

KOF LT
HR AAA
Stable Outlook

KOF ST
HR+1

KOF 21L
HR AAA
Stable Outlook

KOF 21-2L
HR AAA
Stable Outlook

Corporate
December 2, 2024
A NRSRO Rating**

2022
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2023
HR AAA
Stable Outlook

2024
HR AAA
Stable Outlook



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HR Ratings ratified its HR AAA rating with Stable Outlook for Coca-Cola FEMSA and its KOF 21L and KOF 21-2L issuances. In addition, the rating of HR+1 was also ratified for Coca-Cola FEMSA.

The ratification of the ratings for Coca-Cola FEMSA, S.A.B. de C.V. (KOF and/or the Company) and its bond issuances is based on its low net leverage, a long-term debt structure reflecting minimal debt service over the forecast period, and the Company's sustained Free Cash Flow (FCF) generation. This reflects the strength seen over the Last Twelve Months (LTM) as of the third quarter of 2024 (3Q24) and that expected for 2024-2027, Years of Payment Net Debt to FCF metrics, with an estimated weighted average of 1.5 years, a Debt Service Coverage Ratio (DSCR) of 8.0 times (x) and DSCR with Cash of 16.4x. We expect FCF levels of P\$31,843 million (m) by 2027, mainly driven by sustained growth in sales volume, especially through an omni-channel strategy and a strong market position, allowing the Company to offer a product and brand portfolio covering diverse consumption occasions. In addition, the rating reflects KOF's long-term debt structure (~96.4% of total debt as of 3Q24). Finally, the rating maintains a positive adjustment due to the Company's positioning in the industry for all its operating regions as well as an adjustment given its strength regarding ESG factors.



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Assumptions and Results (Figures in millions of pesos)

Fiscal Year	Reported		Base Scenario				Stress Scenario				Weighted Avg.		Degree of Stress
	2022	2023	2024	2025	2026	2027	2024	2025	2026	2027	Base	Stress	
Total Revenue	226,740	245,088	273,122	283,968	308,310	335,525	270,574	265,731	276,750	288,183	296,334	273,081	-7.8%
EBITDA	41,744	45,292	50,605	52,898	58,111	63,743	47,927	37,649	37,528	39,511	55,518	39,951	-28.0%
EBITDA Margin	18.4%	18.5%	18.5%	18.6%	18.8%	19.0%	17.7%	14.2%	13.6%	13.7%	18.7%	14.6%	(408.08)
Free Cash Flow	23,719	27,318	29,931	26,801	29,400	31,843	27,960	16,517	15,112	22,898	28,879	19,530	-32.4%
Debt Service	11,049	9,713	1,825	3,942	4,527	9,869	1,925	4,722	5,368	11,112	4,685	5,425	15.8%
Total Debt	78,669	65,214	72,288	71,532	70,106	62,710	70,971	69,764	70,862	71,638	69,831	70,576	1.1%
Net Debt	38,392	34,154	41,527	43,118	42,829	40,878	42,065	52,071	59,952	58,987	42,355	53,120	25.4%
DSCR	2.1x	2.8x	16.4x	6.8x	6.5x	3.2x	14.5x	3.5x	2.8x	2.1x	8.0x	5.2x	-34.3%
DSCR with Cash	6.4x	7.0x	33.4x	14.6x	12.8x	6.0x	30.7x	9.6x	6.1x	3.0x	16.4x	11.8x	-28.0%
Net Debt to FCF	1.6	1.3	1.4	1.6	1.5	1.3	1.5	3.2	4.0	2.6	1.5	2.9	97.9%
MALC	1.1	1.2	1.2	1.2	1.2	1.3	1.2	1.1	1.1	1.1	1.2	1.1	-6.8%

Source: HR Ratings based on its projections and Company's historical information.

Historical Performance vs. Forecasting

- Revenue Growth.** The Company reported total revenues of P\$267,585m for the LTM as of 3Q24, representing an annual growth of 10.5% and 4.2% vs. our previous estimates. This was the result of a 5.4% year-over-year increase in sales volume, which amounted to 4,202 million Unit Cases (vs. 3,987 MUC over the LTM as of 3Q23), and an increase in the average sales price in both Mexico and Central America (+6.0% YoY) as well as in South America (+4.0% YoY).
- Higher FCF generation.** KOF reported a FCF of P\$33,097m, 9.7% above the P\$30,182m seen over the LTM as of 3Q23 and +14.5% vs. the P\$28,905m estimated in the Base scenario. This increase was the result of higher EBITDA, other cash flow from income and a positive impact of the exchange rate on cash. The above offset higher working capital requirements, taxes, maintenance CAPEX and lease obligations.
- Metrics strengthened despite the increase in net debt.** As of 3Q24, KOF reported total debt of P\$71,882m and net debt of P\$30,388m, 8.6% and 10.0% higher than 3Q23 (vs. P\$66,161m and P\$27,617m). This annual variation is mainly due to the exchange rate valuation for U.S. dollar-denominated debt as well as higher debt drawdowns regarding operations in Argentina. However, the DSCR, DSCR with Cash and Years of Payment metrics were at maximum levels based on the curves for each metric.

Future Assumptions

- Sustained revenue growth.** We estimate an 8.2% Compound Annual Growth Rate (CAGR) for 2023-2027 resulting from sustained volume and price growth. We expect the Company to continue covering diverse consumption occasions with its product and brand portfolio. Similarly, our expectation is that KOF's CAPEX spending will be in support of such growth over the forecast period.
- Debt Structure.** We estimate that by 2027 the Company will report a total debt of P\$62,710m (vs. P\$65,214m in 2023) and net debt of P\$40,878m (vs. P\$34,154m in 2024) under a base scenario. Our scenarios do not consider additional debt during the forecast period. This is due to expected growth in the Company's operating cash flow during the forecast period.



- **Rating Metrics at Maximum Strength Levels during forecast period.** We estimate that the Company would reflect DSCR and DSCR with Cash at the higher end of the curve for each metric (2.3x and 4.2x, respectively) given the sustained growth in FCF through 2027 and minimal debt service pressures. We also expect the Years of Payment metrics of Net Debt to FCF to remain stable, expecting that they will reach 1.3 years by 2027.

Additional Factors Considered

- **Industry leadership and brand portfolio.** KOF is the largest bottler of Coca-Cola products worldwide by volume (12.2% based on 2023 figures) and this allows it to manage a diversified portfolio of recognized brands with a solid market position in almost all countries and categories of operation. The rating maintains a positive adjustment for such positioning.
- **ESG factors.** The Superior label was ratified for the three ESG factors: Environmental, Social and Governance. The Environmental label is based on the policies and the environmental focus used by the Company in its daily operations while its sustainability strategy is focused on three key areas: Water Management, Climate Action and Circular Economy (recycling). In terms of the Social factor, KOF's policies were evaluated with respect to employee benefits, career plans, and its ability to retain talent and inclusion at all levels. Finally, for Governance, this was attributable to the level of internal regulations, the quality of the executive team, the Board of Directors and its support committees, as well as the transparency and consistency of its financial information. The rating maintains a positive adjustment given the Company's strong positioning for these three factors.

Factors that could downgrade the rating

- **Regulatory Impact.** New health regulations for high-calorie products involving higher product taxes and/or greater restrictions could have an impact on consumption, which would, in turn, reduce the Company's profitability and cash flow generation. This would affect the rating if the Years of Payment levels reflected a weighted average above 6.3 years.
- **High Commodity and Exchange Rate Volatility.** If the Company were to face an economic scenario involving both a steep increase in sweetener and petrochemical (PET) prices and a material depreciation of its main currencies (MXN, BRL, COP), costs could increase thereby decreasing operating margins. The rating may be downgraded if weighted DSCR levels fall below 1.7x.



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Company Profile

Coca-Cola FEMSA, S.A.B. de C.V. (KOF or the Company) produces, sells and distributes beverages under the trademarks of The Coca-Cola Company (TCCC). The Company is a subsidiary of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), the largest Coca-Cola beverage bottler in the world by volume, representing 12.2% of TCCC's system sales volume (figures as of 2023), selling approximately 4,047.8 million Unit Cases (MUC)¹. The Company supplies more than two million points of sale through its two main divisions, Mexico-Central America (CAM²) and South America³. The Company also operates 56 bottling plants and 251 distribution centers.

Relevant Events

KOF 21-2L Issuance

On September 5, 2024 (3Q24), the Company announced that it had met the sustainability performance target for that issuance, achieving a water use efficiency ratio of 1.36 liters per liter of beverage produced. Since this indicator was confirmed by an independent external auditor, the applicable interest rate will remain unchanged.

Observed vs. Forecasted

KOF's profits exceeded our estimates over the LTM to 3Q24 due to greater dynamism in both business divisions driven by a higher-than-expected sales volume, which closed at 4,202 MUC (+1.5% vs. 4,138 MUC in the base scenario), and a higher average price per unit case (P\$64.5 vs. P\$62.0 expected in the base scenario) due to revenue management strategies and exchange rate fluctuations. EBITDA was 7.1% above our baseline scenario and operating margins also expanded in line with our estimates due to the positive impact of lower main input prices as well as a continued focus on maximizing portfolio profitability through product mix.

Similarly, the Company's FCF for the period was 14.5% higher than our estimates, mainly due to higher EBITDA levels and a positive impact of the exchange rate on cash. The Company's total debt was 3.4% above our base scenario, while net debt was 2.9% below our scenarios. The main deviation is due to the valuation of dollar-denominated debt linked to the estimated exchange rate (P\$19.68 vs. P\$18.70 estimated in the base scenario) as well as debt increases from Argentina's operations. Nevertheless, metrics were at the strongest values based on the rating curve.

¹ Equivalent to 5,678.12 milliliters (ml) of finished product (24 servings of 237 ml) and, in terms of soda fountain use, refers to the volume of powders, syrup and concentrate needed to produce 5,678.12 ml of finished product.

² Guatemala, Nicaragua, Costa Rica and Panama.

³ Argentina, Brazil, Colombia and Uruguay.



Figure 1. Observed vs. Forecasted (Figures in millions of pesos)

Concept	LTM as of			Scenarios*			
	3Q23	3Q24	Change %	Base	Var vs. Base	Stress	Var vs. Stress
Revenue	242,074	267,585	10.5%	256,695	4.2%	244,275	9.5%
EBITDA	44,545	50,014	12.3%	46,712	7.1%	37,120	34.7%
EBITDA Margin	18.4%	18.7%	29bp	18.2%	49pb	15.2%	349bp
Free Cash Flow (FCF)	30,182	33,097	9.7%	28,905	14.5%	18,746	76.6%
Gross Debt	66,161	71,882	8.6%	69,548	3.4%	66,334	8.4%
Net Debt (ND)	27,617	30,388	10.0%	31,307	-2.9%	37,021	-17.9%
Debt Service	9,915	1,825	-81.6%	1,651	10.6%	2,291	-20.3%
DSCR	3.0x	18.1x	n.a.	17.5x	n.a.	8.2x	n.a.
DSCR with Cash	7.0x	39.2x	n.a.	40.9x	n.a.	25.0x	n.a.
Years of Payment (ND/FCF)	0.9	0.9	n.a.	1.1	n.a.	2.0	n.a.

Source: HR Ratings based on the Company's information.

*Projections corresponding to KOF report published on November 29, 2023.

Analysis of Results

Total Revenue

The Company reported total revenue of P\$267,585m over the LTM as of 3Q24, reflecting annual growth of 10.5% YoY and 4.2% compared to our previous estimates (P\$256,695m). This was the result of a 4% year-over-year increase in sales volume, which amounted to 4,202 MUC (vs. 3,987 MUC over the LTM as of 3Q23), and an increase in the average sales price in both Mexico and Central America (+6.0% YoY) as well as South America (+4.0% YoY).

In turn, double-digit revenue growth is mainly attributable to KOF's implementation of strategic priorities in recent periods, with the following being highlighted: (i) the expansion of core business, (ii) consolidation of a commercial platform preferred by customers, (iii) strategic mergers and acquisitions, (iv) tackling of infrastructure bottlenecks and progress in digitalization.

Mexico and Central America

This Division accounted for 60.6% of total revenue over the LTM as of 3Q24 with P\$163,079m (+12.1% YoY). This was the result of a 5.3% increase in volume (2,486 MUC vs. 2,361 MUC over the LTM as of 3Q23) and 6.0% in the average price per MUC (P\$65.2 vs. P\$61.5 LTM average as of 3Q23).

Mexico, which represents 81.9% of revenue and 85.3% of volume for this division, recorded sales of P\$133,537m (+11.9% YoY vs. P\$119,294m over the LTM as of 3Q23). Mexico's volume grew 4.6% year-over-year, closing at 2,120 MUC (vs. 2,028 MUC). The above was achieved despite unfavorable weather conditions during 3Q24 (higher rainfall and lower temperatures than the previous year), which led to a 1.5% drop in volume for the quarter. Nevertheless, Mexico's profits have grown mainly due to the launch of the Juntos+ version 4.0 platform. The Company added ~70,000 monthly active buyers in 3Q24, bringing the total to 405,000. In Mexico, digital orders represent more than 40.0% of the total.



The Company has also used several initiatives and portfolio mixes to increase its market share in all categories operated while increasing per capita consumption. The Company increased sales volume by focusing on consumer consumption occasions, in particular multi-serve packaging and product affordability.

In Central America (18.1% of revenue and 14.7% of this division's volume), sales grew 12.6% YoY (P\$29,541m vs. P\$26,240m) as a result of a 9.6% increase in sales volume (365 MUC vs. 333 MUC over the LTM as of 3Q23), driven mainly by Guatemala and its favorable consumption trends based on a young and growing population with consumers moving from rural to urban areas. Guatemalan consumers are looking for affordability and the Company has adapted its portfolio to include consumption occasions.

South America

This Division accounted for 39.4% of total revenue over the LTM as of 3Q24 with P\$105,860m (+8.8% YoY). This was the result of a 5.6% increase in volume (1,717 MUC vs. 1,626 MUC over the LTM as of 3Q23) and a 4.0% increase in the average price per MUC (P\$57.6 vs. P\$55.4 LTM average as of 3Q23).

Brazil (with 68.2% of revenue and 66.9% of the division's volume) showed 9.0% YoY growth in sales volume. However, despite year-over-year growth by volume, this was offset by the closure of operations at the Rio Grande do Sul plant (~10.0% of capacity in Brazil) due to floods during 2Q24. However, favorable consumption trends have mitigated this impact over the LTM. One of the products that has driven the country's growth is a focus on sugar-free Coca-Cola as well as the pursuit of growth strategies in emerging categories.

With respect to other regions, in Colombia (18.8% of the division's revenue and 20.6% of its volume) sales volume grew by 3.4% driven by a wider offering of affordable products and a greater focus on ready-to-drink non-alcoholic beverages. Sales volume fell in Argentina and Uruguay, 6.9% and 5.4% respectively, due to lower consumption growth.



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Figure 2. Operating information by region (Figures in millions of pesos)

Region	LTM revenues as of		LTM volume** as of									
	3Q23	3Q24	3Q23					3Q24				
			Sparkling	Water	Bulk Water	Other	Total	Soft Drinks	Water	Water jug	Other	Total
Mexico and Central America	145,534	163,078	1,684	134	367	176	2,361	1,769	149	380	188	2,486
Mexico	119,294	133,537	1,398	120	366	144	2,028	1,454	134	376	157	2,120
Central America	26,240	29,541	287	13	2	31	333	315	15	4	31	365
South America	97,315	105,860	1,325	140	29	132	1,626	1,391	149	33	144	1,717
Colombia	16,153	19,944	260	38	14	29	341	267	41	16	29	353
Brazil	66,131	72,152	886	73	10	84	1,053	958	81	11	98	1,148
Argentina	10,638	9,088	139	20	5	16	179	125	21	7	14	167
Uruguay	4,393	4,676	41	9	-	2	52	40	6	-	3	49
Total	242,849	268,938	3,010	273	396	308	3,987	3,160	298	413	332	4,202

Source: HR Ratings based on the Company's information.

*Figures in MXN millions.

** Millions of unit cases

EBITDA⁴ and Operating Margins

The Company reported 96 basis points growth in gross margin, closing at 45.7% (vs. 44.7% LTM as of 3Q23 and +211bp vs. 43.6% in the base scenario). The main raw materials comprising the cost of sales include concentrate, sweeteners and packaging materials (PET resin and aluminum). Under its bottling agreements, the Company must purchase concentrate from TCCC at a purchase price determined as a percentage of the price (net of taxes). Similarly, packaging materials, sugar and sweeteners (high fructose corn syrup) are denominated, or determined, based on the US dollar. This increase in gross margin is primarily the result of revenue growth, lower packaging costs, raw material hedging and revenue management initiatives, in addition to higher growth in single-serve packaging. This was partially offset by higher sweetener costs reported in all operating regions.

Figure 3. Revenue and EBITDA for the LTM as of 3Q24 (Amounts in millions of pesos)

	LTM as of			Scenarios*			
	3Q23	3Q24	Change	Base	Var vs. Base	Stress	Var vs. Stress
Revenue	242,074	267,585	10.5%	256,695	4.2%	244,275	9.5%
COGS	133,793	145,290	8.6%	144,823	0.3%	141,491	2.7%
Gross Profit	108,281	122,295	12.9%	111,871	9.3%	102,784	19.0%
<i>Gross Margin</i>	<i>44.7%</i>	<i>45.7%</i>	<i>96bp</i>	<i>43.6%</i>	<i>211bp</i>	<i>42.1%</i>	<i>362bp</i>
Expenses	63,736	72,281	13.4%	65,159	10.9%	65,664	10.1%
EBITDA	44,545	50,014	12.3%	46,712	7.1%	37,120	34.7%
<i>EBITDA Margin</i>	<i>18.4%</i>	<i>18.7%</i>	<i>28bp</i>	<i>18.2%</i>	<i>48bp</i>	<i>15.2%</i>	<i>348bp</i>

Source: HR Ratings based on the Company's information.

*Projections corresponding to KOF report published on November 29, 2023.

KOF's EBITDA closed at P\$50,014m, registering annual growth of 12.3% and 7.1% vs our estimates. The ratio of operating expenditure to total revenue increased to 27.0% due to higher marketing, maintenance and personnel expenses. The Company reported higher expenditure associated with growing market presence, higher refrigerator coverage and expanding production capacity in 2023. The EBITDA margin was consequently 18.7% (vs. 18.4% LTM as of 3Q23 and 18.2% in the base scenario).

⁴ EBITDA does not include other income (expenses). In addition, D&A is subtracted from SG&A.



Free Cash Flow

KOF reported a FCF of P\$33,097m, 9.7% above the P\$30,182m seen over the LTM as of 3Q23 and +14.5% vs. the P\$28,905m estimated in the base scenario. As can be seen in Figure 4, this FCF increase was the result of higher EBITDA, other cash flow from income and a positive impact of the exchange rate on cash. The above offset higher working capital requirements, taxes, maintenance CAPEX provision and lease obligations.

With respect to accounts receivable, collection days remained stable, closing at 18 days (vs. 17 days as of 3Q23). However, cash flow requirements increased due to higher Company operation growth levels. It is important to note that most sales are in cash (traditional channel) and 0 to 90 days credit (modern channel). Accounts receivable from TCCC are also recorded under this item since the latter participates in KOF advertising and promotional programs.

Furthermore, despite higher inventory requirements regarding cash movements, inventory turnover days fell to 31 (vs. 33 LTM as of 3Q23). Other Assets, which include other accounts receivable, recoverable taxes and other assets (prepaid expenses), reflected higher requirement levels over the LTM as of 3Q24. Furthermore, as is shown in Figure 4, the Company has continued to use supplier financing to back growth from recent periods. Finally, higher requirements were reported in other liabilities, which mainly comprise other short-term payables, taxes and other liabilities.



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Figure 4. Free Cash Flow for the LTM as of 3Q24 (Amounts in millions of pesos)

	LTM as of			Scenarios*			Var vs. Stress
	3Q23	3Q24	Change	Base	Var vs. Base	Stress	
EBITDA	44,545	50,014	5,469	46,712	3,302	37,120	12,894
Other CF from Income	296	2,143	1,847	3,138	-995	-93	2,235
Accounts Receivable	-1,405	-2,402	-997	-531	-1,871	-238	-2,164
Inventories	710	-2,201	-2,910	-725	-1,475	-1,080	-1,120
Other Assets	1,245	-2,384	-3,629	-2,030	-354	-1,099	-1,285
Suppliers	2,064	7,597	5,533	2,355	5,242	1,244	6,353
Other Liabilities	784	-341	-1,125	772	-1,113	676	-1,018
Working Capital	3,398	269	-3,129	-159	428	-497	766
Taxes	-4,496	-9,099	-4,603	-9,437	338	-6,498	-2,601
Maintenance Capex	-8,889	-9,781	-893	-10,556	774	-10,494	712
Leases	-848	-1,091	-243	-793	-297	-793	-297
Leases amortizations	-606	-813	-207	-660	-153	-660	-153
Interests on Leases	-242	-278	-37	-133	-145	-133	-145
FX change in cash	-3,824	642	4,466	0	642	0	642
FCF	30,182	33,097	2,915	28,905	4,192	18,746	14,351

Source: HR Ratings based on the Company's information.

*Projections corresponding to KOF report published on November 29, 2023.

The Company also reported higher tax payments due to higher operating profits for the LTM as of 3Q24. With respect to the maintenance CAPEX provision, we consider 100% of the depreciation expense reported in the Income Statement. This item increased in absolute terms by 10%, in line with the Company's reported growth for its PP&E. Over the last three years the Company has made significant investments to: i) increase production capacity; ii) place coolers with retailers; iii) increase returnable bottles and cases; iv) improve efficiency in distribution infrastructure; and v) information technology. In addition, the Company reported lease obligations (amortization and interest) amounting to P\$1,091m (vs. P\$848m LTM as of 3Q23). Finally, the Company saw a positive impact from the exchange rate effect on cash given the conversion of foreign operations by those subsidiaries whose functional currency is different from their recording currency.

Debt Structure

As of 3Q24, KOF reported total debt of P\$71,882m and net debt of P\$30,388m, which was 8.6% and 10% higher than 3Q23 (vs. P\$66,161m and P\$27,617m). This annual variation is mainly due to the exchange rate valuation (~P\$5,078m) concerning US dollar-denominated debt as well as an increase of ~P\$657m (~US\$33.5m) due to new debt in Argentina.



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Figure 5. Debt as of 3Q24 (Amounts in millions of pesos)

Instrument	Maturity Date	Interest Rate	Outstanding
Bank Debt			
Bank Loan	21-01-2025	6.81%	94
Bank Loan	30-06-2025	6.65%	69
Bank Loan	12-08-2025	44.50%	136
Bank Loan	28-04-2025	58.00%	273
Bank Loan	19-07-2025	44.50%	249
Bank Loan	15-01-2025	6.62%	3
Bank Loan	15-12-2024	6.00%	0
Bank Loan	15-01-2025	7.89%	0
Bank Loan	16-05-2026	8.64%	11
Total Bank Debt			834
Issuances			
CB 10yr Fixed Rate (KOF 17)	18-06-2027	7.87%	8,495
CB 5.5yr Float Rate (KOF 20-2)	22-08-2025	TIIE +0.08%	1,727
CB 8yr Fixed Rate (KOF 20)	28-01-2028	7.35%	2,998
CB 7yr Fixed Rate (KOF 21 L)	14-09-2028	7.36%	6,963
CB 5yr Float Rate (KOF 21-2 L)	17-09-2026	TIIE + 0.05%	2,428
CB 7yr Fixed Rate (KOF 22S)	01-10-2029	9.95%	5,492
CB 4yr Float Rate (KOF 22X)	05-10-2026	TIIE + 0.05%	498
Yankee 1.85% due 32	01-09-2032	1.85%	12,594
Yankee 2.75% due 30	22-01-2030	2.75%	20,243
Yankee 5.25% due 43	26-11-2043	5.25%	9,608
Total Issuances			71,048
Total			71,882

Source: HR Ratings based on the Company's information.

*Figures in millions.

The Company has a long-term debt profile (96.4% as of 3Q24) and debts in various currencies. The most important is the debt in Mexican pesos, which corresponds to 58.9% of total debt⁵, followed by Brazilian reals (21.1%) and U.S. dollars (17.7%). The remainder of the debt is in diverse currencies as outlined in Figure 6.

Figure 6. Debt mix as of 3Q24.

Currency	% Total Debt*	% Variable Interest Rate*	Average Rate
Mexican Pesos	58.9%	3.7%	8.7%
U.S. dollars	17.7%	53.2%	4.2%
Colombian Pesos	1.4%	0.0%	6.3%
Brazilian Reais	21.1%	18.8%	9.3%
Argentine Pesos	0.9%	0.0%	50.1%
Total Debt	100.0%	23.4%	8.4%

Source: HR Ratings based on the Company's information.

*After the effect of currency swaps, including foreign exchange swaps from U.S. Dollars to Mexican Pesos, Brazilian Reais, and Colombian Pesos.

⁵ Based on public information from the Company. Includes the effect of currency swaps.



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Derivative Financial Instruments

The Company has a derivative instruments policy that aims to mitigate its exposure to commodity price fluctuations, achieving a capital structure based on the established target risk and hedging cash flow exposures in foreign currencies and interest rates. The Company operates three types of hedging strategies:

1. **Cross Currency Swaps (Exchange rate and interest rate):** The Company uses foreign exchange and interest rate agreements to manage debt structure, exchanging U.S. dollar-denominated debt into Mexican peso-denominated debt, Brazilian real-denominated debt and Colombian peso-denominated debt (cash flow hedges).
2. **Forwards and Options (Purchase of foreign currencies):** The Company maintains forward and option agreements to hedge dollar-denominated expense exposure, fixing Mexican pesos, Brazilian reals, Colombian pesos, Uruguayan pesos, Argentine pesos and Costa Rican colones.
3. **Futures and Forwards (Commodity prices):** The Company maintains agreements to hedge fluctuations in the price of sugar, aluminum, paraxylene (PX) and monoethylene glycol (MEG). The latter is used in the PET container manufacturing process.

In line with the above, and based on public information, the Company maintains a 12-month hedge of its foreign exchange (FX) requirements.

Scenario Analysis

HR Ratings' risk analysis objective for KOF financial metrics and available cash is to determine payment capacity for debt obligations using a base scenario and a stress scenario.

Base Scenario

Total Revenue, EBITDA and Operating Margins

We expect the Company to report total revenue of P\$335,525m in 2027 (vs. P\$245,088m in 2023), reflecting a CAGR for 2023-2027 of 8.2%.

This projection is based on sustained sales volume growth in all regions where KOF operates as well as continued pricing and portfolio composition initiatives to maximize sales mix profitability. We estimate consolidated volume of 4,717 MUCs in 2027 (compared to 4,048 MUCs in 2023), with an average price per unit case of P\$70.92 (vs. P\$59.18 in 2023). In line with the above, we expect the Company to continue to adjust selling prices in line with inflation in most of its operating regions.

Total revenues in the Mexico and Central America region are estimated to record an 8.5% CAGR between 2023 and 2027, driven by a steady increase in sales volume which we estimate at 2,757 MUCs in 2027, up from 2,395 MUCs in 2023. The launch of version 4.0 of the Juntos+ app in Mexico is expected to further increase penetration in this market. The on-premise channel, which includes restaurants and bars as well as other events, is also projected to represent a growth opportunity for the Company. Central American growth would be sustained thanks to favorable market conditions and the region's organic development.



Total revenues in South America are expected to grow at a CAGR of 9.0% during the 2023-2027 period, with a projected volume of 1,960 MUCs at the end of 2027 compared to 1,653 MUCs in 2023. This growth would be supported by emerging category development, especially in Brazil, and by strategies focused on guaranteeing affordability in other countries. In addition, South America will play a key role in the Company's omni-channel strategy, driven by ongoing efforts to optimize customer experience and service.

Figure 7. Revenue and EBITDA, Base scenario (Figures in millions of pesos)

Fiscal Year	Reported		Base Scenario				Annual Percentage Change				CAGR
	2022	2023	2024	2025	2026	2027	2024	2025	2026	2027	23-27
Total Revenue	226,740	245,088	273,122	283,968	308,310	335,525	11.4%	4.0%	8.6%	8.8%	8.2%
Cost of Goods Sold	126,441	134,228	148,756	154,361	167,285	181,715	10.8%	3.8%	8.4%	8.6%	7.9%
Gross Profit	100,300	110,860	124,366	129,607	141,026	153,809	12.2%	4.2%	8.8%	9.1%	8.5%
Operating Expenses	58,556	65,567	73,761	76,709	82,915	90,066	12.5%	4.0%	8.1%	8.6%	8.3%
EBITDA	41,744	45,292	50,605	52,898	58,111	63,743	11.7%	4.5%	9.9%	9.7%	8.9%
Gross Margin*	44.2%	45.2%	45.5%	45.6%	45.7%	45.8%	30	11	10	10	n.a.
EBITDA Margin*	18.4%	18.5%	18.5%	18.6%	18.8%	19.0%	5	10	22	15	n.a.

Source: HR Ratings based on its projections and Company's historical information.

*Margin changes in basis points.

In terms of EBITDA, we estimate the Company will report EBITDA of P\$63,743m in 2027, reflecting an 8.9% CAGR for 2023-2027. This would be the result of stable price expectations for the Company's main inputs and efficiency strategies for the use of water and electricity as well as the ongoing implementation of technologies to optimize materials management and automate production. We also expect that raw material hedging strategies will allow the Company to maintain a stable cost structure without material impacts. Finally, we estimate that continued revenue management initiatives and favorable portfolio pricing mix effects will allow gross margin to reflect an average of 45.7% by 2024-2027 (vs. 45.2% in 2023).

As for Operating Expenditure, we anticipate this will remain at a constant level of approximately ~27% of total revenue. This reflects expenditures associated with ongoing implementation of the omni-channel strategy as a whole. However, given the expected increase in revenue and sales volumes, we expect the Company to achieve higher operating leverage, which will allow it to improve its operating margins. In addition, we expect the Company to continue to implement savings and operating efficiency strategies throughout the projection period and as a result achieve an average EBITDA margin of 18.8% for 2024-2027 (vs. 18.5% in 2023).

Free Cash Flow

We estimate that the Company will report P\$31,843m in 2027 (vs. P\$27,318m in 2023) using a base scenario. As seen in Figure 8, EBITDA growth will be driven by significant improvements in the aforementioned operating profits. However, we believe this will be partially offset by negative working capital during 2024-2027 due to KOF's expected organic growth.



In addition, we anticipate that the requirements of core working capital in terms of accounts receivable and inventories will follow the same trend as revenue and expenses, respectively. Furthermore, we expect that supplier financing will be used to support EBITDA generation. We expect Other Assets and Other Liabilities accounts to perform in line with expected operating growth at the total revenue level.

With respect to the payment of taxes, we consider a 30.0% income tax rate in Mexico. Going forward, we expect this item to increase mainly due to higher growth in the Company's operating profits. Similarly, we estimate stable lease obligations for the forecast period, averaging P\$1,060m for 2024-2027. Finally, CAPEX maintenance provisions will be kept as a 100% assumption of the depreciation expense reported in the Income Statement, which is expected to increase going forward as a result of higher investment by the Company in forthcoming years.

Figure 8. Free Cash Flow, Base Scenario (Amounts in millions of Mexican pesos)

Fiscal Year	Reported		Base Scenario				Annual Absolute Change			
	2022	2023	2024	2025	2026	2027	2024	2025	2026	2027
EBITDA	41,744	45,292	50,605	52,898	58,111	63,743	5,313	2,292	5,213	5,633
Other CF from Income	326	414	1,942	-373	-386	-401	1,528	-2,315	-14	-15
Accounts Receivable	-3,420	-1,605	-2,492	-1,697	-1,647	-1,549	-887	794	51	98
Inventory	-178	-779	-1,137	-794	-1,191	-1,327	-358	344	-397	-136
Other Assets	-1,149	-616	-1,517	-786	-1,765	-1,973	-901	731	-978	-208
Suppliers	3,538	3,742	5,891	3,049	2,721	3,032	2,148	-2,841	-328	311
Other Liabilities	-69	1,140	-4,653	-1,652	-190	-746	-5,793	3,001	1,461	-555
Working Capital	-1,277	1,883	-3,909	-1,880	-2,071	-2,562	-5,791	2,029	-191	-491
Taxes Paid	-5,298	-5,300	-9,783	-9,685	-10,802	-12,184	-4,484	98	-1,117	-1,383
Lease Payment	-763	-968	-1,056	-1,060	-1,060	-1,060	-88	-4	0	0
Principal Amortization	-631	-690	-776	-776	-776	-776	-86	0	0	0
Lease Interest Payment	-132	-278	-279	-284	-284	-284	-1	-4	0	0
Maintenance CAPEX	-8,997	-8,919	-10,601	-13,099	-14,392	-15,694	-1,682	-2,499	-1,292	-1,302
Free Cash Flow	23,719	27,318	29,931	26,801	29,400	31,843	2,613	-3,130	2,599	2,443

Source: HR Ratings based on its projections and Company's historical information.

Debt Structure

With respect to debt levels, we estimate that the Company will report total debt of P\$62,710m in 2027 (vs. P\$65,214m in 2023) and Net Debt of P\$40,878m (vs. P\$34,154m in 2023) using a Base scenario. Regarding the debt maturity profile, we expect the Company to cover such maturities based on the debt maturity schedule reported as of 3Q24 without incurring additional debt during 4Q24-4Q27. This would result in negative net debt for 2025-2027, as shown in Figure 9.

In line with the above, our scenarios include the weighted debt rate dropping from 5.6% at the end of 2024 to 4.7% in 2027, with an average of 5.5% for 2024-2027, reflecting the gradual drop expected in benchmark rates over the next few years.



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Figure 9. Evolution of Net Debt, Base scenario (Amounts in millions of pesos)

	Reported			Base Scenario		
	2022	2023	2024	2025	2026	2027
Free Cash Flow	23,719	27,318	29,931	26,801	29,400	31,843
Investment less maint. capex*	-13,011	-14,339	-13,922	-11,038	-11,198	-11,148
Net interest on the debt	-2,321	-1,350	-1,750	-1,455	-1,598	-1,374
Change in equity	-13,014	-12,597	-15,007	-14,170	-14,811	-16,271
Other cash flow movements	2,015	5,085	-2,732	0	0	0
Chg. in cash bef. Financing	-2,612	4,117	-3,479	139	1,793	3,050
New net financing	-2,344	-8,250	449	-2,486	-2,930	-8,495
Change in cash	-4,955	-4,133	-3,030	-2,348	-1,137	-5,445
New net financing	-2,344	-8,250	449	-2,486	-2,930	-8,495
Interés capitalizado						
Other movements in debt**	-4,769	-5,205	6,625	1,730	1,503	1,099
Change in gross debt	-7,113	-13,455	7,074	-756	-1,426	-7,396
Change in net debt	-143	-4,238	7,372	1,592	-290	-1,950
Gross Debt	78,669	65,214	72,288	71,532	70,106	62,710
Net debt	38,392	34,154	41,527	43,118	42,829	40,878

Source: HR Ratings based on its projections and Company's historical information.

*Investment activities excluding interest earned and maintenance capex.

**FX fluctuation

As can be seen in Figure 9, we expect cash levels to be affected by CAPEX expenditures principally focused on reinforcing infrastructure, in particular increasing manufacturing and distribution capacity, as well as acquiring returnable bottles and crates, investing in information technology and acquiring assets to increase market presence. Such capital expenditures are expected to range between 8.0% and 9.0% of total revenue. The Company estimates that approximately 37% of the investments forecast for 2024 would be allocated to Mexico.

In addition, we estimate average dividend payments of P\$14,579m during the forecast period, which would increase towards 2027 in line with expected growth in the Company's operating profits.

In this context, and based on expected FCF generation, we anticipate average DSCR and DSCR with Cash of 7.2x and 14.4x for 2024-2027. Similarly, we expect the Years of Payment of Net Debt to FCF Ratio to be 1.3 years by 2027 (vs. 1.3 years in 2023). It is important to point out that we expect all metrics to be at maximum strength values for each curve throughout the entire forecast period.

Stress Scenario

The HR Ratings stress scenario considers an unfavorable environment for the Company in which it fails to reach operating levels estimated for the next few years. Furthermore, greater pressure is expected on margins and the different metrics considered by HR Ratings.

- The cumulative weighted difference vs the base scenario remains at -7.8%. This is the result of lower sales volume in the two operating regions as we estimate a consolidated volume of 4,210 MUCs in 2027 (vs. 4,717 in the base scenario). In addition, a smaller increase in the average price per unit case sold is expected in a low economic growth and low inflation scenario.



- In the stress scenario, a weighted cumulative difference in EBITDA with respect to the base scenario of 28.0% is estimated due to falling operating profit. As for the EBITDA margin, we expect weighted average levels of 14.6% for 2024-2027 (vs. 18.7% in the base scenario) resulting from higher expenditure due to lower operating efficiencies. The Company is also expected to increase the cost of sales due to higher prices for its main raw materials, such as a steeper increase in the price of concentrate, sweeteners and PET.
- We expect the Company to report levels of P\$22,898m in terms of FCF generation by 2027, reflecting a cumulative weighted difference of 32.4% with respect to the base scenario.
- We expect the Company to close 2027 with total debt and net debt levels of P\$71,638m and P\$58,987m (vs. P\$62,710m and P\$40,878m in the base scenario). Due to lower operating profits, we expect that the Company will have to refinance debt maturities during the projection period, as compared to the base scenario where only debt maturities are covered by the Company's operating cash flow.
- As a result of lower FCF, we anticipate the weighted average DSCR and DSCR with Cash will be 5.2x and 11.8x, respectively, using this scenario. Such levels will still be the highest for each rating metric curve. Similarly, we expect the Years of Payment of Net Debt to FCF Ratio to worsen, closing at 2.6 years by 2027 (vs. 1.3 years in the base scenario).

ESG Evaluation

The purpose of this assessment is to incorporate the impact of environmental, social and governance (ESG) factors on the Company's credit quality in the credit rating.

Environmental Factor: *Superior*

Corporate Policies and Environmental Approach

- Emissions Reduction Initiative.** KOF became the first company in Mexico and the third in Latin America to be approved by the Science Based Targets (SBT) initiative in 2020 due to its efforts to reduce greenhouse gas emissions. Its goals include achieving 100% renewable energy use by 2030, reducing scope one and two emissions by 50%, and reducing emissions across its value chain by 20%. By the end of 2023, KOF had increased the use of renewable energy in its operations from 66% to 77%, reaffirming its goal of reaching 100% by 2030. Similarly, 100% of Green Bond net proceeds were allocated to eligible projects based on the applicable Reference Framework by the end of 2023.
- Savings and Responsible Water Consumption.** KOF aims to return more water to the environment than it uses in its operations and bottling processes in three ways: (i) Increasing water use efficiency at its plants, (ii) Improving access to drinking water and sanitation in communities, and (iii) Replacing water wells. The Company issued sustainability-linked bonds in 2021 to allocate P\$9,400m to water protection and was committed to achieving a water use ratio of 1.26 liters by 2026 based on the applicable Benchmarking Framework. In 2023, the water efficiency ratio was 1.42 liters of water per liter of beverage produced, compared to 1.46 in 2022 and 1.47 in 2021. On September 5, 2024 (3Q24), the Company announced that it had met the sustainability performance target for that issuance, achieving a water use efficiency ratio of 1.36 liters per liter of beverage produced. Since this indicator was confirmed by an independent external verifier, the applicable interest rate will remain unchanged.



c) **Circular Economy.** The circular economy is a key pillar for recovering bottles distributed as part of its supply chain, conserving and recycling used PET for new bottle production.

- Packaging reduction: PET bottles are constantly redesigned to minimize the material used and ensure they are recyclable.
- Industrial waste management: The Company's goal is to recycle 100% of post-industrial waste generated at its bottling plants by 2025. By the end of 2023, 98% of plants had already met this target.

Social Factor: *Superior*

Human Capital Policies

a) **Safety Performance.** Safety for both employees at the plant and in the field is a Company priority and for this reason it has designed a comprehensive plan aimed at reducing its Lost Time Incident Rate.

- **Talent and Capacity Development.** The objective is to create a skilled team using simulators as a training plan for drivers.
- **Infrastructure, Technology and Digitalization.** By integrating technology at plants, the company aims to analyze and predict possible accidents and failures.

b) **Training and Recognition.** The Company has been recognized for its commitment to talent, creation of inclusive workspaces, promotion of learning and development and for its focus on personnel retention. By 2023, the Company reported an average of 25 hours of training per employee.

c) **Inclusion and Diversity.** Talks were given at the Inclusion and Diversity Forum to raise awareness of the importance of various social issues so that employees can play a key role in creating an environment of greater respect throughout the organization.

d) **Social Development.** The strategy focuses on promoting the well-being and quality of life of employees in five ways:

- Health. Promoting physical and biopsychosocial health.
- Social Relations. Promoting satisfactory relationships through volunteer activities.
- Economy. Promoting asset protection and savings generation through a culture of financial intelligence.
- Education. Promoting participation in programs and training to improve employees' knowledge and skills.
- Employment. Promoting positive work experiences by creating workspaces.



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Social Business Approach

- a) **Healthy Living.** Focused on improving preventive health, sports and family integration by supporting community health programs.
- b) **Support to Communities in Need.** Together with FEMSA Foundation, the company has created and supported different programs in the countries where it operates to improve the lifestyle and quality of life of communities where it maintains a presence and thereby play a significant role in developing and supporting different community needs.
- c) **Economic Development.** The Company uses some of the proceeds of its issuance to promote the development and growth of micro, small and medium-sized enterprises (MSMEs) with a special focus on microenterprises in order to help them face the costs of incorporation as well as other practices to improve their working conditions.
- d) **Social and Sustainability Bonds.** In 2022, the Company issued P\$6,000m in bonds to promote social and economic development and support vulnerable groups, offer entrepreneurship solutions, and provide financial solutions for store owners, among others. In 2023, 100% of Sustainable Bond resources were allocated as follows: 75% for microcredits, 5% in human resources and 20% in social license.

Governance Factor: *Superior*

Internal Regulations and Integrity Policies.

- a) **Corporate Practices Code.** KOF is governed by the aforementioned Code which defines the required training and experience procedure for Board members to facilitate Strategic Planning.
- b) **Code of Ethics.** The Company is also governed by a Code of Ethics which establishes guidelines on principles of conduct as well as the Company's philosophy concerning the decision-making process for all members of the organization.
- c) **Corporate Policies.** In order to ensure the existence of ideological support for strategy creation and decision making, the Company has several policies on the following topics: Human and Labor Rights, Sustainability, the Environment, Community Engagement and Anti-Corruption.

Quality of Administration and Senior Management

- a) **Board.** The Board is led by José Antonio Fernández and is comprised of nine members, of which 50% (nine members) are independent.
- b) **Support Committees.** KOF has three committees that oversee and ensure best practices within the Company: Finance and Planning, Auditing and Corporate Practices.



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Figure 10. Main Sustainability Goals, Annual Report 2023

Strategic Axis	Key Indicator	2023	Goal
Water	Water used per liter of beverage produced	1.42	1.36
	Replenish the water we use, focusing on high and medium water stress areas estrés hídrico	100.0%	100.0%
A world without waste	Collec PET they put on the market	31.0%	100.0%
	Recycled resin in packaging	33.0%	50.0%
	Returnable bottles of total revenue	32.0%	25.0%
	Distribution centers certified as zero waste	1.0%	100.0%
	Bottling plants certified as zero waste	84.0%	100.0%
	Reduction of absolute emissions from scope 1 and 2	29.0%	50.0%
Climate action	Reduction of absolute emissions from scope 3	19.0%	20.0%
	Electricity consumption from renewable sources	77.0%	100.0%
Human Rights, DEI	Women in leadership positions	29.0%	40.0%
	Fatalities	8.00	-
Employee well-being, health, and safety	Lost Time Incident Rate (LTIR)	0.88	0.40
	Total Incident Rate (TIR) reduction	1.60	0.80
	Reduction in serious incidents	14.0%	75.0%
	Reduction in high-potential serious incidents	53.0%	40.0%
	Road accident rate	7.25	6.50
	Major road accident rate	0.45	0.50
Community development	Priority plants with a community engagement plan based on MARRCO methodology	4.00	19.00

Source: HR Ratings based on the Company's information.



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Appendix - Glossary

Base Scenario: Balance Sheet (Figures in millions of pesos)

	2022*	2023*	At Close				At Close	
			2024F	2025F	2026F	2027F	3Q23	3Q24
TOTAL ASSETS	277,995	273,520	305,363	316,863	331,070	341,177	274,616	307,924
Short-Term Assets	79,211	67,738	73,124	73,763	76,574	75,246	72,756	80,740
Cash and Equivalents	40,277	31,060	30,762	28,414	27,277	21,831	38,544	41,493
Accounts Receivable from Clients	13,122	14,508	16,466	18,163	19,810	21,358	11,095	13,059
Other Accounts Receivable	3,196	3,241	3,614	3,758	4,080	4,440	3,196	3,541
Inventories	11,888	11,880	13,429	14,223	15,413	16,740	11,591	13,973
Other Short-Term Assets	10,729	7,048	8,854	9,205	9,994	10,877	8,329	8,674
Long-Term Assets	198,783	205,782	232,238	243,101	254,496	265,930	201,860	227,184
Long-Term Accounts Receivable	139	696	1,602	1,666	1,808	1,968	366	1,937
Investments in Non-Consolidated Entities	8,452	9,246	10,201	10,595	11,004	11,428	8,664	10,105
Plant, Property and Equipment	71,205	78,730	96,571	106,408	116,407	126,355	73,986	91,478
Intangible Assets	103,122	101,162	103,990	104,329	104,664	104,996	101,241	103,904
Goodwill	23,258	22,340	22,949	22,949	22,949	22,949	22,529	22,949
Other Intangible Assets	79,864	78,823	81,041	81,379	81,715	82,047	78,713	80,955
Deferred Taxes	7,975	7,772	8,300	8,300	8,300	8,300	9,929	8,300
Other Long-Term Assets	7,890	8,175	11,576	11,803	12,314	12,885	7,674	11,460
Other Assets	5,821	5,788	8,761	8,989	9,499	10,070	5,556	8,645
Right of Use Assets	2,069	2,387	2,815	2,815	2,815	2,815	2,119	2,815
TOTAL LIABILITIES	146,119	139,815	158,082	159,452	161,369	157,177	143,791	160,076
Short-Term Liabilities	57,959	54,916	68,616	70,062	77,754	81,086	58,947	70,873
Short-Term Debt	8,524	140	2,486	2,930	8,495	9,961	38	2,557
Suppliers	25,584	26,062	29,460	32,509	35,230	38,262	22,651	29,357
Taxes Payable	7,981	10,280	10,109	10,210	10,313	10,416	9,933	10,084
Other Short-Term Liabilities	15,871	18,433	26,561	24,413	23,716	22,447	26,325	28,875
Other Accounts Payable	13,964	16,127	24,581	22,433	21,736	20,467	24,039	26,896
Right Of Use Asset	472	752	818	818	818	818	609	818
Other Liabilities	1,435	1,554	1,162	1,162	1,162	1,162	1,676	1,162
Long-Term Liabilities	88,160	84,899	89,466	89,390	83,616	76,091	84,844	89,203
Long-Term Debt	70,146	65,074	69,802	68,602	61,610	52,749	66,123	69,325
Deferred Taxes	2,839	3,321	4,902	5,631	6,444	7,361	3,047	4,721
Other Long Term Liabilities	15,176	16,504	14,762	15,157	15,561	15,981	15,674	15,157
Right Of Use Asset	1,663	1,769	2,205	2,205	2,205	2,205	1,615	2,205
Employee Benefits	10,345	10,067	10,530	10,925	11,329	11,749	9,927	10,925
Other Liabilities	3,168	4,668	2,027	2,027	2,027	2,027	0	2,027
EQUITY	131,876	133,705	147,281	157,411	169,701	184,000	130,825	147,848
Non-controlling Interest	6,491	6,680	7,726	8,455	9,268	10,185	6,597	7,545
Contributed Capital, Cumulative Earnings & Other	5,899	5,989	6,938	7,726	8,455	9,268	6,184	6,938
Current Earnings	592	690	787	729	813	917	414	607
Majority Equity	125,384	127,025	139,556	148,957	160,433	173,815	124,228	140,303
Contributed Capital	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620
Cumulative Earnings and Others	58,730	59,869	69,658	77,766	86,525	96,543	62,395	76,238
Current Earnings	19,034	19,536	22,278	23,571	26,288	29,653	14,213	16,445
Total Debt	78,669	65,214	72,288	71,532	70,106	62,710	66,161	71,882
Net Debt	38,392	34,154	41,527	43,118	42,829	40,878	27,617	30,388
Days Sales Outstanding	16	17	18	18	18	18	17	18
Days Inventories Outstanding	38	33	31	31	31	31	33	31
Days Suppliers Outstanding	68	62	64	64	65	65	62	64

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Base Scenario: Income Statement (Figures in millions of Mexican pesos)

	Calendar Years						YTD	
	2022*	2023*	2024F	2025F	2026F	2027F	3T23	3T24
Total Revenue	226,740	245,088	273,122	283,968	308,310	335,525	181,376	203,873
Cost of Goods Sold	126,441	134,228	148,756	154,361	167,285	181,715	99,925	110,987
Gross Profit	100,300	110,860	124,366	129,607	141,026	153,809	81,451	92,886
Operating Expenses	58,556	65,567	73,761	76,709	82,915	90,066	48,538	55,251
EBITDA	41,744	45,292	50,605	52,898	58,111	63,743	32,913	37,635
Depreciation and Amortization	10,425	10,531	12,218	14,737	16,032	17,338	7,962	8,825
Depreciation	8,997	8,919	10,601	13,099	14,392	15,694	6,753	7,616
Intangible Amortization	768	836	842	861	865	868	627	627
Leases Amortization	660	776	776	776	776	776	582	582
Operating Income Before Other	31,319	34,761	38,387	38,161	42,078	46,405	24,950	28,810
Net Other Income and Other Expenses	-983	-1,272	-1,097	-373	-386	-401	-904	-1,006
Operating Income After Other	30,336	33,490	37,290	37,789	41,692	46,004	24,046	27,803
Interest Income	2,411	3,188	2,757	2,377	1,963	1,709	2,578	2,165
Other Financial Income	536	263	248	0	0	0	214	248
Interest Expenses	4,104	4,215	4,715	3,832	3,561	3,083	3,659	3,684
Lease Interest Payment	132	278	279	284	284	284	209	209
Other Financial Expenses	2,936	2,609	1,688	0	0	0	1,515	1,688
Net Financial Income	-4,225	-3,652	-3,678	-1,739	-1,882	-1,658	-2,590	-3,167
Foreign Exchange Net Result	-324	-1,046	-233	-1,730	-1,503	-1,099	-739	249
Integral Financing Result	-4,549	-4,697	-3,911	-3,469	-3,385	-2,757	-3,329	-2,918
Earnings after Integral Financial Result	25,787	28,792	33,380	34,319	38,307	43,247	20,717	24,886
Income from Non-Consolidated Entities	386	215	337	394	409	424	37	241
Earnings before Taxes and duties	26,173	29,007	33,716	34,714	38,716	43,671	20,754	25,127
Taxes and duties	6,547	8,781	10,651	10,414	11,615	13,101	6,128	8,074
Current Taxes	5,659	7,841	10,519	9,685	10,802	12,184	7,676	8,123
Deferred Taxes	889	941	132	729	813	917	-1,548	-48
Net Income (loss)	19,626	20,226	23,065	24,300	27,101	30,570	14,627	17,052
Non-controlling interest	592	690	787	729	813	917	414	607
Controlling Interest	19,034	19,536	22,278	23,571	26,288	29,653	14,213	16,445
<i>LTM Figures</i>							<i>LTM Figures</i>	
Change in Sales	16.4%	8.1%	11.4%	4.0%	8.6%	8.8%	10.2%	10.5%
Gross Margin	44.2%	45.2%	45.5%	45.6%	45.7%	45.8%	44.7%	45.7%
EBITDA Margin	18.4%	18.5%	18.5%	18.6%	18.8%	19.0%	18.4%	18.7%
Effective Tax Rate	25.0%	30.3%	31.6%	30.0%	30.0%	30.0%	23.4%	32.1%
Cost of Debt	5.1%	6.0%	6.9%	5.3%	5.0%	4.7%	6.7%	6.3%
Return on Financial Assets	4.4%	6.6%	5.6%	4.8%	3.8%	3.3%	6.9%	5.6%

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Base Scenario: Cash Flow (Figures in millions of pesos)

	Calendar Years							YTD	
	2022*	2023*	2024F	2025F	2026F	2027F	2028F	3Q23	3Q24
OPERATING ACTIVITIES									
Earnings (Loss) before Taxes	26,173	29,007	33,716	34,714	38,716	43,671	48,731	20,754	25,127
Provisions	411	758	-497	0	0	0	0	582	-497
Other Cash Expenses	1,429	1,474	2,799	0	0	0	0	1,165	2,799
Non-cash charges	1,840	2,233	2,302	0	0	0	0	1,747	2,302
Depreciation	8,997	8,919	11,810	13,099	14,392	15,694	17,040	6,753	7,616
Intangible Amortization	768	836	215	861	865	868	872	627	627
Lease Depreciation	660	776	194	776	776	776	776	582	582
Profit (loss) from sale of fixed asset	-250	-94	-75	0	0	0	0	-130	-75
Impairment of properties, plant and equipment	177	330	315	0	0	0	0	117	315
Income from non-consolidated subsidiaries and affiliates	-386	-215	-337	-394	-409	-424	-440	-37	-241
Interest Income	-2,410	-3,188	-2,757	-2,377	-1,963	-1,709	-1,704	-2,578	-2,165
Other charges	0	0	482	1,730	1,503	1,099	1,085	0	0
Total Investment Related Charges	7,556	7,364	9,846	13,696	15,164	16,304	17,629	5,334	6,658
Interest expense	6,368	6,824	6,403	3,832	3,561	3,083	2,490	5,173	5,372
Lease Interests and Others	132	278	279	284	284	284	284	209	209
Total Charges related to Financial Activities	6,500	7,102	6,683	4,116	3,845	3,367	2,774	5,382	5,580
Cash Flow from P&L before Taxes	42,070	45,706	52,548	52,525	57,724	63,343	69,134	33,216	39,667
Decrease (Increase) in Account Receivables	-3,420	-1,605	-2,492	-1,697	-1,647	-1,549	-1,822	1,713	915
Decrease (Increase) in Inventories	-178	-779	-1,137	-794	-1,191	-1,327	-1,395	-260	-1,682
Decr. (Incr.) in Other Assets	-1,149	-616	-1,517	-786	-1,765	-1,973	-2,077	284	-1,484
Increase (Decrease) in Suppliers	3,538	3,742	5,891	3,049	2,721	3,032	1,115	1,934	5,788
Increase (Decrease) in Other Liabilities	-69	1,140	-4,653	-1,652	-190	-746	101	-488	-1,969
Net total change in working capital	-1,277	1,883	-3,909	-1,880	-2,071	-2,562	-4,077	3,183	1,569
Taxes on earnings paid or returned	-5,298	-5,300	-9,783	-9,685	-10,802	-12,184	-13,596	-3,587	-7,387
Cash flow generated by operations	-6,575	-3,417	-13,692	-11,565	-12,873	-14,746	-17,673	-404	-5,818
Net cash flow from operating activities	35,495	42,289	38,856	40,960	44,852	48,597	51,461	32,812	33,849
INVESTING ACTIVITIES									
Net investment in Plant & Equipment	-16,756	-19,613	-22,915	-22,937	-24,390	-25,642	-27,934	-11,310	-14,837
Sale of property, plant and equipment	323	178	146	0	0	0	0	161	146
Investment in Intangible Assets	-979	-1,019	-1,326	-1,200	-1,200	-1,200	-1,200	-643	-1,026
Business Acquisition	-2,897	-1,202	-557	0	0	0	0	-935	-557
Interest Income	2,410	3,188	2,757	2,377	1,963	1,709	1,704	2,578	2,165
Other Assets	-1,699	-1,603	129	0	0	0	0	-1,402	129
Net cash flow from investing activities	-19,598	-20,070	-21,767	-21,760	-23,627	-25,133	-27,430	-11,550	-13,980
Cash needs related to financing activities	15,897	22,219	17,089	19,200	21,225	23,464	24,031	21,262	19,870
FINANCING ACTIVITIES									
Loans obtained from financial institutions	6,385	113	524	0	0	0	0	0	524
Amortization of loans	-8,729	-8,363	-75	-2,486	-2,930	-8,495	-9,961	-8,363	0
Amortization of Lease Liabilities	-631	-690	-776	-776	-776	-776	-776	-459	-582
Interest paid	-4,731	-4,537	-4,506	-3,832	-3,561	-3,083	-2,490	-3,450	-3,475
Lease Interest Paid	-132	-278	-279	-284	-284	-284	-284	-209	-209
Third party Financing	-7,838	-13,755	-5,113	-7,378	-7,550	-12,638	-13,510	-12,481	-3,741
Other Items	-1,547	-321	-1,942	0	0	0	0	-1,420	-1,942
Dividends to shareholders	-11,467	-12,275	-13,064	-14,170	-14,811	-16,271	-17,848	-6,099	-6,484
Own Financing	-13,014	-12,597	-15,007	-14,170	-14,811	-16,271	-17,848	-7,520	-8,427
Net cash flow from financing activities	-20,852	-26,352	-20,119	-21,548	-22,362	-28,909	-31,359	-20,000	-12,168
Net Increase (decrease) in cash and cash equivalents	-4,955	-4,133	-3,030	-2,348	-1,137	-5,445	-7,328	1,261	7,701
Effect of change in cash value from FX	-2,015	-5,085	2,732	0	0	0	0	-2,995	2,732
Cash and cash equiv. at the beginning of the period	47,248	40,277	31,060	30,762	28,414	27,277	21,831	40,277	31,060
Cash and cash equivalents at the end of the period	40,277	31,060	30,762	28,414	27,277	21,831	14,504	38,544	41,493
LTM Figures								LTM Figures	
Maintenance CAPEX	-8,997	-8,919	-10,601	-13,099	-14,392	-15,694	-17,040	-8,889	-9,781
Special Adjustments	0	0	0	0	0	0	0	0	0
Free Cash Flow	23,719	27,318	29,931	26,801	29,400	31,843	33,361	30,182	33,097
Debt Amortization	8,729	8,363	75	2,486	2,930	8,495	9,961	8,363	0
Refinancing and Voluntary Prepayment	0	0	0	0	0	0	0	0	0
Net Debt Amortization	8,729	8,363	75	2,486	2,930	8,495	9,961	8,363	38
Net Interest Payment	2,321	1,350	1,750	1,455	1,598	1,374	786	1,552	1,787
Debt Service	11,049	9,713	1,825	3,942	4,527	9,869	10,747	9,915	1,825
DSCR	2.1	2.8	16.4	6.8	6.5	3.2	3.1	3.0	18.1
Cash and Equivalents at the Beginning of Period	47,248	40,277	31,060	30,762	28,414	27,277	21,831	39,206	38,544
DSCR with Cash	6.4	7.0	33.4	14.6	12.8	6.0	5.1	7.0	39.2
Net Debt to FCF	1.6	1.3	1.4	1.6	1.5	1.3	1.2	0.9	0.9
Net Debt to EBITDA	0.9	0.8	0.8	0.8	0.7	0.6	0.6	0.6	0.6

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Stress Scenario: Balance Sheet (Figures in millions of pesos)

	At Close						At Close	
	2022*	2023*	2024F	2025F	2026F	2027F	3Q23	3Q24
TOTAL ASSETS	277,995	273,520	302,314	301,614	305,401	310,211	274,616	307,924
Short-Term Assets	79,211	67,738	70,361	60,671	55,711	52,630	72,756	80,740
Cash and Equivalents	40,277	31,060	28,906	17,693	10,910	12,651	38,544	41,493
Accounts Receivable from Clients	13,122	14,508	15,860	16,838	17,609	16,495	11,095	13,059
Other Accounts Receivable	3,196	3,241	3,581	3,517	3,662	2,882	3,196	3,541
Inventories	11,888	11,880	13,243	14,009	14,558	13,398	11,591	13,973
Other Short-Term Assets	10,729	7,048	8,771	8,614	8,971	7,205	8,329	8,674
Long-Term Assets	198,783	205,782	231,953	240,943	249,690	257,580	201,860	227,184
Long-Term Accounts Receivable	139	696	1,587	1,559	1,623	1,690	366	1,937
Investments in Non-Consolidated Entities	8,452	9,246	10,201	10,593	10,998	11,416	8,664	10,105
Plant, Property and Equipment	71,205	78,730	96,354	104,743	112,454	119,287	73,986	91,478
Intangible Assets	103,122	101,162	103,990	104,329	104,664	104,996	101,241	103,904
Goodwill	23,258	22,340	22,949	22,949	22,949	22,949	22,529	22,949
Other Intangible Assets	79,864	78,823	81,041	81,379	81,715	82,047	78,713	80,955
Deferred Taxes	7,975	7,772	8,300	8,300	8,300	8,300	9,929	8,300
Other Long-Term Assets	7,890	8,175	11,522	11,421	11,652	11,892	7,674	11,460
Other Assets	5,821	5,788	8,707	8,606	8,837	9,077	5,556	8,645
Right of Use Assets	2,069	2,387	2,815	2,815	2,815	2,815	2,119	2,815
TOTAL LIABILITIES	146,119	139,815	156,056	155,310	157,021	158,904	143,791	160,076
Short-Term Liabilities	57,959	54,916	67,979	68,133	73,574	75,375	58,947	70,873
Short-Term Debt	8,524	140	2,486	2,930	8,495	9,961	38	2,557
Suppliers	25,584	26,062	29,052	32,020	33,276	35,439	22,651	29,357
Taxes Payable	7,981	10,280	10,109	10,210	10,313	10,416	9,933	10,084
Other Short-Term Liabilities	15,871	18,433	26,331	22,973	21,491	19,559	26,325	28,875
Other Accounts Payable	13,964	16,127	24,352	20,993	19,511	17,579	24,039	26,896
Right Of Use Asset	472	752	818	818	818	818	609	818
Other Liabilities	1,435	1,554	1,162	1,162	1,162	1,162	1,676	1,162
Long-Term Liabilities	88,160	84,899	88,078	87,177	83,446	83,529	84,844	89,203
Long-Term Debt	70,146	65,074	68,485	66,835	62,367	61,677	66,123	69,325
Deferred Taxes	2,839	3,321	4,871	5,275	5,654	6,057	3,047	4,721
Other Long Term Liabilities	15,176	16,504	14,722	15,068	15,426	15,795	15,674	15,157
Right Of Use Asset	1,663	1,769	2,205	2,205	2,205	2,205	1,615	2,205
Employee Benefits	10,345	10,067	10,490	10,836	11,194	11,563	9,927	10,925
Other Liabilities	3,168	4,668	2,027	2,027	2,027	2,027	0	2,027
EQUITY	131,876	133,705	146,258	146,304	148,381	151,307	130,825	147,848
Non-controlling Interest	6,491	6,680	7,695	8,099	8,477	8,880	6,597	7,545
Contributed Capital, Cumulative Earnings & Other	5,899	5,989	6,938	7,695	8,099	8,477	6,184	6,938
Current Earnings	592	690	757	404	379	403	414	607
Majority Equity	125,384	127,025	138,563	138,205	139,903	142,426	124,228	140,303
Contributed Capital	47,620	47,620	47,620	47,620	47,620	47,620	47,620	47,620
Cumulative Earnings and Others	58,730	59,869	69,658	77,524	80,043	81,775	62,395	76,238
Current Earnings	19,034	19,536	21,285	13,061	12,240	13,031	14,213	16,445
Total Debt	78,669	65,214	70,971	69,764	70,862	71,638	66,161	71,882
Net Debt	38,392	34,154	42,065	52,071	59,952	58,987	27,617	30,388
Days Sales Outstanding	16	17	18	18	18	18	17	18
Days Inventories Outstanding	38	33	31	31	31	30	33	31
Days Suppliers Outstanding	68	62	64	64	65	66	62	64

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Stress Scenario: Income Statement (Figures in millions of Mexican pesos)

	Calendar Years						YTD	
	2022*	2023*	2024F	2025F	2026F	2027F	3Q23	3Q24
Total Revenue	226,740	245,088	270,574	265,731	276,750	288,183	181,376	203,873
Cost of Goods Sold	126,441	134,228	148,233	150,927	156,907	163,100	99,925	110,987
Gross Profit	100,300	110,860	122,341	114,805	119,843	125,082	81,451	92,886
Operating Expenses	58,556	65,567	74,414	77,156	82,315	85,571	48,538	55,251
EBITDA	41,744	45,292	47,927	37,649	37,528	39,511	32,913	37,635
Depreciation and Amortization	10,425	10,531	12,218	14,635	15,700	16,666	7,962	8,825
Depreciation	8,997	8,919	10,601	12,998	14,059	15,021	6,753	7,616
Intangible Amortization	768	836	842	861	865	868	627	627
Leases Amortization	660	776	776	776	776	776	582	582
Operating Income Before Other	31,319	34,761	35,709	23,014	21,828	22,845	24,950	28,810
Net Other Income and Other Expenses	-983	-1,272	-1,097	-371	-383	-396	-904	-1,006
Operating Income After Other	30,336	33,490	34,612	22,643	21,445	22,450	24,046	27,803
Interest Income	2,411	3,188	2,654	1,594	1,122	837	2,578	2,165
Other Financial Income	536	263	248	0	0	0	214	248
Interest Expenses	4,104	4,215	4,715	3,832	3,561	3,453	3,659	3,684
Lease Interest Payment	132	278	279	284	284	284	209	209
Other Financial Expenses	2,936	2,609	1,688	0	0	0	1,515	1,688
Net Financial Income	-4,225	-3,652	-3,780	-2,522	-2,722	-2,900	-2,590	-3,167
Foreign Exchange Net Result	-324	-1,046	1,087	-1,276	-1,101	-776	-739	249
Integral Financing Result	-4,549	-4,697	-2,694	-3,799	-3,823	-3,676	-3,329	-2,918
Earnings after Integral Financial Result	25,787	28,792	31,918	18,844	17,621	18,773	20,717	24,886
Income from Non-Consolidated Entities	386	215	337	392	405	418	37	241
Earnings before Taxes and duties	26,173	29,007	32,255	19,236	18,026	19,192	20,754	25,127
Taxes and duties	6,547	8,781	10,213	5,771	5,408	5,757	6,128	8,074
Current Taxes	5,659	7,841	10,112	5,367	5,029	5,354	7,676	8,123
Deferred Taxes	889	941	101	404	379	403	-1,548	-48
Net Income (loss)	19,626	20,226	22,042	13,465	12,618	13,434	14,627	17,052
Non-controlling interest	592	690	757	404	379	403	414	607
Controlling Interest	19,034	19,536	21,285	13,061	12,240	13,031	14,213	16,445
<i>LTM Figures</i>							<i>LTM Figures</i>	
Change in Sales	16.4%	8.1%	10.4%	-1.8%	4.1%	4.1%	10.2%	10.5%
Gross Margin	44.2%	45.2%	45.2%	43.2%	43.3%	43.4%	44.7%	45.7%
EBITDA Margin	18.4%	18.5%	17.7%	14.2%	13.6%	13.7%	18.4%	18.7%
Effective Tax Rate	25.0%	30.3%	31.7%	30.0%	30.0%	30.0%	23.4%	32.1%
Cost of Debt	5.1%	6.0%	6.9%	5.4%	5.1%	4.8%	6.7%	6.3%
Return on Financial Assets	4.4%	6.6%	5.4%	3.7%	3.1%	2.5%	6.9%	5.6%

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Stress Scenario: Cash Flow Statement (Figures in millions of pesos)

	Calendar Years						YTD	
	2022*	2023*	2024F	2025F	2026F	2027F	3Q23	3Q24
OPERATING ACTIVITIES								
Earnings (Loss) before Taxes	26,173	29,007	32,255	19,236	18,026	19,192	20,754	25,127
Provisions	411	758	-497	0	0	0	582	-497
Other Cash Expenses	1,429	1,474	2,799	0	0	0	1,165	2,799
Non-cash charges	1,840	2,233	2,302	0	0	0	1,747	2,302
Depreciation	8,997	8,919	11,810	12,998	14,059	15,021	6,753	7,616
Intangible Amortization	768	836	215	861	865	868	627	627
Lease Depreciation	660	776	194	776	776	776	582	582
Profit (loss) from sale of fixed asset	-250	-94	-75	0	0	0	-130	-75
Impairment of properties, plant and equipment	177	330	315	0	0	0	117	315
Income from non-consolidated subsidiaries and affiliates	-386	-215	-337	-392	-405	-418	-37	-241
Interest Income	-2,410	-3,188	-2,654	-1,594	-1,122	-837	-2,578	-2,165
Other charges	0	0	-837	1,276	1,101	776	0	0
Total Investment Related Charges	7,556	7,364	8,630	13,926	15,274	16,186	5,334	6,658
Interest expense	6,368	6,824	6,403	3,832	3,561	3,453	5,173	5,372
Lease Interests and Others	132	278	279	284	284	284	209	209
Total Charges related to Financial Activities	6,500	7,102	6,683	4,116	3,845	3,737	5,382	5,580
Cash Flow from P&L before Taxes	42,070	45,706	49,869	37,278	37,145	39,115	33,216	39,667
Decrease (Increase) in Account Receivables	-3,420	-1,605	-1,886	-979	-771	1,114	1,713	915
Decrease (Increase) in Inventories	-178	-779	-951	-766	-549	1,161	-260	-1,682
Decr. (Incr.) in Other Assets	-1,149	-616	-1,332	351	-799	2,240	284	-1,484
Increase (Decrease) in Suppliers	3,538	3,742	5,483	2,968	1,256	2,163	1,934	5,788
Increase (Decrease) in Other Liabilities	-69	1,140	-4,923	-2,911	-1,021	-1,459	-488	-1,969
Net total change in working capital	-1,277	1,883	-3,610	-1,336	-1,885	5,219	3,183	1,569
Taxes on earnings paid or returned	-5,298	-5,300	-9,376	-5,367	-5,029	-5,354	-3,587	-7,387
Cash flow generated by operations	-6,575	-3,417	-12,985	-6,703	-6,914	-135	-404	-5,818
Net cash flow from operating activities	35,495	42,289	36,884	30,575	30,231	38,980	32,812	33,849
INVESTING ACTIVITIES								
Net investment in Plant & Equipment	-16,756	-19,613	-22,699	-21,387	-21,770	-21,855	-11,310	-14,837
Sale of property, plant and equipment	323	178	146	0	0	0	161	146
Investment in Intangible Assets	-979	-1,019	-1,326	-1,200	-1,200	-1,200	-643	-1,026
Business Acquisition	-2,897	-1,202	-557	0	0	0	-935	-557
Interest Income	2,410	3,188	2,654	1,594	1,122	837	2,578	2,165
Other Assets	-1,699	-1,603	129	0	0	0	-1,402	129
Net cash flow from investing activities	-19,598	-20,070	-21,652	-20,994	-21,848	-22,218	-11,550	-13,980
Cash needs related to financing activities	15,897	22,219	15,232	9,581	8,383	16,762	21,262	19,870
FINANCING ACTIVITIES								
Loans obtained from financial institutions	6,385	113	524	0	2,927	8,495	0	524
Amortization of loans	-8,729	-8,363	-73	-2,483	-2,930	-8,495	-8,363	0
Amortization of Lease Liabilities	-631	-690	-776	-776	-776	-776	-459	-582
Interest paid	-4,731	-4,537	-4,506	-3,832	-3,561	-3,453	-3,450	-3,475
Lease Interest Paid	-132	-278	-279	-284	-284	-284	-209	-209
Third party Financing	-7,838	-13,755	-5,111	-7,375	-4,624	-4,513	-12,481	-3,741
Other Items	-1,547	-321	-1,942	0	0	0	-1,420	-1,942
Dividends to shareholders	-11,467	-12,275	-13,064	-13,420	-10,542	-10,508	-6,099	-6,484
Own Financing	-13,014	-12,597	-15,007	-13,420	-10,542	-10,508	-7,520	-8,427
Net cash flow from financing activities	-20,852	-26,352	-20,117	-20,795	-15,166	-15,021	-20,000	-12,168
Net Increase (decrease) in cash and cash equivalents	-4,955	-4,133	-4,886	-11,214	-6,783	1,741	1,261	7,701
Effect of change in cash value from FX	-2,015	-5,085	2,732	0	0	0	-2,995	2,732
Cash and cash equiv. at the beginning of the period	47,248	40,277	31,060	28,906	17,693	10,910	40,277	31,060
Cash and cash equivalents at the end of the period	40,277	31,060	28,906	17,693	10,910	12,651	38,544	41,493
LTM Figures								
Maintenance CAPEX	-8,997	-8,919	-10,601	-12,998	-14,059	-15,021	-8,889	-9,781
Special Adjustments	0	0	0	0	0	0	0	0
Free Cash Flow	23,719	27,318	27,960	16,517	15,112	22,898	30,182	33,097
Debt Amortization	8,729	8,363	73	2,483	2,930	8,495	8,363	0
Refinancing and Voluntary Prepayment	0	0	0	0	0	0	0	0
Net Debt Amortization	8,729	8,363	73	2,483	2,930	8,495	8,363	38
Net Interest Payment	2,321	1,350	1,852	2,238	2,438	2,616	1,552	1,787
Debt Service	11,049	9,713	1,925	4,722	5,368	11,112	9,915	1,825
DSCR	2.1	2.8	14.5	3.5	2.8	2.1	3.0	18.1
Cash and Equivalents at the Beginning of Period	47,248	40,277	31,060	28,906	17,693	10,910	39,206	38,544
DSCR with Cash	6.4	7.0	30.7	9.6	6.1	3.0	7.0	39.2
Net Debt to FCF	1.6	1.3	1.5	3.2	4.0	2.6	0.9	0.9
Net Debt to EBITDA	0.9	0.8	0.9	1.4	1.6	1.5	0.6	0.6

Source: HR Ratings projections based on the Company's internal quarterly information and annual financials audited by EY.



Glossary

Free Cash Flow (FCF). Is defined as cash flow from operating activities plus working capital requirements less a provision for maintenance capex plus dividends received, if any, less paid taxes and less charges for leasing contracts, including both amortization and interest. The calculation may include a Special Adjustment consideration if certain components of the listed accounts are regarded as not being appropriate for the measure (e.g., nonrecurrent, non-operational in nature.). The measure is based on a calendar year basis.

Debt Service Coverage Ratio (DSCR). Is defined as FCF divided by Debt Service. Debt Service for the purpose of this metric is defined as net cash interest expense (interest expense less interest income) plus obligatory debt amortization. Pre-payments are excluded as are payments from Excess Cash Flow Sweep (ECFS) covenants. Certain refinancing of debt may also be excluded from the debt service calculation. Capitalized interest from credit agreements originally contemplating such interest is also excluded. Capitalized interest from forced debt restructuring will not be excluded. Debt service is measured on calendar year basis.

DSCR with Cash. This is the same as the previous metric with the exception that cash at the end of the previous calendar year is added to FCF, as is any cash reserved exclusively for the debt being rated.

Years of Payment is defined as net debt divided by FCF.

Marketable Assets to Liabilities Coefficient. This measures HR Ratings' estimate of the market value of the rated entity's assets to the book value of its liabilities. Goodwill that is the result of LBO operations is given a zero value. Other goodwill is based on HR Ratings estimates.

These metrics have the following weights in the determination of our quantitative preliminary rating:

Metric Weights

DSCR	20%
DSCR with cash	20%
Yrs. of PMT.	40%
MALC	20%

The rating period for this report consists of five calendar year periods, consisting of two historical and three projected periods. The periods are defined as follows with their respective weights.

Period Weights

t-1: 2023	13%
t0: 2024	17%
t1: 2025	35%



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t₂: 2026 20%

t₃: 2027 15%

Majority Amortization is defined as an entity with medium-term loans, possibly with insignificant regular amortizations, and a large remaining balance payment at the end of the loan period, commonly known as bullet or balloon loans.

HR Ratings elaborates two forecast scenarios: Base and Stress. For rating purposes each full scenario includes the same two historical periods as well as their respective forecast scenarios. The Base scenario is weighted at 65% and the Stress at 35%.



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**Supplementary information in compliance with section V, paragraph A), of Annex 1 of the
General Provisions Applicable to Security Rating Agencies**

Methodologies used for the analysis*	Corporate Debt Credit Risk Evaluation, February 2024
Previous rating	KOF LT: HR AAA Stable Outlook KOF ST: HR+1 KOF 21L: HR AAA Stable Outlook KOF 21-2L: HR AAA Stable Outlook
Date of last rating action	November 29, 2023
Period covered by the financial information used by HR Ratings to issue this rating.	1Q22-3Q24
List of sources of information used, including information provided by third parties.	Internal quarterly information and information audited by EY for 2022-2023
Ratings issued by other rating agencies that were used by HR Ratings (if any)	n.a.
For the issuance or follow up on this rating, HR Ratings considered mechanisms to align incentives between the originator, servicer and guarantor and the potential purchasers of such securities (if any).	n.a.
Ratings for these securities issued by other rating agencies (if any)	n.a.

*For further information regarding this methodology(ies), please visit <https://hrratings.com/methodology/>

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