

# Integrated Transformation

Coca-Cola FEMSA

Investor Relations



# Cautionary Statement

## FORWARD-LOOKING STATEMENTS

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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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# Content



KOF Overview

- We are the largest franchise bottler in the world in terms of volume, operating in two of the most attractive regions for our industry

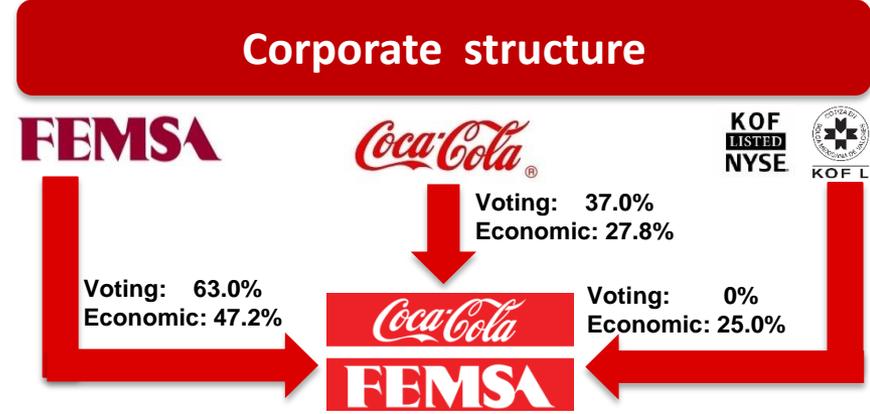
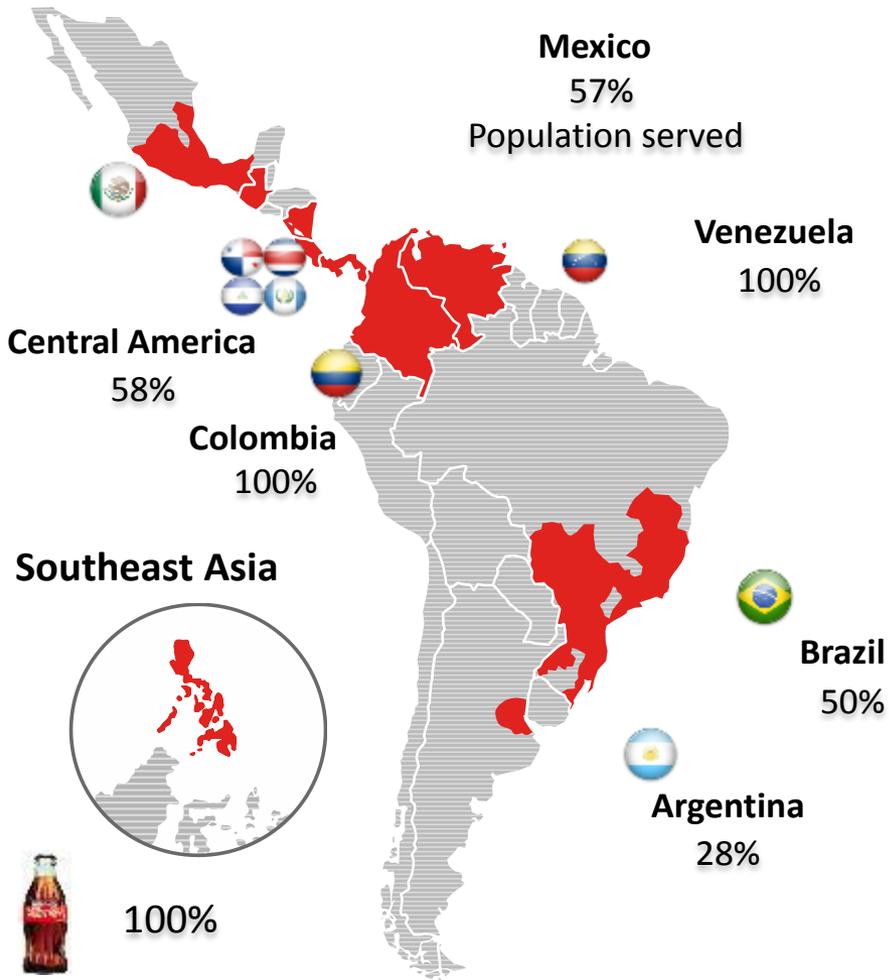


Strategic Framework



Operative Results

# Coca-Cola FEMSA has grown to become the largest franchise bottler in the world, in terms of volume, selling 1 of every 7 Coca-Cola products in the world...



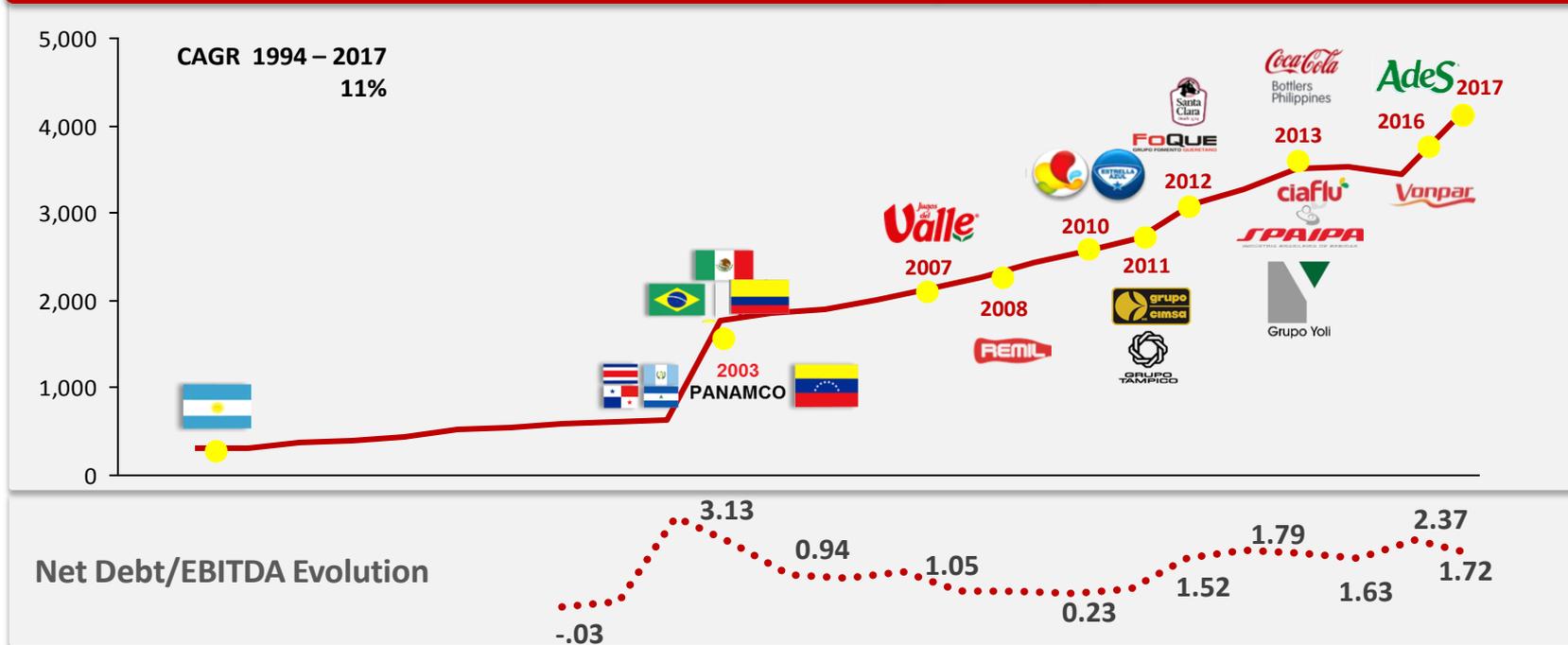
### Coca-Cola FEMSA at a glance

- ~**381** million consumers
- ~**2.8** million points of sale
- ~**25** bn transactions<sup>(1)</sup>
- ~**3.9** bn unit cases<sup>(1)</sup>
- ~**USD 10.8bn<sup>(1)</sup>** in Revenues
- ~**USD 2.1bn<sup>(1)</sup>** in EBITDA
- 64** plants
- 324** distribution centers

(1) Full year 2017 figures

# Over the past 20 years, we have travelled a successful journey by consolidating across territories and categories

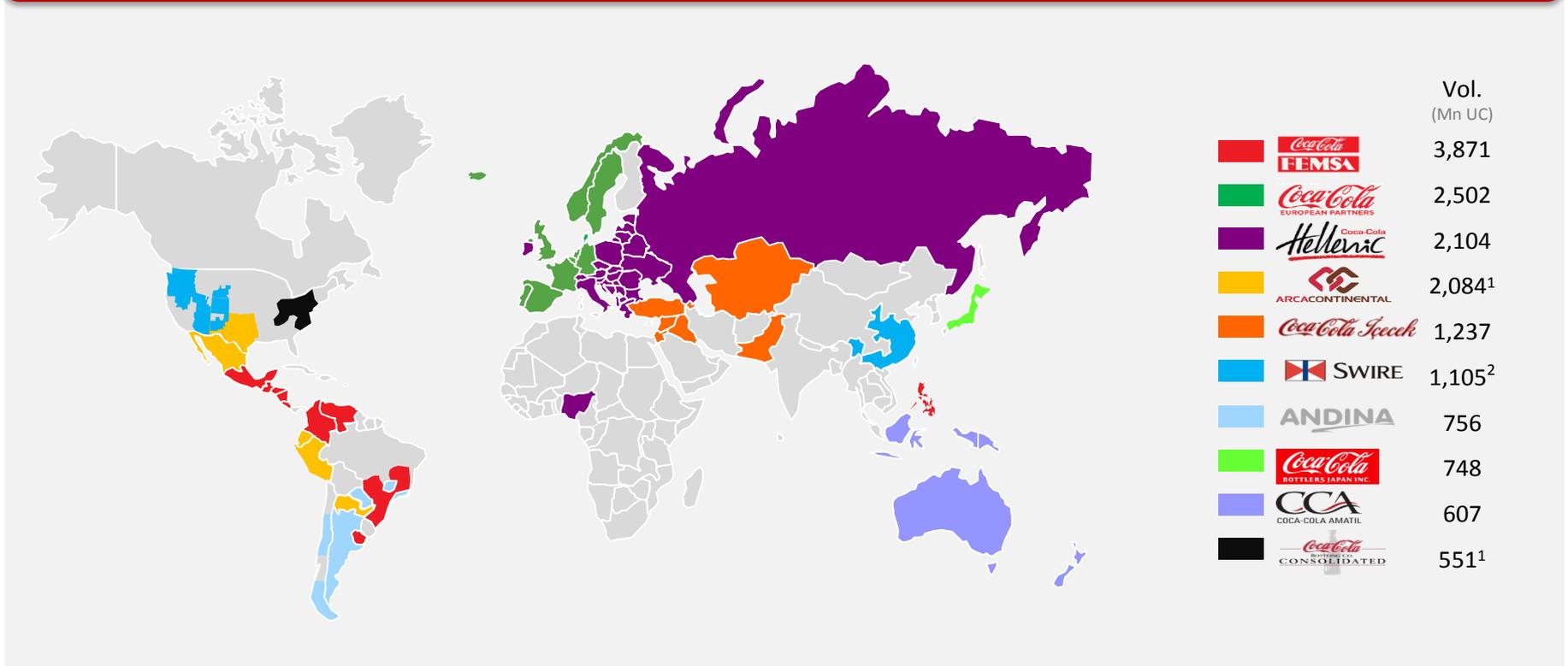
## KOF Volume Evolution [MM UC]



	1994	2003	2010	2017
<b>Volume</b> (Mn UC)	306	977	2,500	3,871
<b>Points of sale</b> (Mn)		1.5	1.6	2.7
<b>Revenues</b> (USD bn)		1.9	5.5	10.8
<b>EBITDA</b> (USD bn)		.4	1.1	2.1

# a consolidation that has led to a leadership position within the Coca-Cola System

The 10 largest bottlers represent ~70% of the Coca-Cola System volume



Source: Annual Reports 2016, Bottlers Homepages, KO internal information

(1) Annual Pro Forma pending due to recent acquisitions.

(2) Pending 2017, 2016 shown

# Content

KOF Overview

Strategic Framework

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

Operative Results

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

Become a multi-category beverage leader with global footprint



Winning Portfolio Buildup



Operating Model Transformation



Cultural Evolution



Disciplined Capital Allocation

Business Sustainability

Strategic M&A

Accretive relationship with The Coca-Cola Company

# We are developing a winning portfolio of leading multi-category beverages

## CSD's



## Water



## NCB's



## Dairy / Plant-based



- 1) Reinforcing CSDs growth through innovation and affordability
- 2) Growing the non-caloric portfolio
- 3) Diversifying aggressively in Stills

# While we continue to accelerate the transformation of our operating model to strengthen our competitive advantages



## Commercial Initiatives

### 1 Kofmmercial Digital Platform

- ✓ Granular Segmentation
- ✓ Targeted Activities
- ✓ POS Potential
- ✓ Execution Improvement

#### Scaled KDP in record time:

- ❖ 6 countries
- ❖ >7,000 routes
- ❖ >3.2 bn UC with SFA



## Corporate Initiatives

### 5 Global Business Services

- ✓ Shared Service Centers to drive automation and efficiencies for finance, procurement and HR
- ✓ Successful deployment in Corporate and Mx



## Supply Chain Initiatives

### 2 Digital Distribution

- ✓ Operational savings
  - ✓ Better route planning
  - ✓ Service level improvement
- Deployed in Mexico in >2,500 routes**

Mobile App

Telematics

Live WEB Platform

### 3 Supply Chain Planning Transformation

- ✓ Centralized planning to optimize costs and capital and
- ✓ Optimal technological tools to support our processes on Cloud
- ✓ **Deployed in Mexico and Colombia**



### 4 Manufacturing Management Model

- ✓ Standardized practices driving improvement of Efficiency, Safety and Sustainability metrics
- ✓ **Deployed in Mexico and Brazil**

# Content

KOF Overview

Strategic Framework

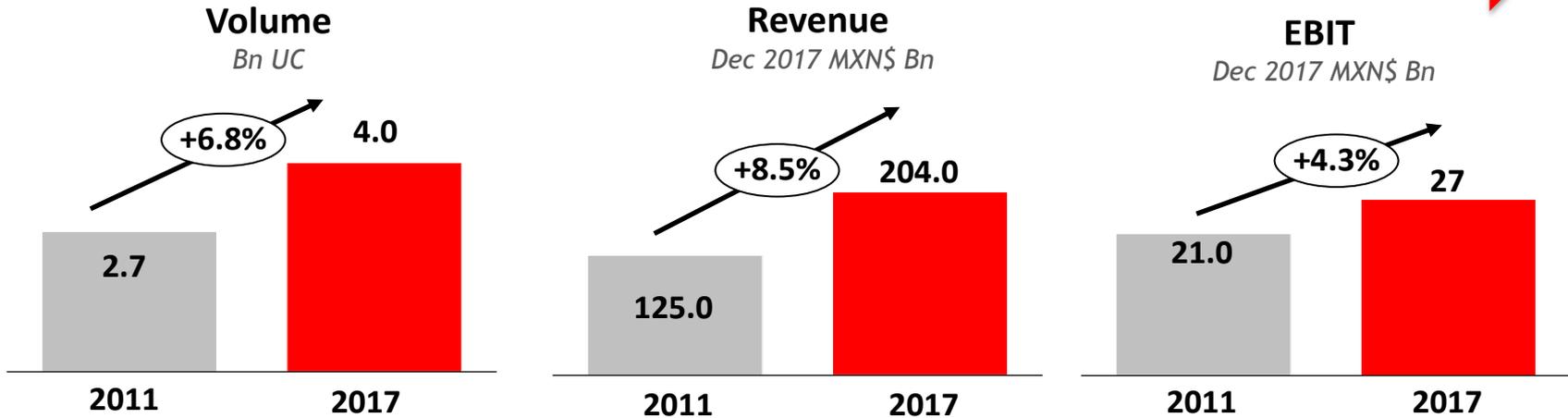
Operative Results

- Our balanced geographic portfolio allowed us to deliver solid financial results during 2017

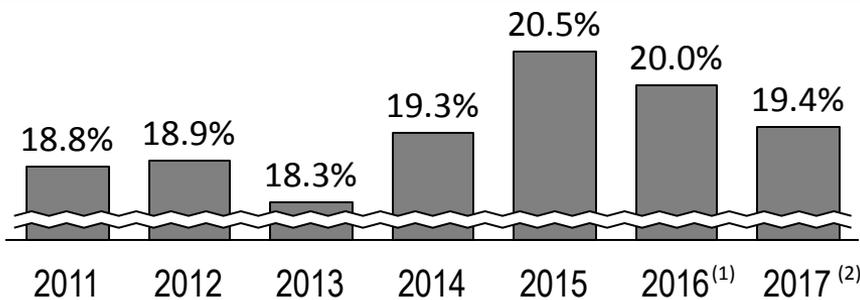
# We continue generating shareholder value through our operating and financial discipline

continue with a solid track record of growth

CAGR %



## KOF EBITDA margins



## Free Cash Flow generation full year 2017

**~USD 680MM<sup>(3)</sup>**

**before dividend payments and M&A**

- (1) 2016 figures includes one month of Vonpar (Dec '16)
- (2) We started consolidating Philippines on February 2017
- (3) KOF Free Cash Flow without Venezuela

# Our footprint... Mexico and Central America division



## Mexico and Central America at a glance

~94 million consumers  
 ~1 million points of sale  
 ~11 bn transactions<sup>(1)</sup>  
 ~2 bn unit cases<sup>(1)</sup>  
 ~USD 4.9bn <sup>(1)</sup> in Revenues  
 ~USD 1bn <sup>(1)</sup> in EBITDA  
 EBITDA Margin <sup>(1)</sup> 21.4%

## As a % of KOF

Volume

**52%**

Revenues

**46%**

EBITDA

**50%**

## product mix by package

% of volume of sparkling beverages

**Non-Returnable** 65%  
**Returnable** 35%

## 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



Venezuela <sup>(2)</sup>



## 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>  
 ~**USD 4.8bn**<sup>(1)</sup> in Revenues  
 ~**USD 877MM**<sup>(1)</sup> in EBITDA  
**EBITDA Margin** <sup>(1)</sup> 18.2%

## As a % of KOF

Volume  
**34%**

Revenues  
**44%**

EBITDA  
**42%**

## product mix by package

% of volume of sparkling beverages

**Non-Returnable** 79%  
**Returnable** 21%

## product mix by size

% of volume of sparkling beverages

Multi Serve  
76%

Single  
Serve 24%

## Portfolio excellence

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



(1) Full year 2017 figures (2) As of December 31, 2017 due to a change in reporting method, the results from Venezuela are no longer included in our consolidated financial statements

# Our footprint... Asia division



## Philippines at a glance

~**105** million consumers  
 ~**1** million points of sale  
 ~**7** bn transactions<sup>(1)</sup>  
 ~**550** million unit cases<sup>(1)</sup>  
 ~**USD 1.1bn** <sup>(1)</sup> in Revenues  
 ~**USD 170MM** <sup>(1)</sup> in EBITDA  
**EBITDA Margin** <sup>(1)</sup> ~16%

## As a % of KOF

**Volume**  
**14%**  
**Revenues**  
**10%**  
**EBITDA**  
**8%**

Excluding Fountain

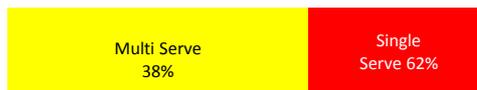
## product mix by package

% of volume of sparkling beverages

**Non-Returnable** 51%  
**Returnable** 49%

## 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**

(1) February to December 2017 figures

*Coca-Cola*

**FEMSA**