



## 2Q18 RESULTS

# VIÑA CONCHA Y TORO

September 10, 2018

# FORWARD LOOKING STATEMENTS

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This presentation contains forward-looking statements, that should be considered as good faith estimates. Such statements are subject to risks and uncertainties outside of Viña Concha y Toro's control that could cause Viña Concha y Toro's actual results to differ materially from those set forth in the forward-looking statements. These risks factors include but are not limited to the risks factors in Item 3 – “Key Information –Risk Factors” in the 20-F Annual Report, and in those described in Viña Concha y Toro's Financial Statements, Note 5 (“Gestión de Riesgos Financieros”). Forward-looking statements speak only as of the date they are delivered, Viña Concha y Toro undertake no obligation to publicly update or revise them considering developments which differ from those anticipated.

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I. 2Q18 Results

II. 2022 Strategy Follow-Up

## I. 2Q18 - EARNINGS HIGHLIGHTS

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- New commercial strategy focused on value is reflected in higher average prices in Export Markets, Chile, USA, and Argentina exports.
- Restructuring process is delivering efficiency gains and savings.
- Volume resumes growth in Chile, after significant price increases.
- F/X headwinds and higher cost of wine.

## I. 2Q18 - RESULTS

(million Ch\$)	2Q18	2Q17	Change %	Change % Constant Currency
<b>Sales</b>	<b>151,291</b>	<b>158,916</b>	<b>(4.8%)</b>	<b>(0.5%)</b>
<b>Gross profit</b>	<b>49,451</b>	<b>53,307</b>	<b>(7.2%)</b>	<b>0.2%</b>
<i>Gross margin</i>	32.7%	33.5%	(90 bp)	20 bp
<b>Operating profit</b>	<b>14,677</b>	<b>16,896</b>	<b>(13.1%)</b>	<b>7.5%</b>
<i>Operating margin</i>	9.7%	10.6%	(90 bp)	70 bp
<b>Non-operating profit</b>	<b>3,140</b>	<b>(1,510)</b>		
<b>Net profit</b>	<b>13,536</b>	<b>11,535</b>	<b>17.3%</b>	
<i>Net margin</i>	8.9%	7.3%	170 bp	
<b>EBITDA</b>	<b>20,365</b>	<b>22,697</b>	<b>(10.3%)</b>	
<i>EBITDA margin</i>	13.5%	14.3%	(80 bp)	

## I. 2Q18 - CURRENCY IMPACT ON RESULTS

(million Ch\$)	2Q18	2Q17	Change \$	2Q17 Constant Currency	Change % Constant Currency	F/X Impact
Sales	151,291	158,916	(7,626)	151,996	(0.5%)	(6,920)
Cost of Sales	(101,840)	(105,610)	3,770	(102,624)	(0.8%)	2,986
Gross profit	49,451	53,307	(3,855)	49,372	0.2%	(3,935)
SG&A	(34,469)	(36,286)	1,817	(35,588)	(3.1%)	698
Other income - exp. by function	(305)	(125)	(180)	(125)	144.4%	0
Operating profit	14,677	16,896	(2,219)	13,659	7.5%	(3,237)

### Constant currency analysis:

- Sales: A decline of Ch\$ 7,626 million is explained in Ch\$6,920 million by f/x impact. In constant currency, Sales declined 0.5%.
- Gross Profit: A decline of Ch\$3,855 million comprises f/x impact of Ch\$3,935 million. In constant currency, Gross profit grew 0.2%.
- Operating Profit: A decline of Ch\$2,219 million comprises f/x impact of Ch\$3,237 million. In constant currency, Operating profit grew 7.5%.

## I. 2Q18 - REVENUE IN EXPORT MARKETS

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	2Q18	2Q17	Change%
Revenue (million Ch\$)	101,544	106,421	(4.6%)
Revenue (Thousand US\$)	162,912	160,115	1.7%
Volume (million 9-liter case)	5.79	6.14	(5.7%)
Average Price (US\$ / liter)	3.20	2.96	8.0%

- Export sales (US\$) grew in Europe (+3.5%) driven by United Kingdom (+10.5%). Positive growth in Belgium (+21.9%), Switzerland (+224.4%), Finland (+5.4%), and Norway (+5.1%). Other regions of growth were C. America and Caribbean (+3.6%), South America (+1.5%), and Others (+15.6%).
- Exports declined in USA (-4.5%), Canada (-1.8%), and Asia (-1.4%).

## I. 2Q18 - REVENUE IN CHILE DOMESTIC MARKET

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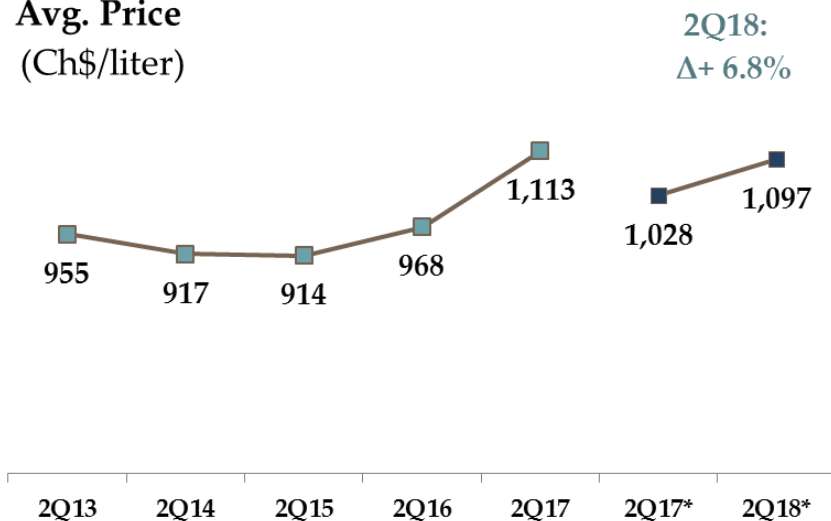
	2Q18	2Q17	Change%
Revenue (million Ch\$)	19,461	17,725	9.8%
Volume (million 9-liter case)	1.97	1.92	2.9%
Average Price (Ch\$ / liter)	1,097	1,028	6.8%

- Premium wine value up 13.4%, volume up 7.1%.
  - Casillero del Diablo: +11% value, +3% volume.
  - Marques de Casa Concha: +10% value, +15% volume.
  - Cono Sur Bicicleta: +29% value, +16% volume.
- Non-premium value up 8.5%, volume up 2.5%.

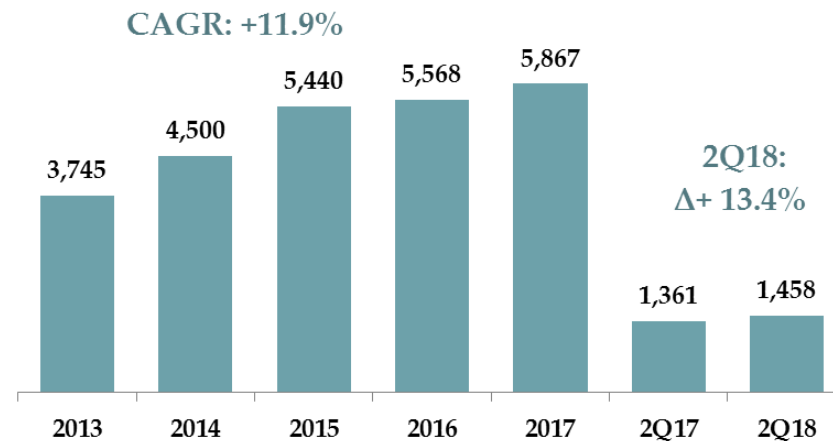


# I. 2Q18 - REVENUE IN CHILE DOMESTIC MARKET

**Avg. Price**  
(Ch\$/liter)



**Premium Volume**  
(Th. Liters)



\*For a meaningful comparison with 2Q18, 2Q17 prices are restated according to IFRS 15 accounting rule adopted as of Jan-2018.

## I. 2Q18 - REVENUE IN USA (FETZER VINEYARDS)

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	2Q18	2Q17	Change%
Revenue (million Ch\$)	14,356	15,971	(10.1%)
Revenue (Thousand US\$)	23,010	24,033	(4.3%)
Volume (million 9-liter case)	0.45	0.51	(11.2%)
Average Price (US\$ / liter)	5.67	5.28	7.4%

- Higher prices were offset by a decline in volume mainly explained by logistical issues at a large distributor.

## I. 2Q18 - REVENUE IN ARGENTINA

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	2Q18	2Q17	Change%
Revenue (million Ch\$)	4,220	6,102	(30.8%)
Volume (million 9-liter case)	0.29	0.36	(19.7%)
Average Price (US\$ / liter)	2.62	2.89	(9.3%)

- Lower volume reflecting lower availability of wine and the Company's strategy of exiting less-profitable products.
- Higher average price of exports (+7.2% in US dollar) and in the domestic market (+7.9% in local currency).

## I. 2Q18 - COST OF SALES AND SG&A

(million Ch\$)	2Q18	2Q17	Change	Change%
Sales	151,291	158,916	(7,626)	(4.8%)
Costs of sales	(101,840)	(105,610)	3,770	(3.6%)
<i>Cost of Sales / sales</i>	<i>(67.3%)</i>	<i>(66.5%)</i>		<i>90 bp</i>
Gross profit	49,451	53,307	(3,855)	(7.2%)
<i>Gross margin</i>	<i>32.7%</i>	<i>33.5%</i>		<i>(90 bp)</i>
SG&A	(34,469)	(36,286)	1,817	(5.0%)
<i>SG&amp;A / sales</i>	<i>(22.8%)</i>	<i>(22.8%)</i>		<i>0 bp</i>

- Cost of sales/sales increased 90bp, from:
  - 6.7% higher cost of wine.
  - Lower dry cost.
  - Savings from restructuring.
- Outlook: Despite 36% volume increase in Chilean harvest, grape price remains at historically high level.
- SG&A declined 5.0% and SG&A/Sales remained at 22.8%, mainly due to lower expenses at our distribution subsidiaries.

## I. 2Q18 - ADJUSTED OPERATING PROFIT

(million Ch\$)	2Q18	2Q17
<b>Restructuring (ROIC)</b>		
Costs	368	445
Expenses	1,363	842
<b>Other Non Recurring Items</b>	375	0
<b>ROIC Costs + Expenses + NRI</b>	<b>2,105</b>	<b>1,287</b>

(million Ch\$)	2Q18	2Q17	Change	Change%
<b>Operating profit</b>	<b>14,677</b>	<b>16,896</b>	<b>(2,219)</b>	<b>(13.1%)</b>
<i>Operating margin</i>	9.7%	10.6%		(90 bp)
<b>ROIC Costs + Expenses + NRI</b>	<b>2,105</b>	<b>1,287</b>	<b>818</b>	
<b>Adjusted Operating profit</b>	<b>16,782</b>	<b>18,183</b>	<b>(1,401)</b>	<b>(7.7%)</b>
<i>Adjusted Operating margin</i>	11.1%	11.4%		(30 bp)

## I. 2Q18 - NON-OPERATING PROFIT

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(million Ch\$)	2Q18	2Q17	Change %
Net Financial Expenses	(2,645)	(2,627)	0.7%
Exchange Rate Differences	5,832	1,421	310.4%
Share of profit (loss) of associates and JV	(47)	(305)	(84.7%)
<b>Non-operating profit</b>	<b>3,140</b>	<b>(1,510)</b>	

- Higher exchange rate differences are explained mostly by the depreciation of Argentine peso.

## I. 2Q18 - CONSOLIDATED RESULTS

(million Ch\$)	2Q18 Reported	2Q17 Reported	Change %	2Q18 Adjusted	2Q17 Adjusted	Change %
Sales	151,291	158,916	(4.8%)	151,291	158,916	(4.8%)
EBITDA	20,365	22,697	(10.3%)	22,471	23,985	(6.3%)
<i>EBITDA margin</i>	13.5%	14.3%	(80 bp)	14.9%	15.1%	(20 bp)
Non-operating profit	3,140	(1,510)		3,140	(1,510)	
Net profit	13,536	11,535	17.3%	15,641	12,823	22.0%
<i>Net margin</i>	8.9%	7.3%	170 bp	10.3%	8.1%	230 bp

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I. 2Q18 Results

II. 2022 Strategy Follow-Up



## II. RESTRUCTURING PROCESS AND COST SAVINGS

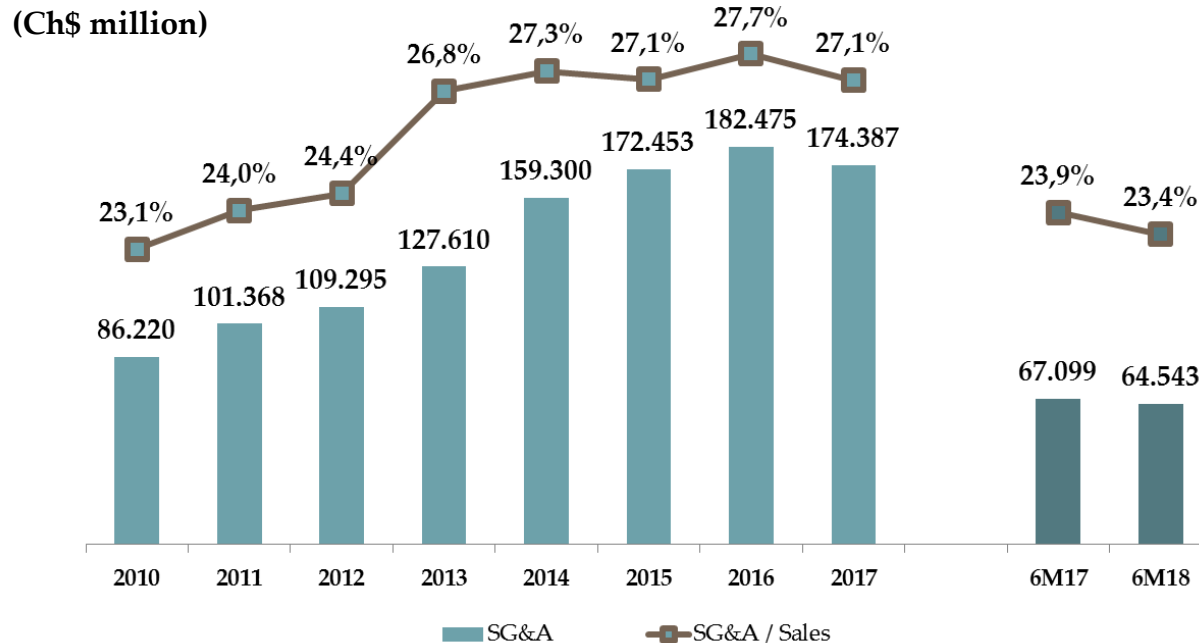
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- Net estimated savings of Ch\$18,800 million.
- As of Jun-18: 34% of completion of 2018 estimated savings.

(Ch\$ million)	2017	2018	2019	Full Year
Efficiencies and synergies from program	4,383	10,466	17,656	18,802
Severance payments and consultancy fees	(3,153)	(4,460)	(1,298)	
Net savings	1,230	6,006	16,358	18,802

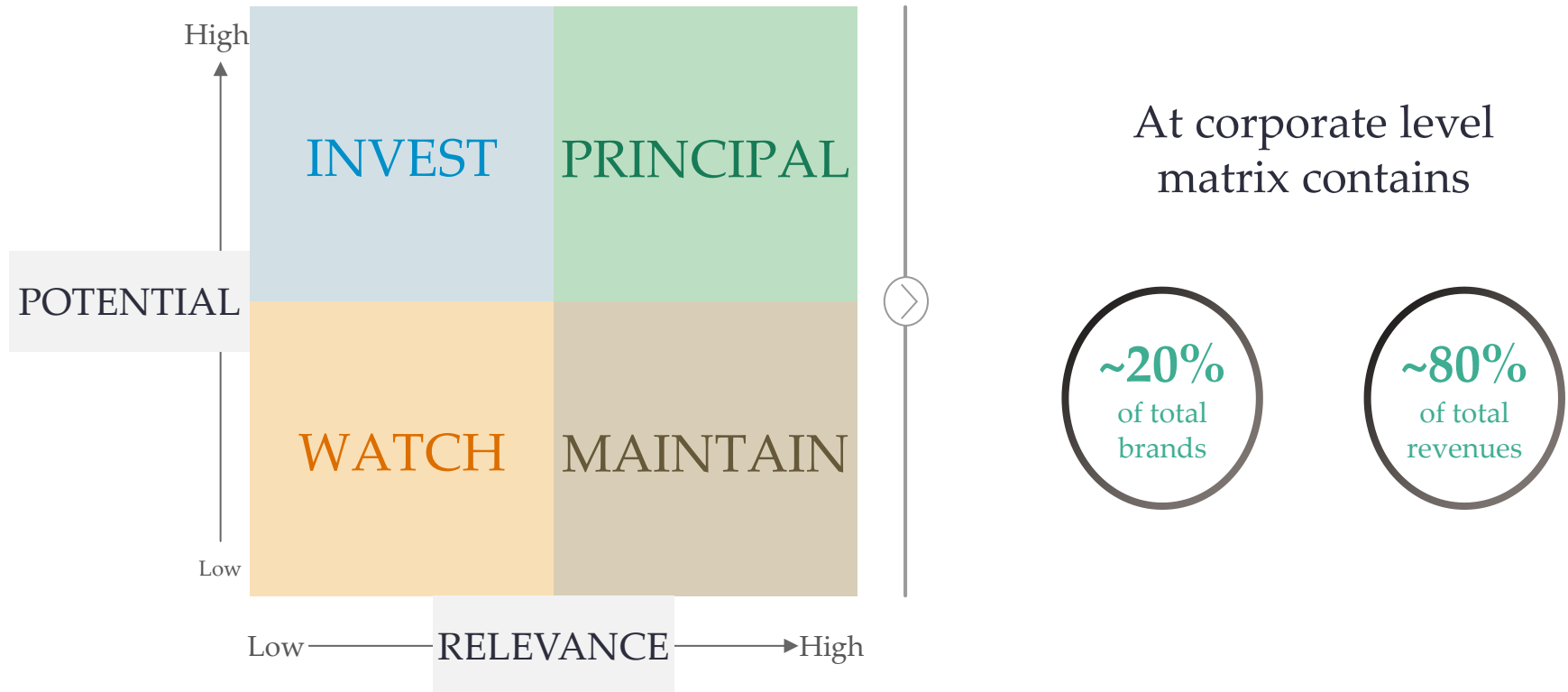
## II. POSITIVE EVOLUTION OF SG&A

- SG&A down 3,8% yoy, to 23.4% of sales. 50 basis points lower than 6M17.
- Adjusted SG&A was 22.6%, down 80 basis points.
- SG&A/sales for June 2017 was restated from 27.3% to 23.9%, according to IFRS 15.

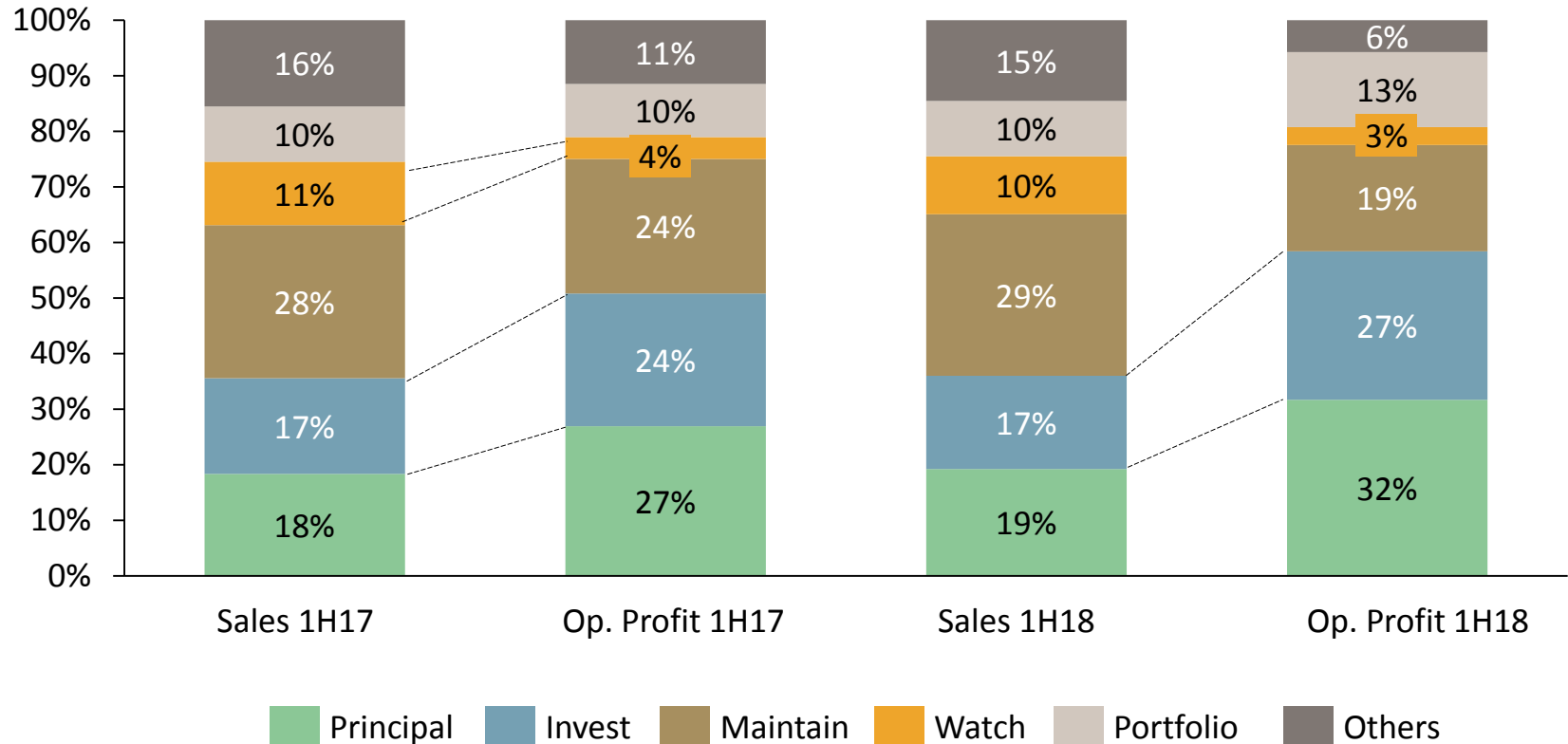


## II. BRAND MATRIX: NEW FOCUS FOR OUR COMMERCIAL STRATEGY

- Commercial area working with brand matrix tool.
- Portfolio rationalization: from 304 brands in 2017 to 222 brands in 2018.



## II. INCREASING CONTRIBUTION OF PRINCIPAL AND INVEST BRANDS

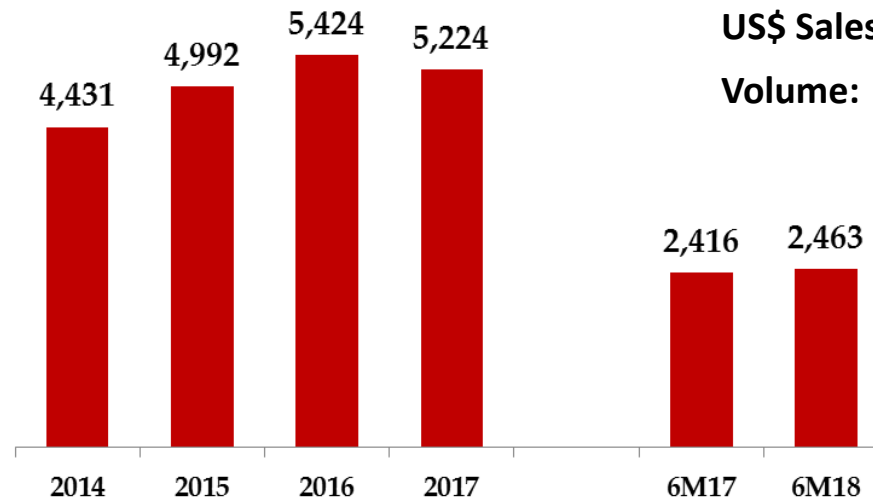


## II. CASILLERO DEL DIABLO BRAND: GROWING IN VOLUME & VALUE

- Sales driven by Chile, UK, Ireland and Denmark
- Line extensions at higher price points, representing 6% of value.
- Launch of Diablo in Europe, Central America, and Chile.



(Th. 9-1 cases)



**6M18:**

**US\$ Sales: +11.4%**

**Volume: +2.0%**

## II. 6M18 - CONSOLIDATED RESULTS

(million Ch\$)	6M18 Reported	6M17 Reported	Change %	6M18 Adjusted	6M17 Adjusted	Change %
Sales	275,733	280,396	(1.7%)	275,733	280,396	(1.7%)
Gross profit	88,852	91,799	(3.2%)	89,441	92,434	(3.2%)
<i>Gross margin</i>	32.2%	32.7%	(50 bp)	32.4%	33.0%	(50 bp)
SG&A	(64,543)	(67,099)	(3.8%)	(62,442)	(65,680)	(4.9%)
<i>SG&amp;A / Sales</i>	23.4%	23.9%	(50 bp)	22.6%	23.4%	(80 bp)
Operating profit	24,348	24,650	(1.2%)	27,412	26,703	2.7%
<i>Operating margin</i>	8.8%	8.8%	0 bp	9.9%	9.5%	40 bp
Non-operating profit	2,451	(3,778)		2,451	(3,778)	
Net profit	19,998	15,340	30.4%	23,062	17,393	32.6%
<i>Net margin</i>	7.3%	5.5%	180 bp	8.4%	6.2%	220 bp
EBITDA	35,482	35,463	0.1%	38,547	37,516	2.7%
<i>EBITDA margin</i>	12.9%	12.6%	20 bp	14.0%	13.4%	60 bp



## 2Q18 RESULTS

# VIÑA CONCHA Y TORO

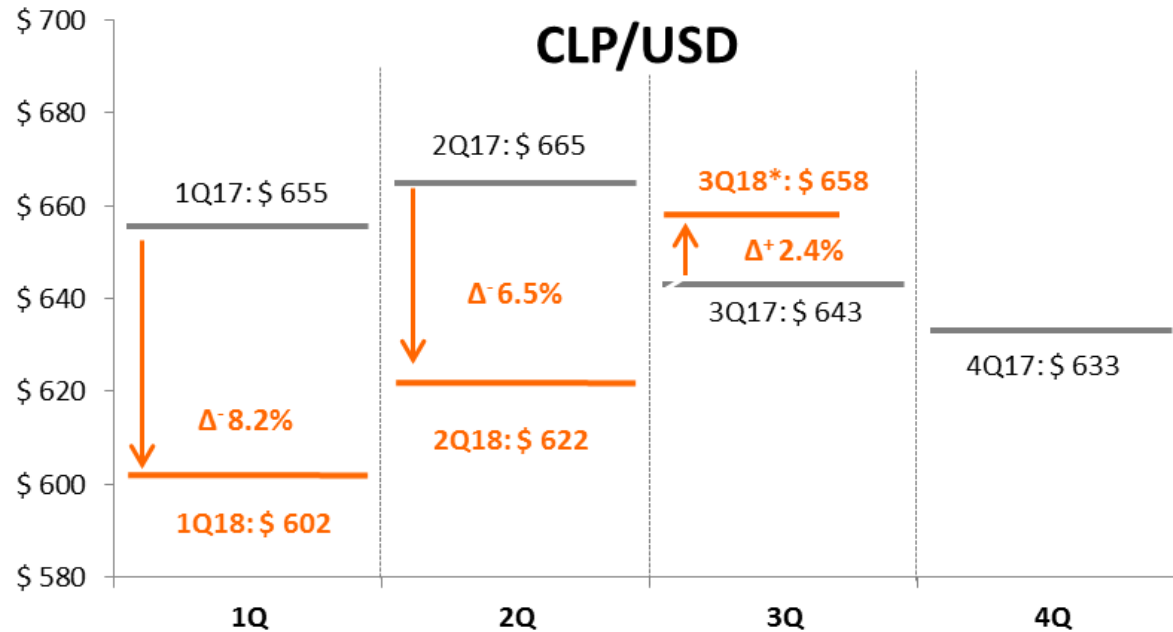
September 10, 2018

# SALES CURRENCY MIX

Sales Currency mix	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18
CLP	18.7%	19.8%	19.2%	19.7%	20.9%	19.1%	21.8%	19.8%	20.4%	23.5%	20.6%
USD	35.6%	36.8%	39.2%	36.2%	34.9%	34.8%	34.5%	39.5%	36.0%	30.3%	33.6%
GBP	18.0%	17.2%	15.0%	17.7%	18.1%	19.5%	17.8%	15.5%	17.5%	19.4%	21.0%
EUR	9.7%	11.2%	9.2%	10.2%	10.7%	8.6%	10.5%	9.3%	9.9%	11.7%	8.2%
BRL	7.5%	5.4%	5.7%	5.4%	3.1%	7.7%	4.8%	4.2%	4.9%	2.7%	6.3%
CAD	3.7%	3.4%	3.4%	3.4%	4.1%	3.1%	3.5%	3.3%	3.5%	4.1%	3.1%
MXN	2.4%	1.9%	3.7%	2.7%	2.9%	2.3%	2.0%	4.0%	2.8%	3.1%	2.8%
SEK	2.5%	2.2%	2.2%	2.5%	2.7%	2.7%	2.6%	2.2%	2.5%	2.8%	2.5%
ARG	1.3%	1.3%	1.3%	1.1%	1.6%	1.3%	1.7%	1.2%	1.5%	1.2%	0.8%
NOK	0.8%	0.8%	1.0%	0.9%	1.0%	1.0%	0.9%	1.0%	1.0%	1.1%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

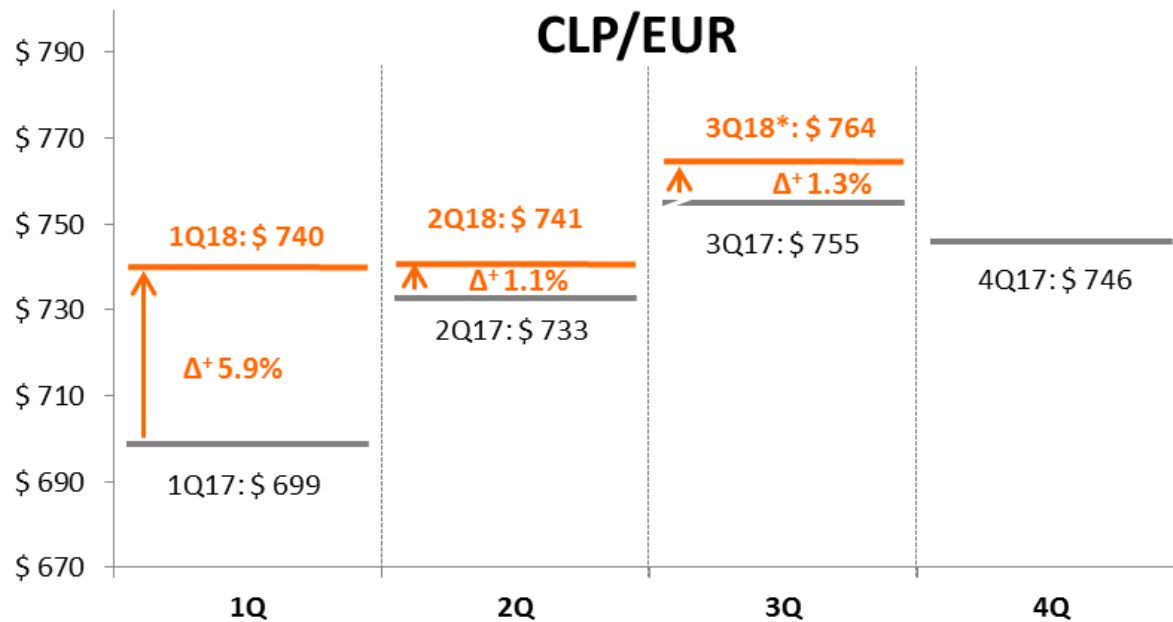


# AVERAGE EXCHANGE RATES



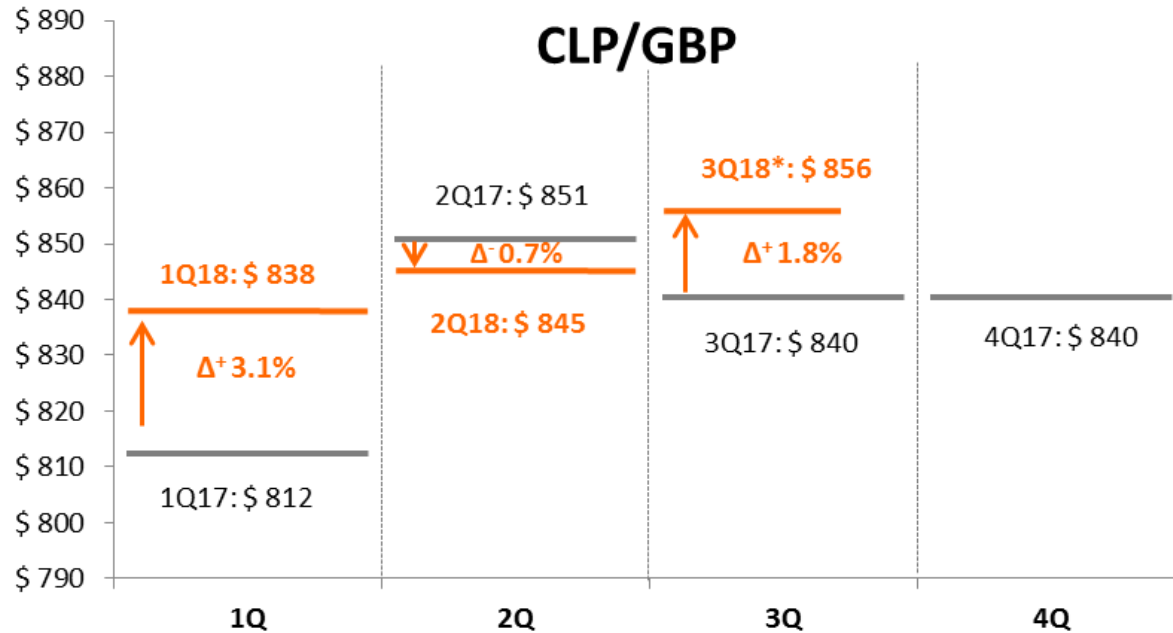
\*3Q18 up to September 09, 2018.

# AVERAGE EXCHANGE RATES



\*3Q18 up to September 09, 2018.

# AVERAGE EXCHANGE RATES



\*3Q18 up to September 09, 2018.