

-Creating a happy tomorrow for everyone-  
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*Coca-Cola* **West**

# Results briefing for the Fiscal Year ending December 2011

February 8, 2012

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# Agenda

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- I . Overview of account settlement for the Fiscal Year ending December 2011
- II . 2012 Business Plan
- III . 2012 Sales Strategy

## 【Reference】

Increase/decrease of full-year financial settlement (Jan-Dec)

Financial closing for 4Q (Oct-Dec)

Trend of OTC market share

Mix by brand/by channel

Sales volume by package / sales volume by channel by package

Performance trend / managerial KPI trend

Coca-Cola System in Japan / Affiliated companies

# Today's summary

## 2011 results overview

➤ Our efforts in the 1<sup>st</sup> year of 3-year business plan progressed almost as planned, and we achieved operating profit target. We made a good start for 3-year BP.

Sales volume: +0.7% vs. TGT ※1, +2.1% vs. PY

Results: Operating profit... 16.4B JPY (+400MM JPY vs. TGT※2, +4.4B JPY vs. PY)

※1 Target...The one published on Jul 28, 2011      ※2 The one published on Feb 4, 2011

## 2012 Business Plan

➤ In 2012, we will carry on policies for growth & streamlining strategy steadily based on initiatives of Business Model Innovation as the 2<sup>nd</sup> year of 3-year BP to increase profit. At the same time, we will establish solid management foundation with looking at mid-/long-term growth

Revenue: 391.5B JPY (-8.2B JPY vs. PY)

Operating profit: 16.7B JPY (+200MM JPY vs. PY)

## 2012 Sales Strategy

➤ In addition to expand sales volume & market share, give our top priority to recover revenue, and ensure to execute OBPPC strategy in every channel.

Sales volume: 187,894K c/s (+0.1% vs. PY)

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# I . Overview of account settlement for the Fiscal Year ending December

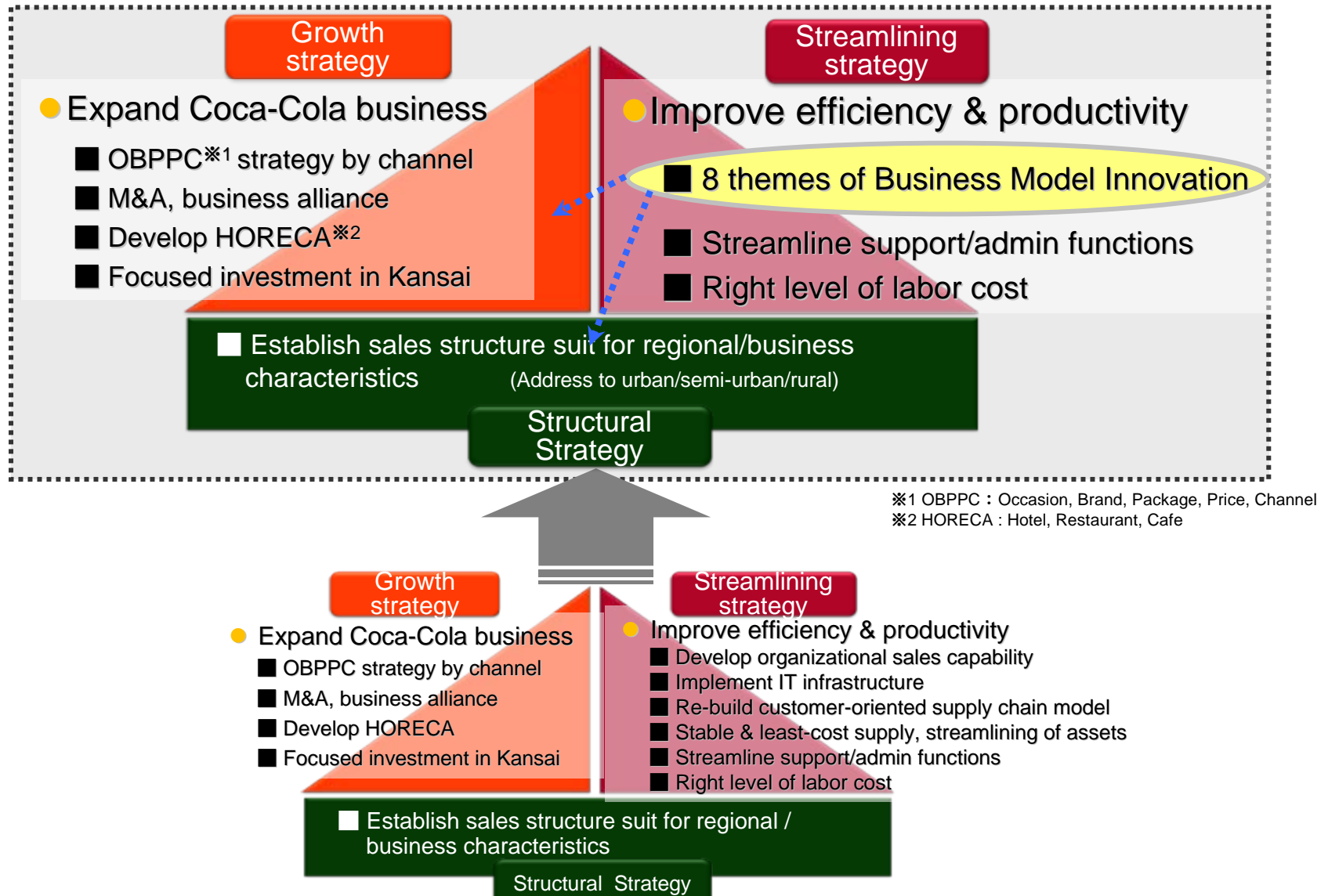
Make sure to hit profit/volume/share targets  
by highly evolving “Sales reform” & “SCM reform”



Deliver operating target for 2012 while building  
foundations for growth and profit for the future

# 2011 Management strategy

## ■ Evolve streamlining strategies into framework for “Initiatives for Business Model Innovation”



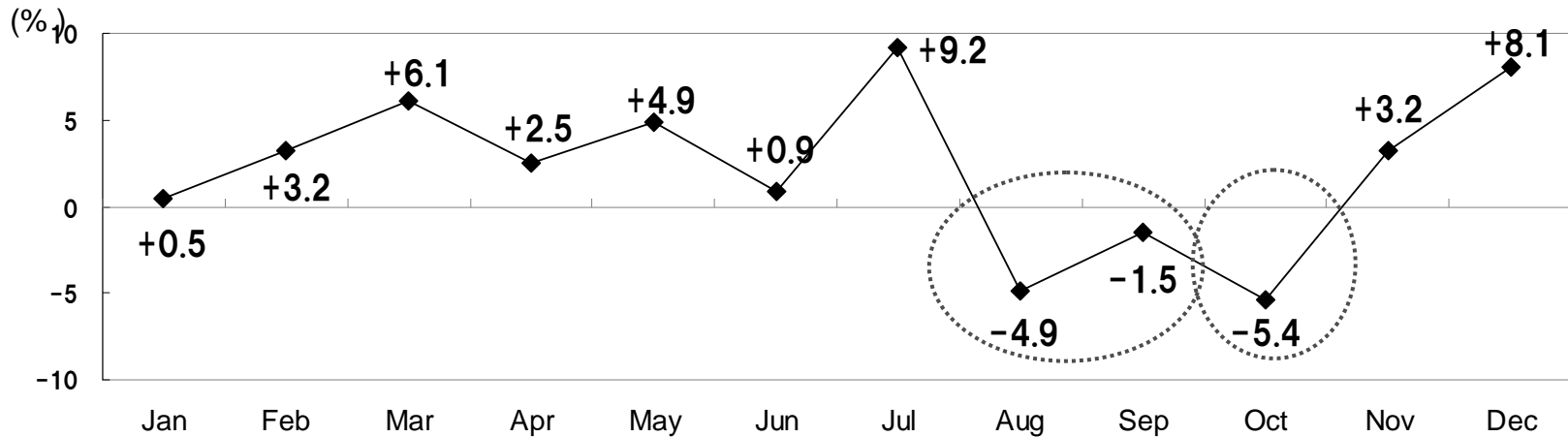
# Financial results for the FY ending December 2011 (Jan-Dec) - Sales volume

■ Due to bad weather in Aug & Sep and kick back of high temperature in the previous year, sales volume fell negative vs. PY during this period. However, it had been positive generally thru the year and ended with +2.1% vs PY for annual total

(K c/s, %)	2011 actual	vs. TGT*		vs. PY	
		±	%	±	%
Sales volume	187,773	+1,213	+0.7	+3,852	+2.1

\* Target...values announced on Jul 28, 2011

## Monthly volume trend (vs. PY)



# Financial results for the FY ending December 2011 (Jan-Dec) - Volume by brand

	(K c/s, % )	2011 actual	vs. Target**		vs PY	
			±	%	±	%
Core8	Coca-Cola	13,962	-229	-1.6	+220	+1.6
	Coca-Cola zero	6,509	-106	-1.6	+374	+6.1
	Fanta	8,424	-112	-1.3	-136	-1.6
	Georgia	39,176	+325	+0.8	+879	+2.3
	Sokenbicha	12,348	-302	-2.4	+64	+0.5
	Aquarius	19,999	-912	-4.4	-775	-3.7
	I-Lohas	6,889	+233	+3.5	+1,203	+21.2
	Ayataka	8,298	+1,955	+30.8	+3,465	+71.7
	Subtotal	115,605	+853	+0.7	+5,293	+4.8
	Other	72,168	+361	+0.5	-1,442	-2.0
	Total	187,773	+1,213	+0.7	+3,852	+2.1

※ Target...values published on Jul 28, 2011

## ■ Coca-Cola/Coca-Cola zero/Fanta

- Sparkling marker grew in 4Q compared to last year, but annual growth was soft due to bad weather in Aug/Sep
- Enhanced sales activity for Coca-Cola & Coca-Cola zero such as seasonal campaigns targeted for young people made sales volume increased from PY

## ■ Sokenbicha/Ayataka

- Market of blended tea & green tea slightly shrunk from last year
- Volume of Sokenbicha was larger than last year due to impacts of "So-shoku PGM", which suggested combination with food thru the year
- Ayataka captured higher preference from consumers led by effects of TV-CM appealed its product characteristics, and achieved double-digit growth from last year. Market share also continues to increase.

## ■ Georgia

- CAN coffee market slightly shrunk from last year
- Sales volume was above target and PY due to summer/autumn promotion, launch of regional products and bottle CAN of bito & black

## ■ Aquarius

- Sports drink market got smaller due to kickback of extreme heat in 2010
- Appealed its features of "rehydration" and "supply vitamin" to prevent heat stroke or cold on TV-CM or in outlet. Although volume decreased from last year due to kickback of extreme heat, market share expanded.

## ■ I-Lohas

- Mineral water market expanded from prev year
- I-Lohas has been supported by those who with high environment-conscious, so achieved double-digit growth from 2010.

(Source of market info: Intage)



# Financial results for the FY ending December 2011 (Jan-Dec) - Volume by channel

(K c/s, %)		2011 actual	Vs. Target <sup>※3</sup>		vs. PY	
			±	%	±	%
Chain store	Supermarket <sup>※1</sup>	50,099	+420	+0.8	+1,072	+2.2
	Convenience store	20,312	+395	+2.0	+843	+4.3
Chain store total		70,410	+816	+1.2	+1,915	+2.8
Vending <sup>※2</sup>		54,205	-508	-0.9	-3,612	-6.2
Retail		13,166	+201	+1.5	+188	+1.4
Food service		19,302	+149	+0.8	+612	+3.3
Other		30,690	+556	+1.8	+4,749	+18.3
Total		187,773	+1,213	+0.7	+3,852	+2.1

※1 Drug store/Discounter/Home center are included in supermarket

※2 Sales volume declined vs. PY due to change of business model (operation outsourcing to APEX). Net sales volume except this impacts (3,950K c/s) was positive vs. PY

※3 Target...values published on Jul 28, 2011

【 Ref: Excl. impacts of APEX】

Vending	54,205	-508	-0.9	+338	+0.6
Other	30,690	+556	+1.8	+799	+2.7

## Chain Store

- In supermarket, we captured PoAs and did activation by placing coolers & racks, and enhanced sales around SS PKGs. Besides, we expanded availability of Core8 brands, which resulted in more sales volume than PY.
- In CVS, sales volume was above both target & PY led by sales of I-Lohas & Ayataka.

## Vending

- Ensured assortments & pricing appropriate to location for VMs. Net sales volume in Vending was positive vs. last year.

## Retail & Food service

- Volume in RFS total was more than target or PY due to new development activity in HORECA<sup>※4</sup> and expansion of RTD products

# Status by channel - Activities in supermarket and sales status

- In supermarket, we drove to place coolers or racks at 11 effective PoAs to strengthen sales of SS packages.
- Revenue growth in SM was faster than that of volume.

# of coolers & PoAs in supermarket\* (at most)

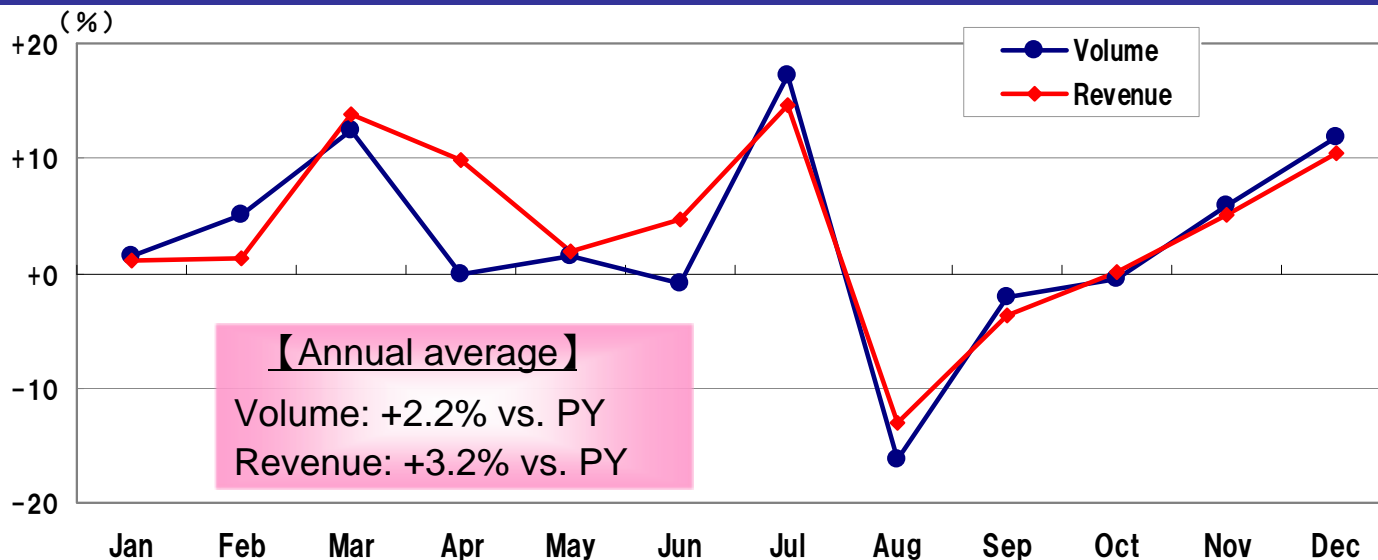


**Cooler**  
**6,073 coolers**



**Rack**  
**17,072 PoAs**

% growth vs. PY of volume/revenue in supermarket\*



\*Drug store/Discounter/Home centers are included

# Status by channel – Sales status of VMs by sub-channel

■ Implemented activities to increase VPM\*<sup>1</sup> (OBPPC\*<sup>2</sup> strategy) for VMs appropriate to sub-channel or location. Full-year VPM was lower than PY by 1% as bad weather in peak season (Aug & Sep) and kickback of high temperature of 2010 (Oct) influenced greatly.

\*<sup>1</sup> VPM (Volume Per Machine)

\*<sup>2</sup> OBPPC: Occasion, Brand, Package, Price, Channel

## Vs. PY of VPM of FS\_CAN VM

Sub-channel	Vs. PY (%)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
At-work white	-0.9	+1.0	+1.0	+0.4	+1.7	-1.5	-0.1	-1.2	-2.3	-2.5	+0.3	-2.0	-0.6
At-work blue	+0.5	+2.3	-0.9	-1.7	+0.7	+0.4	-1.1	-1.2	-2.5	-0.7	+3.0	+0.8	-0.2
Mass retailer	-0.5	+1.4	-0.2	+2.0	-0.7	-2.8	+1.9	-8.4	-6.6	-2.5	-5.5	-4.0	-2.4
Transport	+1.3	+6.7	+0.1	+3.6	-1.6	-1.5	+0.0	-4.3	-5.1	-1.2	-0.8	-1.0	-0.7
School	-0.7	+3.8	+1.8	+3.8	+3.3	-2.1	+0.3	-6.8	-9.5	-4.1	+2.6	-1.2	-1.3
Amusement	-4.2	+0.0	-3.5	+2.8	-3.7	-2.4	+0.3	-6.3	-6.0	+0.0	-4.2	-1.2	-2.7
Pachinko	-3.3	-1.7	-2.5	+1.6	-0.3	+0.2	-0.7	-2.4	+0.3	-0.5	-0.8	-0.2	-0.9
Sports facility	-7.0	-2.4	-3.8	+0.4	-2.7	-4.4	+0.2	-10.2	-8.5	-1.7	-4.1	-3.4	-4.2
Hospital	+0.1	+1.3	+1.0	+1.2	+0.2	-2.1	+1.5	-3.3	-2.5	-1.6	-0.7	-0.6	-0.5
Other (indoor)	-0.1	+1.4	-2.4	+0.4	-0.1	-4.2	+0.9	-4.1	-4.8	-2.7	-3.0	-2.5	-1.9
Outdoor	-1.0	+2.9	+3.4	+7.7	+2.7	-3.3	+2.8	-5.4	-5.6	-2.8	-1.4	-1.7	-0.5
Total	-1.2	+1.7	+0.5	+3.1	+0.8	-2.0	+1.0	-4.5	-4.4	-2.0	-1.0	-1.4	-1.0

# Initiatives in SCM

## Achieving consumer-oriented SCM

- Build supply system linked with OBPPC\*<sup>1</sup> strategy
  - Invest in facilities for new packages
  - Expand multipack (shrink pack)
  - Reduce write-off by reinforcing alignment with sales team
- Supply in summer by stronger cooperation b/w sales & SCM
  - Stable supply based on demand forecast (AQ 2LPET, etc.)
- Launch PJTs to build consumer-oriented supply chain model

## Least cost supply / environment

- Start in-line blowing (SSD PET, HOT PET / Tosu, Kiyama, Akashi, Kyoto)
- Replace production line (Kiyama)
- Improve productivity
- Light-weighting
- Start collaboration with TCCC\*<sup>2</sup> to reduce WUR/energy usage

## Logistics reform

- Streamline warehousing operation at LC\*<sup>3</sup> by logistics assessment
- Restructure sales warehouse

Impacts brought by SCM reform in 2011 (vs. PY)

**+3.5B**  
JPY

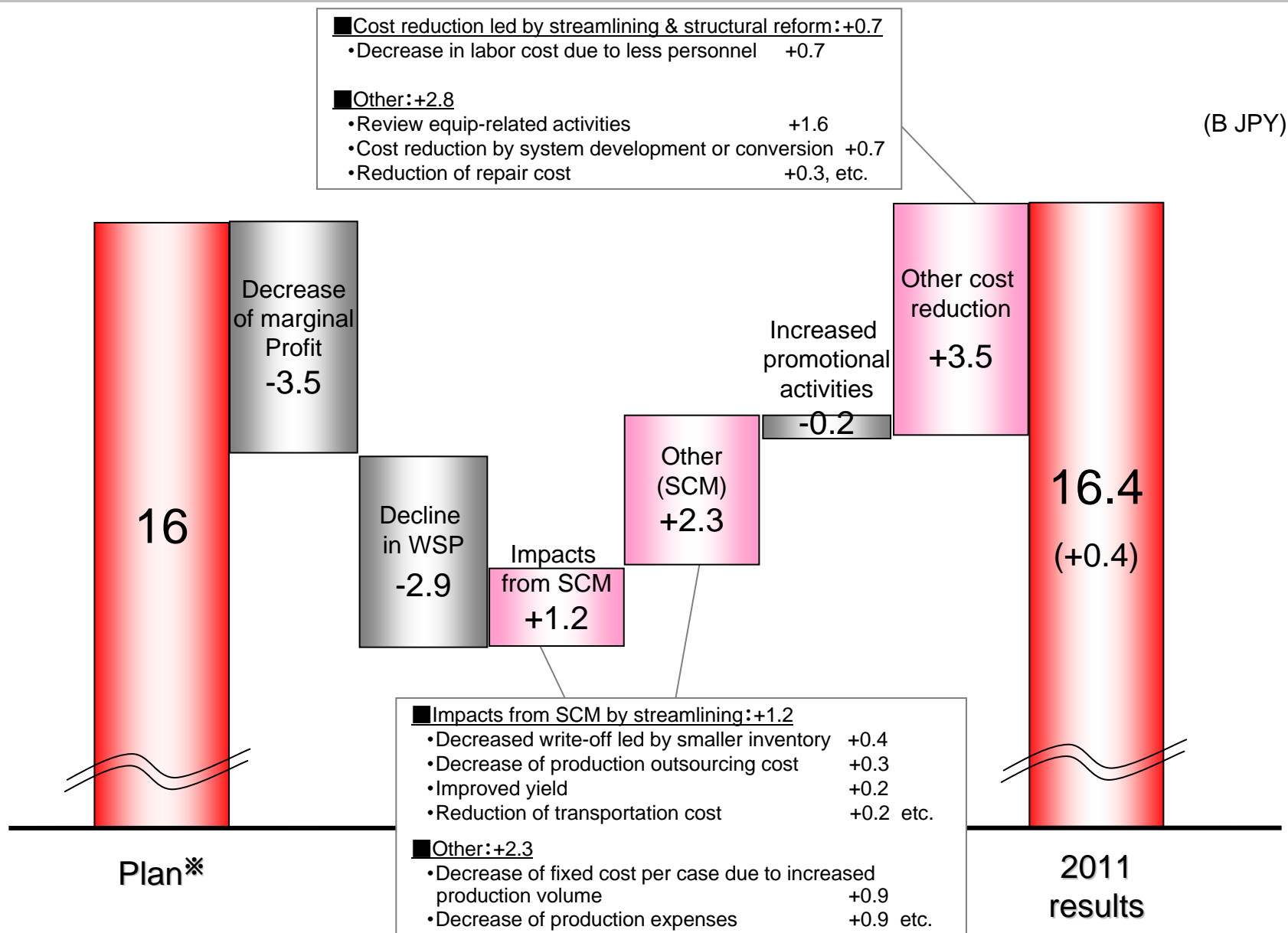
# Account settlement for the fiscal year ending December 2011 (Jan-Dec)

(K c/s, MM JPY, %)

	2011 actual	Target*	vs. Target		2010 actual	vs. PY	
			±	%		±	%
Volume	187,773	186,560	+1,213	+0.7	183,921	+3,852	+2.1
Revenue	399,717	408,000	-8,282	-2.0	375,764	+23,952	+6.4
Gross profit on sales	195,244	202,000	-6,755	-3.3	172,456	+22,788	+13.2
Operating profit	16,469	16,000	+469	+2.9	12,003	+4,466	+37.2
Ordinary profit	16,044	15,600	+444	+2.8	12,659	+3,384	+26.7
Net profit for the year	6,997	7,200	-202	-2.8	7,582	-584	-7.7

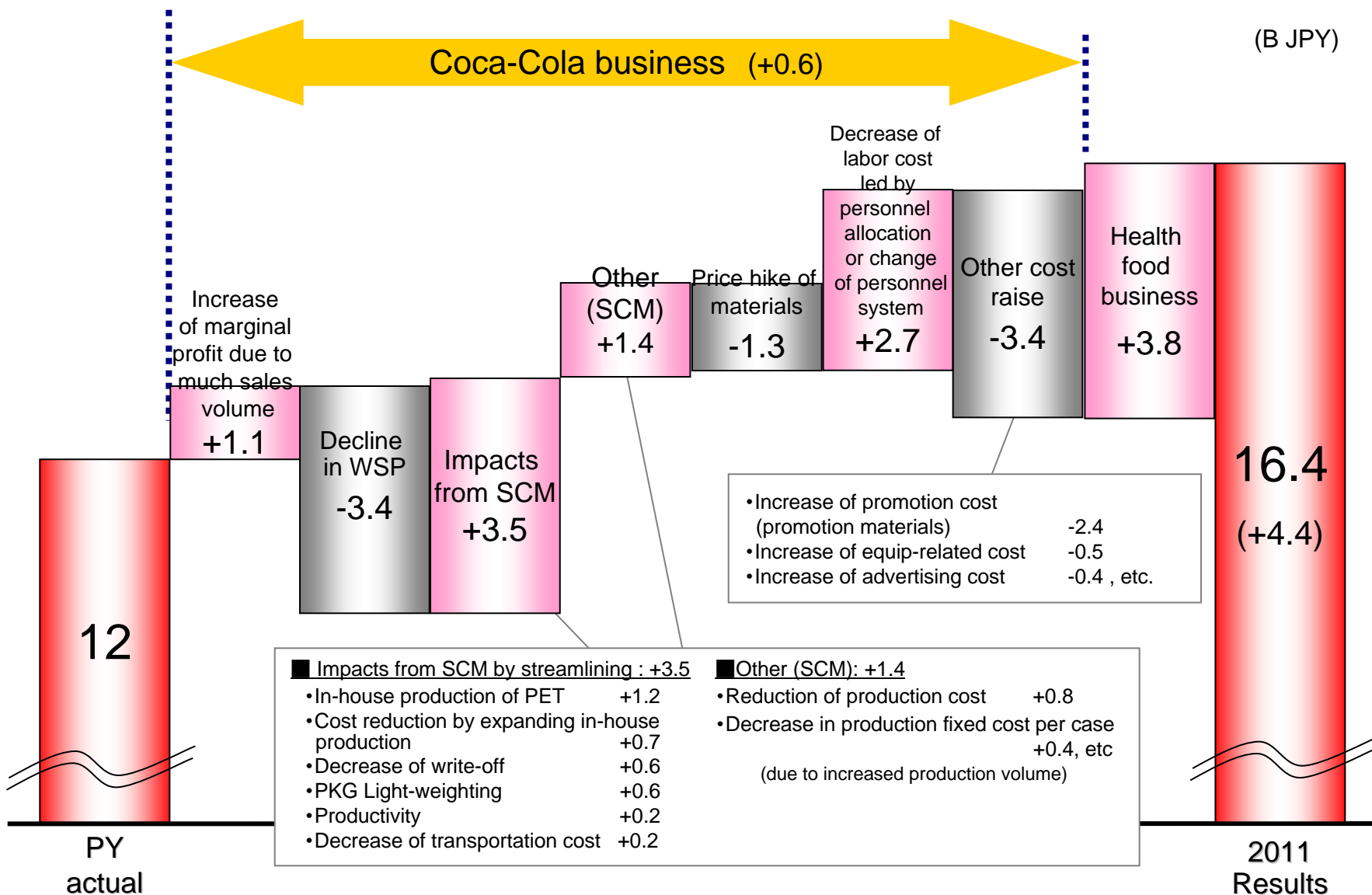
\* Sales volume...values published on Jul 28, 2011. Performance target...those published on Feb 4, 2011

# Account settlement for the fiscal year ending December 2011 (Jan-Dec) - Factors for increased operating margin (comparison with plan)



※ Plan...values published on Feb 4, 2011

# Account settlement for the fiscal year ending December 2011 (Jan-Dec) - Factors for increased operating margin (comparison with PY)



## Summary of the Fiscal Year ending in December 2011

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- In 2011, the first year of 3-year Business Plan, we achieved our target by expanding sales volume and increasing operating profit from the previous year
- In addition, we re-built consumer-oriented supply chain model to launch Business Model Innovation initiatives fully. We have started activities to establish the profit foundation and the solid management foundation for the future
- We made a good start in 2011 toward achieving 10-year management vision as well as sustainable growth



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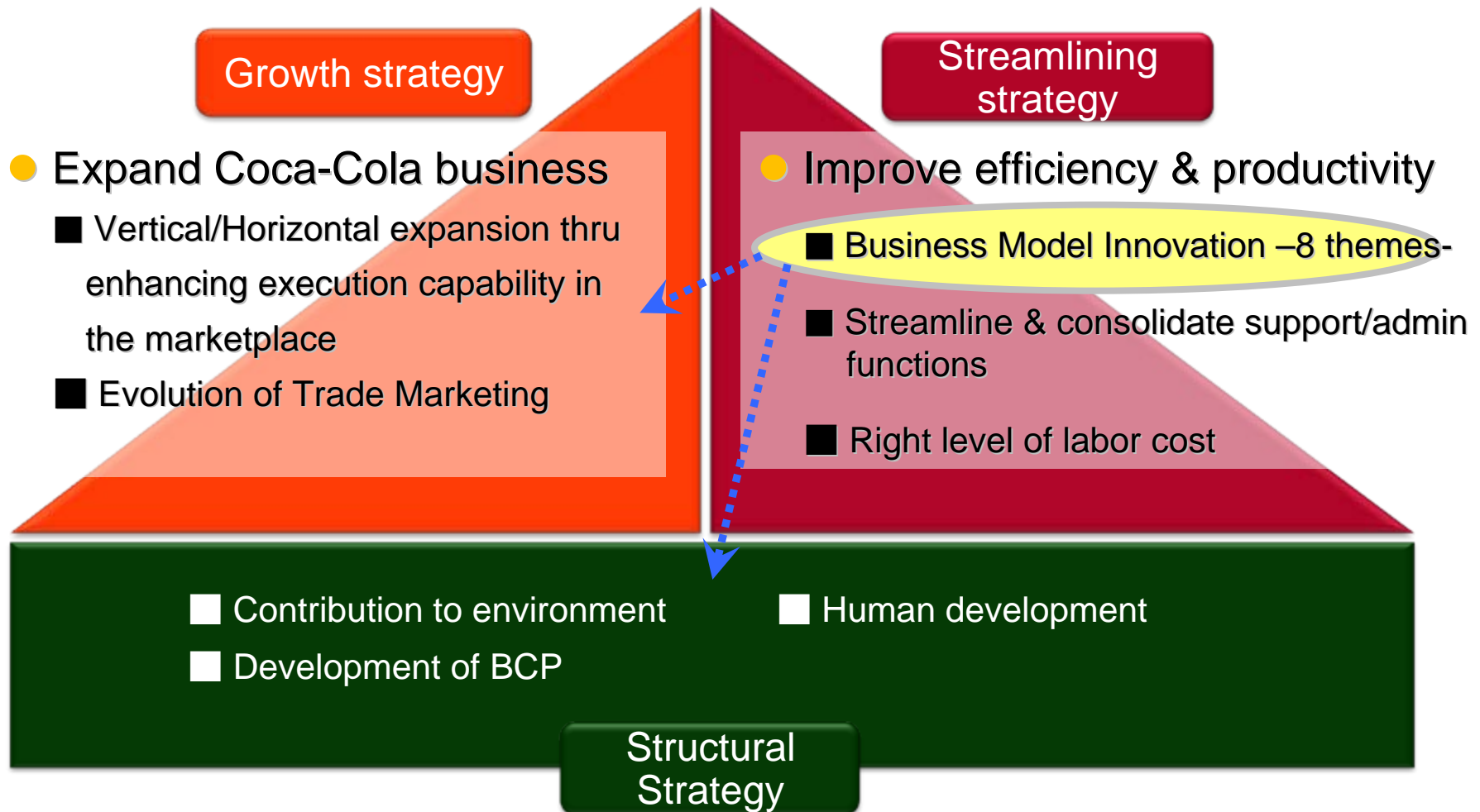
## II. 2012 Business Plan

Ensure to execute consumer-oriented strategies steadily in the marketplace to achieve sustainable growth in profit & volume/share

Carry out “8 Business Model Transformation” to establish mid-/long-term management foundation

# 2012 Basic Strategy

- Enhance market execution capability from consumer-oriented perspective to establish competitive advantage. Also work on changing business model to maximize effects/efficiency to strengthen the management foundation



# Key initiatives of 2012 Basic Strategies

Basic Strategy	Key initiatives		
<div style="background-color: #ff6600; color: white; padding: 5px; text-align: center; border-radius: 5px;">Growth strategy</div>	Expand Coca-Cola business		
	Evolution of Trade Marketing	Vertical/Horizontal expansion thru enhancing execution capability in the marketplace	<ul style="list-style-type: none"> <li>• Further evolution of segmentation &amp; OBPPC<sup>※1</sup> strategy</li> <li>• Grow revenue per machine/per outlet</li> <li>• Expand points of availability</li> </ul>
		Transfer to organization/system to enhance execution capability	<ul style="list-style-type: none"> <li>• Innovative trading term</li> <li>• Region management combined (Kyushu/Chugoku/Kansai) with channel based execution</li> <li>• Enhance organizational sales capability</li> </ul>
		Business Model Innovation	1. Service model optimization (CSS + RTM <sup>※2</sup> )
<div style="background-color: #990033; color: white; padding: 5px; text-align: center; border-radius: 5px;">Streamlining strategy</div>	Business Model Innovation		
	Streamline & consolidate support/admin functions	<ul style="list-style-type: none"> <li>• Execute streamlining initiatives after screening tasks</li> <li>• Consolidate support/admin work of group companies</li> </ul>	
	Right level of labor cost	<ul style="list-style-type: none"> <li>• HC design to achieve 3-year business plan</li> </ul>	
<div style="background-color: #006633; color: white; padding: 5px; text-align: center; border-radius: 5px;">Structural Strategy</div>	Business Model Innovation		
	Contribution to environment	<ul style="list-style-type: none"> <li>• Introduce eco-friendly vehicles, replace with LED lightings</li> </ul>	
	Human development	<ul style="list-style-type: none"> <li>• Nurture people with global mindset</li> </ul>	
	Development of BCP	<ul style="list-style-type: none"> <li>• Transform to SCM from BCP perspective</li> </ul>	

※1 OBPPC: Occasion, Brand, Package, Price, Channel

※2 CSS + RTM (Customer Service System + Route to Market): Framework to evaluate/design/deploy service system for shopper/customers in the market

# Business Model Innovation – 8 themes -

■ Drive to restructure value chain across the company to maximize effects and efficiency

## 8 Themes of Business Model Innovation – Objectives and Directions -

1	Service model optimization (CSS + RTM※1)	Define optimal service model to provide by customer/by VM in 3 areas (Sales, Logistics and Market execution) and conduct activities based on the model
2	Logistics process innovation	Streamline product flow & operations to customers/VMs. Increase efficiency of W/H and office workers. Consolidate inventory & improve freshness management
3	DOIP	Connect “Volume plan”, “Demand plan” and “Supply plan” flexibly but promptly to prevent OOS in the marketplace and slow-moving/write-off. Link weekly/monthly update with the business plan
4	Manufacturing Infrastructure Optimization	Rationalize production infrastructure & achieve proper level of production capacity from mid-/long-term perspective in line with market and sales plan
5	Manufacturing Excellence	Lesser environmental burden by reducing water/energy usage and improve productivity
6	World-class IT	Introduce information system tool proven in overseas to accelerate the speed of innovation and maximize results
7	Organizational re-design	Establish efficient & effective organization and support functions
8	Change management /Communication	Develop company culture stick to achievements

※1 CSS + RTM (Customer Service System + Route to Market) : Framework to evaluate/design/deploy service system for shopper/customers in the market

# Business Model Innovation – 8 themes -

## 8 Themes of Business Model Innovation – Activities in 2012 -

1	Service model optimization (CSS + RTM※1)	<ul style="list-style-type: none"> <li>•CSS + RTM※1 pilot test</li> <li>•Implement IT infrastructure (“SFA”※2 for sales force)</li> </ul>
2	Logistics process innovation	<ul style="list-style-type: none"> <li>•Optimize delivery service level based on new customer service standards</li> <li>•Launch Roadnet (automated delivery planning system)</li> <li>•Online VM</li> <li>•Build new outsourcing model for logistics/warehouse management</li> <li>•Optimize DC※3 network (Start operation of Nagasaki DC in Jan &amp; Osaka DC in Feb)</li> </ul>
3	DOIP	<ul style="list-style-type: none"> <li>•Operate inventory/supply planning model linked with demand plan</li> </ul>
4	Manufacturing Infrastructure Optimization	<ul style="list-style-type: none"> <li>•Develop mid-/long-term manufacturing network vision / implementation plan</li> <li>•Strengthen alignment with Minami-Kyushu CCBC</li> </ul>
5	Manufacturing Excellence	<ul style="list-style-type: none"> <li>•Target setting &amp; status management for WUR / energy usage reduction and productivity improvement</li> <li>•Increase productivity/in-house production, improve yield, continue light-weighting</li> </ul>
6	World-class IT	<ul style="list-style-type: none"> <li>•Develop transition plan for IT system across the company</li> </ul>
7	Organizational re-design	<ul style="list-style-type: none"> <li>•Restructuring functions of admin/support divisions, eliminate duplicated process/inefficiency (vision of Contact Center)</li> </ul>
8	Change management /Communication	<ul style="list-style-type: none"> <li>•Establish implementation system and enhance human development</li> </ul>

※1 CSS + RTM (Customer Service System + Route to Market) : Framework to evaluate/design/deploy service system for shopper/customers in the market

※2 SFA: Sales Force Automation

※3 DC: Distribution Center

## Performance target for the fiscal year ending December 2012 (Jan-Dec)

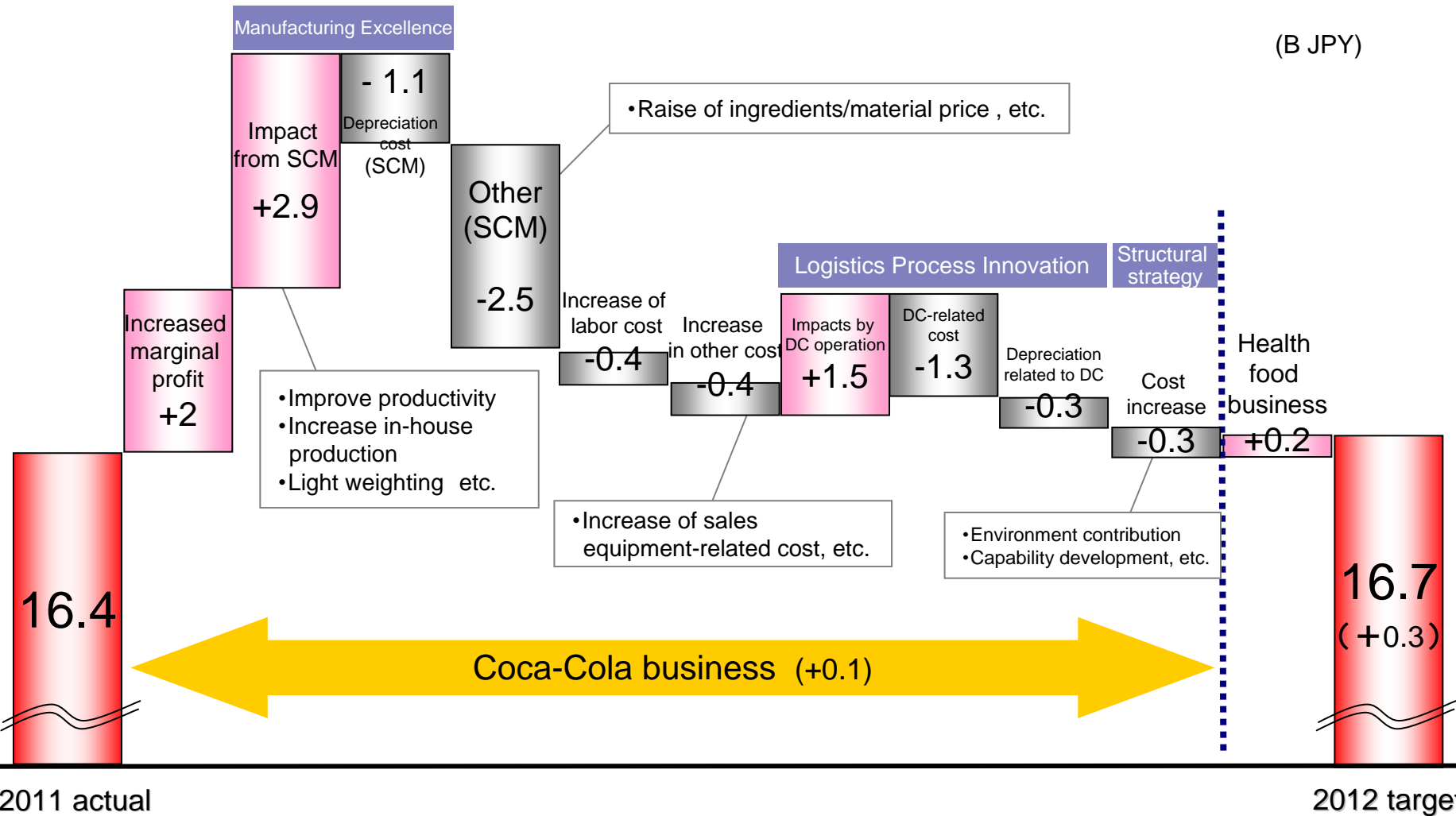
■ We will aim at increased income & profit on a consolidated basis excluding impact of sales to other bottlers

(K c/s, MM JPY, %)

	2012 Target								
	1H	vs. PY		2H	vs. PY		Full year	vs. PY	
		±	%		±	%		±	%
Volume	86,599	+823	+1.0	101,295	-701	-0.7	187,894	+121	+0.1
Revenue	183,100	-6,833	-3.6	208,400	-1,383	-0.7	391,500	-8,217	-2.1
Gross profit on sales	91,900	-702	-0.8	104,800	+2,158	+2.1	196,700	+1,455	+0.7
Operating income	4,400	-1,614	-26.8	12,300	+1,845	+17.6	16,700	+230	+1.4
Ordinary profit	4,300	-1,716	-28.5	12,500	+2,473	+24.7	16,800	+755	+4.7
Net profit for the year	2,100	-263	-11.1	7,000	+2,367	+51.1	9,100	+2,102	+30.1

# Full-year plan (Jan-Dec) – Scenario to achieve operating income target (comparison with last year)

In Sales side, we expand sales volume while securing profit by evolving OBPPC strategy much further. Besides, drive change of value chain across the company thru Business Model Innovation initiatives to reduce cost and strengthen the management foundation for mid-/long-term growth



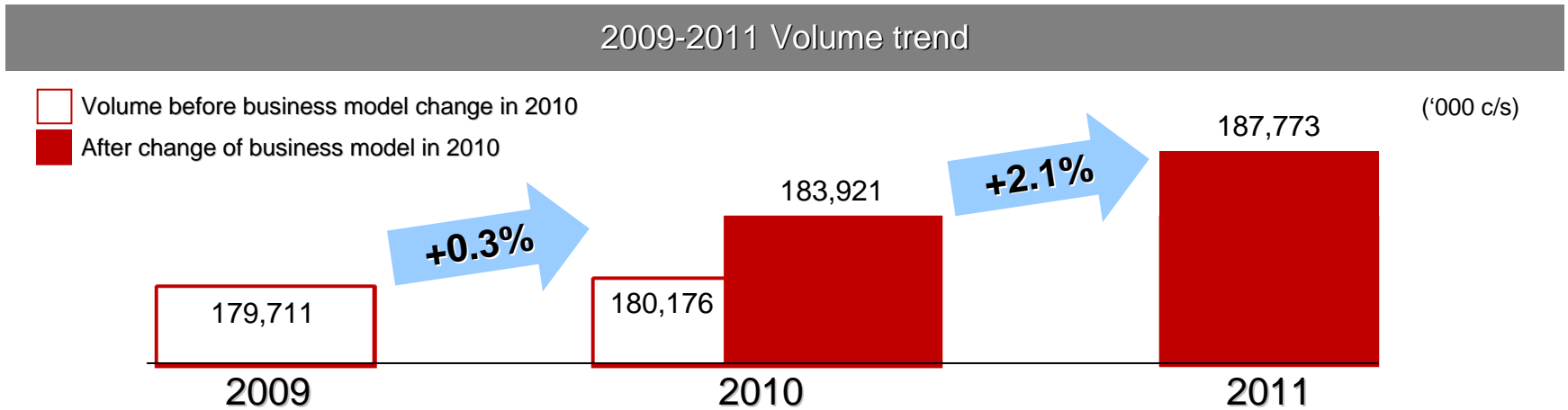


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## III. 2012 Sales Strategy

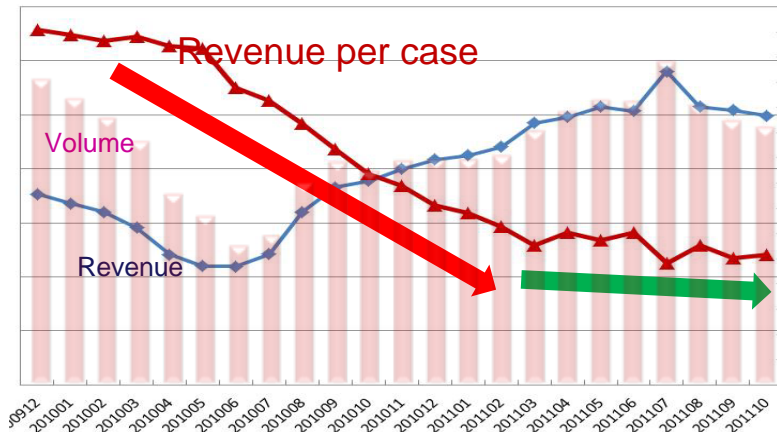
# Trend of volume/revenue per case

■ Sales volume has been growing well for past 3 years



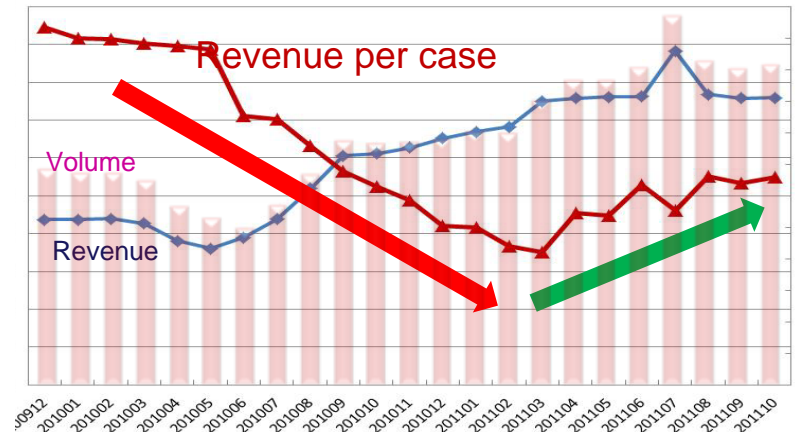
## All channels

Decline in revenue per case is getting slow



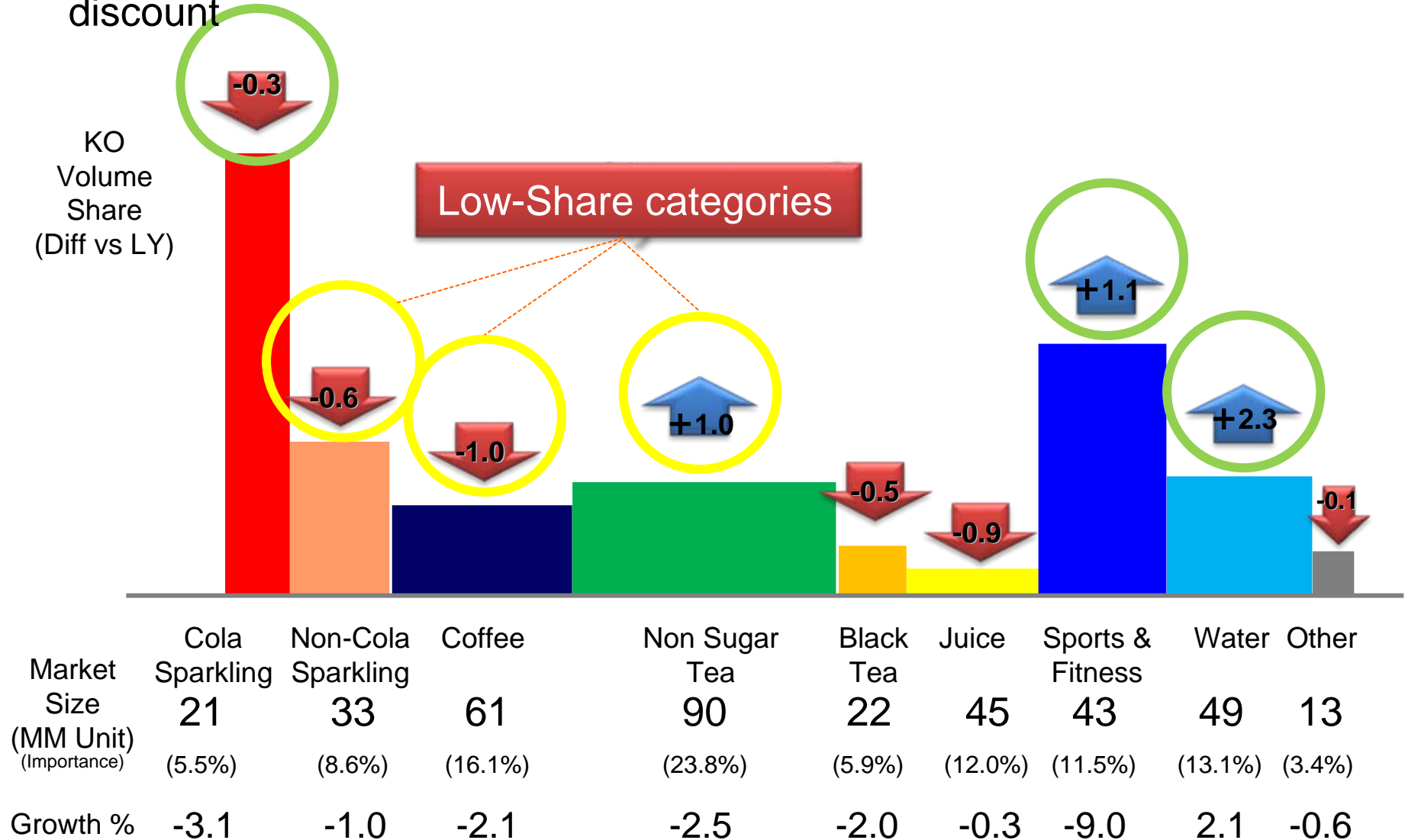
## Chain Store channel

Revenue per case in chain store channel started to increase



# 2011 Review

■ Reliance on only 3 categories, Sparkling/Sports/Water, resulted in deep discount



※ Data... Values counted from Nov, 2010 to Oct, 2011

# Fiscal year ending Dec 2012 (Jan-Dec) Volume plan

('000 cases, %)	2012 Target								
	1H	Vs. PY		2H	Vs. PY		Total	Vs. PY	
		±	%		±	%		±	%
Sales volume	86,599	+823	+1.0	101,295	-701	-0.7	187,894	+121	+0.1

## Sales plan by brand

		('000 cases, %)			
		2012 Plan	vs. PY		Market Share
			±	%	
Core8 + Sprite	Coca-Cola	13,021	-940	-6.7	↓
	Coca-Cola Zero	5,979	-530	-8.1	
	Fanta, Sprite	9,123	+497	+5.8	↑
	Georgia	38,950	-226	-0.6	
	Sokenbicha	11,970	-378	-3.1	→
	Aquarius	19,721	-278	-1.4	
	I-Lohas	8,409	+1,520	+22.1	↑
	Ayataka	8,241	-57	-0.7	
Subtotal		115,414	-393	-0.3	
Other		72,480	+514	+0.7	
Total		187,894	+121	+0.1	↑

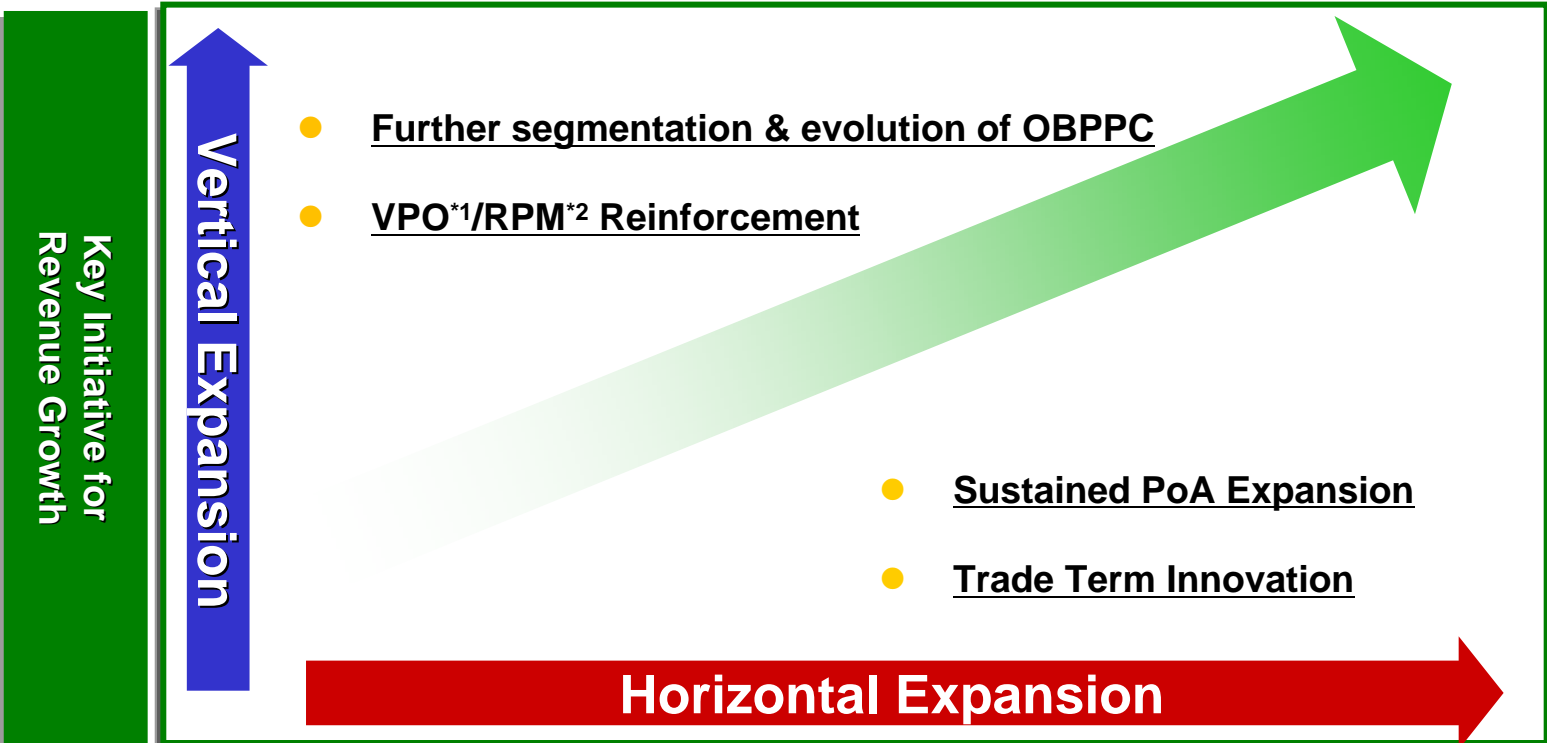
## Sales plan by channel

		('000 cases, %)		
		2012 Plan	vs. PY	
			±	%
Supermarket *		50,280	+181	+0.4
Convenience store		20,483	+172	+0.8
Chain Store Total		70,763	+353	+0.5
Vending		54,004	-200	-0.4
Retail		12,959	-207	-1.6
Food Service		19,497	+195	+1.0
Other		30,671	-19	-0.1
Total		187,894	+121	+0.1

\*Drug store/Discount/Home center are included in Supermarket

# Overall picture of Sales Strategy

Expand volume/market share while putting focus on recovering revenue



(Big Bet)

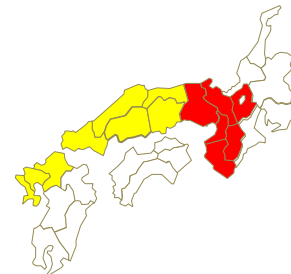


GA Enhancement



VM Expansion

<b>Streamlining</b>	<b>Sales structure</b>	<ul style="list-style-type: none"> <li>● Region management with channel based execution</li> <li>● CSS + RTM <sup>*3</sup> redesign - starting with Osaka Prefecture</li> </ul>
	<b>Develop Sales capability</b>	<ul style="list-style-type: none"> <li>● RED linked to incentive payments</li> </ul>
	<b>IT infrastructure</b>	<ul style="list-style-type: none"> <li>● New systems to drive efficiency and effectiveness</li> </ul>

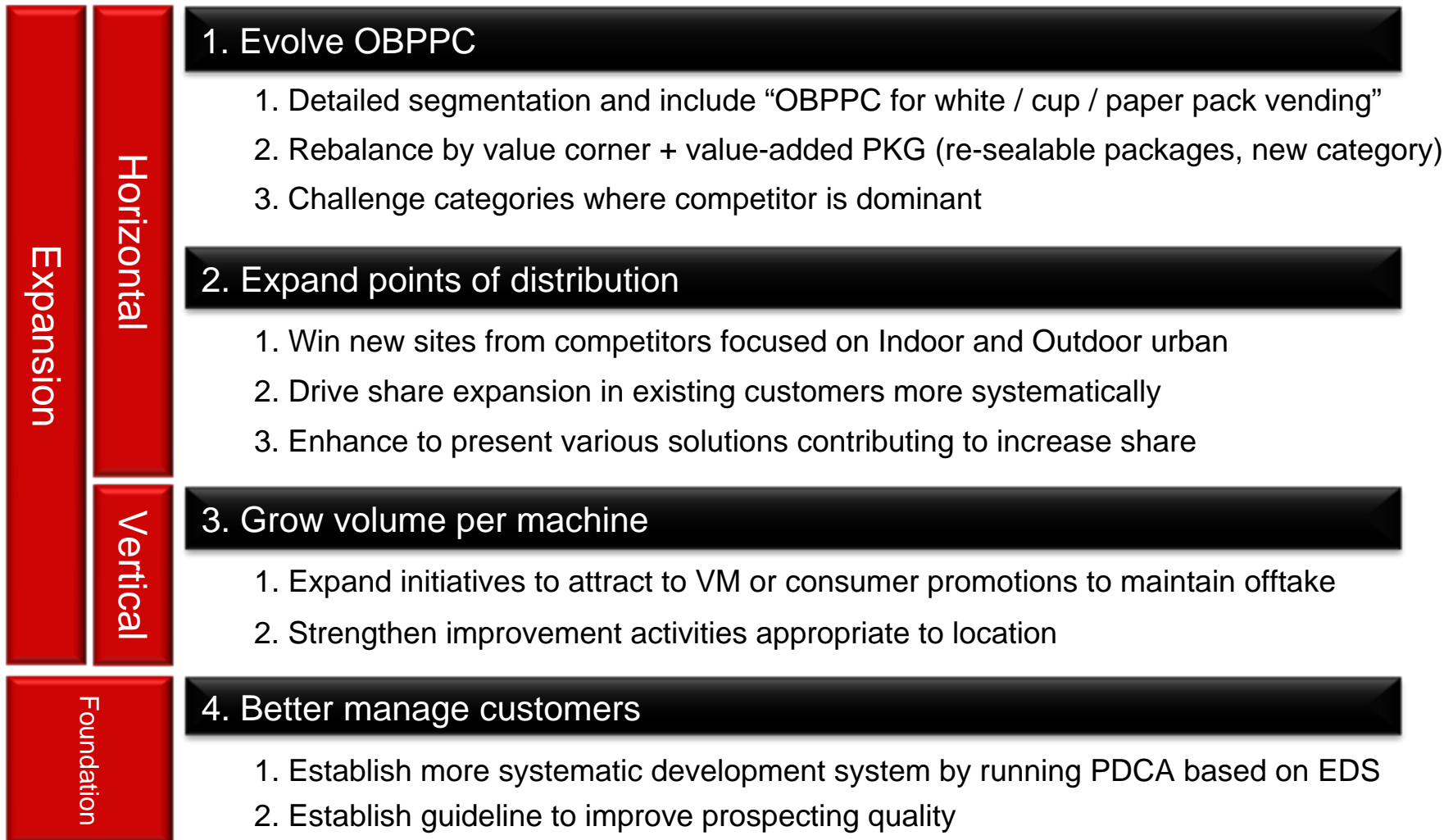


Kansai Attack

※1 VPO: Volume per outlet    ※2 RPM: Revenue per machine  
 ※3 CSS+RTM : Customer Service System+Route to Market








# Channel Strategy - Vending

## ■ Top priority for Vending is new placement



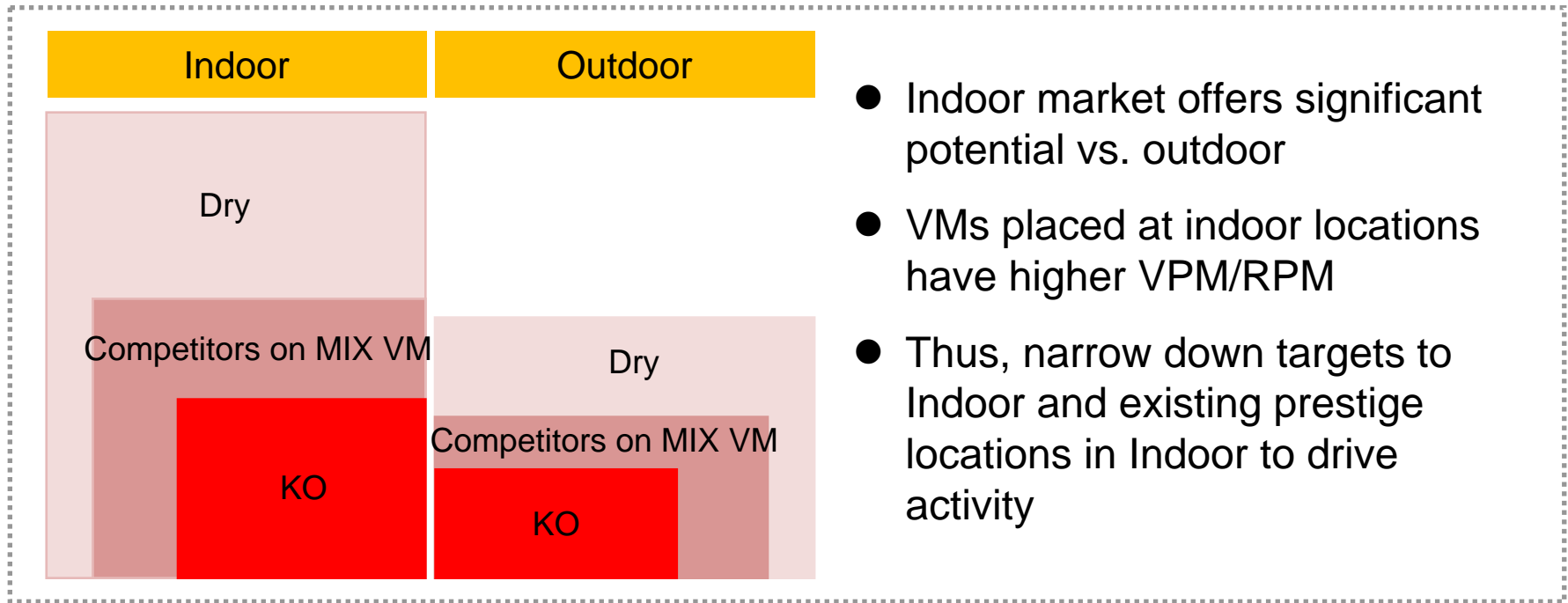
# Channel Strategy - Vending

■ We will evolve our OBPPC to incorporate relevant segmentation improvements and re-balance our mix to higher value packages

Segmentation	OBPPC
<p>At work white/ Transportation/ Outdoor/ Hospital</p> 	<p>Expand higher revenue re-sealable packages</p>  <p>Bottle CANS</p>  <p>Mini PET</p>
<p>At work blue/ Mass retail/ School/ Pachinko</p> 	<p>Accessible price points via cans</p>  <p>Mainstream CANS</p>  <p>+ bonus cans selectively</p>
<p>All Channels</p>	<p>Value corner restricted to side by side competitive locations only</p> 

# Channel Strategy - Vending

- New placements will be driven by focus on Indoor channels and expanding share in existing accounts



- Indoor market offers significant potential vs. outdoor
- VMs placed at indoor locations have higher VPM/RPM
- Thus, narrow down targets to Indoor and existing prestige locations in Indoor to drive activity

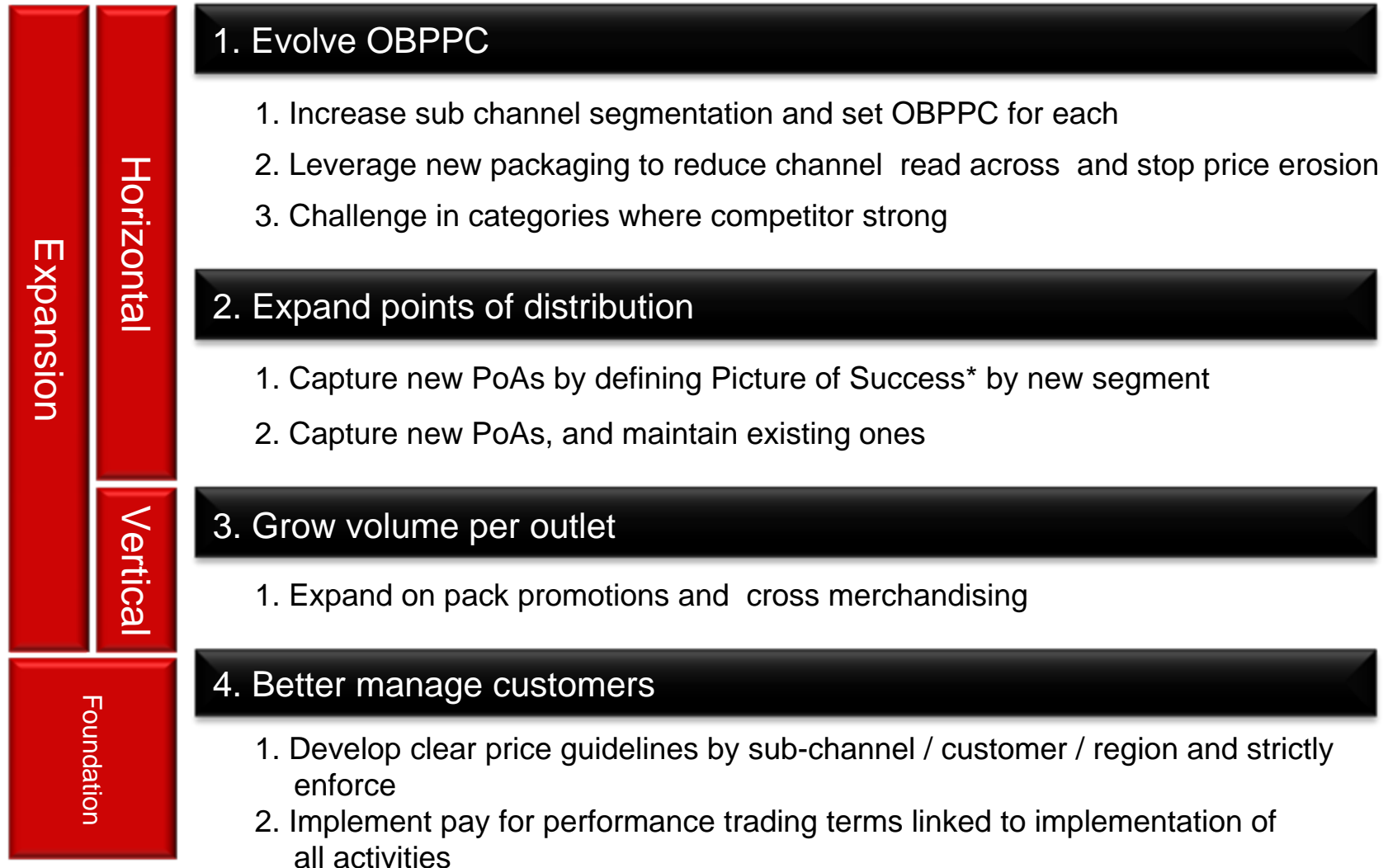
- Propel VM placement by leveraging multiple propositions

- Occasion-based package/price solutions
- Full line equipment offering
- Environment/energy saving
- Added service (single site management, cashless venders, disaster/community service, etc.)
- Concept VM (wellness, female, etc.)



# Channel Strategy – Chain Store

- In Chain Store, we will leverage greater segmentation and pay for performance trading terms to enable growth



※Picture of Success: ideal site and successful image, occasion-based packages or visual guide with sales equipments

# Channel Strategy – Chain Store

- We will scale our OBPPC from 3 to 14 sub channels, adjusting number of SKUs based on PGSB segmentation

## Segmentation

2011  
3 channels



2012  
14 channels

SM	GMS
	Standard SM
	Discount SM
	Mini SM
Drug	Suburban Drug
	Health & beauty
	Pharmacy
DS	Standard DS
	Alcohol DS
	Home center
	100 yen shop
	Other DS
Others	Online/delivery
	Wholesaler

## OBPPC

Diversified package variation based on segmentation to offer various values to consumers

Past

From now



500ml  
PET



300/500ml  
PET



CAN  
Multipack



1.5L  
PET



1L/1.25L/1.5L/2L  
PET

Immediate  
consumption

Home  
consumption

Define SKUs appropriate to detailed sub-channels for execution

# Channel Strategy – Chain Store

■ Increasing frequency of consumer activation to drive VPO as we reduce aggressive discounting

Event/Gondola End Calendar by Channel

52 week merchandising / marketing calendar

**【SM】110カレンダー(概要/エンド)**  
2012年は、通常に並準/エンドの開催プログラムを突出する  
トランケンタもプログラム毎に行う

	1月					2月					3月					4月															
	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
概要	2012年1月 アサヒ飲料 キャンペーン					2012年2月 アサヒ飲料 キャンペーン					2012年3月 アサヒ飲料 キャンペーン					2012年4月 アサヒ飲料 キャンペーン															
エンド	アサヒ飲料 キャンペーン					アサヒ飲料 キャンペーン					アサヒ飲料 キャンペーン					アサヒ飲料 キャンペーン															
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Supermarket

Drug store

Discounter

Cross merchandising with food partners



On pack promotions / coupons

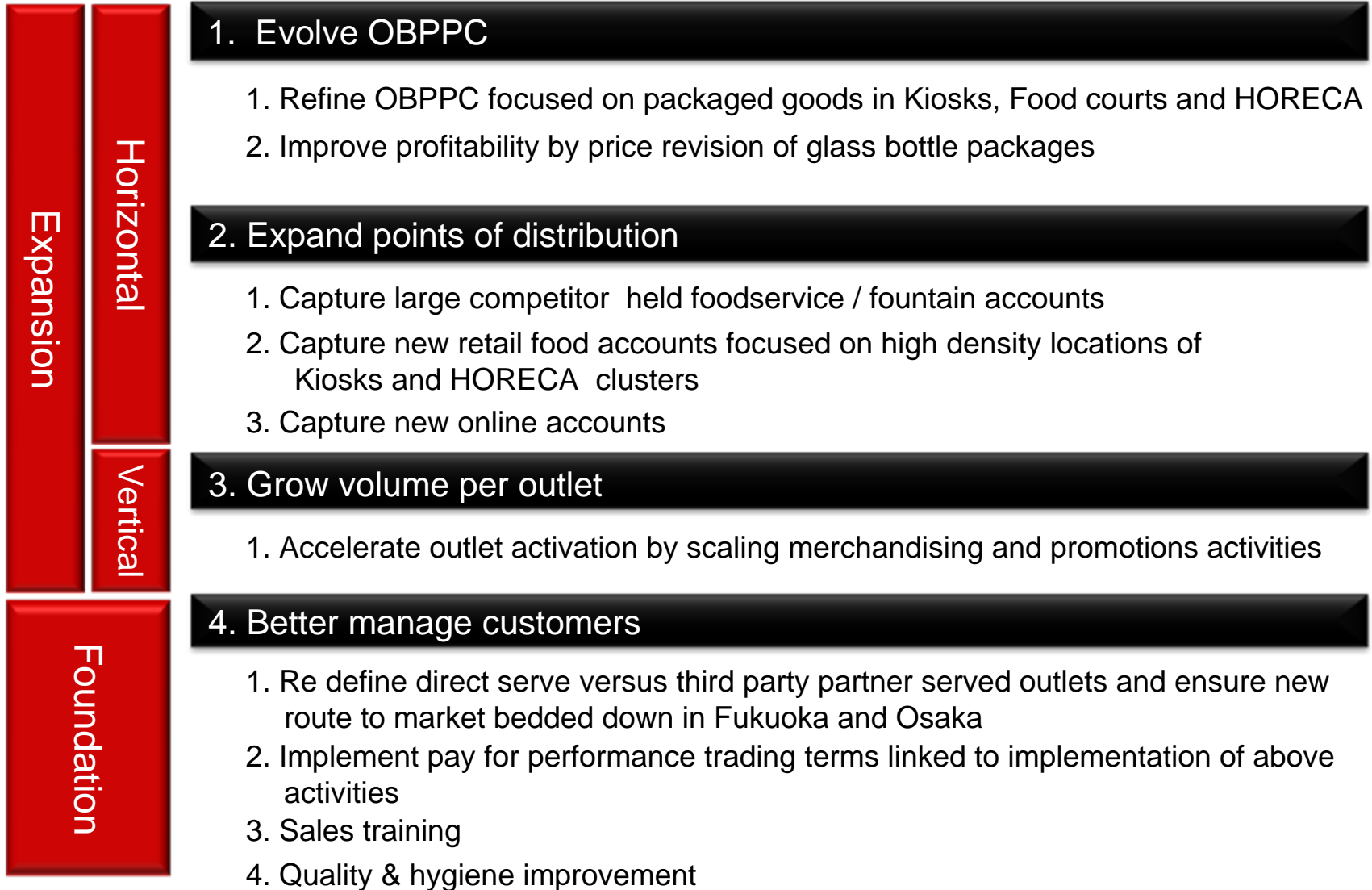


Bundle chirashi



# Channel Strategy – Retail & Food Service

## Accelerate New Opening in Retail & Food Service



# Channel Strategy – Retail & Food Service

- Shift from syrup to expansion of packaged goods in HORECA & food courts to enable sustainable volume/profit growth



Prepare portfolio according to sub-channels

HORECA

Returnable bottles



HORECA-exclusive CANS



Food courts

500ml PET



350ml PET

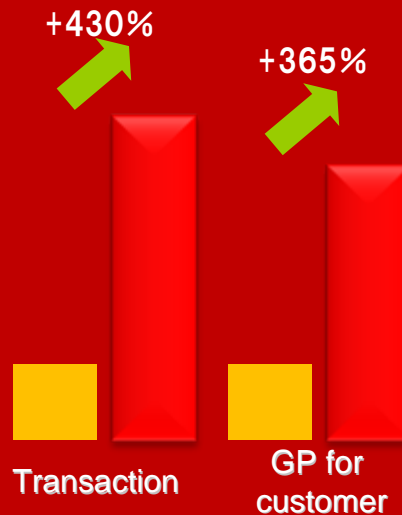


# Channel Strategy – Retail & Food Service

- Leveraging the key learnings from the HORECA pilot areas in Osaka and Fukuoka to the full

1. We increased # of SKUs per outlet...

2. Delivering significant growth in transactions and gross profit for our customers...



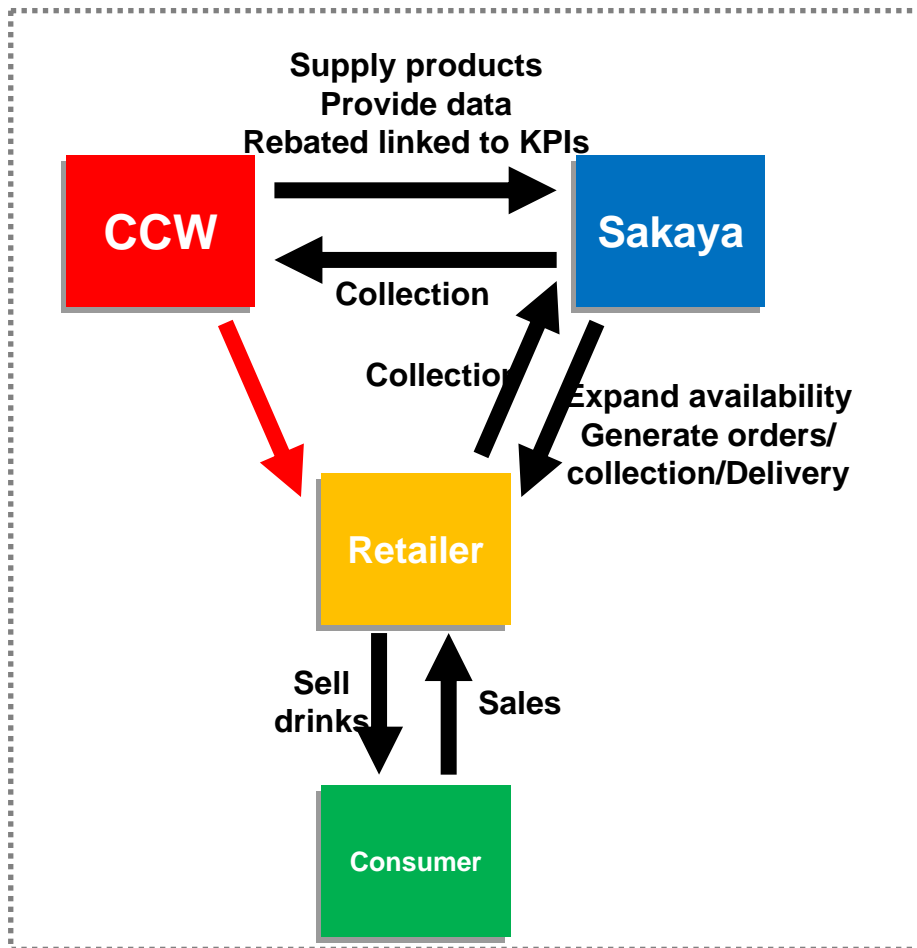
3. ... our Sakaya partner...



# Channel Strategy – Retail & Food Service

- Implement new operating model, working in partnership with “preferred Sakayas”

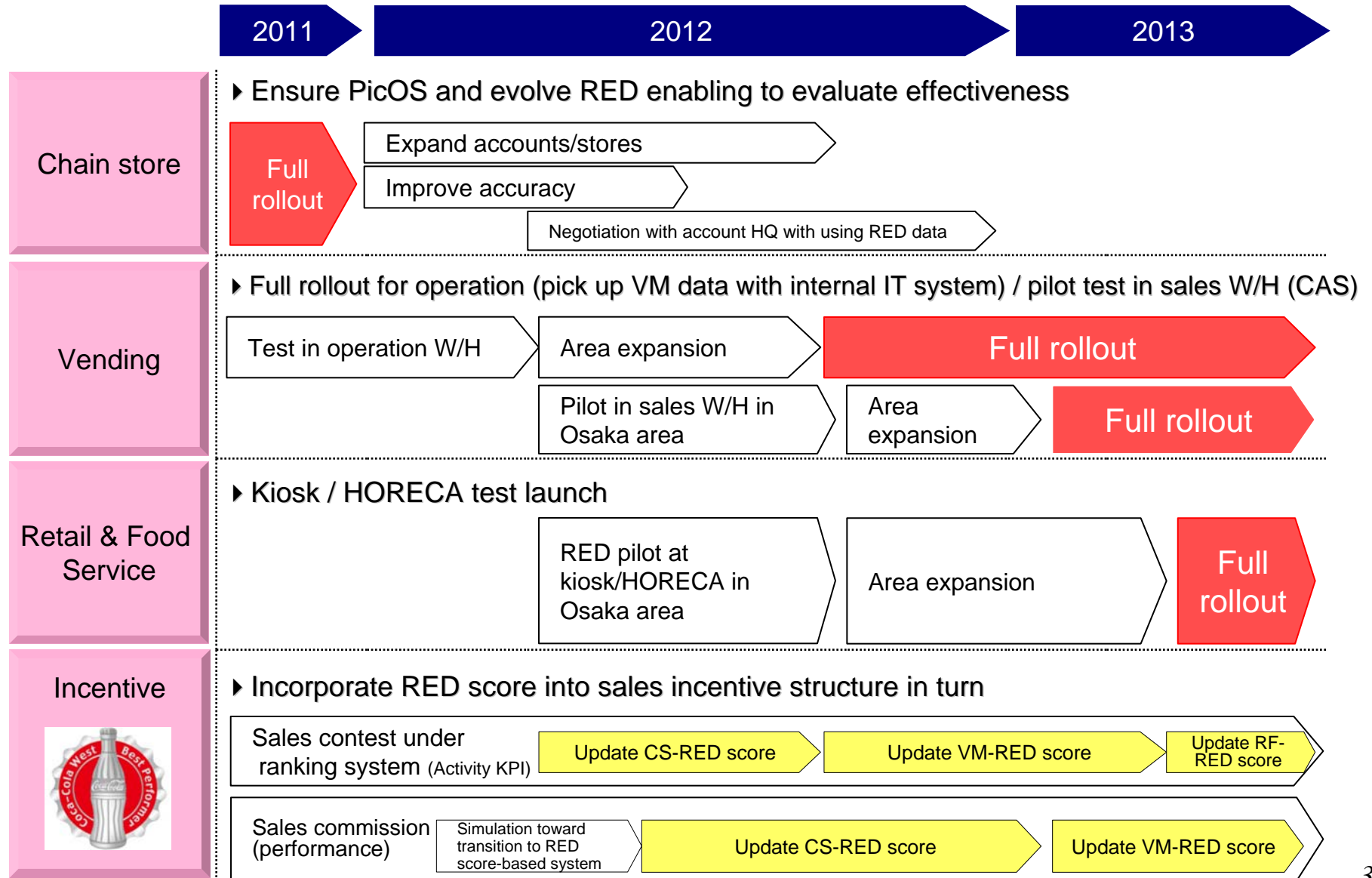
... Partner with Sakaya in sales activities for collaboration



1. Shift from volume incentive to rebate based on achievement of KPI
2. CCW encourages retailers to deal with partner Sakayas
3. Sakaya encourages retailers to sell KO products

# Develop organizational sales capabilities

■ Rollout RED cycle enhancing activation capability of organization/individuals across all channels





# Brand Strategy - Georgia

- Sales Volume of Georgia in 2011 has grown +2.3% vs. 2010
- In 2012, we will also maximize sales from Georgia thru coverage expansion of core products & promotions

## Assortments

## Promotion/campaign

Basic principle

Core SKU enhancement



Reinforce re-sealable PKGs



Strengthen multipack



Enhance promotions



Vending machines

→ Ensure OBPPC by location

Chain store

→ Improve availability

Vending machines

- At-work (white)
- Transportation
- Hospital
- Outdoor



Chain store

- Expand multipack



Winter campaign



Initiative

---

[ Reference ]

# Account settlement for the FY ending Dec 2011 (Jan-Dec)

## – Factors for increase/decrease (comparison with the plan)

	Target*	2011 Actual	Gap		(B JPY)
Revenue	408	399.7	-8.2	Key factors	Gap
Gross profit on sales	202	195.2	-6.7	•Coca-Cola business	-5.93
Operating profit	16	16.4	+0.4	•Health food business	-2.11
				•Coca-Cola business	-4.81
				•Health food business	-1.81
				Increase/decrease of SG&A	
				•Decrease of labor cost	+0.89
				•Decrease of sales commission	+0.31
				•Decrease of equip-related cost	+1.64
Ordinary profit	15.6	16	+0.4	•Decrease of maintenance cost	+0.21
				•Decrease of repair cost	+0.22
Net profit for the year	7.2	6.9	-0.2	•Decrease of depreciation cost	+0.81
				•Health food business	+1.8
				•Changes of special profit/loss (Increase of loss on retirement of fixed assets, etc.)	-1.33
				•Corporate tax, etc.	+0.62

\* Target...Values published on Feb 4, 2011

# Account settlement for the FY ending Dec 2011 (Jan-Dec)

## – Factors for increase/decrease (comparison with PY)

	2010	2011 Results	Gap		(B JPY)
Revenue	375.7	399.7	+23.9	Key factors	Gap
Gross profit on sales	172.4	195.2	+22.7	•Coca-Cola business	-2.21
Operating profit	12	16.4	+4.4	•Health food business	+26.41
				•Coca-Cola business	+1.29
				•Health food business	+21.64
				Increase/Decrease of SG&A	
				•Decrease of labor cost	+2.72
				•Increase of promotion/advertising cost	-5.38
				•Increase of sales commission	-0.64
				•Decrease of transportation cost	+0.18
Ordinary profit	12.6	16	+3.3	•Decrease of sales equipment cost	+1.51
				•Decrease of depreciation cost	+1.02
				•Health food business	-17.78
Net profit for the year	7.5	6.9	-0.5	•Decrease of non-operating income (investment gain on equity method, etc.)	-0.74
				•Increase of non-operating expenses (increase of loss on retirement of fixed assets, etc.)	-0.35
				•Increase/decrease of special profit/loss (increase of asset retirement obligation, etc.)	-2.35
				•Corporate tax, etc.	-1.59

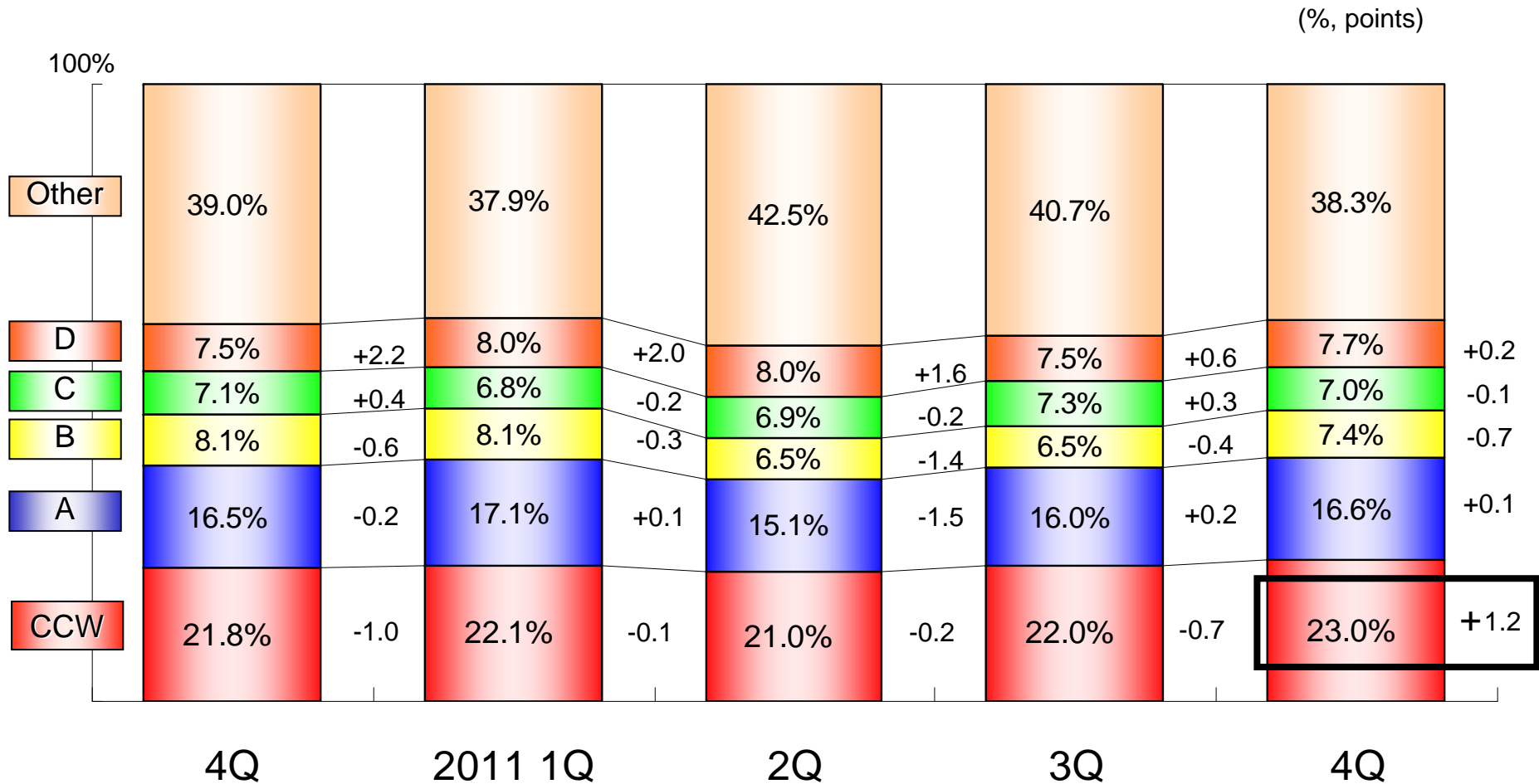
# Account settlement for 4Q of the FY2011 (Oct-Dec)

(K c/s, MM JPY, %)

	2011 4Q Actual	Target <sup>※</sup>	vs. Target		2010 4Q Actual	vs. PY	
			±	%		±	%
Volume	44,211	43,673	+538	+1.2	43,327	+884	+2.0
Revenue	93,813	97,500	-3,686	-3.8	94,484	-671	-0.7
Gross profit on sales	46,534	47,900	-1,365	-2.9	45,410	+1,123	+2.5
Operating income	3,237	2,900	+337	+11.6	2,741	+496	+18.1
Ordinary profit	2,937	2,900	+37	+1.3	2,670	+267	+10.0
Net profit for the term	930	1,500	-569	-38.0	1,379	-449	-32.6

※ Sales volume plan...Values published on Jul 28, 2011, Performance target...Values published on Feb 4, 2011

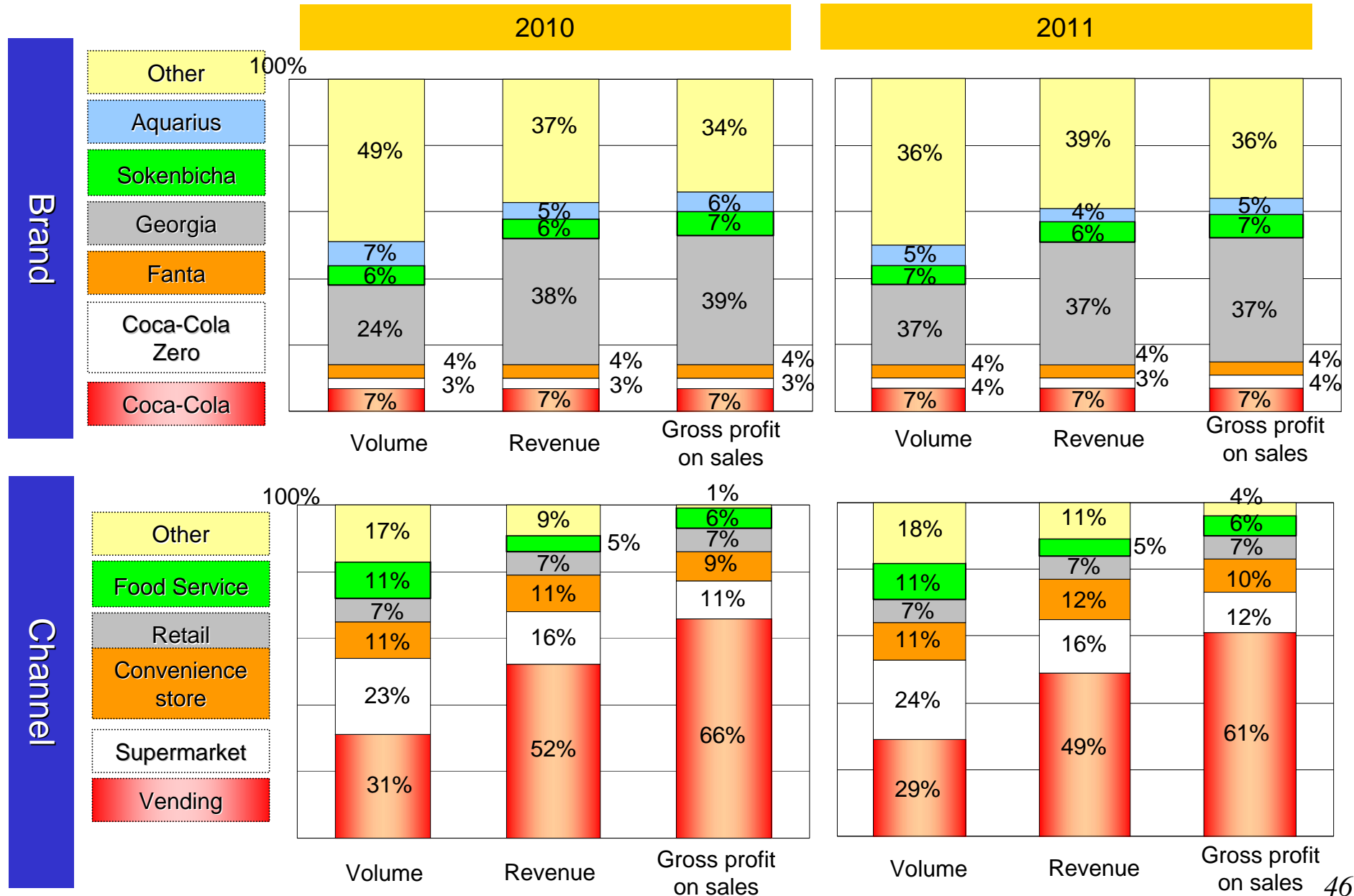
# OTC Market share trend (except vending machines)



※ Values put outside of the graph show YTY gap

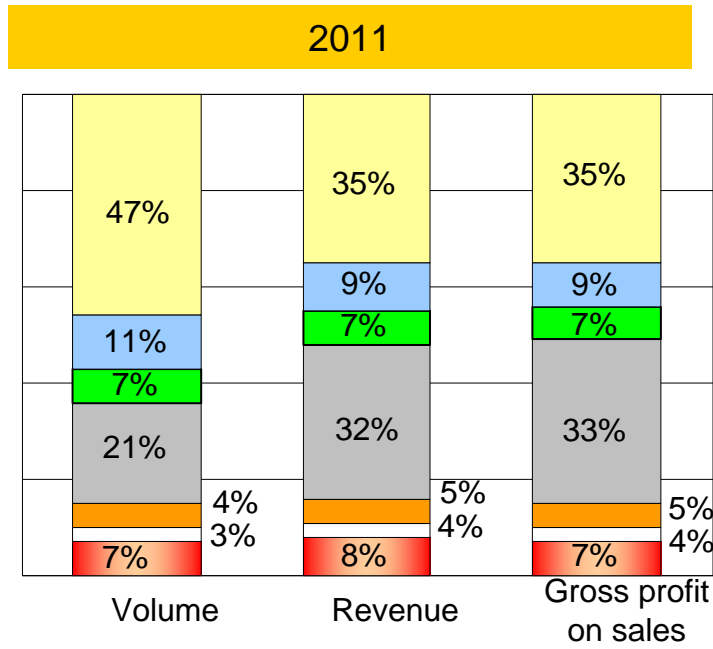
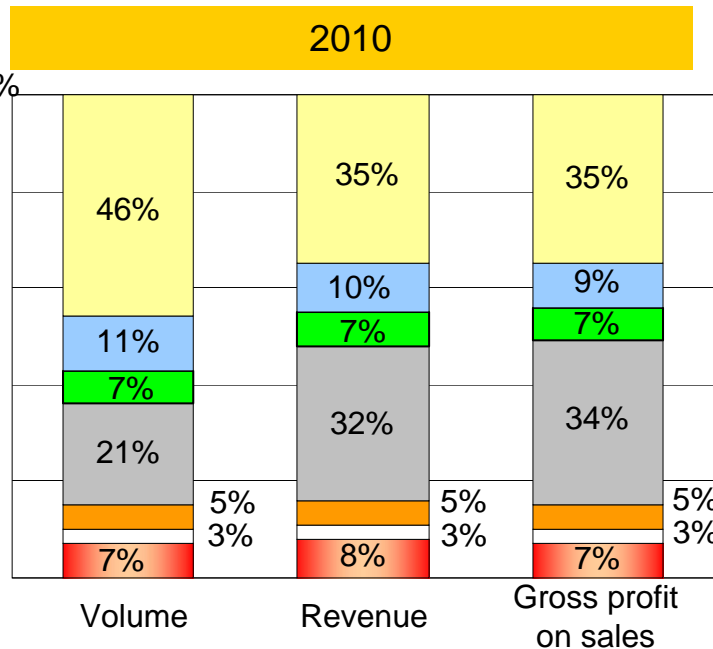
(Source: Intage)

# 4Q (Oct-Dec, 2011) – Mix by brand/by channel

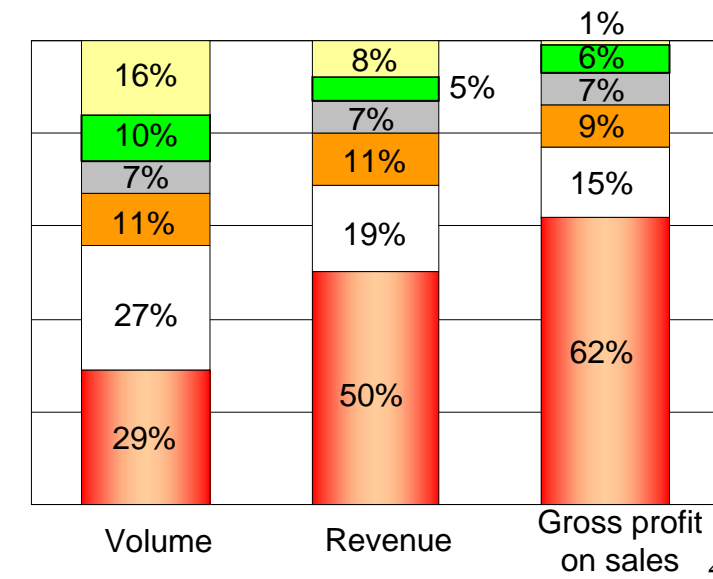
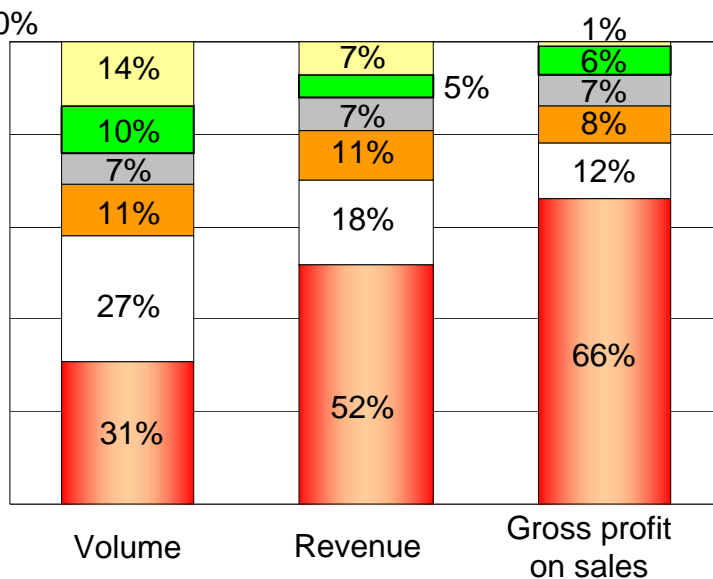
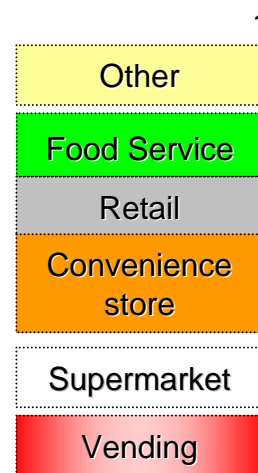


# FY2011 (Jan-Dec) – Mix by brand/by channel

Brand



Channel





# 4Q (Oct-Dec, 2011) – Volume by brand

(K c/s, %)

		4Q actual	vs. Target*		vs. PY	
			±	%	±	%
C o r e g	Coca-Cola	3,131	+28	+0.9	+88	+2.9
	Coca-Cola Zero	1,468	+53	+3.8	+181	+14.0
	Fanta	1,810	+160	+9.7	+153	+9.2
	Georgia	10,800	+97	+0.9	+288	+2.7
	Sokenbicha	2,567	-326	-11.3	-34	-1.3
	Aquarius	2,629	-562	-17.6	-422	-13.8
	I-Lohas	1,554	+400	+34.6	+200	+14.8
	Ayataka	2,273	+978	+75.5	+984	+76.3
Subtotal		26,232	+828	+3.3	+1,437	+5.8
Other		17,979	-290	-1.6	-553	-3.0
Total		44,211	+538	+1.2	+884	+2.0

\* Target... Values published on Jul 28, 2011

# 4Q (Oct-Dec, 2011) – Volume by channel

(K c/s, %)

		4Q actual	vs. Target <sup>※3</sup>		vs. PY	
			±	%	±	%
	Supermarket <sup>※1</sup>	10,622	+430	+4.2	+607	+6.1
	Convenience store	5,068	+332	+7.0	+396	+8.5
Chain Store Total		15,690	+762	+5.1	+1,003	+6.8
Vending <sup>※2</sup>		12,789	-396	-3.0	-556	-4.2
Retail		3,149	+92	+3.0	+73	+2.4
Food Service		4,904	+7	+0.1	+151	+3.2
Other		7,679	+72	+1.0	+214	+2.9
Total		44,211	+538	+1.2	+884	+2.0

【 Ref: Excl. impacts of APEX】

Vending	12,789	-396	-3.0	+194	+1.5
Other	7,679	+72	+1.0	-536	-6.5

※1 Drug store/Discounter/Home center are included in supermarket

※2 Sales volume declined vs. PY due to change of business model (operation outsourcing to APEX). Net sales volume except this impacts (750K c/s) was positive vs. PY

※3 Target...values published on Jul 28, 2011

# 4Q (Oct-Dec, 2011) – Volume by package

(K c/s, %)

		4Q actual	vs. Target <sup>※</sup>		vs. PY	
			±	%	±	%
PET	SS (< 1,020ml)	9,846	-75	-0.8	+621	+6.7
	MS (>= 1,021ml)	7,372	+334	+4.7	+262	+3.7
	Subtotal	17,218	+258	+1.5	+883	+5.4
CAN (incl. bottle CAN)		14,219	+830	+6.2	+510	+3.7
Other		3,055	-1045	-25.5	-501	-14.1
Syrup, powder		9,719	+495	+5.4	-8	-0.1
Total		44,211	+538	+1.2	+884	+2.0

※ Target...Values published on Jul 28, 2011

# FY2011 (Jan-Dec) – Volume by package

(K c/s, %)

		2011 actual	vs. Target*		vs. PY	
			±	%	±	%
PET	SS (< 1,020ml)	42,661	-1,479	-3.4	+1,142	+2.8
	MS (>= 1,021ml)	35,550	+894	+2.6	+428	+1.2
	Subtotal	78,212	-585	-0.7	+1,570	+2.0
CAN (incl. bottle CAN)		55,980	+1,333	+2.4	+1,046	+1.9
Other		12,744	-1,805	-12.4	-1,894	-12.9
Syrup, powder		40,837	+2,270	+5.9	+3,130	+8.3
Total		187,773	+1,213	+0.7	+3,852	+2.1

\* Target... Values published on Jul 28, 2011

# 4Q (Oct-Dec, 2011) – Volume by channel/by package

(K c/s, %)

■ Chain Store	4Q actual	vs. Target*		vs. PY	
		±	%	±	%
SS (<1,020ml)	4,828	-114	-2.3	+361	+8.1
MS (>= 1,021ml)	6,826	+351	+5.4	+228	+3.5
CAN	3,561	+262	+7.9	+243	+7.3
Other	475	+264	+125.4	+170	+55.9
Total	15,690	+762	+5.1	+1,003	+6.8

(K c/s, %)

■ Vending	4Q actual	vs. Target*		vs. PY	
		±	%	±	%
SS (<1,020ml)	3,538	-258	-6.8	+57	+1.6
MS (>= 1,021ml)	42	+18	+76.9	+19	+83.1
CAN	8,147	+138	+1.7	-326	-3.9
Other (Bottle CAN, etc.)	827	-267	-24.4	+387	+87.8
Syrup, powder	236	-26	-9.9	-693	-74.6
Total	12,789	-396	-3.0	-556	-4.2

(K c/s, %)

■ Retail & Food Service	4Q actual	vs. Target*		vs. PY	
		±	%	±	%
SS (<1,020ml)	1,180	+37	+3.2	+24	+2.1
MS (>= 1,021ml)	493	-48	-8.8	+5	+1.0
CAN	851	-173	-16.9	-58	-6.4
Other	664	-30	-4.3	+10	+1.6
Syrup, powder	4,865	+312	+6.9	+243	+5.2
Total	8,053	+99	+1.2	+224	+2.9

※ Target... Values published on Jul 28, 2011

# FY2011 (Jan-Dec) - Volume by channel/by package

(K c/s, %)

Chain Store	2011 actual	vs. Target <sup>※</sup>		vs. PY	
		±	%	±	%
SS (<1,020ml)	21,030	-958	-4.4	+531	+2.6
MS (≥ 1,021ml)	32,804	+782	+2.4	+301	+0.9
CAN	14,550	+410	+2.9	+494	+3.5
Other	2,027	+582	+40.2	+589	+41.0
Total	70,410	+816	+1.2	+1,915	+2.8

(K c/s, %)

Vending	2011 actual	vs. Target <sup>※</sup>		vs. PY	
		±	%	±	%
SS (<1,020ml)	15,923	-752	-4.5	+355	+2.3
MS (≥ 1,021ml)	221	+73	+49.4	+1	+0.5
CAN	33,254	+589	+1.8	-1,175	-3.4
Other (Bottle CAN, etc.)	2,855	-422	-12.9	+1,368	+92.0
Syrup, powder	1,953	+4	+0.2	-4,161	-68.1
Total	54,205	-508	-0.9	-3,612	-6.2

(K c/s, %)

Retail & Food Service	2011 actual	vs. Target <sup>※</sup>		vs. PY	
		±	%	±	%
SS (<1,020ml)	5,075	+4	+0.1	+72	+1.4
MS (≥ 1,021ml)	2,508	+25	+1.0	+117	+4.9
CAN	3,418	-258	-7.0	-170	-4.7
Other	2,349	-122	-4.9	-245	-9.4
Syrup, powder	19,117	+699	+3.8	+1,026	+5.7
Total	32,468	+349	+1.1	+800	+2.5

※ Target... Values published on Jul 28, 2011

# FY2012 (Jan-Dec) – Volume target by package

(K c/s, %)

		2012 Target	vs. PY	
			±	%
PET	SS (< 1,020ml)	48,007	+5,346	+12.5
	MS (>= 1,021ml)	35,025	-526	-1.5
	Subtotal	83,032	+4,820	+6.2
CAN (incl. bottle CAN)		51,866	-4,114	-7.3
Other		13,220	+477	+3.7
Syrup, powder		39,776	-1,062	-2.6
Total		187,894	+121	+0.1

# FY2012 (Jan-Dec) - Volume target by channel/by package

(K c/s, %)

Chain Store	2012 Target	vs. PY	
		±	%
SS (<1,020ml)	23,774	+2,744	+13.0
MS (>= 1,021ml)	32,603	-200	-0.6
CAN	12,676	-1,874	-12.9
Other	1,710	-316	-15.6
Total	70,763	+353	+0.5

(K c/s, %)

Vending	2012 Target	vs. PY	
		±	%
SS (<1,020ml)	18,694	+2,771	+17.4
MS (>= 1,021ml)	111	-110	-49.8
CAN	31,027	-2,227	-6.7
Other (Bottle CAN, etc.)	3,238	+383	+13.4
Syrup, powder	934	-1,018	-52.1
Total	54,004	-200	-0.4

(K c/s, %)

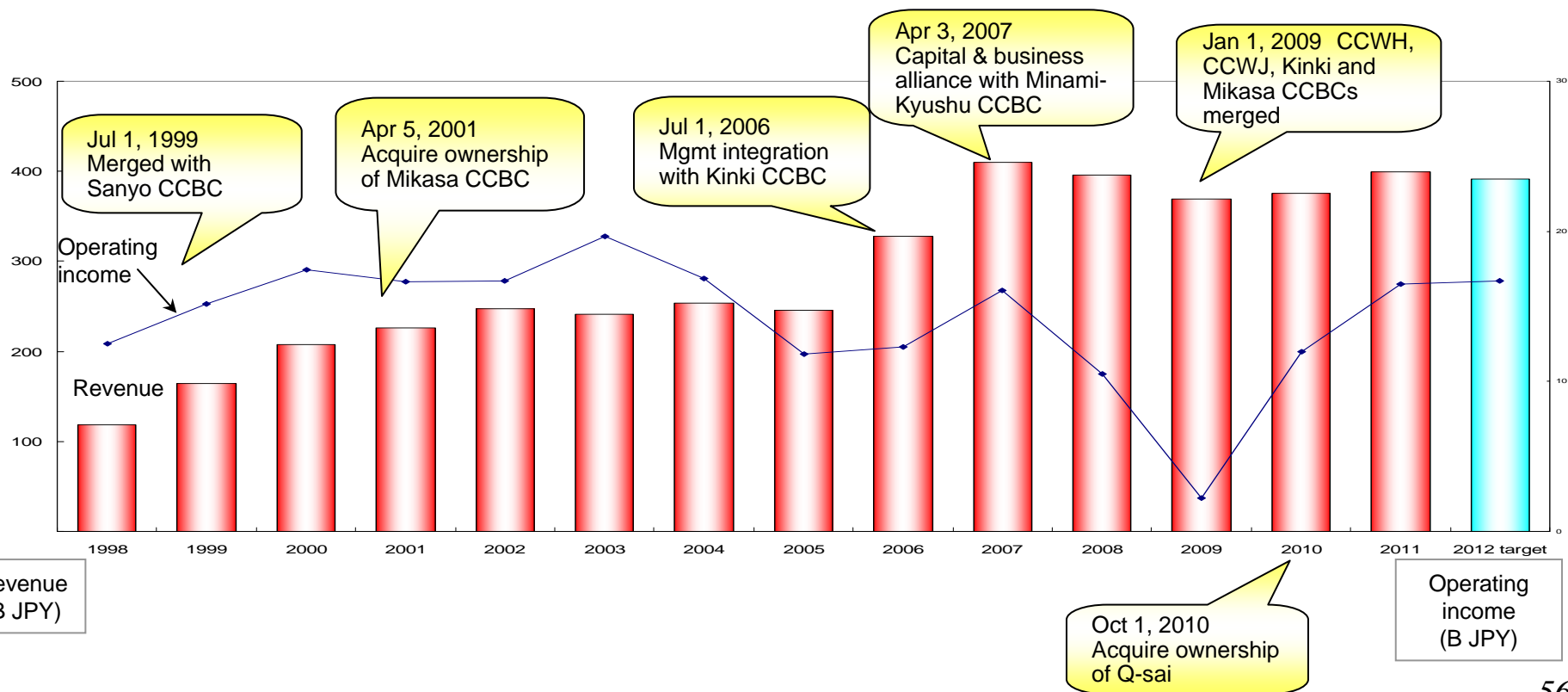
Retail & Food Service	2012 Target	vs. PY	
		±	%
SS (<1,020ml)	5,091	+16	+0.3
MS (>= 1,021ml)	2,311	-198	-7.9
CAN	3,328	-90	-2.6
Other	2,691	+342	+14.5
Syrup, powder	19,035	-81	-0.4
Total	32,456	-12	-0.0



# Performance trend

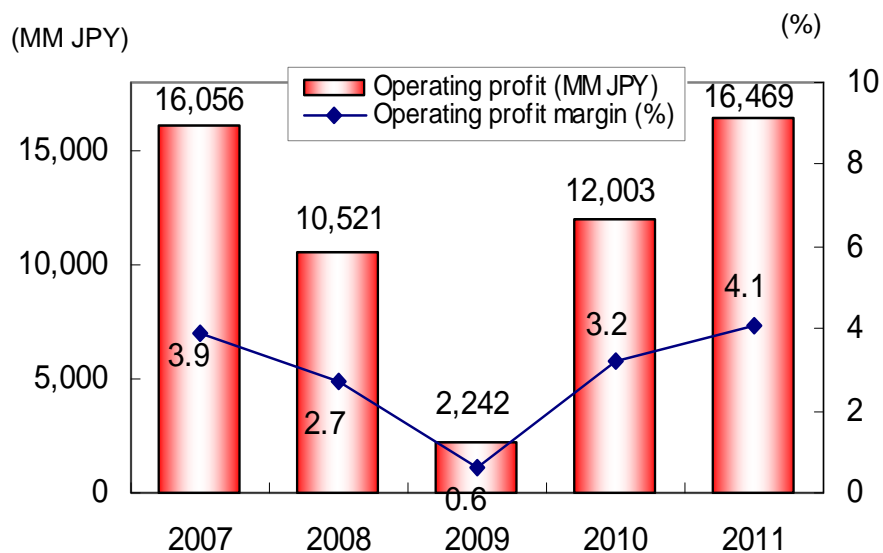
(MM JPY)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 Target
Revenue	117,991	164,731	207,827	226,111	247,737	240,825	253,248	245,874	327,821	409,521	395,556	369,698	375,764	399,717	391,500
Operating profit	12,533	15,160	17,449	16,634	16,704	19,638	16,860	11,830	12,321	16,056	10,521	2,242	12,003	16,469	16,700
Ordinary profit	12,510	15,889	18,516	16,021	17,005	19,895	17,065	12,256	13,225	17,493	11,048	2,085	12,659	16,044	16,800
Net profit for the year	5,872	6,823	5,700	1,420	7,086	9,380	8,564	7,305	7,570	9,375	129	Δ7,594	7,582	6,997	9,100

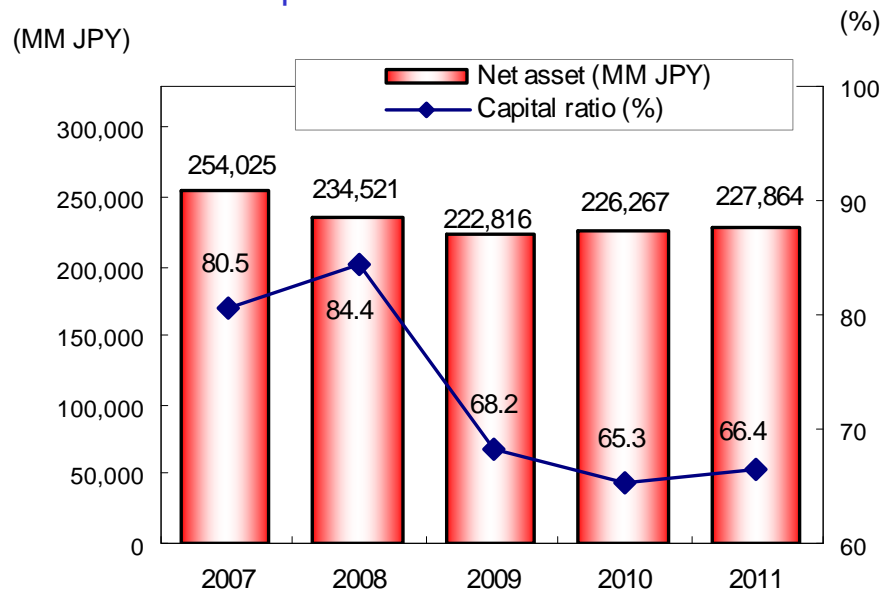


# Changes of Management metrics

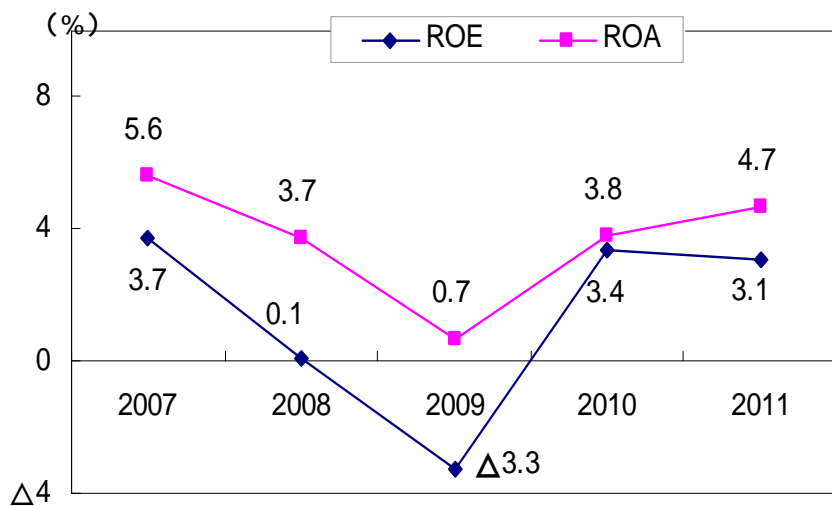
## <Operating profit/operating profit ratio>



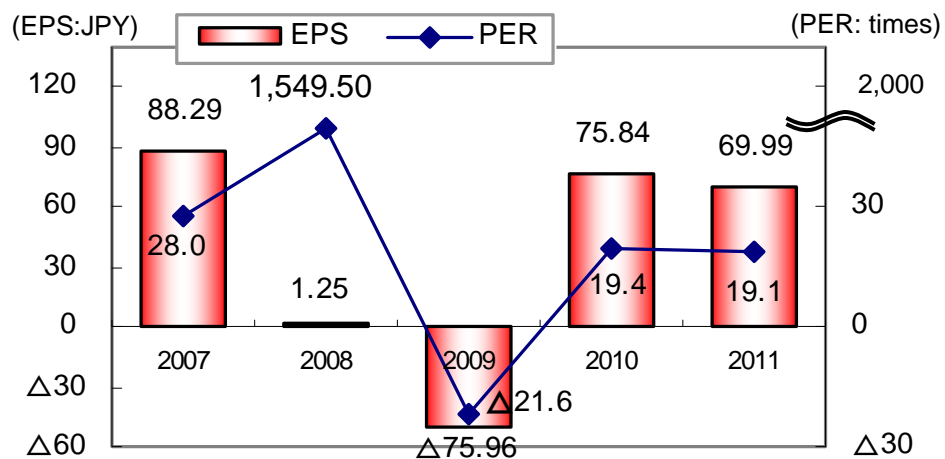
## <Net asset/capital ratio>



## <ROA/ROE>

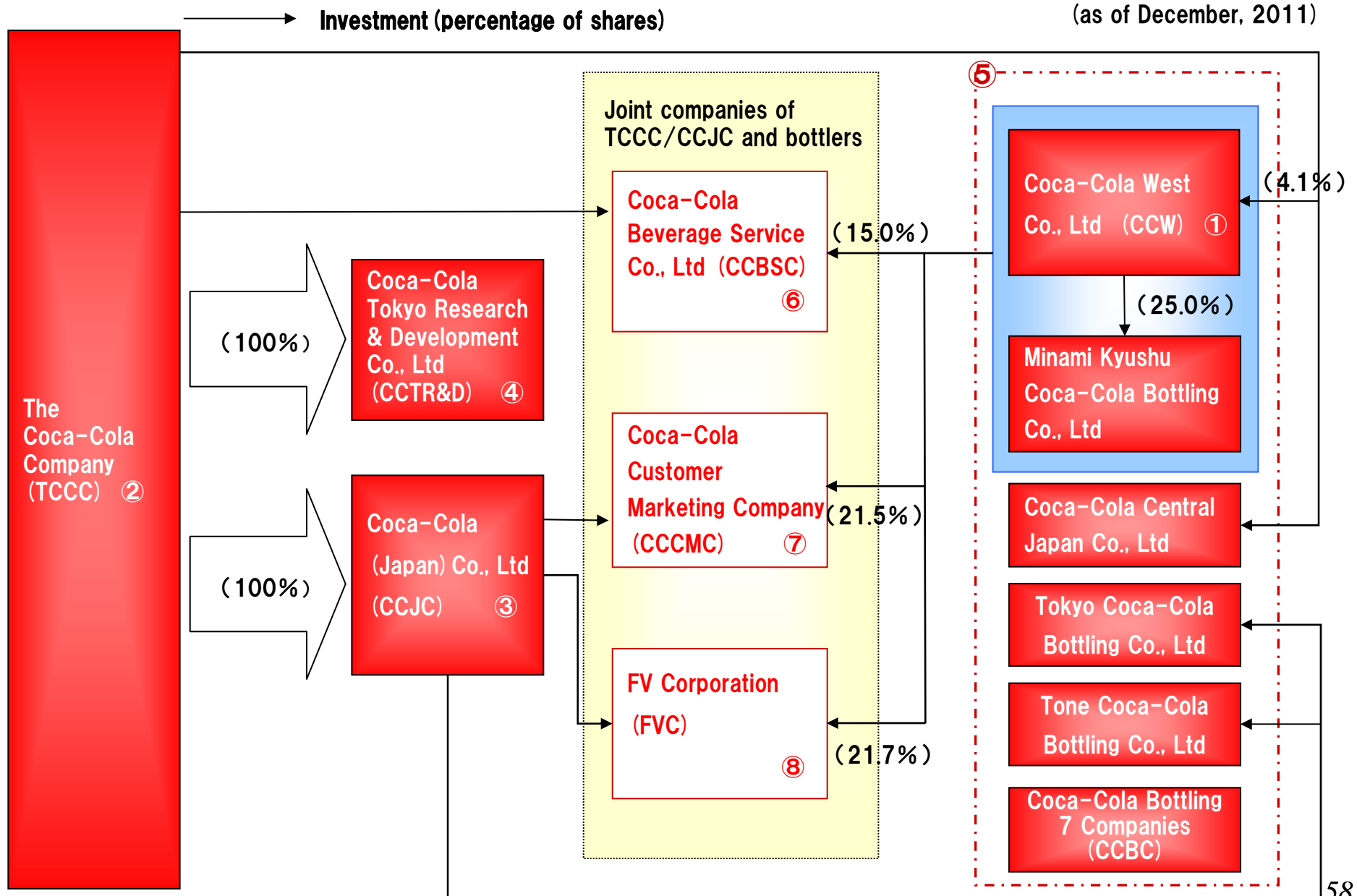


## <EPS/PER>



EPS= net profit for the year/average # of shares in the term  
 PER = term-end stock price/EPS

# Coca-Cola system in Japan



# Coca-Cola related companies and their roles

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

In 2006, CCWJ and Kinki CCBC merged the management of both companies by establishing a joint holding company CCWH. In 2009, CCWH, CCWJ, Kinki CCBC and Mikasa CCBC merged and the trade name changed to Coca-Cola West Co., Ltd.

## 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 Business Service Co., Ltd. (CCBSC)

Established through joint investment by TCCC and its bottling partners in Japan, in June 1999. 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. The company procures raw materials.

## 7. 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.

## 8. FV Corporation Co., Ltd. (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.

# Glossary

Term	Explanation
<b>Channel (Business unit)</b>	
Vending	Retail sale business to distribute products through vending machines to consumers
Chain store	Wholesale business for supermarket chain
Convenience Store (CVS)	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 restaurants, movie theaters, sports areas and theme parks
<b>Vending</b>	
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
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	Volume Per Machine
VPPM	Volume and Profit Per Machine
<b>Chain store</b>	
National chain	National chain supermarket that CCCMC 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
<b>Other</b>	
Trade marketing	Trade marketing is a specific function that uses shopper and retail knowledge to develop in-store strategies that ultimately result in higher brand equity and an increase in the quantity and value of shopper purchases
OBPPC	Occasion, Brand, Package, Price, Channel
PicOS	Picture Of Success
HORECA	Hotel, Restaurant, Caf�e, etc

## 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**