

COCA COLA FEMSA SAB DE CV  
Form 6-K  
November 04, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 UNDER**

**THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November 2013  
Commission File Number 1-12260

**COCA-COLA FEMSA, S.A.B. de C.V.**

(Translation of registrant's name into English)

**United Mexican States**

(Jurisdiction of incorporation or organization)

**Mario Pani No. 100  
Col. Santa Fe Cuajimalpa  
Delegación Cuajimalpa  
México, D.F. 05348**

**México**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes  No

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Yes\_\_No\_X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes\_\_No\_X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with

Rule 12g3-2(b): 82-\_\_.

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**COCA-COLA FEMSA, S.A.B. DE C.V.**

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Cuajimalpa de Morelos  
05348 México, D.F. México

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Ticker symbol: "KOF"

**ENGLISH TRANSLATION OF THE CORPORATE RESTRUCTURE INFORMATION MEMORANDUM AS  
FILED WITH THE MEXICAN SECURITIES AND EXCHANGE COMMISSION**

November 1<sup>st</sup>, 2013

Subject to the provisions of Article 35 and Exhibit P of the Rules issued by the *Comisión Nacional Bancaria y de Valores* (the National Banking and Securities Commission) ("**CNBV**"), Coca-Cola FEMSA, S.A.B. de C.V. ("**KOF**" or the "**Company**") informs to its shareholders and the public of the acquisition, through its Brazilian subsidiary, of 100% of the shares of Spaipa S.A. Indústria Brasileira de Bebidas ("**Spaipa**"), the second largest private bottler of the Coca-Cola system in Brazil (the "**Operation**").

## Executive Summary of the Operation

On August 30, 2013 KOF, through its Brazilian subsidiary, reached an agreement subject to customary conditions precedent and authorizations for this type of transactions, such as the approval of the Brazilian antitrust authority the *Conselho Administrativo de Defesa Econômica* (“**CADE**”), to indirectly acquire 100% of the shares of Spaipa. The purchase price of the Operation as of the signing of the Agreement is equivalent to US\$1,855 million as of the signing of the Agreement payable in *Reais*. The Operation includes the acquisition of Spaipa’s bottling business that includes 4 bottling facilities and 7 distribution centers. Spaipa operates in more than half of the state of São Paulo and the state of Paraná in Brazil.

The Operation is part of KOF’s growth strategy to continue consolidating its global platform and is in line with its vision to continue to become a leading beverage company in the world.

KOF’s series L shares are registered in the *Registro Nacional de Valores* (the Mexican National Securities Registry) (the “**Registry**”) of the CNBV and they trade on the *Bolsa Mexicana de Valores* (the Mexican Stock Exchange or “**BMV**”) with the ticker symbol “KOF” and in the form of American Depositary Shares on the New York Stock Exchange of the United States of America with the ticker symbol “KOF”. For a complete description of the Company’s business and capital stock, see the Annual Report.

This Corporate Restructure Information Memorandum (the “**Information Memorandum**”) is not a securities offering in Mexico, but has been prepared and is available to KOF’s shareholders and the public in order to inform them about the Operation. On August 29, 2013 KOF’s board of directors approved the Operation and the agreements related to the Operation were executed on August 30, 2013.

The Operation does not involve the issuance of new stock of the Company nor its Brazilian subsidiary that participated in the Operation or any modification of the outstanding stock certificates or the bylaws of the Company or its subsidiary that participated in the Operation.

The electronic version of this Information Memorandum may be accessed by logging on to any of the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx). The responsible of KOF’s investor’s relations department is Mr. José Castro Godard, telephone number: 52 (55) 1519-5120/5121, [krelations@kof.com.mx](mailto:krelations@kof.com.mx).

**The registration of KOF’s stock in the Registry does not imply a certification of the quality of the securities, the solvency of KOF or the accuracy or completeness of the information contained in**

**this Information Memorandum nor validates acts which, if any, might have been made in breach of the applicable law.**

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## 1. DEFINITIONS

Unless the context indicates otherwise, all references to the following terms contained in this Information Memorandum shall have the meanings attributed to them below and shall apply in both singular and plural:

**“Agreement”** has the meaning set forth in Section 3 Details of the Operation, 3.1, Detailed Description of the Operation of this Information Memorandum.

**“Annual Report”** means the KOF’s annual report as of December 31, 2012 as filed to the CNBV and the BMV on March 15, 2013 in accordance to the Rules, and can be reviewed in any of the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

**“Bascar”** means Bascar Holding Ltda., a corporation duly organized under the laws of Brazil, whose only purpose is to hold certain shares of Spaipa.

**“BMV”** has the meaning set forth in the cover of this Information Memorandum.

**“Brazil”** means the Federative Republic of Brazil.

**“Brazilian GAAP”** means the generally accepted accounting principles in Brazil.

**“CADE”** has the meaning set forth in the cover of this information Memorandum.



**“CNBV”** has the meaning set forth in the cover of this information  
Memorandum.

**“Dollars” or “US\$”** means the lawful currency of the United States of America.

**“Fountain”** means Fountain Água Mineral Ltda., a joint venture in which Spaipa and The Coca-Cola Company have equal participation for the development of the water category in Brazil.

**“IFRS”** means the International Financial Reporting Standards issued by the International Accounting Standards Board.

**“IFRS 3”** means the pronouncement number 3 of the IFRS “Business Combinations”.

**“Information Memorandum”** means this Corporate Restructure Information Memorandum prepared by KOF, in accordance to the provisions of Article 35 and Exhibit P of the Rules.

**“Interim Report”** means KOF’s interim report as of September 30, 2013 filed before the CNBV and the BMV in accordance to the Rules, and can be reviewed in any of the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

**“KOF” or the “Company”** means Coca-Cola FEMSA, S.A.B. de C.V. jointly with its consolidated subsidiaries.

**“Leão”** means Leão Alimentos e Bebidas Ltda., a joint venture in which The Coca-Cola Company and the Coca-Cola bottlers in Brazil jointly participate in the development of non-carbonated beverages.

**“Mexico”** means the United Mexican States.

**“Operation”** has the meaning set forth in the cover of this Information Memorandum.

**“Parties”** means jointly KOF, through its subsidiary in Brazil, and the Sellers.

**“Peso”, “Ps.” o “\$”** means the lawful currency of Mexico.

**“PRSA”** means PRSA Participações S.A., a corporation duly organized under the laws of Brazil, whose only purpose is to hold certain shares of Spaipa.

**“Proforma Financial Statements”** means the proforma income statements as of September 30, 2012 and as of December 31, 2012 and the proforma statements of financial position as of September 30, 2013 and for the year ended December 31, 2012 included in this Information Memorandum.

**“RB”** means RB Investimentos e Participações Ltda., a corporation duly organized under the laws of Brazil, whose only purpose is to hold certain shares of Spaipa.

**“Real” or “R\$”** means the lawful currency of Brazil.

**“Registry”** has the meaning set forth in the cover of this information Memorandum.

**“Rules”** means the *Disposiciones de Carácter General aplicables a las Emisoras de Valores y a otros Participantes del Mercado de Valores* (the General Rules Applicable to Issuers and Other Securities Market Participants), published in the Mexican Official Gazette on March 19, 2003, as such have been amended from time to time.

**“Sellers”** mean the persons that jointly own 100% of the shares of the capital stock of Bascar, RB and PRSA, which are then the owners of the shares of the capital stock of Spaipa.

**“Spaipa”** has the meaning set forth in the cover of this information Memorandum.

**“Spaipa’s Holdings”** has the meaning set forth in section 3.1 of this information Memorandum.

## 2. Executive Summary

*This summary includes a brief description of the most relevant matters of the Operation and does not pretend to include all the relevant information and should be read as complemented by more detailed information and financial information included in other sections of this Information Memorandum, the Annual Report and the Interim Reports that together with additional KOF's and Spaipa's information are available for review in the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com), [www.bmv.com.mx](http://www.bmv.com.mx) y [www.spaipa.com.br](http://www.spaipa.com.br). The information included in these websites is not part of this Information Memorandum. KOF has not verified Spaipa's website information.*

KOF is the largest franchise bottler of *Coca-Cola* trademark beverages in the world. KOF produces and distributes *Coca-Cola*, *Fanta*, *Sprite*, *Del Valle* and other trademark beverages of the Coca-Cola Company in Mexico (a substantial part of Central Mexico, including Mexico City, as well as the South and Northeast of Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (São Paulo, Campinas, Santos, the state of Mato Grosso do Sul, part of the state of Goias, part of the state of Rio de Janeiro and part of the state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and together with The Coca-Cola Company in connection with the KOF's investment in the Coca-Cola bottler of the Philippines (nationwide), as well as bottled water, juices, teas, isotonic, other non-carbonate beverages and beer in some of these territories. As of September 30, 2013 the Company has 63 bottling facilities and serves more than 321 million consumers through 2,700,000 retailers with more than 115,000 employees worldwide.

KOF was organized on October 30, 1991 as a *sociedad anónima de capital variable* (a variable capital stock corporation) under the laws of Mexico with a term of 99 years. On December 5, 2006, as required by certain amendments to the *Ley del Mercado de Valores* (the Mexican Securities Market Law), KOF became a *sociedad anónima bursátil de capital variable* (a listed variable capital stock corporation). KOF's Series L shares are registered in the Registry and they trade on the BMV with the ticker symbol "KOF" and in the form of American Depositary Shares on the New York Stock Exchange of the United States of America with the ticker symbol "KOF". For a complete description of the Company business and capital stock, see the Annual Report.

Spaipa produces and distributes *Coca-Cola*, *Fanta*, *Kuat*, *Del Valle* and other trademark beverages of The Coca-Cola Company serving 735 cities more than half of the state of São Paulo and the state of Paraná.

Spaipa was founded in 1995 under Brazilian law, through the merger of three bottlers that operated in different Brazilian territories dating back to 1946 and as of September 30, 2013 it operates 4 bottling facilities and 7 distribution centers with more than 6,000 employees serving almost 17 million consumers. During 2012, Spaipa registered total sales volume of 208 million unit cases, not including beer.

On August 30, 2013 KOF, through its Brazilian subsidiary, reached an agreement subject to customary conditions precedent and authorizations for this type of operations, such as the approval of CADE, to indirectly acquire 100% of the shares of Spaipa in Brazil. The purchase price of the Operation as of the signing of the Agreement is equivalent to US\$1,855 million payable in *Reais*.

The Operation was approved by KOF's board of directors in the extraordinary meeting on August 29, 2013, The Coca-Cola Company on September 16, 2013 and CADE through the official document number 919 - Ato de Concentração nº 08700.007983/2013-52 on September 18, 2013 pursuant to the terms and conditions of the Agreement.

The Operation is part of KOF's growth strategy to continue strengthening its operating platform in Brazil and reaffirms its long-term commitment with such country. Also, it reinforces the Company's strategy to pursue growth opportunities that allow KOF to build a leading position in beverages and reiterates the conviction to create economic, social and environmental value in the long term for its employees, consumers, shareholders and the communities in which KOF operates.

The Company closed the Operation on October 29, 2013, consummating it and signing additional agreements regarding the Operation which was announced to the public by means of a press release on such date.

## 3. DETAILS OF THE OPERATION

### 3.1. Detailed Description of the Operation

On August 30, 2013 KOF, through its Brazilian subsidiary, reached an agreement subject to customary conditions precedent and authorizations for these type of operations such as the approval of CADE and The Coca-Cola Company, to indirectly acquire 100% of the shares of Spaipa in Brazil, for which KOF, through its Brazilian subsidiary, and the Sellers executed a stock purchase agreement (the “**Agreement**”) where the Parties agreed the indirect acquisition of 100% of the capital stock of Spaipa and the direct acquisition of the shares of Bascar, RB and PRSA (“**Spaipa’s Holdings**”) for a purchase price as of signing of the Agreement equivalent to US\$1,855 million payable in *Reais*

Spaipa produces and distributes *Coca-Cola, Fanta, Kuat, Del Valle* and other trademark beverages of The Coca-Cola Company serving 735 cities more than half of the state of São Paulo and the state of Paraná. Spaipa was founded in 1995 under Brazilian law, through the merger of three bottlers that operated in different Brazilian territories dating back to 1946 and as of September 30, 2013 it operates 4 bottling facilities and 7 distribution centers with more than 6,000 employees serving almost 17 million consumers. During 2012 Spaipa registered total sales volume of 208 million unit cases, not including beer.

The Agreement includes common terms and conditions for this type of transactions including Sellers’ representations and warranties regarding Spaipa’s and Spaipa’s Holdings business, KOF’s right through its Brazilian subsidiary to be indemnified in the event certain contingencies of Spaipa and Spaipa’s Holdings materialize and in the event of breach of representations, warranties or covenants of the Sellers and Spaipa contained in the Agreement. The Agreement also includes an agreement of the Parties that provides that the Sellers will manage the business of Spaipa and Spaipa’s Holdings in a manner consistent with its past practice, preserving the value of Spaipa and Spaipa’s Holdings from the period between the signing of the Agreement until and including the closing of the Operation. The Agreement is governed by the laws of Brazil.

The Operation was approved by KOF’s board of directors in the extraordinary meeting on August 29, 2013, The Coca-Cola Company on September 16, 2013 and CADE through the official document number 919 - Ato de Concentração nº 08700.007983/2013-52 on September 18, 2013 pursuant to the terms and conditions of the Agreement.



### **3.2. Purpose of the Operation**

The main purposes of the Operation are the following:

- Strengthen the long-term vision that the Company has in Brazil considering the potential of its domestic consumption and the socioeconomic dynamics of the country.

- Reinforce KOF's position as the leading bottler of the Coca-Cola system in Brazil.
- Expand the Company's geographic presence in Brazil, creating a link between the operations of the Company in the state of Mato Grosso do Sul and the state of São Paulo.
- Capture synergies of approximately US\$33 million at the operating cash flow level over the next 18 to 24 months. These synergies will result from the reorganization of the logistic network, administrative expenses efficiencies and the implementation of the Company's commercial practices.

### **3.3. Financing Sources and Expenditures Resulting from the Operation**

The purchase price of the Operation as of the signing of the Agreement is the equivalent to US\$1,855 million payable in *Reais* and was financed with bank debt in Dollars hired by KOF with certain Mexican and foreign financial institutions for a total amount of US\$2,000 million of which US\$500 million were acquired on August 29, 2013 and on October 11, 2013 KOF acquired an additional amount of US\$1,500 million. This bank debt is secured by six Mexican subsidiaries of KOF.

Notwithstanding the foregoing, the Proforma Financial Statements consider that the debt incurred by KOF to finance the Operation was US\$1,855 million as of December 31, 2012 and as of September 30, 2013.

The agreements documenting this debt contain restrictions on liens, fundamental changes such as mergers and sale of certain assets, and other common limitations for this type of loans that are consistent with the provisions contained in other loans that KOF has entered. These agreements also include the obligation to comply with a maximum net leverage ratio.

The expenses associated with the Operation, including, but not limited to, fees and expenses of auditors, notaries, financial, legal and tax advisors will be borne by each of the Parties as applicable. KOF estimates that the Company's expenses for the Operation will be approximately the amount of Ps.12.5 million.

### **3.4. Date of Approval of the Operation**

On August 29, 2013, KOF's board of directors approved the Operation in an extraordinary meeting.

As provided in Article 47 of the Mexican Securities Market Law and in KOF's by-laws, the Operation does not required to be approved in a general shareholders meeting since it does not represent 20% or more of KOF's consolidated assets according to the financial statements of the Company as of September 30, 2013 included in the Interim Report.

### **3.5. Accounting Treatment of Operation**

For purposes of Spaipa's financial information mentioned in this section 3.5, it is understood that such financial information is combined with the financial information of Spaipa's Holdings.

The proforma financial statements as of December 31, 2012 of KOF and Spaipa included in this Information Memorandum have been obtained from the consolidated and audited financial statements of KOF and the financial statements of Spaipa as of December 31, 2012 and prepared in accordance with IFRS and Spaipa's financial statements obtained from Spaipa's administration prepared in accordance with the Brazilian GAAP which converge with IFRS.

The proforma financial statements as of September 30, 2013 of KOF and Spaipa included in this Information Memorandum have been obtained from the consolidated financial statements of KOF presented at the CNBV on October 24, 2013 and the financial statements of Spaipa obtained from Spaipa's administration and prepared in accordance to the Brazilian GAAP which converges with IFRS.

In order to obtain a correct understanding of the figures these should be read jointly with the financial statements of KOF and Spaipa mentioned above.

For comparison purposes, in this Information Memorandum, certain reclassifications were made to Spaipa financial statements in order to bring their accounting policies in line with those used by KOF.

The accounting treatment of the Operation in accordance with IFRS 3 effects would be as follows:

Business combinations must be recognized using the purchase method, which requires in all cases (i) to evaluate that the asset acquired qualifies as a business, (ii) identify the acquirer, (iii) determine the acquisition date, (iv) evaluate on the initial recognition the identifiable acquired assets, assumed liabilities, as well as the non-controlling interest of the acquired, (v) evaluate the disbursement, and (vi) recognize the goodwill acquired or gain in purchase according to IFRS.

### **3.5.1 Additional Costs of the Operation**

In accordance with IFRS 3, additional costs will be accounted in results of operations at the time of disbursement and will not be part of the cost of the acquired entity.

### **3.5.2 Spaipa Cost Allocation of the Acquired Assets and Assumed Liabilities**

The purchaser entity will allocate the cost of the acquired entity to the acquired assets and assumed liabilities based on the fair values at the date of the acquisition.

Before the allocation, the purchaser entity (i) will review if the disbursement differs from cash in order to assure that the assets and liabilities are accurately valued, (ii) identify all the assets and liabilities, including intangibles, regardless of whether they are recorded on the purchaser entity.

Among other sources of relevant information, it is possible to use independent appraisals and actuarial or any other valuations in order to determine the estimated fair values for the acquired assets and assumed liabilities.

### **3.5.3 Goodwill**

The excess cost of the acquired entity over the net allocated amounts of the acquired assets and assumed liabilities is recognized as goodwill.

### **3.5.4 Goodwill Accounting Treatment**

The goodwill from an acquired entity cannot be amortized; instead, it must be subject to impairment tests at least once a year. The impairment determination must be in accordance to International Accounting Standard, IAS 36 "Impairment of Assets".

### **3.6 Tax Consequences of the Operation**

As usual for this type of transactions in Brazil, there are certain tax benefits that are recorded below the earnings before income taxes and profit associates and joint ventures accounted for using the equity method.

### **3.7 Required Authorizations**

On September 16, 2013, The Coca-Cola Company expressly authorized the Operation.

On September 18, 2013, through the official document number 919 - *Ato de Concentração* nº 08700.007983/2013-52 the Operation was approved by CADE and the 15 days period set forth in the Brazilian antitrust law to enforce such approval elapsed on October 3, 2013.

Also, prior to the closing of the Operation all necessary authorizations were obtained and other conditions precedent of the Agreement were fulfilled.

### **3.8 Closing of the Operation**

The Company closed the Operation on October 29, 2013, consummating it and signing additional agreements regarding the Operation which was announced to the public by means of a press release on such date.

## **4. PARTIES IN THE OPERATION**

### **4.1. KOF**

#### **4.1.1. Company Name**

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

#### **4.1.2. Business Description**

For information related to KOF's business description, see the Annual Report and the Interim Report that can be found in the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

#### **4.1.3. Corporate History and Relevant Events**

KOF's corporate history, including press releases of 2012 and 2013, and interim reports can be found in the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

#### **4.1.4 Capital Structure**

For more information related to KOF's capital structure see the Annual Report that can be found in the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).



## **4.1.5 Significant Changes Occurred in the Financial Statements since the last Annual Report**

In relation to any significant changes occurred in the financial statements since the last Annual Report visit the following webpages: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

## **4.2. Spaipa**

### **4.2.1 Company Name**

Spaipa S.A. Indústria Brasileira de Bebidas

### **4.2.2 Business Description**

Spaipa produces and distributes *Coca-Cola*, *Fanta*, *Kuat*, *Del Valle* and other trademark beverages of The Coca-Cola Company serving 735 cities more than half of the state of São Paulo and the state of Paraná. Spaipa was founded in 1995 under Brazilian law, through the merger of three bottlers that operated in different Brazilian territories dating back to 1946 and as of September 30, 2013 it operates 4 bottling facilities and 7 distribution centers with more than 6,000 employees serving almost 17 million consumers. During 2012, Spaipa registered total sales volume of 208 million unit cases, not including beer.

### **4.2.3 Corporate History and Relevant Events**

The corporate history of Spaipa, including the press releases during 2012 can be found in the following website: [www.spaipa.com.br](http://www.spaipa.com.br).

### **4.2.4 Capital Structure**

### **4.2.5 Significant Changes Occurred in the Financial Statements since the last Annual Report**

Not Applicable.

## **5. RISK FACTORS**

### **5.1. Risks Factors Related to KOF**

For more information of the risk factors related to KOF see the Annual Report that can be found in the following websites: [www.coca-colafemsa.com](http://www.coca-colafemsa.com) and [www.bmv.com.mx](http://www.bmv.com.mx).

### **5.2. Risk Factors Related to the Operation**

#### **The Operation may affect the market price of KOF's shares**

As a result of the Operation, the market price of KOF's shares may fluctuate.

#### **Contingencies inherent to the business of Spaipa may materialize**

As a result of the Operation certain contingencies inherent to the business of Spaipa can materialize and indemnification from the Sellers in such regard may be limited in terms of the Agreement.

#### **The balance sheet after the Operation becomes effective may differ from the proforma balance sheet**

KOF's and Spaipa's proforma financial information as of December 31, 2012 and September 30, 2013 included in this Information Memorandum to show its balance sheet after the Operation becomes effective, should be deemed as if the Operation had been effective since the periods above mentioned subject to changes deriving from the results of its operations and the application of the accounting standards IFRS 3, and the effects of other factors that are beyond the control of the management of the Company. Consequently, the proforma financial information may not show the actual financial situation of both KOF and Spaipa as of December 31, 2012 and September 30, 2013.

**Economic, political and tax conditions in Brazil may adversely affect the business of the Company**

As a result of the Operation, KOF's exposure to Brazil will be higher and the business of the Company may be increasingly affected by the general conditions of the Brazilian economy.

The decrease in the growth rate of the Brazilian economy, periods of negative growth and increases in inflation or interest rates could lead to a lower demand of the Company's products and reduction of real prices of KOF's products.

The depreciation of the Real with respect to the Dollar increases the cost of some raw materials purchased by KOF, since the price is paid or determined in Dollars, **see "Item 3 . Key Information- Risk Factors - Risk Relating to Our Company"** of the Annual Report. This could adversely affect the results, financial position and shareholders of the Company.

Brazil has different type of taxes which apply to KOF's Brazilian subsidiary.

In the future Brazil could adopt tax laws applicable to the business of the Company, may impose new taxes or increase the existing ones and this may have an adverse effect on the Company's business, financial condition, projections and results. **See "Item 3. Key Information- Risk Factors - Risk Relating to Our Company"** of the Annual Report.

Brazilian political events may significantly affect the Company's Operation. On October 5, 2014 the presidential election in Brazil will lead to the election of a new president. Brazil's new president may implement significant changes in laws, public policy and/or regulations that could affect Brazil's political and economic situation. Any such changes may have an adverse effect on KOF's business. The Company cannot assure that the political events in Brazil, that are beyond of KOF's control may not have an adverse effect on the business, financial condition and results of the Company.

#### **As a result of the Operation, KOF incurred in debt for a significant amount**

In connection with the Operation, KOF acquired debt for US\$2,000 million of which US\$500 million were acquired on August 29, 2013 and on October 11, 2013 KOF US\$1,500 million more were acquired. The contractual total debt of KOF increased to US\$4,905 million after the Operation.

This debt increase will also increase the amount of interest expenses and therefore could reduce the amount of cash available for future investment opportunities.

#### **The Company may not successfully integrate Spaipa and achieve the operational efficiencies and/or expected synergies**

A key element to achieve the benefits and expected synergies of the Operation is to integrate the operation of Spaipa with the current operation of KOF in Brazil in a timely and effective manner. There is no assurance that these efforts will be successful or completed as expected by the Company, and the operations, financial condition and results of KOF could be affected adversely and significantly.



## 6. SELECTED FINANCIAL INFORMATION

**Coca-Cola FEMSA, S.A.B. de C.V. y subsidiarias**  
**Unaudited Proforma Statement of Financial Position at December 31, 2012**

|  | Basic Figures |                 |            | Proforma Adjustments |        | Proforma Statement of Financial Position |
|--|---------------|-----------------|------------|----------------------|--------|--|
|  | KOF           | Combined Spaipa | Combined   | Debit                | Credit |  |
| <b>Millions of Mexican Pesos</b>             |               |                 |            |                      |        |  |
|  |               | (Unaudited)     |            |                      |        | (Unaudited)                              |
| <b>ASSETS</b>                                |               |                 |            |                      |        |  |
| <b>Current assets:</b>                       |               |                 |            |                      |        |  |
| Cash and cash equivalents                    | Ps. 23,222    | Ps. 2,967       | Ps. 26,189 | Ps. -                | Ps. 1  | Ps. 26,188                               |
| Marketable securities                        | 12            | 1,185           | 1,197      | -                    | -      | 1,197                                    |
| Accounts receivable, net                     | 9,329         | 1,581           | 10,910     | -                    | 15     | 10,895                                   |
| Inventories                                  | 8,103         | 869             | 8,972      | -                    | 11     | 8,961                                    |
| Recoverable taxes                            | 2,673         | 245             | 2,918      | -                    | 14     | 2,904                                    |
| Other current financial assets               | 1,523         | -               | 1,523      | -                    | 7      | 1,516                                    |
| Other current assets                         | 1,035         | 127             | 1,162      | -                    | -      | 1,162                                    |
| Total current assets                         | 45,897        | 6,974           | 52,871     | -                    | 48     | 52,823                                   |
| <b>Non-current assets:</b>                   |               |                 |            |                      |        |  |
| Investments in associates and joint ventures | 5,352         | 85              | 5,437      | 24,216               | 24,134 | 5,519                                    |
| Property, plant and equipment, net           | 42,517        | 3,073           | 45,590     | -                    | 86     | 45,504                                   |
| Intangible assets, net                       | 67,013        | 44              | 67,057     | 16,990               | -      | 84,047                                   |



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|                                    |             |            |             |            |            |             |
|------------------------------------|-------------|------------|-------------|------------|------------|-------------|
| Deferred tax assets                | 1,576       | 104        | 1,680       | -          | -          | 1,680       |
| Other non-current financial assets | 925         | 346        | 1,271       | -          | -          | 1,271       |
| Other non-current assets, net      | 2,823       | 115        | 2,938       | -          | -          | 2,938       |
| Total non-current assets           | 120,206     | 3,767      | 123,973     | 41,206     | 24,220     | 140,959     |
| <b>TOTAL ASSETS</b>                | Ps. 166,103 | Ps. 10,741 | Ps. 176,844 | Ps. 41,206 | Ps. 24,268 | Ps. 193,782 |

**LIABILITIES**

**Current Liabilities:**

|                                     |           |         |           |       |       |           |
|-------------------------------------|-----------|---------|-----------|-------|-------|-----------|
| Bank loans and notes payable        | Ps. 4,194 | Ps. 261 | Ps. 4,455 | Ps. 2 | Ps. - | Ps. 4,453 |
| Current portion of non-current debt | 945       | -       | 945       | -     | -     | 945       |
| Interest payable                    | 194       | -       | 194       | -     | -     | 194       |
| Suppliers                           | 14,221    | 975     | 15,196    | 22    | -     | 15,174    |
| Accounts payable                    | 4,563     | 634     | 5,197     | 5     | -     | 5,192     |
| Taxes payable                       | 4,162     | 560     | 4,722     | 7     | -     | 4,715     |
| Other current financial liabilities | 1,271     | 16      | 1,287     | -     | -     | 1,287     |
| Total current liabilities           | 29,550    | 2,446   | 31,996    | 36    | -     | 31,960    |

**Non-current liabilities:**

|   |        |       |        |    |        |        |
|---|--------|-------|--------|----|--------|--------|
| Bank loans and notes payable                            | 24,775 | 673   | 25,448 | -  | 24,118 | 49,566 |
| Post-employment and other non-current employee benefits | 2,188  | -     | 2,188  | -  | -      | 2,188  |
| Deferred tax liabilities                                | 979    | 106   | 1,085  | -  | -      | 1,085  |
| Other non-current financial liabilities                 | 476    | 39    | 515    | -  | -      | 515    |
| Provisions and other non-current liabilities            | 3,307  | 333   | 3,640  | -  | -      | 3,640  |
| Total non-current liabilities                           | 31,725 | 1,151 | 32,876 | -  | 24,118 | 56,994 |
| <b>TOTAL LIABILITIES</b>                                | 61,275 | 3,597 | 64,872 | 36 | 24,118 | 88,954 |

**Equity:**

|                            |        |       |        |       |   |        |
|----------------------------|--------|-------|--------|-------|---|--------|
| Capital stock              | 2,029  | 4,952 | 6,981  | 4,952 | - | 2,029  |
| Additional paid-in capital | 33,488 | 92    | 33,580 | 92    | - | 33,488 |

|   |             |            |             |           |            |             |
|---|-------------|------------|-------------|-----------|------------|-------------|
| Retained earnings                                     | 64,501      | 2,100      | 66,601      | 2,100     | -          | 64,501      |
| Cumulative other comprehensive income (loss)          | 1,631       | -          | 1,631       | -         | -          | 1,631       |
| Equity attributable to equity holders of the parent   | 101,649     | 7,144      | 108,793     | 7,144     | -          | 101,649     |
| Non-controlling interest in consolidated subsidiaries | 3,179       | -          | 3,179       | -         | -          | 3,179       |
| Total equity  | 104,828     | 7,144      | 111,972     | 7,144     | -          | 104,828     |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   | Ps. 166,103 | Ps. 10,741 | Ps. 176,844 | Ps. 7,180 | Ps. 24,118 | Ps. 193,782 |

**Coca-Cola FEMSA, S.A.B. de C.V. y subsidiarias**  
**Unaudited Proforma Income Statement for the year ended December 31, 2012**

| Millions of Mexican Pesos   | Basic Figures |                 |             | Proforma Adjustments |        | Proforma    |
|---|---------------|-----------------|-------------|----------------------|--------|-------------|
|   | KOF           | Combined Spaipa | Combined    | Debit                | Credit | Income      |
|   |               |                 |             |                      |        | Statement   |
|   |               | (Unaudited)     |             |                      |        | (Unaudited) |
| Net Sales   | Ps. 146,907   | Ps. 14,113      | Ps. 161,020 | Ps. 184              | Ps. -  | Ps. 160,836 |
| Other operating revenues  | 832           | 255             | 1,087       | -                    | -      | 1,087       |
| Total Revenues  | 147,739       | 14,368          | 162,107     | 184                  | -      | 161,923     |
| Cost of goods sold  | 79,109        | 9,401           | 88,510      | -                    | 131    | 88,379      |
| Gross Profit  | 68,630        | 4,967           | 73,597      | 184                  | 131    | 73,544      |
| Administrative Expenses   | 6,217         | 685             | 6,902       | -                    | 2      | 6,900       |
| Selling Expenses  | 40,223        | 2,408           | 42,631      | -                    | 12     | 42,619      |
| Other Income  | 545           | 27              | 572         | -                    | -      | 572         |
| Other Expenses  | 1,497         | -               | 1,497       | -                    | -      | 1,497       |
| Interest Expenses   | 1,955         | 430             | 2,385       | -                    | 1      | 2,384       |
| Interest Income   | 424           | 455             | 879         | -                    | -      | 879         |
| Foreign exchange gain, net  | (272)         | 25              | (247)       | -                    | -      | (247)       |
| Gain on monetary position for subsidiaries in hyperinflationary economies   | -             | -               | -           | -                    | -      | -           |
| Market value (gain) loss on financial instruments   | (13)          | -               | (13)        | -                    | -      | (13)        |
| Income before income taxes and share of the profit of associates and joint ventures accounted for using the equity method | 19,992        | 1,901           | 21,893      | 184                  | 146    | 21,855      |
| Income taxes  | 6,274         | 520             | 6,794       | -                    | 12     | 6,782       |

|  |            |           |            |         |         |            |
|--|------------|-----------|------------|---------|---------|------------|
| Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes | 180        | -         | 180        | -       | 25      | 205        |
| Consolidated net income  | 13,898     | 1,381     | 15,279     | 184     | 183     | 15,278     |
| Net Income attributable to equity holders of the parent  | 13,333     | 1,381     | 14,714     | 184     | (33)    | 14,497     |
| Net Income attributable to non-controlling interest  | 565        | -         | 565        | -       | 216     | 781        |
| Consolidated net income  | Ps. 13,898 | Ps. 1,381 | Ps. 15,279 | Ps. 184 | Ps. 183 | Ps. 15,278 |

**Coca-Cola FEMSA, S.A.B. de C.V. y subsidiarias**  
**Unaudited Proforma Statement of Financial Position at September 30, 2013**

| Millions of<br>Mexican Pesos                 | Basic Figures      |                                |            | Proforma<br>Adjustments |           | Proforma<br>Statement<br>of Financial<br>Position<br><br>(Unaudited) |
|--|--------------------|--------------------------------|------------|-------------------------|-----------|--|
|  | KOF<br>(Unaudited) | Combined Spaipa<br>(Unaudited) | Combined   | Debit                   | Credit    |  |
| <b>ASSETS</b>                                |                    |                                |            |                         |           |  |
| <b>Current assets:</b>                       |                    |                                |            |                         |           |  |
| Cash and cash equivalents                    | Ps. 23,765         | Ps. 1,983                      | Ps. 25,748 | Ps. -                   | Ps. 5,961 | Ps. 19,787   |
| Marketable securities                        | -                  | 1,214                          | 1,214      | -                       | -         | 1,214  |
| Accounts receivable, net                     | 7,419              | 677                            | 8,096      | -                       | -         | 8,096  |
| Inventories                                  | 8,240              | 918                            | 9,158      | -                       | -         | 9,158  |
| Recoverable taxes                            | 3,202              | 224                            | 3,426      | -                       | -         | 3,426  |
| Other current financial assets               | 2,281              | 870                            | 3,151      | -                       | -         | 3,151  |
| Other current assets                         | 1,699              | 74                             | 1,773      | -                       | -         | 1,773  |
| Total current assets                         | 46,606             | 5,960                          | 52,566     | -                       | 5,961     | 46,605   |
| <b>Non-current assets:</b>                   |                    |                                |            |                         |           |  |
| Investments in associates and joint ventures | 15,414             | 176                            | 15,590     | 22,118                  | 22,118    | 15,590   |
| Property, plant and equipment, net           | 45,562             | 2,895                          | 48,457     | -                       | -         | 48,457   |
| Intangible assets, net                       | 79,454             | 45                             | 79,499     | 16,750                  | -         | 96,249   |
| Deferred tax assets                          | 1,873              | 730                            | 2,603      | -                       | -         | 2,603  |
| Other non-current financial assets           | 2,208              | 346                            | 2,554      | -                       | -         | 2,554  |
| Other non-current assets, net                | 2,962              | 93                             | 3,055      | -                       | -         | 3,055  |

|                          |     |         |     |        |     |         |     |        |     |        |     |         |
|--------------------------|-----|---------|-----|--------|-----|---------|-----|--------|-----|--------|-----|---------|
| Total non-current assets |     | 147,473 |     | 4,285  |     | 151,758 |     | 38,868 |     | 22,118 |     | 168,508 |
| <b>TOTAL ASSETS</b>      | Ps. | 194,079 | Ps. | 10,245 | Ps. | 204,324 | Ps. | 38,868 | Ps. | 28,079 | Ps. | 215,113 |

**LIABILITIES****Current Liabilities:**

|                                     |     |        |     |       |     |        |     |   |     |   |     |        |
|-------------------------------------|-----|--------|-----|-------|-----|--------|-----|---|-----|---|-----|--------|
| Bank loans and notes payable        | Ps. | 4,370  | Ps. | 200   | Ps. | 4,570  | Ps. | - | Ps. | - | Ps. | 4,570  |
| Current portion of non-current debt |     | 4,154  |     | -     |     | 4,154  |     | - |     | - |     | 4,154  |
| Interest payable                    |     | 314    |     | -     |     | 314    |     | - |     | - |     | 314    |
| Suppliers                           |     | 12,766 |     | 916   |     | 13,682 |     | - |     | - |     | 13,682 |
| Accounts payable                    |     | 6,709  |     | 480   |     | 7,189  |     | - |     | - |     | 7,189  |
| Taxes payable                       |     | 3,881  |     | 423   |     | 4,304  |     | - |     | - |     | 4,304  |
| Other current financial liabilities |     | 4,218  |     | 19    |     | 4,237  |     | - |     | - |     | 4,237  |
| Total current liabilities           |     | 36,412 |     | 2,038 |     | 38,450 |     | - |     | - |     | 38,450 |

**Non-current liabilities:**

|   |  |        |  |       |  |        |  |   |  |        |  |         |
|---|--|--------|--|-------|--|--------|--|---|--|--------|--|---------|
| Bank loans and notes payable                            |  | 36,066 |  | 614   |  | 36,680 |  | - |  | 16,157 |  | 52,837  |
| Post-employment and other non-current employee benefits |  | 2,352  |  | -     |  | 2,352  |  | - |  | -      |  | 2,352   |
| Deferred tax liabilities                                |  | 1,180  |  | -     |  | 1,180  |  | - |  | -      |  | 1,180   |
| Other non-current financial liabilities                 |  | 1,948  |  | -     |  | 1,948  |  | - |  | -      |  | 1,948   |
| Provisions and other non-current liabilities            |  | 3,600  |  | 2,225 |  | 5,825  |  | - |  | -      |  | 5,825   |
| Total non-current liabilities                           |  | 45,146 |  | 2,839 |  | 47,985 |  | - |  | 16,157 |  | 64,142  |
| <b>TOTAL LIABILITIES</b>                                |  | 81,558 |  | 4,877 |  | 86,435 |  | - |  | 16,157 |  | 102,592 |

**Equity:**

|                            |  |        |  |       |  |        |  |       |  |   |  |        |
|----------------------------|--|--------|--|-------|--|--------|--|-------|--|---|--|--------|
| Capital stock              |  | 2,048  |  | 4,538 |  | 6,586  |  | 4,538 |  | - |  | 2,048  |
| Additional paid-in capital |  | 41,490 |  | 576   |  | 42,066 |  | 576   |  | - |  | 41,490 |

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|   |             |            |             |           |            |             |
|---|-------------|------------|-------------|-----------|------------|-------------|
| Retained earnings                                     | 66,904      | 254        | 67,158      | 254       | -          | 66,904      |
| Cumulative other comprehensive income (loss)          | (1,002)     | -          | (1,002)     | -         | -          | (1,002)     |
| Equity attributable to equity holders of the parent   | 109,440     | 5,368      | 114,808     | 5,368     | -          | 109,440     |
| Non-controlling interest in consolidated subsidiaries | 3,081       | -          | 3,081       | -         | -          | 3,081       |
| Total equity  | 112,521     | 5,368      | 117,889     | 5,368     | -          | 112,521     |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   | Ps. 194,079 | Ps. 10,245 | Ps. 204,324 | Ps. 5,368 | Ps. 16,157 | Ps. 215,113 |

**Coca-Cola FEMSA, S.A.B. de C.V. y subsidiarias**  
**Unaudited Proforma Income Statement for the year ended September 30, 2013**

|   | Basic Figures |                 |             | Proforma Adjustments |        | Proforma Income Statement |
|---|---------------|-----------------|-------------|----------------------|--------|---------------------------|
|   | KOF           | Combined Spaipa | Combined    | Debit                | Credit |                           |
| Millions of Mexican Pesos   | (Unaudited)   | (Unaudited)     |             |                      |        | (Unaudited)               |
| Net Sales   | Ps. 109,123   | Ps. 8,595       | Ps. 117,718 | Ps. -                | Ps. -  | Ps. 117,718               |
| Other operating revenues  | 614           | -               | 614         | -                    | -      | 614                       |
| Total Revenues  | 109,737       | 8,595           | 118,332     | -                    | -      | 118,332                   |
| Cost of goods sold  | 58,225        | 5,750           | 63,975      | -                    | -      | 63,975                    |
| Gross Profit  | 51,512        | 2,845           | 54,357      | -                    | -      | 54,357                    |
| Administrative Expenses   | 4,709         | 2,577           | 7,286       | -                    | -      | 7,286                     |
| Selling Expenses  | 32,208        | 1,707           | 33,915      | -                    | -      | 33,915                    |
| Other Income  | 414           | 3               | 417         | -                    | -      | 417                       |
| Other Expenses  | 862           | -               | 862         | -                    | -      | 862                       |
| Interest Expenses   | 1,830         | 206             | 2,036       | -                    | -      | 2,036                     |
| Interest Income   | 441           | 202             | 643         | -                    | -      | 643                       |
| Foreign exchange gain, net  | 319           | 15              | 334         | -                    | -      | 334                       |
| Gain on monetary position for subsidiaries in hyperinflationary economies                     | 150           | -               | 150         | -                    | -      | 150                       |
| Market value (gain) loss on financial instruments   | (18)          | -               | (18)        | -                    | -      | (18)                      |
| Income before income taxes and share of the profit of associates and joint ventures accounted |               |                 |             |                      |        |                           |



|  |           |           |           |           |         |           |
|--|-----------|-----------|-----------|-----------|---------|-----------|
| for using the equity method  | 12,307    | (1,455)   | 10,852    | -         | -       | 10,852    |
| Income taxes   | 4,077     | (684)     | 3,393     | -         | -       | 3,393     |
| Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes | 232       | 25        | 257       | -         | -       | 257       |
| Consolidated net income  | 8,462     | (746)     | 7,716     | -         | -       | 7,716     |
| Net Income attributable to equity holders of the parent  | 8,292     | (746)     | 7,546     | -         | 144     | 7,690     |
| Net Income attributable to non-controlling interest  | 170       | -         | 170       | (144)     | -       | 26        |
| Consolidated net income  | Ps. 8,462 | Ps. (746) | Ps. 7,716 | Ps. (144) | Ps. 144 | Ps. 7,716 |

## Note 1 – Organization and Business Nature

KOF is engaged in the production and distribution of certain Coca-Cola trademark beverages such as Coca-Cola, Fanta, Sprite, Del Valle among others in Mexico (a substantial portion of central Mexico including Mexico City and the South and Northeast of Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide) and Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (the area of greater São Paulo, Campinas, Santos, the state of Mato Grosso do Sul, part of the state of Minas Gerais, part of the state of Goiás and part of the state of Rio do Janeiro), Argentina (Buenos Aires and surrounding areas) and jointly with The Coca-Cola Company in connection with the KOF's investment in the Coca-Cola bottler of the Philippines (nationwide), in addition of bottler water, juices, the, isotonic, beer and other beverages in some of our territories.

KOF was organized on October 30, 1991 as a *sociedad anónima de capital variable* (a variable capital stock corporation) under the laws of Mexico with a term of 99 years. On December 5, 2006, as required by certain amendments to the *Ley del Mercado de Valores* (the Mexican Securities Market Law), KOF became a *sociedad anónima bursátil de capital variable* (a listed variable capital stock corporation). The corporate name of the Company is Coca-Cola FEMSA, S.A.B. de C.V. The principal executive offices of the Company are located at Mario Pani 100, Santa Fe Cuajimalpa, Cuajimalpa de Morelos, 05348, Mexico, D.F., Mexico. The telephone number at this location is (52-55) 1519-5120/5121. The Company's website is [www.coca-colafemsa.com](http://www.coca-colafemsa.com).

## NOTE 2 – Spaipa's Acquisition

KOF indirectly acquired 100% of Spaipa's shares, the second largest private bottler in Brazil on a cash transaction. The aggregate value of the transaction at the signing of the Agreement's signing was equivalent to US\$1,855 million paid in *Reais*. On August 29, 2013 the acquisition project was approved by KOF's board of directors and was subject to CADE and The Coca-Cola Company approvals. These approvals were given by The Coca-Cola Company on September 16, 2013 and by CADE on September 18, 2013 through the document N° 919 - Ato de Concentração n° 08700.007983/2013-52.

The Company closed the Operation on October 29, 2013, consummating it and signing additional agreements regarding the Operation which was announced to the public by means of a press release on such date.

The Operation was financed with bank loans denominated in Dollars, acquired before the filing of this Information Memorandum.

**NOTE 3 – Basic Financial Statements**

KOF statements of financial position as of December 31, 2012 and September 30, 2013 as well as the income statements for the year ended on December 31, 2012 and for the nine month period ended on September 30, 2013 have been prepared in accordance with IFRS.

Spaipa's combined statements of financial position as of December 31, 2012 and September 30, 2013 as well as the combined income statements for the year ended on December 31, 2012 and for the nine month period ended on September 30, 2013 have been prepared in accordance to the Brazilian GAAP, in millions of Reais. These combined statements of financial position and combined income statements correspond to PRSA, Bascar, RB y Spaipa, and the elimination of any intercompany balances and transactions.

The combined statements of financial position of Spaipa have been translated from *Reais* to Pesos as of December 31, 2012 and September 30, 2013 with an exchange rate of 6.3666 and 5.8349 *Reais* per Peso, respectively.

Also, the combined income statements for the year ended on December 31, 2012 and for the nine month period ended on September 30, 2013 were translated at an average exchange rate of 6.7612 and 6.0048 *Reais* per Peso, respectively.

An analysis of possible differences between IFRS and Brazilian GAAP has been made, concluding that there are no material differences between them that could affect neither the financial proforma statements of financial position nor the proforma income statements of the Operation attached hereto, except for the following:

a) Divestiture of Fountain: the figures of Fountain were recognized in the combined financial information of Spaipa as of December 31, 2012 through the proportionate consolidation method (on a 50% based on the IAS 31 "Interests in Joint Ventures"), effective until December 31, 2012.

b) In the income statements and the proforma statements of financial position, the figures from Fountain have been recognized according to the equity method according to KOF's policies and the IFRS 11 "Joint Arrangements", effective as of January 1, 2013. The proforma adjustment was Ps. 82 million recorded in the investment on associated companies and joint ventures of the financial statement position and Ps. 25 million in the equity method of the results of the associated companies and joint ventures of the income statement.

#### **NOTE 4 – Basis of Preparation of the Proforma Financial Statements**

The objective of the Proforma Financial Statements is to present the acquisition describe in the Note 2 as if it occurred on December 31, 2012 and September 30, 2013. The preparation of Proforma Financial Statements was conducted on the following bases:

1. Use of estimations: for the preparation of the figures shown in the balance sheet contained in this section, some estimates and assumptions were determined by KOF's management, which could affect the figures and were based under the best estimates and knowledge of the management considering the available information, nevertheless actual results could differ from those estimates.
2. The figures included in the column "combined" of the Proforma Financial Statements is the sum of the basic consolidated financial statements, previously described, under IFRS for KOF and Brazilian GAAP for Spaipa.

3. The proforma adjustments included in the statements of financial position as of December 31, 2012 and as of September 30, 2013; as well as in the income statement for the year ended in December 31, 2012 and the nine month period ended on September 30, 2013 are describe below:

a) Initial purchase price allocation of Spaipa's acquisition in accordance with IFRS 3. The purchase price paid for the acquisition as of the signing of the Agreement is equivalent to US\$1,855 million payable in *Reais*. Considering the event of an exchange rate of 2.0435 *Reais* per Dollar as of December 31, 2012 versus the carrying value of the net assets acquired at December 31, 2012 and September 30, 2013, respectively, generate for the Proforma Financial Statements a goodwill as of December 31, 2012 and September 30, 2013 of Ps.16,990 million and Ps.18,675 million respectively, which was included in the line of intangible assets. In accordance with IFRS 3 fair values of the net assets acquired must be determine and could adjust the proforma adjustments mentioned above once concluded.

The Proforma Financial Statements assumed that KOF contracted a Dollar denominated debt as of December 31, 2012 for an amount equivalent to US\$1,855 million. Also, it was assumed that KOF contracted a Dollar denominated debt of US\$1,355 million as of September 30, 2013 plus the contractual debt acquired prior to September 30, 2013 for US\$500 million, which is included in the financial statement position at such date.

Additionally, it is necessary to consider the following assumptions for the preparation of the Proforma Financial Statements:

i. The statements of financial position and the basic income statements as of December 31, 2012 of KOF have been audited. The statements of financial position and the basic income statements of KOF as of September 30, 2013 and the combined statements of financial position and the basic combined income statements of Spaipa as of December 31, 2012 and September 30, 2013 have not been audited.

ii. The combined financial statements of Spaipa as of September 30, 2013 and December 31, 2012 have not been adjusted in accordance with IFRS 3; therefore the carrying values of its assets and liabilities may be adjusted once concluded the determination of the fair market values of Spaipa pursuant to IFRS 3.

iii. The Proforma Financial Statements do not reflect the total adjustments for the difference that might appear of the homologation of the accounting policies and practices of KOF and Spaipa effective as of September 30, 2013 and December 31, 2012, including any possible differences in the classification of balance and transactions that KOF and Spaipa has done in their basic consolidated financial statements.

iv. The Proforma Financial Statements do not include the possible tax effects that the Operation may have over the applicable tax regime of the Company and the related effects directly over the Operation.

v. On October 2, 2013 the Spaipa's Holdings capitalized said company for a total amount of R\$330 million Reais. This adjustment is shown in the combined statement of financial position of Spaipa as of September 30, 2013.

The Proforma Financial Statements mentioned above have been prepared exclusively as required by the Rules, therefore KOF's and Spaipa's managements do not make any representation that such financial statements necessarily show the consolidated results of the Operation and the financial position of KOF and Spaipa as if it occurred on December 31, 2012 and September 30, 2013. Additionally, in order to comply with the actual IFRS some additional adjustments could be required in order to prepare the Proforma Financial Statements of KOF and Spaipa in accordance with the effective IFRS, including such related to Spaipa's fair values determination.



## **7. DISCUSSION AND ANALYSIS OF THE RESULTS OF THE OPERATION AND FINANCIAL CONDITION OF THE ISSUER**

### **Management Discussion and Analysis**

The following discussion should be read in conjunction with the quarterly reports released by KOF as of December 31, 2012 and September 30, 2013, which are available on the following website: [www.coca-colafemsa.com](http://www.coca-colafemsa.com). The following analysis is performed with the purpose of providing a better understanding of the financial statements of the Company and the proforma financial statements considering the Operation.

The information includes baseline financial figures that were originally reported by the Company and proforma financial information which reflects the financial performance of KOF when consolidating Spaipa.

### **7.1 Operating Results**

#### **Total Revenues**

With the addition of Ps.14,184 million generated by Spaipa during 2012, total revenues of KOF would have grown 9.6% in the year. During the first nine month period ended September 30, 2013, Spaipa's operation would have contributed Ps.8,595 million of total revenues, representing an increase of 7.8% over KOF's baseline scenario.

As such, total revenues generated by Spaipa would have represented 8.8% and 7.3% of the consolidated entity during 2012 and the nine month period ended September 30, 2013, respectively.

## **Gross Profit**

KOF's proforma consolidated gross profit would have increased Ps.4,914 million in 2012 and Ps.2,845 million in the nine month period ended September 30, 2013, representing an increase of 7.2% and 5.5% compared to KOF's baseline scenario, respectively. Spaipa's gross profit represents 6.7% of the proforma results for 2012 and 5.2% of the proforma results for the nine month period ended September 30, 2013.

## **Income Before Taxes**

The proforma income before taxes for the period ended December 2012 would have grown by Ps.1,863 million, representing an increase of 9.3% as compared with the baseline scenario. In the nine month period ended September 30, 2013, the proforma income before taxes would have recorded a decrease of Ps.1,455 million, representing a variation of 11.8% when compared to the baseline scenario. These variations are explained by the incorporation of the results of Spaipa in each period.

## **Taxes**

Proforma income taxes as a percentage of proforma income before taxes and share of the profit of associates and joint ventures accounted for using the equity method would have represented 31.0% in 2012 and 31.3% in the nine month period ended September 30, 2013.

## **Net Income**

With the incorporation of Spaipa's results, the proforma net income as of December 31, 2012 would have presented an increase of 9.9% compared to the baseline scenario of the Company, reaching Ps.15,278 million. Net margin would have remained stable at 9.4%.

For the period ended September 30, 2013, the proforma net income would have been Ps.7,716 million, 8.8% lower compared with KOF's baseline scenario. This decrease is the result of a provision that is a consequence of a tax contingency. At the closing of the Operation a capital increase for the same amount was made in Spaipa by the Spaipa's Holdings at the cost and expense of the Sellers.

## **7.2 Financial Position, Liquidity and Capital Resources.**

Variations in the items contained in the proforma balance sheet as of December 31, 2012 and the nine month period ended September 30, 2013, are explained by the inclusion of Spaipa figures, which are related to its business as usual operational results.

## **Proforma Consolidated Net Debt**

The purchase price of the Operation as of the signing of the Agreement is the equivalent to US\$1,855 million payable in *Reais* and was financed with bank debt in Dollars hired by KOF with certain Mexican and

foreign financial institutions for a total amount of US\$2,000 million of which US\$500 million were acquired on August 29, 2013 and on October 11, 2013 KOF acquired an additional amount of US\$1,500 million. This bank debt is secured by six Mexican subsidiaries of KOF.

Notwithstanding the foregoing, the Proforma Financial Statements consider that the debt incurred by KOF to finance the Operation was US\$1,855 million as of December 31, 2012 and as of September 30, 2013.



## **9. EXHIBITS**

**External auditor opinion about the basis to prepare the financial information proforma contained and the quantification of the corporate restructure.**

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**COCA-COLA FEMSA, S.A.B. DE C.V.**

By: /s/ Héctor Treviño Gutiérrez

Héctor Treviño Gutiérrez

Chief Financial Officer

Date: November 1, 2013

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