2Q20 Conference Call Guidelines

Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's second quarter 2020 earnings Conference Call.*

I would like to emphasize that the company's results this quarter were significantly affected by the effects of COVID-19. *As of mid-March, the governments of the countries where we operate began to gradually declare total or partial quarantines, closures of restaurants and bars, shopping malls, and schools and universities, as well as the prohibition of mass gatherings and a call to maintain social distancing. These measures have mainly affected the on-premise channel, as most of the restaurants and bars in our franchises have been closed. These measures were particularly stringent in Argentina, Brazil and Paraguay in the months of April and May, and in Chile in May and June. At the consolidated level, there was a 14.6% contraction in our volume during the quarter.*

Currently, we only have mandatory quarantine in most of our franchise in Chile, while in the other countries there are no longer mandatory quarantines, although social distancing measures are maintained, such as the suspension of in-person classes, restrictions on restaurant openings, etc. This has resulted in volume improvements in Argentina, Brazil and Paraguay. This is how consolidated volumes fell by 20.8% in April, 17.1% in May, and only 4.2% in June, mainly because of Chile. In July we are seeing a trend like June. In Chile, due to a significant drop in the COVID-19 infection rate, we also hope that restrictions will be relaxed in the coming weeks. All this allows us to be optimistic about the coming months, as we believe that the worst has passed, and that we will gradually see better volumes in all our operations.

During the quarter, consolidated sales of the company decreased by 17.8% and adjusted EBITDA decreased by 31.4%, with which the company's adjusted EBITDA margin was 13.7%. On the other hand, Income attributable to the owners of the controller reached CLP 1,302 million, decreasing by 91.4% regarding the previous year.

Finally, I would again like to thank all our collaborators who have continued to work on the front line during this pandemic, to satisfy our customers and consumers. We have taken all necessary measures to protect our workers who are in plants, distribution centers and on the market, including new cleaning and sanitization protocols for production lines, use of personal protective equipment such as masks and the use of hand sanitizers, among other measures suggested by the authorities.

Moving on to the operations,

In Argentina, *during this quarter sales volume decreased by 21.7%, which was explained by a volume drop in all categories, as a result of the economic crisis that the country is facing, and the effect of the measures taken by the government since March to contain the COVID-19 outbreak. Since June, volume has shown a significant improvement as quarantines have been relaxed in the provinces where we operate. Our soft drinks market share reached 60.0 points in the quarter. It should be mentioned that as a result of COVID-19-related restrictions, the company conducting the survey had to change the methodology and the sample, so figures are not completely comparable to those of previous periods, affecting Argentina, Chile and Paraguay.*
I would like to highlight the deepening of the digitalization strategy in Argentina, with a significant progress in platforms to connect with our customers and consumers, such as the extension of Tienda Coca-Cola to new provinces for consumers, incorporation of new customers in digital payment and new agreements for payment by credit card for customers.

***In Brazil**, sales volume this quarter decreased by 6.9% compared to the previous year, explained by a volume drop in soft drinks, water and juices categories which was partially offset by an increase in the beer category. Although the juices category showed a drop, I would like to highlight the 30% increase in the volume of Del Valle Fresh, as well as the 22% increase in Monster volume. Our soft drinks market share reached 61.9 points in the quarter, 110 basis points higher than the same period of the previous year. Meanwhile, the mix of returnables continues to grow compared to the previous year, and in this quarter, it represented 31.9% of the soft drinks mix, an increase of almost 6 percentage points compared to the same period of the previous year.*

***In Chile**, sales volume decreased by 19.0% compared to the same quarter last year, explained by a decrease in the soft drinks, water and juices categories, partially offset by an increase in the spirits category. Our soft drinks market share reached 65.5 points in the quarter.*
In addition, during the quarter and for the first time, we achieved leadership in the whiskey category in Chile, and our online consumer sales platform micocacola.cl, multiplied sales by six-fold.

***In Paraguay,** our sales volume decreased by 11.5%, explained by a decrease in volume in all categories. We have reached soft drinks market share levels of 76.8 points in the quarter.*
We also continue with our direct takeover plan of distributors, and this is how during April we directly took over a major distributor, which represented 1.5% of our total sales in Paraguay.

***Lastly, I would like to emphasize that we have continued developing our returnable packaging platform in the four operations**, which has allowed us to offer our products at affordable values in sustainable packaging, something much needed for our consumers at this difficult time for all the economies in which we operate. In the 4 operations we have shown an increase in the mix of returnables, highlighting Argentina, Brazil and Chile, with increases in the soft drinks' mix of returnables of 11, 6 and 7 percentage points, respectively.*

*Now Andrés will comment on the **company's financial results**:*

***Andrés Wainer:** Good morning,*

To begin, I would like to remind you that the figures analyzed incorporate the adoption of IAS 29 since Argentina was categorized as a hyperinflationary economy more than a year ago. Hence, among other implications, the figures of Argentina in the second quarter of 2019 were consolidated using the closing exchange rate of June 2019, which was $16.0 Chilean pesos per Argentine peso, and those of the second quarter of 2020 were consolidated using the closing exchange rate of June 2020, which reached $11.7 Chilean pesos per Argentine peso. Figures of our Argentine operation for both the second quarter of 2019 and the second quarter of 2020, are presented in local currency of June 2020.

With regard to the exchange rates of the other countries where we have operations and their effect on the consolidation of figures, this quarter we had a negative impact upon consolidating figures of our operation in Brazil, since in the consolidation of figures we use an exchange rate of $152.6 Chilean pesos per Brazilian real, which is compared to an exchange rate of $174.5 Chilean pesos per Brazilian real in 2Q19. We had a positive effect on the consolidation of figures from Paraguay, with an exchange rate of $0.12 Chilean pesos per Guaraní compared with an exchange rate of $0.11 Chilean pesos per Guaraní during 2Q19.

Regarding each of the franchises where the Company has operations, and for a better understanding, the figures that we will analyze in each of them are expressed in nominal local currency, and for Argentina, as we discussed, figures will be expressed in real currency of June 2020.

In Argentina, *Net Sales decreased by 30.7% in the quarter, which was mainly explained by the volume decrease already mentioned by Miguel Ángel, and to a lesser extent by lower average prices, which was affected by a lower immediate consumption mix, as well as by price controls exercised by authorities.*

Cost of Sales decreased by 24.4% in the quarter, which was mainly explained by the drop in volume sold, a lower cost of PET resin, and a lower cost of sugar. These effects were partially offset by the devaluation effect of the Argentine peso on our dollarized costs.

For its part, Distribution Costs and Administrative Expenses decreased 16.7% in the quarter, which is mainly explained by the effect of lower volumes on distribution expenses, lower labor costs and lower advertising expenses.

Finally, Adjusted EBITDA decreased by 93.8% in the quarter, and Adjusted EBITDA margin contracted 1,084 basis points reaching 1.1%. Argentina represented 1.5% of Adjusted EBITDA generated by the company.

In Brazil, *Net Sales decreased by 2.2%, which was mainly explained by the decrease in sales volume already mentioned by Miguel Ángel which was partially offset by higher average prices, driven by a greater mix and price of the beer category.*

Cost of sales increased by 6.2%, which is mainly explained by:

- *i. The negative effect on our dollarized costs of the devaluation of the Brazilian real against the U.S. dollar.*
- *ii. The greater cost of concentrate because of the reduction of tax benefits.; and*
- *iii. The increase in beer sales, which carries a high cost per unit case.*

On the other hand, Distribution Costs and Administration Expenses decreased by 18.7%, which is mainly explained by lower distribution costs because of lower volume sold and by efficiencies, as well as by a reduction in labor costs and advertising expenses.

Adjusted EBITDA in Brazil decreased by 3.2% in the quarter and Adjusted EBITDA margin was 16.7%, a contraction of 17 basis points. Brazil represented 43.0% of Adjusted EBITDA generated by the company.

In Chile, *Net Sales decreased by 18% in the quarter, mainly explained by the volume decrease already mentioned by Miguel Ángel which was partially offset by higher average prices. Higher average prices are mainly explained by a greater mix of the spirits category, which was partially offset by a lower mix of immediate consumption.*

Cost of Sales decreased by 17.9%, which was mainly explained by lower volume and a lower cost of PET resin. These effects were partially offset by the negative effect of the depreciation of the Chilean peso on our dollarized costs.

Distribution Costs and Administration Expenses decreased by 6.3% in the quarter, mainly explained by lower distribution expenses due to the decrease in volume sold as well as by lower labor costs and lower advertising expenses.

Adjusted EBITDA decreased by 30.4% in the quarter and Adjusted EBITDA margin reached 14.9%, a contraction of 266 basis points over the previous year. During the period, the Chilean operation represented 37.2% of the Adjusted EBITDA generated by the company.

In Paraguay, *Net Sales decreased by 16.6% in the quarter, which was explained by the volume decrease already mentioned by Miguel Ángel and to a lesser extent by lower average prices, which was affected by the lower mix of immediate consumption.*

Cost of sales decreased by 16.5%, which was mainly explained by lower volume sold, by a lower cost of PET resin, and by an increase in the future consumption soft drinks' mix, which carries a lower average price.
This was partially offset by the negative effect of the devaluation of the Paraguayan Guaraní on our dollarized costs.

Distribution Costs and Administration Expenses decreased by 13.2%, which is mainly explained by lower distribution expenses because of lower volume sold, as well as by lower labor costs and lower advertising expenses.

Adjusted EBITDA decreased 13.7% in the quarter and Adjusted EBITDA margin reached 25.7%, an expansion of 88 basis points over the previous year. Paraguay represented 18.4% of Adjusted EBITDA generated by the company.

We are now available for any questions you may have.

Operator: Our first question comes from Fernando Olvera with Bank of America. Please go ahead.
Fernando Olvera: Good morning Miguel Ángel, Andrés, and thank you very much for taking my questions. The first question is regarding volumes. In the press release you mentioned that volumes recorded only a 4% drop in June, and in July it was something similar, I do not know if you can tell us what the behavior is by country, as well as how you have seen the behavior, or the performance by sales channel. And a little on what you are expecting for the second half of the year. That is the first question.
The second, is whether you could tell us what the pandemic-related expense was, and how much of this expense will be recurring for us in the coming quarters. Thanks a lot.
Miguel Ángel Peirano: Hello Fernando, how are you? Miguel Ángel. Well, on the issue of volumes, countries have been behaving almost in direct relationship to the level of restriction they have had because of quarantines mandated by countries. As you mentioned, and basically what we are explaining is that in June volumes dropped about 4%, and July will be in that same line. And Argentina, as well as Brazil and Paraguay, are with volumes quite like the previous year, and Chile is still a little behind because it still has restrictions, that are now starting to sequentially open. Therefore, the consolidated figure will also be around -4% for July. And going forward, what we are seeing, is that if openings continue, which are happening in all countries, the volumes are recovering.
This does not imply that the mixes are being recovered within this volume. Still personal consumption, one-way, is being affected in large part due to the number of stores that are closed, and that the opening of such stores also comes with restrictions. Restaurants, and bars in some provinces in Argentina, in Brazil, in Paraguay, that already are opening have social distancing measures, so the number of people they can receive is less than what they previously received. And on the other hand, there is a process where people also must overcome the fear to go out for a drink or go out to eat. So we are seeing that regarding the mix, it will take a little longer to normalize, instead the volume is coming back quickly with greater

preponderance in multi-serve packaging, and especially in the returnable ones that because of value makes them more required.

Andrés Wainer: Fernando, regarding your second question on COVID-19-related expenses, in total in the quarter among the four countries, it must be between USD 2 million and USD 3 million. Part of this has to do with all the expenses on protective equipment, such as masks, hand sanitizers, etc. And another part has to do with uncollectible provisions that we have made particularly in Chile and in Brazil, because of customers that are closed and that there is a high probability that they will never open and that they will not be able to pay us what we are owed, therefore, we have made certain provisions. But that, in the third and fourth quarters we hope it will be less than that, it should be lower both for protection and uncollectible provisions, everything should be getting better.

Fernando Olvera: Perfect. Thank you very much, Miguel Ángel and Andrés.

Miguel Ángel Peirano: Thank you Fernando.

Operator: The next question comes from Felipe Ucros with Scotiabank. Go ahead with your question, please.

Felipe Ucros: Hello Miguel Ángel, Andrés, team. I hope your families are ok, thank you very much for the space for questions. Maybe the first one on my side has to do with alcoholic beverages and the leadership you reported in whiskey. You have been with the project for almost two years, I think it started in August two years ago, so I thought it was a good opportunity for you to maybe give us an update on how the project is working, and how good the result has been for you and Diageo. And, maybe on a second front, if you can comment a little further about the results in returnables that were very good. Perhaps to tell us a little bit about what the strategy has been to increase returnables, the penetration of returnables, and what effects we should see in the financial statements since the treatment of bottles is a little different. Thank you.

Miguel Ángel Peirano: Hello, how are you, Felipe? This is Miguel Ángel. Well, regarding the actions we have performed to expand our product portfolio in terms of beverages, and specifically alcoholic beverages with Diageo and Capel, we have been with Diageo for more than a year already, Capel is newer. In both cases really the experiences have been fantastic from every point of view. For both alcoholic beverages and non-alcoholic beverages.

The fact that we can offer a broader portfolio with a capacity to respond to the needs of our customers, especially those customers who sell or are more focused on alcoholic beverages, but who also sell non-alcoholic beverages. Being able to offer them this expanded portfolio makes our relationship with them much closer, that we can provide a better service, and that generates a drag effect on our non-alcoholic products as well, such as water and mixers basically. Or non-alcoholic products that are used as mixers in this type of customers. So, it has been a win-win both from our point of view regarding our global portfolio, including alcoholic and non-alcoholic beverages, and for our partners in this type of task. Basically, Diageo and Capel. And this demonstrates the selling and distribution strength of The Coca-Cola System. If we remember Monster, in a short time we achieved leadership in Chile, in Brazil and so on, so the reality is that as we continue with an ever-broadening portfolio, we will certainly be able to deliver a better service, and on the other hand continue to strengthen our competitive position in the market.

Regarding returnables, as a company for many years we have been working on strengthening and growing this segment. So much so that this was one of the main triggers for investing in the Duque de Caxias plant in Brazil, in order to be able to double the capacity of returnables and continue to grow from it, given the limitations that we had in our plant in Jacarepaguá. Therefore, returnables mean a process that one has to be convinced, it is a long process because it involves teaching and educating; not only our consumers, but also our customers what the packaging is worth, that the packaging does have value, unlike one-way that once consumed the packaging is thrown away, whereas with returnables, they have to store it, they have to take care of it. And the big advantage, and one of the main reasons why we have done this, is because of the focus on sustainability. Ensuring that the bottles that go to the market return to the market and that mostly die on our same lines when you check them and discard them. So, in returnables, as I mentioned, since the investment in the Duque de Caxias plant, since the implementation of a single bottle in almost every country, this is the same bottle used to package Coca-Cola, Fanta, Sprite, all flavors and Zero lines. Which makes it feasible for us to extend these kinds of packaging on our lines, the volume of which per se, would not allow it. As returnables require that the product be present on the market and that there are bottles, there is a minimum volume necessary for this to work and whoever buys this returnable bottle finds it anywhere, or in any Mom & Pops he or she decides to go to buy. And this requires critical mass that, as in the past, if there was one packaging for each type of product, this would restrict the extension and expansion, and the penetration of these bottles into the market. Achieving the agreement with The Coca-Cola Company to have a single bottle has facilitated and accelerated the

mix, and now when there is a tremendous economic restriction in the markets for the measures that have been taken, as well as because quarantines have put brakes to economies, it undoubtedly becomes a twice as valuable tool. First being able to offer affordable packaging to the consumer, and on the other hand, at the same time sustainable. So, it is something that for Andina is one of our precepts, we are convinced that it is a container that must keep on growing, and we will continue that path.
Felipe Ucros: Very clear, Miguel Ángel, thank you very much. And if I can follow-up, I wonder if you have this data, but how does the market share that Diageo had on the traditional channel compare before you, and after you? Do you have this data by any chance?
Miguel Ángel Peirano: I do not have it available right now, but we will find out and let you know.
Felipe Ucros: Fantastic. Thank you so much for your time.
Miguel Ángel Peirano: Thank you, Felipe.

Operator: The next question comes from Diego Guzmán with BTG Pactual. Go ahead, please.
Diego Guzmán: Hello, thank you very much for the call. I had a couple of questions. I wanted to see if you can explain in a little more detail the impairments of assets you recorded both in Chile and Brazil, and if we could see any more of this going forward, if you are in any process of reviewing any assets. And also I wanted to know whether you have some kind of measurement, or if you were to isolate the COVID-related volume drop effects, to understand a little more how the efficiencies you have in some countries have behaved, price and mix policies, taking out a little bit of the bad context of COVID. That is mainly it, thank you.
Andrés Wainer: Hello, Diego. This is Andrés. Regarding asset write-offs, in Brazil we hold about 10% of a joint venture that produces juices and other similar products, which is called Leão, and what we did was an asset write-off of a Leão plant that is in Linares, which will close during the second half of the year. That was CLP 4 billion, something like that. And the other write-off is in Chile, correspond to a production line also in Coquimbo that are no longer being used, and that were also written-off, which is like CLP 3 billion. In total we are talking about CLP 7 billion in property, plant and equipment write-offs. Regarding other future write-offs, for now we do not see anything, there is nothing we have planned. Obviously impairment tests must be performed on all cash-generating units that we have in the four countries, and they are performed once a year and we will probably do a review earlier, during the second half of this year. But when we have more clarity as to where our volumes and cash flows are going. But I do not see a significant risk of having to make a major write-off, at least for now. Not at all. We have not considered it.
Miguel Ángel Peirano: Diego, regarding the second question, could you repeat it for me? On volumes, what was your question?
Diego Guzmán: Yes. Well, the question is obviously not so easy, but given the changes in volumes that all countries have had, I was wondering if you have any impact with constant volumes, or something that you can share with us on efficiencies regarding the same sales volume as the previous year, or something like that to get an idea of how the operation is going. If everything had continued without these COVID effects, I wonder if you can comment a little on that.
Miguel Ángel Peirano: Well, in the first quarter we had been growing in all countries with a very good performance. In March, the issue of COVID began by impacting different countries differently, because the impact is completely tied to the levels of lock down and quarantine that countries placed. Some countries accelerated this process, Argentina was one of them. Brazil halfway, Paraguay and Chile using what they called smart quarantine, which was simply to close communes where there were outbreaks because in Chile many more measures were taken. Therefore, the impact and volumes change directly proportional to the level of lockdown.
Now, if we go to the product lines we have, in general the most impacted were juices and water, stills, falling. And within soft drinks, flavors. Coca-Cola has even performed well in all markets, both Coca-Cola Zero and regular Coca-Cola, resisting very well, growing even in some places. And as far as packaging, returnables in some places even growing versus the previous year, and that can be seen in the tremendous mix growths we have had in returnables. This is basically because, on the one hand, returnables have several advantages and sorry for being insistent on the subject, but the fact that it is the traditional market, the market where it has spread the most and where returnables have more penetration. And the traditional market has most resisted this COVID-19 onslaught due to the proximity and because many stores began to deliver within the area of three, four, five blocks, in the area of influence where they are, this has allowed the traditional market to survive and strengthen and take volumes from supermarkets, either when they were closed, or when they re-opened, due to restrictions

on the number of people in the same location, there are still lines outside to be able to enter and people prefer to change their place of purchase. Deliveries and online sales have grown a lot, however, they have grown a lot from a low level. They still represent very low percentages of everything that is sold, particularly regarding pantry low. I do not know if this answers your question, Diego?

Diego Guzmán: Yes, perfect. The truth is I wanted to perhaps have a perception of the product mix effect as well. If you have dimensioned that impact, just by a change in the mix, how much were company figures impacted? But well it is obviously a bit complex because the evolution and changes that all variables have are very dynamic.

Andrés Wainer: While the mix could change, it does not affect us so much because there are some that help us and some that play against us and end up netting. For example, the immediate consumption loss obviously affects us, immediate consumption that is usually sold on the on-premise channel has a greater margin than in other channels. But on the other hand, we have seen an increase in the soft drinks' mix, compared to water and juices that have a greater margin, then in the end one effect ends up more or less offsetting the other, and we are not seeing a relevant mix effect on our results.

Diego Guzmán: OK. So, price yes, but not necessarily margin.

Andrés Wainer: Exactly. We are with lower average prices, but also with lower costs.

Diego Guzmán: OK. Thank you very much.

Andrés Wainer: You're welcome.

Operator: The next question comes from Carlos Laboy with HSBC. Go ahead, please.

Carlos Laboy: Yes, good morning. Miguel Angel, Andrés, what can be done in Argentina to solve profitability? You already have quite modern and efficient plants, you have automated to the point of having almost no people. Returnable represent almost half of the mix I think, right? You got beer in the trucks. You have done a lot to bring efficiency to that business, and it is still suffering. What else can you do there?

Miguel Ángel Peirano: Hello, how are you Carlos? This is Miguel Ángel. Well, in Argentina today the issue of volumes is somehow already very similar to the previous year because of the release from quarantines, particularly in the provinces where we are. The main pitfall we are having is a controlled price issue. The government is putting tremendous pressure on maintaining prices, and that has basically complicated EBITDA and the margins of our products.

Now, as you mentioned, we are very well prepared because of what was done in the past in terms of efficiencies in our plant, the fact that we have our sugar clarification plant, the fact that we have added beer in our trucks, the fact that we have a percentage of returnables like the one we have. And clearly this price situation the way it is, the government will gradually have to loosen them, once this situation ends, and then we have all the variables to return to reasonable margins. Clearly in the meantime we must continue to work on revenue management, we must continue to work on promoting growth of personal consumption at home. And seek cost savings, which always exist beyond everything that is done. No doubt the economy in Argentina is not going to be simple going forward but there are always ways to try to compensate. And I think we are very well positioned so that the moment when things start to work again, when the economy starts to move because most of the restrictions have been lifted and economic measures are implemented to re-activate GDP growth, to be able to recover, not all, but an important part of the margins we had.

Carlos Laboy: And how do you see the dialogue, with the government Miguel Ángel? Do you think that by the summer of Argentina you could have a little more room to increase prices, or will that be difficult?

Miguel Ángel Peirano: Well, the government has fully prioritized the issue of the pandemic over the economy during these months. I believe that given the pressure that is taking place on the market itself, from traders, from SMEs, that is already changing. We must see how quickly these openings are made, and as these openings are made the economy will walk again. With a growth ramp, we will have to see what it will be like, but the reality is that I think we are at the worst time, and that from here onwards, news will certainly be better.

Carlos Laboy: Thank you.

Miguel Ángel Peirano: Thank you Carlos.

Operator: The next question comes from Bianca Coelho with Coca-Cola. Go ahead please.

Bianca Coelho: Good morning. I would like to better understand operating efficiencies in Brazil. In the results report they are explained by lower distribution costs due to lower volume sold and efficiencies, as well as a reduction in labor costs. Could you comment more on what those efficiencies were, how much would the impact of reducing labor costs be?

Andrés Wainer: Hello, Blanca. This is Andrés. Yes, as the press release says, in Brazil we have had quite significant efficiencies both in distribution and in other fixed costs. Regarding distribution, we have managed to reduce the cost per distributed unit case, despite the drop in volume. We have lowered the number of trucks more than the amount of volume, therefore we have achieved more efficiency. That is in terms of distribution, and we believe it is projectable for what is left of the year. So, we believe that when volumes start to improve, we will still manage to maintain some efficiency, and thus improve margins. Regarding administration and sales expenses, there are two significant reductions. One regarding labor. The company has been restructured and staff has been significantly reduced. On the other hand, advertising expenses have also been significantly lowered. I would say that those are the two most important lines that will make the quarter's expenses, and the coming quarters, quite low. Now regarding advertising, as the pandemic passes, we are going to go back to previous levels. Regarding labor we will have to review it, the idea is to try to operate with higher volumes, but with reduced staff to increase our productivity and thus our margins in the coming quarters.
Miguel Ángel Peirano: There too Bianca, perhaps also mention that much of what was done was thanks to the investments we made in the past. The Duque de Caxias plant with tremendously high efficiency, where we are concentrating productions with much better efficiencies than we had in our previous plant due to the automation and technology that the new plant has. And the fact that we were able to variabilize distribution, thanks to having made the decision a few years ago to have our own fleet, where we decided which truck worked and which truck we stopped. Unlike when you have third parties where you make normally annual contracts, and beyond volume variations, you must honor those contracts because it is ultimately what you signed with the third parties. So, all this has allowed us to be much more efficient in Brazil.
Bianca Coelho: Okay, thank you very much.

Operator: Our next question comes from Andrea Quezada with Metlife. Go ahead, please.
Andrea Quezada: Hello, could you clarify for us a little how we should view the next few quarters in the company? From what I hear, since most trades are in countries that are releasing lockdowns, should the second quarter be the worst quarter of the year and should there be improvements going forward? It's not clear to me when we will see sales volume levels similar to what we saw last year, is that fast or is it going to take a year, or how many quarters, what are your expectations?
Andrés Wainer: Hello, Andrea. Well, as Miguel Ángel explained, in April we had a 21% drop in volume, 17% in May and 4.2% in June. I mean, the trend is pretty good, and in July we are going to close at around that figure, 4.5%. Now, when are we going achieve 0%? No one knows, but already in Paraguay and In Brazil in June and July we are with volumes above the previous year. Chile is staying behind, volume is down, mainly because of the quarantine that exists in Santiago, which obviously affects us. And as the quarantine is released volumes should improve. Now, when are we going to achieve 0%? In the case of Chile, the truth is that it is impossible to know, it depends a lot on the evolution of the pandemic and the measures taken by the authorities regarding quarantines. But we believe from what we saw mostly in Brazil and Paraguay, and also in Argentina, where volume had dropped by -30% in April and already during the last two months it has dropped -3%, -4%. So, if you project what you are seeing in other countries to Chile, probably in one, two months volumes should be similar to the previous year. Now, it is impossible to guarantee it since this is a new pandemic, no one knows how it will behave, we are seeing that in Europe there have been second waves. So, it will also depend on whether the second wave is very strong or not, what measures the authorities take, and so on. But we are optimistic that the worst already happened which was the second quarter, specifically April and May, and that from now on the months should begin to improve.
Andrea Quezada: Okay, but just to understand better, so you mean that all the consumption that was outside the home, you have seen that it generally it is being replaced, eventually? And that then, even if restaurants don't come back, or all that kind of consumption, you should still reach sales volume levels very similar to the previous one, and that might have a discrepancy in the next possible lockdown?
Andrés Wainer: Yes. Well, what we have seen in Brazil and Paraguay is that it did, volume has been recovered. In those countries some restaurants have opened, but much not, much of the channel is still closed however we have recovered volumes, therefore one can conclude that it was recovered through consumption at home. If that is going to happen in Chile it is impossible to know, so far with strong quarantines it has not happened. And the thing about quarantine is that people have a hard time going out shopping. In Chile you can go out twice a week, then people run out of soft drinks at home and cannot go out and buy more. Keep in mind that many people buy soft drinks every day, or every other day. So that also has an impact, but when quarantines are released, even if the restaurants are closed, there is a good chance that much of that volume will be recovered through home consumption.

Andrea Quezada: Okay, perfect. Thank you.

Operator: And this is a follow-up question from Carlos Laboy with HSBC. Go ahead, please.
Carlos Laboy: Yes, thank you very much. Andrés or Miguel Ángel, could you tell us a little more on how online sales are performing in your markets? and how is the crisis perhaps changing consumption patterns in this channel?
Miguel Ángel Peirano: Yes, of course, Carlos. I will comment on this subject by country because the reality of the countries is very different. In Paraguay for example, online sales are very scarce, people are not used to it, there are no networks and people have a way of going personally to do the shopping, and it will take beyond the subject of COVID-19, quarantines and so on, still more time for online sales to develop in a sustainable and predominant way. On the other end perhaps, there is Chile, our direct-to-consumer internet sales have grown almost six-fold, seven times from what we were selling. Here too the fact of having a broader portfolio helps to enhance, not only the sale but the profitability of this channel. Being able to sell within that channel all our products means that when someone needs beverages, whatever kind he or she needs, they go to our site and there it is, available with top quality brands in all segments. Therefore, this has helped us to enhance it, and clearly the pandemic and the extent of the use of this type of tools in Chile that has already been growing, has been enhanced. And hence our focus on continuing to expand micocacola.cl, both to the consumer and for customers.
In Argentina we are not using direct sales and delivery to consumer, considering that our territory is very extensive with low population density. That makes this type of sale quite unprofitable, but we are using and expanding in all provinces what we call tienda Coca-Cola that has also had tremendous growth. Tienda Coca-Cola is where the consumer makes their purchase and chooses the Mom & Pops near their home, or close to their work where they pick it up. So, setting up this network, we are somehow leveraging in our logistics system to deliver the purchase of the person, the final consumer. And this is delivered by the grocer/storekeeper with two advantages, first it is a purchase that probably would not have been made at their store and has a commission on it. And the second advantage is that it generates traffic to that store, so this also helps them participate. The use of such tools, virtual payments, e-wallets and so on will continue to grow, and we are very focused in all countries to develop them and have an important participation in this type of channels.
The same occurs in Brazil where it is also quickly developing, from customer purchases directly via WhatsApp, purchases like mi tienda and so on. But clearly it is something that will continue to grow, Carlos, and we have to be present understanding that our products being big, being relatively cheap per unit and being heavy, logistics in all this type of implementation becomes a key success variable.
It is very difficult if the logistics have not been developed, to be able to develop a virtual sale, because the sale is easy to do but the delivery is the complicated part in this process, and it is where one cannot fail. One must fulfill and deliver the promise made during the sale, and that is also why we are regulating growth to ensure delivery times and quality of delivery.
Carlos Laboy: Thank you.
Miguel Ángel Peirano: Thank you Carlos.

Operator: There are no more questions right now, Mr. Peirano, do you have any final comments?

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