



2011-2013 Mid-Term Business Plan **「Grow with breakthrough」**

December 2, 2010

Coca-Cola West Company, Limited (2579)

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Long-term Management Concept 2020

Environment analysis

Change in the external environment and issues

- Long-term stagnation of the economy, deterioration of employment situation
- Acceleration of decline in birth rate and aging of population
- Diversification and polarization of consumption needs and purchasing behavior
- Sensitivity to health and low-price-oriented thinking taking root
- Continued move toward IT and rapid expansion of internet channel
- Rapid globalization especially in Asia and change in industry structure stemming from capital alliances, etc
- Increased concern for the environment and strengthening of responses and regulations
- Attention on social responsibility of corporations

Change in the internal environment and issues

- Sluggish growth in the beverage market and decrease in the company's market share
- Prices becoming lower (deflation)
- Changes in the channel structure and stagnation in vending channel
- Improvement of profit structure by shedding high costs
- Decline in market execution ability and deployment power due to delay in improvement of organization / HR / execution structure
- True unification of the company has not progressed in terms of system, culture, etc

**Evolution
toward
2020**

Overall structure on the road to 2020

Corporate message

-Creating a happy tomorrow for everyone-

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Coca-Cola West

Corporate philosophy

Our principle

Basic management
stance

Long-Term Management Concept 2020

West Vision

To be the most respected company by all
key shareholders, encompassing consumers,
customers, employees and the community!!

Growth targets

- ▶Net sales : 510 billion yen
- ▶Operating income : 35 billion yen

Long-term strategy

- ▶Growth strategy
- ▶Efficiency strategy
- ▶Structural strategy



TCCC* 2020 VISION

PROFIT

PEOPLE

PORTFOLIO

PARTNERS

PLANET

PRODUCTIVITY

*TCCC: The Coca-Cola Company

**We will contribute to the happy lifestyle
of all our stakeholders and contribute to
the development of a sustainable society
by providing value and refreshment
through our beverage portfolio.**

Our principle

Everything we do starts from the consumer.

***West* sprit**



Basic management stance

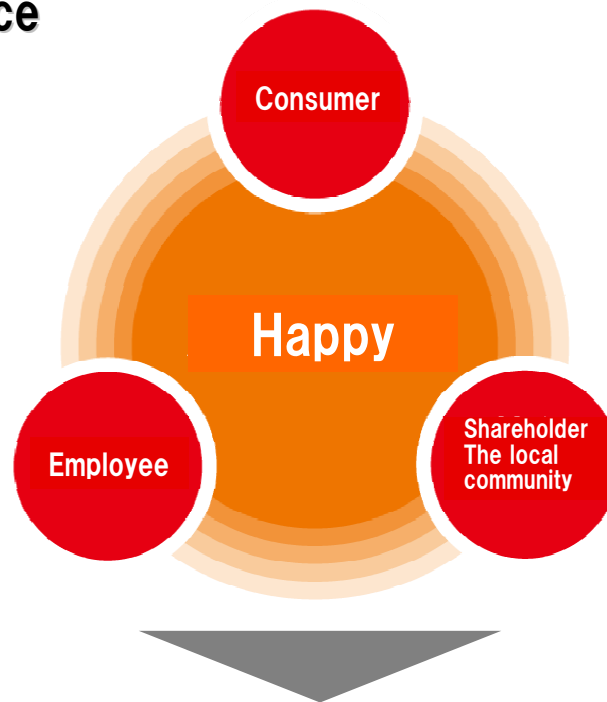
- Provide all shareholders with “Happy”
 - Consumer driven actions
 - Community contribution
 - Employee satisfaction
- Higher sense of accountability to meet our target

West Vision

To be the most respected company by all key stakeholders, encompassing consumers, customers, employees and the community!!

- Our product/service
- Our activities
- Ensured quality

- Job satisfaction
- Feeling of trust
- Sense of pride



- Sound and stable growth
- Community contribution
- Sustainable and viable society

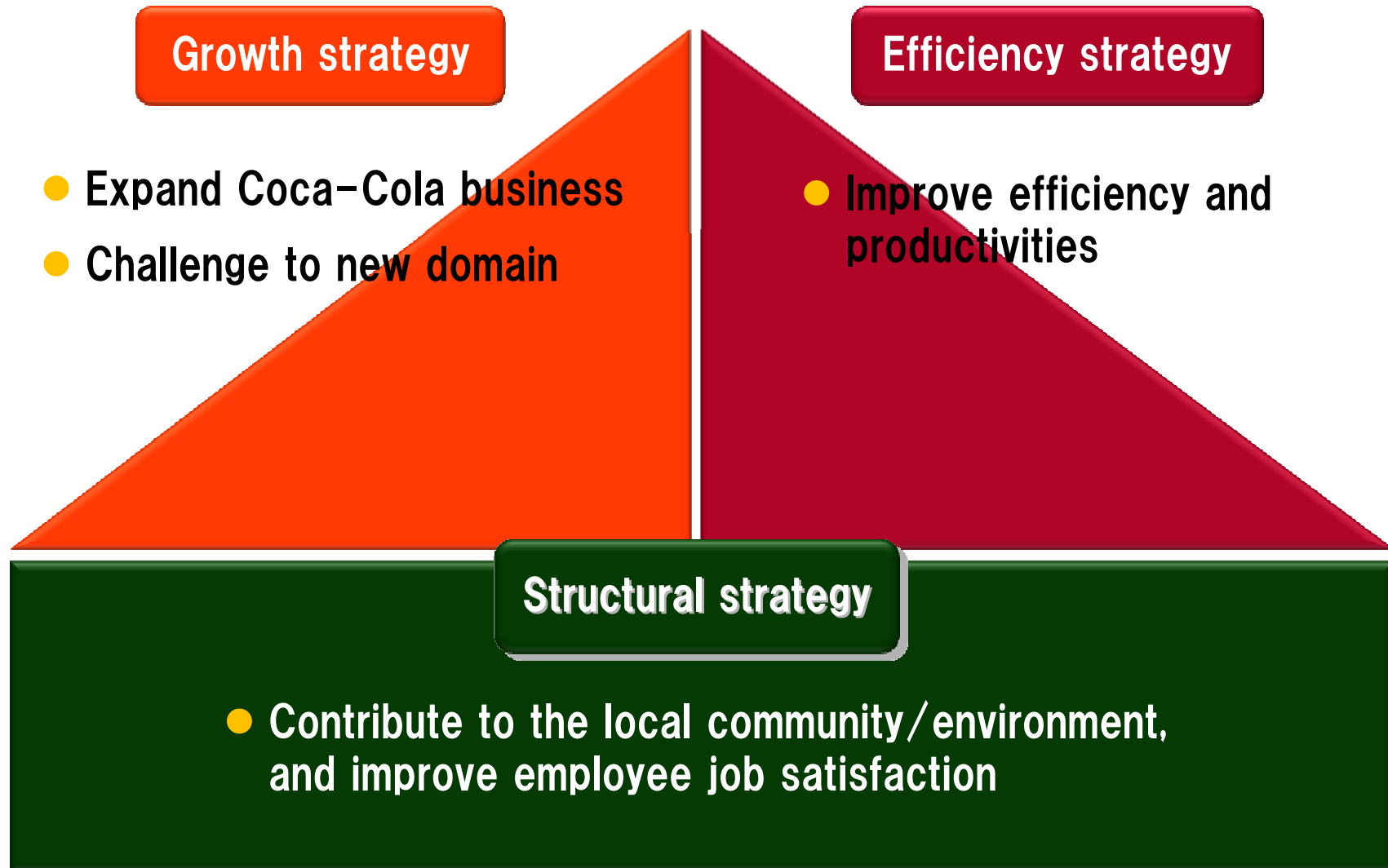
Set and assess quantitative/measurable targets

–Creating a happy tomorrow for everyone–

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Coca-Cola **West**

Our long-term strategy



Evolution the company undergo on the road to 2020



※ BPPC: Brand, Package, Price, Channel

(To develop and execute products with the optimum Brand, Package and Price according to different Channels, which includes supermarket, discount store, drug store, etc)

Steps toward 2020

Long-term Management Concept 2020

West Vision

To be the most respected company by all key stakeholders, encompassing consumers, customers, employees and the community!!

Growth targets

- ▶ Net sales: 510 billion yen
- ▶ Operating income: 35 billion yen

Third step (2017–2020)

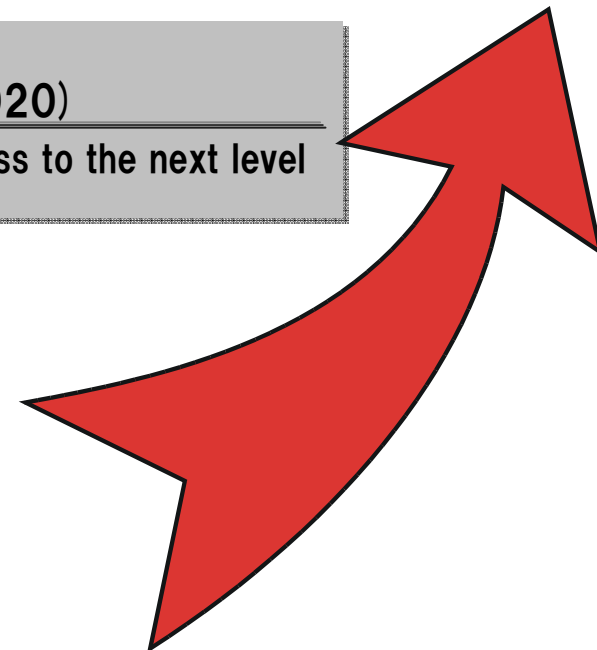
Actualize dreams & progress to the next level

Second step (2014–2016)

Realize growth

First step (2011–2013)

Grow with breakthrough



Our long-term targets

(billion yen)

	2010 plan ^{※1}	2013			2020		
		plan	difference vs. 2010	%	plan	difference vs. 2010	%
Net sales	376.9	430.0	+53.1	+14.1	510.0	+133.1	+35.3
Coca-Cola business	368.8	380.0	+11.2	+3.0	430.0	+61.2	+16.6
Other business	8.1	50.0	+41.9	+517.3	80.0	+71.9	+887.7
Operating income	10.8	24.0	+13.2	+122.2	35.0	+24.2	+224.1
Coca-Cola business	10.0	16.0	+6.0	+6.0	22.0	+12.0	+120.0
Other business	0.8	8.0	+7.2	+900.0	13.0	+12.2	+1,525.0
Net profit	6.8	14.0	+7.2	+105.9	21.0	+14.2	+208.8
Operating income margin (%)	2.9	5.6	+2.7	-	6.9	+4.0	-
ROE (%) (Net profit on shareholders' equity)	3.0	5.8	+2.8	-	7.8	+4.8	-
ROA (%) (Recurring income on total assets)	3.4	6.7	+3.3	-	10.5	+7.1	-
FCF (billion yen)^{※2}	11.0^{※3}	23.0	+12.0	-	30.0	+19.0	-
Net assets to total assets (%)	64.0	69.2	+5.2	-	80.5	+16.5	-

※1 2010 plan is based on performance forecast announced as of October 29, 2010.

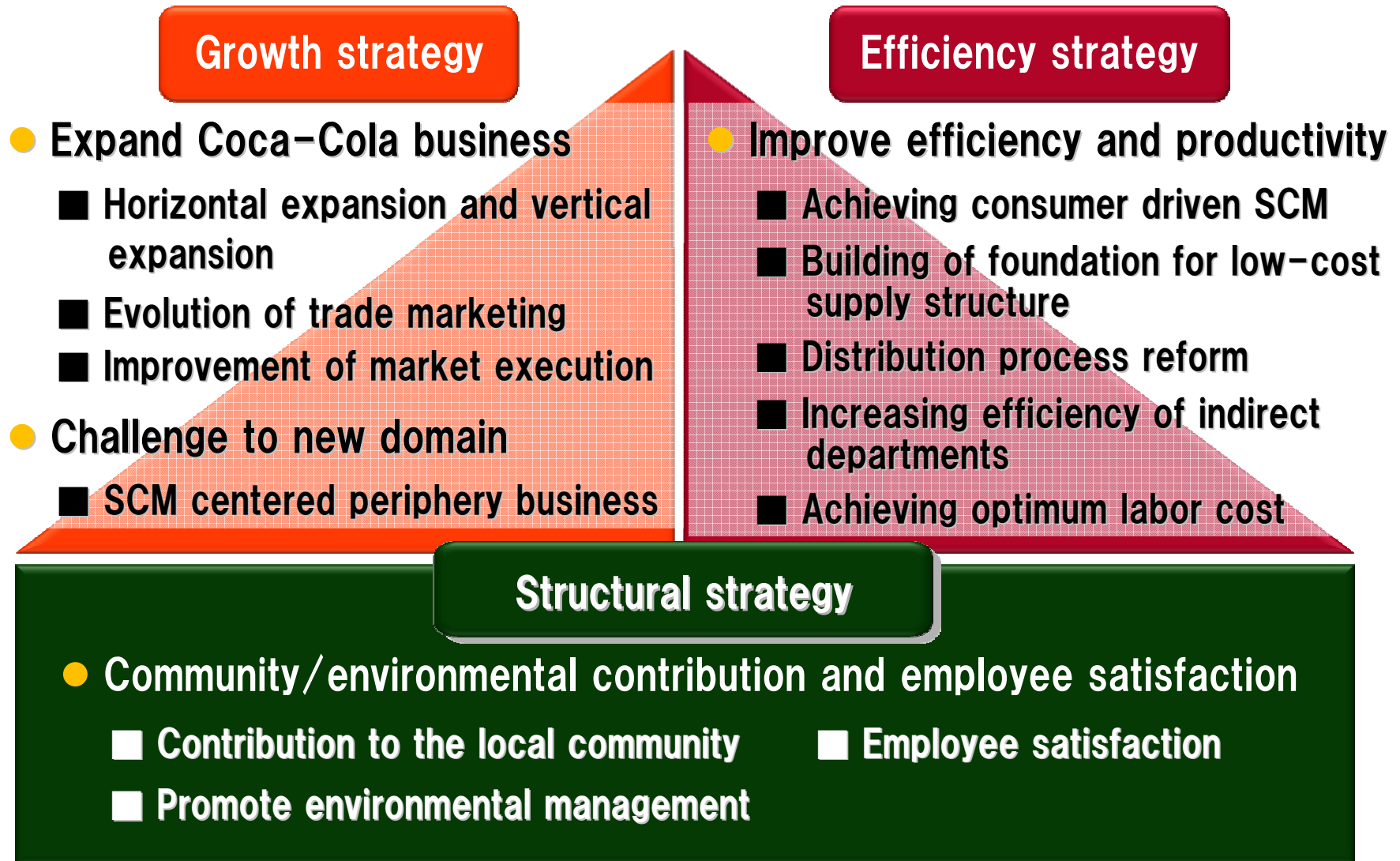
※2 FCF = Cash flow from operating activities + Cash flow from investing activities

※3 Acquired amount of Q'SAI (36.5 billion yen) doesn't include in FCF 2010 plan.

Vision 2020 First Step

2011-2013 Mid-term Business plan
「Grow with breakthrough」

Basic strategy



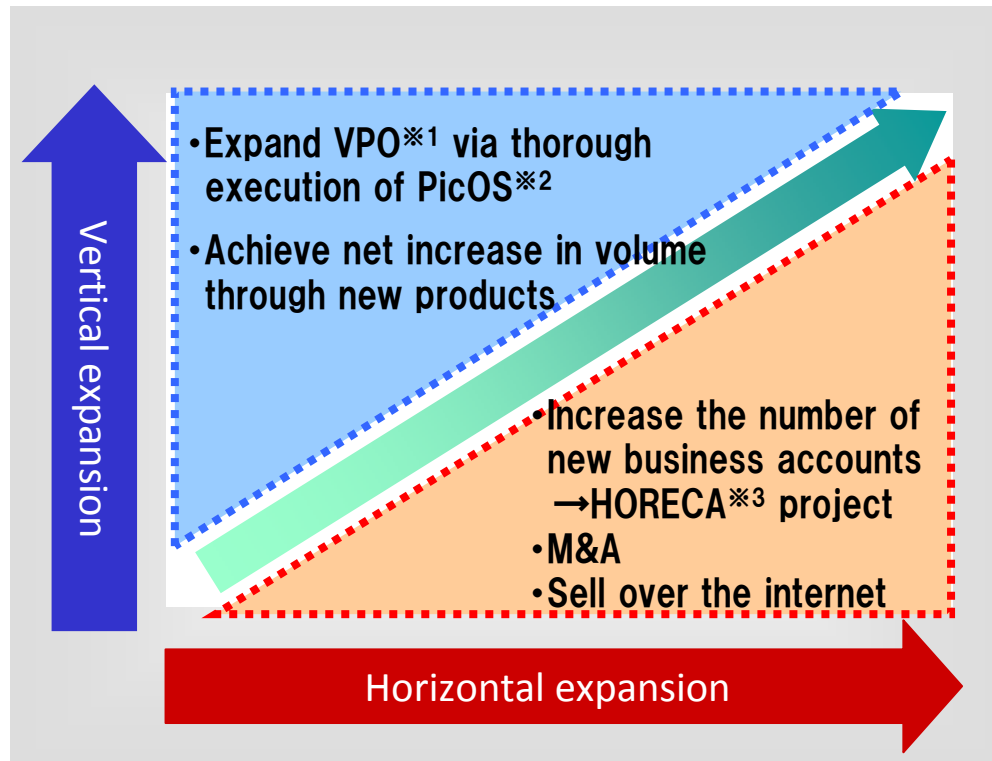
Expand Coca-Cola Business



■ Horizontal expansion and vertical expansion

- ▶ Achieve sales growth on two axes: horizontal expansion and vertical expansion

【sales growth on two axes: horizontal expansion and vertical expansion】

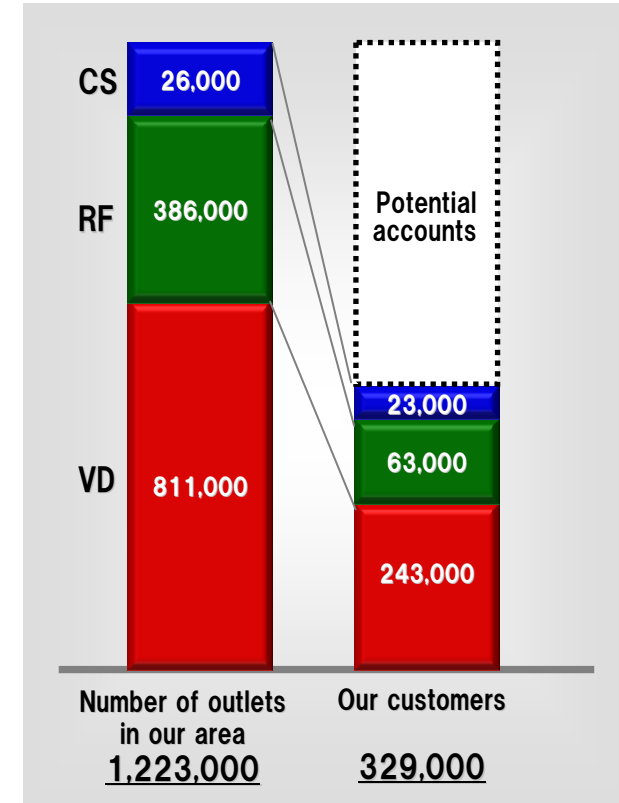


※¹ VPO:sales volume per outlet

※² PicOS : To represent the ideal image of the sales floor in form of a visual guide.
The ideal sales floor.

※³ HORECA: Hotel, Restaurant, Cafe

【Sales growth due to increase of new accounts】



CS:Chain store RF:Retail-Food service
VD:Vending

■ Evolution of trade marketing

- ▶ Sales growth on two axes: horizontal expansion and vertical expansion in each channel
- ▶ Focus on core 8 brand※¹

【Sales volume plan by channel/basic strategy】

	2010 Sales volume plan (thousand cases)	2013 Sales volume plan (thousand cases)	change	Basic strategy
Chain store	67,700	72,400	+6.9%	Aim to stop the decline in retail prices by executing channel-specific OBPPC ※ ² strategy and achieve profit growth through expansion of sales locations
Vending	68,600	70,100	+2.2%	Evolution from vending business into retail business
Retail・Food service	31,000	32,700	+5.5%	Growth in new profit-generating business through establishment of the HORECA business
Other	10,000	9,300	-7.0%	
Total	177,300	184,500	+4.1%	

※¹ Core 8 brand: Coca-Cola, Coca-Cola zero, Fanta, Georgia, Sokenbicha, Aquarius, I LOHAS, Ayataka

※² OBPPC: Occasion, Brand, Package, Price, Channel

Expand Coca-Cola Business



■ Reform of operational process and organization

▶ Achieve an effective structure adapted to trade and area/business characteristics

- Urban area: single channel branch, Non-urban area: mixed channel branch
- Revise organization of chain store channel and the way of merchandising
- Increase operational efficiency due to introducing on-line vending machine

▶ Development of organized sales capability

- Improve market execution ability by introducing RED[※] cycle in all channels, and by aligning employee commission incentives.

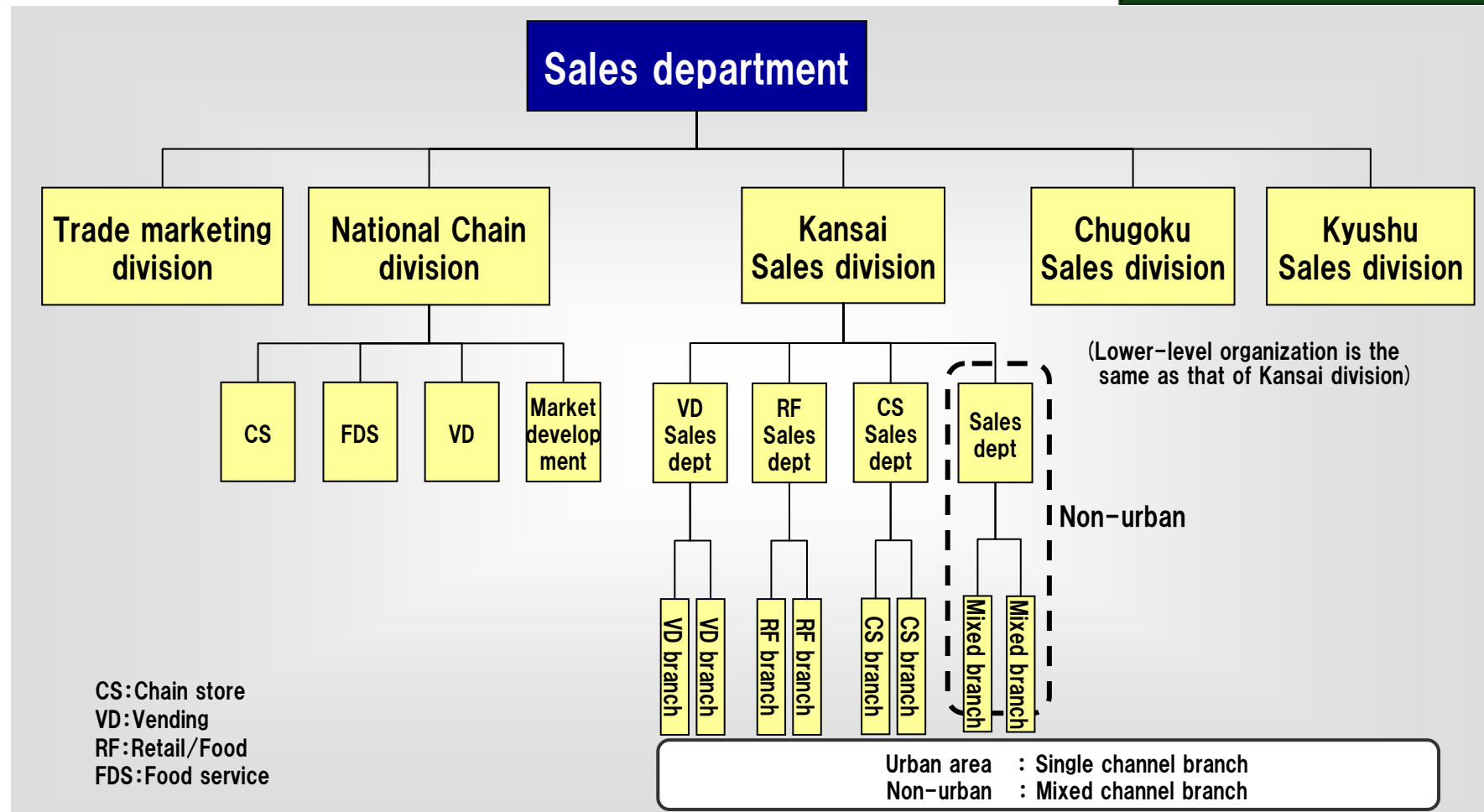
※RED: Mechanism to check whether the right execution is being carried out in the market on a daily basis. Confirm and report how well PicOS is being implemented in the actual market.

▶ Improvement of IT infrastructure

- Development of tools to support sales activities

■ Reform of operational process and organization

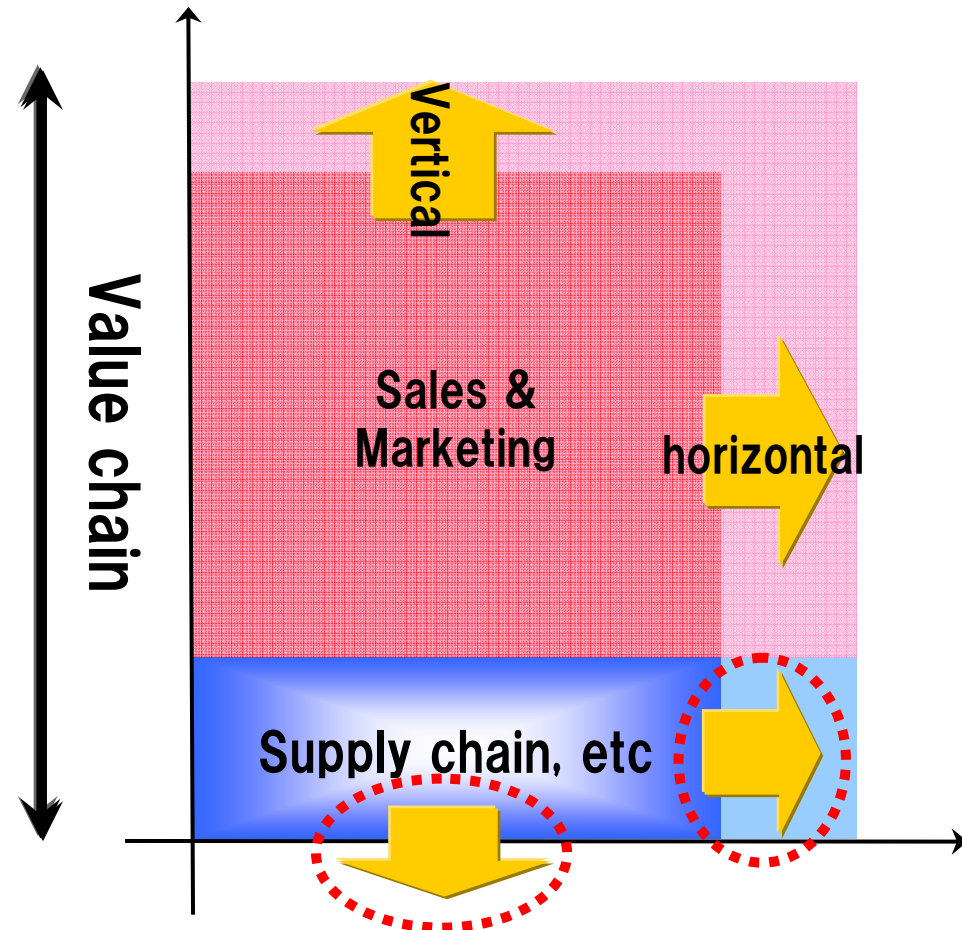
【Organization of sales department which starts from 2011】



■ SCM centered periphery business

- ▶ Expand periphery business utilized our assets and functions

- Procurement
- Distribution
- Sales equipment
- Recycle
- Environment



Improving efficiency and productivity

SCM related

Efficiency
strategy

■ Achieving
consumer driven
SCM

Synchroni-
zation

■ Building of
foundation for
low-cost supply
structure

Synchroni-
zation

■ Distribution
process reform

Effect

Improve availability

Improve cash-flow
due to proper stock

Cost reduction

SCM related



Efficiency
strategy

■ Achieving consumer driven SCM

- ▶ Rebuild SCM model synchronized sales activity and supply activity
- ▶ Thoroughly execute plan-based activities
 - Strengthen coordination between supply activity and information chain based on consumer-oriented and channel-specific sales activity; strengthen response capability
- ▶ Efficiently operate IT foundation through effectively utilizing existing system
- ▶ Promote reform of cross-sectional value chain

■ Building of foundation for low-cost supply structure

- ▶ Cost reduction and increasing productivity
 - Reduce the raw material usage, lightweight, self-manufacturing
 - Advance production facility (consolidation / introduction of lines, new technology)
 - Increase operating ratio of production lines

SCM related

Efficiency
strategy

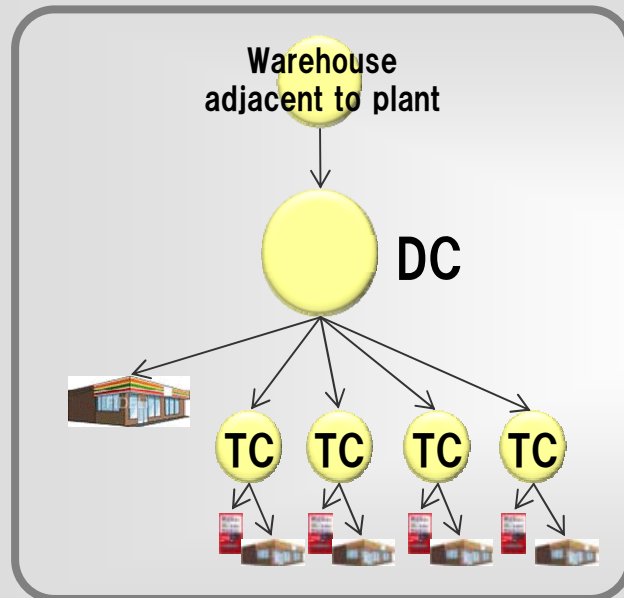
■ Distribution process reform

- ▶ Reorganize DC※¹ (Cross-docking distribution network)
→ Carry out product transport to TC※²
- ▶ Increase in sales delivery efficiency through introduction of automated delivery planning (IT)

【DC cross-docking (Final form in 2013)】

※¹ DC: Distribution Center

※² TC: Through Center



- 2011 Preparation
- 2012 Make a test operation in Kyushu area
Operate in Kansai & Chugoku area
- 2013 Operate in Kyushu area

Improving efficiency and productivity

Other

Efficiency
strategy

■ Increasing efficiency of indirect departments

- ▶ Efficiency and outsourcing of operations by reviewing head office work
- ▶ Unify and consolidate office work within the group
- ▶ Unify office work and consolidate function

■ Achieving optimum labor cost

- ▶ Optimize labor cost through total labor cost management, personnel management, and operational efficiency
 - Number of personnel in 2013: 9,000
 - Labor cost-to-net sales ratio in 2013 : 16.8%

Community/environment contribution and employee satisfaction

■ Contribution to the local community

- ▶ Contribution to the nature environment / coexistence with society

■ Promote environmental management

- ▶ Reduce greenhouse gas emissions
- ▶ Build a safe and secure waste recycling system
- ▶ Safeguard and promote methods to effectively utilize water resources
- ▶ Support environmental education in the community

■ Improvement of employee satisfaction

- ▶ Implement performance allocation that is “linked with profit”
- ▶ Foster a sense of unity through strategic convergence of pay standard
- ▶ Rising retirement age



Investment plan

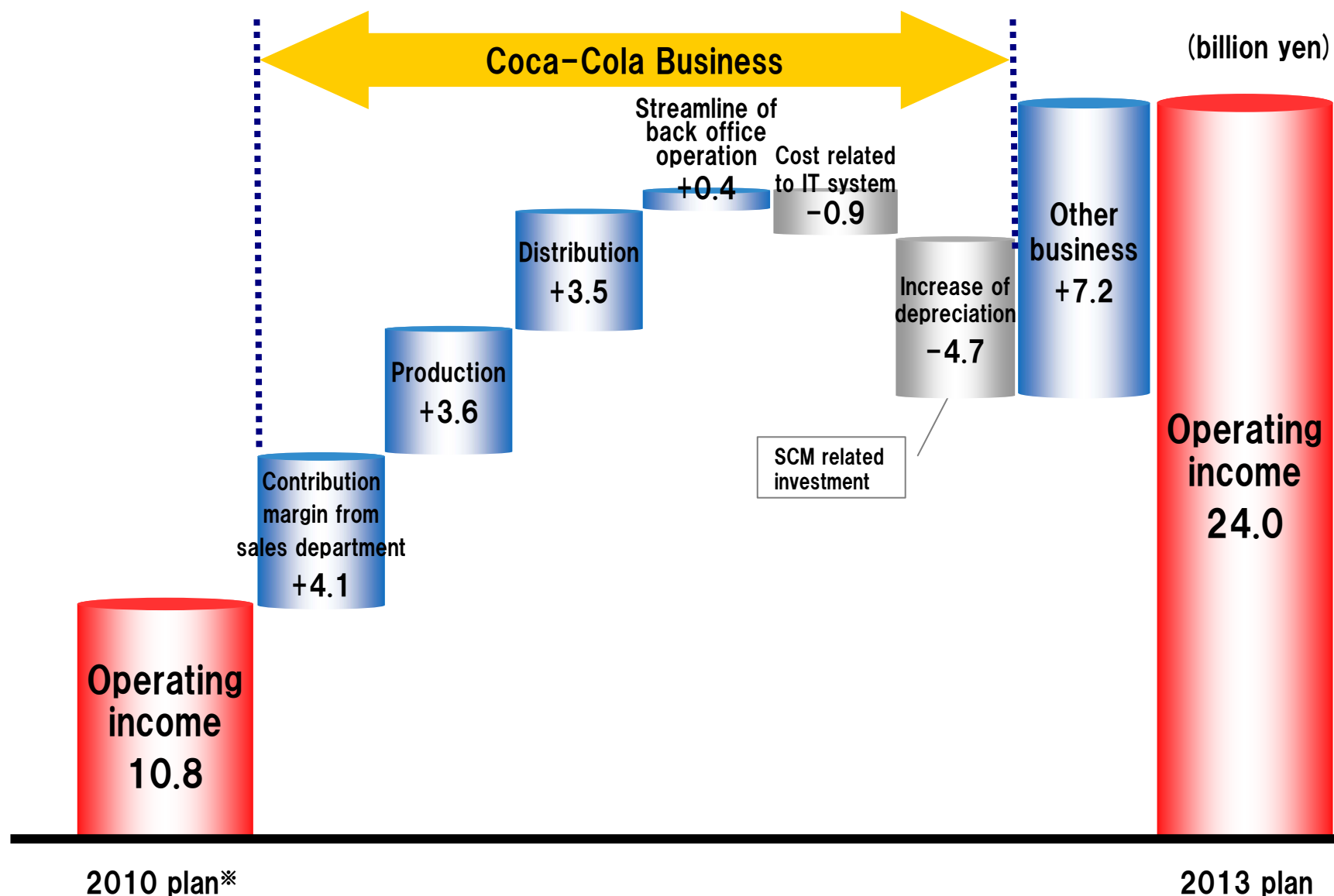
- Proactively carry out investments in order to achieve growth in the future and improve productivity.

(billion yen)

	2010 plan※	2011-2013 plan		
		3 years	average	difference vs. 2010
Land	0.0	0.8	0.3	+0.3
Buildings	2.6	2.8	0.9	-1.7
Machinery & Equipment	6.5	41.6	13.9	+7.4
Sales equipment	7.7	27.6	9.2	+1.5
Other	3.5	10.5	3.5	+0.0
Total	20.5	83.5	27.8	+7.3

※ The plan is based on performance forecast announced as of October 29, 2010.

Our mid-term targets –Operating income



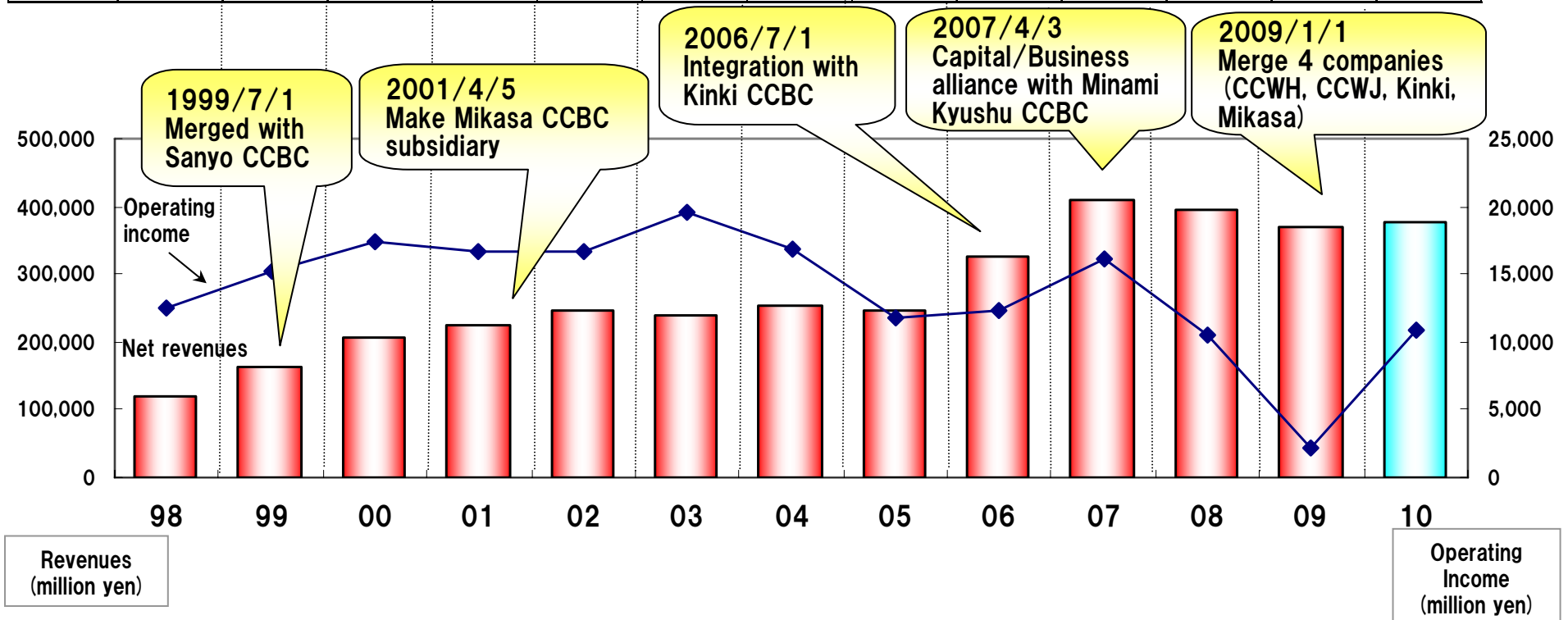
※ 2010 plan is based on performance forecast announced as of October 29, 2010.

【Reference】

Performance trend

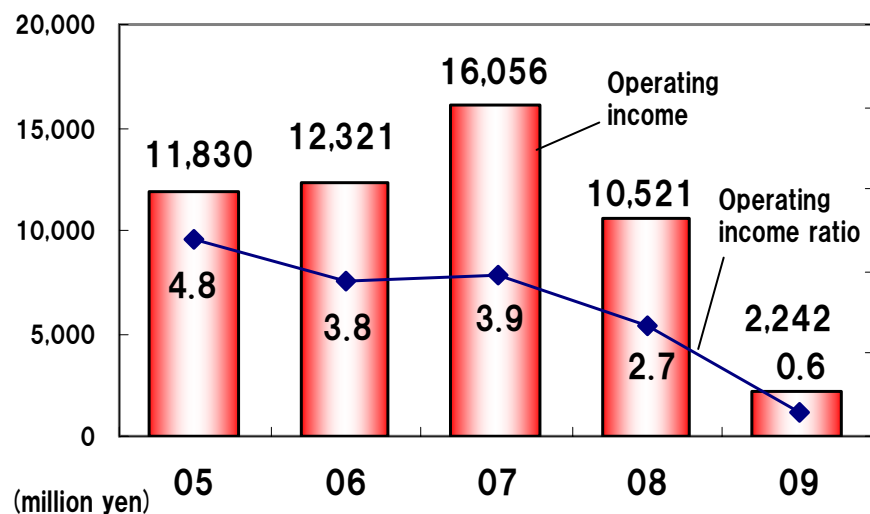
(million yen)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 plan
Revenues	117,991	164,731	207,827	226,111	247,737	240,825	253,248	245,874	327,821	409,521	395,556	369,698	376,900
Operating income	12,533	15,160	17,449	16,634	16,704	19,638	16,860	11,830	12,321	16,056	10,521	2,242	10,800
Recurring income	12,510	15,889	18,516	16,021	17,005	19,895	17,065	12,256	13,225	17,493	11,048	2,085	11,500
Net income	5,872	6,823	5,700	1,420	7,086	9,380	8,564	7,305	7,570	9,375	129	-7,594	6,800

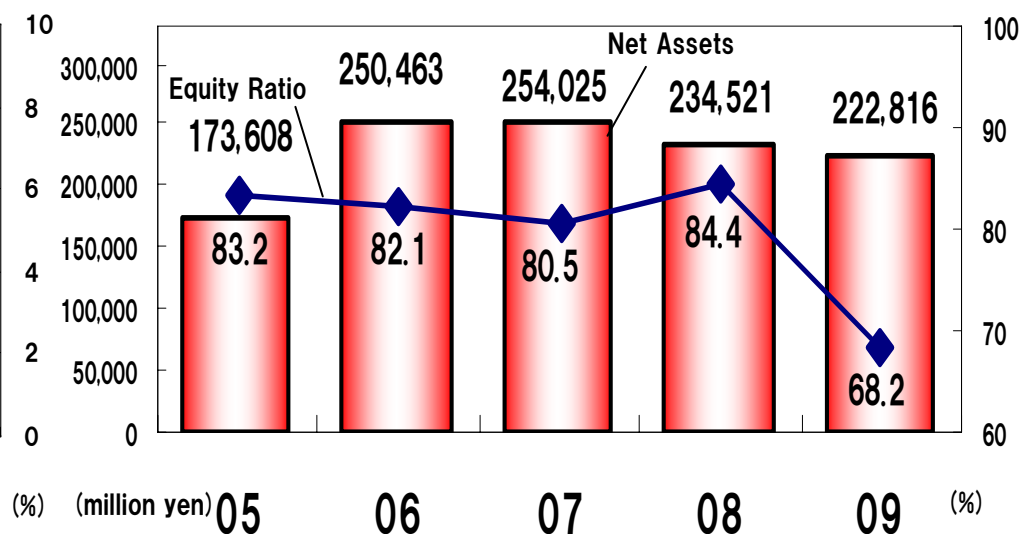


Financial Data

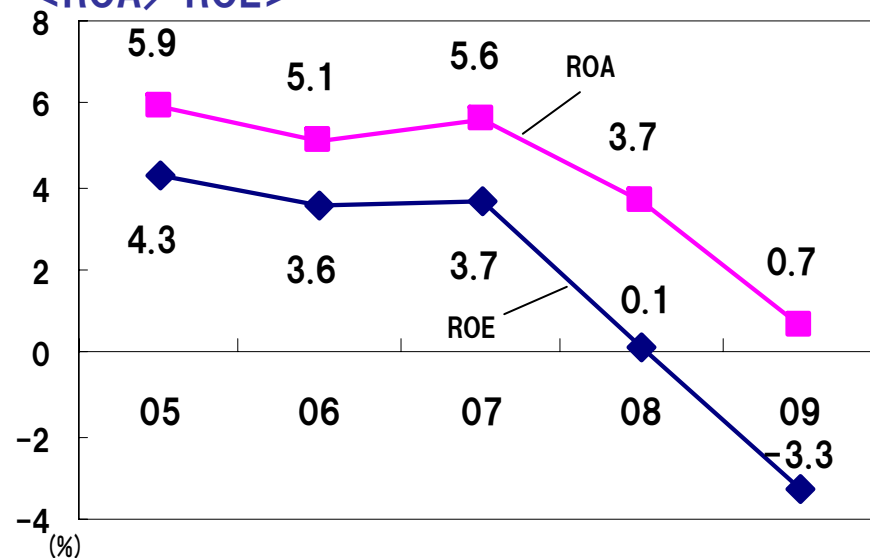
<Operating Income/Operating Income Ratio>



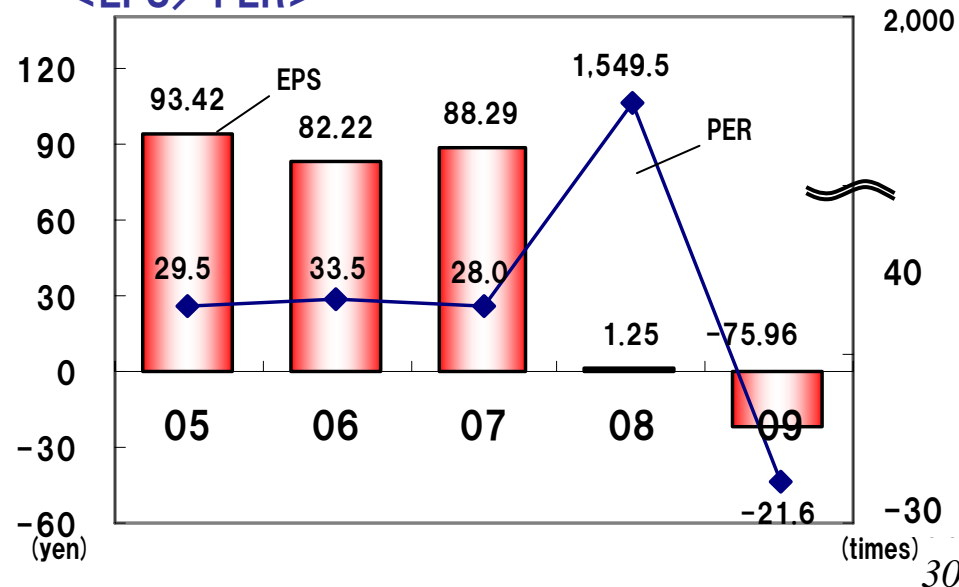
<Net Assets / Equity Ratio>



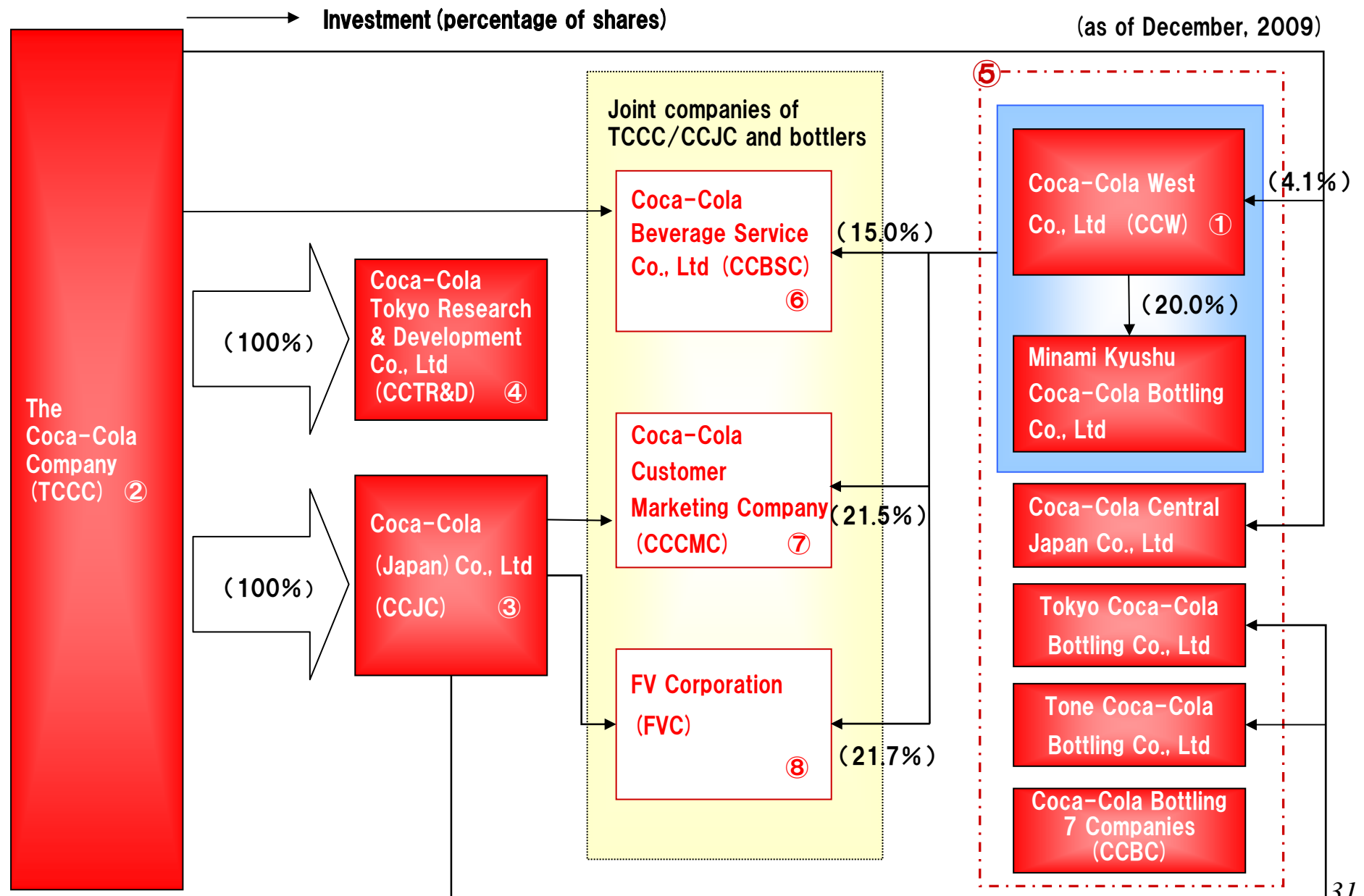
<ROA/ROE>



<EPS/PER>



Coca-Cola System in Japan



Coca-Cola Related Companies and Their Roles

1. Coca-Cola West Co., Ltd. (CCW)

In 2006, CCWJ and Kinki CCBC merged the management of both companies by establishing a joint holding company CCWH. In 2009, CCWH, CCWJ, Kinki CCBC and Mikasa CCBC merged and the trade name changed to Coca-Cola West Co., Ltd.

2. The Coca-Cola Company (TCCC)

Established 1919 in Atlanta, Georgia. Carries the rights to grant a license to manufacture and sell Coca-Cola products to the bottlers. TCCC (or its subsidiary) makes franchise agreements with the bottlers.

3. Coca-Cola (Japan) Co., Ltd. (CCJC)

Established 1957 in Tokyo, as “Nihon Inryo Kogyo K.K.,” a wholly-owned subsidiary of The Coca-Cola Company. The company name was changed in 1958 to Coca-Cola (Japan) Company, Limited. CCJC is responsible for marketing planning as well as manufacturing and distribution of concentrate in Japan.

4. Coca-Cola Tokyo Research & Development Co., Ltd. (CCTR&D)

Established in January 1993 as a wholly-owned subsidiary of The Coca-Cola Company. Since January 1995, carries out product development and technical support to respond to the needs of the Asian region.

5. Coca-Cola bottlers (CCBCs)

There are 12 bottlers in Japan, which are responsible for selling Coca-Cola products in the respective territories.

6. Coca-Cola Business Service Co., Ltd. (CCBSC)

Established through joint investment by TCCC and its bottling partners in Japan, and the company began operations on January 1, 2007. It is charged with providing business consulting services to the Coca-Cola system in Japan, as well as developing and generally maintaining the information systems to support such work. The company has procured raw materials since Jan 2009.

7. Coca-Cola Customer Marketing Company (CCCMC)

Established through joint investment by Coca-Cola (Japan) Co., Ltd. and all of its bottling partners in Japan, and the company began operations on January 1, 2007. It is charged with holding business negotiations with major retailer outlets, such as nationwide convenience stores and supermarket chains, as well as developing proposals for sales promotions and storefront activities.

8. FV Corporation Co., Ltd. (FVC)

Jointly established in May 2001 by CCBCs and CCJC. FVC carries out sales negotiations with national chain vending operators, and deals with non-KO products as well as KO products.

Glossary

1. Channel (Business Unit)

Vending:

Retail sale business to distribute products through vending machines to consumers

Chain store:

Wholesale business for supermarket chains

Convenience Store:

Wholesale business for convenience store chains

Retail:

Wholesale business for grocery stores, liquor shops, and other over-the-counter outlets

Food Service:

Syrup sale business for fast food restaurants, movie theaters, sports arenas, "family restaurants," and theme parks

2. Vending

Regular vending machine:

A vending machine offered free of charge to a customer who supervises its operation and uses it to sell products purchased from us.

Full service vending machine:

A vending machine installed and managed directly by us (product supply, collection of proceeds etc.).

Fees are paid to the location proprietors.

Out-market vending machine:

An outdoor machine whose users are relatively unspecific

Out-market vending machine:

An outdoor machine whose users are relatively unspecific

In-market vending machine:

An indoor machine whose users are relatively specific

VPM

Sales Volume Per Vending Machine

VPPM

Sales Volume and Profit Per Vending Machine

3. Chain Store

National chain:

National chain supermarket that CCCMC are responsible for negotiating

Regional chain:

Chain supermarket that owns its stores in the two or more bottlers' territories

Local chain:

Chain supermarket that owns its stores in the single bottler's territory

4. Other

Trade marketing

Trade marketing is a specific function that uses shopper and retail knowledge to develop in-store strategies that ultimately result in higher brand equity and an increase in the quantity and value of shopper purchases.

Forward-Looking Statement

The plans, performance forecasts, and strategies appearing in this material are based on the judgment of the management in view of data obtained as of the date this material was released. Please note that these forecasts may differ materially from actual performance due to risks and uncertain factors such as those listed below.

- Intensification of market price competition**
- Change in economic trends affecting business climate**
- Major fluctuations in capital markets**
- Uncertain factors other than those above**

-Creating a happy tomorrow for everyone-

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Coca-Cola **West**