

EARNINGS RELEASE

ARCA CONTINENTAL REPORTS NET SALES INCREASE OF 3.6% WITH EBITDA MARGIN UP 70 BPS TO 22.8% IN 3Q14

Monterrey, October 24, 2014 – 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 its results for the third quarter of 2014 (“3Q14”).

Table 1: Financial Highlights

	Data in millions of Mexican pesos					
	3Q14	3Q13	Variation %	Jan - Sep '14	Jan - Sep '13	Variation %
<i>Total Beverage Volume (MUC)</i>	352.2	354.0	-0.5	994.2	1,016.8	-2.2
<i>Net Sales</i>	16,429	15,851	3.6	45,757	45,051	1.6
<i>EBITDA</i>	3,738	3,506	6.6	10,217	9,590	6.5
<i>Net Income</i>	1,830	1,721	6.3	4,927	4,688	5.1

Total Beverage Volume includes jug water

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

THIRD QUARTER 2014 HIGHLIGHTS

- Net sales reached Ps. 16,429 million, 3.6% higher than 3Q13.
- EBITDA was Ps. 3,738 million with a 22.8% margin, 70 basis points above the same quarter of last year.
- Net income grew 6.3% to Ps. 1,830 million with a 11.1% margin, up 20 basis points.

FIRST NINE MONTHS 2014 HIGHLIGHTS (9M)

- Net sales reached Ps. 45,757 million representing a 1.6% increase.
- EBITDA was Ps. 10,217 million for a 22.3% margin, up 100 basis points.
- Net income increased 5.1% to Ps. 4,927 million at a margin of 10.8%, up 40 basis points.

COMMENTS FROM THE CEO

“Our proven capability of execution at the point of sale, the continuous search for efficiency in our operations and the absolute commitment of our team to confront a challenging consumer environment, have been key factors in maintaining a sustained growth trend in the competitiveness and profitability of the Company during the third quarter of 2014, in which we reported a 3.6% increase in sales and a 70 basis-point expansion in our EBITDA margin,” stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

“Within this framework, I’m very pleased to convey that the success of our “Share a Coke” campaign, as well as the launch of Coca-Cola Life in Mexico, are positively driving the category and strengthening our commitment to satisfy the different needs of our consumers with a broad and accessible product portfolio, in addition to the constant support to our clients via innovative service models,” 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. This association was realized based on a joint participation with a 50% stake by each party; in this third quarter 2014 report we consolidate in our financial statements the proportion of our participation in this business.

Table 2: Consolidated Data

	3Q14	3Q13	Variation %	Jan - Sep '14	Jan - Sep '13	Variation %
Volume by category (MUC)						
Colas	213.7	215.2	-0.7	598.4	613.2	-2.4
Flavors	49.1	52.4	-6.3	143.0	152.5	-6.2
Sparkling Total Volume	262.8	267.7	-1.8	741.4	765.7	-3.2
Water*	25.8	25.6	0.7	70.0	68.9	1.7
Still Beverages**	17.0	15.8	7.6	47.0	48.2	-2.4
Volume excluding Jug	305.5	309.1	-1.1	858.4	882.8	-2.8
Jug	46.7	45.0	3.8	135.8	134.0	1.3
Total Volume	352.2	354.0	-0.5	994.2	1,016.8	-2.2
Income Statement (MM MXP)						
Net sales	16,429	15,851	3.6	45,757	45,051	1.6
EBITDA	3,738	3,506	6.6	10,217	9,590	6.5

* 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 3Q14 reached Ps. 16,429 million and Ps. 45,757 million for the first nine months of 2014, up 3.6% and 1.6% (8.6% and 6% on a currency-neutral basis), respectively, when compared to the same periods in 2013 (0% and -1% excluding Tonicorp, respectively).

- As a result of the beverage tax imposed since the beginning of 2014, sales volume decreased 0.5% during 3Q14 to 352.2 MUC. During the first nine months of 2014, the sparkling segment declined 3.2% while still beverages declined 2.4%. The single-serve water segment showed an increase of 1.7%. The total volume drop was 2.2%, including jug water in 9M14.
- During 3Q14, cost of sales increased only 1.4% due to the efficiency plan launched this year in Mexico, combined with savings in our main raw materials (-3.1%, excluding Toni). Consolidated gross profit rose 6.1% to Ps. 8,074 million. Consolidated gross margin reached 49.1%, up 110 basis points. Gross profit reached Ps. 22,444 million in 9M14, with a 49.1% margin, up 190 basis points versus last year.
- Selling and administrative expenses increased 5.8% (2.7% excluding Toni) from Ps. 4,814 million to Ps. 5,095 million in 3Q14. This increase stemmed from higher marketing expenses due to the World Cup closing ceremony, and the launching of the “Share a Coke” and “Coca-Cola Life” campaigns. For the first nine months of 2014, selling and administrative expenses reached Ps. 14,411 million, reflecting an increase of 5.4% (3.3% excluding Toni).
- Consolidated operating income rose 10.4% (8% excluding Tonicorp) in 3Q14 compared to 3Q13, to Ps. 3,036 million with an operating margin of 18.5%. As of September 30, 2014, operating income reached Ps. 8,167 million with an operating margin of 17.8%.
- Consolidated EBITDA in 3Q14 increased 6.6% (4.3% excluding Toni) to Ps. 3,738 million representing a margin of 22.8%, up 70 basis points. In the first nine months of 2014, EBITDA increased 6.5% (4.8% excluding Toni) to Ps. 10,217 million, representing a margin of 22.3%, 100 basis points higher than in 2013. On a currency-neutral basis, EBITDA would have grown 10.3% during 3Q14 and 9.9% in the first nine months of 2014.
- The integral financial result for 3Q14 was Ps. 243 million compared to Ps. 241 million in 3Q13. This period included financial costs and expenses of Ps. 248 million, which remained unchanged from the result in 3Q13.
- Income tax provision for the quarter reached Ps. 910 million, 15.5% higher than in 3Q13, reflecting an effective tax rate of 32.4% as a result of the fiscal regime changes in Mexico in 2014. As of September 30, 2014 the effective tax rate was 31.6%.
- Arca Continental reported net income of Ps. 1,830 million in 3Q14, up 6.3%, representing a net margin of 11.1%, for an additional 20 basis points. For the first nine months of 2014, net income reached Ps. 4,927 million, reflecting a net margin of 10.8%, up 40 basis points.

BALANCE SHEET & CASH FLOW STATEMENT

- As of September 30, 2014 Arca Continental registered cash of Ps. 9,888 million and bank debt of Ps. 17,166 million, resulting in net debt of Ps. 7,279 million. The Net Debt/EBITDA ratio was 0.5x.
- Net operating cash flow reached Ps. 10,222 million as of September 30, 2014.
- CAPEX for the first nine months on the year totaled Ps. 2,643 million, allocated mainly towards the acquisition of cooling equipment, returnable bottles, and projects to achieve efficiencies along the supply chain.

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

	3Q14	3Q13	Variation %	Jan - Sep '14	Jan - Sep '13	Variation %
Volume by Category (MUC)						
Colas	172.5	174.2	-1.0	479.3	493.8	-2.9
Flavors	30.9	33.6	-7.8	86.8	94.6	-8.3
Sparkling Total Volume	203.5	207.8	-2.1	566.0	588.5	-3.8
Water*	19.9	19.5	2.2	52.8	52.2	1.3
Still Beverages**	11.1	11.8	-5.9	32.2	35.1	-8.5
Volume excluding jug	234.4	239.0	-1.9	651.0	675.8	-3.7
Jug	46.7	45.0	3.8	135.8	134.0	1.3
Total Volume	281.1	284.0	-1.0	786.8	809.8	-2.8
Mix (%)						
Returnable	38.3	36.0	2.3	37.8	35.5	2.3
Non Returnable	61.7	64.0	-2.3	62.2	64.5	-2.3
Multi-serve	51.4	51.8	-0.4	51.4	51.3	0.1
Single-serve	48.6	48.2	0.4	48.6	48.7	-0.1
Income Statement (MM MXP)						
Net Sales	12,500	12,361	1.1	35,013	35,003	0.0
EBITDA	3,116	2,907	7.2	8,401	7,894	6.4

* 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. 11,423 million during 3Q14, with a decline in sales volume of 1% to 281 MUC. The average price per unit case, excluding jug water, increased 2.5% to Ps. 47.48 in 3Q14.
- EBITDA reached Ps. 3,116 million, up 7.2% and representing a margin of 24.9%, 140 basis points higher than in 3Q13. For the first nine months of 2014, this line item reached Ps. 8,401 million, up 6.4% and representing a margin of 24%, up 140 basis points.

- As of June 2014, Powerade consolidated its position as the leader in the sports drink segment within all the channels in our territory, demonstrating our capacity to grow and lead in other beverage categories.
- Demand for returnable presentations has increased; its 38.3% share of the product mix in 3Q14 is the highest level in the last 9 years.
- We continued our strategy of increasing our cooler coverage in the market by 4 percentage points to reach 77.8%.
- During 3Q14, jug water posted an 8.5% sales increase, thereby reverting last quarter's negative trend. For the first nine months of 2014, jug water sales increased 5.3%. This was mainly due to the introduction of jug water in Reynosa within the Direct-to-Home (DTH) routes. This business in Mexico reached 327 routes, representing 25% market share at the national level.
- Despite the challenging competitive environment, we achieved 2.2% growth in the Vending channel in 3Q14 vs 3Q13 and 2.8% growth in 9M14 vs 9M13. We also continued growing our coverage of machines with telemetry technology, which, combined with other operating efficiencies, led to an 11.9% reduction in operating costs in 3Q14.
- This quarter, the "Share a Coke" campaign became the most successful campaign of the Coca-Cola system in recent years, helping to reverse the downward trend in sales volume of the participating formats, 12-oz can and 600-ml PET, in our territory.
- With regard to the projects for continuous improvement in all of the Company's operations, in August of 2014, the Insurgentes plant in Monterrey was recognized by The Coca-Cola Company as the Benchmark Center for Operational Excellence, making it our second plant to receive this award at the global level.
- Bokados continues its growth trend in 2014, with higher sales, EBITDA and market share. This trend is thanks to the different initiatives such as the expansion of the Wise brand in Mexico reaching over 30 thousand customers in the traditional channel, presence in the top chains in the modern channel, as well as the success of mix-based products and the launching of products for specific markets such as popcorn and flaxseed-based products.
- Wise continued posting growth in sales and EBITDA, as well as expanding margins. This quarter we opened a new facility in Fort Worth, TX in order to continue expanding this business in Southeast, U.S. This plant is also strategically located near Mexico to obtain savings in exports to Mexico while ensuring the best quality of our product portfolio.

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; in the third quarter 2014 results in this report, we consolidate our proportional results in this business.

Table 4: South America Data

	3Q14	3Q13	Variation %	Jan - Sep '14	Jan - Sep '13	Variation %
Volume by Category (MUC)						
Colas	41.1	41.0	0.3	119.1	119.4	-0.3
Flavors	18.2	18.9	-3.7	56.2	57.8	-2.8
Sparkling Total Volume	59.3	59.9	-0.9	175.3	177.3	-1.1
Water*	5.9	6.2	-4.1	17.2	16.7	2.9
Still Beverages**	5.9	4.0	47.7	14.9	13.0	13.9
Total Volume	71.1	70.0	1.5	207.4	207.0	0.2
Mix (%)						
Returnable	32.8	28.9	3.9	31.8	29.6	2.2
Non Returnable	67.2	71.1	-3.9	68.2	70.4	-2.2
Multi-serve	82.7	83.3	-0.6	82.4	83.1	-0.7
Single-serve	17.3	16.7	0.6	17.6	16.9	0.7
Income Statement (MM MXP)						
Net Sales	3,929	3,490	12.6	10,744	10,048	6.9
EBITDA	622	599	3.9	1,816	1,696	7.0

* 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 12.6% to Ps. 3,929 million in 3Q14; excluding the effects of Toni, they decreased 4.2%. As of September 30, 2014, net sales were Ps. 10,744 million, 6.9% higher than in 3Q13 (down 4.5% excluding the effects of Toni). These results were due to the devaluation of the Argentine peso and the decline in purchasing power in Argentina.
- In 3Q14, total sales volume for South America increased 1.5%, when compared to 3Q13, with a 0.3% increase in colas and a 48% increase in still beverages. Sales volume for this region remained practically flat in 9M14.

- EBITDA for South America increased 3.9% to Ps. 622 million in 3Q14, for a margin of 15.8%. For 9M14, this line item grew 7% to Ps. 1,815 million, reflecting a 16.9% margin.
- During 3Q14, net income reached Ps. 245 million, representing a net margin of 6.2%. For the first nine months of 2014, this figure reached Ps. 777 million at a net margin of 7.2%.

Argentina

- Sales volume increased 1.6% in 3Q14, primarily due to the performance in colas, water and still beverages thanks to the expansion of the product portfolio to include more affordable options in response to the tough economic conditions and the decline in real term wages. The colas segment increased 1.4% while still beverages increased 62% when compared to the same period in 2013. In the first nine months of 2014, sales volume in Argentina decreased 1.5%.
- In our territories, we increased our mix of returnable packages by 4.1 percentage points thanks to the expansion of this product coverage, thereby maintaining affordability for our consumers.
- We continue expanding our portfolio with the launch of Cepita in 300 ml and 1,500 ml bottles to take advantage of our new hot-fill line.
- We continue increasing our cooler coverage in Argentina to drive growth in single-serve formats by installing 1,800 additional units this quarter, reaching 44.7% coverage.

Ecuador

- In 3Q14, sales volume in Ecuador increased 1.5%, mainly due to growth in still beverages, namely tea, and offset by a decline in sparking and single-serve water. In 9M14, volumes rose 1.7% when compared to 9M13, due mostly to single-serve water and still beverages.
- Single serve and returnable presentations have consistently improved in volume during the first nine months of the year, with 1.6 and 0.2 percentage point increases, respectively, bringing higher profitability to the operation.
- As of September 30, 2014, 80% of our one-way PET packaging use a percentage of PCR (Post-Consumer Recycled)
- In September, we initiated the Operational Excellence certification process in our operations in order to become the only bottler in the Coca-Cola system to have this grade of distinction at three plants.
- Inalecsa continues to be the brand with the highest growth in sales and EBITDA of our snack business, thanks to the expansion of coverage and the launching of new products.

RECENT EVENTS

- MSCI, a leading provider of investor information, added Arca Continental to its 2014 Sustainability Index, which includes the top rated companies in the areas of environmental and social responsibility as well as Corporate Governance.

CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on Friday, October 24, 2014 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/inversionistas or connect via telephone by dialing:

From within the U.S.	+1 800 311 9401
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Access Code: 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 85 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 53 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 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)

			Variation				Variation	
	3Q14	3Q13	MM MXP	%	Jan - Sep '14	Jan - Sep '13	MM MXP	%
Net sales	16,429	15,851	578	3.6	45,757	45,051	706	1.6
Cost of Sales	8,354	8,241	113	1.4	23,313	23,793	-480	(2.0)
Gross Profit	8,074	7,610	465	6.1	22,444	21,258	1,186	5.6
	49.1%	48.0%			49.1%	47.2%		
Selling Expenses	4,211	3,906	305	7.8	11,849	11,068	781	7.1
Administrative Expenses	884	908	-24	(2.6)	2,562	2,604	-42	(1.6)
Total Costs	5,095	4,814	281	5.8	14,411	13,672	739	5.4
	31.0%	30.4%			31.5%	30.3%		
Non Recurring Expenses	43	121	-78	(64.6)	99	214	-115	(53.9)
Operating Income before other income	2,937	2,675	262	9.8	7,934	7,372	562	7.6
Other Income (Expenses) ¹	99	76	23	30.8	233	120	113	93.7
Operating Income	3,036	2,751	285	10.4	8,167	7,492	675	9.0
	18.5%	17.4%			17.8%	16.6%		
Interest Expense Net	-248	-249	1	(0.3)	-731	-690	-42	6.0
Exchange Gain (Loss)	5	7	-3	(36.1)	-3	-25	22	(88.1)
Comprehensive Financial Results	-243	-241	-2	0.8	-734	-715	-19	2.7
Share of net income of associates ²	21	65	-45	(68.3)	54	138	-84	(60.9)
Earnings Before Taxes	2,813	2,575	238	9.3	7,487	6,915	572	8.3
Profit Taxes	910	788	122	15.5	2,366	2,028	338	16.7
Non-controlling interest	-73	-66	-7	11.2	-194	-199	4	(2.2)
Net Profit	1,830	1,721	109	6.3	4,927	4,688	238	5.1
	11.1%	10.9%			10.8%	10.4%		
Depreciation and amortization	660	634	25	4.0	1,951	1,884	67	3.6
EBITDA	3,738	3,506	232	6.6	10,217	9,590	627	6.5
	22.8%	22.1%			22.3%	21.3%		

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)

	September 30	December 31	Variation	
	2014	2013	MM MXP	%
ASSETS				
Cash and cash equivalents	9,888	2,566	7,322	285.4
Accounts receivable; Net	3,975	3,176	799	25.2
Inventories	2,539	2,317	221	9.6
Prepayments	291	180	111	61.6
Total Current Assets	16,693	8,239	8,454	102.6
Investments in shares and other investments	3,900	3,801	99	2.6
Property, plant and other equipment	24,827	24,171	656	2.7
Other non current assets	32,110	30,137	1,973	6.5
Total Assets	77,530	66,349	11,181	16.9
LIABILITIES				
Short term bank loans	2,883	2,376	507	21.3
Suppliers	5,267	4,297	970	22.6
Accounts payable and taxes	3,145	1,376	1,769	128.6
Total Current Liabilities	11,295	8,049	3,245	40.3
Bank Loans and long term liabilities	14,283	11,701	2,582	22.1
Deferred income tax and others	5,619	5,415	204	3.8
Total Liabilities	31,197	25,165	6,031	24.0
SHAREHOLDER'S EQUITY				
Non controlled participation	2,853	2,831	22	0.8
Capital Stock	28,746	29,066	(321)	-1.1
Retained Earnings	9,808	3,314	6,494	196.0
Net Profit	4,927	5,973	(1,046)	-17.5
Total Shareholders' Equity	46,334	41,184	5,150	12.5
Total Liabilities and Shareholders' Equity	77,530	66,349	11,181	16.9

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

	as of september 30	
	2014	2013
Earnings Before Taxes	7,487	6,915
Depreciation and amortization	1,951	1,884
Gain on sale and fixed assets impairment	414	435
Accrued interests	881	841
Operating cash flow before taxes	10,732	10,075
Cashflow generated/used in the operation	(511)	(3,003)
Operating cashflow after working capital	10,222	7,072
Investment Activities:		
Capital Expenditures and Investments (Net)	(4,945)	(3,784)
Financing Activities:		
Dividends paid	(104)	(2,492)
Share repurchase program	408	(238)
Debt amortization	2,704	2,755
Paid interests	(881)	(841)
Other	3	28
Net cash flow	2,130	(789)
Net increase of cash and equivalents	7,407	2,499
Change in Cash	(85)	(50)
Initial cash and equivalents balance	2,566	2,676
Final cash and equivalents balance	9,888	5,125