

Coca-Cola Bottlers Japan Holdings Inc.

Supplemental information for full-year 2018 guidance update
October 10, 2018



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Forward-looking statements

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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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Full-year 2018 guidance update

Summary of updated guidance for full-year 2018

- **Versus initial plan, Revenue -42.0 B yen, Operating Income -22.7 B yen, Net Income -19.8 B yen, due to flooding in western Japan and continuation of first-half trends:**
 - Loss of approximately 22 million cases (annualized) production capacity and significantly higher logistics cost to supply products from alternate supply points nationally
 - Rapid growth in aseptic products, causing supply constraints
 - Continued negative channel and package mix
 - 8.4 B yen of extraordinary loss, primarily write-off of damaged assets and inventories
- **Dividend forecast remains unchanged at 50 yen per share**
 - Interim dividend 25 yen and year-end dividend forecast 25 yen, per share respectively
- **Expect to deliver 8 B yen in 2018 net synergies, in-line with plan**
- **Progress on integration continues; re-evaluating investments for mid-term growth plan. Focus on shareholder value creation unchanged**



Hongo damage and current situation (Reference)

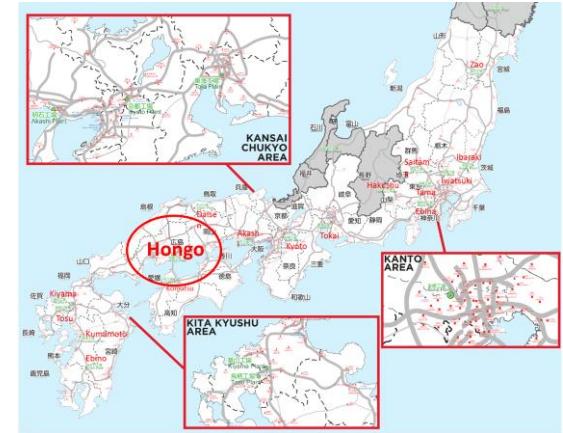
Hongo facilities in Western Japan

- 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

Current situation (As of October 2018)

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

17 manufacturing plants nationwide



Damage at Hongo was extensive



July 7: Hongo dispatch yard



July 9: Hongo warehouse



Summary of updated forecast

	Initial Plan (Feb. 2018)	Updated Plan (Oct. 2018)	Variance
Revenue	1,007,300	965,300	-42,000
Beverage Business Sales Volume (vs. PY)	+2%	-2%	-400 bps
Operating Income	49,700	27,000	-22,700
Income Before Tax	47,700	17,300	-30,400
Net Income	28,800	9,000	-19,800
EPS	149.66 Yen	46.77Yen	-102.89Yen
DPS	50 Yen	50 Yen	(No change)

Beverage Business	Initial Plan	Updated Plan	Variance	Health Care & Skin Care Business	Initial Plan	Updated Plan	Variance
Revenue	975,700	937,600	-38,100	Revenue	31,600	27,700	-3,900
Operating Income	46,000	23,300	-22,700	Operating Income	3,700	3,700	-

Unit: Million JPY except EPS and DPS

Net Income: Net income attributable to owners of parent



Major drivers of variance in updated 2018 forecast

Total impact to beverage business volume: ~-20M cases vs. initial plan

Heavy rain & flooding in July: -11M cases

Underlying trends & aseptic supply: -9M cases

- **Major drivers of revenue decline**

- Loss of Hongo manufacturing capacity and regional distribution center function, including major logistics disruption
- Prioritizing customer relationships, negatively impacting vending channel sales volume
- SKU rationalization to manage surge demand of aseptic products and lost production capacity
- Channel/package mix deterioration due to continued weakness in vending channel and canned coffee

- **Higher logistics and distribution cost**

- Rewiring our supply chain network to sustain product supply in Chugoku area from alternate supply points
- Increased transportation expenses driven by shortage of available trucks and drivers, longer transport distances and more frequent deliveries

- **Others**

- Continued commodity pressure (PET, aluminum, etc.)

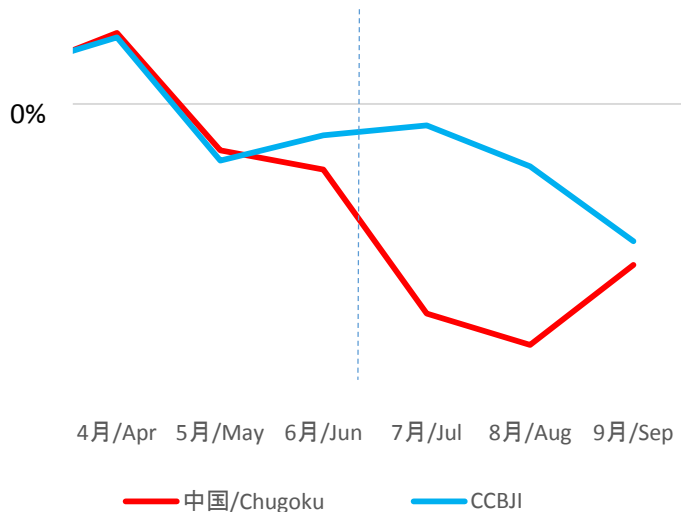
Extraordinary loss due to natural disaster: 8.4 billion yen

- Loss on clean-up, recovery, disposal of damaged assets and inventories



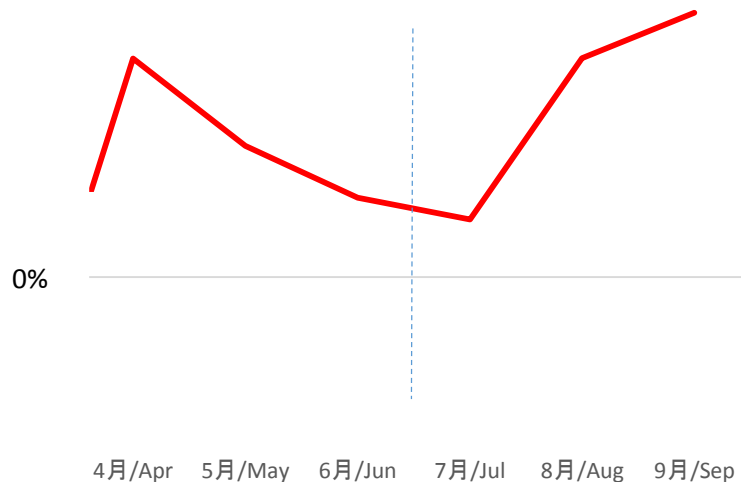
Sales volume and shipping cost trends (Reference)

Monthly sales volume
(vs. prior year)



- Volume impacted by continued channel/package mix pressure, aseptic capacity and supply chain network rewiring to sustain Chugoku supply

Shipping cost per case*
(vs. prior year)



- April increase driven by revised product supply plan to manage aseptic product growth.
- Supply chain network rewiring after Hongo flooding caused another surge after July

*Shipping cost per case between CCBJI locations



Recovery status

Logistics & Distribution

- Resumed logistics and distribution hub operations in Chugoku area, including 11 sales centers in Hiroshima, using Hongo and third-party warehouses
- Availability of trucks improving; however, transport cost continues to be high

Manufacturing

- Extra aseptic capacity is being added progressively up to Spring 2020, including the restoration of Chugoku-area capacity. Plan approved by BOD today
- Clean-up of Hongo facilities continues. Temporarily re-located some employees to support additional shifts at other plants

Product Supply

- Gradual improvement, but supply constraints for certain products expected to continue into next year

Promotional Activity

- Ask our customers to resume “chirashi” promotional activity for PET products nationwide in November
- Q3 *Big Bet* product launches in FOSHU tea, canned coffee



Hongo plant from main gate
(September 13, 2018)



Hongo warehouse
(August 14, 2018)





Milestones

Milestones

November
2018

- Friday, November 9: Q3 YTD Earnings release
- Monday, November 12: Earnings presentation and webcast

February
2019

- 2018 full-year earnings release (JGAAP and IFRS), presentation and webcast
- Full-year 2019 business plan (IFRS)





THANK YOU

Investor Relations

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