

3Q23 Conference Call Guidelines

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

We closed the third quarter with very positive results. **The Company's Consolidated Adjusted EBITDA grew 11.3% in the quarter**, driven by the Brazilian, Paraguayan and Chilean operations, which had EBITDA growth in local currency of 36.3%, 24.6% and 11.9%, respectively. In the case of Argentina, despite the fact that the country is going through a severe economic crisis that is resulting in a drop in economic activity and hyperinflation, and where there are price controls that prevent us from increasing prices in line with local inflation, EBITDA in local currency decreased only 4.8% in real terms. Excluding the Argentine operation, the Company's EBITDA grew 19.4% compared to the same period of the previous year. On a currency neutral basis, the increase was 15.4%.

Income attributable to Owners of the Controller was CLP 63,708 million, which represents an increase of 87.4% compared to the same quarter of the previous year.

During this quarter, **in Argentina** we received the "Sustainable Company" seal from the municipality of Godoy Cruz - Mendoza in Coca-Cola Andina Argentina. This certification recognizes organizations that contribute to the achievement of a safe, fair and sustainable economy with a social floor and environmental ceiling. **In Chile**, we are in the Top 10 of the MercoTalento ranking of organizations with the greatest capacity to attract and retain talent in Chile this year 2023, taking 8th place and climbing 6 positions from the previous year. **In Paraguay**, we were recognized in the Major Industries 2023 Awards as an innovative organization that promotes the country's development. For 58 years, our operation in Paraguay has been on the path to sustainable economic development, becoming a key pillar of the local industry. In addition, we were named Employer of the Year for the seventh consecutive year in August. This award recognizes our dedication to the development of the country and our ability to create opportunities through job creation.

Lastly, we continued to make steady progress in our digital transformation. Our B2B platform, MiAndina, is consistently growing in transactions across all of our operations; today, our digital platforms account for approximately 14% of total Traditional Channel Revenues, with customer satisfaction levels at around 75%. We continue to use Artificial Intelligence, Data Analytics, and Robotic Process Automations to automate internal tasks and processes, increasing efficiency and productivity, primarily in back-office operations, logistics, and supply chain. Furthermore, we already have 90% of our management bases in the Cloud (AWS), where our collaborators can access real-time market, supply chain, and back-office data to make agile decisions.

Consolidated volume grew by 0.5% in the quarter, explained by the growth of our franchises in Paraguay (8.3%) and Brazil (5.0%), which was partially offset by the volume reduction seen in our franchises in Argentina and Chile. The volume reduction in Argentina (-3.5%) is explained by the economic situation of the country mentioned above, and in the case of Chile, (-2.9%) is largely explained by a rainier winter than the previous year.

In Argentina, during this quarter, sales volume decreased 3.5%, 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 Waters category.

In Brazil, this quarter, sales volume increased 5.0% compared to the previous year, explained by an increase in the volume of the Soft Drinks, Juices and other non-alcoholic beverages, and Beers and other alcoholic beverages categories. Excluding beers and spirits, volume in Brazil grew 4.8%.

In Chile, sales volume decreased 2.9%, 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 Waters and Beers and other alcoholic beverages categories. Excluding alcoholic beverages, Chile's volume decreased 3.6%.

In Paraguay, our sales volume increased 8.3%, explained by volume growth in all categories, especially Soft Drinks and Juices and other non-alcoholic beverages.

*Andres 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. The figures of our Argentine operation for both the third quarter of 2022 and the third quarter of 2023 are presented in local currency as of September 2023.

Regarding 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 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 September 2023.

***In Argentina, Net Sales** decreased 5.0% in the quarter, which was mainly explained by the volume decrease already mentioned by Miguel Ángel, and to a lesser extent by the decrease in the average revenue per unit case sold, as a result of price increases slightly below local inflation realized this quarter.*

Cost of Sales decreased 6.8% in the quarter, which is mainly explained by the lower sales volume, a lower cost of Pet resin, and a lower cost of concentrate. This was offset by higher labor costs and higher sugar costs.

Distribution Costs and Administrative Expenses decreased 0.2% in the quarter, which is mainly explained by lower freight expenses, lower volumes sold, and lower marketing expenses. This was offset by higher labor expenses.

Lastly, Adjusted EBITDA decreased 4.8% in the quarter, and Adjusted EBITDA margin expanded 4 basis points to 15.2%. Argentina represented 21.5% of Adjusted EBITDA generated by the Company.

***In Brazil, Net Sales** increased 12.7%, which was mainly explained by the increase in the average revenue per unit case sold and the aforementioned volume increase.*

Cost of sales increased 8.0%, which is mainly explained by the higher sales volume, a higher cost of concentrate due to price increases, and a higher cost of sugar. This was partially offset by a lower cost of raw materials, especially Pet resin.

Distribution Costs and Administrative Expenses increased 10.0%, which is mainly explained by: higher labor expenses, higher depreciation, and higher distribution expenses, both due to higher volumes and higher tariffs.

Adjusted EBITDA in Brazil increased 36.3% in the quarter and Adjusted EBITDA margin was 18.5%, an expansion of 320 basis points. Brazil accounted for 29.9% of the company's Adjusted EBITDA.

***In Chile, Net sales** increased 5.7% in the quarter, mainly explained by the increase in the average price, as a result of price increases.*

Cost of sales increased 5.3%, which was mainly explained by a shift in the mix towards higher unit cost products. This was partially offset by the lower volume sold and a lower cost of raw materials, especially Pet resin.

Distribution Costs and Administrative Expenses increased 4.2% 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. This was partially offset by lower marketing expenses.

Adjusted EBITDA increased 11.9% in the quarter and Adjusted EBITDA margin reached 14.2%, an expansion of 78 basis points over the previous year. During the period, the Chilean operation accounted for 34.8% of the company's Adjusted EBITDA.

***In Paraguay, Net Sales** increased 17.6% in the quarter, which was mainly explained by a higher average price and the aforementioned volume increase.*

***Cost of Sales** increased 15.3%, which was mainly explained by the higher volume sold, a higher cost of concentrate due to price increases, a higher cost of sugar and fructose, and the shift in the mix towards higher unit cost products. This was partially offset by the lower cost of Pet resin.*

***Distribution Costs and Administrative Expenses** increased 12.6%. This is mainly explained by: higher labor costs and services provided by third parties, higher marketing expenses and higher distribution expenses due to higher volume and higher tariffs.*

***Adjusted EBITDA** increased 24.6% in the quarter and Adjusted EBITDA margin reached 28.8%, an expansion of 161 basis points over the previous year. Paraguay accounted for 13.8% of the company's Adjusted EBITDA.*

On the other hand, during September, we successfully placed a CHF 170 million 5-year bond in the Swiss market at a rate of 2.7175%, which was completely redenominated into Brazilian reais through cross currency swaps. A large part of the proceeds were used to refinance a USD 365 million bond that the Company had placed in the United States, which was also redenominated into Brazilian reais through cross currency swaps, for the equivalent of 840 million Brazilian reais, and which recently matured.

This opens the floor for any questions you may have.

Operator: The first question comes from Thiago Bertolucci of Goldman Sachs. Please go ahead.

Thiago Bertolucci: Hello everyone, and thank you for taking my questions.

My first question concerns Chile. It is clear that there is still significant macro positivity in the region and a difficult comparison base with respect to the previous few years, but I would like to know if you notice any material difference in the demand for soft drinks versus the demand for beer. That is the first one.

My second question concerns capital allocation. Your leverage is now approximately 4 to 5 times. There appear to be no obvious acquisition opportunities, and your stock is down 17 percent in dollar terms. I recognize that you have already accelerated the dividend payout policy, but I'm wondering if there is still room to do so in the coming quarters. Thank you very much.

Andrés Wainer: Hello. In Chile, we saw a 3% drop in volumes in the third quarter, which was influenced in part by the economy. Chile's economy is in a state of stagnation. GDP is not increasing, and consumption is actually decreasing. We also had much worse weather than the previous year. Not so much in terms of temperature as it is in terms of rainfall. We had a much rainier winter than the previous year; the rainfall was normal, but we had been in drought for the previous few years, and rain has a significant influence on volumes. As a result, we believe that a significant portion of the drop in volumes in Chile is due to weather. The effect is very similar in both non-alcoholic and alcoholic categories. In general, the elasticity, or weather influence, of beer is slightly greater than that of soft drinks. However, the distinction is not significant.

Then, in terms of Andina's capital allocation, we have a very solid investment strategy. We plan to invest approximately USD 250 million this year. Next year should be much the same. And we rigorously analyze and evaluate all of our investments and we believe that they add value to the shareholders.

In terms of dividends, we paid out extraordinary dividends both this year and last year. As a result, the company's dividend yield was extremely high. It is still too early to predict what will occur next year. Those are decisions made by the company's board of directors, but we are seeing that normal dividends should increase in comparison to the previous year, but I do not believe there will be an extraordinary dividend next year. Partly because, as I previously stated, the investment plan for this year and next year is quite robust. In addition, starting in 2025, the company's CAPEX should return to more normal levels of around USD 200 million per year.

Thiago Bertolucci: OK. Thank you very much.

Operator: OK, thank you. The next question comes from Fernando Olvera, from Bank of America. Please go ahead.

Fernando Olvera: Hello, how are you? Good morning. Thank you for taking my call. My question also pertains to Chile. Can you tell us about, I mean, with inflation slowing, what pricing strategy you plan to use in the future, particularly in 2024? Also, where would you concentrate your efforts in 2024? Primarily based on volume or price? Thank you very much.

Miguel Ángel Peirano: Hello, Fernando. How are you? This is Miguel Ángel, good morning. In general, our pricing strategy has always been to keep our margins in line with inflation, and it will continue to be so in the future. We will raise prices in line with lower inflation to the extent that inflation lowers its values. So the strategy is unaffected by the level of inflation, but it is a little more holistic in terms of our market position, what we want for each segment, and where we position ourselves. However, in general, the strategy is to maintain margins while keeping up with inflation.

Fernando Olvera: Ok, perfect.

Miguel Ángel Peirano: What was the second one?

Fernando Olvera: Yes, I was just about to comment on the second one.

Miguel Ángel Peirano: Yes, what is the second one? I didn't understand.

Fernando Olvera: Yes, just wondering how you see volumes moving forward with this pricing strategy. And a little bit on what your priority will be for next year, whether to favor volumes or prices, given the weakness in volumes.

Miguel Ángel Peirano: In reality, the priority going forward will be to maintain our margins, and in terms of volume, we will follow what happens with its growth. Volume growth will most likely be weaker as the economy weakens, as we have seen. However, our intention is not necessarily to buy volume through prices, but to defend our profitability, taking market share into account.

Fernando Olvera: Ok, very clear. Thank you very much.

Miguel Ángel Peirano: Thank you Fernando.

Operator: The next question comes from Felipe Ucos, from Scotiabank. Please go ahead.

Felipe Ucos: Thank you very much, operator. Good morning, Miguel Angel, Andrés, Paula. Thank you for making room for questions. I have a couple of questions for you. The first is about the beer distribution agreement in Argentina. I'm wondering if you have any updates on how that issue has progressed. Perhaps you are still negotiating and are unable to provide many comments; in that case, there is no problem.

The second is about B2B. In the releases, you've become a little more vocal about your B2B. So, I was wondering if you could tell us a little bit about how the B2B development is going, whether you're starting from one of the other bottlers' platforms in the region or if you're starting from scratch with programming.

Also, I'd like to know what you're doing with AB InBev. In Chile, you distribute AB InBev beer. In Brazil, AB InBev has its own B2B. So I was curious how that worked. Maybe all you're doing is setting them up in your own B2B. But I wanted to make sure I understood how that piece worked. Thank you very much.

Miguel Ángel Peirano: Hello, Felipe. So, you answered the first question. We are in negotiations, so we cannot provide any updates on the beer issue in Argentina at this time.

Regarding the second point on B2B, our strategy was initially to ensure that we had a base, data availability, and system uniformity in the four countries, in order to accelerate B2B implementation once that was consolidated. We finished it about a year and a half ago, and our system is now centralized. It is the same in all four countries. Because the processes are identical, this facilitates and accelerates the implementation of whatever is developed in the future. Without this and having accelerated with B2B, every time a change is made, the work is multiplied by four, because it must be done for each of the four countries separately, and progress must be made in each of the four countries independently. Because the systems have been standardized, and the four countries have exactly the same bases and systems, the development of one can be easily copied and transferred to the rest of the countries, accelerating implementation. That is what we are doing right now. We are now accelerating the implementation because we completed the part that is perhaps less visible, but is critical from a strategic standpoint for the long-term sustainability and maintenance cost of the digital component. And we are now accelerating the implementation of B2B.

In the case of Chile, our platform, of course, includes all of the products we sell, such as Diageo, AB InBev, Capel, and others. Santa Rita wines are also included. In other words, all of our products from our multi-category platform are now available on our platform.

Felipe Ucos: OK. Very good. And congratulations on moving forward with B2B.

Miguel Ángel Peirano: The last part was not understood.

Felipe Ucros: I thanked you for the opportunity to ask questions and congratulated you on B2B.

Miguel Angel Peirano: Ah, perfect. Thank you very much, Felipe.

Operator: Thank you very much. The following is a text question from Nicolás Libuy with Grupo Security. And Nicolás says, "Hello, I was wondering if you could elaborate on the increase in bank interest and the good result for indexation units."

Andrés Wainer: Yes. Let's see, in terms of bank interest, the company's financial expenses, they were slightly higher this quarter, owing primarily to Argentina's acquisition of a short-term debt. Argentina's interest rates are, as everyone knows, quite high. Also, we allocated the stamp tax of the loan we made to Andina Brazil as part of the debt refinancing in the financial expenses line. The company's net financial expenses should be around 3.5 billion Chilean pesos per month in a typical month.

And, in terms of indexation units, they were significantly lower than the previous year, owing to the fact that a large portion of the company's debt is in UF, as it is the Chilean peso that is restated for inflation. In Chile, inflation fell significantly this year compared to the previous year.

Operator: Ok, thank you. The following is also a text question. It comes from Santiago Petri with Franklin Hamilton. He says "Hello and thanks for the presentation. What are your expectations for raw material costs and margins in the coming year?"

Andrés Wainer: Thank you. Hello, Santiago. So, let's look at raw material prices. Sugar has continued to rise, while PET resin has remained relatively low in recent months and is expected to remain so in the coming months. Remember that both PET resin and sugar account for nearly 10% of our total COGS and weigh roughly the same. The sugar effect will most likely be negative next year. The increase will be greater than the upside of PET resin, because PET resin will already have a lot of low prices this year. We will counteract this with price increases. As a result, we anticipate that our margins will be unaffected next year. In terms of operations, we expect margins to be fairly stable this year.

Operator: Thank you. We have one more question from Diego Guzman from BTG. He asks, "Can you comment on the increase in costs and expenses that you anticipate for the end of the year and in 2024?" If there are pressures on this side, how will you address margin containment in the countries where you operate?

Andrés Wainer: Yes. Hello, Diego. Since this is the same question that Santiago asked, the answer is the same. While the price of sugar is rising, the price of PET resin remains low. The net effect should be somewhat negative, which we will offset with price increases. As a result, margins should be very similar to what you're seeing this year next year. Thank you.

Operator: There are no further questions at this time. Mr. Peirano, do you have any final comments?

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.