



NEWS RELEASE

May 19, 2023

R&I Affirms A+, Negative: Coca-Cola Bottlers Japan Holdings Inc.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Coca-Cola Bottlers Japan Holdings Inc.

Issuer Rating: A+, Affirmed

Rating Outlook: Negative

RATIONALE:

Coca-Cola Bottlers Japan Holdings Inc. (CCBJH) is the holding company of Coca-Cola Bottlers Japan Inc. (CCBJI), the largest bottler in Japan. The rating for CCBJH reflects the group creditworthiness. CCBJH has built up a close collaborative relationship with U.S.-based The Coca-Cola Co., through Coca-Cola (Japan) Co., Ltd. (CCJC), which is responsible for product development, marketing, and manufacture and supply of concentrates. Its high position in the Coca-Cola system is incorporated into the evaluation of business risk.

Sales have been gradually picking up in distribution channels related to immediate consumption such as the highly profitable vending-machine channel as people increasingly return to the streets, while sales unit price has returned to an upward trajectory thanks to the steady penetration of price-revision effects. CCBJH has made due progress in reduction of operational costs through review of transportation routes and optimization of workforce. Although CCBJH is gathering momentum toward profit improvement, it faces significant impact of soaring prices of raw materials and other ingredients as well as energy. At this point, it is still uncertain whether CCBJH will be able to achieve profit growth as a straight result of increased sales. CCBJH has secured a sufficient level of equity capital. The debt-equity structure mostly matches the rating's suggestions, reflecting the appropriate control placed on debt.

Although R&I has affirmed the Issuer Rating at A+ reflecting the recovering trend of earning capacity, the Rating Outlook has been sustained at Negative as the evaluation of earning capacity remains below the required level of the rating. Eyes are on whether CCBJH is able to draw a roadmap at an early stage toward a profit recovery to the pre-pandemic level, through additional price revision, constant initiatives aimed at improving efficiency in supply chain and product mix with changes in the specification of product & package, among other measures.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Processed Foods", "R&I's Analytical Approach to Holding Companies" and "R&I's Analytical Approach to Group Companies". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Coca-Cola Bottlers Japan Holdings Inc. (Sec. Code: 2579)

Issuer Rating

RATING: A+, Affirmed

RATING OUTLOOK: Negative

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NEWS RELEASE

Shelf Registration (Bonds)

ISSUE AMOUNT (mn): JPY 100,000
ISSUE PERIOD: From Jun 12, 2021 to Jun 11, 2023
RATING: **A+, Affirmed (Preliminary)**

Unsec. Str. Bonds No.1	Issue Date	Maturity Date	Issue Amount (mn)
	Sep 19, 2019	Sep 19, 2024	JPY 40,000
RATING:	A+, Affirmed		

Unsec. Str. Bonds No.2	Issue Date	Maturity Date	Issue Amount (mn)
	Sep 19, 2019	Sep 18, 2026	JPY 60,000
RATING:	A+, Affirmed		

Unsec. Str. Bonds No.3	Issue Date	Maturity Date	Issue Amount (mn)
	Sep 19, 2019	Sep 19, 2029	JPY 50,000
RATING:	A+, Affirmed		

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.

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