



# Investor Presentation

## 3Q2016 & 9M2016 Results

*December 7, 2016*

# VIÑA CONCHA Y TORO



# Agenda

1. Highlights 3Q2016
2. 3Q2016 review
3. 2016 Accumulated figures
4. What to expect after Brexit?
5. Financial position
6. Drivers of growth



# Highlights: 3Q 2016 vs 3Q 2015

- **Higher volumes: 6.5%**
- **Flat sales: -0.2%**
  - FX negative contribution
- **Premiumization:**
  - Exports sales, growth of 11% in volume (YTD).
  - Domestic sales, growth of 13% in volume (YTD).
- **Lower EBITDA: -12.1%**
  - Negative FX and Higher Cost of Wine
- **Lower Net Income: -14.6%**





# Agenda

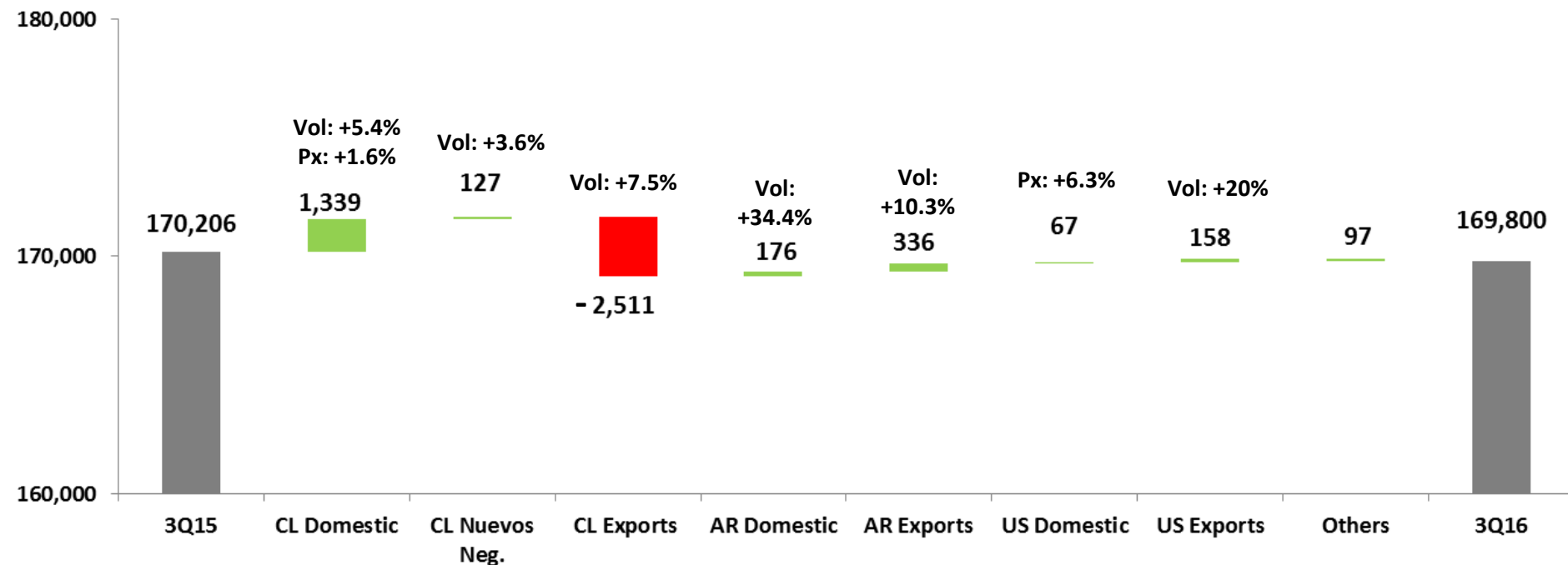
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6. **Drivers of growth**



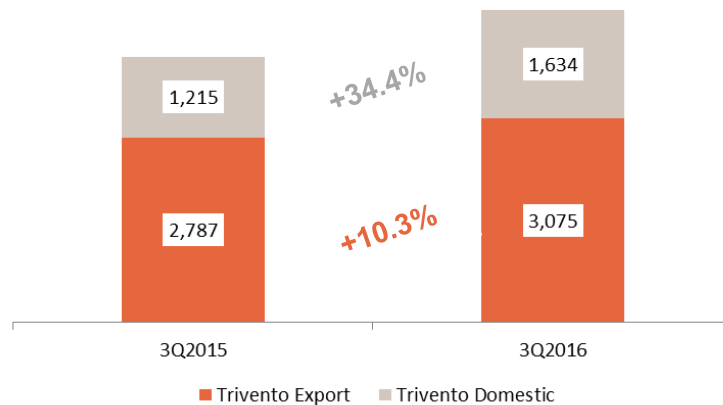
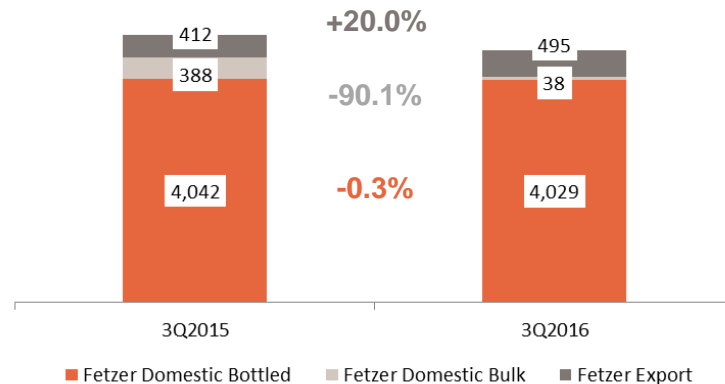
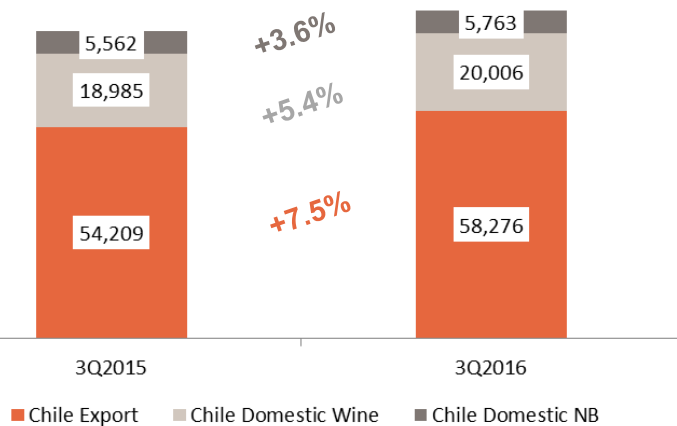
## 2. 3Q2016 Review

- 2.1 Sales and Volumes
- 2.2 Premiumization
- 2.3 FX Impact
- 2.4 Performance & Results

# Consolidated Sales 3Q2016 (million Ch\$)



# Consolidated Volumes 3Q2016



# Consolidated Volumes 3Q2016

## Bottled Exports (CL, AR and US) by Region (% over total volume)

Africa & Others

Asia

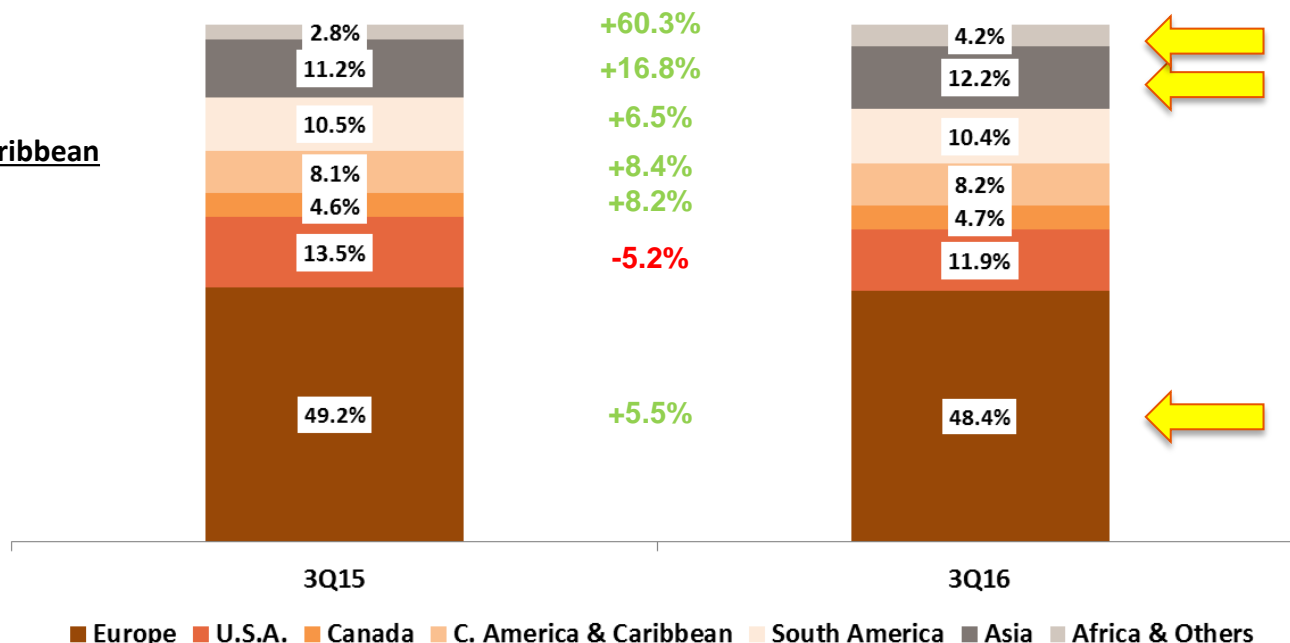
South America

C. America & Caribbean

Canada

USA

Europe



➤ Europe Increasing 5.5%

➤ Asia Increasing 16.8%

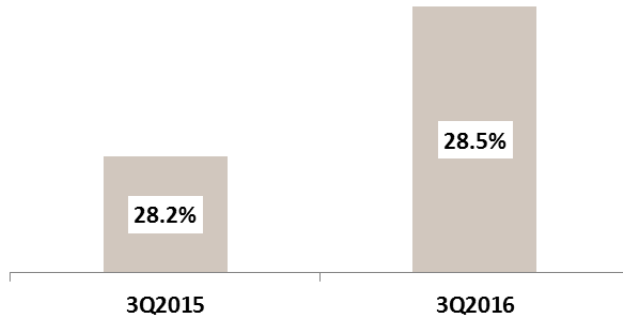
➤ Africa Increasing 60.3%

## 2. 3Q2016 Review

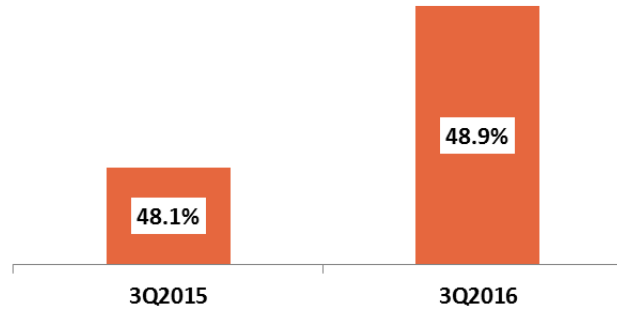
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# Premiumization of Sales

## Sales in Volume



## Sales in Value



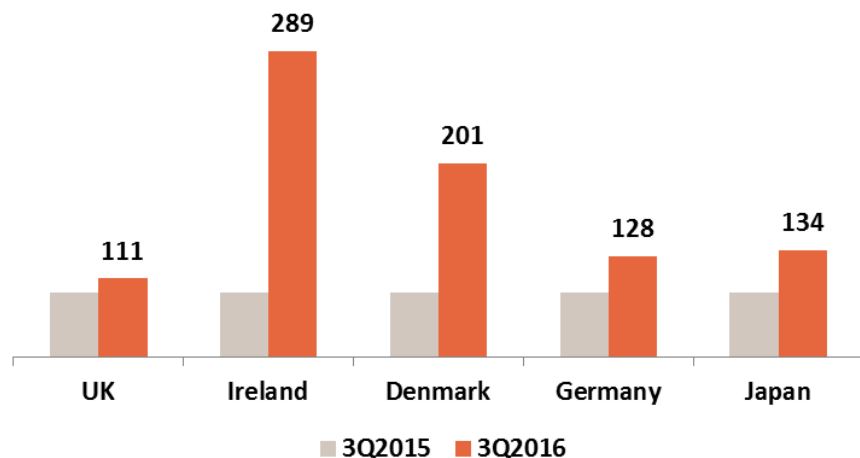
- Premium Growth: +8.2% in 3Q2016
- Representing
  - ✓ 28.5% over total volume
  - ✓ 48.9% over total sales
- Growth driven by core brands
  - Casillero del Diablo
  - Trivento Reserve
  - 1000 Stories



# Performance Premium Core Brands

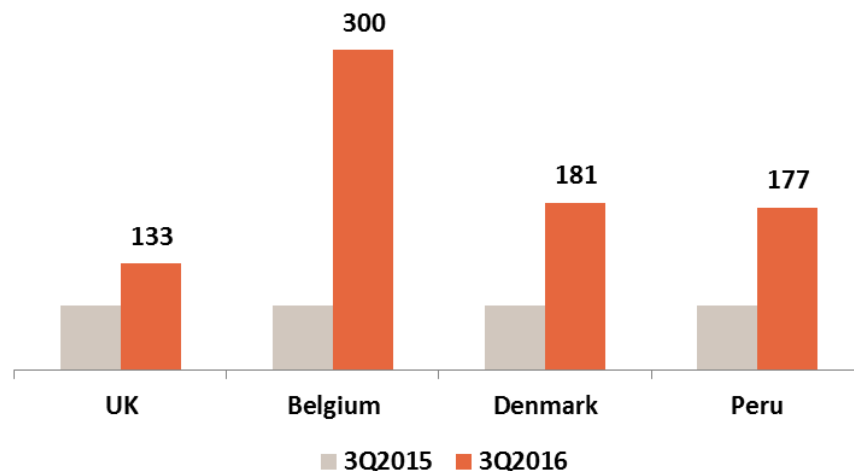
**Casillero del Diablo: +8.4%**

(Base 100 = 3Q2015, volume)



**Trivento Reserve: +22.1%**

(Base 100 = 3Q2015, volume)



## 2. 3Q2016 Review

- 2.1 Sales and Volumes
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# Foreign Exchange 3Q2016 in Sales

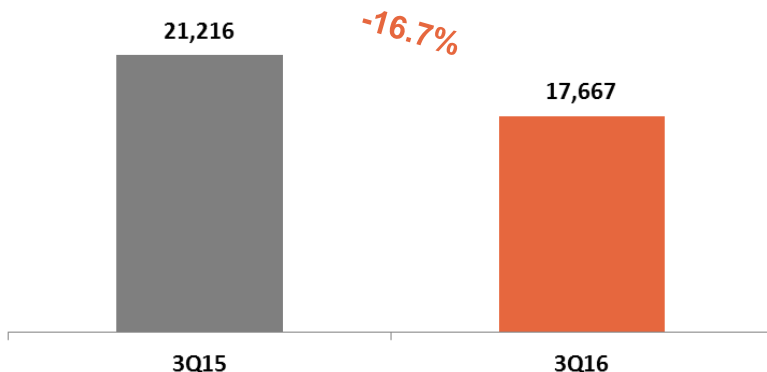
Currency	% over Sales	FX Change (Currency/CLP)
USD	36.8%	-2.7%
CLP	19.8%	0%
GBP	17.2%	-17.4%
EUR	11.2%	-2.5%
BRL	5.4%	5.2%
CAD	3.4%	-2.0%
SEK	2.2%	-2.6%
MXN	1.9%	-14.4%
ARG	1.3%	-39.7%
NOK	0.8%	-3.4%

## 2. 3Q2016 Review

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- *2.2 Premiumization*
- *2.3 FX Impact*
- *2.4 Performance & Results*

# Operating Results 3Q2016

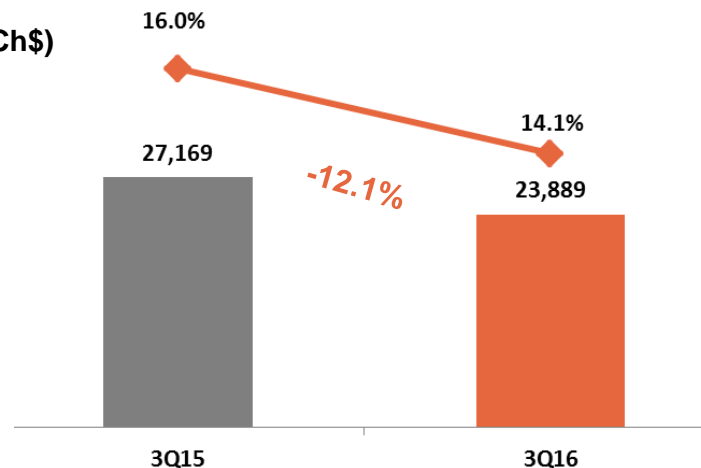
Operating Income  
(Million Ch\$)



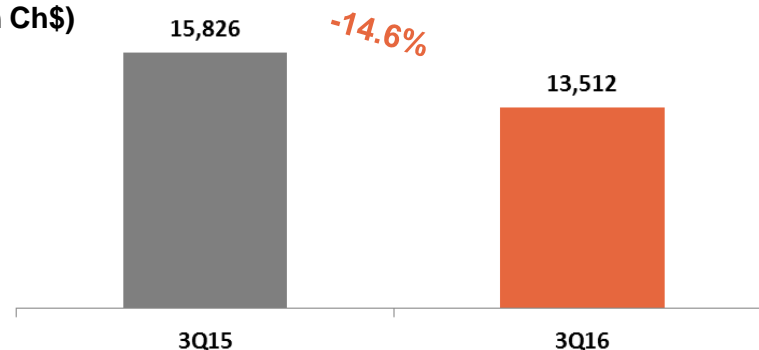
## Results Impacted by:

- Negative impact of FX fluctuations
- Higher costs derived from a weak harvest in 2016

EBITDA  
(Million Ch\$)



Net Income  
(Million Ch\$)





# Agenda

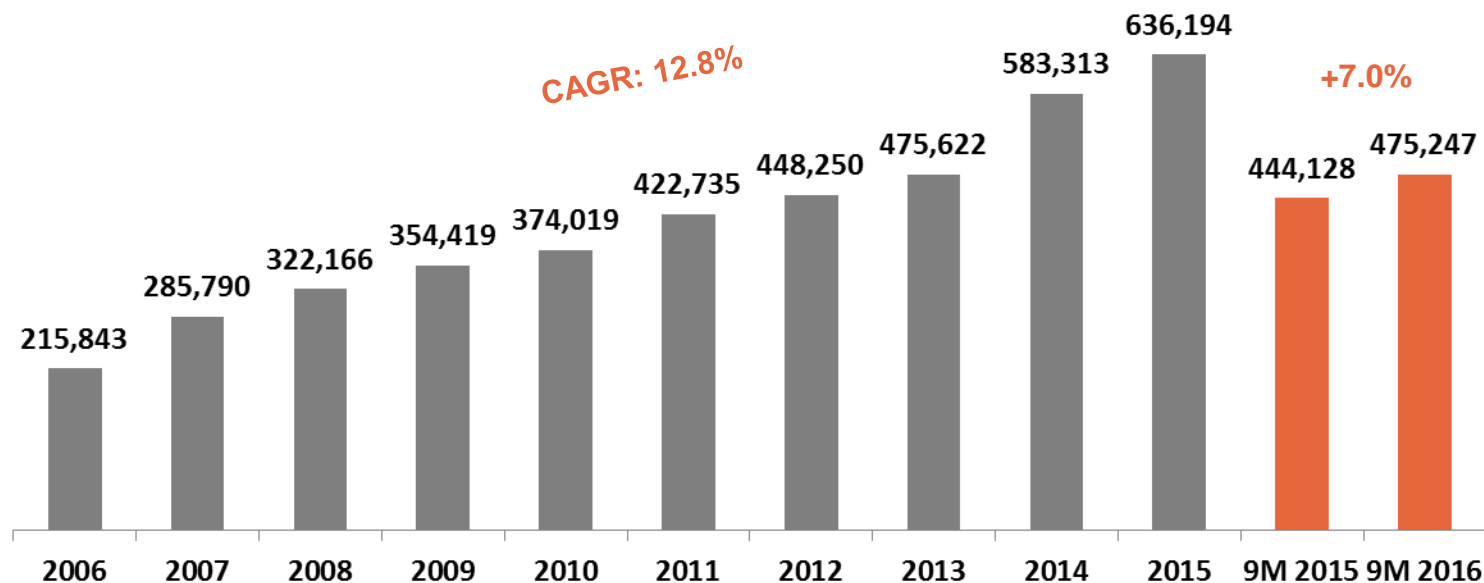
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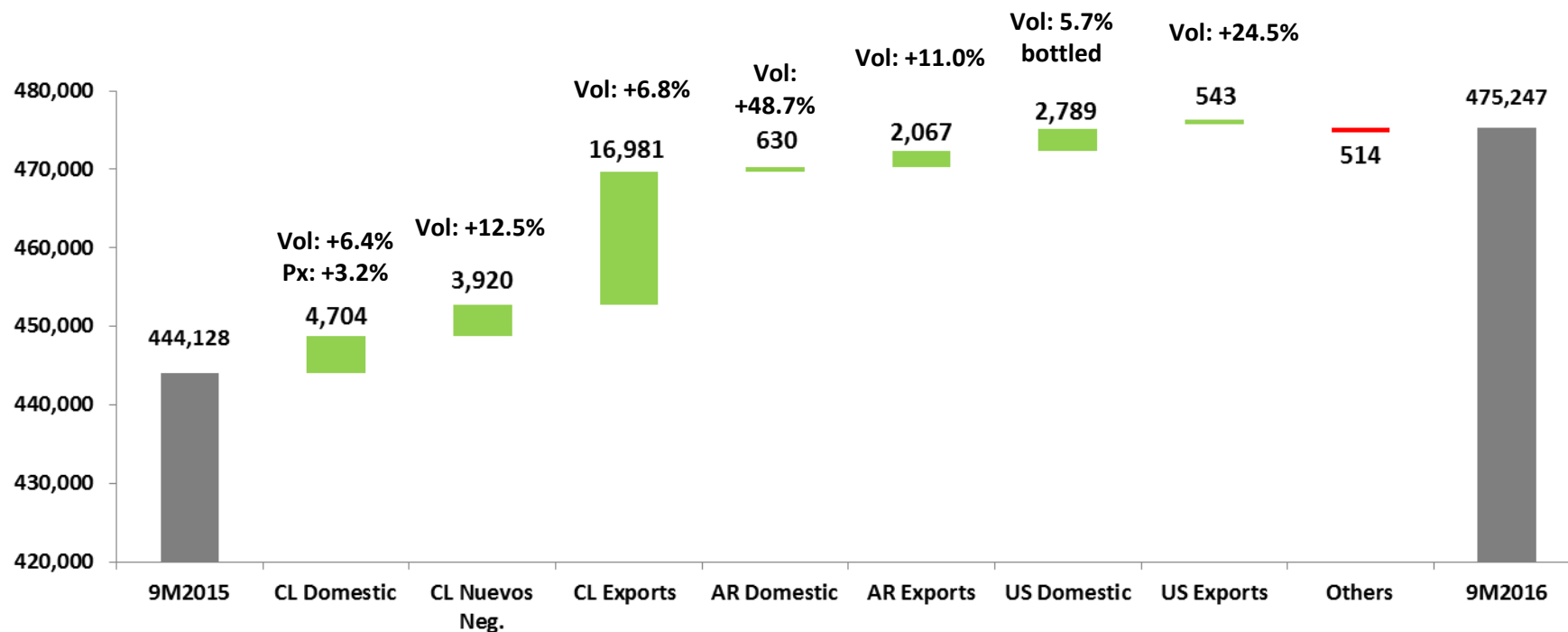
# 3. 2016 Accumulated Figure

- 3.1 Sales and Volumes
- 3.2 Premiumization
- 3.3 Distribution Strategy
- 3.4 Fetzer Vineyards
- 3.5 FX Impact
- 3.6 Performance & Results

# Consolidated Sales 9M2016 (million Ch\$)

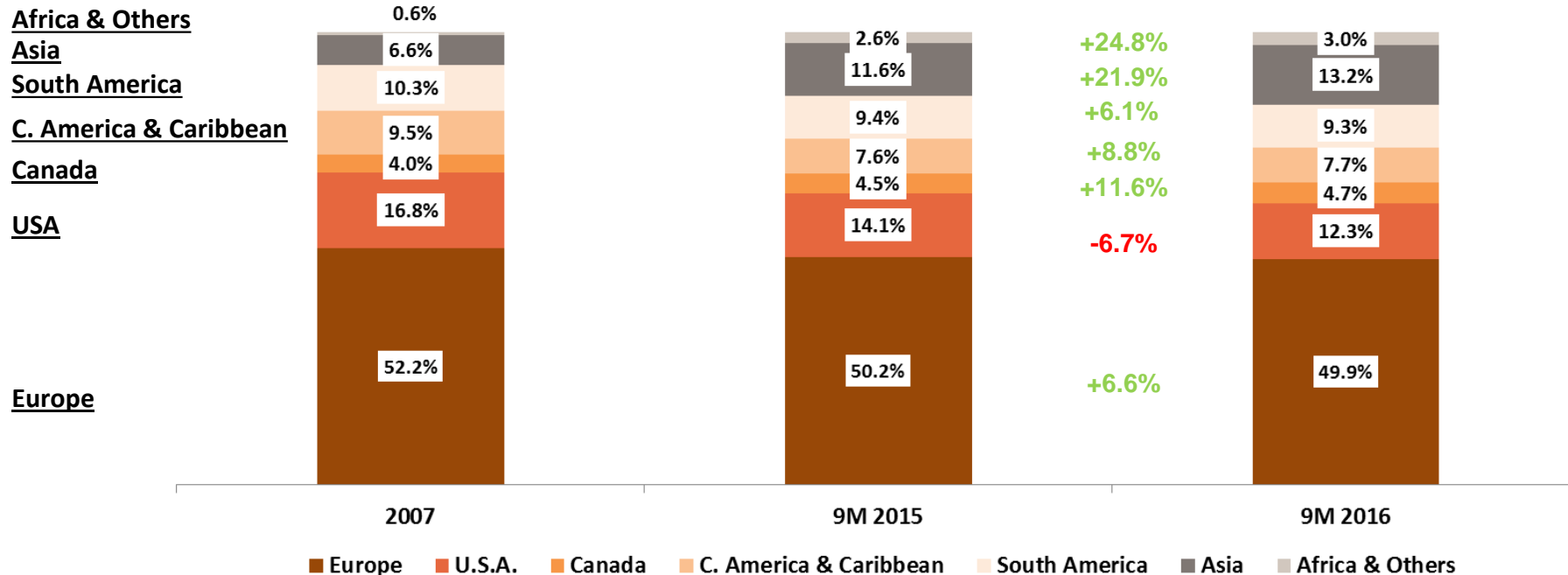


# Consolidated Sales 9M2016 (million Ch\$)



# Consolidated Volumes 2007 - 9M2016

## Bottled Exports (CL, AR and US) by Region (% over total volume)



➤ Asia Increasing its Share from 6.6% to 13.2%

➤ Africa Increasing its Share from 0.6% to 3.0%

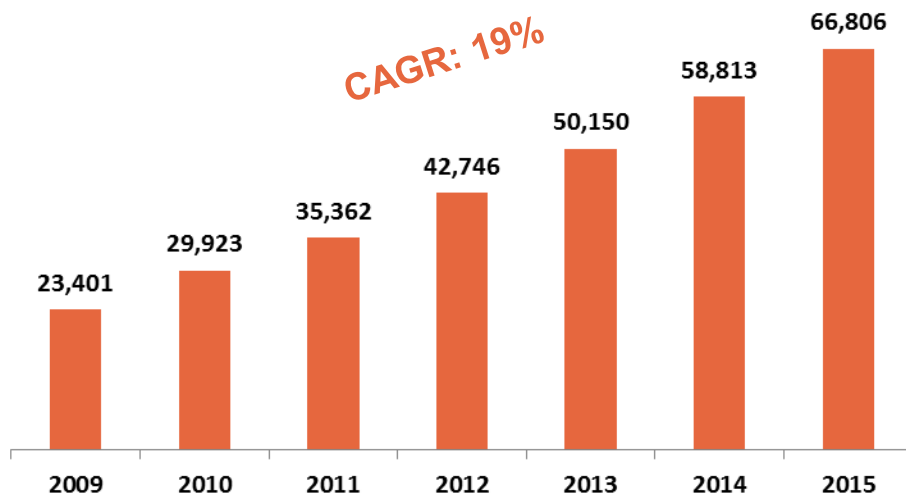
# Asia leading the growth in bottled exports

## Concha y Toro in Asia (VCT Asia)

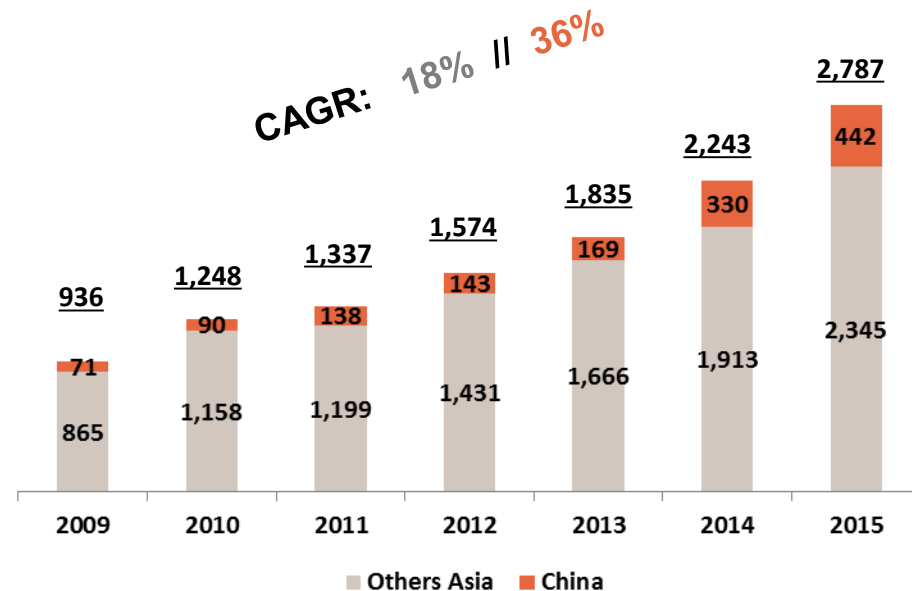
- In 2010 the Company created a new Commercial Region focus exclusively in Asia.
- In 2010 the Company started operations in Singapore through a distribution subsidiary
- In 2013 the Company entered in China with a Commercial Office (Shanghai)
- In 2014 the Company signed a JV in Japan to explore new brands in the Japanese market
- In overall there are 34 people working in Asia

# Asia leading the growth in bottled exports

Sales VCT Asia (thousand USD)



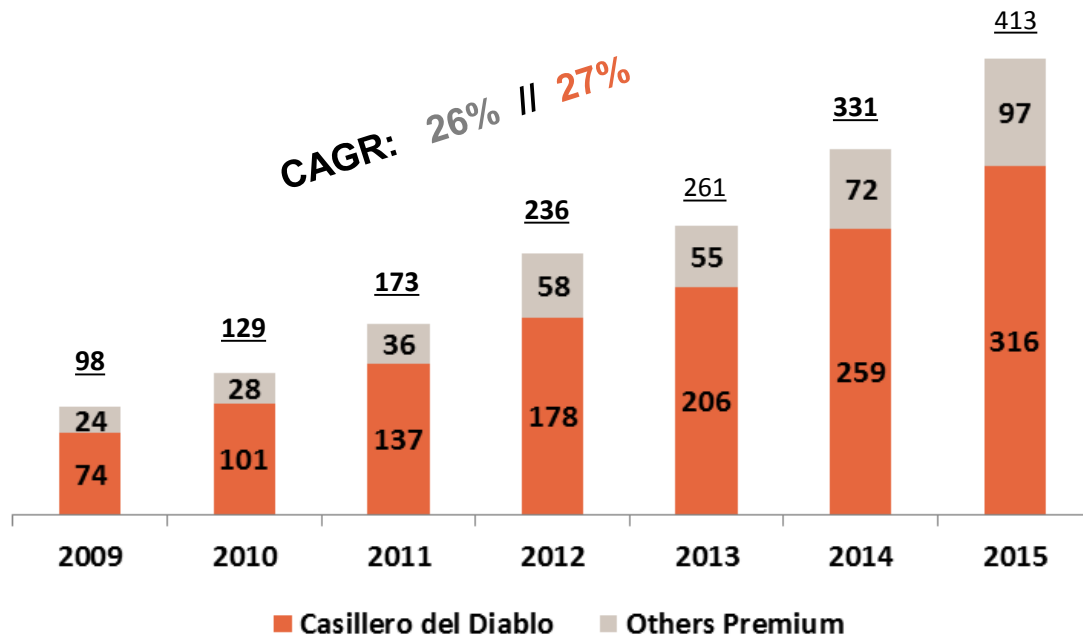
Sales VCT Asia (thousand cases)



- Asia duplicated sales in value and volume since the starting of Asian operations in 2010

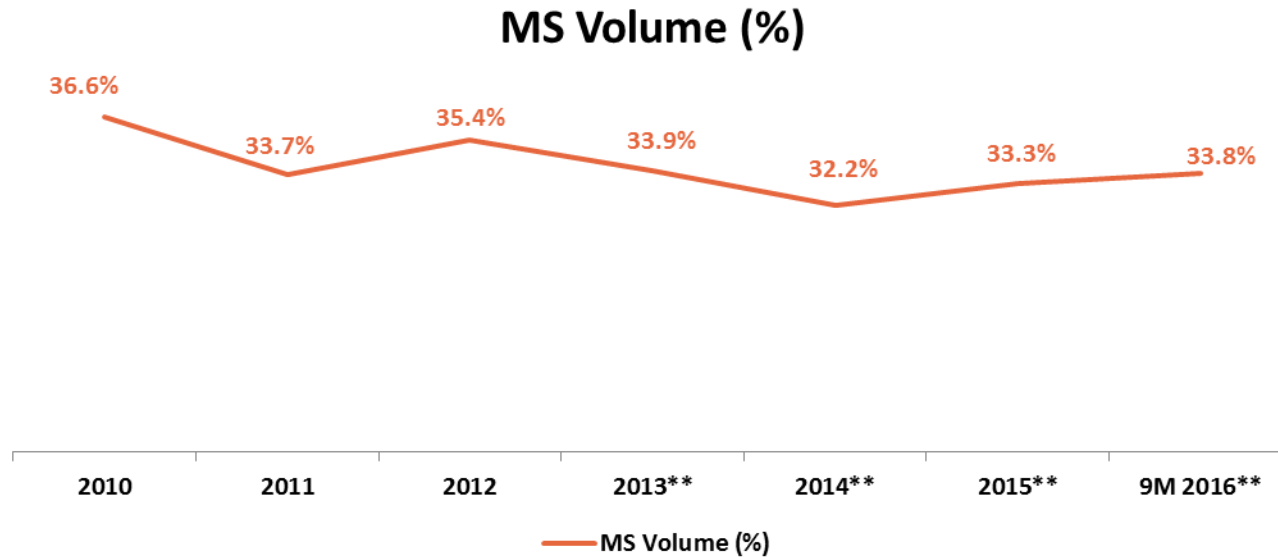
# Asia leading the growth in bottled exports

Premium Sales VCT Asia (thousand cases)



- Premium categories growing faster than total sales in Asia

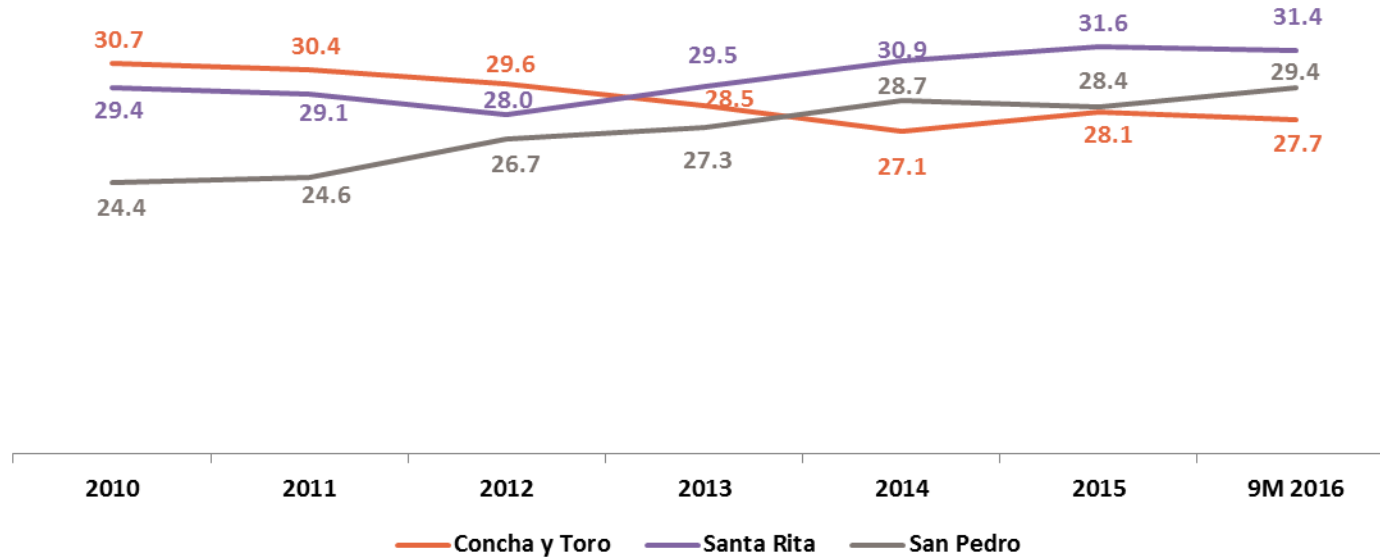
# Leading Position over Chilean Bottled Exports



Source: Chilean Custom

**\*\* Since 2013, the Company started exporting bulk wine to be bottled in UK ~3.0 million cases per year**

# Top 3 Winery in Volume in the Chilean Domestic Market



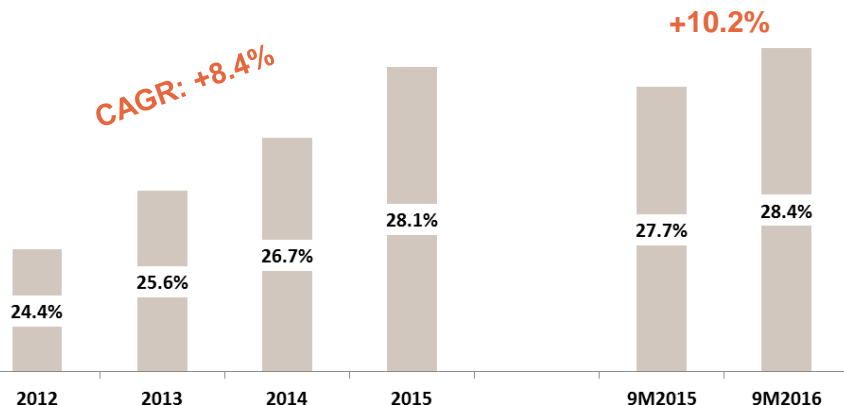
Source: Nielsen

# 3. 2016 Accumulated Figure

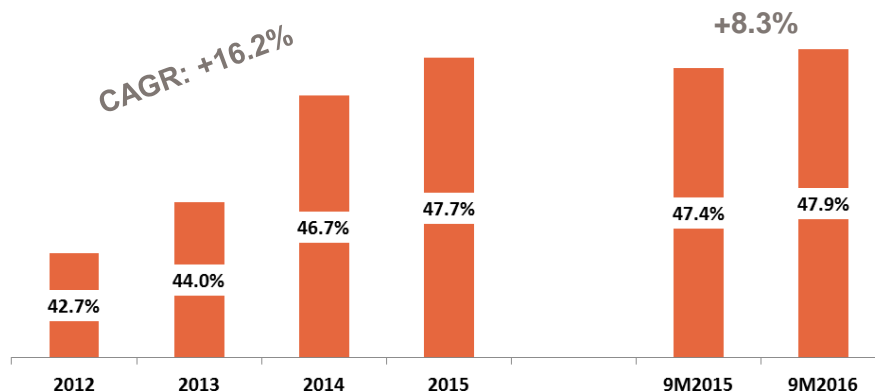
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# Premiumization of Sales

## Sales in Volume



## Sales in Value



- Premium Growth: +10.2% in 9M2016 (volume)
- Representing
  - ✓ 28.4% over total volume
  - ✓ 47.9% over total sales

- Growth driven by core brands
  - ✓ Casillero del Diablo
  - ✓ Trivento Reserve
  - ✓ Bonterra
  - ✓ 1000 Stories

# Performance Premium Core Brands



- Casillero del Diablo  
✓ + 13% in volume YoY
- Trivento Reserve  
✓ + 36% in volume YoY
- Bonterra  
✓ + 4% in volume YoY
- 1000 Stories  
✓ + 407% in volume YoY

# AMERICAN WINERY OF THE YEAR

*Bonterra*  
ORGANIC VINEYARDS

WINE ENTHUSIAST  
WINE STAR  
AWARDS  
2016



**Total Bonterra's Sales: +19.2%** vs \$11 – 11.99 Category at **+8.1%**

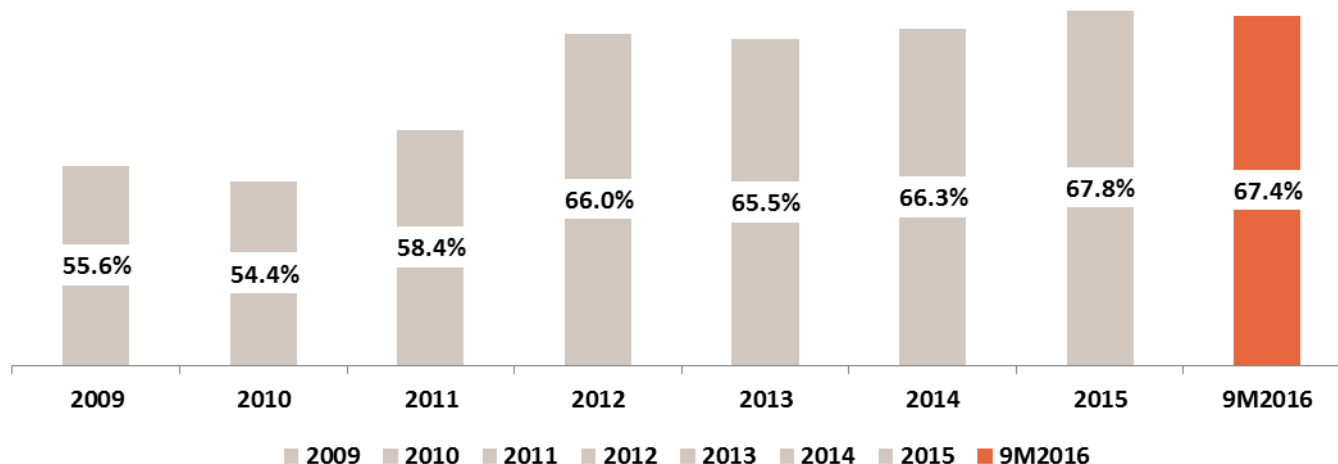
- ✓ Bonterra Cabernet Sauvignon: **+17.8%**
- ✓ Bonterra Chardonnay: **+28.8%** vs just **3.8%** category growth at the same price point
- ✓ Bonterra Merlot: The FASTEST growing SKU in the range, **+25.6%** vs the rest of the Merlot category **+7.2%**
- ✓ Bonterra Sauvignon Blanc: **+13%**

Source: Nielsen 52 weeks to 10/09/16

# 3. 2016 Accumulated Figure

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# Distribution Subsidiaries: Driving the Growth



## Distribution Subsidiaries (bottled sales) 9M 2016 vs 9M 2015

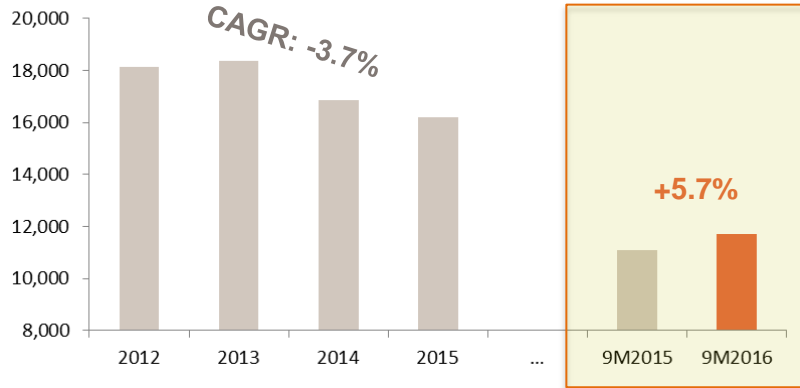
- Concha y Toro UK: +7%
- VCT Chile: +6%
- Trivento Domestic: +25%
- VCT Nordics: +6%
- VCT MX: +17%
- Fetzer Domestic: +6%

# 3. 2016 Accumulated Figure

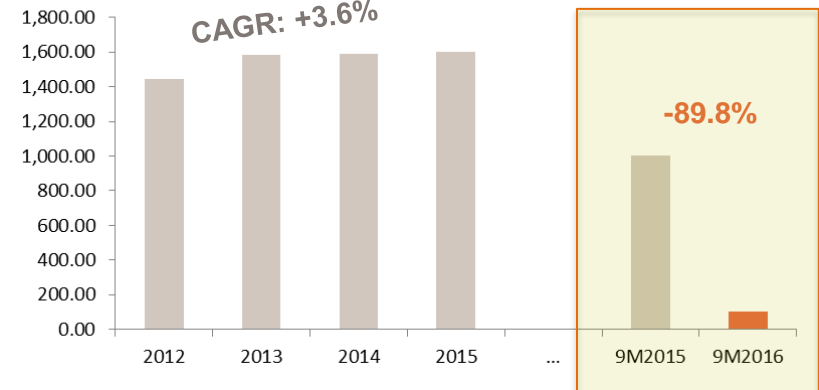
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# Fetzer Vineyards – Sales (thousand liters)

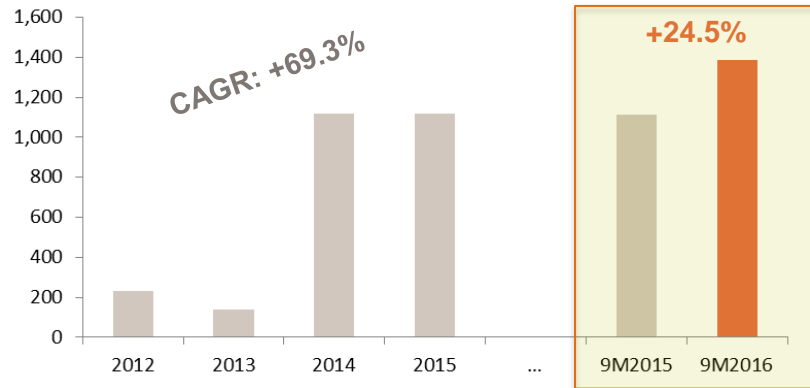
## Fetzer Domestic Bottled



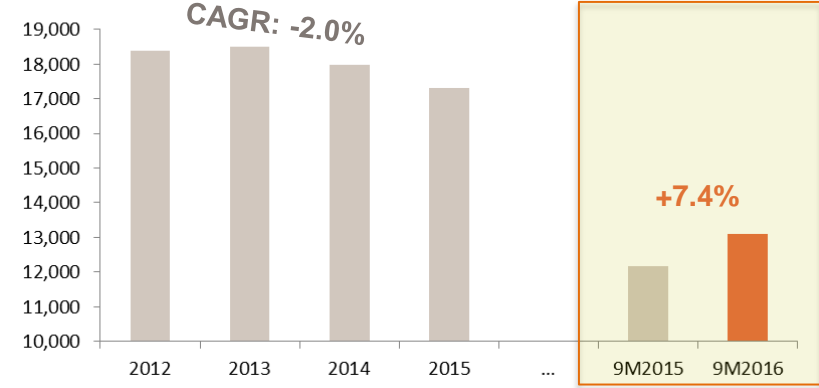
## Fetzer Domestic Bulk



## Fetzer Export



## Total FTZ Bottled



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# Foreign Exchange 9M2016 in Sales

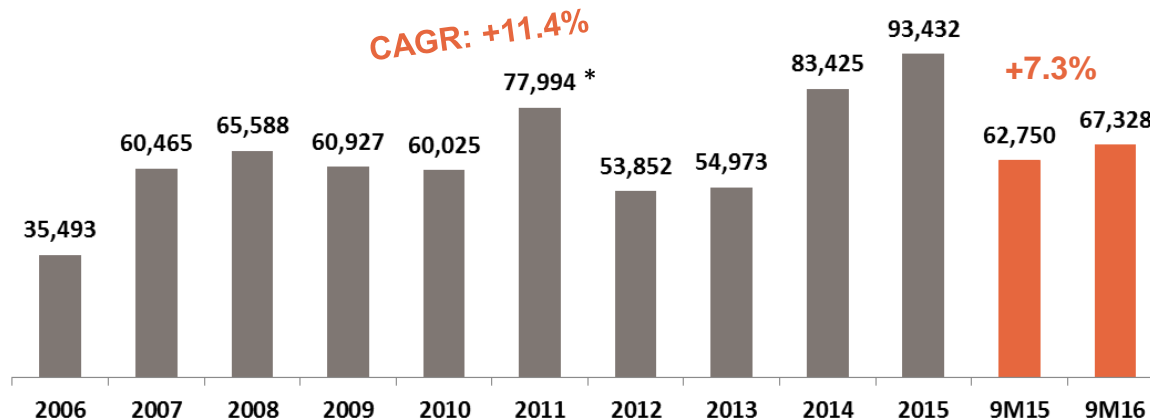
Currency	% over Sales	FX Change (Currency/CLP)
USD	35.1%	5.2%
CLP	19.9%	0%
GBP	18.8%	-4.1%
EUR	10.6%	5.5%
BRL	5.2%	26.7%
CAD	3.4%	1.2%
SEK	2.6%	6.6%
MXN	2.4%	-9.3%
ARG	1.1%	-36.0%
NOK	0.9%	0.1%

# 3. 2016 Accumulated Figure

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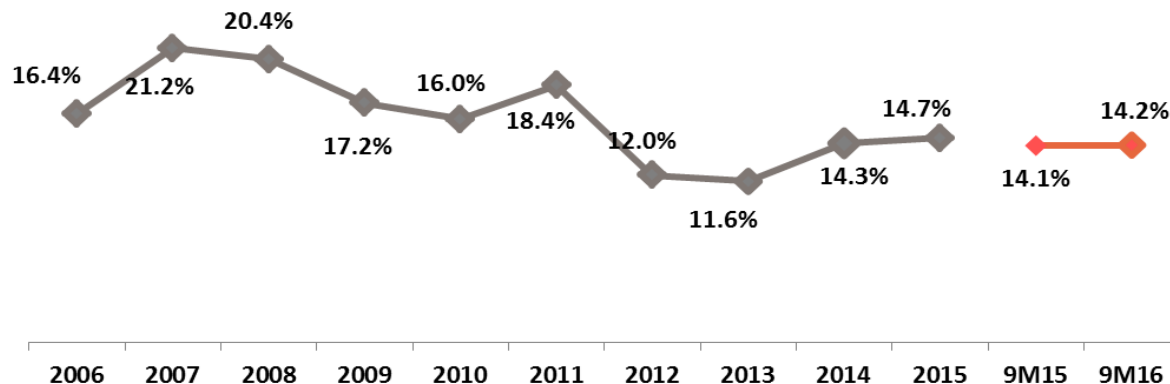
# Operating Results 9M2016

EBITDA  
(Million Ch\$)

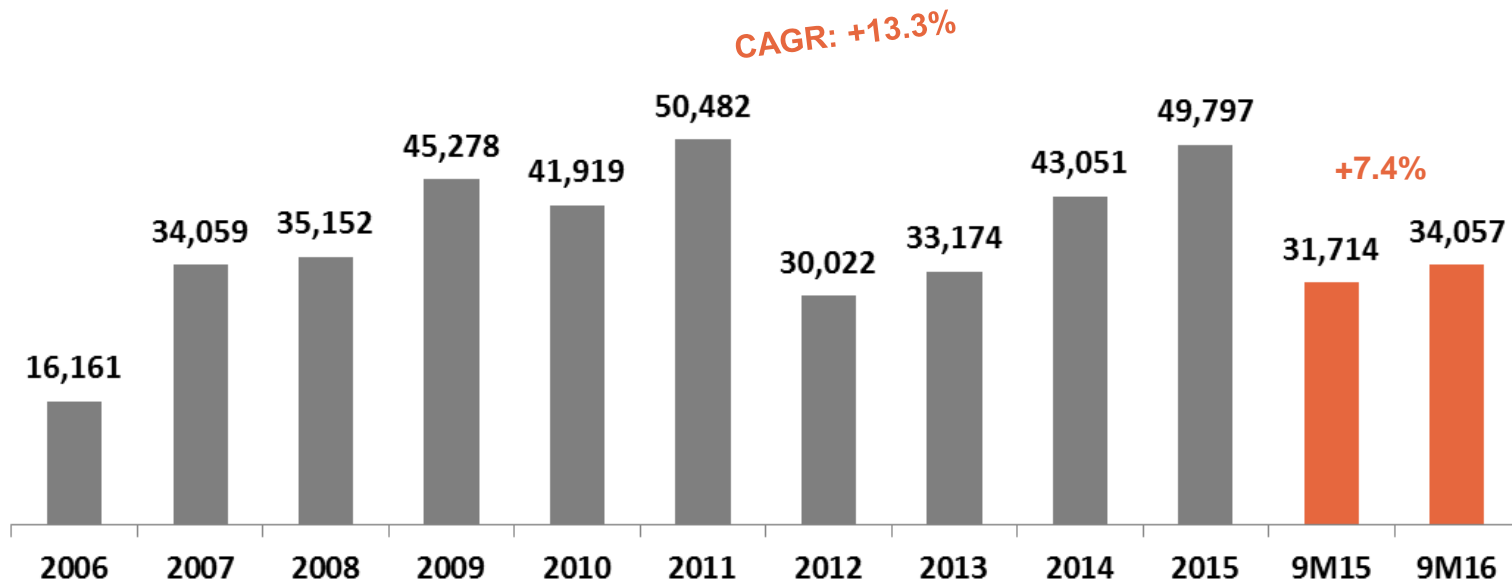


\*Reimbursement of insurance after the earthquake of 2010

EBITDA Margin  
(% over sales)



# Net Income 9M2016 (million Ch\$)





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4. **What to expect after Brexit?**
5. **Financial position**
6. **Drivers of growth**



# Concha y Toro UK

- UK market at Glance
- FX scenario across wine producers
- Measures to keep profitability
- Strong positioning of Concha y Toro's brands in UK

# Concha y Toro UK

## UK market at glance

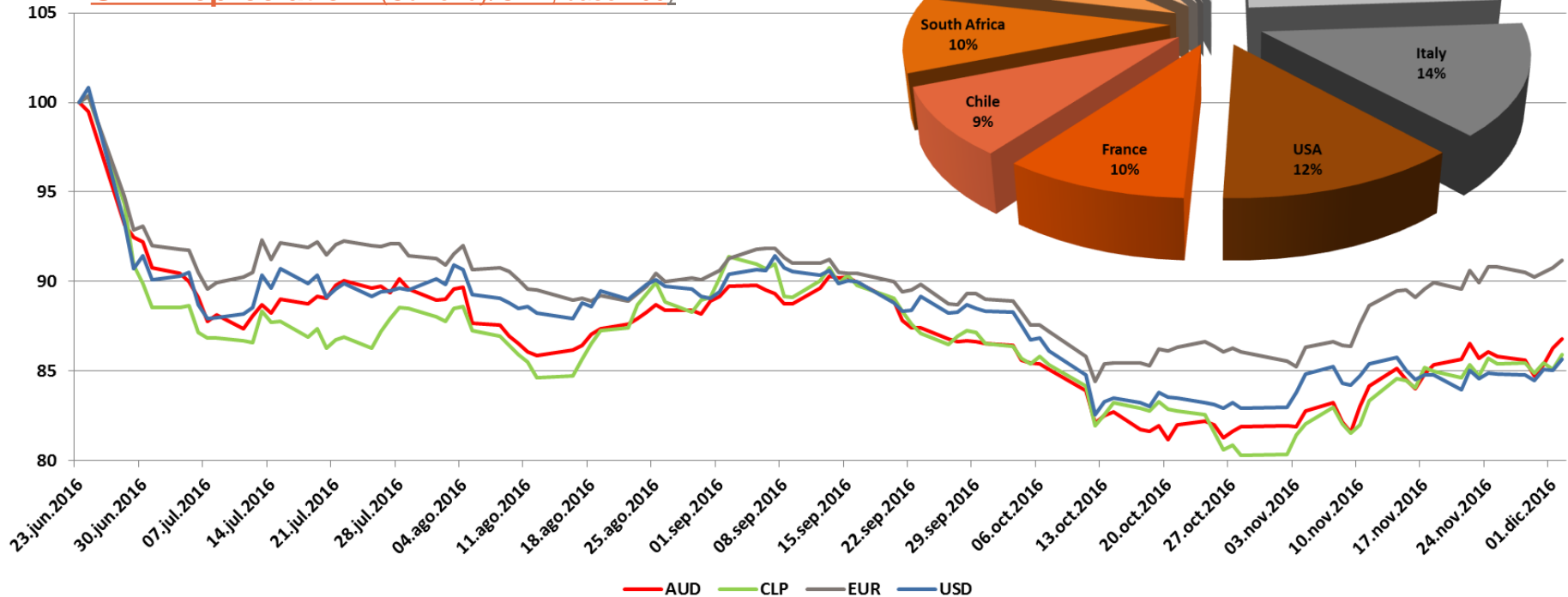
- ✓ The sixth largest consumer of wine in the world
  - 144 million cases per year
  - Consumption: ~20 liters per capita per year
- ✓ The UK is not a producer country.
- ✓ UK is the second importer of wine in the world

# Concha y Toro UK

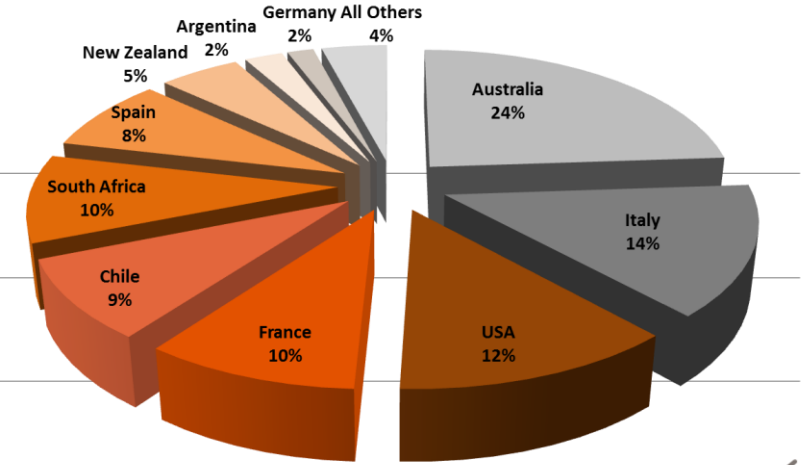
- FX scenario across wine producers

Brexit hit world's currencies. GBP depreciating against currencies of main producer countries.

## GBP Depreciation (Currency/GBP, base 100)



## UK Wine Category per Origin



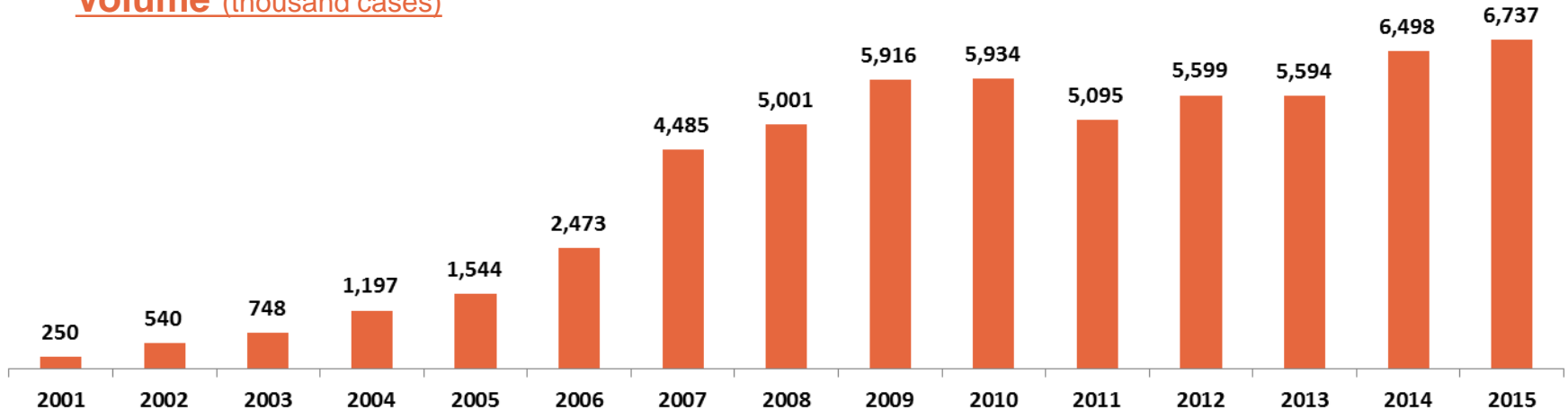
# Concha y Toro UK

- **Measures to keep profitability**
  - ✓ the Company implemented an increase in prices in order to mitigate the impact of the Pound's devaluation
  - ✓ the Company has been assessing several initiatives in order to obtain efficiencies in its processes and brand's investments
- **Consumer's perception and preferences for the Company's products set a better platform to undergo this complex scenario**

# Concha y Toro UK

- Strong Positioning and Successful Track-Record of Growth

Volume (thousand cases)



- Milestones:
  - ✓ Casillero del Diablo: top 4 selling brand. Top selling cabernet sauvignon
  - ✓ Cono Sur: top selling pinot noir
  - ✓ Trivento Reserve: top selling malbec



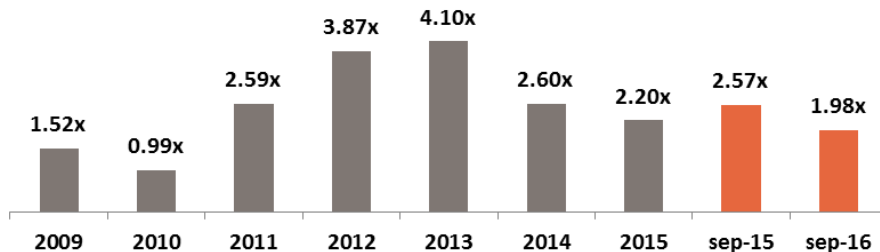
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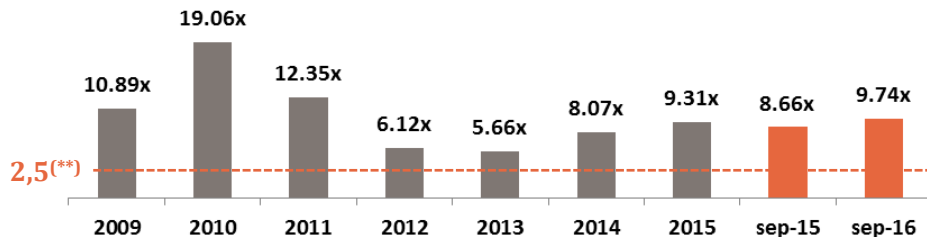
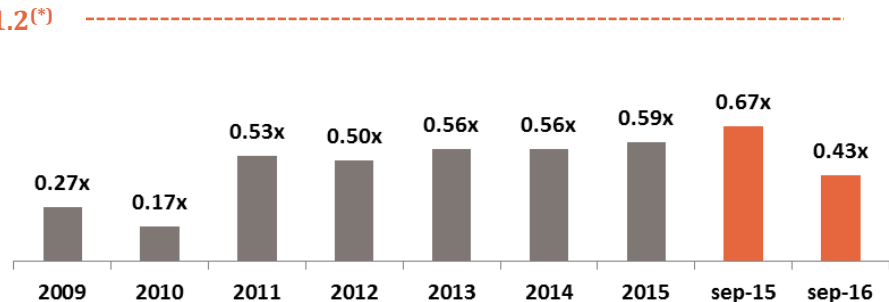
# Conservative Capital Structure (As of Sep-16)

## Net Financial Debt / EBITDA <sup>(1)</sup>



## Net Financial Debt / Equity

## EBITDA <sup>(1)</sup> / Financial Expenses <sup>(1)</sup>



Liabilities: Current Liabilities + Non Current Liabilities

Financial Debt: Other current financial liabilities + Other non current financial liabilities - Derivatives

Net Financial Debt: Other current financial liabilities + Other non current financial liabilities - Derivatives – Cash and cash equivalents

(1) Last 12 months

Financial expenses excludes financial income

(\*) As covenant, the issuer should have a Leverage not higher that 1.4 times. Leverage: Liabilities / Equity.

(\*\*) As covenant, the issuer should have a EBITDA/Financial expenses ratio at least 2.5 times.

Source: Superintendencia de Valores y Seguros (SVS)



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# Drivers of Growth

- ❑ **Premiumization:** +10.2% in volume and +8.3% in value (9M2016)
- ❑ **Distribution Subsidiaries:** representing 66.4% of volumes sold
- ❑ **Brand Building:** Bonterra awarded as **American Winery of the Year** by Wine Enthusiast
- ❑ **Fetzer Vineyards:** Bottled sales growing +7.4% in volume (9M2016).
  - ❑ Domestic bottled sales: +5.7% in volume
  - ❑ Export bottled sales: +24.5% in volume



# Investor Presentation

## 3Q2016 & 9M2016 Results

*December 7, 2016*

# VIÑA CONCHA Y TORO



*V. Exhibits*

# Bottled Sales 3Q2016 & 9M2016

<b>Total Sales<sup>(*)</sup> (in Ch\$ million)</b>	<b>3Q16</b>	<b>3Q15</b>	<b>Change (%)</b>	<b>9M 2016</b>	<b>9M 2015</b>	<b>Change (%)</b>
Chile Domestic Market - wine	20,182	18,844	7.1%	52,359	47,655	9.9%
Export markets <sup>(1)</sup>	111,215	113,726	-2.2%	312,033	295,053	5.8%
Argentina Domestic	2,168	1,991	8.9%	5,127	4,497	14.0%
Argentina Exports <sup>(2)</sup>	5,678	5,342	6.3%	15,958	13,892	14.9%
U.S.A. Domestic	15,649	15,582	0.4%	43,084	40,294	6.9%
U.S.A. Exports <sup>(2)</sup>	1,473	1,315	12.0%	4,260	3,717	14.6%
<b>Total Wine Operating Segment</b>	<b>156,365</b>	<b>156,801</b>	<b>-0.3%</b>	<b>432,821</b>	<b>405,107</b>	<b>6.8%</b>
Chile Domestic Market - new business	11,447	11,320	1.1%	37,338	33,419	11.7%
Other Revenues	1,988	2,086	-4.7%	5,089	5,602	-9.2%
<b>Total Other Operating Segment</b>	<b>13,435</b>	<b>13,406</b>	<b>0.2%</b>	<b>42,427</b>	<b>39,021</b>	<b>8.7%</b>
<b>Consolidated Sales</b>	<b>169,800</b>	<b>170,206</b>	<b>-0.2%</b>	<b>475,247</b>	<b>444,128</b>	<b>7.0%</b>

(1) Export Volumes include exports to third parties and sales volumes of the company's distribution subsidiaries (UK, Nordics, Brazil, Singapore, Mexico).

<b>Total Volume<sup>(*)</sup> (thousand liters)</b>	<b>3Q16</b>	<b>3Q15</b>	<b>Change (%)</b>	<b>9M 2016</b>	<b>9M 2015</b>	<b>Change (%)</b>
Chile Domestic Market - wine	20,006	18,985	5.4%	52,709	49,515	6.4%
Export markets <sup>(1)</sup>	58,276	54,209	7.5%	156,983	146,951	6.8%
Argentina Domestic	1,634	1,215	34.4%	5,122	3,444	48.7%
Argentina Exports <sup>(2)</sup>	3,075	2,787	10.3%	8,038	7,239	11.0%
U.S.A. Domestic	4,068	4,430	-8.2%	11,801	12,072	-2.2%
U.S.A. Exports <sup>(2)</sup>	495	412	20.0%	1,388	1,115	24.5%
<b>Total Wine Operating Segment</b>	<b>87,553</b>	<b>82,039</b>	<b>6.7%</b>	<b>236,041</b>	<b>220,336</b>	<b>7.1%</b>
Chile Domestic Market - New Business	5,763	5,562	3.6%	18,870	16,774	12.5%
<b>Total Other Operating Segment</b>	<b>5,763</b>	<b>5,562</b>	<b>3.6%</b>	<b>18,870</b>	<b>16,774</b>	<b>12.5%</b>
<b>Consolidated Volume</b>	<b>93,316</b>	<b>87,601</b>	<b>6.5%</b>	<b>254,911</b>	<b>237,110</b>	<b>7.5%</b>

(2) This figure excludes shipments to the company's distribution subsidiaries.

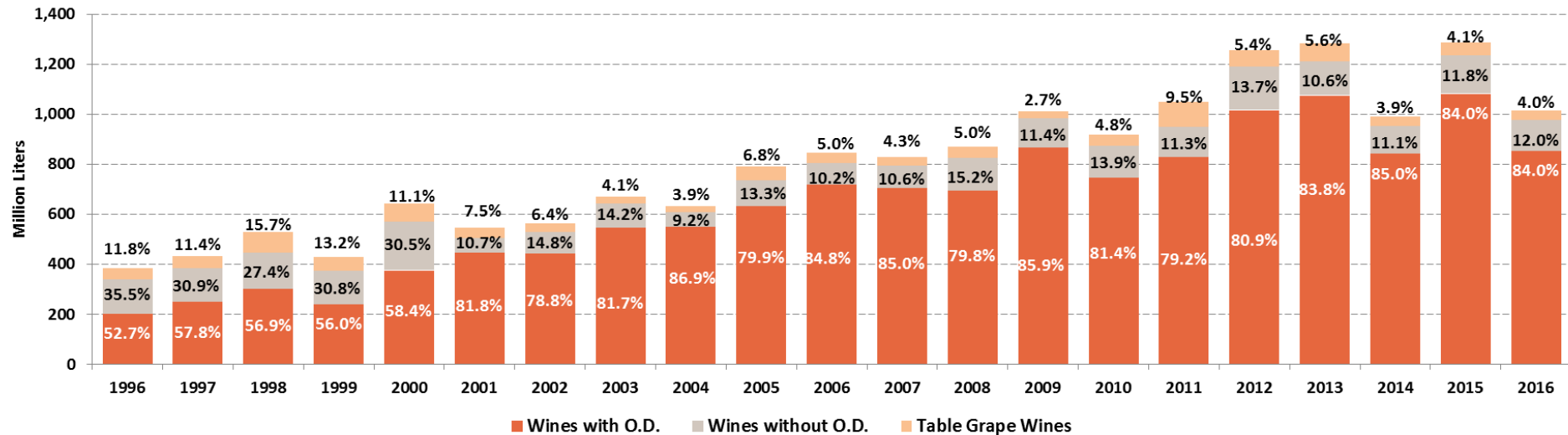
(\*) This figure includes bulk wine sales.

Average Price (per liter)	Currency						
Chile Domestic Market - wine	Ch\$	1,008.8	992.5	1.6%	993.4	962.4	3.2%
Export Markets	US\$	2.93	3.13	-6.4%	2.99	3.19	-6.1%
Argentina Domestic	US\$	2.01	2.50	-19.8%	1.80	2.16	-16.7%
Argentina Exports	US\$	3.09	3.11	-0.5%	3.11	3.20	-2.7%
U.S.A. Domestic	US\$	5.84	5.50	6.3%	5.42	5.44	-0.4%
U.S.A. Exports	US\$	4.50	4.77	-5.7%	4.54	5.22	-13.1%

# Chilean Harvest through years

## Historical Harvest Volume

(million liters)



# Significant shift in Chilean bulk wine price curve

## Chilean Bulk Wine Price (Cabernet Sauvignon, Maule Valley)

