

# CONCHA Y TORO



## Corporate Presentation

October 2014

# I. Concha y Toro: At a Glance



## Concha y Toro's Timeline

**1883**  
**Foundation of**  
**Concha y Toro**



**1966 Launch**  
**of Casillero**  
**del Diablo**



**1994 First**  
**Winery to**  
**trade in NYSE**



**1997 Strategic**  
**Alliance:**  
**Almaviva Winery**



**2010 Partnership**  
**Manchester**  
**United**



**2013 World's**  
**Most Admired**  
**Wine Brand**



**1933 Listed in**  
**Santiago Stock**  
**Exchange**



**1993 Launch of**  
**Cono Sur Winery**



**1996 Launch of**  
**Trivento Winery**  
**in Argentina**



**2000 Brand**  
**Building –**  
**Global Reach**



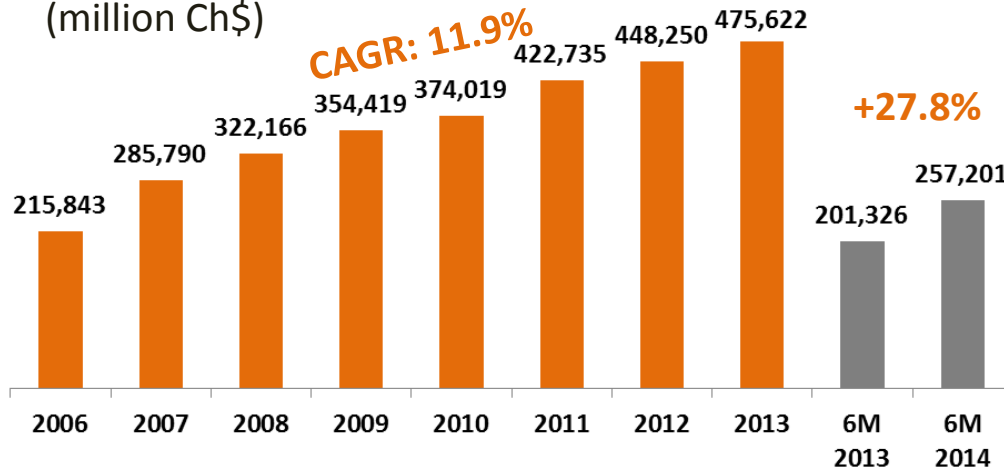
**2011 Acquisition**  
**of Fetzer Winery**  
**in California, US**



## Holding Concha y Toro

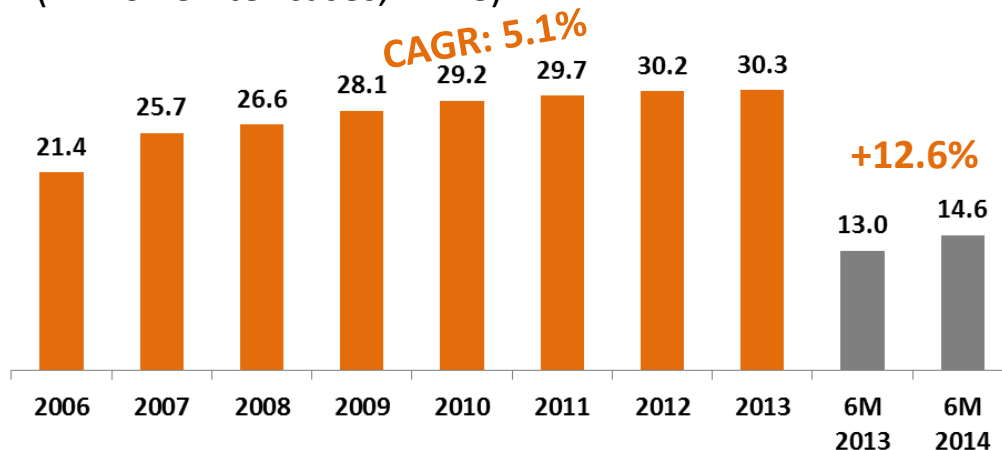
### Consolidated Sales

(million Ch\$)



### Consolidated Volume

(million 9 liter cases, Wine)



Export Markets include exports to third parties and distribution subsidiaries

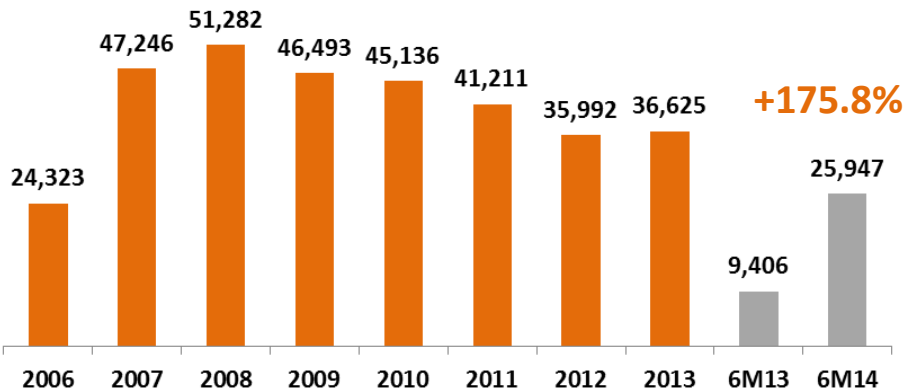
US and ARG exports excludes shipments to the company's distribution subsidiaries

	Currency Mix	
	6M14	6M13
CLP	19.0%	21.4%
USD	33.7%	35.1%
GBP	20.7%	15.8%
EUR	10.8%	9.8%
CAD	3.0%	2.7%
ARG	0.6%	1.5%
SEK	3.2%	3.1%
NOK	0.9%	1.0%
BRL	5.7%	6.8%
MXN	2.5%	2.7%

## Holding Concha y Toro

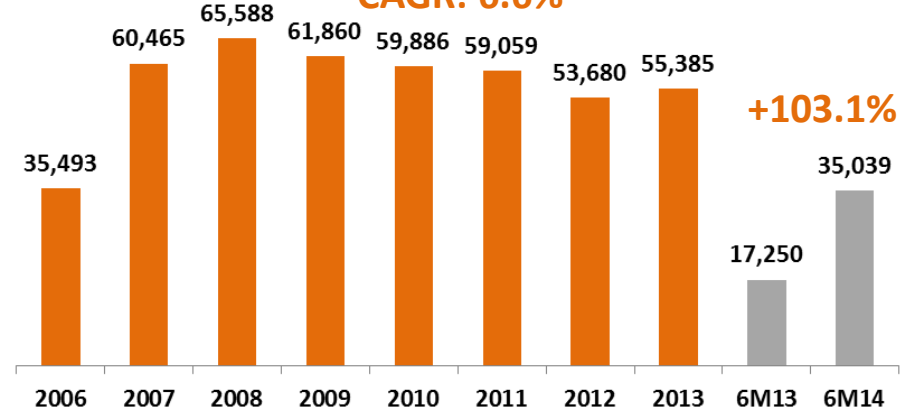
### Operating Income (million Ch\$)

**CAGR: 6.0%**

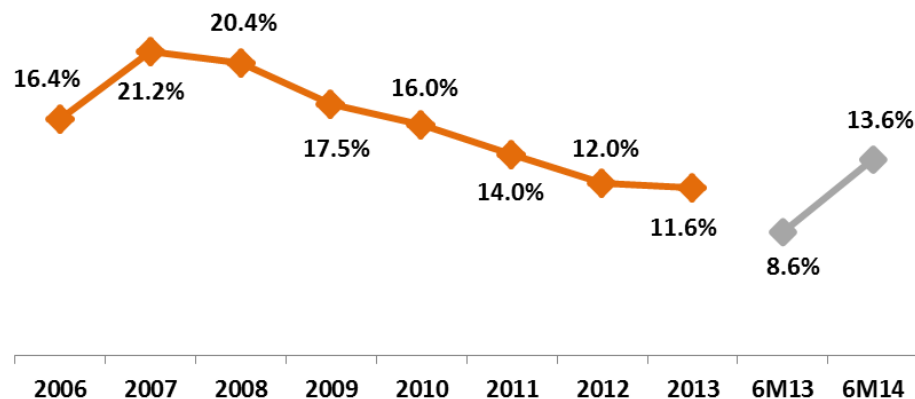


### Consolidated EBITDA (million Ch\$)

**CAGR: 6.6%**

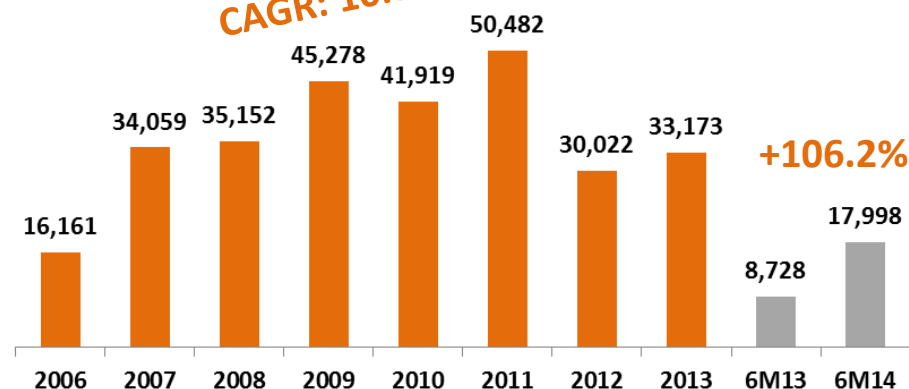


### Consolidated Mg. EBITDA (% of Sales)



### Consolidated Net Profit (million Ch\$)

**CAGR: 10.8%**





# Concha y Toro: Performance

Income Statement	2Q14	2Q13	Change %	6M14	6M13	Change %
<b>Sales (Ch\$ million)</b>	<b>\$ 142.857</b>	<b>\$ 110.245</b>	<b>29,6%</b>	<b>\$ 257.201</b>	<b>\$ 201.326</b>	<b>27,8%</b>
Exports * (Ch\$ million)	\$ 104.855	\$ 70.592	48,5%	\$ 183.852	\$ 130.034	41,4%
Exports * (US\$ million)	\$ 189	\$ 146	29,7%	\$ 331	\$ 271	22,3%
% Exports	73,4%	64,0%		71,5%	64,6%	
Export volume * ('000 cases)	5.893	4.629	27,3%	10.377	8.736	18,8%
Operating Result (Ch\$ million)	\$ 14.416	\$ 3.707	288,9%	\$ 25.947	\$ 9.406	175,8%
Op Results (Sales %)	10,1%	3,4%		10,1%	4,7%	
EBITDA (Ch\$ million)	\$ 19.141	\$ 7.504	155,1%	\$ 35.039	\$ 17.250	103,1%
EBITDA (% Sales)	13,4%	6,8%		13,6%	8,6%	
Net Income (Ch\$ million)	\$ 9.216	\$ 3.482	164,7%	\$ 17.998	\$ 8.728	106,2%
Net Income (% Sales)	6,5%	3,2%		7,0%	4,3%	
EPS (Ch\$)	\$ 12,3	\$ 4,7	164,7%	\$ 24,1	\$ 11,7	106,2%
Stock Value	\$ 1.121	\$ 990	13,2%	\$ 1.121	\$ 990	13,2%

\* Export Sales considers total exports and the sales of our distribution subsidiaries.

# Concha y Toro: Leading Position

## Domestic Market Share

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2Q2014
<b>Concha y Toro</b>	<b>27.1</b>	<b>28.6</b>	<b>30.0</b>	<b>29.7</b>	<b>31.5</b>	<b>30.7</b>	<b>30.4</b>	<b>29.6</b>	<b>28.5</b>	<b>27.4</b>
Santa Rita	24.4	25.5	27.9	28.7	28.9	29.4	29.1	28.0	29.5	30.1
San Pedro - Tarapacá	21.7	21.9	21.8	23.0	22.5	24.4	24.6	26.7	27.3	28.8
Santa Carolina	3.2	3.1	2.3	2.0	1.8	1.8	1.7	1.5	1.4	1.1
Others	23.6	20.9	18.0	16.6	15.3	13.7	14.2	14.2	13.4	12.6

Source: Nielsen

## Leading market share over Chilean Exports

	Volume	Value
2004	29.2%	25.8%
2005	32.2%	27.2%
2006	33.4%	28.3%
2007	34.9%	30.2%
2008	37.0%	31.4%
2009	38.3%	32.3%
2010	36.6%	31.5%
2011	33.7%	29.7%
2012	35.4%	31.3%
2013	33.9%	30.5%
<b>3M 2014</b>	<b>32.0%</b>	<b>30.0%</b>
<b>6M 2014</b>	<b>32.2%</b>	<b>30.0%</b>

Source: Vinos de Chile

(\*) Includes bottled & Bag in Box

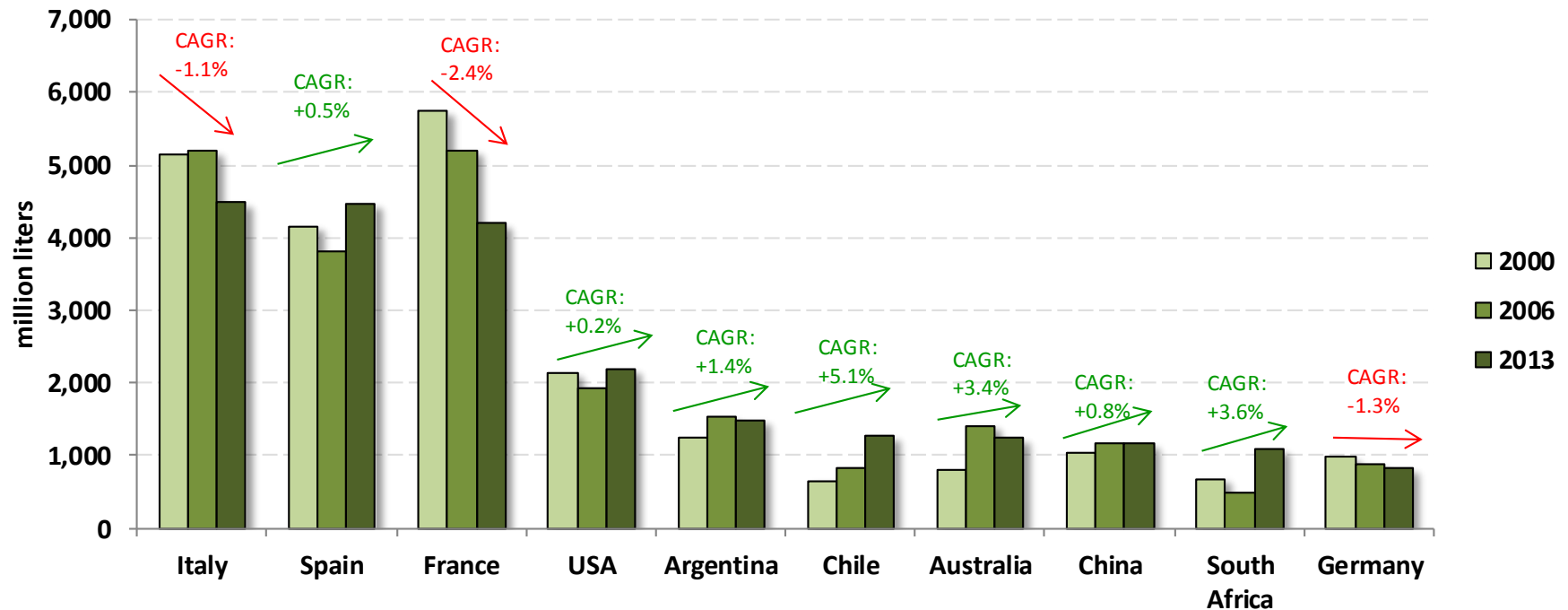
## II. Global Wine Industry





# Wine Industry: Top 10 wine producers

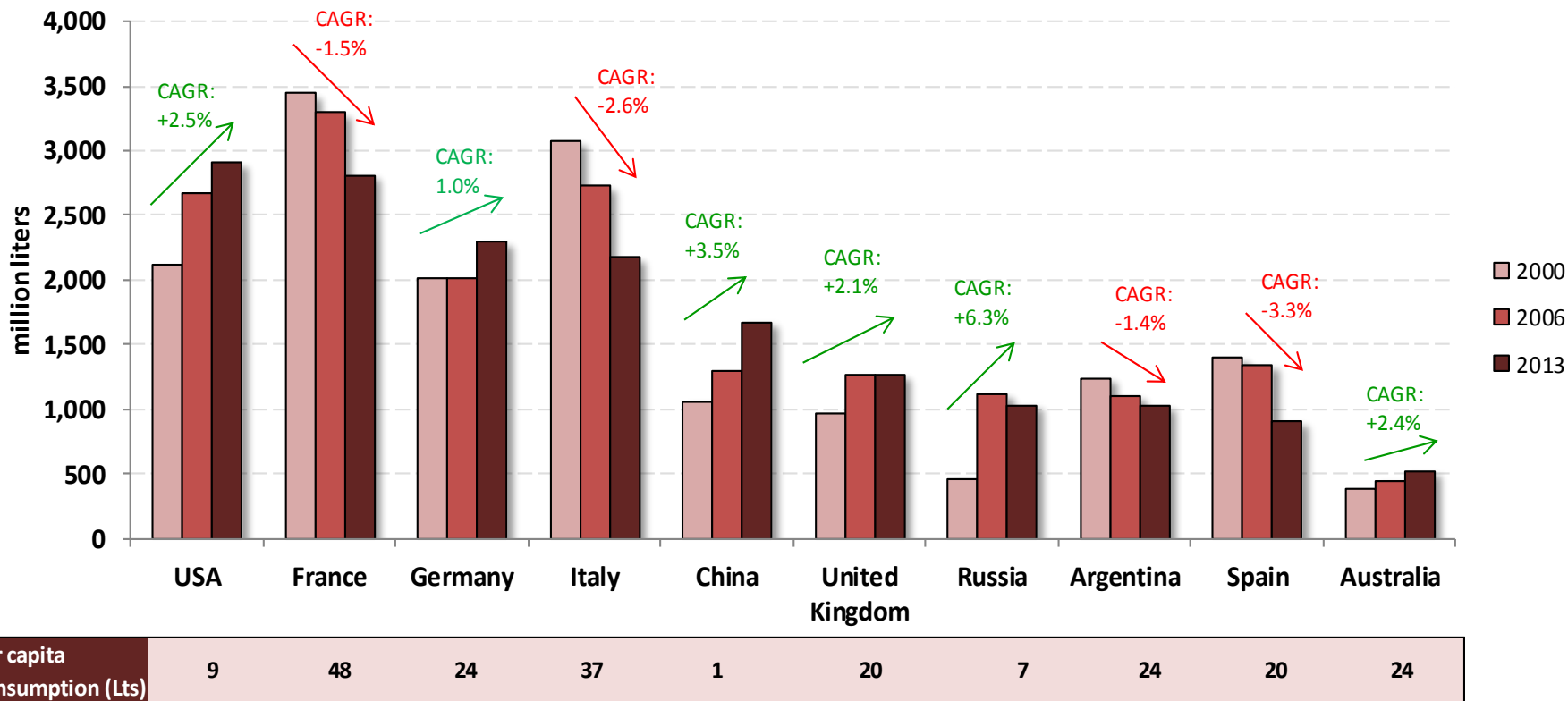
- Global Production decreasing 0.1% per year
- 9.4% increase in 2013



Source: OIV

# Wine Industry: Top 10 wine consumers

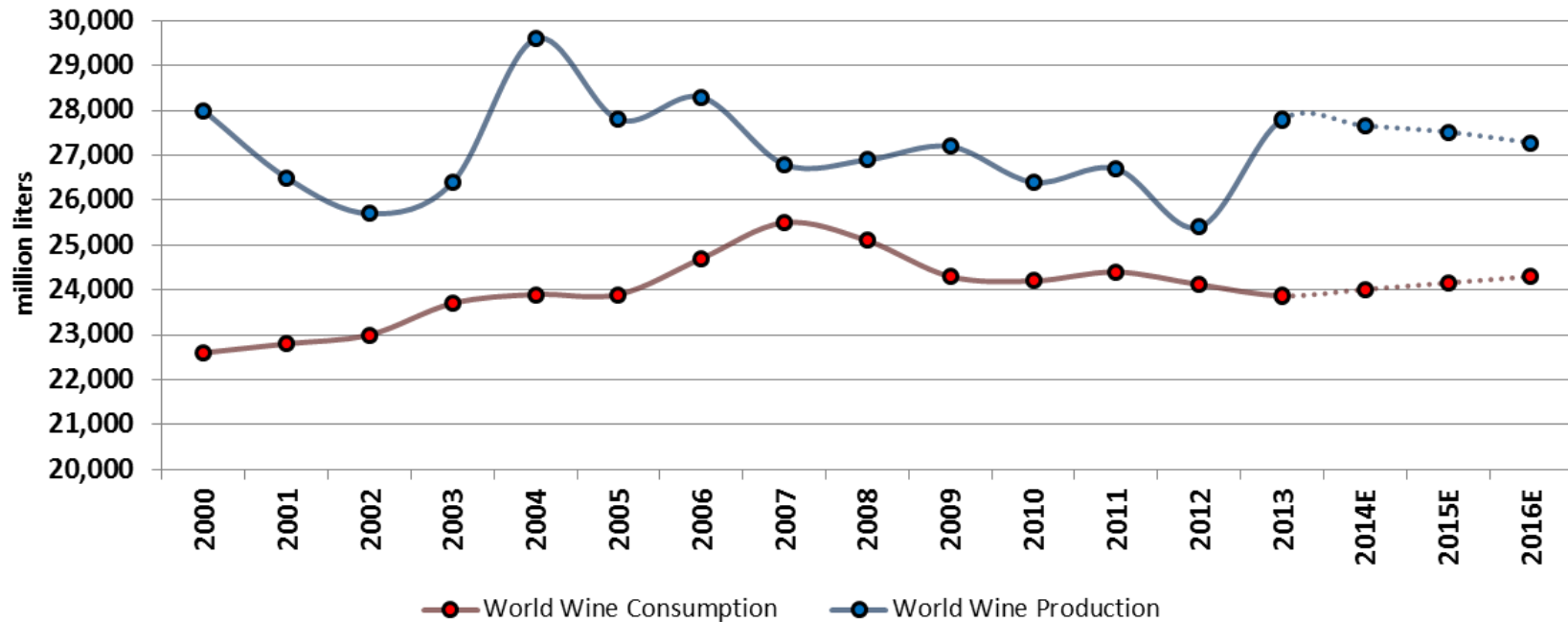
- Global Consumption Increasing 0.4% per year
- Potential markets: Asia, US and Latin America



Source: OIV

# Wine Industry: Global Situation

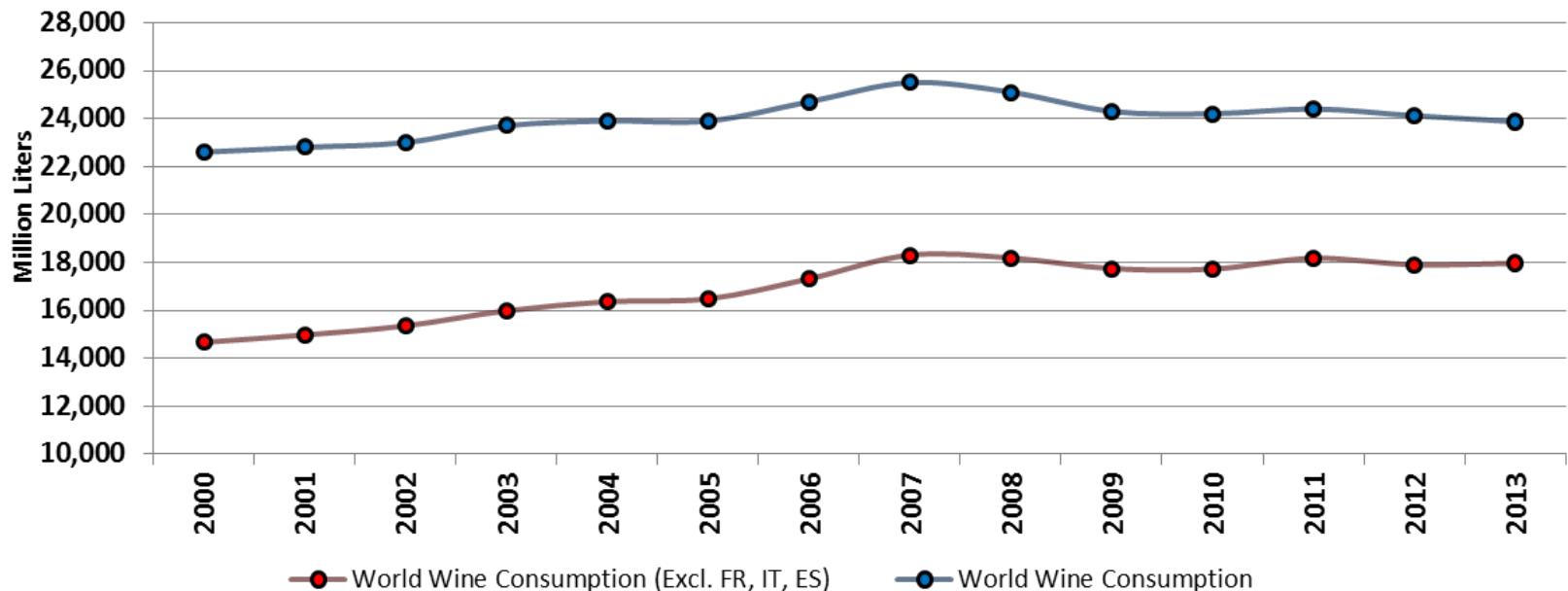
- World Wine Consumption Increasing 0.4% per year from 2000 to 2013
- World Wine Production Decreasing 0.1% per year from 2000 to 2013



Source: OIV, Concha y Toro Estimates

# Wine Industry: Global Situation

- World Wine Consumption Increasing 0.4% per year from 2000 to 2013
- World Wine Consumption (excl. FR, IT, ES) Increasing 1.4% per year from 2000 to 2013

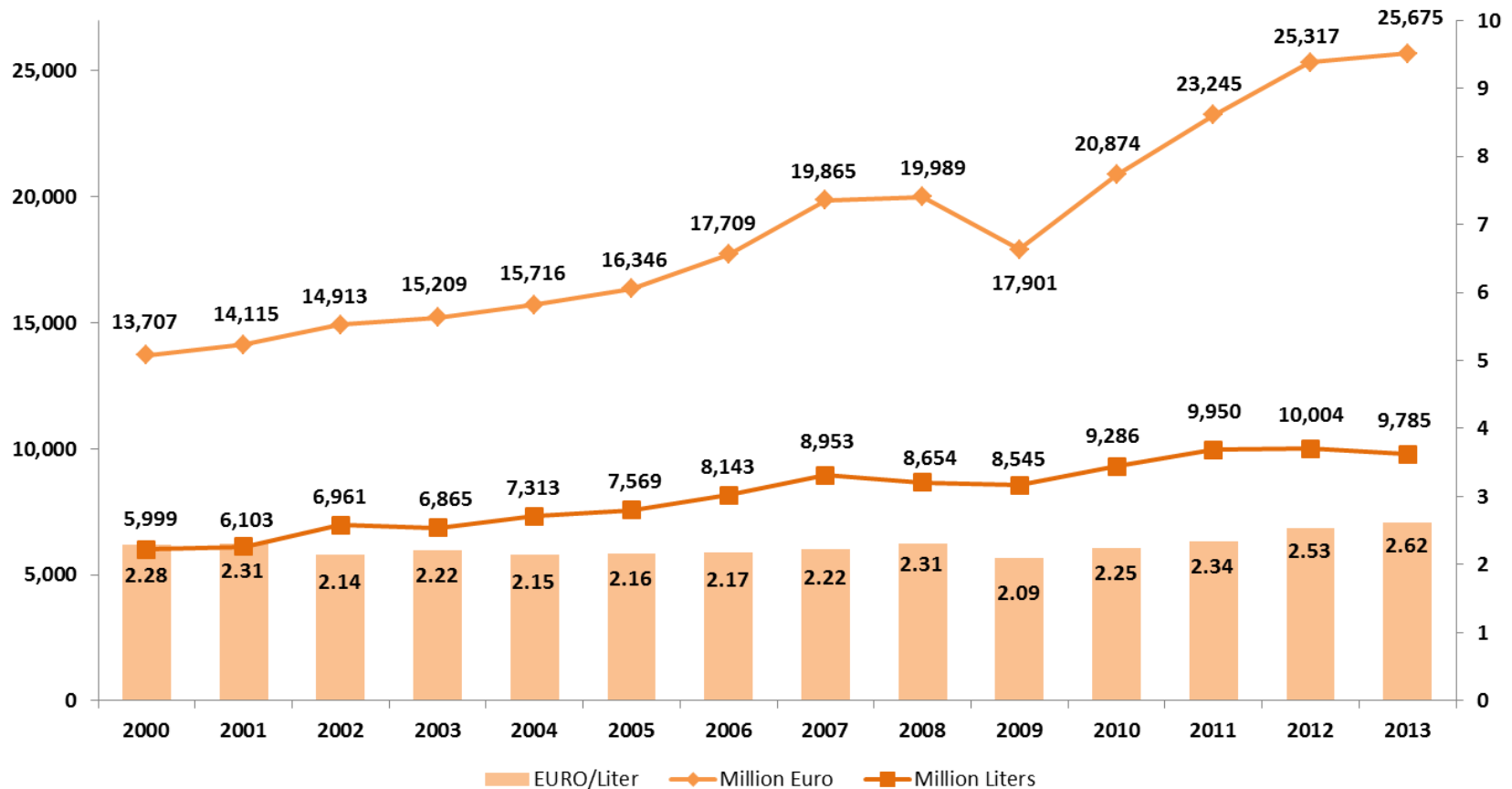


Source: OIV, Concha y Toro Estimates



# Wine Industry: Global Exports

- Global Export Value (€) Increasing 4.9% per year
- Global Export Volume Increasing 3.8% per year



Source: OIV

# Wine Industry: Main Wineries per Volume

The top ten players reached 12.4% of total bottled volume sold in 2012

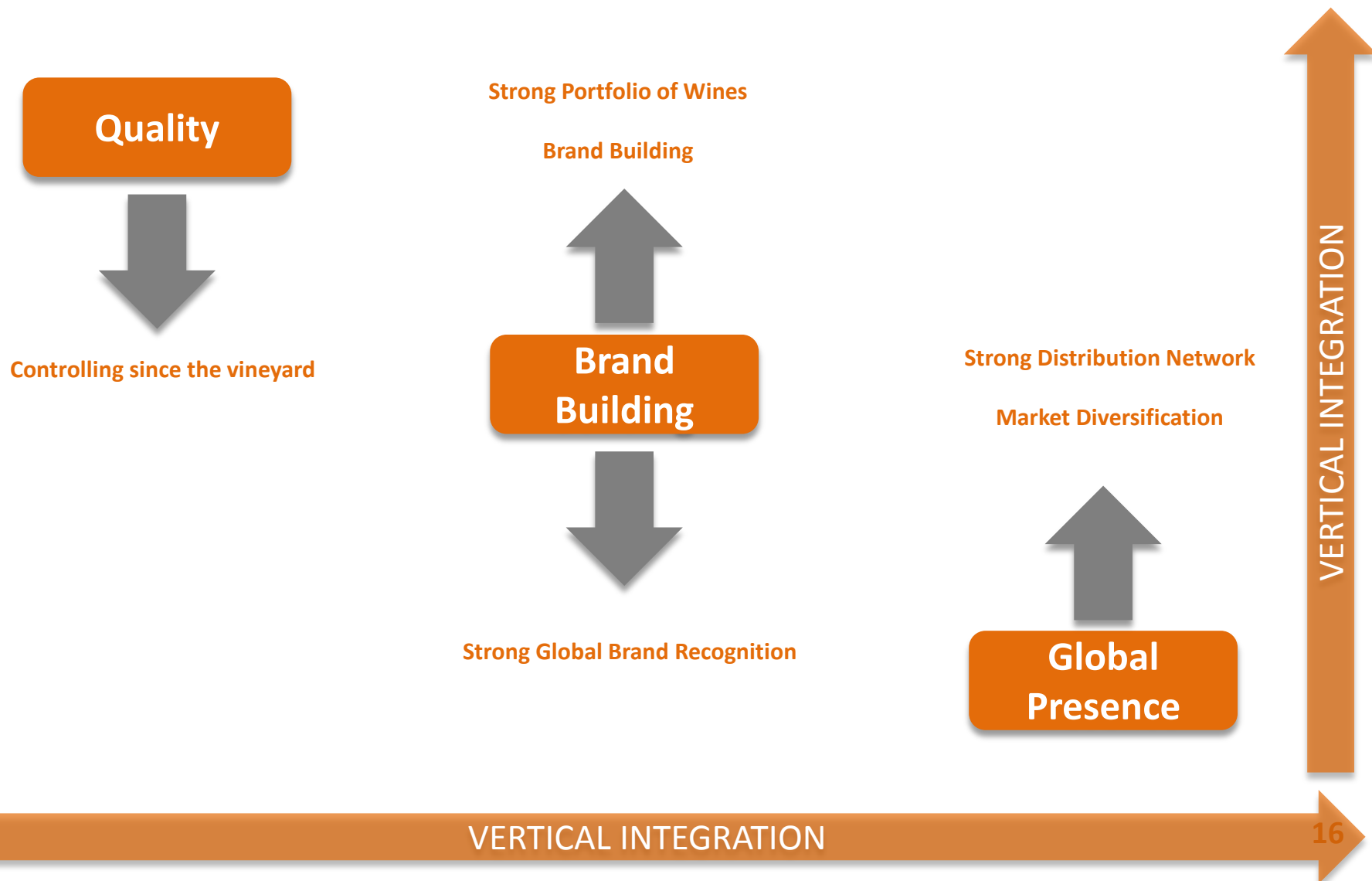
Ranking	Company	Volume Market Share 2012
1°	E & J Gallo Winery Inc	2.60%
2°	Constellation Brands Inc	2.00%
3°	The Wine Group	1.70%
4°	Pernod Ricard Groupe	1.00%
5°	Treasury Wine Estates Ltd	1.00%
6°	Accolade Wines	0.90%
<b>7°</b>	<b>Viña Concha y Toro SA</b>	<b>0.90%</b>
8°	Castel Groupe	0.90%
9°	Grupo Peñaflor	0.80%
10°	CAVIRO	0.60%

Source: EUROMONITOR

### III. Business Model



## Key Factors & Growth Drivers





# Quality



# Exclusive Focus on Wine



## CASILLERO DEL DIABLO

SALES 2003: **1.0M cases**

SALES 2013: **3.8M cases**

CHANGE: **+3.8 times**

## CABERNET SAUVIGNON 2010

**Finest Value Cabernet on the planet**

Matthew Jukes, Daily Mail, UK

February 2012

# Quality Assurance and Consistency

As of June 30, 2014

## LIMARÍ VALLEY

Nueva Aurora  
Los Acacios  
San Julián  
El Trapiche

Quebrada Seca  
La Granja  
Lachica

9,129  
Hectares  
Planted

## CASABLANCA VALLEY

El Triángulo  
Lo Ovalle

Los Perales

## RAPEL VALLEY

### CACHAPOAL VALLEY

Peumo  
Las Pataguas  
Idahue

Rucahue  
Requínoa  
Ucuquer

### COLCHAGUA VALLEY

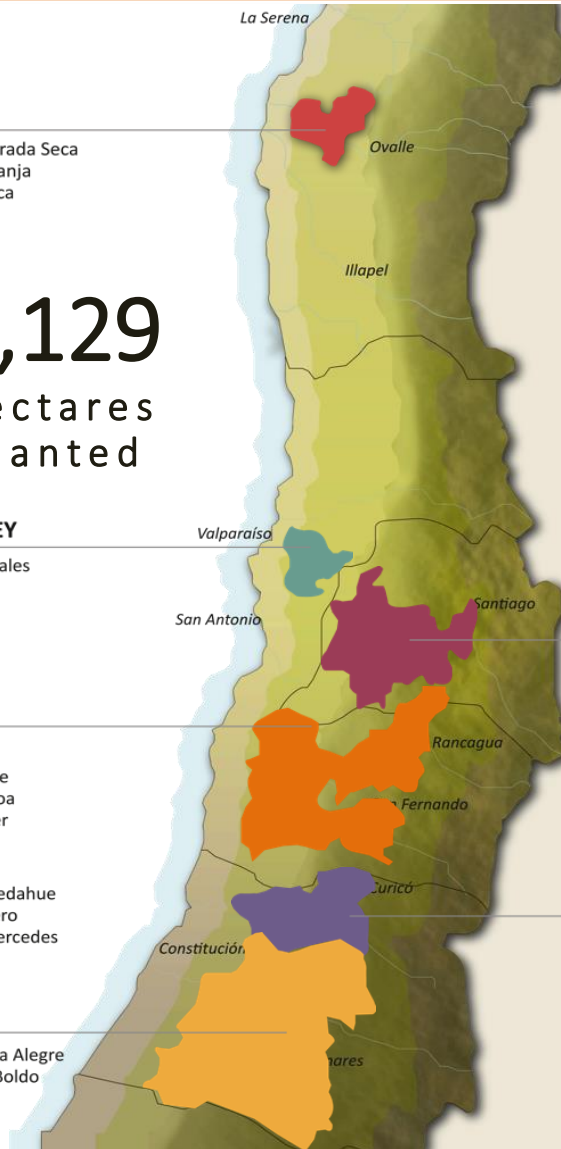
Palo Santo  
Agua Santa  
La Puerta

Chomedahue  
El Estero  
Las Mercedes

## VALLE DE MAULE

Lourdes  
Santa Raquel  
Quebrada de Agua  
Mariposas

Villa Alegre  
El Bolder



## MAIPO VALLEY

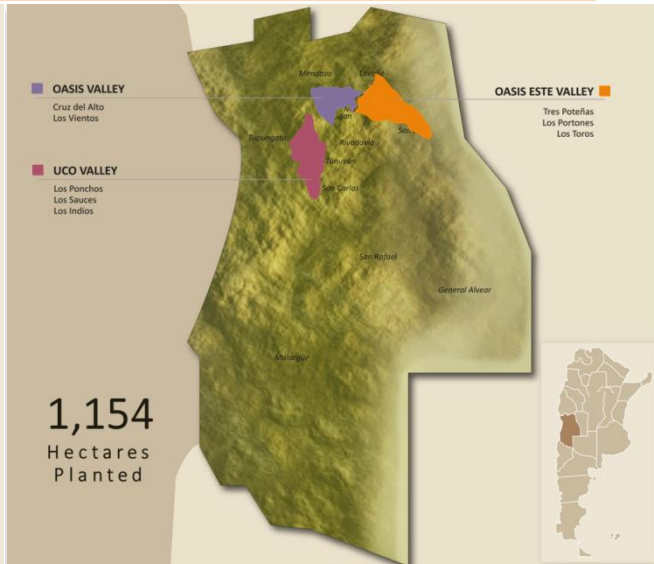
Tocornal  
La Protectora  
El Mariscal  
Quinta Maipo

El Llano  
Santa Isabel  
El Recurso  
San Adolfo

## CURICÓ VALLEY

Rauco  
San Ignacio  
San Manuel

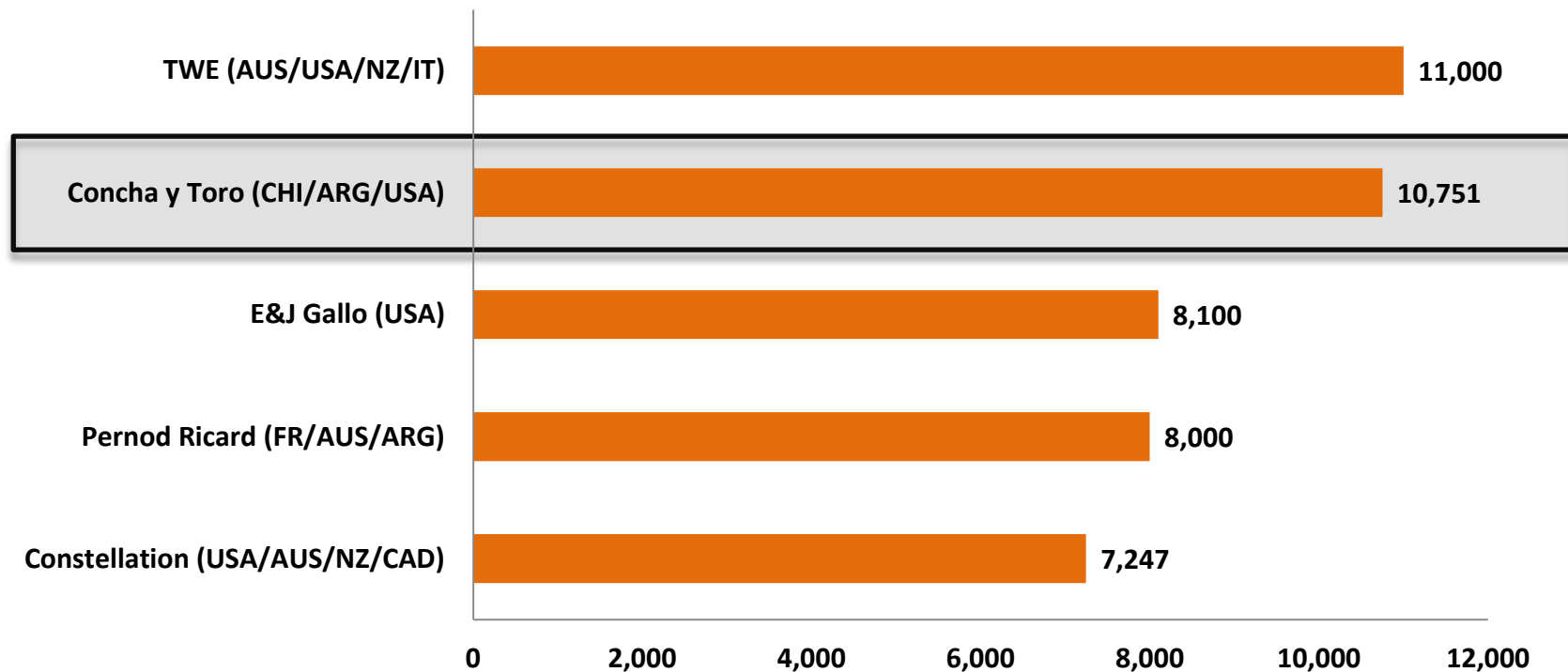
Yungay  
El Mirador



# Quality Assurance and Consistency

## Hectares Planted

As of June 30, 2014



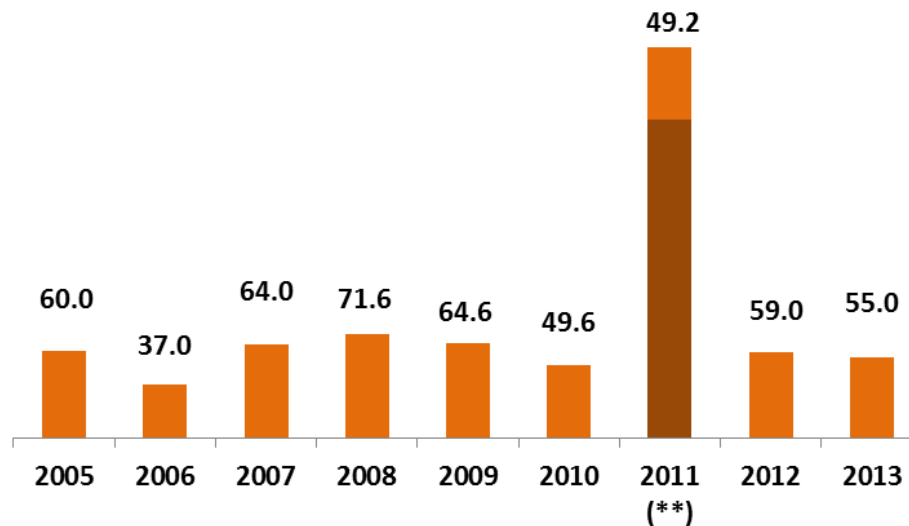
Source: Companies Fact Sheet, Web Site Information, Annual Reports, SEC Filings (20-F & 10-K)



## CAPEX

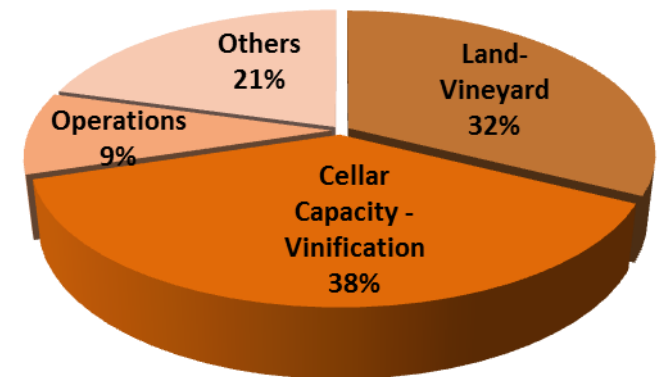
### Sustained Investment Over Time

(US\$ million)



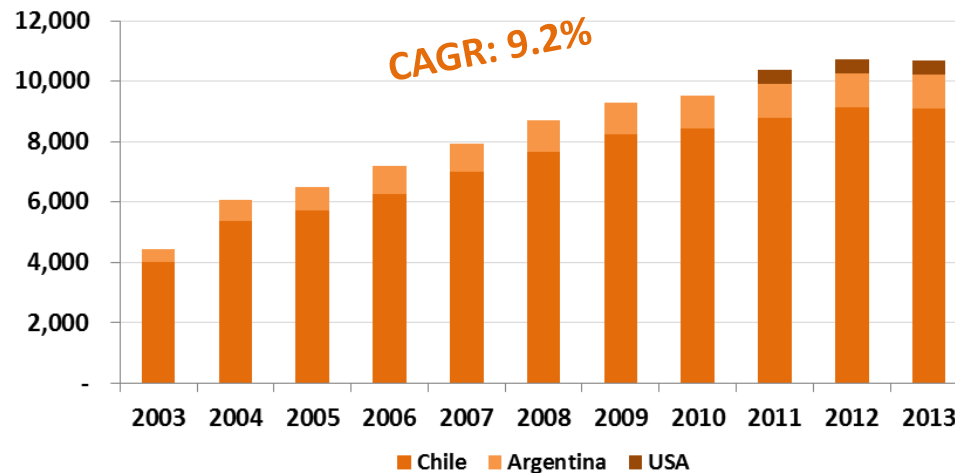
\*\* Inorganic Growth: Fetzer (216.0) + Kross (2.7)

### 2013 Capex Disclosure



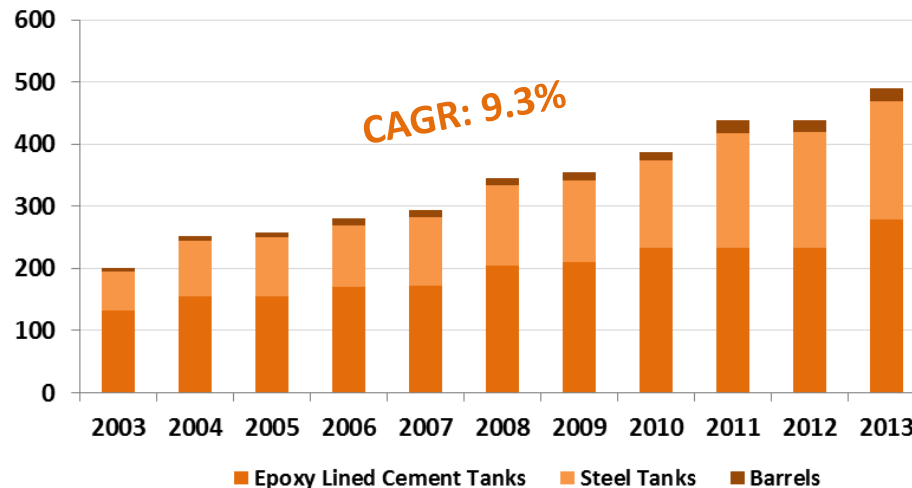
# Production Capacity Through Years

## Planted Hectares



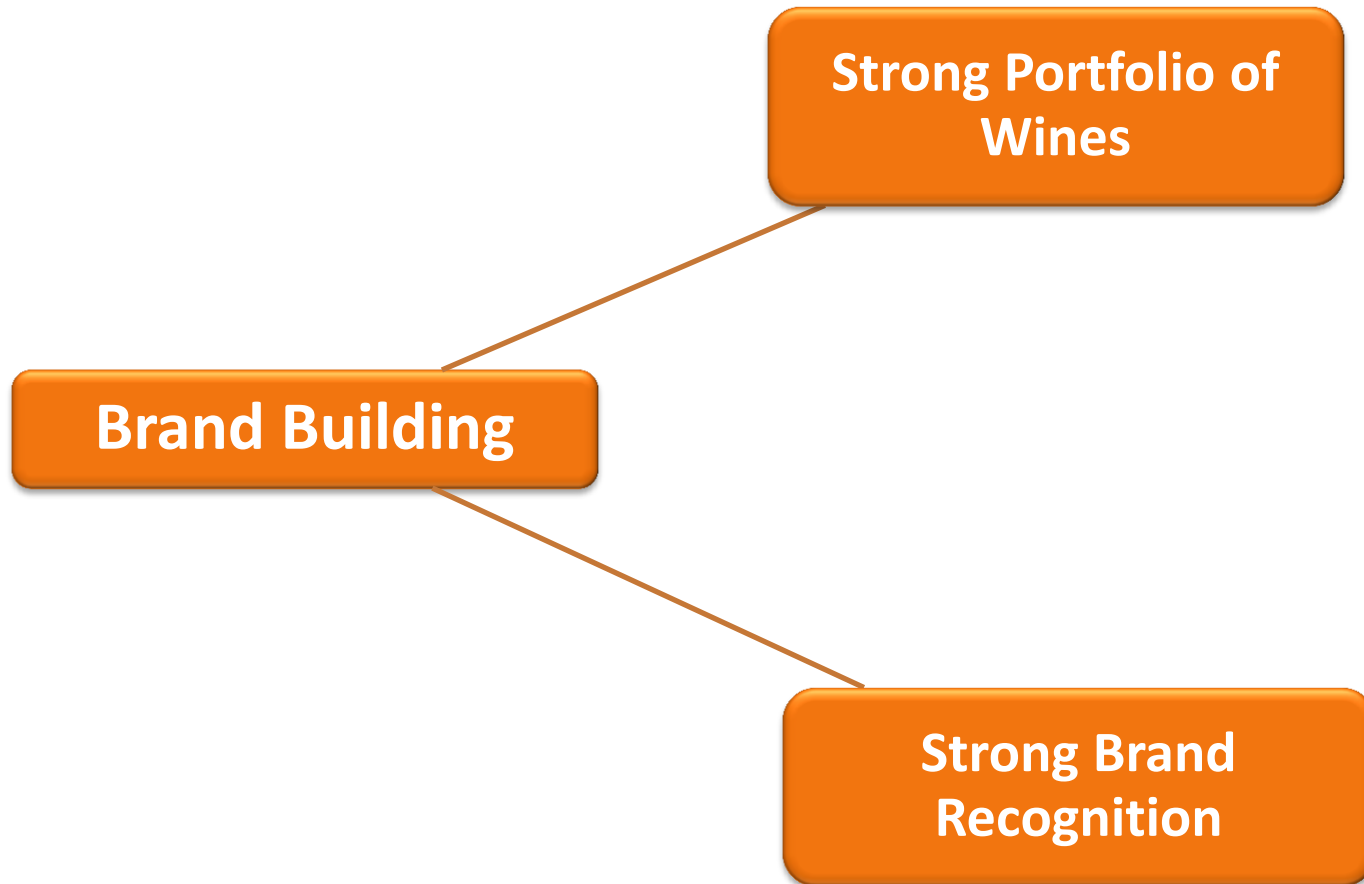
## Wine Storage & Ageing Capacity

(million liters)



# Brand Building

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## Strong Portfolio of Wines

### Multi Origin Brands

Chile	     
Argentina	 
USA	  



## Strong Portfolio of Wines



### VARIETALS

£5,99 / £4,99 - 5,49  
USD 7 / USD 5- 6

### PREMIUM

£7,49 - 9,99 / £8,99  
USD 10 / USD 13

### SUPER PREMIUM

£11,99 / £12,99  
USD 14.99 / USD 19.99

### ULTRA PREMIUM

£12,99 - 15,99 / £18,99  
USD 20 - 25 / USD 40

### ICON

£40 / £65 / £65  
USD 95 / USD 120 / USD 135

% of sales by value 62.3%

31.3%

6.4%

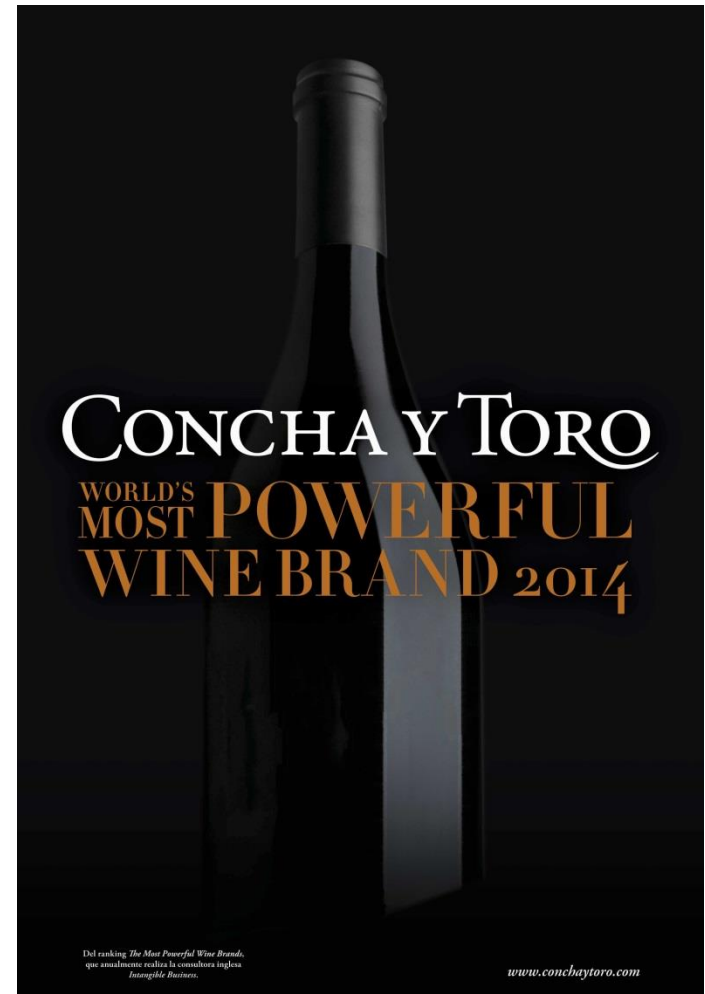
Fuente: La Compañía

# Strong Brand Recognition

**“World’s Most Admired Wine Brand”  
(Drinks International, 2011 – 2013)**



**“World’s Most Powerful Wine Brand”  
(Intangible Business, 2014)**



## Strong Brand Recognition



### HIGHEST ACCOLADES

#### Wine Spectator

- 6 vintages among the **Top100**

##### Vintage Score

2005	96 pts	Top 100	N° 12
2003	96 pts	Top 100	N° 4
2001	95 pts	Top 100	N° 4
2000	94 pts	Top 100	N° 26
1993	91 pts	Top 100	N° 12
2007	91 pts	Top 100	N° 74

- **2009** vintage **94** pts
- **2010** vintage **95** pts *Top wine (May 2014)*



- 5 vintages above **94** points

2007	96 pts
2006	96 pts
2004	94 pts
2001	95 pts
1997	91 pts

### HIGHEST ACCOLADES

#### Wine Spectator

- Vintage 2010, **93** pts.



- The highest score awarded to a Chilean wine.
  - Vintage 2005 & 2003, **97** pts.
- Vintage 2007, **96** pts.

#### Wine Spirits

- Best Chilean Carmenere and among the **100** Best Wines of the Year in all vintages.
- Vintage 2008, Best Terroir Wines of the World.
- Vintage 2011, **95** pts.



## Strong Brand Recognition



### HIGHEST ACCOLADES

#### Wine Spectator

- First Chilean Carmenere to appear on the **Top100** list.
- Cabernet Sauvignon 2011, **91** pts.
- Carmenere 2011, **91** pts.

#### Wine Spirits

- **6** vintages of Carmenere above **92** pts.
- Carmenere 2011, **95** pts.
- Sauvignon Blanc 2013, **93** pts. Year's Best New World Sauvignon Blanc.
- Riesling 2013, **90** pts.

#### Wine Spectator

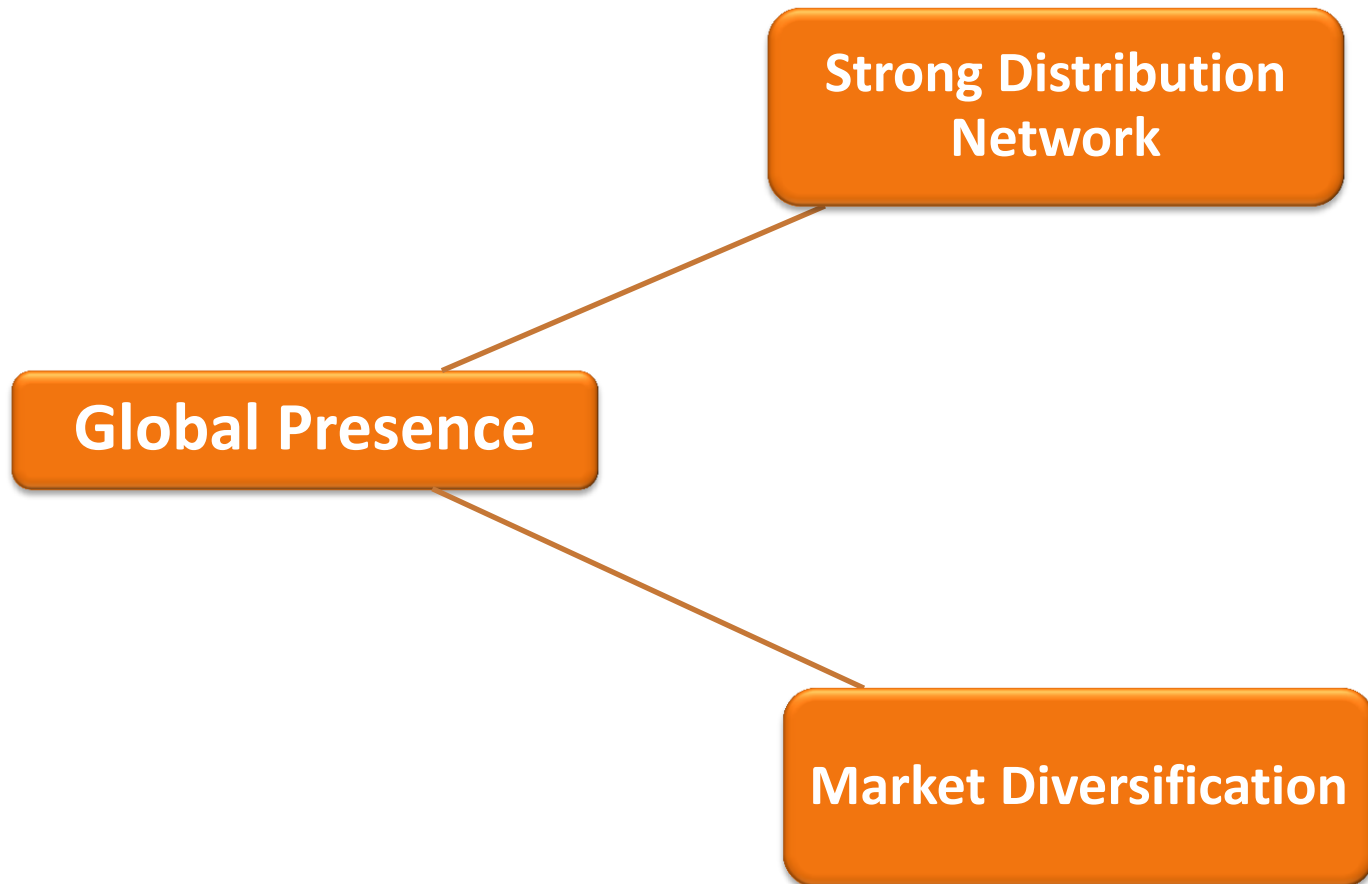
- Since 1999, **34** vintages with **90+** points.
- Cabernet Sauvignon 2011, **93** pts.
- **5** times on the Wine Spectator **Top100** list

Syrah 2010	N° 62
Chardonnay 2010	N° 87
Cabernet Sauvignon 2007	N° 56
Merlot 2001	N° 47
Cabernet Sauvignon 2000	N° 56

- Chardonnay 2010, **first** Chilean Chardonnay in the **Top100** list

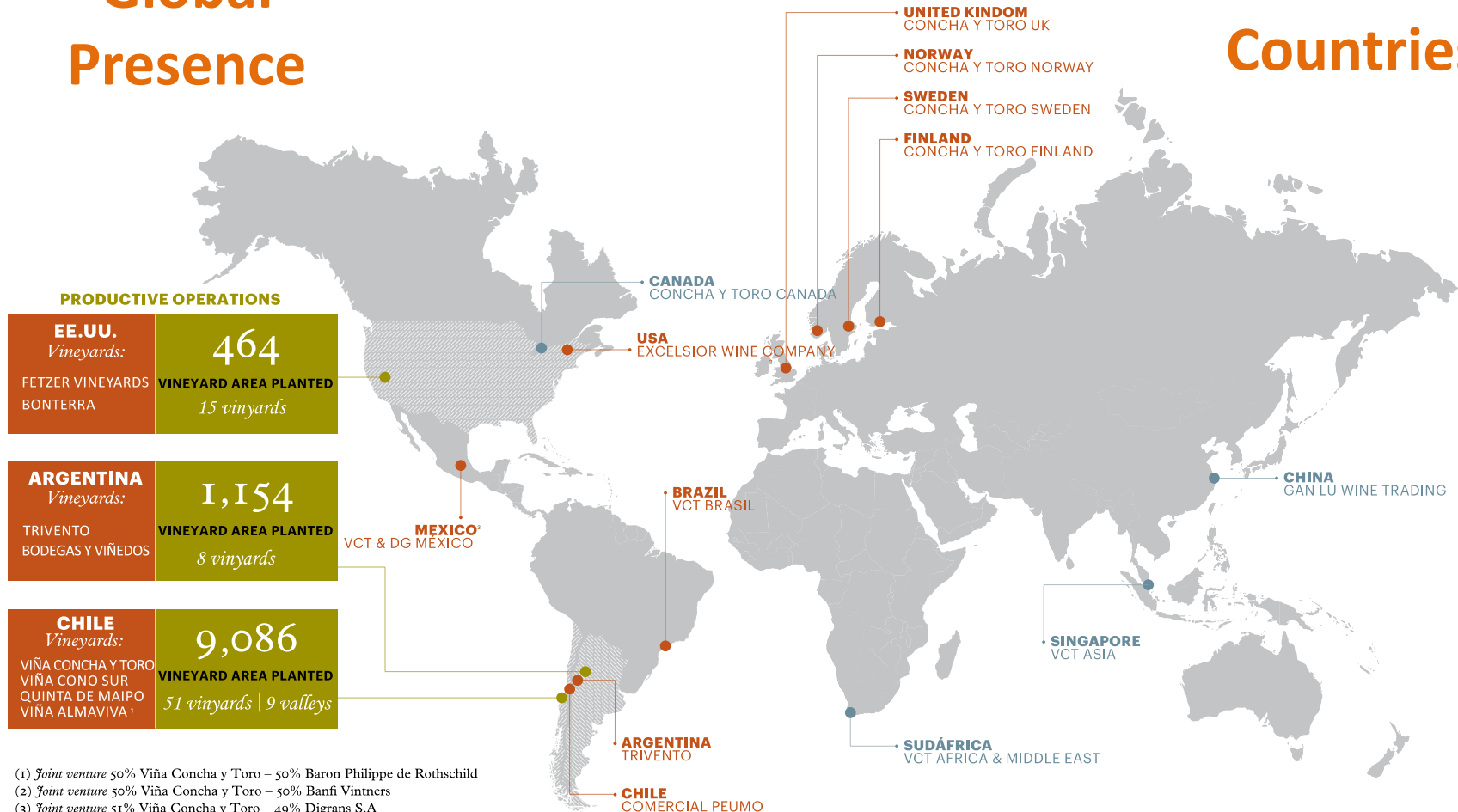
# Global Presence

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## Global Presence

## 145 Destination Countries



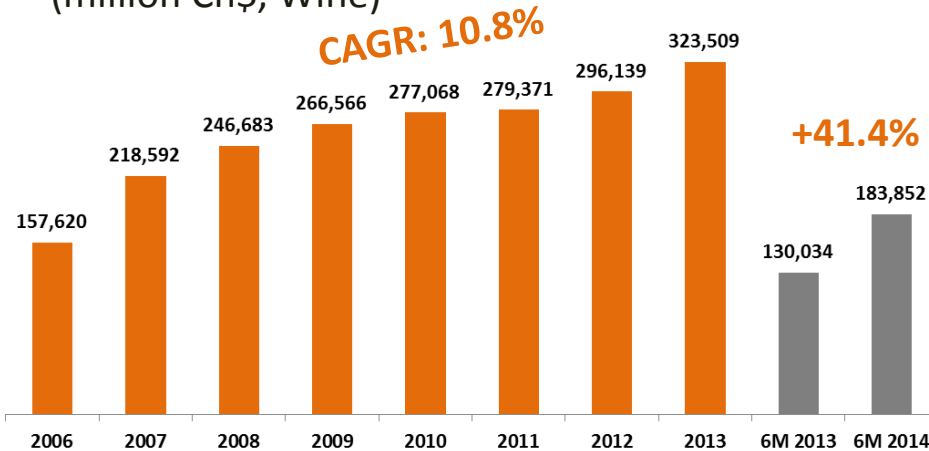
(1) Joint venture 50% Viña Concha y Toro – 50% Baron Philippe de Rothschild  
 (2) Joint venture 50% Viña Concha y Toro – 50% Banfi Vintners  
 (3) Joint venture 51% Viña Concha y Toro – 49% Digrans S.A



## Strong Distribution Network

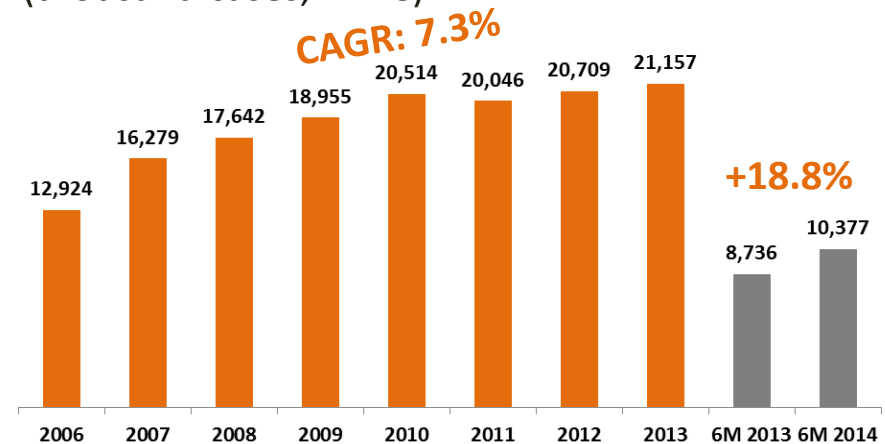
### Export Sales

(million Ch\$, Wine)



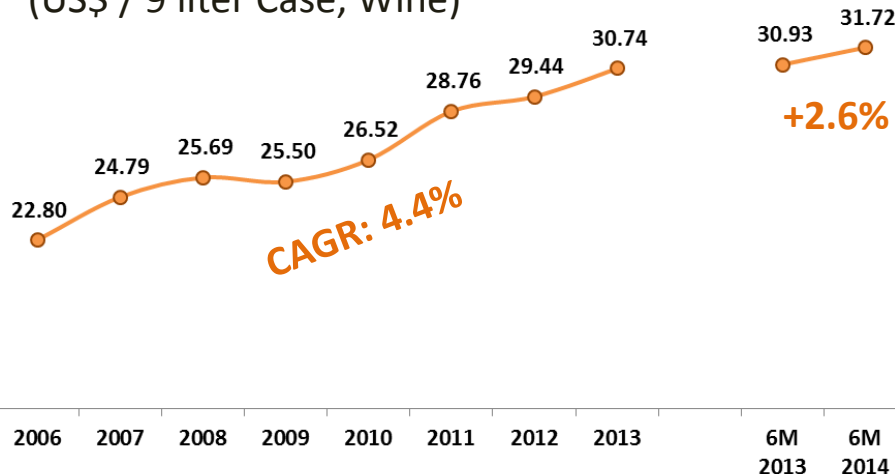
### Export Volume

(thousand cases, Wine)



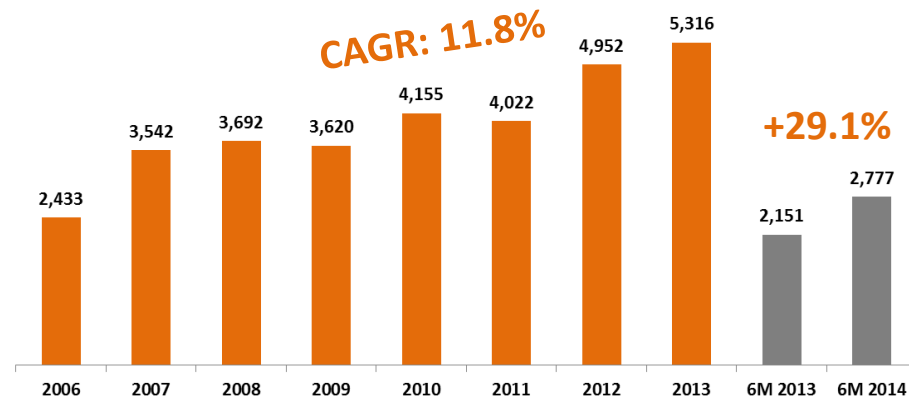
### Average Export Price

(US\$ / 9 liter Case, Wine)



### Premium Wines Export Volume

(thousand cases)

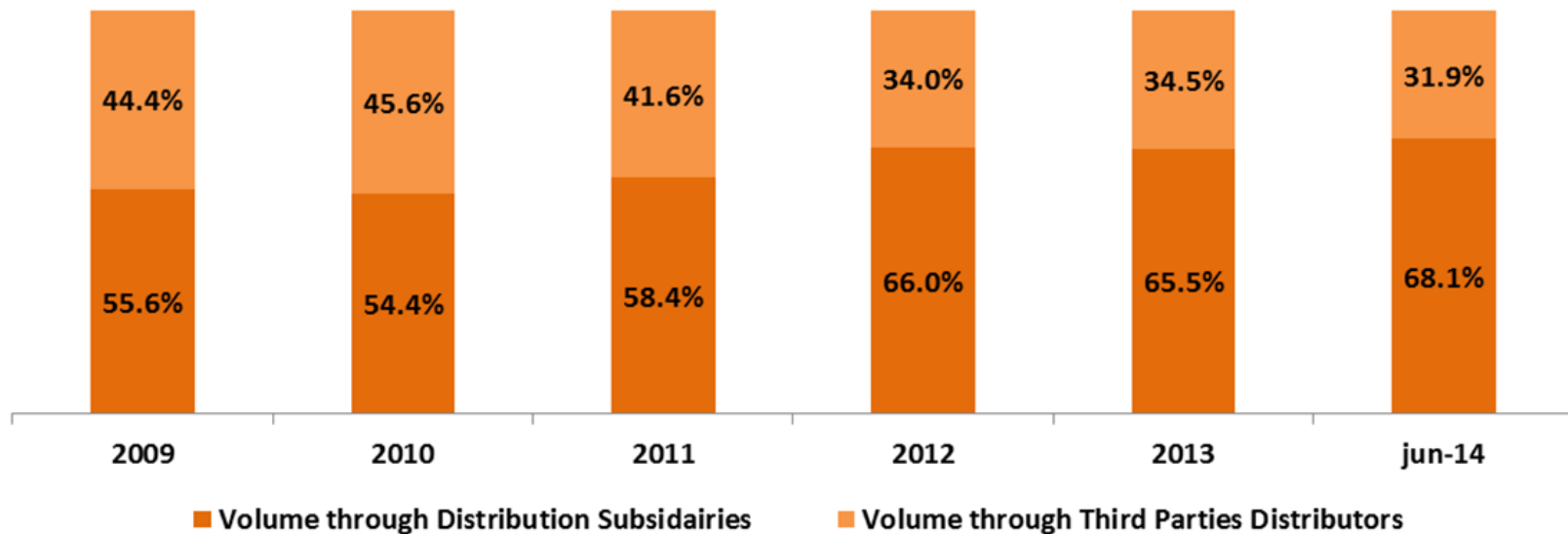


# Strong Distribution Network

<b>UK</b>	→ <b>Concha y Toro UK</b> (Since 2001) - 5.6 million cases to Dec 2013
<b>Brazil</b>	→ <b>VCT Brazil</b> (Since 2008) – 811 thousand cases to Dec 2013
<b>Nordics</b>	→ <b>Concha y Toro Nordics</b> (Since 2009) – 1.1 million cases to Dec 2013
<b>Asia</b>	→ <b>VCT Asia</b> (Since 2010) – 2.5 million cases to Dec 2013
<b>USA</b>	→ <b>Excelsior Wine Company</b> (Since 2011) – 2.9 million cases to Dec 2013
<b>Mexico</b>	→ <b>VCT &amp; DG Mexico</b> (Since 2012) – 560 thousand cases to Dec 2013
<b>Africa</b>	→ <b>VCT Africa &amp; Middle East</b> (Since 2012) – 410 thousand cases to Dec 2013
<b>Canada</b>	→ <b>Concha y Toro Canada</b> (Since 2012) - 820 thousand cases to Dec 2013
<b>China</b>	→ <b>VCT China</b> (Since 2013)

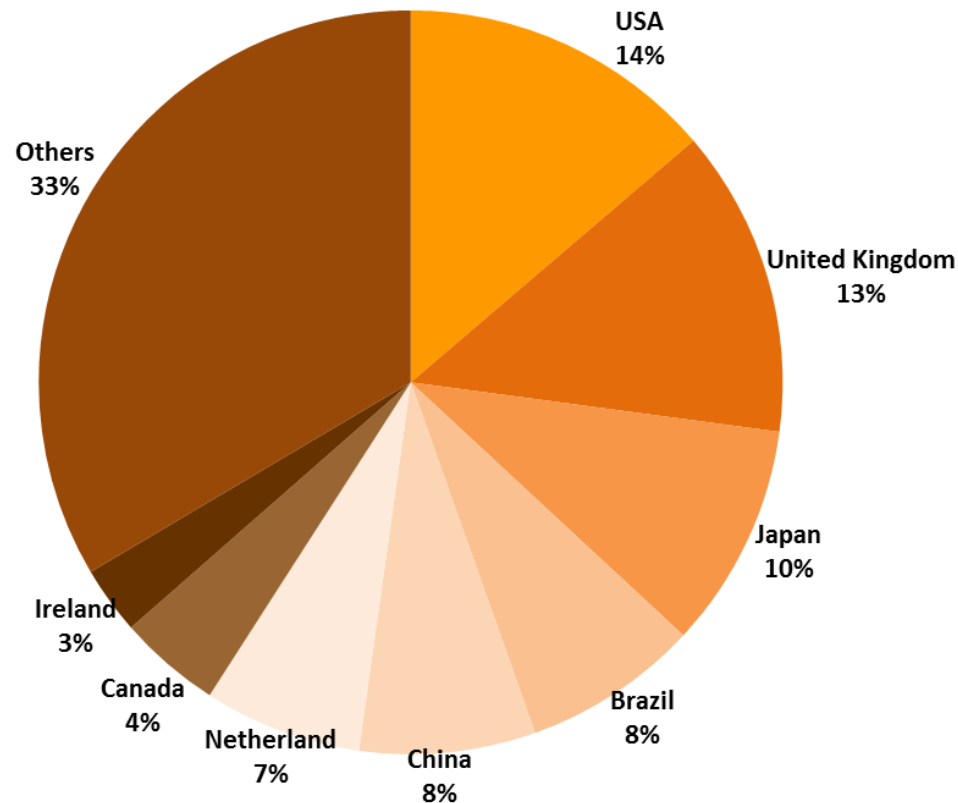
# Strong Distribution Network

## Distribution Subsidiaries: Driving the growth



# Market Diversification – Chilean Exports

## Chilean Destination of Bottled Exports



Source: Vinos de Chile

# Market Diversification

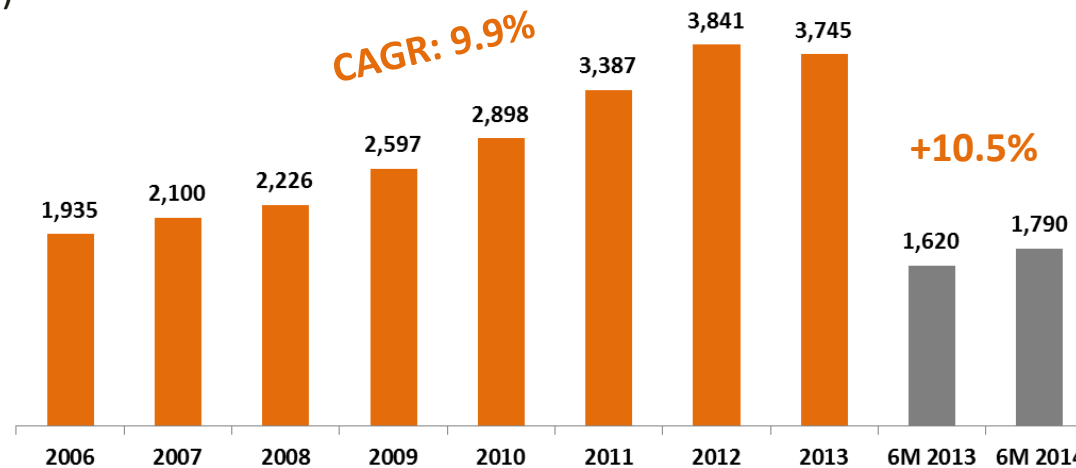
## The Chilean Bottled Export Industry – Concha y Toro Leading Position

Rank 2014	Country	Share over chilean bottled exports (volume)	Growth 2014/2013	% Part of CyT in total chilean bottled exports	Rank CyT over Chilean Exports
1	USA	13.7%	-9.6%	38.7%	1
2	United Kingdom	13.4%	-20.2%	42.4%	1
3	Japan	9.8%	19.4%	29.4%	1
4	Brazil	7.7%	24.8%	32.5%	1
5	China	7.7%	59.0%	15.6%	2
6	Netherland	6.9%	4.8%	22.5%	1
7	Canada	4.4%	13.7%	37.2%	1
8	Ireland	3.0%	0.5%	19.1%	2
9	Denmark	2.5%	-7.7%	22.7%	1
10	Germany	2.4%	7.5%	19.8%	1
11	Mexico	2.4%	18.9%	42.7%	1
12	South Korean	2.3%	13.7%	16.5%	1

Source: Vinos de Chile

## Market Diversification

### Domestic Market – Premium Wine Growth (Thousand Liters)



Year	% Premium/ Total Volume	% Premium/ Total Value
2006	3.1%	13.0%
2007	2.7%	13.2%
2008	3.1%	15.2%
2009	3.5%	16.3%
2010	4.1%	17.5%
2011	5.2%	20.2%
2012	6.2%	22.9%
2013	6.3%	24.3%
6M14	6.2%	25.3%

- ✓ We have the brands.
- ✓ We have the portfolio.
- ✓ We have the distribution.
  - ✓ We have the land.
- ✓ We have the investments.
  - ✓ We have the expertise.

**We are ready to continue growing...**



# CONCHA Y TORO



## Corporate Presentation

October 2014

## IV. Exhibits



# Holding Concha y Toro

## Board of Directors

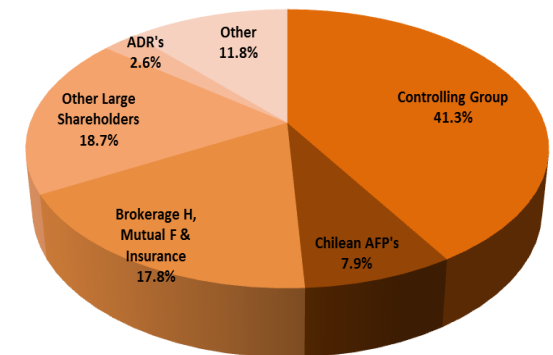


1. Alfonso Larraín Santa María (Chairman)  
 2. Rafael Guilisasti Gana  
 3. Mariano Fontecilla de Santiago Concha

4. Francisco Marín Estévez  
 5. Sergio de la Cuadra Fabres  
 6. Pablo Guilisasti Gana  
 7. Jorge Desormeaux Jiménez

## Shareholder Structure

(June 30, 2014)



## Stock Information

(June 30, 2014)

Date	30.06.2014
Stock Price (Ch\$)	1,121
N° Stocks in Market	747,005,982
Market Cap (Th. Ch\$)	837,468,406

# Bottled Sales 2Q2014 & 6M2014

<b>Total Sales<sup>(*)</sup> (in Ch\$ million)</b>	<b>2Q14</b>	<b>2Q13</b>	<b>Change (%)</b>	<b>6M 2014</b>	<b>6M 2013</b>	<b>Change (%)</b>
Chile Domestic Market - wine	15,692	14,338	9.4%	27,060	25,895	4.5%
Chile Domestic Market - new business	9,259	8,548	8.3%	19,572	14,397	35.9%
Export markets <sup>(1)</sup>	99,008	65,915	50.2%	172,909	121,297	42.5%
Argentina Domestic	709	1,952	-63.7%	1,518	2,999	-49.4%
Argentina Exports <sup>(2)</sup>	4,537	3,366	34.8%	8,188	6,529	25.4%
U.S.A. Domestic	10,976	12,190	-10.0%	22,886	22,384	2.2%
U.S.A. Exports <sup>(2)</sup>	1,309	1,311	-0.1%	2,754	2,208	24.8%
Other Revenues	1,366	2,625	-47.9%	2,313	5,617	-58.8%
<b>Total Sales</b>	<b>142,857</b>	<b>110,245</b>	<b>29.6%</b>	<b>257,201</b>	<b>201,326</b>	<b>27.8%</b>

<b>Total Volume<sup>(*)</sup> (thousand liters)</b>	<b>2Q14</b>	<b>2Q13</b>	<b>Change (%)</b>	<b>6M 2014</b>	<b>6M 2013</b>	<b>Change (%)</b>
Chile Domestic Market - wine	17,105	15,014	13.9%	28,947	26,707	8.4%
Chile Domestic Market - New Business	4,809	3,876	24.1%	10,996	7,738	42.1%
Export markets <sup>(1)</sup>	50,906	39,522	28.8%	90,357	74,260	21.7%
Argentina Domestic	704	1,756	-59.9%	1,764	2,531	-30.3%
Argentina Exports <sup>(2)</sup>	2,852	2,426	17.5%	5,031	4,917	2.3%
U.S.A. Domestic	3,977	4,771	-16.7%	8,490	9,152	-7.2%
U.S.A. Exports <sup>(2)</sup>	452	455	-0.8%	906	787	15.1%
<b>Total Volume</b>	<b>80,804</b>	<b>67,821</b>	<b>19.1%</b>	<b>146,492</b>	<b>126,093</b>	<b>16.2%</b>

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

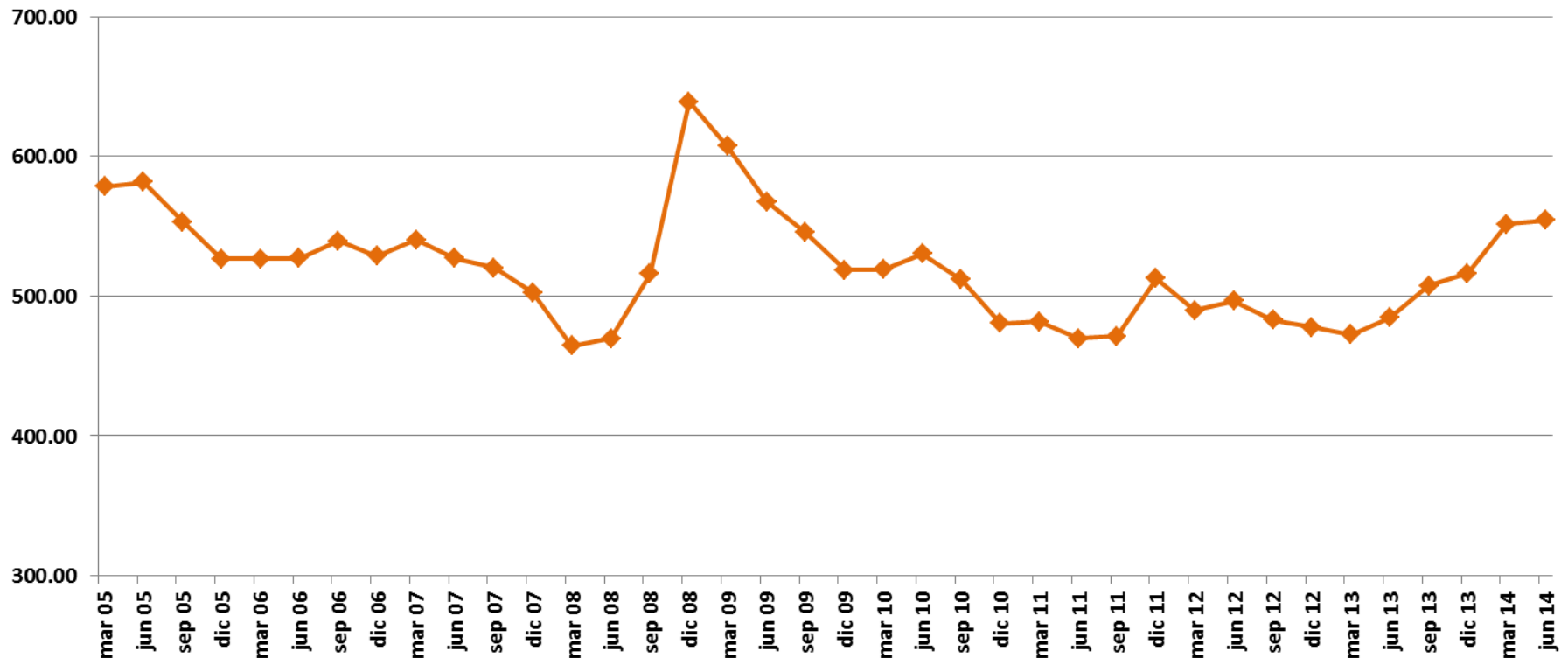
(2) This figure excludes shipments to the company's distribution subsidiaries.

(\*) This figure includes bulk wine sales.

<b>Average Price (per liter)</b>	<b>Currency</b>						
Chile Domestic Market - wine	Ch\$	917.4	955.0	-3.9%	935.2	969.6	-3.5%
Export Markets	US\$	3.55	3.47	2.4%	3.52	3.43	2.6%
Argentina Domestic	US\$	1.93	2.69	-28.1%	2.00	2.75	-27.2%
Argentina Exports	US\$	3.15	3.14	0.2%	3.18	3.08	3.5%
U.S.A. Domestic	US\$	5.01	5.27	-5.0%	5.09	5.11	-0.5%
U.S.A. Exports	US\$	5.23	5.94	-12.0%	5.49	5.85	-6.2%

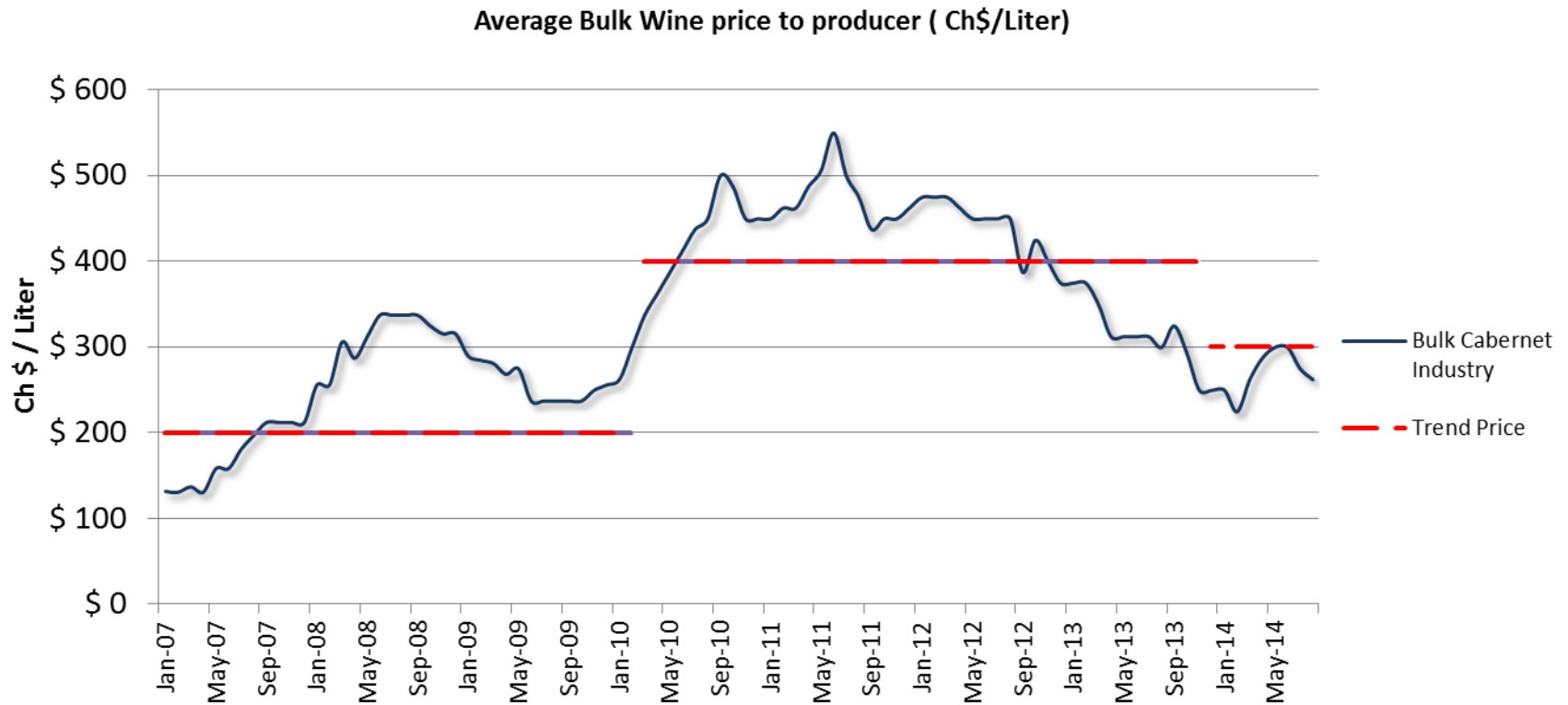
# Exchange Rate Main Producers

## Chilean Peso against USD



# Costs: Significant shift in Chilean bulk wine price curve

## Average bulk wine price to producer (Ch\$/Liter)

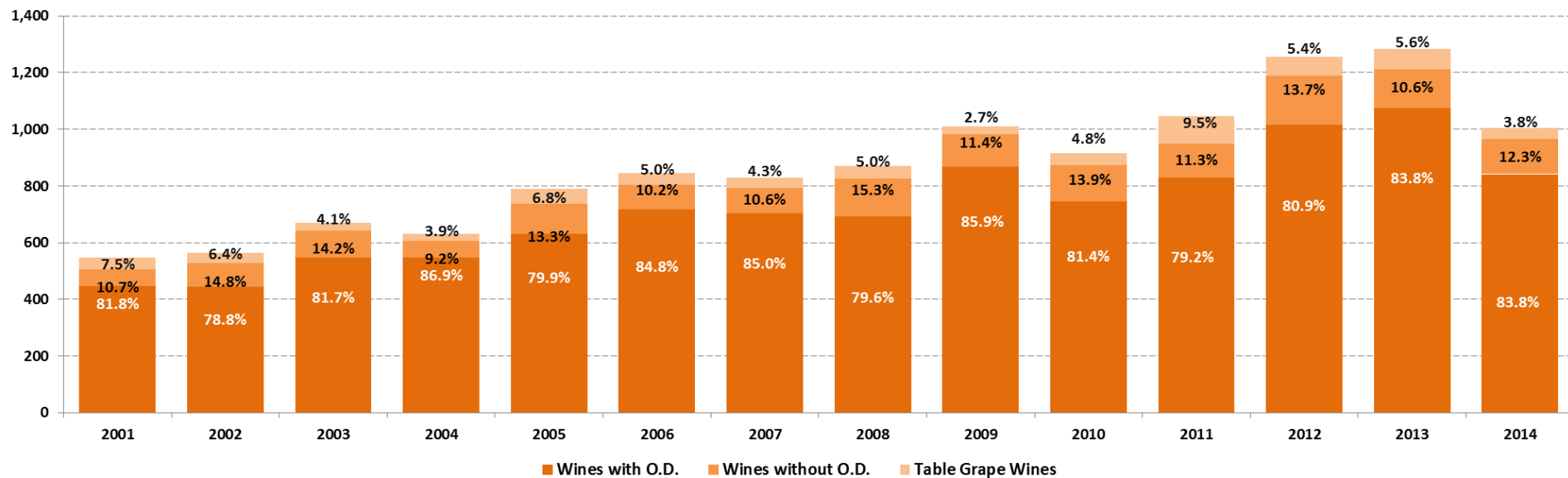


Source: ODEPA



## Chilean Harvest through the years

### Historical Harvest Volume (Million Liters)

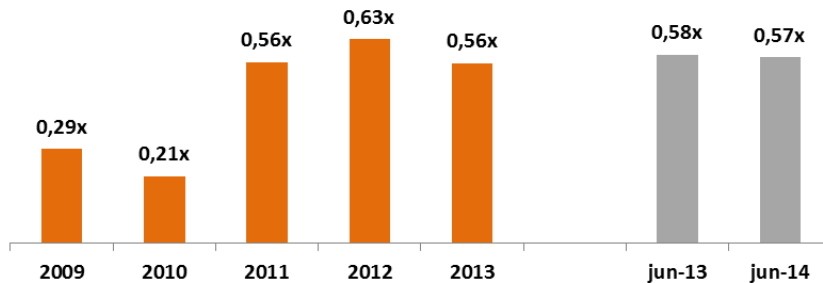


Source: SAG

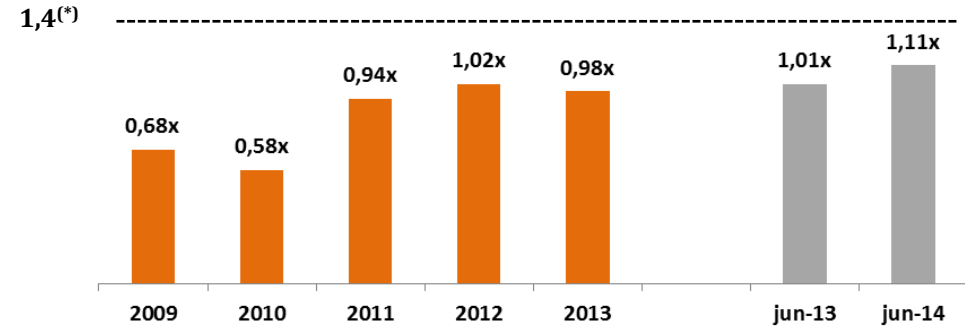


## Conservative Capital Structure

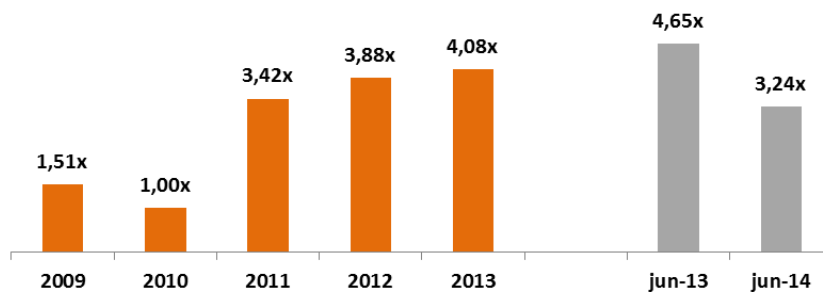
### Financial Debt / Equity



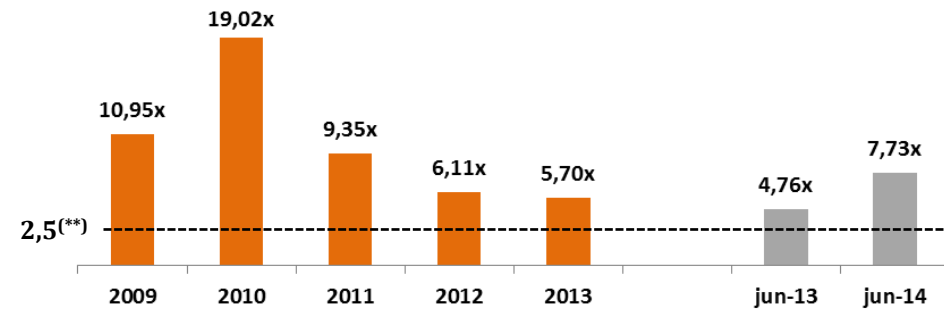
### Total Liabilities / Equity



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



### 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)

# Financial Debt

Financial Debt* as of:	Jun-14		Jun-13	
	Ch\$ MM	Av. Interest rate	Ch\$ MM	Av. Interest rate
USD	133,881	3.02%	141,052	3.01%
EUR			2,132	1.32%
GBP	3,121	1.49%		
CLP	9,714	4.10%	2,500	5.58%
UF	81,963	3.74%	80,656	3.74%
ARS	5,296	17.98%	8,435	15.53%
BRL	8,867	11.63%	8,074	10.00%
MXN			1,290	6.34%
SEK	983	2.10%		
<b>Total</b>	<b>243,824</b>	<b>3.92%</b>	<b>244,140</b>	<b>3.95%</b>

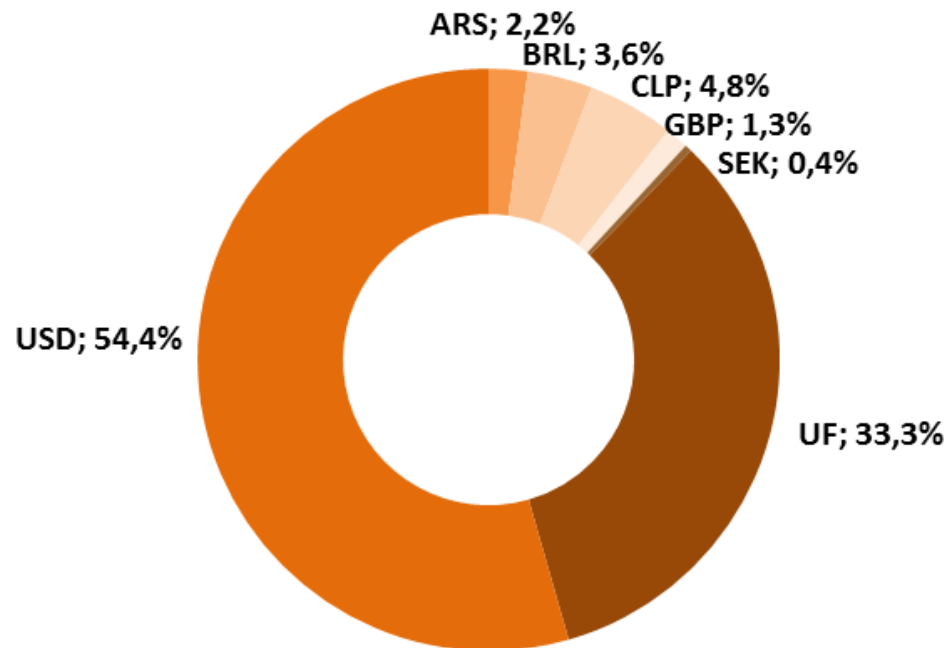
\* Does not include interest accrued.

In nominal Chilean Pesos at the end of each period

# Financial Debt

## Financial Debt by Currency

As of June 30, 2014 <sup>(1)</sup>

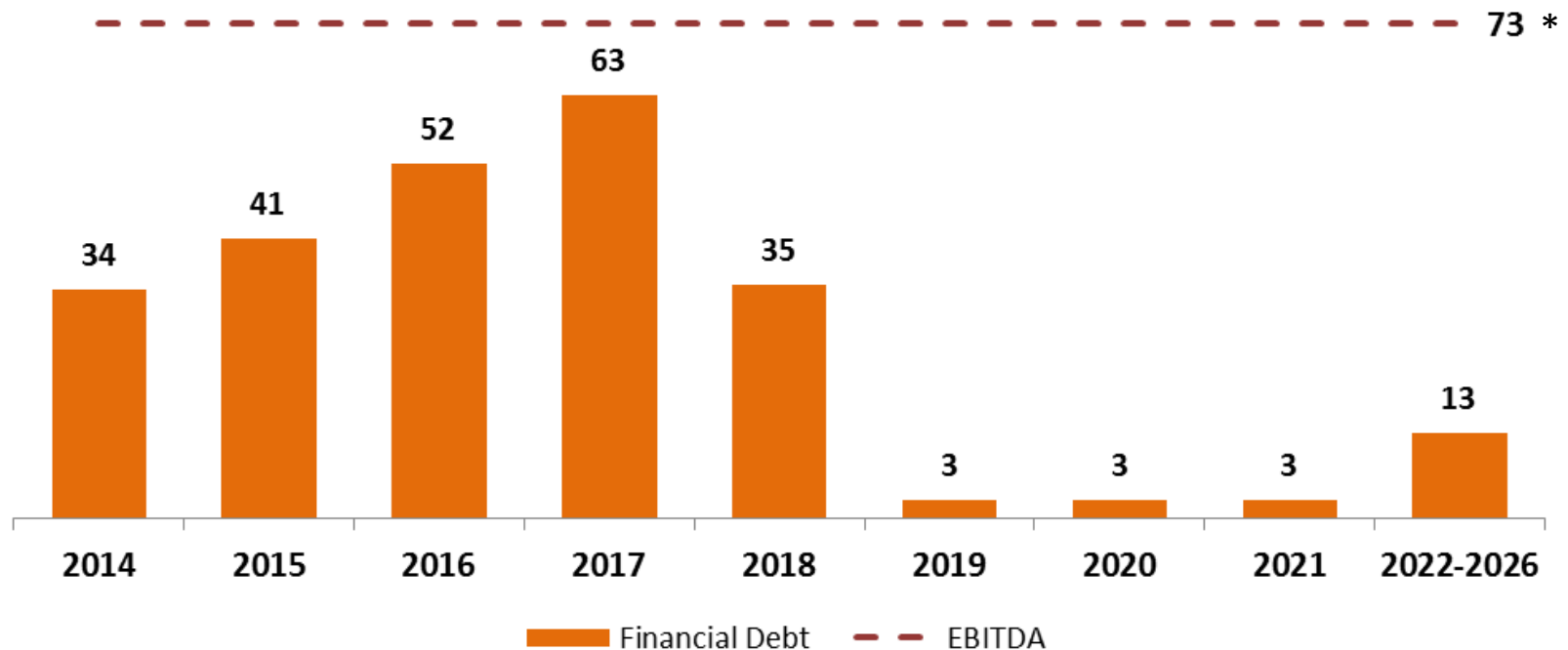


Source: The Company

(1) Considers current and non current financial liabilities excluding derivatives

# Financial Debt

Expected Maturity Date<sup>(1)</sup>, as of June 30, 2014  
(Million Ch\$)



Source: The Company

(1) Considers current and non current financial liabilities excluding derivatives

\* EBITDA, Last 12 Months (as of June 2014)