



# Corporate Presentation Watt's S.A.





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## Section 1

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### Our Company

# Watt's S.A.

- ✓ Watt's S.A. was founded in 1941 as a small homemade jam family business.
- ✓ Today, Watt's S.A. is a group of companies with operations in the food and wine sectors in Chile and abroad, with an important presence in the retail and industrial markets.
- ✓ Well-established brands and high market share in all the sectors in which it operates, including dairy products, oilseeds, jams, preserved food, frozen fruits and vegetables.
- ✓ One of the five largest suppliers of major supermarket chains in Chile with sound presence in the traditional market through direct sales and exclusive trade operators



The Company		
<b>SALES</b>	<b>EBITDA*</b>	<b>PROFIT</b>
USD 702 M	USD 49M (7,0%)	USD 12 M (1,7%)

Source: Watt's 2022 financial statements, converted according to the average exchange rate of the last 12 months (859,51 CLP/USD). Incomes from activities of our core business.

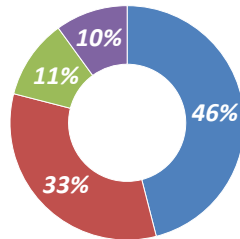
(\*) Excluding Laive

## Our Company

*Sales are concentrated in the food segment, focused on the domestic market*

### Sales by business

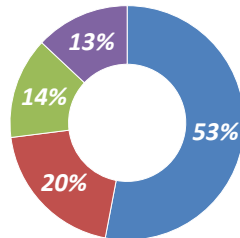
- Groceries
- Chilled
- Frozen
- Wines



- ✓ Operationally, the company is structured around the following areas: groceries, chilled and frozen products, and wines.

### Sales by distribution channels <sup>(1)</sup>

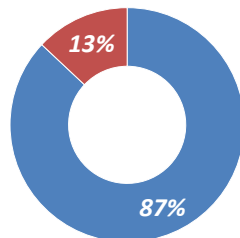
- Supermarkets
- Traditional
- Industrial and Other Institutions
- Exports



- ✓ Groceries and chilled products concentrate nearly 79% of sales. Sales and distribution of frozen products are carried out through Agrosuper.

### Sales by market

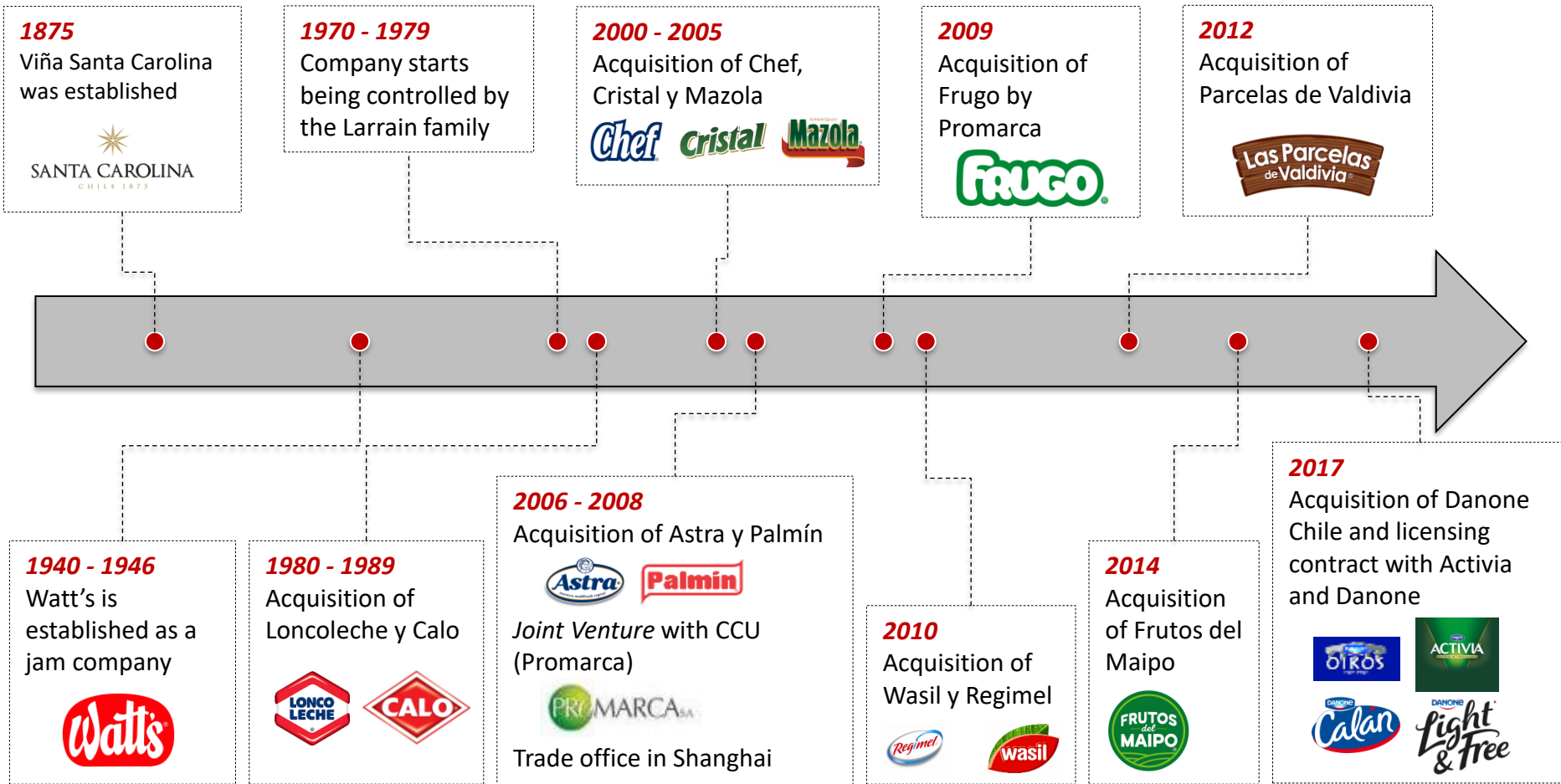
- Domestic
- Exports



- ✓ Supermarkets accounts for the largest and most relevant channel with 53% of sales.
- ✓ The domestic market concentrates 87% of sales, meanwhile exports are mostly carried out by Viña Santa Carolina.

- ✓ Laive is one of Peru's largest food companies and has been in business since 1910.
- ✓ Revenues in the last 12 months for USD 189 M.
- ✓ Watt's and Peruvian family Palacios Moreyra own each a 37.68% interest and control the company through a shareholders' agreement.
- ✓ The company's brands are Laive, Swis, La Preferida, and Watt's.





# Main brands





# Watt's Purpose



*Our*

## **PURPOSE**

*To contribute to a **better** life,  
with **tasty and healthy** food  
accessible to everyone,  
taking care of **people** and  
the **environment**.*



# Sustainability Policy

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**We define five guidelines that represent our commitment to sustainability:**

**Responsible Management:** We run our Company responsibly, ensuring that competitiveness and profitability are always accompanied by a high ethical standard, which favors a good relationship and long-term trust with all our stakeholders.

**People's Well-Being:** We promote the development of people in a positive work environment, with relations based on respect, with a long-term perspective and in a safe and inclusive environment.

**Healthy Food:** We prepare healthy and innocuous food, available to everyone and with clear and transparent information for consumers allowing them to make an informed choices.

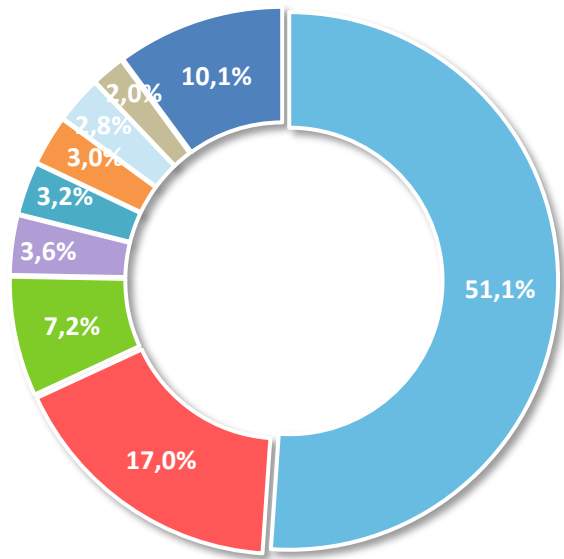
**Sustainable Production:** We develop our business with a long-term vision, protecting the environment and using resources responsibly. We seek to innovate and implement low-impact production processes and promote good business practices in our suppliers.

**Society:** We maintain a respectful and close relationship with our communities and make positives contributions by donating food to people from vulnerable sectors. In addition, we promote education about healthy eating habits and recycling.

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# Corporate Structure

## Main Shareholders



- CHACABUCO SA
- PIONERO FONDO DE INVERSION
- CONSORCIO C DE B S A
- TOESCA SMALL CAP CHILE FONDO DE INVERSION
- RENTAS ST LIMITADA
- AFP HABITAT
- AFP CAPITAL
- COMPASS SMALL CAP CHILE FONDO DE INVERSION
- OTROS

## Directors

- ✓ Bonifacio Bilbao Hormaeche
- ✓ Pablo Echeverría Benítez
- ✓ Aníbal Larrain Cruzat
- ✓ Borja Larrain Cruzat
- ✓ Fernando Larrain Cruzat
- ✓ Alejandra Mehech Castellón
- ✓ Felipe Soza Donoso
- ✓ Pablo Turner González
- ✓ Rodolfo Véliz Möller

## General Manager

Santiago Larrain Cruzat

- ✓ Independent Directors

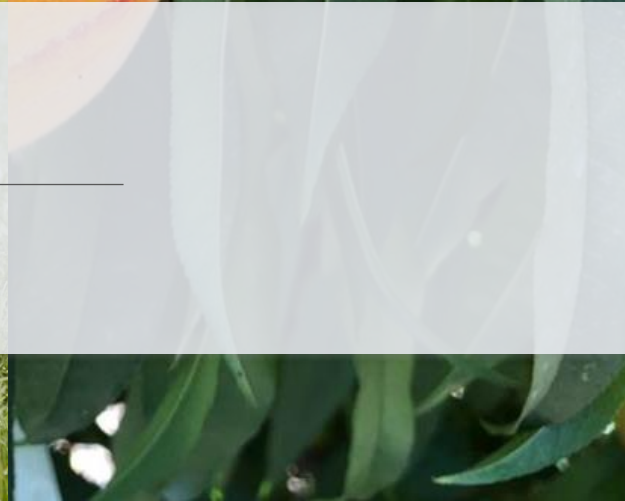
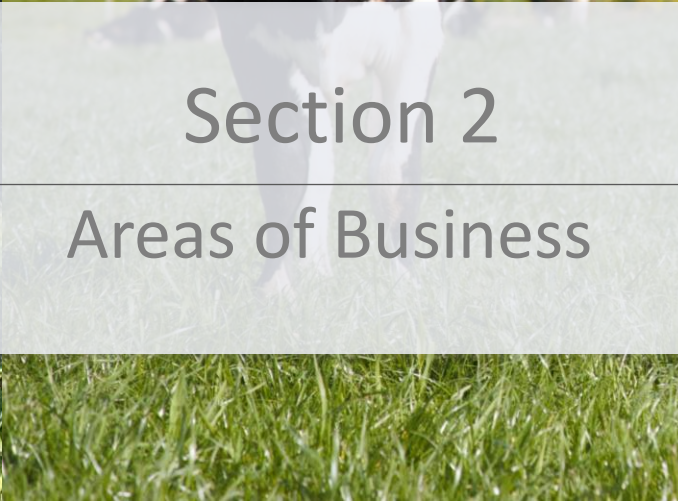
Source: Watt's S.A., registered shareholders as of Dec. 31, 2022.



## Section 2

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### Areas of Business



# Groceries

- ✓ The Groceries line of business consists primarily of oils, preserves, jams, extended shelf-life juices and nectars, milk and powdered milk.
- ✓ Watt's brands are as follows:

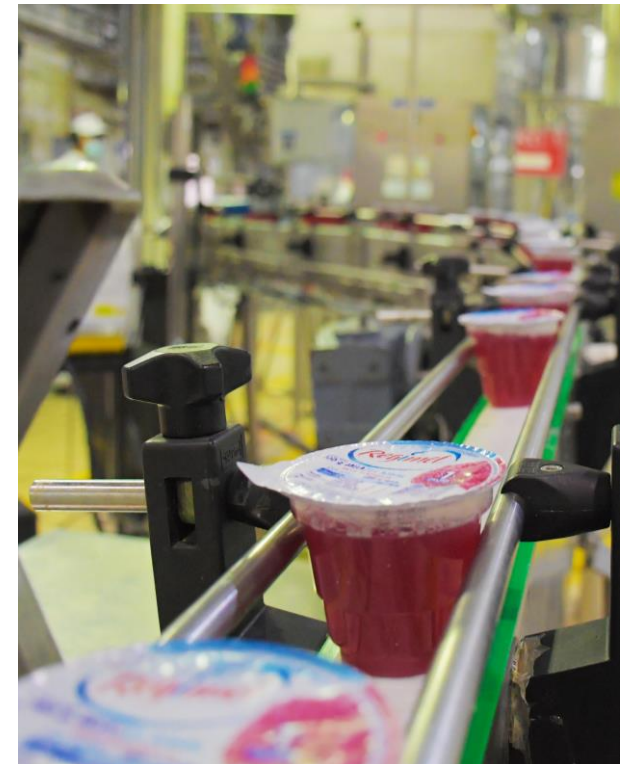
<b>Oils</b>					
<b>Preserved Foods</b>					
<b>Jams</b>					
<b>Juices and nectars</b>					
<b>Milk</b>					
<b>Powdered Milk</b>					
<b>Others</b>					



# Chilled Products

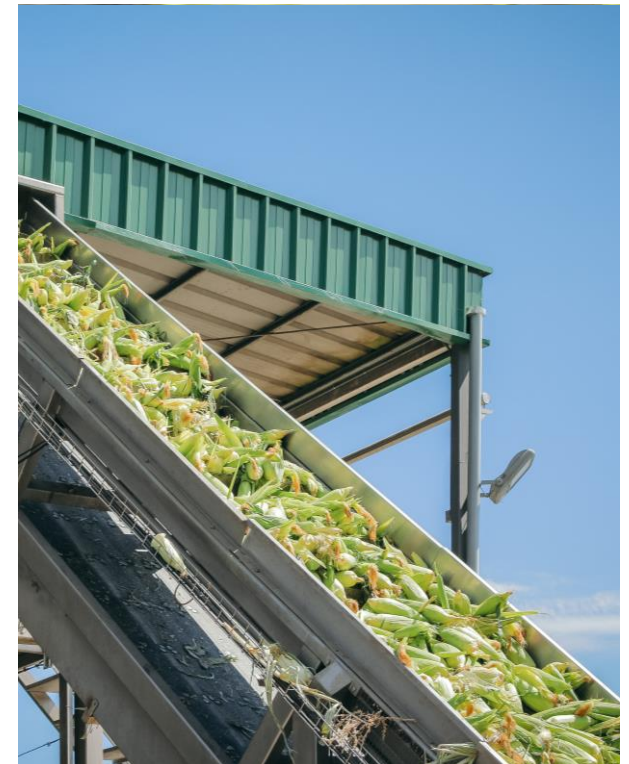
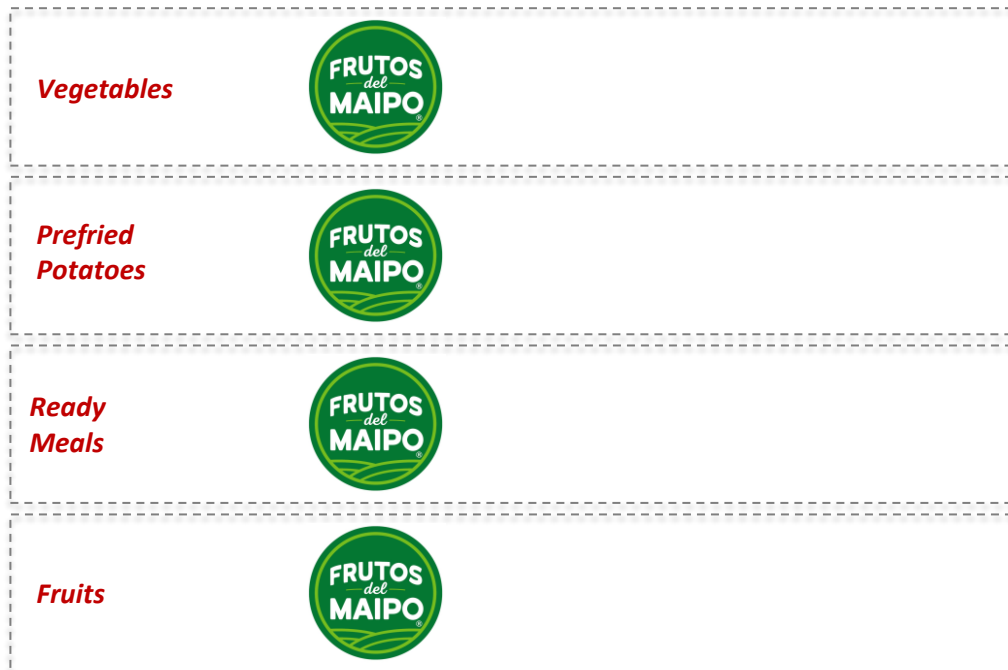
- ✓ Chilled products include mostly yogurt, aged cheeses, margarine, butter, limited shelf-life juices and nectars.
- ✓ Watt's brands are as follows:

<b>Yogurt</b>					
<b>Aged Cheese</b>					
<b>Margarines</b>					
<b>Butter</b>					
<b>Juices and Nectars</b>					
<b>Desserts</b>					



# Frozen Products

- ✓ The company joined the frozen fruit and vegetable industry through the acquisition of *Frutos del Maipo* in november 2014.
- ✓ Watt's brands are as follows:



# Wines

- ✓ Sales of Santa Carolina totaled USD 63,8 M in the last year, including exports and domestic sales.
- ✓ Sales around 2,7 million cases a year.
- ✓ Exports accounts for 85% of revenues.
- ✓ The winery owns an area under vine of 518 hectares in Chile's finest wine valleys.
- ✓ In addition, it controls over 230 hectares of vineyards through contracts with producers located between the Coquimbo and Maule Regions. In Argentina, the company owns an area under vine of over 229 hectares in the Uco valley.
- ✓ The company owns four fully-equipped wineries with total capacity of 44 million liters.







## Section 3

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## Strategy

# Strategic Pillars



Strong and well-known brands

Diversified product portfolio

Well-established distribution channels

Growth driven by acquisition of strong brands

Continuous product innovation

RANKING	MARCAS DE WATT'S
1º	Watt's, Frugo, Papiñón
1º	Chat, Belmont, Manta, Cristal, Néina
1º	Sureño, Calce, Pampas, Simca
1º	Watt's, Lipton, Papiñón
1º	Watt's, Papiñón



# Strategy

*Diversified product portfolio, present in most food consumptions instances of the day*

✓ Breakfast and Tea



✓ "On the Go"



✓ Kitchen and Pastry



✓ Appetizers



✓ Meals and Desserts

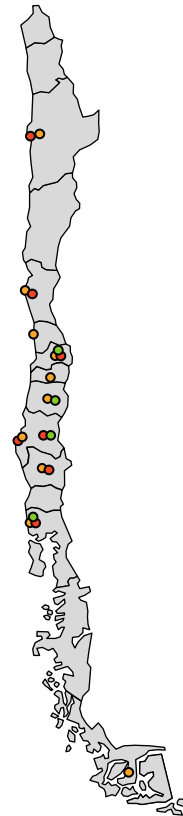
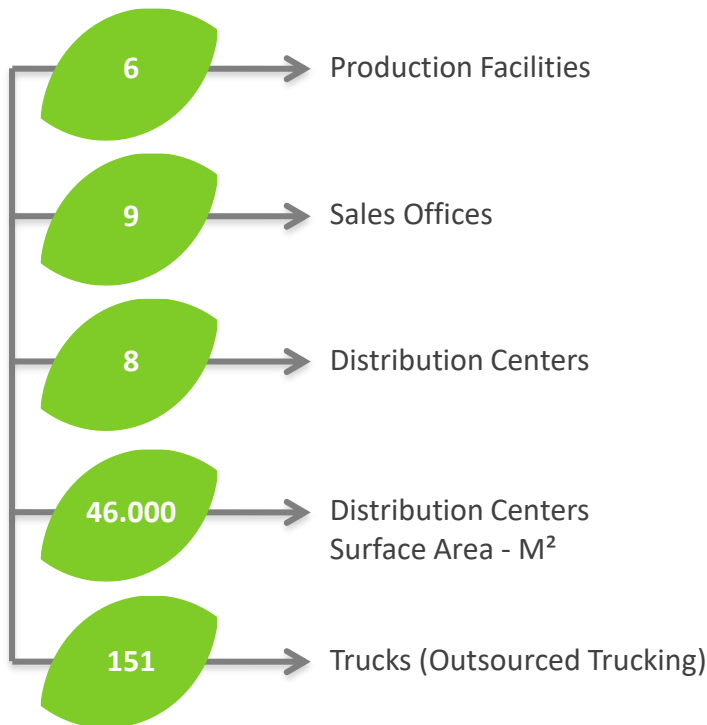


# Strategy

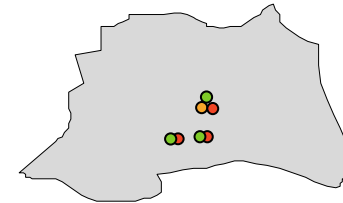
*Well-established distribution channels, with a wide coverage to reach most customers*

- ✓ In the domestic market, Watt's serves 14,500 direct and 40,000 indirect customers, through various channels, including supermarkets, distributors, wholesalers, food service, industrial and governmental.

## Logistics in numbers (Chile)<sup>1</sup>



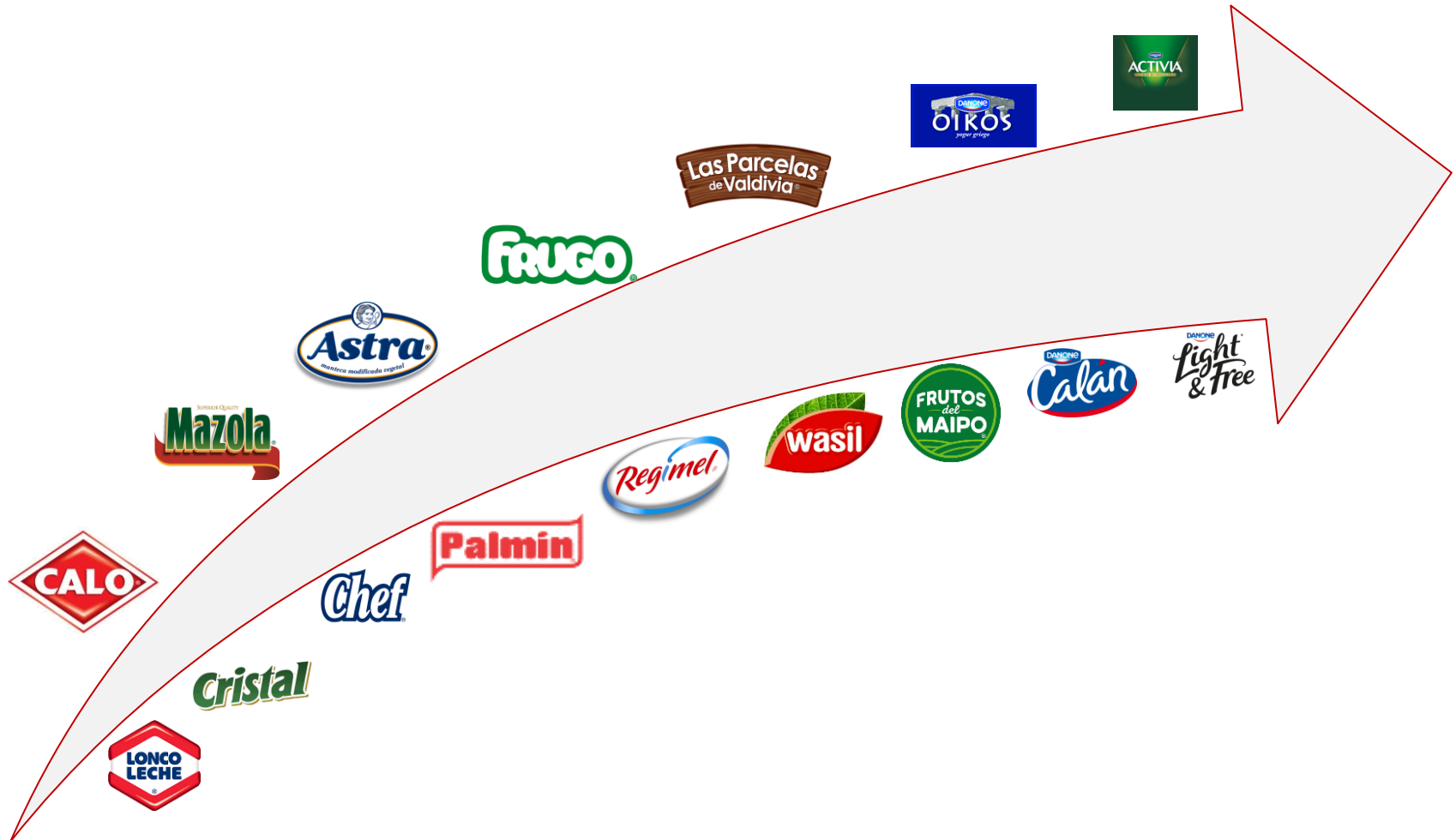
## Metropolitan Region



Sales Offices	Distribution Centers	Production Facilities
Antofagasta	Antofagasta	San Bernardo
La Serena	La Serena	Lonquén
Viña	San Bernardo	Buín
San Bernardo	Lonquén	Linares
Rancagua	Buín	Chillán
Linares	Chillán	Osorno
Concepción	Temuco	
Temuco	Osorno	
Osorno		

Note (1): Excluding Viña Santa Carolina.

Source: Watt's S.A.



*Continuous product innovation, key to stay competitive in the food industry*

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**Crema**  
Crema Vegetal  
Loncoleche 200ml



**Mermelada**  
Membrillo 200grs



**Leche en Polvo**  
Loncoleche Extra  
Calcio 800grs



**Salsas**  
Pomodoro Wasil  
Caja 380grs



**Salsas**  
Bolognesa Veggie  
Wasil Caja 380grs



**Conservas**  
Pino Vegetal Wasil  
Caja 380grs



**Yogu Yogu I&O**  
Mora y Frutilla  
250ml



**Yogu Yogu I&O**  
Mora 1Lt

## Strategy



*Continuous product innovation, key to stay competitive in the food industry*

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**Queso**  
Tripa Crema Calo  
100ml



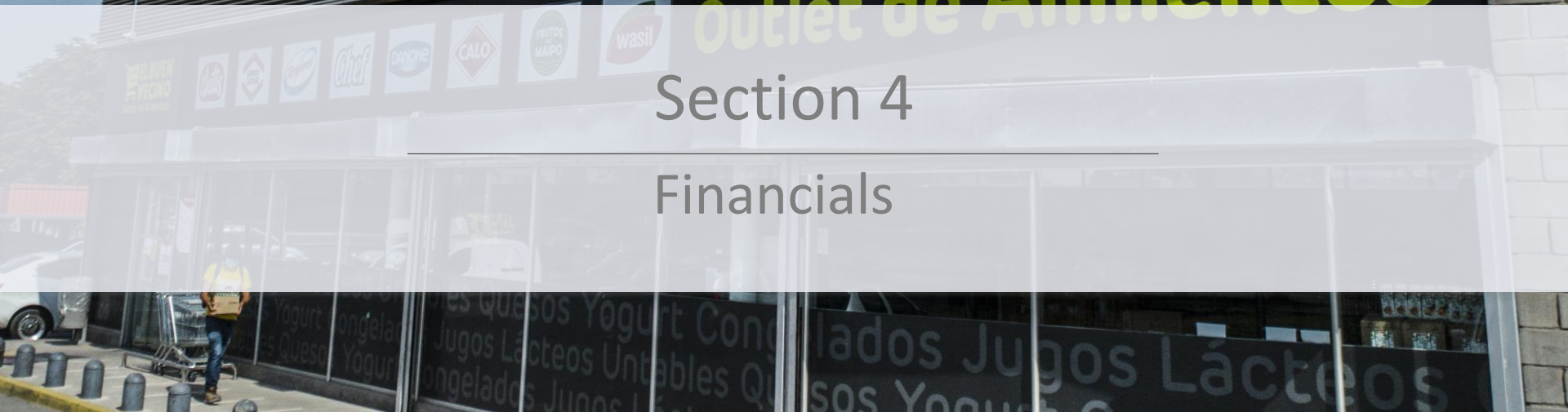
**Leche evaporada**  
Sin lactosa  
Loncoleche 200ml



Outlet de Alimentos

## Section 4

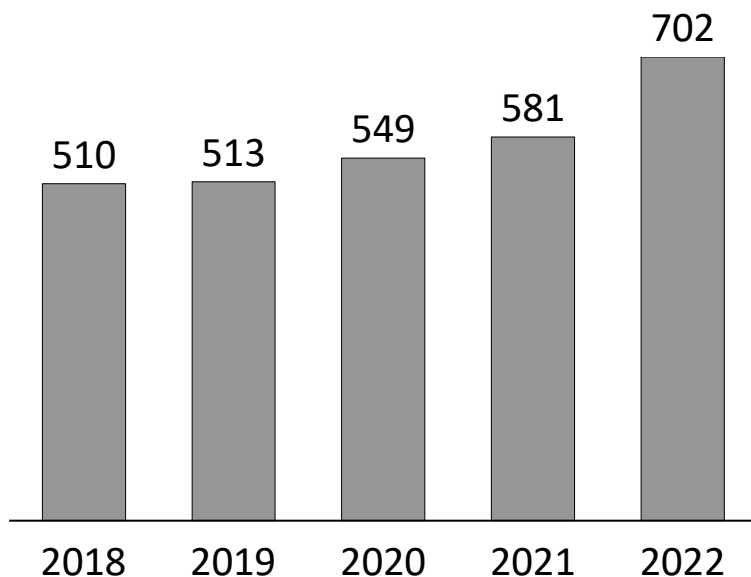
### Financials



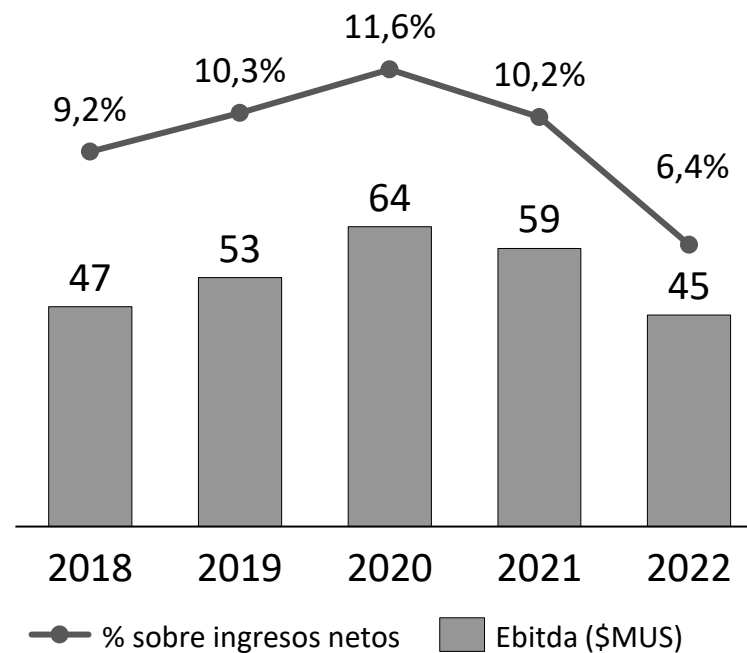


# Revenues and EBITDA

## Net Revenues (USD M)



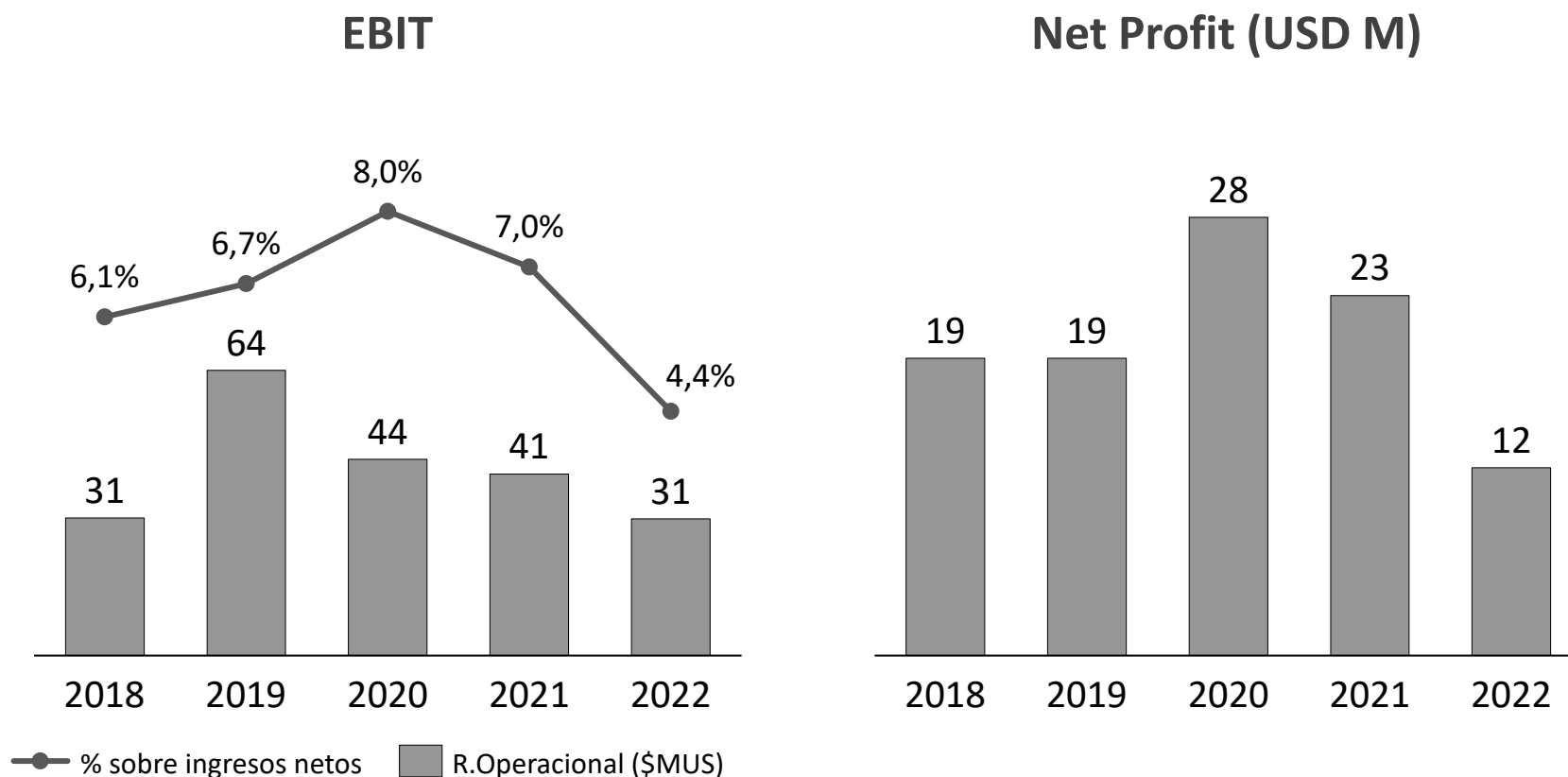
## EBITDA\*



Source: Watt's 2022 financial statements, converted according to the average exchange rate of the last 12 months (859,51 CLP/USD). Incomes from activities of our core business.

(\*) Excluding Laive

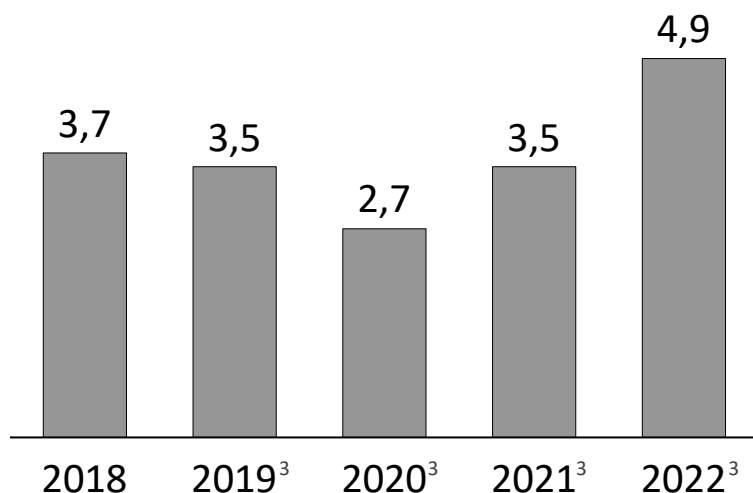
# EBIT and Net Profit



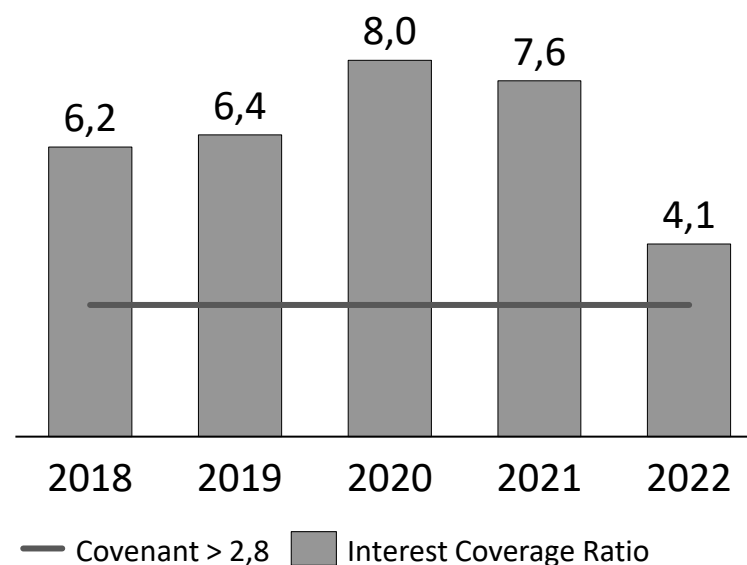
Source: Watt's 2022 financial statements, converted according to the average exchange rate of the last 12 months (859,51 CLP/USD). Incomes from activities of our core business.

# Debt-to-EBITDA and Interest Coverage Ratios

## Net Financial Debts / EBITDA<sup>1</sup>



## Interest Coverage Ratio<sup>2</sup>



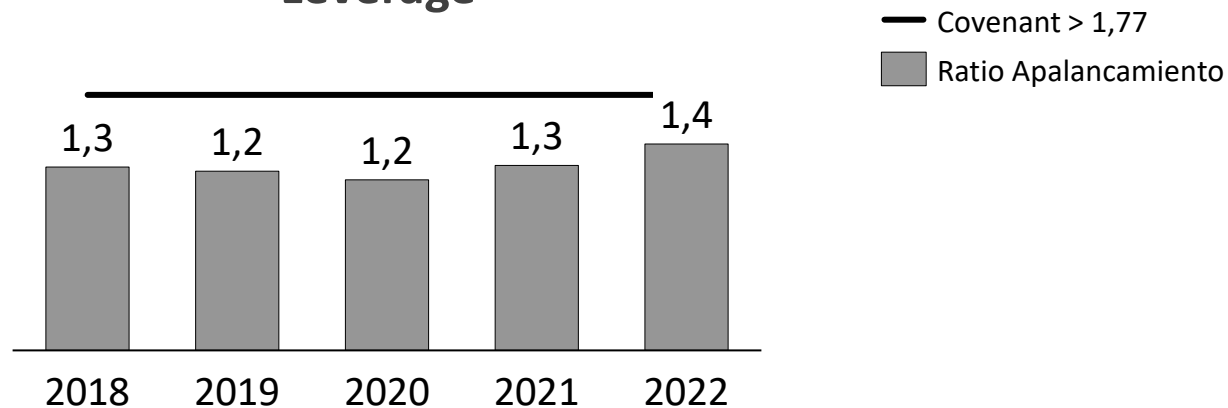
Note (1) Net Financial Debt / EBITDA → (Current Financial Liabilities + Noncurrent Financial Liabilities - Cash) / EBITDA

Note (2) Interest Coverage Ratio → EBITDA / (Financial Expenses – Financial Incomes) // Note (3) Acknowledge NIIF 16.

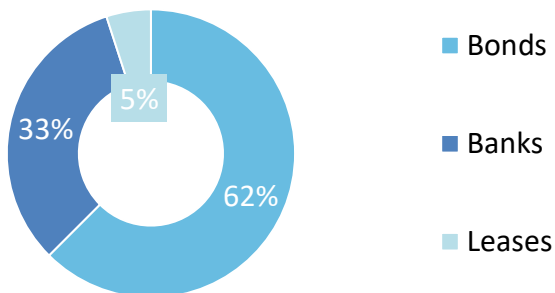
Source: Watt's 2022 financial statements. Incomes from activities of our core business.

# Debt-to-Equity Ratios

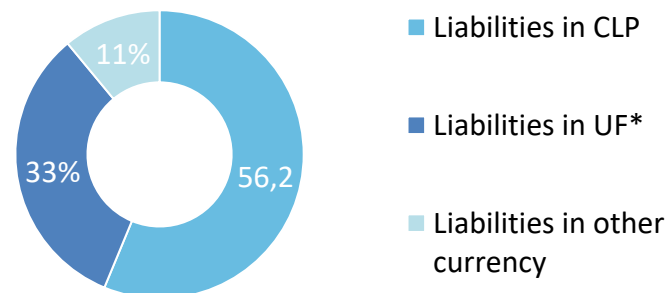
## Leverage<sup>1</sup>



## Liability Distribution<sup>2</sup>



## Currency Distribution<sup>2</sup>



Note (1): Leverage: (Total Current Passives + Total Noncurrent Passives) / (Total Equity)

Note (2): Information based on results of the third quarter of 2022. Leasing not considered, bank liabilities includes factoring and exchange insurance. Source: Watt's 2022 financial statements. // (\*) UF is a unit of account used in Chile that is constantly adjusted for inflation.

# P&L December 2022

Estado de Resultados (MM\$)	31-12-2022	31-12-2021	Δ MM\$	Δ %
Ingresos de actividades ordinarias	603.695	499.241	104.454	20,9%
Costo de ventas	(472.329)	(372.619)	(99.710)	26,8%
<b>Ganancia bruta</b>	<b>131.366</b>	<b>126.622</b>	<b>4.744</b>	<b>3,7%</b>
<b>Margen bruto</b>	<b>21,8%</b>	<b>25,4%</b>		<b>(3,6%)</b>
Costos de distribución	(44.418)	(37.679)	(6.739)	17,9%
Gastos de administración	(60.463)	(53.753)	(6.710)	12,5%
<b>Resultado Operacional</b>	<b>26.486</b>	<b>35.191</b>	<b>(8.705)</b>	<b>(24,7%)</b>
<b>Margen operacional</b>	<b>4,4%</b>	<b>7,0%</b>		<b>(2,6pp)</b>
Otras ganancias (pérdidas)	(1.360)	(1.796)	436	(24,3%)
Ingresos financieros	606	262	344	131,3%
Costos financieros	(10.818)	(6.992)	(3.826)	54,7%
Participaciones en asociadas y negocios en conjunto	2.039	914	1.125	123,1%
Diferencias de cambio	(1.796)	(86)	(1.710)	1988,4%
<b>Resultado por unidades de reajuste</b>	<b>(7.431)</b>	<b>(4.259)</b>	<b>(3.172)</b>	<b>74,5%</b>
<b>Ganancia antes de impuestos</b>	<b>7.726</b>	<b>23.233</b>	<b>(15.507)</b>	<b>(66,7%)</b>
Ingreso (Gasto) por impuestos a las ganancias	2.700	(3.386)	6.087	(179,7%)
<b>Ganancia (pérdida)</b>	<b>10.427</b>	<b>19.847</b>	<b>(9.420)</b>	<b>(47,5%)</b>
<b>Margen ganancia</b>	<b>1,7%</b>	<b>4,0%</b>		<b>(2,3pp)</b>

- **+23,1% in Groceries:** Oils, Liquid Milk, Powdered Milk.
- **+ 16,6% in Chilled Products:** : Aged Cheese, Juices/ Nectars and Margarines
- **+19,2% in Frozen Products:** Frozen Fruits and Vegetables.
- **+14,8% in VSC:** International shipping crisis, supply shortages and increased sale of bottled wine.

- **-3,7pp in Food:** Cost increases in raw materials.
- **-3,2pp en VSC:** Growth in the sale of bottled wine with a mix less profitable.

- Increase of 14,1% due to growth in sales and inventory, increases in the price of fuel and rates expressed in real terms (UF).

- **Inflation** impacts corporate bonds.



[www.watts.cl](http://www.watts.cl)