

みんなの あしたに ハッピーを

*Coca-Cola* **West**

## Results briefing for the 2nd quarter of Fiscal Year ending December 2016

August 15, 2016

Coca-Cola West Company, Limited (2579)

[Contact] Planning Department (IR team)

TEL 092-641-8774 FAX 092-632-4304

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

# I. Account settlement for 1H

## II. Activity Plan for 2H and full-year

[Reference]

Q2 (April-June) financial results

Trend of OTC market share

Mix by brand/by channel

Sales update on vending machines by channel

Q2 Actual sales volume (by channel and by package)

2H Volume target

Performance trend / managerial KPI trend

Coca-Cola System in Japan / Affiliated companies

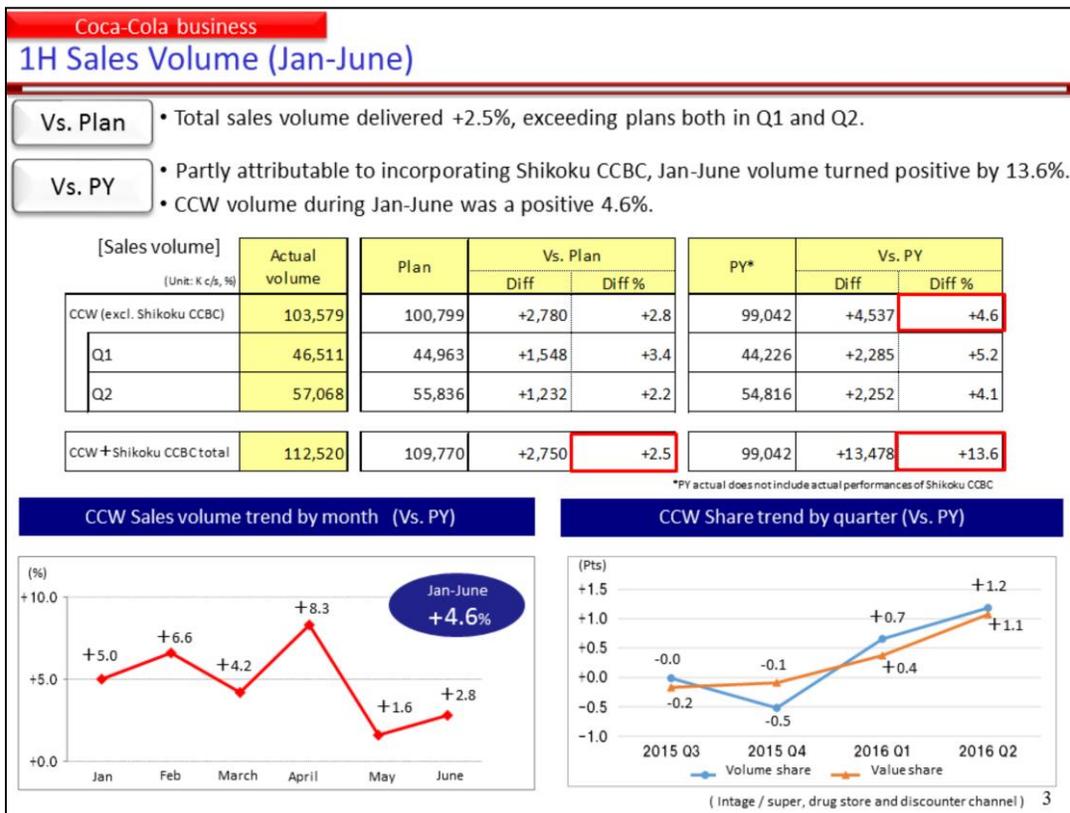
- Good morning everyone and thank you for attending our Financial Results Briefing despite your busy schedules. I'm Yoshimatsu.
- Today, I would like to brief you on the highlight of financial results for the 1<sup>st</sup> half and our plans for the 2<sup>nd</sup> half and full-year.

---

## I. Account settlement for 1H

2

- I will start with a review of the 1<sup>st</sup> half.



- Firstly, let me review our sales volume in the 1<sup>st</sup> half.
- Compared with plans, volume continued to deliver positive growth both in the 1<sup>st</sup> and the 2<sup>nd</sup> quarters, closing the 1<sup>st</sup> half accumulated total with 2.5% positive.
- On the other hand, our sales volume increased by 13.47 million cases, or 13.6% versus prior year, partly because of incorporating 8.94 million cases sold by Shikoku CCBC in the 1<sup>st</sup> half.
- Even excluding the impact of Shikoku CCBC, our volume increased by 4.6% from the previous fiscal year.
- The graph you see on the left shows monthly sales volume and the right indicates quarterly market share trend.
- The volume continued to track in the positive range every month from January to June year over year, showing steady growth.
- Market shares also turned positive from prior year both in terms of volume and value in the 1<sup>st</sup> quarter and further growth were achieved in the 2<sup>nd</sup> quarter which proved our reinforced competitive advantages.

## Sales volume by channel

Vs. Plan

- All key channels except for Food Service finished exceeding the volume plans.

Vs. PY

- Volume in Supermarket and Convenience Store turned positive both in Q2 and in total, partly contributed by the sales of new products launched after March.

(unit: K c/s, %)	1H actual	Vs. Plan		Vs. PY*	
		Diff	Diff %	Diff	Diff %
Super market/Drug/Discouter	31,987	+1,509	+5.0	+2,209	+7.4
Convenience store	14,022	+451	+3.3	+1,417	+11.2
Chain store total	46,009	+1,960	+4.4	+3,626	+8.6
Vending	32,745	+614	+1.9	-20	-0.1
Retail	5,235	+213	+4.2	-50	-0.9
Food Service	11,702	-52	-0.4	+258	+2.3
Others	7,888	+44	+0.6	+722	+10.1
CCW total (excl. Shikoku CCBC)	103,579	+2,780	+2.8	+4,537	+4.6
CCW+Shikoku CCBC total	112,520	+2,750	+2.5	+13,478	+13.6

\*PY actual does not include actual performances of Shikoku CCBC

4

- Now, let's take a look at the sales volume by channel.
- All channels except for Food Service outperformed the volume plans.
- Highly profitable Vending exceeded the volume plan by 1.9%, moving forward new vending machine placement at prime locations ahead of plan.
- In terms of year-over-year comparison, volume growth in Supermarket and Convenience stores contributed to the overall positive results.
- In supermarket, the volume grew in the 2<sup>nd</sup> quarter ahead of the 1<sup>st</sup> quarter, delivering 7.4% positive for the 1<sup>st</sup> half accumulated total with the contribution of new products.
- Also in Convenience store, sales volume in the 1<sup>st</sup> half delivered 2-digit growth with continued good sales of new products for this year, despite the cyclic of contribution from jointly developed products with customers we launched in April last year.
- Furthermore, sales volume in Vending finished nearly at the level of previous year thanks to the impact from a promotion leveraging smartphone apps launched in April in addition to volume contribution more than prior year from new vending machine placement at prime locations, despite having decreased volume due to withdrawal from unprofitable locations.
- I would like to elaborate you on the sales activity status in Supermarket and in Vending later on.

## Sales volume by package

## Vs. Plan

- Sales volume of key packages exceeded the plans.

## Vs. PY

- Highly profitable SS PET grew ahead of LS PET.
- New product of Georgia Café Bottle Coffee (950ml PET) and Coca-Cola 1.0 L PET contributed to the growth of Midi PET.
- Sales volume of CAN turned positive from last year with the contribution of bottle CAN.

	(unit: K c/s, %)	1H actual	Vs. Plan		Vs. PY*	
			Diff	Diff %	Diff	Diff %
PET	Small (less than 850ml)	29,844	+593	+2.0	+1,724	+6.1
	Medium (less than 1,500ml)	1,232	+296	+31.6	+570	+86.2
	Large (1,500ml or more)	20,519	+769	+3.9	+934	+4.8
	Total	51,595	+1,658	+3.3	+3,228	+6.7
	Can (incl. bottle can)	26,638	+1,155	+4.5	+470	+1.8
	Other	6,664	-69	-1.0	+354	+5.6
	Syrup & powder	18,682	+36	+0.2	+485	+2.7
	CCW total (excl. Shikoku CCBC)	103,579	+2,780	+2.8	+4,537	+4.6
	CCW+Shikoku CCBC total	112,520	+2,750	+2.5	+13,478	+13.6

\*PY actual does not include actual performances of Shikoku CCBC

5

- Next is sales volume by the package.
- Key packages delivered positive volume compared with plans.
- Against previous year, sales volume of highly profitable small PET outperformed the growth of large PET. The growth of small PET exceeding large PET is also seen in Supermarket faced with a challenge in gaining margins, improving the product mix in terms of profitability.
- In addition, major growth of Midi PET from prior year is attributable to the new product of “Georgia Café Bottle Coffee” and Coca-Cola 1L PET we engaged as an RGM initiative for greater coverage.
- Sales volume of CAN delivered 1.8% positive from prior year owing to the steady sales growth of bottle CAN.

## Sales volume by brand

Vs. Plan

Vs. PY

- Launch of seasonally-limited design bottles aligned with the campaign contributed to the sales of Coca-Cola and Coca-Cola Zero exceeding the plans.
- Georgia, Ayataka and I Lohas steadily made solid growth with new products.
- Volume of Sokenbicha became positive in Q2 impacted by the renewal in May.
- Georgia grew 7.6% in Q2 through lineup extensions which resulted in +7.1% in 1H.
- Ayataka made a 2-digit growth from PY with good performances of both “Ayataka” and “Ayataka Nigorihonoka”.
- I Lohas delivered 22% positive sales with steady growth of “I Lohas Cider” launched in March in addition to “I Lohas Momo”.

	(unit: Kz/s, %)	1H actual	Vs. Plan		Vs. PY <sup>*2</sup>	
			Diff	Diff %	Diff	Diff %
Core 8	Coca-Cola	7,067	+66	+0.9	+243	+3.6
	Coca-Cola Zero	3,246	+132	+4.2	+269	+9.0
	Fanta	3,528	-21	-0.6	-88	-2.4
	Georgia	23,672	+941	+4.1	+1,571	+7.1
	Sokenbicha	4,553	+55	+1.2	-52	-1.1
	Aquarius	7,986	-253	-3.1	-529	-6.2
	Ayataka	8,785	+773	+9.7	+1,142	+14.9
	ILOHAS	7,583	+363	+5.0	+1,374	+22.1
	Sub total	66,419	+2,056	+3.2	+3,930	+6.3
	Others	18,478	+688	+3.9	+123	+0.7
	RTD <sup>*1</sup> Total	84,897	+2,744	+3.3	+4,052	+5.0
Syrup & powder	18,682	+36	+0.2	+485	+2.7	
CCW total (excl. Shikoku CCBC)	103,579	+2,780	+2.8	+4,537	+4.6	
CCW+Shikoku CCBC total	112,530	+2,750	+2.5	+13,478	+13.6	

\*1 RTD: Packaged products

\*2 PY actual does not include actual performances of Shikoku CCBC

6

- Next is sales volume by the brand.
- “Coca-Cola” and “Coca-Cola Zero” outperformed volume plans. This is attributable to the sales contribution of seasonal packages such as “Stamp bottle” launched coinciding with Global Campaign.
- “Georgia” “Ayataka” and “I Lohas” also made steady sales growth with new products, contributing to positive volume growth.
- “Sokenbicha” turned positive in the 2<sup>nd</sup> quarter against the plan from the underperformance in the 1<sup>st</sup> quarter thanks to the renewal made in May, finishing the 1<sup>st</sup> half accumulated total greater than the plan.
- “Georgia”, on the other hand, delivered 7.1% positive from prior year as a result of reinforced lineup launching various new products such as 950ml bottle coffee, in addition to bottle can “The Premium Bito” and “Cold Brew” extracted in low temperature with uncompromising taste.
- “Ayataka” also grew by 14.9% from prior year through reinforced competitive advantages of Ayataka brand with 2 lineups of “Ayataka” and “Ayataka Nigorihonoka”.
- “I Lohas” achieved 22.1% growth from the previous year with the contributions of “I Lohas Momo” launched in the 2<sup>nd</sup> half of last year and the new product of this year “I Lohas Cider”.
- With that, I would like to finish my briefing on sales volume status.

## Status of RGM initiatives in Supermarket

■ Revenue per case improved from prior year in all channels of Supermarket, Drug store and Discounter with good progress of RGM initiatives.

WSP increase

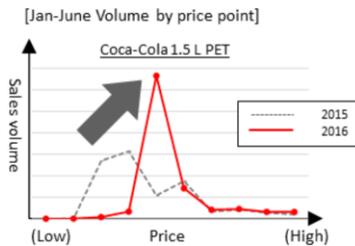


Product mix improvement



Sales volume growth

Ensured sales activities based on the price guideline



Highly value-added, premium product launches



Volume sold in Supermarket (after March) **248 K cases**

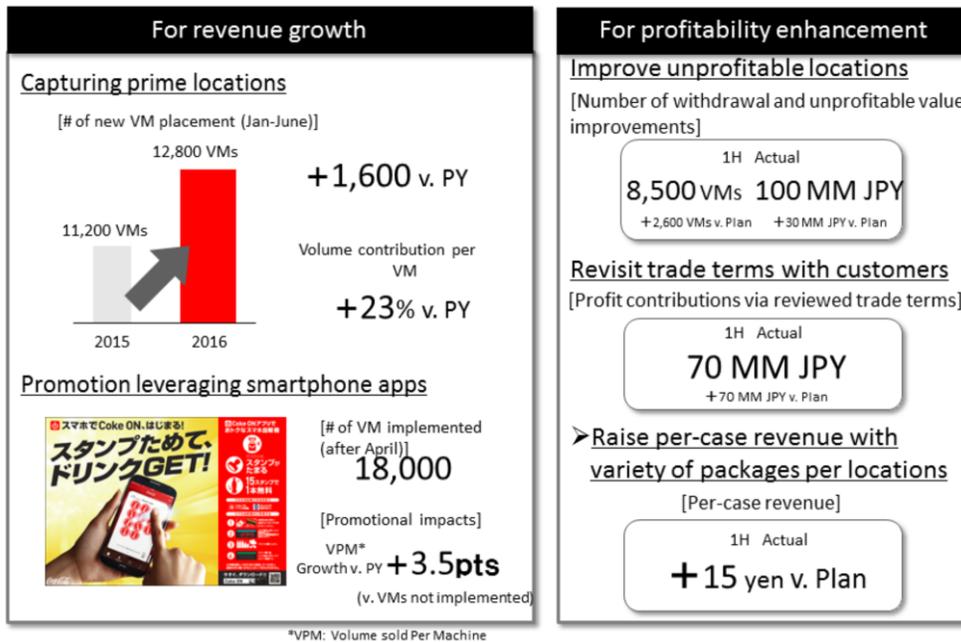
	Growth from PY (%) (January - June)		
	Sales volume	Revenue	Revenue per-case
Supermarket	+ 10.5%	+ 10.9%	+ 0.4%
Drug store/Discounter	+ 3.2%	+ 3.5%	+ 0.3%
Total	+ 7.4%	+ 8.0%	+ 0.6%

7

- Next, I would like to update you on the status of key sales activities for this year carried out in the 1<sup>st</sup> half. Let me begin with RGM initiatives in Supermarket.
- In Supermarket, we have worked on RGM aiming to raise revenue and profits. The RGM initiatives were reinforced in the 1<sup>st</sup> half placing “ensured sales activities based on price guidelines” and “launches of highly value-added & high price products” as the core.
- As to the first “ensured sales activities based on price guidelines”, we strived to raise per-case revenue of Coca-Cola 1.5L PET that has high brand competitiveness by reinforcing coverage of 1L PET and differentiating prices of the 2 packages. As a result, you can see in the graph that sales of 1.5L PET shifted to a higher price point from last year and the per-case revenue rose.
- Regarding the second “launches of highly value-added & high price products”, we ensured to appeal values of the 10 products in stores as you can see here and strengthened deployment at the right spaces. As a result, sales of these products reached 248 thousand cases, improving product mix and contributing to a lift of per-case revenue.
- The success of these initiatives in the 1<sup>st</sup> half enabled revenue growth more than volume in Supermarket as well as both Drugstore and Discounter.

## Initiatives for transformation of Vending business

■ We have begun to see solid results of initiatives for revenue growth and profitability enhancement.



8

- Next, I would like to brief you on our Vending status. Initiatives of “Revenue growth” and “Profitability enhancement” have made good progress and generated benefits in the 1<sup>st</sup> half.
- We placed 12,800 additional vending machines which was more than 1,600 units we placed last year for “Revenue growth”. As a result of ensuring new placement activities with identified profitability, aiming to capture prime locations, volume contribution per machine exceeded prior year by 23%.
- Furthermore, we have launched a promotion leveraging an app for smartphones since April with 18,000 vending machines to increase sales per machine. The promotion have already begun generating impacts, showing 3.5 point higher result of VPM on promotion machines than the ones not implemented.
- For “Profitability enhancement”, on the other hand, we delivered more profits than plan by moving forward improvement of unprofitable locations and review of trade terms with customers.
- Per-case revenue also rose by 15 yen from the plan by introducing highly value-added products this year with identified impacts in addition to ensured portfolio according to locations. Per-case revenue improved by 20 yen against prior year.
- With that, I would like to finish my briefing on sales activities.

Consolidated							
1H Financial results (Jan-June)							
<p>■ Consolidated operating profit closed at 8.8 Billion JPY.          → Increase of 4.3 Billion JPY v. Plan and 6.4 Billion JPY v. PY.</p>							
(unit: MM JPY, %)							
	1H 2016 actual	Plan	Vs. Plan		1H 2015 actual	Vs. PY*	
			Diff	Diff %		Diff	Diff %
Revenue	219,306	213,500	+5,806	+2.7	200,994	+18,312	+9.1
Gross profit	113,485	110,300	+3,185	+2.9	101,252	+12,233	+12.1
Operating income	8,883	4,500	+4,383	+97.4	2,430	+6,452	+265.5
Ordinary profit	8,630	4,200	+4,430	+105.5	2,295	+6,335	+275.9
Current net income (attributable to shareholders)	4,633	2,200	+2,433	+110.6	8,857	-4,224	-47.7

\* PY actual does not include actual performances of Shikoku CCBC

9

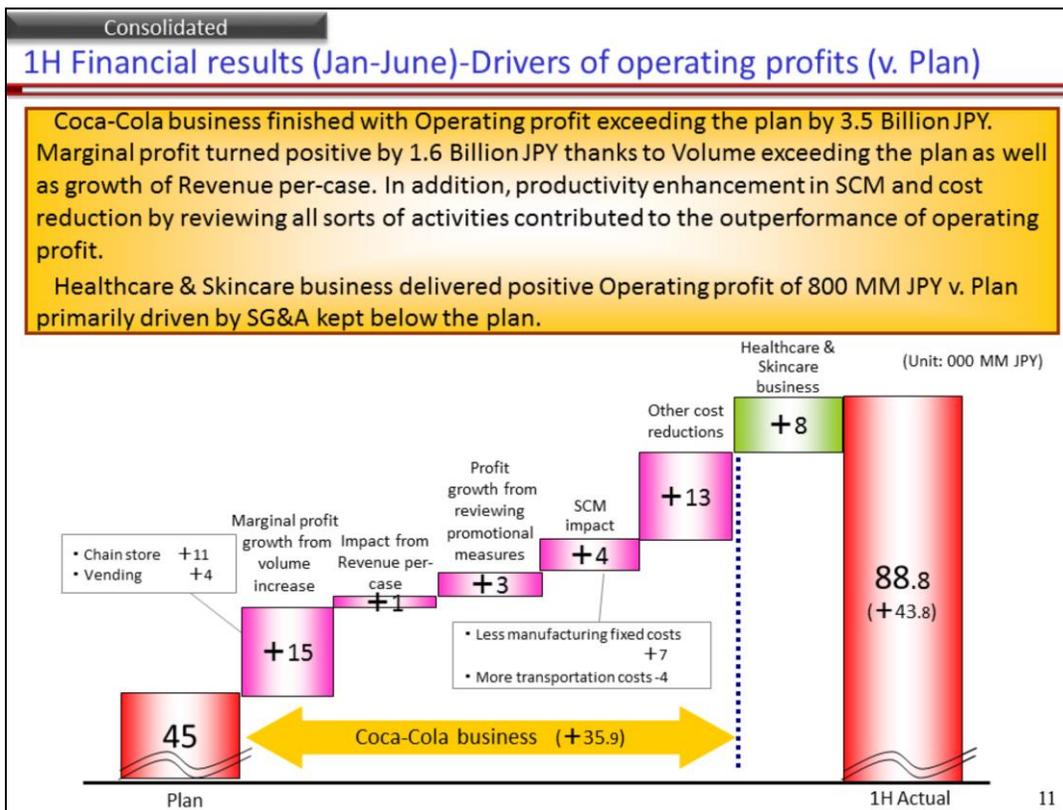
- I now would like to go over financial summary of the 1<sup>st</sup> half from slide 9.
- We booked revenue at 219.306 billion yen, operating profits at 8.883 billion yen, ordinary profits at 8.63 billion yen, and current net profits at 4.633 billion yen.
- Revenue increased both against plan and from prior year with operating profits also exceeding the plan by 4.3 billion yen, which was 6.4 billion yen more than the year earlier.
- Note that the current net profits decrease from the previous year by 4.2 billion yen is primarily due to a rebound from extraordinary profits booked in the 2<sup>nd</sup> quarter last year owing to gain on negative goodwill of 8.4 billion yen associated with making Shikoku CCBC a wholly-owned subsidiary.

Consolidated				1H Financial results (Jan-June)-Key drivers (v. Plan)	
	Plan	1H actual	Diff	Key drivers	Diff
Revenue	2,135	2,193	+58	*Coca-Cola Business (CCW+Shikoku CCBC)	+63.4
Gross profit	1,103	1,134	+31	*Healthcare & Skincare Business	-5.3
Operating income	45	88	+43	*Coca-Cola Business (CCW+Shikoku CCBC)	+32.1
Ordinary profit	42	86	+44	*Healthcare & Skincare Business	-0.3
Current net income (attributable to shareholders)	22	46	+24	*Decrease of SG&A Expenses	+11.9
				*Coca-Cola Business (CCW+Shikoku CCBC)	+3.7
				<Key drivers>	
				Increase of labor costs	-8.3
				Decrease of promotion/advertising costs	+3.5
				Decrease of sales equipment costs	+2.6
				Increase of operation outsourcing costs	-2.9
				Increase of transportation costs	-1.4
				Decrease of repair costs	+1.1
				Decrease of fuel costs	+1.0
				Decrease of consumables costs	+1.0
				*Healthcare & Skincare Business	+8.2
				*Increase of extraordinary losses (due to disaster)	-7.5
				*Corporate tax	-12.6

(Unit: 100MM JPY)

10

- Now let's move on to performance drivers, firstly against the plan.
- Coca-Cola business increased revenue by 6.3 billion yen thanks to volume exceeding the plan, also delivering gross profit increase by 3.2 billion yen. Furthermore, operating profits were up by 3.5 billion yen as SG&A costs dropped below the plan.
- Healthcare & skincare business, on the other hand, delivered gross profit nearly on plan with better gross margin from the change of product mix, despite revenue falling behind the plan. In addition, operating profits increased by 800 million yen as a result of managing SG&A costs below the plan by 800 million yen.



- The chart on page 11 shows operating profit drivers compared with plans.
- Coca-Cola business finished with a 3.5 billion yen positive operating profits against the plan.
- Marginal profits were up by 1.6 billion yen thanks to volume outperformance and per-case revenue increase.
- Productivity enhancements and efficiency improvements in manufacturing also generated 400 million yen more contribution profits in SCM than the plan.
- Besides, cost savings through review of all types of activities continued from last year made more progresses than we expected, contributing to the positive operating profits. Please also note that we have executed investments for growth according to the plan.
- Healthcare & skincare business also delivered 800 million yen more operating profits than the plan as SG&A kept below the plan, primarily through review of launching period of new products and implementation of ad costs with identified consumer attraction efficiency.

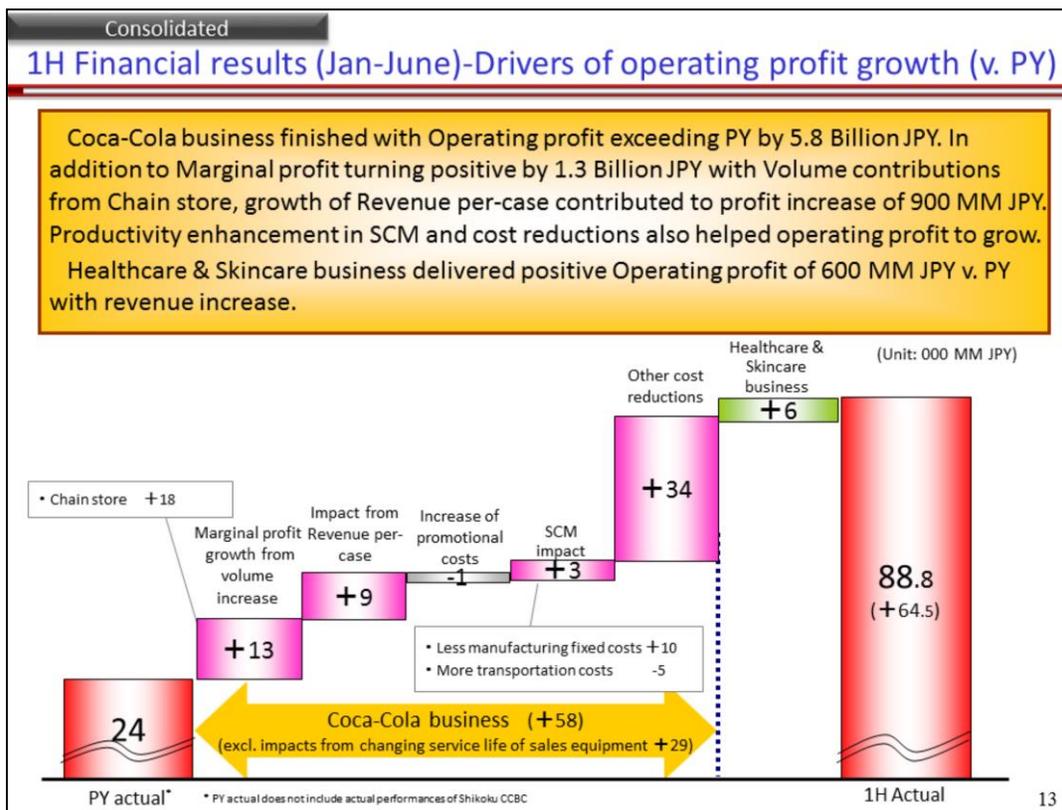
Consolidated				1H Financial results (Jan-June)-Key drivers (v. PY)	
	PY actual*	1H actual	Diff	Key drivers	Diff
Revenue	2,009	2,193	+183	*Coca-Cola Business (CCW + Shikoku CCBC)	+181.4
Gross profit	1,012	1,134	+122	*Healthcare & Skincare Business	+1.7
Operating income	24	88	+64	*Coca-Cola Business (CCW + Shikoku CCBC)	+118.9
				*Healthcare & Skincare Business	+3.3
				*Increase of SG&A Expenses	-57.8
				*Coca-Cola Business (CCW + Shikoku CCBC)	-60.7
				<Key drivers>	
				Increase of labor costs	-38.8
Increase of promotion/advertising costs	-14.8				
Increase of sales commissions	-13.8				
Decrease of sales equipment costs	+3.8				
Increase of operation outsourcing costs	-17.6				
Increase of transportation costs	-3.6				
Decrease of depreciation costs	+28.2				
Ordinary profit	22	86	+63	*Healthcare & Skincare Business	+2.9
Current net income (attributable to shareholders)	88	46	-42	*Decrease of extraordinary profits (gain on negative goodwill)	-85.2
				*Increase of extraordinary losses (due to disaster)	-2.7
				*Corporate tax	-17.4

\* PY actual does not include actual performances of Shikoku CCBC

(Unit: 100MM /PY)

12

- Next is comparison with prior year.
- Coca-Cola business increased revenue by 18.1 billion yen from last year, raising gross profits. This is mainly attributable to the impact from incorporating performances of Shikoku CCBC in the 1<sup>st</sup> half.
- Also by keeping the increase of SG&A for Coca-Cola business in total at 6 billion yen as we decreased the costs despite the net increase by Shikoku CCBC by 8.1 billion yen, operating profits exceeded prior year by 5.8 billion yen.
- Healthcare & skincare business, on the other hand, increased gross profits by 300 million yen owing to the change of product mix in addition to revenue growth. Operating profits also rose by 600 million yen from prior year with SG&A reduction of a 300 million yen.



- The chart on page 13 shows drivers of operating profits against the previous year.
- Coca-Cola business increased marginal profits by 1.3 billion yen from last year contributed by volume growth in Chain store. There were also 900 million yen contribution profits with per-case revenue growth, partly benefited from RGM initiatives in Supermarket.
- Furthermore, operating profits increased by 5.8 billion yen from last year as a result of cost savings from continued fundamental review of all activities, in addition to emergence of 300 million yen SCM impacts through productivity enhancement along with increased sales volume.
- Also note that operating profits were up by 2.9 billion yen from last year even excluding the impact of decreased depreciation costs from prior year along with changing service life of sales equipment from either 5 or 6 to 9 years this year.
- Healthcare & skincare business delivered increased operating profits from prior year by 600 million yen owing to 14% revenue growth of highly profitable skincare products from prior year and other factors.
- As a result, we closed consolidated operating profits at 8.8 billion yen, up by 6.4 billion yen from the year earlier.
- These are the performances of the 1<sup>st</sup> half.

---

## II. Activity Plan for 2H and full-year

14

•Now, I would like to talk about plans for the 2<sup>nd</sup> half and full-year.

## 2H (July-Dec) Volume plan

■ We project 2H volume plan as initially planned to be +0.2% v. PY (including Shikoku CCBC).

## Volume plan by channel

(Unit: K c/s, %)	2H plan	Vs. PY	
		Diff	Diff %
Super market/Drug/Discounter	37,822	+777	+2.1
Convenience store	14,435	-105	-0.7
Chain store total	52,257	+672	+1.3
Vending	35,761	+185	+0.5
Retail	6,225	+109	+1.8
Food service	14,013	+244	+1.8
Others	7,871	-1,088	-12.1
CCW total (excl. Shikoku CCBC)	116,127	+121	+0.1
CCW + Shikoku CCBC total	126,863	+310	+0.2

## Volume plan by brand

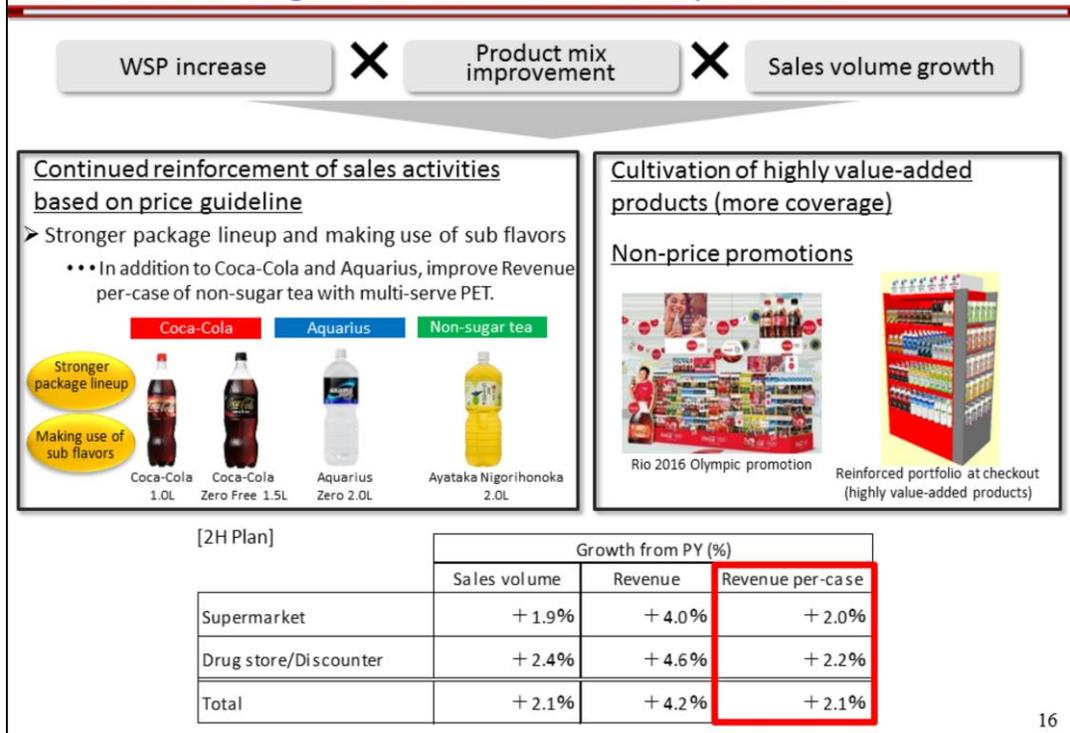
	2H plan	Vs. PY	
		Diff	%
(Unit: K cases, %)			
Coca-Cola	8,353	+191	+2.3
Coca-Cola Zero	3,463	-38	-1.1
Fanta	4,246	-41	-1.0
Georgia	23,696	+582	+2.5
Sokenbicha	5,740	+172	+3.1
Aquarius	11,377	+400	+3.6
Ayataka	9,825	-174	-1.7
I-Lohas	8,471	+686	+8.8
Subtotal	75,172	+1,777	+2.4
Other	20,834	-182	-0.9
RTD* Total	96,006	+1,595	+1.7
Syrup, powder	20,121	-1,474	-6.8
CCW total (excl. Shikoku CCBC)	116,127	+121	+0.1
CCW + Shikoku CCBC total	126,863	+310	+0.2

\* RTD: Packaged products

15

- I will first take you through Coca-Cola business. These are sales volume plans by the channel and the brand.
- Without changing the initial plan for the 2<sup>nd</sup> half, we aim to grow 0.2% from the previous year as Coca-Cola business in total including Shikoku CCBC.
- By the channel, we aim to grow in expanding markets of Supermarket, Drug store and Discounter by 2.1% from prior year.
- We also forecasts positive growth of volume in Vending expecting new placement of vending machines and vending-exclusive promotions, despite continued severe condition in the market.
- By the brand, we project 2.4% positive volume of core 8 from prior year. We will reinforce competitive advantage of brands with key products by conducting promotions aligned with Rio Olympics.

## Commercial strategies- Evolution of RGM in supermarket

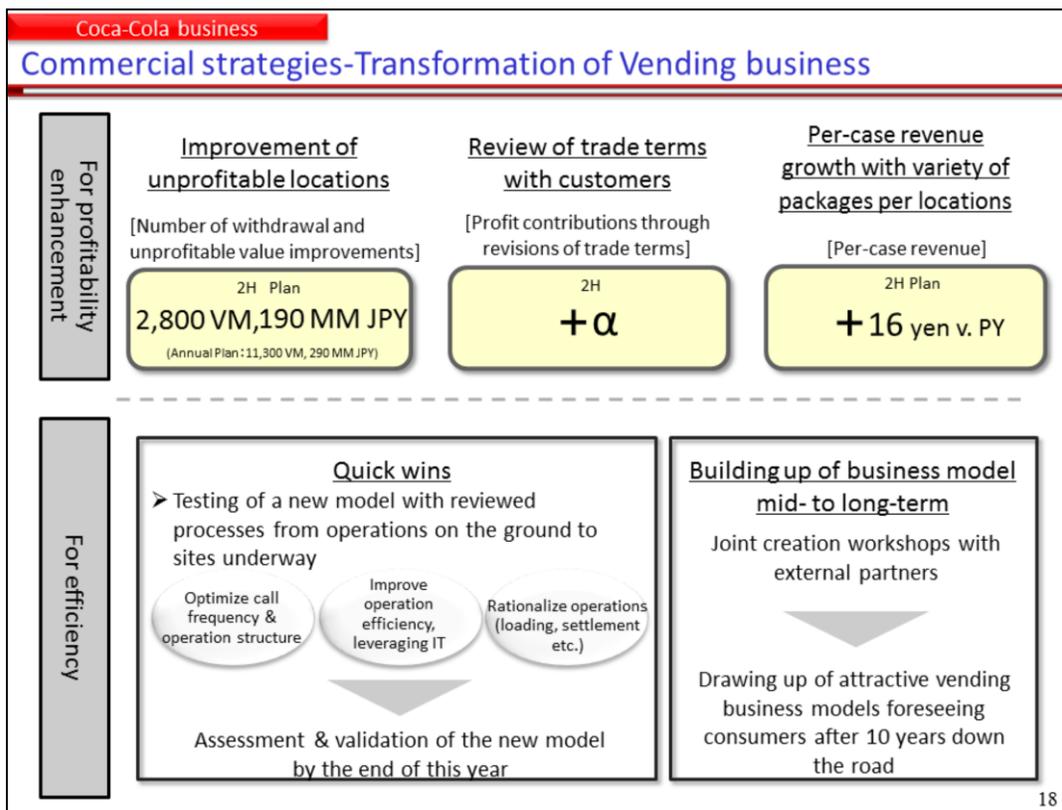


16

- Now, let me explain our sales strategies beginning with RGM initiatives in Supermarket. We will increase revenue and profits by combining the 3 elements of “Raising wholesale prices in trade”, “Improvement of product mix” and “sales volume growth”.
- First, we will continue to strengthen “Sales activities based on Price guideline” in the 2<sup>nd</sup> half. As I mentioned earlier, we succeeded in raising price point of 1.5L PET in the 1<sup>st</sup> half by launching Coca-Cola 1.5L PET and 1L PET together and differentiating prices of the 2 packages.
- By extending the range of activities even to large size packaged products other than Coca-Cola in the 2<sup>nd</sup> half, we will reinforce the package lineup and leverage sub-flavors.
- Specifically we will strengthen coverage of the sub-flavor “Aquarius Zero” for Aquarius 2L PET. We will also offer the sub-flavor “Ayataka Nigorihonoka” combined for Ayataka 2L PET.
- Through the initiatives, we will raise per-case revenue of each key product through differentiated prices of 2 packages between “Aquarius” and “Aquarius Zero” as well as between “Ayataka” and “Ayataka Nigorihonoka”.
- We will also continue to fortify coverage of highly value-added products as the 1<sup>st</sup> half. Sales of 10 highly value-added products contributed to the improvement of product mix, i.e. pushed up per-case revenue in the 1<sup>st</sup> half. We will strengthen coverage of these products even in the 2<sup>nd</sup> half at effectual in-store spaces more accessible to shoppers.
- In addition, we will increase sales volume by activating point of connections through non-price promotions such as Rio Olympic promotion.
- We strive to attain revenue growth more than volume in Supermarket as well as both Drug store and Discounter even in the 2<sup>nd</sup> half through these activities.



- Next, I would like to describe our Vending strategies. We will transform the Vending business by executing strategies from 3 perspectives of “Revenue growth”, “Profitability enhancement” and “Efficiency”.
- For the first element of Revenue growth, we will continue the promotion leveraging smartphone app that launched in April. We will scale the promotion with another 42,000 units in the 2<sup>nd</sup> half, expanding the scale up to around 60,000 units annually.
- Note also that we will roll out the 42,000 units in the 2<sup>nd</sup> half focusing on segments where we can expect more benefits based on sales analysis of the 18,000 units already implemented in the 1<sup>st</sup> half.
- We will also increase purchase frequency on vending machines by enhancing the attractiveness for consumers through planned W stamp campaign in addition to provision of new product information and distribution of sampling coupons via the app.
- Furthermore, we plan to install 9,000 new vending machines in the 2<sup>nd</sup> half. We will strive to gain prime locations high in VPM through the effective use of new machines and ensured sales activities with clearly identified profitability.



- For the second strategy to “Raise profitability”, we will continue to work on improvement of unprofitable locations and review of trade terms with customers.
- We plan to generate profit contribution of a 190 million yen by improving unprofitable locations with 2,800 vending machines and project annual profit contribution of a 290 million yen, exceeding the initial plan.
- We will also generate additional profits by continually working on the review of trade terms with customers as done in the 1<sup>st</sup> half.
- We further plan to raise per-case revenue by 16 yen from prior year through appropriate products and packages according to locations as well as improvement of product mix.
- For the third initiative on “Efficiency”, we have worked on addressing short- and mid-term challenges we face led by Vending Business Transformation Project.
- We have launched a pilot test of a new operation model in Kansai area as an initiative of quick-win to address short-term challenges after revisiting all processes of vending and back office operations to begin with. We plan to complete evaluation and validation of the test by the end of this year for reinforcement of vending business structure.
- We have also moved forward the study for building a highly competitive vending business model as a mid-term challenge. By drawing up a to-be vending business model, we have done much discussion through workshops with external partners and subject matter experts towards reaching the goal.

## Commercial strategies-Stronger brand competitiveness

- In line with Rio Olympic, introduce “Rio 2016 exclusive design bottle” and launch promotions targeting key brands to maximize sales in peak season.

Products	Promotions
<p data-bbox="249 368 565 401">RIO 2016 exclusive design bottle</p>  <p data-bbox="293 631 491 653">“Coca-Cola” gold bottle (PET)</p>  <p data-bbox="273 832 525 871">Olympic year design “Coca-Cola” slim bottle (aluminum can)</p>	 <p data-bbox="951 437 1080 476">Waterproof portable DTB &amp; DVD player</p>  <p data-bbox="1099 433 1258 472">Olympic host nation design aluminum tumbler</p>  <p data-bbox="961 573 1044 612">Brazilian BBQ set</p>  <p data-bbox="1099 573 1233 612">Tokyo 2020 Olympic Spectator rights</p> <p data-bbox="743 648 866 681">Supermarket</p>  <p data-bbox="847 832 955 849">Ice bottle holders</p> <p data-bbox="1006 648 1178 681">Vending machines</p>  <p data-bbox="1178 789 1233 849">Original button badge</p>

19

- Now, let me discuss a topic about reinforcement of brand competitiveness. Today I would like to introduce Olympic related products and promotions currently underway on a large scale coinciding with the ongoing Rio Olympics.
- Firstly with products, we will further raise competitive advantage of Coca-Cola brand by launching seasonally-limited “Gold bottle” and “Olympic year design bottle” to establish the position as of number 1 brand.
- As to promotions, we will maximize revenue and share during the peak season through the ongoing non-price promotions with exclusive original goods as a premium in all channels.
- With that, I would like to finish my briefing on Coca-Cola business.

Commercial strategies

■ Reinforce home-shopping business and product development to drive revenue and profit growth after 2H.

Reinforcement of home-shopping business

Gain new consumers

- Improvement of consumer attraction efficiency with home-shopping programs
- Stronger WEB marketing

Raise repeat customers and per-case revenue

- Stronger cross sales (combination of products)

[2H & full-year Revenue Plan]

	2H plan	Vs. PY	
		Diff	%
Healthcare products	117	+9	+9.3
Skincare products	62	+6	+11.3
Others	1	-0	-39.0
Total	181	+15	+9.4

Collaborations with Coca-Cola business

Launch of collaboration products (beverages)

- Final coordination underway to identify concrete spec, while making steady progress of product development.
- For sales at appropriate pricing matched with the value of products, 2 channels of Coca-Cola business(vending machines etc) and Healthcare & skincare business (home-shopping etc) have been considered.

(Unit: 100MM JPY, %)

	Full-year plan	Vs. PY	
		Diff	%
Healthcare products	217	+3	+1.6
Skincare products	124	+14	+13.0
Others	3	-0	-15.3
Total	345	+17	+5.2

- Let me now move on to introducing sales strategies of Healthcare & skincare business for the 2<sup>nd</sup> half.
- Firstly for “reinforcing home-shopping business”, it will be critically important to gain new consumers. We will strive to improve consumer attraction capabilities of home-shopping programs by renewing them with identified needs of consumers and through optimized broadcasting spots.
- We will also focus our energies on WEB marketing to gain new consumer base from the 30s through the 50s. In addition to revising site contents for greater number of access to the official website, we plan to expand spaces to offer Q’sai products on the web, leveraging internet ads and other schemes.
- Since it will be important to develop royal customers from the newly acquired shoppers, we strive to increase repeat purchase rate and unit sales by enhancing newsletter contents for existing consumers and quality of responses at call centers as a next step.
- On the other hand, we are at the final stage of “a collaboration between Coca-Cola business and Healthcare & skincare business” coordinating spec of specific products at this point towards the launch by the end of this year.
- As we plan to introduce a collaboration product in both channels of Coca-Cola business and Healthcare & skincare business, we will strive to gain revenue and profits by offering with a price matched with the product value.
- I talked about Healthcare & skincare business and let’s move on to a next topic.

## 2H(July-Dec) &amp; Full-year (Jan-Dec) — Performance Plan(Consolidated)

- Full-year consolidated operating profit plan shall be revised upward by 4.5 Billion JPY from the initial plan to be 20.5 Billion JPY. (v. PY +6.2 Billion JPY)

## Consolidated

## [Full-year (Jan-Dec)]

	2016 Full-year Plan	(unit: MM JPY, %)			
		Vs. PY		Vs. Initial Plan	
		Diff	Diff %	Diff	Diff %
Revenue	460,200	+19,723	+4.5	+5,000	+1.1
Gross profit	239,800	+15,848	+7.1	+4,200	+1.8
Operating income	20,500	+6,237	+43.7	+4,500	+28.1
Ordinary profit	18,800	+5,076	+37.0	+3,800	+25.3
Current net income (attributable to shareholders)	10,800	+829	+8.3	+2,000	+22.7

## [2H(July-Dec)]

	2H 2016 Plan	(unit: MM JPY, %)	
		Vs. PY	
		Diff	Diff %
Revenue	240,900	+1,418	+0.6
Gross profit	126,300	+3,600	+2.9
Operating income	11,600	-231	-2.0
Ordinary profit	10,200	-1,227	-10.7
Current net income (attributable to shareholders)	6,200	+5,087	+457.2

21

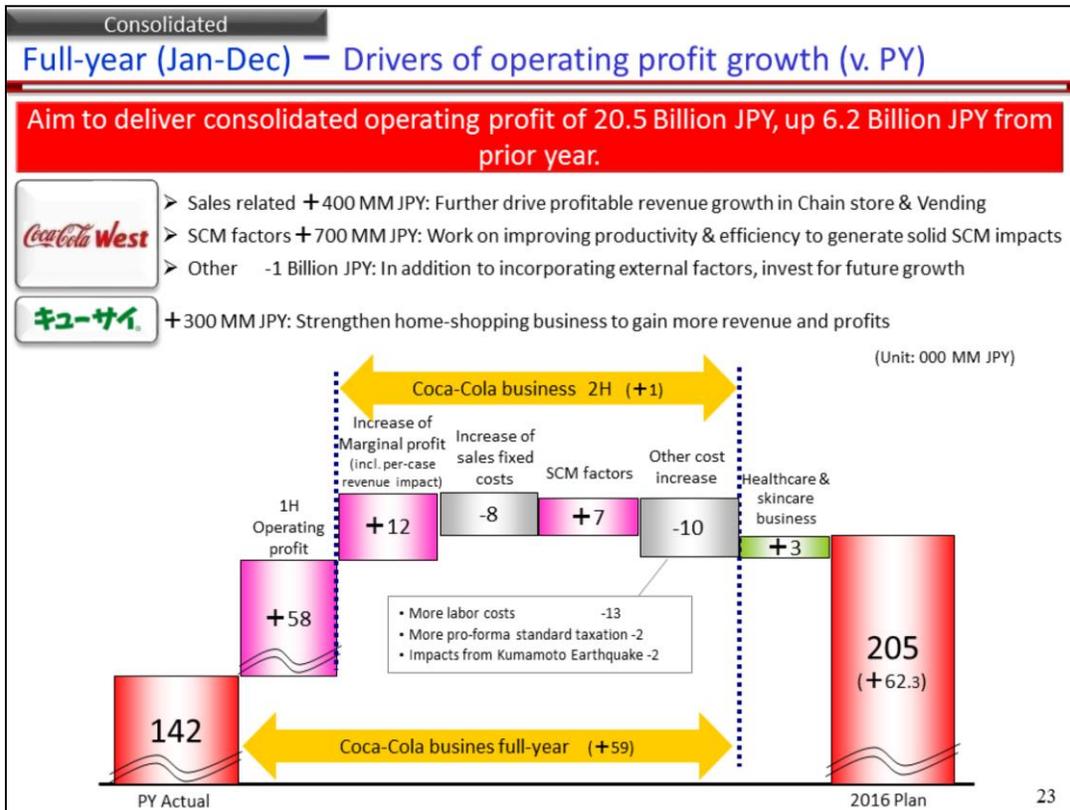
- Let me now show you our consolidated performance forecasts for the 2<sup>nd</sup> half and full-year.
- In light of the performances in the 1<sup>st</sup> half, we revise the initial plan for full-year operating profits upward by 4.5 billion yen to be 20.5 billion yen.
- We project full-year consolidated revenue at 460.2 billion yen, operating profits at 20.5 billion yen, ordinary profits at 18.8 billion yen, and current net profits at 10.8 billion yen

which correspond to 19.7 billion yen revenue increase and 6.2 billion yen increase of operating profits from prior year.

Consolidated					
2H(July-Dec) & Full-year (Jan-Dec) — Performance Plan(by business)					
<b>Coca-Cola business (CCW group+Shikoku CCBC)</b>					
[Full-year (Jan-Dec)]			[2H(July-Dec)]		
		(Unit: K c/s, MMJPY, %)			(Unit: K c/s, MMJPY, %)
	2016 Full-year Plan	Vs. PY		2H 2016 Plan	Vs. PY
		Diff	Diff %		Diff Diff %
Volume	239,383	+4,764	+2.0	126,863	+310 +0.2
Revenue	425,600	+17,964	+4.4	222,800	-132 -0.1
Of which, Strategic channels	417,279	+24,527	+6.2	219,744	+3,072 +1.4
Operating income	17,100	+5,890	+52.5	10,100	+58 +0.6
<b>Healthcare &amp; skincare business</b>					
[Full-year (Jan-Dec)]			[2H(July-Dec)]		
		(Unit: MMJPY, %)			(Unit: MMJPY, %)
	2016 Full-year Plan	Vs. PY		2H 2016 Plan	Vs. PY
		Diff	Diff %		Diff Diff %
Revenue	34,600	+1,759	+5.4	18,100	+1,550 +9.4
Operating income	3,400	+347	+11.4	1,500	-289 -16.2

22

- This shows performance plans by the business.
- We project increase of full-year operating profits of Coca-Cola business by 5.89 billion yen from prior year to be at 17.1 billion yen.
- Note that while we forecast revenue decrease of Coca-Cola business in the 2<sup>nd</sup> half by 132 million yen from prior year, we project revenue increase of strategic channels in our areas by 3 billion yen, up 1.4%.
- We expect Healthcare & skincare business to increase full-year operating profits by 300 million yen from prior year to be at 3.4 billion yen.



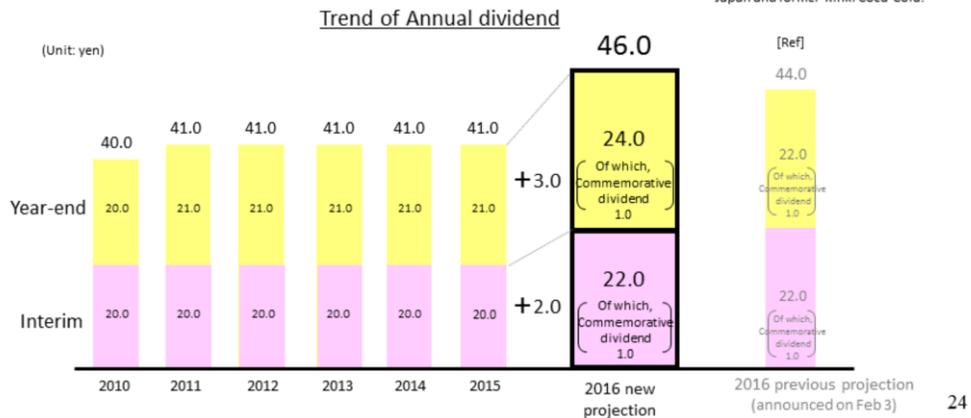
- Page 23 shows drivers of full-year operating profits against prior year.
- As we expect volume and revenue increase in Chain store and Vending in the 2<sup>nd</sup> half, we project marginal profits of Coca-Cola business to increase by 1.2 billion yen from prior year.
- Though it is also expected that fixed sales costs such as promotional costs to rise along with the volume increase, we will continue to ensure implementing promotional costs by identifying benefits as done in the 1<sup>st</sup> half.
- In SCM, we project profit contribution of 700 million yen incorporating the benefits of material cost saving through the implementation of in-line blow as well as our efforts for productivity and efficiency improvement in manufacturing and logistics.
- While we also expect profit decrease of 1 billion yen anticipating influences of other external factors as well as investments for future growth, we will continue to enhance productivity and save costs as in the 1<sup>st</sup> half by working on the review of all activities.
- For Healthcare & skincare business, we aim to increase full-year operating profits by 300 million yen from prior year with increase of consolidated operating profits to be 20.5 billion yen, up by 6.2 billion yen from prior year.
- These are the performance outlook for the 2<sup>nd</sup> half and full-year.

## Dividends

■ Dividends per share (projection) shall be revised based on the upward revision of 2016 performance forecast.

[Per share]		
Ordinary dividend		
Interim dividend	21 yen	(+1 yen)
Year-end dividend	23 yen	(+2 yen)
Commemorative dividend *2 yen		(+2 yen)
<b>Total</b>	<b>46 yen</b>	<b>(+5 yen)</b>

Difference from PY indicated in ( )  
 \*Provide Commemorative dividend to celebrate 2016 to mark the milestone of 10<sup>th</sup> Anniversary since the business integration of former Coca-Cola West Japan and former Kinki Coca-Cola.



- Let me brief you on revisions of 2016 dividend forecast here.
- Based on the upward revision of full-year performance plan this time, we decided to increase year-end dividend per share (forecast) by 2 yen to be 24 yen from the total of 22 yen we announced on February 3 that consists of ordinary dividend of 21 yen and commemorative dividend of 1 yen.
- It will be 5 yen increase of 2016 annual dividend forecast per share from prior year including commemorative dividend as the sum of ordinary dividend of 44 yen and commemorative dividend of 2 yen will be 46 yen as a result.
- We hope to enhance returns to shareholders by raising corporate values through performance improvement looking ahead.

## Summary

- 1H closed with Operating profit exceeding the plan by 4.3 billion JPY, delivering major profit gain of 6.4 billion JPY versus prior year.
  - Good progress of RGM initiatives in Supermarket in Coca-Cola business as a key task and activities in Vending for greater revenue and profits have started to generate impacts.
  - Fundamental review of all kinds of activities enabled us to save costs and contributed to the growth of Operating profit.
  - We are making investments for future growth according to the plan.
- The business plan for 2H is assumed with the solid investments for future growth upon the plan set at the beginning of the year as a base.
- Not just delivering full-year Operating profit of 20.5 billion JPY, we will try to generate more profits by further driving the initiatives we engaged in 1H and successively delivering impacts in 2H exceeding the plan.

25

- Lastly, I would like to summarize some takeaways.
- With good progress of performances, we finished 1<sup>st</sup> half with consolidated operating profit exceeding the plan by 4.3 billion yen, up by 6.4 billion yen from prior year.
- Particularly Coca-Cola business began to see impacts of initiatives in performance results in the form of marginal profit increase from RGM initiatives for raising per-case revenue in Supermarket which was placed as the most critical task as well as engagements for revenue and profitability enhancements in Vending.
- We also achieved cost saving more than plan through productivity and efficiency improvements in everything we do.
- Furthermore, we have made solid investments to reinforce business foundation for future growth as raised in our 3-year plan as well as to enhance job satisfaction of employees.
- This operating profit plan for the 2<sup>nd</sup> half is basically unchanged from the initial forecast as we assume ensured execution of these investments even in the 2<sup>nd</sup> half. However, we are confident that each initiative can generate more benefits than the plan in the 2<sup>nd</sup> half considering the progress status of efforts in the 1<sup>st</sup> half and the generated outcome.
- Therefore, we will take on a challenge to further generate profits, though we set full-year operating profits at 20.5 billion yen.
- With that, I would like to close my briefing. Thank you for listening.

---

## [ References ]

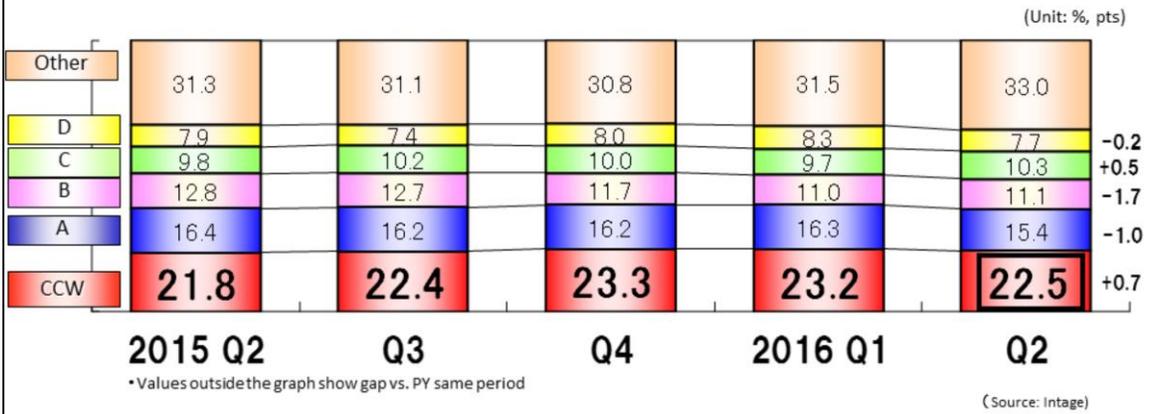
## Account settlement for Q2 (April-June)

(unit: MM JPY, %)

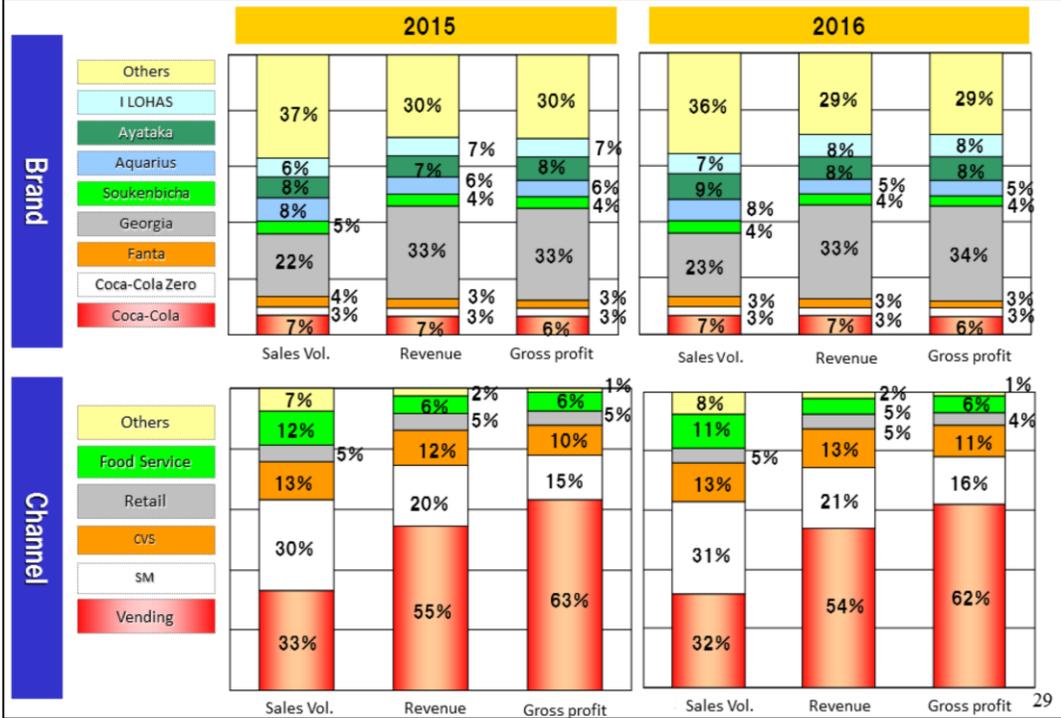
	2016 Q2 actual	Plan	Vs. Plan		2015 Q2 actual	Vs. PY*	
			Diff	Diff %		Diff	Diff %
Revenue	118,761	116,400	+2,361	+2.0	109,878	+8,883	+8.1
Gross profit	61,409	60,000	+1,409	+2.3	55,074	+6,334	+11.5
Operating income	6,673	4,800	+1,873	+39.0	3,677	+2,995	+81.5
Ordinary profit	6,561	4,700	+1,861	+39.6	3,586	+2,974	+82.9
Current net income (attributable to shareholders)	3,680	2,800	+880	+31.4	10,110	-6,430	-63.6

\* PY actual does not include actual performances of Shikoku CCBC

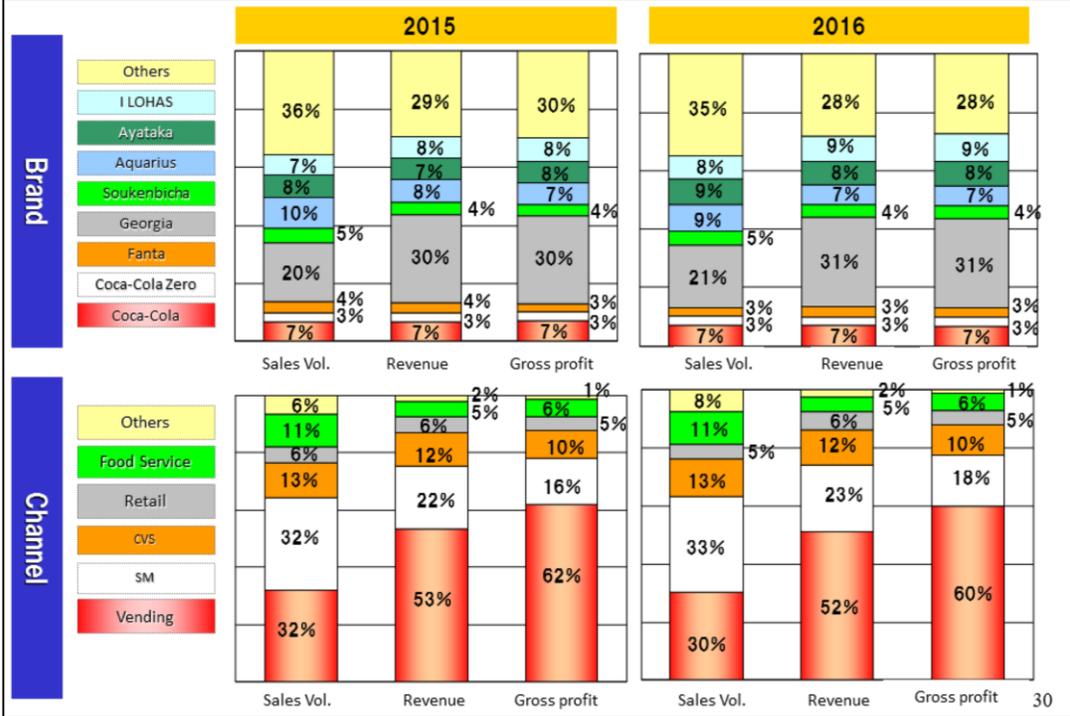
# OTC market share trends (excl. VM)



# 1H (Jan – June) – Mix by brand/channel



## Q2 (April – June) – Mix by brand/channel



## Sales update on vending machines by cluster

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

[CCW Area]

	Vs. PY (%)						
	Jan	Feb	Mar	April	May	June	YTD total
At-work (office)	-2.2	+2.1	+0.0	-2.5	-1.6	-1.4	-1.0
At-work (plant)	-2.8	+1.9	+1.8	-3.0	-2.5	-1.4	-1.0
Mass retailer	-2.4	+1.6	-2.6	-4.2	-2.2	-2.9	-2.2
Transportation	+1.2	+3.8	+1.3	+1.1	-0.8	+0.6	+1.1
School	-0.8	+5.7	+3.2	-1.1	-1.6	+3.3	+1.2
Leisure	-3.7	+0.6	-3.4	-4.6	-1.3	-9.1	-3.6
Pachinko	-5.8	-1.8	-6.8	-5.8	-0.9	-3.6	-4.2
Sports	-4.2	+0.6	-1.0	-1.4	-0.9	-4.0	-1.9
Hospital	-3.0	+3.0	+1.1	-1.4	-1.6	-0.6	-0.5
Accommodation	-4.2	+2.8	-1.9	-4.6	-5.2	-2.9	-2.8
Other (Indoor)	-2.7	+0.9	+0.8	-2.3	-3.8	-0.6	-1.4
Outdoor	-1.6	+1.3	+2.6	-0.9	-3.9	-2.1	-0.9
Total	-2.5	+1.5	-0.1	-2.4	-2.3	-1.9	-1.4

\*Sales Vol. per vending machine

## 1H (Jan – June) – Sales Volume by channel/package

■ Chain store (Unit: Kcases, %)	2016 1H actual	Vs. Plan		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	16,558	+387	+2.4	+1,067	+6.9
Midi PET (less than 1,500ml )	1,157	+285	+32.7	+559	+93.5
LS PET (1,500ml or larger)	19,133	+761	+4.1	+852	+4.7
Can (incl. bottle CAN)	8,526	+422	+5.2	+1,123	+15.2
Other	634	+104	+19.6	+24	+4.0
CCW total (excl. Shikoku CCBC)	46,009	+1,960	+4.4	+3,626	+8.6

■ Vending (Unit: Kcases, %)	2016 1H actual	Vs. Plan		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	10,555	+59	+0.6	+672	+6.8
LS PET (1,500ml or larger)	73	+6	+9.4	-3	-4.2
Can (incl. bottle CAN)	16,463	+604	+3.8	-648	-3.8
Other	4,359	-175	-3.9	+219	+5.3
Syrup/Powder	1,296	+121	+10.3	-259	-16.7
CCW total (excl. Shikoku CCBC)	32,745	+614	+1.9	-20	-0.1

■ Retail & Food service (Unit: Kcases, %)	2016 1H actual	Vs. Plan		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	2,726	+142	+5.5	-19	-0.7
Midi PET (less than 1,500ml )	72	+8	+13.1	+11	+18.7
LS PET (1,500ml or larger)	1,304	-7	-0.6	+75	+6.1
Can (incl. bottle CAN)	1,637	+116	+7.6	-15	-0.9
Other	893	-136	-13.2	+34	+3.9
Syrup/Powder	10,305	+38	+0.4	+122	+1.2
CCW total (excl. Shikoku CCBC)	16,937	+162	+1.0	+209	+1.2

32

## Q2 (April-June) –Volume by channel

	Q2 actual (unit: K c/s, %)	Vs. Plan		Vs. PY*	
		Diff	Diff %	Diff	Diff %
Super market/Drug/Discounter	18,969	+695	+3.8	+1,360	+7.7
Convenience store	7,352	+92	+1.3	+551	+8.1
Chain store total	26,321	+787	+3.1	+1,912	+7.8
Vending	17,204	+195	+1.1	-381	-2.2
Retail	3,020	+134	+4.6	+2	+0.1
Food service	6,211	-109	-1.7	-31	-0.5
Others	4,312	+225	+5.5	+750	+21.1
CCW total (excl.Shikoku CCBC)	57,068	+1,232	+2.2	+2,252	+4.1
CCW + Shikoku CCBC total	62,040	+1,159	+1.9	+7,223	+13.2

\* PY actual does not include actual performances of Shikoku CCBC. And sales volume in 2015 is revised retroactively due to changes of calculation method in the affiliated company.

## Q2 (April – June) – Sales Volume by brand

	(unit: K c/s, %)	Q2 actual	Vs. Plan		Vs. PY <sup>*1</sup>	
			Diff	Diff %	Diff	Diff %
Core 8	Coca-Cola	3,958	-60	-1.5	+119	+3.1
	Coca-Cola Zero	1,841	+86	+4.9	+164	+9.8
	Fanta	2,008	-103	-4.9	-33	-1.6
	Georgia	11,999	+357	+3.1	+844	+7.6
	Sokenbicha	2,689	+63	+2.4	+11	+0.4
	Aquarius	5,386	-118	-2.1	-309	-5.4
	Ayataka	4,971	+504	+11.3	+703	+16.5
	I LOHAS	4,498	+70	+1.6	+599	+15.4
	Sub total	37,350	+799	+2.2	+2,099	+6.0
	Others	9,843	+233	+2.4	-210	-2.1
RTD <sup>*2</sup> Total		47,193	+1,032	+2.2	+1,889	+4.2
Syrup & powder		9,875	+200	+2.1	+364	+3.8
CCW total (excl. Shikoku CCBC)		57,068	+1,232	+2.2	+2,252	+4.1
CCW+ Shikoku CCBC total		62,040	+1,159	+1.9	+7,223	+13.2

\*1 PY actual does not include actual performances of Shikoku CCBC. And sales volume in 2015 is revised retroactively due to changes of calculation method in the affiliated company.  
 \*2 Packaged products

## Q2 (April – June) – Sales Volume by package

		Q2 actual (unit: K c/s, %)	Vs. Plan		Vs. PY*	
			Diff	Diff %	Diff	Diff %
PET	Small (less than 850ml)	16,567	-107	-0.6	+757	+4.8
	Medium (less than 1,500ml)	864	+226	+35.3	+462	+115.2
	Large (less than 1,500ml)	12,071	+388	+3.3	+413	+3.5
	Total	29,502	+506	+1.7	+1,632	+5.9
	Can (incl. bottle can)	14,049	+638	+4.8	+163	+1.2
	Other	3,643	-112	-3.0	+94	+2.7
	Syrup & powder	9,875	+200	+2.1	+364	+3.8
	CCW total (excl. Shikoku CCBC)	57,068	+1,232	+2.2	+2,252	+4.1
	<b>CCW + Shikoku CCBC total</b>	<b>62,040</b>	<b>+1,159</b>	<b>+1.9</b>	<b>+7,223</b>	<b>+13.2</b>

\* PY actual does not include actual performances of Shikoku CCBC. And sales volume in 2015 is revised retroactively due to changes of calculation method in the affiliated company.

## Q2 (April-June)–volume by channel and package

■Chain store (Unit: K cases, %)	Q2 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	9,124	-117	-1.3	+400	+4.6
Midi PET (less than 1,500ml)	816	+217	+36.2	+453	+124.5
LS PET (1,500ml or larger)	11,251	+370	+3.4	+367	+3.4
Can (incl. bottle CAN)	4,693	+246	+5.5	+670	+16.7
Other	438	+71	+19.2	+21	+5.1
CCW total (excl. Shikoku CCBC)	26,321	+787	+3.1	+1,912	+7.8

■Vending (Unit: K cases, %)	Q2 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	5,857	-10	-0.2	+383	+7.0
LS PET (1,500ml or larger)	43	+5	+13.7	+2	+3.9
Can (incl. bottle CAN)	8,464	+302	+3.7	-527	-5.9
Other	2,296	-170	-6.9	+29	+1.3
Syrup/Powder	543	+68	+14.4	-267	-32.9
CCW total (excl. Shikoku CCBC)	17,204	+195	+1.1	-381	-2.2

■Retail & Food service (Unit: K cases, %)	Q2 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	1,585	+18	+1.2	-28	-1.7
Midi PET (less than 1,500ml)	46	+7	+18.7	+9	+26.1
LS PET (1,500ml or larger)	773	+8	+1.0	+39	+5.4
Can (incl. bottle CAN)	884	+83	+10.3	+15	+1.7
Other	494	-71	-12.6	+19	+4.0
Syrup/Powder	5,450	-20	-0.4	-84	-1.5
CCW total (excl. Shikoku CCBC)	9,231	+25	+0.3	-29	-0.3

## 2H (July-Dec) –Volume target by package

		2H Plan	Vs. PY*	
			Diff	Diff %
(unit: K c/s, %)				
PET	Small (less than 850ml)	34,803	+1,792	+5.4
	Medium (less than 1,500ml)	1,278	+438	+52.2
	Large (less than 1,500ml)	25,249	-171	-0.7
	Total	61,330	+2,060	+3.5
	Can (incl. bottle can)	26,973	-880	-3.2
	Other	7,703	+415	+5.7
	Syrup & powder	20,121	-1,474	-6.8
	CCW total (excl. Shikoku CCBC)	116,127	+121	+0.1
	CCW + Shikoku CCBC total	126,863	+310	+0.2

\* Sales volume in 2015 is revised retroactively due to changes of calculation method in the affiliated company.

## 2H (July-Dec) – Volume target by channel and package

■Chain store (Unit: K cases, %)	2H Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	18,298	+511	+2.9
Midi PET (less than 1,500ml )	1,184	+422	+55.4
LS PET (1,500ml or larger)	23,448	-289	-1.2
Can (incl. bottle CAN)	8,643	+63	+0.7
Other	683	-34	-4.8
CCW total (excl. Shikoku CCBC)	52,257	+672	+1.3

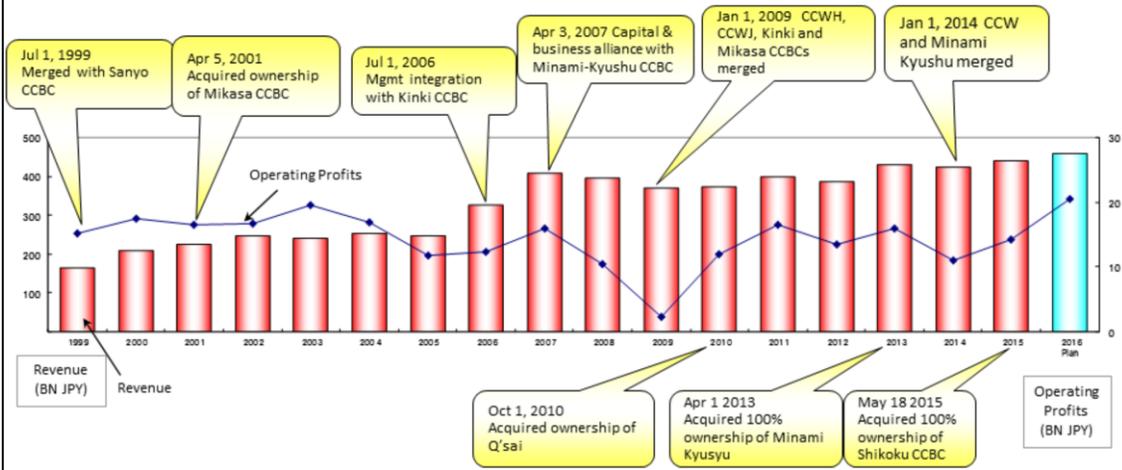
■Vending (Unit: K cases, %)	2H Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	13,209	+1,317	+11.1
LS PET (1,500ml or larger)	101	-22	-17.7
Can (incl. bottle CAN)	16,510	-906	-5.2
Other	5,060	+499	+10.9
Syrup/Powder	881	-703	-44.4
CCW total (excl. Shikoku CCBC)	35,761	+185	+0.5

■Retail & Food service (Unit: K cases, %)	2H Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	3,296	-32	-1.0
Midi PET (less than 1,500ml )	92	+18	+24.8
LS PET (1,500ml or larger)	1,700	+147	+9.5
Can (incl. bottle CAN)	1,820	-24	-1.3
Other	1,236	+231	+23.0
Syrup/Powder	12,095	+12	+0.1
CCW total (excl. Shikoku CCBC)	20,238	+353	+1.8

# Performance Trend

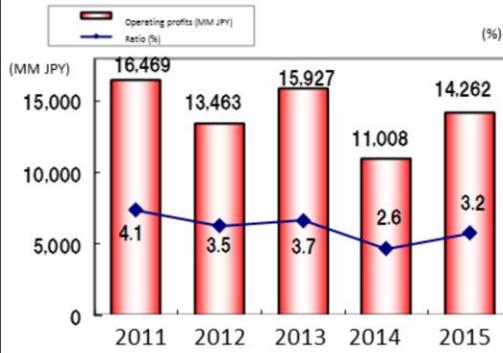
(Unit: MM JPY)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 Plan
Revenue	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	440,476	460,200
Operating Profit	15,160	17,449	16,634	16,704	19,638	16,860	11,830	12,321	16,056	10,521	2,242	12,003	16,489	13,463	15,927	11,008	14,262	20,500
Ordinary Profit	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	13,723	18,800
Net Profit	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	6,031	13,625	4,482	9,970	10,800

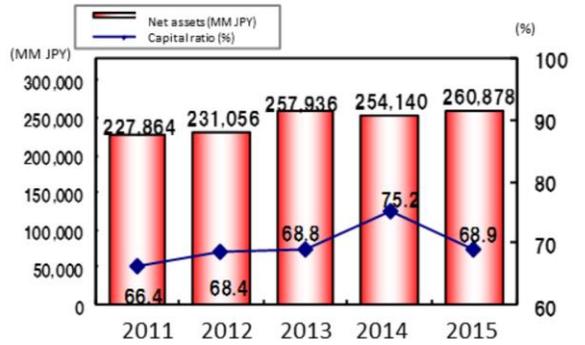


# KBI Trend

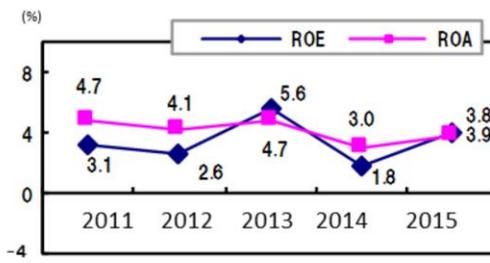
<Operating income & its ratio>



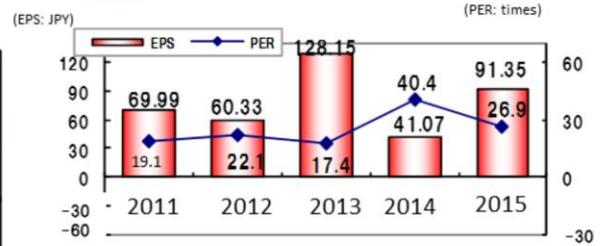
<Net asset/capital ratio>



<ROA/ROE>

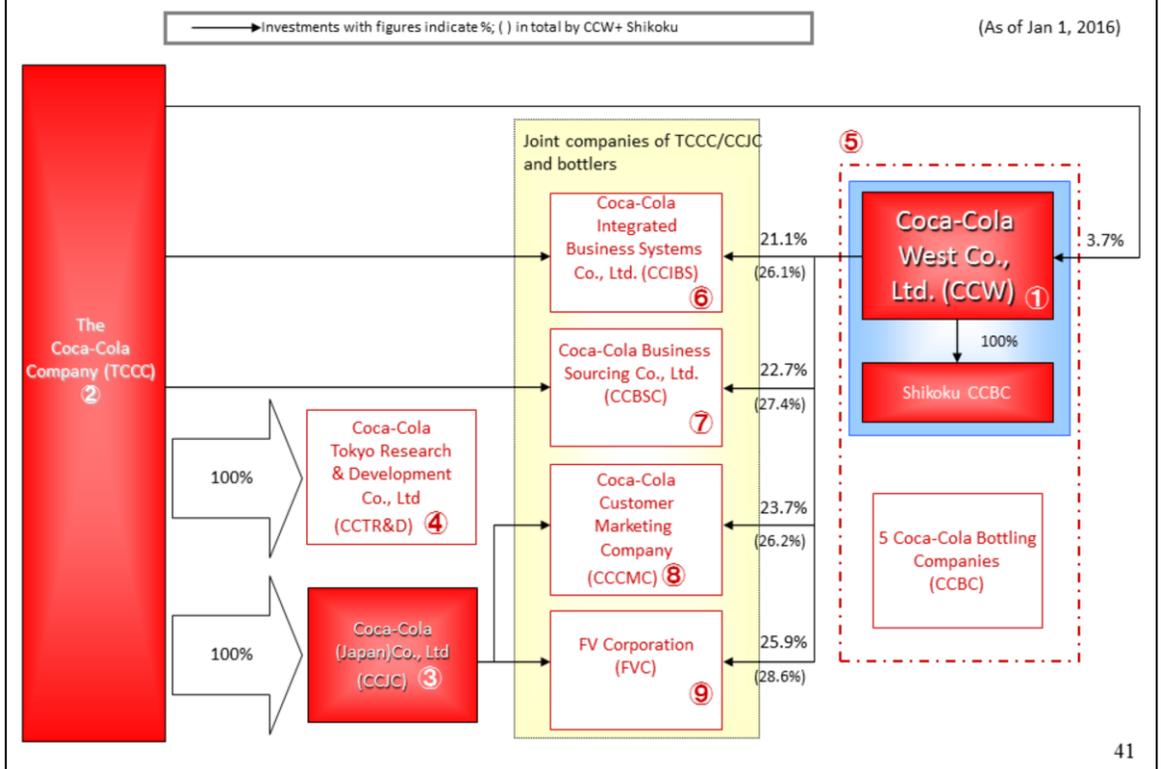


<EPS/PER>



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



## Coca-Cola affiliated 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. Furthermore, CCW made Shikoku CCBC its wholly-owned subsidiary as of May 18, 2015.

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

Established in 1892 in Atlanta, Georgia of the U.S.A. It 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 in 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, product planning as well as manufacturing of beverage base in Japan.

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

Established in January 1993 as a wholly-owned subsidiary of The Coca-Cola Company. After separating and becoming independent from the traditional R&D department that revolved around the headquarters in the U.S., it handles product development and technical support to respond to the needs of Japan.

### 5. Coca-Cola bottlers (CCBCs)

There are 7 bottlers in Japan responsible for manufacturing and selling products in the respective commercial territories.

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

Established through joint investments by TCCC and all bottlers in Japan in June 1999. It assumes business consulting to the Coca-Cola system in Japan, as well as development of the supporting information systems and the overall maintenance operations.

### 7. Coca-Cola Business Service Co., Ltd. (CCBSC)

Established through joint investments by TCCC and all bottlers in Japan in August 2015. It is in charge of overall procurement operations of raw materials, packaging materials, equipment and indirect materials.

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

Established through joint investments by Coca-Cola (Japan) Co., Ltd. and all bottlers in Japan in January 2007. In addition to handling sales negotiations with major retailers such as nationwide supermarkets and convenience stores as a main window, it makes propositions for sales promotions and in-store activities.

### 9. FV Corporation Co., Ltd. (FVC)

Established through joint investments by Coca-Cola (Japan) Co., Ltd. and all bottlers in Japan in May 2001. FVC conducts sales to key accounts in vending machine operation, handling non Coca-Cola products also.

## Glossary

Term	Explanation
<b>Business (segment)</b>	
• Coca-Cola business (soft drink business)	Business to manufacture and sell soft drink beverages including Coca-Cola
• Healthcare & skincare business	Business to manufacture and sell health food and cosmetics operated by Q'sai and their 5 subsidiaries
<b>Channel</b>	
• Vending	Business to deliver products to customers & consumers via vending machines (retail)
• Supermarket/Drug store/Discount store	Business with Supermarket, Drug store and Discount store (wholesale)
• Convenience store (CVS)	Business with Convenience chain store (wholesale)
• Chain store	Collective term for Supermarket, Drug store, Discount store and Convenience store
• Retail	Business with general grocery and liquor stores (wholesale)
• Food service	Business to offer syrup etc. in E&D market (wholesale)
<b>Vending related</b>	
• VPM (Volume Per Machine)	Volume sold per vending machine
• Indoor (market)	Indoor vending machines (whose users are relatively specific)
• Outdoor (market)	Outdoor vending machines (whose users are relatively unspecific)
<b>Other</b>	
• RGM (Revenue Growth Management)	(Initiatives) to raise profits through revenue growth ahead of sales volume
• OBPPC	Occasion, Brand, Package, Price, Channel
• HORECA	Business format of Hotel, Restaurant and Café

## 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