

## EARNINGS RELEASE

### REVENUES GREW 2.3% WITH EBITDA UP 1.8% IN 2Q20

Monterrey, Mexico, July 24, 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 second quarter and first half of 2020 (“2Q20” and “6M20”).

**Table 1: Financial Highlights**

DATA IN MILLIONS OF MEXICAN PESOS						
	2Q20	2Q19	Variation %	Jan-Jun'20	Jan-Jun'19	Variation %
Total Beverage Volume (MUC)	527.1	580.5	-9.2	1,038.9	1,091.4	-4.8
Net Sales	42,945	41,982	2.3	81,837	78,903	3.7
EBITDA	8,235	8,091	1.8	14,872	14,363	3.5
Net Income	2,335	2,818	-17.1	5,013	4,519	10.9

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

### 2Q20 HIGHLIGHTS

- Net Sales reached Ps. 42,945 million, up 2.3% when compared to 2Q19.
- EBITDA totaled Ps. 8,235 million, a margin of 19.2%, representing an increase of 1.8%.
- Net Income declined 17.1% to Ps. 2,335 million for a margin of 5.4%.

### 6M20 HIGHLIGHTS

- Net Sales increased 3.7% to Ps. 81,837 million.
- EBITDA totaled Ps. 14,872 million, 3.5% higher than 2Q19 for a margin of 18.2%.
- Net Income grew 10.9% to Ps. 5,013 million for a margin of 6.1%.

### COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

“In one of the most challenging quarters in our company’s history, we carried out a comprehensive plan to deal with the health crisis, focused primarily on the safety of our team members and support for the community, as we adapted our service models to drive the competitiveness of our customers and the value chain. These actions, combined with strict control of expenses, enabled us to achieve 2.3% revenue growth and 1.8% in EBITDA at the consolidated level”, stated Arturo Gutierrez, Chief Executive Officer of Arca Continental.

“Supported by the commitment and professionalism of our team, we will continue improving digital processes and execution at the point of sale in line with current market dynamics, and at the same time, seek to capitalize on our scale to protect the profitability of our business, maintaining a firm commitment to protect our people and serve the communities in which we operate”, he added.

## CONSOLIDATED RESULTS

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

**TABLE 2: CONSOLIDATED DATA**

	2Q20	2Q19	Variation %	Jan-Jun'20	Jan-Jun'19	Variation %
<b>Volume by category (MUC)</b>						
Colas	291.6	296.1	-1.5	546.6	550.7	-0.7
Flavors	89.4	110.3	-18.9	189.3	216.3	-12.5
<b>Sparkling Total Volume</b>	<b>381.0</b>	<b>406.4</b>	<b>-6.3</b>	<b>735.9</b>	<b>766.9</b>	<b>-4.0</b>
Water*	45.7	64.1	-28.7	105.8	121.7	-13.1
Still Beverages**	39.2	47.1	-16.7	80.7	87.4	-7.7
<b>Volume excluding Jug</b>	<b>465.9</b>	<b>517.6</b>	<b>-10.0</b>	<b>922.4</b>	<b>976.0</b>	<b>-5.5</b>
Jug	61.1	62.9	-2.8	116.5	115.4	1.0
<b>Total Volume</b>	<b>527.1</b>	<b>580.5</b>	<b>-9.2</b>	<b>1,038.9</b>	<b>1,091.4</b>	<b>-4.8</b>
<b>Income Statement (MM MXP)</b>						
Net Sales***	42,945	41,982	2.3	81,837	78,903	3.7
EBITDA	8,235	8,091	1.8	14,872	14,363	3.5
EBITDA Margin	19.2%	19.3%	-10 bp	18.2%	18.2%	0.0

\* 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 2Q20, net sales increased 2.3% (-7.4%, excluding FX effect), compared to 2Q19, reaching Ps. 42,945 million. This line item reached Ps. 81,837 million in the first half of 2020, up 3.7% (-1.5% excluding FX effect) compared to last year.
- During 2Q20, sales volume, excluding jug water, declined 10.0% compared to the same period last year, mainly due to the negative performances in all our operations, with Peru and Ecuador being the most affected as a result of the measures implemented to restrict mobility in those countries.
- In the 2Q20, cost of sales increased 1.7%, mainly as a result of the FX effect on our US dollar operations and the increase in concentrate prices in Mexico during 2019, partially offset by lower PET prices in all of the operations. For the first half of the year, this line item increased by 2.7%, compared to last year.



- Consolidated gross profit reached Ps. 19,349 million, an increase of 3.0% compared to 2Q19, representing a gross margin of 45.1%, 40 basis points higher than 2Q19. In 6M20, gross profit rose 5.0% to Ps. 36,784, reaching a gross margin of 44.9%, 50 basis points higher compared to last year.
- Selling and administrative expenses increased 5.3% (-3.8% excluding FX effect) to Ps. 13,825 million from Ps. 13,131 million in 2Q19; mainly due to the FX effect in our US dollar operations, partially offset by our spending control initiatives in operations. For the first half of the year, this line item reached Ps. 27,144 million, up 6.8% (2% excluding FX effect) compared to 6M19.
- At the close of 2Q20, consolidated operating income declined 3.9%, mainly from expenses related to the initiatives implemented to respond to the health emergency in the various operations. The total amount of expenses incurred related to COVID-19 was Ps. 327 million, out of which Ps. 135 million were recorded as operating expenses and Ps. 192 million as non-recurring expenses. In 6M20, consolidated operating income declined 1.9%, reaching Ps. 9,421 million, and an operating margin of 11.5%.
- In 2Q20, EBITDA increased 1.8% (-5.4% excluding FX effect), reaching Ps. 8,235 million, and an EBITDA margin of 19.2%. In 6M20, EBITDA was Ps. 14,872 million, up 3.5% (unchanged excluding FX effect), and an EBITDA margin of 18.2%, compared to 6M19.
- The comprehensive financing result for 2Q20 reached Ps. 1,326 million, up 43.3% compared to 2Q19, due to a greater exchange loss, as a result of our cash position in US dollars and the appreciation of the Mexican peso. In 6M20, this line item declined 55.9% due to a significant depreciation of the Mexican peso in 1Q20.
- In 2Q20, the income tax was Ps. 1,252 million, 2.7% lower than the same period last year, reflecting an effective tax rate of 30.0%. This reduction is in line with the decline in net income before taxes, derived from the foreign exchange loss due to the appreciation of the Mexican peso. In 6M20, the effective tax rate was 29.8%.
- Arca Continental's net income for 2Q20 was Ps. 2,335 million, a 17.1% decline compared to 2Q19, reflecting a net margin of 5.4%. In 6M20, the trend was positive, registering 10.9% growth, and a net margin of 6.1%, up 40 basis points compared to 6M19.

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

- As of June 2020, the cash balance was Ps. 30,554 million and total debt was Ps. 59,627 million, for a net debt position of Ps. 29,072 million. The Net Debt/EBITDA ratio was 0.9x.
- Net operating cash flow reached Ps. 13,651 million in 2Q20.
- CAPEX for the period totaled Ps. 2,712 million, mainly allocated towards returnable packing and improvements in distribution and production capacities, which includes investments in the new plant in Houston, Texas at the beginning of the year.



## 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**

	2Q20	2Q19	Variation %	Jan-Jun'20	Jan-Jun'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	190.9	189.5	0.8	343.5	342.5	0.3
Flavors	33.8	39.4	-14.1	62.8	69.2	-9.3
<b>Sparkling Total Volume</b>	<b>224.8</b>	<b>228.9</b>	<b>-1.8</b>	<b>406.3</b>	<b>411.7</b>	<b>-1.3</b>
Water*	26.0	32.4	-19.6	49.7	53.4	-6.9
Still Beverages**	16.0	18.7	-14.2	31.9	34.4	-7.2
<b>Volume excluding jug</b>	<b>266.8</b>	<b>280.0</b>	<b>-4.7</b>	<b>487.9</b>	<b>499.5</b>	<b>-2.3</b>
Jug	59.9	60.3	-0.8	112.2	109.2	2.8
<b>Total Volume</b>	<b>326.7</b>	<b>340.3</b>	<b>-4.0</b>	<b>600.1</b>	<b>608.6</b>	<b>-1.4</b>
<b>Mix (%)</b>						
Returnable	34.3	31.2	3.1	33.4	31.5	1.9
Non Returnable	65.7	68.8	-3.1	66.6	68.5	-1.9
Multi-serve	63.7	53.4	10.4	59.4	53.4	6.0
Single-serve	36.3	46.6	-10.4	40.6	46.6	-6.0
<b>Income Statement (MM MXP)</b>						
Net Sales	17,938	18,054	-0.6	33,072	32,330	2.3
EBITDA	4,891	4,493	8.9	8,000	7,341	9.0
EBITDA Margin	27.3%	24.9%	240 bp	24.2%	22.7%	150 bp

\* 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. 17,938 million during 2Q20, a decline of Ps. 0.6% compared to 2Q19. Sales volume reached 266.8 MUC (excluding jug water), a decline of 4.7% compared to 2Q19, mainly due to the measures implemented to restrict mobility. Average sales price per unit case, excluding jug water, was Ps. 63.5, an increase of 3.9% compared to 2Q19, as a result of selective price increases and better discount management.
- In 2Q20, EBITDA for Mexico increased 8.9% to Ps. 4,891 million, representing a margin of 27.3%, 240 basis points above 2Q19.



- The colas category showed resilience to the contingency. This line item posted an increase in volume of 0.8% as a result of the initiatives implemented in the traditional channel and the growth in multi-serve presentations, mainly the 3-liter non-returnable. This result was offset by the negative performance in the flavors category, due to the closures in entertainment and on-premise channels, where this category records high demand.
- In 2Q20, the traditional channel registered a positive performance. As a result of our efforts to ensure customer service and promote the reopening of closed stores with initiatives such as “*Tienda Segura*” (Safe Store) and the continuous visit programs aiming to provide customers with protective tools for themselves and their consumers, protective and cleaning kits were delivered to over 200 thousand customers.
- In 2Q20, the Company implemented activities to boost consumption, mainly by focusing all efforts to improve single-serve presentations and the flavors category, as well as by developing and creating greater availability of returnable products, with the aim of protecting the affordability of our products. In addition, activities were generated to increase the repurchase through cross-selling initiatives with Bokados.
- The most affected channels due to the health contingency were entertainment, education and on-premise, mainly caused by the total or partial closure of stores and venues throughout the country. These three channels represented 2.9% of total volume. The traditional channel continued to post significant growth as a result of changes in consumption trends given consumer preference for mom & pops stores to reduce exposure and time out of the home.
- The dairy category posted positive results, mainly driven by single-serve products, such as 450ml, 225ml and 235ml presentations and multi-serve 1L presentation, which have had a positive performance within the traditional and direct to home channels.
- Multi-serve presentations registered increases in sparkling water, dairy and colas categories as a result of high demand of products in larger formats due to the voluntary stay-at-home order, and the preference of stocking up on products to reduce the need to leave the house, and the closure of channels with greater availability of single-serve products.
- At the beginning of the quarter, we promoted the Direct to Home Channel, thus expanding its coverage to 7 additional cities, where discounts were granted through the “Coca-Cola en tu Hogar” website, aimed at promoting and integrating new consumers to the platform. Additionally, more distribution vehicles were provided with devices for credit card collection.
- During 2Q20, 131 distribution routes were improved, therefore achieving efficiencies in distribution costs. Moreover, in May, we launched a dynamic route model in the Zapopan plant, which consists of balancing and reducing working hours of the sales force, as well as balancing the productivity of the routes.
- Bokados posted a positive performance in terms of sales and profitability, mainly driven by the traditional channel, as well as the e-commerce positioning strategy for the supermarket platforms, in order to better position the Bokados products online. In addition, efficiencies were made through changes in work shifts, adjustments to the marketing plan and reducing operating expenses as part of the spending control plan.



## 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**

	2Q20	2Q19	Variation %	Jan-Jun'20	Jan-Jun'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	53.0	52.2	1.6	99.4	96.9	2.5
Flavors	28.1	28.8	-2.6	53.5	54.0	-1.0
<b>Sparkling Total Volume</b>	<b>81.1</b>	<b>81.0</b>	<b>0.1</b>	<b>152.9</b>	<b>151.0</b>	<b>1.3</b>
Water*	12.4	15.0	-17.8	27.5	28.5	-3.5
Still Beverages**	17.1	19.4	-11.8	32.1	34.1	-5.7
<b>Total Volume</b>	<b>110.6</b>	<b>115.4</b>	<b>-4.2</b>	<b>212.6</b>	<b>213.6</b>	<b>-0.5</b>
<b>Mix (%)</b>						
Multi-serve	70.1	63.2	6.9	67.9	62.5	5.4
Single-serve	29.9	36.8	-6.9	32.1	37.5	-5.4
<b>Income Statement (MM MXP)</b>						
Net Sales***	18,142	15,261	18.9	32,606	28,441	14.6
EBITDA	2,519	1,996	26.2	4,145	3,338	24.2
EBITDA Margin	13.9%	13.1%	80 bp	12.7%	11.7%	100 bp

\* 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.

- During 2Q20, total revenues for the U.S. increased 18.9% to Ps. 18,142 million. Sales volume decreased 4.2% to 110.6 MUC, due to the double-digit decline in water and still categories, partially offset by the favorable performance in colas and the efficiency initiatives.
- EBITDA for the U.S. reached Ps. 2,519 million in 2Q20, increasing 26.2% and expanding in EBITDA margin by 80bps when compared to 2Q19.
- The net price for the quarter increased 2.7% as a result of the selective price increases made at the beginning of the year and the rescheduling of promotions, partially offset by a negative effect in mix. As the Food Service/On-Premise ("FSOP") channel begins to reopen, we have observed a gradual improvement in mix.
- The Large stores channel grew 4.4% during the quarter from the increase in traffic at retail stores and the recovery of the convenience store channel. This demonstrates our ability to adapt effectively to change, operate more efficiently and accelerate our strategic priorities; but above all, it showed our capacity to restore operations.
- In terms of channels, 23,000 customers of the FSOP channel have reopened since the start of quarantine; the focus has been to drive traffic to their points of sale with promotions and banners, both physical and digital. Additionally, our primary task has been to ensure our products are available to support increasing takeout sales. Meanwhile, in the retail stores, our focus has been on ensuring availability of core products, as demand has increased and simplifying promotional offers.



- During the quarter, we have expanded the digital presence of our products on our customers' online platforms and on all intermediary sales sites. The enhancement of our customer ordering platform, myCoke.com, together with the support of the customer service center, has enabled us to reach more customers. During 2Q20, 38% of FSOP customers utilized this platform to order their products.
- During 2Q20, we started the development of a tailored-made customer prioritization model for our FSOP channel to accelerate value and revenue capture as the new normality settles in. This prioritization engine combines different segmentation and prediction modules that will allow to clearly identify the priority customers for the different revamped strategies for the channel. We have also started with the testing of our automated ordering and product recommendation based on advanced analytics tools for convenience stores.
- E-commerce has gained more relevance and become a key pillar for the present and future. Consequently, we continue to build the strategy for online business around three pillars: myCoke.com ordering platform, e-commerce customers, and building capabilities.
- At Wise snacks, we delivered positive results in EBITDA during the quarter as a result of the initiatives that were implemented to address the situation, including the development of opportunities on digital platforms where we recorded the best e-commerce performance with significant volume growth in this channel for Wise and Deep River.



## South America

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

**TABLE 5: SOUTH AMERICA DATA**

	2Q20	2Q19	Variation %	Jan-Jun'20	Jan-Jun'19	Variation %
<b>Volume by Category (MUC)</b>						
Colas	47.6	54.4	-12.5	103.7	111.2	-6.8
Flavors	27.5	42.1	-34.7	73.0	93.0	-21.6
<b>Sparkling Total Volume</b>	<b>75.1</b>	<b>96.5</b>	<b>-22.2</b>	<b>176.7</b>	<b>204.3</b>	<b>-13.5</b>
Water*	7.3	16.7	-56.0	28.5	39.8	-28.2
Still Beverages**	6.1	9.0	-32.7	16.7	19.0	-12.2
<b>Volume excluding jug</b>	<b>88.5</b>	<b>122.2</b>	<b>-27.6</b>	<b>221.9</b>	<b>263.0</b>	<b>-15.6</b>
Jug	1.3	2.6	-50.4	4.3	6.2	-29.9
<b>Total Volume</b>	<b>89.8</b>	<b>124.8</b>	<b>-28.0</b>	<b>226.2</b>	<b>269.2</b>	<b>-16.0</b>
<b>Mix (%)</b>						
Returnable	35.2	30.5	4.7	33.5	30.1	3.4
Non Returnable	64.8	69.5	-4.7	66.5	69.9	-3.4
Multi-serve	83.7	66.1	17.6	74.4	66.3	8.0
Single-serve	16.3	33.9	-17.6	25.6	33.7	-8.0
<b>Income Statement (MM MXP)</b>						
Net Sales	6,865	8,667	-20.8	16,159	18,132	-10.9
EBITDA	825	1,603	-48.5	2,726	3,685	-26.0
EBITDA Margin	12.0%	18.5%	-650 bp	16.9%	20.3%	-340 bp

\* 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 20.8% decline in net sales to reach Ps. 6,865 million in 2Q20. The drop in sales as mainly due to the weaker performances of the operations in Ecuador and Peru.
- In 2Q20, total sales volume for South America decreased 27.6% (excluding jug water) to 88.5 MUC, due mostly to the decreases in flavors and water categories which were down 34.7% and 56.0%, respectively.
- EBITDA for South America was down 48.5% to Ps. 825 million, diluting the margin by 650bps versus 2Q19, to 12.0%.



## Peru

- During 2Q20, sales volume declined 34.2%, with April posting the highest decline; sequential improvements were registered in the two subsequent months. This decrease was partially offset by the cola and stills categories.
- We were able to maintain our market share as a result of plans implemented to reinforce the presence of our brands, including the launch of returnable multi-serve packs of Fanta to protect the affordability of our products, as well as a campaign to reposition the Inca Kola brand.
- During the quarter, the traditional channel was the most resilient thanks to its proximity to consumers; it registered a 15.8% decline in volume compared to 2Q19. Nevertheless, it has reported a sequential improvement and in June it grew by 3.0%.
- The traditional channel was stimulated during the contingency by a plan called “*Mi Bodega Abierta*” (My Open Store) with messaging aimed at customers on how to remain safely open. In addition, we implemented new service models such as Direct to Home routes and the digitalization of our 4,000 customers through the AC Digital platform.

## Ecuador

- Sales volume in Ecuador declined 28.2% in 2Q20 mainly due to the impact of restrictions on mobility that were imposed at the start of the quarter, with water and stills categories being the most affected. However, all our brands are now in a recovery stage, and notably, Coca-Cola and Inca Kola posted positive results for June.
- In 2Q20, we implemented the “*Mi Tienda Segura*” (My Safe Store) initiative, which aims to drive the reopening of stores through the distribution of sanitation kits, effective communications and awareness campaigns regarding the role of the vendor within the community and the importance of having them remain open during this situation. During the program, around 23,000 stores in the traditional channel participated.
- During the contingency, we observed changes in consumer habits who spent more time at home for which, during the quarter, we continued strengthening the Home Channel through the development of capabilities which yielded favorable results in 2Q20 with an average of 10 routes and a base of over 5,000 consumers. Likewise, taking advantage of these consumption occasions, we have strengthened the returnability strategy, mainly towards multi-serve presentations.
- This quarter we launched the initiative called “*Vecino Seguro*” (Safe Neighbor), a program aimed at company associates and their families with the goal of responsibly supplying their neighborhoods or residential communities. Through the registration of the participant, we take orders for the beverage business, Tonicorp and Inalecsa, and we deliver it according to the logistical route assigned by the commercial area. To date, over 866 active consumers have been added since the launch of this program.
- We continued adjusting our service models in order to provide the optimal customer service: distribution route adjustments to make deliveries more efficient, phone calls to reduce the number of in person visits and the implementation of a B2B tool aimed at guaranteeing efficient and continued service, an initiative that reached 7,200 customers in the first phase of its deployment.



- At Tonicorp, in 2Q20 we implemented a strategy focused on maintaining active communication with consumers through digital and social media platforms. This helped us maintain brand leadership in these categories, while strengthening our relationships with customers and consumers.
- At Inalecsa during the quarter net sales and EBITDA posted double-digit growth. This quarter we began selling Tortolines through the Amazon platform in the U.S. in salt, sweet, spicy, lemon and garlic flavors. This distribution will give us coverage in all 50 states.

## Argentina

- Sales volume declined 10.3% mainly due to the decreases in flavors and water categories or 38.5% and 24.0%, respectively. This was partially offset by the solid performance of returnable and multi-serve packages of colas.
- In 2Q20, in response to the contingency and in light of the mobility restrictions, we worked on strengthening our Route to Market (RTM) capabilities through phone sales that increased our daily interactions from 60 to 85 customers. As a result, we migrated to a hybrid service model that included 3 phone calls and 3 in person visits, we added more customers per route and maintained the number of visits to closed customers to incentivize their reopening.
- We implemented a plan during the quarter to protect the affordability of our products through different initiatives such as greater coverage of Aquarius in 2-liter Universal Bottle, the launch of Cepita Fresh in 1.5-liter non-returnable in two flavors – orange and grapefruit – as well as leveraging the capacity of our returnable formats in order to maintain strategic and competitive pricing during the quarter.
- At the start of the quarter, we launched AC Digital under a pilot program in Salta, thereby advancing the implementation of this tool by more than 3 months. To date, it has been implemented in 7 of the 10 provinces in which we operate, achieving 57% of registered customers and 69% of customers with orders received.



## RECENT EVENTS

- On July 22, 2020, Fitch Ratings announced the ratification of the investment grade rating for Arca Continental, AC Bebidas, and Arca Continental Lindley, at both the global and national levels. The agency confirmed its “A” long-term credit rating in its global scale for AC and ACBE, and the “AAA(mex)” rating in its national scale, with a stable outlook. For Arca Continental Lindley, the agency also ratified its global “A” rating, with a stable outlook.
- On June 23, 2020, Arca Continental was selected to join the new sustainability index launched jointly by Standard & Poor’s Dow Jones Index and the Mexican Stock Exchange. This recommendation validates the Company’s conviction to make sustainability an integral part of every business process.
- On April 2020, Arca Continental’s Annual Shareholders’ Meeting approved the payment of a cash dividend of Ps. 2.42 per share, in one single payment as of April 16, 2020, equivalent to a total of Ps. 4,270 million. This dividend represented an increase of 5.2% when compared to the dividend paid in 2019.

## CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on July 24, 2020 to discuss these results at 10:00 am Mexico/Monterrey time / 11:00 am 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 is a company dedicated to the production, distribution, and sale of non-alcoholic beverages which are brand names of The Coca-Cola Company as well as salty snacks under the brands of Bokados in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. With an outstanding track record of more than 94 years, Arca Continental is the second largest Coca-Cola bottling company in Latin America and one of the most important in the world. Within its Coca-Cola franchise, the company serves a population of more than 123 million in the northern and western parts of Mexico as well as Ecuador, Peru, the northern region of Argentina and the Southwestern U.S. Arca Continental is listed on the Mexican Stock Market under the ticker symbol "AC". For further 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)

	2Q20		2Q19		Variation		Jan-Jun'20		Jan-Jun'19		Variation	
	MM MXP	%	MM MXP	%	MM MXP	%	MM MXP	%	MM MXP	%	MM MXP	%
<b>Net Sales</b>	<b>42,945</b>		<b>41,982</b>		963	2.3	<b>81,837</b>		<b>78,903</b>		2,934	3.7
Cost of Sales	23,595		23,200		396	1.7	45,054		43,862		1,191	2.7
<b>Gross Profit</b>	<b>19,349</b>		<b>18,782</b>		567	3.0	<b>36,784</b>		<b>35,041</b>		1,742	5.0
	45.1%		44.7%				44.9%		44.4%			
Selling Expenses	11,608		11,087		521	4.7	22,736		21,320		1,416	6.6
Administrative Expenses	2,218		2,044		173	8.5	4,409		4,096		313	7.6
<b>Total Costs</b>	<b>13,825</b>		<b>13,131</b>		694	5.3	<b>27,144</b>		<b>25,415</b>		1,729	6.8
	32.2%		31.3%				33.2%		32.2%			
Non Recurring Expenses	192		162		29	18.0	524		376		148	39.3
<b>Operating Income before other income</b>	<b>5,332</b>		<b>5,489</b>		-157	-2.9	<b>9,115</b>		<b>9,250</b>		-135	-1.5
Other Income (Expenses) <sup>1,2</sup>	155		221		-66	-29.9	306		356		-50	-14.1
<b>Operating Income</b>	<b>5,487</b>		<b>5,710</b>		-223	-3.9	<b>9,421</b>		<b>9,605</b>		-185	-1.9
	12.8%		13.6%				11.5%		12.2%			
Interest Expense Net	-947		-917		-29	3.2	-1,811		-1,812		1	0.0
Exchange Gain (Loss)	-370		-40		-331		982		-78		1,060	
Monetary position result	-9		32		-41	-127.8	-15		-25		9	-37.9
Comprehensive Financial Results	-1,326		-925		-401	43.3	-844		-1,915		1,070	-55.9
Share of net income of associates <sup>3</sup>	7		4		2	53.3	30		43		-14	-31.2
<b>Earnings Before Taxes</b>	<b>4,167</b>		<b>4,789</b>		-621	-13.0	<b>8,606</b>		<b>7,734</b>		872	11.3
Profit Taxes	1,252		1,287		-35	-2.7	2,569		2,165		404	18.7
Non-controlling interest	-581		-685		104	-15.2	-1,025		-1,051		26	-2.5
<b>Net Profit</b>	<b>2,335</b>		<b>2,818</b>		-482	-17.1	<b>5,013</b>		<b>4,519</b>		494	10.9
	5.4%		6.7%				6.1%		5.7%			
Depreciation and amortization	2,556		2,219		337	15.2	4,927		4,382		545	12.4
<b>EBITDA</b>	<b>8,235</b>		<b>8,091</b>		143	1.8	<b>14,872</b>		<b>14,363</b>		509	3.5
EBITDA / Net Sales	19.2%		19.3%				18.2%		18.2%			

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)

	June 30 2020	December 31 2019	Variation	
			MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	30,554	22,051	8,503	38.6
Accounts receivable; Net	11,618	10,796	822	7.6
Inventories	8,752	7,948	804	10.1
Prepayments	855	561	294	52.4
<b>Total Current Assets</b>	<b>51,780</b>	<b>41,357</b>	10,423	25.2
Investments in shares and other investments	8,084	8,168	-85	-1.0
Property, plant and other equipment	79,123	71,937	7,186	10.0
Assets right of use	1,239	1,177	62	
Other non current assets	135,342	115,808	19,535	16.9
<b>Total Assets</b>	<b>275,568</b>	<b>238,447</b>	37,121	15.6
<b>LIABILITIES</b>				
Short term bank loans	7,538	6,761	777	11.5
Suppliers	20,290	16,113	4,177	25.9
Short term lease	280	248		
Accounts payable and taxes	3,237	4,630	-1,393	-30.1
<b>Total Current Liabilities</b>	<b>31,344</b>	<b>27,751</b>	3,593	12.9
Bank Loans and long term liabilities	52,088	46,500	5,588	12.0
Long term lease	996	935	61	
Deferred income tax and others	25,312	21,874	3,438	15.7
<b>Total Liabilities</b>	<b>109,740</b>	<b>97,060</b>	12,680	13.1
<b>SHAREHOLDER'S EQUITY</b>				
Non controlled participation	34,154	28,491	5,663	19.9
Capital Stock	982	982	0	0.0
Retained Earnings	125,679	102,326	23,353	22.8
Net Profit	5,013	9,588	-4,575	-47.7
<b>Total Shareholders' Equity</b>	<b>165,828</b>	<b>141,387</b>	24,441	17.3
<b>Total Liabilities and Shareholders' Equity</b>	<b>275,568</b>	<b>238,447</b>	37,121	15.6

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

### Cash Flow Statement

(millions of Mexican pesos)

	as of June 30	
	2020	2019
<b>Earnings Before Taxes</b>	<b>8,606</b>	<b>7,734</b>
Depreciation and amortization	4,927	4,382
Gain on sale and fixed assets impairment	427	170
Foreign exchange	-967	103
Accrued interests	1,811	1,812
<b>Operating cash flow before taxes</b>	<b>14,805</b>	<b>14,200</b>
Cashflow generated/used in the operation	-1,153	-2,470
<b>Operating cashflow after working capital</b>	<b>13,651</b>	<b>11,731</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	-2,285	-4,452
Financing Activities:		
Dividends paid	-4,270	-4,058
Share repurchase program	-106	114
Debt amortization	371	-406
Paid interests	-2,227	-2,272
Others	-311	-207
<b>Net cash flow</b>	<b>-6,543</b>	<b>-6,829</b>
Net increase of cash and equivalents	4,823	450
Change in Cash	3,680	-344
<b>Initial cash and equivalents balance</b>	<b>22,051</b>	<b>15,941</b>
<b>Final cash and equivalents balance</b>	<b>30,554</b>	<b>16,047</b>



## Additional Financial Information

### Information by Segments 2Q20

	Beverage Segments					Other		Total
	Mexico	USA	Peru	Argentina	Ecuador	Business*	Eliminations	
<b>Volume by Segment</b>	<b>326.7</b>	<b>110.6</b>	<b>41.8</b>	<b>22.4</b>	<b>25.6</b>			<b>527.1</b>
<b>Sales by Segment</b>	<b>17,246</b>	<b>16,847</b>	<b>2,866</b>	<b>1,104</b>	<b>2,628</b>	<b>2,596</b>	<b>-341</b>	<b>42,945</b>
Intersegment Sales	-198	0	-36	0	-3	-104	341	0
<b>Net Sales from intersegments</b>	<b>17,048</b>	<b>16,847</b>	<b>2,830</b>	<b>1,104</b>	<b>2,625</b>	<b>2,492</b>	<b>0</b>	<b>42,945</b>
Operating Income	4,168	1,637	-140	-85	49	-142	0	5,487
<b>EBITDA</b>	<b>4,856</b>	<b>2,465</b>	<b>359</b>	<b>54</b>	<b>375</b>	<b>126</b>	<b>0</b>	<b>8,235</b>
EBITDA / Net Sales	28.5%	14.6%	12.7%	4.9%	14.3%	5.1%		19.2%
Non Recurring Expenses	-55	74	110	3	29	31	0	192
Depreciation and amortization	742	754	389	136	298	237	0	2,556
Financial Income	655	2	663	11	8	10	0	1,349
Financial Expenses	1,514	178	888	24	48	23	0	2,675
Share of net income of associates	7	-0	0	0	0	0	0	7
Earnings Before Taxes	3,317	1,462	-365	-99	8	-155	0	4,167
<b>Total Assets</b>	<b>69,439</b>	<b>119,518</b>	<b>48,649</b>	<b>8,835</b>	<b>25,101</b>	<b>13,863</b>	<b>-9,837</b>	<b>275,568</b>
Investment in associates companies	7,039	661	0	384	0	0	0	8,084
Total Liabilities	44,410	42,171	17,702	1,364	6,276	3,224	-5,407	109,740
CAPEX	1,396	980	165	103	130	174	0	2,948

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

### Information by Segments Jan-Jun'20

	Beverage Segments					Other		Total
	Mexico	USA	Peru	Argentina	Ecuador	Business*	Eliminations	
<b>Volume by Segment</b>	<b>600.1</b>	<b>212.6</b>	<b>115.0</b>	<b>51.4</b>	<b>59.8</b>			<b>1,038.9</b>
<b>Sales by Segment</b>	<b>31,669</b>	<b>30,144</b>	<b>7,074</b>	<b>2,933</b>	<b>5,526</b>	<b>5,224</b>	<b>-733</b>	<b>81,837</b>
Intersegment Sales	-440	0	-81	0	-3	-209	733	0
<b>Net Sales from intersegments</b>	<b>31,229</b>	<b>30,144</b>	<b>6,993</b>	<b>2,933</b>	<b>5,523</b>	<b>5,015</b>	<b>0</b>	<b>81,837</b>
Operating Income	6,467	2,264	561	6	292	-170	0	9,421
<b>EBITDA</b>	<b>7,893</b>	<b>4,057</b>	<b>1,419</b>	<b>312</b>	<b>887</b>	<b>304</b>	<b>0</b>	<b>14,872</b>
EBITDA / Net Sales	25.3%	13.5%	20.3%	10.6%	16.1%	6.1%		18.2%
Non Recurring Expenses	-43	356	119	3	45	44	0	524
Depreciation and amortization	1,469	1,437	739	302	550	430	0	4,927
Financial Income	3,635	24	917	29	14	36	0	4,656
Financial Expenses	3,510	356	1,422	63	86	63	0	5,501
Share of net income of associates	30	-0	0	0	0	0	0	30
Earnings Before Taxes	6,622	1,932	56	-27	221	-197	0	8,606
<b>Total Assets</b>	<b>69,439</b>	<b>119,518</b>	<b>48,649</b>	<b>8,835</b>	<b>25,101</b>	<b>13,863</b>	<b>-9,837</b>	<b>275,568</b>
Investment in associates companies	7,039	661	0	384	0	0	0	8,084
Total Liabilities	44,410	42,171	17,702	1,364	6,276	3,224	-5,407	109,740
CAPEX	1,396	980	165	103	130	174	0	2,948

\*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	4,819	7,903	8,437	6,095	3,556	1,510	2,416	6,344		9,273		9,273	59,627
% of Total	8.1%	13.3%	14.1%	10.2%	6.0%	2.5%	4.1%	10.6%		15.6%		15.6%	100.0%

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

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>

