

3Q18 Conference Call Guidelines

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Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's third quarter 2018 results conference call. **This quarter we achieved positive financial results in the main franchises operated by our Company, with Adjusted EBITDA growth levels in local currency and margin expansions at our main operations.** This was achieved within a macroeconomic context that continues to be challenging, and that has impacted our sales volume growth. On a neutral currency comparison basis and excluding the adoption of IAS 29 regarding hyperinflationary economies, which is of mandatory adoption beginning this quarter over our results, **Net Sales grew 8.2% during the quarter and consolidated Adjusted EBITDA grew 12.4%.** Thus, consolidated Adjusted EBITDA margin expanded 77 basis points, reaching 17.1%. Results in local currency reflect the work performed in each of the countries.*

However, due to the categorization of Argentina as a hyperinflationary economy and the strong depreciation of the Argentine peso and the Brazilian real against the Chilean peso, our reporting currency, with a significant impact over results reported; the Company's Consolidated Sales decreased 17.4% and consolidated Adjusted EBITDA decreased by 13.8%.

Finally, it is noteworthy that thanks to focus 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 and Paraguay. Market share levels reflect our excellent competitive position.

***In the team's continuous effort to add value to our shareholders,** at the end of September we made a partial repurchase of bonds we had issued in the United States, for the purpose of reducing the Company's financing costs, among others. Additionally, in a parallel operation, we placed a bond in the local market in Chile, extending the duration of the Company's debt profile and improving the depreciation profile we had, without altering the Company's debt ratios.*

***On October 3, the Guallarauco acquisition in Chile was materialized,** with which Coca-Cola Andina became shareholder of 35% of that company. As we have previously explained, 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.*

***In October, also in Chile, we were recognized as one of the country's most innovative companies.** Innovation is part of the culture of Coca-Cola Andina. We are convinced that in a changing environment as the one where we develop our business, it is essential to have the ability to innovate and anticipate the challenges we constantly face, always keeping our customers and consumers as the center and guide for this process.*

Going on to the operations,

In Argentina during this quarter sales volume decreased by 3.1%, which was explained by the volume reduction of the soft drinks and water categories, which was partially offset by the growth of the juice category. During the quarter, sales volumes continued to be negatively affected by the macroeconomic situation that the country is undergoing. After a significant devaluation of the Argentine peso, there was a strong consumption contraction, affecting our volumes. **Our market share in the soft drinks segment reached 63.0 points, increasing 70 basis points over the same period of the previous year.**

In Brazil, sales volume during the quarter decreased 1.6% compared to the previous year, explained by a volume decrease in the soft drinks and beer categories, which was partially offset by an increase in the water and juice categories. Volumes for the quarter continue to be influenced by macroeconomic factors and a low level of consumer confidence in the state of Rio de Janeiro, which impacts consumption. Our market share reached 63.3 points, a reduction of 80 basis points regarding 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, not only during the quarter, but also in terms of accumulated figures of the year.**

In Chile, sales volume decreased 1.2%, explained by the decrease in the soft drinks and juice categories, which was partially offset by the growth of the water category. Our soft drinks market share reached levels of 66.3 points, 160 basis points lower compared to the same period of the previous year, mainly explained by the decrease in the supermarkets channel and particularly in future consumption formats, which is explained by promotional activities from competitors in this channel and format.

In Paraguay, our sales volume decreased 6.7%, explained by the decrease in the sales volumes of all categories, explained by:

- A high comparison basis, since Sales Volume for the same quarter of the previous year increased 13.2%,
- Below normal average temperatures, and
- Increased cross-border trade, in Argentina and Brazil, due to the devaluation of the Argentine peso and the Brazilian real against the guarani.

Our market share reached 72.0 points, 140 basis points higher compared to the same period of the previous year, explained by 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, and regarding these results, there is a strong factor that does not make the comparison of figures possible: since July 1st, Argentina was categorized as a hyperinflationary economy. This implied applying the International Accounting Standard No. 29 ("IAS 29") on our results of this operation. Impacting our consolidated results, not only for the 3Q18, but also the results of the first semester already reported. Within the effects of this standard, we must translate Argentine pesos to Chilean pesos, for the consolidation of figures, using closing and non-average exchange rates. This implies, that in addition to the effect of having to restate non-monetary assets and liabilities, for the consolidation of figures we use the closing exchange rate of CLP 16.01 per Argentine peso, which is compared with the average exchange rate of CLP 37.16 per Argentine peso used in 3Q17.

Regarding the exchange rates of the other countries where we have operations and their effect on the consolidation of the figures, again during this quarter we had a negative impact upon consolidation of figures from our operation in Brazil, because we used an exchange rate of CLP 167.55 per Brazilian real compared to an exchange rate of CLP 203.00 per Brazilian real used in 3Q17. The Guarani did not vary during the period, remaining stable at CLP 0.11 per Guarani for both periods.

Regarding the impact of IAS 29 on our results, during 3Q18 we are reporting negative impacts of CLP\$16,683 million on our consolidated Net Sales, CLP\$3,031 million on our consolidated Adjusted EBITDA and CLP\$3,043 million on Earnings attributable to the owners of the controller, due to the application of this standard.

During the first nine months of the year we are reporting negative impacts of CLP\$92,869 million on our consolidated Net Sales, CLP\$17,313 million on our adjusted EBITDA and CLP\$17,800 million earnings attributable to the owners of the controller due to the application of the standard. It is important to note that the results of each quarter will reflect the impact of IAS 29 in that particular quarter, but additionally, the consolidated results in Chilean pesos already reported will vary, as this standard requires that the accumulated results of the Argentine Operation be translated to Chilean pesos at the closing exchange rate.

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 nominal local currency and excluding the adoption of IAS 29.

In Argentina Net Sales increased 25.0% during the quarter, which was mainly explained by the price increases we have performed, and that was partially offset by the 3.1% decrease in volume already mentioned by Miguel Ángel.

Cost of Sales increased 17.1% in the quarter, which is explained by 3 factors:

1. The increase in revenues, which has a direct incidence on the cost of concentrate,
2. The devaluation of the Argentine peso against the U.S. dollar having a negative impact over our dollarized costs, and
3. A greater cost of PET resin.

On the other hand, Distribution Costs and Administration Expenses increased 31.8% 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 38.4% in the quarter, and Adjusted EBITDA margin expanded 41 basis points reaching 14.0%. Argentina represented 16% of the Adjusted EBITDA generated by the Company.

In Brazil Net Sales decreased 1.1%, which is mainly explained by the 1.6% volume decrease.

Cost of Sales decreased 3.2%, which is mainly explained by the lower cost of sugar and the lower use of this raw material given the reformulations we have performed. This was partially offset by the negative effect of the 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.

On the other hand, Distribution Costs and Administration Expenses increased 1.5% which is mainly explained by greater freight costs, and greater labor expenses, which were partially offset by lower advertising expenses.

Adjusted EBITDA increased 8.0% during the quarter and Adjusted EBITDA margin was 16.7%, an expansion of 141 basis points. Brazil represented 31% of the Adjusted EBITDA generated by the Company.

*In **Chile** Net Sales increased 5.8% in the quarter, mainly by increased average prices, which were partially offset by the previously mentioned decrease in volumes.*

Cost of Sales increased 6.9%, explained by 4 factors:

- 1. The shift in the mix towards products that carry a higher unit cost,*
- 2. The shift in the mix towards low and sugar-free products, which have a higher concentrate cost,*
- 3. The negative effect of the depreciation of the Chilean peso on our dollarized costs, and*
- 4. A higher cost of PET resin.*

This was partially offset by a lower cost of sugar and a lower use of sugar due to the reformulations we have performed.

Distribution Costs and Administration Expenses increased 1.2% in the quarter, mainly explained by greater labor costs, partially offset by lower advertising expenses.

Adjusted EBITDA increased 5.9% in the quarter and Adjusted EBITDA margin reached 18.6%. The operation in Chile represented 40% of the Adjusted EBITDA generated by the Company.

*In **Paraguay** Net Sales decreased 5.5% in the quarter, which is explained by the volume decrease mentioned by Miguel Ángel.*

Cost of Sales decreased 3.9%, which was mainly explained by lower volume sold, the shift in the mix towards products that carry a lower unit cost, mainly water, and lower expenses in sweeteners. This was partially offset by a higher cost of PET resin and greater labor costs.

Distribution Costs and Administration Expenses increased 5.5%, which is explained by higher advertising expenses and greater labor expenses.

This was partially offset by lower depreciation charges.

Adjusted EBITDA decreased 16.1% in the quarter and Adjusted EBITDA margin reached 22.8%

Paraguay represented 13% of the Adjusted EBITDA generated by the Company.

We are now available for any questions you may have.

Fernando Olvera: Hello, how are you? Good morning everyone. I have a couple of questions regarding Chile and one regarding Brazil if I may. In the case of Chile I do not know if you can give us an idea of what was the growth in sales excluding Diageo.

And, on the other hand, if you can tell us how you are viewing the issue of competition for 2019, since it is the second quarter that you record a contraction in market share and, whether there is any strategy that you are implementing or going to implement.

That in regard to Chile. Regarding Brazil, I just wanted to see if you could explain what the lower market share is owed to. Thanks a lot.

Miguel Ángel Peirano: Hi Fernando, how are you? Good morning, this is Miguel Ángel. Well, regarding the issue of competition in Chile, basically market share loss has come from a channel and a packaging format that are future consumptions within supermarkets due to quite aggressive actions from the competition who have certain agreements with supermarkets for certain periods of time, where they implement price actions that we have not reacted to.

And so, to preserve profits, we have maintained prices or have not reacted at those levels. Clearly facing forward, we will always look for the best balance between price and volume, in order to maximize the Company's results, maintaining market share levels within the ranks in which we are.

And regarding Brazil, basically the issue is owed to the same cause. Here, there have also been actions of the competition to which we decided not to answer and therefore preserve profits, understanding that at the end of the cycle, since these are exceptional/one-time actions, sooner or later market share is recovered without sacrificing profits at a time when markets are really quite under stress.

Andrés Wainer: Hi Fernando, this is Andrés. Regarding your question of Chile's sales without Diageo, we are not giving a breakdown of that information. Anyhow, I can anticipate that in this quarter Diageo sales were very marginal, we just started with the sale in mid-August, therefore, the numbers we are reporting have very little effect regarding Diageo. The average price and total sales practically do not change without including Diageo.

Fernando Olvera: Okay, perfect. Thank you so much.

Operator: And the next question comes from Mariana Hernandez with Credit Suisse. Your line is open.

Edgar: Hello, this is Edgar, I am speaking on behalf of Mariana Hernandez. First of all, I would like to thank you for taking my question. I would like to understand what happened with beer in Brazil, because we talked a few days ago with Heineken and they said that the beer market in Brazil was growing, but we have not seen that in your report, I would like to understand this a little better.

Miguel Ángel Peirano: Hello, how are you? Good morning, this is Miguel Ángel. Well in the case of beer in Brazil, we have an operation, especially in Rio de Janeiro, which is the most important operation, very focused towards the premium segment. Therefore, what I can answer is only regarding our operation, which is within the premium market, basically with the brands Heineken and Amstel, which represent most of our sales.

Beer sales have been growing during the year, in this quarter we had a small drop in Market Share, but the reality in our particular case, the premium segment has remained well so far this year.

Edgar: Thank you.

Miguel Ángel Peirano: Thank you.

Operator: And the next question comes from Alex Robarts with Citi Group. Your line is open.

Alex Robarts: Hello, Good morning everybody. Thank you very much for the questions. I have two questions please, one on Chile and the other on sugar. Seeing this 1% drop in volume in 3Q, can you comment a little about the behavior of soft drinks against water if possible? I want to understand a little if there was a big difference in the growth rate in these categories and in your answer if you can please comment a little what are Andina's policies today regarding water at the consolidated level, if we can make the assumption that today these categories are showing growth rates well above soft drinks. This is the first question.

And, you mentioned that there was a reduction in the cost of sugar, right? If you can talk about the magnitude, if there was a double digit drop in the cost of sugar or not, please also at the consolidated level. Thanks a lot.

Miguel Ángel Peirano: Hi Alex, how are you? This is Miguel Ángel. Well, regarding the first part of your question about segments between soft drinks, mineral water, juices and the evolution of each one of them, I would say that, except juices,

where we have been growing, there is not really much difference between how the volume has evolved both in soft drinks and waters, regarding the quarter.

In that sense, I would say there is no big difference, in the particular case of water we have grown. As a general trend, I would say that there are no major changes regarding the past and perhaps the good news is that during this year the Coca-Cola brand in its original versions, without sugar and light, has been growing, so that's very good news, but in general there are no major changes in trends in any of the segments, except as I mentioned, in the case of juices where we have been growing more than the rest.

Andrés Wainer: Hi Alex, this is Andrés. Regarding your question on sugar, the cost of sugar has actually been dropping during the year. Keep in mind that we took hedges, so the price we are seeing today, was fixed several months ago. In 3Q at the consolidated level, there have been sugar price decreases compared to the previous year, in dollars, of approximately 15% below the previous year.

4Q is going to be pretty similar to this 3Q and next year the price is going to keep falling, we're not going to have the large decreases we're seeing now, but we should still be having sugar costs below this year.

Alex Robarts: Okay, very clear. Thanks a lot.

Miguel Ángel Peirano: Thank you, Alex.

Operator: And the next question comes from Luca Cipiccia with Goldman Sachs. Your line is open.

Luca Cipiccia: Hello, Good morning. Thanks for taking my question. I wanted to ask if you had any comments on the new plant in Brazil, in Duque de Caxias?, if you can talk a little about the benefits, how it is helping the forecasts. Any additional detail about the impact of that new plant and the benefits for you.

Miguel Ángel Peirano: Hello, how are you Luca?, this is Miguel Ángel. Well, with regard to the Duque de Caxias plant, as we had previously commented, it was finished on time not only regarding budget but also in terms of cost, and the three production lines are already operating.

The good news is that we have also received the authorization from Brasilia, which was the last pending procedure in order to certify water as mineral water, so we have concluded all of the steps of this project.

The plant is running very well, with very good efficiencies, which will allow us, as long as volumes continue to grow, to reduce costs facing forward. Just in recent months, to give you an idea of the speed at which this plant is running, with only three lines, Duque de Caxias is already producing almost at the levels of our plant in Ribeirão Preto.

Being high speed lines of a very technical plant, this allows us to reduce costs. And the fact that the Brazilian government already approved water as mineral water will ensure a good capacity and service during the season.

Let's keep in mind that initially we depended on third parties, after shipping water from Ribeirão Preto to Rio de Janeiro, which involved a fairly high freight cost to sell water during the season, especially with the highest volumes in Rio de Janeiro.

A situation that has been completely solved, because today we have the line running and water certified as mineral water, in order to respond to all the demands we have this season. So, really the news on Duque de Caxias has been all very good news.

Luca Cipiccia: Very well and also very clear, thank you. And, also in terms of logistics as well as distribution, have you seen benefits?

Miguel Ángel Peirano: Undoubtedly, because first, as I commented, the issue of water freight to Rio de Janeiro, today instead of shipping from Ribeirão Preto, we have availability at a distance of 50 kilometers, which is the distance from Duque de Caxias to the center of Rio de Janeiro (of the southern area).

On the other hand, we can service the north area of Rio de Janeiro and the part of Espírito Santo with returnables produced in Duque de Caxias, instead of returnables produced in Rio de Janeiro. Which also reduces our shipping costs in a format that is key and very important to attack the low-level purchasing segments in the north of Rio de Janeiro and Espírito Santo, because it allows us to have a product at a lower cost, from a logistic and production costs point of view.

Luca Cipiccia: Of course. All right, thank you very much.

Miguel Ángel Peirano: Thank you, Luca.

Operator: And the next question comes from Pedro Pereiri with Santander. Your line is open.

Pedro Pereiri: Hello, Good morning. I want to ask you about Brazil, where margins expanded 60 and 41 basis points. I believed that this country would be affected by the tax issue of Manaus in the quarter, could you comment if the results are actually being affected and in what magnitude please? Thank you.

Andrés Wainer: Hi Pedro, this is Andrés. We have not yet been affected by the change in the IPI tax benefit of Manaus, that will just start to hit us in November or late December. But margin improvement in Brazil has two causes.

The first is the efficiency issue, a little what Miguel Ángel had just mentioned, of Duque de Caxias that is helping us a lot and the other one that I also mentioned a little while ago, the issue of the lower cost of sugar. The cost of sugar in Brazil, this quarter and also the next, is much lower than the previous year and that is also helping us in terms of margins.

Pedro Pereiri: Thank you. And just a follow-up on the question, what is the impact magnitude you expect next year on margins regarding this tax issue and also if you expect to grow volumes in Brazil in the fourth quarter? Thank you.

Andrés Wainer: Well, the impact for next year, regarding the change in IPI tax benefit is approximately 50 million BRL, that is the total impact. That, assuming no actions are implemented, if prices do not change, etc. That's the worst scenario. We do expect to grow volumes, both in the fourth quarter and next year.

It has been a fairly flat year in Brazil, suddenly one grows a bit, then falls a bit, but we have confidence that the issue of political uncertainty in Brazil should lessen, and the economy should start to rebound, and consumption should also begin to grow in the next few months.

Pedro Pereiri: Thanks for the answers.

Andrés Wainer: And also with Duque de Caxias, we now have more capacity to sell returnables. We used to have all the capacity of returnables maxed out, now with Duque de Caxias we will be able to sell returnables in the entire franchise, which would help us, as well as mineral water. We are already going to start selling mineral water from Duque de Caxias in the next few days and that also should help us quite a bit in terms of volume, both this quarter and next year.

Pedro Pereiri: Thank you.

Operator: And the next question comes from Felipe Ucros with ScotiaBank. Your line is open.

Felipe Ucros: Miguel Ángel, Andrés, Good morning. Thank you for taking questions. The first regarding Argentina. We saw that your prices were a little below inflation until the second quarter and in this quarter you managed to reach and match the accumulated inflation for the year, so it does seem that the price increase was quite strong.

So I wanted to ask: first, at what point in the quarter did you increase prices in Argentina and what impact do you think it can have on volumes, looking forward, towards the end of the year?

Second, regarding Brazil, delving a bit into what Luca already asked. I was wondering if you can give us some sort of quantification of the positive impacts you are seeing as a result of the new plant. Thank you.

Miguel Ángel Peirano: Hello, Felipe. How are you? This is Miguel Ángel. Well, regarding the issue of prices in Argentina. In Argentina we have somewhat of a price increase frequency that we had to shorten due to the acceleration of inflation and the devaluation of the peso in Argentina, so, the way we increase prices is actually different from the rest of the countries.

In the rest of the countries normally dates are set, and increases are made for most of the formats. In the case of Argentina, it is much more tailor-made: in terms of formats, region and timing.

So actually, I would say that it is a continuous exercise where through our revenue Management systems and price/volume elasticity we are seeing in what formats and at what price we can apply to each of our products.

And that is what has allowed us, as you say, to generally be in line with inflation in the issue of prices and gain market share at the same time, given that pricing in Argentina is quite surgical, which unfortunately is an expertise that we have had to develop in recent years in that country.

With regard to the issue of impact on volumes, I would say it is also highly dependent on what happens to the economy. Our prices are increased in order to maximize the price/volume equation, and, in terms of what is going on and how the consumer reacts based on how they view the projection of the economy, will be a little more tied to how the impact of volume moves.

But in relative terms, what we have achieved despite our prices being in line with inflation, is to gain market share.

Andrés Wainer: Felipe, on the subject of quantifying the benefits of Duque de Caxias, we are not delivering that information to the market. However, they are relevant figures, but more important than that, is the market share that we will be able to gain, both in water and returnables, where we are practically not present.

In water, we have almost 10%-12% market share. The other bottlers of the Coca-Cola System that have water sources, are closer to 30%, so we are very optimistic about what we will be able to do in that market, and that will be the most important source of benefits of Duque de Caxias.

Felipe Ucros: Okay, very clear. Thanks a lot.

Miguel Ángel Peirano: Thank you, Felipe.

Andrés Wainer: Thank you.

Operator: I remind you that you only have to press the star* key followed by the number one on your phone to ask a question. The next question comes from José Ferreira with Actinver. Your line is open.

José Ferreira: Hi, how are you? Good morning, Miguel Ángel and Andrés. Thanks for taking questions. Most of all I wanted to ask what your feeling is, what do you see facing forward. You commented a moment ago the issue of Brazil, that it has been a more or less flat year and that things look a little better for 2019. I think I also support that motion regarding the new government.

But my question is more linked to Argentina, have you seen any slight improvement or something during 4Q and what do you expect in 2019, a slow recovery or could we also see a flat 2019 for the Argentine economy? Thank you.

Miguel Ángel Peirano: Yes well, in the case of Brazil, as you said, we are optimistic that with the new government and already adjusting to the economic teams that have been placed, or at least that the new president is proposing, Brazil will begin stabilizing facing forward, which is very good news because we will be very well prepared for that new stage, that will hopefully occur.

In the case of Argentina, after the adjustments that were made, after the strong devaluation of the peso (ARS) and after the Government implemented measures that generated in some way a shock in the market, which on the one hand lowered the dollar, but on the other hand also made the economy go into a recession.

So the reality is that, in the case of Argentina, we hope that, I think perhaps, the worst has already happened, the tremendous adjustment, facing forward it should be improving, but in the next quarter we will have some of the impacts of the adjustment that was made.

I believe, and I hope that with these measures and in the way in which the economic part is arranged a little, Argentina will also begin to improve, but only beginning next year. In 4Q I think we will have somewhat of an impact; the market will be impacted by this adjustment made to several macroeconomic variables that impacted consumption.

José Ferreira: Perfect, thank you very much.

Miguel Ángel Peirano: Thank you very much, José.

Operator: To ask a question, you only have to press the star* key and the number one of your telephone. There are no more questions at this time. Mr. Peirano do you have any final comments?

Miguel Ángel Peirano: *No, simply thank you all for your time, your participation in this conference call, and for your interest in Coca-Cola Andina's results. And, 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 very good day. Thank you so much.*

Carolina: *Thank you all for participating today, the call has concluded, you may disconnect.*

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