



1H26 Results Presentation Transcript – Viña Concha y Toro

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Speakers

Claudia Cavada – Head of Investor Relations

Oswaldo Solar – CFO

Moderator: Claudia Cavada

Good morning, everyone. Thank you for joining Viña Concha y Toro's second-quarter 2026 results presentation. My name is Claudia Cavada, Head of Investor Relations, and I am joined by Oswaldo Solar, the Company's CFO.

Before we begin, please take note of the forward-looking statements included in this section of the presentation.

Today's presentation is divided into five sections: a summary of the key highlights of the quarter and of the first half of the year; followed by an analysis of sales and financial results for the period; non-financial highlights; and we will conclude with a live Q&A session, for which you may already submit your questions. To participate, please use the Raise Hand feature on the platform or send us a message via the chat box.

Before we take a closer look at the quarterly results, I will now turn it over to Oswaldo Solar.

Speaker: Osvaldo Solar

Good morning, and good afternoon to those joining us from other regions. Today I would like to share three key ideas that I believe summarize the Company's performance during this second quarter and that will be the focus of today's presentation.

First, we have seen a significant deployment of cost efficiencies. This has allowed us to increase gross margin in percentage terms despite lower sales volumes, thanks to the investments and savings plans we have implemented.

In addition, we have seen net income grow as a result of these operational savings combined with very successful management of inflation and of our FX exposure.

Second, in 2Q26 we saw a significant improvement in sales; that is, a better performance in the second quarter compared with what we saw at the start of the year.

The markets that were already growing strongly at double digits in the first quarter — Brazil and Mexico — accelerated further.

Others achieved stabilization, such as Chile, and others moderated their declines, such as the U.S., which is showing a very strong recovery following the distribution change, with very healthy depletions for our priority brands.

And third, we have a positive outlook for the second half of the year, both in sales and in results.

This is supported by a very successful 2026 harvest. It was a historic harvest, which will translate into a lower wine cost as of the third quarter. Added to this are positive market trends, especially in the United States, but also in other countries.

On this basis, we expect to close 2026 very well.

Speaker: Claudia Cavada

All right, let us now review sales performance by market.

On a consolidated basis, during the second quarter, sales performed better than in the first quarter, reducing the declines reported both in value in Chilean pesos and in total volume.

While volumes declined by 2.8%, sales in Chilean pesos decreased by 4.7%. This is compared to declines of 7.5% and 7.8% in the previous quarter.

If we adjust for the depreciation of our sales currencies abroad against the Chilean peso, which averaged around 2%, the decline in sales value is considerably smaller, at 2.7% in value.

Let us take a look at what is behind this variation.

First, we have the markets that improved relative to the beginning of the year.

On the one hand, we saw accelerating growth in our best-performing markets. The Brazil, Mexico and Canada group posted growth of approximately 18% in the second quarter, an improvement over the 15% recorded during the first quarter.

We also saw stabilization in Chile's wine market, with positive growth of 0.5%, reversing the decline recorded in the previous quarter.

Meanwhile, the Latin America and Africa group posted declines that moderated significantly this second quarter, at 8% levels, against the 29% of the first quarter.

In the United States, the sales decline improved up to 13%, from the -32% recorded in the first quarter. We will take a closer look at the United States shortly.

As anticipated, the standout performers this quarter were Brazil, Mexico and Canada, who delivered strong growth rates.

On the other hand, the less dynamic markets were Europe, Asia, and the company's beer and spirits business in Chile.

In Europe, market conditions remained weak, which we believe was due to a very hot summer, including heat waves, which dampened red wine consumption.

Across Asia as a whole, performance remained weak due to several factors. In Japan, the depreciation of their currency throughout the year has affected both prices and consumers' purchasing power.

Likewise, in China and South Korea, consumer demand has remained weak, leading to challenging industry conditions and distributors reducing their inventories.

In our beer and spirits business in Chile, industry trends remain very challenging, with intense competition, which has had a direct impact on our Miller distribution business, which competes in the premium segment.

While our Kross and Odissea craft beer brands posted only moderate mid- to low-single-digit declines.

Turning now to the United States, it is very interesting to see how our sales, or shipments, have recovered compared with the first quarter.

In other words, sales are still down 14% in Chilean peso terms, or 10% in U.S. dollars. However, this is significantly better than at the beginning of the year, when the distributor transition caused declines of around 30%.

Let us recall that the RNDC group, our former distributor, has exited the market.

This situation has evolved favorably, as reflected in our shipments, but it is also important to look at the health of our distributors' sales.

Now that our new distributor, Reyes Beverage Group, has taken over, depletions are essentially flat, declining by 0.3%, compared with nearly 12% in the first quarter.

This becomes even more meaningful when we look at the underlying sales.

On the left, you can see the evolution of depletions, while on the right, you can see the evolution for our priority brands, Casillero del Diablo and Bonterra, which are showing not only a recovery, but also solid growth of 15.5% during the quarter, reversing the 2% declines recorded in the previous quarter.

The sales dynamics across our markets resulted in a decline in brand mix, which was driven primarily by changes in our market mix.

The markets that posted the strongest growth in Latin America, such as Brazil and Mexico, have a lower mix than Europe and the United States.

To continue reviewing our consolidated results, I will hand it back, once again, to Osvaldo.

Speaker: Osvaldo Solar

Turning now to our results, we can see, at the operating income level, that what had been a 29% gap during the first quarter of this year has narrowed to 7.9% in the second quarter.

This represents a meaningful recovery compared with the first quarter.

In addition, the greater seasonality of the second quarter makes this improvement even more significant.

As a result, the first half of the year declined by 17%.

As we mentioned, this was mainly attributable to lower sales, which were largely offset at the gross margin level, but SG&A expenses do not have the same degree of flexibility, given their fixed-cost components, which cannot be reduced when volumes decline, as was the case this quarter.

This was likewise reflected in the operating margin.

At the EBITDA level, the decline was proportionally smaller, since depreciation and amortization are excluded, which are fixed components of costs and expenses.

The EBITDA margin also showed a greater cushioning of the impact, with levels at 15%, remaining in line with last year, although still below the company's expectations.

Turning now to exchange rates, they clearly illustrate the company's currency diversification strategy, and we would like to explain this point in greater detail.

In this case, our revenue, as you can see, was affected by the company's currency basket, whose overall fluctuation was much smaller, at around 2%, than if we only think in terms of the U.S. dollar, which appreciated against the Chilean peso by 4.8%.

Had we depended solely on the U.S. dollar, the impact on revenue would have been approximately CLP 9.7 billion in lower sales.

Thanks to this diversification, the impact on revenue was reduced to CLP 3,870 million, which is significantly lower.

But the most important aspect is that this appreciation of the Chilean peso is offset by the company's costs and expenses in those same currencies, resulting in an impact on operating income of just CLP 371 million.

In practice, the appreciation of the Chilean peso in comparison to other currencies was therefore almost entirely offset, leaving an operating impact of only CLP 371 million.

Turning now to non-operating results, despite an increase in financial debt, we recorded an improvement of CLP 112 million due to foreign exchange differences and the value of our hedging instruments, which are designed to offset.

Those are the reasons behind the results I referred to earlier.

Regarding financial expenses, they increased mainly due to our higher debt levels, which are associated with the strategic investments we have undertaken, including the acquisition of Maison Mirabeau in France, the share buyback completed in May, and the vineyards we acquired previously to support future growth.

It is also worth highlighting in this foreign exchange section that these profits by CLP 180 million over the previous year, or 1,246 on a net basis, reflect the correct management of our hedging strategy, which allowed us to more than offset the CLP 371 million operating impact resulting from the appreciation of the currency.

As for the results of our associates, the quarterly decline is not material, since at this point in the year Almaviva's revenues have not yet been received, which make up the most part of this item. The most significant contributions to this line item will be reflected next quarter and in the full-year results.

Within the same non-operating results, the impact of inflation in Chile has been managed very successfully.

As many of you know, we have hedged inflation, locking in a cap of 2.32% for the year, which is very beneficial in the current inflation context in Chile, that during the quarter under review was 10% on an annualized basis.

This differential generated a profit of CLP 3,615 million during the quarter.

In addition, during the quarter, inflation also affected our income tax expense, taxes that must be accrued. This led to a reduction of taxes by CLP 2.4 billion as a result of the inflation adjustment applied to shareholders' equity, due to the higher inflation recorded compared with the previous year.

Turning now to the quarter, the net income showed a growth, as we mentioned, of 2.1%, allowing us to narrow the year-to-date gap.

We have clearly reversed the decline recorded in the first quarter.

We have also highlighted, within the net income, the profit per share, which increased by 6.1%.

This is the result of the share buyback, which directly benefits shareholders by reducing the number of shares over which the company's earnings are distributed.

To summarize the reason behind this profit, it is a consequence of our cost-efficiency initiatives, which helped offset the decline in sales, as well as effective management of inflation and foreign exchange exposure, while also benefiting from more favorable interest rates, in addition to our successful foreign exchange hedging strategy, which enabled us, as mentioned, to offset the CLP 370 million operating impact through a profit of 1,240 at the non-operating level.

Turning now to our leverage metrics, which we discuss regularly as they reflect the company's strength and solidity.

Net debt-to-equity stood at 0.65x, compared with the company's 1.2x covenant.

Interest coverage stood at 6.8x, compared with a covenant of 2.5x.

As for net financial debt to EBITDA, which, as we know, is not a covenant within the company, but rather an internal ratio used as a management target, it currently stands at 3.1x, above our long-term target, which, as expressed in the table, is 2.5x, and we expect it to correct course over the coming months.

In fact, our expectation towards the end of this year is for this figure to be around 2.4x by December.

This improvement will be driven by a stronger cash flow, which materializes operationally during the second half of the year, reflecting the seasonal nature of the business, and by the positive outlook we talked about at the beginning of this conversation, for both sales and costs, as well as by the investments we have made, which will soon begin to generate additional returns.

Finally, I would like to highlight some of the key milestones of the quarter that allow us to advance in our strategic objectives within the company's development.

During the second quarter, we completed the acquisition of Maison Mirabeau, the winery in Provence specializing in rosé wines.

We also launched Viña Amelia, following the premiumization trend and the growing demand for fresher wine styles.

Meanwhile, Casillero del Diablo launched its new global campaign, giving a clear sign that we continue to invest in building our brands.

We also received the latest ranking from the international consulting firm IWSR, which ranked us as the world's third-largest wine company, measured by 2025's sales figures, moving up two places from the previous year.

This demonstrates our ability to grow even under challenging market conditions.

Finally, something we consider essential: we did not want to end this presentation without inviting you to our Investor Day 2026, which will be held in Santiago during the morning of October 16.

We hope you will join us for what we believe will be a unique and memorable experience, where we will not only share our business strategy, but also offer an opportunity to enjoy and learn about wine at our Wine Center and Pirque Estate.

Further details about the event will be shared soon.