

みんなの あしたに ハッピーを

Coca-Cola **West**

Results briefing for the 3rd quarter of Fiscal Year ending December 2016

November 1, 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

I. Account settlement for Q3

II. Activity Plans for Q4 and Full-year

[Reference]

Q3 (July-Sep) financial results

Trend of OTC market share

Mix by brand/by channel

Sales update on vending machines by channel

Q3 Actual sales volume (by channel and by package)

Q4 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 third quarter and our plans for the fourth quarter and full-year.

I. Account settlement for the 3rd quarter

2

- Now, let's look back the third quarter.

Q1 YTD Sales Volume (Jan-Sep)

Vs. Plan

• Sales volume from Jan to March closed exceeding the plan by 1.1%.

Vs. PY

• Partly attributable to incorporating Shikoku CCBC, Jan-Sep volume turned positive by 10.0%.
• CCW volume for Jan-Sep YTD was a positive 4.8%.

[Sales volume] (Unit: 4 cb, %)	Actual volume	Plan ^{*1}	Vs. Plan		py ^{*2}	Vs. PY	
			Diff	Diff %		Diff	Diff %
CCW (excl. Shikoku CCBC)	170,876	168,842	+2,033	+1.2	163,120	+7,756	+4.8
Jan-June	103,624	103,624	-	-	99,042	+4,582	+4.6
July-Sep	67,251	65,218	+2,033	+3.1	64,077	+3,174	+5.0
CCW+Shikoku CCBC total	185,793	183,802	+1,991	+1.1	168,952	+16,841	+10.0

*1 Plan refers to values based on performance forecasts announced on Aug 23, 2016. *2 PY actual does not include actual performance of Shikoku CCBC's Jan-June results.

CCW Sales volume trend by month (Vs. PY)



CCW Share trend by quarter (Vs. PY)



Source: Intage (Supermarket, Drug store, Discount channels) 3

- First is on the sales volume.
- Compared with plans, volume registered positive by 1.1% for the accumulated total from January to September.
- Against prior year on the other hand, our volume closed with 10% positive. The volume was 4.8% positive from the year earlier even excluding the impact of Shikoku CCBC.
- The chart you see on the left shows monthly sales volume and the right indicates quarterly market share trend compared with last year.
- The volume remained positive every month from January to September year over year with both volume and value market shares also stayed in the positive range from this year.
- Note also that the value share grew greater than the volume share in the third quarter.

Sales volume by channel

Vs. Plan

- All channels finished exceeding the volume plans.

Vs. PY

- Volume in Supermarket and Convenience Store turned positive both in July-Sep and in Jan-Sep YTD, partly contributed by the sales of new products launched after March.
- Sales volume of highly profitable Vending turned positive in July-Sep, outperforming PY even in Jan-Sep YTD.

(Unit: K cts, %)	Q3 YTD Actual	Vs. Plan* ¹		Vs. PY** ²	
		Diff	Diff %	Diff	Diff %
Supermarket/Drug/Dis counter	55,992	+898	+1.6	+4,122	+7.9
Convenience store	22,189	+155	+0.7	+2,151	+10.7
Chain store total	78,181	+1,052	+1.4	+6,273	+8.7
Vending	52,106	+82	+0.2	+353	+0.7
Retail	8,740	+97	+1.1	+22	+0.3
Food Service	19,123	+118	+0.6	+418	+2.2
Others	12,726	+685	+5.7	+691	+5.7
CCW total (excl. Shikoku CCBC)	170,876	+2,033	+1.2	+7,756	+4.8
CCW + Shikoku CCBC total	185,793	+1,991	+1.1	+16,841	+10.0

*1 Plan refers to values based on performance forecasts announced on Aug 12, 2016.
 **2 PY actual does not include actual performance of Shikoku CCBC's Jan-June results.

4

- Now, let's take a look at the sales volume by the channel.
 - All channels outperformed the volume plans.
 - In terms of year-over-year comparison, Supermarket and Convenience stores grew volume by 7.9% and 10.7% respectively from the year earlier, driven by the sales from new launches including high-value added products.
 - Also highly profitable Vending managed to turn volume in the third quarter positive year-over-year, up by 0.7% even with year to date up to September.
- This is attributable to volume per machine turning positive by 1.9% in the third quarter from prior year with existing machines, in addition to placement activities of vending machines at prime locations we have moved forward.

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: Kz/s, %)		Q3 YTD Actual	Vs. Plan* ¹		Vs. PY* ²	
			Diff	Diff %	Diff	Diff %
PET	Small (less than 850 ml)	50,260	+278	+0.6	+3,799	+8.2
	Medium (less than 1,500 ml)	2,383	+343	+16.8	+1,210	+103.1
	Large (1,500 ml or more)	36,499	+353	+1.0	+1,516	+4.3
Total		89,142	+974	+1.1	+6,525	+7.9
Can (incl. bottle can)		40,704	+176	+0.4	+250	+0.6
Others		10,992	-20	-0.2	+601	+5.8
Syrup & powder		30,037	+903	+3.1	+380	+1.3
CCW total (excl. Shikoku CCBC)		170,876	-2,033	-1.2	-7,756	-4.8
CCW+Shikoku CCBC total		185,793	+1,991	+1.1	+16,841	+10.0

*1 Plan refers to values based on performance forecasts announced on Aug 12, 2016.
 *2 PY actual does not include actual performance of Shikoku CCBC's Jan-June results.

5

- Next is on the 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.
- In addition, major growth of Midi PET from prior year came from increased sales contributed by “Georgia Café Bottle Coffee 950ml PET” newly launched in March as well as “Coca-Cola 1L PET” reinforcing coverage as an RGM initiative.
- CAN in total finished with positive volume from prior year, with the growth of Bottle CAN offsetting the negative of regular CAN.

Sales volume by brand

Vs. Plan

- Core 8 brands closed exceeding the plan by 1.4%.

Vs. PY

- Georgia outperformed PY by 6.2% driven by the sales contribution of new products.
- Sokenbicha and Aquarius finished positive from PY in July-Sep, outperforming PY even in Jan-Sep YTD.
- Ayataka and I Lohas made a 2-digit growth from PY steadily increasing sales.

	Q3 YTD Actual	Vs. Plan ^{*2}		Vs. PY ^{*3}	
		Diff	Diff %	Diff	Diff %
Coca-Cola	11,993	+118	+1.0	+641	+5.7
Coca-Cola Zero	5,346	+158	+3.0	+409	+8.3
Fanta	6,090	+53	+0.9	+12	+0.2
Georgia	35,236	-105	-0.3	+2,068	+6.2
Sokenbicha	8,042	+130	+1.6	+147	+1.9
Aquarius	17,231	+955	+5.9	+455	+2.7
Ayataka	14,904	+405	+2.8	+1,618	+12.2
I LOHAS	12,596	-216	-1.7	+2,103	+20.0
Sub total	111,438	+1,498	+1.4	+7,454	+7.2
Others	29,401	-368	-1.2	-77	-0.3
RTD ^{*1} total	140,839	+1,130	+0.8	+7,376	+5.5
Syrup & powder	30,037	+903	+3.1	+380	+1.3
CCW total (excl. Shikoku CCBC)	170,876	+2,033	+1.2	+7,756	+4.8
CCW+Shikoku CCBC total	185,793	+1,991	+1.1	+16,941	+10.0

*1 RTD: Packaged products

*2 Plan refers to values based on performance forecasts announced on Aug 12, 2016.

*3 PY actual does not include actual performances of Shikoku CCBC's Jan-June results.

6

- Next is on the sales volume by the brand.
- Against plans, core 8 brands delivered 1.4% positive in volume.
- On the other hand, comparison with last year shows positive volume growth of 6.2% driven by the sales of 950ml PET “Georgia Café Bottle Coffee” primarily being launched in Supermarket under “Georgia” and new products such as Bottle CAN “The Premium Bito”.
- “Sokenbicha” and “Aquarius” which had negative volume year-over-year up to the second quarter also turned positive in the peak season, even outperforming prior year with the January to September accumulated results.
- Furthermore, “Ayataka” and “I Lohas” delivered 2-digit growth from the previous year with steady progress of sales volume.
- “Ayataka” has kept high growth through reinforced competitive advantage of the brand with 2 lineups of “Ayataka” and “Ayataka Nigorihonoka”. Volume growth of “I Lohas” was driven by “I Lohas Momo” launched in the second half of last year and the new product of this year “I Lohas Cider”.
- With that, I would like to finish my briefing on the sales volume status.

Status of Revenue per case

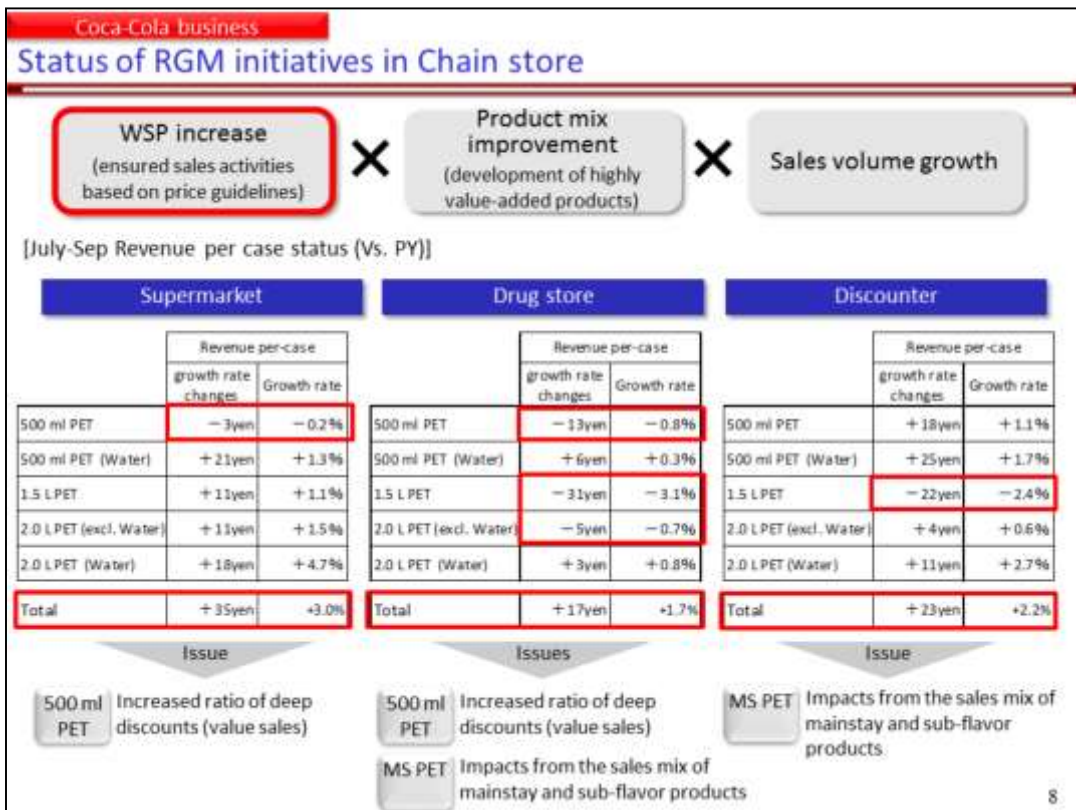
■ Revenue per case outperformed PY in Chain store, Vending and Retail.

- Revenue per case in Q3 made improvements compared with 1H.
- Supermarket, Drug store and Discounter began to see impacts of RGM initiatives.
- Vending improved Revenue per case through ensured portfolio optimum to each location.

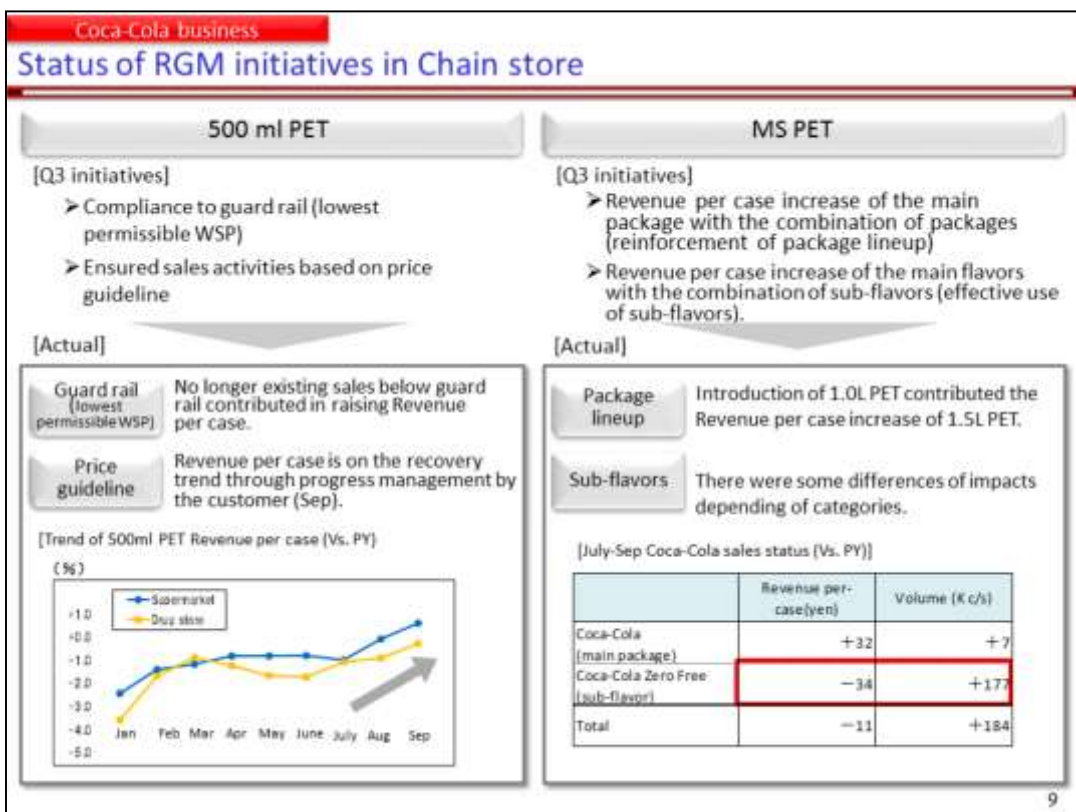
	July-Sep Actual (Vs. PY)				<Reference> Jan-Sep Actual (Vs. PY)			
	Revenue Growth rate	Sales volume Growth rate	Revenue per-case growth rate changes		Revenue Growth rate	Sales volume Growth rate	Revenue per-case growth rate changes	
Supermarket	+ 8.6%	+ 5.4%	+ 35yen	+ 3.0%	+ 9.9%	+ 8.0%	+ 19yen	+ 1.6%
Drugstore	+ 26.8%	+ 24.7%	+ 17yen	+ 1.7%	+ 20.4%	+ 18.1%	+ 20yen	+ 1.9%
Discounter	+ 11.6%	+ 9.2%	+ 23yen	+ 2.2%	+ 3.9%	+ 3.3%	+ 6yen	+ 0.5%
Convenience store	+ 12.3%	+ 9.9%	+ 35yen	+ 2.2%	+ 11.7%	+ 10.7%	+ 14yen	+ 0.8%
Vending	+ 3.3%	+ 2.0%	+ 38yen	+ 1.3%	+ 1.2%	+ 0.7%	+ 16yen	+ 0.6%
Retail	+ 3.9%	+ 2.1%	+ 31yen	+ 1.8%	+ 1.2%	+ 0.3%	+ 16yen	+ 0.9%
Food Service	+ 1.8%	+ 2.2%	- 3yen	- 0.4%	+ 1.2%	+ 2.2%	- 8yen	- 1.0%
Total (Strategic channels)	+ 6.2%	+ 5.0%	+ 19yen	+ 1.1%	+ 4.4%	+ 4.8%	- 6yen	- 0.4%

7

- Next, I would like to update you on the status of Revenue per case.
- Revenue from July to September grew 6.2% from prior year greater than volume growth, finishing with positive Revenue per case of 1.1%, or 19 yen more from the year earlier.
- Revenue per case increased in the third quarter compared with the year-over-year result for the first half, starting to show impacts of RGM initiatives significantly.
- In addition, all channels except for Food Service outperformed Revenue per case of last year.
- Supermarket, Drug store and Discounter began to see benefits from activities of RGM initiatives we have moved forward, placing the growth of Revenue per case as highest priority.



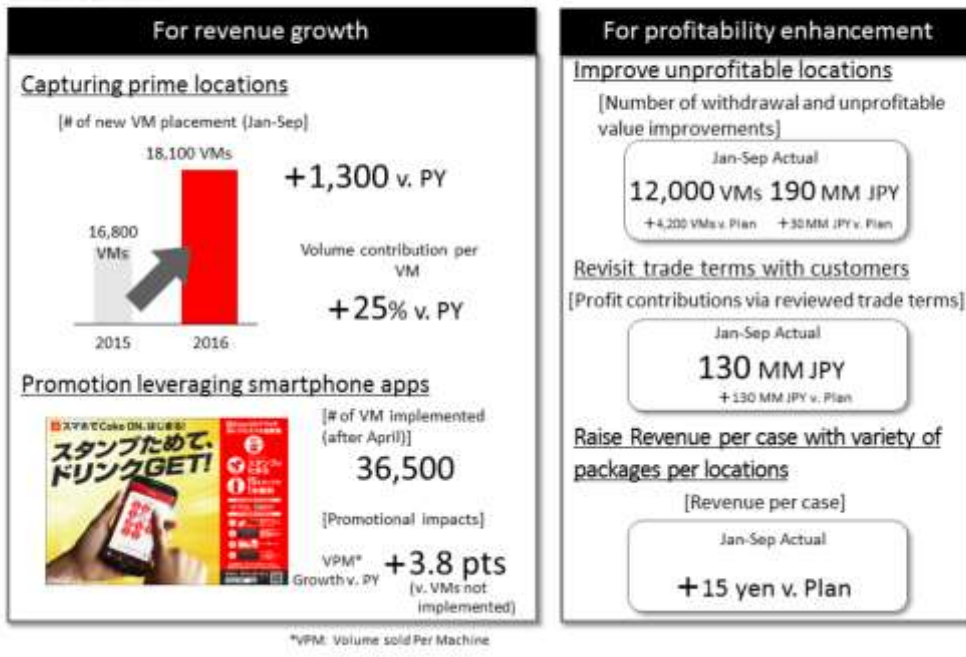
- Next, I would like to go over activities “to raise trading wholesale price” among RGM initiatives in Supermarket, Drug store and Discounter.
- RGM initiatives began to show some benefits as I explained earlier that total Revenue per case of each channel exceeded that of last year and even seen from package, many of them managed to deliver positive results from prior year.
- On the other hand, there are some packages with Revenue per case negative from the previous year which can be said as an outstanding issue.
- Revenue per case decline of 500ml PET in Supermarket and Drug store is owing to increased deep discounts and sales volume in low price ranges.
- Also with MS PET, changing sales mix of main products and low price sub flavors significantly different from the initial plan caused Revenue per case to drop.
- I will explain more in details on this matter from the following slides.



- With 500ml PET, we tried to raise Revenue per case by working on “compliance of guard rail” which is the lowest permissible wholesale price and “ensured executions of sales activities based on price guidelines”.
- Almost all sales below the lowest permissible wholesale price set are now eliminated as we managed to ensure “compliance of guard rail”.
- On the other hand for “sales activities based on price guidelines”, a demand surge more than our expectation during low price “deep discount” period caused Revenue per case to decline. However, the situation has changed for the better as we track and analyze sales plans and actual performances as well as make corrections of plans as needed through advance management per customer forecasting 3 months ahead since July.
- Next we worked on improving Revenue per case of main products for MS PET by “reinforcing package lineup” and “making use of sub-flavors”.
- As for “reinforcing package lineup”, we aimed at raising Revenue per case of 1.5L PET by offering 1.5L and 1L PET of Coca-Cola together, differentiating prices of the 2 packages. Revenue per case of 1.5L PET has been improving as intended.
- On the other hand, there were some differences of impacts in “making use of sub flavors” depending on categories. As we offered combining high price main flavors and low price sub flavors in Coca-Cola, Aquarius and non-sugar tea categories to raise Revenue per case of main flavors, there were some categories that showed impacts as anticipated and others not. Therefore, we have reached a conclusion to finish the initiative.
- As described, RGM initiatives have steadily demonstrated results since July, while partly having some issues.

Initiatives for transformation of Vending business

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



10

- Next, I would like to take you through our Vending status. We have been working on “Revenue growth” and “Profitability enhancement” in Vending.
- We newly installed 18,100 vending machines which was more than 1,300 units we placed last year for “Revenue growth”. Volume contribution per machine from the new installations exceeded prior year by 25%.
- Furthermore, we have launched a promotion leveraging an app for smartphones since April with 36,500 vending machines to increase sales per machine. The promotion has generated greater impacts than the initial forecast with 3.8 point higher result of year-over-year VPM on promotion machines than the ones not implemented.
- For “Profitability enhancement”, on the other hand, we delivered more profits than the plan by moving forward improvement of unprofitable locations and review of trading terms with customers.
- Revenue per case also rose by 15 yen from the plan, or by 25 yen from prior year by introducing highly value-added products this year with clear identification of impacts in addition to ensured portfolio according to locations.
- With that, I would like to finish my briefing on sales activities.

Consolidated
Q3 YTD (Jan-Sep) financial results

■ Consolidated operating profit closed at 19 Billion JPY.
→ Increases of 800 MM JPY v. Plan and 7.5 Billion JPY v. PY.

	Q3 2016 YTD Actual	Plan*1	Vs. Plan		Q3 2015 YTD Actual**	Vs. PY	
			Diff	Diff %		Diff	Diff %
Revenue	353,710	351,300	+2,410	+0.7	329,661	+24,049	+7.3
Coca-Cola Business	329,261	325,900	+3,361	+1.0	305,263	+23,998	+7.9
Healthcare & Skincare Business	24,449	25,400	-952	-3.7	24,397	+51	+0.2
Gross profit	183,497	183,000	+497	+0.3	167,515	+15,981	+9.5
Operating income	19,025	18,200	+825	+4.5	11,507	+7,518	+65.3
Coca-Cola Business	16,509	15,500	+1,009	+6.5	9,369	+7,139	+76.2
Healthcare & Skincare Business	2,516	2,700	-184	-6.8	2,138	+378	+17.7
Ordinary profit	18,320	17,600	+720	+4.1	11,294	+7,026	+62.2
Current net income (attributable to shareholders)	10,627	10,300	+327	+3.2	14,347	-3,720	-25.9

(Unit: MM JPY, %)

*1 Plan refers to values based on performance forecasts announced on Aug 12, 2016. *2 PY actual does not include actual performances of Shikoku CCBC's Jan/June results.

11

- I now would like to go over the highlight of earnings in the third quarter year to date from slide 11.
- We booked revenue at 353.71 billion yen, operating profits at 19.025 billion yen, ordinary profits at 18.32 billion yen, and current net profits at 10.627 billion yen.
- Revenue increased by 24 billion yen from the year earlier, exceeding the plan announced on August 12 by 2.4 billion yen. Operating profits also rose by 7.5 billion yen from the previous year, exceeding the plan by 800 million yen.
- Note that the current net profit decreases from the previous year by 3.7 billion yen are primarily due to a rebound from extraordinary profits of 8.3 billion yen booked last year owing to gain on negative goodwill associated with making Shikoku CCBC a wholly-owned subsidiary.

Consolidated				Q3 YTD (Jan-Sep) financial results-Key drivers (v. Plan)	
	Plan*	Q3 YTD Actual	Diff	Key drivers	Diff
Revenue	3,513	3,537	+24	* Coca-Cola Business (CCW + Shikoku CCBC)	+33.6
Gross profit	1,830	1,834	+4	* Healthcare & Skincare Business	-9.5
Operating income	182	190	+8	* Coca-Cola Business (CCW + Shikoku CCBC)	+13.9
Ordinary profit	176	183	+7	* Healthcare & Skincare Business	-8.9
Current net income (attributable to shareholders)	103	106	+3	* Decrease of SG&A Expenses	+3.2
				* Coca-Cola Business (CCW + Shikoku CCBC)	-3.8
				<Key drivers>	
				Increase of labor costs	-4.4
				Decrease of sales equipment costs	+1.0
				Increase of operation outsourcing costs	-1.0
				Decrease of transportation costs	+0.9
				* Healthcare & Skincare Business	+7.1
				* Increase of extraordinary profits (Gain on sales of non-current assets)	+7.6
				* Increase of extraordinary losses (Loss on abandonment of inventories, loss on disaster)	-11.4

* Plan refers to values based on performance forecasts announced on Aug 12, 2016.

(Unit: 100MM Yen)

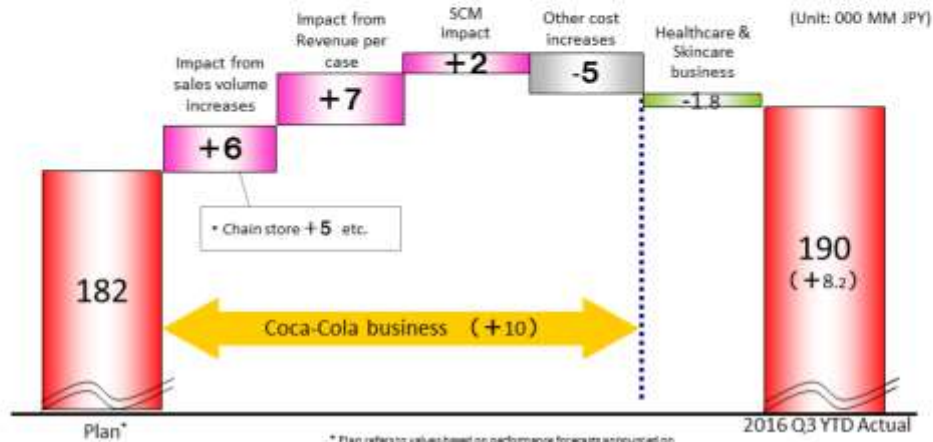
12

- Now let's move on to performance drivers, firstly against the plan.
- Coca-Cola business increased revenue by 3.3 billion yen thanks to volume exceeding the plan by 1.1%, also delivering gross profit increase by 1.3 billion yen. Furthermore, operating profits were closed with positive 1 billion yen despite SG&A costs exceeding the plan.
- Healthcare & skincare business, on the other hand, managed to keep the negative operating profits to 180 million yen as a result of SG&A including advertisement costs falling below the plan by 700 million yen, despite its revenue underperformance against the plan by 900 million yen.

Q3 YTD (Jan-Sep) financial results-Drivers of operating profits (v. Plan)

Coca-Cola business closed with operating profits exceeding 1 billion JPY than the plan. In addition to Chain store outperforming the sales volume plan, the rise of revenue per case impacted on marginal profits to exceed the plan by 1.3 billion JPY, contributing to the positive results of operating profits.

Healthcare & Skincare business finished with negative operating profits of 180 MM JPY compared with the plan due to revenue decline.



13

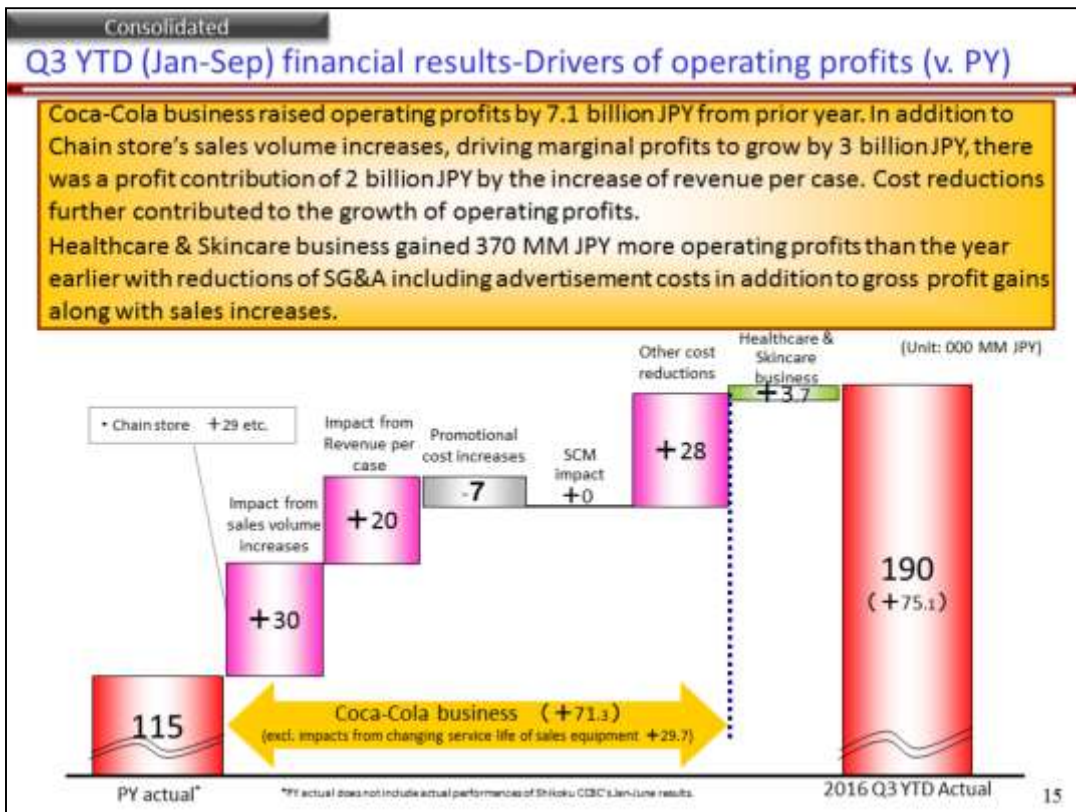
- The chart on page 13 shows operating profit drivers compared with plans.
- Coca-Cola business finished with 1 billion yen positive operating profits against the plan.
- Marginal profits were up by 1.3 billion yen thanks to Chain store's volume outperformance and Revenue per case increase.
- Please also note that we have executed investments for growth scheduled for this year according to the plan.
- Healthcare & skincare business managed to keep the negative operating profits to 180 million yen with SG&A falling below the plan as a result of efforts in making investments on advertisement costs with clearly identified benefits, despite revenue of healthcare products underperforming the plan.

Consolidated			Q3 YTD (Jan-Sep) financial results-Key drivers (v. PY)	
	PY Actual*	Q3 YTD Actual	Diff	
Revenue	3,296	3,537	+240	
Gross profit	1,675	1,834	+159	
Operating income	115	190	+75	
Ordinary profit	112	183	+70	
Current net income (attributable to shareholders)	143	106	-37	
				Key drivers
				Diff
				*Coca-Cola Business (CCW+Shikoku CCBC)
				+239.9
				*Healthcare & Skincare Business
				+0.5
				*Coca-Cola Business (CCW+Shikoku CCBC)
				+158.1
				*Healthcare & Skincare Business
				+1.6
				*Increase of SG&A Expenses
				-84.6
				*Coca-Cola Business (CCW+Shikoku CCBC)
				-86.7
				<Key drivers>
				Increase of labor costs
				-57.9
				Increase of promotion/advertising costs
				-24.1
				Increase of sales commissions
				-15.8
				Decrease of sales equipment costs
				+5.4
				Increase of operation outsourcing costs
				-25.3
				Increase of transportation costs
				-2.7
				Increase of repair costs
				-1.5
				Decrease of depreciation costs
				+44.8
				*Healthcare & Skincare Business
				+2.1
				*Decrease of extraordinary profits (gain on negative goodwill)
				-76.8
				*Increase of extraordinary losses (due to disaster)
				-11.6
				*Corporate tax
				-18.4

*PY actual does not include actual performance of Shikoku CCBC's Jan-June results.

14

- Next is the comparison with prior year.
- Coca-Cola business increased revenue by 23.9 billion yen from last year along with volume growth and incorporation of Shikoku CCBC's performances in the first half, delivering gross profit gains of 15.8 billion yen as well.
- Note also that the 8.6 billion yen increase of SG&A from prior year for Coca-Cola business in total was driven by the net increment of SG&A during January to June period by 8.1 billion yen in Shikoku CCBC.
- These resulted in positive operating profits of Coca-Cola business by 7.1 billion yen from last year.
- Healthcare & skincare business, on the other hand, increased gross profits by 160 million yen owing to the change of product mix in addition to revenue growth. Operating profits also rose by 370 million yen from prior year with SG&A reduction of 200 million yen.



- The chart on page 15 shows drivers of operating profits against the previous year.
- Coca-Cola business increased marginal profits by 3 billion yen from last year contributed by volume growth in Chain store. There were also 2 billion yen contribution profits with the growth of Revenue per case, showing impacts from RGM initiatives in Supermarket.
- Furthermore, operating profits increased by 7.1 billion yen from last year as a result of cost savings from changing service life of sales equipment and other impacts.
- Also note that operating profits were up by 2.9 billion yen from last year even excluding the impact of changing service life of sales equipment.
- Healthcare & skincare business delivered increased operating profits from prior year by 370 million yen owing to 16% revenue growth of highly profitable skincare products from prior year and other factors.
- As a result, we closed consolidated operating profits at 19 billion yen, up by 7.5 billion yen from the year earlier.
- These are the year to date performances of the third quarter.

II. Activity Plans for Q4 and Full-year

16

- Now, I would like to talk about plans for the fourth quarter and full-year.

Q4 (Oct-Dec) Volume plan

■ As we have set Q4 Volume plan conservatively, we aim to ensure delivering the target (do not change from the initial plan).

Volume plan by channel

(Unit: Kca, %)	Q4 plan	Vs. PY	
		DIFF	DIFF %
Supermarket/Drug/Discounter	14,714	-238	-1.6
Convenience store	6,423	-684	-9.6
Chain store total	21,136	-922	-4.2
Vending	16,481	-106	-0.6
Retail	2,817	+134	+5.0
Food service	6,710	+202	+3.1
Others	3,764	-327	-8.0
CCW total (excl. Shikoku CCBC)	50,909	-1,019	-2.0
CCW+Shikoku CCBC total	55,627	-1,055	-1.9

Volume plan by brand

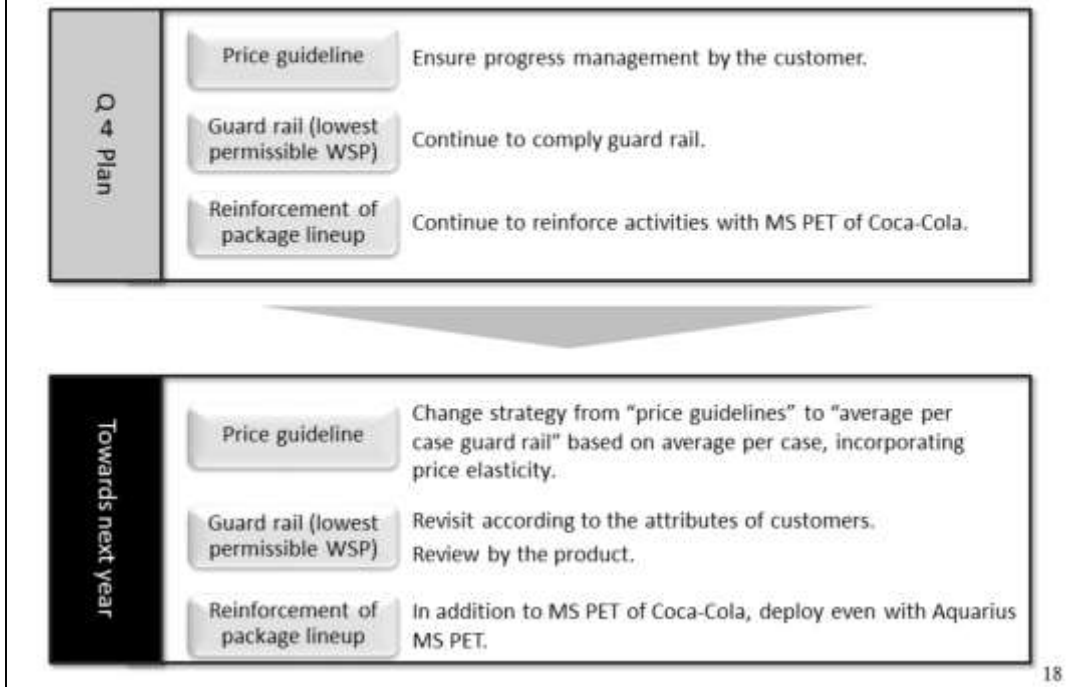
(Unit: K ca, %)	Q4 plan	Vs. PY	
		DIFF	DIFF %
Coca-Cola	3,546	-89	-2.5
Coca-Cola Zero	1,521	-20	-1.3
Fanta	1,737	-88	-4.9
Georgia	12,027	-20	-0.2
Sokenboicha	2,381	+302	+12.7
Aquarius	3,087	+371	+12.0
Ayataka	4,111	-345	-8.4
Lohas	3,242	-260	-8.0
Sub total	31,651	-349	-1.1
Other	9,543	-350	-3.7
RTD** total	41,194	-599	-1.4
Syrup, powder	9,715	-420	-4.3
CCW total (excl. Shikoku CCBC)	50,909	-1,019	-2.0
CCW + Shikoku CCBC total	55,627	-1,055	-1.9

* RTD: Package products

17

- I will first take you though Coca-Cola business.
These are sales volume plans by the channel and the brand.
- We did not change the sales volume plan of the fourth quarter from the initial forecast.
As we project the market environment conservatively, we expect 1.9% negative for the fourth quarter of Coca-Cola business in total from pervious year including Shikoku CCBC.

Commercial strategies- Evolution of RGM in Chain store



18

- Now, let me explain our sales strategies beginning with RGM initiatives in Chain store.
- To increase Revenue per case, we will take actions around the three strategies of "ensured sales activities based on price guideline", "compliance of guard rail" and "reinforcement of package lineup".
- For "price guideline", we will ensure activities based on the guideline through progress tracking of sales plans against actual performances and development of rolling plans for up to three months ahead by the customer. We will also continue to ensure compliance to the lowest permissible wholesale price of "guard rail".
- Furthermore for "reinforcement of package lineup", we will continue in the fourth quarter to work on the initiatives with MS PET of Coca-Cola that generated results in the third quarter.
- We will also advance the three strategies towards next year.
- First on "price guideline", we will change it to "average price per case guard rail" based on average price per case, incorporating price elasticity. By changing it to a tool that allows simple usage, we will raise accuracy of activities according to customers.
- For the lowest permissible wholesale price of "guard rail", we will raise the price according to characteristics and scale of customers, as well as products.
- Furthermore, for "reinforcement of package lineup", we will aggressively deploy MS PET with Aquarius. By strategically implementing Aquarius 1.25L PET, we will strive to raise Revenue per case of Aquarius 2L PET.

Commercial strategies-Transformation of Vending business

Q4 Plan	Initiatives for revenue growth		
	Q4 Plan	Annual forecast	
	➢ Capturing prime locations (new placement)	3,400 VMs	21,500 VMs
	➢ Promotion leveraging smartphone apps	23,500 VMs	60,000 VMs
Towards next year	Initiatives for profitability growth		
	➢ Improvement of unprofitable locations	110 MM JPY (2,600 VMs)	300 MM JPY (14,600 VMs)
	➢ Review of trading terms with customers	70 MM JPY	200 MM JPY

Towards next year	Continued reinforcement of initiatives for revenue and profitability growth	
	Building up of highly competitive business models	
	➢ Address short-term issues	
	→ Analyze pilot test results of a new model and study to scale.	
	➢ Building up of mid- to long-term business models	
	→ Set mid- to long-term challenges and milestones of vending business.	

19

- Next, I would like to describe our Vending strategies. We will continue to reinforce initiatives for “Revenue growth” and “Profitability enhancement” even in the fourth quarter.
- For the first element of “Revenue growth”, we aim to deliver annual new placement of more than 20,000 units by focusing on the vending activities with clearly identified profitability in gaining prime locations.
- We will also continue the promotion leveraging smartphone app that launched in April. We aim to deploy with the scale of 60,000 units by the end of this year as we schedule to newly implement with 23,500 machines in the fourth quarter. Upon deployment, we will roll out as we have carried out up to the third quarter focusing on segments where we can expect more benefits based on sales analysis of the machines already in use with the promotion.
- For the second element of “Profitability enhancement”, we will further generate profits by continually improve unprofitable locations and review trading terms with customers.
- For next year, we aim to “build a highly competitive business model”. As we are conducting validations of a pilot test of the new operation model to address short-term challenges in Vending, we plan to scale the deployment next year.
- In addition, we are going to closely examine issues and set future milestones towards building a to-be model for mid- to long-term.

Commercial strategies-Stronger brand competitiveness

Coca-Cola brand

Products

Bow label bottle (500 ml PET exclusive)

Winter design bottle (MS PET)

Promotions

➤ Winter campaigns

Georgia

➤ "VM+2°C campaign"

I Lohas

➤ Launch of "I Lohas Nashi"

Launch on Nov 28

I Lohas Nashi 555 ml PET

20

- Now, let me discuss our initiatives to reinforce brand competitiveness.
- Firstly with Coca-Cola brand, we will launch a winter campaign from November 7 to align with the winter party season and raise the competitive advantage by combining “products” and “promotions”.
- As to “products”, we will introduce seasonally-limited packages such as 500ml PET bow label bottles and MS PET winter design bottles.
- For “promotions”, we will execute three different winter campaign promotions shifting the period. They are non-price promotions using exclusive original items as premiums together with a tie-up with the popular anime “One Piece” we also schedule.
- Meanwhile with “Georgia” approaching the peak season in winter, we will conduct “Vending plus 2 degree Celsius campaign” as last year.
This is a campaign to offer hot products primarily Georgia in vending machines at a temperature that allows for a greater taste experience.
- With “I Lohas”, we will capture sales in the expanding flavor water market by launching a new flavor “I Lohas Nashi” on November 28.
- With that, I would like to finish my briefing on Coca-Cola business.

Healthcare & skincare business Plan

- Healthcare products: Aim to capture new demands by launching new products in addition to sales boost of core products.
- Skincare products: We expect sales growth from highly profitable Skincare products through renewal of high priced Cola-rich EX and optimization of broadcasting spots for home shopping programs.

[Q4 revenue plan] (unchanged from the plan announced on Aug 12)

UNIT: 100 MILLION KRW	Q4 2016 Plan*	Vs. PY	
		Diff	Diff %
Healthcare product	59	+5	+10.2
Skincare product	32	+2	+9.1
Other	0	+0	-65.2
Revenue	92	+7	+9.0

* Plan refers to values based on performance forecasts announced on Aug 12, 2016

<Reference>

Q3 2016 YTD Actual	Vs. PY	
	Diff	Diff %
146	-13	-8.2
94	+13	+16.0
3	+0	+25.1
244	+0	+0.2

- Let me now move on to introducing the plans for Healthcare & skincare business.
- In the fourth quarter, we will capture new demands for healthcare products with new launches of collaboration products between Coca-Cola and Healthcare & skincare business in addition to sales reinforcement of core products.
- With skincare products, we will strive to enhance revenue by conducting renewal of the high price product "Cola-Rich EX" and by improving consumer attraction capabilities of home-shopping programs through optimized broadcasting spots.
- I talked about Healthcare & skincare business and let's move on to a next topic.

Full-year (Jan-Dec) — Performance Plan(Consolidated)

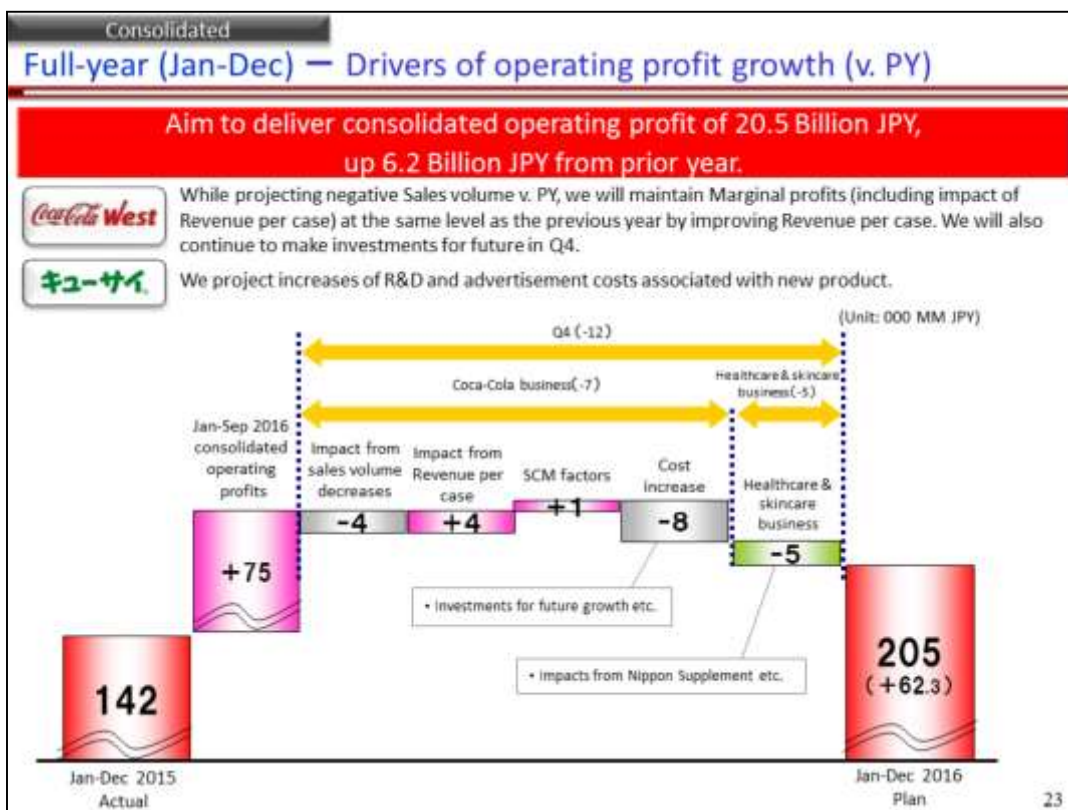
■ Full-year consolidated operating profit plan shall be set at 20.5 Billion JPY, up 6.2 Billion JPY from prior year (unchanged from the plan announced on Aug 12).

(Unit: MM JPY, %)

	2016 Full-year Plan	Vs. PY	
		Diff	Diff %
Revenue	460,200	+19,723	+4.5
Gross profit	239,800	+15,848	+7.1
Operating income	20,500	+6,237	+43.7
Ordinary profit	18,800	+5,076	+37.0
Current net income (attributable to shareholders)	10,800	+829	+8.3

22

- Let me now show you our full-year consolidated performance forecasts. These plans remain unchanged from the ones announced on August 12.
- 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.



- Slide 23 shows drivers of full-year operating profits against prior year.
- While we expect 1.9% negative sales volume in the fourth quarter for Coca-Cola Business from prior year, we project marginal profits at last year's level through improvement of Revenue per case.
- We also plan negative operating profits of 700 million yen for Coca-Cola Business in the fourth quarter from the year earlier as we project increases of costs from continued execution of investments for future growth and preparation expenses for a business integration with Coca-Cola East Japan Co., Ltd.
- For Healthcare & skincare business, we forecast negative operating profits of 500 million yen in the fourth quarter from the year before as affected by cost increases for advertisement and R&D associated with new product launches.
- With regards to full-year consolidated operating profits, we strive to deliver 20.5 billion yen as announced on August 12.
- These are our plans for the fourth quarter and full-year.

Summary

- Jan-Sep YTD registered consolidated operating profits exceeding the plan by 800 MM JPY.
Profits of Coca-Cola business rose by 2.9 Billion JPY in real terms from the year earlier even excluding impacts from changing service life of sales equipment, despite our increased investments and spends that would lead for future growth from prior year.
 - Coca-Cola business not only saw revenue and volume growth but also share gains from last year as deployed marketing strategies such as new product launches and renewal of existing products and promotions worked.
 - Visible impacts of RGM initiatives are reflected to the positive results of Revenue per case from the year earlier, contributing to Operating profit gains.

- In Q4, we aim to deliver full-year Operating profit of 20.5 billion JPY by continually reinforcing marketing strategies carried out up to Q3 and RGM initiatives, while projecting some unscheduled costs including expenses on a business integration.
 - We will make a solid foundation so that a newly merged company "Coca-Cola Bottlers Japan Inc. (CCBJI)" can take off in full blast after its launch.

24

- Lastly, I would like to summarize some takeaways.
- Our consolidated operating profits were booked exceeding the plan which was revised upward in August by another 800 million yen.
- In addition, when compared with prior year, the operating profits were up by 2.9 billion yen in real terms even excluding the impact of changing service life of sales equipment, despite increases of investments and costs to reinforce platform for future growth.
- Coca-Cola business saw top line growth and share gains with improved market competitiveness as marketing strategies such as new launches including highly value-added products, renewal of existing products focusing on the core 8 brands and tie-up promotions with the Rio Olympics all worked.
- RGM initiatives have also generated greater impacts in the peak season of the third quarter than the first half. With increases of Revenue per case from prior year bringing positive impacts for performances in the form of marginal profit gains, RGM initiatives are steadily bearing fruit.
- While we project increase of costs related to the integration towards establishment of a newly merging company of "Coca-Cola Bottlers Japan Inc." in the fourth quarter from the initial plan, we will move forward thorough preparations to solidify the foundation for growth that leads to a successful integration.
- Even incorporating other risks of sales decline in Healthcare & skincare business, we aim to deliver full-year consolidated operating profits of 20.5 billion yen by keeping the steady flow generated up to the third quarter in Coca-Cola business.
- With that, I would like to close my briefing. Thank you for listening.

[Reference]

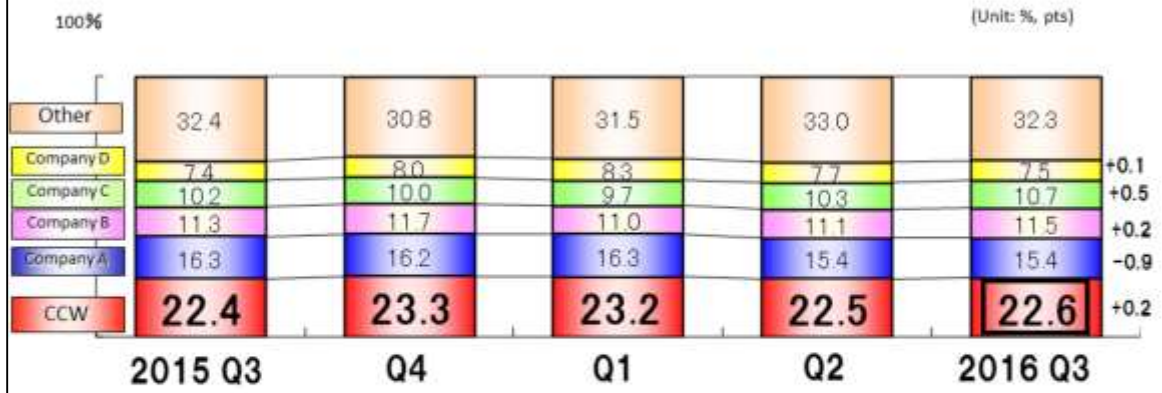
Q3 (July-Sep) financial results

(Unit: MM JPY, %)

	Q3 2015 YTD Actual	Plan*	Vs. Plan		Q3 2015 YTD Actual	Vs. PT	
			Diff	Diff %		Diff	Diff %
Revenue	134,403	132,000	+2,403	+1.8	128,666	+5,737	+4.5
Coca-Cola Business	126,416	123,100	+3,316	+2.7	120,559	+5,857	+4.9
Healthcare & Skincare Business	7,986	8,900	-913	-10.3	8,107	-120	-1.5
Gross profit	70,012	69,500	+512	+0.7	66,263	+3,748	+5.7
Operating income	10,142	9,300	+842	+9.1	9,077	+1,065	+11.7
Coca-Cola Business	9,518	8,500	+1,018	+12.0	8,201	+1,316	+16.1
Healthcare & Skincare Business	624	800	-175	-21.9	875	-251	-28.7
Ordinary profit	9,689	9,000	+689	+7.7	8,998	+691	+7.7
Current net income (attributable to shareholders)	5,993	5,700	+293	+5.1	5,465	+527	+9.6

* Plan refers to values based on performance forecasts announced on Aug 12, 2015.

Trend of OTC market share (excl. VM)

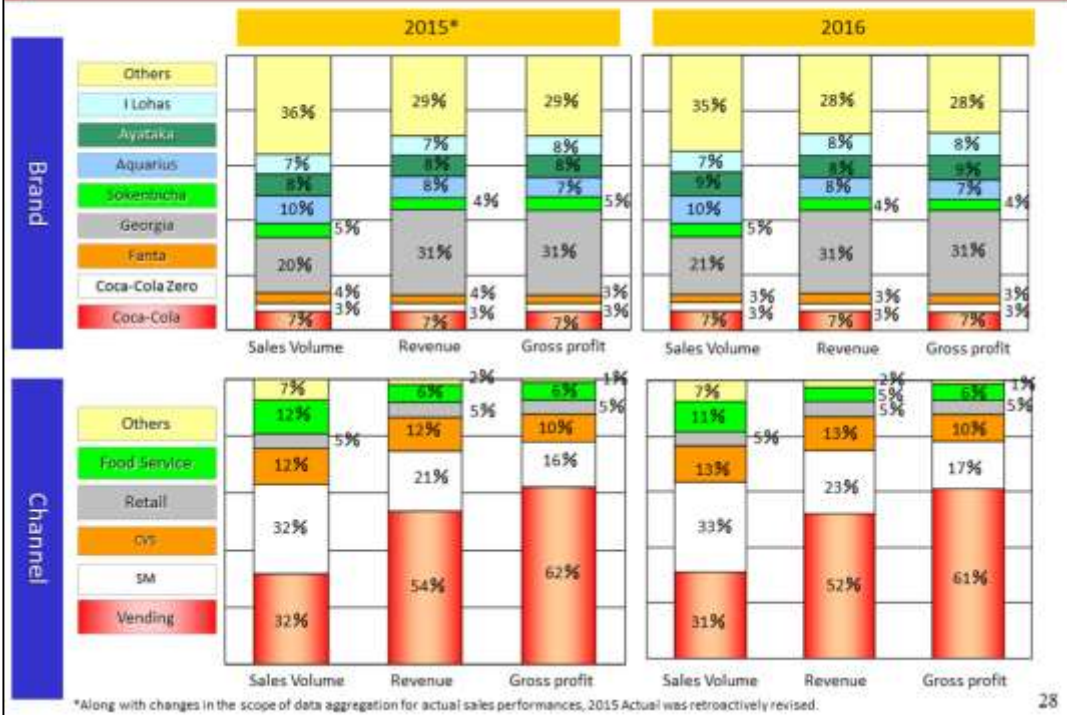


* Values outside the graph show year-over-year differences.

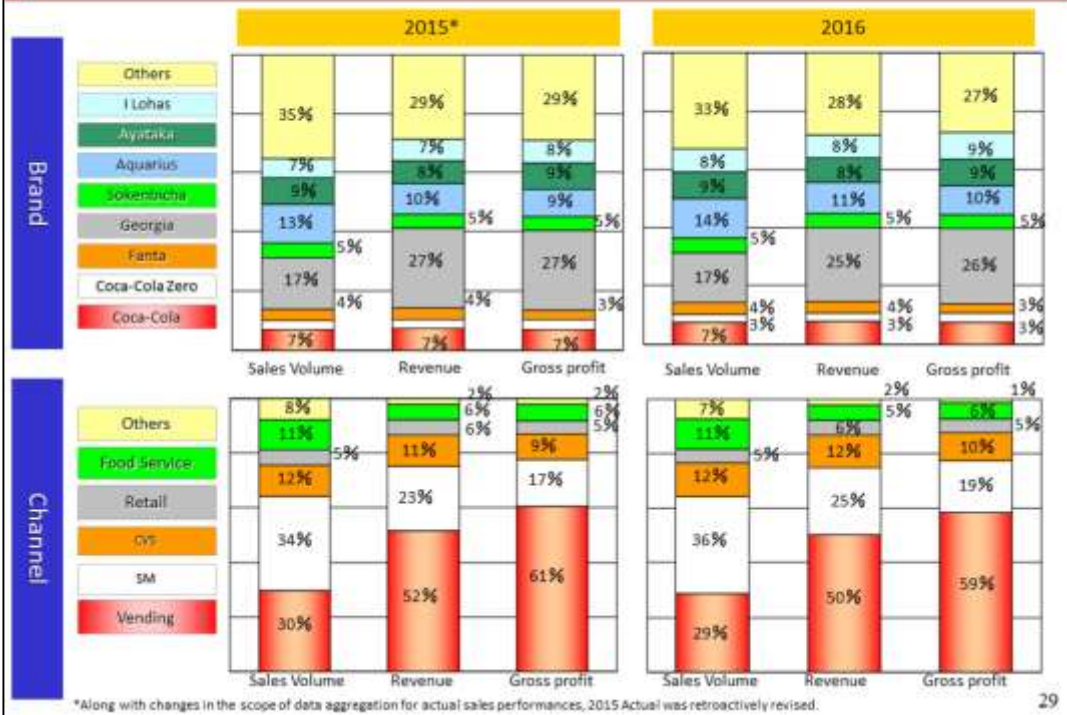
* Along with changes in data aggregation targets by the research company, Q3 2015 Actual was retroactively revised.

(Source: Intage)

Q3 YTD (Jan-Sep) financial results — Mix by brand/channel



Q3 (July-Sep) — Mix by brand/by channel



Sales update on vending machines by channel

Vending machine full service CAN VPM* V. PY

[CCW Area]

	Vs. PY (%)									
	Jan	Feb	Mar	April	May	June	July	August	September	YTD total
At-work (office)	-2.2	+2.1	+0.0	-2.5	-1.6	-1.4	-1.3	+4.4	+0.6	-0.2
At-work (plant)	-2.8	+1.9	+1.8	-3.0	-2.5	-1.4	-2.8	+6.0	+0.8	-0.2
Mass retailer	-2.4	+1.6	-2.6	-4.2	-2.2	-2.9	+1.9	+3.6	-1.6	-0.9
Transportation	+1.2	+3.8	+1.3	+1.1	-0.8	+0.6	+5.2	+6.3	+0.6	+2.3
School	-0.8	+3.7	+3.2	-1.1	-1.6	+3.3	+3.8	+11.3	+6.3	+3.6
Leisure	-3.7	+0.6	-3.4	-4.6	-1.3	-0.1	+3.8	+5.9	-10.8	-2.2
Pachinko	-5.8	-1.8	-6.8	-5.8	-0.9	-3.6	-1.7	-0.6	-2.2	-3.5
Sports	-4.2	+0.6	-1.0	-1.4	-0.9	-4.0	+8.2	+6.1	-1.9	+0.6
Hospital	-5.0	+3.0	+1.1	-1.4	-1.6	-0.8	+0.4	+4.1	+0.6	+0.3
Accommodation	-4.2	+2.8	-1.9	-4.6	-5.2	-2.9	+0.6	+4.4	-2.0	-1.3
Other (Indoor)	-2.7	+0.9	+0.8	-2.3	-3.8	-0.6	+3.6	+7.3	-1.6	+0.5
Outdoor	-1.6	+1.3	+2.6	-0.9	-3.6	-2.1	+4.3	+5.5	-1.9	+0.4
Total	-2.5	+1.5	-0.1	-2.4	-2.3	-1.9	+1.5	+4.7	-0.9	-0.2

*Sales Volume per vending machine

Q3 YTD (Jan-Sep) — Sales Volume by channel/package

Chain store (Unit: K cases, %)	Q3 2016 YTD Actual	Vs. Plan*		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	27,288	+133	+0.5	+1,999	+7.9
Midi PET (less than 1,500ml)	2,244	+328	+17.1	+1,181	+111.0
LS PET (1,500ml or larger)	34,124	+413	+1.2	+1,470	+4.5
Can (incl. bottle CAN)	13,285	+58	+0.4	+1,500	+12.7
Other	1,240	+120	+10.7	+123	+11.0
CCW total (excl. Shikoku CCBC)	78,181	+1,052	+1.4	+6,273	+8.7

Vending (Unit: K cases, %)	Q3 2016 YTD Actual	Vs. Plan*		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	18,285	+77	+0.4	+1,749	+10.6
LS PET (1,500ml or larger)	136	+5	+3.6	-29	-17.5
Can (incl. bottle CAN)	24,838	+68	+0.3	-1,245	-4.8
Other	7,027	-162	-2.3	+385	+5.8
Syrup/Powder	1,821	+93	+5.4	-507	-21.8
CCW total (excl. Shikoku CCBC)	52,106	+82	+0.2	+353	+0.7

Retail & Food service (Unit: K cases, %)	Q3 2016 YTD Actual	Vs. Plan*		Vs. PY	
		Diff	%	Diff	%
SS PET (smaller than 850ml)	4,682	+66	+1.4	+44	+1.0
Midi PET (less than 1,500ml)	131	+12	+10.1	+27	+26.2
LS PET (1,500ml or larger)	2,224	-70	-3.1	+65	+3.0
Can (incl. bottle CAN)	2,563	+44	+1.7	-14	-0.5
Other	1,454	-57	-3.8	+79	+5.7
Syrup/Powder	16,808	+221	+1.3	+239	+1.4
CCW total (excl. Shikoku CCBC)	27,863	+215	+0.8	+440	+1.6

*Plan refers to values based on performance forecasts announced on Aug 12, 2016.

Q3 (July-Sep) — Sales Volume by channel

(unit: K c/s, %)	Q3 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
Super market/Drug/Discounter	24,006	+898	+3.9	+1,913	+8.7
Convenience store	8,167	+155	+1.9	+734	+9.9
Chain store total	32,173	+1,052	+3.4	+2,647	+9.0
Vending	19,361	+82	+0.4	+373	+2.0
Retail	3,505	+97	+2.9	+72	+2.1
Food service	7,420	+118	+1.6	+159	+2.2
Others	4,792	+685	+16.7	-77	-1.6
CCW total (excl. Shikoku CCBC)	67,251	+2,033	+3.1	+3,174	+5.0
CCW+Shikoku CCBC total	73,227	+1,991	+2.8	+3,318	+4.7

Q3 (July-Sep) — Sales Volume by brand

	(unit: K c/s, %)	Q3 actual	Vs. Plan		Vs. PY ^{*2}	
			Diff	Diff %	Diff	Diff %
Core 8	Coca-Cola	4,925	+118	+2.5	+398	+8.8
	Coca-Cola Zero	2,100	+158	+8.1	+141	+7.2
	Fanta	2,562	+53	+2.1	+100	+4.1
	Georgia	11,564	-105	-0.9	+497	+4.5
	Sokenbicha	3,490	+130	+3.9	+199	+6.1
	Aquarius	9,245	+955	+11.5	+984	+11.9
	Ayataka	6,119	+405	+7.1	+476	+8.4
	I LOHAS	5,013	-216	-4.1	+729	+17.0
	Sub total	45,019	+1,498	+3.4	+3,524	+8.5
	Others	10,923	-368	-3.3	-200	-1.8
RTD ^{*1} Total	55,942	+1,130	+2.1	+3,324	+6.3	
Syrup & powder	11,310	+903	+8.7	-150	-1.3	
CCW total (excl. Shikoku CCBC)	67,251	+2,033	+3.1	+3,174	+5.0	
CCW + Shikoku CCBC total	73,227	+1,991	+2.8	+3,318	+4.7	

*1 Packaged products

*2 Along with changes in the scope of data aggregation for actual sales performances, 2015 Actual was retroactively revised.

33

Q3 (July-Sep) — Sales Volume by package

(unit: K c/s, %)		Q3 actual	Vs. Plan		Vs. PY	
			Diff	Diff %	Diff	Diff %
PET	Small (less than 850ml)	20,416	+278	+1.4	+2,075	+11.3
	Medium (less than 1,500ml)	1,151	+343	+42.5	+640	+125.1
	Large (less than 1,500ml)	15,980	+353	+2.3	+582	+3.8
	Total	37,547	+974	+2.7	+3,297	+9.6
	Can (incl. bottle can)	14,066	+176	+1.3	-221	-1.5
	Other	4,328	-20	-0.5	+248	+6.1
	Syrup & powder	11,310	+903	+8.7	-150	-1.3
	CCW total (excl. Shikoku CCBC)	67,251	+2,033	+3.1	+3,174	+5.0
	CCW + Shikoku CCBC total	73,227	+1,991	+2.8	+3,318	+4.7

Q3 (July-Sep) — Sales Volume by channel and package

■ Chain store					
(Unit: K cases, %)	Q3 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	10,729	+133	+1.3	+932	+9.5
Midi PET (less than 1,500ml)	1,087	+328	+43.1	+622	+133.5
LS PET (1,500ml or larger)	14,991	+413	+2.8	+618	+4.3
Can (incl. bottle CAN)	4,759	+58	+1.2	+376	+8.6
Other	605	+120	+24.7	+99	+19.4
CCW total (excl. Shikoku CCBC)	32,173	+1,052	+3.4	+2,647	+9.0

■ Vending					
(Unit: K cases, %)	Q3 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	7,729	+77	+1.0	+1,077	+16.2
LS PET (1,500ml or larger)	64	+5	+8.1	-26	-28.8
Can (incl. bottle CAN)	8,375	+68	+0.8	-597	-6.7
Other	2,669	-162	-5.7	+166	+6.6
Syrup/Powder	525	+93	+21.6	-248	-32.0
CCW total (excl. Shikoku CCBC)	19,361	+82	+0.4	+373	+2.0

■ Retail & Food service					
(Unit: K cases, %)	Q3 actual	Vs. Plan		Vs. PY	
		Diff	Diff %	Diff	Diff %
SS PET (smaller than 850ml)	1,956	+66	+3.5	+64	+3.4
Midi PET (less than 1,500ml)	59	+12	+25.7	+16	+36.8
LS PET (1,500ml or larger)	920	-70	-7.1	-10	-1.1
Can (incl. bottle CAN)	927	+44	+5.0	+1	+0.1
Other	561	-57	-9.3	+45	+8.8
Syrup/Powder	6,503	+221	+3.5	+116	+1.8
CCW total (excl. Shikoku CCBC)	10,926	+215	+2.0	+231	+2.2

Q4 (Oct-Dec) — Sales Volume Plan by package

		Q4 Plan	Vs. PY	
			Diff	Diff %
(unit: K c/s, %)				
PET	Small (less than 850ml)	14,665	-4	-0.0
	Medium (less than 1,500ml)	471	+142	+43.2
	Large (less than 1,500ml)	9,621	-400	-4.0
	Total	24,757	-263	-1.1
	Can (incl. bottle can)	13,083	-483	-3.6
	Other	3,354	+147	+4.6
	Syrup & powder	9,715	-420	-4.1
	CCW total (excl. Shikoku CCBC)	50,909	-1,019	-2.0
	CCW + Shikoku CCBC total	55,627	-1,055	-1.9

Q4 (Oct-Dec) — Sales Volume Plan by channel and package

■ Chain store (Unit: K cases, %)	Q4 Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	7,702	-288	-3.6
Midi PET (less than 1,500ml)	424	+128	+43.1
LS PET (1,500ml or larger)	8,870	-494	-5.3
Can (incl. bottle CAN)	3,942	-255	-6.1
Other	198	-13	-6.1
CCW total (excl. Shikoku CCBC)	21,136	-922	-4.2

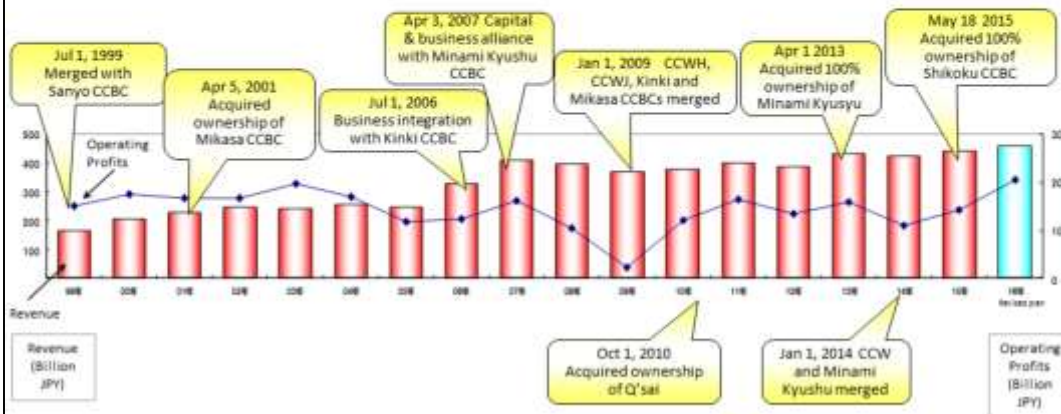
■ Vending (Unit: K cases, %)	Q4 Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	5,557	+317	+6.0
LS PET (1,500ml or larger)	42	+9	+26.9
Can (incl. bottle CAN)	8,204	-241	-2.8
Other	2,229	+171	+8.3
Syrup/Powder	450	-362	-44.6
CCW total (excl. Shikoku CCBC)	16,481	-106	-0.6

■ Retail & Food service (Unit: K cases, %)	Q4 Plan	Vs. PY	
		Diff	%
SS PET (smaller than 850ml)	1,406	-30	-2.1
Midi PET (less than 1,500ml)	45	+15	+47.0
LS PET (1,500ml or larger)	709	+87	+14.0
Can (incl. bottle CAN)	937	+19	+2.1
Other	617	+129	+26.3
Syrup/Powder	5,813	+116	+2.0
CCW total (excl. Shikoku CCBC)	9,527	+336	+3.7

Performance Trend

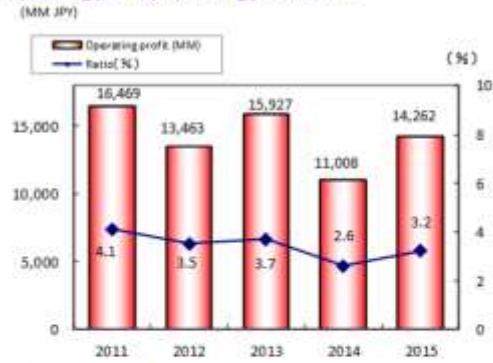
(Unit: MM JPY)

	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	240,826	253,248	245,874	327,831	409,521	395,558	388,898	376,784	399,717	386,827	431,711	424,408	440,478	460,200
Operating Profit	15,180	17,448	18,634	16,704	19,838	16,860	11,830	12,321	16,088	10,521	2,242	12,003	16,469	13,463	15,927	11,008	14,363	20,500
Ordinary Profit	15,889	18,518	16,021	17,005	19,895	17,068	12,256	13,228	17,493	11,048	2,065	12,559	16,044	13,848	16,606	10,809	13,723	18,800
Net Profit	8,823	8,700	1,420	7,088	8,380	8,864	7,305	7,570	9,275	128	-17,594	7,582	6,987	8,021	12,825	4,482	9,970	10,800



Managerial KPI trend

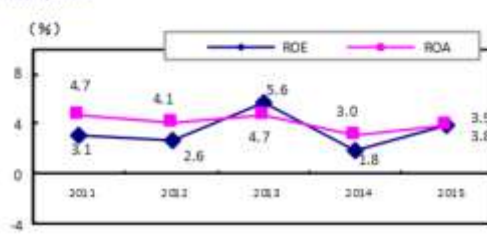
<Operating profits/Operating profit ratio>



<Net asset/capital ratio>



<ROA/ROE>

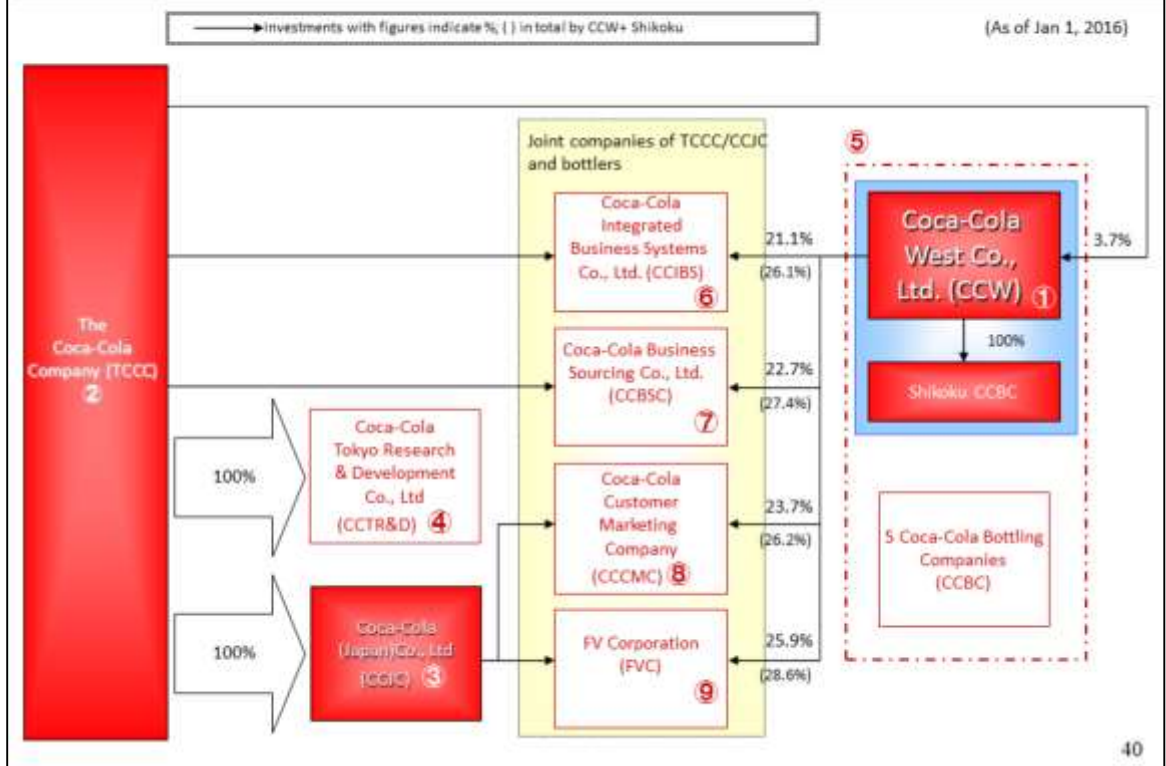


<EPS/PER>



EPS= Current net profits divided by interim ave. # of shares
 PER= Year-end share price divided by 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
Business (segment)	
• 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
Channel	
• 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)
Vending related	
• 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)
Other	
• 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