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AC

EARNINGS RELEASE

NET INCOME INCREASED 26% WITH EBITDA MARGIN GROWTH OF 110BPS IN 2Q13

Monterrey, Mexico, July 23, 2013 – Arca Continental, S.A.B. de C.V. (BMV: AC*), the second-largest Coca-Cola bottler in Latin America and the third largest Coca-Cola bottler worldwide announced today its results for the second quarter (“2Q13”).

Table 1: Financial Highlights

	Data in millions of Mexican pesos					Variation %
	2Q13	2Q12		Jan - Jun '13	Jan - Jun '12	
Total Beverage Volume (MUC)	360.5	356.7	1.1	662.8	656.7	0.9
Net Sales	15,825	14,786	7.0	29,200	27,137	7.6
EBITDA	3,588	3,189	12.5	6,056	5,302	14.2
Net Income	1,878	1,490	26.0	2,967	2,469	20.2

Total Beverage Volume includes jug water

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

SECOND QUARTER 2013 (2Q13) HIGHLIGHTS:

- Net sales reached Ps. 15,825 million representing an increase of 7%.
- EBITDA was Ps. 3,588 million with a margin of 22.7%, up 110 basis points.
- Net income grew 26% to Ps. 1,878 million with a margin of 11.9%.

FIRST HALF 2013 HIGHLIGHTS (1H13)

- Net sales reached Ps. 29,200 million, representing a 7.6% increase.
- EBITDA was Ps. 6,056 million with an EBITDA margin of 20.7%, up 120 basis points.
- Net income grew 20.2% to Ps. 2,967 million with a net margin of 10.2%, up 110 basis points.

COMMENTS FROM THE CHIEF EXECUTIVE OFFICER:

“The strong foundation Arca Continental has built over the years with pillars such as constant innovation of our product portfolio and outstanding customer and consumer service enable us to face the current challenges affecting the global consumer sector. Despite soft volume growth, during the second quarter of 2013, Arca Continental posted 26% net profit growth and an EBITDA margin of nearly 23%, driven by improved efficiency and the capturing of synergies,” stated Francisco Garza-Egloff, Chief Executive Officer.

“The double-digit growth we continue to achieve in the still beverages category drives us to innovate further and work towards capturing volume and value growth, at the same time reinforcing our leadership position in sparkling beverages. I’m pleased to report that Powerade has become the category leader within the traditional channel in our territories, thus motivating us to improve results further in the second half of the year,” he added.

CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS").

Table 2: Consolidated Data

	2Q13	2Q12	Variation %	Jan - Jun '13	Jan - Jun '12	Variation %
Volume by category (MUC)						
Colas	215.2	216.9	-0.8	398.0	399.8	-0.5
Flavors	52.2	52.9	-1.4	100.0	100.6	-0.5
Sparkling Total Volume	267.3	269.8	-0.9	498.1	500.4	-0.5
Water*	25.4	22.5	12.6	43.3	38.1	13.4
Still Beverages**	17.5	15.4	13.5	32.4	30.1	7.7
Volume excluding Jug	310.3	307.8	0.8	573.7	568.7	0.9
Jug	50.3	48.9	2.7	89.0	88.1	1.1
Total Volume	360.5	356.7	1.1	662.8	656.7	0.9
Income Statement (MM MXP)						
Net sales	15,825	14,786	7.0	29,200	27,137	7.6
EBITDA	3,588	3,189	12.5	6,056	5,302	14.2

* 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 reached Ps. 15,825 million in 2Q13 and Ps. 29,200 million for the first half of 2013, representing increases of 7% and 7.6%, respectively (10.7% and 11.1% on a currency neutral basis) compared to the same periods in 2012 (1.6% and 1.9% excluding Wise and Inalecsa, respectively).
- Total volume increased 1.1% in 2Q13 to 360.5 MUC as a result of the growth in water, still beverage and jug water segments.
- During 2Q13, cost of goods sold rose 2.3% compared to 2Q12 mainly due to lower sweetener prices and the appreciation of the peso (-4.9% excluding Wise and Inalecsa). Consolidated gross profit grew 12.7% to Ps. 7,548 million. Consolidated gross margin was 47.7%, an increase of 240 basis points. During 1H13, consolidated gross profit was Ps. 13,648 million with a 46.7% gross margin, up 210 basis points compared to 1H12.

- Selling and administrative expenses rose 10.6% (6.7% excluding Wise and Inalecsa) from Ps. 4,171 million in 2Q12 to Ps. 4,613 million in 2Q13 primarily as a result of the increase in marketing expenses and higher depreciation from a larger investment in sales equipment. As of June 30, 2013, selling and administrative expenses reached Ps. 8,858 million, an increase of 9.9% (6.1% excluding Wise and Inalecsa).
- Consolidated operating income for 2Q13 increased 19.3% (17.5% excluding Wise and Inalecsa) compared to 2Q12, reaching Ps. 2,903 million with an operating margin of 18.3%. For the first half of 2013, operating income totaled Ps. 4,714 million with an operating margin of 16.1%.
- Consolidated EBITDA for 2Q13 grew 12.5% (10% excluding Wise and Inalecsa) to Ps. 3,588 million representing a margin of 22.7%, up 110 basis points, the highest in the Arca Continental's history.. For the first half of 2013, EBITDA rose 14.2% (11.3% excluding Wise and Inalecsa) to Ps. 6,056 million with a margin of 20.7%, an increase of 120 basis points compared to 1H12. On a currency neutral basis, EBITDA grew 15% during 2Q13 and 17% during the 1H13.
- The integral cost of financing in 2Q13 reached Ps. 251 million compared to Ps. 202 million in 2Q12. Net financial expenses were Ps. 287 million in 2Q13 compared to Ps. 248 million in 2Q12 due principally to the CEBURES that were issued in March 2013.
- Provisions for income taxes were Ps. 773 million in 2Q13, an increase of 5.7% compared to 2Q12. The effective tax rate for the period was 29.1%.
- As a result of the above, Arca Continental reported net income of Ps. 1,878 million in 2Q13, up 26%, with a net margin of 11.9%. For the first half of 2013, net income reached Ps. 2,967 million reflecting a net margin of 10.2%.

BALANCE SHEET AND CASH FLOW STATEMENT

- As of June 30, 2013, the Company reported a cash balance of Ps. 4,417 million and debt of Ps. 14,313 million, resulting in net debt to cash of Ps. 9,896 million. Net debt to EBITDA ratio was 0.78x.
- Net operating cash flow reached Ps. 3,764 million as of June 30, 2013.
- Investment in fixed assets reached Ps. 1,746 million, mainly allocated towards sales equipment, returnable bottles, production capacity and logistics.

AC NORTH AMERICA

Due to the recent acquisitions of the snack companies Wise Foods (“Wise”) in the U.S., and Industrias Alimenticias Ecuatorianas (“Inalecsa”) in Ecuador, as of 4Q12, Arca Continental will begin reporting 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

	2Q13	2Q12	Variation %	Jan - Jun '13	Jan - Jun '12	Variation %
Volumen by Category (MUC)						
Colas	177.1	178.8	-1.0	319.6	320.5	-0.3
Flavors	33.9	35.0	-3.2	61.1	62.0	-1.5
Sparkling Total Volume	211.0	213.8	-1.3	380.7	382.5	-0.5
Water*	19.8	19.0	4.2	32.7	31.0	5.6
Still Beverages**	12.8	10.8	19.1	23.4	20.3	14.9
Volume excluding jug	243.7	243.6	0.0	436.8	433.8	0.7
Jug	50.3	48.9	2.7	89.0	88.1	1.1
Total Volume	293.9	292.6	0.5	525.8	521.9	0.7
Mix (%)						
Returnable	35.4	35.2	0.2	35.2	35.8	-0.6
Non Returnable	64.6	64.8	-0.2	64.8	64.2	0.6
Multi-serve	51.1	50.2	0.9	51.1	50.1	1.0
Single-serve	48.9	49.8	-0.9	48.9	49.9	-1.0
Income Statement (MM MXP)						
Net Sales	12,654	11,755	7.7	22,643	20,898	8.3
EBITDA	3,076	2,745	12.1	4,959	4,351	14.0

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

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

NORTH AMERICA OPERATING RESULTS

- In 2Q13, EBITDA reached Ps. 3,076 million, an increase of 12.1%, representing a margin of 24.3%, up 90 basis points.
- Net sales for Mexico Beverages reached Ps. 11,299 million in 2Q13, an increase of 1.9% while sales volume grew 0.5% to 293.9 MUC. The average price per unit case excluding jug water increased 1.7% to Ps. 46.37.

- The water and still beverages segments contributed to volume growth with increases of 4.2% and 19.1%, respectively in 2Q13. The Company expanded the specialized pre-sale model of emerging beverages. Currently, the Company has 199 specialized routes which led to Arca Continental contributing 52% of the domestic growth in this category.
- Powerade registered positive results in 2Q13 as Arca Continental tailored different strategies according to the opportunity of each territory. Total volume increased 26% in 2Q13 when compared to 2Q12 leading the traditional channel in this category.
- The Company initiated the implementation of Route to Market (RTM) in Tereos and Durango. Additionally, the Company initiated its phase of construction of the RTM Modern Channel and RTM@Work; these are specialized service models for key channels within the Coca-Cola system.
- The Direct-to-Home (“DTH”) program registered sales growth of 15.7%, increasing the distribution routes of soft drinks, emerging beverages and jug water. Jug water sales volume increased 2.7%, while soft drinks and emerging beverages grew 9.7%.
- Arca Continental installed SAP CRM in its Televenta operations and DIGA in the Contact Center, thus unifying the customer service and operations of the different franchise zones, optimizing the work loads and maximizing productivity.
- During 2Q13, Vending revenues increased 12% compared to 2Q12. The Company successfully initiated snacks operations in Aguascalientes, San Luis Potosi, Durango and the Comarca Lagunera. Arca Continental continued to improve its operating model, based on the use of telemetry in order to reduce operating and maintenance costs.
- Topo Chico continued to strengthen as a quality brand in the United States; exports increased 2.6% and the Nostalgia Project continues to post positive results, resulting in 41.2% sales volume growth when compared to 2Q12.
- During 2Q13, Bokados continued its strong sales growth trend when compared to 2Q12, showing positive business growth. The Company continued with its growth plan and expansion of new distribution routes, supported by the recent launching of Wise in Monterrey and Guadalajara.
- As part of the Company’s strategy of having a shared product portfolio between Bokados, Wise and Inalecsa, the Company began simultaneously distributing various Wise products within Mexico via the modern channel as well as the traditional distribution channel.
- Wise continued to increase its coverage in the modern channel and the southern part of the United States, achieving double-digit EBITDA growth.

AC SOUTH AMERICA

Table 4: South America Data

	2Q13	2Q12	Variation %	Jan - Jun '13	Jan - Jun '12	Variation %
Volumen by Category (MUC)						
Colas	38.1	38.1	0.0	78.4	79.4	-1.3
Flavors	18.2	17.9	2.1	39.0	38.6	1.0
Sparkling Total Volume	56.4	56.0	0.7	117.4	118.0	-0.5
Water*	5.5	3.5	58.4	10.5	7.2	47.2
Still Beverages**	4.7	4.7	0.5	9.1	9.8	-7.1
Total Volume	66.6	64.2	3.8	137.0	134.9	1.5
Mix (%)						
Returnable	29.3	30.9	-1.6	30.1	32.1	-2.0
Non Returnable	70.7	69.1	1.6	69.9	67.9	2.0
Multi-serve	82.6	82.0	0.6	83.1	82.5	0.6
Single-serve	17.4	18.0	-0.6	16.9	17.5	-0.6
Income Statement (MM MXP)						
Net Sales	3,171	3,032	4.6	6,557	6,238	5.1
EBITDA	513	444	15.4	1,097	951	15.4

* 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 rose 4.6% to Ps. 3,171 million in 2Q13 due to the increase of prices, as well as greater sales volumes in Argentina and Ecuador.
- During 2Q13, total sales volume for South America grew 3.8%, driven by an increase in flavors, water and still beverage segments. Flavored water continued to show positive results, posting 58% growth.
- EBITDA for South America increased 15.4% to Ps. 513 million in 2Q13, reflecting an EBITDA margin of 16.2%, up 160 basis points.
- Net Income increased 280 basis points to Ps. 204 million, up 86.3%.

Argentina

- Sales volume grew 2.4% in 2Q13, due to the continued execution and investment in the market. The colas segment increased 2%, while water and still beverages rose 18.8% and 6.8%, respectively.
- Due to its adequate price architecture and product portfolio, the Company has been able to adjust prices in the traditional and modern channels.
- In the still beverages segment, the Company continued to expand its coverage and gain market share; as a result sales volume for this category increased by 7%.
- During this quarter, the Company launched Fuze Tea in 1.45 Lt. and 475 ml formats in the premium segment of this category.
- Arca Continental and Coca-Cola Argentina launched for the first time Coca-Cola Life[®] worldwide, the first Cola beverage naturally sweetened with sugar and stevia. This unique offering is added to the portfolio of low or zero calories beverage along with Coca-Cola Light and Coca-Cola Zero.
- We initiated the in-line blowing project at the Tucuman plant, where we will install a 20-cavity blower to connect two non-returnable PET lines in order to improve efficiency and lower production costs.

Ecuador

- Sales volume in Ecuador rose 5.0% compared to 2Q12 thanks to the positive performance of the flavors segment and single serve water, with increases of 4% and 99.3%, respectively.
- The Company expanded coverage of returnable formats in key markets, derived from the product portfolio development, with 1250 ml and 2 Lt Ref-Pet presentations. As a result, the Company gained 0.7 p.p. in market share in 2Q13, compared to 2Q12.
- Arca Continental has invested heavily in refrigeration equipment in order to increase its coverage of chilled products in key sales points, thereby increasing the per capita consumption in Ecuador.
- Inalecsa expanded its coverage in the modern channel and developed its distribution network in Guayaquil and Quito.

RECENT EVENTS

- On April 29, 2013, Arca Continental paid a cash dividend of Ps. 1.50 (one peso and fifty cents) per share, equivalent to approximately Ps. 2,417 million.
- Arca Continental received the “Top Management Award” from Latin Finance magazine. In order to select the winning company, Latin Finance editors evaluate qualitative and quantitative factors, including market opinions via surveys.

CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on Tuesday, July 23, 2013 to discuss these results at 10:00 am Mexico/Monterrey time, 11:00 am New York time.

To participate, please dial:

- +1 800 311 9401 (From within the U.S.)
 - +001 800 368 1029 (Toll free within Mexico)
 - +1 334 323 7224 (International participants)
- Access code: 36151

There will also be a live webcast of this event available at:
<http://www.arcacontal.com/inversionistas>

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, 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 soft drinks, 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	
	2Q13	2Q12	MM MXP	%	Jan - Jun '13	Jan - Jun '12	MM MXP	%
Net sales	15,825	14,786	1,039	7.0	29,200	27,137	2,063	7.6
Cost of Sales	8,277	8,089	187	2.3	15,552	15,030	522	3.5
Gross Profit	7,548	6,697	851	12.7	13,648	12,107	1,541	12.7
	47.7%	45.3%			46.7%	44.6%		
Selling Expenses	3,735	3,350	385	11.5	7,162	6,390	772	12.1
Administrative Expenses	878	821	57	6.9	1,696	1,667	28	1.7
Total Costs	4,613	4,171	442	10.6	8,858	8,057	801	9.9
	29.1%	28.2%			30.3%	29.7%		
Non Recurring Expenses	30	166	-136		93	166	-73	(44.0)
Operating Income before other income	2,905	2,360	545	23.1	4,697	3,883	814	21.0
Other Income (Expenses)	-2	75	-76	(102.4)	17	158	-141	(89.4)
Operating Income	2,903	2,434	469	19.3	4,714	4,041	673	16.6
	18.3%	16.5%			16.1%	14.9%		
Interest Expense Net	-226	-235	8	(3.6)	-441	-424	-17	4.0
Exchange Gain (Loss)	-25	33	-57	(176.3)	-32	15	-47	(321.0)
Comprehensive Financial Results	-251	-202	-49	24.2	-474	-409	-64	15.7
Earnings Before Taxes	2,652	2,232	420	18.8	4,240	3,632	609	16.8
Profit Taxes	773	731	42	5.7	1,240	1,118	122	11.0
Net Controlling Interest Income	-2	-11	9	(80.1)	-33	-45	12	(26.1)
Net Profit	1,878	1,490	387	26.0	2,967	2,469	498	20.2
	11.9%	10.1%			10.2%	9.1%		
Depreciation and amortization	655	589	66	11.3	1,249	1,094	155	14.2
EBITDA	3,588	3,189	399	12.5	6,056	5,302	755	14.2
	22.7%	21.6%			20.7%	19.5%		

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

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

Consolidated Balance Sheet

(millions of Mexican pesos)

	June 30	December 31	Variation	
	2013	2012	MM MXP	%
ASSETS				
Cash and cash equivalents	4,417	2,676	1,741	65.0
Accounts receivable; Net	3,720	3,429	291	8.5
Inventories	2,507	2,345	162	6.9
Prepayments	275	183	92	50.1
Total Current Assets	10,919	8,633	2,286	26.5
Investments in shares and other investments	3,097	2,983	114	3.8
Property, plant and other equipment	22,869	22,524	345	1.5
Other non current assets	30,406	30,311	95	0.3
Total Assets	67,291	64,451	2,840	4.4
LIABILITIES				
Short term bank loans	683	710	(27)	-3.8
Suppliers	4,737	4,274	463	10.8
Accounts payable and taxes	1,532	2,691	(1,159)	-43.1
Total Current Liabilities	6,952	7,675	(723)	-9.4
Bank Loans and long term liabilities	13,630	10,732	2,898	27.0
Deferred income tax and others	5,232	4,941	291	5.9
Total Liabilities	25,814	23,348	2,466	10.6
SHAREHOLDER'S EQUITY				
Non controlled participation	2,556	2,497	59	2.4
Capital Stock	29,079	29,076	3	0.0
Retained Earnings	6,875	4,485	2,390	53.3
Net Profit	2,967	5,045	(2,077)	-41.2
Total Shareholders' Equity	41,477	41,103	374	0.9
Total Liabilities and Shareholders' Equity	67,291	64,451	2,841	4.4

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

	as of June 31	
	2013	2012
Earnings Before Taxes	4,340	3,683
Depreciation and amortization	1,249	1,094
Gain on sale and fixed assets impairment	143	(77)
Accrued interests	547	477
Operating cash flow before taxes	6,279	5,178
Cashflow generated/used in the operation	(2,515)	(910)
Operating cashflow after working capital	3,764	4,268
Investment Activities:		
Capital Expenditure (Net)	(1,793)	(1,718)
Financing Activities:		
Dividends paid	(2,435)	(2,417)
Share repurchase program	(22)	263
Debt amortization	2,822	(1,046)
Paid interests	(547)	(410)
Other	(17)	0
Net cash flow	(198)	(3,610)
Net increase of cash and equivalents	1,773	(1,060)
Change in Cash	(32)	(32)
Initial cash and equivalents balance	2,676	3,298
Final cash and equivalents balance	4,417	2,206