2Q23 Conference Call Guidelines

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

In the second quarter of 2023, we once again achieved positive operating results. At the consolidated level, the Company's adjusted EBITDA reached CLP 99,770 million, an increase of 6.3% compared to the same quarter in the previous year. On a currency-neutral basis, however, the increase was 11.7%, a difference largely attributable to the revaluation of the Chilean peso relative to the currencies of the other countries in which the Company operates. Income Attributable to the Owners of the Controller was CLP 12,192 million.
In Argentina, the beer distribution agreement we had with CCU expired during June, and we are currently in negotiations to sign a possible new agreement that would include some of the brands covered by the previous agreement. It is also important to mention that in Argentina we launched a pilot plan in the Cuyo region, to distribute some wine brands from Grupo Peñaflor and Diageo.
On the other hand, during the month of June, our Ribeirão Preto plant in Brazil began producing Jack & Coke for the entire Coca-Cola system in that country. ***In addition, we are in the process of expanding and adapting the infrastructure in Duque de Caxias*** *for the manufacture and storage of new products, including beer and alcoholic and non-alcoholic beverages, a project that will be operational in early 2025. This project will require an investment of approximately USD 80 million, which is included in our Capex guidance for 2023 and 2024 of USD 250 million.*
In Chile, approximately 10,000 liters of water and carbonated beverages were donated in the context of the floods that hit the country, and in Paraguay we were recognized for the eleventh consecutive year with the Top of Mind Award, for the Coca-Cola brand, and the Employer of the Year Award for the sixth consecutive year.
During the last few months, we have focused on defining and communicating our purpose: "to reach every corner together, to refresh moments and create opportunities." This phrase, which combines several characteristics, recognizes what we have built throughout our history, reflects who we are, and motivates us to face future challenges. The identity we seek with our purpose is based on the origin of Coca-Cola Andina, through its various milestones and learnings, in addition to reflecting the actions that make this commitment a reality and the challenge it represents for each member of our Company, which has enabled us to become one of the most important bottlers of the Coca-Cola System in Latin America.

Turning to operations, *our Brazilian and Paraguayan operations ended the second quarter of the year with volume growth, while our Chilean operation ended with flat volume and our Argentine operation's volume declined due in part to the country's economic situation and a strike that affected production and sales for 8 days in May.*
On the other hand, our Brazilian, Paraguayan, and Chilean operations had a very strong financial performance, whereas Argentina's adjusted EBITDA declined in real terms, which was primarily due to a decline in volume.
In Argentina, *during this quarter, sales volume decreased 4.8%, which was explained by the volume decrease in the Soft Drinks and Juices and other non-alcoholic beverages categories, partially offset by the increase in the Water category.*
In Brazil, *this quarter, sales volume increased 6.4% versus the previous year, explained by a volume increase in the Soft Drinks, Waters and Beers and other alcoholic beverages categories, partially offset by a decrease in the Juices and other non-alcoholic beverages categories. Excluding beer and spirits, Brazil's volume grew 6.2%.*
In Chile, *sales volume was unchanged from the same quarter of the previous year. Excluding alcoholic beverages, Chile's volume also remained unchanged.*
In Paraguay, *our sales volume increased 10.2%, explained by a volume increase in all categories, highlighting Waters and 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 second quarter of 2022 and the second quarter of 2023 are presented in local currency as of June 2023.
Regarding the exchange rates of the other countries in which we have operations and their effect on the consolidation of the figures, this quarter we experienced a negative impact when consolidating the figures from our operations in Brazil, Paraguay and Argentina.
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 June 2023.

***In Argentina**, Net Sales decreased 6.0% in the quarter, which was mainly explained by the volume decrease already mentioned by Miguel Ángel, and by a decrease of the average revenue.*
Cost of Sales decreased 9.2% in the quarter, which is mainly explained by the lower sales volume, a lower cost of Pet resin and a lower cost of sugar. This was offset by higher labor costs.
Distribution Costs and Administrative Expenses decreased 0.5% in the quarter, which is mainly explained by lower freight expenses due to lower volumes sold, and lower marketing expenses. This was offset by higher labor expenses.
Finally, Adjusted EBITDA decreased 4.3% in the quarter, and Adjusted EBITDA margin expanded 30 basis points to 17.3%. Argentina accounted for 24.1% of Adjusted EBITDA generated by the Company.

***In Brazil**, Net Sales increased 10.1%, which was mainly explained by the aforementioned increase in volume and the increase in the average revenue per unit case sold.*
Cost of sales increased 6.9%, which is mainly explained by higher sales volume, higher cost of concentrate due to price increases, and a shift in the mix towards higher unit cost products. This was partially offset by a lower cost of raw materials, especially Pet resin.
Distribution Costs and Administrative Expenses increased 8.3%, which is mainly explained by: higher labor expenses, higher depreciation, and higher distribution expenses due to both higher volumes and higher tariffs. This was partially offset by lower marketing expenses.
Brazil's Adjusted EBITDA increased 19.5% in the quarter and Adjusted EBITDA margin was 18.8%, an expansion of 149 basis points. Brazil accounted for 30.0% of Adjusted EBITDA generated by the Company.

***In Chile**, Net sales increased 13.5% in the quarter, mainly explained by an increase in the average price.*
Cost of sales increased 14.7%, which was mainly explained by a higher cost of concentrate due to price increases and a shift in the mix towards higher unit cost products. This was partially offset by a lower cost of raw materials, especially Pet.
Distribution Costs and Administrative Expenses increased 10.1% in the quarter, which is mainly explained by: higher labor costs and services provided by third parties, higher distribution and hauling expenses, due to higher tariffs and higher marketing expenses.
Adjusted EBITDA increased 14.3% in the quarter and Adjusted EBITDA margin reached 12.7%, an expansion of 9 basis points compared to the previous year. In the period, the Chilean operation accounted for 34.3% of Adjusted EBITDA generated by the Company.

In Paraguay, *Net Sales grew 19.2% in the quarter, which was mainly explained by the aforementioned volume increase and by a higher average price.*
Cost of Sales increased 20.1%, which was mainly explained by: a higher volume sold, a higher cost of concentrate due to price increases, a higher cost of sugar and fructose and a shift in the mix towards higher unit cost products.
Distribution Costs and Administrative Expenses increased 12.6%. This is mainly explained by: higher labor costs and services provided by third parties, higher distribution expenses, due to higher volume sold and higher tariffs, and higher depreciation charges.
Adjusted EBITDA increased 21.9% in the quarter and Adjusted EBITDA margin reached 28.6%, an expansion of 64 basis points from the previous year. Paraguay accounted for 13.4% of Adjusted EBITDA generated by the Company.

Regarding the remainder of 2023, we do not anticipate significant changes in the volume trends we observed in the first half, with volumes rising above the GDP growth rate in Brazil and in line with the GDP growth rate in Argentina, Chile, and Paraguay. In addition, we will continue to implement price increases in line with local inflation in the countries where we operate in order to protect the profitability of the business. On the other hand, the decrease in the international price of Pet resin has a positive impact on COGS, which will be partially offset in the second half of 2023 by higher sugar prices. We currently have sugar price hedging in place for approximately 65% of our remaining 2023 requirements. In recent months, sugar prices on international markets have increased, so it is likely that the prices we set for the missing volume will be higher than last year and also higher than the values of our 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: How are you all doing? Good morning. I greatly appreciate you taking my call. I would like to begin with a question concerning Argentina. If you could tell us what the volume performance would have been, including the impact of the strike, and how you anticipate the volume to behave for the remainder of the year? And my second question is whether you can elaborate on the increased tax rate and suggest a reasonable, effective rate for the remainder of the year and going forward? Thank you very much.
Miguel Ángel Peirano: Hello, Fernando, how are you? This is Miguel Angel. Approximately one million unit cases were affected as a result of the eight-day strike in Argentina, to be exact. Due to the fact that we were able to fill the market prior to the estimated time of the strike's occurrence, we were able to mitigate its impact on our customers.
Andrés Wainer: Hello, Fernando, this is Andrés. Regarding the tax rate, our estimate for the year 2023 is close to 40%, approximately. And from the following year onward, it may be between 35, 36%. This should be comparable to the structural rate of the company.
Fernando Olvera: What's the reason for this, Miguel Ángel? Sorry, Andrés.
Andrés Wainer: If you look at the average of the four operations where we have corporate tax, the average is about 30%. You must keep in mind, however, that our operations pay us dividends, and that those dividend are subject to tax withholdings. And those withholdings are accounted for in the tax line, which is why it will never be 30%, unless we do not withdraw money. It will be closer to 35, 36%.
This year in particular, we have a tax mismatch that has generated tax profits for monetary correction, which is quite relevant and brings the annual rate closer to 40%. However, we are significantly reducing the mismatch; it will be reduced by more than half, so this effect should be quite marginal in the coming years.
Fernando Olvera: Perfect, thank you very much.

Operator: The next question comes from Felipe Ucros, with Scotiabank. Please go ahead.
Felipe Ucros: Thank you, and good morning, Miguel Ángel, Andrés and team, thank you for the opportunity to ask questions. My question was about the agreement with CCU in Argentina. It appears from the release and the call as well, that only some brands would be included in a possible agreement renewal. So I wanted to ask you, I know you are in the midst of negotiations,

and it will be difficult to comment, if there are any details you can provide to help us understand if the portfolio's major brands are going to be removed, so we can understand a little bit how strong the impact could be on a new agreement.
On the other hand, I would like to inquire whether this would be a good time to consider expanding the beer portfolio beyond CCU. Maybe something similar to what you did with Therezópolis in Brazil, or I am not sure if you are considering any other ways for covering the volume. Thank you very much.
Miguel Ángel Peirano: Hello, Felipe, this is Miguel Ángel, how are you? Good morning. To give you an idea of the size of the beer market in Argentina, today, we sell approximately 12 million cases. This volume is not included in our volume line because we were selling on behalf of a third party, so although we were selling 12 million it was not included in the volume line. And as far as the impact on EBITDA, of the total business we had, it is about 7% of EBITDA. That is what we had in beer. Regarding the negotiation, as we mentioned, we are currently in the process of negotiating, so based on the results and on what we agree or do not agree to, we will take the appropriate actions, however, I cannot tell you at this time because we are still negotiating.
Felipe Ucros: Very comprehensible; I imagined that response. As for the possibility of completing the portfolio with other brands, I imagine that you cannot comment either, as I do not know whether the agreement will be exclusive or not. But I am not sure if you are able to comment on the willingness to serve a different beer brand.
Miguel Ángel Peirano: Again, everything will depend on the negotiated terms. Possibly, but the reality is that we are currently in the midst of negotiations, so I cannot give you any advance because no agreement has been reached.
Felipe Ucros: Very clear. And now I would like to inquire about a different matter: the announcement of a new pilot for distribution in Argentina. I am unsure if you are able to provide us with information regarding your primary brands, the distribution channels you are evaluating, and any other pertinent information. And congratulations on the development of this pilot.
Miguel Angel Peirano: You are aware that our objective is to become a total beverage company in all of the countries in which we operate, within the constraints imposed by the structure of the various beverage categories in those countries. In the case of Argentina, we are expanding it to include wines and spirits, primarily Peñaflor wines like Trapiche, Navarro Correas, El Esteco, Finca Las Moras, among others. In the case of Diageo, this includes all of its products. And this is a test we are conducting, essentially in the Cuyo region (San Juan, San Luis, and Mendoza).
Felipe Ucros: Does it include the modern channel or is it only the traditional channel?
Miguel Angel Peirano: We are conducting global testing.
Felipe Ucros: Thank you very much for the information, and again, congratulations on that pilot! Thank you very much.
Miguel Angel Peirano: Thank you very much, Felipe.

Operator: At this time we have no further questions via telephone. We will now take questions from the webcast. I will turn the call over to Kenia Vargas-Trent.

Kenia Vargas-Trent: Thank you. We have a question from Javier Ramirez, from Bellavista S.A. de Inversiones. "Can you comment on the Brazil business, the beer business, among others? Thank you."
Miguel Angel Peirano: Yes, of course, Javier. Regarding the business in Brazil, as you may have seen from the numbers, the business is doing very well. Brazil has been growing with good numbers, with good revenue management, volume growth, with controlled costs, so we see a very good year for Brazil.
And with respect to beer, we are continuing with what we said is our strategy. On the one hand, we are managing part of the brands we have from Heineken. On the other hand, we have third-party brands that we are also managing, such as Estrella Galicia, and on the other hand, we are developing our own brand, Therezópolis.
On the production side, the construction of our brewery in Duque de Caxias is on schedule, so everything is proceeding as planned, and the business as a whole, across all categories, is doing very well.

Kenia Vargas-Trent: Very good. We have the following question from Tomas Dragicevic from Banchile Inversiones. "Hi, how are you, any new comments regarding this year's dollar bond maturity, do you see a refinancing more likely?"
Andrés Wainer: Yes, this is Andrés. I am going to answer this question and the next one which is very similar. We have a bond maturing at the end of September for 360 million dollars, this bond is swapped to reais. At the time of maturity, most likely the total that we will have to pay will be closer to 200 million, because it is swapped to 840 million reais. And yes, we are

going to refinance it and we are currently looking at how we are going to refinance it. It will probably be with a bond, and we are seeing where we are going to issue it.

Kenia Vargas-Trent: The next question comes from Rodrigo Godoy, from Credicorp Capital. "In the press release it was commented that the non-operating result in year-on-year terms was impacted by the absence this year of a provision reversal in Brazil that took place in 2Q22. What type of provision are you referring to? Thank you very much."
Andrés Wainer: In Brazil, a provision of just under $20 million was made for a contingency last year. We reversed the provision because the likelihood of the occurrence decreased significantly. That was last year. This year, we did not experience this effect, which explains the difference.

Kenia Vargas-Trent: The next question comes from Gustavo Ballvé of Burgundy Asset Management. He says, "why are volumes in Argentina not as good as Arca or Coca-Cola FEMSA, even excluding the impact of the strike?"
Miguel Ángel Peirano: Hello Gustavo. Essentially, Argentina is experiencing a complicated economic situation at the moment, and the impact of this economic situation varies by region; this could be one explanation. A further explanation is the comparison to the previous year, wherein in some cases it is more demanding and in others it is less demanding, resulting in differences between this year and the previous year. The third factor is the general revenue management strategy that has been implemented or could have been implemented based on price controls.

Kenia Vargas-Trent: The next question also comes from Gustavo Ballvé of Burgundy Asset Management. "Thank you for taking my question. If you exclude the one million unit cases from the impact of the strike in Argentina, volumes will continue to fall year over year, while your peers had positive volume. What explains Argentina's performance for us?"
Miguel Ángel Peirano: Similar to the question I just answered. Primarily, it pertains to the comparative. We had a very successful year last year, which suggests that we will a greater challenge this year. On the other hand, the effects of the economic situation vary by region. We are observing a general market slowdown in Argentina. We are very close to the first elections, which will be held this month and are known as the PASO. And for the month of October, we have the first round of elections, with a possible second round in November. In light of what is to come in Argentina, these are months of uncertainty, and we must observe how the government and economy behave and what transpires during this time. And this will undoubtedly affect the markets.

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

Operator: Yes, we have a question coming from Fernando Olvera, from Bank of America. Please go ahead.
Fernando Olvera: How are you? Thank you for taking my call again. One or two questions about Chile. Can you comment on the quarter's strong pricing, which is accelerating compared to the first quarter, and what we can expect for the remainder of the year?
And on the other hand, if you can explain the decline in volume of alcoholic beverages and what you are doing to reverse this decline. Thank you very much.
Miguel Ángel Peirano: Hi, this is Miguel Ángel. Regarding the pricing issue, there are essentially a number of factors at play. On the one hand, we have a clear strategy for defending profitability, which entails increasing prices in line with inflation. In order to protect our margin, we attempt to raise prices closer to real inflation if cost inflation is higher. On the other hand, we must also keep in mind that there is a mix effect, which causes the price to increase as a whole but does not necessarily imply that each individual package will experience the same price increase. During the pandemic, multi-serve packages had increased, and we are now experiencing constant growth in terms of transactions, as everything related to personal consumption is on the rise. As individual consumption increases, so does the average price, as the price per liter of a small package is obviously higher than that of a large package. And it is merely a mix effect, not a real impact on consolidation.
And the second question was regarding the alcohol issue. In general, the market for alcoholic beverages in Chile is declining. What exactly are we doing? Essentially, what we are doing is identical to what we do with non-alcoholic beverages. We are strengthening all aspects of execution in order to maintain profitability and generate growth.
Fernando Olvera: Perfect, thank you very much.
Miguel Angel Peirano: Thank you.

Operator: There are no further questions at this time. 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.*