

February 4, 2016

To whom it may concern,

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(Code number: 2579 in TSE 1, FSE)
Inquiry, Junko Kubo, Mgr, Planning Dep
Tel. (092)641-8774

Notice on the development of “2016-2018 3-year management plan”

Please be announced that Coca-Cola West Co., Ltd. (headquarters in Fukuoka City, to be referred to as CCW hereafter) formulated 3-year management plan for 2016-2018 period as a second step towards reaching “Long-term Management Concept 2020”.

1. Long-term Management Concept 2020

CCW has worked on achieving 2020 growth targets with “Growth” “Efficiency” and “Structural” strategies as the pillars, by raising “Long-term Management Concept 2020” for the period of 2011-2020 to be the guiding principle in fulfilling the sustainable growth.

To express CCW’s 2020 to-be model more specifically, West Vision is changed from “To be the most respected company by all key shareholders, encompassing consumers, customers, employees and the community!!” to “To become a company supported by consumers, understood by shareholders, cherished by local communities and proud by employees!!”.

■ New West Vision

West Vision

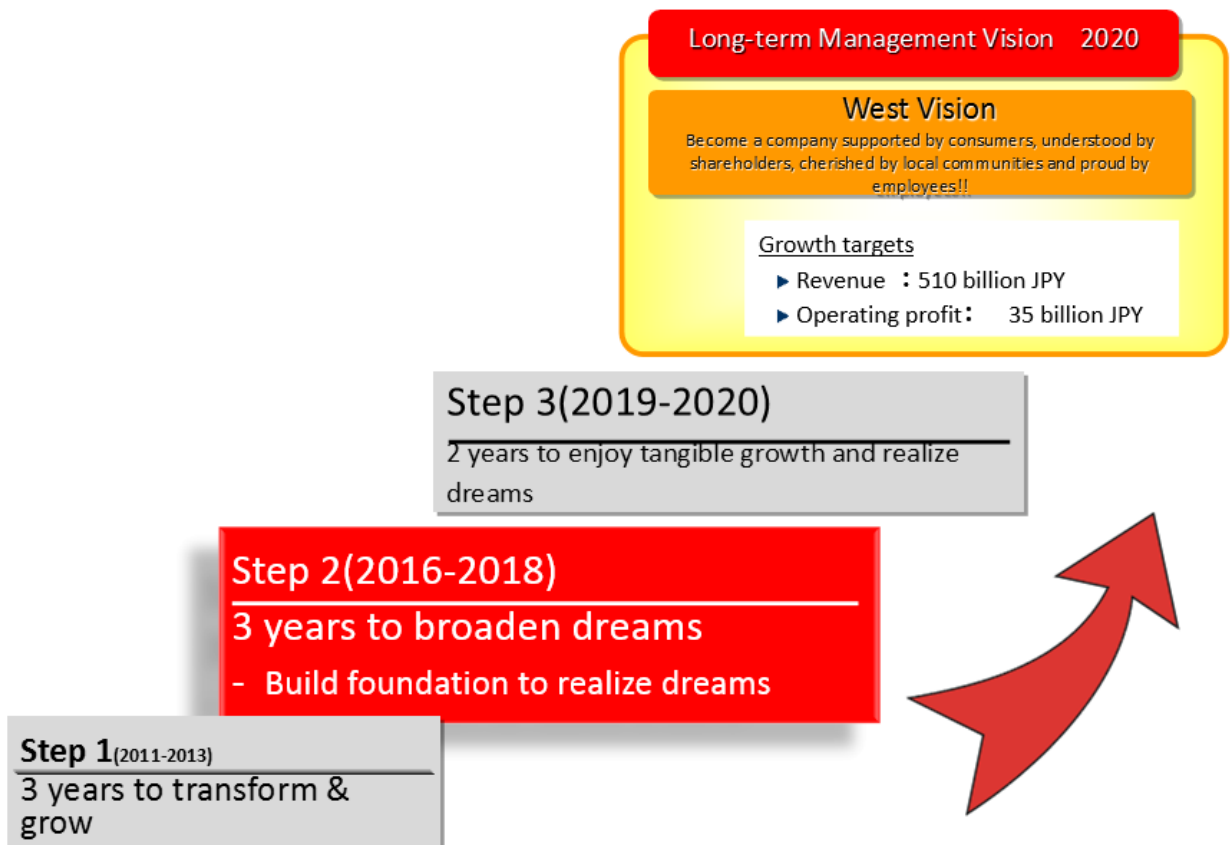
Become a company supported by consumers, understood by shareholders, cherished by local communities and proud by employees!!



2. “3 years to broaden dreams- Build foundation to realize dreams” in 2016-2018 3-year management plan

By positioning the period from 2016 to 2018 as “3 years to broaden dreams- Build foundation to realize dreams” in the second step for reaching “Long-term Management Concept 2020”, the mid-term plan was developed for the dream to fulfill by incorporating investment and HR development plans that lead to future growth.

■ Positioning in Long-term Management Concept 2020



■ 2018 growth targets (consolidated)

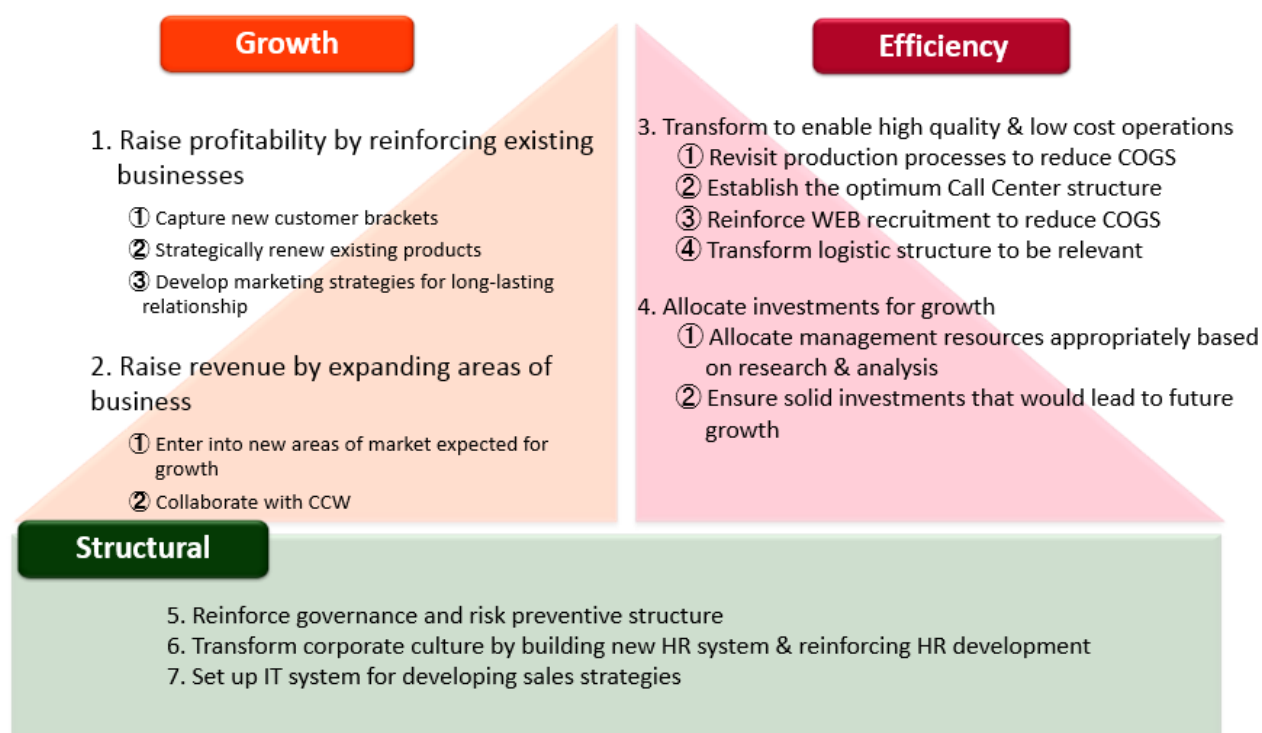
CCW strives to attain revenue of 500 billion JPY, operating profits of 21 billion JPY, operating profits on sales of 4.2% and ROE of 5.0% or higher.

(Unit: 100MM JPY)

	2015 actual	2018		
		Plan	Variance vs. 2015	Variance (%)
Revenue	4,404	5,000	+595	+13.5
Coca-Cola Business	4,076	4,440	+363	+8.9
Healthcare & Skincare Business	328	560	+231	+70.5
Operating profits	142	210	+68	+47.2
Coca-Cola Business	112	150	+38	+33.8
Healthcare & Skincare Business	30	60	+30	+96.6
Current net profits (belong to our shareholders)	99	130	+30	+30.4
Operating profits on sales (%)	3.2	4.2	+1.0	-
ROE (%)	3.9	5.0 or more	+1.1 or more	-
ROA (%)	3.8	5.0 or more	+1.2 or more	-
DOE (%)	1.7	1.9	+0.2	-

■ Basic strategies

CCW aims to deliver 2018 growth targets through solid executions of strategies based on the 3 pillars of “Growth”, “Efficiency” and “Structural”.



Please refer to the attachment for details.

Thank you,

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Coca-Cola West Group

“2016-2018”

3-year Management Plan

February 4, 2016

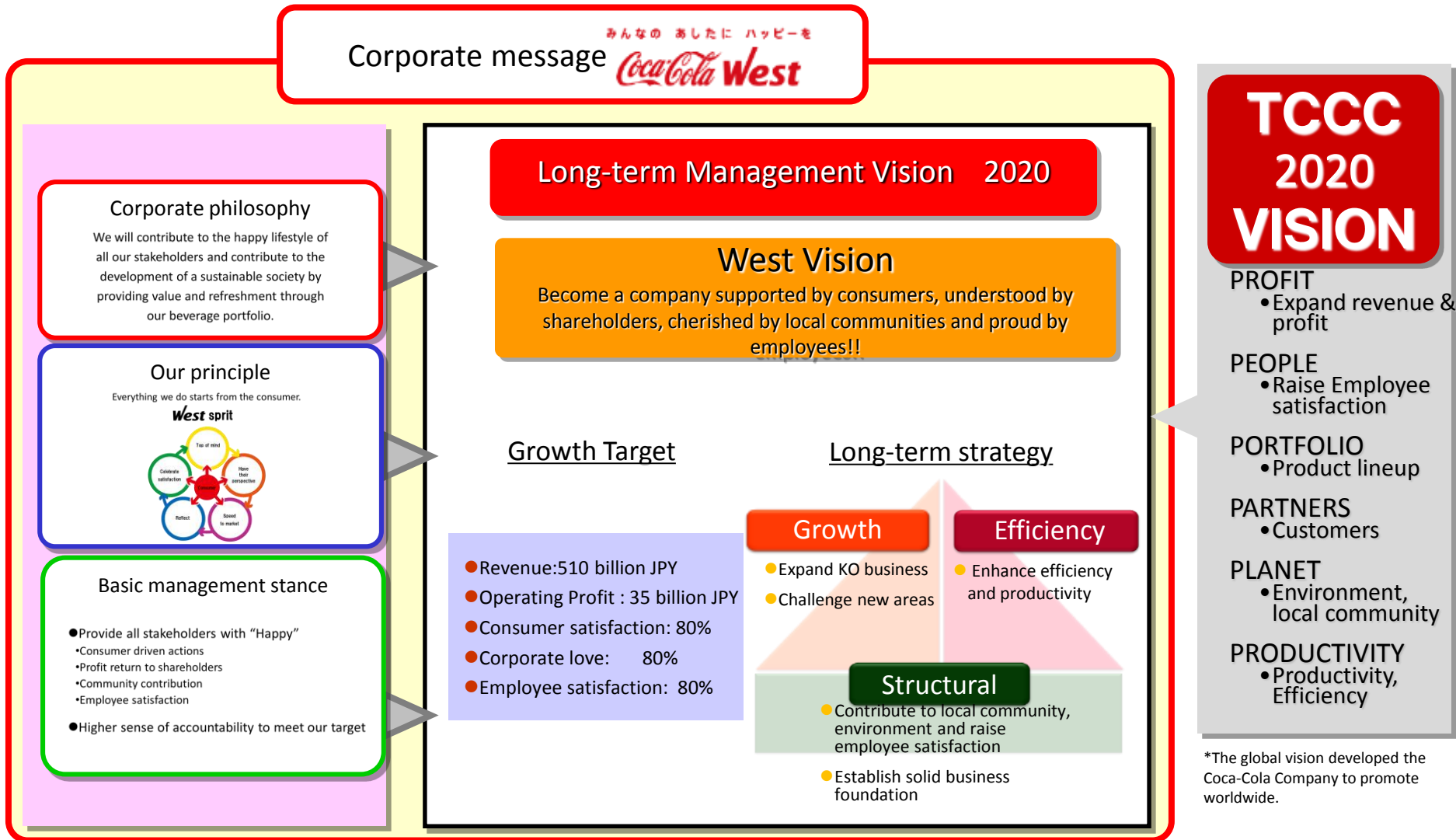
Coca-Cola West Company, Limited (2579)

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Long-term Management Vision 2020

Overview of “Long-term Management Vision 2020” (from 2011 to 2020)



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.

Everything we do starts from the consumer.

West sprit



Basic management stance

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

West Vision

Become a company supported by consumers, understood by shareholders, cherished by local communities and proud by employees!!



(1)" Supported byconsumers" means

- to allow consumers to spend the corresponding price supporting our product values and services for us to be the company with continual growth.

(2)"understood by shareholders" means

- to be the company expanding corporate values by growing together with shareholders as our good advocates

(3)"cherished by local communities" means

- to be the company trusted and appreciated by locals by keeping our local social contribution activities and environmental protections.

(4)"proud by employees" means

- to be the company confidently proud by all employees never cease to take on challenges towards reaching goals aligned with the company vision with strong trust relationship.

Positioning of “2016-2018” 3-year Management Plan

Long-term Management Vision 2020

West Vision

Become a company supported by consumers, understood by shareholders, cherished by local communities and proud by employees!!

Growth targets

- ▶ Revenue : 510 billion JPY
- ▶ Operating profit: 35 billion JPY

Step 3(2019-2020)

2 years to enjoy tangible growth and realize dreams

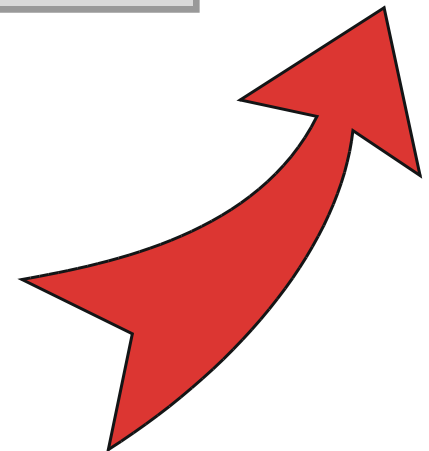
Step 2(2016-2018)

3 years to broaden dreams

- Build foundation to realize dreams

Step 1(2011-2013)

3 years to transform & grow

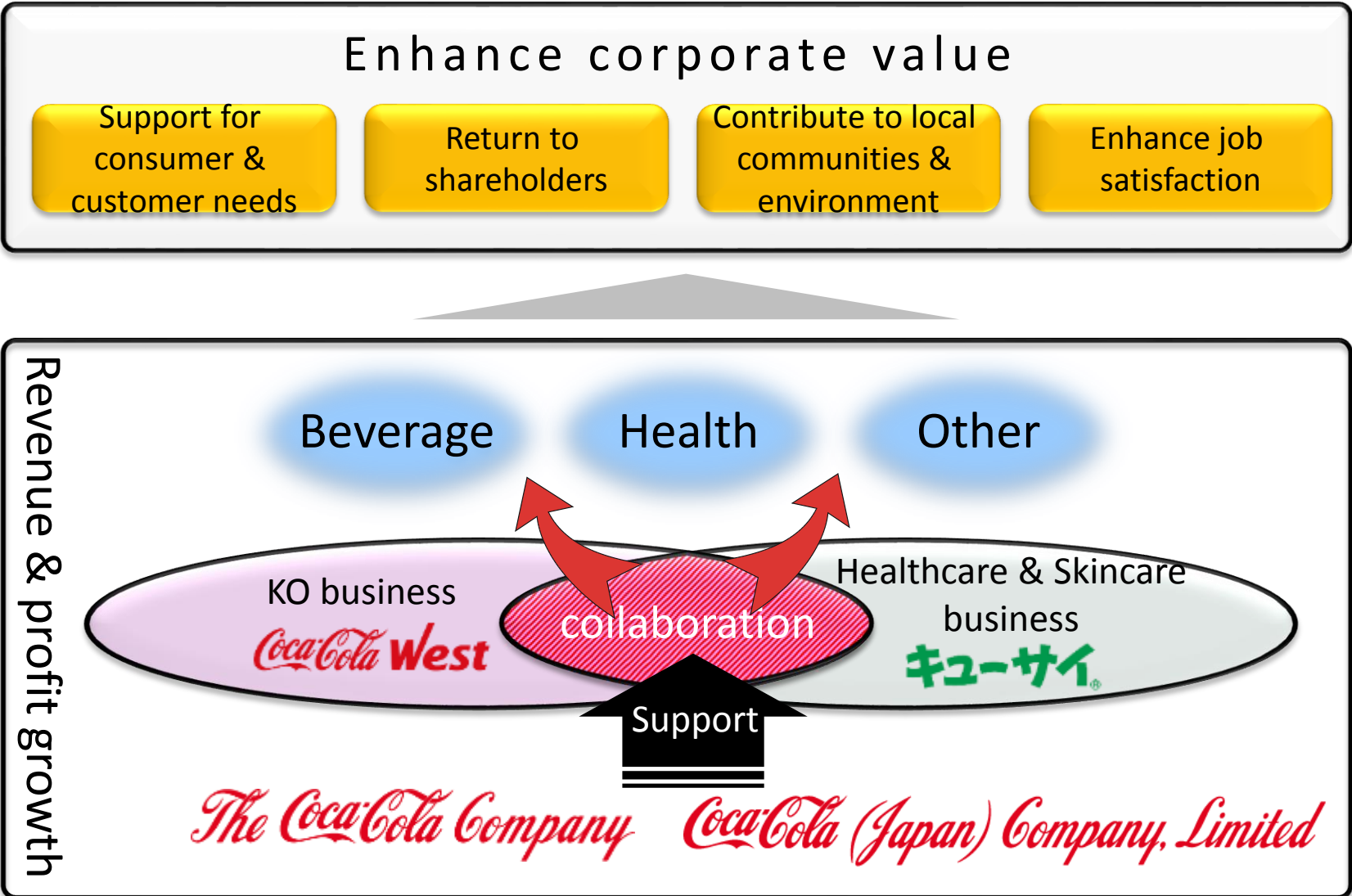


2nd Step of “Long-term Management Vision 2020”

“2016-2018” 3-year Management Plan
“3 years to broaden dreams”

Scenario for growth

- KO business and Healthcare & Skincare business each deliver growth.
- Through collaborations of both businesses, generate new growth opportunities.



Growth

1. Enhance profitability by ensured reinforcing existing business

- ① Reinforce the existing fields
- ② Challenge new markets with customer-centric perspective
- ③ Expand & advance RGM
- ④ Transform VM business model
- ⑤ Maximize use of KO system's K&I and reinforce marketing according to regional characteristics
- ⑥ Strengthen marketing strategies through alliance and M&A
- ⑦ Establish competitive advantage in the areas of growth

2. Build new growth businesses

Efficiency

3. Advance value chain processes

- ① Advance supply process behind growth and implement new technologies

4. Enable high-quality, low-cost operation structure

- ① Re-allocate production and logistic sites according to changes in demand.
- ② Restructure logistic system based on distribution structure changes.
- ③ Advance high-quality, low-cost operations
- ④ Enable less-burden and labor saving operation models.
- ⑤ Expand global procurement

5. Invest right capital (people, goods, cash)

- ① Appropriately allocate business resources based on research & analysis.
- ② Allocate staff appropriately

Structural

6. Drive CSV

- ① Enable eco-friendly operations.
- ② Continue local contribution and environmental activities

7. Reinforce organizational capabilities & business foundation

- ① Improve asset efficiency
- ② Develop & execute capital strategies
- ③ Transform operation processes leveraging IT.
- ④ Revisit group organizational structure

8. Improve employee satisfaction

- ① Setup attractive HR system
- ② Enable diverse ways to work/HR activating full capacity
- ③ More female advancement
- ④ Improve FTE capabilities/self-fulfillment

Growth strategy 1. Enhance profitability by ensured reinforcing existing business

[Basic ideas in each channel]

Chain store	<u>Expand & advance RGM</u> <ul style="list-style-type: none"> • Capture demands by identifying growth opportunities • Optimize pricing & trade terms <ul style="list-style-type: none"> ••• Share gain ••• Per-case revenue increase
Vending	<u>Transform Vending business model</u> <ul style="list-style-type: none"> • Fundamentally revisit the business model • Offer values through vending innovations <ul style="list-style-type: none"> ••• Profitability growth ••• Share gain
Retail & food service	<ul style="list-style-type: none"> • Expand a new channel (online) • Re- strengthen the fountain business <ul style="list-style-type: none"> ••• Volume growth

[Channel-based volume plans]

	2015 actual	2018 Plan	CAGR
(unit: K c/s, %)			
Chain store	94	107	+4.4
Vending	68	69	+0.3
Retail & Food Service	37	38	+1.4
Others	16	16	-0.7
CCW Total (excl. Shikoku)	215	230	+2.3
CCW + Shikoku total	226	250	+3.5

Growth strategy 1-① -Reinforce the existing fields

2018 existing fields

Vs. 2015 +6.6% CAGR +2.1%

		Vs. 2015	CAGR
Sparkling	<ul style="list-style-type: none"> • Revitalize Coca-Cola • Take approaches for non-sparkling users • Reinforce Sparkling for adults 	+13.2%	+4.2%
Coffee	<ul style="list-style-type: none"> • Step up marketing to diversified consumers 	+2.0%	+0.7%
Non sugar tea	<ul style="list-style-type: none"> • Focus on “Green Tea market” with Ayataka • Pay more attention on “Blend Tea market” with Sokenbicha • Strengthen “FOSHU market” with Karadasukoyakacha W 	+11.2%	+3.6%
Sport & water	<ul style="list-style-type: none"> • Bolster Aquarius brand as the number of sports players increases • Enhance brand values mainly with I Lohas natural water 	+9.3%	+3.0%

Sales boost leveraging the assets of worldwide sponsorship (Tokyo Olympic Games & FIFA World Cup)

Growth strategy 1-② -Challenge new markets with customer-centric perspective

■ Generate new growth opportunities by entering into low share markets and reinforcing Coffee category.

Gain incremental sales in low share market

Reinforce categories where we have low share, while the market is large

lactic

100% juice

Capture potential at white space

Boost sales of brewed coffee

- Develop products according to customer needs and create a recipe.



- Propose new way to offer (counter-top coffee etc.)

New products & packages (such as bottle coffee)

Collaboration with Q'sai

New product development connecting the strengths of KO and Q'sai

Coca-Cola

×

キューサイ®

Growth strategy 1-③ -Expand & advance RGM

[Capture demands by identifying growth opportunities]

- Ensure to identify growth opportunities and to executive effective OBPPC* strategies.

[Optimization of prices & trade terms]

- Ensure to execute appropriate price strategies and effective promotional spends.

OBPPC

- Drive category management
- Reinforce sales of key products
 - Expand customers with category captaincy
- Challenge new markets
 - Capture new sales opportunities through effective deployment of new products
- Appropriate package strategies
 - Offer with optimum volumes (small & midi)
 - Launch highly value-added packages

Price & Trade terms

- Advance price guideline & guardrail
 - Implement the right price strategies according to Area, scale of customer & Product feature



Raise competitiveness & profitability

- Spend promo costs that generate value
 - Shift investment to drive shopper purchase & address customer issues.

*Abbreviation of Occasion, Brand, Package, Price and Channel which is a method to differentiate products offered so that more consumer needs are met.

Growth strategy 1-④ -Transform VM business model

[Fundamentally revisit the business model]

- Transform the business model to deliver profits even in the matured market and establish competitive advantage.

[Challenges faced with Vending]

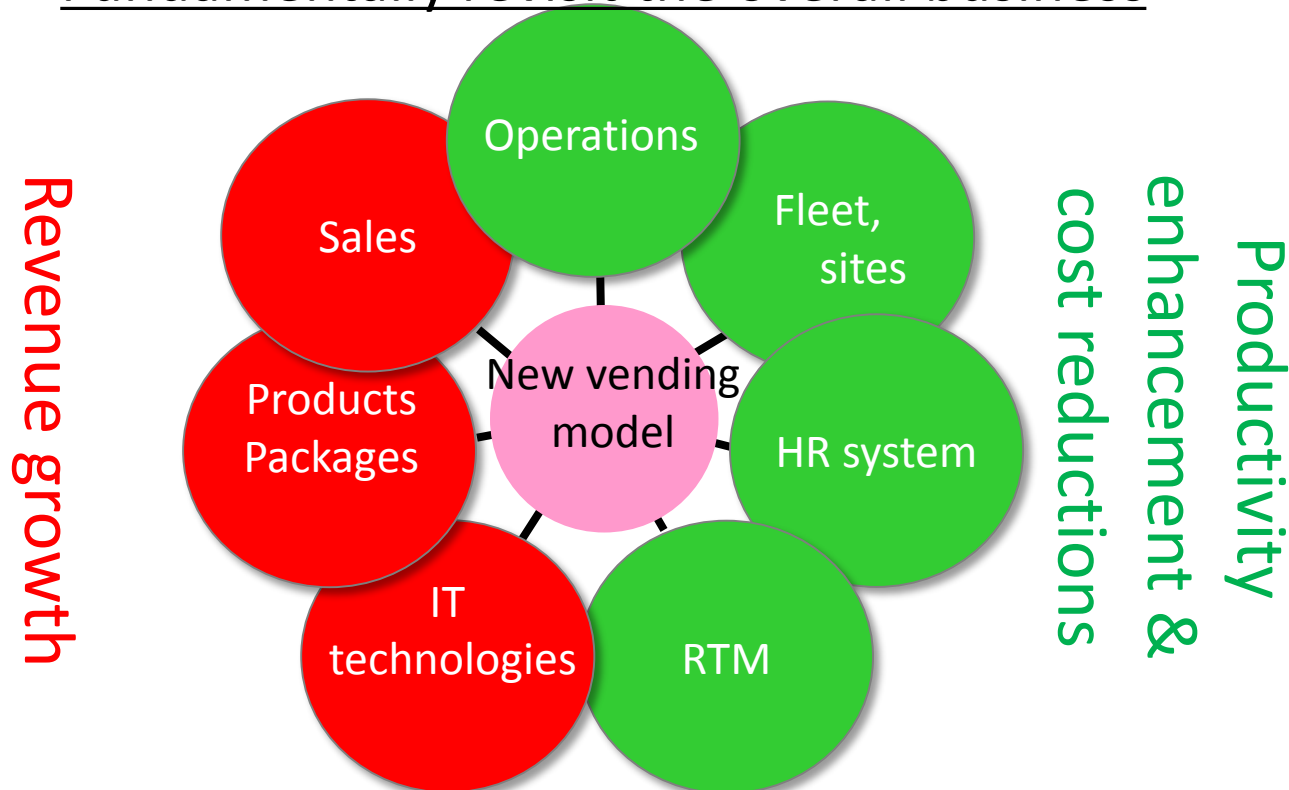
Shrinking market

Intensified
competitions

Worsened
profitability (rising
fixed costs)

Securing operation
staff

Fundamentally revisit the overall business

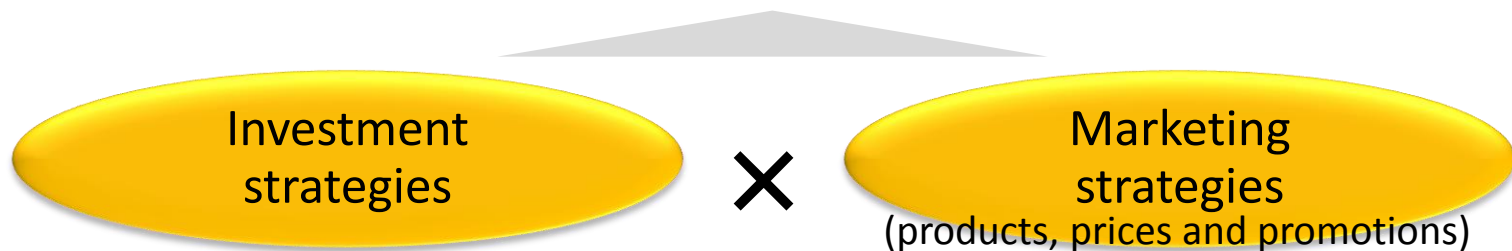


Growth strategy 1-④ -Transform VM business model

[Offer values through vending innovations]

- Boost sales by executing the right marketing strategies according to the vending locations while strategically making investments on vending machines according to customer needs.

Raise sales even in the matured market by generating values through innovations.



Invest for...

90,000 VM

V. The recent 3 years

(3 years total) **+25%**



CAN & PET Vending machines

- Promotions leveraging IT
- Eco-friendly appeal (HFC-free)
- Systematic renewal



Cup Vending machines (brewed coffee)

- More highly value-added products

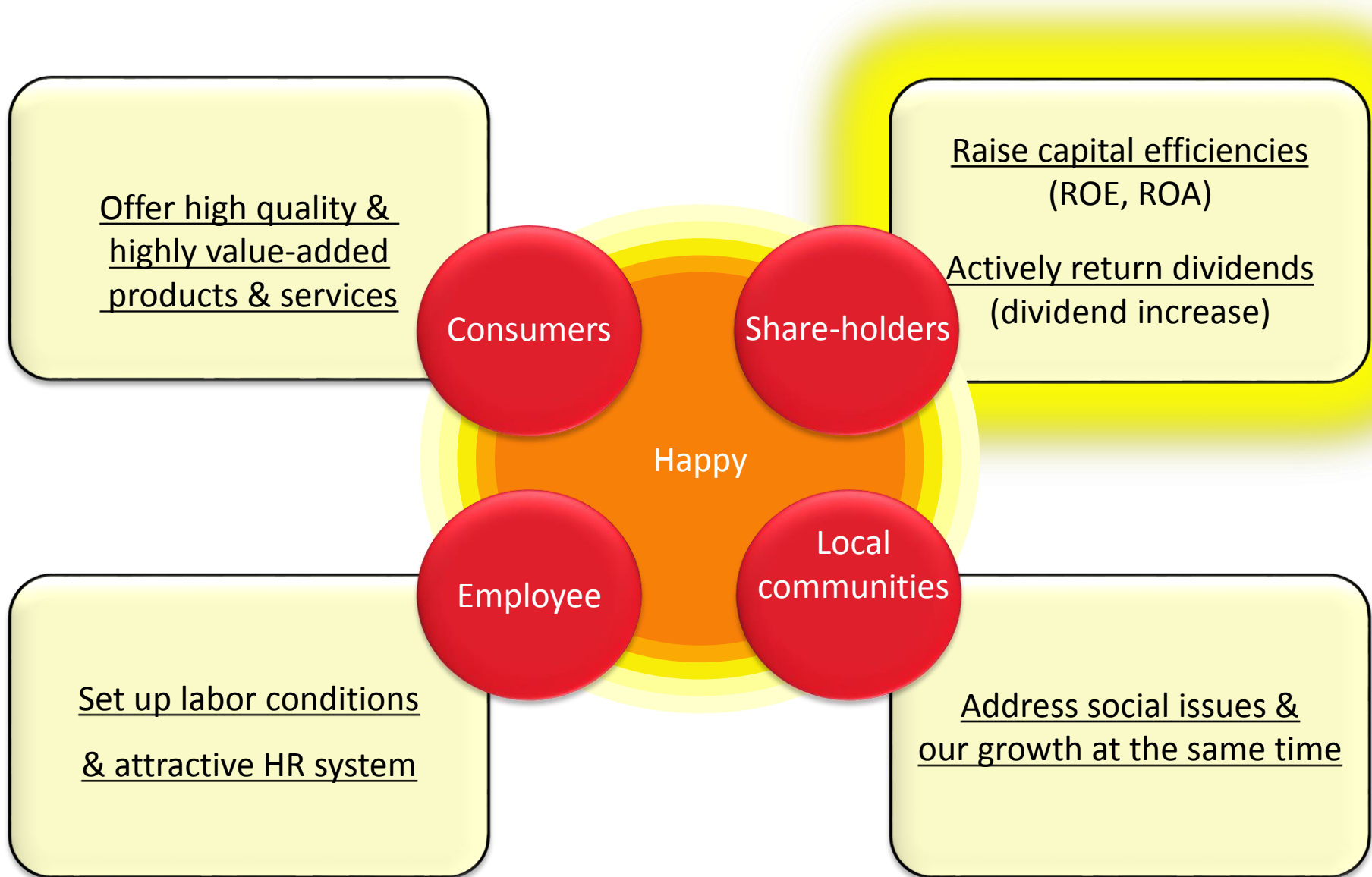
Efficiency 4-①②③⑤ -Enable high quality & low-cost operating structure

- Aim to deliver impacts (cost saving) of 2.5 billion JPY in SCM and 1.5 billion JPY through joint procurement of indirect materials.

	Initiatives	2018 impact (vs. 2015)
Manufacturing	<ul style="list-style-type: none"> • Reduce material usage → Light-weight packages & cardboards • Manufacture with the right ratio of internal manufacturing • Enhance productivity of the lines → Upgrade production lines 	+1.5 billion JPY
Logistics	<ul style="list-style-type: none"> • Stabilize and streamline logistic network → Optimum logistic structure according to production sites • Restructure full-service delivery routes → Southern Kyushu & Shikoku areas 	+1 billion JPY
Procurement (indirect materials)	<ul style="list-style-type: none"> • Seek for a merit of scale through bottler joint procurement → Scale beginning with strategic items 	+1.5 billion JPY

Structural strategies

- Reinforce business foundation in order to offer values to all stakeholders.



Growth

1. Raise profitability by reinforcing existing businesses

- ① Capture new customer brackets
- ② Strategically renew existing products
- ③ Develop marketing strategies for long-lasting relationship

2. Raise revenue by expanding areas of business

- ① Enter into new areas of market expected for growth
- ② Collaborate with CCW

Efficiency

3. Transform to enable high quality & low cost operations

- ① Revisit production processes to reduce COGS
- ② Establish the optimum Call Center structure
- ③ Reinforce WEB recruitment to reduce COGS
- ④ Transform logistic structure to be relevant

4. Allocate investments for growth

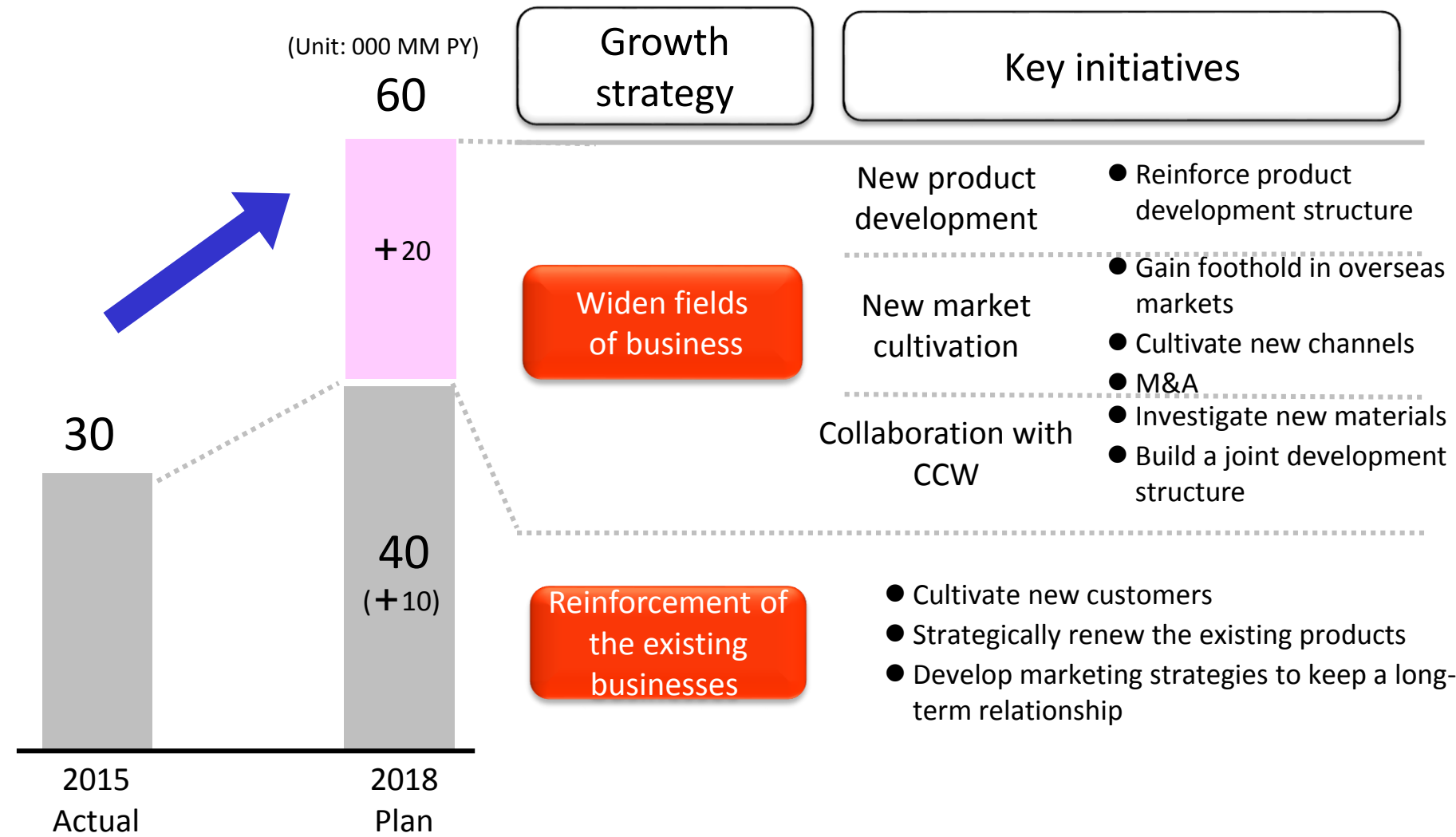
- ① Allocate management resources appropriately based on research & analysis
- ② Ensure solid investments that would lead to future growth

Structural

- 5. Reinforce governance and risk preventive structure
- 6. Transform corporate culture by building new HR system & reinforcing HR development
- 7. Set up IT system for developing sales strategies

Growth scenario

■ Work on widening fields of business and reinforcing the existing businesses to grow in expanding markets.



■ Raise revenue by reinforcing the existing businesses and widening fields of business as pillars.

Reinforce-
ment of the
existing
businesses

- Cultivate new customers
 - Execute media strategies for expanding targets (website, SNS)
- Strategically renew existing products
 - Product strategies according to the system for functionally-labeled foods

Widen
fields
of
business

New products

- Reinforce product development structure
 - Strengthen information gathering, market research & analysis (use of external resources, M&A)

Low share market (scale: large, share: low)

Untapped market (scale: small, share: high)

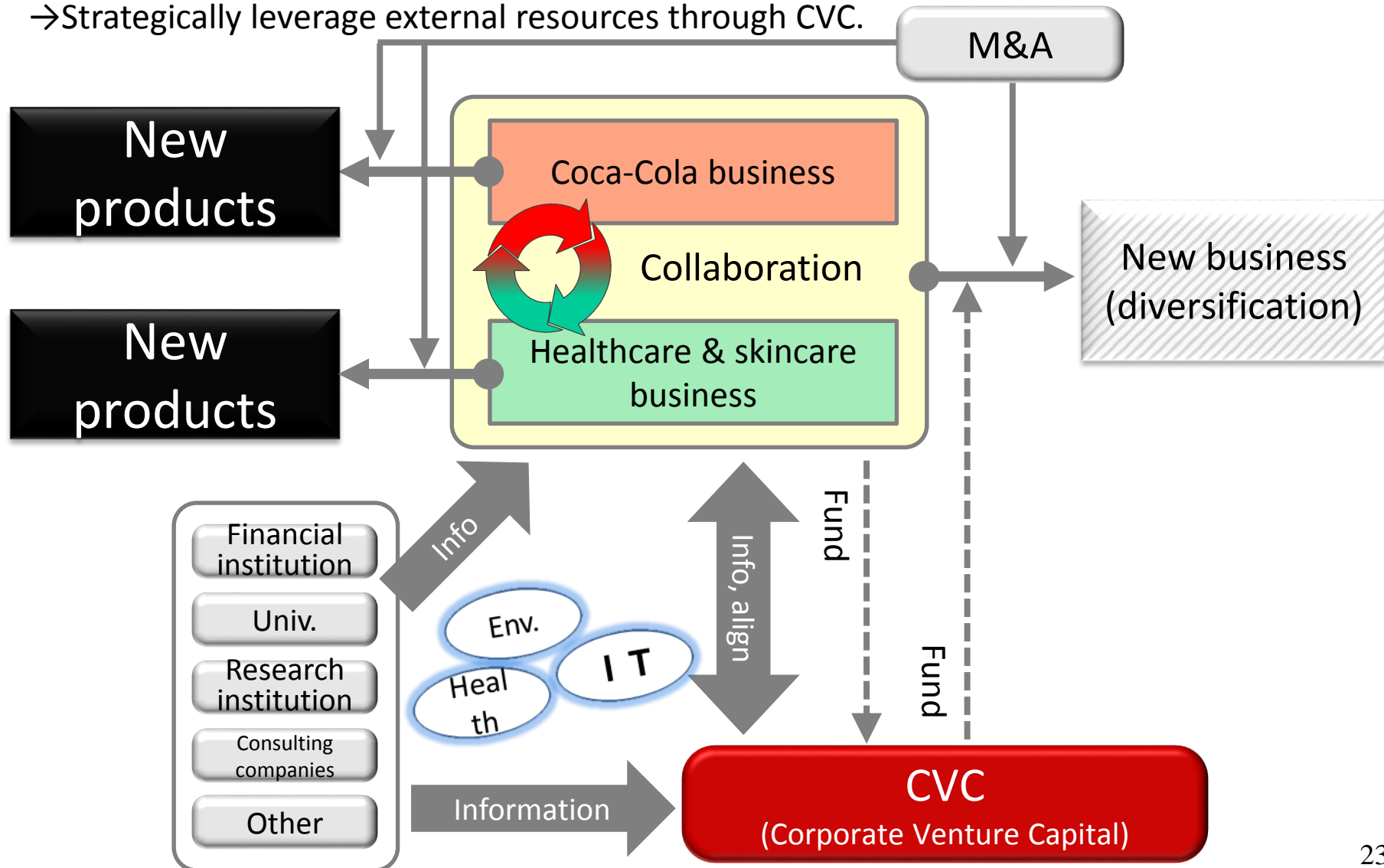
New markets

- Gain foothold in overseas markets
 - Fully enter into the U.S. market (Q'sai USA)
 - Reinforce materials suitable for overseas (Nippon Supplement)
- Cultivate new channels
 - Drive self-service sales to E&D outlets

New initiative for future growth

- Launch a full-scale collaborations between Coca-Cola business and Healthcare & skincare business.

→ Strategically leverage external resources through CVC.



Consolidated management targets (2018)

■ Aim to attain consolidated revenue of 500 billion JPY and operating profit of 21 billion JPY.

(Unit: 100MM JPY)

	2015 actual	2018		
		Plan	Variance vs. 2015	Variance (%)
Revenue	4,404	5,000	+595	+13.5
Coca-Cola Business	4,076	4,440	+363	+8.9
Healthcare & Skincare Business	328	560	+231	+70.5
Operating profits	142	210	+68	+47.2
Coca-Cola Business	112	150	+38	+33.8
Healthcare & Skincare Business	30	60	+30	+96.6
Current net profits (belong to our shareholders)	99	130	+30	+30.4

Operating profits on sales	(%)	3.2	4.2	+1.0	-
ROE	(%)	3.9	5.0 or more	+1.1 or more	-
ROA	(%)	3.8	5.0 or more	+1.2 or more	-
DOE	(%)	1.7	1.9	+0.2	-

CAPEX plans (2018)

- Change service life of sales equipment from the current setting (5-6) to 9 years.
 - Revisit the service life to reflect the actual usage status as more and more sales equipment are used longer.
 - The change allows us to meet the Coca-Cola global standard.
- Aim to deliver stable operating profit growth in the future and reinforce the business foundation by ensuring to make necessary investments in the 3 years when the depreciation costs become less along with the change in service life of sales equipment.

(Unit: 100MM JPY)

	2015 actual	2016-2018 Plan		
		3-year total	Yearly average	Variance vs. 2015
Land	0	94	31	+31
Buildings and structures	6	169	56	+50
Machinery and equipment	28	284	95	+67
Sales equipment	108	469	156	+48
Other	18	134	45	+27
Total	161	1,152	384	+223

Scenario to attain 2018 operating profits (v. 2015)

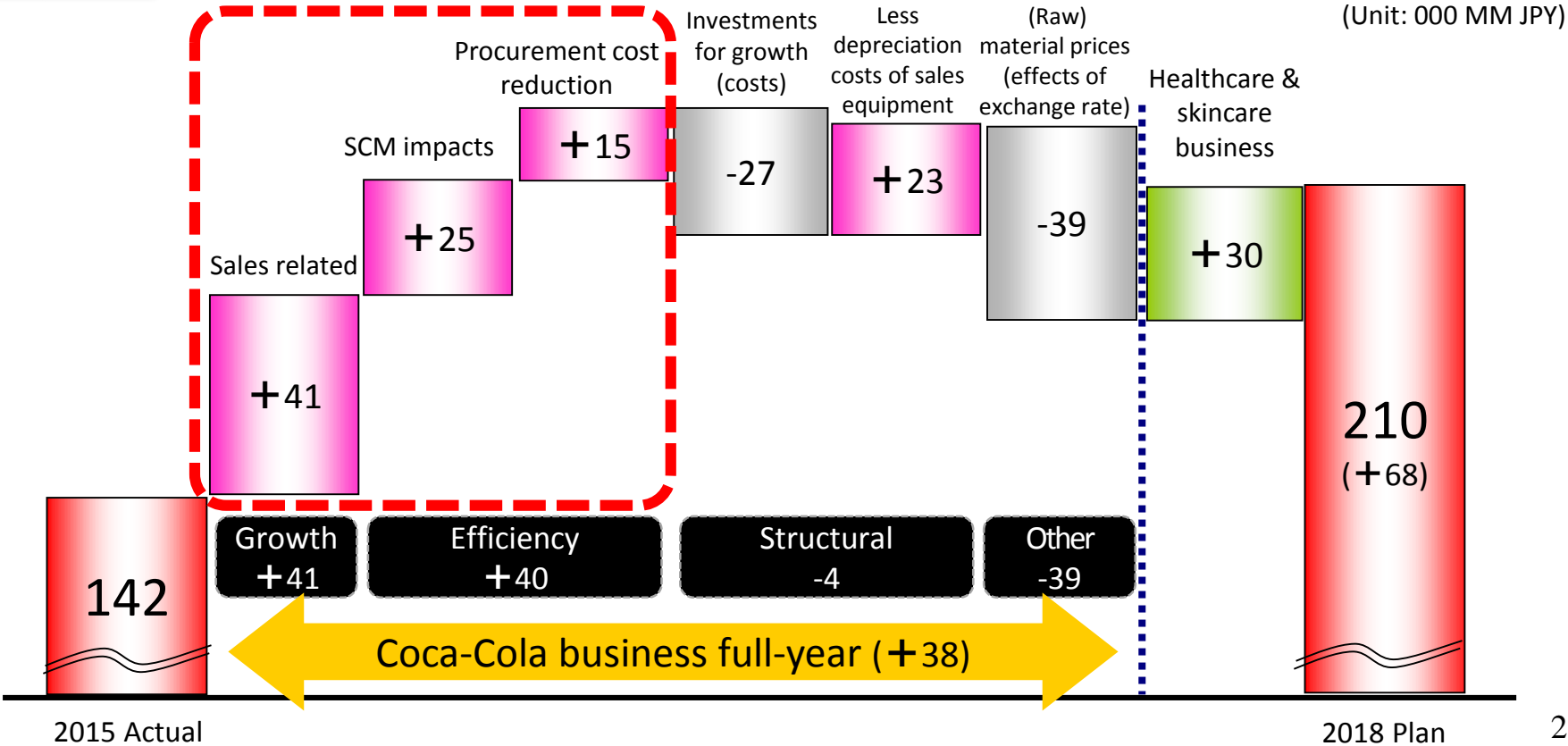
Aim to deliver consolidated operating profit of 21 billion JPY, up by 6.8 b JPY v. 2015.



- Growth strategy +4.1 billion JPY: Grow by raising profits in each channel
- Efficiency strategy +4 billion JPY: Project cost saving through joint procurement of indirect materials in addition to SCM impact generations
- Structural strategy -0.4 billion JPY: Leverage the capitals gained from changing the service life for investments to the future growth.



+3 billion JPY: Project profit increase by expanding new products & channels.

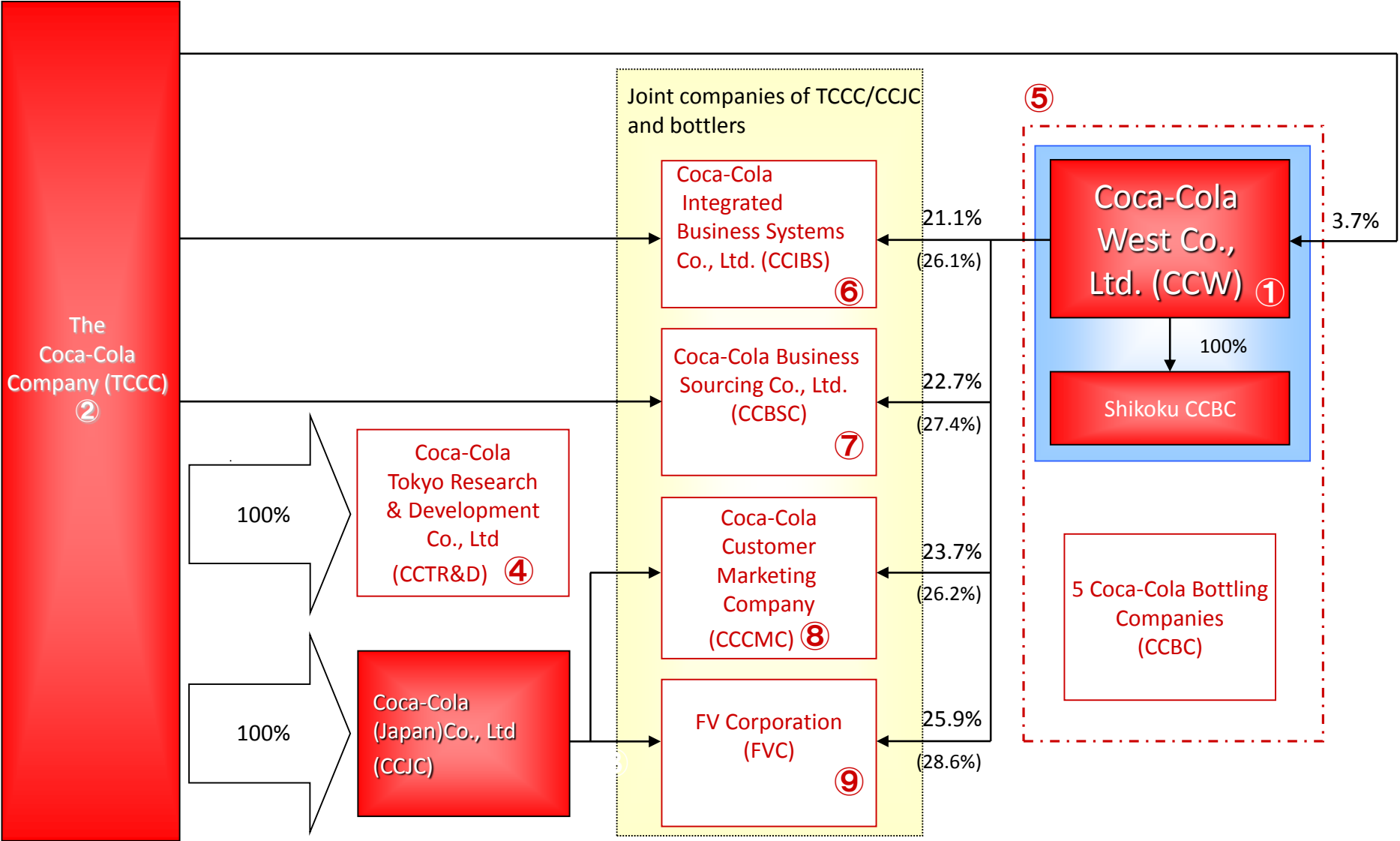


[References]

Coca-Cola System in Japan – Capital Relationship

Investments with figures indicate %; () in total by CCW+ Shikoku

(As of Jan 1, 2016)



Coca-Cola related companies and their roles

① Coca-Cola West Co., Ltd. (CCW)

Coca-Cola West Japan (CCWJ) was established in 1999 by merging Kitakyushu CCBC and Sanyo CCBC. CCWJ acquired ownership of Mikasa CCBC in 2001. In 2006, CCWJ and Kinki CCBC merged the management of both companies, and in 2009 Coca-Cola West Co., Ltd. was established. CCW acquired 100% ownership of Minami Kyushu CCBC in 2013 and merged in 2014. CCW acquired 100% ownership of Shikoku CCBC on May 18 2015.

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

⑥ Coca-Cola Integrated Business Systems Co., Ltd. (CCIBS)

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.

⑦ Coca-Cola Business Sourcing Company, Limited (CCBSC)

It assumes overall operations to procure (raw) materials, equipment as well as indirect materials in Japanese Coca-Cola system.

⑧ 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.

⑨ 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

Term	Explanation
Channel (Business unit)	
Vending	Retail sale business to distribute products through vending machines to consumers
Chain store	Wholesale business for supermarket chain
Convenience Store (CVS)	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 restaurants, movie theaters, sports areas and theme parks
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
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	Volume Per Machine
VPPM	Volume and Profit Per Machine
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
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
OBPPC	Occasion, Brand, Package, Price, Channel
PicOS	Picture Of Success
HORECA	Hotel, Restaurant, Café, etc

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