

2Q15 Conference Call Guidelines

[I-advise people begin talking]

Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's second quarter 2015 results conference call.*

We closed this second quarter, and with this the first half of 2015, with very positive results in the four franchises where we operate, which were leveraged not only on efficiency and productivity improvements we have been working on, but also on the excellent implementation of our pricing and formats strategy. In addition to Operating Income of the franchises in Argentina, Brazil and Chile, EBITDA generated by each of them also increased significantly and we recorded margin level expansions. Consequently during the second quarter of the year consolidated EBITDA grew by 18.4% in Chilean pesos and consolidated EBITDA margin ended the quarter with ranges of 15.5%, representing an expansion of 161 basis points. On the other hand, Net Income increased 107.0% during the same period and net margin expanded by 100 basis points.

Additionally, in July we received the award as the Second Most Admired Company in Chile, awarded by PricewaterhouseCoopers and Diario Financiero. This award is based on surveys to over 4 thousand executives from different industries, where they are asked about which are the most admired companies, assessing different criteria. Thus, we were again recognized by our peers in Chile, as a model of management and good business practices.

In terms of Market Share, we continued on the same path as the first quarter of the year, recording improvements of this indicator in our operations in Brazil, Chile and Paraguay. This resulted not only by the execution quality and excellent service level developed by our operations, but also leveraged on positioning strategies we have developed and market service systems that are being perfected every day.

In Argentina, sales volume increased by 9.2%, explained by growth in all categories where we participate, and driven by the categories of Juices and Waters. The good performance of this category was based on the launch of Cepita juices in the Hotfill bottle last year, as well as the growth of Flavored Waters. Our business priorities continue to be the optimization of the price architecture and the development of returnable formats.

This quarter in Brazil our market share reached 61.3 points, gaining 70 points compared to last year, explained by the execution quality and development of new packaging. Anyway, and as we have said on other occasions, from a macroeconomic point of view, the environment continues to be challenging. A weaker consumption and high food inflation have had a negative impact on the disposable income of consumers and it has affected our volume growth. This weaker macroeconomic environment is the

baseline scenario with which we are working for the second half of the year, which will probably continue affecting our sales volumes in the coming months. Additionally, in September 2015 the new "Pauta Estadual will become effective.

We will continue monitoring our price strategy in the franchise in order to minimize the impact the above explained factors may have over our results.

It is important to note that the results of our franchise in Brazil were boosted by the positive results achieved by the projects implemented in order to increase operating efficiency and also to reduce costs.

In Chile, we launched our new marketing strategy, called Masterbrand, which by unifying the Coca-Cola brand as a single brand with four options, seeks to democratize the light version products and increase coverage. This has boosted the sugarless category in our portfolio, which is certainly very positive, since we are market leaders in this category and it has allowed us to continue gaining market share, reaching 69.7 points in the quarter, 110 points higher than the same quarter of the previous year. This change in the mix that we have been seeing and which has led to significant growth of the sugarless brands has had a positive impact at margin levels, since there is a differential in specific taxes for sugary and sugarless beverages. In addition, the fact that Chile was the host of the Copa America and a warmer winter in comparison with previous years, also helped to boost our volumes. This, together with the cost optimization and containment plan that we have been implementing for a few months - and which we have already referred to -, allowed for a 9% EBITDA increase.

In Paraguay, thanks to our market execution and customer service, as well as the successful implementation of the Route to Market service model, we continue gaining market share. This quarter we closed at an average of 63.4 points, which is 140 points higher compared with the same quarter of last year. However our result was impacted by the depreciation of the Guarani with respect to U.S. dollar depreciation, among other factors, affecting our dollarized costs.

Now Andres will discuss the company's financial results.

Andrés Wainer: *Hello, good morning. To begin, I would like to refer to the exchange rates of each of the countries where we have operations and their impact on the consolidation of the figures. This quarter we saw a virtually neutral impact resulting from the depreciation of the Argentine peso on the Chilean peso upon consolidation: regarding the previous year the Argentine peso depreciated only 0.2%. On the other hand the Brazilian real depreciated 19.2%, so in this case the effect upon consolidation was quite negative. Finally, the Paraguayan Guarani depreciated 2.8% with respect to the Chilean peso, so that, in this case, the effect upon consolidation was slightly negative.*

We will now review each of the franchises where the company has operations, and for a better understanding, the figures that we will analyze in each one of them will be in local currency.

In Argentina Net Sales increased 48.2% during the quarter, boosted by a 9.2% sales volume growth during the quarter and by the implementation of price increases. All categories recorded healthy growth rates.

Operating costs grew 43.1% in the quarter, which is explained by:

1. the 11.1% devaluation of the Argentine Peso against the U.S. dollar having a direct incidence on the cost of dollarized raw materials, such as PET, and
2. the increase in revenues, which has a direct impact on the cost of concentrate,
3. an increase in the mix of juices and waters, which carry a higher than average unit cost,
4. increases in the cost of labor, mainly due to inflation.

On the other hand, Selling and General Administration Expenses increased 40.6% in the quarter, which is mainly explained by the effect of local inflation over costs such as labor, freight and services provided by third parties. The market estimates inflation ranges close to 30%.

Finally, EBITDA increased 112.4% in the quarter, and EBITDA margin expanded 289 basis points reaching 9.6%. Argentina represented 19% of the EBITDA generated by the company.

In Brazil Net Sales increased 2.9%, which is mainly explained by price increases partially offset by the 10.0% decrease in volumes.

Operating costs increased 3.3% which is explained by:

1. the effect of the devaluation of the Real against the U.S. dollar which was 37.8% in the quarter and impacting our dollarized costs, and
2. increased sales, which has a direct impact on the cost of concentrate.

Selling and General Administration Expenses increased 2.8%, mostly due to increased labor costs, as well greater marketing expenses. This increase was partially offset by lower distribution freight expenses, explained by the structure readjustment on the basis of lower sales volume, which has been facilitated by the internalization this function.

EBITDA increased 32.4% in the quarter and EBITDA margin expanded 373 basis points reaching 16.7%. Brazil represented 35% of the EBITDA generated by the company.

In Chile Net Sales grew 8.0% in the quarter, positively influenced by the 5.6% increase in sales volume and by price increases in all the categories in which we participate.

Operating costs increased 6.7% in the quarter mainly explained by increased sales volume, since the effect of the 11.3% depreciation of the Chilean peso to the U.S. dollar, which negatively impacts dollarized costs, was largely offset by the lower cost in U.S. dollars of these raw materials.

Selling and General Administration Expenses increased 8.6% in the quarter, mainly explained by greater labor costs and higher freight carrying costs, resulting from greater volumes sold and increased volumes carried to the North of the country.

EBITDA increased 8.9% in the quarter and EBITDA margin expanded 15 basis points reaching 18.7%. The Chilean operation represented 34% of the EBITDA generated by the company.

Finally in Paraguay Net Sales increased 2.6% in the quarter, explained by price increases and by a slight sales volume increase of 0.4%.

Operating costs increased 2.5%, which is mainly explained by the effect of the 14.6% depreciation of the paraguayan guaraní against the dollar, which has a negative effect on dollarized costs, and by a change in the mix towards products which carry a higher unit price such as juices and flavored waters. This was partially offset by a lower cost of sugar.

Selling and General Administration Expenses increased 8.6%, which is mainly explained by greater labor costs and higher marketing expenses. This was partially offset by lower depreciation expenses.

EBITDA decreased 1.7% in the quarter and EBITDA margin was 28.4%. Paraguay represented 12% of the EBITDA generated by the company.

We are now available for any questions you may have.

(Q&A Session begins)

Andrea Teixeira: Good morning, thank you very much for taking my questions. A key question is, if you're seeing a slowdown of volumes in Chile? I would like you to comment a bit on the trend for the second semester. And also comment on yesterday's Investors day, a little bit on the possibility of profits from Argentina, if it is something you think possible after the elections. And finally, the other question is if you have an opportunity in the Coca-Cola system franchises, if there is a possibility outside Latin America and also in Latin America, if there is an inorganic growth movement. Thank you.

Miguel Ángel Peirano: Good morning Andrea, thank you for the question. Well, the first part about the slowdown or how volumes are doing in Chile, clearly volumes have a fairly direct relationship on how the economy is doing in each country, and at this time clearly Chile is in the process of stabilization, and we hope to resume the growth agenda here in the short term. That has basically been one reason for the slowdown of volumes in Chile and the impacts it has had. However, we are confident that Chile is a very organized country and that it will quickly return to the growth agenda it had in previous years, and therefore volume will follow that path. In the case of Argentina, I think your question was, and if it wasn't please tell me: what is going to happen or how we are seeing Argentina after the elections? We believe that after the elections there will probably be some macroeconomic adjustments, but we also believe that the impact will not be significant, and we see an improved future growth or a better perspective from the economic point of view in that country, that is why we have continued investing and are prepared for this new stage we hope will begin next year, both regarding the capacity of our facilities as well as

our deposits. And finally, regarding your question of inorganic growth, and as we have mentioned before, Coca-Cola Andina always analyzes the possibilities, and in the event that there are any that really add value for shareholders, we will explore them in detail. We are always open and looking at ways on how to grow, because ultimately as a company we are in the Coca-Cola system for the long run, and undoubtedly we will be analyzing all those opportunities that make sense.

Andrea Teixeira: Thank you Miguel, can you comment a little on Brazil? Given that the situation over there is more problematic, right? There are problems on how to manage given the macro environment, right? Do you have initiatives to compensate this, with returnable or other formats? How is the environment for the second semester?

Miguel Ángel Peirano: Correct, Brazil is clearly going through a very delicate situation at this time regarding its economic- political environment. However, sometimes one should not get carried away by the photo rather by the film, and Brazil is clearly the largest country in Latin America. It has 200 million inhabitants, it has a future it will have to build, but it has the potential to do so. When one sees all that potential that Brazil has, clearly knowing that in Latin America countries in general have cycles, and at this time perhaps it is Brazil's turn to be in a negative cycle. Looking forward, positive cycles will come, and with that potential we should look at the positive aspects with a second-sight. And for that reason, as you mentioned, we continue strengthening our capabilities in Brazil, especially in packaging that will help overcome these low cycles, such as returnables, and yes, it is why we continue with our project in Duque de Caxias in a segmented way, but knowing that in the end Brazil has a population that exceeds any country in Latin America. A population that beyond the economic circumstances they live, they will continue eating and drinking. And we are going to continue to serve them with those beverages that most conform to the circumstances they are living at each moment.

Jerónimo de Guzmán: The first question I had, a follow-up on Chile, I wanted to understand if you could tell us how much of the growth in volumes you believe is explained by less recurring factors such as the *Copa América* and the weather? and, the strategies that you mentioned regarding new products and the portfolio with the sugar-free products, which one do you view as more sustainable?

Miguel Ángel Peirano: It is a really good question, and very difficult to answer, really. But if we could somehow try to make a projection of the weather impact plus the *Copa América* versus normal growth, I would say that half of the growth or maybe more, was due to specific circumstances that have occurred in the last months, and half was due to normal growth of the economy and the market.

Jerónimo de Guzmán: You also mentioned the projects on efficiencies both in Chile and Brazil, and I wanted to see if you can talk a little bit more about what are the main projects that the two countries have, and on how you view future efficiencies of these projects.

Miguel Ángel Peirano: Basically in Chile, one of the efficiency projects implemented in this last period clearly was the new plant. Those who were able to come and join us at the *Andina Day* yesterday, were able to see that it is a fully automated plant, a very lean plant, which made the whole production aspect take a quantum leap from the old plant that we had at Carlos Valdovinos. In Chile, we have to continue working on what comes after the production, which is all the logistic part, which is what we will focus on for the coming years regarding efficiency improvements. In what refers to the market, it is something permanent carried out in all operations, especially taking the experiences and best practices of the "go-to-market" in each of the markets. In Brazil, the efficiency process has begun a little bit backwards because it has begun with the logistics aspect, internalizing the transportation fleet, and we are now starting with what we did in Chile, which is the productive part, somewhat relieving the Jacarepaguá plant, with the new Duque de Caxias plant which God willing, will be ready in 2017, and

on the other hand, taking advantage of this new production capacity to be able to actively participate in segments where today, due to capacity or given that we do not have mineral water, we are not able to participate. And with this I am basically referring to the market of returnable formats and mineral waters.

Jerónimo de Guzmán: My final question, is again regarding consolidation. I know that obviously you cannot say much, but I wanted to see Miguel Ángel what is your opinion with this more complicated environment in Brazil, do you perhaps see it as a catalyst for further activity in the industry, regarding consolidation in the short term? Or you don't see it as much of a factor?

Miguel Ángel Peirano: Yes, Jerónimo, well a situation as the one Brazil is going through today has two sides of the coin, doesn't it? On the one hand, it can clearly act as a catalyst from the point of view of looking for synergies and efficiencies, and one of the ways are mergers or purchases and sales in order to have all these synergies, transferring them quickly to the cost. But the other side of the coin is that the evaluation of companies is very difficult and especially for those who are merging or being sold, assessing and projecting their company in this complicated economic situation. So, summarizing I believe this will occur only with those that really create value, but not necessarily by the economic situation, clearly the business of being a bottler in the Coca-Cola System under complicated situations, having managed to overcome very well almost all crises, much more and much better than any other business in these countries. Therefore, I think it's going to depend on the value that the merger will really generate, rather the macroeconomic situation.

Laura Pelaze: Hello, good morning. Thank you for taking my question. My question is directed to whether you believe that these initiatives in Chile will be able to compensate the weaknesses likely to occur in Brazil given higher taxes, and in Argentina given the greater devaluation expected; and if we should expect a much weaker third and fourth quarter in 2015 and for 2016, or if we can see a more moderate slowdown in margins?

Andrés Wainer: As you well said, the initiative of Chile should compensate the weakness that Brazil is presenting in the second half and also a possible devaluation in Argentina. Now, obviously it will depend on the amount of devaluation in Argentina and when it will occur, this is something that is not yet known. And there is another very important variable which is the exchange rate of the Real to the Chilean Peso. If the Real significantly devalues regarding the Chilean peso, obviously upon consolidating this will affect our results. And on the other hand, if the Real remains at current levels or if it values somewhat regarding the Chilean peso, that will help in the consolidation. So it is impossible to know exactly if the initiatives in Chile, the efficiency improvements it has been recording, will be able to offset what we are seeing in Brazil today.

Laura Pelaze: And the second question, returning to volumes, can you comment on what you have seen in terms of volumes for the third quarter of 2015, primarily in Brazil and in Chile, or in Chile compared to this quarter and in Brazil if you see some kind of improvements or is it still strongly declining. Thank you.

Andrés Wainer: Well, what we are seeing up until now in the third quarter in the case of Brazil is a little better than what we saw in the second quarter, in the second quarter volumes were quite negative, and continue to be negative but not as negative. And in the case of Chile, we are looking at a third quarter with fairly flat volumes, we're not seeing the 5 percent we saw in Q2. What has happened in Chile? It has rained a lot, after not seeing a drop of rain in Santiago up until June, in July and in August rainfall has normalized, which has considerably affected us.

Laura Pelaze: Lastly can you tell us what your standard tax rate is? Thanks.

Andrés Wainer: I do not have the standard tax rate here with me. It should not be very different from what we had last year. Chile will obviously slightly increase, one or two points given the tax reform, but the rest of the countries should not have relevant changes, therefore the consolidated rate should not increase much.

Closing Remarks:

Miguel Ángel Peirano: Yes, as always thank you for your interest in Coca-Cola Andina's results, and thank you to those who had the chance, the time and those who made it to Santiago to visit our plant and share an afternoon and part of the morning with us, in the Investor Day held yesterday, and mention, that as always our investor relations and management team are available to answer your questions and meet with you whenever you find it convenient. For any reason, please do not hesitate to contact us. Have a good day everyone, thank you.