

As filed with the Securities and Exchange Commission on April 27, 2018

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, 2017

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 into 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.

Title of each class	Name of each exchange on which registered
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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ Yes ☒ No

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

†The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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 Argentina” means our subsidiary, Embotelladora del Atlántico S.A., or EDASA;
- “Andina Brazil” means our subsidiary, Rio de Janeiro Refrescos Ltda. and its subsidiaries;
- “AEASA” 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.
- “Envases 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.
- 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.

The Company’s Consolidated Financial Statements for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB”).

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

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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.

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 9.

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, 2016 and 2017 and for the years ended December 31, 2015, 2016 and 2017 has been derived from our audited consolidated financial statements as of December 31, 2017 and 2016. The summary consolidated financial information as of December 31, 2013, 2014 and 2015 has been derived from our audited consolidated financial statements as of and for the years then ended, not included herein.

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.

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.

Our income, cash flow and balance sheet accounts have been converted using the exchange rate at the end of the relevant period.

	For the year ended December 31,				
	2013(1)	2014	2015	2016	2017
	Ch\$	(in million Chilean pesos at December of each year) Ch\$	Ch\$	Ch\$	Ch\$
INCOME STATEMENT DATA					
Net sales	1,521,681	1,797,200	1,877,394	1,777,459	1,848,879
Cost of sales	(914,818)	(1,081,243)	(1,106,706)	(1,033,910)	(1,069,025)
Gross profit	606,863	715,957	770,688	743,549	779,854
Other income	4,386	3,971	472	1,761	551
Distribution expenses	(163,023)	(187,043)	(202,491)	(183,677)	(192,928)
Administrative expenses	(272,556)	(342,141)	(352,601)	(346,203)	(348,199)
Other expenses	(30,462)	(18,591)	(21,983)	(22,765)	(16,701)
Other (expense) income, net(2)	740	(4,392)	(6,301)	(3,387)	(2,537)
Financial income	4,973	8,656	10,118	9,662	11,194
Financial expenses	(28,944)	(65,081)	(55,669)	(51,375)	(55,220)
Share of (loss) profit of investments accounted for using the equity method	783	1,191	(2,328)	(263)	(80)
Foreign exchange differences	(7,695)	(2,676)	(2,856)	(68)	(1,371)
Loss from differences in indexed financial assets and liabilities	(1,832)	(12,463)	(7,308)	(6,378)	(3,763)
Net income before income taxes	113,233	97,388	129,741	140,856	170,798
Income tax expense	(22,966)	(45,354)	(41,643)	(48,807)	(51,797)
Net income	90,267	52,034	88,098	92,049	119,001
BALANCE SHEET DATA					
Assets					
<i>Current assets:</i>					
Cash and cash equivalents	79,976	79,514	129,160	141,264	136,242
Other financial assets	36,472	106,577	87,492	60,153	14,138
Other non-financial assets	9,696	7,787	8,686	8,601	5,612
Trade and other accounts receivable, net	195,434	198,110	176,386	190,524	191,285
Accounts receivable from related parties	8,029	5,994	4,611	5,789	5,370
Inventories	125,854	149,728	133,333	144,709	131,363
Current tax assets	3,990	6,026	7,742	1,702	—
Non-current assets classified as available for sale	1,133	—	—	—	—
Total current assets	460,584	553,736	547,410	552,742	484,010
<i>Non-current assets:</i>					
Other financial assets	7,922	51,027	181,491	80,181	74,259
Other non-financial assets	28,796	33,057	18,290	35,247	47,349
Trade and other receivables	7,631	7,098	5,932	3,528	2,396
Accounts receivable from related parties	19	25	15	148	156
Investments accounted for under the equity method	68,673	66,050	54,191	77,198	86,809
Intangible assets other than goodwill	700,606	728,181	665,666	680,996	663,273
Goodwill	115,779	116,924	95,836	102,920	93,598
Property, plant and equipment	692,950	713,075	640,530	666,151	659,750
Deferred tax assets	—	—	—	—	3,213
Total non-current assets	1,622,377	1,715,437	1,661,951	1,646,367	1,630,849
Total assets	2,082,961	2,269,173	2,209,361	2,199,110	2,114,859
Liabilities					
<i>Current liabilities</i>					
Other financial liabilities	106,877	83,402	62,218	64,801	67,981
Trade and other accounts payable	210,446	228,179	212,526	242,836	257,519
Accounts payable to related parties	43,425	55,967	48,653	44,120	33,961
Provisions	270	366	326	683	2,676
Income taxes payable	3,679	2,931	7,495	10,829	3,185
Employee benefits current provisions	21,440	27,747	31,791	35,653	35,956
Other non-financial liabilities	16,007	11,620	17,565	20,613	27,008
Total current liabilities	402,144	410,212	380,574	419,535	428,287
<i>Non-current liabilities</i>					
Other long-term current financial liabilities	605,362	726,616	765,299	721,571	675,767
Trade and other payables	1,262	1,216	9,303	9,510	1,133
Provisions	77,542	77,447	63,976	72,399	62,948
Deferred income tax liabilities	105,537	126,126	130,202	125,609	125,205
Post-employment benefit liabilities	8,759	8,125	8,230	8,158	8,286
Other non-financial liabilities	922	433	243	159	—
Total Non-Current Liabilities	799,384	939,963	977,253	937,405	873,339

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Issued capital	270,737	270,737	270,737	270,737	270,737
Retained earnings	243,193	247,818	274,755	295,709	335,523
Other reserves	346,739	378,739	284,982	254,159	185,049
Equity attributable to equity holders of the parent	860,669	897,294	830,474	820,606	791,310
Non-controlling interests	20,764	21,703	21,060	21,564	21,923
Total equity	881,433	918,998	851,534	842,170	813,233
Total liabilities and equity	2,082,961	2,269,173	2,209,361	2,199,110	2,114,859

	For the year ended December 31,				
	2013(1)	2014	2015	2016	2017
	(in million Chilean pesos)				
	Ch\$	Ch\$	Ch\$	Ch\$	Ch\$

CASH FLOW DATA

Net cash flows generated from operating activities	172,085	215,514	264,909	223,447	247,960
Net cash flows used in investing activities	(447,550)	(166,776)	(103,131)	(113,916)	(168,831)
Net cash flows provided by (used in) financing activities	303,106	(46,920)	(98,560)	(98,225)	(78,346)
Net increase in cash and cash equivalents before exchange differences	27,641	1,818	63,218	11,306	783
Effects of exchange differences on cash and cash equivalents	(3,187)	(2,280)	(13,571)	797	(5,805)
Net increase (decrease) in cash and cash equivalents	24,454	(462)	49,647	12,103	(5,022)
Cash and cash equivalents — beginning of year	55,522	79,976	79,514	129,161	141,264
Cash and cash equivalents - end of year	79,976	79,514	129,161	141,264	136,242

OTHER FINANCIAL DATA

Depreciation and amortization	83,337	102,967	100,632	97,334	99,164
Capital expenditures	183,697	114,217	112,400	128,217	168,858
Dividends paid	73,041	52,269	53,671	67,585	75,536
Basic and diluted earnings per share:					
Series A(3)	89,530	52,190	88,400	91,080	118,056
Series B(3)	98,480	57,410	97,240	100,190	130.42
Basic and diluted earnings per ADR(4)					
Series A(3)	537,180	313,160	530,400	546,480	711.36
Series B(3)	590,880	344,480	583,440	601,140	782.52
Capital Stock:					
Series A	473,289,301	473,289,301	473,289,301	473,289,301	473,289,301
Series B	473,281,303	473,281,303	473,281,303	473,281,303	473,281,303
Issued Capital	270,738	270,738	270,738	270,738	
Total dividends declared:					
Total Series A Shares	33,888	24,800	29,344	33,130	37,153
Total Series B Shares	37,276	27,283	32,278	36,443	40,868

OTHER OPERATING DATA (unaudited)

Sales volume

Coca-Cola trade brand soft drinks (millions of UCs)(5)	633.5	671.6	653.8	613.2	587.9
Other beverages (millions of UCs) (5)(6)	129.5	159.0	166.1	165.8	168.5

(1) 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.

(2) 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.

(3) Calculation of profits per share considers the average amount of outstanding shares existing at each date.

(4) Each ADR represents six shares of common stock of the corresponding series of Shares.

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

(6) Includes waters, juices, beer and other spirits.

Note: 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

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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 US\$			
	High(1)	Low(1)	Average(2)	Period end (3)
Year ended December 31,				
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
2016	730.31	645.22	676.69	669.47
2017	679.05	614.75	649.12	614.75
Month end				
October 31, 2017	640.52	619.68	629.49	636.80
November 30, 2017	645.32	629.21	634.17	645.32
December 31, 2017	655.74	614.75	635.31	614.75
January 31, 2018	609.49	599.33	605.01	603.25
February 28, 2018	603.07	588.28	596.36	593.61
March 31, 2018	609.58	595.93	603.91	603.39
April 2018 (through April 21, 2018)	605.17	594.41	599.70	596.26

Source: Chilean Central Bank.

- (1) Exchange rates are the actual low and high, on a daily basis for each period.
- (2) The yearly average exchange rate is calculated as the average of the exchange rates on the last day of each month during the period. Monthly exchange rates correspond to the average monthly exchange rates published by the Chilean Central Bank.
- (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

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Convertibility Law, including the fixed exchange rate of Ar\$1.00 to US\$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.

	Daily observed exchange rate Ch\$ per US\$			
	High	Low	Average (1)	Period end
Year ended December 31,				
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
2016	16.030	13.200	14.781	15.890
2017	19.200	15.190	16.572	18.649
Month end				
October 31, 2017	17.700	17.335	17.462	17.605
November 30, 2017	17.650	17.305	17.476	17.305
December 31, 2017	19.200	17.230	17.727	18.649
January 31, 2018	19.650	18.410	19.038	19.650
February 29, 2018	20.200	19.380	19.833	20.110
March 31, 2018	20.410	20.149	20.242	20.149
April 2018 (through April 21, 2018)	20.220	20.135	20.184	20.190

Source: Central Bank of Argentina.
(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

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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 US\$			
	High	Low	Average(1)	Period end
Year ended December 31,				
2013	2.4457	1.9528	2.1605	2.3426
2014	2.7403	2.1974	2.3547	2.6562
2015	4.1949	2.5754	3.3314	3.9048
2016	4.1558	3.1193	3.4854	3.2591
2017	3.3807	3.0510	3.1925	3.3080
Month end				
October 31, 2017	3.2801	3.1315	3.1912	3.2769
November 30, 2017	3.2920	3.2136	3.2594	3.2616
December 31, 2017	3.3332	3.2322	3.2919	3.3080
January 31, 2018	3.2697	3.1391	3.2106	3.1624
February 28, 2018	3.2821	3.1730	3.2415	3.2449
March 31, 2018	3.3380	3.2246	3.2792	3.3238
April 2018 (through April 21, 2018)	3.4263	3.3104	3.3799	3.4101

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.

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.

72% of net sales for the year ended December 31, 2017 were derived from the distribution of soft drinks under The Coca-Cola Company trademarks and an additional 22% were 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 local subsidiary of The Coca-Cola Company or The Coca-Cola Company, or, in the case of juices and nectars, The Minute Maid Company, a subsidiary of The Coca-Cola Company (hereinafter, the “Bottler Agreements”). The Coca-Cola Company has the ability to exert an important influence on the business of the Company through its rights under the Bottler Agreements. According to the Bottler Agreements, The Coca-Cola Company unilaterally sets the prices for Coca-Cola concentrate and soft drinks (in the case of pre-mixed soft drinks by The Coca-Cola Company) that they sell to us. The Coca-Cola Company also monitors prices and has the right to review and

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approve our marketing, operating and advertising plans. In addition, The Coca-Cola Company can unilaterally set the prices of concentrate, and may in the future increase the price we pay for the 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 soft drinks or other beverages and products under the trademarks of The Coca-Cola Company.

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: two agreements for Chile, which expire in 2019 and 2023, one agreement for Brazil, which has a five-year term beginning in October 3, 2012, and is currently in the process of being renewed, one agreement for Argentina, which expires in 2022, 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, 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. Additionally, some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages and beverages sweetened with nutritive or alternative sweeteners. Increasing public concern about these issues, the possibility of taxes on sugar-sweetened beverages, other sweeteners, 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.

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 preferences and needs; and changes in consumer lifestyles. In addition, the non-alcoholic beverage retail landscape is dynamic and is constantly evolving, and if we are unable to successfully adapt in this environment, our participation in the sales of non-alcoholic beverages, and financial results in general will be negatively 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 in general are highly competitive in each of the territories in which we operate. We compete with bottlers of local and regional brands, including low cost

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beverages and Pepsi products. 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, taxes, 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 concessions granted by governments in our various territories. 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. Water scarcity 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 passed a new law which became effective on June 27, 2016, with respect to labeling of certain consumer products, including soft drinks and bottled juices and waters such as ours. 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 The Coca-Cola Company 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 in order to minimize the risk that our beverage products are not 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 raw materials, the production process and of our final products. We have established procedures to correct any 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 beverages branded with trademarks of The Coca-Cola Company, 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 beverages. 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

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technology infrastructure for digital marketing activities and electronic communications among us and our clients, suppliers and also among our subsidiaries and facilities. Security breaches or infrastructure flaws can create system disruptions, shutdowns or unauthorized disclosure of confidential information. If we are unable to prevent such breaches or flaws, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information.

Cyber threats are rapidly evolving and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated. Cyber threats and cyber-attackers can be sponsored by countries or sophisticated criminal organizations or be the work of single “hackers” or small groups of “hackers.”

We invest in industry standard security technology to protect the Company’s data and business processes against risk of data security breach and cyber attack. We are continuously installing new and upgrading existing information technology systems. Insider or employee cyber and security threats are increasingly a concern for all companies, including ours. Nevertheless, as cyber threats evolve, change and become more difficult to detect and successfully defend against, one or more cyber-attacks might defeat our or a third-party service provider’s security measures in the future and obtain the personal information of customers or employees. Employee error or other irregularities may also result in a defeat of security measures and a breach of information systems. Moreover, hardware, software or applications we use may have inherent defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. A security breach and loss of information may not be discovered for a significant period of time after it occurs. While we have no knowledge of a material security breach to date, any compromise of data security could result in a violation of applicable privacy and other laws or standards, the loss of valuable business data, or a disruption of our business. A security breach involving the misappropriation, loss or other unauthorized disclosure of sensitive or confidential information could give rise to unwanted media attention, materially damage to our customer relationships and reputation, and result in fines, fees, or liabilities, which may not be covered by our insurance policies.

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.

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. 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 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, labelling, taxation, health, consumer protection,

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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 such restraints or price controls applicable to our products in any of the territories in which we operate, except in Argentina. However, we cannot assure you that government authorities 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. The imposition of such restraints or price controls in the future may have an adverse effect on our results and financial condition.

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 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.

In the ordinary course of our business, we become involved in various claims, lawsuits, investigations and governmental and administrative proceedings, some of which are or may be significant. 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.

In addition, during recent years, the Company has been subject to judicial proceedings and administrative investigations associated with alleged monopolistic practices. Although these processes and investigations have not resulted in any convictions or penalties for the Company, we cannot assure that this will not occur in the future. Ineffective communications, during or after these procedures or investigations, or possible sanctions in matters of competition, could have an adverse effect on our business.

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

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 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% 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

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tax paid by the issuer of the shares. For the calendar year 2017, the rate was 25% for companies that chose 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 following, corporations (“*sociedades anónimas*”) are subject to the Semi-Integrated Regime established in article 14(B) of Chilean Income Law, in accordance with which the Company will be subject to the First Category corporate tax with a rate of 27% (25.5% for the calendar year 2017) on accrued yearly earnings. Dividends paid to shareholders without domicile or residence in Chile are taxed with the additional withholding tax of 35%, maintaining the right to credit against the latter 100% of the First Category Tax (without prejudice to the debit or refund referred to in the subsequent paragraph) Local shareholders who are natural persons remain affected by progressive rates, but with new tranches ranging from 0% to 35%, with the right to credit for First Category tax rate with the limitation indicated below.

Notwithstanding the above, local shareholders and shareholders domiciled in countries that have not entered into a 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 (restitution) to the shareholder equal to 35% of corporate income tax. This tax debit does not apply to dividends paid to a shareholder resident in a country that has an existing treaty to avoid double taxation with Chile and, until 2021, this exemption also applies to dividends paid in a country where such a treaty has been signed but is not yet in force.

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 Argentina, the tax burden has steadily increased in recent years, especially at the provincial and municipal levels, where tax rates are increased nearly every year.

In December 2017, a tax reform was passed, which became effective in 2018. The most significant consequence for the Company is the reduction of the current 35% income tax rate to 30% for the 2018 and 2019 fiscal years and from 2020 onwards the rate decreases to 25%. However, his reduction is available only if profits are reinvested, as otherwise a tax is due at the time of the dividend distribution at a rate of 13% for the first two years and of 7% from 2020 onwards.

However, in almost all the provinces where Andina Argentina is taxed, companies that have a production plant or invest in them, are granted reduced rates and in some cases zero rates on gross income tax, beginning with the 2018 fiscal year. In addition, as a result of the fiscal agreement signed between the central government and the provinces, all the provinces that previously charged an incremental rate to non-residing industries, are now going to charge the same rate as the residing industries, generating an important economic benefit.

Andina Argentina enjoys the benefit of zero tax rate on gross income in the province of Córdoba until the year 2021 under an industrial promotion, as a result of our investments at the Montecristo plant in 2010. For these same investments, the municipality of the city of Córdoba gave us a 60% discount off of the trade and industry taxation rate which expired on December 31, 2017. Termination, non-extension or non-renewal of these tax incentives would have a material adverse effect on our business, financial condition and results of operations.

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.

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

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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.

40.6% of our assets as of December 31, 2017 and 29.9% of our net sales for the year ended December 31, 2017 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 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 4.2% in 2013, 1.9% in 2014, 2.3% in 2015, 1.6% in 2016, and at a rate of 1.5% in 2017. 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 2014, 2015, 2016 and 2017 were 4.6%, 4.4%, 2.7% and 2.3%, 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 high 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 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

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well as general uncertainty and trade imbalances in the global markets. 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, 2014, 2015, 2016 and 2017, the Chilean peso depreciated 15.7%, 14.7%, -5.7% and -7.8%, respectively, relative to the U.S. dollar in nominal terms.

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 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. 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.

37.7% of our assets at December 31, 2017 and 32.6% of our consolidated net sales for the year ended December 31, 2017 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. 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.

In Brazil GDP growth rates were 1.9%, 3.0% and 0.5% in 2012, 2013, and 2014, respectively. In 2015 as well as 2016 GDP decreased 3.5% but in 2017 GDP increased 1.0%.

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;

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- 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. In August 2016, Brazilian President Dilma Rousseff was impeached and removed from office for violations of fiscal responsibility laws and the then-Vice-President Temer assumed office to complete the remainder of the presidential mandate. More recently, in May 2017, the development of the investigations conducted by the Federal Police Department and the General Federal Prosecutor’s Office has increased uncertainty with respect to the future prospects of the Brazilian market. Furthermore, although the Brazilian Superior Electoral Court (*Tribunal Superior Eleitoral*) in a 4 to 3 vote has recently acquitted Dilma Rousseff and Michel Temer of charges of illegal campaign financing that could annul the presidential election that took place in 2014 and ultimately could require President Michel Temer to vacate the presidential office, this decision may still be appealed to the Brazilian Supreme Court (*Supremo Tribunal Federal*). In addition, a number of requests for impeachment have been filed against Mr. Temer, as well as criminal charges by the Brazilian Federal Prosecutor’s Office, which could also result in his removal from office, after allegations surfaced that Mr. Temer had allegedly been leading a political corruption related criminal organization. Furthermore, recently a Brazilian federal appeals court unanimously upheld the conviction of former president Luís Inácio Lula da Silva on corruption charges uncovered by the Lava Jato operation, a decision which can still be appealed to the Brazilian Supreme Court. We cannot predict whether these investigations and lawsuits will bring about further economic and political instability or if new allegations against high officers of the Brazilian Federal Government will arise in the future. 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*, “IBGE”), Brazilian consumer price inflation rates were, 5.8% in 2012, 5.9% in 2013, 6.4% in 2014, 10.7% in 2015, 6.3% in 2016 and 3.0% in 2017. 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.

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 2014, the real depreciated against the U.S. dollar, closing at R\$2.66 to US\$1.00 on December 31, 2014. In 2015, the real depreciated against the U.S. dollar, closing at R\$3.90 to US\$1.00 on December 31, 2015. In 2016, the real appreciated against the U.S. dollar, closing at R\$3.26 to US\$1.00 on December 31, 2016. In

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2017, the real depreciated against the U.S. dollar, closing at R\$3.31 to US\$1.00 on December 31, 2017. 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.

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 an 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.

Given the high tax burden in Brazil, federal and state authorities of that country offer a series of significant tax incentives to certain territories and/or localities in order to attract investment, particularly for manufacturers and other companies operating and investing in Brazil. Coca-Cola Andina Brazil has received some of these tax incentives and its results are strongly influenced by these incentives. Although these incentives have been renewed in the past, we cannot assure that they will continue to be renewed in the future. Termination, non-extension or non-renewal of said tax incentives could have a material adverse effect on our business, financial condition and results of operation.

Tax proceedings may result in a significant tax liability

Rio de Janeiro Refrescos Ltda. is part of a series of proceedings in which their right to use certain tax credits associated with the purchase of raw materials from the Manaus free zone is at issue. On this matter, particularly relevant are a series of ongoing administrative tax proceedings in which the Brazilian federal tax authorities have claimed that Ipiranga, which was absorbed by Rio de Janeiro Refrescos Ltda in December 2013, has unpaid liabilities for value-added tax on industrialized products (*imposto sobre produtos industrializados*, or IPI) in an aggregate amount of approximately R\$1,281,000,000. These proceedings are at different administrative as well as judicial procedural stages. We disagree with the Brazilian tax authorities’ position and believe that Ipiranga was entitled to claim IPI tax credits in connection with its purchases of certain exempt raw materials from suppliers located in the Manaus Free Trade Zone. We believe that the Brazilian tax authorities’ claims are without merit. Our external Brazilian counsel has advised us that it believes that 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 on October 11, 2018) to support this indemnity liability in an amount of R\$ 207,550,000 (at December 31, 2017).

Risks Relating to Argentina

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

9.2% of our assets as of December 31, 2017 and 29.9% of our net sales for the year ended December 31, 2017 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 10.1% in 2010, 6.0% in 2011, -1.0% in 2012, 2.4% in 2013, 2.5% in 2014, 2.6% in 2015, -2.2% in 2016, 0.4% in the first quarter of 2017, 2.9% in the second quarter of 2017, and 4.2% in the third quarter of 2017. We cannot assure you that Argentine GDP will increase or remain stable in the future. Domestic and external economic crisis, 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 inflation rate and future 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 was 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, 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 and removed 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 begin withdrawing earnings from our Argentine subsidiary. There are currently no restrictions imposed by the Argentine government to withdraw earnings from Argentina.

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 in 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 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), and repealed the requirements of the DJAS, we cannot assure that these restrictions will be completely removed as certain discretion still remains over certain goods. 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 suspended the issuance of reports on the consumer and wholesale price indices until April 2016, at which time INDEC began disseminating a new CPI monthly series, without reporting the months prior to April 2016. Inflation for 2017 according to INDEC was 24.8%. We cannot assure that INDEC will not be suspended again in the future, which

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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, could 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 materially and adversely affecting economic activity and consumers’ income and their purchasing power, all of which could have a material adverse effect on our financial condition and operating results.

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.

The exchange rate in Argentina depreciated by 21.8% in 2016 and 18.4% in 2017 against the U.S. dollar with respect to the exchange rate as of the end of 2015 and 2016, respectively.

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. However, we cannot assure that such restrictions may not be implemented again in the future.

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.

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.

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 2013, 2014, 2015, 2016 and 2017 the increase of the vital and mobile minimum salary was 23.6%, 33.3%, 27.0%, 35.2% and 17.2%, respectively, and for these same years the market average salary increase for workers was 25%, 30%, 32%, 33.4% and 26% 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.

12.5% of our assets as of December 31, 2017 and 7.6% of our net sales for the year ended December 31, 2017 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 2017 grew by 4.3%, according to preliminary figures from the Central Bank of Paraguay published in the month of December of 2017, compared to growth of 4.0% in 2016, 3.1% in 2015, and 4.7% in 2014. Paraguayan GDP is closely tied to the performance of Paraguay’s agricultural sector, which can be volatile.

Economic conditions in Argentina and Brazil

The situation of the Paraguayan economy is strongly influenced by the economic situation in Argentina and Brazil. A deterioration in the economic situation of these countries could adversely affect our financial condition and operating results.

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

Although it has remained stable at around 4% during the last 5 years, we cannot assure that inflation in Paraguay will not increase significantly. 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.

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 participates in the exchange market in order to reduce volatility. However, since approximately 25% of our total costs for raw material and supplies are denominated in US dollars, a significant depreciation of the local currency could adversely affect our financial situation and results, as well as impact other expenses, such as professional fees and maintenance costs.

In 2017 the guaraní appreciated 3.0% against the U.S. dollar, while in 2016 it appreciated by 0.7%. While the guaraní appreciated during 2017, the local currency follows regional and global trends. 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 24% of our total raw materials and supply costs are in U.S. Dollars, and may also affect 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

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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\$294,327 million at December 31, 2017 and an average monthly trading volume of approximately US\$3,030 million for 2017. 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 +562-2338-0520 and our website is 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 S.A. from The Coca-Cola Company. Concurrently, The Coca-Cola Company purchased Vital S.A. 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. Andina and Embonor S.A. continued 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 Vital Jugos S.A., respectively.

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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.

On August 1, 2016 the Company signed an agreement with Monster Energy Company for the distribution of Monster Energy products in the territory covered by Andina Chile, which we began distributing in September 2016.

On March 28, 2017 The Coca-Cola Company, together with its bottlers in Latin America, announced the closing of the acquisition from Unilever of the AdeS vegetable protein-based beverage business. Andina Chile began distributing AdeS products in July 2017.

In January 2018, the Company, Embonor S.A., Coca-Cola del Valle New Ventures S.A., and Coca-Cola de Chile S.A., as buyers, and Inversiones Siemel S.A. as seller, entered into a stock purchase agreement (the “Agreement”) under which the parties agreed to transfer 100% ownership of the shares of Comercializadora Novaverde S.A. (“Novaverde”), a Chilean company dedicated to the production and distribution of juices, ice cream, and other food, mainly under the brand “Guallarauco”. The transaction did not include the acquisition of the avocado sales business line and the General Mills representation. The transaction is subject to certain conditions precedent, including but not limited to, the authorization of the transaction by the Chilean Antitrust Authorities.

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.

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.

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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 11, 2013, Andina 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.

During 2013, there was a restructuring of the juice and mate infusion business, pursuant to which the companies in which Andina Brazil held an interest were merged. As a result of the restructuring, Andina Brazil ended up with a 9.57% ownership interest in Leão 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, Compañía de Bebidas Ipiranga that held an ownership interest in Leão Alimentos y Bebidas Ltda. During 2014, Andina Brazil sold 2.05% of its ownership interest in Leão Alimentos e Bebidas Ltda., remaining with a final ownership interest of 8.82%.

During 2015 and 2016, Andina Brazil made two capital increases in Leão Alimentos e Bebidas Ltda. for a total amount of R\$ 39.9 million. Andina Brazil’s ownership interest in Leão Alimentos e Bebidas Ltda. did not increase, given that all of the shareholders of Leão Alimentos e Bebidas Ltda. proportionally participated in the capital increase.

During 2016, Andina Brazil, along with Coca-Cola Brazil and the other bottlers in Brazil, purchased Laticínios Verde Campo Ltda. The purchase was made through Trop Frutas do Brasil Ltda. a subsidiary of Leão Alimentos e Bebidas Ltda. Andina Brazil acquired 7.5% of Laticínios Verde Campo Ltda. in R\$ 29.5 million.

In 2016, Andina Brazil signed an agreement with Monster Energy Company for the distribution of Monster Energy products in Andina Brazil’s territory. These began being distributed on November 1, 2016.

In 2016, Andina Brazil closed its production facility in Cariacica, State of Espirito Santo, leaving only two production facilities, in the States of Rio de Janeiro and Sao Paulo.

In 2017, Andina Brazil bought, together with Coca-Cola Brasil and the other Coca-Cola bottlers in Brazil, the company UBI 3 Participações Ltda. The operation was carried out to make the distribution and marketing of AdeS products in Brazil viable. Andina Brazil bought 8.50% of UBI 3 Participações Ltda. for R\$21.4 million. Andina Brazil began distributing AdeS products in June 2017.

In August 2017, Andina Brazil increased its ownership interest in Leão Alimentos e Bebidas Ltda. from 8.8% to 10.3%. The value of the additional ownership interest acquired was R \$26.5 million

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

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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. 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 Embotelladora 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.

On March 28, 2017, EDASA acquired 13.0% of the shares of the company Alimentos de Soja S.A.U., dedicated to the production of vegetable protein-based beverages marketed under the brand “AdeS”. The sale of Alimentos de Soja S.A.U. shares was carried out within the framework of a global transaction under the terms of which The Coca-Cola Company and certain Coca-Cola bottlers acquired the “AdeS” liquid soy-based food business from the Unilever Group in Brazil, Mexico, Argentina, Colombia, Paraguay, Uruguay, Bolivia and Chile. Andina Argentina began distributing Ades products in July 2017.

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.

On March 28, 2017, The Coca-Cola Company, together with its bottlers in Latin America, announced the closing of the acquisition from Unilever of the AdeS vegetable protein-based beverage business. PARESA began distributing Ades products in July 2017.

Capital Expenditures

During 2017, 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 country for the 2015-2017 period:

	Year ended December 31,		
	2015	2016	2017
	MCh\$	MCh\$	MCh\$
Chile	50,043	42,430	50,337
Brazil	24,831	39,517	81,322
Argentina	30,056	37,030	29,538
Paraguay	7,470	9,240	7,661
Total	112,400	128,217	168,858

Our total capital expenditures were Ch\$112,400 million in 2015, Ch\$128,217 million in 2016 and Ch\$168,858 million in 2017.

In 2017, capital expenditures were principally related to the following:

Argentina

- Returnable containers (glass and PET bottles) and bottle cases,
- Coolers and post mix equipment,
- Purchase of land in Bahia Blanca;
- Purchase of forklifts,
- Purchase and installation of automatic Bag in Box line (Monte Cristo Plant), and
- Purchase of automatic labelers for pallets (Monte Cristo Plant)

Brazil

- Construction of the Duque de Caixas plant,
- Production lines and equipment for the Duque de Caxias plant,
- Returnable containers (Ref Pet and glass bottlers) and plastic bottle cases;
- Cold equipment, post-mix and other equipment for the point of sale,
- Extension of the São Pedro D’Aldeia Distribution Center;
- Machinery to increase efficiency and productive capacity; and
- Renewal of part of the vehicles and motorcycles of the sales force.

Chile

- Returnable containers (glass and PET bottles) and bottle cases,
- Cold equipment, post-mix and other equipment for the points of sale,
- SAP Front Office,
- Racks and ceilings for the Renca plant,
- Land in Antofagasta

Vital Jugos

- Upgrade Pet OW bottles line,
- Acquisition and installation of loading table in washing machine,

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- Productive improvements for nectar line,
- Improvement and certification of warehouse for hazardous substances, and
- Acquisition of pasteurizers Tetrapak line

Vital Aguas:

- Property Security
- Acquisition and installation B&H labelling machine,
- Drive assembly and transfer in finished product storage,
- Modification of production line layout,
- Upgrade line of OW glass bottles,

Paraguay

- Molds and adaptations for new packaging,
- Warehouse for AdeS finished products,
- Returnable bottles and plastic cases; and
- Cold equipment.

We have budgeted approximately US\$180-200 million for our capital expenditures in 2018. Our capital expenditures in 2018 are primarily intended for:

- investments in machinery and equipment;
- returnable bottles and cases; and
- market investments (primarily for the placement of coolers).

For 2018, we estimate that internally generated funds will finance a large part of our budgeted capital expenditure. Our capital expenditure plan for 2018 may change based on market conditions, our results or based on the variation of financial resources managed.

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 2017, we had consolidated net sales of Ch\$1,848,879 million and total sales volume of 756.3 million unit cases of Coca-Cola soft drinks.

In addition to our soft drinks business, which accounted for 72% of our consolidated net sales during 2017, we also:

- produce and distribute fruit juices, other fruit-flavored beverages, flavored waters, mineral and purified water in Chile, Argentina, Brazil and Paraguay 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, sport drinks, energy drinks, and juices in Brazil for Leão Alimentos e Bebidas Ltda.;
- distribute beverages such as tea, fruit juices, energy drinks, sport drinks, seed-based beverages, lactose free dairy products and/or waters in Argentina, Brazil, Chile and Paraguay under trademarks owned by The Coca-Cola Company in each of the territories where we have authorization to do so;
- distribute beer in Brazil under the brands Amstel, Bavaria, Birra Moretti, Desperados, Dos Equis (XX), Edelweiss, Heineken, Murphy’s, Sol and Xingú;

- distribute beer in the south of Argentina.

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, 2017.



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. In addition, we distribute Heineken brand beer in Brazil and southern Argentina. The following table sets forth our brands as of December 31, 2017:

	Chile	Brazil	Argentina	Paraguay
Colas:				
Coca-Cola	✓	✓	✓	✓
Coca-Cola Light	✓		✓	
Coca-Cola Zero	✓	✓	✓	✓

	Chile	Brazil	Argentina	Paraguay
Coca-Cola Stevia		✓		
Flavored soft drinks				
Crush			✓	✓
Fanta	✓	✓	✓	✓
Fanta Zero	✓	✓	✓	✓
Inca Kola	✓			
Inca Kola Zero	✓			
Kuat		✓		
Kuat Zero		✓		
Nordic Mist	✓			
Nordic Mist Zero	✓			
Nordic Mist Agua Tonica	✓			
Quatro	✓		✓	
Sprite	✓	✓	✓	✓
Sprite Zero	✓	✓	✓	✓
Schweppes		✓	✓	✓
Schewppes Zero			✓	
Schweppes Tonica		✓	✓	✓
Cantarina	✓			
Juices				
Cepita			✓	
Del Valle	✓	✓		
Kapo	✓	✓		
Frugos				✓
Frugos Light				✓
AdeS	✓	✓	✓	✓
Waters				
Aquarius	✓		✓	✓
Benedictino	✓			
Bonaqua			✓	
Kin			✓	
Crystal		✓		
Dasani				✓
Glaceau Vitamin Water	✓			
Vital	✓			
Others				
Black	✓			
Burn	✓	✓		✓
Monster	✓	✓		
Monster Zero	✓	✓		
Chá Leão		✓		
Fuze	✓	✓		
I9		✓		
Matte Leão		✓		
Leão Ice Tea		✓		
Powerade	✓	✓	✓	✓
Powerade Zero	✓	✓	✓	
Minilac		✓		
Lacfree		✓		
Shake Whey		✓		
Beer				
Amstel		✓	✓	
Bavaria		✓		
Bieckert			✓	
Birra Moretti		✓		
Budweiser			✓	
Desesperados		✓		
Dos Equis (XX)		✓		
Edelweiss		✓		
Heineken		✓	✓	

	Chile	Brazil	Argentina	Paraguay
Imperial			✓	
Murphy’s		✓		
Kunstmann			✓	
Palermo			✓	
Schneider			✓	
Sol		✓	✓	
Xingu		✓		

In addition, in Chile, through the Koolife business unit, we import and distribute Coca-Cola Zero Cherry, Coca-Cola Zero Vainilla, Coca-Cola and Coca-Cola Zero without caffeine, aluminum bottles of Coca-Cola and Coca-Cola Zero, Smartwater (500ml and 1.000ml), GoldPeak (Diet, Green tea and Unsweetened), Core Power Vainilla and Chocolate, Zico Natural and Chocolate (Natural flavor available in Tetra 250ml and 1.000ml). From Ecuador we import and distribute Café Blak Capuccino and Mocaccino available in 285ml glass bottles. From the Middle East we import and distribute Rani (juice with pieces of fruit) Peach and Pineapple available in 240ml. cans and Barbican (alcohol-free beer) Malta and Malta Manzana available in 250ml. cans.

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. 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, Aysén and Magallanes.

Chile accounted for 30.5% and 29.7% of our volume and consolidated net sales, respectively, during 2017.

Soft Drinks. Our Chilean soft drink operations accounted for net sales in 2017 of Ch\$391,629 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. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Chile for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
	(in millions)					
Colas	262,173	115.4	265,516	109.4	271,723	110.3
Flavored soft drinks	113,820	50.1	125,963	51.9	119,906	47.4
Total	375,993	165.5	391,479	161.3	391,629	157.7

As of December 31, 2017, 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

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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,		
	2015	2016	2017
	(%)		
Mom & Pops(1)	50	48	47
Supermarkets	26	28	29
On premise	13	12	12
Wholesale distributors	11	12	12
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 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 water and Benedictino (purified water) as sparkling and still water. Lastly, on September 2016 and July 2017, respectively, the Company began the distribution in Chile of products under the trademarks of Monster and AdeS.

In 2017, net sales of waters and juices in Chile represented 8.7% of our consolidated net sales. On a consolidated basis, sales of waters and juices in Chile were Ch\$160,244 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 32.9% and 32.6% of our volume and consolidated net sales, respectively, during 2017.

Soft Drinks. The Brazilian soft drink operations accounted for net sales of Ch\$387,545 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,					
	2015		2016		2017	
	(in millions)		(in millions)		(in millions)	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
Colas	320,220	180.7	295,115	164.0	300,804	150.8
Flavored soft drinks	97,289	54.9	93,933	52.2	86,741	50.9
Total	417,509	235.6	389,048	216.2	387,545	201.7

As of December 31, 2017, we sold our products to approximately 89,000 customers in Brazil. The following table highlights the type of customer in Brazil for our products:

	Year ended December 31,		
	2015	2016 (%)	2017
Mom & Pops	25	25	40
Supermarkets	31	31	34
On premise	21	20	18
Wholesale distributors	23	24	8
Total	100	100	100

Other Beverages. We distribute beer under the Amstel, Bavaria, Birra Moretti, Desesperados, Dos Equis (XX), Edelweiss, Heineken, Murphy’s, Sol and Xingu labels. We sell and distribute water under the label Crystal, ready-to-drink juices under the labels Del Valle Frut, Del Valle Mais, Del Valle 100%, Del Valle Reserva,Del Valle Nutri, Sabores Caseros and Kapo, energy drinks under the brand names Burn and Monster, isotonic drinks under i9 and Powerade brand names and Fuze Ice Tea, FuzeMatte Leão,Guaraná Leão and Matte Leão ready-to-drink teas. We also distribute seed-based beverages, AdeS Juice and AdeS Milk, under the brand name AdeS and Shake Whet, LacFreed and Minilac lactose-free beverages under the brand name Verde Campo. Lastly, as of November 2016 and June 2017, respectively, the Company began the distribution in its Brazilian franchise territories of products under the trademarks of Monster and AdeS.

In 2017, net sales of beer, waters, juices, ready-to-drink teas, isotonic and energy drinks in Brazil were Ch\$216,353 million, representing 11.3% 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 Fe, as well as La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego, Antartica and South Atlantic Islands. Argentina accounted for 28.0% and 29.9% of our sales volume and consolidated net sales, respectively, during 2017.

Soft Drinks. The Argentine soft drink operations accounted for net sales of Ch\$444,872 million in 2017. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Argentina for the periods indicated:

	Year ended December 31,					
	2015		2016		2017	
	Ch\$	UCs	Ch\$ (in millions)	UCs	Ch\$	UCs
Colas	384,429	147.1	307,201	132.6	308,462	123.5
Flavored soft drinks	139,032	53.2	117,227	50.6	136,410	50.9
Total	523,461	200.3	424,428	183.2	444.872	174.4

As of December 31, 2016, we sold our products to approximately 64,000 clients in Argentina. The following table highlights the type of client in Argentina for our products:

	Year ended December 31,		
	2015	2016 (%)	2017
Mom & Pops	35	33	34
Supermarkets	28	30	33
On premise	3	3	3
Wholesale distributors	34	34	30
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 (flavored waters), and Powerade (sports drink). During 2017, we incorporated the AdeS brand (ready to drink soy-based beverage) through a Joint Venture with The Coca-Cola Company and the rest of the bottlers (Andina Argentina bills this business on behalf and by order of the AdeS S.A. joint venture). Also, with the incorporation of Coca-Cola Polar Argentina S.A., starting in 2012, we distribute beers including Palermo, Schneider, Heineken, Budweiser, Amstel, Bieckert, Sol, Imperial and Kunstmann. During 2017, we incorporated the Miller brand to the beer portfolio. Lastly, as of July 2017, the Company began the distribution in its Argentine franchise territories of products under the AdeS trademark.

In 2017, net sales of juices, waters, tea-based beverages, isotonic and energy drinks in Argentina were Ch\$99,713 million, representing 5.4% 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 8.6% and 7.6% of our volume and consolidated net sales, respectively, during 2017.

Soft Drinks. The Paraguayan soft drinks operations accounted for net sales of Ch\$113,315 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,					
	2015		2016		2017	
	Ch\$	UCs	Ch\$	UCs	Ch\$	UCs
Colas	62,337	30.9	63,034	31.0	68,020	30.8
Flavored soft drinks	43,373	21.5	43,920	21.6	45,295	23.3
Total	105,710	52.4	106,954	52.6	113,315	54.1

As of December 31, 2017, we sold our products to approximately 57,000 customers in Paraguay. The following table highlights the type of customer in Paraguay for our products:

	Year ended December 31,		
	2015	2016	2017
		(%)	
Mom & Pops	45	47	46
Supermarkets	11	12	20
On premise	23	23	18
Wholesale distributors	21	18	16
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. Lastly, as of July 2017 the Company began the distribution in Paraguay of products under the AdeS trademark.

In 2017, net sales of juices, waters, isotonic and energy drinks in Paraguay were Ch\$27,962 million, representing 1.5% 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 (471 trucks) and (ii) our own trucks (166 trucks). In 2017, 74% was distributed by exclusive distributors and 26% by our own trucks. Distribution of all of Andina Chile’s beverages takes place from distribution centers and production facilities. The 81 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 ones 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 47.9% of total soft drinks volume in 2017. Certain important customers (such as supermarkets), maintain accounts receivables with us, which are settled on average every 42 days after invoices are issued. On average, accounts receivable from all credit sales clients are liquidated on a 39 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 2017, Andina distributed approximately 66% 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 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 initially high costs and permanent medium costs due to the lack of synergies 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) own trucks (ii) trucks operated by independent distributors pursuant to non-exclusive distribution arrangements, and (iii) trucks operated by independent transport companies on an exclusive basis with us. In 2017, 9.1% was distributed by exclusive distributors, 9.5% by independent transport companies and 81.4% by our own trucks. Distribution of all of Andina Brazil’s beverages takes place from distribution centers and production facilities. In 2017, approximately 6.0% of Andina Brazil’ soft drink sales were paid for in cash at the time of delivery and 94.0% were paid with other bank securities with an average payment term of 17.8 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 2017, Andina Brazil’s net sales of beer were Ch\$104,975 million, of which Heineken represented 51.9%, Amstel accounted for 19.1%, Kaiser 14.6%, Bavaria accounted for 11.6%, Sol for 2.5%, and all the other brands accounted for 0.3% 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 2017, 67% of EDASA’s Coca-Cola soft drinks were distributed by direct distribution and 33% by other distributors and wholesale distribution (indirect distribution). All distribution is done by a group of independent transport companies. In 2017, approximately 68% of EDASA’s soft drink sales were paid for in cash and 32% were credit sales.

Other Beverages. Andina Argentina uses its distribution system to distribute beer in the territory composed by the provinces of La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego and the following parts of the Province of Buenos Aires: Bahía Blanca, Tornquist, Coronel M.L.Rosales, Coronel Dorrego, Villarino, Daireaux, Guamini, Adolfo Alsina, Coronel Suarez, Coronel Pringles, Saavedra, Puán, Saliqueló, Municipio Urbano de Monte Hermoso, Benito Juárez, Gonzalez Chávez, Tres Arroyos, Carmen de Patagones, Olavarria, Azul, Tapalqué, Laprida, Lamadrid, Arrecifes, Chacabuco, Colón, Pergamino, Rojas, Salto, Bartolomé Mitre, Capitán Sarmiento, 9 de Julio, 25 de Mayo, General Alvear, Chivilcoy, Alberti, Bragado, Junín, Viamonte, Arenales, L.N.Alem, Lincoln, General Pinto, Ameghino, Tres Lomas, Pehuajó, Carlos Casares, Hipólito Yrigoyen, Bolívar, Carlos Pellegrini, Trenque Lauquen, Rivadavia, Carlos Tejedor, General Villegas. Andina Argentina began distributing beer in 2012 due to the merger with Coca-Cola Polar. Andina Argentina distributes on behalf of and according to an order by CICSA (*Compañía Industrial Cervecera S.A.*) at a set price which is segmented for each of the regions where the contract operates, and for which Andina Argentina receives a commission.

The Coca-Cola Company and two bottlers (ex Coca-Cola Polar Argentina S.A. — today Andina Argentina — and ex Juan Bautista Guerrero S.A. — today Salta Refrescos S.A. of the Arca group) executed a master agreement regarding the distribution of beer manufactured or imported by CICSA, through the Coca-Cola distribution system. The distribution master agreement was executed on June 12, 2003 for an initial period of five years, with successive extensions every three years, and the last one agreed on November 29, 2017 for a new five-year term expiring on June 12, 2022.

In addition, on December 13, 2017, EDASA executed an agreement with Monster Energy Company for the distribution and commercialization of energy drinks of the “Monster” trademark for an initial period of 10 years in the territory within the franchise of Andina Argentina, with the consent of The Coca-Cola Company.

Paraguay

Soft Drinks. PARESA distributed 84.4% Coca-Cola soft drinks through direct distribution, and 15.6% through wholesale distributors. All direct distribution is done by a group of small truck businesses. In 2017 approximately 69.5% of sales of Paresa soft drinks were paid in cash and 30.5% 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:

Market Share												
	2015				2016				2017			
	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina (%)	Paraguay	Chile	Brazil	Argentina	Paraguay
Coca-Cola soft drinks	69	62	62	66	68	63	62	68	68	63	62	69
Pepsi Bottler soft drinks	27	19	19	9	28	17	18	10	28	17	17	9
Other soft drinks	4	19	19	25	4	20	20	22	4	20	21	22
Total	100	100	100	100	100	100	100	100	100	100	100	100

Source: A.C. Nielsen.

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 number 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 2017, our average soft drink market share within our franchise territories was 67.5%.

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. 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 2017, our market share within our Chilean franchise territories was approximately 35.7% for juices and others segment and approximately 41.2% 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). 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 2017, our average soft drink market share within our Brazilian franchise territories was approximately 63.2%.

Other Beverages. In the beer sector, Andina Brazil’s main competitor is AmBev which during 2017 had a very dominant position in the Brazilian market. In our Rio de Janeiro and Espiritu Santo franchise our market share for waters was 10.7%, where we distribute under the Crystal brand mineral water. In the segment of juices and others our market share was 44.6%.

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: Pritty, Manaos, and Talca. Based on reports by A.C. Nielsen, we estimate that in 2017, our average soft drink market share within our Argentine franchise territories was approximately 62.3%.

Other Beverages. We service the market for plain and flavored water through the Bonaqua, Kin and Aquarius brands, through which we have 16.3% of the market. In addition, the market of juices and others is serviced through the Cepita juice brand and Powerade in isotonic and the recently acquired AdeS, where we have a market share of 35.2%.

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 number 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 an 11.3% market share. B-brands in Paraguay represent 15.8% of the soft drink industry. Pepsi had a market share of 8.9% in December 2017, and is produced and marketed by Group Vierci, a local franchisee. Based on reports by A.C. Nielsen, we estimate that in 2017, our average soft drinks market share within our Paraguayan franchise territories was approximately 68.9%.

Other Beverages. We are leaders in all non-carbonated categories, except energy drinks. In waters, we have a market share of 33.4% with the Aquarius and Dasani brands. Additionally, the market for juices and others is serviced, among others by the trademark Frugos and AdeS in juices and Powerade in isotonic where we have a market share of 43.2%.

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 isotonic drinks in non-returnable PET bottles.

Sales

In 2017, AEASA had net sales of Ch\$20,698 million with sales to EDASA and other related companies amounting to Ch\$13,357 million. AEASA also sold PET bottles to third parties accounting for approximately Ch\$7,341 million.

Competition

We are suppliers of returnable and non-returnable PET bottles, plastic caps and cases for Coca-Cola bottlers in Argentina, Chile and Paraguay. According to the pre-existing agreements between The Coca-Cola

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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

Principal suppliers of raw materials for the production of soft drinks:

- Concentrate: Coca-Cola de Chile S.A.
- Sweetener: Iansagro S.A., Sucden Chile S.A. and Sucden Americas
- Water: Aguas Andinas S.A.
- Carbon dioxide gas: Linde Gas Chile S.A., Praxair Chile S.A. and Praxair Argentina
- Containers (bottles): Envases CMF S.A., Cristalerías de Chile S.A. and Cristalerías Toro S.A.C.I.
- Aluminum cans and caps: Rexam Chile S.A.
- Caps: Envases CMF S.A., Sinea S.A. and Alicaps Mexicana S.A. de C.V.

During 2017, 84% of the variable cost of sales for soft drinks produced and acquired 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 68%; sugar and artificial sweeteners 19%; non-returnable bottles 8%; 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 16% 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 4%, fruit pulp and juices 15%, concentrate 31%, containers 19% and wrapping material 3%, caps 4% and other raw material 3% all of which during 2017 accounted for 78% of total costs for sales of juice, including packaging.

The principal raw materials used by Vital Aguas S.A. in the production of still and sparkling mineral water and as a percentage of total raw material costs are: packaging 36%, concentrate 21%, caps 6%, wrapping material

5%, carbonation 1%, and other raw materials 2%, all of which during 2017 accounted for 71% of total costs for sales of water, including packaging.

Brazil

Principal suppliers of raw materials for the production of soft drinks:

Concentrate: Recofarma Industrias do Amazonas Ltda
Sweetener: Usina Alta Mogiana S.A. Açúcar e Alcool, Central Energética Moreno Açúcar e Alcool Ltda
Water: Companhia Estadual de Água e Esgoto do Rio de Janeiro and Sanenamento Departamento de Agua e Esgoto de Riberao Preto
Preforms: CPR Industria Com Plásticos Ltda., Engepack Embalagens São Paulo S.A.
Containers (Refpet): RioPet Embalagens S.A. and Amcor Rigid Plastic do Brasil Ltda.
Aluminum cans and aluminum caps: Ball Embalagens Ltda., Crown Bem Met da Amazonia S.A.
Caps: Bericap do Brasil Ltda., Mirvi Brasil AS, America Tampas S.A.
Electricity/Gas: Light Esco Ltda., Light S.A., Companhi Paulista de Forca e Luz and CPFL Comercializacao Brasil S.A.
Reselling of products: Leão Alimentos e Bebidas Ltda., Cervejarias Kaiser S.A. and Total Distribuidora de Bebidas Ltda.
Thermo-contractible: S R Embalagens Plastica Ltda, Patena Ind C R Filmes Plasticos Ltda. and Valfim ne Industria e Comercio de Plasticos Ltda.

During 2017, 76.6% 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 42.4%; sugar and artificial sweeteners 22.5%; non-returnable bottles 14.1%; cans 13.9%; bottle caps 3.0%; carbon dioxide 1.4% and other raw material 2.7%. 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 0.1% of the total costs of sales of soft drinks and correspond to some formats of cans, PET and non-returnable glass bottles.

Argentina

Principal suppliers of raw materials for the production of soft drinks:

Concentrate: Servicios y Productos para Bebidas Refrescantes S.R.L.
Sweetener: Complejo Azucarero Concepcion, Glucovil Argentina S.A. and Ingredion Argentina S.A.
Water: EDASA owns water wells and pays a fee to the Dirección Provincial de Aguas Sanitarias
Carbon dioxide gas: Praxair Argentina S.R.L. and Air Liquide Argentina S.A.
Containers (bottles): Andina Empaques Argentina S.A., Cattorini Hermanos S.A.C.I.F.E.I. and Dak Americas Argentina S.A.
Boxes: Andina Empaques Argentina S.A., Cabelma S.A. and PbbPolisur S.A.
Plastic caps: Andina Empaques Argentina S.A. y Alusud Argentina S.R.L.
Metal caps: Metalgráfica Cearence S.A.
Electric energy: Compañía Administradora del Mercado Mayorista Eléctrico S.A. (CAMMESA), Termoandes S.A. and EPEC
Thermo-contractible: Rio Chico S.A., Ipesa Ind. Plast S.A. and Pastiandino S.A.
Labels: Luis y Miguel Zanniello S.A. and Envases John S.A.

During 2017, 66% 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 60%, sugar and artificial sweeteners 16%, non-returnable bottles 14%, bottle caps 3%, carbon dioxide 1% and other raw materials 2%. 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.

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PET Packaging. The principal raw material required for production of PET bottles is PET resin. During 2017, 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 2017 was bought mainly from PBB Polisur S.A.

In 2017, AEASA’s costs for PET resin accounted for 47% of the total variable cost of its sales of PET bottles and preforms.

Paraguay

Principal suppliers of raw materials for the production of soft drinks:

- Concentrate: Servicios y Productos Argentina and Recofarma Industrias do Amazonas Ltda.
- Sugar: Industria Paraguaya de Alcoholes S.A.
- Water: Coca-Cola Paresa has its own water wells for the supply of water.
- Containers (bottles): Cattorini Hnos. (Glass)
- Plastic caps: Andina Empaques Argentina and Sinea S.A.
- Preforms: Industrias PET S.A.
- Electric energy: ANDE-Administración Nacional de Electricidad

During 2017, 72% 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 48%, sugar and artificial sweeteners 23%, non-returnable bottles 13%, bottle caps 4%, carbon dioxide 1% and other raw material 5%. 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, and the purchase of AdeS finished products represents 5% of the total costs of sales of soft drinks.

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 2017, 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.

Pursuant to the existing distribution agreements with Heineken and Monster, these companies undertake all responsibility for planning and managing advertising, marketing and promotional activities related to beer and energy drinks, respectively. Andina Brazil, however, is free to undertake marketing or promotional activities with Heineken’s and Monster’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, Espírito Santo and Ribeirão Preto regions.

In Argentina, in accordance with the existing distribution agreement with CICSA, the latter undertakes full responsibility for planning and managing advertising, marketing and promotional activities related to beer. Andina Argentina, however, is free to undertake marketing or promotional activities with CICSA’s prior approval. The parties have agreed that CICSA will be responsible for the costs of promotional activities (radio, television, outdoor advertising and media) in the region.

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On September 1, 2016 and November 2016, Andina Chile and Andina Brazil respectively, began to commercialize the energy drink, Monster Energy. This new brand is part of the collaboration agreement signed during 2015 by The Coca-Cola Company and Monster Energy, which included the distribution of its products in the territories of the Coca-Cola System, such as Chile and Brazil. We believe that this agreement with Monster Energy, a leading brand in the energy drink category, will reinforce our current presence in the category and will allow us to become one of the leaders in the category for energy drinks.

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\$43,667 million, Ch\$39,982 million and Ch\$29,210 million in 2015, 2016 and 2017 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.

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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. 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 January 2019 and October 2023.

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. This agreement is currently in the process of being renewed. Additionally, Andina, Vital Jugos and Embonor have agreed with The Coca-Cola Company to produce, bottle and commercialize these products at their respective plants.

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 in connection with the Vital, Chanqueahue, Vital de Chanqueahue, and Dasani brands incorporating at the beginning of 2008 the Benedictino brand to the product portfolio manufactured by Vital Aguas S.A. under the agreement. This agreement is currently in the process of being renewed.

Brazil

Our licenses for the territories in Brazil are currently in the process of being renewed.

Argentina

Our licenses for the territories in Argentina expire in September 2022.

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 Health Ministry’s respective regional offices (*Secretaría Regional Ministerial de Salud*), 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 supreme decree.

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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. 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. 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 N° 19,300, addressing general environmental concerns, passed in March 1994, regulates general environmental issues and fundamental aspects applicable to our activities and that could require the hiring of independent experts to conduct studies or environmental impact statements of any future project or activity that may be affected by the provisions of Law N° 19,300. In January 2010, the aforementioned law underwent an organic amendment with the enactment of Law N° 20,417, which created a new environmental agency, the Environment Ministry, the Environmental Assessment Service and the Environment Superintendence. In January 2012, Law N° 20,600 was published which created the Environmental Tribunals (3), which came into operation on December 2012.

Law No. 20,920 passed in June 2016, sets the framework for waste management, the extended liability of the producer and the promotion of recycling, which aims to reduce waste generation and encourage reuse, recycling and other types of valorization, in order to protect people’s health and the environment.

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. 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 N° 6,938 of 1981, known as the Brazilian Environmental Policy, introduced an environmental regime under which no environmental damage is exempt from coverage. This 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 the 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, including by developing several activities for the preservation and conservation of natural heritage and controlling and supervising the use of natural resources. 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, and the *Instituto Estadual de Medio Ambiente e Recursos Hidricos* (“IEMA”), the main authority on environmental issues in Espírito Santo, and the *Companhia de Tecnologia de Saneamento Ambiental* — CETESB, the main environmental authority in São Paulo. FEEMA, IEMA and CETESB periodically inspect industrial sites. 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. 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 N° 25,612, *Gestión Integral de Residuos Industriales y de Actividades de Servicios* (Comprehensive Management of Industrial Residues and Service Activities) and Law N° 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 N° 7,343 of the Province of Córdoba and its supplemental N° 10,208 since 2014, Law N° 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. ORGANIZATIONAL STRUCTURE

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

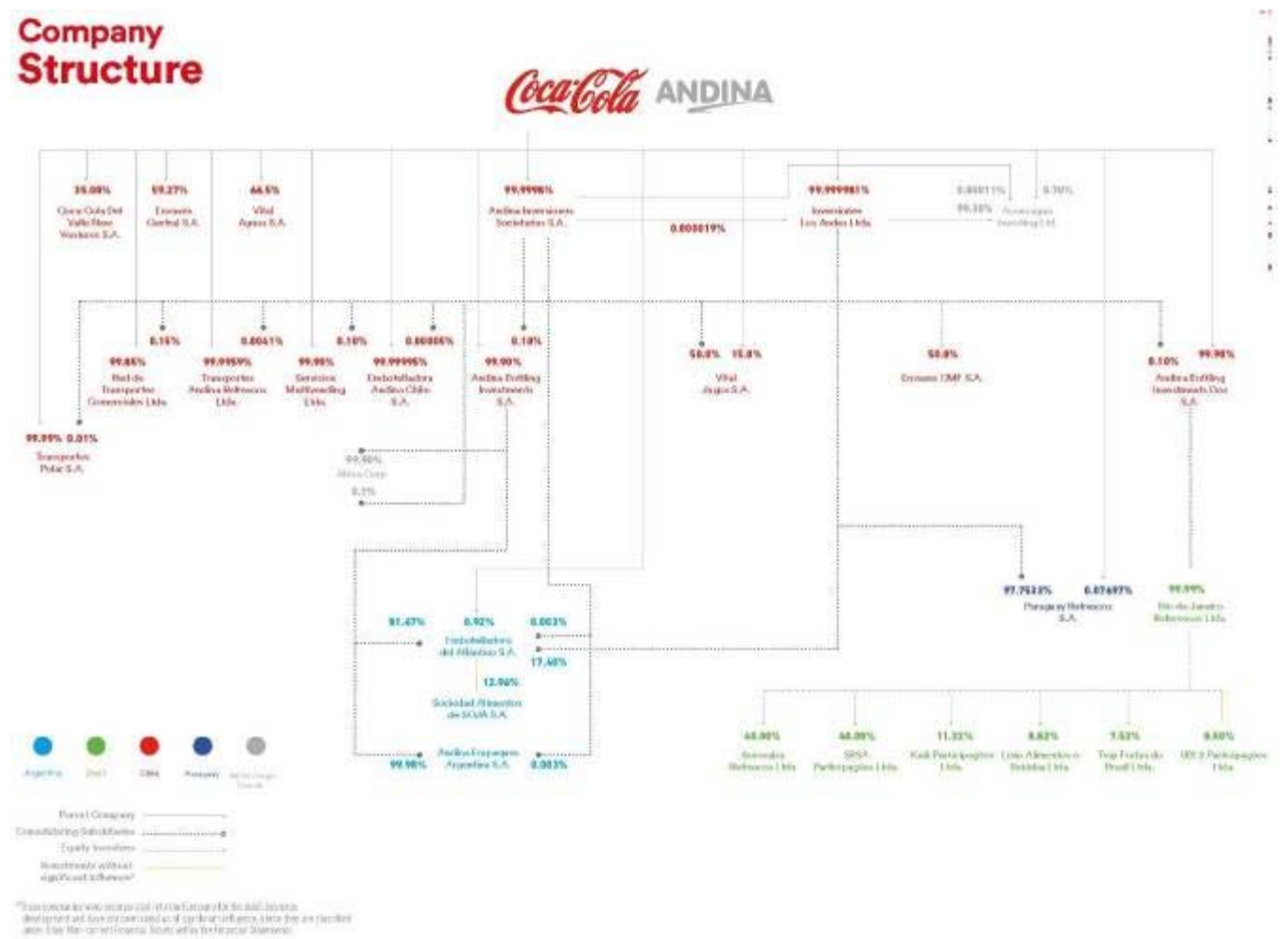


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The following table presents information relating to the main activities of our subsidiaries and associates, as well as our direct and indirect ownership interests in them as of the date of the preparation of this document:

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	99.99
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, for its own account or on behalf of third parties.	British Virgin Islands	99.99
Aconcagua Investing Ltda. (6)	Invest in financial instruments, for its own account or on behalf of third parties.	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

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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
Coca Cola del Valle New Ventures S.A. (10)	Manufacture, distribute and commercialize all kinds of juices, waters and beverages in general.	Chile	35.00
Leao Alimentos e Bebidas Ltda. (7)	Manufacture, bottle and commercialize beverages and food in general. Invest in other companies.	Brazil	10.26
Trop Frutas do Brasil Ltda.(11)	Manufacture, commercialize and export natural fruit pulp and coconut water.	Brazil	7.52
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)	Purchase and sale of real estate investments and property management.	Brazil	40.00
Kaik Participações Ltda.	Invest in other companies with own resources.	Brazil	11.32

- (1) 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.
- (2) 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 began on January 1st, 2012.
- (3) In October 2012, 40% of the Brazilian company Sociedad Brasileira Sorocaba Refrescos S.A. was acquired for a total price of R\$146.9 million.
- (4) 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.
- (5) 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.
- (6) Companies incorporated during 2012, due to the merger with Embotelladoras Coca Cola Polar S.A
- (7) 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.
- (8) Companies created to facilitate the restructuring of the distribution process in Chile.
- (9) During the fourth quarter of 2013 Rio de Janeiro Refrescos Ltda. acquired Companhia de Bebidas Ipiranga, which was legally merged into this entity.
- (10) Coca-Cola del Valle New Ventures S.A. was incorporated during 2016, with capital contributions amounting to Ch\$5,324 million.
- (11) As a result of company restructuring in 2016, Trop Frutas do Brasil Ltda, began to depend on the group of bottlers from The Coca-Cola System in Brazil, Rio de Janeiro Refrescos Ltda, holds a 7.52% direct ownership interest in that company.

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
ARGENTINA			
Embotelladora del Atlántico S.A.			
Azul	Distribution Centers / Warehouses	600	Third Parties
Bahía Blanca*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	102,708	Own
Bahía Blanca	Warehouses	6,000	Leased
Bahía Blanca	Commercial Offices	576	Leased
Bahía Blanca*	Real Estate	73,150	Own
Bariloche	Offices / Distribution Centers / Warehouses	1,870	Leased
Bialet Masse*	Real Estate	880	Own
Bolivar	Warehouses	700	Third Parties
Bragado	Commercial Offices	42	Leased
Carlos Casares	Warehouses	345	Third Parties
Carlos Paz	Commercial Offices	30	Leased
Carmen de Patagones	Offices / Distribution Centers / Warehouses	1,600	Leased
Chacabuco*	Offices / Distribution Centers / Warehouses	25,798	Own
Chivilcoy	Distribution Centers / Warehouses	1,350	Third Parties
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 / Distribution Centers / Warehouses	959,585	Own
Córdoba (H.Primo)	Offices / Distribution Centers / Warehouses	1,173	Leased
Córdoba (San Isidro)*	Offices / Distribution Centers / Warehouses	8,880	Own
Córdoba (Agnolon)	Warehouses	6200	Leased
Coronel Suarez	Offices / Distribution Centers / Warehouses	1,000	Leased
General Pico*	Offices / Distribution Centers / Warehouses	15,525	Own
Gualeguaychu	Offices / Distribution Centers / Warehouses	1,471	Leased
Junin (Mendoza)	Commercial Offices	100	Leased
Mendoza*	Offices / Distribution Centers / Warehouses	36,452	Own
Monte Hermoso*	Terreno	300	Own
Neuquén*	Offices / Distribution Centers / Warehouses	10,157	Own
Olavarria	Offices / Distribution Centers / Warehouses	1,974	Leased
Paraná	Commercial Offices	318	Leased
Pehuajo	Offices / Distribution Centers / Warehouses	1,060	Leased
Pergamino*	Oficinas / Cross Docking	15,700	Own
Puerto Madryn	Commercial Offices	115	Leased
Rafaela	Warehouses	1,000	Third Parties
Rio Gallegos	Distribution Centers / Warehouses	2,491	Leased
Rio Grande	Offices / Distribution Centers / Warehouses	4,518	Leased
Río IV*	Vivienda	1,914	Own
Río IV*	Pasillo Privado	5,170	Own
Río IV*	Cross Docking	7,482	Own
Río IV	Commercial Offices	93	Leased
Rivadavia (Mendoza)*	Warehouses	782	Own

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	MAIN USE	Square meters	Property
Rosario*	Offices / Distribution Centers / Warehouses	27,814	Own
San Francisco	Commercial Offices	63	Leased
San Francisco	Cross Docking	800	Leased
San Juan*	Offices / Distribution Centers / Warehouses	48,036	Own
San Luis*	Offices / Distribution Centers / Warehouses	5,205	Own
San Nicolas	Commercial Offices	30	Leased
San Rafael	Commercial Offices	58	Leased
Santa Fe	Commercial Offices	238	Leased
Santo Tomé	Offices / Distribution Centers / Warehouses	88,309	Own
Trelew*	Offices / Distribution Centers / Warehouses	51,000	Own
Trelew	Warehouses	1,500	Leased
Tres Arroyos	Offices / Distribution Centers / 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	125	Leased
Villa Mercedes	Commercial Offices	70	Leased
Andina Empaques Argentina S.A.			
Buenos Aires*	Production of PET bottles, Preforms and Caps	27,043	Own
Buenos Aires	Warehouses	1,041	Leased
<u>BRAZIL</u>			
Rio de Janeiro Refrescos Ltda.			
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	36,083	Own
Cabo Frio*	Distribution Centers	1,985	Own
Sao Pedro da Aldeia 1*	Distribution Centers	10,139	Concession
Itaperuna*	Cross Docking	2,500	Leased
Caju 1*	Distribution Centers	4,866	Own
Caju 2*	Distribution Centers	8,058	Own
Caju 3*	Parkinglot	7,400	Own
Vitória (Cariacica)*	Distribution Centers	93,320	Own
Cachoeiro do Itapemirim *	Cross Docking	8,000	Leased
Linhares*	Cross Docking	1,500	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	33,669	Leased
Araraquara*	Distribution Centers	11,658	Leased
São Paulo	Real Estate	69	Own
Sao Joao da Boa Vista, Araraquara,São Paulo	Cross Docking	20,773	Own
Sao Pedro da Aldeia 2*	Parkinglot	6,400	License
Itaipu	Commercial Offices	750	Leased
Nova Friburgo	Commercial Offices	350	Leased
<u>CHILE</u>			
Embotelladora Andina S.A.			
Renca*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	380,833	Own
Carlos Valdovinos*	Distribution Centers / Warehouses	106,820	Own
Puente Alto *	Distribution Centers / Warehouses	68,682	Own
Maipú*	Distribution Centers / Warehouses	45,833	Own
Rancagua*	Distribution Centers / Warehouses	25,920	Own
San Antonio*	Distribution Centers / Warehouses	19,809	Own

	MAIN USE	Square meters	Property
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
Copiapó*	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
Punta 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
Vital Jugos S.A.			
Renca*	Offices / Production of Juices	40,000	Own
Vital Aguas S.A.			
Rengo*	Offices / Production of Waters	544,600	Own
Envases Central S.A.			
Renca*	Offices / Production of Soft Drinks	50,100	Own
PARAGUAY			
Paraguay Refrescos S.A.			
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,					
	2016			2017		
	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	281	52	77	285	53	78
Brazil	369	62	70	358	61	63
Argentina	337	58	70	316	59	67
Paraguay	80	82	86	80	82	85
Other beverages (millions of UCs)						
Chile	61	66	85	86	56	60
Brazil	18	55	69	24	61	75
Argentina	50	48	61	61	41	42
Paraguay	23	75	88	23	77	87
PET packaging (millions of bottles)	67	71	100	67	61	91
Preforms (millions of preforms)	1,000	84	100	970	79	94
Plastic caps (millions of caps)	700	88	100	1,000	55	84
Cases	0.6	77	100	0.6	85	100

(1) Total installed annual production capacity assumes production of the mix of products and containers produced in 2017.

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In 2017, 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, 2017, we had total installed annual production capacity, including soft drinks, fruit juices, and water, of 1,232 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, plus one post-mix line, six production lines in Antofagasta, four production lines in Coquimbo, and three production lines in Punta Arenas with total installed annual capacity of 313 million unit cases (23.1% of our total installed annual capacity);
- through Vital Jugos in the Chilean territory, one fruit juice production facility, with 15 production lines, with total installed annual capacity of 45 million unit cases (3.7% 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 41 million unit cases (3.3% of our total installed annual capacity);
- through Rio de Janeiro Refrescos in the Brazilian territory, two soft drink production facilities with 16 production lines with total installed annual capacity of 358 million unit cases (29.1% of our total installed annual capacity); and seven 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 24 million unit cases (1.9% of our total installed annual capacity);
- through Embotelladora del Atlántico in the Argentine territory, three soft drink production facilities with 15 production lines with a total installed annual capacity of 316 million unit cases (25.6% of our total installed annual capacity); and two facilities for the production of juices with five production lines that covers the needs of our franchise with a total installed annual capacity of 35 million unit cases (2.8% of our total installed annual capacity), and one production line for waters and sensitive products with a total installed annual capacity of 26 million unit cases (2.1% 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 2,038 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 (6.4% of our total installed annual capacity); and three tetra pack lines with a total installed annual capacity of 8 million unit cases (1.8% of our total installed annual capacity).

In 2015 we began construction of the Duque de Caixas plant in Brazil. We expect this plant to be fully operating during the first half of 2018. The plant will have three production lines: returnable bottles, non-returnable bottles and mineral water. The additional installed capacity for returnable bottles will allow us to expand production to meet demand, as our Jacarepaguá facility is currently at 100% capacity. The non-returnable bottles production line will allow us to increase the logistical efficiency of our current distribution model in Brazil. The water production line will allow us to reduce costs by meeting demand for the Rio de Janeiro area from this new facility rather than bringing mineral water from our facility in Ribeirão Preto. We expect that the completion of the Duque de Caixas plant will increase our production capacity in Brazil by 30%.

ITEM 4A. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS 2017

Results of operation

Set forth below is a discussion and analysis of our results of operation for the years ended December 31, 2017, 2016 and 2015.

Our consolidated financial results for the years ended December 31, 2017, 2016 and 2015 include the results of our subsidiaries in Chile, Brazil, Argentina and Paraguay. Our consolidated financial statements reflect the results of the subsidiaries outside Chile, converted into Chilean pesos (our functional and reporting currency) and are presented in accordance with IFRS. IFRS require assets and liabilities to be converted from the functional currency of each entity into 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

There are no events during the periods presented that significantly affect the comparability of the figures presented.

Summary of Results of Operations for the Years ended December 31, 2016 and 2017

The following tables set forth our sales volume, net sales and gross profit for the years ended December 31, 2015, 2016 and 2017:

	Year ended December 31,		
	2015	2016	2017
	(millions of unit cases (1))		
Sales volume:			
Chile			
Soft drinks	165.5	161.3	157.7
Mineral water	35.4	36.5	39.0
Juices	32.8	34.4	34.3
Total	233.7	232.2	231.0
Brazil			
Soft drinks	235.6	216.2	201.7
Mineral water	6.4	6.6	6.0
Juices	30.8	26.4	22.2
Beer	17.8	16.9	19.0
Total	290.6	266.1	248.9
Argentina			
Soft drinks	200.3	183.2	174.4
Mineral water	24.4	25.9	26.1
Juices	9.6	9.7	10.9
Total	234.2	218.7	211.4
Paraguay			
Soft drinks	52.4	52.6	54.1
Mineral water	5.6	5.9	6.6
Juices	3.4	3.5	4.3
Total	61.4	62.0	65.0

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

Note: Totals may not sum due to rounding.

	Year ended December 31,					
	2015		2016		2017	
	Ch\$ millions	% of Total	Ch\$ millions	% of Total	Ch\$ millions	% of Total
Net sales:						
Chile	514,733	27.4	540,427	30.4	551,873	29.8
Brazil	607,048	32.3	590,146	33.2	603,898	32.7
Argentina	627,258	33.4	517,059	29.1	553,788	30.0
Paraguay	130,039	7.0	132,006	7.4	141,277	7.6
Inter-country eliminations (1)	(1,684)	(0.1)	(2,178)	(0.1)	(1,957)	(0.1)
Total net sales	1,877,394	100.0	1,777,459	100.0	1,848,879	100.0

(1) Eliminations represent intercompany sales.

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The following tables set forth our results of operations for the years ended December 31, 2016 and 2017.

	Year ended December 31,			
	2016		2017	
	Ch\$ millions	% of net sales	Ch\$ millions	% of net sales
Net sales	1,777,459	100.0	1,848,879	100.0
Cost of sales	(1,033,910)	(58.2)	(1,069,025)	(57.8)
Gross profit	743,549	41.8	779,854	42.2
Distribution, administrative and sales expenses	(529,879)	(29.8)	(541,127)	(29.3)
Other (expense) income, net (1)	(72,814)	(4.1)	(67,928)	(3.7)
Income taxes	(48,807)	(2.7)	(51,798)	(2.8)
Net income	92,049	5.2	119,001	6.4

(1) 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.

M Ch\$	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Net Sales	540,427	551,873	590,146	603,898	517,059	553,788	132,006	141,277	(2,178)	(1,957)	1,777,459	1,848,879
Cost of sales	(319,214)	(328,579)	(359,156)	(362,686)	(279,308)	(294,371)	(78,410)	(85,347)	2,178	1,957	(1,033,910)	(1,069,025)
Gross profit	221,214	223,294	230,989	241,211	237,751	259,417	53,596	55,930	—	—	743,549	779,854
Distribution, administrative and selling expenses	(152,334)	(150,404)	(159,699)	(157,401)	(182,894)	(197,595)	(29,849)	(30,508)	—	—	(524,776)	(535,908)
Corporate expenses	—	—	—	—	—	—	—	—	—	—	(5,104)	(5,220)

Net Sales

Our sales volume was 756.3 million unit cases during the year ended December 31, 2017, a 2.9% decrease compared to 779.0 million unit cases during in 2016. Volume for soft drinks decreased 4.1%, volume for juices decreased 3.2%, while waters increased 3.8% and beer increased 12.7%, in each case during the year ended December 31, 2017, compared to 2016.

Our net sales were Ch\$1,848,879 million during the year ended December 31, 2017, a 4.0% increase compared to Ch\$1,777,459 million during 2016, principally as a result of (i) greater revenues per unit case, in the local currencies, in Argentina, Brazil, Chile and Paraguay, (ii) currency conversions into Chilean pesos, resulting from the appreciation of the Brazilian real, and (iii) volume increase in Paraguay. This was partially offset by the decrease in volumes in Argentina, Brazil and Chile.

Soft drinks represented 72.3% of net sales during the year ended December 31, 2017, compared to 73.8% during 2016.

Chile

Our sales volume in Chile was 231.0 million unit cases during the year ended December 31, 2017, a 0.5% decrease compared to 232.2 million unit cases during 2016. Soft drink volumes in Chile decreased 2.2%, juices decreased 0.1%, while volume for waters increased by 6.8%, in each case during the year ended December 31, 2017, compared to 2016.

Our average market share for soft drinks in Chile during the year ended December 31, 2017, according to A.C. Nielsen Company, was 67.5% (in terms of volume), compared to 68.2% for 2016, and 69.8% (in terms of average sales), compared to 70.6% for 2016.

Our net sales in Chile were Ch\$551,873 million during the year ended December 31, 2017, a 2.1% increase compared to Ch\$540,427 million during 2016, which is explained by higher revenues per unit case and partially offset by the aforementioned decrease in volume sold.

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Our net sales of soft drinks in Chile were Ch\$391,629 million during the year ended December 31, 2017, flat when compared to Ch\$391,479 million in 2016, primarily as a result of higher revenues per unit case and offset by the aforementioned decrease in volume sold. Our net sales of juices and waters in Chile were Ch\$160,224 million during the year ended December 31, 2017, a 7.6% increase compared to Ch\$148,948 million during 2016, primarily as a result of higher revenues per unit case and higher volume.

Brazil

Our sales volume in Brazil was 248.9 million unit cases during the year ended December 31, 2017, a 6.5% decrease compared to 266.1 million unit cases during 2016. Volume for soft drinks in Brazil decreased 6.7%, volume for waters decreased 8.8%, volume for juices decreased 16.2% while volume for beer increased 12.7%, in each case during the year ended December 31, 2017, compared to 2016.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2017, according to A.C. Nielsen Company, was 63.2% (in terms of volume), compared to 63.4% for 2016, and 69.0% (in terms of average sales), compared to 69.5% for 2016.

Our net sales in Brazil were Ch\$603,898 million during the year ended December 31, 2017, a 2.3% increase compared to Ch\$590,146 million during 2016.

Our net sales of soft drinks in Brazil were Ch\$387,545 million during the year ended December 31, 2017, a 0.4% decrease compared to Ch\$389,048 million during 2016. In local currency, net sales of soft drinks decreased 4.7%, mainly as a result of the decrease in volume which was partially offset by higher revenues per unit case. Our net sales of juices, waters and beer in Brazil were Ch\$216,353 million during the year ended December 31, 2017, a 7.6% increase compared to Ch\$201,097 million during 2016, primarily as a result of (i) higher revenues per unit case in local currency and (ii) the effect upon conversion of figures, given the appreciation of the Brazilian real against the Chilean peso; these effects were partially offset by a decrease in volume. In local currency, net sales of juices, waters and beer increased 3.2%, 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 211.4 million unit cases during the year ended December 31, 2017, a 3.4% decrease compared to 218.7 million unit cases during 2016. Volume for soft drinks in Argentina decreased 4.8% and volume for juices and waters increased by 12.1% and 1.0%, respectively, in each case during the year ended December 31, 2017, compared to 2016.

Our average market share for soft drinks in Argentina during the year ended December 31, 2017, according to A.C. Nielsen Company, was 62.3% (in terms of volume), compared to 61.6% for 2016, and 69.0% (in terms of average sales), compared to 67.8% for 2016.

Our net sales in Argentina were Ch\$553,788 million during the year ended December 31, 2017, a 7.1% increase compared to Ch\$517,059 million during 2016, resulting from higher revenues per unit case in local currency, which was partially offset by the previously mentioned decrease in volume.

Our net sales of soft drinks in Argentina were Ch\$444,872 million during the year ended December 31, 2017, a 4.8% increase compared to Ch\$424,428 million during 2016 primarily as a result of higher revenues per unit case in local currency, which was partially offset by the devaluation of the Argentinean peso against the Chilean peso and lower volumes. Our net sales of juices and waters in Argentina were Ch\$99,713 million during the year ended December 31, 2017, a 19.4% increase compared to Ch\$83,519 million during 2016, primarily as a result of higher revenues per unit case in local currency and higher volumes, which was partially offset by the devaluation of the Argentinean peso against the Chilean peso.

Paraguay

Our sales volume in Paraguay was 65.0 million unit cases during the year ended December 31, 2017, a 4.8% increase compared to 62.0 million unit cases during 2016. Volume for soft drinks, juices and waters in Paraguay increased 2.9%, 22.0% and 11.3%, respectively, in each case during the year ended December 31, 2017, compared to 2016.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2017, according to A.C. Nielsen Company, was 68.9% in terms of volume compared to 67.7% for 2016, and 75.8% in terms of average sales compared to 74.7% for 2016 according to the same source.

Our net sales in Paraguay were Ch\$141,277 million during the year ended December 31, 2017, a 7.0% increase compared to Ch\$132,006 million during 2016, mainly resulting from higher revenues per unit case in local currency and increased volume which was partially offset by the conversion of figures from Paraguayan guaraní to Chilean pesos.

Our net sales of soft drinks in Paraguay were Ch\$113,315 million during the year ended December 31, 2017, a 5.9% increase compared to Ch\$106,954 million during 2016, primarily as a result of higher volumes and revenues per unit case in local currency; which were partially offset by the devaluation of the Paraguayan guaraní against the Chilean peso. In local currency, our net sales increased 9.6%, primarily as a result of higher revenues per unit case and higher volume. Our net sales of juices and waters in Paraguay were Ch\$27,962 million during the year ended December 31, 2017, a 11.6% increase compared to Ch\$25,052 million during 2016, primarily as a result of higher volume, which was partially offset by the conversion of the Paraguayan guaraní to Chilean pesos.

Cost of Sales

Our cost of sales was Ch\$1,069,025 million during the year ended December 31, 2017, a 3.4% increase, compared to Ch\$1,033,910 million during 2016. The cost of sales per unit case increased 6.5% in the same period. This increase is primarily a result of (i) the higher cost of sugar, (ii) increased revenues, with a direct effect on the cost of concentrate and (iii) higher labor costs in Argentina. The foregoing was partially offset by (i) lower costs resulting from the decrease in sales volume, and (ii) the appreciation of local currencies with respect to the U.S. Dollar, which has a positive effect on our dollar denominated costs. Our cost of sales represented 57.8% of net sales for the year ended December 31, 2017, compared to 58.2% for 2016.

Chile

Our cost of sales in Chile was Ch\$328,579 million during the year ended December 31, 2017, a 2.9% increase compared to Ch\$319,214 million during 2016. The cost of sales per unit case increased 3.4% in the same period. This increase was mainly due to (i) a higher sugar price, and (ii) the shift in the mix towards products bought from Vital Aguas S.A., Vital Jugos S.A, and Envases Central S.A, which have a higher unit cost. This was partially offset by the appreciation of the Chilean peso that has a positive effect on our dollar denominated costs. Our cost of sales in Chile represented 59.5% of net sales in Chile for the year ended December 31, 2017, compared to 59.1% for 2016.

Brazil

Our cost of sales in Brazil was Ch\$362,686 million during the year ended December 31, 2017, a 1.0% increase compared to Ch\$359,156 million during 2016. The cost of sales per unit case increased 8.0% in the same period. In local currency total cost of sales decreased 3.3%, mainly due to (i) the decrease in revenues, which has a direct impact on the cost of concentrate, (ii) lower volume sold, and (iii) the appreciation of the Brazilian real against the U.S. Dollar, which has a positive effect on our dollar denominated costs. These effects were partially offset by (i) the shift in the mix towards products carrying a higher unit cost and (ii) a higher sugar price. Our cost of sales in Brazil represented 60.1% of net sales in Brazil for the year ended December 31, 2017, compared to 60.9% for 2016.

Argentina

Our cost of sales in Argentina was Ch\$294,371 million during the year ended December 31, 2017, a 5.4% increase compared to Ch\$279,308 million during 2016. The cost of sales per unit case increased 9.1% in the same period. In local currency cost of sales increased 22.9% mainly due to (i) increased revenues, having a direct effect on the cost of concentrate, (ii) increased labor costs, mainly as a result of high local inflation, (iii) higher sugar price, and (iv) the effect of the devaluation of the Argentine peso on our dollar denominated costs. Our cost of sales in Argentina represented 53.2% of net sales in Argentina for the year ended December 31, 2017, compared to 54.0% for 2016.

Paraguay

Our cost of sales in Paraguay was Ch\$85,347 million during the year ended December 31, 2017, a 8.8% increase compared to Ch\$78,410 million during 2016. Cost of sales per unit case increased 3.9% during the same period. In local currency, cost of sales increased 12.7% primarily due to (i) a higher sugar price, (ii) higher volume sold, and (iii) higher costs in repair and maintenance. Our cost of sales in Paraguay represented 60.4% of net sales in Paraguay for the year ended December 31, 2017, compared to 59.4% for 2016.

Gross Profit

Due to the factors described above, our gross profit was Ch\$779,854 million during the year ended December 31, 2017, a 4.9% increase compared to Ch\$743,549 million during 2016. Our gross profit represented 42.2% of our net sales during the year ended December 31, 2017, compared to 41.8% of our net sales in 2016.

Distribution, administrative and sales expenses

We had distribution, administrative and sales expenses of Ch\$541,127 million during the year ended December 31, 2017, a 2.1% increase compared to Ch\$529,879 million during 2016. This increase is mainly explained by (i) the effect of inflation in Argentina on expenses such as labor, freight and services provided by third parties, and (ii) higher labor costs in Chile, Brazil and Paraguay. This was partially offset by (i) the effect of converting figures from our subsidiary in Argentina, (ii) lower marketing expenses in Brazil, and (iii) lower freight costs in Brazil. Our distribution, administrative and sales expenses represented 29.3% of our net sales during the year ended December 31, 2017, compared to 29.8% for 2016.

Chile

In Chile, our distribution, administrative and sales expenses were Ch\$150,404 million during the year ended December 31, 2017, a 1.3% decrease equivalent to Ch\$1,930 million compared to Ch\$152,334 million during 2016. This decrease in distribution, administrative and sales expenses in Chile was mainly due to the effect of other operating income classified under this item, which were lower in 2016. Isolating this effect, our distribution, administrative and sales expenses would have increased 0.9% in local currency, which is mainly explained by (i) higher distribution freight expenses, which was 5.4% higher compared to the previous year, and (ii) higher labor costs, which were 2.2% higher compared to the previous year. These effects were partially offset by lower marketing expenses, which were 7.0% lower compared to the previous year. Our distribution, administrative and sales expenses in Chile represented 27.3% of our net sales in Chile during the year ended December 31, 2017, compared to 28.2% for 2016.

Brazil

In Brazil, our distribution, administrative and sales expenses were Ch\$157,401 million during the year ended December 31, 2017, a 1.4% decrease compared to Ch\$159,699 million during 2016. In local currency, our distribution, administrative and sales expenses decreased 5.4% mainly due to (i) lower marketing expenses and (ii) lower freight costs resulting from the lower volume sold. This was partially offset by higher labor costs, which were 1.5% higher. Our distribution, administrative and sales expenses in Brazil represented 26.1% of our net sales in Brazil during the year ended December 31, 2017, compared to 27.1% for 2016.

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Argentina

In Argentina, our distribution, administrative and sales expenses were Ch\$197,595 million during the year ended December 31, 2017, an 8.0% increase compared to Ch\$182,894 million during 2016. In local currency, the distribution, administrative and sales expenses increased 26.5%, mainly due to the effect of local inflation over expenses such as freight, labor and services provided by third parties. Our distribution, administrative and sales expenses in Argentina represented 35.7% of our net sales in Argentina during the year ended December 31, 2017, compared to 35.4% for 2016.

Paraguay

In Paraguay, our distribution, administrative and sales expenses were Ch\$30,508 million during the year ended December 31, 2017, a 2.2% increase, compared to Ch\$29,849 million during 2016. The distribution, administrative and sales expenses in local currency in Paraguay increased 5.8%, which is primarily explained by (i) greater labor expenses, which were 12.4% higher compared to the previous year and (ii) higher distribution freight costs, which were 14.5% higher compared to the previous year, mainly due to an increase in direct sales. This was partially offset by lower depreciation charges, which were 20.7% lower compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 21.6% of our net sales in Paraguay during the year ended December 31, 2017, compared to 22.6% for 2016.

Other Income (Expense), Net

The following table sets forth our other income (expense), net for the year ended December 31, 2016 and 2017:

	Year Ended December	
	31,	
	2016	2017
	(in millions of Ch\$)	
Other income (expense)	(24,392)	(18,689)
Financial income	9,662	11,194
Financial costs	(51,375)	(55,220)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	(263)	(80)
Exchange rate differences	(68)	(1,371)
Loss from differences in indexed financial assets and liabilities	(6,378)	(3,762)
Other income (expense), net	(72,814)	(67,928)

We had other expenses, net, of Ch\$67,928 million during the year ended December 31, 2017, a Ch\$4,886 million, or 6.7% decrease compared to Ch\$72,814 million during 2016. The decrease is mainly explained by the decrease in financial expenses resulting from a lower indebtedness level in Argentina and Brazil, lower losses by readjustment units due to the lower inflation recorded in Chile in 2017 versus 2016, which favorably impacts the debt indexed to the Chilean inflation (*Unidad de Fomento*). In addition, during 2017, revenues from reversals of contingency provisions, for the IPI Manaus lawsuits won in Brazil, were recognized under other expenses.

Income Taxes

We had income taxes of Ch\$51,798 million during the year ended December 31, 2017, a Ch\$2,991 million, or 6.1% increase compared to Ch\$48,807 million during 2016. This increase is mainly explained by greater operating income (11.8%), partially offset by the effects of higher financial expenses and deferred tax estimates due to the exchange rate variation.

Net Income

Due to the factors described above, we had net income of Ch\$119,001 million during the year ended December 31, 2017, a Ch\$26,952 million, or 29.3% increase compared to Ch\$92,049 million during 2016. Our net income represented 6.4% of our net sales during the year ended December 31, 2017, compared to 5.2% for 2016.

Summary of Results of Operations for the Year ended December 31, 2015 and the Year ended December 31, 2016

The following tables set forth our sales volume, net sales and gross profit for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31,		
	2014	2015	2016
	(millions of unit cases (1))		
Sales volume:			
Chile			
Soft drinks	168.5	165.5	161.3
Mineral water	32.8	35.4	36.5
Juices	30.3	32.8	34.4
Beer	0.1	0.0	0.0
Total	231.8	233.7	232.2
Brazil			
Soft drinks	250.2	235.6	216.2
Mineral water	5.4	6.4	6.6
Juices	34.1	30.8	26.4
Beer	17.2	17.8	16.9
Total	306.9	290.6	266.1
Argentina			
Soft drinks	199.1	200.3	183.2
Mineral water	21.7	24.4	25.9
Juices	8.5	9.6	9.7
Total	229.4	234.2	218.7
Paraguay			
Soft drinks	53.8	52.4	52.6
Mineral water	5.5	5.6	5.9
Juices	3.3	3.4	3.5
Total	62.5	61.4	62.0

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

	Year ended December 31,					
	2014		2015		2016	
	Ch\$ millions	% of Total	Ch\$ millions	% of Total	Ch\$ millions	% of Total
Net sales:						
Chile	492,072	27.4	514,733	27.4	540,427	30.4
Brazil	715,728	39.8	607,048	32.3	590,146	33.2
Argentina	461,003	25.7	627,258	33.4	517,059	29.1
Paraguay	129,496	7.2	130,039	7.0	132,006	7.4
Inter-country eliminations (2)	(1,099)	(0.1)	(1,684)	(0.1)	(2,178)	(0.1)%
Total net sales	1,797,200	100.0%	1,877,394	100.0%	1,777,459	100.00

(2) Eliminations represent intercompany sales.

The following tables set forth our results of operations for the year ended December 31, 2015 compared to the year ended December 31, 2016.

	Year ended December 31,			
	2015		2016	
	Ch\$ millions	% of net sales	Ch\$ millions	% of net sales
Net sales	1,877,394	100.0	1,777,459	100.0
Cost of sales	(1,106,706)	(58.9)	(1,033,910)	(58.2)
Gross profit	770,688	41.1	743,549	41.8
Distribution, administrative and sales expenses	(555,092)	(29.6)	(529,879)	(29.8)
Other (expense) income, net (1)	(85,856)	(4.6)	(72,814)	(4.1)
Income taxes	(41,643)	(2.2)	(48,807)	(2.7)
Net income	88,098	4.7	92,049	5.2

(1) 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.

M Ch\$	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Net Sales	514,733	540,427	607,048	590,146	627,258	517,059	130,039	132,006	(1,684)	(1,684)	1,877,394	1,777,459
Cost of sales	(309,387)	(319,214)	(369,212)	(359,156)	(351,140)	(279,308)	(78,651)	(78,410)	1,684	1,684	(1,106,706)	(1,033,910)
Gross profit	205,345	221,214	237,836	230,989	276,118	237,751	51,389	53,596	—	—	770,688	743,549
Distribution, administrative and selling expenses	(142,287)	(152,334)	(161,899)	(159,699)	(217,644)	(182,894)	(29,221)	(29,849)	—	—	(551,051)	(524,776)
Corporate expenses	—	—	—	—	—	—	—	—	—	—	(4,040)	(5,104)

Net Sales

Our sales volume was 779.0 million unit cases during the year ended December 31, 2016, a 5.0% decrease compared to 819.9 million unit cases during in 2015. Volume for soft drinks decreased 6.2%, volume for juices decreased 3.3%, and volume for beer decreased 5.3%, while waters increased 4.5%, in each case during the year ended December 31, 2016, compared to 2015.

Our net sales were Ch\$1,777,459 million during the year ended December 31, 2016, a 5.3% decrease equivalent to Ch\$99,935 million, compared to Ch\$1,877,394 million during 2015, principally as a result of (i) decreased volume in Argentina, Brazil and Chile and (ii) currency conversions into Chilean pesos, resulting from a depreciation of the Brazilian real, the Argentinean peso and the Paraguayan guaraní against the Chilean peso. This was partially offset by greater revenues per unit case in Argentina, Chile and Paraguay.

Soft drinks represented 73.8% of net sales during the year ended December 31, 2016, compared to 76.0% during 2015.

Chile

Our sales volume in Chile was 232.2 million unit cases during the year ended December 31, 2016, a 0.7% decrease compared to 233.7 million unit cases during 2015. Volumes for soft drinks in Chile decreased 2.6%, while volume for waters and juices in Chile increased by 3.3% and 4.9%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

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Our average market share for soft drinks in Chile during the year ended December 31, 2016, according to A.C. Nielsen Company, was 68.2% (in terms of volume), compared to 69.3% for 2015, and 70.6% (in terms of average sales), compared to 71.3% for 2015.

Our net sales in Chile were Ch\$540,427 million during the year ended December 31, 2016, a Ch\$25,694 million, or 5.0% increase compared to Ch\$514,733 million during 2015, which is explained by 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\$391,479 million during the year ended December 31, 2016, a Ch\$15,486 million, or 4.1% increase compared to Ch\$375,993 million in 2015, primarily as a result of higher revenues per unit case and partially offset by the aforementioned decrease in volume sold. Our net sales of juices and waters in Chile were Ch\$148,948 million during the year ended December 31, 2016, a Ch\$10,401 million, or 7.5% increase compared to Ch\$138,547 million during 2015, primarily as a result of higher revenues per unit case and higher volume.

Brazil

Our sales volume in Brazil was 266.1 million unit cases during the year ended December 31, 2016, an 8.4% decrease compared to 290.6 million unit cases during 2015. Volume for soft drinks in Brazil decreased 8.2%, volume for waters increased 3.9%, volume for juices decreased 14.3% and volume for beer decreased 5.2%, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2016, according to A.C. Nielsen Company, was 63.4% (in terms of volume), compared to 62.7% for 2015, and 69.5% (in terms of average sales), compared to 69.0% for 2015.

Our net sales in Brazil were Ch\$590,146 million during the year ended December 31, 2016, a Ch\$16,902 million, or 2.8% decrease compared to Ch\$607,048 million during 2015.

Our net sales of soft drinks in Brazil were Ch\$389,048 million during the year ended December 31, 2016, a Ch\$28,460 million, or 6.8% decrease compared to Ch\$417,509 million during 2015, primarily as a result of the aforementioned decrease in volume and the negative impact upon conversion of figures, given the devaluation of the Brazilian real against the Chilean peso. This was partially offset by greater revenues per unit case. In local currency, net sales of soft drinks decreased 4.8%, mainly as a result of the decrease in volume which was partially offset by higher revenues per unit case. Our net sales of juices, waters and beer in Brazil were Ch\$201,097 million during the year ended December 31, 2016, an Ch\$11,558 million increase or 6.1% compared to Ch\$189,539 million during 2015, primarily as a result of higher revenues per unit case which was partially offset by a decrease in volume and the effect upon conversion of figures, given the devaluation of the Brazilian real against the Chilean peso. In local currency, they increased 8.2%, 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 218.7 million unit cases during the year ended December 31, 2016, a 6.6% decrease compared to 234.2 million unit cases during 2015. Volume for soft drinks in Argentina decreased 8.5% and volume for juices and waters increased by 0.9% and 6.2%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Argentina during the year ended December 31, 2016, according to A.C. Nielsen Company, was 61.6% (in terms of volume), with no variation from 2015, and 67.8% (in terms of average sales), compared to 67.6% for 2015.

Our net sales in Argentina were Ch\$517,059 million during the year ended December 31, 2016, a Ch\$110,199 million decrease equivalent to 17.6% compared to Ch\$627,258 million during 2015, mainly resulting from the devaluation of the Argentinean peso against the Chilean peso and the decrease in volume.

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Our net sales of soft drinks in Argentina were Ch\$424,428 million during the year ended December 31, 2016, a Ch\$99,033 million decrease equivalent to 18.9% compared to Ch\$523,461 million during 2015 primarily as a result of the devaluation of the Argentinean peso against the Chilean peso and the decrease in volume that was partially offset by higher revenues per unit case. Our net sales of juices and waters in Argentina were Ch\$83,519 million during the year ended December 31, 2015, a 10.6% decrease equivalent to Ch\$9,891 million compared to Ch\$93,410 million during 2015, primarily as a result of the devaluation of the Argentinean peso against the Chilean peso which was partially offset by higher volume and higher revenues per unit case.

Paraguay

Our sales volume in Paraguay was 62.0 million unit cases during the year ended December 31, 2016, a 1.0% increase compared to 61.4 million unit cases during 2015. Volume for soft drinks, juices and waters in Paraguay increased 0.3%, 4.4% and 5.2%, respectively, in each case during the year ended December 31, 2016, compared to 2015.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2016, according to A.C. Nielsen Company, was 67.7% in terms of volume compared to 66.1% for 2015, and 74.7% in terms of average sales compared to 72.8% for 2015 according to the same source.

Our net sales in Paraguay were Ch\$132,006 million during the year ended December 31, 2016, a Ch\$1,244 million, or 1.2% increase compared to Ch\$105,710 million during 2015, mainly resulting from higher revenues per unit case and increased volume which was partially offset by the conversion of figures from Paraguayan guaraní to Chilean pesos.

Our net sales of soft drinks in Paraguay were Ch\$106,954 million during the year ended December 31, 2016, a Ch\$1,244 million, or 1.2% increase compared to Ch\$105,710 million during 2015, primarily as a result of higher revenues per unit case which was partially offset by the devaluation of the Paraguayan guaraní against the Chilean peso. In local currency, our net sales increased 6.8% primarily as a result of higher revenues per unit case. Our net sales of juices and waters in Paraguay were Ch\$25,052 million during the year ended December 31, 2016, a Ch\$722 million increase equivalent to 3.0%, compared to Ch\$24,330 million during 2015, 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 was Ch\$1,033,910 million during the year ended December 31, 2016, a Ch\$72,796 million, or 6.6% decrease, compared to Ch\$1,106,706 million during 2015. The cost of sales per unit case decreased 1.7% in the same period. This decrease is primarily a result of (i) the effect upon conversion of figures from our subsidiaries in Argentina, Brazil and Paraguay, (ii) lower volume sold, and (iii) the lower cost of dollar denominated raw materials. The previous was partially offset by (i) higher revenues, with a direct effect on concentrate costs, (ii) the devaluation of the local currencies with respect to the U.S. Dollar, which has a negative impact on our dollar denominated costs, and (iii) increased labor costs. Our cost of sales represented 58.2% of net sales for the year ended December 31, 2016, compared to 58.9% for 2015.

Chile

Our cost of sales in Chile was Ch\$319,214 million during the year ended December 31, 2016, a Ch\$9,827 million, or 3.2% increase compared to Ch\$309,387 million during 2015. The cost of sales per unit case increased 3.9% in the same period. This increase was mainly due to (i) higher concentrate costs given price increases carried out, (ii) the depreciation of the Chilean peso, which has a negative impact on dollar denominated costs, and (iii) the shift in the mix from soft drinks to waters, juices and others. This was partially offset by the lower costs in U.S. Dollars of dollar denominated raw materials, namely sugar and PET. Our cost of sales in Chile represented 59.1% of net sales in Chile for the year ended December 31, 2016, compared to 60.1% for 2015.

Brazil

Our cost of sales in Brazil was Ch\$359,156 million during the year ended December 31, 2016, a Ch\$10,056 million decrease equivalent to 2.7% compared to Ch\$369,212 million during 2015. The cost of sales per unit case decreased 6.2% in the same period. In local currency total cost of sales decreased 0.9%, mainly due to (i) lower volume sold, (ii) lower cost in U.S. Dollars of dollar denominated raw materials, and (iii) lower labor costs, explained in part by the shutdown of the Vitoria plant. These effects were partially offset by (i) increased costs of concentrate resulting from price increases carried out, (ii) the devaluation effect of the Brazilian Real over our costs expressed in U.S. Dollars, and (iii) higher cost of other beverages, specifically driven by an increased consumption of water. Our cost of sales in Brazil represented 60.9% of net sales in Brazil for the year ended December 31, 2016, compared to 60.8% for 2015.

Argentina

Our cost of sales in Argentina was Ch\$279,308 million during the year ended December 31, 2016, a Ch\$71,832 million decrease equivalent to 20.5% compared to Ch\$351,140 million during 2015. The cost of sales per unit case decreased 14.8% in the same period. In local currency cost of sales increased 23.1% mainly due to: (i) higher revenues with a direct effect on the cost of concentrate, (ii) increased labor costs, primarily resulting from high local inflation, and (iii) the devaluation effect of the Argentinean peso on our dollar denominated costs. This was partially offset by (i) lower costs given lower volume sold and (ii) lower cost in U.S. dollars of dollar denominated raw materials. Our cost of sales in Argentina represented 54.0% of net sales in Argentina for the year ended December 31, 2016, compared to 56.0% for 2015.

Paraguay

Our cost of sales in Paraguay was Ch\$78,410 million during the year ended December 31, 2016, a Ch\$241 million decrease equivalent to 0.3% compared to Ch\$78,651 million during 2015. Cost of sales per unit case decreased 1.3% during the same period. In local currency cost of sales increased 5.2% primarily due to (i) greater cost of concentrate due to price increases carried out, (ii) greater labor costs, (iii) the effect of the shift in the mix toward products carrying greater costs such as juices, and (iv) the depreciation effect of the Paraguayan guarani over dollar denominated costs. Our cost of sales in Paraguay represented 59.4% of net sales in Paraguay for the year ended December 31, 2016, compared to 60.5% for 2015.

Gross Profit

Due to the factors described above, our gross profit was Ch\$743,549 million during the year ended December 31, 2016, a Ch\$27,139 million, or 3.5% decrease compared to Ch\$770,688 million during 2015. Our gross profit represented 41.8% of our net sales during the year ended December 31, 2016, compared to 41.1% of our net sales in 2015.

Distribution, administrative and sales expenses

We had distribution, administrative and sales expenses of Ch\$529,880 million during the year ended December 31, 2016, a 4.5% decrease equivalent to Ch\$25,212 million compared to Ch\$555,092 million during 2015. This decrease was mainly due to the effect upon conversion of figures from our subsidiaries in Argentina, Brazil and Paraguay. The previous was partially offset by (i) local inflation, specifically in Argentina, which affects the majority of these expenses, especially labor, (ii) greater freight expenses in Chile, (iii) greater depreciation charges in Brazil, and (iv) greater marketing expenses in Chile and Paraguay. Our distribution, administrative and sales expenses represented 29.8% of our net sales during the year ended December 31, 2016, compared to 29.6% for 2015.

Chile

In Chile, our distribution, administrative and sales expenses were Ch\$152,334 million during the year ended December 31, 2016, a 7.1% increase equivalent to Ch\$10,048 million compared to Ch\$142,287 million

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during 2015. This increase in distribution, administrative and sales expenses in Chile was mainly due to the effect of other operating income classified under this item, which were higher than those of 2015. Isolating this effect, distribution, administrative and sales expenses would have increased 3.4% in local currency, which is mainly explained by (i) greater labor costs which were 6.1% higher when compared to the previous year and (ii) greater distribution freights which were 5.6% higher when compared to the previous year. These effects were partially offset by lower haulage freights, which were 11.9% lower 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, 2016, compared to 27.6% for 2015.

Brazil

In Brazil, our distribution, administrative and sales expenses were Ch\$159,699 million during the year ended December 31, 2016, a 1.4% decrease equivalent to Ch\$2,200 million, compared to Ch\$161,899 million during 2015, mainly due to the effect of currency conversion. In local currency our distribution, administrative and sales expenses increased 0.4% mainly due to (i) increased labor costs which were 4.9% higher when compared to the previous year and (ii) higher depreciation charges, which were 6.8% higher when compared to the previous year. The previous was partially offset by lower distribution expenses which were 6.0% lower, mainly explained by the internalization of the distribution fleet and by the lower volume sold. Our distribution, administrative and sales expenses in Brazil represented 27.1% of our net sales in Brazil during the year ended December 31, 2016, compared to 26.7% for 2015.

Argentina

In Argentina, our distribution, administrative and sales expenses were Ch\$182,894 million during the year ended December 31, 2016, a 16.0% decrease equivalent to Ch\$34,750 million, compared to Ch\$217,644 million during 2015. In local currency the distribution, administrative and sales expenses increased 29.8%, 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 35.4% of our net sales in Argentina during the year ended December 31, 2016, compared to 34.7% for 2015.

Paraguay

In Paraguay, our distribution, administrative and sales expenses were Ch\$29,849 million during the year ended December 31, 2016, a 2.1% increase equivalent to Ch\$627 million, compared to Ch\$29,222 million during 2015. The distribution, administrative and sales expenses in local currency in Paraguay increased 8.0% which is primarily explained by (i) greater marketing expenses, which were 7.4% higher when compared to the previous year, (ii) greater labor costs, which were 9.5% higher compared to the previous year, and (iii) greater distribution freight expenses which were 15.6% higher compared to the previous year, mainly due to increased volume sold directly. These effects were partially offset by lower depreciation charges, which were 17.7% lower compared to the previous year. Our distribution, administrative and sales expenses in Paraguay represented 22.6% of our net sales in Paraguay during the year ended December 31, 2016, compared to 22.5% for 2015.

Other Income (Expense), Net

The following table sets forth our other income (expense), net for the year ended December 31, 2015 and 2016:

	Year Ended December	
	31,	
	2015	2016
	(in millions of Ch\$)	
Other income (expense)	(27,813)	(24,392)
Financial income	10,118	9,662
Financial costs	(55,669)	(51,375)

	Year Ended December	
	31,	
	2015	2016
	(in millions of Ch\$)	
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	(2,328)	(263)
Exchange rate differences	(2,856)	(68)
Loss from differences in indexed financial assets and liabilities	(7,308)	(6,378)
Other income (expense), net	(85,856)	(72,814)

We had other expenses, net, of Ch\$72,814 million during the year ended December 31, 2016, a Ch\$13,042 million, or 15.2% decrease compared to Ch\$85,856 million during 2015. This decrease was mainly influenced by decreased financial costs and decreased levels of financial indebtedness in Argentina and Brazil, lower losses by adjustment units resulting from lower inflation levels in Chile during 2016 against 2015, which has a favorable impact on the debt indexed to Chilean inflation (*Unidad de Fomento*); additionally, during 2016 there was a lower loss in the recognition of income in related companies, and a lower loss from exchange rate differences on dollarized accounts in Argentina and Paraguay in 2016.

Income Taxes

We had income taxes of Ch\$48,807 million during the year ended December 31, 2016, a Ch\$7,164 million, or 17.2% increase compared to Ch\$41,643 million during 2015. This increase was mainly resulting from deferred tax estimates due to the exchange rate variation, lower net financial expenses and a higher corporate tax rate in Chile, which increased from 22.5% in 2015 to 24% in 2016.

Net Income

Due to the factors described above, we had net income of Ch\$92,049 million during the year ended December 31, 2016, a Ch\$3,951 million, or 4.5% increase compared to Ch\$88,098 million during 2015. Our net income represented 5.2% of our net sales during the year ended December 31, 2016, compared to 4.7% for 2015.

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.

These Financial Statements reflect the consolidated financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2017 and 2016 as well as the operating results, changes in shareholders' equity and cash flows for the years ended December 31, 2017, 2016 and 2015, all of which were approved by the board of directors on April 26, 2018.

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 Company 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. 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, 2017, 2016 and 2015. 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\$67,220 million during 2017 (net decrease of Ch\$4,517 million during 2016 and a net decrease of Ch\$106,153 million during 2015). 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\$1,113 million during 2017 (an increase of Ch\$3,220 million during 2016 and a decrease of Ch\$8,000 million in 2015).

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 significantly mitigating our exchange rate exposure.

According to our currency hedge policy, we frequently use forward contracts to protect against the risk of variation of the U.S. dollar, which has an impact on some of our principal raw materials. These contracts depend on each operation. For example, on our balance sheets we keep dollar forward contracts against the Argentine peso, the Brazilian real, the Chilean peso and the Paraguayan Guaraní.

The mark to market of these contracts are recorded 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 or 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 potential future investments in 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 from our operating subsidiaries to our parent company, as it was the case of cash flows generated by our subsidiary in Argentina in the years 2014, 2015 and 2016. Currently, there are no such restrictions in place. During 2017, we received dividends from subsidiaries in Argentina, Brazil and Paraguay. We cannot assure you 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 dividend payments 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. However, it should be noted that Corporate Law requires us to distribute at least 30% of any profits generated each year.

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 financing policy contemplates 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 and through derivative instruments they will be hedged against the operation’s functional currency.

Our cash management policy contemplates that any cash surplus must be invested 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. Pursuant to our currency hedge policy, 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 2017 vs. Cash Flows from Operating Activities 2016

Cash flows from operating activities during 2017 amounted to Ch\$247,960 million compared to Ch\$223,447 million in 2016. The decrease in cash flow generation was mainly due to lower payments to suppliers during 2017.

Cash Flows from Operating Activities 2016 vs. Cash Flows from Operating Activities 2015

Cash flows from operating activities during 2016 amounted to Ch\$223,447 million compared to Ch\$264,909 million in 2015. The decrease in cash flow generation was mainly due to higher payments to suppliers during 2016.

Cash Flows from Investing Activities 2017 vs. Cash Flows from Investing Activities 2016

The main item of investment activities is the purchase of property, plant and equipment, which increased from Ch\$128,217 million in 2016 to Ch\$168,858 million in 2017.

Cash flows for investment activities (includes purchase and sale of property, plant and equipment; investments in associated companies; and financial Investments) amounted to Ch\$168,831 million in 2017 compared to Ch\$113,916 million during 2016. During 2017 we made greater investments in property, plant and equipment in the amount of Ch\$40,641 million and capital contributions were realized in the associated company Coca del Valle New Ventures S.A. and Trop Frutas do Brasil Ltda. for a total amount of Ch\$15,570 million and disbursements related to the participation in the purchase of the AdeS business in conjunction with The Coca-Cola Company for Ch\$26,077 million.

Cash Flows from Investing Activities 2016 vs. Cash Flows from Investing Activities 2015

Cash flows for investing activities (includes purchase and sale of property, plant and equipment, investment in associated companies and financial investments) amounted to Ch\$113,916 million in 2016 compared to Ch\$103,131 million during 2015. During 2016 we made higher investments in property, plant and

equipment, amounting to Ch\$15,817 million and capital contributions in Coca-Cola del Valle Ventures S.A. and Trop Frutas do Brasil Ltda. in the amount of Ch\$17,587 million.

The main item of investing activities is the purchase of property, plant and equipment which increased from Ch\$112,400 in 2015 to Ch\$128,217 million in 2016.

Cash Flows from Financing Activities 2017 vs. Cash Flows from Financing Activities 2016

Our financing activities are directly related to dividend distributions to shareholders, which records a utilization of cash resources amounting to Ch\$74,968 million compared to Ch\$67,592 million during 2016 and bank loans and the payment of these loans to finance these dividend and investment payments. Because of the seasonality of our business, we generate more cash flows during the summer months (December to March); therefore, during the winter season we may require financing to meet our dividend commitments and short-term investments.

As of December 31, 2017, 20 short-term credit lines are available for an amount equivalent to Ch\$403,028 million, of which the equivalent of Ch\$265,095 million corresponds to 18 unused lines of credit that remain available. In Argentina, we had the equivalent of Ch\$101,434 million in credit available with eight lines of credit. The unused portion of such lines of credit at that date was equivalent to Ch\$88,217 million. In Brazil, we had the equivalent of Ch\$264,563 million in credit available with four lines of credit. The unused portion of these lines of credit at that date was equivalent to Ch\$139,846 million. In Chile, we had the equivalent of Ch\$15,700 million in credit available with two lines of credit, which have not been used. In Paraguay, we had the equivalent of Ch\$21,332 million in credit available with two lines of credit, which have not been used.

Cash Flows from Financing Activities 2016 vs. Cash Flows from Financing Activities 2015

Our financing activities are directly related to dividend distributions to our shareholders, that record a utilization of cash resources amounting to Ch\$67,592 million compared to Ch\$54,320 million during 2015, 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, 2016, we had 18 short-term credit lines in an amount equivalent to Ch\$260,817 million of which the equivalent of Ch\$193,850 million correspond to 12 unused lines of credit that remain available. In Argentina, we had the equivalent of Ch\$66,077 million in credit available with eight lines of credit. The unused portion of such lines of credit at that date was equivalent to Ch\$65,943 million. In Brazil, we had the equivalent of Ch\$147,106 million in credit available from four lines of credit. The unused portion of such lines of credit at that date was equivalent to Ch\$80,274 million. In Chile, we had the equivalent of Ch\$15,700 million in credit available from three lines of credit which have not been used. In Paraguay, we had the equivalent of Ch\$31,934 million in credit available from four lines of credit which have not been used.

Liabilities

For the year ended December 31, 2017, our total liabilities, excluding non-controlling interest, were Ch\$1,301,626 million; representing a 4.1% decrease compared to December 31, 2016. The decrease in total liabilities resulted principally from the restatement of U.S. dollar denominated public liabilities (given the appreciation of the Chilean peso against the U.S. dollar) and the decreases of bank liabilities in Argentina and Brazil, partially offset by an increased balance of trade accounts payable. As of December 31, 2017, our noncurrent liabilities included (i) other noncurrent financial liabilities of Ch\$675,767 million, (ii) noncurrent accounts payable of Ch\$1,133 million (iii) other noncurrent provisions of Ch\$62,948 million, (iv) deferred tax liabilities for Ch\$125,205 million; and (v) noncurrent employee benefit provisions for Ch\$8,286 million totaling noncurrent liabilities for Ch\$873,339 million during the year ended December 31, 2017 compared to Ch\$937,405 million during the year ended December 31, 2016.

As of December 31, 2017, our current liabilities included (i) other current financial liabilities of Ch\$67,981 million; (ii) trade accounts and other accounts payable for Ch\$257,519 million; (iii) current accounts payable to related entities for Ch\$33,961 million; (iv) other current provisions for Ch\$2,676 million; (v) current tax liabilities for Ch\$3,185 million; (vi) current employee benefit provisions for Ch\$35.956 million and (vii) other non-financial current liabilities for Ch\$27,008 million. Total current liabilities during the year ended December 31, 2017 amounted to Ch\$428,287 million compared to Ch\$419,535 million during the year ended December 31, 2016.

As of December 31, 2017, and before the cross-currency swaps contracts the company entered in, our bond liabilities had a weighted average interest rate of 4.7% while our bank liabilities had a weighted average interest rate of 8.6%.

Summary of Significant Debt Instruments

As of December 31, 2017, the Company is in compliance with all its debt covenants which are summarized below:

Series B Local Bonds

During 2001, we issued in the Chilean capital markets Series B bonds. This issuance was structured into two series, one of which matured during 2008. The outstanding series as of December 31, 2017 is Series B with sub-series B1 and B2. During 2001, UF 3.7 million in bonds were issued with final maturity in the year 2026 at a 6.5% annual interest rate. The Series B Local Bonds are subject to the following restrictive covenants:

- 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 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 Company’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 the “Metropolitan Region”, as franchised territory in Chile by The Coca-Cola Company, for the development, production, sale and distribution of products and brands of such 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 The Coca-Cola Company 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 Company’s Adjusted Consolidated Operating Flow.

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- Maintain consolidated assets free of any pledge, mortgage or other lien by an amount, less than or equal to 1.3 times the Company’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.

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 Company’s Consolidated Statement of Financial Position.

Series C Local Bonds

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

- Series C bonds due 2031, bearing interest at a variable annual rate equal to 4.00%.

This series is subject to the following restrictions:

- Maintain a level of “Net Financial Indebtedness” within its quarterly financial statements that may not exceed 1.5 times, measured by figures included in the Company 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 Company (equity attributable to the owners of the controllers plus non-controlling interests). Net financial debt means the difference between the Company financial debt and cash.
- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 times of the Company unsecured consolidated liabilities.

Unencumbered Assets are (a) assets that meet the following conditions: (i) they are the property of the Company , (ii) they are classified under Total Assets of the Company Financial Statement and (iii) they are free of any pledge, mortgage or other levies constituted in favor of third parties, less (b) “Other Current Financial Assets” and “Other Non-Current Financial Assets” included in the Company 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).

Unsecured Total Liabilities are (a) liabilities included under Total Current Liabilities and Total Non-Current Liabilities on the Company Financial Statements which do not benefit from preferences or privileges, less (b) “Other Current Financial Assets” and “Other Non-Current Financial Assets” of the **Company** 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 less favorable to those of the Company in relation to those prevailing in the market.
- Maintain a “Net Financial Coverage” level greater than 3.0 times. Net financial coverage is the ratio between the Company EBITDA for the past 12 months and the Company net financial expenses (financial income less financial expenses) 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.

Series C, D and E Local Bonds

During 2013 and 2014, Andina placed local bonds in the Chilean market. The issuance was structured into three series.

- UF 1.0 million of Series C Bonds due 2020 were issued in August 2013, bearing an annual interest rate of 3.5%;
- UF 4.0 million of Series D Bonds due 2034 were issued in August 2013, bearing an annual interest rate of 3.8%;
- UF 3.0 million of Series E Bonds due 2035 were issued in March 2014, bearing an annual interest rate of 3.75%.

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 means 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, at least 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 the license agreement granted 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

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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 144A/Reg S bonds in the amount of US\$575 million of 5.0% 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 notes in the amount of US\$100 million at a rate of 7.625% due 2027 and another US\$100 million at a rate of 7.875% due 2097. Through a series of repurchases between 2000 and 2009, we repurchased all of these notes through our wholly-owned subsidiary, Abisa Corp S.A. Subsequently, in December 2014, we repurchased US\$200 million in outstanding bonds from 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, 2017, 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, 2017:

	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)	32,733	8,388	4,749	—	45,870
Bonds (1)(2)	60,166	85,862	78,794	694,938	919,940
Lease obligations (1)	10,607	18,911	33,861	—	63,379
Purchase obligations (1)(3)	34,884	7,609	299	149	42,943
Total (1)	139,390	120,770	117,883	695,087	1,072,132

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- (1) Includes interest

(2) See Note 15 to our consolidated financial statements as of December 31, 2017 and 2016 for additional information.

(3) This includes: (i) our Brazilian cogeneration contract, (ii) our IT services contract and (iii) some services and raw material contracts, 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\$ 2017)			
Provisions	62,948	62,948		
Other long-term liabilities	8,286	360	62	7,864
Total long-term liabilities	71,234	63,308	62	7,864

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	58	Chief Executive Officer
Andrés Wainer	47	Chief Financial Officer
Tomás Vedoya	40	Chief Strategic Planning Officer
Jaime Cohen	50	Chief Legal Officer
Carlos Gálvez	54	Chief Process and Information Officer
Gonzalo Muñoz	56	Chief Human Resources Officer
Fabián Castelli	52	General Manager of Embotelladora del Atlántico S.A.
Renato Barbosa	57	General Manager of Rio de Janeiro Refrescos Ltda.
José Luis Solorzano Hurtado	47	General Manager of Chilean Soft Drink Operation.
Francisco Sanfurgo	63	General Manager of Paraguay Refrescos S.A.

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

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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. Galvez joined the Company in 2016 as Chief Information Officer. Prior to joining Coca-Cola Andina, he served for more than 17 years at British American Tobacco, during which time he held the roles of Area Head of IT Southern Cone (August 2012 to January 2016), Head of IT Colombia & Integration Manager (July 2011 to July 2012) and Regional Operations IT Manager — Americas (January 2009 to June 2011). Mr. Galvez has also worked at El Mercurio and Nestlé.

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. Sanfurgo 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.

Board of Directors

In accordance with our current bylaws, the board of directors is composed 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, 2017, our board of directors consisted of the following directors:

Name	Age	Date of expiration current term	Position
Juan Claro	67	April 19, 2018	Chairman of the Board
Eduardo Chadwick	58	April 19, 2018	Vice-Chairman of the Board
Salvador Said(1)	53	April 19, 2018	Director
José Antonio Garcés	51	April 19, 2018	Director
Arturo Majlis	55	April 19, 2018	Director
Gonzalo Said(1)	53	April 19, 2018	Director
Karim Yahi	47	April 19, 2018	Director
Gonzalo Parot(2)	65	April 19, 2018	Director
Georges de Bourguignon	55	April 19, 2018	Director
Pilar Lamana(2)	53	April 19, 2018	Director
Juan Andrés Fontaine	63	April 19, 2018	Director
Susana Tonda	63	April 19, 2018	Director
Enrique Rapetti	41	April 19, 2018	Director
Mariano Rossi	51	April 19, 2018	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. Juan 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 several publicly traded and private companies.

Mr. Eduardo 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 several publicly traded and private companies.

Mr. Arturo 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 several publicly traded and private companies.

Mr. José Antonio 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 several publicly traded and private companies.

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 several publicly traded and private companies.

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 in several publicly traded and private companies.

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Mr. Karim Yahi has been member of our board of directors since April 2017. His principal occupation is as certified public accountant. He does not serve as director in any other organizations.

Mr. Gonzalo 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 several publicly traded and private companies

Mr. Georges de Bourguignon has been member of our board of directors since April 2016. His principal occupation is as economist. He is the founder and executive director of Asset. He also serves as director in several publicly traded and private companies.

Mrs. Pilar Lamana has been a member of our board of directors since April 2017. Her principal occupation is as business consultant.

Mr. Juan Andrés Fontaine has been a member of our board of directors since June 2012 until February 2018. His principal occupation is as a consultant.

Mrs. Susana Tonda has been a member of our board of directors since April 2016 until March 2018. Her principal occupation is as business administrator.

Mr. Enrique Rapetti has been a member of our board of directors since September 2016. His principal occupation is as certified public accountant. He does not serve as director in any other organizations.

Mr. Mariano 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

In the case of our principal officers, the 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 year ended December 31, 2017 the amount of fixed compensations paid to Coca-Cola Andina’s principal officers amounted to ThCh\$4,020 (ThCh\$4,121 in 2016). Likewise, the amount of compensation paid in performance bonuses amounted to ThCh\$2,769 (ThCh\$2,528 in 2016).

During the period ended December 31, 2017 no severance payments were made to managers and principal officers of Embotelladora Andina S.A. During the period ended December 31, 2016 severance payments to managers and principal officers of Embotelladora Andina S.A. were Ch\$463 million.

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 during 2017, which was approved by our shareholders, was as follows:

2017	Directors' Compensation ThCh\$	Executive Committee ThCh\$	Directors' and Audit (SOX) Committee ThCh\$	Total ThCh\$
Juan Claro González	144,000			144,000
Arturo Majlis Albala	72,000	72,000	8,000	152,000
Gonzalo Said Handal	72,000	72,000		144,000
José Antonio Garcés Silva	72,000	72,000		144,000
Salvador Said Somavía	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	24,000			24,000
José Fernando De Gregorio Rebeco	24,000			24,000
Juan Andrés Fontaine Talavera	72,000			72,000
Mariano Rossi	72,000			72,000
Susana Tonda Mitri	72,000			72,000
Georges de Bourguignon	72,000			72,000
Enrique Rapetti	72,000			72,000
Karim Yahi	48,000			48,000
Maria del Pilar Lamana Gaete	48,000		16,000	64,000
Total Gross	1,080,000	360,000	72,000	1,448,000

For the year that ended on December 31, 2017, the aggregate amount of compensation we paid to all directors and executive officers as a group was Ch\$8,302 million of which Ch\$6,789 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 three 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 the ordinary Board Session held on April 26, 2017. The Executive Committee is also comprised of the Chairman of the Board, Mr. Juan Claro González and our chief executive officer who participate by their own rights. 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 the Board Session held on April 26, 2017, applying the same election criteria set forth by Circular N°1956. The directors Mrs. Pilar Lamana Gaete and Mr. Gonzalo Parot Palma (both as Independent Directors), and Mr. Salvador Said Somavia comprise the Committee. Mr. Gonzalo Parot Palma is the Chairman of the Company’s Directors’ Committee

The duties performed by this Committee during 2017, 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:

- Examine the reports of external auditors, the balance sheets and other financial statements, presented by the administrators of the Company, and take a position on such reports before they were presented to shareholders.
- Propose external auditors and private rating agencies to the Board of Directors, which were suggested to the respective Shareholders’ Meeting.
- Examine information regarding the operations referred to by Title XVI of Law N°18,046 and issue a report on those operations.
- Examine the salary systems and compensation plans of the Company’s managers, principal officers and employees.
- Review anonymous reports.
- Review and approve the 20F and verify Management compliance with Rule 404 of the Sarbanes-Oxley Act.
- Review Internal Audit Reports.
- Prepare the budget proposal for the Committee’s operation.
- Periodically interview the Company’s external auditors.
- Review the budget for the Coca-Cola System related company operations.
- Analyze and approve the Internal Audit certification processes as well as the operating bylaws proposal
- Review the Risk Matrix and Mitigation Plans of the Company.
- Review efficiency opportunities in the Company’s structure, analyzing corporate roles and functions regarding the Company’s operations, as well as the structure of investment companies.
- Review and approve press releases that refer to the Company’s statements of income.
- Review the Company’s four Operations’ Internal Control Standards, including Critical Risks in accounting processes, compliance of corporate policies, tax contingencies, IT and status of Internal and External Audit observations.
- Analyze the risk map identified in the area of Information Technology, as well as the progress status on the implementation of the respective mitigation plans.
- Review and approve for the Operations, in certain cases, the hiring of audit companies to perform non-audit services and which are not forbidden by current standards.
- Review the Impairment Test.
- Review the Corporate Tax Policy.
- Report on effects of new IFRS standards.
- Prepare the Annual Management Report

During 2017, the Directors’ Committee incurred expenses of Ch\$82,720,832. These expenses relate to consultancies on free competition and legal matters, among others.

Sarbanes-Oxley Audit Committee

In accordance with NYSE and SEC requirements regarding compliance with the Sarbanes-Oxley Act, the Board of Directors established an Audit Committee on July 26, 2005. The current Audit Committee was elected during the Board Session held on April 26, 2017. The Committee is composed of the directors Mrs. Pilar Lamana

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Gaete, Mr. Gonzalo Parot Palma, and Mr. Salvador Said Somavía determining that Mrs. Pilar Lama Gaete and Mr. Gonzalo Parot Palma fulfill the independence standards set forth in the Sarbanes-Oxley Act and SEC and NYSE regulations. Also, Mr. Parot was 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 Sarbanes-Oxley 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 Sarbanes-Oxley 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 Sarbanes-Oxley Audit Committee Charter that is available on our website: www.koandina.com, defines the duties and responsibilities of this Committee. The Sarbanes-Oxley 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, 2017, the Sarbanes-Oxley Audit Committee did not incur any expenses.

Culture, Ethics & Sustainability Committee

The Culture, Ethics and Sustainability Committee was established during the Board of Directors session held on January 28, 2014. This Committee is composed of 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. After the resignation of the director Mrs. Susana Tonda in March 2018, the current members of the Culture, Ethics and Sustainability Committee are Mr. José Antonio Garcés Silva and Mr. Gonzalo Said Handal, in addition to the Chairman of the Board, who also sits on this Committee by his own right.

D. EMPLOYEES

Overview

On December 31, 2017, we had 16,063 employees, including 3,457 in Chile, 7,780 (7,439 own and 341 outsourced) in Brazil, 3,246 in Argentina and 1,580 in Paraguay. Of these employees, 521 were temporary employees in Chile, 445 were temporary employees in Argentina, and 111 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, 2017, 1,846; 722; 2,207 and 349 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, 2016, and 2017:

	2016											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	88	0	88	61	0	61	103	0	103	32	0	32
Technicians and professionals	578	62	516	5,348	215	5,133	726	10	716	287	36	251
Workers	2,207	1,789	418	2,509	17	2,492	2,012	1,850	162	1,082	338	744
Temporary Workers	650	7	643	0	0	0	487	410	77	126	0	126
Total	3,523	1,858	1,665	7,918	232	7,686	3,328	2,270	1,058	1,527	374	1,153

	2017											
	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	94	—	94	58	1	57	101	—	101	37	—	37
Technicians and professionals	612	71	541	1,023	45	978	715	11	704	306	43	263
Workers	2,172	1,721	451	6,699	676	6,023	1,985	1,831	154	1,126	306	820
Temporary Workers	579	54	525	0	0	0	445	365	80	111	—	111
Total	3,457	1,846	1,611	7,780	722	7,058	3,246	2,207	1,039	1,580	349	1,231

Note: The number of employees is calculated as equivalent to full time hours, which means that extraordinary hours are considered as additional employees.

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, 52.5% of employees with indefinite work contracts are members of labor unions. The following collective bargaining agreements are in effect as of December 31, 2017 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 May 1, 2016 to April 30, 2019;
- (v) Agreement with sales force negotiating group in force since June 1, 2016 through May 31, 2019;
- (vi) Collective Contract with Labor Union TAR, that represents workers from the distribution area from July 1, 2016 to June 30, 2019; and collective agreement with the *picking* area workers from the Venecia, Renca and Carlos Valdovinos branches, from March 1, 2011, to February 28, 2015, and

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- (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, 2017 in Coquimbo are:

- (i) Workers Union N°1 Agreement, formed mainly by workers from the production area, in force since March 1, 2016 through February 28, 2020;
- (ii) National Workers Union N°1 Agreement, which represents a part of the Administrative Employees and salesman, in force since January 1, 2017 through December 31, 2019;
- (iii) Collective Agreement formed mainly by Administrative Employees which is in force since September 1, 2016 through August 31, 2019;
- (iv) Transportation Collective Agreement, in force since November 1, 2016 through April 30, 2019.

The collective agreements in force as of December 31, 2017 in Antofagasta

- (v) Collective agreement with Workers Union N°1 formed mainly by workers from the production area, in force since September 15, 2017 through September 14, 2020;
- (vi) Collective agreement with Workers Union N°2, formed by personnel from different areas, in force since December 1, 2016 through November 30, 2019;
- (vii) collective agreement with the salesmen negotiating group, in force since December 1, 2016 through November 30, 2019; and
- (viii) Collective agreement with transportation workers from the base zone, in force since May 4, 2017 through May 4, 2020.

Finally, the collective agreements in force as of December 31, 2017 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, 2016, through July 31, 2019; and
- (ii) Collective Agreement with InterAreas personnel, in force since January 1, 2017 through December 31, 2019.

Brazil

In Brazil, 9.7% of own 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 25 collective bargaining agreements currently in force.

12 agreements for employees in the State of Rio de Janeiro;

- (i) the Soft Drink Industry Employees' Union agreement from July 1, 2017 to June 30, 2018;
- (ii) the Sales Force Union agreement from May 1, 2017 to April 30, 2018;
- (iii) The Sales Force II Union agreement from August 1, 2017 to July 31, 2018;
- (iv) the "Forklift" Operator Union agreement from May 1, 2017 to April 30, 2018;
- (v) the "Forklift" II Operator Union agreement from August 1, 2017 to July 31, 2018;
- (vi) the Driver and Helper of the Lagos Region Union agreement from May 1, 2017 through April 30, 2018;
- (vii) the Driver and Helper of the Lagos Region II Union agreement from May 1, 2017 through April 30, 2018;
- (viii) Collective bargaining agreement executed with the Drivers and Nova Iguaçu Helpers effective from May 1, 2017 until April 30, 2018;
- (ix) Agreement with the Drivers and Helpers Workers' Union of Sao Goncalo in force since May 1, 2017 through April 30, 2018;
- (x) Agreement with the Drivers and Helpers Workers' Union of Rio de Janeiro in force since May 1,

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2017 through April 30, 2018;

- (xi) Agreement with the Drivers and Helpers Workers’ Union of Campos dos Goytacazes in force since May 1, 2017 through April 30, 2018;
- (xii) Agreement with the Drivers and Helpers Workers’ Union of Itaperuna in force since May 1, 2017 through April 30, 2018; and
- (xiii) The Duque de Caxias Soft Drink Industry Employees’ Union agreement from December 1, 2017 to February 28, 2019.

Three agreements for employees in the State of Espírito Santo:

- (i) the Sales Force Union agreement from May 1, 2017 to April 30, 2018;
- (ii) Agreement with the Drivers and Helpers Workers’ Union of the State of Espírito Santo in force since May 1, 2017 through April 30, 2018; and
- (iii) the Trade Employees Union agreement from November 1, 2017 to October 31 2018.

Nine agreements with employees from the State of São Paulo:

- (i) Workers Union for the Beverage Industry of Ribeirão Preto since October 1, 2017 through September 1, 2018;
- (ii) Agreement with the Trade Workers Union for the region of Araraquara since October 1, 2017 through September 1, 2018;
- (iii) Agreement with the Trade Workers Union for the region of Franca since October 1, 2017 through September 1, 2018;
- (iv) Agreement with the Transportation Workers Union for the regions of Ribeirão Preto since May 1, 2017 through April 30, 2018;
- (v) Agreement with the Transportation Workers Union for the regions of Franca since May 1, 2017 through April 30, 2018;
- (vi) Agreement with the Transportation Workers Union for the regions of Araquara since May 1, 2017 through April 30, 2018;
- (vii) Agreement with the Transportation Workers Union for the regions of Mococa since May 1, 2017 through April 30, 2018;
- (viii) Agreement with the Salesmen Union of the State of São Paulo since July 1, 2017 through June 30, 2018; and
- (ix) Agreement with the Security Technicians Union for the region of Ribeirão Preto, Franca, Araraquara and Mococa since May 1, 2017 through April 30, 2018.

These agreements do not require us to increase wages on a collective basis. Selected increases were granted, however, according to inflation. 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 in the Espirito Santo operation. However, as this operation no longer uses internal buses, such work stoppages are not expected to recur in the future.

Argentina

In Argentina, 68.0% 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*

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Argentina de Trabajadores de Aguas Gaseosas) (the “Federation”) are parties to a collective bargaining agreement that began July 29, 2008. On November 29, 2017, 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, 35.0% 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, 2017 to June 15, 2019; (2) Workers’ Union of Paraguay Refrescos effective from August 2017 to February 2018 (beginning negotiations); and (3) Employees’ Union of Paraguay Refrescos effective from June 2016 to June 2018.

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, 2017.

	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, 2017:

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Shareholder	Series A		Series B	
	Shares	% Class	Shares	% Class
Controlling shareholders(1)	263,718,512	55.72	207,452,169	43.83
The Bank of New York Mellon(2)	4,937,346	1.35	34,864,668	7.42
The Coca-Cola Company, directly or through subsidiaries	69,348,241	14.65	69,348,241	14.65
AFPs as a group (Chilean pension funds)	30,255,743	6.12	13,553,940	2.55
Principal foreign funds as a group	72,980,175	15.01	92,578,548	19.42
Executive officers as a group	—	—	—	—
Directors as a group(3)	212,147,110	44.8	166,526,094	35.2

- (1) Our controlling shareholders are: Inversiones SH Seis Limitada, Inversiones Cabildo SpA, Inversiones Chucaco Limitada, (legal successor of Inversiones Lleuque Limitada) Inversiones Nueva Delta S.A., Inversiones Alerce Limitada, Inversiones Nueva Delta Dos S.A., Inversiones Las Gaviotas Dos Limitada today known as Inversiones Playa Amarilla SpA, Inversiones Playa Negra Dos Limitada, today known as Inversiones Negra SpA, Inversiones Don Alfonso Dos Limitada, today Inversiones 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.

As of December 31, 2017, approximately 84.99% of our Series A shares and 80.58% of our Series B shares are held in Chile. It is not practicable for us to determine the number of record holders in Chile.

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 11.3 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, 2017. 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, 2016 and 2017, for potential loss contingencies stemming from labor, tax, commercial and other litigation faced by our Company:

	For the year ended December 31,	
	2016	2017
	Million Ch\$	
Chile	623	7,616
Brazil	71,116	56,608
Argentina	1,283	1,340
Paraguay	60	60
Total	73,082	65,624

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 General Shareholders’ Meeting held in April of 2017, our shareholders authorized our board of directors to distribute, at its discretion, interim dividends during 2017 and 2018.

During 2015, 2016 and 2017, our respective General Shareholders’ Meetings approved additional dividend payments to be paid from retained earnings, given our significant cash generation. These additional dividend payments for 2015, 2016 and 2017 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:

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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
12-22-2017	01-25-2018	2017	21,639	21.50	0.03587	23.65	0.03946
09-27-2017	10-26-2017	2017	18,884	19.00	0.03018	20.90	0.03319
04-26-2017	08-31-2017	Accumulated earnings	18,884	19.00	0.03021	20.90	0.03323
04-26-2017	05-30-2017	2016	18,884	19.00	0.02814	20.90	0.03095
12-22-2016	01-26-2017	2016	18,884	19.00	0.02931	20.90	0.03224
09-27-2016	10-27-2016	2016	16,896	17.00	0.02601	18.70	0.02861
04-21-2016	08-27-2016	Accumulated earnings	16,896	17.00	0.02564	18.70	0.02821
04-21-2016	05-27-2016	2015	16,896	17.00	0.02473	18.70	0.02721
12-22-2015	01-28-2016	2015	16,896	17.00	0.02374	18.70	0.02611
09-29-2015	10-29-2015	2015	14,908	15.00	0.02182	16.50	0.02400
04-22-2015	08-28-2015	Accumulated earnings	14,908	15.00	0.02144	16.50	0.02358
04-22-2015	05-29-2015	2014	14,908	15.00	0.02429	16.50	0.02673
12-18-2014	01-29-2015	2014	8,945	9.00	0.01446	9.90	0.01590
09-30-2014	10-29-2014	2014	13,020	13.10	0.02252	14.41	0.02478
04-21-2014	08-20-2014	Accumulated earnings	12,295	12.37	0.02138	13.607	0.02352
04-21-2014	05-16-2014	Accumulated earnings	12,295	12.37	0.02234	13.607	0.02458
04-21-2014	05-16-2014	2013	1,451	1.46	0.00264	1.606	0.00290
12-18-2014	01-29-2015	2014	8,945	9.0	0.01446	9.9	0.01591
12-17-2013	01-23-2014	2013	13,020	13.1	0.02407	14.41	0.02648
04-24-2013	11-15-2013	Accumulated earnings	46,713	47.0	0.09023	51.7	0.09925
05-28-2013	06-26-2013	2013	12,225	12.3	0.02419	13.53	0.02660
04-25-2013	05-20-2013	Accumulated earnings	12,225	12.3	0.02581	13.53	0.02814
11-20-2012	12-27-2012	2012	24,331	24.48	0.05110	26.930	0.05621
10-02-2012	10-30-2012	2012	12,165	12.24	0.02550	13.460	0.02805
02-27-2012	05-31-2012	Accumulated earnings	19,398	24.3	0.04692	26.730	0.05161
04-27-2012	05-11-2012	2011	8,757	10.97	0.02256	12.067	0.02481
04-27-2011	07-26-2011	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.

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	Share Volume (in thousands)		Ch\$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
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	54,263	113,622	1,890	1,400	2,525	1,705
2015	43,373	126,209	2,200	1,300	2,800	1,550
2016						
1st Quarter	10,071	24,869	1,970	1,600	2,240	1,750
2nd Quarter	10,462	19,524	2,150	1,900	2,398	2,085
3rd Quarter	4,564	19,223	2,500	2,100	2,720	2,300
4th Quarter	8,517	17,320	2,451	2,228	2,741	2,300
2017						
1st Quarter	6,082	18,035	2,550	2,100	2,736	2,301
2nd Quarter	8,791	21,778	2,620	2,450	2,900	2,525
3rd Quarter	6,785	39,045	2,700	2,500	3,099	2,700
4th Quarter	7,144	33,044	2,900	2,579	3,300	2,650
Last six months						
Oct-17	1,539	11,498	2,800	2,600	3,300	2,933
Nov-17	3,072	11,292	2,801	2,579	3,271	2,675
Dec-17	2,533	10,254	2,900	2,600	3,186	2,650
Jan-18	4,929	74,855	2,900	2,650	3,100	2,900
Feb-18	5,512	20,372	2,721	2,599	2,970	2,819
Mar-18	1,976	13,774	2,700	2,580	2,975	2,861

	ADR Volume (in thousands)		US\$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
2011	911	5,089	26.25	15.04	31.41	21.00
2012	1,276	6,030	33.00	21.00	40.00	26.00
2013	1,351	4,930	34.07	15.04	42.23	26.51
2014	1,515	10,013	21.50	15.04	28.25	16.82
2015	807	11,901	19.20	12.14	24.01	14.87
2016						
1st Quarter	365	2,470	17.49	14.17	19.82	14.21
2nd Quarter	445	1,242	19.55	16.69	21.33	18.36
3rd Quarter	279	1,319	21.98	19.31	24.64	20.82
4th Quarter	524	961	22.91	20.15	25.07	21.12
2017						
1st Quarter	212	1,148	23.14	19.74	24.98	21.39
2nd Quarter	126	1,652	24.12	21.51	26.64	22.55
3rd Quarter	351	2,202	26.29	22.26	29.59	24.65
4th Quarter	537	1,455	27.87	23.00	31.07	24.57
Last six months						
Oct-17	158	611	27.43	24.45	31.07	27.33
Nov-17	106	496	26.91	23.00	30.80	25.25
Dec-17	273	348	27.87	23.16	30.49	24.57
Jan-18	76	291	28.25	24.94	30.87	28.43
Feb-18	221	901	27.33	24.51	30.83	27.14
Mar-18	20	322	26.54	25.00	30.16	28.26

Source: Bloomberg

The total number of registered ADR holders we had at December 2017 was 24 (17 in the Series A ADRs and 7 in the Series B ADRs). As of this date the ADRs represented 5.66% of the total number of our issued and outstanding shares. On December 31, 2017, the closing price for the Series A shares on the Santiago Stock Exchange was Ch\$2,850 per share (US\$26.51 per Series A ADR), and Ch\$3,071 for the Series B shares (US\$29.28 per Series B ADR). At December 31, 2017, there were 822,891 Series A ADRs (equivalent to 4,937,346 Series A shares) and 5,810,778 Series B ADRs (equivalent to 34,864,668 Series B shares).

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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, 2017, Andina's shares were traded on the Santiago Stock Exchange on an average of approximately 80% 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.

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.

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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, 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;
- 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

A stock purchase and sale agreement (the “Agreement”) was entered into on January 5, 2018, by and between the Company, Embonor S.A., Coca-Cola del Valle New Ventures, S.A., and Coca-Cola de Chile S.A., as buyers, and Inversiones Siemel S.A. as seller. In this Agreement the parties agreed to the terms and conditions for transferring 100% ownership of the shares of Comercializadora Novaverde S.A. (“Novaverde”), a company dedicated to the processing and commercialization of fruits, ice cream, vegetables and food in general, mainly under the Guallarauco trademark. Guallarauco is a relevant trademark in the premium juice segment in Chile and will allow us to incorporate new categories such as frozen fruits, ice creams and prepared desserts.

Pursuant to the Agreement, closing will occur after certain preceding conditions, including the corresponding authorization by the Chilean free competition authorities.

On August 1, 2016, Embotelladora Andina SA, along with Monster Energy Company, entered into an agreement by which Monster Energy Company appointed Embotelladora Andina S.A. as distributor of products bearing the trademark “Monster” within its licensed territory in Chile (Antofagasta, Atacama, Coquimbo, Valparaíso, San Antonio, Cachapoal, Aysén and Magallanes). Similarly, on August 2, 2016 of the same year, Coca-Cola Andina Brazil along with Monster Energy Company entered into an agreement by which Monster Energy Company appointed Coca-Cola Andina Brazil authorizing it to commercialize and distribute the products bearing the trade mark “Monster” within its licensed territory in Brazil (Rio de Janeiro, Espirito Santo, part of São Paulo, and part of Minas Gerais), beginning November 1, 2016, for a period of 10 years.

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

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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.

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.

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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 are not subject to Chilean taxation. Gains recognized on a sale of shares of common stock are subject to both the Corporate Income Tax and the Withholding Tax (the former being credited against the latter) unless the stock is sold on the stock market and acquired in a stock exchange or are shares of first issue.

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

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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.**

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As used herein, the term “U.S. holder” means a beneficial owner 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.

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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. 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

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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 or from our corporate website 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. 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. We do not enter into or hold derivative contracts for trading purposes.

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.

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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, 2017.

	Expected Maturity Date						Estimated Fair Market Value	
	2018 MCh\$	2019 MCh\$	2020 MCh\$	2021 MCh\$	2022 MCh\$	2023 Onwards MCh\$	Total MCh\$	Total MCh\$
Interest Earning Assets								
Time deposits and credit links	24,120	—	—	—	—	—	24,120	24,120
Weighted average interest rate	1.68%	—	—	—	—	—	1.68%	—
Interest Bearing Liabilities								
Long-term debt (Bonds)	20,156	12,610	12,996	10,512	10,980	601,131	668,384	744,529
Fixed Rate	4.73%	4.90%	4.95%	5.60%	5.64%	4.63%	4.68%	
Bank liabilities	31,470	7,492	1,525	834	3,206	—	13,058	42,596
Weighted average interest rate	11.88%	4.60%	7.11%	7.17%	7.19%	—	10.07%	

Foreign Currency Risk

As of December 31, 2017, 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 U.S. dollar.

The following table summarizes the financial instruments held December 31, 2017, denominated in dollars:

Assets (U.S. Dollars)	2018 MCh\$	2019 MCh\$	2020 MCh\$	2021 MCh\$	2022 MCh\$	2023 Onwards MCh\$	Total MCh\$	Fair estimated Market Value MCh\$
Assets								
Cash and cash equivalents	6,973	—	—	—	—	—	6,973	6,973
Liabilities								
Bonds obligations(1)	(4,239)	—	—	—	—	(349,503)	(353,742)	(390,612)
Bank debt	(328)	—	—	—	—	—	(328)	(328)
Net assets (liabilities)	2,406	—	—	—	—	(349,503)	(347,097)	(383,967)

(1): Includes underwriting fees.

The Company maintains a net liability position as of December 31, 2017 in the amount of ThCh\$ 351,254,100, comprised of bonds payable, obligations with financial institutions and leasing obligations in the amount of ThCh\$ 358,227,398, partially offset by financial assets denominated in U.S. dollars in the amount of ThCh\$6,973,298.

Of our total U.S. dollar-denominated financial liabilities, ThCh\$357,899,766 correspond to the Chilean operations, which are exposed to the volatility of the Chilean peso against the U.S. dollar.

In order to protect the Company from the effects on results due to the volatility of the Brazilian real and the Chilean peso against the U.S. dollar, we have entered into currency swaps that cover 99% of our dollar-denominated financial obligations, thereby mitigating our exchange rate exposure.

As of December 31, 2017, the Company’s net exposure to existing assets and liabilities in foreign currencies, discounting our derivatives contracts, was ThCh\$3,899,548.

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.

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, 2017 to December 31, 2017, we received from the depositary US\$98,510.00 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 depositary, has agreed to reimburse us for expenses they incur that are related to establishment and maintenance expenses of the ADR program. The depositary has agreed to reimburse us for its continuing annual stock exchange listing fees. The depositary 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 depositary 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 depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors.

The depositary 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 depositary 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 depositary may collect its annual fee for depositary 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 depositary 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, 2017. There are inherent limitations

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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.

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, 2017.

The effectiveness of our internal control over financial reporting as of December 31, 2017 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 Mrs. Pilar Lamana Gaete and Mr. Gonzalo Parot Palma are Independent Directors 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. 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,			
	2016		2017	
	Fees MCh\$	% of Total Fees	Fees MCh\$	% of Total Fees
Audit fees(1)	851	99%	794	84%
Audit-related fees(2)	—	0%	—	—
Tax fees(3)	—	0%	140	15%
Other fees	5	1%	13	1%
Total	856	100%	947	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 Pilar Lamana Gaete.

We disclose that, with respect to the current membership of Mr. Salvador Said Somavía 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. Salvador Said Somavía meets, for the duration of his membership, the requirements of Rule 10A-3(b)(1)(iv)(D) because he (i) is a representative of our controlling shareholder group; (ii) has an observer-only status on our Audit Committee; (iii) is not an officer of the Company or any of our subsidiaries; and (iv) does not

receive, directly or indirectly, compensation from us or any of our subsidiaries other than in his capacity as member of our Audit Committee.

Our reliance on the exemption provided by Rule 10A-3 of the Exchange Act, with respect to 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 2017, 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.

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.

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ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
303A.06 Audit Committee	Listed companies must have an Audit Committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. 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.	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”
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 www.koandina.com
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 www.koandina.com
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	The NYSE may issue a Public Reprimand letter	No similar obligation exists under Chilean law, with

Public Reprimand	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.	the exception of sanctions imposed by the Chilean Superintendence of Securities and Insurance (SVS).
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ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
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

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report.

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:

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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. (incorporated herein by reference and filed with the SEC on September 30, 1997 and also available on our website www.koandina.com)
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	English translation of the form Bottler Agreement, (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 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))
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))

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Item	Description
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))
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))
4.22	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 4.2.2 to Andina’s Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142))
4.23	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))
4.23.1	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 28, 2015 (File No. 001-13142))

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Item	Description
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	International distribution agreement dated as of August 1, 2016 among Embotelladora Andina S.A. and Monster Energy Company (incorporated by reference to Exhibit 4.27 to Andina’s Annual Report on Form 20-F filed on April 28, 2017 (File No. 001-13142))
4.29	International distribution agreement dated as of August 2, 2016 among Rio de Janeiro Refrescos Ltda. and Monster Energy Company (incorporated by reference to Exhibit 4.27 to Andina’s Annual Report on Form 20-F filed on April 28, 2017 (File No. 001-13142))
4.30	Bottler Agreement dated as of October 1, 2017 among Embotelladora del Atlántico S.A. and The Coca-Cola Company (filed herein)
4.31	Bottler Agreement dated as of January 1, 2018 among Embotelladora Andina S.A. and The Coca-Cola Company (filed herein)
8.1	List of our 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).
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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 27, 2018

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Consolidated Financial Statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Santiago, Chile
As of December 31, 2017 and 2016

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EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements

as of December 31, 2017

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Embotelladora Andina S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Embotelladora Andina S.A. and subsidiaries (the Company) as of December 31, 2017, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 26, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ EY Audit SpA

We have served as the Company’s auditor since 2017.

Santiago, Chile

April 26, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Embotelladora Andina S.A.

Opinion on Internal Control over Financial Reporting

We have audited Embotelladora Andina S.A. and subsidiaries’ internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Embotelladora Andina S.A. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated statement of financial position of Embotelladora Andina S.A. and subsidiaries as of December 31, 2017, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes and our report dated April 26, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

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/ EY Audit SpA

Santiago, Chile

April 26, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Embotelladora Andina S.A.

In our opinion, the consolidated statement of financial position as of December 31, 2016 and the related consolidated statements of income by function, comprehensive income, changes in equity and direct cash flows for each of the two years in the period ended December 31, 2016 present fairly, in all material respects, the financial position of Embotelladora Andina S.A. and its subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Consultores Auditores SpA
Santiago - Chile
April 26, 2017

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EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements

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EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of December 31, 2017 and 2016

	<u>NOTE</u>	<u>12.31.2017</u>	<u>12.31.2016</u>
		ThCh\$	ThCh\$
ASSETS			
Current assets:			
Cash and cash equivalents	4	136,242,116	141,263,880
Other financial assets	5	14,138,161	60,152,627
Other non-financial assets	6.1	5,611,861	8,601,209
Trade and other accounts receivable, net	7	191,284,680	190,524,354
Accounts receivable from related companies	11.1	5,370,232	5,788,683
Inventory	8	131,363,000	144,709,348
Current tax assets	9.2	—	1,702,296
Total Current Assets		484,010,050	552,742,397
Non-Current Assets:			
Other financial assets	5	74,259,085	80,180,880
Other non-financial assets	6.2	47,394,345	35,246,823
Trade and other receivables	7	2,395,851	3,527,732
Accounts receivable from related parties	11.1	156,492	147,682
Investments accounted for under the equity method	13.1	86,809,069	77,197,781
Intangible assets other than goodwill	14.1	663,272,878	680,996,062
Goodwill	14.2	93,598,217	102,919,505
Property, plant and equipment	10.1	659,750,499	666,150,885
Deferred income tax assets	9.5	3,212,981	—
Total Non-Current Assets		1,630,849,417	1,646,367,350
Total Assets		2,114,859,467	2,199,109,747

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of December 31, 2017 and 2016

	NOTE	12.31.2017 ThCh\$	12.31.2016 ThCh\$
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities:			
Other financial liabilities	15	67,981,405	64,800,570
Trade and other accounts payable	16	257,519,477	242,836,356
Accounts payable to related parties	11.2	33,961,437	44,120,335
Provisions	17	2,676,418	682,778
Income taxes payable	9.3	3,184,965	10,828,593
Employee benefits current provisions	12	35,955,643	35,653,431
Other non-financial liabilities	18	27,007,977	20,612,791
Total Current Liabilities		428,287,322	419,534,854
Other financial liabilities	15	675,767,201	721,570,587
Trade and other payables	16	1,132,926	9,509,827
Provisions	17	62,947,748	72,399,115
Deferred income tax liabilities	9.5	125,204,566	125,608,802
Post-employment benefit liabilities	12	8,286,355	8,157,745
Other non-financial liabilities	18	—	158,790
Non-Current Liabilities:		873,338,796	937,404,866
Equity:	19		
Issued capital		270,737,574	270,737,574
Retained earnings		335,523,254	295,708,512
Other reserves		185,049,228	254,159,496
Equity attributable to equity holders of the parent		791,310,056	820,605,582
Non-controlling interests		21,923,293	21,564,445
Total Equity		813,233,349	842,170,027
Total Liabilities and Equity		2,114,859,467	2,199,109,747

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Income by Function
for the periods between January 1 and December 31, 2017, 2016 and 2015

	NOTE	01.01.2017 12.31.2017 ThCh\$	01.01.2016 12.31.2016 ThCh\$	01.01.2015 12.31.2015 ThCh\$
Net sales		1,848,878,619	1,777,459,320	1,877,394,256
Cost of sales	23	(1,069,024,964)	(1,033,910,027)	(1,106,706,146)
Gross Profit		779,853,655	743,549,293	770,688,110
Other income	24	550,834	1,760,899	471,569
Distribution expenses	23	(192,927,875)	(183,676,895)	(202,490,792)
Administrative expenses	23	(348,199,321)	(346,202,795)	(352,600,846)
Other expenses	25	(16,701,471)	(22,765,167)	(21,983,048)
Other (loss) gains	27	(2,537,269)	(3,387,377)	(6,301,121)
Financial income	26	11,194,375	9,661,692	10,118,375
Financial expenses	26	(55,220,369)	(51,374,971)	(55,669,217)
Share of profit (loss) of investments in associates and joint ventures accounted for using the equity method	13.3	(80,360)	(262,582)	(2,327,829)
Foreign exchange differences		(1,370,910)	(67,518)	(2,856,370)
Income by indexation units		(3,762,930)	(6,378,375)	(7,308,343)
Net income before income taxes		170,798,359	140,856,204	129,740,488
Income tax expense	9.4	(51,797,634)	(48,807,093)	(41,642,562)
Net income		119,000,725	92,049,111	88,097,926
Net income attributable to				
Equity holders of the parent		117,835,790	90,525,991	87,863,484
Non-controlling interests		1,164,935	1,523,120	234,442
Net income		119,000,725	92,049,111	88,097,926
		Ch\$	Ch\$	Ch\$
Earnings per Share, basic and diluted				
Earnings per Series A Share	19.5	118.56	91.08	88.4
Earnings per Series B Share	19.5	130.42	100.19	97.24

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
for the periods between January 1 and December 31, 2017, 2016 and 2015

	<u>01.01.2017</u> <u>12.31.2017</u> ThCh\$	<u>01.01.2016</u> <u>12.31.2016</u> ThCh\$	<u>01.01.2015</u> <u>12.31.2015</u> ThCh\$
Net income	119,000,725	92,049,111	88,097,926
Other Comprehensive Income:			
Components of other comprehensive income that will not be reclassified to net income for the period, before taxes			
Actuarial losses from defined benefit plans	(329,477)	(29,423)	(744,445)
Components of other comprehensive income that will be reclassified to net income for the period, before taxes			
Gain (losses) from exchange rate translation differences	(68,831,435)	148,686	(119,212,803)
Gain (losses) from cash flow hedges	(813,844)	(42,836,575)	31,134,391
Income tax related to components of other comprehensive income that will not be reclassified to net income for the period			
Income tax benefit related to defined benefit plans	84,017	7,060	148,877
Income tax related to components of other comprehensive income that will be reclassified to net income for the period			
Income tax related to exchange rate translation differences	232,666	(2,431,408)	4,604,711
Income tax related to cash flow hedges	<u>167,348</u>	<u>13,301,186</u>	<u>(10,172,792)</u>
Total comprehensive income	<u>49,510,000</u>	<u>60,208,637</u>	<u>(6,144,135)</u>
Total comprehensive income attributable to:			
Equity holders of the parent	48,725,522	59,704,657	(5,894,668)
Non-controlling interests	<u>784,478</u>	<u>503,980</u>	<u>(249,467)</u>
Total comprehensive income	<u>49,510,000</u>	<u>60,208,637</u>	<u>(6,144,135)</u>

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity for the periods
between January 1 and December 31, 2017, 2016 and 2015

		Other reserves								
	Issued capital	Reserves for exchange rate differences	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\$
Opening balance as of 01/01/2017	270,737,574	(168,744,355)	(2,448,175)	(1,785,032)	427,137,058	254,159,496	295,708,512	820,605,582	21,564,445	842,170,027
Changes in Equity										
Comprehensive Income										
- Net income	—	—	—	—	—	—	117,835,790	117,835,790	1,164,935	119,000,725
- Other comprehensive income	—	(68,333,217)	(646,496)	(130,555)	—	(69,110,268)	—	(69,110,268)	(380,457)	(69,490,725)
- Total Comprehensive income	—	(68,333,217)	(646,496)	(130,555)	—	(69,110,268)	117,835,790	48,725,522	784,478	49,510,000
Dividends	—	—	—	—	—	—	(78,021,048)	(78,021,048)	(425,630)	(78,446,678)
Total changes in equity	—	(68,333,217)	(646,496)	(130,555)	—	(69,110,268)	39,814,742	(29,295,526)	358,848	(28,936,678)
Ending balance as of 12/31/2017	270,737,574	(237,077,572)	(3,094,671)	(1,915,587)	427,137,058	185,049,228	335,523,254	791,310,056	21,923,293	813,233,349

		Other reserves								
	Issued capital	Reserves for exchange rate differences	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\$
Opening balance as of 01/01/2016	270,737,574	(167,447,157)	27,087,214	(1,796,285)	427,137,058	284,980,830	274,755,431	830,473,835	21,060,465	851,534,300
Changes in Equity										
Comprehensive Income										
- Net income	—	—	—	—	—	—	90,525,991	90,525,991	1,523,120	92,049,111
- Other comprehensive income	—	(1,297,198)	(29,535,389)	11,253	—	(30,821,334)	—	(30,821,334)	(1,019,140)	(31,840,474)
- Total Comprehensive income	—	(1,297,198)	(29,535,389)	11,253	—	(30,821,334)	90,525,991	59,704,657	503,980	60,208,637
Dividends	—	—	—	—	—	—	(69,572,910)	(69,572,910)	—	(69,572,910)
Total changes in equity	—	(1,297,198)	(29,535,389)	11,253	—	(30,821,334)	20,953,081	(9,868,253)	503,980	(9,364,273)
Ending balance as of 12/31/2016	270,737,574	(168,744,355)	(2,448,175)	(1,785,032)	427,137,058	254,159,496	295,708,512	820,605,582	21,564,445	842,170,027

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

	Other reserves									
	Actuarial gains or losses in					Total other reserves	Retained earnings	Controlling Equity	Non-Controlling interests	Total Equity
	Issued capital	Reserves for exchange rate differences	Cash flow hedge reserve	employee benefits	Other reserves					
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance as of 01/01/2015	270,737,574	(53,285,698)	6,125,615	(1,237,993)	427,137,058	378,738,982	247,817,939	897,294,495	21,703,238	918,997,733
Changes in Equity										
Comprehensive Income										
- 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)
- Total Comprehensive income	—	(114,161,459)	20,961,599	(558,292)	—	(93,758,152)	87,863,484	(5.894.668)	(249,467)	(6.144.135)
Dividends	—	—	—	—	—	—	(60,925,992)	(60,925,992)	(393,306)	(61,319,298)
Total changes in equity	—	(114,161,459)	20,961,599	(558,292)	—	(93,758,152)	26,937,492	(66,820,660)	(642,773)	(67,463,433)
Ending balance as of 12/31/2015	270,737,574	(167,447,157)	27,087,214	(1,796,285)	427,137,058	284,980,830	274,755,431	830,473,835	21,060,465	851,534,300

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES
Consolidated Statements of Direct Cash Flows
for the periods between January 1 and December 31, 2017, 2016 and 2015

Cash flows provided by (used in) Operating Activities	NOTE	01.01.2017 12.31.2017 ThCh\$	01.01.2016 12.31.2016 ThCh\$	01.01.2015 12.31.2015 ThCh\$
<i>Cash flows provided by Operating Activities</i>				
Receipts from the sale of goods and the rendering of services (including taxes)		2,388,420,701	2,415,467,366	2,406,656,125
<i>Payments for Operating Activities</i>				
Payments to suppliers for goods and services (including taxes)		(1,495,009,304)	(1,624,748,620)	(1,569,343,254)
Payments to and on behalf of employees		(221,146,637)	(210,545,781)	(213,532,202)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(333,155,023)	(280,846,689)	(275,697,786)
Dividend received		1,540,090	745,805	1,250,000
Interest payments		(53,103,434)	(49,931,807)	(57,963,479)
Interest received		8,240,023	8,610,102	7,463,013
Income tax payments		(40,654,077)	(25,721,727)	(26,322,106)
Other cash movements (tax on bank debits Argentina and others)		(7,171,991)	(9,582,089)	(7,601,081)
Net cash flows provided by (used in) Operating Activities		247,960,348	223,446,560	264,909,230
<i>Cash flows provided by (used in) Investing Activities</i>				
Investment in associates	13.2	(15,570,161)	(17,586,575)	(915,069)
Proceeds from sale of Property, plant and equipment		99,421	70,431	1,969,878
Purchase of Property, plant and equipment		(168,857,680)	(128,217,485)	(112,399,528)
Purchase of intangible		(11,923,449)	—	—
Proceeds from other long-term assets (term deposits over 90 days)		81,258,426	109,824,298	106,609,849
Purchase of other long-term assets (term deposits over 90 days)		(41,059,494)	(77,789,768)	(95,008,674)
Payments on forward, term, option and financial exchange agreements		1,374,638	(217,218)	(3,387,526)
Other payments on acquisition of financial instruments	5.b.2	(14,153,111)	—	—
Net cash flows provided by (used in) Investing Activities		(168,831,410)	(113,916,317)	(103,131,070)
<i>Cash Flows generated from (used in) Financing Activities</i>				
Proceeds from short-term loans obtained		71,801,741	22,188,721	89,423,068
Loan payments		(70,433,452)	(47,288,156)	(130,503,764)
Financial lease liability payments		(4,745,884)	(5,533,160)	(3,160,000)
Dividend payments by the reporting entity		(74,968,175)	(67,591,930)	(54,319,681)
Net cash flows provided by (used in) generated by Financing Activities		(78,345,770)	(98,224,525)	(98,560,377)
Net increase in cash and cash equivalents before exchange differences				
		783,168	11,305,718	63,217,783
Effects of exchange differences on cash and cash equivalents		(5,804,932)	797,223	(13,571,278)
Net decrease in cash and cash equivalents		(5,021,764)	12,102,941	49,646,505
Cash and cash equivalents — beginning of year	4	141,263,880	129,160,939	79,514,434
Cash and cash equivalents - end of year	4	136,242,116	141,263,880	129,160,939

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

NOTE 1 - CORPORATE INFORMATION

Embotelladora Andina S.A. is registered under No. 00124 of the Securities Registry and is regulated by Chile’s Financial Market Commission (previously the Superintendence of Securities and Insurance 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. 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 its territories: Chile, Brazil, Argentina and Paraguay. Licenses for the territories in Chile expire in 2018 and 2019. In Argentina in 2022; in Brazil in the renewal process and in Paraguay they expire in 2020. The Coca-Cola Company chooses to grant all these licenses, and they are expected to be renewed under similar conditions on the date of expiration.

As of December 31, 2017, 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 Statement of Financial Position: As of December 31, 2017, and December 31, 2016.

Consolidated Income Statements by Function and Comprehensive Income: For the periods between January 1 and December 31, 2017, 2016 and 2015.

Consolidated Statements of Direct Cash Flows: For the periods between January 1 and December 31, 2017, 2016 and 2015.

Consolidated Statements of Changes in Equity: Balance and movements between January 1 and December 31, 2017, 2016 and 2015.

2.2 Basis of preparation

The Company’s Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) issued by the International Accounting Standards Board (hereinafter “IASB”).

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 2017 local statutory consolidated financial statements in spanish were approved by the Company’s Board of Directors on February 27, 2018, 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, 2017 and 2016 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 19, 2018 meeting.

Included in this 2017 consolidated financial statements are consolidated statement of financial position as of December 31, 2017 and 2016, 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, 2017, 2016 and 2015. 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. 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, 2018, with subsequent events considered through this later date.

These Consolidated Financial Statements have been prepared, based on accounting records kept by the Embotelladora Andina S.A. (“Parent Company”) and by other entities forming part thereof.

2.3 Basis of consolidation

2.3.1 Subsidiaries

These consolidated financial statements 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, 2017 and 2016, and results of operations for the periods between January 1 and December 31, 2017, 2016 and 2015, and cash flows for the periods between January 1 and December 31, 2017, 2016 and 2015. Income or losses from subsidiaries acquired or sold are included in the consolidated financial statements from the effective date of acquisition through 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 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 the consolidated statement of changes in equity and the consolidated statement of income by function under “Non-Controlling Interest” and “Earnings attributable to non-controlling interests”, respectively.

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)					
		12-31-2017			12-31-2016		
		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	Río 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
78.861.790-9	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.

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
- Argentinean 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 and value of the UF 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
12.31.2017	614.75	185.84	32.96	26,798.14	0.110	739.15
12.31.2016	669.47	205.42	42.13	26,347.98	0.116	705.60
12.31.2015	710.16	181.87	54.46	25,629.09	0.1217	774.61

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:

- (i) Assets and liabilities for the statement of financial position are translated at the closing exchange rate as of the reporting date;
- (ii) Revenue 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\$Argentinean Peso
Andina Empaques Argentina S.A.	A\$Argentinean Peso
Paraguay Refrescos S.A.	G\$Paraguayan Guarani

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 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 the valuation of liabilities at fair value 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
Furniture and supplies	4-5
Motor vehicles	5-7
Other Property, plant and equipment	3-8
Bottles and containers	2-8

The residual value and useful lives of assets are reviewed and adjusted at the end of each financial statement-reporting period, if appropriate.

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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 other expenses by function.

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. Since goodwill is an intangible asset with indefinite useful life, it is recognized separately and tested annually for 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/or distribute products under the Coca-Cola brand and other brands in certain territories in Argentina, Brazil, Chile and Paraguay that were acquired during Business Combination. Distribution rights are born from the process of valuation at fair value of the assets and liabilities of companies acquired in business combinations. 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 the close of each period, the Company assesses if there is evidence of impairment for any asset or group of financial assets. As of December 31, 2017 and 2016, there are no signs impairment in any of the Company’s 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 selling it in the short term. Assets in this category are classified in 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 fiscal year in which they are generated.

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 and its subsidiaries 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 consolidated administrative expenses.

2.9.3 Financial assets held to maturity

Other financial assets correspond 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.

2.10 Derivatives financial instruments and hedging activities

The Company and its subsidiaries use derivative financial instruments to mitigate risks relating to changes in foreign currency and exchange rates associated with raw materials, 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

At the inception of the transaction, the group documents 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 is recorded under “other current financial assets” or “other current financial liabilities” in the statement of financial position.”

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. As of December 31, 2017, 2016 and 2015, the Company had no implicit derivatives.

Fair value hierarchy

The Company records assets and liabilities as of December 31, 2017 and December 31, 2016, 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 reporting periods 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. Spare parts and supplies are stated at the lower of cost or net realizable value.

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 and other accounts receivable 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 by function.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank balances, time deposits and other short-term highly liquid and low risk of change in value investments and mutual funds with original short-term maturities of less than 90 day.

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.

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 near future.

2.17 Employee benefits

The Company has a provision to cover indemnities for years of service that 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 in accordance with IAS 19.

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 current non-financial liabilities.

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 that are capitalized at the inception of the lease of the item of Property, plant and equipment 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 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 number 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 (TCCC) mainly related to the financing of advertising and promotional programs for its products in the territories where the Company has distribution licenses. The contribution received from TCCC are recognized in the income statement after the conditions agreed with TCCC in order to become a creditor to such incentive have been fulfilled, they are recorded as a reduction in the marketing expenses included in the Administration Expenses account. Given its discretionary nature, the portion of contributions received in one period does not imply it will be repeated in the following period.

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.

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 a 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 of the Brazilian, Argentinian and Paraguayan subsidiaries.

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 price that would be received for selling an asset or paid to transfer a liability in a transaction ordered between market participants at the date of measurement.

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 that do not come from these, but from other assets. The Company also applies estimations over the 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 based on 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.

2.25.1 New accounting standards (Standards, Interpretations and Amendments) effective application for annual periods beginning on or after January 1, 2017.

Standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued, effective at the date of these financial statements, are detailed below. The Company has applied these rules concluding that they will not significantly affect the financial statements.

	Amendments and/or Improvements	Mandatory Application Date
IFRS 12	Disclosures of Interests in Other Entities	January 1, 2017
IAS 7	Statements of Cash Flows	January 1, 2017
IAS 12	Income Tax	January 1, 2017

2.25.2 New accounting standards (Standards, Interpretations and Amendments) effective application for annual periods beginning on or after January 1, 2018.

Standards and interpretations, as well as the improvements and amendments to IFRS, which have been issued, but are still not effective at the date of these financial statements, are detailed below. The Company has not performed an early application of these rules:

	New Standards	Mandatory application date
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advanced Considerations	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

IFRS 9 “Financial Instruments”

The final version of IFRS 9 *Financial Instruments* was issued in July 2014, incorporating all the phases of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. This standard includes new requirements based on classification and measurement principles, it introduces a “more prospective” model for expected credit losses for impairment accounting and a significantly reformed focus for hedge accounting. Entities will also have the option of early application of accounting for income and losses for changes in fair value regarding “own credit risk” for financial liabilities set at fair value with changes in profit and loss, without applying other IFRS 9 requirements. It is mandatorily effective for periods beginning on or after 1 January 2018.

The adoption of the aforementioned standards, amendments and interpretations do not have a significant impact on the Company’s consolidated financial statements.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 *Revenue from Contracts with Customers*, issued in May 2014 is a new standard applicable to all contracts with customers, except leases, financial instruments and insurance contracts. It is a joint project with the FASB to eliminate differences upon recognizing revenue between IFRS and US GAAP. This new standard pretends to improve inconsistencies and weaknesses of IAS 18 and deliver a model that will facilitate comparability of companies in different industries and regions. It grants a new model for recognizing revenue and more detailed requirements for contracts with multiple elements. It also requires more detailed disclosure. It is mandatorily effective for periods beginning on or after January 1, 2018.

The standard also presents a single comprehensive model for accounting of revenue from customer contracts and replaces the most recent revenue recognition guide, including industry-specific guidance. This comprehensive model introduces a five-step approach to recognizing revenue: 1) identification of the contract; 2) Identify performance obligations in the contract; 3) Determine the price of the transaction; 4) Assign the price of the transaction to each performance obligation in the contract; 5) Recognize revenue when the entity satisfies the performance obligation. Additionally, an entity must disclose sufficient information to allow users of the financial statements to understand the nature, amount, measure of time and uncertainty of revenue and cash flows derived from contracts with customers.

With regards to the reporting segment of Embotelladora Andina, revenue channels are mainly related to the sale of finished product and the delivery of promotional products, which are currently being recognized in the statement of income when the Company transfers these products to the customers. These revenue channels are supported by contracts with different retailers through traditional and modern channels, in which prices with such customers are constantly negotiated due to the high turnover of the Company’s products and in order to remain competitive in the market.

The Company has completed the assessment process of the possible impacts that the adoption of IFRS 15 represents for the consolidated financial statements. As part of the process, management has concluded they have no significant impact on the Company’s consolidated financial statements. The company will use the modified retrospective transition method.

The Company analyzing the presentation of certain municipal and sales taxes in the Argentinean Operation, which today are presented deducting Revenues. The gross tax amount of the Argentinean Operation amounts to ThCh\$15,927,999 and represents 0.87% of Consolidated Revenues. Regarding the recognition and valuation of this tax, we have concluded that there is no impact on the Consolidated Financial Statements.

IFRIC Interpretation 22 “Foreign Currency Transactions and Advanced Considerations”

The Interpretation addresses the way to determine the date of the transaction in order to establish the exchange rate to be used on the initial recognition of the related asset, expense or income (or the corresponding part of these) in the de-recognition of accounts of a non-monetary asset or liability arising from the payment or collection of advanced consideration in foreign currency, for this purpose the date of the transaction corresponds to the moment in which an entity initially recognizes the non-monetary asset or liability arising from the payment or collection of the advanced consideration. If there are multiple advanced payments or collections, the entity shall determine a transaction date for each advanced consideration payment or collection.

This Interpretation will be applied for annual periods beginning January 1, 2018. An entity shall disclose the application of this Interpretation to previous periods.

The adoption of the aforementioned standards, amendments and interpretations do not have a significant impact on the Company’s consolidated financial statements.

IFRS 16 “Leases”

In January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16 sets the definition of a lease agreement and specifies the accounting treatment of assets and liabilities arising from these contracts from the point of view of the lessor and lessee. The new standard does not differ significantly from the preceding standard, IAS 17 *Leases*, regarding accounting treatment from the point of view of the lessor. However, from the point of view of the lessee, the new standard requires the recognition of assets and liabilities for the majority of leasing contracts. IFRS 16 will be mandatory for annual periods beginning after January 1, 2019. Early application is permitted if adopted together with IFRS 15 *Revenue from Contracts with Customers*.

The adoption of the aforementioned standards, amendments and interpretations do not have a significant impact on the Company’s consolidated financial statements.

IFRIC 23 “Uncertainty over Income Tax Treatments”

In June 2017, the IASB issued IFRIC Interpretation 23, clarifying the application of recognition and measurement criteria required by IAS 12 *Income Taxes* when there is uncertainty about the tax treatments. This interpretation shall be applied for annual periods beginning after January 1, 2019.

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The adoption of the aforementioned standards, amendments and interpretations do not have a significant impact on the Company’s consolidated financial statements.

	Amendments and Improvements	Mandatory application date
IAS 28	Investments in Associates and Joint Ventures	January 1, 2018
IFRS 3	Business Combinations	January 1, 2019
IFRS 9	Financial Instruments	January 1, 2019
IFRS 11	Joint Arrangements	January 1, 2019
IAS 12	Income Taxes	January 1, 2019
IAS 23	Borrowing Costs	January 1, 2019
IAS 28	Investments in Associates	January 1, 2019
IFRS 10	Consolidated Financial Statements	To be define

IAS 28 “Investments in associates and joint ventures”

The amendment clarifies that an entity that is a venture capital organization, or another qualifying entity, can choose in the initial recognition to assess its investments in associates and joint ventures at fair value with changes in results. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, it may choose to keep the measurement at fair value applied by its associate. The modifications must be applied retrospectively, and are effective beginning January 1, 2018, allowing early application.

The adoption of the aforementioned standards, amendments and interpretations do not have a significant impact on the Company’s consolidated financial statements.

IFRS 3 “Business Combinations”

The amendments clarify that when an entity gets control of an entity that is a joint venture, the requirements for a phased business combination are applicable, including the interests previously held on the assets and liabilities of a joint venture presented at fair value. The amendments must apply to business combinations made after January 1, 2019. Early application is allowed.

The entity will assess the impact of the amendment once it becomes effective.

IFRS 9 “Financial Instruments — Payments with negative compensation”

A debt instrument can be measured at amortized cost, cost or at fair value through another comprehensive result, provided that the contractual cash flows are only principal and interest payments on the outstanding principal capital and the instrument is carried out within the business model for that classification. Amendments to IFRS 9 aim to clarify that a financial asset meets the criterion of only principal plus interest payments regardless of the event or circumstance that causes the anticipated termination of the contract or of which party pays or receives reasonable compensation for early termination of the contract.

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Amendments to IFRS 9 shall apply when prepayment is approximate to unpaid capital and interest amounts in such a way as to reflect the change in reference interest rate. This implies that prepayments at fair value or for an amount including the fair value of the cost of an associated hedging instrument will normally satisfy the criterion only principal payments plus interest only if other elements of the change in fair value, such as the effects of credit risk or liquidity are not representative. Application begins January 1, 2019 and will be retrospectively performed with early adoption allowed.

The Company will assess the impact of the amendment once it becomes effective.

IFRS 11 “Joint Arrangements”

The amendment affects joint arrangements on interests previously held in a joint operation. A participating party, but that does not have the joint control of a joint operation could gain control if the joint operation activity constitutes a business as defined by IFRS 3. The amendments clarify that the interests previously maintained in that joint operation are not re-measured at the time of the operation. The amendments shall apply to transactions in which the joint control is acquired after January 1, 2019. Early application is allowed.

The Company will assess the impact of the amendment once it becomes effective.

IAS 12 “Income Taxes”

The amendments clarify that the income tax on dividends generated by financial instruments classified as equity are more directly linked to past transactions or events that generated distribution of profits than distribution to the owners. Therefore, an entity recognizes income tax on dividends in results, other comprehensive income or equity, according to where the entity originally recognized those transactions or past events. The amendments shall apply to dividends recognized after January 1, 2019.

The Company will assess the impact of the amendment once it becomes effective.

IAS 23 “Borrowing Costs”

The amendments clarify that an entity treats any indebtedness originally made to develop a qualified asset as a general loan when substantially all the activities necessary to culminate that asset for use or sale are complete. Amendments should be applied beginning January 1, 2019.

The Company will assess the impact of the amendment once it becomes effective.

IAS 28 Investments in Associates

The amendments clarify that an entity applies IFRS 9 Financial Instruments for long-term investments in associates or joint ventures for those investments that do not apply the equity method but which, in substance, is part of the net investment in the associate or joint venture. This clarification is relevant because it implies that the expected credit loss model, described in IFRS 9, applies to these long-term interests. Entities should apply the amendments retrospectively, with certain exceptions, and shall become effective beginning January 1, 2019. Early application is allowed.

The Company will assess the impact of the amendment once it becomes effective.

IAS 28 “Investment in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements”

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address a recognized inconsistency between the requirements of IFRS 10 and IAS 28 (2011) in the accounting of the sale or contribution of goods between an investor and its associate or joint venture. The amendments, issued in September 2014, stipulate that when the transaction involves a business (whether in a subsidiary or not), all of the generated gain or loss is recognized. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The mandatory date of application of these changes is to be determined because IASB plans a thorough investigation that may result in a simplified accounting of associates and joint ventures. Early adoption is permitted.

The Company will assess the impact of the amendment once it becomes effective.

IFRS 10 “Consolidated Financial Statements”

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) address a recognized inconsistency between the requirements of 10 IFRS and IAS 28 (2011) in the treatment of the contribution or sale of goods between an investor and the associate or joint venture. Amendments, issued in September of 2014, established that when the transaction involves a business (both in a subsidiary or not) it recognizes all profit or loss generated. A partial gain or loss is recognized when the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The date of mandatory application of these modifications is to be determined since IASB plans an in-depth investigation that may result in a simplification of accounting of associates and joint ventures. Immediate adoption is permitted.

The Company will assess the impact of the amendment once it becomes effective.

NOTE 3 — 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 strategic decision-maker. The chief operating decision-maker has been identified as the Company’s Board of Directors who makes the Company’s strategic decisions.

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The following operating segments have been determined for strategic decision making based on geographic location:

- Operation in Chile
- Operation in Brazil
- Operation in Argentina
- Operation in Paraguay

The four operating segments conduct their businesses through the production and sale of soft drinks and other beverages, as well as packaging materials.

Expenses and income related to corporate management, have been assigned to the Chilean soft drinks segment, since Chile is the country that manages and pays corporate expenses, which would also be substantially incurred, independent to 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, 2017	Chile Operation	Argentina Operation	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Softdrinks	391,629,010	444,872,352	387,545,053	113,314,824	(96,999)	1,337,264,240
Other beverages	160,244,448	99,712,939	216,352,694	27,962,406	—	504,272,487
Packaging	—	9,202,768	—	—	(1,860,876)	7,341,892
Net sales	551,873,458	553,788,059	603,897,747	141,277,230	(1,957,875)	1,848,878,619
Cost of sales	(328,579,003)	(294,370,581)	(362,686,353)	(85,346,902)	1,957,875	(1,069,024,964)
Distribution expenses	(54,777,094)	(87,032,428)	(43,483,958)	(7,634,395)	—	(192,927,875)
Administrative expenses	(110,969,260)	(106,504,163)	(109,095,660)	(21,630,238)	—	(348,199,321)
Finance income	19,057,630	2,116,590	6,575,528	257,906	(16,813,279)	11,194,375
Finance expense	(32,594,796)	(4,663,527)	(34,767,713)	(7,612)	16,813,279	(55,220,369)
Interest expense, net.	(13,537,166)	(2,546,937)	(28,192,185)	250,294	—	(44,025,994)
Share of the entity in income of associates	246,084	(243)	(326,201)	—	—	(80,360)
Income tax expense	(16,871,257)	(17,683,875)	(13,719,506)	(3,522,996)	—	(51,797,634)
Other income (loss)	(11,312,509)	(10,441,173)	(1,855,039)	(213,025)	—	(23,821,746)
Net income of the segment reported	16,073,253	35,208,659	44,538,845	23,179,968	—	119,000,725
Depreciation and amortization	42,688,326	17,648,018	27,879,514	10,948,033	—	99,163,891
Current assets	223,245,173	97,529,488	132,815,545	30,419,844	—	484,010,050
Non-current assets	636,482,010	96,532,150	663,556,969	234,278,288	—	1,630,849,417
Segment assets, total	859,727,183	194,061,638	796,372,514	264,698,132	—	2,114,859,467
Carrying amount in associates and joint ventures accounted for using the equity method, total	33,789,538	—	53,019,531	—	—	86,809,069
Capital expenditures and other	64,480,973	40,347,989	91,198,657	14,476,783	—	210,504,402
Current liabilities	169,508,083	105,886,744	135,595,155	17,297,339	—	428,287,321
Non-current liabilities	463,997,113	1,368,167	393,125,740	14,847,776	—	873,338,796
Segment liabilities, total	633,505,196	107,254,911	528,720,895	32,145,115	—	1,301,626,117
Cash flows provided by in Operating Activities	79,451,122	38,904,028	98,783,329	30,821,869	—	247,960,348
Cash flows (used in) provided by Investing Activities	(49,677,671)	(40,344,994)	(64,331,960)	(14,476,785)	—	(168,831,410)
Cash flows (used in) provided by Financing Activities	(91,800,089)	16,891,759	(3,437,442)	—	—	(78,345,770)

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For the period ended December 31, 2016	Chile Operation ThCh\$	Argentina Operation ThCh\$	Brazil Operation ThCh\$	Paraguay Operation ThCh\$	Intercompany Eliminations ThCh\$	Consolidated total ThCh\$
Softdrinks	391,479,133	424,427,824	389,048,385	106,953,951	(334,784)	1,311,574,509
Other beverages	148,948,285	83,518,724	201,097,188	25,051,552	—	458,615,749
Packaging	—	9,112,468	—	—	(1,843,406)	7,269,062
Net sales	540,427,418	517,059,016	590,145,573	132,005,503	(2,178,190)	1,777,459,320
Cost of sales	(319,213,825)	(279,308,400)	(359,156,149)	(78,409,843)	2,178,190	(1,033,910,027)
Distribution expenses	(52,540,986)	(80,066,734)	(44,107,337)	(6,961,838)	—	(183,676,895)
Administrative expenses	(117,615,991)	(97,788,860)	(109,345,331)	(21,452,613)	—	(346,202,795)
Finance income	2,426,279	1,095,411	5,800,712	339,290	—	9,661,692
Finance expense	(16,262,215)	(587,216)	(34,504,760)	(20,780)	—	(51,374,971)
Interest expense, net*	(13,835,936)	508,195	(28,704,048)	318,510	—	(41,713,279)
Share of the entity in income of associates	717,947	—	(980,529)	—	—	(262,582)
Income tax expense	(19,763,700)	(17,427,278)	(8,911,762)	(2,704,353)	—	(48,807,093)
Other income (loss)	(13,481,333)	(8,284,072)	(9,322,611)	250,478	—	(30,837,538)
Net income of the segment reported	4,693,594	34,691,867	29,617,806	23,045,844	—	92,049,111
Depreciation and amortization	43,619,318	16,445,143	25,666,094	11,603,897	—	97,334,452
Current assets	251,357,854	115,280,140	150,820,924	35,283,479	—	552,742,397
Non-current assets	644,817,201	98,810,807	659,123,444	243,615,898	—	1,646,367,350
Segment assets, total	896,175,055	214,090,947	809,944,368	278,899,377	—	2,199,109,747
Carrying amount in associates and joint ventures accounted for using the equity method, total	23,854,602	—	53,343,179	—	—	77,197,781
Capital expenditures and other	47,755,389	37,029,524	51,779,625	9,239,522	—	145,804,060
Current liabilities	137,438,744	134,624,014	130,279,607	17,192,489	—	419,534,854
Non-current liabilities	509,625,208	(1,981,066)	413,749,384	16,011,340	—	937,404,866
Segment liabilities, total	647,063,952	132,642,948	544,028,991	33,203,829	—	1,356,939,720
Cash flows provided by Operating Activities	71,077,982	54,162,992	67,963,682	30,241,904	—	223,446,560
Cash flows (used in) provided by Investing Activities	(15,781,118)	(37,017,204)	(51,873,047)	(9,244,948)	—	(113,916,317)
Cash flows (used in) provided by Financing Activities	(23,591,062)	(17,777,191)	(36,806,173)	(20,050,099)	—	(98,224,525)

(*) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.

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For the period ended December 31, 2015	Chile Operation ThCh\$	Argentina Operation ThCh\$	Brazil Operation ThCh\$	Paraguay Operation ThCh\$	Intercompany Eliminations ThCh\$	Consolidated Total 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) provided by Investing Activities	(40,431,754)	(28,732,653)	(29,150,493)	(4,816,170)	—	(103,131,070)
Cash flows (used in) provided by Financing Activities	(50,804,304)	(15,529,951)	(31,576,973)	(649,149)	—	(98,560,377)

NOTE 4 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

Description	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
By item		
Cash	139,835	361,797
Bank balances	29,234,531	27,536,924
Time deposits	10,616,688	1,879
Mutual funds	96,251,062	113,363,280
Total cash and cash equivalents	136,242,116	141,263,880
	ThCh\$	ThCh\$
By currency		
Dollar	6,973,298	53,073,628
Euro	17,245	4,926
Argentine Peso	19,681,449	5,105,633
Chilean Peso	80,985,719	48,891,546
Paraguayan Guaraní	6,804,997	8,115,946
Brazilian Real	21,779,408	26,072,201
Total cash and cash equivalents	136,242,116	141,263,880

4.1 Time deposits

Time deposits defined as cash and cash equivalents are detailed as follows:

Placement	Institution	Currency	Principal	Annual rate	12.31.2017
			ThCh\$	%	ThCh\$
12/29/2017	Banco Santander	Chilean pesos	7,500,000	2.52%	7,516,275
12/29/2017	Banco Santander	Chilean pesos	2,700,000	2.40%	2,700,360
12/29/2017	Banco Santander	Chilean pesos	400,000	2.40%	400,053
Total					10,616,688

Placement	Institution	Currency	Principal ThCh\$	Annual rate %	12.31.2016 ThCh\$
12/7/2016	Banco Galicia	Argentinean pesos	1,853	17.00%	1,879
Total					1,879

4.2 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	12.31.2017 ThCh\$	12.31.2016 ThCh\$
Mutual fund Itaú - Chile	—	1,500,306
Mutual fund Banco Estado - Chile	9,002,000	14,375,037
Fima fund Saving Plus C - Argentina	8,275,073	—
Mutual fund Itaú - Brazil	4,922,923	9,097,387
Mutual fund Santander - Brazil	4,748,368	6,287,332
Mutual fund Bradesco - Brazil	5,046,882	6,299,734
Mutual fund Corporativo Banchile - Chile	17,645,940	6,305,390
Mutual fund Banco Security - Chile	14,242,343	5,214,179
Mutual fund Banco Bice - Chile	—	4,616,379
Fima fund Saving Pesos C - Argentina	8,308,664	—
Mutual fund Banco Santander - Chile	—	8,242,619
Wester Asset Institutional Cash Reserves - USA	3,740,526	46,207,447
Mutual fund Larrain Vial - Chile	6,349,486	—
Mutual fund BTG - Chile	5,823,608	—
Fima fund Primium B - Argentina	1,495,556	3,717,158
Mutual fund Scotiabank - Chile	5,878,523	1,500,312
Citi Institutional Liquid Reserves Limited. (C.GAM)	771,170	—
Total mutual funds	96,251,062	113,363,280

NOTE 5 — OTHER CURRENT AND NON-CURRENT FINANCIAL ASSETS

Below are the financial instruments held by the Company 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 2017**

a.1 Time deposits

<u>Placement</u>	<u>Maturity</u>	<u>Institution</u>	<u>Currency</u>	<u>Principal</u> ThCh\$	<u>Annual rat</u> %	<u>12.31.2017</u> ThCh\$
08-09-2017	02-12-2018	Banco Santander - Chile	Unidad de fomento	7,000,000	1.04%	7,082,167
09-25-2017	02-26-2018	BCI	Unidad de fomento	1,500,000	1.36%	1,516,454
09-25-2017	05-28-2018	Banco Santander - Chile	Unidad de fomento	5,000,000	0.94%	5,049,376
06-13-2017	03-15-2018	Vatorantim	Brazilian reais	20,013	8.82%	21,145
Subtotal						<u>13,669,142</u>

a.2 Rights in Forward Contracts

Rights in Forward Contracts — Forward (see details in Note 20)	469,019
Subtotal	<u>469,019</u>
Total other Financial Assets, current	<u>14,138,161</u>

b) **Non-current 2017**

b.1 Rights in forward contracts

	<u>12.31.2017</u> ThCh\$
Rights in forward contracts (see note 20)	61,898,833
Sub total	<u>61,898,833</u>

b.2 Rights in other companies

	12.31.2017
	ThCh\$
Rights in Ades (*) manufacturing companies	14,153,111
Increase (decrease) in foreign currency exchange	(1,792,859)
Subtotal	12,360,252
Total Other Financial Assets, non-current	74,259,085

(*) On December 27, 2016, Coca-Cola Andina confirmed to The Coca-Cola Company its decision to participate in the “AdeS” business and commercialize said products in all its franchise territories, As a result, the operation materialized on March 28, 2017, and pursuant to the agreements, implied a disbursement of US\$39 million, ThCh\$14,153,111 were allocated to the purchase of rights in the manufacturing company “AdeS” and ThCh\$11,923,449 were allocated to distribution rights of the “AdeS” products. The rights in the acquired companies are distributed as follows:

- Purchase of 13.0% interest in the Argentine company Alimentos de Soya S.A. for ThCh\$9,661,283.
- Purchase of 8.5% interest in the Brazilian company UBI 3 Participações Ltda. for ThCh\$4,491,828.

a) Current portion 2016

a.1 Time deposits

Placement	Maturity	Institution	Currency	Principal ThCh\$	Annual rate %	12.31.2016 ThCh\$
01-15-2016	01-04-2017	Banco HSBC - Chile	Unidad de fomento	5,000,000	1.35%	5,207,907
02-25-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	6,000,000	1.09%	6,209,086
04-22-2016	02-13-2017	Banco HSBC - Chile	Unidad de fomento	5,000,000	1.25%	5,135,282
06-24-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	5,000,000	1.11%	5,088,450
08-31-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	7,000,000	1.50%	7,072,864
08-31-2016	01-09-2017	Banco HSBC - Chile	Unidad de fomento	3,000,000	1.24%	3,028,570
10-19-2016	02-24-2017	Banco HSBC - Chile	Unidad de fomento	2,000,000	2.30%	2,017,503
11-09-2016	02-13-2017	Banco HSBC - Chile	Unidad de fomento	5,000,000	3.48%	5,038,755
11-24-2016	05-08-2017	Banco HSBC - Chile	Unidad de fomento	10,000,000	2.85%	10,046,439
11-24-2016	05-08-2017	Banco HSBC - Chile	Unidad de fomento	5,000,000	2.85%	5,023,219
03-15-2016	03-15-2017	Banco Votoratim - Brazil	Brazilian reais	19,926	8.82%	21,632
Subtotal						53,889,707

a.2 Rights in Forward Contracts

Rights in Forward Contracts (see details in Note 20)	4,678,343
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a.3 Funds in Guaranty

Funds in guaranty for Rofex derivative operations — Argentina (1)	1,584,577
Total other Financial Assets, current	60,152,627

(1) Corresponds to funds that must be restricted in accordance with the partial results of derivative operations in Argentina.

b) Non-current portion 2016

	12.31.2016
	ThCh\$
Derivative futures contracts	
Derivative futures contracts (see note 20)	80,180,880
Total other non-current financial assets	80,180,880

NOTE 6 — CURRENT AND NON-CURRENT NON-FINANCIAL ASSETS

Note 6.1 Other current, non-financial assets

	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Description		
Prepaid expenses	4,839,465	5,689,560
Tax credit remainder	169,120	—
Guarantee deposit (Argentina)	6,608	11,226
Disbursements of property, plant & equipment on behalf of Coca-Cola del Valle New Ventures S.A. (1)	—	1,991,167
Other current assets	596,668	909,256
Total	5,611,861	8,601,209

Note 6.2 Other non-current, non-financial assets

	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Description		
Judicial deposits (see note 21.2)	18,393,546	19,112,974
Prepaid expenses	1,113,154	1,613,989
Fiscal credits	2,287,051	2,975,706
Advance payment to suppliers of property, plant & equipment (2)	24,269,901	11,173,966
Others	1,330,693	370,188
Total	47,394,345	35,246,823

- (1) Corresponds to disbursements of property, plant & equipment performed by subsidiaries of the Andina Group in property, plant & equipment that subsequently will be transferred to the equity investee Coca-Cola del Valle New Ventures S.A.
- (2) Corresponds to advance payments made for the construction of the new “Duque de Caxias” bottling plant in Brazil.

NOTE 7 — TRADE AND OTHER RECEIVABLES

The composition of trade and other receivables is detailed as follows:

Trade and other receivables	12.31.2017			12.31.2016		
	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\$
Current commercial debtors						
Trade debtors	157,926,958	(3,521,734)	154,405,224	155,792,966	(3,090,160)	152,702,806
Other current debtors	31,015,390	(2,825,453)	28,189,937	30,923,474	(2,827,678)	28,095,796
Current commercial debtors						
	188,942,348	(6,347,187)	182,595,161	186,716,440	(5,917,838)	180,798,602
Prepayments suppliers	8,057,544	—	8,057,544	8,776,211	—	8,776,211
Other current accounts receivable	778,901	(146,926)	631,975	1,728,859	(779,318)	949,541
Commercial debtors and other current accounts receivable						
	197,778,793	(6,494,113)	191,284,680	197,221,510	(6,697,156)	190,524,354
Non-current accounts receivable						
Trade debtors	58,336	—	58,336	83,881	—	83,881
Other non-current debtors	2,335,322	—	2,335,322	3,443,851	—	3,443,851
Other non-current accounts receivable	2,193	—	2,193	—	—	—
Non-current accounts receivable						
	2,395,851	—	2,395,851	3,527,732	—	3,527,732
Trade and other receivable						
	200,174,644	(6,494,113)	193,680,531	200,749,242	(6,697,156)	194,052,086

Stratification of portfolio current and non-current debtors from credit operations

	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Up to date non-securitized portfolio until 30 days	151,275,377	148,694,299
31 and 60 days	908,980	1,463,935
61 and 90 days	1,050,476	567,318
91 and 120 days	331,740	909,985
121 and 150 days	709,400	410,944
151 and 180 days	62,834	155,596
181 and 210 days	82,863	245,947
211 and 250 days	538,081	107,679
More than 250 days	3,025,543	3,321,144
Total	157,985,294	155,876,847

The Company has an approximate number of 276,000 clients, which may have balances in the different sections of the stratification. The number of clients is distributed geographically with 65,400 in Chile, 89,200 in Brazil, 64,400 in Argentina and 57,000 in Paraguay.

	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Current commercial debtors	157,926,958	155,792,966
Non-current commercial debtors	58,336	83,881
Total	157,985,294	155,876,847

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The movement in the allowance for doubtful accounts is presented below:

	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Opening balance	6,697,156	5,265,225
Bad debt expense	2,004,958	4,381,803
Provision application	(1,708,602)	(2,650,520)
Change due to foreign exchange differences	(499,399)	(299,352)
Movement	(203,043)	1,431,931
Ending balance	6,494,113	6,697,156

NOTE 8 — INVENTORIES

The composition of inventories is detailed as follows:

Details	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Raw materials (1)	78,216,172	81,841,400
Finished goods	32,097,377	34,304,162
Spare parts and supplies	19,774,056	24,137,074
Work in progress	676,609	670,849
Other inventories	4,134,237	6,668,977
Obsolescence provision (2)	(3,535,451)	(2,913,114)
Total	131,363,000	144,709,348

The cost of inventory recognized as cost of sales as of December 31, 2017 and 2016, is ThCh\$1,069,024,964 and ThCh\$1,033,910,027, respectively

- (1) Approximately 80% is composed of concentrate and sweeteners used in the preparation of beverages, as well as caps and PET supplies used in the packaging of the product.
- (2) The obsolescence provision is related mainly with the obsolescence of spare parts classified as inventories and to a lesser extent to finished products and raw materials. The general standard is to provision all those multi-functional spare parts without utility in rotation in the last four years prior to the technical analysis technical to adjust the provision. In the case of raw materials and finished products, the obsolescence provision is determined according to maturity.

NOTE 9 — CURRENT AND DEFERRED INCOME TAXES

9.1 Tax Reform

On September 29, 2014, the Official Daily Newspaper published Law N°20,780 that 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 was ratified by the 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.

9.2 Current tax assets

Current tax assets correspond to the following items:

Description	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Monthly provisional payments	—	1,330,379
Tax credits (1)	—	371,917
Total	—	1,702,296

(1) Tax credits correspond to income tax credits on training expenses, purchase of Property, plant and equipment, and donations, and additionally income tax recoveries requested by Brazil.

9.3 Current tax liabilities

Current tax payable are detailed as follows:

Description	12.31.2017 ThCh\$	12.31.2016 ThCh\$
Income tax expense	3,184,965	10,828,593
Total	3,184,965	10,828,593

9.4 Income tax expense

The current and deferred income tax expenses are detailed as follows:

Item	12.31.2017 ThCh\$	12.31.2016 ThCh\$	12.31.2015 ThCh\$
Current income tax expense	40,183,261	35,902,002	33,322,550
Current tax adjustment previous period	137,455	534,392	(117,316)
Withholding tax expense foreign subsidiaries	6,730,031	7,645,218	7,027,661
Other current tax expense (income)	(5,733)	92,008	1,212,398
Current income tax expense	47,045,014	44,173,620	41,445,293
Income (expense) for the creation and reversal of current tax difference	4,752,620	4,633,473	197,269
Expense (income) for deferred taxes	4,752,620	4,633,473	197,269
Total income tax expense	51,797,634	48,807,093	41,642,562

9.5 Deferred income taxes

The net cumulative balances of temporary differences that give rise to deferred tax assets and liabilities are detailed as follows:

Temporary differences	12.31.2017		12.31.2016	
	Assets	Liabilities	Assets	Liabilities
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Property, plant and equipment	5,978,377	47,179,903	2,127,336	48,561,147
Obsolescence provision	2,215,341	200,979	1,541,553	—
Employee benefits	5,391,796	—	4,383,007	—
Post-employment benefits	61,155	1,020,522	49,900	1,010,779
Tax loss carried-forwards (1)	10,056,534	—	9,928,940	—
Tax Goodwill Brazil	23,195,957	—	31,926,760	—
Contingency provision	31,177,351	—	36,969,451	—
Foreign exchange differences (2)	7,631,498	—	—	2,124,435
Allowance for doubtful accounts	1,155,542	—	1,031,375	—
Coca-Cola incentives (Argentina)	451,790	—	2,408,651	—
Assets and liabilities for placement of bonds	—	1,297,000	—	669,856
Lease liabilities	1,083,010	—	1,767,944	—
Inventories	350,746	—	1,604,538	806,529
Distribution rights	—	163,850,599	—	168,511,436
Others	3,729,093	920,772	2,689,002	353,077
Subtotal	92,478,190	214,469,775	96,428,457	222,037,259
Total liabilities net	3,212,981	125,204,566	—	125,608,802
Total net movement fiscal year	—	121,991,585	—	125,608,802

(1) Tax losses mainly associated with the subsidiary Embotelladora Andina Chile S.A. 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 in the subsidiary Rio de Janeiro Refrescos Ltda. and which for tax purposes are recognized in Brazil when incurred.

9.6 Deferred tax liability movement

The movement in deferred income tax accounts is as follows:

Item	12.31.2017 ThCh\$	12.31.2016 ThCh\$	12.31.2015 ThCh\$
Opening Balance	125,608,802	130,201,701	126,126,147
Increase (decrease) in deferred tax	(3,417,011)	(6,409,481)	9,474,186
Increase (decrease) due to foreign currency translation	(200,206)	1,816,582	(5,398,632)
Movements	(3,617,217)	(4,592,899)	4,075,554
Ending balance	121,991,585	125,608,802	130,201,701

9.7 Distribution of domestic and foreign tax expense

The composition of domestic and foreign tax expense is detailed as follows:

Income tax	12.31.2017 ThCh\$	12.31.2016 ThCh\$	12.31.2015 ThCh\$
Current income taxes			
Foreign	(30,258,395)	(24,752,106)	(36,438,137)
Domestic	(16,786,619)	(19,421,514)	(5,007,156)
Current income tax expense	(47,045,014)	(44,173,620)	(41,445,293)
Deferred income taxes			
Foreign	(4,667,982)	(4,291,287)	9,745,398
Domestic	(84,638)	(342,186)	(9,942,667)
Deferred income tax expense	(4,752,620)	(4,633,473)	(197,269)
Income tax expense	(51,797,634)	(48,807,093)	(41,642,562)

9.8 Reconciliation of effective rate

Below is the reconciliation between the effective tax rate and the statutory rate:

Reconciliation of effective rate	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Net income before taxes	170,798,359	140,856,204	129,740,488
Tax expense at legal rate (25.5%)	(43,553,581)	—	—
Tax expense at legal rate (24.0%)	—	(33,805,489)	(29,191,610)
Effect of a different tax rate in other jurisdictions	(4,971,103)	(9,214,270)	(8,161,392)
Permanent differences:			
Non-taxable revenues	9,645,068	6,068,410	11,778,290
Non-deductible expenses	(4,020,729)	(419,761)	(5,557,758)
Effect of tax on excess tax provision previous periods	125,021	86,731	117,316
Effect of tax monetary restatement Chilean companies	(1,465,753)	(1,875,343)	(2,387,349)
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	(7,556,557)	(9,647,371)	(8,240,059)
Adjustments to tax expense	(3,272,950)	(5,787,334)	(4,289,560)
Tax expense at effective rate	(51,797,634)	(48,807,093)	(41,642,562)
Effective rate	30.6%	34.7%	32.1%

Below are the income tax rates applicable in each jurisdiction where the Company operates:

Country	Rate		
	2017	2016	2015
Chile	25.5%	24.0%	22.5%
Brazil	34.0%	34.0%	34.0%
Argentina	35.0%	35.0%	35.0%
Paraguay	10.0%	10.0%	10.0%

NOTE 10 — PROPERTY, PLANT AND EQUIPMENT

10.1 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	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Construction in progress	84,118,716	49,986,111	—	—	84,118,716	49,986,111
Land	96,990,155	91,961,876	—	—	96,990,155	91,961,876
Buildings	222,101,850	230,355,844	(59,716,002)	(57,282,683)	162,385,848	173,073,161
Plant and equipment	431,876,945	453,359,655	(276,043,865)	(262,957,030)	155,833,080	190,402,625
Information technology	20,697,750	19,683,777	(16,070,425)	(13,560,865)	4,627,325	6,122,912
Fixed facilities and accessories	32,990,387	32,616,284	(13,400,510)	(12,150,171)	19,589,877	20,466,113
Vehicles	52,587,886	44,629,827	(23,324,621)	(20,733,402)	29,263,265	23,896,425
Leasehold improvements	115,768	734,100	(108,355)	(543,577)	7,415	190,523
Other Property, plant and equipment (1)	395,823,718	397,539,405	(288,888,898)	(287,488,266)	106,934,818	110,051,139
Total	<u>1,337,303,175</u>	<u>1,320,866,879</u>	<u>(677,552,676)</u>	<u>(654,715,994)</u>	<u>659,750,499</u>	<u>666,150,885</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 is detailed as follows:

Other Property, plant and equipment	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Bottles	51,876,569	64,020,146
Marketing and promotional assets	42,798,282	38,834,104
Other Property, plant and equipment	12,259,967	7,196,889
Total	106,934,818	110,051,139

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, and Tierra del Fuego
- Brazil : Río de Janeiro, Niteroi, Campos, Cabo Frío, Nova Iguazú, Espirito Santo, Vitoria, part of São Paulo and Minas Gerais.
- Paraguay : Asunción, Coronel Oviedo, Ciudad del Este and Encarnación.

10.2 Movements

Movements in Property, plant and equipment are detailed as follows:

	Construction in progress	Land	Buildings, net	Plant and equipment, net	IT Equipment, net	Fixed facilities and accessories, net	Vehicles, net	Leasehold improvements, 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, 2017	49,986,111	91,961,876	173,073,161	190,402,625	6,122,912	20,466,113	23,896,425	190,523	110,051,139	666,150,885
Additions	89,392,003	4,955,929	1,674,734	4,992,508	945,827	(4,161)	1,512,162	13,529	44,451,636	147,934,167
Disposals	—	—	(300,079)	(700,973)	(1,062,530)	—	(173,190)	—	(790,242)	(3,027,014)
Transfers between items of Property, plant and equipment	(41,957,409)	—	3,450,060	24,250,647	1,133,684	2,548,441	2,253,061	—	8,321,516	—
Depreciation expense	—	—	(5,880,770)	(36,026,939)	(2,190,107)	(2,112,681)	(5,303,332)	(61,033)	(45,746,096)	(97,320,958)
Increase (decrease) due to foreign currency translation differences	(13,319,346)	72,350	(9,538,737)	(20,492,851)	(320,634)	(1,307,835)	7,441,057	(34,272)	(7,670,229)	(45,170,497)
Other increase (decrease) (1)	17,357	—	(92,521)	(6,591,937)	(1,827)	—	(362,918)	(101,332)	(1,682,906)	(8,816,084)
Total movements	34,132,605	5,028,279	(10,687,313)	(34,569,545)	(1,495,587)	(876,236)	5,366,840	(183,108)	(3,116,321)	(6,400,386)
Ending balance at December 31, 2017	84,118,716	96,990,155	162,385,848	155,833,080	4,627,325	19,589,877	29,263,265	7,415	106,934,818	659,750,499

(1) Mainly correspond to property, plant & equipment write-offs.

	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, 2016	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
Additions	70,421,863	1,248,433	1,201,903	9,833,490	2,666,593	161,395	338,986	—	38,923,620	124,796,283
Disposals	—	—	(4,598)	(601,444)	—	—	(3,473)	—	(54,861)	(664,376)
Transfers between items of Property, plant and equipment	(53,824,861)	1,643,038	15,471,645	16,202,982	1,062,653	1,709,635	9,015,390	—	8,719,518	—
Depreciation expense	—	—	(5,335,475)	(35,568,436)	(1,910,731)	(2,456,511)	(4,622,348)	(112,805)	(44,120,837)	(94,127,143)
Increase (decrease) due to foreign currency translation differences	(1,235,895)	2,171,876	2,792,916	(1,266,728)	29,148	(1,254,915)	1,783,041	28,383	(3,322,005)	(274,179)
Other increase (decrease) (1)	—	—	(528,160)	(1,577,173)	(45,407)	(250)	(721,876)	—	(1,236,706)	(4,109,572)
Total movements	15,361,107	5,063,347	13,598,231	(12,977,309)	1,802,256	(1,840,646)	5,789,720	(84,422)	(1,091,271)	25,621,013
Ending balance at December 31, 2016	49,986,111	91,961,876	173,073,161	190,402,625	6,122,912	20,466,113	23,896,425	190,523	110,051,139	666,150,885

(1) Mainly correspond to property, plant & equipment write-offs.

	<u>Construction in progress</u> ThCh\$	<u>Land</u> ThCh\$	<u>Buildings, net</u> ThCh\$	<u>Plant and equipment, net</u> ThCh\$	<u>IT Equipment, net</u> ThCh\$	<u>Fixed facilities and accessories, net</u> ThCh\$	<u>Vehicles, net</u> ThCh\$	<u>Leasehold improvements, net</u> ThCh\$	<u>Other, net</u> ThCh\$	<u>Property, plant and equipment, net</u> 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) (1)	—	—	(237,443)	(3,969,027)	(21,157)	—	(146,494)	—	(535,988)	(4,910,109)
Total movements	<u>9,102,945</u>	<u>9,940,681</u>	<u>(12,583,517)</u>	<u>(49,858,899)</u>	<u>(501,200)</u>	<u>(2,748,788)</u>	<u>1,936,922</u>	<u>(171,175)</u>	<u>(27,662,382)</u>	<u>(72,545,413)</u>
Ending balance at December 31, 2015	<u>34,625,004</u>	<u>86,898,529</u>	<u>159,474,930</u>	<u>203,379,934</u>	<u>4,320,656</u>	<u>22,306,759</u>	<u>18,106,705</u>	<u>274,945</u>	<u>111,142,410</u>	<u>640,529,872</u>

NOTE 11 — **RELATED PARTY DISCLOSURES**

Balances and main transactions with related parties are detailed as follows:

11.1 Accounts receivable:

11.1.1 Current:

<u>Taxpayer ID</u>	<u>Company</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	<u>12.31.2017</u>	<u>12.31.2016</u>
					<u>ThCh\$</u>	<u>ThCh\$</u>
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Chilean pesos	4,220,936	5,283,410
96.517.210-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Chilean pesos	303,866	307,848
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Associate	Chile	Chilean pesos	647,342	180,000
96.919.980-7	Cervecería Austral S.A.	Related to director	Chile	Dollars	16,674	13,827
77.755.610-k	Comercial Patagona Ltda.	Related to director	Chile	Chilean pesos	—	3,598
Foreign	Servicios y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Argentine pesos	181,414	—
Total					<u>5,370,232</u>	<u>5,788,683</u>

11.1.2 Non-current:

<u>Taxpayer ID</u>	<u>Company</u>	<u>Relationship</u>	<u>Country of origin</u>	<u>Currency</u>	<u>12.31.2017</u>	<u>12.31.2016</u>
					<u>ThCh\$</u>	<u>ThCh\$</u>
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	156,492	147,682
Total					<u>156,492</u>	<u>147,682</u>

11.2 Accounts payable:

11.2.1 Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2017 ThCh\$	12.31.2016 ThCh\$
Foreign	Recofarma do Industrias Amazonas Ltda,	Related to Shareholder	Brazil	Brazilian real	15,891,797	17,345,806
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Argentine pesos	—	10,275,931
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	12,458,055	7,284,499
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	Brazilian real	2,539,052	3,571,514
86.881.400-4	Envases CMF S.A.	Associate	Chile	Chilean pesos	2,807,572	5,338,180
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Chilean pesos	193,685	304,405
Foreign	Alimentos de Soja S.A.U.	Related to Shareholder	Argentina	Argentine pesos	71,276	—
Total					33,961.437	44,120,335

11.3 Transactions:

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2017 ThCh\$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	140.609.445
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	1.823.190
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	2.989.115
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of raw materials and other	Chilean pesos	2.163.225
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	20.865.624
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of raw materials	Chilean pesos	12.617.540
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of caps	Chilean pesos	477.188
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase services and others	Chilean pesos	357.456
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale services and others	Chilean pesos	14.944
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of packaging	Chilean pesos	2.960.894
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging and raw materials	Chilean pesos	2.942.690
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	42.561.124
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2.650.329
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Purchase of raw materials and materials	Chilean pesos	1.676.013
94.627.000-8	Parque Arauco S.A.	Related to director	Chile	Rent of spaces	Chilean pesos	90.032
99.279.000-8	Euroamerica Seguros de Vida S.A.	Related to director	Chile	Purchase of insurance policies	Chilean pesos	312.231
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Chilean pesos	196.738.018
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Refund and other purchases	Chilean pesos	5.099.040
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	272.541.272
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	12.584.231
Foreign	KAIK Participações	Associate	Brazil	Refund and other purchases	Brazilian real	6.614
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of products	Brazilian real	104.103
Foreign	Coca-Cola Peru	Related to Shareholder	Peru	Purchase of concentrate and marketing recovery	U.S. dollar	7.147.534
Foreign	Sorocaba Refrescos S.A.	Associate	Brazil	Purchase of products	Brazilian real	574.881
89.862.200-2	Latam Airlines Group S.A.	Related to director	Chile	Sale of products	Chilean pesos	652.588
76.572.588-7	Coca Cola Del Valle New Ventures SA	Common Shareholder	Chile	Sale of services and others	Chilean pesos	1.444.162
Foreign	Trop Frutas do Brasil Ltda.	Associate	Brazil	Purchase of products	Brazilian real	317.565
Foreign	Alimentos de Soja S.A.U.	Related to Shareholder	Argentina	Payment of fees and services	Argentine pesos	538.546

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2016 ThCh\$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrate	Chilean pesos	129,660,611
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	7,154,023
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Lease of water fountain	Chilean pesos	3,740,351
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of services and others	Chilean pesos	2,299,634
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	34,144,348
76.572.588.7	Coca-Cola del Valle New Ventures S.A.	Associate	Chile	Administrative and commercial services	Chilean pesos	180,000
96.891.720-K	Embonor S.A.	Associate	Chile	Sale of packaging materials	Chilean pesos	44,310,169
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,749,506
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Sale of finished products	Chilean pesos	115,706,386
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	25,675,184
Foreign	Leão Alimentos e Bebidas Ltda.	Related to Shareholder	Brazil	Advertising participation payment	Brazilian real	11,658,142
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Associate	Argentina	Purchase of concentrates	Brazilian real	114,427,713
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	14,680,603
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Advertising participation payment	Argentine pesos	1,751,011
Foreign	Coca-Cola Peru	Related to director	Peru	Purchase of raw materials	Chilean pesos	4,188,812

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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

11.4 Key management compensation

Salaries and benefits paid to the Company’s key management personnel including directors and managers are detailed as follows:

Description	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Executive wages, salaries and benefits	6,454,846	6,255,806	6,412,238
Director allowances	1,513,100	1,492,088	1,512,000
Termination of employment contracts benefits	—	79,027	192,920
Accrued benefit in last five years and paid during fiscal year	334,477	314,288	257,683
Total	8,302,423	8,141,209	8,374,841

NOTE 12 — CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

Description	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Accrued vacations	20,769,275	19,828,622
Employee remuneration payable	15,186,368	15,824,809
Indemnities for years of service	8,286,355	8,157,745
Total	44,241,998	43,811,176
	ThCh\$	ThCh\$
Current	35,955,643	35,653,431
Non-current	8,286,355	8,157,745
Total	44,241,998	43,811,176

12.1 Indemnities for years of service

The movements of post-employment benefits that are determined as stated in Note 2 are detailed as follows:

Movements	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Opening balance	8,157,745	8,230,030
Service costs	1,727,905	2,059,799
Interest costs	300,755	182,328
Net actuarial losses	(530,059)	536,105
Benefits paid	(1,369,991)	(2,850,517)
Total	8,286,355	8,157,745

12.1.1 Assumptions

The actuarial assumptions used are detailed as follows:

Assumptions	12.31.2017	12.31.2016
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 Financial Market Commission (CMF).

12.2 Personnel expenses

Personnel expenses included in the consolidated statement of income are as follows:

Description	12.31.2017	12.31.2016	12.30.2015
	ThCh\$	ThCh\$	ThCh\$
Wages and salaries	215,715,214	218,944,639	230,854,998
Employee benefits	50,127,117	50,174,153	48,977,105
Severance and post-employment benefits	7,410,936	8,252,502	6,217,204
Other personnel expenses	14,205,259	10,921,843	10,561,935
Total	287,458,526	288,293,137	296,611,242

12.3 Number of Employees (unaudited)

Description	12.31.2017	12.31.2016	12.31.2015
Number of employees	15,924	16,296	16,525
Number of average employees	15,784	16,009	15,504

NOTE 13 — INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

13.1 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	
				12.31.2017	12.31.2016	12.31.2017	12.31.2016
				ThCh\$	ThCh\$	%	%
86.881.400-4	Envases CMF S.A. (1)	Chile	Chilean peso	18,528,567	18,693,851	50.00%	50.00%
Foreign	Leão Alimentos e Bebidas Ltda. (2)	Brazil	Brazilian real	22,163,333	19,559,114	10.26%	8.82%
Foreign	Kaik Participações Ltda. (2)	Brazil	Brazilian real	1,228,350	1,364,444	11.32%	11.32%
Foreign	SRSA Participações Ltda.	Brazil	Brazilian real	189,290	258,928	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	Brazilian real	23,079,130	26,091,690	40.00%	40.00%
Foreign	Trop Frutas do Brasil Ltda. (2)	Brazil	Brazilian real	6,359,428	6,069,003	7.52%	7.52%
76.572.588-7	Coca Cola del Valle New Ventures S.A. (3)	Chile	Chilean peso	15,260,971	5,160,751	35.00%	35.00%
Total				86,809,069	77,197,781		

- (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.
- (3) On January 28, 2016, Embotelladora Andina S.A along with Coca-Cola de Chile S.A. and Coca-Cola Embonor S.A., formed the company Coca-Cola del Valle New Ventures S.A., whose main purpose will be the development and production of juices, waters and non-carbonated beverages under trade names of The Coca-Cola Company, that Andina and Coca-Cola Embonor S.A. are authorized to market and distribute in their respective franchise territories.

13.2 Movement

The movement of investments in associates accounted for using the equity method is shown below:

Details	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Opening Balance	77,197,781	54,190,546	66,050,213
Variation of minimum dividends from equity investees	—	—	(217,750)
Dividends received	(1,540,090)	(750,806)	(1,250,000)
Share in operating income	932,340	396,764	(1,613,839)
Unrealized income	85,268	85,266	85,266
Other investment increases in associates (Capital Contributions)	15,570,161	17,586,575	915,069
Increase (Decrease) due to foreign currency translation differences	(5,436,391)	5,689,436	(9,778,413)
Ending Balance	86,809,069	77,197,781	54,190,546

	Embotelladora del Atlántico	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envase Central S.A.
December 31, 2017						
Total current assests	97,285,008	7,143,561	30,419,844	21,135,712	4,296,412	8,343,734
Total non-current assests	94,369,129	6,413,307	234,278,288	19,691,418	5,876,875	14,243,627
Total current liabilities	109,594,738	2,944,499	17,297,339	14,244,283	3,698,382	7,410,662
Total non-current liabilities	1,339,723	28,444	14,487,776	128,071	157,558	1,710,709
Net sales	544,585,291	20,698,427	141,277,230	68,884,622	14,642,493	39,205,943
Net Income	32,781,977	3,398,080	23,179,968	809,507	452,679	541,927

	Embotelladora del Atlántico	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envase Central S.A.
December 31, 2016						
Total current assests	110,564,779	6,680,394	35,283,479	19,265,466	4,783,537	8,508,056
Total non-current assests	98,518,204	7,381,968	243,615,898	22,297,712	6,298,423	12,034,286
Total current liabilities	132,431,541	4,061,713	17,192,489	15,246,108	4,884,341	7,333,325
Total non-current liabilities	1,621,792	141,258	16,011,340	445,794	144,250	614,711
Net sales	507,946,578	20,601,647	132,005,503	75,788,427	14,437,818	40,342,848
Net Income	32,268,140	3,754,831	23,045,844	913,880	70,878	1,641,112

	Embotelladora del Atlántico	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envase Central S.A.
December 31, 2015						
Total current assests	106,560,232	7,156,377	33,992,246	16,976,780	4,092,161	9,033,175
Total non-current assests	96,910,341	7,181,419	259,395,043	20,187,586	5,547,345	12,799,930
Total current liabilities	112,132,723	3,410,663	21,448,780	10,596,366	4,180,302	9,104,102
Total non-current liabilities	6,399,291	309,688	17,401,120	1,163,577	370,502	1,283,473
Net sales	616,870,453	22,162,260	130,039,400	69,587,397	14,012,087	38,417,972
Net Income	30,855,725	3,817,259	(542,264)	(13,018)	152,038	(550,469)

The main movements for the twelve- months ended December 2017 and fiscal year ended December 31, 2016, are the following:

- During fiscal year 2017 and 2016, Leão Alimentos e Bebidas Ltda. carried out capital increases. Rio de Janeiro Refrescos Ltda. participated in these capital increases regarding its ownership interest for amounts of ThCh\$5,385,161 and ThCh\$6,105,732, respectively.

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- During fiscal year 2016, because of corporate restructuring, the Brazilian company Trop Frutas do Brasil Ltda., became part of bottler group of the Coca-Cola system in Brazil. As a result, Rio de Janeiro Refrescos Ltda. holds a 7.52% direct ownership interest in that company through a capital contribution of ThCh\$ 6,157,150.
- During fiscal year 2017, Embotelladora Andina S.A. has made capital contributions to Coca-Cola del Valle New Ventures S.A. in the amount of ThCh\$10,185,000 (ThCh\$ 5,323,693 as of December 31, 2016).
- During the fiscal year 2017 and 2016, Envases CMF S.A. declared ThCh\$1,540,090 and ThCh\$750,806 in dividends, respectively. Of the dividends declared for the year 2017 only ThCh\$770,045 have been paid.
- During the twelve months period ended December 31, 2017 and fiscal year ended December 2016, Sorocaba Refrescos S.A. did not distribute dividends.

13.3 Reconciliation of share of profit in investments in associates:

Details	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Share of profit of investment accounted for using the equity method	932,340	396,764	(1,613,839)
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)	(1,097,966)	(744,612)	(799,256)
Amortization of Fair Value in Envases CMF S.A.	85,266	85,266	85,266
Income Statement Balance	(80,360)	(262,582)	(2,327,829)

13.4 Summary financial information of associates:

The following table presents summarized information regarding the Company’s equity investees as of December 31, 2017:

	Envases CMF S.A.	Sorocaba Refrescos S.A.	Kaik Participações Ltda.	SRSA Participações Ltda.	Leão Alimentos e Bebidas Ltda.	Trop Frutas do Brasil Ltda.	Coca- Cola del Valle New Ventures S.A.
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Total assets	74,308,406	111,697,833	10,851,460	473,226	282,895,158	88,327,243	48,190,779
Total liabilities	36,654,412	54,000,005	35	—	79,689,080	11,407,361	4,594,308
Total revenue	49,924,142	52,507,920	(137,002)	469,509	198,216,570	3,345,146	—
Net income (loss) of associate	2,405,060	(1,541,788)	(137,002)	469,509	(157,266)	1,927,448	(248,532)
Reporting date	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	11/30/2017

NOTE 14 — INTANGIBLE ASSETS AND GOODWILL

14.1 Intangible assets other than goodwill

Intangible assets other than goodwill as of the end of each reporting period are detailed as follows:

Detail	12.31.2017			12.31.2016		
	Gross Amount	Cumulative Amortization	Net Amount	Gross Amount	Cumulative Amortization	Net Amount
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Distribution rights (1)	656,411,004	(116,387)	656,294,617	674,920,063	—	674,920,063
Software	27,595,084	(21,087,741)	6,507,343	24,954,998	(19,349,917)	5,605,081
Water rights	511,470	(40,552)	470,918	522,748	(51,830)	470,918
Total	<u>684,517,558</u>	<u>(21,244,680)</u>	<u>663,272,878</u>	<u>700,397,809</u>	<u>(19,401,747)</u>	<u>680,996,062</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 indefinite 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: except for the Monster rights that are amortized in the term of the agreement which is 4 years.

Distribution rights	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	304,264,699	300,305,728
Brazil (Rio de Janeiro, Espirito Santo, Ribeirão Preto and the investments in Sorocaba and Leão Alimentos e Bebidas Ltda.)	187,695,738	207,469,759
Paraguay	162,825,074	165,295,516
Argentina (North and South)	803,916	1,027,483
Monster distribution rights	705,190	821,577
Total	<u>656,294,617</u>	<u>674,920,063</u>

The movement and balances of identifiable intangible assets are detailed as follows:

Details	01-01-2017 to 12-31-2017				01-01-2016 to 12-31-2016			
	Distribution Rights	Water rights	Software	Total	Distribution Rights	Water rights	Software	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening balance	674,920,063	470,918	5,605,081	680,996,062	658,625,624	476,643	6,564,388	665,666,655
Additions (1)	11,923,449(1)	—	2,907,715	14,831,164	821,577(2)	975	2,842,314	3,664,866
Amortization	(116,387)	—	(1,842,933)	(1,959,320)	—	(4,575)	(3,207,309)	(3,211,884)
Other increases (decreases) (3)	(30,432,508)	—	(162,520)	(30,595,028)	15,472,862	(2,125)	(594,312)	14,876,425
Total	<u>656,294,617</u>	<u>470,918</u>	<u>6,507,343</u>	<u>663,272,878</u>	<u>674,920,063</u>	<u>470,918</u>	<u>5,605,081</u>	<u>680,996,062</u>

-
- (1) Corresponds to distribution rights paid in Argentina, Paraguay and Chile resulting from the transaction in which The Coca-Cola Company acquired the “AdeS” business described in previous notes.
 - (2) During the second quarter of 2016 Embotelladora Andina S.A. began distributing of Monster products
 - (3) Mainly corresponds to the foreign currency effect of converting foreign subsidiaries’ distribution rights into the presentation currency.

14.2 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.

14.2.1 Measurement of recoverable goodwill value

Goodwill is annually reviewed but its recoverable value is checked during anticipated periods, if there are facts indicating 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: (investment in the associate Sorocaba)
- Brazil: (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.

14.2.2 Main assumptions used in the annual test:

a. Discount rate

The real discount rate applied in the annual test carried out in December 2017 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	
	2017	2016
Argentina	17.1%	20.5%
Chile	7.2%	7.9%
Brazil	9.6%	11.9%
Paraguay	9.1%	10.7%

Management carries out the annual goodwill impairment test as of December 31 of each year 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 reach 3% for the soft drinks category and up to 7% for the less developed categories such as juices and water. Perpetuity growth rates between 2% and 2.5% depending on the level of per capita consumption of the products at each operation are set beyond the fifth year of projection. In this sense, the variables of greater sensitivity in these projections correspond to discount rates applied in order to determine the net present value of projected flows.

For the purpose of the impairment test, sensitivities were conducted in these critical variables according to the following:

- EBITDA Margin: corresponds to an increase or decrease of up to 150 bps of the EBITDA margin of the operations.
- Discount rate: corresponds to an increase or decrease of 150 bps in the discount rate of future cash flows

14.2.3 Conclusions

As a result of the annual test for 2017, no impairments have been identified in any of the CGUs assuming conservative EBITDA margin projections and in line with the markets’ history. As of December 31, 2017, there have been no signs of impairment.

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.

14.2.4 Goodwill by business segment and country

Movement in Goodwill as of December 31, 2017 and December 31, 2016 is detailed as follows:

Operating segment	01.01.2017	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2017
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	—	—	—	8,503,023
Brazilian operation	81,145,834	—	—	(7,636,754)	73,509,080
Argentine operation	5,972,515	—	—	(1,299,544)	4,672,971
Paraguayan operation	7,298,133	—	—	(384,990)	6,913,143
Total	102,919,505	—	—	(9,321,288)	93,598,217

Operating segment	01.01.2016	Additions	Disposals or impairments	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Chilean operation	8,503,023	—	—	—	8,503,023
Brazilian operation	71,960,960	—	—	9,184,874	81,145,834
Argentine operation	7,720,202	—	—	(1,747,687)	5,972,515
Paraguayan operation	7,651,751	—	—	(353,618)	7,298,133
Total	95,835,936	—	—	7,083,569	102,919,505

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

NOTE 15 — OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

Current	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Bank loans	31,470,003	20,609,887
Bonds payable	20,156,295	26,729,828
Deposits in guarantee	13,849,504	13,446,077
Derivative contract obligations (see note 20)	445,278	1,229,354
Leasing agreements	2,060,325	2,785,424
Total	67,981,405	64,800,570
Non-current	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Bank loans	13,057,542	17,736,697
Bonds payable	648,228,554	685,684,184
Leasing agreements	14,481,105	18,149,706
Total	675,767,201	721,570,587

The fair value of financial assets and liabilities as of December 31, 2017 and December 31, 2016 is presented below:

Current	Book Value 12.31.2017	Fair Value 12.31.2017	Book Value 12.31.2016	Fair Value 12.31.2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Cash and cash equivalents (3)	136,242,116	136,242,116	141,263,880	141,263,880
Other financial assets (3)	14,138,161	14,138,161	60,152,627	60,152,627
Trade and other accounts receivable (3)	191,284,680	191,284,680	190,524,354	190,524,354
Accounts receivable from related companies (3)	5,370,232	5,370,232	5,788,683	5,788,683
Bank loans (1)	31,470,003	31,006,898	20,609,887	20,932,073
Bonds payable (2)	20,156,295	22,484,452	26,729,828	29,338,170
Deposits in guarantee (3)	13,849,504	13,849,504	13,446,077	13,446,077
Derivative contract obligations (see note 20)	445,278	445,278	1,229,354	1,229,354
Leasing agreements (3)	2,060,325	2,060,325	2,785,424	2,785,424
Trade and other accounts payable (3)	257,519,477	257,519,477	242,836,356	242,836,356
Accounts payable from related companies (3)	33,961,437	33,961,437	44,120,335	44,120,335
Non-current	12.31.2017	12.31.2017	12.31.2016	12.31.2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial assets (3)	74,259,085	75,259,085	80,180,880	80,180,880
Trade and other accounts receivable(3)	2,395,851	2,395,851	3,527,732	3,527,732
Accounts receivable from related companies (3)	156,492	156,492	147,682	147,682
Bank loans (1)	13,057,542	11,588,575	17,736,697	14,365,502
Bonds payable (2)	648,228,554	722,044,324	685,684,184	752,078,561
Leasing agreements (3)	14,481,105	14,481,105	18,149,706	18,149,706

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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 corporate bonds is classified as 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.

15.1.1 Bank obligations, current

Indebted Entity			Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity		Total	
Tax ID,	Name	Country	Tax ID,	Name	Country					Up to 90 days	90 days To 1 year	at 12.31.2017	at 12.31.2016
										ThCh\$	ThCh\$	ThCh\$	ThCh\$
91.144.000-8	Embotelladora Andina S.A.	Chile	97032000-8	Banco Bilbao Viscaya Argentaria,	Chile	Chilean pesos	Monthly	3,64%	3,64%	—	300,000	300,000	—
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	Unidad de fomento	Semiannually	2,13%	2,13%	—	709,794	709,794	655,752
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	20,00%	20,00%	75,863	9,889,270	9,965,133	—
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Quarterly	15.25%	15.25%	—	—	—	340
Foreign	Andina Empaques Argentina S.A.	Argentina	Foreign	Banco Galicia y Bs. As.	Argentina	Argentine pesos	Monthly	20,00%	20,00%	55,994	3,296,423	3,352,417	335,722
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	15,25%	15,25%	—	—	—	39,942
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	BBBVA Banco Frances	Argentina	Argentine pesos	Monthly	15,25%	15,25%	—	—	—	34,861
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Dollars	Monthly	2.992%	2.992%	—	—	—	12,017,942
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	7,48%	7,48%	11,688	286,768	298,456	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	6,63%	6,63%	592,682	766,789	1,359,471	954,556
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	7,15%	7,15%	278,803	1,332,944	1,611,747	2,839,713
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Semiannually	4,50%	4,50%	1,905,762	635,254	2,541,016	3,731,059
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Semiannually	6,24%	6,24%	—	11,331,969	11,331,969	—
Total												31,470,003	20,609,887

15.1.2 Bank obligations, non-current December 31, 2017

Indebted Entity			Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity					
										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 12.31.2017
Tax ID	Name	Country	Tax ID	Name	Country					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Bice	Chile	Unidad de fomento	Semiannually	2,1%	2,1%	2,092,245	—	—	—	—	2,092,245
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Alfa	Brazil	Brazilian real	Monthly	7,48%	7,5%	125,461	125,461	125,461	627,305	—	1,003,688
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Itaú	Brazil	Brazilian real	Monthly	6,6%	6,6%	504,700	197,779	44,639	128,887	—	876,005
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Santander	Brazil	Brazilian real	Monthly	7,2%	7,2%	1,593,608	1,202,096	663,779	2,449,851	—	5,909,334
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	4,5%	4,5%	3,176,270	—	—	—	—	3,176,270
Total															13,057,542

15.1.2 Bank obligations, non-current December 31, 2016

Indebted Entity			Creditor Entity			Currency	Type Amortization	Effective Rate	Nominal Rate	Maturity					
										1 year up to 2 years	More than 2 years Up to 3 years	More than 3 years Up to 4 years	More than 4 years Up to 5 years	More than 5 Years	at 12.31.2016
Tax ID	Name	Country	Tax ID	Name	Country					ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	1,485,327	547,219	431,726	—	—	2,464,272
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.15%	7.15%	1,985,981	3,042,278	2,832,515	158,490	—	8,019,264
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	4.50%	4.50%	4,213,075	2,106,537	—	—	—	6,319,612
96.705.990-0	Envases Central S.A.	Chile	97.080.000-K	Banco Bice	Chile	Unidad de fomento	Semiannually	3.43%	3.43%	933,549	—	—	—	—	933,549
Total															17,736,697

15.1.3 Restrictions

In general, the Company’s bank obligations are not subject to the fulfilment of covenants as of December 31, 2017, ending this year, which was maintained by the subsidiary Rio de Janeiro Refrescos Ltda. with Banco Itaú.

15.2.1 Bonds payable

	Current		Non-current		Total	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Composition of bonds payable						
Bonds (face value)	20,547,117	27,112,986	651,459,940	690,150,930	672,007,057	717,263,916
Expenses of bond issuance and discounts on placement	(390,822)	(383,158)	(3,231,386)	(4,466,746)	(3,622,208)	(4,849,904)
Net balance presented in statement of financial position	20,156,295	26,729,828	648,228,554	685,684,184	668,384,849	712,414,012

15.2.2 Changes in liabilities arising from financing activities (Bonds Payable)

	Total	Cash Flows				Total
	01.01.2017	Interest Payment	Capital Payment	Accrued interest	Foreign exchange movement	12.31.2017
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bonds payable	712,414,012	(32,459,909)	(18,286,457)	42,178,816	(35,461,613)	668,384,849
Total liabilities from financing activities	712,414,012	(32,459,909)	(18,286,457)	42,178,816	(35,461,613)	668,384,849

15.2.3 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:

Bonds, current portion	Series	Face amount	Unit of Adjustment	Interest rate	final Maturity	Interest Payment	Date Amortization of capital	12.31.2017 ThCh\$	12.31.2016 ThCh\$
CMF Registration N°640 CMF 08.23.2010	A	—	UF	3.0%	08.15.2017	Semiannually	02.15.2017	—	6,660,552
CMF Registration N°254 CMF 06.13.2001	B	2.333.646	UF	6.5%	06.01.2026	Semiannually	06.01.2018	6,071,687	5,656,992
CMF Registration N°641 08.23.2010	C	1.500.000	UF	4.0%	08.15.2031	Semiannually	02.15.2021	597,049	587,020
CMF Registration N°759 08.20.2013	C	750.000	UF	3.5%	08.16.2020	Semiannually	02.16.2018	6,959,157	6,929,828
CMF Registration N°760 08.20.2013	D	4.000.000	UF	3.8%	08.16.2034	Semiannually	02.16.2032	1,502,299	1,487,844
CMF Registration N°760 04.02.2014	E	3.000.000	UF	3.75%	03.01.2035	Semiannually	09.01.2032	998,409	978,933
Bonds USA	—	575.000.000	US\$	5.0%	10.01.2023	Semiannually	10.01.2023	4,418,516	4,811,817
Total current portion								20,547,117	27,112,986
Bonds non-current portion									
CMF Registration N°254 CMF 06.13.2001	B	2.333.646	UF	6.5%	06.01.2026	Semiannually	06.01.2018	56,795,423	61,486,857
CMF Registration N°641 08.23.2010	C	1.500.000	UF	4.0%	08.15.2031	Semiannually	02.15.2021	40,197,210	39,521,970
CMF Registration N°759 08.20.2013	C	750.000	UF	3.5%	08.16.2020	Semiannually	02.16.2018	13,399,069	19,760,985
CMF Registration N°760 08.20.2013	D	4.000.000	UF	3.8%	08.16.2034	Semiannually	02.16.2032	107,192,560	105,391,920
CMF Registration N°760 04.02.2014	E	3.000.000	UF	3.75%	03.01.2035	Semiannually	09.01.2032	80,394,428	79,043,948
Bonds USA	—	575.000.000	US\$	5.0%	10.01.2023	Semiannually	10.01.2023	353,481,250	384,945,250
Bonds non-current portion								651,459,940	690,150,930

Accrued interest included in the current portion of bonds totaled ThCh\$8,105,642 and ThCh\$8,646,270 at December 31, 2017 and December 31, 2016, respectively.

15.2.4 Non-current maturities

	Series	Year of maturity				Total non-current 12.31.2017
		more than 1 to 2	more than 2 to 3	more than 3 to 4	More than 5	
		ThCh\$	ThCh\$	ThCh\$	ThCh\$	
SVS Registration N°254 06.13.2001	B	6,115,168	6,512,654	6,935,977	37,231,622	56,795,421
SVS Registration N°641 08.23.2010	C	—	—	3,654,292	36,542,918	40,197,210
SVS Registration N°759 08.20.2013	C	6,699,535	6,699,535	—	—	13,399,070
SVS Registration N°760 08.20.2013	D	—	—	—	107,192,561	107,192,561
SVS Registration N°760 04.02.2014	E	—	—	—	80,394,428	80,394,428
Bonds USA	—	—	—	—	353,481,250	353,481,250
Total		12,814,703	13,212,189	10,590,269	614,842,779	651,459,940

15.2.5 Market rating

The bonds issued on the Chilean market had the following rating as of December 31, 2017:

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, 2017, is the following:

BBB : Standard&Poors rating
BBB+ : Fitch Chile Clasificadora de Riesgo Limitada rating.

15.2.6 Restrictions

15.2.6.1 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 5.0% maturing on October 1, 2023. These bonds do not have financial restrictions.

15.2.6.2 Restrictions regarding bonds placed in the local market.

For purposes of the calculation of the covenants, the amount of EBITDA that was agreed on each bond issue is included.

Restrictions regarding the issuance of bonds for a fixed amount registered under number 254.

The outstanding series as of December 31, 2017, 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, 2017 is UF 2,333 million.

Series B was issued with charge to the bonds line registered with the Securities Registered under number 254 dated September 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, 2017, indebtedness level is 0.84 times of Consolidated Equity.

The breakdown of accounts with the respective amounts used for the previous calculation is detailed as follows (in thousand Chilean pesos):

As of December 31, 2017, the values of items included in this indicator are the following:		ThCh\$
Other current financial liabilities		67,981,405
Other non-current financial liabilities		675,767,201
(-) Other non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Equity		813,233,349

- 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 Statement of Financial Position.

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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 Statement of Financial Position. 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 Statement of Financial Position.

As of December 31, 2017, this index is 1.62 times.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this restriction are the following:		ThCh\$
Consolidated assets free of collateral, mortgages or other liens		2,064,208,143
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)		2,002,309,310
Consolidated liabilities payable not guaranteed		1,301,626,118
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Unsecured Consolidated Liabilities Payable (adjusted)		1,239,727,285

Restrictions regarding bond lines registered in the Securities Registered under number 641.

Because 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 1.5 million of Series C bonds due 2031, bearing an annual interest rate of 4.00%. As of December 31, 2017, the balance of outstanding capital is UF 1.5 million.

Series C was issued with charge to the Bond Lines registered with the Securities Registrar, under number 641, on August 23, 2010.

Regarding 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, 2017, Net Financial Debt was 0.65 times.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this restriction are the following:		ThCh\$
Other current financial liabilities		67,981,405
Other non-current financial liabilities		675,767,201
(-) Cash and cash equivalent		(136,242,116)
(-) Other current financial assets		(14,138,161)
(-) Other non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Equity		813,233,349

- 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 correspond 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).

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As of December 31, 2017, this index is 1.62 times.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this restriction are the following:		ThCh\$
Consolidated assets free of collateral, mortgages or other liens		2,064,208,143
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)		2,002,309,310
Consolidated liabilities payable not guaranteed		1,301,626,118
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Unsecured Consolidated Liabilities Payable (adjusted)		1,239,727,285

- 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, 2017 Net Financial Coverage level is 7.30 times.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this indicator are the following:		ThCh\$
(+) Consolidated Ebitda between January 1 and December 31, 2017		321,188,879
(+) Consolidated financial income between January 1 and December 31, 2017		11,194,375
(-) Consolidated Ebitda between January 1 and September 30, 2016		(55,220,369)

For the purpose of calculating the covenant, EBITDA was calculated as agreed in the bond issue.

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 issuances were structured into three series.

- Series C outstanding as of December 31, 2017, 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, 2017, is UF 0.750 million.
- Series D and E outstanding as of December 31, 2017, 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 annual interest rates are 3.8% for Series D and 3.75% for Series E. The outstanding capital balance as of December 31, 2017, 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, 2017, Indebtedness Level is 0.65 times of Consolidated Equity.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this restriction are the following:		ThCh\$
Other current financial liabilities		67,981,405
Other non-current financial liabilities		675,767,201
(-) Cash and cash equivalent		(136,242,116)
(-) Other current financial assets		(14,138,161)
(-) Other non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Equity		813,233,349

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- 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 Statement of Financial Position.

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 Statement of Financial Position.

As of December 31, 2017, this index is 1.62 times.

The accounts with the respective amounts used for the previous calculation are detailed as follows:

As of December 31, 2017, the values of items included in this restriction are the following:		ThCh\$
Consolidated assets free of collateral, mortgages or other liens		2,064,208,143
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Consolidated Assets free of pledges, mortgages or other liens (adjusted)		2,002,309,310
Consolidated liabilities payable not guaranteed		1,301,626,118
(-) Other current and non-current financial assets (hedge derivatives)		(61,898,833)
Unsecured Consolidated Liabilities Payable (adjusted)		1,239,727,285

- 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.

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- 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, 2017, and December 31, 2016, the Company complies with all financial collaterals.

15.2.7 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 as of 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. As of December 31, 2017, these issues are held by Andina. On January 1, 2013, Abisa Corp S.A. transferred the totality of this asset to Embotelladora are Andina S.A., the latter becoming the creditor of the above-mentioned Brazilian subsidiary. Consequently, the assets and liabilities related to the transaction have been eliminated from these consolidated financial statements. 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 has been recorded in other comprehensive income.

15.3.1 Derivative contract obligations

Please see details in Note 20.

15.4.1 Current liabilities for leasing agreements

Indebted Entity		Creditor Entity			Currency	Amortization Type	Effective rate	Nominal rate	Maturity		Total	
Name	Country	Tax ID	type	Type					Up to 90 days	90 days to 1 year	at 12.31.2017	At 12.31.2016
									ThCh\$	ThCh\$	ThCh\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Itaú	Brazil	Brazilian real	Monthly	10.215%	10.227%	9,767	31,700	41,467	110,732
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	183,761	321,054	504,815	1,016,705
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	146,251	382,550	528,801	872,247
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	156,946	500,664	657,610	674,127
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	25,541	302,091	327,632	103,314
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Bradesco	Brazil	Brazilian real	Monthly	9.39%	9.38%	—	—	—	8,299
Total											2,060,325	2,785,424

15.4.2 Non-current liabilities for leasing agreements December 31, 2017

Indebted Entity		Creditor Entity			Currency	Amortization Type	Effective rate	Nominal Rate	Maturity					at 12.31.2017
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\$	ThCh\$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	11,764	—	—	—	—	11,764
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	73,799	—	—	—	—	73,799
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	105,807	—	—	—	—	105,807
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	743.100	839,703	948,864	1,072,216	10,685,852	14,289,735
														14,481,105

15.4.3 Non-current liabilities for leasing agreements December 31, 2016

Indebted Entity			Creditor Entity			Currency	Amortization Type	Effective rate	Nominal Rate	Maturity					at 12.31.2016
Tax ID	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\$	
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	2,476,445	2,234,004	2,138,183	2,138,183	7,535,257	16,522,072
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	591,576	—	—	—	—	591,576
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	54,327	—	—	—	—	54,327
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	624,937	—	—	—	—	624,937
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	356,794	—	—	—	—	356,794
Total															18,149,706

NOTE 16 — TRADE AND OTHER CURRENT ACCOUNTS PAYABLE

Trade and other current accounts payable are detailed as follows:

Item	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Trade accounts payable	187,872,116	179,246,672
Withholdings tax	49,857,086	45,504,119
Accounts payable Inamar Ltda. (1)	356,221	8,312,403
Others	20,566,980	19,282,989
Total	258,652,403	252,346,183
Current	257,519,477	242,836,356
Non-current	1,132,926	9,509,827
Total	258,652,403	252,346,183

The Company maintains commercial lease agreements for forklifts, vehicles, properties and machinery. These lease agreements have an average duration of one to eight years excluding renewal options.

Accruable liabilities pursuant to the Company’s operating leasing agreements are detailed as follows:

	ThCh\$
Maturity within one year	5,530,653
Maturity between one and five years	1,201,980
Maturity more than five years	1,944,717
Total	8,677,350

Total expenses related to operating leases maintained by the Company as of December 31, 2017 amount to ThCh\$1,671,534.

(1) On December 3, 2015, property was purchased from Industrias Metalurgicas Inamar Ltda. for an amount of ThCh\$17,292,040 equivalent to UF 675,000, of which there is an approximate balance of ThUF 303. To guarantee the payment of this obligation the land has been mortgaged to in favor of Industrias Metalurgicas Inamar Ltda.

NOTE 17 — CURRENT AND NON-CURRENT PROVISIONS

17.1 Balances

This account is detailed as follows:

Description	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Litigation (1)	65,624,166	73,081,893
Total	65,624,166	73,081,893

(1) Corresponds to the provision for probable fiscal, labor and trade contingency losses based on the opinion of our legal advisors, detailed as follows:

Detail (see note 21.1)	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Tax Contingencies	49,185,234	63,543,782
Labor Contingencies	10,468,704	7,940,428
Civil Contingencies	5,970,228	1,597,683
Total	65,624,166	73,081,893

17.2 Movements

Movement of provisions is detailed as follows:

Description	12.31.2017			12.31.2016		
	Litigation	Others	Total	Litigation	Others	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Opening Balance as of January 01	73,081,893	—	73,081,893	64,301,817	—	64,301,817
Additional provisions	2,493,968	—	2,493,968	1,047,308	—	1,047,308
Increase (decrease) in existing provisions	(19,083,499)	—	(19,083,499)	(1,519,800)	—	(1,519,800)
Payments	22,985,793	—	22,985,793	4,276,851	—	4,276,851
Reverse unused provision (*)	(6,769,384)	—	(6,769,384)	(2,774,703)	—	(2,774,703)
Increase (decrease) due to foreign exchange differences	(7,084,605)	—	(7,084,605)	7,750,420	—	7,750,420
Total	65,624,166	—	65,624,166	73,081,893	—	73,081,893

(*) During the years 2017 and 2016 there has been a reversal of provisions amounting to Th\$6,769,384 and Th\$2,774,703, respectively, which resulted from fines demanded by the Brazilian Treasury on the use of IPI tax credits in the Free Zone of Manaus, because of favorable rulings on the subject for Rio de Janeiro Refrescos Ltda. from the Superior Chamber of Fiscal Resources (CSRF).

NOTE 18 — OTHER CURRENT AND NON-CURRENT NON-FINANCIAL LIABILITIES

Other current and non-current liabilities at each reporting period end are detailed as follows:

Description	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Dividend payable	21,679,922	19,358,263
Other	5,328,055	1,413,318
Total	27,007,977	20,771,581
Current	27,007,977	20,612,791
Non-current	—	158,790
Total	27,007,977	20,771,581

NOTE 19 — EQUITY

19.1 Number of shares:

Series	Number of shares subscribed			Number of shares paid in			Number of voting shares		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
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

19.1.1 Equity:

Series	Subscribed Capital			Paid-in capital		
	2017	2016	2015	2017	2016	2015
	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

19.1.2 Rights of each series:

- Series A: Elects 12 of the 14 Directors
- Series B: Receives an additional 10% of dividends distributed to Series A and elects 2 of the 14 Directors.

19.2 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 2017, the shareholders agreed to pay out of the 2016 earnings are final dividend to complete the 30% required by the Law 18,046 which was paid in May 2017, and an additional dividend was paid in August 2017.

Pursuant to Circular Letter N° 1,945 of the Chilean Financial Market Commission (CMF) 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.

Accumulated earnings at the date of IFRS adoption as of January 1, 2009, amounted to ThCh\$ 19,260,703, of which ThCh\$ 8,600,015 have been realized as of December 31, 2017, 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 12.31.2017 ThCh\$	Amount of accumulated earnings at 12.31.2017 ThCh\$
Revaluation of assets parent Company	Sale or impairment	14,800,384	(11,907,228)	2,893,156
Foreign currency translation differences of investments in related companies and subsidiaries	Sale or impairment	4,653,301	2,805,255	7,458,556
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	(637,827)	308,976
Deferred taxes complementary accounts parent Company	Amortization	(1,444,960)	1,444,960	—
Total		19,260,703	(8,600,015)	10,660,688

The dividends declared and paid per share are presented below:

Dividend payment date		Dividend type	Profits imputable to dividends	Ch\$ per Series A Share	Ch\$ per Series B Share
2016	January	Interim	2015	17.00	18.70
2016	May	Final	2015	17.00	18.70
2016	August	Additional	Retained Earnings	17.00	18.70
2016	October	Interim	2016	17.00	18.70
2017	January	Interim	2016	19.00	20.90
2017	May	Final	2016	19.00	20.90
2017	August	Additional	Retained Earnings	19.00	20.90
2017	October	Interim	2017	19.00	20.90
2017	December (*)	Interim	2017	21.50	23.65

(*) This dividend is pending payment as of the closing date.

19.3 Reserves

The balance of other reserves includes the following:

Description	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Polar acquisition	421,701,520	421,701,520	421,701,520
Foreign currency translation reserves	(237,077,572)	(168,744,355)	(167,447,157)
Cash flow hedge reserve	(3,094,671)	(2,448,175)	27,087,214
Reserve for employee benefit actuarial gains or losses	(1,915,587)	(1,785,032)	(1,796,285)
Legal and statutory reserves	5,435,538	5,435,538	5,435,538
Total	185,049,228	254,159,496	284,980,830

19.3.1 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., which was the value of the capital increase notarized in legal terms.

19.3.2 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 20).

19.3.3 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.

19.3.4 Legal and statutory reserves

The balance of other reserves is established through the following concept:

In accordance with Official Circular N° 456 issued by the Chilean Financial Market Commission (CMF), 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 as of December 31, 2009

19.3.5 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. Translation reserves are detailed as follows:

Details	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Brazil	(90,156,924)	(58,306,230)	(88,444,294)
Argentina	(128,348,112)	(108,386,213)	(84,913,998)
Paraguay	(4,862,332)	10,545,453	21,728,456
Exchange rate differences in related companies	(13,710,204)	(12,597,365)	(15,817,321)
Total	(237,077,572)	(168,744,355)	(167,447,157)

The movement of this reserve for the fiscal years ended December 31, 2017, 2016 and December 31, 2015, is detailed as follows:

Details	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Brazil	(31,850,694)	30,138,065	(57,582,790)
Argentina	(19,961,899)	(23,472,215)	(28,640,580)
Paraguay	(15,407,785)	(11,183,004)	(19,929,293)
Exchange rate differences in related companies	(1,112,839)	3,219,956	(8,008,796)
Total	(68,333,217)	(1,297,198)	(114,161,459)

19.3.6 Consolidated statements of comprehensive income

As of December 31, 2017, 2016 and 2015, the detail of the comprehensive income and expense of the term is as follows:

	Gross Balance	Tax	Net Balance
	ThCh\$	ThCh\$	ThCh\$
Cash flow for hedge (1)	(813,844)	167,348	(646,496)
Exchange rate translation differences (1)	(68,831,435)	232,666	(68,598,769)
Benefit related to defined benefit plans	(329,477)	84,017	(245,460)
Total Comprehensive income as of December 31, 2017	(69,974,756)	484,031	(69,490,725)

	Gross Balance	Tax	Net Balance
	ThCh\$	ThCh\$	ThCh\$
Cash flow for hedge (1)	(42,836,575)	13,301,186	(29,535,389)
Exchange rate translation differences (1)	148,686	(2,431,408)	(2,282,722)
Benefit related to defined benefit plans	(29,423)	7,060	(22,363)
Total Comprehensive income as of December 31, 2016	(42,717,312)	10,876,838	(31,840,474)

	Gross Balance	Tax	Net Balance
	ThCh\$	ThCh\$	ThCh\$
Cash flow for hedge (1)	31,134,391	(10,172,792)	20,961,599
Exchange rate translation differences (1)	(119,212,803)	4,604,711	(114,608,092)
Benefit related to defined benefit plans	(744,445)	148,877	(595,568)
Total Comprehensive income as of December 31, 2015	(88,822,857)	(5,419,204)	(94,242,061)

(1) These concepts will be reclassified to the statements of income when it is settled.

The movement of comprehensive income and expense is as follows:

	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	ThCh\$	ThCh\$	ThCh\$
As of December 31, 2017:			
Increase (decrease)	(14,172,572)	(68,831,435)	(476,044)
Deferred taxes	3,875,908	232,666	121,390
Reclassification to the result by function	13,352,835	—	146,564
Reclassification of deferred taxes related to other reserves	(3,702,667)	—	(37,370)
Total Changes in Equity	(646,496)	(68,598,769)	(245,460)
Equity holders of the parent	(646,496)	(68,333,217)	(130,555)
Non-Controlling interests	—	(265,552)	(114,905)
Total Changes in equity as of December 31, 2017	(646,496)	(68,598,769)	(245,460)

	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	ThCh\$	ThCh\$	ThCh\$
As of December 31, 2016:			
Increase (decrease)	(119,668,724)	148,686	(359,258)
Deferred taxes	38,337,727	(2,431,408)	86,222
Reclassification to the result by function	76,802,629	—	313,341
Reclassification of deferred taxes related to other reserves	(25,007,021)	—	(62,668)
Total Changes in Equity	(29,535,389)	(2,282,722)	(22,363)
Equity holders of the parent	(29,535,389)	(1,297,198)	11,253
Non-Controlling interests	—	(985,524)	(33,616)
Total Changes in equity as of December 31, 2016	(29,535,389)	(2,282,722)	(22,363)

	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	ThCh\$	ThCh\$	ThCh\$
As of December 31, 2015:			
Increase (decrease)	144,373,046	(119,212,803)	(1,016,400)
Deferred taxes	(46,055,955)	4,604,711	228,690
Reclassification to the result by function	(114,423,713)	—	240,177
Reclassification of deferred taxes related to other reserves	37,068,221	—	(48,035)
Total Changes in Equity	20,961,599	(114,608,092)	(595,568)
Equity holders of the parent	20,961,599	(114,161,459)	(558,292)
Non-Controlling interests	—	(446,633)	(37,276)
Total Changes in equity as of December 31, 2015	20,961,599	(114,608,092)	(595,568)

19.4 **Non-controlling interests**

This is the recognition of the portion of equity and income from subsidiaries owned by third parties. As of December 31, 2017 and December 31, 2016, this account is detailed as follows:

Details	Non-controlling Interests								
	Ownership %			Shareholders' Equity			Income		
	2017	2016	2015	December 2017	December 2016	December 2015	December 2017	December 2016	December 2015
	ThCh\$	ThCh\$	ThCh\$	ThCh \$	ThCh \$	ThCh \$			
Embotelladora del Atlántico S.A.	0.0171	0.0171	0.0171	13,765	12,209	14,484	5,590	5,502	5,262
Andina Empaques Argentina S.A.	0.0209	0.0209	0.0209	2,213	2,062	2,220	711	785	798
Paraguay Refrescos S.A.	2.1697	2.1697	2.1697	5,045,792	5,337,687	5,522,797	502,945	504,806	406,211
Vital S.A.	35.0000	35.0000	35.0000	9,261,108	9,054,947	8,891,548	283,327	319,858	(4,556)
Vital Aguas S.A.	33.5000	33.5000	33.5000	2,117,098	2,027,879	1,967,652	151,647	23,744	50,933
Envases Central S.A.	40.7300	40.7300	40.7300	5,483,317	5,129,661	4,661,764	220,715	668,425	(224,206)
Total				21,923,293	21,564,445	21,060,465	1,164,935	1,523,120	234,442

19.5 **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.

Earnings per share used to calculate basic and diluted earnings per share is detailed as follows:

Earnings per share	12.31.2017		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (ThCh\$)	56,112,755	61,723,035	117,835,790
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	118.56	130.42	124.49

Earnings per share	12.31.2016		
	SERIES A	SERIES B	TOTAL
Earnings attributable to shareholders (ThCh\$)	43,107,979	47,418,012	90,525,991
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	91.08	100.19	95.64

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

NOTE 20 — DERIVATIVE ASSETS AND LIABILITIES

Embotelladora Andina currently maintains “Cross Currency Swaps” and “Currency Forward” agreements as Derivative Financial Assets.

Cross Currency Swaps, also known as interest rate and currency swaps, are valued by the method of discounted future cash flows at a rate corresponding to the risk of the operation. The basis of the information used in the calculations is obtained in the market by using the Bloomberg terminal. Currently Embotelladora Andina maintains Cross Currency Swap for UF/USD and BRL/USD, for which it is necessary to discount future cash flows in UFs, in Brazilian Reais and in U.S. Dollars. For this calculation, the Company uses as discount curves, the UF Zero-Coupon, the Brazilian Real Zero-Coupon and the U.S. Dollar Zero-Coupon.

On the other hand, the fair value of forward currency contracts is calculated in reference to current forward exchange rates for contracts with similar maturity profiles. To perform the above calculation, the Company uses market information available on the Bloomberg terminal.

As of the closing dates as of December 31, 2017 and December 31, 2016, the Company held the following derivative instruments:

20.1 Derivatives accounted for as cash flow hedges:

a) Cross Currency Swaps Itau Credit

At December 31, 2017, the company does not hold derivative contracts to secure bank obligations with Itau in Brazil

b) Cross Currency Swaps associated with US Bonds

At December 31, 2017, 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. Said contracts are valued at their value and the net value to be received as of December 31, 2017 amounted to ThCh\$61,898,833. These swap contracts have the same terms of the underlying bond obligation and expire in 2023. Additionally, the fair value of these derivatives which is lower than the hedged items amounted to ThCh\$2,875,365 and has been recognized within other equity reserves as of December 31, 2017. The ineffective portion for ThCh\$2,112,608 in losses associated with this hedge was recorded in other gains and losses as of December 31, 2017.

The amount of exchange differences recognized in the statement of income related to financial liabilities in U.S. dollars and the identified effective portion that was absorbed by the amounts recognized under comprehensive income amounted to ThCh\$ 13,443,698 as of December 31, 2017.

20.2. Forward currency transactions expected to be very likely:

During 2017 and 2016, the Company entered into foreign currency forward contracts to hedge its exposure to expected future raw materials purchases in US Dollars during these years. The total amount of outstanding forward contracts was US\$62.8 million as of December 31, 2017 (US\$61.1 million as of December 31, 2016). These agreements were recorded at fair value, resulting in a net loss due to hedge recycling of ThCh\$3,655,493 for the period ended December 31, 2017, and a hedge liability of ThCh\$445,278 and an asset for the same concept of ThCh\$ 469,019 as of December 31, 2017 (liability of ThCh\$1,229,354 as of December 31, 2016). The agreements that ensure future flows of foreign currency have been designated as hedge as of December 31, 2017; there is a balance of ThCh\$219,306 to be recycled to income statement.

Futures contracts that ensure prices of future raw materials have not been designated as hedge agreements, since they do not fulfill IFRS documentation requirements, whereby its effects on variations in fair value are accounted for directly under statements of income in the “other gains and losses” account.

Fair value hierarchy

As of December 31, 2017, the Company had total assets related to its foreign exchange derivative contracts for ThCh\$62,244,284 (ThCh\$84,859,223 as of December 31, 2016) and liabilities related to its foreign exchange derivative contracts for ThCh\$445,278 (ThCh\$1,229,354 as of December 31, 2016). Those contracts covering existing items have been classified in the same category of the hedged item, 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.

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During the reporting period, 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, 2017				
	Quoted prices in active markets for identical assets or liabilities (Level 1)	Observable market data (Level 2)	Unobservable market data (Level 3)	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets				
Current assets				
Other current financial assets				
Current financial assets	—	469,019		469,019
Other non-current financial assets	—	61,898,833	—	61,898,833
Total assets	—	62,367,852	—	62,367,852
Liabilities				
Current liabilities				
Other current financial liabilities	—	445,278	—	445,278
Total liabilities	—	445,278	—	445,278

Fair Value Measurements at December 31, 2016				
	Quoted prices in active markets for identical assets or liabilities (Level 1)	Observable market data (Level 2)	Unobservable market data (Level 3)	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Assets				
Current assets				
Other current financial assets	—	4,678,343	—	4,678,343
Other non-current financial assets	—	80,180,880	—	80,180,880
Total assets	—	84,859,223	—	84,859,223
Liabilities				
Current liabilities				
Other current financial liabilities	—	1,229,354	—	1,229,354
Total liabilities	—	1,229,354	—	1,229,354

NOTE 21 — CONTINGENCIES AND COMMITMENTS

21.1 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\$1,340,027. 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\$663,274 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\$56,607,721. Management 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 legal guarantees as of December 31, 2017 and December 31, 2016, amounted to ThCh\$31,953,725 and ThCh\$103,351,097 respectively.

To ensure fulfillment of the obligations arising from judicial proceedings faced in Brazil, Rio de Janeiro Refrescos Ltda., has taken guarantee insurance and guarantee letters amounting to R\$682,849,162 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 September 2014, one of these trials for R\$598,745,218, was settled in favor of the Company, and additionally during 2017 several trials were settled in favor of the Company in the amount for R\$135,282,155 however, there are new lawsuits arising after the purchase of ex-Companhia de Bebidas Ipiranga (October 2013) that amount to R\$331,045,690

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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 criterion, from a total of identified contingencies amounting R\$1,082,396,664 (including readjustments of current lawsuits), the Company recorded a provision R\$159,293,486 equivalent to ThCh\$29,602,682.

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, according to its legal counsel, 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 criterion, an initial provision has been made in the business combination accounting for an amount of R\$37.2 million equivalent to ThCh\$ 6,916,453.

- 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\$7,616,340. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.
- 4) Paraguay Refrescos S.A. faces tax, trade, labor and other lawsuits. Accounting provisions have been made for the contingency of any loss because of these lawsuits amounting to ThCh60,078. Management considers it is unlikely that non-provisioned contingencies will affect income and equity of the Company, in the opinion of its legal advisors.

21.2 Direct guarantees and restricted assets:

Guarantees and restricted assets are detailed as follows:

Guarantees that compromise assets including in the financial statements:

Guarantee in favor of	Provided by		Committed assets		Balance pending payment on the closing date of the financial statements	
	Name	Relationship	Guarantee	Type	12.31.2017	12.31.2016
					ThCh\$	ThCh\$
Industria Metalúrgica Inamar Ltda.	Embotelladora Andina S.A.	Parent Company	Land	Property, plant and equipment	17,991,202	17,777,078
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	—	6,924
Hospital Militar	Servicios Multivending	Subsidiary	Cash and cash equivalents	Trade and other receivables	4,727	4,648
Parque Arauco	Servicios Multivending	Subsidiary	Cash and cash equivalents	Trade and other receivables	5,345	—
Aeropuerto Nuevo Pudahuel	Servicios Multivending	Subsidiary	Cash and cash equivalents	Other receivables	10,129	—
Hospital FACH	Servicios Multivending	Subsidiary	Cash and cash equivalents	Other receivables	697	—
Inmob. E Invers. Supetar Ltda	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Other non-current, non-financial assets	4,579	4,579
Bodegas San Francisco Ltda.	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Other non-current, non-financial assets	6,483	—
Maria Lobos Jamet	Transportes Polar S.A.	Subsidiary	Cash and cash equivalents	Trade and other receivables	2,565	2,565
Reclamaciones Trabajadores	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	4,626,086	3,833,788
Reclamaciones Civiles Y Tributarias	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	13,104,186	14,304,401
Instituciones Gubernamentales	Rio de Janeiro Refrescos Ltda.	Subsidiary	Property, plant and equipment	Property, plant and equipment	14,223,453	85,212,908
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	659	843
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	989	1,264
Municipalidad San Martin Mza	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	—	15,167
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	707	904
Labarda	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	12	15
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	38,315	230,599
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	72,768	93,005
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	2,943	3,761
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	455,104	581,668
Otros	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	140	179
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	5,934	7,584
Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, non-financial assets	8,249	23,468
Locadores Varios	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, non-financial assets	53,900	47,397
Aduana De EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, non-financial assets	6,608	11,226
Municipalidad De Junin	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	5,755	7,356
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	8,853	11,315
Municipalidad De Picun Leufu	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	128	163
Farias Matias Luis	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,226	20,367
Gomez Alejandra Raquel	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	62	79
Lopez Gustavo Gerardo C/Inti Saic Y Otros	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	403	516
Fondo Fima Ahorro Plus C	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other current, financial assets	—	588,485
Fondo Firma Ahorro Pesos C	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other non-current, non-financial assets	—	588,299
Tribunal Superior De Justicia De La Provincia De Córdoba	Embotelladora del Atlántico S.A.	Subsidiary	Cash and cash equivalents	Other non-current, non-financial assets	519	—
Marcus A.Peña	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	3,782	4,017
Mauricio J Cordero C	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	800	871
José Ruoti Maltese	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	715	755
Alejandro Galeano	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	1,107	—
Ana Maria Mazó	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	1,054	—
Fondo Fuma Premium B	Fondo Fuma Premium B	Subsidiary	Judicial deposit	Other current, financial assets	—	407,792
Total					50,651,324	123,795,126

Guarantees provided without obligation of assets included in the financial statements:

Warranty creditor	Provided by		Committed assets		Amounts involved	
	Name	Relationship	Guarantee	Type	12.31.2017	12.31.2016
					ThCh\$	ThCh\$
Importadora Casa y Regalos	Trans-Heca S.A.	Subsidiary	Guarantee insurance	Compliance lease contract	2.050	2,050
Inmobiliaria e Inversiones Gestion Activa Ltda	Trans-Heca S.A.	Subsidiary	Guarantee insurance	Compliance lease contract	4.585	4,585
Inmobiliaria Portofino	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	900	900
Teléfono Chile S.A.	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	1.000	1,000
Inmobiliaria San Martín Logista S.A	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	3.461	3,461
Procesos trabajadores	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	1.496.862	1,236,439
Procesos administrativos	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	7.185.511	4,885,075
Gobierno Federal	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	91.903.312	87,773,855
Gobierno Estadual	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	20.527.817	14,674,244
HSBC	Sorocaba Refrescos S.A.	Associate	Loan	co-signers	3.716.747	4,108,312
Otros	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	2.449.103	2,682,170
Aduana de Ezeiza	Embotelladora del Atlántico S.A.	Subsidiary	Bond insurance	Faithful fulfillment of contract	63.777	1,142,642
Aduana de Ezeiza	Andina Empaques S.A.	Subsidiary	Bond insurance	Faithful fulfillment of contract	347.990	369,963

NOTE 22 — 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. A description of the primary policies established by the Company to manage financial risks are provided below:

Interest Rate Risk

As of December 31, 2017, the Company maintains all of its debt liabilities at a fixed rate as to avoid fluctuations in financial expenses resulting from tax rate increases.

The Company’s greatest indebtedness corresponds to own issued Chilean local bonds at a fixed rate in the amount of UF11.58 million denominated in UF (“UF”), a currency indexed to inflation in Chile (the Company’s sales are correlated with the UF variation).

There is also the Company’s indebtedness on the international market through a 144A/RegS Bond at a fixed rate for US\$575 million, denominated in dollars, and practically 100% of which has been re-denominated to UF and BRL through Cross Currency Swaps.

Insurance net credit balances as of December 31, 2017 amounted to Th\$220,693.

Credit risk

The credit risk to which the Company is exposed comes mainly from trade accounts receivable maintained with retailers, wholesalers and supermarket chains in domestic markets; and the financial investments held with banks and financial institutions, such as time deposits, mutual funds and derivative financial instruments.

a. Trade accounts receivable and other current accounts receivable

Credit risk related to trade accounts receivable is managed and monitored by the area of Finance and Administration of each business unit. The Company has a wide base of more than 100 thousand clients implying a high level of atomization of accounts receivable, which are subject to policies, procedures and controls established by the Company. In accordance with such policies, credits must be based objectively, non-discretionary and uniformly granted to all clients of a same segment and channel, provided these will allow generating economic benefits to the Company. The credit limit is checked periodically considering payment behavior. Trade accounts receivable pending of payment are monitored on a monthly basis.

i. Sale Interruption:

In accordance with Corporate Credit Policy, the interruption of sale must be within the following framework: when a customer has outstanding debts for an amount greater than US\$ 250,000, and over 60 days expired, sale is suspended. The General Manager in conjunction with the Finance and Administration Manager authorize exceptions to this rule, and if the outstanding debt should exceed US\$1,000,000, and in order to continue operating with that client, the authorization of the Chief Financial Officer is required. Notwithstanding the foregoing, each operation can define an amount lower than US\$250,000 according to the country's reality.

ii. Impairment

The impairment recognition policy establishes the following criteria for provisions: 30% is provisioned for 31 to 60 days overdue, 60%between 60 and 91 days, 90%between 91 and 120 days overdue and 100% for more than 120 days. Exemption of the calculation of global impairment is given to credits whose delays in the payment correspond to accounts disputed with the customer whose nature is known and where all necessary documentation for collection is available, therefore, there is no uncertainty on recovering them. However, these accounts also have an impairment provision as follows: 40% for 91 to 120 days overdue, 80% between 120 and 170, and 100% for more than 170 days.

iii. Prepayment to suppliers

The Policy establishes that US\$25,000 prepayments can only be granted to suppliers if its value is properly and fully provisioned. The Treasurer of each subsidiary must approve supplier warranties that the Company receives for prepayments before signing the respective service contract. In the case of domestic suppliers, a warranty ballot (or the instrument existing in the country) shall be required, in favor of Andina executable in the respective country, non-endorsable, payable on demand or upon presentation and its validity will depend on the term of the contract. In the case of foreign suppliers, a stand-by credit letter will be required which shall be issued by a first line bank; in the event that this document is not issued in the country where the transaction is done, a direct bank warranty will be required. Subsidiaries can define the best way of safeguarding the Company's assets for prepayments under US\$25,000.

iv. Guarantees

In the case of Chile, we have insurance with Compañía de Seguros de Crédito Continental S.A. (AA rating —according to Fitch Chile and Humphreys rating agencies) covering the credit risk regarding trade debtors in Chile for 87% both for the existing as well as the expired debt, total amount of the trade debtors in Chile reached ThCh\$66,872,384. A provision of ThCh\$973,696 has been made for the portion of past due outstanding debt portfolio not covered by the insurance.

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The rest of the operations do not have credit insurance, instead mortgage guarantees are required for volume operations of wholesalers and distributors in the case of trade accounts receivables. In the case of other debtors, different types of guarantees are required according to the nature of the credit granted.

Historically, uncollectible trade accounts have been lower than 0.5% of the Company’s total sales.

b. Financial investments

The Company has a Policy that is applicable to all of the companies of the group in order to cover credit risks for financial investments, restricting both the types of instruments as well as the institutions and degree of concentration. The companies of the group can invest in:

- a. Time deposits: only in banks or financial institutions that have a risk rating equal or higher than Level 1 (Fitch) or equivalent for deposits of less than 1 year and rated A (S&P) or equivalent for deposits of more than 1 year.
- b. Mutual funds: investments with immediate liquidity and no risk of capital (funds composed of investments at a fixed-term, current account, fixed rate Tit BCRA, negotiable obligations, Over Night, etc.) in all those counter-parties that have a rating greater than or equal to AA-(S&P) or equivalent, Type 1 Pacts and Mutual Funds, with AA+ rating (S&P) or equivalent.
- c. Other investment alternatives must be evaluated and authorized by the office of the Chief Financial Officer.

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, and 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, 2017, the Company maintains a net investment of ThCh\$86,806,727 in Argentina, composed by the recognition of assets amounting to ThCh\$190,848,657 and liabilities amounting to Ch\$104,041,930. These investments accounted for 29.9% of the Company’s consolidated sales revenues

As of December 31, 2017, the Argentine peso devalued by 21.8% 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.

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If the exchange rate of the Argentinean Peso devalued an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of ThCh\$1,676,795 and a decrease in equity for ThCh\$3,034,568, originated by lower asset recognition of ThCh\$7,976,544 and by lower liabilities recognition of ThCh\$4,941,976.

a.2 Investment in Brazil

As of December 31, 2017, the Company maintains a net investment of ThCh\$267,651,617 in Brazil, composed by the recognition of assets amounting to ThCh\$796,372,514 and liabilities amounting to ThCh\$528,720,897. These investments accounted for 32.6% of the Company’s consolidated sales revenues.

As of December 31, 2017, the Brazilian Real devalued by 9.5% with respect to the Chilean peso.

If the exchange rate of the Brazilian Real devalued an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Brazil of ThCh\$2,012,627 and a decrease in equity of ThCh\$11,455,756, originated by lower asset recognition of ThCh\$34,892,774 and by lower liabilities recognition of ThCh\$23,437,018.

a.3 Investment in Paraguay

As of December 31, 2017, the Company maintains a net investment of ThCh\$232,553,018 in Paraguay, composed by the recognition of assets amounting to ThCh\$264,698,133 and liabilities amounting to ThCh\$32,145,115. These investments accounted for 7.6% of the Company’s consolidated sales revenues.

As of December 31, 2017, the Paraguayan Guarani appreciated by 5.3% with respect to the Chilean peso.

If the exchange rate of the Paraguayan Guaraní devalued by 5% with respect to the Chilean Peso, the Company would have lower income from the operations in Paraguay of ThCh\$1,103,808 and a decrease in equity of ThCh\$11,082,603 originated by lower asset recognition of ThCh\$12,580,330 and lower liabilities recognition of ThCh\$1,497,727.

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, 2017, the Company maintains a net liability position totaling ThCh\$351,058,536, basically composed of bonds payable and leasing liabilities for ThCh\$358,227,398 offset partially by financial assets denominated in dollars for ThCh\$7,168,862.

Of total U.S. dollar liabilities, ThCh\$327,632 correspond to leasing liabilities in Argentina. On the other hand, ThCh\$357,899,766 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.

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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, 2017, to foreign currency over existing assets and liabilities, discounting the derivatives contracts, is an asset position of ThCh\$4,095,112.

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 order to minimize this risk, the Company maintains a currency hedging policy stipulating that it is necessary to enter into foreign currency derivatives contracts to lessen the effect of the exchange rate over cash expenditures expressed in US dollars, corresponding mainly to payment to suppliers of raw materials in each of the operations. This policy stipulates a 12-month forward horizon. As of December 31, 2017, US\$62.8 million for future purchases have been hedged-for the following 12 months.

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\$6,533,169 as of December 31, 2017. Currently, the Company has contracts to hedge this effect in Chile, Argentina, Paraguay and Brazil.

Commodities risk

The Company is subject to a risk of price fluctuations in the international markets mainly 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\$9,603,715 in earnings for the period ended December 31, 2017. To minimize this risk or stabilize often supply contracts and anticipated purchases are made when market conditions warrant.

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 an analysis of the Company’s committed maturities for liability payments throughout the coming years:

Item	Maturity				
	1 year	More than 1 year up to 2	More than 2 years up to 3	More than 3 up to 4	More than 4 years
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Bank debt	32,732,672	6,138,862	2,249,305	1,542,559	3,206,042
Bond payable	60,165,940	43,047,365	42,814,906	39,559,134	734,352,340
Operating lease obligations	10,606,875	9,875,310	9,035,715	8,988,245	24,872,335
Purchase obligations	34,884,104	6,634,305	974,124	150,495	297,867
Total	138,389,591	65,695,842	55,074,050	50,240,433	762,728,584

NOTE 23 — EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2017 12.31.2017	01.01.2016 12.31.2016	01.01.2015 12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Direct production costs	815,455,280	776,824,622	841,498,727
Payroll and employee benefits	287,458,526	288,293,137	296,611,242
Transportation and distribution	163,361,088	153,675,961	181,481,242
Marketing	29,209,904	39,981,813	43,676,871
Depreciation and amortization	99,163,891	97,334,452	100,632,332
Repairs and maintenance	34,253,824	34,511,508	33,732,510
Other expenses	181,249,647	173,168,224	164,164,860
Total	1,610,152,160	1,563,789,717	1,661,797,784

(1) Corresponds to the addition of cost of sales, administration expenses and distribution cost.

NOTE 24 — OTHER INCOME

Other income by function is detailed as follows:

Details	01.01.2017	01.01.2016	01.01.2015
	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Gain on disposal of Property, plant and equipment	312,470	318,771	233,255
PIS/CONFINS Leasing tax recovery	—	1,034,040	—
Others	238,364	408,088	238,314
Total	550,834	1,760,899	471,569

NOTE 25 — OTHER EXPENSES

Other expenses are detailed as follows:

Detail	01.01.2017	01.01.2016	01.01.2015
	12.31.2017	12.31.2016	12.31.2015
	ThCh\$	ThCh\$	ThCh\$
Contingencies and Non-operating fees	5,377,190	9,959,181	8,866,661
Tax on bank debits	7,669,234	7,006,261	8,219,046
Disposal and write-off of Property, plant and equipment	3,025,497	4,800,278	3,979,594
Donations flood repairs northern Chile	—	—	214,856
Others	629,550	999,447	702,891
Total	16,701,471	22,765,167	21,983,048

NOTE 26 — FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

a) Finance income

Detail	01.01.2017 12.31.2017 ThCh\$	01.01.2016 12.31.2016 ThCh\$	01.01.2015 12.31.2015 ThCh\$
Interest income	8,370,338	8,466,177	9,175,522
Other interest income	2,824,037	1,195,515	942,853
Total	11,194,375	9,661,692	10,118,375

b) Finance expenses

Detail	01.01.2017 12.31.2017 ThCh\$	01.01.2016 12.31.2016 ThCh\$	01.01.2015 12.31.2015 ThCh\$
Bond interest	42,178,816	41,652,154	42,096,039
Bank loan interest	5,553,485	3,990,853	8,115,445
Other interest costs	7,488,068	5,731,964	5,457,733
Total	55,220,369	51,374,971	55,669,217

NOTE 27 — OTHER (LOSSES) AND GAIN

Other (losses) and gains are detailed as follows:

Details	01.01.2017 12.31.2017 ThCh\$	01.01.2016 12.31.2016 ThCh\$	01.01.2015 12.31.2015 ThCh\$
Gains (loss) on derivative transactions	—	(1,466)	(1,620,304)
(Losses) gains on ineffective portion of hedge derivatives	(2,536,079)	(3,378,484)	(4,698,187)
Other income and (expenses)	(1,190)	(7,427)	17,370
Total	(2,537,269)	(3,387,377)	(6,301,121)

NOTE 28 — LOCAL AND FOREIGN CURRENCY

Local and foreign currency balances as of December 31, 2017 and December 31, 2016, are the following:

CURRENT ASSETS	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Cash and cash equivalents	136,242,116	141,263,880
US Dollars	6,973,298	53,073,628
Euros	17,245	4,926
Chilean pesos	80,985,719	48,891,546
Brazilian Real	21,779,408	26,072,201
Argentine Pesos	19,681,449	5,105,633
Paraguayan Guarani	6,804,997	8,115,946
Other financial assets	14,138,161	60,152,627
Unidad de Fomento	13,647,997	53,868,075
Brazilian Real	366,595	4,699,975
Argentine Pesos	123,569	—
Paraguayan Guarani	—	1,584,577
Other non-financial assets	5,611,861	8,601,209
US Dollars	70,975	37,052
Unidad de Fomento	9,790	—
Chilean pesos	3,049,402	5,830,276
Brazilian Real	1,447,790	1,773,583
Argentine Pesos	632,428	370,574
Paraguayan Guarani	401,476	589,724
Trade and other accounts receivable, net	191,284,680	190,524,354
US Dollars	541,579	1,265,303
Euros	112,763	308,578
Unidad de Fomento	1,673,147	2,354,310
Chilean pesos	75,797,942	71,977,019
Brazilian Real	75,387,122	74,902,213
Argentine Pesos	30,870,192	33,859,436
Paraguayan Guarani	6,901,935	5,857,495
Accounts receivable from related companies	5,370,232	5,788,683
US Dollars	16,674	—
Chilean pesos	5,172,144	5,788,683
Argentine Pesos	181,414	—
Inventory	131,363,000	144,709,348
US Dollars	3,046,600	5,469,362
Euros	262,204	6,634
Chilean pesos	39,750,597	34,276,101
Brazilian Real	33,834,631	41,670,656
Argentine Pesos	43,857,361	51,163,685
Paraguayan Guarani	10,611,607	12,122,910
Current tax assets	—	1,702,296
Brazilian Real	—	1,702,296
Total Current Assets	484,010,050	552,742,397
US Dollars	10,649,126	59,845,345
Euros	392,212	320,138
Unidad de Fomento	15,330,934	56,222,385
Chilean pesos	204,755,804	166,763,625
Brazilian Real	132,815,546	150,820,924
Argentine Pesos	95,346,413	90,499,328
Paraguayan Guarani	24,720,015	28,270,652

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NON-CURRENT ASSETS	12.31.2017	12.31.2016
	ThCh\$	ThCh\$
Other financial assets	74,259,085	80,180,880
Chilean pesos	2,212,688	16,697,871
Brazilian Real	63,531,839	63,483,009
Argentine Pesos	8,514,558	—
Other non-financial assets	47,394,345	35,246,823
Unidad de Fomento	—	269,333
Chilean pesos	395,857	188,472
Brazilian Real	45,334,405	32,660,854
Argentine Pesos	1,626,255	2,079,079
Paraguayan Guarani	37,828	49,085
Trade and other receivables	2,395,851	3,527,732
Unidad de Fomento	2,335,322	3,436,831
Chilean pesos	—	7,021
Argentine Pesos	2,193	5,425
Paraguayan Guarani	58,336	78,455
Accounts receivable from related parties	156,492	147,682
Chilean pesos	156,492	147,682
Investments accounted for under the equity method	86,809,069	77,197,781
Chilean pesos	33,789,538	23,854,602
Brazilian Real	53,019,531	53,343,179
Intangible assets other than goodwill	663,272,878	680,996,062
US Dollars	3,959,421	—
Chilean pesos	307,165,028	306,067,525
Brazilian Real	188,401,129	208,399,580
Argentine Pesos	922,226	1,233,441
Paraguayan Guarani	162,825,074	165,295,516
Goodwill	93,598,217	102,919,505
Chilean pesos	9,523,767	9,523,767
Brazilian Real	72,488,336	80,125,090
Argentine Pesos	4,672,971	5,972,515
Paraguayan Guarani	6,913,143	7,298,133
Property, plant and equipment	659,750,499	666,150,885
US Dollars	190,365	1,038,400
Euros	5,362,096	5,787,857
Chilean pesos	271,391,436	277,939,125
Brazilian Real	240,781,729	221,111,732
Argentine Pesos	77,580,966	89,379,062
Paraguayan Guarani	64,443,907	70,894,709
Deferred tax assets	3,212,981	—
Argentine Pesos	3,212,981	—
Total Non-Current Assets	1,630,849,417	1,646,367,350
US Dollars	4,149,786	1,038,400
Euros	5,362,096	5,787,857
Unidad de Fomento	2,335,322	3,706,164
Chilean pesos	624,634,806	634,426,065
Brazilian Real	663,556,969	659,123,444
Argentine Pesos	96,532,150	98,669,522
Paraguayan Guarani	234,278,288	243,615,898

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CURRENT LIABILITIES	As of December 31, 2017			As of December 31, 2016		
	Until 90 days ThCh\$	More 90 days until 1 year ThCh\$	Total ThCh\$	Until 90 days ThCh\$	More 90 days until 1 year ThCh\$	Total ThCh\$
Other financial liabilities	13,536,530	54,444,874	67,981,405	12,287,632	52,512,938	64,800,570
US Dollars	25,540	4,563,131	4,588,671	24,684	6,020,277	6,044,961
Unidad de Fomento	6,735,155	9,892,144	16,627,299	10,035,543	12,637,744	22,673,287
Chilean peso	—	10,342,404	10,342,404	—	9,148,589	9,148,589
Brazilian real	5,084,725	15,589,691	20,674,417	1,816,540	22,376,912	24,193,452
Argentine peso	1,691,110	13,185,694	14,876,803	410,865	1,590,238	2,001,103
Paraguayan Guaraní	—	871,811	871,811	—	739,178	739,178
Trade and other accounts payable	251,551,666	5,967,811	257,519,477	240,350,658	2,485,698	242,836,356
US Dollars	11,716,262	29,728	11,745,990	8,331,196	—	8,331,196
Euros	2,202,581	80,070	2,282,651	4,958,363	—	4,958,363
Unidad de Fomento	2,198,131	—	2,198,131	8,312,403	—	8,312,403
Chilean peso	82,576,800	5,823,291	88,400,091	68,190,344	2,466,116	70,656,460
Brazilian real	74,524,169	—	74,524,169	58,354,740	—	58,354,740
Argentine peso	69,859,508	52,403	69,911,911	85,051,314	19,582	85,070,896
Paraguayan Guaraní	8,472,550	(17,681)	8,454,869	7,152,298	—	7,152,298
Other Currency	1,665	—	1,665	—	—	—
Trade and other accounts payable to related companies	33,728,629	232,808	33,961,437	44,120,335	—	44,120,335
Chilean peso	15,297,780	232,808	15,530,588	12,927,085	—	12,927,085
Brazilian real	18,430,849	—	18,430,849	20,917,319	—	20,917,319
Argentine peso	—	—	—	10,275,931	—	10,275,931
Provisions	2,616,340	60,078	2,676,418	622,993	59,785	682,778
Chilean peso	2,616,340	—	2,616,341	622,993	—	622,993
Paraguayan Guaraní	—	60,078	60,078	—	59,785	59,785
Income taxes payable	543,874	2,641,091	3,184,965	—	10,828,593	10,828,593
Chilean peso	184,406	—	184,406	—	2,785,425	2,785,425
Brazilian real	359,468	359,468	718,936	—	—	—
Argentine peso	—	2,155,680	2,155,680	—	7,613,012	7,613,012
Paraguayan Guaraní	—	125,943	125,943	—	430,156	430,156
Employee benefits current provisions	—	35,955,643	35,955,643	—	35,653,431	35,653,431
Chilean peso	—	6,365,543	6,365,543	—	6,177,733	6,177,733
Brazilian real	—	16,412,363	16,412,363	—	17,117,494	17,117,494
Argentine peso	—	12,371,827	12,371,827	—	11,640,535	11,640,535
Paraguayan Guaraní	—	805,911	805,911	—	717,669	717,669
Other non-financial liabilities	648.171	26.359.806	27.007.977	1,705,768	18,907,023	20,612,791
Unidad de Fomento	—	—	—	204,724	—	204,724

Chilean peso	190.529	26.111.396	26.301.926	1,198,755	18,729,079	19,927,834
Argentine peso	457.642	—	457.642	302,289	—	302,289
Paraguayan Guaraní	—	248.410	248.410	—	177,944	177,944
Total current liabilities	302.625.210	125.662.112	428.287.322	299,087,386	120,447,468	419,534,854
US Dollars	11.741.801	4.592.859	16.334.660	8,355,880	6,020,277	14,376,157
Euros	2.202.581	80.070	2.282.651	4,958,363	—	4,958,363
Unidad de Fomento	8.933.286	9.892.144	18.825.430	18,552,670	12,637,744	31,190,414
Chilean peso	100.865.856	48.875.441	149.741.297	82,939,177	39,306,942	122,246,119
Brazilian real	98.399.211	32.361.522	130.760.733	81,088,599	39,494,406	120,583,005
Argentine peso	72.008.260	27.765.604	99.773.864	96,040,399	20,863,367	116,903,766
Paraguayan Guaraní	11,085,414	1,830,641	12,916,055	7,152,298	2,124,732	9,277,030
Other Currency	1,665	—	1,665	—	—	—

NON-CURRENT LIABILITIES	As of December 31, 2017				As of December 31, 2016			
	More than 1 until 3 years	More than 3 years until 5 years	More than 5 years	Total	More than 1 until 3 years	More than 3 years until 5 years	More than 5 years	Total
	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$	ThCh\$
Other financial liabilities	8,699,548	19,460,071	647,607,582	675.767.201	45,118,483	30,672,918	645,779,186	721,570,587
US\$ Dollars	—	—	350,249,864	350,249,864	—	—	379,760,266	379,760,266
Unidad de Fomento	—	13,399,069	286,671,866	300,070,935	25,399,983	23,132,311	258,325,173	306,857,467
Brazilian real	8,699,548	6,061,002	10,685,852	25.446.402	19,361,706	7,540,607	7,693,747	34,596,060
Argentine peso	—	—	—	—	356,794	—	—	356,794
Trade and other payables	1,132,926	—	—	1.132.926	9,509,827	—	—	9,509,827
US\$ Dollars	748,565	—	—	748.565	1,200,187	—	—	1,200,187
Unidad de Fomento	—	—	—	—	8,003,199	—	—	8,003,199
Chilean peso	356,221	—	—	356.221	304,124	—	—	304,124
Argentine peso	28,140	—	—	28.140	2,317	—	—	2,317
Provisions	62,947,748	—	—	62.947.748	72,399,115	—	—	72,399,115
Chilean peso	5,000,000	—	—	5.000.000	—	—	—	—
Brazilian real	56,607,720	—	—	56.607.720	71,115,841	—	—	71,115,841
Argentine peso	1,340,028	—	—	1.340.028	1,283,274	—	—	1,283,274
Deferred income tax liabilities	19,317,807	91,769	105,794,989	125.204.566	13,035,795	14,627,908	97,945,099	125,608,802
Chilean peso	252,448	91,769	92,319,662	92.663.879	—	—	97,945,099	97,945,099
Brazilian real	19,065,360	—	—	19.065.360	16,659,246	—	—	16,659,246
Argentine peso	—	—	—	—	(3,623,451)	—	—	(3,623,451)
Paraguayan Guaraní	—	—	13,475,327	13.475.327	—	14,627,908	—	14,627,908
Post-employment benefit liabilities	359,760	62,742	7,863,853	8.286.355	364,502	—	7,793,243	8,157,745
Chilean peso	163,756	62,742	7,863,853	8.090.351	181,257	—	7,793,243	7,974,500
Paraguayan Guaraní	196,004	—	—	196.004	183,245	—	—	183,245
Other non-financial liabilities	—	—	—	—	158,790	—	—	158,790
Brazilian real	—	—	—	—	158,790	—	—	158,790
Total non-current liabilities	92,457,790	19,614,582	761,266,424	873.338.796	140,586,512	45,300,826	751,517,528	937,404,866
US\$ Dollars	748,565	—	350,249,864	350,998,429	1,200,187	—	379,760,266	380,960,453
Unidad de Fomento	—	13,399,069	286,671,866	300,070,935	33,403,182	23,132,311	258,325,173	314,860,666
Chilean peso	5,772,425	154,511	100,183,515	106,110,451	485,381	—	105,738,342	106,223,723
Brazilian real	84,372,628	6,061,002	10,685,852	101,119,482	107,295,583	7,540,607	7,693,747	122,529,937
Argentine peso	1,368,168	—	—	1,368,168	(1,981,066)	—	—	(1,981,066)
Paraguayan Guaraní	196,004	—	13,475,327	13,671,331	183,245	14,627,908	—	14,811,153

NOTE 29 — THE ENVIRONMENT (unaudited)

The Company has made disbursements totaling ThCh\$ 2,184,723 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	Period ended 2017		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	1,061,569	—	—	—
Argentina	357,999	—	—	—
Brazil	464,022	69,689	—	—
Paraguay	64,216	167,228	7,061	18,389
Total	1,947,806	236,917	7,061	18,389

NOTE 30 — SUBSEQUENT EVENTS

A stock purchase and sale agreement (the “Agreement”) has been entered into on January 5, 2018, by and between Embotelladora Andina S.A., Embonor S.A., Coca-Cola del Valle New Ventures, S.A., and Coca-Cola de Chile S.A., as buyers, and Inversiones Siemel S.A. as seller,

In this Agreement the parties agreed to the terms and conditions for transferring 100% ownership of the shares of Comercializadora Novaverde S.A. (“Novaverde”), a company dedicated to the processing and commercialization of fruits, ice cream, vegetables and food in general, mainly under the Guallarauco brand, The Transaction does not contemplate the acquisition of the business lines of avocado sales and the presentation of General Mills.

Pursuant to the Agreement materialization will occur after certain preceding conditions, including but not limited to, the authorization of the transaction by Chile’s National Economic Prosecutor’s Office,

Should the transaction be materialized, the purchase price of 100% of the shares of Novaverde would be around the equivalent of 1,785,374 Unidades de Fomento, less the value of the financial debt of Novaverde at the time the transaction is materializeds. This price may be amended based on the purchase price adjustments set forth in the Agreement.

Once the sale has been perfected, the shareholdings in Novaverde will be as follows: (i) Coca-Cola del Valle New Ventures, S.A. will own 2,999,994 shares, (ii) Coca-Cola de Chile S.A. will own 3 shares, (iii) Embotelladora Andina S.A. will own 2 shares; and (iv) Coca-Cola Embonor S.A. will own 1 share, As Embotelladora Andina S.A. is a shareholder of Coca-Cola del Valle New Ventures, S.A., its direct and indirect ownership in the equity capital of Novaverde, will be approximately 35%,

Except for the aforementioned, there are no subsequent events that may significantly affect the Company’s consolidated financial position as of December 31, 2017.



COCA-COLA PLAZA ATLANTA, GOEORGIA

October 1, 2017

Messrs.
Embotelladora Del Atlántico S.A.
Ruta Nacional N° 19 Km 3,7
Córdoba,
Córdoba, 5000
Argentina

Dear Sirs,

We are pleased to address Embotelladora del Atlántico S.A. (hereinafter the “Bottler”) in order to propose the execution of a Bottler Agreement pursuant to the following clauses:

- A. The Company is engaged in the manufacture and the sale of beverage bases, essences, and other ingredients for the preparation of beverages and a beverage base concentrate (hereinafter referred to as the “Concentrate”), the formula for which is an industrial secret of the Company, from which a non-alcoholic beverage syrup or powder (hereinafter referred to as the “Syrup”) is prepared, and is also engaged in the manufacture and sale of the Syrup, which is used in the preparation of a non-alcoholic beverage (hereinafter referred to as the “Beverage”) for sale in bottles and other containers and in other forms or manners;
- B. The Company is the owner of the trademarks including “Coca-Cola” and “Coke” that distinguish the Concentrate, the Syrup, and the Beverage, the Distinctive Bottle in various sizes in which the Beverage has been marketed for many years, the depiction of the Distinctive Bottle, the Dynamic Ribbon device, and the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Concentrate, the Syrup and the Beverage (said trademarks “Coca-Cola”, “Coke”, the Distinctive Bottle, the depiction of the Distinctive Bottle, the Dynamic Ribbon device, the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Concentrate, the Syrup and the Beverage, and any additional trademarks that the Company may adopt from time to time to distinguish the Concentrate, the Syrup and the Beverage being hereinafter referred to as the “Trade Marks”);
- C. The Company has the exclusive right to prepare, package, distribute and sell the Beverage and the right to manufacture and sell the Concentrate and the Syrup in Argentina, among other countries;
- D. The Company has designated and authorized certain third parties to supply the Concentrate to the Bottler (hereinafter referred to as the “Authorized Suppliers”);
-

- E. The Bottler has requested an authorization from the Company to use the Trade Marks in connection with the preparation, packaging, distribution and sale of the Beverage in and throughout a territory as defined and described in this Agreement;
- F. The Company is willing to grant the requested authorization to the Bottler under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

I. OBJECT OF THE AGREEMENT

1. The Company hereby authorizes the Bottler, and the Bottler undertakes, upon the following terms and conditions, to prepare and package the Beverage in such containers as may be approved by the Company in writing from time to time (hereinafter referred to as “Approved Containers”) and to distribute and sell the same under the Trade Marks, in and throughout, but only in and throughout, the following territory (hereinafter referred to as the “Territory”):

In the Republic of Argentina:

- (a) The provinces of Mendoza, San Juan and San Luis, as politically constituted as of this date.
 - (b) The province of Córdoba, as politically constituted as of this date.
 - (c) In the province of Santa Fe, the Departments of San Lorenzo, Rosario, Constitución, Belgrano, Iriondo, Caseros, General López, Capital, Castellanos, Las Colonias, San Gerónimo, San Martín, Garay, San Cristóbal, Nueve de Julio and San Justo, bordered in the southern area, by an imaginary line, which starting from the town of Petronila, in the Department of San Cristobal, moves in a straight line and to the East, to a point situated 5 km south of the town of Ramayón, and continuing this imaginary line eastward in a straight line to the town of Cacique Ariacaiquin, in the Department of San Javier.
 - (d) The province of Entre Ríos, as politically constituted as of this date.
 - (e) In the province of Buenos Aires, the departments of San Nicolás and Remallo.
 - (f) Also in the province of Buenos Aires, the municipalities of Bahía Blanca, Tornquist, Coronel M. L. Rosales, Coronel Dorrego, Villarino, Daireaux, Guaminí, Adolfo Alsina, Coronel Suárez, Coronel Pringles, Saavedra, Puán, Salliqueló, Urban Municipality of Monte Hermoso, Benito Juárez, González Chávez, Tres Arroyos, Carmen de Patagones, Olavarría, Azul, Tapalqué, Laprida y Lamadrid, Arrecifes, Chacabuco, Colón, Pergamino, Rojas, Salto, Bartolomé Mitre, Capitán Sarmiento, 9 de Julio, 25 de Mayo, General Alvear, Chivilcoy, Alberti, Bragado, Junín, Viamonte, Arenales, L. N. Alem, Lincoln, General Pinto, Ameghino, Tres Lomas, Pehuajó, Carlos Casares, Hipólito Yrigoyen, Bolívar, Carlos Pellegrini, Trenque-Lauquen, Rivadavia, Carlos Tejedor and General Villegas.
 - (g) The provinces of Río Negro, Neuquén and La Pampa, as politically constituted as of this date.
 - (h) The provinces of Chubut, Santa Cruz and Tierra del Fuego, as politically constituted as of this date.
2. The Company or Authorized Suppliers will sell and deliver to the Bottler such quantities of the Concentrate as may be ordered by the Bottler from time to time, provided that the Bottler will order, and the Company or Authorized Suppliers will sell and deliver to the Bottler, only such quantities of the Concentrate as may be necessary and sufficient to implement this Agreement. In this regard, the Bottler covenants and agrees to buy Concentrate only from the Company or Authorized Suppliers.
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3. The Bottler will use the Concentrate exclusively for the preparation of the Syrup and the preparation and packaging of the Beverage as prescribed from time to time by the Company. The Bottler undertakes not to sell or resell the Concentrate or the Syrup, nor permit the same to fall into the hands of third parties, without the prior written consent of the Company.
4. The Company retains the sole and exclusive right at any time to determine the formula, composition or ingredients for the Concentrate, the Syrup and the Beverage.
5. Except as may be provided herein and for the term of this Agreement, the Company will refrain from selling or distributing, or from causing the sale or distribution of, the Beverage in the Territory in Approved Containers. The Company reserves the rights, however to prepare and package the Beverage in any container in the Territory for sale outside the Territory, and to prepare, package, distribute or sell, or authorize third parties to prepare, package, distribute or sell, the Beverage in the Territory in any container other than an Approved Container.

II. OBLIGATIONS OF THE BOTTLER RELATIVE TO THE MARKETING, PLANNING AND REPORTING

6. The Bottler covenants and agrees with the Company:
- (a) to make every effort and employ all practicable and approved means to promote, develop and exploit the full potential of the business of preparing, packaging, distributing, marketing and selling the Beverage throughout the Territory by creating, stimulating and expanding continuously the future demand for the Beverage and by satisfying fully and in all respects the current demand therefor;
 - (b) to prepare, package, distribute and sell such quantities of the Beverage as shall in all respects satisfy fully every demand for the Beverage within the Territory; however, with the prior written consent of the Company, the Bottler may purchase the Beverage in Approved Containers from parties designated in writing by the Company for resale by the Bottler within the Territory;
 - (c) to invest all the capital and to obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such manufacturing, warehousing, marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for the Bottler to comply with its obligations under this Agreement;
 - (d) to possess competent and well-trained management and recruit, train, maintain and direct all personnel required, sufficient in every respect to perform all of the obligations of the Bottler under this Agreement;
 - (e) to deliver to the Company once in each calendar year a program or plan in writing acceptable to the Company as to form and substance and in accordance with the Bottler’s obligations under this Agreement, showing in detail the activities of the Bottler contemplated for the ensuing twelve-month period or such other period as the Company may prescribe, to prosecute such program or plan diligently, and to deliver to the Company upon its request written reports of the progress of the work in an acceptable form;
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- (f) to deliver to the Company accurate and current information on production, distribution and sales of the Beverage at such intervals, in such detail and in such form as may be requested by the Company; and
- (g) to maintain accurate books, accounts and records and to provide to the Company such financial, accounting and other information as the Company may request to enable the Company to determine whether the Bottler is maintaining the consolidated financial capacity reasonably necessary to perform its obligations under this Agreement and in recognition of the Company's interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the bottling, distribution and sales system.

7. The Bottler must, for its own account, budget and expend such funds for advertising, marketing and promoting the Beverage as may be reasonably required by the Company to create, stimulate and sustain the demand for the Beverage in the Territory, provided that the Bottler shall submit all advertising, marketing and promotional projects relating to the Trade Marks or the Beverage to the Company for its prior approval, and shall use, publish, maintain or distribute only such advertising, marketing or promotional material relating to the Trade Marks or the Beverage as the Company shall approve and authorize. The Company may agree from time to time and subject to such terms and conditions as it shall stipulate in each case to contribute financially to the Bottler's marketing programs. The Company may also undertake, at its own expense and independently from the Bottler, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate.

8. (a) The Bottler recognizes that the Company has entered into or may enter into agreements similar to this Agreement with third parties outside the Territory and accepts the limitations such agreements may reasonably impose on the Bottler in the conduct of its business under this Agreement. The Bottler further agrees to conduct its business in such a manner so as to avoid conflicts with such third parties, and, in the event of disputes nevertheless arising with such other parties, to make every reasonable effort to settle them amicably.

(b) The Bottler will not oppose any additional actions the adoption of which are considered by the Company as necessary and justified in order to protect and improve the sales and distribution system for the Beverage, including, but not limited to; those actions which might be adopted concerning the supply of large and/or special customers whose field of activity transcends the boundaries of the Territory, even if such actions should limit the Bottler's rights under this Agreement.

9. The Bottler, recognizing the important benefit to itself and all the other parties referred to in Clause 8(a) above, of a uniform external appearance of the distribution and other equipment and materials used under this Agreement, agrees to accept and apply the standards adopted and issued from time to time by the Company for the design and decoration of trucks and other delivery vehicles, cases, cartons, coolers, 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 possible direct distribution and sale of the Beverage to retail outlets and final consumers in the Territory is an essential element in satisfying fully the demand for the Beverage pursuant to this Agreement. Notwithstanding the recognized advantages of direct distribution, the Bottler shall be authorized to distribute and sell the

Beverage to wholesalers in the Territory who sell only to retail outlets in the Territory. Any other methods of distribution shall be subject to the prior written authorization of the Company.

11. (a) The Bottler shall prevent the sale or distribution in any manner whatsoever of the Beverage outside the Territory.
- (b) In the event any of the Beverage prepared, packaged, distributed or sold by the Bottler is found in the territory of another authorized bottler or authorized distributor (hereinafter referred to as the “Injured Bottler”), then, in addition to all other remedies available to the Company:
- (1) the Company may, in its sole discretion, cancel forthwith the approval for the container(s) of the type which were found in the Injured Bottler’s territory;
- (2) the Company may charge the Bottler an amount of compensation for the Beverage found in the Injured Bottler’s territory, to include all lost profits, expenses and other costs incurred by the Company and the Injured Bottler; and
- (3) the Company may purchase any of the Beverage prepared, packaged, distributed or sold by the Bottler which is found in the Injured Bottler’s territory, and the Bottler shall, in addition to any other obligation it may have under this Agreement, reimburse the Company for the Company’s cost of purchasing, transporting and/or destroying such Beverage.
- (c) In the event the Beverage prepared, packaged, distributed or sold by the Bottler is found in the territory of an Injured Bottler, the Bottler shall make available to representatives of the Company all sales agreements and other records relating to the Beverage and assist the Company in all investigations relating to the sale and distribution of the Beverage outside the Territory.
- (d) The Bottler shall immediately inform the Company if at any time any solicitation or offer to purchase the Beverage is made to the Bottler by a third party which the Bottler knows or has reason to believe or suspect would result in the Beverage being marketed, sold, resold, distributed or redistributed outside the Territory in breach of this Agreement.

III. OBLIGATIONS OF BOTTLER RELATIVE TO THE TRADE MARKS

12. The Bottler will at all times recognize the validity and ownership of the Trade Marks by the Company and will not at any time put in issue the validity and ownership of the Trade Marks.
13. Nothing herein shall give the Bottler any interest in the Trade Marks or the goodwill attaching thereto or in any label, design, container or other visual representations thereof, or used in connection therewith; and the Bottler acknowledges and agrees that all rights and interest created through such usage of the Trade Marks, labels, designs, containers or other visual representations shall inure to the benefit and be the property of the Company. The Company and the Bottler agree and understand the Bottler under this Agreement is obligated, to use said Trade Marks, labels, designs, containers or other visual representations thereof, in connection with the preparation, packaging, distribution and sale of the Beverage in Approved Containers without the payment of any fee; said use to be in such manner and with the result that all goodwill relating to the same shall accrue to the Company as the source and origin of such Beverage, and the Company shall be
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absolutely entitled to determine in every instance the manner of presentation and such other steps necessary or desirable to secure compliance with this Clause 13.

14. The Bottler shall not adopt or use any name, corporate name, trading name, title of establishment or other commercial designation which includes the words “Coca-Cola”, “Coca”, “Cola”, “Coke”, or any of them, or any name that may lead to be confusingly similar to any of them, or any graphic or visual representation of the Trade Marks or any other trade mark or intellectual property owned by the Company, without the prior written consent of the Company.

15. The Bottler covenants and agrees during the term of this Agreement and in accordance with applicable laws:

- (a) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any product associated with any trade dress or any container that is an imitation of a trade dress or container in which the Company claims a proprietary interest, or which is likely to be confused with or cause confusion or be perceived by consumers as confusingly similar to or be passed off as such trade dress or container;
 - (b) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any product associated with any trade mark or other designation which is an imitation or infringement of any of the Trade Marks or is likely to cause passing-off of any product which is intended to lead the public to believe that it originates with the Company because of the Bottler’s association with the business of manufacturing, preparing, packaging, distributing and selling the Beverage; without in any way limiting the generality of the foregoing, it is hereby expressly understood and stipulated that use of the word “Coca” or local language or phonetic equivalent in any form or fashion, or any word graphically or phonetically similar thereto or in imitation thereof, on any product other than that of the Company would constitute an infringement of the trade mark “Coca-Cola” or as intent to cause confusion;
 - (c) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any non-alcoholic beverage products other than those prepared, packaged, distributed or sold by the Bottler under authority of the Company, unless prior written consent from the Company is obtained;
 - (d) not to use delivery vehicles, cases, cartons, coolers, vending machines and other equipment bearing the Trade Marks for the distribution and sale of any products which are not identified by the Trade Marks without the prior written authorization of the Company;
 - (e) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be related with any other concentrate, beverage base, syrup, or beverage which is likely to be confused with or passed off for the Concentrate, Syrup or Beverage;
 - (f) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be related with (i) any beverage put out under the name “cola” (whether alone or in conjunction with any other word or words) or any phonetic interpretation of such a word, or (ii) any beverage put out under the name “cola” or otherwise which is an imitation of the Concentrate, Syrup or Beverage or is likely to be substituted therefore during the term of this Agreement and, in recognition of the valuable rights granted by the Company to the Bottler pursuant to
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this Agreement, for an additional period of two years thereafter; and

- (g) not to acquire or hold, directly or indirectly, any ownership interest in, or enter into any contract or arrangement with respect to the management or control of any person or legal entity, within or outside of the Territory, that engages in any of the activities prohibited under this Clause 15.

The covenants herein contained apply not only to the activities with which the Bottler may be directly concerned, but also to activities with which the Bottler may be indirectly concerned through ownership, control, management, partnership, agreement or otherwise, and whether located within or outside of the Territory.

16. It is understood and agreed between the parties that in the event that either:

- (a) a third party which is in the opinion of the Company directly or indirectly through ownership, control, management or otherwise, concerned with the manufacture, preparation, packaging, distribution or sale of any product specified in Clause 15 hereof shall acquire or otherwise obtain control or any direct or indirect influence on the management of the Bottler; or
- (b) any person, firm or company having majority ownership or direct or indirect control of the Bottler or who is directly or indirectly controlled either by the Bottler or by any third party which has control or any direct or indirect influence in the opinion of the Company on the management of the Bottler, shall engage in the preparation, packaging, distribution or sale of any products specified in Clause 15 hereof; then the Company shall have the right to terminate this Agreement forthwith without liability for damages unless the third party making such acquisition referred to in subclause (a) hereof or the person, firm or company referred to in subclause (b) hereof shall, on being notified in writing by the Company of its intention to terminate as aforesaid, agrees to discontinue, and shall in fact discontinue, the manufacture, preparation, packaging, distribution or sale of such product(s) within a reasonable period not exceeding six (6) months from the date of notification.

17 (a) If the Company for the purposes of this Agreement should require that, in accordance with applicable laws governing the registration and licensing of intellectual property, the Bottler be recorded as a registered user or licensee of the Trade Marks, then, at the request of the Company, the Bottler will execute any and all agreements and documents necessary for the purpose of entering, varying or canceling the required filing or record.

(b) Should the public authority having jurisdiction refuse any application of the Company or the Bottler for filing or record of the Bottler as a registered user or licensee of any of the Trade Marks in respect of the Beverage, then the Company shall have the right to terminate this Agreement forthwith.

IV. OBLIGATIONS OF BOTTLER RELATIVE TO THE PREPARATION AND PACKAGING OF THE BEVERAGE

18. (a) The Bottler accepts and agrees to use only the Concentrate in preparing the Syrup and the Syrup only for preparing and packaging the Beverage, in strict adherence to and compliance with the written instructions issued to the Bottler from time to time by the Company. The Bottler further accepts and agrees that, in preparing, packaging and distributing the Beverage, the Bottler shall at all times conform to the standards, including quality, hygienic, environmental and otherwise, established in writing from time to time by the Company and comply with all applicable legal requirements.

(b) The Bottler, recognizing the importance of identifying the source of manufacture of the Beverage in the market, agrees to use identification codes on all packaging materials for the Beverage, including Approved Containers and non-returnable cases. The Bottler further agrees to install, maintain and use the necessary machinery and equipment required for the application of such identification codes. The Company shall provide the Bottler, from time to time, with necessary instructions in writing regarding the forms of the identification codes to be used by the Bottler in that connection, and the production and sales records to be maintained by the Bottler.

(c) In the event the Company determines or becomes aware of the existence of any quality or technical problems relating to the Beverage or Approved Containers in respect of the Beverage, the Company may require the Bottler to take all necessary action to recall all of the Beverage or withdraw immediately any such Beverage from the market or the trade, as the case may be. The Company shall notify the Bottler by telephone, fax, e-mail or any other form of immediate communication with written confirmed receipt, of the decision by the Company to require the Bottler to recall the Beverage or withdraw such Beverage from the market or trade, and the Bottler shall, upon receipt of such notice, immediately cease distribution of such Beverage and adopt such other actions as may be required by the Company in connection with the recall of the Beverage or withdrawal of such Beverage from the market or trade.

(d) In the event the Bottler determines or becomes aware of the existence of quality or technical problems relating to the Beverage or Approved Containers in respect of the Beverage, then the Bottler shall immediately notify the Company by telephone, fax, e-mail or any other form of immediate communication with written confirmed receipt. This notification shall include: (1) the identity and quantities of the Beverage involved, including the specific Approved Containers, (2) coding data, and (3) all other relevant data that will assist in tracing such Beverage.

The Bottler shall permit the Company, its officers, agents or designees, at all times to enter and inspect the facilities, equipment and methods used by the Bottler, whether directly or incidentally, in or for the preparation, packaging, storage and handling of the Beverage to ascertain whether the Bottler is complying with the terms of this Agreement, including, but not limited to Clauses 18 and 22. The Bottler also agrees to provide the Company with all the information regarding Bottler’s compliance with the terms of this Agreement, including, but not limited to, Clauses 18 and 22, as the Company may request from time to time.

19. The Bottler shall submit to the Company, at the Bottler’s expense, samples of the Syrup, the Beverage and of materials used in the preparation of the Syrup and the Beverage, in accordance with instructions that the Company may give from time to time.

20. (a) In the packaging, distribution and sale of the Beverage, the Bottler shall use only such Approved Containers and caps, cases, cartons, labels and other packaging materials approved from time to time by the Company, and the Bottler shall purchase such items only from manufacturers

who have been authorized in writing by the Company to manufacture the items to be used in connection with the Trade Marks and the Beverage. The Company shall use its best efforts to approve two or more manufacturers of such items, it being understood that said approved manufacturers may be located within or outside of the Territory.

(b) The Bottler shall inspect Approved Containers and caps, cases, labels and other packaging materials to be used in connection with the Beverage and shall use only those items which the Bottler has determined comply with both the standards established by applicable laws in the Territory and the standards and specifications prescribed by the Company. The Bottler shall assume total responsibility in connection with the use of such Approved Containers, caps, cases, labels and other packaging materials which the Bottler has determined conform to the aforementioned standards.

(c) The Bottler shall maintain at all times a sufficient stock of Approved Containers, caps, cases, labels and other packaging materials to satisfy fully the demand for the Beverage in the Territory.

21. (a) The Bottler recognizes that increases in the demand for the Beverage, as well as changes in the Approved Containers, may from time to time require modifications or other changes in respect of its existing manufacturing, packaging, delivery or vending equipment or require the purchase of additional manufacturing, packaging, delivery or vending equipment. The Bottler agrees to make such modifications to existing equipment and to purchase and install such additional equipment as necessary with sufficient lead time to enable the introduction of new Approved Containers and the preparation and packaging of the Beverage in accordance with the continuing obligations of the Bottler to develop, stimulate and satisfy fully every demand for the Beverage in the Territory.

(b) In the event the Bottler uses refillable Approved Containers in the preparation, packaging, distribution and sale of the Beverage, the Bottler agrees to invest the necessary capital and to appropriate and expend such funds as may be required from time to time to establish and maintain an adequate inventory of refillable Approved Containers. In order to ensure the continuing quality and appearance of said inventory of refillable Approved Containers, the Bottler further agrees to replace all or part of the inventory of refillable Approved Containers as may be reasonably necessary and in accordance with the obligations of the Bottler pursuant to this Agreement.

(c) The Bottler shall not use or permit the use of the Approved Containers, caps, cases, labels and other packaging materials referred to in this Agreement for any purpose, except in connection with the Beverage and shall not refill or otherwise reuse any non-refillable Approved Containers that have been previously used.

22. (a) The Bottler shall be solely responsible in carrying out its obligations herein for compliance with all laws, statutes, regulations, by-laws and other legal requirements issued by government or local authorities and applicable in the Territory and shall inform the Company forthwith of any provision thereof which would prevent or limit in any way strict compliance by the Bottler with its obligations herein.

(b) Without limiting the foregoing, the Bottler covenants and agrees to comply at all times with (i) all anti-corruption, environmental, and health and safety laws, regulations and other legal requirements issued by government authorities and applicable in the Territory and (ii) the Company’s environmental management standards and programs as issued from time to time in writing.

V. CONDITIONS OF PURCHASE AND SALE

23. (a) The Company reserves the right, by giving written notice to the Bottler, to establish and to revise from time to time and at any time, in its sole discretion, the price of the Concentrate, the Authorized Suppliers, the supply point and alternate supply points for 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 in respect of the Concentrate, then the Bottler shall so notify the Company in writing within thirty (30) days from receipt of the written notice from the Company revising the aforesaid price. In such event, this Agreement shall terminate automatically without liability by either party for damages three (3) calendar months after receipt of the Bottler’s notification.

(c) Any failure on the part of the Bottler to notify the Company in respect of the revised price of the Concentrate pursuant to subclause (b) hereof shall be deemed to be acceptance by the Bottler of the revised price.

(d) The Company reserves the right, to the extent permitted by applicable law in the Territory, to establish and revise, by written notice to the Bottler, the maximum prices at which the Bottler may sell the Beverage in Approved Containers to wholesalers and retailers and the maximum prices of the retail Beverage. It is recognized in this sense that the Bottler will be able to sell the Beverage to wholesalers and retailers and authorize the retail sales of the Beverage at prices lower than the maximum prices. However, the Bottler may not increase the maximum prices fixed or revised by the Company, at which it may sell the Beverage in the Approved Containers to wholesalers and retailers nor authorize that the maximum retail prices of the Beverage be increased without prior written authorization from the Company.

(e) The Bottler undertakes to collect from or charge to retail or wholesale outlets, as applicable, for each refillable Approved Container and each returnable case delivered to retail or wholesale outlets, such deposits as the Company may determine from time to time by giving written notice to the Bottler, and to make all reasonably diligent efforts to recover all empty refillable Approved Containers and cases and, upon recovery, to refund or to credit the deposits for said refillable Approved Containers and returnable cases returned undamaged and in good condition.

VI. DURATION AND TERMINATION OF AGREEMENT

24. (a) This Agreement shall expire, without notice, on September 30, 2022, unless it has been earlier terminated as provided herein. It is recognized and agreed between the parties hereto that the Bottler shall have no right to claim a tacit renewal of this Agreement.

(b) If the Bottler has fully complied with all the terms, covenants, conditions and stipulations of this Agreement throughout its term, and the Bottler is capable of the continued promotion, development and exploitation of the full potential of the business of the preparation, packaging, distribution and sale of the Beverage, the Bottler may request an extension of this

Agreement for an additional term of five (5) years. The Bottler may request such extension by giving written notice to the Company at least six (6) months but not more than twelve (12) months prior to the expiration date of this Agreement. The request by the Bottler for such extension shall be supported by such documentation as the Company may request, including documentation relating to the Bottler's compliance with the performance obligations under this Agreement and supporting the continued capability of the Bottler to develop, stimulate and satisfy fully the demand for the Beverage within the Territory. If the Bottler has, in the sole discretion of the Company, satisfied the conditions for the extension of this Agreement, then the Company may, by written notice, agree to extend this Agreement for such additional term or such lesser period as the Company may determine.

(c) At the expiration of any such additional term, this Agreement shall expire finally without further notice, and the Bottler shall have no right to claim a tacit renewal of this Agreement.

25. (a) This Agreement may be terminated by the Company or the Bottler forthwith and without liability for damages by written notice given by the party entitled to terminate to the other party:

(1) if the Company, the Authorized Suppliers or the Bottler cannot legally obtain foreign exchange to remit abroad in payment of imports of the Concentrate or the ingredients or materials necessary for the manufacture of the Concentrate, the Syrup or the Beverage; or

(2) if any part of this Agreement ceases to be in conformity with the laws or regulations applicable in the Territory and, as a result thereof, or as a result of any other laws affecting this Agreement, any one of the material stipulations herein cannot be legally performed or the Syrup cannot be prepared, or the Beverage cannot be prepared or sold in accordance with the instructions issued by the Company pursuant to Clause 18 above, or if the Concentrate cannot be manufactured or sold in accordance with the Company's formula or the standards prescribed by it.

(b) This Agreement may be terminated forthwith by the Company without liability for damages:

(1) if the Bottler becomes insolvent, or if a petition in bankruptcy is filed against or on behalf of the Bottler which is not stayed or dismissed within one hundred and twenty (120) days, or if the Bottler passes a resolution for winding up, or if a winding up or judicial management order is made against the Bottler, or if a receiver is appointed to manage the business of the Bottler, or if the Bottler enters into any judicial or voluntary scheme of composition with its creditors or concludes any similar arrangements with them or makes an assignment for the benefit of creditors; or

(2) in the event of the Bottler's dissolution, nationalization or expropriation, or in the event of the confiscation of the production or distribution assets of the Bottler.

26. (a) This Agreement may also be terminated by the Company or the Bottler without liability for damages if the other party fails to observe any one or more of the terms, covenants or conditions of this Agreement, and fails to remedy such default (s) within sixty (60) days after such party has been given written notice of such default(s).

(b) In addition to all other remedies to which the Company may be entitled hereunder, if at any time the Bottler fails to follow the instructions or to maintain the standards prescribed by the Company or required by applicable laws in the Territory for the preparation and packaging of the

Syrup or the Beverage, the Company shall have the right to prohibit the production of the Syrup or the Beverage until the default has been corrected to the Company’s satisfaction, and the Company may also request the suspension of distribution and delivery of the Beverage and further demand the recall or withdrawal from the market or trade, at the Bottler’s expense, of the Beverage not in conformity with or not manufactured in conformity with such instructions, standards or requirements, and the Bottler shall promptly comply with such prohibition or demand. During the period of such prohibition of production, the Company shall be entitled to suspend deliveries of the Concentrate to the Bottler and to supply the Beverage or to arrange for third parties to supply the Beverage in the Territory. No prohibition or demand shall be deemed a waiver of the rights of the Company to terminate this Agreement pursuant to this Clause 26.

27. Upon the expiration or earlier termination of this Agreement:

- (a) the Bottler shall not thereafter prepare, package, distribute, or sell the Beverage or make any use of the Trade Marks, Approved Containers, caps, cases, cartons, labels, other packaging material or advertising, marketing or promotional materials used, or which are intended for use by the Bottler solely in connection with the preparation, packaging, distribution and sale of the Beverage;
 - (b) the Bottler shall forthwith eliminate all references to the Company, the Beverage and the Trade Marks from the premises, delivery vehicles, vending machines, coolers and other equipment of the Bottler and from all business stationery and all written, graphic, electromagnetic, digital or other advertising, marketing or promotional material used or maintained by the Bottler, and the Bottler shall not thereafter hold forth in any manner whatsoever that the Bottler has any connection with the Company, the Beverage or the Trade Marks;
 - (c) the Bottler shall forthwith deliver to the Company or a third party, in accordance with such instructions as the Company shall give, all of the Concentrate, Beverage in Approved Containers, usable Approved Containers bearing the Trade Marks or any of them, caps, cases, labels and other packaging materials bearing the Trade Marks and advertising material for the Beverage still in the Bottler’s possession or under its control, and the Company shall, upon delivery thereof pursuant to such instructions, pay to the Bottler a sum equal to the reasonable market value of such supplies or materials, provided that the Company will accept and pay for only such supplies or materials as are in first-class and usable condition; and provided further that all Approved Containers, caps, cases, cartons, labels and other packaging materials and advertising materials bearing the name of the Bottler and any such supplies and materials which are unfit for use according to the Company’s standards shall be destroyed by the Bottler without cost to the Company; and provided further that, if this Agreement is terminated in accordance with the provisions of Clauses 16, 23(b), 25(a), 26 or 28 or as a result of any of the contingencies provided in Clause 31 (including termination by operation of law), or if the Agreement is terminated by the Bottler for any reason other than in accordance with or as a result of the operation of Clauses 23(b) or 26, the Company shall have the option, but no obligation, to purchase from the Bottler the supplies and materials referred to above; and
 - (d) all rights and obligations hereunder, whether specifically set out or whether accrued or accruing by use, conductor otherwise, shall expire, cease and end, excepting all provisions concerning the obligations of the Bottler as set forth in Clauses 11 (b)(2) and (b) (3) and 12, 13, 14, 15(t), 17(a), 27, 32, 33, 34(a), 34(c) and 34(d), all of which shall continue in full force and effect, provided always that this provision shall not affect any rights the Company may have against the Bottler in respect of any claim for nonpayment of any debt or account owed by the Bottler to the
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Company or its Authorized Suppliers.

VII. OWNERSHIP AND CONTROL OF THE BOTTLER

28. It is recognized and acknowledged between the parties hereto that the Company has a vested and legitimate interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the Company’s international bottling, distribution and sales system. It is further recognized and acknowledged between the parties hereto that this Agreement has been entered into by the Company *intuitu personae* and in reliance upon the identity, character and integrity of the owners, controlling parties and managers of the Bottler, and the Bottler warrants having made to the Company prior to the execution hereof a full and complete disclosure of the owners and of any third parties having a right to, or power of, control or management of the Bottler. It is therefore agreed between the parties hereto that notwithstanding the provisions of Clause 16 or any other provision of this Clause 28 in the event of any change, due to any cause, of the real persons or legal entities having direct or indirect ownership or control of the Bottler, including any changes of the share owner composition of such entities, the Company, in its sole discretion, may terminate this Agreement forthwith and without liability for damages. The Bottler, therefore, covenants and agrees:

- (a) not to assign, transfer, pledge or in any way encumber this Agreement or any interest herein or rights hereunder, in whole or in part, to any third party or parties without the prior written consent of the Company;
- (b) not to delegate performance of this Agreement, in whole or in part, to any third party or parties without the prior written consent of the Company;
- (e) to notify the Company promptly in the event of or upon obtaining knowledge of any third-party action which mayor will result in any change in the ownership or control of the Bottler;
- (d) to make available from time to time and at the request of the Company complete records of current ownership of the Bottler and full information concerning any third party or parties by whom it is controlled, directly or indirectly;
- (e) to the extent the Bottler has any legal control over changes in the ownership or control of the Bottler, not to initiate or implement, consent to or acquiesce in any such change without the prior written consent of the Company; and
- (f) if the Bottler is organized as a partnership, not to change the composition of such partnership by the inclusion of any new partners or the release of existing partners without the prior written consent of the Company.

In addition to the foregoing provisions of this Clause 28, if a proposed change in ownership or control of the Bottler involves a direct or indirect transfer to or acquisition of ownership or control of the Bottler, in whole or in part, by a person or entity authorized by the Company to manufacture, sell, distribute or otherwise deal in any beverage products and/or any trademarks of the Company (the “Acquiror Bottler”), the Company may request any and all information it considers relevant from both the Bottler and the Acquiror Bottler in order to make its determination as to whether to

consent to such change. In any such circumstances, the parties hereto, recognizing and acknowledging the vested and legitimate interest of the Company in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the Company’s international bottling, distribution and sales system, expressly agree that the Company may consider all and any factors, and apply any criteria that it considers relevant in making such determination.

It is further recognized and agreed between the parties hereto that the Company, in its sole discretion, may withhold consent to any proposed change in ownership or other transaction contemplated in this Clause 28, or may consent subject to such conditions as the Company, in its sole discretion, may determine. The parties hereto expressly stipulate and agree that any violation by the Bottler of the foregoing covenants contained in this Clause 28 shall entitle the Company to terminate this Agreement forthwith without liability for damages; and, furthermore, in view of the personal nature of this Agreement, that the Company shall have the right to terminate this Agreement without liability for damages if any other third party or parties should obtain any direct or indirect interest in the ownership or control of the Bottler, even when the Bottler had no means to prevent such a change, if, in the opinion of the Company, such change either enables such third party or parties to exercise any influence over the management of the Bottler or materially alters the ability of the Bottler to comply fully with the terms, obligations and conditions of this Agreement.

29. The Bottler shall, prior to the issue, offer, sale, transfer, trade or exchange of any of its shares of stock or other evidence of ownership, its bonds, debentures or other evidence of indebtedness, or the promotion of the sale of the above, or stimulation or solicitation of the purchase or an offer to sell thereof, obtain the written consent of the Company whenever the Bottler uses in this connection the name of the Company or the Trade Marks or any description of the business relationship with the Company in any prospectus, advertisement or other sales efforts. The Bottler shall not use the name of the Company or the Trade Marks or any description of the business relationship with the Company in any prospectus or advertisement used in connection with the Bottler’s acquisition of any shares or other evidence of ownership in a third party without the Company’s prior written consent.

VIII. GENERAL PROVISIONS:

30. The Company may assign any of its rights and delegate all or any of its duties or obligations under this Agreement to one or more of its subsidiaries or related companies provided, however, that any such delegation shall not relieve the Company from any of its contractual obligations under this Agreement. In addition, the Company, in its sole discretion, may through written notice to the Bottler appoint a third party as its representative to ensure that the Bottler carries out its obligations under this Agreement, with full powers to oversee the Bottler’s performance and to require from the Bottler its compliance with all the terms and conditions of this Agreement.

31. Neither the Company nor the Bottler shall be liable for failure to perform any of their respective obligations hereunder when such failure is caused by or results from:

- (a) strike, blacklisting, boycott or sanctions imposed by a sovereign nation or supranational organization of sovereign nations, however incurred; or
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- (b) act of God, force majeure, public enemies, authority of law and/or legislative or administrative measures (including the withdrawal of any government authorization required by any of the parties to carry out the terms of this Agreement), embargo, quarantine, riot, insurrection, a declared or undeclared war, state of war or belligerency or hazard or danger incident thereto; or
- (c) any other cause whatsoever beyond their respective control.

In the event the Bottler is unable to perform its obligations as a consequence of any of the contingencies set forth in this Clause 31, and for the duration of such inability, the Company and Authorized Suppliers shall be relieved of their respective obligations under Clauses 2 and 5; and provided that, if any such failure by either party shall persist for a period of six (6) months or more, either party hereto may terminate this Agreement without liability for damages.

32 (a) The Company reserves the sole and exclusive right to institute any civil, administrative or criminal proceedings or actions, and generally to take or seek any available legal remedy it deems desirable, for the protection of its reputation, Trade Marks, and other intellectual property rights, as well as for the protection of the Concentrate, the Syrup and the Beverage, and to defend any action affecting these matters. At the request of the Company, the Bottler will render assistance in any such action. The Bottler shall not have any claim against the Company as a result of such proceedings or action or for any failure to institute or defend such proceedings or action. The Bottler shall promptly notify the Company of any litigation or proceedings instituted or threatened affecting these matters. The Bottler shall not institute any legal or administrative proceedings against any third party which may affect the interests of the Company without the prior written consent of the Company.

(b) The Company has the sole and exclusive right and responsibility to initiate and defend all proceedings and actions relating to the Trade Marks. The Company may initiate or defend any such proceedings or actions in its own name or require the Bottler to institute or defend such proceedings or actions either in its own name or in the joint names of the Bottler and the Company.

33. (a) The Bottler agrees to consult with the Company on all product liability claims, proceedings or actions brought against the Bottler in connection with the Beverage or Approved Containers and to take such action with respect to the defense of any such claim or lawsuit as the Company may reasonably request in order to protect the interests of the Company in the Beverage, the Approved Containers or the goodwill associated with the Trade Marks.

(b) The Bottler shall indemnify and hold harmless the Company, its affiliates and their respective officers, directors and employees from and against all costs, expenses, damages, claims, obligations and liabilities whatsoever arising from facts or circumstances not attributable to the Company including, but not limited to, all costs and expenses incurred in settling or compromising any of the same arising out of the preparation, packaging, distribution, sale or promotion of the Beverage by the Bottler, including, but not limited to, all costs arising out of the acts or defaults, whether negligent or not, of the Bottler, the Bottler's distributors, suppliers and wholesalers.

(c) The Bottler shall obtain and maintain a policy of insurance with insurance carriers satisfactory to the Company giving full and comprehensive coverage both as to amount and risks covered in respect of matters referred to in subclause (b) above (including the indemnity contained therein) and shall on request produce evidence satisfactory to the Company of the existence of such insurance. Compliance with this Clause 33(c) shall not limit or relieve the Bottler from its

obligations under Clause 33(b) hereof.

34. The Bottler covenants and agrees:

- (a) that it will make no representations or disclosures to public or government authorities or to any other third party, relating to the Concentrate, the Syrup or the Beverage without the prior written consent of the Company;
- (b) in the event that the Bottler is publicly listed or traded, it will disclose to the Company any financial or other information relating to the performance or prospects of the Bottler at the same time as the Bottler is required to disclose such information pursuant to the regulations of the stock exchange or the securities or corporations law applicable to the Bottler;
- (c) that it will at all times, both during the continuance and after termination of this Agreement, keep strictly confidential all secret and confidential information including, without limiting the generality of the foregoing, mixing instructions and techniques, sales, marketing and distribution information, projects and plans, relating to the subject matter of this Agreement, which the Bottler may receive from the Company, or in any other manner, and to ensure that such information shall be made known only to those officers, directors and employees bound by reasonable provisions incorporating the secrecy obligations set out in this Clause; and
- (d) that upon the expiration or earlier termination of this Agreement, it will forthwith hand over to the Company or to whomever the Company may direct all written or graphic, electromagnetic, computerized, digital or other materials comprising or containing any information subject to the obligation of confidentiality hereunder.

35. The Company and the Bottler recognize that incidents may arise which can threaten the reputation and business of the Bottler and/or negatively affect the good name, reputation and image of the Company and the Trade Marks. In order to address such incidents, including but not limited to any questions of quality of the Beverage that may occur, the Bottler will designate and organize an incident management team and inform the Company of the members of such team. The Bottler further agrees to cooperate fully with the Company and such third parties as the Company may designate and coordinate all efforts to address and resolve any such incident consistent with procedures for crisis management that may be issued to the Bottler by the Company from time to time.

36. In the event of any provisions of this Agreement being or becoming legally ineffective or invalid, the validity or effect of the remaining provisions of this Agreement shall not be affected; provided that the invalidity or ineffectiveness of the said provisions shall not prevent or unduly hamper performance hereunder or prejudice the ownership or validity of the Trade Marks. The right to terminate in accordance with Clause 25(a)(2) is not affected hereby.

37. (a) As to all matters and things herein mentioned, this Agreement, as may be amended or supplemented in writing from time to time, shall constitute the only agreement between the Company and the Bottler. All prior agreements of any kind whatsoever between the parties relating to the subject matter are cancelled hereby, save to the extent that the same may comprise agreements and other documents within the provisions of Clause 17(a) hereof; provided, however, that any written representations made by the Bottler upon which the Company relied in entering into this Agreement shall remain binding upon the Bottler.

(b) Any waiver or modification of, or alteration or addition to, this Agreement or any of its provisions, shall not be binding upon the Company or the Bottler unless same shall be executed by duly authorized representatives of the Company and the Bottler.

(c) All written notices given pursuant to this Agreement shall be by courier, telefax, hand or registered (air) mail and shall be deemed to be given on the date such notice is dispatched, such hand delivery is affected, or such registered letter is mailed. Such written notices shall be addressed to the last known address of the party concerned. Each party shall promptly advise the other party of any change in its address.

38. Failure of the Company to exercise promptly any right herein granted, or to require strict performance of any obligation undertaken herein by the Bottler, shall not be deemed to be a waiver of such right or of the right to demand subsequent performance of any and all obligations herein undertaken by the Bottler.

39. The Bottler is an independent contractor and is not an agent of, or a partner or joint venturer with, the Company. The Bottler agrees that it will neither represent, nor allow itself to be held out as an agent of, or partner or joint venturer with the Company.

40. The headings herein are solely for the convenience of the parties and shall not affect the interpretation of this Agreement.

41. This Agreement shall be interpreted, construed and governed by and in accordance with the laws of Argentina, without giving effect to any applicable principles of choice or conflict of laws.

This Agreement proposal shall be deemed to be tacitly accepted by the Bottler if within five (five) days of receipt hereof The Coca-Cola Company is not notified of its refusal or if the Bottler has initiated compliance hereto, whichever comes first.

THE COCA-COLA COMPANY

By: _____
Date: _____

Bottler’s Agreement

THIS AGREEMENT, made and entered into with effect from January 1 , 2018, by and between THE COCA-COLA COMPANY, a corporation organized and existing under the laws of the state of Delaware, United States of America, with principal offices at One Coca-Cola Plaza, N.W., in the City of Atlanta, State of Georgia 30313, United States of America (hereinafter referred to as the “Company”); and EMBOTELLADORA ANDINA S.A., a sociedad anónima organized and existing under the laws of the Republic of Chile, with principal offices at Av. Miraflores 9153 - Renca, Santiago, Chile (hereinafter referred to as the “Bottler”).

WITNESSETH: WHEREAS,

- A. The Company is engaged in the manufacture and the sale of beverage bases, essences, and other ingredients and a beverage base concentrate (hereinafter referred to as the “Concentrate”), the formula for which is an industrial secret of the Company, from which a non-alcoholic beverage syrup or powder (hereinafter referred to as the “Syrup”) is prepared, and is also engaged in the manufacture and sale of the Syrup, which Concentrate or Syrup is used in the preparation of a non-alcoholic beverage product (hereinafter referred to as the “Beverage’ ●) for sale in bottles and other containers and in other forms or manners;
 - B. The Company is the owner of the trademarks including “Coca-Cola” and “Coke” that distinguish the Concentrate, the Syrup, and the Beverage, the trade mark consisting of a Distinctive Bottle in various sizes in which the Beverage has been marketed for many years, the depiction of the Distinctive Bottle, the Dynamic Ribbon device, and the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Concentrate, the Syrup and the Beverage (said trademarks “Coca-Cola”, “Coke”, the Distinctive Bottle, the depiction of the Distinctive Bottle, the Dynamic Ribbon device, the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Concentrate, the Syrup and the Beverage, and any additional trademarks that the Company may adopt from time to time to distinguish the Concentrate, the Syrup and the Beverage being hereinafter referred to as the “Trade Marks”);
 - C. The Company has the exclusive right to prepare, package, distribute and sell the Beverage and the right to manufacture and sell the Concentrate and the Syrup in the Republic of Chile, among other countries;
 - D. The Company has designated and authorized certain third parties to supply the Concentrate to the Bottler (said third parties being hereinafter referred to as the
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“Authorized Suppliers”);

- E. The Bottler has requested an authorization from the Company to use the Trade Marks in connection with the preparation, packaging, distribution and sale of the Beverage in and throughout a territory as defined and described in this Agreement;
- F. The Company is willing to grant the requested authorization to the Bottler under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. OBJECT OF THE AGREEMENT

- 1. The Company hereby authorizes the Bottler, and the Bottler undertakes, upon the following terms and conditions, to prepare and package the Beverage in such containers as may be approved by the Company in writing from time to time (hereinafter referred to as “Approved Containers”) and to distribute and sell the same under the Trade Marks, in and throughout, but only in and throughout, the following territory (hereinafter referred to as the “Territory”):

En la República de Chile: Región Metropolitana
Provincia de San Antonio, en la V Región
Provincia de Cachapoal, en la VI Región

- 2. The Company or Authorized Suppliers will sell and deliver to the Bottler such quantities of the Concentrate as may be ordered by the Bottler from time to time, provided that the Bottler will order, and the Company or Authorized Suppliers will sell and deliver to the Bottler, only such quantities of the Concentrate as may be necessary and sufficient to implement this Agreement. In this regard, the Bottler covenants and agrees to buy Concentrate only from the Company or Authorized Suppliers.
 - 3. The Bottler will use the Concentrate exclusively for the preparation of the Syrup and the preparation and packaging of the Beverage as prescribed from time to time by the Company. The Bottler undertakes not to sell or resell the Concentrate or the Syrup, nor permit the same to fall into the hands of third parties, without the prior written consent of the Company.
 - 4. The Company retains the sole and exclusive right at any time to determine the formula, composition or ingredients for the Concentrate, the Syrup and the Beverage.
 - 5. Except as may be provided herein and for the term of this Agreement, the Company will refrain from selling or distributing, or from causing the sale or distribution of, the Beverage in the Territory in Approved Containers. The Company reserves the rights, however to prepare and package the Beverage in any container in the Territory for sale outside the Territory, and to prepare, package, distribute or sell, or authorize third parties to prepare, package, distribute or sell,
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the Beverage in the Territory in any container other than an Approved Container.

II. OBLIGATIONS OF THE BOTTLER RELATIVE TO THE MARKETING, PLANNING AND REPORTING

6. The Bottler covenants and agrees with the Company:
- (a) to make every effort and employ all practicable and approved means to promote, develop and exploit the full potential of the business of preparing, packaging, distributing, marketing and selling the Beverage throughout the Territory by creating, stimulating and expanding continuously the future demand for the Beverage and by satisfying fully and in all respects the current demand therefor;
 - (b) to prepare, package, distribute and sell such quantities of the Beverage as shall in all respects satisfy fully every demand for the Beverage within the Territory; however, with the prior written consent of the Company, the Bottler may purchase the Beverage in Approved Containers from parties designated in writing by the Company for resale by the Bottler within the Territory;
 - (c) to invest all the capital and to obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such manufacturing, warehousing, marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for the Bottler to comply with its obligations under this Agreement;
 - (d) to provide competent and well-trained management and recruit, train, maintain and direct all personnel required, sufficient in every respect to perform all of the obligations of the Bottler under this Agreement;
 - (e) to deliver to the Company once in each calendar year a program or plan in writing acceptable to the Company as to form and substance and in accordance with the Bottler’s obligations under this Agreement, showing in detail the activities of the Bottler contemplated for the ensuing twelve-month period or such other period as the Company may prescribe, to prosecute such program or plan diligently, and to deliver to the Company upon its request written reports of the progress of the work in an acceptable form;
 - (f) to report to the Company accurate and current information on production, distribution and sales of the Beverage at such intervals, in such detail and in such form as may be requested by the Company; and
 - (g) to maintain accurate books, accounts and records and to provide to the Company such financial, accounting and other information as the Company may request to enable the Company to determine whether the Bottler is maintaining the consolidated financial capacity reasonably necessary to perform its obligations under this Agreement and in recognition of the Company’s interest in maintaining, promoting and safeguarding the overall performance, efficiency and
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integrity of the bottling, distribution and sales system.

7. The Bottler must, for its own account, budget and expend such funds for advertising, marketing and promoting the Beverage as may be reasonably required by the Company to create, stimulate and sustain the demand for the Beverage in the Territory, provided that the Bottler shall submit all advertising, marketing and promotional projects relating to the Trade Marks or the Beverage to the Company for its prior approval, and shall use, publish, maintain or distribute only such advertising, marketing or promotional material relating to the Trade Marks or the Beverage as the Company shall approve and authorize. The Company may agree from time to time and subject to such terms and conditions as it shall stipulate in each case to contribute financially to the Bottler's marketing programs. The Company may also undertake, at its own expense and independently from the Bottler, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate.
 8. (a) The Bottler recognizes that the Company has entered into or may enter into agreements similar to this Agreement with other parties outside the Territory and accepts the limitations such agreements may reasonably impose on the Bottler in the conduct of its business under this Agreement. The Bottler further agrees to conduct its business in such a manner so as to avoid conflicts with such other parties, and, in the event of disputes nevertheless arising with such other parties, to make every reasonable effort to settle them amicably.

(b) The Bottler will not oppose any additional actions the adoption of which are considered by the Company as necessary and justified in order to protect and improve the sales and distribution system for the Beverage, including, but not limited to; those actions which might be adopted concerning the supply of large and/or special customers whose field of activity transcends the boundaries of the Territory, even if such actions should limit the Bottler's rights under this Agreement.
 9. The Bottler, recognizing the important benefit to itself and all the other parties referred to in Clause 8(a) above, of a uniform external appearance of the distribution and other equipment and materials used under this Agreement, agrees to accept and apply the standards adopted and issued from time to time by the Company for the design and decoration of trucks and other delivery vehicles, cases, cartons, coolers, 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 possible direct distribution and sale of the Beverage to retail outlets and final consumers in the Territory is an essential element in satisfying fully the demand for the Beverage pursuant to this Agreement. Notwithstanding the recognized advantages of direct distribution, the Bottler shall be authorized to distribute and sell the Beverage to wholesalers in the Territory who sell only to retail outlets in the Territory. Any other methods of distribution shall be subject to the prior written consent of the Company.
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11. (a) The Bottler shall prevent the sale or distribution in any manner whatsoever of the Beverage outside the Territory.
- (b) In the event any of the Beverage prepared, packaged, distributed or sold by the Bottler is found in the territory of another authorized bottler or authorized distributor (hereinafter referred to as the “Injured Bottler”), then, in addition to all other remedies available to the Company:
 - (1) the Company may, in its sole discretion, cancel forthwith the approval for the container(s) of the type which were found in the Injured Bottler’s territory;
 - (2) the Company may charge the Bottler an amount of compensation for the Beverage found in the Injured Bottler’s territory, to include all lost profits, expenses and other costs incurred by the Company and the Injured Bottler; and
 - (3) the Company may purchase any of the Beverage prepared, packaged, distributed or sold by the Bottler which is found in the Injured Bottler’s territory, and the Bottler shall, in addition to any other obligation it may have under this Agreement, reimburse the Company for the Company’s cost of purchasing, transporting and/or destroying such Beverage.
- (c) In the event the Beverage prepared, packaged, distributed or sold by the Bottler is found in the territory of an Injured Bottler, the Bottler shall make available to representatives of the Company all sales agreements and other records relating to the Beverage and assist the Company in all investigations relating to the sale and distribution of the Beverage outside the Territory.
- (d) The Bottler shall immediately inform the Company if at any time any solicitation or offer to purchase the Beverage is made to the Bottler by a third party which the Bottler knows or has reason to believe or suspect would result in the Beverage being marketed, sold, resold, distributed or redistributed outside the Territory in breach of this Agreement.

III. OBLIGATIONS OF BOTTLER RELATIVE TO THE TRADE MARKS

12. The Bottler will at all times recognize the validity and ownership of the Trade Marks by the Company and will not at any time put in issue the validity and ownership of the Trade Marks.
 13. Nothing herein shall give the Bottler any interest in the Trade Marks or the goodwill attaching thereto or in any label, design, container or other visual representations thereof, or used in connection therewith; and the Bottler acknowledges and agrees that all rights and interest created through such usage of the Trade Marks, labels, designs, containers or other visual representations shall inure to the benefit and be the property of the Company. The Company and the Bottler agree and understand the Bottler under this Agreement is obligated, to
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use said Trade Marks, labels, designs, containers or other visual representations thereof, in connection with the preparation, packaging, distribution and sale of the Beverage in Approved Containers without the payment of any fee; said use to be in such manner and with the result that all goodwill relating to the same shall accrue to the Company as the source and origin of such Beverage, and the Company shall be absolutely entitled to determine in every instance the manner of presentation and such other steps necessary or desirable to secure compliance with this Clause 13.

- 14. The Bottler shall not adopt or use any name, corporate name, trading name, title of establishment or other commercial designation which includes the words “Coca-Cola”, “Coca”, “Cola”, “Coke”, or any of them, or any name that is confusingly similar to any of them, or any graphic or visual representation of the Trade Marks or any other trade mark or intellectual property owned by the Company, without the prior written consent of the Company.
 - 15. The Bottler covenants and agrees during the term of this Agreement and in accordance with applicable laws:
 - (a) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any product associated with any trade dress or any container that is an imitation of a trade dress or container in which the Company claims a proprietary interest, or which is likely to be confused with or cause confusion or be perceived by consumers as confusingly similar to or be passed off as such trade dress or container;
 - (b) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any product associated with any trade mark or other designation which is an imitation or infringement of any of the Trade Marks or is likely to cause passing-off of any product which is intended to lead the public to believe that it originates with the Company because of the Bottler’s association with the business of manufacturing, preparing, packaging, distributing and selling the Beverage; without in any way limiting the generality of the foregoing, it is hereby expressly understood and stipulated that use of the word “Coca” or local language or phonetic equivalent in any form or fashion, or any word graphically or phonetically similar thereto or in imitation thereof, on any product other than that of the Company would constitute an infringement of the trade mark “Coca-Cola” or be likely to cause passing-off;
 - (c) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any non-alcoholic beverage products other than those prepared, packaged, distributed or sold by the Bottler under authority of the Company, unless prior written consent from the Company is obtained;
 - (d) not to use delivery vehicles, cases, cartons, coolers, vending machines and other equipment bearing the Trade Marks for the distribution and sale of any products which are not identified by the Trade Marks without the prior written consent of the Company;
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- (e) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with any other concentrate, beverage base, syrup, or beverage which is likely to be confused with or passed off for the Concentrate, Syrup or Beverage;
- (f) not to manufacture, prepare, package, distribute, sell, deal in or otherwise be concerned with (i) any beverage put out under the name “cola” (whether alone or in conjunction with any other word or words) or any phonetic rendering of such a word, or (ii) any beverage put out under the name “cola” or otherwise which is an imitation of the Concentrate, Syrup or Beverage or is likely to be substituted therefore during the term of this Agreement and, in recognition of the valuable rights granted by the Company to the Bottler pursuant to this Agreement, for an additional period of two years thereafter; and
- (g) not to acquire or hold, directly or indirectly, any ownership interest in, or enter into any contract or arrangement with respect to the management or control of any person or legal entity, within or outside of the Territory, that engages in any of the activities prohibited under this Clause 15.

The covenants herein contained apply not only to the activities with which the Bottler may be directly concerned, but also to activities with which the Bottler may be indirectly concerned through ownership, control, management, partnership, agreement or otherwise, and whether located within or outside of the Territory.

16. It is understood and agreed between the parties that in the event that either:

- (a) a third party which is in the opinion of the Company directly or indirectly through ownership, control, management or otherwise, concerned with the manufacture, preparation, packaging, distribution or sale of any product specified in Clause 15 hereof shall acquire or otherwise obtain control or any direct or indirect influence on the management of the Bottler; or
- (b) any person, firm or company having majority ownership or direct or indirect control of the Bottler or who is directly or indirectly controlled either by the Bottler or by any third party which has control or any direct or indirect influence in the opinion of the Company on the management of the Bottler, shall engage in the preparation, packaging, distribution or sale of any products specified in Clause 15 hereof; then the Company shall have the right to terminate this Agreement forthwith without liability for damages unless the third party making such acquisition referred to in subclause (a) hereof or the person, firm or company referred to in subclause (b) hereof shall, on being notified in writing by the Company of its intention to terminate as aforesaid, agrees to discontinue, and shall in fact discontinue, the manufacture, preparation, packaging, distribution or sale of such product(s) within a reasonable period not exceeding six (6) months from the date of notification.

17 (a) If the Company for the purposes of this Agreement should require that, in accordance with applicable laws governing the registration and licensing of

intellectual property, the Bottler be recorded as a registered user or licensee of the Trade Marks, then, at the request of the Company, the Bottler will execute any and all documents necessary for the purpose of entering, varying or canceling the required filing or record.

(b) Should the public authority having jurisdiction refuse any application of the Company or the Bottler for filing or record of the Bottler as a registered user or licensee of any of the Trade Marks in respect of the Beverage, then the Company shall have the right to terminate this Agreement forthwith.

IV. OBLIGATIONS OF BOTTLER RELATIVE TO THE PREPARATION AND PACKAGING OF THE BEVERAGE

18. (a) The Bottler covenants and agrees to use only the Concentrate in preparing the Syrup and the Syrup only for preparing and packaging the Beverage, in strict adherence to and compliance with the written instructions issued to the Bottler from time to time by the Company. The Bottler further covenants and agrees that, in preparing, packaging and distributing the Beverage, the Bottler shall at all times conform to the standards, including quality, hygienic, environmental and otherwise, established in writing from time to time by the Company and comply with all applicable legal requirements.

(b) The Bottler, recognizing the importance of identifying the source of manufacture of the Beverage in the market, agrees to use identification codes on all packaging materials for the Beverage, including Approved Containers and non-returnable cases. The Bottler further agrees to install, maintain and use the necessary machinery and equipment required for the application of such identification codes. The Company shall provide the Bottler, from time to time, with necessary instructions in writing regarding the forms of the identification codes to be used by the Bottler in that connection, and the production and sales records to be maintained by the Bottler.

(c) In the event the Company determines or becomes aware of the existence of any quality or technical problems relating to the Beverage or Approved Containers in respect of the Beverage, the Company may require the Bottler to take all necessary action to recall all of the Beverage or withdraw immediately any such Beverage from the market or the trade, as the case may be. The Company shall notify the Bottler by telephone, fax, e-mail or any other form of immediate communication with written confirmed receipt, of the decision by the Company to require the Bottler to recall the Beverage or withdraw such Beverage from the market or trade, and the Bottler shall, upon receipt of such notice, immediately cease distribution of such Beverage and take such other actions as may be required by the Company in connection with the recall of the Beverage or withdrawal of such Beverage from the market or trade.

(d) In the event the Bottler determines or becomes aware of the existence of quality or technical problems relating to the Beverage or Approved Containers in

respect of the Beverage, then the Bottler shall immediately notify the Company by telephone, fax, e-mail or any other form of immediate communication with written confirmed receipt. This notification shall include: (1) the identity and quantities of the Beverage involved, including the specific Approved Containers, (2) coding data and (3) all other relevant data that will assist in tracing such Beverage.

The Bottler shall permit the Company, its officers, agents or designees, at all times to enter and inspect the facilities, equipment and methods used by the Bottler, whether directly or incidentally, in or for the preparation, packaging, storage and handling of the Beverage to ascertain whether the Bottler is complying with the terms of this Agreement, including, but not limited to Clauses 18 and 22. The Bottler also agrees to provide the Company with all the information regarding Bottler’s compliance with the terms of this Agreement, including, but not limited to, Clauses 18 and 22, as the Company may request from time to time.

19. The Bottler shall submit to the Company, at the Bottler’s expense, samples of the Syrup, the Beverage and of materials used in the preparation of the Syrup and the Beverage, in accordance with instructions that the Company may give from time to time.
20. (a) In the packaging, distribution and sale of the Beverage, the Bottler shall use only such Approved Containers and closures, cases, cartons, labels and other packaging materials approved from time to time by the Company, and the Bottler shall purchase such items only from manufacturers who have been authorized in writing by the Company to manufacture the items to be used in connection with the Trade Marks and the Beverage. The Company shall use its best efforts to approve two or more manufacturers of such items, it being understood that said approved manufacturers may be located within or outside of the Territory.

(b) The Bottler shall inspect Approved Containers and closures, cases, labels and other packaging materials to be used in connection with the Beverage and shall use only those items which the Bottler has determined comply with both the standards established by applicable laws in the Territory and the standards and specifications prescribed by the Company. The Bottler shall assume independent responsibility in connection with the use of such Approved Containers, closures, cases, cartons, labels and other packaging materials which the Bottler has determined conform to such standards.

(c) The Bottler shall maintain at all times a sufficient stock of Approved Containers, closures, cases, cartons, labels and other packaging materials to satisfy fully the demand for the Beverage in the Territory.
21. (a) The Bottler recognizes that increases in the demand for the Beverage, as well as changes in the Approved Containers, may from time to time require modifications or other changes in respect of its existing manufacturing, packaging, delivery or vending equipment or require the purchase of additional manufacturing, packaging, delivery or vending equipment. The Bottler agrees to
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make such modifications to existing equipment and to purchase and install such additional equipment as necessary with sufficient lead time to enable the introduction of new Approved Containers and the preparation and packaging of the Beverage in accordance with the continuing obligations of the Bottler to develop, stimulate and satisfy fully every demand for the Beverage in the Territory.

(b) In the event the Bottler uses refillable Approved Containers in the preparation, packaging, distribution and sale of the Beverage, the Bottler agrees to invest the necessary capital and to appropriate and expend such funds as may be required from time to time to establish and maintain an adequate inventory of refillable Approved Containers. In order to ensure the continuing quality and appearance of said inventory of refillable Approved Containers, the Bottler further agrees to replace all or part of the inventory of refillable Approved Containers as may be reasonably necessary and in accordance with the obligations of the Bottler pursuant to this Agreement.

(c) The Bottler shall not use or permit the use of the Approved Containers, closures, cases, labels and other packaging materials referred to in this Agreement for any purpose, except in connection with the Beverage and shall not refill or otherwise reuse any non-refillable Approved Containers that have been previously used.

22. (a) The Bottler shall be solely responsible in carrying out its obligations herein for compliance with all laws, statutes, regulations, by-laws and other legal requirements issued by government or local authorities and applicable in the Territory and shall inform the Company forthwith of any provision thereof which would prevent or limit in any way strict compliance by the Bottler with its obligations herein.

(b) Without limiting the generality of the foregoing, the Bottler covenants and agrees to comply at all times with (i) all anti-bribery, environmental, and health and safety laws, regulations and other legal requirements issued by government authorities and applicable in the Territory and (ii) the Company’s environmental management standards and programs as issued from time to time in writing.

V. CONDITIONS OF PURCHASE AND SALE

23. (a) The Company reserves the right, by giving written notice to the Bottler, to establish and to revise from time to time and at any time, in its sole discretion, the price of the Concentrate, the Authorized Supplier, the supply point and alternate supply points for 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 in respect of the Concentrate, then the Bottler shall so notify the Company in writing within thirty (30) days from receipt of the written notice from the Company revising the

aforesaid price. In such event, this Agreement shall terminate automatically without liability by either party for damages three (3) calendar months after receipt of the Bottler’s notification.

- (c) Any failure on the part of the Bottler to notify the Company in respect of the revised price of the Concentrate pursuant to subclause (b) hereof shall be deemed to be acceptance by the Bottler of the revised price.
- (d) The Company reserves the right, to the extent permitted by the law applicable in the Territory, to establish and to revise, by giving written notice to the Bottler, maximum prices at which the Beverage in Approved Containers may be sold. It is recognized in this regard that the Bottler may sell the Beverage to wholesalers and retailers and authorize the retail sales of the Beverage at prices which are lower than the maximum prices. The Bottler shall not, however, increase the maximum prices established or revised by the Company at which the Beverage in Approved Containers may be sold to wholesalers and retailers nor authorize an increase in the maximum retail prices for the Beverage without the prior written consent of the Company.
- (e) The Bottler undertakes to collect from or charge to retail or wholesale outlets, as applicable, for each refillable Approved Container and each returnable case delivered to retail or wholesale outlets, such deposits as the Company may determine from time to time by giving written notice to the Bottler, and to make all reasonably diligent efforts to recover all empty refillable Approved Containers and cases and, upon recovery, to refund or to credit the deposits for said refillable Approved Containers and returnable cases returned undamaged and in good condition.

VI. DURATION AND TERMINATION OF AGREEMENT

- 24. (a) This Agreement shall expire, without notice, on January 1, 2023, unless it has been earlier terminated as provided herein. It is recognized and agreed between the parties hereto that the Bottler shall have no right to claim a tacit renewal of this Agreement.
 - (b) If the Bottler has fully complied with all the terms, covenants, conditions and stipulations of this Agreement throughout its term, and the Bottler is capable of the continued promotion, development and exploitation of the full potential of the business of the preparation, packaging, distribution and sale of the Beverage, the Bottler may request an extension of this Agreement for an additional term of five (5) years. The Bottler may request such extension by giving written notice to the Company at least six (6) months but not more than twelve (12) months prior to the expiration date of this Agreement. The request by the Bottler for such extension shall be supported by such documentation as the Company may request, including documentation relating to the Bottler’s compliance with the performance obligations under this Agreement and supporting the continued capability of the Bottler to develop, stimulate and satisfy fully the demand for the Beverage within the Territory. If the Bottler has, in the sole discretion of the
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Company, satisfied the conditions for the extension of this Agreement, then the Company may, by written notice, agree to extend this Agreement for such additional term or such lesser period as the Company may determine.

(c) At the expiration of any such additional term, this Agreement shall expire finally without further notice, and the Bottler shall have no right to claim a tacit renewal of this Agreement.

25. (a) This Agreement may be terminated by the Company or the Bottler forthwith and without liability for damages by written notice given by the party entitled to terminate to the other party:

- (1) if the Company, the Authorized Suppliers or the Bottler cannot legally obtain foreign exchange to remit abroad in payment of imports of the Concentrate or the ingredients or materials necessary for the manufacture of the Concentrate, the Syrup or the Beverage; or
- (2) if any part of this Agreement ceases to be in conformity with the laws or regulations applicable in the Territory and, as a result thereof, or as a result of any other laws affecting this Agreement, any one of the material stipulations herein cannot be legally performed or the Syrup cannot be prepared, or the Beverage cannot be prepared or sold in accordance with the instructions issued by the Company pursuant to Clause 18 above, or if the Concentrate cannot be manufactured or sold in accordance with the Company's formula or the standards prescribed by it.

(b) This Agreement may be terminated forthwith by the Company without liability for damages:

- (1) if the Bottler becomes insolvent, or if a petition in bankruptcy is filed against or on behalf of the Bottler which is not stayed or dismissed within one hundred and twenty (120) days, or if the Bottler passes a resolution for winding up, or if a winding up or judicial management order is made against the Bottler, or if a receiver is appointed to manage the business of the Bottler, or if the Bottler enters into any judicial or voluntary scheme of composition with its creditors or concludes any similar arrangements with them or makes an assignment for the benefit of creditors; or
- (2) in the event of the Bottler's dissolution, nationalization or expropriation, or in the event of the confiscation of the production or distribution assets of the Bottler.

26. (a) This Agreement may also be terminated by the Company or the Bottler without liability for damages if the other party fails to observe any one or more of the terms, covenants or conditions of this Agreement, and fails to remedy such default (s) within sixty (60) days after such party has been given written notice of such default(s).

(b) In addition to all other remedies to which the Company may be entitled hereunder, if at any time the Bottler fails to follow the instructions or to maintain the standards prescribed by the Company or required by applicable laws in the Territory for the preparation and packaging of the Syrup or the Beverage, the Company shall have the right to prohibit the production of the Syrup or the Beverage until the default has been corrected to the Company's satisfaction, and the Company may demand the suspension of distribution and delivery of the Beverage and further demand the recall or withdrawal from the market or trade, at the Bottler's expense, of the Beverage not in conformity with or not manufactured in conformity with such instructions, standards or requirements, and the Bottler shall promptly comply with such prohibition or demand. During the period of such prohibition of production, the Company shall be entitled to suspend deliveries of the Concentrate to the Bottler and to supply the Beverage or to arrange for others to supply the Beverage in the Territory. No prohibition or demand shall be deemed a waiver of the rights of the Company to terminate this Agreement pursuant to this Clause 26.

27. Upon the expiration or earlier termination of this Agreement:

- (a) the Bottler shall not thereafter prepare, package, distribute, or sell the Beverage or make any use of the Trade Marks, Approved Containers, closures, cases, cartons, labels, other packaging material or advertising, marketing or promotional material used or which are intended for use by the Bottler solely in connection with the preparation, packaging, distribution and sale of the Beverage;
 - (b) the Bottler shall forthwith eliminate all references to the Company, the Beverage and the Trade Marks from the premises, delivery vehicles, vending machines, coolers and other equipment of the Bottler and from all business stationery and all written, graphic, electromagnetic, digital or other advertising, marketing or promotional material used or maintained by the Bottler, and the Bottler shall not thereafter hold forth in any manner whatsoever that the Bottler has any connection with the Company, the Beverage or the Trade Marks;
 - (c) the Bottler shall forthwith deliver to the Company or a third party, in accordance with such instructions as the Company shall give, all of the Concentrate, Beverage in Approved Containers, usable Approved Containers bearing the Trade Marks or any of them, closures, cases, labels and other packaging materials bearing the Trade Marks and advertising material for the Beverage still in the Bottler's possession or under its control, and the Company shall, upon delivery thereof pursuant to such instructions, pay to the Bottler a sum equal to the reasonable market value of such supplies or materials, provided that the Company will accept and pay for only such supplies or materials as are in first-class and usable condition; and provided further that all Approved Containers, closures, cases, cartons, labels and other packaging materials and advertising materials bearing the name of the Bottler and any such supplies and materials which are unfit for use according to the Company's standards shall be destroyed by the Bottler without cost to the Company; and provided further that, if this Agreement
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is terminated in accordance with the provisions of Clauses 16, 23(b), 25(a), 26 or 28 or as a result of any of the contingencies provided in Clause 31 (including termination by operation of law), or if the Agreement is terminated by the Bottler for any reason other than in accordance with or as a result of the operation of Clauses 23(b) or 26, the Company shall have the option, but no obligation, to purchase from the Bottler the supplies and materials referred to above; and

- (d) all rights and obligations hereunder, whether specifically set out or whether accrued or accruing by use, conductor otherwise, shall expire, cease and end, excepting all provisions concerning the obligations of the Bottler as set forth in Clauses 11 (b) (2) and (b)(3) and 12, 13, 14, 15(t), 17(a), 27, 32, 33, 34(a), 34(c) and 34(d), all of which shall continue in full force and effect, provided always that this provision shall not affect any rights the Company may have against the Bottler in respect of any claim for nonpayment of any debt or account owed by the Bottler to the Company or its Authorized Suppliers.

VII. OWNERSHIP AND CONTROL OF THE BOTTLER

- 28. It is recognized and acknowledged between the parties hereto that the Company has a vested and legitimate interest in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the Company’s international bottling, distribution and sales system. It is further recognized and acknowledged between the parties hereto that this Agreement has been entered into by the Company intuitu personae and in reliance upon the identity, character and integrity of the owners, controlling parties and managers of the Bottler, and the Bottler warrants having made to the Company prior to the execution hereof a full and complete disclosure of the owners and of any third parties having a right to, or power of, control or management of the Bottler. It is therefore agreed between the parties hereto that notwithstanding the provisions of Clause 16 or any other provision of this Clause 28 in the event of any change, due to any cause, of the real persons or legal entities having direct or indirect ownership or control of the Bottler, including any changes of the share owner composition of such entities, the Company, in its sole discretion, may terminate this Agreement forthwith and without liability for damages. The Bottler, therefore, covenants and agrees:
 - (a) not to assign, transfer, pledge or in any way encumber this Agreement or any interest herein or rights hereunder, in whole or in part, to any third party or parties without the prior written consent of the Company;
 - (b) not to delegate performance of this Agreement, in whole or in part, to any third party or parties without the prior written consent of the Company;
 - (e) to notify the Company promptly in the event of or upon obtaining knowledge of any third-party action which mayor will result in any change in the ownership or control of the Bottler;
 - (d) to make available from time to time and at the request of the Company complete
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records of current ownership of the Bottler and full information concerning any third party or parties by whom it is controlled, directly or indirectly;

- (e) to the extent the Bottler has any legal control over changes in the ownership or control of the Bottler, not to initiate or implement, consent to or acquiesce in any such change without the prior written consent of the Company; and
- (f) if the Bottler is organized as a partnership, not to change the composition of such partnership by the inclusion of any new partners or the release of existing partners without the prior written consent of the Company.

In addition to the foregoing provisions of this Clause 28, if a proposed change in ownership or control of the Bottler involves a direct or indirect transfer to or acquisition of ownership or control of the Bottler, in whole or in part, by a person or entity authorized by the Company to manufacture, sell, distribute or otherwise deal in any beverage products and/or any trademarks of the Company (the “Acquiror Bottler”), the Company may request any and all information it considers relevant from both the Bottler and the Acquiror Bottler in order to make its determination as to whether to consent to such change. In any such circumstances, the parties hereto, recognizing and acknowledging the vested and legitimate interest of the Company in maintaining, promoting and safeguarding the overall performance, efficiency and integrity of the Company’s international bottling, distribution and sales system, expressly agree that the Company may consider all and any factors, and apply any criteria that it considers relevant in making such determination.

It is further recognized and agreed between the parties hereto that the Company, in its sole discretion, may withhold consent to any proposed change in ownership or other transaction contemplated in this Clause 28, or may consent subject to such conditions as the Company, in its sole discretion, may determine. The parties hereto expressly stipulate and agree that any violation by the Bottler of the foregoing covenants contained in this Clause 28 shall entitle the Company to terminate this Agreement forthwith without liability for damages; and, furthermore, in view of the personal nature of this Agreement, that the Company shall have the right to terminate this Agreement without liability for damages if any other third party or parties should obtain any direct or indirect interest in the ownership or control of the Bottler, even when the Bottler had no means to prevent such a change, if, in the opinion of the Company, such change either enables such third party or parties to exercise any influence over the management of the Bottler or materially alters the ability of the Bottler to comply fully with the terms, obligations and conditions of this Agreement.

29. The Bottler shall, prior to the issue, offer, sale, transfer, trade or exchange of any of its shares of stock or other evidence of ownership, its bonds, debentures or other evidence of indebtedness, or the promotion of the sale of the above, or stimulation or solicitation of the purchase or an offer to sell thereof, obtain the written consent of the Company whenever the Bottler uses in this connection the name of the Company or the Trade Marks or any description of the business relationship with the Company in any prospectus, advertisement or other sales efforts. The Bottler shall not use the name of the Company or the Trade Marks or
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any description of the business relationship with the Company in any prospectus or advertisement used in connection with the Bottler’s acquisition of any shares or other evidence of ownership in a third party without the Company’s prior written consent.

VIII. GENERAL PROVISIONS:

30. The Company may assign any of its rights and delegate all or any of its duties or obligations under this Agreement to one or more of its subsidiaries or related companies provided, however, that any such delegation shall not relieve the Company from any of its contractual obligations under this Agreement. In addition, the Company, in its sole discretion, may through written notice to the Bottler appoint a third party as its representative to ensure that the Bottler carries out its obligations under this Agreement, with full powers to oversee the Bottler’s performance and to require from the Bottler its compliance with all the terms and conditions of this Agreement.
31. Neither the Company nor the Bottler shall be liable for failure to perform any of their respective obligations hereunder when such failure is caused by or results from:

(a) strike, blacklisting, boycott or sanctions imposed by a sovereign nation or supranational organization of sovereign nations, however incurred; or

(b) act of God, force majeure, public enemies, authority of law and/or legislative or administrative measures (including the withdrawal of any government authorization required by any of the parties to carry out the terms of this Agreement), embargo, quarantine, riot, insurrection, a declared or undeclared war, state of war or belligerency or hazard or danger incident thereto; or

(c) any other cause whatsoever beyond their respective control.
- In the event the Bottler is unable to perform its obligations as a consequence of any of the contingencies set forth in this Clause 31, and for the duration of such inability, the Company and Authorized Suppliers shall be relieved of their respective obligations under Clauses 2 and 5; and provided that, if any such failure by either party shall persist for a period of six (6) months or more, either party hereto may terminate this Agreement without liability for damages.
- 32 (a) The Company reserves the sole and exclusive right to institute any civil, administrative or criminal proceedings or actions, and generally to take or seek any available legal remedy it deems desirable, for the protection of its reputation, Trade Marks, and other intellectual property rights, as well as for the protection of the Concentrate, the Syrup and the Beverage, and to defend any action affecting these matters. At the request of the Company, the Bottler will render assistance in any such action. The Bottler shall not have any claim against the Company as a result of such proceedings or action or for any failure to institute or defend such proceedings or action.
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The Bottler shall promptly notify the Company of any litigation or proceedings instituted or threatened affecting these matters. The Bottler shall not institute any legal or administrative proceedings against any third party which may affect the interests of the Company without the prior written consent of the Company.

(b) The Company has the sole and exclusive right and responsibility to initiate and defend all proceedings and actions relating to the Trade Marks. The Company may initiate or defend any such proceedings or actions in its own name or require the Bottler to institute or defend such proceedings or actions either in its own name or in the joint names of the Bottler and the Company.

33. (a) The Bottler agrees to consult with the Company on all product liability claims, proceedings or actions brought against the Bottler in connection with the Beverage or Approved Containers and to take such action with respect to the defense of any such claim or lawsuit as the Company may reasonably request in order to protect the interests of the Company in the Beverage, the Approved Containers or the goodwill associated with the Trade Marks.

(b) The Bottler shall indemnify and hold harmless the Company, its affiliates and their respective officers, directors and employees from and against all costs, expenses, damages, claims, obligations and liabilities whatsoever arising from facts or circumstances not attributable to the Company including, but not limited to, all costs and expenses incurred in settling or compromising any of the same arising out of the preparation, packaging, distribution, sale or promotion of the Beverage by the Bottler, including, but not limited to, all costs arising out of the acts or defaults, whether negligent or not, of the Bottler, the Bottler’s distributors, suppliers and wholesalers.

(c) The Bottler shall obtain and maintain a policy of insurance with insurance carriers satisfactory to the Company giving full and comprehensive coverage both as to amount and risks covered in respect of matters referred to in subclause (b) above (including the indemnity contained therein) and shall on request produce evidence satisfactory to the Company of the existence of such insurance. Compliance with this Clause 33(c) shall not limit or relieve the Bottler from its obligations under Clause 33(b) hereof.

34. The Bottler covenants and agrees:

- (a) that it will make no representations or disclosures to public or government authorities or to any other third party, relating to the Concentrate, the Syrup or the Beverage without the prior written consent of the Company;
 - (b) in the event that the Bottler is publicly listed or traded, it will disclose to the Company any financial or other information relating to the performance or prospects of the Bottler at the same time as the Bottler is required to disclose such information pursuant to the regulations of the stock exchange or the securities or corporations law applicable to the Bottler;
 - (c) that it will at all times, both during the continuance and after termination of this Agreement, keep strictly confidential all secret and confidential information
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including, without limiting the generality of the foregoing, mixing instructions and techniques, sales, marketing and distribution information, projects and plans, relating to the subject matter of this Agreement, which the Bottler may receive from the Company, or in any other manner, and to ensure that such information shall be made known only to those officers, directors and employees bound by reasonable provisions incorporating the secrecy obligations set out in this Clause; and

- (d) that upon the expiration or earlier termination of this Agreement, it will forthwith hand over to the Company or to whomever the Company may direct all written or graphic, electromagnetic, computerized, digital or other materials comprising or containing any information subject to the obligation of confidentiality hereunder.
 - 35. The Company and the Bottler recognize that incidents may arise which can threaten the reputation and business of the Bottler and/or negatively affect the good name, reputation and image of the Company and the Trade Marks. In order to address such incidents, including but not limited to any questions of quality of the Beverage that may occur, the Bottler will designate and organize an incident management team and inform the Company of the members of such team. The Bottler further agrees to cooperate fully with the Company and such third parties as the Company may designate and coordinate all efforts to address and resolve any such incident consistent with procedures for crisis management that may be issued to the Bottler by the Company from time to time.
 - 36. In the event of any provisions of this Agreement being or becoming legally ineffective or invalid, the validity or effect of the remaining provisions of this Agreement shall not be affected; provided that the invalidity or ineffectiveness of the said provisions shall not prevent or unduly hamper performance hereunder or prejudice the ownership or validity of the Trade Marks. The right to terminate in accordance with Clause 25(a)(2) is not affected hereby.
 - 37. (a) As to all matters and things herein mentioned, this Agreement, as may be amended or supplemented in writing from time to time, shall constitute the only agreement between the Company and the Bottler. All prior agreements of any kind whatsoever between the parties relating to the subject matter are cancelled hereby, save to the extent that the same may comprise agreements and other documents within the provisions of Clause 17(a) hereof; provided, however, that any written representations made by the Bottler upon which the Company relied in entering into this Agreement shall remain binding upon the Bottler.
 - (b) Any waiver or modification of, or alteration or addition to, this Agreement or any of its provisions, shall not be binding upon the Company or the Bottler unless same shall be executed by duly authorized representatives of the Company and the Bottler.
 - (c) All written notices given pursuant to this Agreement shall be by courier, telefax, hand or registered (air) mail and shall be deemed to be given on the date such
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notice is dispatched, such hand delivery is affected, or such registered letter is mailed. Such written notices shall be addressed to the last known address of the party concerned. Each party shall promptly advise the other party of any change in its address.

- 38. Failure of the Company to exercise promptly any right herein granted, or to require strict performance of any obligation undertaken herein by the Bottler, shall not be deemed to be a waiver of such right or of the right to demand subsequent performance of any and all obligations herein undertaken by the Bottler.
- 39. The Bottler is an independent contractor and is not an agent of, or a partner or joint venturer with, the Company. The Bottler agrees that it will neither represent, nor allow itself to be held out as an agent of, or partner or joint venturer with the Company.
- 40. The headings herein are solely for the convenience of the parties and shall not affect the interpretation of this Agreement.
- 41. This Agreement shall be interpreted, construed and governed by and in accordance with the laws of Chile, without giving effect to any applicable principles of choice or conflict of laws.

IN WITNESS WHEREOF, the Company at Atlanta, Georgia, United States of America, and the Bottler at Santiago, Chile have caused these presents to be executed in triplicate by the duly authorized person or persons in their behalf on the dates indicated below.

THE COCA-COLA COMPANY	EMBOTELLADORA ANDINA S.A.
By: _____ Authorized Representative	By: _____ Authorized Representative
Date: _____	Date: _____

Bottler’s Agreement for Other Beverages

THIS AGREEMENT, made and entered into with effect from January 1, 2018, by and between THE COCA-COLA COMPANY, a corporation organized and existing under the laws of the State of Delaware, United States of America, (hereinafter referred to as the “Company”), and EMBOTELLADORA ANDINA S.A., a sociedad anónima organized and existing under the laws of the Republic of Chile (hereinafter referred to as the “Bottler”).

WHEREAS:

- A. The Company is engaged in the manufacture and sale of beverage bases, essences and other ingredients (hereinafter referred to as the “Beverage Bases”), the formulae for which are industrial secrets of the Company and from which are manufactured non-alcoholic beverage syrups and powders (hereinafter referred to as the “Syrups”). These Beverage Bases and Syrups are used in the preparation of non-alcoholic beverage products. The Company is also engaged in the manufacture and sale of the Syrups and has the right to engage in producing and selling other nonalcoholic beverage products, all of which are identified under the trademarks set forth in Exhibit 1 (the beverage products described above are hereinafter collectively referred to as the “Beverages”). These Beverages are produced for sale in bottles and other containers and in other forms and manners;
- B. The Company is the owner of the trademarks which are listed in Exhibit 1 attached hereto and which distinguish the Beverage Bases, the Syrups and the Beverages, and such other related intellectual property embodied in the distinctive trade dress and other design devices and packaging elements associated with the Beverage Bases, the Syrups and the Beverages and any additional trademarks that the Company may adopt from time to time to distinguish the Beverage Bases, the Syrups and the Beverages (hereinafter referred to as the “Trade Marks”);
- C. The Company has the exclusive right to prepare, package, distribute and sell the Beverages and the right to manufacture and sell the Beverage Bases and the Syrups in the Republic of Chile, among other countries;
- D. The parties hereto are also parties to a n agreement dated January 1, 2018, and which expires on January 1, 2023, (hereinafter referred to as the “Bottler’s Agreement for Coca-Cola”), pursuant to which the Bottler is authorized to prepare and package the Beverage Coca-Cola for sale and distribution in and throughout the Territory there in defined and described; and
- E. The Bottler seeks an authorization from the Company to prepare and package the Beverages and to distribute and sell the same under the Trade Marks in and throughout the Territory (as defined and described in the Bottler’s Agreement for Coca-Cola).

THEREFORE, the Company hereby authorizes the Bottler, and the Bottler undertakes, upon the terms and conditions set forth in the Bottler’s Agreement for Coca-Cola, to prepare and

package the Beverages and to distribute and sell the same under the Trade Marks, in and throughout the Territory, and the terms and conditions, duties and obligations set forth in the Bottler’s Agreement for Coca-Cola are incorporated herein by reference as though set forth in *haec verba*; provided that (1) wherever the terms “Coca-Cola” and “Coke” appear in said Bottler’s Agreement for Coca-Cola the Trade Marks shall be substituted therefor, (2) wherever the term “Concentrate” appears in said Bottler’s Agreement for Coca-Cola the term “Beverage Bases” shall be substituted therefor, and (3) this Agreement shall automatically terminate upon the expiration or earlier termination of the Bottler’s Agreement for Coca-Cola.

IN WITNESS WHEREOF, the Company in Atlanta, Georgia, United States of America, and the Bottler at Santi ago, Chile have caused these presents to be executed in tri plicate by the duly authorized person or persons in their behalf on the dates indicated below.

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____

EXHIBIT 1
To the Bottler's Agreement for Other Beverages
Effective as of January 1, 2018

Trade Marks

COCA-COLA LIGHT
COCA-COLA ZERO
FANTA
FANTA ZERO
INCA KOLA
NORDIC MIST
QUATRO
SPRITE
SPRITE ZERO



COCA-COLA PLAZA
ATLANTA, GEORGIA

January 1, 2018

Embotelladora Andina S.A.
Av. Miraflores 9153- Renca
Santiago
Chile

RE: APPROVED CONTAINERS

Gentlemen:

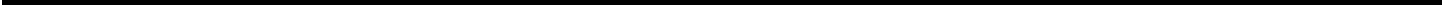
Reference is made to the Bottler’s Agreement effective January 1, 2018, and entered into between THE COCA-COLA COMPANY (hereinafter the “Company”) and EMBOTELLADORA ANDINA S.A. (hereinafter the “Bottler”), authorizing the Bottler to prepare and package the Beverage COCA-COLA, and any ancillary authorizations for other Company Beverages, for sale and distribution under the Trade Marks granted by the Company to the Bottler (hereinafter collectively referred to as the “Bottler’s Agreements”).

The Company authorizes the Bottler to prepare, package, distribute and sell the Beverages in the following containers, which for the purpose of said Bottler’s Agreements, shall be deemed Approved Containers:

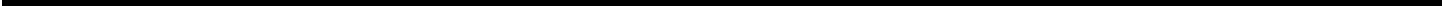
Product	Container	Capacity
Coca-Cola	PET Fam.	1.5-LTR
Coca-Cola	PET Fam.	1.75-LTR
Coca-Cola	PET Fam.	1-LTR
Coca-Cola	PET Fam.	2.5-LTR
Coca-Cola	PET Fam.	2-LTR
Coca-Cola	PET Fam.	3-LTR
Coca-Cola	RGB Fam.	1.25-LTR
Coca-Cola	RGB Fam.	1-LTR



Coca-Cola	RPET Fam.	2.5-LTR
Coca-Cola	RPET Fam.	2-LTR
Coca-Cola	RPET Fam.	3-LTR
Coca-Cola	BIB	19-LTR
Coca-Cola	Tank	300-LTR
Coca-Cola	PET Pers.	250-ML
Coca-Cola	PET Pers.	591-ML
Coca-Cola	RGB Pers.	237-ML
Coca-Cola	RGB Pers..	350-ML
Coca-Cola Zero	PET Fam.	1.5-LTR
Coca-Cola Zero	PET Fam.	1.75-LTR
Coca-Cola Zero	PET Fam.	2.5-LTR
Coca-Cola Zero	PET Fam.	2-LTR
Coca-Cola Zero	PET Fam.	3-LTR
Coca-Cola Zero	RGB Fam.	1-LTR
Coca-Cola Zero	RPET Fam.	2.5-LTR
Coca-Cola Zero	RPET Fam.	2-LTR
Coca-Cola Zero	BIB	10-LTR
Coca-Cola Zero	PET Pers.	250-ML
Coca-Cola Zero	PET Pers.	591-ML
Coca-Cola Zero	RGB Pers.	237-ML
Coca-Cola Zero	RGB Pers.	350-ML
Coca-Cola light	PET Fam.	1.5-LTR
Coca-Cola light	PET Fam.	1-LTR
Coca-Cola light	PET Fam.	2.5-LTR
Coca-Cola light	PET Fam.	2-LTR
Coca-Cola light	PET Fam.	3-LTR
Coca-Cola light	RGB Fam.	1.25-LTR
Coca-Cola light	RGB Fam.	1-LTR
Coca-Cola light	RPET Fam	2.5-LTR
Coca-Cola light	RPET Fam	2-LTR
Coca-Cola light	BIB	19-LTR
Coca-Cola light	PET Pers.	250-ML
Coca-Cola light	PET Pers.	591-ML
Coca-Cola light	RGB Pers.	237-ML
Coca-Cola light	RGB Pers.	350-ML
Fanta Zero	PET Fam.	1.5 -LTR
Fanta Zero	PET Fam.	2.5-LTR
Fanta Zero	PET Fam.	2-LTR
Fanta Zero	PET Pers.	500-ML
Fanta Naranja	PET Fam.	1.5-LTR
Fanta Naranja	PET Fam.	2.5-LTR
Fanta Naranja	PET Fam.	2-LTR



Fanta Naranja	PET Fam.	3-LTR
Fanta Naranja	RGB Fam.	1.25-LTR
Fanta Naranja	RGB Fam.	1-LTR
Fanta Naranja	RGB Fam.	2.5-LTR
Fanta Naranja	RPET Fam.	2 LTR
Fanta Naranja	BIB	19-LTR
Fanta Naranja	PET Pers.	250-ML
Fanta Naranja	PET Pers.	500-ML
Fanta Naranja	RGB Pers.	237-ML
Fanta Naranja	RGB Pers.	350-ML
Fanta Limón	PET Fam.	1.5-LTR
Fanta Limón	RGB Fam.	1-LTR
Fanta Limón	PET Pers.	500-ML
Inca Kola	PET Fam.	1.5-LTR
Inca Kola	PET Pers.	500-ML
Nordic Mist Ginger Ale	PET Fam.	1.5-LTR
Nordic Mist Ginger Ale	PET Fam.	1.5 LTR
Nordic Mist Tonic	PET Fam.	1.5-LTR
Quatro Pomelo Light	PET Fam.	1.5-LTR
Quatro Pomelo Light	BIB	10-LTR
Quatro Pomelo Light QuatQ	PET Pers.	500-ML
Quatro Guarana	PET Fam.	1.5-LTR
Quatro Guarana	PET Pers.	500-ML
Sprite Zero	PET Fam.	1.5-LTR
Sprite Zero	PET Fam.	2.5-LTR
Sprite Zero	PET Fam.	2-LTR
Sprite Zero	RPET Fam.	2-LTR
Sprite Zero	BIB	10-LTR
Sprite Zero	PET Pers.	500-ML
Sprite Zero	RGB Pers.	350-ML
Sprite	PET Fam.	1.5-LTR
Sprite	PET Fam.	2.5-LTR
Sprite	PET Fam.	2-LTR
Sprite	PET Fam.	3-LTR
Sprite	RGB Fam.	1.25.LTR
Sprite	RGB Fam.	1-LTR
Sprite	RPET Fam.	2.5-LTR
Sprite	RPET Fam.	2-LTR
Sprite	BIB	19-LTR
Sprite	PET Pers.	500-ML
Sprite	RGB Pers.	237-ML
Sprite	RGB	350-ML



Please note that the permission referenced herein is subject to the following provisions as set forth by the Company:

- 1. The terms used herein shall have the same meaning assigned to them as in the Bottler’s Agreements unless otherwise specifically stated.
- 2. The permission referenced herein specifically refers to the Approved Containers/Capacity only, and that the authorization to prepare, package, distribute and sell the particular Beverages listed above is granted through the Bottler’s Agreements;
- 3. All of the stipulations, covenants, terms, conditions and provisions of the Bottler’s Agreements shall remain in full force and effect; and
- 4. The list of Authorized Containers/Capacity may be modified by the Company at any time and terminates automatically upon the expiration or earlier termination of the Bottler’s Agreements.

This authorization supersedes any prior authorizations entered into between the Company and the Bottler in connection with the subject matter of this authorization.

Sincerely,

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____



COCA-COLA PLAZA
ATLANTA, GEORGIA

January 1, 2018

Embotelladora Andina S.A.
Av. Miraflores 9153- Renca
Santiago
Chile

AUTHORIZATION FOR DISTRIBUTION

Gentlemen:

Reference is made to the Bottler's Agreement effective January 1, 2018, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and EMBOTELLADORA ANDINA S.A. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks granted by the Company to the Bottler (hereinafter the "Bottler's Agreements"). The terms used herein shall have the same meaning assigned to them in the Bottler's Agreements unless otherwise specifically stated.

The Bottler is hereby granted a non-exclusive authorization to purchase the Beverages in Approved Containers for Distribution from the Authorized Suppliers as listed on Exhibit A attached hereto, and to sell and distribute them throughout the Territory, subject to the following conditions:

1. This authorization may be terminated, or any Beverage or Approved Container for Distribution specified herein may be canceled by the Company or the Bottler upon ninety (90) days' advance written notice and it terminates automatically upon the expiration or earlier termination of the Bottler's Agreement for COCA-COLA.
2. Upon the termination or cancellation of this authorization, the Bottler shall immediately discontinue the sale or distribution of the Beverages in Approved Containers for Distribution in the Territory.
3. Except as supplemented or modified herein, the stipulations, covenants, terms, conditions and provisions of the Bottler's Agreements shall apply to and be effective for this supplemental authorization to the extent they are applicable for the sale and distribution of the Beverages.

This authorization supersedes any prior authorizations entered into between the Company

and the Bottler in connection with the subject matter of this authorization.

Sincerely,

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____

EXHIBIT A

To the Authorization for Distribution between
THE COCA-COLA COMPANY and EMBOTELLADORA ANDINA S.A.

Effective Date: January 1, 2018

Authorized Supplier	Product	Container	Capacity
Envases Central	Aquarius by Andina Manzana	PET Fam.	1.5-LTR
	Aquarius by Andina Manzana	PET Pers.	500-ML
	Aquarius by Andina Uva	PET Fam.	1.5-LTR
	Aquarius by Andina Uva	PET Pers.	500-ML
	Aquarius by Andina Durazno	PET Fam.	1.5-LTR
	Aquarius by Andina Durazno	PET Pers.	500-ML
	Aquarius by Andina Pomelo	PET Fam.	1.5-LTR
	Aquarius by Andina Pomelo	PET Fam.	500-ML
	Aquarius by Andina Limonada	PET Fam.	1.5-LTR
	Aquarius by Andina Limonada	PET Pers.	500-ML
	Aquarius by Andina Pera	PET Fam.	1.5-LTR
	Aquarius by Andina Pera	PET Pers.	500-ML
	Aquarius by Andina Papaya	PET Fam.	1.5-LTR
	Aquarius by Andina Papaya	PET Pers.	500-ML
Vital S.A.	Andina Frut Manzana	Brick-p Fam.	1-LTR
	Andina Frut Manzana	PET Fam.	1.5-LTR
	Andina Frut Manzana Light	PET Fam.	1.5-LTR
	Andina Frut Manzana	Brick-P Pers.	200-ML
	Andina Frut Manzana	NRGB Pers.	300-ML
	Andina Frut Naranja	Brick-P Fam.	1-LTR
	Andina Frut Naranja	PET Fam.	1.5-LTR
	Andina Frut Naranja	PET Fam.	2- LTR
	Andina Frut Naranja	BIB	10-LTR
	Andina Frut Naranja Light	PET Fam.	2-LTR
	Andina Frut Piña Light	PET Fam	2-LTR

Authorized Supplier	Product	Container	Capacity
	Andina Néctar Durazno Light	PET Fam	2-LTR
	Andina Frut Naranja	Brick-P Pers.	200-ML
	Andina Frut Naranja	NRGB Pers.	300-ML
	Andina Frut Piña 20%	RGB	1.5-LTR
	Andina Frut Piña 20%	NRGB Pers.	300-ML
	Andina Frut Piña 33%	Brick-P Fam	1-LTR
	Andina Frut Piña 33%	PET Fam.	1.5-LTR
	Andina Frut Piña 33%	PET Fam.	2-LTR
	Andina Frut Piña 33%	BIB	10-LTR
	Andina Frut Piña 33%	Brick- P Pers.	200-ML
	Andina Néctar Damasco	PET Fam.	1.5-LTR
	Andina Néctar Damasco	NRGB Pers.	300-ML
	Andina Néctar Durazno	Brick-P Fam.	1-LTR
	Andina Néctar Durazno	PET Fam.	1.5-LTR
	Andina Néctar Durazno	PET Fam.	2-LTR
	Andina Néctar Durazno	RGB Fam.	1.5-LTR
	Andina Néctar Naranja	RGB Fam.	1.5-LTR
	Andina Néctar Durazno	Brick-P Pers.	200-ML
	Andina Néctar Durazno	NRGB Pers.	300-ML
	Andina Néctar Durazno	RGB Pers.	250-ML
	Andina Néctar Durazno	RGB Pers.	350-ML
	Andina Frut Naranja Light	Brick-P Fam.	1-LTR
	Andina Frut Naranja Light	PET Fam.	1.5-LTR
	Andina Frut Naranja 0%	Brick-P Pers.	200-ML
	Andina Frut Naranja Light	NRGB Pers.	300-ML
	Andina Frut Piña Light (NC)	Brick-P Fam.	1-LTR
	Andina Frut Piña Light (NC)	PET Fam.	1.5-LTR
	Andina Piña 0%	Brick-P Pers.	200-ML
	Andina Néctar Damasco Light	PET Fam.	1.5-LTR
	Andina Néctar Piña Light	NRGB Pers.	300-ML

Authorized Supplier	Product	Container	Capacity
	Andina Néctar Durazno Light	Brick-P Fam.	1-LTR
	Andina Frut Naranja	Brick-P Fam.	1.5-LTR
	Andina Frut Durazno	Brick-P Fam.	1.5-LTR
	Andina Frut Piña	Brick-P Fam.	1.5-LTR
	Andina Néctar Durazno Light	PET Fam.	1.5-LTR
	Andina Néctar Durazno 0%	Brick-P Pers.	200-ML
	Andina Durazno Nutridefensas	Brick-P Pers.	200-ML
	Andina Naranja Nutridefensas	Brick-P Pers.	200-ML
	Andina Piña Nutridefensas	Brick-P Pers.	200-ML
	Andina Manzana Nutridefensas	Brick-P Pers.	200-ML
	Andina Néctar Durazno Light	NRGB Pers.	300-ML
	Andina Two pack Naranja/Durazno Light	PET Fam.	1.5-LTR
	Kapo Manzana	Pouch Pers.	200-ML
	Kapo Manzana	Pouch Pers.	252-ML
	Kapo Naranja	Pouch Pers.	200-ML
	Kapo Naranja	Pouch Pers.	252-ML
	Kapo Piña	Pouch Pers.	200-ML
	Kapo Piña	Pouch Pers.	252-ML
	Kapo Frambuesa	Pouch Pers.	200-ML
	Kapo Frambuesa	Pouch Pers.	252-ML
	Powerade Frozen Blast	PET Pers.	600-ML
	Powerade Frozen Blast	PET Fam.	1-LTR
	Powerade Frozen Blast	PET Pers.	600-ML
	Powerade Frozen Blast	PET Fam.	1-LTR
	Powerade Frozen Blast	PET Pers.	600-ML
	Powerade Frozen Blast	PET Fam.	1-LTR
	Powerade Frozen Blast	PET Pers.	600-ML
	Powerade Frozen Blast	PET Fam.	1-LTR
	Powerade Frozen Blast Zero	PET Pers.	600-ML
	Powerade Frozen Blast Zero	PET Fam.	1-LTR

Authorized Supplier	Product	Container	Capacity
VA S.A.	Powerade Lima Limón Zero	PET Pers.	600-ML
	Powerade Lima Limón Zero	PET Pers.	1-LTR
	Powerade Naranja	PET Fam.	1-LTR
	Powerade Naranja	PET Pers.	600-ML
	Powerade Rojo	PET Pers.	1-LTR
	Powerade Rojo	PET Pers.	600-ML
	Powerade Green Punch	PET Pers.	600-ML
	Powerade Uva Zero	PET Pers.	600-ML
	Powerade Uva Zero	PET Pers.	1-LTR
	Glaceau vitamin water Energy	PET Pers.	500-ML
	Glaceau vitamin water Essential	PET Pers.	500-ML
	Glaceau vitamin water Power-C	PET Pers.	500-ML
	Glaceau vitamin water XXX	PET Pers.	500-ML
	Glaceau vitamin water Restore	PET Pers.	500-ML
	Vital (Carb)	PET Fam.	1.6-LTR
	Vital (Carb)	PET Fam.	2.0-LTR
	Vital (Carb)	NRGB Pers.	330-ML
	Vital (Carb)	PET Pers.	600-ML
	Vital (Non-Carb)	PET Fam.	1.6-LTR
	Vital (Non-Carb)	PET Fam.	2.0-LTR
	Vital (Non-Carb)	NRGB Pers.	330-ML
	Vital (Non-Carb)	PET Pers.	600-ML
	Vital (Non-Carb)	PET Pers.	990-ML



COCA-COLA PLAZA
ATLANTA, GEORGIA

January 1, 2018

Embotelladora Andina S.A.
Av. Miraflores 9153- Renca
Santiago
Chile

AUTHORIZATION IN RESPECT OF SHIPS AND AIRLINES

Gentlemen:

Reference is made to the Bottler's Agreement effective January 1, 2018, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and EMBOTELLADORA ANDINA S.A. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks granted by the Company to the Bottler (hereinafter the "Bottler's Agreements"). The terms used herein shall have the same meaning assigned to them in the Bottler's Agreements unless otherwise specifically stated.

The Bottler is hereby granted a non-exclusive authorization to supply the Syrups or Beverages in Approved Containers authorized under the Bottler's Agreements for sale on board ships and airlines within the Territory, subject to the following conditions:

1. This authorization may be withdrawn by the Company at any time and terminates automatically upon the expiration or earlier termination of the Bottler's Agreement for COCA-COLA.
 2. Upon the termination or cancellation of this authorization, the Bottler shall immediately discontinue the sale and distribution to ships and airlines.
 3. Except as supplemented or modified herein, the stipulations, covenants, terms, conditions and provisions of the Bottler's Agreements shall apply to and be effective for this supplemental authorization.
-

This authorization supersedes any prior authorizations entered into between the Company and the Bottler in connection with the subject matter of this authorization.

Sincerely,

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____



COCA-COLA PLAZA
ATLANTA, GEORGIA

January 1, 2018

Embotelladora Andina S.A.
Av. Miraflores 9153- Renca
Santiago
Chile

AUTHORIZATION IN RESPECT OF SYRUPS FOR POST-MIX BEVERAGES

Gentlemen:

Reference is made to the Bottler's Agreement effective January 1, 2018, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and EMBOTELLADORA ANDINA S.A. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks granted by the Company to the Bottler (hereinafter collectively referred to as the "Bottler's Agreements"). The terms used herein shall have the same meaning assigned to them in the Bottler's Agreements unless otherwise specifically stated.

The Bottler is hereby granted a non-exclusive authorization to prepare, package, distribute and sell syrups for the Beverages authorized under the Bottler's Agreements (hereinafter the "Post-Mix Syrups") to retail dealers in the Territory for use in dispensing the Beverages through Post-Mix Dispensers in or adjoining the establishments of retail outlets and also to operate Post-Mix Dispensers and sell the Beverages dispensed therefrom directly to consumers subject to the following conditions:

1. The Bottler shall not sell Post-Mix Syrups to a retail outlet for use in any Post-Mix Dispenser, or operate any Post-Mix Dispenser unless:
 - (a) there is available an adequate source of safe, potable water;
 - (b) all Post-Mix Dispensers are of a type approved by the Company and conform in all respects to the hygienic and other standards which the Company issues in writing to the Bottler in connection with the preparation, packaging and sale of the Post-M ix Syrups; and
 - (c) the Beverages dispensed through the Post-Mix Dispensers are in strict adherence to and compliance with the instructions for the preparation of the Beverages from Post-Mix Syrups as issued in writing to the Bottler from time to time by the Company.
-

2. The Bottler shall take samples of the Beverages dispensed through the Post-Mix Dispensers operated by retail outlets to whom the Bottler has supplied the Post-Mix Syrups or which are operated by the Bottler in accordance with such instructions and at such intervals as may be notified by the Company in writing and shall submit said samples at the Bottler's expense to the Company for inspection.

3. The Bottler shall maintain an adequate staff of trained personnel who will make periodic inspections at reasonable intervals of Post-Mix Dispensers operated by retail dealers to whom the Bottler has supplied Post-Mix Syrups. In making the inspections, the Bottler shall ensure:

(a) that the instructions issued by the Company are being complied with; and

(b) that the Beverages dispensed through the Post-Mix Dispensers comply strictly with the standards prescribed by the Company for the Beverages.

4. The Bottler shall, on its own initiative and responsibility, discontinue immediately the sale of Post-Mix Syrups to any retail outlet which fails to comply with the standards prescribed by the Company.

5. The Bottler shall discontinue the sale of Post-Mix Syrups to any retail outlet when notified by the Company that any of the Beverages dispensed through a Post-Mix Dispenser located in or adjoining the establishment of the retail outlet do not comply with the standards prescribed by the Company for the Beverages or that the Post-Mix Dispenser is not of a type approved by the Company.

6. The Bottler agrees;

(a) to sell and distribute the Post-Mix Syrups only in containers of a type approved by the Company and to use on said containers only labels which have been approved by the Company; and

(b) to exert every influence to persuade retail outlets to use a standard glass, paper cup or other container approved by the Company and with markings approved by the Company to the end that the Beverages served to the customer will be appropriately identified and will be served in an attractive and sanitary container.

Except as modified herein, all the terms, covenants and conditions contained in the Bottler's Agreements shall apply to this supplemental authorization and it is expressly agreed between the parties that the terms, conditions, duties and obligations of the Bottler, as set forth in the Bottler's Agreements, are incorporated herein by reference and, unless the context otherwise indicates or requires, any reference in the said Bottler's Agreements to the term "Beverages" is deemed to refer to the term "Post-Mix Syrups" for the purpose of this authorization.

This authorization may be terminated by the Company or the Bottler upon ninety (90) days' advance written notice and terminates automatically upon the expiration or earlier termination of the Bottler's Agreement for COCA-COLA.

This authorization supersedes any prior authorizations entered into between the Company and the Bottler in connection with the subject matter of this authorization.

Sincerely,

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____



COCA-COLA PLAZA
ATLANTA, GEORGIA

January 1, 2018

Embotelladora Andina S.A.
Av. Miraflores 9153- Renca
Santiago
Chile

Reference is made to the Bottler’s Agreement effective January 1, 2018, by and between THE COCA-COLA COMPANY (hereinafter the “Company”) and EMBOTELLADORA ANDINA S.A. (hereinafter the “Bottler”), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages for sale and distribution under the Trade Marks granted by the Company to the Bottler (hereinafter the “Bottler’s Agreements”). The terms used herein shall have the same meaning assigned to them in the Bottler’s Agreements unless otherwise specifically stated.

We hereby authorize you to use the trademark ANDINA in your corporate name Embotelladora Andina S.A.

The authorization granted herein will expire automatically upon expiration or termination of the Bottler’s Agreement, and is revocable by us in our absolute discretion, in whole or in part, upon ninety (90) days’ written notice. Upon expiration or termination of the Bottler’s Agreement or revocation of this Authorization, Embotelladora Andina S.A. shall take any and all affirmative steps to delete ANDINA from its corporate name and to amend any other reference to ANDINA in any and all statements or documents including government licenses, registrations or any other records.

Nothing contained herein shall give you any interest in the goodwill derived from the use of the trademark ANDINA in your corporate name. It is hereby expressly agreed and understood that there is extended only a permission uncoupled with any interest to use the trademark ANDINA, and that we retain the sole and exclusive right to initiate and defend any or all proceedings and actions relating to such trademark.

Sincerely,

THE COCA-COLA COMPANY

EMBOTELLADORA ANDINA S.A.

By: _____
Authorized Representative

By: _____
Authorized Representative

Date: _____

Date: _____

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
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 27, 2018

/s/ Miguel Ángel Peirano

Miguel Ángel Peirano

Chief Executive Officer

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 27, 2018

/s/ Andrés Wainer

Andrés Wainer
Chief Financial Officer

**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, 2017, 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 27, 2018

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.

**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, 2017, 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 27, 2018

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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akoa-20171231_cal.xml

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