

# KOF

## Quarterly Report

## Mexico will be the main driver going forward

- Revenue growth was driven by higher volumes in the main regions. Although higher operating expenses put pressure on Mexico's profitability
- Given an improved growth outlook for the Mexican economy due to continued resilient consumption and a lower raw material cost environment, we have updated our estimates
- After incorporating quarter's figures, we raise our target price to MXN 167.00, which would represent a 2023 FV/EBITDA of 8.3x, slightly below the current at 8.4x. We reiterate HOLD

**Revenue and gross profit performance was mitigated by higher expenses in Mexico.** The company reported revenues in line with our estimates, highlighting volume performance in all regions, increasing 6.6% y/y to 939.6 million-unit cases, driven by Mexico, Brazil, and Guatemala. Likewise, prices increased 4.7% y/y, but a slowdown was registered compared to last quarter (-0.4% q/q), as the company has not increased prices in the last few months. As a result, revenues amounted 12.0% y/y. Nevertheless, gross margin expanded to 44.4% (+30bp), explained by efficient hedging strategies and Mexican peso appreciation, which was reflected in lower dollar-denominated raw material costs. EBITDA increased 7.1% y/y with a margin of 18.3% (-85bp). Particularly in South America, profitability increased 290 bps, favored by operating synergies in the region, although this was not enough to offset operating expenses in Mexico and Central America (-220 bps), given the increase in labor, marketing, and maintenance expenses. **KOF is resiliently positioned given the industry in which it operates.** We remain on the lookout for strategic transactions that could trigger higher value, while we believe the company is well positioned given an improved cogs backdrop for the year. We believe our valuation already reflects much of the outlook, and while we update our estimates positively, we reiterate HOLD.

Financial Statements				
MXN, million	2021	2022	2023E	2024E
Revenue	194,804	226,740	247,179	271,124
Operating Income	27,402	30,838	34,550	38,838
EBITDA	38,849	43,001	47,658	52,820
EBITDA Margin	19.9%	19.0%	19.3%	19.5%
Net Income	15,708	19,034	20,885	22,560
Net Margin	8.1%	8.4%	8.4%	8.3%
Total Assets	271,567	277,995	275,741	282,473
Cash	47,248	40,277	45,863	52,818
Total Liabilities	143,994	146,119	137,484	289,020
Debt	88,364	85,407	78,019	79,956
Common Equity	121,550	125,384	131,401	131,956

Source: Banorte

Valuation and financial metrics				
	2021	2022	2023E	2024E
FV/EBITDA	9.5x	8.6x	7.5x	6.7x
P/E	20.2x	16.7x	15.2x	13.3x
P/BV	2.6x	2.5x	2.4x	2.4x
ROE	12.9%	15.2%	15.9%	17.1%
ROA	5.8%	6.8%	7.6%	8.0%
EBITDA/ Interest	7.4x	10.5x	9.5x	9.2x
Net Debt/EBITDA	1.1x	1.0x	0.7x	0.5x
Debt/Equity	0.7x	0.7x	0.6x	0.6x

May 3<sup>rd</sup>, 2023

www.banorte.com  
@analisis\_fundam

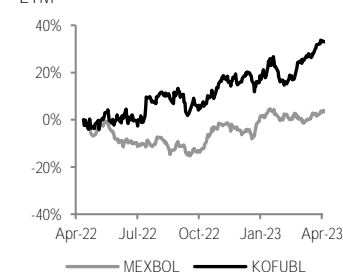
Paola Soto Leal  
Strategist, Equity  
paola.soto.leal@banorte.com

Carlos Hernández García  
Senior Strategist, Equity  
carlos.hernandez.garcia@banorte.com

Marissa Garza Ostos  
Director of Equity Strategy  
marissa.garza@banorte.com

HOLD	
Current Price	\$151.06
PT	\$167.00
Upside Potential	10.6%
Max – Min LTM (\$)	154.47 –105.5
Market Cap (US\$m)	17,820.7
Shares Outstanding (m)	2,100.8
Float	22%
Daily Turnover (\$ m)	109.5
Valuation metrics LTM	
FV/EBITDA	8.4x
P/E	15.8x
MSCI ESG Rating*	A

Relative performance to MEXBOL LTM



This document is provided for the reader's convenience only. The translation from the original Spanish version was made by Banorte's staff. Discrepancies may possibly arise between the original document in Spanish and its English translation. For this reason, the original research paper in Spanish is the only official document. The Spanish version was released before the English translation. The original document entitled "México será el principal impulsor hacia delante" was released on April 26, 2023. Document for distribution among public

## KOF-Results 1Q23

MXN million

Concept	1Q22	1Q23	Var %	1Q23e	Diff% vs Estim.
Revenue	51,195	57,357	12.0%	55,982	2.5%
Operating Income	6,845	7,724	12.8%	7,455	3.6%
Ebitda	9,828	10,522	7.1%	10,712	-1.8%
Net Income	2,895	3,916	35.3%	4,267	-8.2%
<b>Margins</b>					
Operating Margin	13.4%	13.5%	0.1pp	13.3%	0.1pp
Ebitda Margin	19.2%	18.3%	-0.9pp	19.1%	-0.8pp
Net Margin	5.7%	6.8%	1.2pp	7.6%	-0.8pp
EPS	\$1.64	\$2.22	35.3%	\$2.419	-8.2%

### Income Statement (Million)

Year	2022	2022	2023	Change	Change
Quarter	1	4	1	% y/y	% q/q
Net Revenue	51,195	61,209	57,357	12.0%	-6.3%
Costs of goods sold	28,593	34,142	31,899	11.6%	-6.6%
Gross profit	22,602	27,068	25,458	12.6%	-5.9%
General expenses	15,758	18,055	17,734	12.5%	-1.8%
Operating Income	6,845	9,013	7,724	12.8%	-14.3%
Operating Margin	13.4%	14.7%	13.5%	0.1pp	(1.3pp)
Depreciation	2,984	2,941	2,798	141.7%	145.2%
EBITDA	9,828.3	11,954.1	10,522.0	7.1%	-12.0%
EBITDA Margin	19.2%	19.5%	18.3%	(0.9pp)	(1.2pp)
Interest Income (Expense) net	(2,194)	(1,092)	(1,399)	-36.2%	28.2%
Interest expense	1,645	1,833	1,913	16.3%	4.4%
Interest income	405	821	1,042	157.3%	26.8%
Other income (expense)			60	N.A.	N.A.
Foreign exchange gain (loss)	(1,101)	(208)	(587)	-46.6%	181.8%
Unconsolidated subsidiaries	24	92	(73)	N.A.	N.A.
Income before taxes	4,475	8,008	6,068	35.6%	-24.2%
Income taxes	1,321	611	1,989	50.6%	225.4%
Discontinued operations					
Consolidated Net Income	3,154	7,397	4,079	29.3%	-44.9%
Non-controlling interest	259	253	162	-37.3%	-35.8%
Net Income	2,895	7,144	3,916	35.3%	-45.2%
Net Margin	5.7%	11.7%	6.8%	1.2pp	(4.8pp)
EPS	1.641	4.049	2.220	35.3%	-45.2%

### Balance Sheet (Million pesos)

Total Current Assets	83,984	79,211	78,825	-6.1%	-0.5%
Cash & Short Term Investments	49,443	40,277	41,147	-16.8%	2.2%
Long Term Assets	199,875	198,783	196,388	-1.7%	-1.2%
Property, Plant & Equipment (Net)	65,454	71,205	69,921	6.8%	-1.8%
Intangible Assets (Net)	83,974	81,782	80,552	-4.1%	-1.5%
Total Assets	283,859	277,995	275,213	-3.0%	-1.0%
Current Liabilities	60,677	57,959	68,848	13.5%	18.8%
Short Term Debt	5,292	10,431	10,422	96.9%	-0.1%
Accounts Payable	48,287	39,547	50,704	5.0%	28.2%
Long Term Liabilities	99,782	88,160	85,466	-14.3%	-3.1%
Long Term Debt	84,170	74,977	72,745	-13.6%	-3.0%
Total Liabilities	160,459	146,119	154,314	-3.8%	5.6%
Common Stock	123,400	131,876	120,899	-2.0%	-8.3%
Non-controlling interest	7,035	6,491	6,426	-8.7%	-1.0%
Total Equity	116,365	125,384	114,473	-1.6%	-8.7%
Liabilities & Equity	283,859	277,995	275,213	-3.0%	-1.0%
Net Debt	40,018	45,130	42,019	5.0%	-6.9%

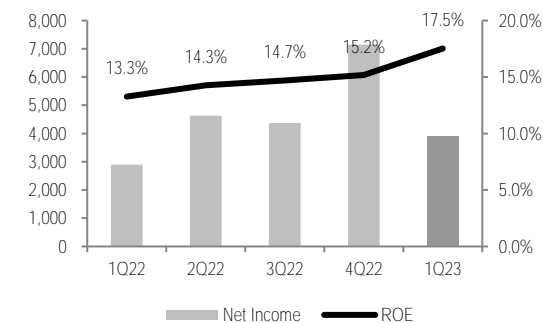
### Cash Flow

CF from Operating Activities	9,121	36,703	9,210		
CF from Investing Activities	(5,162)	(19,598)	(3,218)		
CF from Financing Activities	(1,683)	(20,852)	(2,279)		
Change in Cash Balance	1,963	(4,955)	3,318		

Source: Banorte, MSE

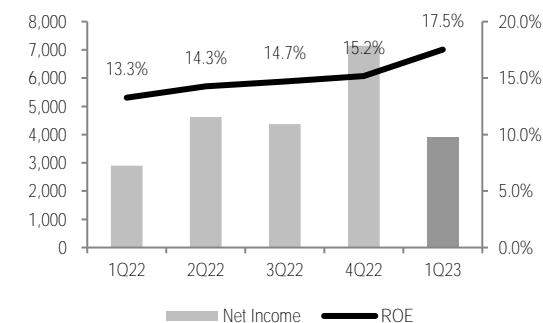
## Revenue & EBITDA Margin

MXN, million



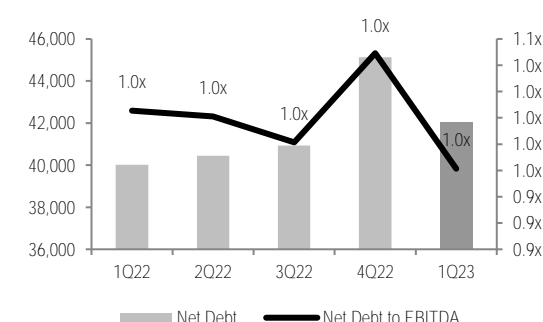
## Net Income & ROE

MXN, million



## Net Debt & Net Debt to EBITDA ratio

MXN, million



## Region's performance

Mexico and Central America

	1Q22	4Q22	1Q23	% YoY	% QoQ
Volume	494.0	547.9	537.4	8.8%	-1.9%
Price	58.6	61.7	62.6	6.8%	1.4%
Revenue	28,935.0	33,792	33,617.0	16.2%	-0.5%
EBITDA	6,722.0	6,902	6,706.0	-0.2%	-2.8%
EBITDA margin	23.2%	20.4%	19.9%	-3.3pp	-0.5pp

South America

	1Q22	4Q22	1Q23	% YoY	% QoQ
Volume	387.6	447.4	402.2	3.8%	-10.1%
Price	53.9	56.9	54.9	1.8%	-3.5%
Revenue	22,261.0	27,417	23,740.0	6.6%	-13.4%
EBITDA	3,105.0	5,052	3,816.0	22.9%	-24.5%
EBITDA margin	13.9%	18.4%	16.1%	2.1pp	-2.4pp

Consolidated

	1Q22	4Q22	1Q23	% YoY	% QoQ
Volume	881.6	995.3	939.6	6.6%	-5.6%
Price	56.6	59.5	59.3	4.7%	-0.4%
Revenue	51,195	61,209	57,357	12.0%	-6.3%
EBITDA	9,827	11,954	10,522	7.1%	-12.0%
EBITDA margin	19.2%	19.5%	18.3%	-0.9pp	-1.2pp

\*Millions of pesos, except volume (millions of unit cases) and price (average per unit case)

**We improved the outlook.** Given an improved growth outlook for the Mexican economy given a consumer spending that remains resilient, a lower interest rate environment due to the expected end of Banxico's tightening cycle, and the strength of the Mexican peso, we decided to update our estimates for the year. Recalling that Coca-Cola FEMSA's volumes move in line with GDP and following [the upward revision of this indicator in Mexico](#) and in the main economies in which it operates, we forecast an increase in volumes, which would be mainly justified by the recovery of the *on-premise* channel. Additionally, despite its remarkable market share (~75%) where Mexico is the largest per-capita consumer of Coca-Cola products in the world, there is still potential to continue growing in the multi-category portfolio such as: sugar-free beverages, isotonic, and teas. This, alongside its pricing power above inflation. In addition, we project sequential improvements in profitability mainly due to two factors: (1) a better environment for raw material costs compared to last year (mainly PET and sweeteners); and (2) the strength of the peso, since ~20% of its inputs are denominated in dollars, which thanks to the appreciation of the Mexican peso and the Brazilian real, will likely translate into lower input prices, which will generate an improvement in margins. Finally, we view favorably the leverage of its distribution strategy, providing different companies (P&G, Kellogg and Diageo) with the option of moving their products through excess truck capacity, which would also favor profitability. It is important to note that we remain cautious regarding South America, given a possible slowdown in consumption due to additional inflationary pressures, and especially Brazil, given an uncertain scenario due to the new fiscal framework.

As we commented, based on a better economic outlook, we have updated our 2023 estimates, where we now expect revenue growth of 9.0% y/y (vs. 7.4% previously), supported by volume growth in all regions, and mainly in Mexico (+2.3% y/y vs. 1.0% previously), remembering that the region accounts for ~47% of sales. In the same sense, we anticipate positive results from pricing strategies, where we expect an 8.0% y/y increase (vs. 6.0% previously), 320bp above inflation, [which we estimate at 4.8%](#).

We also expect gross profit to expand, rising 9.2% y/y (vs. 8.1% previously), with a margin of 44.3% y/y (vs. 44.2% previously) and increasing 30bp, mainly explained by a decrease in two of its main costs: PET and sugar. Bloomberg consensus anticipates an average price for Brent crude oil (~20% of costs) of US\$86.89/barrel in 2023, representing a contraction of 17.3% y/y vs. 2022. For sugar (~28% of costs), an average price in 2023 of US\$19.23 is estimated, which would mean a drop of 4.0% y/y vs. 2022.

Based on the above, assuming a scenario of lower production costs, a better outlook for the Mexican peso, and operating efficiencies, we anticipate EBITDA growth of 10.8% y/y (vs. 9.9% previously), anticipating an expansion in the respective margin of 32bp to 19.3%. Finally, we expect net income growth of 9.4% y/y, supported mainly by operating performance.

## Broken down by region

### Mexico and Central America

	2023e	% YoY	2024e	% YoY
Volume	2,247	2.3%	2,298	2.2%
Price	63.64	8.0%	68.52	6.0%
Revenue	144,463	10.3%	156,754	8.5%
EBITDA	31,360	10.7%	34,094	8.7%
EBITDA margin	21.7%	0.1pp	21.8%	0.04pp

### South America

	2023e	% YoY	2024e	% YoY
Volume	1,591	2.0%	1,639	2.0%
Price	102,708	7.3%	111,912	8.7%
Revenue	15,755	7.0%	17,236	9.4%
EBITDA	15.3%	0.0pp	15.4%	0.1pp

### Consolidated

	2023e	% YoY	2024e	% YoY
Volume	3,838	2.2%	3,937	2.6%
Revenue	247,179	9.0%	268,675	8.7%
EBITDA	47,658	10.8%	52,371	9.9%
EBITDA margin	19.3%	0.3pp	19.5%	0.2pp

## Valuation and target price

**We raise our price target to MXN 167.00, although we reiterate our HOLD recommendation.** We are updating our discounted cash flow (DCF) valuation model, considering a discount rate (WACC) of 10.8%, assuming a cost of debt of 8.7% and a cost of capital (CAPM) of 12.5%. Likewise, for the latter we consider a risk-free rate of 9.0% ([year-end yield to maturity of the 10-year Mbono](#)), decreasing from the previous estimate of 9.7%, while maintaining a beta of 0.6. Similarly, we lower the market risk premium to 5.5% vs. 6.0% previously, mainly due to (1) the improved GDP growth outlook, highlighting vs. the US for the second consecutive year; (2) greater investor confidence, which has translated into higher investment due to strategies that increasingly underpin the benefits of [nearshoring](#); and (3) the end of the tightening cycle by Banxico.

As for terminal value, we assume an FV/EBITDA multiple of 8.5x, practically unchanged from the current multiple of 8.4x and improving vs. 7.3x used in our previous calculation. In our view, this multiple is justified due to: (1) the improvement in profitability going forward; (2) a better outlook for the Mexican economy and the strength of the Mexican peso; and (3) the expectation of better earnings going forward given the opportunity represented by the distribution strategy and organic growth.

Based on the above, we obtain a target price per share of MXN 167.00 (vs. MXN 134 previously), which would represent a 2023e FV/EBITDA multiple of 8.3x and 2024e of 7.4x, slightly above the median of comparable companies (see relative valuation table), as we believe it is justified by its outstanding market share (~75%) where Mexico is the largest per-capita consumer of Coca-Cola products in the world.

Our price target offers a yield of 11.3% over the current price, so we reiterate our HOLD recommendation.

## Discounted free cash flow

FREE CASH FLOW								
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	TV
(+) EBITDA	47,658	50,279	53,044	55,962	58,480	61,111	63,861	
(-) Working Capital	(5,295)	(3,520)	(3,713)	(3,917)	(4,094)	(4,278)	(4,470)	
(-) Capex	(12,359)	(12,730)	(13,112)	(13,505)	(13,910)	(14,327)	(14,757)	
(-) Taxes	(9,107)	(12,570)	(13,261)	(13,990)	(14,620)	(15,278)	(15,965)	
(=) Free Cash Flow	20,897	21,460	22,958	24,549	25,856	27,228	28,669	
(+) Perpetuity	0	0	0	0	0	0	0	572,678
(=) FCFF	20,897	21,460	22,958	24,549	25,856	27,228	28,669	572,678

Risk Free Rate	9.0%	(+) FCF's Present Value	105,114
Market Risk Premium	5.5%	(+) Perpetuity Present Value	279,576
Beta	0.6	= Enterprise Value	384,690
CAPM	12.3%	(+) Other investments	
Cost of debt	8.7%	(-) Net Debt	(32,523)
Tax rate	30%	(-) Minority interest	
Net Debt Cost	6.1%	(=) Equity Value	352,167
		Shares Outstanding	2,101
Debt / Capital	23.8%	Price target \$	167.00
		Current Price	150.00
WACC	10.8%	Upside Potential	11.3%
Perpetuity	5.5%		
EBITDA multiple	8.5x		

Source: Banorte

## Relative valuation

Firm	Equity Value	Enterprise Value	P/VB	P/E			FV/EBITDA			Dividend
	(US\$m)	(US\$m)		LTM	2022E	2023E	LTM	2022E	2023E	Yield
COCA-COLA FEMSA SAB DE CV	17,471	20,060	2.8x	15.8x	15.2x	13.3x	8.4x	7.5x	6.7x	3.8%
ARCA CONTINENTAL SAB DE CV	16,420	19,199	2.5x	18.2x	14.8x	12.7x	8.4x	7.9x	7.3x	4.1%
COCA-COLA CONSOLIDATED INC	5,349	5,907	5.0x	12.5x			7.0x			0.4%
EMBOTELLADORA ANDINA-PREF B	2,194	3,142	2.1x	14.0x	10.4x	9.1x	6.3x	5.2x	4.9x	8.1%
COCA-COLA EMBONOR SA-B	595	913	1.1x	6.0x			4.3x			9.9%
Average American Bottlers	8,406	9,844	2.7x	13.3x	13.5x	11.7x	6.9x	6.9x	6.3x	
Median American Bottlers	5,349	5,907	2.5x	14.0x	14.8x	12.7x	7.0x	7.5x	6.7x	
COCA-COLA EUROPEAN PARTNERS	29,265	36,761	3.6x	16.3x	16.2x	15.0x	12.7x			2.3%
COCA-COLA HBC AG-DI	7,135	9,452	3.1x	24.0x	15.9x	14.2x	9.9x	8.3x	7.7x	2.9%
COCA-COLA ICECEK AS	3,090	3,538	3.0x	13.9x	8.2x	5.7x	3.2x	4.2x		1.2%
ANADOLU EFES BIRACLIK VE	1,946	4,215	1.5x	11.0x	8.1x	5.0x	4.9x	3.4x		1.7%
Average Europe Bottlers	10,359	13,491	2.8x	16.3x	12.1x	10.0x	7.6x	5.3x	7.7x	
Median Europe Bottlers	5,113	6,833	3.0x	15.1x	12.0x	9.9x	7.4x	4.2x	7.7x	
COCA-COLA BOTTLERS JAPAN HOL	2,235	2,955	0.5x				11.5x	9.0x	7.7x	3.5%
HOKKAIDO COCA-COLA BOTTLING	236	178	0.8x	56.5x			8.7x			1.0%
HAAD THIP PUBLIC CO LTD	200	214	1.8x	15.7x	11.0x	9.6x	8.4x	6.9x	6.2x	5.7%
SWIRE PACIFIC LTD	10,342	25,656	0.3x	23.5x	9.4x	8.3x	12.8x	10.9x	10.1x	5.0%
Average Asia/Oceania	3,253	7,250	0.9x	31.9x	10.2x	8.9x	10.4x	8.9x	8.0x	
Median Asia/Oceania	1,235	1,584	0.7x	23.5x	10.2x	8.9x	10.1x	9.0x	7.7x	
Average Global Bottlers	7,174	8,878	2.1x	20.7x	12.6x	10.9x	7.9x	7.1x	7.4x	
Median Global Bottlers	2,663	3,876	2.2x	15.7x	11.0x	9.6x	8.7x	7.9x	7.6x	
COCA-COLA FEMSA SAB DE CV	13,100	15,260	2.2x	18.9x	14.9x	12.4x	7.6x	7.0x	6.4x	4.4%
Premium(+)/Discount(-) vs Average			18.5%	7.3%	14.7%	25.0%	-1.4%	-4.7%	-8.7%	

Source: Bloomberg (26/04/23).

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

## Relevant statements.

In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

### Compensation of Analysts.

Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte Ixe and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

### Last-twelve-month activities of the business areas.

**Grupo Financiero Banorte S.A.B. de C.V.**, through its business areas, provides services that include, among others, those corresponding to investment banking and corporate banking, to a large number of companies in Mexico and abroad. It may have provided, is providing or, in the future, will provide a service such as those mentioned to the companies or firms that are the subject of this report. Casa de Bolsa Banorte or its affiliates receive compensation from such corporations in consideration of the aforementioned services.

Over the course of the last twelve months, Grupo Financiero Banorte S.A.B. C.V., has not obtained compensation for services rendered by the investment bank or by any of its other business areas of the following companies or their subsidiaries, some of which could be analyzed within this report.

### Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

### Securities holdings and other disclosures.

As of the end of last quarter, Grupo Financiero Banorte S.A.B. of C.V. has not held investments, directly or indirectly, in securities or derivative financial instruments, whose underlying securities are the subject of recommendations, representing 1% or more of its investment portfolio of outstanding securities or 1 % of the issuance or underlying of the securities issued.

None of the members of the Board of Grupo Financiero Banorte and Casa de Bolsa Banorte, along general managers and executives of an immediately below level, have any charges in the issuers that may be analyzed in this document.

The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

### Guide for investment recommendations.

	Reference
<b>BUY</b>	When the share expected performance is greater than the MEXBOL estimated performance.
<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

### Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

**The information contained hereby has been obtained from sources that we consider to be reliable, but we make no representation as to its accuracy or completeness. The information, estimations and recommendations included in this document are valid as of the issue date, but are subject to modifications and changes without prior notice; Grupo Financiero Banorte S.A.B. of C.V. does not commit to communicate the changes and also to keep the content of this document updated. Grupo Financiero Banorte S.A.B. of C.V. takes no responsibility for any loss arising from the use of this report or its content. This document may not be photocopied, quoted, disclosed, used, or reproduced in whole or in part without prior written authorization from Grupo Financiero Banorte S.A.B. of C.V.**

### History of PT and Ratings

Stock	Date	Rating	PT
KOF UBL	04/26/2023	HOLD	\$167.00
KOF UBL	10/25/2022	HOLD	\$134.00
KOF UBL	07/25/2022	BUY	\$129.53

### MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE				LEADER	

\*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

**GRUPO FINANCIERO BANORTE S.A.B. de C.V.**

<b>Research and Strategy</b>			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
Maria Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
<b>Economic Research</b>			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
<b>Market Strategy</b>			
Manuel Jiménez Zaldívar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
<b>Fixed Income and FX Strategy</b>			
Leslie Thalía Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 5268 - 1698
Isaías Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
<b>Equity Strategy</b>			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortes Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
<b>Corporate Debt</b>			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
<b>Quantitative Analysis</b>			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
<b>Wholesale Banking</b>			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebillos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Oswaldo Brondo Menchaca	Head of Specialized Banking Services	oswaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Victor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 1670 - 1899