



**CONFERENCE OF THE 2015 FOURTH QUARTER AND FULL YEAR RESULTS  
GRUPO NUTRESA**

February 29, 2016 – 8:00 A. M.

The original audio of the conference is available at:

[http://www.gruponutresa.com/sites/default/files/clip-1100802-dl\\_aud-es.mp3](http://www.gruponutresa.com/sites/default/files/clip-1100802-dl_aud-es.mp3)

The slide presentation of the results is available at:

[http://www.gruponutresa.com/sites/default/files/grupo\\_nutresa\\_-\\_resultados\\_4t\\_2015\\_esp.pdf](http://www.gruponutresa.com/sites/default/files/grupo_nutresa_-_resultados_4t_2015_esp.pdf)

**Alejandro Jiménez:** Good morning to everyone. We want to thank you for your interest in Grupo Nutresa and your connection to the conference on the 2015 Fourth Quarter and Full Year Results. Joining me at the table are Carlos Ignacio Gallego, Grupo Nutresa CEO; José Domingo Penagos, Vice President of Corporate Finances; Santiago Escobar, Director of Corporate Finances, and myself, Alejandro Jiménez; Director of Investor Relations.

After the presentation that the CEO and Vice President of Corporate Finances will make on the last quarter and the full year, we will begin the question and answer session. The questions that we receive in the Webcast will be read literally. This conference will last a maximum of 60 minutes, or less if no more questions are received. If we have more questions after these 60 minutes, we invite you to send them to our Email or we may address them by phone.

I now present Carlos Ignacio Gallego, Grupo Nutresa CEO.

**Carlos Ignacio Gallego:** Good morning. Welcome to the conference to present the results corresponding to the end of 2015. Before talking about sales and profitability, I ask that we move on to slide number 2, where we share the events of interest that have occurred since our last conference. First, we are pleased to tell you that, for the second consecutive year, we have received the “Silver Class” distinction from the RobecoSAM Sustainability Yearbook 2016. With this step, Grupo Nutresa has established itself as the third best company in the food sector in the world for its management in sustainability, being the company that had the best performance in measurement variables, such as risk and crisis administration and codes of conduct in the economic dimension. In the environmental dimension, we were recognized for risk management related to water and packaging, while in the social dimension, we received recognition for corporate citizenship, labor practice and human rights indicators and social reporting. We give full importance to this achievement, as we believe that sustainability is a key strategy in Grupo Nutresa linked to the ability to successfully survive and generate value in the long term.



Secondly, noteworthy is the fact that *Compañía de Galletas Noel*, which is the foundation of our biscuit business, celebrated its first 100 years as an example of continuity in the food business in Latin America.

Now, we will go to slide number 3 and we will initially focus on the report of accumulated sales in 2015 in Colombia as well as in international markets. In Colombia, we registered sales for COP four trillion 915 billion (COP 4.915,8/miles de millones), growing 17,4% in the year, which is a quite significant growth. Of these sales, organic sales were COP four trillion 552 billion (COP 4.552,7/miles de millones), growing 8,7%, which was achieved with a 3% growth in volume and 5,6% in prices. This is a significant balance between volume and price. Since the last conference, we want to mention the effort we are making to implement – intelligently – pricing strategies, trying to have the lowest possible effect on volume, while always protecting profitability; this effort will continue while market conditions require us to do so.

When we look at the businesses, in this slide we can see that we have growth of 7,7% in Cold Cuts; 11,5% in Biscuits; 10% in Chocolates; 5,8% in Coffee. There is no comparison in Retail Food because we have not consolidated the entire year, but only as of March. In Ice Cream, there was a 5,1% growth; and in Pasta, 8,5%. Under each one of the bars of the Business Units, you can appreciate the increases in volume and price. Please look at the two businesses where we had downturn. First, in the Chocolate Business, where there was a decrease of 1,3%. In this case, the Chocolate Business had the challenge of high increases in the price of cocoa as a commodity and increases in other supplies, such as sugar, especially due to the effect of exchange rates. For these reasons, there were price increases above the other businesses, which – in part – affected volumes, a trend where we are seeing some changes in 2016. As for the Ice Cream Business, there was a 0,6% decrease and price increases of 5,8%. When we look at the last quarter, we can observe the fact that the Ice Cream Business had significant changes in volume.

As for international sales, we registered sales for USD one trillion 98 billion (USD 1.098,1/mm), a decrease of 4,1% in Dollars; this means COP three billion 29 million (COP 3.029,6/miles de millones), a rise of 32%. The decrease in Dollars is given primarily by two factors in the full year: first, because of the devaluation of Latin American currencies against the Dollar; and, second, for the effect of Venezuela, mainly in the first three quarters of the year. International sales, without Venezuela, decreased 1,9%. These sales abroad represent 38,1% of total sales, very important for Grupo Nutresa. When we look at them one by one, Cold Cuts decreased 15,6%; without Venezuela, it would have grown 7,5%. Biscuits grew 5,1% in Dollars. Chocolates decreased 0,9%, affected primarily – as we mentioned – by currency devaluations. Tresmontes Lucchetti (TMLUC) shows a decrease of 11,4%. Mexico and Chile devaluated against the Dollar. Really, in Chilean Pesos TMLUC grew 2,6%. Coffee decreased 2,5%. There are some changes in seasonal sales and we recorded a significant growth that shows how the diversification strategy – from the point of view of geographical regions – is interesting and contributes quite a bit to Grupo Nutresa's growth.



I would like to highlight that, in volumes, international sales grew 2,1%, which is healthy in terms of international sales.

I invite you to move on to slide number 4. When we combine sales in Colombia with international sales, we recorded total sales, in 2015, for COP seven trillion 945 billion (COP 7.945,4/miles de millones), growing 22,6%. This is an outstanding growth. Organically, we grew 17%. If you look at the bars, all the businesses grew. Both Grupo Nutresa as well as four business had double-digit growth. This graph is interesting because it also shows you the businesses ordered by the magnitude of sales. The largest business is Cold Cuts, which grew 9,4%, followed by Biscuits, which grew 25,8%; Chocolates, 18,7%; TMLUC, 21,5%; Coffee, 15,4%. For the reason we mentioned for not consolidating the full year, Retail Food does not show any figure. Ice Cream grew 5,1% and Pastas, 8,7%. These results are very positive in the midst of some challenging conditions, which are supported in our strategic pillars: strong, well-known, popular brands; powerful distribution; and an administration with the best human capital possible.

When we look in particular at slide number 5 – Sales for the Quarter – let me begin by saying that this quarter has a very particular seasonality, especially in profitability because, due to the effects of adopting the International Financial Reporting Standards (IFRS), there is a higher concentration of expenditures because in the IFRS, provisions are handled differently. So we had sales in the quarter, in Colombia, for COP one trillion 363 billion (COP 1.363,4/miles de millones), growing 19,5%. This shows that growth was higher than the growth of the full year, which – as we stated before – has been 17,4%. Organic sales were COP one trillion 244 billion (COP 1,244.1/miles de millones), growing 9,1%; in the previous year, organic sales grew 8,7%.

When we look at the businesses, all of them also grew. Two of them – Biscuits and Ice Cream – increased over 10%; if we look where this rise comes from, 9,1% comes from a 0,9% growth in volume and 8,1% in prices. This growth is due to the application of the pricing strategy that I mentioned. Here we have a greater affectation of volume, as well as reaping the benefit of price increases that were made gradually during the year. As for the businesses, one by one: we can see only two with a decrease: Chocolates, which decreased 3,5%, when the total increase in prices was 13,8%. I would like to clarify here that we did not transfer all the increases in costs to consumers, precisely to protect market shares; and Pastas, which decreased 4,1%. But, a positive aspect, is that the Ice Cream Business registered a growth of 1,6%.

In the quarter, international sales recorded sales for USD 293.7 million. This is a decrease of 1,5%, primarily due to the devaluation of Latin American currencies. These are COP 897 billion (COP 897 mil millones), growing 38,5%, with devaluation as a driver of sales in Pesos. In the last quarter of the year, these international sales represented 39,7% of total sales. And in particular, Cold Cuts grew 23%; Biscuits, 4,1%, Chocolates decreased 1,9% and in Tresmontes Lucchetti, they decreased 14,3%. I would say that something is marking the devaluation, but also last summer, this was not very marked and, especially in cold instant beverages, we saw sales below normal in summer in Chile. In Coffee, sales decreased 9,6%; we had some exports



that were not made in December and were passed on to 2016. Retail Food grew 7,2%. In general, we had good performance in local currencies and, by combining both local and international sales, as seen on slide number 6, where we had a final quarter of the year with COP two trillion 261 billion (COP 2.261,0/miles de millones), representing a growth of 26,4%, which is excellent. Organically, we grew 19,7%. Here we see that Grupo Nutresa, and almost all the businesses, grew more than 10%. Only Pastas grew 9,3%, while three businesses grew more than 20%.

It was a very good quarter in trade and, again, we emphasize the importance of diversification, both in categories as well in geographical regions for Grupo Nutresa. This can be seen more broadly in the following slide, number 7, where you can observe the fact that sales abroad for 38,1% gained ground. Colombia accounted for 61,9% of sales, so Colombia is the first geographic region. The second geographical region is Central America, with 9,2% of sales. In Central America, we have a solid platform, with a broad portfolio, good distribution capability, with strong brands and, in general, in this region during the year, we faced good dynamics in the regional economy. It is a region that practically does not devalue. The third geographical region that we believe is very interesting to comment on is the United States. There we have 8,2% of sales; we have advanced in taking advantage of the crackers brownfield, which – during 2015 – moved forward. There was good economic performance in the regions where we are present and where we enjoy greater competitiveness that the exchange rate gives us. So, in order the geographical regions are Colombia, Central America, the United States; the fourth geographical region is Chile, where we had a macro environment with some decrease compared to 2014 and a high level of competitiveness. There we were focused on expanding the portfolio, in developing the brownfields and consistently improving our distribution capability. It is a very important geographical region, where we continue to progress and we have big plans for the future. As for Mexico, I just want to point out that we are developing our brownfields in pastas and powdered beverages, and we are also working to have a larger portfolio and rely on the good distribution base we have. In Peru we are still small. For the size of Peru, we want to expand our product portfolio and leverage the capabilities of Peru as an export platform.

So from the commercial aspect we have a very good year both in Colombia and abroad. And in Colombia, I would like you to look at slide number 8, because when I mentioned that we were going to apply pricing in the most intelligent way possible so as not to affect our shares and that volumes – knowing that they could be diminished – would be done in the best way possible, I am pleased to tell you that, in Colombia, once again we have a record in weighted market share. We reached 61,1%, growing 0,5% over last year. As you can see, in Cold Cuts we reached 73,5%, growing 0,2%. In Biscuits, 55,9%, growing 0,8%. In Chocolates, we have two scenarios: In chocolate confectionary, we reached 67,2%, growing 0,6%; in nuts, a category that has a lot to do with the trend in nutrition and healthy eating, we reached 54,9%, growing 5,6%. Also in fine chocolates we reached 62,1%, a decrease of 1,1%. And in milk modifiers, we decreased 0,4%, reaching 25%. This is a mixed performance but very favorable, above all because confectionary and nuts are the categories where we see greater strength in the future, and it is interesting to maintain these positions.



In roasted and ground coffee, we decreased 1,6%, to 54,2%, but in soluble coffee we grew 0,4%, reaching 42%. In Chile we had a decrease of 0,7% in instant beverages; we are at 62,5%. We had a decrease of 1,4%, reaching 27,4%. In coffee, there was a decrease of 0,3%, reaching 16,2%. In potato chips, there was a decrease of 0,4%, reaching 13%, and in cold instant beverages (CIB), in Mexico, we grew 1%, reaching 31,6%. IN TMLUC, as well as in Colombia, we applied pricing strategies, trying to protect our profitability to have a proper balance between growth and profitability, which is our objective: profitable growth. Ice cream is not reported because we do not have a reliable measurement; in pastas, we decreased 0,1%, reaching 52,5%. So, this pricing strategy that we have been implementing seeks to maintain affordability of the portfolio, boost categories with constant innovation and always keeping the promise of offering the value of our brands to consumers. As you can see, in some ways the paradigm has been broken, where people think that whenever a leader raises prices, it loses a share; in this case, we have maintained some good shares.

Delving a little into the issues of profitability, I invite you to look at slide number 9, to comment on the behavior of our raw materials. Grupo Nutresa's commodity index can be seen to the left of the slide; it registered a favorable performance in Dollars, but – when converted to Colombian Pesos – this favorable aspect become unfavorable. The diversification of our commodities basket allows us to decrease the risk associated with price changes. You can see that, among the elements of costs, packaging material is that which has the greatest importance, reaching 13,3% of the total cost. As for raw materials, the highest would be coffee, with 8,5%. It is very important that in this diversification of Grupo Nutresa, we do not depend on a single commodity. In handling these raw materials, we have used world-class strategies; we hedge future operations, supervised to cover that volatility; we do not use them speculatively and we have all the controls to work well. Second, we handle physical inventories where possible and we conduct operations when conditions recommend it. This has allowed us to mitigate these risks and manage the effect of the exchange rate in a balanced manner. I have maintained in these conferences during the year that the variation of the exchange rate is both a risk and an opportunity and that our responsibility as administrators is to mitigate risks and capture opportunities.

Next, I'll give the floor to José Domingo Penagos, our CFO, who will explain the evolution of the accumulated and the fourth quarter EBITDA. Please continue, José Domingo.

**José Domingo Penagos:** Thank you Carlos Ignacio. I invite you to move on to slide number 10, where we can analyze the accumulated profitability of the year for the entire Grupo Nutresa and each one of the businesses. First, as a general comment, I would emphasize that the EBITDA margin as of December 2015 was 12,3%; it has a remarkable rise of 16,7% – a double-digit growth over that registered last year – and considering the pressures that we had throughout the year in costs, primarily in raw materials, which is derived from the sustained increase in the exchange rate throughout the year. We believe that this is a very good result in profitability and is explained in the pricing strategy on which Grupo Nutresa focused, in



productivity, in management of marketing, the product mix, and innovation. Anyway, it was a year in which we applied all possible levers to remain within the range of 12% to 14%.

We also have to consider that during the previous year we had enabled a number of brownfields, as we have mentioned in our conferences in different geographic regions: in Chile, Mexico and in the United States. So this also has an effect on the margin. The margin, ending at 12,3%, becomes 12,6%, if we discount the effect of these projects, or of those brownfields in the different geographical regions that I just mentioned. This is done generally for Grupo Nutresa.

In the business-by-business evaluation, we see that the Cold Cut Business presents a stable margin if we compare it to the same period last year, with the same close of 2014. We have a slightly higher increase in EBITDA than the increase in sales and it is a double-digit growth. I would also remind you that Cold Cuts is the business that has very few Dollars as exports. We have an operation mainly in Panama, a small operation and, obviously, there is the topic of Venezuela, but it is a business that receives the impact of the Dollar more in its costs than in its income. So, applying all the strategies described above, it ends in the range for all of Grupo Nutresa and ends at 12,2%.

Biscuits, which is the most international business, has the effect of crackers brownfield in Abilene. Biscuits ends at 11,9% of the EBITDA margin, but this project has an impact of 0,5%, ending at 12,5%; if we discount the brownfield effect the EBITDA would end up growing 15% over last year. Although the margin is below the target range of Grupo Nutresa, in Chocolates we had to apply all the marketing and pricing strategies to balance this profitability during the year. As we have mentioned, Chocolates also has a double impact: cocoa was at its highest point and the exchange rate was at its highest point; for this reason, the EBITDA margin ends at 9,8%.

Then we have the Tresmontes Lucchetti business, which ends at 10,5%. It also has the effect of these brownfields in Chile and Mexico and, if we discount this effect, the EBITDA margin would end at 12,2% and would be within the range. Then there is Coffee, with a very outstanding EBITDA, well above the range that we have set for all of Grupo Nutresa. This is where the exporting strategy of the business is combined; the business has a very good portion of its sales in Dollars and some favorable coffee costs throughout the year. We have applied hedging strategies in coffee, primarily in physical hedges; this will continue this year. We have had it every year and this year it is situated in a very prominent margin of 17,4%. After this is Retail Foods; remember that here are all the businesses that make up Grupo El Corral and the ice cream parlors we have in Central America and in the Dominican Republic. On the issue of Ice Cream, what we had was a first semester basically affected by climate topics. To the extent that the climate improved toward the second semester, toward the end of the year, this business achieved a margin of 13,8%, almost at the end of the range that we have established, and achieved significant growth of 6,6%. And, finally, Pastas, which presents higher levels both in margins as well as value over those presented in the same period last year.



Overall, impacts on costs are due to the exchange rate that we managed with the set of tools I described before and an impact of nearly 30 basic points for the brownfields that we are developing primarily outside of Colombia; this is a general overview for the entire year to close 2015.

Now let's look at the quarter, which also has some peculiarities, especially the item regarding expenses. If we look at slide number 11, we see how the EBITDA ended at COP 246 billion (COP 246 mil millones), a significant growth of 29,6%, but a margin of 10,9%, below the range. So here is what I have also said, first generally, while the period represents a really low margin of 12% to 14%, we cannot consider that it affects our commitment to remain in that range throughout the year. Here there is a special seasonality with the topic of the IFRS and basically it is how expenses are recorded. In the IFRS, there is no way to make provisions, which was a very useful tool to "linearize" these expenses; however, they are not applied as they arise. And the last quarter is particularly strong in these expenses in all of Grupo Nutresa and in each of its business units. This had a significant effect. Still, during the fourth quarter we have a margin of 10,9%, higher than that of 10,6% last year. Here we show how this year and last, there is a seasonality primarily in these expenses. We also have a lower effect caused by the impact of excluding the projects under development. Of this 10,9%, we could record a margin of 11,2% by excluding this effect. And, once again, I would highlight the growth of EBITDA, which is superior to the increase we just presented in the section on sales.

Quickly, by business units, we have a Cold Cut business that improves its margins due to the success of the operation in general. In local terms, there are some increases in prices, especially in the last quarter. I would also remind you that the slope of increase of our prices was after the second quarter. In the first quarter of the year, we practically did not move it, not because of the exchange rate. The exchange rate did begin a very accelerated rise at the beginning of the year; it was very marked in the first quarters and very stable throughout the year. This business had more price increases at the end to level profitability. Biscuits had the largest effect of devaluation in the last period in raw materials, which affects it. In fact, the quarter ended in 9,6%, below the double digit. Here also is the effect of crackers, which would end at 10,4% if we discounted this effect.

Chocolates is the same effect that I described throughout the year. However, this increase in prices that we applied toward the end of the year managed to compensate this cost of the raw material, primarily due to devaluation, and end at a margin higher than the same period last year, which – if you remember – had ended the previous year at 9%. In Tresmontes Lucchetti, the effect versus the same period of the previous year is positive; however, its margin is affected by the greater cost of the exchange rate and of stable prices, as well as the projects that we have described in Mexico and Chile. Coffee is a business with a marked particularity in the expenses that I just mentioned; for this reason, it ended at 12,4%, a marked decrease from 19,4%, but in the accumulated total for the year, as we have seen, it has an outstanding margin. We cannot extrapolate this last quarter from the rest of the year, considering the current year. We have some very good hedges, primarily in physical inventories which will help us to maintain



very good profitability. Coffee is a topic marked more by expenses for the quarter, but it has a very strong performance throughout the year.

In Retail Food, there is an excellent result both in Colombia and abroad, with the highest result in the quarter, including the accumulated results. As I described now, Ice Cream so far this year has a very good recovery of its already normalized margin; climate favored it, innovations worked very well and we were able to get ahead toward the end of the year. And Pastas was affected primarily due to the cost of its principal raw materials in Pesos, but not in Dollars. This was general for the quarter.

Let's look at slide number 12 to evaluate the accumulated P&L for the year. Here, we usually divide this into two sections: first an operational section which we have referred to in the commercial section and in the EBITDAs, and then a post-operational income. In this first operational section, we have very good sales performance, which we have described. We have a slightly higher growth of cost, 24,6% over 22,6% due to the effect we have described of the Dollar on raw materials. And it is primarily for this reason that there is a decrease of nearly 90 basic points in the gross margin.

This was a constant that we had throughout the year and this is reflected here, in the final result. However, this gap was narrowed during the year. We began with differences of more than 4% basic; we cut it during the year until reaching these results that we present today. There is also an important effect in efficiency of sales expenses, which present an increase of 25,5% due mainly to the effect of the consolidation of Grupo El Corral. We must analyze this organically and these sales expenses would grow 15%, well below the organic growth of income that, without computing Grupo El Corral, is 17%. So we have efficiency in both sales expenses as well as in administrative expenses that we present here, growing 13,2%. When we exclude the effect of Grupo El Corral, there is an 8,6% increase over organic growth, which I just mentioned was 17%. So, without computing the effect of Grupo El Corral we have an adequate efficiency in expenses at the end of the year. This, from the operational point of view, allows us to end with an operational profit of COP 782 billion (COP 782 mil millones), growing 15,8%. In the block of post-operational expenses, the effect is principally given for the acquisition of Grupo El Corral and is in the financing, so we have greater leverage, and for this reason, the financial expense rises from COP 170 to 234 billion (170 a 234 mil millones). This is the most marked effect of the post-operational area.

We have also reflected the dividends of our investments in *Sura* and *Argos*, COP 47 billion (47 mil millones) during the year. And there are some gains for managing Grupo Nutresa hedges, which presents some income for the difference in the non-operational net exchange rate. Remember, the idea is not to speculate; it is to cover, but in such a volatile year with the exchange rate, like the one we just ended, there is significant revenue for Grupo Nutresa. We also have discontinued operations. Here we have a difference between 2015 and 2014. Remember that in 2015, expenses reflected here due to transferring the production of cold instant beverages from Chile to Mexico. In 2014, what we had was the close of operations





between TMLUC in Peru and in Argentina, which presents this difference in the discontinued operations between 2015 and 2014. And, finally, in income tax, we must consider that in 2014 we had income of an accounting nature, a deferred tax of COP 176 billion (176 mil millones), which corresponds to tax credits for operations outside of Colombia that – due to international accounting standards – must be recorded as income in advance. So, by excluding this income from the accounts, income tax grew 10% and net profit was also affected in the income tax by the income. And if we exclude this effect, growth would be 4,3%; that is, we would have a net profit decreasing to 27,1%, but comparing, without this extraordinary income, registered in 2014 – which I remind you does not constitute cash income; it is deferred income – the comparable growth would be 4,3%. This is for all the close of 2015.

Now, let's look at slide number 13, to analyze the income statement for the quarter. There is a result on the top line, very similar to that for the year, which is very much in line with the closing of these accumulated results. In the quarter we see a very good 26,4% growth of sales and if we calculate the organic growth, it is 19,7%, also a very strong increase. When we exclude the income that Grupo El Corral brings us, we also see a slightly higher growth in costs: the same constant throughout the year of costs over income. However, the average increase in prices of Grupo Nutresa partially offsets these costs, as evidenced in the accumulated result.

There is also an efficiency in operational expenses, which increases in a lower proportion to sales, allowing the compensation of the gross margin. And at the post-operational level, it is also quite in line with the accumulated figures: In the quarter we have some financial expenses that are higher than those of last year, largely in line with the accumulated, and in the item of Other Expenses, we have a greater expense due to the monetary correction in Venezuela. In income tax for 2014, the extraordinary income we mentioned in the accumulated figures is presented fairly in the month of December; when this item is excluded, the net profit of 2014 would be COP 3,600 billion (3.600 millones) and the net profit of 2015 would grow 22,3%. In this quarter, specifically, the effect that we mentioned is marked; thus, the difference. It is necessary to make it comparable. This is at the level of the financial statements for the accumulated results and the quarter.

Finally, to end this section, let's look at slide number 14, where we present the level of indebtedness of Grupo Nutresa. Here we have some very good news: At the close of 2015, we ended with a net debt/EBITDA indicator of 2,88 times – as you can see in the graph – COP 2,8 trillion (COP 2,8 billones) of Grupo Nutresa's total net debt, and here it is also necessary to calculate the Proforma with Grupo El Corral for the full 12 months. If we make this calculation, this indicator becomes 2,84 times. We consider this very good news. Look at September: we were almost at 3,1 times; we were able to achieve this trend. And at the level of expectations, even for the year, we can share the fact that we have a target range to achieve indebtedness between 2,5 and 2,7 times this net debt/EBITDA. Grupo Nutresa's net debt, the cost of this debt, ended this closing at 7,5%; we had been at 6,7%. We actually feel how the impact – primarily because of the rise of inflation and for the rise and fall of reference rates – has affected Grupo Nutresa's debt. However, we believe that 7,5% is still a very reasonable cost, even very



competitive for today's market. This is at the level of indebtedness, both the indicator as well as the cost.

Here, we usually share the CAPEX with you. We have two CAPEX figures to give you: one is the accumulated CAPEX of 2015, which was COP 402 billion (COP 402 mil millones), equivalent to 5% over sales. Toward the end of the year we were completing these projects described earlier, in the distribution centers, mainly in Colombia, which made us have a slightly higher indicator than usual. This 5% is higher than usual. We should be between 3,5% and 4%, but towards the end of the year, we were completing these projects. Also here, in this first conference of the year, I want to share the CAPEX for the current year with you. The CAPEX for 2016 will be COP 380 billion (COP 380 mil millones). In fact, we wish to emphasize that these COP 380 billion (COP 380 mil millones) are lower in magnitude than the COP 402 billion (402 mil millones) with which we ended 2015.

This concludes this section on profitability and indebtedness and I give the floor, once again, to Carlos Ignacio to share his vision and perspectives for the current year and then we will open the session of questions and answers.

**Carlos Ignacio Gallego:** Thank you, José Domingo. Undoubtedly, the world of mass food consumption in the regions where we act will face a challenging panorama in the year, but this horizon is also a matter for companies like ours to apply the capabilities they have. We are convinced that, with innovation, with the development of channels and the evolution that is shaping the channels in these countries, we can extend our categories; with good marketing, we will continue to grow, not only in Colombia, but also internationally. This is a year where issues of productivity are key on all fronts and we are applying our global sourcing strategy, our pricing strategy and the strategy to improve internal efficiency so that prices will not necessarily be the only variable to play; this is just one of the variables. We are convinced that we will remain within the corridor of EBITDA that we have declared and we are moving consistently toward the Mega 2020. The year began well and we believe that it is a year where Grupo Nutresa, as I have said, based on its capabilities, will continue steadily toward this Mega that we have declared publicly.

I yield the floor to Alejandro to give us a space for questions and answers.

**Alejandro Jiménez:** As of this moment, we would like to open the session for questions and answers. We give way to the questions through the teleconference and we will intersperse them with those that we receive through the Webcast. Questions formulated through the Webcast will be read literally.

I leave you with the operator who will give you indications on how to direct your questions.

**Operator:** Thank you, ladies and gentlemen. If you have a question or comment at this time, please press the star key and number 1. If your question has already been answered or you would like to remove it from the list, press the pound sign.



Our first question is online from Andrés Soto, from *Santander*.

**Andrés Soto:** Good morning everyone and congratulations for the presentation and the results. My question is: delving a little into the issue of perspectives for 2016. If you look at 2015 and it was a very good year, you said that the organic growth in Colombia was 8,8%, 65% of this has been the effect of price and 35%, the effect of volume. If you consider that 2016 will be a more challenging year, as you mentioned, how should we think that this distribution of growth between prices and volume will be given, obviously taking into account that there is an affectation of shares in certain categories? And, what would the priority then be: maintaining shares they have or continue to increase profitability?

**Carlos Ignacio Gallego:** Good morning, Andres. Thank you for your questions, which are quite important. When you look at the figures for 2015, we have to consider that the price increases that occurred – and I am going to speak particularly of Colombia – were made especially from the end of the first quarter. So, some of these increases did not act during the full year, and what you are seeing is, simply, what each one contributed during the year. What we are seeing is that inflation, in the specific case of Colombia, had two large driving aspects: one, the phenomenon of *El Niño*, which affected in some way agricultural production and created some speculation in the market. Second, evidently the effect of the Dollar on some supplies, whose price is linked to the Dollar. 2016 is a year that will have volatility, but it is very unlikely that the devaluation will reach the levels it had in 2015. Remember that, at the beginning of last year, we had a Peso/Dollar exchange rate of COP 2.050, COP 2.150, and we ended above COP 3.000: so a volatility of this size is unlikely.

We already have price increases that will act without needing to increase them again, and we are going to be more selective because, clearly, we are in a year where volumes – if one makes exaggerated increases – could be affected. What tranquility can we give? That we see that in combining productivity strategies with that of pricing – applied very selectively – we will remain within the EBITDA range we have declared. This is the most important. So, there will be increases, but not as high as those of last year and we will take care of those volumes that, clearly, have the challenge of inflation, not only food competition. It is very likely that consumers cut out consumption of more sumptuous articles, and this makes us –who are in the massive consumption business– be more careful. We cannot trust that we will be at the end of this ladder of consumer decisions. And anticipating a question that will surely come, the category that had fewer price increases, was consumer foods, precisely to avoid volumes from being affected. And because of this, we achieved that this category was handled very well. So, this pricing strategy seeks that you carefully select which references, in which channels, in which geographical regions can be touched and how the sensitivity of price versus volume will be, to make the right decision. Our strategic objective in Grupo Nutresa is called profitable growth; so we want to grow, but looking after profitability. Thank you, Andrés.



**Alejandro Jiménez:** I am going to read a question we received through the Webcast from Édgar Romero of *BBVA*: Good morning. In TMLUC, volume fell 11,2% in the fourth quarter of 2015. How did the market volume behave? You are losing market.

**Carlos Ignacio Gallego:** I mentioned in my presentation on the last quarter of TMLUC that we had a summer not so marked and that caused that, especially in Tresmontes Lucchetti, in the category of cold instant beverages (CIB), there was a figure below what we had expected. TMLUC sales, in Chilean Pesos, grew 1,6%, and also, in terms of shares, I showed in slide number 8 that we did have some decreases, but they were the result of this balance that we seek and where we reduced, somehow, our promotional activity because we believed that it was not correct at a time of high pressure of costs and we tried to find an adequate level of profitability without significantly sacrificing the market position. Slide number 8 shows exactly the behavior in CIBs and in pastas, where there was a slight decrease in shares, but I want to say that it was absolutely thought out and planned because we were not interested just in being the kings of volume if profitability does not agree with what we have promised to all investors. Thank you.

**Alejandro Jiménez:** I'm going to read a question sent via Webcast by Luca Cipiccia, from Goldman Sachs: Can you please comment on strategy for TMLUC in 2016, and what are you planning to reinvigorate growth in that business in Chile?

**Carlos Ignacio Gallego:** This question fits perfectly with the one I just answered. I'd like to say that Grupo Nutresa's look at Chile is a look that includes strong development in the medium and long term. We are going to be very active in the issues of marketing; we are going to review participation in other categories and we are very interested in consolidating the brownfield that we have there in biscuits and baked snacks. On the other hand, in Chile the topic of channel development is important and we have programs that have to do with this. Chile is a country where the rate has also added greater exporting competitiveness and we will seek that Chile, as an exporting platform, contributes significantly to Grupo Nutresa. So it is the combination of these factors that will enable Chile to gain importance within this cake of participation in Grupo Nutresa. We saw that it is the fourth geographical region for Grupo Nutresa, but it has the potential to be more than this. So, it is the combination of channel development, innovation, expansion of categories and strengthening our presence in marketing. Thank you.

**Operator:** We have a question online from Jairo Agudelo, from *Bancolombia*.

**Jairo Agudelo:** Yes, good morning, everyone. I have two questions. The first is in relation to the CAPEX of COP 380 billion (COP 380 mil millones). Could you tell us a little more about how you are going to use it, are there brownfield projects that you have in mind to develop this year or is there something you can tell us about? And, second, based on what you have commented to us in the different calls, that the brownfield businesses have had a negative impact on margins while they enter operation and achieve maturity, What can you tell us about the beginning of this year? How are these projects doing? Are they already finished? And what can we expect in the first quarter? Thank you.



**José Domingo Penagos:** Jairo, thank you for your question. As for the 2016 budget, COP 380 billion (COP 380 mil millones), this is basically maintenance CAPEX. As I mentioned, we are finishing all the effect of these distribution centers and extraordinary investments, and we believe that we will be migrating more toward the maintenance CAPEX in the coming years, beginning in this one. As for the brownfields, this ramp up will take place in the next two years. In 2016, we will have more on the topic of AbiMar; we will be achieving all the development of the cracker plant. And the pasta businesses or brownfields in Mexico and the baked biscuits in Chile are more toward 2017. But we will fill these gaps, beginning with the United States and finishing with the two from Tresmontes I just mentioned by 2017.

**Jairo Agudelo:** Thank you. A final question. In the results, you have been very clear in stating that there is an impact on costs due to the devaluation, that they are more exposed to costs than in income. What strategy are you using to try to close this gap? Now that the devaluation is so high and you have a logistics network that can support exports to try to close this gap, what strategies are you taking in this measure?

**Carlos Ignacio Gallego:** Jairo, this is Carlos Ignacio Gallego. There are several issues. First, in order to mitigate the risk in the area of supplies, a very clear strategy is developing local suppliers in all the geographic regions. We have been working on this significantly during the year and this, also, generates more local development around operations. This is a very important source of work where there are programs to substitute imports so that quality is guaranteed, but which have a lower impact on the Dollar. But, on the other hand, it is taking advantage of competitive conditions. I'd like to report, as an example, that exports to the United States from Colombia, which are 61,7% of the total exports, grew 11,2% in Dollars in 2015 and we see a great opportunity there. When a devaluation occurs, growth of exports is not immediate because you need to find opportunities and develop all the marketing and commercialization aspects. Grupo Nutresa exports remained almost flat during 2015, but it was because Ecuador had a negative effect. But toward 2016 we see the possibility of growing much more in exports. When we had the question about Chile, I mentioned exports from Chile. Now, I also tell you exports from Colombia because we have a portfolio that can be placed very well in other geographic regions. So, balance is sought, substituting imports, using tools to manage the volatility of supplies. Here I'm talking about physical hedges, future operations, and spot negotiations when there are suitable conditions. But, on the other hand, an increase in exports, taking advantage of the rate, gives us greater competitiveness.

And you're right. This is a permanent game in which we are, so that exposure is increasingly less. Thank you, Jairo.

**Alejandro Jiménez:** I'm going to read a question received via Webcast from Natalia Andrea Acevedo García, from *Davivienda*. What is your projection for the EBITDA margin for 2016 as Grupo Nutresa and in Colombia? What expansion plans do you have in Colombia?

We have three minutes left. If we do not cover all the questions, we will enable spaces by Email or by phone.



**Carlos Ignacio Gallego:** Natalia, thank you. At these conferences, we traditionally do not give guidance, but I can generally indicate that we foresee that we will remain within this corridor between 12% and 14% of EBITDA. As for specific growth plans in Colombia, I would like to mention a figure from 2015 that I did not give now and that is a very important driver of growth. In 2015, 16,9% of Grupo Nutresa sales were innovation sales. So there is a very important driver, which is innovation, and we have a very important innovation pipeline, which we have been expanding to new fronts in the food industry. I cannot say anything because it would alert the competition how to make a precise description, but what I can mention is that in all the businesses, we have a very important innovation pipeline. We also bet significantly, and I have said this during the conference, on channel development. We believe that there are many ways to reach consumers and we are working on all fronts so as not to depend on only one channel and this is another important driver. Finally, the products that are increasingly linked to sustainable development, health and nutrition are the point of interest for Grupo Nutresa and what we have done there has been well received by consumers. There is another aspect that I have not emphasized, but it is clearly a source of growth, which is substituting imports. Many of our competitors import products from countries where we are and what we are doing there is gaining market, placing ourselves in a position with a more potent offer than competitors, because this condition allows us to do so. And I would say that this summarizes our growth strategy in Colombia.

**Alejandro Jiménez:** It is nine o'clock. We thank everyone for their interest in Grupo Nutresa and the connection to this conference on the 2015 Fourth Quarter and Full Year Results. If there are any other questions to be formulated, we will open our channels via phone or Email, and we will respond as soon as possible. Thank you very much. We wish everyone a great day and a great week.

**Operator:** Thank you for participating in our conference today. This concludes the program and you may disconnect. Have a nice day, everyone.