

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

New York  
**Melanie Carpenter**  
 i-advize Corporate  
 Communications  
 Ph: (212) 406-3692  
 arcacontal@i-advize.com

**Fidel Salazar**  
 fidel.salazar@arcacontal.com  
 Ph: 52 (81) 81-51-1400 Ext. 11513



**Felipe R. Barquín Goris**  
 felipe.barquin@arcacontal.com  
 Ph: 52 (81) 8151-1674

## EARNINGS RELEASE

### REVENUES GREW 5.6% WITH EBITDA UP 7.7% IN 3Q20

Monterrey, Mexico, October 27, 2020 – Arca Continental, S.A.B. de C.V. (BMV: AC\*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America, announced its results for the third quarter and first nine months of 2020 (“3Q20” and “9M20”).

**Table 1: Financial Highlights**

DATA IN MILLIONS OF MEXICAN PESOS						
	3Q20	3Q19	Variation %	Jan-Sep'20	Jan-Sep'19	Variation %
Total Beverage Volume (MUC)	554.7	587.4	-5.6	1,593.7	1,678.8	-5.1
Net Sales	44,811	42,415	5.6	126,649	121,319	4.4
EBITDA	8,642	8,024	7.7	23,514	22,387	5.0
Net Income	2,744	2,733	0.4	7,757	7,252	7.0

Total Beverage Volume includes jug water

Net sales not including Revenues outside the territory (OT) in USA

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

### 3Q20 HIGHLIGHTS

- Net Sales were 5.6% higher than 3Q19, reaching Ps. 44,811 million.
- EBITDA totaled Ps. 8,642 million for a margin of 19.3%, representing an increase of 7.7% when compared to 3Q19 and an expansion of 40 basis points.
- Net Income rose 0.4%, representing a margin of 6.1% totaling Ps. 2,744 million.

### 9M20 HIGHLIGHTS

- Net Sales increased 4.4% to Ps. 126,649 million.
- EBITDA totaled Ps. 23,514 million, 5.0% higher than 3Q19 for a margin of 18.6%.
- Net Income grew 7.0% to Ps. 7,757 million for a margin of 6.1%, up 10 basis points.

### COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

Focused on developing actions to counteract the effects of the pandemic in our territories, during the quarter we promoted an affordable product portfolio with a flexible price/pack architecture, supported by an agile execution at the point of sale. This enabled to grow our revenue by 5.6% and EBITDA by 7.7%, with a strong performance of our operations in Mexico and the U.S.”, stated Arturo Gutierrez, Chief Executive Officer of Arca Continental.

“Furthermore, we maintain our full commitment to provide support for our associates and customers in the face of the current economic challenges, while at the same time, improving our commercial capabilities by deploying digital initiatives and operating discipline to deliver profitable results for our shareholders”, he added

## CONSOLIDATED RESULTS

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

### TABLE 2: CONSOLIDATED DATA

	3Q20	3Q19	Variation %	Jan-Sep'20	Jan-Sep'19	Variation %
<b>Volume by category (MUC)</b>						
Colas	297.6	301.4	-1.3	844.3	852.1	-0.9
Flavors	96.9	109.8	-11.8	286.2	326.1	-12.3
<b>Sparkling Total Volume</b>	<b>394.5</b>	<b>411.3</b>	<b>-4.1</b>	<b>1,130.4</b>	<b>1,178.2</b>	<b>-4.1</b>
Water*	54.5	65.1	-16.3	160.3	186.8	-14.2
Still Beverages**	45.6	49.4	-7.6	126.3	136.8	-7.7
<b>Volume excluding Jug</b>	<b>494.6</b>	<b>525.7</b>	<b>-5.9</b>	<b>1,417.1</b>	<b>1,501.8</b>	<b>-5.6</b>
Jug	60.1	61.7	-2.6	176.6	177.0	-0.2
<b>Total Volume</b>	<b>554.7</b>	<b>587.4</b>	<b>-5.6</b>	<b>1,593.7</b>	<b>1,678.8</b>	<b>-5.1</b>
<b>Income Statement (MM MXP)</b>						
Net Sales***	44,811	42,415	5.6	126,649	121,319	4.4
EBITDA	8,642	8,024	7.7	23,514	22,387	5.0
EBITDA Margin	19.3%	18.9%	40 bps	18.6%	18.5%	10 bps

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

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

\*\*\* Net Sales not including Revenues outside the territory (OT) in USA

## FINANCIAL ANALYSIS

### INCOME STATEMENT

- During 3Q20, net sales reached Ps. 44,811 million, up 5.6% (-1.9%, currency neutral) compared to 3Q19. In the first nine months of 2020, they increased 4.4% (-1.6% currency neutral) compared to last year to Ps. 126,649 million.
- Total volume declined 5.6% in the third quarter, mainly due to the negative impact of the pandemic on mobility and a slow reopening of certain channels; this was partially offset by positive results recorded in Argentina. In the first nine months of 2020, consolidated volume decreased 5.1% with the sparkling category, mainly colas, showing the greatest resilience during the period with a 0.9% drop.
- In 3Q20, cost of sales increased 5.3% as a result of the increase in concentrate price in Mexico, which was partially offset by lower PET prices.



- Consolidated gross profit reached Ps. 20,266 million, an increase of 6.1% compared to 3Q19, representing a gross margin of 45.2%, 10 basis points higher than 3Q19. In 9M20, gross profit rose 5.4% to Ps. 57,050 million, reaching a gross margin of 45.0%, 40 basis points higher compared to last year.
- Selling and administrative expenses increased 6.3% (-1.1% currency neutral) to Ps. 14,238 million from Ps. 13,391 million in 3Q19; mainly due to the FX effect on our US dollar and Peruvian sol operations; to date we have recorded efficiencies of Ps. 1,919 million. For the first nine months of 2020, this line item reached Ps. 41,383 million, up 6.6% (0.9% currency neutral) for a margin of 32.7%, 70 bases points above last year.
- Consolidated operating income for 3Q20 reached Ps. 6,045 million, an increase of 9.4% when compared to 3Q19, representing an operating margin of 13.5%. Total expenses incurred related to COVID-19 were Ps. 160 million, out of which Ps. 143 million were recorded as operating expenses and Ps. 17 million as non-recurring expenses. As of September 2020, consolidated operating income rose 2.2% reaching Ps. 15,466 million, which represents an operating margin of 12.2%.
- In 3Q20, EBITDA increased 7.7% (2.1% currency neutral) to Ps. 8,642 million for a margin of 19.3%, 40 basis points above 3Q19. Accumulated in the year, EBITDA reached Ps. 23,514 million, up 5.0% (0.6% currency neutral) when compared to 2019, for an EBITDA margin of 18.6%, 10 basis points higher than last year.
- The comprehensive financing result for 3Q20, when compared to 3Q19, increased 54.6% to Ps. 1,097 million, as a result of our significant cash position in US dollars, which led to a greater foreign exchange loss from the appreciation of the Mexican peso during the quarter. In 9M20, this line item declined 26.0% to Ps. 1,942 million.
- In 3Q20, the effective tax rate was 31% for an amount totaling Ps. 1,501 million, 2.9% higher than 3Q19. As of September 2020, the effective tax rate was 30%.
- Net income for 3Q20 was Ps. 2,744 million, up 0.4% compared to 3Q19, reflecting a net margin of 6.1% or 30 basis points lower than last year. In 9M20 net income was Ps. 7,757 million which represents a net margin of 6.1%, 10 basis points higher than 9M19.

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

- As of September 30, 2020, the cash balance was Ps. 32,435 million and total debt was Ps. 58,260 million, for a net debt position of Ps. 25,824 million. The Net Debt/EBITDA ratio was 0.8x.
- Net operating cash flow reached Ps. 21,935 million as of September 2020.
- CAPEX for the period totaled Ps. 4,025 million, mainly allocated towards coolers, returnable packaging, information technology installed in the market, as well as projects aimed at achieving production and distribution efficiencies.



## Mexico

Arca Continental reports its information for three regions: Mexico, United States and South America, (which includes Peru, Argentina and Ecuador). Each region includes results for the beverage and complementary businesses.

**TABLE 3: MEXICO DATA**

	3Q20	3Q19	Variation %	Jan-Sep'20	Jan-Sep'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	192.6	196.8	-2.1	536.1	539.2	-0.6
Flavors	35.8	40.3	-11.0	98.6	109.5	-9.9
<b>Sparkling Total Volume</b>	<b>228.4</b>	<b>237.0</b>	-3.6	<b>634.7</b>	<b>648.7</b>	-2.2
Water*	28.8	33.0	-12.7	78.6	86.4	-9.0
Still Beverages**	17.9	18.6	-3.9	49.8	53.0	-6.1
<b>Volume excluding jug</b>	<b>275.1</b>	<b>288.6</b>	-4.7	<b>763.1</b>	<b>788.1</b>	-3.2
Jug	58.5	59.5	-1.6	170.7	168.7	1.2
<b>Total Volume</b>	<b>333.7</b>	<b>348.2</b>	-4.2	<b>933.8</b>	<b>956.8</b>	-2.4
<b>Mix (%)</b>						
Returnable	33.7	31.9	1.8	33.5	31.6	1.9
Non Returnable	66.3	68.1	-1.8	66.5	68.4	-1.9
Multi-serve	60.1	54.5	5.6	59.7	53.8	5.9
Single-serve	39.9	45.5	-5.6	40.3	46.2	-5.9
<b>Income Statement (MM MXP)</b>						
Net Sales	19,179	18,817	1.9	52,251	51,147	2.2
EBITDA	4,791	4,585	4.5	12,791	11,926	7.3
EBITDA Margin	25.0%	24.4%	60 bps	24.5%	23.3%	120 bps

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

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

## OPERATING RESULTS FOR MEXICO

- Net sales for Mexico reached Ps. 19,179 million during 3Q20, an increase of 1.9%. Sales volume declined 4.7% to 275 MUC (excluding jug water). Average sales price per unit case, excluding jug water, was Ps. 65.8, an increase of 6.2% as a result of selective price adjustments, aligned with initiatives rolled out in Revenue Growth Management. For 9M20, net sales increased 2.2% to Ps. 52,251 million and volume reached 763 MUC, 3.2% below the same period of last year.
- In 3Q20, EBITDA for Mexico increased 4.5% and reached Ps. 4,791 million, representing a margin of 25%, 60 basis points above 3Q19.



- During the quarter we launched Topo Chico Hard Seltzer, thus entering the alcoholic beverage category, and becoming the first bottler to distribute such products. We began by positioning it in supermarkets, convenience stores, winery shops and restaurants.
- Returnable presentations increased in mix as a result of successful initiatives implemented, such as the Universal Bottle, with pilots beginning in Aguascalientes and San Luis Potosi, and finalizing its introduction in Jalisco to achieve 70% coverage. In addition, we carried out promotions that strengthened the position of multi-serve returnable presentations.
- In the first nine months of the year, market share posted a positive performance largely due to the growth in still beverage categories, such as water, isotonic, juices and nectars.
- During the quarter, multi-serve presentations continued posting growth as a result of affordability initiatives, particularly in Direct-to-Home and the traditional channel.
- In August we launched Predator Energy, an affordable brand to strategically participate in the energy drink segment, achieving 30% coverage in the traditional channels.
- During 3Q20, we rolled-out commercial cross-promotions with Bokados at special prices, which achieved a 100% retention for Bokados and 47% coverage.
- In the water category, we implemented key initiatives to mitigate the drop during the contingency, generating rotation, increasing coverage and strengthening multi-serve packages.
- The traditional channel continued showing its resilience during the contingency with growth of more than 5 percentage points in mix over other channels. We continue providing support with over 70 thousand safety kits for consumers at the point of sale achieving a reactivation of 22 thousand customers. In addition, we implemented a new program to capture new customers, providing training to support the opening of new stores; we received around 7 thousand requests for this program from new customers, which represents an increase of 50% versus pre-contingency levels.
- In the Direct-to-Home channel, we launched a new version of the website with new features to enhance user experience. The channel recorded a 13% increase in customers thanks to initiatives such as the inclusion of new presentations to maximize the drop-size of private homes and buildings in Monterrey, Guadalajara and Aguascalientes, as well as generate synergies with customers of the @work channel to promote this platform among its employees.
- Yomp!, our point of sale platform for the traditional channel, closed the quarter with over 8,000 customers. Revenue per transaction increased by 3.8 times when compared to 2019, mainly due to segmentation of customers with the highest potential, which is reflected in a greater number of transactions and customer retention.
- Bokados posted high single-digit sales growth and low single-digit volume growth in the quarter driven by growth in the traditional channel. During the quarter we started to distribute a complete line of pastries under the brand name Vualá, which generated incremental sales and higher route productivity.

## UNITED STATES

The U.S. includes the beverage businesses of CCSWB and the snacks businesses of Wise and Deep River.

**TABLE 4: UNITED STATES DATA**

	3Q20	3Q19	Variation %	Jan-Sep'20	Jan-Sep'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	50.9	50.9	0.0	150.3	147.9	1.7
Flavors	27.6	28.8	-4.2	81.1	82.8	-2.1
<b>Sparkling Total Volume</b>	<b>78.5</b>	<b>79.7</b>	<b>-1.5</b>	<b>231.4</b>	<b>230.7</b>	<b>0.3</b>
Water*	14.3	16.1	-11.0	41.9	44.6	-6.2
Still Beverages**	19.6	21.7	-9.8	51.7	55.7	-7.3
<b>Total Volume</b>	<b>112.4</b>	<b>117.5</b>	<b>-4.4</b>	<b>325.0</b>	<b>331.1</b>	<b>-1.8</b>
<b>Mix (%)</b>						
Multi-serve	65.2	59.8	5.4	67.0	61.5	5.5
Single-serve	34.8	40.2	-5.4	33.0	38.5	-5.5
<b>Income Statement (MM MXP)</b>						
Net Sales***	17,943	15,741	14.0	50,549	44,183	14.4
EBITDA	2,431	1,978	22.9	6,577	5,315	23.7
EBITDA Margin	13.6%	12.6%	100 bps	13.0%	12.0%	100 bps

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

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

\*\*\* Net Sales not including Revenues outside the territory (OT) in USA

### OPERATING RESULTS FOR THE U.S.

- Net sales for the U.S. reached Ps. 17,943 million in 3Q20, 14% higher than 3Q19. Sales volume was 112 MUC, down 4.4% due mainly to the on-premise channel still affected by partially closing; this was offset in part by the strong performance of the large store channel.
- EBITDA for the U.S. reached Ps. 2,431 million in 3Q20, for a margin of 13.6% which represents an increase of 100 basis points when compared to 3Q19. These results reflect the consistent strategy of increasing prices in line with inflation and the operating discipline to manage expenses .
- Our price-pack strategy to push high margin packages enabled us to deliver strong topline results, growing prices above inflation in 3Q20. The net price rose 4.9% with a 4.8% true rate increase and a positive mix effect of 0.1%; leveraged by high revenue packages such as 12oz cans, transaction packages, energy category and Body Armor.
- In terms of categories, the value share of energy drinks grew with increases of 0.6 percentage points in Coke Energy and Reign while mineral water was up 3.3 percentage point with Topo Chico and AHA.
- We accelerated our digital agenda during the pandemic, particularly the e-commerce platform mycoke.com, as customers shifted to online shopping. During the third quarter, the number of ordering customers on mycoke.com grew 31% when compared to 2Q20.



- The expansion of our digital capabilities has been a key pillar during the period. To increase customer loyalty and satisfaction, we deployed the first myCoke Mobile App and rolled-out the myCoke Wallet feature in partnership with Coca-Cola North America. Both new functionalities offer a better customer experience on the contactless ordering process.
- In advanced analytics we continued the test pilot for suggested orders in convenience stores where we introduced a portfolio of more than 60 SKUs over the course of four months which resulted in 83% incidence of SKU re-buy pattern. This solution was rolled out to all convenience stores towards the end of the third quarter.
- At Wise, sales declined by mid-single digits during the quarter mainly to the impact of contractions in the tortilla and the private labels categories, partially offset by a positive performance in the popcorn category and Deep River brand products. We also completed the launch of new flavors in the potato chip and popcorn categories. Furthermore, the e-commerce channel continued posting a solid performance in the quarter driven by Deep River and Wise maintaining their sales levels.



## South America

South America includes beverage operations in Peru, Argentina, Ecuador and the Inalecsa snacks business.

**TABLE 4: SOUTH AMERICA DATA**

	3Q20	3Q19	Variation %	Jan-Sep'20	Jan-Sep'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	54.1	53.7	0.7	157.8	164.9	-4.3
Flavors	33.5	40.8	-17.9	106.5	133.8	-20.4
<b>Sparkling Total Volume</b>	<b>87.6</b>	<b>94.5</b>	<b>-7.3</b>	<b>264.3</b>	<b>298.8</b>	<b>-11.6</b>
Water*	11.3	16.0	-29.2	39.9	55.7	-28.5
Still Beverages**	8.2	9.1	-10.1	24.8	28.1	-11.5
<b>Volume excluding jug</b>	<b>107.1</b>	<b>119.6</b>	<b>-10.5</b>	<b>329.0</b>	<b>382.6</b>	<b>-14.0</b>
Jug	1.5	2.2	-28.8	5.9	8.4	-29.6
<b>Total Volume</b>	<b>108.6</b>	<b>121.8</b>	<b>-10.8</b>	<b>334.8</b>	<b>391.0</b>	<b>-14.4</b>
<b>Mix (%)</b>						
Returnable	33.2	30.6	2.6	33.4	30.2	3.2
Non Returnable	66.8	69.4	-2.6	66.6	69.8	-3.2
Multi-serve	76.6	66.2	10.4	75.1	66.3	8.8
Single-serve	23.4	33.8	-10.4	24.9	33.7	-8.8
<b>Income Statement (MM MXP)</b>						
Net Sales	7,690	7,857	-2.1	23,849	25,989	-8.2
EBITDA	1,420	1,461	-2.8	4,147	5,146	-19.4
EBITDA Margin	18.5%	18.6%	-10 bps	17.4%	19.8%	-240 bps

\* 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

- The South American region posted a 2.1% decline in net sales to reach Ps. 7,690 million in 3Q20.
- In 3Q20, total sales volume (excluding jug water) for South America decreased 10.5% to 107 MUC, due to declines in volume for Peru and Ecuador, which were partially offset by growth in Argentina.
- EBITDA for South America was down 2.8% to Ps. 1,420 million in 3Q20, reflecting a margin of 18.5% for a dilution of 10 basis points.





## Peru

- During 3Q20, sales volume declined 15.9%, mainly due to the mobility restrictions during the contingency. Nevertheless, there was a sequential improvement as a result of efficiencies in customer service, adapting our service models, deployment of digital tools, boosting the reopening of stores and finding ways to reach consumers directly.
- Our value share increased during the quarter due to initiatives implemented towards returnable multi-serve packages, particularly of Fanta and Sprite brands at affordable prices and an aim to strengthen consumer base of Inca Kola and Coca-Cola brand products.
- In terms of channels, the traditional channel showed the greatest resilience with only a 1% decline in the third quarter and 5% growth in September year-over-year. This result was achieved thanks to communication plans implemented, such as “Mi Bodega Abierta” or “My Open Store”, a free website where the customer can find tools to manage their business in a safe way, including downloadable material such as signage, space dividers and ways to build promotions.
- The AC Digital platform, our B2B application to facilitate order generation, has been implemented at 34,000 customer locations in the third quarter. We tested presale models together with taking orders through AC Digital.
- The new Direct-to-Home channel generated over 4,000 orders during the third quarter through our platform focused on the consumer and the development of different promotions based on new consumption occasions.

## Ecuador

- In Ecuador during 3Q20, sales volume declined 11.7%, showing a sequential improvement compared to the previous quarter given the reopening of customers throughout the quarter, with the on-premise channel continuing to be the most affected.
- We focused our efforts during the contingency to reconfigure our product portfolio to optimize the functionality of the value chain and bring affordability to the market, by utilizing returnability as a competitive advantage. In addition, we have strengthened our commercial capabilities to ensure visits, service and execution for all open customers, combined with big bets on our digital development focused on evolving the way in which consumers make their purchases and how we serve customers.
- In the third quarter, Inalecsa posted double-digit decreases in volume and revenue, therefore its strategy has focused on deploying the AC Digital platform to reach and meet the new needs of customers during this situation, facilitating direct orders from the application. In addition, we continue with its geographic expansion in territories such as Machala, Santa Elena and Cuenca. Furthermore, with the understanding that our consumers need more affordable products, we have strengthened the portfolio with a series of packages at lower prices for consumption occasions in all sweet and salty categories.
- During 3Q20, Tonicorp continued facing a challenging environment due to the pandemic with the sector showing declining demand. We reconfigured our portfolio to adapt to the needs of consumers with high-value-added products oriented towards affordability.



## Argentina

- Sales volume increased 2.1% stemming from the result of support plans implemented with our customers, through returnable packages and digital communication, with commercial dynamics aimed at consumers achieving affordable price points.
- AC Digital has reported significant progress since its implementation and to date it has been implemented in 9 of our 10 provinces, reaching a total of more than 9,000 customers as of September, of which 95% have placed orders and 53% have placed re-orders.
- We launch the new Fanta Apple in Tucuman, Santiago del Estero and Jujuy, promoting an affordable multi-service presentation with the goal of strengthening this segment.



## ESG

- Arca Continental was ratified for the fifth consecutive year to the London Stock Exchange's FTSE4Good Index, which lists the world's publicly-traded companies with the strongest commitment to best environmental, social and corporate governance practices.
- As part of the Mexican Coca-Cola industry, AC participated in the delivery of ventilators to FUNSALUD for the treatment of patients affected by Covid-19. This program was part of our social investing strategy to confront the pandemic, aimed at three major pillars: support for the healthcare system, assistance to vulnerable groups and protecting the value chain.
- In Argentina, Coca-Cola Argentina, Arca Continental and other organizations advanced in the promotion of the circular economy model with the installation of two Eco Points to receive recyclable material from the Iguazu area. Furthermore, in the coming weeks, other actions will be taken to strengthen the work of the recycling co-op group "Cooperativa de Reciclaje Cataratas", by providing options for residents to separate their recyclable waste as well as a plan to bring awareness, in general, to the public.

## RECENT EVENTS

- On September 30, 2020, Arca Continental paid an extraordinary cash dividend of Ps. 1.50 per share, in one single payment, equivalent to a total amount of Ps. 2,646 million. The payout ratio for 2020 reached 72%.

## CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on October 27, 2020 to discuss these results at 10:00 am Mexico/Monterrey time / 12:00 pm New York time. A live webcast of this event will be available at [www.arcacontal.com](http://www.arcacontal.com) or connect via telephone.

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 markets beverages under The Coca-Cola Company brand, as well as snacks under the Bokados brand in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. With an outstanding history spanning more than 94 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America, and one of the largest in the world. Through its Coca-Cola franchise, the company serves more than 123 million people in the Northern and Western regions in Mexico, as well as in Ecuador, Peru, in the Northern region of Argentina, and in the Southwestern United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker "AC". For more information about 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)

	3Q20	3Q19	Variation		Jan-Sep'20	Jan-Sep'19	Variation	
			MM MXP	%			MM MXP	%
<b>Net Sales</b>	<b>44,811</b>	<b>42,415</b>	2,396	5.6	<b>126,649</b>	<b>121,319</b>	5,330	4.4
Cost of Sales	24,546	23,306	1,239	5.3	69,599	67,168	2,431	3.6
<b>Gross Profit</b>	<b>20,266</b>	<b>19,109</b>	1,157	6.1	<b>57,050</b>	<b>54,150</b>	2,900	5.4
	45.2%	45.1%			45.0%	44.6%		
Selling Expenses	11,941	11,295	646	5.7	34,677	32,615	2,062	6.3
Administrative Expenses	2,297	2,096	202	9.6	6,706	6,191	514	8.3
<b>Total Costs</b>	<b>14,238</b>	<b>13,391</b>	847	6.3	<b>41,383</b>	<b>38,806</b>	2,576	6.6
	31.8%	31.6%			32.7%	32.0%		
Non Recurring Expenses	145	283	-138	-48.8	669	660	10	1.5
<b>Operating Income before other income</b>	<b>5,882</b>	<b>5,434</b>	448	8.2	<b>14,997</b>	<b>14,684</b>	313	2.1
Other Income (Expenses) <sup>1,2</sup>	162	93	69	74.8	468	449	19	4.3
<b>Operating Income</b>	<b>6,045</b>	<b>5,527</b>	517	9.4	<b>15,466</b>	<b>15,133</b>	333	2.2
	13.5%	13.0%			12.2%	12.5%		
Interest Expense Net	-870	-882	12	-1.3	-2,682	-2,694	12	-0.5
Exchange Gain (Loss)	-208	34	-242	-716.0	774	-44	818	-1844.8
Monetary position result	-18	139	-157		-34	114	-148	
Comprehensive Financial Results	-1,097	-709	-388	54.6	-1,942	-2,624	683	-26.0
Share of net income of associates <sup>3</sup>	-53	-18	-35		-23	26	-49	-189.0
<b>Earnings Before Taxes</b>	<b>4,895</b>	<b>4,800</b>	94	2.0	<b>13,501</b>	<b>12,534</b>	967	7.7
Profit Taxes	1,501	1,459	42	2.9	4,070	3,623	446	12.3
Non-controlling interest	-650	-609	-41	6.8	-1,675	-1,659	-15	0.9
<b>Net Profit</b>	<b>2,744</b>	<b>2,733</b>	11	0.4	<b>7,757</b>	<b>7,252</b>	505	7.0
	6.1%	6.4%			6.1%	6.0%		
Depreciation and amortization	2,452	2,213	239	10.8	7,379	6,595	784	11.9
<b>EBITDA</b>	<b>8,642</b>	<b>8,024</b>	619	7.7	<b>23,514</b>	<b>22,387</b>	1,127	5.0
EBITDA / Net Sales	19.3%	18.9%			18.6%	18.5%		

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 Nogales

<sup>2</sup> Includes net effect from Revenues outside the territory (OT) in USA

<sup>3</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)

	September 30	December 31	Variation	
	2020	2019	MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	32,435	22,051	10,384	47.1
Accounts receivable; Net	10,246	10,686	-440	-4.1
Inventories	8,258	7,948	310	3.9
Prepayments	1,170	671	499	74.4
<b>Total Current Assets</b>	<b>52,109</b>	<b>41,357</b>	10,752	26.0
Investments in shares and other investments	8,068	8,168	-100	-1.2
Property, plant and other equipment	75,960	71,937	4,022	5.6
Assets right of use	1,095	1,177	-82	
Other non current assets	130,910	115,808	15,103	13.0
<b>Total Assets</b>	<b>268,142</b>	<b>238,447</b>	29,695	12.5
<b>LIABILITIES</b>				
Short term bank loans	7,266	6,761	505	7.5
Suppliers	8,115	7,545	570	7.6
Short term lease	266	248		
Accounts payable and taxes	14,788	13,197	1,590	12.1
<b>Total Current Liabilities</b>	<b>30,434</b>	<b>27,751</b>	2,682	9.7
Bank Loans and long term liabilities	50,994	46,500	4,493	9.7
Long term lease	853	935	-82	
Deferred income tax and others	24,776	21,874	2,902	13.3
<b>Total Liabilities</b>	<b>107,056</b>	<b>97,060</b>	9,996	10.3
<b>SHAREHOLDER'S EQUITY</b>				
Non-controlling interest	33,254	28,491	4,763	16.7
Capital Stock	982	982	0	0.0
Retained Earnings	119,094	102,326	16,768	16.4
Net Profit	7,757	9,588	-1,831	-19.1
<b>Total Shareholders' Equity</b>	<b>161,086</b>	<b>141,387</b>	19,700	13.9
<b>Total Liabilities and Shareholders' Equity</b>	<b>268,142</b>	<b>238,447</b>	29,695	12.5



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

### Cash Flow Statement

(millions of Mexican pesos)

	as of September 30	
	2020	2019
<b>Earnings Before Taxes</b>	<b>13,501</b>	<b>12,534</b>
Depreciation and amortization	7,379	6,595
Gain on sale and fixed assets impairment	623	308
Foreign exchange	-740	-70
Accrued interests	2,682	2,694
<b>Operating cash flow before taxes</b>	<b>23,445</b>	<b>22,062</b>
Cashflow generated/used in the operation	-1,510	-1,617
<b>Operating cashflow after working capital</b>	<b>21,935</b>	<b>20,445</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	-3,392	-6,974
Financing Activities:		
Dividends paid	-7,275	-4,058
Share repurchase program	-108	103
Debt amortization	149	-836
Paid interests	-3,313	-3,091
Other	-470	-322
<b>Net cash flow</b>	<b>-11,016</b>	<b>-8,204</b>
Net increase of cash and equivalents	7,527	5,267
Change in Cash	2,857	-187
<b>Initial cash and equivalents balance</b>	<b>22,051</b>	<b>15,941</b>
<b>Final cash and equivalents balance</b>	<b>32,435</b>	<b>21,020</b>



## Additional Financial Information

### Information by Segments 3Q20

	Beverage Segments					Other		Total
	Mexico	USA	Peru	Argentina	Ecuador	Business*	Eliminations	
<b>Volume by Segment</b>	<b>333.7</b>	<b>112.4</b>	<b>51.2</b>	<b>27.0</b>	<b>30.3</b>			<b>554.7</b>
<b>Sales by Segment</b>	<b>18,390</b>	<b>16,631</b>	<b>3,146</b>	<b>1,446</b>	<b>2,822</b>	<b>2,761</b>	<b>-384</b>	<b>44,811</b>
Intersegment Sales	-258	0	-33	0	-2	-91	384	0
<b>Net Sales from intersegments</b>	<b>18,131</b>	<b>16,631</b>	<b>3,113</b>	<b>1,446</b>	<b>2,820</b>	<b>2,670</b>	<b>0</b>	<b>44,811</b>
Operating Income	3,971	1,640	281	85	160	-92	0	6,045
<b>EBITDA</b>	<b>4,752</b>	<b>2,372</b>	<b>679</b>	<b>213</b>	<b>483</b>	<b>143</b>	<b>0</b>	<b>8,642</b>
EBITDA / Net Sales	26.2%	14.3%	21.8%	14.7%	17.1%	5.4%		19.3%
Non Recurring Expenses	43	26	25	1	44	6	0	145
Depreciation and amortization	737	707	373	127	279	229	0	2,452
Financial Income	730	3	237	11	14	12	0	1,007
Financial Expenses	1,401	184	441	26	41	11	0	2,105
Share of net income of associates	-53	0	0	0	0	0	0	-53
Earnings Before Taxes	3,247	1,458	77	69	134	-91	0	4,895
<b>Total Assets</b>	<b>66,868</b>	<b>115,061</b>	<b>46,141</b>	<b>8,675</b>	<b>24,612</b>	<b>13,477</b>	<b>-6,692</b>	<b>268,142</b>
Investment in associates companies	7,058	641	0	370	0	0	0	8,068
Total Liabilities	43,196	40,273	16,648	1,349	6,189	3,174	-3,772	107,056
CAPEX	2,333	1,158	208	157	186	215	0	4,256

\*Others includes Food & Snacks Division, Vending and other subsidiaries not related to Beverage segments

### Information by Segments Jan-Sep'20

	Beverage Segments					Other		Total
	Mexico	USA	Peru	Argentina	Ecuador	Business*	Eliminations	
<b>Volume by Segment</b>	<b>933.8</b>	<b>325.0</b>	<b>166.3</b>	<b>78.4</b>	<b>90.2</b>			<b>1,593.7</b>
<b>Sales by Segment</b>	<b>50,059</b>	<b>46,775</b>	<b>10,220</b>	<b>4,379</b>	<b>8,348</b>	<b>7,985</b>	<b>-1,117</b>	<b>126,649</b>
Intersegment Sales	-699	0	-114	0	-4	-300	1,117	-0
<b>Net Sales from intersegments</b>	<b>49,360</b>	<b>46,775</b>	<b>10,106</b>	<b>4,379</b>	<b>8,343</b>	<b>7,685</b>	<b>0</b>	<b>126,649</b>
Operating Income	10,439	3,903	842	91	453	-262	0	15,466
<b>EBITDA</b>	<b>12,645</b>	<b>6,429</b>	<b>2,098</b>	<b>525</b>	<b>1,370</b>	<b>447</b>	<b>0</b>	<b>23,514</b>
EBITDA / Net Sales	25.6%	13.7%	20.8%	12.0%	16.4%	5.8%		18.6%
Non Recurring Expenses	-0	382	145	4	88	50	0	669
Depreciation and amortization	2,207	2,144	1,112	429	829	658	0	7,379
Financial Income	4,365	27	1,155	40	28	48	0	5,663
Financial Expenses	4,911	541	1,863	89	127	74	0	7,605
Share of net income of associates	-23	-0	0	0	0	0	0	-23
Earnings Before Taxes	9,869	3,390	133	42	354	-288	0	13,501
<b>Total Assets</b>	<b>66,868</b>	<b>115,061</b>	<b>46,141</b>	<b>8,675</b>	<b>24,612</b>	<b>13,477</b>	<b>-6,692</b>	<b>268,142</b>
Investment in associates companies	7,058	641	0	370	0	0	0	8,068
Total Liabilities	43,196	40,273	16,648	1,349	6,189	3,174	-3,772	107,056
CAPEX	2,333	1,158	208	157	186	215	0	4,256

\*Others includes Food & Snacks Division, Vending and other subsidiaries not related to Beverage segments



### Total Debt AC

	2020	2021	2022	2023	2024	2025	2026	2027	...	2029	...	2032	Total
Debt Maturity Profile	4,306	7,593	8,328	6,083	3,683	1,582	2,372	6,354		8,978		8,978	58,260
% of Total	7.4%	13.0%	14.3%	10.4%	6.3%	2.7%	4.1%	10.9%		15.4%		15.4%	100.0%

Credit Rating	Local	Global	Outlook
Fitch	AAA(mex)	A	Stable
Moody's	Aaa.mx	A2	Negative
S&P	mxAAA	-	Stable

### Average exchange rate

	3Q20	3Q19	YoY
MXN	22.26	19.53	14.0%
PEN	6.28	5.84	7.4%
ARS	0.30	0.39	-22.0%

### End of period exchange rate

	3Q20	2Q20	3Q19
MXN	22.36	23.13	19.68
PEN	6.22	6.54	5.84
ARS	0.29	0.33	0.34

Note: The information in these tables is available for download in MS Excel format at the following link:  
<http://www.arcacontal.com/investors/financial-reports.aspx>

