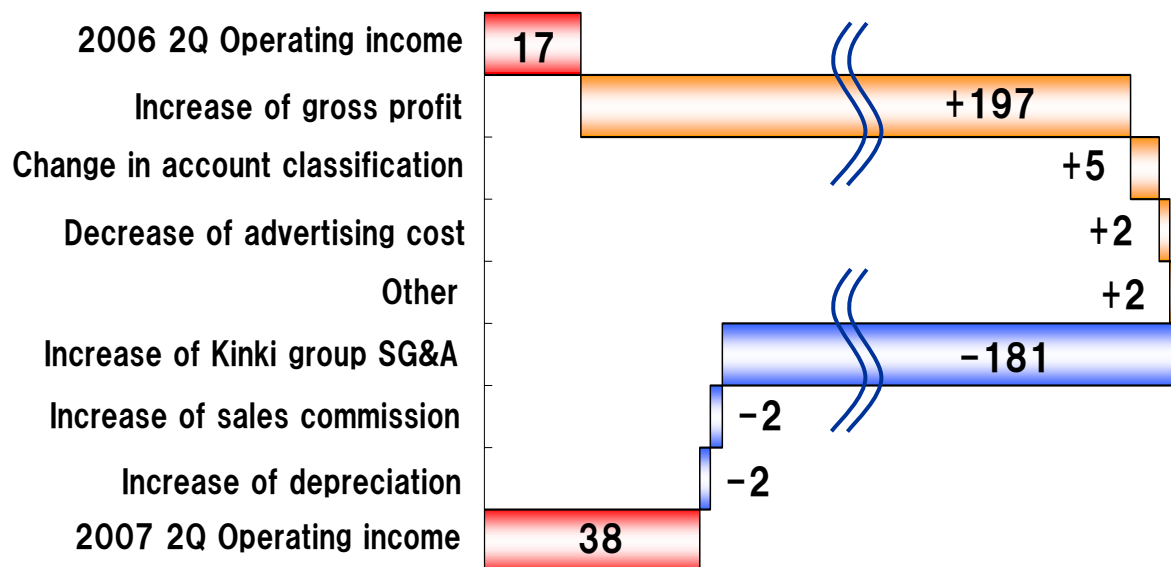


Vs. last year : +19,700 million yen

- \* Main factors for increase
  - Increase of Kinki group 19,800 million yen
  - Increase of sales volume 400 million yen
- \* Main factors for decrease
  - Change in account classification -500 million yen
  - Sales mix -100 million yen

## <Operating Income>

(in 100 million yen)



Vs. last year : +2,100 million yen

- \* Main factors for increase
  - Increase of gross profit 19,700 million yen
  - Change in account classification 500 million yen
  - Decrease of advertising cost 200 million yen
- \* Main factors for decrease
  - Kinki group SG&A -18,100 million yen
  - Increase of sales commission -200 million yen
  - Increase of depreciation -200 million yen

## <Consolidated P/L>

(million yen except %)

	2Q 2006 actual※	2Q 2007		
		plan	change	%
Revenues	103,860	106,400	2,539	2.4
Operating income	2,432	3,800	1,367	56.2
Recurring income	2,624	4,000	1,375	52.4
Net income	513	2,200	1,686	328.5

※ 2006 actual is CCWH consolidated P/L.  
(Ex-CCWJ consolidated P/L (1H) + CCWH consolidated P/L (2H))

# 2Q Brand Strategy

## Sales Volume Plan

(thousand cases except %)

		2Q 2006 actual※	2Q 2007		
			plan	vs.ly	
				change	%
C o r e	Coca-Cola	4,007	4,137	130	+3.2
	Georgia	10,453	10,972	519	+5.0
	Soukenbicha	3,768	3,891	123	+3.3
	Aquarius	5,127	5,410	283	+5.5
Priority		2,545	3,254	709	+27.8
Complement		7,261	7,243	-18	-0.3
Other		13,207	13,115	-91	-0.7
Total		46,368	48,021	1,654	+3.6

※ 2006 actual is the total of CCWJ, Kinki CCBC, Mikasa CCBC 2006 actual.

\*Priority brand : Sprite, Karada Meguricha, Mineral Water, Minute Maid

\*Complement brand : Hajime, Fanta, Qoo, Koucha Kaden, Canada Dry, Hung Oolong Tea

## Activity Points

➤ Focused on core brand and aim to further boost sales volume and market share with introducing new products.

### <Core brands>

#### ■ Coca-Cola TM

1. Increasing consumer by 3 color strategy
  - Red (Coca-Cola) : man & woman, age of 16~24
  - Silver (No Calorie Coca-Cola) : woman, 25+
  - Black (Coca-Cola Zero) : man, 25+

#### ■ Georgia

1. Introduce new products exclusively at CCW region.
2. Continue new way of sales promotion
  - Four-flame cartoon on mobile phone
  - Golden Japanese fan

#### ■ Soukenbicha

1. Increase the consumer base in woman with introducing seasonal flavor

#### ■ Aquarius

1. Introducing new products (soothing effect)

# 2Q Brand Strategy — New Products (core brand)

## *Coca-Cola* 3 color strategy



**Black**  
Release on  
June 6th

**Red**

**Silver**  
Release on  
April 2nd



**Coca-Cola  
ZERO**



**Coca-Cola**



**No Calorie  
Coca-Cola**



**ICED ESPRESSO  
AULAIT**



**Demitasse  
ON**



**SEASON'S  
BEST No.2**



**Double  
Straight**



**New Marketing Promotion  
Golden Japanese Fan**

# 2Q Channel Strategy

## Sales Volume Plan

(thousand cases except %)

	2Q 2006 actual ※	2Q 2007		
		plan	vs.ly	
			change	%
Vending	14,694	15,184	+490	+3.3
Chain Store	9,532	10,323	+791	+8.3
CVS	4,509	4,756	+247	+5.5
Retail	7,249	6,946	-303	-4.2
Food Service	4,232	4,438	+205	+4.8
Distributor	433	436	+3	+0.7
Other	5,719	5,939	+220	+3.8
<b>Total</b>	<b>46,368</b>	<b>48,021</b>	<b>+1,654</b>	<b>+3.6</b>

※ 2006 actual is the total of CCWJ, Kinki CCBC, Mikasa CCBC 2006 actual.

\*CCWJ/NNB enterprise adjustment :  
transferred CCWJ's cup machines to NNB  
transferred NNB's Coca-Cola vending machines to CCWJ  
(Sales volume of NNB is accounted in 'Other' section)

## Activity Points

<Sales volume plan by area (vs.ly) > (%)

	CCWJ	Kinki	Mikasa
Vending	+1.8	+8.1	+8.9
Chain Store	+3.5	+16.2	+0.9

When the influence accompanying CCWJ/NNB enterprise adjustment (\*) is removed,  
CCWH Vending (vs.ly) : +6.5%  
CCWJ Vending (vs.ly) : +8.5%

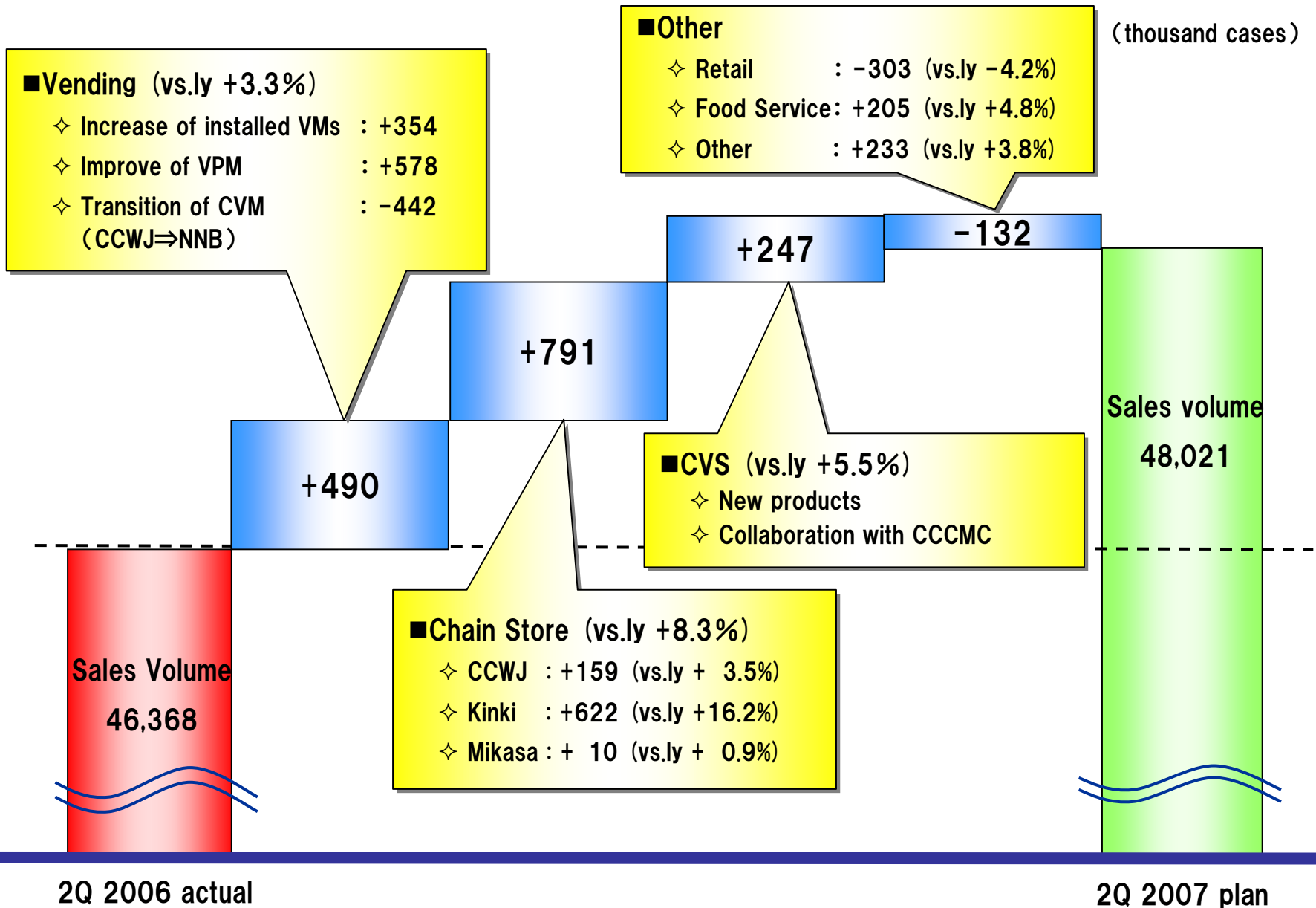
### ■ Vending

- CCWJ : Strengthening existing vending machines to make low sales machines profitable
- Kinki : Secure prime locations and increase sales volume of existing vending machines by conducting targeted marketing
- Mikasa : Improve VPM of existing machines by formulating optimum products line-up

### ■ Chain Store

- CCWJ : Install sales equipments for reinforcement of small-sized PET
- Kinki : Make new products stable by reinforcing customer management
- Mikasa : Expand retail space by delivering new products as much as possible

# 2Q Scenario for Achieving Sales Volume



# Performance Projections for the fiscal 2007

(million yen except %)

	2006 actual※	2007 plan				
		1H	2H	Total	change	%
Revenues	327,821	195,500	220,200	415,700	87,878	26.8
Operating Income	12,321	4,300	10,200	14,500	2,178	17.7
Recurring Income	13,225	4,700	10,600	15,300	2,074	15.7
Net Income	7,570	2,700	6,200	8,900	1,329	17.6

※ 2006 actual is CCWH consolidated results (CCWH consolidated results for 2H 2006 + ex-CCWJ group's consolidated result for 1H 2006)

## ■ Reference : In case of adding ex-Kinki group's actual

(million yen except %)

	2006 actual ※1	2007		
		plan	vs.ly	
			change	%
Revenues	408,240	415,700	7,460	1.8
Operating Income	13,071	14,500	1,429	10.9
Recurring Income	14,005	15,300	1,295	9.2
Net Income	6,955	8,900	1,945	28.0

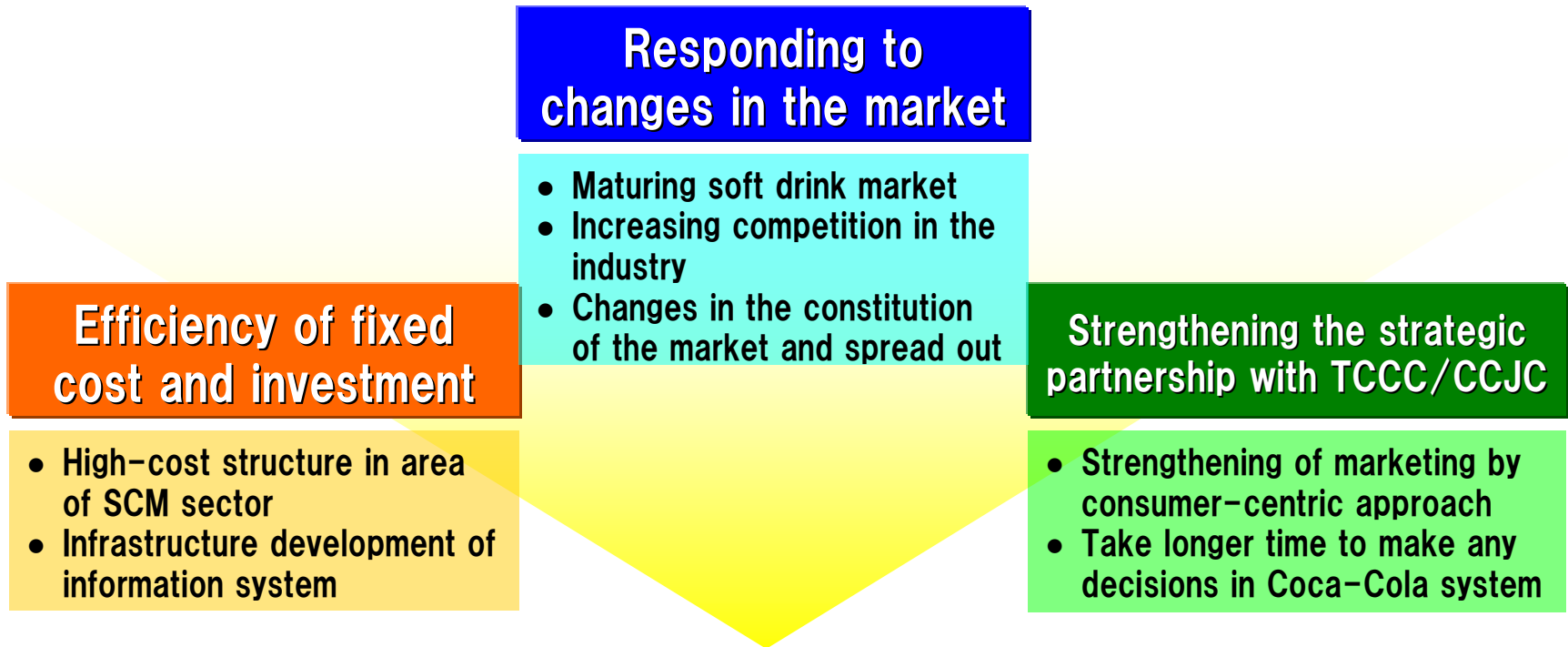
※ 2006 actual is adjusted based on a total of ex-CCWJ and ex-Kinki CCBC, eliminating inter-company transaction.



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## **III. Management Integration**

# Purpose of Management Integration with Kinki CCBC



## Evolving as a “Strategic Leading Partner”

- Leader of transformation in Coca-Cola system in Japan
- Bottler which achieves results and becomes a model for other bottlers
- Leading Bottler in the World

# Initiatives Following the Establishment of CCWH-1Q (1)

## ➤ Start initiatives by strengthening the strategic partnership in full swing

Start initiatives toward establishment of business model which goes up income in proportion to the increase of sales volume and market share promote with CCJC

### ① Holding Management meeting/Marketing forum

- Share progress updates and ideas for changes in approaches with respect to Sales/Market share/Earnings/Strategies
- Discuss CCJC's marketing strategies and the market viability of its business programs

### ② Formulation of collaborative marketing plan

- Activation of existing channel/brands
- New realm of products and development of new customers

⇒ Georgia: introduce new products exclusively at CCW region

⇒ Introduced 150 chilled machines → expands to 400 machines

⇒ Start R&D of new products for CVM

⇒ CCJC participates in CCW group's activities and obtains a better understanding of market.

<Representative director and president of CCJC, Sayre participated in EEP (in Fukuoka) >  
※ EEP : Execution Effectiveness Project



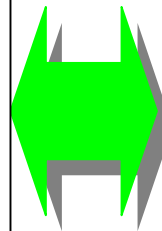
# Initiatives Following the Establishment of CCWH-1Q (2)

- In order to make the basic stance of management, "organization design of CCW group", "introduction of the CCW group corporate officer system", and "revision of CCW group organizational operation structure and a sanction authority standard" were performed.

## Basic Stance of Management

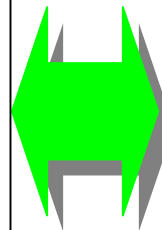
### Group Management

- CCW group carries out business essentially in the manner of a single company for its growth.

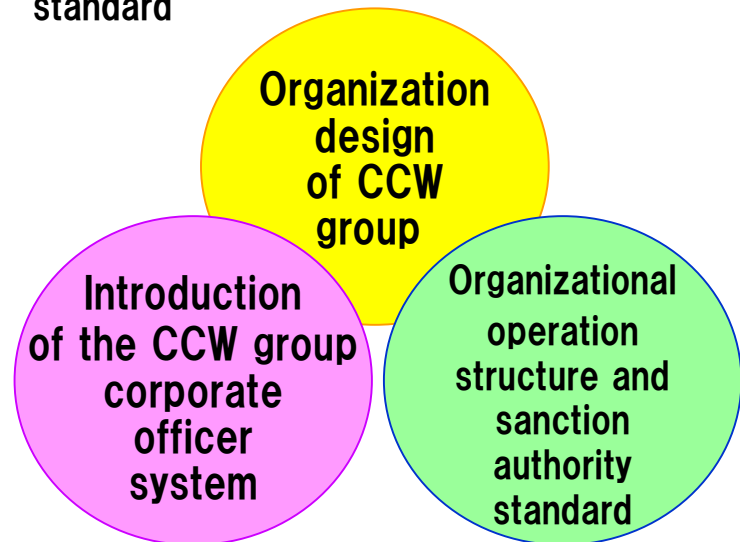


### Corporate Governance

- Increase in efficiency of management, and speeding up of decision making
- Clarification of responsibility, and realization of the high management of transparency
- Strengthening of supervisor function

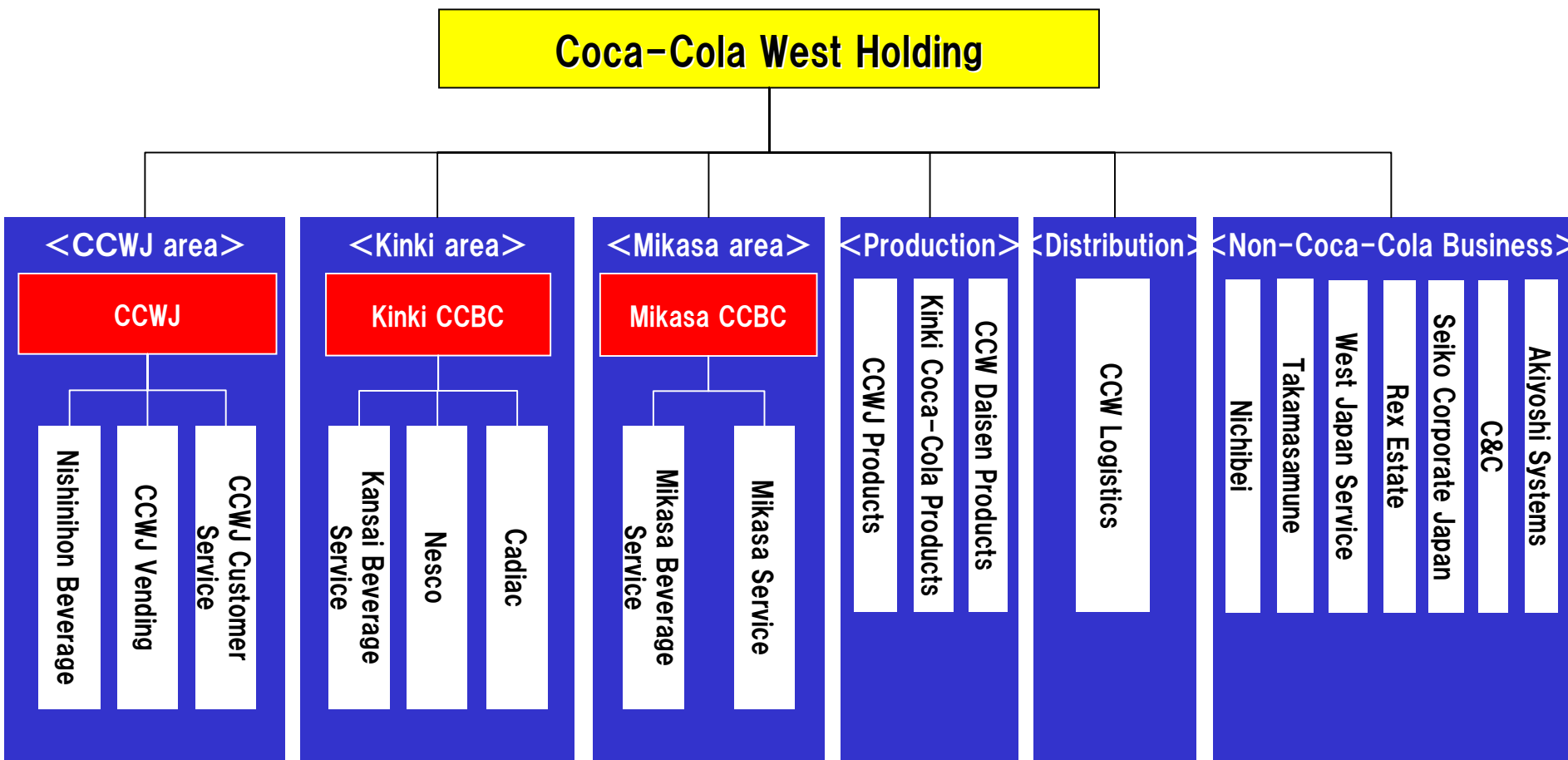


- ① Organization design of CCW group
  - The board of directors of each Coca-Cola business group company is abolished
- ② Introduction of the CCW group corporate officer system
  - Unification of the system
- ③ Revision of CCW group organizational operation structure and a sanction authority standard



# Coca-Cola West Group-Structure

- In order to effectively promote business, group companies with functions that are in close contact with the market are organized by area and more highly specialized companies are managed on a functional basis.



# Initiatives Following the Establishment of CCWH-1Q (3)

➤ Promote the enhanced functionality and efficiency for taking steps to strengthen our business base

1. The group distribution company “Coca-Cola West Logistics” has started from Jan. 1, 2007. (Integration of CCWJ Logistics, Kansai Logistics, Mikasa Logistic)
2. Improved SCM dispensing with the concept of bottler territories.
  - Distributes from Akashi factory (Kinki area) to branches in CCWJ area
  - Collaborates in matching supply and demand (Integrates supply and demand sections of Kinki CCBC and Mikasa CCBC)
3. Integration, intensification, and sophistication of IT infrastructure
  - Efforts are underway in the Fukuoka office aimed at creating systems with CCIBS. Domain: “Customer/Vending”, “SCM”, “Purchase”, “Finance”
    - ① Start structuring Japanese system based on “SCALE project※”
      - ※ Global project to standardize process/data/system taking place by main bottlers in world  
(System Collaboration Approach Leveraging Excellence)
    - ② Obtained the agreement of all bottlers in Japan in terms of “SCM”, “Purchase”, “Finance.” It turns to the operation in January, 2008, and the execution plan of a systems configuration is under decision.
    - ③ In terms of “Customer/Vending”, an execution plan will be drawn up by the end of 3rd quarter.

# Market Information Following the Establishment of CCWH

- After integration, % change of Kinki's sales volume has been higher than CCWJ
- It has occurred a same thing in terms of market share.
  - ⇒ It has been developed in Kinki area which is huge market in Japan.

## <Sales Volume>

	2006			2007
	2Q	3Q	4Q	1Q
Kinki	-5.9	-2.0	+1.4	+3.4
CCWJ	-3.4	-6.3	+0.8	+0.2

(%)

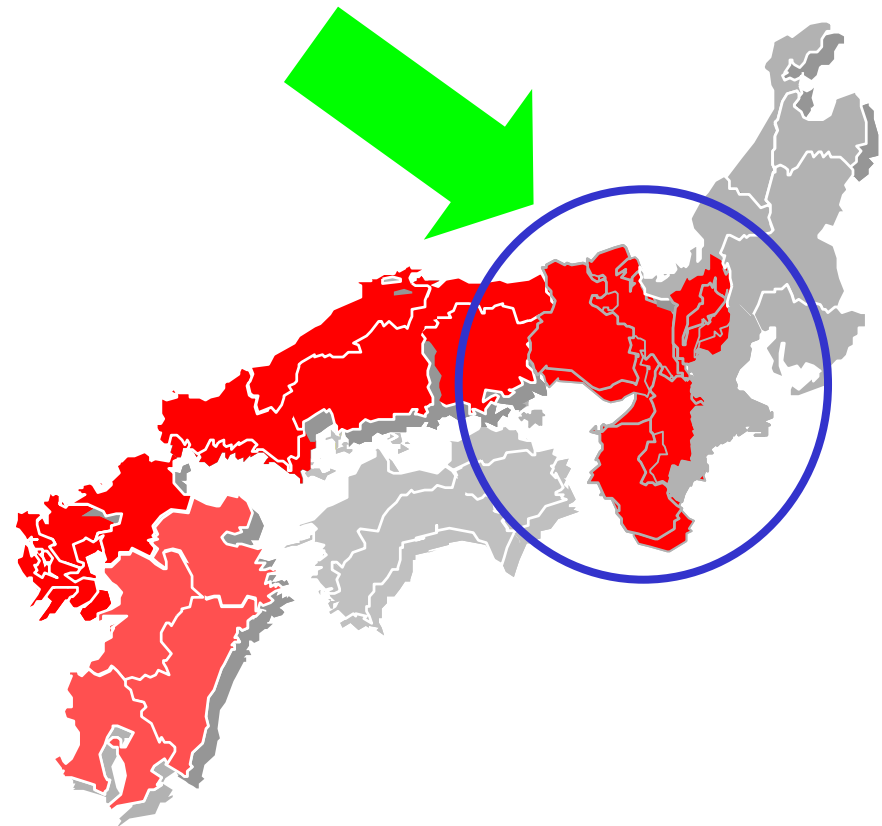
After integration →

## <OTC Market Share (exclude VM's) >

	2006			2007
	2Q	3Q	4Q	1Q
Kinki	-1.0	-1.2	+0.2	-0.1
CCWJ	-1.1	-1.1	-0.9	-1.2

(% points)

After integration →





# Capital and Business Alliance with Minami Kyushu CCBC (MK)

**Purpose : Boost its corporate value and deliver further growth**

## **Overview:**

- **CCWH retains 20% (invest 10,829 million yen) of MK's shares, and MK is considered as an affiliate company of CCWH from April 3, 2007.**
  - **Each company's top managements becomes a director of another company, and a corporate officer of CCWH becomes an auditor of MK.**
- 
- ❑ **It is formalized that relationship by uniting west Japan region from Kyushu to Kinki by this tie-up. The company aims at upholding a level of competitiveness based on strategies targeting west Japan as a whole.**
  - ❑ **Relationship with TCCC/CCJC as a leading bottler in Japan becomes more strong.**
    - ✓ **Our operating area is a market accounting for around 30% in Japanese Coca-Cola system.**
  - ❑ **Create synergy and opportunities for growth in each value chain function.**
    - ✓ **Starts at four fields "Collaborative marketing with CCJC", "Sales•Sales support", "SCM", and "Information system."**
    - ✓ **Promotes strengthening of sales and efficiency of SCM, especially in united Kyushu region.**

# Results of Minami Kyushu CCBC (2004-2006)

## <Consolidated>

(million yen)

	2004	2005	2006
Revenues	111,008	107,201	90,887
Operating Income	6,562	5,435	3,056
Recurring Income	7,623	7,472	4,031
Net Income	3,548	3,097	-682

※ Net loss of 682 million yen for 2006 is mainly due to losses from impairments.

## <Non-consolidated>

(million yen)

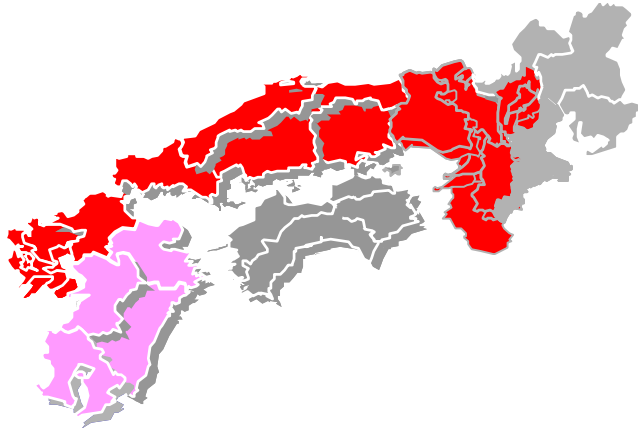
	2004	2005	2006
Revenues	83,927	80,015	76,757
Operating Income	4,784	3,088	3,436
Recurring Income	6,154	5,303	4,289
Net Income	2,790	379	1,289

# Combined scale of operation

(As of Dec, 2006)

## Coca-Cola West Group

- ◇ CCWJ area : Hiroshima/Okayama/Yamaguchi/Tottori/  
Shimane/Fukuoka/Saga/Nagasaki
- ◇ Kinki area : Osaka/Kyoto/Hyogo
- ◇ Mikasa area : Nara/Shiga/Wakayama
- ◇ Population : 36,000,000
- ◇ Employees : 8,500
- ◇ Sales volume : 184 million cases
- ◇ Factories : 7 (Tosu/Kiyama/Hongo/Daisen/Akashi/  
Kyoto/Shiga)



## Minami Kyushu Coca-Cola Bottling (MK)

- ◇ Area : Kumamoto/Kagoshima/Miyazaki/Oita
- ◇ Population : 6,000,000
- ◇ Employees : 2,900
- ◇ Sales Volume : 39 million cases
- ◇ Factories : 3 (Ebino/Kumamoto/Hakushu (Yamanashi))

1. Population (% in Japan)	42,000,000 (33%)
2. Employees	11,400
3. Sales volume (%)	221,000,000 cases (33%)
4. No. of vending machines (%)	290,000 (36%)
5. Share of outdoor vending machine market	39%
•Kyushu area	54%
•Northern Kyushu	55%
•Southern Kyushu	53%
6. OTC market share	23%
•Kyushu area	28%
•Northern Kyushu	28%
•Southern Kyushu	29%
7. Revenues	around 500 billion yen
•rank of listed bottlers in the world	4
•rank of Japanese beverage companies	2
8. No. of factories	10
•Kyushu area	4
•Northern Kyushu	2
•Southern Kyushu	2

# Positioning of Bottlers in the World (listed companies)

- Seeing the CCWH + MK's positioning of listed bottlers in the world, there is no change in sales volume and revenues but it will be ranked sixth in operating income.

Sales Volume		Revenues		Operating Income		※Source CCWH
No	Company Name	No	Company Name	No	Company Name	
1	CCE	1	CCE	1	CCE	
2	FEMSA	2	CCHBC	2	FEMSA	
3	CCHBC	3	FEMSA	3	CCHBC	
4	Amatil		<b>CCWH + MK</b>	4	Amatil	
5	CCBPI	<b>4</b>	<b>CCWH</b>	5	Arca	
6	Swire	5	Amatil		<b>CCWH + MK</b>	
7	Arca	6	Coca-Cola Central Japan	6	Continental	
8	Continental	7	Consolidated	<b>7</b>	<b>CCWH</b>	
9	CCI	8	Arca	8	CCI	
10	Andina	9	Continental	9	ANDINA	
	<b>CCWH + MK</b>	10	CCI	10	Coca-Cola Central Japan	
<b>11</b>	<b>CCWH</b>	11	CCBPI	11	Swire	
12	CCS	12	Swire	12	Consolidated	
13	Coca-Cola Central Japan	13	Andina	13	CCBPI	

Company name	Main territory	
CCE	Coca-Cola Enterprises	North America (78%), Canada (98%), Part of Europe
FEMSA	Fomento Economico Mexicano	Latin America (Mexico, Argentina, Part of Brazil etc)
CCHBC	Coca-Cola Hellenic Bottling Company	Europe (26 countries)
Amatil	Coca-Cola Amatil	Australia, Indonesia, Korea, Fiji, NZ etc
CCBPI	Coca-Cola Bottlers Philippines	Philippines
Swire	Swire Beverages	Taiwan, Part of China, 10 states of America
Arca	Embotelladora Arca	Part of Mexico
Continental	Grupo Continental	Part of Mexico
CCI	Coca-Cola Icecek	Turkey, 6 countries of Eurasia
Andina	Embotelladora Andina	Part of Chili, Brazil and Argentina
CCS	Coca-Cola Sabco	East-South Africa (7 countries), Asia (5 countries)
Consolidated	Coca-Cola Bottling Company Consolidated	Part of North America

# The way of thinking about CCNBC

## 1. Partnership with CCNBC

## 2. Make realization of our goals (structure, profits) preconditions

### ① Restructure factories and distribution centers from the wide-area bottler of view

(nine factories, nine distribution centers)

— from ex-bottlers' view to new CCW group's view

### ② Merger of three distribution companies

— Increased business through wider coverage and better quality through improved efficiency

— Sharing and promotion of best practices and cost reduction know-how

— Faster decision-making and enhanced capacity to execute plans through unification of purpose

— Gathering together of management and supporting divisions

— Capturing external business opportunities, particularly through CCNBC

### ③ Make CCW Daisen Products a wholly owned subsidiary

— Strengthening business in the growing mineral water sector

— Efficiency of management

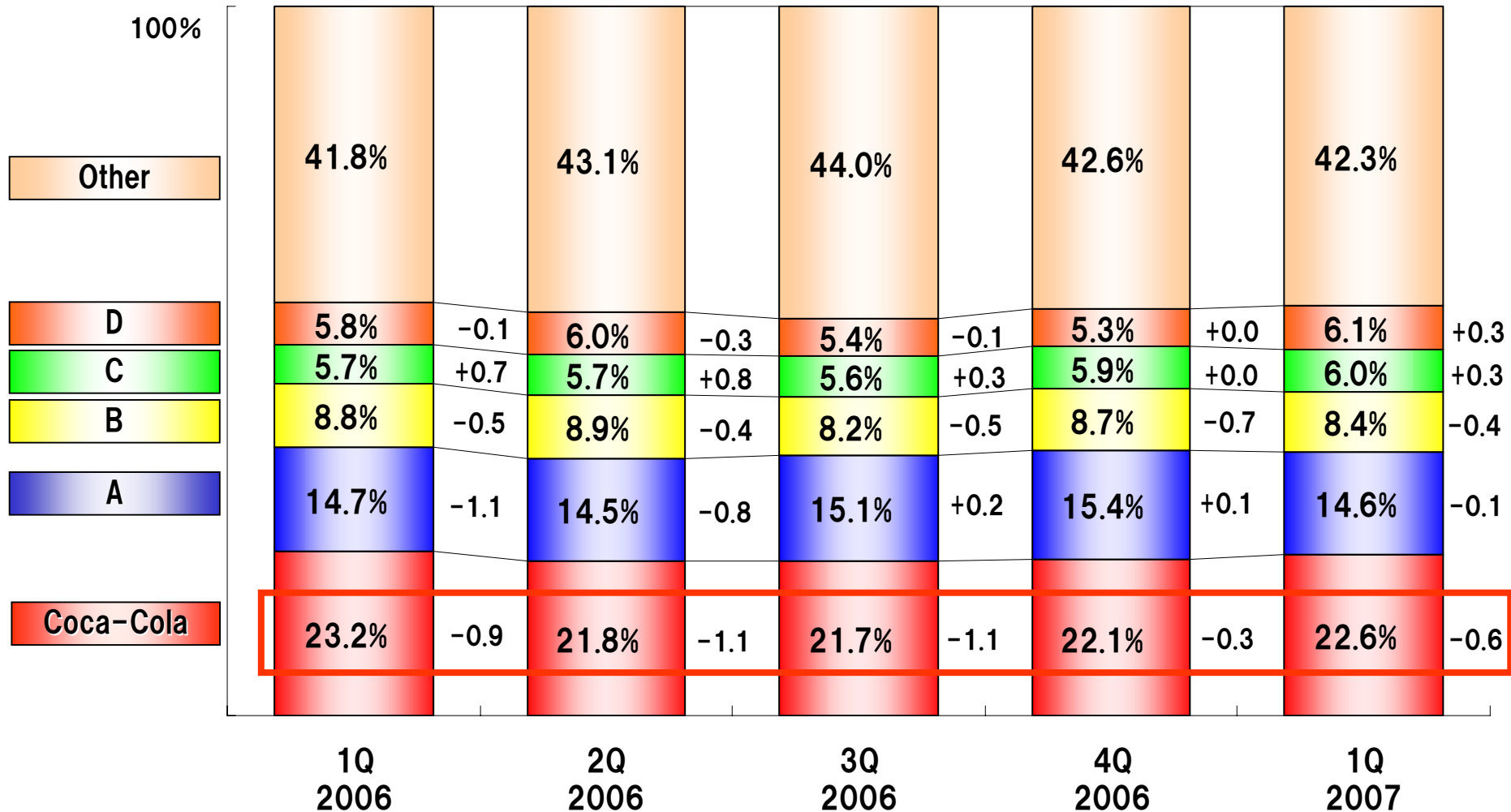
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**[ Reference ]**

# OTC Market Share (exclude vending machine) — CCWH area

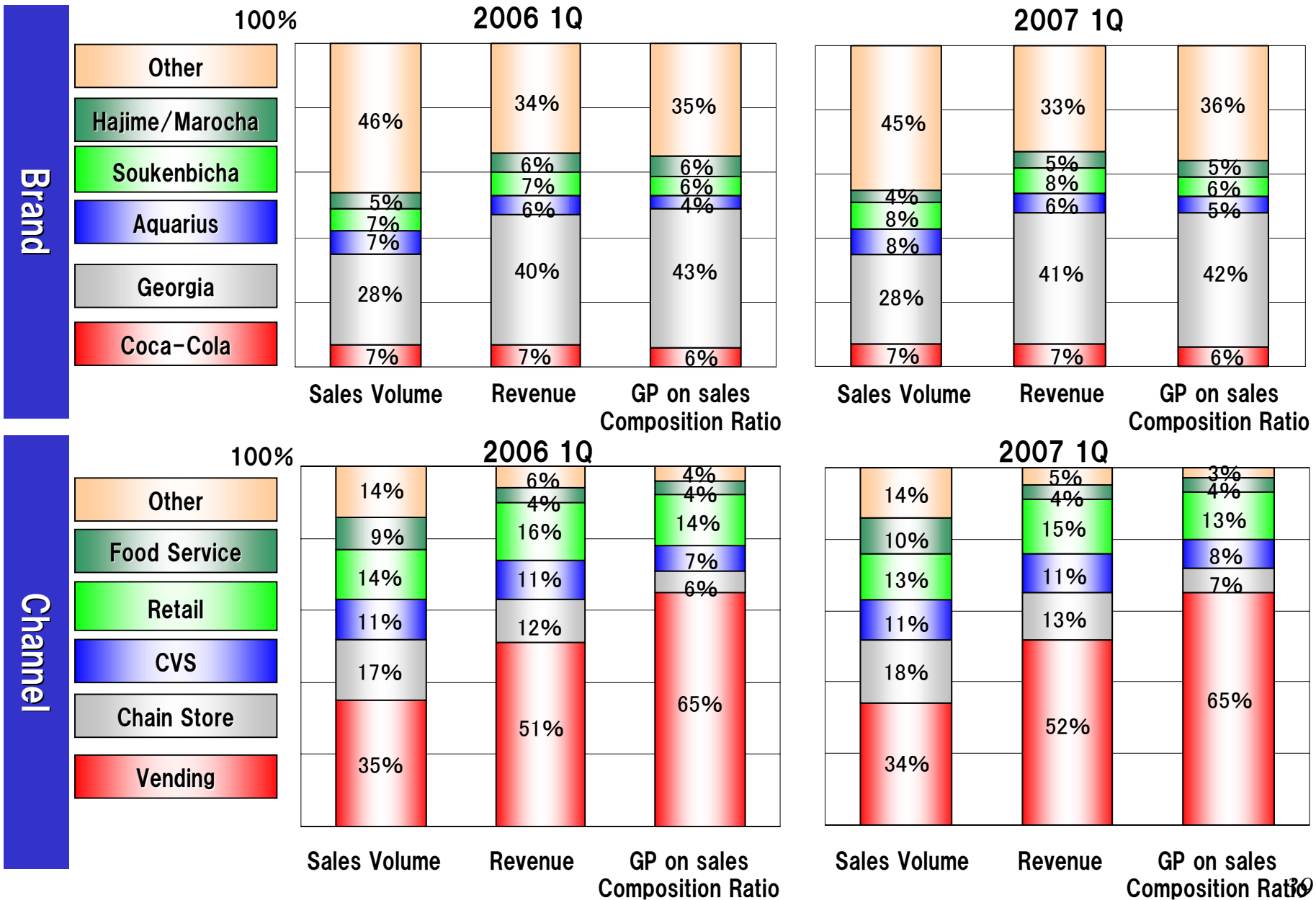
Source : Intage

※The numbers outside the graph are changes vs.ly  
(%, point)



# By Brand/Channel

## Sales Volume/Revenue/Gross Profit on Sales Composition Ratio – 1Q





# Overview of Group Companies – 1Q

(million yen except %)

## <Coca-Cola West Japan>

	1Q 2007			
	plan ※	actual	vs. plan	
			change	% ch
Net Revenues	35,275	35,447	172	0.5
Operating Income	300	751	450	149.8

## <KINKI Coca-Cola Bottling>

Net Revenues	30,888	30,790	-97	-0.3
Operating Income	-835	-845	-9	-

## <MIKASA Coca-Cola Bottling>

Net Revenues	5,567	5,478	-89	-1.6
Operating Income	-76	-67	9	-

## <NISHINIHON Beverage>

Net Revenues	4,819	4,756	-62	-1.3
Operating Income	285	222	-62	-21.9

## <KANSAI Beverage Service>

Net Revenues	7,412	7,308	-104	-1.4
Operating Income	141	216	75	53.6

## <MIKASA Beverage Service>

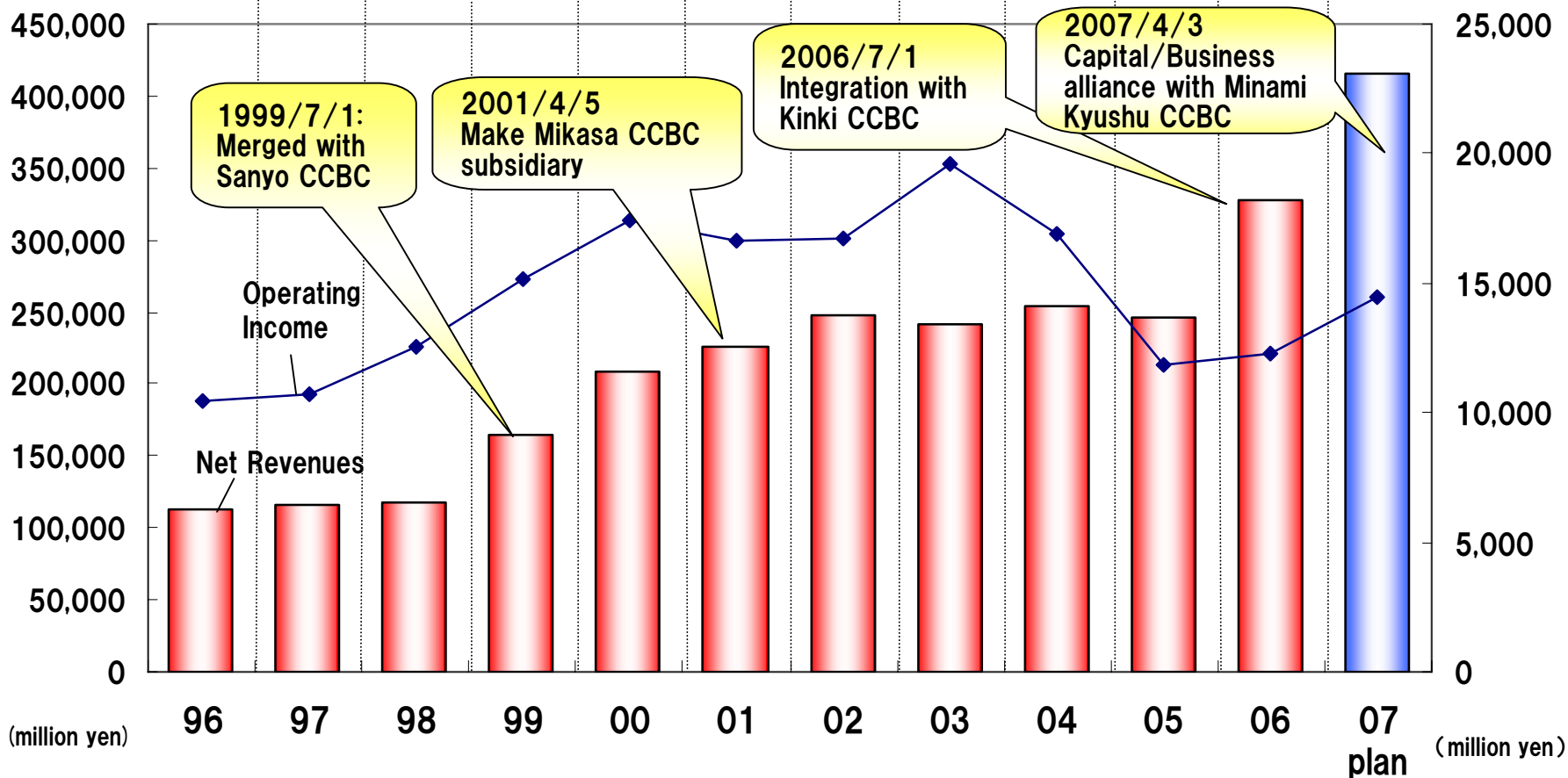
Net Revenues	596	599	3	0.6
Operating Income	-26	-24	2	-

※The above plan is the figure based on performance forecast announced as of February.7, 2007.

# Performance Trend

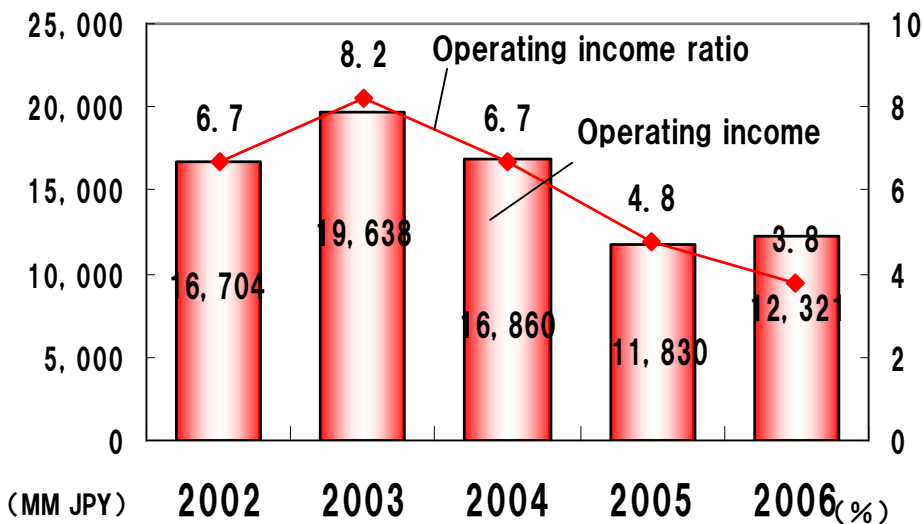
(million yen)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 (Plan)
Net Revenues	113,490	115,408	117,991	164,731	207,827	226,111	247,737	240,825	253,248	245,874	327,821	415,700
Operating Income	10,481	10,737	12,533	15,160	17,449	16,634	16,704	19,638	16,860	11,830	12,321	14,500
Recurring Income	11,273	11,054	12,510	15,889	18,516	16,021	17,005	19,895	17,065	12,256	13,225	15,300
Net Income	5,721	5,428	5,872	6,823	5,700	1,420	7,086	9,380	8,564	7,305	7,570	8,900

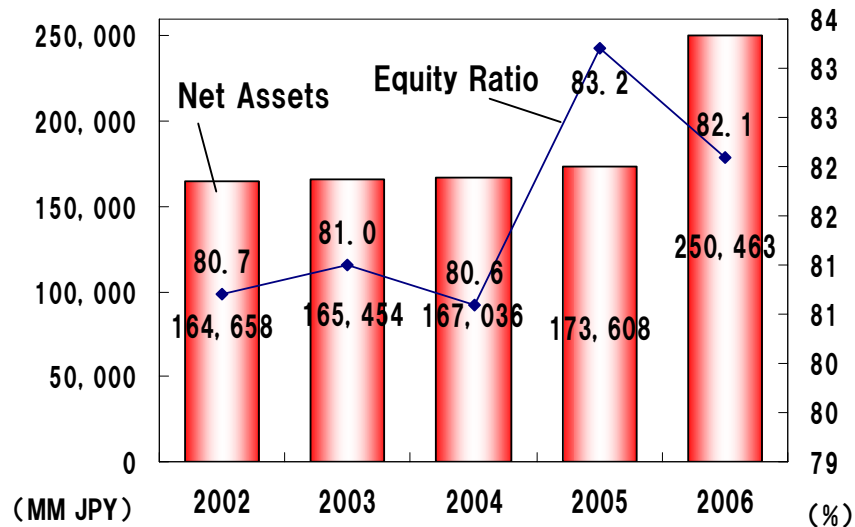


# Financial Data

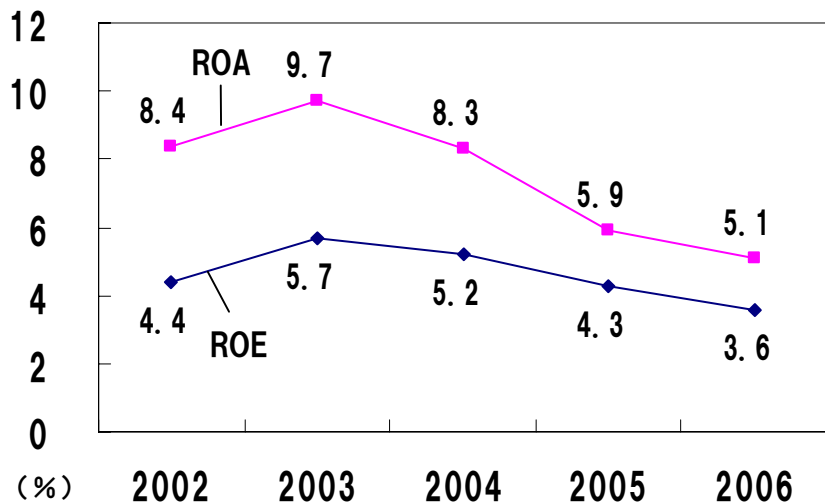
## <Operating Income/Operating Income Ratio>



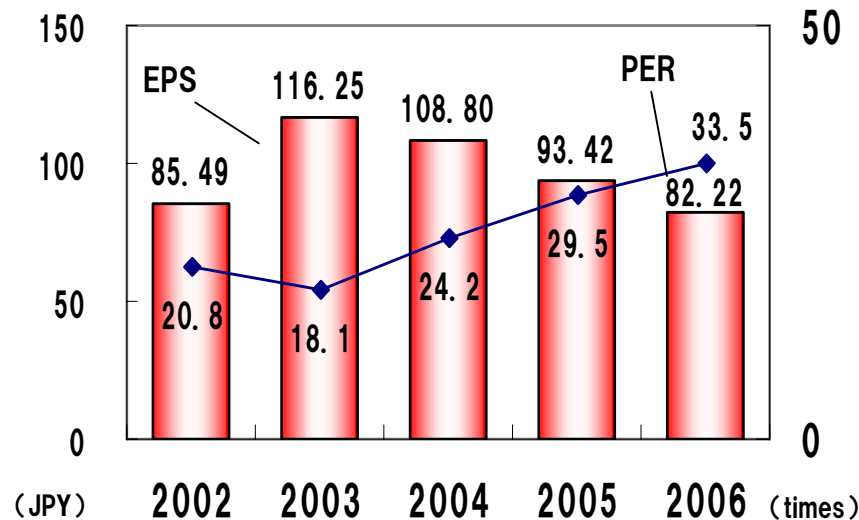
## <Net Assets / Equity Ratio>



## <ROA/ROE>

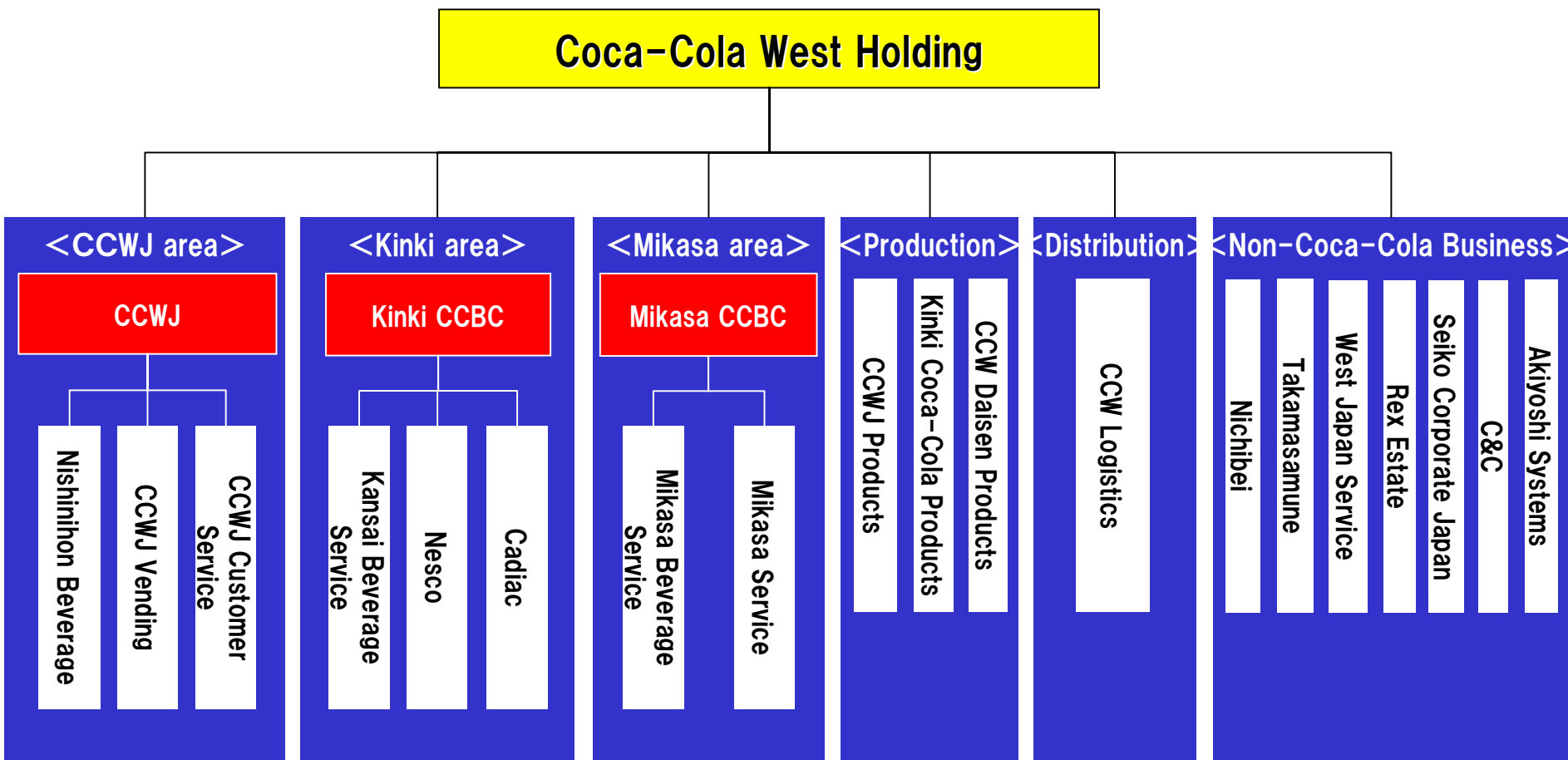


## <EPS/PER>



# Coca-Cola West Group-Structure

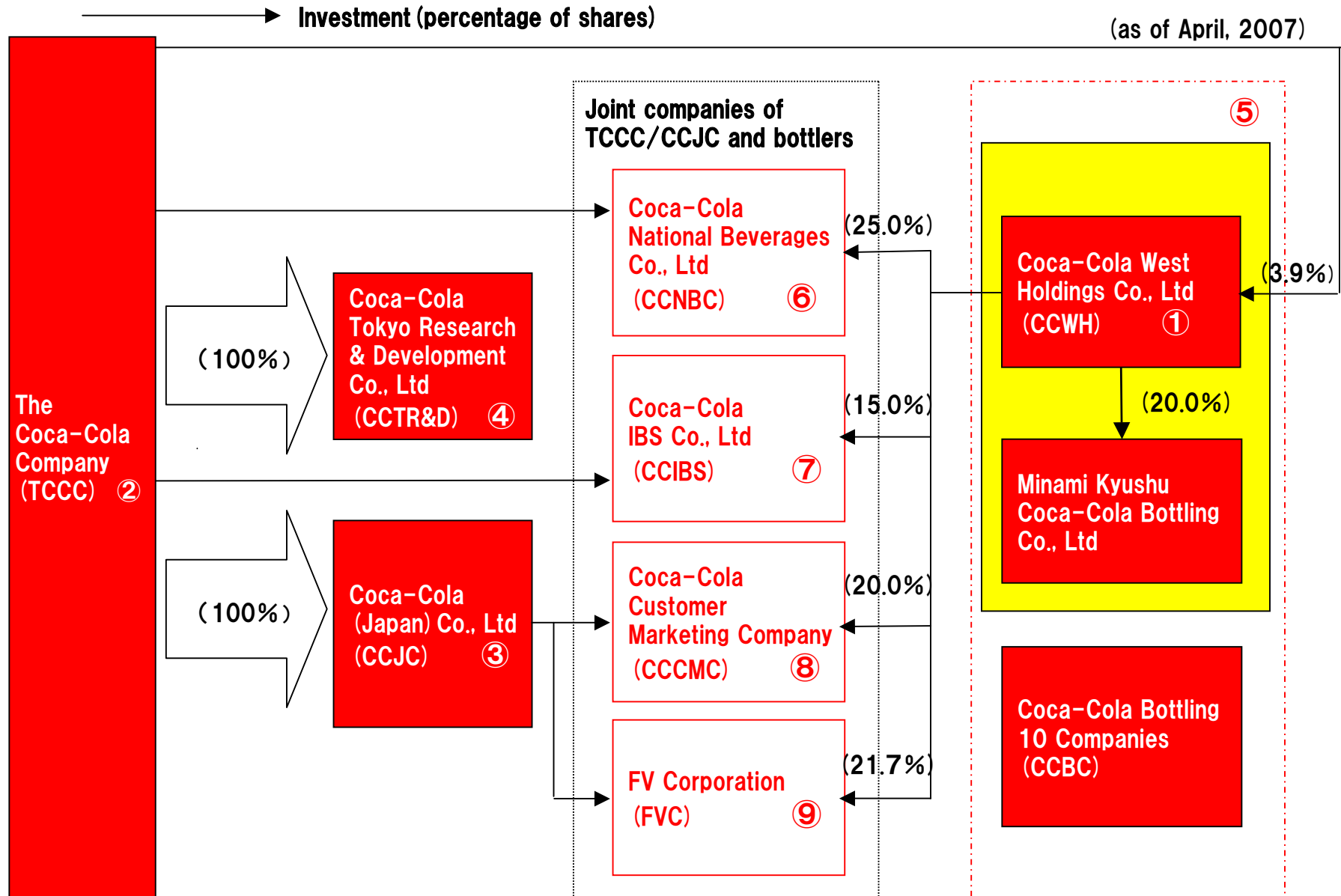
- In order to effectively promote business, group companies with functions that are in close contact with the market are organized by area and more highly specialized companies are managed on a functional basis.



# Our Group Companies – Principal Business

Our Group Companies	Principal Business
(1) Coca-Cola West Japan (CCWJ)	Beverage sales
(2) Kinki Coca-Cola Bottling	Beverage sales
(3) Mikasa Coca-Cola Bottling	Beverage sales
(4) CCWJ Products	Beverage production
(5) Kinki Coca-Cola Products	Beverage production
(6) Coca-Cola West Daisen Products	Beverage production (mineral water)
(7) Coca-Cola West Logistics	Freight transport-operations
(8) Coca-Cola West Japan Vending	Vending machine operations (Coca-Cola products)
(9) Nishinohon Beverage	Vending machine sales and servicing
(10) Kansai Beverage Service	Vending machine sales and servicing
(11) Mikasa Beverage Service	Vending machine sales and servicing
(12) Nesco	Vending machine operations
(13) KADIAC	Vending machine operations (in the Kansai Air Port)
(14) Coca-Cola West Japan Customer Service	Vending machine-related businesses
(15) Mikasa Service	Vending machine-related businesses
(16) Nichibei	Manufacture of processed foods
(17) Takamasamune	Production and sales of alcoholic beverages
(18) West Japan Service	Insurance, leasing, and business machine sales
(19) Rex Estate	Real estate business
(20) Seiko Corporate Japan	Maintenance and repair of motor vehicle
(21) C&C	Sales and manufacturing of food, Chain restaurant business
(22) Akiyoshi Systems	Chain restaurant business

# Coca-Cola System in Japan



# Coca-Cola Related Companies and Their Roles

## 1. Coca-Cola West Holdings Co., Ltd. (CCWH)

In July, 2006, Coca-Cola West Japan Company, Limited and Kinki Coca-Cola Bottling Company, Limited merged the management of both companies by establishing a joint holding company CCWH.

## 2. The Coca-Cola Company (TCCC)

Established 1919 in Atlanta, Georgia. Carries the rights to grant a license to manufacture and sell Coca-Cola products to the bottlers. TCCC (or its subsidiary) makes franchise agreements with the bottlers.

## 3. Coca-Cola (Japan) Co., Ltd. (CCJC)

Established 1957 in Tokyo, as “Nihon Inryo Kogyo K.K.,” a wholly-owned subsidiary of The Coca-Cola Company. The company name was changed in 1958 to Coca-Cola (Japan) Company, Limited. CCJC is responsible for marketing planning as well as manufacturing and distribution of concentrate in Japan.

## 4. Coca-Cola Tokyo Research & Development Co., Ltd. (CCTR&D)

Established in January 1993 as a wholly-owned subsidiary of The Coca-Cola Company. Since January 1995, carries out product development and technical support to respond to the needs of the Asian region.

## 5. Coca-Cola bottlers (CCBCs)

There are 12 bottlers in Japan, which are responsible for selling Coca-Cola products in the respective territories.

## 6. Coca-Cola National Beverages Co., Ltd. (CCNBC)

Jointly established in April 2003 by TCCC and CCBCs for the purpose of creating an optimal nationwide supply chain. It started operation in October 2003. CCNBC procures raw materials, coordinates manufacturing and supply/demand plans on a nationwide basis, and supply products to the bottlers.

## 7. Coca-Cola IBS Co., Ltd (CCIBS)

Established through joint investment by The Coca-Cola Company and its bottling partners in Japan, and the company began operations on January 1, 2007. It is charged with providing business consulting services to the Coca-Cola system in Japan, as well as developing and generally maintaining the information systems to support such work.

## 8. Coca-Cola Customer Marketing Company (CCCMC)

Established through joint investment by Coca-Cola (Japan) Co., Ltd. and all of its bottling partners in Japan, and the company began operations on January 1, 2007. It is charged with holding business negotiations with major retailer outlets, such as nationwide convenience stores and supermarket chains, as well as developing proposals for sales promotions and storefront activities.

## 9. FV Corporation (FVC)

Jointly established in May 2001 by CCBCs and CCJC. FVC carries out sales negotiations with national chain vending operators, and deals with non-KO products as well as KO products.

# Minami Kyushu Coca-Cola Group

## 【Corporate Data】

(as of Jan 1, 2007)

Trade Name	Minami Kyushu Coca-Cola Bottling Co., Ltd
Date of Establishment	August 16, 1962
Head Office Address	Kumamoto city, Kumamoto
Capital	638,850 MM JPY
Fiscal Year End	December
Representative	Koukichi Honbou
Territory	Kumamoto/Kagoshima/Miyazaki/Oita
Number of Employees	2,900 (consolidated)

## 【Major Shareholders】

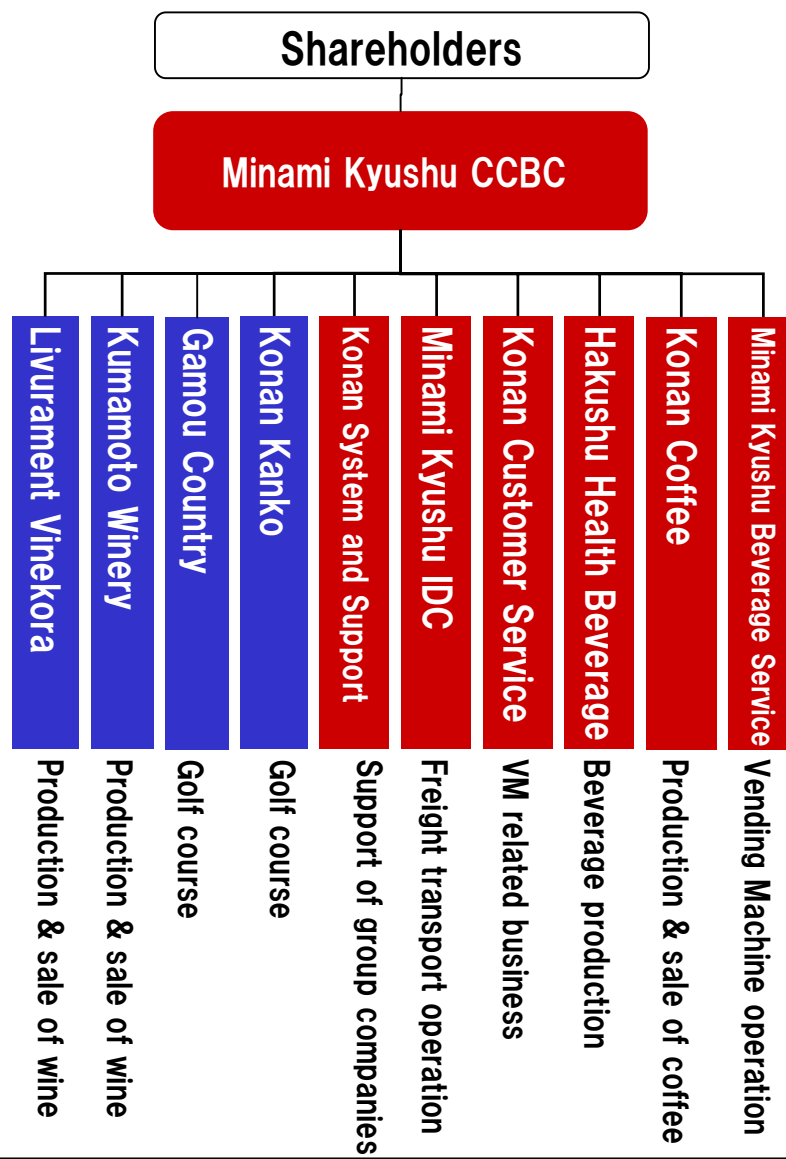
(as of April 3, 2007)

Shareholders		% of shares
1	Satsuma Shuzo	21.8%
2	MCA Holdings	20.3%
3	CCWH	20.0%
4	Honbo Shuzo	8.1%
5	Honbo Shoten	6.2%

## 【Group Companies】

(as of Jan 1, 2007)

■ ...Coca-Cola Business  
■ ...Non Coca-Cola Business





# Glossary (1)

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## 1. Channel (Business Unit)

**Vending:**

Retail sale business to distribute products through vending machines to consumers

**Chain store:**

Wholesale business for supermarket chains

**Convenience Store:**

Wholesale business for convenience store chains

**Retail:**

Wholesale business for grocery stores, liquor shops, and other over-the-counter outlets

**Food Service:**

Syrup sale business for fast food restaurants, movie theaters, sports arenas, “family restaurants,” and theme parks

**On-Premise:**

Refers to the syrup and package sales business in the “eating out” market

**Distributor:**

Middleman who work for Coca-Cola to handle our products in remote areas and islands.

# Glossary (2)

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## 2. Vending

### **Regular vending machine:**

A vending machine offered free of charge to a customer who supervises its operation and uses it to sell products purchased from us.

### **Full service vending machine:**

A vending machine installed and managed directly by us (product supply, collection of proceeds etc.). Fees are paid to the location proprietors.

### **Out-market vending machine:**

An outdoor machine whose users are relatively unspecific

### **In-market vending machine:**

An indoor machine whose users are relatively specific

### **VPM**

Sales volume per vending machine

# Glossary (3)

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## 3. Chain Store

**National chain:**

National chain supermarket that CCNSC are responsible for negotiating

**Regional chain:**

Chain supermarket that owns its stores in the two or more bottlers' territories

**Local chain:**

Chain supermarket that owns its stores in the single bottler's territory

**CBPPP:**

CBPPP (Channel, Brand, Price, Promotion) involves formulating and introducing optimum product lineups, price ranges, and sale promotions for specific retail formats

**RGM:**

RGM (Revenue Growth Management) involves joining forces with customers to deliver stronger earnings through sustained sales increases by offering value to consumers

## 4. Other

**Sales mix**

Composite of products by brand, channel, package, etc. The difference between budget and actual sales or cost of sales might be affected by a change in product sales mix as well as a change in unit price

# Forward-Looking Statement

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**The plans, performance forecasts, and strategies appearing in this material are based on the judgment of the management in view of data obtained as of the date this material was released. Please note that these forecasts may differ materially from actual performance due to risks and uncertain factors such as those listed below.**

- Intensification of market price competition**
- Change in economic trends affecting business climate**
- Major fluctuations in capital markets**
- Uncertain factors other than those above**