

COCA COLA FEMSA SAB DE CV

Form 20-F

April 15, 2016

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As filed with the Securities and Exchange Commission on April 15, 2016.

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

**ANNUAL REPORT PURSUANT TO SECTION 13**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

Commission file number 1-12260

**Coca-Cola FEMSA, S.A.B. de C.V.**

(Exact name of registrant as specified in its charter)

**Not Applicable**

(Translation of registrant's name into English)

**United Mexican States**

(Jurisdiction of incorporation or organization)

**Calle Mario Pani No. 100,**

**Santa Fe Cuajimalpa,**

**Cuajimalpa de Morelos,**

**05348, Ciudad de México, México**

(Address of principal executive offices)

**Roland Karig**

**Calle Mario Pani No. 100,**

**Santa Fe Cuajimalpa,**

**Cuajimalpa de Morelos,**

**05348 Ciudad de México, México**

**(52-55) 1519-5186/5121**

**krelations@kof.com.mx**

**(Name, telephone, e-mail and/or facsimile number and  
address of company contact person)**

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

**Title of Each Class**  
**American Depositary shares, each representing 10 Series L**  
**shares, without par value**  
**Series L shares, without par value**

**Name of Each Exchange on Which Registered**  
**New York Stock Exchange, Inc.**  
**New York Stock Exchange, Inc. (not for trading, for listing**  
**purposes only)**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

The number of outstanding shares of each class of capital or common stock as of December 31, 2015 was:

992,078,519 Series A shares, without par value  
583,545,678 Series D shares, without par value  
497,298,032 Series L shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  IFRS  Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

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**INTRODUCTION**

**References**

Unless the context otherwise requires, the terms Coca-Cola FEMSA, our company, we, us and our are used in this annual report to refer to Coca-Cola FEMSA, S.A.B. de C.V. and its subsidiaries on a consolidated basis.

References herein to U.S. dollars, US\$, dollars or \$ are to the lawful currency of the United States of America. References herein to Mexican pesos or Ps. are to the lawful currency of the United Mexican States, or Mexico.

As used in this annual report, sparkling beverages refers to non-alcoholic carbonated beverages. Still beverages refers to non-alcoholic non-carbonated beverages. Non-flavored waters, whether or not carbonated, are referred to as waters.

References to *Coca-Cola* trademark beverages in this annual report refer to products described in **Item 4. Information on the Company The Company Our Products.**

**Currency Translations and Estimates**

This annual report contains translations of certain Mexican peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from Mexican pesos at an exchange rate of Ps.17.20 to US\$1.00, the exchange rate for Mexican pesos on December 31, 2015, the last day in 2015 for which information is available, according to the U.S. Federal Reserve Board. On April 8, 2016, this exchange rate was Ps.17.76 to US\$1.00. See **Item 3. Key Information Exchange Rate Information** for information regarding exchange rates since January 1, 2011.

To the extent that estimates are contained in this annual report, we believe such estimates, which are based on internal data, are reliable. Amounts in this annual report are rounded, and the totals may therefore not precisely equal the sum of the numbers presented.

**Sources**

Certain information contained in this annual report has been computed based upon statistics prepared by the Mexican National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*, or INEGI), the Federal Reserve Bank of New York, the U.S. Federal Reserve Board, the Mexican Central Bank (*Banco de México*), the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV), local entities in each country and upon our estimates.

**Forward-Looking Information**

This annual report contains words such as believe, expect, anticipate and similar expressions that identify forward-looking statements. Use of these words reflects our views about future events and financial performance. Actual results could differ materially from those projected in these forward-looking statements as a result of various factors that may be beyond our control, including, but not limited to, effects on our company from changes in our relationship with The Coca-Cola Company, movements in the prices of raw materials, competition, significant developments in economic or political conditions in Mexico, Central and South America and Asia, including changes in currency exchange and interest rates, our ability to successfully integrate mergers and acquisitions, or changes in our regulatory environment. Accordingly, we caution readers not to place undue reliance on these forward-looking statements. In any event, these statements speak only as of their respective dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.





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**Item 3. Key Information**

**SELECTED CONSOLIDATED FINANCIAL DATA**

We prepared our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, or IASB, referred to herein as IFRS. Our date of transition to IFRS was January 1, 2011. Our consolidated financial statements as of and for the years ended December 31, 2012 and 2011 were our first set of financial statements prepared in accordance with IFRS.

This annual report includes (under Item 18) our audited consolidated statements of financial position as of December 31, 2015 and 2014 and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2015, 2014 and 2013.

Pursuant to IFRS, the information presented in this annual report presents financial information in nominal terms that has been presented in Mexican pesos, taking into account local inflation of each hyperinflationary economic environment and converting from functional currency to Mexican pesos using the official exchange rate at the end of the period published by the local central bank of each country categorized as a hyperinflationary economic environment. Since January 2011, Venezuela has been the only country of the countries where we operate with a hyperinflationary economic environment. For each non-hyperinflationary economic environment, functional currency is converted to Mexican pesos using the year-end exchange rate for assets and liabilities, the historical exchange rate for equity and the average exchange rate for the income statement. See Note 3 to our consolidated financial statements.

Our non-Mexican subsidiaries maintain their accounting records in their local currency and in accordance with accounting principles generally accepted in the country where they are located. For presentation in our consolidated financial statements, we adjust these accounting records into IFRS and report in Mexican pesos under these standards.

Except when specifically indicated, information in this annual report on Form 20-F is presented as of December 31, 2015 and does not give effect to any transaction subsequent to that date.

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The following table presents selected financial information of our company. This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto, and the information in **Item 5. Operating and Financial Review and Prospects**. The selected financial information contained herein is presented on a consolidated basis, and is not necessarily indicative of our financial position or results at or for any future date or period. See Note 3 to our consolidated financial statements for our significant accounting policies.

	2015 <sup>(1)</sup>	2015	Year Ended December 31,		2012 <sup>(3)</sup>	2011 <sup>(4)</sup>
			2014	2013 <sup>(2)</sup>		
	(in millions of Mexican pesos or millions of U.S. dollars, except ratio, share and per share data)					
<b>Income Statement Data:</b>						
Total revenues	US\$ 8,861	Ps. 152,360	Ps. 147,298	Ps. 156,011	Ps. 147,739	Ps. 123,224
Cost of goods sold	4,671	80,330	78,916	83,076	79,109	66,693
Gross profit	4,190	72,030	68,382	72,935	68,630	56,531
Administrative expenses	372	6,405	6,385	6,487	6,217	5,140
Selling expenses	2,436	41,879	40,465	44,828	40,223	32,093
Other income	36	620	1,001	478	545	685
Other expenses	138	2,368	1,159	1,101	1,497	2,060
Interest expenses	369	6,337	5,546	3,341	1,955	1,729
Interest income	24	414	379	654	424	616
Foreign exchange (loss) gain, net	(85)	(1,459)	(968)	(739)	272	61
(Loss) gain on monetary position for subsidiaries in hyperinflationary economies	(2)	(33)	(312)	(393)		61
Market value (gain) loss on financial instruments	(8)	(142)	(25)	(46)	(13)	138
Income before income taxes and share of the profit of associates and joint ventures accounted for using the equity method	856	14,725	14,952	17,224	19,992	16,794
Income taxes	265	4,551	3,861	5,731	6,274	5,667
Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes	9	155	(125)	289	180	86
Consolidated net income	600	10,329	10,966	11,782	13,898	11,213
Equity holders of the parent	595	10,235	10,542	11,543	13,333	10,662
Non-controlling interest	5	94	424	239	565	551
Consolidated net income	600	10,329	10,966	11,782	13,898	11,213
<b>Ratio to Revenues (%)</b>						
Gross margin	47.3	47.3	46.4	46.7	46.5	45.9
Net income margin	6.8	6.8	7.4	7.6	9.4	9.1

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**Year Ended December 31,**  
**2015<sup>(1)</sup> 2015 2014 2013<sup>(2)</sup>**