

2Q18 Conference Call Guidelines

[I-advise people begin talking]

Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's second quarter 2018 results conference call.*

The Company's consolidated volume for the second quarter grew 2.8% driven by volume growths in Paraguay, Chile and Brazil. Our financial results were positive in the four operations, with growths in local currency in Sales as well as in Adjusted EBITDA and Adjusted EBITDA Margins in all countries. Thus, Consolidated Adjusted EBITDA margin expanded 148 basis points, reaching 16.3% and the Company's Net Income recorded a 15.5% growth, implying an expansion of more than 60 basis points of the Company's Net Margin.

On a neutral currency comparison basis, Consolidated Sales grew 12.3% and Consolidated Adjusted EBITDA grew 21.3%. However, due to the strong depreciation of the Argentine Peso and the Brazilian Real against the Chilean Peso, our reporting currency, the Company's Consolidated Sales decreased 7.7%. On the other hand, Consolidated Adjusted EBITDA increased 1.5% in the reporting currency.

Finally, it is noteworthy that thanks to focused we have placed on excellence in market execution, during the quarter and compared to the same period of the previous year, we continue gaining market share in Argentina, Brazil and Paraguay.

In Chile, *during June the National Economic Prosecutor granted authorization that brings us closer to the materializing the purchase and sale agreement of Guallaraco along with Coca-Cola Chile and Coca-Cola Embonor. Guallaraco is a renowned company in the premium juice segment in Chile and will allow us to also incorporate new categories, such as frozen fruit, ice cream and prepared desserts. This acquisition reinforces our objective of becoming leaders in all segments and markets where we operate and will complement our juice portfolio in Chile. It also reinforces our commitment with the non-carbonated beverage business since it is a market with great growth potential and is in-line with our strategy of being a relevant player in all beverage categories. Additionally, beginning August, Coca-Cola Andina, as part of the Coca-Cola system in Chile, reached an agreement with Diageo to distribute its products, using the extensive logistic and distribution base in all of our franchised territories in Chile, thus directly servicing HORECA, wholesalers with alcohol patents, liquor stores, stores with alcohol patents, C-store, gas stations and local supermarkets (excluding supermarket chains with national coverage). This agreement optimizes and makes the use of the wide logistics and distribution network that the Company has in all of its franchised territory in Chile profitable.*

*On the other hand, for the ninth consecutive year, during the month of May, we published our annual **Sustainability Report**, according to the international GRI standard, in its exhaustive version. In this Sustainability Report we present each management approach, in the voice of its protagonists, who build each sustainability axis on which the Company bases its strategy, with passion and commitment. The Coca-Cola Andina Sustainability Report was verified by EY Servicios Profesionales de Auditoria y Asesorías SpA., an independent entity, and covered the Company's operations in Argentina, Brazil, Chile and Paraguay. This report is available on our website www.koandina.com and on our application Coca-Cola Andina IR.*

*In June, the Company was ratified on the **FTSE4Good Emerging Index**, thanks to the commitment to sustainable generation of economic, social and environmental value. This series of indices is designed to measure the performance of companies that demonstrate high-impact practices in economic, social and corporate governance issues. Coca-Cola Andina was one of the 22 Chilean companies that were selected to form part of this index and*

one of the two Chilean companies in the food and beverage sector. In total, the FTSE4Good Emerging Index is composed of more than 500 companies from several emerging market industries. FTSE4Good is used by a wide variety of investors to create and evaluate responsible investment funds. In recent years, the Company has received various awards and recognitions for its sustainability performance. These include participation in the Sustainability Index of the Dow Jones MILA and DJSI Chile, as well as the selection in the Vigeo Eiris Emerging 70 Ranking.

Going on to the operations, in Argentina during this quarter sales volume decreased by 3.7%, which was explained by the volume reduction of the soft drinks and water categories, which was not able to be offset by the growth of the juice category. However, excluding the sale of mineral water to other bottlers, sales volume would have decreased by 1%. In this quarter, volumes were negatively affected by economic instability, which translated into a strong devaluation and increased inflation that has affected consumption, such as strikes and general stoppages. Our market share in the soft drinks segment reached 62.5 points, increasing 80 basis points over the same period of the previous year.

In Brazil, sales volume during the quarter grew 0.6% compared to the previous year, explained by volume growths of the juice, water and beer categories, which was partially offset by a decrease in the soft drinks category. Volumes for the quarter continue to be influenced by macroeconomic factors and a low level of consumer confidence, which impacts consumption. Our market share reached 63.0 points, which is 20 basis points above the same period of the previous year. Despite the difficult context that our operation has been facing, the franchise continues to show positive financial results, with margin expansions.

In Chile, sales volume increased 6.8%, explained by the growth of all categories. During the last months we launched new Andina del Valle juices, which are now being filled under the Apet technology, or aseptic Pet. This technology is a pioneer in Latin America and Chile is the first country in the continent to release these new products on a commercial scale. This technological change allows to fill our products at room temperature with controlled sterile conditions, allowing to achieve a better quality, since it is not necessary to add preservatives or to heat the product when filling it, which affects its flavor. Additionally, we reduced the amount of sugar and plastic used. We performed a makeover of the bottle, innovating in packaging. From the perspective of a circular economy, from the beginning containers are designed thinking that they will return to the value chain, which positively impacts the generation of waste. In this sense these bottles use 40% less plastic than the old Hotfill bottles, which will allow us to reduce more than 1,700 tons of waste per year after consuming the content. Our soft drinks market share reached levels of 66.6 points, 100 basis points lower compared to the same period of the previous year.

In Paraguay, our sales volume grew 19.5%, explained by the growth in the sales volumes of all categories, and driven by the soft drinks and juice categories. Our market share reached 71.6 points, 270 basis points higher compared to the same period of the previous year. We have achieved for the fifth consecutive year the Top of Mind Award in the Coca-Cola brand, reflecting the extraordinary performance at the point of sale that we have been implementing in this franchise. It is also worth mentioning the taking over of territories that were operated by distributors, converting them to direct sales, which has allowed us to implement improvements in our processes and customer service, to strengthen the commercial capacities and to consolidate our presence at the points of sale.

Now Andrés will comment on the Company's financial results.

Andrés Wainer: 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 figures. Again, during this quarter we had a negative impact upon consolidation of figures from local currencies to Chilean Pesos, particularly resulting from the depreciation against the Chilean Peso of 59.8% of the Argentine Peso, 19.9% of the Brazilian real and 7.7% of the Paraguayan Guarani.

Regarding 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 are expressed in local currency.

In Argentina Net Sales increased 25.5% during the quarter, which was mainly explained by the price increases we have performed, and that was partially offset by the decrease in volume already mentioned by Miguel Ángel.

Cost of Sales increased 18.6% in the quarter, which is explained by 4 factors:

- the increase in revenues, which has a direct incidence on the cost of concentrate,
- increased labor costs, mainly due to high local inflation,
- the 49.5% devaluation of the Argentine Peso against the U.S. dollar having a negative impact over our dollarized costs, and
- the greater cost of PET resin.

On the other hand, Distribution Costs and Administration Expenses increased 32.4% in the quarter, which is mainly explained by expenses such as freight, labor, and services provided by third parties, which have increased mainly due to high local inflation.

Finally, Adjusted EBITDA increased 35.6% in the quarter, and Adjusted EBITDA margin expanded 117 basis points reaching 12.4%. Argentina represented 19% of the Adjusted EBITDA generated by the Company.

In Brazil Net Sales increased 2.8%, which is mainly explained by an increase in average prices.

Cost of Sales increased 3.9%, which is mainly explained by higher revenues, which has a direct incidence in the cost of concentrate, due to the negative effect of the 12.5% depreciation of the Brazilian Real against the U.S. Dollar over dollarized costs and due to greater depreciation charges explained by the new Duque de Caxias plant.

These effects were partially offset by lower sugar prices and lower use of sugar due to reformulations we have been implementing.

On the other hand, Distribution Costs and Administration Expenses increased 0.4% which is mainly explained by greater freight costs that were partially offset by lower advertising expenses.

Adjusted EBITDA increased 4.5% during the quarter and Adjusted EBITDA margin was 16.8%, an expansion of 24 basis points.

Brazil represented 32% of the Adjusted EBITDA generated by the Company.

In Chile Net Sales increased 6.7% in the quarter, mainly due to the previously discussed volume growth.

Cost of Sales increased 4.0% in the quarter which was explained by increased volumes, the shift in the mix towards products that carry a higher unit price and the shift in the mix towards sugar-free products or with low sugar contents, which have a higher concentrate cost.

This was partially offset by the positive effect of the 6.4% appreciation of the Chilean Peso over our dollarized costs, a lower cost of sugar and a lower use of sugar due to the reformulations we have performed.

Distribution Costs and Administration Expenses increased 5.6% in the quarter, mainly explained by greater labor costs, greater freight expenses due to higher volume sold and greater depreciation expenses.

Adjusted EBITDA increased 8.2% in the quarter and Adjusted EBITDA margin reached 16.8%, an expansion of 128 basis points. The operation in Chile represented 34% of the Adjusted EBITDA generated by the Company.

In Paraguay Net Sales increased 25.4% in the quarter, which is explained by the previously mentioned volume growth and implementation of price increases.

Cost of Sales increased 15.8%, which was mainly explained by the following factors: greater volume sold, increased revenues, which has a direct incidence in the cost of concentrate, and a higher cost of PET resin.

Distribution Costs and Administration Expenses increased 12.9%, which is explained by higher labor costs; higher advertising expenses and greater freight expenses due to the increase in volume sold. This was partially offset by lower depreciation charges.

Adjusted EBITDA increased 49.4% in the quarter and Adjusted EBITDA margin reached 27.1%, an expansion of 408 basis points. Paraguay represented 15% of the Adjusted EBITDA generated by the Company.

We are now available for any questions you may have.

Fernando Olvera: My question is regarding the agreement with Diageo, can you give us some more details on the subject? What is the rationale behind the agreement, for how long did you sign the agreement? The impact you expect on margins, if you require additional investments in terms of distribution and if there is a possibility to reach a similar agreement in any other of your territories. Thank you very much.

Miguel Ángel Peirano: The objective of the agreement reached with Diageo in Chile is basically to complete the product portfolio we distribute, specially focused on HORECA, in order to have a more complete delivery extending it to other beverages beyond the ones we produce and sell. On the one hand this will allow to have a better relationship, a better position in this kind of channel, the HORECA channel where these kinds of alcoholic products have a greater incidence and clearly helps us dilute distribution costs. Regarding additional investments they are very low, they are marginal given the high value of these kinds of products in terms of the one we distribute on a regular basis. Simply generating some cages in the trucks we have, but not more than that, so it is completely marginal. This is being focused on Chile, for now that is our focus and we expect to achieve good results with this.

Fernando Olvera: And any idea on how much your margins might improve?

Andres Wainer: We are not sharing information regarding margins of our categories at this moment.

Alex Robarts: Two questions on Chile. Volumes and taxes. The first half we saw stable volumes in Chile, but they dropped in the first quarter and significantly increased during the second quarter almost 7%. Where do you see the volume growth rate (normalized) in Chile looking toward the second half? I am aware there was a positive weather effect in April, but there have been two quarters with greatly different growth rates. Can you comment on the status of the consumers and how the industry is behaving? Looking towards the second half and 100 basis points of market share you have obtained, which is a bit more than we have seen in the last quarters. Can you comment if this was due to a scenario of more aggressive prices or was it related to the timing of price increases? That is my first question. The second one, I would like to understand how the tax situation is going. I understand that there was a research regarding the impact on sugar tax which began in 2015, there might be a review on how the tax operates and maybe in September, the government will explain the conclusion. If you see the possibility that what we have as sugar tax may change and in Andina if there will be a change in sugar taxes. Thank you.

Miguel Ángel Peirano: Regarding volume, the drop after the growth, clearly the different months have had different factors that have impacted volumes, be it the competitive actions of our competitors, temperatures and others. But I believe that if you normalize all those effects, in Chile we should expect a low single digit looking forward, despite that in one month or quarter it might be higher or lower. Particularly, the drop in market share has been for competitive issues, price actions that we have not responded trying to protect, as always, the Company's earnings and profitability. Regarding taxes, the government has the idea of trying to join labelling issues with tax issues. Today, in terms of sugar taxes, soft drinks are the only products that pay them. In addition to the label issues, given the reformulation we have carried we only have three SKUs that use labels, the rest of the have all been reformulated to sugar-free or low contents of sugar, but we also pay taxes. While in the case of other foods that have labels but do not pay taxes and sugar sold in bags does not have labels and does not pay taxes. So in some way the government is trying to normalize this, to join them. So we have to wait and see where the government's analytical process review ends. The good and at the same time bad news is that we already pay taxes, so we should not be affected. We hope for this and this is what we are communicating since we are the only products that do pay,

and the bad news is that we are already paying. In short, I do not expect significant changes. We have to wait for the government's decision, undoubtedly we will always be aligned with them, that is regarding tax issues.

Carlos Ariola: I have two questions, mostly on Argentina. I know the country is going through a complicated situation, and I would like to have a view on what we could expect for the second half of the year and 2019. My second question is regarding operating and accounting changes, what should we expect on those issues going forward in Argentina? Thank you.

Miguel Ángel Peirano: Argentina has been going through a normalization process of its economy, the large majority occurred last year and clearly within this process we faced turbulence that in some way we have been undergoing during this last period, especially after the credit Argentina requested from IMF and this generated unease and then internal turbulence with the country. Part of the drop in volumes we have had, a large part of the drop in volume, unfortunately was due to general strikes during the quarter. In any case, we are confident that the path the government has taken is the right one, that although there have been ups and downs, at the end the trend, if it consolidates, it will be good for Argentina. On how long this turbulence will last we hope that towards the end of 2018 it begins to normalize, and that Argentina starts to grow again in 2019. Clearly this has impacted the economy during the last quarter and therefore, consumption, and there has been a retraction, but in any case, and particularly in Argentina, we already have the tools and the experience to face these kinds of situations. The good news, in this case, is that it is for a good reason, for the normalization of the economy, that we expect to occur and that in 2019 it begins growing.

Andrés Wainer: Regarding inflation in Argentina, as you mentioned, external auditors are categorizing Argentina as hyper-inflationary beginning this quarter 3Q, from July onward. This will make us apply a monetary restatement on the financial statements of our operation in Argentina. You should begin seeing this beginning 3Q of this year.

José Yordan: I was interested on knowing a little bit more what the reason behind the good performance in Paraguay was, in volumes etcetera, because in previous calls, margins had considerably dropped given the sugar issue. I imagine that this time the recovery in Paraguay is not because of a change in the unit price of sugar but to the 20% volume growth. Well, that is the first question. The second question is regarding the packaging mix in Argentina. As you know last year the beer market had a great shift in the can mix, partly because of the growth of can capacity of your competitor. I wanted to see how this had affected soft drinks business. In the case of specific soft drinks, if Ambev, if the second player has had the same strategy than that of CCU in Argentina in terms of packaging, cans, etc. If that were the case are you concerned that the market will shift towards cans in a year that returnables are most needed?

Miguel Ángel Peirano: Regarding Paraguay, as you say, after having had the impact of sugar in the past months, the increase of sugar in the case of Paraguay, since it is a closed market, it continues with increased values, so it is still high. The improvement of margins basically comes from the dilution of costs through volume growth and from the continuous cost reduction program and of austerity that we have in all the countries, but particularly in Paraguay, in order to offset the drop we had due to the increase in sugar. So, as you say, sugar is still high, but we have managed to turn the equation around by offsetting this higher increase in sugar costs through lower costs elsewhere and a greater dilution through volumes that came from hand in hand with the growth in market share, our market share figure is above 70 points, which is very healthy.

Regarding the issue of packaging in Argentina, cans in Argentina in the case of soft drinks is not a relevant package, it is a package that has rather not grown after the crisis in 2001 and where especially PET, Glass and REF PET has been developed. In our particular case, our focus remains in returnables, to grow returnables. In the case of cans, given how well this product travels because when you transport it, there is little air between the packaging, we are introducing a canning line this year in Argentina, giving it more relevance especially in outside territories, which will allow us to reduce logistical costs and continue focusing on another of our key areas, which is personal consumption. As I told you, one is returnables and the other is personal consumption and those are the two areas where we are focused on in Argentina regarding distribution packaging. In terms of the competition, there have been no changes in the packaging structure they have had.

José Yordan: So the unit cost of a can in Argentina has gone down enough so that any kind of change in mix you may have is offset by a lower cost, that is, an already more profitable package?

Miguel Ángel Peirano: Not necessarily, what happens is that when you travel far distances--in this case, we have a tremendously wide territory in Argentina--the cost of freight, which you know is relevant, in the case of Argentina does start to affect and that's why the can is a convenient packaging. But in these cases. In the central cases, such as Córdoba, Bahía Blanca, Santa Fé, Mendoza, the strategy will continue focused on the existing packaging.

Nicolás Schild: I wanted to see if you could give an update on the issue of eliminating part of the tax franchise you have in Manaus and the effect that it could have on margins due to higher concentrate costs. I know the company has been trying to talk to the government to reach some sort of agreement, but I wanted to see how those negotiations are going and when it should start to take effect.

Andrés Wainer: It is a benefit that we have, and that is being reduced beginning September 1st, and the effects are approximately 7 million Brazilian reais per month. Probably this year the effect is not going to be very relevant and next year we will see the full effect. It is currently being discussed in Congress in Brazil if the incentive remains at the levels it previously had, i.e. 20%. It has not been defined yet. The Senate approved to move it back to 20% but is still has to be approved by the House of Representatives. Therefore, the issue is news in progress and when we have more information about it we will communicate it.

Nicolás Schild: And if this elimination of part of the tax franchise or tax benefit gets to be applied, what would be the idea? Move the plant to something closer? Because Manaus is a long way from your operations. Build something closer? And only to clarify, in that case the one who pays Capex is The Coca-Cola Company and you would have an increase in the price of concentrate that you pay Coca-Cola? But in terms of Capex you shouldn't, right?

Andrés Wainer: If this benefit were to be low, let's say 4%, then The Coca-Cola Company would have to evaluate. In any case, if the incentive is low, we will have to face that, and it is something that will affect the entire industry with some kind of price increase in order to offset that effect---the monthly 7 million Brazilian reais in the worst-case scenario and if we were not to take any kind of action in terms of prices.

Nicolás Schild: But if you would have to move that plant, Capex will be contributed by The Coca-Cola Company, not by you?

Andrés Wainer: Yes, indeed, by Coca-Cola.

(When there are no more questions)

Miguel Ángel Peirano: *Simply thank you for your time, your participation in this conference call, and for your interest in Coca-Cola Andina's results. As always, our investor relations and management team are and will be available to meet with you and answer any questions you may have. We remain at your disposal. Have a nice day.*

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