

# Third Quarter 2022 Earnings Presentation

November 11, 2022

Coca-Cola Bottlers Japan Holdings Inc.

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(Posted to CCBJH website on Nov 10, 2022)



# 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
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- 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 2022 Earnings Presentation*

**Q3 2022 Results**

**Marketing Update**

**Outlook**

# Q3 2022 Results

# Q3YTD Overview

- 🍷 Sales volume grew by 5%. Steady and strong growth from capturing heat wave and traffic recovery demand, despite impact of large PET price revisions. S&OP process improvements allowed stable supply during sharp demand increases.
- 🍷 Wholesale revenue per case improving with price revisions, efforts to improve profitability is contributing to revenue growth. Revenue growth in the third quarter exceeded volume growth.
- 🍷 Total channel value share grew with vending driving the overall growth.
- 🍷 Small package price revision negotiations were conducted with the understanding of customers. Significant progress has been made to improve profitability.
- 🍷 Business income improved YoY. Commodity and yen depreciation impact was significant, yet volume growth and transformation benefits contributed to profit growth.

# Strong Top Line Growth in Peak Season, Q3 (Jul-Sep)

**Volume Growth  
+7%**

**Vending  
Volume Growth  
+ 8%**

**SM, D&D  
Wholesale Revenue Per Case  
+32 yen**

**Value Share  
+ 0.7%**

# Q3YTD Results (vs 2021)

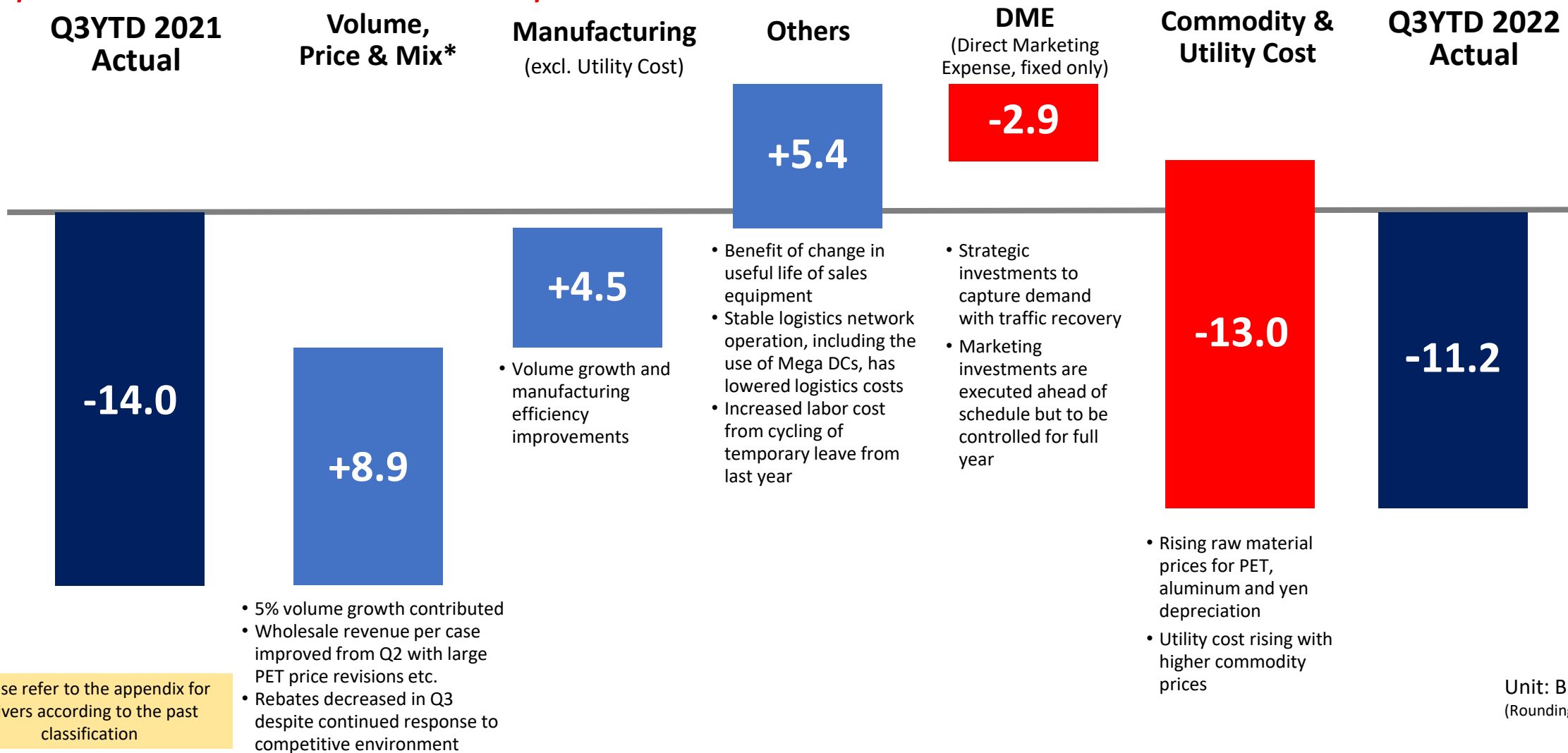
Unit: Million JPY

	Q3YTD 2022 Actual	Q3YTD 2021 Actual	YoY
Revenue	612,321	589,531	+3.9%
Sales Volume (Million Cases)	367	351	+5%
NARTD (Non-alcoholic ready to drink) Beverage Volume (Million Cases)	362	345	+5%
COGS	345,004	328,708	+5.0%
Gross Profit	267,317	260,823	+2.5%
SG&A	278,322	273,868	+1.6%
Business Income (Loss)	(11,196)	(14,023)	-
Operating Income (Loss)	(7,053)	(19,978)	-
Net Income (Loss) attributable to owners of parent	(5,194)	(1,535)	-

\*Net income (Loss) attributable to owners of parent in 2021 results is a total of continuing operation and discontinued operation results.

# Q3YTD Drivers of Business Income (vs 2021)

Steady volume growth and improved wholesale revenue per case contributed to profit growth, despite continued cost increase pressure



Please refer to the appendix for drivers according to the past classification

Unit: B JPY  
(Rounding off less than unit)

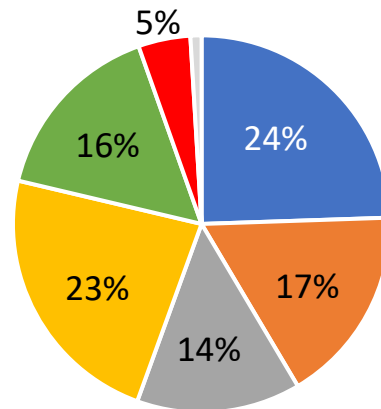


# Q3YTD NARTD Beverage Sales Volume (vs 2021)

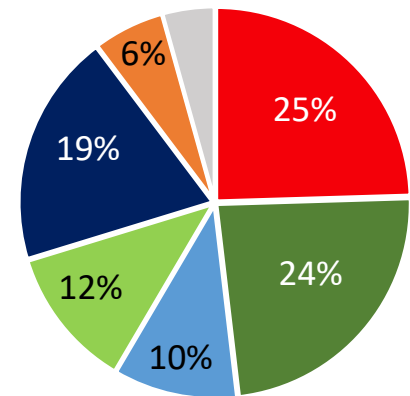
- Volume grew by 5% in Q3YTD and by 7% in Q3.
- Immediate consumption channels (VM, CVS) grew from initiatives to capture traffic recovery and heat wave demand. Online continued to grow in all categories with high convenience it offers. SM, D&D volume declined with large PET price revisions in May.
- Wholesale revenue per case was positive in SM, D&D with the benefits of the price revisions. Efforts in VM to optimize sales prices materializing.
- By category, Sports and Water grew strongly with the heat wave and resumption of public events.

## Sales Volume +5%

Channel	Volume	Wholesale revenue per case (Yen)
Supermarket (SM)	-4%	+28
Drug & Discounter (D&D)	+2%	+20
Convenience Store (CVS)	+2%	-20
Vending (VM)	+5%	+15
Retail & Food (R&F)	+25%	-36
Online	+33%	-28



Category	Volume
Sparkling	+2%
Tea	+1%
Sports	+10%
Water	+10%
Coffee	+4%
Juice	+20%



Please refer to appendix for Q3 (Jul-Sep) sales volume.

# Building Foundation for Value Share Growth

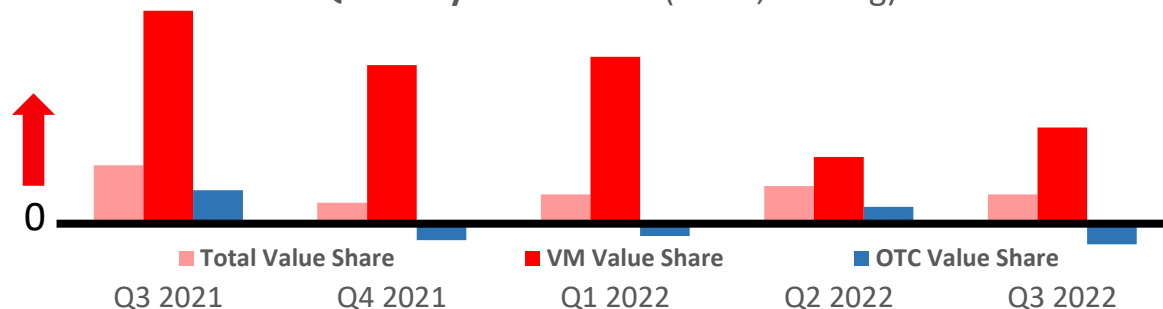
- Q3YTD total channel value share grew by 0.8 pts.
- Vending value share grew by 2.6 pts, continuing strong growth.
- OTC channel volume declined following the price revisions but maintained its value share almost flat YoY.
- Large PET OTC retail prices was positive with price revisions, growth rate of retail price in Q3 was larger than Q2.

Q3YTD Market Share (Jan. to Sep., vs PY, PP)	Value	Volume
Total (CCBJH Area)	+0.8	-0.3
Vending	+2.6	+1.9
Over the Counter (OTC)	-0.1	-0.8

OTC Retail Price (Jan. to Sep., JPY per bottle)	vs Market Average	vs PY
Small PET	+3.0	-3.2
Large PET	+26.2	+3.1

Data source standards changed from 2021. SPET(351~650ml), LPET(1.251L~)  
Source: Intage

Quarterly Value Share (vs. PY, Pts Chg)



Source: Coca-Cola Japan Internal Estimate

# Volume Growth and Profitability Improvement Initiatives

*Leveraging strong foundation to achieve volume growth and building future revenue base*

## Volume Growth

- ✓ Strengthening commercial activities in immediate consumption channels and restaurants etc. to capture traffic recovery
- ✓ Online channel expanded label-less products offering and strengthened subscription offerings to capture at-home consumption

## Profitability Improvement

- ✓ Price revisions of large PET and maintaining the price levels after the revisions
- ✓ Optimization of pricing in vending
- ✓ Marketing investments focused on growth channel and categories

## Strong Foundation Supporting Volume Growth and Profitably Improvement

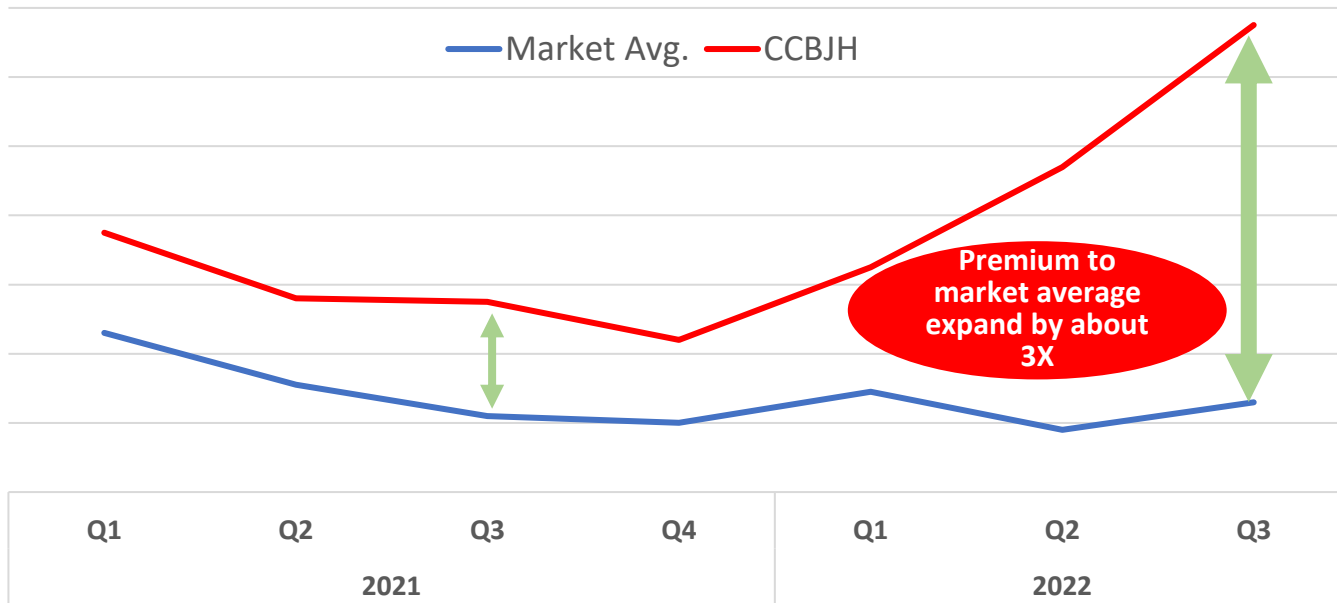
- ✓ Revamped S&OP's improved agility to react to sudden demand fluctuations, enabling stable supply
- ✓ Low-cost operation through stable logistics operations, also leveraging of Mega DCs

# Price Revision Progress

*Pricing on plan. Big progress towards building future earnings foundation*

- Retail price of large PET rose sharply in Q3 and maintained its momentum.
- Price premium to market average large PET in supermarkets, drugstores and discounters expanded.
- Price revision negotiations for small packages completed as planned.

SM, D&D L-PET Retail Price (excl. Water)



Source: Intage

## <Overview of Price Revisions>

Packages	Large PET	Small Packages
Revision Rate	+5~8% (Shipping Price)	+6~18% (Manufacturer's suggested retail price)
Revision Date	May, 2022	Oct, 2022
Channel	SM, D&D Online	All

*Pricing Based on Transaction\* Over 80%*

\*Bottle-based sales volume (excl. Syrup/Powder/ Alcohol)

# ESG Initiatives

Steady progress creating shared value

## Corporate Sustainability Excellence

- 🔥 Awarded Silver rating by EcoVadis sustainability survey for two consecutive years. Highly rated, especially in the environmental field.
- 🔥 Leading Japan's beverage industry to participate in this globally recognized survey.



Medal awarded to companies within the top 25%

## World Without Waste

**2022 Target** Sustainable materials usage\*1 **50%**

- 《Bottle to Bottle Partnership》
- 🔥 Concluded an agreement with Kuki City (Saitama).
- 🔥 Expanding Area with existing partner, Welcia Holdings.



Aug. 24<sup>th</sup> Ceremony with Kuki City

\*1 Sustainable materials refers to the total bottle-to-bottle recycled PET materials and plant-derived PET materials

## Contributing to Local Communities

### Water Source Conservation Activities

- 🔥 Implemented contracts and activities in all 17 plant locations. Water source replenishment already reached over 200%.



Oct. 29<sup>th</sup> Activity in Tama

### Supporting a Prosperous Life

- 🔥 Participated to active dialog with MAFF\*2 regarding food loss reduction as the only beverage manufacturer.
- 🔥 In a single year donated more than 790k bottles to those in need through food banks.



### Gold Partner of EXPO 2025 Osaka, Kansai, Japan

- 🔥 Placed over 250 EXPO 2025 Osaka, Kansai, Japan supporting vending machines in 4 months.



\*2 Ministry of Agriculture, Forestry and Fisheries

# Marketing Update

# 2022 Q3 Initiative Review

Successfully drove Core business and New innovations. Coke ON achieved 40 million downloads.

## Coca-Cola TM

Grew NSR through Coca-Cola Zero campaign & Engaged Gen Z's with Coke x Marshmello



## GEORGIA & COSTA Coffee

Expanded Share with GEORGIA TM Tiny TAN tie-up And Seasonal offerings from GEORGIA & COSTA Coffee



## AYATAKA Core/Café series & Yakan Barley Tea

Accelerated NSR growth with Ayataka Core/Ayataka Café series & Yakan Barley Tea



## Coke ON

Exceeded 40 million downloads & Conducted commemorative campaign



# 2022 Q4 Initiative Highlights (Oct-Nov)

Expand users base and drinking occasions through Core enhancement & New Innovations

## Coca-Cola TM

Max out FIFA World Cup assets for Coca-Cola TM & KO Portfolio promotions



## GEORGIA & COSTA Coffee

GEORGIA Zero series launched to capture health needs & COSTA Coffee drive trial through instant win



## AYATAKA Core/Café series & Kochakaden

AY Core/AY Café series Winter campaign & Kochakaden New Fruits Tea Fruit launch



## Coke ON

Collaboration with DRAGONQUEST WALK & Coke ON Wallet (e-money) launch

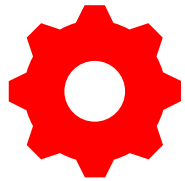


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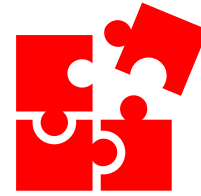


# 2022 Marketing Strategy

*Strengthen the core & grow year-2 and new innovations with continuously flexible and timely actions*



**PIVOT TO CORE**  
コアへの原点回帰



**FEWER, BIGGER  
INNOVATIONS**  
選択と集中



**STAY@HOME**  
家庭内需要の獲得



# Outlook

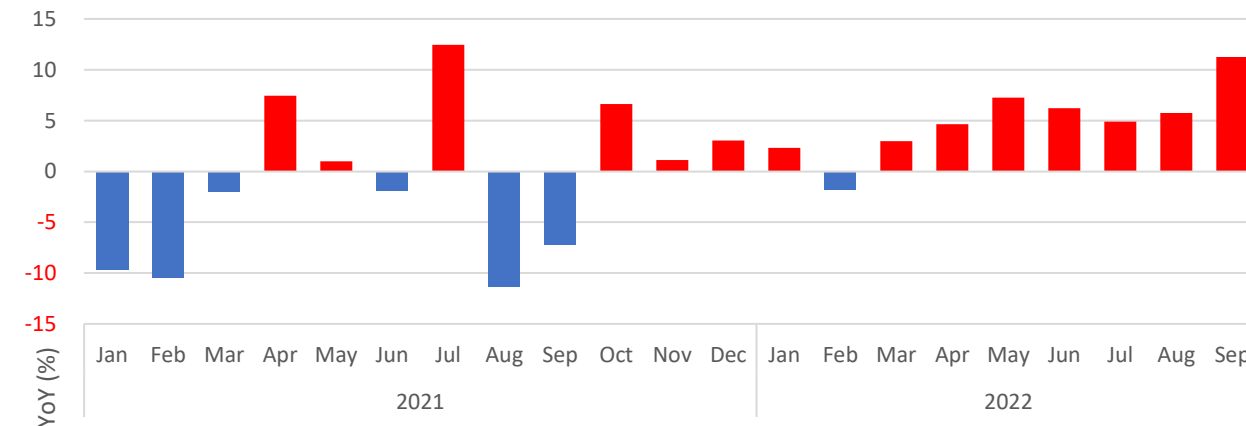
# Outlook for Q4

*Traffic recovery expected; need to monitor market environment after price revisions*

## Business Environment Outlook

- Traffic recovery is expected to continue, supported by government stimulus policies. Impact on demand from pricing by beverage companies starting from October needs close monitoring.
- Inflation impact on households and consumer sentiment may materialize.
- Commodity prices and yen depreciation will impact profitability of the beverage industry.

NARTD Market Growth (YoY)



Source: Coca-Cola Internal Estimate

## Strategic Direction

- ✓ **Maintain FY BI guidance of -14.6 billion yen**
- ✓ **Implement initiatives to capture traffic recovery**
- ✓ **Execute and follow-up on the price revision: Promote fair pricing**
- ✓ **Execute investments that will lead to next year onwards growth within the scope of the guidance**

## <Implication for Q4 Earnings>

- Sales volume seasonally small, with large fixed cost burden.
- Commodity rise and yen depreciation impact on top of cycling of cost savings from last year.
- Assume certain level of volume impact from pricing.
- October volume was down 6% due to price revisions and low temperatures. Improving trends for wholesale revenue per case.

# Commodity and Forex Impact

*Additional mitigation plans considered with continued cost rise*

2022

Commodity & Forex Impact over 18B yen\*

Large PET and Small Package  
Price Revisions Implemented

Commercial activity  
capturing  
traffic recovery

Transformation  
cost saving  
6B yen

Leverage strength  
of KO System

2023 Onwards

Further Commodity and Forex Impact Possibility

Further Pricing Seriously Considered

Volume growth  
while growing  
value share

Promote  
fair pricing  
and  
profitability  
focused marketing

Continue  
transformation

\*Amount includes, raw material, packaging, forex and utility

# Summary

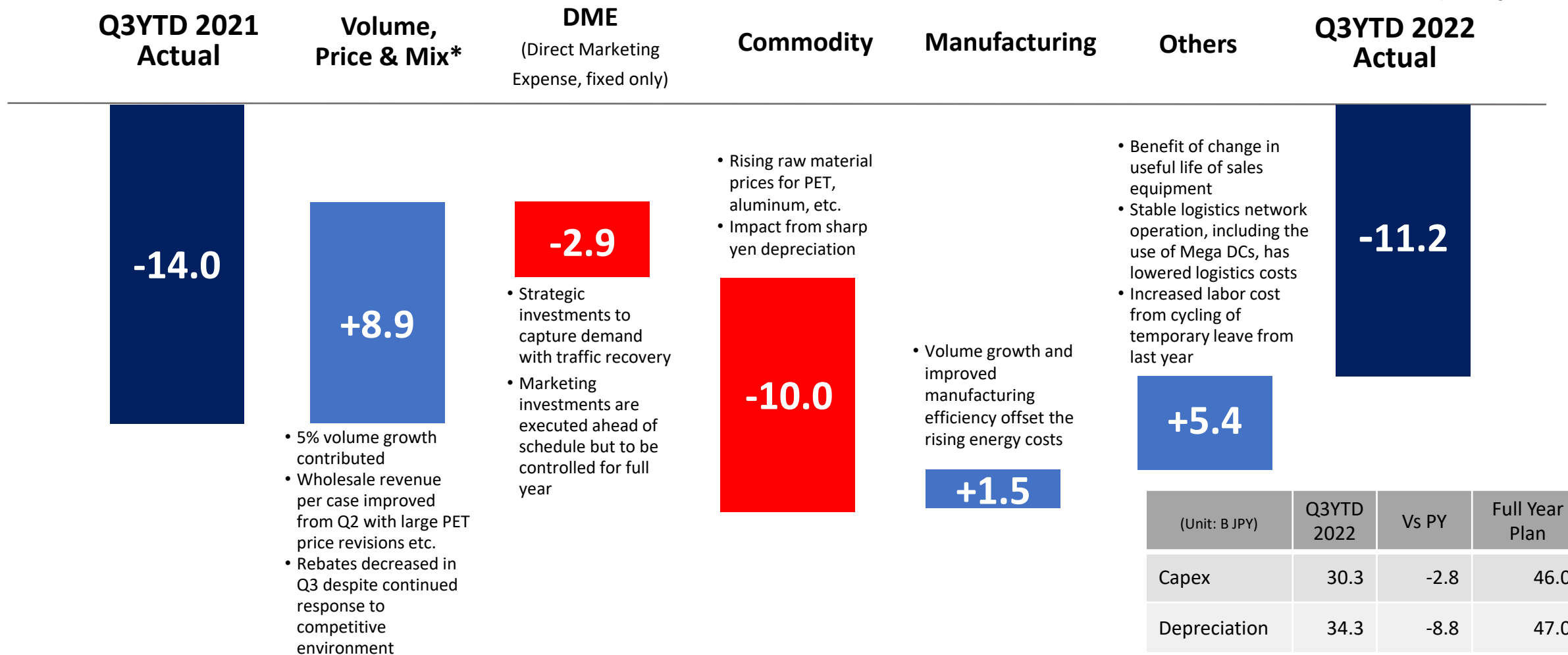
- ‡ Q3YTD achieved strong volume growth capturing traffic recovery and heat wave demand, despite the volume impact from large PET price revisions. Efforts to improve profitability including price revisions are showing results.
- ‡ Conditions remained challenging with rising commodity prices and yen depreciation, however business income improved YoY with top line growth, profitability improvement initiatives, and transformation. We remain committed to our initial business income targets.
- ‡ We foresee business environment to remain challenging, but will continue our initiatives implemented this year. Consider and implement further initiatives that will lead to growth and improved future profitability.

# Appendix

# <Past Classification>

## Q3YTD Drivers of Business Income (vs 2021)

Unit: B JPY  
(Rounding off less than unit)



(Unit: B JPY)	Q3YTD 2022	Vs PY	Full Year Plan
Capex	30.3	-2.8	46.0
Depreciation	34.3	-8.8	47.0

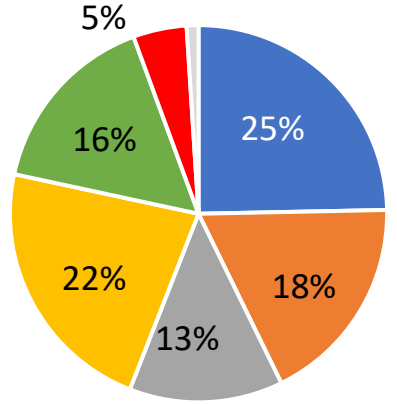
\*Change in marginal profit from commercial activities. Including variable costs and deduction from revenue in IFRS.

Note: Capex not including IFRS16 non cash items.

# NARTD Channel / Category / Package Sales Volume

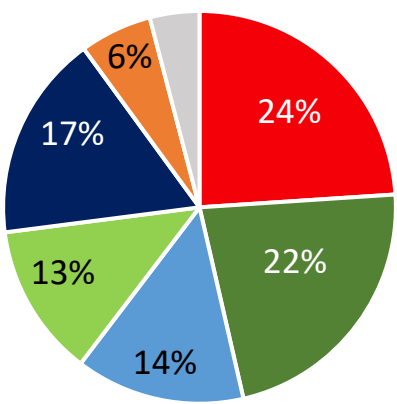
## Q3QTD (Jul to Sep) Sales Volume +7%

### By Channel



Channel	Volume	Wholesale revenue per case (Yen)
Supermarket (SM)	-5%	+37
Drug & Discounter (D&D)	+4%	+28
Convenience Store (CVS)	+2%	-37
Vending (VM)	+8%	+25
Retail & Food (R&F)	+33%	-49
Online	+32%	+8

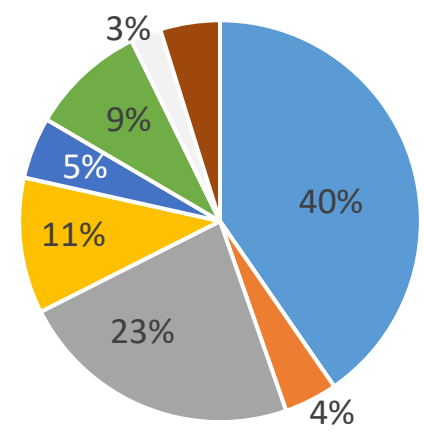
### By Category



Category	Volume
Sparkling	+4%
Tea	-1%
Sports	+11%
Water	+15%
Coffee	+4%
Juice	+27%

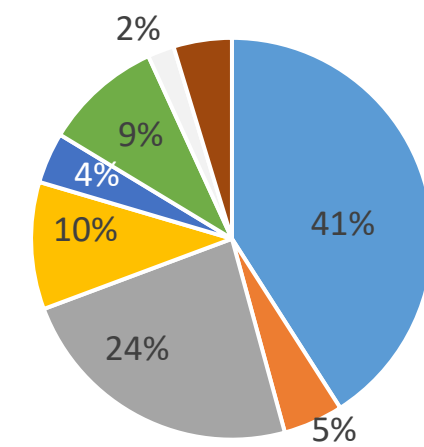
### By Package

#### Q3YTD (Jan to Sep)



Package	Volume
S-PET	+6%
M-PET	+32%
L-PET	-7%
Can	-2%
Bottle Can	+10%
Syrup	+30%
Powder	+24%

#### Q3QTD (Jul to Sep)



Package	Volume
S-PET	+7%
M-PET	+24%
L-PET	-7%
Can	+3%
Bottle Can	+12%
Syrup	+42%
Powder	+29%

S-PET : Below 650ml/L-PET : Above 1.5L



# Staying True to Our Mission, Vision, Values



**Coca-Cola**  
BOTTTLERS JAPAN HOLDINGS 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*

# THANK YOU

Investor Relations

Coca-Cola Bottlers Japan Holdings Inc.

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