

# EARNINGS RELEASE

## REVENUE GREW 8.6% WITH EBITDA UP 5.8% IN 3Q18

Monterrey, Mexico, October 25, 2018 – Arca Continental, S.A.B. de C.V. (BMV: AC\*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in America, announced today its results for the third quarter and first nine months of 2018 (“3Q18” and “9M18”).

**Table 1: Financial Highlights**

	Data in millions of Mexican pesos					Variation %
	3Q18	3Q17		Jan - Sep '18	Jan - Sep '17	
<b>Total Beverage Volume (MUC)</b>	573.1	561.4	2.1	1,675.2	1,535.2	9.1
<b>Total Revenues</b>	40,557	37,347	8.6	118,804	100,594	18.1
<b>EBITDA</b>	7,203	6,811	5.8	20,656	19,200	7.6
<b>Net Income</b>	2,366	5,049	-53.1	6,372	8,829	-27.8

*Total Beverage Volume includes jug water*

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

*Total Revenues= Net Sales + Revenues outside the territory (OT) in USA*

### 3Q18 HIGHLIGHTS

- Total revenues increased 8.6% when compared to 3Q17 to reach Ps. 40,557 million.
- EBITDA was Ps. 7,203 million, for a margin of 17.8%, which was 5.8% higher than 3Q17.
- Net Income declined 53.1% to Ps. 2,366 million, representing a net margin of 5.8%.

### 9M18 HIGHLIGHTS

- Total revenues increased 18.1% when compared to 2017 to reach Ps. 118,804 million.
- EBITDA was Ps. 20,656 million, for a margin of 17.4%, which was 7.6% higher than 9M17.
- Net Income decreased 27.8% to Ps. 6,372 million, representing a net margin of 5.4%.

### COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

“In a quarter challenged by rising prices in several of our main raw materials, various strategies we implemented to capitalize on our extensive price-pack platform and develop new commercial capabilities to strengthen execution at the point of sale, which enabled us to achieve revenue growth of 8.6% with EBITDA up 5.8%, in consolidated terms. This puts us at a competitive advantage under the recent approval of a North American Trade Agreement that will benefit our operations in Mexico and the U.S.”, stated Francisco Garza Egloff, Chief Executive Officer of Arca Continental.

With a well-seasoned team that is committed to serving customers and consumers with excellence, Arca Continental reaffirms its competitive position and market leadership, supported by an extensive product portfolio and geographic diversification, as well as scale and technology.

## CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS"). On April 1 and August 25, 2017, we announced the integration of Coca-Cola Southwest Beverages ("CCSWB") and Great Plains Coca-Cola Bottling Company, respectively, into our operations and began consolidating their results the same day, therefore, in the accumulated 2017 period, this report contains six months of CCSWB.

Table 2: Consolidated Data

	3Q18	3Q17	Variation %	Jan - Sep '18	Jan - Sep '17	Variation %
<b>Volume by category (MUC)</b>						
Colas	296.4	289.3	2.4	855.4	784.9	9.0
Flavors	109.7	113.6	-3.4	335.4	315.6	6.3
<b>Sparkling Total Volume</b>	<b>406.2</b>	<b>402.9</b>	0.8	<b>1,190.8</b>	<b>1,100.5</b>	8.2
Water*	64.2	60.1	6.8	185.3	161.1	15.0
Still Beverages**	46.5	43.9	6.0	133.0	109.6	21.4
<b>Volume excluding Jug</b>	<b>516.8</b>	<b>506.9</b>	2.0	<b>1,509.2</b>	<b>1,371.2</b>	10.1
Jug	56.3	54.5	3.3	166.0	164.1	1.2
<b>Total Volume</b>	<b>573.1</b>	<b>561.4</b>	2.1	<b>1,675.2</b>	<b>1,535.3</b>	9.1
<b>Income Statement (MM MXP)</b>						
Total Revenues***	40,557	37,347	8.6	118,804	100,594	18.1
EBITDA	7,203	6,811	5.8	20,656	19,200	7.6

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

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

\*\*\* Total Revenues= Net Sales + Revenues outside the territory (OT) in USA

## FINANCIAL ANALYSIS

### INCOME STATEMENT

- Consolidated total revenues for 3Q18 reached Ps. 40,557 million, an increase of 8.6% when compared to 3Q17 (6.8% currency-neutral and excluding CCSWB). For the first nine months of 2018, this figure grew 18.1% (5.6% currency-neutral and excluding CCSWB) when compared to the previous year to reach Ps. 118,804 million.

- In 3Q18, sales volumes increased 2.0%, reaching 516.8 MUC excluding jug water. During the first nine months of 2018 the sparklings segment registered a positive performance with 8.2% growth, while single-serve water and still beverages increased 15.0% and 21.4%, respectively.
- During 3Q18, cost of sales increased 10.8% reflecting an increase in material costs such as PET in all our operations, and aluminum mainly in the U.S. Consolidated gross profit grew 5.9% to Ps. 17,726 million. Consolidated gross margin reached 43.7%, 110 bps lower than in 3Q17. For the first nine months of 2018, consolidated gross profit reached Ps. 52,135 million for a gross margin of 43.9%, 80 bps lower than in 9M17.
- Selling and administrative expenses rose 7%, from Ps. 11,847 million in 3Q17 to Ps. 12,676 million in 3Q18; this increase was mainly due to higher fuel and maintenance prices. For the first nine months of 2018, selling and administrative expenses reached Ps. 37,755 million, representing an increase of 21.4%.
- In 3Q18, consolidated operating income declined 41.2% when compared to 3Q17 to Ps. 5,169 million, representing an operating margin of 12.7%, the decline was mainly due to the last year sale of Topo Chico brand rights in the U.S. As of September 30, 2018, operating income reached Ps. 14,459 million at an operating margin of 12.2%.
- During 3Q18, consolidated EBITDA increased 5.8% to Ps. 7,203 million, for a margin over Net Sales of 18.1%. In 9M18, EBITDA reached Ps. 20,656 million, 7.6% higher and at a margin over Net Sales of 17.8%. On a currency-neutral basis and excluding CCSWB, EBITDA grew 7.9% in 3Q18 and 3.3% in 9M18.
- The comprehensive financing result was Ps. 1,202 million in 3Q18, 44.5% higher when compared to 3Q17, mainly due FX losses and higher interest expenses. In the first nine of 2018, this figure reached Ps. 3,473 million, an increase of 25.2% when compared to last year.
- Income tax provision for 3Q18 reflects an effective tax rate of 28% and an amount totaling Ps. 1,133 million, 34.3% lower compared to the same period of last year. Year-to-date, the effective tax rate was 28.6%, 290 basis points higher than last year.
- In 3Q18 net income declined 53.1% to Ps. 2,366 million, reflecting a margin of 5.8%; in the first nine months of 2018, net income reached Ps. 6,372 million for a net margin of 5.4%. The decline was mainly due to the last year sale of Topo Chico brand rights in the U.S

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

- As of September 30, 2018, AC registered a cash balance of Ps. 15,262 million and debt of Ps. 55,022 million, resulting in a net debt position of Ps. 39,760 million. The Net Debt/EBITDA ratio was 1.4x.
- Net operating cash flow reached Ps. 14,671 million in 9M18.
- At the close of September 2018, Capex was Ps. 7,456 million, mainly allocated towards investments that are part of the CCSWB synergy plan, as well as the continuation of investments in distribution and execution capabilities at the point of sale in the other countries to meet the needs of customers and consumers.

## 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**

	3Q18	3Q17	Variation %	Jan - Sep '18	Jan - Sep '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	193.9	189.1	2.5	545.6	529.8	3.0
Flavors	38.4	39.3	-2.1	107.6	109.2	-1.5
<b>Sparkling Total Volume</b>	<b>232.3</b>	<b>228.3</b>	1.8	<b>653.2</b>	<b>638.9</b>	2.2
Water*	29.6	26.7	10.9	80.4	72.3	11.3
Still Beverages**	17.7	15.7	12.4	50.3	45.7	10.2
<b>Volume excluding jug</b>	<b>279.6</b>	<b>270.7</b>	3.3	<b>784.0</b>	<b>756.9</b>	3.6
Jug	54.1	52.1	3.8	157.8	154.1	2.4
<b>Total Volume</b>	<b>333.7</b>	<b>322.8</b>	3.4	<b>941.8</b>	<b>911.0</b>	3.4
<b>Mix (%)</b>						
Returnable	32.0	31.9	0.1	31.6	31.9	-0.3
Non Returnable	68.0	68.1	-0.1	68.4	68.1	0.3
Multi-serve	53.8	52.6	1.2	53.1	51.9	1.2
Single-serve	46.2	47.4	-1.2	46.9	48.1	-1.2
<b>Income Statement (MM MXP)</b>						
Net Sales	17,135	15,843	8.2	47,231	44,380	6.4
EBITDA	4,097	3,793	8.0	10,905	10,457	4.3

\* 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. 17,135 million in 3Q18, up 8.2%. Sales volume increased 3.3%, excluding jug water, to 279.6 MUC. The average price per unit case, excluding jug water, reached Ps. 58.27 in 3Q18, up 4.8% as a result of the price adjustments made in June and September of 2018, not including jug water nor exports, average price in our territory increased 6.2%. For the first nine months of 2018, sales increased 6.4% to Ps. 47,231 million, while sales volume reached 784 MUC, 3.6% higher than in 9M17.
- During 3Q18, EBITDA for Mexico increased 8.0% reaching Ps. 4,097 million, representing an EBITDA margin of 23.9%, in line with the 3Q17. For the first nine months of 2018, this line item reached Ps. 10,905 million, up 4.3% and representing a margin of 23.1%.

- In 3Q18 we continued our positive trend, registering 13 consecutive quarter of volume growth, mainly driven by increases of 12.4% in stills, 10.9% in single-serve water and 2.5% in colas.
- In the stills segment, juices and nectars posted volume growth of 2.9% mainly driven by greater coverage in the traditional channel. In addition, Fuze Tea grew 3.5% in sales volume mainly due to the launch of its new flavor, Lychee, as well as the addition of a Bag in Box presentation in the On-Premise channel.
- During 3Q18, a cross-promotion was launched between Fanta 600ml PET with the No. 1 brand of Bokados, "Prispas" 27g. As a result, we achieved 10% additional sales volume.
- Seeking to meet the needs of our consumers, in the quarter we redesigned the lemonade and orangeade segment with a new formula of the brand Del Valle & Nada. In addition to this innovation, we launched two new flavors in the market: lemon-cucumber and orange-pineapple.
- In 3Q18, Santa Clara registered the best performance since its launch, mainly driven by the white and flavored milk categories. In addition, 860 new coolers were installed in order to increase coverage of the brand in the traditional channel.
- Sales volume of water (Ciel) increased 6.3%, mainly driven by a 13.4% increase in the Modern Channel through a strategy focused on improving our product availability. Furthermore, flavored water sales rose 15.2% this quarter due largely to the launch of new flavors, Coconut-Raspberry and Cucumber-Pineapple.
- Vending in 3Q18 reached EBITDA growth of 18.6% compared to 3Q17 supported mainly by the pricing strategy and capitalization of the use of telemetry technology which enables us to optimize our cost to serve while reducing stockouts.
- Bokados, during 3Q18, maintained positive results with low-single digit growth in volumes and net sales primarily driven by categories such as popcorn and marzipan which grew 19% and 10%, respectively. We maintained the commercial strategy focused on building a national brand, geographic expansion and innovation in our main products such as Topitos and Prispas.

## UNITED STATES

On April 1 and August 25, 2017 we announced the integration of Coca-Cola Southwest Beverages (“CCSWB”) and Great Plains Coca-Cola Bottling Company, respectively, into our operations and began consolidating their results the same day, therefore, in the accumulated of 2017, this report contains six months of results from CCSWB. The U.S. includes the beverage businesses of CCSWB and Great Plains and the snacks businesses of Wise and Deep River.

Table 4: United States Data

	3Q18	3Q17	Variation %	Jan - Sep '18	Jan - Sep '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	48.5	46.2	5.0	144.8	91.8	57.7
Flavors	27.7	27.6	0.3	85.9	54.6	57.4
<b>Sparkling Total Volume</b>	<b>76.2</b>	<b>73.8</b>	3.3	<b>230.7</b>	<b>146.4</b>	57.6
Water*	17.7	16.3	8.4	49.1	30.2	62.4
Still Beverages**	20.0	18.9	5.6	54.8	35.4	54.9
<b>Total Volume</b>	<b>113.9</b>	<b>109.0</b>	4.4	<b>334.6</b>	<b>212.0</b>	57.9
<b>Mix (%)</b>						
Multi-serve	70.5	70.5	0.0	71.4	70.8	0.6
Single-serve	29.5	29.5	0.0	28.6	29.2	-0.6
<b>Income Statement (MM MXP)</b>						
Total Revenues***	15,078	12,667	19.0	44,191	27,300	61.9
EBITDA	1,646	1,499	9.8	4,696	3,307	42.0

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

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

\*\*\* Total Revenues= Net Sales + Revenues outside the territory (OT) in USA

### OPERATING RESULTS FOR THE U.S.

- Total revenues in the U.S. reached Ps. 15,078 million in 3Q18, 19% higher than in 3Q17. On a comparable and currency-neutral basis, total revenues growth was 4.4% in 3Q18 and sales volume reached 113.9 MUC., 4.4% higher than in 3Q17
- In 3Q18, EBITDA for the U.S. was Ps. 1,646 million, representing a margin of 10.9%.
- At CCSWB, digitalization has become a fundamental part of the commercial capabilities. The strategy centers on improving the sales force automation tools. We have automated execution instructions and monitoring process through which the sales team receives specific activities to improve execution at the point of sale.
- Topo Chico continued its positive trend posting volume growth and capturing new customers. Volume of Topo Chico grew double digits in 3Q18 compared to the previous quarter.

- CCSWB won the 2017 Presidential Award for Excellence in Quality in McAllen. Only one facility in North America can win this award each year, and McAllen received the highest rating out of the 71 facilities to obtain this distinction.
- The commercial ACT model continues being the pillar of the commercial strategy. The implementation of this model helped CCSWB win the 2018 Market Street Challenge. The Market Street Challenge is a contest among the Coca-Cola bottler of North America that recognizes the highest standards of market execution within the main channels. CCSWB competed against eight other bottlers, all of which voted for the winner, with CCSWB receiving the most votes.
- In the food and snacks division, Wise in the U.S. developed several initiatives during 3Q18 to increase its customer base and strengthen its national brand presence. Throughout the year, innovations have been made through a marketing strategy focused on strengthening our products and meeting the new consumption trends.

## SOUTH AMERICA

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

**Table 5: South America Data**

	3Q18	3Q17	Variation %	Jan - Sep '18	Jan - Sep '17	Variation %
<b>Volume by Category (MUC)</b>						
Colas	54.0	54.1	-0.1	164.9	163.3	1.0
Flavors	43.6	46.8	-6.7	141.9	151.8	-6.5
<b>Sparkling Total Volume</b>	<b>97.7</b>	<b>100.8</b>	<b>-3.2</b>	<b>198.5</b>	<b>201.3</b>	<b>-1.4</b>
Water*	16.9	17.1	-1.3	55.8	58.6	-4.8
Still Beverages**	8.8	9.2	-4.4	27.9	28.5	-2.2
<b>Volume excluding jug</b>	<b>123.3</b>	<b>127.2</b>	<b>-3.0</b>	<b>390.6</b>	<b>402.4</b>	<b>-2.9</b>
Jug	2.2	2.4	-8.6	8.2	9.9	-17.3
<b>Total Volume</b>	<b>125.6</b>	<b>129.6</b>	<b>-3.1</b>	<b>398.8</b>	<b>412.3</b>	<b>-3.3</b>
<b>Mix (%)</b>						
Returnable	28.5	27.9	0.6	28.5	28.5	0.0
Non Returnable	71.5	72.1	-0.6	71.5	71.5	0.0
Multi-serve	67.7	68.1	-0.5	67.5	67.5	-0.1
Single-serve	32.3	31.9	0.5	32.5	32.5	0.1
<b>Income Statement (MM MXP)</b>						
Net Sales	8,344	8,837	-5.6	27,382	28,915	-5.3
EBITDA	1,460	1,519	-3.9	5,055	5,437	-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 FOR SOUTH AMERICA

- South America net sales reached Ps. 8,344 million in 3Q18, down 5.6%, mainly due to the devaluation of Argentinian peso. On a currency-neutral basis, sales grew 4.3%. During 2018, net sales reached Ps. 27,382 million, down 5.3% when compared to 2017.
- In 3Q18, total volume for South America decreased 3% to 123.3 MUC, excluding jug water, primarily due to the decline in volume at the operation in Peru.
- EBITDA for South America decreased 3.9% in 3Q18 to Ps. 1,460 million, reflecting a margin of 17.5%, up 30 bps when compared to 3Q17. In the first nine months of 2018, EBITDA reached Ps. 5,055 million, down 7% for a margin of 18.5%, just 30bps below 2017.

### Argentina

- During 3Q18 sales volume declined 1.7%, primarily due to sparklings which dropped 3.6%. Sales volume rose 3.5% in 9M18.
- During 3Q18, we relaunched the AdeS brand with a new design and packaging, a new marketing campaign and new flavors, chocolate and almond. The main objective was to reposition the brand.
- We continue working to improve the performance of the different low or no calorie categories, as well as protect profitability of the operation through various initiatives in pricing and innovation, achieving thus far a mix of 15% of these presentations.
- We continue working to strengthen ACT and Fundamentals, to ensure the proper market execution, which yielded positive results; these results helped us rank among the top three business divisions of Arca Continental in the Fundamentals Cup.

### Ecuador

- Ecuador's volume grew 0.9% in 3Q18, due to 7.4% growth in single serve water and 3.8% growth in colas, offset by an 11.2% decline in stills. In the first nine months of 2018, sales volume increased 5.3% when compared to last year.
- During 3Q18 we focused on new market opportunities and a more diversified portfolio. We carried out launches in Monster, Dasani, Nada family size and Jugos Del Valle mandarin flavor.
- In Tonicorp, we maintained our leadership in the milk industry, thanks to an increase in market coverage through new product innovations, as well as continuing to position the category leaders. In addition, we placed 7,800 coolers in the market.
- During 3Q18, Inalecsa continued performing as market leader; we are still capitalizing on local initiatives such as taking on direct distribution in the Quito Sur zone, innovations in the baked goods category with Mis Gansitos, new formulas in cookies, and within salted foods, expanding the portfolio of corn tortillas.

## Peru

- In 3Q18, sales volume declined 5.2% when compared to 3Q17, due to the tax increase on sweetened beverages, with still being the most affected posting a drop of 17%, namely nectars. In the first nine months of the year, volume decreased 9.7% when compared to 2017.
- In terms of performance by category, sparklings and water posted improved volume trends when compared to the prior quarter, with declines of just low- and high-single digit, respectively.
- Regarding performance by channel, growth was registered in supermarkets and convenience stores due to the opening of new locations; in the eat & drink channel new key accounts were added.
- As part of our commercial strategy to counter the effects of the tax, we installed over 23,000 coolers and introduced more than 700,000 cases of returnable bottles in all formats to increase market coverage. Furthermore, through the program “Bodega Elegida”, we continue driving the development of our largest customers in the traditional channel reaching more than 10,000 customers under the program this quarter.
- We continued strengthening our portfolio of “no sugar” products with the launches of Coca-Cola and Inka Cola no sugar, obtaining good results with an 8.0% increase in sales volumes.

## RECENT EVENTS

- On September 26, 2018, Arca Continental announced that through its subsidiary, AC Bebidas, it acquired for US\$506,813,895 in cash 223,774,704 common shares of Corporación Lindley, S.A., representing 38.52% of common shares. AC Bebidas has, to date, a stake equivalent to 99.78% of the voting shares of Corporación Lindley.

### CONFERENCE CALL INFORMATION

Arca Continental will host a conference call on October 25, 2018 to discuss these results at 12:00 pm Mexico/Monterrey time / 1:00 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 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 92 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 119 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)

			Variation				Variation	
	3Q18	3Q17	MM MXP	%	Jan - Sep '18	Jan - Sep '17	MM MXP	%
Net sales	39,746	36,619	3,127	8.5	116,197	99,078	17,119	17.3
Revenues OT in USA <sup>1</sup>	810	728	82	11.3	2,607	1,517	1,091	71.9
<b>Total Revenues</b>	<b>40,557</b>	<b>37,347</b>	<b>3,210</b>	<b>8.6</b>	<b>118,804</b>	<b>100,594</b>	<b>18,210</b>	<b>18.1</b>
Cost of Sales	22,831	20,603	2,227	10.8	66,669	55,603	11,067	19.9
<b>Gross Profit</b>	<b>17,726</b>	<b>16,744</b>	<b>982</b>	<b>5.9</b>	<b>52,135</b>	<b>44,992</b>	<b>7,143</b>	<b>15.9</b>
	43.7%	44.8%			43.9%	44.7%		
Selling Expenses	10,707	9,946	761	7.7	31,888	25,938	5,950	22.9
Administrative Expenses	1,970	1,901	68	3.6	5,867	5,157	710	13.8
<b>Total Costs</b>	<b>12,676</b>	<b>11,847</b>	<b>829</b>	<b>7.0</b>	<b>37,755</b>	<b>31,095</b>	<b>6,660</b>	<b>21.4</b>
	31.3%	31.7%			31.8%	30.9%		
Non Recurring Expenses	91	-3,610	3,701	(102.5)	444	-3,110	3,554	(114.3)
<b>Operating Income before other income</b>	<b>4,959</b>	<b>8,506</b>	<b>-3,548</b>	<b>(41.7)</b>	<b>13,936</b>	<b>17,007</b>	<b>-3,071</b>	<b>(18.1)</b>
Other Income (Expenses) <sup>2</sup>	210	289	-79	(27.4)	523	537	-14	(2.6)
<b>Operating Income</b>	<b>5,169</b>	<b>8,795</b>	<b>-3,627</b>	<b>(41.2)</b>	<b>14,459</b>	<b>17,543</b>	<b>-3,085</b>	<b>(17.6)</b>
	12.7%	23.6%			12.2%	17.4%		
Interest Expense Net	-930	-814	-116	14.3	-2,709	-2,305	-404	17.5
Exchange Gain (Loss)	-272	-18	-254		-765	-469	-296	63.1
<b>Comprehensive Financial Results</b>	<b>-1,202</b>	<b>-832</b>	<b>-370</b>	<b>44.5</b>	<b>-3,473</b>	<b>-2,774</b>	<b>-700</b>	<b>25.2</b>
Share of net income of associates <sup>3</sup>	84	60	24	39.9	74	33	42	127.2
<b>Earnings Before Taxes</b>	<b>4,051</b>	<b>8,024</b>	<b>-3,973</b>	<b>(49.5)</b>	<b>11,060</b>	<b>14,802</b>	<b>-3,742</b>	<b>(25.3)</b>
Profit Taxes	1,133	1,725	-592	(34.3)	3,165	3,810	-646	(16.9)
Non-controlling interest	-552	-1,250	698	(55.8)	-1,523	-2,163	639	(29.6)
<b>Net Profit</b>	<b>2,366</b>	<b>5,049</b>	<b>-2,683</b>	<b>(53.1)</b>	<b>6,372</b>	<b>8,829</b>	<b>-2,457</b>	<b>(27.8)</b>
	5.8%	13.5%			5.4%	8.8%		
Depreciation and amortization	1,944	1,625	318	19.6	5,753	4,767	986	20.7
<b>EBITDA</b>	<b>7,203</b>	<b>6,811</b>	<b>392</b>	<b>5.8</b>	<b>20,656</b>	<b>19,200</b>	<b>1,456</b>	<b>7.6</b>
EBITDA / Net Sales <sup>4</sup>	18.1%	18.6%			17.8%	19.4%		
EBITDA / Total Revenues	17.8%	18.2%			17.4%	19.1%		

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

<sup>1</sup> Revenues from outside the territory (OT) in US from sales to other bottlers

<sup>2</sup> Includes equity method from our participation in operational companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de Nogales

<sup>3</sup> Includes equity method from our participation in non-operational companies like PIASA, PetStar, Beta San Miguel, among others

<sup>4</sup> Non including Revenues outside the territory (OT) in USA

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

### Consolidated Balance Sheet

(millions of Mexican pesos)

	September 30	December 31	Variation	
	2018	2017	MM MXP	%
<b>ASSETS</b>				
Cash and cash equivalents	15,262	23,842	-8,580	-36.0
Accounts receivable; Net	12,554	11,512	1,042	9.0
Inventories	7,459	7,718	-258	-3.3
Prepayments	864	710	154	21.7
<b>Total Current Assets</b>	<b>36,139</b>	<b>43,781</b>	-7,642	-17.5
Investments in shares and other investments	6,215	6,769	-554	-8.2
Property, plant and other equipment	69,363	71,664	-2,302	-3.2
Other non current assets	111,315	118,069	-6,755	-5.7
<b>Total Assets</b>	<b>223,031</b>	<b>240,285</b>	-17,253	-7.2
<b>LIABILITIES</b>				
Short term bank loans	2,311	1,785	526	29.5
Suppliers	15,481	14,984	496	3.3
Accounts payable and taxes	4,077	6,548	-2,471	-37.7
<b>Total Current Liabilities</b>	<b>21,869</b>	<b>23,318</b>	-1,449	-6.2
Bank Loans and long term liabilities	52,711	53,338	-627	-1.2
Deferred income tax and others	20,833	22,053	-1,220	-5.5
<b>Total Liabilities</b>	<b>95,413</b>	<b>98,708</b>	-3,295	-3.3
<b>SHAREHOLDER'S EQUITY</b>				
Non controlled participation	24,412	31,082	-6,670	-21.5
Capital Stock	45,761	45,758	2	0.0
Retained Earnings	51,074	51,645	-572	-1.1
Net Profit	6,372	13,090	-6,718	-51.3
<b>Total Shareholders' Equity</b>	<b>127,618</b>	<b>141,576</b>	-13,958	-9.9
<b>Total Liabilities and Shareholders' Equity</b>	<b>223,031</b>	<b>240,285</b>	-17,253	-7.2

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

	as of September 30	
	2018	2017
<b>Earnings Before Taxes</b>	<b>11,060</b>	<b>14,802</b>
Depreciation and amortization	5,753	4,767
Gain on sale and fixed assets impairment	368	364
Foreign exchange	765	469
Accrued interests	2,709	2,305
<b>Operating cash flow before taxes</b>	<b>20,654</b>	<b>22,707</b>
Cashflow generated/used in the operation	-5,983	-9,077
<b>Operating cashflow after working capital</b>	<b>14,671</b>	<b>13,629</b>
Investment Activities:		
Capital Expenditures and Investments (Net)	-16,379	-15,017
Financing Activities:		
Dividends paid	-3,948	-3,529
Share repurchase program	-292	220
Debt amortization	1,764	12,464
Paid interests	-3,563	-2,686
Other	0	7,987
<b>Net cash flow</b>	<b>-6,040</b>	<b>14,456</b>
Net increase of cash and equivalents	-7,748	13,069
Change in Cash	-831	-263
<b>Initial cash and equivalents balance</b>	<b>23,842</b>	<b>5,546</b>
<b>Final cash and equivalents balance</b>	<b>15,262</b>	<b>18,352</b>