

Accelerating  
towards  
excellence



**Investor relations**

May 2017

# Cautionary Statement

## FORWARD-LOOKING STATEMENTS

This presentation contains “forward-looking statements” These forward-looking statements relate to Coca-Cola FEMSA, S.A.B. de C.V. its Subsidiaries (“KOF”) and their businesses, and are based on KOF management’s good faith expectations regarding KOF and its businesses. Recipients are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside KOF’s control, that could cause actual results of KOF and its businesses to differ materially from such statements. KOF is under no obligation, and expressly disclaims any intention or obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

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## ADDITIONAL INFORMATION AND WHERE TO FIND IT

Documents filed by KOF are available at the Securities and Exchange Commission’s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20594. Investors and security holders may call the Commission at 1-800-SEC-0330 for further information on the public reference room. Free copies of all of KOF’s filings with the Commission may also be obtained by directing a request to:

## COCA-COLA FEMSA

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Coca-Cola FEMSA has traveled to become the largest franchise bottler in the world, in terms of volume, operating in two of the most attractive regions for its industry



### Coca-Cola FEMSA at a glance

~**375** million consumers

~**2.8** million points of sale

~**27** bn transactions<sup>(1)</sup>

~**4** bn unit cases<sup>(1)</sup>

~**US\$9.8 bn** <sup>(1)</sup> in Revenues (~US\$1.2 bn PH)

~**US\$1.8 bn** <sup>(1)</sup> in EBITDA

**66** plants

**328** distribution centers

(1) Full year 2016 figures including the Philippines on a proforma basis

# Our footprint... Mexico and Central America division



## Mexico and Central America at a glance

- ~**93** million consumers
- ~**1** million points of sale
- ~**11** bn transactions<sup>(1)</sup>
- ~**2** bn unit cases<sup>(1)</sup>
- ~**US\$4.2 bn** <sup>(1)</sup> in Revenues
- ~**US\$1 bn** <sup>(1)</sup> in EBITDA
- EBITDA Margin** <sup>(1)</sup> 22.7%

### product mix by package

% of volume of sparkling beverages

**Non-Returnable** 64%  
**Returnable** 36%

### product mix by size

% of volume of sparkling beverages

Multi  
Serve 64%

Single  
Serve 36%

## Portfolio Excellence

- ✓ Product innovation
- ✓ Affordable presentations
- ✓ Diversify portfolio
- ✓ New packages



# Our footprint... South America division



## South America at a glance

~**179** million consumers  
 ~**1** million points of sale  
 ~**8** bn transactions<sup>(1)</sup>  
 ~**1.3** bn unit cases<sup>(1)</sup>  
 ~**US\$4.3 bn** <sup>(1)</sup> in Revenues  
 ~**US\$750 million** <sup>(1)</sup> in EBITDA  
**EBITDA Margin** <sup>(1)</sup> 17.3%

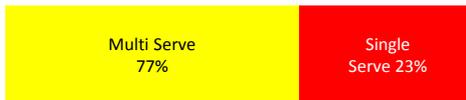
## product mix by package

% of volume of sparkling beverages

**Non-Returnable** 80%  
**Returnable** 20%

## product mix by size

% of volume of sparkling beverages



## Portfolio Excellence

- ✓ Product innovation
- ✓ Affordable presentations
- ✓ Diversify portfolio
- ✓ New packages



(1) Full year 2016 figures

# Our footprint...

## Asia division



For the 1Q17 we will be starting consolidating The Philippines



### Philippines at a glance

~**105** million consumers  
 ~**1** million points of sale  
 ~**7** bn transactions<sup>(1)</sup>  
 ~**570** million unit cases<sup>(1)</sup>  
 ~**US\$1.1 bn** <sup>(1)</sup> in Revenues  
**EBITDA Margin** <sup>(1)</sup> ~13%

Excluding Fountain

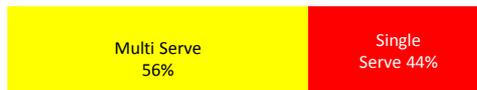
### product mix by package

% of volume of sparkling beverages

**Non-Returnable** 41%  
**Returnable** 59%

### product mix by size

% of volume of sparkling beverages



### Portfolio Excellence

- ✓ A profound **RTM transformation**
- ✓ **Improving the mix** of one-way PET packaging and the core sparkling beverage portfolio
- ✓ Strengthened our **supply chain**, gained control of **distribution** and **logistics** and **modernized** our production capacity
- ✓ Installing **the fastest bottling lines in the world**

# Capital Structure



# Our Strategic Framework continues to be the guide for our business

## Become a multi-category beverage leader with global footprint

**CATEGORIES:** Protect and grow Sparkling, while diversifying aggressively in Stills, Dairy and new categories

**GEOGRAPHIES:** Expand footprint in LatAm & Asia, monitoring other opportunities within TCCC System

Winning  
Portfolio  
Buildup



Operating  
Model  
Transformation



Cultural  
Evolution



Disciplined Capital Allocation

Business Sustainability

Strategic M&A

Accretive relationship with KO

# Our portfolio must continue to evolve...



## Revitalize CSDs

- Re-gain **competitiveness & affordability**
  - Develop **single serve** via magic price points
  - Continue to **invest in RefPet and returnable**



## Diversify portfolio

- Successfully incorporate **Ades & Monster**
- Focus on **individual presentations** in NCBs



## Grow non-caloric

- Accelerate towards **non-caloric portfolio** through:
  - Product **reformulation**
  - **Coca-Cola SIN AZÚCAR** in Mexico, Colombia & CAM

# to maximize value in each segment through innovation and affordability

## CSD's

✓ Innovation



✓ Low-calorie



✓ Affordability



## NCB's

✓ Juices

- A portfolio for each segment



✓ Sport Drinks

- Market leadership in Mexico



✓ Energy Drinks



## Dairy

✓ Innovation



✓ Plant-based



## Water

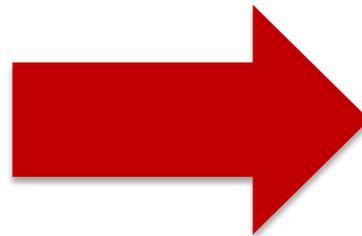
✓ Innovation



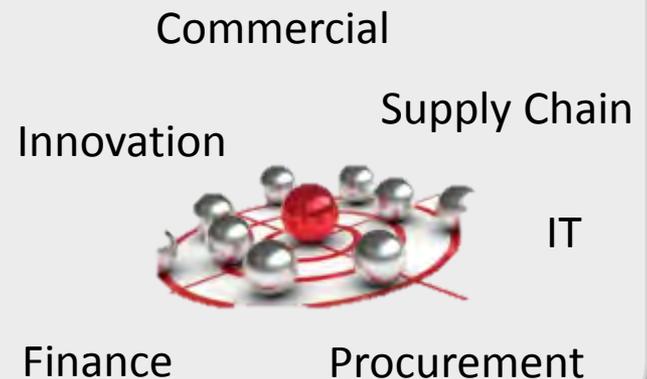
# We continue transforming our operating model through our centers of excellence

## Current transformational efforts:

- ✓ Kofmmercial Digital Platform
- ✓ Supply Chain Planning
- ✓ Digital Distribution
- ✓ Global Business Services



## Through our centers of excellence to scale growth:



# Propelled by our centers of excellence (CoEs), we are accelerating the transformation of our operating model

## Centers of Excellence

### Commercial



### Distribution & Logistics



### Manufacturing



## Transformation remains on track

- ✓ Rolled our **KDP across** our **traditional sales channel in Mexico**
  - ✓ Implementation of **KDP in Brazil**.
  - ✓ **Incremental volume and revenue growth**, with improved point-of-sale execution, in the areas with KDP.
- 
- ✓ Developing an **integrated, best-in-class supply chain** across our global beverage categories, geographies, and business models.
  - ✓ Rollout of our **Digital Distribution platform** at four distribution centers in Mexico, **covering more than 300 delivery routes**.
- 
- ✓ Hard **manufacturing savings of US\$36 million** in 2016.
  - ✓ **Best quality index in the history** of our company

# Strategic Imperatives

## Accelerate performance with distinctive capabilities

- Focus on **Analytics** and a **streamlined RTM**
- **Compensate incidence** increase through pricing and CoE initiatives



## Ensure operational stability to exploit market leadership

- Tackle current **labor challenges**
- **Sustain margins** despite the economic environment

## Turnaround focus

- **Improve POS execution** and exploit **Coolers** as a driver for growth
- **Vonpar** Integration & **Leao** Transformation



## Capture transformational opportunities

- **Turnaround** in **Panama**
- **Structural changes** in **Guatemala**
- **Costa Rica's** volume growth into **profit growth**
- **Improve capacity** in **Nicaragua** to maintain growth

## Create basis for sustainable and profitable growth

- **Adjust cost structure & recover margins**
- Continue developing **affordable CSD's** portfolio
- Keep **improving our RTM** capabilities



## Ensure business continuity

- **Rescale business** to continue operating
- Maintain **labor stability**



## Accelerate turnaround

- **Leverage volume growth** to offset cost

# Strategically committed to sustainable development, while simultaneously generating social, economic and environmental value in all of our actions



- **+374 thousand volunteer hours** since 2015
- **+2.47 million training hours** for all our collaborators



- **+1.5 million people** have been **benefited with our healthy habits** programs since 2015
- **589 suppliers in sustainability evaluations** and development programs
- **36%** of our beverage brands are **low- or no-calorie drinks**

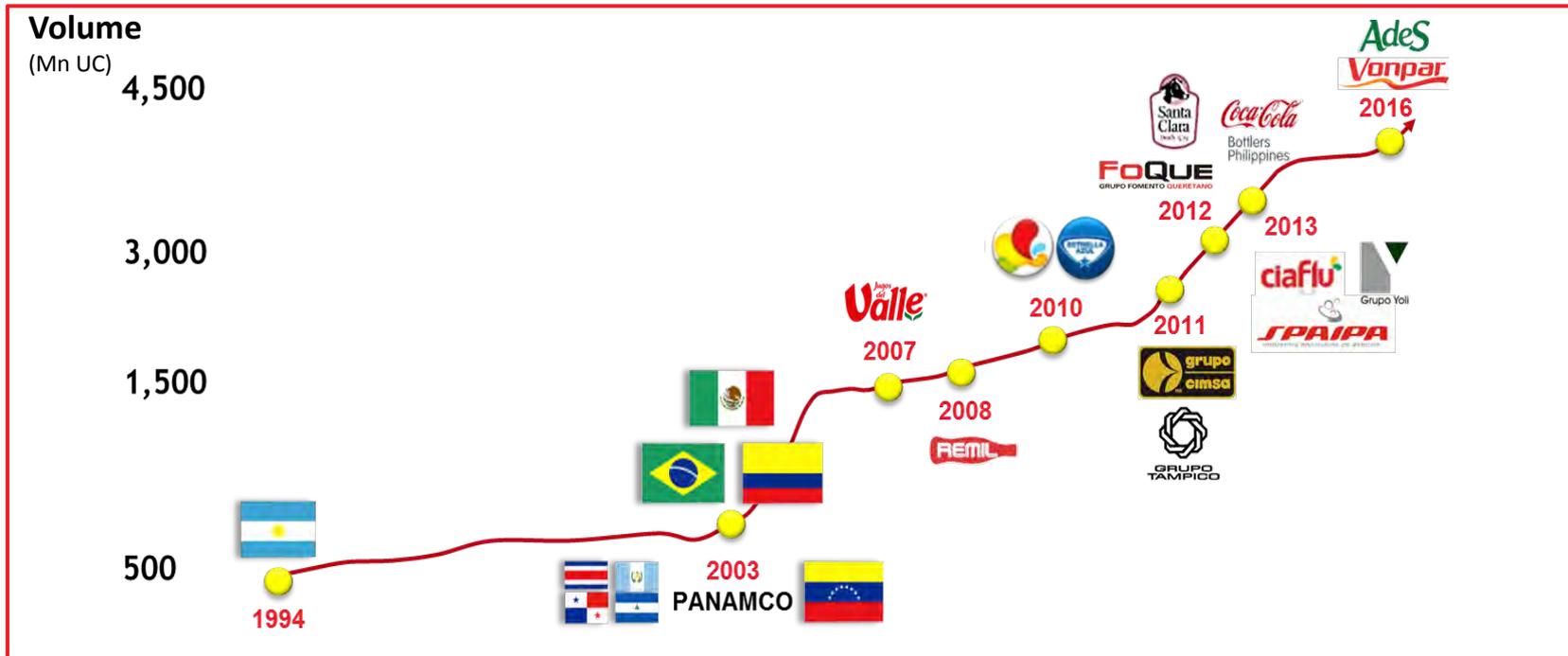


- In **Mexico and Brazil** we return **+100% of the water used** in our production processes
- **46% use of clean energy in Mexico** and **76% in Brazil** for our manufacturing processes
- **USD \$29 million in savings from environmental initiatives** during 2016

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
 In Collaboration with RobecoSAM



Over the past 20 years, we have travelled a successful journey, with 2 important acquisitions in 2016...

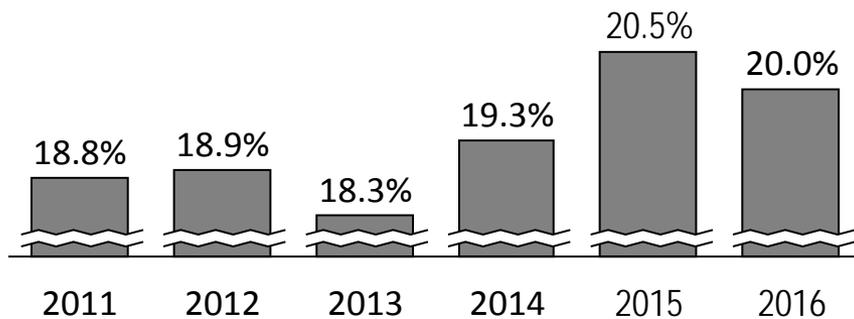


	1994	2003	2010	2016
<b>Volume (Mn UC)</b>	306	977	2,500	4,184
<b>Points of sale</b>		1,560,481	1,576,357	2,840,797

2016 includes Philippines and Vonpar on a proforma basis

# continue generating shareholder value through our operating and financial discipline

KOF EBITDA margins

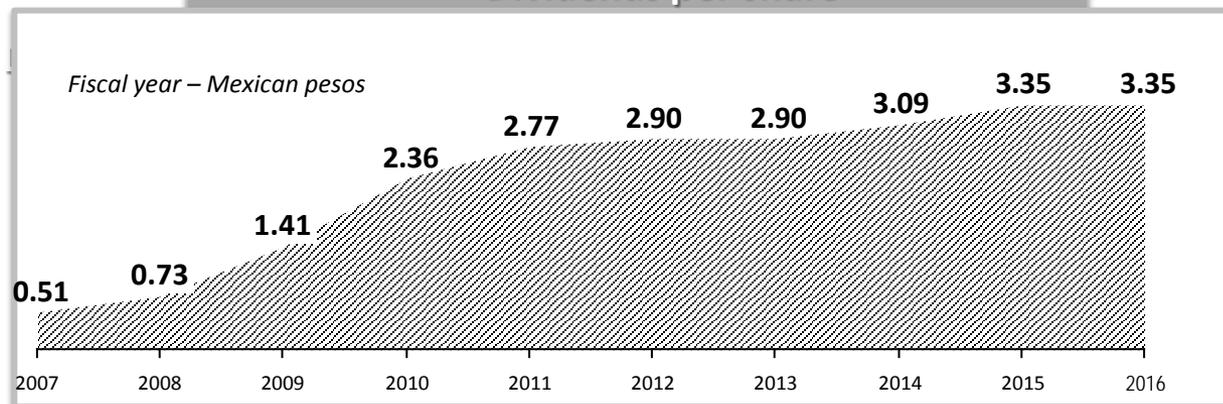


Free Cash Flow generation full year 2016

**~US\$650 MM**  
before dividend payments and M&A

\*not including The Philippines

Dividends per share



As we enter 2017, we welcome a renewed focus on every aspect of our business



Moving forward, we will focus on:

- ✓ Maximizing our cash flow generation
- ✓ Protecting our financial margins and reducing our debt
- ✓ Advancing our CoEs' big transformational initiatives
- ✓ Growing sparkling beverages while diversifying aggressively in still
- ✓ Enriching our close, accretive relationship with The Coca-Cola Company
- ✓ Attracting, retaining, and developing the best multicultural talent

**and be ready to capture the next wave of growth...**