

*Coca-Cola*

**FEMSA**



# Coca-Cola FEMSA Investor Presentation

June 2020

# Disclaimer



## 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.

**IMPORTANT:** You must read the following before continuing. The following applies to this document, the oral presentation of the information in this document by Coca-Cola FEMSA, S.A.B. de C.V. or any person on behalf of Coca-Cola FEMSA, S.A.B. de C.V., and any question-and-answer session related to this document. In accessing the presentation, you agree to be bound by the following terms and conditions and acknowledge the statements below. THIS PRESENTATION IS FOR INFORMATIONAL PURPOSES ONLY AND HIGHLIGHTS CERTAIN SELECTED INFORMATION ABOUT COCA-COLA FEMSA, S.A.B. DE C.V.

Neither Coca-Cola FEMSA, S.A.B. de C.V. nor any of its respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of these materials or their contents or otherwise arising in connection with these materials. The recipients of this presentation (each, a “Recipient”) should not construe the contents of this presentation as legal, tax, accounting or investment advice or a recommendation.

The information contained in this presentation has not been independently verified. No representation or warranty, express or implied, is made to, and no reliance should be placed on, the fairness, accuracy, completeness, or correctness of the information or opinions contained herein. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of Coca-Cola FEMSA, S.A.B. de C.V.’s financial position, operations or prospects. The information contained in these materials should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation.

By attending this presentation, you are agreeing to be bound by the foregoing restrictions and to maintain absolute confidentiality regarding the information disclosed in these materials. Any failure to comply with these restrictions may constitute a violation of applicable laws.

## CONFIDENTIALITY

The nature of all the information in this presentation is proprietary and confidential.

## 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

Mario Pani # 100, Col. Santa Fe Cuajimalpa 05348, México D.F., México



**INVESTOR RELATIONS**

**kofmxinves@kof.com.mx**



# Agenda

1. Company Overview
2. COVID-19 response
3. Key Investment Highlights
4. Financial Summary

# 1 Coca-Cola FEMSA at a glance

## KOF Territories

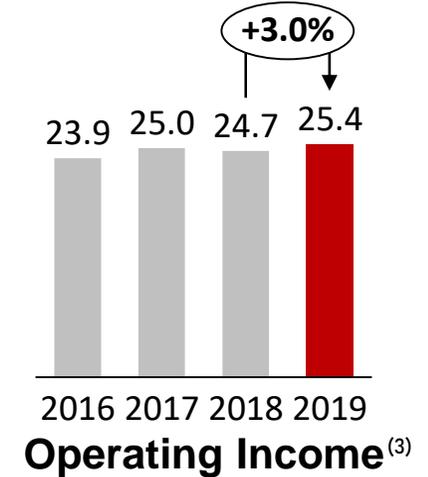


## Overview

- **+261 million** in population served
- **49** manufacturing plants
- **268** distribution centers
- **2 million** points of sale
- **3.4 billion** unit cases sold
- **+80,000** employees
- **~20 billion** transactions<sup>(2)</sup>
- **US\$ ~10 billion** in revenues<sup>(2)</sup>

**We are the largest franchise bottler of Coca-Cola trademark beverages in the world by sales volumen.**

**With a proven ability to grow and protect profitability.**



Figures in Ps. mm	2017	2018	2019	1Q20 LTM	LTM US\$m <sup>(4)</sup>
Total Revenues	\$ 183,256	\$ 182,342	\$ 194,471	\$ 193,760	\$ 9,955
Gross Profit	\$ 83,508	\$ 83,938	\$ 87,507	\$ 87,411	\$ 4,491
Gross Margin	45.6%	46.0%	45.0%	45.1%	45.1%
Total Debt	\$ 83,360	\$ 81,805	\$ 69,977	\$ 91,358 <sup>(5)</sup>	\$ 4,694
Cash & Cash Equivalents	\$ 18,767	\$ 23,727	\$ 20,491	\$ 39,433 <sup>(5)</sup>	\$ 2,026

## Shareholder Structure

(As of December 31, 2018)

**FEMSA**  
Voting: 56.0%  
Economic: 47.2%

*The Coca-Cola Company*  
Voting: 32.9%  
Economic: 27.8%

Bolsa Mexicana NYSE  
Voting: 11.1%  
Economic: 25.0%



(1) Venezuela through our investment in KOF Venezuela.

(2) Last Twelve Months figures as of March 31<sup>st</sup>, 2020.

(3) In billion Mexican Ps.

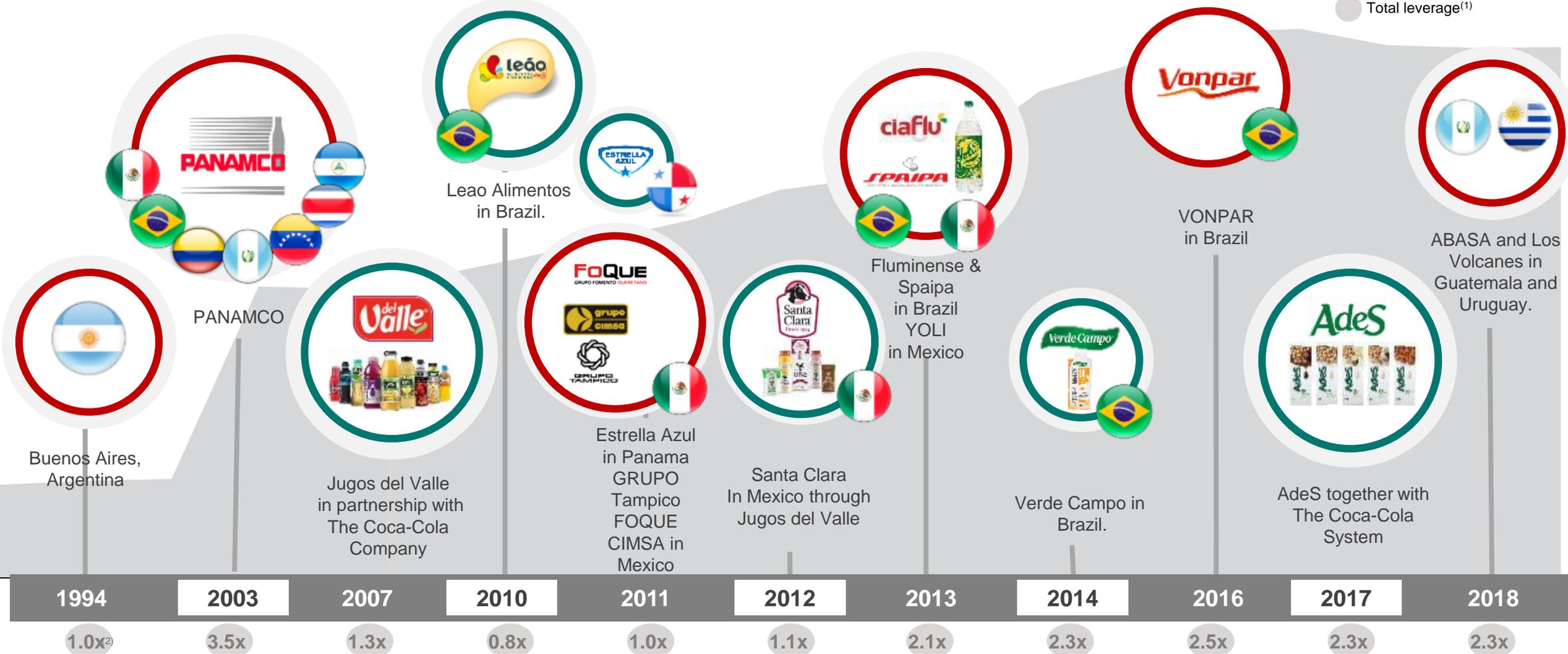
(4) Using the exchange rate published by the U.S. Federal Reserve Board for the LTM since March 31, 2020, Ps. 19.46 to U.S.\$1.00

(5) Figures as of March 31<sup>st</sup>, 2020.

# 1 Coca-Cola FEMSA at a glance

- New categories
- New territories
- Volume (MM UC)  
1994 - 306  
2018 - 3,322
- Total leverage<sup>(1)</sup>

*Our Disciplined Approach to Capital Allocation Has Enabled Us to Grow*



(1) Coca-Cola FEMSA's earnings releases. Computed as total debt over operating cash flow.  
 (2) As of 1999.

Divested the Philippines operations and deconsolidation of Venezuela



# Agenda

1. Company Overview
2. COVID-19 response
3. Key Investment Highlights
4. Financial Summary

2

# COVID-19 response

We have developed a **comprehensive management framework**, designed to guide our mitigation actions. These actions are intended to protect our short-term results while preserving our long-term goals.

1

## COLLABORATORS



Preserve the health and well-being of our entire KOF population

2

## CLIENTS



Remain close and continue to serve them in the best possible way

5

## CASH FLOW



Implementing measures to further strengthen our balance sheet and protect our cash flow

3

## CONSUMERS



Continue offering them their beverage of choice anytime and anywhere

4

## COMMUNITIES



We have responded with different social initiatives to help communities in need

# COVID-19 response

*KOF is also supporting closely the communities where we operate with a clear set of initiatives*

## MEDICAL SUPPLIES

Donating medical supplies



Contributing with hospital capabilities



## BEVERAGE DONATION



Donating more than 1.5 million liters

## LOGISTICS AND COMMUNICATION

Transportation of medical supplies



Advertising spaces have been used to amplify preventive measures' campaign



PREVENIR LA PROPAGACIÓN DEL VIRUS ESTÁ EN TUS MANOS



COVID-19  
Línea telefónica 1517  
#JuntaSaludemexicoAdelante



# Agenda

1. Company Overview
2. COVID-19 response
3. Key Investment Highlights
4. Financial Summary

# Key Investment Highlights



**1**  
STRATEGIC PARTNER TO THE COCA-COLA COMPANY. KOF IS THE LARGEST FRANCHISE BOTTLER IN THE WORLD



**2**  
MARKET LEADERSHIP SUPPORTED BY STRONG BRANDS AND CONTINUOUS INNOVATION ADDRESSING CONSUMER DEMANDS



**3**  
CONSUMER-CENTRIC BUSINESS MODEL STRONGLY COMMITTED TO SUSTAINABILITY GOALS ANCHORED BY A DIFFICULT TO REPLICATE COMMERCIAL CAPABILITIES AND DISTRIBUTION NETWORK



**4**  
TRACK-RECORD OF DELIVERING STRONG FREE CASH FLOW GENERATION WITH A DISCIPLINED APPROACH TO LEVERAGE

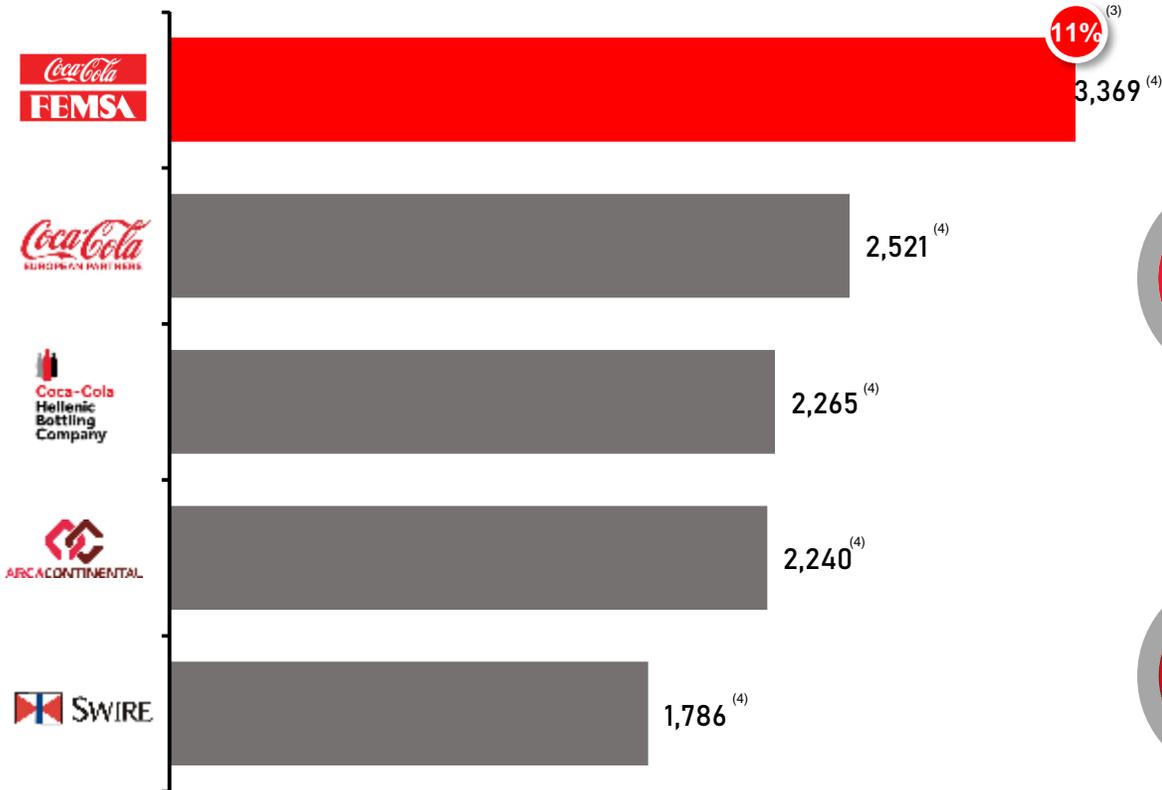


**5**  
EXPERIENCED MANAGEMENT TEAM

# 1 Strategic Partner to The Coca-Cola Company - KOF is the Largest Franchise Bottler in the World

Largest bottler in the Coca-Cola System in terms of volume, selling 1 out of every 9 Coca-Cola products in the world <sup>(1)</sup>

Volume in million unit cases<sup>(2)</sup>



A mutually beneficial relationship that provides Coca-Cola FEMSA:

## PREMIUM BRANDS



Affiliation with one of the preeminent global brands



## DIVERSIFIED PORTFOLIO

Access to one of the largest beverage portfolios in the world

## COLLABORATION



A strategic collaborative partnership across business levels



## SUSTAINABILITY

Strong alignment on values including commitment with "World Without Waste" 2030 Goals

● Of Coca-Cola System global volume

More than 25 years of strong partnership with The Coca-Cola Company

(1) Coca-Cola FEMSA filings as of 2018.

(2) A Unit Case (UC) is the content of one physical case of 24 bottles of 8 oz (equivalent of 5.67 liters).

(3) The Coca-Cola Company and KOF filings.

(4) Company annual report 2019.

# 2 Market Leadership Supported by Strong Brands...

*Driven by our obsessive focus on our consumers, we are consolidating a winning total beverage portfolio to satisfy evolving tastes and lifestyles.*

## Carbonated Beverages



Market leader



## Non Carbonated Beverages



Market leader



## Energy and Hydration



Highly competitive



## Bottled Water



Highly competitive



Worldwide identifiable brand – the Coca Cola logo is recognized by 94% of the world's population<sup>(1)</sup>

(1) The Coca Cola company website.

# 2 ... and Continuous Innovation Addressing Consumer Demands

*The resiliency of our business is underscored by our packaging and formulation flexibility*

## Products and Formulation



**Innovation** across categories

- Value added attributes
- Reduced calorie footprint
- Premium
- Plant-Based

## Growth through Affordability



- ✓ Value-accretive packaging engineering
- ✓ Price sensitive consumers (returnables and entry packs)
- ✓ Sustainability
- ✓ Hard-to-replicate competitive advantage

## Nutrition Platform



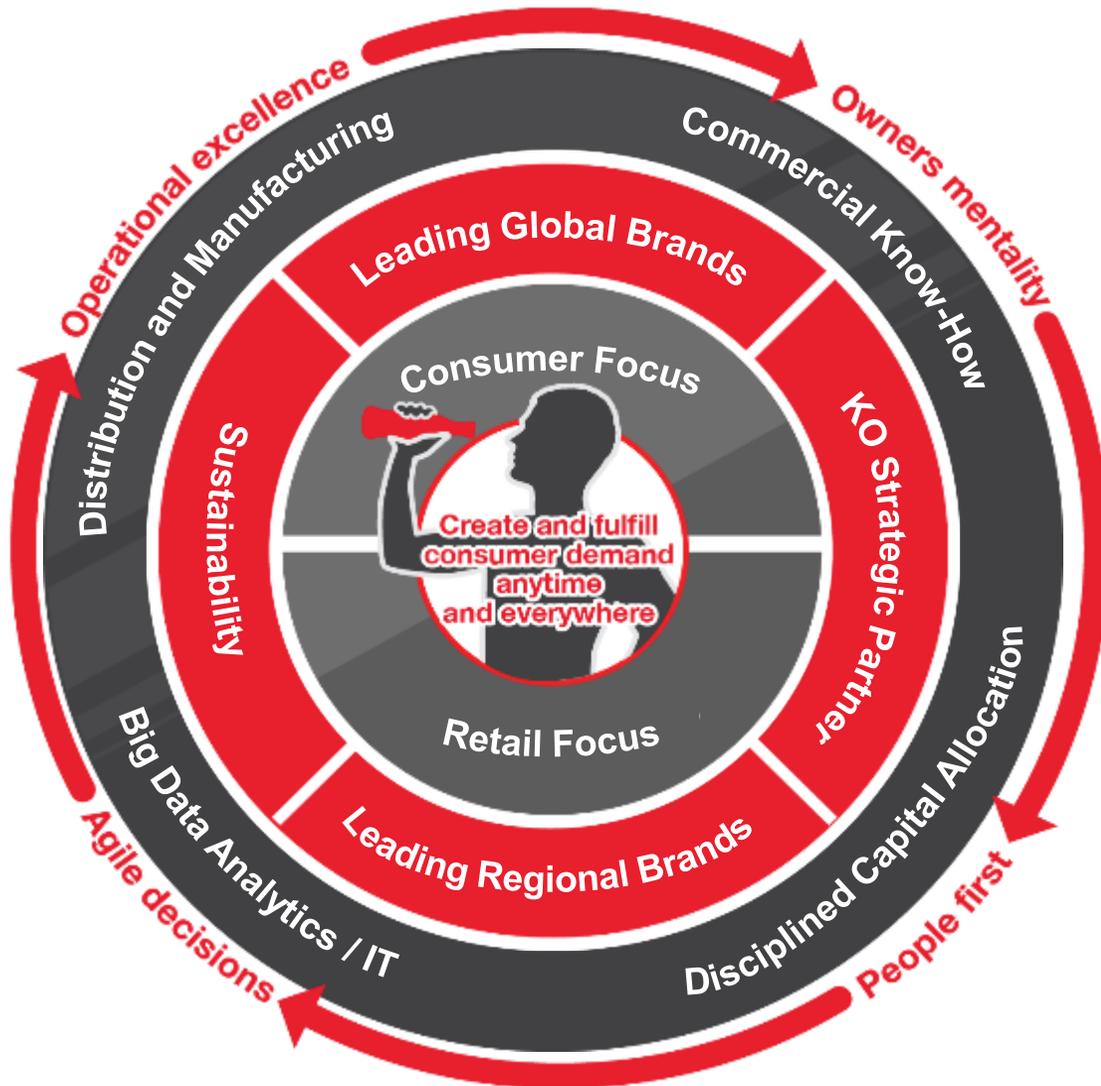
Category **diversification** to adapt to our consumers' **changing preferences**

- Focus on volume and 'Share of Sales' gains in NCBs
- Gain scale and relevance in **water**

# 3 Consumer-Centric Business Model...

*Powerful consumer-centric business model*

*Our business model has allowed us to navigate COVID-19 environment.*



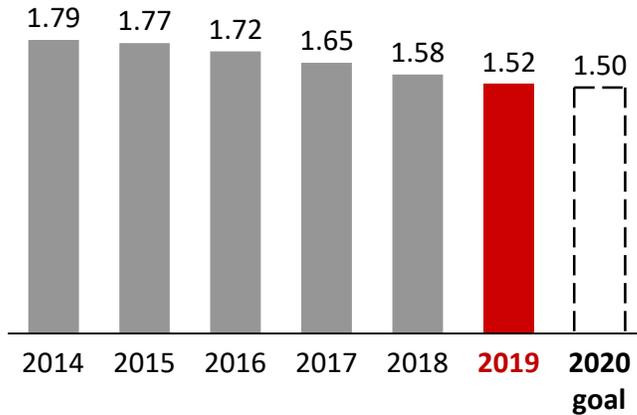
# 3...Strongly Committed to Sustainability Goals...



We are on track to deliver on our sustainability 2020 goals

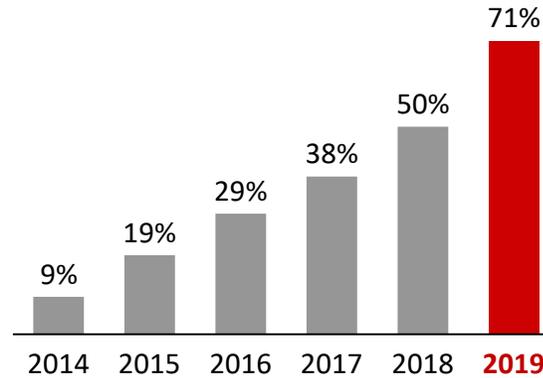
## Efficiency in water use

Liters of water per liter of beverage produced



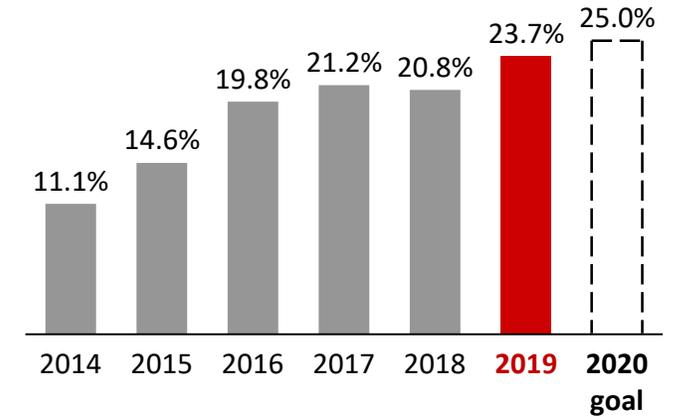
## Clean Energy

% of energy from clean sources



## PET packaging materials

% of recycled materials in our PET packaging



## Sustainability Creates Short and Long-Term Value

**27.8%**  
decreased in our total water consumption from 2010 to 2019

**+95%**  
of our total waste recycled

**70.7%**  
of our total energy demand came from clean energy sources in 2019

**23.7%**  
of our PET came from recycled materials in 2019 which represent savings of US\$11.2 million



Members of Global Sustainability Indexes

MEMBER OF

**Dow Jones Sustainability Indices**

In Collaboration with RobecoSAM ● FTSE4Good



# 3 ...Anchored by a Difficult to Replicate Commercial Strategy and Distribution Network

## DIGITAL CAPABILITIES AND OMNICHANNEL STRATEGY

### Solid Commercial Strategy Leveraging Big Data Analytics

#### WhatsApp for Business

- Enable communication with customers via Enterprise WhatsApp.

#### URLs

- Real-time Customer Relationship Portal (price, promo & segmentation capabilities).

### Growth through Home-Delivery routes

#### Food aggregators



Uber 



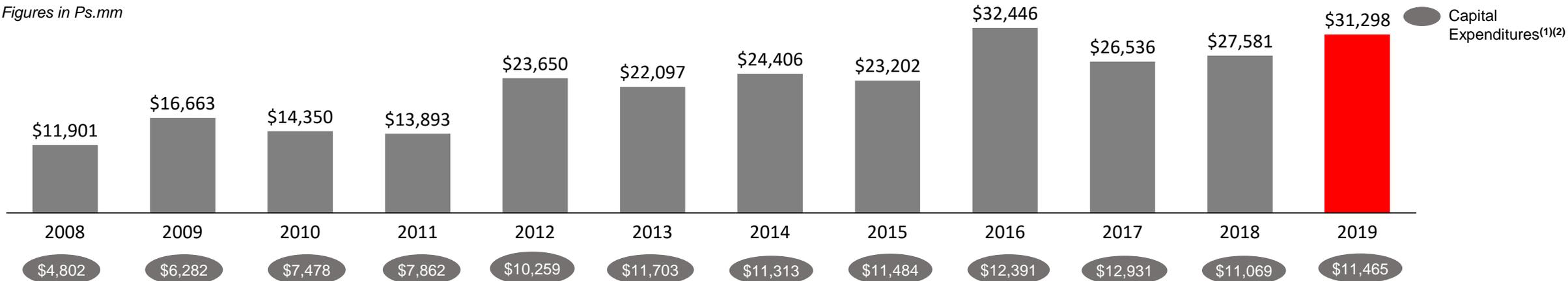
  
Cornershop



# 4 Track-Record of Delivering Strong Free Cash Flow Generation with a Disciplined Approach to Leverage

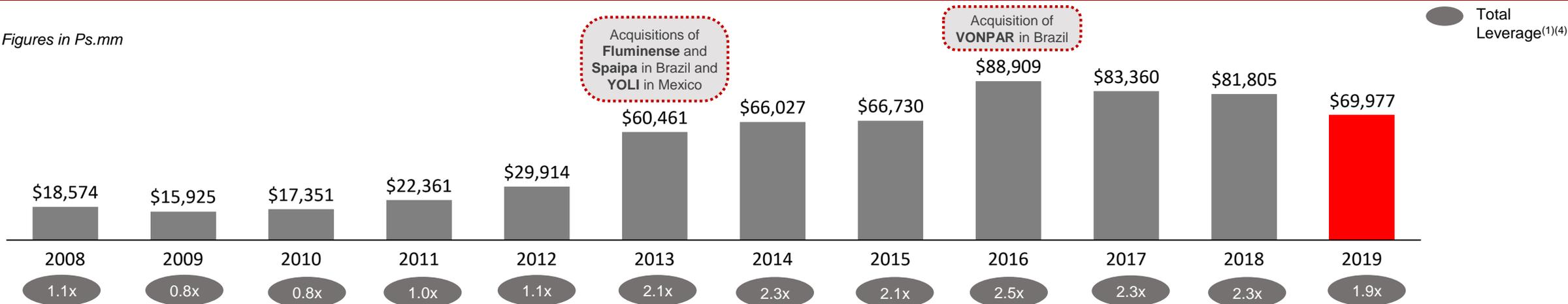
## Cash Flow from Operations<sup>(1)</sup>

Figures in Ps.mm



## Total Debt<sup>(1)(3)</sup>

Figures in Ps.mm



(1) Coca-Cola FEMSA filings.

(2) Includes acquisitions of long-lived assets minus proceeds from sale of long-lived assets plus acquisitions of intangible assets.

(3) Includes Bank loans and notes payable, current and non-current portion.

(4) Total leverage computed as total debt over operating cash flow.

# 5 Experienced Management Team



+25

**John Santa Maria**

CEO of Coca-Cola FEMSA

- Mr. Santa Maria joined Coca-Cola FEMSA in 1995 and was appointed to his current position in 2014
- He previously served in several senior management positions, including COO of the company's Mexico Division, and Strategic Planning and Business Development Officer
- Mr. Santa Maria earned a Bachelor's degree and an MBA with a major in Finance from Southern Methodist University



+2

**Constantino Spas Montesinos**

CFO of Coca-Cola FEMSA

- Mr. Spas Montesinos joined Coca-Cola FEMSA in 2018 and was appointed to his current position in 2019
- He has 24 years of experience in the food and beverage sector in Latin America and Mexico
- Mr. Spas Montesinos earned a Bachelor's degree in Business Administration from Universidad Metropolitana in Caracas and an MBA from Emory University-Goizueta Business School in Atlanta, Georgia



+22

**Washington Fabricio Ponce Garcia**

COO - Mexico

- Mr. Ponce Garcia joined Coca-Cola FEMSA in 1998 and was appointed to his current position in 2019
- He served as head of our Asia division, Colombian operations, and previously as Managing Director of Central America, Argentina, Brazil and Colombia
- Mr. Ponce Garcia holds a Master's degree in business Economics from INCAE, Costa Rica



+26

**Ian Marcel Craig Garcia**

COO - Brazil

- Joined Coca-Cola FEMSA in 1994 and was appointed to his current position in 2016
- He served as COO of Argentina, CFO of South America division, and also as Corporate Finance and Treasury Director of Coca-Cola FEMSA
- Mr. Craig Garcia earned a Bachelor's degree in Industrial Engineering from ITESM, an MBA from the University of Chicago Booth School of Business and a Master's degree in International Commercial Law from ITESM



+5

**Eduardo Guillermo Hernandez Peña**

COO - LatAm

- Mr. Hernandez Peña joined Coca-Cola FEMSA in 2015 and was appointed to his current position in 2018
- He served as New Businesses Officer and Strategic Planning Officer
- Mr. Hernandez Peña earned a Bachelor's degree in Business Administration from Universidad Metropolitana of Venezuela, a degree in Marketing from Harvard University and an MBA from Northwestern University

## Resilience

- ✓ Stable profitable performance while navigating dynamic market conditions
- ✓ Leadership position across a diversified footprint in LatAm
- ✓ Ongoing value chain optimization with proven history of excellence

## Discipline

- ✓ Fundamental transformation driving operational efficiencies, growth opportunities and cultural change
- ✓ Opportunistic consolidator with a disciplined and returns-oriented approach

## Commitment

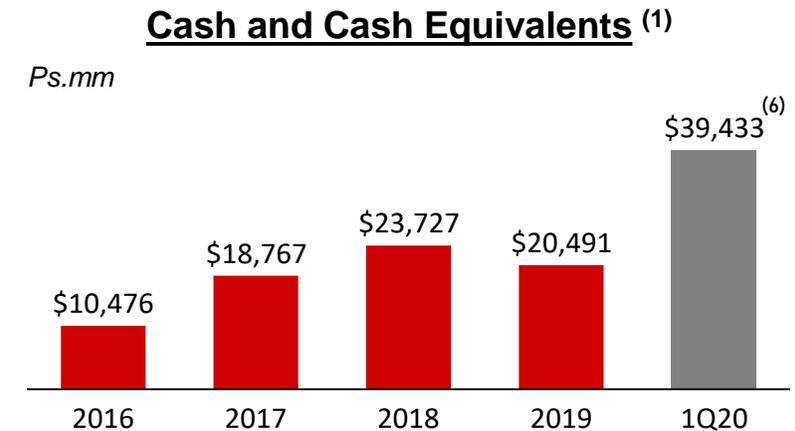
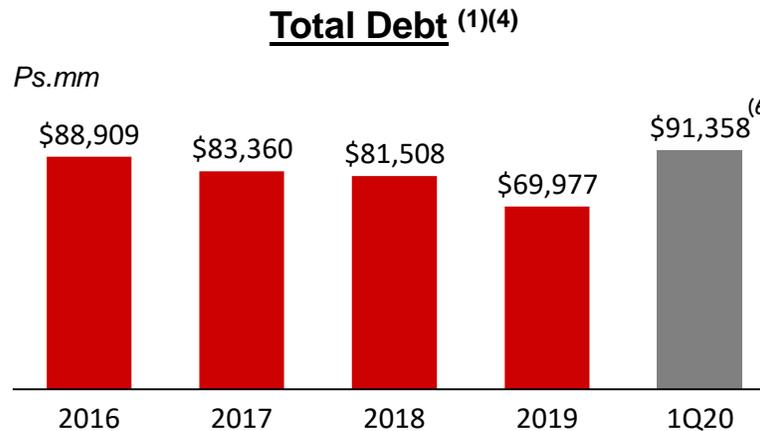
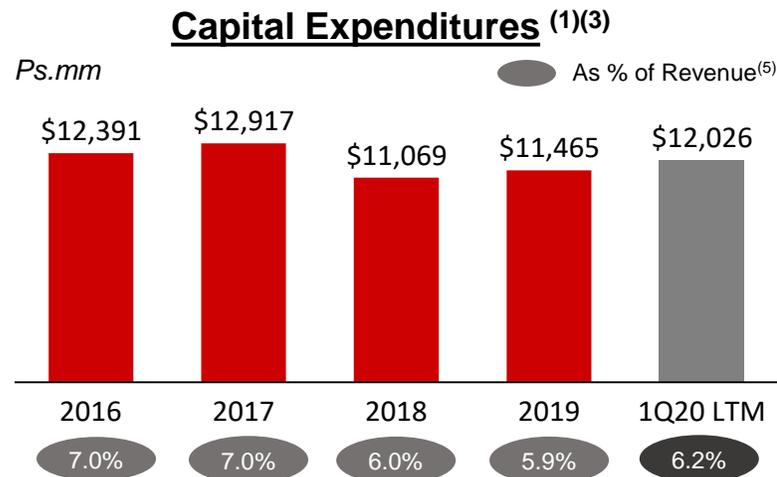
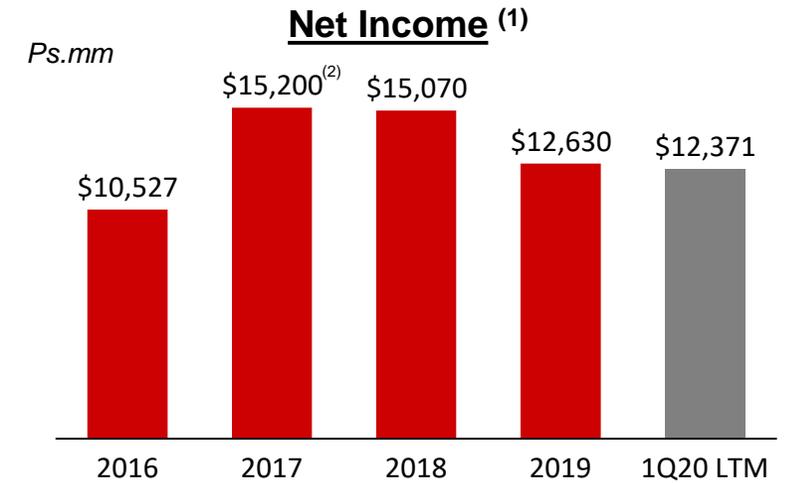
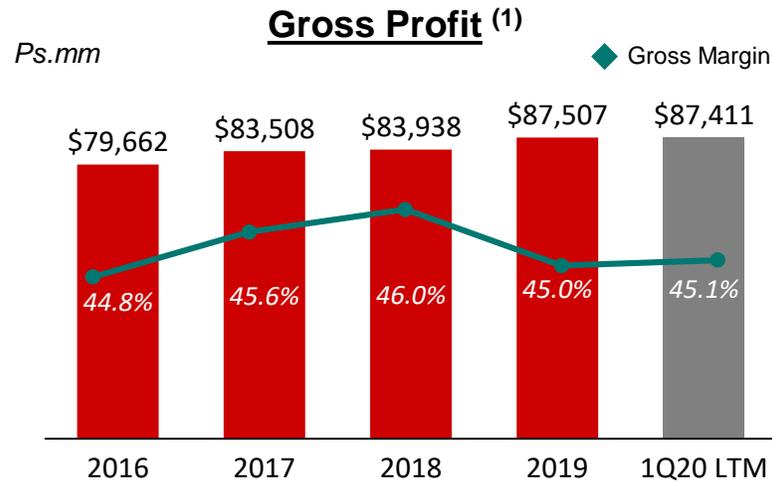
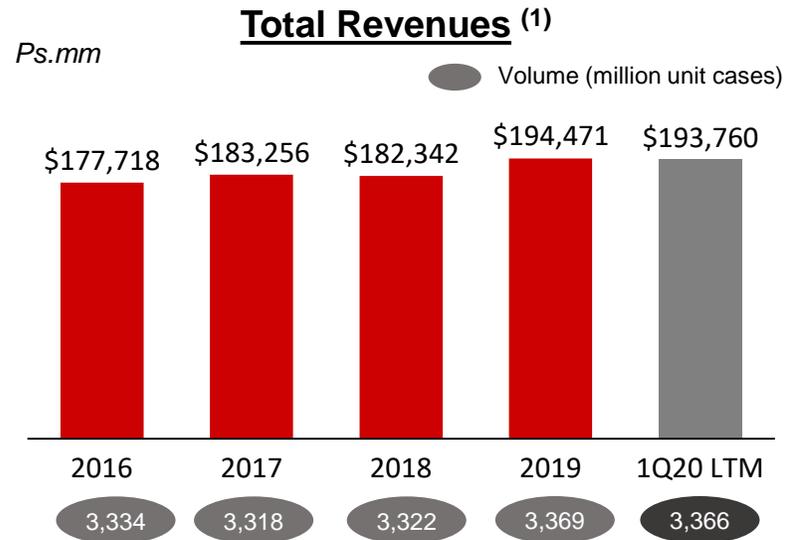
- ✓ Strong track record of management and corporate governance
- ✓ Continue leveraging on operational excellence and disciplined capital allocation
- ✓ Best in class approach to sustainability, customer relations and societal needs



# Agenda

1. Company Overview
2. COVID-19 response
3. Key Investment Highlights
4. Financial Summary

# 4 Consolidated Financial Summary



(1) Coca-Cola FEMSA filings.

(2) Pro Forma for a Ps. 26,854mm non-cash loss resulting from deconsolidating Venezuela.

(3) Includes acquisitions of long-lived assets minus proceeds from sale of long-lived assets plus acquisitions of intangible assets.

(4) Includes Bank loans and notes payable, current and non-current portion.

(5) Computed as capital expenditures over total revenues.

(6) Figures as of March 31st, 2020.

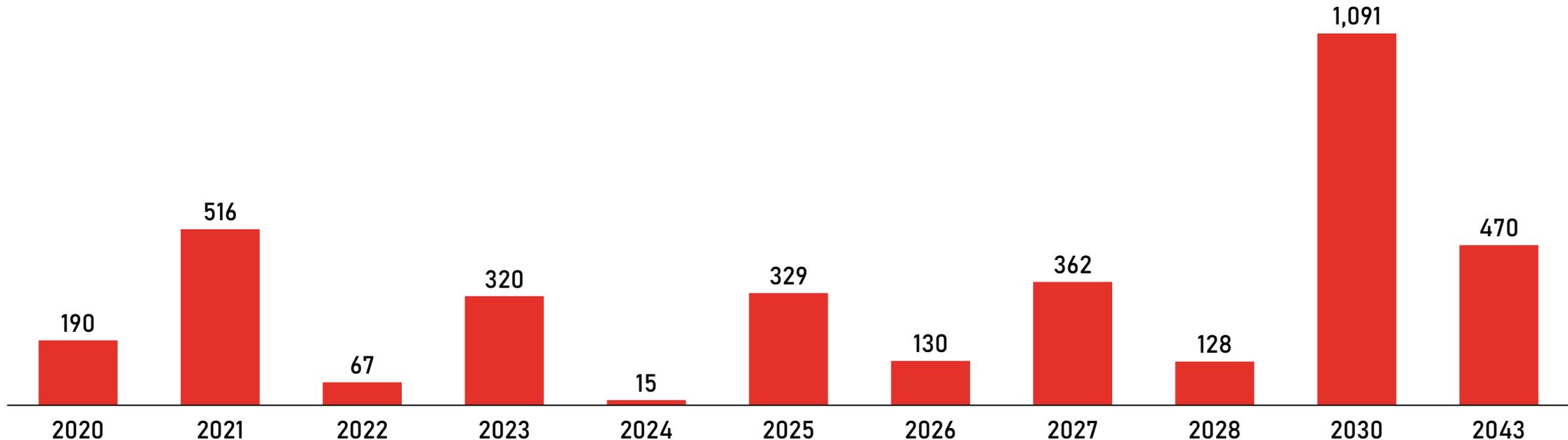
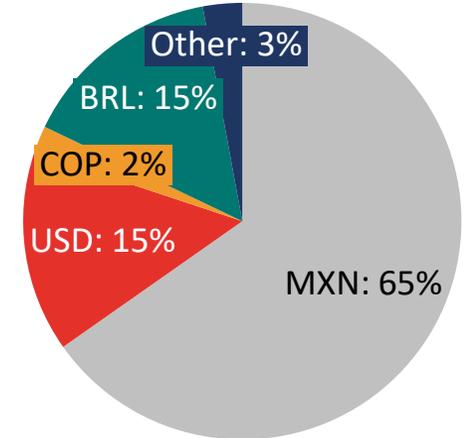
## 4 A Disciplined Approach to Leverage

### Debt Maturity Profile as of March 31<sup>st</sup>

Net debt including hedges of Ps. 45,619 million, with an average life of 8.8 years.

- ✓ Negative USD net exposure
- ✓ More than 70% of our debt matures beyond 2025
- ✓ Net debt / EBITDA: 1.2x

Debt mix by Currency





## For more information:

- Jorge Collazo
- Lorena Martin
- Bryan Carlson
- Maite Vilchis

+52 (55) 1519 – 7908  
kofmxinvestor@kof.com.mx

[www.coca-colafemsa.com](http://www.coca-colafemsa.com)