

## Third Quarter & Nine Months ended September 30, 2019 Consolidated Results

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Santiago, Chile, November 07, 2019 - Viña Concha y Toro S.A. (“The Company” or “Concha y Toro”) (IPSA: Conchatoro), global leading winery and the main producer and exporter of Chilean wine, announced today consolidated financial results, stated under IFRS, for the period ended September 30, 2019.

Consolidated figures of the following analysis are expressed in Chilean pesos, in accordance with reporting standards of the Financial Markets Commission of Chile. For a better understanding of results, we may also disclose some variations on constant currency basis, i.e. where figures for 2018 are translated into Chilean pesos using exchange rates recorded in the same period of 2019. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

In 2019 and 2018, the Company recorded non-recurring expenses and costs (NRI), mainly related to the internal restructuring process. For a better understanding of results, we also present in a comparative form, information of results excluding the aforementioned items. Thus, throughout this document, references to "Adjusted" data should not be understood as the reported data, but the one in which the referred costs and expenses have been isolated.

### 3Q19 Highlights

- Consolidated revenue was Ch\$164,000 million, +6,5% yoy.
- Adjusted EBITDA grew 38.6% to Ch\$28,873 million. Adjusted EBITDA margin up 410bp to 17.6%.
- Net profit was Ch\$17,008 million, down 3.3%, reflecting non-recurring income in 3Q18 and higher taxes. Adjusted net profit increased 25.5% to Ch\$17,296 million.

### 9M19 Highlights

- Consolidated revenue up 7.1% to Ch\$460,264 million.
- Adjusted EBITDA grew 22.1% to Ch\$72,509 million and adjusted EBITDA margin expanded 190bp to 15.8%.
- Net profit was Ch\$36,322 million, down 3.3%, reflecting non-recurring income in 3Q18 and higher taxes. Adjusted net profit increased 2.8% to Ch\$37,898 million.

## CEO Comments

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We are pleased to present another positive quarter for Viña Concha y Toro. Highlights of this period include a 39% growth at the adjusted EBITDA, and margin accretion of 410bp to 17.6%. This result reflects positive volume growth of priority brands across export markets, in line with our new business orientation, and a more favorable wine cost following the 2019 harvest.

Wine sales grew 8.1%, driven by export sales from the Company's three origins. Exports from Chile and the distribution offices increased 15.3% driven by a 13% volume growth. A positive performance was recorded in most regional markets. In Asia, the company saw strong sales growth in Japan and China; in Europe, expansion was led by the Netherlands, Ireland and Denmark, and in Latin America, by Brazil and Mexico.

Top line growth was driven by priority brands volume growth: Invest brands grew 15.1% with strong results across all three origins. Our Principal brand, Casillero del Diablo grew 8.6% with a positive momentum in its key markets. Those brands in the Protect category posted a 7.2% volume expansion.

Exports and shipments from Argentina posted a solid 49% volume increase driven by the UK market where the brand Trivento Reserve holds a leading position being the top selling Malbec in the UK.

In the USA, Fetzer Vineyards domestic portfolio posted volume and value increases with a positive performance of priority brands. On the other hand, the imported portfolio showed a decline in value, in a challenging context with a highly competitive market. The Company invests in the positioning and visibility of its brands through activations and strong promotional activity.

We highlight our performance in the domestic market of Chile, with an improvement of the mix bolstered by a 22.9% volume increase at the premium wine brands, with double digit growth rates at Casillero del Diablo, its upper extensions, Marques de Casa Concha, and the successful launch of Diablo.

In the quarter, Operating Profit and adjusted Operating Profit increased 22.9% and 59.1%, respectively. This is mainly explained by higher sales across priority brands and key markets and a lower cost of wine in Chile and Argentina, reflecting the entry of 2019 harvest into costs, and internal savings.

This result is in line with the objectives set in the Company's new business strategy and changes resulting from the restructuring process carried out in the last two years, and are evidence of its positive impact in growth and profitability targets set towards 2022.

## 3Q19 Results

### 1. Consolidated Revenue

Revenue totaled Ch\$164,000 million, increasing 6.5% YoY on a reported basis and 3.1% on a constant currency basis. This is the result of a 8.1% growth in wine sales, mainly from exports, with a solid performance of key brands. In line with the new commercial strategy, volume sales of the Principal brand, Casillero del Diablo, increased 8.6%. Invest and Protect categories grew 15.1% and 7.2%, respectively. Other Operating segment decreased 17.3%, explained by lower products and services revenue.

#### Revenue by Operating Segment

Sales <sup>(1)</sup> (Ch\$ million)	3Q19	3Q18	Var (%)	9M19	9M18	Var (%)
Export Markets <sup>(2)</sup>	96,958	84,079	15.3%	282,102	250,046	12.8%
Chile Domestic Market - Wine	24,104	23,590	2.2%	60,441	58,291	3.7%
Argentina Domestic Market	1,233	1,590	(22.5%)	3,094	4,139	(25.2%)
Argentina Direct Exports <sup>(3)</sup>	2,981	2,616	14.0%	7,407	6,596	12.3%
USA Domestic Market	28,224	30,695	(8.1%)	77,203	70,381	9.7%
USA Direct Exports <sup>(3)</sup>	2,848	2,105	35.3%	7,014	5,766	21.6%
Wine Operating Segment	156,348	144,675	8.1%	437,261	395,219	10.6%
New Business <sup>(4)</sup>	5,551	5,971	(7.0%)	16,359	25,658	(36.2%)
Other Revenues	2,101	3,284	(36.0%)	6,644	8,680	(23.5%)
Other Operating Segment	7,652	9,255	(17.3%)	23,003	34,338	(33.0%)
Total Sales	164,000	153,930	6.5%	460,264	429,557	7.1%
<b>Volume<sup>(1)</sup> (thousand liters)</b>	<b>3Q19</b>	<b>3Q18</b>	<b>Var (%)</b>	<b>9M19</b>	<b>9M18</b>	<b>Var (%)</b>
Export Markets <sup>(2)</sup>	46,898	41,513	13.0%	134,024	126,632	5.8%
Chile Domestic Market - Wine	19,404	20,613	(5.9%)	51,110	51,968	(1.7%)
Argentina Domestic Market	1,388	1,789	(22.4%)	3,457	4,185	(17.4%)
Argentina Direct Exports <sup>(3)</sup>	1,170	1,140	2.6%	2,980	3,041	(2.0%)
USA Domestic Market	8,896	8,118	9.6%	25,276	25,122	0.6%
USA Direct Exports <sup>(3)</sup>	714	607	17.6%	1,786	1,686	5.9%
Wine Operating Segment	78,470	73,780	6.4%	218,633	212,634	2.8%
New Business <sup>(4)</sup>	3,477	3,723	(6.6%)	9,610	13,347	(28.0%)
Other Operating Segment	3,477	3,723	(6.6%)	9,610	13,347	(28.0%)
Total Volume	81,947	77,503	5.7%	228,243	225,981	1.0%
<b>Average Price<sup>(5)</sup> (per liter)</b>	<b>3Q19</b>	<b>3Q18</b>	<b>Var (%)</b>	<b>9M19</b>	<b>9M18</b>	<b>Var (%)</b>
Export Markets <sup>(2)</sup>	US\$ 3.13	3.30	(5.2%)	3.27	3.35	(2.5%)
Chile Domestic Market - Wine	Ch\$ 1,243	1,145	8.6%	1,184	1,123	5.4%
Argentina Domestic Market	US\$ 1.29	1.50	(13.9%)	1.42	1.88	(24.2%)
Argentina Exports <sup>(3)</sup>	US\$ 3.70	3.91	(5.3%)	3.71	3.58	3.6%
USA Domestic Market	US\$ 4.48	5.69	(21.3%)	4.44	4.42	0.5%
USA Exports <sup>(3)</sup>	US\$ 5.62	5.22	7.7%	5.72	5.43	5.3%

(1) Includes bulk wine sales.

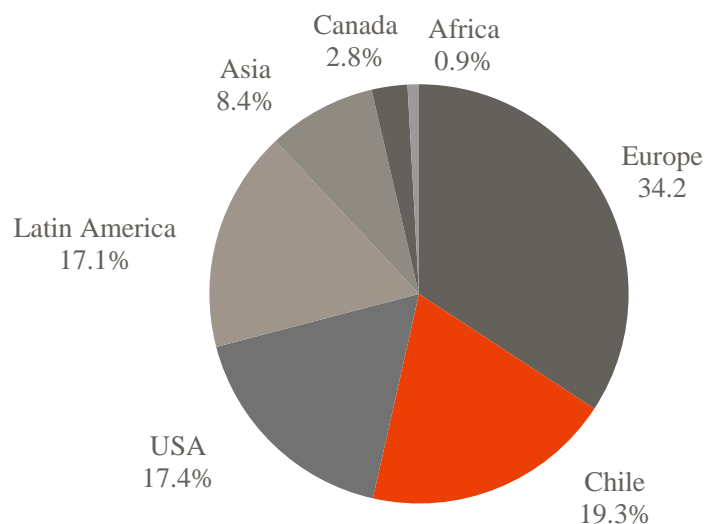
(2) Includes exports to third parties from Chile, and sales through the Company's distribution subsidiaries (UK, Nordics, Brazil, Singapore, Mexico) from Chile, Argentina, and USA. Excludes sales in the USA.

(3) Excludes sales through the Company's distribution subsidiaries. For a better understanding of sales by origin, in particular for Argentina, we provide a more complete disclosure, including direct exports and exports through distribution subsidiaries in sections 1.1.3 and 1.1.4.

(4) Includes sales of beer and liquors.

(5) Excludes bulk wine sales.

## Revenue by Geography 3Q19



### 1.1. Wine Operating Segment

#### 1.1.1. Export Markets

Export Markets sales include exports from Chile and sales of the distribution subsidiaries, excluding the USA. Export Markets sales totaled Ch\$96,958 million, increasing 15.3%. This result was achieved through an increase of 13.0% in volume, across regional markets, driven by brands in the Principal, Invest, and Protect categories, in line with the new commercial strategy in place.

In Asia, a growth rate of 39.7% in value was achieved, driven by Japan and China. In Europe, Netherlands, Ireland and Belgium drove a 6.1% value growth. Central America and the Caribbean grew 13.4%, led by Mexico and Panama. South America increased 51.0%, with a remarkable performance in Brazil, Ecuador, and Colombia. In Canada, sales declined 16.9%.

Regarding the exchange rate effect, in the quarter the average Chilean peso depreciated against the US dollar (6.2%), Brazilian Real (5.7%), Canadian dollar (5.3%), Mexican peso (3.7%), Euro (1.9%), and Sterling pound (0.8%). The Chilean peso appreciated against the Norwegian krone (0.7%) and Swedish krona (0.5%)<sup>1</sup>.

<sup>1</sup> Based on data provided by the Central Bank of Chile.

### 1.1.2. Chile Domestic Market - Wine

Domestic market wine sales amounted Ch\$24,104 million, 2.2% above the same quarter of 2018. This as a result of an increase of 8.6% in the average price, due to an important improvement in the sales mix. Premium wine sales increased 22.9% in volume, led by Casillero del Diablo, its upper line extensions, Marques de Casa Concha, and the successful launch of Diablo. Non-Premium sales declined 8.7% in volume.

Volume performance diverged across the Brand Matrix. While Principal and Invest categories showed expansions of 23% and 29%, respectively, Protect and Watch declined 10% and 1.8%, in each case.

### 1.1.3. Argentina

Revenue from the operation in Argentina underlines its reorientation towards key markets, and the exit from products with a low profitability, as well as a challenging macro environment and exchange rates fluctuations impacting domestic sales.

Total exports from Argentina grew 51.9% in value, as result of an increase of 84.2% in shipments to distribution subsidiaries and an increase of 14.0% in direct exports. Exports volume grew 48.6%, with an increase of 75.3% in distribution offices, led by the positive performance of Trivento Invest brands. Direct exports volume increased 2.6%.

In the domestic market, that represents 0.8% of consolidated revenue, sales declined 22.5% in Chilean pesos (average CLP/ARS dropped 33% YoY) and volumes decreased 22.4%.

Argentina Sales (Ch\$ million)	3Q19	3Q18	Var (%)
Exports	8,655	5,697	51.9%
Third parties	2,981	2,616	14.0%
Distribution offices	5,674	3,081	84.2%
Domestic Market	1,233	1,590	(22.5%)
Total Argentina	9,888	7,287	35.7%
Argentina Volume (th. liters)	3Q19	3Q18	Var (%)
Exports	4,605	3,099	48.6%
Third parties	1,170	1,140	2.6%
Distribution offices	3,435	1,959	75.3%
Domestic Market	1,388	1,789	(22.4%)
Total Argentina	5,993	4,888	22.6%

#### 1.1.4. USA

USA Domestic Market includes sales of Fetzer Vineyards and sales of imported wines from Chile and Argentina, currently commercialized by Fetzer Vineyards, following the integration of the distribution business in the US market (acquisition of Excelsior Wine Company in July 2018).

In the US domestic market, sales declined 8.1% and volume grew 9.6%. This is the result of a mixed performance among the portfolio: (i) Fetzer Vineyards brands grew both, in volume and value. (ii) The imported portfolio grew in volume and decreased in value, reflecting a higher promotional activity in this quarter that resulted in a lower average price.

Volume growth was driven by Fetzer, Bonterra, and 1000 stories, from the local portfolio, by Trivento Reserve from Argentina, and Frontera from the Chilean portfolio.

Fetzer Vineyards' exports increased 9.2% on a 35.3% increase in direct exports and a decline of 39.0% in shipments to distribution offices. This reflects strategic sourcing changes and the exit from less-profitable products. The average price for total exports was US\$5.62 per liter (+7.7%).

Fetzer Vineyards Sales (Ch\$ million)	3Q19	3Q18	Var (%)
Exports	3,544	3,245	9.2%
Third parties	2,848	2,105	35.3%
Distribution offices	696	1,140	(39.0%)
Domestic Market	28,224	30,695	(8.1%)
Total Fetzer Vineyards	31,768	33,940	(6.4%)
Fetzer Vineyards Volume (th. liters)	3Q19	3Q18	Var (%)
Exports	910	1,016	(10.4%)
Third parties	714	607	17.6%
Distribution offices	196	409	(52.1%)
Domestic Market	8,896	8,118	9.6%
Total Fetzer Vineyards	9,806	9,134	7.4%

#### 1.2. Other Operating Segment

*Other* operating segment decreased 17.3% in the quarter, mainly due to lower sales of non-wine products and services, explained in part by the end of the distribution agreement for Diageo liquors. Premium beer Kross and Estrella Damm increased 77.1% and 114.6%, respectively.

## 2. Cost of Sales

The cost of sales was Ch\$102,171 million, 0.8% below the figure in 3Q18. The ratio cost of sales to sales was 62.3%, 460bp lower than in 3Q18, mainly due to a decline in the cost of wine, reflecting the entry of 2019 harvest into costs, and internal savings.

In 3Q18, the Company recorded non-recurring costs for Ch\$938 million, related to the restructuring process.

## 3. Selling, General and Administrative Expenses (SG&A)

Selling, general and administrative expenses (distribution costs and administrative expenses) were Ch\$40,009 million in the quarter, as compared to Ch\$39,033 million in 3Q18, representing an increase of 2.5%. As a percentage of sales, SG&A was 24.4%, 100bp lower than in 3Q18.

In 3Q19 and 3Q18, the Company recorded non-recurring expenses, such as consultancies and severance payments related to the restructuring process, for Ch\$125 million and Ch\$1,484 million, respectively. Adjusted by NRI, the SG&A to sales ratio declined 10bp to 24.3%.

## 4. Other Income and Expense

Other income and expense recorded a Ch\$369 million loss in 3Q19, which compares to a gain of Ch\$5,544 million in 3Q18. In 3Q18, the Company recorded a non-recurring income for Ch\$6,218 million, related to a revaluation of investments in the context of the purchase of the remaining 50% stake of Excelsior in July of 2018. In 3Q19, the Company recorded non-recurring, restructuring expenses for Ch\$162 million.

Adjusted by non-recurring items, Other income and expense recorded losses of Ch\$207 million and Ch\$674 million in 3Q19 and 3Q18, respectively.

## 5. Operating Profit

Profit from operating activities was Ch\$21,452 million, increasing 22.9% from Ch\$17,457 million in 3Q18. Excluding NRI, the adjusted Operating Profit was Ch\$21,739 million, with an increase of 59.1%. This is mainly explained by higher sales across priority brands, in line with the new commercial strategy, a lower cost of wine in Chile and Argentina, and positive f/x impact. The operating margin was 13.1%, an increase of 170bp from the reported figure in 3Q18 and the adjusted operating margin expanded 440bp to 13.3%.<sup>2</sup>

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<sup>2</sup> In order to facilitate analysis, in page 17 an Adjusted Income Statement is provided. Adjustments comprise restructuring costs and expenses, and other non-recurring expenses (NRI).

## 6. EBITDA

EBITDA (profit from operating activities plus depreciation and amortization expenses) was Ch\$28,586 million in 3Q19, 16.1% above the figure of 3Q18. EBITDA margin was 17.4%, 140bp above the figure in 3Q18. Excluding NRI, adjusted EBITDA was Ch\$28,873 million (+38.6% yoy) and adjusted EBITDA margin was 17.6% in 3Q19 (+410bp).<sup>3</sup>

## 7. Non- Operating Profit

In 3Q19, Non-operating profit was Ch\$1,262 million, which compares to Ch\$1,606 million in 3Q18. This is mainly explained by lower exchange differences and higher financial costs.

Financial costs, net of financial income and adjustment units was Ch\$3,186 million, with an increase of 13.7%. This reflects a higher debt level, which the Company considers temporary. In August of 2019, in a context of low interest rates, the Company placed bond debt whose proceeds are being used to pay debt maturities in 2019 and 2020.

## 8. Income Tax Expense

In the period, Income tax expense was Ch\$5,641 million, higher than the figure of Ch\$1,368 million in 3Q18. The difference reflects: (i) a non-taxable item reported in 3Q18 amounting Ch\$6,218 million for revaluation of investments, and (ii) exchange rates impact on the taxes recorded by the subsidiary Trivento in Argentina.

## 9. Profit and Earnings per Share (EPS)

Profit attributable to owners of parent Company was Ch\$17,008 million, a decrease of 3.3% from the Ch\$17,585 million reported in 3Q18.

Excluding extraordinary items, Profit increased 25.5%, and net margin increased 160bp to 10.5%. This is mainly explained by higher sales of priority brands and a lower cost of wine.<sup>3</sup>

Based on 747,005,982 weighted average shares, Viña Concha y Toro's earnings per share totaled Ch\$22.77, below the Ch\$23.54 per share recorded in the same period of the previous year.

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<sup>3</sup> In order to facilitate analysis, in page 17 an adjusted Income Statement is provided. Adjustments comprise restructuring costs and expenses, and other non-recurring expenses (NRI).



## 9M19 Results

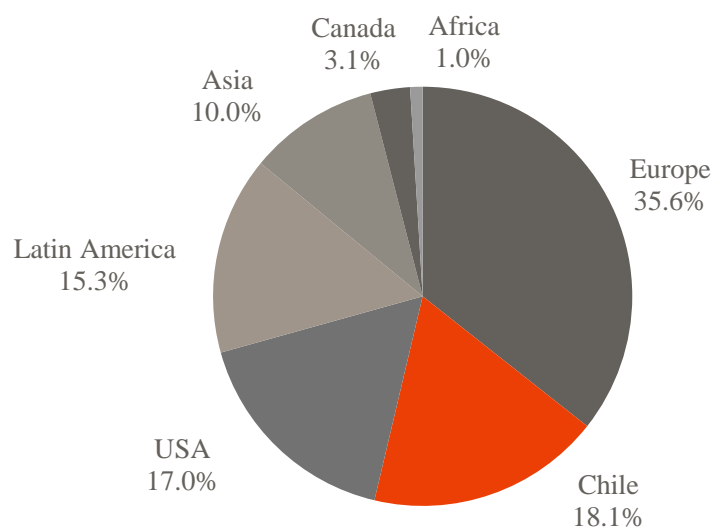
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### 1. Consolidated Revenue

Revenue totaled Ch\$460,264 million, increasing 7.1% YoY. This expansion was driven by a 10.6% increase in wine sales, led by exports and the domestic markets of USA and Chile. The top line reflects a favorable currency effect, mix improvement, and the integration of the distribution in USA.

Sales of Other products decreased 33.0%, which is mainly explained by the end of the distribution contract for Diageo's spirits in July of 2018 and a decline in services. Kross and Estrella Damm premium beers exhibited strong volume and value growth.

Consolidated Revenue by Geography  
9M19



## **1.1. Wine Operating Segment**

### **1.1.1. Export Markets**

Export Markets sales include export sales from Chile and sales of the distribution subsidiaries, excluding the USA. Export Markets sales totaled Ch\$282,102 million, increasing 12.8% yoy. Our key brand categories, Principal, Invest, Protect and Watch grew 10.0%, 27.0%, 9.1%, and 18.2%, respectively.

In Europe, sales increased 9.9% in value, fostered by the United Kingdom, principal destination of the Company's exports, and followed by Poland and Netherlands. Central America and the Caribbean grew 22.1%, driven by Mexico and Panama. South America increased 20.0%, with a remarkable performance in Brazil. Asia recorded an increase of 20.7%, led by Japan, China, and South Korea. In Canada, sales value declined 3.6%.

Regarding the exchange rate effect, in the period, YoY the Chilean peso in average depreciated against the US dollar (8.4%), Mexican peso (7.3%), Canadian dollar (5.4%), Sterling pound (2.8%), Euro (2.6%), Norwegian krone (0.9%), and Brazilian Real (0.7%). The Chilean peso appreciated against the Swedish krona (0.5%).<sup>4</sup>

### **1.1.2. Chile Domestic Market - Wine**

In the domestic market, sales grew 2.6%, totaling Ch\$60,441 million as a result of a higher average price of bottled wine (+5.4%) and lower volume (-1.7%). The higher average price reflects an improved mix.

Volume trends diverged across the Brand Matrix, driving an increase of 5.4% in the average price. While Principal and Invest categories showed expansions of 13% and 26%, respectively, Protect declined 4.6% and Watch grew 3.4%.

Premium sales increased 15.0% in volume and 12.7% in value, led by Principal and Invest categories. Non-premium sales declined 1.4% in value, on a lower volume and higher average price.

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<sup>4</sup> Based on data provided by the Central Bank of Chile.

### 1.1.3. Argentina

Total exports from Argentina grew 59.7%, as result of an increase of 95.6% in shipments to distribution subsidiaries and an increase of 12.3% in direct exports. Sales volume grew 42.7%, reflecting an increase of 64.0% in distribution offices, led by United Kingdom, and a decrease of 2.0% in direct exports. Sales were driven by Trivento Reserve brand, especially in UK and USA.

In the domestic market, that represents 0.7% of consolidated revenue, sales declined 25.2% in Chilean pesos (average CLP/ARS dropped 40% YoY) and the volume decreased 17.4%.

Argentina Sales (Ch\$ million)	9M19	9M18	Var (%)
Exports	24,459	15,316	59.7%
Third parties	7,407	6,596	12.3%
Distribution offices	17,052	8,720	95.6%
Domestic Market	3,094	4,139	(25.2%)
Total Argentina	27,553	19,455	41.6%
Argentina Volume (th. liters)	9M19	9M18	Var (%)
Exports	13,438	9,418	42.7%
Third parties	2,980	3,041	(2.0%)
Distribution offices	10,458	6,377	64.0%
Domestic Market	3,457	4,185	(17.4%)
Total Argentina	16,895	13,603	24.2%

#### 1.1.4. USA

In the domestic market of USA sales increased 9.7% to Ch\$77,203 million, mainly reflecting the integration of the distribution business and its impact on the average price. Sales volume was 0.6% up, reflecting a highly competitive environment and a recovery in the second and third quarters after a challenging first quarter. In the period, sales volume growth was led by Frontera and key brands Casillero del Diablo, 1000 stories, Bonterra, and Trivento Reserve.

Fetzer Vineyards' direct exports increased 21.6% and shipments to distribution offices declined 46.9%, resulting from strategic sourcing changes and the exit from less-profitable products. The average price for total exports was US\$5.72 per liter (+5.3%).

Fetzer Vineyards Sales (Ch\$ million)	9M19	9M18	Var (%)
Exports	9,310	10,089	(7.7%)
Third parties	7,014	5,766	21.6%
Distribution offices	2,296	4,323	(46.9%)
Domestic Market	77,203	70,381	9.7%
Total Fetzer Vineyards	86,513	80,470	7.5%
Fetzer Vineyards Volume (th. liters)	9M19	9M18	Var (%)
Exports	2,404	3,865	(37.8%)
Third parties	1,786	1,686	5.9%
Distribution offices	618	2,179	(71.6%)
Domestic Market	25,276	25,122	0.6%
Total Fetzer Vineyards	27,680	28,987	(4.5%)

#### 1.2. Other Operating Segment

*Other* operating segment decreased 33.0% in the period, reflecting lower revenues at New Business and services. New Business sales declined 36.2%, due to the end of the distribution agreement with Diageo. Premium beer Kross, Miller, and Estrella Damm posted a positive performance.

## 2. Cost of Sales

The Cost of sales increased 1.7% to Ch\$294,752 million. The ratio Cost of sales to sales was 64.0%, 340bp lower than in 9M18.

In 9M19 and 9M18, the Company recognized extraordinary costs for Ch\$57 million and Ch\$1,549 million, in each case, mainly consultancies related to the restructuring process carried out during 2017 and 2018. Adjusted by NRI, the ratio cost of sales to sales decreased 310bp to 64.0%. This is mainly explained by favorable f/x, lower cost of wine, a better mix and savings from the restructuring process.

## 3. Selling, General and Administrative Expenses (SG&A)

Selling, general and administrative expenses (distribution costs and administrative expenses) were Ch\$113,778 million in the period, as compared to Ch\$103,576 million in 9M18, representing an increase of 9.8%.

In 9M19 and 9M18, the Company recognized extraordinary restructuring expenses (consultancy fees and severance payments) for Ch\$640 million and Ch\$3,584 million. Adjusted by NRI, the SG&A to sales ratio increased 130bp to 24.6%, mainly reflecting the integration of the distribution in the USA and larger expenses at the distribution subsidiaries. In the case of Argentina, a new export tax of \$3 ARS per dollar was introduced in September 2018.

## 4. Other Income and Expense

Other income and expense recorded a loss of Ch\$1,089 million in 9M19, which compares to a gain of Ch\$5,582 million in 9M18. In 2019, expenses are mainly related to the closure of Lo Espejo bottling plant executed in October 2018. In 2018, Other income recorded a gain for Ch\$6,218 from the revaluation of investments in the context of the integration of Excelsior to the Company's operations in the USA.

Adjusted for non-recurring items, Other income and expense were losses of Ch\$210 million and Ch\$261 million in 9M19 and 9M18, respectively.

## 5. Operating Profit

Profit from operating activities was Ch\$50,645 million, increasing 21.1% from Ch\$41,805 million registered in 9M18, and reflecting mainly higher sales and positive f/x impact. The operating margin was 11.0%, versus 9.7% in 9M18 (+130bp). Excluding NRI, the operating profit was Ch\$52,221 million in 9M19, and operating margin was 11.3% (+180bp).<sup>5</sup>

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<sup>5</sup> In order to facilitate analysis, in page 17 an adjusted Income Statement is provided. Adjustments comprise restructuring costs and expenses, and other non-recurring expenses (NRI).

## 6. EBITDA

EBITDA (operating profit plus depreciation and amortization expenses) was Ch\$70,933 million in 9M19, 18.0% above the figure of 9M18. EBITDA margin was 15.4%, 140bp above the figure in 9M18.

Excluding NRI, adjusted EBITDA reached Ch\$72,509 million, 22.1% above the adjusted figure in 9M18. Adjusted EBITDA margin was 15.8% in 9M19 (+190bp)<sup>6</sup>.

## 7. Non-Operating Profit

In 9M19, Non-operating profit was a Ch\$2,359 million loss, which compares to a gain of Ch\$4,057 million in 9M18. This is mainly explained by lower exchange differences, which amounted Ch\$3,876 million in 9M19, compared with Ch\$10,079 million in 9M18.

Financial costs, net of financial income and adjustment units was Ch\$9,250 million, with an increase of 7.9%. This reflects a higher debt level, which the Company considers temporary. In August of 2019, in a context of low interest rates, the Company placed bond debt whose proceeds are being used to serve debt maturities in 2019 and 2020.

## 8. Income Tax Expense

In the period, Income tax expense was Ch\$11,646 million, 47.5% higher than the figure of Ch\$7,894 million in 9M18. The difference reflects: (i) a non-taxable item reported in 3Q18 amounting Ch\$6,218 million for revaluation of investments, and (ii) exchange rates impact on the taxes recorded by the subsidiary Trivento in Argentina.

## 9. Profit and Earnings per Share (EPS)

Profit attributable to owners of parent was Ch\$36,322 million, a decrease of 3.3% from the Ch\$37,580 million reported in 9M18. This is explained by a decline of Ch\$6,417 million in the Non-operating profit, related to lower exchange differences, and a revaluation of investments for Ch\$6,218 million at the Operating profit level in 2018, not repeated in 2019. Net margin was 7.9% in 9M19, below the figure of 8.7% in 9M18 (-90bp).

Excluding extraordinary items, Profit was Ch\$37,898 million, 2.8% above the profit of 9M18, and net margin was 8.2%, 30 bps below the figure in 9M18<sup>6</sup>.

Based on 747,005,982 weighted average shares, Viña Concha y Toro's earnings per share totaled Ch\$48.62, 3.3% below the Ch\$50.31 per share recorded in the same period of the previous year.

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<sup>6</sup> In order to facilitate analysis, in page 17 an adjusted Income Statement is provided. Adjustments comprise restructuring costs and expenses, and other non-recurring expenses (NRI).

## Statement of Financial Position as of September 30, 2019

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### 1. Assets

As of September 30, 2019, Viña Concha y Toro's assets totaled Ch\$1,235,331 million, 7.9% above the figure as of December 31, 2018.

### 2. Liabilities

As of September 30, 2019, Net financial debt amounted Ch\$298,000 million, increasing Ch\$40,977 million, 15.9% when compared to the figure as of December 31, 2018. This is explained by higher working capital needs and investments.

Net Financial Debt is calculated as Other current financial liabilities + Other non-current financial liabilities - Cash and cash equivalents – Derivatives.

\* \* \* \* \*

### About Viña Concha y Toro

Founded in 1883, Viña Concha y Toro is the leading Latin American wine maker, and a one of the world's largest wine company. It holds around 12,000 hectares of vineyards in Chile, Argentina, and United States, and its wine portfolio includes iconic brands, such as Don Melchor and Almaviva, its flagship brand Casillero del Diablo, Trivento from Argentina, and Fetzer and Bonterra brands from California.

### Forward Looking Statements

This press release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the Company with respect to these items. Forward-looking statements are declaration of intentions, beliefs or expectations of Viña Concha y Toro and its administration with respect to future results of the Company. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that occur in the future.

# VIÑA CONCHA Y TORO

— FAMILY OF WINERIES —

## Income Statement

(Ch\$ thousand)	3Q19	3Q18	Chg (%)	9M19	9M18	Chg (%)
Revenue	164,000,478	153,930,326	6.5%	460,263,518	429,556,767	7.1%
Cost of sales	(102,171,166)	(102,984,354)	(0.8%)	(294,751,870)	(289,758,412)	1.7%
Gross profit	61,829,312	50,945,972	21.4%	165,511,648	139,798,355	18.4%
Gross margin	37.7%	33.1%	460 bp	36.0%	32.5%	340 bp
Other income	179,364	6,412,600	(97.2%)	910,507	7,340,409	(87.6%)
Distribution costs	(31,311,886)	(28,622,561)	9.4%	(88,759,255)	(76,277,108)	16.4%
Administrative expense	(8,696,654)	(10,410,410)	(16.5%)	(25,018,833)	(27,298,842)	(8.4%)
Other expense by function	(548,103)	(868,804)	(36.9%)	(1,999,152)	(1,758,164)	13.7%
Profit (loss) from operating activities	21,452,033	17,456,797	22.9%	50,644,915	41,804,650	21.1%
Operating margin	13.1%	11.3%	170 bp	11.0%	9.7%	130 bp
Financial income	129,728	181,300	(28.4%)	332,876	792,000	(58.0%)
Financial costs	(3,315,401)	(2,984,319)	11.1%	(9,062,801)	(8,588,908)	5.5%
Share of profit (loss) of associates and joint ventures using equity method	3,117,299	2,471,200	26.1%	3,014,698	2,549,040	18.3%
Exchange differences	1,540,845	2,181,750	(29.4%)	3,876,303	10,078,717	(61.5%)
Adjustment units	(210,192)	(243,920)	(13.8%)	(520,566)	(773,693)	(32.7%)
Non-operating profit (loss)	1,262,279	1,606,011	(21.4%)	(2,359,490)	4,057,156	
Profit (loss) before tax	22,714,312	19,062,808	19.2%	48,285,425	45,861,806	5.3%
Income tax expense	(5,641,341)	(1,367,794)	312.4%	(11,645,532)	(7,894,183)	47.5%
Profit (loss)	17,072,971	17,695,014	(3.5%)	36,639,893	37,967,623	(3.5%)
Profit (loss) attributable to noncontrolling interests	64,566	112,679	(42.7%)	317,808	387,665	(18.0%)
Profit attributable to owners of parent	17,008,405	17,582,335	(3.3%)	36,322,085	37,579,958	(3.3%)
Net margin	10.4%	11.4%	(110 bp)	7.9%	8.7%	(90 bp)
Basic earnings per share	23	24	(3.3%)	49	50	(3.3%)
Depreciation expense	6,566,216	6,902,778	(4.9%)	19,123,628	17,505,412	9.2%
Amortization expense	567,601	266,394	113.1%	1,164,259	798,355	45.8%
EBITDA*	28,585,850	24,625,969	16.1%	70,932,802	60,108,417	18.0%
EBITDA margin*	17.4%	16.0%	140 bp	15.4%	14.0%	140 bp

\* EBITDA = Profit from operating activities + Depreciation & Amortization expenses.



# VIÑA CONCHA Y TORO

FAMILY OF WINERIES

## Reported and Adjusted Results<sup>7</sup>

(Ch\$ million)	3Q19 Reported	3Q18 Reported	Chg (%)	3Q19 Adjusted	3Q18 Adjusted	Chg (%)
Revenue	164,000	153,930	6.5%	164,000	153,930	6.5%
Cost of sales	(102,171)	(102,984)	(0.8%)	(102,171)	(102,046)	0.1%
Gross profit	61,829	50,946	21.4%	61,829	51,884	19.2%
Gross margin	37.7%	33.1%	460 bp	37.7%	33.7%	400 bp
SG&A*	(40,009)	(39,033)	2.5%	(39,883)	(37,550)	6.2%
Other op. income, expense	(369)	5,544		(207)	(674)	(69.4%)
Profit (loss) from operating activities	21,452	17,457	22.9%	21,739	13,660	59.1%
Operating margin	13.1%	11.3%	170 bp	13.3%	8.9%	440 bp
Non-operating profit (loss)	1,262	1,606	(21.4%)	1,262	1,606	(21.4%)
Profit (loss) before tax	22,714	19,063	19.2%	23,002	15,266	50.7%
Income tax expense	(5,641)	(1,368)	312.4%	(5,641)	(1,368)	312.4%
Profit (loss) attributable to noncontrolling interests	65	113	(42.7%)	65	113	(42.7%)
Profit attributable to owners of parent	17,008	17,582	(3.3%)	17,296	13,786	25.5%
Net margin	10.4%	11.4%	(110 bp)	10.5%	9.0%	160 bp
EBITDA**	28,586	24,626	16.1%	28,873	20,830	38.6%
EBITDA margin	17.4%	16.0%	140 bp	17.6%	13.5%	410 bp

(Ch\$ million)	9M19 Reported	9M18 Reported	Chg (%)	9M19 Adjusted	9M18 Adjusted	Chg (%)
Revenue	460,264	429,557	7.1%	460,264	429,557	7.1%
Cost of sales	(294,752)	(289,758)	1.7%	(294,695)	(288,209)	2.3%
Gross profit	165,512	139,798	18.4%	165,569	141,348	17.1%
Gross margin	36.0%	32.5%	340 bp	36.0%	32.9%	310 bp
SG&A*	(113,778)	(103,576)	9.8%	(113,138)	(99,992)	13.1%
Other op. income, expense	(1,089)	5,582		(210)	(261)	(19.6%)
Profit (loss) from operating activities	50,645	41,805	21.1%	52,221	41,095	27.1%
Operating margin	11.0%	9.7%	130 bp	11.3%	9.6%	180 bp
Non-operating profit (loss)	(2,359)	4,057		(2,359)	4,057	
Profit (loss) before tax	48,285	45,862	5.3%	49,862	45,152	10.4%
Income tax expense	(11,646)	(7,894)	47.5%	(11,646)	(7,894)	47.5%
Profit (loss) attributable to noncontrolling interests	318	388	(18.0%)	318	388	(18.0%)
Profit attributable to owners of parent	36,322	37,580	(3.3%)	37,898	36,870	2.8%
Net margin	7.9%	8.7%	(90 bp)	8.2%	8.6%	(30 bp)
EBITDA**	70,933	60,108	18.0%	72,509	59,399	22.1%
EBITDA margin	15.4%	14.0%	140 bp	15.8%	13.8%	190 bp

\* SG&A = Distribution costs + Administration expense

\*\* EBITDA= Profit from operating activities + Depreciation + Amortization

<sup>7</sup> Adjusted results are presented with the purpose of facilitating comparison, excluding restructuring costs and such expenses that are considered non-recurring items (NRI).

# VIÑA CONCHA Y TORO

— FAMILY OF WINERIES —

## Statement of Financial Position<sup>8</sup>

(Ch\$ thousand)	Sep.30, 2019	Dec. 31, 2018	Chg (%)
<b>Assets</b>			
Cash and cash equivalents	56,409,090	37,486,337	50.5%
Inventories	314,456,247	277,389,786	13.4%
Trade and other current receivables	187,515,414	193,256,718	(3.0%)
Current biological assets	15,717,812	20,782,597	(24.4%)
Other current assets	30,491,043	38,858,104	(21.5%)
<b>Current assets</b>	<b>604,589,606</b>	<b>567,773,542</b>	<b>6.5%</b>
Property, plant and equipment	419,240,203	391,263,749	7.2%
Inv. accounted for using equity method	24,366,026	21,262,939	14.6%
Other noncurrent assets	187,134,709	164,180,023	14.0%
<b>Noncurrent assets</b>	<b>630,740,938</b>	<b>576,706,711</b>	<b>9.4%</b>
<b>Assets</b>	<b>1,235,330,544</b>	<b>1,144,480,253</b>	<b>7.9%</b>
<b>Liabilities</b>			
Other current financial liabilities	140,979,385	129,149,694	9.2%
Other current liabilities	170,960,471	184,045,658	(7.1%)
<b>Current liabilities</b>	<b>311,939,856</b>	<b>313,195,352</b>	<b>(0.4%)</b>
Other noncurrent financial liabilities	249,018,811	189,594,090	31.3%
Other noncurrent liabilities	74,671,924	69,537,567	7.4%
<b>Noncurrent liabilities</b>	<b>323,690,735</b>	<b>259,131,657</b>	<b>24.9%</b>
<b>Liabilities</b>	<b>635,630,591</b>	<b>572,327,009</b>	<b>11.1%</b>
<b>Equity</b>			
Issued capital	84,178,790	84,178,790	0.0%
Retained earnings	506,284,183	481,812,864	5.1%
Other reserves	5,493,004	2,330,314	135.7%
<b>Equity attributable to owners of parent</b>	<b>595,955,977</b>	<b>568,321,968</b>	<b>4.9%</b>
Non-controlling interests	3,743,976	3,831,276	(2.3%)
<b>Equity</b>	<b>599,699,953</b>	<b>572,153,244</b>	<b>4.8%</b>
<b>Equity and liabilities</b>	<b>1,235,330,544</b>	<b>1,144,480,253</b>	<b>7.9%</b>

<sup>8</sup> \*In order to facilitate analysis, some accounts have been grouped.