

## **4Q21 Conference Call Guidelines**

**Miguel Ángel Peirano:** Good morning and welcome to Coca-Cola Andina's fourth quarter 2021 earnings conference call.

**We closed a very positive 2021 for the company.** In the financial dimension, we ended with a record EBITDA of more than CLP 397,213 million, 13.3% above the previous year. Net income reached CLP 154,698 million, 26.8% above the previous year. Although in the fourth quarter EBITDA showed a 3.7% contraction compared to the same period of the previous year, this is largely due to the non-recurring revenues we had last year, which were of lesser magnitude in 2021, and to the loss of a significant part of Heineken's volume in Brazil, as we no longer commercialize the Amstel and Heineken brands.

During 2021, we signed agreements to expand our product portfolio, which will allow us to provide more options to our consumers. In Chile, we signed a distribution agreement with Viña Santa Rita, which completes our beverage portfolio, where we now participate in all the main categories, non-alcoholic and alcoholic. In Brazil, we purchased a premium beer brand, Therezópolis, and signed a marketing agreement with the Spanish brewery Estrella Galicia, which, with the granularity of our sales force and distribution system, will allow us to replace the part of the volume of Heineken brands that we lost in October 2021.

Digital development and transformation is a Strategic Objective for Coca-Cola Andina, in which we will show significant progress during 2021. Regarding **Customers**, we implemented KOBoss in our operations, a simple and direct solution for small customers through WhatsApp; this year we will additionally escalate miAndina, a B2B omnichannel solution that delivers the same shopping experience to customers (Price, Portfolio, etc.) 24x7. Regarding **Consumers**, we achieved profitable growth with miCoca-Cola.cl (about 1.5% of Santiago sales) based on a great consumer experience, with an NPS >90% and we recently launched Coca-Cola na sua casa in Brazil. Lastly, regarding **Internal Processes**, we are in the final phase of our Front Office project, where we are already capturing benefits of efficiencies and productivity through systems that allow better management of Supply Chain & Distribution, as well as Data Analytics for market processes highlighting pricing, promotions and order suggestions.

**Finally, I would like to mention that we continue to make progress in the implementation of our sustainability projects.** In Paraguay, we will begin to use recycled resin in our bottles, which will be manufactured by a Joint Venture ("Circular Pet") that we have created with local partners. Along the same lines, in Chile we created a company with Embonor, "Re-Ciclar", which will have the same objective and will be operational in 2024, while in Brazil we have continued to grow in the use of recycled resin, reaching 21.4% in 2021. Regarding water care, in Chile we have reduced our water use ratio per liter of beverage from 2.11 in 2020 to 1.95 in 2021, and we are already working on lowering this ratio to 1.5 by the end of this year.

**As in previous quarters, we will now introduce you to a new sustainability pillar of the company: Energy Management and Climate Protection.**

The efficient use of energy is our responsibility, not only does it generate economic benefits for the Company, but also for the community in general, since it makes a scarce and public good resource available. At Coca-Cola Andina we are committed to grow in our activities in harmony with the environment, being proactive and innovative. As we expand the offer of new product categories and increase sales in returnable bottles, the processes require more

energy consumption, so the challenge lies in increasing the share of renewable energy and reducing energy consumption rates, while implementing the strategy of "A Total Beverage Company".

Our main indicator is the energy ratio, which is the amount of energy needed, including all sources, to produce and package one liter of beverage. In the last 5 years, in Andina we managed to reduce energy consumption by 6.9%, achieving the double challenge of reducing energy use and simultaneously growing in returnable packaging and stills, both categories with processes that are intensive in terms of energy consumption.

I would also like to highlight the increased participation of renewable energies in our energy use matrix. The two main bottling plants in Chile have certified clean energy contracts; in Brazil, in our Duque de Caxias and Ribeirão Preto plants we have certified clean energy contracts; in the operation in Paraguay we consume electricity from renewable sources (hydroelectric plants) and for the boilers we use biomass energy (organic material that we recover from the waste of another industry), and in Argentina, the boilers have the possibility of consuming biogas generated in our effluent treatment plant.

**Turning to our operations**, overall the performance of our markets was very positive. In this fourth quarter we had volume growth in Argentina, Chile and Paraguay, and a contraction only in Brazil, the latter mainly explained by the fact that we stopped commercializing part of the Heineken portfolio.

**In Argentina** during this quarter, sales volume increased 8.5%, explained by a volume increase in all categories, where the growth in the Water category was particularly strong.

**In Brazil**, during this quarter, sales volume decreased 9.6% compared to the previous year, mainly explained by the volume decrease in the Beer category, partially offset by the increase in the categories for Waters and Juices and other non-alcoholic beverages.

**In Chile**, sales volume increased 19.2% compared to the same quarter of the previous year, explained by a volume increase in all categories, and by the incorporation of AB InBev's products in our distribution platform. Excluding beer, the volume increase was 12.7%.

**In Paraguay**, our sales volume increased 3.5%, explained by a volume increase in all categories, where the growth of the Water category was particularly noteworthy.

Now Andrés will discuss the **company's financial results**.

**Andrés Wainer: Good morning,**

To begin with, I would like to remind you that the figures analyzed incorporate the application of IAS 29. For this reason, the figures for Argentina for the fourth quarter of 2020 were consolidated using the closing exchange rate of December 2020, which was \$8.4 Chilean pesos per Argentine peso, and those for the fourth quarter of 2021 were consolidated using the closing exchange rate of December 2021, which was \$8.2 Chilean pesos per Argentine peso. The figures for our Argentine operation for both the fourth quarter of 2020 and the fourth quarter of 2021 are presented in local currency as of December 2021.

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 positive impact when consolidating figures from our Brazilian operation, as in the consolidation of figures we used an exchange rate of \$147.9 Chilean pesos per Brazilian Real, which compares to the exchange rate of \$141.0 Chilean pesos per Brazilian Real in 4Q20. From Paraguay we also had a positive impact when consolidating figures, with an exchange rate of \$0.12 Chilean pesos per Paraguayan Guarani, which compares to an exchange rate of \$0.11 Chilean pesos per Paraguayan Guarani in 4Q20.

**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 will be in nominal local currency, and in the case of Argentina, as we have already mentioned, will be in real currency, as of December 2021.**

**In Argentina,** Net Sales increased 12.6% in the quarter, which was mainly explained by the increase in volume already mentioned by Miguel Ángel, and to a lesser extent by a higher average price.

Cost of Sales increased 18.2% in the quarter, which was mainly explained by the increase in volume sold, the negative effect of the devaluation of the Argentine peso on our dollarized costs, the increase in the mix of immediate consumption packaging, and the higher cost of sugar and PET resin.

Distribution Costs and Administrative Expenses increased 11.1% in the quarter, which is mainly explained by higher labor expenses, greater distribution expenses due to increased volume and higher tariffs, and lower other operating income that are classified under this item.

Finally, Adjusted EBITDA decreased 8.9% in the quarter, and Adjusted EBITDA margin contracted 324 basis points to 13.7%. Argentina accounted for 17.6% of the company's Adjusted EBITDA.

**In Brazil,** Net Sales decreased 22.6%, which was mainly explained by a lower average price, which is the result of the sharp drop in the mix of beers, especially the higher priced ones, and the decrease in sales volume already mentioned by Miguel Ángel.

Cost of sales decreased 27.3%, which is mainly explained by the change in the mix towards products with a lower unit cost as a result of the drop in beer volume, partially offset by a higher cost of raw materials such as sugar, PET resin and cans.

Distribution and Administrative Expenses increased 8.5%, mainly due to higher marketing expenses, which returned to pre-pandemic levels, and lower other operating income. These effects were partially offset by lower labor expenses and lower depreciation charges.

Brazil's Adjusted EBITDA decreased 27.6% in the quarter and Adjusted EBITDA margin was 23.1%, a contraction of 157 basis points. Brazil accounted for 23.2% of the company's Adjusted EBITDA.

**In Chile,** Net Sales increased 37.7% in the quarter, mainly explained by the increase in volumes already mentioned by Miguel Ángel, and by the increase in the average price.

Cost of Sales increased 45.1%, which was mainly explained by:

- (i) increased sales in the Beer and Spirits category, which have a high cost per unit case,
- (ii) higher sales volume in the other categories, and
- (iii) an increase in the cost of the main raw materials, such as sugar and PET resin.

Distribution Costs and Administrative Expenses increased 45.3% in the quarter, mainly explained by:

- (i) higher distribution and hauling expense, resulting from the higher volume sold,
- (ii) higher labor costs, and
- (iii) lower other operating income.

Adjusted EBITDA decreased 5.2% in the quarter and Adjusted EBITDA margin reached 19.3%, a contraction of 871 basis points compared to the previous year. In the period, the Chilean operation accounted for 44.4% of the company's Adjusted EBITDA.

**In Paraguay,** Net Sales increased 10.2% in the quarter, which was mainly explained by a higher average price, and by the volume increase already mentioned by Miguel Ángel.

Cost of Sales increased 11.5%, which was mainly explained by higher sales volume, as well as a higher resin cost.

*Distribution Costs and Administrative Expenses increased 20.8%. This is mainly explained by higher marketing expenses, which returned to pre-pandemic levels, lower other operating income, and higher distribution expenses, due to higher volume sold and higher tariffs.*

*Adjusted EBITDA increased 1.7% in the quarter and Adjusted EBITDA margin reached 33.8%, a contraction of 280 basis points compared to the previous year. Paraguay accounted for 14.8% of the company's Adjusted EBITDA.*

**This opens the floor to any questions you may have.**

**Operator:** And the first question comes from Fernando Olvera with Bank of America. Go ahead, please.

**Fernando Olvera:** How are you? Good morning. Thank you for taking my call. I have two questions. The first one is related to Chile. If you can tell me how you expect consumption to evolve this year and what is your expectation in terms of volumes given the difficult comparison that you are going to face. And the second is related to Brazil. After a few months, how has the beer transition been? With the purchase of Therezópolis and the Estrella Galicia agreement, has the expectation you have regarding the recovery of beer revenues changed in any way?

**Andrés Wainer:** Well, regarding Chile's consumption, the comparison base is actually very high. Therefore, it is going to be a complex year, but we are starting the year well, January has started quite well; we are optimistic that at least during the first half of the year volumes should be good. Although, in Chile, state aid to families due to the pandemic has been reduced, there are still certain incentives to consumption, and also to hiring, and also the current accounts of families are at historically high levels, therefore, there is still a lot of money on the street and there is still a lot of consumption. Therefore, we expect that the first half of the year should go quite well, and the second half will obviously be more challenging; but looking at the full year we expect a growth in volumes of a low single digit in Chile.

Regarding Brazil, we are in the middle of the transition, it is not being easy, we lost the two main beer brands we had, brands that were very strong, Amstel and Heineken. We are just beginning to replace them with Tiger, Eisenbahn, Estrella Galicia, Therezópolis; each of these brands will have its role, and it is likely that in the future there will also be more brands that may be our own as well as those of third parties. And we estimate that, in a period of approximately four to five years, we expect to recover the volumes we had before losing Amstel and Heineken.

**Fernando Olvera:** Okay, perfect. Thank you very much.

**Andrés Wainer:** You're welcome.

**Operator:** We will now take the question from Sergio Matsumoto with Citibank. Go ahead, please.

**Sergio Matsumoto:** Yes, good morning, Miguel Ángel and Andrés. Thank you for the question. I have two questions. The first one is about the dividend. We would like to know if after 2022, after the extraordinary dividend, what will be the way to think about the dividend policy? We already know that it is approved at the shareholders' meeting, but I wonder if you can give us like a framework to know how, what the dividends could be after 2023. That is the first question.

The second question is about the operating environment in Chile with the new president, Boric, if there might be some challenges and if you can comment particularly maybe the likelihood of taxes on sugary soft drinks. Thank you.

**Andrés Wainer:** Hello Sergio, good morning. Regarding your question about the dividend, yes, an extraordinary dividend of 230 or 240 million dollars was approved yesterday by the Board of Directors to be proposed to the General Shareholders' Meeting. Of that, the part that is really extraordinary is 200 million dollars, the rest is part of the normal dividend that the company pays out. You should expect that compared to the previous year the dividends will most likely be very similar to the previous year, maybe a little bit more, plus an extraordinary of 200 million dollars. That's pretty much how you should see it. And from 2023 onwards, it should be an increase in dividends excluding the extraordinary US\$ 200 million, 5, 7, 8% a year. And here more or less what tends to grow and taking one-time items out of the cash flow of the company. We tend to deliver practically all the cash flow of the company and we feel comfortable maintaining a net debt EBITDA of around 1.5. We are at 0.8, 0.9 today, and with the extraordinary dividend we can go to 1.3. We are still a little bit below our long-term target. I will leave the other question to Miguel Ángel to answer.

**Miguel Ángel Peirano:** Hello, how are you? Good morning, this Miguel Ángel. Well, regarding the change of government, this is going to happen in March, and we have to wait for the government to communicate what is the plan it has both from a political and economic point of view for the future. We continue to be very enthusiastic about the evolution that Chile is

having, with the participation in all segments, which gives us greater strength and to continue working on developing this type of potential that we have, thanks to our very powerful distribution and execution arm.

Regarding the issue of sugar taxes, I just have to remind you that in Chile soft drinks pay sugar tax in addition to including labels indicating sugar contents; and that the rest of the categories only have labels. Therefore, we understand that we are in a good position since we already have that part incorporated in our costs, while the rest of the foods with labels do not have it.

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

**Felipe Ucros:** Thank you very much. Good morning, Miguel Ángel, Andrés. Thank you for the time for questions. I wonder if you could give me a little bit of detail on how the Brazil operation was without considering the Heineken portfolio, or maybe without considering the alcoholic portfolio. Could you give us some indication, on how the demand for that part of the portfolio is coming so that we can segregate it a little bit. Because you were giving us that breakdown in the past quarters, and I did not see it this time. I wonder if we can start there. Thank you very much.

**Miguel Ángel Peirano:** Yes, how are you, this is Miguel Ángel. Well, with respect to non-alcoholic products, in soft drinks, we have fallen a little bit with respect to the last quarter; in the rest of the categories, we have grown. And so basically, we have also had a complicated issue with the weather. But basically, and the comparison with respect to the previous year, the fourth quarter was very good. But in general terms, that is what is happening in the non-alcoholic categories.

**Felipe Ucros:** Okay, perfect, it's very clear to me. And maybe a little bit about the pressure on margins. Obviously, you had some difficult comparisons because of the other income a year ago. I wonder if you can quantify for us how much of the margin contraction this year had to do with that comparability situation versus how much of it was operating factors. Thank you.

**Andrés Wainer:** Hello Felipe. We cannot give you that detail. But I can tell you that the issue of other income is quite relevant, it is not minor. And the other thing to remember is that last year was a year of pandemic where we cut marketing expenses, especially in Brazil, considerably. And in 2021 marketing expenses have already normalized and reached pre-pandemic levels. This year you should expect sales and administrative expenses to have levels much more similar to the previous year; there should not be that increase that you saw in 4Q in several countries. That was a one-time thing, and it should not be repeated. You should be at ease with that.

**Felipe Ucros:** Perfect, it's very clear to me. Those were kind of the short result questions like that. I wonder if you can give us a little bit of detail on the B2B platform. It's very interesting what's happening in the industry, the revolution that's happening in B2B digital platforms, especially in the traditional channel. It's the first time I've seen you mention that in the reports. So, I wonder if you can give us a little bit of detail about the plans you have, in which countries you are going to launch them, if you are relying technologically on what has been done in the rest of the Coca-Cola system. Any details you can give us on the plans would be great. Thank you.

**Miguel Ángel Peirano:** Perfect, yes, I'll tell you about it. Well, here, basically, on the road to digitization, we have actually started several years ago preparing the company to be able to take this leap. And when I say "preparing the company" I mean changing all our front and back office systems. Today we already have 100% implemented in Chile and Paraguay, and in the next few months we will finish the complete implementation in Argentina and Brazil. And this allows us to have online availability of all the data, and also to have the same system in each of the countries; therefore, the developments we make in one country are easily transferable to the rest of the countries without the need to make too many adjustments, everything that refers to taxation and traceability, but not because the system needs to build bridges to communicate because the system is the same, and it is the same for the four countries.

Once that was done, we started the whole B2C journey in Chile through MiCocaCola, with a series of lessons learned and growing strongly. And now, with the knowledge and experience of B2C, we are extending it to B2B, where we are approaching it in different ways. On the one hand, we have, as you know, a tremendous participation in almost all traditional customers, very small customers, from small stores, window stores, who are not necessarily familiar or buy through a website, the Internet, but they do it and they are familiar with the telephone. So, through the chat-bot, which is via WhatsApp, we are implementing in Brazil, and now we are extending it to the rest of the countries, this sales model that is very successful, very simple for those small customers. And on the other hand, we are developing B2B in Chile, in Argentina, which will then be extended to the rest of the countries. So, we are approaching it from different fronts, with different tools, for those larger



customers or those smaller customers who need a simpler, more agile, less complicated system to use. And then, for large customers, we have been fully implemented for some time now.

**Felipe Ucros:** That's very detailed. Thank you very much, Miguel Ángel. I wonder if you can give us some details if you are leveraging in any way what other bottlers have done in the system. Obviously, some of your peers have been developing those systems sometimes for three or four years now. I wonder if there is any technology transfer through the Coca-Cola system, following the new agreements that were signed with the Coca-Cola Company between one and two years ago on most of the players in the system. I wonder if there is any leverage or if you are having to do all of this from scratch.

**Miguel Ángel Peirano:** Well, not in terms of system leverage, but in terms of practices, experiences and functionalities, we are in constant interaction with the rest of the bottlers and with Coca-Cola itself.

**Felipe Ucros:** Perfect. Very clear. Thank you very much for the time for questions.

**Miguel Ángel Peirano:** Thank you.

**Operator:** The next question comes from Alan Alanis with Santander. Go ahead, please.

**Alan Alanis:** Yes, thank you very much. How are you, Miguel Ángel. How are you, Andrés. Thank you very much. Two questions. The first one, again regarding Brazil, but more than what has happened in the previous quarter, what do you expect going forward particularly in Brazil in terms of pricing, volumes, margin pressures, excluding the whole beer issue, excluding the whole Heineken and Amstel issue, that's my first question.

**Miguel Ángel Peirano:** Hello, how are you, Alan. This is Miguel Ángel, how are you? Well, basically in Brazil we see that as the pandemic declines, it will continue to normalize. Particularly, in Rio, which is a purely tourist state, we had quite a strong impact due to the restrictions and because people did not go on vacation, they could not travel, and that had a much greater impact on tourist cities than on cities that do not have that profile. We believe that this should be stabilizing in the future.

This year there are elections in Brazil, so we will also have to see how all this evolves, but an election year is always a year when there are more government investments. Therefore, we expect that Brazil will gradually normalize, I do not expect a big jump, but I do not expect it to continue deteriorating either. I think it will gradually improve.

**Alan Alanis:** Yes, I did see some of the market share analysis there. So, congratulations on that in Brazil. So, you're cautiously optimistic about improving tourism recovery and about government spending because of the elections. Thank you, Miguel, that was the first question.

The second and last question, it is a little bit more of a strategic question, and it has to do with the share price. I mean, Andina, being very transparent, very candid here, has been looking like a value drop, where clearly the stock is very cheap, but you don't see catalysts. So, the question would be, what is the tone of the conversations when you have the board meetings, Miguel Ángel, in terms of the share price, how aligned is management compensation, yours, the rest of Andrés' management team with the share price or is there no connection there? Or is it just more a matter of focusing on the operation and that the stock at some point will have to react if you improve operations already. What is the tone of the conversations on the board regarding the stock price and how cheap it is?

**Miguel Ángel Peirano:** Well, Alan, to be completely honest with you, we are not very clear on why the stock is so cheap. The reality is that I think it is a tremendous opportunity because from an operational point of view, Andina has demonstrated the capacity to face any situation and have good results. And just coming out of the pandemic, as we commented in this conference, we have had the best result in Andina's history. Therefore, I believe that there is an impact on Latin America that is hitting us perhaps the hardest because we are the ones that have more presence in Latin America compared to the other bottlers, when you look at the multiples, in general, all the bottlers in Latin America are down, but we are the ones that have more participation in this region. And I believe there is a tremendous opportunity precisely because it is a solid company, a company that gives very good results. And right now, the stock is cheap. Therefore, I believe that this is an analysis that I leave open for all investors in the sense that today Andina is a tremendous opportunity.

And with respect to the board and executive committee meetings, they are very calm and satisfied with the company's results, and they understand that the share price is something that goes beyond our capacity to carry out or improve the day-to-day operation, but the numbers are very good.

**Alan Alanis:** Very good. Very clear. Thank you very much. And nice to greet you. Congratulations. Thank you. Goodbye.

**Miguel Ángel Peirano:** Yes, thank you, Alan.

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

**Carlos Laboy:** Yes, good morning. Miguel Ángel, Andrés, I congratulate you because you have been protecting here for decades, promoting the returnable bottle, and now that Coca-Cola has established a global target for returnables, I wanted to see how this has changed or how you think this could change the support you may receive from KO for your returnable bottle, how much higher could the level of returnables that you could reach be. I wonder whether you are planning to set any target for Andina.

**Miguel Ángel Peirano:** Hello, Carlos, how are you? You see, basically we have always received tremendous support from the Coca-Cola company regarding returnable packaging, and we have been, as you say, the driving force behind this type of packaging for many years. And we try to permanently transmit to the system that this is the packaging for the future, as a matter of responsibility we have in terms of sustainability. Therefore, from that point of view, we will continue trying to increase our participation in the returnable packaging with actions, promoting it, and as consumers become more aware, and I believe that governments will also become more aware, we will also continue to grow. Particularly, in Chile there are already some regulations where supermarkets have the obligation to have returnable packaging, which will continue to push this packaging and we will continue to do so in the future.

**Carlos Laboy:** Thank you.

**Miguel Ángel Peirano:** Thank you, Carlos.

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

**Kenia Vargas:** Yes, thank you, Operator. We are going to give way to the questions via webcast, the first question comes from Ignacio Llanos, from Inversiones Banpenta II. And it says: "Given the strategic plan, what should Andina look like in five more years? What would be different from today?"

**Miguel Ángel Peirano:** Hello, Ignacio. Miguel Ángel. Well, clearly, we should have a much more active presence in the digital area five years from now, and we should have completed other portfolios in different countries. In Chile, we are already in all the main ones, but in the rest of the countries there are opportunities that we are working to achieve. So, I would say, we should become a total beverage company in almost all countries with a strong digital presence.

**Kenia Vargas:** Very well. The next question comes from Andrés Galarce, from Zurich Chile Asset Management, and it says: "During the month of January, the Chilean CPI showed a month-on-month variation of 4.9% for the soft drinks segment. Could you provide some detail regarding the transfer of these higher costs to the end customer and therefore recovery of margins? Thank you very much".

**Andrés Wainer:** Yes, hello, this is Andrés. Indeed, inflation in Chile has skyrocketed a lot. In fact, in two semesters inflation is approximately 7%. And we are increasing prices even above inflation to keep our margins constant. The thing is that in 4Q there was also an issue, there are mix effects where wine and beer entered as well, which was also much more important than in the same quarter of the previous year, which distorts the numbers a little bit. But we are keeping the unit margins per category constant in real terms with the price increases we are making.

**Kenia Vargas:** Very well. The next question comes from Kasem Hadwa, from Hama Group, and it says, "What is the expectation for your input pricing considering the exchange rates for 2022? And how much might this impact your margins?"

**Andrés Wainer:** Well, as I mentioned, all the cost increases we are having are being transferred to prices, therefore, we are maintaining margins. Obviously, we have to do this step by step, and also see how the competition reacts so as not to lose market share. But so far, we have been quite successful.

And regarding the most important costs that we can hedge, is sugar. In general, we are taking hedges for the next few months. We have approximately 70% of the sugar that we are going to use during 2022 already with a fixed price. The fixed price depends a little bit on the country, but in general, we are talking about prices between 15 to 20% above the previous year, this in dollars; except in the case of Paraguay where we are setting prices a little bit below the previous year. We must remember that Paraguay is a domestic market that does not have much relation with the international price, while in the other countries the prices we are setting are highly correlated with the international price, which has increased in the last months.

**Kenia Vargas:** Very well. Martin Zetzsche, from Fundamenta Capital. "Hi, Andrés, Miguel Ángel. Looking at the gross margin in Chile, end-to-end 4Q21 versus 4Q19, the dilution was 10%. The explanation for that, to what extent is it in distribution deal with AB InBev and how much cost pressure in commodities? What should we think going forward to 2022 on this line? Thank you".

**Miguel Ángel Peirano:** An important, very important part of the mix effect is not only AB InBev, but also wine, for example. We have to remember that wine entered in 4Q of 2021 and that it has a quite important volume and also has quite lower margins than our core, which is carbonated soft drinks or juice. AB InBev also has an influence, but AB InBev was already at least partially in 4Q of the previous year. So that is by far the most important thing. Also, as I explained, we see cost increases as well. In the case of Chile, the issue of sugar is very relevant, also PET resin. The cost of PET resin today is between 30 to 35% in dollars over the previous year. In addition, we must remember that in the case of Chile last year there was a very important devaluation, the exchange rate in 2021 ended at 845. The previous year the exchange rate ended at 711, in other words, it is a very important devaluation that also affects our dollarized costs.

**Kenia Vargas:** Very well. Diego Guzman, BTG Pactual. "Hi, thank you for the call. I wanted to ask you about the capex plan that you expect for 2022. Do you expect any kind of acceleration for ESG issues, new business wins, Etcetera? And if you can give us more details about the plant together with Embonor, its cost, percentage of PET usage that will come from this plant. Its economics in cost and what effects it can have in the P&L".

**Andrés Wainer:** The Capex plan for this year is approximately US\$190 million. This will change due to exchange rates, it may be a little more, a little less, we will also see how the volume evolves during the year and we may suddenly make adjustments. But it should be very close to 190 million dollars, which is a very similar figure to the one we have had in the last few years, with the exception of 2020 when the pandemic occurred, and we made a very important cut in Capex by almost half. Capex for the year are mainly returnable bottles, crates, there is also a lot of truck renewal, and also a one way PET line in Chile. These are our main projects.

Regarding Capex related to ESG, in the case of Chile we are making investments to reduce water use. Remember that our plant is in Renca, in Santiago, which is a water-stressed area, so it is very important for us to reduce water use, and with the investments we are making we estimate that we will close the year with a water use ratio of 1.5 liters for each liter produced, which is a very good figure.

Regarding the project with Embonor, it is a plant that will allow us to produce recycled resin, this plant will start operating in the first quarter of 2024, the total investment will be between 25 and 30 million dollars, 60% of which will be provided by Andina and 40% by Embonor. It is still too early to know what the effect on our P&L will be, but international experience shows that recycled resin in general tends to be more expensive than virgin resin. It depends on the country, but the average can be 10 to 15% more. So, it will have some effect on the P&L, but it should be quite marginal, it should not be significant. Remember that practically half of the volume of soft drinks that we sell in Chile is returnable, and only half is one way.

**Kenia Vargas:** Very well. The next question is also regarding Capex. From Carol Roca, Credicorp Capital. She says, "Good morning. Thank you for the presentation. I would like to see how your Outlook is on commodity price issues. Should we continue to see margin pressures this year? And, on the other hand, do you have Capex projections for 2022?"

**Andrés Wainer:** Yes, these are questions that I have already answered within the Capex. I already gave the projection of 190 million dollars. And commodities will probably remain at quite high levels during this year, but as I explained, in the case of sugar we already have more than 70% with a fixed price. Not in the case of resin, because resin prices will be quoted for the coming months. But we do expect the increase compared to last year to be between 20 and 30% on average.

**Kenia Vargas:** Very well. Finally, Benjamin Guevara, from FYNOSA Asset Management. He has two questions. The first one, most likely already answered. "Thank you very much for the call. Under this global inflation phenomenon, how are you looking at raw material cost pressures, sugar, PET resin and cans, and SG&As for EBITDA margin 2022?"

**Andrés Wainer:** These are questions that we have already been answering. As I said, we are also under pressure regarding cans; aluminum is also something that has risen sharply in international markets. Practically, in all commodities we are under cost pressures, and our job is to keep increasing prices to maintain constant margins during the year. Well, there will be some quarters in particular where we will not achieve it, but as an average for the year, our goal is to achieve it and we believe we will be able to do it.



**Kenia Vargas:** Very well. And, lastly, from Benjamin Guevara as well. "I would also like to ask if you have seen any logistical problems particularly in Chile, considering the truckers' strike that happened a few weeks ago."

**Miguel Ángel Peirano:** Hello, how are you? Miguel Ángel. I will answer this one, Andrés. In the case of the truck stoppage in Chile, this was in the north, and actually given the stocks we have, it has impacted us very little. We have not had any major problems.

**Kenia Vargas:** Very good. On my end, I have no further questions via webcast. Operator?

**Operator:** At this time, there are no further questions. 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.*