

COCA COLA FEMSA SAB DE CV  
Form 20-F  
April 26, 2012

As filed with the Securities and Exchange Commission on April 25, 2012.

**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, 2011  
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)

**Guillermo González Camarena No. 600  
Centro de Ciudad Santa Fe  
01210 México, D.F., México**  
(Address of principal executive offices)

**José Castro**

**Guillermo González Camarena No. 600  
Centro de Ciudad Santa Fe  
01210 México, D.F., México**

**(52-55) 5081-5120/5121**

**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:**

<b>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</b>
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, 2011 was:**

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

583,545,678 Series D shares, without par value  
334,406,004 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.

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 nonalcoholic carbonated beverages. “Still beverages” refers to nonalcoholic 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. 13.95 to US\$ 1.00, the exchange rate for Mexican pesos on December 30, 2011, the last day in 2011 for which information is available, according to the U.S. Federal Reserve Board. On April 20, 2012, this exchange rate was Ps. 13.12 to US\$ 1.00. See “**Item 3. Key Information—Exchange Rate Information**” for information regarding exchange rates since January 1, 2007.

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 de 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.

## **Business Divisions**

During 2011, we restructured our internal operations in order to have the necessary flexibility to manage our business going forward, extend our track record of growth and better reflect the geographic characteristics of our business. Previously, we managed our business under three divisions—Mexico, Latincentro, and Mercosur. As a result of these changes, we organized our operations into the following two reportable segments: (i) Mexico and Central America division (comprising the following countries: Mexico, Guatemala, Nicaragua, Costa Rica and Panama) and (ii) South America division (comprising the following countries: Brazil, Argentina, Colombia and Venezuela). However, because Venezuela operates in an economy with exchange control and hyper-inflation, Bulletin B-5 “Information by Segments”, does not allow its aggregation into the South America segment for purposes of our consolidated financial statements. See “**Item 4. Information on the Company—The Company—Business Strategy.**”

### **Item 1. Not Applicable**

### **Item 2. Not Applicable**

### **Item 3. Key Information**

## **SELECTED CONSOLIDATED FINANCIAL DATA**

This annual report includes (under Item 18) our audited consolidated balance sheets as of December 31, 2011 and 2010 and the related consolidated statements of income and changes in shareholders’ equity and cash flows for the years ended December 31, 2011, 2010, and 2009. Our consolidated financial statements for those years were prepared in accordance with Mexican Financial Reporting Standards, which we sometimes refer to as Mexican FRS. Mexican FRS differs in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Notes 26 and 27 to our consolidated financial statements provide a description of the principal differences between Mexican Financial Reporting Standards and U.S. GAAP as they relate to us, together with reconciliation to U.S. GAAP of net income and shareholders’ equity.

Beginning in 2012, Mexican issuers with securities registered in the National Securities Registry (*Registro Nacional de Valores*) of the *Comisión Nacional Bancaria y de Valores* (Mexican National Banking and Securities Commission, or the CNBV) are required to prepare financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which we refer to as IFRS. Accordingly, as of January 1, 2012, we are preparing our financial information in accordance with IFRS on a comparable basis. See Note 28 to our audited consolidated financial statements.

Through December 31, 2007, Mexican FRS required us to recognize effects of inflation in our financial statements and re-express financial statements from prior periods in constant pesos as of the end of the most recent period presented. For periods beginning in 2008, we adopted *Norma de Información Financiera* (NIF) B-10 “Effects of Inflation” under Mexican Financial Reporting Standards. Under this rule, the previous inflation accounting rules requiring us to re-express prior years to reflect the impact of current period inflation no longer apply, unless the economic environment in which we operate qualifies as inflationary pursuant to Mexican Financial Reporting Standards. An economic environment is inflationary if the cumulative inflation equals or exceeds an aggregate of 26% over the preceding three consecutive years. As a result, we ceased to recognize the effects of inflation on our financial information for our subsidiaries in Mexico, Guatemala, Panama, Colombia and Brazil. For the rest of our subsidiaries in Argentina, Venezuela, Costa Rica and Nicaragua, we continue, as of December 31, 2011, applying inflationary accounting in accordance with Mexican Financial Reporting Standards.



Pursuant to Mexican FRS, the information presented in this annual report presents financial information for 2011, 2010, and 2009 in nominal terms that has been presented in Mexican pesos, taking into account local inflation of each inflationary 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 inflationary economic environment. For each non-inflationary economic environment, local currency is converted to Mexican pesos using the year-end exchange rate for assets and liabilities, the historical exchange rate for shareholders' equity and the average exchange rate for the income statement. Our financial information for 2007 is expressed in constant pesos as of December 31, 2007.

Pursuant to Mexican FRS, in our consolidated financial statements and the selected financial information set forth below:

- In inflationary economic environments, the figures are restated for inflation based on the local consumer price index.
- In inflationary economic environments, gains and losses in purchasing power from holding monetary liabilities or assets are recognized in the “Comprehensive financing result” line in the income statement.
- Financial statements for 2011, 2010, and 2009 are stated in nominal Mexican pesos.
- Beginning in 2008, as a result of discontinuing inflationary accounting for subsidiaries that operate in non-inflationary economic environments, the financial statements are no longer considered to be presented in a reporting currency that comprehensively includes the effects of price level changes; therefore, the inflationary effects of inflationary economic environments arising in 2011, 2010, 2009 and 2008 result in a difference to be reconciled for U.S. GAAP purposes. See Notes 26 and 27 to our consolidated financial statements.

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 Mexican Financial Reporting Standards and reported in Mexican pesos under these standards.

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 from operations at or for any future date or period. See Note 4 to our consolidated financial statements for our significant accounting policies.

**Year Ended December 31,**  
**2011<sup>(1)</sup>      2011      2010      2009<sup>(2)</sup>      2008<sup>(3)</sup>      2007**  
**(2011, 2010, 2009 and 2008 in millions of Mexican pesos or millions of U.S. dollars;**  
**2007 in millions of constant Mexican pesos as of December 31, 2007, except share and**  
**per share data)**

**Income Statement Data:**

**Mexican FRS**

Total revenues	US\$	8,940	Ps.	124,715	Ps.	103,456	Ps.	102,767	Ps.	82,976	Ps.	69,251
Cost of goods sold		4,838		67,488		55,534		54,952		43,895		35,876
Gross profit		4,102		57,227		47,922		47,815		39,081		33,375
Operating expenses		2,657		37,075		30,843		31,980		25,386		21,889
Income from operations		1,445		20,152		17,079		15,835		13,695		11,486
Comprehensive financing result		76		1,058		1,228		1,373		3,552		345
Other expenses, net		167		2,326		1,292		1,449		1,831		702
Income taxes		401		5,599		4,260		4,043		2,486		3,336
Consolidated net income		801		11,169		10,299		8,970		5,826		7,103

Controlling interest net income	761	10,615	9,800	8,523	5,598	6,908
Non-controlling interest net income	40	554	499	447	228	195
Net controlling income per share <sup>(4)</sup>	0.41	5.69	5.31	4.62	3.03	3.74

**U.S. GAAP**

Total revenues	US\$ 8,909	Ps. 124,288	Ps. 103,122	Ps. 100,393	Ps. 81,099	Ps. 69,131
Cost of goods sold	4,891	68,240	55,944	54,335	43,490	36,118
Gross profit	4,018	56,048	47,178	46,058	37,609	33,013
Operating expenses	2,729	38,068	31,770	31,843	25,567	22,279
Income from operations	1,289	17,980	15,408	14,215	12,042	10,734
Comprehensive financing result	82	1,149	1,260	1,752	3,917	278
Other expenses, net	34	480	163	226	440	241
Income taxes	389	5,422	4,097	3,525	1,987	3,272
Consolidated net income <sup>(5)</sup>	790	11,015	10,105	8,853	5,802	6,953
Controlling interest net income	751	10,467	9,608	8,407	5,571	6,765
Non-controlling interest net income	39	548	497	446	231	188
Net controlling income per share <sup>(4)</sup>	0.40	5.61	5.20	4.55	3.02	3.66

**Balance Sheet Data:****Mexican FRS**

Cash, cash equivalents and marketable securities	US\$	907 Ps.	12,661 Ps.	12,534 Ps.	9,954 Ps.	6,583 Ps.	7,780
Other current assets		1,392	19,413	13,902	13,685	11,409	9,681
Property, plant and equipment, net		2,975	41,502	31,874	31,007	28,157	23,662
Intangible assets, net		5,066	70,675	51,213	50,898	47,453	42,458
Other assets, net		527	7,357	4,538	5,117	4,356	3,597
Total assets		10,867	151,608	114,061	110,661	97,958	87,178
Short-term bank loans and notes payable		397	5,540	1,840	5,427	6,119	4,814
Other current liabilities		1,401	19,537	15,806	18,021	15,214	11,496
Long-term bank loans and notes payable.		1,221	17,034	15,511	10,498	12,455	14,102
Other long-term liabilities		624	8,717	7,023	8,243	6,554	5,985
Total liabilities		3,643	50,828	40,180	42,189	40,342	36,397
Shareholders' equity		7,224	100,780	73,881	68,472	57,616	50,781
Capital stock		228	3,178	3,116	3,116	3,116	3,116
Non-controlling interest in consolidated subsidiaries		221	3,089	2,602	2,296	1,703	1,641
Controlling interest		7,003	97,691	71,279	66,176	55,913	49,140

**U.S. GAAP**

Cash, cash equivalents and marketable securities	US\$	873 Ps.	12,173 Ps.	12,140 Ps.	9,740 Ps.	6,192 Ps.	7,542
Other current assets		1,486	20,738	15,081	14,936	12,493	10,523
Property, plant and equipment, net		2,971	41,442	32,032	29,600	27,967	22,996
Intangible assets, net		5,003	69,795	50,697	49,336	46,580	42,458
Other assets, net		518	7,232	5,063	4,817	4,741	5,063
Total assets		10,851	151,380	115,013	108,429	97,973	88,582
Short-term bank loans and notes payable		397	5,540	1,840	5,427	6,119	4,814
Other current liabilities		1,401	19,540	15,816	18,033	15,226	11,430
Long-term bank loans and notes payable		1,221	17,034	15,511	10,497	12,455	14,102
Other long-term liabilities		679	9,472	8,378	8,435	7,705	7,111
Total liabilities		3,698	51,586	41,545	42,392	41,505	37,457
Equity		7,153	99,794	73,468	66,037	56,468	51,125
Non-controlling interest in consolidated subsidiaries		224					