

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

**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



**Juan Hawach Sánchez**  
 juan.hawach@arcacontal.com  
 Tel: 52 (81)8151-1547



## EARNINGS RELEASE

### ARCA CONTINENTAL REPORTS REVENUE GROWTH OF 14.2% AND NET INCOME UP 12.0% IN 1Q15

Monterrey, Mexico, April 22, 2015 – Arca Continental, S.A.B. de C.V. (BMV: AC\*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America and the third-largest in the world, announced today its results for the first quarter 2015 (“1Q15”).

Table 1: Financial Highlights

Data in millions of mexican pesos			
	1Q15	1Q14	Variation %
<b>Total Beverage Volume (MUC)</b>	<b>298.5</b>	<b>293.4</b>	<b>1.7</b>
<b>Net Sales</b>	<b>15,273</b>	<b>13,370</b>	<b>14.2</b>
<b>EBITDA</b>	<b>2,961</b>	<b>2,654</b>	<b>11.6</b>
<b>Net Income</b>	<b>1,300</b>	<b>1,162</b>	<b>12.0</b>

Total Beverage Volume includes jug water

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

### FIRST QUARTER 2015 (1Q15) HIGHLIGHTS

- Net sales reached Ps. 15,273 million, 14.2% higher than 1Q14.
- EBITDA was Ps. 2,961 million with a 19.4% margin, 11.6% above the same quarter of last year.
- Net income grew 12% to Ps. 1,300 million for a net margin of 8.5%.

### COMMENTS FROM THE CEO

“The results for the first quarter showed positive trends, with increases of 14.2% in net sales and 12% in net income. This reaffirms that the actions we have been taking in the various areas of our organization strengthen our market leadership and preference, while continuing to position us solidly in our search for new value-creating opportunities,” stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

“Innovation will be a key ingredient to meeting our objectives, in addition to excellent market execution, constant development of talent and the sustainability of our operations,” he added.

## CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS"). On April 15, 2014, Arca Continental completed, in association with The Coca-Cola Company, the acquisition of a majority stake in Holding Tonicorp, S.A. (Toni) This association was realized on the basis of a joint participation with each party holding a 50% stake; in this first quarter 2015 report, we consolidated into our financial statements the proportion of our participation in this business.

**Table 2: Consolidated Data**

	1Q15	1Q14	Variation %
<b>Volume by category (MUC)</b>			
Colas	176.9	175.6	0.7
Flavors	45.9	44.4	3.4
<b>Sparkling Total Volume</b>	<b>222.8</b>	<b>220.0</b>	1.3
Water*	21.0	19.3	8.8
Still Beverages**	15.1	14.0	7.7
<b>Volume excluding jug</b>	<b>258.9</b>	<b>253.3</b>	2.2
Jug	39.6	40.1	-1.2
<b>Total Volume</b>	<b>298.5</b>	<b>293.4</b>	1.7
<b>Income Statement (MM MXP)</b>			
Net sales	15,273	13,370	14.2
EBITDA	2,961	2,654	11.6

\* 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

- Consolidated net sales for 1Q15 reached Ps. 15,273 million, up 14.2% (12.1% on a currency-neutral basis) when compared to the same period in 2014 (9.5% excluding Tonicorp).

- The Company reported volume growth of 1.7% in 1Q15. Sparkling beverages grew 1.3% while still beverages and single-serve water rose 7.7% and 8.8%, respectively.
- During 1Q15, COGS increased 14.7% (8.8% excluding Toni) due mainly to tough comps with respect to sweetener costs and exchange rate effects, partially offset by lower PET prices. Consolidated gross profit grew 13.8% to Ps. 7,327 million, representing a gross margin of 48%.
- Selling and administrative expenses increased 16% (12.3% excluding Toni) from Ps. 4,410 million to Ps. 5,114 million in 1Q15. This line item reflects the momentum given to various campaigns and promotions at the start of the year as well as the increased investment in cooler coverage and returnable packaging.
- Consolidated operating income rose 9.2% (6.2% excluding Toni) in 1Q15 compared to 1Q14, to Ps. 2,213 million with an operating margin of 14.5%.
- Consolidated EBITDA in 1Q15 increased 11.6% (8.4% excluding Toni) to Ps. 2,961 million representing a margin of 19.4%. On a currency-neutral basis, EBITDA would have grown 10% during 1Q15.
- The integral financial result for 1Q15 was Ps. 220 million compared to Ps. 228 million in 1Q14.
- Income tax provision for 1Q15 reached Ps. 627 million, 9.2% higher than in 1Q14, reflecting an effective tax rate of 31% due to the increase in profitability.
- Arca Continental reported net income of Ps. 1,300 million in 1Q15, up 12%, representing a net margin of 8.5%.

### **BALANCE SHEET & CASH FLOW STATEMENT**

- As of March 31, 2015, Arca Continental registered cash of Ps. 8,725 million and debt of Ps. 15,961 million, resulting in net debt of Ps. 7,236 million. The Net Debt/EBITDA ratio was 0.5x.
- Net operating cash flow reached Ps. 900 million as of March 31, 2015.
- CAPEX for 1Q15 reached Ps. 929 million, allocated mainly towards the acquisition of market support equipment as well as production and distribution capacity expansions. The capital investments planned for the full year 2015 of Ps. 5.2 billion will be focused on strengthening the operations, perfecting execution at the point of sale and expanding production capacity in South America, while at the same time, making complementary businesses more solid and seeking new avenues for creating value.

## 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 beverages and snacks in Ecuador.

**Table 3: North America Data**

	1Q15	1Q14	Variation %
<b>Volume by Category (MUC)</b>			
Colas	137.4	136.3	0.8
Flavors	24.3	24.2	0.4
<b>Sparkling Total Volume</b>	<b>161.7</b>	<b>160.5</b>	0.7
Water*	13.8	13.3	3.8
Still Beverages**	10.2	9.5	6.9
<b>Volume excluding jug</b>	<b>185.6</b>	<b>183.3</b>	1.3
Jug	39.6	40.1	-1.2
<b>Total Volume</b>	<b>225.3</b>	<b>223.4</b>	0.8
<b>Mix (%)</b>			
Returnable	38.1	37.5	0.6
Non Returnable	61.9	62.5	-0.6
Multi-serve	51.3	51.6	-0.3
Single-Serve	48.7	48.4	0.3
<b>Income Statement (MM MX)</b>			
Net Sales	10,433	10,079	3.5
EBITDA	2,084	2,036	2.3

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

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

### OPERATING RESULTS – NORTH AMERICA

- Mexico Beverages posted net sales of Ps. 9,260 million during 1Q15, while sales volume rose 0.8% to 225 MUC. The average price per unit case, excluding jug water, increased 1.5% to Ps. 48.48 in 1Q15.
- EBITDA reached Ps. 2,003 million in 1Q15, up 2.5% and representing a margin of 21.6%.

- Powerade increased 12.7% in 1Q15, driving growth in still beverages and reaching record market share levels, achieving 6.8 percentage point increase in the traditional channel when compared to last year, thanks to the successful launch of Powerade Zero with which we continue to expand our low calorie product offering.
- Juices and Nectars also registered an increase of 10.2% due to important promotional activities at the point of sale, thereby strengthening its leadership in the traditional channel, with a 1.8 percentage point increase when compared to last year.
- We continued driving the affordability of our products for consumers, via the introduction of 978,000 returnable cases for 1.5-liter Ref-PET and 500-ml glass bottles, yielding a 0.6% increase of returnables in our sales mix in 1Q15.
- Due to the introduction of new products and an increase in the number of routes, the direct-to-home (DTH) channel increased its revenues and sales volume by over 30%. The introduction of Santa Clara in this channel has helped to develop the still beverage category.
- Vending's performance during the first quarter was very solid, with a 7.7% increase in sales volume compared to 1Q14. It also reached 34% telemetry coverage, to help improve service costs and incremental sales.
- At the start of 2015, we activated over 900 new customers with the Siglo XXI program and introduced nearly 10,000 coolers to surpass the objectives set forth for the first three months of the year.
- We continue expanding our "Route to Modern Market" service model in the cities of Guadalajara and San Luis Potosí, maintaining outstanding results in Monterrey and Mazatlan.
- Our exports, Nostalgia and Topo Chico, initiated the year with a significant performance posting 16% and 20% sales growth, respectively. This was due to the diversification of the portfolio in terms of packaging and the preference of consumers, both Hispanic as well as non-Hispanic.
- Bokados continued its positive trend in the first quarter of 2015, with sales and EBITDA growth. Coverage has increased in the modern channel through commercial partnerships, reaching the states of Puebla, Veracruz, Tabasco, Campeche, Yucatan and Quintana Roo. Furthermore, we surpassed industry growth levels in both volume and value.
- In the U.S., Wise registered increases in revenues and sales volume despite the difficult climate that prevailed in the North. Lastly, new low-fat products are being launched as part of the strategy to offer healthy options for our consumers.

## AC SOUTH AMERICA

On April 15, 2014, Arca Continental completed, in association with The Coca-Cola Company, the acquisition of a majority stake in Holding Tonicorp, S.A. This association was done via a joint agreement whereby each party owns a 50% stake; consolidating our proportional results in this business.

**Table 4: South America Data**

	1Q15	1Q14	Variation %
<b>Volume by Category (MUC)</b>			
Colas	39.5	39.3	0.5
Flavors	21.6	20.3	6.5
<b>Sparkling Total Volume</b>	<b>61.1</b>	<b>59.6</b>	2.6
Water*	7.2	6.0	21.0
Still Beverages**	4.9	4.5	10.5
<b>Total Volume</b>	<b>73.3</b>	<b>70.0</b>	4.6
<b>Mix (%)</b>			
Returnable	31.0	31.0	0.0
Non Returnable	69.0	69.0	0.0
Multi-serve	82.2	82.8	-0.6
Single-serve	17.8	17.2	0.6
<b>Income Statement (MM MX)</b>			
Net Sales	4,840	3,291	47.1
EBITDA	878	618	42.0

\* 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 increased 47.1% to Ps. 4,840 million in 1Q15; excluding the effects of Toni, the increase would have been 27.6%. These results were due to sales volume growth, pricing strategy and the effect of the devaluation of the Mexican peso versus the Argentine peso and the U.S. dollar.

- In 1Q15, total sales volume for South America increased 4.6% when compared to 1Q14, with a 21.0% increase in water, a 10.5% increase in still beverages and the recovery of the sparkling category with 2.6% growth.
- EBITDA for South America increased 42.0% to Ps. 878 million in 1Q15, for a margin of 18.1%, 70 basis points below 1Q14. Excluding the effects of Toni, this result remained practically flat at a margin of 18.9%.
- During 1Q15, net income increased 26.3% to reach Ps. 384 million, representing a net margin of 7.9%.

### Argentina

- During 1Q15, sales volume increased 4.9%, mainly from the performances of the single-serve water and still beverage categories, up 36.8% and 121.5%, respectively, due to the expansion of the product portfolio in which we are offering different options to our consumers. The sparkling segment grew 0.7%, namely in flavors which were up 2.1%.
- In terms of launches, in the flavored water category, we introduced Acquarius Lemonade and Pink Grapefruit, while incorporating Burn into our energy drink portfolio. These three launches exceeded expectations and drove growth in the still beverage category.

### Ecuador

- In Ecuador, sales volume for 1Q15 increased 4.4%, mainly due to 4.5% growth in sparkling and 8.6% in single serve water, while still beverages remained flat year-over-year.
- In 2015, we will continue to improve our sales mix of single serve and returnable presentations thanks to the investment initiatives at the point of sale and sponsorship of important events for the country such as the Copa America for soccer, reflecting increases of 0.4 percentage points in the sales mix for both during 1Q15.
- At Tonicorp, we continue increasing sales and EBITDA. This is thanks to the various initiatives at national level in the Yogurt and Ice Cream categories. We also began investing in our cold coverage to improve execution at the point of sale, and continued with the construction of a new "La Aurora" dairy plant in Guayaquil.
- At Inalecsa, during the start of the year we installed a new pastry line to meet the growing demand in this category. In this category, we continue growing our market share while launching new products such as the brand Chocoloco with over 60% coverage.

## RECENT EVENTS

- On April 15, 2015, Arca Continental's Annual Shareholders' Meeting approved a cash dividend of Ps. 1.75 per share to be made in one single payment beginning on April 27, 2015, equivalent to a total disbursement of Ps. 2,820 million.
- For the 12<sup>th</sup> consecutive year, the Mexican Center for Philanthropy presented Arca Continental with the award for Socially Responsible Company.

## CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on April 22, 2015 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)  
0-1-800-062-2650 (Mexico 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. Together with The Coca-Cola Company; lead the high-value added dairy category in Ecuador under ToniCorp brands. With an outstanding history spanning more than 89 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 54 million consumers in Northern and Western Mexico, Ecuador 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) or download the AC Investor iPad app.

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)

	1Q15	1Q14	Variation	
			MM MXP	%
Net sales	15,273	13,370	1,903	14.2
Cost of Sales	7,946	6,930	1,017	14.7
<b>Gross Profit</b>	<b>7,327</b>	<b>6,441</b>	886	13.8
	48.0%	48.2%		
Selling Expenses	4,169	3,581	588	16.4
Administrative Expenses	945	829	116	14.0
<b>Total Costs</b>	<b>5,114</b>	<b>4,410</b>	704	16.0
	33.5%	33.0%		
Non Recurring Expenses	26	4	22	623.6
<b>Operating Income before other income</b>	<b>2,187</b>	<b>2,027</b>	159	7.9
Other Income (Expenses) <sup>1</sup>	27	0	27	(6590.1)
<b>Operating Income</b>	<b>2,213</b>	<b>2,027</b>	186	9.2
	14.5%	15.2%		
Interest Expense Net	-220	-234	14	(5.8)
Exchange Gain (Loss)	0	6	-5	(98.0)
<b>Comprehensive Financial Results</b>	<b>-220</b>	<b>-228</b>	8	(3.5)
Share of net income of associates <sup>2</sup>	31	8	23	287.3
<b>Earnings Before Taxes</b>	<b>2,023</b>	<b>1,806</b>	217	12.0
Profit Taxes	627	574	53	9.2
Non-controlling interest	-96	-71	-25	35.0
<b>Net Profit</b>	<b>1,300</b>	<b>1,162</b>	139	12.0
	8.5%	8.7%		
Depreciation and amortization	723	624	99	15.8
<b>EBITDA</b>	<b>2,961</b>	<b>2,654</b>	307	11.6
	19.4%	19.9%		

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 2015	December 31 2014	Variation	
			MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	8,725	9,039	(314)	-3.5
Accounts receivable; Net	3,882	4,312	(429)	-10.0
Inventories	2,792	2,832	(40)	-1.4
Prepayments	412	269	143	53.2
<b>Total Current Assets</b>	<b>15,812</b>	<b>16,453</b>	(641)	-3.9
Investments in shares and other investments	3,915	3,926	(11)	-0.3
Property, plant and other equipment	25,587	25,321	265	1.0
Other non current assets	35,010	34,668	342	1.0
<b>Total Assets</b>	<b>80,323</b>	<b>80,367</b>	(45)	-0.1
<b>LIABILITIES</b>				
Short term bank loans	1,612	1,699	(87)	-5.1
Suppliers	4,817	4,812	5	0.1
Accounts payable and taxes	2,226	4,077	(1,851)	-45.4
<b>Total Current Liabilities</b>	<b>8,655</b>	<b>10,588</b>	(1,933)	-18.3
Bank Loans and long term liabilities	14,349	14,078	271	1.9
Deferred income tax and others	6,058	6,317	(259)	-4.1
<b>Total Liabilities</b>	<b>29,062</b>	<b>30,983</b>	(1,921)	-6.2
<b>SHAREHOLDER'S EQUITY</b>				
Non controlled participation	3,449	3,320	129	3.9
Capital Stock	28,754	28,748	6	0.0
Retained Earnings	17,757	10,811	6,946	64.2
Net Profit	1,300	6,505	(5,205)	-80.0
<b>Total Shareholders' Equity</b>	<b>51,260</b>	<b>49,384</b>	1,876	3.8
<b>Total Liabilities and Shareholders' Equity</b>	<b>80,323</b>	<b>80,367</b>	(45)	-0.1

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

	as of march 31	
	2015	2014
<b>Earnings Before Taxes</b>	<b>2,023</b>	<b>1,806</b>
Depreciation and amortization	723	622
Gain on sale and fixed assets impairment	88	81
Accrued interests	302	272
<b>Operating cash flow before taxes</b>	<b>3,136</b>	<b>2,781</b>
Cashflow generated/used in the operation	(2,237)	(240)
<b>Operating cashflow after working capital</b>	<b>899</b>	<b>2,541</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	(1,065)	(737)
Financing Activities:		
Share repurchase program	78	(79)
Debt amortization	9	2,257
Paid interests	(221)	(199)
Other	(39)	(16)
<b>Net cash flow</b>	<b>(172)</b>	<b>1,964</b>
Net increase of cash and equivalents	(338)	3,768
Change in Cash	23	(89)
<b>Initial cash and equivalents balance</b>	<b>9,039</b>	<b>2,566</b>
<b>Final cash and equivalents balance</b>	<b>8,725</b>	<b>6,244</b>