

## EARNINGS RELEASE

### NET SALES GREW 39.3% WITH EBITDA UP 44.6% IN 1Q16

Monterrey, Mexico, April 22, 2016 – Arca Continental, S.A.B. de C.V. (BMV: AC\*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America and third-largest in the world, announced today its results for the first quarter of 2016 (“1Q16”).

Table 1: Financial Highlights

Data in millions of Mexican pesos			
	1Q16	1Q15	Variation %
<i>Total Beverage Volume (MUC)</i>	408.5	298.5	36.9
<i>Net Sales</i>	21,274	15,273	39.3
<i>EBITDA</i>	4,281	2,961	44.6
<i>Net Income</i>	1,871	1,300	43.9

*Total Beverage Volume includes jug water*

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

### FIRST QUARTER 2016 (1Q16) HIGHLIGHTS

- Net sales reached Ps. 21,274 million, 39.3% higher when compared to 1Q15.
- EBITDA totaled Ps. 4,281 million, 44.6% above 1Q15 and at a margin of 20.1%.
- Net Income increased 43.9% to Ps. 1,871 million at a margin of 8.8%.

### COMMENTS FROM THE CEO

“Supported by our geographic diversification with the integration of Peru, as well as the precise management of our portfolio and the perfecting of our execution at the point of sale, we achieved 20 consecutive quarters of positive results. In these first three months of 2016, we reported net sales growth of nearly 40% when compared to the previous quarter, with net income up 44% and EBITDA up nearly 45%”, stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

“These results compel us even further to continue seeking new value creation opportunities that will enable us to continue improving our operations and, above all, provide excellent service to our clients and consumers,” added Garza Egloff.

## CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS"). On September 10, 2015, Arca Continental announced the integration of Corporacion Lindley (CL) into its operations, beginning September 1, 2015; therefore this report contains three months of CL's results.

**Table 2: Consolidated Data**

	1Q16	1Q15	Variation %
<b>Volume by category (MUC)</b>			
Colas	237.5	176.9	34.3
Flavors	59.2	45.9	28.9
<b>Sparkling Total Volume</b>	<b>296.6</b>	<b>222.8</b>	33.2
Water*	39.8	21.0	89.4
Still Beverages**	24.3	15.1	60.5
<b>Volume excluding jug</b>	<b>360.7</b>	<b>258.9</b>	39.3
Jug	47.9	39.6	20.8
<b>Total Volume</b>	<b>408.5</b>	<b>298.5</b>	36.9
<b>Income Statement (MM MXP)</b>			
Net sales	21,274	15,273	39.3
EBITDA	4,281	2,961	44.6

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

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

## FINANCIAL ANALYSIS

### INCOME STATEMENT

- In 1Q16, net sales reached Ps. 21,274 million, an increase of 39.3% when compared to 1Q15 (15.1% on a currency-neutral basis and excluding Peru).

- Sales volume for 1Q16 was very favorable, posting a 36.9% increase. Sparklings grew 33.2% while still beverages and single serve water rose 60.5% and 89.4%, respectively; excluding Peru, volume grew 8.1%.
- Cost of goods sold increased 43% (13.4% excluding Peru), mainly from higher prices of sweeteners, offset partially by currency hedging strategies in 1Q16. Consolidated gross profit grew 35.3% to Ps. 9,914 million, reflecting a gross margin of 46.6%.
- During 1Q16, selling and administrative expenses increased 31.9% (13.4% excluding Peru) reaching Ps. 6,748 million; this was mainly due to expenses for campaigns launched at the start of the year aimed at strengthening our position at the point of sale through investments in cooler coverage and returnable containers.
- Consolidated operating income increased from Ps. 2,213 million in 1Q15 to Ps. 3,162 million in 1Q16, or 42.9% (16.7% excluding Peru), representing an operating margin of 14.9%, up 40 basis points.
- In 1Q16, Consolidated EBITDA grew 44.6% to Ps. 4,281 million representing a margin of 20.1%. On a currency-neutral basis and excluding Peru, EBITDA grew 18.8%.
- The integral financing result for 1Q16 was Ps. 130 million compared to Ps. 220 million in 1Q15.
- Income tax provisions totaled Ps. 942 million, 50.3% above the same period of last year, reflecting an effective tax rate of 30.5%, which is in line with the rate reported last year.
- Net income for the first quarter of 2016 increased 43.9% (17% excluding Peru) to Ps. 1,871 million, for a net margin of 8.8%.

### **BALANCE SHEET AND CASH FLOW STATEMENT**

- In 1Q16, we registered a cash balance of Ps. 8,102 million and debt of Ps. 32,083 million, resulting in a net debt position of Ps. 23,981 million. The Net Debt/EBITDA ratio was 1.3x.
- Net operating cash flow totaled Ps. 3,482 million as of March 31, 2016.
- CAPEX reached Ps. 1,478 million in 1Q16 mainly allocated towards improving distribution and execution at the point of sale. The Ps. 7 billion CAPEX budget planned for 2016 will go mostly towards strengthening our operations and increasing our production capacities in South America.

## AC North America

Arca Continental reports its information for AC North America and AC South America. AC North America includes results for the beverage and snack businesses in Mexico as well as snacks in the U.S., while AC South America include results for the beverage business in Argentina and Peru, and beverages and snacks in Ecuador.

**Table 3: North America Data**

	1Q16	1Q15	Variation %
<b>Volume by Category (MUC)</b>			
Colas	150.1	137.4	9.3
Flavors	29.0	24.3	19.4
<b>Sparkling Total Volume</b>	<b>179.2</b>	<b>161.7</b>	10.8
Water*	16.8	13.8	21.5
Still Beverages**	12.3	10.2	21.0
<b>Volume excluding jug</b>	<b>208.3</b>	<b>185.6</b>	12.2
Jug	42.9	39.6	8.3
<b>Total Volume</b>	<b>251.2</b>	<b>225.3</b>	11.5
<b>Mix (%)</b>			
Returnable	35.2	38.1	-2.9
Non Returnable	64.8	61.9	2.9
Multi-serve	52.3	51.3	1.0
Single-Serve	47.7	48.7	-1.0
<b>Income Statement (MM MX)</b>			
Net Sales	12,133	10,433	16.3
EBITDA	2,492	2,084	19.6

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

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

## OPERATING RESULTS – NORTH AMERICA

- During 1Q16, Mexico Beverages posted net sales of Ps. 10,766 million, with sales volume growth of 11.5% to 251 MUC. The average price per unit case, excluding jug water, increased 3.8% to Ps. 50.31 in 1Q16.

- EBITDA for North America reached Ps. 2,492 million in 1Q16, up 19.6% and representing a margin of 20.5%.
- Powerade continued its positive trend by growing 43.4% in 1Q16 driven largely by continuous improvements in product availability. Powerade Zero also grew 43.8% this quarter.
- Juices and Nectars maintained their leading position in this category within the traditional channel, growing 13.1% in 1Q16 and increasing coverage by 2.2 pp.
- In the dairy category, Santa Clara products grew 48% when compared to last year mainly driven by white milk, up 46.3%, and flavored milk, up 54.4%. During the first months of the year we reached 39% coverage in the traditional and placed more than 1,200 additional refrigerators.
- The DTH channel posted a 14.6% increase in sales volume and 16.2% higher net sales in 1Q16, primarily from the still beverage category which generated an additional 30% of sales for the Company.
- Vending posted a solid performance during the first quarter registering 13.7% sales volume growth and over 25% higher EBITDA when compared to the same period last year. We continue capitalizing on our telemetry system to improve the logistical efficiency of these routes.
- At the start of 2016, we activated over 160 new clients with the XXI Century program and introduced nearly 13,000 refrigerated units, 16,000 displays and 700,000 returnable cases as part of the campaign “Steps towards Olympic Glory”.
- We continue deploying our Arca Continental Total Execution (ACT) platform in all the countries in which we operate.
- In terms of exports for the first quarter of 2016, Topo Chico continues its impressive performance with growth above 34% in net sales and volume, while raising its market share by over 3.0 pp.
- Bokados continued to grow significantly in volume and value in the first quarter of 2016, thanks to the increase of coverage in which the family of extruded products posted a strong performance with 34% growth. In addition, we expect to receive the certifications of Socially Responsible Company and Great Place to Work during June of this year.
- In the US, Wise strengthened its product portfolio by adding the brand “Sí Señor”, which initiated production in Fort Worth in conjunction with other products to supply more efficiently the Southern region of the US. We also renewed our contract to sponsor the New York Mets for an additional 5 years, thus strengthening the relationship between both organizations.

## AC South America

On September 10, 2015 Arca Continental announced the integration of Corporacion Lindley (CL) to its operations, starting from September 1, 2015; therefore, this report contains three months of CL's results.

**Table 4: South America Data**

	1Q16	1Q15	Variation %
<b>Volume by Category (MUC)</b>			
Colas	87.3	39.5	121.0
Flavors	30.1	21.6	39.4
<b>Sparkling Total Volume</b>	<b>117.4</b>	<b>61.1</b>	92.1
Water*	23.0	7.2	219.3
Still Beverages**	12.0	4.9	141.9
<b>Volume excluding jug</b>	<b>152.4</b>	<b>73.3</b>	108.0
Jug	5.0	0.0	0.0
<b>Total Volume</b>	<b>157.3</b>	<b>73.3</b>	114.8
<b>Mix (%)</b>			
Returnable	30.6	31.0	-0.4
Non Returnable	69.4	69.0	0.4
Multi-serve	71.0	82.2	-11.2
Single-serve	29.0	17.8	11.2
<b>Income Statement (MM MX)</b>			
Net Sales	9,141	4,840	88.9
EBITDA	1,789	878	103.8

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

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

## OPERATING RESULTS – SOUTH AMERICA

- Net sales for the South America Division registered an increase of 88.9%, to Ps. 9,141 million in 1Q16; excluding Peru, the increase was 8.7%. This result was mainly driven by the pricing strategy and the effect of the devaluation of the Mexican peso versus the US dollar.

- In South America, total sales volume in 1Q16 grew 114.8%, primarily due to the incorporation of Peru, slightly offset by the combined consumption trends in Argentina and Ecuador.
- In 1Q16, EBITDA for South America increased 103.8% to Ps. 1,789 million (7.6% excluding Peru), reflecting a margin of 19.6%, for an expansion of 140 basis points versus 1Q15.
- Net Income reached Ps. 807 million for an increase of 110% in 1Q16, and representing a net margin of 8.8%.

### Argentina

- In the first three months of 2016, sales volume declined 6%, mainly due to the performance of the sparkling and single serve categories, -7.2% and -11.9%, respectively, partially offset by the 69.4% growth in still beverages.
- During 1Q16, we invested in the market to expand our coverage of chilled products to 55% seeking to drive growth in the mix of single serve. At the same time, we worked on our price/pack architecture to maintain product affordability and offset the high inflation indicators, which helped drive an increase in the mix of returnable to 48.6%.

### Ecuador

- In Ecuador, during 1Q16, sales volume rose 1.2% explained by the 13.1% increase in still beverages and 1.3% increase in single serve water, offset by the nearly 1% decline sparklings when compared to 1Q15.
- In 2016, we drove the mix of single serve and returnable by investing at the point of sale to reach 46% of chilled product coverage. We also launched the campaign “Taste the feeling” and promotions in returnable packages, which have helped to increase our market share in Ecuador.
- In Tonicorp we grew our market share to 80.9% in flavored milk and 71.7% in yogurt, thanks to strong performance of innovative products such as Chiqui Frutilla, Toni Vida and Yorbete. In addition, our client base grew by 9,300 points of sale when compared to last year.
- At Inalecsa, we continued strengthening our sweet snacks portfolio with the launch of “mis gansitos”, which has had an outstanding performance since its introduction at the start of the year.

### Peru

- Sales volume for 1Q16 grew 8.3%, mainly in the single serve and still beverage categories which posted double digit growth of 18.2% and 10.7%, respectively.
- Coverage of chilled product in Peru continues growing rapidly with the introduction of nearly 10,000 additional refrigerators in the first three months of 2016.

## RECENT EVENTS

- On March 23, 2016, AC completed the acquisition of 14,515,728 investment shares which represent 20.17% of the total investment shares of Corporación Lindley S.A, as a result of the public tender offer announced in the press release issued on February 24, 2016.
- On April 6, 2016, AC acquired sugar production assets in Tucuman, Argentina for US\$ 41.4 million aimed at strengthening its value chain.
- On April 8, 2016, AC announced that it has decided to increase its current stake of 75% in the capital stock of its subsidiaries Arca Continental Argentina S.L. and Arca Ecuador S.A. to 100%, via a merger. The objective of this process is to consolidate AC's operations in order to optimize decision making and operations in both countries.
- On April 14, 2016, Arca Continental's General Shareholders' Meeting approved the payment of a cash dividend of Ps. 1.85 per share in one single payment to be made on April 26, 2016, equivalent to a total amount of Ps. 3,101 million. This dividend represents a 5.7% increase over the dividend paid last year.

## CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on April 22, 2016 to discuss these results at 10:00 am Mexico/Monterrey time / 11:00 am New York time. A live webcast of this event is available at [www.arcacontal.com](http://www.arcacontal.com) or connect via telephone by dialing:

To participate, please dial:

- +1-877-712-5080 (U.S. participants)
- +1-334-245-3009 (International participants)
- Passcode: 36151

## About Arca Continental

Arca Continental produces, distributes and sells non-alcoholic beverages under The Coca-Cola Company brand, as well as snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador and Wise in the U.S. with an outstanding history spanning more than 90 years. Arca Continental is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Within its Coca-Cola franchise territory, the Company serves over 83 million consumers in Northern and Western Mexico, Ecuador, Peru and Northern Argentina. The Company's shares trade on the Mexican Stock Exchange under the ticker symbol "AC". For more information on 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	
	1Q16	1Q15	MM MXP	%
Net sales	21,274	15,273	6,001	39.3
Cost of Sales	11,360	7,946	3,413	43.0
<b>Gross Profit</b>	<b>9,914</b>	<b>7,327</b>	<b>2,588</b>	<b>35.3</b>
	46.6%	48.0%		
Selling Expenses	5,587	4,169	1,418	34.0
Administrative Expenses	1,161	945	216	22.8
Total Costs	6,748	5,114	1,634	31.9
	31.7%	33.5%		
Non Recurring Expenses	35	26	10	37.9
<b>Operating Income before other income</b>	<b>3,131</b>	<b>2,187</b>	<b>944</b>	<b>43.2</b>
Other Income (Expenses) <sup>1</sup>	31	27	4	16.6
<b>Operating Income</b>	<b>3,162</b>	<b>2,213</b>	<b>949</b>	<b>42.9</b>
	14.9%	14.5%		
Interest Expense Net	-407	-220	-187	84.9
Exchange Gain (Loss)	278	0	278	
Comprehensive Financial Results	-130	-220	90	(41.1)
Share of net income of associates <sup>2</sup>	50	31	20	65.0
<b>Earnings Before Taxes</b>	<b>3,083</b>	<b>2,023</b>	<b>1,059</b>	<b>52.3</b>
Profit Taxes	942	627	315	50.3
Non-controlling interest	-270	-96	-173	179.8
<b>Net Profit</b>	<b>1,871</b>	<b>1,300</b>	<b>571</b>	<b>43.9</b>
	8.8%	8.5%		
Depreciation and amortization	1,084	723	361	49.9
<b>EBITDA</b>	<b>4,281</b>	<b>2,961</b>	<b>1,319</b>	<b>44.6</b>
	20.1%	19.4%		

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

<sup>1</sup> Includes equity method from our participation in operational companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de I

<sup>2</sup> Includes equity method from our participation in non-operational companies like PIASA, PetStar, Beta San Miguel, among others

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

### Consolidated Balance Sheet

(millions of Mexican pesos)

	March 31	December 31	Variation	
	2016	2015	MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	8,102	8,295	(193)	-2.3
Accounts receivable; Net	5,882	6,386	(504)	-7.9
Inventories	4,425	4,337	88	2.0
Prepayments	460	367	93	25.2
<b>Total Current Assets</b>	<b>18,870</b>	<b>19,386</b>	(517)	-2.7
Investments in shares and other investments	5,054	4,491	564	12.6
Property, plant and other equipment	43,398	42,913	485	1.1
Other non current assets	58,132	64,148	(6,016)	-9.4
<b>Total Assets</b>	<b>125,454</b>	<b>130,938</b>	(5,484)	-4.2
<b>LIABILITIES</b>				
Short term bank loans	5,416	6,998	(1,582)	-22.6
Suppliers	9,301	8,972	330	3.7
Accounts payable and taxes	2,803	3,026	(223)	-7.4
<b>Total Current Liabilities</b>	<b>17,520</b>	<b>18,995</b>	(1,475)	-7.8
Bank Loans and long term liabilities	26,668	32,246	(5,578)	-17.3
Deferred income tax and others	12,055	11,747	308	2.6
<b>Total Liabilities</b>	<b>56,243</b>	<b>62,988</b>	(6,745)	-10.7
<b>SHAREHOLDER'S EQUITY</b>				
Non controlled participation	9,725	16,828	(7,103)	-42.2
Capital Stock	35,530	28,769	6,761	23.5
Retained Earnings	22,084	15,108	6,976	46.2
Net Profit	1,871	7,246	(5,374)	-74.2
<b>Total Shareholders' Equity</b>	<b>69,211</b>	<b>67,950</b>	1,260	1.9
<b>Total Liabilities and Shareholders' Equity</b>	<b>125,454</b>	<b>130,938</b>	(5,484)	-4.2

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

	as of march 31	
	2016	2015
<b>Earnings Before Taxes</b>	<b>3,083</b>	<b>2,023</b>
Depreciation and amortization	1,084	723
Gain on sale and fixed assets impairment	76	88
Foreign exchange	(278)	0
Accrued interests	407	302
<b>Operating cash flow before taxes</b>	<b>4,372</b>	<b>3,136</b>
Cashflow generated/used in the operation	(890)	(2,237)
<b>Operating cashflow after working capital</b>	<b>3,482</b>	<b>899</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	(3,269)	(1,065)
Financing Activities:		
Dividends paid	0	0
Share repurchase program	94	78
Debt amortization	(7,413)	9
Paid interests	(321)	(221)
Capital increase	7,371	0
Other	(22)	(39)
<b>Net cash flow</b>	<b>(291)</b>	<b>(172)</b>
Net increase of cash and equivalents	(78)	(338)
Change in Cash	(116)	23
<b>Initial cash and equivalents balance</b>	<b>8,295</b>	<b>9,039</b>
<b>Final cash and equivalents balance</b>	<b>8,102</b>	<b>8,725</b>