

EARNINGS RELEASE

REVENUE GREW 28% WITH EBITDA UP 23.6% IN 2Q16

Monterrey, Mexico, July 18, 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 second quarter and first half of 2016 (“2Q16” and “6M16”).

Table 1: Financial Highlights

	Data in millions of Mexican pesos					
	2Q16	2Q15	Variation %	Jan - Jun '16	Jan - Jun '15	Variation %
<i>Total Beverage Volume (MUC)</i>	443.5	352.1	26.0	852.0	650.6	31.0
<i>Net Sales</i>	23,071	18,045	27.9	44,345	33,318	33.1
<i>EBITDA</i>	5,317	4,302	23.6	9,598	7,263	32.1
<i>Net Income</i>	2,001	2,203	-9.2	3,872	3,503	10.5

Total Beverage Volume includes jug water

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

2Q16 HIGHLIGHTS

- Net sales reached Ps. 23,071 million, 27.9% higher when compared to 2Q15.
- EBITDA increased 23.6% to Ps. 5,317 million when compared to 2Q15, representing a margin of 23%.
- Net income was Ps. 2,001 million, for a net margin of 8.7%.

6M16 HIGHLIGHTS

- Net sales grew 33.1% to Ps. 44,345 million.
- EBITDA reached Ps. 9,598 million, or 32.1% above 6M15, for a margin of 21.6%.
- Net income rose 10.5% to Ps. 3,872 million, representing a net margin of 8.7%.

COMMENTS FROM THE CEO

“Thanks to our company’s operating discipline, continuous improvement in customer service, sustained level of investment at the point of sale and steadfast commitment to satisfy consumers with a portfolio every day more versatile, Arca Continental continued to deliver positive results.

In 2Q16 we reported a 28% increase in revenues and 23.6% growth in EBITDA compared to 2Q15, in the face of various events at the international level during the period”, stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

“Furthermore, consistent with our permanent search for opportunities that create value in a profitable and sustainable manner, this past May we announced the signing of a letter of intent with The Coca-Cola Company to operate in the U.S. the territories of Texas, parts of Oklahoma, New Mexico and Arkansas, which will further strengthen our company’s growth story”, he added.

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 six months of CL's results in 2016.

Table 2: Consolidated Data

	2Q16	2Q15	Variation %	Jan - Jun '16	Jan - Jun '15	Variation %
Volume by category (MUC)						
Colas	260.4	208.0	25.2	497.8	384.9	29.3
Flavors	60.7	50.8	19.5	119.8	96.7	23.9
Sparkling Total Volume	321.0	258.8	24.0	617.6	481.6	28.3
Water*	40.1	26.2	53.3	79.9	47.2	69.4
Still Beverages**	25.0	18.1	38.4	49.3	33.2	48.5
Volume excluding Jug	386.2	303.0	27.4	746.9	561.9	32.9
Jug	57.3	49.0	16.9	105.2	88.7	18.6
Total Volume	443.5	352.1	26.0	852.0	650.6	31.0
Income Statement (MM MXP)						
Net sales	23,071	18,045	27.9	44,345	33,318	33.1
EBITDA	5,317	4,302	23.6	9,598	7,263	32.1

* 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

- Consolidated net sales for 2Q16 vs. 2Q15 increased 27.9% (9.8% currency-neutral and excluding Peru) reaching Ps. 23,071 million. This figure reached Ps. 44,345 million in the first half of 2016, up 33.1% (12.2% currency-neutral and excluding Peru) compared to last year.
- The positive trend in volume continued with 26.0% growth (6.2% excluding Peru), thanks to the performance of Mexico during 2Q16, driven by increases of 53.3% and 38.4% in single serve water and still beverages, respectively. In the first six months of 2016, the sparkling beverage category grew 28.3% (5.5% excluding Peru).

- During 2Q16, cost of sales increased 31.9%, mainly due to the strength of the U.S. dollar and higher raw material prices. Consolidated gross profit grew to Ps. 10,967 million, 23.6% higher than 2Q15 and reflecting a gross margin of 47.5%. Gross profit for 6M16 came in at Ps. 20,881 million for a margin of 47.1%.
- Selling and administrative expenses rose 26.4%, from Ps. 5,477 million to Ps. 6,924 million in 2Q16; primarily from the start-up of summer campaigns and promotions. For the first six months of 2016, selling and administrative expenses were up 29.1% to Ps. 13,672 million or 30.8% over sales.
- In 2Q16 consolidated operating income increased 14.5% when compared to 2Q15, reaching Ps. 4,018 million, representing an operating margin of 17.4%. In the first half of 2016, operating income grew 25.5% to Ps. 7,180 million for an operating margin of 16.2%.
- Consolidated EBITDA for the quarter increased 23.6% to Ps. 5,317 million, for a margin of 23%. EBITDA reached Ps. 9,598 million in the first half of 2016, 32.1% higher and at a margin of 21.6%. Currency neutral and excluding Peru, EBITDA grew in both periods; 7.6% in 2Q16 and 12.1% in 6M16.
- The comprehensive financing cost was Ps. 1,106 million in 2Q16, compared to Ps. 214 million in 2Q15, mainly from the incorporation of Peru and the expenses incurred in the buy-back of Corporacion Lindley bonds aimed at reducing the exposure to dollar-denominated debt. In 6M16, this line item reached Ps. 1,235 million, 184.4% higher than 6M15.
- Income tax provision for 2Q16 reflects an effective tax rate of 30% and an amount totaling Ps. 887 million, 15% below the same period of last year. Year-to-date, the effective tax rate was 30.2%, 90 basis points below 2015.
- Arca Continental reported net income of Ps. 2,001 million in 2Q16, reflecting a margin of 8.7%, and Ps. 3,872 million in 6M16, for a net margin of 8.7%.

BALANCE SHEET & CASH FLOW STATEMENT

- As of June 30, 2016, AC registered a cash balance of Ps. 4,912 million and debt of Ps. 32,430 million, resulting in a net debt position of Ps. 27,519 million. The Net Debt/EBITDA ratio was 1.4x.
- Net operating cash flow reached Ps. 7,461 million in the first half of 2016.
- **Capex reached Ps. 3,247 million in 6M16, mainly allocated towards market investments such as coolers, returnable packaging and the expansion of production and distribution capabilities.**

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

	2Q16	2Q15	Variation %	Jan - Jun '16	Jan - Jun '15	Variation %
Volume by Category (MUC)						
Colas	182.9	169.5	7.9	333.1	306.8	8.6
Flavors	37.2	31.3	18.7	66.2	55.6	19.0
Sparkling Total Volume	220.1	200.8	9.6	399.3	362.5	10.2
Water*	23.5	19.9	18.6	40.3	33.7	19.8
Still Beverages**	15.0	12.4	20.6	27.3	22.6	20.8
Volume excluding jug	258.6	233.0	11.0	466.9	418.7	11.5
Jug	53.9	49.0	10.0	96.8	88.6	9.2
Total Volume	312.5	282.1	10.8	563.7	507.3	11.1
Mix (%)						
Returnable	35.6	37.7	-2.1	35.4	37.9	-2.5
Non Returnable	64.4	62.3	2.1	64.6	62.1	2.5
Multi-serve	51.4	50.9	0.5	51.8	51.1	0.7
Single-serve	48.6	49.1	-0.5	48.6	48.9	-0.3
Income Statement (MM MXP)						
Net Sales	15,040	13,134	14.5	27,173	23,566	15.3
EBITDA	4,020	3,460	16.2	6,512	5,543	17.5

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

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

OPERATING RESULTS FOR NORTH AMERICA

- During 2Q16 Mexico Beverages posted net sales of Ps. 13,637 million, while sales volume grew 10.8% to 312 MUC. The average price per unit case, excluding jug water, reached Ps. 51.35 in 2Q16, up 3.7% thanks to the adequate pricing strategy implemented in the quarter.
- EBITDA for North America increased 16.2% to Ps. 4,020 million, representing a margin of 26.7%. For the first half of 2016 this line item reached Ps. 6,512 million, up 17.5% and representing a margin of 24%.
- Powerade continued its positive sales volume trend with 35.1% growth in 2Q16, mainly driven by the launch of the new orange flavor that contributed 12.9% of the quarterly growth.

- Juices and Nectars grew 16.2% in the first half, maintaining their category leadership in the traditional channel reaching coverage of 66.4%.
- Single serve water and energy drinks grew 18.6% and 13%, respectively in 2Q16, thanks to the development of availability and the implementation of promotions at the point of sale.
- In the first half of 2016, Santa Clara grew 40% in sales volume when compared to 6M15, driven mainly by flavored milk which posted 52% of the growth.
- Direct to Home sales volume rose 20% while net sales increased 22.3% in 2Q16 largely stemming from the still beverage category which generated 30% additional sales.
- In the first six month of 2016, Vending sales grew 13% and EBITDA improved by 23.1% when compared to 6M15, mainly due to an intense campaign to relocate equipment and a greater use of the telemetry system which reduced our cost to serve.
- During 2Q16 we continued with the deployment of the Arca Continental Total Execution (ACT) model across all the countries in which we operate, introducing more than 19,000 coolers and 39,000 additional shelves.
- In Mexico we launched the “Taste the Feeling” campaign focusing on three fundamental pillars: options, portions and solutions to ensure product availability in the various distribution channels.
- In the first half of 2016 exports of Topo Chico registered a solid performance with 30% growth in both volume and value, as well as 41% higher EBITDA.
- Bokados continued its solid sales and EBITDA growth in the first half of 2016, thanks to new initiatives such as “Plan Conquista” which has activated more than 10,000 customers so far this year. We also relaunched Bokaditas in Monterrey with new packaging, image and formula.
- Wise salty snacks grew sales of its popcorn category by 11% as of result of new presentations of Sea Salt and Cinnabon. The cheese category also reported growth of 5% from the introduction of new presentations.

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 six months of CL's results in 2016.

Table 4: South America Data

	2Q16	2Q15	Variation %	Jan - Jun '16	Jan - Jun '15	Variation %
Volume by Category (MUC)						
Colas	77.5	38.5	101.0	164.8	78.0	111.1
Flavors	23.5	19.5	20.8	53.6	41.1	30.6
Sparkling Total Volume	101.0	58.0	74.1	218.4	119.1	83.3
Water*	16.6	6.3	162.4	39.6	13.5	192.9
Still Beverages**	10.0	5.7	77.4	22.0	10.6	107.5
Volume excluding jug	127.6	70.0	82.3	280.0	143.2	95.5
Jug	3.4	0.0	0.0	8.4	0.0	0.0
Total Volume	131.0	70.0	87.2	288.4	143.2	101.3
Mix (%)						
Returnable	30.2	32.2	-2.0	30.2	31.6	-1.4
Non Returnable	69.8	67.8	2.0	69.5	68.4	1.1
Multi-serve	69.9	81.0	-11.1	70.3	81.6	-11.3
Single-serve	30.1	19.0	11.1	29.7	18.4	11.3
Income Statement (MM MXP)						
Net Sales	8,031	4,912	63.5	17,172	9,752	76.1
EBITDA	1,298	842	54.1	3,086	1,720	79.4

* 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 increased 63.5% to Ps. 8,031 million in 2Q16, and 76.1% to Ps. 17,172 million in the first six months of 2016. Excluding Peru, the growth in the first half was 1.1%.
- In 2Q16, sales volume in South America grew 87.2% when compared to 2Q15 driven by the incorporation of Peru and offset by the economic situations in Argentina and Ecuador.
- EBITDA for South America increased 54.1% to Ps. 1,298 million in 2Q16, reflecting a margin of 16.2%, 90 basis points lower than in 2Q15. In the first half of 2016, EBITDA was Ps. 3,086 million, up 79.4% from 6M15, at a margin of 18.0%, 40 basis points higher.

Argentina

- Sales volume declined 15.7% in the second quarter primarily due to the performance of sparkling and single serve water, down 15.7% and 17.4%, respectively.
- During 2Q16, investments were made in returnable packaging and coolers, reaching chilled space coverage of 55.3% as part of our efforts to mitigate the effects of the contraction in volume. In addition, we continued to work on price-pack initiatives to offset the high inflation.

Ecuador

- Ecuador's sales volume declined 9.9% in 2Q16, primarily due to the decreases in sparkling and still beverages of 10.6% and 18.0%, respectively, both categories which were affected by a new tax on sugar sweetened beverages, and partially offset by the 7.2% growth in single serve water.
- During the quarter, Coca-Cola's campaign "One Brand" was launched to help facilitate consumers' decisions regarding low calorie or no calorie products.
- During 2Q16, Tonicorp achieved record market share of 72% in the yogurt category. Market share increased in flavored milk by 1 p.p., ice cream by 1.3 p.p. and oatmeal up 3.5 p.p.
- In our snacks division, Inalecsa, we continued strengthening our leadership in plantain-based snacks by growing our market share by 1.5 p.p. when compared to last year. Furthermore, as part of our portfolio innovation we plan to launch new healthy snacks.

Peru

- Sales volume in 2Q16 grew 1.6%, stemming from double-digit growth in the juices category as well as initiatives to expand coverage of sparkling and still beverages.
- During 2Q16, as part of the initiatives to invest in the market, more than 6,000 coolers were installed and over 200,000 bottles were introduced, expanding our cold-drink coverage and our returnable-bottle base.
- In June, we initiated the distribution of Monster and became the first bottler in Latin America to capitalize on the recent strategic alliance between The Coca-Cola Company and Monster Beverages.

RECENT EVENTS

- In April of this year, the company successfully carried out a US\$200 million buy-back of Corporacion Lindley's bonds. Upon closing this transaction, the Net Debt/EBITDA ratio for our Peruvian operation decreased from 3.8 to 2.8, thus reducing the exposure to dollar-denominated debt by 74% to US\$150 million as of the end of 2Q16.
- In Ecuador, as part of the initiatives to provide earthquake relief, Arca Continental donated US\$1.5 million in conjunction with The Coca-Cola Company. In addition, 850,000 liters of beverages and 75,000 snacks were donated, while more than 600 company volunteers worked to gather and distribute provisions in affected areas.
- On May 25, 2016, AC announced the signing of a letter of intent with The Coca-Cola Company and the North American bottler, Coca-Cola Bottling Company UNITED, to operate the Coca-Cola franchise in a major U.S. territory that includes Texas and parts of Oklahoma, New Mexico and Arkansas. This transaction is expected to close in the first half of 2017.

CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on July 18, 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 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 85 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

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	
	2Q16	2Q15	MM MXP	%	Jan - Jun '16	Jan - Jun '15	MM MXP	%
Net sales	23,071	18,045	5,026	27.9	44,345	33,318	11,027	33.1
Cost of Sales	12,104	9,175	2,929	31.9	23,464	17,121	6,343	37.0
Gross Profit	10,967	8,870	2,097	23.6	20,881	16,197	4,684	28.9
	47.5%	49.2%			47.1%	48.6%		
Selling Expenses	5,700	4,562	1,138	24.9	11,286	8,731	2,556	29.3
Administrative Expenses	1,225	915	309	33.8	2,386	1,861	525	28.2
Total Costs	6,924	5,477	1,447	26.4	13,672	10,592	3,080	29.1
	30.0%	30.4%			30.8%	31.8%		
Non Recurring Expenses	166	25	141	570.8	202	50	151	299.5
Operating Income before other income	3,876	3,368	508	15.1	7,007	5,555	1,453	26.2
Other Income (Expenses) ¹	142	141	1	0.6	173	167	5	3.2
Operating Income	4,018	3,509	509	14.5	7,180	5,722	1,458	25.5
	17.4%	19.4%			16.2%	17.2%		
Interest Expense Net	-923	-219	-704	321.3	-1,330	-439	-891	202.8
Exchange Gain (Loss)	-183	5	-188		95	5	90	
Comprehensive Financial Results	-1,106	-214	-891	416.1	-1,235	-434	-801	184.4
Share of net income of associates ²	55	41	14	33.7	105	72	34	47.1
Earnings Before Taxes	2,967	3,336	-368	(11.0)	6,050	5,359	691	12.9
Profit Taxes	887	1,043	-156	(14.9)	1,829	1,669	160	9.6
Non-controlling interest	-79	-90	11	(12.5)	-349	-187	-162	86.7
Net Profit	2,001	2,203	-202	(9.2)	3,872	3,503	369	10.5
	8.7%	12.2%			8.7%	10.5%		
Depreciation and amortization	1,133	768	365	47.5	2,217	1,491	726	48.7
EBITDA	5,317	4,302	1,015	23.6	9,598	7,263	2,335	32.1
	23.0%	23.8%			21.6%	21.8%		

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

¹ Includes equity method from our participation in operational companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de Nogales

² 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)

	June 30	December 31	Variation	
	2016	2015	MM MXP	%
ASSETS				
Cash and cash equivalents	4,912	8,295	(3,384)	-40.8
Accounts receivable; Net	5,771	6,386	(615)	-9.6
Inventories	4,597	4,337	259	6.0
Prepayments	592	367	225	61.1
Total Current Assets	15,872	19,386	(3,515)	-18.1
Investments in shares and other investments	5,117	4,491	627	14.0
Property, plant and other equipment	44,900	42,913	1,987	4.6
Other non current assets	62,039	64,148	(2,109)	-3.3
Total Assets	127,928	130,938	(3,010)	-2.3
LIABILITIES				
Short term bank loans	7,632	6,998	634	9.1
Suppliers	9,551	8,972	579	6.5
Accounts payable and taxes	2,329	3,026	(697)	-23.0
Total Current Liabilities	19,511	18,995	516	2.7
Bank Loans and long term liabilities	24,797	32,246	(7,449)	-23.1
Deferred income tax and others	12,487	11,747	740	6.3
Total Liabilities	56,795	62,988	(6,192)	-9.8
SHAREHOLDER'S EQUITY				
Non controlled participation	10,938	16,828	(5,890)	-35.0
Capital Stock	35,531	28,769	6,763	23.5
Retained Earnings	20,791	15,108	5,683	37.6
Net Profit	3,872	7,246	(3,373)	-46.6
Total Shareholders' Equity	71,133	67,950	3,182	4.7
Total Liabilities and Shareholders' Equity	127,928	130,938	(3,010)	-2.3

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

	as of june 30	
	2016	2015
Earnings Before Taxes	6,050	5,359
Depreciation and amortization	2,217	1,491
Gain on sale and fixed assets impairment	185	187
Foreign exchange	(95)	0
Accrued interests	1,330	435
Operating cash flow before taxes	9,687	7,472
Cashflow generated/used in the operation	(2,227)	(3,080)
Operating cashflow after working capital	7,461	4,392
Investment Activities:		
Capital Expenditures and Investments (Net)	(5,090)	(2,303)
Financing Activities:		
Dividends paid	(3,101)	(2,875)
Share repurchase program	102	(65)
Debt amortization	(8,912)	112
Paid interests	(1,328)	(435)
Capital increase	7,371	0
Other	0	(17)
Net cash flow	(5,868)	(3,280)
Net increase of cash and equivalents	(3,498)	(1,191)
Change in Cash	114	43
Initial cash and equivalents balance	8,295	9,039
Final cash and equivalents balance	4,912	7,891