

As filed with the Securities and Exchange Commission on April 28, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 20-F

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2015

Commission file number 001-13142

Embotelladora Andina S.A.

(Exact name of Registrant as specified in its charter)

Andina Bottling Company

(Translation of Registrant’s name in English)

Republic of Chile

(Jurisdiction of incorporation or organization)

Miraflores 9153, 7th Floor  
Renca - Santiago, Chile

(Address of principal executive offices)

Paula Vicuña, Tel. (56-2) 2338-0520 E-mail: paula.vicuna@koandina.com  
Miraflores 9153, 7th Floor - Renca - Santiago, Chile

(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.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Series A Shares, Series B Shares of Registrant represented by American Depositary Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report.

Series A Shares	473,289,301
Series B Shares	473,281,303

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 (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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ 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 ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

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

If this is an annual report, 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, as used in this annual report the following terms have the meanings set forth below:

- the “Company”, “we”, “Andina” and “Coca-Cola Andina” means Embotelladora Andina S.A. and its consolidated subsidiaries;
- “Andina Brazil” means our subsidiary, Rio de Janeiro Refrescos Ltda. and its subsidiaries;
- “AESA” means our subsidiary, Andina Empaques Argentina S.A.;
- “EDASA” means our subsidiary, Embotelladora del Atlántico S.A.;
- “PARESA” means our subsidiary, Paraguay Refrescos S.A.;
- “CMF” means our affiliate, Envases CMF S.A.;
- “ECSA” means our affiliate, Envases Central S.A.;
- “Vital Jugos” means our affiliate, Vital Jugos S.A., previously known as Vital S.A.;
- “VASA” means our affiliate, Vital Aguas S.A.;
- “TAR” means our subsidiary, Transportes Andina Refrescos Ltda.;
- “TP” means our subsidiary, Transportes Polar S.A.;
- “The Coca-Cola Company” means The Coca-Cola Company or any of its subsidiaries, including without limitation Coca-Cola de Chile S.A. (“CC Chile”), which operates in Chile, Recofarma Industrias do Amazonas Ltda. (“CC Brazil”), which operates in Brazil and Servicios y Productos para Bebidas Refrescantes S.R.L. (“CC Argentina”), which operates in Argentina;
- the “Chilean territory” means the Metropolitan Region of Santiago, the Coquimbo region, and the provinces of Cachapoal, San Antonio, Antofagasta, Atacama, Aisén and Magallanes;
- the “Brazilian territory” means the majority of the State of Rio de Janeiro, and the totality of the State of Espírito Santo, part of the state of São Paulo and part of the state of Minas Gerais;
- the “Argentine territory” means the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Rios, Buenos Aires (only San Nicolás and Ramallo), La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego and most of Santa Fe as well as part of the province of Buenos Aires; and
- the “Paraguayan territory” means the country of Paraguay.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Unless otherwise specified, references herein to “dollars,” “U.S. dollars” or “US\$” are to United States dollars; references to “pesos,” “Chilean pesos”, “Ch\$” or “ThCh\$” are to Chilean pesos; references to “Argentine pesos” or “AR\$” are to Argentine pesos, references to “real” or “reais” or “R\$” are to Brazilian reais and references to “guaranies” or “guarani” or “G\$” are to Paraguayan Guaranies. References to “UF” are to *Unidades de Fomento*. The UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the official consumer price index of the *Instituto Nacional de Estadísticas* (the “Chilean National Institute of Statistics”). The UF is adjusted in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. Certain percentages and amounts contained in this annual report have been rounded for ease of presentation.

In this annual report certain (local currency) amounts have been converted into United States dollars at the rate of Ch\$654.66 to the dollar when it is average exchange rate and Ch\$710.16 to the dollar when it is year end exchange rate. Such conversions should not be construed as representations that the (local currency) amounts represent, or have been or could be converted into, United States dollars at that or any other rate.

The Company’s Consolidated Financial Statements for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB”).

**Special Note Regarding Non-IFRS Financial Measures**

This annual report makes reference to certain non-IFRS measures, namely EBIT, EBITDA and Adjusted EBITDA. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

EBIT represents profit attributable to controlling shareholders before net interest expense and income taxes. EBITDA represents EBIT plus depreciation and amortization expense. Adjusted EBITDA represents EBITDA plus other expenses (income), net. We have included EBIT, EBITDA and Adjusted EBITDA to provide investors with a supplemental measure of our operating performance.

We believe EBIT, EBITDA and Adjusted EBITDA are an important supplemental measure of operating performance because they eliminate items that have less bearing on our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use EBITDA in the evaluation of issuers, many of which present EBITDA when reporting their results.

Our management also uses EBITDA and Adjusted EBITDA in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, assess our ability to meet our future debt service, capital expenditure and working capital requirements and assess our ability to pay dividends on our capital stock.

EBIT, EBITDA and Adjusted EBITDA have important limitations as analytical tools. For example, neither EBIT, EBITDA nor Adjusted EBITDA reflect (a) our cash expenditures or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) significant interest expense or the cash requirements necessary to service interest or principal payments on our debt; and (d) tax payments or distributions to our parent to make payments with respect to taxes attributable to us that represent a reduction in cash available to us. Although we consider the items excluded in the calculation of non-IFRS measures to be less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us.

We believe that the presentation of the non-IFRS measures described above is appropriate. However, these non-IFRS measures have important limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under IFRS. Because of these limitations, we primarily rely on our results as reported in accordance with IFRS and use EBIT, EBITDA and Adjusted EBITDA only complementarily. In addition, because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented in this report is not, comparable to similarly titled measures reported by other companies.

**Forward-Looking Statements**

This annual report includes forward looking statements, principally under the captions, “Item 4. Information on the Company—Business Overview,” “Item 3. Key Information—Part D. Risk Factors,” and “Item 5. Operating and Financial Review and Prospects.” We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Examples of such forward-looking statements include:

- statements of our plans, objectives or goals, including those related to anticipated trends, competition or regulation;
- statements about our future economic performance and that of Chile or other countries in which we operate;
- statements about our exposure to market risks, including interest rate risks, foreign exchange risk and equity price risk; and
- statements of assumptions underlying such statements.

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Words such as “believes,” “expects,” “anticipates,” “projects,” “intends,” “should,” “could,” “may,” “seeks,” “aim,” “combined,” “estimates,” “probability,” “risk,” “target,” “goal,” “objective,” “future” or similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements may relate to (i) our asset growth and financing plans, (ii) trends affecting our financial condition or results of operations and (iii) the impact of competition and regulations, but are not limited to such topics. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially and adversely from those described in such forward-looking statements included in this annual report as a result of various factors (including, without limitation, the actions of competitors, future global economic conditions, market conditions, foreign exchange rates and operating and financial risks), many of which are beyond our control. The occurrence of any such factors not currently expected by us would significantly alter the results set forth in these statements.

You should understand that the following important factors, in addition to those discussed elsewhere in this annual report, could affect our future results and could cause those results or other outcomes to differ materially and adversely from those expressed in our forward-looking statements:

- changes in general economic, business, political or other conditions in the regions where we operate;
- changes in the legal and regulatory framework of the beverage sector in the regions where we operate;
- the monetary and interest rate policies of the central banks of the countries in which we operate;
- unanticipated movements or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- changes in, or our failure to comply with, laws and regulations in the countries where we operate and applicable foreign laws;
- changes in taxes;
- changes in competition and pricing environments;
- our inability to hedge certain risks economically;
- potential effects of weather conditions, earthquakes, tsunamis or other natural disasters;
- the outcome of litigation against us;
- the nature and extent of competition in the beverage industry in Latin America and the effect of competition on the prices we are able to charge for our products;
- volatility and fluctuations in demand for our products and the effect of such changes on the prices that we are able to charge for our products;
- capital and credit market conditions, including the availability of credit and changes in interest rates;
- delays in the development of our projects, changes to our investment plans due to changes in demand, authorizations, expropriations, etc.;
- actions of our shareholders;
- unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms if at all; and
- the factors described under “Risk Factors” beginning on page 8.

The forward-looking statements contained in this document speak only as of the date of this annual report, and we do not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**Market Data**

We have computed the information contained in this annual report regarding annual volume and per capita growth rates and levels, and market share, product segment, and population data in our bottling territories, based upon accumulated statistics developed by us. Market share information presented with respect to soft drinks, juices, waters and beer is based on data supplied by A.C. Nielsen Company.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The following tables present certain summary consolidated and other financial and operating information of Andina at the dates and for the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to our consolidated financial statements, including the notes thereto, included elsewhere in this annual report and our consolidated financial statements, including the notes thereto, included herein.

The summary consolidated financial information as of December 31, 2014 and 2015 and for the years ended December 31, 2013, 2014 and 2015 has been derived from our audited consolidated financial statements as of December 31, 2015 and 2014. The summary consolidated financial information as of December 31, 2011, 2012 and 2013 and for the year ended December 31, 2011 and 2012 has been derived from our audited consolidated financial statements as of and for the years then ended not included herein.

On October 1, 2012, we consummated the acquisition of Polar, which significantly enhanced the size and scope of our company. We began consolidating the results of operations of Polar into our consolidated financial statements as of October 1, 2012. As a result, our consolidated results of operations for the year ended December 31, 2012 are not fully comparable to our consolidated results of operations for previous periods.

On October 11, 2013, Andina Brazil consummated its acquisition of Ipiranga in an all-cash transaction. We began consolidating the results of operations of Ipiranga into our consolidated financial statements as of October 1, 2013. As a result, our consolidated results of operations for the year ended December 31, 2013 are not fully comparable to our consolidated results of operations for previous periods.

Our consolidated financial statements reflect the results of our subsidiaries located in Brazil, Argentina and Paraguay, converted to Chilean pesos (our functional and reporting currency) and are presented in accordance with IFRS. IFRS requires assets and liabilities to be converted from the functional currency of our subsidiaries outside Chile to our reporting currency (Chilean peso) at the end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized. Unless otherwise specified, our financial data is presented herein in Chilean pesos and U.S. dollars.

Our income and cash flow accounts have been converted according to the average exchange rate during the relevant periods, using the average of monthly averages, and therefore may differ from a daily average of the observed exchange rate. Balance sheet accounts have been converted using the exchange rate at the end of the relevant period.



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	Year ended December 31,					
	2011	2012(2)	2013(3)	2014	2015	2015
	Ch\$	Ch\$	(in millions of Ch\$ and millions of US\$) Ch\$	Ch\$	Ch\$	US\$
<b>INCOME STATEMENT DATA</b>						
Net sales	982,864	1,172,293	1,521,681	1,797,200	1,877,394	2,868
Cost of sales	(578,581)	(698,955)	(914,818)	(1,081,243)	(1,106,706)	(1,691)
Gross profit	404,283	473,338	606,863	715,957	770,688	1,177
Other income	2,125	2,518	4,386	3,971	472	1
Distribution expenses	(98,808)	(122,819)	(163,023)	(187,043)	(202,491)	(309)
Administrative expenses	(163,051)	(196,355)	(272,556)	(342,141)	(352,601)	(539)
Other expenses	(11,915)	(15,420)	(30,462)	(18,591)	(21,983)	(34)
Other (expense) income, net(4)	1,495	(2,336)	740	(4,392)	(6,301)	(10)
Financial income	3,182	2,728	4,973	8,656	10,118	15
Financial expenses	(7,235)	(11,173)	(28,944)	(65,081)	(55,669)	(85)
Share of (loss) profit of investments accounted for using the equity method	2,026	1,770	783	1,191	(2,328)	(4)
Foreign exchange differences	3	(4,471)	(7,695)	(2,676)	(2,856)	(4)
Loss from differences in indexed financial assets and liabilities	(393)	(1,006)	(1,832)	(12,463)	(7,308)	(10)
Net income before income taxes	131,712	126,774	113,233	97,388	129,741	198
Income tax expense	(34,685)	(38,505)	(22,966)	(45,354)	(41,643)	(63)
Net income	97,027	88,269	90,267	52,034	88,098	135
<b>BALANCE SHEET DATA</b>						
<b>Assets</b>						
<i>Current assets:</i>						
Cash and cash equivalents	31,298	55,522	79,976	79,514	129,160	182
Other financial assets	15,661	129	36,472	106,577	87,492	123
Other non-financial assets	14,761	18,203	9,696	7,787	8,686	12
Trade and other accounts receivable, net	107,443	152,817	195,434	198,110	176,386	248
Accounts receivable from related parties	6,419	5,324	8,029	5,994	4,611	6
Inventories	57,487	89,320	125,854	149,728	133,333	188
Current tax assets	2,463	2,879	3,990	6,026	7,742	12
Non-current assets classified as available for sale	—	2,978	1,133	—	—	—
Total current assets	235,532	327,172	460,584	553,736	547,410	771
<i>Non current assets:</i>						
Other financial assets	—	—	7,922	51,027	181,491	256
Other non-financial assets	30,194	26,927	28,796	33,057	18,290	26
Trade and other receivables	7,176	6,724	7,631	7,098	5,932	8
Accounts receivable from related parties	11	7	19	25	15	—
Investments accounted for under the equity method	60,291	73,080	68,673	66,050	54,191	76
Intangible assets other than goodwill	1,139	464,582	700,606	728,181	665,666	937
Goodwill	57,552	64,793	115,779	116,924	95,836	135
Property, plant and equipment	350,064	576,551	692,950	713,075	640,530	902
Total non-current assets	506,427	1,212,664	1,622,377	1,715,437	1,661,951	2,340
Total assets	741,959	1,539,836	2,082,961	2,269,173	2,209,361	3,111
<b>Liabilities</b>						
<i>Current liabilities</i>						
Other financial liabilities	23,093	106,248	106,877	83,402	62,218	88
Trade and other accounts payable	127,941	184,318	210,446	228,179	212,526	299
Accounts payable to related parties	11,359	32,727	43,425	55,967	48,653	69
Provisions	88	593	270	366	326	—
Income taxes payable	3,821	1,115	3,679	2,931	7,495	11
Employee benefits current provisions	14,079	19,633	21,440	27,747	31,791	45
Other non-financial liabilities	16,263	737	16,007	11,620	17,565	24
Total current liabilities	196,644	345,371	402,144	410,212	380,574	536
<i>Non-current liabilities</i>						
Other long-term current financial liabilities	74,641	173,880	605,362	726,616	765,299	1,078
Trade and other payables	164	1,930	1,262	1,216	9,303	13
Provisions	7,883	6,422	77,542	77,447	63,976	90
Deferred income tax liabilities	35,245	111,415	105,537	126,126	130,202	183
Post-employment benefit liabilities	5,130	7,037	8,759	8,125	8,230	12
Other non-financial liabilities	273	176	922	433	243	—
Total Non-Current Liabilities	123,336	300,860	799,384	939,963	977,253	1,376
Issued capital	230,892	270,737	270,737	270,737	270,737	381



Retained earnings	208,102	239,845	243,193	247,818	274,755	387
Other reserves	(17,024)	363,582	346,739	378,739	284,982	401
Equity attributable to equity holders of the parent	421,970	874,164	860,669	897,294	830,474	1,169
Non-controlling interests	9	19,441	20,764	21,703	21,060	30
Total equity	421,979	893,605	881,433	918,998	851,534	1,199
Total liabilities and equity	741,959	1,539,836	2,082,961	2,269,173	2,209,361	3,111

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	Year ended December 31,					
	2011	2012(2)	2013(3)	2014	2015	2015
	Ch\$	Ch\$	(in millions of Ch\$ and millions of US\$) Ch\$	Ch\$	Ch\$	US\$
<b>CASH FLOW DATA</b>						
Net cash flows generated from						
Operating Activities	138,950	188,857	172,085	215,514	264,909	405
Net cash flows used in investing activities	(89,621)	(156,170)	(447,550)	(166,776)	(103,131)	(158)
Net cash flows provided by (used in) financing activities	(67,159)	(3,551)	303,106	(46,920)	(98,560)	(151)
Net increase in cash and cash equivalents before exchange differences	(17,830)	29,136	27,641	1,818	63,218	96
Effects of exchange differences on cash and cash equivalents	865	(4,912)	(3,187)	(2,280)	(13,571)	(21)
Net increase (decrease) in cash and cash equivalents	(16,965)	24,224	24,454	(462)	49,647	75
Cash and cash equivalents - beginning of year	48,263	31,298	55,522	79,976	79,514	112
Cash and cash equivalents - end of year	31,298	55,522	79,976	79,514	129,161	182
<b>OTHER FINANCIAL DATA</b>						
Adjusted EBITDA(5)	181,922	207,988	254,621	289,740	316,229	483
Adjusted EBITDA margin(6)	18,5%	17,7%	16,7%	16,1%	16,8%	16,8%
Adjusted EBITDA/net financial expense(7)	44,9	24,6	10,6	5,1	6,9	6,9
Net debt(8)	50,776	224,477	587,869	572,901	429,373	656
Net debt/Adjusted EBITDA(9)	0,3	1,1	2,3	2,0	1,4	1,4
Depreciation and amortization	39,498	53,824	83,337	102,967	100,632	154
Capital expenditures	126,931	143,764	183,697	114,217	112,400	172
Dividends paid	70,906	69,766	73,041	52,269	53,671	82
Basic and diluted earnings per share:						
Series A(13)	121,54	104,12	89,53	52,19	88,40	0,14
Series B(13)	133,69	114,53	98,48	57,41	97,24	0,15
Basic and diluted earnings per ADR:(14)						
Series A(13)	729,24	624,72	537,18	313,16	530,40	0,81
Series B(13)	802,14	687,18	590,88	344,48	583,44	0,89
Capital Stock:						
Series A	380,137,271	473,289,368	473,289,301	473,289,301	473,289,301	473,289,301
Series B	380,137,271	473,289,368	473,281,303	473,281,303	473,281,303	473,281,303
Issued Capital	230,892	270,759	270,738	270,738	270,738	414
Total dividends declared:						
Total Series A Shares	33.809	34.018	33.888	24.800	29.344	45
Total Series B Shares	37.190	37.420	37.276	27.283	32.278	49
<b>OTHER OPERATING DATA</b>						
<b>(unaudited)</b>						
<i>Sales volume</i>						
Coca-Cola trade brand soft drinks (millions of UCs)(10)	448.2	517.6	633.5	671.6	653.8	653.8
Other beverages (millions of UCs) (2)(3)(10)(11)	53.3	78.6	129.5	159.0	166.1	166.1

(1) Conversion to U.S. dollars are solely for the convenience of the reader.

(2) Due to Polar's merger with and into us on October 1, 2012, data for the year ended December 31, 2012 includes the operations of Polar (as well as the operations of Vital Aguas, Vital Jugos and Envases Central (together, the "Joint Ventures")) for the period from October 1, 2012 to December 31, 2012. Prior to our merger with Polar the Joint Ventures were held, in part, by each of Andina, Polar and Embonor S.A., respectively, and the Joint Ventures' operations were not consolidated in the financial and other data of Andina or Polar. Upon consummation of our merger with Polar, and our increased ownership interest in the Joint Ventures that resulted from such merger, the Joint Ventures became our subsidiaries for accounting purposes and are therefore consolidated into our financial and other data for periods subsequent to such merger.

(3) Due to the acquisition of Ipiranga consummated on October 11, 2013, data for the year ended December 31, 2013 includes the operations of Ipiranga for the period from October 1, 2013 to December 31, 2013.

(4) Includes other expenses, other income (expense), share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

(5) Adjusted EBITDA is a non-IFRS financial measure, does not represent cash flows from operations for the periods indicated and should not be considered an alternative to net income as an indicator of our results of operations or as an alternative to cash flows from operations as an indicator of liquidity. Adjusted EBITDA does not have a standardized meaning and, accordingly, our definition of Adjusted EBITDA may not be comparable to Adjusted EBITDA as used by other companies. See "Presentation of Financial and Other Information —Non-IFRS Financial Information". We define Adjusted EBITDA as net income plus income taxes, other expenses (income), depreciation and amortization (which includes only the amortization of information technology software). A reconciliation of our net income to our Adjusted EBITDA is set forth below:

	Year Ended December 31,					
	2011	2012	2013	2014	2015	2015
	Ch\$	Ch\$	(in millions of Ch\$ and US\$) Ch\$	Ch\$	Ch\$	US\$
Net income	97,027	88,269	90,267	52,034	88,098	135
Add:						
Income taxes	34,685	38,505	22,966	45,354	41,643	64
Finance costs	7,235	11,173	28,944	65,082	55,669	85
Finance income	(3,182)	(2,728)	(4,973)	(8,656)	(10,118)	(15)
Depreciation and amortization(5)	39,498	53,824	83,337	102,967	100,632	154
Share of profit of investments using equity method of accounting	(2,026)	(1,770)	(783)	(1,191)	2,328	4
Foreign exchange difference	(3)	4,471	7,695	2,675	2,856	4
Gain (loss) from indexed financial assets and liabilities	1,178	1,754	1,833	12,462	7,308	11
Other income	(2,909)	(3,266)	(4,386)	(3,971)	(472)	(1)
Other expenses	11,915	15,420	30,462	18,591	21,983	34
Other income (expenses)	(1,496)	2,336	(741)	4,392	6,301	10
Adjusted EBITDA(14)	181,922	207,988	254,621	289,740	316,229	483

- (6) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales, expressed as a percentage.
- (7) Adjusted EBITDA / net financial expense is defined as Adjusted EBITDA divided by total financial expense (which includes expenses for hedging purposes) minus total financial income.
- (8) Net debt is defined as the sum of (i) other current financial liabilities and (ii) other noncurrent financial liabilities, minus the sum of (i) cash and cash equivalents, (ii) other current financial assets and (iii) other non-current financial assets.
- (9) Net debt / Adjusted EBITDA ratio is the ratio of our net debt (defined as the sum of (i) other current financial liabilities and (ii) other noncurrent financial liabilities, minus the sum of (i) cash and cash equivalents and (ii) other financial assets) as of the end of the applicable period divided by our Adjusted EBITDA for the last 12 months ended as of the end of the applicable period.
- (10) Calculation of profits per share considers the average amount of outstanding shares existing at each date.
- (11) Each ADR represents six shares of common stock of the corresponding series of Shares.
- (12) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters.
- (13) Includes waters, juices, beer and other spirits.
- (14) Totals may not sum due to rounding.

Exchange Rates

Chile

Chile has two currency markets, the *Mercado Cambiario Formal* (the “Formal Exchange Market”) and the *Mercado Cambiario Informal* (the “Informal Exchange Market”). The Formal Exchange Market is comprised of banks and other entities authorized by the Chilean Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorized to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Chilean Central Bank is empowered to require that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Chile.”

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Chilean Central Bank be informed of certain transactions and that they be effected through the Formal Exchange Market.

The U.S. dollar observed exchange rate (*dólar observado*), which is reported by the Chilean Central Bank and published daily in the Official Gazette (*Diario Oficial*), is the weighted average exchange rate of the previous business day’s transactions in the Formal Exchange Market. The Chilean Central Bank has the power to intervene by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the observed exchange rate within a desired range. During the past few years the Chilean Central Bank has attempted to keep the observed exchange rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

The Informal Exchange Market reflects transactions carried out at the informal exchange rate. There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate. In recent years, the variation between the observed exchange rate and the informal exchange rate has not been significant.

The following table sets forth the annual low, high, average and period end observed exchange rate for U.S. dollars for the periods presented, as reported by the Chilean Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

	Daily observed exchange rate Ch\$ per U.S.\$			
	High(1)	Low(1)	Average(2)	Period end (3)
Year ended December 31,				
2011	533.74	455.91	483.57	519.20
2012	519.69	469.65	486.59	479.96
2013	533.95	466.50	495.18	524.61
2014	621.41	527.53	570.33	606.75
2015	715.66	597.10	654.66	710.16
Month end				
October 31, 2015	695.53	673.91	684.91	690.32
November 30, 2015	715.66	688.94	705.00	711.20
December 31, 2015	711.52	693.72	704.19	710.16
January 31, 2016	730.31	710.37	721.96	710.37
February 29, 2016	715.41	689.18	703.31	694.17
March 31, 2016	694.82	669.80	680.96	669.80
April 2016 (through April 22, 2016)	682.45	657.90	670.60	666.80

Source: Chilean Central Bank.

(1) Exchange rates are the actual low and high, on a daily basis for each period.

(2) The yearly average rate is calculated as the average of the exchange rates on the last day of each month during the period.

(3) Each year period ends on December 31, and the respective period-end exchange rate is published by the Chilean Central Bank on the first business day of the following year. Each month period ends on the last calendar day of such month, and the respective period end exchange rate is published by the Chilean Central Bank on the first business day of the following month.

Argentina

From April 1, 1991 until the end of 2001, the Convertibility Law No. 23,928 and Regulatory Decree No. 529/91 (together, the “Convertibility Law”) established a fixed exchange rate under which the Central Bank of Argentina was obliged to sell U.S. dollars at a fixed rate of one Argentine peso per U.S. dollar. On January 6, 2002, the Argentine Congress enacted the Public Emergency Law, which suspended certain provisions of the Convertibility Law, including the fixed exchange rate of Ar\$1.00 to U.S.\$1.00, and granted the executive branch of the Argentine government the power to set the exchange rate between the Argentine peso and foreign currencies and to issue regulations related to the foreign exchange market. Following a brief period during which the Argentine government established a temporary dual exchange rate system, pursuant to the Public Emergency Law, the Argentine peso has been allowed to float freely against other currencies since February 2002. For the last few years the Argentine government has maintained a policy of intervention in foreign exchange markets, conducting periodic transactions for the sale and purchase of U.S. dollars. There is no way to foresee if this could continue in the future. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Argentina.”

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Argentine pesos per U.S. dollar and not adjusted for inflation as reported by the Central Bank of Argentina. The Federal Reserve Bank of New York does not report a noon buying rate for Argentine pesos.

	High	Low	Average(1)	Period end
Year ended December 31,				
2011	4.304	3.972	4.131	4.304
2012	4.917	4.304	4.552	4.917
2013	6.518	4.923	5.479	6.518
2014	8.556	6.543	8.119	8.552
2015	13.005	8.554	9.269	13.005
Month end				
October 31, 2015	9.546	9.427	9.490	9.546
November 30, 2015	9.688	9.554	9.627	9.688
December 31, 2015	13.005	9.698	11.428	13.005
January 31, 2016	13.960	13.200	13.654	13.960
February 29, 2016	15.800	14.130	14.852	15.800
March 31, 2016	15.800	14.390	14.954	14.700
April 2016 (through April 22, 2016)	14.790	14.050	14.416	14.330

Source: Central Bank of Argentina. (“A” 3500 Report — Wholesale)

(1) Represents the daily average exchange rate during each of the relevant periods.

**Brazil**

The Central Bank of Brazil allows the real/U.S. dollar exchange rate to float freely and has intervened occasionally to control unstable fluctuations in foreign exchange rates. We cannot predict whether the Central Bank of Brazil or the Brazilian government will continue to let the real float freely or will intervene in the exchange rate market through a currency band system or otherwise. The Brazilian real may depreciate or appreciate substantially against the U.S. dollar in the future. Exchange rate fluctuations may adversely affect our financial condition. See also “Item 10. Additional Information—D. Exchange Controls—Foreign Exchange Controls—Brazil.”

Prior to March 14, 2005, under Brazilian regulations, foreign exchange transactions were carried out on either the commercial rate exchange market or the floating rate exchange market. Rates in the two markets were generally the same. On March 14, 2005, the National Monetary Council of Brazil (*Conselho Monetário Nacional*) unified the two markets.

The following table sets forth the exchange selling rates expressed in Brazilian reais per U.S. dollar for the periods indicated, as reported by the Central Bank of Brazil through the Central Bank System (Sistema do Banco Central) using PTAX 800, option 5.

	Daily observed exchange rate R\$ per U.S.\$			Period end
	High	Low	Average	
Year ended December 31,				
2011	1.8811	1.6554	1.7593	1.6662
2012	1.9016	1.5345	1.6746	1.8758
2013	2.1121	1.7024	1.9550	2.0435
2014	2.7403	2.1974	2.3547	2.6562
2015	4.1949	2.5754	3.3314	3.9048
Month end				
October 31, 2015	4.0010	3.7386	3.8801	3.8589
November 30, 2015	3.8506	3.7010	3.7765	3.8506
December 31, 2015	3.9831	3.7476	3.8711	3.9048
January 31, 2016	4.1558	3.9863	4.0524	4.0428
February 29, 2016	4.0492	3.8653	3.9737	3.9796
March 31, 2016	3.9913	3.5589	3.7039	3.5589
April 2016 (through April 22, 2016)	3.6921	3.5126	3.5817	3.5472

Source: Central Bank of Brazil.  
(1) Represents the daily average exchange rate during each of the relevant periods.

**B. CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

**C. REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not applicable.

**D. RISK FACTORS**

We are subject to various economic, political, social and competitive conditions. Any of the following risks, if they materialize, could materially and adversely affect our business, results of operations, prospects and financial condition.

**Risks Relating to Our Company**

*We rely heavily on our relationship with The Coca-Cola Company, which has substantial influence over our business and operations.*

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The Coca-Cola Company has substantial influence on the conduct of our business. The interests of The Coca-Cola Company may be different from the interests of our remaining shareholders, which may result in us taking actions contrary to the interests of our remaining shareholders.

76% of our net sales for the year ended December 31, 2015 were derived from the distribution of soft drinks under The Coca-Cola Company trademarks, and an additional 19% was derived from the distribution of other beverages also bearing trademarks owned by The Coca-Cola Company. We produce, market and distribute Coca-Cola products through standard bottler agreements between our bottler subsidiaries and, in each case, The Coca-Cola Company's local subsidiary or The Coca-Cola Company, or, in the case of juices and nectars, The Minute Maid Company, a subsidiary of The Coca-Cola Company. The Coca-Cola Company has the ability to exercise substantial influence over our business through its rights under these bottler agreements. Under these bottler agreements, The Coca-Cola Company unilaterally sets the prices for Coca-Cola soft drink concentrate sold to us. The Coca-Cola Company also monitors our prices and has the right to review and approve our marketing, operational and advertising plans. In addition, The Coca-Cola Company may unilaterally set the price for its concentrate, and it may in the future increase the price we pay for concentrate, increasing our costs. These factors may impact our profit margins, which could adversely affect our net income and results of operations.

Our marketing campaigns for Coca-Cola products are designed and controlled by The Coca-Cola Company. The Coca-Cola Company also makes significant contributions to our marketing expenses, although it is not required to contribute a particular amount. Accordingly, The Coca-Cola Company may discontinue or reduce such contribution at any time. Pursuant to the bottler agreements, we are required to submit a business plan to The Coca-Cola Company for prior approval on a yearly basis. In accordance with our bottler agreements, The Coca-Cola Company may, among other things, require that we demonstrate the financial ability to meet our business plan, and if we are not able to demonstrate our financial capacity, The Coca-Cola Company may terminate our rights to produce, market and distribute Coca-Cola soft drinks or other Coca-Cola beverages in territories where we have such approval. Under these bottler agreements, we are prohibited from producing, bottling, distributing or selling any products that could be substituted for, be confused with or be considered an imitation of, Coca-Cola soft drinks or other Coca-Cola beverages and products.

We depend on The Coca-Cola Company to renew our bottler agreements, which are subject to termination by The Coca-Cola Company in the event we default or upon expiration of their respective terms. We currently are party to five bottler agreements: two agreements for Chile, which expire in 2018 and 2019, one agreement for Brazil, which expires in 2017, one agreement for Argentina, which expires in 2017, and one agreement for Paraguay, which expires in 2020. We cannot provide any assurance that our bottler agreements will be maintained or extended upon their termination. Even if they are renewed, we cannot provide any assurance that renewal will be granted on the same terms as those currently in effect. Termination, non-extension or non-renewal of any of our bottler agreements would have a material adverse effect on our business, financial condition and results of operation.

In addition, any acquisition we make of bottlers of Coca-Cola products in other territories may require, among other things, the consent of The Coca-Cola Company under bottler agreements to which such other bottlers are subject. We cannot assure you that The Coca-Cola Company will consent to any future geographic expansion of our Coca-Cola beverage business. In addition, we cannot assure you that our relationship with The Coca-Cola Company will not deteriorate or otherwise undergo significant changes in the future. If such changes do occur, our operations and financial results and condition could be materially affected.

***The nonalcoholic beverage business environment is changing rapidly, including as a result of increased obesity and other health concerns, which could have a material adverse effect on demand for our products, and consequently on our financial performance.***

Consumers, public health officials and government officials in the majority of our markets, are increasingly concerned with public health consequences associated with obesity, particularly among young people. Some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages and beverages sweetened with High Fructose Corn Syrup, nutritive or alternative sweeteners. Increasing public concern about these issues, the possibility of taxes on sugar-sweetened beverages, additional governmental regulations concerning the marketing, labeling, packaging or sale of our beverages and any negative publicity resulting from actual or threatened legal actions against nonalcoholic beverage companies relating to the marketing, labeling or sale of beverages may reduce demand for our products, which could adversely affect our profitability.



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In addition, concerns over the environmental impact of plastic may reduce the consumption of our products sold in plastic bottles or result in additional taxes that would adversely affect consumer demand.

The nonalcoholic beverage business environment in our territories is dynamic and constantly evolving rapidly as a result of, among other things, changes in consumer preferences, including changes based on health and nutrition considerations and obesity concerns; shifting consumer tastes and needs; changes in consumer lifestyles; and competitive product and pricing pressures. If we are unable to adapt successfully to the changing environment and retail landscape, our share of nonalcoholic beverage sales, volume growth and overall financial results will be adversely affected.

***Our business is highly competitive, including with respect to price competition, which may adversely affect our net profits and margins.***

The soft drink and nonalcoholic beverage businesses are highly competitive in each of the territories in which we operate. We compete with bottlers of local and regional brands, including low cost beverages and Pepsi products. In Argentina and Brazil, we compete with Companhia de Bebidas das Americas, commonly referred to as AmBev, the largest brewer in Latin America and a subsidiary of InBev S.A., which sells Pepsico trademark products, in addition to a portfolio that includes local brands with flavors such as Guaraná. In Chile, our main competitor is Compañía de Cervecerías Unidas, which sells Pepsico trademark products as well as a portfolio that includes juices and waters. In Paraguay, our main competitor is Embotelladora Central with Niki and De la Costa trademarks (which are low cost “B-brands”), followed by AV S.A. a bottler of the Pepsico trademark. This competition in each of the regions where we operate is likely to continue, and we cannot assure you that it will not intensify in the future, which could materially and adversely affect our financial condition and results of operations.

***Raw material prices may be subject to U.S. dollar/local currency exchange risk and price volatility, which could increase our costs of operations.***

In addition to water, our most significant raw materials are (1) concentrate, which we acquire from affiliates of The Coca-Cola Company, (2) sweeteners and (3) packaging materials. Our most significant packaging raw material costs arise from the purchase of resin and plastic preforms to make plastic bottles and from the purchase of finished plastic bottles, the prices of which are related to crude oil prices and global resin supply. Prices for concentrate are determined by The Coca-Cola Company and the Coca-Cola Company has unilaterally increased concentrate prices in the past and may do so again in the future. We cannot assure you that The Coca-Cola Company will not increase the price of the concentrate for Coca-Cola trademark beverages or change the manner in which such price will be calculated in the future. We may not be successful in negotiating or implementing measures to mitigate the negative effect this may have in the pricing of our products or our results. The prices for our remaining raw materials are driven by market prices and local availability, the imposition of import duties and restrictions and fluctuations in exchange rates.

We purchase our raw materials from both domestic and international suppliers, some of which must be approved by The Coca-Cola Company, which may limit the number of suppliers available to us. Because the prices of the main raw materials are denominated in U.S. dollars, we are subject to local currency risk with respect to each of our operations. If any of the Chilean peso, Brazilian real, Argentine peso, or Paraguayan guaraní were to depreciate significantly against the U.S. dollar, the cost of certain raw materials in our respective territories could rise significantly, which could have an adverse effect on our financial condition and results of operations. We cannot assure you that these currencies will not lose value against the U.S. dollar in the future. Additionally, some raw material prices are subject to high volatility, which could also have a material adverse effect on our profitability. The supply or cost of specific raw materials could be adversely affected by domestic or global price changes, strikes, weather conditions, governmental controls or other factors. Any sustained interruption in the supply of these raw materials or any significant increase in their price could have a material adverse effect on our financial performance.



***Instability in the supply of utility services and oil prices may adversely impact our results of operations.***

Our operations depend on a stable supply of utilities and fuel in the countries where we operate. Electrical power outages could lead to increased energy prices and possible service interruptions. Interruptions in the supply of water could also generate an increase of our production costs and possible service interruptions. We cannot assure you that in the future we will not experience energy or water supply interruptions that could materially and adversely affect our business. In addition, a significant increase in energy prices would raise our costs, which could materially impact our results of operations. Fluctuations in oil prices have adversely affected our cost of energy and transportation in the regions where we operate and we expect that they will continue to do so in the future. We cannot assure you that fuel prices will not increase in the future, and a significant increase in fuel price may have a significant effect on our financial performance.

***Water scarcity and poor water quality could adversely impact our production costs and capacity.***

Water is the main ingredient in substantially all of our products. It is also a limited resource in many parts of the world, facing unprecedented challenges from overexploitation, increasing pollution and poor management. As demand for water continues to increase around the world, and as the quality of available water deteriorates, we may incur increasing production costs or face capacity constraints that could adversely affect our profitability or net operating revenues. We obtain water from various sources in our territories, including springs, wells, rivers and municipal and state water companies pursuant to either concessions granted by governments in our various territories or pursuant to contracts. We are also subject to uncertainty regarding the interpretation of the laws of the countries in which we operate, and any ambiguity or uncertainty regarding the interpretation or application of regulations can result in increased production costs or penalties for non-compliance, which are impossible or difficult to predict. We also anticipate discussions on new regulations on ownership and water usage in Chile and Paraguay. Additionally, water supply in the São Paulo region has been recently affected by low rainfall, which has affected the main water reservoir that serves the greater São Paulo area. Water shortages or changes in governmental regulations aimed at rationing water in the region could affect our water supply.

We cannot assure you that water will be available in sufficient quantities to meet our future production needs or will prove sufficient to meet our water supply needs.

***Significant additional labeling or warning requirements may inhibit sales of our products.***

The countries in which we operate may adopt significant advertising restrictions as well as additional product labeling or warning requirements relating to the chemical content or perceived adverse health consequences of certain of our Coca-Cola products or other products. In addition, the Chilean congress recently passed a new law which will become effective on June 27, 2016, with respect to labeling of certain consumer products, including soft drinks and bottled juices and waters such as ours. In October 2015 we instituted a plan to adjust our labels to the new requirements of this law in order to be able to comply with its requirements once it becomes effective. Due to the difficulty of determining the future scope and interpretation of the requirements of this law we may be subject to ambiguity or uncertainty with respect to its interpretation and application which could result in non-compliance and associated costs and penalties, which are impossible or difficult to predict. These requirements may adversely affect sales of our products.

***Our business may be adversely affected if we are unable to maintain brand image and product quality.***

Our beverage business is highly dependent on maintaining the reputation of our products in the countries where we operate. If we fail to maintain high standards for product quality, our reputation and ability to remain a distributor of Coca-Cola beverages in the countries where we operate could be jeopardized. Negative publicity or incidents related to our products may reduce their demand and could have a material adverse effect on our financial performance. If any of our products is defective or found to contain contaminants, or causes injury or illness, we may be subject to product recalls or other liabilities.

We take precautions to ensure that our beverage products are free from contaminants and that our packaging materials (such as bottles, crowns, cans and other containers) are free of defects. Such precautions include quality-control programs for primary materials, the production process and our final products.

We have established procedures to correct problems detected.

In the event that contamination or a defect does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on our business, reputation, prospects, financial condition and results of operations.

Although we maintain insurance policies against certain product liability risks, we may not be able to enforce our rights in respect of these policies, and, in the event that a defect occurs, any amounts that we recover may not be sufficient to offset any damage we may suffer, which could adversely impact our business, results of operations and financial condition.

***Trademark infringement could adversely impact our beverage business.***

A significant portion of our sales derives from sales of soft drinks branded with Coca-Cola trademarks, as well as other trademarks. If other parties attempt to misappropriate trademarks we use, we may be unable to protect these trademarks. The maintenance of the reputation of these brands is essential for the future success of our beverage business. Misappropriation of trademarks we use, or challenges thereto, could have a material adverse effect on our financial performance.

***Weather conditions or natural disasters may adversely affect our business.***

Lower temperatures and higher rainfall may negatively impact consumer patterns, which may result in lower per capita consumption of our beverage offerings. Additionally, adverse weather conditions or natural disasters may affect road infrastructure in the countries in which we operate and limit our ability to sell and distribute our products. For example, in February of 2010 our business experienced a temporary interruption in our production as a result of the 8.8 magnitude earthquake in central Chile; and in March 2015, flash floods in the north of Chile interrupted our production and distribution in such territory.

***Our insurance coverage may not adequately cover losses resulting from the risks for which we are insured.***

We maintain insurance for our principal facilities and other assets. Our insurance coverage protects us in the event we suffer certain losses resulting from theft, fraud, expropriation, business interruption, natural disasters or other similar events or from business interruptions caused by such events. In addition, we maintain insurance policies for our directors and officers. We cannot assure you that our insurance coverage will be sufficient or will provide adequate compensation for losses that we may incur.

***If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, our operations could be disrupted.***

We are increasingly dependent on information technology networks and systems, including over the Internet, to process, transmit and store electronic information. In particular, we depend on our information technology infrastructure for digital marketing activities and electronic communications among us and our clients, suppliers and also among our subsidiaries. Security breaches of this infrastructure can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If we are unable to prevent such breaches, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information.

***Perception of risk in emerging economies may impede our access to international capital markets, hinder our ability to finance our operations and adversely affect our financial performance.***

International investors, as a general rule, consider the countries in which we operate to be emerging market economies. Consequently, economic conditions and the market for securities of emerging market countries influence investors' perceptions of Chile, Brazil, Argentina and Paraguay and their evaluation of securities of companies located in these countries.

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During periods of heightened investor concern regarding emerging market economies, the countries where we operate may experience significant outflows of U.S. dollars.

In addition, during these periods companies based in the countries where we operate have faced higher costs for raising funds, both domestically and abroad, as well as limited access to international capital markets, which have negatively affected the prices of the aforementioned countries' securities. Although economic conditions are different in each of the emerging-market countries, investors' reactions to developments in one of these countries may affect the securities of issuers in the others. For example, adverse developments in emerging market countries may lead to decreased investor interest in investing in the securities of Chilean companies.

***Our business may be adversely affected if we fail to renew collective bargaining labor agreements on satisfactory terms or experience strikes or other labor unrest.***

A substantial portion of our employees is covered by collective bargaining labor agreements. These agreements generally expire every year. Our inability to renegotiate these agreements on satisfactory terms could cause work stoppages and interruptions, which may adversely impact our operations. Amendments to the terms and conditions of existing agreements could also increase our costs or otherwise have an adverse effect on our operational efficiency. We experience periodic strikes and other forms of labor unrest through the ordinary course of business. For example, in 2008 we experienced a strike in our production facilities in Chile, which lasted for a period of approximately two weeks, and which had a significant effect on our production capacity. We cannot assure you labor interruptions or other labor unrest will not occur in the future. If we experience strikes, work stoppages or other forms of labor unrest at any of our production facilities, our ability to supply finished beverages to customers could be impaired, which would reduce our net operating revenues and could expose us to customer claims.

***Our business is subject to extensive regulation, which is complex and subject to change.***

We are subject to local regulations in each of the territories in which we operate. The principal areas in which we are subject to regulation are water, environment, labor, taxation, health, consumer protection, advertising and antitrust. Regulation could also affect our ability to set prices for our products. The adoption of new laws or regulations or a stricter interpretation or enforcement thereof in the countries in which we operate may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our financial condition, business and results. Further changes in current regulations may result in increased compliance costs, which may have an adverse effect on our results or financial condition.

In the past, voluntary price restraints or statutory price controls have been imposed in several of the countries in which we operate. Currently there are no price controls applicable to our products in any of the territories in which we operate, other than in Argentina, where there are voluntary price restraints. There are currently no price controls for our products in any of the territories in which we operate, except in Argentina, where there are voluntary price restraints. There are currently no published laws or regulations imposing price controls on our products in Argentina. Nonetheless, we have complied with the request by Argentine government authorities to maintain prices of certain products sold through supermarkets.

The imposition of these restrictions or voluntary price restraints in Argentina or other territories may have an adverse effect on our results and financial condition. We cannot assure you that government authorities in Argentina or in any country in which we operate will not impose statutory price controls, or that we will not be requested to impose voluntary price restraints in the future.

***We may be required to incur considerable expenses in order to comply with various environmental laws and regulations. Such expenses may have a material adverse effect on our results of operations and financial position.***

We are subject to various environmental laws and regulations that apply to our containers, products and activities. If these environmental laws and regulations are strengthened or newly established in jurisdictions in which we conduct our businesses, we may be forced to incur considerable expenses in order to comply with such

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laws and regulations. Such expenses may have a material adverse effect on our results of operations and financial position. To the extent we determine that it is not financially sound for us to continue to comply with such laws and regulations, we may have to curtail or discontinue our activities in the affected business areas.

*If we were to become subject to adverse judgments or determinations in legal proceedings to which we are, or may become, a party, our future profitability could suffer through a reduction of sales, increased costs or damage to our reputation due to our failure to adequately communicate the impact of any such proceeding or its outcome to the investor and business communities.*

In the ordinary course of our business, we become involved in various other claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. In addition, Coca-Cola Andina Brazil is party to a series of ongoing administrative tax proceedings in which the Brazilian federal tax authorities have claimed that Coca-Cola Andina Brazil has unpaid liabilities for value-added taxes on industrialized products (*imposto sobre produtos industrializados*, or IPI) involving aggregate claims of a significant amount. Adverse judgments or determinations in one or more of these proceedings could require us to change the way we do business or use substantial resources in adhering to the settlements and could have a material adverse effect on our business, including, among other consequences, by significantly increasing the costs required to operate our business. Ineffective communications during or after these proceedings could amplify the negative effects, if any, of these proceedings on our reputation and may result in a negative market impact on the price of our securities. Additionally, adverse preliminary decisions in one or more of these proceedings may require the use of substantial financial resources during its review by a higher court.

*The countries in which we operate may adopt new tax laws or modify existing laws to increase taxes applicable to our business.*

We cannot assure you that any governmental authority in any country where we operate will not impose new taxes or increase taxes on our products in the future. The imposition of new taxes or increases in taxes on our products may have a material adverse effect on our business, financial condition, prospects and results.

For example, in Chile on September 29, 2014 Law 20.780 was enacted which was subsequently amended by Law 20.899, on February 8, 2016 (the “Tax Reform”). The Tax Reform provides a “Transitional Regime” for calendar years 2014, 2015 and 2016 and a “Permanent Regime” for calendar years 2017 and thereafter.

In the Transitional Regime, for calendar years 2014, 2015 and 2016, the Tax Reform progressively increases the Corporate Income Tax rate to 21%, 22.5% and 24%, respectively. There are no changes to the taxation that applies to dividends paid to shareholders that are not resident in Chile. The additional tax rate remains at 35% and credit is available for 100 percent of corporate income tax that may be charged to dividends remitted abroad. For natural persons domiciled or resident in Chile the current regime also remains. Such shareholders are taxed with the Supplementary Global Tax which has progressive rates ranging between 0% and 40% in the year they receive the payment of the dividend, entitled to credit for the entirety of corporate income tax paid by the issuer of the shares. For the calendar year 2017, the rate will be 25% for companies that choose the Attributed Regime scheme and 25.5% for those taxed by the Semi-Integrated scheme, each described below.

In the Permanent Regime, for the years 2017 and thereafter, taxpayers may choose either the Attributed Regime or the Semi-Integrated income taxation schemes. Under the Attributed Regime scheme, annual accrued profits are immediately charged with the corporate income tax rate of 25% and an additional tax of 35%, maintaining the right to credit against the latter 100% of corporate income tax. In this option, non-Chilean shareholders are taxed with the additional tax of 35% regardless of whether the Chilean company pays a dividend or not due to the fact that the additional tax should be declared and paid in the year in which profits are accrued in the Chilean company that has issued the shares.

The same applies to local shareholders, defined as natural persons domiciled in Chile, but with a maximum rate of 35% for the Supplementary Global Tax. Under the Semi-Integrated tax scheme, earned annual profits are taxed at the corporate income tax rate of 27% (25.5% for fiscal year 2017). Dividends remitted abroad and those paid to local shareholders are taxed with additional tax or Supplementary Global Tax (with a maximum rate of 35%) only in the year of the payment of the dividend. The additional tax rate remains at 35% with corporate income tax credit paid by the issuing company.

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Notwithstanding the above, local shareholders and shareholders domiciled in countries that do not have an existing treaty to avoid double taxation with Chile, can only credit 65% of corporate income tax, which results in a total tax burden on profits distributed to those shareholders of 44.45%. The credit limitation is made by establishing a debit (tax) to the shareholder equal to 35% of corporate income tax.

It should be noted that an open stock corporation in which one or more of its shareholders is in turn a company domiciled in Chile does not have the option and will automatically be subject to the Semi-Integrated scheme.

The same reform increased the additional tax on non-alcoholic beverages with sugar from 13% to 18%, and reduced the additional tax on non-alcoholic beverages without sugar from 13% to 10%.

In November 2012, the government of the Province of Buenos Aires, Argentina, adopted Law No. 14,394, which increased the tax rate applied to revenue from products sold within the Province of Buenos Aires. For products manufactured in the territory of the Province of Buenos Aires, Law No. 14,394 increased the tax rate from 1% to 1.75%, and for products manufactured in any other Argentine province, from 3% to 4%. In January 2013, the government of the Province of Chubut, Argentina, adopted Law No. XXIV-62, which increased the tax rate applied to revenue from products sold within the Province of Chubut and manufactured in any other Argentine province from 3% to 4%. In December 2012, the government of the Province of La Pampa, Argentina, adopted Law No. 2,700, which increased the tax rate applied to revenue from products sold within the Province of La Pampa and manufactured in any other Argentine province, from 1.5% to 2.5%. In January 2013, the government of the Province of Mendoza, Argentina, adopted Law No. 8,523, which increased the tax rate applied to revenue from the sale of mineral water bottled in any other Argentine province and sold within the Province of Mendoza from 4% to 6%.

In January 2016, the government of the Province of Río Negro, Argentina, adopted Law No. 5,009, which increased the tax rate applied to revenue from products sold within the Province of Río Negro and manufactured in any other Argentine province from 3.8% to 4%. In January 2016, the government of the Province of Neuquén, Argentina adopted Law No. 2.982, which increased the tax rate applied to revenue from products sold within the Province of Neuquén and manufactured in any other Argentine province in 0.5%. In December 2015, the government of the Province of Córdoba, Argentina adopted Law No 10.323, establishing an additional tax from January 1, 2016 through and including December 31, 2019, for the Infrastructure Works Financing Fund increasing the tax rate on gross income by 15.25%.

Given the high tax burden in Brazil, the government provides tax incentives to attract investment to certain territories, particularly for manufacturers and other companies operating and investing in Brazil. Andina Brazil has been provided with some of said incentives. However, these incentive programs may be modified or terminated, thereby increasing our cost of operations in Brazil. Termination, non-extension or non-renewal of said tax incentives would have a material adverse effect on our business, financial condition and results of operation.

***We may not be able to successfully integrate our recent acquisitions and achieve the operational efficiencies and/or expected synergies.***

We have and we may continue to acquire bottling operations and other businesses. A key element to achieve the benefits and expected synergies of our recent and future acquisitions and/or mergers is to integrate the operation of acquired or merged businesses into our operations in a timely and effective manner. We may incur unforeseen liabilities in connection with acquiring, taking control of, or managing bottling operations and other businesses and may encounter difficulties and unforeseen or additional costs in restructuring and integrating them into our operating structure. We cannot assure you that these efforts will be successful or completed as expected by us, and our business, results and financial condition could be adversely affected if we are unable to do so.

***If we do not successfully comply with laws and regulations designed to combat governmental corruption in countries in which we sell our products, we could become subject to fines, penalties or other regulatory sanctions and our sales and profitability could suffer.***

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Although we are committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to our business, there is a risk that our employees or representatives may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions such as the U.S. Foreign Corrupt Practices Act.

*We may not be able to recruit or retain key personnel.*

In order to support and market our products, we must hire and retain skilled employees with particular expertise. The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies. We face various challenges inherent in the management of a large number of employees over diverse geographical regions. Key employees may choose to leave their employment for a variety of reasons, including reasons beyond our control. The impact of the departure of key employees cannot be determined and may depend on, among other things, our ability to recruit other individuals of similar experience and skill. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

**Risks Relating to Chile**

*Our growth and profitability depend on economic conditions in Chile.*

39.3% of our assets as of December 31, 2015 and 27.3% of our net sales for the year ended December 31, 2015 corresponded to our operations in Chile. Thus, our financial condition and results of operations depend significantly on economic conditions prevailing in Chile.

International and local economic crisis may adversely affect the Chilean economy, and unfavorable general economic conditions could negatively affect the affordability of and demand for some of our products. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products or buying low cost “B brands” offered by competitors. Any of these events could have an adverse effect on our business, financial condition and results of operations.

According to data published by the Central Bank, the Chilean economy grew at a rate of 5.6% in 2012, 4.2% in 2013 and 1.9% in 2014 and at a rate of 2.5%, 1.9% and 2.2% respectively during the first three quarters of 2015. Our financial condition and results of operations could also be adversely affected by changes over which we have no control, including, without limitation:

- the economic or other policies of the Chilean government, which has a substantial influence over many aspects of the private sector;
- other political or economic developments in or affecting Chile;
- regulatory changes or administrative practices of Chilean authorities;
- inflation and governmental policies to combat inflation;
- currency exchange movements; and
- global and regional economic conditions.

We cannot assure you that the future development of the Chilean economy will not impair our ability to successfully carry out our business plan or materially adversely affect our business, financial condition or results of operations.

*Inflation in Chile and government measures to curb inflation may disrupt our business and have an adverse effect on our financial condition and results of operations.*

Although Chilean inflation has decreased in recent years, Chile has experienced high levels of inflation in the past. The annual rates of inflation in Chile, which in 2012, 2013, 2014 and 2015 were 1.5%, 3.0% 4.6%



and 4.4%, respectively, as measured by changes in the consumer price index and as reported by the INE (*Instituto Nacional de Estadísticas*, or the Chilean National Institute of Statistics), could adversely affect the Chilean economy and have a material adverse effect on our financial condition and results of operations if we are unable to increase our prices in line with inflation. We cannot assure you that Chilean inflation will not revert to prior levels in the future.

The measures taken by the Central Bank to control inflation have often included maintaining a conservative monetary policy with high interest rates, thereby restricting the availability of credit and economic growth. Inflation, measures to combat inflation, and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy, which could lead to reduced demand for our products and decreased sales. Inflation is also likely to increase some of our costs and expenses, given that the majority of our supply contracts are UF-denominated or are indexed to the Chilean consumer price index. Due to competition, we cannot assure you that we will be able to realize price increases, which could adversely impact our operating margins and operating income. Additionally, an important part of our financial debt is UF-denominated, and therefore the value of the debt reflects any increase of the inflation in Chile.

***The Chilean peso is subject to depreciation and volatility, which could adversely affect our business.***

The Chilean government’s economic policies and any future changes in the value of the Chilean peso against the U.S. dollar could adversely affect our operations and financial results. The Chilean peso has been subject to large nominal devaluations in the past and may be subject to significant fluctuations in the future. The main drivers of exchange rate volatility in past years were the significant fluctuations of commodity prices, as well as general uncertainty and trade imbalances in the global markets. In 2011, the Chilean peso appreciated mainly resulting from worsening financial conditions in certain Eurozone countries and higher volatility in global financial markets. The more recent exchange rate volatility has also been driven by uncertainty about the Eurozone’s financial situation and its effects on global growth. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future.

Based on the Observed Exchange Rates for U.S. dollars as of December 31, 2013, 2014 and 2015, the Chilean peso depreciated 9.3%, 15.7% and 14.7% relative to the U.S. dollar in nominal terms, respectively.

***A severe earthquake or tsunami in Chile could adversely affect the Chilean economy and our network infrastructure.***

Chile lies on the Nazca tectonic plate, one of the world’s most seismically active regions. Chile has been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck Santiago in 1985 and a 9.5 magnitude earthquake in 1960 which was the largest earthquake ever recorded.

On February 27, 2010, an 8.8 magnitude earthquake struck the central and south central regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile’s second largest city. The regions of Bío Bío and Maule were the most severely affected regions, especially the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The regions of Valparaíso and Metropolitan region were also severely affected. At least 1,500,000 homes were damaged and more than 500 people were killed. According to an initial assessment by the government of Chile, the repair of the resulting damage, excluding damage to port facilities, is likely to take between three and four years and the preliminary assessments of reconstruction costs indicate that they could total approximately US\$30 billion. As a result of these developments, economic activity in Chile was adversely affected in March 2010. Legislation was passed to raise the corporate income tax rate in order to pay for reconstruction following the earthquake and tsunami, which had an adverse effect on our results. The legislation increased the corporate tax rate from its previous rate of 17.0% to 20.0%.

A severe earthquake and/or tsunami in Chile in the future could have an adverse impact on the Chilean economy and on our production and logistics network, including our business, results of operations and financial condition.



**Risks Relating to Brazil**

***Our business operations in Brazil are dependent on economic conditions in Brazil.***

36.6% of our assets as December 31, 2015 and 32.3% of our consolidated net sales for the year ended December 31, 2015 corresponded to our operations in Brazil.

Because demand for soft drinks and beverage products is usually correlated to economic conditions prevailing in the relevant local market, which in turn is dependent on the macroeconomic condition of the country in which the market is located, our financial condition and results of operations to a considerable extent are dependent upon political and economic conditions prevailing in Brazil. The Brazilian economy is also affected by international economic and market conditions in general, especially economic and market conditions in the United States. Similarly to other emerging market countries, the Brazilian currency depreciated significantly during 2015, attributed in part to an outflow of capital related to the expectation that the United States Federal Reserve will reduce or end its “quantitative easing” economic stimulus measures. The Brazilian economy is therefore subject to uncertainties and risks related to changes in economic conditions and policy measures in countries such as the United States and China, as well as the European Union and elsewhere.

The Brazilian economy has been experiencing a slowdown — GDP growth rates were 3.9%, 1.8%, 2.7%, and 0.1% in 2011, 2012, 2013 and 2014, respectively, but GDP decreased 3.8% in 2015. In addition, inflation, unemployment and interest rates increased in 2015, and the Brazilian real weakened significantly in comparison to the U.S. dollar. The market expectation for 2016 is that the Brazilian economy will continue to slow down.

***The Brazilian government exercises significant influence over the Brazilian economy, which together with historically volatile Brazilian political, social and economic conditions could adversely affect our financial condition and results of operations.***

The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, price controls, taxation, credit, tariff and other policies to influence the course of Brazil’s economy. Our business, results of operations, financial condition and prospects may be adversely affected by, among others, the following factors:

- exchange rate fluctuations;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in gross domestic product (GDP);
- high inflation rates;
- changes in fiscal or monetary policies;
- increase in interest rates;
- exchange control policies;
- volatility and liquidity of domestic capital and credit markets;
- changes in climate and weather patterns;
- energy or water shortages or rationalization, particularly in light of water shortages in parts of Brazil;
- changes in environmental regulation;

- social and political instability, particularly in light of recent protests against the government; and
- other economic, political, diplomatic and social developments in or affecting Brazil, including with respect to alleged unethical or illegal conduct of certain figures in the Brazilian government and legislators, which are currently under investigation.

Our results of operations and financial condition may be adversely affected by the economic conditions in Brazil. In addition, protests, strikes and corruption scandals, including the “Lava Jato” investigation, have led to a fall in confidence and a political crisis. There is strong popular pressure and several legal and administrative proceedings for the impeachment of Dilma Rousseff, the Brazilian President, and/or revocation of the mandates or resignation of the Brazilian President and/or the Head of the House of Representatives, which have led to uncertainties. The political crisis could worsen the economic conditions in Brazil, which may worsen purchasing power, consumption and supply chain costs and adversely affect our results of operations and financial condition.

***Inflation and the Brazilian government’s measures to curb inflation, including by increasing interest rates, may contribute to economic uncertainty in Brazil, adversely affecting the operations of Andina Brazil, which could adversely impact our financial condition and results of operations.***

Brazil has historically experienced extremely high rates of inflation. Inflation, and several measures taken by the Federal Government in order to control it, combined with speculation about possible government measures, have in the past had significant negative effects on the Brazilian economy. Historically, the annual inflation rates recorded in Brazil before 1995 were extremely high, and included periods of hyperinflation. According to the National Amplified Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or “IPCA”), published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or the “IBGE”), Brazilian consumer price inflation rates were 6.5% in 2011, 5.8% in 2012, 5.9% in 2013, 6.4% in 2014 and 10.7% in 2015. Considering this history and the uncertainty around the Brazilian government’s policies, we cannot provide any assurance that inflation rates in Brazil will not increase more.

Brazil may continue experiencing high levels of inflation in 2016, above the Central Bank’s target. Periods of higher inflation slow the growth rate of the Brazilian economy, which may lead to lower growth in consumption of products. Inflation also is likely to continue to put pressure on industry costs of production and expenses, which will force companies to search for innovative solutions in order to remain competitive. We may not be able to pass this cost onto our customers and, as a result, it may reduce our profit margins and net profit. In addition, inflation and its effect on domestic interest rates can lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets and may have an adverse effect on our business, results of operations and financial condition.

***Exchange rate instability could affect our business, financial condition and results of operations.***

The Brazilian currency has fluctuated over the past three decades. Throughout this period, the Brazilian government has implemented various economic plans and exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange market and floating exchange rate systems. Although long-term devaluation of the real is generally related to the rate of inflation in Brazil, the devaluation of the real over shorter periods has resulted in significant fluctuations in the exchange rate between the Brazilian currency, the U.S. dollar and other currencies.

In 2013, the real depreciated against the U.S. dollar, closing at R\$2.3426 to US\$1.00. In 2014, the real depreciated against the U.S. dollar, closing at R\$2.6562 to US\$1.00 on December 31, 2014. In 2015, the real depreciated against the U.S. dollar, closing at R\$3.904 to US\$1.00 on December 31, 2015. We cannot guarantee that the real will not again depreciate or appreciate against the U.S. dollar in the future. In addition, we cannot guarantee that any deprecation or appreciation of the real against the U.S. dollar or other currencies will not have an adverse effect on our business.

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Depreciation of the real against major foreign currencies, including the U.S. dollar, could create additional inflationary pressures in Brazil and cause the Central Bank to increase interest rates in effort to steady the economy. In turn, these measures could negatively affect the growth of the Brazilian economy as a whole and may harm our financial condition and our results of operations, curtail access to foreign financial markets and prompt government intervention, including efforts to avoid recession. Depreciation of the real can also, as in the context of an economic slowdown, lead to a decrease in consumer spending, deflationary pressures and reduced growth in the Brazilian economy as a whole.

In contrast, appreciation of the real relative to the major foreign currencies, including the U.S. dollar, could lead to a deterioration of Brazilian current accounts, as well as foreign exchange current accounts, and also affect export-driven growth. Depending on the circumstances, either depreciation or appreciation of the real could materially and adversely affect the growth of the Brazilian economy and us.

***Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.***

The Brazilian government regularly implements changes to tax regimes that may increase our and our customers’ tax burdens. These changes include modifications in the tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In the past, the Brazilian government has presented certain tax reform proposals, which have been mainly designed to simplify the Brazilian tax system, to avoid internal disputes within and between the Brazilian states and municipalities, and to redistribute tax revenues. The tax reform proposals provide for changes in the rules governing the federal Social Integration Program (*Programa de Integração Social*, or “PIS”) and Social Security Contribution (*Contribuição para o Financiamento da Seguridade Social*, or “COFINS”) taxes, the state Tax on the Circulation of Merchandise and Services (*Imposto Sobre a Circulação de Mercadorias e Serviços*, or “ICMS”) and some other taxes, such as increases in payroll taxes. These proposals may not be approved and passed into law. The effects of these proposed tax reform measures and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

Recently, regarding the “ICMS”, there have been some discussions about the difference between a full exemption and a base reduction. If a base reduction is considered a partial exemption, there is a risk of reduction of our tax credits, which may adversely affect our results of operations.

***Tax proceedings may result in a significant tax liability to Ipiranga***

Ipiranga is party to a series of ongoing administrative tax proceedings in which the Brazilian federal tax authorities have claimed that Ipiranga has unpaid liabilities for value-added taxes on industrialized products (*imposto sobre produtos industrializados*, or IPI) in an aggregate amount, as of December 31, 2015, of approximately R\$1,206,853,388. These proceedings are at different administrative as well as judicial procedural stages. We disagree with the Brazilian tax authority’s position and believe that Ipiranga was entitled to claim IPI tax credits in connection with its purchases of certain exempt inputs from suppliers located in the Manaus Free Trade Zone. We believe that the Brazilian tax authority’s claims are without merit. Our external Brazilian counsel has advised us that it believes Ipiranga’s likelihood of loss in most of these proceedings is classified as possible to remote (i.e., approximately 30% likelihood). Despite the foregoing, the outcome of these claims is subject to uncertainty, and it is impossible to predict its final resolution. Finally, pursuant to the agreement under which we agreed to acquire Ipiranga’s shares, the sellers agreed to indemnify us for such tax obligations and established a five-year duration escrow account (which five-year term expires [●]) to support this indemnity liability in an amount equivalent to R\$270,018,165.

**Risks Relating to Argentina**

***Our business operations in Argentina are dependent on economic conditions in Argentina.***

10.0% of our assets as of December 31, 2015 and 33.4% of our net sales for the year ended December 31, 2015 corresponded to our operations in Argentina. Because demand for soft drinks and beverage products is usually correlated to economic conditions prevailing in the local market, which in turn is dependent on the macroeconomic condition of the country, the financial condition and results of operations of our business operations in Argentina are, to a considerable extent, dependent upon political and economic conditions prevailing in Argentina.

Historically, the Argentine economy has experienced periods of high levels of instability and volatility, low or negative economic growth and high and variable inflation and devaluation levels. During 2001 and 2002, Argentina went through a period of major political, economic and social instability, which led to a partial default by Argentina in the payment of its sovereign debt, and the devaluation of the peso in January 2002, after over ten years of parity with the U.S. dollar. Although general economic conditions in Argentina have recovered significantly during the past years, there is uncertainty as to whether this recovery is sustainable. This is mainly because recent economic growth was initially dependent on a significant devaluation of the Argentine peso, a high excess production capacity resulting from a long period of deep recession and high commodity prices. According to the INDEC (*Instituto Nacional de Estadísticas y Censos*, or the National Statistics and Census Institute), GDP growth in real terms in Argentina was 9.5% in 2010, 8.4% in 2011, 0.8% in 2012, 2.9% in 2013 and 0.5% in 2014. The most recent GDP figures INDEC has released are for the first and second quarters of 2015, when Argentina registered GDP growth in real terms of 2.1% and 2.3%, respectively. We cannot assure you that Argentine GDP will increase or remain stable in the future. The economic crisis in Europe, the international demand for Argentine products, the instability and competitiveness of the Argentine peso against foreign currencies, confidence among consumers and foreign and domestic investors, the significant and increasing inflation rate and future political, financial and economic uncertainties, among other factors, may affect the development of the Argentine economy.

***Political and economic instability in Argentina may recur, which could have a material adverse effect on our Argentine operations and on our financial condition and results of operations.***

In the period from 1998 through 2003, Argentina experienced acute economic difficulties that culminated in the restructuring of substantially all of Argentina’s sovereign indebtedness. There were a succession of presidents during this crisis period and various states of emergency were declared that suspended civil liberties and instituted restrictions on transfers of funds abroad and foreign exchange controls, among other measures. Argentina’s GDP contracted 10.9% in 2002. Beginning in 2003, Argentine GDP began to recover and from 2004 to 2008 recorded an average rate of growth of 8.4%.

The global economic crisis of 2008 led to a sudden economic decline, accompanied by political and social unrest, inflationary and Argentine peso depreciation pressures, and lack of consumer and investor confidence, which have forced the Argentine government to adopt different measures, including the tightening of foreign exchange controls, the elimination of subsidies to the private sector and the proposal for new taxes.

On the other hand, until December 2015, the Argentine government increased its intervention level in some of the areas of the economy. For example, in May of 2012, the Argentine government nationalized YPF S.A., Argentina’s largest and previously Spanish-owned oil company, which was originally an Argentinian state owned entity. Expropriations and other interventions by the Argentine government such as the one relating to YPF can have an adverse impact on the level of foreign investment in Argentina, the access of Argentine companies to the international capital markets and Argentina’s commercial and diplomatic relations with other countries. Despite the change in government that occurred in December 2015, the level of governmental intervention in the economy in the future may continue, which may have adverse effects on Argentina’s economy and, in turn, our business, results of operations and financial condition.

***The Argentine government could impose certain restrictions on currency conversions and remittances abroad, which could affect the timing and amount of any dividends or other payment we receive from our Argentine subsidiary.***

In 2001 and 2002, the Argentine government implemented a number of monetary and currency exchange control measures, which included restrictions on the withdrawal of funds deposited with banks and stringent restrictions on the outflow of foreign currency from Argentina, including for purposes of paying principal and interest on debt and distributing dividends. From December 2011 to November 2015, as a result of the increased demand in Argentina for U.S. dollars and capital flows from Argentina during 2011, the Argentine Government imposed additional restrictions on the purchase of foreign currency and certain transfers of funds out of Argentina and reduced the time required to comply with certain transfers of funds into Argentina.

During December 2015 these restrictions began to be reviewed by the new administration in order to normalize the existing exchange-rate policy.

Under current Argentine law, we may declare and distribute dividends with respect to our Argentine subsidiary and Argentine banks may lawfully process payments of those dividends to us and other non-resident shareholders. Our declaration and distribution of dividends is subject to certain statutory requirements and must be consistent with our audited financial statements. The processing of payment of dividends by Argentine banks is subject to Argentine Central Bank regulations, including verification of our Argentine subsidiary’s compliance with foreign debt and direct investment disclosure obligations. In addition to statutory and administrative rules affecting our Argentine subsidiary’s payment of dividends, during 2012 the Argentine government imposed discretionary restrictions on Argentine companies as part of a policy to limit outbound transfers of U.S. dollars. From 2010 until the beginning of 2016 these restrictions halted dividend payments to non-resident shareholders. At the start of 2016 the new administration began decreasing these restrictions which enabled us to withdraw earnings for the year 2010 from our Argentine subsidiary in February 2016.

Nonetheless, we cannot assure you that we will be able to cause our Argentine subsidiary to distribute dividends to its non-resident shareholders, despite otherwise meeting all statutory and regulatory requirements for payment.

***Argentina’s government may impose certain restrictions on imports, which could have an impact on our operations.***

Since February 2012, pursuant to a resolution of the Argentine Federal Tax Authority (“*Administración Federal de Ingresos Públicos—AFIP*”) Argentine importers were required to file a “Prior Import Statement” (“*Declaración Jurada Anticipada de Importación—DJAI*”) with the AFIP providing information on future imports prior to the execution of any purchase order or similar document. Compliance with this requirement, was verified by the Argentine customs upon arrival of the goods into Argentina and was a condition for the authorization of the payment of the purchase price by the Argentine fiscal entities. Although this was intended merely as an information gathering regime, it may in the future be used for purposes of restricting imports into Argentina. A similar regime was also imposed in respect of the import and export of services (known by its initials as “DJAS”), and resulted in additional restrictions being imposed on the payments made by Argentine residents on services provided by foreign residents. While the change in the Argentine government that occurred in December 2015 considerably relaxed restrictions on imports of goods and services and replaced the Prior Import Statement system described above with a Comprehensive System of Monitoring Imports (*Sistema Integral de Monitoreo de Importaciones - SIMI*) (together with the implementation of automatic and non-automatic licenses) while maintaining the DJAS, we cannot assure that these restrictions will be completely removed or that the previous regime will not be reinstated. Restrictions on Argentine imports of goods and services of our subsidiaries may adversely affect our financial conditions or results of operations.

***Inflation in Argentina may adversely affect our operations, which could adversely impact our financial condition and results of operations.***

Argentina has experienced high levels of inflation in recent decades, resulting in large devaluations of its currency. Argentina’s historically high rates of inflation resulted mainly from its lack of control over fiscal policy and its money supply. According to the INDEC, the official annual rates of inflation for the years 2011, 2012, 2013, 2014 and 2015 (date until October 2015 since the INDEC suspended its report thereafter) were 9.5%, 10.8%, 10.9%, 23.9% and 11.8%, respectively. Moreover, after changes in personnel and in the methodology used to calculate the consumer price index at the INDEC in 2007, the accuracy of its past measurements has been put into doubt by economists and investors. The actual consumer price index and wholesale price index may therefore be substantially higher than those indicated by the INDEC for years prior to December 2015. With the change of the Argentine Government in December 2015, INDEC has suspended the issuance of reports on the consumer and wholesale price indices until June 2016, date on which, according to INDEC, it will begin to report new indexes. We cannot assure INDEC will disseminate new indexes or that when they do they will be accurate or appropriate. A lack of consumer price indexes and other proper and accurate



INDEC indexes could cause a significant decrease in confidence in the Argentine economy, which could, in turn, have a material adverse effect on our operations and financial condition

In the past, inflation has materially undermined the Argentine economy and the government’s ability to generate conditions that foster economic growth. In addition, high inflation or a high level of price instability may materially and adversely affect the business volume of the financial system. This result, in turn, could adversely affect the level of economic activity and employment in the country.

High inflation would also undermine Argentina’s foreign competitiveness and adversely affect economic activity, employment, real salaries, consumption and interest rates. In addition, a dilution of the positive effects of the Argentine peso devaluation on the export-oriented sectors of the Argentine economy, even with the elimination of the exchange restriction, would decrease the level of economic activity in the country. In turn, a portion of the Argentine debt is adjusted by the *Coeficiente de Estabilización de Referencia*, the Stabilization Coefficient Index, a currency index that is strongly tied to inflation. Therefore, any significant increase in inflation would cause an increase in Argentina’s debt and, consequently, the country’s financial obligations. A high level of uncertainty with respect to these economic indicators, and a general lack of stability with respect to inflation, could cause a shortening of contract terms and affect the ability of businesses to plan and make decisions, thereby potentially materially and adversely affecting economic activity and lowering consumers’ and individuals’ income and their purchasing power, all of which could have a material adverse effect on our financial condition and operating results.

***Due to a default by Argentina on its debt obligations in 2001 and related litigation, the ability of Argentina and private sector companies in Argentina to obtain financing and to attract direct foreign investment is and will continue to be limited, which may have material adverse effects on the economy and our financial performance.***

Argentina has very limited access to foreign financing. In December 2001, Argentina defaulted on over \$81.8 billion in external debt to bondholders. In addition, since 2002, Argentina suspended payments on over \$15.7 billion in debt to multilateral financial institutions (and continues to owe a substantial portion of this amount to the Paris Club and to other financial institutions). As of December 31, 2013, Argentina’s total public debt amounted to approximately \$28.4 billion (excluding the debt in default to bondholders).

In addition, the foreign shareholders of several Argentine companies, including public utilities, and bondholders filed claims that exceeded US\$20 billion with the International Centre for Settlement of Investment Disputes. During 2013, approximately US\$ 680 million of these claims were settled. As of the date hereof, approximately US\$ 15 billion in claims remains pending.

In addition, pursuant to an order dated February 23, 2012, as amended by an order dated November 21, 2012, the United States District Court for the Southern District of New York granted an injunction requiring Argentina to pay the holders of the defaulted debt as a precondition to making a single interest payment under the restructured debt. The injunction further required Argentina to pay into an escrow account over \$1.3 billion prior to making the payment of the restructured debt on the December 15, 2012 scheduled payment. Upon appeal by Argentina, on August 23, 2013 the U.S. Court of Appeals for the Second Circuit upheld the lower court order requiring Argentina to pay holdout bondholders as a condition to payments to holders of restructured debt. On September 11, 2013, Argentina’s Congress approved an open-ended bond swap offer that would allow holders of the remaining 7% of bonds still outstanding after the country’s 2002 default (as well as participating bondholders) to exchange their instruments for new bonds governed by Argentine law. On October 3, 2013, the U.S. District Court for the Southern District of New York ordered Argentina to desist from the exchange offer. On November 18, 2013 the Second Circuit upheld the previous order and Argentina appealed to the Supreme Court of the United States. A ruling is expected within the next 6 months, however if the Supreme Court does not rule within that period the previous ruling will be affirmed. In December 2015, the new Argentinian administration announced its intention to negotiate with holdout bondholders, a process that is currently under negotiation.

This substantial uncertainty on the outstanding defaulted debt limits the access of Argentina to foreign financing in the international markets. Without access to international private financing, Argentina may not be able to finance its obligations, which could also inhibit the ability of the Argentine Central Bank to adopt measures to curb inflation and could adversely affect Argentina’s economic growth and public finances, which could, in turn, adversely affect our operations in Argentina, our financial condition and the results of our operations.

***The Argentine peso is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.***

After several years of price stability in Argentina, the devaluation of the Argentine peso in January 2002 imposed pressures on the domestic price system that generated high inflation throughout 2002. The devaluation had an adverse effect on the ability of Argentine companies to make timely payments on their foreign currency denominated obligations, generating high inflation throughout 2002, significantly reducing real salaries and adversely affecting companies that were focused on the domestic market, such as public service companies and financial companies. It also adversely affected the ability of the government to honor its foreign debt obligations. Since December 2001 until November 2015 CPI increased 1290% while the nominal exchange rate varied 979% rendering an exchange rate depreciation that was attempted to be partially corrected through a 43% devaluation of the peso towards the end of December 2015.

During 2015, the official exchange rate in Argentina depreciated by 52.5% against the U.S. dollar with respect to the official exchange rate as of the end of 2014.

In late 2011 the Argentine government implemented a series of measures aimed at maintaining the level of reserves of the Banco Central de la República Argentina (“BCRA”). As part of that effort, during the last quarter of 2011 until December 2015 new measures were implemented to limit the purchase of foreign currency by private companies and individuals. Access to the foreign exchange market requires authorization of the tax authorities, among other restrictions. As a result, the implied exchange rate in the quotation of Argentine securities that traded in foreign markets and in the local market increased significantly. During the year 2015 these restrictions continued increasing, making operations to withdraw payments to overseas suppliers highly complex. In January 2015 the purchase of dollars per day was limited to US\$300,000. By the middle of the year, this limit had been decreased to US\$75,000 and by year end was US\$50,000, which forced companies to split foreign import payments and caused some companies to reduce their importation of certain inputs.

On December 17, 2015, after the devaluation of the Argentine Peso, the split exchange rate market was reunified with the return of the “Single Free Exchange Market” (*Mercado Unico Libre de Cambio*) and many restrictions on acquisition of foreign exchange and payments to overseas suppliers were eliminated.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the Argentine peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. With the change of the Argentine Government in December 2015, the exchange market was partially deregulated, and the gap between the exchange rate published by the BCRA and the black market exchange rate was considerably reduced. We cannot predict how these conditions will affect the consumption of our products. Moreover, we cannot predict whether the new Argentine government will continue its monetary, fiscal, and exchange rate policy amendments and if so, what impact any of these changes could have on the value of the Argentine peso and, accordingly, on our financial condition, results of operations and cash flows, and on our ability to transfer funds abroad in order to comply with commercial or financial obligations. According to IFRS, which is the method under which the Company presents its results, the results generated by our operations in Argentina are converted to the reporting currency using the official exchange rate.

***Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.***

During the Argentine economic crisis in 2001 and 2002, Argentina experienced significant social and political turmoil, including civil unrest, riots, looting, nationwide protests, strikes and street demonstrations. Despite Argentina’s economic recovery and relative stabilization, social and political tension and high levels of poverty and unemployment continue. In 2008, Argentina faced nationwide strikes and protests. In November of 2012 there was a general strike led by opposition trade unions. The social unrest increased during the last months of 2012, and in December 2012 additional riots occurred, in addition to lootings of shops and supermarkets in cities around the country.



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Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors’ rights, new taxation policies and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the Argentine economy, and thereby our business, results of operations and financial condition.

***The government may order salary increases to be paid to employees in the private sector, which could increase our operating costs and affect our results of operations.***

In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to increase wages and provide specified benefits to employees, and may do so again in the future. Due to the high levels of inflation, labor organizations are demanding significant wage increases. In August 2012, the Argentine government established a 25% increase in the minimum salary accumulating a total of 32% for that period, and 16% for 2012. In 2013, 2014 and 2015 the increase of the vital and mobile minimum salary was 23.60%, 33.33% and 27% respectively, and for these same years the market average increase for workers was 25%, 30% and 32%, respectively.

It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits in the future, which could have a material and adverse effect on our expenses and business, results of operations and financial condition.

***Legislative and public policy changes.***

In 2015 a new Civil and Commercial Code of the Republic of Argentina came into force that regulates all legal relations of our Argentine subsidiary with its customers, suppliers and consumers. In addition, the new Argentine government which took office in December 2015 has announced that it is considering various bills that could amend Argentinian legislation on issues such as tax, customs, social security, labor, and commerce, among other areas. Also, the new government has announced changes in various public policies, including an increase in controls under the competition act. We cannot guarantee that these legislative amendments, if approved, may not adversely affect our financial condition or results of operations of our Argentine subsidiaries.

**Risks Relating to Paraguay**

***Our business operations in Paraguay are dependent on economic conditions in Paraguay.***

14.1% of our assets as of December 31, 2015 and 7.0% of our net sales for the year ended December 31, 2015 corresponded to our operations in Paraguay. Because demand for soft drinks and beverage products is generally related to the economic conditions prevailing in the local market which, in turn, depend on the macroeconomic and political conditions of the country, our financial situation and our results of operations could be adversely affected by changes in these factors over which we have no control.

GDP in Paraguay for the year 2015 grew by 3.0%, according to preliminary figures from the Central Bank of Paraguay published in the month of December of 2015, compared to growth of 4.7% in 2014 and 14.2% in 2013, after a decrease of 1.2% in 2012 due to adverse weather conditions. Paraguayan GDP is closely tied to the performance of Paraguay’s agricultural sector, which can be volatile. If Paraguayan agricultural performance is removed from calculation of GDP, Paraguay’s GDP has grown for 13 consecutive years at an average rate that lies between 3% and 4%.

***Inflation in Paraguay may adversely affect our financial condition and results of operations.***

Paraguay’s consumer price index presented was 3.1% in 2015 versus 4.2% in 2014, showing inflation. Part of the basic food basket used in its calculation consists of imported products and despite the value of the dollar appreciating by over 25%, the exchange rate pass-through was not observed in inflation levels due to the reduced activity of the Paraguayan economy during 2015, principally in trade sector.

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An increase in inflation in Paraguay could decrease the purchasing power of our consumers in the country, which could adversely affect our volumes and impact our sales income. We cannot assure you that inflation in Paraguay will not increase significantly.

***The Paraguayan guaraní is subject to depreciation and volatility, which could adversely affect our financial condition and results of operations.***

The exchange rate of Paraguay is free and floating and the *Banco Central de Paraguay*, or Paraguay Central Bank (“BCP”), actively participate in the exchange market in order to reduce volatility.

In 2015 the guaraní depreciated by 25.2% against the U.S. dollar, while in 2014 it depreciated by 0.7%. While this depreciation is lower than that of other countries in the region, the local currency follows regional and global trends. Therefore, to the extent that the United States economy improves, the U.S. dollar will begin to gain value. When the U.S. dollar’s value increases and raw materials lose value, this directly impacts Paraguay’s generation of foreign exchange which occurs mainly through the export of raw materials.

A significant depreciation of the local currency could adversely affect our financial situation and financial results, as approximately 25% of our total costs of raw materials and supplies are in U.S. dollars, as well as impact other expenses such as professional fees and maintenance costs.

**Risk Factors Relating to the ADRs and Common Stock**

***Preemptive rights may be unavailable to ADR holders***

According to the *Ley de Sociedades Anónimas* No. 18.046 and the *Reglamento de Sociedades Anónimas* (collectively, the “Chilean Companies Law”), whenever we issue new shares for cash, we are required to grant preemptive rights to holders of our shares (including shares represented by ADRs), giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. However, we may not be able to offer shares to United States holders of ADRs pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights and shares, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, is available.

Under the procedure established by the Central Bank of Chile, the foreign investment agreement of a Chilean company with an existing ADR program will become subject to an amendment (which will also be deemed to incorporate all laws and regulations applicable to international offerings in effect as of the date of the amendment) that will extend the benefits of such contract to new shares issued pursuant to a preemptive rights offering to existing ADR owners and to other persons residing and domiciled outside of Chile that exercise preemptive rights, upon request to the Central Bank of Chile. We intend to evaluate at the time of any rights offering the costs and potential liabilities associated with any such registration statement as well as the indirect benefits to us of enabling United States ADR holders to exercise preemptive rights and any other factors that we consider appropriate at the time, and then make a decision as to whether to file such registration statement.

We cannot assure you that any registration statement would be filed. To the extent ADR holders are unable to exercise such rights because a registration statement has not been filed, the depositary will attempt to sell such holders’ preemptive rights and distribute the net proceeds thereof if a secondary market for such rights exists and a premium can be recognized over the cost of any such sale. If such rights cannot be sold, they will expire and ADR holders will not realize any value from the grant of such preemptive rights. In any such case, such holder’s equity interest in the Company would be diluted proportionately.

*Shareholders’ rights are less well defined in Chile than in other jurisdictions, including the United States*

Under the United States federal securities laws, as a foreign private issuer, we are exempt from certain rules that apply to domestic United States issuers with equity securities registered under the United States Securities Exchange Act of 1934, as amended, including the proxy solicitation rules, the rules requiring disclosure of share ownership by directors, officers and certain shareholders. We are also exempt from certain of the corporate governance requirements of the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange, Inc., including the requirements concerning independent directors.

Our corporate affairs are governed by the laws of Chile and our *estatutos* or bylaws, which function not only as our bylaws but also as our articles of incorporation. Under such laws, our shareholders may have fewer or less well-defined rights than they might have as shareholders of a corporation incorporated in a U.S. jurisdiction.

Pursuant to Law No. 19,705, enacted in December 2000, the controlling shareholders of an open stock corporation can only sell their controlling shares via a tender offer issued to all shareholders in which the bidder would have to buy all of the offered shares up to the percentage determined by it, where the price paid is substantially higher than the market price (that is, when the price paid was higher than the average market price for a period starting 90 days before the proposed transaction and ending 30 days before such proposed transaction, plus 10%).

*The market for our shares may be volatile and illiquid.*

The Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. The *Bolsa de Comercio de Santiago* (the “Santiago Stock Exchange”), which is Chile’s principal securities exchange, had a market capitalization of approximately US\$191,510 million at December 31, 2015 and an average monthly trading volume of approximately US\$1,861 million for 2015. The lack of liquidity is owed, in part, to the relatively small size of the Chilean securities markets and may have a material adverse effect on the trading prices of our shares. Because the market for our ADRs depends, in part, on investors’ perception of the value of our underlying shares, this lack of liquidity for our shares in Chile may have a significant effect on the trading prices of our ADRs.

**ITEM 4. INFORMATION ON THE COMPANY**

**A. HISTORY AND DEVELOPMENT OF THE COMPANY**

**Overview**

Our legal name is Embotelladora Andina S.A., and our commercial name is Coca-Cola Andina. We were incorporated and organized as a *sociedad anónima* on February 7, 1946 under Chilean regulations, most importantly Chilean Companies’ Law N° 18,046 . An abstract of our bylaws is registered with the *Registro de Comercio del Conservador de Bienes Raíces de Santiago* (Public Registry of Commerce of the Real Estate Commission Administrator of the City of Santiago) under No. 581 of the year 1946. Pursuant to our bylaws, our term of duration is indefinite.

Our shares of common stock are listed and traded on the Santiago Stock Exchange, on the *Bolsa Electrónica de Chile* (the Chilean Electronic Stock Exchange) and the *Bolsa de Corredores de Valparaíso* (the Valparaíso Stockbrokers Stock Exchange). Our Series A and Series B ADRs representing our Series A and Series B shares, respectively, are listed on the New York Stock Exchange. Our principal executive offices are located at Avenida Miraflores 9153, Piso 7, Renca, Santiago, Chile. Our telephone number is +56-2-2338-0520 and our website is [www.koandina.com](http://www.koandina.com).

Our depositary agent for the ADRs in the United States is The Bank of New York Mellon Corporation, located at One Wall Street, New York, New York 10286. Our depositary agent’s telephone number is (212) 815-2296. Our authorized representative in the United States is Puglisi & Associates, located at 850 Library Avenue, Suite 204, Newark, Delaware 19711, United States, and its phone number is (302) 738-6680.

History

*Chile*

In 1941, The Coca-Cola Company licensed a private Chilean company to produce Coca-Cola soft drinks in Chile and production began in 1943. In 1946, the original licensee withdrew from the license arrangement and a group of U.S. and Chilean investors formed Andina, which became The Coca-Cola Company’s sole licensee in Chile.

Between 1946 and the early 1980s, Andina developed the Chilean market for Coca-Cola soft drinks with a system of production and distribution facilities covering the central and southern regions of Chile. In the early 1980s, Andina sold its Coca-Cola licenses for most areas outside the Santiago metropolitan region and concentrated on the development of its soft drink business in the Santiago area. Although no longer the sole Coca-Cola bottler in Chile, we have been the principal manufacturer of Coca-Cola products in Chile for an uninterrupted period of 66 years.

In 1998, we purchased a 49% stake in Vital from The Coca-Cola Company. Concurrently, The Coca-Cola Company purchased Vital’s mineral water springs located in Chanqueahue, 80 miles south of Santiago. As part of the transaction, the Vital bottler agreement was replaced with a Minute Maid International Inc., juice bottler agreement and a new mineral water bottling agreement with The Coca-Cola Company.

The production and packaging business of water, juices and non-carbonated beverages licensed by The Coca-Cola Company in Chile was restructured in 2005. Vital Aguas S.A. (“VASA”) was created in 2005 in order to develop the processing, production and packaging of mineral water and other waters by Agua Mineral de Chanqueahue Vital. Vital S.A. is focused on developing juices and non-carbonated beverages. Andina and Embonor S.A. are also involved in the development of juices and non-carbonated beverages through their ownership stakes in Vital S.A., holding 66.5% and 33.5%, respectively. In January 2011 the juice production business was restructured to allow the incorporation of the other Coca-Cola bottlers in Chile to the ownership of Vital S.A. which changed its name to Vital Jugos S.A. Andina and Embonor hold 65% and 35% stakes in Embonor S.A, respectively.

In 2001, we entered into a joint venture with Cristalerías de Chile to produce PET bottles. On January 27, 2012, Coca-Cola Embonor through its subsidiary, Embonor Empaques S.A. acquired Cristalerías de Chile’s stake equivalent to a 50% ownership interest in Envases CMF.

On October 16, 2012, in order to reinforce our leadership position among Coca-Cola bottlers in South America, the Company completed its merger with Embotelladoras Coca-Cola Polar S.A. (“Polar”). Polar is a Coca-Cola bottler with operations in Chile, where it services territories in the II, III, IV, XI and XII regions, as well as parts of Argentina, as described below, and all of Paraguay. The merger grants former shareholders of Polar a 19.68% ownership interest in the merged entity, however the Company controls its day to day operations. As a result of the transaction, we also acquired additional indirect ownership interests in Vital Jugos S.A., Vital Aguas S.A. and Envases Central S.A.

On January 28, 2016, the Company incorporated a closed joint-stock company called Coca-Cola Del Valle New Ventures S.A. (“Coca-Cola Del Valle”). Embotelladora Andina S.A. contributed 35% of the capital of Coca-Cola Del Valle, with Embonor S.A. and Coca-Cola de Chile S.A contributing the remaining 15% and 50%, respectively. The main corporate purpose of Coca-Cola Del Valle is the development and production of juices, waters and non-carbonated beverages under brands owned by The Coca-Cola Company that Andina and Coca-Cola Embonor S.A. are authorized to commercialize and distribute in their respective franchise territories.

*Brazil*

Andina Brazil, our Brazilian subsidiary, began production and distribution of Coca-Cola soft drinks in Rio de Janeiro in 1942. In June 1994, we acquired 100% of the capital stock of Andina Brazil for approximately US\$120 million and contributed an additional US\$31 million to Andina Brazil’s capital immediately after the acquisition to repay certain indebtedness of Andina Brazil. In 2000, we purchased a Coca-Cola franchise licensee NVG through Andina Brazil for a territory in Brazil comprising the State of Espírito Santo and part of the States of Rio de Janeiro and Minas Gerais, for US\$74.5 million.

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NVG was merged into Andina Brazil in 2000, and its operations were integrated with Andina Brazil in 2001.

In 2004, Andina Brazil entered into a franchise swap agreement with the Brazilian subsidiary of The Coca-Cola Company, Recofarma Indústria do Amazonas Ltda., for an exchange of franchising rights, goods and other assets of Andina Brazil in the territory of Governador Valadares in the State of Minas Gerais, and other franchise rights of The Coca-Cola Company in the territories of Nova Iguaçu in the state of Rio de Janeiro, which were previously owned by Companhia Mineira de Refrescos S.A.

In 2007, The Coca-Cola Company along with the Coca-Cola bottlers in Brazil created a joint venture, Mais Indústria de Alimentos, in order to enhance the non-carbonated business for the entire System in that country, and in 2008 The Coca-Cola System acquired a second company that produces non-carbonated beverages called Sucos del Valle do Brasil Ltda. These two companies merged in 2011 and SABB (Sistema de Alimentos y Bebidas do Brasil) was created.

In 2010, The Coca-Cola Company along with its bottlers, acquired in a joint venture the company Leão Junior S.A. with a consolidated presence and market share in Andina Brazil’s region in the category of iced tea. Leão Junior S.A. commercializes the Matte Leão brand, among others. Andina Brazil controls 18.20% of Leão Junior S.A. Andina Brazil holds a 10.74% average ownership interest in Leão Junior S.A and SABB.

In November, 2012 Andina Brazil acquired a 40% stake in Sorocaba Refrescos S.A., a Coca-Cola bottler located in the state of Sao Paulo, for R\$146,946,004.

On October 11th, 2013, Rio de Janeiro Refrescos Ltda. (“RJR”), a subsidiary of Embotelladora Andina S.A. (“Coca-Cola Andina”) in Brazil, closed the acquisition of 100% of the capital stock of Companhia de Bebidas Ipiranga (“Ipiranga”) in an all-cash transaction. Ipiranga is also a Coca-Cola bottler with operations in part of the States of São Paulo and part of the State of Minas Gerais. This acquisition was previously arranged between the parties through an agreement signed on July 10th, 2013. The final price paid was R\$1,155,445,998. Ipiranga is a leading bottler of The Coca-Cola System in Brazil that operates in certain territories of the states of São Paulo and Minas Gerais. During 2012, its sales volume amounted to 89.3 million unit cases, with revenues amounting to R\$695 million, and an EBITDA of R\$112 million.

During 2013, there was a restructuring of the juice and mate business, pursuant to which the companies in which Rio de Janeiro Refrescos Ltda. held an interest were merged. As a result of the restructuring Rio de Janeiro Refrescos Ltda. ended up with a 9.57% ownership interest in Leon Alimentos y Bebidas Ltda., the legal successor of these companies. This percentage increased to 10.87% as a result of our acquisition of, and subsequent merger with, Companhia de Bebidas Ipiranga that held an ownership interest in Leon Alimentos y Bebidas Ltda. During 2014, Rio de Janeiro Refrescos Ltda. sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda., remaining with a final ownership interest of 8.82%.

**Argentina**

Production of Coca-Cola soft drinks in Argentina began in 1943 with operations in the province of Córdoba, Argentina, through Inti S.A.I.C., (“INTI”). In July 1995, we, through an investment company incorporated in Argentina called Inversiones del Atlántico S.A., (“IASA”), acquired a 59% interest in Embotelladoras del Atlántico S.A. (“Edasa”, the parent company of Rosario Refrescos S.A. and Mendoza Refrescos S.A. These entities were subsequently merged to create Rosario Mendoza Refrescos S.A., (“Romesa”). In 1996, we acquired an additional 35.9% interest in Edasa, an additional 78.7% interest in Inti, a 100% interest in Cipet (a PET plastic bottle and packaging business located in Buenos Aires) and a 15.2% interest in Cican S.A. During 1997, the operations of Romesa were merged with INTI. In 1999, Edasa was merged into IASA. In 2000, IASA was merged into INTI, forming Embotelladora del Atlántico S.A. (“EDASA”). In 2002, Cipet merged into EDASA. During 2007, EDASA’s ownership interest in Cican S.A. was sold to FEMSA.

During 2011, EDASA resolved the division of part of its equity to form a new company, Andina Empaques Argentina S.A., transferring all activities and assets necessary for the development of EDASA’s Packaging Division.

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Accounting and tax effects began on January 1, 2012. Subsequently, EDASA absorbed Coca-Cola Polar Argentina S.A. by merger. The corresponding Definitive Merger Agreement was registered in the Public Register of Trade of the Province of Córdoba under the Contracts and Dissolves Protocol Registration N ° 007-A25 on September 24, 2014. The merger’s tax and accounting effects began on November 1, 2012. Currently EDASA is the Coca-Cola bottler in the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Ríos, part of the province of Buenos Aires and in almost all of Santa Fe, as well as in La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego, Antarctica and South Atlantic Islands.

Additionally, as a result of the Company’s merger with Polar which was completed in October 16, 2012 and is more fully described above, the Company gained territory serviced by Polar in Argentina, consisting of territories in Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro La Pampa and the western zone of the province of Buenos Aires.

Finally, after the issuance of favorable opinions, on December 2, 2015 the National Commission for the defense of Competition in the Republic of Argentina, a non-concentrated organism under the administration of the Undersecretary of Trade of the Secretary of Trade of Ministry of Economy and Public Finances, notified EDASA of Resolution No. 640 dictated on November 24, 2015 by the Secretary of Trade of the Ministry of Economy and Public Finances under which it moved to authorize and approve the economic concentration caused by the (i) merger by incorporation between the Chilean company Embotelladora Andina S.A., as surviving entity, and Embotelladoras Coca-Cola Polar S.A, and (ii) the merger by incorporation between EDASA as surviving entity, and Coca-Cola Polar Argentina S.A, respectively, under article 13, inc. a) of Law 25.156.

**Paraguay**

PARESA is the first authorized Coca-Cola Bottler Company in Paraguay, which started its operations in May 13, 1965. In 1967, Plant 1 opened with a capacity of 400,000 annual unit cases. In 1980, the Barcequillo Plant - located on Km 3.5 Barcequillo of the Ñemby route, in the City of San Lorenzo- was opened, reaffirming and applying the concept of the highest end technology of bottling. Beginning in 2004, PARESA became property of the Grupo Polar from Chile, continuing its operations in the Paraguayan market. On October 1, 2012, PARESA became part of Grupo Coca-Cola Andina due to the merger of Embotelladoras Coca-Cola Polar S.A. into Embotelladora Andina S.A.

**Capital Expenditures**

During 2015, we used external financing to refinance certain current financial liabilities, to cover temporary cash shortages and other corporate purposes.

The following table sets forth our capital expenditures by territory and line of business for the periods indicated:

	Year ended December 31,		
	2013	2014	2015
	MCh\$	MCh\$	MCh\$
Chile	57,545	45,110	50,043
Brazil	56,720	30,280	24,831
Argentina	52,272	25,724	30,056
Paraguay	17,160	13.103	7,470
Total	183,697	114,217	112,400

During 2015, we made investments totaling Ch\$2,403 million (unaudited figures) for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analyses, consulting on environmental impacts and other studies. For further details please refer to Note 29 of our consolidated financial statements filed herewith.



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Our total capital expenditures were Ch\$183,697 million in 2013, Ch\$114,217 million in 2014 and Ch\$112,400 million in 2015.

We have budgeted approximately US\$200-230 million for our capital expenditures in 2016. Our capital expenditures in 2016 are primarily intended for:

- investments in production capacity (primarily for a plant in Brazil among other investments);
- market investments (primarily for the placement of coolers);
- returnable bottles and cases; and
- investments in vehicles (primarily in Brazil);

We believe that internally generated funds will be sufficient to meet our budgeted capital expenditure for 2016. Our capital expenditure plan for 2016 may change based on market and other conditions, our results and financial resources.

In 2015, capital expenditures were principally related to the following:

***Argentina***

- Bottles (glass and PET) and bottle cases;
- Coolers and post mix equipment;
- New Box Line for packaging (Andina Empaques Plant-fine tuning)
- Process adaptation and new towers at Raw Sugar Plant;
- Adaptation Cold and Hot Fill Production Lines (all plants);
- Molds and tooling of new SKUs (CDS and NCBS); and
- Expansion of finished product deposit and patio (Bahía Blanca plant)

***Brazil***

- First stage construction of the Duque de Caxias plant;
- Construction of the Caju Distribution Center;
- REF PET and glass returnable bottles and bottle cases;
- Coolers and post-mix equipment for the point of sale;
- Machinery to increase efficiency and production capacity; and
- Acquisition of distribution trucks and motorcycles for the sales force.

***Chile***

- Returnable bottles (glass and PET) and bottle cases;
- Cold equipment, post-mix and other equipment for points of sale;
- Purchase of distribution trucks;
- Infrastructure investments at Renca plant, in logistics and sourcing;
- Machinery to improve efficiency and production capacity; and
- Land purchases.

***Vital Jugos***

- Acquisition of an Electronic Inspector for RGB Line 1;
- Implementation of inventory and dispatch control with RFID system;
- Acquisition of automatic caser for bottles RGB Line 1;
- Construction of fruit pulp warehouse in racks; and
- Acquisition and installation of a water treatment plant.

*Vital Aguas:*

- Acquisition and installation of a bottle cap manufacturing machine for aluminum caps for glass bottles;
- Refurbishing of PET OW Lines 3 and 4 and Container Line 2; and
- Installation of CCTV IP system.

*Paraguay*

- Sugar treatment system by ion exchange;
- Completion of implementation of electronic inspection by Asebi in all returnable glass lines;
- Implementation of fire network in industrial plant and distribution centers of Coronel Oviedo and Encarnación;
- Returnable bottles and plastic cases; and
- Cooling equipment.

**B. BUSINESS OVERVIEW**

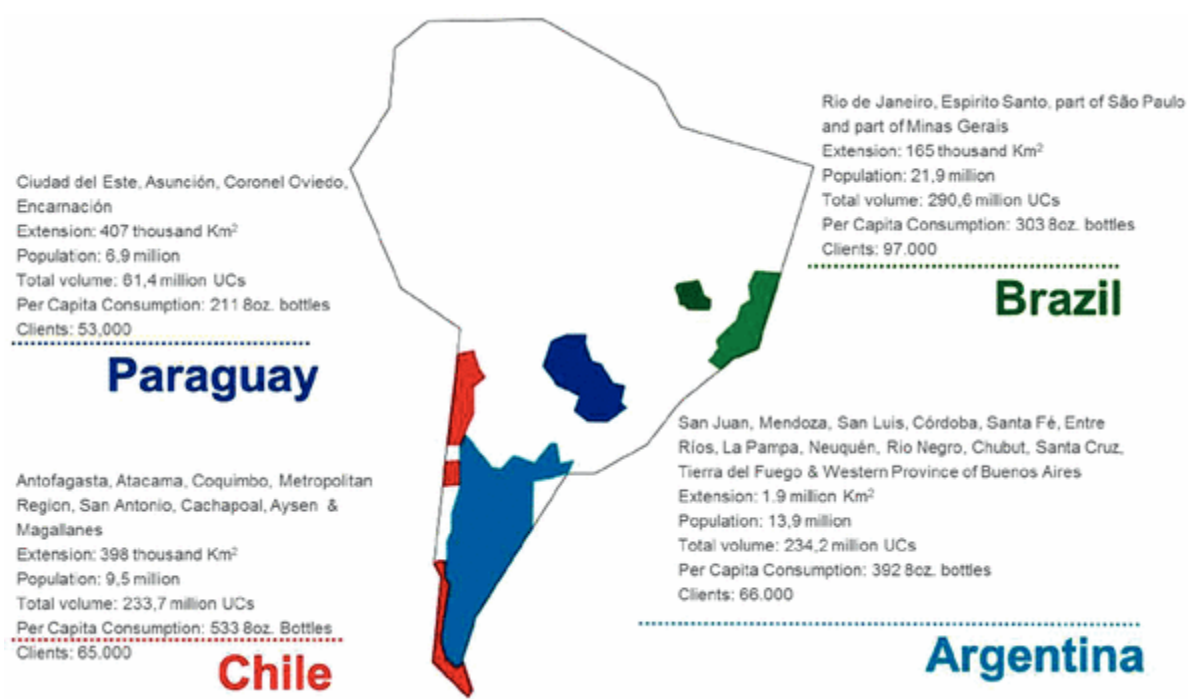
We believe we are the third largest bottler of Coca-Cola trademark beverages in Latin America in terms of sales volume. We believe we are the largest bottler of Coca-Cola trademark beverages in Chile, the second largest in Argentina and the third largest in Brazil, in each case in terms of sales volume. We are also the only bottler of Coca-Cola trademark beverages in Paraguay. In 2015, we had consolidated net sales of Ch\$1,877,394 million and total sales volume of 819.9 million unit cases of Coca-Cola soft drinks.

In addition to our soft drinks business, which accounted for 76% of our consolidated net sales during 2015, we also:

- produce and distribute fruit juices, other fruit-flavored beverages and mineral and purified water in Chile, Argentina and Paraguay under trademarks owned by The Coca-Cola Company;
- produce flavored waters and other carbonated beverages under trademarks owned by The Coca-Cola Company;
- manufacture polyethylene terephthalate (“PET”) bottles primarily for our own use in the packaging of Coca-Cola soft drinks in Chile and Argentina, where we also produce returnable PET bottles, cases and plastic caps;
- produce Tea and Juices in Brazil for Leão Alimentos e Industria Ltda.;
- distribute non-carbonated beverages such as tea, fruit juices, energy drinks, sport drinks and waters in Brazil under trademarks owned by The Coca-Cola Company;
- distribute beer in Brazil under the brands Amstel, Bavaria, Birra Moretti, Dos Equis (XX), Edelweiss, Heineken, Kaiser, Murphy’s, Sol and Xingú;
- distribute beer in the south of Argentina; and
- distribute spirits in the south of Chile.

**Our Territories**

The following map shows our territories, estimates of the population to which we offer products, the number of retailers of our beverages and the per capita consumption of our beverages as of December 31, 2014.



Per capita consumption data for a territory is determined by dividing total beverage sales volume, excluding the sales to other Coca-Cola bottlers within the territory by the estimated population within such territory, and is expressed on the basis of the number of eight-ounce servings of our products consumed annually per capita. One of the factors we use to evaluate the development of local volume sales in our territories and to determine product potential is the per capital consumption of our beverages.

**Our Product Overview**

We produce, market and distribute the following Coca-Cola trademark beverages and brands licensed from third parties throughout our franchise territories. The following table sets forth our brands as of December 31, 2015:

	Chile	Brazil	Argentina	Paraguay
<b>Colas:</b>				
Coca-Cola	✓	✓	✓	✓
Coca-Cola Light	✓	✓	✓	
Coca-Cola Zero	✓	✓	✓	✓
Coca-Cola Life	✓		✓	
<b>Flavored Soft Drinks:</b>				
Crush			✓	✓
Fanta	✓	✓	✓	✓
Fanta Zero	✓			
Inca Kola	✓			
Inca Kola Zero	✓			
Kuat		✓		
Kuat Zero		✓		
Nordic Mist	✓			
Nordic Mist Zero	✓			
Quatro			✓	

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Sprite	✓	✓	✓	✓
Sprite Zero	✓			
Schweppes		✓	✓	✓
Schweppes Soda		✓		
Cantarina	✓			
Juice:				
Cepita			✓	
Del Valle	✓	✓		
Frugos				✓
Frugos Light		✓		✓
Mais				
Water:				
Aquarius	✓	✓	✓	✓
Benedictino	✓			
Bonaqua (with and without gas)			✓	
Crystal		✓		
Dasani				✓
Glaceau	✓			
Vital	✓			
Other:				
Black	✓			
Burn	✓	✓		✓
Chá Leão		✓		
Fuze	✓	✓	✓	
I9		✓		
Kapo	✓	✓		
Kin (with and without gas)			✓	
Leão Ice Tea		✓		
Matte Leão		✓		
Powerade	✓	✓	✓	✓
Powerade Zero	✓			
Guaraná Power		✓		

We produce, market and distribute Coca-Cola soft drinks in our franchise territories through standard bottler agreements between our bottler subsidiaries and the local subsidiary in each jurisdiction of The Coca-Cola Company (collectively, the “Bottler Agreements”). We consider the enhancement of our relationship with The Coca-Cola Company to be an integral part of our business strategy.

We seek to enhance our business throughout the franchise territories by developing existing markets, penetrating other soft drink, waters and juices markets, forming strategic alliances with retailers to increase consumer demand for our products, increasing productivity, and by further internationalizing our operations.

Reporting Segments

The following discussion analyzes our product sales and customers by reporting segments.

Chile

In Chile, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the metropolitan region of Santiago and the neighboring provinces of Cachapoal and San Antonio, as well as the regions of Antofagasta, Atacama, Coquimbo, Aisen and Magallanes. Chile accounted for 28.5% and 27.3% of our volume and consolidated net sales, respectively, during 2015.

*Soft Drinks.* Our Chilean soft drink operations accounted for net sales in 2015 of Ch\$375,993 million. We measure sales volume in terms of unit cases, which we refer to as UCs. Unit cases contain 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters.

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The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Chile for the periods indicated:

	Year ended December 31,					
	2013		2014		2015	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
	(in millions)					
Colas	243,176	118.7	262,901	122.8	262,173	115.4
Flavored soft drinks	113,999	55.7	100,222	45.7	113,820	50.1
Total	357,175	174.4	363,123	168.5	375,993	165.5

As of December 31, 2015, we sold our products to approximately 65,000 customers in Chile. Although the mix varies significantly among the franchise territories, our distribution network generally relies on a combination of Company-owned trucks and independent distributors in each territory. The following table highlights the type of customer in Chile for our products:

	Year ended December 31,		
	2013	2014	2015
		(%)	
Mom & Pops(1)	58	53	50
Supermarkets	25	25	26
On premise	10	15	13
Wholesale distributors	7	7	11
Total	100	100	100

(1) Mom & Pops: are neighborhood stores (grocery stores, minimarkets, kiosks, liquor stores, bakeries, etc.) characterized by providing daily shopping needs, and differentiated because they are nearby, the provide informal credit and products are available in smaller formats.

*Other Beverages.* In addition to Coca-Cola soft drinks, through Vital Jugos S.A., we produce and sell juices, other fruit flavored beverages, ready-to-drink tea and sports drinks, and through Vital Aguas S.A. we produce and sell mineral water and purified water. Juices are produced and sold under the brands Andina del Valle (juices and fruit nectars), Kapo (juice drink), Fuze Tea (ready-to-drink tea), Glaceau Vitamin Water (water with added vitamins and minerals) and Powerade (isotonic).

Waters are produced and sold under the brands Vital (mineral water) as sparkling, still and lightly carbonated and Benedictino (purified water) as sparkling and still.

In 2015, net sales of waters and juices in Chile represented 7.4% of our consolidated net sales. On a consolidated basis, sales of waters and juices in Chile were Ch\$138,547 million.

**Brazil**

In Brazil, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the majority of the State of Rio de Janeiro and the entirety of the State of Espirito Santo and as of October 1, 2013 in part of the state of São Paulo and part of the state of Minas Gerais, as a consequence of the consummation of the Ipiranga acquisition on October 1, 2013. Brazil accounted for 35.4% and 32.3% of our volume and consolidated net sales, respectively, during 2015.

*Soft Drinks.* The Brazilian soft drink operations accounted for net sales of Ch\$417,509 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Brazil for the periods indicated:

	Year ended December 31,					
	2013		2014		2015	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
Colas	271,159	154.8	365,744	186.6	320,220	180.7
Flavored soft drinks	88,342	50.4	125,188	63.6	97,289	54.9
Total	359,501	205.2	490,931	250.2	417,509	235.6

As of December 31, 2015, we sold our products to approximately 97,000 customers in Brazil. The following table highlights the type of customer in Brazil for our products:

	Year ended December 31,		
	2013	2014	2015
		(%)	
Mom & Pops	25	26	25
Supermarkets	32	31	31
On premise	22	21	21
Wholesale distributors	21	22	23
Total	100	100	100

*Other Beverages.* We distribute beer under the Amstel, Bavaria, Birra Moretti, Desesperados, Dos Equis (XX), Edelweiss, Heineken, Kaiser, Murphys, Sagres, Sol and Xingu labels. We also distribute water under the labels Crystal and Aquarius Fresh and sell and distribute ready-to-drink juices under the labels Del Valle Frut, Del Valle Mais, Del Valle 100% and Kapo, energy drinks under the brand names Burn, isotonic drinks under i9 and Powerade brand names and Fuze Chá Leão, Fuze Ice Tea, Fuze Matte Leão, and Guaraná Leão ready-to-drink teas.

In 2015, net sales of beer, waters, juices, ready-to-drink teas, isotonic and energy drinks in Brazil were Ch\$189,539 million, representing 10.1% of our consolidated net sales.

**Argentina**

In Argentina, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entirety of the provinces of Córdoba, Mendoza, San Juan, San Luis, Entre Rios, part of the Province of Buenos Aires and most of Santa Fé, as well as La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego, Antarctica and South Atlantic Islands. Argentina accounted for 28.6% and 33.4% of our sales volume and consolidated net sales, respectively, during 2015.

*Soft Drinks.* The Argentine soft drink operations accounted for net sales of Ch\$523,461 million in 2015. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Argentina for the periods indicated:

	Year ended December 31,					
	2013		2014		2015	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
Colas	291,231	149.8	294,241	149.5	384,429	147.1
Flavored soft drinks	98,537	50.6	97,558	49.6	139,032	53.2
Total	389,768	200.4	391,799	199.1	523,461	200.3

As of December 31, 2015, we sold our products to approximately 66,000 clients in Argentina. The following table highlights the type of client in Argentina for our products:

	Year ended December 31,		
	2013	2014	2015
		(%)	
Mom & Pops	45	44	35
Supermarkets	22	22	28
On premise	3	3	3
Wholesale distributors	30	31	34
Total	100	100	100



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*Other Beverages.* In Argentina, we produce and distribute ready-to-drink juices under the Cepita brand name. We also produce and sell water under the brands Kin, Bonaqua (sparkling and still mineral water), Aquarius and Quatro Liviana (flavored waters), as well as Powerade in the isotonic segment. With the incorporation of Coca-Cola Polar Argentina S.A., starting 2012, we distribute beers including Palermo, Schneider, Heineken, Budweiser, Amstel, Bieckert, Sol, Imperial and Kunstmann

In 2015, net sales of juices, waters, tea based beverages, isotonic and energy drinks in Argentina were Ch\$93,410 million, representing 5.0% of our consolidated net sales.

**Paraguay**

In Paraguay, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entire country. Paraguay accounted for 7.5% and 7.0% of our volume and consolidated net sales, respectively, during 2015.

*Soft Drinks.* The Paraguayan soft drinks operations accounted for net sales of Ch\$105,710 million. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Paraguay for the periods indicated:

	Year ended December 31,					
	2013		2014		2015	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
	(in millions)					
Colas	60,230	34.2	65,866	33.2	62,337	30.9
Flavored soft drinks	34,084	19.3	40,713	20.6	43,373	21.5
Total	94,314	53.5	106,579	53.8	105,710	52.4

As of December 31, 2015, we sold our products to approximately 53,000 customers in Paraguay. The following table highlights the type of customer in Paraguay for our products:

	Year ended December 31,		
	2013	2014	2015
		(%)	
Mom & Pops	45	44	45
Supermarkets	11	11	11
On premise	22	22	23
Wholesale distributors	22	23	21
Total	100	100	100

*Other Beverages.* In Paraguay, we produce and distribute juices ready to be consumed under the trademark Frugos. We also manufacture and sell water under the trademarks Dasani (purified water) and Aquarius (flavored water), and isotonic drinks like Powerade. We also manufacture and sell energy drinks under the trademark Burn in disposable glass bottles and we import and distribute cans under the trademark Burn.

In 2015, net sales of juices, waters, isotonic and energy drinks in Paraguay were Ch\$24,330 million, representing 1.3% of our consolidated net sales.

**Distribution**

***Chile***

*Soft Drinks.* In Chile, we generally distribute Coca-Cola soft drinks through a distribution system that includes: (i) trucks operated by independent distributors pursuant to exclusive distribution arrangements with us (622 trucks) and (ii) our own trucks (75 trucks). In 2015, 85% was distributed by exclusive distributors and 15% by our own trucks. Distribution of all of Andina Chile’s beverages takes place from distribution centers and production facilities. The 76 distributors collectively service all of our Chilean customers. In most cases, the distributor collects payment from the customer in cash or check. Where applicable, the driver also either collects empty returnable glass or PET bottles of the same type and quantity as the bottles being delivered, or collects cash deposits for the net returnable bottles delivered. This task is particularly significant in the Chilean territory where returnable containers accounted for approximately 52.3% of total soft drinks volume in 2015. Certain important customers (such as supermarkets), maintain accounts receivables with us, which are settled on average every 43 days after invoices are issued. On average, accounts receivable from all credit sales clients are liquidated on a 41 day term.

*Other Beverages.* Juices and waters throughout Chile are distributed by means of distribution agreements between The Coca-Cola Company and the Coca-Cola bottlers in Chile. In 2015, Andina distributed approximately 71% of the products of Vital Jugos and Vital Aguas. Under Vital Jugos’ and Vital Aguas’ distribution agreements, each bottler has the exclusive right to distribute waters and juices in its territory.

Our management believes that our distribution arrangements for waters and juices provide an effective means of distributing those products throughout Chile using the extensive distribution system of the Coca-Cola bottlers. We have a good working relationship with the other Coca-Cola bottler that distribute waters and juices. If the other Coca-Cola bottler was to cease distribution, our management believes it could arrange alternative distribution arrangements, but the transition to the new arrangements could involve significant delays in distributing products and would involve additional costs and an initial reduction in sales.

***Brazil***

*Soft Drinks.* In Brazil, we generally distribute Coca-Cola soft drinks through a distribution system that includes: (i) trucks operated by independent distributors pursuant to exclusive distribution arrangements with us; (ii) trucks operated by independent transport companies on a non-exclusive basis and (iii) our own trucks. In 2015, 8% was distributed by exclusive distributors, 31% by independent transport companies and 61% by our own trucks. Distribution of all of Andina Brazil’s beverages takes place from distribution centers and production facilities. In 2015, approximately 7.6% of Andina Brazil’ soft drink sales were paid for in cash at the time of delivery, 0.3% were paid by check and 92.1% were paid were paid with other bank securities with an average payment term of 17 days.

*Other Beverages.* Andina Brazil uses its distribution system to distribute beer in the Brazilian territory. Andina Brazil started distributing beer in the 1980s as a result of the acquisition of Cervejarias Kaiser S.A. (“Kaiser”) by a consortium of Coca-Cola bottlers (including Andina Brazil) in Brazil. In March 2002, the Canadian brewing company Molson Inc. acquired Kaiser. In 2006, Femsa acquired from Molson a controlling ownership interest in Kaiser and in 2010, Heineken acquired a controlling interest in Femsa’s beer operation. Andina Brazil buys beer from Heineken at a price determined by Heineken and sells it to its customers with a fixed margin. In the case of certain discount sales that have been approved by Heineken, Heineken shares between 50% and 100% of the cost of such discounts. In 2015, Andina Brazil’s net sales of beer were Ch\$82,790 million, of which Bavaria brand beer accounted for 37.4%, Heineken for 17.6%, Kaiser for 42.8%, Sol for 1.0%, and all the other brands accounted for 1.2% of net sales.

The Coca-Cola Company and the Brazilian Association of Coca-Cola Manufacturers entered into an agreement regarding the distribution through the Coca-Cola System of beer produced and imported by Heineken. The agreements were signed May 30, 2003, and are renewable for a period of 20 years. Andina Brazil is not allowed to produce, bottle, sell or obtain any interest in any bottled or tap beer under any other label or in any bottle or packaging that could be confused with brand beers, except as may be mutually agreed in writing between Andina Brazil and Heineken.

**Argentina**

*Soft Drinks.* In 2015, 70% of Edasa’s Coca-Cola soft drinks were distributed by direct distribution and 30% by other distributors and wholesale distribution (indirect distribution). All distribution is done by a group of independent transport companies. In 2015, approximately 68% of EDASA’s soft drink sales were paid for in cash and 32% were credit sales.

**Paraguay**

*Soft Drinks.* PARESA distributed 76.5% Coca-Cola soft drinks through direct distribution, and 23.5% through wholesale distributors. All direct distribution is done by a group of small truck businessmen. In 2015 approximately 65.3% of sales of Paresa soft drinks were paid in cash and 34.7% were credit sales.

**Competition**

We face intense competition throughout the franchise territories principally from bottlers of competing soft drink brands. See “Item 3. Key Information — Risk Factors — Risks Related to our Company — Our business is highly competitive including with respect to price competition which may adversely affect our net profits and margins.” The following table presents the market share of our main competitors in Chile, Brazil, Argentina and Paraguay for the periods indicated:

	2013				2014				2015			
	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina (%)	Paraguay	Chile	Brazil	Argentina	Paraguay
Coca-Cola soft drinks	67	61	60	61	69	61	61	62	69	62	62	66
Pepsi Bottler soft drinks	26	19	20	11	26	19	20	12	27	19	19	9
Other soft drinks	7	20	20	28	5	20	19	26	4	19	19	25
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: A.C. Nielsen, with the exception of Paraguay, where the data was collected by IPSOS in 2013 and 2014.

**Chile**

*Soft Drinks.* The soft drink segment of the Chilean beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to deliver product in popular bottle sizes, distribution capacity, and the amount of returnable bottles held by retailers or by consumers. Returnable bottles can be exchanged at the time of new purchases in lieu of paying a bottle deposit, thereby decreasing the purchase price. Our main competitor in the Chilean franchise territory is Embotelladora Chilenas Unidas or ECUSA, a subsidiary of Compañía Cervecerías Unidas S.A. or CCU, the largest brewer in Chile. ECUSA produces and distributes Pepsi-Cola products and its own brands (soft drinks and bottled water). Based on reports by A.C. Nielsen, we estimate that in 2015, our average soft drink market share within our franchise territories was 69.3%.

*Other Beverages.* Vital Aguas’ principal competitor in the water segment is CCU, but there is also competition from low priced brands (“B-brands”) in the water segment in Chile. Vital Jugos S.A.’s principal competitors in the juice segment are, Watt’s-CCU, Corpora Tres Montes and three of the leading dairy producers in Chile: Soprole S.A., Nestlé Chile S.A. and Loncoleche S.A.. During 2006, CCU acquired a 50% ownership interest of the juice brands in Chile and created a joint venture for the management of this business area. The Chilean market for fruit-flavored beverages and waters also includes low-cost, lower-quality fruit juice concentrates and artificially flavored powdered beverage mixes. We do not consider these products competition for our waters and juices business because we believe that these products are of lower quality and value. Based on reports by A.C. Nielsen, we estimate that in 2015, our market share within our Chilean franchise territories was approximately 34.8% for juices and others segment and approximately 42.5% for waters.

**Brazil**

*Soft Drinks.* The soft drink segment of the Brazilian beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising and distribution capacity (including the number and location of sales outlets).

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According to A.C. Nielsen, our main soft drink competitor in the Brazilian territory is American Beverage Company or AmBev, the largest beer producer and distributor in Brazil and also produces soft drinks, including Pepsi-Cola products. Based on reports by A.C. Nielsen, we estimate that in 2015, our average soft drink market share within our Brazilian franchise territories was approximately 62.3%.

*Other Beverages.* In the beer sector, Andina Brazil’s main competitor is AmBev which during 2014 had a very dominant position in the Brazilian market. In our Rio de Janeiro and Espiritu Santo franchise our market share for waters was 5.8%, where we distribute under the Crystal brand mineral water. In the segment of juices and others our market share was 40.8%.

***Argentina***

*Soft Drinks.* The soft drink segment of the Argentine beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and distribution capacity. Our greatest competitor in Argentina is InBev. The most significant B-brand competitors are: Talca, Pritty and Interlagos. Based on reports by A.C. Nielsen, we estimate that in 2015, our average soft drink market share within our Argentine franchise territories was approximately 61.6%.

*Other Beverages.* We service the water market through the Bonaqua brand, through which we have 8% of the market. In addition the market of juices and others is serviced through the Cepita juice brand, Aquarius in flavored water and Powerade in isotonic, where we have a market share of 26.4%.

***Paraguay***

*Soft Drinks.* The soft drink segment of the Paraguayan beverage industry is highly competitive. The most important areas of competition are product image, pricing, advertising, ability to produce bottles in popular sizes and the amount of returnable bottles held by retailers or by consumers.

Our greatest competitor, local brand “Niko/De La Costa,” is produced and bottled by Embotelladora Central S.A., which has a 13.1% market share. B-brands in Paraguay represent 25.0% of the soft drink industry. Pepsi had a market share of 8.8% in December 2015, and is produced and marketed by Group Vierci, a local franchisee. Based on reports by A.C. Nielsen, we estimate that in 2015, our average soft drinks market share within our Paraguayan franchise territories was approximately 66.3%.

*Other Beverages.* We are leaders in all non-carbonated categories, except energy drinks. In waters, we have a market share of 49.4% with the Aquarius and Dasani brands. Additionally, the market for juices and others is serviced, among others by the trademark Frugos in juices and Powerade in isotonic where we have a market share of 38.2%.

**Seasonality**

Each of our lines of business are seasonal. Most of our beverage products have their highest sales volumes during the South American summer (October through March), with the exception of nectar products, which have a slightly higher sales volume during the South American winter (April through September).

**Packaging**

***Overview and Background***

We produce PET bottles in both returnable and non-returnable formats and plastic caps. As a returnable packaging material, PET has advantages compared to glass because it is lightweight, difficult to break, transparent and easily recyclable. On average, returnable PET bottles can be used up to 12 times. Non-returnable PET bottles also are produced in various sizes and are used by a variety of soft drink producers and, in Chile, by producers of edible oil products, wine and personal hygiene products.

EDASA produces and distributes Coca-Cola soft drinks in glass bottles and returnable and non-returnable PET bottles of various sizes and also in aluminum cans. They are also distributed as post-mix syrup, which is mixed with carbonated water in a dispenser at the point of sale, in stainless steel and bag-in-box containers. EDASA produces and distributes Coca-Cola soft drinks in returnable and non-returnable glass and PET bottles of various sizes, in aluminum cans and as post-mix syrup.

Juices are distributed in non-returnable PET bottles and Tetra Pak containers EDASA also produces and distributes mineral and mineralized water in returnable glass bottles and non-returnable PET bottles. Lastly, it produces and distributes flavored water in non-returnable PET bottles and aluminum cans and isotonic drinks in non-returnable PET bottles.

***Sales***

In 2015, AEASA had net sales of Ch\$22,162 million with sales to EDASA and other related companies amounting to Ch\$11,775 million. AEASA also sold PET bottles to third parties accounting for approximately Ch\$10,387 million.

***Competition***

We are suppliers of returnable and non-returnable PET bottles, plastic caps and cases for Coca-Cola bottlers in Argentina and Chile. According to the pre-existing agreements between The Coca-Cola Company and the other Coca-Cola bottlers within South America, we must obtain the consent and assistance of The Coca-Cola Company to expand our sales of returnable PET bottles to said bottlers.

In Chile, we do not have any principal competitors in the non—returnable PET bottles market for oils, wines and personal hygiene. There are a few producers of non-returnable PET bottles in Chile who are significantly smaller than CMF. Plasco S.A., the second Chilean manufacturer of non-returnable PET bottles, does not compete with us because it is the exclusive supplier of PET bottles for ECUSA. (The Chilean Pepsi bottler).

In Argentina, we compete principally with Alpla S.A. and Amcor. AEASA supplies returnable PET bottles to all Coca-Cola bottlers in Argentina.

***PET Agreements***

On June 29, 2001, we and Cristalerías de Chile S.A. signed a series of contracts forming a joint venture for the development of a PET production facility in Chile through the formation of Envases CMF S.A. We contributed the assets necessary to further the development of the joint venture. Our subsidiary Andina Inversiones Societarias S.A. holds a 50% stake in the joint venture while Cristalerías de Chile S.A. retains the other 50% interest. On January 27, 2012, Coca-Cola Embonor through its subsidiary, Embonor Empaques S.A. acquired Cristalerías de Chile’s stake equivalent to a 50% ownership interest in Envases CMF.

**Raw Materials and Supplies**

The principal raw materials used in the production of Coca-Cola soft drinks are concentrate, sweetener, water and carbon dioxide gas. Production also requires glass and plastic bottles, bottle tops and labels. Water used in soft drink production is treated for impurities and adjusted for taste reasons. All raw materials, especially water, are subjected to continuous quality control.

***Chile***

*Soft Drinks.* We purchase concentrate at prices established by The Coca-Cola Company. We mainly purchase sugar from Industria Azucarera Nacional S.A., IANSA, Sucden Américas and to Sucden Chile S.A., although we may purchase sugar in the international market when prices are favorable, and have done so on occasion. Chilean sugar prices are subject to a price band established by the Chilean government on an annual basis. We obtain carbon dioxide gas from Linde Gas Chile S.A., Praxair Chile S.A. and Praxair Argentina S.A.- Our electric energy supplier is Chilectra S.A.. Andina’s affiliate Envases CMF, produces returnable PET bottles and non-returnable PET pre-forms which are blown at our Renca plant.

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We also purchase bottles from Cristalerías de Chile S.A., Cristalpet S.A. Uruguay and Cristalerías Toro S.A.I.C. Bottle caps are purchased from Envases CMF S.A., Alucaps Mexicana S.A. de C.V. and Sinea S.A. Water is supplied by Aguas Andina S.A.

During 2015, 84% of the variable cost of sales for soft drinks produced by Andina Chile corresponded to main raw materials. The cost of each raw material within the total of main raw materials is the following: concentrate represents 66%; sugar and artificial sweeteners 21%; non-returnable bottles 9%; bottle caps 3%, carbon dioxide 1% and other raw material 2%. Water does not constitute an important cost as raw material. Additionally, the cost of finished products purchased from third parties (such as our affiliate ECSA) is included within the cost of sales of soft drinks. These costs represent 14% of the total costs of sales of soft drinks and correspond to cans and some PET bottles.

*Other Beverages.* The principal raw materials used by Vital Jugos S.A. in the production of juices and as a percentage of total raw material costs, are sweeteners 10%, fruit pulp and juices 13%, concentrate 30%, containers 21% and wrapping material 4%, caps 3% and other raw material 3% all of which during 2015 accounted for 84% of total costs for sales of juice, including packaging.

The principal raw materials used by Vital Aguas S.A. in the production of mineral water with and without gas and as a percentage of total raw material costs are: packaging 43%, concentrate 22%, caps 7%, wrapping material 5%, carbonation 1%, and other raw materials 2%, all of which during 2015 accounted for 79% of total costs for sales of water, including packaging.

**Brazil**

*Soft Drinks.* Andina Brazil purchases concentrate in the city of Manaus at prices established by The Coca-Cola Company. Manaus has been designated as a duty-free development zone by the Brazilian government. Andina Brazil purchases sugar from Brazilian suppliers, in particular from Usina Alta Mogiana S.A., Acúcar e Alcool, Guarani S.A. and Central EM Acucar e Alcool Ltda (Moreno) Copersucar Ltda., Alta Mogiana and Usina Moreno. It purchases carbon dioxide gas mainly from Companhia White Martins Gases S.A., Light Esco Ltda. and Linde Gases S.A., packaging from Brasalpla Brasil Industria de Embalagens Ltda. Amcor Pet Packaging do Brasil Ltd., and Owens Illinois S.A. Cans and aluminum caps are purchased from Rexam Beverage Can South and Latapack Ball Embalagens Ltda; metal bottle caps from Aro S.A., Bericap do Brasil Ltda and Closure Systems International (Brazil) Sistemas de Vedacao Ltda. Andina Brazil purchases water from the municipality of Rio de Janeiro and to Companhia Espirito Santense de Sanenamento.

During 2015, 76% of the variable cost of sales for soft drinks produced by Andina Brazil corresponded to main raw materials. The cost of each raw material within the total of main raw materials is the following: concentrate (including juice used for some flavors) represents 40%; sugar and artificial sweeteners 21%; non-returnable bottles 16%; cans 15%; bottle caps 3%; carbon dioxide 1% and other raw material 4%. Additionally, the cost of soft drinks finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 0.3% of the total costs of sales of soft drinks and correspond to some formats of cans, PET and non-returnable glass bottles.

**Argentina**

*Soft Drinks.* EDASA purchases concentrate at prices established by The Coca-Cola Company. EDASA purchases sugar mainly from Atanor S.C.A. and Ingenio y Refinería San Martín de Tabacal S.R.L. and Carbon dioxide gas from Praxair Argentina S.R.L. and Air Liquide S.A. EDASA buys non-returnable and returnable PET bottles and cases from AEASA and glass bottles from Cattorini Hermanos S.A. EDASA also buys bottles from Amcor Pet Packaging de Argentina S.A. The plastic caps are purchased from Alusud Argentina S.R.L., AEASA, Sinea Plásticos S.A. and Bericap S.A. and the metal caps are purchased from Metalgráfica Cearense S.A. and Aro S.A. in Brazil. Regarding water supply for the production of soft drinks, EDASA owns water wells and pays a fee to the Dirección Provincial de Aguas Sanitarias. EDASA also buys plastic labels from Luis and Miguel Zanniello S.A. and Envases John S.A and plastic packaging from Petropack S.A., Plastiandino S.A. and Rio Chico S.A.



EDASA obtains electric energy from Compañía Administradora del Mercado Mayorista Eléctrico S.A..

During 2015, 71% of the variable cost of sales for soft drinks produced by Andina Argentina corresponded to main raw materials. The cost of each raw material as a percentage of the total cost of raw materials is as follows: concentrate 59%, sugar and artificial sweeteners 20%, non-returnable bottles 14%, bottle caps 3%, carbon dioxide 1% and other raw materials 3%. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 4% of the total costs of sales of soft drinks and correspond to can formats and other formats of soft drinks which are not produced by Andina Argentina.

*PET Packaging.* The principal raw material required for production of PET bottles is PET resin. During 2014, this raw material was mainly purchased from DAK Américas de Argentina S.A. and EcopekS.A. In the case of plastic caps and cases, the main raw material required for their production is HDPE resin (high density polyethylene), which during the year 2015 was bought mainly from PBB Polisur S.A.

In 2014, AEASA’s costs for PET resin accounted for 42% of the total variable cost of its sales of PET bottles and preforms.

**Paraguay**

*Soft Drinks.* PARESA acquires concentrates at prices established by The Coca-Cola Company. PARESA acquires sugar from Industria Paraguaya de Alcoholes S.A. Non-returnable pre-forms are mainly supplied by Industrias Pet S.A. Glass bottles are bought from Cattorini Hermanos S.A. and Lux S.A.. Plastic caps for non-returnable bottles are bought from Andina Empaques in Argentina and plastic caps for returnable glass bottles and RefPet are bought from Sinea, and metal caps from Aro S.A. de Brazil. Electric energy is supplied by ANDE-Administración Nacional de Electricidad. PARESA has its own water wells for the supply of water.

During 2015, 77% of the variable cost of sales for soft drinks produced by Paresa corresponded to main raw materials. The cost of each raw material within the total of main raw materials is as follows: concentrate represents 49%, sugar and artificial sweeteners 20%, non-returnable bottles 12%, bottle caps 4%, carbon dioxide 1% and other raw material 14%. Water does not constitute an important cost as raw material. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 1% of the total costs of sales of soft drinks and correspond to cans and some PET bottles.

**Marketing**

We and The Coca-Cola Company jointly promote and market Coca-Cola soft drinks in our franchise territories, in accordance with the terms of our respective Bottler Agreements. We advertise in all major communications media. We focus our advertising efforts on increasing brand recognition by consumers and improving our customer relations. National advertising campaigns are designed and proposed by The Coca-Cola Company’s local affiliates, with our input at the local or regional level.

During 2015, we paid approximately 50% of the advertising and promotional expenses incurred by The Coca-Cola Company in our franchise territories. Nearly all media advertising and promotional materials for Coca-Cola soft drinks are produced and distributed by The Coca-Cola Company. See “Item 4. Information on the Company —Bottler Agreements.” Marketing and promotional programs, including television, radio and print advertising, point-of-sale advertising, sales promotions and entertainment are developed by The Coca-Cola Company for all Vital Jugos’ and Vital Aguas’ products.

Under the terms of our agreement with Heineken, Heineken undertakes all responsibility for planning and managing advertising, marketing and promotional activities related to beer. Andina Brazil, however, is free to undertake marketing or promotional activities with Heineken’s prior approval. The parties have agreed to assume joint responsibility for the costs of certain promotional activities (radio or television) and for certain outdoor events which take place in the Rio de Janeiro and Espírito Santo region.

**Channel Marketing**

In order to provide more dynamic and specialized marketing of our products, our strategy is to divide our market into distribution channels. Our principal channels are small retailers, “on premise” consumption such as restaurants and bars, supermarkets and third party distributors. Presence in these channels entails a comprehensive and detailed analysis of the purchasing patterns and preferences of various groups of soft drink consumers in each type of location or distribution channel. In response to this analysis, we seek to tailor our product, price, packaging and distribution strategies to meet the particular needs of and exploit the potential of each channel.

We believe that the implementation of our channel marketing strategy also enables us to respond to competitive initiatives with channel-specific responses as opposed to market-wide responses. This focused response capability isolates the effects of competitive pressure in a specific channel, thereby avoiding costlier market-wide responses. Our channel marketing activities are facilitated by our management information systems. We have invested significantly in creating such systems, including providing hand-held computer and data gathering equipment to support the gathering of product, consumer and delivery information required to implement our channel marketing strategies effectively for most of our sales routes in Chile, Brazil, Argentina and Paraguay. We will continue investing to increase pre-sale coverage in our territories.

Our consolidated total advertising expenditures were Ch\$45,729million, Ch\$48,110 million and Ch\$43,667 million in 2013, 2014 and 2015 respectively.

**Bottler Agreements**

Our status as a The Coca-Cola Company franchisee is based on the Bottler Agreements that the Company has entered into with The Coca-Cola Company by which it has the license to produce and distribute Coca-Cola brand products within its operating franchise territories in Chile, Brazil, Argentina and Paraguay. The Company’s operations are highly dependent on maintaining and renewing the Bottler Agreements which provide for the production and distribution of Coca-Cola brand products under certain terms and provisions

The Bottler Agreements are international standard contracts The Coca-Cola Company enters into with bottlers outside the United States for the sale of concentrates and beverage basis for certain Coca-Cola soft drinks and non-soft drink beverages. These are renewable upon request by the bottler and at the sole discretion of The Coca-Cola Company. We cannot assure you that the Bottler Agreements will be renewed upon their expiration or that they will be renewed upon the same terms.

The Bottler Agreements provide that we will purchase our entire requirement of concentrates and beverage basis for Coca-Cola soft drinks and other Coca-Cola beverages from The Coca-Cola Company and other authorized suppliers. Although under the Bottler Agreements The Coca-Cola Company, in its sole discretion, may set the price of concentrates and beverage basis, among other terms, we set the price of products sold to retailers at our discretion, subject only to certain price restraints.

We are the sole producer of Coca-Cola soft drinks and other Coca-Cola beverages in our franchise territories. Although this right is not exclusive, The Coca-Cola Company even though empowered to do so, has never authorized any other entity to produce or distribute Coca-Cola soft drinks or other Coca-Cola beverages in such territories, although we cannot assure you that in the future it will not do so. In the case of post-mix soft drinks, the Bottler Agreements explicitly establish such non-exclusive rights.

The Bottler Agreements include an acknowledgment by us that The Coca-Cola Company is the sole owner of the trademarks that identify the Coca-Cola soft drinks and other Coca-Cola beverages and of any secret formula used in concentrates.

All distribution must be in authorized containers. The Coca-Cola Company has the right to approve, at its sole discretion, any and all kinds of packages and containers for beverages, including their size, shape and any of their attributes. The Coca-Cola Company has the authority at its sole discretion to redesign or discontinue any package of any of the Coca-Cola products, subject to certain limitations, so long as Coca-Cola soft drinks and other Coca-Cola beverages are not all discontinued at the same time.

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We are prohibited from producing or handling any other beverage products, other than those of The Coca-Cola Company or other products or packages that would imitate, infringe or cause confusion with the products, trade dress, containers or trademarks of The Coca-Cola Company, or from acquiring or holding an interest in a party that engages in such activities. The Bottler Agreements also impose restrictions concerning the use of certain trademarks, authorized containers, packaging and labeling of The Coca-Cola Company and prohibit bottlers from distributing Coca-Cola soft drinks or other Coca-Cola beverages outside their designated territories.

The Bottler Agreements require us to maintain adequate production and distribution facilities; inventories of bottles, caps, boxes, cartons and other exterior packaging or materials; to undertake adequate quality control measures prescribed by The Coca-Cola Company; to develop, stimulate, and fully satisfy the demand for Coca-Cola soft drinks and other Coca-Cola beverages and to use all approved means, and spend such funds on advertising and other forms of marketing, as may be reasonably required to meet that objective; and to maintain such sound financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations to The Coca-Cola Company. All Bottler Agreements require us annually to submit our business plans for such franchise territories to The Coca-Cola Company, including without limitation, marketing, management and promotional and advertising plans for the following year.

The Coca-Cola Company has no obligation to contribute to our expenditures derived from advertising and marketing, but it may, at its discretion, contribute to such expenditures and undertake independent advertising and marketing activities, as well as cooperative advertising and sales promotion that would require our cooperation and support. In each of the franchise territories, The Coca-Cola Company has been contributing approximately 50% of advertising and marketing expenses, but no assurances can be given that equivalent contributions will be made in the future.

Each bottler is prohibited from, directly or indirectly, assigning, transferring or pledging its Bottler Agreement, or any interest therein, whether voluntarily, involuntarily or by operation of law, without the consent of The Coca-Cola Company, and each Bottler Agreement is subject to termination by The Coca-Cola Company in the event of default by us. Moreover, no bottler may undergo a material change of ownership or control without the consent of The Coca-Cola Company.

The Coca-Cola Company may terminate a Bottler Agreement immediately by written notice to the bottler in the event that, among other events, (i) the bottler suspends payments to creditors, declares bankruptcy, is declared bankrupt, is expropriated or nationalized, is liquidated, dissolved, changes its legal structure, or pledges or mortgages its assets; (ii) the bottler does not comply with instructions and standards established by The Coca-Cola Company relating to the production of its authorized soft drink products; (iii) the bottler ceases to be controlled by its controlling shareholders; or (iv) the terms of the Bottler Agreement come to violate applicable law.

Either party to any Bottler Agreement may, with 60 days' notice thereof to the other party, terminate the Bottler Agreement in the event of non-compliance by the other party with the terms thereof so long as the party in non-compliance has not remedied such non-compliance during this period. In addition, if a bottler does not wish to pay the required price for concentrate for any Coca-Cola products, it must notify The Coca-Cola Company within 30 days of receipt of The Coca-Cola Company's new prices. In the case of any Coca-Cola soft drink or other Coca-Cola beverages other than Coca-Cola concentrate, the franchise regarding such product shall be deemed automatically canceled three months after The Coca-Cola Company's receipt of the bottler's notice of refusal. In the case of Coca-Cola concentrate, the Bottler Agreements shall be deemed terminated three months after The Coca-Cola Company's receipt of the bottler's notice of refusal. The Coca-Cola Company may also terminate the Bottler Agreements if the bottler or any individual or legal entity that controls, owns a majority share in or directly or indirectly influences the management of the bottler, engages in the production of any non-Coca-Cola beverage, whether through direct ownership of such operations or through control or administration thereof, provided that, upon request, the bottler shall be given six months to remedy such situation.

*Chile*

Our licenses for the territories in Chile expire in 2018 and 2019.

In 2005 Vital S.A. and The Coca-Cola Company entered into a Juice Bottler Agreement by which The Coca-Cola Company authorized Vital S.A. to produce, prepare and bottle in packaging previously approved by The Coca-Cola Company the previously mentioned trademarks

Andina, and, Embonor, have the right to purchase products from Vital Jugos S.A. Said agreement is currently in the process of renewal. Additionally, Andina, Vital Jugos and Embonor have agreed with The Coca-Cola Company, the respective agreements and authorizations to produce, bottle and commercialize these products at their respective plants.

Water Production and Packaging Agreement: In 2005, Vital Aguas S.A. and The Coca-Cola Company entered into a Water Manufacturing and Packaging Agreement for the preparation and packaging of beverages, regarding the brands Vital, Chanqueahue, Vital de Chanqueahue, and Dasani incorporating at the beginning of 2008 the brand Benedictino to the product portfolio manufactured by Vital Aguas S.A. under the agreement. This agreement is currently in the process of renewal

*Brazil*

Our licenses for the territories in Brazil will expire in 2017.

*Argentina*

Our licenses for the territories in Argentina expire in 2017.

*Paraguay*

Our licenses for the territories in Paraguay expire in September 2020.

**Regulation**

*General*

We are subject to the full range of government regulations generally applicable to companies engaged in business in our franchise territories, including but not limited to labor, social security, public health, consumer protection, environmental, sanitation, employee safety, securities and anti-trust laws. Currently, no material legal or administrative proceedings are pending against us with respect to any regulatory matter in any of our franchise territories except those listed as such in “Item 3. Key Information—Risk Factors” and “Item 8. Financial Information—Contingencies.”

We believe, to the best of our knowledge that we are in compliance in all material respects with applicable statutory and administrative regulations relating to our business in each of our franchise territories.

**Chile.** There are no special licenses or permits specifically required to manufacture and distribute soft drinks and juices in the Chilean territory. Food and beverage producers in Chile, however, must obtain authorization from, and are supervised by, the Chilean Environmental Protection Services (*Servicio Sanitario Metropolitano del Ambiente*), which inspects production facilities and takes liquid samples for analysis on a regular basis. Our permit from the Chilean Environmental Protection Authority was obtained on January 8, 1992 and is in effect indefinitely. In addition, production and distribution of mineral water is subject to special regulations such that mineral water may be drawn only from sources designated for such purpose by presidential decree. Certification of compliance with such decree is provided by the National Health Service, the Undersecretary’s Office of the Ministry of Health (*Servicio de Salud Metropolitano del Ambiente*). Our mineral water production facilities have received the required certification.

**Brazil.** Labor laws, in addition to mandating employee benefits, include regulations to ensure sanitary and safe working conditions in our production facilities located in Brazil. Food and beverage producers in Brazil must register their products with and receive a ten-year permit from the Ministry of Agriculture and Provisioning and the Ministry of Health, which oversees diet products.

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Our permits from said Ministries are valid and in force for a term of ten years for each product we produce. Although we cannot assure you that they will be renewed, we have not experienced any material difficulties in renewing our permits in the past nor do we expect to experience any difficulties in the future. The Ministries do not regularly inspect facilities but they do send inspectors to investigate any complaints it receives.

**Argentina.** While most laws applicable to EDASA are enforced at the federal level, some, such as sanitary and environmental regulations, are primarily enforced by provincial and municipal governments. Licenses or permits are required for the manufacture or distribution of soft drinks in the Argentine territory, which are evidenced through national records of food establishment and food products. Additionally, our production facilities are subject to registration with federal and provincial authorities and to supervision by municipal health agencies, which certify compliance with applicable laws.

**Paraguay.** Paresa is registered with the Ministry of Industry and Trade in Paraguay, which issues and renews the industrial registry. Its latest renewal expires in 2017. Food and beverage producers in Paraguay must register with the Ministry of Health, which performs inspections of plants and monitors products in the market. Industries must also have an environmental license issued by the Ministry of Environment, which is the main body responsible for monitoring compliance with environmental laws. In addition to establishing the mandatory employee benefits, include safe working and sanitary conditions at industrial installations within Paraguay. Paresa maintains all of its licenses, permits and registrations issued by these institutions and ensures compliance with the regulations and ordinances of the municipalities where its plant is located.

**Environmental Matters**

It is our policy to conduct environmentally sound operations on a basis consistent with applicable laws and within criteria established by The Coca-Cola Company. Although regulation of matters relating to the protection of the environment is not as well-developed in the franchise territories as in the United States and other industrialized countries, we expect that additional laws and regulations may be enacted in the future with respect to environmental matters that may impose additional restrictions on us which could materially or adversely affect our results of operations in the future. There are no material legal or administrative proceedings pending against us in any of the franchise territories with respect to environmental matters, and we believe that, to the best of our knowledge, we are in compliance in all material respects with all environmental regulations applicable to us.

**Chile**

The Chilean government has several regulations governing environmental matters relating to our operations.

Law 19,300, passed in March 1994, addresses general environmental concerns that may be applicable to our activities and which, if applicable, would require us to hire independent experts to conduct environmental impact studies or declarations of any future projects or activities that could be impacted by the regulations of Law 19,300. This Law creates the National Commission on the Environment, which is supported by regional commissions to supervise environmental impact studies and declarations for all new projects, to enforce the regulations of Law 19,300 and to grant discretionary power to regulators. In January 2010, the law was amended with the enactment of Law 20,417, which created a new environmental institution and created the Ministry of Environment, Environmental Assessment Services, the Superintendence of Environmental Protection and the Environmental Courts, which became effective on December 2012. The Environmental Courts in the Metropolitan Region and in Antofagasta began functioning during 2013.

**Brazil**

Our Brazilian operations are subject to several environmental laws, none of which currently impose substantial restrictions on us. The Brazilian Constitution establishes the broad guidelines for the new treatment of environmental concerns, dedicating an entire chapter (Chapter VI, Article 225) to the protection of the environment, along with several other articles related to the environmental law and urban law. Environmental issues are regulated at the federal, state and municipal levels.

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The Brazilian Constitution empowers the public authorities to develop regulations designed to preserve and restore the environment and to control industrial processes that affect human life. Violations of these regulations are subject to criminal, civil and administrative penalties.

In addition, Law No. 6,938 of 1981, known as the Brazilian Environmental Policy, introduced an environmental regime under which no environmental damage is exempt from coverage. The legislation is based on the idea that even a polluting waste tolerated under the established standards could cause environmental damage, and therefore subjects the party causing such damage to payment of an indemnity. Moreover, as mentioned above, activities damaging to the environment lead to criminal and administrative penalties, provided for in Law 9,605 of 1998 or the Environmental Crimes Act.

Numerous governmental bodies have jurisdiction over environmental matters. At the federal level, the *Ministério do Meio Ambiente* (Brazilian Ministry of Environment) and the *Conselho Nacional do Meio-Ambiente* or CONAMA dictate environmental policy, including, without limitation, initiating environmental improvement projects, establishing a system of fines and administrative penalties and reaching agreements on environmental matters with offending industries. The *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* or IBAMA enforces environmental regulations set by CONAMA. In addition, various federal authorities have jurisdiction over specific industrial sectors, but none of these currently affect us.

Finally, various state and local authorities regulate environmental matters in the Brazilian territory including the *Fundação Estadual de Engenharia do Meio-Ambiente* or FEEMA, the principal environmental authority in Rio de Janeiro, the *Instituto Estadual de Medio Ambiente e Recursos Hídricos* or IEMA, the principal environmental authority in Espírito Santo and the principal environmental authority in São Paulo is CETESB - *Companhia de Tecnologia de Saneamento Ambiental*. FEEMA, IEMA and CETESB periodically inspect industrial sites and test liquid waste for contamination. We believe to the best of our knowledge that we are in compliance in all material respects with the standards established by all the governmental authorities applicable to our operations in Brazil. We cannot assure you, however, that additional regulations will not be enacted in the future, and that such restrictions would not have a material adverse effect on our results or operations. The operation in Brazil as that of Chile counts with all certifications mentioned in terms of Quality, Environment and Occupational Health and Safety and those associated with Food Safety and Best Practices in Food Processing.

**Argentina**

The Argentine Constitution, as amended in 1994, allows any individual who believes a third party may be damaging the environment to initiate an action against it. No such action has ever been instituted against EDASA, but we cannot assure you that an action will not be brought in the future. Though provincial governments have primary regulatory authority over environmental matters, municipal and federal authorities also have authority competent to enact decrees and laws on environmental issues. Thus, municipalities can set policy on local environmental matters, such as waste management, while the federal government regulates inter-province environmental issues, such as transport of hazardous waste or environmental matters covered by international treaties.

In 2002, the National Congress approved federal Law No. 25,612, *Gestión Integral de Residuos Industriales y de Actividades de Servicios* (Comprehensive Management of Industrial Residues and Service Activities) and Law No. 25,675, *Ley General del Ambiente* (General Environmental Law) establishing minimum guidelines for the protection of the sustainable environmental management and the protection of biodiversity, applicable throughout Argentina. The law establishes the purposes, principles and instruments of the national environmental policy, the concept of “minimum guidelines,” the judicial purview and the rules governing environmental education and information, citizens’ participation and self-management, among other provisions.

Provincial governments within the Argentine territory have enacted laws establishing a framework for the preservation of the environment. Provincial laws that are applicable to industrial facilities at EDASA, among others are Law No. 7,343 of the Province of Córdoba and its supplemental N°. 10208 since 2014, Law No. 11,459 of the Province of Buenos Aires and Environmental Code N° 5439 of the Chubut province. These laws contain principles on environmental policy and management, as well as rules on environmental impact assessment.



They also give certain agencies jurisdiction over environmental issues.

Almost all provinces as well as many municipalities have established rules regarding the use of water, the sewage system and the disposal of liquids into underground flows of water or rivers. There are currently no claims pending against EDASA related to these rules, whose violation normally results in a fine.

**Paraguay**

The environmental framework comprises several national and local environmental regulations. The Paraguayan Constitution of 1992 states that everyone has the right to live in a healthy and ecologically balanced environment and has the obligation to preserve it. All damage caused to the environment will carry the obligation to repair and compensate.

Considered the “mother of environmental law” in the country, Law 1561/00 chartered the three primary environmental agencies in Paraguay. These are: the *Secretaría del Ambiente* (SEAM or the Environmental Department), *Consejo Nacional del Ambiente* (CONAM or the National Environmental Counsel), and *el Sistema Nacional del Ambiente* (SISNAM or National Environmental System). The Law establishes the authority and responsibility of these agencies to develop and oversee the national environmental policy.

Of the three, the SEAM is the main environmental institution responsible for the development and implementation of national environmental laws and for monitoring their compliance. The SEAM can apply sanctions, including: warnings, temporary or permanent suspension of authorizations or concessions, confiscations and/or fines. These penalties are applicable regardless of other civil or criminal sanctions or of the revocation of the environmental authorizations granted by SEAM. The CONAM is responsible for investigating and establishing the main goals in the environmental policies, which the SEAM must then implement. The SISNAM is integrated by several bodies, including governmental and municipal agencies and private sector stakeholders, all interested in solving environmental issues. The SISNAM provides a discussion forum for the public and private sectors to work together collectively, developing ideas and plans to promote a sustainable development.

*Environmental Impact:* Law 294/93 states the rights and obligations that will be triggered by any damage caused to the environment and provides the obligation to restore the environment to its previous state or, if that is technically impossible, to make a payment or provide compensation.

*Water Resources Act of Paraguay:* Law 3239/07 on water resources establishes the sustainable management of all waters (superficial, ground, atmospheric) and the territories that generate such waters, regardless of their location, physical condition or natural occurrence within the Paraguayan territory, in order to make it socially, economically and environmentally sustainable for the people living in the territory of Paraguay. The supervising agency is the SEAM. Superficial and ground waters are property of the State’s public domain. The law establishes the following order of priority for the use of water: i) fulfillment of the needs of aquatic ecosystems; ii) social use within the home environment; iii) use and enjoyment for agricultural activities, including aquaculture; iv) use and utilization for power generation; v) use and enjoyment for other industrial activities and vi) use and enjoyment for other activities. The use of water for productive purposes is subject to the authorization granted by the State through a permit (for the use of small amounts of water) or through concessions (prior public bidding process), in both cases after the payment of applicable fees. Authorizations may be revoked based on the occurrence of situations contemplated under the law. Concessions may be expropriated for public benefit, or be terminated in certain situations established by the law. In addition, a National Registry of Water Resources has been created to keep record of all individuals or legal entities that utilize water resources or engage in activities related to them.

C. ORGANIZATIONALSTRUCTURE

The following chart presents in summary form our direct and indirect ownership interests in our subsidiaries and affiliates:

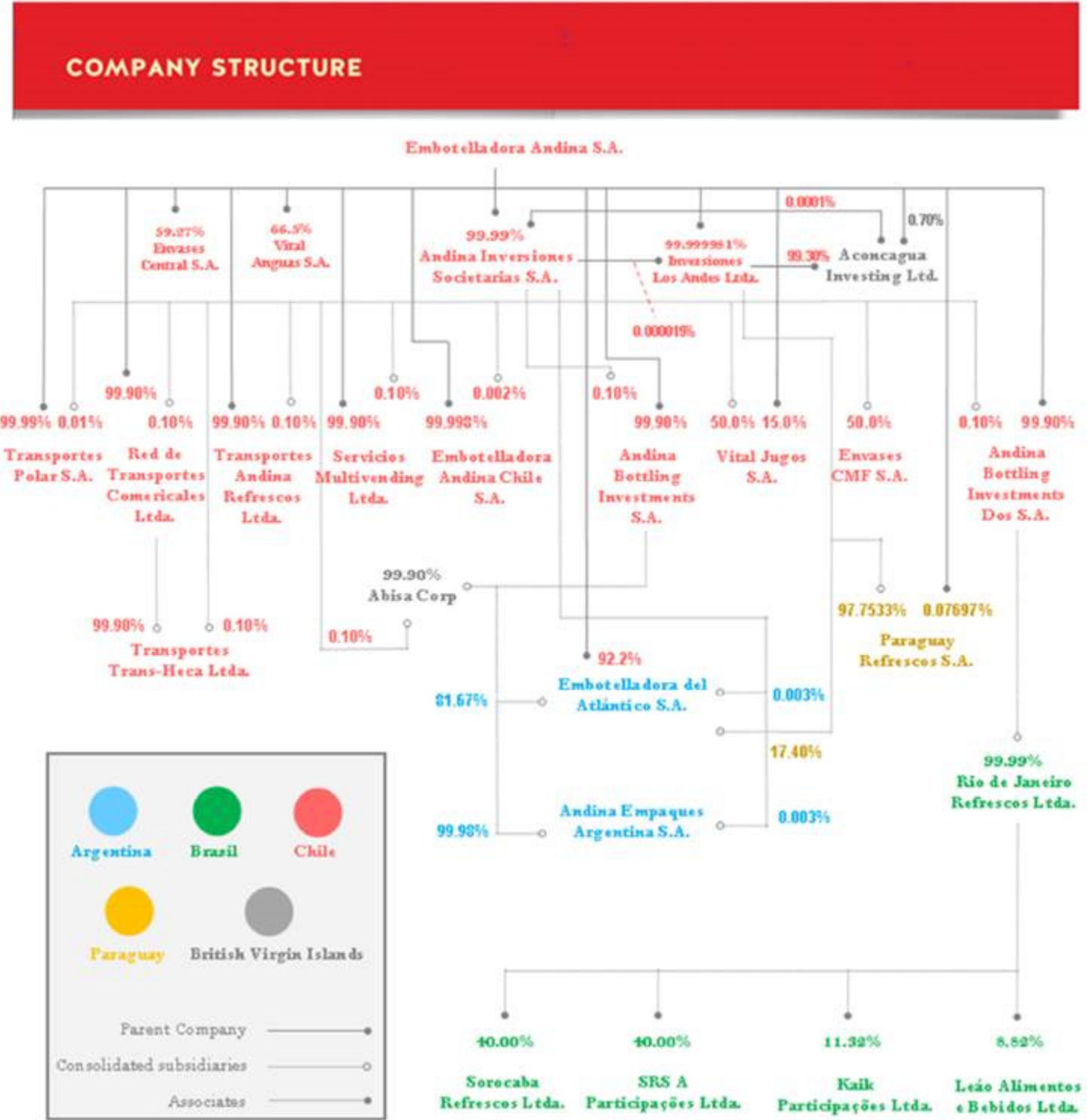


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The following tables presents information relating to the main activities of our subsidiaries and affiliates, as well as our direct and indirect ownership interests in them as of the date of the preparation of this document:

Subsidiary	Activity	Country of Incorporation	Percentage of direct and indirect ownership
Embotelladora Andina Chile S.A.(1)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages.	Chile	99.99
Vital Jugos S.A. (4)(5)	Manufacture, distribute, and commercialize all kinds of food products, juices, and beverages.	Chile	65.00
Vital Aguas S.A. (4)(5)	Manufacture, distribute, and commercialize all kinds of waters and beverages in general.	Chile	66.50
Servicios Multivending Ltda.	Commercialize products through equipment and vending machines.	Chile	99.99
Transportes Andina Refrescos Ltda.	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Transporte Polar S.A.(6)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Envases Central S.A.(4)	Manufacture and packaging of all kinds of beverages, and commercialize all kinds of packaging.	Chile	59.27
Andina Bottling Investments S.A.	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Chile	99.99
Andina Bottling Investments Dos S.A.	Carry out exclusively foreign permanent investments and lease all kinds of real estate.	Chile	99.99
Inversiones Los Andes Ltda.(6)	Invest in all types of real property and chattels	Chile	99.99
Andina Inversiones Societarias S.A.	Invest in all types of companies and commercialize food products in general.	Chile	99.99
Rio de Janeiro Refrescos Ltda.(9)	Manufacture and commercialize beverages in general, powdered juices and other related semi-processed products.	Brazil	99.99
Embotelladora del Atlántico S.A.(2)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages. Design, produce, and commercialize plastic products mainly packaging.	Argentina	99.98
Andina Empaques S.A. (2)	Design, produce, and commercialize plastic products mainly packaging.	Argentina	99.98
Paraguay Refrescos S.A. (6)	Manufacture, bottle, distribute, and commercialize non-alcoholic beverages. Design, produce, and commercialize plastic products (mainly packaging).	Paraguay	97.83
Abisa Corp.	Invest in financial instruments.	British Virgin Islands	99.99
Aconcagua Investing Ltda. (6)	Invest in financial instruments.	British Virgin Islands	99.99
Red de Transportes Comerciales Ltda. (8)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99
Sociedad de Transportes Trans-Heca Limitada(8)	Provide administrative services and management of domestic and foreign ground transportation.	Chile	99.99

Associates	Activity	Country of Incorporation	Percentage of direct and indirect ownership
Envases CMF S.A.	Manufacture, acquire and commercialize all types of containers and packaging; and provide bottling services.	Chile	50.00
Leao Alimentos e Bebidas Ltda. (7)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	8.82
Sorocaba Refrescos S.A.(3)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	40.00
SRSA Participacoes Ltda.(3)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	40.00
Kaik Participações Ltda.	Invest in other companies with own resources.	Brazil	11.32

- At the Extraordinary Shareholders’ Meeting held November 22, 2011, the shareholders of Embotelladora Andina Chile S.A. agreed to increase its capital of the latter from Ch\$10,000,000 (divided into 10,000 shares) to Ch\$4,778,206,076 (divided into 4,778,206 shares). It was agreed that the capital increase was to be subscribed and paid by the shareholder Embotelladora Andina S.A. through the contribution of movable goods and real estate property, which are identified in the minutes of the Shareholders’ Meeting. The Shareholders’ Meeting was reduced to public document on November 28, 2011, granted by the notary public of Santiago, Cosme Gomila.
- At the Extraordinary General Shareholders’ Meeting held November 1st 2011, Embotelladora del Atlántico S.A. decided to divide part of its equity to form a new company, Andina Empaques Argentina S.A., for the purpose of developing the design, manufacture and sale of all kinds of plastic products or products derived from the industry for plastics, primarily in the packaging division. Accounting and tax effects will begin on January 1st 2012.
- In October 2012, 40% of the Brazilian company Sociedad Brasileira Sorocaba Refrescos S.A. was acquired for a total price of 146.9 million Brazilian reais.
- Vital Aguas S.A., Vital Jugos S.A. and Envases Central S.A., modified their percentage interests, due to the merger with Embotelladoras Coca Cola Polar in 2012.
- During 2012 a capital increase was made for M\$6,960,000, of which, Embotelladora Andina S.A. paid the M\$2,380,320 according to its percentage of interests.
- Companies incorporated during 2012, due to the merger with Embotelladoras Coca Cola Polar S.A
- During the first quarter of 2013, there was a reorganization of the companies that manufacture juice products and mate in Brazil, with the merger of Holdfab2 Participações Ltda. and Sistema de Alimentos de Bebidas Do Brasil Ltda. into a single company that is the legal continuing entity, namely Leao Alimentos e Bebidas Ltda. According to the current business scheme in Brazil for this company, during 2014 a 2.05% ownership interest held by Rio de Janeiro Refrescos Ltda. in Leao Alimentos e Bebidas Ltda. was sold to the rest of the bottlers’ system in Brazil.
- Companies created to facilitate the restructuring of the distribution process in Chile.
- During the fourth quarter of 2013 Rio de Janeiro Refrescos Ltda. acquired Companhia de Bebidas Ipiranga, which was legally merged into this entity.

D. PROPERTY, PLANTS AND EQUIPMENT

We maintain production plants in each of the principal population centers that comprise the franchise territories. In addition, we maintain distribution centers and administrative offices in each of the franchise territories. The following table sets forth in square meters, our principal properties, and facilities in each of the franchise territories:

	Main Use	(Square Meters)	Property
<b>ARGENTINA</b>			
<b>Embotelladora del Atlántico S.A.</b>			
Bahía Blanca *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	102,708	Own
Bahía Blanca	Commercial Offices	576	Leased
Bariloche	Offices / Distribution Centers / Warehouses	1,870	Leased
Bragado	Commercial Offices	25	Leased
Carlos Paz	Commercial Offices	30	Leased
Carmen de Patagones	Commercial Offices / Warehouses	1,600	Leased
Chacabuco *	Offices / Distribution Centers / Warehouses	25,798	Own
Comodoro Rivadavia	Offices / Distribution Centers / Warehouses	7,500	Leased
Concepcion del Uruguay	Commercial Offices	118	Leased
Concordia	Offices / Distribution Centers / Warehouses	1,289	Leased
Córdoba *	Offices / Production of Soft Drinks and stills / Distribution Center / Warehouses / Land	1,008,390	Own
Córdoba	Commercial Offices	1,173	Leased
Coronel Suarez	Offices / Distribution Centers / Warehouses	1,000	Leased
General Pico *	Offices / Distribution Centers / Warehouses	15,525	Own
Guauguaychu	Offices / Distribution Centers / Warehouses	1,471	Leased
Junin	Commercial Offices	100	Leased
Mendoza *	Offices / Distribution Centers / Warehouses	36,452	Own
Monte Hermoso *	Land	300	Own
Neuquén *	Offices / Distribution Centers / Warehouses	10,157	Own
Olavarria	Offices / Distribution Centers / Warehouses	1,974	Leased
Paraná	Commercial Offices	172	Leased
Pehuajo	Offices / Distribution Centers / Warehouses	1,060	Leased
Pergamino *	Offices / Cross Docking	15,700	Own
Puerto Madryn	Offices	115	Leased
Rio Gallegos	Distribution Centers / Warehouses	2,491	Leased
Rio Grande	Offices / Distribution Centers / Warehouses	4,518	Leased
Río IV *	Cross Docking	7,482	Own
Río IV	Commercial Offices	93	Leased
Rosario	Offices / Distribution Center / Warehouses / Land	27,814	Own
San Francisco	Commercial Offices	63	Leased
San Juan *	Offices / Distribution Centers / Warehouses	48,036	Own
San Luis *	Offices / Distribution Centers / Warehouses	5,205	Own
San Martin de los Andes	Offices / Distribution Centers / Warehouses	70	Leased
San Nicolas	Commercial Offices	30	Leased
San Rafael	Commercial Offices	57	Leased
Santa Fe	Commercial Offices	238	Leased
Santo Tomé *	Offices / Distribution Centers / Warehouses	88,309	Own
Trelew *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	51,000	Own
Tres Arroyos	Commercial Offices / Cross Docking / Warehouses	1,548	Leased
Ushuaia	Offices / Distribution Centers / Warehouses	1,360	Leased
Ushuaia	Commercial Offices	94	Leased
Venado Tuerto	Offices / Distribution Centers / Warehouses	2,449	Leased
Villa Maria	Commercial Offices	98	Leased
Villa Mercedes	Commercial Offices	70	Leased
<b>Andina Empaques Argentina S.A.</b>			
Buenos Aires *	Production of PET bottles and preforms	27,043	Own
<b>BRAZIL</b>			
<b>Rio de Janeiro Refrescos Ltda.</b>			
Jacarepaguá	Offices / Production of Soft Drinks / Distribution Center / Warehouses	249,470	Own
Duque de Caxias *	Land to build a Plant	2,243,953	Own
Nova Iguaçu *	Distribution Centers / Warehouses	82,618	Own
Bangu *	Distribution Centers	44,389	Own
Campos *	Distribution Centers	42,370	Own
Itambi	Distribution Centers	149,000	Leased

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	Main Use	(Square Meters)	Property
Cabo Frio *	Distribution Centers - Deactivated	1,985	Own
Sao Pedro da Aldeia *	Distribution Centers	10,139	Own
Itaperuna	Cross Docking	2,500	Leased
Caju 1 *	Distribution Centers	4,866	Own
Caju 2 *	Distribution Centers	8,058	Own
Vitória (Cariacica) *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	93,320	Own
Cachoeiro do Itapemirim	Cross Docking	8,000	Leased
Linhares	Cross Docking	1,500	Leased
Serra	Distribution Centers	28,000	Leased
Ribeirão Preto	Offices / Production of Soft Drinks / Distribution Center / Warehouses	238,096	Own
Ribeirão Preto	Real Estate	279,557	Own
Franca	Distribution Centers	32,500	Own
Mococa	Distribution Centers	40,056	Leased
Araraquara	Distribution Centers	12,698	Leased
Castelo Branco	Distribution Centers	11,110	Leased
Sao Joao da Boa Vista, Araraquara e Sao Paulo	Real Estate	32,506	Own
<b>CHILE</b>			
<b>Embotelladora Andina S.A.</b>			
Renca *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	267,095	Own
Carlos Valdovinos *	Distribution Centers / Warehouses	101,902	Own
Puente Alto *	Distribution Centers / Warehouses	68,682	Own
Maipu *	Distribution Centers / Warehouses	45,833	Own
Rancagua *	Distribution Centers / Warehouses	25,920	Own
San Antonio *	Distribution Centers / Warehouses	19,809	Own
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	34,729	Own
Calama *	Distribution Centers / Warehouses	10,700	Own
Taltal *	Distribution Centers / Warehouses	975	Own
Tocopilla *	Distribution Centers / Warehouses	562	Own
Coquimbo *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	31,383	Own
Copiapo *	Distribution Centers / Warehouses	26,800	Own
Ovalle *	Distribution Centers / Warehouses	6,223	Own
Vallenar *	Distribution Centers / Warehouses	5,000	Own
Illapel	Distribution Centers / Warehouses	s/d	Leased
Pta. Arenas *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	109,517	Own
Coyhaique *	Distribution Centers / Warehouses	5,093	Own
Puerto Natales	Distribution Centers / Warehouses	850	Leased
<b>Vital Jugos S.A.</b>			
Región Metropolitana *	Offices / Production of Juices	40,000	Own
<b>Vital Aguas S.A.</b>			
Rengo *	Offices / Production of Waters	12,375	Own
<b>Envases Central S.A.</b>			
Región Metropolitana *	Offices / Production of Soft Drinks	50,100	Own
<b>PARAGUAY</b>			
<b>Paraguay Refrescos S.A.</b>			
San Lorenzo *	Offices / Production of Soft Drinks / Warehouses	275,292	Own
Coronel Oviedo *	Offices / Warehouses	32,911	Own
Encarnación *	Offices / Warehouses	12,744	Own
Ciudad del Este *	Offices / Warehouses	14,620	Own

\* Encumbrance free properties



Capacity by Line of Business

Set forth below is certain information concerning the installed capacity and approximate average utilization of our production facilities, by line of business.

	Year Ended December 31,					
	2014			2015		
	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)	Annual Total Installed Capacity(1)	Average Capacity Utilization (%)	Capacity Utilization During Peak Month (%)
Soft drinks (millions of UCs):						
Chile	320	52	68	319	52	65
Brazil	405	72	74	386	67	70
Argentina	341	60	72	347	62	72
Paraguay	80	82	86	80	82	86
Other beverages (millions of UCs)						
Chile	62	61	83	62	61	83
Brazil	16	81	86	18	65	85
Argentina	52	31	49	52	40	58
Paraguay	23	75	88	23	75	88
PET packaging (millions of bottles)	67	56	100	67	74	100
Preforms (millions of preforms)	988	88	100	1,000	91	100
Plastic caps (millions of caps )	511	85	100	511	90	100

(1) Total installed annual production capacity assumes production of the mix of products and containers produced in 2015.

In 2015, we continued to modernize and renovate our manufacturing facilities in order to maximize efficiency and productivity. We also made significant improvements to our auxiliary services and complementary processes such as water treatment plants and effluent treatment stations. At present, we estimate we have the capacity in each of the franchise territories to meet consumer demand for each product format. Because bottling is a seasonal business with significantly higher demand during the South American summer and because soft drinks are perishable, it is necessary for bottlers to carry significant over-capacity in order to meet the substantially greater seasonal demand. We assure the quality of our products through worldwide class practices and procedures maintaining quality control laboratories and structures in each production facility where raw materials are tested and where we analyze samples of our products.

As of December 31, 2015, we had total installed annual production capacity, including soft drinks, fruit juices, and water, of 1,299 million unit cases. Our primary facilities include:

- through Coca-Cola Andina, in the Chilean territory, four soft drink production facilities with ten production lines in Renca, four production lines in Antofagasta, three production lines in Coquimbo and two production lines in Punta Arenas with total installed annual capacity of 320 million unit cases (24.8% of our total installed annual capacity);
- through Vital Jugos in the Chilean territory, one fruit juice production facility, with sixteen production lines, with total installed annual capacity of 41 million unit cases (3.2% of our total installed annual capacity);
- through Vital Aguas in the Chilean territory, one mineral water production facility, with four production lines, with total installed annual capacity of 21 million unit cases (1.6% of our total installed annual capacity);
- through Rio de Janeiro Refrescos in the Brazilian territory, three soft drink production facilities with twenty-five production lines with total installed annual capacity of 386 million unit cases (30.0% of our total installed annual capacity); and five production lines for juices and tea which satisfy the franchise’s needs and re-sales to other Bottlers in Brazil, with total installed annual capacity of 18 million unit cases (1.4% of our total installed annual capacity);
- through Embotelladora del Atlántico in the Argentine territory, three soft drink production facilities with sixteen production lines with a total installed annual capacity of 347 million unit cases (27.0% of our total installed annual capacity); and two facilities for the production of juices with four production lines that covers the needs of our franchise with a total installed annual capacity of 17 million unit cases (1.3% of our total installed annual capacity), and one production line for waters and sensitive products with a total installed annual capacity of 35.3 million unit cases (2.7% of our total installed annual capacity);

- through Andina Empaques Argentina S.A. in the Argentine territory one production facility for bottles, preforms and plastic caps that covers the needs of the Coca-Cola system in that country. It has 13 preform injectors, three bottle blowers, 1 injector for plastic caps and one production line for cases, with a total installed annual capacity of 1,579 million units considering PET bottles, preforms, plastic caps and cases.
- through Paresa in the Paraguayan territory, one production facility located in San Lorenzo, with eight production lines with a total installed annual capacity of 95 million unit cases (7.4% of our total installed annual capacity); and three tetra pack lines with a total installed annual capacity of 8 million unit cases (0.6% of our total installed annual capacity).

**ITEM 4A. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS**

Not applicable.

**ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

**A. OPERATING RESULTS**

**Results of Operations 2015**

*Overview*

Set forth below is a discussion and analysis of our results of operations for the year ended December 31, 2015 compared to the year ended December 31, 2014 and 2013. Our consolidated financial results for the years ended December 31, 2015 and 2014 include the results of our subsidiaries located in Chile, Brazil (including full year operations of Ipiranga), Argentina and Paraguay. Our consolidated financial results for the year ended December 31, 2013 include the results of Ipiranga beginning October 11, 2013. Our consolidated financial statements reflect the results of the subsidiaries outside of Chile, converted into Chilean pesos (our functional and reporting currency) and are presented in accordance with IFRS. IFRS requires assets and liabilities to be converted from the functional currency of each entity to the reporting currency (Chilean peso) at end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized.

*Factors Affecting Comparability*

On October 11, 2013, Andina Brazil consummated its acquisition of Ipiranga and we began consolidating the results of the operations of Ipiranga into our consolidated financial statements as of October 1, 2013. As a result, our consolidated results of operations for the year ended December 31, 2015 and 2014 are not fully comparable to our consolidated results of operations for December 31, 2013.

Summary of Results of Operations for the Year ended December 31, 2014 and the Year ended December 31, 2015

The following tables set forth our sales volume, net sales and gross profit for the year ended December 31, 2013, compared to the year ended December 31, 2014 and December 31, 2015:

		Year ended December 31,		
		2013	2014	2015
		(millions of unit cases(1))		
Sales volume:				
Chile				
Soft drinks		174.4	168.5	165.5
Mineral water		30.0	32.8	35.4
Juices		30.3	30.3	32.8
Beer		0.1	0.1	0.0
Total		234.7	231.8	233.7
Brazil				
Soft drinks		205.2	250.2	235.6
Mineral water		6.2	5.4	6.4
Juices		22.9	34.1	30.8
Beer		8.4	17.2	17.8
Total		242.6	306.9	290.6
Argentina				
Soft drinks		200.4	199.1	200.3
Mineral water		18.0	21.7	24.4
Juices		6.0	8.5	9.6
Total		224.4	229.4	234.2
Paraguay				
Soft drinks		53.5	53.8	52.4
Mineral water		4.4	5.5	5.6
Juices		3.4	3.3	3.4
Total		61.2	62.5	61.4

(1) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters

	Year ended December 31,					
	2013		2014		2015	
	Ch\$ millions	% of Total	Ch\$ millions	% of Total	Ch\$ millions	% of Total
<b>Net sales:</b>						
Chile	477,918	31.4	492,072	27.4	514,733	27.4
Brazil	491,861	32.3	715,728	39.8	607,048	32.3
Argentina	441,229	29.0	461,003	25.7	627,258	33.4
Paraguay	112,254	7.4	129,496	7.2	130,039	7.0
Inter-country eliminations(1)	(1,581)	(0.1)	(1,099)	(0.1)	(1,684)	(0.1)
Total net sales	1,521,681	100.0%	1,797,200	100.0%	1,877,394	100.0%

(1) Eliminations represent intercompany sales.

The following tables set forth our results of operations for the year ended December 31, 2014 compared to the year ended December 31, 2015.

	Year ended December 31,					
	2014		2015		2015	
	Ch\$ millions	% of net sales	Ch\$ millions	% of net sales	US\$ Millions(1)	% of net sales
Net sales	1,797,200	100.0	1,877,394	100.0	2,868	100.0
Cost of sales	(1,081,243)	(60.2)	(1,106,706)	(58.9)	(1,691)	(58.9)
Gross profit	715,957	39.8	770,688	41.1	1,177	41.1
Distribution, administrative and sales expenses	(529,184)	(29.4)	(555,092)	(29.6)	(848)	(29.6)
Other (expense) income, net(2)	(89,385)	(5.0)	(85,856)	(4.6)	(131)	(4.6)
Income taxes	(45,354)	(2.5)	(41,643)	(2.2)	(64)	(2.2)
Net income	52,034	2.9	88,098	4.7	135	4.7

- (1) Conversion of U.S. dollar amounts, solely for the convenience of the reader.
- (2) Includes other expenses, other income (expense), financial income, financial costs, share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
M Ch\$												
Net Sales	492,072	514,733	715,728	607,048	461,003	627,258	129,496	130,039	(1,099)	(1,684)	1,797,200	1,877,394
Cost of sales	(296,894)	(309,387)	(440,655)	(369,212)	(265,288)	(351,140)	(79,505)	(78,651)	1,099	1,684	(1,081,243)	(1,106,706)
Gross profit	195,178	205,345	275,073	237,836	195,715	276,118	49,990	51,389	—	—	715,956	770,688
Distribution, administrative and selling expenses	(138,718)	(142,287)	(190,272)	(161,899)	(165,267)	(217,644)	(29,832)	(29,221)			(524,089)	(551,051)
Corporate expenses									—	—	(5,095)	(4,040)

Net Sales

Our sales volume was 819.9 million unit cases during the year ended December 31, 2015, a 1.3% decrease compared to 830.6 million unit cases during in 2014. Volume for soft drinks decreased 2.3%, and volume for juices decreased 2.9%, while beer and waters increased 3.0% and 9.7%, respectively, in each case during the year ended December 31, 2015, compared to 2014.

Our net sales were Ch\$1,877,394 million during the year ended December 31, 2015, a Ch\$80,194 million, or 4.5% increase compared to Ch\$1,797,200 million during 2014, principally as a result of (i) increased volume in Argentina and Chile and (ii) increased sales prices in Chile, Brazil, Argentina and Paraguay. This was partially offset by (i) a decrease in soft drink volume in Brazil and Paraguay, and (ii) currency conversions into Chilean pesos, resulting from a depreciation of the Brazilian real against the Chilean peso.

Soft drinks represented 76% of net sales during the year ended December 31, 2015, compared to 75% during 2014.

Chile

Our sales volume in Chile was 233.7 million unit cases during the year ended December 31, 2015, a 0.8% increase compared to 231.8 million unit cases during 2014. Volumes for soft drinks and juices in Chile decreased 0.2% and 0.7% respectively while volume for waters in Chile increased by 7.9%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Chile during the year ended December 31, 2015, according to A.C. Nielsen Company, was 69.3% (in terms of volume), compared to 68.5% for 2014, and 71.3% (in terms of average sales), compared to 71.0% for 2014.

Our net sales in Chile were Ch\$514,733 million during the year ended December 31, 2015, a Ch\$22,661 million, or 4.6% increase compared to Ch\$492,072 million during 2014, mainly resulting from higher revenues per unit case and by the aforementioned increase in volume sold.

Our net sales of soft drinks in Chile were Ch\$375,993 million during the year ended December 31, 2015, a Ch\$12,870 million, or 3.5% increase compared to Ch\$363,123 million in 2014, primarily as a result of higher revenues per unit case. Our net sales of juices and waters in Chile were Ch\$138,547 million during the year ended December 31, 2015, a Ch\$9,599 million, or 7.4% increase compared to Ch\$128,948 million during 2014, primarily as a result of higher revenues per unit case and higher volumes.

Brazil

Our sales volume in Brazil was 290.6 million unit cases during the year ended December 31, 2015, a 5.3% decrease compared to 306.9 million unit cases during 2014. Volume for soft drinks in Brazil decreased 5.8%, and volume for waters increased 19.1%, volume for juices decreased 9.6% and volume for beer increased 3.3% in each case during the year ended December 31, 2015, compared to 2014.

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Our average market share for soft drinks in Brazil, during the year ended December 31, 2015, according to A.C. Nielsen Company, was 62.3% (in terms of volume), compared to 61.4% for 2014, and 68.7% (in terms of average sales), compared to 68.0% for 2014.

Our net sales in Brazil were Ch\$607,048 million during the year ended December 31, 2015, a Ch\$108,681 million, or 15.2% decrease compared to Ch\$715,728 million during 2014.

Our net sales of soft drinks in Brazil were Ch\$417,509 million during the year ended December 31, 2015, a Ch\$73,423 million, or 15.0% decrease compared to Ch\$490,931 million during 2014, primarily as a result of conversion of figures, given the strong devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 3.6%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume. Our net sales of juices, waters and beer in Brazil were Ch\$189,539 million during the year ended December 31, 2015, a Ch\$35,258 million, or 15.7% decrease compared to Ch\$224,797 million during 2014, primarily as a result of conversion of figures, given the strong devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 2.9%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume.

*Argentina*

Our sales volume in Argentina was 234.2 million unit cases during the year ended December 31, 2015, a 2.1% increase compared to 229.4 million unit cases during 2014. Volume for soft drinks in Argentina increased 0.6%, volume for juices increased by 13.1% and volume for waters increased 12.1%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Argentina during the year ended December 31, 2015, according to A.C. Nielsen Company, was 61.6% (in terms of volume), compared to 61.4% for 2014, and 67.6% (in terms of average sales), compared to 66.9% for 2014.

Our net sales in Argentina were Ch\$627,258 million during the year ended December 31, 2015, a Ch\$166,255 million, or 36.1% increase compared to Ch\$461,003 million during 2014, mainly resulting from an increase in volume and prices.

Our net sales of soft drinks in Argentina were Ch\$523,461 million during the year ended December 31, 2015, a Ch\$131,662 million, or 33.6% increase compared to Ch\$391,799 million during 2014 primarily as a result of higher revenues per unit case and higher volume which was partially offset by the devaluation of the Argentinean peso against the Chilean peso. Our net sales of juices and waters in Argentina were Ch\$93,410 million during the year ended December 31, 2014, a Ch\$31,876 million, or 51.8% increase compared to Ch\$61,533 million during 2014, primarily as a result of higher revenues per unit case and higher volume which was partially offset by the devaluation of the Argentinean peso against the Chilean peso.

*Paraguay*

Our sales volume in Paraguay was 61.4 million unit cases during the year ended December 31, 2015, a 1.8% decrease compared to 62.5 million unit cases during 2014. Volume for soft drinks in Paraguay decreased 2.5%, while volume for juices increased 3.2% and volume for waters increased 1.9%, in each case during the year ended December 31, 2015, compared to 2014.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2015, according to A.C. Nielsen Company, was 66.3% (in terms of volume), compared to 61.7% for 2014, and 72.8% (in terms of average sales), compared to 66.9% for 2014.

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Our net sales in Paraguay were Ch\$130,039 million during the year ended December 31, 2015, a Ch\$543 million, or 0.4% increase compared to Ch\$129.496 million during 2014, mainly resulting from increased prices, and partially offset by the volume decrease.

Our net sales of soft drinks in Paraguay were Ch\$105,710 million during the year ended December 31, 2015, a Ch\$870 million, or 0.8% decrease compared to Ch\$106,579 million during 2014, primarily as a result of result of the devaluation of the Paraguayan guarani against the Chilean peso. In local currency, they increased 1.0%, mainly as a result of higher revenues per unit case which was partially offset by a decrease in volume. Our net sales of juices and waters in Paraguay were Ch\$24,330 million during the year ended December 31, 2015, a Ch\$1,413 million, or 6.2% increase compared to Ch\$22,916 million during 2014, primarily as a result of higher revenues per unit case and higher volume, which was partially offset by conversion of the Paraguayan guarani to Chilean pesos.

**Cost of Sales**

Our cost of sales were Ch\$1,106,706 million during the year ended December 31, 2015, a Ch\$25,463 million, or 2.4% increase, compared to Ch\$1,081,243 million during 2014. The cost of sales per unit case increased 3.7% in the same period. This increase was mainly due to (i) higher cost of concentrate, for which we are charged a percentage of our sales by The Coca Cola Company, in Argentina, Brazil and Chile; (ii) an increase in the percentage of distributed products (juices and waters) in our product mix in Brazil, which have a greater cost per unit case; (iii) an increase in labor costs, mainly in Argentina, (iv) the depreciation of the local currencies of Brazil, Chile and Paraguay relative to the U.S. dollar, which increases our effective cost of raw materials denominated in U.S. dollars; and (iv) increased depreciation of capital goods in Argentina . These effects were partially offset by (i) the lower cost of sugar in Paraguay and (ii) the decrease in the cost of juices and waters in Chile. Our cost of sales represented 58.9% of net sales for the year ended December 31, 2015, compared to 60.2% for 2014.

*Chile*

Our cost of sales in Chile was Ch\$309,387 million during the year ended December 31, 2015, a Ch\$12,493 million, or 4.2% increase compared to Ch\$296.894 million during 2014. The cost of sales per unit case increased 3.4% in the same period. This increase was mainly due to (i) higher concentrate costs given price increases carried out and (ii) the depreciation of the Chilean peso which has a negative impact on dollar denominated costs. This was partially compensated for by the decrease in the cost of juices and waters. Our cost of sales in Chile represented 60.1% of net sales in Chile for the year ended December 31, 2015, compared to 60.3% for 2014.

*Brazil*

Our cost of sales in Brazil was Ch\$369,212 million during the year ended December 31, 2015, a Ch\$71,443 million, or 16.2% decrease compared to Ch\$440,655 million during 2014. The cost of sales per unit case decreased 11.5% in the same period. In local currency total cost of sales increased 2.4%, mainly due to (i) increased costs of concentrate resulting from price increases carried out, (ii) an increase in our product mix of distributed products (mainly waters and beer), which have a greater cost per unit case; and (iii) the devaluation effect of the Brazilian Real over our costs expressed in US Dollars. Our cost of sales in Brazil represented 60.8% of net sales in Brazil for the year ended December 31, 2015, compared to 61.6% for 2014.

*Argentina*

Our cost of sales in Argentina was Ch\$351,140 million during the year ended December 31, 2015, a Ch\$85,852 million, or 32.4% increase compared to Ch\$265,288 million during 2014. The cost of sales per unit case increased 29.6% in the same period. In local currency total cost of sales increased 35.7%. The increase in our cost of sales per unit case in local currency was mainly due to: (i) higher costs of concentrate explained by price increases; (ii) higher labor costs, mainly caused by the increase in real wages, and (iii) higher depreciation due to recent investments.



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Our cost of sales in Argentina represented 57.5% of net sales in Argentina for the year ended December 31, 2015, compared to 57.5% for 2014.

*Paraguay*

Our cost of sales in Paraguay was Ch\$78,651 million during the year ended December 31, 2015, a Ch\$855 million, or 1.1% decrease compared to Ch\$79,506 million during 2014. Cost of sales per unit case increased 0.7% during the same period. This increase is explained by the effect of conversion of figures. In local currency it experienced a marginal increase, due to the effect of the devaluation of the Paraguay guaraní over our costs expressed in U.S. dollars, partially offset by the lower cost of sugar. Our cost of sales in Paraguay represented 60.5% of net sales in Paraguay for the year ended December 31, 2015, compared to 61.4% for 2014.

**Gross Profit**

Due to the factors described above, our gross profit was Ch\$770,688 million during the year ended December 31, 2015, a Ch\$54,732 million, or 7.6% increase compared to Ch\$715,956 million during 2014. Our gross profit represented 41.1% of our net sales during the year ended December 31, 2015, compared to 39.8% of our net sales in 2014.

**Distribution, administrative and sales expenses**

We had distribution, administrative and sales expenses of Ch\$555,092 million during the year ended December 31, 2015, a Ch\$25,908 million, or 4.9% increase compared to Ch\$529,184 million during 2014. This increase in distribution, administrative and sales expenses was mainly due to (i) increased labor costs in Argentina, Chile and Brazil and (ii) increased distribution costs in Argentina and Brazil. This was partially offset by lower marketing expenses in Brazil and Chile. Our distribution, administrative and sales expenses represented 29.4% of our net sales during the year ended December 31, 2015, compared to 29.2% for 2014.

*Chile*

In Chile, our distribution, administrative and sales expenses were Ch\$142,287 million during the year ended December 31, 2015, a Ch\$3,569 million, or 2.6% increase compared to Ch\$138,718 million during 2014. The increase in distribution, administrative and sales expenses in Chile was mainly due to increased labor costs which were 7% higher when compared to the previous year and partially offset by lower marketing expenses which were 19% lower compared to the previous year. Our distribution, administrative and sales expenses in Chile represented 27.6% of our net sales in Chile during the year ended December 31, 2015, compared to 28.2% for 2014.

*Brazil*

In Brazil, our distribution, administrative and sales expenses were Ch\$161,899 million during the year ended December 31, 2015, a Ch\$28,372 million, or 14.9% decrease compared to Ch\$190,272 million during 2014, mainly due to the effect of currency conversion. In local currency our distribution, administrative and sales expenses increased 4.1% mainly due to increased labor costs which were 6% higher when compared to the previous year, and higher freight costs, which were 10% higher when compared to the previous year, which were partially offset by lower marketing expenses. Our distribution, administrative and sales expenses in Brazil represented 26.7% of our net sales in Brazil during the year ended December 31, 2015, compared to 26.6% for 2014.

*Argentina*

In Argentina, our distribution, administrative and sales expenses were Ch\$217,644 million during the year ended December 31, 2015, a Ch\$52,377 million, or 31.7% increase compared to Ch\$165,267 million during 2014. In local currency the distribution, administrative and sales expenses increased 31.9%, mainly due to the effect of local inflation over labor costs and costs for freight and third-party services. Our distribution, administrative and sales expenses in Argentina represented 34.7% of our net sales in Argentina during the year ended December 31, 2015, compared to 35.8% for 2014.

*Paraguay*

In Paraguay, our distribution, administrative and sales expenses were Ch\$29,221 million during the year ended December 31, 2015, a Ch\$611 million, or 2.0% decrease compared to Ch\$29,832 million during 2014. The distribution, administrative and sales expenses in local currency in Paraguay decreased 0.3% since increased labor costs, which was 8% higher when compared to the previous year was offset by (i) lower freight distribution which was 10% lower compared to the previous year and (ii) lower marketing expenses which were 11% lower when compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 22.5% of our net sales in Paraguay during the year ended December 31, 2015, compared to 23.0% for 2014.

***Other Income (Expense), Net***

The following table sets forth our other income (expense), net for the year ended December 31, 2014 and 2015:

	Year Ended December 31,	
	2014	2015
	(in millions of Ch\$)	
Other income (expense)	(19,014)	(27,813)
Financial income	8,656	10,118
Financial costs	(65,081)	(55,669)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	1,191	(2,328)
Exchange rate differences	(2,675)	(2,856)
Loss from differences in indexed financial assets and liabilities	(12,462)	(7,308)
Other income (expense), net	(89,385)	(85,856)

We had other expenses, net, of Ch\$85,856 million during the year ended December 31, 2015, a Ch\$3,529 million, or 3.9% decrease compared to Ch\$89,385 million during 2014. This decrease was mainly influenced by decreased financial costs and decreased levels of financial indebtedness in Argentina and Brazil and the effect of conversion of figures given the depreciation of the Brazilian real against the Chilean peso, lower losses by adjustment units resulting from lower inflation levels in Chile during 2015 against 2014, which has a favorable impact on the debt indexed to Chilean inflation (*Unidad de Fomento*); these effects were partially offset by (i) the increase in expenses generated mainly from increased contingency provision in Brazil and (ii) in the item income from related companies, from recognizing losses from investment in Brazilian equity investees.

***Income Taxes***

We had income taxes of Ch\$41,643 million during the year ended December 31, 2015, a Ch\$3,711 million, or 8.2% decrease compared to Ch\$45,354 million during 2014. This decrease was mainly resulting from differed tax estimates due to the exchange rate variation. This effect was partially offset during 2015 by increased taxable income in the operations in Argentina and Brazil and increased deferred taxes due to exchange rate variations.

***Net Income***

Due to the factors described above, we had net income of Ch\$88,098 million during the year ended December 31, 2015, a Ch\$36,064 million, or 69.3% increase compared to Ch\$52,034 million during 2014. Our net income represented 4.7% of our net sales during the year ended December 31, 2015, compared to 2.9% for 2014.

Summary of Results of Operations for the Year ended December 31, 2013 and the Year ended December 31, 2014

The following tables set forth our sales volume, net sales and gross profit for the year ended December 31, 2012, compared to the year ended December 31, 2013 and December 31, 2014:

		Year ended December 31,		
		2012	2013	2014
		(millions of unit cases(1))		
Sales volume:				
Chile				
Soft drinks		149.9	174.4	168.5
Mineral water		16.8	30.0	32.8
Juices		18.6	30.3	30.3
Beer		—	0.1	0.1
Total		185.4	234.7	231.8
Brazil				
Soft drinks		197.8	205.2	250.2
Mineral water		5.8	6.2	5.4
Juices		16.2	22.9	34.1
Beer		5.2	8.4	17.2
Total		225.0	242.6	306.9
Argentina				
Soft drinks		153.4	200.4	199.1
Mineral water		9.8	18.0	21.7
Juices		3.8	6.0	8.5
Total		167.0	224.4	229.4
Paraguay				
Soft drinks		16.5	53.5	53.8
Mineral water		1.5	4.4	5.5
Juices		0.8	3.4	3.3
Total		18.8	61.2	62.5

(1) Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.69 liters

	Year ended December 31,					
	2012		2013		2014	
	Ch\$ millions	% of Total	Ch\$ millions	% of Total	Ch\$ millions	% of Total
<b>Net sales:</b>						
Chile	374,873	32.0	477,918	31.4	492,072	27.4
Brazil	451,597	38.5	491,861	32.3	715,728	39.8
Argentina	315,336	26.9	441,229	29.0	461,003	25.7
Paraguay	32,028	2.7	112,254	7.4	129,496	7.2
Inter-country eliminations(1)	(1,541)	(0.1)	(1,581)	(0.1)	(1,099)	(0.1)
Total net sales	1,172,293	100.0%	1,521,681	100.0%	1,797,200	100.0%

(1) Eliminations represent intercompany sales.

The following tables set forth our results of operations for the year ended December 31, 2013 compared to the year ended December 31, 2014.

	Year ended December 31,					
	2013		2014		2014	
	Ch\$ millions	% of net sales	Ch\$ millions	% of net sales	US\$ Millions(1)	% of net sales
Net sales	1,521,681	100.0	1,797,200	100.0	3,151	100.0
Cost of sales	(914,818)	(60.1)	(1,081,243)	(60.2)	(1,896)	(60.2)
Gross profit	606,864	39.9	715,957	39.8	1,255	39.8
Distribution, administrative and sales expenses	(435,579)	(28.6)	(529,184)	(29.4)	(928)	(29.4)
Other (expense) income, net(2)	(58,051)	(3.8)	(89,385)	(5.0)	(157)	(5.0)
Income taxes	(22,966)	(1.5)	(45,354)	(2.5)	(79)	(2.5)
Net income	90,267	5.9	52,034	2.9	91	2.9

- (1) Conversion of U.S. dollar amounts, solely for the convenience of the reader.
- (2) Includes other expenses, other income (expense), financial income, financial costs, share in profit of investees accounted under the equity method, foreign exchange gains (losses) and gains (losses) from indexed financial assets and liabilities.

	Chile		Brazil		Argentina		Paraguay		Eliminations		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
M Ch\$												
Net sales	477,918	492,072	491,861	715,728	441,229	461,003	112,254	129,496	(1,581)	(1,099)	1,521,681	1,797,200
Cost of sales	(283,988)	(296,894)	(308,359)	(440,655)	(250,551)	(265,288)	(73,500)	(79,505)	1,581	1,099	(914,818)	(1,081,243)
Gross profit	193,930	195,178	183,502	275,073	190,678	195,715	38,753	49,990			606,864	715,956
Distribution, administrative and selling expenses	(127,311)	(138,718)	(124,383)	(190,272)	(155,211)	(165,267)	(23,700)	(29,832)			(430,605)	(524,089)
Corporate expenses											(4,975)	(5,095)

Overview

The Ipiranga acquisition was consummated on October 11, 2013 and their results are included in our consolidated results as of October 1, 2013. For this analysis we define “Organically” as without taking into account the M&A activity associated with the Ipiranga acquisition.

Net Sales

Our sales volume was 830.6 million unit cases during the year ended December 31, 2014, an 8.9% increase compared to 763.0 million unit cases during in 2013. Volume for soft drinks increased 6.0%, and volume for juices, beer and waters increased 21.8%, 104.3% and 11.9%, respectively, in each case during the year ended December 31, 2014, compared to 2013. Organically, our sales volume increased 0.7%, which was comprised of a 0.7% decrease in soft drinks volume, and increases in waters, juices and beer volumes of 10.5%, 6.4% and 4.0% respectively. The Ipiranga acquisition contributed 25.7 million unit cases in 2013 and 87.9 million unit cases in 2014.

Our net sales were Ch\$1,797,200 million during the year ended December 31, 2014, a Ch\$275,519 million, or 18.1% increase compared to Ch\$1,521,681 million during 2013. Organically, our net sales increased 8.8%, principally as a result of (i) increased volume, mainly soft drinks in Argentina and waters in Chile and Argentina and (ii) increased prices in Brazil and Argentina, and partially offset by (i) a decrease in soft drink volume in Chile and Brazil and (ii) currency conversions into Chilean pesos, resulting from an appreciation of the Chilean peso against the Argentine peso.

Soft drinks represented 75% of net sales during the year ended December 31, 2014, compared to 79% during 2013.

Chile

Our sales volume in Chile was 231.8 million unit cases during the year ended December 31, 2014, a 1.3% decrease compared to 234.7 million unit cases during 2013. Volume for soft drinks in Chile decreased 3.3%, and volume for juices and waters in Chile increased by 0.2% and 11.9%, respectively, in each case during the year ended December 31, 2014, compared to 2013.

Our market share for soft drinks in Chile during the year ended December 31, 20134, according to A.C. Nielsen Company, was 68.5% (in terms of volume), compared to 67.6% for 2013, and 70.9% (in terms of average sales), compared to 70.0% for 2013.

Our net sales in Chile were Ch\$492,072 million during the year ended December 31, 2014, a Ch\$14,154 million, or 3.0% increase compared to Ch\$477,918 million during 2013, mainly resulting from higher revenues per unit case and partially offset by the aforementioned decrease in volume sold.

Our net sales of soft drinks in Chile were Ch\$363,123 million during the year ended December 31, 2014, a Ch\$5,948 million, or 1.7% increase compared to Ch\$357,175 million during 2013. Our net sales of juices and waters in Chile were Ch\$128,948 million during the year ended December 31, 2014, a Ch\$8,477 million, or 7.0% increase compared to Ch\$120,472 million during 2013.

*Brazil*

Our sales volume in Brazil was 306.9 million unit cases during the year ended December 31, 2014, a 26.5% increase compared to 242.6 million unit cases during 2013. Volume for soft drinks in Brazil increased 21.9%, and volume for waters decreased 13.1%, volume for juices increased 49.2% and volume for beer increased 105.6% in each case during the year ended December 31, 2014, compared to 2013. Excluding the effect of our merger with Ipiranga, sales volumes increased 1.0% principally resulting from the 1.3% increase in soft drinks volume and the 7.3% increase in juices and 4.3% increase in beer, partially offset by the 30.5% decrease in the volume for waters. The low growth in soft drinks volume is principally due to (i) the unfavorable macroeconomic condition in Brazil; and (ii) food inflation above general inflation which reduced consumers' purchasing power. The Ipiranga acquisition contributed 25.7 million unit cases in 2013 (when we incorporated only 4Q13 in our results) and 87.9 million unit cases in 2014 (when we incorporated results for the full year 2014).

Our market share for soft drinks in Brazil, excluding Ipiranga, during the year ended December 31, 2014, according to A.C. Nielsen Company, was 59.1% (in terms of volume), compared to 58.4% for 2013, and 66.6% (in terms of average sales), compared to 66.4% for 2013.

Our net sales in Brazil were Ch\$715,728 million during the year ended December 31, 2014, a Ch\$223,867 million, or 45.5% increase compared to Ch\$491,861 million during 2013. Excluding the effect of the Ipiranga acquisition, which represented Ch\$194,810 million, net sales in Brazil increased 17.7%, principally as a result of (i) higher revenues per unit case and (ii) the aforementioned volume increase. These effects were heightened by the effect of conversion of local currency to Chilean pesos resulting from a 5.6% appreciation of the Brazilian real against the Chilean Peso, based on the average exchange rate for the year ended December 31, 2014 compared with 2013.

Our net sales of soft drinks in Brazil were Ch\$490,931 million during the year ended December 31, 2014, a Ch\$131,431 million, or 36.6% increase compared to Ch\$359,501 million during 2013. Our net sales of juices, waters and beer in Brazil were Ch\$224,797 million during the year ended December 31, 2013, a Ch\$92,436 million, or 69.8% increase compared to Ch\$132,361 million during 2013.

*Argentina*

Our sales volume in Argentina was 229.4 million unit cases during the year ended December 31, 2014, a 2.2% increase compared to 224.4 million unit cases during 2013. Volume for soft drinks in Argentina decreased 0.7%, and volume for juices increased by 41.0% and volume for waters increased 21.0%, in each case during the year ended December 31, 2014, compared to 2013.

Our market share for soft drinks in Argentina during the year ended December 31, 2014, according to A.C. Nielsen Company, was 61.4% (in terms of volume), compared to 60.4% for 2013, and 66.6% (in terms of average sales), compared to 66.0% for 2013.

Our net sales in Argentina were Ch\$461,003 million during the year ended December 31, 2014, a Ch\$19,774 million, or 4.5% increase compared to Ch\$441,229 million during 2013, mainly resulting from (i) increased volume; and (ii) increased prices, partially offset by currency conversion to Chilean Pesos, resulting from the 22.3% depreciation of the Argentine Peso against the Chilean Peso based on the average exchange rate for the year ended December 31, 2014, compared to 2013.

Our net sales of soft drinks in Argentina were Ch\$391,799 million during the year ended December 31, 2014, a Ch\$2.031 million, or 0.5% increase compared to Ch\$389,768 million during 2013. Our net sales of juices and waters in Argentina were Ch\$61,533 million during the year ended December 31, 2013, an Ch\$16,187 million, or 35.7% increase compared to Ch\$45,346 million during 2013.

*Paraguay*

Our sales volume in Paraguay was 62.5 million unit cases during the year ended December 31, 2014, a 2.1% increase compared to 61.2 million unit cases during 2013. Volume for soft drinks in Paraguay increased 0.5%, and volume for juices decreased by 4.4% and volume for waters increased 26.9%, in each case during the year ended December 31, 2014, compared to 2013.

Our market share for soft drinks in Paraguay during the year ended December 31, 2014, according to IPSOS ASI, was 62.1% in terms of volume, compared to 60.6% for 2013, and 70.1% in terms of average sales, compared to 69.0% for 2013.

Our net sales in Paraguay were Ch\$129.496 million during the year ended December 31, 2014, a Ch\$17,242 million, or 15.4% increase compared to Ch\$112,254 million during 2013, mainly resulting from (i) increased volume; and (ii) increased prices, and (iii) local currency conversion to Chilean Pesos, resulting from the 10.6% appreciation of the Paraguayan Guarani against the Chilean Peso based on the average exchange rate for the year ended December 31, 2014, compared to 2013.

Our net sales of soft drinks in Paraguay were Ch\$106,579 million during the year ended December 31, 2014, a Ch\$12,266 million, or 13.0% increase compared to Ch\$94,314 million during 2013. Our net sales of juices and waters in Paraguay were Ch\$22,916 million during the year ended December 31, 2014, a Ch\$4,977 million, or 27.7% increase compared to Ch\$17,940 million during 2013.

***Cost of Sales***

Our cost of sales were Ch\$1,081,243 million during the year ended December 31, 2014, a Ch\$166,426 million, or 18.2% increase, compared to Ch\$914,818 million during 2013. The cost of sales per unit case increased 8.6% in the same period. Excluding the effect of the Ipiranga acquisition, which represented Ch\$130,012 million of our cost of sales in 2014 and Ch\$35,044 million in 2013, our cost of sales increased 8.1% compared to 2013. This increase was mainly due to (i) an increase in the percentage of distributed products (juices and waters) in our product mix in Brazil and Chile which have a greater cost per unit case; (ii) an increase in labor costs, mainly in Argentina, Chile and Paraguay, (iii) the depreciation of the local currencies of Argentina, Chile and Brazil relative to the U.S. dollar, which increases our effective cost of raw materials denominated in U.S. dollars; (iv) increased depreciation of capital goods, corresponding to plant and equipment in Brazil and Paraguay and (v) higher cost of concentrate, for which we are charged a percentage of our sales by The Coca Cola Company, in Argentina, Chile and Brazil, due to price increases of our products. These effects were partially offset by the depreciation of the Argentinean peso with respect to the Chilean Peso, which reduces our costs upon conversion to Chilean Pesos and by the lower cost of sugar in Paraguay. Our cost of sales represented 60.2% of net sales for the year ended December 31, 2014, compared to 60.1% for 2013.

*Chile*

Our cost of sales in Chile was Ch\$296.894 million during the year ended December 31, 2014, a Ch\$12.906 million, or 4.5% increase compared to Ch\$283,988 million during 2013. The cost of sales per unit case increased 5.9% in the same period. This increase was mainly due to (i) the depreciation of the Chilean peso which has a negative impact over dollarized costs, (ii) an increase in the mix of distributed products (juices and waters), which have a higher cost per unit case, (iii) higher concentrate costs given price increases carried out which explains 57% of the increase of cost of sales per unit case and (iv) higher labor costs in Chile, which explains 8% of the increase of cost of sales per unit cases. Our cost of sales in Chile represented 60.3% of net sales in Chile for the year ended December 31, 2014, compared to 59.4% for 2013.



*Brazil*

Our cost of sales in Brazil was Ch\$440,655 million during the year ended December 31, 2014, a Ch\$132,295 million, or 42.9% increase compared to Ch\$308.360 million during 2013. The cost of sales per unit case increased 13.0% in the same period. Excluding the effect of the Ipiranga acquisition, which contributed Ch\$130,012 million to our cost of sales during the year ended December 31, 2014, our cost of sales increased 8.1% (an increase of 12.5% per unit case) compared to 2013. In local currency and excluding the effect of the Ipiranga acquisition, cost of sales increased 8.0%, mainly due to (i) an increase in our product mix of distributed products (juices and waters), which have a greater cost per unit case, which explains 76% of the increase of the cost of sales per unit case; (ii) increased costs of concentrate resulting from price increases carried out which explains 17% of the increase of the cost of sales per unit case; and (iii) greater depreciation charges, which explains 11% of the increase of the cost of sales per unit case. These effects were partially offset by the lower cost of PET and labels, resulting from the shift in the product mix towards returnable formats and the conversion of local currency to Chilean Pesos, resulting from the 5.6% appreciation of the Brazilian Real against the Chilean Peso, based on the average exchange rate for the period ended December 31, 2014 compared to 2013. Our cost of sales in Brazil represented 61.6% of net sales in Brazil for the year ended December 31, 2014, compared to 62.7% for 2013.

*Argentina*

Our cost of sales in Argentina was Ch\$265,288 million during the year ended December 31, 2014, a Ch\$14,737 million, or 5.9% increase compared to Ch\$250,551 million during 2013. The cost of sales per unit case increased 3.6% in the same period. In local currency total cost of sales increased 35.7%. The increase in our cost of sales per unit case in local currency was mainly due to: (i) higher costs of concentrate explained by price increases and higher volumes sold, which explains 29% of the increase of the cost of sales per unit case; (ii) increase in the product mix of juices and waters, which explains 16% of the increase of the cost of sales per unit case; (iii) higher labor costs, mainly caused by the increase in real wages, which explains 15% of the increase of the cost of sales per unit case; and (iv) higher depreciation due to recent investments, which explains 8% of the increase of the cost of sales per unit case. Our cost of sales in Argentina represented 57.5% of net sales in Argentina for the year ended December 31, 2014, compared to 56.8% for 2013.

*Paraguay*

Our cost of sales in Paraguay was Ch\$79,506 million during the year ended December 31, 2014, a Ch\$6,005 million, or 8.2% increase compared to Ch\$73,500 million during 2013. Cost of sales per unit case increased 5.9% during the same period. This increase is explained by the effect of conversion of figures given the appreciation of the Paraguayan Guarani against the Chilean Peso. In local currency cost of sales decreased 2%, which is mainly explained by the lower cost of sugar which was 25% lower per unit case when compared to the previous year. This was partially offset by (i) greater depreciation charges and (ii) increased labor costs. Our cost of sales in Paraguay represented 61.4% of net sales in Paraguay for the year ended December 31, 2014, compared to 65.5% for 2013.

**Gross Profit**

Due to the factors described above, our gross profit was Ch\$715,956 million during the year ended December 31, 2014, a Ch\$109,093 million, or 18.0% increase compared to Ch\$606,864 million during 2013. Our gross profit represented 39.8% of our net sales during the year ended December 31, 2014, while in 2013 it represented 39.9% of our net sales. Organically, our gross profit during the year ended December 31, 2014 was \$651,158 million, representing 40.6% of our net sales, and a Ch\$58,587 million, or 9.9% increase compared to 2013.

**Distribution, administrative and sales expenses**

We had distribution, administrative and sales expenses of Ch\$529,184 million during the year ended December 31, 2014, a Ch\$93,605 million, or 21.5% increase compared to Ch\$435,579 million during 2013. Excluding the effect of the acquisition of Ipiranga, which represented Ch\$50,225 million of our distribution, administrative and sales expenses in 2014, and Ch\$14,293 million in 2013, our distribution, administrative and sales expenses increased 12.3% compared to 2013.

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This increase in distribution, administrative and sales expenses, excluding the effect of the M&A activity, was mainly due to (i) increased distribution costs in the four countries where we operate; (ii) increased labor costs in the four countries; (iii) increased marketing expenses in the four countries and (iv) the effect of other operating income which is classified under this item and which was substantially higher in 2013 in Paraguay. Our distribution, administrative and sales expenses represented 29.4% of our net sales during the year ended December 31, 2014, compared to 28.6% for 2013.

*Chile*

In Chile, our distribution, administrative and sales expenses were Ch\$138,718 million during the year ended December 31, 2014, a Ch\$11,407 million, or 9.0% increase compared to Ch\$127,311 million during 2013. The increase in distribution, administrative and sales expenses in Chile was mainly due to the effect of other operating income which is classified under the item and which were greater in 2013. Isolating this effect, distribution, administrative and sales expenses increased 7%, which is mainly explained by (i) higher distribution expenses, which were 14% higher when compared to the previous year and (ii) increased labor costs which were 7% higher when compared to the previous year. Our distribution, administrative and sales expenses in Chile represented 28.2% of our net sales in Chile during the year ended December 31, 2014, compared to 26.6% for 2013.

*Brazil*

In Brazil, our distribution, administrative and sales expenses were Ch\$190,272 million during the year ended December 31, 2014, a Ch\$65,889 million, or 53.0% increase compared to Ch\$124,383 million during 2013. Excluding the effect of the Ipiranga acquisition, which represented Ch\$50,225 million of our distribution, administrative and sales expenses in Brazil in 2014, our distribution, administrative and sales expenses in Brazil increased 21.4% compared to 2013. In local currency and excluding the effect of the Ipiranga acquisition, our distribution, administrative and sales expenses increased 13.8%, mainly due to (i) increased marketing expenses, which were 57% higher compared to the previous year; (ii) increased labor costs resulting from an increase in salaries, which were 11% higher when compared to the previous year; (iii) higher distribution costs, which were 10% higher when compared to the previous year. Our distribution, administrative and sales expenses in Brazil represented 26.6% of our net sales in Brazil during the year ended December 31, 2014, compared to 25.3% for 2013.

*Argentina*

In Argentina, our distribution, administrative and sales expenses were Ch\$165,267 million during the year ended December 31, 2014, a Ch\$10.056 million, or 6.5% increase compared to Ch\$155,211 million during 2013. In local currency the distribution, administrative and sales expenses increased 36.1%, mainly due to (i) the effect of local inflation on labor costs, freight costs and services provided by third parties, (ii) higher distribution costs, which were 36% higher when compared to the previous year; and (iii) higher marketing expenses, which were 54% higher when compared to the previous year. Our distribution, administrative and sales expenses in Argentina represented 35.8% of our net sales in Argentina during the year ended December 31, 2014, compared to 35.2% for 2013.

*Paraguay*

In Paraguay, our distribution, administrative and sales expenses were Ch\$29,832 million during the year ended December 31, 2014, a Ch\$6,133 million, or 25.9% increase compared to Ch\$23,700 million during 2013. The increase in distribution, administrative and sales expenses in local currency in Paraguay was mainly due to the effect of other operating income which is classified under the item and which was substantially greater in 2013. Isolating this effect, distribution, administrative and sales expenses increased 8% in local currency, which is mainly explained by (i) increased labor costs, which were 15% higher when compared to the previous year and (ii) increased freight distribution charges due to higher tariffs which were 11% higher compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 23.0% of our net sales in Paraguay during the year ended December 31, 2014, compared to 21.1% for 2013.

**Other Income (Expense), Net**

The following table sets forth our other income (expense), net for the year ended December 31, 2013 and 2014:

	Year Ended December 31,	
	2013	2014
	(in millions of Ch\$)	
Other income (expense)	(25,335)	(19,014)
Financial income	4,973	8,656
Financial costs	(28,944)	(65,081)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	783	1,191
Exchange rate differences	(7,695)	(2,675)
Loss from differences in indexed financial assets and liabilities	(1,833)	(12,462)
Other income (expense), net	(58,051)	(89,385)

We had other expenses, net, of Ch\$89,385 million during the year ended December 31, 2014, a Ch\$31,334 million, or 54.0% increase compared to Ch\$58,051 million during 2013. This increase was mainly influenced by increased financial costs and loss generated on UF conversion, which resulted primarily from increased levels of financial indebtedness (basically due the financing of the acquisition of Ipiranga and other debt restructuring). The financing of the acquisition of Ipiranga consisted of an issuance of US\$575 million in Yankee Bonds, which began to accrue interest from October 1, 2013. Additionally in April 2014 a UF 3 million local bond was issued, which add to the issuance of UF 5 million in local bonds issued in August of 2013.

**Income Taxes**

We had income taxes of Ch\$45,354 million during the year ended December 31, 2014, a Ch\$22,388 million, or 97.5% increase compared to Ch\$22,966 million during 2013. This increase was mainly due to the effects of the tax reform in Chile, which increased the tax income line in Ch\$ 23,335 million. On September 29, 2014, Chile enacted the Tax Reform Act. The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), among others. The new rules are set to come into effect gradually, with the implementation process having commenced on October 1, 2014 and set to be completed by January 1, 2018.

On the other hand the effect of tax reductions in 2013 for Ch\$14,055 million of deferred taxes with credit to 2013 income in our subsidiary, Rio de Janeiro Refrescos Ltda. This decrease was mainly due to the reversal of Ch\$14,055 million of deferred tax liabilities in the subsidiary, Rio de Janeiro Refrescos Ltda. due to a new repatriation structure of earnings from Brazil, from a scheme based on dividends to a combination of interest returns on inter-company loans and dividends, in which the Company will not have to pay certain local taxes on earnings remitted to Chile, is offset by lower income taxes during 2014, resulting from the Company's greater financial burden beginning 2014 tax year.

**Net Income**

Due to the factors described above, we had net income of Ch\$52,034 million during the year ended December 31, 2014, a Ch\$38,233 million, or 42.4% decrease compared to Ch\$90,267 million during 2013. Our net income represented 4.2% of our net sales during the year ended December 31, 2014, compared to 5.9% for 2013.

**Basis of Presentation**

The aforementioned discussion should be read in conjunction with and is qualified in its entirety by reference to the Consolidated Financial Statements, including the notes thereto.

These Financial Statements have been prepared in accordance with IFRS issued by the IASB.

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These Financial Statements reflect the consolidated financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2015 and 2014 as well as the operating results, changes in shareholders' equity and cash flows for the years ended December 31, 2015, 2014 and 2013, all of which were approved by the board of directors on April 26, 2016.

Our consolidated financial results include the results of our subsidiaries located in Chile, Brazil, Argentina and Paraguay. Our subsidiaries outside Chile prepare their financial statements in accordance with IFRS and to comply with local regulations in accordance with generally accepted accounting principles of the country in which they operate. The Consolidated Financial Statements reflect the results of the subsidiaries outside of Chile, converted to Chilean pesos (functional and reporting currency of the parent company) and are presented in accordance with IFRS. The International Financial Reporting Standards requires assets and liabilities to be converted from the functional currency of each entity to the reporting currency (Chilean peso) at end of period exchange rates and income and expense accounts to be converted at the average monthly exchange rate for the month in which income or expense is recognized

### **Critical Accounting Estimates**

#### ***Discussion of critical accounting estimates***

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of our results of operations and financial position in the preparation of financial statements in conformity with IFRS. We cannot assure you that actual results will not differ from those estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates and assumptions about the effect of matters that are inherently uncertain. For a more detailed discussion of accounting policies significant to our operations, please see Note 2 to our Consolidated Financial Statements.

#### ***Impairment of goodwill and intangible assets of indefinite useful life***

The Group tests if goodwill and intangible assets of indefinite useful life have suffered impairment loss on an annual basis or whenever there are indicators of impairment. The recoverable amounts of cash generating units are determined based on calculations of the value in use. The key variables that management calculates include the volume of sales, prices, marketing expenses and other economic factors. The estimation of these variables requires a material administrative judgment as those variables imply inherent uncertainties. However, the assumptions are consistent with our internal planning. Therefore, management evaluates and updates estimates according to the conditions affecting the variables. If these assets are deemed to have become impaired, they will be written off at their estimated fair value or future recovery value according to discounted cash flows. Discounted free cash flows in the cash generating unit of the Parent Company in Chile as well as the subsidiaries in Brazil, Argentina and Paraguay generated greater values than their respective assets, including goodwill for the Brazilian, Argentine and Paraguayan subsidiaries.

#### ***Fair value of assets and liabilities***

IFRS requires, in certain cases, that assets and liabilities be recorded at their fair value. Fair value is the amount at which an asset can be purchased or sold or the amount at which a liability can be incurred or liquidated in an actual transaction among parties duly informed under conditions of mutual independence, different from a forced liquidation.

The basis for measuring assets and liabilities at fair value are the current prices in the active market. Lacking such an active market, we estimate said values based on the best information available, including the use of models or other valuation techniques.

We estimated the fair value of the intangible assets acquired as a result of mergers and acquisitions based on the multiple period excess earning method, which implies the estimation of future cash flows generated by intangible assets, adjusted by cash flows that do not come from intangible assets, but from other assets.

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For this, we estimated the time during which the intangible asset will generate cash flows, the cash flows themselves, cash flows from other assets and a discount rate.

Other assets acquired and implicit liabilities in the business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances including the cost of depreciated recovery and recent transaction values for comparable assets, among others. These methodologies require certain inputs to be estimated, including the estimation of future cash flows.

***Provision for doubtful accounts***

We evaluate the possibility of collecting trade accounts receivable using several factors. When we become aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that we estimate will ultimately be collected. In addition to specifically identifying potential uncollectible customer accounts, debits for doubtful accounts are accounted for based on the recent history of prior losses and a general assessment of trade accounts receivable, both outstanding and past due, among other factors.

***Useful life, residual value and impairment of property, plant, and equipment***

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to our business model, or changes in our capital strategy might modify the effective useful lives compared to our estimates. Whenever we determine that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned use of manufacturing equipment, dispensers, and transportation equipment or computer software could make the useful lives of assets shorter. We review the impairment of long-lived assets each time events or changes in circumstances indicate that the book value of any of those assets might not be recovered. The estimate of future cash flows is based, among other things, on certain assumptions about the expected operating profits in the future. Our estimates of non-discounted cash flows may differ from real cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in the operating profit. If the sum of non-discounted cash flows that have been projected (excluding interest) is less than the carrying value of the asset, the asset will be written down to its estimated recoverable value.

***Liabilities for bottle and case collateral***

We have a liability for deposits received for bottles and cases provided to our customers and distributors. The liability represents the deposit value that we may be required to remit upon receipt from the customer or distributor of the bottles and cases, in good condition, along with the original invoice. The liability is not subject to price level restatements as per current agreements with customers and distributors. We estimate the liability for deposits based on a periodic inventory of bottles loaned to customers and distributors, estimates of bottles in circulation and a weighted average historical deposit value per bottle or case. Significant management judgment is involved in estimating the number of bottles in circulation, the deposit value that could be subject to redemption and the timing of disbursements related to this liability.

**Impact of Foreign Currency Fluctuations**

In accordance with IFRS conversion methods, assets and liabilities from Argentina, Paraguay and Brazil are converted from their functional currency (Argentine peso, Paraguayan guaraní and Brazilian real respectively) to the reporting currency of the parent company (Chilean peso) at the end of period exchange rate, and income accounts at the exchange rate as of the date of the transaction or monthly average exchange rate of the month when it took place. The effects of conversion are presented as comprehensive income and do not affect the results for the years ended December 31, 2015, 2014 and 2013. The conversion effects due to the currency conversion undertaken for assets and liabilities in accordance with the method previously explained resulted in a decrease of other comprehensive income of Ch\$106,153 million during 2014 (net increase of Ch\$28,150 million during 2014 and a net decrease of Ch\$17,297 million during 2013). We also present under other comprehensive income the net effect as result of the restatement of Chilean pesos to U.S. dollars and other currencies to U.S. dollars resulting from the update of intercompany accounts that have designated as part of the Company’s investment, this effect resulted in a decrease of Ch\$8,009 million during 2015 (increase of Ch\$92 million in 2014 and a decrease of Ch\$675 million during 2013).

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In order to protect us from the effects on income resulting from the volatility of the Brazilian real and the Chilean peso against the U.S. dollar, we maintain derivative contracts (cross currency swaps) derivative to cover almost 100% of U.S. dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean peso and the Brazilian real against the U.S. dollar, are mitigated annulling its exposure to exchange rate.

In Chile, we use hedge agreements, to protect against foreign currency risk, which has an impact on our dollar denominated raw materials needs. The mark to market of these contracts was recorded in 2014 and 2013 according to the hedge accounting methodology outlined in IFRS standards, i.e., the valuation at fair value is carried to equity accounts, and when the effect on results of the hedged item occurs, the effects of derivatives contracts, are recycled from equity to operating results. For further information about the instruments we use to protect against foreign currency risk, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk.”

### **Impact of Governmental Policies**

Our business is dependent upon the economic conditions prevailing in our countries of operation. Various governmental economic, fiscal, monetary and political policies, such as those related to inflation or foreign exchange, may affect these economic conditions, and in turn may impact our business. These government policies may also affect investments by our shareholders.

For a discussion of political factors and governmental, economic, fiscal and monetary policies that could materially affect investments by U.S. shareholders as well as our operations, please refer to “Item 3. Key Information—Risk Factors” and “Item 10. Additional Information”

## **B. LIQUIDITY AND CAPITAL RESOURCES**

### **Capital Resources, Treasury and Funding Policies**

The products we sell are usually paid for in cash and short term credit, and therefore our main source of financing comes from the cash flow of our operations. This cash flow has been generally sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved at our General Shareholders’ Meeting. Nevertheless, in 2013 it was necessary to issue international bonds to finance the acquisition of the 100% stake of Ipiranga in Brazil for R\$1,155 million (equivalent to Ch\$261,245 million). Our net cash position diminished after the merger with Polar and the Ipiranga acquisition in part because Polar and Ipiranga previously had more debt when compared to Andina’s balance sheet. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where we have operations; and; (iii) public equity offerings.

Certain restrictions could exist to transfer funds among our operating subsidiaries. In 2013, 2014 and 2015, all cash flow generated by the subsidiary in Argentina was reinvested in the operation, and we did not receive dividends from our subsidiary in Argentina. During 2013, 2014 and 2015, we received dividends from our subsidiaries in Brazil and Paraguay. No assurance can be made that we will not face restrictions in the future regarding the distribution of dividends from our foreign subsidiaries.

Our management believes that we have access to financial resources to maintain our current operations and provide for our current capital expenditure and working capital requirements, scheduled debt payments, interest and income tax payments and dividends to shareholders. The amount and frequency of future dividends to our shareholders will be determined at the General Shareholders’ Meeting upon the proposal of our board of directors in light of our earnings and financial condition at such time, and we cannot assure you that dividends will be declared in the future.



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Our board of directors has been empowered by our shareholders to define our financing and investment policies. Our bylaws do not define a strict financing structure, nor do they limit the types of investments we may make. Traditionally, we have preferred to use our own resources to finance our investments.

Our general financing policy is that each subsidiary should finance its own operations. From this perspective, each subsidiary’s management must focus on cash generation and should establish clear targets for operating income, capital expenditures and levels of working capital. These targets are reviewed on a monthly basis to ensure that their objectives are met. Should additional financing needs arise, either as a result of a cash deficit or to take advantage of market opportunities, our general policy is to prefer local financing to allow for natural hedging. If local financing conditions were not acceptable, because of costs or other constraints, Andina will provide financing, or our subsidiary could finance itself in a currency different than the local one.

Our cash surplus policy is that Andina invests any cash surplus in a portfolio of investment grade securities until such time as our board of directors makes a final decision as to the disposition of the surplus.

Derivative instruments are utilized only for business purposes, and never for speculative purposes. Forward currency contracts are used in some operations to cover the risk of local currency devaluation relative to the U.S. dollar in an amount not greater than the budgeted purchases of U.S. dollar-denominated raw materials. Depending on market conditions, instead of forward currency contracts, from time to time we prefer to utilize our cash surplus to purchase raw materials in advance to obtain better prices and a fixed exchange rate.

***Cash Flows from Operating Activities 2015 vs Cash Flows from Operating Activities 2014***

Cash flows from operating activities during 2015 amounted to Ch\$264,909 million compared to Ch\$215,514 million in 2014. The increase in cash flow generation was mainly due to higher client collections, resulting from a better performance mainly from the Argentine operation.

***Cash Flows from Operating Activities 2014 vs Cash Flows from Operating Activities 2013***

Cash flows from operating activities during 2014 amounted to Ch\$215,514 million compared to Ch\$172,085 million in 2013. The increase in cash flow generation was mainly due to higher client collections, resulting from the integration of Ipiranga for the whole year, partially offset by higher interest payments due to greater indebtedness entered into by the Company. Cash flows from operating activities without considering the merger with Ipiranga amounted to Ch\$183,805 million.

***Cash Flows from Investing Activities 2015 vs Cash Flows from Investing Activities 2014***

Cash flows for investing activities (includes purchase and sale of property, plant and equipment, investment in associated companies and financial investments) amounted to Ch\$103,131 million in 2015 compared to Ch\$166,776 million during 2014. During 2014 we made lower net investments in short and long term financial instruments.

The main item of investing activities is the purchase of property, plant and equipment which decreased from Ch\$114,217 million in 2014 to Ch\$112,400 in 2015.

***Cash Flows from Investing Activities 2014 vs Cash Flows from Investing Activities 2013***

Cash flows for investing activities (includes purchase and sale of property, plant and equipment, investment in associated companies and financial investments) amounted to Ch\$166,776 million in 2014 compared to Ch\$447,550 million during 2013. In 2013 the Ipiranga acquisition represented a disbursement in the amount of Ch\$261,245 million. The investment activities of Andina during 2013, without considering the effect of the acquisition of Ipiranga and the disbursements associated with its purchase, amounted to Ch\$191.852 million.

The main item of investing activities is the purchase of property, plant and equipment which decreased from Ch\$183,697 million in 2013 to Ch\$114,217 million in 2014. In 2014, and without considering the effect of the merger with Ipiranga, Andina invested Ch\$109,513 million. This figure is highly influenced by greater purchases of property, plant and equipment in Brazil and Paraguay, and by purchases of financial instruments which are not defined as cash and cash equivalents.

***Cash Flows from Financing Activities 2015 vs Cash Flows from Financing Activities 2014***

Our financing activities are directly related to dividend distributions to our shareholders, that record a utilization of cash resources amounting to Ch\$54,320 million compared to Ch\$52,269 million during 2014, and borrowings from banks and payment of these loans, in order to finance these dividend payments and investments. As a result of our business’ seasonality, we generate greater cash flows during the summer months (December through March); therefore, during the winter season we may require short term financing in order to fulfill our dividend and investment commitments.

As of December 31, 2015, we had available short-term credit lines in an amount equivalent to Ch\$198,144 million. The aggregate unused portion of such lines of credit at that date was equivalent to Ch\$126,398 million. Our unused sources of liquidity include four lines of credit. In Chile, we had the equivalent of Ch\$15,000 million in credit available from two separate lines. The unused portion of such lines of credit at that date was equivalent to Ch\$15,000 million. In Brazil, we had the equivalent of Ch\$108,506 million in credit available from four lines. The unused portion of such lines of credit at that date was equivalent to Ch\$39,530 million. In Argentina, we had the equivalent of Ch\$67,536 million in credit available with ten lines. The unused portion of such lines of credit at that date was equivalent to Ch\$64,766 million. In Paraguay, we had the equivalent of Ch\$7,102 million in credit available from one line. The unused portion of said line of credit at that date was equivalent to Ch\$7,102 million.

***Cash Flows from Financing Activities 2014 vs Cash Flows from Financing Activities 2013***

Our financing activities are directly related to dividend distributions to our shareholders, that record a utilization of cash resources amounting to Ch\$52,269 million in 2014 compared to Ch\$73,041 million during 2013, and borrowings from banks and payment of these loans, in order to finance these dividend payments and investments. As a result of our business’ seasonality, we generate greater cash flows during the summer months (December through March); therefore, during the winter season we may require short term financing in order to fulfill our dividend and investment commitments.

As of December 31, 2014, we had available short-term credit lines in an amount equivalent to Ch\$320,113 million. The aggregate unused portion of such lines of credit at that date was equivalent to Ch\$204,594 million. Our unused sources of liquidity include eight lines of credit. In Chile, we had the equivalent of Ch\$16,738 million in credit available from five separate lines. The unused portion of such lines of credit at that date was equivalent to Ch\$16,532 million. In Brazil, we had the equivalent of Ch\$197,376 million in credit available with twenty one lines. The unused portion of such lines of credit at that date was equivalent to Ch\$101,145 million. In Argentina, we had the equivalent of Ch\$87,979 million in credit available with ten lines. The unused portion of such lines of credit at that date was equivalent to Ch\$68,896 million. In Paraguay, we had the equivalent of Ch\$18,020 million in credit available with two lines. The unused portion of such lines of credit at that date was equivalent to Ch\$18,020 million.

**Liabilities**

For the year ended December 31, 2015, our total liabilities, excluding non-controlling interest, were Ch\$1,357,827 million; representing a 0.6% increase compared to December 31, 2014. The increase in total liabilities resulted principally from the restatement of public liabilities given currency indexation (Unidad de Fomento), partially offset by decreased bank liabilities in Argentina. As of December 31, 2015, our noncurrent liabilities included (i) other noncurrent financial liabilities of Ch\$765,299 million, (ii) noncurrent accounts payable of Ch\$9,303 million (iii) other noncurrent provisions of Ch\$63,976 million, (iv) deferred tax liabilities for Ch\$130,202 million; (v) noncurrent employee benefit provisions for Ch\$8,230 million; and (vi) other noncurrent non-financial liabilities for Ch\$242 million, totaling noncurrent liabilities for Ch\$977,252 million during the year ended December 31, 2015 compared to Ch\$939,963 million during the year ended December 31, 2014.

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As of December 31, 2015, our current liabilities included (i) other current financial liabilities of Ch\$62,218 million; (ii) trade accounts and other accounts payable for Ch\$212,526 million; (iii) current accounts payable to related entities for Ch\$48,653 million; (iv) other current provisions for Ch\$326 million; (v) current tax liabilities for Ch\$7,495 million and (vi) current employee benefit provisions for Ch\$31,791 million and (vi) other non-financial current liabilities for Ch\$17,566 million. Total current liabilities during the year ended December 31, 2015 amounted to Ch\$380,574 million compared to Ch\$410,212 million during the year ended December 31, 2013.

As of December 31, 2015, and before the cross currency swaps contracts the company entered in, our bond liabilities had a weighted average interest rate of 4.70% while our bank liabilities had a weighted average interest rate of 4.93%.

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**Summary of Significant Debt Instruments**

*Summary of Significant Debt Instruments*

As of December 31, 2015, the Company is in compliance with all its debt covenants which are summarized below:

*Series B Local Bonds*

In 2001, we issued in the Chilean capital markets UF 3.7 million Series B bonds due 2026, bearing interest at a variable annual interest rate of 6.50% over inflation. The Series B Local Bonds are subject to the following restrictive covenants:

- Maintain an indebtedness level where Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Current Liabilities bearing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the issuer’s Consolidated Statement of Financial Position. Consolidated Equity shall be regarded as total equity including non-controlling interests.
- Maintain and in no way lose, sell, assign, or transfer to a third party the geographical area today called “Metropolitan Region”, as franchised territory in Chile by The Coca-Cola Company, for the development, production, sale and distribution of products and brands of the licensor, in accordance with the respective bottling agreement or license, renewable from time to time.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which to date is franchised to the Company by TCCC for the manufacture, production, sale and distribution of products and brands of such licensor; as long as these territories account for more than 40% of the Issuer’s Adjusted Consolidated Operating Flow.
- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times of the Issuer’s unsecured consolidated current liabilities.

Unsecured consolidated current liabilities are the Company’s total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily and conventionally by the Company less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the Issuer’s Consolidated Statement of Financial Position.

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Consolidated assets are assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the Issuer’s Consolidated Statement of Financial Position.

*Series A and C Local Bonds*

As a consequence of our merger with Polar, we became an obligor under the following two bonds issued by Polar in the Chilean capital markets in 2010:

- UF 1.0 million of Series A bonds due 2017, bearing interest at a variable annual rate equal to 3.00%; and
- UF 1.5 million of Series C bonds due 2031, bearing interest at a variable annual rate equal to 4.00%

The Series A and C local bonds are subject to the following restrictions:

- Maintain a “Net Financial Indebtedness” level of no more than 1.5 times in the quarterly financial statements, measured by figures included in the Polar’s Consolidated Statement of Financial Position. For these purposes, net financial indebtedness level is defined as the ratio of net financial debt to total assets of the issuer (equity attributable to the owners of the controllers plus non-controlling interests). Net financial debt means the difference between the Issuer’s financial debt and cash.
- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times of the Issuer’s unsecured consolidated current liabilities.

Unencumbered assets are assets that meet the following conditions. They are the property of Polar, they are classified under Total Assets of the Polar’s Financial Statement and are free of any pledge, mortgage or other levies constituted in favor of third parties, less “Other current financial assets” and “Other non-current financial assets” on Polar’s Financial Statement (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities.)

Unsecured total liabilities means liabilities under the account Total Current liabilities and Total non-current Liabilities on Polar’s Financial Statements which do not benefit from preferences or privileges, less “Other current financial assets” and “Other non-current financial assets” of Polar’s Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities.)

- Not invest in instruments issued by related parties or carry out operations with related parties other than those related to the general purpose of the entities, in conditions that are unfavorable to Polar in relation to those prevailing in the market.
- Maintain a Net Financial Coverage level of greater than 3.0. Net financial coverage is the ratio between Polar’s EBITDA for the past 12 months and Polar’s net financial expenses (financial income less financial expenses) for the past 12 months. However, this restriction shall be regarded as breached when the mentioned net financial coverage level is lower than the level previously indicated during two consecutive quarters.

*Series C, D and E Local Bonds*

On September 4, 2013, we issued in the Chilean capital markets UF 4,000,000 aggregate principal amount (equivalent to Ch\$92,199.40 million, as of September 5, 2013) of UF 3.80% bonds due 2034 and UF 1,000,000 aggregate principal amount (equivalent to Ch\$23,049.85 million, as of September 5, 2013) of UF 3.50% bonds due 2020. The bonds are non-convertible and are not guaranteed. The proceeds from these local bonds were used to pay down existing indebtedness and for other general corporate purposes.

On April 3, 2014, we issued additional capital in the amount of UF 3,000,000 in the Chilean capital markets (equivalent to Ch\$70,855 million, on April 3, 2014) in UF bonds at 3.75% maturing in 2035. The funds from these local bond funds were used to pay off existing debts and for other general corporate purposes.

The Series C, D and E local bonds are subject to the following restrictions:

- Maintain an indebtedness level where Consolidated Financial Liabilities shall not exceed Consolidated Equity by 1.20 times. For these purposes Consolidated Financial Liabilities is Current Liabilities bearing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the issuer’s Consolidated Statement of Financial Position. Consolidated Equity is total equity including non-controlling interests.
- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times of the Issuer’s unsecured consolidated current liabilities.

“Unsecured Consolidated Current Liabilities” are the Company’s total liabilities, obligations and debts that are not secured with real guarantees on goods and assets of the latter, made voluntarily and conventionally by the Company less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the Company’s Consolidated Statement of Financial Position.

For purposes of determining Consolidated Assets these will consider assets free of any pledge, mortgage or other lien, as well as those assets that have real liens, mortgage or encumbrances that operate only by law. Therefore, Consolidated Assets free of any lien, mortgage or other encumbrance shall be regarded as those assets for which no real lien, mortgage or other encumbrance has been made voluntarily and conventionally by the Company, less the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities accounted for under “Other Current Financial Assets” and “Other Non-current Financial Assets” of the Company’s Consolidated Statement of Financial Position.

- Maintain and in no way lose, sell, assign, or transfer to a third party the Metropolitan Region, as franchised territory in Chile by The Coca-Cola Company for the production, sale and distribution of products and brands of the licensor. Losing said territory means the non-renewal, cancellation, early termination or annulment of this license agreement by The Coca-Cola Company, for the Metropolitan Region.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of the Series C, D and E local bonds, is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of The Coca-Cola Company; as long as these territories account for more than 40% of the Company’s Adjusted Consolidated Operating Flow of the audited fiscal year immediately prior to the moment when said loss, sale, assignment or transfer occurs. For these purposes “Adjusted Consolidated Operating Flow” is the addition of the following accounting items of the Issuer’s Consolidated Statement of Financial Position: (i) “Gross Income”, including revenue and cost of sales, less (ii) “Distribution Costs”, less (iii) Administrative Expenses, plus (iv) Participation in Earnings (Losses) of Associates and Joint Ventures accounted for using the Equity Method”, plus (v) “Depreciation”, plus (vi) “Amortization of Intangibles”.

*Senior Notes due 2023 in Connection with Acquisition of Ipiranga*

In October 2013, we issued US\$575 million of 5.000% Senior Notes due 2023. The notes will mature on October 1, 2023. The notes are unsecured obligations that are effectively subordinated to our secured debt. The proceeds from these notes were used to finance a portion of the purchase price for our acquisition of Ipiranga and for general corporate purposes.

*Repurchased Notes due 2027 and 2097*

In October 1997, we issued US\$100 million of 7.625% Notes due 2027 and US\$100 million of 7.875% Notes due 2097. Through a series of repurchases between 2000 and 2009, we have repurchased and currently hold, all of these notes through our wholly-owned subsidiary Abisa Corp. On December 15, 2014, Embotelladora Andina S.A. repurchased US\$200 million in outstanding bonds from its subsidiary Abisa Corp S.A., thereby eliminating the related bond liability.

**C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**

Given the nature of the business and the support provided by The Coca-Cola Company as franchisor to its bottlers, the Company’s research and development expenses are not meaningful.

**D. TREND INFORMATION**

Our results will likely continue to be influenced by changes in the level of consumer demand in the countries in which we operate, resulting from governmental economic measures that are or may be implemented in the future. Additionally, principal raw materials used in the production of soft drinks, such as sugar and resin, may experience price increases in the future. Such price increases may affect our results if we are unable to pass the cost increases on to the sales price of our products due to depressed consumer demand and/or heightened competition.

Increased competition from low-price brands is another factor that could limit our ability to grow, and thus negatively affect our results.

Finally, exchange rate fluctuations, in particular the potential devaluations relative to the U.S. dollar of local currencies in the countries in which we operate, may adversely affect our results because of the impact on the cost of U.S. dollar-denominated raw materials and the conversion of monetary assets.

**E. OFF-BALANCE SHEET ARRANGEMENTS**

At December 31, 2015, we did not have any material off-balance sheet arrangements.

**F. CONTRACTUAL OBLIGATIONS**

The following table sets forth our principal contractual and commercial obligations as of December 31, 2015:

	Payments Due by Period				Total
	Less than 1 year	1-3 Years	3-5 Years (in millions of Ch\$ )	More than 5 Years	
Debt with financial institutions(1)	24,592	24,699	6,615	—	55,905
Bonds(1)(2)	45,518	96,584	89,145	835,728	1,066,975
Lease obligations(1)	10,338	6,366	16,827	—	33,531
Purchase obligations(1)(3)	158,942	75,270	16,089	52,183	302,484
Total(1)	239,390	202,919	128,675	887,911	1,458,896

(1) Includes interest  
(2) See Note 16 to our consolidated financial statements as of December 31, 2015 and for the year ended December 31, 2014 and 2015 for additional information.



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(3) This includes: (i) our Brazilian cogeneration contract, (ii) our services contract with Hewlett Packard and (iii) some services and raw material contacts, mainly for sugar.

The following table presents future expirations for additional long-term liabilities. These expirations have been estimated based on accounting estimates because the liabilities do not have specific dates of future payment, as allowance for severance indemnities, contingencies, and liabilities are included.

	Maturity Years			
	Total	1-3 Years	3-5 Years	More than 5 Years
	(in millions of Ch\$ 2014)			
Provisions	63,975	365	730	62,880
Other long-term liabilities	8,473	1,003	2,006	5,464
Total long-term liabilities	72,448	1,368	2,736	68,344

G. SAFE HARBOR

See “Presentation of Financial and Certain Other Information—Forward-Looking Statements.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Chilean law, we are managed by a group of executive officers under the supervision of our board of directors. The Company’s operations in Chile, Brazil, Argentina and Paraguay report to the Corporate Office.

Principal Officers

The following table includes information regarding our senior executives:

Name	Age	Position
Miguel Ángel Peirano	56	Chief Executive Officer
Andrés Wainer	45	Chief Financial Officer
Tomás Vedoya	38	Chief Strategic Planning Officer
Jaime Cohen	48	Chief Legal Officer
German Garib	54	Chief Process and Information Officer
Gonzalo Muñoz	54	Chief Human Resources Officer
Fabián Castelli	50	General Manager of Embotelladora del Atlántico S.A.
Renato Barbosa	55	General Manager of Rio de Janeiro Refrescos Ltda.
José Luis Solorzano Hurtado	45	General Manager of Chilean Soft Drink Operation.
Francisco Sanfurgo	61	General Manager of Paraguay Refrescos S.A.

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**Mr. Peirano** joined us in 2011, as Chief Executive Officer. Prior to his appointment in Andina, he was President at FEMSA Cerveza Brazil from 2009 through 2011. While at Coca-Cola FEMSA he held several positions: Vice-President from 2006-2008; Director of Operations in Argentina from 2003 through 2005; Commercial Director during 2002; Manufacturing Director in 2000 and Strategic Planning Director in 1999. He also worked as Assistant Manager at McKinsey & Company in 1999.

**Mr. Wainer** joined us in 1996 as a research analyst in the corporate office. In 2000, he was appointed Development Manager in EDASA and in 2001, he returned to the corporate office as Research and Development Officer. In 2006, he was appointed finance and administration manager at the Chilean operation and in November 2010, he returns to the corporate office as Chief Financial Officer.

**Mr. Vedoya** joined us in 2015 as Chief Strategic Planning Officer. Prior to joining Andina, he was an independent consultant from 2011 until 2014. He also held the position of Senior Consultant at Virtus Partners, from 2009 until 2011. He also worked for other companies in the hotel industry.

**Mr. Cohen** joined us in 2008, as Chief Legal Officer. Prior to joining Andina, he held a similar position at Socovesa S.A. from 2004. He formed part of the legal division of Citibank from 2000 to 2004. He also was an attorney at the law offices of Cruzat, Ortuzar & Mackenna and Baker & McKenzie from 1996 until 1999. He began his professional career in 1993 as lawyer at Banco de A. Edwards.

**Mr. Garib** has held the position of as Chief Information Officer since 1998. Prior to Andina, he was the marketing manager of IBM Chile.

**Mr. Muñoz** joined the Company in 2015 as Chief Human Resources officer. Prior to Andina he worked at British American Tobacco as Human Resources Director in Mexico and Human Resources Southern Cone Director. He also held several other positions at British American Tobacco such as Finance Directors and General Manager in several Latin-American countries.

**Mr. Castelli** joined us in 1994, holding the position of Traditional Sales Manager in Mendoza. He is currently General Manager (since April 2014) of Andina Argentina. Previously, he was Andina Argentina Commercial Manager (2010). Marketing Manager from 2000-2010, Commercial Planning Manager from 1997 to 2000, Marketing Services Manager between 1996 and 1997, Sales Manager Traditional Mendoza in 1994-1995.

**Mr. Barbosa** joined us on January 1, 2012 as general manager of our operation in Brazil. He has worked in the Coca-Cola System for 23 years, primarily as general manager of Brasal, a Coca-Cola bottling company servicing the western central part of Brazil. He also has worked for other large companies such as McDonald’s and Banco do Brasil.

**Mr. Solorzano** joined us in 2003, where he served in various managerial positions in the commercial area, passing through the management of key accounts sales, traditional channel sales management, and management of marketing and commercial areas. In March of 2010, he has served as General Manager of Andina’s Argentine operations. On April 1, 2014 assumed as General Manager of Andina Chile. Prior to his arrival at Andina, he worked as marketing manager, plant manager and business manager of Coca-Cola Polar, for five years. Before his introduction to the Coca-Cola bottler system, he worked at Malloa.

**Mr. Sansfurgo** joined us after the merger with Embotelladoras Coca-Cola Polar assuming the position of General Manager of Paraguay Refrescos S.A. In 1990, he joined Embotelladoras Coca-Cola Polar S.A. as General Manager of Embotelladora Austral (Punta Arenas — Chile). Since 2005 has been General Manager of Paraguay Refrescos S.A.

- Notes:
- 1. Germán Garib left his position on January 31, 2016 and has been replaced as Chief Processes and IT Officer by Mr. Carlos Gálvez, beginning February 1, 2016.
  - 2. Cristián Mandiola resigned to his position as Chief Operations South Officer of Coca-Cola Andina effective April 2, 2015.
  - 3. Beginning April 1, 2015 Rodrigo Ormaechea assumes the position of Commercial Director of Coca-Cola Andina in Brazil reporting to the General Manager Renato Barbosa. His replacement as Chief Strategic Planning Officer of Coca-Cola Andina is assumed by Mr. Tomás Vedoya, beginning February 23, 2015.
  - 4. Alan Dunford left his position on December 31, 2014 and has been replaced as Chief Human Resources Officer by Mr. Gonzalo Muñoz, Rut beginning January 1, 2015.

Board of Directors

In accordance with our current bylaws, the board of directors must consist of fourteen directors. The directors may or may not be shareholders and are elected for a term of three years subject to indefinite re-election. All members of the board of directors are completely renewed every three years by and during the General Shareholders’ Meeting. Cumulative voting is permitted for the election of directors.

In the event of a vacancy, the board of directors may appoint a replacement to fill the vacancy, and the entire board of directors must be elected or re-elected at the next regularly scheduled General Shareholders’ Meeting.

The majority shareholders’ agreement for the election of directors is contained in the Agreement and further explained on Item 7 “Major Shareholders and Related Companies”. In addition, pursuant to the terms and conditions of the deposit agreement among the Company and the Bank of New York dated as of December 14, 2000, (the “Deposit Agreement”), if no instructions are received by The Bank of New York Mellon, as depositary (the “Depositary”), it shall give a discretionary proxy to a person designated by the chairman of our board of directors with respect to the shares or other deposited securities that represent the ADRs.

As of December 31, 2015, our board of directors consisted of the following directors:

Name	Age	Date of Expiration of Current Term	Position
Juan Claro	65	2016-04-21	Chairman of the Board of Directors
Eduardo Chadwick	57	2016-04-21	Vice Chairman of the Board of Directors
José Antonio Garcés,	50	2016-04-21	Director
Arturo Majlis	54	2016-04-21	Director
Gonzalo Said(1)	51	2016-04-21	Director
Salvador Said(1)	51	2016-04-21	Director
Francisco Javier Crespo	50	2016-04-21	Director
Gonzalo Parot(2)	63	2016-04-21	Director
Emilio Rodríguez Larraín	64	2016-04-21	Director
José De Gregorio	56	2016-04-21	Director
Juan Andrés Fontaine	61	2016-04-21	Director
Franz Alscher	52	2016-04-21	Director
Ricardo Vontobel	56	2016-04-21	Director
Mariano Rossi	50	2016-04-21	Director

(1) Salvador Said is first cousin of Gonzalo Said.

(2) Independent from controlling shareholder pursuant to Article 50 bis, paragraph 6 of the Chilean Public Company Law N° 18,046.

**Mr. Claro** has been a member of our board of directors since April 2004. His principal occupation is as an entrepreneur. He also serves as a director in the following organizations: Chairman of Embotelladora Andina, Energía Covanco and Energía Llaima; director of Entel, Antofagasta Minerals, Antofagasta Plc, Pesquera Friosur, Melon S.A and Agrosuper.

**Mr. Chadwick** has been a member of our board of directors since June 2012. His principal occupation is as an entrepreneur. He also serves as a director in the following organizations: Viña Errazuriz, Empresas Penta, MaltexcoS.A., Ebema, Vinos de Chile and Banco Penta.

**Mr. Majlis** has been a member of our board of directors since April 1997. His principal occupation is as a principal partner of the law offices of Grasty, Quintana, Majlis y Compañía. He also serves as a director in the following organizations: Asesorías e Inversiones Til Til S.A.; Asesorías e Inversiones MJS Ltda., Banchile Seguros de Vida, Seguros Orion, Mathiesen Group, Laboratorio Maver, Fundación Convivir, Fundación Puerto de Ideas and Orion Seguros Generales.

**Mr. Garcés** has been a member of our board of directors since April 1992. His principal occupation is as general manager of Inversiones San Andrés Ltda. He also serves as director in the following organizations: Banco Consorcio, Banvida S.A.; Inmobiliaria FFV S.A., Fundación Paternitas, Viña Montes, Viña Garcés Silva Ltda., and Chairman of USEC.

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**Mr. Gonzalo Said** has been a member of our board of directors since April 1993. His principal occupation is as an entrepreneur. He also serves as director in the following organizations: Banco BBVA, Director Newport Ltda. (Grupo Said Handal), Member of the “Circle of Finance” of ICARE, and participates in the Board of Universidad Finnis Terrae and is the Chairman of Fundación Generación Empresarial

**Mr. Salvador Said** has been a member of our board of directors since April 1992. His principal occupation is as Director of Said Holding Group. He also serves as director in the following organizations: Chairman of Endeavor Chile and of Bupa Chile S.A. Board member of Parque Arauco S.A., Edelpa S.A., BBVA Chile and Envases CMF S.A. Counselor in CEP (*Centro de Estudios Públicos*) and in Generación Empresarial.

**Mr. Crespo** has been member of our board of directors since April 2013. His principal occupation is as President of Coca Cola Mexico.

**Mr. Parot** has been a member of our board of directors since April 2009. His principal occupation is as an engineer and economist. He is Principal Partner and CEO at Elex Consulting Group. He also serves as Director in Inmobiliaria Elex.

**Mr. Rodriguez** has been member of our board of directors since April 2013. His principal occupation is as attorney at law. He also serves as director in the following organizations: Lan Perú, Inmuebles Comerciales del Perú S.A., Inmuebles Panamericana S.A., La Positiva Sanitas EPS S.A., Soriperu S.A., Inversiones en Salud S.A., Automotores Gildemeister del Perú S.A., Maquinaria Nacional Perú S.A. Motormundi S.A., Prospectiva 2020 Perú,

**Mr. De Gregorio** has been a member of our board of directors since June 2012. His principal occupation are Professor of Economics at Universidad de Chile and non-resident Senior Fellow at the Petersen Institute for International Economics. He also serves as director in the following corporations: Compañía Sudamericana de Vapores; Intervial S.A., Euroamerica S.A. and Ruta del Maipo S.A.

**Mr. Fontaine** has been a member of our board of directors since June 2012. His principal occupation is as a consultant. He also serves as director in the following organizations: Bolsa de Comercio de Santiago (Santiago Stock Exchange), Administradora de Inversiones La Construcción S.A., Sigdo Koppers. Advisor of Libertad y Desarrollo.

**Mr. Alscher** has been a member of our board of directors since June 2012. His principal occupation is as Vice President of Finance for Latin America, The Coca-Cola Company. He does not serve as director in any other organizations.

**Mr. Vontobel** has been a member of our board of directors since June 2012. His principal occupation is as General Manager of Vonpar S.A. He also serves as director in Vonpar S.A.

**Mr. Rossi** has been a member of our board of directors since June 2012. His principal occupation is as a consultant. He does not serve as director in any other organizations.

**B. COMPENSATION**

**Compensation of Principal Officers**

The Company does not provide general incentives other than its compensation plans, except in the case of its principal officers, whose compensation plans are composed of a fixed remuneration and a performance bonus, which try to adapt to the reality and competitive conditions in each market, and whose amounts vary according to the position or exercised responsibility. Such performance bonuses are payable only to the extent that personal goals of each principal officer and company goals are met, which are previously defined for each case in particular.

For the period ended December 31, 2015 the amount of fixed compensations paid to Coca-Cola Andina’s principal officers amounted to ThCh\$4,308 (ThCh\$3,859 in 2014). Likewise, the amount of compensation paid in performance bonuses amounted to ThCh\$2,362 (ThCh\$2,468 in 2014).

During the period ended December 31, 2015 severance payments to managers and principal officers of Embotelladora Andina S.A. were Ch\$193 million. During the period ended December 31, 2014 severance payments to managers and principal officers of Embotelladora Andina S.A. were Ch\$327 million.

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We do not make available to the public information as to the compensation of our executive officers on an individual basis, as disclosure of such information is not required under Chilean law.

**Compensation of Directors**

Directors receive an annual fee for attendance to meetings of the board of directors and committees. The amounts paid to each director for attendance at board meetings varies in accordance with the position held and the period of time during which such position is held. Total compensation paid to each director or alternate director during 2015, which was approved by our shareholders, was as follows:

2015	Directors' Compensation ThCh\$	Executive Committee ThCh\$	Directors' and Audit Committee ThCh\$	Total ThCh\$
Juan Claro Gonzalez	144,000			144,000
Arturo Majlis Albala	72,000	72,000	24,000	168,000
Gonzalo Said Handal	72,000	72,000		144,000
Jose Antonio Garces Silva	72,000	72,000		144,000
Salvador Said Somavia	72,000	72,000	24,000	168,000
Eduardo Chadwick Claro	72,000	72,000		144,000
Gonzalo Parot Palma (Ind)	72,000		24,000	96,000
Francisco Crespo	72,000			72,000
Cesar Emilio Rodriguez Larrain Salinas	72,000			72,000
José Fernando De Gregorio Rebeco	72,000			72,000
Juan Andrés Fontaine Talavera	72,000			72,000
Franz Alscher	72,000			72,000
Ricardo Vontobel	72,000			72,000
Mariano Rossi	72,000			72,000
Total	1,080,000	360,000	72,000	1,512,000

For the year that ended on December 31, 2015, the aggregate amount of compensation we paid to all directors and executive officers as a group was Ch\$8,182 million of which Ch\$6,670 million was paid to our executive officers. We do not disclose to our shareholders or otherwise make available to the public information as to the compensation of our executive officers on an individual basis. We do not maintain any pension or retirement programs for our directors or executive officers. See “—Employees.”

**C. BOARD PRACTICES**

Our board of directors has regularly scheduled meetings at least once a month, and extraordinary meetings are convened when called by the chairman or when requested by one or more directors. The quorum for a meeting of the board of directors is established by the presence of an absolute majority of its directors. Directors serve terms of 3 years from the date they are elected. Resolutions are passed by the affirmative vote of an absolute majority of those directors present at the meeting, with the chairman determining the outcome of any tie vote.

**Benefits upon Termination of Employment**

There are no contracts providing for benefits to Directors upon termination of employment.

**Executive Committee**

Our board of directors is counseled by an Executive Committee that proposes Company policies and is currently comprised by the following Directors: Mr. Eduardo Chadwick Claro, Mr. Arturo Majlis Albala, Mr. José Antonio Garcés Silva (junior), Mr. Gonzalo Said Handal, and Mr. Salvador Said Somavía, who were elected during ordinary Board Session N°1,086 held on April 30, 2013. The Executive Committee is also comprised by the Chairman of the Board, Mr. Juan Claro González and by our chief executive officer who participate by their own rights.

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This committee meets permanently throughout the year and normally holds one or two monthly sessions.

### **Directors' Committee**

Pursuant to Article 50 bis of Chilean Company Law N°18,046 and in accordance to the dispositions of Circular N°1956 and Circular N°560 of the Chilean Superintendence of Securities and Insurance, a new Directors' Committee was elected during Board Session N°1086 dated April 30, 2013, applying the same election criteria set forth by Circular N°1956. Mr. Gonzalo Parot Palma (as Committee Chairman and as Independent Director), Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía comprise the Committee.

The duties performed by this Committee during 2015, following the same categorization of faculties and responsibilities established by Article 50 bis of Company Law N°18,046 of the Chilean Superintendence of Securities and Insurance, were the following:

- Examined the reports of external auditors, of the balance sheets and other financial statements, presented by the administrators of the Company to the shareholders, and to take a position on such reports before they are presented to shareholders for their approval.
- Proposed External Auditors and Private Rating Agencies, accordingly to the Board of Directors were proposed to the Shareholders' Meeting.
- Examined information regarding the operations referred to by Title XVI of Law N°18,046 and report on these operations. For detailed information regarding these operations, please refer to the Notes of the Consolidated Financial Statements included in this annual report.
- Examine the salary systems and compensation plans of managers, principal officers and employees.
- Reported to the Board of Directors whether it is convenient or not to hire an external auditing Company to render services that do not form part of the external audit, when they are not forbidden in accordance to article 242 of Chilean Law N°18,045 on Securities Market.
- Reviewed and approved the Company's 20F and verified management compliance with Rule 404 of the Sarbanes Oxley Act (Rule 404 states that management must evaluate Company internal controls on a yearly basis).
- Reviewed anonymous complaints.
- Reviewed internal audit reports.
- Reviewed and approved Corporate Policy on Purchases and Investments.
- Reviewed and monitored the Internal Control system in accordance to the new COSO 2013 standard.
- Reviewed and followed up on the implementation of the Coke One System.
- Reviewed and reported to the Board about the Corporate Policy on Conflict of Interest.
- Followed up on the fulfillment of the Conciliation Agreement concluded with Chile's National Economic Prosecutor (*Fiscalía Nacional Económica*)
- Requested counseling to comply with General Rule N ° 385 of Chile's Superintendence of Securities and Insurance, and to follow up on the reports referred to the progress in this area.
- Acknowledged and analyzed the origin of a new business model for Stills.
- Reviewed the terms of the Corporate Policy on Insurance.

During 2015, the Directors' Committee incurred in expenses for Ch\$42,354,736. Said expenses were related to counselling by Ernst & Young on internal control issues, market research and corporate transparency analysis and maintenance of the Company's whistleblowing hotline.

### **Sarbanes-Oxley Audit Committee**

In accordance with NYSE and SEC requirements regarding compliance with the Sarbanes-Oxley Act, the board of directors established the first Audit Committee on July 26, 2005. The members of the Audit Committee are designated by the Board, and serve until such member's successor is duly designated or until such member's earlier resignation or removal.



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Any member of the Audit Committee may be removed, with or without cause, by a majority vote of the Board. During Board Session N°1086 dated April 30, 2013, Mr. Gonzalo Parot Palma, Mr. Arturo Majlis Albala, and Mr. Salvador Said Somavía were elected as members of our Audit Committee. It was determined that Mr. Gonzalo Parot Palma complied with the independence standards set forth in the Sarbanes-Oxley Act, SEC and NYSE regulations. Also, Mr. Parot has been appointed by the Board of Directors as the financial expert in accordance with the definitions of the listing standards of the NYSE and the Sarbanes-Oxley Act.

The resolutions, agreements and organization of the Audit Committee are governed by the rules relating to Board Meetings and to the Company’s Directors’ Committee. Since its creation, the sessions of the Audit Committee have been held with the Directors’ Committee, since some of the functions are very similar and the members of both of these Committees are the same.

The Audit Committee Charter that is available on our website: [www.koandina.com](http://www.koandina.com), defines the duties and responsibilities of this Committee. The Audit Committee is responsible for analyzing the Company’s financial statements; supporting the financial supervision and rendering of accounts; ensuring management’s development of reliable internal controls; ensuring compliance by the audit department and external auditors of their respective roles; and reviewing auditing practices.

For the period ended December 31, 2015, the Audit Committee did not incur any expenses.

**Ethics Committee**

The Ethics Committee was established during the Board of Directors session held January 28, 2014. This Committee is composed by three directors, who are appointed by the Board of Directors and will occupy their posts until their successors are elected, or until resignation or dismissal. The current members of the Ethics Committee are the directors Mr. José Antonio Garcés Silva, Mr. Juan Claro González and Mr. José De Gregorio Rebeco.

**D. EMPLOYEES**

**Overview**

On December 31, 2015, we had 15,428 employees, including 3,102 in Chile, 7,560 in Brazil, and 3,288 in Argentina and 1,478 in Paraguay. Of these employees, 289 were temporary employees in Chile, 501 were temporary employees in Argentina, and 152 were temporary employees in Paraguay. During the South American Summer, it is customary for us to increase the number of employees in order to meet peak demand.

On December 31, 2015, 1,137; 605; 2,329 and 316 of our employees in Chile, Brazil, Argentina and Paraguay, respectively, were members of unions.

The following table represents a breakdown of our employees for the years ended December 31, 2014, and 2015:

	2014											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	69	—	69	60	—	60	107	—	107	29	—	29
Technicians and professionals	1,008	388	620	5,278	599	4,679	687	10	677	246	24	222
Workers	1,608	1,112	496	2,202	13	2,189	2,021	1,801	220	1,103	308	795
Temporary Workers	417	—	417	20	—	20	473	459	14	100	—	100
Total	3,102	1,500	1,602	7,560	612	6,948	3,288	2,270	1,018	1,478	332	1,146

	2015											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	69	—	56	63	0	63	106	—	106	33	—	33
Technicians and professionals	1,008	411	611	5,705	535	5,170	712	10	702	250	29	221
Workers	1,608	726	559	2,271	70	2,201	2,050	1,884	166	1,084	287	797
Temporary Workers	417	0	289	0	—	0	501	435	66	152	—	152
Total	3,102	1,137	1,515	8,039	605	7,434	3,369	2,329	1,040	1,519	316	1,203

Management believes that is has good relations with its employees.

Chile

In Chile, we continue to make provisions for severance indemnities in accordance with our collective bargaining agreements and labor legislations, in the amount of one month’s salary for every year of employment subject to certain restrictions. In addition, we complement our employees’ contribution to our health insurance system, thus decreasing health costs for the employees’ families. Employees are required to contribute funds for financing pension funds, which are mainly managed by private entities.

In Chile, 56.5% of employees with indefinite work contracts are members of labor unions. The following collective bargaining agreements are in effect as of December 31, 2015 in the city of Santiago: (i) with Labor Union N° 1, that mainly represents workers from the bottling area, from December 1, 2015 to November 30, 2018; (ii) with Labor Union N°2, that mainly represents personnel from the areas of management, logistics and operations specialists from June 1, 2015 to June 1, 2018; (iii) with Labor Union N°3 that mainly represents sales force employees from May 1, 2014 to April 30, 2018; (iv) Collective contract with Workers Union N°3 of new salesforce from June 1, 2013 to May 31, 2016; (v) Agreement with sales force negotiating group in force since June 1, 2013 through May 31, 2016; (vi) Collective Contract with Labor Union TAR, that represents workers from the distribution area from July 1, 2012 to June 30, 2016; and collective agreement with the *picking* area workers from the Venecia, Renca and Carlos Valdovinos branches, from March 1<sup>st</sup> 2011, to February 28, 2015 and (vii) collective contract with a group of workers in the area of operations of the new plant Renca, effective as from July 1, 2015, until June 30, 2018.

The agreements in force as of December 31, 2015 in Coquimbo are: (i) Workers Union N°1 Agreement, formed mainly by workers from the production area, in force since March 1, 2013 through February 28, 2016; (ii) National Workers Union N°1 Agreement, which represents a part of the Administrative Employees and salesman, in force since January 1, 2014 through November 30, 2016; (iii) Collective Agreement formed mainly by Administrative Employees which is in force since September 1, 2013 through August 31, 2016; (iv) Transportation Collective Agreement, in force since May 1, 2014 through October 31, 2016. The collective agreements in force as of December 31, 2015 in Antofagasta (v) Collective agreement with Workers Union N°1 formed mainly by workers form the production area, in force since May 1 2014 through April 30, 2017; (vi) Collective agreement with Workers Union N°2, form by personnel from different areas, in force since November 27, 2013 through November 30, 2016; (vii) collective agreement with the salesmen negotiating group, in force since December 1, 2013 through November 30, 2016; (viii) Collective agreement with transportation workers from the base zone, in force since May 4, 2014 through May 4, 2017, and (ix) Collective agreement with transportation workers from Calama, in force since October 1, 2013 through September 30, 2016. Finally, the collective agreements in force as of December 31, 2015 in Punta Arenas are: (i) Collective agreement with the workers union in Punta Arenas, which mainly represents workers from the Production Area, in force since August 1, 2013, through July 31, 2016; (ii) Collective Agreement with InterAreas personnel, in force since February 1, 2014 through December 31, 2016, and (iii) Collective agreement with Transportation workers, in force since December 1, 2013 through November 30, 2016.

**Brazil**

In Brazil, 7.5% of employees are members of labor unions. Collective bargaining agreements are negotiated on an industry-wide basis, although companies can negotiate special terms for their affiliates that apply to all employees in each jurisdiction where companies have a plant. Collective bargaining agreements are generally binding for one year.

With respect to Andina Brazil, there are twenty collective bargaining agreements currently in force.

Twelve agreements for employees in the State of Rio de Janeiro:

- (i) the Soft Drink Industry Employees’ Union agreement from July 1, 2015 to June 30, 2016;
- (ii) the Sales Force Union agreement from May 1, 2015 to April 30, 2016;
- (iii) The Sales Force II Union agreement from August 1, 2015 to July 31, 2016;
- (iv) the “Forklift “ Operator Union agreement from May 1, 2015 to April 30, 2016;
- (v) the “Forklift “ II Operator Union agreement from August 1, 2015 to July 31, 2016;
- (vi) the Driver and Helper of the Lagos Region Union agreement from May 1, 2015 through April 30, 2016;
- (vii) the Driver and Helper of the Lagos Region II Union agreement from May 1, 2015 through April 30, 2016;
- (viii) Collective bargaining agreement executed with the Drivers and Nova Iguaçu Helpers effective from May 1, 2015 until April 30, 2016;
- (ix) Agreement with the Drivers and Helpers Workers’ Union of Sao Goncalo in force since May 1, 2015 through April 30, 2016;
- (x) Agreement with the Drivers and Helpers Workers’ Union of Rio de Janeiro in force since May 1, 2015 through April 30, 2016;
- (xi) Agreement with the Drivers and Helpers Workers’ Union of Campos in force since May 1, 2015 through April 30, 2016; and
- (xii) Agreement with the Drivers and Helpers Workers’ Union of Itaperuna in force since May 1, 2015 through April 30, 2016.

Four agreements for employees in the State of Espirito Santo:

- (i) the Nourishment Union agreement from July 1, 2015 to June 30, 2016;
- (ii) the Sales Force Union agreement from May 1, 2015 to April 30, 2016;
- (iii) the Sales Force Union II agreement from May 1, 2015 to April 30, 2016; and
- (iv) Agreement with the Drivers and Helpers Workers’ Union of the State of Espirito Santo in force since May 1, 2015 through April 30, 2016.

Seven agreements with employees from the State of São Paulo:

- (i) Workers Union for the Beverage Industry of Ribeirão Preto since October 1, 2015 through September 1, 2016;
- (ii) Agreement with the Trade Workers Union for the region of Araraquara since October 1, 2015 through September 1, 2016;
- (iii) Agreement with the Trade Workers Union for the region of Franca since October 1, 2015 through September 1, 2016;
- (i) Agreement with the Transportation Workers Union for the regions of Ribeirão Preto since May 1, 2015 through April 30, 2016;

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- (ii) Agreement with the Transportation Workers Union for the regions of Ribeirão Preto since May 1, 2015 through April 30, 2016;
- (iii) Agreement with the Transportation Workers Union for the regions of Franca since May 1, 2015 through April 30, 2016;
- (iv) Agreement with the Transportation Workers Union for the regions of Araquara since May 1, 2015 through April 30, 2016;
- (v) Agreement with the Transportation Workers Union for the regions of Mococa since May 1, 2015 through April 30, 2016;
- (vi) Agreement with the Salesmen Union of the State of São Paulo since July 1, 2015 through June 30, 2016; and
- (vii) Agreement with the Security Technicians Union for the region of Ribeirão Preto, Franca, Araraquara and Mococa since May 1, 2015 through April 30, 2016.

These agreements do not require us to increase wages on a collective basis. Selected increases were granted, however, mainly in the manufacturing area. We provide benefits to our employees according to the relevant legislation and to the collective bargaining agreements. Andina Brazil experienced its most recent work stoppages in December 2014, for three days organized by the drivers of internal buses.

**Argentina**

In Argentina, 69% of EDASA’s employees are parties to collective bargaining agreements and are represented by local workers’ unions associated with a national federation of unions. The Argentine Chamber of Non-Alcoholic Beverages of the Argentine Republic (*Cámara Argentina de Industria de Bebidas sin Alcohol de la República Argentina* (the “Chamber”) and the Argentine Workers Federation of Carbonated Water (*Federación Argentina de Trabajadores de Aguas Gaseosas*) (the “Federation”) are parties to a collective bargaining agreement that began July 29, 2008. On November 24, 2015, the Chamber and the Federation entered into a new collective bargaining agreement establishing new salaries, new non salary benefits and a new complementary regulation on company contributions.

Argentine law requires severance payments upon dismissal without cause in an amount at least equal to an average of one-month’s wages for each year of employment or a fraction thereof if employed longer than three months. Severance payments are subject to maximum and minimum amounts fixed by legislations and jurisprudence of the Justice Supreme Court of Argentina.

All employee contributions are made to the state social security system. Most of the health system in the Argentine territory is run by the unions through contributions from employees within the Collective Work Agreements (CCT — *Convenios Colectivos de Trabajo*).

**Paraguay**

In Paraguay, 20.8% of PARESA’s employees are members of labor unions. Collective bargaining agreements are negotiated with the company (Coca-Cola Paresa Paraguay). Unions can negotiate special terms for their members, which are applicable to all employees. Collective bargaining agreements generally have a two year term of duration.

The collective bargaining agreements that are currently in force are: (1) Collective bargaining agreement executed with the Authentic Workers’ Union of Paraguay Refrescos effective from June 16, 2015 to June 15, 2017; and (2) Workers’ Union of Paraguay Refrescos effective from April 10, 2015 to September 10, 2016.

E. SHARE OWNERSHIP

The following table sets forth the amount and percentage of our shares beneficially owned by our directors, members of the Directors’ Committee and senior executives as of December 31, 2015.

	Series A						Series B					
	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class	Beneficial Owner	% Class	Direct Owner	% Class	Indirect Owner	% Class
Shareholder												
José Antonio Garcés Silva	—	—	—	—	52,987,375	11.19	—	—	—	—	25,728,183	5.43
Arturo Majlis Albala	—	—	—	—	2,150	0.0006	—	—	5,220	0.0014	—	—
Salvador Said Somavía	—	—	—	—	52,987,375	11.19	—	—	—	—	49,700,463	10.50
Gonzalo Said Handal	—	—	—	—	52,987,375	11.19	11,761,462	3.094	—	—	37,914,463	8.018
Eduardo Chadwick Claro					52,987,375	11.19					52,989,382	11.19

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth certain information concerning beneficial ownership of our capital stock with respect to the principal shareholders known to us who maintain at least a 5% beneficial ownership in our shares and with respect to all of our directors and executive officers as a group as of December 31, 2015:

Shareholder	Series A		Series B	
	Shares	% Class	Shares	% Class
Controlling shareholders(1)	263,718,485	55.7	207,253,769	43.8
The Bank of New York Mellon(2)	11,023,308	2.33	50,815,002	10.7
The Coca-Cola Company, directly or through subsidiaries	69,348,241	14.7	69,348,241	14.7
AFPs as a group (Chilean pension funds)	21,772,987	4.6	7,205,884	1.5
Principal foreign funds as a group	11,023,308	2.33	50,815,002	10.7
Executive officers as a group	0	0	0	0
Directors as a group(3)	215,327,365	45.49	165,686,166	35.0

- (1) Our controlling shareholders are: Inversiones SH Seis Limitada, Inversiones Cabildo SpA, Inversiones Chucao Limitada (legal successor of Inversiones EI Olivillo Limitada and Inversiones Alerce Limitada), Inversiones Nueva Delta S.A., Inversiones Nueva Delta Dos S.A., Inversiones Las Gaviotas Dos Limitada, Inversiones Playa Negra Dos Limitada today known as Inversiones Negra SpA, Inversiones Don Alfonso Dos Limitada, today known as Don Alfonso Limitada, Inversiones El Campanario Dos Limitada, today known as Inversiones El Campanario Limitada, Inversiones Los Robles Dos Limitada, today known as Inversiones Los Robles Limitada and Inversiones Las Viñas Dos Limitada, today known as Inversiones Las Niñas Dos SpA.; the estate of Jaime Said Demaría; José Said Saffie; José Antonio Garcés Silva and Alberto Hurtado Fuenzalida.
- (2) Acting as Depositary for ADRs.
- (3) Represents shares held directly and indirectly by Mr. Gonzalo Said Handal, Mr. José Antonio Garcés Silva (junior), Mr. Salvador Said Somavía, Mr. Eduardo Chadwick Claro and Mr. Arturo Majlis Albala.

Our controlling shareholders act pursuant to a shareholders’ agreement that establishes that this group will exercise joint control in order to ensure a majority vote at shareholders’ meetings and board sessions. Our controlling shareholders pass resolutions with the approval of at least four of the five parties, except with respect to the following matters, which require a unanimous decision:

- the carrying out of new business activities different from our current line of business (unless related to “ready to drink products” or Coca Cola products);
- the amendment of the number of our directors;
- issuances of new shares;
- spin-offs or mergers;
- capital increases (subject to certain indebtedness thresholds); and

- the joint acquisition of our Series A shares.

In connection with The Coca-Cola Company’s investment in us, The Coca-Cola Company and our controlling shareholders entered into a Shareholders’ Agreement dated September 5, 1996, as amended (the “Amended and Restated Shareholders Agreement or Shareholders’ Agreement”-incorporated as Exhibit to the Form 20-F), providing for certain restrictions on the transfer of shares of our capital stock by the Coca-Cola Shareholders and our controlling shareholders. Specifically, our controlling shareholders are restricted from transferring its Series A shares without the prior authorization of The Coca-Cola Company. The Shareholders’ Agreement also provides for certain corporate governance matters, including the right of the Coca-Cola shareholders to elect two members of our board of directors so long as The Coca-Cola Company and its subsidiaries collectively own, in aggregate, certain percentage of the Series A shares. In addition, in related agreements, our controlling shareholders granted The Coca-Cola Company an option, exercisable upon the occurrence of certain changes in the beneficial ownership of the Controlling Group, to acquire 100% of the Series A shares held by our controlling shareholders at a price and in accordance with procedures established in such agreements.

**B. RELATED PARTY TRANSACTIONS**

In the ordinary course of our business, we engage in a variety of transactions with certain of our affiliates and related parties. Financial information concerning these transactions is set forth in Note 12.3 to our Consolidated Financial Statements and were carried out under the following conditions: (i) they were previously approved by the Company’s Board of Directors, with the abstention of the director involved in the corresponding case; (ii) the purpose of these transactions was to contribute to the Company’s interest; and (iii) they were consistent with prevailing market price, terms and conditions at the time of their approval. Our Directors’ Committee is charged with evaluating transactions with related parties and to report on these transactions to the full board of directors. See “Item 6. Directors, Senior Management and Employees—Directors’ Committee.”

Our management believes, to the best of its knowledge, that it has complied in all material respects with the Chilean Public Company law regarding to the transactions with related parties in effect at December 31, 2015. There can be no assurance, however, that these regulations will not be modified in the future.

**C. INTERESTS OF EXPERTS AND COUNSEL**

Not applicable.



ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See “Item 18. —Financial Statements” for our Consolidated Financial Statements filed as part of this annual report.

Contingencies

We are party to certain legal proceedings that have arisen during the normal course of business, and we believe none of them are likely to have a material adverse effect on our financial condition. In accordance with accounting principles, the provisions regarding legal proceedings must be recorded if said procedures are reasonably probable to be resolved against the Company.

The following table represents accounting provisions made as of December 31, 2014 and 2015, for potential loss contingencies stemming from labor, tax, commercial and other litigation faced by our Company:

	For the year ended December 31,	
	2014	2015
	Million Ch\$	
Chile	366	263
Brazil	76,016	62,571
Argentina	1,430	1,468
Total	77,812	64,302

Dividend Policy

The declaration and payment of dividends are determined, subject to the limitations set forth below, by the affirmative vote of a majority of our shareholders at a general shareholders’ meeting, based upon the recommendation of our board of directors.

At our annual ordinary shareholders’ meeting, our board of directors submits our annual financial statements for the preceding fiscal year together with reports prepared by our Audit Committee for approval by our shareholders. Once our shareholders have approved our annual financial statements, they determine the allocation of our net income, after provision for income taxes and legal reserves for the preceding year and taking into account the accumulation of losses from prior periods. All shares of our capital stock outstanding at the time a dividend or other distribution is declared are entitled to share equally in that dividend or other distribution, except that holders of our Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

Pursuant to Chilean law, we must distribute cash dividends equal to at least 30% of our annual net income, calculated in accordance with IFRS. If we do not record any net income in a given year, we are not legally required to distribute dividends from accumulated earnings. At the annual meeting of shareholders held in April of 2014, our shareholders authorized our board of directors to distribute, at its discretion, interim dividends during 2014 and 2015.

During 2013, 2014 and 2015, our respective shareholders’ meetings approved additional dividend payments to be paid from retained earnings, given our significant cash generation. These additional dividend payments for 2013, 2014 and 2015 are not indicative of whether or not additional dividend payments will be made in any future period.

The following table sets forth the amount in Chilean pesos of dividends declared and paid per share each year and the U.S. dollar amounts paid to shareholders (each ADR represents six shares), on each of the respective payment dates:

Dividend Approval Date	Dividend payment Date	Fiscal year with respect to which dividend was declared	Aggregate Amount of Dividends Declared and Paid (Ch\$ millions)	Series A		Series B	
				Ch\$ per share	US\$ per share	Ch\$ per share	US\$ per share
12-22-15	01-28-16	2015	16,896	17.00	0.02374	18.70	0.02611
09-29-15	10-29-15	2015	14,908	15.00	0.02182	16.50	0.02400
04-22-15	08-28-15	Accumulated earnings	14,908	15.00	0.02144	16.50	0.02358
04-22-15	05-29-15	2014	14,908	15.00	0.02429	16.50	0.02673
12-18-14	01-29-15	2014	8,945	9.00	0.01446	9.90	0.01590
09-30-14	10-29-14	2014	13,020	13.10	0.02252	14.41	0.02478
04-21-14	08-20-14	Accumulated earnings	12,295	12.37	0.02138	13.607	0.02352
04-21-14	05-16-14	Accumulated earnings	12,295	12.37	0.02234	13.607	0.02458
04-21-14	05-16-14	2013	1,451	1.46	0.00264	1.606	0.00290
12-18-14	01-29-15	2014	8,945	9.0	0.01446	9.9	0.01591
12-17-13	01-23-14	2013	13,020	13.1	0.02407	14.41	0.02648
04-24-13	11-15-13	Accumulated earnings	46,713	47.0	0.09023	51.7	0.09925
05-28-13	06-26-13	2013	12,225	12.3	0.02419	13.53	0.02660
04-25-13	05-20-13	Accumulated earnings	12,225	12.3	0.02581	13.53	0.02814
11-20-12	12-27-12	2012	24,331	24.48	0.05110	26.930	0.05621
10-02-12	10-30-12	2012	12,165	12.24	0.02550	13.460	0.02805
02-27-12	05-31-12	Accumulated earnings	19,398	24.3	0.04692	26.730	0.05161
04-27-12	05-11-12	2011	8,757	10.97	0.02256	12.067	0.02481
04-27-11	07-26-11	Accumulated earnings	39,914	50.0	0.10811	55.000	0.11892

**B. SIGNIFICANT CHANGES**

We are not aware of any changes bearing upon our financial condition since the date of the financial statements included in this annual report.

**ITEM 9. THE OFFER AND LISTING**

**A. OFFER AND LISTING DETAILS**

Shares of our common stock trade in Chile on the *Bolsa de Comercio de Santiago*, the *Bolsa de Valores Electrónica* and the *Bolsa de Valores de Valparaíso*. Also, shares of our common stock have traded in the United States on the New York Stock Exchange (“NYSE”) since July 14, 1994 in the form of ADRs, which represent six shares of common stock. The Depositary for the ADRs is The Bank of New York Mellon.

The table below shows the high and low daily closing prices of the common stock in Chilean pesos and the trading volume of the common stock on the Santiago Stock Exchange for the periods indicated. It also shows the high and low daily closing prices of the ADRs and the volume traded in the NYSE.

	Share Volume (in thousands)		Ch\$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
2009	63,647	125,476	1,440	1,088	1,740	1,262
2010	15,196	110,049	2,072	1,282	2,501	1,621
2011	38,416	79,599	2,120	1,600	2,521	1,780
2012	45,877	123,437	2,550	1,847	3,155	2,220
2013	41,873	79,618	2,622	1,847	3,350	2,310
2014						
1st Quarter	12,606	36,919	1,890	1,590	2,525	1,900
2nd Quarter	14,817	22,665	1,840	1,600	2,380	1,982
3rd Quarter	10,363	27,004	1,730	1,590	2,123	1,865
4th Quarter	16,478	27,034	1,640	1,400	1,975	1,705
2015						
1st Quarter	10,104	22,584	1,500	1,350	1,829	1,550
2nd Quarter	11,388	47,093	1,680	1,300	2,180	1,585
3rd Quarter	10,044	33,332	2,200	1,510	2,800	1,800
4th Quarter	11,837	23,200	2,200	1,830	2,710	1,970

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Last six months						
Oct-15	1,585	9,929	2,200	1,999	2,710	2,300
Nov-15	6,573	7,119	2,050	1,925	2,563	2,144
Dec-15	3,678	6,151	2,000	1,830	2,300	1,970
Jan-16	4,736	8,259	1,970	1,674	2,100	1,750
Feb-16	3,195	7,686	1,800	1,600	2,125	1,903
Mar-16	2,139	8,924	1,900	1,750	2,240	2,030

	ADR Volume (in thousands)		US\$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
2009	1,307	6,366	17.19	10.26	18.50	12.36
2010	2,076	7,140	28.83	15.04	31.40	18.68
2011	911	5,089	26.25	15.04	31.41	21.00
2012	1,276	6,030	33	21	40	26
2013	1,351	4,930	34.07	15.04	42.23	26.51
2014						
1st Quarter	457	2,567	21.50	16.59	28.25	19.75
2nd Quarter	393	2,257	21.45	17.06	25.75	21.19
3rd Quarter	167	2,346	19.08	16.04	22.96	18.19
4th Quarter	498	2,843	16.15	14.00	19.93	16.82
2015						
1st Quarter	237	1,861	15.00	12.14	17.77	14.87
2nd Quarter	150	4,716	16.48	12.56	21.46	15.32
3rd Quarter	221	2,718	18.68	13.18	23.74	16.35
4th Quarter	199	2,606	19.20	15.14	24.01	16.56
Last six months						
Oct-15	63	1,311	19.20	16.67	24.01	20.00
Nov-15	88	505	17.48	15.31	22.33	18.28
Dec-15	49	790	16.85	15.14	18.90	16.56
Jan-16	53	1,118	16.01	14.20	17.80	14.21
Feb-16	263	744	15.48	14.17	18.30	14.78
Mar-16	49	607	17.49	15.34	19.82	17.56

Source: Bloomberg

The total number of registered ADR holders we had at December 2015 was 28 (316 in the Series A ADRs and 7 in the Series B ADRs). As of this date the ADRs represented 6.34% of the total number of our issued and outstanding shares. On December 31, 2015, the closing price for the Series A shares on the Santiago Stock Exchange was Ch\$1,955.00 per share (US\$16.28 per Series A ADR), and Ch\$2,130.00 for the Series B shares (US\$17.41 per Series B ADR). At December 31, 2015, there were 2,070,218 Series A ADRs (equivalent to 9,269,364 Series A shares) and 8,926,701 Series B ADRs (equivalent to 50,710,236 Series B shares).

Trading activity on the Santiago Stock Exchange is on average substantially less than that on the principal national securities exchanges in the United States. We estimate that for the year ended December 31, 2015, Andina’s shares were traded on the Santiago Stock Exchange on an average of approximately 81% and 100% of such trading days, for Series A and Series B shares respectively.

Other than as previously discussed in “Item 7-Major Shareholders” we are not aware of any other existing contracts or documents that impose material limitations or qualifications on the rights of shareholders of our listed securities.

Debt Securities

The Central Bank is responsible, *inter alia*, for Chile’s monetary policies and exchange controls. The Central Bank has authorized Chilean issuers to offer bonds in Chile and abroad under the terms of Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales* or CFER). The following paragraphs summarize some of the Central Bank rules on international bond issuances. This summary does not intend to be complete and those interested in a full description should refer to Chapter XIV of the CFER.

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Effective April 19, 2001 the CFER greatly simplified the procedure to register capital contributions, investments and foreign loans, including bonds issuances. Payments or remittances of funds, to or from Chile, in connection with credits granted abroad should be made through the Formal Exchange Market, which is composed by the main commercial banks that operate in Chile. When foreign currency resulting from loans or bonds is made available to the beneficiary in the country, the intervening bank should issue the pertinent “Form” and request certain information from the debtor and creditor, as applicable, pursuant to Chapter XIV.

Payments or remittances of foreign currency as capital, interest, adjustments, profits and other benefits originating in the transactions regulated under Chapter XIV must be reported to the Central Bank as follows: (i) if the foreign currency represents a remittance made from Chile, the intervening Formal Exchange Market bank should issue the above form; (ii) the issuer or borrower should inform the Central Bank, within the first 10 days of the month following the date of the transaction, if the foreign currency used to make the pertinent payments originates from credit transactions for which the foreign currency has been used directly abroad or if the corresponding payment obligation is fulfilled abroad using funds other than those indicated in Chapter XIV.

Any change in the terms of the transaction must be reported to the Central Bank within 10 days after formalization. This requirement applies, among others, to the substitution of the debtor or creditor, total or partial assignments of credits or rights and the modification of the financial terms of the respective credit regarding investments or capital contributions.

Exchange rule amendments dated April 2001 established that transactions recorded prior to April 19, 2001 will continue to be governed by the rules in force at the time they were recorded, but that the parties may choose to apply the new regulations.

These procedures also apply to foreign loans obtained through the placement of convertible bonds, in which case the issuer shall report to the Central Bank any increase or decrease in their registered amount as a result of the conversion of convertible bonds denominated and payable in Chilean pesos, for other convertible bonds denominated and payable in foreign currency or shares, as applicable, acquired by foreign investors with proceeds that had entered Chile under the terms of Chapter XIV.

According to Chapter XIV, the Central Bank established that credits relating to acts, agreements or contracts which create a direct obligation of payment or remittance of foreign currency abroad by persons domiciled or residing in Chile, that exceed on an individual basis the sum of US\$100,000 or the equivalent in other foreign currencies, absent any special rule in the CFER, shall be reported to the Chilean Central Bank by the obligor either directly or through a Formal Exchange Market entity using the forms contained in the CFER, within 10 days from formalization.

In February 1999, after obtaining the requisite authorization from the Central Bank, we issued bonds in the international markets, subject to the exchange regulations in effect at that time. The main difference between the exchange regime applicable to our bond issuances and those currently in effect, is that in the case of our bond issuances the Central Banks warrants the access to currency markets. However, the regime applicable to our bond issuance has less flexibility as far as the procedures to carry out payments or remittances to bond holders.

We cannot give any assurance that the Central Bank will not impose future restrictions applicable to the holders of debt securities, nor can we make any evaluation of the duration or impact of such restrictions, if imposed.

**B. PLAN OF DISTRIBUTION**

Not applicable.

**C. MARKETS**

See “Item 9. The Offer and Listing—A. Offer and Listing Details.”

**D. SELLING SHAREHOLDERS**

Not applicable.

**E. DILUTION**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. SHARE CAPITAL**

Not applicable.

**B. MEMORANDUM AND ARTICLES OF ASSOCIATION**

Our bylaws (“Estatutos”) are incorporated as an Exhibit to this Form 20F, and are also available on our website [www.koandina.com](http://www.koandina.com), under Corporate Governance/Board of Directors/Deeds of Incorporation. The following is a summary of the material provisions of our bylaws. The last amendment of our bylaws was approved on July 12, 2012.

**Organization**

We are a publicly held company and were incorporated in February 7, 1946. Our legal domicile is the city of Santiago, Chile, notwithstanding the special domiciles of offices, agencies or branches that are established in the country as well as abroad. Our duration is indefinite.

**Purposes**

Our corporate purposes are to execute and develop the following:

- Develop one or more industrial establishments dedicated to the business, operations and activities to manufacture, produce, transform, bottle, can, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of food product and in particular any type of mineral water, juice, beverage and drink in general or other similar products, and raw materials or semi- finished materials used in such activities and/or products complementary or related to the preceding businesses and activities;
- Develop one or more agricultural or agro industrial establishments and farm land dedicated to the business, operations and development of agricultural activities and agro industry in general;
- Produce, transform, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of agricultural products and/or agro industrial products and raw materials, or semi-finished materials used in such activities, and/or products complementary or related to the preceding activities;

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- Manufacture, distribute, transport, import, export, purchase, sell and market in general, in any form and in any way, any type of container; and execute and develop any type of material recycling process and activity;
- Accept from and/or grant the representation of trademarks, products and/or licenses related to such businesses, activities, operations and products to national or foreign companies;
- Provide any type of service and/or technical assistance in any way related to the goods, products, businesses and activities referred to in the preceding letters;
- Invest cash surplus, even in the capital market; and
- In general, undertake all other businesses and activities supplementary or linked to the above mentioned operations.

We may execute our objectives directly or by participating as a partner or shareholder in other companies or by acquiring rights or interests in any other type of association related to the aforementioned activities.

**Voting Rights**

Our capital equity is divided into Series A shares and Series B shares, both preferred and with no par value, whose features, rights and privileges are the following:

- The preference of Series A shares consists solely of the right to elect twelve out of the fourteen board members of the Company. Series A shares are entitled to full voting rights without limitations.
- The preference of Series B shares consists solely of the right to receive all and any of the per share dividends we may distribute, whether temporary, definitive, minimum mandatory, additional, or eventual, increased by 10%. Series B shares are entitled to a limited voting right, voting only with respect to the election of two board members for the Company.
- The preferences of Series A and B shares will remain in effect through December 31, 2130. Once this period has expired, Series A and B will be eliminated and the shares which comprise them shall automatically become common shares without any preferences whatsoever, therefore eliminating the division of shares into series.

**Board of Directors and Shareholder Meetings**

Our management is exercised by a board of directors, whose members are proposed and elected every three years during the general annual shareholders’ meeting. Board members are elected by separate voting of the Series A and Series B shareholder. As mentioned, Series A shares elect twelve directors, and Series B shares elect two Directors.

The Directors may or may not be shareholders, and will hold their offices for three years with the possibility to be re-elected for an indefinite number of periods. Even though we have not established a formal process that allows our shareholders to communicate with the directors, shareholders desiring to do so may share their opinions, considerations or recommendations before or during the corresponding shareholders’ meeting which will be heard and attended by the Chairman of the Board, or by the Chief Executive Officer, as the case may be, and any such recommendations will be submitted for resolution by the shareholders in attendance during the meeting.

Regular general shareholders meetings are held once a year within the first four months following the date of the annual balance sheet. We prepare a balance sheet annually on our operations as of December 31, which is presented together with the profit and loss statement, the report by the auditors and annual report to the respective shareholders meeting. The board sends a copy of the balance sheet, annual report, report by the auditors and respective notes to each of the shareholders registered in the registry no later than by the date the first summons is published.



Special shareholders meetings may be held at any time according to corporate needs and to discuss and decide upon any matter within the competence thereof, provided it is indicated in the summons. Being a shareholder of the Company is the only condition for entry to a shareholder’s meeting.

**C. MATERIAL CONTRACTS**

On January 28, 2016, the Company incorporated a closed joint-stock company called Coca-Cola Del Valle New Ventures S.A. (“Coca-Cola Del Valle”) in Chile. Embotelladora Andina S.A. contributed 35% of the capital of Coca-Cola Del Valle, with Embonor S.A. and Coca-Cola de Chile S.A contributing the remaining 15% and 50%, respectively. The main corporate purpose of Coca-Cola Del Valle is the development and production of juices, waters and non-carbonated beverages under brands owned by The Coca-Cola Company that Andina and Coca-Cola Embonor S.A. are authorized to commercialize and distribute in their respective franchise territories.

In 2013, we acquired the 100% of the shares of Companhia de Bebidas Ipiranga in Brazil. Additionally, we issued UF 5,000,000 in bonds in tranches of 7 and 21 years in the Chilean market and US\$575 million in 10 years term bonds in the US market.

On August 30, 2012, Andina Brazil entered into a Share Purchase and Sale Agreement for the acquisition of 40% of the capital shares of Sorocaba Refreshments S.A., a manufacturer authorized by The Coca-Cola Company, based in the city of Sorocaba, State of São Paulo, owned by Companhia Maranhense de Refrigerantes (successor of Renosa Ind. Brasileira de Bebidas S/A) and in November 2012 RJR paid the purchase price of R\$146,946,044.00.

Our special shareholders’ meeting held on June 25, 2012, approved the merger (by absorption) of Embotelladora Coca Cola Polar S.A. and Embotelladora Andina S.A. On September 28, 2012, Embotelladora Andina S.A. and Embotelladora Coca Cola Polar S.A. signed the public deed of the merger of their operations, in which they declared that merger had been finalized and perfected on October 1, 2012. This operation began on February 2, 2012, and allows Embotelladora Andina S.A. to consolidate its leading position in the business of bottling products licensed by The Coca-Cola Company in the southern cone and generate opportunities for growth and generation of value for its shareholders and employees. In practice, Embotelladora Andina S.A. is the second largest Coca-Cola bottler in South America and the seventh in the world, with operations in Argentina, Brazil, Chile and Paraguay. The transaction took the form of a merger (by absorption) and the exchange of newly issued shares of Andina, at a ratio of 0.33268606071 shares of Andina Series A shares and 0.33268606071 Andina Series B shares for each share of Embotelladoras Coca-Cola Polar S.A. The final process of exchange of shares took place on October 16, 2012.

During 2012, Andina Argentina held, among others, the following contracts with economic or strategic content: natural gas supply agreements, and electricity supply agreements; IP telephony services agreement (with supplier SIEMENS); purchase of new forklift agreement (with supplier Toyota) which are necessary due to the enlargement of the Cordoba Plant Deposit; and agreement for the extension of the Deposit of Final Products and Patio of the Cordoba Plant (13,600 m2) and at the Bahia Blanca Plant (2,800 m2).

During 2012, PARESA executed a contract with TECNOEDIL S.A. building company for the construction of Warehouse 9, extension of Warehouse 8 for forklifts and the construction of the Distribution building, which represents additional storage capacity, the total contract value Gs.8,262,784,550. Additionally, on June 1, 2012 an agreement was signed with Azucarera Paraguaya S.A. for the provision of 38,500 of sugar tons until May 31, 2013. The total value of the contract is Gs.192,500,000,000.

In October 2011, Andina Brazil entered into an agreement with Light Esco — Prestação de Serviços S/A, for the construction and operation of an electrical cogeneration station at the Jacarepaguá bottling facility. The term of this agreement is 15 years beginning upon the date on which the station begins operating, which would enter into operation towards the year 2013 and will ensure the supply of energy for the plant. The estimated value of the agreement is of \$738 million reals. At the end of the contractual term, ownership of the cogeneration station will be transferred to Andina Brazil and equipment maintenance and upgrades will be carried out by Light Esco.

On June 30, 2011, Andina Brazil together with the other bottlers of the Coca-Cola System in Brazil, and Recofarma (a constituent of the Coca-Cola Group Brazil), signed an amendment to the agreement with SABB - SISTEMA DE ALIMENTOS E BEBIDAS DO BRASIL, the new corporate name of Sucos del Valle, approving the merger of Mais Indústria de Alimentos Ltda into SABB, which gave the Brazilian bottlers 50% of the share capital of SABB. As a result of this agreement, Andina Brazil obtained a total ownership of 5.74% of the share capital of SABB.

During January of 2011, the juice business in Chile was restructured to allow the incorporation of the other Coca-Cola bottlers in Chile into the property of Vital S.A. which changed its name to Vital Jugos S.A. Andina, Embonor S.A. and Embotelladora Coca-Cola Polar S.A. own 57%, 28% and 15%, respectively, of the outstanding capital of Vital Jugos S.A.

During 2011, EDASA, among others, entered into the following materially significant agreements: construction of the new plant for raw sugar; purchase of machinery and equipment for the REF PET line N°8 and N°7 (600 bottles per minute); construction and equipment for a new filling line for water and sensitive products; supply of natural gas; supply of electric power and long distance and inter-deposit service agreements.

**D. EXCHANGE CONTROLS**

**Foreign Investment and Exchange Controls in Chile**

The Central Bank is responsible, among other matters, for setting monetary policies and exchange controls in Chile. As of April 19, 2001, the Chilean Central Bank (“CCB”) eliminated prior foreign exchange controls, imposed certain reporting requirements and determined that certain operations be conducted through the Formal Exchange Market (“FEM”). The main purpose of these amendments, as declared by the Central Bank, is to facilitate the flow of capital into Chile and outside the country and to foster foreign investment.

Equity investments in Chile (including investments in stock) by non-resident persons or entities must comply with some existing exchange control restrictions. Foreign investments may be registered with the Foreign Investment Committee (*Comité de Inversiones Extranjeras*) in accordance with Law N° 600 of 1974 and amendments or with the Central Bank in accordance with Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales* or CFER) of the Central Bank. In the case of Decree Law N° 600, foreign investors execute a foreign investment agreement with Chile, thus guaranteeing access to the FEM. However, investors under Decree Law N° 600 will only be able to repatriate capital one year after the investment. Earnings can be remitted abroad at any time. In the case of CFER, capital as well as earnings can be repatriated at any time, without an agreement with the Central Bank.

During 2001, the CCB eliminated certain exchange controls. For instance, it revoked Chapter XXVI of the CFER, which regulated the issuance and placement of ADRs by Chilean corporations. Pursuant to the new rules, the Central Bank’s approval is no longer a pre-condition for ADR issuances or foreign investment contracts with the CCB. ADR issuances are now regarded as an ordinary foreign investment, and the only requirements are that the CCB be informed of the transaction, by fulfilling the rules of Chapter XIV of the CFER, that mainly establishes that the monies come in or leave the country exclusively through the Formal Exchange Market, if the recipient of the investment decides to enter the foreign currency to the country or if it carries out payments or remittances from Chile.

Notwithstanding these changes, exchange transactions authorized prior to April 19, 2001 remained subject to the rules in force as of the date of such transactions. The new exchange regime did not affect Chapter XXVI of the CFER and the Foreign Investment Contract (“FIC”) between Andina, the Central Bank and The Bank of New York Mellon (as Depositary of the shares represented by ADRs). Notwithstanding the previous, the parties to the FIC may choose to adopt the norms imposed by the CCB, resigning to those of the FIC, and which has been the option we have taken until this date. The FIC is the agreement by which access to the FEM is given to the Depositary and ADR holders. The FIC adopted the dispositions of Chapter XXVI and was celebrated pursuant to Article 47 of the Constitutional Organic Act of the CCB.

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Under Chapter XXVI of the CFER, if the funds to purchase the common shares underlying the ADRs are brought into Chile, the Depositary must deliver, on behalf of foreign investors, an annex providing information on the transaction to the Formal Exchange Market entity involved, together with a letter instructing such entity to deliver the foreign currency or the equivalent amount in pesos, on or before the date the foreign currency is brought or is to be brought into Chile.

Repatriation of amounts received with respect to deposited common shares or common shares withdrawn from deposits on surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising there from) need be made through the FEM. The FEM entity intervening in the repatriation must provide certain information to the CCB on the following banking business day.

Under Chapter XXVI and the FIC, the CCB agreed to grant to the Depositary, on behalf of ADR holders, and to any investor not residing nor domiciled in Chile who acquire shares or replace ADRs for common stock, which we refer to as “Withdrawn Shares”, FEM access to convert Chilean pesos into U.S. dollars and to remit those dollars outside Chile including amounts received as: (i) cash dividends; (ii) proceeds from the sale in Chile of Withdrawn Shares; (iii) proceeds from the sale in Chile of preemptive rights to subscribe for additional shares; (iv) proceeds from the liquidation, merger or consolidation of Andina; (v) proceeds resulting from capital decreases or earnings or liquidations; and (vi) other distributions, including those in respect of any re-capitalization resulting from holding shares, ADRs or by Withdrawn Shares.

The guarantee of FEM access under the FIC will extend to the participants of the ADR offering if the following requirements are met: (i) that the funds to purchase the shares underlying the ADRs are brought into Chile and converted into Chilean pesos through the FEM; (ii) that the purchase of the underlying shares is made on a Chilean stock exchange; and (iii) that within five business days from the conversion of the funds into Chilean pesos, the CCB is informed that the funds converted were used to purchase the underlying shares, if those funds are not invested in shares within that period, it can access the FEM to reacquire foreign currency, provided that the request is submitted to the CCB within seven banking business days of the initial conversion into pesos.

Chapter XXVI provides that FEM access in connection with dividend payments is conditioned to our certifying to the CCB that a dividend payment has been made and that any applicable tax has been withheld. Chapter XXVI also provides that FEM access in connection with the sale of Withdrawn Shares, or distribution thereon, is conditioned upon receipt by the CCB (i) a certificate by the Depositary or custodian, as the case may be, that the shares have been withdrawn in exchange for delivery of the appropriate ADRs, and (ii) a waiver of the benefits of the FIC with respect to ADRs (except in connection with the proposed sale of the shares) until the Withdrawn Shares are re-deposited.

FEM access under any of the circumstances described above is not automatic. Pursuant to Chapter XXVI, such access needs the BCC’s approval on a request submitted to that end through a banking institution established in Chile. The FIC provides that if the BCC has not acted upon the request within seven banking days, the request is deemed to have been granted.

Under current Chilean law, the BCC cannot unilaterally change the FIC. The Chilean Courts (although not binding on future judicial decisions) also have established that the FIC cannot be annulled by future legislative changes. No assurance can be given, however, that additional Chilean restrictions applicable to the holders of ADRs, to the disposition of underlying shares, or to the repatriation of proceeds from their disposition, will not be imposed in the future; nor can there be any assessment of the duration or impact of any restrictions that might be imposed. If for whatever reason, including changes in the FIC or Chilean law, the Depositary is prevented from converting Chilean pesos into U.S. dollars, the investors shall receive dividends or other payments in Chilean pesos, which shall subject the investors to exchange rate risks. It cannot be guaranteed that the CFER, as amended, or any other exchange regulation will not be amended in the future, or that if new regulations are enacted that they shall have no material bearing on Andina or the ADR holders.

No assurance can be given that Andina will be able to purchase U.S. dollars in the local exchange market at any time in the future, nor that any such purchase will be for the amounts necessary to pay any sum due under any of its capital or debt instruments.

Likewise, it is not possible to guarantee that changes to the regulations of the CCB or other legislative changes relating to exchange controls will not restrict or impair Andina’s ability to purchase U.S. dollars in order to make payment on its debt instruments.

**E. TAXATION**

**Tax Considerations Relating to Equity Securities**

*Chilean Tax Considerations*

The following discussion summarizes the material Chilean income tax consequences of an investment in Andina’s stock or ADRs by an individual who is not domiciled or resident in Chile or a legal entity that is not organized under the laws of Chile and does not have a permanent establishment in Chile (a “foreign holder”). This discussion is based upon Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the *Servicio de Impuestos Internos* (the Chilean Internal Revenue Service or “SII”) and other applicable regulations and rulings that are subject to change without notice. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor’s particular tax situation. Each investor or potential investor is encouraged to seek independent tax advice with respect to consequences of investing in Andina’s stock or ADRs.

*Capital Gains*

Gains recognized from the sale or exchange of ADRs by a foreign holder outside of Chile will not be subject to Chilean taxation. Gains recognized on a sale or exchange of shares of common stock will be subject to both the Corporate Income Tax and the Withholding Tax (the former being credited against the latter) if either: (i) the foreign holder has held the shares of common stock for less than one year, (ii) the foreign holder acquired and disposed of the shares of common stock in the ordinary course of its business or as an habitual trader of shares, or (iii) the foreign holder transfers shares of common stock to a related person, as defined by Chilean tax law. In all other cases, gain on the disposition of shares of common stock will be subject only to the Corporate Income Tax, with rates of 22.5% and 24% for business years 2015 and 2016, respectively, except for shares resulting from an exchange of ADRs for shares (flow back), in which case the Chilean Internal Revenue Service pursuant to Notice 1,705, dated May 15, 2006, has been interpreted to say that shares may benefit from Article 18 if the ADRs were acquired through a stock broker or by any other circumstance stipulated by that norm.

Beginning in fiscal year 2017, the profit generated by sales of shares will be subject to a Withholding Tax rate of 35%.

The tax basis of shares of common stock received in exchange for ADRs will be determined in accordance with the valuation procedure set forth in the Deposit Agreement, which values shares of common stock at the highest reported sales price at which they trade on the Santiago Stock Exchange on the date of the withdrawal of the shares of common stock from the Depositary. Consequently, the conversion of ADRs into shares of common stock, and the immediate sale of the shares for the value established under the Deposit Agreement, will not generate a capital gain subject to taxation in Chile. However, in the case where the sale of the shares is made on a day that is different than the date in which the exchange is recorded, capital gain subject to taxation in Chile may be generated. In connection thereto, on October 1, 1999 the Chilean Internal Revenue Service issued Ruling No. 3708 whereby it allowed Chilean issuers of ADRs to amend the deposit agreements to which they are parties in order to include a clause that states that, in the case that the exchanged shares are sold by the ADRs’ holders on a Chilean stock exchange either on the same day in which the exchange is recorded or within the two business days prior to such date, the acquisition price of such exchanged shares shall be the price registered in the invoice issued by the stock broker that participated in the sale transaction. As this amendment has been included in the Deposit Agreement, the capital gain that may be generated if the exchange date is different than the date in which the shares received in exchange for ADRs were sold, will not be subject to taxation. We reiterate that if a contributor in good faith adopts Notice No.1.705, then the excess value will not be subject to taxation in Chile.

The distribution and exercise of preemptive rights relating to the shares of common stock will not be subject to Chilean taxation. Any gain on the sale or assignment of preemptive rights relating to the shares of common stock will be subject to both the Corporate Income Tax and the Withholding Tax (the former being credited against the latter).

*Other Chilean Taxes*

No Chilean inheritance, gift or succession taxes apply to the transfer or disposition of the ADRs by a foreign holder, but such taxes generally will apply to the transfer at death or by gift of shares of common stock by a foreign holder. No Chilean stamp, issue, registration or similar taxes or duties apply to foreign holders of ADRs or shares of common stock.

*Withholding Tax Certificates*

Upon request, we will provide to foreign holders appropriate documentation evidencing the payment of Chilean withholding taxes.

*United States Tax Considerations Relating to ADRs or Shares of Common Stock*

The following discussion summarizes certain U.S. federal income tax consequences of an investment in Andina’s ADRs or shares of common stock. This discussion is based upon U.S. federal income tax laws presently in force. The discussion is not a full description of all tax considerations that may be relevant to a decision to purchase ADRs or shares of common stock. In particular, the discussion is directed only to U.S. holders (as defined below) that hold ADRs or shares of common stock as capital assets, and it does not address the tax treatment of holders that are subject to special tax rules under the Internal Revenue Code of 1986 as amended (the “Code”), such as financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, insurance companies, tax-exempt entities, persons holding ADRs or shares of common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, holders that own or are deemed to own 10% or more of our voting shares, persons liable for alternative minimum tax or persons whose “functional currency” is not the U.S. dollar. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions there under as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, the discussion below assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms. If a partnership holds our ADRs or shares of common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding ADRs or shares of common stock should consult their tax advisors. This summary does not contain a detailed description of all the United States federal income tax consequences to a holder in light of its particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. **Prospective purchasers should consult their tax advisors about the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of ADRs or shares of common stock.**

As used herein, the term “U.S. holder” means a beneficial of ADRs or shares of common stock that is (i) an individual U.S. citizen or resident, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust that: (a) is subject to the primary supervision of a court within the United States and with respect to which one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If the obligations contemplated by the Deposit Agreement are performed in accordance with its terms, ADR holders generally will be treated for U.S. federal income tax purposes as the owners of the shares of common stock represented by those ADRs. Deposits or withdrawals of shares of common stock by U.S. holders in exchange for ADRs will not result in the realization of gain or loss for U.S. federal income tax purposes.



*Cash Dividends and Other Distributions*

Cash distributions (including the amount of any Chilean taxes withheld) paid to U.S. holders with respect to the ADRs or shares of common stock generally will be treated as dividend income to such U.S. holders, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will be includable in the gross income of a U.S. holder as ordinary income on the day received by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock. The dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate U.S. holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADRs backed by such shares) that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that our ADRs (which are listed on the New York Stock Exchange), but not our shares of common stock, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our shares of our common stock that are not backed by ADRs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADRs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate U.S. holders should consult their own tax advisors regarding the application of these rules given their particular circumstances.

Dividends paid in Chilean pesos will be includable in income in a U.S. dollar amount based on the exchange rate in effect on the day of receipt by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock, regardless of whether the Chilean pesos are converted into U.S. dollars. If the Chilean pesos received as dividends are not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the Chilean pesos equal to their U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the Chilean pesos will be treated as U.S. source ordinary income or loss, regardless of whether the pesos are converted into U.S. dollars.

The Chilean Withholding Tax (net of any credit for the Corporate Income Tax) paid by or for the account of any U.S. holder may be eligible, subject to generally applicable limitations and conditions, for credit against the U.S. holder’s federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid with respect to the ADRs or shares of common stock generally will be foreign source income and will generally constitute passive category income. Furthermore, in certain circumstances, a U.S. holder that (i) has held ADRs or shares of common stock for less than a specified minimum period during which it is not protected from risk of loss or (ii) is obligated to make payments related to the dividends, will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on ADRs or shares of common stock. The rules governing the foreign tax credit are complex. Investors are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Distributions to U.S. holders of additional shares of common stock or preemptive rights with respect to shares of common stock that are made as part of a pro rata distribution to all shareholders of the Company generally should not be subject to U.S. federal income tax.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADRs or shares of common stock (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the investor on a subsequent disposition of the ADRs or shares of common stock), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits generally would not give rise to foreign source income and a U.S. holder generally would not be able to use the foreign tax credit arising from any Chilean withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against U.S. taxes due on other foreign source income in the appropriate category for foreign tax credit purposes.



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However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, a U.S. holder should expect that a distribution will generally be treated as a dividend (as discussed above).

### *Passive Foreign Investment Company*

We do not believe that we are, for U.S. federal income tax purposes, a passive foreign investment company (a “PFIC”), and expect to continue our operations in such a manner that we will not be a PFIC. If, however, we are or become a PFIC, U.S. holders could be subject to additional U.S. federal income taxes on gain recognized with respect to the ADRs or shares of common stock and on certain distributions, plus an interest charge on certain taxes treated as having been deferred by the U.S. holder under the PFIC rules of the U.S. federal income tax laws.

Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

### *Capital Gains*

U.S. holders that hold ADRs or shares of common stock as capital assets will recognize capital gain or loss for U.S. federal income tax purposes on the sale or other disposition of such ADRs or shares (or preemptive rights with respect to such shares) held by the U.S. holder or the Depositary. Capital gains of non-corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder generally will be treated as U.S. source gain or loss. Consequently, in the case of a disposition of shares of common stock (which, unlike a disposition of ADRs, may be taxable in Chile), the U.S. holder may not be able to use the foreign tax credit for any Chilean tax imposed on the gain unless it can apply (subject to applicable limitations) the credit against tax due on other income from foreign sources.

### *Estate and Gift Taxation*

As discussed above under “Chilean Tax Considerations — Other Chilean Taxes,” there are no Chilean inheritance, gift or succession taxes applicable to the transfer or disposition of ADRs by a foreign holder, but such taxes generally will apply to the transfer at death or by gift of shares of common stock by a foreign holder. The amount of any inheritance tax paid to Chile may be eligible for credit against the amount of U.S. federal estate tax imposed on the estate of a U.S. holder. U.S. holders should consult their personal tax advisors to determine whether and to what extent they may be entitled to such credit. The Chilean gift tax generally will not be treated as a creditable foreign tax for U.S. tax purposes.

### *Information Reporting and Backup Withholding*

In general, information reporting requirements will apply to dividends in respect of ADRs or shares of common stock or the proceeds received on the sale, exchange, or redemption of ADRs or shares of common stock paid within the United States (and in certain cases, outside of the United States) to U.S. holders other than certain exempt recipients. A backup withholding tax may apply to such payments if the U.S. holder fails to provide an accurate taxpayer identification number or certification of other exempt status or fails to report interest and dividends required to be shown on its federal income tax returns. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a refund or a credit against the U.S. holder’s U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**F. DIVIDENDS AND PAYING AGENTS**

Not applicable.

**G. STATEMENT BY EXPERTS**

Not applicable.

**H. DOCUMENTS ON DISPLAY**

We are subject to the informational reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, which requires that we file periodic reports and other information with the SEC. As a foreign private issuer, we file annual reports on Form 20-F as opposed to Form 10-K. We do not file quarterly reports on Form 10-Q but furnish quarterly reports and reports in relation to material events on Form 6-K. As a foreign private issuer, we are exempt from the rules under the U.S. Securities Exchange Act of 1934, as amended, prescribing the furnishing and content of proxy statements and short-swing profit disclosure and liability.

You may read and copy all or any portion of the annual report or other information in our files in the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also access these documents through the SEC’s website at [www.sec.gov](http://www.sec.gov) or from our corporate website [www.koandina.com](http://www.koandina.com) or request a hard copy through our website also. You can also request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. In addition, reports and other information concerning us may be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, on which our ADRs are listed.

We also file reports with the Chilean *Superintendencia de Valores y Seguros*. You may read and copy any materials filed with the SVS directly from its website [www.svs.cl](http://www.svs.cl). The documents referred to in this annual report can be inspected at Miraflores 9153, Piso 7, Renca, Santiago, Chile.

**I. SUBSIDIARY INFORMATION**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates, foreign currency exchange rates and commodity prices. We are exposed to changes in financial market conditions in the normal course of our business due to our use of certain financial instruments as well as transacting in various foreign currencies and conversion of our foreign subsidiaries’ financial statements into the Chilean peso.

**Interest Rate Risk**

Our primary interest rate exposures relate to U.S. dollar denominated and UF long-term fixed rate bond liabilities and other long-term variable and fixed rate bank liabilities. We also invest in certain medium-term bond securities that bear a fixed interest rate. We monitor our exposure to interest rate fluctuations regularly depending on market conditions.

The following table provides information about our long-term debt and bond investments that are sensitive to changes in market interest rates as of December 31, 2015.

	Expected Maturity Date						Estimated Fair Market Value	
	2016	2017	2018	2019	2020	Thereafter	Total	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Interest Earning Assets</b>								
Time deposits and credit links	99,113	17	—	—	—	—	99,130	99,130
Weighted average interest rate	1.1%	8.82%	—	—	—	—	1.1%	—
<b>Interest Bearing Liabilities</b>								
Long-term debt (Bonds)	19,237	17,971	11,898	12,256	12,636	663,243	737,241	785,844
Fixed Rate	4.54%	4.18%	4.88%	4.86%	4.93%	4.71%	4.70%	
Bank liabilities	23,991	20,441	3,951	2,980	2,865	—	54,228	48,607
Weighted average interest rate	5.49%	4.05%	5.63%	5.27%	5.21%	—	4,93%	

**Foreign Currency Risk**

As of December 31, 2015, we have debt held by banks and debt held by the public denominated in U.S. dollars, which are hedged by derivative instruments, which lower the risk of exposure to the accrual of fluctuations of the value of the US dollar. Net assets balance is denominated in dollars as of December 31, 2015, which amounts to \$591.0 million as detailed below. The following table summarizes the financial instruments held December 31, 2015, denominated in dollars:

Assets (U.S. Dollars)	2016 MMS	2017 MMS	2018 MMS	2019 MMS	2020 MMS	2021 Onwards MMS	Total MMS	Fair estimated Market Value MMS
<b>Assets</b>								
Cash and cash equivalents	13,598	—	—	—	—	—	13,598	13,598
<b>Liabilities</b>								
Bonds obligations	(4,377)	—	—	—	—	(403,430)	(407,807)	(423,100)
Bank debt	(12,818)	(12,681)	—	—	—	—	(25,499)	(24,992)
Net assets (liabilities)	(3,597)	(12,681)	—	—	—	(403,430)	(419,708)	(395,626)

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

**A. DEBT SECURITIES**

Not applicable.

**B. WARRANTS AND RIGHTS**

Not applicable.

**C. OTHER SECURITIES**

Not applicable.

**D. AMERICAN DEPOSITARY RECEIPTS**

**Fees and Charges**

The Bank of New York Mellon serves as the depositary for our ADRs. ADR holders are required to pay various fees to the depositary, and the depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADR holders are required to pay the depositary amounts in respect of expenses incurred by the depositary or its agents on behalf of ADR holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, or conversion of foreign currency into U.S. dollars. The depositary may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADR holders are also required to pay additional fees for certain services provided by the depositary, as set forth in the table below.

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Depository service	Fee payable by ADR holders
Issuance and delivery of ADRs, including in connection with share distributions	Up to US\$5.00 per 100 ADSs (or portion thereof)
Withdrawal of shares underlying ADRs	Up to US\$5.00 per 100 ADSs (or portion thereof)
Registration for the transfer of shares	Registration or transfer fees that may from time to time be in effect
Cash distribution fees	US\$0.02 or less per ADS

In addition, holders may be required to pay a fee for the distribution or sale of securities. Such fee (which may be deducted from such proceeds) would be for an amount equal to the lesser of (1) the fee for the issuance of ADRs that would be charged as if the securities were treated as deposited shares and (2) the amount of such proceeds.

**Fees Incurred in Past Annual Period**

From January 1, 2015 to December 31, 2015, we received from the depository US\$118,430.65 for continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), any applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

**Fees to be Paid in the Future**

The Bank of New York Mellon, as depository, has agreed to reimburse us for expenses they incur that are related to establishment and maintenance expenses of the ADR program. The depository has agreed to reimburse us for its continuing annual stock exchange listing fees. The depository has also agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. It has also agreed to reimburse us annually for certain investor relationship programs or special investor relations promotional activities. In certain instances, the depository has agreed to provide additional payments to us based on any applicable performance indicators relating to the ADR facility. There are limits on the amount of expenses for which the depository will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depository collects from investors.

The depository collects its fees for delivery and surrender of ADRs directly from investors depositing shares or surrendering ADRs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

PART II

ITEM 13.   DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14.   MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

In 1996, our shareholders approved the Reclassification of Capital Stock, which we refer to as the “Reclassification,” of our common stock into two new series of shares. Pursuant to the Reclassification, each outstanding share of our common stock was replaced by one newly issued Series A share and one newly issued Series B share.

The Series A and Series B shares are principally differentiated by their voting and economic rights. The modification of our bylaws as of June 25, 2012, increased the number of directors from 7 to 14. The holders of the Series A shares have full voting power and are entitled to elect 12 of 14 members of the board of directors, and the holders of the Series B shares have no voting rights but for the right to elect 2 members of the board of directors. In addition, holders of Series B shares are entitled to a dividend 10% greater than any dividend on Series A shares.

After the Reclassification, the Superintendence of Pension Fund Managers (*Superintendencia de Administradores de Fondos de Pensiones*) decreed that Chilean pension funds would not be permitted to acquire Series B Shares due to their limited voting rights. In 2004, however, the Superintendence reversed and approved Series B shares as investment instruments for Chilean Pension funds. Series A shares have always been eligible as investment instruments.

ITEM 15.   CONTROLS AND DISCLOSURE PROCEDURES

Disclosure Controls and Procedures

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2015. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a—15(f) and 15d—15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Controls—Integrated framework (2013) issued by the Committee of Sponsoring Organizations of the Tread way Commission, our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by our registered independent accounting firm, which opinion is stated in their report, included on pages F-2 and F-3 herein.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required under Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16. [RESERVED]**

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has designated Mr. Gonzalo Parot Palma as our Audit Committee Financial Expert, as defined in the instructions to Item 16A of Form 20-F. Our board of directors has also determined that Mr. Gonzalo Parot Palma is an Independent Director as defined in Section 303A.02 of the NYSE’s Listed Company Manual.

**ITEM 16B. CODE OF ETHICS**

We have adopted a Code of Ethics that constitutes a code of ethics for our directors and employees. This Code applies to our Board of Directors, chief executive officer and all senior financial officers of our Company, including the chief financial officer or any other persons performing similar functions, as well as to all other officers and employees of the Company. Our Code of Ethics is available on our website [www.koandina.com](http://www.koandina.com). If we make any substantive amendment to the Code or grant any waivers, including any implicit waiver, from a provision of the Code, we will disclose the nature of such amendment or waiver on the above mentioned website through a 6-K form.



ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid To Independent Public Accountants

The following table sets forth, for each of the years indicated, the kinds of fees paid to our external auditors and the percentage of each of the fees out of the total amount paid to them.

Services rendered	Year ended December 31,			
	2014		2015	
	Fees MCh\$	% of Total Fees	Fees MCh\$	% of Total Fees
Audit fees(1)	889	94%	961	99%
Audit-related fees(2)	28	3%	—	0%
Tax fees(3)	18	2%	9	1%
Other fees	10	1%	1	0%
Total	945	100%	972	100%

- 
- (1)

Audit fees consist of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide.
- (2)

Audit-related fees relate to assurance and associated services that traditionally are performed by the independent accountant, including: attestation services that are not required by statute or regulation; accounting consultation and audits in connection with mergers, acquisitions and divestitures; employee benefit plan audits; and consultation concerning financial accounting and reporting standards.
- (3)

Tax fees relate to services performed by the tax division for tax compliance, planning, and advice.

Directors’ Committee and Audit Committee Pre-Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which all non-audit services provided by our external auditors must be pre-approved by our Directors’ Committee. Once the proposed service is approved, our subsidiaries or we formalize the engagement of services. In addition, the members of our board of directors are briefed on matters discussed by the Directors’ Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Our Audit Committee is comprised of Gonzalo Parot Palma, Salvador Said Somavía and Arturo Majlis Albala.

We disclose that, with respect to the current membership of Mr. Salvador Said Somavía and Mr. Arturo Majlis Albala on our Audit Committee, the Company has relied on the exemption from the independence requirements provided by Rule 10A-3(b)(1)(iv) (D) of the Securities and Exchange Act of 1934, as amended. Pursuant to said rule, a member of the Committee who is an affiliate of the foreign private issuer or a representative of such an affiliate that has only observer status on, and is not a voting member or the chair of, the audit committee, and is not an executive officer of the foreign private issuer, may be exempted from the independence requirement.

Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía meet, for the duration of their membership, the requirements of Rule 10A-3(b)(1)(iv)(D) because they (i) are a representative of our controlling shareholder group; (ii) have an observer-only status on our Audit Committee;(iii) are not officers of us or any of our subsidiaries; and (iv) do not receive, directly or indirectly, compensation from us or any of our subsidiaries other than in their capacities as members of our Audit Committee.

Our reliance on the exemption provided by Rule 10A-3of the Exchange Act, with respect to Mr. Arturo Majlis Albala and Mr. Salvador Said Somavía, would not materially adversely affect the ability of our Audit Committee to act independently.

ITEM 16E. PURCHASERS OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During 2015, no issuer or affiliated parties made purchases pursuant to publicly announced plans or programs or not pursuant to such plans.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

NYSE and Chilean Corporate Governance Requirements

In accordance with Section 303A.11 of the NYSE’s Listed Company Manual, the following table sets forth significant differences between Chilean corporate governance practices and those corporate governance practices followed by domestic corporations under NYSE listing standards. Significant ways in which our corporate governance practices differ from those followed by U.S. companies under NYSE listing standards are also publicly available on our website at [www.koandina.com](http://www.koandina.com).

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.01 Independence	Members of the Board of Directors must be independent in their majority.	There is no legal obligation to have a Board of Directors composed mainly of independent members. In addition, according to section 303A regarding Controlled Companies, the requirements of 303A do not apply to our Company.
303A.02 Independence Tests	Members of the Board of Directors must meet the Test of Independence.	No similar legal obligation exists under Chilean law. However, article 50 bis of the Corporations Law require appointing at least one independent director. Law considers independent such director that within the last 18 months is not involved in certain circumstances, such as: having an economic interest in the company or other group, having a relationship with such persons, be director of nonprofit organizations, among others, and comply with a declaration of independence.
303A.03 Executive Sessions	Non-Management Directors must meet regularly without management of the company.	No similar legal obligation exists under Chilean law. Under Chilean law, the position of director of a corporation is incompatible with the position of manager, auditor, accountant or president of the company. The Non-Management Director does not exist under Chilean law. Directors, however, are required to convene in legally established meetings to resolve matters required by Chilean Corporation Law.
303A.04 Nominating/Corporate Governance Committee	Listed companies must have a Nominating/Corporate Governance Committee composed entirely of independent directors and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. Andina has a Directors’ Committee whose functions are set by Chilean Corporation Law. In addition, section 303 A regarding Controlled Companies does not apply to our Company
303A.05 Compensation Committee	Listed companies must have a Compensation Committee composed entirely of independent directors, and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. In accordance with Chilean law, the above-mentioned Directors’ Committee is in charge of reviewing management compensation. In addition, section 303 A regarding Controlled Companies does not apply to our Company.
303A.06 Audit Committee	<p>Listed companies must have an Audit Committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.</p> <p>The Audit Committee must have a minimum of three members. In addition to any requirement of Rule 10A-3(b)(1), all Audit Committee members must satisfy the requirements for independence set out in Section 303 A.02. The Audit Committee must have a written charter addressing certain matters.</p>	No similar legal obligation exists under Chilean law. However, in accordance with the Chilean Public Companies Law 18,046, public companies that have a net worth of more than 1.5 million UFs and/or at least a 12,5% of its issued shares with voting rights are held by individual shareholders who control or own less than 10% of such shares must have a Directors’ Committee, formed by three members who are in their majority independent of the controller. Andina designated an Audit Committee in accordance with Rule 10 A.3. The functions of this committee are described under “Item 6. Directors, Senior Management and Employees-Board Practices”

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ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.07 Internal Audit Function	Listed companies must maintain an Internal Audit Function to provide management and the Audit Committee with ongoing assessments of the company’s risk management processes and systems of internal control. A listed company may choose to outsource this function to a third party service provider other than its independent auditor.	There is no similar obligation under Chilean law. Chilean law requires that companies must have both account inspectors and external auditors. However, Andina has an Internal Auditor who reports to the Audit Committee.
303A.08 Voting on Compensation Plans	Shareholders must have the opportunity to vote on the creation or amendment of compensation plans regarding board members, executives and employees.	There is no similar obligation under Chilean law, with the exception of Directors’ compensation which annually approved during the General Shareholders’ Meeting.
303A.09 Corporate Governance Guidelines	Listed companies must adopt and disclose Corporate Governance Practices.	Chilean Law does not require the adoption of Corporate Governance Practices because they have been established by Chilean Corporate Law. However, the Superintendence of Securities and Insurance in General Rule No. 341 requires publicly traded corporations to report their corporate governance practices.
303A.10 Code of Ethics and Business Conduct	A company must adopt a Code of Business Conduct for its directors, officers and employees. Such company must disclose any waiver of its code of conduct that is granted to an officer or director.	There is no legal obligation to adopt a Code of Business Conduct. Chilean law requires that a company have a set of internal regulations which regulate the company and its relations with personnel. Such regulations must contain, among other things, regulations related to ethics and good behavior. Notwithstanding the above, a company may create internal codes of conduct, provided they do not require or prohibit behavior that contravenes Chilean law. In 1996, Andina created a Code of Ethics and Business Conduct that applies to the entire Company. Andina has posted this information on its website <a href="http://www.koandina.com">www.koandina.com</a>
303A.11 Foreign Private Issuer Disclosure	A company must provide a summary description of significant differences between its home country corporate governance practices and the corporate governance requirements established by the NYSE as applicable to U.S. domestic listed companies	No similar obligation exists under Chilean law. However, Andina has posted this information on its website <a href="http://www.koandina.com">www.koandina.com</a>
303A.12 Certification Requirements	Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards. Each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any of the applicable provisions of Section 303 A. Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation each time a change occurs to the Board of Directors or any of the committees subject to Section 303 A. The annual and interim Written Affirmations must be in the form specified by the NYSE.	No similar obligation exists under Chilean law. However, in accordance with Chilean law, the directors of a company must annually submit for approval the company’s annual report and financial statements to its shareholders at the company’s annual shareholders’ meeting. Similarly, public companies must, from time to time, provide all relevant company information by means of the publications and notifications established by law.
303A.13 Public Reprimand	The NYSE may issue a Public Reprimand letter to any listed company, regardless of the type of security listed or country of incorporation if it determines the company has violated a NYSE listing standard.	No similar obligation exists under Chilean law, with the exception of sanctions imposed by the Chilean Superintendence of Securities and Insurance (SVS).
307 Company Website	Listed Companies must have a company website which is accessible from the United States. The website must contain in it all NYSE requirements including those referring to Corporate Governance.	Chilean law does not require listed companies to maintain a website. However, if a listed company does have a website, the company must make available on its website certain information required by the rules under Chilean Company Law N° 18,046.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See “Item 18 – Financial Statements”.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements, together with the report of independent registered accounting firm, are filed as part of this Annual Report:

Index to Consolidated Statements of Financial Position	Page
<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-3
<a href="#">Consolidated Statements of Financial Position at December 31, 2015 and 2014</a>	F-5
<a href="#">Consolidated Income Statements by function for the years ended December 31, 2015, 2014 and 2013</a>	F-7
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013</a>	F-8
<a href="#">Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013</a>	F-9
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013</a>	F-11
<a href="#">Notes to the Consolidated Financial Statements at December 31, 2015, 2014 and 2013</a>	F-12

ITEM 18. FINANCIAL STATEMENTS

ITEM 19. EXHIBITS.

The exhibits filed with or incorporated by reference in this annual report are listed in the exhibit index below.

EXHIBIT INDEX

Item	Description
1.1	Amended and restated Bylaws of Embotelladora Andina S.A. dated as of June 25, 2012 (English translation) (incorporated by reference to Exhibit 1.1 to Andina’s Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142)).
2.1	Amended and restated Deposit Agreement, dated as of December 14, 2000, among Embotelladora Andina S.A., The Bank of New York as Depositary, and Holders and Beneficial Owners of American Depositary Receipts (incorporated by reference to Exhibit 1.3 to Andina’s Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142)).
2.2	Indenture dated as of September 30, 1997, among Embotelladora Andina S.A., Credit Suisse First Boston Corporation, and J.P. Morgan Securities Inc. (filed with the SEC on September 30, 1997 and also available on our website <a href="#">www.koandina.com</a> ).
4.1	Amended and restated Call Option Agreement, dated as of December 17, 1996, among Inversiones Freire Limitada, Inversiones Freire Dos Limitada, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., The Coca-Cola Company, and Embotelladora Andina S.A. and Custody Agreement among Inversiones Freire Limitada and Inversiones Freire Dos Limitada and Citibank, N.A. (English translation) (incorporated by reference to Exhibit 1.5 to Andina’s Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142)).
4.2	Amendment dated as of August 31, 2012 to the Amended and restated Shareholders’ Agreement, dated as of June 25, 2012, among Embotelladora Andina S.A., the Coca-Cola Company, Coca-Cola Interamerican Corporation, Coca-Cola de Argentina S.A., Bottling Investment Limited, Inversiones Freire Ltda., and Inversiones Freire Dos Ltda (incorporated by reference to Exhibit 4.2 to Andina’s Annual Report on Form 20-F filed on May 15, 2014 (File No. 001-13142)).
4.3	Form Bottler Agreement (English translation) (incorporated by reference to Exhibit 1.2 to Andina’s Annual Report on Form 20-F filed on April 30, 2012 (File No. 001-13142)).
4.4	Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.1 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.5	Amendment dated as of February 1, 2012 to the Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and Schweppes Holdings Limited (incorporated by reference to Exhibit 1.2.2 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.6	Amendment dated as of June 30, 2013 to the Bottler Agreement dated as of February 10, 2007, among Embotelladora del Atlántico S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.2 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.7	Bottler Agreement in force as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding operations in Argentina (incorporated by reference to Exhibit 1.2.3 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).

Item	Description
4.8	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding syrup mix (incorporated by reference to Exhibit 1.2.3 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.9	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding distribution in Argentina (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.10	Amendment dated as of November 17, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.11	Amendment dated as of November 28, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.12	Amendment dated as of March 21, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.13	Amendment dated as of November 26, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.14	Amendment dated as of December 7, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.15	Amendment dated as of December 27, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.16	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.3 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.17	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and Schweppes Holdings Limited (incorporated by reference to Exhibit 1.2.3 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.18	Bottler Agreement dated as of October 4, 2007 among Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.5 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).



Item	Description
4.19	Amendment dated as of October 4, 2012 to Bottler Agreement dated as of October 4, 2007 between Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.6 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.20	Amendment dated as of February 7, 2013 to the Bottling Agreement dated as of October 4, 2007 between Cia. de Bebidas Ipiranga and The Coca-Cola Company (incorporated by reference to Exhibit 4.20 to Andina’s Annual Report on Form 20-F filed on May 15, 2014 (File No. 001-13142)).
4.21	Bottler Agreement dated as of September 1, 2008 among Embotelladoras Coca-Cola Polar S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.7 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.21.1	Amendment dated as of July 9, 2014 to Bottler Agreement dated as of September 1, 2008 between Embotelladora Andina (ex-Embotelladoras Coca-Cola Polar S.A.) and The Coca-Cola Company (incorporated by reference to Exhibit 4.21.1 to Andina’s Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142)).
4.21.2	Bottler Agreement dated as of November 3, 2014 among Embotelladora Andina (ex-Embotelladoras Coca-Cola Polar S.A.) and The Coca-Cola Company (incorporated by reference to Exhibit 4.21.2 to Andina’s Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142)).
4.22	Bottler Agreement dated as of February 1, 2008 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.8 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.23	Amendment dated as of February 1, 2013 to Bottler Agreement dated as of February 1, 2008 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.9 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.24	Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.10 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.25	Amendment dated as of March 3, 2010 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.10 to Andina’s Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142)).
4.26	Amendment dated as of November 6, 2014 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.26 to Andina’s Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142)).
4.27	Amendment dated as of March 25, 2015 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.27 to Andina’s Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142)).
4.28	Amendment dated as of September 1, 2015 to Bottler Agreement dated as of December 1, 2004 among Paraguay Refrescos S.A. and The Coca-Cola Company (filed herein).



Item	Description
8.1	Company Subsidiaries (filed herein).
12.1	Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)) (filed herein).
12.2	Certification of Andrés Wainer, Chief Financial Officer pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a)) (filed herein).
13.1	Certification of Miguel Ángel Peirano, Chief Executive Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350 (filed herein).
13.2	Certification of Andrés Wainer, Chief Financial Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350 (filed herein).

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Embotelladora Andina S.A.  
(Registrant)

/s/ Miguel Ángel Peirano /s/ Andrés Wainer  
(Signature)

Date: April 28, 2016



**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**as of December 31, 2015 and 2014**

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EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Embotelladora Andina S.A.

In our opinion, the accompanying consolidated statements of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows present fairly, in all material respects, the financial position of Embotelladora Andina S.A. and its subsidiaries at December 31, 2015 and 2014 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15 of this Annual Report on Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

*PricewaterhouseCoopers, Av. Andrés Bello 2711, Pisos 2, 3, 4 y 5, Las Condes – Santiago, Chile*  
*RUT: 81.513.400-1 – Teléfono: (56)(2) 940 0000 – pwc.cl*

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers  
Santiago - Chile  
April 26, 2016



EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position  
As of December 31, 2015 and 2014

(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	12.31.2015 ThCh\$	12.31.2014 ThCh\$
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	5	129,160,939	79,514,434
Other financial assets	6	87,491,931	106,577,042
Other non-financial assets	7.1	8,686,156	7,787,181
Trade and other accounts receivable, net	8	176,385,836	198,110,424
Accounts receivable from related parties	12.1	4,610,500	5,994,453
Inventories	9	133,333,253	149,727,618
Current tax assets	10.2	7,741,241	6,025,049
<b>Total Current Assets</b>		<b>547,409,856</b>	<b>553,736,201</b>
<b>Non-Current Assets:</b>			
Other financial assets	6	181,491,527	51,026,773
Other non-financial assets	7.2	18,289,901	33,056,780
Trade and other receivables	8	5,931,999	7,097,809
Accounts receivable from related parties	12.1	14,732	24,752
Investments accounted for under the equity method	14.1	54,190,546	66,050,213
Intangible assets other than goodwill	15.1	665,666,655	728,181,279
Goodwill	15.2	95,835,936	116,924,199
Property, plant and equipment	11.1	640,529,872	713,075,285
<b>Total Non-Current Assets</b>		<b>1,661,951,168</b>	<b>1,715,437,090</b>
<b>Total Assets</b>		<b>2,209,361,024</b>	<b>2,269,173,291</b>

The accompanying notes 1 to 30 form an integral part of these financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES  
Consolidated Statements of Financial Position  
As of December 31, 2015 and 2014  
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	12.31.2015 ThCh\$	12.31.2014 ThCh\$
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Other financial liabilities	16	62,217,688	83,402,440
Trade and other accounts payable	17	212,526,368	228,179,112
Accounts payable to related parties	12.2	48,652,827	55,966,789
Provisions	18	326,093	365,832
Income taxes payable	10.3	7,494,832	2,931,206
Employee benefits current provisions	13	31,790,759	27,746,745
Other non-financial liabilities	19	17,565,643	11,620,303
<b>Total Current Liabilities</b>		<b>380,574,210</b>	<b>410,212,427</b>
<b>Non-Current Liabilities:</b>			
Other financial liabilities	16	765,299,344	726,616,440
Trade and other payables	17	9,303,224	1,216,434
Provisions	18	63,975,724	77,446,513
Deferred income tax liabilities	10.5	130,201,701	126,126,147
Post-employment benefit liabilities	13	8,230,030	8,125,107
Other non-financial liabilities	19	242,491	432,490
<b>Total Non-Current Liabilities</b>		<b>977,252,514</b>	<b>939,963,131</b>
<b>Equity:</b>			
	20		
Issued capital		270,737,574	270,737,574
Retained earnings		274,755,431	247,817,939
Other reserves		284,980,830	378,738,982
<b>Equity attributable to equity holders of the parent</b>		<b>830,473,835</b>	<b>897,294,495</b>
Non-controlling interests		21,060,465	21,703,238
<b>Total Equity</b>		<b>851,534,300</b>	<b>918,997,733</b>
<b>Total Liabilities and Equity</b>		<b>2,209,361,024</b>	<b>2,269,173,291</b>

The accompanying notes 1 to 30 form an integral part of these financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Income by Function for the years ended  
at December 31, 2015, 2014 and 2013

(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	NOTE	01.01.2015 12.31.2015 ThCh\$	01.01.2014 12.31.2014 ThCh\$	01.01.2013 12.31.2013 ThCh\$
Net sales		1,877,394,256	1,797,199,877	1,521,681,335
Cost of sales	24	(1,106,706,146)	(1,081,243,408)	(914,817,748)
<b>Gross Profit</b>		<b>770,688,110</b>	<b>715,956,469</b>	<b>606,863,587</b>
Other income	25	471,569	3,970,623	4,385,617
Distribution expenses	24	(202,490,792)	(187,042,843)	(163,022,685)
Administrative expenses	24	(352,600,846)	(342,140,932)	(272,556,438)
Other expenses	26	(21,983,048)	(18,591,271)	(30,462,097)
Other (loss) gains	28	(6,301,121)	(4,392,105)	740,373
Financial income	27	10,118,375	8,655,623	4,973,312
Financial expenses	27	(55,669,217)	(65,081,431)	(28,944,023)
Share of (loss) profit of investments accounted for using the equity method	14.3	(2,327,829)	1,190,969	783,418
Foreign exchange differences		(2,856,370)	(2,675,027)	(7,694,834)
Loss from differences in indexed financial assets and liabilities		(7,308,343)	(12,461,548)	(1,832,742)
<b>Net income before income taxes</b>		<b>129,740,488</b>	<b>97,388,527</b>	<b>113,233,488</b>
Income tax expense	10.4	(41,642,562)	(45,354,435)	(22,966,264)
<b>Net income</b>		<b>88,097,926</b>	<b>52,034,092</b>	<b>90,267,224</b>
<b>Net income attributable to:</b>				
Equity holders of the parent		87,863,484	51,875,084	88,982,678
Non-controlling interests		234,442	159,008	1,284,546
<b>Net income</b>		<b>88,097,926</b>	<b>52,034,092</b>	<b>90,267,224</b>
		Ch\$	Ch\$	Ch\$
<b>Earnings per Share, basic and diluted</b>				
Earnings per Series A Share	20.5	88,40	52,19	89,53
Earnings per Series B Share	20.5	97,24	57,41	98,48

The accompanying notes 1 to 30 form an integral part of these financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**  
**for the years ended at December 31, 2015, 2014 and 2013**  
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	<b>01.01.2015</b> <b>12.31.2015</b>	<b>01.01.2014</b> <b>12.31.2014</b>	<b>01.01.2013</b> <b>12.31.2013</b>
	<b>ThCh\$</b>	<b>ThCh\$</b>	<b>ThCh\$</b>
Net income	<b>88,097,926</b>	<b>52,034,092</b>	<b>90,267,224</b>
<b>Other Comprehensive Income:</b>			
<b>Components of other comprehensive income that are not re-measured to net income for the period, before taxes</b>			
Actuarial losses from defined benefit plans	(744,445)	(140,749)	(1,411,030)
<b>Components of other comprehensive income that will be re-measured to net income for the period, before taxes</b>			
Gains (losses) from exchange rate translation differences	(119,212,803)	28,309,535	(18,877,527)
Gains from cash flow hedges	31,134,391	5,909,129	2,961,146
<b>Income tax related to components of other comprehensive income that are not re-measured to net income for the period</b>			
Income tax benefit related to defined benefit plans	148,877	31,580	282,206
<b>Income tax related to components of other comprehensive income that will be re-measured to net income for the period</b>			
Income tax, related to exchange rate translation differences	4,604,711	663,705	1,096,509
Income tax related to cash flow hedges	(10,172,792)	(2,041,658)	(703,002)
<b>Total comprehensive income</b>	<b>(6,144,135)</b>	<b>84,765,634</b>	<b>73,615,526</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	(5,894,668)	83,875,399	72,139,832
Non-controlling interests	(249,467)	890,235	1,475,694
<b>Total comprehensive income</b>	<b>(6,144,135)</b>	<b>84,765,634</b>	<b>73,615,526</b>

The accompanying notes 1 to 30 form an integral part of these financial statements

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**for the years ended December 31, 2015, 2014 and 2013**  
(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	Other reserves									
	Issued capital	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance at 01/01/2015</b>	<b>270,737,574</b>	<b>(53,285,698)</b>	<b>6,125,615</b>	<b>(1,237,993)</b>	<b>427,137,058</b>	<b>378,738,982</b>	<b>247,817,939</b>	<b>897,294,495</b>	<b>21,703,238</b>	<b>918,997,733</b>
<b>Changes in Equity</b>										
<b>Comprehensive Income</b>										
Net income	—	—	—	—	—	—	87,863,484	87,863,484	234,442	88,097,926
Other comprehensive income	—	(114,161,459)	20,961,599	(558,292)	—	(93,758,152)	—	(93,758,152)	(483,909)	(94,242,061)
<b>Comprehensive income</b>	<b>—</b>	<b>(114,161,459)</b>	<b>20,961,599</b>	<b>(558,292)</b>	<b>—</b>	<b>(93,758,152)</b>	<b>87,863,484</b>	<b>(5,894,668)</b>	<b>(249,467)</b>	<b>(6,144,135)</b>
Dividends	—	—	—	—	—	—	(60,925,992)	(60,925,992)	(393,306)	(61,319,298)
<b>Total changes in equity</b>	<b>—</b>	<b>(114,161,459)</b>	<b>20,961,599</b>	<b>(558,292)</b>	<b>—</b>	<b>(93,758,152)</b>	<b>26,937,492</b>	<b>(66,820,660)</b>	<b>(642,773)</b>	<b>(67,463,433)</b>
<b>Ending balance at 12.31.2015</b>	<b>270,737,574</b>	<b>(167,447,157)</b>	<b>27,087,214</b>	<b>(1,796,285)</b>	<b>427,137,058</b>	<b>284,980,830</b>	<b>274,755,431</b>	<b>830,473,835</b>	<b>21,060,465</b>	<b>851,534,300</b>
	Other reserves									
	Issued capital	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Opening balance at 01/01/2014</b>	<b>270,737,574</b>	<b>(81,527,711)</b>	<b>2,258,144</b>	<b>(1,128,824)</b>	<b>427,137,058</b>	<b>346,738,667</b>	<b>243,192,801</b>	<b>860,669,042</b>	<b>20,763,546</b>	<b>881,432,588</b>
<b>Changes in Equity</b>										
<b>Comprehensive Income</b>										
Net income	—	—	—	—	—	—	51,875,084	51,875,084	159,008	52,034,092
Other comprehensive income	—	28,242,013	3,867,471	(109,169)	—	32,000,315	—	32,000,315	731,227	32,731,542
<b>Comprehensive income</b>	<b>—</b>	<b>28,242,013</b>	<b>3,867,471</b>	<b>(109,169)</b>	<b>—</b>	<b>32,000,315</b>	<b>51,875,084</b>	<b>83,875,399</b>	<b>890,235</b>	<b>84,765,634</b>
Dividends	—	—	—	—	—	—	(47,249,946)	(47,249,946)	49,457	(47,200,489)
<b>Total changes in equity</b>	<b>—</b>	<b>28,242,013</b>	<b>3,867,471</b>	<b>(109,169)</b>	<b>—</b>	<b>32,000,315</b>	<b>4,625,138</b>	<b>36,625,453</b>	<b>939,692</b>	<b>37,565,145</b>
<b>Ending balance at 12.31.2014</b>	<b>270,737,574</b>	<b>(53,285,698)</b>	<b>6,125,615</b>	<b>(1,237,993)</b>	<b>427,137,058</b>	<b>378,738,982</b>	<b>247,817,939</b>	<b>897,294,495</b>	<b>21,703,238</b>	<b>918,997,733</b>

The accompanying notes 1 to 30 form an integral part of these financial statements

	Other reserves										
	Issued capital	Treasury shares	Translation reserves	Cash flow hedge reserve	Actuarial gains or losses in employee benefits	Other reserves	Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at 01.01.2013	270,759,299	(21,725)	(63,555,545)	—	—	427,137,058	363,581,513	239,844,662	874,163,749	19,441,172	893,604,921
Changes in Equity											
Comprehensive Income											
Net income	—	—	—	—	—	—	—	88,982,678	88,982,678	1,284,546	90,267,224
Other comprehensive income	—	—	(17,972,166)	2,258,144	(1,128,824)	—	(16,842,846)	—	(16,842,846)	191,148	(16,651,698)
Comprehensive income	—	—	(17,972,166)	2,258,144	(1,128,824)	—	(16,842,846)	88,982,678	72,139,832	1,475,694	73,615,526
Dividends	—	—	—	—	—	—	—	(85,634,539)	(85,634,539)	(153,320)	(85,787,859)
Decrease of Capital	(21,725)	21,725	—	—	—	—	—	—	—	—	—
Total changes in equity	(21,725)	21,725	(17,972,166)	2,258,144	(1,128,824)	—	(16,842,846)	3,348,139	(13,494,707)	1,322,374	(12,172,333)
Ending balance at 12.31.2013	270,737,574	—	(81,527,711)	2,258,144	(1,128,824)	427,137,058	346,738,667	243,192,801	860,669,042	20,763,546	881,432,588

The accompanying notes 1 to 30 form an integral part of these financial statements

**EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2015, 2014 and 2013**

(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

	<u>NOTE</u>	<u>01.01.2015</u> <u>12.31.2015</u> <u>ThCh\$</u>	<u>01.01.2014</u> <u>12.31.2014</u> <u>ThCh\$</u>	<u>01.01.2013</u> <u>12.31.2013</u> <u>ThCh\$</u>
<b>Cash flows provided by Operating Activities</b>				
<i>Cash flows provided by Operating Activities</i>				
Receipts from customers (including taxes)		2,406,656,125	2,367,485,129	1,954,744,395
Receipts from premiums, claims, annuities and other policy benefits				77,300
<i>Payments for Operating Activities</i>				
Payments to suppliers for goods and services (including taxes)		(1,569,343,254)	(1,579,575,529)	(1,349,009,473)
Payments to employees		(213,532,202)	(191,529,823)	(153,571,748)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(275,697,786)	(295,650,855)	(222,218,717)
Dividends received		1,250,000	1,590,675	2,085,031
Interest payments		(57,963,479)	(62,079,744)	(23,319,351)
Interest received		7,463,013	5,332,755	3,295,309
Income tax payments		(26,322,106)	(23,778,366)	(33,410,166)
Other cash movements (tax on bank debits Argentina and others)		(7,601,081)	(6,279,811)	(6,587,855)
<b>Net cash flows generated from Operating Activities</b>		<b>264,909,230</b>	<b>215,514,431</b>	<b>172,084,725</b>
<i>Cash flows used in Investing Activities</i>				
Cash flows from the sale of equity investees (sale of investment in Leao Alimentos e Bebidas Ltda.)		—	4,616,752	3,704,831
Cash flows used to obtain control of subsidiaries or other businesses (Purchase Compañía de Bebidas Ipiranga)		—	—	(261,244,818)
Cash flow used to acquire non-controlling interests (Capital contribution in Leão Alimentos e Bebidas Ltda.)	<b>14.2</b>	(915,069)	—	—
Proceeds from sale of property, plant and equipment		1,969,878	2,273,241	6,861,329
Purchase of property, plant and equipment		(112,399,528)	(114,216,855)	(183,697,386)
Proceeds from other long term assets (term deposits over 90 days)		106,609,849	122,292,893	19,423,100
Purchase of other long term assets (term deposits over 90 days)		(95,008,674)	(186,014,285)	(52,076,837)
Payments on forward, term, option and financial exchange agreements		(3,387,526)	(702,959)	(873,453)
Receipts from forward, term, option and financial exchange agreements		—	4,975,477	11,216,678
Other cash movements (cash opening balance Companhia de Bebidas Ipiranga in 2013 and Embotelladoras Coca Cola Polar in 2012 and others)		—	—	9,137,035
<b>Net cash flows used in Investing Activities</b>		<b>(103,131,070)</b>	<b>(166,775,736)</b>	<b>(447,549,521)</b>
<i>Cash Flows generated from (used in) Financing Activities</i>				
Proceeds from long-term loans obtained		—	73,087,596	403,245,077
Proceeds from short-term loans obtained		89,423,068	106,645,178	246,038,498
Loan payments		(130,503,764)	(167,480,619)	(271,177,359)
Payments of finance lease liabilities		(3,160,000)	(6,903,487)	(1,959,307)
Dividend payments by the reporting entity		(54,319,681)	(52,268,909)	(73,041,053)
<b>Net cash flows generated by (used in) Financing Activities</b>		<b>(98,560,377)</b>	<b>(46,920,241)</b>	<b>303,105,856</b>
<b>Net increase in cash and cash equivalents before exchange differences</b>		<b>63,217,783</b>	<b>1,818,454</b>	<b>27,641,060</b>
Effects of exchange differences on cash and cash equivalents		(13,571,278)	(2,280,146)	(3,187,189)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>49,646,505</b>	<b>(461,692)</b>	<b>24,453,871</b>
Cash and cash equivalents — beginning of year	<b>5</b>	79,514,434	79,976,126	55,522,255
<b>Cash and cash equivalents - end of year</b>	<b>5</b>	<b>129,160,939</b>	<b>79,514,434</b>	<b>79,976,126</b>

The accompanying notes 1 to 30 form an integral part of these financial statements



EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(Translation of consolidated financial statements originally issued in Spanish — See Note 2.2)

NOTE 1 - CORPORATE INFORMATION

Embotelladora Andina S.A. is registered under No. 00124 of the Securities Registry and is regulated by the Chilean Superintendence of Securities and Insurance (SVS) pursuant to Law 18.046.

The principal activities of Embotelladora Andina S.A. (hereafter “Andina,” and together with its subsidiaries, the “Company”) are to produce and sell Coca-Cola products and other Coca-Cola beverages. After the merger and recent acquisitions, the Company has operations in Chile, Brazil, Argentina and Paraguay. In Chile, the geographic areas in which the Company has distribution franchises are regions II, III, IV, XI, XII, Metropolitan Region, Rancagua and San Antonio. In Brazil, the Company has distribution franchises in the states of Rio de Janeiro, Espírito Santo, Niteroi, Vitoria, Nova Iguaçu, part of Sao Paulo and part of Minas Gerais. In Argentina, the Company has distribution franchises in the provinces of Mendoza, Córdoba, San Luis, Entre Ríos, Santa Fe, Rosario, Santa Cruz, Neuquén, El Chubut, Tierra del Fuego, Río Negro, La Pampa and the western zone of the Province of Buenos Aires. In Paraguay the franchised territory covers the whole country. The Company has distribution licenses from The Coca-Cola Company in all of its territories: Chile, Brazil, Argentina and Paraguay. Licenses for the territories in Chile expire in 2018 and 2019; in Argentina in 2017; in Brazil in 2017 and in Paraguay they expire in 2020. The Coca-Cola Company chooses to grant all of these licenses, and they are expected to be renewed under similar conditions on the date of expiration.

As of December 31, 2015, the Freire Group and its related companies hold 55.68% of the outstanding shares with voting rights, corresponding to the Series A shares.

The head office of Embotelladora Andina S.A. is located on Miraflores 9153, municipality of Renca, Santiago, Chile. Its taxpayer identification number is 91.144.000-8.

**NOTE 2 - BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Periods covered**

These consolidated financial statements encompass the following periods:

**Consolidated statements of financial position:** For the years ended at December 31, 2015 and 2014.

**Consolidated statements of income by function and comprehensive income:** For the periods from January 1 to December 31, 2015, 2014 and 2013.

**Consolidated statements of cash flows:** For the periods from January 1 to December 31, 2015, 2014 and 2013, using the “direct method”.

**Consolidated statements of changes in equity:** For the periods between January 1 and December 31, 2015, 2014 and 2013 .

**2.2 Basis of preparation**

The Company’s Consolidated Financial Statements for the years ended December 31, 2015 and 2014 were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB”).

As explained in note 10.1, on September 29, 2014 Law No. 20,780 was issued, which introduces modifications to the income tax system in Chile and other tax matters. On October 17, 2014 the Chilean Superintendence of Securities and Insurance (the “SVS”) issued Circular No. 856, which established that the effects of the change in the income tax rates on deferred tax assets and liabilities must be recognized directly within “Retained earnings” instead of the income statement as required by IAS 12.

In order to comply with IAS 12, financial statements as of December 31, 2014 are different to those presented to the SVS as the aforementioned effect has been recognized within the income statement. A reconciliation of such differences is presented as follows:

As of December 31, 2014

	Consolidated Financial Statements for SEC	Consolidated Financial Statements for SVS	Difference
	ThCh\$	ThCh\$	ThCh\$
Total Equity			
Equity holders of the parent			
Retained earnings			
Net income (loss) for the period	51,875,084	75,490,235	(23,615,151)
Retained earnings for the last period	195,942,855	172,327,704	23,615,151
Total retained earnings	247,817,939	247,817,939	—
Non-controlling interest			
Retained earnings			
Net income (loss) for the period	159,008	317,203	(158,195)
Retained earnings for the last period	21,544,230	21,386,035	158,195
Total retained earnings	21,703,238	21,703,238	—

The consolidated financial statements are presented under the historical cost criteria, although modified by the revaluation of certain financial instruments and derivative instruments.

The Company’s 2015 local statutory consolidated financial statements in spanish were approved by the Company’s Board of Directors on February 29, 2016, with subsequent events first being considered through that date. Those local statutory consolidated financial statements consisted of consolidated statement of financial position as of December, 31 2015 and 2014 along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows (and related disclosures), each for the two years then ended. Those consolidated financial statements were then subsequently approved by the Company’s shareholders during its April 26, 2016 meeting.

Included in this 2015 consolidated financial statements are consolidated statement of financial position as of December 31, 2015 and 2014, along with consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows (and the related disclosures) for each of the three years ended December 31, 2015, 2014 and 2013. This three year presentation of operations, changes in equity and of cash flows is required by the rules of the United States Securities and Exchange Commission. Other than such three year presentation and disclosure and the effect of the change in the income tax rates on deferred tax assets and liabilities were directly recognized within “Retained Earnings” in the Company’s 2015 local statutory consolidated financial statements instead of the income statement for the period ended December 31, 2015 , the accompanying English language IFRS consolidated financial statements are consistent with the previously issued local statutory consolidated financial statements. This three year English language IFRS consolidated financial statements were approved for issuances by the Board of Directors during a session held on April 26, 2016, with subsequent events considered through this later date.

**2.3 Basis of consolidation**

**2.3.1 Subsidiaries**

These consolidated financial statement incorporate the financial statements of the Company and the companies controlled by the Company (its subsidiaries). Control is obtained when the Company has power over the investee, when it has exposure or is entitled to variable returns from its involvement in the investee and when it has the ability to use its power to influence the amount of investor returns. They include assets and liabilities as of December 31, 2015 and 2014 and results of operations and cash flows for the years ended December 31, 2015, 2014 and 2013. Income or losses from subsidiaries acquired or sold are included in the consolidated financial statements from the effective date of acquisition through to the effective date of disposal, as applicable.

The acquisition method is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of the subsidiary is the fair value of assets transferred, equity securities issued, liabilities incurred to the former owners of the acquire or assumed on the date that control is obtained. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are accounted for initially at their fair values at the acquisition date. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. All acquisition related costs are expensed in the period incurred.

Intercompany transactions, balances, income, expenses and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Company, where necessary.

The interest of non-controlling shareholders is presented in “Non-Controlling Interest” in the consolidated income statement and Earnings attributable to non-controlling interests”, in the consolidated statement of changes in equity.

The consolidated financial statements include all assets, liabilities, income, expenses, and cash flows after eliminating intercompany balances and transactions.

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The list of subsidiaries included in the consolidation is detailed as follows:

Taxpayer ID	Name of the Company	Holding control (percentage)					
		12-31-2015			12-31-2014		
		Direct	Indirect	Total	Direct	Indirect	Total
59.144.140-K	Abisa Corp S.A.	—	99.99	99.99	—	99.99	99.99
Foreign	Aconcagua Investing Ltda.	0.71	99.28	99.99	0.71	99.28	99.99
96.842.970-1	Andina Bottling Investments S.A.	99.90	0.09	99.99	99.90	0.09	99.99
96.972.760-9	Andina Bottling Investments Dos S.A.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Andina Empaques Argentina S.A.	—	99.98	99.98	—	99.98	99.98
96.836.750-1	Andina Inversiones Societarias S.A.	99.98	0.01	99.99	99.98	0.01	99.99
76.070.406-7	Embotelladora Andina Chile S.A.	99.99	—	99.99	99.99	—	99.99
Foreign	Embotelladora del Atlántico S.A.	0.92	99.07	99.99	0.92	99.07	99.99
96.705.990-0	Envases Central S.A.	59.27	—	59.27	59.27	—	59.27
96.971.280-6	Inversiones Los Andes Ltda.	99.99	—	99.99	99.99	—	99.99
Foreign	Paraguay Refrescos S.A.	0.08	97.75	97.83	0.08	97.75	97.83
76.276.604-3	Red de Transportes Comerciales Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Rio de Janeiro Refrescos Ltda.	—	99.99	99.99	—	99.99	99.99
78.536.950-5	Servicios Multivending Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
78.775.460-0	Sociedad de Transportes Trans-Heca Limitada	—	99.99	99.99	—	99.99	99.99
78.861.790-9	Transportes Andina Refrescos Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
96.928.520-7	Transportes Polar S.A.	99.99	—	99.99	99.99	—	99.99
76.389.720-6	Vital Aguas S.A.	66.50	—	66.50	66.50	—	66.50
93.899.000-k	Vital Jugos S.A.	15.00	50.00	65.00	15.00	50.00	65.00

2.3.2 Investments accounted for under the equity method

Associates are all entities over which the Company exercises significant influence but does not have control. Investments in associates are accounted for using the equity method of accounting.

The Company’s share in profit or loss in associates subsequent to the acquisition date is recognized in the income statement, and its share of post acquisition movements in other comprehensive income is recognized in OCI with corresponding adjustment to the carrying amount of the investment.

Unrealized gains in transactions between the Company and its associates are eliminated to the extent of the Company’s interests in those associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred. Accounting policies of the associates are changed, where necessary, to ensure conformity with the policies adopted by the Company.

2.4 Financial reporting by operating segment

IFRS 8 requires that entities disclose information on the results of operating segments. In general, this is information that Management and the Board of Directors use internally to assess performance of segments and allocate resources to them. Therefore, the following operating segments have been determined based on geographic location:

- Chilean operations
- Brazilian operations
- Argentine operations
- Paraguayan operations

2.5 Foreign currency translation

2.5.1 Functional currency and presentation currency

Items included in the financial statements of each of the entities in the Company are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Chilean pesos, which is the parent company’s functional currency and the Company’s presentation currency.

2.5.2 Balances and transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing on the dates of the transactions. Losses and gains in foreign currency resulting from the liquidation of these transactions and the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currency are recognized in the income statements under foreign exchange rate differences, except when they correspond to cash flow hedges; in which case they are presented in the statement of comprehensive income.

The exchange rates at the close of each of the periods presented were as follows:

Date	Exchange rate to the Chilean peso					
	US\$ dollar	R\$ Brazilian Real	A\$ Argentine Peso	UF Unidad de Fomento	Paraguayan Guaraní	€ Euro
12.31.2015	710.16	181.87	54.46	25,629.09	0.1217	774.61
12.31.2014	606.75	228.43	70.96	24,627.10	0.1311	738.05
12.31.2013	524.61	223.94	80.45	23,309.56	0.1144	724.30

2.5.3 Translation of foreign subsidiaries

The financial position and results of all entities in the Company (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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- (i) Assets and liabilities for the statement of financial position are translated at the closing exchange rate as of the reporting date;
- (ii) Income and expenses of the income statement are translated at average exchange rates for the period; and
- (iii) All resulting translation differences are recognized in other comprehensive income.

The companies that have a functional currency different from the presentation currency of the parent company are:

Company	Functional currency
Rio de Janeiro Refrescos Ltda.	R\$Brazilian Real
Embotelladora del Atlántico S.A.	A\$Argentine Peso
Andina Empaques Argentina S.A.	A\$Argentine Peso
Paraguay Refrescos S.A.	G\$Paraguayan Guaraní

In consolidation, translation differences arising from the translation of net investments in foreign entities are recognized in other comprehensive income. Exchange differences from accounts receivable which are considered to be part of an equity investment are recognized as comprehensive income net of deferred taxes, if applicable. On disposal of the investment, such translation differences are recognized in the income statement as part of the gain or loss on the disposal of the investment.

**2.6 Property, plant, and equipment**

Assets included in property, plant and equipment are recognized at their historical cost or fair value on the IFRS transition date, less depreciation and cumulative impairment losses.

Historical cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the items less government subsidies resulting from the difference between market interest rates and the government’s preferential credit rates. Historical cost also includes revaluations and price-level restatements of opening balances (attributable cost) at January 1, 2009, in accordance with the exemptions in IFRS 1.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the items of property, plant and equipment will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement in the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The estimated useful lives by asset category are:

Assets	Range in years
Buildings	30-50
Plant and equipment	10-20
Warehouse installations and accessories	10-30
Software licenses, furniture and supplies	4-5
Motor vehicles	5-7
Other property, plant and equipment	3-8
Bottles and containers	2-8



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The residual value and useful lives of assets are reviewed and adjusted at the end of each financial statement reporting period, if appropriate.

When the value of an asset is greater than its estimated recoverable amount, the value is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant, and equipment are calculated by comparing the proceeds to the carrying amount and are charged to the income statement.

If there are items available for sale, and comply with the conditions of IFRS 5 “Non-current assets held for sale and discontinued operations” are separated from property, plant and equipment and are presented within current assets at the lower value between the book value and its fair value less selling costs.

**2.7 Intangible assets and Goodwill**

**2.7.1 Goodwill**

Goodwill represents the excess of the consideration transferred over the Company’s interest in the net fair value of the net identifiable assets of the subsidiary and the fair value of the non-controlling interest in the subsidiary on the acquisition date. Goodwill is recognized separately and tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses.

Gains and losses on the sale of an entity include the carrying amount of goodwill related to that entity.

Goodwill is assigned to each cash generating unit (CGU) or group of cash-generating units; from where it is expected to benefit from the synergies arising from the business combination. Such CGUs or groups of CGUs represent the lowest level in the organization at which goodwill is monitored for internal management purposes.

**2.7.2 Distribution rights**

Distribution rights are contractual rights to produce and distribute products under the Coca-Cola brand in certain territories in Argentina, Brazil, Chile and Paraguay which were acquired during Business Combination. Distribution rights have an indefinite useful life and are not amortized, as the Company believes that the agreements will be renewed indefinitely by the Coca-Cola Company with similar terms and conditions. They are subject to impairment tests on an annual basis.

**2.7.3 Software**

Carrying amounts correspond to internal and external software development costs, which are capitalized once the recognition criteria in IAS 38, *Intangible Assets*, have been met. Software is amortized in administrative expenses in the consolidated income statement over a period of four years.

**2.8      Impairments of non-financial assets**

Assets that have an indefinite useful life, such as intangibles related to distribution rights and goodwill, are not amortized and are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Assets that are subject to amortization are tested for impairment whenever there is an event or change in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the greater of an asset’s fair value less costs to sell or its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**2.9      Financial assets**

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial assets held to maturity, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At each reporting date the Company assesses if there is evidence of impairment for any asset or group of financial assets.

**2.9.1      Financial assets at fair value through profit or loss**

Fair value financial assets with changes in results are financial assets available for sale in the short term. A financial asset is classified under this category if it is acquired mainly for the purpose of selling it in the short term. Assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated as hedges.

Gains or losses from changes in fair value of financial assets at fair value through profit and loss are recognized in the income statement under financial income or expense during the year in which they incur.

**2.9.2      Loans and receivables**

Loans and accounts receivable are financial assets with fixed and determinable payments that are not quoted in an active market period. Loans and receivables are not quoted in an active market. They are included in current assets, unless they are due more than 12 months from the reporting date, in which case they are classified as non-current assets. Loans and receivables are included in trade and other receivables in the consolidated statement of financial position and they are recorded at their amortized cost less a provision for impairment.

An impairment is recorded on trade accounts receivable when there is objective evidence that the Company may not be able to collect the full amount according to the original terms of the receivable, based either on individual or on global aging analyses. The loss is recognized in administrative expenses in the consolidated income statement.

**2.9.3      Financial assets held to maturity**

Other financial assets corresponds to bank deposits that the Company’s management has the positive intention and ability to hold until their maturity. They are recorded in current assets because they mature in less than 12 months from the reporting date and are carried at cost, which approximates their fair value considering their short-term nature.

Accrued interest is recognized in the consolidated income statement under financial income during the year in which it occurs.

**2.10      Derivatives financial instruments and hedging activities**

The Company uses derivative financial instruments to mitigate risks relating to changes in foreign currency and exchange rates associated with raw materials, property, plant and equipment, and loan obligations.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

**2.10.1     Derivative financial instruments designated as cash flow hedges**

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated income statement within “other gains (losses)”

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when foreign currency denominated financial liabilities are translated into their functional currencies). The gain or loss relating to the effective portion of cross currency swaps hedging the effects of changes in foreign exchange rates are recognized in the consolidated income statement within “foreign exchange differences”. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement.

**2.10.2     Derivative financial instruments not designated for hedging**

The fair value of derivative financial instruments that do not qualify for hedge accounting pursuant to IFRS are immediately recognized in the consolidated income statement under “Other income and losses”. The fair value of these derivatives are recorded under “other current financial assets” or “other current financial liabilities” in the statement of financial position.”

The Company does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in financial instrument contracts to determine whether their characteristics and risks are closely related to the master agreement, as stipulated by IAS 39.

**Fair value hierarchy**

The Company records assets and liabilities as of December 31, 2015 and 2014 based on its derivative foreign exchange contracts, which are classified within other financial assets (current assets and non-current) and other current financial liabilities (current and non-current financial liabilities), respectively. These contracts are carried at fair value in the statement of financial position. The Company uses the following hierarchy for determining and disclosing financial instruments at fair value by valuation method:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data information.

During the year ended December 31, 2015, there were no transfers of items between fair value measurement categories. All of which were valued during the period using Level 2.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs and manufacturing overhead (based on operating capacity) to bring the goods to marketable condition, but it excludes interest expense. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Estimates are also made for obsolescence of raw materials and finished products based on turnover and age of the related goods.

**2.12 Trade receivables**

Trade accounts receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, given their short term nature. A provision for impairment is made when there is objective evidence that the Company may not be able to collect the full amount according to the original terms of the receivable, based either on individual or on global aging analyses. The carrying amount of the asset is reduced by the provision amount and the loss is recognized in administrative expenses in the consolidated income statement.

**2.13 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, time deposits with banks and other short-term highly liquid and low risk of change in value investments with original maturities of three months or less.

**2.14 Other financial liabilities**

Resources obtained from financial institutions as well as the issuance of debt securities are initially recognized at fair value, net of costs incurred during the transaction. Then, liabilities are valued by accruing interests in order to equal the current value with the future value of liabilities payable, using the effective interest rate method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualified assets, considered as those that require a substantial period of time in order to get ready for their forecasted use or sale, are added to the cost of those assets until the period in which the assets are substantially ready to be used or sold, no borrowing costs have been capitalized. For the years ended December 31, 2015, 2014 and 2013.

**2.15 Government subsidies**

Government subsidies are recognized at fair value when it is certain that the subsidy will be received and that the Company will meet all the established conditions.

Subsidies for operating costs are deferred and recognized on the income statement in the period that the operating costs are incurred.

Subsidies for purchases of property, plant and equipment are deducted from the costs of the related asset in property, plant and equipment and depreciation is recognized on the income statement, on a straight-line basis during the estimated useful life of the related asset.

**2.16 Income tax**

The Company and its subsidiaries in Chile account for income tax according to the net taxable income calculated based on the rules in the Income Tax Law. Subsidiaries in other countries account for income taxes according to the tax regulations of the country in which they operate.

Deferred income taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using the tax rates that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The Company does not recognize deferred income taxes for temporary differences from investments in subsidiaries in which the Company can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future, the amount of deferred tax not recognized in this connection amounted to ThCh\$77,921,832 at December 31, 2015 (ThCh\$62,662,666 at December 31, 2014).

**2.17 Employee benefits**

The Company has a provision to cover indemnities for years of service which will be paid to employees in accordance with individual and collective agreements subscribed with employees, which is recorded at actuarial value in accordance with IAS 19.

Results from updated of actuarial variables are recorded within other comprehensive income.

Additionally the Company has retention plans for some officers which have a provision pursuant to the guidelines of each plan. These plans grant the right to certain officers to receive a cash payment on a certain date once they have fulfilled with the required years of service.

The Company and its subsidiaries have recorded a provision to account for the cost of vacations and other employee benefits on an accrual basis. These liabilities are recorded under employee benefits current provisions.

**2.18 Provisions**

Provisions for litigation and other contingencies are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**2.19 Leases**

**a) Operating leases**

Operating lease payments are recognized as an expense on a straight-line basis over the term of the lease.

**b) Finance leases**

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges.

The interest element is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



**2.20      Deposits for returnable containers**

This liability comprises of cash collateral, or deposit, received from customers for bottles and other returnable containers made available to them.

This liability pertains to the deposit amount that is reimbursed when the customer or distributor returns the bottles and containers in good condition, together with the original invoice. The liability is estimated based on the number of bottles given to clients and distributors, the estimated amount of bottles in circulation, and a historical average weighted value per bottle or containers.

Deposits for returnable containers are presented as a current liability in other financial liabilities because the Company does not have legal rights to defer settlement for a period in excess of one year. However, the Company does not anticipate any material cash settlements for such amounts during the upcoming year.

**2.21      Revenue recognition**

Revenues from regular activities include fair value of the consideration received or to be received for goods sold during the regular course of the Company’s activities. This revenue is presented net of VAT, reimbursements, deductions and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the Company.

Revenues are recognized once the products are physically delivered to customers.

**2.22      Contributions of The Coca-Cola Company**

The Company receives certain discretionary contributions from The Coca-Cola Company related to the financing of advertising and promotional programs for its products in the territories where it has distribution licenses. The contributions received are recorded as a reduction in marketing expenses in the consolidated income statement. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

In certain limited situations, there is a legally binding agreement with The Coca-Cola Company through which the Company receives contributions for the building and acquisition of specific items of property, plant and equipment. In such situations, payments received pursuant to these agreements are recorded as a reduction of the cost of the related assets.

**2.23      Dividend payments**

Dividend distribution to Company shareholders is recorded as a liability in the Company’s consolidated financial statements, considering the 30% minimum dividend of the period’s earnings established by Chilean Corporate Law.

**2.24      Critical accounting estimates and judgments**

The Company makes estimates and judgments concerning the future. Actual results may differ from previously estimated amounts. The estimates and judgments that might have a material impact on future financial statements are explained below:

**2.24.1 Impairment of goodwill and intangible assets with indefinite useful lives**

The Company test annually whether goodwill and intangible assets with indefinite useful life (such as distribution rights) have suffered any impairment. The recoverable amounts of cash generating units are generating units are determined based on value in use calculations. The key variables used in the calculations include sales volumes and prices, discount rates, marketing expenses and other economic factors including inflation. The estimation of these variables requires an use of estimates and judgments as they are subject to inherent uncertainties; however, the assumptions are consistent with the Company’s internal planning end past results. Therefore, management evaluates and updates estimates according to the conditions affecting the variables. If these assets are considered to have been impaired, they will be written off at their estimated fair value or future recovery value according to the discounted cash flows analysis. Discounted cash flows in the Company’s cash generating units in Chile, Brazil, Argentina and Paraguay generated a higher value than the carrying values of the respective net assets, including goodwill.

**2.24.2 Fair Value of Assets and Liabilities**

IFRS requires in certain cases that assets and liabilities be recorded at their fair value. Fair value is the amount at which an asset can be purchased or sold or a liability can be incurred or liquidated in an actual transaction among parties under mutually independently agreed conditions which are different from a forced liquidation.

The basis for measuring assets and liabilities at fair value are their current prices in an active market. For those that are not traded in an active market, the Company determines fair value based on the best information available by using valuation techniques.

In the case of the valuation of intangibles recognized as a result of acquisitions from business combinations, the Company estimates the fair value based on the “multi-period excess earning method”, which involves the estimation of future cash flows generated by the intangible assets, adjusted by cash flows which do not come from these, but from other assets. The Company also applies estimations over the time period during which the intangible assets will generate cash flows, cash flows from other assets, and a discount rate.

Other assets acquired and liabilities assumed in a business combination are carried at fair value using valuation methods that are considered appropriate under the circumstances. Assumptions include the depreciated cost of recovery and recent transaction values for comparable assets, among others. These valuation techniques require certain inputs to be estimated, including the estimation of future cash flows.

**2.24.3 Allowances for doubtful accounts**

The Company evaluates the collectability of trade receivables using several factors. When the Company becomes aware of a specific inability of a customer to fulfill its financial commitments, a specific provision for doubtful accounts is estimated and recorded, which reduces the recognized receivable to the amount that the Company estimates to be able to collect. In addition to specific provisions, allowances for doubtful accounts are also determined based on historical collection history and a general assessment of trade receivables, both outstanding and past due, among other factors.

**2.24.4 Useful life, residual value and impairment of property, plant, and equipment**

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of those assets. Changes in circumstances, such as technological advances, changes to the Company’s business model, or changes in its capital strategy might modify the effective useful lives as compared to our estimates. Whenever the Company determines that the useful life of property, plant and equipment might be shortened, it depreciates the excess between the net book value and the estimated recoverable amount according to the revised remaining useful life. Factors such as changes in the planned usage of manufacturing equipment, dispensers, transportation equipment and computer software could make the useful lives of assets shorter. The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of any of those assets may not be recovered. The estimate of future cash flows is based, among other factors, on certain assumptions about the expected operating profits in the future. The Company’s estimation of discounted cash flows may differ from actual cash flows because of, among other reasons, technological changes, economic conditions, changes in the business model, or changes in operating profit. If the sum of the projected discounted cash flows (excluding interest) is less than the carrying amount of the asset, the asset shall be written-off to its estimated recoverable value.

**2.24.5 Liabilities for deposits of returnable container**

The Company records a liability for deposits received in exchange for bottles and containers provided to its customers and distributors. This liability represents the amount of deposits that must be reimbursed if the customer or distributor returns the bottles and containers in good condition, together with the original invoice. This liability is estimated on the basis of the number of bottles given on loan to customers and distributors, estimates of bottles in circulation and the weighted average historical cost per bottle or container. Management makes several assumptions in order to estimate this liability, including the number of bottles in circulation, the amount of deposit that must be reimbursed and the timing of disbursements.

**2.25 New IFRS and interpretations of the IFRS Interpretations Committee (IFRSIC)**

**a) The following standards, interpretations and amendments have been adopted in these consolidated financial statements:**

Amendment to IAS 19 “Employee Benefits” regarding defined benefit plans — published November 2013. This amendment applies to the contributions to the defined benefit plans made by employees or third parties. The purpose of these amendments is to simplify accounting for contributions which are independent of the number of years of service of employees, for example, employee contributions are calculated in accordance with a salary fixed percentage.

Improvements to International Financial Reporting Standards (2012)  
Issued in December 2013.

IFRS 3 “Business Combinations” — this standard is amended to clarify that the obligation to pay a contingent consideration that complies with the definition of financial instrument is classified as a financial liability or equity based on the definitions of IAS 32 and that every non-equity contingent consideration, financial as well as non-financial, is measured at its fair value on the date of each presentation, with changes in fair value being presented in profit and loss. Consequently, changes are also made to IFRS 9, IAS 37 and IAS 39. The amendment will be prospectively applied to business combinations acquired on or after July 1, 2014.

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IFRS 8 “Operating segments” — The standard is amended to include the requirement to disclose judgments made by management in applying the aggregation criteria to operating segments. The standard is further amended to require a reconciliation of the segments’ assets to the entity’s assets when assets by segment are reported.

IFRS 13 “Fair value measurement” IASB has amended the base of conclusions of IFRS 13 to clarify that it has not removed the ability to measure short-term accounts receivables and payables if the effect of restatement is immaterial.

IAS 16, “Property, plant and equipment” and IAS 38, “Intangible assets”- Both standards are amended to clarify how gross value and accumulated depreciation is accounted for when the entity uses the revaluation method.

IAS 24, “Related parties disclosures” — The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the “managing entity”)

***Improvements to International Financial Reporting Standards (2013)***  
**Issued in December 2013.**

IFRS 3 “Business Combinations” - The standard is amended to clarify that IFRS 3 is not applicable to accounting of a joint venture under IFRS 11. The amendment also clarifies that the exemption scope is only applied to the financial statements of the joint agreement in itself.

IFRS 13 “Fair Value Measurement” - Clarifies that the portfolio exemption under IFRS 13, which allows an entity to measure fair value of a group of financial assets and liabilities over its net value, is applicable to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. An entity must apply amendments for future periods from the beginning of the yearly period in which IFRS 13 is applied.

The adoption of standards, amendments and interpretations have no significant impact on the consolidated financial statements of the Company.

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b) The new standards, interpretations and amendments issued, which are not in force for the 2015 period, for which no early adoption has been adopted are as follow:

Standards and interpretations	Mandatory for the years beginning
IFRS 9 “Financial Instruments” — Published in July 2014. IASB has published the complete version of IFRS 9 that replaces the application guide for IAS 39. This final version includes requirements relating to classification and measurement of financial assets and liabilities and a model of expected credit losses that replaces the incurred loss impairment model. Regarding hedge accounting that forms part of this final version of IFRS 9, it had already been published in November 2013.	01/01/2018
IFRS 15 “Revenues from contracts with customers” — Published in May 2014. It sets the principles that should be applied by an entity for the presentation of useful information to financial statements users regarding the nature, amount, opportunity and uncertainty of revenues and cash flows from contracts with customers. The base principal is that an entity will recognize revenues that represent the transfer of goods or services committed to customers in an amount that reflects the consideration to which the entity expects to have a right to in exchange for those goods or services. Its application replaces IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programs; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue - Barter Transactions Involving Advertising Services. Early application is allowed.	01/01/2018
IFRS 16 “Leases” — Published in January 2016, it replaces the current guidelines of IAS 17. Some fundamental changes of the new IFRS 16 are related to the following: Lessees are required to record a lease liability reflecting payments of future leases and a “right to use the asset” for almost “all of the lease agreements; for lessors accounting remains the same. An optional exception is included for some short-term leases and for the lease of assets of a lower value that can be applied by the lessees. Early adoption is allowed if IFRS 15 is also applied.	01/01/2019

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Amendments and improvements	Mandatory for the years beginning from
IFRS 11 “Joint arrangements” — regarding the acquisition of ownership in a joint operation — Published in May 2014- This amendment incorporates a guideline to the standard regarding how to account the acquisition of an ownership of a joint operation that constitutes a business, specifying how these acquisitions shall be accordingly treated.	01/01/2016
IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”- The amendment clarifies that the use of asset amortization methods based on revenue is not appropriate, given that the revenue generated by the activity that includes use of assets generally reflects other factors different from the use of economic benefits embedded in the asset. Likewise, it clarifies that revenues in general are an inappropriate base to measure consumption of economic benefits embedded in the intangible asset.	01/01/2016
Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in associates and joint ventures.” Published in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and those of IAS 28 in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a complete gain or loss is recognized when a transaction involves a business (within a subsidiary or not) and a partial earning or loss when the transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.	01/01/2016
Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investment in associates and joint ventures.” Published in December 2014. The amendment clarifies the application of the consolidation exception for investment entities and its subsidiaries. Amendment to IFRS 10 clarifies the consolidation exception available to group structure entities that include investment entities. Amendment to IAS 28 allows an option of accounting policy in the application of the equity method to a non-investment entity that participates in an associate of joint venture of an investment entity. The entity may choose to keep the fair value measurement applied by the associate or joint venture that is an investment entity, or instead, consolidate with the investment entity (associate or joint venture).	01/01/2016
Amendment to IAS 1 “Presentation of Financial Statements” Published in December 2014. The amendment clarifies the guidance on the application of IAS 1 on materialness, aggregation, presentation of sub-totals, financial statements structure and disclosure of accounting policies. The amendments are part of IASB’s Disclosure Initiatives.	01/01/2016
IFRS 7 “Financial instruments: disclosures.” There are two amendments to IFRS 7: (1) Servicing contracts: if an entity transfers a financial asset to a third party under conditions that will allow the transferee to write off the asset, IFRS 7 requires to disclose all continuing involvement that the entity may have in the transferred assets.	01/01/2016



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IFRS 7 gives guidance on the meaning of continuing involvement in this context. The amendment is prospective with an option of a retroactive application. This also affects IFRS 1 in order to grant the same option to first-time users of IFRS. (2)Interim financial statements: the amendment clarifies that the additional disclosures required by the amendments to IFRS 7, “Compensation of financial assets and financial liabilities” are not specifically required for the interim periods, unless required by IAS 34. The amendment is retroactive.

IFRS 19 “Employee Benefits” - The amendment clarifies that in order to determine the liabilities’ discount rate for post-employment benefits it should be denominated in the same currency as the benefits to be paid and not the currency from the country where it has been generated. The evaluation of the existence of a broad market for high quality corporate bonds is based on corporate bonds denominated in that currency, not on corporate bonds from a specific country. Likewise, where a broad market for high quality corporate bonds in that currency does not exist, government bonds should be used in the corresponding currency. The amendment is retroactive but limited to the beginning of the first period presented.

IAS 34 “Interim Financial Reporting” The amendment clarifies the meaning of “elsewhere in the interim report”. The new amendment to IAS 34 requires a cross-reference of the interim financial statements as to the location of said information. The amendment is retroactive.

Management is analyzing the potential impact on the Company’s consolidated financial statements of the adoption of the previously mentioned new standards, amendments and interpretations, especially *IFRS 9 Financial Instruments*, *IFRS 15 Revenues form customer contracts* and *IFRS 16 Leases*.

NOTE 3 — BUSINESS COMBINATIONS

Acquisition of Companhia de Bebidas Ipiranga:

On June 18, 2013 the Board of Directors of Embotelladora Andina S.A., unanimously approved the acquisition of the Brazilian company Companhia de Bebidas Ipiranga. The aforementioned company is dedicated to the marketing and distribution of Coca-Cola products in parts of the territories of São Paulo and Minas Gerais, serving approximately 23,000 customers. Such approval was reflected in a purchase and sale agreement signed on July 10, 2013.

After the transaction was approved by Coca-Cola and the Administrative Council of Economic Defense of Brazil, on October 11, 2013 the Brazilian subsidiary, Rio de Janeiro Refrescos Ltda., completed the acquisition of 100% of the shares of Companhia de Bebidas Ipiranga. The acquisition price was ThR\$1,155,446 (equivalent to ThCh\$ 261,244,818) and was paid in cash by Rio de Janeiro Refrescos Ltda. using proceeds from intercompany loans and a capital contribution from the parent.

Transaction costs of ThCh\$ 578,864 were charged to results at the time they were incurred, and were recorded as other expenses within the Company’s consolidated income statement.

Estimated fair value of the net assets acquired of Companhia de Bebidas Ipiranga is as follows:

	ThCh\$
Total current assets acquired, including cash in the amount of ThCh\$8,963,612	14,117,173
Trade accounts receivable	11,462,843
Inventories	6,930,932
Property, plant and equipment	68,575,023
Deferred tax assets	85,404,849
Other non-current assets	6,702,764
Contractual rights to distribute Coca-Cola products (“Distribution Rights”)	228,359,641
<b>Total assets</b>	<b>421,553,225</b>
Indebtedness	(30,392,168)
Suppliers	(12,471,093)
Contingencies (refer to note 22.1)	(70,902,559)
Deferred taxes	(91,830,873)
Other liabilities	(9,966,908)
<b>Total liabilities</b>	<b>(215,563,601)</b>
Net asset acquired	205,989,624
Goodwill	55,255,194
<b>Total value transferred (purchase price)</b>	<b>261,244,818</b>

The fair value of distribution rights and property, plant and equipment, was calculated by the Company, using valuation models such as discounted cash flows. Distribution rights are expected to be tax deductible for income tax purposes.

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The Company expects to recover goodwill through synergies related to the available production capacity. Goodwill has been assigned to the Company’s cash generating unit in Brazil for an amount of ThCh\$55,255,194 and it is expected that goodwill may be tax deductible for tax income purposes.

During 2014, and using the guidelines in IFRS 3 “Business Combinations” that allows to adjust values assigned to an acquisition resulting from knowledge of new information not available at the time of initial recognition, there has been a decrease in the value for the provisions for the contingencies from Sociedad Brasileira Companhia de Bebidas Ipiranga for lawsuits that already existed at the date of acquisition for an amount of ThCh\$442,977, a value of ThCh\$292,365 net of taxes was assigned to the goodwill of that acquisition.

The condensed income statement of Companhia de Bebidas Ipiranga for the period October 11, 2013 to Deceber 31, 2013 is as follows:

	Million\$
Net sales	49,336
Income before taxes	4,764
Net income	5,366

Embotelladora Andina S.A.’s proforma condensed income statement at December 31, 2013, as if the acquisition would have occurred on January 1, 2013 is as follows:

	(Unaudited) Million\$
Net sales	1,640,705
Income before taxes	111,320
Net income	86,423

**NOTE 4 — REPORTING BY SEGMENT**

The Company provides information by segments according to IFRS 8 “Operating Segments,” which establishes standards for reporting by operating segment and related disclosures for products and services, and geographic areas.

The Company’s Board of Directors and Management measures and assesses performance of operating segments based on the operating income of each of the countries where there are Coca-Cola franchises.

The operating segments are determined based on the presentation of internal reports to the Company’s chief operating decision-maker. The chief operating decision-maker has been identified as the Company’s Board of Directors who makes the Company’s strategic decisions.

The following operating segments have been determined for strategic decision making based on geographic location:

- Chilean operations
- Brazilian operations
- Argentine operations
- Paraguayan operations

The four operating segments conduct their businesses through the production and sale of soft drinks and other beverages, as well as packaging materials.

Expenses associated with the Corporate Office were allocated to the operation in Chile since Chile is the country that manages and pays for corporate expenses, which also are substantially incurred independently from the existence of foreign subsidiaries.

Total revenues by segment include sales to unrelated customers and inter-segments, as indicated in the consolidated statement of income.

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A summary of the Company’s operating segments in accordance to IFRS is as follows:

For the period ended December 31, 2015	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Softdrinks	375,993,430	523,460,939	417,508,814	105,709,646	(281,091)	1,422,391,738
Other beverages	138,739,166	93,409,514	189,538,968	24,329,754	—	446,017,402
Packaging	—	10,387,685	—	—	(1,402,569)	8,985,116
Net sales	514,732,596	627,258,138	607,047,782	130,039,400	(1,683,660)	1,877,394,256
Cost of sales	(309,387,177)	(351,139,902)	(369,212,113)	(78,650,614)	1,683,660	(1,106,706,146)
Distribution expenses	(51,642,087)	(97,485,454)	(46,571,390)	(6,791,861)	—	(202,490,792)
Administrative expenses	(105,959,018)	(115,611,438)	(109,802,964)	(21,227,426)	—	(352,600,846)
Finance income	1,859,795	1,669,559	6,239,526	349,495	—	10,118,375
Finance expense	(16,699,299)	(3,916,370)	(35,021,529)	(32,019)	—	(55,669,217)
Interest expense, net	(14,839,504)	(2,246,811)	(28,782,003)	317,476	—	(45,550,842)
Share of the entity in income of associates accounted for using the equity method, total	777,620	—	(3,105,449)	—	—	(2,327,829)
Income tax expense	(14,949,823)	(16,740,817)	(6,887,666)	(3,064,256)	—	(41,642,562)
Other income (loss)	(15,363,727)	(9,902,996)	(10,809,496)	(1,901,094)	—	(37,977,313)
Net income of the segment reported	3,368,880	34,130,720	31,876,701	18,721,625	—	88,097,926
Depreciation and amortization	40,083,270	21,171,806	26,572,048	12,805,208	—	100,632,332
Current assets	256,380,151	111,228,338	145,809,121	33,992,246	—	547,409,856
Non current assets	668,605,326	102,027,611	631,923,188	259,395,043	—	1,661,951,168
Segment assets, total	924,985,477	213,255,949	777,732,309	293,387,289	—	2,209,361,024
Carrying amount in associates and joint ventures accounted for using the equity method, total	17,793,784	—	36,396,762	—	—	54,190,546
Capital expenditures and other	50,042,740	30,056,170	25,745,746	7,469,941	—	113,314,597
Current liabilities	81,766,688	113,185,338	164,173,404	21,448,780	—	380,574,210
Non-current liabilities	571,635,493	6,708,979	381,506,922	17,401,120	—	977,252,514
Segment liabilities, total	653,402,181	119,894,317	545,680,326	38,849,900	—	1,357,826,724
Cash flows provided by in Operating Activities	105,897,100	83,290,552	66,272,643	9,448,935	—	264,909,230
Cash flows used in Investing Activities	(40,431,754)	(28,732,653)	(29,150,493)	(4,816,170)	—	(103,131,070)
Cash flows provided by (used in) Financing Activities	(50,804,304)	(15,529,951)	(31,576,973)	(649,149)	—	(98,560,377)

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For the period ended December 31, 2014	Chile Operation ThCh\$	Argentina Operation ThCh\$	Brazil Operation ThCh\$	Paraguay Operation ThCh\$	Intercompany Eliminations ThCh\$	Consolidated Total ThCh\$
Softdrinks	363,123,062	391,798,772	490,931,489	106,579,478	(190,520)	1,352,242,281
Other beverages	128,948,478	61,533,214	224,796,810	22,916,498	—	438,195,000
Packaging	—	7,670,802	—	—	(908,206)	6,762,596
<b>Net sales</b>	<b>492,071,540</b>	<b>461,002,788</b>	<b>715,728,299</b>	<b>129,495,976</b>	<b>(1,098,726)</b>	<b>1,797,199,877</b>
Cost of sales	(296,893,869)	(265,287,659)	(440,654,978)	(79,505,628)	1,098,726	(1,081,243,408)
Distribution expenses	(50,807,225)	(74,059,744)	(55,131,215)	(7,044,659)	—	(187,042,843)
Administrative expenses	(101,676,504)	(87,897,233)	(130,689,621)	(21,877,574)	—	(342,140,932)
Finance income	3,453,892	240,844	4,680,739	280,148	—	8,655,623
Finance expense	(16,939,606)	(8,416,222)	(39,454,670)	(270,933)	—	(65,081,431)
<b>Interest expense, net</b>	<b>(13,485,714)</b>	<b>(8,175,378)</b>	<b>(34,773,931)</b>	<b>9,215</b>	<b>—</b>	<b>(56,425,808)</b>
Share of the entity in income of associates accounted for using the equity method, total	(212,439)	—	1,403,408	—	—	1,190,969
Income tax expense	(28,215,677)	(5,904,815)	(8,959,990)	(2,273,953)	—	(45,354,435)
Other income (loss)	(21,101,524)	(5,814,509)	(6,900,864)	(332,431)	—	(34,149,328)
<b>Net income of the segment reported</b>	<b>(20,321,412)</b>	<b>13,863,450</b>	<b>40,021,108</b>	<b>18,470,946</b>	<b>—</b>	<b>52,034,092</b>
Depreciation and amortization	38,707,146	18,372,306	32,702,078	13,185,395	—	102,966,925
Current assets	252,116,763	100,705,367	165,690,695	35,223,376	—	553,736,201
Non current assets	640,425,454	126,044,044	664,110,834	284,856,758	—	1,715,437,090
<b>Segment assets, total</b>	<b>892,542,217</b>	<b>226,749,411</b>	<b>829,801,529</b>	<b>320,080,134</b>	<b>—</b>	<b>2,269,173,291</b>
Carrying amount in associates and joint ventures accounted for using the equity method, total	17,684,657	—	48,365,556	—	—	66,050,213
Capital expenditures and other	45,109,547	25,724,227	30,280,491	13,102,590	—	114,216,855
Current liabilities	86,641,700	125,942,946	172,228,688	25,399,093	—	410,212,427
Non-current liabilities	527,235,725	15,151,169	379,280,707	18,295,530	—	939,963,131
<b>Segment liabilities, total</b>	<b>613,877,425</b>	<b>141,094,115</b>	<b>551,509,395</b>	<b>43,694,623</b>	<b>—</b>	<b>1,350,175,558</b>
Cash flows provided by in Operating Activities	84,409,260	31,798,589	76,107,895	23,198,687	—	215,514,431
Cash flows used in Investing Activities	(100,090,488)	(25,297,402)	(25,663,739)	(15,724,107)	—	(166,775,736)
Cash flows provided by (used in) Financing Activities	(2,382,266)	(11,603,894)	(31,087,316)	(1,846,765)	—	(46,920,241)

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For the period ended December 31, 2013	Chile Operation ThCh\$	Argentina Operation ThCh\$	Brazil Operation ThCh\$	Paraguay Operation ThCh\$	Intercompany Eliminations ThCh\$	Consolidated Total ThCh\$
Softdrinks	357,175,049	389,768,200	359,500,578	94,313,713	(1,137,508)	1,199,620,032
Other beverages	120,742,893	45,345,896	132,360,694	17,939,818	—	316,389,301
Packaging	—	6,115,002	—	—	(443,000)	5,672,002
<b>Net sales</b>	<b>477,917,942</b>	<b>441,229,098</b>	<b>491,861,272</b>	<b>112,253,531</b>	<b>(1,580,508)</b>	<b>1,521,681,335</b>
Cost of sales	(283,987,524)	(250,550,829)	(308,359,706)	(73,500,197)	1,580,508	(914,817,748)
Distribution expenses	(46,133,420)	(70,901,210)	(39,999,942)	(5,988,113)	—	(163,022,685)
Administrative expenses	(94,360,894)	(80,644,714)	(80,841,396)	(16,709,434)	—	(272,556,438)
Finance income	1,751,973	48,638	3,035,143	137,558	—	4,973,312
Finance expense	(16,619,213)	(5,407,881)	(6,524,560)	(392,369)	—	(28,944,023)
<b>Interest expense, net</b>	<b>(14,867,240)</b>	<b>(5,359,243)</b>	<b>(3,489,417)</b>	<b>(254,811)</b>	<b>—</b>	<b>(23,970,711)</b>
Share of the entity in income of associates accounted for using the equity method, total	724,629	—	58,789	—	—	783,418
Income tax expense	(15,339,760)	(7,743,806)	1,853,334	(1,736,032)	—	(22,966,264)
Other income (loss)	(13,023,761)	(8,434,348)	(12,573,197)	(832,377)	—	(34,863,683)
<b>Net income of the segment reported</b>	<b>10,929,972</b>	<b>17,594,948</b>	<b>48,509,737</b>	<b>13,232,567</b>	<b>—</b>	<b>90,267,224</b>
Depreciation and amortization	35,967,369	17,282,433	19,611,566	10,475,516	—	83,336,884
Current assets	205,826,948	89,031,091	141,763,935	23,962,112	—	460,584,086
Non current assets	632,472,652	129,560,418	609,181,470	251,162,684	—	1,622,377,224
<b>Segment assets, total</b>	<b>838,299,600</b>	<b>218,591,509</b>	<b>750,945,405</b>	<b>275,124,796</b>	<b>—</b>	<b>2,082,961,310</b>
Carrying amount in associates and joint ventures accounted for using the equity method, total	17,881,972	—	50,791,427	—	—	68,673,399
Capital expenditures and other	57,545,219	52,271,592	317,965,173	17,160,220	—	444,942,204
Current liabilities	151,808,516	117,167,718	108,646,120	24,521,785	—	402,144,139
Non-current liabilities	382,039,567	16,215,376	383,329,737	17,799,903	—	799,384,583
<b>Segment liabilities, total</b>	<b>533,848,083</b>	<b>133,383,094</b>	<b>491,975,857</b>	<b>42,321,688</b>	<b>—</b>	<b>1,201,528,722</b>
Cash flows provided by in Operating Activities	78,994,275	35,501,051	37,067,316	20,522,083	—	172,084,725
Cash flows used in Investing Activities	(76,510,197)	(51,754,052)	(302,125,052)	(17,160,220)	—	(447,549,521)
Cash flows provided by (used in) Financing Activities	282,137,848	19,569,666	7,924,748	(6,526,406)	—	303,105,856



NOTE 5 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows as of December 31, 2015 and 2014:

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
By item		
Cash	633,010	595,442
Bank balances	28,208,845	13,931,375
Time deposits	11,621,566	13,159,563
Mutual funds	88,697,518	51,828,054
Total cash and cash equivalents	129,160,939	79,514,434
	ThCh\$	ThCh\$
By currency		
Dollar	13,598,302	5,747,745
Euro	1,859	15
Argentine Peso	27,168,042	1,317,489
Chilean Peso	35,545,272	17,708,037
Paraguayan Guaraní	9,631,669	9,385,359
Brazilian Real	43,215,795	45,355,789
Total cash and cash equivalents	129,160,939	79,514,434

5.1 Time deposits

Time deposits defined as cash and cash equivalents are detailed as follows at December 31, 2015 and 2014:

Placement	Institution	Currency	Principal	Annual rate	12.31.2015
			ThCh\$	%	ThCh\$
11-11-2015	Banco HSBC	Chilean pesos	6,900,000	0.37%	6,941,975
12-31-2015	Banco Regional S.A.E.C.A.	Paraguayan guaraníes	2,952,717	4.00%	2,952,717
12-31-2015	Banco Galicia	US\$Dollars	1,420,320	2.80%	1,420,425
12-03-2015	Banco Santander Rio	Argentinean pesos	136,150	25.75%	138,852
12-14-2015	Banco Santander Rio	Argentinean pesos	92,582	26.32%	93,748
12-11-2015	Banco Industrial	Argentinean pesos	70,798	27.00%	71,865
12-09-2015	Banco Galicia	Argentinean pesos	1,943	0.37%	1,984
Total					11,621,566

Placement	Institution	Currency	Principal	Annual rate	12.31.2014
			ThCh\$	%	ThCh\$
11-28-2014	Banco de Chile	Chilean pesos	3,800,000	3.60	3,810,980
11-28-2014	Banco Santander	Chilean pesos	2,500,000	3.72	2,508,525
12-31-2014	Banco Regional S.A.E.C.A.	Paraguayan guaranies	4,218,542	4.00	4,218,542
12-19-2014	Banco Citibank NA	Paraguayan guaranies	1,310,758	4.75	1,310,758
12-19-2014	Banco Itaú Paraguay S.A.	Paraguayan guaranies	1,310,758	4.50	1,310,758
Total					13,159,563

5.2 Money Market

Money market mutual fund’s shares are valued using the share values at the close of each reporting period. Below is a description for the end of each period:

Institution	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Mutual Fund Corporativo Banchile — Chile	15,629,654	7,006,132
Mutual Fund Santander — Brasil	11,457,193	—
Mutual Fund Soberano Banco Itaú — Brasil	17,719,483	41,354,014
Fund Fima Ahorro Plus C	12,561,861	—
Fund Fima Ahorro Pesos C	12,572,400	—
Mutual Fund Bradesco — Brasil	10,686,106	—
Western Assets Institutional Cash Reserves — USA	7,454,378	3,313,647
Mutual Fund Wells Fargo — USA	180,549	154,261
Fund Fima Premium B	435,894	—
Total mutual funds	88,697,518	51,828,054

NOTE 6 — OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

Below are the financial instruments held by the Company at December 31, 2015 and 2014, other than cash and cash equivalents. They consist of time deposits with short-term maturities (more than 90 days), restricted mutual funds and derivative contracts. Financial instruments are detailed as follows:

a) **Current portion 2015**

**Time deposits**

Placement	Maturity	Institution	Currency	Principal ThCh\$	Annual rate %	12.31.2015 ThCh\$
05-15-2015	02-11-2016	Banco BTG Pactual— Chile	Unidad de fomento	4,000,000	1.15%	4,159,405
05-15-2015	02-11-2016	Banco Itaú — Chile	Unidad de fomento	3,500,000	0.94%	3,634,643
05-15-2015	02-11-2016	Banco de Chile — Chile	Unidad de fomento	3,500,000	0.85%	3,632,554
06-03-2015	01-15-2016	Banco Itaú — Chile	Unidad de fomento	5,000,000	0.91%	5,169,872
06-03-2015	01-15-2016	Banco Santander — Chile	Unidad de fomento	5,000,000	0.91%	5,169,872
06-03-2015	05-27-2016	Banco Santander — Chile	Unidad de fomento	5,000,000	1.00%	5,172,585
06-03-2015	05-09-2016	Banco de Chile — Chile	Unidad de fomento	7,500,000	1.00%	7,758,877
06-03-2015	05-09-2016	Banco de Chile — Chile	Unidad de fomento	7,500,000	1.00%	7,758,877
09-01-2015	05-09-2016	Banco Santander — Chile	Unidad de fomento	3,000,000	0.01%	3,051,493
09-01-2015	08-09-2016	Banco Santander— Chile	Unidad de fomento	4,000,000	0.26%	4,072,077
09-01-2015	08-09-2016	Banco Santander— Chile	Unidad de fomento	6,000,000	0.26%	6,108,115
09-30-2015	08-31-2016	Banco BTG Pactual— Chile	Unidad de fomento	2,000,000	0.65%	2,025,626
11-11-2015	09-09-2016	Banco de Chile — Chile	Unidad de fomento	2,750,000	1.61%	2,766,439
11-11-2015	10-07-2016	Banco Itaú — Chile	Unidad de fomento	5,500,000	1.83%	5,534,564
06-03-2015	08-09-2016	Banco BTG Pactual— Chile	Unidad de fomento	4,350,000	1.30%	4,508,016
06-22-2015	08-09-2016	Banco Santander — Chile	Unidad de fomento	3,000,000	1.06%	3,096,637
06-30-2015	08-09-2016	Banco Santander — Chile	Unidad de fomento	2,800,000	1.02%	2,887,391
07-20-2015	08-09-2016	Banco Estado — Chile	Unidad de fomento	3,400,000	0.36%	3,485,387
09-30-2015	10-07-2016	Banco BTG Pactual— Chile	Unidad de fomento	3,700,000	0.89%	3,749,703
09-30-2015	10-07-2016	Banco Santander — Chile	Unidad de fomento	3,700,000	0.85%	3,749,320
<b>Subtotal</b>						<b>87,491,453</b>
						<b>12.31.2015 ThCh\$</b>
<b>Bonds</b>						
Bonds Provincia Buenos Aires - Argentina						478
<b>Total other current financial assets</b>						<b>87,491,931</b>

b) Non-current portion 2015

Time Deposits

Placement	Maturity	Institution	Currency	Principal ThCh\$	Annual rate %	12.31.2015 ThCh\$
03-16-2015	03-16-2017	Banco Votoratim	\$R	15,358	8.82%	17,221
Sub Total						17,221
						12.31.2015 ThCh\$
Derivative futures contracts						
Derivative futures contracts (see note Note 21)						181,474,306
Total other non-current financial assets						Total 181,491,527

c) Current portion 2014

Time deposits

Placement	Maturity	Institution	Currency	Principal ThCh\$	Annual rate %	12.31.2014 ThCh\$
08-14-2014	02-13-2015	Banco Santander — Chile	Unidad de fomento	4,500,000	1.65%	4,632,134
08-14-2014	02-13-2015	Banco de Chile — Chile	Unidad de fomento	4,500,000	1.25%	4,625,025
08-14-2014	02-13-2015	Banco Estado — Chile	Unidad de fomento	4,500,000	1.15%	4,623,248
08-19-2014	02-13-2015	Banco Santander — Chile	Unidad de fomento	5,480,000	1.45%	5,633,637
08-29-2014	08-31-2015	Banco Itaú — Chile	Unidad de fomento	6,000,000	0.60%	6,143,820
08-29-2014	08-31-2015	Banco Santander — Chile	Unidad de fomento	6,000,000	0.70%	6,145,932
09-26-2014	05-13-2015	Banco Santander — Chile	Unidad de fomento	8,950,000	0.15%	9,127,301
09-26-2014	09-30-2015	Banco HSBC — Chile	Unidad de fomento	8,950,000	0.54%	9,136,789
10-07-2014	09-24-2015	Banco de Chile — Chile	Unidad de fomento	4,650,000	0.35%	4,738,930
11-06-2014	08-13-2015	Banco de Chile — Chile	Unidad de fomento	4,000,000	1.60%	4,053,000
11-06-2014	11-12-2015	Banco Santander — Chile	Unidad de fomento	4,000,000	1.58%	4,052,877
11-06-2014	08-13-2015	Banco Itaú — Chile	Unidad de fomento	4,000,000	1.47%	4,052,197
12-10-2014	08-13-2015	Banco Santander — Chile	Unidad de fomento	6,580,000	3.28%	6,592,590
12-10-2014	05-13-2015	Banco Itaú — Chile	Unidad de fomento	3,290,000	3.87%	3,297,427
12-12-2014	08-13-2015	Banco Itaú — Chile	Unidad de fomento	400,000	3.50%	400,739
12-19-2014	08-26-2015	Banco Santander — Chile	Unidad de fomento	4,100,000	3.86%	4,105,275
12-19-2014	08-26-2015	Banco Santander — Chile	Unidad de fomento	3,500,000	3.59%	3,504,188
12-26-2014	10-27-2015	Banco Santander — Chile	Unidad de fomento	2,000,000	2.75%	2,000,764
12-29-2014	10-27-2015	Banco Santander — Chile	Unidad de fomento	4,750,000	2.81%	4,750,742
12-30-2014	10-27-2015	Banco de Chile — Chile	Unidad de fomento	3,500,000	2.55%	3,500,248
11-28-2014	03-02-2015	Banco Citibank NA — Paraguay	Paraguayan guaraníes	1,310,758	4.75%	1,310,758
11-28-2014	03-02-2015	Banco BBVA Paraguay S.A.	Paraguayan guaraníes	1,310,758	4.75%	1,310,758
11-03-2014	01-02-2015	Banco Galicia — Argentina	Argentine pesos (1)	366,130	20.75%	366,130
11-05-2014	01-05-2015	Banco HSBC — Argentina	Argentine pesos (1)	148,668	20.00%	148,668
11-07-2014	01-06-2015	Banco Galicia — Argentina	Argentine pesos (1)	365,348	20.75%	365,348
11-17-2014	01-16-2015	Banco Industrial — Argentina	Argentine pesos (1)	291,128	22.00%	291,128
12-17-2014	02-18-2015	Banco Industrial — Argentina	Argentine pesos (1)	152,652	21.00%	152,652
11-21-2014	01-20-2015	Banco Galicia — Argentina	Argentine pesos (1)	304,783	20.75%	304,783
12-09-2014	02-09-2015	Banco Santander Río — Argentina	Argentine pesos (1)	349,255	20.90%	349,255
12-16-2014	02-18-2015	Banco Industrial — Argentina	Argentine pesos (1)	370,189	21.00%	370,189
12-19-2014	02-18-2015	Banco Santander Río — Argentina	Argentine pesos (1)	383,087	20.90%	383,087
12-22-2014	02-20-2015	Banco ICB — Argentina	Argentine pesos (1)	160,501	20.00%	160,501
12-29-2014	02-27-2015	Banco Santander Río — Argentina	Argentine pesos (1)	211,092	20.90%	211,092
<b>Subtotal</b>						<b><u>100,841,212</u></b>

(1) Corresponds to time deposits entered into in order to guaranty derivative operations in Argentina

	<div> <div>12.31.2014</div> <div>ThCh\$</div> </div>
<b>Mutual funds</b>	
Banco Crédito e Inversiones - Chile	23,514
Western Assets Institutional Cash Reserves - USA	1,107,579
	<b>1,131,093</b>
<b>Bonds</b>	
Bonds Provincia Buenos Aires - Argentina	3,584
<b>Guarantee Funds</b>	
Guarantee funds for derivative operations Rofex-Argentina (1)	1,729,820
<b>Derivative futures contracts</b>	
Derivative futures contracts (see note Note 21)	2,871,333
<b>Total other current financial assets</b>	<b>106,577,042</b>

(1) Corresponds to funds that should remain restricted according to the partial results from derivative operations in Argentina.

d) Non-current portion 2014

	<div> <div>12.31.2014</div> <div>ThCh\$</div> </div>
<b>Time Deposits</b>	
Banco Votorantim	19,533
	<b>19,533</b>
<b>Derivative futures contracts</b>	
Derivative futures contracts (see note Note 21)	51,007,240
<b>Total other non-current financial assets</b>	<b>51,026,773</b>

NOTE 7 — CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

Note 7.1 Other current non-financial assets

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Prepaid expenses	7,311,951	6,231,687
Fiscal credits	468,574	1,466,228
Guarantee deposit (Argentina)	47,023	9,924
Other current assets	858,608	79,342
Total	8,686,156	7,787,181

Note 7.2 Other non-current, non-financial assets

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Judicial deposits (see note 22.2)	11,127,988	22,717,093
Prepaid expenses	3,408,763	5,624,838
Fiscal credits	3,060,733	4,409,561
Others	692,417	305,288
Total	18,289,901	33,056,780



NOTE 8 — TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is detailed as follows:

Trade and other receivables	12.31.2015			12.31.2014		
	Assets before provisions	Allowance for doubtful accounts	Commercial debtors net assets	Assets before provisions	Allowance for doubtful accounts	Commercial debtors net assets
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
<b>Current commercial debtors</b>						
Trade debtors	147,949,551	(4,276,100)	143,673,451	164,026,718	(7,028,207)	156,998,511
Other current debtors	24,881,812	(939,201)	23,942,611	30,963,659	—	30,963,659
<b>Current commercial debtors</b>	<b>172,831,363</b>	<b>(5,215,301)</b>	<b>167,616,062</b>	<b>194,990,377</b>	<b>(7,028,207)</b>	<b>187,962,170</b>
Prepayments suppliers	6,777,567	—	6,777,567	6,017,624	—	6,017,624
Other current accounts receivable	2,042,131	(49,924)	1,992,207	4,189,001	(58,371)	4,130,630
<b>Commercial debtors and other current accounts receivable</b>	<b>181,651,061</b>	<b>(5,265,225)</b>	<b>176,385,836</b>	<b>205,197,002</b>	<b>(7,086,578)</b>	<b>198,110,424</b>
<b>Non-current accounts receivable</b>						
Trade debtors	95,413	—	95,413	100,105	—	100,105
Other non-current debtors	5,836,586	—	5,836,586	6,997,704	—	6,997,704
<b>Non-current accounts receivable</b>	<b>5,931,999</b>	<b>—</b>	<b>5,931,999</b>	<b>7,097,809</b>	<b>—</b>	<b>7,097,809</b>
<b>Trade and other receivable</b>	<b>187,583,060</b>	<b>(5,265,225)</b>	<b>182,317,835</b>	<b>212,294,811</b>	<b>(7,086,578)</b>	<b>205,208,233</b>

Aging of debtor portfolio	Number of clients	12.31.2015	Number of clients	12.31.2014
		ThCh\$		ThCh\$
Up to date non-securitized portfolio	7,433	61,153,091	25,834	59,916,856
1 and 30 days	66,511	82,344,857	63,235	92,184,412
31 and 60 days	705	1,760,954	583	1,309,832
61 and 90 days	344	675,559	396	420,965
91 and 120 days	316	147,289	334	481,396
121 and 150 days	233	180,617	210	353,768
151 and 180 days	194	172,041	197	207,522
181 and 210 days	476	297,653	306	568,956
211 and 250 days	241	91,308	199	548,469
More than 250 days	1,522	1,221,595	1,248	8,134,647
<b>Total</b>	<b>77,975</b>	<b>148,044,964</b>	<b>92,542</b>	<b>164,126,823</b>

	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Current comercial debtors	147,949,551	164,026,718
Non-current comercial debtors	95,413	100,105
<b>Total</b>	<b>148,044,964</b>	<b>164,126,823</b>

The movement in the allowance for doubtful accounts between January 1 and December 31, 2015 and 2014, are presented below:

	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Opening balance	7,086,578	2,678,879	1,486,749
Bad debt expense	5,762,634	4,459,276	2,519,653
Provision application	(6,992,793)	(35,827)	(1,278,400)
Change due to foreign exchange differences	(591,194)	(15,750)	(49,123)
Movement	(1,821,353)	4,407,699	1,192,130
Ending balance	5,265,225	7,086,578	2,678,879

NOTE 9 — INVENTORIES

The composition of inventories is detailed as follows:

Details	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Raw materials	80,466,928	74,691,675
Finished goods	26,378,890	47,894,403
Spare parts and supplies	26,082,728	26,213,284
Work in progress	761,923	289,740
Other inventories	1,438,231	3,039,477
Obsolescence provision (1)	(1,795,447)	(2,400,961)
Total	133,333,253	149,727,618

The cost of inventory recognized as cost of sales is ThCh\$ 1,106,706,146, ThCh\$ 1,081,243,408 and ThCh\$ 914,817,748 at December 31, 2015, 2014 and 2013, respectively.

(1) The provision for obsolescence is primarily related more to the obsolescence of parts classified as inventories than finished goods and raw materials.

NOTE 10 — CURRENT AND DEFERRED INCOME TAXE

10.1 Tax Reform

On September 29, 2014, the Official Daily Newspaper published Law N°20,780 which amends the Chilean tax regime, with the main following changes:

- It establishes a new system of semi-integrated taxation, which can be used as an alternative to the integrated regime of attributed income. Taxpayers may opt freely to any of the two to pay their taxes. In the case of Embotelladora Andina S.A. by a general rule established by law the semi-integrated taxation system applies, which should be subsequently ratified by a future Shareholders Meeting.
- The semi-integrated system establishes the gradual increase in the first category tax rate for the business years 2014, 2015, 2016, 2017 and 2018 onwards, increasing to 21%, 22.5%, 24%, 25.5% and 27% respectively.
- Regarding the amendments to deferred taxes resulting from rate changes to be applied during the reversal period of differences between the bases of valuation of assets and liabilities by deferred taxes, were recognized on December 31, 2014, according to IAS 12 with a charge to net income, amounting to ThCh\$23,615,151.

10.2 Current tax assets

Current tax assets correspond to the following items:

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Monthly provisional payments	7,506,564	5,727,642
Tax credits (1)	234,677	297,407
<b>Total</b>	<b>7,741,241</b>	<b>6,025,049</b>

(1) Tax credits correspond to income tax credits on training expenses, purchase of property, plant and equipment, and donations.

10.3 Current tax liabilities

Current tax payables correspond to the following items

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Income tax expense	7,494,832	2,931,206
Total	7,494,832	2,931,206

10.4 Income tax expense

The current and deferred income tax expenses for the years ended December 31, 2015, 2014 and 2013 are detailed as follows:

Item	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Current income tax expense	33,322,550	16,313,855	31,237,950
Adjustment to current income tax from the previous fiscal year	(117,316)	(547,549)	1,051,182
Withholding tax expense foreign subsidiaries	7,027,661	4,848,794	1,032,620
Property tax expense	1,212,398	784,742	668,111
Other tax expense (income)	—	(220,675)	(12,281)
Current income tax expense	41,445,293	21,179,167	33,977,582
Income (expense) for the creation and reversal of current tax difference	197,269	840,269	(11,011,318)
Tax reform	—	23,334,999	—
Expense (income) for deferred taxes	197,269	24,175,268	(11,011,318)
Total income tax expense	41,642,562	45,354,435	22,966,264

10.5      Deferred income taxes

The net cumulative balances of temporary differences which give rise to deferred tax assets and liabilities are shown below

Temporary differences	12.31.2015		12.31.2014	
	Assets	Liabilities	Assets	Liabilities
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Property, plant and equipment	1,811,306	46,043,942	1,825,735	50,035,641
Obsolescence provision	1,722,802	—	1,789,886	—
Employee benefits	3,327,490	—	3,092,399	—
Post-employment benefits	102,742	1,207,337	82,299	798,459
Tax loss carried-forwards (1)	10,313,066	—	12,301,624	—
Tax Goodwill Brazil	34,538,542	—	51,257,770	—
Contingency provision	29,778,445	—	29,553,200	—
Foreign exchange differences (2)	—	9,600,022	—	2,612,804
Allowance for doubtful accounts	437,113	—	977,330	—
Coca-Cola incentives (Argentina)	1,882,260	—	1,892,625	—
Assets and liabilities for placement of bonds	—	806,980	—	809,091
Lease liabilities	2,021,092	—	2,233,827	—
Inventories	2,512,725	—	1,285,918	—
Distribution rights	—	161,331,490	—	178,308,862
Others	637,737	297,250	454,312	308,215
Subtotal	89,085,320	219,287,021	106,746,925	232,873,072
Total liabilities net	—	130,201,701	—	126,126,147

- (1) Tax losses mainly associated with the subsidiary Embotelladora Andina Chile S.A., for ThCh\$ 9,960,263 and other smaller subsidiaries in Chile for ThCh\$ 352,803. In Chile tax losses have no expiration date.
- (2) Corresponds to differed taxes for exchange rate differences generated on the translation of debt expressed in foreign currency that are taxed differently to their accrual.

10.6      Deferred tax liability movement

The movement in deferred income tax accounts is as follows:

Item	12.31.2015 ThCh\$	12.31.2014 ThCh\$	12.31.2013 ThCh\$
Opening Balance	126,126,147	105,537,484	111,414,626
Increase due to merger			6,938,385
Increase (decrease) in deferred tax	9,474,186	(4,931,757)	(12,592,600)
Increase resulting from Tax Reform rates	—	23,334,999	—
Increase (decrease) due to foreign currency translation	(5,398,632)	2,185,421	(222,927)
Movements	4,075,554	20,588,663	(5,877,142)
Ending balance	130,201,701	126,126,147	105,537,484

10.7      Distribution of domestic and foreign tax expense

For the years ended December 31, 2015, 2014 and 2013, domestic and foreign tax expense are detailed as follows:

Income tax	12.31.2015 ThCh\$	12.31.2014 ThCh\$	12.31.2013 ThCh
Current income taxes			
Foreign	(36,438,137)	(15,058,221)	(18,135,554)
Domestic	(5,007,156)	(6,120,946)	(15,842,028)
Current income tax expense	(41,445,293)	(21,179,167)	(33,977,582)
Deferred income taxes			
Foreign	9,745,398	(2,080,538)	10,509,053
Domestic	(9,942,667)	(22,094,730)	502,265
Deferred income tax expense	(197,269)	(24,175,268)	11,011,318
Income tax expense	(41,642,562)	(45,354,435)	(22,966,264)

10.8 Reconciliation of effective rate

Below is the reconciliation between the effective tax rate and the statutory rate:

Reconciliation of effective rate	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Net income before taxes	129,740,488	97,388,527
Tax expense at legal rate ( 22,5%)	(29,191,610)	—
Tax expense at legal rate ( 21,0%)	—	(20,451,591)
Effect of a different tax rate in other jurisdictions	(8,161,392)	(6,916,744)
Permanent differences:		
Non-taxable revenues	11,778,290	16,703,891
Non-deductible expenses	(7,945,107)	(7,336,011)
Tax reform (Chile)	—	(23,334,999)
Adjustement to current income tax from the previous fiscal year	117,316	(254,185)
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	(8,240,059)	(3,764,796)
Adjustments to tax expense	(4,289,560)	(17,986,100)
Tax expense at effective rate	(41,642,562)	(45,354,435)
Effective rate	32,1%	46,6%

Below are the income tax rates applicable in each jurisdiction where the Company operates:

Country	Rate	
	2015	2014
Chile	22,5%	21%
Brazil	34%	34%
Argentina	35%	35%
Paraguay	10%	10%



NOTE 11 — PROPERTY, PLANT AND EQUIPMENT

11.1 Balances

Property, plant and equipment are detailed below at the end of each period:

Item	Property, plant and equipment, gross		Cumulative depreciation and impairment		Property, plant and equipment, net	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014	12.31.2015	12.31.2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress	34,625,004	25,522,059	—	—	34,625,004	25,522,059
Land	86,898,529	76,957,848	—	—	86,898,529	76,957,848
Buildings	209,625,725	223,273,615	(50,150,795)	(51,215,168)	159,474,930	172,058,447
Plant and equipment	432,853,976	489,218,564	(229,474,042)	(235,979,731)	203,379,934	253,238,833
Information technology	17,189,199	17,527,911	(12,868,543)	(12,706,055)	4,320,656	4,821,856
Fixed facilities and accessories	32.882.106	34,015,967	(10,575,347)	(8,960,420)	22,306,759	25,055,547
Vehicles	33,857,560	36,966,300	(15,750,855)	(20,796,517)	18,106,705	16,169,783
Leasehold improvements	650,815	786,269	(375,870)	(340,149)	274,945	446,120
Other property, plant and equipment (1)	376.360.341	404,317,216	(265,217,931)	(265,512,424)	111,142,410	138,804,792
Total	<u>1,224,943,255</u>	<u>1,308,585,749</u>	<u>(584,413,383)</u>	<u>(595,510,464)</u>	<u>640,529,872</u>	<u>713,075,285</u>

(1) Other property, plant and equipment is composed of bottles, market assets, furniture and other minor assets.

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The net balance of each of these categories at December 31, 2015 and 2014 is detailed as follows:

Other property, plant and equipment	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Bottles	67,110,520	62,769,011
Marketing and promotional assets	38,061,595	66,444,241
Other property, plant and equipment	5,970,295	9,591,540
Total	111,142,410	138,804,792

The Company has insurance to protect its property, plant and equipment and its inventory from potential losses. The geographic distribution of those assets is detailed as follows:

Chile	: Santiago, Puente Alto, Maipú, Renca, Rancagua y San Antonio, Antofagasta, Coquimbo and Punta Arenas.
Argentina	: Buenos Aires, Mendoza, Córdoba y Rosario, Bahía Blanca, Chacabuco, La Pampa, Neuquén, Comodoro Rivadavia, Trelew, andTierra del Fuego
Brazil	: Río de Janeiro, Niteroi, Campos, Cabo Frío, Nova Iguazú, Espirito Santo, Vitoria parts Sao Paulo and Minas Gerais.
Paraguay	: Asunción, Coronel Oviedo, Ciudad del Este and Encarnación.

11.2 Movements

Movements in property, plant and equipment are detailed as follows between January 1 and December 31, 2015 and 2014:

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at January 1, 2015	25,522,059	76,957,848	172,058,447	253,238,833	4,821,856	25,055,547	16,169,783	446,120	138,804,792	713,075,285
Additions	59,639,751	17,987,524	104,132	9,184,539	285,838	—	105,804	—	23,668,047	110,975,635
Disposals	—	—	(16,277)	(228,309)	(245)	—	(4,917)	—	(84,020)	(333,768)
Transfers between items of property, plant and equipment	(46,527,488)	—	10,132,100	9,853,256	1,583,502	1,371,016	8,868,154	5,993	14,713,467	—
Depreciation expense	—	—	(5,069,161)	(35,294,090)	(1,879,341)	(2,512,958)	(3,967,423)	(87,523)	(49,139,913)	(97,950,409)
Increase (decrease) due to foreign currency translation differences	(4,009,318)	(8,046,843)	(17,496,868)	(29,405,268)	(469,797)	(1,606,846)	(2,918,202)	(89,645)	(16,283,975)	(80,326,762)
Other increase (decrease)	—	—	(237,443)	(3,969,027)	(21,157)	—	(146,494)	—	(535,988)	(4,910,109)
Total movements	9,102,945	9,940,681	(12,583,517)	(49,858,899)	(501,200)	(2,748,788)	1,936,922	(171,175)	(27,662,382)	(72,545,413)
Ending balance at December 31, 2015	34,625,004	86,898,529	159,474,930	203,379,934	4,320,656	22,306,759	18,106,705	274,945	111,142,410	640,529,872

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at January 1, 2014	36,544,802	76,063,090	151,816,612	240,721,094	5,584,185	33,207,964	15,121,864	567,041	133,323,156	692,949,808
Additions	61,749,644	—	2,689,039	46,090,966	403,941	196,726	921,557	—	13,661,737	125,713,610
Disposals	(16,668)	(109,252)	(22,864)	(3,017,160)	(1,296)	(1,940)	(51,126)	—	(1,299,940)	(4,520,246)
Transfers between items of property, plant and equipment	(71,807,784)	—	22,189,920	13,217,587	920,853	(5,762,142)	4,710,288	—	36,531,278	—
Depreciation expense	—	—	(5,510,350)	(37,943,247)	(2,020,178)	(1,818,210)	(4,661,508)	(132,184)	(47,832,641)	(99,918,318)
Increase (decrease) due to foreign currency translation differences	(912,128)	1,004,086	568,887	(1,733,312)	54,839	(766,851)	206,760	11,208	9,964,653	8,398,142
Other increase (decrease)	(35,807)	(76)	327,203	(4,097,095)	(120,488)	—	(78,052)	55	(5,543,451)	(9,547,711)
Total movements	(11,022,743)	894,758	20,241,835	12,517,739	(762,329)	(8,152,417)	1,047,919	(120,921)	5,481,636	20,125,477
Ending balance at December 31, 2014	25,522,059	76,957,848	172,058,447	253,238,833	4,821,856	25,055,547	16,169,783	446,120	138,804,792	713,075,285

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	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, net	Other property, plant and equipment, net	Property, plant and equipment, net
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance at January 1, 2013	61,735,710	57,134,715	131,779,399	176,179,349	5,800,223	24,838,592	7,835,697	9,422	111,237,618	576,550,725
Additions	99,023,742	13,048,106	5,123,731	16,777,829	469,280	479,487	1,097,294	7,535	43,207,810	179,234,814
Disposals	—	(733,044)	(230,659)	(2,198,991)	(213)	(700,111)	—	—	(2,030,783)	(5,893,801)
Transfers between items of property, plant and equipment	(120,904,100)	(182,817)	16,005,001	61,071,686	1,666,511	10,979,455	6,629,711	639,213	24,095,340	—
Transfer to investment property	—	—	—	(1,565,232)	—	—	—	—	—	(1,565,232)
Additions from business combinations (1)	18,282	9,124,967	13,469,878	25,832,574	551,976	—	2,027,699	—	7,692,513	58,717,889
Depreciation expense	—	—	(3,912,718)	(28,448,397)	(1,694,902)	(2,346,228)	(2,153,714)	(89,976)	(42,943,717)	(81,589,652)
Increase (decrease) due to foreign currency translation differences	(3,319,254)	(1,389,534)	(8,451,502)	(5,130,748)	(150,635)	2,412,608	(313,103)	847	(3,345,472)	(19,686,793)
Other increase (decrease)	(9,578)	(939,303)	(1,966,518)	(1,796,976)	(1,058,055)	(2,455,839)	(1,720)	—	(4,590,153)	(12,818,142)
Total movements	(25,190,908)	18,928,375	20,037,213	64,541,745	(216,038)	8,369,372	7,286,167	557,619	22,085,538	116,399,083
Ending balance at December 31, 2013	36,544,802	76,063,090	151,816,612	240,721,094	5,584,185	33,207,964	15,121,864	567,041	133,323,156	692,949,808

(1) Corresponds to balances incorporated as of October 11, 2013, resulting from the acquisition of Companhia de Bebidas Ipiranga, pursuant to the description in Note 3b).

NOTE 12 — **RELATED PARTY DISCLOSURES**

Balances and transactions with related parties as of December 31, 2015 and 2014 are detailed as follows:

**12.1 Accounts receivable:**

**12.1.1 Current:**

<u>Taxpayer ID</u>	<u>Company</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	<u>12.31.2015 ThCh\$</u>	<u>12.31.2014 ThCh\$</u>
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Chilean pesos	4,417,016	5,629,383
96.517.210-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Chilean pesos	177,329	359,933
96.919.980-7	Cervecería Austral S.A.	Related to director	Chile	Dollars	14,873	4,847
77.755.610-k	Comercial Patagona Ltda.	Related to director	Chile	Chilean pesos	1,282	290
<b>Total</b>					<b><u>4,610,500</u></b>	<b><u>5,994,453</u></b>

**12.1.2 Non current:**

<u>Taxpayer ID</u>	<u>Company</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	<u>12.31.2015 ThCh\$</u>	<u>12.31.2014 ThCh\$</u>
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	<u>14,732</u>	<u>24,752</u>
<b>Total</b>					<b><u>14,732</u></b>	<b><u>24,752</u></b>

12.2      Accounts payable:

12.2.1    Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2015 ThCh\$	12.31.2014 ThCh\$
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Brazilian real	13,394,625	13,482,012
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	12,765,952	14,076,916
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Brazilian real	7,614,888	10,356,646
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Argentine pesos	6,824,553	5,831,334
86.881.400-4	Envases CMF S.A.	Associate	Chile	Chilean pesos	5,534,367	6,281,874
Foreign	Coca-Cola Perú	Related to Shareholder	Perú	Dollars	2,194,644	5,354,145
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Chilean pesos	323,798	583,862
Total					48,652,827	55,966,789



12.3 Transactions:

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2015 ThCh\$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	131,381,786
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	4,510,007
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,065,143
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	2,938,754
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	38,203,461
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	1,946,094
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	42,147,579
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,888,054
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	106,510,167
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	19,953,118
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of concentrates	Brazilian real	16,963,602
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	145,188,901
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	20,555,307
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Purchase of raw materials	Chilean pesos	1,662,803
Foreign	Coca-Cola Perú	Related to director	Perú	Sale of finished products	Chilean pesos	3,399,427
Foreign	Sorocaba Refrescos S. A.	Related to Shareholder	Brazil	Purchase of concentrates and advertising participation	Brazilian real	2,986,650

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Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2014 ThCh\$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	132,201,085
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	4,112,331
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,143,674
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	5,494,143
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	35,394,840
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	2,210,686
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	12,526,172
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,369,911
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	101,724,406
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	19,598,422
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of concentrates	Brazilian real	35,118,038
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	112,809,593
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	15,624,972
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Sale of finished products	Chilean pesos	1,718,878
Foreign	Coca-Cola Perú	Related to Shareholder	Perú	Purchase of concentrates and advertising participation	Chilean pesos	986,989
Foreign	Sorocaba Refrescos S. A.	Associate	Brazil	Purchase of products	Brazilian real	537,948

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Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2013 ThCh\$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean peso	110,774,146
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean peso	5,429,796
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean peso	2,646,654
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean peso	5,571,189
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean peso	33,459,965
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging materials	Chilean peso	3,373,064
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of packaging	Chilean peso	2,822,034
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of services and others	Chilean peso	145,773
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean peso	28,698,682
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean peso	2,383,113
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brasil	Purchase of concentrates	Brazilian real	97,171,997
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brasil	Reimbursement and other purchases	Brazilian real	630,511
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brasil	Advertising participation payment	Brazilian real	14,788,823
Foreign	Sorocaba Refrescos S. A.	Associate	Brasil	Purchase of products	Brazilian real	2,788,906
Foreign	Leao Alimentos e Bebidas Ltda.	Associate	Brasil	Purchase of products	Brazilian real	31,991,055
Foreign	Sistema de Alimentos e Bebidas do Brasil Ltda.	Associate	Brasil	Purchase of products	Brazilian real	24,283,921
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine peso	95,897,878
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising rights, rewards and others	Argentine peso	2,321,031
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Collection of advertising participation	Argentine peso	8,534,260
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Purchase of raw materials	Chilean peso	1,406,642
Foreign	Coca-Cola Perú	Related to Shareholder	Perú	Purchase of concentrates and marketing expenses recovery	Chilean peso	1,426,307
84.505.800-8	Vendomática S.A.	Related to director	Chile	Sale of finished products	Chilean peso	883,534
97.032.000-8	BBVA Administradora General de Fondos	Related to director	Chile	Investment in mutual funds	Chilean peso	54,441,000
97.032.000-8	BBVA Administradora General de Fondos	Related to director	Chile	Redemption of mutual funds	Chilean peso	54,953,000

12.4 Key management compensation

Salaries and benefits paid to the Company’s key management personnel including directors and managers, are detailed as follows:

Description	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Executive wages, salaries and benefits	6,412,238	5,296,344	4,965,149
Director allowances	1,512,000	1,512,000	1,512,000
Contract termination benefits	192,920	327,000	—
Accrued benefits during the last five years and paid during the period	257,683	1,030,990	196,819
Total	8,374,841	8,166,334	6,673,968

NOTE 13 — CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Composition of employee benefits is the following:

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Accrued vacations	18,025,589	17,363,565
Employee remuneration payable	13,765,170	10,383,180
Indemnities for years of service	8,230,030	8,125,107
Total	40,020,789	35,871,852
	ThCh\$	ThCh\$
Current	31,790,759	27,746,745
Non-current	8,230,030	8,125,107
Total	40,020,789	35,871,852

13.1 Indemnities for years of service

This item represents post employment benefits which are determined as stated in Note 2.17.

The movements of post-employment benefits for the periods ended December 31, 2015 and 2014 are detailed as follows:

Movements	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Opening balance	8,125,107	8,758,111
Service costs	2,022,010	1,385,620
Interest costs	192,145	199,314
Net actuarial losses	901,171	342,990
Benefits paid	(3,010,403)	(2,560,928)
Total	8,230,030	8,125,107

13.1.1 Assumptions

The actuarial assumptions used at December 31, 2015 and 2014 were:

Assumptions	12.31.2015	12.31.2014
Discount rate	2.7%	2.7%
Expected salary increase rate	2.0%	2.0%
Turnover rate	5.4%	5.4%
Mortality rate (1)	RV-2009	RV-2009
Retirement age of women	60 years	60 years
Retirement age of men	65 years	65 years

(1) Mortality assumption tables prescribed for use by the Chilean Superintendence of Securities and Insurance.

13.2 Personnel expenses

Personnel expenses included in the consolidated statement of income statement are as follows:

Description	12.31.2015 ThCh\$	12.31.2014 ThCh\$	12.31.2013 ThCh\$
Wages and salaries	230,854,998	197,343,949	164,138,911
Employee benefits	48,977,105	47,424,162	36,190,649
Severance and post-employment benefits	6,217,204	7,154,581	4,519,576
Other personnel expenses	10,561,935	12,721,326	9,334,468
Total	296,611,242	264,644,018	214,183,604

13.3 Number of Employees

Description	12.31.2015	12.31.2014	12.31.2013
Number of employees	16,525	16,136	16,587
Number of average employees	15,504	15,703	15,913

**NOTE 14 — INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

**14.1 Balances**

Investments in associates using equity method of accounting are detailed as follows:

Taxpayer ID	Name	Country of Incorporation	Functional Currency	Carrying Value		Percentage interest	
				12.31.2015	12.31.2014	12.31.2015	12.31.2014
				ThCh\$	ThCh\$	%	%
86.881.400-4	Envases CMF S.A. (1)	Chile	Chilean peso	17,793,783	17,684,657	50.00%	50.00%
Foreign	Leao Alimentos e Bebidas Ltda. (2)	Brazil	Brazilian real	12,393,777	14,910,530	8.82%	8.82%
Foreign	Kaik Participacoes Ltda. (2)	Brazil	Brazilian real	1,106,733	1,276,042	11.32%	11.32%
Foreign	SRSA Participacoes Ltda.	Brazil	Brazilian real	231,183	238,647	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	Brazilian real	22,665,070	31,940,337	40.00%	40.00%
Total				54,190,546	66,050,213		

- 
- (1) In these company, regardless of the percentage of ownership interest, it was determined that no controlling interest was held, only a significant influence, given that there was not a majority vote of the Board of Directors to make strategic business decisions.
- (2) In these companies, regardless of the percentage of ownership interest held, the Company has significant influence, given that it has a representative on each entity’s Board of Directors.



14.2 Movement

The movement of investments in associates accounted for using, the equity method is shown below, for the period ended December 31, 2015, 2014 and 2013:

Details	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
<b>Opening Balance</b>	<b>66,050,213</b>	<b>68,673,399</b>	<b>73,080,061</b>
Investment in Holdfab 2 Soc Participacoes Ltda and SABB in exchange for interest in the new company Leao Alimentos e Bebidas Ltda.	—	—	(19,349,496)
Increase in interest in new company Leao Alimentos e Bebidas Ltda. By 9.57%	—	—	18,928,747
Increase of 1.30% participation in Leao Alimentos e Bebidas Ltda. for acquisition of the Compañía de Bebidas Ipiranga, October 11, 2013.	—	—	2,089,253
Dividends received	(1,250,000)	(1,590,674)	(2,085,031)
Variation of minimum dividends from equity investees	(217,750)	149,938	22,459
Share in operating income	(1,613,839)	2,169,272	1,325,518
Unrealized income	85,266	85,266	85,266
Other decrease investment in associate (Sale participation in Leon Alimentos y Bebidas Ltda.).	—	(4,194,955)	(3,704,831)
Other investment increases in associates (Capital Contribution Leão Alimentos e Bebidas Ltda.).	915,070	—	—
Deferred tax effect resulting from change in related tax rate in associate	—	(438,347)	—
Increase (Decrease) due to foreign currency translation differences	(9,778,414)	1,196,314	(1,718,547)
<b>Ending Balance</b>	<b>54,190,546</b>	<b>66,050,213</b>	<b>68,673,399</b>

The main movements for the periods ended 2015, 2014 and 2013 are detailed as follows:

- During the year ended December 31, 2015, the Company received dividends from its equity investee, Envases CMF S.A. in the amount of ThCh\$ 1,250,000 ( ThCh\$ 760,037 at December 31, 2014).
- During 2015 Sorocaba Refrescos S.A. has not distributed dividends. During 2014 it distributed ThCh\$830,637 in dividends.
- In October 2015 Leão Alimentos e Bebidas Ltda. carried out a capital increase. Rio de Janeiro Refrescos Ltda. participated in this capital increase regarding its ownership interest for an amount of ThCh\$915,070.
- In October 2014, Rio de Janeiro Refrescos Ltda. sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda. for ThCh\$4,495,771 generating ThCh\$300,816 in earnings which was recognized as a credit in the company’s income statement.
- During the first quarter of 2013, there was a reorganization of the companies that manufacture juice products and mate in Brazil, with the merger of Holdfab2 Participações Ltda., and Sistema de Alimentos de Bebidas Do Brasil Ltda., into a single company that is the legal continuing entity, namely Leao Alimentos e Bebidas Ltda.

14.3 Reconciliation of share of profit in investments in associates:

Details	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Share of profit of investment accounted for using the equity method	(1,613,839)	1,730,925	1,325,518
Unrealized earnings in inventory acquired from associates and not sold at the end of period, presented as a discount in the respective asset account (containers and/or inventories)	(799,256)	(625,222)	(627,366)
Amortization of value in CMF S. A	85,266	85,266	85,266
Income Statement Balance	(2,327,829)	1,190,969	783,418

14.4 Summary financial information of associates:

The attached table presents summarized information regarding the Company’s equity investees as of December 31, 2015:

	Envases CMF S.A.	Sorocaba Refrescos S.A.	Kaik Participacoes Ltda.	SRSA Participacoes Ltda.	Leao Alimentos e Bebidas Ltda.
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	63,174,016	72,465,279	9,777,084	577,957	311,121,542
Total liabilities	26,648,521	25,567,640	34	—	170,593,004
Total revenue	48,551,553	44,380,315	737,361	—	1,454,265,468
Net income (loss) of associate	2,983,219	(2,608,333)	737,361	574,320	(5,620,076)
Reporting date	12/31/2015	11/30/2015	11/30/2015	11/30/2015	11/30/2015

NOTE 15 — INTANGIBLE ASSETS AND GOODWILL

15.1 Intangible assets other than goodwill

Intangible assets other than goodwill as of the end of each reporting period are detailed as follows:

Detail	December 31, 2015			December 31, 2014		
	Gross Amount	Cumulative Amortization	Net Amount	Gross Amount	Cumulative Amortization	Net Amount
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Distribution rights (1)	658,625,624	—	658,625,624	719,385,108	—	719,385,108
Software	22,378,687	(15,814,299)	6,564,388	22,591,363	(14,242,229)	8,349,134
Water rights	536,940	(60,297)	476,643	521,234	(74,197)	447,037
Total	<u>681,541,251</u>	<u>(15,874,596)</u>	<u>665,666,655</u>	<u>742,497,705</u>	<u>(14,316,426)</u>	<u>728,181,279</u>

(1)Correspond to the contractual rights to produce and distribute Coca-Cola products in certain parts of Argentina, Brazil, Chile and Paraguay. Distribution rights result from the valuation process at fair value of the assets and liabilities of the companies acquired in business combinations. Production and distribution contracts are renewable for periods of 5 years with Coca-Cola. The nature of the business and renewals that Coca-Cola has permanently done on these rights, allow qualifying them as permanent contracts. These production and distribution rights, and in conjunction with the assets that are part of the cash-generating units, are annually subjected to the impairment test. Such distribution rights are composed in the following manner and are not subject to amortization:

	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	300,305,727	300,305,727
Brazil (Rio de Janeiro, Espirito Santo, Riberao Preto and the investments in Sorocaba and Leão Alimentos e Bebidas Ltda.)	183,687,154	230,712,143
Paraguay	173,304,596	186,636,782
Argentina (North and South)	1,328,147	1,730,456
Total	<u>658,625,624</u>	<u>719,385,108</u>

The movement and balances of identifiable intangible assets are detailed as follows for the period January 1 to December 31, 2015 and December 31, 2014:

Details	December 31, 2015				December 31, 2014			
	Distribution Rights	Rights	Software	Total	Distribution Rights	Rights	Software	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance	719,385,108	447,037	8,349,134	728,181,279	691,355,453	453,737	8,797,302	700,606,492
Additions	—	—	1,191,200	1,191,200	—	—	3,191,059	3,191,059
Amortization	—	(6,394)	(2,681,923)	(2,688,317)	—	(4,365)	(3,048,607)	(3,052,972)
Other increases (decreases)(1)	(60.759.485)	36,000	(294,022)	(61,017,507)	28,029,655	(2,335)	(590,620)	27,436,700
Total	<u>658,625,623</u>	<u>476,643</u>	<u>6,564,389</u>	<u>665,666,655</u>	<u>719,385,108</u>	<u>447,037</u>	<u>8,349,134</u>	<u>728,181,279</u>

(1) Mainly corresponds to the foreign currency effect of converting foreign subsidiaries’ distribution rights into the presentation currency.

**15.2 Goodwill**

Goodwill is considered as the excess acquisition cost over fair value of the group’s ownership interest in identifiable net assets of the acquired subsidiary at the acquisition date.

**15.2.1 Measurement of recoverable goodwill value**

Goodwill is annually reviewed but its recoverable value is checked during anticipated periods, if there are facts which indicate a possible impairment. These signs may include new legal dispositions, changes in the economic environment affecting business operating performance indicators, movements in the competition, or the sale of a significant part of the cash generating unit (CGU).

Management reviews business performance based on geographic segments. Goodwill is monitored by operating segment that includes different cash generating units of the operations in Chile, Brazil, Argentina and Paraguay. Impairment of distribution rights is geographically monitored at the CGU or group of cash generating units that correspond to specific territories for which Coca-Cola distribution rights have been acquired. These cash generating units or groups of cash generating units are composed by:

- Regions in Chile (excluding Metropolitan Region, province of Rancagua and province of San Antonio)
- Argentina North
- Argentina South
- Brazil (state of Rio de Janeiro and Espirito Santo)
- Brazil (Ipiranga territories)
- Brazil: the investment in the associate Sorocaba
- Brazil: the investment in the associate Leão Alimentos S.A.
- Paraguay

In order to check if goodwill has suffered an impairment loss, the company compares its book value with its recoverable value, and an impairment loss is recognized for the excess of the book value amount of the asset over its recoverable amount. To determine the recoverable values of the CGU, management considers the discounted cash flow method as the most appropriate method.

15.2.2 Main assumptions used in the annual test:

a. Discount rate:

The real discount rate applied in the annual test carried out in December 2015 was estimated with the Capital Asset Pricing Model which allows estimating a discount rate according to the risk level of the CGU in the country where it operates. A nominal discount rate before taxes is used according to the following table:

	Discount Rate	
	2015	2014
Argentina	34,1%	32,8%
Chile	7,7%	7,2%
Brazil	11,6%	10,7%
Paraguay	11,5%	12,4%

Management carried out the annual goodwill impairment test as of December 31, 2015 for each CGU.

b. Other assumptions

Financial projections to determine the net value of future cash flows are modelled considering the main variables of the historical flows of the CGU, and approved budgets. In this sense, a conservative growth rate is used, which fluctuates between 1.5% and 3% for the soft drinks category and between 6% and 7% for the less developed categories such as juices and water. Perpetuity growth rates between 2% and 3% depending on the level of per capita consumption of our products at each operation are set beyond the fifth year of projection.

The variables of greater sensitivity in these projections are the discount rates applied in determining the net present value of the projected cash flows, sales volume, sale prices and growth of unit variable cost vs. fixed cost. For the purpose of the impairment test, sensitivities were conducted in these critical variables according to the following:

- Annual volume variation: corresponds to an increase or decrease of 1 percentage point of total annual volume. This variation is applied for every year.
- Price variation: corresponds to an increase or decrease of 1 percentage point of the real price of each product. This variation is applied only during the first year, there fore prices for every year are adjusted by 1 percentage point.
- Fixed costs variation: it assumes which fixed costs (labor and other fixed expenses) have greater or lesser correlation with volume variation, for example 10 percentage points higher means that the fixed cost has less correlation with volume.
- Discount rate: corresponds to an increase or decrease of 50 bps in the discount rate of future cash flows.

15.2.3 Conclusions

As a result of the annual test, no impairments have been identified in any of the CGUs assuming conservative EBITDA margin projections and in line with the markets’ history.

Despite the deterioration of the macroeconomic conditions experienced by the economies of the countries where the cash generating units develop their operations, recovery values from the impairment test were higher than the book values of assets.

15.2.4 Goodwill by business segment and country

Movement in goodwill is detailed as follows:

Year ended December 31, 2015

Operating segment	01.01.2015	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2015
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	—	—	—	8,503,023
Brazilian operation	90,122,057	—	—	(18,161,097)	71,960,960
Argentine operation	10,058,725	—	—	(2,338,523)	7,720,202
Paraguayan operation	8,240,394	—	—	(588,643)	7,651,751
Total	116,924,199	—	—	(21,088,263)	95,835,936

Year ended December 31, 2014

Operating segment	01.01.2014	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,522,488	—	(19,465)	—	8,503,023
Brazilian operation	88,659,503	—	(292,365)(1)	1,754,919	90,122,057
Argentine operation	11,404,496	—	—	(1,345,771)	10,058,725
Paraguayan operation	7,192,580	—	—	1,047,814	8,240,394
Total	115,779,067	—	(311,830)	1,456,962	116,924,199

(1) Corresponds to the final valuation of assets and liabilities acquired at the purchase of Compañia de Bebidas Ipiranga, in accordance to what has been described in Note 3 “Business Combinations”.

Year ended December 31, 2013

Operating segment	01.01.2013	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2013
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	19,465	—	—	8,522,488
Brazilian operation	35,536,967	55,255,194(2)	—	(2,132,658)	88,659,503
Argentine operation	13,837,339	—	—	(2,432,843)	11,404,496
Paraguayan operation	6,915,412	—	—	277,168	7,192,580
Total	64,792,741	55,274,659	—	(4,288,333)	115,779,067

(2) Corresponds to the final valuation of assets and liabilities acquired at the purchase of Compañia de Bebidas Ipiranga, in accordance to what has been described in Note 3 “Business Combinations”.

NOTE 16 — OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

Current	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Bank loans	23,990,783	41,675,933
Bonds payable	19,236,780	17,623,883
Deposits in guarantee	16,247,026	15,982,913
Derivative contract obligations (see note 21)	107,428	4,431,484
Leasing agreements	2,635,671	3,688,227
<b>Total</b>	<b>62,217,688</b>	<b>83,402,440</b>
Non-current	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Bank loans	30,237,950	46,414,771
Bonds payable	718,004,190	657,220,248
Leasing agreements	17,057,204	22,981,421
<b>Total</b>	<b>765,299,344</b>	<b>726,616,440</b>

The fair value of the aforementioned assets and liabilities is presented below:

Current	Book Value 12.31.2015	Fair Value 12.31.2015	Book Value 12.31.2014	Fair Value 12.31.2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents (3)	129,160,939	129,160,939	79,514,434	79,514,434
Other financial assets (3)	87,491,931	87,491,931	106,577,042	106,577,042
Trade and other accounts receivable, net (3)	176,385,386	176,385,386	198,110,424	198,110,424
Accounts receivable from related parties (3)	4,610,500	4,610,500	5,994,453	5,994,453
Bank Loans (1)	23,990,783	23,928,084	41,675,933	42,604,758
Bonds Payable (2)	19,236,780	20,732,412	17,623,883	18,852,764
Deposits in guarantee (3)	16,247,026	16,247,026	15,982,913	15,982,913
Derivative contract obligations (see note 21)	107,428	107,428	4,431,484	4,431,484
Leasing agreements (3)	2,635,671	2,635,671	3,688,227	3,688,227
Non-current	12.31.2015	12.31.2015	12.31.2014	12.31.2014
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial assets (3)	181,491,527	181,491,527	51,026,773	51,026,773
Trade and other receivables (3)	5,931,999	5,931,999	7,097,809	7,097,809
Accounts receivable from related parties (3)	14,732	14,732	24,752	24,752
Bank Loans (1)	30,237,950	24,678,828	46,414,771	41,861,984
Bonds Payable (2)	718,004,190	765,111,961	657,220,248	701,322,386
Leasing agreements (3)	17,057,204	17,057,204	22,981,421	22,981,421

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- (1)

The fair values are based on discounted cash flows using market based discount rates as of year-end and are Level 2 fair value measurements.
- (2)

The fair value of coporate bonds are classified as a Level 1 fair value measurements based on quoted prices for the Company’s obligations.
- (3)

The fair value approximates book value considering the nature and term of the obligations.



16.1.1 Bank obligations, current

Indebted Entity			Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity		Total	
										Up to 90 days	90 days To 1 year	at 12.31.2015	At 12.31.2014
Tax ID,	Name	Country	Tax ID,	Name	Country					ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.144.000-8	Embotelladora Andina S.A.	Chile	97.036.000-K	Banco Santander	Chile	Chilean pesos	Monthly	1.10%	1.10%	—	—	—	9,633
91.144.000-8	Embotelladora Andina S.A.	Chile	97.032.000-8	BBVA	Chile	Chilean pesos	At maturity	5.00%	5.00%	—	—	—	205,000
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco BICE	Chile	Chilean pesos	Semiannually	4.29%	4.29%	—	214,927	214,927	211,137
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	Chilean pesos	Semiannually	3.43%	3.43%	—	275,268	275,268	—
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Ciudad de Bs.As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	129,023	130,704	259,727	658,980
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina (1)	Argentina	Argentine pesos	Monthly	14.80%	9.90%	144,740	302,556	447,296	748,896
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	9.90%	9.90%	38,830	76,970	115,800	201,332
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	23.06%	23.06%	—	—	—	853,102
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	23.38%	23.38%	—	—	—	4,587,880
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Monthly	15.25%	15.25%	60,916	181,534	242,450	—
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Quarterly	15.00%	15.00%	—	—	—	60,977
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	271,561	501,033	772,594	1,390,819
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Macro Bansud	Argentina	Argentine pesos	Monthly	15.25%	15.25%	43,502	131,386	174,888	198,950
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Argentine pesos	Monthly	15.25%	15.25%	61,567	60,560	122,127	319,284
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	BBVA Banco Francés	Argentina	Argentine pesos	Monthly	15.25%	15.25%	40,640	123,925	164,565	186,837
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Nuevo Banco de Santa Fe	Argentina	Argentine pesos	Quarterly	15.00%	15.00%	—	—	—	210,727
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Nuevo Banco de Santa Fe	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	105,037	32,336	137,373	545,149
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Nuevo Banco Santa Fe	Argentina	Argentine pesos	At maturity	28.00%	28.00%	—	—	—	5,080,638
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Comercial Bank of China	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	62,056	185,165	247,221	317,750
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Bank HSBC Argentina S.A	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	62,056	185,165	247,221	317,750
Foreign	Andina Empaques Argentina S.A.	Argentina	Foreign	Banco Galicia y Bs.As.	Argentina	Argentine pesos	Monthly	30.25%	30.25%	—	—	—	453,690
Foreign	Andina Empaques Argentina S.A.	Argentina	Foreign	Banco Galicia y Bs.As.	Argentina	Argentine pesos	At maturity	15.25%	15.25%	—	—	—	316,153
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	VOTORANTIM	Brasil	Brazilian real	Monthly	9.40%	9.40%	—	—	—	65,788
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	ITAÚ - Finame	Brasil	Dollars	Semiannually	2.992%	2.992%	—	12,817,824	12,817,824	16,118,096
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brasil	Brazilian real	Monthly	7.15%	7.15%	172,746	824,554	997,300	440,866
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brasil	Brazilian real	Quarterly	3.86%	3.86%	172,048	181,868	353,916	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brasil	Brazilian real	Monthly	4.50%	4.50%	—	—	—	603,278
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brasil	Brazilian real	Quarterly	4.50%	4.50%	658,705	1,865,061	2,523,766	3,376,088
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brasil	Brazilian real	Monthly	6.63%	6.63%	984,440	2,892,080	3,876,520	4,197,133
Total												23,990,783	41,675,933

(1) The Bicentennial credit granted by Banco de la Nación Argentina to Embotelladora del Atlántico S.A. at a preferential rate is a benefit of the Argentine Government to promote investment projects. Embotelladora del Atlántico S.A. registered investment projects and received the bicentennial credit at a preferential rate of 9.9% a year, the financial expense is recognized according to the market rate, and the financial expense differential between market and nominal rate was allocated as a lower cost of the fixed asset.

16.1.2 Bank obligations, non-current December 31, 2015

Indebted Entity			Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity					
Tx ID	Name	Country	Tx ID	Name	Country					1 year up to 2 years	More 2 years Up to 3 years	More 3 years Up to 4 years	More 4 years Up to 5 years	More 5 Years	At 12.31.2015
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Reales	Monthly	6.63%	6.63%	3,323,725	1,258,291	466,032	413,519	—	5,461,567
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Reales	Monthly	7.15%	7.15%	776,263	672,484	493,743	431,272	—	2,373,762
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Dollars	Semiannually	2.992%	2.992%	12,681,431	—	—	—	—	12,681,431
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Reales	Monthly	4.50%	4.50%	2,020,483	2,020,483	2,020,483	2,020,480	—	8,081,929
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco BBVA Francés	Argentina	Pesos argentinos	Monthly	15.25%	15.25%	44,560	—	—	—	—	44,560
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Macro Bansud	Argentina	Pesos argentinos	Monthly	15.25%	15.25%	50,970	—	—	—	—	50,970
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco Bice	Chile	Pesos chilenos	Semiannually	4.29%	4.29%	1,543,731	—	—	—	—	1,543,731
Total															30,237,950

16.1.2 Bank obligations, non-current December 31, 2014

Tx ID	Indebted Entity		Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity					at 12.31.2014
	Name	Country	Tx ID	Name	Country					1 year up to 2 years	More 2 years Up to 3 years	More 3 years Up to 4 years	More 4 years Up to 5 years	More 5 Years	
										ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	4,169,265	3,582,205	1,133,230	65,787	—	8,950,487
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander Río	Brazil	Brazilian real	Monthly	7.15%	7.15%	476,272	310,662	158,529	117,869	—	1,063,332
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Dollars	Semiannually	2.992%	2.992%	8,280,509	8,280,509	—	—	—	16,561,018
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	4.50%	4.50%	428,302	—	—	—	—	428,302
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	7.00%	7.00%	3,327,965	3,157,786	3,131,517	3,131,517	820,546	13,569,331
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	14.80%	9.90%	581,022	—	—	—	—	581,022
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	9.90%	9.90%	150,428	—	—	—	—	150,428
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Nuevo Banco de Santa Fe	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	175,174	—	—	—	—	175,174
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	988,071	—	—	—	—	988,071
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Ciudad de Bs. As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	326,400	—	—	—	—	326,400
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco HSBC Argentina S.A	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	319,305	—	—	—	—	319,305
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Bank of China Comercial	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	319,305	—	—	—	—	319,305
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco BBVA Francés	Argentina	Argentine pesos	Monthly	15.25%	15.25%	269,432	—	—	—	—	269,432
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Santander Río	Argentina	Argentine pesos	Monthly	15.25%	15.25%	157,737	—	—	—	—	157,737
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Macro Bansud	Argentina	Argentine pesos	Monthly	15.25%	15.25%	290,509	—	—	—	—	290,509
Foreign	Andina Empaques Argentina S.A.	Argentina	Foreign	Banco Galicia y Bs As.	Argentina	Argentine pesos	Monthly	15.25%	15.25%	315,363	—	—	—	—	315,363
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco Bice	Chile	Chilean pesos	At maturity	4.29%	4.29%	1,949,555	—	—	—	—	1,949,555
Total															46,414,771

(1) The Bicentennial credit granted by Banco de la Nación Argentina to Embotelladora del Atlántico S.A. at a preferential rate is a benefit of the Argentine Government to promote investment projects. Embotelladora del Atlántico S.A. registered investment projects and received the bicentennial credit at a preferential rate of 9.9% a year, the financial expense is recognized according to the market rate, and the financial expense differential between market and nominal rate was allocated as a lower cost of the fixed asset.

16.2.1 Bonds payable

	Current		Non-Current		Total	
	12.31.2015 ThCh\$	12.31.2014 ThCh\$	12.31.2015 ThCh\$	12.31.2014 ThCh\$	12.31.2015 ThCh\$	12.31.2014 ThCh\$
<b>Composition of bonds payable</b>						
Bonds (face value)	20,172,356	18,457,970	723,191,154	662,420,327	743,363,510	680,878,297
Expenses of bond issuance and discounts on placement	(935,576)	(834,087)	(5,186,964)	(5,200,079)	(6,122,540)	(6,034,166)
<b>Net balance presented in statement of financial position</b>	<b>19,236,780</b>	<b>17,623,883</b>	<b>718,004,190</b>	<b>657,220,248</b>	<b>737,240,970</b>	<b>674,844,131</b>

16.2.2 Current and non-current balances

Obligations with the public correspond to bonds in UF issued by the parent company on the Chilean market and bonds in US dollars issued by the parent company on the international market:

	Series	Face amount	Unit of Adjustment	Interest rate	Final Maturity	Interest Payment	Date Amortization of capital	12.31.2015 ThCh\$	12.31.2014 ThCh\$
<b>Bonds, current portion</b>									
SVS Registration N°640 SVS 08.23.2010	A	500,000	UF	3.0%	08-15-2017	Semiannually	02-15-2016	6,550,372	6,363,030
SVS Registration N°254 SVS 06.13.2001	B	2,723,745	UF	6.5%	06-01-2026	Semiannually	06-01-2016	5,213,755	4,749,263
SVS Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08-15-2031	Semiannually	02-15-2021	571,003	548,679
SVS Registration N°759 08.20.2013	C	1,000,000	UF	3.5%	08-16-2020	Semiannually	02-16-2017	333,479	284,837
SVS Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08-16-2034	Semiannually	02-16-2032	1,447,249	1,236,149
SVS Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03-01-2035	Semiannually	09-01-2032	952,223	914,996
Bonds USA	—	575,000,000	US\$	5.0%	10-01-2023	Semiannually	10-01-2023	5,104,275	4,361,016
<b>Total current portion</b>								<b>20,172,356</b>	<b>18,457,970</b>
<b>Bonds non-current portion</b>									
SVS Registration N°640 SVS 08.23.2010	A	500,000	UF	3.0%	08-15-2017	Semiannually	02-15-2017	6,407,273	12,313,550
SVS Registration N°254 SVS 06.13.2001	B	2,723,745	UF	6.5%	06-01-2026	Semiannually	06-01-2017	64,965,518	67,077,946
SVS Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08-15-2031	Semiannually	02-16-2021	38,443,635	36,940,650
SVS Registration N°759 08.20.2013	C	1,000,000	UF	3.5%	08-16-2020	Semiannually	02-16-2017	25,629,090	24,662,705
SVS Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08-16-2034	Semiannually	02-16-2032	102,516,360	98,662,919
SVS Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03-01-2035	Semiannually	09-01-2032	76,887,278	73,881,307
Bonds USA	—	575,000,000	US\$	5.0%	10-01-2023	Semiannually	10-01-2023	408,342,000	348,881,250
<b>Total non-current portion</b>								<b>723,191,154</b>	<b>662,420,327</b>

Accrued interest included in the current portion of bonds totaled ThCh\$8,923,499 and ThCh\$8,122,961 at December 31, 2015 and 2014, respectively.

16.2.3 Non-current maturities

	Series	Year of maturity				Total non-current
		2017	2018	2019	After	12-31-2015
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
SVS Registration N°640 08.23.2010	A	6,407,273	—	—	—	6,407,273
SVS Registration N°254 06.13.2001	B	5,156,294	5,491,452	5,848,396	48,469,376	64,965,518
SVS Registration N°641 08.23.2010	C	—	—	—	38,443,635	38,443,635
SVS Registration N°759 08.20.2013	C	6,407,273	6,407,273	6,407,273	6,407,271	25,629,090
SVS Registration N°760 08.20.2013	D	—	—	—	102,516,360	102,516,360
SVS Registration N°760 04.02.2014	E	—	—	—	76,887,278	76,887,278
Bonds USA	—	—	—	—	408,342,000	408,342,000
Total		17,970,840	11,898,725	12,255,669	681,065,920	723,191,154

16.2.4 Market rating

The bonds issued on the Chilean market had the following rating at December 31, 2015:

- AA : ICR Compañía Clasificadora de Riesgo Ltda. rating
- AA : Fitch Chile Clasificadora de Riesgo Limitada rating

The rating of bonds issued on the international market as of December 31, 2015 is the following:

- BBB : Standard&Poors rating
- BBB+ : Fitch Chile Clasificadora de Riesgo Limitada rating.

16.2.5 Restrictions

16.2.5.1 Restrictions regarding bonds placed abroad

On September 26, 2013, Andina issued a bond in the U.S. Market (Bonds USA) for US\$575 million at a coupon rate of 5.000% maturing on October 1, 2023. These bonds do not have financial restrictions.

16.2.5.2 Restrictions regarding bonds placed in the local market.

Restrictions regarding the issuance of bonds for a fixed amount registered under number 254.

During 2001, Andina placed local bonds in the Chilean market. The issuance was structured into two series, one of which matured during 2008.

The outstanding series as of December 31, 2015 is Series B for a nominal amount of up to UF 4 million, of which amount UF 3.7 million in bonds were placed with final maturity in the year 2026 at a 6.50% annual interest rate. The balance of outstanding capital as of December 31, 2015 is UF2,724 million.

Series B was issued with charge to the Bonds Line registered with the Securities Registered under number 254 dated June 13, 2001.

**Regarding Series B, the Issuer is subject to the following restrictions:**

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements.
- Consolidated Equity will be regarded as total equity including non-controlling interest.

As of December 31, 2015, Indebtedness Level is 0.76 times of Consolidated Equity.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows (in thousand Chilean pesos):

As of December 31, 2015, the values of items included in this indicator are the following:	
	ThCh\$
Other current financial liabilities	62,217,688
Other non-current financial liabilities	765,299,344
(-) Other non-current financial assets (hedge derivatives)	181,474,306
Total Consolidated Equity	851,534,300

- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the “Metropolitan Region” (Región Metropolitana) as a territory in Chile in which we have been authorized by The Coca-Cola Company for the development, production, sale and distribution of products and brands of the licensor, in accordance to the respective bottler or license agreement, renewable from time to time.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of this date is franchised by TCCC to the Company for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer’s Adjusted Consolidated Operating Cash Flow.
- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer’s unsecured consolidated liabilities.

Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements.

The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements.

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As of December 31, 2015, this index is 1.64 times

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2015, the values of items included in this restriction are the following:		ThCh\$
Consolidated assets free of collateral, mortgages or other liens		2,104,901,286
(-)Other non-current financial assets (hedge derivatives)		181,474,306
<b>Consolidated Assets free of pledges, mortgages or other liens (adjusted)</b>		<b>1,923,426,980</b>
Consolidated liabilities payable not guaranteed		1,357,826,724
(-) Other non-current financial assets (hedge derivatives)		181,474,306
<b>Unsecured Consolidated Liabilities Payable (adjusted)</b>		<b>1,176,352,418</b>

**Restrictions regarding bond lines registered in the Securities Registered under numbers 640 and 641.**

As a consequence of our merger with Coca-Cola Polar S.A., Andina became a debtor of the following two bonds placed in the Chilean market in 2010:

- UF 1.0 million of Series A bonds due 2017, bearing an annual interest of 3.00%. As of December 31, 2015, the balance of outstanding capital is UF 0.5 million.
- UF 1.5 million of Series C bonds due 2031, bearing an annual interest rate of 4.00%. As of December 31, 2015, the balance of outstanding capital is UF 1.5 million.

Series A and Series C were issued with charge to the Bond Lines registered with the Securities Registrar, under numbers 640 and 641, respectively, both on August 23, 2010.

**Regarding Series A and Series C, the Issuer is subject to the following restrictions:**

- Maintain a level of “Net Financial Debt” within its quarterly financial statements that may not exceed 1.5 times, measured over figures included in its consolidated statement of financial position. To this end, net financial debt shall be defined as the ratio between net financial debt and total equity of the issuer (equity attributable to controlling owners plus non-controlling interest). On its part, net financial debt will be the difference between the Issuer’s financial debt and cash.

**As of December 31, 2015, Net Financial Debt was 0.50 times.**

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

<b>As of December 31, 2015, the values of items included in this indicator are the following:</b>	<b>ThChS</b>
Cash and cash equivalent	129,160,939
Other current financial assets	87,491,931
Other non-current financial assets	181,491,527
Other current financial liabilities	62,217,688
Other non-current financial liabilities	765,299,344
Total Consolidated Equity	851,534,300

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer’s unsecured consolidated liabilities.

Unencumbered assets refer to the assets that meet the following conditions: are the property of the issuer; classified under Total Assets of the Issuer’s Financial Statements; and that are free of any pledge, mortgage or other liens constituted in favor of third parties, less “Other Current Financial Assets” and “Other Non-Current Financial Assets” of the Issuer’s Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

Unsecured total liabilities refers to: liabilities from Total Current Liabilities and Total Non-Current Liabilities of Issuer’s Financial Statement which do not benefit from preferences or privileges, less “Other Current Financial Assets” and “Other Non-Current Financial Assets” of the Issuer’s Financial Statements (to the extent they correspond to asset balances of derivative financial instruments, taken to hedge exchange rate and interest rate risk of the financial liabilities).

As of December 31, 2015, this index is 1.64 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

<b>As of December 31, 2015, the values of items included in this restriction are the following:</b>	<b>ThChS</b>
Consolidated assets free of collateral, mortgages or other liens	2,104,901,286
(-)Other non-current financial assets (hedge derivatives)	181,474,306
<b>Consolidated Assets free of pledges, mortgages or other liens (adjusted)</b>	<b>1,923,426,980</b>
Consolidated liabilities payable not guaranteed	1,357,826,724
(-) Other non-current financial assets (hedge derivatives)	181,474,306
<b>Unsecured Consolidated Liabilities Payable (adjusted)</b>	<b>1,176,352,418</b>

- Not carry out investments in instruments issued by related parties, nor carry out with these parties any other operations not related to normal business, in conditions that may be more unfavorable to the Issuer regarding those prevailing in the market.
- Maintain a level of “Financial net coverage” in its quarterly financial statements of more than 3 times. Net financial coverage means the ratio between the Issuer’s Ebitda for the past 12 months and net financial expenses (financial income less financial expenses) of the issuer for the past 12 months.



However, this restriction will be considered breached when the mentioned net financial coverage level is lower than the level previously indicated during two consecutive quarters.

As of December 31, 2015 Net Financial Coverage level is 6.46 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2015, the values of items included in this indicator are the following:	ThCh\$
Consolidated Ebitda between January 1 and December 31, 2015	294,245,756
Consolidated financial income between January 1 and December 31, 2015	10,118,375
Consolidated financial expenses between January 1 and December 31, 2015	55,669,217

**Restrictions regarding bond lines registered in the Securities Registrar under numbers 759 and 760**

During 2013 and 2014, Andina placed local bonds in the Chilean market. The issuance was structured into two series.

- Series C outstanding as of December 31, 2015, for a nominal value of up to UF 3 million, of which bonds were placed for a nominal amount of UF1.0 million with final maturity during year 2020 at an annual interest rate of 3.50% issued against line number 759. Outstanding capital as of December 31, 2015 is UF 1.0 million.
- Series D and E outstanding at December 31, 2015 for a total nominal value of UF 8 million, of which UF 4 million were placed in bonds during August, 2013 (series D) and UF 3 million during April, 2014 (series E), with final maturity in 2034 and 2035, respectively, issued with charge against line number 760. The anual interest rates are 3.8% for Series D and 3.75% for Series E. The oustanding capital balance at December 31, 2015 of both series amounts to UF 7.0 million.

**Regarding Series C, D and E, the Issuer is subject to the following restrictions:**

- Maintain an indebtedness level where Consolidated Financial Liabilities to Consolidated Equity does not exceed 1.20 times. For these purposes Consolidated Financial Liabilities shall be regarded as Liabilities Receivables accruing interest, namely: (i) other current financial liabilities, plus (ii) other non-current financial liabilities, less (iii) cash and cash equivalent and (iv) other current financial assets, and (v) other non-current financial assets (to the extent they are asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities). Consolidated Equity will be regarded as total equity including non-controlling interest.

As of December 31, 2015, Indebtedness Level is 0.50 times of Consolidated Equity

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The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2015, the values of items included in this indicator are the following:		ThCh\$
Cash and cash equivalent		129,160,939
Other current financial assets		87,491,931
Other non-current financial assets (hedge derivatives)		181,474,306
Other current financial liabilities		62,217,688
Other non-current financial liabilities		765,299,344
Total Consolidated Equity		851,534,300

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.30 times of the issuer’s unsecured consolidated liabilities payable.

Unsecured Consolidated Liabilities Payable shall be regarded as the total liabilities, obligations and debts of the issuer that are not secured by real guarantees on goods and assets of the latter, voluntarily and conventionally constituted by the issuer less the asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements.

The following will be considered in determining Consolidated Assets: assets free of any pledge, mortgage or other lien, as well as those assets having a pledge, mortgage or real encumbrances that operate solely by law, less asset balances of derivative financial instruments, taken to hedge exchange rate or interest rate risks on financial liabilities under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements. Therefore, Consolidated Assets free of any pledge, mortgage or other lien will only be regarded as those assets free of any pledge, mortgage or other real lien voluntarily and conventionally constituted by the issuer less asset balances of derivative financial instruments, taken to cover exchange rate or interest rate risks on financial liabilities and under “Other Current Financial Assets” and “Other non-current Financial Assets” of the Issuer’s Consolidated Financial Statements.

As of December 31, 2015, this index is 1.64 times.

The breakdown of accounts with the respective amounts used for the previous calculation is summarized as follows:

As of December 31, 2015, the values of items included in this restriction are the following:		ThCh\$
Consolidated assets free of collateral, mortgages or other liens		2,104,901,286
(-)Other non-current financial assets (hedge derivatives)		181,474,306
Consolidated Assets free of pledges, mortgages or other liens (adjusted)		1,923,426,980
Consolidated liabilities payable not guaranteed		1,357,826,724
(-) Other non-current financial assets (hedge derivatives)		181,474,306
Unsecured Consolidated Liabilities Payable (adjusted)		1,176,352,418

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- Maintain, and in no manner lose, sell, assign or transfer to a third party, the geographical area currently denominated as the “Metropolitan Region” as a territory franchised to the Issuer in Chile by The Coca-Cola Company, hereinafter also referred to as “TCCC” or the “**Licensor**” for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called “Metropolitan Region”. This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.
- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of these instruments is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer’s Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term “Adjusted Consolidated Operating Cash Flow” shall mean the addition of the following accounting accounts of the Issuer’s Consolidated Statement of Financial Position: (i) “Gross Profit” which includes regular activities and cost of sales; less (ii) “Distribution Costs”; less (iii) “Administrative Expenses”; plus (iv) “Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method”; plus (v) “Depreciation”; plus (vi) “Intangibles Amortization”.

As of December 31, 2015 and 2014, the Company complies with all financial collaterals.

**16.2.6 Repurchased bonds**

In addition to UF bonds, the Company holds bonds that it has repurchased in full through companies that are included in the consolidation:

Through its subsidiaries, Abisa Corp S.A. (formerly Pacific Sterling), Embotelladora Andina S.A. repurchased its Bonds USA issued on the U.S. Market during the years 2000, 2001, 2002, 2007 and 2008. The entire placement amounted to US\$350 million, of which US\$200 million are outstanding at December 31, 2013. On December 15, 2014, Embotelladora Andina S.A. rescued US\$200 million in outstanding bonds from its subsidiary Abisa Corp S.A., thus since legally debtor and creditor are joined in a single entity, the mentioned bond liability becomes extinguished.

The subsidiary Rio de Janeiro Refrescos Ltda. maintains a liability corresponding to a bond issuance for US \$75 million due in December 2020 and semi-annual interest payments. On December 31, 2015 these issues belong to Andina, until December 31, 2012 belong to the subsidiary Abisa Corp S.A., (former Pacific Sterling). On January 1, 2013, Abisa Corp S.A. transferred the totality of this asset to Embotelladora Andina S.A., passing the latter to be the creditor of the above mentioned Brazilian subsidiary. As a result, in these consolidated financial statements the assets and liabilities related to the transaction have been eliminated. In addition, the transaction has been treated as a net investment of the group in the Brazilian subsidiary, consequently the effects of exchange rate differences between the dollar and the functional currency of each one have been recorded in other comprehensive income.

**16.3.1 Derivative contract obligations.**

Please see details in Note 21.

16.4.1 Current liabilities for leasing agreements

Indebted Entity		Tax,ID	Creditor Entity		Currency	Amortization type	Effective rate	Nomina rate	Maturity		Total	
Name	Country		Name	Country					Up to 90 days	90 fays to 1 year	at 12.31.2015	at 12.31.2014
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	306,220	738,064	1,044,284	1,736,508
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	266,709	513,539	780,248	655,131
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	120,287	292,005	412,292	605,105
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	49,611	148,832	198,443	369,895
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	9.39%	9.38%	31,525	71,619	103,144	247,844
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	23,237	74,023	97,260	73,744
Total											2,635,671	3,688,227

16.4.2 Non- Current liabilities for leasing agreements December 31, 2015

Indebted Entity		Creditor Entity			Currency	Amortization type	Effective rate	Nominal rate	Maturity					at 12.31.2015
Name	Country	Tax,ID	Name	Type					1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	more 5 years	
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	1,940,324	2,799,686	—	—	10,457,637	15,197,647
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	437,913	84,568	—	—	—	522,481
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	327,205	—	—	—	—	327,205
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	269,316	245,255	—	—	—	514,571
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	9.39%	9.38%	7,226	—	—	—	—	7,226
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	488,074	—	—	—	—	488,074
Total														17,057,204

16.4.2 Non-Current liabilities for leasing agreements December 31, 2014

Indebted Entity		Creditor Entity			Currency	Amortization type	Effective rate	Nominal rate	Maturity					
Name	Country	Tax, ID	Name	Type					1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	more 5 years	at 12.31.2014
									ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	479,460	—	—	—	—	479,460
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	18,881	—	—	—	—	18,881
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeracao Ligth Esco	Brazil	Brazilian real	Monthly	13.00%	13.00%	1,945,291	1,945,291	1,945,291	1,945,291	11,939,924	19,721,088
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Alfa	Brazil	Brazilian real	Monthly	13.00%	13.00%	43,401	—	—	—	—	43,401
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Bradesco	Brazil	Brazilian real	Monthly	13.06%	13.06%	125,635	—	—	—	—	125,635
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	12.70%	12.70%	786,477	—	—	—	—	786,477
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	12.68%	12.68%	1,306,378	—	—	—	—	1,306,378
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	500,101	—	—	—	—	500,101
Total													22,981,421	

NOTE 17 — TRADE AND OTHER CURRENT ACCOUNTS PAYABLE

a) Trade and other current accounts payable are detailed as follows:

Item	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Trade accounts payable	167,492,719	172,506,301
Withholdings tax	35,009,855	47,459,313
Accounts payable Inamar Ltda. (1)	7,784,836	—
Others	11,542,182	9,429,932
<b>Total</b>	<b>221,829,592</b>	<b>229,395,546</b>
Current	212,526,368	228,179,112
Non-current	9,303,224	1,216,434
<b>Total</b>	<b>221,829,592</b>	<b>229,395,546</b>

b) The Company maintains commercial lease agreements for forklifts, vehicles, properties and machinery. These lease agreements have an average duration of one to five years excluding renewal options. No restrictions exist with respect to the lessee by virtue of these lease agreements.

Future payments of the Company’s operating leases are as follows:

	12.31.2015
	ThCh\$
Maturity within one year	6,602,883
Maturity long-term	2,064,377
<b>Total</b>	<b>8,667,260</b>

Total expenses related to operating leases maintained by the Company as of December 31, 2015 and 2014 amounted to ThCh\$6,604,204 and ThCh\$4,915,222 respectively.

(1) On December 3, 2015 a land was purchased from Industrias Metalurgicas Inamar Ltda. for an amount of ThCh\$ 17,292,040 equivalent to 675,000 UFs, of which there is a balance payable of ThCh\$7,784,836 equivalent to 303.750 UFs. Such balance payable will be paid in one installment maturing in 30 more months. To guarantee the payment of this obligation the land has been mortgaged to in favor of Industrias Metalurgicas Inamar Ltda.

NOTE 18 — CURRENT AND NON-CURRENT PROVISIONS

18.1 Balances

The balances of provisions recorded by the Company at December 31, 2015 and 2014 are detailed as follows:

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Litigation (1)	64,301,817	77,812,345
<b>Total</b>	<b>64,301,817</b>	<b>77,812,345</b>
Current	326,093	365,832
Non-current	63,975,724	77,446,513
<b>Total</b>	<b>64,301,817</b>	<b>77,812,345</b>

(1) Corresponds to the provision for probable fiscal, labor and trade contingency losses based on the opinion of our legal advisors, according to the following breakdown:

Detail (see note 22.1)	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Tax Contingencies	54,208,233	68,750,633
Labor Contingencies	5,774,453	4,671,795
Civil Contingencies	4,319,131	4,389,917
<b>Total</b>	<b>64,301,817</b>	<b>77,812,345</b>

18.2 Movements

Movement of provisions is detailed as follows:

Description	12.31.2015			12.31.2014		
	Litigation ThCh\$	Others ThCh\$	Total ThCh\$	Litigation ThCh\$	Others ThCh\$	Total ThCh\$
Opening Balance at January	77,812,345	—	77,812,345	77,812,294	—	77,812,294
Additional provisions	243,330	—	243,330	—	—	—
Increase (decrease) in existing provisions	1,893,402	—	1,893,402	1,064,399	—	1,064,399
Payments	343,359	—	343,359	(2,403,975)	—	(2,403,975)
Reverse unused provision	(182,670)	—	(182,670)	—	—	—
Increase (decrease) due to foreign exchange differences	(15,807,949)	—	(15,807,949)	1,339,627	—	1,339,627
Total	64,301,817	—	64,301,817	77,812,345	—	77,812,345

NOTE 19 — OTHER CURRENT AND NON-CURRENT NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

Description	12.31.2015	12.31.2014
	ThCh\$	ThCh\$
Minimum dividend	—	695,729
Dividend payable	17,093,596	9,164,842
Other	714,538	2,192,222
Total	17,808,134	12,052,793
Current	17,565,643	11,620,303
Non-current	242,491	432,490
Total	17,808,134	12,052,793



NOTE 20 — EQUITY

20.1 Paid-in capital

On August 21, 2013 saw the decline of paid capital as of right for not having alienated third 67 shares of Series A and 8,065 Series B shares, which the Company acquired in 2012, to shareholders exercised their right to retire when it was merged with Embotelladoras Coca-Cola Polar S.A, thus passing the capital paid a total of ThCh \$ 270,759,299 to a total of ThCh\$ 270,737,574.

The paid-in capital of the Company totaled ThCh\$270,737,574 as of December 31, 2015, 2014 and 2013. The distribution and classification is detailed as follows:

20.1.1 Number of shares:

Series	Number of shares subscribed			Number of shares paid in			Number of voting shares		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
A	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
B	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303

20.1.2 Equity:

Series	Subscribed Capital			Paid-in capital		
	2015	2014	2013	2015	2014	2013
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
A	135,379,504	135,379,504	135,379,504	135,379,504	135,379,504	135,379,504
B	135,358,070	135,358,070	135,358,070	135,358,070	135,358,070	135,358,070
Total	270,737,574	270,737,574	270,737,574	270,737,574	270,737,574	270,737,574

20.1.3 Rights of each series:

- Series A : Elect 12 of the 14 Directors
- Series B : Receives an additonal 10% of dividends distributed to Series A and elects 2 of the 14 Directors.

20.2 Dividend policy

According to Chilean law, cash dividends must be paid equal to at least 30% of annual net profit, barring a unanimous vote by shareholders to the contrary. If there is no net profit in a given year, the Company will not be legally obligated to pay dividends from retained earnings. At the ordinary Shareholders’ Meeting held in April 2015, the shareholders agreed to pay out of the 2014 earnings are final dividend to complete the 30% required by the Law 18,046 which was paid in August 2015.

Pursuant to Circular Letter N° 1,945 of the Chilean Superintendence of Securities and Insurance dated September 29, 2009, the Company’s Board of Directors decided to maintain the initial adjustments from adopting IFRS as retained earnings for future distribution.

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Retained earnings at the date of IFRS adoption amounted to ThCh\$ 19,260,703, of which ThCh\$ 8,893,477 have been realized at December 31, 2015 and are available for distribution as dividends in accordance with the following:

Description	Event when amount is realized	Amount of accumulated earnings at 01.01.2009 ThCh\$	Realized at 12.31.2015 ThCh\$	Amount of accumulated earnings at 12.31.2015 ThCh\$
Revaluation of assets parent Company	Sale or impairment	14,800,384	(11,665,431)	3,134,953
Foreign currency translation differences of investments in related companies and subsidiaries	Sale or impairment	4,653,301	2,264,615	6,917,916
Full absorption cost accounting parent Company	Sale of products	305,175	(305,175)	—
Post-employment benefits actuarial calculation parent Company	Termination of employees	946,803	(578,547)	368,256
Deferred taxes complementary accounts parent Company	Amortization	(1,444,960)	1,391,061	(53,899)
<b>Total</b>		<b>19,260,703</b>	<b>(8,893,477)</b>	<b>10,367,226</b>

The dividends declared and paid during 2015, 2014 and 2013 are presented below:

Dividend payment date		Dividend type	Profits imputable to dividends	Ch\$ per Series A Share	Ch\$ per Series B Share
2013	May	Additional	2012	12,30	13,53
2013	June	Interim	2013	12,30	13,53
2013	Novembre	Additional	2012	47,00	51,70
2013	December	Interim	2013	13,10	14,41
2014	May	Additional	Retained Earnings	12,37	13,61
2014	May	Final	2013	1,46	1,61
2014	August	Additional	Retained Earnings	12,37	13,61
2014	October	Interim	2014	13,10	14,41
2015	January	Interim	2014	9,00	9,90
2015	May	Final	2014	15,00	16,50
2015	August	Additional	Retained Earnings	15,00	16,50
2015	October	Interim	2015	15,00	16,50
2015	December (*)	Interim	2015	17,00	18,70

(\*)As of December 31, 2015 this dividend is yet to be paid and in accordance to the agreements of the Board of Directors held during December 2015, will be available to shareholders beginning January 28, 2016.

20.3 Reserves

The balance of other reserves include the following:

Description	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Polar acquisition	421,701,520	421,701,520	421,701,520
Foreign currency translation reserves	(167,447,157)	(53,285,698)	(81,527,711)
Cash flow hedge reserve	27,087,214	6,125,615	2,258,144
Reserve for employee benefit actuarial gains or losses	(1,796,285)	(1,237,993)	(1,128,824)
Legal and statutory reserves	5,435,538	5,435,538	5,435,538
Total	284,980,830	378,738,982	346,738,667

20.3.1 Polar acquisition

This amount corresponds to the fair value of the issuance of shares of Embotelladora Andina S.A., used to acquire Embotelladoras Coca-Cola Polar S.A..

20.3.2 Cash flow hedge reserve

They arise from the fair value of the existing derivative contracts that have been qualified for hedge accounting at the end of each financial period. When contracts are expired, these reserves are adjusted and recognized in the income statement in the corresponding period (see Note 21).

20.3.3 Reserve for employee benefit actuarial gains or losses

Corresponds to the restatement effect of employee benefits actuarial losses, that according to IAS 19 amendments must be carried to other comprehensive income.

20.3.4 Legal and statutory reserves

In accordance with Official Circular No. 456 issued by the Chilean Superintendence of Securities and Insurance, the legally required price-level restatement of paid-in capital for 2009 is presented as part of other equity reserves and is accounted for as a capitalization from Other Reserves with no impact on net income or retained earnings under IFRS. This amount totaled ThCh\$ 5,435,538 at December 31, 2009.

20.3.5 Foreign currency translation reserves

This corresponds to the conversion of the financial statements of foreign subsidiaries whose functional currency is different from the presentation currency of the consolidated financial statements. Additionally exchange differences between accounts receivable kept by the companies in Chile with foreign subsidiaries are presented in this account, which have been treated as investment equivalents accounted for using the equity method. A breakdown of translation reserves is presented below:

Description	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Brazil	(88,444,294)	(30,861,504)	(36,125,708)
Argentina	(84,913,998)	(56,273,418)	(46,087,935)
Paraguay	21,728,456	41,657,749	8,586,782
Exchange rate differences in related companies	(15,817,321)	(7,808,525)	(7,900,850)
Total	(167,447,157)	(53,285,698)	(81,527,711)

The movement of this reserve for the fiscal periods ended December 31, 2015, 2014 and 2013 respectively is detailed as follows:

Description	12.31.2015	12.31.2014	12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Brazil	(57,582,790)	5,264,204	(9,220,656)
Argentina	(28,640,580)	(10,185,483)	(16,638,937)
Paraguay	(19,929,293)	33,070,967	8,562,534
Exchange rate differences in related companies	(8,008,796)	92,325	(675,107)
Total	(114,161,459)	28,242,013	(17,972,166)

20.4 Non-controlling interests

This is the recognition of the portion of equity and income from subsidiaries that are owned by third parties, Details of this account at December 31, 2015, 2014 and 2013 are as follow:

Details	Non-controlling Interests								
	Percentage %			Shareholders Equity			Income		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
				ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Embotelladora del Atlántico S.A.	0.0171	0.0171	0.0171	14,484	13,181	13,118	5,262	2,014	2,692
Andina Empaques Argentina S.A.	0.0209	0.0209	0.0209	2,220	2,093	1,760	798	536	406
Paraguay Refrescos S.A.	2.1697	2.1697	2.1697	5,522,797	5,996,843	5,051,217	406,211	400,771	287,112
Inversiones Los Andes Ltda.	—	—	0.0001	—	—	51	—	—	—
Vital S.A.	35.0000	35.0000	35.0000	8,891,548	8,910,290	9,216,505	(4,556)	(286,878)	502,397
Vital Aguas S.A.	33.5000	33.5000	33.5000	1,967,652	1,948,634	1,913,632	50,933	21,517	115,774
Envases Central S.A.	40.7300	40.7300	40.7300	4,661,764	4,832,197	4,567,226	(224,206)	179,243	376,163
Andina Inversiones Societarias S.A.	—	—	0.0001	—	—	37	—	—	2
Total				21,060,465	21,703,238	20,763,546	234,442	317,203	1,284,546

20.5 Earnings per share

The basic earnings per share presented in the statement of comprehensive income is calculated as the quotient between income for the period and the average number of shares outstanding during the same period.

The earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

Earnings per share	12.31.2015		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (ThCh\$)	41,840,108	46,023,376	87,863,484
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	88.40	97.24	92.82

Earnings per share	12.31.2014		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (ThCh\$)	24,702,640	27,172,444	51,875,084
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	52.19	57.41	54.80

Earnings per share	12.31.2013		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (ThCh\$)	42,373,551	46,609,127	88,982,678
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	89.53	98.48	94.01

**NOTE 21 — DERIVATIVE ASSETS AND LIABILITIES**

The company held the following derivative instruments at December 31, 2015 and 2014:

**21.1 Derivatives accounted for as cash flow hedges:**

**a) Cross Currency Swap Itau Credit.**

As of December 31, 2015, the Company maintained derivative contracts to ensure U.S. dollar denominated bank liabilities in Brazil amounting to ThUS\$ 35,714, to convert them to liabilities in Brazilian Real. The valuation of these contracts was performed at their fair values, yielding a receivable value of ThCh\$13,463,222 at December 31, 2015 which is presented in other financial assets non-current. These swap contracts have the same terms of the underlying bond obligation and expire in 2017. In addition, the excess value of the derivative above the hedged items of ThCh\$ 959,012 (ThCh\$ 639,447 in 2014) has been recognized within other equity reserves as of December 31, 2015. The amount of income recognized in results for financial liabilities in US Dollars that were neutralized by the recycling of derivative contracts from equity amounted to ThCh\$ 6,238,586 at December 31, 2015 (ThCh\$ 1,632,629 at December 31, 2014).

**b) Cross Currency Swaps associated with US Bonds**

At December 31, 2015, the Company entered into cross currency swap derivative contracts to convert US Dollar public bond obligations of US\$570 million into UF and Real liabilities to hedge the Company’s exposure to variations in foreign exchange rates. These swap contracts have the same terms of the underlying bond obligation and expire in 2023. The fair value of these derivatives resulted in an asset of ThCh\$168,011,084 at December 31, 2015, which is presented as other financial assets non-current. In addition excess value of the derivative above the hedged items of ThCh\$26,128,202 has been recognized within other equity reserves as of December 31, 2015. The ineffective portion amount of ThCh\$4,698,187 (ThCh\$5,995,530 at December 31, 2014) associated with this hedge was recorded in other gains and losses.

The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars and the identified ineffective portion of the hedge derivative were compensated with the recycling to income of the financial derivative instruments reserve in other comprehensive income amounting ThCh\$71,749,245 (ThCh\$16,427,083 at December 31, 2014).

**21.2 Derivatives accounted for as financial assets and liabilities at fair value through profit and loss:**

In 2013 and 2014, the Company entered into foreign currency forward contracts to hedge its exposure to expected future raw materials purchases in US Dollars during the years 2014 and 2015. The total amount of outstanding forward contracts were US\$0.15 million at December 31, 2015 (US\$125.1 million at December 31, 2014). These agreements were recorded at fair value, resulting in a net gains of ThCh\$292,015 for the period ended December 31, 2015 (net gains of ThCh\$ 196,009 at December 31, 2014). The fair value of these derivative contracts is a liability of ThCh\$ 107,428 at December 31, 2015 (assets of ThCh\$2,871,333 and liabilities of ThCh\$4,431,484 at December 31, 2014). The agreements that ensure future flows of foreign currency have been designated as hedge beginning August 1, 2014, following hedge accounting as of that date, as of December 31, 2015, there are no pending balances for recycling to net income. Futures contracts that ensure prices of future materials have not been designated as hedge agreements, whereby its effects on variations in fair value are accounted for directly under statements of income in the “other gains and losses” account.

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These derivative contracts do not qualify for hedge accounting and are accounted for as investment contracts with the changes in fair value recorded directly in the income statement each reporting period.

Fair value hierarchy

The Company had total assets related to its foreign exchange derivative contracts of ThCh\$181,474,306 and liabilities to ThCh\$107,428 at December 31, 2015 (assets for ThCh\$53,878,573 and liabilities for ThCh\$4,431,484 at December 31, 2014). Those contracts covering existing items have been classified in the same category of hedged, the net amount of derivative contracts by concepts covering forecasted items have been classified in financial assets and financial liabilities, All the derivative contracts are carried at fair value in the consolidated statement of financial position, The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the period ended December 31, 2015, there were no transfers of items between fair value measurement categories; all of which were valued during the period using level 2.

Fair Value Measurements at December, 31 2015				
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh\$	Observable market data (Level 2) ThCh\$	Unobservable market data (Level 3) ThCh\$	ThCh\$
Assets				
Current assets				
Other non-current financial assets	—	181,474,306	—	181,474,306
Total assets	—	181,474,306	—	181,474,306
Liabilities				
Current liabilities				
Other current financial liabilities	—	107,428	—	107,428
Total liabilities	—	107,428	—	107,428

Fair Value Measurements at December, 31 2014				
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh\$	Observable market data (Level 2) ThCh\$	Unobservable market data (Level 3) ThCh\$	ThCh\$
Assets				
Current assets				
Other current financial assets	—	2,871,333	—	2,871,333
Other non-current financial assets	—	51,007,240	—	51,007,240
Total assets	—	53,878,573	—	53,878,573
Liabilities				
Current liabilities				
Other current financial liabilities	—	4,431,484	—	4,431,484
Total liabilities	—	4,431,484	—	4,431,484

**NOTE 22 — CONTINGENCIES AND COMMITMENTS**

**22.1 Lawsuits and other legal actions:**

In the opinion of the Company’s legal counsel, the Parent Company and its subsidiaries do not face judicial or extra-judicial contingencies that might result in material or significant losses or gains, except for the following:

- 1) Embotelladora del Atlántico S.A. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh\$1,467,587. Management considers it unlikely that non-provisioned contingencies will affect the Company’s income and equity, based on the opinion of its legal counsel. Additionally Embotelladora del Atlántico S.A. maintains time deposits for an amount of ThCh\$699,625 to guaranty judicial liabilities.
- 2) Rio de Janeiro Refrescos Ltda. faces labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh\$62,570,819. anagement considers it unlikely that non-provisioned contingencies will affect the Company’s income and equity, based on the opinion of its legal counsel. As it is customary in Brazil, Rio de Janeiro Refrescos Ltda. maintains judicial deposits and assets given in pledge to secure the compliance of certain processes, irrespective of whether these have been classified as a possible, probable or remote. The amounts deposited or pledged as a legal guarantees as of Decemberr 31, 2015 and 2014 amounted to ThCh\$86,364,210 and ThCh\$113,574,536 respectively.

Part of the assets given as warranty by Rio de Janeiro Refrescos Ltda. as of December 31, 2014, are in the process of being released and others have been released with the exchange of Warranty Insurance and Bail Letters entered into amounting to R\$499,421,531 with different financial institutions and insurance companies in Brazil, through which these entities after a 0.6% commission, become responsible of fulfilling obligations with the Brazilian tax authorities should any trial result against Rio de Janeiro Refrescos Ltda. Additionally, if the warranty and bail letters are executed, Rio de Janeiro Refrescos Ltda. promises to reimburse to the financial institutions and Insurance Companies any amounts disbursed by them to the Brazilian government.



Main contingencies faced by Rio de Janeiro Refrescos are as follows:

**a) Tax contingencies resulting from credits on tax on industrialized products (IPI).**

Rio de Janeiro Refrescos is a party to a series of proceedings under way, in which the Brazilian federal tax authorities demand payment of value-added tax on industrialized products (*Imposto sobre Produtos Industrializados*, or IPI) allegedly owed by ex-Companhia de Bebidas Ipiranga. The initial amount demanded reached R\$1,330,473,161 (historical amount without adjustments), corresponding to different trials related to the same cause. In June 2014, one of these trials for R\$598,754,218, was resolved in favor of the Company, however, there are new law suits arising after the purchase of ex-Companhia de Bebidas Ipiranga (October 2013) that amount to R\$303,518,513. These law suits include amounts originally demanded plus accrued adjustments to date.

The Company rejects the position of the Brazilian tax authority in these procedures, and considers that Companhia de Bebidas Ipiranga was entitled to claim IPI tax credits in connection with purchases of certain exempt raw materials from suppliers located in the Manaus free trade zone.

Based on the opinion of its advisers, and judicial outcomes to date, Management estimates that these procedures do not represent probable losses, and has not recorded a provision on these matters.

Notwithstanding the above, the IFRS related to business combination in terms of distribution of the purchase price establish that contingencies must be measured one by one according to their probability of occurrence and discounted at fair value from the date on which it is deemed the loss can be generated. According to this criteria, from a total of identified contingencies amounting R\$1,169,888,014 (including readjustments of current lawsuits), the Company recorded a provision R\$201,880,601 equivalent to ThCh\$36,715,716.

**b) Tax contingencies on ICMS and IPI causes.**

They refer mainly to tax settlements issued by advance appropriation of ICMS credits on fixed assets, payment of the replacement of ICMS tax to the operations, untimely IPI credits calculated on bonuses, among other claims.

The Company does not consider that these judgments will result in significant losses, given that their loss is considered unlikely. However, the accounting standards of financial information related to business combination in terms of distribution of the purchase price, establish contingencies must be valued one by one according to their probability of occurrence and discounted to fair value from the date on which it is deemed that the loss can be generated. According to this criteria, an initial provision has been made in the business combination accounting for an amount of R\$ 96.5 million equivalent to ThCh\$ 17,547,397.

- 3) Embotelladora Andina S.A. and its Chilean subsidiaries face labor, tax, civil and trade lawsuits. Accounting provisions have been made for the contingency of a probable loss because of these lawsuits, totaling ThCh\$263,411. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

**22.2 Direct guarantees and restricted assets:**

Guarantees and restricted December 31, 2015 and 2014 are detailed as follows:

**Guarantees that compromise assets including in the financial statements:**

Guarantee in favor of	Provided by Name	Relationship	Committed assets		Balance pending payment on the closing date of the financial statements	
			Guarantee	Guarantee in favor of	12.31.2015	12.31.2014
					ThCh\$	ThCh\$
Industria Metalúrgica Inamar Ltda.	Embotelladora Andina S.A.	Parent Company	Land	Property, plant and equipment	17,292,040	—
Bodega San Francisco	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	—	6,788
Gas licuado Lipigas S.A.	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	1,140	1,140
Nazira Tala	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	3,416	3,416
Nazira Tala	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	3,508	3,508
Inmob. e Invers. Supetar Ltda.	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Trade and other receivables	4,579	4,579
María Lobos Jamet	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Trade and other receivables	2,565	2,565
Reclamantes ações trabalhistas	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	2,499,232	15,017,759
Reclamantes ações civiles y tributarias	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	7,929,131	15,817,942
Instituciones Gubernamentales	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	—	6,944,052
Instituciones Gubernamentales	Rio de Janeiro Refrescos Ltda.	Subsidiary	Property, plant and equipment	Property, plant and equipment	75,935,847	75,794,783
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,089	1,419
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,634	2,129
Municipalidad Gral. Alvear	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	—	9,170
Municipalidad San Martin Mza	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	19,606	25,544
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,168	1,522
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	96,045	385,720
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	2,316	3,017
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	538,968	979,627
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	4,862	6,334
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	9,803	12,772
CICSA	Embotelladora del Atlántico S.A.	Subsidiary	Guarantees CICSA for packaging	Other current financial assets	30,335	39,524
Locadores varios	Embotelladora del Atlántico S.A.	Subsidiary	Guarantee deposit for rentals	Other current financial assets	11,297	10,710
Aduana de Ezeiza	Embotelladora del Atlántico S.A.	Subsidiary	Machinery import	Other current financial assets	47,023	9,924
Municipalidad de Junin	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	9,508	8,300
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	14,626	17,332
Banco Santander Rio	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	943,434
Banco Galicia	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	1,036,261
Banco HSBC	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	148,666
Banco Industrial	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	813,969
Banco ICBC	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	160,501
Rofex	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other current financial assets	—	1,729,820
					<b>104,459,738</b>	<b>119,942,227</b>

**Guarantees provided without obligation of assets included in the financial statements:**

Guarantee in favor of	Provided by Name	Relationship	Committed assets		Balance pending payment on the closing date of the financial statements	
			Guarantee	Guarantee in favor of	12.31.2015	12.31.2014
					ThCh\$	ThCh\$
Linde Gas Chile	Embotelladora Andina S.A.	Parent Company	Guarantee insurance	Guarantee insurance	639,144	546,075
Echeverría, Izquierdo Ingeniería y Construcción.	Embotelladora Andina S.A.	Parent Company	Guarantee insurance	Guarantee insurance	536,315	515,348
Rabdstad Chile S.A.	Embotelladora Andina S.A.	Parent Company	Guarantee insurance	Guarantee insurance	—	640,000
Aduana de Ezeiza	Andina Empaques Argentina S.A.	Subsidiary	Compliance of contract	Surety insurance	235,981	—
Processos trabalhistas	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	575,583	567,285
Processos administrativos	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	2,370,025	2,041,360
Governo Federal	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	74,198,243	86,750
Governo Estadual	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	10,450,612	9,632,911
HSBC	Sorocaba Refrescos	Associate	Loan	co-signers	3,637,369	5,162,012
Otros	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Guarantee insurance	3,234,566	1,246,117

**NOTE 23 — FINANCIAL RISK MANAGEMENT**

The Company’s businesses are exposed to a variety of financial and market risks (including foreign exchange risk, interest rate risk and price risk). The Company’s global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the performance of the Company. The Company uses derivatives to hedge certain risks. Below is a description of the primary policies established by the Company to manage financial risks.

**Interest Rate Risk**

As of December 31, 2015, the Company carried all of its debt liabilities at a fixed rate, variability factors are given by the currencies in which they are set: UF and US\$ (are variable). As a result, the risk of fluctuations in market interest rates on the Company’s cash flows is low.

The Company’s greatest indebtedness corresponds to bonds of own issuance; the portion of bonds issued in the local market are denominated in Unidades de Fomento, indexed to inflation in Chile (the Company’s sales are correlated with UF variations). If inflation in Chile would have generated a UF variation of 5.0% during the period between January 1 and December 31, 2015 (instead of 4.07%, excluding changes in the level of sales), the Company’s income would have been lower by ThCh\$2,220,471.

There are also bonds of own issuance amounting to US\$575 million, which are hedged against the fluctuation of the U.S. dollar with cross currency swap agreements.

**Credit Risk**

Credit risk to which the Company is exposed primarily comes from accounts receivable trade held with retail customers, wholesale distributors and supermarket chains domestic markets; and financial investments held with banks and financial institutions, such as time deposits, mutual funds and derivative financial instruments.

Credit risk related to trade receivables is managed and monitored by the Administration and Finance of each business unit. The Company has a broad base of customers who are subject to the policies, procedures and controls established by the Company. Credit limits are established for all customers based on an internal rating and behaviour payment. The trade accounts receivable outstanding are monthly monitored. Additionally, the Company takes credit insurance that substantially cover balances Commercial Debtors.

The Company estimates that additional credit risk provisions are not necessary, other than individual and collective provisions determined as of December 31 2015 and 2014. Regarding financial placements, these are made in the highest-rated financial institutions credit of each of the countries in which it operates.

**Exchange Rate Risk**

The company is exposed to three types of risk caused by exchange rate volatility:

**a) Exposure of foreign investment:** this risk originates from the translation of net investment from the functional currency of each country (Brazilian Real, Paraguayan Guaraní, Argentine Peso) to the Parent Company’s reporting currency (Chilean Peso). Appreciation or devaluation of the Chilean Peso with respect to each of the functional currencies of each country, originates decreases and increases in equity, respectively. The Company does not hedge this risk.

**a.1 Investment in Argentina**

As of December 31, 2015, the Company maintains a net investment of ThCh\$93,361,632 in Argentina, composed by the recognition of assets amounting to ThCh\$213,255,949 and liabilities amounting to ThCh\$119,894,317. These investments reported 33.4% of the Company’s consolidated sales revenues.

As of December 31, 2015, the Argentine peso devalued 23.2% with respect to the Chilean peso.

During 2015 exchange restrictions existed in Argentina and until mid-December, there was a parallel foreign exchange market with a higher than the official exchange rate. With the arrival of the new Argentine Government, fixing exchange rate is lightened by increasing parity of the Argentine peso versus dollar at the close to values similar to those that kept the parallel market.

If the exchange rate of the Argentinean Peso devaluated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of ThCh\$1,625,272 and decrease in equity of ThCh\$3,130,550, originated by lower asset recognition of ThCh\$8,287,291 and by lower liabilities recognition of ThCh\$5,156,741.

**a.2 Investment in Brazil**

As of December 31, 2015, the Company maintains a net investment of ThCh\$232,051,982 in Brazil, composed by the recognition of assets amounting to ThCh\$777,732,309 and liabilities amounting to ThCh\$545,680,327. These investments reported 32.3% of the Company’s consolidated sales revenues.

As of December 31, 2015, the Brazilian Real devaluated 20.4% with respect to the Chilean peso

If the exchange rate of the Brazilian Real devaluated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Brazil of ThCh\$1,517,936 and decrease in equity of ThCh\$10,550,913, originated by lower asset recognition of ThCh\$23,178,980 and by lower liabilities recognition of ThCh\$12,628,067.

**a.3 Investment in Paraguay**

As of December 31, 2015, the Company maintains a net investment of ThCh\$254,537,390 in Paraguay, composed by the recognition of assets amounting to ThCh\$293,387,289 and liabilities amounting to ThCh\$38,849,900. These investments reported 6.9% of the Company’s consolidated sales revenues.

As of December 31, 2015, the Paraguayan Guarani devaluated 7.1% with respect to the Chilean peso

If the exchange rate of the Paraguayan Guaraní devaluated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operations in Paraguay of ThCh\$896,581, and decrease in equity of ThCh\$12,221,058 originated by lower asset recognition of ThCh\$14,153,122 and lower liabilities recognition of ThCh\$1,932,064.

**b)Net exposure of assets and liabilities in foreign currency:** the risk stems mostly from carrying liabilities in US dollar, so the volatility of the US dollar with respect to the functional currency of each country generates a variation in the valuation of these obligations, with consequent effect on results.

As of December 31, 2015, the Company maintains a net liability position totaling ThCh\$425,347,228, basically composed of obligations with the public and bank liabilities for ThCh\$438,945,530 offset partially by financial assets denominated in dollars for ThCh\$13,598,302.

Of total financial liabilities denominated in US dollars, ThCh\$25,499,255 come from debts taken by the Brazilian operation and are exposed to the volatility of the Brazilian Real against the US dollar. On the other and ThCh\$413,446,275 of US dollar liabilities correspond to Chilean operations, which are exposed to the volatility of the Chilean Peso against the US dollar

In order to protect the Company from the effects on income resulting from the volatility of the Brazilian Real and the Chilean Peso against the U.S. dollar, the Company maintains derivative contracts (cross currency swaps) to cover almost 100% of US dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean Peso and the Brazilian Real against the US dollar, are mitigated annulling its exposure to exchange rates.

The Company’s net exposure as of December 31, 2015 to foreign currency over existing assets and liabilities, discounting the derivatives contracts, is an asset position of ThCh\$10,038,822.

**c) Assets purchased or indexed to foreign currency exposure:** this risk originates from purchases of raw materials and investments in property, plant and equipment, whose values are expressed in a currency other than the functional currency of the subsidiary. Changes in the value of costs or investments can be generated through time, depending on the volatility of the exchange rate.

Annual purchases of raw materials denominated or indexed in U.S. dollars, amounts to 19% of our cost of sales or approximately US\$340 million.

In addition, and depending on market conditions, the Company enter into foreign currency derivatives contracts to lessen the effect of the exchange rate over cash expenditures expressed in US dollar, which mainly correspond to payment to suppliers of raw materials and fixed assets. As of December 31, 2015 there are no hedge agreements for future dollar purchases.

According to the percentage of purchases of raw materials which are carried out or indexed to U.S. dollars, a possible change in the value of the US dollar by 5% in the four countries where the Company operates, and excluding derivatives contracts taken to mitigate the effect of currency volatility, keeping everything constant, would lead to a lower accumulated result amounting to ThCh\$10,905,763 as of December 31, 2015. Currently, the Company has contracts to hedge this effect in Argentina, Brazil and Chile.

d) Commodities risk

The Company is subject to a risk of price fluctuations in the international markets for sugar, aluminum and PET resin, which are inputs required to produce beverages and, as a whole, account for 35% to 40% of operating costs. Procurement and anticipated purchase contracts are made frequently to minimize and/or stabilize this risk. The possible effects in these consolidated financial statements, in case of a 5% increase in prices of its main raw materials, would be a reduction of ThCh\$ 6,326,712 in earnings for the year ended December 31, 2015.

e) Liquidity risk

The products we sell are mainly paid for in cash and short term credit, therefore the Company’s main source of financing comes from the cash flow of our operations. This cash flow has historically been sufficient to cover the investments necessary for the normal course of our business, as well as the distribution of dividends approved by the General Shareholders’ Meeting. Should additional funding be required for future geographic expansion or other needs, the main sources of financing to consider are: (i) debt offerings in the Chilean and foreign capital markets (ii) borrowings from commercial banks, both internationally and in the local markets where the Company operates; and (iii) public equity offerings

The following table presents our contractual and commercial obligations as of December 31, 2015:

Item	Maturity				
	1 year	More 1 year	More 2	More 3 years	More 4 years
	ThCh\$	up to 2	years	up to 4	ThCh\$
	ThCh\$	ThCh\$	up to 3	ThCh\$	ThCh\$
Bank debt	24,591,989	20,027,145	4,671,470	3,216,844	3,397,764
Bonds payable	45,517,624	51,678,519	44,905,830	44,683,510	880,189,651
Operating lease obligations	10,338,214	3,646,445	2,719,674	2,103,210	14,723,714
Purchase obligations	158,942,337	63,211,521	12,058,315	8,271,526	60,000,306
Total	239,390,164	138,563,630	64,355,289	58,275,090	958,311,435

NOTE 24 — EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2015 12.31.2015	01.01.2014 12.31.2014	01.01.2013 12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Direct production costs	841,498,727	841,172,891	709,805,149
Payroll and employee benefits	296,611,242	264,644,018	214,183,604
Transportation and distribution	181,481,242	172,927,314	153,775,697
Marketing	43,676,871	48,109,609	45,729,107
Depreciation and amortization	100,632,332	102,966,925	83,336,884
Repairs and maintenance	33,732,510	34,374,318	29,869,212
Other expenses	164,164,860	146,232,108	113,697,218
Total	<u>1,661,797,784</u>	<u>1,610,427,183</u>	<u>1,350,396,871</u>

NOTE 25 — OTHER INCOME

Other operating income is detailed as follows:

Details	01.01.2015 12.31.2015	01.01.2014 12.31.2014	01.01.2013 12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Earnings from sale of ownership interest in Leao Junior	—	300,816	—
Gain on disposal of property, plant and equipment	233,255	2,533,546	3,345,299
Others	<u>238,314</u>	<u>1,136,261</u>	<u>1,040,318</u>
Total	<u>471,569</u>	<u>3,970,623</u>	<u>4,385,617</u>



NOTE 26 — OTHER EXPENSES

Other expenses are detailed as follows:

Details	01.01.2015 12.31.2015	01.01.2014 12.31.2014	01.01.2013 12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Tax on bank debits	8,219,046	6,130,568	6,189,979
Contingencies and associated fees	8,866,661	3,502,207	7,071,527
Disposal and write-off of property, plant and equipment	3,979,594	5,812,123	7,546,982
Fiscal Credit Provision (Brazil)	—	—	1,970,894
Judicial Deposits Provision (Brazil)	—	—	1,255,090
Distribution restructuring project (Chile)	—	—	3,148,187
Merger expenses	—	—	772,689
Donations	214,856	2,034,119	582,000
Others	702,891	1,112,254	1,924,749
Total	21,983,048	18,591,271	30,462,097

NOTE 27 — FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

a) Finance income

Description	01.01.2015 12.31.2015	01.01.2014 12.31.2014	01.01.2013 12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Interest income	9,175,522	7,770,198	4,497,802
Other interest income	942,853	885,425	475,510
Total	10,118,375	8,655,623	4,973,312

b) Finance expenses

Description	01.01.2015 12.31.2015	01.01.2014 12.31.2014	01.01.2013 12.31.2013
	ThCh\$	ThCh\$	ThCh\$
Bond interest	42,096,039	44,917,601	12,441,966
Bank loan interest	8,115,445	15,029,145	14,283,636
Other interest costs	5,457,733	5,134,685	2,218,421
Total	55,669,217	65,081,431	28,944,023

NOTE 28 — **OTHER GAIN AND (LOSSES)**

Other gains and (losses) are detailed as follows:

Details	01.01.2015 12.31.2015 ThCh\$	01.01.2014 12.31.2014 ThCh\$	01.01.2013 12.31.2013 ThCh\$
Gains (loss) on derivative transactions raw materials	(1,620,304)	196,009	1,711,816
Losses on ineffective portion of hedge derivatives (see note 21 b)	(4,698,187)	(5,995,530)	(559,875)
Previous year allowance reversals	—	1,411,030	—
Restructuring of operations (new Renca plant)	—	—	(94,143)
Other income and (expenses)	17,370	(3,614)	(317,425)
Total	<u>(6,301,121)</u>	<u>(4,392,105)</u>	<u>740,373</u>

NOTE 29 — **THE ENVIRONMENT** (unaudited)

The Company has made disbursements totaling ThCh\$2,402,749 for improvements in industrial processes, equipment to measure industrial waste flows, laboratory analysis, consulting on environmental impacts and others.

These disbursements by country are detailed as follows:

Country	Year ended 2015		Future commitments	
	Recorded as expenses	Capitalized to property, plant and equipment	to be Recorded as Expenses	to be capitalized to property, plant and equipment
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chile	868,113	—	—	—
Argentina	601,537	715	245,048	—
Brazil	483,228	17,973	114,667	—
Paraguay	86,788	344,395	—	—
Total	<u>2,039,666</u>	<u>363,083</u>	<u>359,715</u>	<u>—</u>

**NOTE 30 — SUBSEQUENT EVENTS**

On the ordinary Board of Directors, held on January 28, 2016, Directors of Embotelladora Andina S.A. agreed to incorporate a closed joint-stock company called Coca-Cola Del Valle New Ventures S.A. (“Coca-Cola Del Valle”).

The capital of Coca-Cola Del Valle will be Ch\$10,000,000, 35% of which will be contributed by Embotelladora Andina S.A., 15% by Embonor S.A. and 50% by Coca-Cola de Chile S.A. The main corporate purpose of Coca-Cola Del Valle will be the development and production of juices, water and non-carbonated beverages under brands owned by The Coca-Cola Company, that Andina and Coca-Cola Embonor S.A. are authorized to commercialize and distribute in their respective franchise territories.

There are no other subsequent events that may significantly impact the Company’s consolidated financial situation.

**Bottler’s Agreement**

**THIS AGREEMENT**, effective September 1 2015, is made by and between THE COCA-COLA COMPANY, a corporation incorporated and existing according to the laws of the State of Delaware, United States of America, with principal offices at One Coca-Cola Plaza, N.W., city of Atlanta, State of Georgia 30313, United States of America (hereinafter the “Company”); and PARAGUAY REFRESCOS S.A., a company incorporated and existing according to the laws of Paraguay, with principal offices at Ruta A Ñemby Km. 3,5, Barcequillo, San Lorenzo, Asunción, Paraguay (hereinafter the “Bottler”).

**WITNESSETH:**

**WHEREAS,**

- A. The Company engages in the manufacture and sale of beverage bases, essences and other ingredients for the preparation of beverages and of a beverage concentrate base (hereinafter the “Concentrate”) the formula for which is an industrial secret of the Company, based on which a syrup or powder is elaborated to prepare non-alcoholic beverages (hereinafter the “Syrup”); and the Company also engages in the manufacture and sale of the Syrup, which is used in the elaboration of non-alcoholic beverages (hereinafter the “Beverage”) for sale in bottles and other containers and in other forms and ways;
  - B. The Company is the owner of the trademarks, including “Coca-Cola” and “Coke,” that distinguish the Concentrate, the Syrup and the Beverages, the Distinctive Bottle in different sizes in which the Beverage has been marketed for many years, the depiction of the Distinctive Bottle, the Dynamic Ribbon and the intellectual property contained in the distinctive trade dress, other designs and packing elements associated with the Concentrate, the Syrup and the Beverage (“Coca-Cola,” “Coke,” the Distinctive Bottle, the depiction of the Distinctive Bottle, the Dynamic Ribbon, the intellectual property contained in the distinctive trade dress, the design and packing elements related to the Concentrate, the Syrup and the Beverage and any additional trademarks that the Company may adopt from time to time in order to distinguish the Concentrate, the Syrup and the Beverage shall be hereinafter called the “Trademarks”);
  - C. The Company has the exclusive right to prepare, package, pack, distribute and sell the Beverage and the right to manufacture and sell the Concentrate and the Syrup in Paraguay, among other countries;
  - D. The Company has designated and authorized certain third parties to supply the Concentrate to the Bottler (hereinafter the “Authorized Suppliers”);
  - E. The Bottler has requested the Company’s authorization to use the Trademarks in relation to the preparation, packaging, packing, distribution and sale of the Beverage inside the territory that is defined and described in this Agreement;
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F. The Company is willing to grant the requested authorization to the Bottler according to the terms and conditions set down herein.

THEREFORE, the aforesaid parties agree to the following:

I. PURPOSE OF THE AGREEMENT

1. The Company hereby authorizes the Bottler, and the Bottler undertakes, in the following terms and conditions, to prepare and package the Beverage in the containers approved from time to time by the Company in writing (hereinafter the “Approved Containers”) and to distribute and sell the Beverage under the Trademarks inside, but only inside, the following territory (hereinafter the “Territory”):

The country of Paraguay

- 2. The Company or the Authorized Suppliers will sell and deliver the quantities of Concentrate to, and as requested from time to time by, the Bottler, provided the Bottler orders, and the Company or Authorized Suppliers sell and deliver to the Bottler, only the quantities of Concentrate necessary and sufficient to comply with the purpose object of this Agreement. In this regard, the Bottler agrees and accepts that it will buy the Concentrate solely from the Company or from the Authorized Suppliers.
- 3. The Bottler will use the Concentrate exclusively to elaborate the Syrup and to prepare and package the Beverage as determined by the Company from time to time. The Bottler promises not to sell or resell the Concentrate or the Syrup nor allow it to end up in possession of third parties without prior written consent of the Company.
- 4. The Company reserves the sole and exclusive right to determine the formula, composition or ingredients of the Concentrate, Syrup and the Beverage at any time.
- 5. Unless as expressly stipulated in this Agreement, the Company will refrain from selling or distributing or ordering the sale or distribution of the Beverage inside the Territory in the Approved Containers during the term of this Agreement. However, the Company reserves the right to prepare and package the Beverage in any container in the Territory for sale outside thereof and to prepare, package, distribute or sell or authorize third parties to prepare, package, distribute or sell the Beverage in the Territory in any other container other than an Approved Container.

II. OBLIGATIONS OF THE BOTTLER RELATIVE TO MARKETING, PLANNING AND REPORTING

- 6. The Bottler accepts and undertakes the Company that it shall:
    - a) make every effort and use all approved means possible to promote, develop and exploit the entire potential of the preparation, packaging, distribution, marketing and sale of the Beverage throughout the Territory and create, stimulate and continuously
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- expand the future demand for the Beverage and satisfy in full all aspects of present demand for the Beverage;
  - b) prepare, package, distribute and sell the quantities of Beverage satisfying all aspects of total demand for the Beverage in the Territory; however, the Bottler may, under prior written consent of the Company, purchase the Beverage in the Approved Containers from third parties designated in writing by the Company for resale in the Territory;
  - c) invest all capital and obtain and use all funding necessary for the organization, installation, operation, maintenance and replacement inside the Territory of the facilities and equipment for the manufacture, storage, marketing, distribution, delivery, transportation and other activities necessary to fulfill the Bottler's obligations under this Agreement;
  - d) have a competent and well-trained management and hire, train, maintain and direct all employees necessary and sufficient in all aspects to comply with all of the Bottler's obligations under this Agreement;
  - e) deliver to the Company, once per calendar year, a written schedule or plan acceptable in form and substance and according to the Bottler's obligations hereunder that sets out in detail the activities forecast by the Bottler for the next 12-month period or any other period stipulated by the Company; diligently implement such schedule or plan and report on the progress in the schedule in writing to the Company in a format acceptable to, and at the request of, the Company;
  - f) deliver precise, updated information to the Company on the production, distribution and sales of the Beverage with the frequency, in the detail and format requested by the Company; and
  - g) keep precise books, accounts and records and provide financial, accounting and any other type of information that the Company may request in order to confirm that the Bottler continues to have a consolidated financial capacity reasonably necessary to fulfill its obligations under this Agreement, in recognition of the interest of the Company in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the bottling, distribution and sales system.
7. The Bottler must, on its own account, budget and spend the funding on advertising, marketing and promotion of the Beverage reasonably required by the Company to create, stimulate and maintain demand for the Beverage in the Territory, provided that the Bottler shall submit to prior approval of the Company all advertising, commercial and promotional projects relative to the Trademarks or the Beverage and shall only use, publish, maintain or distribute the advertising, commercial or promotional material relative to the Trademarks or the Beverage as approved and authorized by the Company. The Company may agree from time to time to make financial contributions to the Bottler's marketing programs, subject to the terms and conditions stipulated in each case. The Company may also carry out any further advertising or sales promotion activities in the Territory that it considers useful or appropriate, at its own cost and independently from the Bottler.
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8.
    - (a) The Bottler recognizes that the Company has made or may enter into agreements similar to this Agreement with third parties outside of the Territory and it accepts the limitations that such agreements may reasonably impose upon the Bottler in the management of its business according to this agreement. The Bottler also agrees to conduct its business to avoid any conflict with such third parties and to make all reasonable efforts to overcome amicably any disputes that may arise therewith.
    - (b) The Bottler shall not oppose the additional measures that the Company considers necessary and warranted to protect and improve the Beverage sales and distribution system, including, but not limited to, measures that might be adopted regarding supply to important and/or special customers whose activities transcend the boundaries of the Territory, even if such measures restrict the rights of the Bottler according to this Agreement.
  9. In recognition of the important benefit, both to itself and to all other parties mentioned in Section 8(a) above, that the distribution and other types of equipment and materials used according to this Agreement have a uniform external appearance, the Bottler agrees to accept and apply the standards adopted and issued from time to time by the Company for the design and decoration of the trucks and other distribution vehicles, cases, cartons, refrigerators, vending machines and other materials and equipment used in the distribution and sale of the Beverage.
  10. The Bottler acknowledges and agrees that the broadest distribution and direct sale of the Beverage to retail outlets and end consumers in the Territory is an essential element to satisfy demand for the Beverage in full according to this Agreement. Notwithstanding the recognized advantages of direct distribution, the Bottler will be authorized to distribute and sell the Beverage to wholesalers in the Territory who sell solely to retail outlets in the Territory. Any other method of distribution shall be subject to prior written authorization of the Company.
  11.
    - (a) The Bottler shall prevent the Beverage from being sold or distributed in any way outside of the Territory.
    - (b) In the event that the Beverage that is prepared, packaged, distributed or sold by the Bottler is found in the territory of another bottler or authorized distributor (hereinafter the “Injured Bottler”), then, in addition to all other remedies available:
      - (1) the Company may, at its sole discretion, immediately cancel the authorization of the types of containers found in the territory of the Injured Bottler;
      - (2) the Company may collect a sum for compensation from the Bottler for the Beverage found in the Injured Bottler’s territory that will cover all loss of profit, expenses and other costs assumed by the Company and by the Injured Bottler;
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- (3) the Company may purchase the Beverage elaborated, packaged, distributed or sold by the Bottler that is in the Injured Bottler's territory and the Bottler, in addition to any other obligation that it may have according to this Agreement, shall reimburse the Company for the costs incurred thereby in the purchase, transportation and/or destruction of such Beverage.
- (c) In the event that the Beverage that is elaborated, packaged, distributed or sold by the Bottler is found in the territory of an Injured Bottler, the Bottler shall make all sales contracts and other records related to the Beverage available to the Company's representatives and aid the Company in all investigations relative to the sale and distribution of the Beverage outside the Territory.
- (d) The Bottler shall give the Company prompt notice of any request or offer to purchase the Beverage that is made thereto by a third party when the Bottler knows or has reason to believe or suspect that such request or offer would result in the Beverage being marketed, sold, resold, distributed or redistributed outside the Territory in a breach of this Agreement.

### **III. OBLIGATIONS OF THE BOTTLER RELATIVE TO THE TRADEMARKS**

- 12. The Bottler will recognize at all times and not question the validity and ownership of the Company's Trademarks.
  - 13. Nothing stipulated herein shall grant the Bottler any interest in the Trademarks or in the business reputation regarding the Trademarks or in any label, design, container or other visual representations thereof or that are used in relation thereto; and the Bottler acknowledges and agrees that all rights and interests created by said use of the Trademarks, labels, designs, containers or other visual representations shall inure to the benefit of, and belong to, the Company. The Company and the Bottler agree and understand that under this Agreement the Bottler is compelled to use such Trademarks, labels, designs, containers or other visual representations thereof in relation to the preparation, packaging, distribution and sale of the Beverage in the Approved Containers without payment; said use shall be made in a way and with the result that all business reputation relative thereto is conferred upon the Company as the source and origin of such Beverage, and the Company shall have the absolute right to determine in all cases the type of presentation and other measures necessary or recommendable to guarantee compliance with this Section 13.
  - 14. The Bottler shall not without prior written consent of the Company, adopt or use any name, corporate name, trade name, title of establishment or other commercial designation that includes the words "Coca-Cola," "Coca," "Cola," "Coke," or any thereof or any name whose similarity to any thereof may be misleading, nor any graphic or visual representation of the Trademarks or any other registered mark or intellectual property of the Company.
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15. The Bottler agrees and accepts during the term of this Agreement, according to governing laws, that it shall not:
- (a) manufacture, prepare, package, distribute, sell, negotiate or be otherwise connected to any product associated with any trade dress or container that imitates a trade dress or container to which the Company claims an exclusive interest or that can be passed as or confused or be perceived by consumers to be so similar to that trade dress or that container that it is confusing;
  - (b) manufacture, prepare, package, distribute, sell, negotiate or be otherwise connected to any product associated with any mark or other designation that imitates or infringes any of the Trademarks or can be passed as any product that leads the public to believe that it is elaborated by the Company due to the Bottler's association with the manufacture, preparation, packaging, distribution and sale of the Beverage. Without limiting the foregoing in any way, it is understood and expressly stipulated that the use of the word "Coca" or other equivalent in the local or phonetic language in any form, or of any other graphically or phonetically similar word or a word that imitates it on any product other than a Company product, will be considered a violation of the registered trademark "Coca-Cola" or as an attempt to cause confusion;
  - (c) manufacture, prepare, package, distribute, sell, negotiate or otherwise be connected to non-alcoholic beverages other than those prepared, packaged, distributed or sold by the Bottler under the Company's authorization, unless under prior written consent of the Company;
  - (d) use distribution vehicles, cases, cartons, coolers, vending machines or other equipment bearing the Trademarks to distribute and sell any other products but those identified by the Trademarks unless it has prior written authorization of the Company;
  - (e) manufacture, elaborate, package, distribute, sell, negotiate or otherwise be connected to any other concentrate, beverage base, syrup or beverage that may be confused with or can be passed as the Concentrate, the Syrup or the Beverage;
  - (f) manufacture, prepare, package, distribute, sell, negotiate or be otherwise connected to (i) any beverage that is marketed under the name "Cola" (either alone or in conjunction with any other word or words) or any phonetic interpretation of such word or (ii) any beverage marketed under the name "cola" or that otherwise imitates the Concentrate, the Syrup or the Beverage or that may substitute them during the term of this Agreement and, in recognition of the valuable rights conferred by the Company upon the Bottler herein, during an additional period of two years after that date; and
  - (g) acquire or hold, either directly or indirectly, any interest in the ownership of, nor enter into any contract or arrangement regarding the management or control of, any individual or company in or outside of the Territory that engages in any of the activities forbidden in this Section 15.
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The agreements contained herein apply not only to the activities in which the Bottler engages directly, but also to activities in which the Bottler may have an indirect interest through ownership, control, administration, association, agreement or otherwise, and whether it engages in them in or outside of the Territory.

16. The parties understand and agree that if:
- (a) a third party who, in the Company’s opinion, has a direct or indirect interest through ownership, control, administration or otherwise in the manufacture, preparation, packaging, distribution or sale of any product specified in Section 15 hereof, acquires or obtains control or comes to have any direct or indirect influence on the Bottler’s management; or

(b) any person, firm or company that has a majority interest in, or direct or indirect control of the Bottler or is controlled directly or indirectly by the Bottler or by any third party who has control or, in the Company’s opinion, any direct or indirect influence over the Bottler’s management, is involved in the preparation, packaging, distribution or sale of any of the products specified in Section 15 hereof, then the Company will have the right to terminate this Agreement immediately without any compensation for damages and losses unless the third party making the acquisition indicated in letter (a) hereof or the person, firm or company mentioned in letter (b) hereof agrees, after being given written notice by the Company of its intent to terminate this Agreement, to stop and does effectively stop preparing, elaborating, packaging, distributing or selling such product(s) in a reasonable period of time, which may not exceed six (6) months after the date of notice.
17. 

(a) Should the Company require, for the purposes stated herein, according to laws governing the registration and grant of intellectual property license, that the Bottler be registered as a registered user or franchisee of the Trademarks, then, at the Company’s request, the Bottler shall execute any and all agreements and all documents necessary to register, amend or cancel the requested registration.

(b) Should the competent government authority refuse any request by the Company or the Bottler for registration as a registered user or franchisee of any of the Trademarks with respect to the Beverage, then the Company shall have the right to terminate this Agreement immediately.

**IV. OBLIGATIONS OF THE BOTTLER RELATIVE TO THE PREPARATION AND PACKAGING OF THE BEVERAGE**

18. (a) The Bottler accepts and agrees that it will only use the Concentrate in the elaboration of the Syrup and the Syrup only in the elaboration and packaging of the Beverage, in strict adherence to and compliance with the written instructions delivered by the Company to the Bottler from time to time.



The Bottler further accepts and agrees that it shall prepare, package and distribute the Beverage in compliance at all times with the standards, including the standards on quality, hygiene, environment and others stipulated from time to time by the Company in writing, and with all applicable requirements of the law.

- (b) Recognizing the importance of being able to identify the manufacturer of the Beverage on the market, the Bottler agrees to use identification codes on all Beverage packaging materials, including the Approved Containers and non-returnable cases. The Bottler also agrees that it will install, maintain and use the machinery and equipment necessary to apply such identification codes. The Company shall deliver written instructions to the Bottler from time to time as necessary in relation to the form of the identification codes to be used by the Bottler and the production and sales records that it must keep.
  - (c) Should the Company determine or learn of the existence of any quality or technical problem relative to the Beverage or the Approved Containers of the Beverage, it may require that the Bottler adopt all measures necessary to immediately recall the Beverage from the market or trade, as the case may be. The Company shall notify the Bottler by telephone, fax, e-mail or by any other prompt means of communication, with written acknowledgement of receipt, of its decision to require that the Bottler recall such Beverage from the market or the trade and Bottler shall, upon receipt of such notice, immediately cease the distribution of such Beverage and adopt all other measures that the Company considers necessary to recall said Beverage from the market or trade.
  - (d) Should Bottler determine or learn of any quality or technical problems relative to the Beverage or to the Approved Containers of the Beverage, it shall give prompt notice to the Company by telephone, fax, e-mail or any other means of prompt communication, with written acknowledgement of receipt. This notice shall include: (1) the identity and quantities of Beverages involved, including the specific Approved Containers; (2) the coding data; and (3) all other corresponding data that aid in tracking the Beverage. The Bottler shall allow the Company, its directors, agents and staff assigned by the Company, entrance at all times to inspect the facilities, equipment and methods used by the Bottler, directly or indirectly, in or for the preparation, packaging, storage or handling of the Beverage in order to determine whether the Bottler is in compliance with the terms of this Agreement, including, but not limited to, Sections 18 and 22. Likewise, the Bottler agrees to provide all information on compliance by the Bottler with the terms of this Agreement to the Company as it may request from time to time, including, but not limited to, the stipulations in Sections 18 and 22.
19. The Bottler shall deliver, at its expense, samples of the Syrup, the Beverage and the materials used in the elaboration of the Syrup and the Beverage to the Company in accordance with the instructions provided thereto by the Company from time to time.
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20. (a) The Bottler shall only use the Approved Containers and the lids, cases, labels and other packaging materials in the packaging, distribution and sale of the Beverage that are approved from time to time by the Company, and the Bottler shall purchase such items solely from suppliers authorized in writing by the Company to manufacture the items that will be used in relation to the Trademarks and the Beverage. The Company shall make its best efforts to approve two or more suppliers of such items, in the understanding that said authorized suppliers might be located in or outside of the Territory.
- (b) The Bottler shall inspect the Approved Containers and the lids, cases, labels and other packaging materials that will be used in relation to the Beverage and shall only use such items that the Bottler has determined comply both with the standards of the laws governing in the Territory and the standards and specifications prescribed by the Company. The Bottler shall assume full liability for use of such Approved Containers, lids, cases, labels and other packaging materials that it has determined comply with the aforesaid standards.
- (c) The Bottler shall maintain at all times sufficient stock of Approved Containers, lids, cases, labels and other packaging materials to satisfy in full the demand for the Beverage in the Territory.
21. (a) The Bottler recognizes that increases in demand for the Beverage as well as changes in the Approved Containers may require periodic modifications or other changes in its actual manufacturing, packaging, vending equipment or require the purchase of additional manufacturing, packaging, delivery or distribution equipment. The Bottler agrees to make the changes regarding the existing equipment and purchase and install the additional equipment that is necessary sufficiently in advance to allow the introduction of new Approved Containers and the Beverage to be elaborated and packaged according to the permanent obligations of the Bottler to develop, stimulate and satisfy in full the demand for Beverage in the Territory.
- (b) In the event that returnable Approved Containers are used by the Bottler in the preparation, packaging, distribution and sale of the Beverage, the Bottler agrees to invest from time to time the capital necessary and allocate and use the funding necessary to create and maintain sufficient inventories of returnable Approved Containers. In order to ensure the permanent quality and appearance of the inventories of returnable Approved Containers, the Bottler further agrees to replace all or part of the inventories of such Approved Containers as is reasonably necessary according to the obligations of the Bottler as established in this Agreement.
- (c) The Bottler shall not use or allow the use of the Approved Containers, bottle caps, cases, labels and other packaging materials mentioned in this Agreement for any purpose other than in relation to the Beverage and shall not otherwise refill or reuse the non-returnable Approved Containers that have been previously used.
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22. (a) The Bottler will be the only one responsible for fulfillment of the obligations contained in this Agreement in accordance with all laws, regulations and statutes enacted by the government or local authorities and applicable in the Territory and it shall immediately inform the Company of any provision that impedes or limits in any way strict compliance by the Bottler with its obligations contained herein.
- (b) Notwithstanding the general aspects of the aforementioned, the Bottler accepts and agrees to comply at all times with (i) all environmental, health and safety laws and regulations and other legal requirements established by the government authorities that are applicable in the Territory and (ii) the environmental standards or programs issued in writing by the Company from time to time.

## **V. PURCHASE AND SALE CONDITIONS**

23. (a) The Company reserves the right, by written notice to the Bottler, to set and revise from time to time, on any date, at its sole discretion, the price of the concentrate, the Authorized Suppliers, the point of supply and the alternative points of supply of the Concentrate, the conditions of shipment and payment and the currency or currencies acceptable to the Company or the Authorized Suppliers.
- (b) If the Bottler is unwilling to pay the revised price of the Concentrate, it shall give written notice to the Company within thirty (30) days after receipt of written notice from the Company. In that case, this Agreement shall terminate automatically three (3) calendar months after the Bottler has received notice, with no liability of the parties for damages and losses.
- (c) If the Bottler does not notify the Company regarding the price review of the Concentrate according to letter (b) above, such revision shall be deemed accepted.
- (d) Inasmuch as the applicable law in the Territory allows it, the Company reserves the right to set and review the maximum prices at which the Bottler may sell the Beverage in the Approved Containers to wholesalers and retailers and the maximum retail prices of the Beverage, through prior written presentation to the Bottler. In this sense, the Bottler may sell the Beverage to wholesalers and retailers and authorize the retail sale of the Beverage at prices below the maximum prices. However, the Bottler may not increase the maximum prices set or reviewed by the Company at which it may sell the Beverage in the Approved Containers to wholesalers or retailers nor authorize an increase in the maximum retail prices of the Beverage without prior written authorization of the Company.
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- (e) The Bottler undertakes to collect deposits from wholesalers and retailers, as applicable, per returnable Approved Container and each returnable case delivered thereto that are set from time to time by the Company by written notice to the Bottler and to make all reasonably diligent efforts to recover all empty returnable Approved Containers and the cases and at the time they are recovered, to reimburse or credit the deposits for such returnable Approved Containers and cases that have been returned undamaged and in good condition.

## **VI. DURATION AND TERMINATION OF THE AGREEMENT**

- 24. (a) This Agreement shall expire, without notice, on September 1, 2020, unless it is terminated earlier pursuant to this document. The parties recognize and agree that the Bottler shall have no right to claim a tacit renewal of this Agreement.
  - (b) If the Bottler has complied in full with all terms, covenants, conditions and stipulations in, and during the term of, this Agreement and is capable of promoting, developing and exploiting permanently the entire potential of the business of preparing, packaging, distributing and selling the Beverage, the Bottler may request an extension of this Agreement for an additional five (5) years. The Bottler shall request such extension in writing from the Company at least six (6) months, but no more than twelve (12) months, prior to the expiration date of this Agreement. That request for extension by the Bottler shall be supported by the documentation requested by the Company, including the documentation relative to compliance by the Bottler with the performance obligations contained herein that support the Bottler's permanent capacity to develop, stimulate and satisfy in full the demand for the Beverage inside the Territory. If the Bottler has fulfilled the conditions necessary for extension of this Agreement at the Company's sole discretion, the latter may, by written notice, agree to the extension of this Agreement for said additional period or such shorter period that is determined by the Company.
  - (c) After any additional period has elapsed, this Agreement shall definitively expire with no need for notice and the Bottler shall have no right to claim any tacit renewal thereof.
- 25. (a) Either the Company or the Bottler may terminate this Agreement immediately, without any liability for damages and losses, by written notice by the party entitled to terminate it to the other party:
    - (1) if the Company, the Authorized Suppliers or the Bottler cannot legally obtain foreign currency to remit payment abroad for the imports of Concentrate or of the ingredients or materials necessary for the manufacture of the Concentrate, the Syrup or the Beverage; or
    - (2) if any party hereto disobeys the laws or regulations applicable in the Territory and, accordingly, or as a result of any other laws affecting this Agreement, any of the fundamental stipulations in this Agreement cannot be legally fulfilled or the Syrup cannot be elaborated or the Beverage cannot be prepared or sold according to the Company's instructions pursuant to Section 18 above, or the Concentrate cannot be manufactured or sold according to the Company's formulas or the standards set by the Company.
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- (b) The Company may terminate this Agreement immediately, without any liability for damages and losses:
- (1) if the Bottler becomes insolvent or if a bankruptcy petition is filed by or against the Bottler and it is not stayed or dismissed within one hundred and twenty (120) days, or if the Bottler adopts a settlement agreement, or if an order of liquidation or judicial administration is issued against the Bottler or if a trustee is appointed to manage the Bottler's business, or if the Bottler welcomes any judicial or voluntary settlement with its creditors or reaches similar agreements with them or makes an assignment for the benefit of its creditors; or
  - (2) in the event of a dissolution, nationalization or expropriation of the Bottler, or a confiscation of the production or distribution assets of the Bottler.
26. (a) Either the Company or the Bottler may also terminate this Agreement, without any liability for damages and losses, if the other party does not comply with one or several of the terms, covenants or conditions of this Agreement and does not cure such default within 60 (sixty) days after the date when said party has received written notice of such default.
- (b) In addition to all other judicial remedies to which the Company may be entitled according to this Agreement, if the Bottler at any time fails to follow the instructions or does not abide by the standards prescribed by the Company or required by laws governing in the Territory in relation to the elaboration and packaging of the Syrup or the Beverage, the Company shall have the right to forbid the production of the Syrup or the Beverage until the default is cured to its satisfaction. Furthermore, the Company may also request suspension of the distribution and delivery of the Beverage and order the recall of the Beverage that is not in compliance with, or is not manufactured according to, such instructions, standards or requirements, at the Bottler's expense, and in return, the Bottler must timely comply with such ban or request. As long as the production ban persists, the Company shall have the right to suspend deliveries of Concentrate to the Bottler and to supply the Beverage directly or have others supply the Beverage in the Territory. No ban or request shall be deemed a waiver of the Company's rights to terminate this Agreement according to this Section 26.
27. After expiration or early termination of this Agreement:
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- (a) the Bottler may no longer elaborate, package, distribute or sell the Beverage or use the Trademarks, Approved Containers, bottle caps, cases, labels or other packaging material or advertising, marketing or promotional material that has been used or is allocated for use by the Bottler solely in relation to the preparation, packaging, distribution and sale of the Beverage;
- (b) the Bottler shall immediately eliminate from its facilities all references to the Company, the Beverage and the Trademarks, distribution vehicles, vending machines, coolers and other equipment and from all stationery and written, graphic, electromagnetic, digital or other material used or kept by the Bottler for advertising, marketing or promotion; and as of that moment, the Bottler shall not in any way sustain any relationship with the Company, the Beverage or the Trademarks;
- (c) the Bottler shall immediately deliver to the Company or to a third party designated thereby all Concentrate, Beverage in Approved Containers, usable Approved Containers bearing the Trademarks or any thereof, the lids, cases, labels and other packaging materials bearing the Trademarks as well as all advertising material on the Beverages that are still in its possession or under its control, and the Company shall, upon delivery thereof according to such instructions, pay the Bottler a sum equal to the reasonable market value of such inputs or materials, provided that it shall only accept and pay for such inputs or materials that are in excellent and usable condition; and further provided that all Approved Containers, lids, cases, labels and other packaging materials and advertising materials bearing the corporate name of the Bottler and any inputs and materials not in usable condition according to the Company’s standards must be destroyed by the Bottler at its own cost; and further provided that if this Agreement is terminated according to the provisions in Sections 16, 23(b), 25 (a), 26 or 28 or as a result of any of the contingencies stipulated in Section 31 (including the case of termination by operation of the law), or if the Bottler terminates this Agreement for any reason other than those stipulated in Sections 23 (b) or 26, the Company shall have the option, but not the obligation, of purchasing such inputs and materials from the Bottler; and all rights and obligations according to this Agreement shall expire, cease and terminate, whether they are stipulated specifically or arise from the use, management or any other circumstance, except for the provisions relative to the Bottler’s obligations established in Sections 11(b)(2) and (b)(3) and 12, 13, 14, 15(f), 17(a), 27, 32, 33, 34(a), 34(c) and 34(d), all of which shall continue in full force and effect, provided this provision never affects any right that the Company might have in respect of the Bottler regarding any claim for non-payment of any debt or account payable by the Bottler to the Company or to its Authorized Suppliers.

**VII. OWNERSHIP AND CONTROL OF THE BOTTLER**

- 28. The parties hereto acknowledge and agree that the Company has a legitimate interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the international bottling, distribution and sales system. The parties hereto further acknowledge and agree that the Company made this Agreement on a strictly personal basis “*intuitu personae*” and in reliance on the identity, characteristics and integrity of the owners, of the controllers and of the managers of the Bottler and the Bottler guarantees that it has fully informed the Company, prior to the execution hereof, of the owners and any third parties who have any right, power, control or administration of or regarding the Bottler.
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Therefore, the parties agree that notwithstanding the provisions in Section 16 or any other provision in this Section 28, in the event of any change for any reason in the individuals or companies holding ownership or direct or indirect control of the Bottler, including any change in the shareholdings thereof, the Company may, at its exclusive discretion, terminate this Agreement immediately without any liability for damages and losses. Therefore, the Bottler accepts and agrees that it shall:

- (a) not assign, transfer, pledge or encumber this Agreement or any interest or rights contained herein in any way, in whole or in part, in favor of any third party or third parties without prior written authorization of the Company;
- (b) not delegate compliance of all or part of this Agreement to any third party or third parties without prior written authorization of the Company;
- (c) immediately notify the Company when and if it learns of any third-party action that may result or results in any change in the ownership or control of the Bottler;
- (d) from time to time make available to, or upon request of, the Company, complete records on the actual owners of the Bottler and full information on any third party or third parties that control it directly or indirectly;
- (e) to the extent that the Bottler has legal control of any change in the ownership or control thereof, not to begin or put into operation or accept any change without prior written authorization of the Company; and
- (f) if the Bottler has been incorporated as a partnership, not to change the composition of such partnership to include new partners or release the current partners without prior written authorization of the Company.

In addition to the above provisions in this Section 28, if a proposed change in the ownership or control of the Bottler entails a direct or indirect transfer to, or the acquisition of the ownership or control of the Bottler in whole or in part by, an individual or company authorized by the Company to manufacture, sell, distribute or otherwise trade beverages and/or any registered trademarks of the Company (the “Acquiring Bottler”), the Company may request any information that it deems relevant in regard to the Bottler and the Acquiring Bottler to determine whether or not it will authorize such change. In any of such circumstances, in acknowledgment of the legitimate interest of the Company in maintaining, promoting and protecting the overall performance, efficiency and integrity of

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the international bottling, distribution and sales system, the parties expressly agree that the Company may consider all factors and apply the criteria that it deems relevant in giving or refusing its authorization.

The parties hereto also acknowledge and agree that the Company, at its entire discretion, may refuse to accept any proposed change in the ownership or other situation stipulated in this Section 28 or may accept it subject to the conditions determined thereby, also at its entire discretion. The parties further stipulate and expressly agree that any violation by the Bottler of the covenants contained in this Section 28 shall authorize the Company to terminate this Agreement immediately, with no liability for damages and losses; and moreover, in view of the personal nature of this Agreement, the Company will have the right to terminate this Agreement without any liability for damages and losses should any third party or third parties obtain any direct or indirect interest in the ownership or control of the Bottler, including when the Bottler does not have the means to prevent such change if, in the Company’s judgment, the Bottler has allowed that third party or third parties to exercise any influence over the management of the Bottler or materially alter the Bottler’s capacity to fully comply with the terms, obligations and conditions of this Agreement.

29. The Bottler shall, before the issuance, offer, sale, transfer, negotiation or exchange of any of its shares or other titles of ownership, bonds, obligations or other proof of debt or before promoting the sale of the foregoing or encouraging or seeking the purchase or an offer for sale thereof, shall obtain the Company’s written authorization when it uses the corporate name thereof or the Trademarks or any description of its relationship thereto for such purpose in any prospectus, advertising or other sales effort. The Bottler may not use the corporate name of the Company or the Trademarks or any description of its commercial relationship thereto in any prospectus or advertising that it uses in relation to the acquisition of any share or other certificate of ownership of a third party without prior written authorization of the Company.

**VIII. GENERAL DISPOSITIONS**

30. The Company may assign any of its rights and delegate all or any part of its duties or obligations according to the terms of this Agreement to one or more of its subsidiaries or affiliates provided, however, that such delegation would not release it from its contractual obligations assumed herein. On the other hand, the Company may also, at its entire discretion, by written notice to the Bottler, name a third party as its representative to ensure that the Bottler fulfills its obligations under this Agreement, with full authority to supervise its performance and demand that it fulfill all terms and conditions of this Agreement.

31. Neither the Company nor the Bottler shall be liable for any default on their respective obligations under this Agreement when such default is due to, or is the result of:

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- (a) a strike, inclusion in a black list, boycott or any sanction imposed by a sovereign nation or a supranational organization of sovereign nations, howsoever they are incurred; or
- (b) a fortuitous act, public enemies, operation of the law and/or legislative or administrative measures (including the revocation of any government authorization required by any of the parties to comply with the terms of this Agreement), an embargo, quarantine, revolt, insurrection, war, whether declared or undeclared, a state of war or of belligerence or risks or dangers inherent to the foregoing, or
- (c) any other cause beyond their respective control.

If the Bottler is unable to comply with its obligations because of any of the contingencies set down in this Section 31, the Company and the Authorized Suppliers shall be, as long as the situation persists, released from their obligations contained in Sections 2 and 5 provided that, if the default of any thereof persists for more than 6 (six) months, any of the parties may terminate this Agreement without any liability for damages and losses.

- 32. (a) The Company reserves the sole and exclusive right to begin any civil, administrative or criminal lawsuit or action and, in general, to make use of any legal recourse available that the Company deems appropriate to protect its reputation, the Trademarks and other intellectual property rights and to protect the Concentrate, the Syrup and the Beverage and to defend any action concerning any of the foregoing. Upon request by the Company, the Bottler shall provide its aid in any of such actions. The Bottler may not make any claim against the Company that is due to such lawsuits or actions or to any omission in beginning or defending such lawsuits or actions. The Bottler shall give the Company immediate notice of any litigation or process already filed or imminent that may involve these matters. The Bottler shall not begin any judicial or administrative proceedings against any third party that might affect the interests of the Company unless it has prior written consent thereof.
  - (b) The Company has the exclusive right and responsibility of filing and defending all lawsuits and actions relative to the Trademarks. The Company may file or defend such proceedings or actions in its own name or request that the Bottler begin or defend such proceedings or actions either in its own name or the Company and Bottler together.
- 33. (a) The Bottler agrees to consult with the Company regarding all claims, proceedings or actions for product liability filed against the Bottler in relation to the Beverage or the Approved Containers and to adopt the measures relative to the defense of such claims or lawsuits that the Company may request to protect its interests regarding the Beverage, the Approved Containers or business reputation associated to the Trademarks.
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- (b) The Bottler shall indemnify and hold the Company, its subsidiaries and the respective executives, directors and employees thereof harmless from and in regard to all costs, expenses, damages, claims, obligations and liabilities derived from factors or circumstances not attributable to the Company including, but not limited to, all costs and expenses assumed to resolve the same or reach a settlement, derived from the preparation, packaging, distribution, sale or promotion of the Beverage by the Bottler, including, but not limited to, all costs derived from acts or defaults, whether or not negligent, of the Bottler and of the Bottler's distributors, suppliers and wholesalers. The Bottler shall contract and maintain an insurance policy with insurers acceptable to the Company that grants ample global coverage of the amounts and risks regarding the matters mentioned in letter (b) above (including the indemnity contained therein) and shall, upon request by the Company, demonstrate to its satisfaction that such insurance exists. Compliance with this Section 33(c) will not limit or release the Bottler from its obligations assumed according to Section 33 (b) hereof.

34. The Bottler accepts and agrees:

- (a) not to make declarations or deliver information to public or government authorities or to any third party relative to the Concentrate, the Syrup or the Beverage without prior written authorization of the Company;
- (b) if the Bottler's shares are listed or traded on a stock exchange, to deliver any financial or other type of information relative to the results or forecasts of the Bottler to the Company at the same time that it is obligated to deliver such information according to the regulations of the stock exchange or the securities or companies laws applicable to the Bottler;
- (c) at all times during the term and after the termination of this Agreement, to keep a strict secrecy regarding all secret and confidential information, including, without limiting the generality of the foregoing, the mixing instructions and techniques, the information on sales, marketing and distribution, the projects and plans relative to the object of this Agreement received by the Bottler from the Company or obtained thereby in any other way, and to ensure that such information is only disclosed to the executives, directors and employees that are bound by reasonable provisions that include the non-disclosure obligations established in this Section; and
- (d) upon expiration or early termination of this Agreement, the Bottler will deliver immediately to the Company or who the Company determines all electromagnetic, computer, digital or other types of materials, whether written or graphic, that include or contain any information subject to the non-disclosure obligation established herein.

35. The Company and the Bottler acknowledge that incidents may arise that pose a threat to the reputation and operations of the Bottler and/or adversely affect the good name, reputation and image of the Company and the Trademarks. The Bottler shall, in

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handling such incidents, including, but not limited to, any quality problems with the Beverage that may arise, appoint and organize a crisis management team and inform the Company of the name of its members. The Bottler agrees to fully cooperate with the Company and third parties designated thereby and to coordinate all efforts to address and resolve any incident compatibly with the crisis management systems that the Company may inform from time to time to the Bottler.

36. Any provision herein that is or becomes legally invalid or ineffective shall not affect either the validity or the effectiveness of the other provisions herein, provided the invalidity or inefficacy of such provision do not prevent or unduly hinder compliance with this Agreement or impair the ownership or validity of the Trademarks. The right to termination according to Section 25(a) (2) will be affected by this provision.
  37.
    - (a) All matters and affairs mentioned herein, this Agreement and the eventual subsequent written amendments or additions thereto should constitute the entire agreement between the Company and the Bottler. All prior agreements of any type made by the parties in relation to the object hereof shall be null and void by this act, except to the extent that they may include covenants and other documents within the provisions in Section 17(a) hereof, provided, however, that any written statement by the Bottler that the Company took into account in executing this Agreement remains valid and binding upon the Bottler.
    - (b) No waiver, amendment, alteration or addition to this Agreement or to any of the provisions hereof shall be binding upon the Company or the Bottler unless it has been signed by duly authorized representatives of the Company and the Bottler.
    - (c) All written notices given according to this Agreement must be sent by courier, by fax, personally or by registered (air) mail and shall be deemed given on the date when such notice is sent, the personal delivery is made or said registered letter is sent by mail. Said written notices shall be addressed to the last known address of the relevant party. Each party shall give timely notice of any change in address to the other party.
  38. Failure by the Company to exercise any right granted herein in a timely fashion or to demand strict fulfillment of any obligation assumed by the Bottler herein shall not be deemed a waiver of that right or of the right to demand subsequent fulfillment of each and every one of the obligations assumed by the Bottler herein.
  39. The Bottler is an independent contractor and is not an agent, partner nor does it form a part of a joint venture with the Company. The Bottler agrees that it shall not claim to be, nor allow itself to be considered to be, an agent of, partner or form a part of a joint venture with the Company.
  40. The headings herein are only included for convenience of the parties and shall not affect the interpretation of this Agreement.
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41. This Agreement shall be construed and governed in accordance with the laws of Paraguay, without resulting in any principle on choice or conflict of applicable laws.

IN WITNESS WHEREOF, the Company, in Atlanta, Georgia, United States of America, and the Bottler, in Asunción, Paraguay, caused their duly authorized representative or representatives to execute three copies of this Agreement on the dates indicated below.

**THE COCA-COLA COMPANY**

(signed)  
By: \_\_\_\_\_  
Authorized Representative

**PARAGUAY REFRESCOS S.A.**

(signed)  
By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_

**Bottler Agreement for Other Beverages**

**THIS AGREEMENT**, effective September 1, 2015, is made by and between THE COCA-COLA COMPANY, a corporation incorporated and existing according to the laws of the State of Delaware, United States of America, (hereinafter the “Company”); and PARAGUAY REFRESCOS S.A., a company incorporated and existing according to the laws of Paraguay, (hereinafter the “Bottler”).

**WITNESSETH:**

**WHEREAS,**

- A. The Company engages in the manufacture and sale of beverage bases, essences and other ingredients (hereinafter the “Beverage Base”) the formula for which is an industrial secret of the Company, based on which a syrup or powder is elaborated to prepare non-alcoholic beverages (hereinafter the “Syrup”). The Beverage Base and Syrup are used in the elaboration of non-alcoholic beverages. The Company also manufactures and sells the Syrup and has the right to produce and sell other non-alcoholic beverages that are identified under the trademarks set forth in Schedule 1 (the beverages identified above hereinafter collectively referred to as the “Beverages”). These Beverages are manufactured for sale in bottles and other containers and in other forms and ways;
  - B. The Company is the owner of the trademarks identified in the attached Schedule 1 that distinguish the Beverage Base, the Syrup and the Beverages, and the intellectual property contained in the distinctive trade dress, other designs and packing elements associated with the Beverage Base, the Syrup and the Beverages and any additional trademarks that the Company may adopt from time to time in order to distinguish the Beverage Base, the Syrup and the Beverages ( hereinafter the “Trademarks”);
  - C. The Company has the exclusive right to prepare, package, pack, distribute and sell the Beverage and the right to manufacture and sell the Beverage Base and the Syrup in Paraguay, among other countries;
  - D. The parties hereto are also parties to an Agreement effective September 1, 2015, which expires on September 1, 2020 (hereinafter the “Bottler Agreement for Coca-Cola”), by which the Bottler is authorized to prepare and package Coca-Cola soft drink for its sale and distribution within the territory defined and described therein; and
  - E. The Bottler has requested the Company’s authorization to prepare and package the Beverages and distribute and sell them under the Trademarks inside the Territory (defined and described in the Bottler Agreement for Coca-Cola).
-

THEREFORE, the aforesaid parties agree to the following:

I. PURPOSE OF THE AGREEMENT

- 1. The Company hereby authorizes the Bottler, and the Bottler undertakes, in the terms and conditions of the Bottler Agreement for Coca-Cola, to prepare and package and distribute and sell the Beverage under the Trademarks inside the Territory; and the terms and conditions, rights and obligations established in the Bottler Agreement for Coca-Cola are hereby incorporated by reference as if *haec verba*, except that (1) when the terms “Coca-Cola” and “Coke” are mentioned in said Bottler Agreement for Coca-Cola, the same will be replaced by Trademarks; (2) when the term Concentrate is used in said Bottler Agreement for Coca-Cola, it will be preplaced by Beverage Base”; and (3) this Agreement will automatically terminate upon expiration or early termination of the Bottler Agreement for Coca-Cola.

IN WITNESS WHEREOF, the Company, in Atlanta, Georgia, United States of America, and the Bottler, in Asunción, Paraguay, caused their duly authorized representative or representatives to execute three copies of this Agreement on the dates indicated below.

THE COCA-COLA COMPANY

(signed)  
By: \_\_\_\_\_  
Authorized Representative

PARAGUAY REFRESCOS S.A.

(signed)  
By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_



**SCHEDULE 1**

to the Bottler Agreement for Other Beverages effective September 1, 2015

Trademarks  
AQUARIUS  
COCA-COLA  
COCA-COLA ZERO  
DASANI DEL VALLE  
FANTA  
FRUGOS  
POWERADE  
SIMBA  
SPRITE  
SPRITE ZERO

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COCA-COLA PLAZA  
ATLANTA, GEORGIA

September 1, 2015

Messrs  
Paraguay Refrescos S.A.  
Ruta A Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Paraguay

DISTRIBUTION AUTHORIZATION

Dear Sirs:

Regarding the Bottler Agreement effective September 1, 2015, made by and between The Coca-Cola Company (hereinafter the “Company”) and PARAGUAY REFRESCOS S.A. (hereinafter the “Bottler”) by which the Company authorized the Bottler to prepare, distribute and sell COCA-COLA and with other authorizations identified under different brands owned by the Company granted to the Bottler by the Company (hereinafter collectively referred to as the “Bottler Agreements”) the terms used herein will have the same meaning as the one assigned in the Bottler Agreements, except if otherwise specifically stipulated.

This document grants the Bottler a non-exclusive authorization to purchase from the Company or from who the Company authorizes, the Beverages in Approved Containers listed in Schedule A for Distribution under the Bottler Agreements and to sell and distribute them in all of the Territory, subject to the following conditions:

1. This authorization or any Beverage or Approved Container for Distribution listed herein may be cancelled by the Company or the Bottler through a ninety (90) day notice in writing and will automatically terminate upon expiration or early termination of the Bottler Agreement for COCA-COLA.
2. Upon termination or cancellation of this authorization, the Bottler will immediately discontinue the purchase, distribution and sale of Beverages in Approved Container for Distribution in the Territory.
3. With the exception of the supplements or amendments hereof, the stipulations, agreements, terms, conditions and provisions of the Bottler Agreement shall be applied and will be effective regarding this Supplementary Authorization on the sale and distribution of Beverages.

This authorization supersedes any prior authorization granted to the Bottler by the Company regarding the main subject of this document.

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THE COCA-COLA COMPANY

Accepted by:  
PARAGUAY REFRESCOS S.A.

(signed)  
By: \_\_\_\_\_  
Authorized Representative

(signed)  
By: \_\_\_\_\_  
Authorized Representative

SCHEDULE 1

to the Distribution Authorization by and between The Coca-Cola Company and Paraguay  
Refrescos S.A. effective September 1, 2015

For purposes of this authorization, the Beverages and Approved Containers are as follows:

Authorized Supplier	Product	Container	Capacity
Coca-Cola Femsa de Buenos Aires	Coca-Cola	Can	354 ml
	Coca-Cola	Can	250 ml
Arca Continental S.A.	Frugos Naranja, Multifruta, Manzana	PET	500 ml
	Powerade	PET	500 ml



COCA-COLA PLAZA  
ATLANTA. GEORGIA

September 1, 2015

Messrs  
Paraguay Refrescos S.A.  
Ruta A Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Paraguay

**REF. APPROVED CONTAINERS**

Dear Sirs:

Regarding the Bottler Agreement effective September 1, 2015, made by and between The Coca-Cola Company (hereinafter the “Company”) and PARAGUAY REFRESCOS S:A: (hereinafter the “Bottler”) wherein the Company authorized the Bottler to prepare, distribute and sell COCA-COLA and with other authorizations identified under different brands owned by the Company granted to the Bottler by the Company (hereinafter collectively referred to as the “Bottler Agreements”). The terms used herein will have the same meaning as the one assigned in the Bottler Agreements, except if otherwise specifically stipulated.

The Company authorizes the Bottler to prepare, distribute and sell the Beverages under the Bottler Agreement in the following containers that for purposes of the Bottler Agreements will be considered as Approved Containers:

Product	Container	Capacity
Aquarius	Non-Returnable PET bottle	250cm3; 410 cm3; 1500 cm3
Aquarius Limon Manzana	Non-Returnable PET bottle	250cm3; 410 cm3; 1500 cm3
Aquarius Naranja	Non-Returnable PET bottle	250cm3;410cm3; 1500 cm3
Aquarius Multifruta	Non-Returnable PET bottle	250cm3; 41 O cm3; 1500 cm3
Aquarius Pera	Non-Returnable PET bottle	250 cm3; 410 cm3; 1500 cm3
Aquarius Piña	Non-Returnable PET bottle	410 cm3; 1500 cm3
Aquarius Pomelo	Non-Returnable PET bottle	250 cm3; 41O cm3; 1500 cm3

Product	Container	Capacity
Coca-Cola	BIB	18000 cm3
Coca-Cola	Returnable Glass bottle	200 cm3; 350 cm3;1000cm3; 500cm3
Coca-Cola	Non-Returnable PET bottle	250cm3; 500cm3; 600cm3; 1500 cm3; 2000 cm3; 2250 cm3; 2500 cm3; 3000 cm3
Coca-Cola	Returnable REFPET bottle	2000 cm3 ; 2500cm3
Coca-Cola	Can	250 cm3; 354cm3
Coca-Cola	Tank	18000 cm3
Coca-Cola Zero	BIB	10000 cm3
Coca-Cola Zero	Returnable Glass bottle	250 cm3; 350 cm3
Coca-Cola Zero	Non-Returnable PET bottle	250 cm3; 500 cm3; 1500 cm3; 2000 cm3; 2250 cm3; 3000 cm3
Coca-Cola Zero	Non-Returnable bottle	2000 cm3; 2500 cm3
Dasani Sparkling	Non-Returnable bottle	500 cm3; 2250 cm3; 3000 cm3
Dasani Water	Non-Returnable PET bottle	500 cm3; 990 cm3; 1000 cm3; 2250 cm3; 3000 cm3
Fanta Guarana	Returnable Glass bottle	200 cm3; 350 cm3; 1000 cm3; 1500 cm3
Fanta Guarana	Non-Returnable PET bottle	500 cm3; 1500 cm3; 2000 cm3; 2250 cm3; 2500 cm3; 3000 cm3
Fanta Guarana	Returnable REFPET bottle	2000 cm3; 2500 cm3
Fanta Orange	BIB	10000 cm3
Fanta Orange	Returnable Glass bottle	250 cm3; 350 cm3; 1000 cm3; 1500 cm3
Fanta Orange	Non-Returnable PET bottle	500 cm3; 1500 cm3 2000 cm3; 2250 cm3; 2500 cm3; 3000 cm3
Fanta Orange	Returnable REFPET bottle	2000 cm3; 2500 cm3

Product	Container	Capacity
Fanta Orange	Tank	10000 cm3
Fanta Orange-Mandarin	Non-Returnable PET bottle	500 cm3; 1500 cm3; 2000 cm3; 2250 cm3; 3000 cm3
Fanta Piña	Returnable Glass bottle	200cm3; 350cm3; 1000cm3; 1500cm3
Fanta Piña	Non-Returnable PET bottle	500cm3; 1500cm3 2000cm3; 2250cm3; 3000cm3
Fanta Piña	Returnable REFPET bottle	2000cm3; 2500cm3
Fanta Zero	Non-Returnable PET bottle	500cm3; 1500cm3; 2000cm3
Fanta Uva	Tetra	500cm3; 1500cm3 2000cm3 200cm3;
Frugos Durazno	Tetra	330cm3; 1000cm3
Frugos Manzana	Tetra	200cm3; 330cm3; 1000cm3
Frugos Naranja	Tetra	200cm3; 330cm3; 1000cm3
Frugos Naranja Casera	Tetra	200cm3; 330cm3; 1000cm3
Frugos Naranja Light	Tetra	200cm3; 330cm3; 1000cm3
Frugos Pera	Tetra	200 cm3; 330 cm3; 1000 cm3
Powerade Apple	Non-Returnable PET bottle	500 cm3
Powerade Apple	Tetra	200 cm3; 330 cm3
Powerade Apple ION4	Non-Returnable PET bottle	500 cm3
Powerade Apple ION4	Tetra	200 cm3, 330 cm3
Powerade Mountain Blast	Non-Returnable PET bottle	500 cm3
Powerade Mountain Blast	Tetra	200 cm3, 330 cm3
Powerade Mountain Blast ION4	Non-Returnable PET bottle	500 cm3

Product	Container	Capacity
Powerade Mountain Blast ION4	Tetra	200 cm3, 330 cm3
Powerade Multifruta	Non-Returnable PET bottle	500 cm3
Powerade Multifruta	Tetra	200cm3; 330cm3
Powerade Multifruta ION4	Non-Returnable PET bottle	500 cm3
Powerade Multifruta ION4	Tetra	200 cm3; 330 cm3
Powerade Orange	Non-Returnable PET bottle	500 cm3
Powerade Orange	Tetra	200 cm3, 330 cm3
Powerade Orange ION4	Non-Returnable PET bottle	500 cm3
Powerade Orange ION4	Tetra	200 cm3, 330 cm3
Simba Guaraná	BIB	10000 cm3
Simba Guaraná	Returnable REFPET bottle	2000 cm3
Simba Guaraná	Returnable Glass Bottle	190cm3; 300cm3; 1000cm3; 1500cm3
Simba Guaraná	Non-Returnable PET bottle	500cm3; 2000cm3; 1500cm3; 2250cm3
Simba Guaraná	Tank	10000cm3
Simba Pineapple	Returnable REFPET bottle	2000 cm3
Simba Pineapple	Returnable Glass Bottle	190cm3; 300cm3; 1000cm3; 1500cm3
Simba Pineapple	Non-Returnable PET bottle	500cm3; 2000cm3; 1500cm3; 2250cm3
Sprite	BIB	10000cm3
Sprite	Returnable Glass Bottle	200cm3; 350cm3; 1000cm3; 1500cm3

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Product	Container	Capacity
Sprite	Non-Returnable PET bottle	500 cm3; 1500cm3; 2000cm3; 2250cm3; 3000cm3
Sprite	Returnable REFPET bottle	2000cm3 ; 2500cm3
Sprite	Tank	10000cm3
Sprite Zero	Returnable Glass Bottle	350cm3
Sprite Zero	Non-Returnable PET bottle	500cm3; 1500cm3; 2000cm3
Sprite Zero	Returnable PET bottle	2000cm3



This authorization is subject to the following conditions:

- 1. The terms used herein will have the same meaning as the one assigned in the Bottler Agreements, except if otherwise specifically stipulated.
- 2. The permit referred to in this authorization refers only to Approved Containers / Capacity, the authorization to prepare, package, distribute and sell the above-referenced Beverages is granted by the Bottler Agreements.
- 3. All stipulations, conditions, terms and provisions of the Bottler Agreements remain in full force and effect.
- 4. This authorization may be amended by the Company at any time and will automatically terminate upon expiration or early termination of the Bottler Agreements.

This authorization supersedes all prior authorizations made by and between the Company and the Bottler regarding the subject matter of this authorization.

**THE COCA-COLA COMPANY**

**Accepted by:  
PARAGUAY REFRESCOS S.A.**

(signed)  
By: \_\_\_\_\_  
Authorized Representative

(signed)  
By: \_\_\_\_\_  
Authorized Representative





COCA-COLA PLAZA  
ATLANTA, GEORGIA

September 1, 2015  
Messrs  
Paraguay Refrescos S.A.  
Ruta A Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Paraguay

**REF. AUTHORIZATION REGARDING AIRPLANES AND SHIPS**

Dear Sirs:

Regarding the Bottler Agreement effective September 1, 2015, made by and between The Coca-Cola Company (hereinafter the “Company”) and PARAGUAY REFRESCOS S.A: (hereinafter the “Bottler”) wherein the Company authorized the Bottler to prepare, distribute and sell COCA-COLA and with other authorizations identified under different brands owned by the Company granted to the Bottler by the Company (hereinafter collectively referred to as the “Bottler Agreements”). The terms used herein will have the same meaning as the one assigned in the Bottler Agreements, except if otherwise specifically stipulated.

The Company hereby grants the Bottler a non-exclusive authorization to distribute Beverages in Approved Containers pursuant to the Bottler Agreements for sale on board airplanes and ships within the Territory, subject to the following conditions:

- 1. This authorization may be cancelled by the Company at any time and will automatically terminate upon expiration or early termination of the Bottler Agreement for COCA-COLA.
- 2. Upon termination or cancellation of this authorization, the Bottler will immediately discontinue the distribution or sale of Beverages in Approved Container for airplanes and ships.
- 3. With the exception of the complements or amendments hereof, the stipulations, agreements, terms, conditions and provisions of the Bottler Agreements will apply and be effective regarding this supplementary authorization.

This authorization supersedes all prior authorizations made by and between the Company and the Bottler regarding the subject matter of this authorization.

**THE COCA-COLA COMPANY**

**Accepted by:  
PARAGUAY REFRESCOS S.A.**

(signed)  
By: \_\_\_\_\_  
Authorized Representative

(signed)  
By: \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_



COCA-COLA PLAZA  
ATLANTA, GEORGIA

September 1, 2015  
Messrs  
Paraguay Refrescos S.A.  
Ruta A Ñemby Km. 3,5, Barcequillo, San Lorenzo  
Asunción  
Paraguay

**REF. AUTHORIZATION REGARDING SYRUP FOR POST-MIX BEVERAGES**

Dear Sirs:

Regarding the Bottler Agreement effective September 1, 2015, made by and between The Coca-Cola Company (hereinafter the “Company”) and PARAGUAY REFRESCOS S.A. (hereinafter the “Bottler”) wherein the Company authorized the Bottler to prepare, distribute and sell COCA-COLA and with other authorizations identified under different brands owned by the Company granted to the Bottler by the Company (hereinafter collectively referred to as the “Bottler Agreements”). The terms used herein will have the same meaning as the one assigned in the Bottler Agreements, except if otherwise specifically stipulated.

The Company hereby grants the Bottler a non-exclusive authorization to prepare, package, distribute and sell syrup for the Beverages authorized under the Bottler Agreements (hereinafter the “Post-Mix Syrups”) to retailers within the Territory used to supply Beverages through Post-Mix dispensers and sell the dispensed Beverages directly to the consumer subject to the following conditions:

1. The Bottler will not sell Post-Mix Syrups to retailers for its use in Post-Mix dispensers, or for the operation of any Post-Mix dispenser if the following conditions are not met:
    - a) Availability of a proper source of drinking water;
    - b) All Post-Mix dispensers shall be approved by the Company and shall comply with hygiene or other regulations reported in writing by the Company to the Bottler regarding the preparation, packaging and sale of Post-Mix Syrups; and
    - c) The Beverages dispensed through Post-Mix dispensers strictly adhere to the instructions for preparation of Post-Mix Syrup Beverages in accordance with the information provided from time to time by the Company to the Bottler.
  2. The Bottler will take samples of the Beverages dispensed through Post-Mix dispensers operated by retailers to which the Bottler has supplied Post-Mix Syrups or those operated by the Bottler in accordance with these instructions and in the intervals the Company communicates in writing and will submit such samples to the Company for inspection.
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3. The Bottler will maintain a proper staff of trained personnel who shall, with reasonable frequency, inspect the Post-Mix dispensers operated by retailers to which the Bottler has supplied Post-Mix Syrups. To carry out such inspections, the Bottler will ensure that:
- (a) the instructions given by the Company are being fulfilled; and
  - (b) Beverages dispensed through Post-Mix dispensers strictly comply with the standards prescribed by the Company for their Beverages.
4. The Bottler on its own initiative and responsibility shall immediately discontinue the sale of Post-Mix Syrups to any retailer that does not comply with the standards prescribed by the Company.
5. The Bottler shall discontinue the sale of Post-Mix Syrups to any retailer upon notice by the Company regarding any of their Beverages dispensed through Post-Mix dispensers located in or adjacent to the retailer, that do not comply with the standards prescribed by the Company for the Beverages or that the Post-Mix dispenser is not of the type approved by the Company.
6. The Bottler agrees to:
- a) sell and distribute Post-Mix Syrups solely in containers approved by the Company and only use labels approved by the Company on said containers; and
  - b) exercise all its influence to persuade retailers to use glasses, paper cups or other containers approved by the Company with brands approved by the Company so the Beverages served to the customer are properly identified and served in an attractive and hygienic container.

With the exception of the amendments hereof, all terms, agreements and conditions of the Bottler Agreements will apply to this supplementary authorization and the parties expressly agree that the terms, conditions, duties and obligations of the Bottler, in accordance with the stipulations of the Bottler Agreements, are hereby incorporated by reference unless the context is otherwise set forth or required. All references to “Beverages” in said Bottler Agreements will be construed as the term “Post-Mix Syrup” for purposes of this authorization.

This authorization may be cancelled by the Company or the Bottler through a ninety (90) day written notice and will automatically terminate upon expiration or early termination of the Bottler Agreement for COCA-COLA.

<b>THE COCA-COLA COMPANY</b>	<b>Accepted by:</b> <b>PARAGUAY REFRESCOS S.A.</b>
(signed)	(signed)
By: _____	By: _____
Authorized Representative	Authorized Representative

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LIST OF SUBSIDIARIES

Subsidiaries	Jurisdiction
Embotelladora Andina Chile S.A.	Chile
Andina Inversiones Societarias S.A.	Chile
Andina Bottling Investments Dos S.A.	Chile
Andina Bottling Investments S.A.	Chile
Red de Transportes Comerciales Ltda.	Chile
Transportes Trans Heca Ltda.	Chile
Servicios Multivending Ltda.	Chile
Transportes Andina Refrescos Ltda.	Chile
Vital Jugos S.A.	Chile
Vital Aguas S.A.	Chile
Transportes Polar S.A.	Chile
Envases Central S.A.	Chile
Inversiones Los Andes S.A.	Chile
Rio de Janeiro Refrescos Ltda.	Brazil
Embotelladora del Atlántico S.A.	Argentina
Andina Empaques Argentina S.A.	Argentina
Paraguay Refrescos S.A.	Paraguay
Abisa Corp.	British Virgin Islands
Aconcagua Investment Ltd.	British Virgin Islands

## CERTIFICATION

I, Miguel Ángel Peirano, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2016

/s/ Miguel Ángel Peirano

Miguel Ángel Peirano

Chief Executive Officer

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## CERTIFICATION

I, Andrés Wainer, certify that:

1. I have reviewed this annual report on Form 20-F of Embotelladora Andina S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 28, 2016

/s/ Andrés Wainer

Andrés Wainer

Chief Financial Officer

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Embotelladora Andina S.A (the “Company”) on Form 20-F for the fiscal year ended December 31, 2015, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Miguel Ángel Peirano, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/MIGUEL ÁNGEL PEIRANO

Miguel Ángel Peirano  
Chief Executive Officer  
Embotelladora Andina S.A.  
Dated: April 28, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT  
TO 18 U.S.C. SECTION 1350, AS  
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Embotelladora Andina S.A. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2015, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Andrés Wainer, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDRÉS WAINER

Andrés Wainer  
Chief Financial Officer  
Embotelladora Andina S.A.  
Dated: April 28, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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