Coca-Cola Bottlers Japan Holdings Inc.

Q3 2018 Earnings Presentation

November 12, 2018

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(Posted to CCBJH website on November 9, 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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Coca-Cola Bottlers Japan Holdings Inc. (CCBJH)

Third quarter year-to-date 2018 earnings presentation

- Q3 YTD 2018 business summary & financial results
- Full-year 2018 outlook
- Mid- to long-term direction
- Q&A

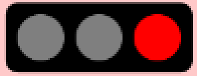
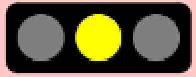
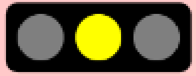
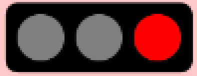
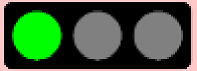
Q3 YTD 2018 business summary & financial results

Coca-Cola BOTTLERS JAPAN HOLDINGS INC.

Q3 Year-to-date highlights

- YTD volume down 2%, driven by loss of product supply capacity due to the flooding disaster and pressure from stronger-than-anticipated demand for aseptic products. YTD value share was even, with a decline in volume share.
- YTD operating income down 20%, due to 3% revenue decline, higher logistics expenses including the impact of flooding, negative channel/package mix and Q1 goodwill amortization. Posted YTD 7.9 billion yen extraordinary loss due to disaster.
- Announced new 25 billion yen share-buyback program in addition to 55.9 billion yen buyback in April, in line with our *Growth Roadmap* framework for value creation.
- Progressively expanding supply capacity with seven production lines by Spring 2020, including announced recovery plan for damaged Hongo plant.
- Making necessary investments to prioritize recovery from the flooding, improve product supply capacity and enable continued synergy generation to build foundation for growth in 2020 and beyond.

Strategic direction unchanged; Revisions to 2018 in a tough year

Growth Roadmap		Status	2018 Revised Targets
Revenue growth	Volume growth, RGM initiatives, revenue-rich innovation		**Revenue *-3%*** **Volume *-2%***
Value share	Improve wholesale price/mix with packaging, innovation, focus on value		***VALUE* ahead of *volume***
Net synergies	Steady net synergy capture to meet 2020 target of 25 billion yen		***8* billion yen**
Operating income and OI margin	Growth mindset, synergy capture, reinvest in business		***27* billion yen OI** **OI margin *2.8%***
Shareholder returns	Strong cash flow from operations driving shareholder returns		**DPS *50* yen, +6 yen** **Share *buybacks***

*DPS: Dividend per Share

Hongo factory flooding: Recovery plan in place

Announced plan to build new plant, starting operations in Spring 2020

- **New Mihara Plant*, to be built on former Sharp Corporation site near current Hongo location**
- **Plan overview**
  - Location: Mihara City, Hiroshima Prefecture (4km south of current Hongo plant)
  - Facilities: Initially two manufacturing lines
  - Current Hongo plant site to be used as logistics center

Hongo plant before the flooding

Former Sharp Corp. site in Mihara

Current Situation
(As of November 2018)

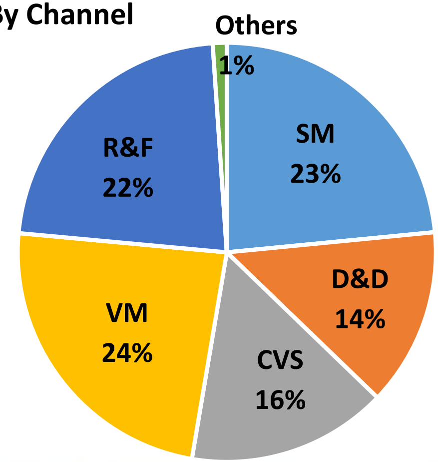
Manufacturing	New plant construction project team established. Continue demolition and cleaning of damaged facilities at Hongo
Logistics Center	Hongo now serving as logistics and distribution hub in the Chugoku area
Product Supply	Manage our capacity with two new lines (Kyoto & Kumamoto) in spring 2019 and added shifts in other plants. Supply may remain tight in 2019.
Distribution	Higher transportation costs expected to continue in 2019 due to longer transportation distances, as we continue to source product from alternate supply points nationwide.
Promotional Activity	Expect customers to resume “chirashi” promotions in November.

*Mihara Plant: tentative name

Q3 YTD channel and category volume performance

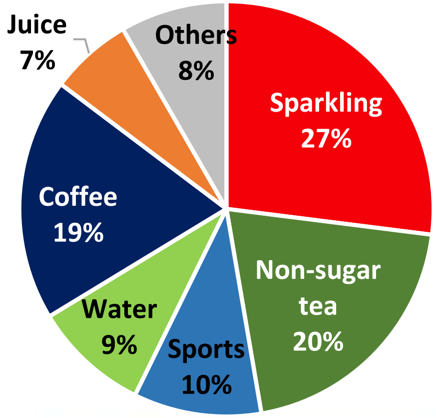
- **Volume** down 2%, driven by loss of manufacturing capacity and alternate product supply initiatives due to the disaster as well as supply constraints driven by surge demand of aseptic products
- **Revenue per case** improved in SM, D&D mainly driven by decrease of large size package volume. Customers suspended “chirashi” promotions due to supply constraints
- **By channel,** SM, D&D growth slowed due to supply constraints in Q3. CVS grew across major categories except water; strong growth in PET coffee. Vending impacted by channel shift driven by consumer behavior as well as supply constraints as we prioritized customer relationships
- **By category**, sparkling grew led by new product launches. Water volume decreased driven by cycling of iLohas flavors and large-sized package format, while original iLohas grew. Coffee volume decline driven by can and bottle can package shift, partially offset by PET bottled coffee Georgia Japan Craftsman, which has not yet been fully deployed across all channels

By Channel



vs PY	Volume	Revenue per Case (Yen)
Supermarket (SM)	-1%	+14
Drug &Discounter (D&D)	+2%	+19
Convenience Store (CVS)	+1%	-5
Vending (VM)	-8%	-4
Retail & Food (R&F)	-2%	-8

By Category



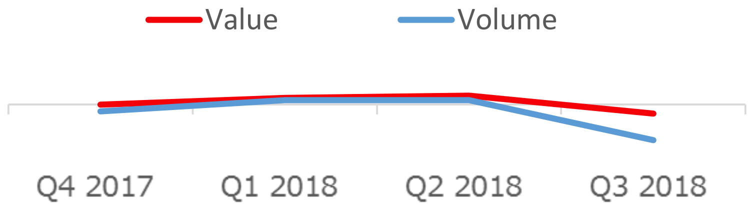
vs PY	Volume
Sparkling	+3%
Non-sugar tea	Even
Sports	-4%
Water	-11%
Coffee	-5%
Juice	-3%

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

Q3 2018 OTC market share and retail price trends

OTC Market Share

Market Share (vs. PY, PP)	Value	Volume
Q3	-0.4	-1.6
Q3 YTD	+0.0	-0.5



- **Minimized value share decline. Q3 market share impacted by flooding and supply constraints**
- **Q3 market share grew in sparkling and coffee**

OTC Retail Price

Unit: JPY per bottle

OTC Retail Price (Q3 YTD)	Vs. Market Average	Vs. PY
Small PET	+2.1	-0.9
Large PET (2L PET)	+19.5	+1.5

- **Continued higher retail price than market average in both small and large PET**
- **Seeing improvement of large PET price vs. market as well as PY, driven by customer suspension of “chirashi” promotions and SKU rationalization**

Source: Intage SRI

Always staying focused on strong marketplace execution

Continue vending transformation

Coke ON Pay - Cashless function added

- Enhance and expand Coke ON app
- Smartphone cashless purchasing with major credit card introduced in October
- 20K Coke ON Pay-enabled vending machines by the end of 2018, and target of 300K nationwide by the end of 2019

Coke mini

Exploring white space in vending

New opportunities in small offices by placing small branded coolers using LINE Pay & Rakuten Pay smartphone cashless transactions

Expand assortment recommendation system

Expand AI-driven product assortment in vending, with positive results in Tokyo-area pilot. Now also scaling up in Osaka and Fukuoka

Marketing/Campaign

Coca-Cola Winter Campaign

Activating Coca-Cola ribbon bottles

LINE POINTS

Other activations/campaigns

Active execution of promotions leveraging web and digital

Q3 YTD 2018 results vs. pro forma Q3 YTD 2017

- Revenue down 3% YoY due to loss of production capacity, supply constraints and continued weakness of profitable vending channel
- OI impacted by decline of revenue, negative channel/package mix, higher commodity and distribution costs, and goodwill from 2017 integration

	Q3 YTD 2018	Q3 YTD 2017 (pro forma)	YoY
Revenue	**741,254**	764,029	-3%
Beverage business revenue	**720,100**	741,777	-3%
Beverage business sales volume (M cases)	**395**	403	-2%
Operating Income (OI)	**32,016**	40,131	-20%
Beverage business OI	**29,448**	37,866	-22%
Net Income	**13,936**	24,389	-43%
EBITDA	**68,812**	75,689	-9%

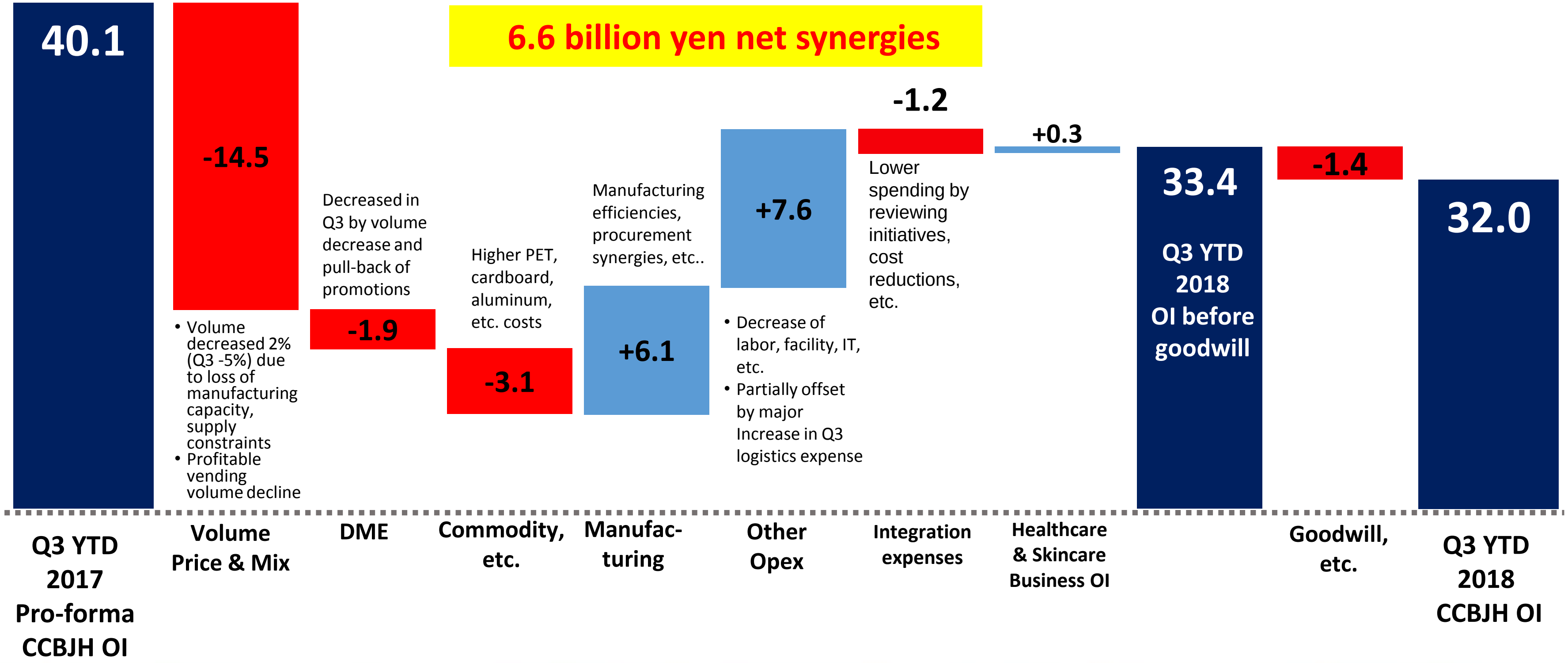
Note: Differences in the pro-forma number provided in past presentations may be expected as a result of review and standardization of integration estimates.

Unit: M JPY

Sales volume doesn't include alcohol

Net Income: Net income attributable to owners of parent.

Q3 YTD 2018 operating income drivers



Unit: B JPY, rounded off less than unit

Full-year 2018 outlook

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Summary of full-year 2018 earnings forecast

(Announced on October 10, 2018)	2018 Forecast	2017 Actual (Pro-forma)	Variance
Revenue	**965,300**	991,563	-3%
Beverage Business Sales Volume (vs. PY)	**-2%**	-1%	-100BPS
Operating Income	**27,000**	42,104	-36%
EBITDA	**76,600**	89,759	-15%
Net Income	**9,000**	25,836	-65%

Beverage Business	2018 Forecast	2017 Actual (Pro-forma)	Variance
Revenue	**937,600**	961,825	-3%
Operating Income	**23,300**	38,948	-40%

Health Care & Skin Care Business	2018 Forecast	2017 Actual (Pro-forma)	Variance
Revenue	**27,700**	29,737	-7%
Operating Income	**3,700**	3,156	+17%

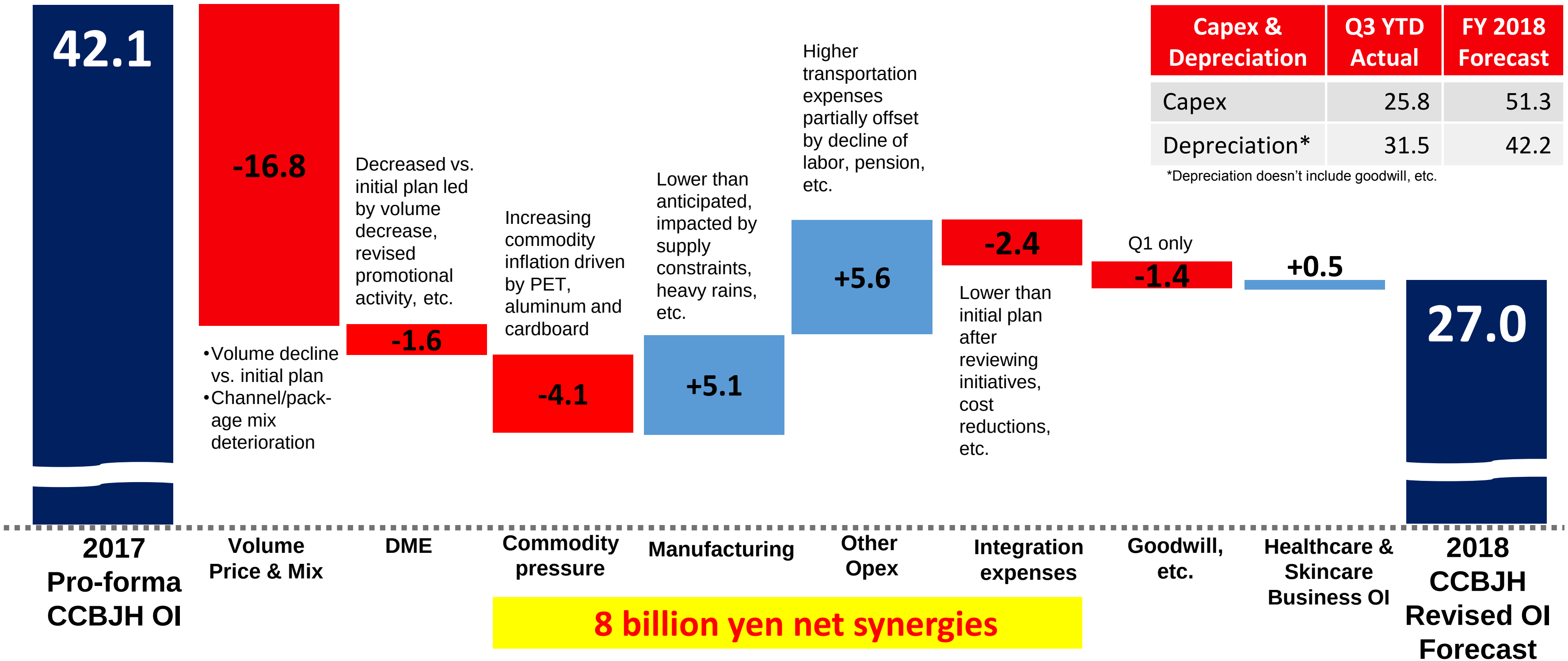
Unit: Million JPY   Net Income: Net income attributable to owners of parent

2018 Drivers of revised operating income forecast

Unit: B JPY

Capex & Depreciation	Q3 YTD Actual	FY 2018 Forecast
Capex	25.8	51.3
Depreciation*	31.5	42.2

*Depreciation doesn't include goodwill, etc.

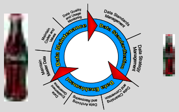


Coke one ERP system rolling out across the company

Will consolidate, eliminate, integrate multiple legacy systems

- ***Not just an IT system, but an important platform to efficiently and effectively manage our business***
- ***Global "template" updated for Japan Coke system needs. Initial rollout in Coca-Cola East Japan***

Data Standards



- Enables data accuracy and consistency by combining data in one repository and improve transparency and insight

Standard Processes;

One ERP System

- Provides a single application with standardized, shared, enhanced and controlled process
- Standardizes interactivity between functions and with business partners

Flexible Organization

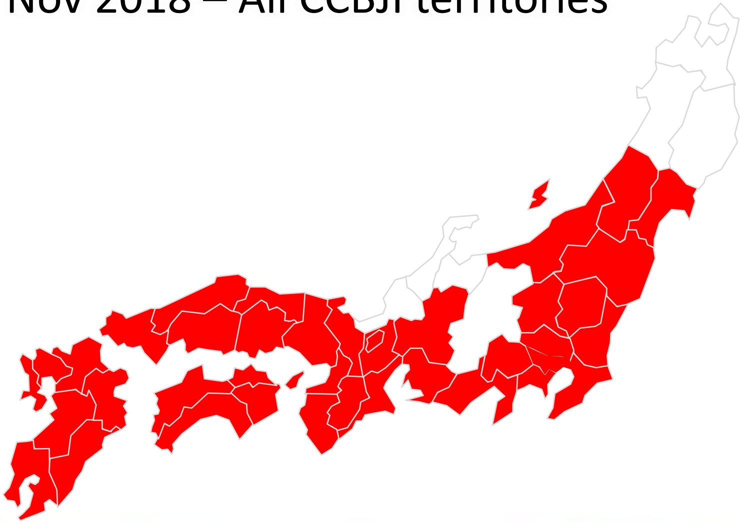
- Streamlines the company's applications portfolio and infrastructure
- Enables organizational flexibility, integrated business services and national supply chain

Coke one rollout is on track with multiple successful go-lives

Back-Office

Finance, Procurement, HR/Payroll, Production, Warehousing & Equipment

✓ Nov 2018 – All CCBJI territories



Front-Office

Sales & Distribution

✓ Nov 2017 – Tokyo

✓ Apr 2018 – Sendai

✓ Oct 2018 – Tone & Mikuni

Mar 2019 – Central Japan

2 H 2019 – Coca-Cola West

Financial framework update

✓ *Driving shareholder returns with a focus on ROE*

Share Repurchase

- Announced up to 25 billion yen/10.8M shares buyback program November 2018
- Completed 55.9 billion yen buyback in April 2018

Prioritize stable and growing dividend

- 2018 dividend forecast up 6 yen/share from 2017
- Estimated dividend payout: 107%

Shareholder benefits program that encourages long-term holding

- Shareholders can exchange shareholder benefit points for Coca-Cola products, CCBJI goods, donate to charity, etc.

Annual Dividend

50

yen/share

Interim	Year-end
25 yen/share	25 yen/share

Reminder: We are adopting IFRS reporting from Q4 2018

Major differences vs. JGAAP

- No amortization for goodwill
- Differences in accounting treatment for depreciation expenses
- Differences in pension accounting
- Re-class some sales promotion & general expenses between SG&A and revenue
- Re-class non-operating income/expenses & extraordinary income/loss above OI

Introducing "Business Income"

- Introducing Business Income to be used as business performance indicator to adjust for non-recurring items
- Business Income definition

  Revenue – (COGS + SG&A) + Other income/expenses (recurring)
- We will provide business income forecast as well as revenue, operating income and net income in IFRS

Estimated impact of IFRS adoption on full-year 2018 forecast

Summary of JGAAP and IFRS P/L

Unit: B JPY

2018 Forecast (JGAAP)	
Revenue	965.3
COGS	471.5
Gross Profit	493.8
SG&A	466.8
Operating Income	27.0
Income before Tax	17.3
Net Income	9.0

2018 Forecast (IFRS)		Major drivers of variance (Estimated amount of impact)
Revenue	**925.1**	Some sales promotion and general expenses are deducted from revenue
COGS	474.1	COGS increases due to differences in accounting treatment for depreciation expenses and pension accounting (+1.9 B), etc.
Gross Profit	451.0	Decrease vs. JGAAP due to deduction from revenue and COGS increases
SG&A	426.0	Differences in accounting treatment for depreciation expenses, pension accounting etc. increase SG&A (+6.9B), partially offset by shift of some sales promotion and general expenses to deductions from revenue, no amortization for goodwill (7.1B), etc.
Business Income	***23.1***	Includes other income/expenses (recurring)
Operating Income	14.2	
Income before Tax	14.7	
Net Income	**9.0**	

Impact to balance sheet: Assets expected to increase approx. 40 B JPY

- Book value of fixed assets increases, as we retroactively revise book value of fixed assets due to difference in accounting treatment for depreciation
- Book value of goodwill and franchise intangibles increases as the value will be retroactively adjusted before depreciation

Net Income: Net income attributable to owners of parent.

Mid- to long-term direction

Coca-Cola
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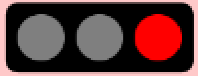
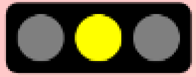
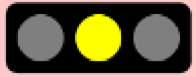
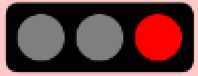
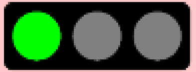
Strategic direction unchanged; Recovery requires investment & time

Growth Roadmap		*Status*	*Implications to mid-term*
Revenue growth	Volume growth, RGM initiatives, revenue- rich innovation		• Progressively recover & grow supply capacity by Spring 2020 • Working with CCJC to recalibrate and execute growth strategy • Rapidly evolving consumer demand continue to impact channel and package mix
Value share	Improve wholesale price/mix with packaging, innovation, focus on value		• Focus on minimizing value share impact despite volume pressure • Some opportunity loss due to supply constraints
Net synergies	Steady net synergy capture to meet 2020 target of 25 billion yen		• Although 2017 & 2018 delivering as planned, timing of incremental synergy capture may shift over the recovery period • Evaluating all other opportunities
Operating income and OI margin	Growth mindset, synergy capture, reinvest in business		• Logistics, product supply pressures to impact mid-term plan, mainly in 2019 • 2019 will be a transition year to reset foundation for growth
Shareholder value	Strong cash flow from operations driving shareholder returns		• Announced second share buyback program in November 2018 • Incremental investment needed for recovery and building foundation for growth

*CCJC: Coca-Cola (Japan) Company

Wrap up/Key takeaways

- 2018 has been a tough year for us, with flooding damage and supply constraints
- Making necessary investments to recover and put us back on a growth trajectory; Relocation and reconstruction of damaged Hongo plant decided
- 2019 will be a transition year to reset foundation for growth, with continuing topline pressure and higher costs expected
- Expect to update growth roadmap in February 2019 earnings presentation
- Remain committed to our strategic direction; executing our strategy to position the company for longer-term sustainable growth

Q & A

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Appendix

YTD Q3 2018 results (Reported)

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

	YTD Q3 2018	YTD Q3 2017	YoY
Revenue	**741,254**	645,088	**+14.9%**
COGS	**358,692**	310,837	**+15.4%**
Gross Profit	**382,561**	334,250	**+14.5%**
SG&A	**350,545**	295,644	**+18.6%**
Operating Income	**32,016**	38,606	**-17.1%**
Income Before Tax	**23,730**	37,730	**-37.1%**
Net Income	**13,936**	23,797	**-41.4%**
EPS	**71.83 Yen**	143.17 Yen	**-71.34 Yen**

Beverage Business	YTD Q3 2018	YTD Q3 2017	YoY
Revenue	**720,100**	622,837	**+15.6%**
Operating Income	**29,448**	36,341	**-19.0%**

Health Care & Skin Care Business	YTD Q3 2018	YTD Q3 2017	YoY
Revenue	**21,153**	22,251	**-4.9%**
Operating Income	**2,567**	2,264	**+13.4%**

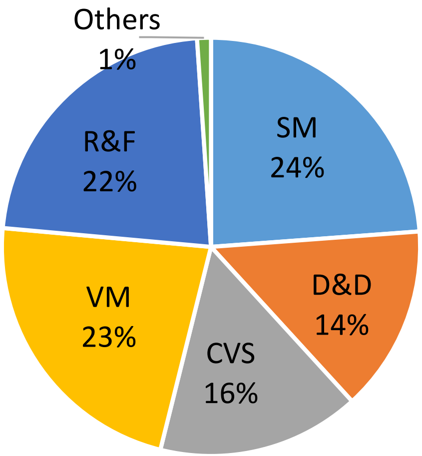
Unit: Million JPY except EPS

Net Income: Net income attributable to owners of parent.

Q3 (July to September) volume performance

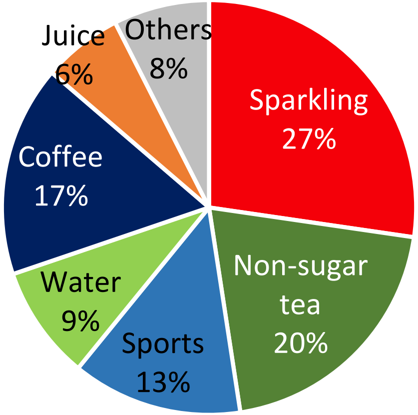
Q3 2018 volume: -5%

By Channel



vs PY	Volume	Revenue per Case (Yen)
Supermarket (SM)	-9%	+53
Drug &Discounter (D&D)	-6%	+42
Convenience Store (CVS)	+2%	+8
Vending (VM)	-10%	-5
Retail & Food (R&F)	-2%	-23

By Category



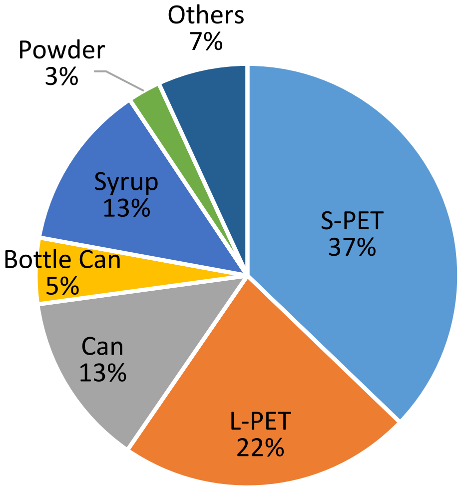
vs PY	Volume
Sparkling	Even
Non-sugar tea	-6%
Sports	-6%
Water	-16%
Coffee	-6%
Juice	-4%

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

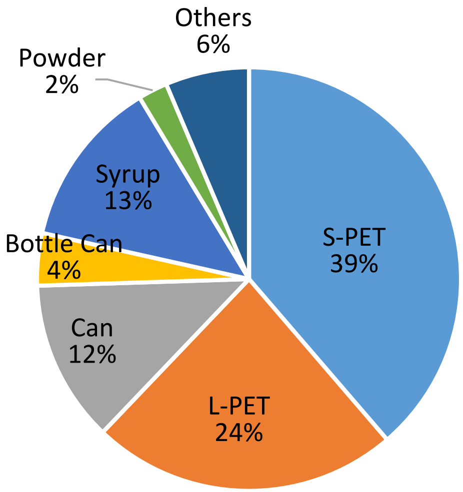
Volume by package

Q3 YTD
Volume:-2%



vs PY	Volume
S-PET	+6%
L-PET	-4%
Can	-12%
Bottle Can	-12%
Syrup	-2%
Powder	-3%

Q3
Volume:-5%



vs PY	Volume
S-PET	+4%
L-PET	-12%
Can	-10%
Bottle Can	-25%
Syrup	-1%
Powder	-3%

S-PET：PET under 600ml

L-PET：PET above 1.5L

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 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.).
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

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