September 23, 2025

ARCOR S.A.I.C.

Arcor is an Argentine multinational founded in 1951 in the province of Córdoba. Its operations are organized into three main segments: consumer goods (confectionery, chocolates, cookies, among others), agribusiness (sugar production and agricultural raw materials), and packaging (flexible packaging and corrugated cardboard). With a strong international presence, the company operates industrial plants across several Latin American countries and in Africa, while exporting to more than 100 markets. Arcor is almost entirely controlled by the Pagani family through Grupo Arcor S.A.

In the consumer goods segment, Arcor is a regional leader together with Bagley Latinoamérica S.A., a joint venture with Groupe Danone, where it holds a 51% stake and management control. The company also owns 49% of Mastellone Hermanos, also in partnership with Bagley.

Since 2015, Arcor has held a call option for the remaining share capital of Mastellone, which would allow it to obtain full control of the dairy company. In April 2025, Arcor and Bagley announced their decision to exercise the option for the remaining 51%. However, Mastellone's shareholders rejected the offered price, arguing that it does not align with the contractual agreement. These objections have left negotiations ongoing.

Sales

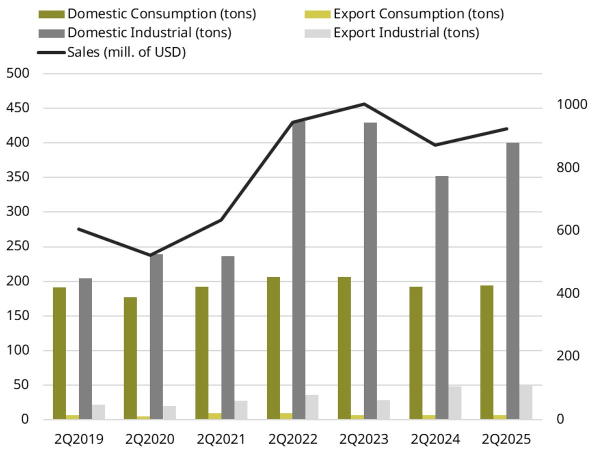
We analyze the company's results on a consolidated basis, presented in USD at the wholesale exchange rate (average or closing), given its international presence and the exposure of its assets and liabilities to foreign currency.

At the close of 2Q25, Arcor reported sales of USD 925 million, down 2% from 1Q25 and up 6% versus 2Q24. In volume terms, consumer products grew 9% quarter-on-quarter and 1% year-on-year, while industrial products rose 1% compared to 1Q25 and 13% versus 2Q24. Overall, 2Q25 showed signs of recovery after the weak performance of 2024.

As we highlighted in our previous report (see here), 2024 was a challenging year for Arcor, marked by a sharp contraction in domestic demand and declining sales volumes, particularly in the industrial products segment. In 2024, tons sold in the local market fell 10% year-on-year for industrial products and 2% for consumer products, resulting in fewer than 200,000 tons sold in Argentina. This decline could not be offset by export growth, which increased by a total of 56,000 tons in 2024, mainly driven by industrial products, with year-on-year growth of 39%.

Despite the rebound in 2Q25, sales remain below historical levels: 8% lower than in 2Q23 and 2% below 2Q22. This indicates that there is still room for further recovery.

Sales and volumes in 2Q (2019-2025)



Source: Sekoia Research based on financial statements.

In 2Q25, exports in USD declined 2% versus 2Q24, while domestic sales increased 9%.

In the local market, within sub-segments, the recovery in Confectionery-Chocolates and Cookies stood out, with year-on-year growth of 29% and 20%, respectively. This rebound more than offset declines in the Food and Packaging sub-segments and helped sustain total quarterly revenues.

In international markets, sales in the Andean Region showed the strongest performance, rising 12% versus 2Q24, driven by both Confectionery-Chocolates and Packaging. In contrast, sales in Brazil dropped significantly, down nearly 14% year-on-year and 7% below 1Q25 levels.

In 2Q25, exports from Argentina and sales from foreign subsidiaries accounted for 27% of total revenues. The share of exports in total sales remained slightly below previous periods.

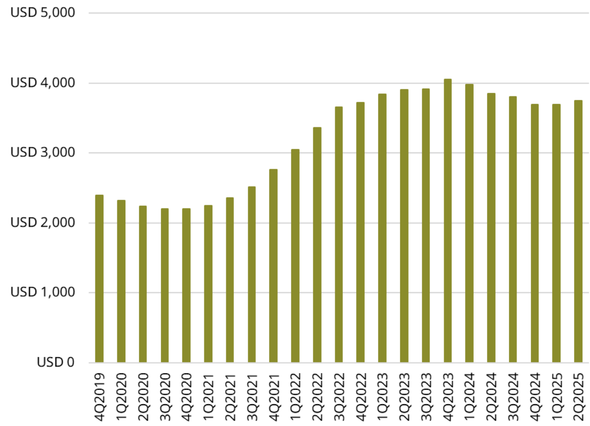
Sales by geographic segmentation

Region	Sub-segment	2Q25	% Seg	1Q25	% Var.	2Q24	% Var.
Argentina	Candy and Choc.	188	20%	186	2%	146	29%
	Cookies	175	19%	177	-1%	146	20%
	Food	69	7%	73	-6%	78	-12%
	Packaging	138	15%	139	-1%	155	-11%
	Agribusiness	102	11%	109	-6%	90	14%
	Other Ind.	0.1	0%	0.1	19%	0.2	-10%
Brazil	Candy and Choc.	36	4%	42	-14%	42	-14%
	Cookies	32	3%	31	2%	37	-13%
Andean	Candy and Choc.	42	5%	43	-2%	39	10%
	Cookies	18	2%	17	4%	19	-6%
	Packaging	34	4%	40	-16%	26	29%
North, Ctral., and Overseas		45	5%	45	1%	46	-2%
Southern Subsidiaries		37	4%	38	-3%	41	-11%
Agribusiness Ext.		7	1%	8	-2%	8	-1%
Other Countries		0	0%	0	-5%	0	83%
Total		925	100%	948	-2%	873	6%

Source: Sekoia Research based on financial statements.

Excluding seasonal effects, as of 2Q25 the last twelve months (LTM) sales reached USD 3.744 million, improving versus prior periods but still below the record level of 4Q23 (above USD 4.0 billion).

Sales in USD (LTM)



Source: Sekoia Research based on financial statements.

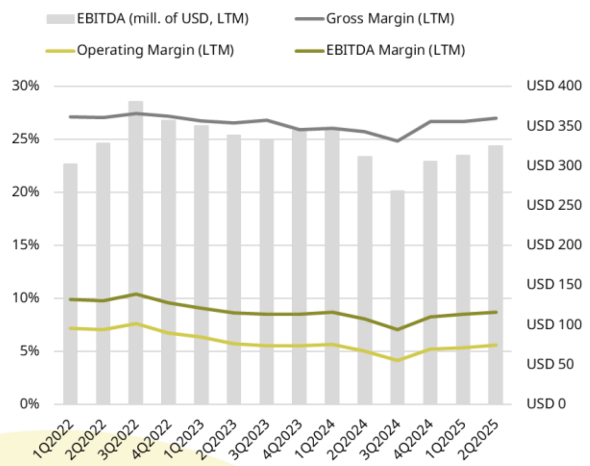
EBITDA and margins

In 2Q25, Arcor reported EBITDA of USD 65 million, representing a 35% decline versus 1Q25 and a 22% increase compared to 2Q24. The quarter-on-quarter decrease was mainly driven by a 230 bps reduction in gross margin and a 7% increase in operating expenses measured in USD.

These sharp variations partly reflect the impact of periods in which the depreciation of the peso against the dollar either outpaced or lagged price adjustments across most segments in Argentina. To smooth out these effects and business seasonality, the last twelve months (LTM) analysis shows accumulated EBITDA of USD 326 million as of 2Q25, consolidating the recovery from the lows of 3Q24.

In line with this trend, margins also show sustained improvement. Unlike the quarterly closes of 2024, the new environment of lower inflation and a weaker local currency (deflating in USD terms) supported Arcor's margins. Cost reductions have gradually corrected margins.

EBITDA and margins (LTM)



Source: Sekoia Research based on financial statements.

Debt profile

At the close of 2Q25, Arcor reported total financial debt of USD 962 million, split almost evenly between bonds (52%) and bank loans (48%). Of this total, 63% was denominated in foreign currency (53% in USD, 6% in EUR, 4% in BRL, among others), while the remaining 37% corresponded to peso-denominated debt.

Total financial debt increased 2% compared to 1Q25 and 22% versus 2Q24, mainly driven by the sharp rise in short-term bank loans. Measured in USD, this type of short-term loan grew 73% year-on-year. The company maintains credit lines with top-tier international banks such as Rabobank.

As a result of this debt profile, at the close of 2Q25, 74% of outstanding financial borrowings were due within one year, 19% between one and two years, and only 7% beyond two years.

Given the high concentration of short-term debt, after 2Q25 Arcor decided to cancel short-term loans and prepay in full its Class 18 New York Law Bond, due in 2027, with an outstanding balance of approximately USD 195 million. To finance this, the company used proceeds from a new corporate bond issuance. At the end of July 2025, Arcor issued its Class 1 Bond, maturing in 2033, with a fixed annual coupon of 7.6% and a nominal value of USD 350 million. The bond was priced at 98.54%, implying a yield-to-maturity (YTM) of 7.875%.

Outstanding bonds

Bond	Law	Ticker	Issue	Maturity	Currency	Interest	BV (mill. USD)
Class 17	Arg	RCCIO	10/19/2021	10/19/2025	ARS (UVA)	Fijo 0.98%	34.7
Class 21	Arg	RCCMO	05/21/2023	11/21/2025	USD	Fijo 3.5%	78.1
Class 24	Arg	RCCPO	10/06/2024	10/06/2025	ARS	BADLAR	36.4
Class 25	Arg	RCCQO	02/24/2025	02/24/2026	ARS	TAMAR	51.9
Class 26	Arg	RCCRO	05/08/2025	05/08/2027	USD	Fijo 6.75%	69.3
Class 27	Arg	RCCTO	05/08/2025	05/08/2026	ARS	TAMAR	29.3
Class 1	NY	RC1CO	07/23/2025	07/31/2033	USD	Fijo 7.6%	350.0

Source: Sekoia Research based on FFSS and Bloomberg.

Net financial debt at the close of 2Q25 totaled USD 614 million, with USD 348 million in liquid financial assets. Arcor's cash and equivalents reached USD 193 million, 57% of which was held in foreign currency. Additionally, the company held BOPREAL government securities and mutual funds totaling USD 154 million.

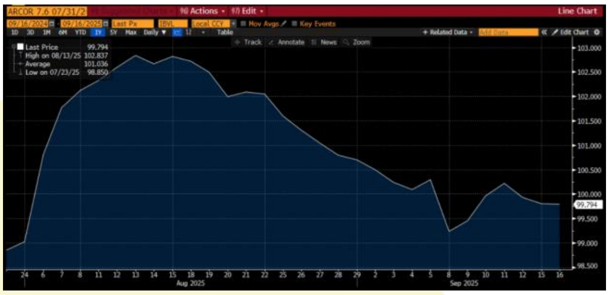
Net debt at the end of 2Q25 represented 1.9x LTM EBITDA. The ratio was broadly unchanged from 1Q25 but worsened versus 2Q24 due to higher net debt. Meanwhile, EBITDA-to-interest coverage stood at 1.9x for the last twelve months, improving compared to prior periods, mainly due to the devaluation effect on debt interest payments denominated in local currency.

Financial position and ratios

Arcor (mill. of USD)	2Q25	1Q25	Var (%)	2Q24	Var (%)
Total Debt	962	942	2%	786	22%
Cash and Fin. Assets	348	365	-5%	310	12%
Net Debt	614	577	6%	476	29%
EBITDA (LTM)	326	314	4%	312	4%
Net Debt/EBITDA	1.9	1.8	0.0	1.5	0.4
Interest (LTM)	175	194	-10%	303	-42%
EBITDA/Interest	1.9	1.6	0.2	1.0	0.8

Source: Sekoia Research based on financial statements.

ARCOR 7.6% 2033



Source: Bloomberg.

The 2033 New York Law bond carries a 7.6% annual coupon with semiannual payments. Amortization is scheduled in three consecutive annual installments starting in July 2031. It trades in the 98.5%–99.5% clean price range, with an average yield-to-maturity (YTM) of 7.8% and a modified duration of 5.2 years. Minimum trading size is 1,000.

Outlook

Arcor appears to have entered a recovery phase following a challenging 2024. Improvements in sales volumes and margins, along with rising LTM EBITDA, suggest the company is adapting to a volatile environment. Its diversified business model, leadership in consumer goods, and proven access to financing support resilience, although its high exposure to the Argentine economy remains the key risk.

Strategically, exercising the option to acquire the remaining 51% of Mastellone Hermanos would consolidate Arcor as a leader in Argentina's dairy sector, creating operational synergies and boosting competitiveness in fresh foods. The company benefits from a high degree of vertical integration and a strong distribution network, which serves as a barrier to entry against new competitors.

From a financial standpoint, the issuance of the ARCOR 7.6% 2033 bond improved the maturity profile, extending duration and reducing interest payments. Arcor maintains available credit lines with various financial institutions and solid access to the banking market in countries such as Chile and Brazil. Its Net Debt/EBITDA ratio reflects moderate leverage. Moreover, export revenues comfortably cover international debt service, reducing mismatch risks.

The ARCOR 7.6% 2033 bond, issued at a fixed rate and trading close to par, offers a yield lower than other Argentine corporate issuers of similar duration, reflecting its relatively strong credit quality, but still higher than regional comparables such as Bimbo (BIMBOA 6.4% 2034, YTM 5.0%) or BRF (BRFSBZ 4.875% 2030, YTM 5.4%).

In conclusion, the ARCOR 7.6% 2033 represents an attractive alternative within the Argentine corporate credit space under foreign law. It is considered one of the highest-quality issuers in the local curve. Our USD fixed income funds currently hold a small weighting in this bond but monitor opportunities amid high local volatility. Should yields move above 8%, the instrument would represent an even more compelling investment opportunity. Furthermore, investing in Arcor provides diversification versus the energy sector's dominance in the Argentine corporate curve, mitigating sector concentration risk.

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