

COCA COLA FEMSA SAB DE CV

Form 20-F

March 15, 2013

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As filed with the Securities and Exchange Commission on March 14, 2013.

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, 2012

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,

05348, México, D.F., México

(Address of principal executive offices)

José Castro

Calle Mario Pani No. 100

Santa Fe Cuajimalpa

05348 México, D.F., México

(52-55) 1519-5120/5121

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	Name of Each Exchange on Which Registered
American Depositary shares, each representing 10 Series L shares, without par value	New York Stock Exchange, Inc.
Series L shares, without par value	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, 2012 was:

992,078,519 Series A shares, without par value

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583,545,678 Series D shares, without par value

454,920,107 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

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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.

Item 17

Item 18

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 Mexico.

Sparkling beverages as used in this annual report 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.12.96 to US\$ 1.00, the exchange rate for Mexican pesos on December 31, 2012, the last day in 2012 for which information is available, according to the U.S. Federal Reserve Board. On March 8, 2013, this exchange rate was Ps. 12.65 to US\$ 1.00. See **Item 3. Key Information Exchange Rate Information** for information regarding exchange rates since January 1, 2008.

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 *Instituto Nacional de Estadística y Geografía* of Mexico (the National Institute of Statistics and Geography), the Federal Reserve Bank of New York, the U.S. Federal Reserve Board, the *Banco de México* (the Central Bank of Mexico), the *Comisión Nacional Bancaria y de Valores* of Mexico (the National Banking and Securities Commission, 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 Latin America 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.

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Item 2. Offer Statistics and Expected Timetable

Not applicable.

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 (IASB), referred to herein as IFRS. Our date of transition to IFRS was January 1, 2011. These consolidated annual financial statements are our first financial statements prepared in accordance with IFRS. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these financial statements. Note 27 to our audited consolidated financial statements contains an explanation of our adoption of IFRS and reconciliation between Mexican Financial Reporting Standards (*Normas de Información Financiera Mexicanas*, or Mexican FRS) and IFRS as of January 1, 2011 and December 31, 2011 and for the year ended December 31, 2011.

This annual report includes (under Item 18) our audited consolidated statements of financial position as of December 31, 2012 and 2011, and January 1, 2011 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, 2012 and 2011. Our consolidated financial statements as of and for the year ended December 31, 2012 were prepared in accordance with IFRS. The consolidated financial statements as of and for the year ended December 31, 2011 were prepared in accordance with IFRS, but they differ from the information previously published for 2011 because they were originally presented in accordance with Mexican FRS.

Pursuant to IFRS, the information presented in this annual report presents financial information for 2012 and 2011 in nominal terms that has been presented in Mexican pesos, taking into account local inflation of each hyperinflationary economic environment and converting from local 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 an hyperinflationary economic environment. For each non-hyperinflationary economic environment, local 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.

Our non-Mexican subsidiaries maintain their accounting records in the 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 the annual report on Form 20-F is presented as of December 31, 2012 and does not give effect to acquisitions subsequent to that date.

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. 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.

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	Year Ended December 31,		
	2012 ^{(1) (2)}	2012 ⁽²⁾	2011 ⁽³⁾
	(in millions of Mexican pesos or millions of U.S. dollars, except ratio, share and per share data)		
Income Statement Data:			
IFRS			
Total revenues	US\$ 11,396	Ps. 147,739	Ps. 123,224
Cost of goods sold	6,102	79,109	66,693
Gross profit	5,294	68,630	56,531
Administrative expenses	480	6,217	5,140
Selling expenses	3,103	40,223	32,093
Other income	42	545	685
Other expenses	115	1,497	2,060
Interest expenses	151	1,955	1,729
Interest income	33	424	616
Foreign exchange gain, net	21	272	61
Gain on monetary position for subsidiaries in hyperinflationary economies			61
Market value (gain) loss on financial instruments	(1)	(13)	138
Income before income taxes and share of the profit of associated companies and joint ventures accounted for using the equity method	1,542	19,992	16,794
Income taxes	484	6,274	5,667
Share of the profit of associated companies and joint ventures accounted for using the equity method, net of taxes	14	180	86
Consolidated net income	1,072	13,898	11,213
Equity holders of the parent	1,028	13,333	10,662
Non-controlling interest	44	565	551
Consolidated net income	1,072	13,898	11,213
Ratio to Revenues (%)			
Gross margin		46.5	45.9
Net income margin		9.4	9.1
Balance Sheet Data:			
IFRS			
Cash and cash equivalents	US\$ 1,791	Ps. 23,222	Ps. 11,843
Marketable securities	1	12	330
Accounts receivable, net, Inventories, Recoverable taxes, Other current financial assets and Other current assets	1,749	22,663	20,551
Total current assets	3,541	45,897	32,724
Investment in associated companies and joint ventures	413	5,352	3,656
Property, plant and equipment, net	3,280	42,517	38,102

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Intangible assets, net	5,169	67,013	62,163
Deferred tax, other non-current financial assets and other non-current assets, net	411	5,324	5,093
Total assets	12,814	166,103	141,738
Bank loans and notes payable	324	4,194	638
Current portion of non-current debt	73	945	4,902
Interest payable	15	194	206
Other current liabilities	1,867	24,217	20,029
Total current liabilities	2,279	29,550	25,775
Bank loans and notes payable	1,911	24,775	16,821
Other non-current liabilities	537	6,950	6,061
Total non-current liabilities	2,448	31,725	22,882
Total liabilities	4,727	61,275	48,657
Total equity	8,087	104,828	93,081
Non-controlling interest in consolidated subsidiaries	245	3,179	3,053