

# Financial Results Presentation for the year ended December 31, 2005

February 9, 2006



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# I. 2005 Financial Results

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## (1) Sales Volume: -6.5% vs. plan, 0.0% vs. PY

Brand	Coca-Cola: -10.7% vs. plan, -6.2% vs. PY	Weakness in carbonated drinks market
	Georgia: -6.3% vs. plan, -4.1% vs. PY	New campaign and graphics change did not appeal to consumers. New products expanded steadily, but flagship products suffered downturn
	Sokenbicha: -14.4% vs. plan, -20.7% vs. PY	Negative impact from rapid growth of green tea.
	Hajime: +29.8% vs. PY	Posted stronger growth compared with Marocha
	Aquarius: +16.5% vs. PY	Additional sales from Aquarius Active Diet
	Mori-no-Mizudayori (Water): + 32.0% vs. PY	Growth outperformed market
Channel	1) Chain store and vending expansion (chain stores up 8.0% and vending machines up 2.5% vs. PY) 2) Retail sales (liquor and grocery stores) down 5.4% vs. PY	

## (2) Home market share (OTC excluding vending)

October	November	December	*Intage store audit
26.7% (-1.0% point)	27.3% (-1.3% point)	29.1% (-0.8% point)	*vs. PY

## (3) Financial results

- 1) Consolidated net sales: -3.5 billion yen (-5.7%) vs. plan; -2.3 billion yen (-3.9%) vs PY
- 2) Consolidated operating income: -1.6 billion yen (-47.2%) vs. plan; -600 million yen (-28.0%) vs. PY

# Full Year Highlight



## (1) Sales volume: -1.6% vs. plan, +0.3% vs. PY

Brand	Coca-Cola: -8.3% vs. PY	Sales declined due to recycling effect of Coca-Cola C2
	Georgia: -0.6% vs. PY	Weak volume caused profit decline
	Sokenbicha: -15.8% vs. PY	Sales fell due to adverse effect of surge in green tea
	Hajime: +26.7% vs. PY	Posted record sales for a tea product in its first year. Brand awareness did not establish itself to the predicted level.
	Aquarius: +20.5% vs. PY	Active Diet created incremental sales
	Mori-no-Mizudayori: +21.3% vs. PY	Sales rose from expansion of mineral water market
Package	1) Decrease in bottles, bottle cans, syrup, and powder for vending machine market 2) 500ml PETs did not produce expected results	
Channel	1) Vending, chain store, and food service channels' sales exceeded the previous year 2) No channels achieved the plan	

## (2) Home market share (OTC excluding vending)

Q1 to Q4 total: 27.8% (-0.7% points vs. 2004) \*Intage store audit

## (3) Financial results

- 1) Consolidated net sales: -3.6 billion yen (-1.5%) vs. plan, -7.3 billion yen (-2.9%) vs. PY
- 2) Consolidated operating income: -1.5 billion yen (-11.7%) vs. plan, -5.0 billion yen (-29.8%) vs. PY  
 ※ Down 2.2 billion yen (-15.1%), excluding the effects of change in the retirement benefit program

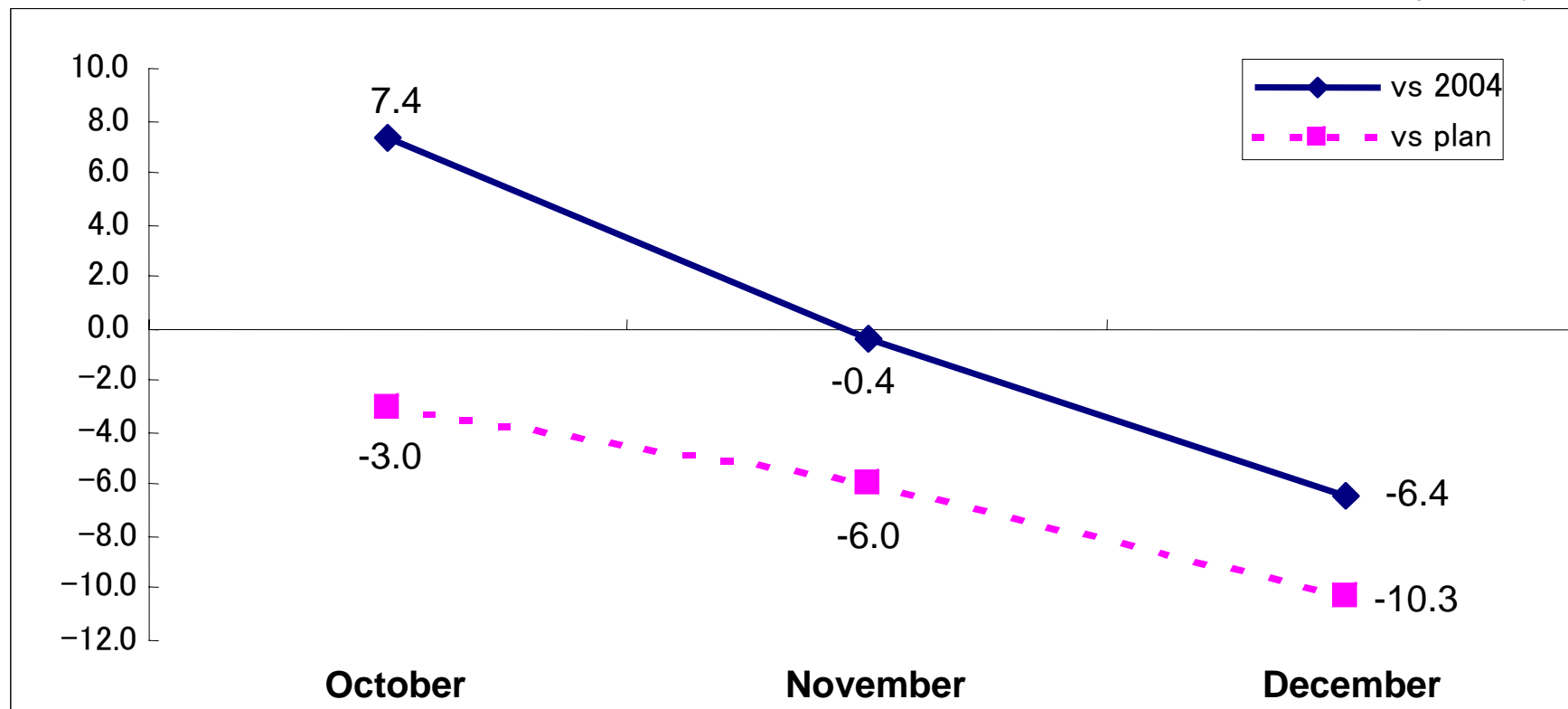
# 2005 Sales Volume – Q4 & Full Year



(thousand cases, %)

	2004 Actual	2005					
		Plan	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
October	6,629	7,338	7,118	-220	-3.0	+489	+7.4
November	6,407	6,783	6,378	-405	-6.0	-28	-0.4
December	7,156	7,469	6,700	-769	-10.3	-457	-6.4
Q4	20,193	21,590	20,196	-1,394	-6.5	+4	+0.0
Full Year	87,096	88,710	87,316	-1,394	-1.6	+221	+0.3

(percent)



# 2005 Consolidated Profit & Loss



## 1) Q4

(million yen, %)

	2004 Actual	2005					
		Plan *	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
Net sales	60,942	62,100	58,557	-3,542	-5.7	-2,385	-3.9
Operating income	2,495	3,400	1,796	-1,603	-47.2	-698	-28.0
Ordinary income	2,532	3,300	1,999	-1,300	-39.4	-532	-21.0
Net income	470	1,900	2,168	268	14.1	1,697	360.6

## 2) Full Year

(million yen, %)

	2004 Actual	2005					
		Plan *	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
Net sales	253,248	249,500	245,874	-3,625	-1.5	-7,373	-2.9
Operating income	16,860	13,400	11,830	-1,569	-11.7	-5,029	-29.8
Ordinary income	17,065	13,600	12,256	-1,343	-9.9	-4,809	-28.2
Net income	8,564	7,100	7,305	205	2.9	-1,259	-14.7

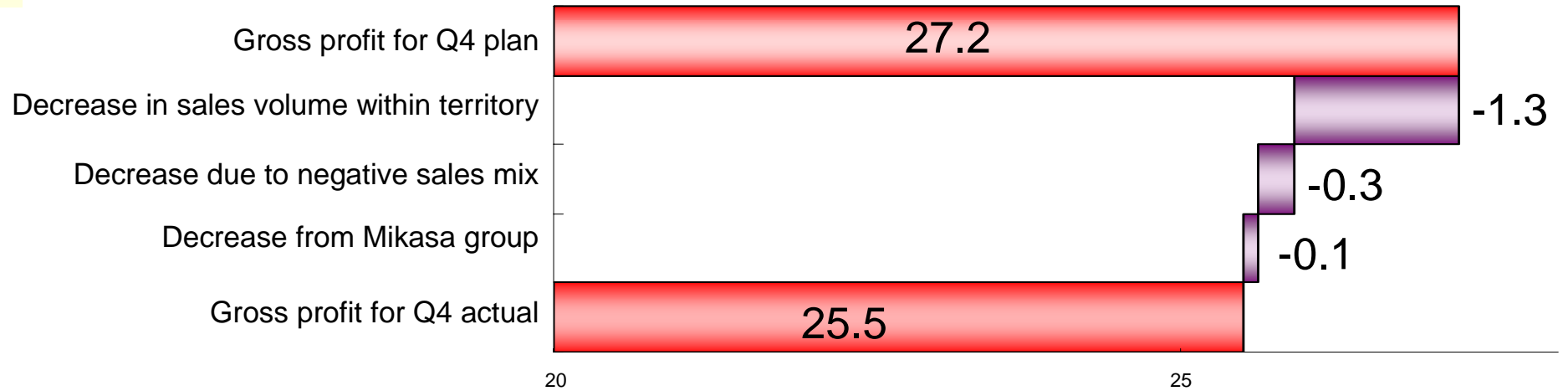
\* The plan figures above are based on the full-year projection announced on October 26, 2005.



## Gross profit

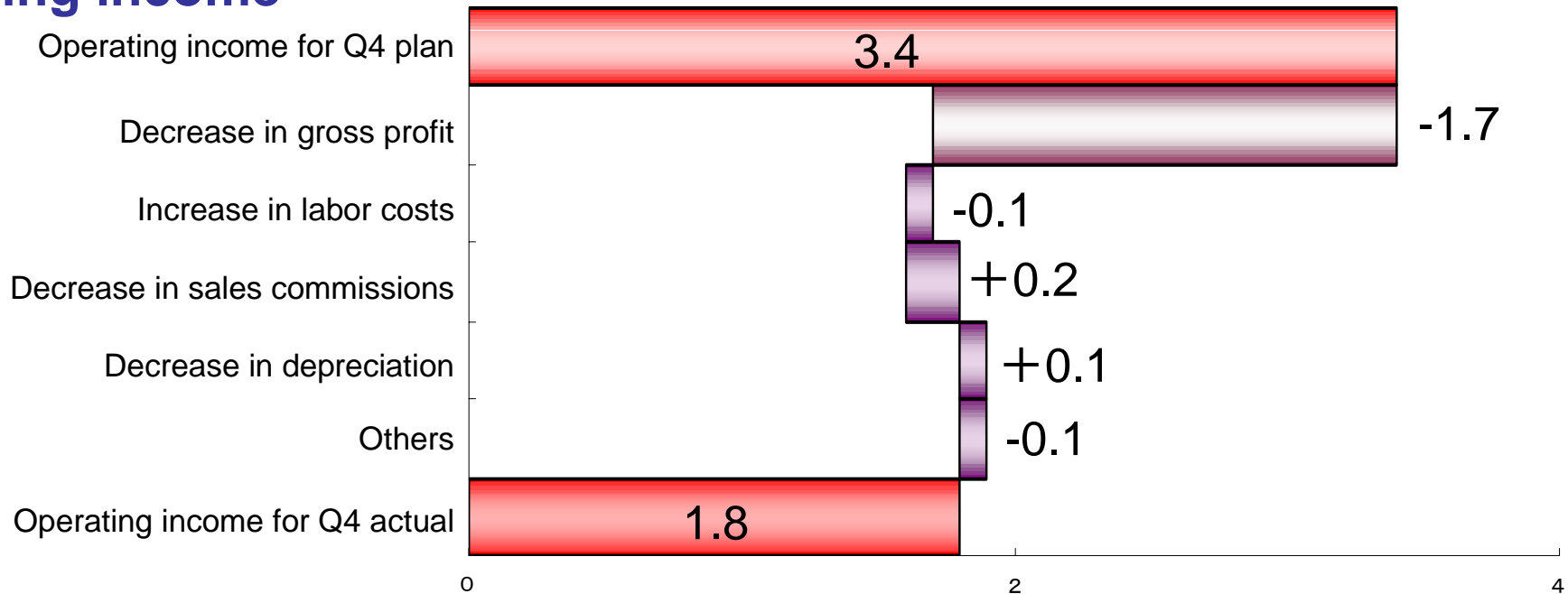
(Consolidated)

(billion yen)



## Operating income

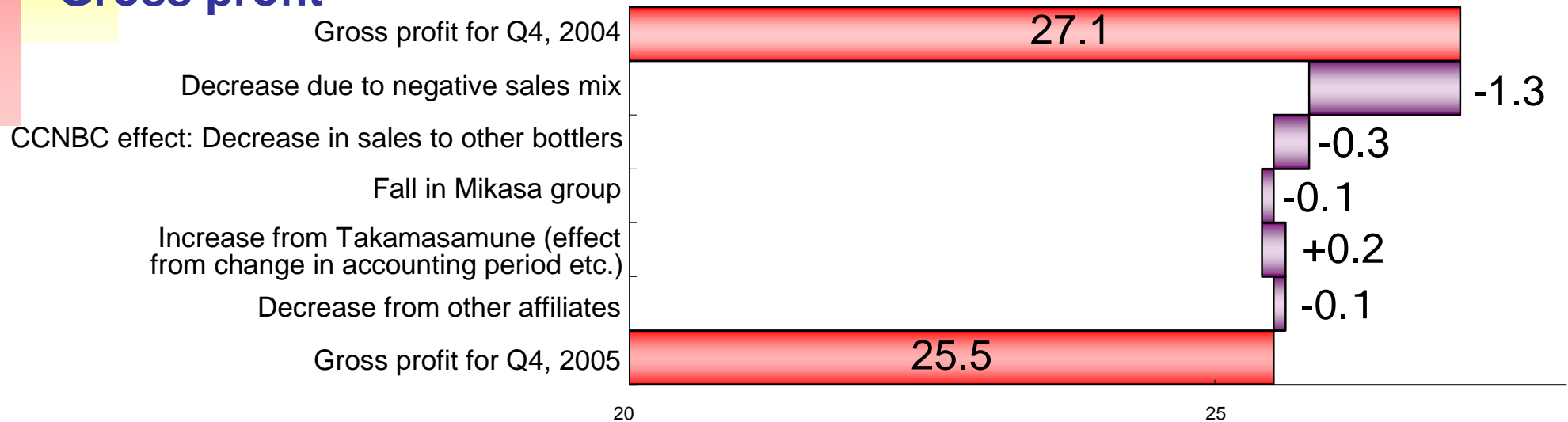
(billion yen)



## Gross profit

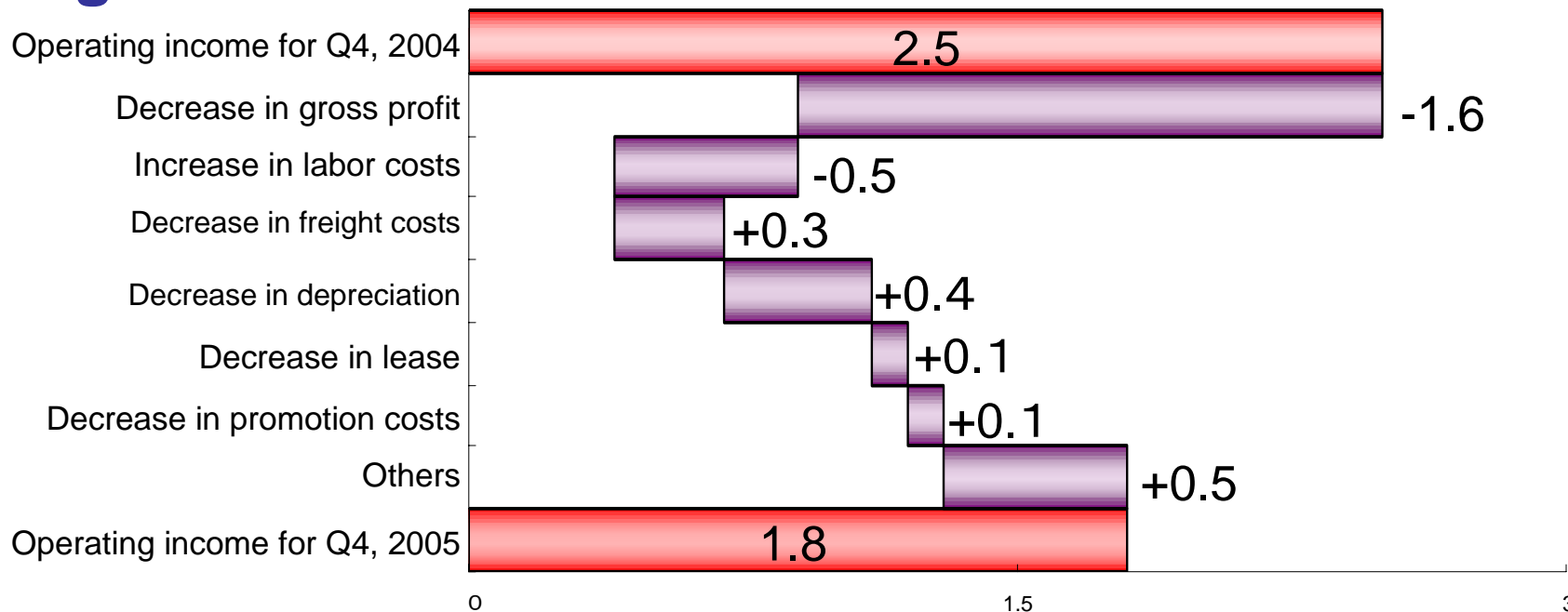
(Consolidated)

(billion yen)



## Operating income

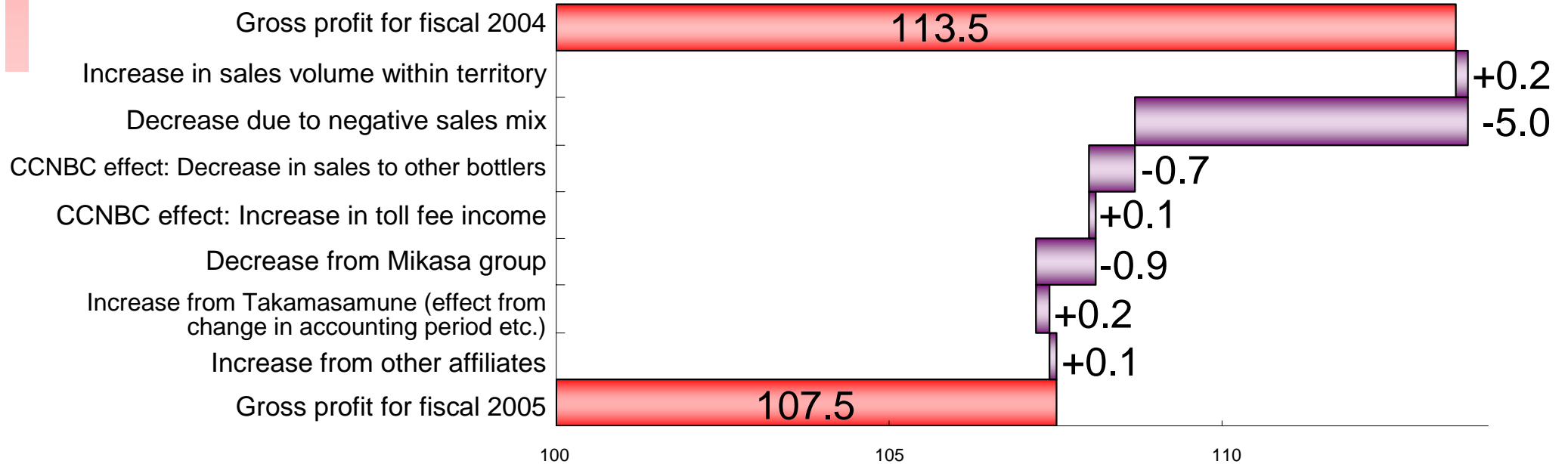
(billion yen)



## Gross profit

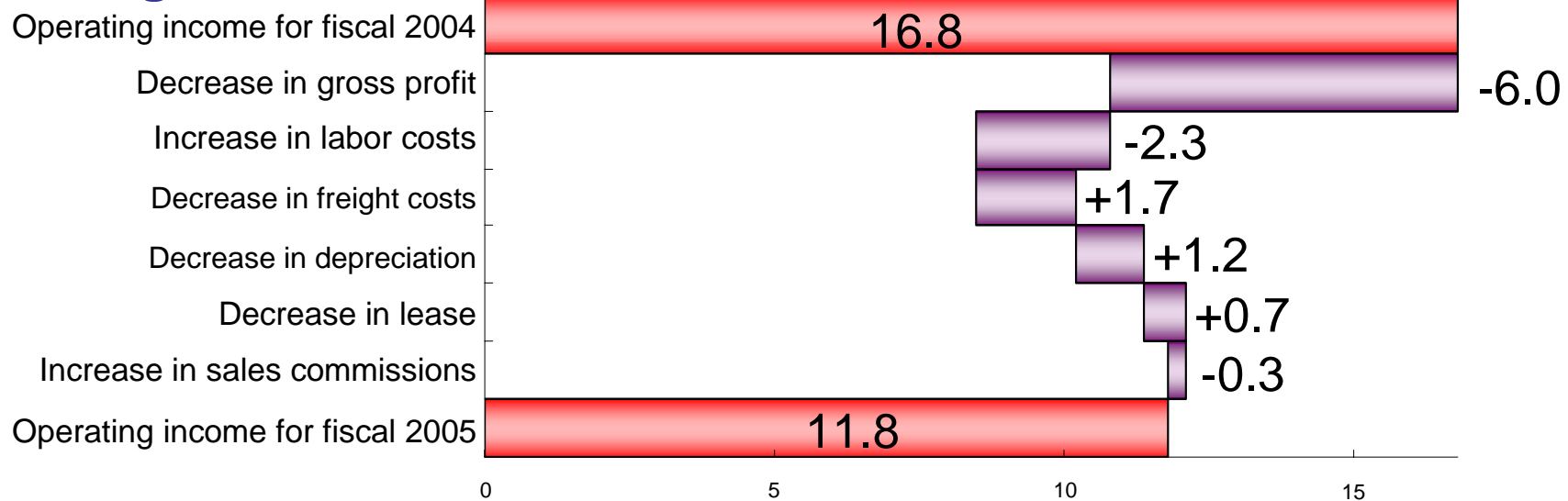
(Consolidated)

(billion yen)



## Operating income

(billion yen)



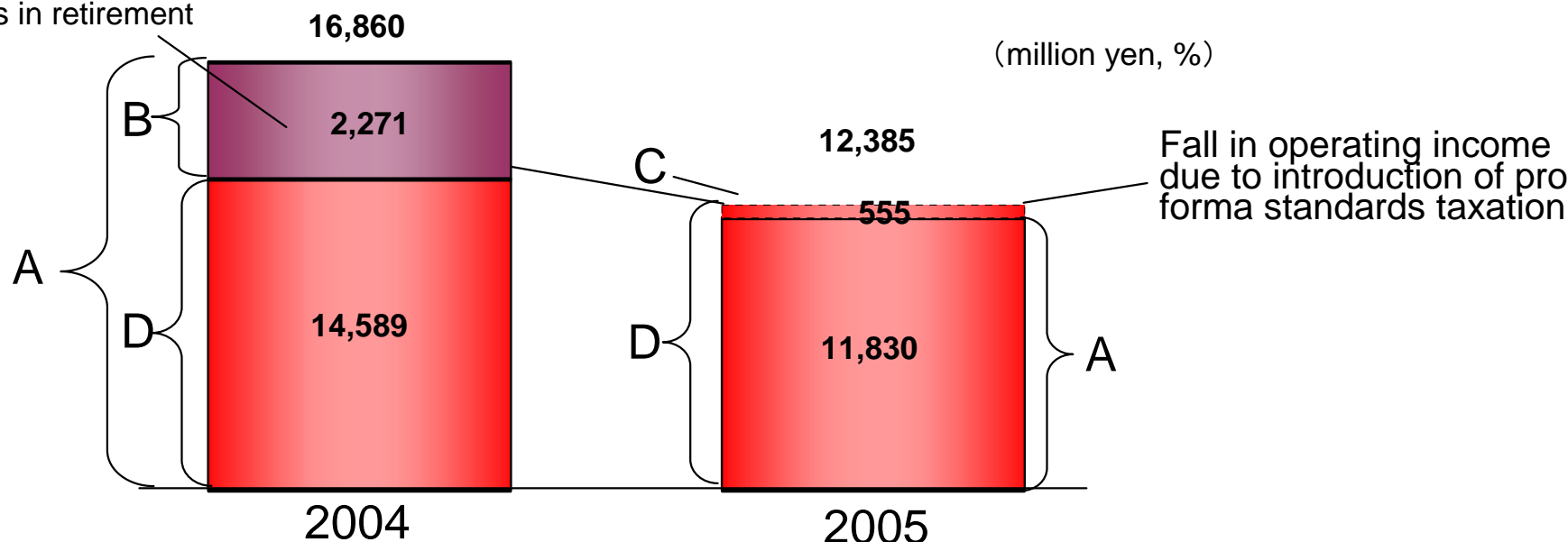
# Adjusted Comparison excluding Extraordinary Items



Effects of changes to retirement benefits plan and introduction of pro forma standards taxation

## Consolidated operating income - 2005 vs. 2004

Increase in operating income due to changes in retirement plan



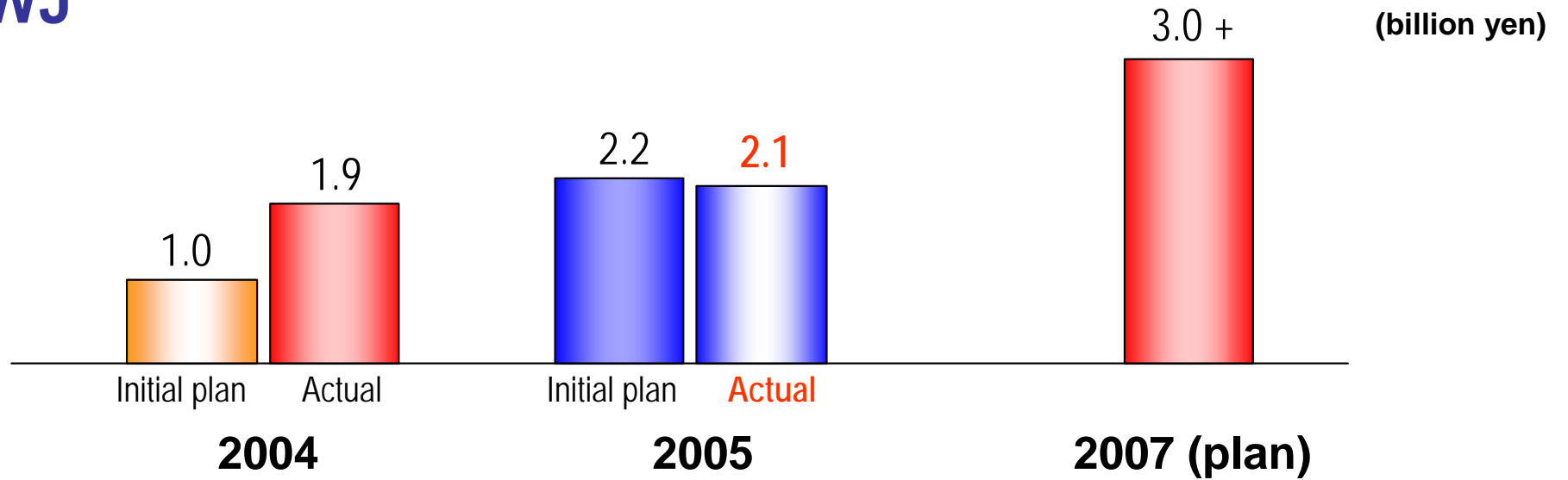
	2004	2005	Y-o-y change	
			amount	%
Operating income (A)	16,860	11,830	-5,029	-29.8
Change in operating income as a result of changes in retirement benefit plan (B)	-2,271	--	2,271	--
Change in operating income as a result of introduction of pro forma standards taxation (C)	--	555	555	--
Net operating income (D) = (A) + (B) + (C)	14,589	12,385	-2,203	-15.1

# CCNBC's CRP Results (Incremental vs. 2003)

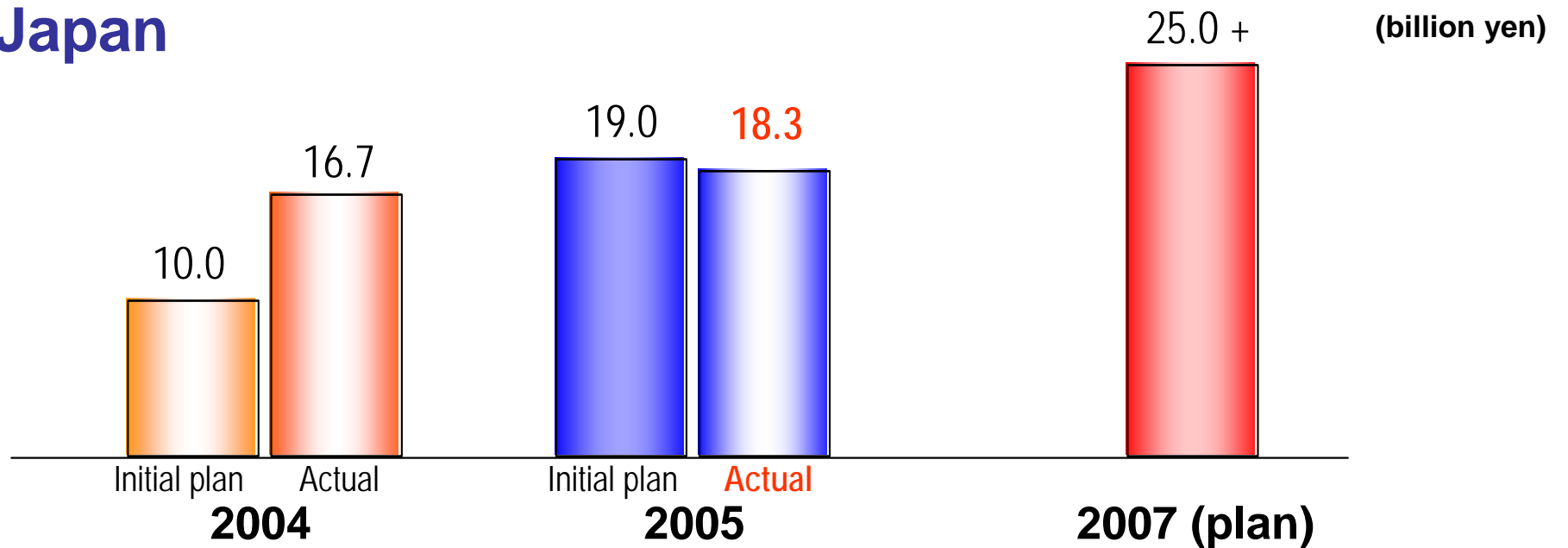


CCWJ

- CCNBC: Coca-Cola National Beverage Co., Ltd.
- CRP: Cost Reduction Program



All Japan



# Group Affiliate Results for 2005



## Mikasa Coca-Cola Group

(million yen, thousand cases, %)

	2004 Actual	2005					
		Plan *	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
Sales volume	16,075	16,430	16,221	-209	-1.3	146	0.9
Net sales	32,614	30,526	30,107	-419	-1.4	-2,506	-7.7
Operating income	503	541	296	-245	-45.3	-206	-41.0

## Nishi-Nihon Beverages

Net sales	21,075	19,476	19,385	-91	-0.5	-1,690	-8.0
Operating income	-220	150	157	7	4.7	377	—

## Coca-Cola West Japan Products

Net sales	6,592	6,772	6,495	-277	-4.1	-97	-1.5
Operating income	137	144	110	-34	-23.6	-27	-19.7

## Coca-Cola West Japan Logistics

Net sales	9,125	10,718	10,001	-717	-6.7	876	9.6
Operating income	266	545	289	-256	-47.0	23	8.6

\* The plan figures above are based on the full-year projection announced on October 26, 2005.

## **II. 2006-2008 Three Year Business Plan**

# Reviewing 2003-2005 Business Plan: Reform from Within

## Objectives

### Reform from Within

To transform CCWJ into a group that creates decades of strong growth and activity. To create a corporate group with real sales and profits growth that can sustain all group employees and their families and return dividends to shareholders.



A customer buys one more bottle, we cut costs by a single yen, and we earn one yen more. Then we return it to employees, shareholders, and local communities.

**Resolve discrepancies within the company and the market**

## Basic mid-term business aims and policies



Basic mid-term business aims: 2003 to 2005  
Creating a CCWJ group

**Reform  
from Within**

- that consumers and customers need
- to lead the beverage business
- to fully exploit roles and functions
- to exploit employee and organization activity
- for symbiosis with the community

RfW means

- all executives and employees in the CCWJ group realize self-transformation
- all executives and employees in the CCWJ group transform the company

**Three year business strategies**

1. Construct a new business system
2. Strengthen CCWJ group management
3. Reform HR management
4. Symbiosis with the community



- Sales volumes and consolidated net sales underperformed the plan in each fiscal year.
- Consolidated operating income achieved plan targets in 2003 and 2004, but underperformed in 2005.

(million cases, billion yen)

		2003	2004	2005
Sales volume	Plan	89.40	91.40	93.40
	Results	86.03	87.10	87.31
	Change	-3.37	-4.30	-6.09
Consolidated net sales	Plan	254.5	262.0	269.5
	Results	240.8	253.2	245.8
	Change	-13.7	-8.8	-23.7
Consolidated operating income	Plan	15.5	16.5	19.5
	Results	19.6	16.8	11.8
	Change	+4.1	+0.3	-7.7

## Sales volume and market share

Category	<p>1) Market share declined and underperformed sales plan in the strong market growth area of green tea.</p> <p>2) Coffee did not reach plan targets. The 2005 downturn, especially, had a large impact on performance.</p> <p>3) Achieved plan in the market growth area of mineral water.</p>
Package	<p>1) Can market shrank while PET market (especially large PETs) grew ⇒ pressure on profits</p>
Channel	<p>1) Vending</p> <ul style="list-style-type: none"> <li>•Outdoor: Consolidating low-sale vending machines. Plan to develop prime locations not yet achieved ⇒ fall in vending machine share</li> <li>•Indoor: Account share fell despite rise in vending machine numbers.</li> </ul> <p>2) Chain stores</p> <ul style="list-style-type: none"> <li>•Sales rose sharply, but market share declined due to stiff competition.</li> </ul> <p>3) Retail (liquor and grocery stores)</p> <ul style="list-style-type: none"> <li>•Share declined as sales fell by more than the market average.</li> </ul>
Area	<p>1) Large market shares lost in Hiroshima and Fukuoka</p>

## Income

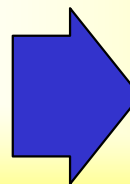
- Improved IT-based equipment and operational quality, but not enough for higher productivity and lower costs
- Stiff price competition and higher sales promotion costs
- Review of retirement pension scheme

Achieved	Not achieved
<ul style="list-style-type: none"> <li>✧ Improved operational quality due to introduction of business unit system</li> <li>✧ Strengthened role and function specialties due to group management</li> <li>✧ Improved freshness and optimized inventory</li> <li>✧ Consolidated IT platform</li> <li>✧ Reduced future risk through review of HR and pension funding systems</li> <li>✧ Promotion of CSR management CCWJ ranked 64<sup>th</sup>, and its food division 2<sup>nd</sup>, out of 1,747 companies for environment management in 2005 by Nihon Keizai Shimbun newspaper.</li> <li>✧ Optimal demand &amp; supply and lower costs through CCNBC</li> </ul>	<ul style="list-style-type: none"> <li>✧ Improved productivity (prioritizing operational quality)</li> <li>Cost operation structure able to withstand price competition</li> <li>✧ Utilize IT infrastructure</li> <li>✧ Dealing with changes in consumer and customer needs Product development and choice (Responding to preference for green tea, PETs etc.)</li> <li>✧ Competition policies Suntory's Kyushu area and Kirin/Daido's Chugoku area offensives Secure shares at chain stores</li> </ul>

**Although some individual aims were achieved, final aims (results) were not achieved.**

**Main causes:**

- 1) Action to incorporate the customer's viewpoint
- 2) Response to market changes
- 3) Speed of implementing change



**Not wholly achieved**

**RfW aims only partly achieved**

→ **Did not devise solutions to market trend discrepancies**

**1.**

**Effect major expansion (market strategy) of sales  
(volume and net sales) based on consumer and customer views**

**2.**

**Reform earnings structure centered on rising productivity  
Expand profits through organizational reform to effect this**

**3.**

**Nurture employees and enhance lifestyles by unifying  
management & employees and pursuing job satisfaction**

**4.**

**Reform corporate culture to realize employee self-  
actualization and maximize scope of action**



【2006年~2008年 中期経営基本方針 皆革Ⅱ】

Aims for Reform from Within II: 2006 to 2008 three year plan

Reform from Within means:

All employees realize self-transformation

All employees transform the company and group structure

「皆革」とは、

- 全グループの役員・社員全員（皆）が自らを変える（革）
- 全グループの役員・社員全員（皆）で会社・グループをつくり変える（革）

# GET No.1

Themes 1) and 2)

**G**rowth No.1 ..... 成長 No.1

Theme 1)

**C**onsumer & **C**ustomer satisfaction No.1 ..... お客様・お得意さま満足 No.1

Theme 2)

**T**ransform No.1 ..... 構造改革 No.1

Theme 3)

**E**mployee satisfaction No.1 ..... 社員満足 No.1

Theme 4)

**T**rust No.1 ..... 信頼獲得 No.1

## 1. Growth No.1 → Increase profits through expansion and efficiency

### 1) Consumer & Customer Satisfaction No.1

#### Aim: Buy & drink one more bottle from us than from our rivals

##### a. Secure competitive edge in all channels

- Strengthen marketplace development: Greatly expand hiring of development personnel and expand vending machine investment framework.

##### b. Reform sales methods to reflect consumer and customer views.

###### ▪ Product strategy

- Top priority brands: Georgia, Coca-Cola, Sokenbicha, Aquarius, Hajime
- Priority brand: Mori-no-Mizudayori
- Priority packages: Large and small PET bottles

###### ▪ Channel strategy

##### Vending and chain store channels top priority for reinforcement

- Vending: Expand sales and profits in competitive-edge areas

Greatly strengthen development personnel (from 191 people in 2005 → 320 in 2007)  
Invest 30 billion yen in vending machines over three years (27,700 new machines and 25,000 upgrades)

- Chain stores: Expand sales with high market growth while securing profits  
Segment business based on consumer motivation for visiting stores  
Respond to customer with resource investment

## 2) Transformation No.1

**Aim: Run CCWJ for one yen less, and reinvest management resources in the market**

a. Cut costs

- i. Reduce cost of goods: lower material and production costs (change energy source etc.)
- ii. Cut selling, general, and administrative expenses: Lower VM-related costs and toll production costs

b. Improve productivity (boost sales and cut costs)

i. Through vending

- Expand VM online functions: 44,700 units (around 40% of total) by the end of 2008
- Improve efficiency for location visits by using IT  
Introduce column control system and visiting scheduler (Ver. 2) in all sales offices

ii. Through chain stores

- Differentiate customer service levels to enhance effectiveness of sales office personnel
- Reduce structural layers through such means as closing sales offices and slimming down internal organization of headquarters.
- Cut 100 sales office personnel by 2008 through above policies

## 3) Employee satisfaction No. 1

Creating a company that

- reaps the rewards of employee satisfaction
- harnesses a wide variety of talent
- fully exploits the individual skills of employees

## 4) Trust No.1

- Reform corporate culture by promoting CSR management
  - Environmental initiatives
    - ⇒ Foundation of trust from the community
  - Contributing to the local community
    - ⇒ Creating potential Coca-Cola fans





# 2006-2008 Three Year Financials



## Financial Plan (Consolidated)

(billion yen, percent)

	2005	2006		2007		2008	
	Results	Plan	Change	Plan	Change	Plan	Change
Net sales	245.8	252.0	2.5%	263.0	4.4%	275.0	4.6%
Operating income	11.8	14.5	22.6%	16.0	10.3%	18.0	12.5%
Operating profit on sales	4.8%	5.8%	/	6.1%	/	6.5%	/
ROE	4.3%	4.8%	/	5.1%	/	5.6%	/
EP	1.3	2.2	64.3%	3.1	40.9%	4.0	29.0%
FCF	4.1	4.5	9.0%	2.9	-35.6%	5.5	89.7%

## Sales Volume Plan (Non-consolidated)

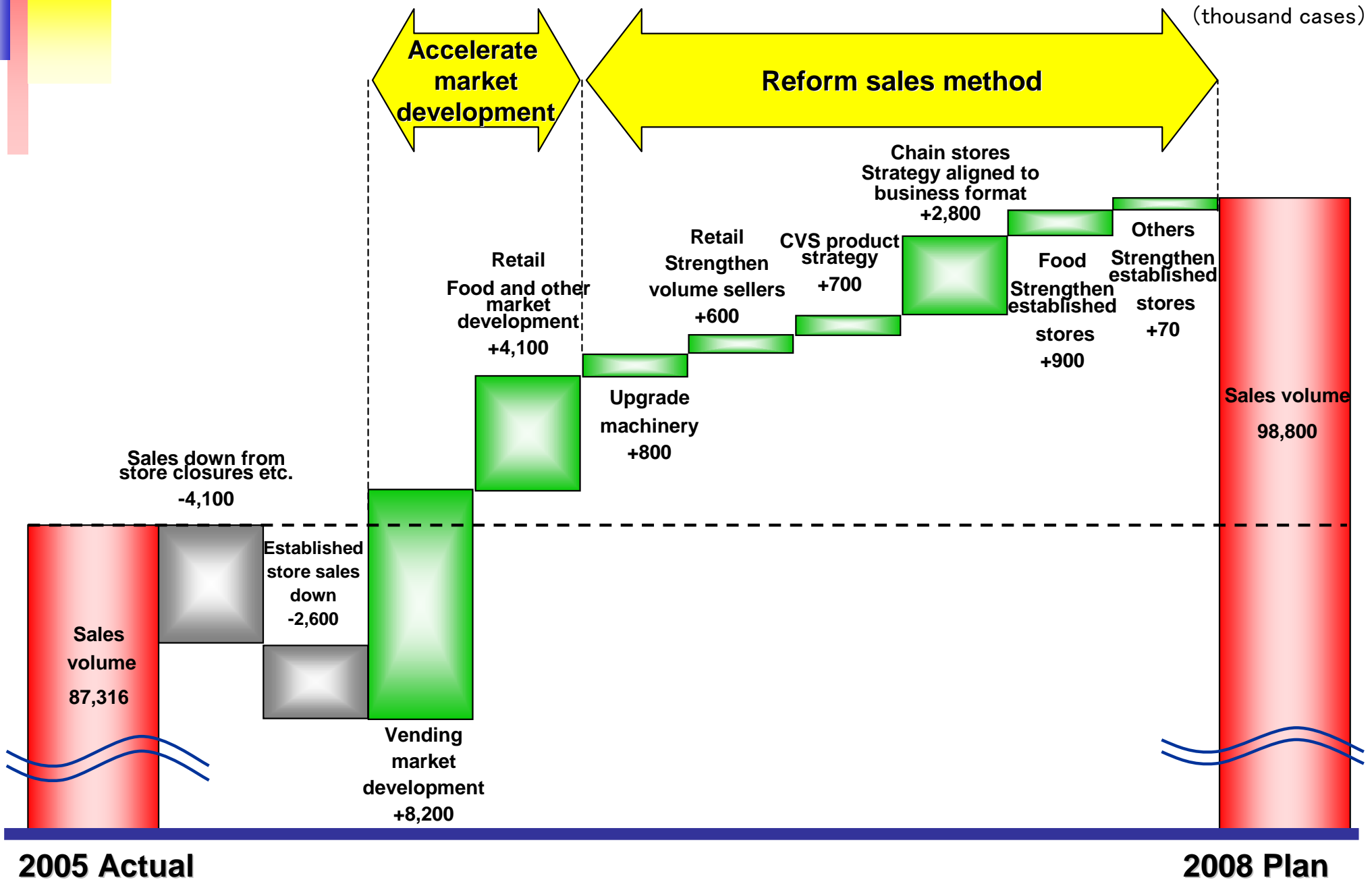
(million cases)

Within territory	87.31	91.30	4.6%	94.30	3.3%	98.80	4.8%
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EP: Economic Profit      Real earnings (company earnings after deducting the cost of capital used to create profit) calculated after deducting capital costs from operating income after taxes.

FCF: Free Cash Flow      Cash remaining for free use by the company to create future value.

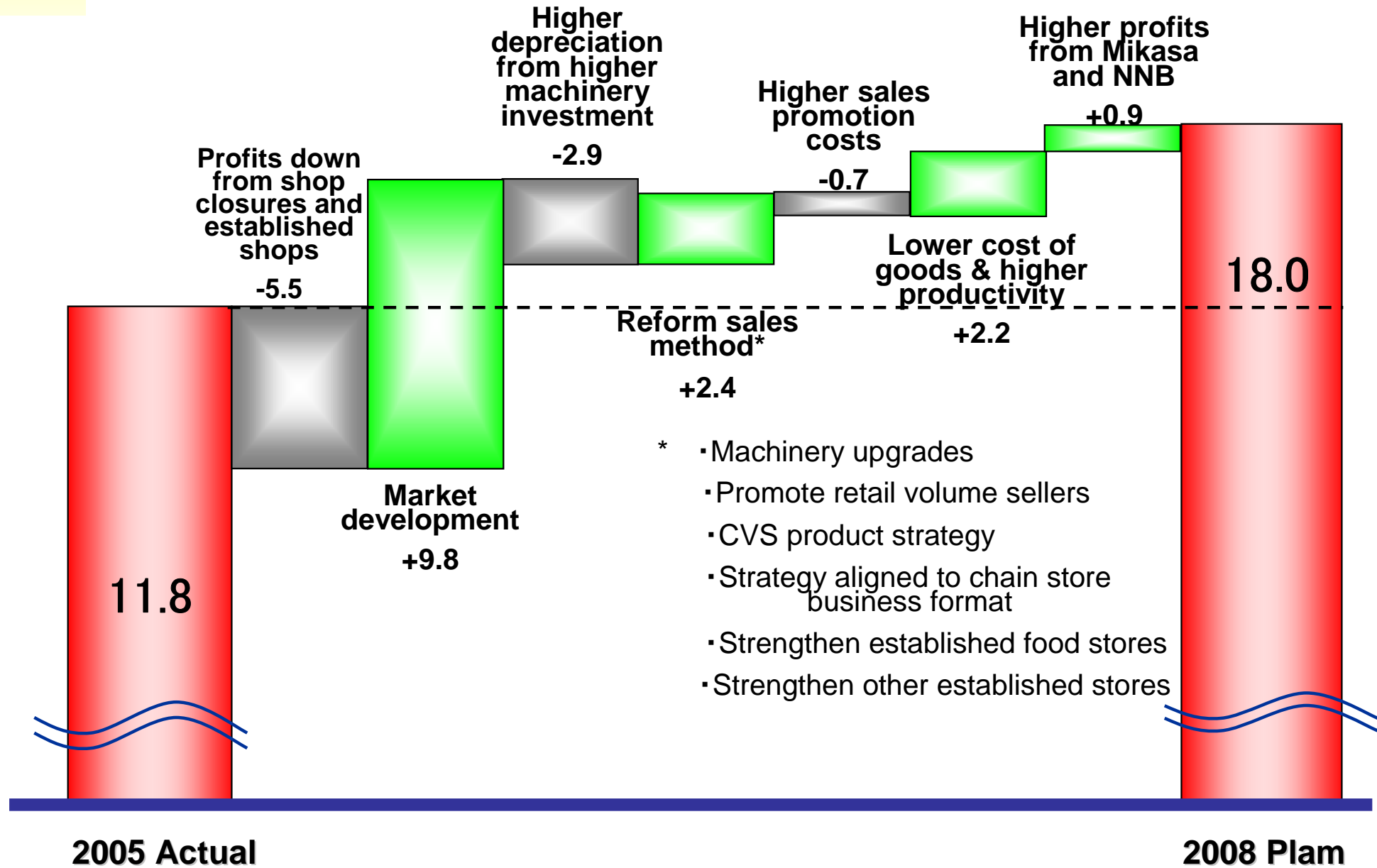
# 2008 Sales Volume Achieving Scenario



# 2008 Operating Profit Achieving Scenario



(billion yen)



- \*
- Machinery upgrades
  - Promote retail volume sellers
  - CVS product strategy
  - Strategy aligned to chain store business format
  - Strengthen established food stores
  - Strengthen other established stores

## **III. 2006 Annual Business Plan**

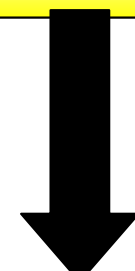
## 2006-2008 Three Year Business Plan “RfW II Get No. 1” Strategy

### Growth No.1

- Consumer & Customer Satisfaction No.1
- Transform No.1

Employee Satisfaction No.1

Trust No.1



## Growth No.1 as business theme for 2006

**Strengthen market development**

**Reform sales methods**

**Raise productivity**



## Consolidated P&L

(million yen, %)

	2005 Actual	2006				
		H1	H2	Full Year	inc(dec)	%
Net sales	245,874	118,600	133,500	252,100	6,226	2.5
Operating income	11,830	5,300	9,200	14,500	2,670	22.6
Ordinary income	12,256	5,400	9,400	14,800	2,544	20.8
Net income	7,305	3,400	5,500	8,900	1,595	21.8

## Non-consolidated P&L

(million yen, %)

	2005 Actual	2006				
		H1	H2	Full Year	inc(dec)	%
Net sales	186,953	91,500	103,400	194,900	7,947	4.3
Operating income	11,857	5,500	7,500	13,000	1,143	9.6
Ordinary income	12,477	5,900	7,700	13,600	1,123	9.0
Net income	7,938	4,100	4,500	8,600	662	8.3

## Sales Volume

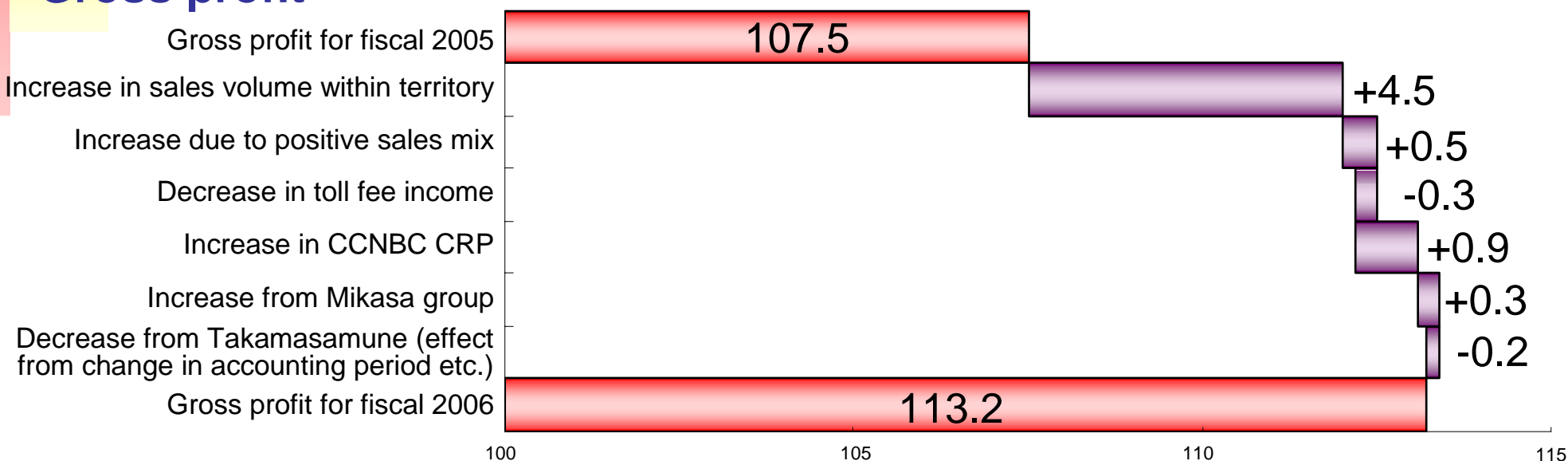
(thousand cases, %)

Within territory	87,316	42,317	48,983	91,300	3,984	4.6
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## Gross profit

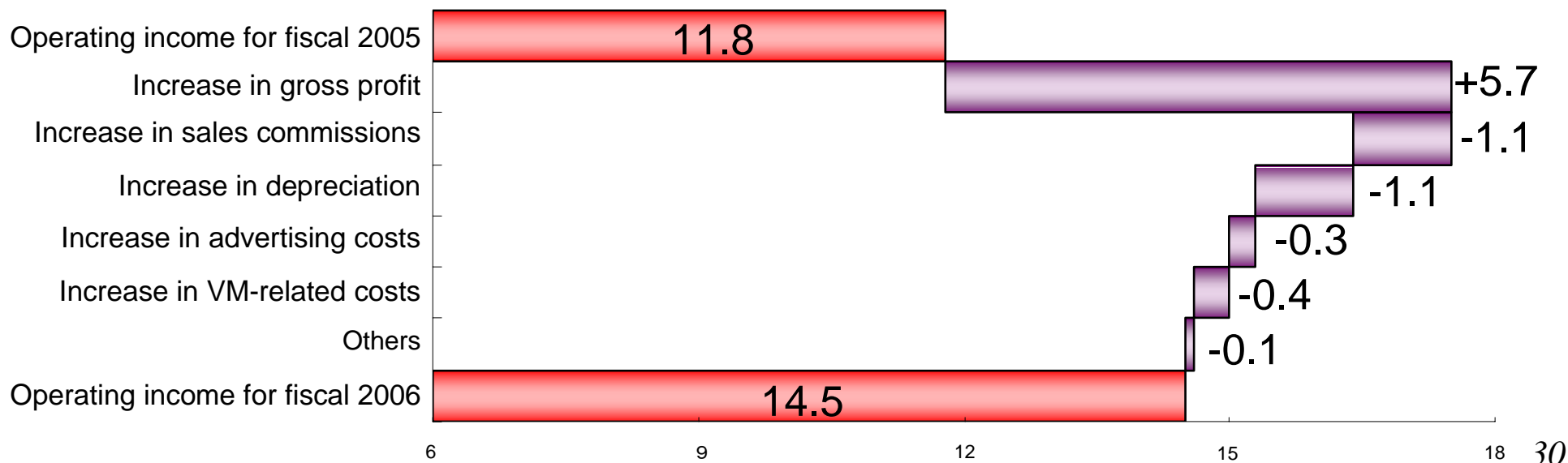
(Consolidated)

(billion yen)



## Operating income

(billion yen)



# Capital Investment Plan (Consolidated)

(million yen, %)

## Major investments

• Sales equipment: ¥10,351million  
(No. of units)

CCWJ: Can VM 17,000

CVM 365

Dispenser 1,161

Cooler 1,280

NNB: 1,500

Mikasa: 1,925

• Sales offices: ¥3,477 million in  
6 locations

• IT: ¥746 million

- SAP upgrade

- Sales office operation system

- Core business system

		2005 Actual	2006 Plan	2006 vs. 2005	
				Inc(dec)	%
Ordinary investment	Land	2,055	580	- 1,475	- 71.8
	Buildings	2,589	4,109	1,520	58.7
	Machinery & equipment	53	120	67	126.4
	Vehicles	855	1,290	435	50.9
	Tools & furniture	516	562	46	8.9
	Sales equipment	5,819	10,394	4,575	78.6
	Software	1,264	1,267	3	0.2
	<b>Subtotal</b>	<b>13,152</b>	<b>18,323</b>	<b>5,171</b>	<b>39.3</b>
Manufacturing investment	Buildings	591	205	- 386	- 65.3
	Machinery & equipment	2,411	1,810	- 601	- 24.9
	Tools & furniture	43	14	- 29	- 67.4
	<b>Subtotal</b>	<b>3,047</b>	<b>2,031</b>	<b>- 1,016</b>	<b>- 33.3</b>
<b>Total</b>	<b>16,199</b>	<b>20,354</b>	<b>4,155</b>	<b>25.6</b>	

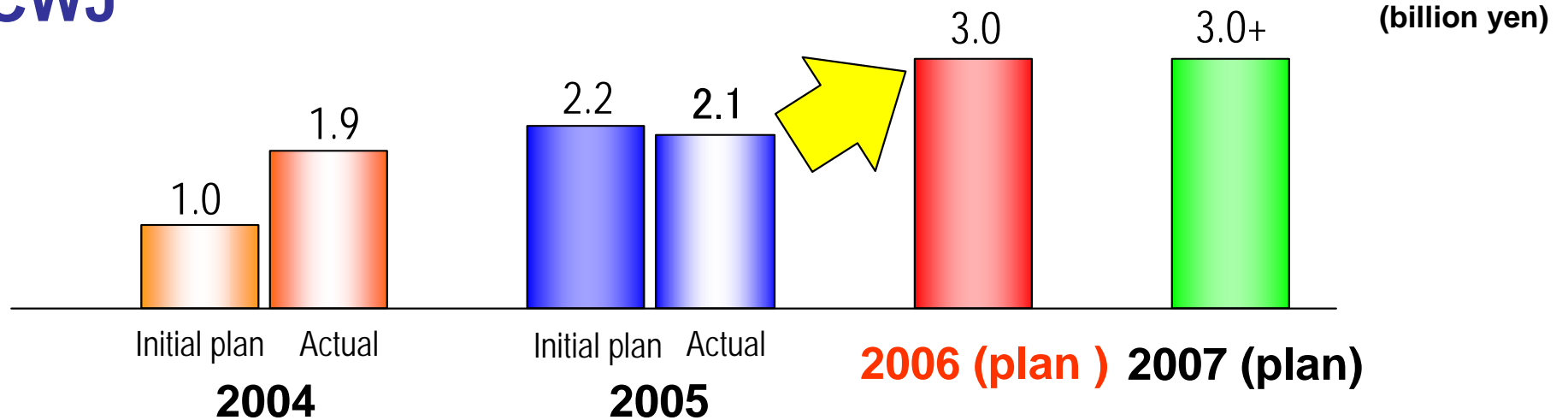


# CCNBC CRP Plan (Incremental vs. 2003)



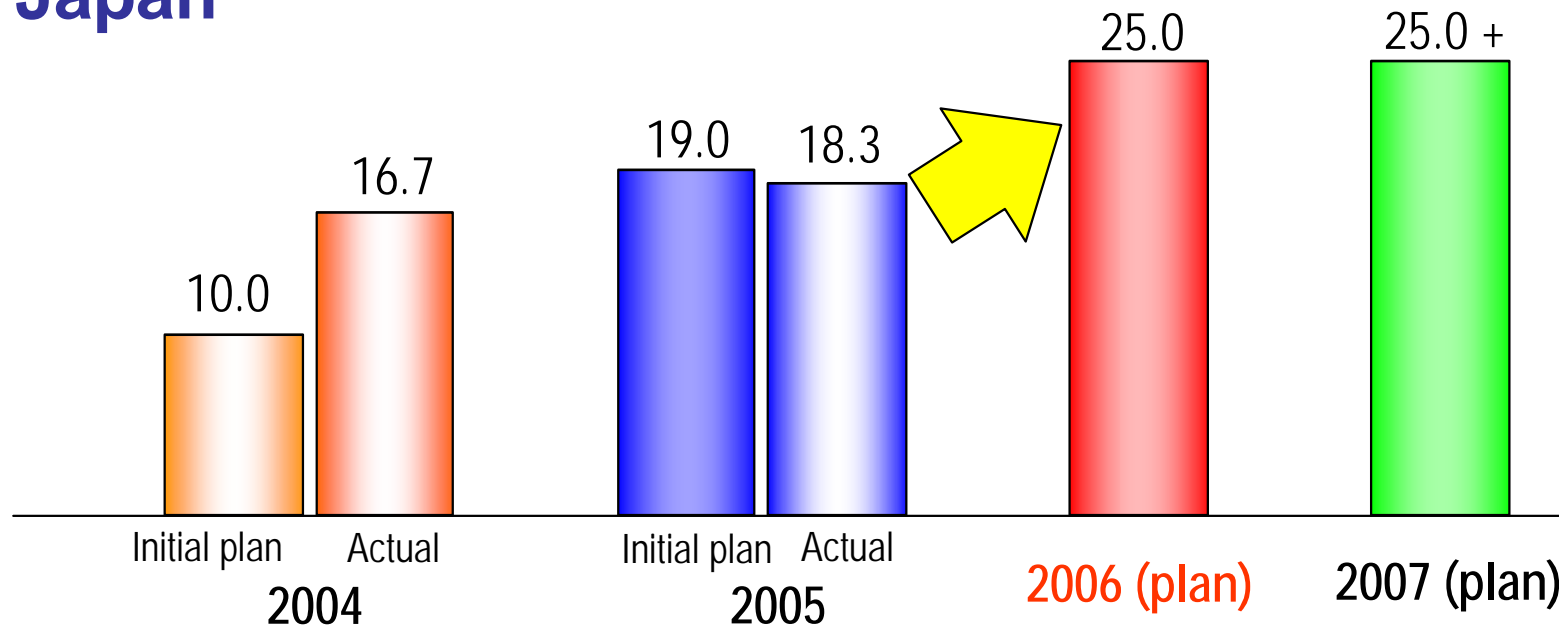
## CCWJ

CCNBC: Coca-Cola National Beverages Co., Ltd.  
CRP: Cost Reduction Program



## All Japan

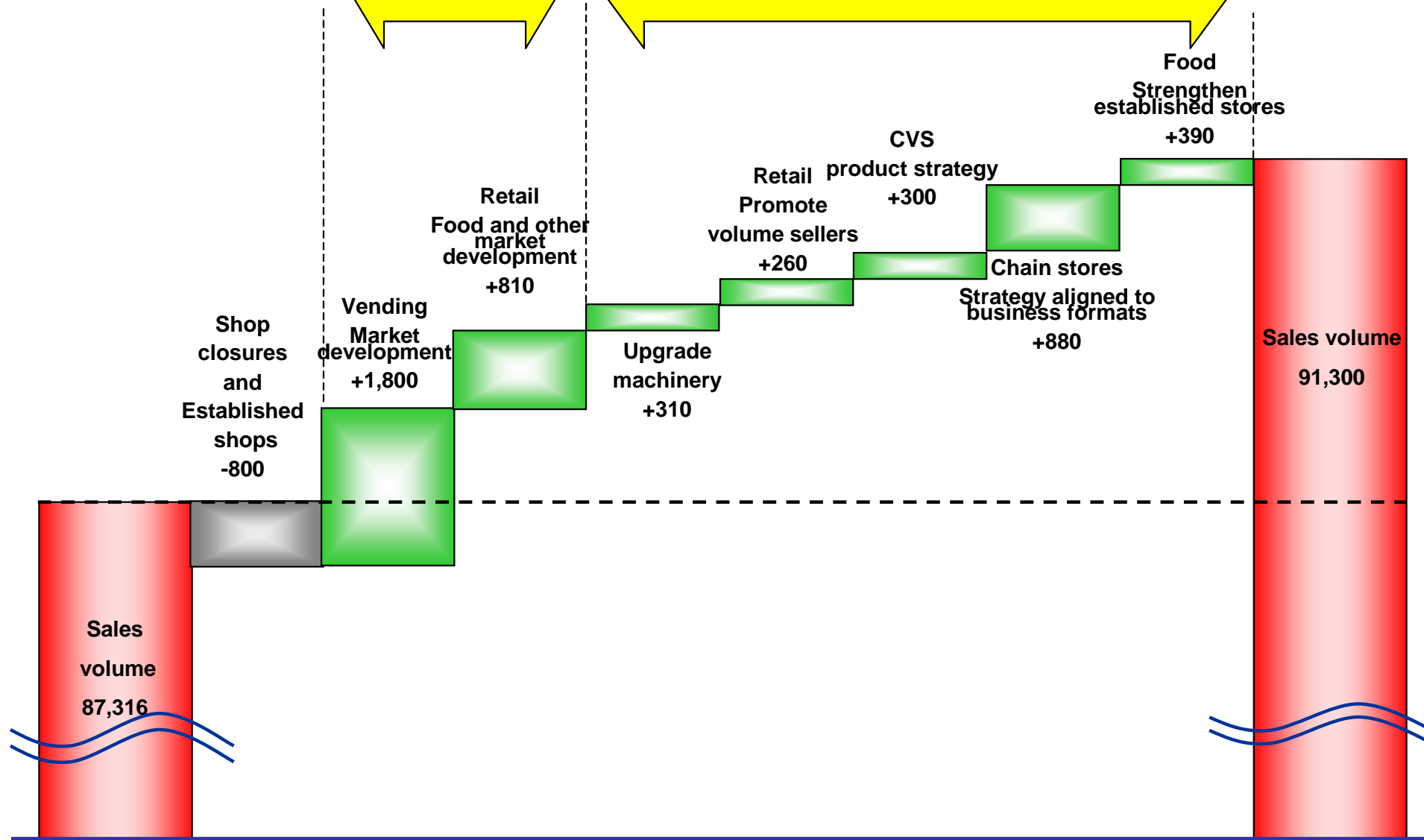
(billion yen)



# 2006 Sales Volume Achieving Scenario



(thousand cases)



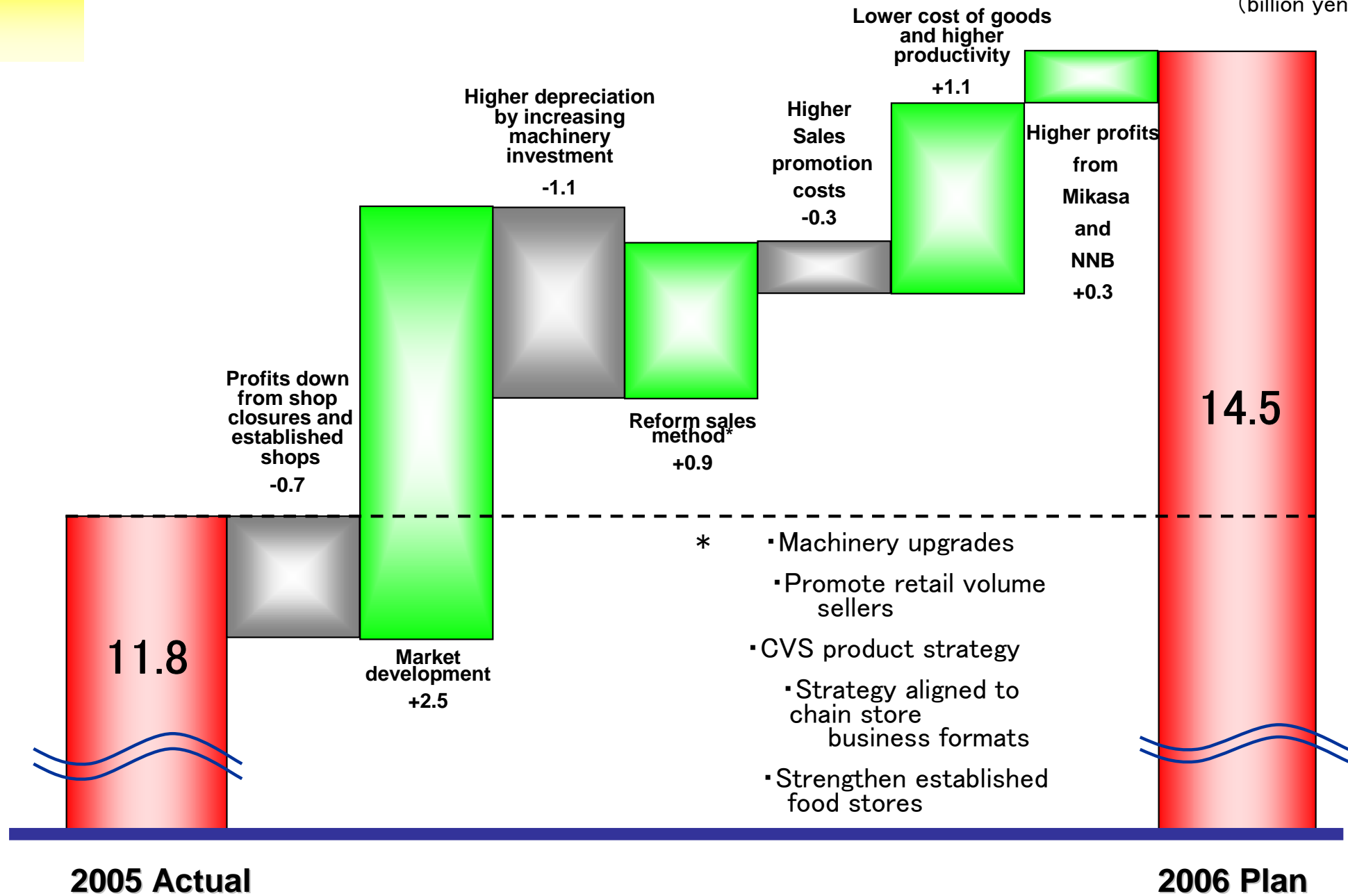
2005 Actual

2006 Plan

# 2006 Operating Profit Achieving Scenario



(billion yen)



## **IV. 2006 Marketing Plan**

# Review of Q4, 2005

# Beverage Market Growth in 2005



(All Japan Basis)

## Growth Rate by Category

Source: Inryo Soken

- Water and Sports showed high growth.

(percent)

	Total	Carb.	Coffee	Black Tea	Oolong tea	Japanese Tea	Sports	Water
Q4	+2	-3	+3	+6	-5	+1	+9	+15

## Growth Rate by Maker

- KO sales decreased by 1% in Q4, but increased by 1% annually.
- Itoen and Asahi sales continued growing after the January to September period.

(percent)

	Jan-Sep	Oct	Nov	Dec	Q4	Year
Total	+2	+6	+1	-2	+2	+2
KO	+2	+5	-1	-5	-1	+1
Suntory	+2	+4	+2	-1	-0	+1
Kirin Bev	+1	+5	-2	+3	+2	+1
Itoen	+11	+16	+11	+8	+5	+10
Asahi	+10	+14	+14	+4	+10	+10

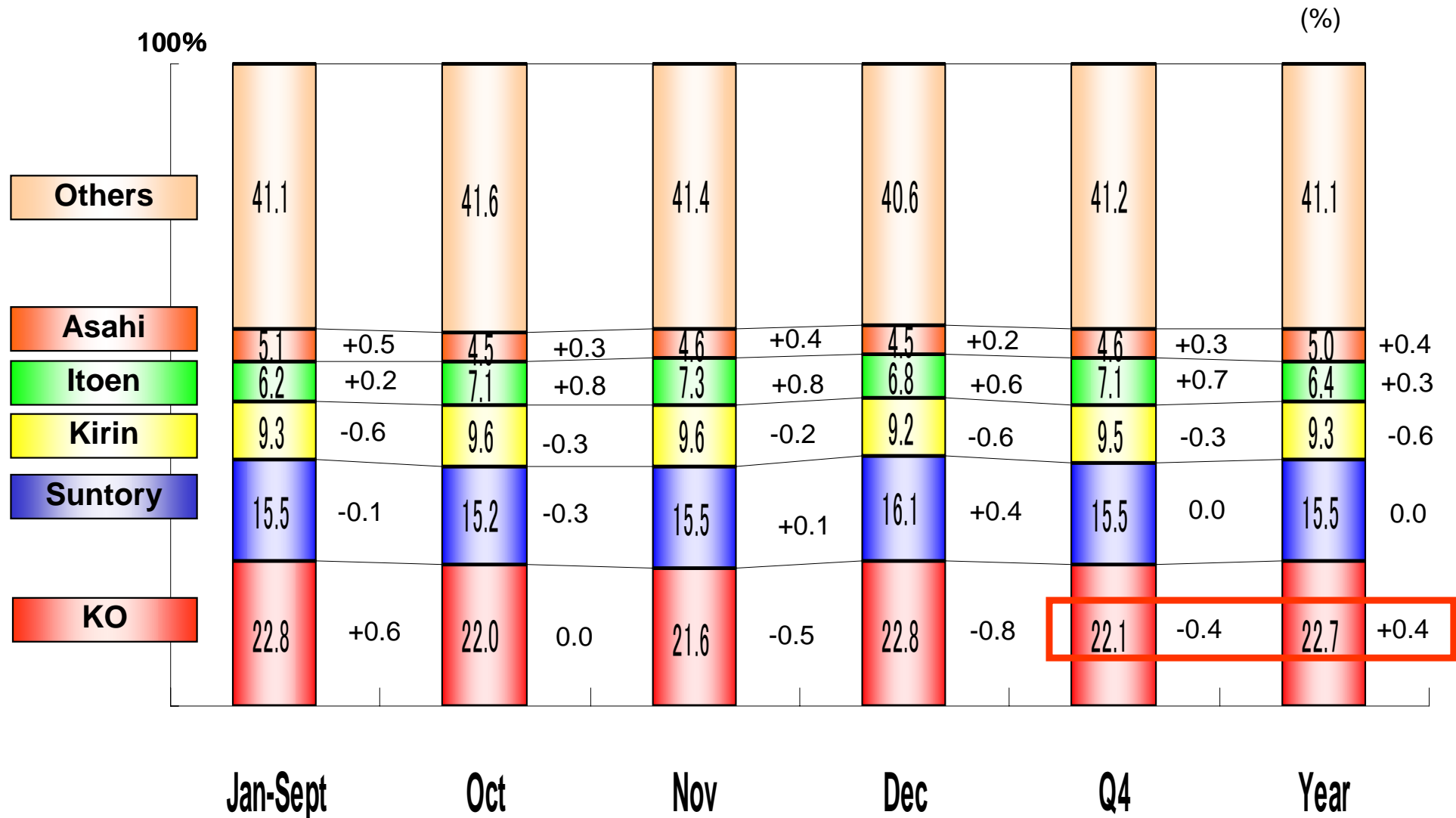
# 2005 Market Share (All Japan)



## OTC Market Share (excluding Vending Machine)

Source: Intage

➤ KO lost share in Q4 but gained share for full year.



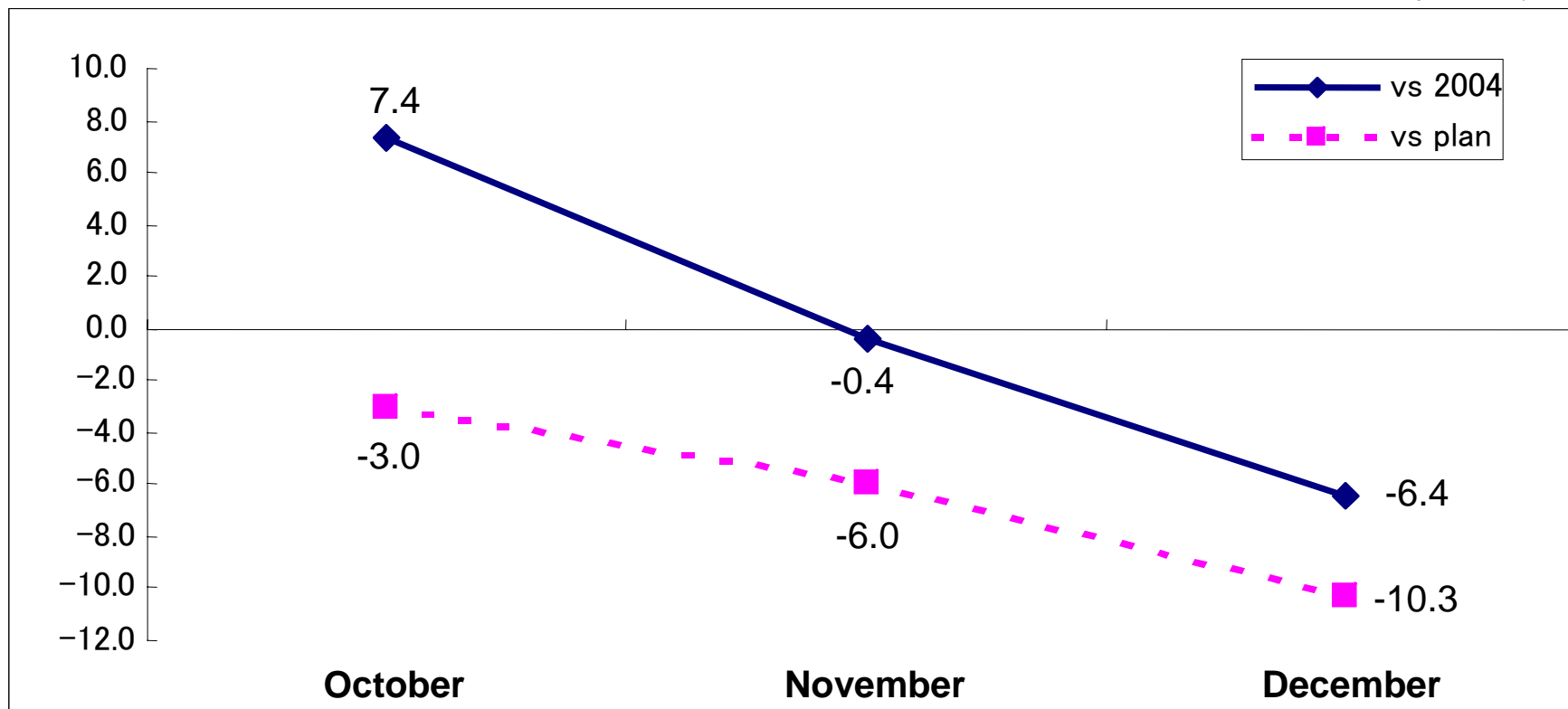
# 2005 Sales Volume – Q4 & Full Year



(thousand cases, %)

	2004 Actual	2005					
		Plan	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
October	6,629	7,338	7,118	-220	-3.0	+489	+7.4
November	6,407	6,783	6,378	-405	-6.0	-28	-0.4
December	7,156	7,469	6,700	-769	-10.3	-457	-6.4
Q4	20,193	21,590	20,196	-1,394	-6.5	+4	+0.0
Full Year	87,096	88,710	87,316	-1,394	-1.6	+221	+0.3

(percent)







# Q4 Sales by Brand

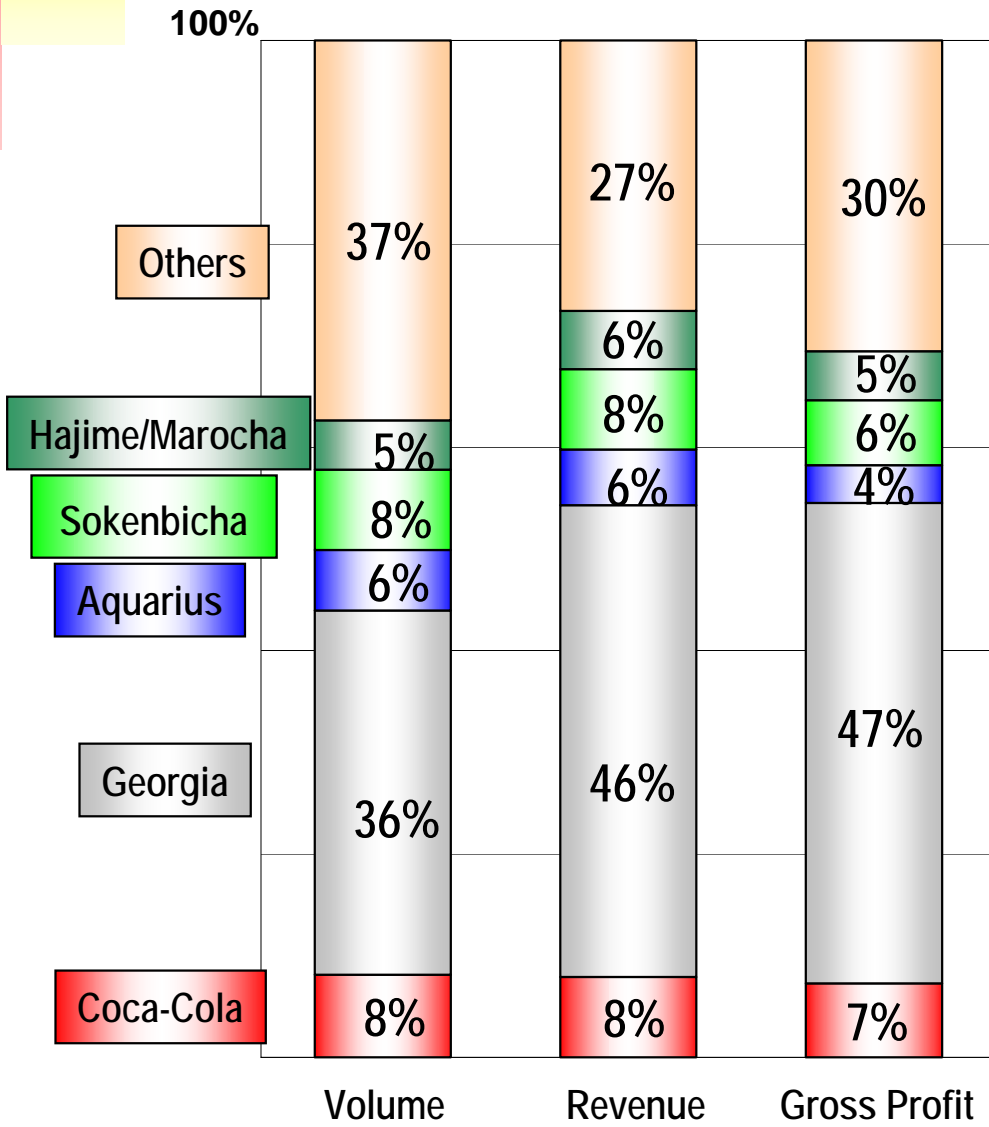


- vs. plan: Sales of all flagship brands fell (representing 80% of total reduction)
- vs. PY: Hajime sales rose, but were offset by Sokenbicha's drop

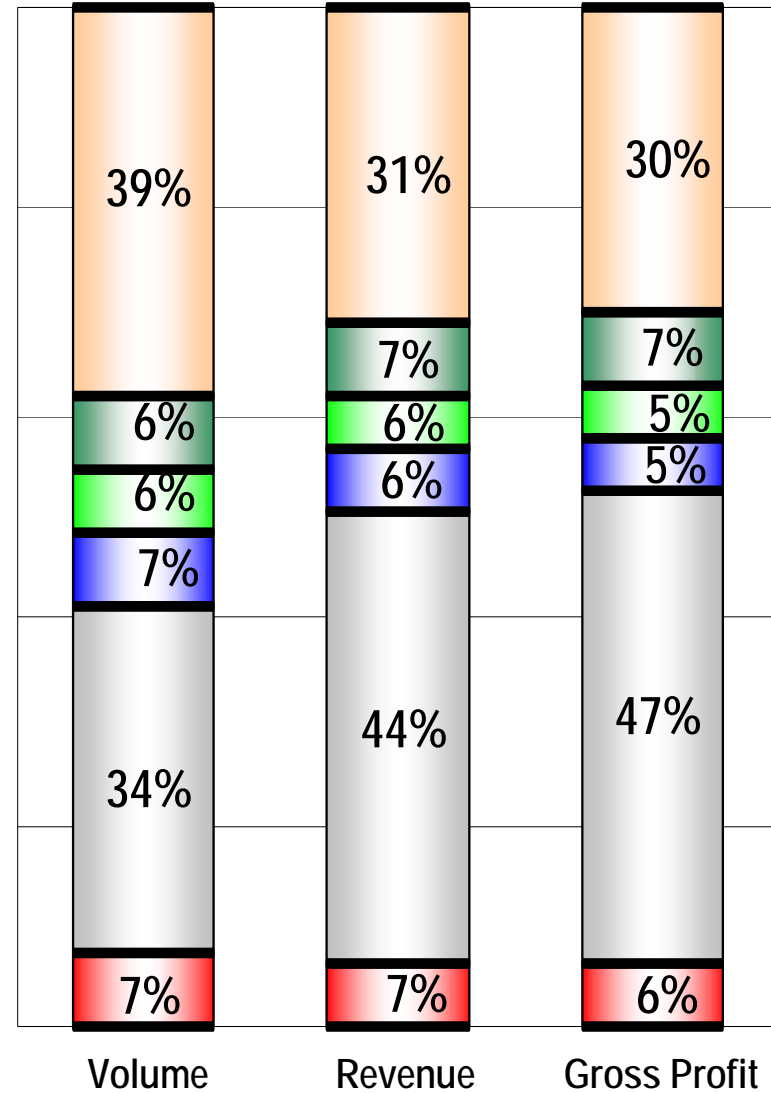
(thousand cases, percent)

	2005 Q4 Actual	Change vs. plan		Change vs. PY		All Japan vs. PY
		%	Q'ty	%	Q'ty	
★ Coca-Cola	1,510	-10.7	-180	-6.2	-99	-6.2
★ Georgia	6,925	-6.3	-465	-4.1	-296	-4.5
★ Sokenbicha	1,267	-14.4	-213	-20.7	-331	-18.9
★ Hajime	1,284	-4.2	-56	+29.8	+295	+21.7
★ Aquarius	1,435	-12.0	-195	+16.5	+203	+18.0
Qoo	398	+13.2	+46	-3.8	-16	-9.8
Mori-no-Mizu	522	+21.3	+92	+32.0	+126	+21.2
Others	6,856	-5.8	-423	+1.8	+121	-3.0
<b>Total</b>	<b>20,196</b>	<b>-6.5</b>	<b>-1,394</b>	<b>+0.0</b>	<b>+4</b>	<b>-0.8</b>
★ <b>Flagship brand total</b>	<b>12,421</b>	<b>-8.2</b>	<b>-1,109</b>	<b>-1.8</b>	<b>-228</b>	<b>-1.7</b>

# Brand Share - Volume/Revenue/Gross Profit



2004 Q4 Actual



2005 Q4 Actual

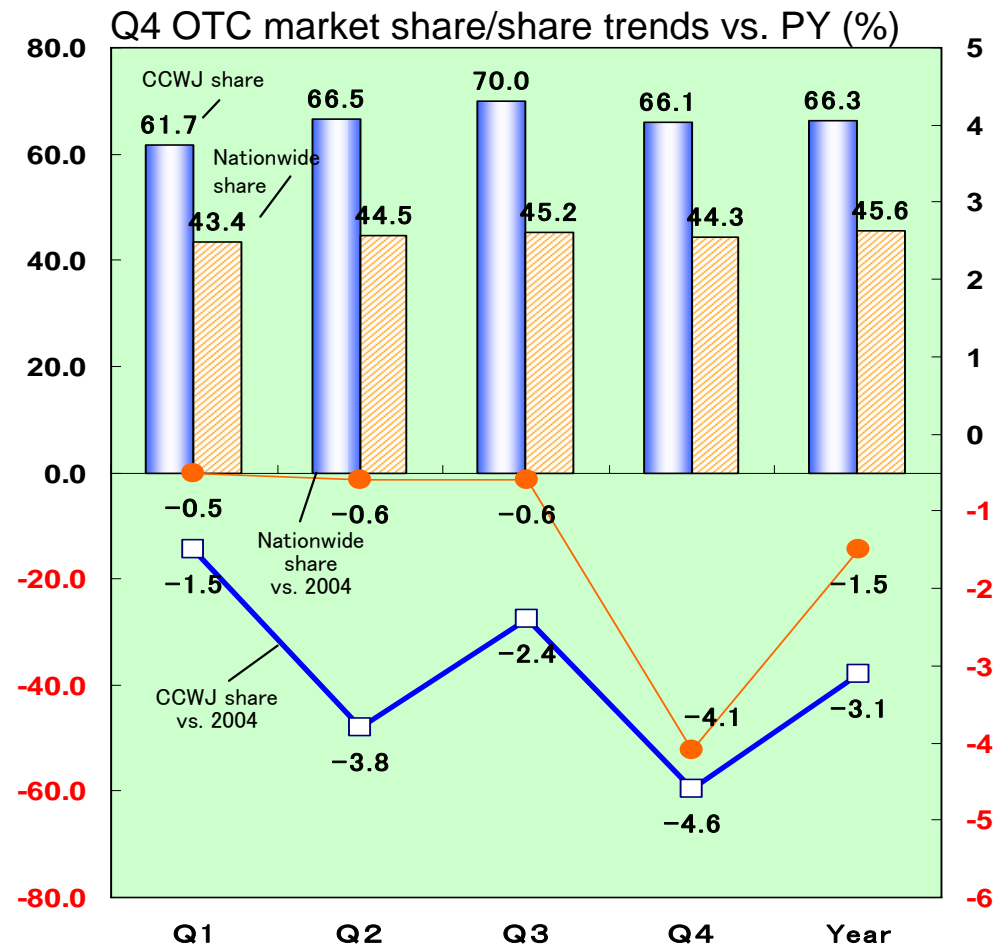
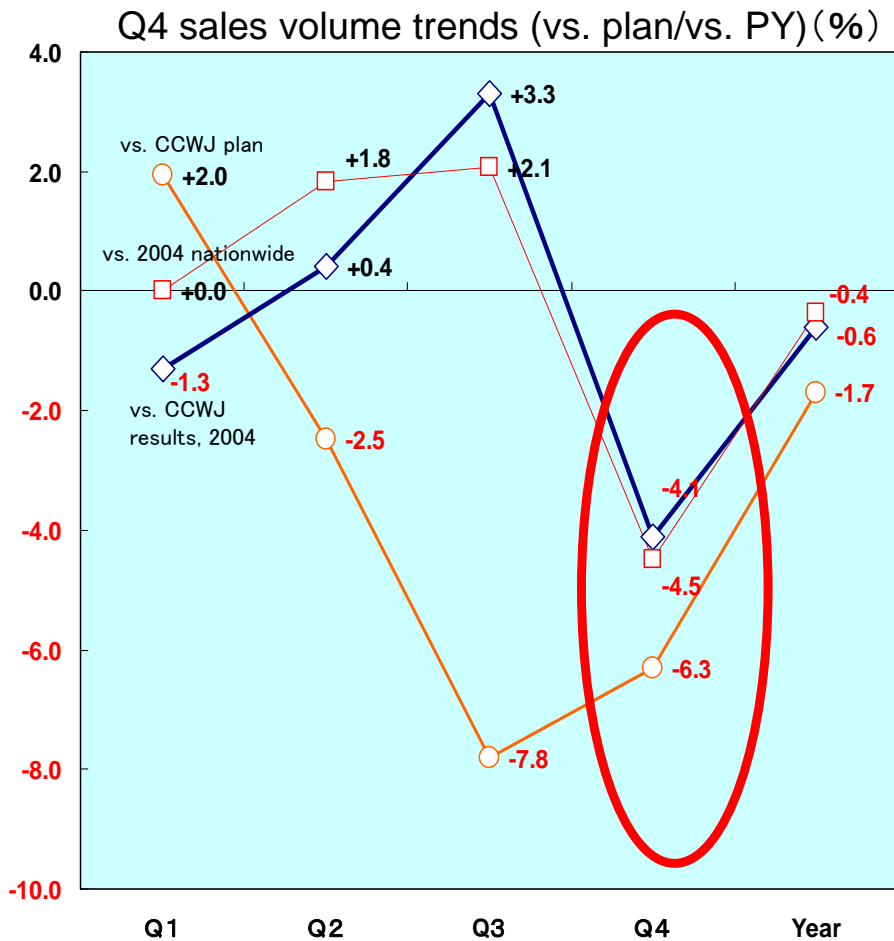
# Georgia Sales



- Sales fell sharply compared to 2004, despite a new campaign and graphics makeover in September.
- A drop in market share on an annual basis was worse than that for all Japan market, although CCWJ still maintains higher market share.

Source: DDIS

Source: Intage



# Assessment of Georgia's new campaign

## New campaign & graphics makeover

"I do it my way!"

### Basic strategy

- Attracting young consumers and maintaining and expanding older consumer share
- New volume zone expansion

### Target consumers

- Men in 30s and 40s (established)
- ⇒ men & women in 20s and 30s

Before makeover



After makeover



## Consumer survey

Source: Coca-Cola Japan

### Change in purchasing opportunities (All Japan)

**Fewer purchasing opps. for users aged 30+**

	Males 20-29	Males 30-39	Males 40-49
Georgia	+3.0	-1.3	-1.5
Boss	+0.5	+3.8	+2.8
Wanda	+0.4	+0.3	+2.4
Fire	+0.5	-0.0	-1.5

### Consumer index (All Japan)

**Advertising recognition, brand recognition, and intent to buy all down from Q4, 2004**

	Advertising recognition		Brand recognition		Purchasing intention	
	%	Change from Q4, 2004	%	Change from Q4, 2004	%	Change from Q4, 2004
Georgia	38.2	-8.7	60.2	-5.6	55.0	-3.7
Boss	28.3	-10.2	51.8	-9.9	40.3	-4.9
Wanda	14.8	+3.8	22.4	+5.8	17.6	+4.1
Fire	7.6	-3.5	13.8	-5.2	19.5	-0.8

# Hot Products

- Number of hot drink SKUs introduced in 2005 increased from 12 to 18, achieving a full lineup.
- Q4 sales soared from 689,000 cases in 2004 to 1,085,000 cases in 2005.

	Q4, 2004	Q4, 2005	Change
No. of SKUs	12	18	+6
Sales (cases)	689,000	1,085,000	+396,000

\* Hot drink brands only

## Hot drinks sales from full-service VMs

- Hot drink sales grew steadily from November, as the weather grew colder.
- Cold drink sales fell dramatically, leading to a fall in total sales.

(thousand cases)

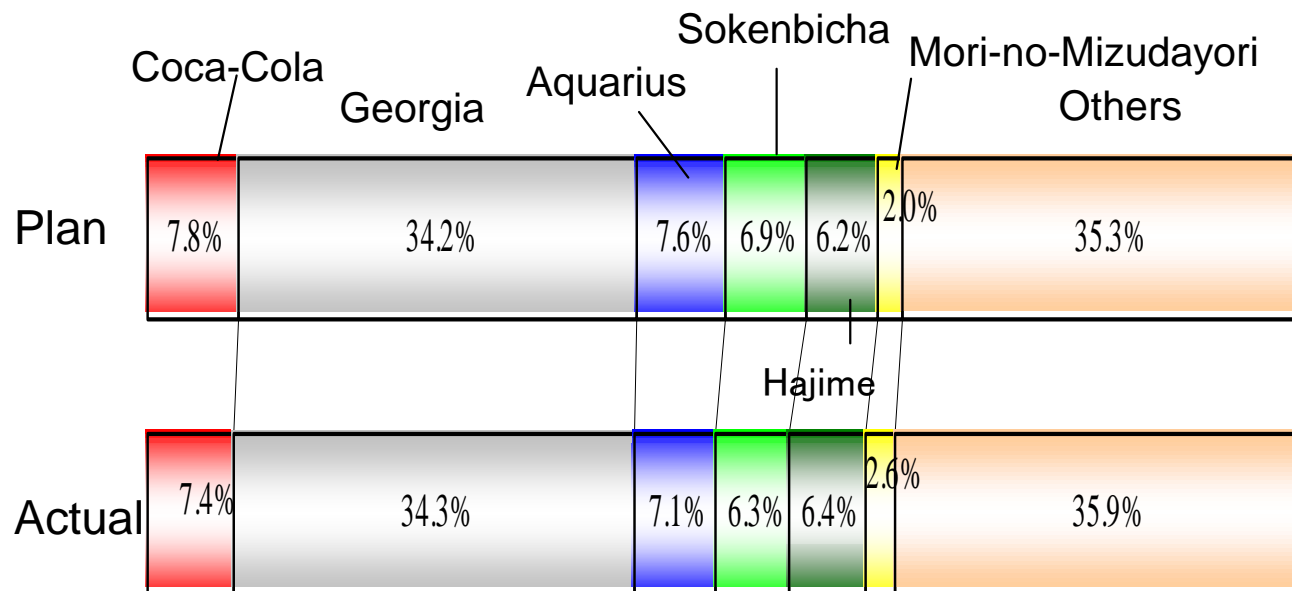
		Oct.	Nov.	Dec.	Q4 total
2005	Hot	321	928	1,319	2,568
	Cold	2,004	1,168	691	3,862
	Total	2,325	2,095	2,010	6,430
Hot distribution ratio		13.8%	44.3%	65.6%	39.9%

		Oct.	Nov.	Dec.	Q4 total
vs. 2004	Hot	-57	+97	+213	+252
	Cold	+321	-51	-198	+72
	Total	+264	+45	+15	+324
distribution ratio vs. 2004		-4.6%	+3.7%	+10.2%	+2.0%

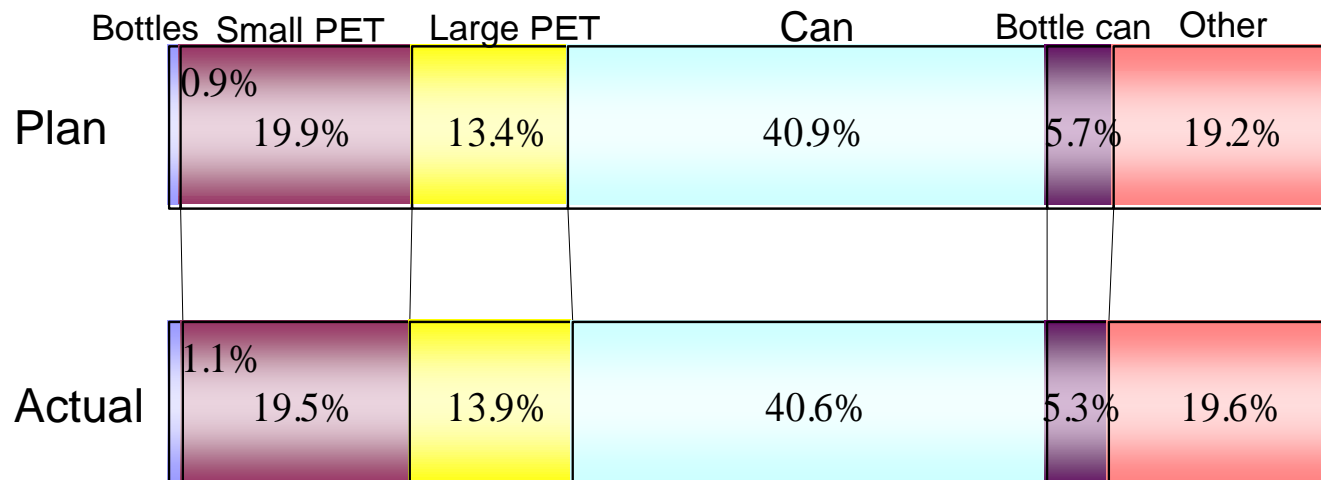
## 2005 Q4 Actual vs. Plan

### Brand



- Mori-no-Mizudayori share rose
- Aquarius & Sokenbicha shares fell

### Package



- Large PET share rose
- Small PET and can shares fell

# Q4 Sales by Channel



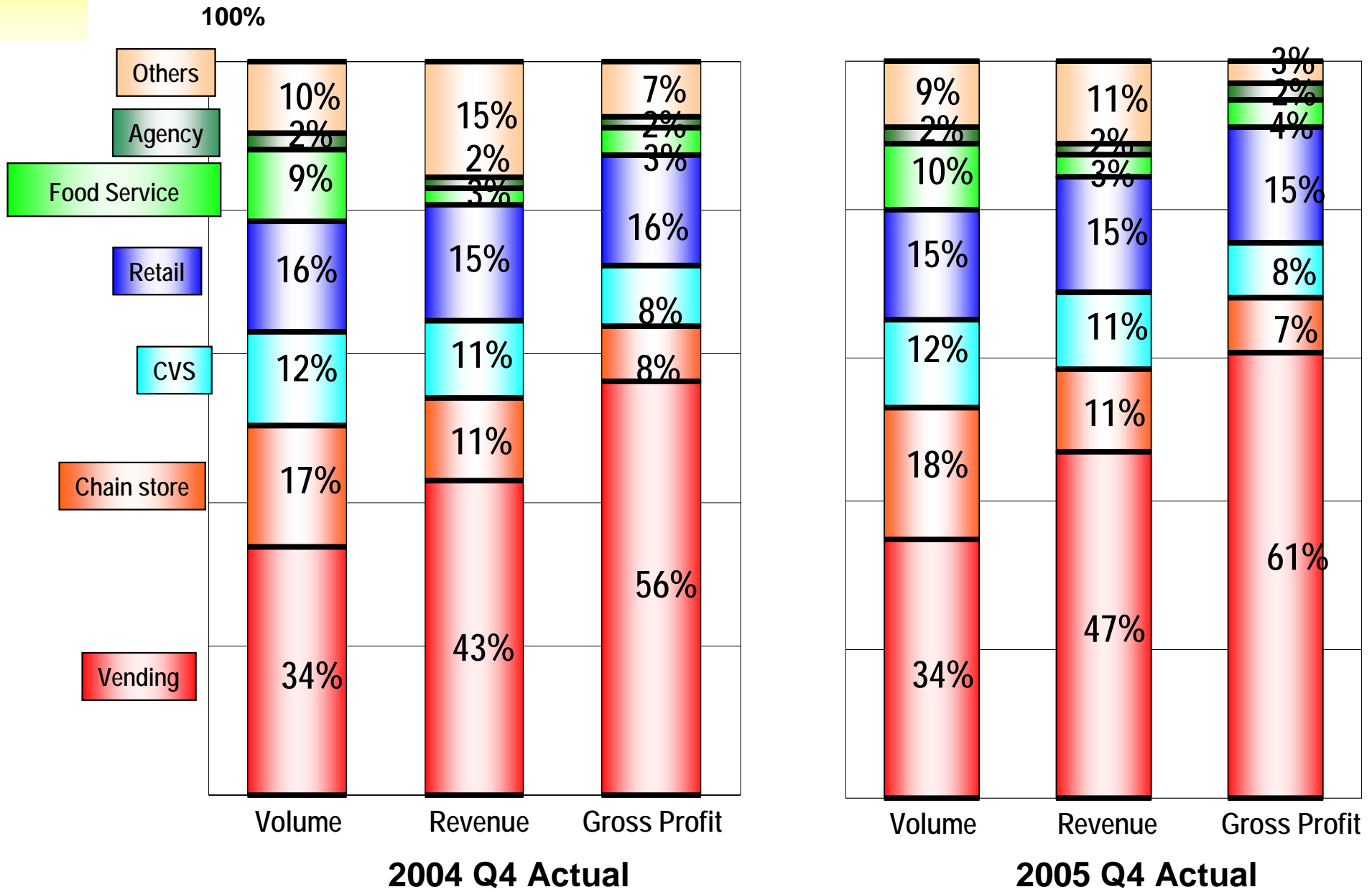
- vs. plan: No channel achieved plan
- vs. PY: Chain stores put in a strong performance as sales rose 8.0%

(thousand cases, percent)

	Actual	Change vs. plan		Change vs. PY	
		%	Q' ty	%	Q' ty
Vending	7,025	-2.7	-195	+2.5	+173
Chain stores	3,643	-7.3	-287	+8.0	+269
Convenience stor	2,434	-7.1	-186	-0.8	-21
Retail	2,976	-10.6	-354	-5.4	-171
Food services	1,923	-8.4	-177	+0.5	+10
Agencies	418	-9.2	-42	+2.0	+8
Others	1,777	-7.9	-153	-13.0	-266
<b>Total</b>	<b>20,196</b>	<b>-6.5</b>	<b>-1,394</b>	<b>+0.0</b>	<b>+4</b>



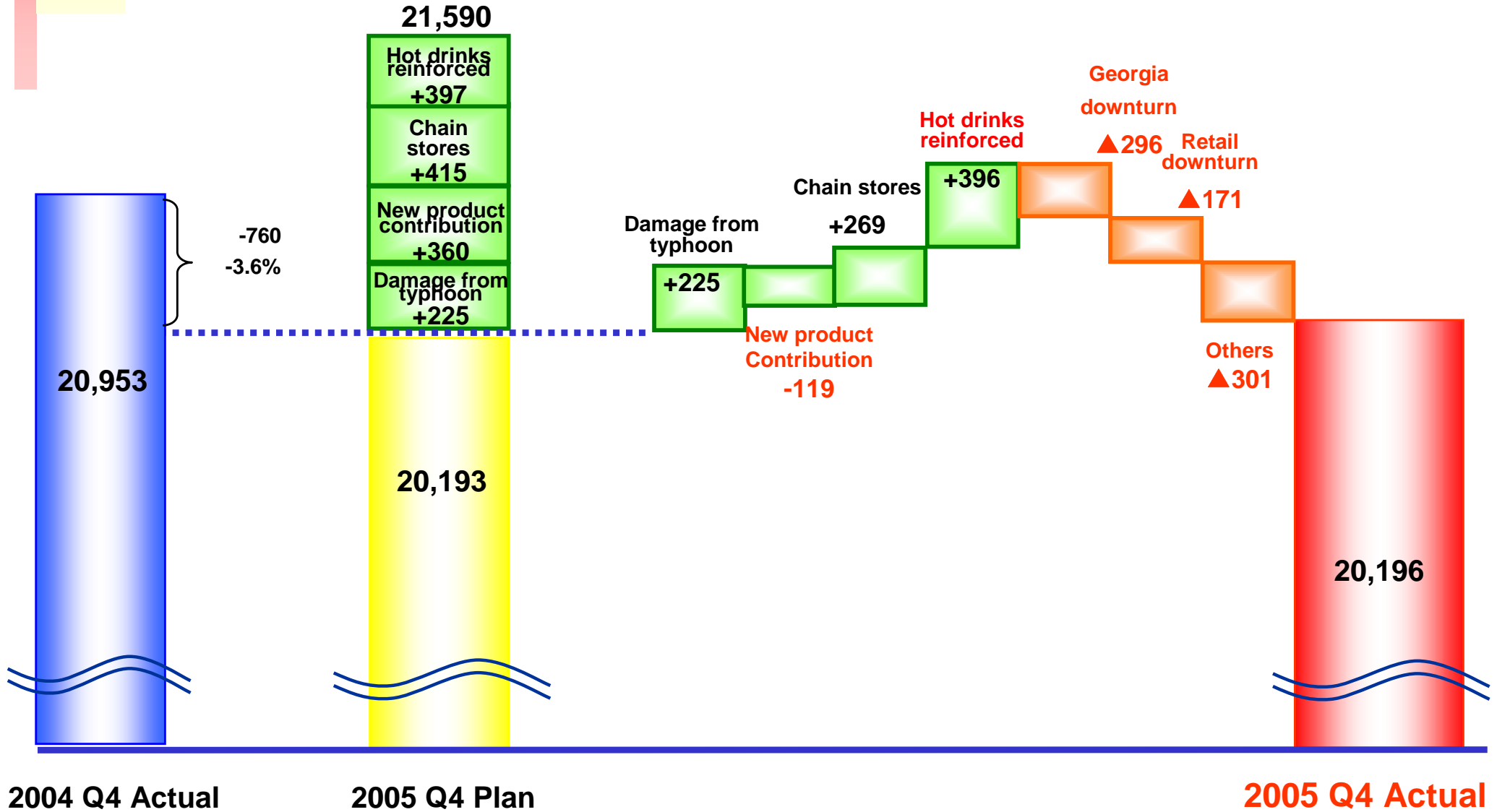
# Channel Share - Volume/Revenue/Gross Profit



# 2005 Q4 Actual Results vs. Plan



(Sales volume in thousand cases)

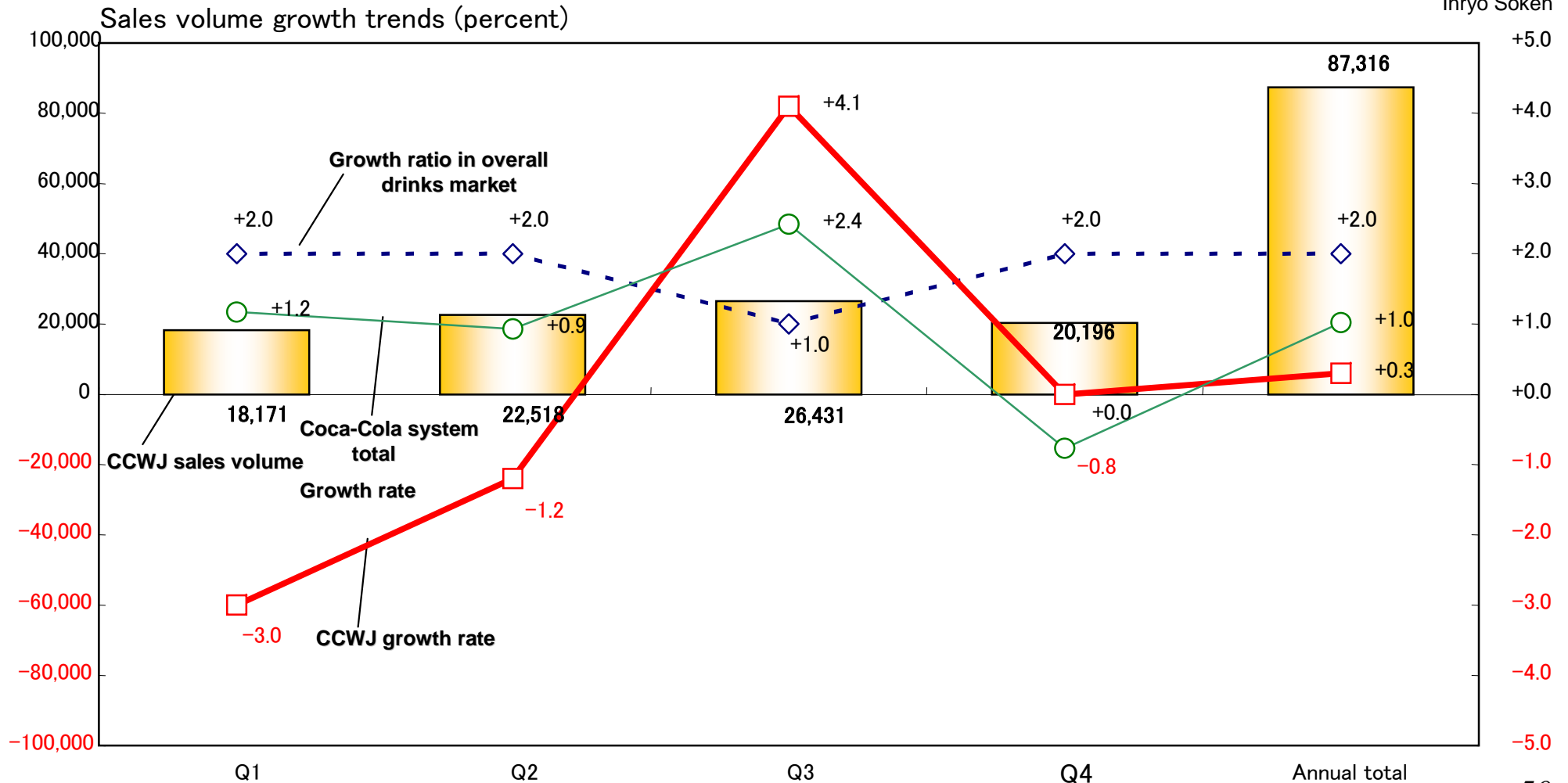


# Overview – Sales Volume Trends



- Q1 and Q2 saw dramatic falls in growth compared with the Coca-Cola system and the market as a whole.
- Q3 growth outperformed the overall market, with the result that the second half gains offset the first half losses, resulting in the positive annual growth.

Source: DDIS  
Inryo Soken



# 2006 Marketing Plan

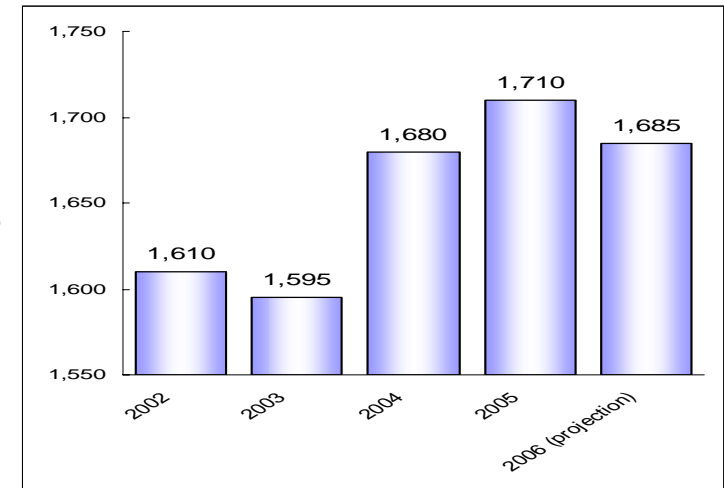
## 1) Market growth forecast

-1.5% (approx. 1,685 million cases)

Main causes

- ◇ Weather causes—reaction to two consecutive hot summers
- ◇ Less introduction of new products by each maker

Source: Inryo Soken  
(Million cases)



Source: Announcements by individual companies

## 2) Major competitors' forecast

- ✓ Expand non-sugar tea and water
- ✓ Focus on makeover of existing brands

	Suntory	Kirin	Asahi
2006 target	+2%	+3%	+3%
strategy	Promote and grow established brands	Promote existing brands	Secure sale of core brands

## Basic Strategy

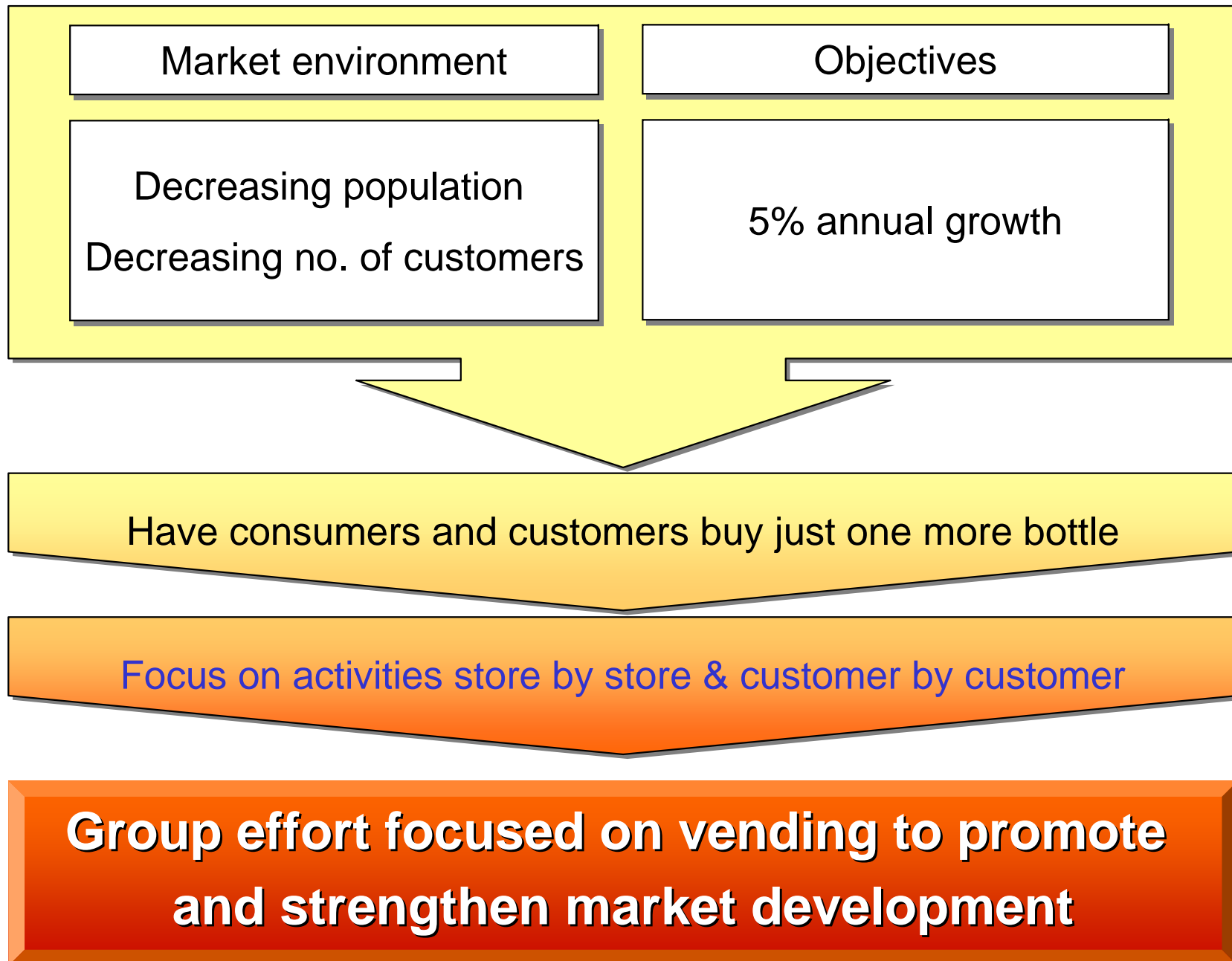
**Sales RfW II: “GET No.1”**

## Basic Policies

**Strengthen market development**

**Marketing transformation**

**Improve productivity**

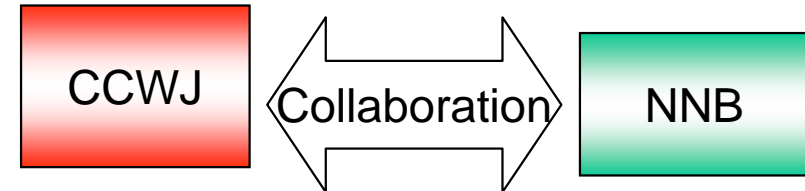


## 1) Strengthen the organization

- ✓ Increase headcount in Market Development

142 in 2005 ⇒ 225 in 2006 (+83)

- ✓ Promote development collaboration with Nishi Nihon Beverages (NNB)



Target for VM development  
(no. of machines)

	CCWJ	NNB	Total
No. of VMs	15,700	2,400	18,100
vs. 2005	+4,800	+200	+5,000

\*Net increase: 5,000 VMs

Performance target through net increase of VMs



(thousand cases, million yen)	Target
Sales volume	1,600
Net sales	4,830
Gross profit	2,680



## 2) Promote new development model

a. Systematic effort to create value-added development model

- ✓ VMs that contribute to locality (support & disaster-response): Invest in 750 units during 2006

	Support-type VMs	Disaster response-type VMs
<b>Program</b>	<ul style="list-style-type: none"> <li>• Provide funds to local sports groups out of sales proceeds</li> <li>• Promote exclusive contracts with specific sports groups</li> </ul>	<ul style="list-style-type: none"> <li>• VMs dispense drinks free of charge during disasters and emergencies</li> <li>• Promote exclusive contracts with administrative bodies</li> </ul>
<b>VMs developed by 2005 end</b>	<ul style="list-style-type: none"> <li>• No. of sports groups: 11 (370 VMs)</li> <li>• No. of tourist locations: 4 (30 VMs)</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative bodies: 61 VMs in 5 cities and 1 town</li> </ul>
<b>Examples of Development</b>	<p><b>Support VMs for Avispa Fukuoka</b></p> <ul style="list-style-type: none"> <li>✓ Develop Fukuoka City facilities in cooperation with Avispa Fukuoka soccer team</li> </ul>  <ul style="list-style-type: none"> <li>• Installed VMs: 121</li> <li>• Annual sales: 50,000 cases</li> <li>• Av. VPM*: sales: 413 cases</li> <li>• Potential sales: 150,000 cases from 300 units</li> </ul>	<p><b>Disaster response-type VMs in Yasuki City</b></p> <ul style="list-style-type: none"> <li>✓ Exclusive contracts from proposals of above features</li> </ul>  <ul style="list-style-type: none"> <li>• Installed VMs: 24</li> <li>• Annual sales: 9,000 cases</li> <li>• Average VPM sales: 375 cases</li> <li>• Potential sales: 9,000 cases from 30 units</li> </ul>





\*VPM: Volume Per Machine

# Vending Market Development



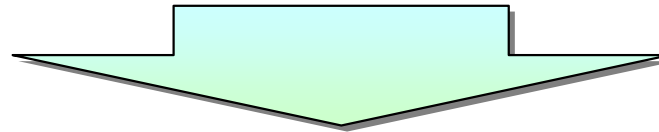
## 2) Develop business proposals to exploit IT VMs

Plan to install 7,200 IT-enabled units in 2006

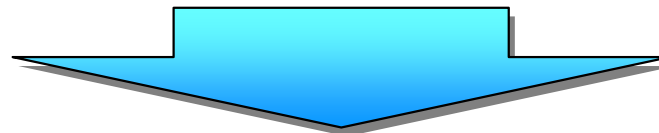
	Cmode2	Online VMs	KO-Cmo	Environmental response
				
<b>Targets</b>	Priority areas (stations & shopping areas) Entertainment facilities/ volume retailers / transport	Locations with large sales fluctuations	Priority areas (stations & shopping areas) Offices/factories/govt. offices	Offices/factories/govt. offices
<b>Proposal points</b>	Cashless functions Special image delivery Initiatives to gather consumers ( C-pon/timed service etc) Web-enabled (quick response for repair, etc.)	Web-enabled (quick response for repair, etc.)	Cashless functions Initiatives to gather consumers ( C-pon/timed service etc) Web-enabled (quick response for repair, etc.)	Reduce environmental burden (non-CFC) Support environmental management(energy saving)
<b>VMs at 2005 end</b>	1,071 units	11,700 units		
<b>Examples of developm ent</b>	<ul style="list-style-type: none"> <li>Focus installations on NTT DoCoMo's stores and major locations</li> <li>No. of installations: 220</li> <li>Av. VPM sales: 568 cases</li> </ul>	<ul style="list-style-type: none"> <li>More VMs installed at Toyota's Kyushu factory through proposal</li> <li>Sales: 49,000 cases from 33 VMs ⇒ 59,000 cases from 51 VMs</li> </ul>	<div style="background-color: #d9e1f2; padding: 20px; border: 1px solid black;"> <h3 style="margin: 0;">New installations in 2006</h3> </div>	

## ■ Changing market environment

- ✓ Shrinking retail store market & maturing VM market
- ✓ Expanding supermarkets and convenience stores
- ✓ Competitors' pursue & strengthen links with peers and different businesses



**Identify market changes and act promptly to respond to consumer and customer needs**



**Marketing transformation**

=

**Stick to basics**

=

**Ensure PDCA**

## Brand Priority







**Five major brands:  
Georgia, Coca-Cola, Aquarius, Sokenbicha, Hajime**

## Sales Budget by Brand (1<sup>st</sup> Half and Full Year 2006)

(thousand cases, %)

	1st Half 2006				Full Year 2006			
	Budget	Inc(Dec) vs. PY		Share	Budget	Inc(Dec) vs. PY		Share
		Q'ty	%			Q'ty	%	
Georgia	13,530	+370	+2.8	32.0	27,480	+1,160	+4.4	30.1
Coca-Cola	3,900	+290	+8.0	9.2	8,220	+350	+4.4	9.0
Aquarius	3,980	+490	+14.0	9.4	9,600	+800	+9.1	10.5
Sokenbicha	3,150	+210	+7.1	7.5	6,810	+440	+6.9	7.5
Hajime	3,080	+420	+15.7	7.3	6,690	+930	+16.1	7.3
Priority Brands	27,640	+1,780	+6.9	65.3	58,800	+3,680	+6.7	64.4
Water	930	-80	-7.6	2.2	2,710	+220	+8.8	3.0
Others	13,750	-70	-0.5	32.5	29,790	+90	+0.3	32.6
<b>Total</b>	<b>42,320</b>	<b>+1,630</b>	<b>+4.0</b>	<b>100.0</b>	<b>91,300</b>	<b>+3,990</b>	<b>+4.6</b>	<b>100.0</b>

## 3) Major initiatives by brand (1<sup>st</sup> half of 2006)

			New products
Priority Brands	<b>Georgia</b> 	<ul style="list-style-type: none"> <li>■ Systematically strengthen as pillar of sales and earnings.                             <ul style="list-style-type: none"> <li>✓ Start new advertising campaign (“dreams and Georgia in my heart”) (with Shinsuke Shimada)</li> <li>✓ Reactivate collaboration with CCJC and Minami-Kyushu CCBC</li> </ul> </li> </ul>	4
	<b>Coca-Cola</b> 	<ul style="list-style-type: none"> <li>■ Strengthen activities around Coca-Cola’s 120<sup>th</sup> anniversary and the World Cup                             <ul style="list-style-type: none"> <li>✓ Start new advertising campaign (“Coke, please”)</li> <li>✓ Implement “Coke Expo” for Coca-Cola’s 120<sup>th</sup> anniversary</li> <li>✓ Raise consumption frequency through World Cup promotion</li> </ul> </li> </ul>	6
	<b>Aquarius</b> 	<ul style="list-style-type: none"> <li>■ Maintain and expand volume share by strengthening brand value                             <ul style="list-style-type: none"> <li>✓ Strengthen Aquarius (Blue) and promote Active Diet</li> <li>✓ Announce two new Aquarius brand products</li> </ul> </li> </ul>	8
	<b>Sokenbicha</b> 	<ul style="list-style-type: none"> <li>■ Complete renewal of brand value                             <ul style="list-style-type: none"> <li>✓ Start new advertising campaign (“Power my Beauty”)</li> <li>✓ Renewal/new packages (“Fit bottle”)</li> </ul> </li> </ul>	 —
	<b>Hajime</b> 	<ul style="list-style-type: none"> <li>■ Expand volume share by strengthening brand power and acquiring &amp; increasing Hajime fan numbers.                             <ul style="list-style-type: none"> <li>✓ Upgrade Hajime lineup</li> <li>Enhance the fresh, young aroma and the natural tea taste</li> </ul> </li> </ul>	1
		Other	39
		Total	58

## Channel Priority

- ◆ Vending – main engine for sales and profit growth
- ◆ Chain store – expand sales with positive margin

## Sales Budget by Channel (1<sup>st</sup> Half and Full Year 2006)

(thousand cases, %)

	1st Half 2006				Full Year 2006			
	Budget	Inc(Dec) vs. PY		Share	Budget	Inc(Dec) vs. PY		Share
		Q'ty	%			Q'ty	%	
Vending	14,590	+690	+5.0	34.5	31,280	+1,670	+5.6	34.3
Chain Store	8,350	+650	+8.4	19.7	18,550	+1,190	+6.9	20.3
CVS	5,020	+150	+3.1	11.9	10,510	+410	+4.0	11.5
Retail	6,430	-80	-1.2	15.2	13,650	+120	+0.9	15.0
Food Service	3,720	+130	+3.5	8.8	8,310	+450	+5.7	9.1
Distributor	860	+40	+5.3	2.0	1,870	+100	+5.5	2.0
Others	3,350	+50	+1.4	7.9	7,130	+50	+0.8	7.8
<b>Total</b>	<b>42,320</b>	<b>+1,630</b>	<b>+4.0</b>	<b>100.0</b>	<b>91,300</b>	<b>+3,990</b>	<b>+4.6</b>	<b>100.0</b>

## Basic policies

Strengthen  
market  
development

Strengthen market development by concentrating CCWJ group efforts

Marketing  
transformation

Advance VM marketing  
(develop IT-enabled column management)

Vertical expansion at prime locations  
(strengthen account management)

Improve  
productivity

Improve service efficiency to maintain high-quality operations

Exploit systematic PDCA and IT

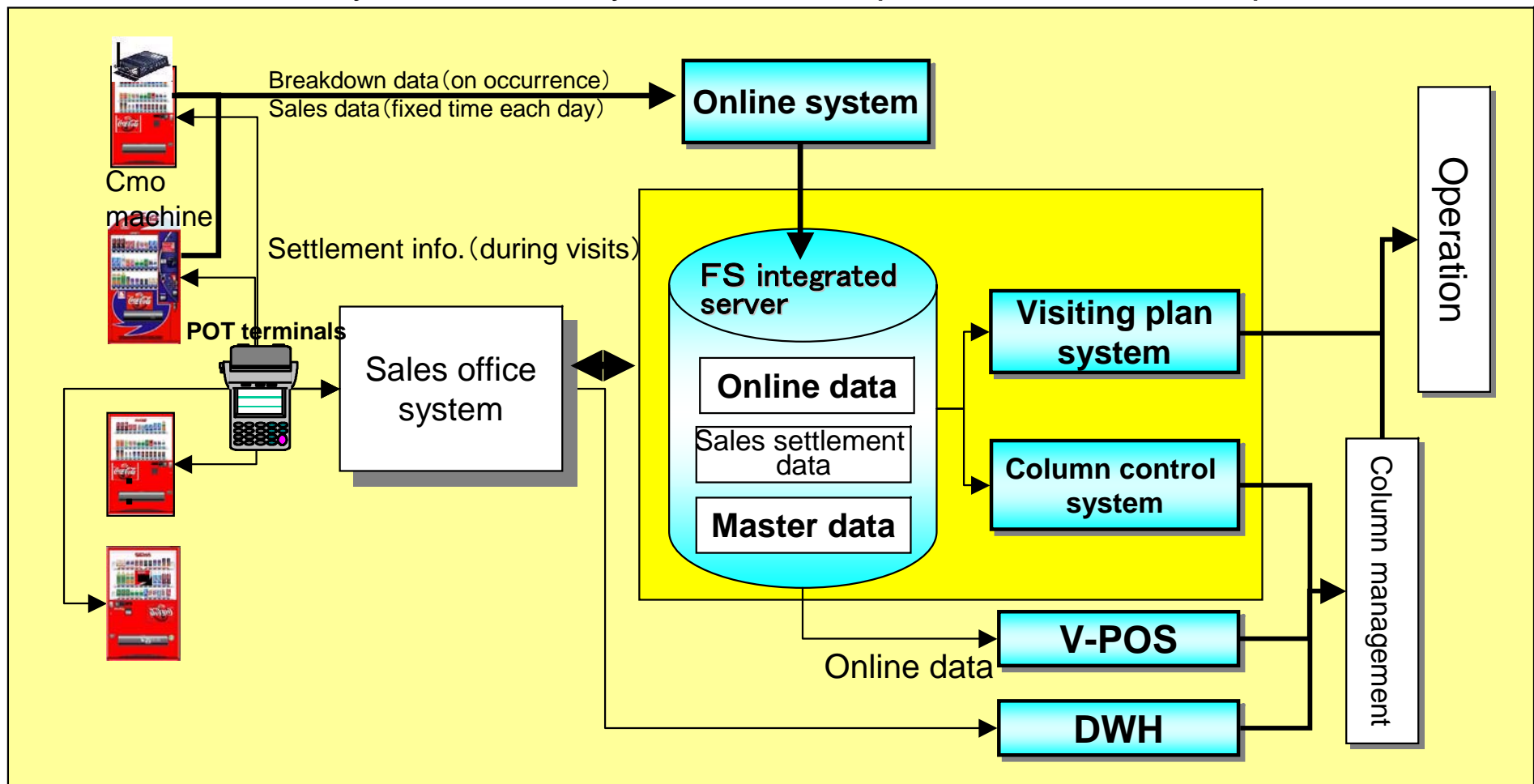
## 1) Strengthen VM marketing

- sales contribution: +1% (+300,000cases annually)

- ✓ Develop column management exploiting IT

General image of IT-enabled VMs

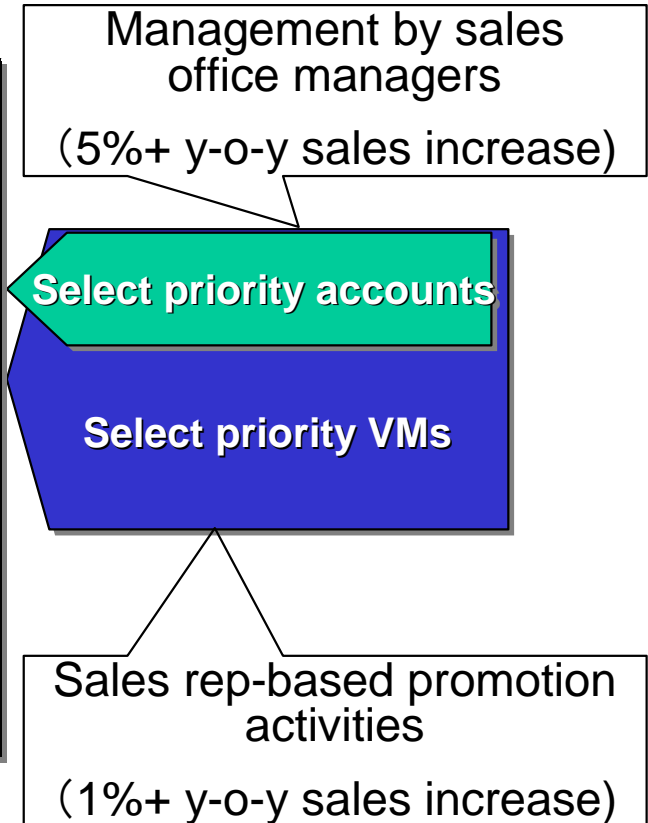
- Business system that analyzes consumer preferences for better promotion





## 2) Vertical expansion at prime locations: Annual sales contribution of 400,000+ cases

	Distribution ratio		
	Account nos.	VM nos.	Sales
A rank	18%	33%	59%
B rank	37%	32%	28%
C rank	46%	35%	13%
Total	100%	100%	100%



## 2005 structural reform project theme

## Basic policies

- Sales methods suitable to customers and/or markets
  - ✓ Marketing analysis mechanisms
  - ✓ Pricing policies and service levels
- Scenarios to achieve plans and targets
- Inefficient structure
  - ✓ Time productivity
  - ✓ Cost effectiveness
- Business model standardization and KBI development
  - ✓ Manage PDCA cycle for each business type
- Details and conditions of costs and activities

Marketing transformation

“Ten-round 10

**Achieve and promote CBPPP strategy from consumer perspectives**

**Strengthen customer management**

**Improve individual and organizational merchandising skills**

Improve productivity

**Improve productivity by migrating to a new sales structure**

Infrastructure

**Prepare infrastructure for better monitoring of KBIs\*, performances, and market conditions**

Exploit systematic PDCA and IT

\*KBI: Key Business Indicator—Numerical expression of the content of individual daily activities and their effects (effect measurement indices)

## 1) Achieve and promote CBPPP strategies from consumer perspectives

CBPPP: Channel, Brand, Package, Price, Promotion

<span style="border: 1px solid red; border-radius: 50%; padding: 2px;">C</span> <b>Category</b>	GMS	SM	DS/HC	Drugstores
<b>Store type</b>	Weekend	Upscale, casual, and CVS	Discount	Urban, neighborhood, and suburb
<span style="border: 1px solid red; border-radius: 50%; padding: 2px;">B</span> <b>Brand</b>	Position for brand value and category and develop in proportion to advertising investment			
<span style="border: 1px solid red; border-radius: 50%; padding: 2px;">P</span> <b>Package</b>	Package mix decisions based on customers' purchasing activities			
<span style="border: 1px solid red; border-radius: 50%; padding: 2px;">P</span> <b>Price</b>	Manage systematically based on competitive edge to rivals and price elasticity			
<span style="border: 1px solid red; border-radius: 50%; padding: 2px;">P</span> <b>Sales promotion</b>	Invest in and promote far-reaching equipment and materials to stimulate consumers' purchasing appetite			
<b>Place of purchase</b>	Reform to price-conscious sales method by creating 6 high-quality purchasing locations			

GMS: General Merchandise Store— large volume sellers of daily goods

SM: Supermarket— retail store selling mainly food and drink products

DS: Discount Store— retail store characterized by low-price sales

HC: Home Center— retail store selling products relating to sundries and domestic appliances

## 2) Strengthen customer management

### a. Diamond merchandising\* for top 30 customers

- CCWJ's top 30 customers by sales volume
- Account for 50% of total Chain Store sales
- 8.6 % growth vs. 2005

\* Diamond merchandising: Characterized by company-to-company cooperative efforts with points of contact at many levels rather than, as before, individual sales representatives dealing with individual customer buyers.

### b. Optimize resource allocation to top 50 customers

- Top 50 customers by sales volume (including top 30 customers)
- Account for 57% of total Chain Store sales
- 7.7% growth vs. 2005

### c. Establish PDCA cycle for strategic stores from negotiations to execution

**a. Improve merchandising and logistics productivity (per capita sales) by 3%+**

**b. Create tools to raise productivity by utilizing IT**

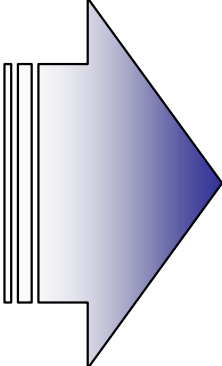
**c. Policies to reduce distribution costs**

- Reform sales & supply logistics to chain stores
- Reform operations relating to retail and vending channel

## Basic strategies and policies

### Sales RfW II: “GET No.1”

- Strengthen market development
- Marketing transformation
- Improve productivity

	2005 Actual		2006 Plan
Sales volume	87,316,000 cases		91,300,000 cases (+4.6%)
Net sales	yen245.8 billion		yen252.1 billion (+2.5%)
Market share	27.8%		28.9%(+1.1 percentage points)

# Appendix

# 2005 Non-consolidated Profit & Loss



## 1) Q4

(million yen, %)

	2004 Q4 Actual	2005 Q4					
		Plan *	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
Net sales	47,143	47,000	43,930	-3,069	-6.5	-3,212	-6.8
Operating income	2,515	3,500	2,702	-797	-22.8	186	7.4
Ordinary income	2,582	3,500	2,908	-591	-16.9	325	12.6
Net income	1,073	2,100	2,785	685	32.6	1,712	159.5

## 2) Full Year

(million yen, %)

	2004 Actual	2005					
		Plan *	Actual	vs. plan		vs. PY	
				inc(dec)	%	inc(dec)	%
Net sales	195,066	190,000	186,953	-3,046	-1.6	-8,113	-4.2
Operating income	15,024	12,700	11,857	-842	-6.6	-3,166	-21.1
Ordinary income	15,545	13,100	12,477	-622	-4.8	-3,068	-19.7
Net income	8,353	7,300	7,938	638	8.7	-414	-5.0

\* The plan figures above are based on the full-year projection announced on October 26, 2005.



# 2005 Sales by Brand



(thousand case, %)

	2005				
	Actual	vs. plan		vs. PY	
		inc(dec)	%	inc(dec)	%
Coca-Cola	7,867	-180	-2.2	-715	-8.3
Georgia	26,323	-465	-1.7	-160	-0.6
Aquarius	8,799	-195	-2.2	1,500	20.5
Sokenbicha	6,372	-212	-3.2	-1,195	-15.8
Hajime/Marocha	5,761	-56	-1.0	1,215	26.7
Sub-total	55,122	-1,108	-2.0	645	1.2
Mori-no-mizu	2,495	92	3.8	438	21.3
Others	29,699	-377	-1.3	-862	-2.8
Total	87,316	-1,394	-1.6	221	0.3

# 2005 Sales by Package



(thousand case, %)

		2005					
		Actual	vs. plan		vs. PY		
			inc(dec)	%	inc(dec)	%	
B t l	Returnable	592	13	2.3	-3	- 0.5	
	One way	333	7	2.0	-79	- 19.1	
	Sub-total	925	20	2.2	-82	- 8.1	
P E T	S	- 350ml	5,565	-4	- 0.1	779	16.3
		- 500ml	11,886	-348	- 2.8	440	3.8
	L	- 1000ml	1,039	46	4.6	451	76.8
		- 1500ml	3,950	13	0.3	-146	- 3.6
		- 2000ml	8,753	-144	- 1.6	298	3.5
	計	31,193	-438	- 1.4	1,822	6.2	
C a n	- 200ml	23,555	-493	- 2.1	-1,367	- 5.5	
	- 250ml	3,305	43	1.3	905	37.7	
	- 280ml	3,161	-54	- 1.7	-413	- 11.6	
	- 350ml	1,346	-147	- 9.8	-363	- 21.2	
	- 500ml	1,751	21	1.2	415	31.1	
	Sub-total	33,118	-630	- 1.9	-823	- 2.4	
Bottle can		6,125	-155	- 2.5	-205	- 3.2	
Others		760	23	3.2	62	8.9	
Syrup, powder, food		15,195	-215	- 1.4	-554	- 3.5	
Total		87,316	-1,394	- 1.6	221	0.3	

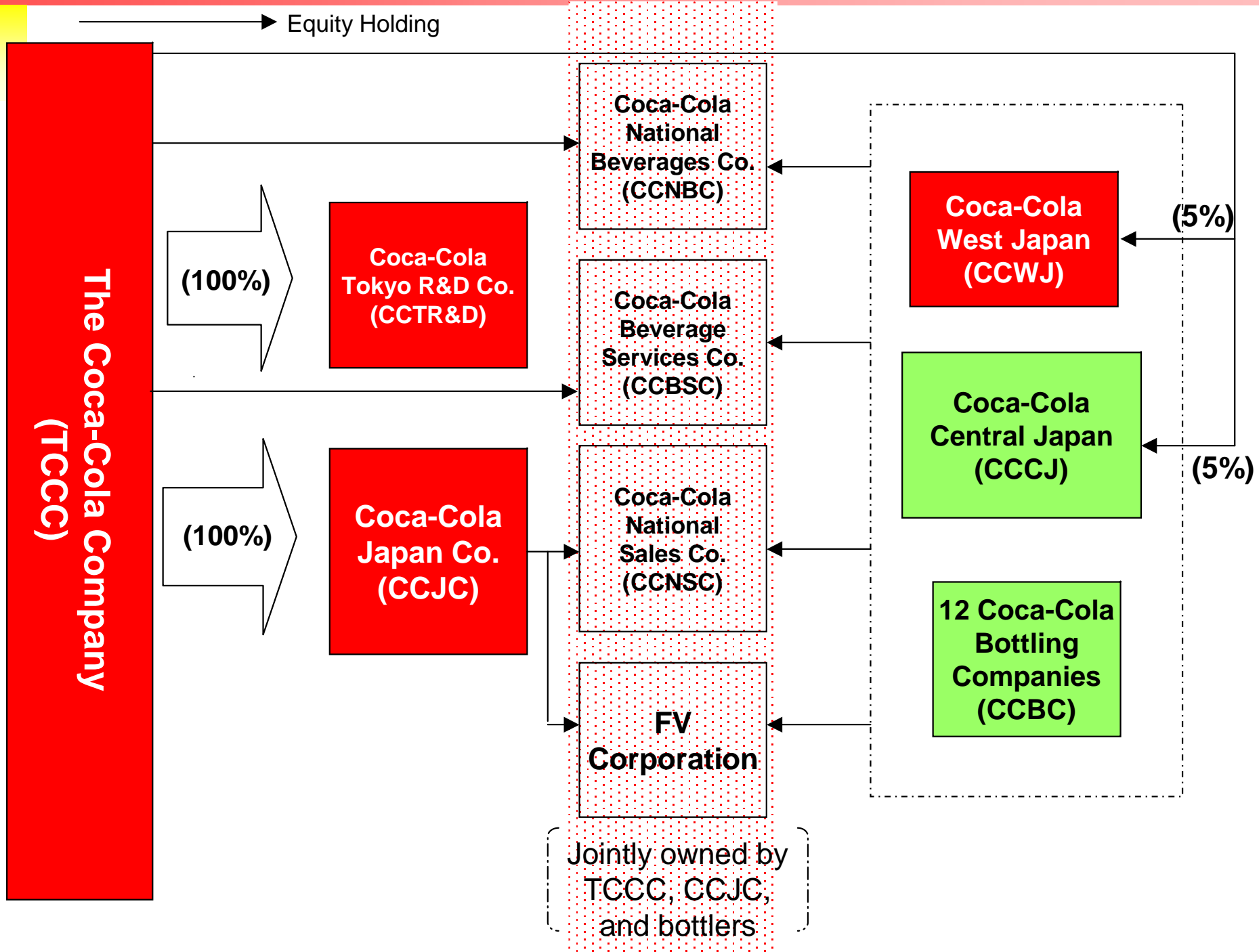
# 2005 Sales by Channel



(thousand case, %)

	2005				
	Actual	vs. plan		vs. PY	
		inc(dec)	%	inc(dec)	%
Vending	29,611	-195	-0.7	963	3.4
Chain Store	17,359	-286	-1.6	622	3.7
CVS	10,102	-186	-1.8	208	2.1
Retail	13,534	-354	-2.6	-755	-5.3
Food Service	7,862	-177	-2.2	109	1.4
Distributor	1,772	-42	-2.3	0	0.0
Others	7,076	-153	-2.1	-926	-11.6
Total	87,316	-1,394	-1.6	221	0.3

# Coca-Cola System in Japan



# Coca-Cola Group Companies and Their Roles



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

In July 1999, Sanyo Coca-Cola Bottling Co., Ltd. and Kita Kyushu Coca-Cola Bottling Co., Ltd. merged with a capital injection from The Coca-Cola Company to form Coca-Cola West Japan Company Limited (CCWJ). CCWJ is the first Coca-Cola Anchor Bottler in Japan.

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

Established 1919 in Atlanta, Georgia. Carries the rights to grant a license to manufacture and sell Coca-Cola products to the bottlers. TCCC (or its subsidiary) makes franchise agreements with the bottlers.

## 3. Coca-Cola (Japan) Co., Ltd. (CCJC)

Established 1957 in Tokyo, as “Nihon Inryo Kogyo K.K.,” a wholly-owned subsidiary of The Coca-Cola Company. The company name was changed in 1958 to Coca-Cola (Japan) Company, Limited. CCJC is responsible for marketing planning as well as manufacturing and distribution of concentrate in Japan.

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

Established in January 1993 as a wholly-owned subsidiary of The Coca-Cola Company. Since January 1995, carries out product development and technical support to respond to the needs of the Asian region.

## 5. Coca-Cola bottlers (CCBCs)

There are 14 bottlers in Japan, which are responsible for selling Coca-Cola products in the respective territories.

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

Jointly established in April 2003 by TCCC and CCBCs for the purpose of creating an optimal nationwide supply chain. It started operation in October 2003. CCNBC procures raw materials, coordinates manufacturing and supply/demand plans on a nationwide basis, and supply products to the bottlers.

## 7. Coca-Cola Beverage Services Co., Ltd (CCBSC)

Jointly established in June 1999 by TCCC and CCBCs and started operation in September 1999. Transferred procurement operations to CCNBC as of October 2003, CCBSC currently carries out activities to reform Japan’s Coca-Cola information system.

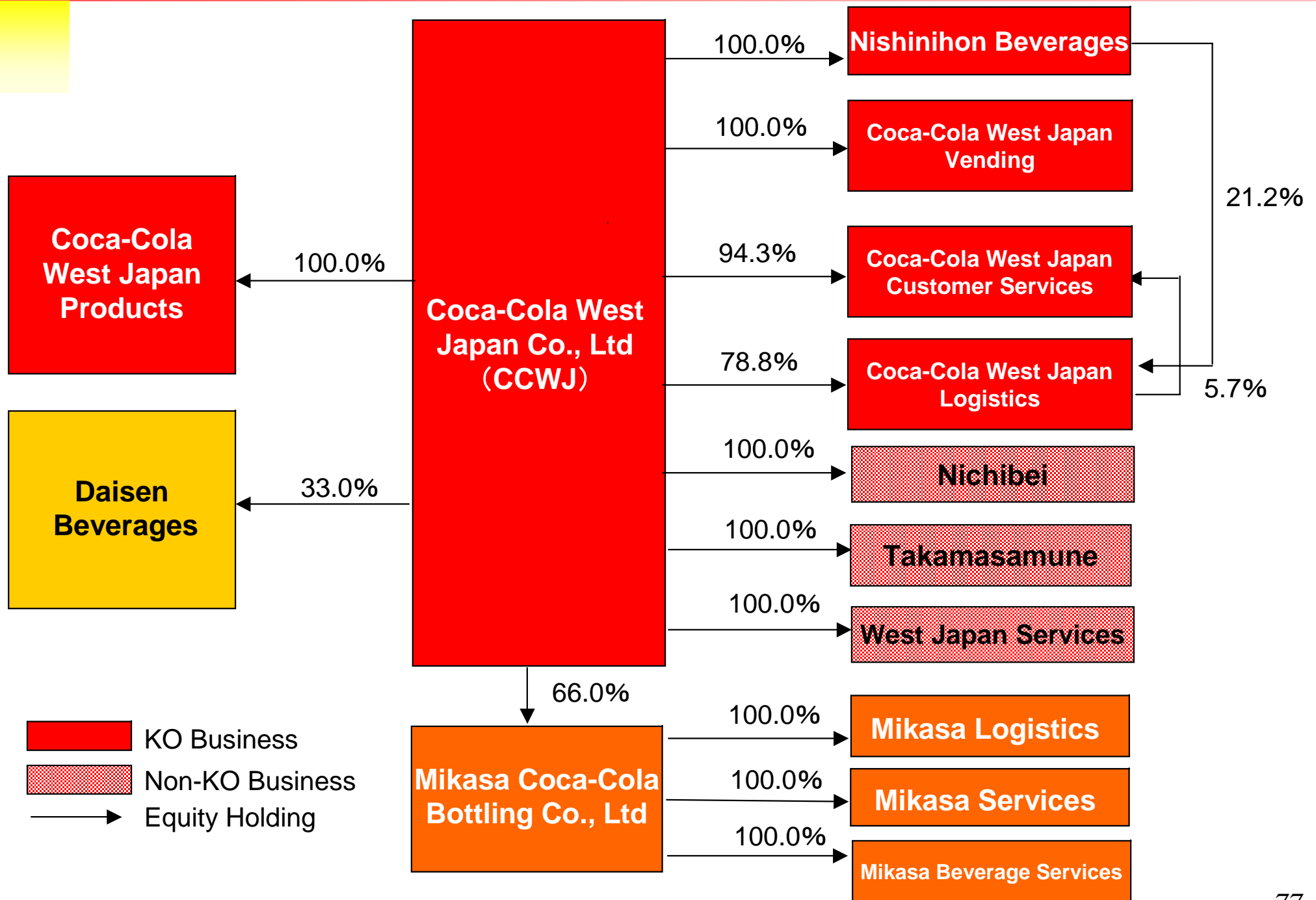
## 8. Coca-Cola National Sales Co., Ltd. (CCNSC)

Jointly established in October 1995 by CCBCs and CCJC. Carries out sales activities for national chain customers.

## 9. FV Corporation (FVC)

Jointly established in May 2001 by CCBCs and CCJC. FVC carries out sales negotiations with national chain vending operators, and deals with non-KO products as well as KO products.

# CCWJ Group Companies



- 1) Nishinohon Beverages Co., Ltd.: Vending machine operator business focusing on Coca-Cola products
- 2) Coca-Cola West Japan Products Co., Ltd.: Manufacturing beverage products
- 3) Coca-Cola West Japan Vending Co., Ltd.: Vending machine operation business
- 4) Coca-Cola West Japan Customer Service Co., Ltd: Vending machine-related business including installment, repairs & maintenance, and quality management
- 5) Coca-Cola West Japan Logistics Co., Ltd.: Truck transport business
- 6) Nichibei Co., Ltd.: Food processing
- 7) Takamasamune Co., Ltd.: Manufacturing and sale of liquor
- 8) West Japan Services Co., Ltd.: Insurance agency, leasing, and real estate-related businesses.
- 9) Mikasa Coca-Cola Bottling Co., Ltd.: Sale of beverages and food
- 10) Mikasa Logistics Co., Ltd.: Truck transport business
- 11) Mikasa Service Co., Ltd.: Vending machine-related business including installment, repairs & maintenance, and quality management
- 12) Mikasa Beverage Services Co., Ltd.: Vending machine operator business focusing on Coca-Cola products
- 13) Daisen Beverage Co., Ltd.: Manufacturing beverage products

## 1. Channel (Business Unit)

### **Vending:**

Retail sale business to distribute products through vending machines to consumers

### **Chain store:**

Wholesale business for supermarket chains

### **Convenience Store:**

Wholesale business for convenience store chains

### **Retail:**

Wholesale business for grocery stores, liquor shops, and other over-the-counter outlets

### **Food Service:**

Syrup sale business for fast food restaurants, movie theaters, sports arenas, “family restaurants,” and theme parks

### **Distributor:**

Middleman who work for Coca-Cola to handle our products in remote areas and islands.



## 2. Vending

### **Regular vending machine:**

A vending machine offered free of charge to a customer who supervises its operation and uses it to sell products purchased from us.

### **Full service vending machine:**

A vending machine installed and managed directly by us (product supply, collection of proceeds etc.). Fees are paid to the location proprietors.

### **In-market vending machine:**

An indoor machine whose users are relatively specific

### **Out-market vending machine:**

An outdoor machine whose users are relatively unspecific

### **Predatory:**

To replace or hold exclusively the locations occupied by competitors' vending machines

### **Upgrade**

To replace an existing vending machine with another type which better meets customer needs and responds to changes in demand. For example, the replacement might fit better or be adaptable for PET bottles.

### **VPM**

Sales volume per vending machine

## 3. Chain Store

### **National chain:**

National chain supermarket that CCNSC are responsible for negotiating

### **New KAM:**

Chain supermarket that CCJC and CCBCs jointly deal with

### **Regional chain:**

Chain supermarket that owns its stores in the two or more bottlers' territories

### **Local chain:**

Chain supermarket that owns its stores in the single bottler's territory

## 4. Other

### **Sales mix**

Composite of products by brand, channel, package, etc. The difference between budget and actual sales or cost of sales might be affected by a change in product sales mix as well as a change in unit price

# 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