3Q22 Conference Call Guidelines

Miguel Ángel Peirano: *Good morning and welcome to Coca-Cola Andina's third-quarter earnings conference call.*

Financial results for the quarter were positive, *with consolidated Adjusted EBITDA growing 17.2% when compared to the same quarter last year, driven by results in Argentina, Brazil, and Paraguay, as well as the favorable effect of translating figures to Chilean pesos. Consolidated Sales increased by 21.5%, owing to higher average revenues per unit case sold, increased NARTDS volumes in Argentina, Brazil, and Paraguay, and the previously mentioned positive effect on translating figures. We have implemented an active price strategy in all of the countries where we operate, with targeted price increases aimed at transferring the high cost inflation scenario.*
In addition, we continue to make steady progress in our digital transformation; *in our relationship with Clients, we are scaling our B2B solution that provides an omnichannel experience of our entire portfolio; in Chile, close to 30% of our clients interact with us via our digital platforms; and in Paraguay (and soon Brazil), we are implementing an ambitious scaling program. Regarding consumers, Micoca-cola.cl (D2C Chile) continues to generate traction and growth, and we achieved outstanding results at the Cyber event in October. Na Sua Casa (D2C Brazil) continues to expand (albeit modestly) by double digits every month. We continue to automate repetitive back-office and call center tasks in our internal processes and generate data-driven decisions through our data analytics initiatives. Our emphasis on capturing, developing, and training digital talent has allowed us to accomplish the aforementioned.*
In Chile, we received for the first time the Kaizen Awards Chile|2021/22, which annually recognize public and private organizations, large and medium-sized businesses, which excel in operational excellence practices, taking first place in the Food and Beverage industry. In Paraguay, we received the Top of Mind award for the eleventh consecutive year as the brand that Paraguayans remember the most. This award measures the positioning of the most significant brands in the minds of the general public.

Regarding operations*, market performance overall was positive. In the third quarter, volume growth in Argentina, Brazil, and Paraguay was partially offset by volume declines in Chile, where sales volumes were impacted by (i) a high comparison base, influenced by the positive effect of government subsidies delivered to families last year, which had a positive impact on consumption, and (ii) lower temperatures in the quarter.*
In Argentina *sales volume increased by 8.1%, which was explained by volume increases across all categories, particularly in the categories for Water and Juices and other non-alcoholic beverages.*
In Brazil, *this quarter, sales volume increased 5.2% compared to the same quarter of the previous year, mainly explained by the increase in the categories for Soft Drinks, Waters and Juices and other non-alcoholic beverages, which was partially offset by the volume decrease in the Beers category. Excluding beer, Brazil's volume grew by 15.0%.*
In Chile, *sales volume decreased 3.5% compared to the same quarter of the previous year, explained by the volume decrease in the categories for Soft Drinks, Waters, Juices and other non-alcoholic beverages. Sales volume excluding the wine category, which was not present in the previous year, decreased by 5.2%.*
In Paraguay, *our sales volume increased by 1.7%, explained by volume growth in the categories for Water and Juice and other non-alcoholic beverages.*

Andrés will now 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 application of IAS 29. This is the reason that figures for Argentina for the third quarter of 2021 were consolidated using the closing exchange rate of September 2021, which was $8.2 Chilean pesos per Argentine peso, and those for the third quarter of 2022 were consolidated using the closing exchange rate of September 2022, which was $6.5 Chilean pesos per Argentine peso. Both the third quarter 2021 and third quarter 2022 results for our Argentine operation are presented in September 2022 local currency.

Regarding the exchange rates of other countries where we have operations and their impact on the consolidation of figures, this quarter we had a positive impact when consolidating figures from our operation in Brazil, as we used an exchange rate of $176.6 Chilean pesos per real in the consolidation of figures, compared to an exchange rate of $147.7 Chilean pesos per real in 3Q21. We had a positive impact when consolidating figures from Paraguay, where the exchange rate was $0.13 Chilean pesos per Guarani, compared to $0.11 in 3Q21.

Regarding each of the franchises in which the company operates, and for a better understanding, the figures that we will analyze in each of them will be in nominal local currency, and in the case of Argentina, as previously mentioned, in real currency as of September 2022.

***In Argentina**, quarterly Net Sales increased by 9.0%, which was mainly explained by the volume increase mentioned by Miguel Angel and, to a lesser extent, by a higher average price.*

Cost of Sales increased 6.1% in the quarter, which is mainly explained by the increase in volume sold, the negative impact of the devaluation of the Argentine peso on our dollarized costs, and a higher cost of PET resin. This was partially offset by lower depreciation charges and lower labor costs.

Distribution Costs and Administrative Expenses increased 7.5% in the quarter, which is mainly explained by higher marketing expenses and higher labor expenses.

Finally, Adjusted EBITDA increased 13.0% in the quarter, and Adjusted EBITDA margin expanded 53 basis points to 15.1%. Argentina accounted for 26.7% of the company's Adjusted EBITDA.

***In Brazil**, Net Sales decreased by 5.0%, which was mainly explained by the decrease in the average revenue per unit case sold in beer sales volume as a result of the discontinuation of the Amstel and Heineken brands, partially offset by the aforementioned volume increase.*

Cost of sales decreased by 13.1%, which is mainly explained by the decline in beer volumes, which have a high unit cost. This was partially offset by an increase in the cost of raw materials, such as sugar, resin and aluminum, and a higher cost of concentrate due to price increases.

Distribution Costs and Administrative Expenses increased by 19.3%, which is mainly explained by higher labor expenses and higher distribution expenses, both of which are a result of increased volumes and tariffs.

Adjusted EBITDA in Brazil increased by 4.9% in the quarter and Adjusted EBITDA margin was 15.3%, expanding 145 basis points. Brazil accounted for 24.6% of the company's Adjusted EBITDA.

***In Chile**, Net Sales increased by 7.4% in the quarter, mainly explained by the average price increase resulting from the implementation of price increases, partially offset by the decrease in volumes already mentioned by Miguel Angel. Excluding the wine category, which did not exist the previous year, net sales increased by 3.7%.*

Cost of sales increased by 8.6%, which was mainly explained by the incorporation of wines to our portfolio, which have a high cost per unit case, as well as by the increase in the cost of resin and sugar, and the devaluation of the exchange rate, which has a negative impact on dollarized costs.

Distribution Costs and Administrative Expenses increased 14.5% in the quarter, which is mainly explained by higher distribution and freight expenses, as a result of higher tariffs, and higher labor and service costs provided by third parties.

Quarterly *<u>Adjusted EBITDA</u>* *decreased by 8.4%, and Adjusted EBITDA margin decreased by 230 basis points to 13.4%, compared to the previous year. The Chilean operation accounted for 34.6% of the company's Adjusted EBITDA during the period.*

In Paraguay, *<u>Net Sales</u>* *increased by 11.9% in the quarter, which was mainly explained by a higher average price, and to a lesser extent by the previously mentioned volume increase.*
<u>Cost of Sales</u> *increased by 16.1%, which was mainly explained by a shift in product mix toward higher unit cost products, an increase in the cost of PET resin, and higher depreciation charges.*
<u>Distribution Costs and Administrative Expenses</u> *increased by 16.4%. This is mainly explained by higher distribution expenses, which are primarily the result of higher tariffs and labor and service costs from third parties.*
Quarterly *<u>Adjusted EBITDA</u>* *increased by 2.5%, and Adjusted EBITDA margin reached 27.2% a contraction of 247 basis points compared to the previous year. Paraguay accounted for 14.1% of the company's Adjusted EBITDA.*

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. Good morning. Can you hear me?
Miguel Ángel Peirano: Yes, perfect, Fernando.
Fernando Olvera: Good morning and thank you for taking my call. I have two questions. The first is about Chile; can you tell us what explained the weakness in alcoholic beverages, whether it was due to a complicated comparative or something else, and what explained the limited pricing in the category, and how you expect this to evolve in the coming quarters? That is the first question, and the second is about costs. Given the resilience of your margins thus far this year, could you please tell us how you see the cost environment for 2023, as well as an update on the hedges?
Miguel Ángel Peirano: Hello, Fernando. How are you? Regarding the first question about alcoholic beverages in Chile, we have on the one hand a comparative effect from the previous year, which was a good year, and on the other hand, we are seeing a slowdown in the economy, which has impacted the segment for alcoholic beverages more strongly. Concerning the pricing issue, I didn't understand you completely; could you repeat the question and specify whether you're referring to alcoholic beverages specifically or in general?
Fernando Olvera: Just alcoholic beverages.
Miguel Ángel Peirano: Because of the competitive scenario that exists in the market, I believe that the fact that volumes have been low, the market is active, and thus raising prices is more difficult.
Fernando Olvera: OK, and do you expect this to change going forward or should you continue to be under pressure?
Miguel Ángel Peirano: Given the current economic situation, I believe the trend will likely continue in the short term before turning around.
Fernando Olvera: Perfect, thank you very much.
Andrés Wainer: Fernando, in terms of margins and costs for the remainder of the year, you should not expect very significant changes from the previous year; we are with costs above the previous year, primarily because PET resin is at higher values, as is sugar, which are our main costs, but we have also made very significant price increases in the four countries to mitigate this effect, and we are also making some changes in the mix toward more products for immediate consumption. Remember that last year there were still certain restrictions in some channels due to the COVID issue, and that this year there are no longer restrictions, and that last year when there was an explosion of demand, we had some formats that were not available, particularly in Chile, and that this year we have greater product availability. As a result, despite the cost increase, we believe margins will be very similar to last year.
Fernando Olvera: Perfect, thank you very much.

Operator: The next question comes from Alan Alanis with Santander. Go ahead please.
Alan Alanis: Thank you. Good day, Miguel Ángel. Andrés, how are you? Thank you for taking my question; I would like to focus on Brazil. The issue of 15% volume growth raises two questions. The first is what the growth driver is and what type of

information you can provide in terms of channels, presentations, product types, and so on. And the second question is, how sustainable do you see this now that October is ending, so after the third quarter, how strong is consumption in Brazil after seeing such excellent results? Thank you very much, and this obviously excludes the whole beer issue, as this is only for soft drinks.

Miguel Ángel Peirano: Hi Alan, how are you? This is Miguel Angel, Basically, in Brazil, the volume growth has two explanations: on the one hand, we have been increasing market share, and on the other hand, the market has been recovering. As we have discussed in previous conversations, the market, particularly in Rio de Janeiro, has been lagging in its recovery relative to the rest of Brazil, but that gap is closing, so I would say that these are the two main drivers, aside from execution and the way they have managed the pricing and packaging strategy, which has resulted in an increase in our market share, as I just mentioned.

Facing forward in Brazil, the new President will be chosen in a few weeks, and we will have to wait and see what economic decisions are made and how the market reacts to them. However, we are generally optimistic.

Alan Alanis: OK, and from whom are you gaining market share because we are not seeing results. We do not have that great regional variety, as we have in Rio, so who is losing market share because the growth we are seeing in Ambev is very similar in the non-alcoholic beverages segment.

Miguel Ángel Peirano: You see Alan, unfortunately, what I can tell you is that we are gaining market share, not necessarily from whom.

Alan Alanis: OK, but in October it continues with the same trend as the third quarter in Brazil.

Miguel Ángel Peirano: Yes, we are following the same trend.

Alan Alanis: OK. Thank you Miguel Ángel.

Operator: The next question comes from Marcella Recchia with Credit Suisse go ahead please.

Marcella Recchia: Hello Miguel Ángel, Andrés, thank you for taking my question. As a follow-up to Alan's question, could you please provide us with an update on the growth of non-alcoholics in Brazil. And what could explain the large difference in growth between you and your peer, KOF, and whether you have any sensitivity on the difference, thank you.

Andrés Wainer: Hello Marcella, the growth of non-alcoholic beverages in Brazil, I don't have the data right now, we're looking for it, but it's in the press release and they're very positive figures, and in general, we have only fallen in beer, because we lost the Heineken and Amstel brands, but the rest of the portfolio has done very well, both soft drinks and waters and juices, especially waters, but also soft drinks. So, there you have it, on the Brazilian side we continue to go well. As Miguel Ángel explained, we are more than making up for the drop in beer.

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

Felipe Ucros: Thank you. Good morning, Miguel Ángel, Andrés. Thanks for the space for questions, perhaps a follow-up regarding Brazil, among the very good results, do you have an idea of how much EBITDA would have grown excluding beer?

Andrés Wainer: Hello, we do not provide that information; however, keep in mind that the total EBITDA of beer last year was slightly more than 10% of the total, but we do not provide the information you are requesting; it is not public.

Felipe Ucros: No problem, Andrés, that is perfect. My follow-up was on Paraguay, where the results were positive, but there has been some slowdown compared to the results we saw in the previous quarters, which were doing exceptionally well. I wonder if you could shed some light on whether this is due to difficult COVID comparatives or if you are seeing something macro in a country experiencing deceleration. Perhaps at Chile's pace or a little faster than the rest of Latin America or is it simply because of difficult comparatives.

Andrés Wainer: It is a combination of factors; the weather is also a factor; there has been a period of very low temperatures in Paraguay, which has affected volumes; however, we are optimistic that we will end the year in Paraguay with very good numbers. The second half of the year will most likely be less robust than the first half, which was truly spectacular, but the entire year will be very good.

Returning to Marcella's earlier question about how much accumulated volume grew in Brazil, excluding alcohol, it is growing by 10.8%.

Felipe Ucros: Andrés I would like to ask one final question about FX in Chile; when Fernando asked his question, you said you expected stable margins for next year, but FX in Chile has jumped dramatically. What do you expect if you can shed some light on this? With the exchange rate approaching 1,000 and the implications for results.

Andrés Wainer: We expect the exchange rate to fall slightly because we believe it is too high for long-term equilibrium, but the truth is that you would need a crystal ball to predict what will happen with the exchange rate because it is very volatile in Chile and extremely difficult now, of course, it is currently around 950. We think it will be closer to 900, but it is impossible to say. I would just like to remind you that we have a hedging policy in place and have already hedged approximately 40% of our dollar needs for the purchase of raw materials. Also, keep in mind that an important portion of our costs are dollarized, more than half, so a high exchange rate has a negative effect on our costs, but we tend to neutralize this through price actions. We must also keep in mind that we have a lower dollarized cost base than our competitors because we have a higher returnability base. As a result, while an increase in the exchange rate is bad for our costs, it does not necessarily leave us better off than our competitors.
Felipe Ucros: Very interesting. Thank you for the insight, I had not considered it that way.

Operator: The following question comes from Carlos Laboy, with HSBC going ahead, please.
Carlos Laboy: Hello, good morning. Thank you for taking my question, Paula, Miguel Ángel, and Andrés. I was hoping you could tell us a little bit about how the Diageo, pisco and beer rollout is going in Chile, what percentage of the points of sale you are reaching, or want to reach, are you already reaching? How do you rate the performance of these products in comparison to your expectations, and how has your relationship with these companies evolved? I was wondering if you could also tell us a little bit about how you see the opportunity to do more higher margin business with these partners, as well as how you see the relationship evolving with them.
Miguel Ángel Peirano: Hello Carlos. How are you? This is Miguel Ángel. The rollout of our entire strategy of being a multi-category company, a total beverage company, has really been evolving in line with what we expect, and although this year volumes of alcoholic beverages are impacted, as we previously mentioned, they are impacted by a market issue, we are pleased with how this is developing, and we are learning more and more to get more synergies and to enhance having this complete portfolio. AB InBev recently published an article about how they feel about their experience here in Chile, which really encourages us and gives us peace of mind that we are on the right track. It also shows the relationship we have with each of our partners, which is consolidating as time goes on and we are learning about the alcoholic beverages' business, how we can help them in their business, and how to manage a total beverage company, in order to prioritize our customers and consumers at the center by providing a better service, so we are very pleased with what has been done, where we are, and we understand that there are many opportunities to continue to grow in the market and streamline our processes in the future.
Carlos Laboy: Miguel Angel what kind of opportunities exist going forward, are there opportunities to access more points of sale, opportunities to do higher margin work with these companies? how do you see those opportunities?
Miguel A. Peirano: Actually, in all areas there are always opportunities to improve, from going to events and having a much more complete portfolio, to being able to satisfy our clients, to be able to execute better, to be able to adjust our S&OPs in a more precise manner, which ultimately results in cost efficiency. This is a work in which we started this path about four years ago, four or five years ago where we were adding one segment per year. And it is clear that this is a learning task in which we are completely focused and convinced that this is the way to go.
Carlos Laboy: Thank you very much.
Miguel A. Peirano: Thank you Carlos.

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

Kenia Vargas-Trent: Thank you Nicky the first question, it comes from Santiago Valenzuela with Larraín Vial, and he says, "Can you comment on your strategy in each country? Are you going to defend volumes or are you going to pass on prices of higher costs in non-alcoholic beverages?"
Miguel A. Peirano: Hello Santiago. This is Miguel Angel. Basically as we have done so far, we have always tried to defend our margins, so we will be managing our pricing and packaging strategies in that sense.

Kenia Vargas-Trent: The next question comes from Antonio Yáñez with Arrayan Asset. And he says, "Hello, next year the company has bond maturities that represent 18% of your debt; do you plan to go to the market for new debt or to pay? You now have 235 million dollars in debt derivatives. With this maturity, that asset would be free."

Andrés Wainer: Hello Antonio. Yes, a bond issued in the United States for 365 million dollars will mature in September of next year. That amount is swapped to reais, that is approximately 840 million reais, so the real maturity, the real amount that matures, is approximately 170 million dollars, and our intention is to go to the market to renew that. What we do not know yet and are analyzing is whether the financing will take place in the United States, Chile, or Brazil. In any case, if the debt is refinanced in a currency other than the real, we will most likely do the swaps to keep the debt in reais.

Kenia Vargas-Trent: The next question comes from Martin Zetzsche with Fundamental Capital, and he says, "You talked about stable margins in Chile, how is the context of margins in the other operations? Thank you very much."
Andrés Wainer: Hello, Martin. In general, we do not see significant changes in all margins that we expect in the four countries in the coming quarters, which does not mean that there cannot be some increase or decrease in the margin in a quarter, but in general, one tends to see some stability. As I previously stated, while costs are rising and we have much higher costs than last year, we have also implemented significant price increases to offset a large portion of that cost increase.

Kenia Vargas-Trent: The next question comes from Santiago Petri with Franklin Templeton, and he says, "Good morning, thank you for the conference, could you comment on how you see next year's consumption in Chile in view of a fall in GDP, and how sensitive is the consumption of soft drinks to a fall in GDP? Thank you very much."
Andrés Wainer: Hello Santiago. Indeed, the market consensus for next year is that GDP and private consumption will fall, which will obviously affect us, but we believe that the effect will be less severe than when GDP grew significantly in 2021; similarly, when GDP falls, the impact is less severe. As a result, we anticipate relatively flat volumes in our industry in Chile next year.

Kenia Vargas-Trent: Okay, the next question comes from Rodrigo Godoy with Credicorp Capital, and he says, "Good morning in the non-alcoholic segment in Chile and the price hikes implemented are you observing any greater inclination of consumers towards private brands derived from the drop in disposable income? Thank you very much."
Miguel A. Peirano: Hello Rodrigo. Essentially, our portfolio in all countries, particularly Chile, is prepared for such events, which is why we participate in returnable products. This allows us to have a price segmentation and continue offering affordable value at the consumer's pocket level, which is the great advantage of our portfolio in terms of the high participation of returnable products, aside from the whole ecological issue that exists behind it, the issue of sustainability, the fact that the returnable ends its packaging, its life in our plants, makes the product much more sustainable, which is why we will continue to develop it primarily for a sustainability issue, rather than a price segmentation issue.

Kenia Vargas: All right, we have another question. From David Seaman with Alpha Cygni and he says "Argentina is now 27% of consolidated revenues, according to the report, using the official figures. Can you share with us your thoughts on this and if you are open to any other options? I am sure it is something that other investors are concerned about."
Andrés Wainer: Hi David. Indeed, the exchange rate in Argentina is an important issue. We are required to consolidate and report the figures using the official exchange rate, we know that this exchange rate is not representative for some things, for example, when one takes dividends or distributes dividends in Argentina, at the end it ends up being the CCL dollar ("*contado con liquidación*") and not at the official exchange rate, however, the official exchange rate is the one we use to import raw materials or machinery, in addition, also take into account that although the CCL exchange rate is double the official exchange rate, probably the equilibrium exchange rate is something in between, the price per unit case using the official exchange rate in Argentina, is 4 USD and using CCL it is 2 USD, which is obviously very low and does not seem to be something long term balance, it is most likely that when Argentina at some time unifies and has a more free and unified exchange rate it will be something in between.

Kenia Vargas-Trent: Very well, I have no further questions via webcast, operator.

Operator: At this time, we have no more questions, I now turn the microphone over to Mr. Peirano for his final 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.*