



***Second quarter year-to-date 2020  
Earnings Presentation  
August 13, 2020***

***Coca-Cola Bottlers Japan Holdings Inc.***

**Calin Dragan, President**

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

**(Posted to CCBJH website on August 12, 2020)**

# 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

The information in this presentation is provided for informational purposes and should not be construed as a solicitation of an investment in our securities.

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 (Q2) year-to-date 2020 earnings presentation*

Overview and situational analysis

Q2 YTD results and year-to-go outlook

Q&A

# Overview and Situational Analysis



# We are all in this together

## *Delivering happy moments to everyone, while creating value*



**Coca-Cola**  
BOTTLETS JAPAN INC.

### Paint it RED!

未来を塗りかえろ。

**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

# Year-to-Date Overview

- ‡ Q2 reflects impact of emergency declaration and decision to postpone Olympics. Q2 volume down 18%, YTD volume down 11%. Lemon-dou alcohol brand ahead of plan.
- ‡ Targeting appropriate balance of value & volume – slight OTC market share decline as we maintain wholesale price hike, focus on core business & pivot from Olympics-heavy 2020 plan. Vending market share growth continued despite COVID-19 drop in market volume
- ‡ Significant cost savings helping to offset current-year topline pressure. More than 10 billion yen in YTD cost savings. YTG cost-saving efforts to continue
- ‡ Accelerated important vending channel operation transformation project by six months; Completed company-wide deployment by the end of Q2
- ‡ Completed brand-new, world-class Hiroshima plant. Expanded supply network on-plan, with seven new lines installed since last year, including four new lines in 2020.
- ‡ Carefully watching peak summer performance to update FY2020 forecast, amid ongoing COVID-19 uncertainty and extended rainy season in July.

# Macro and industry impact from COVID-19. When is “new normal”?

## Impact of COVID-19/Lifestyle changes

Emergency declaration

About

2

months

### Traffic

(Shinjuku station vs LY\*)

-58.1%

### Telework introduction rate

(Tokyo Apr Diff. pre month)

+2.6x

(Introduction rate: 62.7%)

### Sales of food service industry

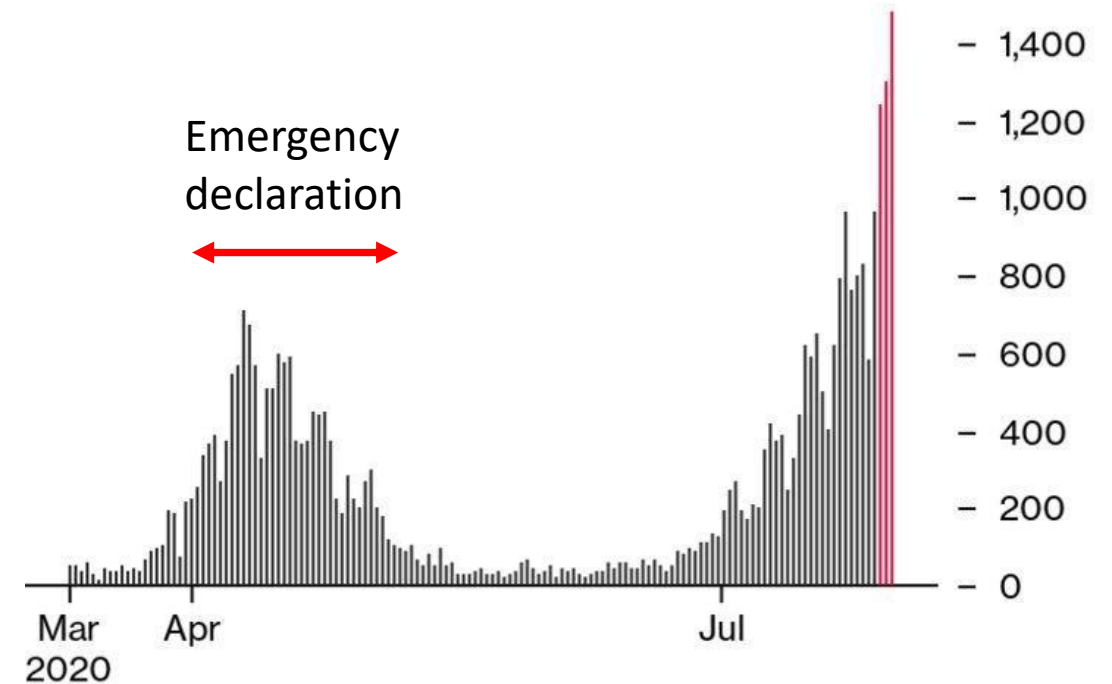
(May vs LY)

-32.2%

Source : NTT Docomo, Tokyo Metropolitan Govt., Japan Food Service Association

\*As of May 31th 2020,






## Daily new coronavirus infections





# Market Environment Update; “with COVID-19”

*Balancing topline pressure from volume declines and channel mix shifts*

Industry situation YTD <i>Still navigating “with COVID-19”</i>		Guiding principles for market execution	CCBJI quick actions <i>What we can do now</i>			
	<b>Supermarket, Drug &amp; Discounter</b>	More stable traffic, with reduced weekly visits. Increased focus on affordability and value.	<ul style="list-style-type: none"><li>• Assess strategic priorities</li><li>• Leverage new consumer demand trends</li><li>• Review portfolio and promotional initiatives</li><li>• Strengthen core SKU coverage</li><li>• Boost capabilities for growing channels and categories</li><li>• Leverage Coca-Cola global system expertise</li><li>• Review investment plans</li></ul>	<b>Customer centric plans &amp; support programs</b>	Mitigation initiatives to navigate evolving situation in an agile way	<b>Cost savings and optimizing capital allocation</b>
	<b>Convenience Store</b>	Major traffic and volume decline in urban outlets continues.		People, processes and systems to address high fixed cost base		
	<b>Vending</b>	Foot traffic still low, especially indoor locations such as train stations, schools, leisure venues & offices. “Low-touch” consumer interactions.		Accelerating transformation initiatives		
	<b>Food Service</b>	Strong decline in sales, with exception of delivery & to go. Uncertainty on return to normal, risk to continuity of operations.		Pivoting to new marketing plans after Olympics delay and consumer demand shift		
	<b>Online</b>	Sales spike since COVID outbreak; Increase in demand for case sales and home delivery.				



# CCBJH navigating critical year with aggressive cost focus

*Solid start pre-coronavirus; Acting with urgency; COVID-19 uncertainty remains*

## Situational analysis

- Successfully addressing “controllable” cost structure to match new environment
- Olympics delay and negative channel mix impacting market share. Higher share in profitable vending channel increases near-term pressure
- Assessing 2020 plan and strategic outlook given current-year pressure.

## More focus on what we can control

- Early recognition of tough 2020 and withdrawal of guidance allows more time to initiate “one-time” savings and balance sheet “cleanup” to partly offset current pressure
- Major programs underway and delivering results. Updating 2H marketing to reflect Olympics delay
- “Business as usual is not an option”

# Q2 YTD 2020 results

# Q2 YTD 2020 results vs. 2019

*Business Income decline led by beverage volume performance, partially offset by cost savings.  
Operating income progressed versus prior year, cycling one-time expenses.*

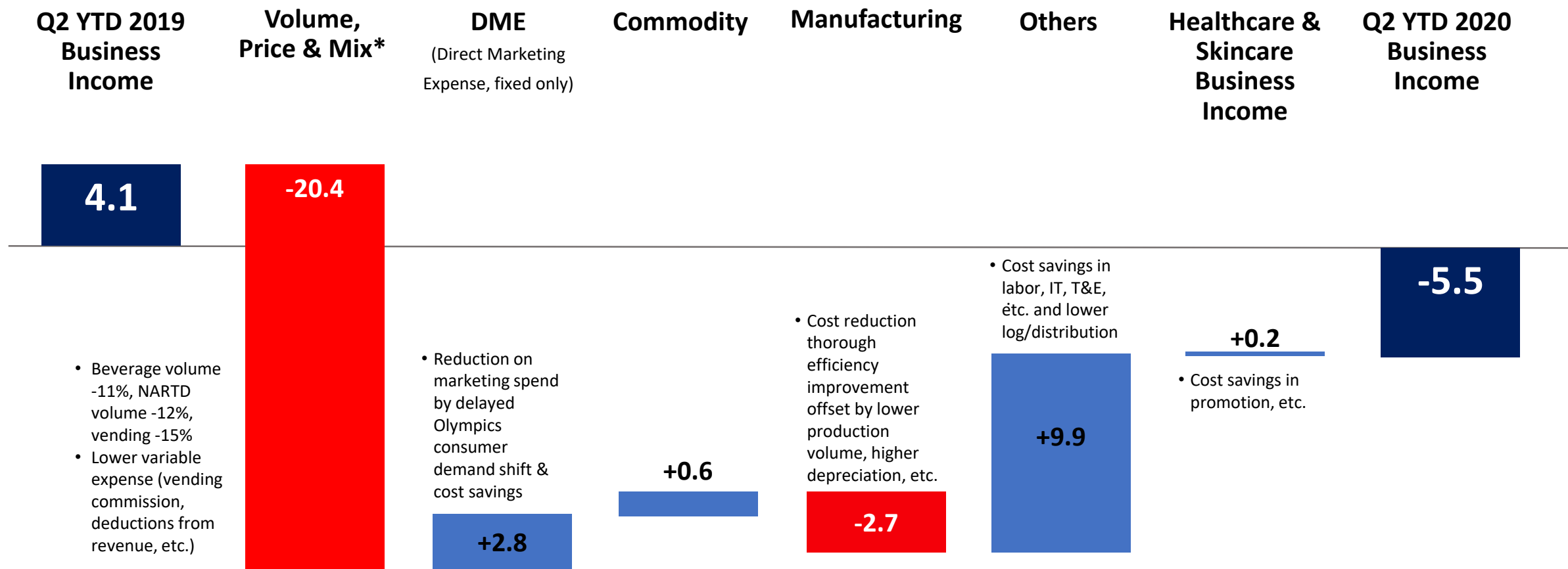
	2020	2019	YoY
<b>Revenue</b>	<b>386,679</b>	433,710	<b>-10.8%</b>
Beverage Business Sales Volume (Million Cases)	<b>212</b>	237	<b>-11%</b>
NARTD Beverage Volume	<b>207</b>	237	<b>-12%</b>
COGS	<b>207,420</b>	223,465	<b>-7.2%</b>
<b>Gross Profit</b>	<b>179,259</b>	210,246	<b>-14.7%</b>
SG&A	<b>183,899</b>	205,202	<b>-10.4%</b>
<b>Business Income (Loss)</b>	<b>(5,539)</b>	4,122	-
<b>Operating Income (Loss)</b>	<b>(13,110)</b>	(65,457)	-
<b>Net income (loss) attributable to owners of parent</b>	<b>(6,452)</b>	(64,565)	-

Beverage Business	2020	2019	YoY	Health Care & Skin Care Business	2020	2019	YoY
Revenue	<b>374,598</b>	421,404	<b>-11.1%</b>	Revenue	<b>12,081</b>	12,306	<b>-1.8%</b>
Business Income (Loss)	<b>(7,368)</b>	2,523	-	Business Income	<b>1,829</b>	1,600	<b>+14.3%</b>

Unit: Million JPY

# Q2 YTD 2020 Drivers of Business Income

*COVID-19 vending volume decline driving topline pressure; Significant cost-saving efforts*



Unit: B JPY

(Rounding off less than unit)

\*Volume, Price & mix represent marginal profit of our commercial activities including variable costs and deduction from revenue in IFRS.



# Cost-saving opportunities to balance near-term volume pressure

*Year one of strategic plan a unique moment to identify more savings*

## Volume performance

- 📌 Q2 reflects Japan emergency declaration
- 📌 Volume declines vs. prior year, but signs of improvement in June as emergency restrictions lifted
- 📌 Uncertainty remains for rest-of-year
  - Unusually wet and cool July weather, delay of planned Olympics activity and resurgence of COVID-19 infections negatively impacting current outlook
  - Carefully watching results and putting in place actions to protect our business

## NARTD volume YoY

Jan	Feb	Mar	Apr	May	June	Q2	YTD	July
-2%	+2%	-10%	-24%	-27%	-9%	-20%	-12%	Over -15%

## Cost savings initiatives

*Over 10 billion yen YTD, with more to come*

### Labor

- Overtime reduction
- Paid temporary leave in Q2 and bonus cut

### Marketing

- Refocus on core; Marketing pullback in line global TCCC “call to action”
- Minimize price promotions/discounts

### Logistics

- Expansion of private fleet; Return to more normalized supply network

### Depreciation

- Optimized new sales equipment placement. Reevaluating current year placements, leveraging refurbished vs. brand-new

### Digitalization

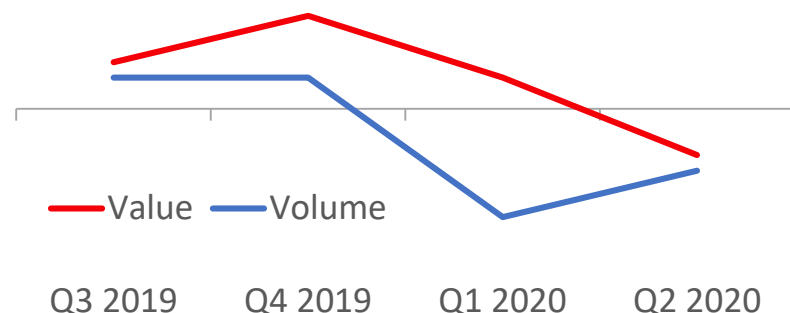
- 17,000 smartphones, 14,000 laptops distributed; Enabling a “new normal” flexible workplace

# NARTD market share & retail pricing trends

*Balancing value & volume share in OTC, maintain share momentum in vending*

## OTC Market Share

Market Share (vs. PY, PP)	Value	Volume
YTD Q2 (Jan. to Jun.)	-0.1	-0.5
Q2 (Apr. to Jun.)	-0.3	-0.4



## NARTD OTC Retail Price

OTC Retail Price (Jan. to Jun. 2020, JPY per bottle)	Vs. Market Average	Vs. PY
Small PET	+3.0	-0.9
Large PET (2L PET)	+23.4	+0.6

### Q2 OTC market share impacted by sales mix

- Higher market growth in future-consumption channels & packaging
- CCBJI pivot to core beverages as we adjust away from Olympics-heavy marketing calendar

### Still observing benefit from prior-year wholesale price increase one full year after introduction. Staying disciplined on pricing.

### Maintaining market share momentum in vending channel despite current-year COVID-19 market decline

- Continued strategic focus on addressing long-term vending issues
  - ✓ Coffee and non-sugar tea leading vending share gains
  - ✓ Right product offerings & price points
  - ✓ Big bet new-product coverage
  - ✓ Channel-exclusive products
  - ✓ Leveraging proprietary Coke ON smartphone app

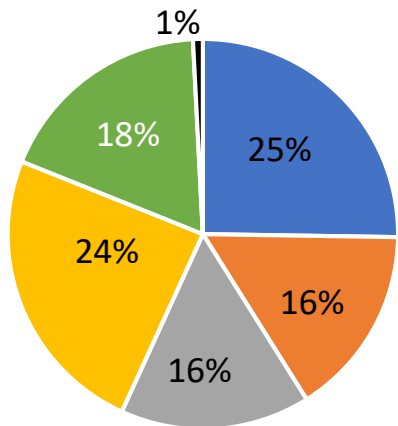
Source: Intage

NARTD: Non-alcoholic ready-to-drink OTC: Over-the-counter channels

# 2020 Q2 YTD NARTD channel & category volume performance

12% volume decline led by retail & food and vending due to COVID-19

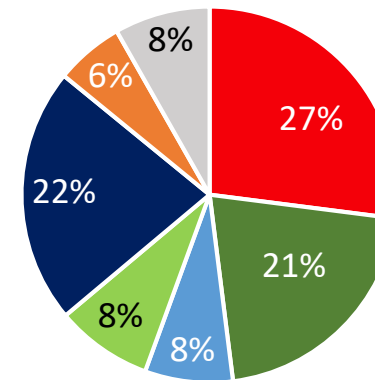
## By channel



	Vs. PY	Volume	Wholesale revenue per case
Supermarket (SM)		-1%	-11 Yen
Drug & Discounter (D&D)		+7%	-9 Yen
Convenience Store (CVS)		-9%	+7 Yen
Vending (VM)		-15%	-53 Yen
Retail & Food (R&F) Includes Online		-32%	+60 Yen

**SM** Sparkling & water growth offset by decline in sports.  
**D&D** grew across most categories except sports, led by increased shopper traffic, demand for home consumption and pantry loading.  
**CVS** relatively stable in sparkling, decline in water, tea and coffee.  
**VM** decline on lower traffic in train stations, schools, leisure venues, offices.  
**Online** grew double digits across categories, **now 2% of total NARTD**  
**Revenue per case:** Package mix reflects growth in large PET in SM&DD. Also starting to cycle prior-year April large PET wholesale price hike. Positive impact from new product launches in CVS. 100 yen price point in VM.

## By category



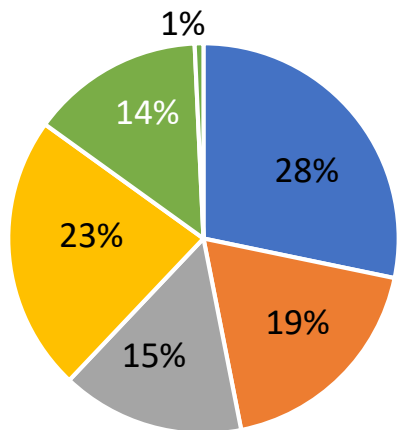
	Vs. PY	Volume
Sparkling		-9%
Non-sugar tea (NST)		-10%
Sports		-19%
Water		-10%
Coffee		-8%
Juice		-25%

**Sparkling** down in R&F and VM despite growth in SM & D&D.  
**NST** decline driven by VM and R&F. Slight decline in green tea partially offset by newly-launched Ayataka Koi Ryokucha.  
**Sports** category decline & weak performance of large PET.  
**Water** decline due to small package iLohas brand in VM & CVS.  
**Coffee** decline of can & bottle can despite PET package growth in most channels.  
**Juice** declined due to sharp drop in R&F demand in Q2.

# NARTD channel/category/package volume performance

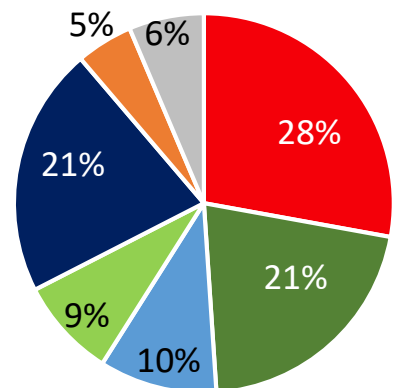
Q2 2020 volume: -20%

## By channel



	Vs. PY	Volume	Wholesale revenue per case
Supermarket (SM)		-1%	-62 Yen
Drug & Discounter (D&D)		+10%	-54 Yen
Convenience Store (CVS)		-17%	-10 Yen
Vending (VM)		-26%	-22 Yen
Retail & Food (R&F)		-51%	+158 Yen

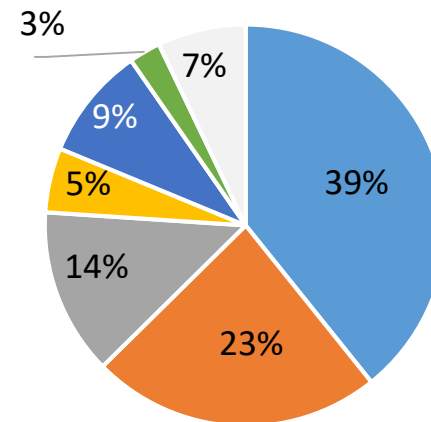
## By category



	Vs. PY	Volume
Sparkling		-15%
Non-sugar tea (NST)		-16%
Sports		-20%
Water		-20%
Coffee		-15%
Juice		-41%

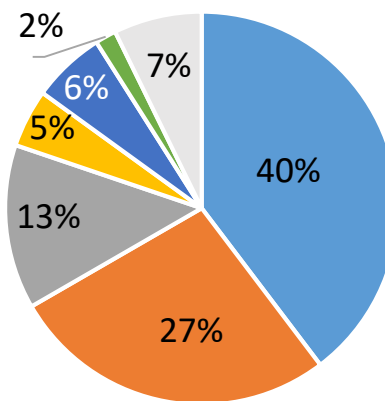
## By package

### Q2 YTD 2020



	vs PY	Volume
S-PET		-10%
L-PET		+3%
Can		-17%
Bottle Can		-8%
Syrup		-39%
Powder		-27%

### Q2 2020



	vs PY	Volume
S-PET		-20%
L-PET		+13%
Can		-22%
Bottle Can		-13%
Syrup		-63%
Powder		-52%

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



# Priority on good stewardship of capital

## *Maintaining solid financial position & liquidity*

### Balance sheet & cash flow

- 🔴 Maintain solid financial position: 50.4% equity ratio as of end of Q2
- 🔴 YTD cash and cash equivalents grew by 5 B yen; Higher inventory, fixed assets, offset by 50 B yen short-term loan in April
- 🔴 Positive cash flow from operations in the first half
- 🔴 Looking for opportunities to clean up the balance sheet and bring in additional cash
- 🔴 Announced plan to reinstate 25 yen per share year-end dividend

### CAPEX & Depreciation

- 🔴 Focus on strategic investments with additional capex reduction plan in place.
- 🔴 Full-year capex expected to be ~75 B yen, a reduction of 21 B yen vs. initial plan
- 🔴 Full-year depreciation expected to be ~60 B yen, ~2 B yen lower than plan

Q2 YTD actual	(Billion JPY)
CAPEX	38.5
Depreciation	29.4

# Year-to-Go Outlook

# Year-to-go outlook

- ▶ **Plan to update full-year 2020 forecast once we have clear visibility on Q3 results**
  - ▶ **Carefully watching peak summer performance particularly on evolving changes in the market trends amid ongoing COVID-19 uncertainties**
  - ▶ **Leading the way in cost savings in a tough COVID-19 situation to offset some of the topline pressure this year**
  - ▶ **Expect some continued market share impact in Q3 as it takes time to course correct and implement updated brand and marketing plans after Olympics delay**
  - ▶ **Updated year-end dividend forecast to 25 yen per share due to more stable cash flow outlook after cost-savings, CAPEX revisions and balance sheet cleanup**

# Update from the Coca-Cola (Japan) Company

Campaign to cheer the athletes

Marketing activities amid COVID-19



# Campaign to cheer the athletes by drinking Coca-Cola products

## “Your cheer will become hope for athletes”

- Donation program for Japan National Team -  
(Starting on June 15, data as of August 9, 8 weeks after start)

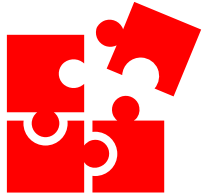


# of participants:  
About 630K

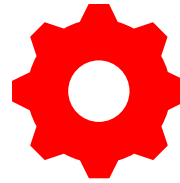


Amount of donations:  
About 14M JPY

# Marketing activities amid COVID-19



**FEWER, BIGGER  
INNOVATION**

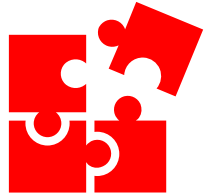


**PIVOT TO CORE**

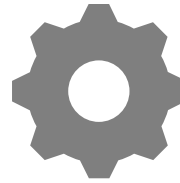


**STAY@HOME**

# Marketing activities amid COVID-19



**FEWER, BIGGER  
INNOVATION**



**PIVOT TO CORE**



**STAY@HOME**

# Big bet new products and activities



FEWER, BIGGER  
INNOVATION  
選択と集中

## Fanta Premier Grape

Best selling Fanta flavor in  
past 10 years



## Georgia Latte Nista

Successfully acquiring new  
consumers in young age  
and women



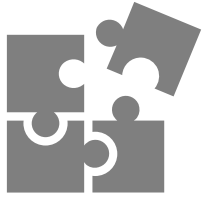
## Georgia Japan Craftsman

Growing PET coffee  
market share  
Gaining buzz on SNS

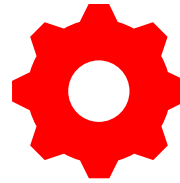




# Marketing activities amid COVID-19



FEWER, BIGGER  
INNOVATION



PIVOT TO CORE

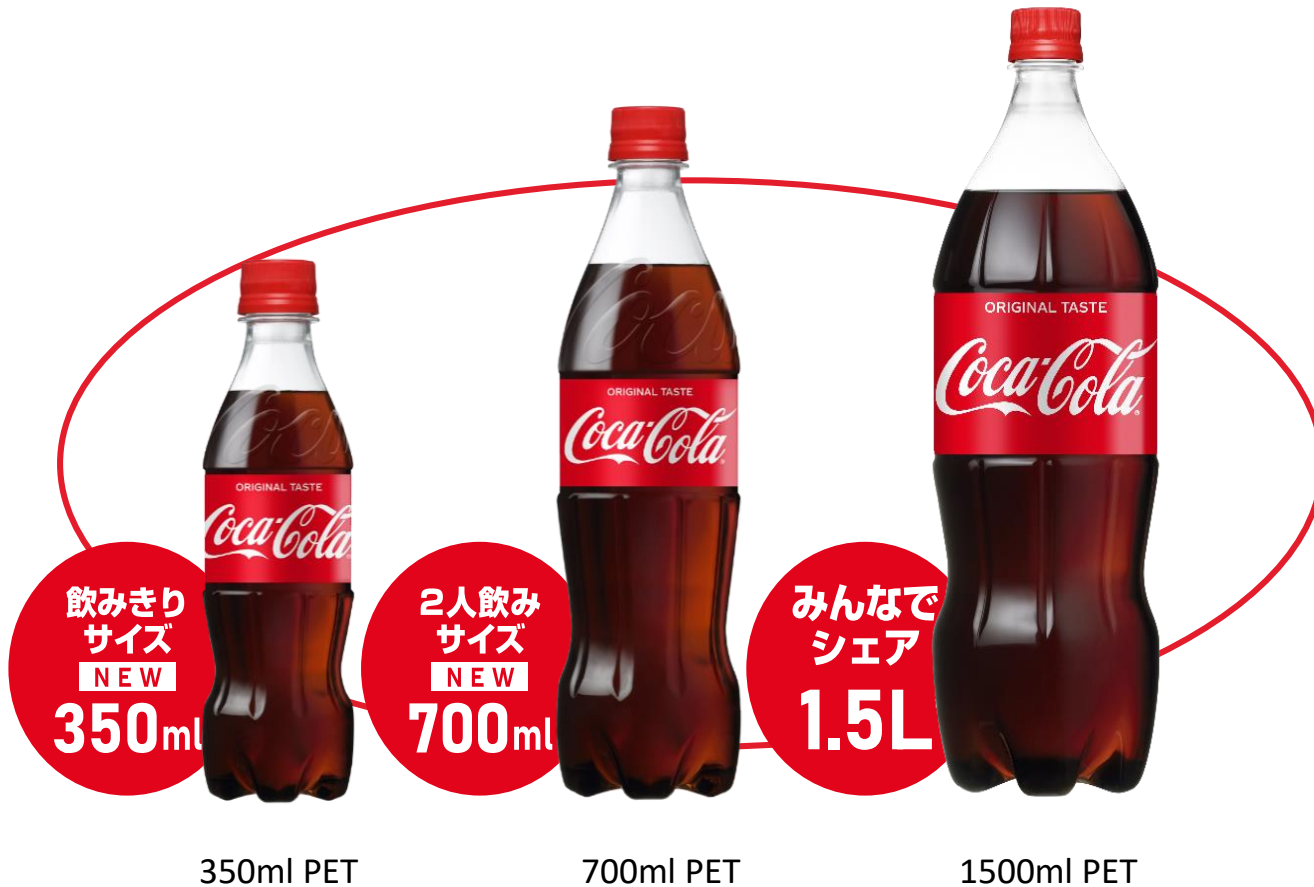


STAY@HOME

# Trade mark Coca-Cola: Launch new packages to meet consumer needs



PIVOT TO CORE  
コアへの原点回帰



Paint it RED! 未来を塗りかえろ。



# Fully renewed Coca-Cola Zero



PIVOT TO CORE  
コアへの原点回帰

## Background

**Desire to refresh**  
while spending a lot of time  
at home

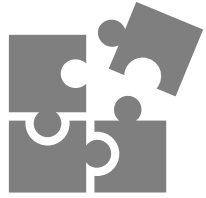
**Demand for zero sugar**  
with rise in health  
consciousness



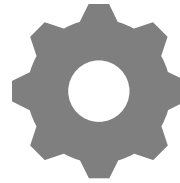
Aug. 31



# Marketing activities amid COVID-19



FEWER, BIGGER  
INNOVATION



PIVOT TO CORE



STAY@HOME



# Launch “labelless” focusing on e-commerce channels



STAY@ HOME  
家庭内需要の獲得



# Ayataka green tea “Rich dining experience” campaign



## Background

“Drink with meals”  
moments account  
for **21%** of RTD  
green tea market

**Spend more time at  
home**

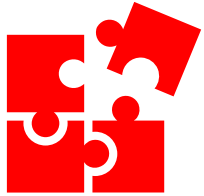
Aug. 17



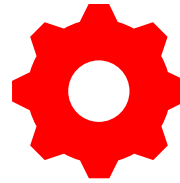
Data: Survey conducted by Coca-Cola (Japan) Company



# Marketing activities amid COVID-19



**FEWER, BIGGER  
INNOVATION**



**PIVOT TO CORE**



**STAY@HOME**

# Wrap up



# Delivering results thorough accelerated transformation while mitigating immediate impact

## Situation we are facing

- Volume contraction
- Consumer behavior shift
- Unfavorable channel & package mix

## Our initiatives

- Accelerated transformation
- Re-plan marketing calendar
- Cost savings



## Focusing on what's in our control

### Completed cost structure transformation faster than plan

- ✓ Rapid deployment of transformation, 2x faster than planned deployment of new operation model in vending & sales force transformation in OTC channel
- ✓ Completion of supply network expansion
- ✓ Digitalization enables us to accelerate the transformation in a challenging environment (17K smartphones, 14K laptops)
- ✓ Delivering over 10B cost savings in YTD

# First step of business transformation work completed amid COVID-19

*Nationwide vending & OTC transformation rollout completed by end of June, faster than plan*

*Completed expansion from Pilot to nationwide in record time*

## Vending

### Operation model transformation



- Reduction in vending routes to service
- Reduction in average daily overtime
- More efficient service as measured by drop size and out-of-stocks
- Gaining market share

## OTC

### Sales Force Transformation

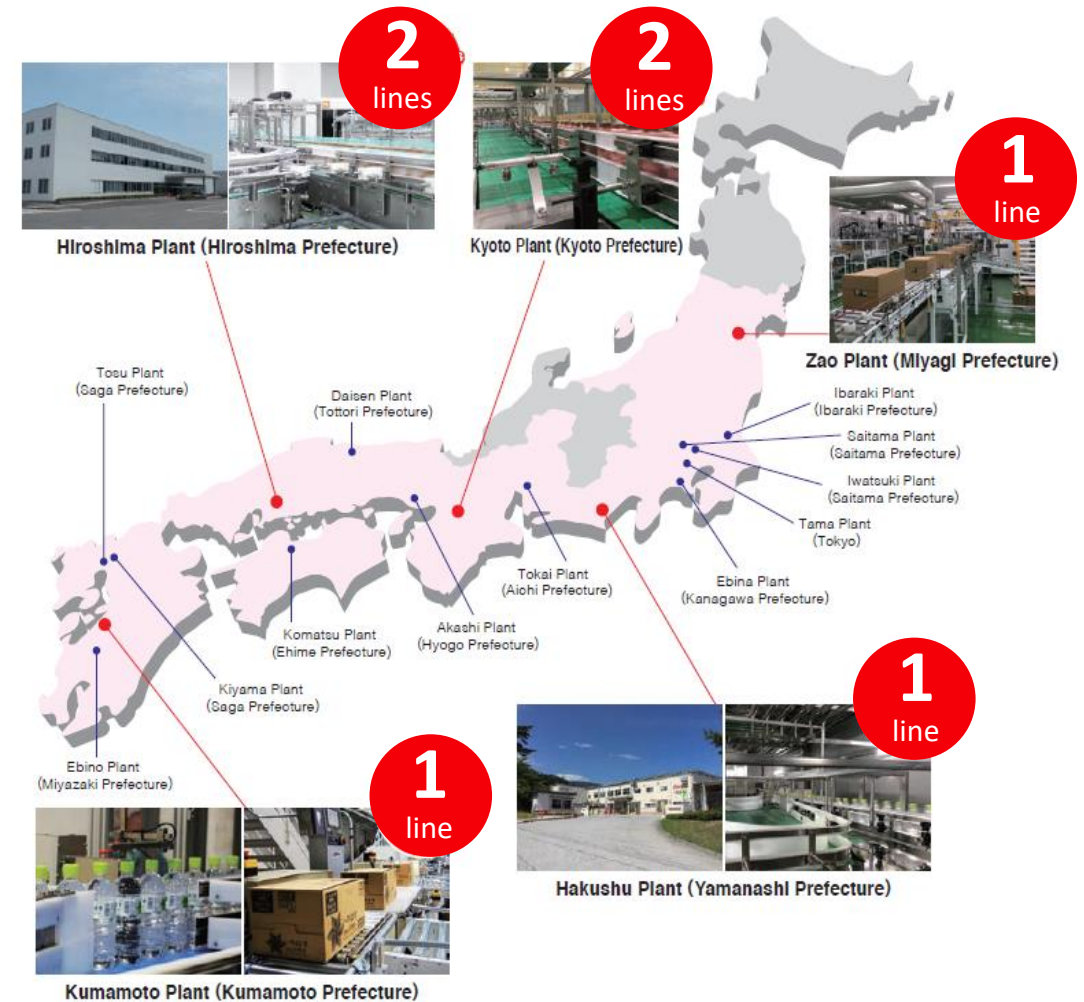


**New sales routines improve efficiency by digitalization, standardized & optimized business process and updated organizational structure**

# Historic expansion of manufacturing & product supply capacity

*Efficient & high-spec production technology to help flexibly respond to market demand*

- Seven new manufacturing lines now up and running since last year, as planned
- Flexible aseptic manufacturing capacity
- Completed brand-new world-class Hiroshima plant two years after flooding
- Automated warehouses in Kumamoto, Hakushu, Hongo sites now operational
- Shinsei logistic optimization project; Saitama Mega Distribution Center (DC) construction progress on-plan





# Continuing to invest in our people



## Inclusion

### 🔥 Kicked off Coca-Cola University Japan

- Offer comprehensive programs to nurture next generation of leaders, including women in leadership, English language, professional skills
- Providing future leaders work experience at other global bottlers

### 🔥 Actively implementing new workstyle for “new normal”, grounded in Company’s new Mission, Vision, Values

- Continue encouraging employees to work remotely, enabled by digitalization— 17,000 smartphones and 14,000 laptops distributed
- “Super flextime”, eliminated mandatory core working hours
- Providing assist clothing to help reduce physical load for vending fillers, jointly developed with Fukuoka University and Mizuno Corporation

### 🔥 Selected by MSCI Japan Empowering Women Index (WIN)



2020 CONSTITUENT MSCI日本株  
女性活躍指数 (WIN)



# Making progress in sustainable packaging

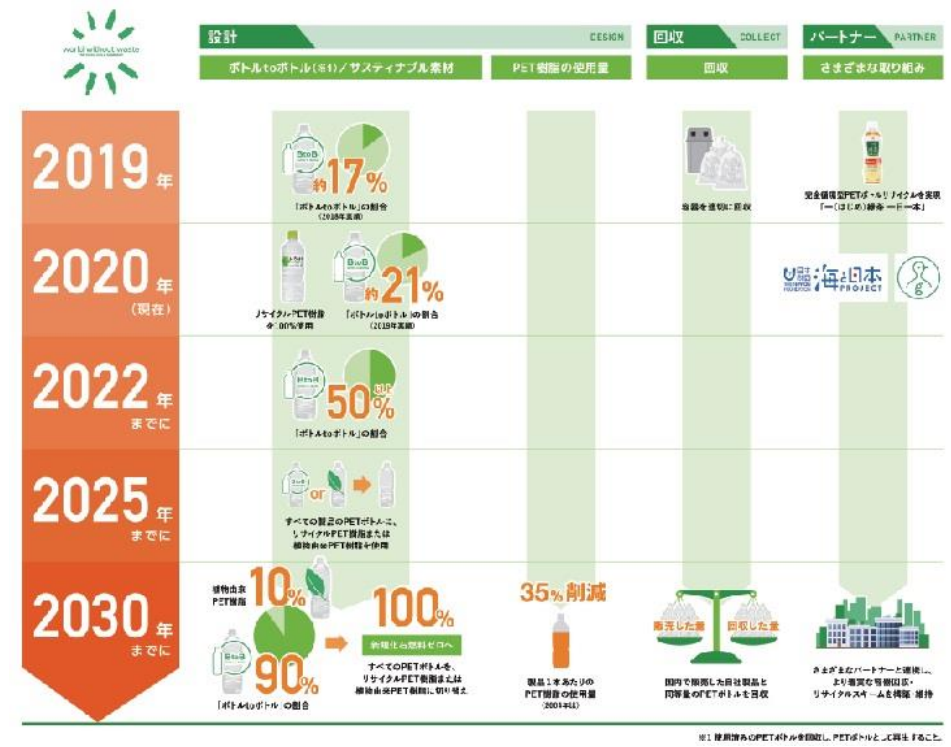
*Joint project to produce chemically-recycled PET bottles*

- CCBJI to carry out pilot sales of product using chemically recycled PET raw materials within this year
- Far Eastern New Century Company developed “TopGreen® ChemCycle”, a new chemical recycling process to convert used PET into the main component of PET resin



## Resources

*Helps support achievement of  
**World Without Waste**  
bottle-to-bottle recycling*



# Supporting prevention of COVID-19

*Provide support to essential workers and people in need*



## Community

### CCBJH activities

#### Donated ~80K cases of beverages

- Medical institutions, local governments, food banks, sanitation workers, schools, etc. in conjunction with Coca-Cola system-wide Refresh Japan program



#### Anti virus/bacteria wrapping on vending machines



#### Pilot selling of face masks in vending machines



### Coca-Cola system activities

#### "Refresh Japan" program

##### The Coca-Cola Foundation

The Coca-Cola Foundation, The Coca-Cola Company's international philanthropic arm, donated \$1.5 million to the Tokyo Metropolitan Community Foundation & The Big Issue Japan Foundation

##### Coca-Cola (Japan) Company

Donated alcohol sanitizers manufactured at its Moriyama plant and face shields made from recycled PET bottles to medical institutions



# Wrap up

- Q2 reflects impact of government emergency declaration and restrictions, but uncertainties remain amid resurgence of COVID-19
- Q3 is our peak season and most important quarter in the year; Carefully watching performance and implementing mitigating actions as necessary
- Through rapid cost savings & mitigating actions, making our best efforts to offset some of the current year topline pressure. Plan to announce full-year earnings forecast once we have clear visibility on Q3 results
- We remain committed to fundamentally transforming ourselves to sustain and recover our business

# 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 <b>Direct Marketing Expenses</b> . Sales promotion-related expenses, including advertisement, rebates, sales commissions, etc.
FC	Abbreviation of <b>Future Consumption</b> . 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 <b>Hotel, Restaurants and Cafeteria</b> . Generally means sales channels of these kinds.
IC	Abbreviation of <b>Immediate Consumption</b> . 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 <b>Price, Terms and Conditions</b> , an internal guideline for setting appropriate transaction conditions with customers, frequently used in conjunction with RGM.
RGM	Abbreviation of <b>Revenue Growth Management</b> , an overall strategy and process to achieve profitable revenue growth.
RTM	Abbreviation of <b>Route-to-Market</b> . 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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