

Organización Cultiba Announces Second Quarter and First Half 2015 Financial Results

MEXICO CITY, July 24, 2015 – Organización Cultiba, S.A.B. de C.V. (“Cultiba”) (BMV: CULTIBA), today reported preliminary financial results for the quarter and first six months ended June 30, 2015.

Select Operating and Financial Information

(Ps. in Millions)	Second Quarter			First Six Months		
	2015	2014	% Chg	2015	2014	% Chg
OPERATING HIGHLIGHTS						
Total Case Volume (MM unit cases¹)	446.1	443.0	0.7%	810.4	807.6	0.3%
Soft Drinks & Bottled Water	229.5	223.4	2.7%	411.3	396.8	3.6%
Jug Water	216.6	219.6	(1.4%)	399.1	410.8	(2.8%)
FINANCIAL HIGHLIGHTS (CONSOLIDATED)						
Total Revenue ²	9,917	9,542	3.9%	17,750	17,145	3.5%
Income from Operations	542	184	195%	577	21	2629%
Operating Margin	5.5%	1.9%	353 bp	3.3%	0.1%	312 bp
Total EBITDA ³	1,119	868	28.9%	1,749	1,254	39.5%
EBITDA Margin	11.3%	9.1%	218 bp	9.9%	7.3%	253bp
Net Income (Loss)	287	159	80.5%	95	(155)	NM
Majority Net Income (Loss)	138	76	81.6%	8	(117)	NM
FINANCIAL HIGHLIGHTS (BEVERAGES)						
Revenue ²	9,250	8,683	6.5%	16,582	15,585	6.4%
Income from Operations	472	246	92.4%	464	83	459%
Operating Margin	5.1%	2.8%	227 bp	2.8%	0.5%	226 bp
EBITDA ³	1,001	780	28.2%	1,532	1,139	34.5%
EBITDA Margin	10.8%	9.0%	183 bp	9.3%	7.3%	193 bp
Net Income (Loss)	305	170	78.9%	181	(76)	NM

¹1 unit case = 24 servings of 8 US fluid oz each; or 5.678 liters. ²In order to simplify revenues and COGS comparability at the industry level, the Company presents quarterly results without including income from excise tax in the beverages division. Audited yearly data will incorporate income from excise tax per Auditors' indications. ³EBITDA = Net income plus (1) Depreciation and amortization, (2) Net financing cost, (3) Provision for taxes

FINANCIAL AND OPERATING HIGHLIGHTS

- **Gradual recovery continues in soft drinks volumes;** bottled beverages volume increased 2.7% year-over-year in 2Q15 and 3.6% year-over-year in 1H15. Total beverages volume remained flat, as jug water business continued to adapt to route optimization and price taking strategies, but already showing quarter-over-quarter improvement
- **Beverages prices improving gradually in overall portfolio;** 5.8% year-over year growth in 2Q15, continuing recovery from 2014 and fostered by a better volume mix
- **Profitability recovery continues, reaching EBITDA margin of 11.3% for 2Q15 and 9.9% for 1H15;** margin expansion driven by top-line recovery at the beverages division and operating efficiencies in both divisions
- **Sugar division continues to be margin accretive;** price recovery and operating efficiencies translating into margin expansion and a positive contribution to consolidated EBITDA margins

CEO COMMENT

Commenting on the quarter's results, Mr. Juan Gallardo, Chairman and CEO stated, "The first half of 2015 has been both encouraging and challenging. In our beverages division, commitment to innovation, focused marketing campaigns, and disciplined execution of our expansive portfolio strategy continue translating into increased presence of core brands across channels and consumption occasions - not only for existing products but also for new line extensions that have proven successful with consumers while enhancing brand equity of core brands. In addition, improved pricing across the beverages portfolio, a better sales mix, and the leaner cost structure that resulted from last year's savings plan have translated into improved profitability and margin expansion. However, sluggish economic recovery still limits the pace at which beverages volumes are recovering. Although we continue to see improvements in some macroeconomic indicators, the pace of this recovery has gradually slowed down through the year, and macroeconomic recovery has not entirely translated into consumer spend. As an example, while the Consumer Confidence Index improved 6.4% year-over-year in the first three months of the year, it only improved 2.2% year-over-year during the second quarter of 2015.

Our sugar division completed its harvest season with improved yields and a more efficient cost structure, maintaining its production stable, and capturing operating efficiencies across all mills. Such efficiencies, in addition to a more favorable pricing and sales mix environment when compared to last year, have resulted in margin expansion that again contributed positively to our consolidated EBITDA margin.

As mentioned before, there are still some uncertainties for the second half of the year, but both of our businesses have prepared diligently to embrace upcoming challenges and continue delivering profitable growth. We remain committed to our portfolio expansion, innovation and investment plan and will continue improving our product offering and its reach. We will also continue implementing process modernization and cost transformation initiatives in order to keep our businesses operating efficiently and competitively," concluded Mr. Gallardo.

2Q15 RESULTS COMMENTARY

Beverages Division Volume

During the quarter, total beverages volume was 446.1 million eight ounce cases, a 0.7% increase compared to the 443.0 million eight ounce cases of second quarter 2014. Overall flattish performance reflects recovery in soft drinks contrasted by a drop in jug water volumes.

During the quarter, bottled beverages total case volume reached 229.5 million eight ounce cases, a 2.7% year-over-year growth when compared to the 223.4 million eight ounce cases of second quarter 2014. Soft drinks volumes continue to recover gradually across channels and regions. In addition, continued investments in portfolio innovation and marketing campaigns focused on core brands have contributed to incremental volume. During the second quarter of 2015 GEPP incorporated *Fruzzo* to its non-carbonated beverages portfolio, adding to the product offering that the beverages division has in joint-venture with Jumex. Also through the quarter, the *Cosecha Pura* juice brand was incorporated into GEPP's wide sales & distribution network. Both of these products target the health & wellness segment, which was one of the most hit by the downturn of 2014 after the excise tax.

Jug water volume decreased 1.4% in second quarter 2015 to 216.6 million eight ounce cases from 219.6 million eight ounce cases in second quarter 2014, mainly due to continued adaptation to the routes rebalancing initiative that was launched at the beginning of the year in order to enhance productivity and profitability. Sluggishness in the overall economy in addition to price increases also impacted jug water volumes negatively. However, on a quarter-by-quarter basis, jug water starts showing recovery, proving strategic soundness of the new strategy.

Revenue

Quarterly results presented in this release do not include revenue or costs generated from the excise tax in the beverages division, which will be incorporated into the Audited Financial Statements of the Company by year end.

Total company revenue in second quarter 2015 increased 3.9% to Ps.9,917 million from Ps.9,542 million in the second quarter of 2014, primarily due to an enhanced sales mix in the beverages division that resulted from increased relevance of higher-value categories and smaller presentations in volume sales. Total company revenue growth also reflects price increases across the entire beverages portfolio, and a better pricing environment for the sugar division.

At the beverages division, total revenue was Ps.9,250 million in the second quarter of 2015, 6.5% higher than the same period of the prior year. Revenue per unit case increased 5.8% year-over-year to Ps.20.7 in second quarter 2015 from Ps.19.6 in second quarter 2014. Price increases during this quarter continued to fully pass

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inflation even in caloric beverages, and slightly recovered part of prior year's decline. A change in volume mix towards higher-value products and presentations also contributed positively to revenue per case performance.

Costs of Goods Sold

Total company cost of goods sold (COGS) was Ps.5,760 million in the second quarter of 2015, 1.0% higher than the Ps.5,704 million in the same period of 2014. Cost of goods sold during 2Q15 continued pressured by the Mexican peso depreciation against the US dollar, impacting the cost of dollar-denominated raw materials such as resins for PET bottles and caps, and high fructose. However, lower prices of raw materials which are indexed to oil prices such as resins for PET, partially offset the impacts of exchange rate volatility. As a result, costs per unit case in second quarter 2015 were approximately 6.9% higher in comparable terms from the same period of 2014, and gross profit per unit case in 2Q15 was 4.4% higher than the comparable period of 2014, mainly reflecting price recovery across all beverages categories and a more profitable volume mix.

Selling, General & Administrative Expenses (SG&A)

Consolidated SG&A in second quarter 2015 was Ps.3,615 million, a 1.1% decrease compared to the Ps.3,654 million in second quarter 2014. As a result, during the second quarter of 2015 Cultiba's total SG&A as a percentage of revenue was 36.5% compared to 38.3% in the same period of the prior year. The cost-savings program that the beverages division implemented in 2014 continues translating into a leaner fixed cost structure, mainly through lower administrative expenses as a result of overhead efficiencies. On the other hand, the benefit from having lower overhead was partially offset by higher marketing expenditures compared to 2Q14, when the beverages division held back on some campaigns and promotions in response the slowdown in beverages volumes. All in, operating expenses in the beverages division increased slightly below 1% year-over-year in second quarter 2015, mainly reflecting a sustainable and enhanced cost structure in addition to normalized levels of marketing and promotion.

Operating Income

Total operating income for second quarter 2015 was Ps.542 million compared to Ps.184 million in second quarter 2014. The beverages division had operating income of Ps.472 million in the second quarter of 2015 compared to Ps.245 million in the comparable period of 2014. As a result, quarterly operating income per case improved from Ps.0.6 to Ps.1.1 during the quarter.

EBITDA

As mentioned before, top line recovery in addition to a leaner cost structure has resulted in profitability improvements at both businesses. Consolidated EBITDA for second quarter 2015 was Ps.1,119 million, a 28.9% increase when compared to the Ps.868 million of second quarter 2014. As a result, consolidated EBITDA margin was 218 basis points higher in 2Q15, reaching 11.3% compared to 9.1% 2Q14. EBITDA in the beverages division was Ps.1,001 million in second quarter 2015, 28.2% higher than the Ps.780 million of the comparable period in

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2014. As a result, EBITDA margin in the beverages division was 10.8% this quarter, compared to the 9.0% EBITDA margin of second quarter 2014.

Cultiba's sugar division continues contributing positively to consolidated results. GAM completed the 2014/15 harvest period with improved yields and lower costs while keeping overall production stable. In addition to improved productivity and profitability, a more favorable pricing environment and sales mix compared to 2014 allowed the sugar division to consolidate double digit margins through the quarter and be accretive to Cultiba's total EBITDA margin.

Financing Cost

Consolidated cash-interest expense during the second quarter of 2015 was down 39.4% compared to the same period of 2014. However, benefits from lower cash-interest expenses were offset by non-cash exchange rate losses of Ps.72 million. Of note, long-term dollar denominated debt continues to be fully hedged with future dollar denominated cash inflows in both divisions. Financing costs in second quarter 2015 were a net expense of Ps.107 million, compared to a net expense of Ps.40 million in the same period of prior year.

Net Income

The Company reported consolidated net income of Ps.287 million in the second quarter of 2015, compared to Ps.159 million during the same period of 2014. Non-cash impacts from dollar-denominated debt in addition to higher tax provisions as a result of improved profitability negatively impacted net profit. During 2Q15, the beverages division had net income of Ps.305, a 78.9% increase compared to the Ps.170 million of 2Q14.

OVERVIEW – FIRST HALF 2015 RESULTS

Beverages Division Volume

Total beverages volume increased 0.3% during the first half of 2015 to 810.4 million eight ounce cases compared to 807.6 million eight ounce cases in the first half of 2014, mostly driven by the gradual recovery of bottled beverages volume.

Total soft drinks and bottled water case volume increased 3.6% in the first half of 2015 to 411.3 million eight ounce cases from 396.8 million eight ounce cases in the first half of 2014. Jug water volume in first half 2015 decreased 2.8% to 399.1 million eight ounce cases from 410.8 million eight ounce cases in first half 2014.

Revenue

Accumulated results presented in this release do not include revenue or costs generated from the excise tax in the beverages division, which will be incorporated into the Audited Financial Statements of the Company by year end.

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Total company revenue in the first six months of 2015 increased 3.5% to Ps.17,750 million from Ps.17,145 million in the first six months of 2014, primarily due to gradual volume recovery in the soft drinks segment at the beverages division, and price improvements in both the sugar and beverages divisions.

At the beverages division, total revenue was Ps.16,582 million in the first half of 2015, 6.4% higher than the same period of the prior year. Revenue per unit case increased 6.0% year-over-year to Ps.20.5 in first half 2015 from Ps.19.3 in first half 2014. A change in volume mix towards categories and presentations that have higher value continues to foster revenue per case performance.

As for the Company's sugar division, improved pricing and sales mix both in the domestic and international markets fostered top-line recovery, contributing positively to consolidated company revenues.

Costs of Goods Sold

Total consolidated cost of goods sold, was Ps.10,247 million through June 2015, almost flat when compared to the same period of 2014. In the beverages division, due to exchange rate pressures in some raw materials as mentioned before, cost of goods sold per unit case was 7.0% higher in first half 2015 compared to first half 2014. However, lower costs of PET resins and a better volume mix contrasted the effect of exchange rate volatility and gross profit per unit case increased 4.8% year over year during the first half of 2015.

Within Cultiba's sugar division, efficiency indicators continued to improve and translated into lower production costs. Additionally, electricity generation was 9% higher than in the previous season, sustainably strengthening the sugar division's cost structure.

Selling, General & Administrative Expenses (SG&A)

Consolidated SG&A for the first six months of 2015 was Ps.6,926 million, down 0.5% from Ps.6,958 million in the same period of 2014. As a result, SG&A, as a percent of revenue decreased to 39.0% in the first half of 2015 from 40.6% in the same period of 2014 primarily due to the improved fixed-cost structure that resulted from last year's cost-savings plan in the beverages division and from operating efficiencies at the sugar division's mills.

Operating Income

Total operating income for the first half of 2015 was Ps.577 million, improving significantly when compared to the Ps.21 million of operating income in the first half of 2014. The beverages division had operating income of Ps.464 million in the first half of 2015 compared to Ps.83 million in the comparable period of 2014. As a result, operating income per case improved to Ps.0.6 from Ps.0.1 during the first half of 2015.

EBITDA

Consolidated EBITDA in the first half of 2015 increased 39.5% to Ps.1,749 million compared to Ps.1,254 million in the same period of 2014. As a result, consolidated EBITDA margin was 9.9% in the first half of 2015, showing a 253 basis point expansion when compared to the 7.3% EBITDA margin in the same period of 2014. EBITDA in

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the beverages division was Ps.1,532 million in first half 2015, 34.5% higher than the Ps.1,139 million of the comparable period in 2014. As a result, EBITDA margin in the beverages division was 9.2% in the first half of 2015, compared to the 7.3% EBITDA margin of the same period in 2014.

Financing Cost

The Company's continuous deleveraging efforts within both divisions continue showing improvements in total cash interest payments, which were 41.2% lower in the first half of 2015 compared to the same period of 2014. However, benefits from lower cash-interest expenses in the first half of 2015 were offset by non-cash exchange rate losses of Ps.164 million. As mentioned before, long-term dollar denominated debt continues to be fully hedged with future dollar denominated cash inflows in both divisions. Financing cost for the first six months of 2015 resulted in a net expense of Ps.238 million compared to a net expense of Ps.108 million in the same period of 2014.

Net Income

For the first half of 2015, the Company reported net income of Ps.95 million, compared to a net loss of Ps.155 million in the first half of 2014.

BALANCE SHEET AND CASH FLOW

As of June 30 2015 the Company had Ps.860 million in cash and equivalents, compared to Ps.396 million on December 31 2014. Net debt outstanding at the end of 2Q15 was Ps.3,495 million compared to Ps.4,351 million at year-end 2014. Cultiba's Net debt to EBITDA ratio was 1.1 times at the end of 2Q15, compared to 1.7 times on December 31, 2014.

The following table shows debt levels in each of Cultiba's subsidiaries as of June 30 2015...

(Ps. in Millions)

	Beverages Division			Sugar Division			CULTIBA Consolidated ¹		
	Jun 30 2015	Dec 31 2014	Var.	Jun 30 2015	Dec 31 2014	Var.	Jun 30 2015	Dec 31 2014	Var.
ST Debt	1,255	2,286	(45.1%)	923	595	55.1%	2,206	2,909	(24.2%)
LT Debt	417.6	-		339	447	(24.1%)	2,149	1,838	16.9%
Net Debt	1,230	2,069	(40.6%)	1,059	999	6.0%	3,495	4,351	(19.7%)

¹Includes Long Term Certificates in the Mexican Market issued on November 2013 by the Holding Company

Operating cash cycles continue to improve at the beverages division, contributing positively to working capital performance. Within the sugar division, a strategic increase in inventories during the first months of the year slightly impacted working capital in addition to short term debt. Still, the sugar division continues in line with its long-term deleveraging plan. Both, the sugar and beverages divisions expect long-term deleveraging to continue through 2015.

Capital expenditures through June 30 2015 were Ps.1,067 million, compared to Ps.826 million in the same period of 2014. Total capital expenditures planned for 2015 are Ps.2.1 billion. Through the second quarter of 2015, Company continued to normalize CAPEX towards levels prior to the downturn of 2014 in order to capitalize on consumer recovery and maintain its competitive position in the new market environment. The Company continues to deploy funds for productivity increases in both divisions, and improved presence in specific channels, portfolio and packaging innovations for the beverages division.

OTHER FINANCIAL HIGHLIGHTS

As agreed on the General Shareholders Meeting, Cultiba will pay an annual dividend Ps.0.27 per share. This payment is to be paid in two installments; one already available since mid-July 2015 and the second one to be effective by mid-October 2015. At current prices, this payment represents an approximate yield of 1.3%.

ANALYST COVERAGE

Bank of America Merrill Lynch, Banorte-IXE, BBVA Bancomer, Credit Suisse, GBM Grupo Bursátil Mexicano, Interacciones, JP Morgan.

[Note: Organización Cultiba, S.A.B. de C.V. (Cultiba) is covered by the analysts listed above. Please note that any opinions, estimates or forecasts regarding the performance of Cultiba issued by these analysts reflect their own views, and therefore do not represent the opinions, estimates or forecasts of Cultiba or its management. Although Cultiba may refer to or distribute such statements, this does not imply that Cultiba agrees with or endorses any information, conclusions or recommendations included therein.]

CONFERENCE CALL INFORMATION

Management of Cultiba will host a conference call with the investment community to discuss second quarter 2015 results. The call will take place on Monday, July 27, 2015 at 10:00 a.m. Mexico City Time (11:00 a.m. ET Time). To access the call, please dial 1-888-500-6950 if calling from the United States or 001-800-514-1067 if calling within Mexico or 1-719-325-2420 if calling from other countries. The passcode is 2380717. The conference call will also be webcast and can be accessed from the Company's website www.cultiba.mx in the Events and Presentations/Events Calendar section or from the following link: <http://public.viavid.com/index.php?id=115375>. A replay will be available from 1:00 p.m. Mexico City Time (2:00 p.m. ET Time) on July 27, 2015 until 10:59 p.m. (Mexico City Time; 11:59 p.m. ET Time) on August 3, 2015. The dial-in info for this replay is 1-877-870-5176 from within the United States and 1-858-384-5517 from outside the United States. The passcode for the replay is 2380717.

ABOUT CULTIBA

Organización Cultiba, S.A.B. de C.V. is a holding company with a majority interest in one of Mexico's largest bottlers of soft drinks and jug water, and the exclusive bottler of PepsiCo beverage products in Mexico. Carbonated, non-carbonated soft drinks and jug water are marketed under its beverages division's own brands as well as third-party brands. Its beverages division has 43 bottling facilities in Mexico and is the only bottler with nationwide distribution. As a holding company, Cultiba also owns and operates 3 sugar mills and has a 49% interest in a first one in the western region of Mexico. The Company is listed on the Bolsa Mexicana de Valores, where it trades under the symbol CULTIBA. For more information, please visit www.cultiba.mx.

FORWARD LOOKING STATEMENTS

This press release may contain forward-looking statements. All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding our prospective financial position, business strategy, management plans and objectives, future operations and synergies are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business operations and strategies and the environment in which the Company expects to operate in the future. Forward-looking statements speak only as of the date of this press release and the Company expressly disclaims any obligation or undertaking to release any update of or revisions to any forward-looking statements in this press release, any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based.

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ORGANIZACION CULTIBA, S.A.B. de C.V. CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Prepared in accordance with International Financial Reporting Standards ("IFRS")

(Ps in Millions)	Second Quarter		
	Jun 30, 2015	Jun 30, 2014	% Change
Net sales ¹	9,917	9,542	3.9%
Cost of goods sold ¹	5,760	5,704	1.0%
Gross profit	4,157	3,838	8.3%
Selling, general, and administrative expenses	3,615	3,654	(1.1%)
Income from operations	542	184	194%
Other income (expenses)	3	94	(96.6%)
Comprehensive cost of financing / (benefit)	107	40	168.2%
Share in joint ventures (loss)	-	-	-
Income before tax provisions	439	238	84.0%
Tax provisions / (benefit)	152	79	90.9%
Net income	287	159	80.5%
EBITDA²	1,119	868	28.9%
EBITDA margin	11.3%	9.1%	218 bp

(Ps in Millions)	Six Months Ended		
	Jun 30, 2015	Jun 30, 2014	% Change
Net sales ¹	17,750	17,145	3.5%
Cost of goods sold ¹	10,247	10,166	0.8%
Gross profit	7,504	6,979	7.5%
Selling, general, and administrative expenses	6,926	6,958	(0.5%)
Income from operations	577	21	2629%
Other income (expenses)	20	90	(78.2%)
Comprehensive cost of financing / (benefit)	238	108	120.5%
Share in joint ventures (loss)	(36)	(35)	4.0%
Income before tax provisions	323	(31)	NM
Tax provisions / (benefit)	228	124	84.1%
Net income	95	(155)	NM
EBITDA²	1,749	1,254	39.5%
EBITDA margin	9.9%	7.3%	253 bp

** 2014 shows audited data.

¹In order to simplify revenues and COGS comparability at the industry level, the Company presents quarterly results without including income from excise tax in the beverages division. Audited yearly data will incorporate income from excise tax per Auditors' requirements. ²EBITDA = Net income plus (1) Depreciation and amortization, (2) Net financing cost, (3) Provision for taxes

ORGANIZACION CULTIBA, S.A.B. de C.V. BALANCE SHEETS (Unaudited)

Prepared in accordance with International Financial Reporting Standards ("IFRS")

(Ps in Millions)	Jun – 2015	Dec - 2014
Current Assets		
Cash & Equivalents	860	396
Clients	2,522	2,179
Other receivables	655	2,033
Inventories	2,742	1,712
Prepaid expenses	663	320
Other assets	40	83
Total Current Assets	7,482	6,723
Accounts receivable	86	51
Joint Ventures	633	669
Property, plant, & equipment	13,956	14,160
Intangible assets	5,819	5,866
Other assets	1,350	1,296
Long-Term Assets	21,844	22,042
TOTAL ASSETS	29,326	28,765
Liabilities and Equity		
Current Liabilities		
Bank loans	2,206	2,909
Suppliers	3,427	2,822
Other liabilities	3,198	2,405
Total Current Liabilities	8,831	8,136
Long-Term debt	2,149	1,838
Deferred taxes and others	777	1,014
Employee benefits	1,158	1,112
Long-Term Liabilities	4,085	3,964
TOTAL LIABILITIES	12,916	12,100
STOCKHOLDERS EQUITY	16,410	16,655
LIABILITIES & STOCKHOLDERS EQUITY	29,326	28,765

2014 shows audited data