

LatAm Strategy

Our Stock Picks for Russia 2018 World Cup

OUR TAKE: With a **global television audience of 3.2 bn people**, over 98k broadcast hours, and 207 reached territories, every four years the FIFA World Cup™ brings together fans around the world for 30 days of excitement, *soccerphoria*, and consumption! Industries like sports apparel, beverages, travel & hospitality, food, and telecom tend to lead the way.

Next year's World Cup (WC) will have eight LatAm countries, along with Spain, represented (Ex. 1). In Exhibit 2, we show our coverage's exposure to these participating countries (PCs).

Although the WC *officially* starts on June 14, it really kicks off **today** with the draw ceremony (10am ET). This event frames the 32 PCs into eight groups of four countries each, sets the road map to winning the tourney, and is a stepping stone for commercial strategies surrounding the World Cup. In anticipation of the draw, we are configuring a powerful lineup of the **11 names best positioned to benefit** from the WC (Ex. 3). Inclusion in this lineup was based on the following criteria:

- 1) Exposure to revenues from PCs
- 2) Diversification as measured by the number of PCs
- 3) Connection to Global Sponsors (see Ex. 5)
- 4) PC's chances to advance in (or win) the WC (Ex. 4)
- 5) Perceived excitement in the PC

KEY POINTS

In **attack** (3), we select **Ambev** (not covered), **KOF**, and **Femsa**. For **midfield** (3), we choose **Arca**, **Cencosud**, and **Alsea**. For a strong **defense** (4), we pick **Andina**, **Nutresa**, **PriceSmart**, and **EXITO** (not covered). Lastly, we trust the reliability of the goalie to **Walmex**.

As the WC has become a global event, we think exposure to its sponsors becomes absolutely critical. Global sponsors enjoy exclusive rights in the host country during the WC. For instance, only their products can be consumed inside stadiums and other events like fan-fests. Furthermore, they become the official logistics suppliers in the days leading up to and during the event. For example, the squads arrive at the stadium in buses provided by their automotive partners (see Ex. 5). Consequently, our lineup has exposure to two WC global sponsors: Coca-Cola (proud sponsor of the WC since Brazil 1950) and Budweiser (since Mexico 1986) through its parent company AB InBev.

From PCs' perspectives, we think 1) higher chances of winning the WC, 2) the ability to exceed expectations, and 3) the power to generate excitement within the country turn pivotal. On the first point, **Brazil**, **Spain**, and **Argentina** are clear candidates to win the championship in Russia. On the second front, we think Mexico will exceed expectations if its team achieves the much desired *5th game* (quarter-finals). On the last point, we think **Peru** tops local excitement with the team returning to the WC after 36 years.

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COVERAGE SUMMARY

	Rating	1-Yr. Target	Return
AC*-MX	SO	MXN 158.00	26.5%
ALICORC1-LM	SP	PEN 8.70	-13.3%
ALSEA *-MX	SO	MXN 75.00	23.2%
ANDINAB-SN	SU	CLP 2,660	-2.7%
BIMBO A-MX	SP	MXN 46.80	8.4%
CENCOSUD-SN	SP	CLP 2,100	35.5%
CHDRAUI B-MX	SP	MXN 41.00	13.9%
FALAB-SN	SP	CLP 5,400	3.9%
FEMSA UBD-MX	SO	MXN 210.00	25.4%
GRUMA B-MX	SP	MXN 290.00	27.4%
HERDEZ*-MX	SP	MXN 38.10	-7.8%
KOF L-MX	SO	MXN 179.00	43.1%
LACOMER UBC-MX	SO	MXN 24.00	30.8%
LALA B-MX	SU	MXN 26.00	-6.1%
LIVEPOL C-1-MX	SO	MXN 175.00	39.4%
NUTRESA-CN	SO	COP 31,000	14.9%
PSMT-O	SO	US\$104.00	22.8%
SORIANA B-MX	SU	MXN 43.00	6.1%
WALMEX *-MX	SO	MXN 47.00	11.5%

In our view, soft and alcoholic drink producers have an advantage over packaged food companies in a World Cup scenario, given the strong bond between their consumption frequency and sports events. As such, in **attack**, we first choose **Ambev** (not covered). In the **past**, the company's results have benefited during the World Cup, and we believe it currently has a significant exposure to two largely favored contenders, not only through two strong local brands - *Guarana Antartica*, which sponsors the Brazilian national team, and *Quilmes*, which sponsors the Argentine team - but also with a large portfolio of soft and alcoholic beverages in these regions. It is also relevant to highlight the ubiquity of AB InBev, Ambev's parent company, which owns brands sponsoring the other LatAm PCs: *Corona* (in Mexico), *Balboa* (in Panama), *Aguila* (in Colombia), and *Cristal* (in Peru), besides having one of the global sponsors of the WC, *Budweiser*. We think **KOF's** position could not be any better for the WC as Coca-Cola also happens to be a global WC sponsor. KO's alliance with the WC dates from Brazil 1950. Additionally, KO also sponsors five other LatAm nations (Ex. 5) and ~88% of KOF's revenues come from PCs. Additionally, over 68 years, KO has managed to create an emotional connection between fans and its products. In fact, the **FIFA/Coca-Cola Ranking** determined the four bundles in today's draw. In attack we also choose **Femsa** because of KOF, its ~98% exposure to PCs (with ~21% coming from trophy candidates Brazil and Argentina) and Oxxo. We expect Oxxo to benefit tremendously as well, as its 15k+ locations across Mexico serve as people's replenishment depot before, during (i.e., half-time), and after each and every one of the 64 matches. We would expect strong consumption in items like soft drinks, beer (*Heineken*), tobacco, and snacks. We also like Femsa's 14.76% ownership of Heineken as they also own brands sponsoring local teams. For instance, *Cruzcampo* beer is a Heineken brand sponsoring the Spanish national soccer team.

In **midfield**, we think **Arca** is likely to follow a path similar to KOF's on the back of its connection with Coca-Cola and a decent and growing exposure to snacks. However, its lower exposure to PCs (three vs. KOF's five), and consequently its lower % revenue from PCs (67.4% vs. KOF's 88.2%), make it relatively less attractive than KOF. We also like Arca's 13% exposure to Peru. We also pick **Cencosud** on the back of 57% of revenues coming from four PCs, including title candidates Brazil (~15%) and Argentina (24%). We also like Cencosud's sponsorship of the Argentine National team with their Home Improvement brand *Easy*. We also call on **Alsea**. In this case, its ~95% solidly diversified exposure across six PCs makes it a strong pick. We believe Alsea will benefit from increased excitement and traffic to its restaurants as they broadcast the different matches. We see Casual Dining formats like Chili's, Vips, and Foster's (in Spain) performing very well. Moreover, we also like Alsea's 20% exposure to 2010 WC champions Spain, a serious contender to win the trophy next summer.

In **defense**, we choose **Andina** for the same reasons why KOF and Arca were selected. We also like its exposure to Brazil and Argentina, countries that tend to advance to the later stages of the WC. However, Andina's weaker exposure to PCs, with only 62.7% of revenues coming from two PCs, makes us relegate it to defense. We are also choosing **Nutresa** on the back of its high exposure to WC participation countries (~76%), diversification to three PCs, and strong presence in Colombia (almost two-thirds of revenues). From a product category perspective, we like its exposure to snack foods (cold cuts, crackers, chocolates, and quick service restaurants account for roughly two-thirds of sales) and the opportunity to capitalize on its Food Retail division, with promotions and discounts likely to attract traffic to its stores. Alongside Nutresa we also select **PriceSmart**. To begin, we like its ~71% exposure to PCs Colombia and Costa Rica. In particular, we think Colombia will present the company with an interesting opportunity to **capitalize on recent trends, as Colombians seem to like PSMT's stores**. We believe the WC could serve as a catalyst to accelerate renewal rates. For our fourth

defender we pick Exito. We like Exito's total exposure to four PCs (Arg, Bra, Col, and Uru), which should lead to strong consumption across its food categories.

Finally, for **goalie** we select **Walmex**. We think its market dominance, **outperforming ROE**, and a combined ~90% direct exposure to two PCs (Mexico and Costa Rica) make it a solid election.

Participating Countries: What to Expect from Them in Russia 2018

Our lineup is unquestionably affected by the ultimate fate of the different PCs; more specifically, whether the PC is able to exceed expectations. Other variables affecting PCs include injuries of their most important players, their soccer tradition, soccer momentum in the days leading up to the WC, and some luck in today's draw. Below we present some considerations as to how the different PCs may perform:

Without a doubt, anything less than winning the trophy would be considered failure in **Brazil**. The appointment of coach Tite in the Summer of 2016 gave the five-time Champions nine consecutive victories in the qualifiers, an undefeated record (10 victories, two draws) and more importantly, excitement to win the WC after the embarrassment of Brazil 2014. We think this puts companies with Brazilian exposure in a perfect position to capitalize on the tournament. We think anything less than the semi-finals would be considered disastrous for consumption.

Spain's coach Julen Lopetegui found a way to rejuvenate the team (after the 2016 Euro Cup) with an interesting mix of young talent and experience. As a result, Spain topped its qualification group (ahead of Italy), is the fourth candidate to win the tournament (after Germany, Brazil, and France) and is the rival all teams want to avoid in today's draw. For these reasons, we perceive that Spanish fans are excited about their team's WC prospects. The market seems to be pricing an incursion into the tournament's semi-finals. Anything less would be considered unsatisfactory.

Although **Argentina** had to rely on a hat-trick from its best player, Lionel Messi, in the final match, their candidacy to the title cannot be disputed. Argentina is currently the fifth most likely team to win the WC. However, coach Jorge Sampaoli is still looking for his ideal lineup in Russia. Anything less than semi-finals would be devastating, as it would not only mean elimination but will also likely mark the end of Messi's generation with the national team (including players like Di Maria, Aguero, Mascherano, and Higuain). For these reasons, we believe Argentina's fans are not too excited about their team's prospects.

Uruguay comes tenth in the global ranking. Having outperformed expectations in 2010 with a surprise fourth place finish, the future does not seem as exciting as it was eight years ago. Though veteran coach Oscar Tavarez has managed to rejuvenate an aging squad, *La Celeste* still relies on strikers Luis Suarez (FC Barcelona) and Edinson Cavani (Paris Saint-Germain) for goals. We believe Uruguay has the tools to make it to the quarter-finals; however, we are not ruling out an incursion into semi-finals. We see an average level of fan excitement in the team's prospects.

Russia 2018 will be **Colombia's** sixth participation in a WC (second consecutive). Coach Jose Pekerman managed to achieve the objective on the final match day with a goal from team captain James Rodriguez. Four years ago, local excitement topped everyone's estimates as the country not only won its first three games, they also qualified for the quarter-finals for the first time in their history (but lost to Brazil). We believe exceeding 2014's performance will be difficult but we see Colombia at least

making it to the round of 16. The hopeful presence of striker Radamel Falcao may spark excitement in Colombian fans.

Mexico's goal in Russia 2018 will be to secure the fifth game - this means to qualify for the quarter-finals. Since 1994, the Mexican team has not been able to cross this barrier. Russia 2018 will be one of the final opportunities *Chicharito* Hernandez and the U-17 Champs of Peru 2005 will have to deliver this objective to their fans. Because of this goal, we think Mexican fans' excitement is above average.

Peruvian fans are very excited to see their team return to the WC after 36 years. Coach Ricardo Gareca achieved what few people believed possible three years ago. We think Peru's excitement could spike even further if the local hero, striker Paolo Guerrero, is allowed to play in the tournament. Although betting houses see Peru as the 20th most likely team to win, we believe Peru can qualify for the round of 16 and surprise its fans.

Despite **Costa Rica's** outstanding performance in Brazil (quarter-finals against all odds), their Russia prospects seem less promising. However, we feel excitement does not go in tandem with market odds as the *Ticos* rely on their heroes, Real Madrid CF's goalie Keylor Navas and forward Bryan Ruiz. We think Costa Rica could advance to the round of 16.

Lastly, **Panama** completes our ranking. Despite the unprecedented excitement from qualifying for the WC for the first time in history, veteran coach *Bolillo* Gomez has managed to level-set expectations by saying, "We are going to the WC to learn." Sixteen years ago, Coach Gomez used similar words to cool the excitement in Ecuadorian fans and the team did not pass the group stage. We believe that a surprise qualification of Panama to the round of 16 would spike enthusiasm levels.

Exhibit 1: LatAm Countries Participating in Russia 2018 (and Spain)



Source: FIFA.com; Scotiabank GBM.

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Exhibit 2: Percent Revenue from Countries Participating in the 2018 World Cup

Company	Country	Rating	Target Price	Market Cap (USD)	Last Price (LC)	YTD Return	Mexico	Costa Rica	Panama	Argentina	Brazil	Uruguay	Colombia	Peru	Spain	Total	# of Part. Countries
Arcos Dorados ^a	Uruguay	na	na	2,100	9.95	84.3%	12.4%	-	-	28.1%	45.5%	14.0%	-	-	-	100%	8
Exito	Colombia	na	na	2,439	16,380	9.9%	-	-	-	2.6%	73.6%	19.4%	-	-	-	100%	4
Atacadão/Carrefour	Brazil	na	na	9,206	15.19	1.3%	-	-	-	-	100%	-	-	-	-	100%	1
Liverpool	Mexico	SO	MXN 175	9,118	126.40	-15.5%	100%	-	-	-	-	-	-	-	-	100%	1
GPA	Brazil	na	na	5,702	70.00	27.9%	100%	-	-	-	100%	-	-	-	-	100%	1
Soriana	Mexico	SU	MXN 43	3,920	40.52	-9.9%	-	-	-	-	-	-	-	-	-	100%	1
InRetail	Peru	na	na	2,144	20.85	7.6%	-	-	-	-	-	-	-	100%	-	100%	1
La Comer	Mexico	SO	MXN 24	1,071	18.35	17.3%	100%	-	-	4.2%	17.4%	-	-	100%	-	100%	1
Femsa	Mexico	SO	MXN 210	32,359	168.26	6.7%	66.8%	4.0%	-	-	-	-	5.5%	-	-	97.9%	5
Lala ^b	Mexico	SU	MXN 26	3,762	28.27	-6.4%	73.0%	5%	-	-	18.0%	-	-	-	-	96.0%	3
Alsea	Mexico	SO	MXN 75	2,755	61.59	3.8%	55%	-	-	14.3%	0.2%	0.1%	5.8%	20%	-	95.3%	6
Herdez	Mexico	SP	MXN 38.1	981	42.25	12.2%	93.9%	-	-	-	-	-	-	-	-	93.9%	1
Walmex	Mexico	SO	MXN 47	41,218	43.92	18.5%	82.4%	7.4%	-	-	-	-	-	-	-	89.8%	2
KOF	Mexico	SO	MXN 179	14,449	127.97	-2.6%	39.4%	6.4%	-	6.8%	28.1%	-	7.4%	-	-	88.2%	5
Ambev ^c	Brazil	na	na	98,808	20.56	25.4%	-	-	10.2%	21.4%	53.1%	-	-	-	-	84.8%	3
Nutresa ^d	Colombia	SO	COP 31,000	4,204	27,460	10.3%	3.7%	-	9.4%	-	-	-	63.3%	-	-	76.4%	3
Alicorp	Peru	SP	PEN 8.7	2,710	10.25	40.4%	-	-	-	5.4%	6.7%	-	-	63.1%	-	75.2%	3
PriceSmart ^e	CA	SO	USD 104	2,599	85.50	2.4%	-	60%	-	-	-	-	11.5%	-	-	71.5%	2
Chedraui	Mexico	SP	MXN 41	1,875	36.28	-2.3%	70%	-	-	-	-	-	-	-	-	70.0%	1
Arca Continental	Mexico	SO	MXN 158	12,100	127.61	18.1%	46.0%	-	-	8.5%	-	-	-	12.9%	-	67.4%	3
Andina	Chile	SU	CLP 2,660	3,785	2,590	13.1%	-	-	-	29.9%	32.8%	-	-	-	-	62.7%	2
Cencosud	Chile	SP	CLP 2,100	7,011	1,586	-15.6%	-	-	-	24.0%	14.7%	-	8.8%	9.2%	-	56.7%	4
Bimbo ^f	Mexico	SP	MXN 46.8	10,983	43.45	-7.6%	32.6%	-	-	-	-	11.0%	-	-	5.9%	49.5%	3
Gruma ^g	Mexico	SP	MXN 290	5,374	231.04	-12.2%	27.1%	6.4%	-	-	-	-	-	-	7.1%	40.6%	3
Falabella	Chile	SP	CLP 5,400	20,324	5,423	2.3%	-	-	-	7.0%	2.0%	0.5%	6.0%	24.0%	-	39.5%	5
CCU	Chile	na	na	4,679	8,203	17.3%	-	-	-	24.1%	-	-	-	-	-	25.0%	2
Cuervo	Mexico	na	na	6,088	31.00	-13.0%	23.0%	-	-	-	-	-	-	-	-	23.0%	1

Pricing as at November 30, 2017. LC = Listed Country.

^a Arcos Dorados breaks down its revenues by region; hence, Mexico's number also includes Costa Rica and Panama; Argentina's number refers to South America and also includes Uruguay, Peru, Chile and Ecuador; Colombia's figure refers to the Caribbean and also includes Aruba, Curaçao, French Guiana, Guadalupe, Martinique, Puerto Rico, Trinidad & Tobago, US Virgin Islands, and Venezuela.

^b Lala figures are pro-forma including the acquisition of Vigor in Brazil. Costa Rica figure includes other Central American countries.

^c Ambev's figures for Panama and Argentina include other Central and South American countries, respectively.

^d Nutresa's figure for Costa Rica includes other Central American countries.

^e PriceSmart's figure for Costa Rica includes all Honduras, Nicaragua, Guatemala and El Salvador.

^f Bimbo does not break down its revenues by country but on a regional basis; therefore LatAm represents 11% of total sales, with Brazil being its most relevant market in the region. Figure for Spain includes other European countries.

^g Gruma's figures for Costa Rica and Spain include other Central American and European countries, respectively.

Source: FactSet; FIFA.com; Company reports; Scotiabank GBM estimates.

Exhibit 3: Consumption Lineup for the World Cup



Source: Company reports; Scotiabank GBM estimates.

Exhibit 4: Best Players, Odds, and Payoffs From Winning the WC per Team

Country	Payoff per \$1	Ranking (Out of 32)	Most Popular Player	Plays for	Perceived Excitement
Brazil	6x	2	Neymar Jr.	Paris Saint-Germain (FRA)	Above Avg
Spain	8.5x	4	Alvaro Morata	Chelsea FC (ENG)	Above Avg
Argentina	9x	5	Lionel Messi	FC Barcelona (SPA)	Average
Uruguay	41x	10	Luis Suarez	FC Barcelona (SPA)	Average
Colombia	41x	11	James Rodriguez	FC Bayern München (GER)	Above Avg
Mexico	67x	15	Javier Hernandez	West Ham United (ENG)	Above Avg
Peru	401x	20	Jefferson Farfan	FC Lokomotiv (RUS)	Above Avg
Costa Rica	401x	26	Keylor Navas	Real Madrid CF (SPA)	Above Avg
Panama	1001x	31	Blas Perez	Municipal (Guatemala)	Average

Source: Bet365.com; Scotiabank GBM. Pricing as at November 30, 2017.


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Exhibit 5: FIFA World Cup Russia 2018 Partners and Sponsors

Russia 2018 WC	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	LatAm Countries Sponsored
Adidas	Germany	Sports Apparel	Public	42,373	175.20	4
Coca-Cola	USA	Beverages	Public	195,011	45.77	5
Wanda Group	China	Real Estate	Private	-	-	-
Gazprom	Russia	Oil & Gas	Public	53,557	132.15	-
Hyundai	S. Korea	Automotive	Public	40,610	164,500	1
Kia Motors	S. Korea	Automotive	Public	12,397	33,650	-
Qatar Airways	Qatar	Air Travel	Gov of Qatar	-	-	-
Visa	USA	Financials	Public	255,595	112.59	1
Budweiser	USA	Beer	Sub of ABInBev	222,961	96.70	-
Hisense	China	Electronics	Public	3,009	15.20	-
McDonald's	USA	Fast Food	Public	137,092	171.97	-
vivo	China	Electronics	Sub of BBK Electronic Corp	-	-	-

Source: FIFA.com; FactSet; Scotiabank GBM.
Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 6: Mexico's Partners and Sponsors

 Mexico	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Adidas	Germany	Sports Apparel	Public	42,373	175.20	✓
citibanamex	Mexico	Financials	Private	-	-	✗
Coca-Cola	USA	Beverages	Public	195,011	45.77	✓
Movistar	Spain	Telecom	Public	52,563	8.61	✗
Mexican Government	Mexico	na	na	-	-	✗
Corona	Mexico	Beer	Sub of ABInBev	222,961	96.70	✗
izzi	Mexico	Telecom	Sub of Televisa	11,465	69.98	✗
Sky	Mexico	Media	Sub of Televisa	11,465	69.98	✗
Emperador	Mexico	CPG	Sub of PepsiCo	165,708	116.52	✗
Lala	Mexico	Food Products	Public	3,762	28.27	✗
Chedraui	Mexico	Retail	Public	1,875	36.28	✗
Visa	USA	Financials	Public	255,595	112.59	✓
AeroMexico	Mexico	Air Travel	Public	1,192	31.78	✗
Jeep	USA	Automotive	Public	26,432	14.42	✗
Ado	Mexico	Transportation	Private	-	-	✗
Cavall 7	Mexico	Wine	Private	-	-	✗


Source: Mexico's National Soccer Association (miseleccion.mx); FactSet; FIFA.com; Scotiabank GBM.
Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 7: Spain's Partners and Sponsors

 Spain	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Adidas	Germany	Sports Apparel	Public	42,373	175.20	✓
Cruzcampo	Spain	Beer	Sub of Heineken	58,138	85.59	✗
Movistar	Spain	Telecom	Public	52,563	8.61	✗
Pelayo	Spain	Insurance	Private	-	-	✗
AirEuropa	Spain	Air Travel	Private	-	-	✗
GLS	Spain	Logistics/Delivery	Sub of Royal Mail (UK)	5,982	4.42	✗
Sanitas	Spain	Health Insurance	Private Sub of Bupa	-	-	✗
LG	S. Korea	Electronics	Public	14,892	90,000	✗
El Corte Ingles	Spain	Retail / Fashion	Private	-	-	✗


Source: Spain's National Soccer Association (rfe.es); FactSet; FIFA.com; Scotiabank GBM. Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 8: Colombia's Partners and Sponsors

 Colombia	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Aguila	Colombia	Beer	Sub of ABInBev	222,961	96.70	✗
Coca-Cola	USA	Beverages	Public	195,011	45.77	✓
Adidas	Germany	Sports Apparel	Public	42,373	175.20	✓
Movistar	Spain	Telecom	Public	52,563	8.61	✗
Sodimac	Chile	Home Improv	Sub of Falabella	20,324	5,422.50	✗
Chevrolet	USA	Automotive	Public	61,205	43.09	✗
Bancolombia	Colombia	Financials	Public	9,281	29,000	✗
Caracol	Colombia	Media	Sub of Prisa (Spain)	206	2.21	✗
Allianz	Germany	Insurance	Public	107,459	198.15	✗
Avianca	Colombia	Air Travel	Public	966	2,900.00	✗
Servientrega	Colombia	Logistics/Delivery	Private	-	-	✗


Source: Colombia's National Soccer Association (fcf.com.co); FactSet; FIFA.com; Scotiabank GBM. Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 9: Peru's Partners and Sponsors

 Peru	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Cristal	Peru	Beer	Sub of ABInBev	222,961	96.70	✗
Coca-Cola	USA	Beverages	Public	195,011	45.77	✓
Movistar	Spain	Telecom	Public	52,563	8.61	✗
Pecsa	Peru	Oil & Gas	Private	-	-	✗
Hyundai	S. Korea	Automotive	Public	40,610	164,500	✗
Umbro	UK	Sports Apparel	Sub of Nike	99,267	60.42	✗
Panini Group	Italy	Publishing	Private	-	-	✗
Lavaggi	Peru	Pasta/CPG	Brand of Alicorp	2,710	10.25	✗
Hunter	Peru	Security/Tech	Sub of CalAmp	813	22.85	✗
Milo	Peru	Hot Cocoa	Sub of Nestle	265,801	84.25	✗

Source: Peru's National Soccer Association (fpf.org.pe); FactSet; FIFA.com; Scotiabank GBM. Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 10: Argentina's Partners and Sponsors

 Argentina	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Adidas	Germany	Sports Apparel	Public	42,373	175.20	✓
Coca-Cola	USA	Beverages	Public	195,011	45.77	✓
Quilmes	Argentina	Beer	Sub of Ambev (Br)	98,808	20.56	✗
Claro	Mexico	Telecom	Sub of AMX	56,782	15.99	✗
Naranja	Argentina	Credit Card	Tarjetas Regionales	-	-	✗
Sancor Seguros	Argentina	Insurance	Grupo Sancor Seguros	-	-	✗
YPF	Argentina	Oil & Gas	Public	8,861	391.50	✗
Aerolineas Argentinas	Argentina	Air Travel	Private	-	-	✗
Easy - Cencosud	Chile	Retail	Sub of Cencosud	7,011	1,586.10	✗
Bon Aqua	USA	Beverages	Sub of Coca-Cola	195,011	45.77	✗
Noblex	Germany	Camera Mnfcture	Sub of Pentacon	-	-	✗
Powerade	USA	Beverages	Sub of Coca-Cola	195,011	45.77	✗
Gillette	USA	Personal Care	Sub of P&G	229,304	89.99	✗
Prevencion	Argentina	Insurance	Grupo Sancor Seguros	-	-	✗


Source: Argentina's National Soccer Association (afa.org.ar); FactSet; FIFA.com; Scotiabank GBM.
Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 11: Brazil's Partners and Sponsors

 Brazil	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Nike	USA	Sports Apparel	Public	99,267	60.42	✗
Itau	Brazil	Financials	Public	82,128	41.27	✗
vivo	Brazil	Telecom	Sub of Telefonica	52,563	8.61	✗
Guarana	Brazil	Beverages	Sub of Ambev (Br)	98,808	20.56	✗
Mastercard	USA	Financials	Public	159,288	150.47	✗
Gol	Brazil	Air Travel	Public	1,492	14.04	✗
Ultrafarma	Brazil	Drugstores	Private	-	-	✗
EF English Live	Switzerland	Online Education	Private	-	-	✗
Cimed	Brazil	Medicines/Drugs	Private	-	-	✗
Universidade Brasil	Brazil	Education	Private	-	-	✗
3 corações	Brazil	Coffee	Private	-	-	✗
Catapult	Australia	Sports Analytics	Public	195	1.57	✗
Tecno Gym	Italy	Fitness Equipment	Public	1,933	8.07	✗

Source: Brazil National Soccer Association (cbf.com.br); FactSet; FIFA.com; Scotiabank GBM.
Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 12: Costa Rica's Partners and Sponsors

 Costa Rica	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
Grupo Q	Costa Rica	Automotive	Private	-	-	✗
EPA	Costa Rica	Home Improv	Private	-	-	✗
Conlith	Costa Rica	Publishing	Private	-	-	✗
Coca-Cola	USA	Beverages	Public	195,011	45.77	✓
Avianca	Colombia	Air Travel	Public	966	2,900.00	✗
ampm	Costa Rica	C-stores	Private	-	-	✗
Gutis	Costa Rica	Pharmaceuticals	Private	-	-	✗
Plycem	Costa Rica	Construction Supplies	Private	-	-	✗
monge	Costa Rica	Consumer Electronics	Private	-	-	✗
KFC	USA	Fast Food	Sub of Yum! Brands	28,129	83.47	✗
Samsung	S. Korea	Electronics	Public	319,163	2,540,000	✗
Dos Pinos	Costa Rica	Consumer Goods	Private	-	-	✗
Conrelax plus	Costa Rica	Pharmaceuticals	Sub of Gutis	-	-	✗
Trumix	Costa Rica	Pest Control	Private	-	-	✗
Tical	Costa Rica	Trucking/Logistics	Private	-	-	✗
Scotiabank	Canada	Financials	Public	75,810	81.51	✗
Pipasa	Costa Rica	Meat/Poultry	Private	-	-	✗
New Balance	USA	Sports Apparel	Private	-	-	✗
Kölbi	Costa Rica	Telecom	Gov owned	-	-	✗
Don Pedro	Costa Rica	Agriculture	Private	-	-	✗
INS	Costa Rica	Insurance	Private	-	-	✗
Wyndham	USA	Hospitality	Sub of Wyndham Worldw ide	11,388	112.39	✗

Source: Costa Rica's National Soccer Association (fedefutbol.com); FactSet; FIFA.com; Scotiabank GBM. Pricing as at November 30, 2017. LC = Listed Country.

Exhibit 13: Panama's Partners and Sponsors

 Panama	Country	Industry	Public / Private	Market Cap (USD Mn)	Last Price (LC)	Global Sponsor
+ Movil	Panama	Cable & Wireless	Sub of Liberty Global	31,733	31.76	✗
Banistmo	Panama	Financials	Sub of HSBC Holdings	198,662	7.34	✗
Copa Airlines	Panama	Air Travel	Public	5,643	134.19	✗
Balboa	Panama	Beer	Sub of ABInBev	222,961	96.70	✗
Huawei	China	Electronics	Private	-	-	✗
Bern	Panama	Hospitality	Sub of Empresas Bern	-	-	✗
Pepsi	USA	Beverages	Sub of PepsiCo	165,708	116.52	✗
Hertz	USA	Car Rental	Public	1,586	18.95	✗
New Balance	USA	Sports Apparel	Private	-	-	✗
Molten	Japan	Sports Equipment	Private	-	-	✗
Rexona	Australia	Antiperspirant	Sub of Unilever	157,523	41.64	✗
Xedex	USA	Detergent	Sub of Unilever	157,523	41.64	✗

Source: Panama's National Soccer Association (fepafut.com); FactSet; FIFA.com; Scotiabank GBM. Pricing as at November 30, 2017. LC = Listed Country.

Pertinent Data

	Price	Rating	1-Yr. Target	1-Yr. Return
AC*-MX	MXN 127.61	SO	MXN 158.00	26.5%
ALICORC1-LM	PEN 10.25	SP	PEN 8.70	-13.3%
ALSEA *-MX	MXN 61.59	SO	MXN 75.00	23.2%
ANDINAB-SN	CLP 2,831	SU	CLP 2,660	-2.7%
BIMBO A-MX	MXN 43.45	SP	MXN 46.80	8.4%
CENCOSUD-SN	CLP 1,586	SP	CLP 2,100	35.5%
CHDRAUI B-MX	MXN 36.28	SP	MXN 41.00	13.9%
FALAB-SN	CLP 5,423	SP	CLP 5,400	3.9%
FEMSA UBD-MX	MXN 168.26	SO	MXN 210.00	25.4%
GRUMA B-MX	MXN 231.04	SP	MXN 290.00	27.4%
HERDEZ*-MX	MXN 42.25	SP	MXN 38.10	-7.8%
KOF L-MX	MXN 127.97	SO	MXN 179.00	43.1%
LACOMER UBC-MX	MXN 18.35	SO	MXN 24.00	30.8%
LALA B-MX	MXN 28.27	SU	MXN 26.00	-6.1%
LIVEPOL C-1-MX	MXN 126.40	SO	MXN 175.00	39.4%
NUTRESA-CN	COP 27,460	SO	COP 31,000	14.9%
PSMT-O	US\$85.50	SO	US\$104.00	22.8%
SORIANA B-MX	MXN 40.52	SU	MXN 43.00	6.1%
WALMEX *-MX	MXN 43.92	SO	MXN 47.00	11.5%

Aalsea (ALSEA *-MX;MXN 61.59)

Valuation: 11x NTM EV/EBITDA

Key Risks: Changes in consumer trends, growth in disposable income, M&A integration

Arca Continental (AC*-MX;MXN 127.61)

Valuation: Explicit 10-Year DCF @ 8.9%

Key Risks: Relationship with The Coca Cola Company, health concerns, foreign exchange, bilateral trade

Cencosud (CENCOSUD-SN;CLP 1,586)

Valuation: 21x NTM adj P/E

Key Risks: Lower GDP growth, weak consumer environment, tax reforms, LatAm FX volatility.

Coca-Cola FEMSA (KOF L-MX;MXN 127.97)

Valuation: Explicit 10-Year DCF @ 11.1%

Key Risks: Lower GDP growth, weak consumer environment, tax reforms, LatAm FX volatility

Embotelladora Andina (ANDINAB-SN;CLP 2,831)

Valuation: Explicit 10-Year DCF @ 12.1%

Key Risks: Relationship with The Coca Cola Company, health concerns, foreign exchange, and macroeconomic risks

FEMSA (FEMSA UBD-MX;MXN 168.26)

Valuation: Sum of the Parts Valuation

Key Risks: Lower GDP growth, weak consumer environment, tax reforms, LatAm FX volatility.

Nutresa (NUTRESA-CN;COP 27,460)

Valuation: Explicit 10-Year DCF @ 10.2%

Key Risks: Economic, raw materials, foreign exchange, political and geographic, regulatory, interest rate, M&A, corporate governance.

PriceSmart (PSMT-O;US\$85.50)

Valuation: 13.5x NTM EV/EBITDA

Key Risks: Lower GDP growth, weak consumer environment, tax reforms, LatAm FX volatility.

Walmex (WALMEX *-MX;MXN 43.92)

Valuation: NTM 14x EV/EBITDA & NTM 23x P/E

Key Risks: Lower GDP growth, weak consumer environment, tax reforms, LatAm FX volatility.

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
Alsea	VS0398
Arca Continental	VS0470
Bimbo	VS0427, VS0429
La Comer	VS0399
Lala	VS0428, VS0430
Liverpool	VS0377, VS0401
Soriana	VS0400

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*Legend

VS0377 Research Analyst Rodrigo Echagaray visited various stores in San Jose, Costa Rica, to conduct channel checks and interview local management, on March 9, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Analyst to visit this site.

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VS0427 Research Analyst Felipe Ucros visited Azcapotzalco, a production plant, on May 25, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Analyst to visit this site.

- VS0428** Research Analyst Felipe Ucros visited Grupo Lala's main production plant and the dairy farm of one of its key suppliers in Torreon on May 23, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Analyst to visit this site.
- VS0429** Research Associate Juan Guzman visited Azcapotzalco, a production plant, on May 25, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Associate to visit this site.
- VS0430** Research Associate Juan Guzman visited Grupo Lala's main production plant and the dairy farm of one of its key suppliers in Torreon on May 23, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Associate to visit this site.
- VS0470** Research Analyst Felipe Ucros visited the Insurgentes bottling plant in Monterrey on December 8, 2016. No payment was received from the issuer for the travel-related expenses incurred by the Research Analyst to visit this site.

Rating and Price Target History

Arca Continental (AC*-MX) as of November 30, 2017 (in MXN)

30-Jun-2017
Price: 136.39
Rating: I:SO
Target: 158.00



*Represents the value(s) that changed.

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Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

Alsea (ALSEA *-MX) as of November 30, 2017 (in MXN)

20-Apr-2016	13-Mar-2017
Price: 67.59	Price: 56.65
Rating: SO	Rating: SO
Target: 81.00	Target: 75.00*



*Represents the value(s) that changed.

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 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

Embotelladora Andina (ANDINAB-SN) as of November 30, 2017 (in CLP)



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 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

Cencosud (CENCOSUD-SN) as of November 30, 2017 (in CLP)



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FEMSA (FEMSA UBD-MX) as of November 30, 2017 (in MXN)



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 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

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Coca-Cola FEMSA (KOF L-MX) as of November 30, 2017 (in MXN)



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 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

Nutresa (NUTRESA-CN) as of November 30, 2017 (in COP)



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 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

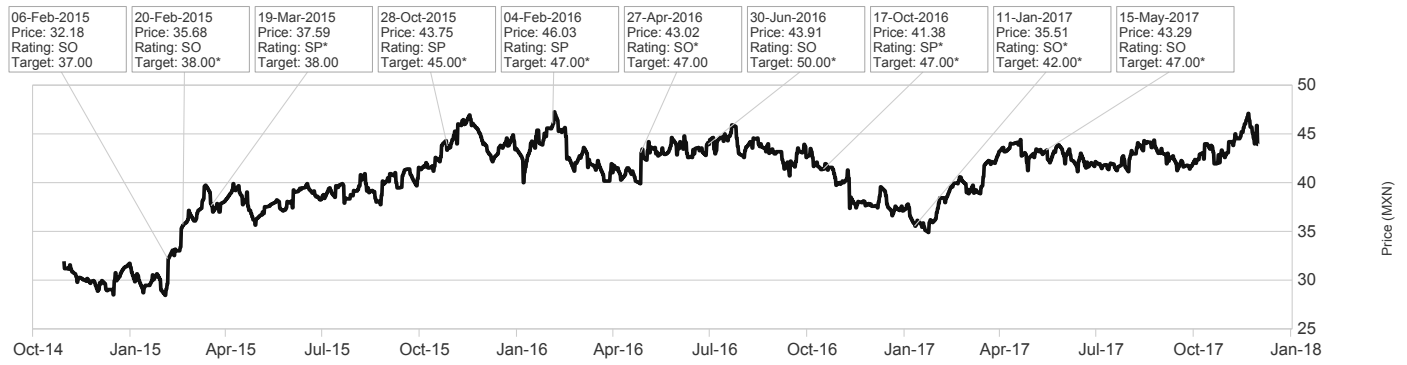
PriceSmart (PSMT-O) as of November 30, 2017 (in USD)



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 Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
 Source: Scotiabank GBM estimates/Scotia Howard Weil estimates; FactSet.

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Walmex (WALMEX *-MX) as of November 30, 2017 (in MXN)



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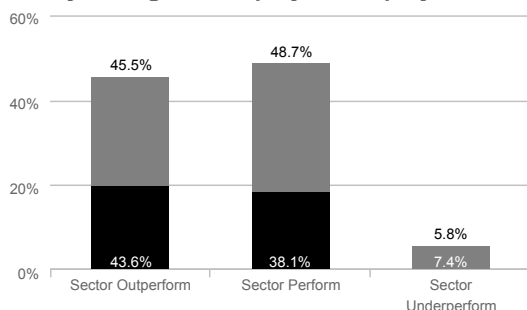
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* As of November 30, 2017.

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