

Coca-Cola Bottlers Japan Holdings Inc.

Q2 Year-to-date 2018 Earnings Presentation

August 13, 2018



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(Posted to CCBJH website on August 10, 2018)

Forward-looking statements

The plans, performance forecasts, and strategies appearing in this material are based on the assumptions and judgment of the management of Coca-Cola Bottlers Japan Holdings Inc. (CCBJH or Company) in view of data obtained as of the date this material was released. These forecasts may differ materially from actual performance due to risks and uncertain factors such as those listed below.

Risks and uncertain factors are not limited to the items listed below. They are also included in our annual securities report, or “Yuka Shoken Houkokusho”.

- Agreements with The Coca-Cola Company and Coca-Cola (Japan) Company Limited.
- The quality and safety of products
- Market competition
- Natural environment, such as climate, disaster, water resources, etc.
- Legal environment
- Leakage or loss of information
- Change of economic conditions, such as personal consumption, currency exchange rates, prices of raw materials, fair value of assets, etc.
- Business integration, streamlining and optimization of business processes, etc.
- Uncertain factors other than those above

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CCBJH undertakes no duty to update any statement in light of new information or future events. You should rely on your own independent examination of us before investing in any securities issued by our company.



Coca-Cola Bottlers Japan Holdings Inc. (CCBJH)

Second quarter year-to-date 2018 earnings presentation

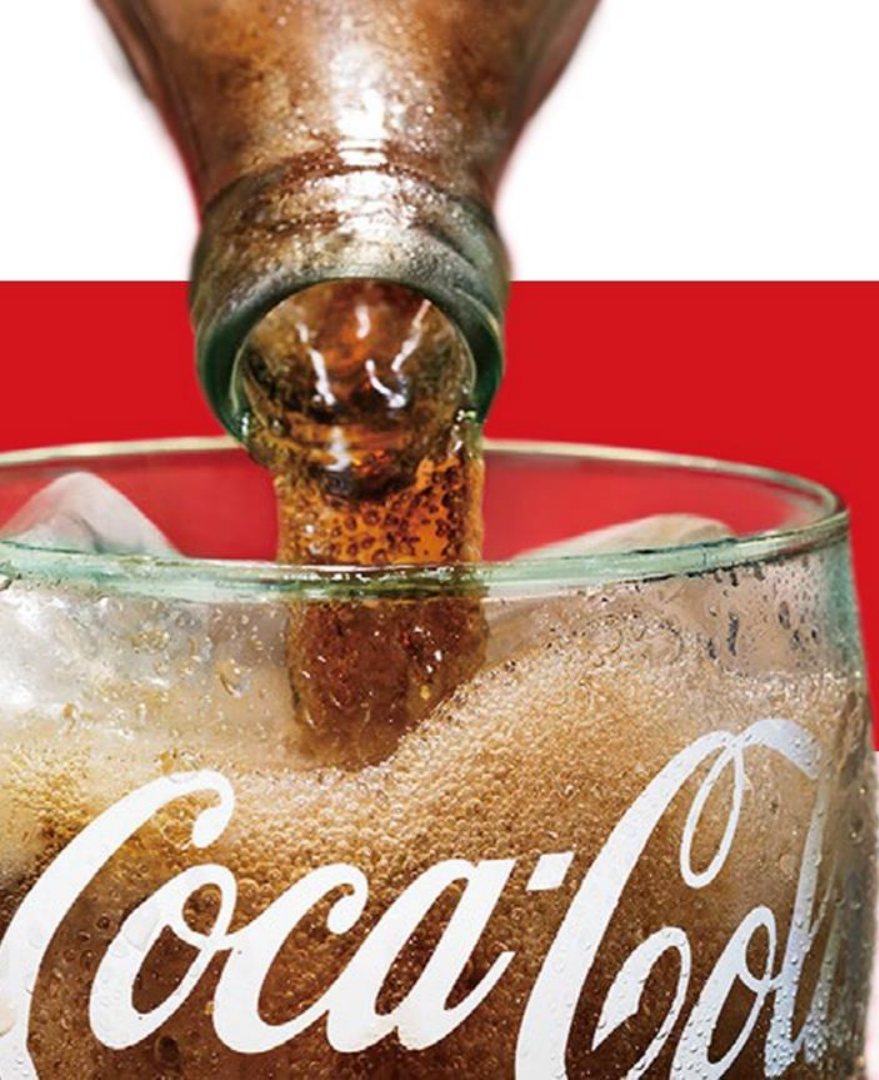
Impact of the extraordinary rains and flooding in July

Q2 YTD 2018 business summary

Q2 YTD 2018 financial results

Q&A





Impact of the extraordinary rain and flooding in July 2018

Major disruption to manufacturing, warehousing, regional transport

- Flooding at Hongo factory and adjacent logistics center. Manufacturing and automated warehouse operations shut down.
- Maintaining supply to the impacted region from other locations, combined with the extreme heat this summer, has stressed our product supply and logistics network with ongoing effects.
- Assessing expected operational and financial impact, including status of inventory and equipment. Full-year earnings forecast under evaluation. The book value of damaged assets and inventories is approximately 9 billion yen.
- Expect updated guidance when damage estimates are clear, and plans for alternate product supply and transport are complete.



Timeline of events

July 6, 2018

Unprecedented heavy rainfall warning issued by Japan Metrological Agency

July 7, 2018

Hongo facilities flooded, including factory, automated warehouse, logistics center and employee housing. Heavy rain, flooding and landslides reported region-wide. Safety of all employees confirmed.

July 9, 2018

CCBJH announced that facilities were shutdown due to damage of machinery and equipment, inventory on site and other assets.

July 20, 2018

CCBJH issued a status update, including constraints in product supply due to the factory shutdown, inventory damage and transport disruption

July 24, 2018

Government issues a disaster declaration

August 1, 2018

CCBJH issues a notice on website of temporary product supply shortages in some areas



Hongo is an important part of our national supply chain network

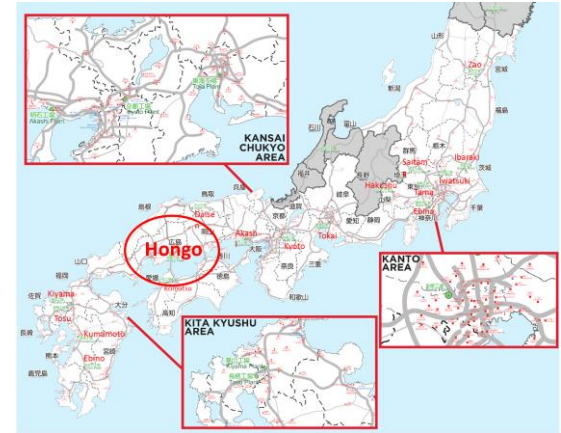
Hongo facilities in Western Japan

- Three manufacturing lines, representing approximately 5% of total average Coca-Cola Bottlers Japan production capacity
 - 1) Aseptic PET; 2) Sparkling PET; 3) Coffee can/bottle can
- Logistics center co-located with Hongo factory, with automated warehouse and regional distribution role
 - ~1.5M cases of finished product in inventory for peak season

Initial assessment of impact

- All manufacturing lines remain inoperative
- Automated warehouse not functioning
- Employee dormitories not habitable
- Damaged inventories may need to be written off
- 2,000+ vending machines, sales equipment damaged across region
- Disruptions to regional rail and road infrastructure; Difficulty in securing additional transport

17 manufacturing plants nationwide



Damage at Hongo has been extensive



July 7: Hongo dispatch yard



July 9: Hongo warehouse



Current situation and response

Logistics Center	Surface cleanup complete, now operating manually. Resumption of full automated warehouse operations expected by year-end.
Manufacturing	Expect to recover and rebuild production facilities, but offline for an extended period of time.
Product Supply	Alternate product sourcing across national supply chain. Suspension of 7 SKUs primarily produced at Hongo. Expect supply constraints due to strong summer demand and loss of Hongo manufacturing and distribution.
Promotional Activity	Suspended “chirashi” promotions for PET products nationwide due to supply constraints
Distribution	Rail and road network disruption has reduced availability of trucks and other transport and increased transport fees



Key takeaways

- **Flooding damage has been significant, but we will rebuild**
 - All parts of our operations are coming together in all ways to support recovery and rebuild product supply capability– our immediate priority
- **Reevaluating our full-year forecast, expect updated guidance when full impact is clear**
- **Fundamental strategy and direction remains unchanged. We are committed growth opportunities ahead of us**
 - Adapting to rapid shift in consumer preference with product launches and capacity investments
 - Designing agile and resilient supply chain network, incorporating the experience from the hot summer and natural disasters





Q2 YTD 2018 business summary

Q2 YTD Highlights

- Value share growth ahead of volume share; Improving trends since integration.
- Pro-forma volume even versus the prior year, with growth in retail channels offset by negative vending performance. Q2 sequential improvement in the coffee category.
- YTD reported net revenue grew 30%. Pro-forma net revenue decreased 2%, primarily driven by channel mix.
- 5 billion yen in net synergies YTD primarily from supply chain and procurement.
- YTD reported operating income decreased 11% mainly due to goodwill amortization from the creation of CCBJH. Pro-forma operating income decreased 18%, driven by negative channel mix in addition to the goodwill amortization.
- Successful launch of first-ever alcoholic beverage in the Coca-Cola system, Lemondo, in the Kyushu region.



2018: Pivoting from integration focus to growth mindset

Solid integration progress, synergies in-line with plan in a year of extremes

National scale, local presence

- 🔥 Executing segmented channel and category strategies tailored for each region
- 🔥 Community-focused and customer-centric commercial activities, leveraging the scale of CCBJH

Innovation

- 🔥 “Beverages for Life” product portfolio
- 🔥 Enhanced engagement with customers and consumers, driven by insights
- 🔥 Leveraging digital technology across the value chain

Synergies

- 🔥 Continued disciplined synergy capture toward 2020
- 🔥 Prioritizing big bets
- 🔥 Fuel to re-invest for sustainable growth

YTD status

- ✓ 6 regional sales organizations in place. CCBJH-wide supply chain network optimization ongoing.
- ✓ Corporate philosophy THE ROUTE
- ✓ Innovative new launches responding to customers & consumers demand
- ✓ Growth of aseptic PET product demand
- ✓ Entering new categories
- ✓ 5B yen of YTD net synergies
- ✓ Investing for growth
- ✓ Strategies and initiatives in place for shareholder value creation



Corporate philosophy: THE ROUTE



Mission

Deliver happy, refreshing moments to everyone in the community, every day

Corporate Identity

Community-based

We help build and support sustainable communities, foster strong connections with them, and help protect the environment, Creating Shared Value

Customer-centric

We focus on all our consumers and customers to become their trusted partner

Hinkaku (Corporate Dignity)

We respect human rights, honor community principles, and strive to maintain the highest ethical standards

Diversity

We respect the individuality of our employees, actively incorporating diverse values and ideas so all can achieve their full potential

Culture

- ① Build on our HERITAGE as we shape our FUTURE
- ② Fuel life and work with commitment and PASSION
- ③ Base judgments on ETHICS
- ④ Think independently, take RESPONSIBILITY
- ⑤ Enjoy life and welcome CHALLENGE
- ⑥ Act with RESPECT, inspire RESPECT
- ⑦ Value COOPERATION
- ⑧ Pursue "SIMPLE AND SPEEDY" solutions

Successful new product launches accelerating package mix shifts



NARTD

- Newly launched products contributed ~10% of total CCBJH YTD volume
- Package mix shifts accelerating. Over 12 million cases of newly launched PET products sold in 1H, ahead of plan, while SOT can and bottle can volumes declined
- Rapid growth in consumer demand for convenient, portable, resealable packages, primarily in aseptic PET, putting pressure on supply
- Identifying opportunities for SKU rationalization to focus on growth
- CCBJH in-house PET production capacity has been growing, but will have to grow more to keep up with consumer demand. Two new production lines now under construction in Kyoto and Kumamoto.

Lemondo brand Chu-Hi

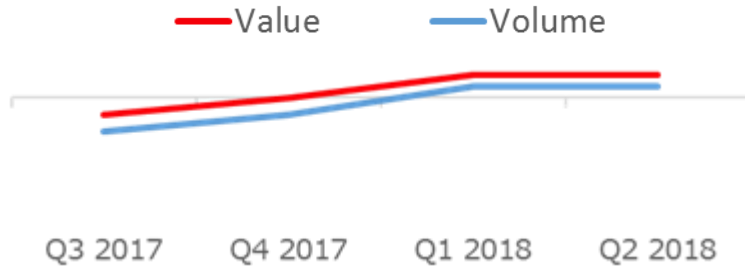
- Launch of alcoholic beverage in Kyushu region with premium pricing and encouraging customer and consumer feedback
- Evaluating next steps for potential expansion



Q2 2018 OTC market share and retail price trends

OTC Market Share

Market Share (vs. PY, PP)	Value	Volume
Q2	+0.4	+0.2
Q2 YTD	+0.4	+0.2



- Sequential improvement continues with value ahead of volume
- Sparkling, teas, black tea and coffee driving share gains led by new launches

OTC Retail Price

Unit: JPY per bottle

OTC Retail Price (Q2 YTD)	Vs. Market Average	Vs. PY
Small PET	+2.0	-1.2
Large PET (2L PET)	+17.4	-1.9

- Maintained premium vs. market average
- Retail price vs. prior year impacted by competition and mix, especially in teas and water

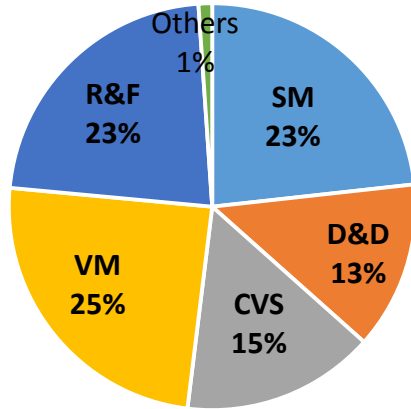
Source: Intage SRI



Channel volume performance (pro-forma)

Growth in OTC channels continues, supported by new launches

Q2 YTD 2018 volume: Even



	vs. PY	Volume	Revenue per Case (Yen)
Supermarket (SM)		+5%	-12
Drug & Discounter (D&D)		+7%	+3
Convenience Store (CVS)		+1%	-12
Vending (VM)		-6%	-4
Retail & Food (R&F)		-2%	+1

Sales volume doesn't include alcohol

Supermarket, Drug & Discounter

- Sequentially improving NSR/case trends vs. Q1
- Volume growth in major categories led by new launches in sparkling, tea and coffee
- D&D grew in all categories with revenue per case growth

Convenience Store

- Growth led by sparkling, coffee, non-sugar teas supported by new launches
- Revenue per case declines driven by product mix of coffee and water

Vending

- Growth of sparkling and non-sugar tea categories offset by weakness in water and can/bottle can coffee. Successful Georgia Japan Craftsman coffee not yet widely available in VM.
- Small test market established in Tokyo for VM transformation initiatives. Initial results encouraging.
- 1.7M~ users of new *CokeON Walk* step count function offered through smartphone app CokeON since April

Retail & Food

- Revenue per case growth in food service was offset by negative revenue per case in retail

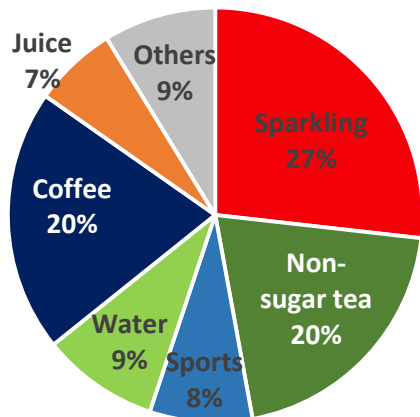
Note: Differences in the pro-forma number provided in past presentations may be expected as a result of review and standardization of integration estimates.



Category volume performance (pro-forma)

Continued growth in sparkling and tea; Coffee improvement in Q2 supported by new launch

Q2 YTD 2018 volume: Even



	vs. PY	Volume
Sparkling		+5%
Non-sugar tea		+4%
Sports		-3%
Water		-7%
Coffee		-4%
Juice		-2%

Sales volume doesn't include alcohol

- Coca-Cola Peach, Coca-Cola Clear and THE TANSAN Strong & Lemon drove volume growth in **sparkling**.
- Launch of Ayataka Chaba no Amami drove **non-sugar tea** growth across major channels
- **Sports** category grew in drug & discounter and was flat in vending
- Premium iLohas plain water performed well. Total **water** volume lower mainly due to cycling of flavored iLohas products
- **Coffee** share grew and volume improved in Q2 to -1%, supported by newly launched Georgia Japan Craftsman, primarily in retail channels. Growth in CVS, SM and D&D channels. Shift from traditional can to PET packaging is accelerating

Note: Differences in the pro-forma number provided in past presentations may be expected as a result of review and standardization of integration estimates.





Q2 YTD 2018 Financial results

Q2 YTD 2018 results vs. Q2 YTD 2017 pro forma

- Revenue down 2% YoY mainly due to growth in retail channels offset by weakness of profitable vending channel
- OI impacted by negative channel mix, ongoing DME investments and goodwill from 2017 integration.

	Q2 YTD 2018	Q2 YTD 2017 (pro forma)	YoY
Revenue	466,686	476,777	-2%
<i>Beverage business revenue</i>	452,245	461,757	-2%
<i>Beverage business sales volume (M cases)</i>	247	247	0%
Operating Income (OI)	15,221	18,623	-18%
<i>Beverage business OI</i>	13,417	16,955	-21%
Net Income	8,845	10,284	-14%
EBITDA	39,641	42,183	-6%

Note: Differences in the pro-forma number provided in past presentations may be expected as a result of review and standardization of integration estimates.

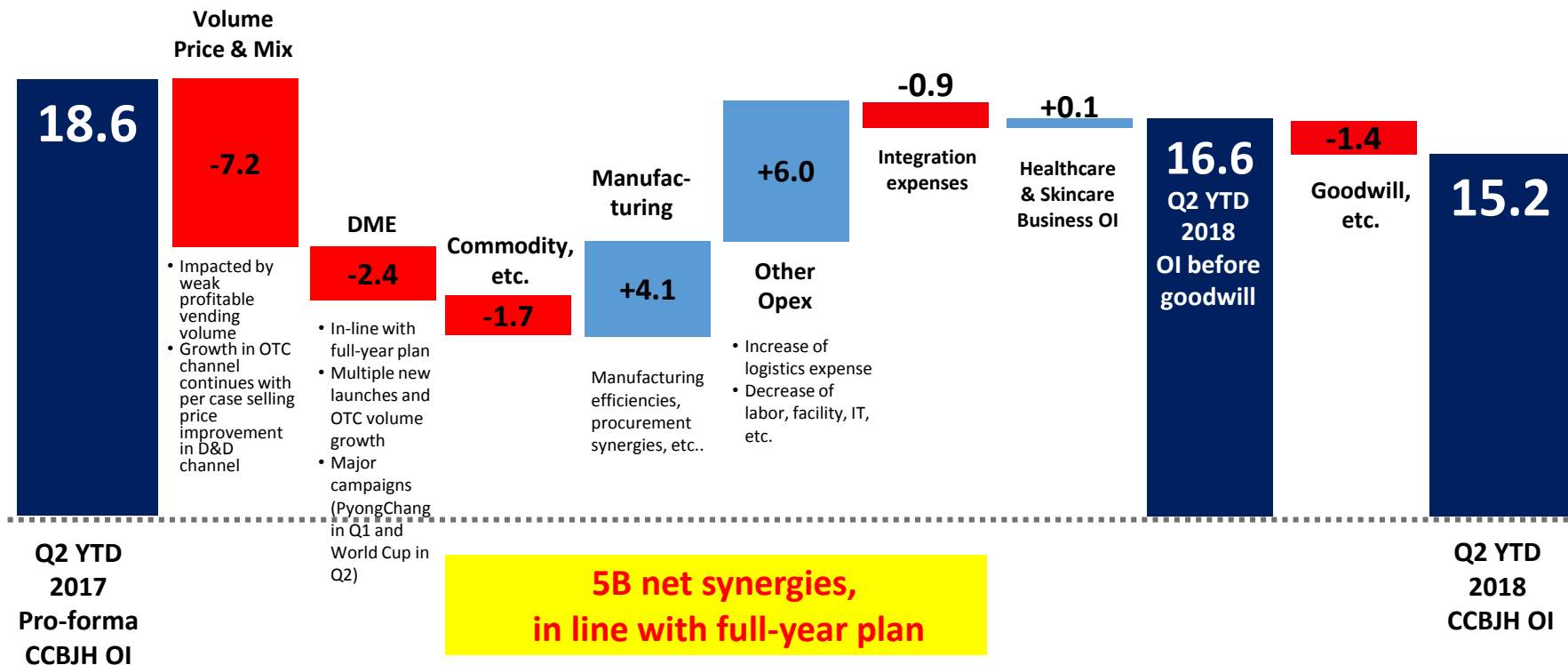
Unit: M JPY

Sales volume doesn't include alcohol

Net Income: Net income attributable to owners of parent.



Q2 YTD 2018 operating income drivers



Unit: B JPY, rounded off less than unit



YTD Q2 2018 results (Reported)

Consolidated CCEJ into CCBJI from Q2 2017. First quarter 2017 CCW standalone

	YTD Q2 2018	YTD Q2 2017	YoY
Revenue	466,686	357,837	+30.4%
COGS	225,809	172,659	+30.8%
Gross Profit	240,876	185,177	+30.1%
SG&A	225,654	168,079	+34.3%
Operating Income	15,221	17,098	-11.0%
Income Before Tax	15,085	16,357	-7.8%
Net Income	8,845	9,692	-8.7%
EPS	44.91	64.65	-19.74 yen

Beverage Business	YTD Q2 2018	YTD Q2 2017	YoY	Health Care & Skin Care Business	YTD Q2 2018	YTD Q2 2017	YoY
Revenue	452,245	342,817	+31.9%	Revenue	14,440	15,019	-3.9%
Operating Income	13,417	15,430	-13.0%	Operating Income	1,803	1,667	+8.2%

Unit: Million JPY except EPS

Net Income: Net income attributable to owners of parent.

Coca-Cola BOTTLERS JAPAN HOLDINGS INC.

Year-to-go and full-year outlook

- YTD revenues are behind plan, and year-to-go and full-year results will be impacted by the flood damage in western Japan and we are evaluating the impact.
- Full-year synergy plan of at least 8B yen remains unchanged.
- Expect updated guidance when flood damage estimates are clear and the impact of initiatives for alternate product supply and transport, including extra pressure due to the record hot summer, are known.
- Interim dividend payment JPY25/share as planned, year-end dividend forecast remains unchanged. (JPY25/share)



CAPEX and depreciation

Investment for Shinsei logistics network optimization and more PET production capacity

- Timing of investments means we are behind plan for full-year Capex spending
- Evaluating full-year and 2019 capex plan to rebuild Hongo and to meet growth in demand for PET products

	Q2 2018 Actual	FY 2018 Plan
Capex	17.3	65.9
Depreciation	20.8	43.5

Unit: Billion JPY

Pro-forma depreciation doesn't include amortization of goodwill, etc.

Shinsei project

- Started operation of new Inzai Logistics Center by consolidating 4 existing sites in Chiba
- Hakushu plant automated warehouse construction started



Image of Hakushu automated warehouse

Manufacturing capabilities

- Construction of two new PET manufacturing lines in Kyoto and Kumamoto started
- BoD approved investment in 2 additional aseptic production lines to meet strong market demand



Year-to-go product launch & marketing calendar

Focusing on summer demand for sparkling, “Big Bet” launch of FOSHU green tea

Coca-Cola Summer Campaign

Summer color bottles



Coca-Cola Slim Bottles

Regional designs



Fanta

100 things I could have done bottles



Ayataka Tokusencha






Green tea



Our fourth FOSHU offering,
launching September 24



YTD revenue growth behind plan; Synergy progress, value focus, shareholder returns on track

Revenue growth	Volume growth, RGM initiatives, revenue-rich innovation	Revenue +2% Volume +2%		Channel/package mix trends, YTG Hongo impact
Value share	Improve wholesale price/mix with packaging, innovation, focus on value	VALUE ahead of volume		Q2 YTD Value +0.4 Volume +0.2
Net synergies	Steady net synergy capture to meet 2020 target of 25 billion yen	8 billion yen		Q2 YTD 5 billion yen
Operating income and OI margin	Growth mindset, synergy capture, reinvest in business	49.7 billion yen OI OI margin 4.9%		Need to evaluate progress of summer and expected Hongo impact
Dividend growth	Strong cash flow from operations driving shareholder returns	Full-year 50 JPY/share, up 6 JPY		Interim 25 JPY/share, no change to dividend outlook



Wrap up

- ▶ **Making solid progress on integration and delivering synergies in-line with plan.**
- ▶ **Reevaluating our full-year forecast, including challenges and opportunities. Flooding has been a temporary setback, but we will recover and rebuild.**
- ▶ **Fundamental strategy and direction remains unchanged.**





Q & A

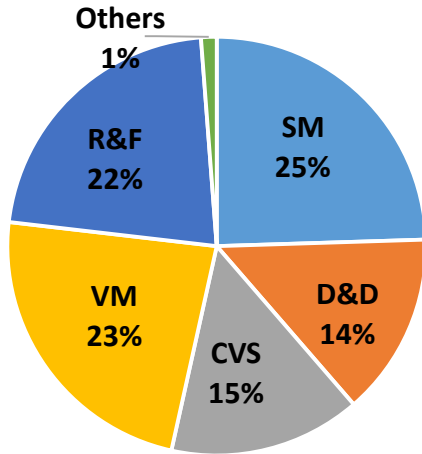


Appendix

Q2 (April to June) volume performance

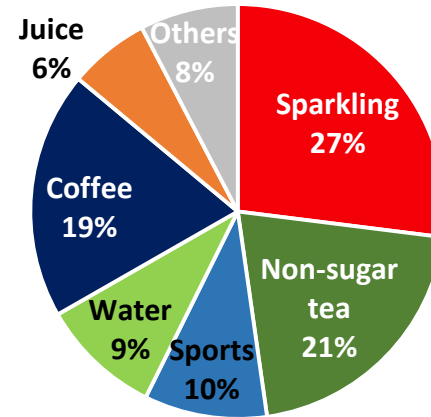
Q2 2018 volume: -1%

By Channel



	vs PY	Volume	Revenue per Case (Yen)
Supermarket (SM)		+4%	-2
Drug & Discounter (D&D)		+4%	+15
Convenience Store (CVS)		-1%	-30
Vending (VM)		-6%	-4
Retail & Food (R&F)		-2%	+2

By Category



	vs PY	Volume
Sparkling		+5%
Non-sugar tea		+3%
Sports		-6%
Water		-10%
Coffee		-1%
Juice		-3%

Note: Differences in the pro-forma number provided in past presentations may be expected as a result of review and standardization of integration estimates.

Sales volume doesn't include alcohol

We are part of the global Coca-Cola system

An enduring and effective partnership

The Coca-Cola Company **Coca-Cola (Japan) Company**

- Brands
- Innovation
- Global perspective
- Consumer focus
- Superior insight

Coca-Cola **BOTTLERS JAPAN INC.**

- Customer focus
- Local expertise
- Best-in-class execution
- Finished goods production
- Logistics and distribution
- Cost optimization



Glossary of key terms

DME	Abbreviation of Direct Marketing Expenses . Sales promotion-related expenses, including advertisement, rebates, sales, sales commissions, etc.
FC	Abbreviation of Future Consumption . Purchase or sell beverage for future consumption in home, etc. It also means the products / SKUs for FC (for example, single packages 1L or more and multi-pack of IC packages) and channels that consumers purchase the beverages for FC. (for example, supermarket, drug & discounter channels, etc.).
HORECA	Abbreviation of Hotel, Restaurants and Cafeteria . Generally means sales channels of these kinds.
IC	Abbreviation of Immediate Consumption . Purchase or sell beverage for consuming it immediately. It also means the products / SKUs for IC (for example, single packages less than 1L as well as fountain) and channels that consumers purchase the beverages for IC (for example, vending machines, convenience store channel, etc.).
OBPPC	Abbreviation of Occasion, Brand, Package, Price, Channel . A segmentation strategy tailored to consumption opportunities to drive revenue growth in five areas: occasion, brand, package, price and channel.
Pro forma	Assuming the business integration of CCW and CCEJ from January 2017 and estimating the results, or compare 2018 results with pro forma 2017 results.
PTC	Abbreviation of Price, Terms and Conditions , an internal guideline for setting appropriate transaction conditions with customers, frequently used in conjunction with RGM.
RGM	Abbreviation of Revenue Growth Management , an overall strategy and process to achieve profitable revenue growth.
RTM	Abbreviation of Route-to-Market . A framework, a process, a philosophy, a proven approach for driving profitable growth.

Channel definitions



Vending	Retail sales to consumers through vending machine
Supermarket	Wholesale to supermarket chains customers
Drugstore & Discounter	Wholesale to drugstore and discounter chains customers
Convenience Store	Wholesale to convenience store chains customers
Retail & Food	Wholesale to grocery store, liquor store, eating & drinking establishments (HORECA), online sales channels customers, etc.
Others	Wholesale to customers other than above





THANK YOU

Investor Relations

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