1Q23 Conference Call Guidelines

Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's earnings conference call for the first quarter of 2023.*

In this first quarter of 2023 we again recorded positive results. On a consolidated level, the Company's Adjusted EBITDA reached Ch$127,437 million, 5.0% higher than the same quarter of the previous year, while Income Attributable to the Owners of the Controller was Ch$43,339 million, 31.3% higher than the same period of the previous year.
In Chile, we were one of the ten companies recognized by the Inclusive Companies Network's labor inclusion measurement. This award reaffirms our belief that diverse teams contribute to the sustainable development of the business and reaffirms our commitment to inclusion and diversity, for which we will continue to provide safe and accessible spaces for all Coca-Cola Andina team members. In Paraguay we were recognized as an Eco Responsible Company for developing, together with our partner Soluciones Ecológicas, the EcoGestor software, which aims to strengthen the administrative capacity and efficient management of Pet Collection Centers in that country. This initiative features an incentive program for Base Recyclers that awards various prizes to those who utilize the platform and deliver the most Pet to the participating Collection Centers.
In Argentina, we are working to reopen the 2002-closed Mendoza plant in order to install the new returnables line. Beginning in 2024, the project, which has a total cost of approximately $30 million, will be operational. This production line will be equipped with state-of-the-art equipment, making it the most technologically advanced in the company. This reaffirms our dedication to returnable packaging, which is our most sustainable packaging, as well as regional development. On the other hand, our plant in Córdoba will produce AdeS, allowing us to meet the demand for these products in the Coca-Cola system in Argentina.

Turning to operations, *the performance of our Brazilian operation is noteworthy, leveraged on volume growth. Despite Argentina's current economic context, our operations in the country also presented favorable results. In contrast, the results of our Chilean operation were impacted by a high comparison base and an increase in costs that exceeded our price increases. In the case of Paraguay, we were able to close the quarter with an increase in local currency adjusted EBITDA despite a decline in volumes, which can be largely attributed to the impact of the dengue and chikungunya epidemics on consumption.*
In Argentina, *during this quarter, sales volume increased 2.8%, which was explained by an increase in volume in all categories, especially in the Water and Juices and other non-alcoholic beverages categories.*
In Brazil, *this quarter's sales volume increased by 10.1% compared to the same period last year, which is explained by an increase in volume across all categories, with Juices and other non-alcoholic beverages leading the way. Excluding beer and spirits, the volume in Brazil increased by 10.1%.*
In Chile, *sales volume remained unchanged from the same quarter of the previous year. Excluding alcoholic beverages, Chile's volume grew 1.3%.*
In Paraguay, *our sales volume decreased 4.4%, explained by the volume decrease in the Soft Drinks and Waters categories, partially offset by the increase in the categories of Juices and other non-alcoholic beverages.*

Andres will now comment on the ***Company's financial results:***

Andrés Wainer: Good morning,

To begin, I'd like to remind you that the analyzed figures include the application of IAS 29. The figures of our Argentine operation for both the first quarter of 2022 and the first quarter of 2023 are presented in local currency as of March 2023.
Regarding the exchange rates of the other countries in which we have operations and their effect on the consolidation of the figures, we experienced a slight positive impact when consolidating the figures from our operation in Brazil and a negative impact when consolidating the figures from our operation in Paraguay during this quarter.
For each of our franchises, the figures we will analyze in each of them will be in nominal local currency, and in the case of Argentina, as mentioned above, they will be in real currency, as of March 2023.

***In Argentina**, Net Sales increased 3.1% in the quarter, which was mainly explained by the volume increase already mentioned by Miguel Ángel, and to a lesser extent by a higher average price.*
Cost of Sales decreased 0.3% in the quarter, which is mainly explained by the lower cost of Pet resin and sugar. This was offset by the higher volume sold and higher labor costs.
Distribution Costs and Administrative Expenses increased 9.5% in the quarter, which is mainly explained by higher freight costs due to higher tariffs, as well as higher labor expenses. This was partially offset by lower marketing expenses.
Finally, Adjusted EBITDA increased 1.9% in the quarter, and Adjusted EBITDA margin contracted 29 basis points to 23.0%. Argentina accounted for 31.2% of the Company's Adjusted EBITDA.

***In Brazil**, Net Sales increased 25.0%, which was mainly explained by the increase in the average revenue per unit case sold and the aforementioned increase in volume.*
Cost of sales increased 24.0%, which is mainly explained by: higher sales volume, higher cost of raw materials such as resin and aluminum, higher cost of concentrate due to price increases, and a shift in the mix towards higher unit cost products.
Distribution Costs and Administrative Expenses increased 27.3%, which is mainly explained by: higher labor expenses, higher depreciation, higher marketing expenses, and higher distribution expenses, due to both higher volumes and higher tariffs.
Brazil's Adjusted EBITDA increased 23.3% in the quarter and Adjusted EBITDA margin was 16.9%, a contraction of 23 basis points. Brazil accounted for 21.1% of the Company's Adjusted EBITDA.

***In Chile**, Net sales increased 7.4% in the quarter, mainly explained by an increase in the average price.*
Cost of sales increased 9.1%, which was mainly explained by a higher cost of concentrate due to price increases, the increase in the cost of certain raw materials, especially resin, and a shift in the mix towards higher unit cost products.
Distribution Costs and Administrative Expenses increased 13.0% in the quarter, which is mainly explained by: higher distribution and hauling expenses, due to higher tariffs, higher labor costs and services provided by third parties, and higher marketing expenses.
Adjusted EBITDA decreased 6.3% in the quarter and Adjusted EBITDA margin reached 14.3%, a contraction of 210 basis points compared to the previous year. In the period, the Chilean operation accounted for 34.6% of the Company's Adjusted EBITDA.

***In Paraguay**, Net Sales grew 5.6% in the quarter, which was mainly explained by a higher average price, partially offset by the aforementioned volume decrease.*

Cost of Sales increased 8.9%, which was mainly explained by: the shift in the mix towards higher unit cost products, a higher sugar cost, and the devaluation of the guaraní over our dollarized costs. This was partially offset by lower sales volume.
Distribution Costs and Administrative Expenses increased 8.6%. This is mainly explained by higher distribution expenses, due to higher tariffs, higher labor costs and services provided by third parties, and higher marketing expenses.
Adjusted EBITDA increased 0.1% in the quarter and Adjusted EBITDA margin reached 31.3%, a contraction of 170 basis points from the previous year. Paraguay accounted for 13.1% of the company's Adjusted EBITDA.

We anticipate a positive impact on COGS for the remainder of 2023 as a result of the decline in the international price of Pet resin. As our physical inventories begin to be depleted and we are able to produce with less expensive Pet resin, we anticipate a positive impact on our results beginning in the second quarter of this year. In the second half of 2023, however, this positive effect would be partially offset by higher sugar prices. We currently have sugar price hedging in place for approximately two-thirds of our remaining 2023 requirements. In recent weeks, the price of sugar on international markets has increased, so it is highly likely that the price fixings we make for the missing volume will be at higher prices than last year and also higher than the existing hedges.

This opens the floor for any questions you may have.

Operator: The first question comes from Fernando Olvera with Bank of America, please go ahead.
Fernando Olvera: Hello, how are you? Good morning everyone, thank you for taking my call. My first question is regarding Chile. If you can tell us a little bit about how you see volumes evolving for the rest of the year? How do you see consumption in general and how do you expect the demand for returnable packaging to evolve for the rest of the year?
And the second question I have is regarding dividends, could you tell us about the dividends that you will pay out in the second quarter? If they are extraordinary or not, and what should we expect fair in terms of dividends for the second half of the year? Thank you very much.
Miguel Ángel Peirano: Hello Fernando, how are you? Good morning, this is Miguel Ángel. We have optimistic outlooks for Chile for the remainder of the year. Due to the exceptionally strong months we had last year, this quarter's comparative has been very challenging, particularly in January and February. However, we are aware that both the evolution of returnables and our projections for the future are encouraging. We are very active in this area because we strongly believe in this type of packaging, not only because it is more affordable than single-use containers but also because it is more sustainable. As a result, we are making efforts in Chile as well as, as I previously mentioned, in Mendoza, Argentina, to continue bolstering the growth of the returnable mix. In short, though, we also see this as a positive development in Chile.
Andrés Wainer: Hello Fernando, this is Andrés. With regard to the dividend matter, this year we are paying out an extraordinary dividend that was approved at the most recent meeting. This dividend is being paid out in May and is $50 pesos per Series A share and $55 pesos per Series B share. The remaining dividends should be the company's standard payouts, so you can anticipate dividends in the second half of this year that are very similar to those we paid out in the second half of last year, the regular dividends that the company pays out.
Keep in mind that the company's current net indebtedness level is a little below its target level. The goal is to have net debt to EBITDA ratios of 1.5 to 1.7; currently, we are closer to 1.2 to 1.3, so there is room for some additional dividends in the future. However, I do not believe it is likely that we will distribute extraordinary dividends with the same strength as those we distributed last year, which totaled nearly US$200 million, or the one we are distributing this year, which is roughly US$50 million in May.
Fernando Olvera: Perfect. Andrés, just to be clear, the third and fourth quarter dividends should be $29 pesos and $31.9 pesos?
Andrés Wainer: Exactly. They should be in that range because that is what we distributed last year. Because it is a decision of the company's board of directors, I am unable to provide you with specific figures or information about what will occur. However, if one were to look at what is most likely, the dividends are very similar to what you are mentioning.

Fernando Olvera: Perfect. Excellent. Thank you very much.

Operator: The next question comes from Alan Alanis with Santander, please go ahead.
Alan Alanis: Very well. Hello, Miguel Ángel, hello, Andrés, very good morning. Thank you very much for taking my question. Congratulations on the results. Two questions. The first one regarding Brazil, you already mentioned that all categories grew, you mentioned Juices, could you give me a little bit more information about this, because a 10% growth in volume, how are you imposing in terms of channels, brands, presentations, just to understand a little bit what it is you are doing, because clearly it is not the prices. Prices are going up 15%, so I want to understand a little bit more, what are the underlying factors of this volume growth? what are the drivers? Thank you very much. That was my first question, and later I will go on to my second question.
Miguel Ángel Peirano: Alan, how are you doing? Good morning. As for Brazil, we had a great quarter, as you mentioned, and we are actually experiencing growth across the board, particularly in the region where we are. Rio, which is particularly backwards, has lagged behind the rest of Brazil in terms of economic recovery, but is now catching up, which is allowing our volumes to increase beyond all of the execution actions that we have been carrying out in Brazil. On the other hand, we have been making additional efforts, along with the Brazilian people, to make up for the impact we had due to the exit of Heineken's products. The actions we have taken are paying off, as evidenced by the volume we have despite raising prices to keep up with inflation.
Alan Alanis: Okay, last question, Miguel Ángel, what discussions do you have, what do you expect to share with the board, in terms of the share price issue. The results are very good, and we have been observing a long period of contraction due to several factors, correct? Anything that you could share with us in terms of the discussions taking place among management, between management and the board regarding the share price would be very helpful. Thank you very much.
Miguel Ángel Peirano: Well, actually, I think that it is not just an issue for us; I think that it is an issue for the majority of Latin American companies that have been hit particularly hard in terms of share prices. It is our duty to continue delivering excellent results and excellent dividends so that those who want to become part of Andina by purchasing its shares are aware that they are holding an excellent share.
Alan Alanis: Okay, thank you very much, Miguel Ángel. Congratulations, thank you.
Miguel Peirano: Thank you, Alan.

Operator: And at this time we will take questions from the webcast. I will now turn the call over to Kenia Vargas-Trent.

Kenia Vargas-Trent: Thank you Nicky. We have a question from David Seaman from Alpha Cygni and he says, "Good morning could you explain a little bit more about the investment in Mendoza, a little bit more detail, how much capital has been used and how much of the US$30 million will need to be spent on imported equipment? Thank you."
Andrés Wainer: Hello, regarding the investment we are making in Mendoza, we are reopening a plant that we own and that we had shut down approximately 20 years ago. We will reopen it, and it will be a very small satellite facility with one line of returnable beverages. About two thirds of the US$30 million total investment has been dollarized while the remaining third has not. Additionally, it will be financed using funds that the operation will produce in Argentina, which is crucial. By 2024, the plant should be operational. Additionally, a sizable portion of the payments for the plant, particularly the dollarized portion, won't be made until next year.

Kenia Vargas-Trent: All right. One more question from Thiago Bortoluci from Goldman Sachs and he says, "Hi, good morning everyone and thanks for the call. I wanted to explore a little bit better the dynamics of margins and SG&A. Despite the volume growth, you ended up de-leveraging and this hurt margins in the quarter. What are the reasons for this dynamic and more importantly, what caused the increase in the other expenses line? Thank you very much.
Andrés Wainer: Hello again. A full year should be considered when addressing the SG&A issue rather than just a quarter. SG&A will grow throughout the entire year, keeping up with inflation and a little bit more. Because labor makes up a significant portion of SG&A, inflation and labor are closely correlated in the countries where we do business. Therefore, it serves as a base, and on top of that, SG&A include distribution expenses, which have increased significantly in the countries where we operate as a result of the rise in fuel prices, and this has an impact on us as well. Now, in the upcoming months, we anticipate that the price of fuels will decrease in some of the countries where we operate; this should help to lower SG&A,

at least in terms of revenue. Additionally, our margins for the year should be relatively similar to last year's. In comparison to 2022, we don't anticipate any meaningful changes in our margins.

Kenia Vargas-Trent: Okay, at this time I have no more questions via webcast, Operator?

Operator: We have no questions via telephone at this time either. I now turn the microphone over to Mr. Peirano for his closing remarks.

Miguel Ángel Peirano: *I simply want to thank you for your time, your participation in this call and your interest in Coca-Cola Andina's results. As always, our investor relations team and management are and will be available to meet with you and answer any questions you may have. We remain at your disposal. Have a good day.*