



August 9, 2023

Company Name	Coca-Cola Bottlers Japan Holdings Inc.	
Representative	Representative Director & President	Calin Dragan
	(Code No. 2579 TSE Prime Market)	
Contact	Executive Officer, Head of Legal	Tomokazu Usagawa
	(Tel. 0800-919-0509)	

### **Coca-Cola Bottlers Japan Holdings Announces New Strategic Business Plan: Vision 2028**

~Targets revenue growth of 2-3% CAGR, business income margin of 5%+ and ROIC of 5%+~

Coca-Cola Bottlers Japan Holdings Inc. announced its new strategic business plan for 2028. We aim to achieve revenue growth of 2-3% CAGR, a business income margin of 5%+ and a ROIC of 5%+ by 2028.

Key transformation initiatives to date have built a strong business foundation, and the business environment is gradually stabilizing, despite being significantly affected by the impact of COVID-19 and the challenging cost environment. Furthermore, business performance has steadily recovered. Therefore, we have formulated a new strategic business plan, “Vision 2028” to accelerate efforts for sustainable future growth.

Under our corporate philosophy, “Paint it RED! Let’s Repaint our Future.”, our mission is to deliver happy moments to everyone while creating value. By steadily implementing key measures of our new strategic business plan, we will achieve our mission and move toward sustainable growth that increases corporate value.

#### **Overview of Vision 2028**

##### **■ Outline**

Aim for sustainable, profitable growth through a cost structure resilient to change

##### **■ Pillars of Our Initiatives**

###### **✓ Commercial Excellence**

- Product strategies in-line with trends, appropriate growth strategies by channel, profitability-focused commercial activities, vending transformation

###### **✓ Supply Chain Optimization**

- Agile logistics, flexible manufacturing structure, end-to-end integration, digital technology

###### **✓ Back-Office and IT Optimization :**

- Promote data-driven management, efficient administrative and business operations

###### **✓ Enhance: ESG/Human Capital/ Financial Foundation**

■ **Key Metrics and Picture of Success**

Revenue	+2-3% CAGR	Revenue growth above volume growth
Volume	+0.5-1% CAGR	Growth aligned with profitability-focused commercial strategy
Business Income	5%+ margin 45-50 B JPY	Aiming for sustainable profit growth Return to profitability by 2024
Transformation Savings	25-35 B JPY	Transformation across the company
ROIC	5%+	Improved profitability and capital efficiency
Shareholder Return	Stable dividends focus	Consider flexible shareholder value initiatives

\*Growth target compared to 2023 forecast announced in Feb 2023

■ **Reference Material**

Strategic Business Plan 2024-2028 Vision 2028

\*Please note that the information contained in news releases is current as of the date of release. Certain information may have changed since the date of release

End

# Strategic Business Plan 2024 – 2028 Vision 2028

August 9, 2023

Coca-Cola Bottlers Japan Holdings Inc.

Calin Dragan, President

Bjorn Ivar Ulgenes, Vice President & CFO

(Posted to CCBJH website on Aug 9, 2023)

A large red Coca-Cola truck is parked under a red canopy. The canopy features the Coca-Cola logo in white script and the text "BOTTTLERS JAPAN INC." in red block letters. The truck's side also displays the Coca-Cola logo in white script and "BOTTTLERS JAPAN INC." in white block letters. The scene is set outdoors under a clear blue sky.

Coca-Cola  
BOTTTLERS JAPAN INC.

# Staying True to Our Mission, Vision, 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*

# Leadership Team Fostering Growth

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

**Coca-Cola (Japan) Company, Ltd.**  
Presenter



**Calin Dragan**

Representative Director  
and President

**Bjorn Ivar Ulgenes**

Representative Director  
and Vice President, CFO

**Costin Mandrea**

Coca-Cola Bottlers Japan Inc.  
Executive Officer and CCO

**Jorge Garduño**

President  
Japan and South Korea

# Achievements and Learnings: Our Journey

*Attained learnings and results amidst challenging environment for the future*

## Strategic business plan announced in 2019

- COVID impact: Drop in traffic and channel mix impact
- Cost environment: Commodity and energy price rise, yen weakening

**Stabilizing**

- Responding to changes in the environment by making quick business decisions in the midst of unprecedented circumstances
- Drive transformation: Over 30 billion yen of cost savings, built a strong business foundation
- Strengthen profit foundation: 3 rounds of price revisions implemented since 2022
- Commercial activities to capture the traffic recovery
- Good stewardship of capital: Controlled capex, sale of non-core assets and cross shareholdings

**Strong  
Business  
Foundation**

**Learnings &  
Growth  
Opportunities**

**Leverage  
learnings and  
achievements**

# Reason to Believe: Now is the Time to Move Toward the Future

- † Key transformation initiatives to date have built a strong business foundation
- † The business environment is gradually stabilizing, despite being significantly affected by the impact of COVID and challenging cost environment
- † Steady recovery in business performance since 2022; steady progress for 2023



**Set new medium term goals and  
accelerate efforts for sustainable growth**

# 5 Year Strategic Business Plan Focused on Profitability and Capital Efficiency

## Vision 2028: Sustainable Profitable Growth

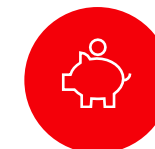
- Profitability-focused commercial activity
- Optimization to enhance value creation in supply chain, back-office and IT
- Driving company-wide transformation to further strengthen business foundation and cost savings
- Improve capital efficiency through good stewardship of capital
- Promote ESG and human capital management for the foundation of sustainable growth



**+2-3% CAGR**  
REVENUE GROWTH



**5%+**  
BUSINESS INCOME MARGIN



**25-35 B JPY**  
TRANSFORMATION SAVINGS



**5%+**  
ROIC



BUILD COST STRUCTURE  
RESILIENT TO CHANGE



# Key Pillars for Achieving Strategic Business Plan

**Vision 2028: Sustainable profitable growth**  
**Profitable growth and build cost structure resilient to change**

## Commercial Excellence

- Product strategies in-line with trends
- Appropriate growth strategies by channel
- Profitability-focused commercial activities
- Vending transformation

## Supply Chain Optimization

- Agile logistics
- Building flexible manufacturing structure
- End-to-end integration
- Leverage digital technology

## Back-Office and IT Optimization

- Promote data-driven management
- Efficient administrative and business operations

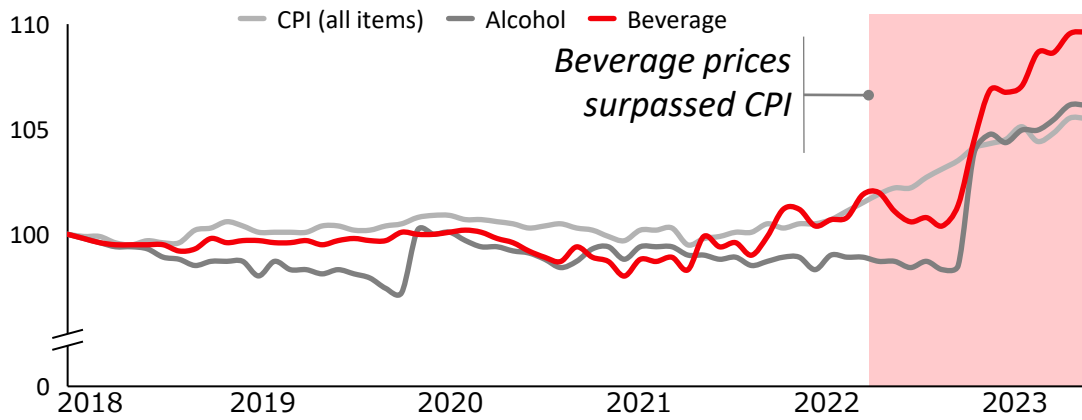
**Enhance: ESG / Human Capital / Financial Foundation**

# Improving Macro Environment and Changing Consumption Trends Provide Opportunities for Growth

## Macro indicators trending upwards

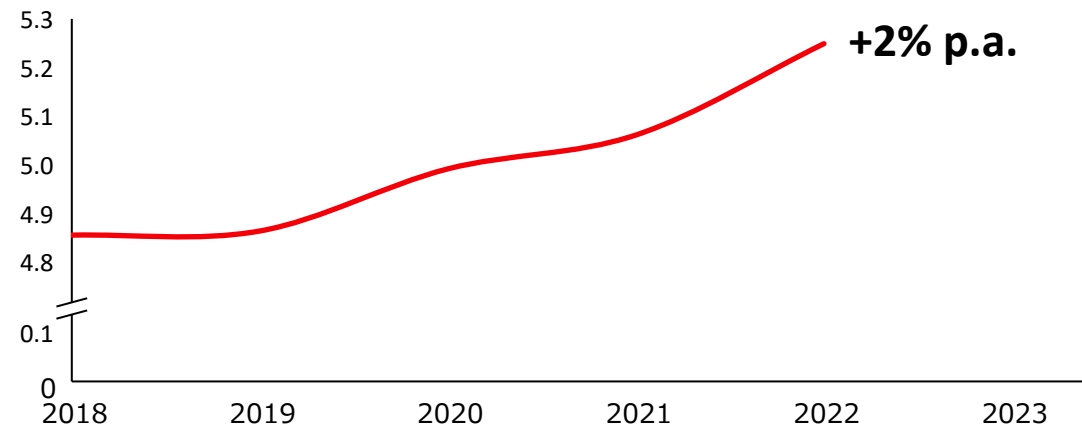
### Beverage category inflation rising above CPI since mid-2022

2018 – 2023, normalized to Jan 2018



### Steadily growing median disposable income per household

2018 – 2022, Millions of JPY



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Ministry of Finance, Bank of Japan, National statistics, compiled by CCBJH

## Changing NARTD industry trends



### Restaurant, Leisure and Tourism Recovery

Traffic recovery leading to increased beverage consumption occasions



### Enhanced Digital Consumer Engagement

New ways to directly connect with consumers are emerging



### Price Revisions

Rising beverage prices with cost pressure from external factors



### Premiumization and Authenticity

Rising interest in quality and unique experiences



### Health-Conscious Products

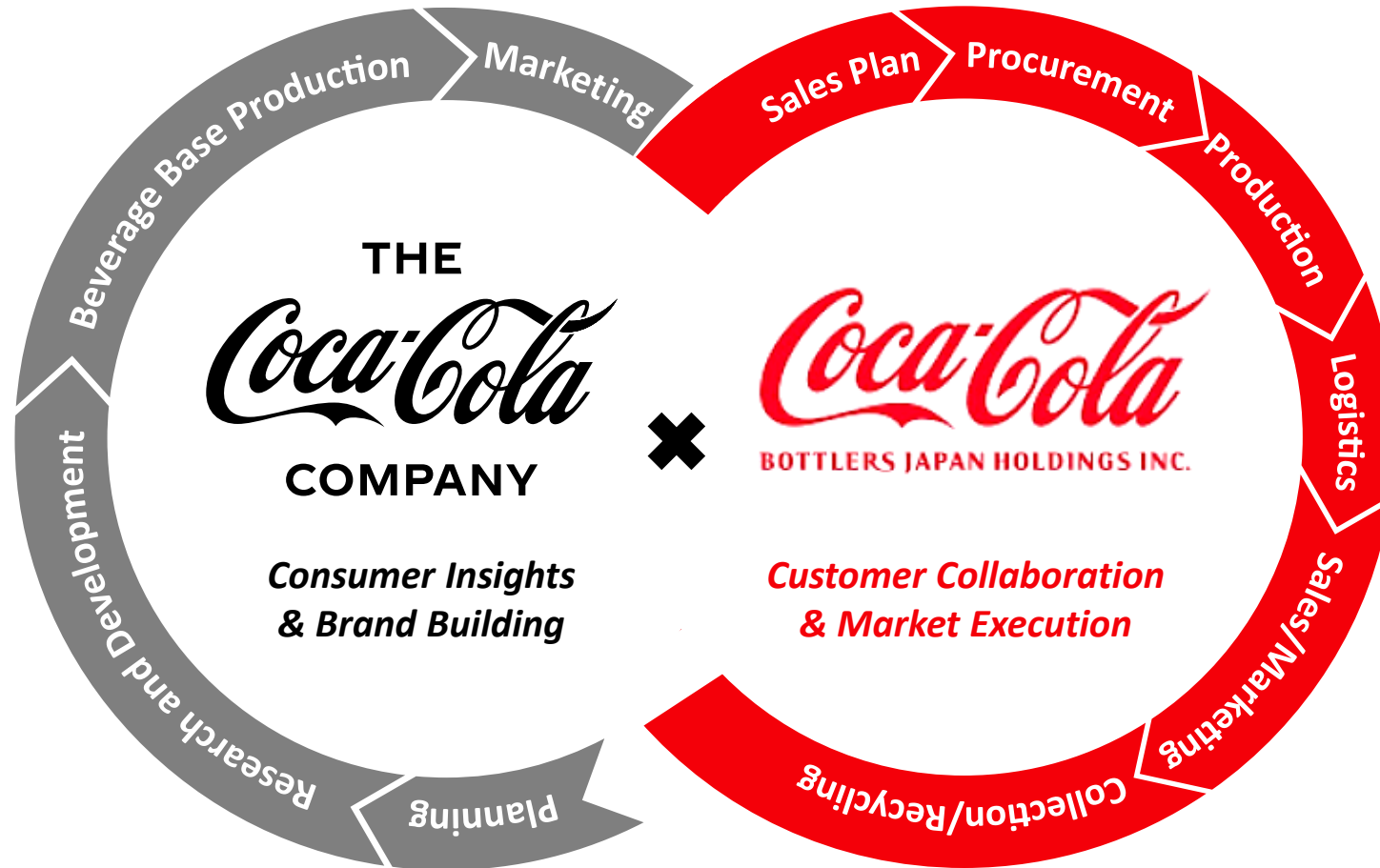
Growing need for healthier beverages, including FOSHU and foods with functional claims



### Sustainability

Rising consumer expectation around sustainable business operations

# Strong “One System” Partnerships Driving Growth

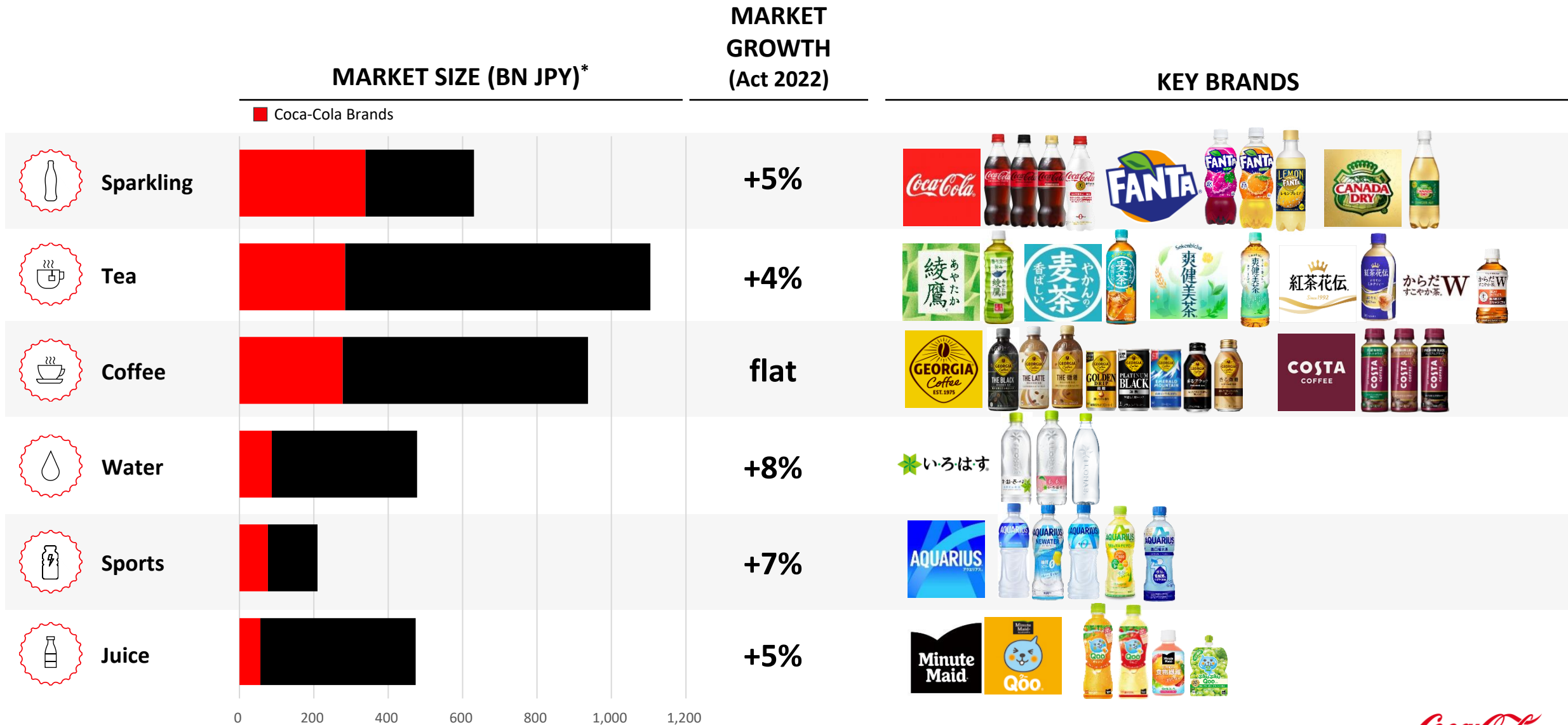


## A PARTNERSHIP WITH PURPOSE...

- 📌 Refresh Japan, Create Positive Difference
- 📌 One System with Clear Role Sort
- 📌 Nurture a Growth Mindset
- 📌 Shape Healthy Industry Dynamics

**WORKING TOGETHER TO DRIVE GROWTH & VALUE CREATION**

# The Leading Beverage Portfolio in Japan, with Room for Growth



\*2022 CCJC estimate

# Unique Blend of Global and Local Strengths for Sustainable Edge

## Accelerating CORE BRANDS



## Expanding FOOTPRINT



## Transforming MARKETING

### Digital x GenZ culture for GEORGIA Renewal Photo turning into Anime



### Scaled Coke Studios Festival







### Unique Code Cap Promotion leveraging Coke ON



# Execute Tailored Growth Strategies to Seize Opportunity Across Every Channel

*Leverage foundation and execute profitability-focused channel strategies*

Channels	Expected Our Volume Growth (2024 - 2028)	Current Status & Strengths	Key Strategies
 <b>Over-the-counter (OTC)</b>	➔	<ul style="list-style-type: none"> <li>• Strong market execution and brand</li> <li>• Strong business foundation in several areas</li> <li>• Salesforce transformation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Implement initiatives to increase basket incidence based on consumption occasions</li> <li>➤ Build strategic partners with key customers</li> <li>➤ Product portfolio and sales space expansion based on consumer needs</li> </ul>
 <b>Vending</b>	➔	<ul style="list-style-type: none"> <li>• Strong volume and revenue recovery</li> <li>• Accelerated share growth through new placements</li> <li>• High-cost structure and labor shortage</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strategic placement of vending machines in prime locations</li> <li>➤ Leverage Coke ON, strengthen assortment to maximize revenue</li> <li>➤ Introduction of dynamic pricing</li> <li>➤ Increase operational productivity through digitalization</li> </ul>
 <b>Food service</b>	➔	<ul style="list-style-type: none"> <li>• Strong post-COVID recovery</li> <li>• Implemented profitability improvement initiatives</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increase product portfolio, new customer development</li> <li>➤ Profitability-focused sales equipment and product line-up optimization</li> <li>➤ RTM* transformation, optimize pricing, terms &amp; conditions</li> <li>➤ Diversify Food Service Aggregators (FSA)</li> </ul>
 <b>Online</b>	➔	<ul style="list-style-type: none"> <li>• Continued strong growth</li> <li>• Strong presence in the beverage e-commerce space</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product portfolio suited to the online channel</li> <li>➤ Strengthen customer partnership (sales, promotion, logistics)</li> </ul>

\*RTM (Route to market): The process of delivering product or service to the final consumer. Defining the best sales format for the area.

# Disciplined Commercial Actions for Enhanced Business Profitability

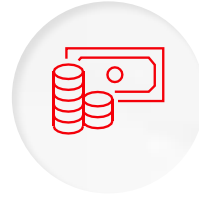
## PACKAGING AND CHANNEL MIX

- Accelerate growth of immediate consumption packaging
- Optimize pricing by package
- Focus on profitable channels
- Strengthen collaboration with key customers



## PRICING STRATEGY

- Pricing strategy reflecting market trends
- Pricing based on Channel, Package, and Location
- Promotional investment optimization with profitability in mind



## PRODUCT PORTFOLIO

- Strengthen high value-added products through innovation
- Focus on high-profitability categories
- Strengthen product lineup by price range



## PRODUCTIVITY

- Customer collaboration encompassing the whole supply chain
- Improved operation efficiency with DX
- Strengthen customer segmentation



# Transforming the Vending Business to a Higher Level

*Leverage technology for growth and optimized operations*

## PLACEMENT OPTIMIZATION

- Expansion in high-quality locations
- Location development solutions
- Office space solutions

## DIRECTING SHOPPERS TO VENDING MACHINE

- Shopper recruitment programs
- Attractive product line-up and marketing
- Enhance Coke ON functionalities

## ASSORTMENT AND PRICING OPTIMIZATION

- AI-based assortment optimization
- Introduce dynamic pricing

## OPERATIONAL PRODUCTIVITY IMPROVEMENT

- AI-based sales and restocking plan
- Route optimization through new technology infrastructure
- Forecast-based maintenance



## VALUE CREATION IN VENDING

- Increase technology capabilities with end-to-end digitalization to unlock optimization potential
- Closer to customers with a optimized vending machine placement
- Seamless customer experience



# Technology as Key Driver of Vending Transformation

## Transformation Levers

## Innovations for Greater Consumer Experience

## Online Vending Machine

### PLACEMENT OPTIMIZATION

**Implement big data and further use of sale activity support systems (SFA)**

Improve business performance, at the same time improve visibility to identify high VPM\*



### DIRECTING SHOPPERS TO VENDING

**Coke ON app and QR code payment enhancements**

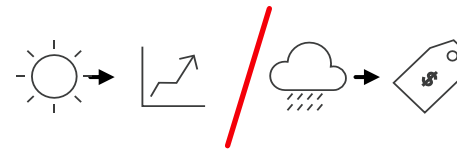
Further use of Coke ON and cashless payments to improve customer engagement to maximize sales opportunity



### ASSORTMENT AND PRICING OPTIMIZATION

**Leverage digital to optimize pricing**

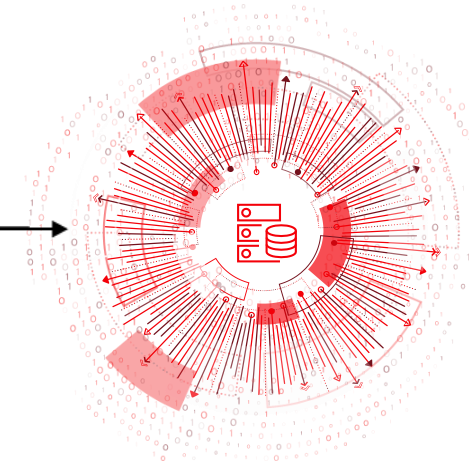
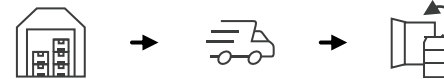
Timely and price adjustment depending on market supply and demand



### OPERATIONAL PRODUCTIVITY IMPROVEMENT

**AI-based sales and restocking plan**

Capture live vending machine inventory data to improve restocking process



\*VPM: Sales per machine

# Leverage Strong Supply Chain Foundation and Drive Further Efficiency

## Promote transformation including digital innovation

### Examples of success

- ✓ **Construction and implementation of 2 Mega DCs** (automated distribution centers) optimizing whole supply chain
- ✓ **Consolidation of locations** closed over 40 locations. Streamlining inventory management to reduce inventory
- ✓ **S&OP revamp** significantly improved the service level of product supply in times of sudden demand change
- ✓ **Logistics optimization** for reduced transport distance up to 25% per case\*

\*2022 vs. 2021

### STRATEGIES FOR HIGH QUALITY SERVICE AT LOWEST COST

#### Agile Logistics

- Leverage Mega DCs
- Optimize supply chain network
- Optimize distribution network including outside partners

#### End-to-end Integration

- Optimize supply chain with promotion of local production for local consumption model
- Further improve S&OP process accuracy to optimize supply chain network and inventory levels

#### Flexible Manufacturing

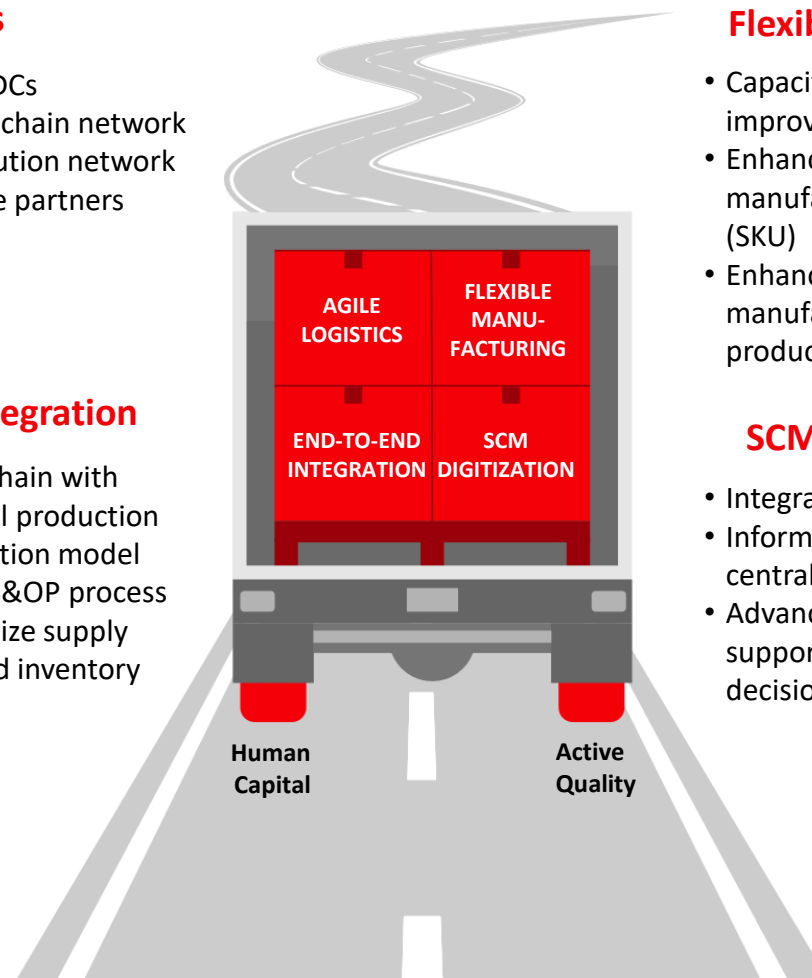
- Capacity creation through improved productivity
- Enhance capability to manufacture diverse products (SKU)
- Enhance capability to manufacture high value-added products

#### SCM Digitization

- Integrated systems and processes
- Information transparency and centralization
- Advanced data analytics supporting sound business decisions

### SUPPLY CHAIN VALUE CREATION

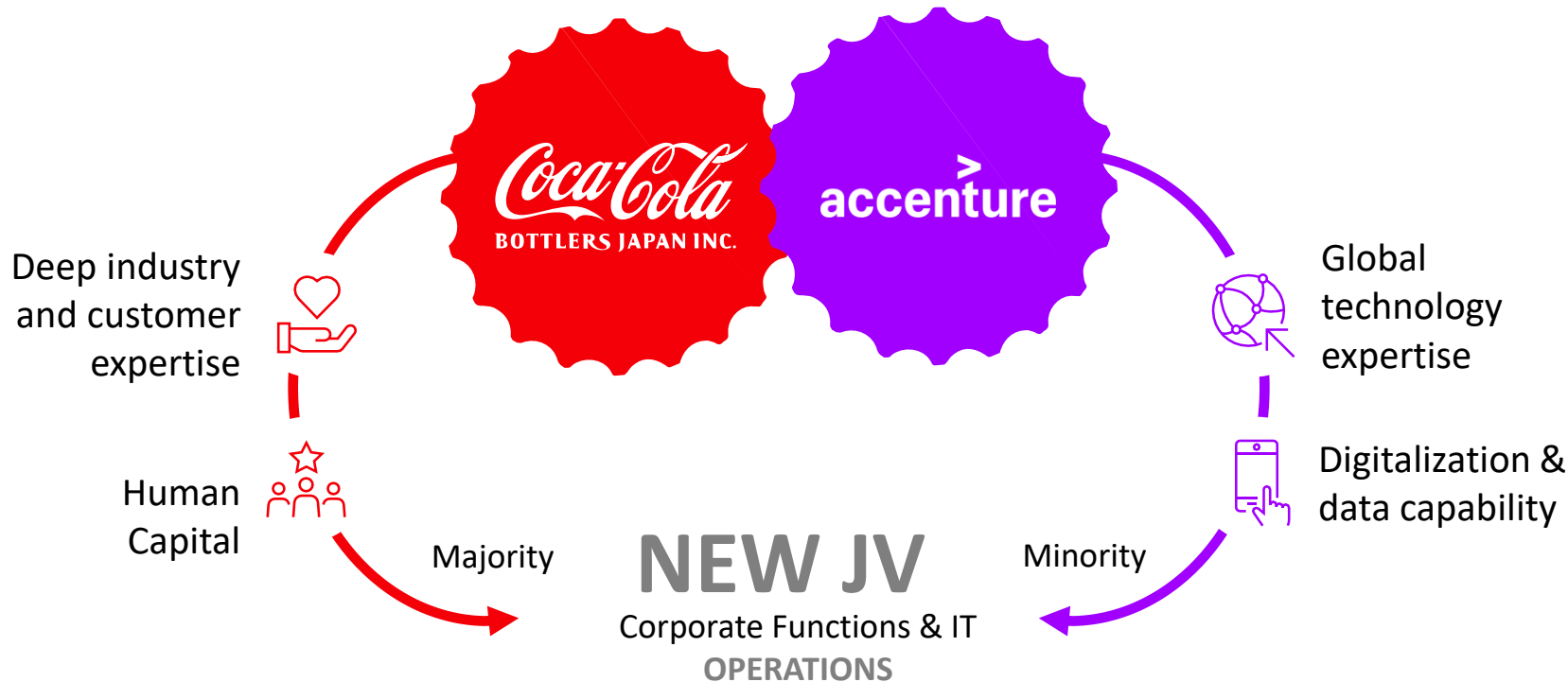
- **Ensuring stable product supply**
- **Optimizing asset utilization**
- **Collaborating with other functions** for optimized supply chain and inventory
- **Advancing inventory management** for improved delivery lead-times



# Optimizing All Enterprise Operations and IT

*Promote data-driven decision making*

- ✓ A novel JV with Accenture to build industry-leading operations in the business process and in digitalization.
- ✓ Strengthen business foundation to be cost-efficient and profitable



**A fully integrated Technology Master Plan**  
across CCBJH group for data-driven decisions in the future

## CREATING VALUE IN BACK-OFFICE AND IT

- **Unlock potential future transformation efforts**
- **Access technology** to capture, analyze, and utilize data
- **Leverage insights** for enhanced, data-based decision making and future business opportunity identification
- **Consolidating administrative and back-office services** in the JV

## UPCOMING MILESTONES

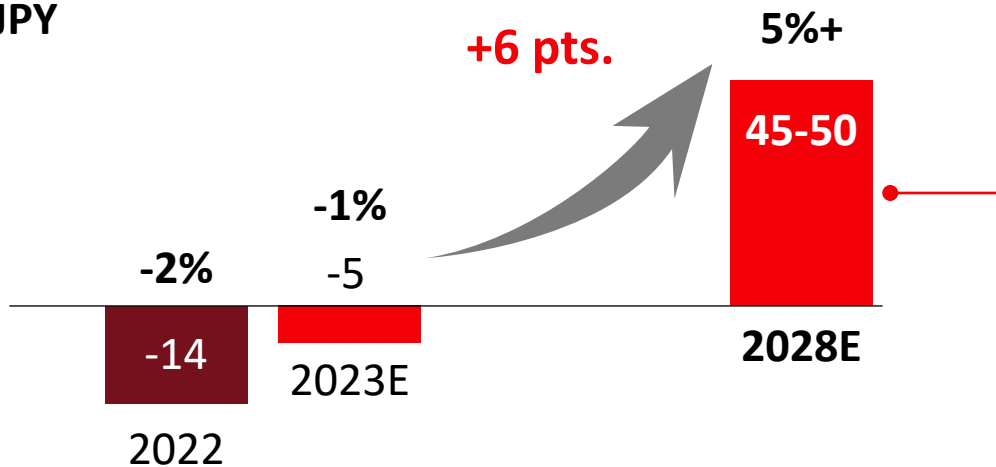


# Achieving Business Income Target for 2028

*Achieve BI target with revenue growth and transformation*

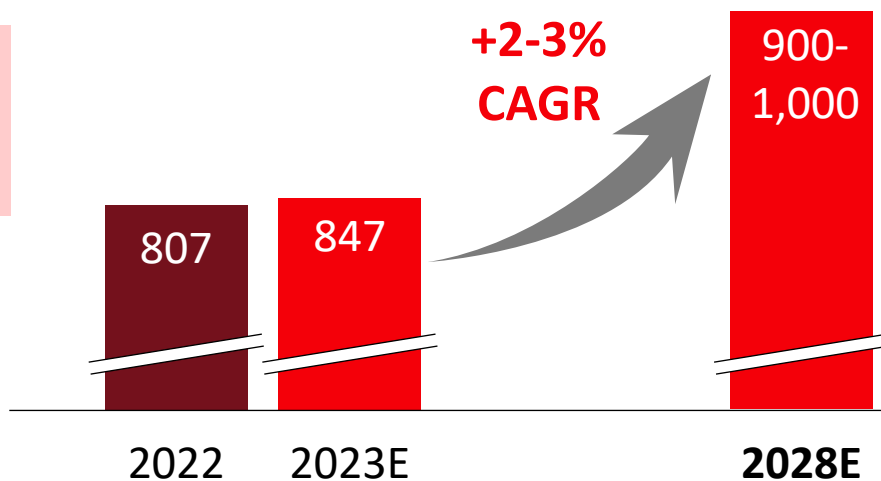
## Business Income, B JPY

Business Income Margin by 2028  
**5%+**

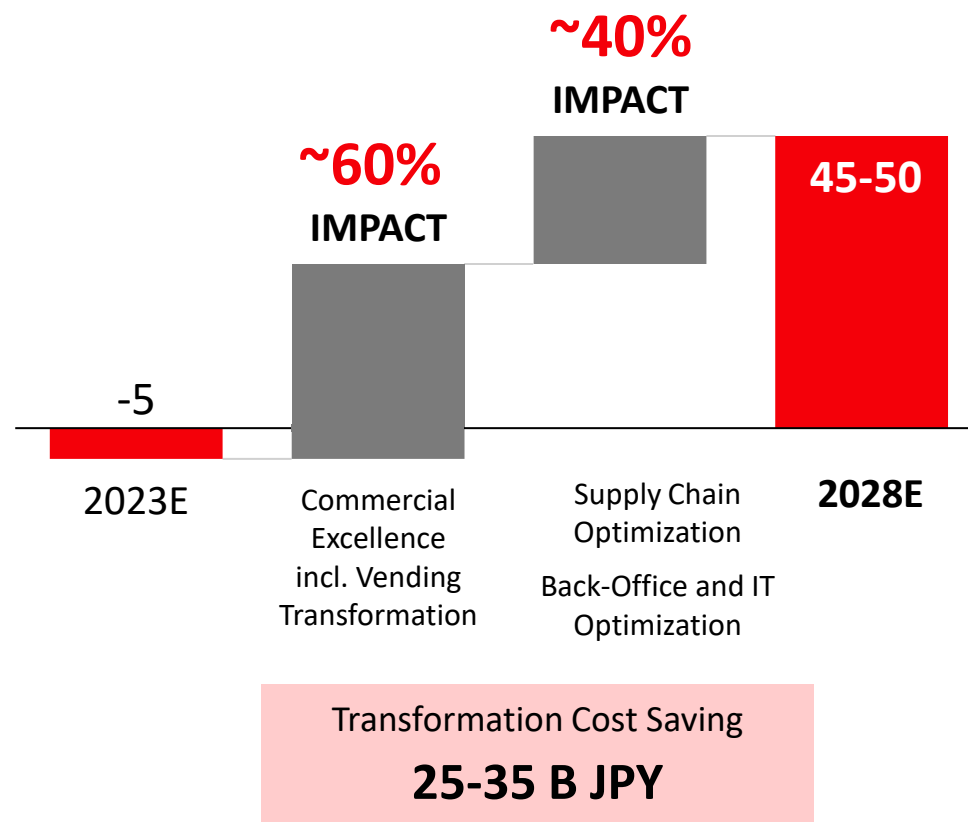


## Revenue, B JPY

Revenue Growth Supporting Earnings  
**+2-3% CAGR**



## Drivers of Business Income Growth, B JPY



# Initiatives to Improve ROIC and Increase Shareholder Value

## ROIC Improvement

## Shareholder Return



### Business Income Margin Improvement

- Commercial initiatives focused on profitability
- Transformation initiatives aimed at achieving improved profitability



### Capital Efficiency Improvement

- Capex:** Controlled to levels below depreciation and be selective (Annual average 30-35B yen\*)
- Balance sheet optimization:** Improve asset turnover (incl. inventory, fixed assets)
- Optimize leverage:** Under consideration with stable credit ratings



**Target of 5%+ ROIC by 2028**

Achieve ROIC through improved capital efficiency contributing to PBR improvement



### Shareholder Value Improvement

- Basic policy is to actively return profits to shareholders, with a target of 30% payout ratio. Placing high priority on stable dividend payments
- Further initiatives to improve shareholder value under consideration



**Sustainable Growth**

**Improve Corporate and Shareholder Value**

\*Capex not including IFRS16 non cash items.

# ESG Initiatives to Create a Sustainable Business



**RESOURCE**

**COMMUNITY**

**DE & I**

Major Initiatives	Target	Results*2
GHG Emission*1	Scope 1, 2	-50%
	Scope 3	-30% (2030)
Water Replenishment	200% (2025)	420%
# of Participants of Community Program	1,000K (2025)	910K
Female Manager Ratio	20% (2030)	6.6%

**LGBTQ+**

-







Active education to Stakeholders

\*1. Target of GHG is vs 2015 \*2. Results are as of December 2022

# Key Metrics and Picture of Success for 2028



## TARGET FOR 2028

 <b>REVENUE</b>	<b>+2-3% CAGR</b>	Revenue growth above volume growth
 <b>VOLUME</b>	<b>+0.5-1% CAGR</b>	Growth aligned with profitability-focused commercial strategy
 <b>BUSINESS INCOME</b>	<b>5%+ margin 45-50 B JPY</b>	Aiming for sustainable profit growth. Return to profitability by 2024
 <b>TRANSFORMATION SAVINGS</b>	<b>25-35 B JPY</b>	Transformation across the company
 <b>ROIC</b>	<b>5%+</b>	Improved profitability and capital efficiency
 <b>SHAREHOLDER RETURN</b>	<b>Stable dividends focus</b>	Consider flexible shareholder value initiatives

\* Growth target compared to 2023 forecast announced in Feb 2023

# Returning to a Growth Trajectory and Achieving Sustainable Growth

2019 - 2023

Driving transformation in a challenging business environment

- ↑ Responding to unprecedented circumstances with agile management decisions
- ↑ Accelerating transformation cost savings and building a resilient business foundation
- ↑ Strengthen earnings foundation with price revisions
- ↑ Promote digitalization

✓ Built foundation for growth

2024 - 2028

Profitable growth and build cost structure resilient to change

- ↑ Profitability-focused commercial strategy
- ↑ Supply Chain Optimization
- ↑ Operation Process Optimization
- ↑ Financial strategies with ROIC focus
- ↑ Strengthen ESG and human capital management

- ✓ Realize growth on the foundation built
- ✓ Drive further transformation
- ✓ Achieve historical high business income in 2028

2029 -

Accelerate growth



ROIC above WACC



Enhanced shareholder return initiatives, including enhanced payout ratio



Strong business foundation of sustainable growth





THANK YOU

Investor Relations

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Happy moments  
from the bottle.  
We bottle happy moments.

*Coca-Cola*  
BOTTTLERS JAPAN HOLDINGS INC.

# 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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