

みんなの あしたに ハッピーを

*Coca-Cola* **West**

# Results briefing for the 1<sup>st</sup> quarter of Fiscal Year ending December 2015

May 1, 2015

Coca-Cola West Company, Limited (2579)

[Contact] Planning Department (IR team)

TEL 092-641-8774 FAX 092-641-9128

[URL] <http://www.ccwest.co.jp/> [E-mail] [junko-kubo@ccwest.co.jp](mailto:junko-kubo@ccwest.co.jp)

I. Account settlement for the 1st quarter

II. Activity Plan for the 2nd quarter

III. Topics

[Reference]

Trend of OTC market share

Mix by brand/by channel

Sales update on vending machines by channel

Q1 Actual sales volume (by channel and by package)

Q2/2H Volume target

Performance trend / managerial KPI trend

Coca-Cola System in Japan / Affiliated companies

---

# I. Account settlement for the 1st quarter

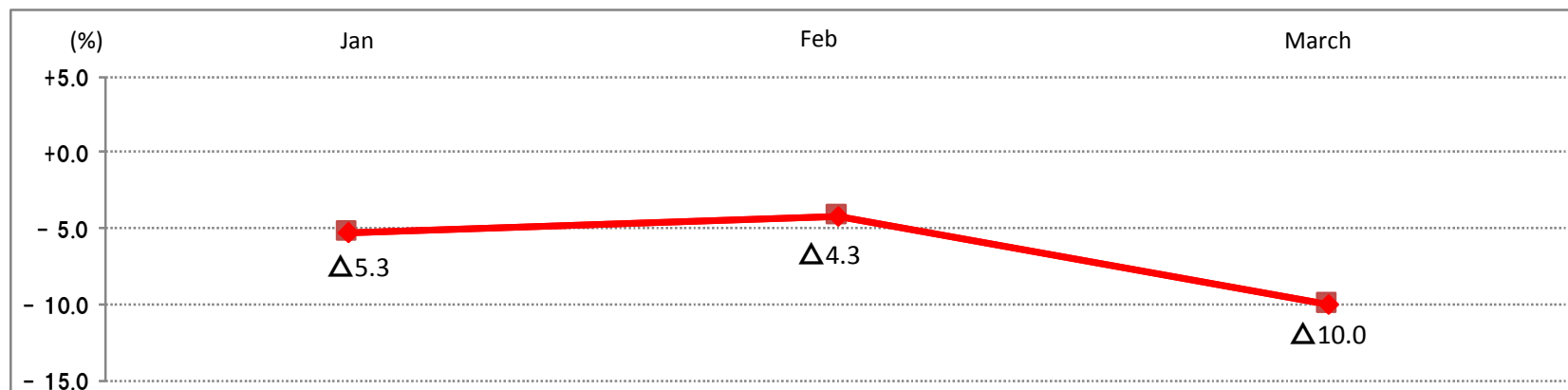
# Account settlement for Q1 (Jan-Mar) - Sales Volume

- Volume finished slightly behind plan, declined due to the cyclic demand from last year's last-minute surge before tax raise.
- Market share gained in revenue from last year.

(Unit: K cases, %)	2015 Q1 actual	Vs. Target		Vs. PY	
		Diff	%	Diff	%
Volume	44,226	-737	-1.6	-3,277	-6.9

(Unit: pts)	vs. PY *	
	Volume	Value
Market share (OTC)	-0.6	+0.2

## Monthly volume trend (V. PY)



## Sales volume by channel

■ As volume from highly profitable Vending and Convenience Store exceeded plan and fell short in Supermarket, channel mix has improved V. plan in terms of profitability.

→ Vending turned positive V. plan with VPM\*<sup>1</sup> exceeded plan, while volume underperformed PY due to the cyclic of pre-tax demand spike.

→ Convenience Store outperformed plan and grew from PY mainly driven by new product sold more than plan from the launch last year.

→ Supermarket suffered loss from the rebound of last year's special demand before tax hike more than expected, causing volume to fell short V. plan and PY.

	Q1 actual (Unit: K cases, %)	vs. target		vs. PY	
		Diff	%	Diff	%
Supermarket , etc.	12,169	-444	-3.5	-1,060	-8.0
Convenience store	5,804	+241	+4.3	+457	+8.5
Chain Store total	17,973	-203	-1.1	-603	-3.2
Vending	15,180	+243	+1.6	-1,621	-9.7
Retail	2,267	-173	-7.1	-359	-13.7
Food Service	5,202	+292	+5.9	+0	+0.0
Other	3,604	-896	-19.9	-693	-16.1
Total	44,226	-737	-1.6	-3,277	-6.9

\*1 VPM (Volume per machine): Sales volume per unit of vending machine

\*2 Revised PY actual retroactively due to some changes made to sales channel segments

## Sales volume by package

- While multi-serve PET, single-serve PET declined V. plan, CAN turned positive.
- On the other hand, decline of multi-serve PET low in profitability from the cyclic demand of last year's demand spike helped to improve the package mix V. PY.

(Unit: K cases, %)		Q1 actual	vs. target		vs. PY	
			Diff	%	Diff	%
PET	SS (1,000ml or smaller)	12,310	-150	-1.2	+19	+0.2
	MS (smaller than 1,500ml)	260	-116	-30.8	-37	-12.5
	LS (1,500ml or larger)	7,926	-79	-1.0	-1,011	-11.3
	Total	20,497	-345	-1.7	-1,030	-4.8
Can (incl. bottle can)		12,281	+467	+4.0	-1,212	-9.0
Others		2,762	-3	-0.1	-214	-7.2
Syrup, powder		8,685	-856	-9.0	-821	-8.6
Total		44,226	-737	-1.6	-3,277	-6.9

## Sales volume by brand

- Driven by outperformance in Vending, Georgia exceeded plan.
- I Lohas turned positive both V. plan and V. PY helped by “I Lohas Sparkling”.
- With unexpectedly major backlash from the demand spike last year, Sokenbicha & Aquarius plunged their sales of multi-serve PET, underperforming plans.

(Unit: K cases, %)		Q1 actual	vs. target		vs. PY	
			Diff	%	Diff	%
Core 8	Coca-Cola	2,942	+79	+2.8	-261	-8.2
	Coca-Cola Zero	1,295	+23	+1.8	-188	-12.7
	Fanta	1,576	-36	-2.2	-327	-17.2
	Georgia	10,945	+489	+4.7	-720	-6.2
	Sokenbicha	1,927	-155	-7.5	-505	-20.7
	Aquarius	2,820	-233	-7.6	-403	-12.5
	Ayataka	3,375	-60	-1.8	+17	+0.5
	I-Lohas	2,310	+85	+3.8	+525	+29.4
Subtotal		27,191	+192	+0.7	-1,862	-6.4
Other		8,350	-73	-0.9	-593	-6.6
RTD* Total		35,541	+119	+0.3	-2,456	-6.5
Syrup, powder		8,685	-856	-9.0	-821	-8.6
Total		44,226	-737	-1.6	-3,277	-6.9

\*Packaged products

## Account settlement for Q1 (Jan-Mar)

■ Q1 performance saw revenue and profit growth V. plan. While revenue declined from PY, operating profit rose by 100 MM JPY V. PY.

(Unit: MM JPY,%)

	2015 Q1 actual	Target	Vs. target		2014 Q1 actual	Vs. PY	
			Diff	%		Diff	%
Revenue	91,116	89,600	+1,516	+1.7	94,903	-3,787	-4.0
Gross profit on sales	46,177	45,600	+577	+1.3	47,222	-1,044	-2.2
Operating income	-1,246	-2,900	+1,653	-	- 1,372	+125	-
Ordinary profit	-1,290	-3,000	+1,709	-	- 1,402	+111	-
Current net profit	-1,252	-2,300	+1,047	-	- 1,074	-178	-



## Account settlement for Q1 (Jan-Mar) – Causes of Difference (comparison with Target)

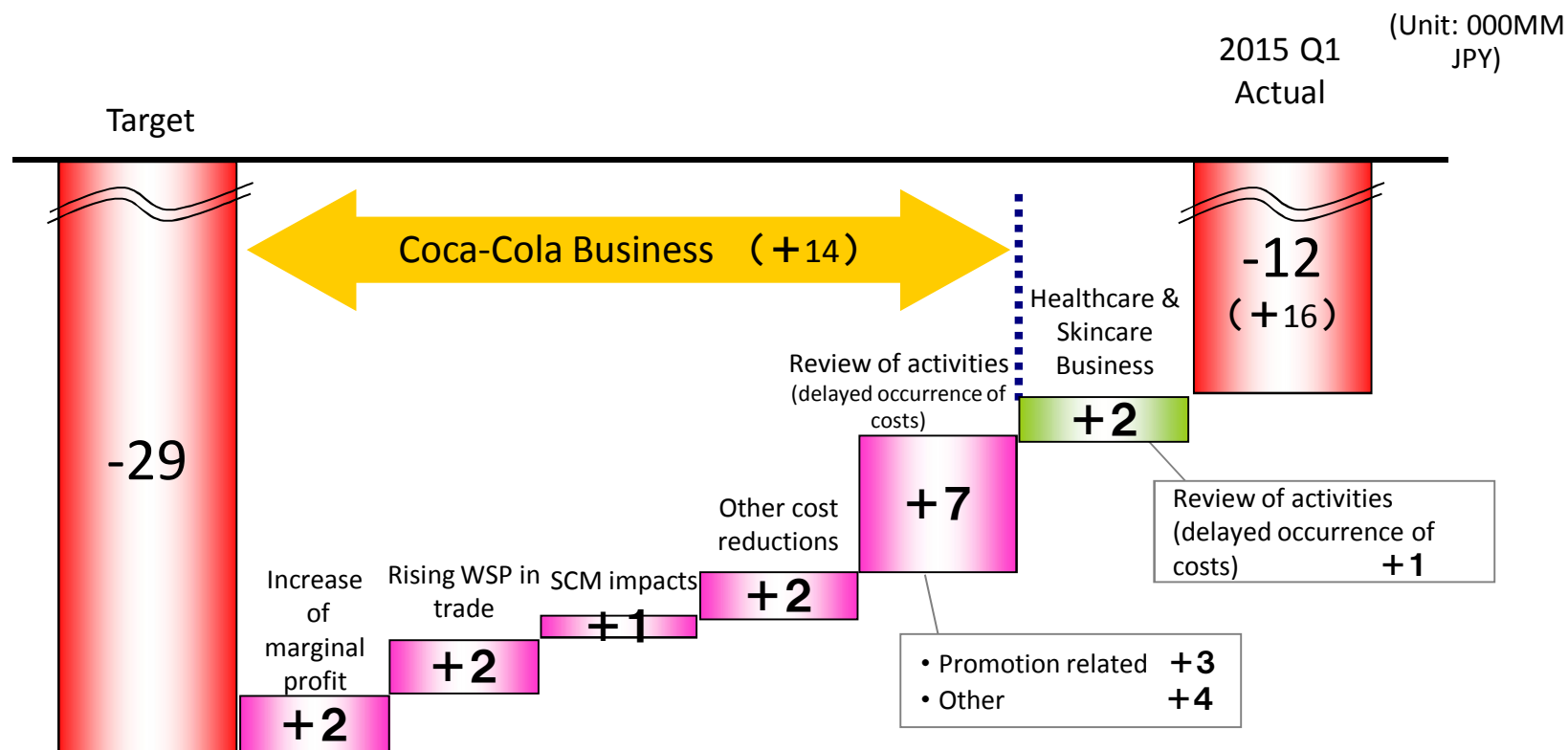
	Target	2015 Q1 actual	Diff		
Revenue	896	911	+15	•Coca-Cola business	+15.7
Gross profit on sales	456	461	+5	•Healthcare & Skincare business	-0.5
Operating income	-29	-12	+16	•Coca-Cola business	+6.3
Ordinary profit	-30	-12	+17	•Healthcare & Skincare business	-0.6
Current net profit	-23	-12	+10	Decrease of SG & A	+10.7
				•Coca-Cola business	+8.0
				<Key causes>	
				Decrease of labor cost	+1.7
				Decrease of promotion/advertisement cost	+4.1
				Increase of sales commision	-0.9
				Decrease of sales equipment	+1.0
				Decrease of transportation cost	+0.7
				Decrease of Repair cost	+0.6
				Decrease of depreciation cost	+0.5
				•Healthcare & Skincare business	+2.6
				•Decrease of Non-Operating Income	+0.5
				•Increase of corporate tax etc	+6.7

(Unit: 000 MM JPY)

## Account settlement for Q1 (Jan-Mar) – Causes of the rise in operating income (Comparison with Target)

In Coca-Cola business, marginal profit rose in Vending with VPM exceeded plan and volume turned positive v. plan. In addition, operating income increased by 1.4 billion JPY thanks to the profit growth from rising WSP in trade and some cost reductions.

In Healthcare & Skincare business, revenue slightly underperformed v. plan. However, operating income turned positive by 200 MM JPY with reduced SG&A costs such as for advertisement.



## Account settlement for Q1 (Jan-Mar) – Causes of Difference (comparison with PY)

(Unit: 000 MM JPY)

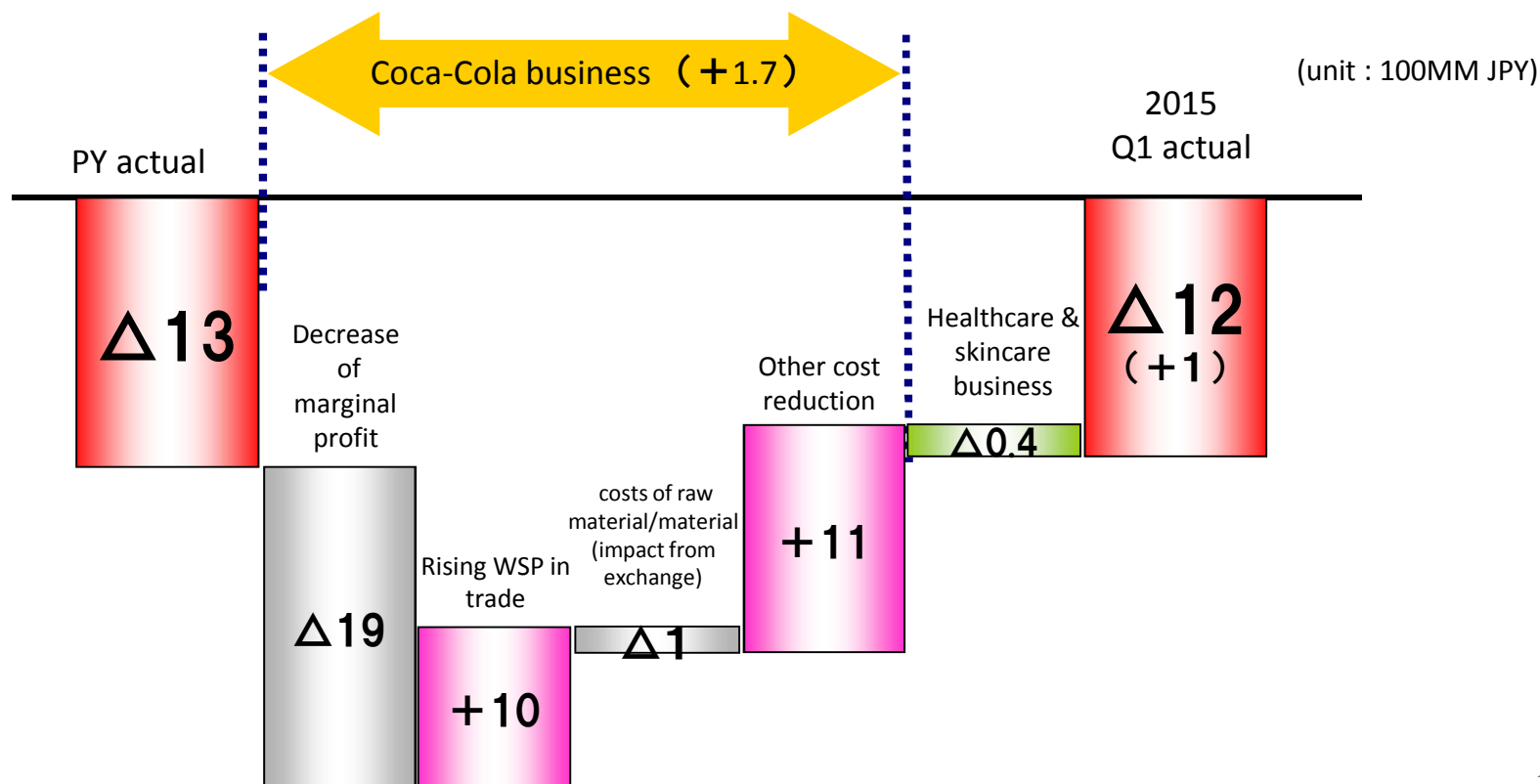
	PY	2015 Q1 actual	Diff
Revenue	949	911	-37
Gross profit on sales	472	461	-10
Operating income	-13	-12	+1
Ordinary profit	-14	-12	+1
Current net profit	-10	-12	-1

Key causes	Diff (value)
•Coca-Cola business	-31.5
•Healthcare & Skincare business	-6.3
•Coca-Cola business	-6.7
•Healthcare & Skincare business	-3.6
<b>Decrease of SG &amp; A</b>	<b>+11.7</b>
•Coca-Cola business	+8.4
<Key causes>	
•Decrease of labor cost	+18.9
•Decrease of sales commision	+1.8
•Decrease of sales equipment	+1.7
•Increase of business consignment expenses	-5.9
•Increase of transportation cost	-7.0
•Decrease of fuel expenses	+1.1
•Healthcare & Skincare business	+3.2
•Increase of extraordinary losses	+1.8
•Decrease of corporate tax etc	-4.0

## Account settlement for Q1 (Jan-Mar) — Key factors of operating income increase (comparison with PY)

In Coca-Cola business, although package mix improvement in SM contributed to profit increase, VM channel sales volume substantially declined with the impact of income tax rate increase, and marginal profit dropped by 1.9 B JPY. Operating profit increased by 100 MM JPY vs. PY as a result of raised WSP and cost reduction.

In healthcare & skincare business, while revenue declined due to impact of consumption tax rate increase, operational income slightly increased vs. PY because of reduced SGA.



## Summary

---

- Q1 ended with higher consolidated revenue and operational income vs. plan
- In Coca-Cola business, sales volume in VM and CVS, the highly profitable channels, contributed to growth of operating income
- Both of our key initiatives, improvement of revenue per case in SM and profitability in VM and Our key initiatives making good progress and proving the effect.
- After 2Q onward, we will continue our operation intensely focusing on key initiatives for expand profit and market share gain to achieve the quarterly target and build sound financial position.

---

## II . Activity plan for the 2Q & 1H

## 2Q (Apr-Jun)/1H (Jan-Jun) Sales volume plan for each channel

■ Sales volume target for 2Q is **+3.4%** vs. PY. In SM we are expecting reactionally increase from consumption slump after tax increase and set sales volume target at **+9.1%** vs. PY

■ On the other hand in vending, although impact of tax raise almost banished, we estimated negative growth vs. Apr & May PY, when recorded strong sales figures with price

【1H】 (figures announced on Feb 5)

(Unit: Kcases, %)		Q2 target	vs. PY*	
			Diff	%
Supermarket , etc.		18,492	+1,549	+9.1
Convenience store		6,512	+233	+3.7
Chain Store total		25,005	+1,781	+7.7
Vending		17,879	-219	-1.2
Retail		3,000	-110	-3.5
Food Service		5,941	+486	+8.9
Other		4,492	-62	-1.4
Total		56,316	+1,876	+3.4

1H target	vs. PY*	
	Diff	%
31,106	+933	+3.1
12,075	+448	+3.9
43,181	+1,381	+3.3
32,816	-2,084	-6.0
5,440	-296	-5.2
10,851	+194	+1.8
8,992	+141	+1.6
101,279	-664	-0.7

※ Since sales channel segmentation partly changed sales figures was adjusted retroactively examining PY actual

# Sales strategies – improve Supermarket’s revenue per case

- Execute sales activity based on price guideline for expansion of revenue and share which accompanies with profit

The first quarter

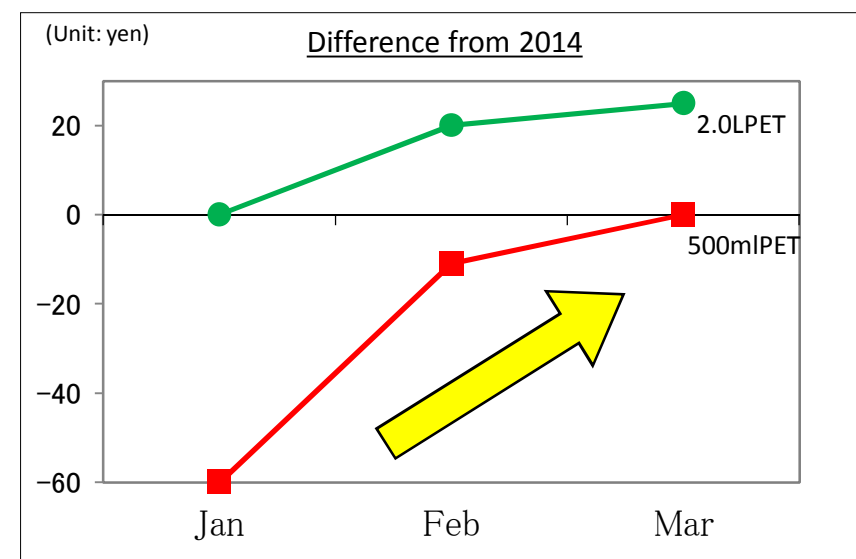
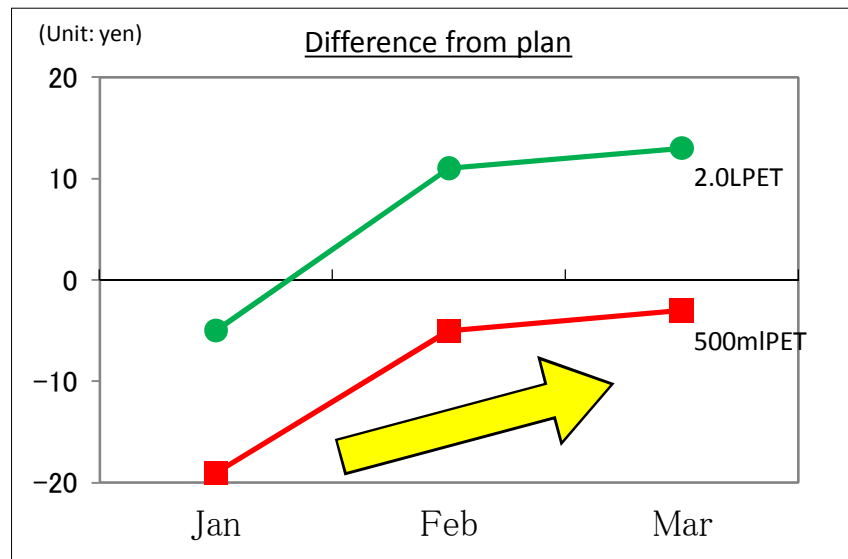
The second quarter

- Set price guideline  
→ Set price tier and sales volume by selling method (Teiban, discount etc.)

- Negotiate with customers  
→ Execute negotiation based on customer specific sales volume plan and revenue per case plan

- Sales activity based on price guideline  
→ Analyze price elasticity by customer and by product to execute sales activity with optimal price tier  
→ Execute non-pricing promotions

## 【Revenue per case progress of key package】

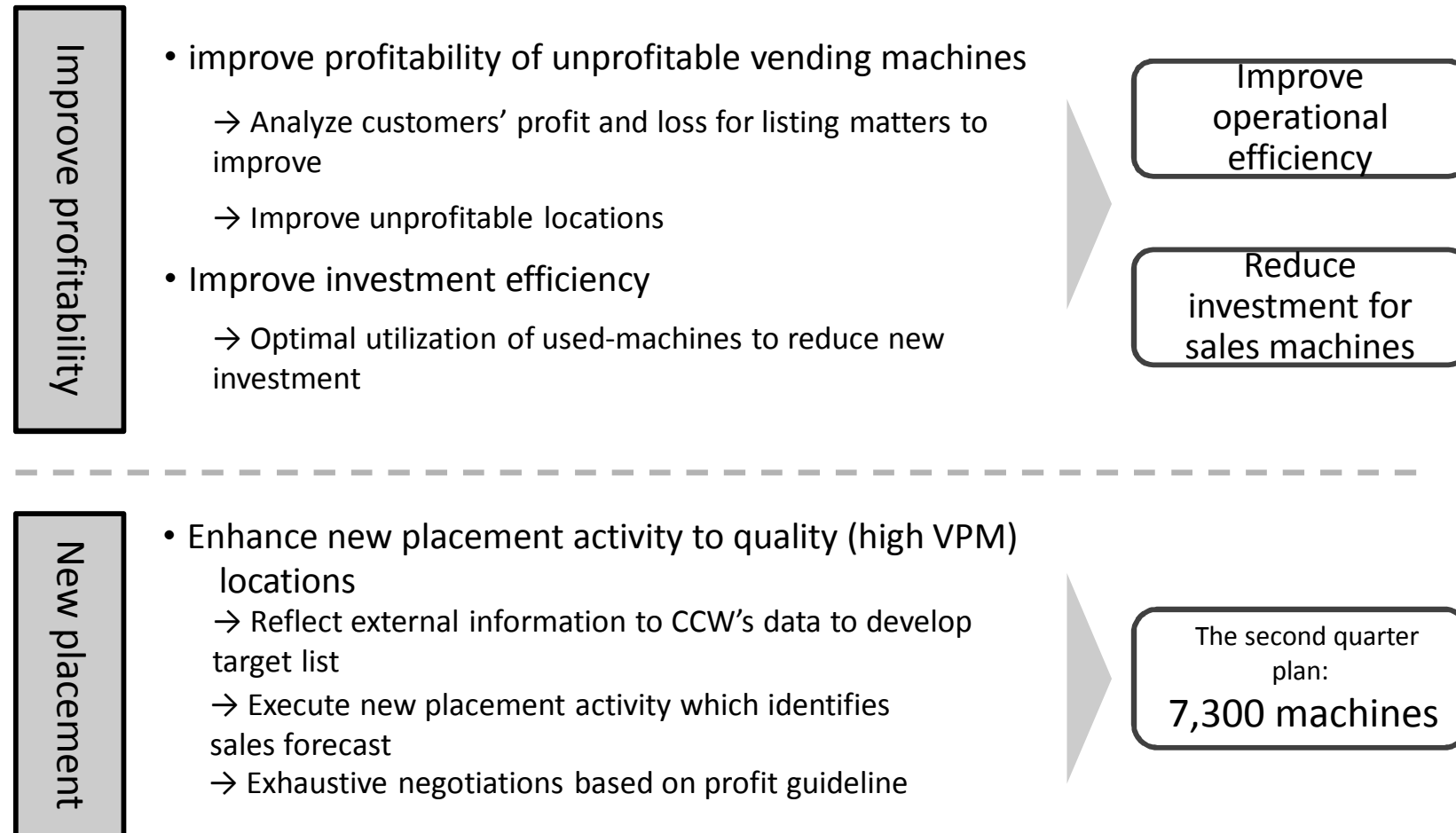


500mIPET 2.0LPET



## Sales strategies – improve vending profitability and new placement

- After the second quarter, improve further profitability of vending machines and aim for increase in sales volume by acquisition of quality locations



## The Second quarter (Apr-Jun)/The first half (Jan-Jun) brand specific sales volume plan

- Release of new products and campaigns are planned in 'Coca-Cola brand' 'Coffee' 'Non-sweetened Tea' as the key categories

(Unit: K cases, %)		Q2 target	vs. PY	
			Diff	%
Core 8	Coca-Cola	4,053	-11	-0.3
	Coca-Cola Zero	1,869	+29	+1.6
	Fanta	2,250	-32	-1.4
	Georgia	11,001	+44	+0.4
	Sokenbicha	2,827	+91	+3.3
	Aquarius	5,865	+235	+4.2
	Ayataka	3,968	+244	+6.6
	I-Lohas	4,016	+678	+20.3
	Subtotal	35,849	+1,278	+3.7
Other	10,272	+220	+2.2	
RTD* Total		46,120	+1,498	+3.4
Syrup, powder		10,195	+378	+3.9
Total		56,316	+1,876	+3.4

\*Packaged product

【The first half】 (numbers announced on Feb 5)

1H target	vs. PY	
	Diff	%
6,915	-352	-4.8
3,142	-182	-5.5
3,861	-322	-7.7
21,457	-1,165	-5.1
4,909	-259	-5.0
8,919	+65	+0.7
7,403	+321	+4.5
6,241	+1,118	+21.8
62,848	-776	-1.2
18,694	-301	-1.6
81,542	-1,077	-1.3
19,737	+413	+2.1
101,279	-664	-0.7

# Sales strategies – improve brand competitiveness

## Coca-Cola brand

- Coca-Cola bottle 100<sup>th</sup> anniversary campaign
- Enhance ‘Coca-Cola Life’ sales



Name bottle  
Mileage promotion  
(Supermarket etc.)



Happy bottle  
Promotion  
(Vending machine)



Coca-Cola Life

## Non-sweetened tea

- Release ‘Karada Sukoyaka-ChaW’ 1,050mlPET
- Renew ‘Ayataka Maroyaka Jitate’
- Enhance ‘Nihon no Oolong Tea Tsumugi’ sales



Karada Sukoyaka-  
ChaW  
1,050mlPET



Ayataka Maroyaka  
Jitate



Nihon no Oolong Tea  
Tsumugi

## Coffee (Georgia)

- Renew European Series



Kaoru  
Black



Jukuren  
Blend



Koku no  
Bito



Premium  
Café latte

## ILOHAS

- Release ‘ILOHAS Tomato’



ILOHAS Tomato



## The first half (Jan-Jun) – business plan (consolidated/business specific)

- The first half business plan is decrease compared to 2014 in revenue and operation profit

### Consolidated

(Unit: MM yen, %)	2015 1H plan	vs. PY	
		Diff	%
Revenue	198,000	-5,145	-2.5
Gross profit on sales	100,600	-1,660	-1.6
Operating income	-1,100	-3,955	-
Ordinary profit	-1,300	-4,178	-
Current net profit	-1,600	-2,459	-

### Coca-Cola business

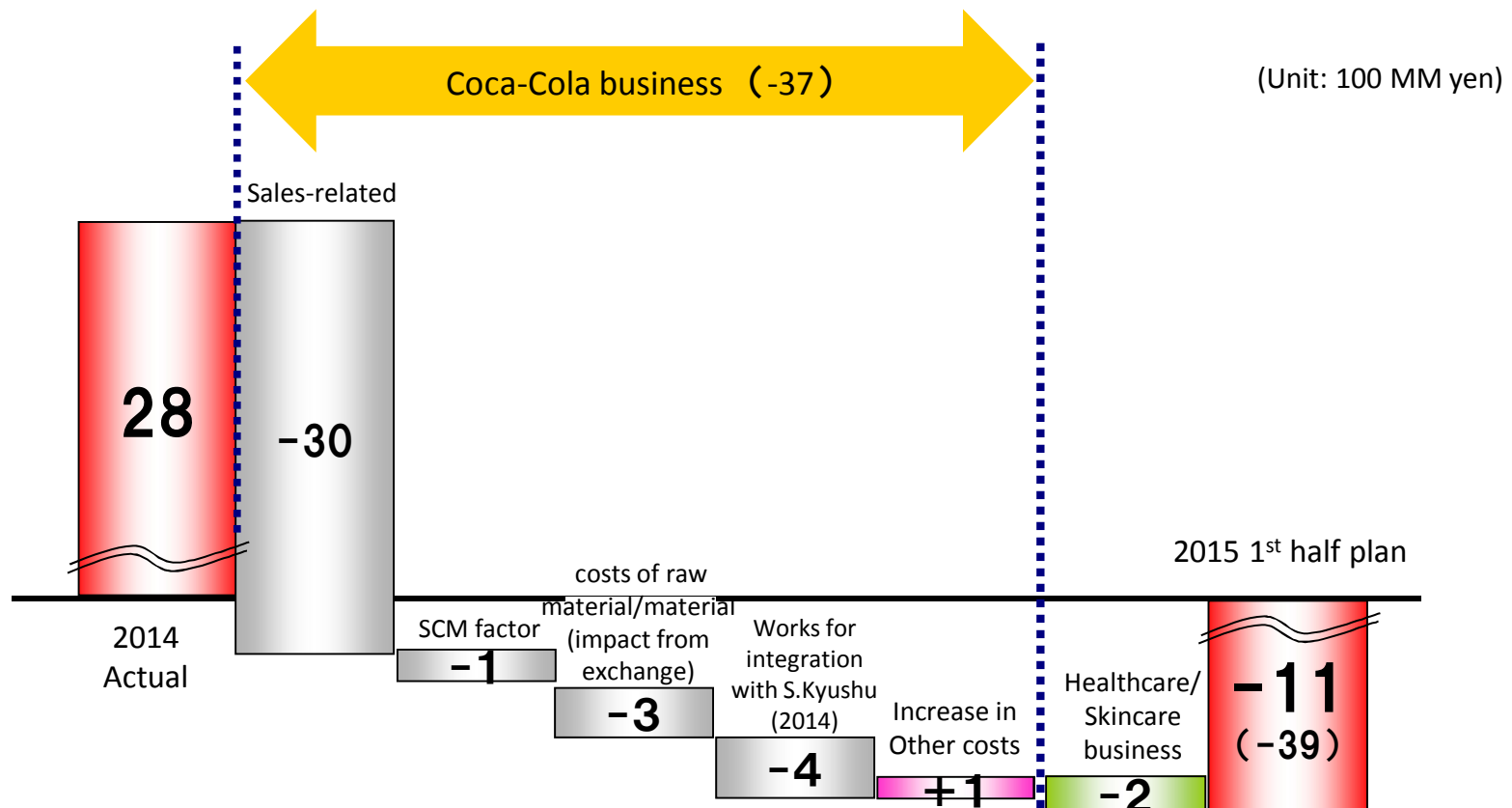
(Unit: MM yen, %)	2015 1H plan	vs. PY	
		Diff	%
Revenue	181,400	-4,597	-2.5
Operating income	-2,300	-3,738	-

### Healthcare/Skincare business

(Unit: MM yen, %)	2015 1H plan	vs. PY	
		Diff	%
Revenue	16,600	-547	-3.2
Operating income	1,200	-217	-15.3

## The first half (Jan-Jun)- Operation profit achievement scenario (comparison to 2014)

In addition to the sales volume decrease in Vending and Retail and the transaction increase with nation-wide chain in Food Service, Coca-Cola business forecasts the depreciation cost increase of vending machines, which will conclude 3 billion yen decrease in sales related profit and the operation profit plan will be 3.7 billion yen decrease compared to 2014. Also in Healthcare/Skincare business forecast, considering the continuous harsh market environment after the consumption tax increase, the operation profit plan is in decrease compared to 2014.



---

## III. Topics

## Making Shikoku Coca-Cola a wholly owned subsidiary

### ■ CCW will acquire entire shares of Shikoku Coca-Cola on May 18, 2015

→ Number of share acquisition: 23,394 K shares (Issued common shares)

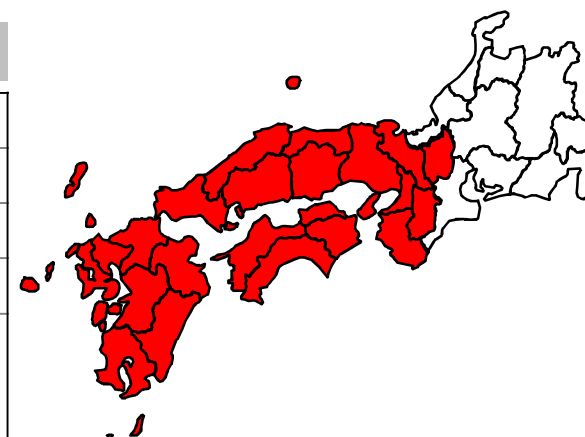
→ Acquisition price: 9,760 MM yen\*

\*Prior to the share acquisition, Shikoku Coca-Cola will pay dividends of 8,840 MM yen to Nippon Paper Industries

### ■ CCW Group will be a bottler covering 22 prefectures as a sales area

→ The population of CCW Group area will hold 36% of the all-nation population

Summary of Shikoku Coca-Cola (As of December 2014)			
Name of the company	Shikoku Coca-Cola Bottling Co., Ltd.		
HQ location	1378 Kasuga-Cho, Takamatsu City, Kagawa		
Number of employees	Consolidated 795 persons		
Sales area	Kagawa, Ehime, Kouchi, Tokushima pref.		
2014 Consolidated operation results and financial condition	[Revenue]	46,999 MM yen	[Net assets] 35,675 MM yen
	[Operation profit]	-115 MM yen	[Total assets] 40,076 MM yen
	[2014 net profit]	40 MM yen	yen



### ■ CCW will develop cooperation in various fields promptly with Shikoku Coca-Cola to actualize the synergy effects in earlier stage

→ Develop competitiveness by synchronizing sales strategies

→ Improve productivity of SCM field by optimal placement of production sites

→ Collect indirect operations etc.

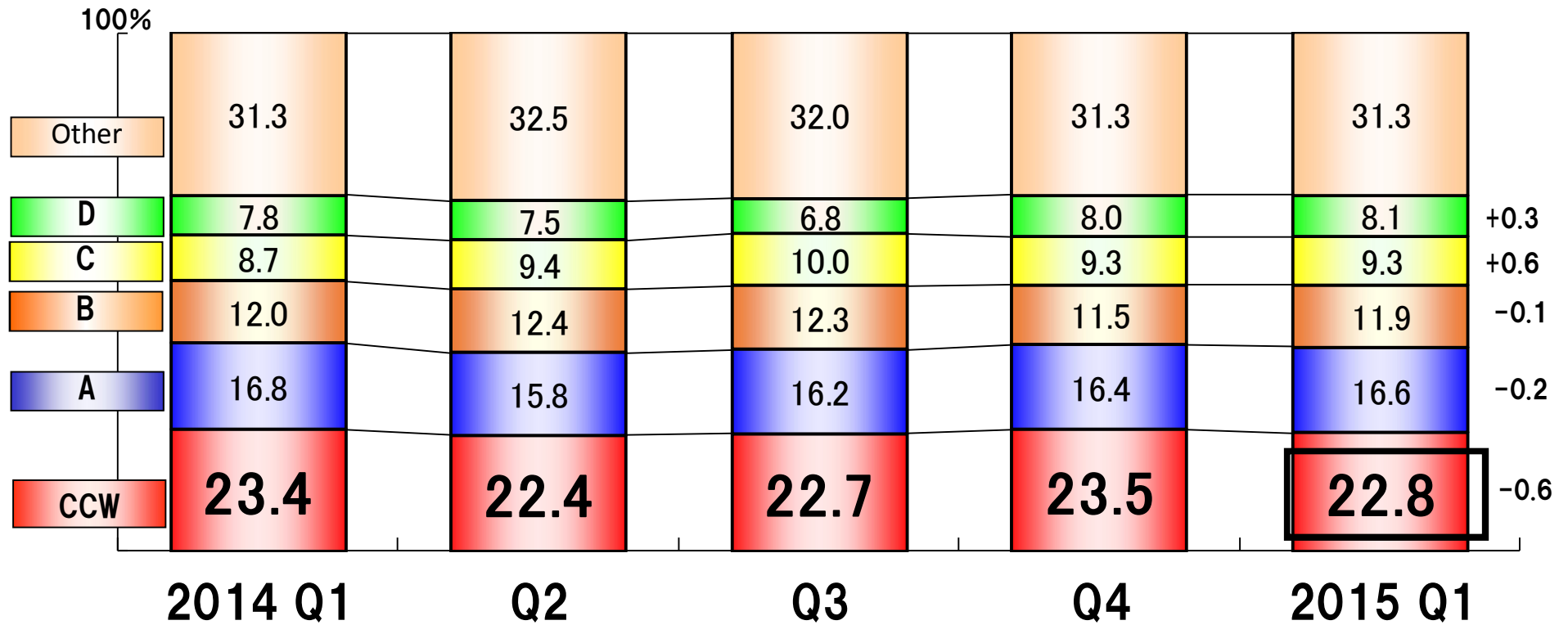
---

[References]



# OTC market share trends (excl. VM)

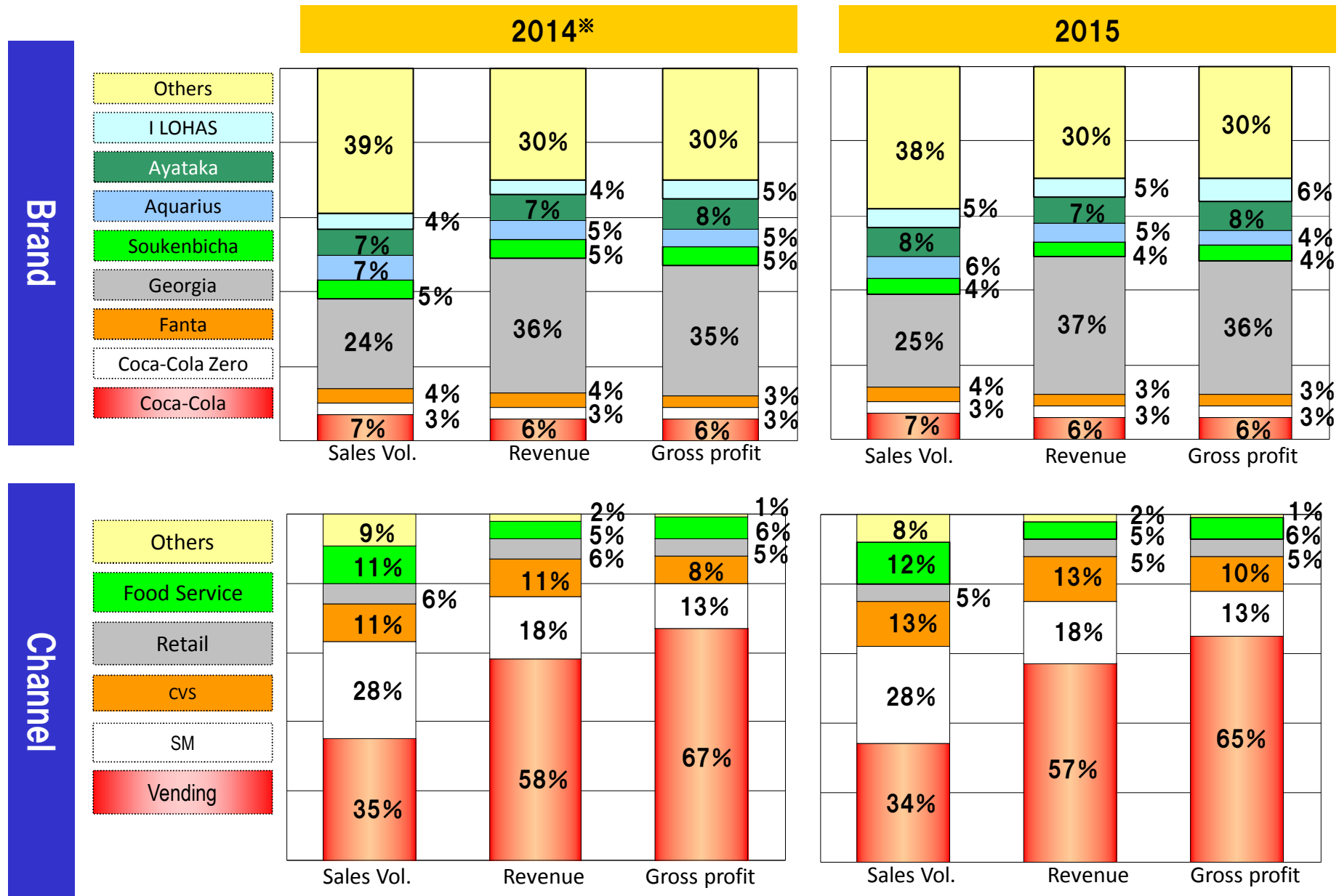
(Unit: %, pts)



•Values outside the graph show gap vs. PY same period

(Source: Intage)

# Account settlement for Q1 (Jan-Mar) – Mix by brand/channel



※\*With a change in counting subsidiaries sales Actual, PY actual is revised tracing back.

# Vending machine sales performance by sub channel

## Vending machine full service CAN VPM\* V. PY

	Vs. PY (%)			
	Jan	Feb	Mar	Total
At-work White	-6.7	-7.2	-5.9	-6.6
At-work Blue	-5.1	-5.2	-5.5	-5.3
Mass retailer	-10.8	-9.8	-12.9	-11.2
Transportation	-9.4	-9.5	-10.0	-9.6
School	-10.2	-7.3	-6.9	-8.3
Leisure	-11.4	-8.1	-6.9	-8.9
Pachinko	-9.9	-9.8	-9.9	-9.9
Sports	-11.5	-9.1	-8.7	-9.7
Hospital/Welfare	-7.3	-9.4	-9.1	-8.6
Accommodation	-7.4	-8.0	-7.8	-7.7
Other (Indoor)	-11.4	-11.8	-11.4	-11.5
Outdoor	-13.2	-14.4	-15.3	-14.3
<b>Total</b>	<b>-10.2</b>	<b>-9.7</b>	<b>-10.1</b>	<b>-9.8</b>

## Account settlement for Q1 (Jan-Mar) – Sales Volume by channel/package

Chain Store (Unit: K cases,%)	Q1 Actual	Vs. target		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 1,000ml)	6,768	+93	+1.4	+630	+10.3
MS PET (smaller than 1,500ml)	235	-118	-33.5	-38	-13.9
LS PET (1,500ml or larger)	7,398	-57	-0.8	-985	-11.8
Can	3,380	-83	-2.4	-164	-4.6
Other	194	-37	-16.0	-46	-19.3
<b>Total</b>	<b>17,973</b>	<b>-203</b>	<b>-1.1</b>	<b>-603</b>	<b>-3.2</b>

Vending (Unit: K cases,%)	Q1 Actual	Vs. target		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 1,000ml)	4,409	-216	-4.7	-522	-10.6
LS PET (1,500ml or larger)	34	+17	+104.1	+1	+2.2
Can	8,119	+576	+7.6	-899	-10.0
Other	1,873	+36	+2.0	-151	-7.5
Syrup/Powder	745	-171	-18.6	-50	-6.3
<b>Total</b>	<b>15,180</b>	<b>+243</b>	<b>+1.6</b>	<b>-1,621</b>	<b>-9.7</b>

Retail & Food service (Unit: K cases,%)	Q1 Actual	Vs. target		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 1,000ml)	1,133	-26	-2.3	-89	-7.3
MS PET (smaller than 1,500ml)	25	+1	+4.6	+0	+1.3
LS PET (1,500ml or larger)	495	-39	-7.4	-27	-5.2
Can	782	-26	-3.2	-149	-16.0
Other	385	+12	+3.3	-12	-2.9
Syrup/Powder	4,649	+197	+4.4	-83	-1.7
<b>Total</b>	<b>7,469</b>	<b>+119</b>	<b>+1.6</b>	<b>-359</b>	<b>-4.6</b>

## 2Q (Apr-Jun)/1H (Jan-Jun) Sales volume plan by package

【The first half】 (numbers announced on Feb 5)

(Unit : K cases, % )		Q2 target	Vs. PY		1H plan	Vs. PY	
			Diff	%		Diff	%
PET	SS (smaller than 1,000ml)	16,567	+1,022	+6.6	29,027	+1,301	+4.7
	MS (smaller than 1,500ml)	530	+76	+16.8	906	+155	+20.7
	LS (1,500ml or larger)	12,064	+1,250	+11.6	20,070	+207	+1.0
	Total	29,161	+2,348	+8.8	50,003	+1,663	+3.4
	Can (incl. bottle can)	13,430	-712	-5.0	25,244	-2,391	-8.7
	Other	3,530	-138	-3.8	6,295	-349	-5.3
	Syrup, powder	10,195	+378	+3.9	19,737	+413	+2.1
	CCW total	56,316	+1,876	+3.4	101,279	-664	-0.7

## 2Q (Apr-Jun)/1H (Jan-Jun) Sales volume plan by channel/package

【The first half】 (numbers announced on Feb 5)

Chain Store (Unit: K cases.%)	Q2 target	vs. PY	
		Diff	%
SS PET (smaller than 1,000ml)	8,829	+430	+5.1
MS PET (smaller than 1,500ml)	495	+78	+18.6
LS PET (1,500ml or larger)	11,329	+1,253	+12.4
Other (bottle can etc.)	3,917	+22	+0.6
Other	435	-1	-0.2
<b>Total</b>	<b>25,005</b>	<b>+1,781</b>	<b>+7.7</b>

1H target	vs. PY	
	Diff	%
15,504	+967	+6.7
848	+158	+23.0
18,783	+325	+1.8
7,380	-60	-0.8
666	-10	-1.4
<b>43,181</b>	<b>+1,381</b>	<b>+3.3</b>

Vending (Unit: K cases.%)	Q2 target	vs. PY	
		Diff	%
SS PET (smaller than 1,000ml)	6,132	+591	+10.7
LS PET (1,500ml or larger)	35	-36	-51.2
Other (bottle can etc.)	8,650	-673	-7.2
Other	2,203	-202	-8.4
Syrup/Powder	860	+101	+13.3
<b>Total</b>	<b>17,879</b>	<b>-219</b>	<b>-1.2</b>

1H target	vs. PY	
	Diff	%
10,758	+286	+2.7
51	-53	-50.8
16,193	-2,149	-11.7
4,039	-389	-8.8
1,775	+222	+14.3
<b>32,816</b>	<b>-2,084</b>	<b>-6.0</b>

Retail & Food service (Unit: K cases.%)	Q2 target	vs. PY	
		Diff	%
SS PET (smaller than 1,000ml)	1,606	+1	+0.0
MS PET (smaller than 1,500ml)	34	+0	+1.3
LS PET (1,500ml or larger)	701	+34	+5.0
Can	863	-60	-6.6
Other	488	+51	+11.7
Syrup/Powder	5,249	+351	+7.2
<b>Total</b>	<b>8,941</b>	<b>+376</b>	<b>+4.4</b>

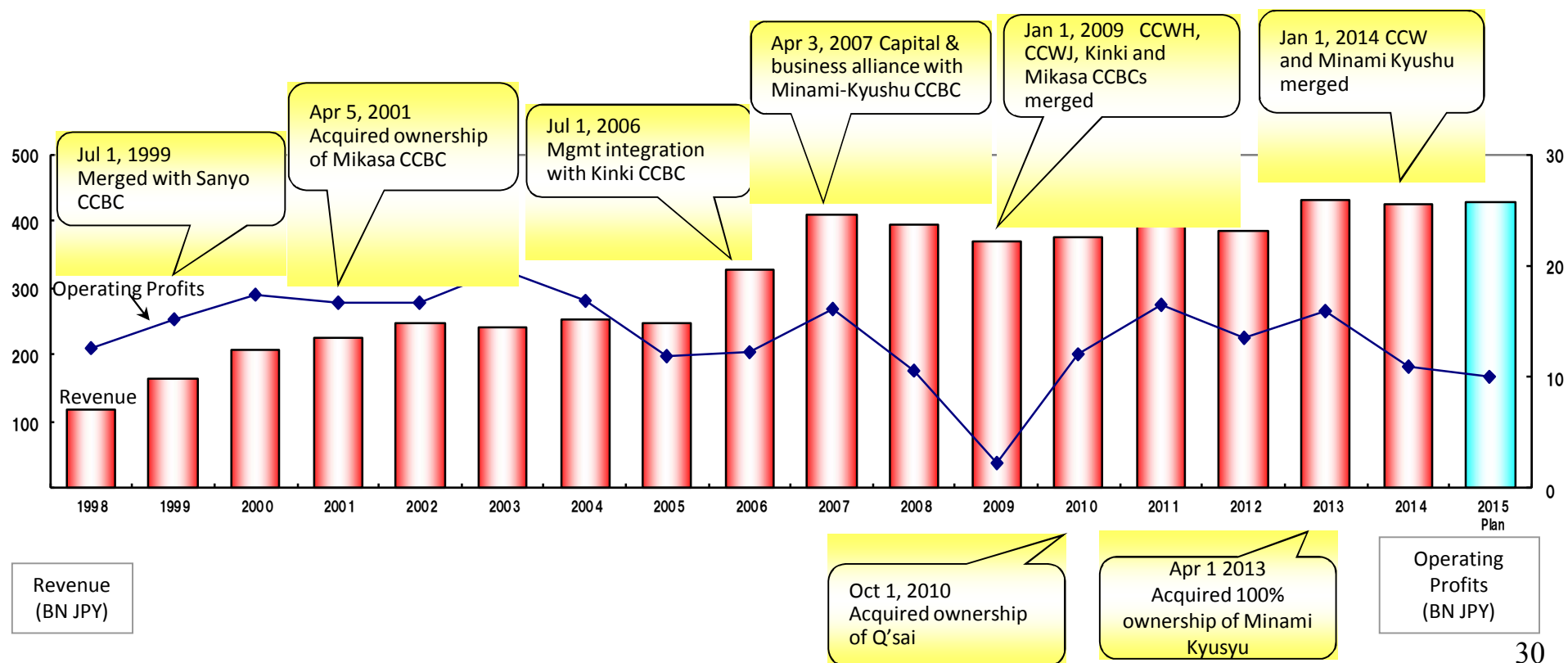
1H target	vs. PY	
	Diff	%
2,765	-63	-2.2
57	-0	-0.6
1,235	+46	+3.9
1,671	-183	-9.9
860	+27	+3.2
9,701	+71	+0.7
<b>16,290</b>	<b>-102</b>	<b>-0.6</b>

\*With a revision of package categorization, PY Actual is revised tracking back.

# Performance Trends

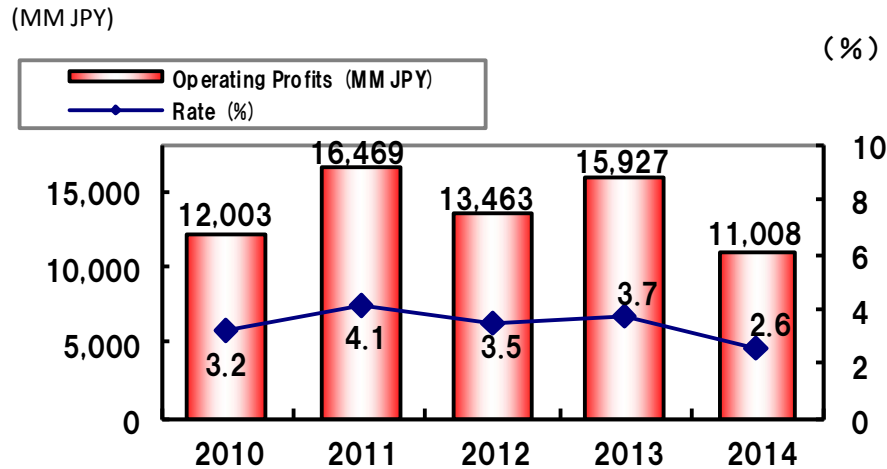
(Unit: MM JPY)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 plan
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	386,637	431,711	424,406	427,100
Operating income	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	13,463	15,927	11,008	10,000
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	13,845	16,606	10,609	9,600
Net income	5,872	6,823	5,700	1,420	7,086	9,380	8,564	7,305	7,570	9,375	129	-7,594	7,582	6,997	6,031	13,625	4,482	4,700

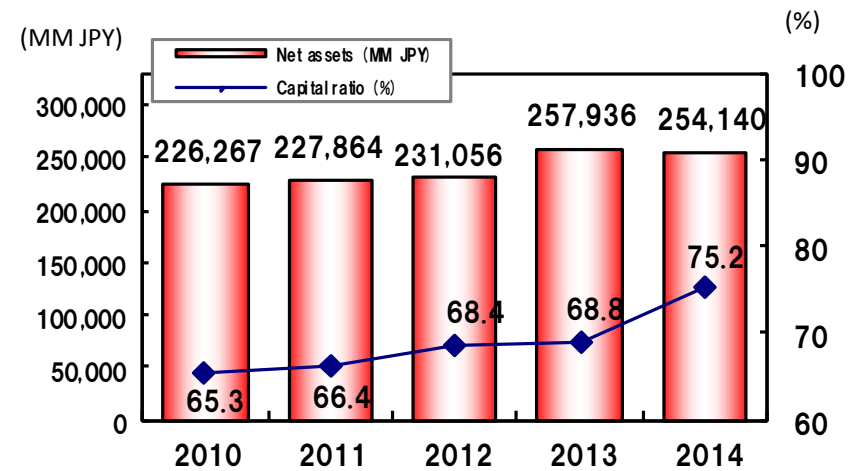


# KBI Trend

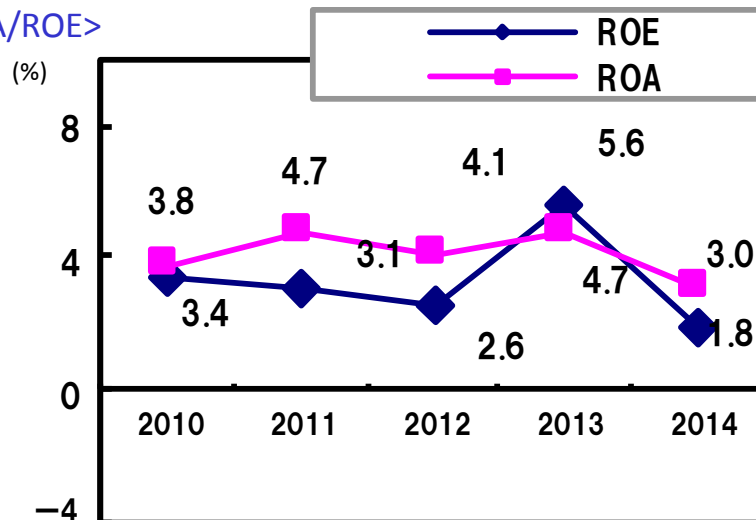
## <Operating income & its ratio>



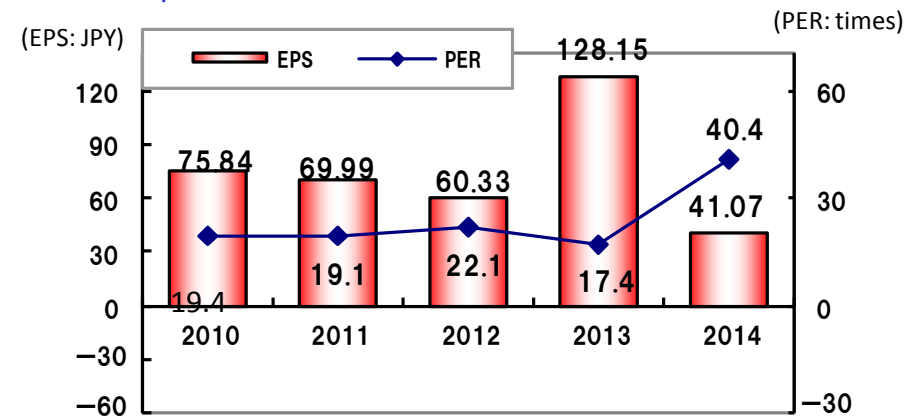
## <Net asset/capital ratio>



## <ROA/ROE>



## <EPS/PER>



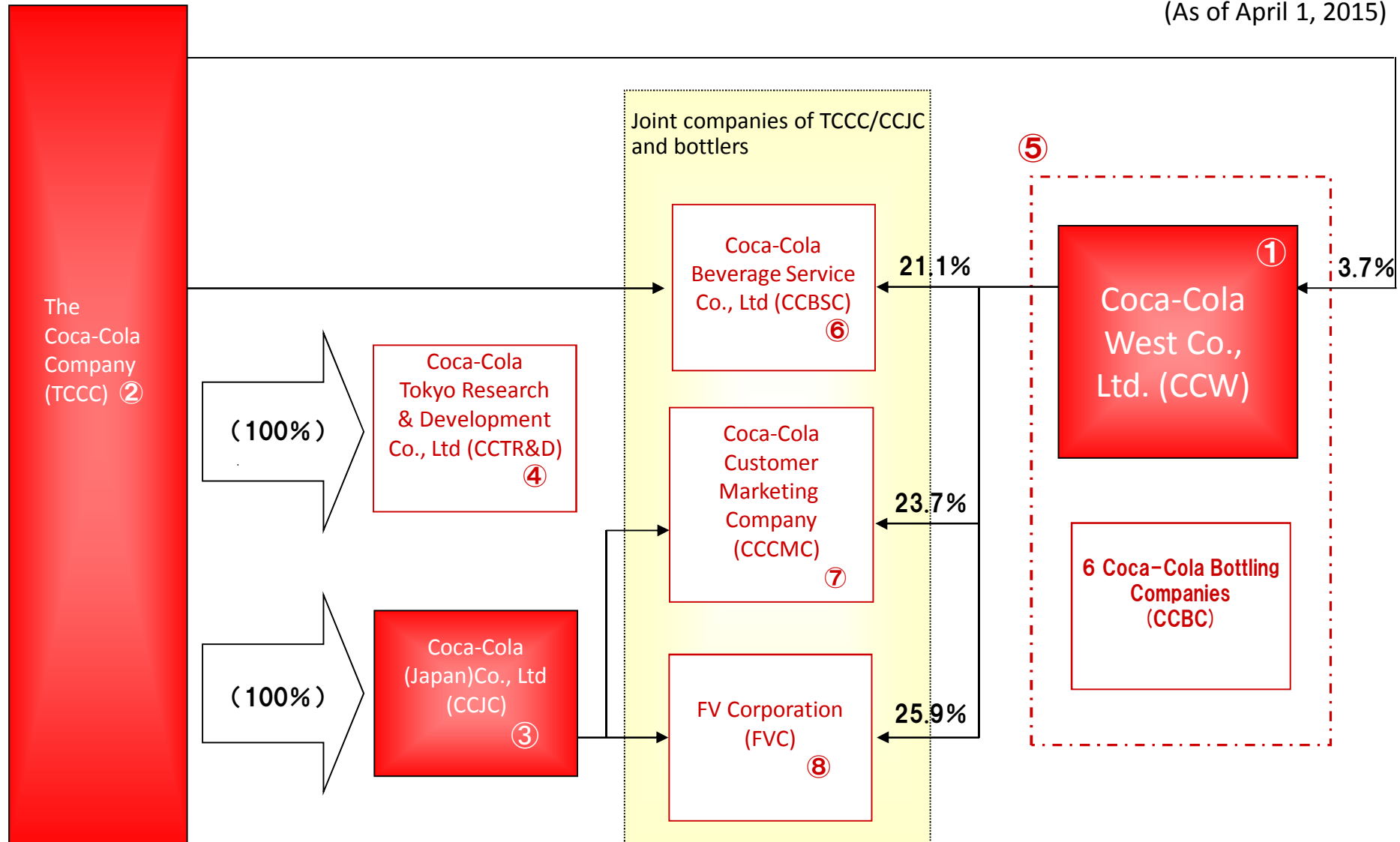
EPS= net profit for the year/average # of shares in the term  
 PER = term-end stock price/EPS



# Coca-Cola System in Japan – Capital Relationship

Investment ( ) % of shares owned

(As of April 1, 2015)



# Coca-Cola related companies and their roles

---

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

Coca-Cola West Japan (CCWJ) was established in 1999 by merging Kitakyushu CCBC and Sanyo CCBC. CCWJ acquired ownership of Mikasa CCBC in 2001. In 2006, CCWJ and Kinki CCBC merged the management of both companies, and in 2009 Coca-Cola West Co., Ltd. was established. CCW acquired 100% ownership of Minami Kyushu CCBC on April 1 2013 and merged on January 1 2014.

## 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 7 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
Channel (Business unit)	
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
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
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
Chain store	
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
Other	
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, Café, etc

## Forward-looking statement

---

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