

Monterrey  
**Ulises Fernández de Lara**  
 ulises.fernandezdelara@arcacontal.com  
 Tel: 52 (81) 8151-1525

**Felipe R. Barquín Goris**  
 felipe.barquin@arcacontal.com  
 Tel: 52 (81) 8151-1674

New York  
**Melanie Carpenter**  
 i-advize Corporate  
 Communications  
 Tel: (212) 406-3692  
 arcacontal@i-advize.com

**Guillermo Garza**  
 guillermo.garza@arcacontal.com  
 Tel: 52 (81) 8151-1589



## EARNINGS RELEASE

### REVENUE GREW 14% WITH EBITDA UP 5.7% IN 2018

Monterrey, Mexico, February 19, 2019 – Arca Continental, S.A.B. de C.V. (BMV: AC\*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America, announced today its results for the fourth quarter and full year of 2018 (“4Q18” and “2018”).

**Table 1: Financial Highlights**

DATA IN MILLIONS OF MEXICAN PESOS						
	4Q18	4Q17	Variation %	Jan - Dec '18	Jan - Dec '17	Variation %
Total Beverage Volume (MUC)	544.9	551.3	-1.2	2,220.1	2,086.6	6.4
Total Revenues	40,148	38,892	3.2	158,953	139,487	14.0
EBITDA	6,811	6,792	0.3	27,467	25,993	5.7
Net Income	2,331	4,261	-45.3	8,703	13,090	-33.5

*Total Beverage Volume includes jug water*

*EBITDA = Operating income + Depreciation + Amortization + Non Recurring Expenses*

*Total Revenues = Net Sales + Revenues outside the territory (OT) in USA*

#### 4Q18 HIGHLIGHTS

- Total revenues grew 3.2% when compared to 4Q17, to Ps. 40,148 million.
- EBITDA reached Ps. 6,811 million, representing a margin of 17.0%.
- Net Income was Ps. 2,331 million, down 45.3%, for a net margin of 5.8%.

#### 2018 HIGHLIGHTS

- Total revenues rose 14% versus 2017, to Ps. 158,953 million.
- EBITDA grew 5.7% to Ps. 27,467 million, for a margin of 17.3%.
- Net Income reached Ps. 8,703 million for a net margin of 5.5% and a decline of 33.5%.

#### COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

“In 2018 our revenues reached more than Ps. 158 million for a growth of 14%, mainly from the combination of the right pricing strategy and positive volume trends in Mexico and the U.S. In South America, Peru continues its rapid recovery and Argentina demonstrates the capacity of our associates to face challenging macroeconomic climates. It’s worth noting that even in a volatile environment for several of our raw materials, the Company’s EBITDA reached Ps. 27 million, up 5.7% vs. 2017”, stated Arturo Gutierrez, Arca Continental’s Chief Executive Officer.

“In line with our value creation plan, during 2019 we will focus our efforts to keep innovating and strengthening the various commercial initiatives, while we continue strengthen our operations in the U.S. We will also work on boosting the competitiveness of the rest of our territories and businesses, supported by our solid cultural principles”, he added.

## CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards (“IFRS”). On April 1 and August 25, 2017, we announced the integration of Coca-Cola Southwest Beverages (“CCSWB”) and Oklahoma Coca-Cola Bottling Company, respectively, into our operations and began consolidating their results the same day, therefore, in the accumulated 2017 period, this report contains nine and four months from these operations, respectively.

### TABLE 2: CONSOLIDATED DATA

	4Q18	4Q17	Variation %	Jan - Dec '18	Jan - Dec '17	Variation %
<b>Volume by category (MUC)</b>						
Colas	284.4	286.8	-0.8	1,139.6	1,071.6	6.3
Flavors	116.2	121.1	-4.1	452.3	436.9	3.5
<b>Sparkling Total Volume</b>	<b>400.6</b>	<b>407.9</b>	<b>-1.8</b>	<b>1,592.0</b>	<b>1,508.5</b>	<b>5.5</b>
Water*	55.1	55.5	-0.8	239.9	216.6	10.7
Still Beverages**	39.9	40.1	-0.6	173.0	149.6	15.6
<b>Volume excluding Jug</b>	<b>495.6</b>	<b>503.6</b>	<b>-1.6</b>	<b>2,004.8</b>	<b>1,874.8</b>	<b>6.9</b>
Jug	49.3	47.8	3.3	215.4	211.8	1.7
<b>Total Volume</b>	<b>544.9</b>	<b>551.3</b>	<b>-1.2</b>	<b>2,220.1</b>	<b>2,086.6</b>	<b>6.4</b>
<b>Income Statement (MM MXP)</b>						
Total Revenues***	40,148	38,892	3.2	158,953	139,487	14.0
EBITDA	6,811	6,792	0.3	27,467	25,993	5.7

\* Includes all single-serve presentations of purified, flavored, and mineral water.

\*\* Includes teas, isotonic, energy drinks, juices, nectars, and fruit beverages.

\*\*\* Total Revenues= Net Sales + Revenues outside the territory (OT) in USA



## FINANCIAL ANALYSIS

### INCOME STATEMENT

- Consolidated total revenues for 4Q18 increased 3.2% (6% currency-neutral) to reach Ps. 40,148 million. In 2018, this figure grew 14.0% (6.2% currency-neutral and excluding CCSWB) compared to last year reaching Ps. 158,953 million.
- In 4Q18, sales volumes declined by 1.2%, mainly due to the drop-in flavors by 4.3%. During the year, stills grew 15.6% while single-serve water and sparkling increased 11.1% and 5.5%, respectively. Consolidated volume excluding jug water for 2018 reached 2,004.7 MUC, up 6.9%.
- During 4Q18, cost of sales rose 7.6% due to the increase in raw material prices, primarily PET in all our operations. Consolidated gross profit decreased 2.1% to Ps. 17,106 million reflecting a gross margin of 42.6%. During 2018, gross profit reached Ps. 69,241 million for a gross margin of 43.6%, down 120 basis points when compared to 2017.
- Selling and administrative expenses for 4Q18 increased to Ps. 13,058 million, which was 32.5% of sales. During 2018, operating expenses increased 15.2% to Ps. 50,813 million, representing 32.0% of sales, up 40 basis points when compared to last year.
- Consolidated operating income declined 15.4% in 4Q18 to Ps. 4,112 million, representing an operating margin of 10.2%. During the year, operating income decreased 17.1% to Ps. 18,571 million for an operating margin of 11.7%.
- Consolidated EBITDA during the last quarter of the year reached Ps. 6,811 million, in line with 4Q17 and representing a margin over Net Sales of 17.3%. In 2018, consolidated EBITDA increased 5.7% to Ps. 27,467 million, for a margin over Net Sales of 17.6%. On a currency-neutral basis, EBITDA grew 5% in 4Q18 and in 2018, excluding CCSWB, it grew 4.2%.
- The comprehensive financing result in 4Q18 was Ps. 640 million, mainly due to a lower foreign exchange gain versus 4Q17. In 2018, this line item reached Ps. 4,113 million, 62.1% higher than the previous year.
- Income tax provision for 4Q18 reflects an effective tax rate of 19.2% and an amount totaling Ps. 695 million, 226.1% lower compared to 4Q17, principally due to extraordinary adjustments on deferred taxes in the U.S. in 2017. For 2018, the effective tax rate was 26.3%, which was 18.4% higher than 2017.
- During 4Q18 net income reached Ps. 2,331 million, 45.3% lower due to the extraordinary adjustments from deferred taxes in the U.S. and the sale of the Topo Chico brand in the U.S. in 2017, reflecting a margin of 5.8%. For 2018, the Company registered net income of Ps. 8,703 million for a 5.5% net margin.



## BALANCE SHEET & CASH FLOW STATEMENT

- As of December 31, 2018, the cash balance was Ps. 15,941 million and debt of Ps. 55,827 million, resulting in a net debt position of Ps. 39,886 million. Therefore, the Net Debt/EBITDA ratio was 1.4x.
- Net operating cash flow reached Ps. 20,827 million in 2018.
- During 2018, Capex totaled Ps. 11,424 million, mainly allocated towards investments that are part of the CCSWB synergy plan, as well as the continuation of investments in coolers, returnable packaging and technology applied in the market.

### Mexico

Arca Continental reports its information for three regions: Mexico, United States and South America, (which includes Peru, Argentina and Ecuador). Each region includes results for the beverage and complementary businesses.

**TABLE 3: MEXICO DATA**

	4Q18	4Q17	Variation %	Jan - Dec '18	Jan -Dec '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	169.5	172.7	-1.8	715.1	702.5	1.8
Flavors	33.6	34.7	-3.0	141.2	143.8	-1.8
<b>Sparkling Total Volume</b>	<b>203.1</b>	<b>207.4</b>	-2.0	<b>856.4</b>	<b>846.3</b>	1.2
Water*	19.7	21.3	-7.4	100.2	93.6	7.0
Still Beverages**	15.3	14.2	7.2	65.6	59.9	9.5
<b>Volume excluding jug</b>	<b>238.2</b>	<b>242.9</b>	-2.0	<b>1,022.1</b>	<b>999.8</b>	2.2
Jug	46.3	44.8	3.3	204.2	199.0	2.6
<b>Total Volume</b>	<b>284.5</b>	<b>287.8</b>	-1.1	<b>1,226.3</b>	<b>1,198.8</b>	2.3
<b>Mix (%)</b>						
Returnable	31.0	30.6	0.4	31.5	31.6	-0.1
Non Returnable	69.0	69.4	-0.4	68.5	68.4	0.1
Multi-serve	55.0	53.8	1.2	53.6	52.4	1.2
Single-serve	45.0	46.2	-1.2	46.4	47.6	-1.2
<b>Income Statement (MM MXP)</b>						
Net Sales	15,153	14,089	7.5	62,383	58,469	6.7
EBITDA	2,612	2,663	-1.9	13,517	13,120	3.0

\* Includes all single-serve presentations of purified, flavored, and mineral water.

\*\* Includes teas, isotonic, energy drinks, juices, nectars, and fruit beverages.



## OPERATING RESULTS FOR MEXICO

- Net sales for Mexico reached Ps. 15,153 million in 4Q18, up 7.5%, compared to the same period last year. Sales volume reached 284.5 MUC, a decrease of 1.1% compared to 4Q17. The average price per unit case, excluding jug water, increased 9.9% to Ps. 59.41 as a result of pricing initiatives implemented during the year. This increase does not take into account exports with lower prices this year due to the sale of the Topo Chico brand to The Coca-Cola Company. For 2018, net sales increased 6.7% to Ps. 62,383 million, while sales volume grew to 1,226.3 MUC, 2.3% higher than last year.
- In 4Q18, EBITDA for Mexico reached Ps. 2,612 million, down 170 bps and representing a margin of 17.2%. During 2018, this line item reached Ps. 13,517 million, up 3.0% for a margin of 21.7%.
- During 4Q18, the emerging beverages segment continued its positive performance, achieving an increase in coverage in the traditional channel through various projects executed. Fuze Tea, Del Valle and Powerade were the brands with the highest growth registered during the period.
- In 4Q18, we completed the implementation of RTM 4.0 in 100% of our metropolitan territories; therefore, we now have one standardized service model that is designed to serve our customers with a face to face interaction and greater specialization by channel and customer size.
- During the quarter we launched two new flavors of the Joya brand, Punch and Apricot, in 600 ml and 1.5 L formats to position the brand in the multi-flavor segment.
- Santa Clara maintained its positive performance growing at double digits in terms of volume and coverage. During 4Q18, we focused on increasing distribution in all the routes of the Direct-to-Home channel and expanded the brand in the modern channel by introducing it in 18 new convenience stores. In addition, during 2018, we placed over 3,600 coolers in the market and launched new 750 ml packages of whole, skim and chocolate milk.
- We continue driving affordability of our products for consumers with the introduction of 2.2 million cases of returnable packages during the year, which registered an increase in our returnable product mix during 4Q18.
- Powerade continued its positive trend in 4Q18. The brand grew 1.2% as a result of the efforts to continue expanding its availability through commercial strategies which increased its coverage in the traditional channel. Furthermore, it maintains the leading position in the sports beverage category in all channels.
- AdeS since its launch, has been working to develop the category in all the channels. Currently we have two brands in the seed-based segment, AdeS Fruit and Dairy, in which we use segmentation strategies to drive volume and coverage through a commercial plan, communications and education of our associates and consumers regarding the brand.
- In the Direct-to-Home channel we obtained positive results in terms of volume and sales, with the dairy category posting the most growth in this channel. We worked on segmentation activities to capture new customers and pricing strategies focused on making this channel more profitable.
- Vending EBITDA increased 16% in 4Q18 as a result of the pricing and product mix optimization strategies, as well as the strong performance of the hot beverage category.
- Bokados, in 4Q18 reported mid-single digit volume and sales growth, maintaining its market share in the territories in which it operates. In addition, we continued the commercial strategy aimed at building a national brand through specific initiatives per region and innovation in new products; this quarter we launched a new peanut brand “Bokanuts”.



## UNITED STATES

On April 1 and August 25, 2017, we announced the integration of Coca-Cola Southwest Beverages (“CCSWB”) and Oklahoma, respectively, into our operations and began consolidating their results the same day, therefore, in the accumulated of 2017, this report contains nine and four months of results from these operations, respectively. The U.S. includes the beverage businesses of CCSWB and the snacks businesses of Wise and Deep River.

**TABLE 4: UNITED STATES DATA**

	4Q18	4Q17	Variation %	Jan - Dec '18	Jan -Dec '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	51.6	52.2	-1.2	196.2	143.9	36.4
Flavors	28.5	30.3	-6.0	114.5	85.1	34.6
<b>Sparkling Total Volume</b>	<b>80.1</b>	<b>82.5</b>	<b>-2.9</b>	<b>310.8</b>	<b>229.0</b>	<b>35.7</b>
Water*	13.6	13.2	3.0	62.7	43.4	44.6
Still Beverages**	14.5	15.3	-5.3	69.3	50.6	37.0
<b>Total Volume</b>	<b>108.2</b>	<b>111.0</b>	<b>-2.6</b>	<b>442.8</b>	<b>323.0</b>	<b>37.1</b>
<b>Mix (%)</b>						
Multi-serve	74.3	73.5	0.8	72.1	71.9	0.2
Single-serve	25.7	26.5	-0.8	27.9	28.1	-0.2
<b>Income Statement (MM MXP)</b>						
Total Revenues***	15,118	14,155	6.8	59,309	41,455	43.1
EBITDA	1,859	1,872	-0.7	6,556	5,179	26.6

\* Includes all single-serve presentations of purified, flavored, and mineral water.

\*\* Includes teas, isotonic, energy drinks, juices, nectars, and fruit beverages.

\*\*\* Total Revenues= Net Sales + Revenues outside the territory (OT) in USA

### OPERATING RESULTS FOR THE U.S.

- In 4Q18, total revenues in the U.S. reached Ps. 15,118 million, up 6.8% when compared to 4Q17. On a currency-neutral basis, total revenue growth for the beverage operation was 3% in the quarter with volume of 108.2 MUC, 2.6% lower than 4Q17.
- EBITDA for the region reached Ps. 1,859 million in 4Q18, representing a margin of 12.3%.
- During 4Q18, we continued investing in the development of our capabilities to serve the market and guarantee customer service while maintaining profitable growth. The new pilot programs launched mainly in the On-Premise channel consisted of increasing face-to-face interaction with our customers, improve order taking to drive execution and increase the frequency of sales calls. All these pilots have yielded positive results.
- In 4Q18 Topo Chico grew low-single digit and reached 98.8% coverage in the large stores channel. In addition, during 2018 we placed 1,800 coolers of the brand mostly with the On-Premise and small store channels.



- Regarding execution at the point of sale, during the fourth quarter we continued the certification process of our Fundamentals program, where clear instructions were given for specific actions to improve the results of the picture of success. During the quarter, the indicator improved by 8% when compared to the previous year.
- During 4Q18 we continued boosting the use of the on-line platform *mycoke.com* among our customers which resulted in a 30% increase in the number of points of sale registered. The use of the platform also increased significantly with CCSWB representing approximately 20% of the total orders made via the platform.
- This quarter, seeking to satisfy the specific needs of the consumer, we launched Bodyarmor, a better-for-you sports performance brand that is rapidly expanding and complements the isotonic category. 24 SKUs were launched and are available in all the channels.
- During the fourth quarter, the Wise categories with the highest growth were popcorn and tortilla chips; the latter was mainly driven by the relaunch of the Bravos brand with a new image. Furthermore, the Deep River brand continued its positive performance, posting double-digit growth in sales as a result of the increase in its customer base and its performance within the On-Premise channel.

## SOUTH AMERICA

South America includes beverage operations in Peru, Argentina, Ecuador and the Inalecsa snacks business.

**TABLE 5: SOUTH AMERICA DATA**

	4Q18	4Q17	Variation %	Jan - Dec '18	Jan -Dec '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	63.3	61.9	2.3	228.3	225.3	1.3
Flavors	54.1	56.2	-3.7	196.6	208.0	-5.5
<b>Sparkling Total Volume</b>	<b>117.4</b>	<b>118.1</b>	-0.6	<b>424.8</b>	<b>433.2</b>	-1.9
Water*	21.7	21.0	3.6	77.0	79.6	-3.3
Still Beverages**	10.1	10.6	-4.1	38.1	39.1	-2.7
<b>Volume excluding jug</b>	<b>149.3</b>	<b>149.6</b>	-0.3	<b>539.9</b>	<b>552.0</b>	-2.2
Jug	3.0	2.9	2.1	11.2	12.8	-12.9
<b>Total Volume</b>	<b>152.2</b>	<b>152.6</b>	-0.2	<b>551.1</b>	<b>564.8</b>	-2.4
<b>Mix (%)</b>						
Returnable	28.5	27.9	0.6	28.5	28.5	0.0
Non Returnable	71.5	72.1	-0.6	71.5	71.5	0.0
Multi-serve	67.7	68.1	-0.5	67.5	67.5	-0.1
Single-serve	32.3	31.9	0.5	32.5	32.5	0.1
<b>Income Statement (MM MXP)</b>						
Net Sales	9,878	10,648	-7.2	37,260	39,562	-5.8
EBITDA	2,339	2,257	3.7	7,394	7,694	-3.9

\* Includes all single-serve presentations of purified, flavored, and mineral water.

\*\* Includes teas, isotonic, energy drinks, juices, nectars, and fruit beverages.

### OPERATING RESULTS FOR SOUTH AMERICA

- Net sales for South America reached Ps. 9,878 million in 4Q18, representing a decline of 7.2%, mainly due to the volume drop in Argentina. On a currency-neutral basis, sales grew 9%. During 2018, net sales were Ps. 37,260 million, a decrease of 5.8% when compared to 2017.
- In 4Q18, sales volume was 149.3 MUC, excluding jug water, in line with 4Q17.



- EBITDA for South America increased 3.7% to Ps. 2,339 million in 4Q18, reflecting an EBITDA margin of 23.7%, an expansion of 250 basis points when compared to 4Q17. Last twelve months EBITDA reached Ps. 7,394 million, a decrease of 3.9% and a margin of 19.8%, 40 basis points higher than 2017.

### Peru

- During 4Q18, sales volume in Peru increased 3.6% versus 4Q17, as a consequence of the commercial strategies we implemented, sparkling and single-serve water being the categories with the best performance, growing 4.4% and 6.5%, respectively. During 2018, sales volume decreased 6.3% compared to 2017, primarily impacted by the tax increase on sweetened beverages implemented in May.
- During the quarter, we were able to increase the low-calorie mix, reaching 28.2% of the total by launching new packages and reformulations.
- We continued with the expansion in cooler coverage and returnable presentations, introducing more than 30,000 coolers and over 900,000 cases in all formats. Additionally, with the “Bodegas Elegidas” program, we continue driving the development of our largest customers of the traditional channel, reaching more than 7,000 customers within this program during the quarter.
- In the Vending business, during 4Q18, we inaugurated the new distribution center in Northern Lima, which will enable us to support growth over the next few years. Additionally, we started installing a new cashless payment system with the objective of being on the forefront and maintaining our leadership.
- In August 2018, Fitch Ratings affirmed the AC Lindley credit rating at ‘A-’ (two notches above that of the Peruvian Sovereign) and it raised the company’s outlook to positive from stable.

### Ecuador

- During 4Q18 sales volume in Ecuador came down 0.8%, primarily impacted by the flavors category and partially offset by a favorable performance in stills and single-serve water. In 2018, sales volume rose 3.7% compared to 2017.
- During the last quarter, we launched a new tool for the commercial team called “Surticombo”. This tool enables merging various SKUs of different categories into the same order to create an ideal portfolio primarily for small customers who have growth potential, while at the same time coverage of the categories is increased.
- In 4Q18, we initiated vending machine operations in the city of Guayaquil through our business model of integrating technological and commercial platforms.
- In Tonicorp, we maintained positive results during the quarter, primarily due to the good performance in the traditional channel, as well as in the main categories. We continue to focus on maintaining leadership in the dairy industry, increasing points of sale in the main categories and strengthening our presence in the entire market.
- Inalecsa in 4Q18, demonstrated a positive trend in sales and EBITDA, primarily driven by the modern channel and optimization of raw material costs. During the quarter, we ventured into a new category with the launch of Locachos, a corn extruded product made in our Guayaquil plant.



## Argentina

- In 4Q18, sales volume declined 7.9%, mainly impacted by the sparkling category which fell 9.3%. In 2018, sales volume was in line with 2017.
- During 4Q18, we continued expanding the portfolio, with two important launches. We launched Apple flavored Crush; and to maintain the momentum and development of the single-serve segment, we launched Coca-Cola and Coca-Cola without sugar in 250ml at an attractive price point with the objective of protecting the affordability of these products.
- We continued working on strengthening ACT and Fundamentals, to ensure correct execution in the market, achieving better results compared to the first measurement taken of the updated index.



## RECENT EVENTS

- On January 22, 2019 we announced the succession of our Chairman of the Board, in which Manuel L. Barragan Morales decided to retire from the Board and named Jorge Humberto Santos Reyna as the new Chairman, effective at the conclusion of the Annual Shareholders' Meeting on April 4, 2019.
- In 2019, AC will remain part of the FTSE4Good Emerging Index, which it was incorporated to in 2017 and includes the publicly-traded companies that demonstrate a strong commitment to having the best environmental, social responsibility and corporate governance practices among emerging economies.
- The Mexican Stock Exchange announced that AC will continue to be part of the Sustainability and Social Responsibility Index upon having the best international practices in the areas of social and environmental responsibility and corporate governance.
- AC's guidance for consolidated volume growth in 2019 is approximately 2%, on a comparable basis.
- In July 2018, Argentina was registered as an economy with hyperinflation upon accumulating over 100% inflation in the last 3 years. Due to this factor, as of this quarter, our consolidated results will reflect the change in reporting methodology for Argentina.

### CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on February 19, 2019 to discuss these results at 09:00 am Mexico/Monterrey time / 10:00 am New York time. A live webcast of this event will be available at [www.arcacontal.com](http://www.arcacontal.com) or connect via telephone.

To participate, please dial:

+1-877-712-5080 (U.S. participants)

+1-334-245-3009 (International participants)

0-1-800-062-2650 (Mexico participants)

Passcode: 36151

### About Arca Continental

Arca Continental is a company dedicated to the production, distribution, and sale of non-alcoholic beverages which are brand names of The Coca-Cola Company as well as salty snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. With an outstanding track record of more than 93 years, Arca Continental is the second largest Coca-Cola bottling company in Latin America and one of the most important in the world. Within its Coca-Cola franchise, the company serves a population of more than 119 million in the northern and western parts of Mexico as well as Ecuador, Peru, the northern region of Argentina and the Southwestern U.S. Arca Continental is listed on the Mexican Stock Market under the ticker symbol "AC". For further information about Arca Continental, please visit [www.arcacontal.com](http://www.arcacontal.com)

This material may contain forward-looking statements regarding Arca Continental and its subsidiaries based on management's expectations. This information as well as statements regarding future events and expectations is subject to risks and uncertainties, as well as factors that could cause the results, performance and achievements of the Company to differ at any time. Such factors include changes in the general economic, political, governmental and commercial conditions both domestically and globally, as well as variations in interest rates, inflation rates, exchange rate volatility, tax rates, the demand for and the price of carbonated beverages, water, and the price of sugar and other raw materials used in the production of sparkling beverages, weather conditions and various others. As a result of these risks and factors, actual results could be materially different from the estimates provided; therefore, Arca Continental does not accept responsibility for any variations or for the information provided by official sources.



**Arca Continental, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Income Statement**  
(millions of Mexican pesos)

			Variation				Variation	
	4Q18	4Q17	MM MXP	%	Jan - Dec '18	Jan - Dec '17	MM MXP	%
Net sales	39,456	38,078	1,378	3.6	155,653	137,156	18,497	13.5
Revenues OT in USA <sup>1</sup>	692	814	-122	(15.0)	3,299	2,331	969	41.6
<b>Total Revenues</b>	<b>40,148</b>	<b>38,892</b>	<b>1,256</b>	<b>3.2</b>	<b>158,953</b>	<b>139,487</b>	<b>19,466</b>	<b>14.0</b>
Cost of Sales	23,043	21,422	1,620	7.6	89,712	77,025	12,687	16.5
<b>Gross Profit</b>	<b>17,106</b>	<b>17,470</b>	<b>-364</b>	<b>(2.1)</b>	<b>69,241</b>	<b>62,461</b>	<b>6,779</b>	<b>10.9</b>
	42.6%	44.9%			43.6%	44.8%		
Selling Expenses	10,644	10,887	-243	(2.2)	42,531	36,825	5,706	15.5
Administrative Expenses	2,414	2,144	269	12.6	8,281	7,302	980	13.4
Total Costs	13,058	13,032	26	0.2	50,813	44,127	6,686	15.2
	32.5%	33.5%			32.0%	31.6%		
Non Recurring Expenses	510	45	465	1035.2	954	-3,065	4,019	(131.1)
<b>Operating Income before other income</b>	<b>3,539</b>	<b>4,393</b>	<b>-855</b>	<b>(19.5)</b>	<b>17,474</b>	<b>21,400</b>	<b>-3,925</b>	<b>(18.3)</b>
Other Income (Expenses) <sup>2</sup>	574	470	104	22.1	1,096	1,006	90	8.9
<b>Operating Income</b>	<b>4,112</b>	<b>4,863</b>	<b>-751</b>	<b>(15.4)</b>	<b>18,571</b>	<b>22,406</b>	<b>-3,835</b>	<b>(17.1)</b>
	10.2%	12.5%			11.7%	16.1%		
Interest Expense Net	-963	-731	-232	31.7	-3,672	-3,037	-636	20.9
Exchange Gain (Loss)	79	968	-890	(91.9)	-686	500	-1,186	(237.2)
Monetary position result	245	0	245		245	0	245	
Comprehensive Financial Results	-640	237	-877	(369.9)	-4,113	-2,537	-1,576	62.1
Share of net income of associates <sup>3</sup>	149	146	3	2.2	223	178	45	25.1
<b>Earnings Before Taxes</b>	<b>3,621</b>	<b>5,246</b>	<b>-1,625</b>	<b>(31.0)</b>	<b>14,681</b>	<b>20,048</b>	<b>-5,367</b>	<b>(26.8)</b>
Profit Taxes	695	-551	1,246	(226.1)	3,860	3,259	601	18.4
Non-controlling interest	-595	-1,536	941	(61.3)	-2,118	-3,698	1,580	(42.7)
<b>Net Profit</b>	<b>2,331</b>	<b>4,261</b>	<b>-1,930</b>	<b>(45.3)</b>	<b>8,703</b>	<b>13,090</b>	<b>-4,387</b>	<b>(33.5)</b>
	5.8%	11.0%			5.5%	9.4%		
Depreciation and amortization	2,189	1,885	305	16.2	7,942	6,651	1,291	19.4
<b>EBITDA</b>	<b>6,811</b>	<b>6,792</b>	<b>18</b>	<b>0.3</b>	<b>27,467</b>	<b>25,993</b>	<b>1,474</b>	<b>5.7</b>
EBITDA / Net Sales <sup>4</sup>	17.3%	17.8%			17.6%	19.0%		
EBITDA / Total Revenues	17.0%	17.5%			17.3%	18.6%		

EBITDA = Operating Income + Depreciation and Amortization + Non Recurring Expenses

<sup>1</sup> Revenues from outside the territory (OT) in US from sales to other bottlers

<sup>2</sup> Includes equity method from our participation in operational companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de Nogales

<sup>3</sup> Includes equity method from our participation in non-operational companies like PIASA, PetStar, Beta San Miguel, among others

<sup>4</sup> Non including Revenues outside the territory (OT) in USA



## Arca Continental, S.A.B. de C.V. and Subsidiaries

### Consolidated Balance Sheet

(millions of Mexican pesos)

	December 31		Variation	
	2018	2017	MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	15,941	23,842	-7,901	-33.1
Accounts receivable; Net	13,414	11,512	1,902	16.5
Inventories	7,798	7,718	80	1.0
Prepayments	493	710	-217	-30.5
<b>Total Current Assets</b>	<b>37,646</b>	<b>43,781</b>	<b>-6,136</b>	<b>-14.0</b>
Investments in shares and other investments	6,970	6,769	200	3.0
Property, plant and other equipment	74,079	71,664	2,414	3.4
Other non current assets	119,230	118,069	1,161	1.0
<b>Total Assets</b>	<b>237,924</b>	<b>240,285</b>	<b>-2,361</b>	<b>-1.0</b>
<b>LIABILITIES</b>				
Short term bank loans	2,672	1,785	887	49.7
Suppliers	16,335	14,984	1,351	9.0
Accounts payable and taxes	4,864	6,548	-1,684	-25.7
<b>Total Current Liabilities</b>	<b>23,871</b>	<b>23,318</b>	<b>554</b>	<b>2.4</b>
Bank Loans and long term liabilities	53,155	53,338	-183	-0.3
Deferred income tax and others	21,368	22,053	-685	-3.1
<b>Total Liabilities</b>	<b>98,394</b>	<b>98,708</b>	<b>-314</b>	<b>-0.3</b>
<b>SHAREHOLDER'S EQUITY</b>				
Non controlled participation	27,727	31,103	-3,376	-10.9
Capital Stock	45,752	45,758	-6	0.0
Retained Earnings	57,347	51,625	5,722	11.1
Net Profit	8,703	13,090	-4,387	-33.5
<b>Total Shareholders' Equity</b>	<b>139,530</b>	<b>141,576</b>	<b>-2,047</b>	<b>-1.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>237,924</b>	<b>240,285</b>	<b>-2,361</b>	<b>-1.0</b>



## Arca Continental, S.A.B. de C.V. and Subsidiaries

### Cash Flow Statement

(millions of Mexican pesos)

	as of December 31	
	2018	2017
<b>Earnings Before Taxes</b>	<b>14,681</b>	<b>20,048</b>
Depreciation and amortization	7,942	6,651
Gain on sale and fixed assets impairment	314	-3,554
Foreign exchange and monetary position result	441	-500
Net interest expense	3,672	3,037
<b>Operating cash flow before taxes</b>	<b>27,050</b>	<b>25,682</b>
Cashflow generated/used in the operation	-6,224	-7,451
<b>Operating cashflow after working capital</b>	<b>20,827</b>	<b>18,231</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	-20,467	-11,156
Financing Activities:		
Dividends paid	-3,948	-3,529
Share repurchase program	-489	137
Debt amortization	1,264	12,399
Paid interests	-4,271	-3,573
Other	0	6,061
<b>Net cash flow</b>	<b>-7,445</b>	<b>11,495</b>
Net increase of cash and equivalents	-7,086	18,570
Change in Cash	-815	-274
<b>Initial cash and equivalents balance</b>	<b>23,842</b>	<b>5,546</b>
<b>Final cash and equivalents balance</b>	<b>15,941</b>	<b>23,842</b>

