

# December 2003 Financial Results Briefing

February 13, 2004



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# 1. December 2003 Period Overview



## (1) Start of medium-term “Reform from Within” (“Kaikaku”) business plan

- Positioning for FY 2003: “Year for Gaining Firm Foothold”
- Promising sales volume from early fall: Oct. – Dec. vs. LY was +2.7%

## (2) Developments in the Coca-Cola System

- Coca-Cola National Beverages began operations (Oct.)

...Consolidation of nationwide SCM

## 3) Performance

- Struggled with revenue due to factors such as poor summer weather
- Record operating profits, recurring profits, current net profits

## (4) Dividend

- Dividend for end of FY 2003: 19 yen (2 yen dividend increase)

## 2. December 2003 Performance Overview



### (1) Consolidated

(unit: MM yen, %)

	2002 results	2003					
		Plan	Results	vs. Plan		vs. LY	
				Difference	Ratio	Difference	Ratio
Revenues	247,737	240,200	240,825	625	0.3	-6,912	-2.8
Operating profit	16,704	19,000	19,638	638	3.4	2,934	17.6
Recurring profit	17,005	19,300	19,895	595	3.1	2,890	17.0
Current net profit	7,086	10,300	9,380	-919	-8.9	2,293	32.4

\* Plan: Values announced on October 31, 2003

### (2) Individual

(unit: MM yen, %)

	2002 results	2003					
		Plan	Results	vs. Plan		vs. LY	
				Difference	Ratio	Difference	Ratio
Revenues	174,594	185,500	186,176	676	0.4	11,581	6.6
Operating profit	12,834	17,800	17,881	81	0.5	5,047	39.3
Recurring profit	13,774	18,300	18,323	23	0.1	4,548	33.0
Current net profit	5,378	10,100	10,259	159	1.6	4,881	90.8

### <Sales Performance>

(unit: thousand cases, %)

Incl. other bottler	95,935	93,340	94,219	879	0.9	-1,716	-1.8
Within area	88,450	85,978	86,025	47	0.1	-2,425	-2.7

### (3) Major Causes for Differences vs. Plan (Consolidated)

\* Plan...Values announced on October 31, 2003

**Revenue +¥600MM**

- Sales volume increase	+¥1.2B
- Sales mix	-¥500MM
- Other affiliated companies	-¥100MM

**Operating profit +¥600MM**

Cost of goods sold	¥ +1B	
- Sales volume increase		+¥900MM
- Other affiliated companies		+¥100MM
Sales costs and general maintenance costs	¥ -1B	
- Labor		-¥200MM
- DME		-¥200MM
- Sales commission fees		-¥200MM
- Miscellaneous		-¥400MM

**Recurring profit +¥600MM**

Incidental profits	—
Incidental costs	—

**Current net profit -¥900MM**

Special profits	-¥100MM	
Special losses	+¥900MM	
- Quality issue measure losses		+¥500MM
- Restructuring costs for subsidiaries, etc.		+¥400MM
Corporate tax, etc.	+¥1.2B	
Minority stockholder income	-¥700MM	

## (4) Major Causes for Differences vs. LY (Consolidated)

**Revenue -¥6.9B**

- Sales volume decrease	-¥4.3B
- Sales mix	-¥600MM
- Consignment processing income etc.	+¥1.1B
- For Mikasa	-¥1.8B
- Other affiliated companies	-¥1.3B

**Operating profit +¥2.9B**

Cost of goods sold	-¥3B
- Sales volume decrease	-¥2.2B
- Sales mix	+¥600MM
- Consignment processing costs etc.	+¥800MM
- For Mikasa	-¥900MM
- Other related companies	-¥1.3B
Sales costs and general maintenance costs	-¥6.8B
- Retirement benefit costs	-¥6.2B
- Labor	-¥600MM
- DME	-¥400MM
- Sales equipment costs	-¥300MM
- Sales commission fees	+¥600MM
- Service consignment fees	+¥100MM

**Recurring profit +¥2.9B**

Incidental profits	-¥100MM
Incidental costs	-¥100MM

**Current net profit +¥2.3B**

Special profits	-¥4.2B
- Employees' pension substitute portion return profit etc.	-¥4.2B
Special losses	-¥6.9B
- Transfer lump sum payment	-¥4.5B
- Restructuring costs for subsidiaries etc.	-¥1.1B
- Fixed asset sales losses etc.	-¥1.8B
- Quality issue measure losses	+¥500MM
Corporate tax etc.	+¥4B
Minority stockholder income	-¥700MM

## 3. Plan for December 2004 Period



### (1) Basic Medium-term Business Policy

(Kaikaku)

#### “Reform from Within”

- “Reform from Within” to a CCWJ group that is vital to customers and clients
- “Reform from Within” to a CCWJ group that leads the beverage business
- “Reform from Within” to a CCWJ group that relentlessly pursues its role and function
- “Reform from Within” to a CCWJ group that motivates vitality in employees and the organization
- “Reform from Within” to a CCWJ group that coexists with society

### (2) Basic Policy


- Construct a new business system
- Strengthen CCWJ group management
- Reform human resource management
- Coexist with society



**(3) 2004 Positioning**



**2003**  
**Year for Gaining a  
Firm Foothold**



**2004**  
**Year for Attaining Solid Results**



## (4) Profit and Loss Plan

### - Consolidated

(unit: MM yen, %)

	2003	2004	Difference	Ratio
Revenue	240,825	254,000	13,174	5.5
Operating profit	19,638	17,700	-1,938	-9.9
Recurring profit	19,895	18,000	-1,895	-9.5
Current net profit	9,380	10,400	1,019	10.9

### - Individual

(unit: MM yen, %)

	2003	2004	difference	ratio
Revenue	186,176	198,500	12,323	6.6
Operating profit	17,881	16,100	-1,781	-10.0
Recurring profit	18,323	16,400	-1,923	-10.5
Current net profit	10,259	9,100	-1,159	-11.3

### <Sales Performance>

(unit: '000 cases, %)

Incl. other bottlers	94,219	98,548	4,329	4.6
Within area	86,025	89,400	3,375	3.9

## - Causes for Differences vs. LY (Consolidated)

**Revenue +¥13.2B**

- Sales volume increase	+¥8.6B
- Sales mix	+¥4.2B
- Consignment processing income	-¥500MM
- For Mikasa	+¥900MM
- For Nishinihon Beverage	+¥900MM
- Other affiliated companies	-¥900MM

**Operating profit -¥1.9B**

<b>Cost of goods sold</b>	<b>+¥5.7B</b>
- Sales volume increase	+¥4.5B
- Sales mix	+¥1.4B
- Consignment processing costs etc.	-¥100MM
- For Mikasa	+¥800MM
- For Nishinihon Beverage	+¥200MM
- Other related companies etc.	-¥1.1B
<b>Sales costs and general maintenance costs</b>	<b>+¥9.4B</b>
- Retirement benefit costs	+¥6B
- Sales commission fees	+¥1.3B
- Service consignment fees	+¥900MM
- DME	+¥700MM
- Depreciation costs etc.	+¥500MM

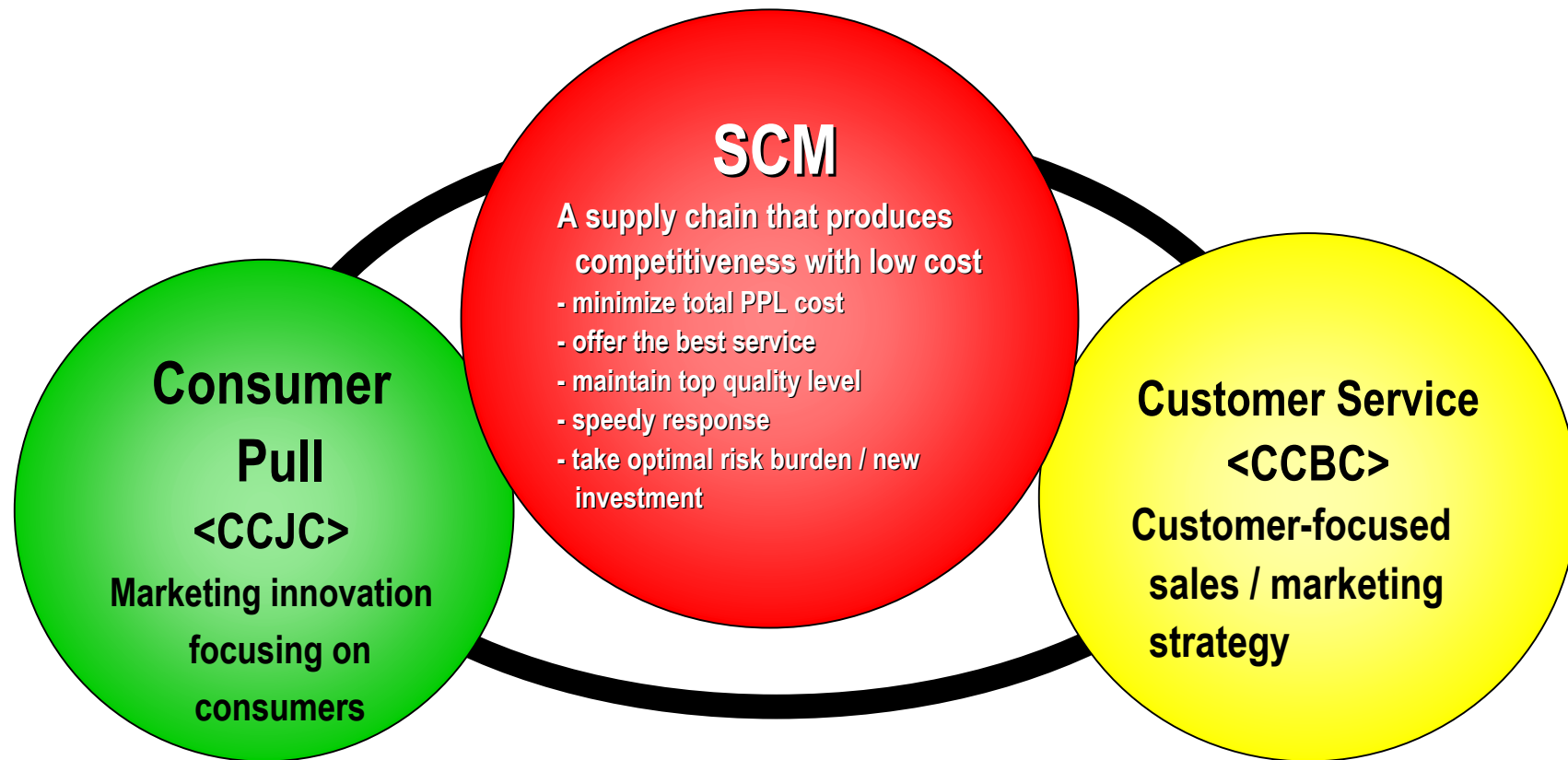
**Recurring profit -¥1.9B**

Incidental profits	-¥100MM
Incidental costs	-¥100MM

**Current net profit +¥1B**

<b>Special profits</b>	<b>+¥200MM</b>
<b>Special losses</b>	<b>-¥1.4B</b>
- New banknote handling costs	+¥600MM
- Restructuring costs for subsidiaries etc.	-¥1.5B
- Quality issue measure losses	-¥500MM
Corporate tax etc.	-¥1.9B
Minority stockholder income	+¥700MM

(5) Coca-Cola National Beverage



Top priority given to achieving significant cost savings

Long-term goal is a competitive and sustainable system



**Long-term competitive edge for the Coca-Cola System**

## (6) Mikasa

### <Performance>

(unit: MM yen, thousand cases)

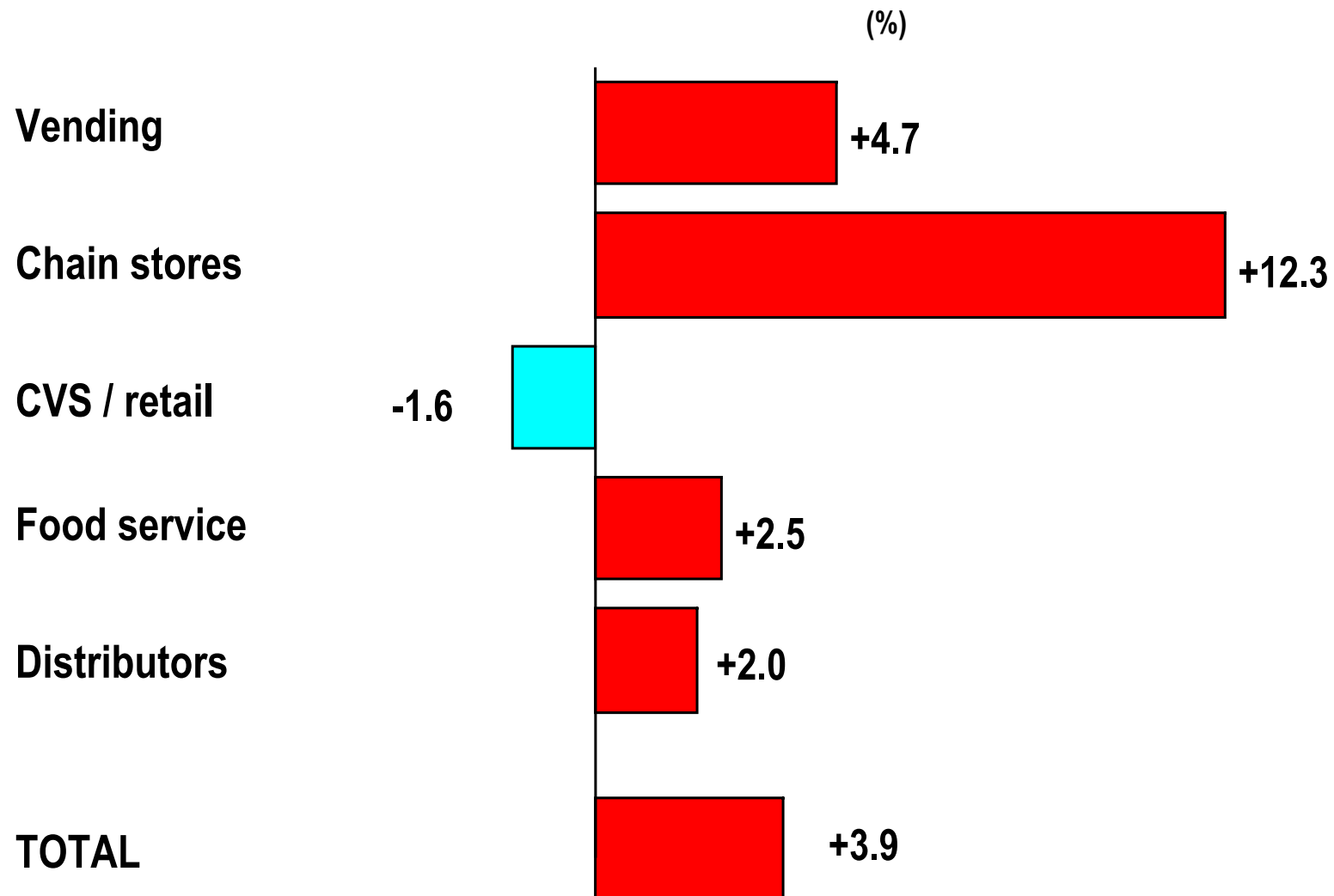
	2003	2004 (tentative)	difference	ratio
Revenue	29,608	30,476	868	2.9
Operating profit	-454	6	460	-
Recurring profit	-430	5	435	-
Current net profit	-2,091	398	2,489	-
Sales volume	15,220	15,690	470	3.1

### <Future strategies>

- Revamp management framework
- Restructure business plan
  - ...Strengthen uniform marketing with Kinki
  - ...Construct new human resources system

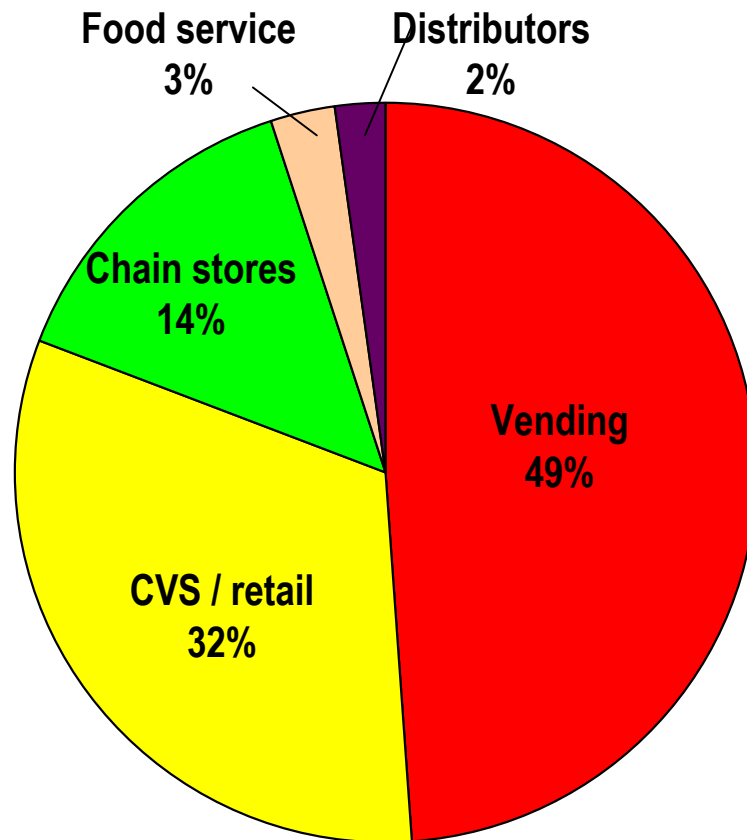
## 4. Marketing Activities for 2004

# (1) Growth of sales volume by business unit (2004)

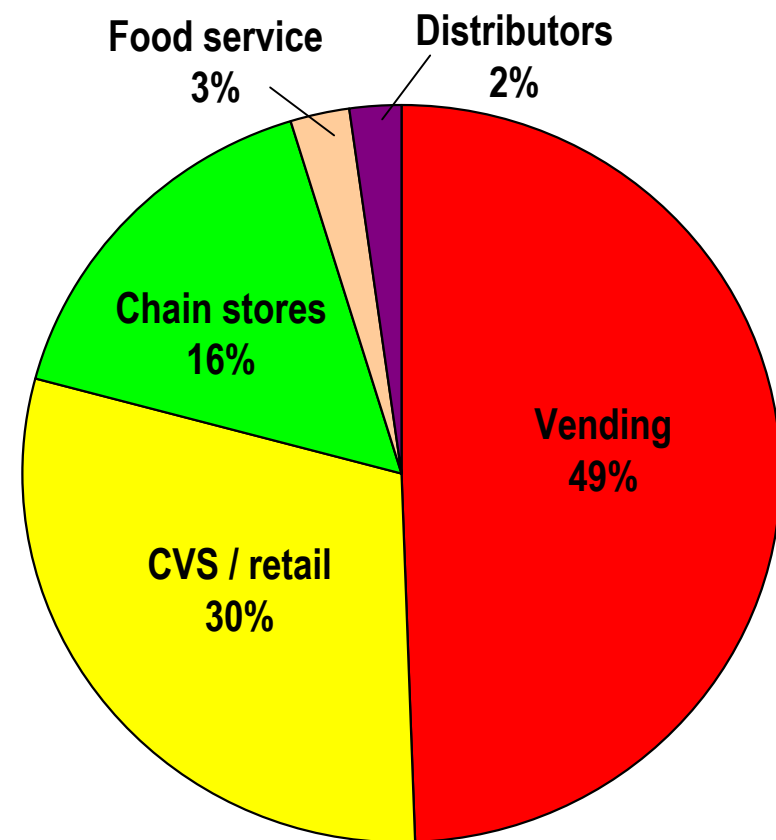


## (2) Breakdown of revenue

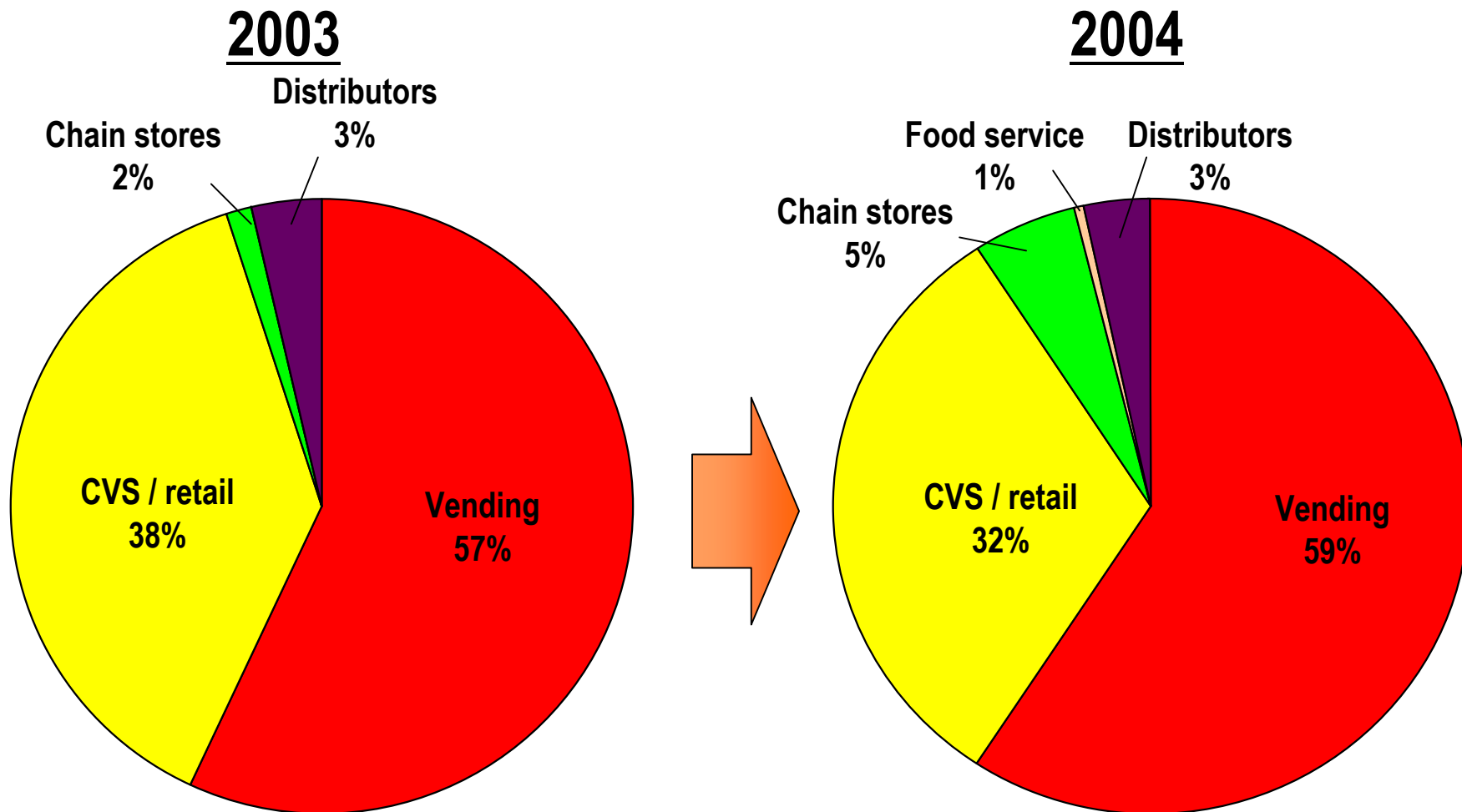
**2003**



**2004**



### (3) Breakdown of operating profit



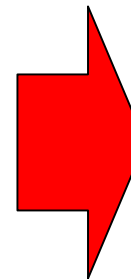


## (4) Vending

- Rejuvenate existing accounts

Development of measures according to sales ranking

		2003	
		Ratio of VM	Sales per machine
A	501 C/S and up	14%	860C/S
B	201C/S - 500C/S	39%	310C/S
C	101C/S - 200C/S	30%	150C/S
D	51C/S - 100C/S	13%	80C/S
	50C/S and less	4%	40C/S
Total		100%	300C/S



		2004	
		Ratio of VM	Sales per machine
		15%	870C/S
		43%	310C/S
		30%	150C/S
		12%	80C/S
		0%	0
		100%	320C/S

**A: Upgrade to IT VM vending machine**

...sales support type VM, C-mode, communication VM

**B: Switch over to low-cost machines etc.**

**C: Review terms for transaction**

**D: Withdraw (especially a complete withdrawal of those with 50 C/S and less)**

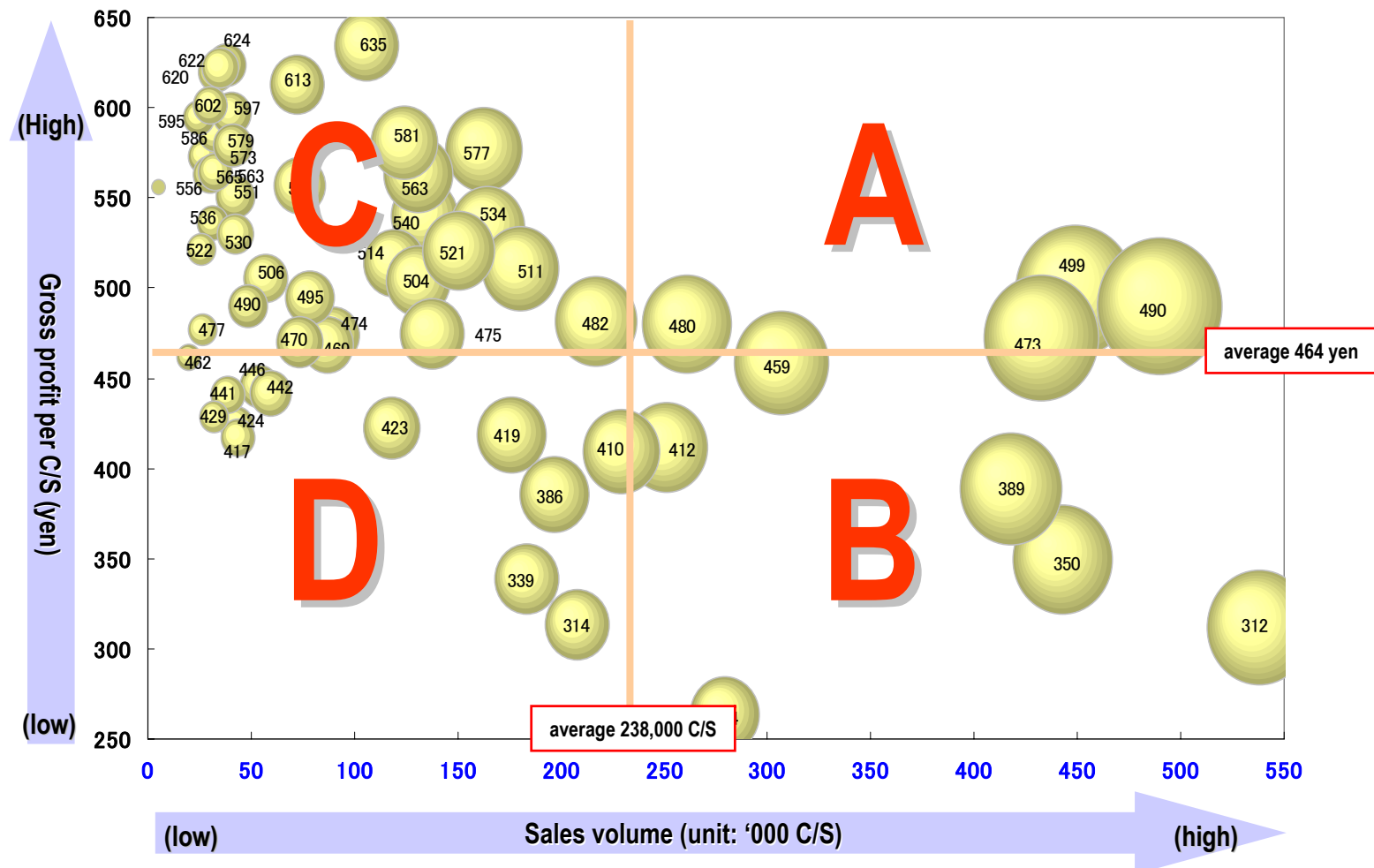
- **Placement of new VM with a focused target**
  - **Open up locations where annual sales of 200 C/S and up can be anticipated**

	2003		2004
Ratio of 200 C/S and up	58%	➔	100%
Average sales per machine for new VM	370 C/S		460 C/S

- **90% of new placements will be within our market**
- **Okayama, Hiroshima, Fukuoka regions**
- **Vending machine operation that responds to consumer needs**
  - **Item coverage rate (item coverage / number of columns): over 70%**
  - **Out-of-stock occurrence rate: less than 3%**

## (5) Chain stores

- Form a strategy based on analysis of each account
- Position account based on volume and profitability

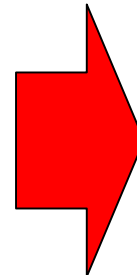


**- Develop a package mix to match consumer needs**

**...Improve earnings by shifting from large packages to medium / small packages**

- Introduce 1L PET, 500 PET mix-multi

	2003 Annual
2 L PET	42%
1.5 L PET	20%
1.0 L PET	-
500 ml PET	15%
Other	23%
Total	100%
Gross income per case	-



2004 Annual plan
37%
18%
3%
16%
26%
100%
+30 yen

2003 Market breakdown
32%
16%
5%
16%
31%
100%

source: Intage

A decorative graphic on the left side of the slide consists of a vertical red bar, a horizontal red bar, and a yellow square. The red bars intersect at the top-left corner of the yellow square. A green square is positioned above the yellow square, and a blue square is to its left.

## **(6) CVS / retail**

### **- CVS**

- **Non-store level chains (+5% vs. LY)**
  - ...Strengthen headquarter account, collaboration with CCNC
- **Store level chains (+/-0% vs. LY)**
  - ...Extensive individual store activities by merchandiser  
(Regular visits, tanawari consulting sales, etc.)

### **- Retail**

- **Extensive GMS measures**
  - ▶ **Club Coca-Cola (+2% vs. LY)**
    - Undertake activities based on client type  
(SM type, CVS type, discount stores, etc.)
  - ▶ **Drugstores (+40% vs. LY)**
  - ▶ **Traffic market (+/-0% vs. LY)**
    - JR, highways, airlines
  - ▶ **Institutional market (+2% vs. LY)**
    - Self-defense forces, university co-ops, etc.

A decorative graphic on the left side of the slide consists of a vertical red bar, a horizontal red bar, and several colored squares (green, yellow, blue) overlapping each other.

## **(7) Food service**

- **Expand the market by strengthening sales power with a client perspective**
  - **Completely strengthen brand power**
    - **Change flavors in response to customer needs**
    - **Introduce new health-oriented beverages**
  - **Strengthen market development**
    - **Capture new stores: 1,000 retailers**
    - **Expand sales opportunities for hot drinks: invest in 530 machines**
  - **Strengthen account management**
- **Extensively cut costs and promote streamlining to improve revenue**
  - **Improve shops with low sales (less than 250 C/S annually)**
    - ...1,500 shops (complete 3 year plan in 2 years)
  - **Reduce items handled: 10 items**

# 5. Brand (Product) Strategies for 2004

**Brand Rejuvenation  
- Creation of New Value -**

- ➔ **Return to our roots: Review and strengthen fundamental values**
- ➔ **Innovation: Propose new added value that corresponds to the current macro environment market change**



## Creation of new values

### Review and strengthen fundamental values

(1)

Fully strengthen “Georgia”

(2)

Rejuvenate “Coca-Cola™”

(3)

Expand / strengthen sugarless teas

(4)

Expand share / volume in sports and functional drink market

(5)

Seize competitor share in juice / flavor carbonate / water market

### Innovation

(6)

Work on new fields  
(enter health drink market / outside the existing drink market)

(7)

Develop products / packaging that respond to  
business category needs

# (1) Fully Strengthen Georgia



1. Further promote “Kibun wa Georgia (Feeling like Georgia)”
  - Number challenge: 1 out of 5 winners in CCWJ area
2. Introduce new products / renew core products
3. Place next-generation CVM
  - Georgia Cafematic

## **(2) Rejuvenate “Coca-Cola™”**



- 1. Strengthen brand image with new “Special Magic” campaign**
  
- 2. New flavor / new package**
  - Revamp Diet Coca-Cola™ Lemon**
  - 250 OWB**

### (3) Expand / Strengthen “Sugarless Teas



#### **Sokenbicha**

- Introduce new package graphics
- New advertising campaign

#### **Marocha**

- Taste and healthiness appealed
  - ✓ Marocha 120 Marocha Chaba no Ko
- Actress Takako Matsu selected for ad campaign (appeal taste and healthiness)
- Exclusive can for VM

## Love Body

- New formula / new package / new TV ad

## Huang

- Pricing strategy

## New brand (Sinoa)

- Capture drinking opportunities during meals
- Refreshing, smooth taste and package

## Aquarius

- Evolved formula
- Evolved package design
- Evolved communication
- Athens Olympics

## New Brand

**TADAS**

## Qoo

- Renewal
- New Product (CVS channel)

## Flavored carbonates

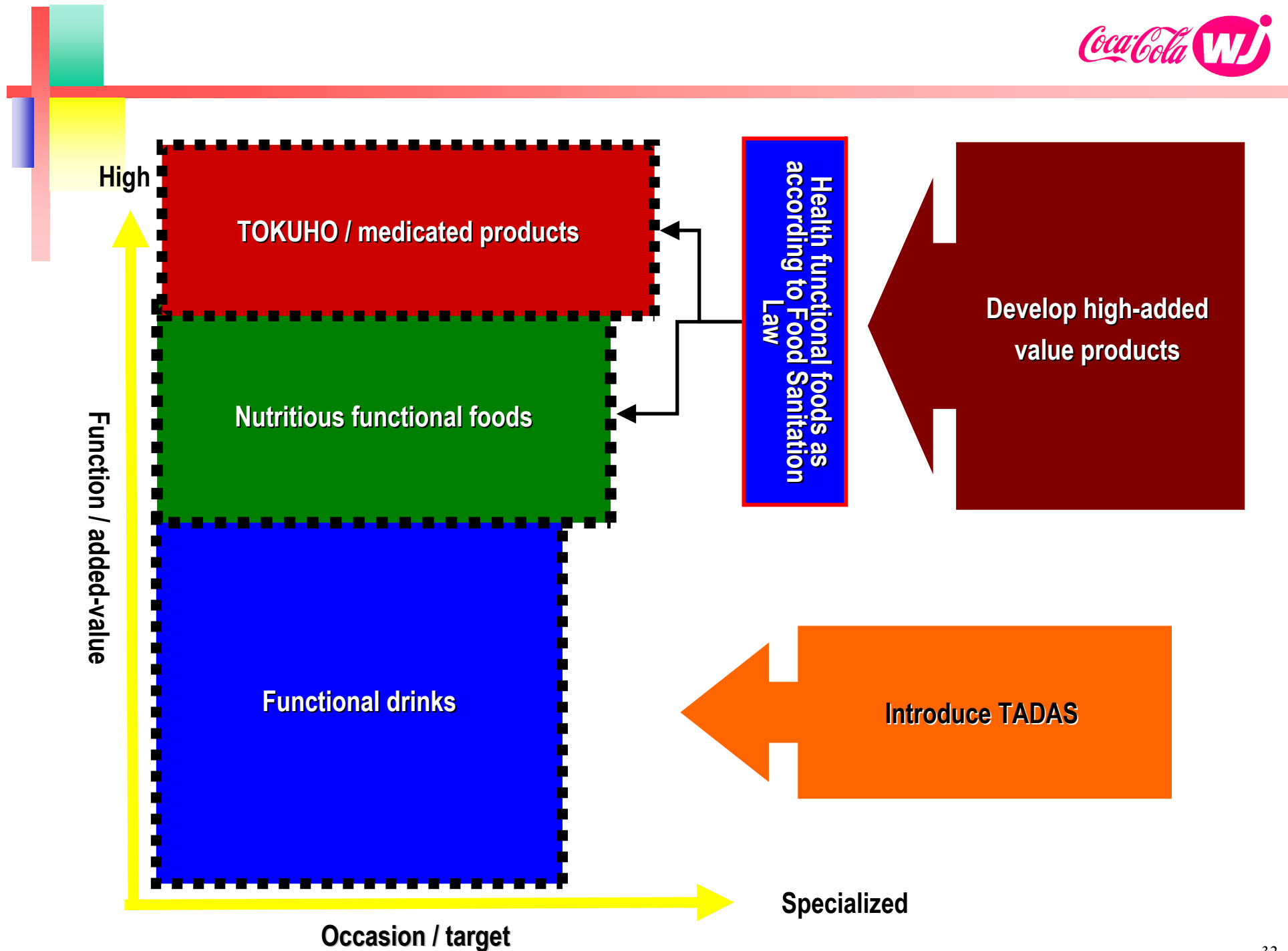
- New flavors
- New products

## (6) Work on New Fields

### Establish new venture brands

- Take a full scale approach to the health functional food market
- Develop / introduce products over the medium and long term by uncovering potential needs and working with advance technology
- Construct an optimal system for executing the health business





### New realm of business

Introduce borderless products

- Approach the alcoholic-taste beverage category
  - Secure incremental sales / profit by introducing alcoholic-taste drink
- Introduce gelatin-type products
  - Secure incremental sales / profit by capturing new retail space

Introduce new packaging

- Drive consumer demand with different packaging from competition
  - New 500 ml PET (Sinoa) / large mouth 190 g bottle can (Kochakaden)

Collaborate with different industries

- Propose new value through a collaboration with Shiseido
  - Develop jointly with Shiseido; use of joint brand for marketing
  - Expand the market through collaboration at the counters

## (7) Develop Products / Packaging that Respond to Business Category Needs



SM  
merchandise

- **Develop products / packaging based on consumer purchasing / consumption behavior**
  - Respond to individual consumption needs within the household  
... Develop 500 ml PET mix-multi
  - Respond to dissatisfaction toward the large PET and the need for a larger size than the 500 ml PET  
... Develop a 1.0 L PET

Introduction  
of VM-exclusive  
product

- **Improve VPM by differentiating from other channels**
  - Focus on institutional channel VM, which have high utilization rates

Small PET  
bottle cans

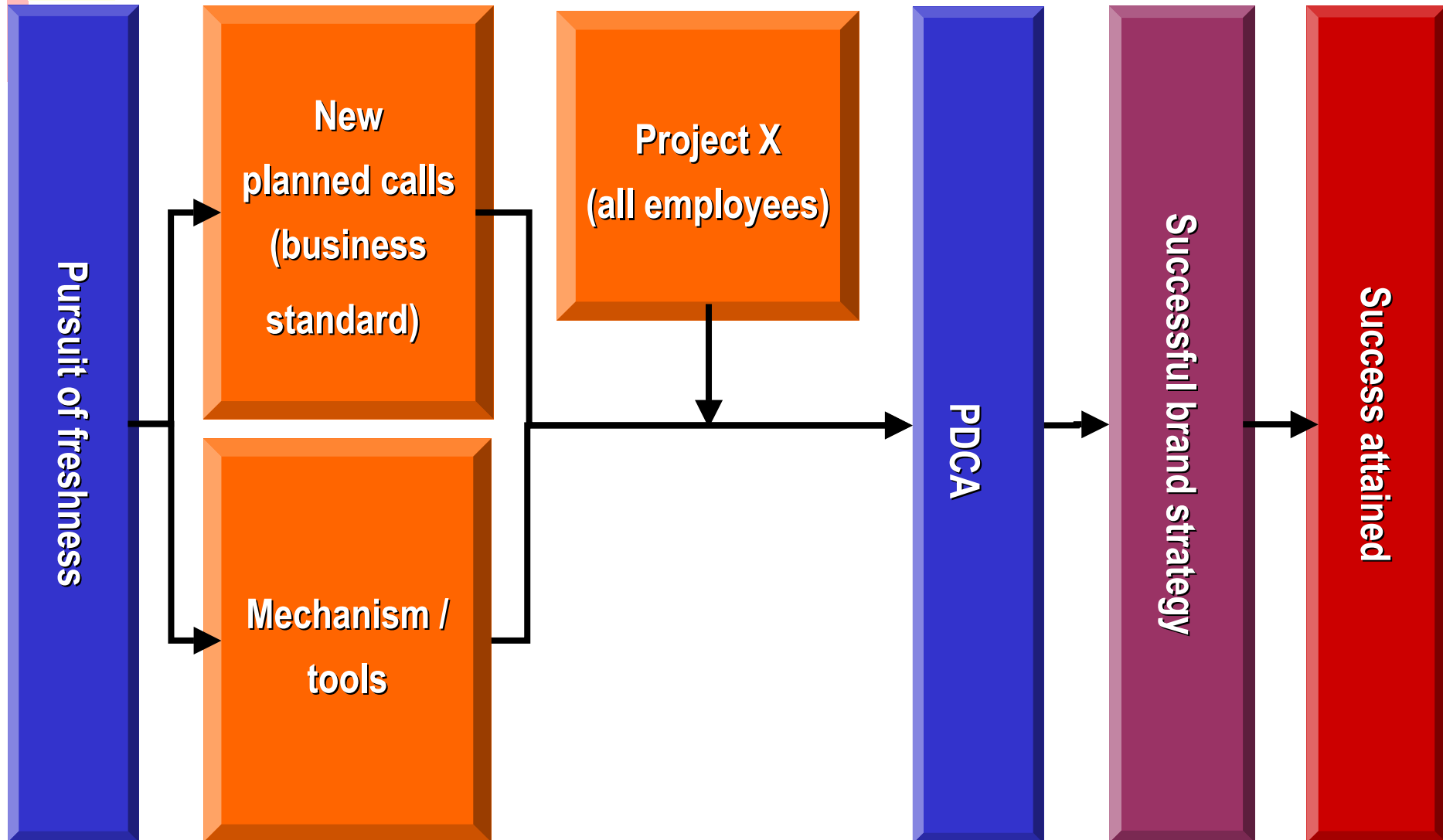
- **Actively develop VM small-size PET**
  - Actively switch sugarless teas from 340 ml cans to 280 ml PET
- **Expand coverage of 300 ml bottle can carbonates**

# Sales Goals for 2004 by Brand



<b>Coca-Cola™</b>	<b>+</b>	<b>4%</b>
<b>Georgia</b>	<b>+</b>	<b>3%</b>
<hr/>		
<b>Sugarless teas total</b>	<b>+</b>	<b>8%</b>
<b>Sokenbicha</b>	<b>+</b>	<b>7%</b>
<b>Marocha</b>	<b>+</b>	<b>13%</b>
<hr/>		
<b>Functional total</b>	<b>+</b>	<b>7%</b>
<b>Aquarius</b>	<b>+</b>	<b>7%</b>
<hr/>		
<b>Qoo</b>	<b>+</b>	<b>1%</b>
<b>Fanta / Canada Dry</b>	<b>+</b>	<b>7%</b>

# Brand Strategy: Formula for Success



# Appendix

- Figures for 2004 are planned figures

# 1. Profit & Loss Transition



## (1) Consolidated

(unit: MM yen, %)

	2002	ratio	2003	ratio	2004	ratio
Sales revenue	247,737	100.0	240,825	100.0	254,000	100.0
Cost of goods sold	135,989	54.9	132,995	55.2	138,700	54.6
Gross profits	111,747	45.1	107,829	44.8	115,300	45.4
Sales & general maintenance costs	95,043	38.4	88,191	36.6	97,600	38.4
Operating profits	16,704	6.7	19,638	8.2	17,700	7.0
Incidental profits	1,280	0.5	1,100	0.5	1,000	0.4
Incidental costs	979	0.4	843	0.4	700	0.3
Recurring profits	17,005	6.9	19,895	8.3	18,000	7.1
Special profits	4,419	1.8	231	0.1	500	0.2
Special losses	9,006	3.6	2,141	0.9	700	0.3
Current net income before tax adjust	12,418	5.0	17,985	7.5	17,800	7.0
Corporate taxes etc.	5,330	2.2	9,300	3.9	7,370	2.9
Minority shareholder profits	1	0.0	-695	-0.3	30	0.0
Current net profit	7,086	2.9	9,380	3.9	10,400	4.1

## (2) Individual

(unit: '000 cases, MM yen, %)

	2002	ratio	2003	ratio	2004	ratio
Sales revenue	95,935	—	94,219	—	98,548	—
Cost of goods sold	174,594	100.0	186,176	100.0	198,500	100.0
Gross profits	98,673	56.5	103,241	55.5	109,100	55.0
Sales & general maintenance costs	75,920	43.5	82,934	44.5	89,400	45.0
Operating profits	63,086	36.1	65,052	34.9	73,300	36.9
Incidental profits	12,834	7.4	17,881	9.6	16,100	8.1
Incidental costs	1,807	1.0	1,227	0.7	1,000	0.5
Recurring profits	866	0.5	785	0.4	700	0.4
Special profits	13,774	7.9	18,323	9.8	16,400	8.3
Special losses	4,233	2.4	259	0.1	0	0.0
Current net income before tax adjust	8,819	5.1	905	0.5	500	0.3
Corporate taxes etc.	9,189	5.3	17,677	9.5	15,900	8.0
Minority shareholder profits	3,810	2.2	7,417	4.0	6,800	3.4
Current net profit	5,378	3.1	10,259	5.5	9,100	4.6



## (3) Balance Sheet

(unit: MM yen)

	2002	2003	difference	key factor for difference
<b>Current assets</b>	70,142	57,134	-13,008	
Cash and savings	19,182	15,295	-3,887	
Trade notes and accounts receivable	11,664	13,175	1,511	
Securities	16,484	7,141	-9,343	decrease due to transfer lump fee payments and sales of repurchased stock
Inventory assets	12,361	12,570	209	
Deferred income tax assets	1,279	841	-437	
Other	9,287	8,227	-1,059	
Allowance for doubtful accounts	-117	-118	-1	
<b>Fixed assets</b>	133,928	147,045	13,117	
<b>Tangible fixed assets</b>	89,367	86,982	-2,384	
Buildings and structures	20,187	18,852	-1,334	
Machinery and vehicles	15,774	14,674	-1,099	
Sales equipment	17,487	17,740	252	
Land	34,637	34,722	85	
Construction in progress	261	44	-216	
Other	1,019	947	-71	
<b>Intangible fixed assets</b>	3,817	2,718	-1,099	
Consolidated adjustment account	250	118	-132	
Other	3,566	2,599	-966	
<b>Investments and other assets</b>	40,743	57,344	16,601	
Investment securities	31,940	40,636	8,696	gain due to purchase of securities
Deferred income tax assets	1,735	569	-1,166	
Prepaid pension costs	-	13,306	13,306	gain due to refund from introducing new retirement benefit system
Other	7,178	3,097	-4,081	
Allowance for doubtful accounts	-110	-264	-153	
<b>Asset total</b>	<b>204,070</b>	<b>204,180</b>	<b>109</b>	

### (3) Balance Sheet

(unit: MM yen)

	2002	2003	rate	Key factors for difference
<b>Current liabilities</b>	27,366	23,853	-3,512	
Trade notes and account payable	7,787	8,950	1,163	
Convertible bonds	2,154	-	-2,154	Decrease due to convertible bond refund
Short-term debt	180	-	-180	
Long-term debt	334	203	-130	
Outstanding corporate taxes etc.	902	2,924	2,021	
Accounts payable	6,153	5,426	-727	
Facility notes payable	1,485	667	-817	
Other	8,369	5,681	-2,688	Decrease due to payable transfer lump sum
<b>Fixed liabilities</b>	7,055	10,595	3,540	
Deferred tax liabilities	1,906	5,880	3,974	Increase due to refund due to new retirement benefit system
Allowance for employee retirement benefits	3,683	3,394	-289	
Allowance for director retirement benefits	372	323	-49	
Other	1,092	996	-95	
<b>Total liabilities</b>	34,421	34,449	27	
<b>Minority shareholders' interest</b>	4,990	4,276	-714	
<b>Capital</b>	15,231	15,231	-	
Capital surplus	35,399	35,399	-	
Earned surplus	115,771	122,372	6,600	
Other security appraisal difference	341	411	69	
Reacquired stock	-2,086	-7,960	-5,873	Increase due to purchase of reacquired stock
<b>Total capital</b>	164,658	165,454	796	
<b>Total liabilities, minority shareholders' interest</b>	204,070	204,180	109	

## 2. Sales Volume Transition



### (1) Sales Volume by Brand

(unit: '000 cases, %)

		2002	2003	2004	'03 / '02	'04 / '03
Carbonates	Coca-Cola	8,967	8,484	8,846	-5.4	4.3
	Fanta	4,251	3,991	4,098	-6.1	2.7
	Sprite	720	483	259	-32.9	-46.4
	Real Gold	1,120	1,196	1,433	6.8	19.8
	Canada Dry	451	950	1,212	110.6	27.6
	Other	55	170	455	209.1	167.6
	<b>Total</b>	<b>15,564</b>	<b>15,274</b>	<b>16,303</b>	<b>-1.9</b>	<b>6.7</b>
Non-carbonates	Georgia	27,543	27,041	27,821	-1.8	2.9
	Aquarius	7,181	6,275	6,690	-12.6	6.6
	Sokenbicha	6,925	6,638	7,099	-4.1	6.9
	Oolong tea (Huang / Chaho)	2,140	1,357	1,314	-36.6	-3.2
	Marocha	3,589	4,360	4,912	21.5	12.7
	Kochakaden	2,073	1,977	1,806	-4.6	-8.6
	Qoo, HI-C	2,328	2,260	2,282	-2.9	1.0
	Mori no Mizu Dayori	1,948	2,010	1,876	3.2	-6.7
	Other	2,932	3,099	3,861	5.7	24.6
	<b>Total</b>	<b>56,659</b>	<b>55,017</b>	<b>57,661</b>	<b>-2.9</b>	<b>4.8</b>
Syrup, powder, food, etc.		16,227	15,734	15,436	-3.0	-1.9
<b>Total</b>		<b>88,450</b>	<b>86,025</b>	<b>89,400</b>	<b>-2.7</b>	<b>3.9</b>

\* excludes sales from other bottlers

## (2) Sales Volume by Package

(unit: '000 cases, %)

		2002	2003	2004	'03 / '02	'04 / '03
Bottles	Returnable	614	592	608	-3.6	2.7
	One-way	1,289	496	162	-61.5	-67.3
	<b>Total</b>	<b>1,903</b>	<b>1,088</b>	<b>770</b>	<b>-42.8</b>	<b>-29.2</b>
PET	- 350 ml	1,990	3,515	4,674	76.6	33.0
	- 500 ml	11,154	10,554	11,780	-5.4	11.6
	- 1,000 ml	435	390	935	-10.3	139.7
	- 1,500 ml	4,431	4,184	3,921	-5.6	-6.3
	- 2,000 ml	8,615	8,563	8,411	-0.6	-1.8
	<b>Total</b>	<b>26,625</b>	<b>27,206</b>	<b>29,721</b>	<b>2.2</b>	<b>9.2</b>
Cans	- 200 ml	22,143	23,697	26,374	7.0	11.3
	- 250 ml	2,949	2,515	2,392	-14.7	-4.9
	- 280 ml	8,657	6,962	3,638	-19.6	-47.7
	- 350 ml	6,285	2,927	1,994	-53.4	-31.9
	- 500 ml	1,272	1,386	1,473	9.0	6.3
	<b>Total</b>	<b>41,306</b>	<b>37,487</b>	<b>35,871</b>	<b>-9.2</b>	<b>-4.3</b>
Bottle can		1,918	4,066	6,329	112.0	55.7
Syrup, powder, food, etc.		16,698	16,178	16,709	-3.1	3.3
<b>Grand total</b>		<b>88,450</b>	<b>86,025</b>	<b>89,400</b>	<b>-2.7</b>	<b>3.9</b>

### (3) Sales Volume by Business Unit

\* 2002 omitted due to subsequent structure change

(unit: '000 cases, %)

	2003	2004	'04/'03
Vending machines	33,328	34,900	4.7
Chain stores	16,673	18,730	12.3
CVS / retail stores	25,285	24,887	-1.6
Food services	7,432	7,618	2.5
Distributors	1,752	1,787	2.0
Other	1,555	1,478	-5.0
<b>Grand total</b>	<b>86,025</b>	<b>89,400</b>	<b>3.9</b>

\* excludes sales from other bottlers

## (4) New / Renewal Product Sales

### - Sales

(unit: item, '000 cases)

	2002	2003	2004
New product	87	108	69
Renewal	20	47	60
Total	107	155	129
Sales volume	21,063	23,022	27,797

### - Major New Products / Renewal Products for 2003

(unit: '000 cases)

	Product name	launch	sales volume
1	Georgia European Blend 190 g can	Jan	4,342
2	Marocha 120 500 ml PET	Feb	1,530
3	Georgia Royal Blend 180 g can	Sep	1,197
4	Georgia Café Leche 280 g can	Apr	1,110
5	Huang Oolong tea 2,000 ml PET	Mar	910
6	Marocha 120 340 g can	Feb	882
7	Marocha 120 2,000 ml PET	Feb	635
8	Marocha 120 280 ml PET	Feb	605
9	Georgia Morning Coffee 190g can	Mar	496
10	Georgia Espresso Mild 190 g can	Jan	492

### 3. Vending Machine Installation Status



#### (1) Number of Machines Installed

(unit: machines)

		CCWJ		Chugoku region		Kyushu region	
		2002	2003	2002	2003	2002	2003
Asset machines	Regular (cans)	41,929	34,165	21,343	17,311	20,586	16,854
	Full service (cans)	80,958	89,369	32,272	36,214	48,686	53,155
	Cup machines	7,954	7,562	5,817	5,541	2,137	2,021
	Subtotal	130,841	131,096	59,432	59,066	71,409	72,030
Machines sold (cans)		6,586	4,056	3,042	1,937	3,544	2,119
Grand total		137,427	135,152	62,474	61,003	74,953	74,149

#### (2) Predatory

(unit: machines)

	CCWJ		Chugoku region		Kyushu region	
	2002	2003	2002	2003	2002	2003
Predatory	3,619	3,257	1,150	794	2,469	2,463

#### (3) Share

(unit: %)

	CCWJ		Chugoku region		Kyushu region	
	2002	2003	2002	2003	2002	2003
Share	52.9	52.6	47.1	46.9	59.7	59.2

(source: Nielsen Open Market Vending Machine Survey  
(Survey conducted annually in June))

## (4) Vending Machine Installation Plan

(unit: machines)

		End of 2003	2004		End of 2004
			Incremental	Withdrawal	
Regular (free of charge)		34,165	1,900	-3,600	32,465
FS	*1 UGVCCS	1,370	1,700	0	3,070
	*2 C-mode	310	50	0	360
	*3 CV	35	250	0	285
	Regular	87,654	8,200	-9,141	86,713
Total		89,369	10,200	-9,141	90,428
Regular (sold)		4,056	0	-500	3,556
Cup machines		7,562	350	-1,200	6,712
Dispensers		12,187	1,530	-1,650	12,067
Grand total		147,339	13,980	-16,091	145,228

\*1 Upgrade VCCS: sales support type VM (promotional VM, VM with added functions such as hot-cold remote switch)

\*2 VM which products or contents can be bought with cell phones

\*3 Communication VM: Informative-type VM



## 4. Market Share



### (1) Share by Manufacturer

(unit: %)

	CCWJ		Chugoku region		Kyushu region	
	2002	2003	2002	2003	2002	2003
CCWJ	32.6	30.4	31.1	28.9	34.1	32.0
Total for competitors	67.4	69.6	68.9	71.1	65.9	68.0
Suntory / Pepsi	11.8	11.6	11.4	11.5	12.2	11.7
Kirin	7.9	9.3	7.9	9.4	8.0	9.2
Asahi	4.0	4.2	3.9	4.1	4.1	4.3
Sapporo	0.7	0.7	0.7	0.6	0.7	0.8
Otsuka	4.7	4.7	4.8	4.8	4.6	4.7
Itoen	4.5	4.8	4.0	4.5	5.0	5.2
DyDo	0.8	0.7	1.0	1.0	0.5	0.4
JT	1.1	0.9	1.1	1.0	1.1	0.8
UCC	0.8	1.0	1.3	1.4	0.4	0.6
Calpis	4.1	4.3	4.3	4.3	4.0	4.2
other	27.0	27.4	28.5	28.5	25.3	26.1

(source: Intage Store Audits)

## (2) Share by Category

(unit: %)

	CCWJ		Chugoku region		Kyushu region	
	2002	2003	2002	2003	2002	2003
<b>Total</b>	32.6	30.4	31.1	28.9	34.1	32.0
<b>Carbonates</b>	58.0	54.6	57.2	54.5	58.8	54.6
<b>Cola</b>	81.6	78.1	79.9	76.9	83.1	79.2
<b>Flavor carbonates</b>	57.8	61.5	59.0	63.4	56.5	59.4
<b>Fruit juices</b>	16.1	11.8	17.8	13.0	14.2	10.3
<b>Coffees</b>	33.6	31.9	27.6	26.1	40.8	38.6
<b>Canned coffees</b>	68.9	67.0	60.7	58.3	77.1	75.7
<b>Teas</b>	31.3	29.7	31.2	29.7	31.5	29.8
<b>Chinese tea</b>	21.8	15.4	20.5	15.5	22.9	15.3
<b>Black tea</b>	17.1	17.0	16.4	15.4	18.2	19.4
<b>Japanese tea</b>	14.0	16.5	13.3	15.3	14.6	17.5
<b>Blended tea</b>	81.9	78.0	79.7	76.2	84.2	80.1
<b>Sports</b>	56.0	52.9	56.9	53.6	54.8	51.9
<b>Fitness</b>	2.4	10.2	2.1	10.4	2.7	10.0
<b>Lactic</b>	7.4	12.8	4.9	11.0	11.1	15.4
<b>Mineral waters</b>	27.0	25.2	16.6	13.3	34.0	34.1

(source: Intage Store Audits)

### (3) Share by Industry

(unit: %)

	CCWJ		Chugoku region		Kyushu region	
	2002	2003	2002	2003	2002	2003
Total	32.6	30.4	31.1	28.9	34.1	32.0
SM	30.7	28.1	28.6	26.4	33.3	30.3
CVS	24.6	24.4	24.3	25.2	24.8	23.7
Liquor shops	49.7	47.1	45.3	42.3	55.3	53.2
Provision	49.5	48.1	51.9	45.9	47.8	49.7
Drug stores	12.5	17.0	9.3	10.6	21.1	30.1

(source: Intage Store Audits)

## (Reference) Market Share by Month and Difference vs. LY

(unit: %, points)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	annual
CCWJ	share	34.1	32.2	32.9	30.7	30.5	28.5	27.8	29.1	29.2	30.6	30.6	32.0	30.4
	diff vs. LY	+0.2	-0.5	-0.7	-1.9	-1.5	-4.2	-2.9	-2.6	-3.3	-2.0	-3.2	-2.5	-2.1
Chugoku region	share	32.5	30.4	31.2	29.0	28.5	26.5	26.8	28.1	27.7	29.4	29.4	30.4	28.9
	diff vs. LY	-0.3	-1.7	-1.6	-2.1	-2.0	-5.3	-2.5	-1.8	-2.5	-1.1	-2.6	-3.2	-2.1
Kyushu region	share	35.8	34.2	34.7	32.6	32.6	30.8	28.9	30.1	30.8	31.8	31.9	33.6	32.0
	diff vs. LY	+0.9	+0.8	+0.3	-1.5	-0.8	-3.0	-3.3	-3.6	-4.0	-2.9	-3.8	-1.8	-2.0
Suntory	share	11.6	11.6	11.5	12.1	12.1	12.0	11.5	12.0	11.9	10.7	10.2	11.5	11.6
	diff vs. LY	-0.7	-0.5	-0.5	-0.8	-0.6	+0.8	-0.5	+0.3	+0.8	-0.3	-1.0	-0.9	-0.2
Kirin	share	8.2	8.3	9.5	9.9	9.6	9.3	9.5	9.1	8.9	9.7	10.2	9.4	9.3
	diff vs. LY	+0.9	+1.3	+1.4	+1.8	+1.9	+1.3	+1.6	+1.1	+0.8	+1.1	+2.0	+1.5	+1.4
Asahi	share	3.9	4.7	4.8	4.5	4.1	3.9	4.3	4.0	4.1	3.9	3.9	4.1	4.2
	diff vs. LY	-0.2	+0.5	+0.3	-0.1	-0.3	-0.4	+0.0	+0.2	+0.6	+0.2	+0.4	+0.5	+0.1
Otsuka	share	5.7	5.2	4.7	4.2	4.4	4.6	4.5	5.1	5.2	4.5	4.4	4.3	4.7
	diff vs. LY	+0.6	+0.1	0.0	-0.2	-0.3	+0.2	-0.5	+0.1	+0.7	+0.3	0.0	-0.6	+0.0
Itoen	share	4.5	4.4	4.0	4.1	4.5	5.1	5.1	5.1	5.0	5.1	5.3	5.0	4.8
	diff vs. LY	-0.3	-0.3	-0.1	+0.1	+0.1	+1.0	+0.5	+0.6	+0.3	+0.1	+0.5	+0.8	+0.3

(source: Intage Store Audits)

## 5. Capital Investment, Depreciation, Cash Flow



### (1) Capital Investment / Depreciation (consolidated)

(unit: MM yen)

		2002	2003	2004
Capital investment am	Land	1,655	371	1,535
	Buildings / structures	2,848	690	2,953
	Machinery / equipment	5,281	1,519	2,701
	Sales equipment	8,962	9,276	8,018
	Other	2,278	1,988	2,144
	Total	21,027	13,846	17,351
Depreciation		15,395	15,888	15,280

### (2) Cash Flow (consolidated)

(unit: MM yen)

	Cash flow from sales activities	Cash flow from investment activities	Cash flow from financial activities	End of term balance cash / cash equivalents
2002	20,885	-17,615	-5,566	35,406
2003	18,423	-20,852	-11,107	21,869
2004	23,112	-17,807	-3,007	24,167

## 6. Shareholder Status



### (1) Number of Shareholders / Stocks

(unit: people, '000 shares, %)

	end of Dec., 2002				end of Dec., 2003			
	# of shareholders	Ratio	# of shares	Ratio	# of shareholders	Ratio	# of shares	Ratio
Financial institution	91	0.6	17,299	20.9	80	0.5	15,749	19.0
Domestic corporation (securities)	381	2.6	40,706	49.1	365	2.5	37,721	45.5
Foreign corporations etc.	164	1.1	12,968	15.6	190	1.3	15,427	18.6
Individuals etc.	14,314	95.7	10,951	13.2	14,166	95.7	10,256	12.4
Nominee stock	1	0.0	975	1.2	1	0.0	3,746	4.5
Total	14,951	100.0	82,899	100.0	14,802	100.0	82,899	100.0

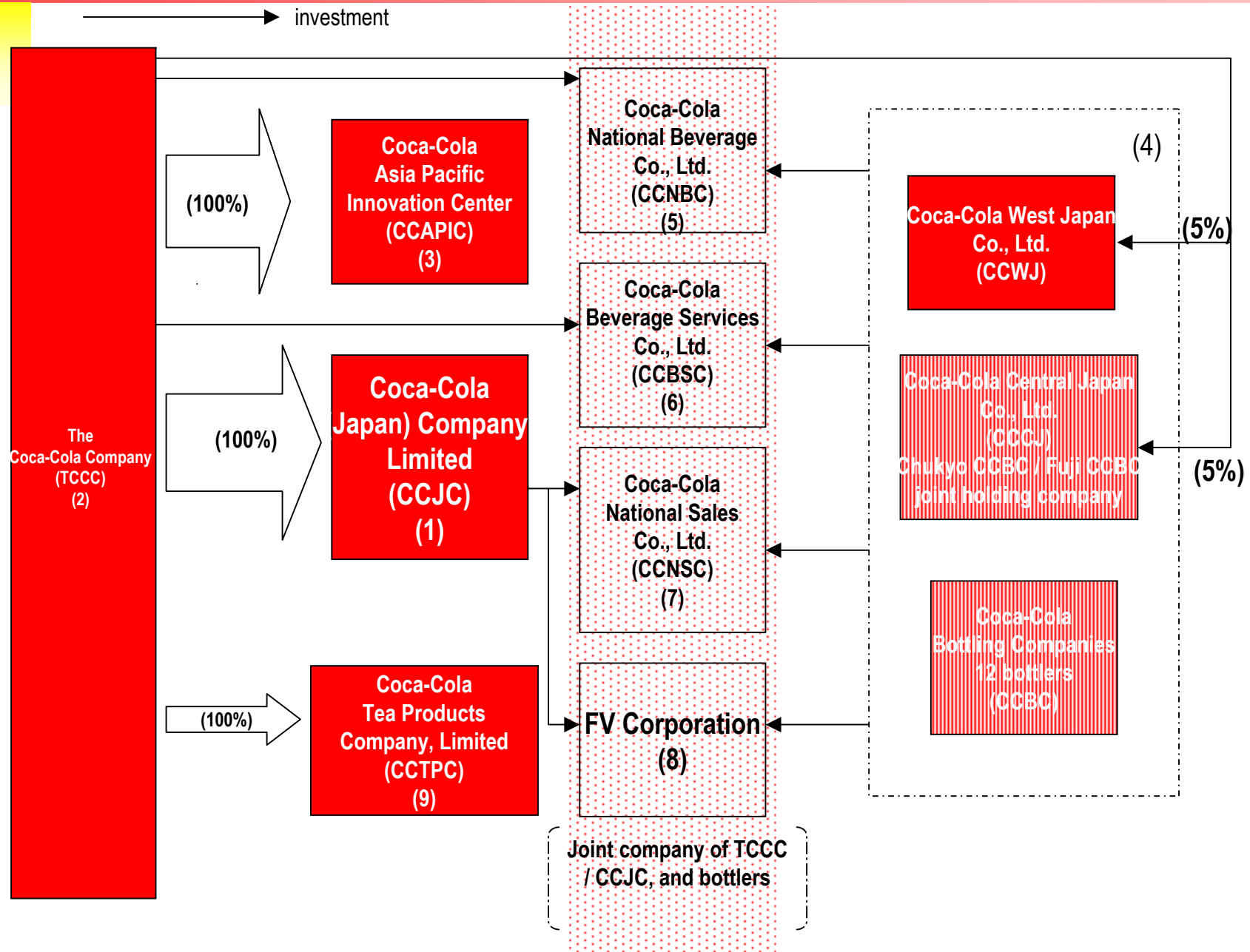
## (2) Dividend / Payout

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Current net income Per share (yen)	201.83	152.56	144.08	124.27	122.20	113.67	77.82	17.62	85.49	116.25
Shareholders' equity per share (yen)	2,249.13	1,857.48	1,977.46	1,895.49	1,816.64	2,107.74	2,151.52	1,950.07	2,009.39	2,089.94
Annual dividend per share (yen)	17.50	20.00	25.00	27.00	30.00	32.00	32.00	34.00	34.00	36.00
(Mid-term) (yen)	0.00	10.00	12.50	13.50	15.00	15.00	16.00	16.00	17.00	17.00
(Term end) (yen)	17.50	10.00	12.50	13.50	15.00	17.00	16.00	18.00	17.00	19.00
Payout (%)	9.2	13.7	18.0	21.9	25.9	26.7	42.7	108.9	52.1	28.3
Deemed dividend payout (%)	11.9	13.7	19.7	24.1	25.9	26.7	46.9	108.9	52.1	28.3

## (3) Share Splitting

- For shareholders at end of Dec., 1994 1:1.3 (as of Feb. 15, 1995)
- For shareholders at end of Dec., 1996 1:1.1 (as of Feb. 20, 1997)
- For shareholders at end of Dec., 1997 1:1.1 (as of Feb. 20, 1998)
- For shareholders at end of Dec., 2000 1:1.1 (as of Feb. 20, 2001)

# 7. Japan's Coca-Cola System





## Coca-Cola System Companies and their Roles

### (1) Coca-Cola (Japan) Company, Limited (CCJC)

Established 1957 in Minato-ku, Tokyo, as “Nihon Inryo Kogyo K.K.,” a wholly-owned subsidiary of The Coca-Cola Company of the U.S. The company name was changed in 1958 to Coca-Cola (Japan) Company, Limited. The company executes marketing, planning, and manufacturing and distribution of concentrate in Japan.

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

Established 1919 in Atlanta, Georgia, in the United States. Carries the rights to license manufacturing and sales of Coca-Cola to bottlers. Either TCCC or its subsidiary ties bottling contracts with bottlers.

### (3) Coca-Cola Asia Pacific Innovation Center (CCAPIC)

Established January 1993 as a wholly-owned subsidiary of The Coca-Cola Company of the U.S.  
As of January 1995, executes product development and technical support to respond to the needs of the Asian region.

### (4) Coca-Cola Bottlers (CCBC)

Bottler companies in different sales regions that purchase concentrate from CCJC. There are 15 bottlers in Japan, based on bottler agreements with CCJC. After finished products are delivered to the bottler or affiliated sales offices, they are delivered directly to the stores by delivery trucks called “route trucks.”

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

Established on April 1, 2003, for the aim of creating an optimal nationwide supply chain including procurement, manufacturing, and distribution. This is a joint venture by TCCC and six bottlers <Tone, Mikuni, Tokyo, Central Japan, Kinki, West Japan (note: Chukyo and Fuji are owned by Central Japan; Mikasa is owned by West Japan)> All bottlers are currently participating in its investment. Procurement of raw materials / resources, manufacturing, demand and supply plans, and their coordination are integrated on a nationwide basis to supply products to bottlers.

### (6) Coca-Cola Beverage Services Company, Limited (CCBSC)

Established June 1999 as a joint venture of The Coca-Cola Company and Coca-Cola West Japan Co., Ltd. Operations started September 1999. All bottlers currently have a stake. Procurement operations have been transferred to Coca-Cola National Beverage Services as of October 2003. Executing promotional activities to reform the information system in Japan’s Coca-Cola System.

### (7) Coca-Cola National Sales Co., Ltd. (CCNSC)

Established October 1995 as a joint venture between all 15 bottlers. Carries out sales activities for national chain customers. (note: Central Japan is shareholder for Chukyo and Fuji. Coca-Cola (Japan) is also currently a shareholder.)

### (8) FV Corporation

Established May 2001 as a joint venture between Coca-Cola (Japan) and all 15 bottlers. Its functions include: sales negotiations with national chains for the VM business and procurement of non-corporate (not authorized by Coca-Cola (Japan)) products.

### (9) Coca-Cola Tea Products Co., Ltd. (CCTPC)

Established October 1998 as a wholly-owned subsidiary of The Coca-Cola Company for the manufacturing and supplying of some products. Due to the transfer of some of its operations to Coca-Cola National Beverage in October 2003, it currently owns and manages beverage manufacturing plant assets and manufactures some of the product.

The plans, performance forecasts, and strategies appearing in these materials are based on the judgment of our management in view of data obtained as of the date this was announced. Please note that these are only forecasts which are subject to major variances due to risks and uncertain factors such as those listed below.

- Intensification of market price competition
- Economic trend variations affecting the business climate
- Major rate fluctuations in capital markets
- Various uncertain factors other than the above