

Coca-Cola Bottlers Japan Holdings Inc.

Third Quarter Year-to-date 2019 Earnings Presentation

November 8, 2019



***Calin Dragan, President
Bjorn Ulgenes, Vice President & Chief Financial Officer***

(Posted to CCBJH website on November 7, 2019)

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 (Q3) year-to-date 2019 earnings presentation

Q3 YTD financial results & full-year outlook

Strategic initiatives updates

Q&A



Presentation highlights

- ❗ **Moderating beverage-volume performance YTD, with Q3 volume down 1% and YTD volume down 3%. Flat beverage business revenue in Q3 and 2% decline YTD as the April wholesale price increase settles in**
- ❗ **Q3 market share growth in both value and volume. Strong volume performance in coffee and improving trend in vending channel**
- ❗ **YTD beverage Business Income roughly in-line with revised plan; continued topline pressure in Health care & Skin care business**
- ❗ **Nationwide launch of alcohol brand Lemon-dou, with in-house production from October**
- ❗ **Lots of strategic progress; Commercial transformation ongoing, three new production lines commissioned YTD, completion of CokeOne ERP system across all territories in October, shared services organization (BSO) expanding operations**
- ❗ **Issued 150B Yen bond in September to fund investment for growth**



Reflecting on our progress

Structure and process change toward a renewed growth mindset

- ☒ Core beverage business progressing roughly in-line with Business Income plan
- ☐ Adjacent health care & skin care business requires attention
- ☒ Strong commitment to capability development grounded in new company mission, vision and values
- ☒ Building blocks in place for solid start to 2024 plan

***Do the right thing for the long-term,
while getting the day-to-day right***





Q3 YTD 2019 results and full-year outlook

Q3 YTD 2019 results vs. 2018

Beverage Business Income roughly in-line with plan. Operating & net loss include 62B Yen goodwill impairment in Q2

IFRS	2019 Q3 YTD	2018 Q3 YTD	YoY
Revenue	694,763	710,317	-2.2%
Beverage Business Sales Volume (Million Cases)	384	396	-3%
COGS	357,499	360,931	-1.0%
Gross Profit	337,265	349,385	-3.5%
SG&A	318,810	319,943	-0.4%
Business Income	17,103	28,548	-40.1%
Operating Income (Loss)	(51,880)	20,090	-
Net Income (Loss)	(55,693)	12,854	-

Beverage Business	2019 Q3 YTD	2018 Q3 YTD	YoY	Health Care & Skin Care Business	2019 Q3 YTD	2018 Q3 YTD	YoY
Revenue	676,015	688,989	-1.9%	Revenue	18,748	21,327	-12.1%
Business Income	14,613	24,569	-40.5%	Business Income	2,489	3,980	-37.4%

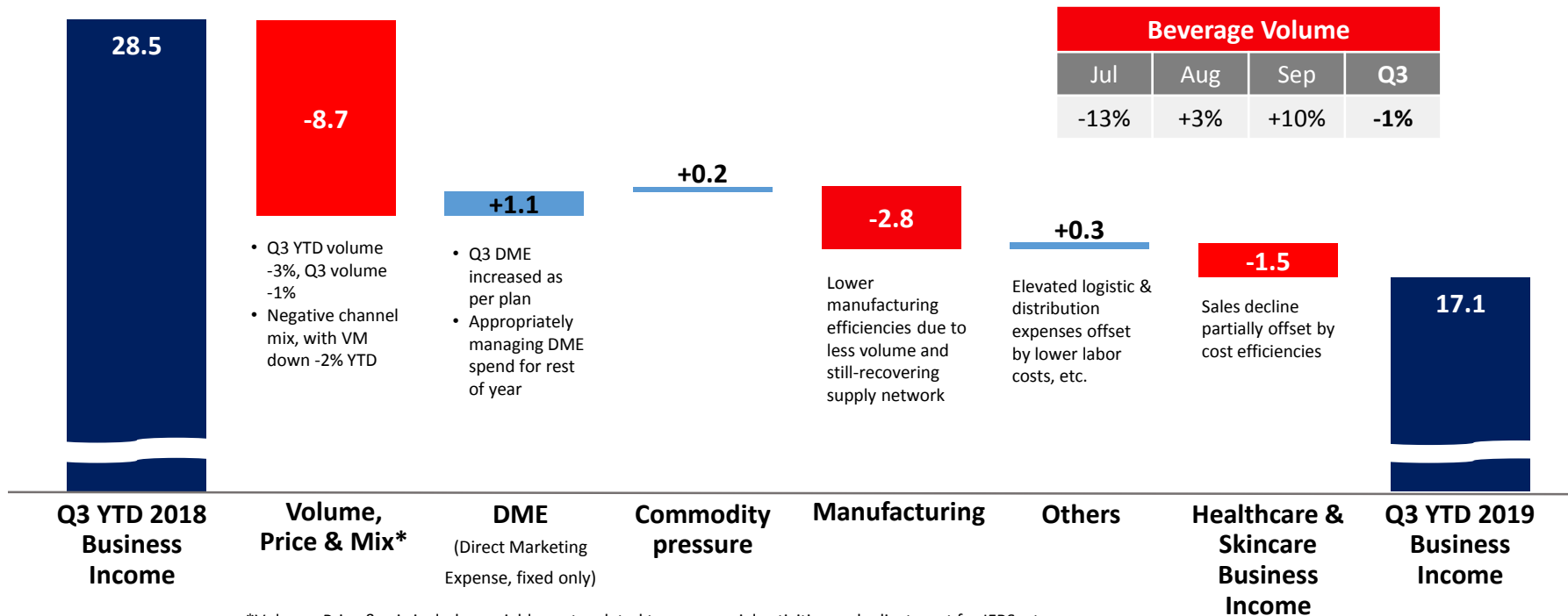
Unit: Million JPY
 Net Income (loss): Net income (loss) attributable to owners of parent.

Q3 YTD 2019 Drivers of Business Income in IFRS

Topline performance reflects cool & rainy weather in July, large PET wholesale price rise in April

Unit: B JPY

(Rounding off less than unit)



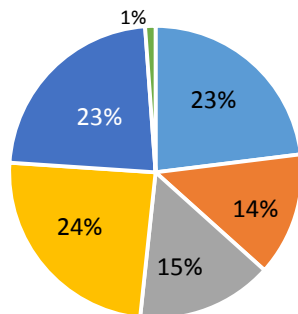
*Volume, Price & mix includes variable costs related to commercial activities and adjustment for IFRS, etc.



Q3 YTD 2019 channel and category volume performance

Volume decline moderated to negative 3%. Revenue per case improvement driven by April wholesale price hike. Strong coffee growth and signs of improvement in vending in Q3

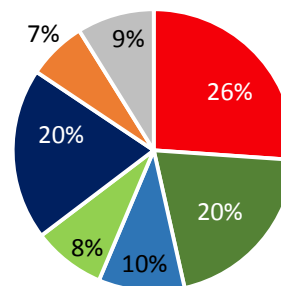
By channel



	Vs. PY	Volume	Wholesale revenue per case
Supermarket (SM)	-5%	-5%	+48 Yen
Drug & Discounter (D&D)	-3%	-3%	+51 Yen
Convenience Store (CVS)	-6%	-6%	+25 Yen
Vending (VM)	-2%	-2%	-24 Yen
Retail & Food (R&F)	-1%	-1%	-2 Yen

Improved wholesale revenue per case in **SM** & **D&D**, volume decline reflects Q2 price hike. Growth of Q3 volume reflects moderating impact of the price hike and cycling of prior year flooding and supply constraints. **CVS** negative growth reflects July weather and weak new launches/renewals. Revenue per case improvement led by Georgia Japan Craftsman & Coca-Cola Energy. Moderating **VM** performance driven by expanded coverage of Georgia Japan Craftsman and initiatives to drive purchase transactions. VM grew 1% in Q3.

By category



	Vs. PY	Volume
Sparkling	-6%	-6%
Non-sugar tea (NST)	-2%	-2%
Sports	-4%	-4%
Water	-11%	-11%
Coffee	+1%	+1%
Juice	Even	Even

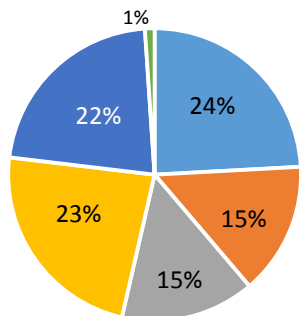
Coffee volume growth driven by expanding coverage of Georgia Japan Craftsman across all channels and 170g can offering in VM. **Sparkling** declines driven by the April price rise, partially offset by newly launched Coca-Cola Energy. **NST** and **Sports** largely driven by large PET decline in Q2 by the price hike and rainy/cool weather. **NST** recovery in Q3. **Water** impacted by weak iLohas brand due to cycling prior year flavor launches.

Note: Volume doesn't include alcohol. Revenue per case doesn't include DFR (deduction from revenue). Some inconsistencies with the data provided in past presentations may be expected as a result of standardization of volume and revenue calculation.

Channel/category/package volume performance

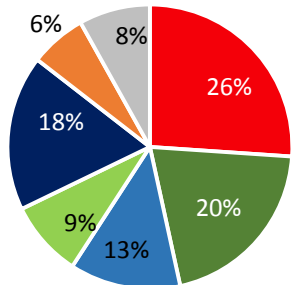
Q3 2019 Volume: -1%

By channel



	Vs. PY	Volume	Wholesale revenue per case
Supermarket (SM)		+1%	+27 Yen
Drug & Discounter (D&D)		+2%	+42 Yen
Convenience Store (CVS)		-6%	+36 Yen
Vending (VM)		+1%	-15 Yen
Retail & Food (R&F)		-2%	+5 Yen

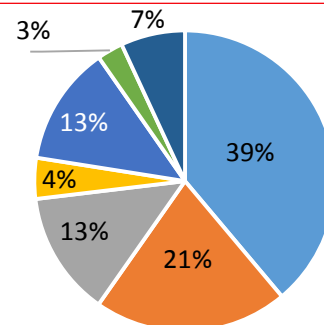
By category



	Vs. PY	Volume
Sparkling		-5%
Non-sugar tea (NST)		+1%
Sports		-6%
Water		-3%
Coffee		+7%
Juice		+1%

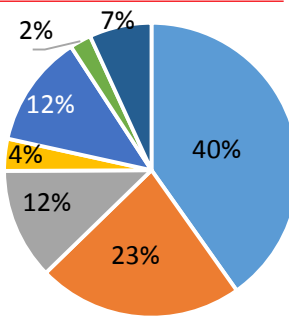
Q3 YTD & Q3 by package

Q3 YTD 2019



	vs PY	Volume
S-PET		+2%
L-PET		-10%
Can		-2%
Bottle Can		-15%
Syrup		-2%
Powder		+6%

Q3 2019



	vs PY	Volume
S-PET		+4%
L-PET		-4%
Can		-2%
Bottle Can		-12%
Syrup		-4%
Powder		+5%

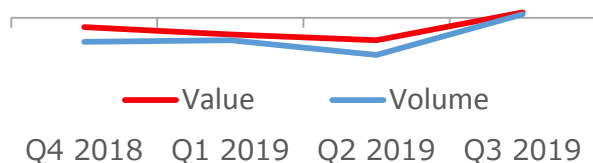
Note: Volume doesn't include alcohol. Revenue per case doesn't include DFR (deduction from revenue). Some inconsistencies with the data provided in past presentations may be expected as a result of standardization of volume and revenue calculation.

S-PET: PET under 600ml/L-PET: PET above 1.5L

OTC market share and retail pricing trend

Market share trend turned positive in Q3. Large PET pricing reflects April wholesale price hike

OTC Market Share		
Market Share (vs. PY, PP)	Value	Volume
Q3	+0.3	+0.2
Q3 YTD	-0.5	-0.9



- Q3 Value and volume share growth led by coffee and non-sugar tea, supported by Georgia Japan Craftsman and Ayataka green tea
- Premium-priced new launches Coca-Cola Energy and Kochakaden tea also aided value share growth

OTC Retail Price		
OTC Retail Price (Jan. to Sept., JPY per bottle)	Vs. Market Average	Vs. PY
Small PET	+2.2	-1.4
Large PET (2L PET)	+23.2	+6.2

- Continued retail price growth in large PET observed.
- Observing moderated retail price growth in Q3 as we cycle less promotional activities after the supply disruption last year

Source: Intage

Financial framework update

Balance Sheet

- YTD Q3 cash & cash equivalents grew by 150 billion yen bond issued in September
- Bond credit rating remains unchanged, with AA- by JCR and A+ by R&I
- Securing funds to invest for recovery and growth of supply network, as well as redemption of existing bonds
- Cleaning-up balance sheet; 5 billion yen cash-in by selling fixed assets and investment securities

CAPEX & Depreciation

- Generally in-line with plan. Slight shifting of CAPEX to next year due to timing of production line start-up
- Expected major CAPEX in Q4
 - New aseptic PET line in Kyoto
 - Shinsei logistic project (Hakushu & Kumamoto automated warehouse)
 - CokeOne ERP, etc.

(Billion JPY)	Q3 YTD Actual	2019 Plan	2019 Est.
Capex	57.9	99.8	94.5
Depreciation	42.5	57.6	57.2



Full-year 2019 forecast (Announced on August 7, 2019)

IFRS	2019 Forecast	2018 Actual	YoY
Beverage Volume YoY	-1%	-2%	
Revenue	923,300	927,307	-0.4%
Business Income	15,400	23,276	-33.8%
Operating Income (Loss)	(53,100)	14,682	-
Net Income (Loss)	(56,700)	10,117	-
EPS	(315.26Yen)	52.68 Yen	-

Beverage Business	2019 Forecast	2018 Actual	YoY	Health Care & Skin Care Business	2019 Forecast	2018 Actual	YoY
Revenue	895,900	899,863	-0.4%	Revenue	27,400	27,444	-0.2%
Business Income	10,000	17,939	-44.3%	Business Income	5,400	5,337	+1.2%

Unit: Million JPY, except for EPS

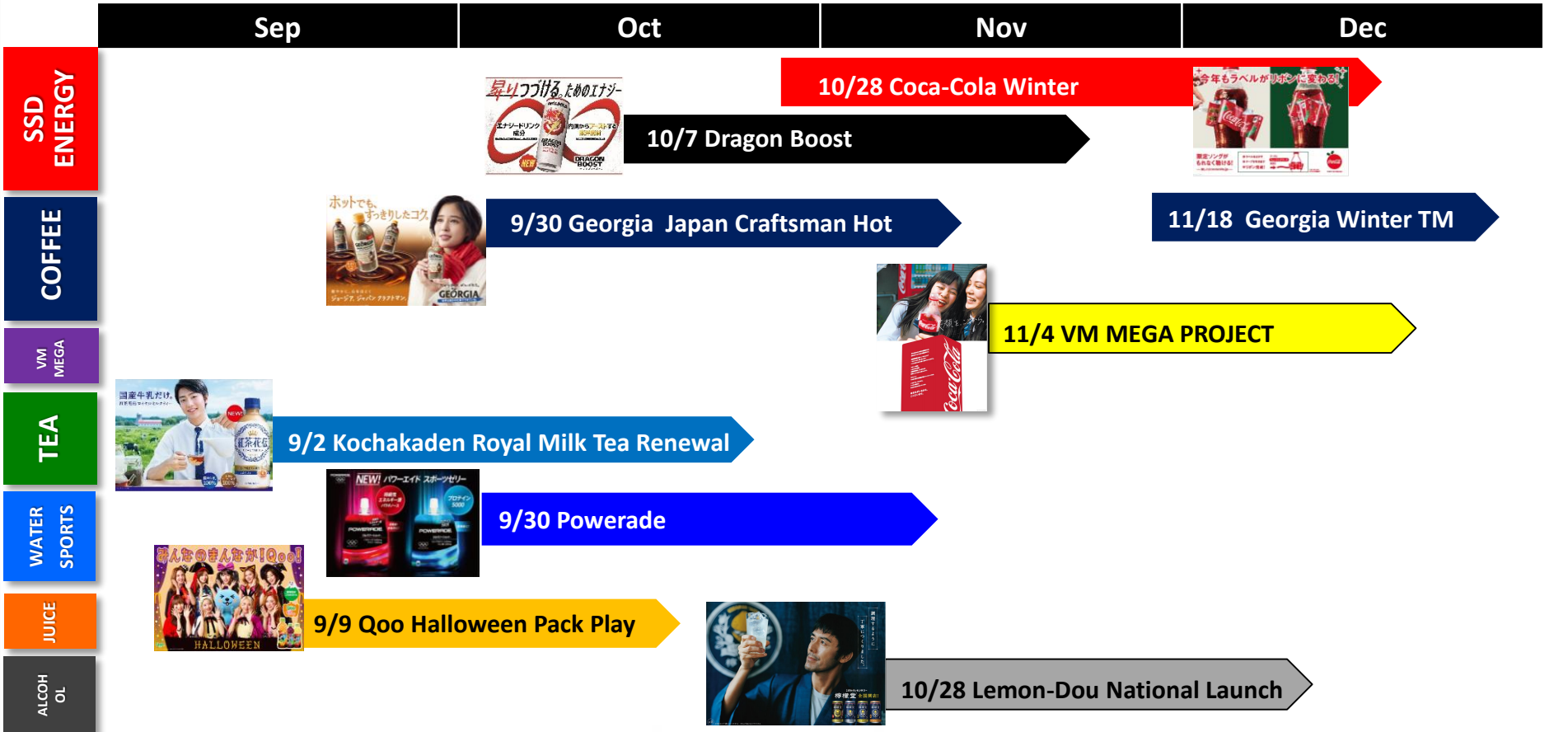
Net Income: Net income attributable to owners of parent



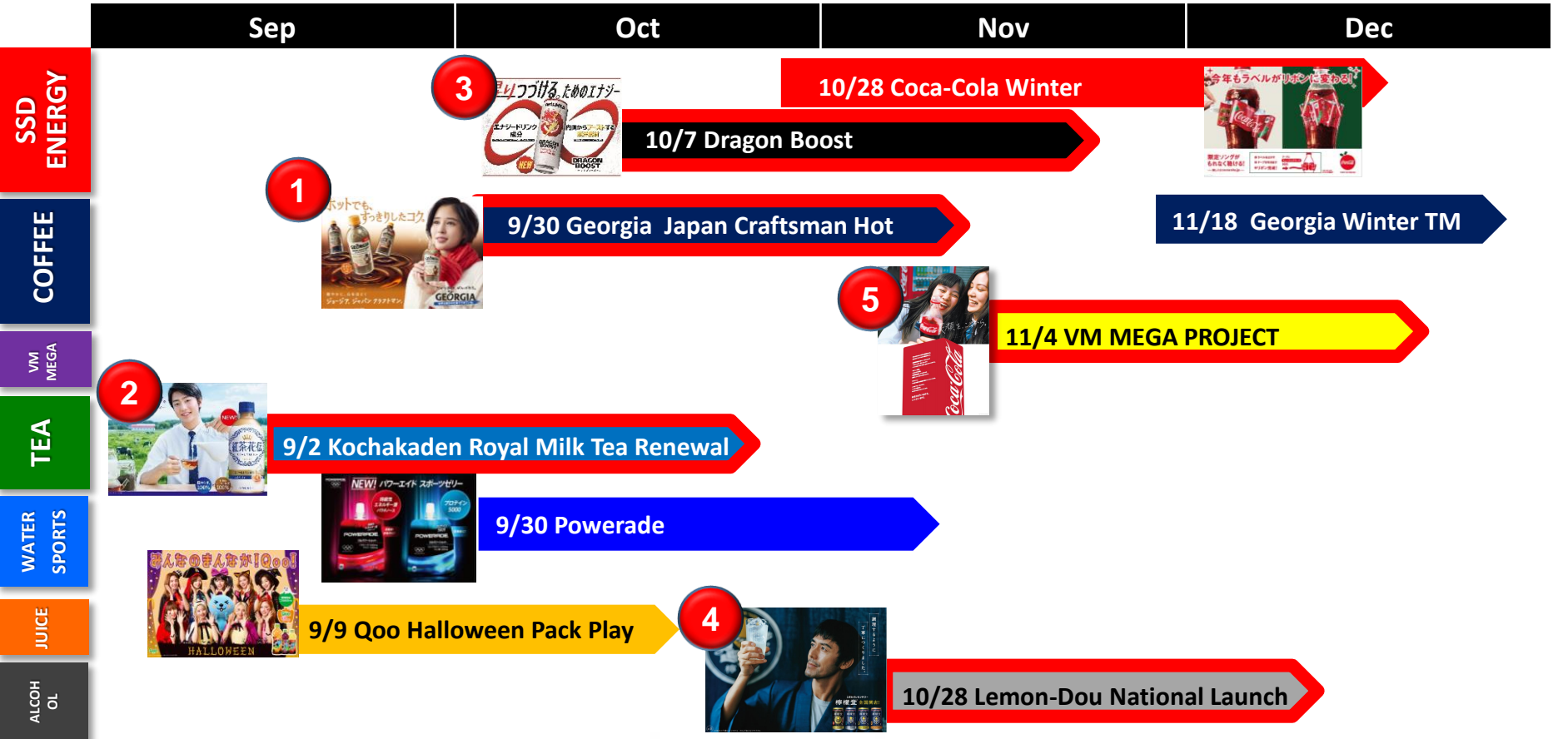


Strategic initiatives updates

2019 Q4 Key Initiatives



2019 Q4 Key Initiatives



Drive share in Coffee and Tea

Georgia Japan Craftsman HOT



Strong momentum
Continues with the
Launch of BITO
variant



Kochakaden Royal Milk Tea Renewal



Large scale renewal
gained high consumer
acceptance
Back in CVS shelf from
Dec 9th



Dragon Boost Launch

New Proposition from Real Gold



Entering Energy
Boost segment with
new variant from
Real Gold



Two approaches to capture share in Energy

Function Focus

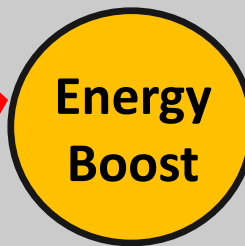


DRAGON BOOST
Unique Asian ingredients

Taste Focus



Coke ENERGY
Uplifting and refreshing



Lemon-dou National Launch

Lemon-dou National Expansion



Huge Execution in Market



Strong pull from customers and consumers and shipments on track



“Lemon-dou” national launch TV commercial showed in earnings presentation.



Holistic Campaign with our Vending Machines as the Hero

Communication



Product Line-up

HOT Product Line-up



One Coin Corner

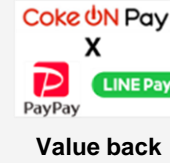


Bottle Can Pricing



120 yen

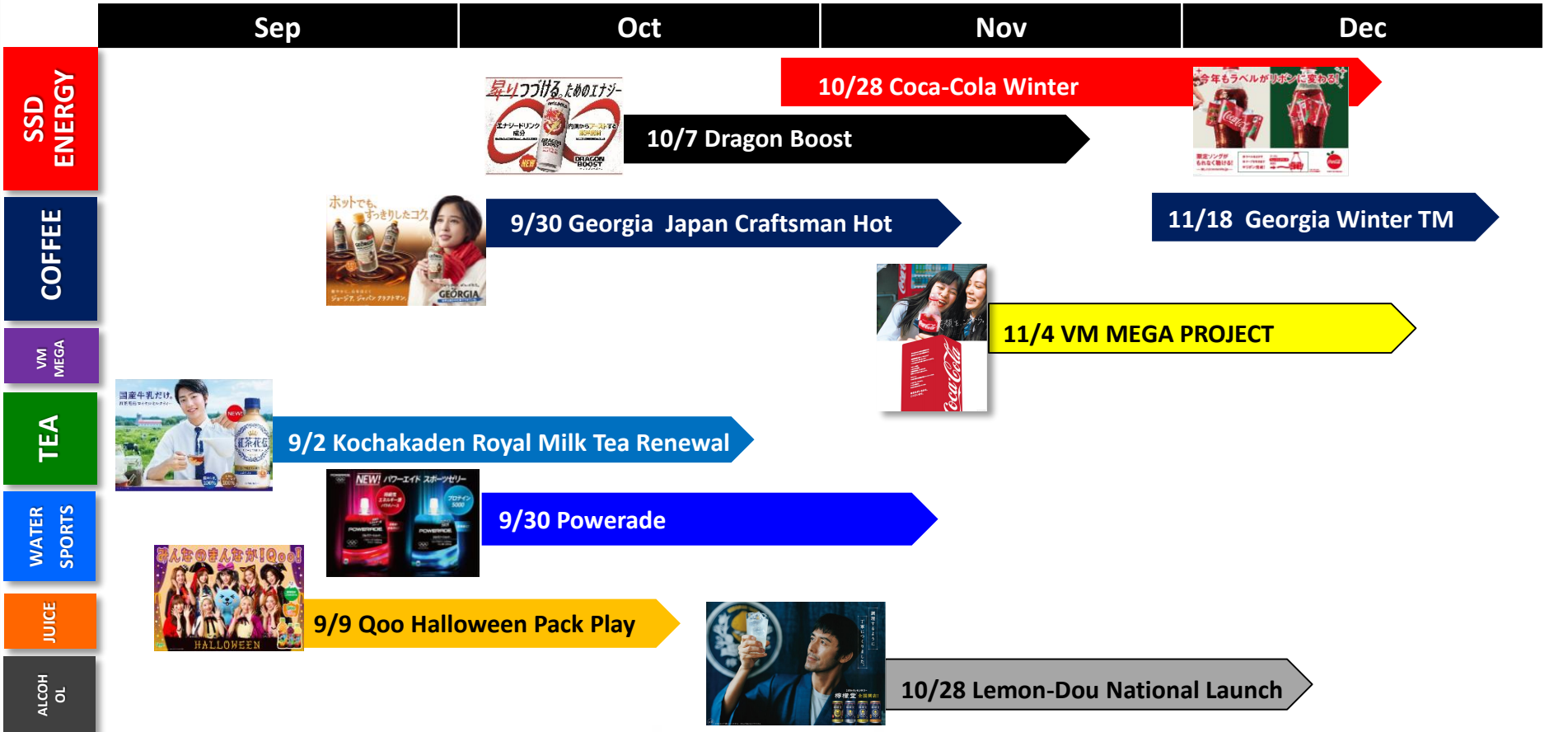
Promotion



Vending holistic campaign TV commercial showed in earnings presentation.



2019 Q4 Key Initiatives



New Mission, Vision and Values

Mission

Deliver **happy moments** to everyone while creating **value**

Vision

- We are the **preferred partner** for our **customers**
- We **win in the market** through sustainable growth
- We lead a **learning culture** with **commitment to grow**
- We are the **best place to work** with **pride for Coca-Cola**

Values

- **Learning**
- **Agility**
- **Result-orientation**
- **Integrity**

ミッション

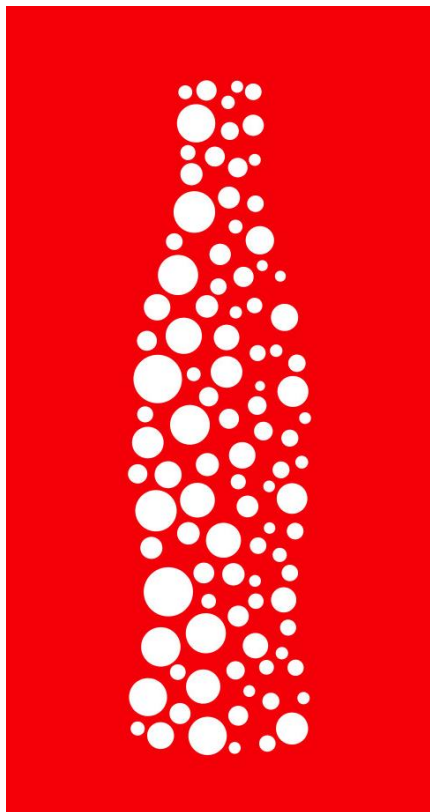
すべての人に**ハッピーなひととき**をお届けし、**価値**を創造します

ビジョン

- すべての**お客さま**から選ばれる**パートナー**であり続けます
- 持続可能な成長により、**市場で勝ちます**
- 常に**学び**ながら**成長**します
- **コカ・コーラに誇り**を持ち、誰もが**働きたい**と思う**職場**をつくれます

バリュー

- **学ぶ**向上心を忘れません
- 変化を恐れず**機敏**に行動します
- **結果**を見据え最後までやりきります
- **誠実と信頼**に基づいた気高い志で行動します



Introducing new “*Business Transformation*” function

Coca-Cola System commitment to growth

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

- **Value creation**
- **Innovation**

Coca-Cola
BOTTLERS JAPAN INC.

- **Transformation**
- **Value delivery**

Business Transformation function:

- Reporting to president
- Drives transformation across CCBJH Group
- Streamlined decision-making, strong project management, enhanced governance
- Effective coordination across CCBJI leadership team and Coca-Cola System

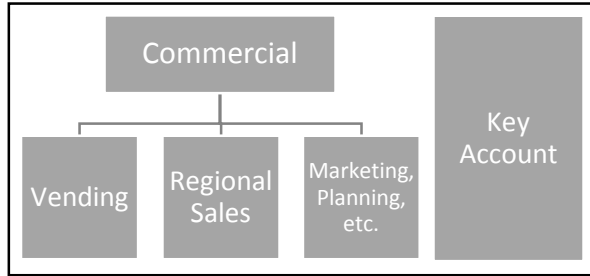


Evolving Commercial organization

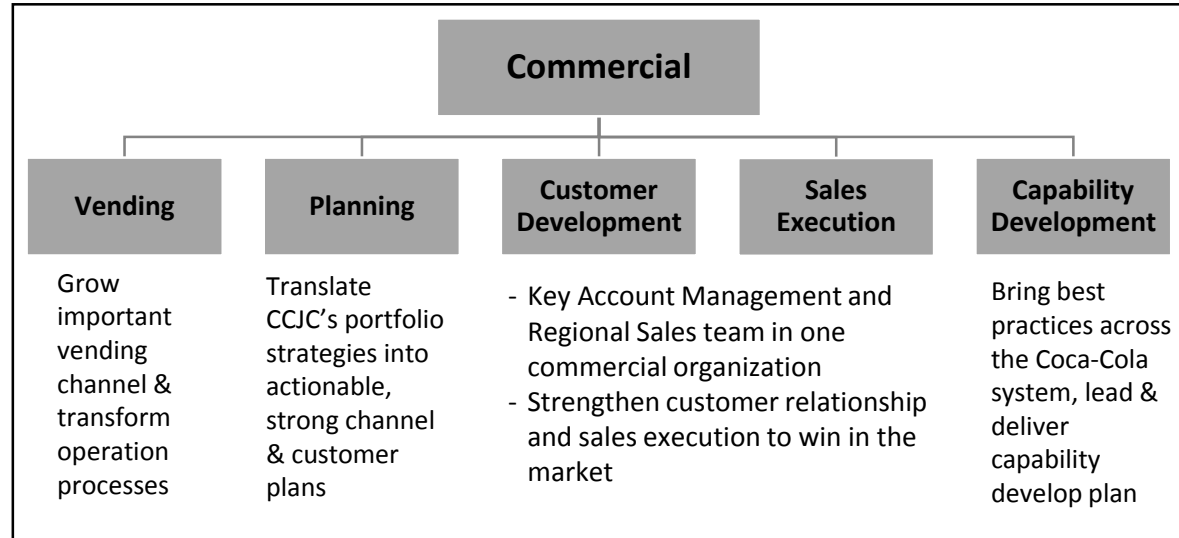
Grounded in new Mission, Vision, Values & strategic business plan

- **From:** mix of past practices from legacy, regional bottlers → **To:** scaled-up professional organization with best-in-class customer management and a focus on winning in the market
- Commercial execution transformation project up and running in Tokyo

Current



From January 2020

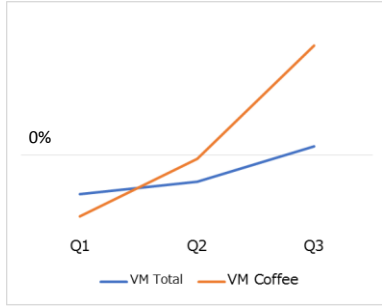


Vending transformation

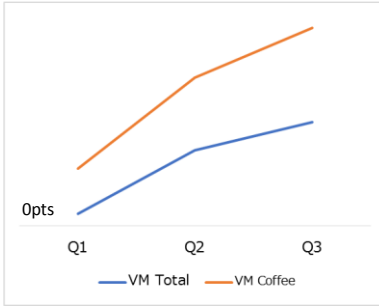
Gaining traction, started pilot of process reengineering

Signs of improvement

VM volume

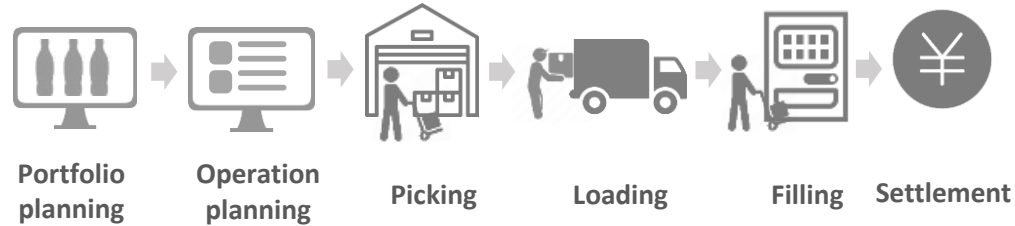


VM value share



Source: Intage SCI

Operational process change



- Establishment of “One System” virtual vending organization with CCJC in January
- Transaction growth initiatives, Georgia Japan Craftsman driving improvement
- Q3 Coffee growth +9% in vending

- Addressing inefficiency in old service model; Toward automation, digitization
- Increasing number of online machines
- Started pilot in Kinki area focusing on role sort, expanding to all territories in 2020



Infrastructure to lead transformation and cost savings

Supply chain

Expanding manufacturing and distribution

- In-house production of Lemon-dou at CCBJI Saitama plant
- Three new aseptic manufacturing lines YTD. On track to add four more lines through Q2 2020
- Shinsei logistic/distribution project ongoing, Hakushu and Kumamoto automated warehouse commissioned by the end of this year
- 16 sales centers closed and consolidated since CCBJI inception

Back office

Integrated & standardized infrastructure

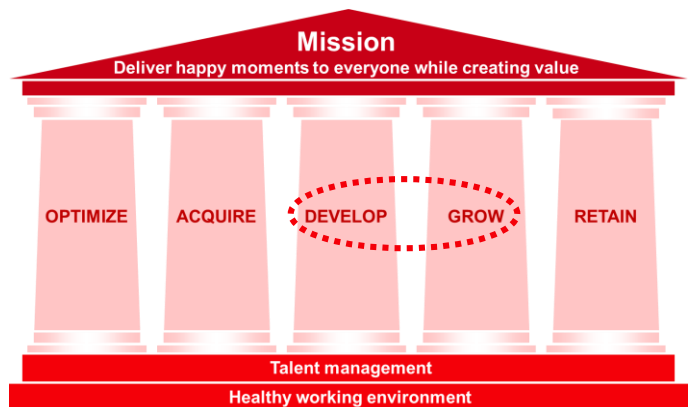
- Completion of CokeOne ERP system across all territories in October - Business now runs on one, integrated IT infrastructure
- Shared services organization (BSO) – Center of Scale started by centralizing and standardizing processes. Now outsourcing certain transactional processes



Capability development to drive transformation

New Mission, Vision and Values drives our people strategy

People strategy Strategic pillars



Values translate into observable behaviors

Learning



Agility



Result-orientation



Integrity



Started new programs to Develop and Grow talented people with the right capabilities

Develop

Fundamental transformation on capability development focusing on leadership, frontline negotiations, global mindset and governance

Grow

Establish a transparent and effective career path model, focusing on performance coaching, talent identification, diversified career tracks & options to support individual career design



CSV (Creating Shared Values) Goals

ESG goals and vision for a World Without Waste



World Without Waste

2030 Packaging Vision for the Coca-Cola System in Japan

Selected by the [United Nations](#) and [Japan Ministry of Agriculture, Forestry & Fisheries](#) as an example of SDG Goal 12: *Ensure sustainable consumption and production patterns*



*New Environmental Targets
Toward Acceleration of Recycling*

Design

- 50% by 2022: Content of recycled PET in PET bottles
- 90% by 2030: Content of recycled PET in PET bottles
- 100% by 2030: Sustainable PET without fossil fuel use
- 100% by 2025: Adopt recyclable packaging
- 35% by 2030: Further light-weighting of PET packaging

Collect

- 100% by 2030: Collection % against sales volume

Partner

- By 2030: Extensive partnerships across industry and environmental organizations

*Baseline 2015, target year 2025 unless otherwise stated

Key takeaways

2019: A call to action to modernize and lead

- 🔥 **Core beverage Business Income roughly in-line with plan**
- 🔥 **Continued topline pressure in Health care & Skin care business**
- 🔥 **Steady initial progress on strategic initiatives; New mission, vision, values; Commercial and Vending transformation; Supply chain capacity; Business support infrastructure**
- 🔥 **Building blocks in place for solid start to 2024 plan**

2019 Milestones

- 🔥 **March 26**
Annual General Meeting; New management and BOD members approved
- 🔥 **April 1**
Completion of wholesale price hike negotiations
- 🔥 **May 15**
Reflection on 1st 60 days; 2019 earnings forecast revision
- 🔥 **August 7**
Strategic business plan announced
- 🔥 **October**
BOD meeting focusing on people & organizational capability plan





Q & A



Appendix

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

Business Income	A measure of our underlying or recurring business performance after the adoption of IFRS. Business Income deducts cost of goods and SG&A from revenue, and includes other income and expenses which we believe are recurring in nature.
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.).
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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