As filed with the Securities and Exchange Commission on April 25, 2019

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, 2018

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)

Ignacio Morales, Tel. (56-2) 2338-0520 E-mail: ignacio.morales @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**

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 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 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

Certain Definitions

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 regions of Antofagasta, Atacama, Coquimbo, Metropolitan Region of Santiago, Aysén and Magallanes and the provinces of Cachapoal and San Antonio;
- the "Brazilian territory" means the greater part of the State of Rio de Janeiro, the totality of the State of Espírito Santo and parts of the state of São Paulo and the state of Minas Gerais;
- the "Argentine territory" means the provinces of Córdoba, Mendoza, San Juan, San Luis, Santa Fe, Entre Rios, La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, Tierra del Fuego as well as the western part of the province of Buenos Aires; and,
- the "Paraguayan territory" means the country of Paraguay.

Presentation of Financial and Certain Other Information

Unless otherwise specified, references herein to "dollars", "U.S. dollars" or "US$" are to United States dollars; references to "pesos", "Chilean pesos", "Ch$" or "ThCh$" are to Chilean pesos; references to "Argentine pesos" or "AR$" are to Argentine pesos; references to "real", "reais" or "R$" are to Brazilian reais; and references to "guaranies", "guarani" or "G$" 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, 2018, 2017, 2016, 2015 and 2014 were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB").

Our consolidated financial statements are presented in Chilean pesos. Our consolidated financial statements reflect the results of our subsidiaries located in Brazil, Argentina and Paraguay, converted to Chilean pesos (our functional and presentation currency). 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 for subsidiaries that do not operate in hyperinflationary economies.

In the case of our Argentine subsidiaries, which have been operating in an environment that during 2018 was classified as hyperinflationary, the conversion criteria from the functional currency of those subsidiaries to our presentation currency is the following:

- financial condition (balance sheet): Non-cash items are expressed in the current currency at the balance sheet date and translated to the presentation currency of the closing exchange rate. Losses and gains are included in net earnings (fiscal year income).

- first fiscal year: Losses and gains by correction of current non-monetary items the previous year are recorded in accumulated results as of January 1, 2018.

- statement of income: Income statement items are expressed in the current currency unit at the end of the reporting period, using the variation of the general price index from the date on which the expenses and revenues were accrued, and translated to the presentation currency at closing exchange rate.

- cash flow statement: Cash flow statement items are expressed in the current currency unit at the end of the reporting period and translated to the presentation currency at closing exchange rate.

For more information on the effects of the hyperinflationary environment in Argentina in 2018 see note 2.5 of our consolidated financial statements included herein.

Unless otherwise specified, our financial data is presented herein in Chilean pesos.

Forward-Looking Statements

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

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

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;
- changes in taxes;
- 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 volume that we are able to sell and the price 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”.

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

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.

The summary consolidated financial information as of December 31, 2017 and 2018 and for the years ended December 31, 2016, 2017 and 2018 has been derived from our audited consolidated financial statements included in this annual report. The summary consolidated financial information as of December 31, 2014, 2015 and 2016 and for the years ended December 31, 2014 and 2015 has been derived from our audited consolidated financial statements not included herein.

Our consolidated financial statements are prepared in accordance IFRS and presented in Chilean pesos. 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). 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 for subsidiaries that do not operate in hyperinflationary economies.

Our Argentine subsidiaries have been operating in an environment that in 2018 was classified as hyperinflationary. For a description of the conversion criteria from the functional currency to the presentation currency, see “Introduction — Presentation of Financial and Certain Other Information” and note 2.5 of our consolidated financial statements included herein.

	For the year ended December 31,				
	2014	2015	2016	2017	2018
	(in million Chilean pesos)				
INCOME STATEMENT DATA					
Net sales	1,797,200	1,877,394	1,777,459	1,848,879	1,672,916
Cost of sales	(1,081,243)	(1,106,706)	(1,033,910)	(1,069,025)	(968,028)
Gross profit	715,957	770,688	743,549	779,854	704,888
Other income	3,971	472	1,761	551	859
Distribution expenses	(187,043)	(202,491)	(183,677)	(192,928)	(165,775)
Administrative expenses	(342,141)	(352,601)	(346,203)	(348,199)	(313,743)
Other expenses	(18,591)	(21,983)	(22,765)	(16,701)	(14,308)
Other (expense) income, net	(4,392)	(6,301)	(3,387)	(2,537)	(2,708)
Financial income	8,656	10,118	9,662	11,194	3,940
Financial expenses	(65,081)	(55,669)	(51,375)	(55,220)	(55,015)
Share of (loss) profit of investments accounted for using the equity method	1,191	(2,328)	(263)	(80)	1,411
Foreign exchange differences	(2,676)	(2,856)	(68)	(1,370)	(1,449)
Loss from differences in indexed financial assets and liabilities	(12,463)	(7,308)	(6,378)	(3,763)	(5,085)
Net income before income taxes	97,388	129,741	140,856	170,798	153,016
Income tax expense	(45,354)	(41,643)	(48,807)	(51,797)	(55,565)
Net income	52,034	88,098	92,049	119,001	97,451
BALANCE SHEET DATA					
Assets					
Current assets					
Cash and cash equivalents	79,514	129,160	141,264	136,242	137,539
Other financial assets	106,577	87,492	60,153	14,138	684
Other non-financial assets	7,787	8,686	8,601	5,612	5,949
Trade and other accounts receivable, net	198,110	176,386	190,524	191,285	174,113
Accounts receivable from related parties	5,994	4,611	5,789	5,370	9,450
Inventories	149,728	133,333	144,709	131,363	151,320
Current tax assets	6,026	7,742	1,702	—	2,532
Total current assets	553,736	547,410	552,742	484,010	481,586
Non-current assets					
Other financial assets	51,027	181,491	80,181	74,259	97,362
Other non-financial assets	33,057	18,290	35,247	47,349	34,977
Trade and other receivables	7,098	5,932	3,528	2,396	1,271
Accounts receivable from related parties	25	15	148	156	74
Investments accounted for under the equity method	66,050	54,191	77,198	86,809	102,411
Intangible assets other than goodwill	728,181	665,666	680,996	663,273	668,823
Goodwill	116,924	95,836	102,920	93,598	117,229
Property, plant and equipment	713,075	640,530	666,151	659,750	710,771
Deferred tax assets	—	—	—	3,213	—
Total non-current assets	1,715,437	1,661,951	1,646,367	1,630,849	1,732,918
Total assets	2,269,173	2,209,361	2,199,110	2,114,859	2,214,505
Liabilities					
Current liabilities					
Other financial liabilities	83,402	62,218	64,801	67,981	56,115
Trade and other accounts payable	228,179	212,526	242,836	257,519	238,110
Accounts payable to related parties	55,967	48,653	44,120	33,961	45,828
Provisions	366	326	683	2,676	3,486
Income taxes payable	2,931	7,495	10,829	3,185	9,339
Employee benefits current provisions	27,747	31,791	35,653	35,956	33,211
Other non-financial liabilities	11,620	17,565	20,613	27,008	33,774
Total current liabilities	410,212	380,574	419,535	428,287	419,862
Non-current liabilities					
Other long-term current financial liabilities	726,616	765,299	721,571	675,767	716,564
Trade and other payables	1,216	9,303	9,510	1,133	736
Provisions	77,447	63,976	72,399	62,948	58,967
Deferred income tax liabilities	126,126	130,202	125,609	125,205	145,246
Post-employment benefit liabilities	8,125	8,230	8,158	8,286	9,416
Other non-financial liabilities	433	243	159	—	—
Total non-current liabilities	939,963	977,253	937,405	873,339	930,928
Issued capital	270,738	270,738	270,738	270,738	270,738
Retained earnings	247,818	274,755	295,709	335,523	462,221
Other reserves	378,739	284,982	254,159	185,049	110,854
Equity attributable to equity holders of the parent	897,294	830,474	820,606	791,310	843,813
Non-controlling interests	21,703	21,060	21,564	21,923	19,902
Total equity	918,998	851,534	842,170	813,233	863,715
Total liabilities and equity	2,269,173	2,209,361	2,199,110	2,114,859	2,214,505

	For the year ended December 31,				
	2014	2015	2016	2017	2018
	(in million Chilean pesos, except share and per share data and other operating data)				
CASH FLOW DATA					
Net cash flows generated from operating activities	215,514	264,909	223,447	247,960	235,279
Net cash flows used in investing activities	(166,776)	(103,131)	(113,916)	(168,831)	(118,086)
Net cash flows provided by (used in) financing activities	(46,920)	(98,560)	(98,225)	(78,346)	(114,635)
Net increase in cash and cash equivalents before exchange differences	1,818	63,218	11,306	783	2,558
Effects of exchange differences on cash and cash equivalents	(2,280)	(13,571)	797	(5,805)	3,574
Effects of inflation on cash and cash equivalents in Argentina	—	—	—	—	(4,836)
Net increase (decrease) in cash and cash equivalents	(462)	49,647	12,103	(5,022)	1,296
Cash and cash equivalents - beginning of year	79,976	79,514	129,161	141,264	136,242
Cash and cash equivalents - end of year	79,514	129,161	141,264	136,242	137,539
OTHER FINANCIAL DATA					
Depreciation and amortization	102,967	100,632	97,334	99,164	99,594
Capital expenditures	114,217	112,400	128,217	168,858	121,063
Dividends paid	52,269	53,671	67,585	75,536	85,475
Basic and diluted earnings per share:					
Series A(1)	52.19	88.40	91.08	118.56	97.20
Series B(1)	57.41	97.24	100.19	130.42	106.92
Basic and diluted earnings per ADR(2)					
Series A(2)	313.16	530.40	546.48	711.36	583.20
Series B(2)	344.48	583.44	601.14	782.52	641.52
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	270,738
Total dividends declared					
Total Series A Shares	24,800	29,344	33,130	37,153	40,703
Total Series B Shares	27,283	32,278	36,443	40,868	44,772
OTHER OPERATING DATA (unaudited)					
Sales volume					
Coca-Cola trade brand soft drinks (millions of UCs)(3)	671.6	653.8	613.2	587.9	579.2
Other beverages (millions of UCs) (3)(4)	159.0	166.1	165.8	168.5	171.3

(1) Calculation of profits per share considers the average amount of outstanding shares existing at each date.
(2) Each ADR represents six shares of common stock of the corresponding series of shares.
(3) UCs or Unit cases refer to 192 ounces of finished beverage product (24 eight-ounce servings) or 5.68 liters.
(4) 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 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 Investment and Exchange Controls in 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.

	Exchange rate Ch$ per US$			
	High(1)	**Low(1)**	**Average(2)**	**Period end (3)**
Year ended December 31,				
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
2018	698.56	588.28	641.22	695.69
Month end				
October 31, 2018	693.31	656.25	676.84	693.31
November 30, 2018	698.56	667.46	677.61	669.43
December 31, 2018	695.69	666.46	681.99	695.69
January 31, 2019	697.64	666.76	677.06	666.76
February 28, 2019	665.90	649.22	656.30	649.92
March 31, 2019	683.73	651.79	667.68	681.09
April 2018 (through April 17, 2019)	678.53	660.67	666.15	663.98

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 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.

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.

	Exchange rate Ar$ per US$			
	High	Low	Average (1)	Period end
Year ended December 31,				
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	15.850
2017	18.830	15.174	16.567	18.774
2018	40.897	18.416	28.094	37.808
Month end				
October 31, 2018	40.342	36.197	37.120	36.197
November 30, 2018	38.875	35.488	36.459	38.022
December 31, 2018	38.570	36.890	37.885	37.808
January 31, 2019	37.933	37.035	37.407	37.035
February 29, 2019	40.040	37.197	38.409	38.998
March 31, 2019	43.698	39.445	41.362	43.353
April 2019 (through April 17, 2019)	43.800	41.562	42.808	41.783

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.

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

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

	Exchange rate R$ per US$			
	High	**Low**	**Average(1)**	**Period end**
Year ended December 31,				
2014	2.7403	2.1974	2.3536	2.6562
2015	4.1949	2.5754	3.3314	3.9048
2016	4.1558	3.1193	3.4901	3.2591
2017	3.3807	3.0510	3.1920	3.3080
2018	4.1879	3.1391	3.6544	3.8748
Month end				
October 31, 2018	4.0273	3.6368	3.7584	3.7177
November 30, 2018	3.8925	3.6973	3.7867	3.8633
December 31, 2018	3.9330	3.825	3.8851	3.8748
January 31, 2019	3.8595	3.6519	3.7417	3.6519
February 28, 2019	3.7756	3.6694	3.7236	3.7385
March 31, 2019	3.9682	3.7762	3.8465	3.8967
April 2019 (through April 17, 2019)	3.9225	3.8345	3.8664	3.9225

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

Paraguay

The price of the U.S. currency in Paraguay is determined by the interaction between the supply and demand of this currency, and the Central Bank of Paraguay (BCP) has the ability to intervene in order to minimize the effects of potential large variations.

Standing out among foreign exchange income are exports (including border trade mainly with Brazil), foreign direct investment (FDI), remittances from relatives living abroad (in previous periods this impact was more significant). Imports stand out regarding dollar expenditures.

Until 2013, the flow of U.S. dollar income and expenditures was characterized by a large influx (income) of U.S. dollars in the first part of the year due to soybean exports. Currently, due to the various investments made, the influx still exists, but income throughout the year is more balanced.

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in Paraguayan guarani per U.S. dollar as reported by the Central Bank of Paraguay.

	Exchange rate G$ per US$			
	High	**Low**	**Average(1)**	**Period end**
Year ended December 31,				
2014	4,689	4,170	4,462	4,636
2015	5,866	4,626	5,205	5,807
2016	5,953	5,494	5,671	5,767
2017	5,785	5,408	5,619	5,590
2018	6,016	5,492	5,732	5,961
Month end				
October 31, 2018	6,016	5,894	5,954	5,994
November 30, 2018	5,994	5,896	5,937	5,933
December 31, 2018	5,977	5,900	5,927	5,961
January 31, 2019	6,092	5,980	6,039	6,050
February 28, 2019	6,105	6,017	6,059	6,092
March 31, 2019	6,191	6,072	6,130	6,181
April 2019 (through April 17, 2019)	6,242	6,188	6,209	6,245

Source: Central Bank of Paraguay.

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 and changes in this relationship may adversely affect our business.

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 other shareholders, which may result in us taking actions contrary to the interests of our other shareholders.

70% of net sales for the year ended December 31, 2018 were derived from the distribution of soft drinks under The Coca-Cola Company trademarks and an additional 24% 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 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 in 2023, one agreement for Brazil, which expires in 2022, 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 renewed 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 prevent us from selling Coca-Cola trademark beverages in the affected territory, which 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 non-alcoholic 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 agencies 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 or 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 non-alcoholic beverage companies relating to the marketing, labeling or sale of beverages may reduce demand for our products or increase the cost, 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.

If we do not address evolving consumer product and shopping preferences, our business could suffer.

The non-alcoholic 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; changes in consumer lifestyles; concerns regarding location of origin or source of ingredients and raw materials and the environmental and sustainability impact of the product manufacturing process; consumer emphasis on transparency related to our products and packaging; and competitive product and pricing pressures. 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 would 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 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. If we do not continuously strengthen our capabilities in marketing and innovation to maintain our brand loyalty and market share, while we selectively expand into other profitable categories in the non-alcoholic beverage segment of the commercial beverage industry, our business could be negatively affected.

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 that such an increase would not 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, subject to changes and unpredictable situations 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 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. The second phase of the law began on June 27, 2018, which hardened the parameters of information required for the labelling of products offered on the market. 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 and/or other liabilities.

We take precautions in order to minimize the risk that our beverage products present contaminants and that our packaging materials (such as bottles, crowns, cans and other containers) present defects. Such precautions include quality-control programs for raw materials, the production process and of our final products. Likewise, we have established procedures to correct any problems detected.

The existence of contamination or defect in the future may lead to business interruptions, product recalls or liability, 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 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 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 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, 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 be 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 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 might be forced to incur considerable expenses in order to comply with such laws and regulations. We are also subject to uncertainty regarding the interpretation of the environmental laws and regulations 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. 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, significant liabilities, 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. These 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. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and/or disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our current assessments and estimates.

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 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 the taxes on our products in the future. The imposition of new taxes or increases in taxes 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 Permanent Regime, for the years 2017 and following, corporations ("*sociedades anónimas*") are subject to the Semi-Integrated Regime established in article 14(B) of the Chilean Income Law, in accordance with which the Company will be subject to the First Category corporate tax with a rate of 27% 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 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 former 35% income tax rate to 30% for the 2018 and 2019 fiscal years and from 2020 onwards the rate decreases to 25%. However, this 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.

In relation to gross income tax, in 2018 there was a 2% average reduction in the gross income tax rate for industry activity in provinces where Andina Argentina has no productive plants. Municipal rates in 2018 remained unchanged, with few insignificant exceptions.

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.

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 or the U.S. Foreign Corrupt Practices Act.

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

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

A devaluation of the currencies of the countries where we have our operations, with regard to the Chilean peso, can negatively affect the results reported by the Company in Chilean pesos.

The Company reports its results in Chilean pesos, while a large part of its revenues and Adjusted EBITDA comes from countries that use other currencies. In 2018, 65.9% of our revenues, and 63.3% of Adjusted EBITDA came from Argentina, Brazil and Paraguay. Specifically, in 2018, 24.7% of the Company's revenues were generated in Argentina, 32.3% in Brazil, and 8.9% in Paraguay, while 18.5% of Adjusted EBITDA was generated in Argentina, 32.7% in Brazil, and 12.0% in Paraguay. If the currencies of these countries depreciate against the Chilean peso, this would have a negative effect on the results and financial condition of the Company, which are reported in Chilean pesos.

The imposition of exchange controls could restrict the entry and exit of funds to and from the countries in which we operate, which could significantly limit our financial capacity.

The imposition of exchange controls in the countries in which we operate could affect our ability to repatriate profits, which could significantly limit our ability to pay dividends to our shareholders. Additionally, it may limit the ability of our foreign subsidiaries to finance payments of U.S. dollar denominated liabilities required by foreign creditors.

Negative information on social media and similar platforms could adversely affect our reputation.

Negative or inaccurate information concerning us or The Coca-Cola trademarks may be posted on social media and similar platforms of Internet-based communications at any time. This information may affect our reputation, and adversely impact our business, results of operations and financial condition.

Risks Relating to Chile

Our growth and profitability depend on economic conditions in Chile.

39.4% of our assets as of December 31, 2018 and 34.1% of our net sales for the year ended December 31, 2018 corresponded to our operations 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 1.8% in 2014, 2.3% in 2015, 1.3% in 2016, 1.5% in 2017 and according to the Monetary Policy Report of Chile's Central Bank, at around a rate of 4% in 2018. 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 significant levels of inflation in the past. The annual rates of inflation in Chile, which in 2014, 2015, 2016, 2017 and 2018 were 4.6%, 4.4%, 2.7%, 2.3% and 2.6%, 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 significant inflation 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 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.

A significant part of the raw materials used by the company in Chile are in U.S. dollars, so a devaluation of the Chilean peso against the U.S. dollar can affect our costs and margins in a significant way.

Based on the observed exchange rates for U.S. dollars as of December 31, 2014, 2015, 2016, 2017 and 2018, the Chilean peso depreciated 15.7%, 14.7%, -5.7%, -7.8%, and 13.1%, 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 is the largest earthquake ever recorded.

On February 27, 2010, an 8.8 magnitude earthquake struck the central and south-central regions of Chile. The quake epicenter was located 200 miles southwest of Santiago and 70 miles north of Concepción, Chile's second largest city. The regions of Bío Bío and Maule were the most severely affected regions, especially the coastal area, which, shortly after the earthquake, was hit by a tsunami that significantly damaged cities and port facilities. The regions of Valparaíso and Metropolitan region were also severely affected. At least 1.5 million 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 income tax rate from 17.0% to 20.0%.

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

Risks Relating to Brazil

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

36.8% of our assets at December 31, 2018 and 32.3% of our consolidated net sales for the year ended December 31, 2018 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% and 3.3%, respectively, but in 2017 and 2018 GDP increased 1.1% and 1.3%, respectively.

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

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

- exchange rate fluctuations;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in gross domestic product (GDP);
- high inflation rates;
- changes in fiscal or monetary policies;
- increase in interest rates;
- exchange control policies;
- volatility and liquidity of domestic capital and credit markets;
- changes in climate and weather patterns;
- energy or water shortages or rationalization, particularly in light of water shortages in parts of Brazil;
- changes in environmental regulation;
- social and political instability, particularly in light of recent protests against the government; and
- other economic, political, diplomatic and social developments in or affecting Brazil, including with respect to alleged unethical or illegal conduct of certain figures in the Brazilian government and legislators, which are currently under investigation.

Our results of operations and financial condition may be adversely affected by the economic conditions in Brazil. In addition, protests, strikes and corruption scandals, including the “Lava Jato” investigation, have led to a fall in confidence and a political crisis. 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.

The development of the investigations conducted by the Federal Police Department and the General Federal Prosecutor’s Office during 2017 has increased uncertainty with respect to the future prospects of the Brazilian market. The Brazilian Superior Electoral Court (*Tribunal Superior Eleitoral*) in a 4 to 3 vote acquitted Dilma Rousseff and Michel Temer of charges of illegal campaign financing. However, during 2018 the former president Luís Inácio Lula da Silva was sentenced to 12 years of prison on corruption charges uncovered by the Lava Jato operation. Michel Temer, the former Vice-President, who assumed the presidency of Brazil following Rousseff’s ouster, was arrested as part of corruption investigations in March 2019.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.

Jair Bolsonaro was elected as the new President of Brazil on October 28, 2018. He has been in office since January 1, 2019. His election led to a market resurgence and the recovery of the value of local stock and the Brazilian real. However, we cannot assure that such confidence in the market will remain, nor that the policies promoted by the new government will be beneficial to our operations.

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 high rates of inflation. Several measures have been taken by the Federal Government in order to control it, but it is impossible to assure these will be successful. 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, 5.9% in 2013, 6.4% in 2014, 10.7% in 2015, 6.3% in 2016, 2.9% in 2017 and 3.7% in 2018. Future governmental actions, including actions to adjust the value of the real, may trigger increases in inflation. 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 and if that inflation will not affect our business in the future.

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.

The exchange rate in Brazil depreciated by 1.5% in 2017 and 17.1% in 2018 against the U.S. dollar. 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.

A significant part of the raw materials used by the Company in Brazil are in U.S. dollars, so a devaluation of the Brazilian real against the U.S. dollar can affect our costs and margins in a significant way.

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.

During 2018, the Brazilian government reduced the value-added tax on industrialized products (*Imposto sobre Productos Industrializados* or IPI) applicable to soft drinks concentrate, from 20% to 4%. This measure has negatively affected our operations, since it significantly reduced the tax credit derived from the purchases of concentrate from the Manaus free zone that currently benefits Rio de Janeiro Refrescos, and the soft drinks industry as a whole.

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 party in several tax procedures in which the Brazilian federal tax authorities argue the alleged existence of liabilities associated with value added tax on industrialized products (*Imposto sobre Produtos Industrializados or IPI*) for an approximate total amount of BRL 1,990,400,000. 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.

The eventual termination of the Heineken product distribution agreement could adversely affect our profitability

In July 2017 Heineken Brazil unilaterally notified the termination of the agreement by virtue of which Rio de Janeiro Refrescos Ltda. commercializes and distributes Heineken brand beers in our franchise territories in Brazil. Rio de Janeiro Refrescos Ltda. understands that the expiration of this agreement is scheduled for the year 2022, which is why we submitted this dispute to an arbitration process.

While we continue to market the aforementioned products, and Heineken Brazil remains obligated to distribute its products through The Coca-Cola System during the course of the arbitration process indicated above, the final result is subject to uncertainty, and it is not possible for us to predict its final resolution. An unfavorable result of this arbitration process could result in an early termination of the agreement according to which Rio de Janeiro Refrescos Ltda. commercializes and distributes Heineken brand beers, which could have a significant adverse impact on our business in Brazil. Heineken products represent 18.7% of our revenues in Brazil during 2018.

Risks Relating to Argentina

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

10.9% of our assets as of December 31, 2018 and 24.7% of our net sales for the year ended December 31, 2018 corresponded to our operations 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, -1.8% in 2016, 2.9% in 2017 and -2.5% in 2018. 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 its 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.

In October 2019, Argentine presidential, legislative and certain provincial and municipal governments elections will be held. The uncertainty relating to electoral campaigns and the result of the elections, or uncertainty regarding whether the new Argentine Government will implement changes in policy or regulation, could adversely affect the Argentine economy.

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.

We cannot provide assurance that the Argentine government will not adopt policies that could adversely affect the Argentine economy or our business. In addition, we cannot guarantee that future economic, social and political developments in Argentina, over which we have no control, will not impair our businesses, financial condition or results of operations. We cannot provide assurance that future economic instability, over which we have no control, will impair our business, our net worth or financial condition or the results of our operations.

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 current administration in order to normalize the 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. 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 2014 and 2015 (date until October 2015 since the INDEC suspended its report thereafter) were 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 it began disseminating a new CPI monthly series, without reporting the months prior to April 2016. Inflation according to INDEC for 2017 was 24.8% and 47.6% for 2018. We cannot assure that INDEC will not be suspended again in the future, which 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.

During 2018, Argentina was declared as a hyperinflationary economy by the Financial Accounting Standards Board of the United States of America, and the International Accounting Standards Board. According to IAS 29-IFRS "Financial reporting in hyperinflationary economies" does not prescribe when hyperinflation arises, but includes several characteristics of hyperinflation. In order to determine whether an economy qualifies as hyperinflationary within the meaning of IAS 29, the standard contemplates a series of qualitative and quantitative factors to be considered, including the existence of a three-year cumulative inflation rate close to or higher than 100%. In this sense, for accounting purposes, Argentina is considered as a hyperinflationary country, as inflation rates for the past three years were 40.9%, 24.8% and 47.6%, in 2016, 2017 and 2018, respectively. Accordingly, since July 2018, the Company began to apply IAS 29 of IFRS regarding its financial reports, requiring to report the results of its operations in Argentina as if this economy was hyperinflationary from January 1, 2018 and, as a result, restate accumulated results as of that month. In addition, by application of IAS 29, we had to translate figures in Argentine pesos to Chilean pesos using the period closing exchange rate (and not the average exchange rate), thus reducing the Company's results of operations and net earnings. We do not know how long this situation will persist.

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.

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 "Free Exchange Market" (*Mercado 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.

The exchange rate in Argentina depreciated 17.4% in 2017 and 102.2% during 2018 compared with the closing exchange rate for the U.S. dollar for the end of the 2016 and 2017 fiscal years, respectively. The strong devaluation of the exchange rate during 2018 had a significant impact over our consolidated results.

Also, a significant part of the raw materials used by the company in Argentina are in U.S. dollars, so a devaluation of the Argentine peso against the U.S. dollar can affect our costs and margins in a significant way.

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 2014, 2015,2016, 2017 and 2018 the increase of the vital and mobile minimum salary was 33%, 27%, 35%, 17% and 28%, respectively, and for these same years the market average salary increase for workers was 30%, 32%, 33%, 26% and 32%, respectively.

In the future, the government could take new measures requiring salary increases or additional benefits for workers, and the labor force and labor unions may apply pressure in support of such measures. Any such increase in wages or worker benefit could result in added costs and reduced results of operations for Argentine companies, including us.

Legislative and public policy changes in Argentina could affect our business.

In 2015 a new Civil and Commercial Code of the Republic of Argentina went 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 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.

In November 2017, Congress passed Law No. 27,401 (Criminal Liability Regime for Private Legal Persons Law) which came into force on March 2018. This law sets forth the criminal responsibility of legal entities for crimes against public administration and transnational bribery committed by their shareholders, attorneys, directors, managers, employees or representatives, among others.

In May 2017, the new Anti-Trust Law (Law No. 27,442) that among its main amendments, establishes per se anti-trust practices "per se" (such as pricing, market share, limitations to production and coordination in bids) while hardening penalties for anti-trust behavior, and establishes joint liability to "controlling persons" when by action or omission of their duties of control, supervision or surveillance they would have contributed, induced or allowed the committing of infringement.

Because these laws have been recently enacted or came into force, we cannot assure you how the Argentine government will apply these laws, nor whether such application will not affect our business.

Risks Relating to Paraguay

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

12.9% of our assets as of December 31, 2018 and 8.9% of our net sales for the year ended December 31, 2018 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 2018 grew by 4.0%, according to preliminary figures from the Central Bank of Paraguay published in the month of December of 2018, compared to growth of 5.0% in 2017, 4.3% 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.

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 the inflation in Paraguay 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, such as income and margins, other expenses, such as professional fees and maintenance costs.

The exchange rate in Paraguay depreciated by 6.6% in 2018 and appreciated by 3.1% in 2017 compared to the exchange rate for the U.S. dollar at the close of each fiscal year.

The local currency follows regional and global trends. When the U.S. dollar's value increases, and raw materials lose value in Paraguay, this directly impacts Paraguay's generation of foreign exchange which occurs mainly through the export of raw materials.

Risk Factors Relating to the ADRs and Common Stock

Preemptive rights may be unavailable to ADR holders.

According to the *Ley de Sociedades Anónimas* No.18,046 and the *Reglamento de Sociedades Anónimas* (collectively, the "Chilean Companies Law"), whenever we issue new shares for cash, we are required to grant preemptive rights to holders of our shares (including shares represented by ADRs), giving them the right to purchase a sufficient number of shares to maintain their existing ownership percentage. However, we may not be able to offer shares to United States holders of ADRs pursuant to preemptive rights granted to our shareholders in connection with any future issuance of shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights and shares, or an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, is available.

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

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

Shareholders' rights are less well-defined in Chile than in other jurisdictions, including the United States.

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

Our corporate affairs are governed by the laws of Chile and our *estatutos* or bylaws. 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 through a tender offer 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 (i.e., 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$249,817 million as of December 31, 2018 and an average monthly trading volume of approximately US$4,460 million for the year. 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 under Chilean law as a *sociedad anónima* on February 7, 1946. 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 common shares are listed and traded on the Santiago Stock Exchange and on the *Bolsa Electrónica de Chile* (the Chilean Electronic Stock Exchange) and, until October 2018, were listed on the *Bolsa de Corredores de Valparaiso* (the Valparaiso Brokers Stock Exchange), which closed operations in October 2018.

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, Floor 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 we are 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 72 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.

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 was a Coca-Cola bottler with operations in Chile, where it serviced 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 granted 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 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" subject to certain conditions precedent. The transaction did not include the acquisition of the avocado sales business line and the General Mills representation. In October 2018, the purchase of 100% of the shares of Novaverde was completed.

In May 2018, Diageo Chile Ltda., Embonor S.A. and Embotelladora Andina S.A. signed an agreement for the distribution in Chile of the brands belonging to Diageo, including Johnnie Walker, Baileys, Smirnoff, Guinness, Pampero, among others.

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.

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 São Paulo, for R$146,946,004.

On October 11, 2013, Andina Brazil, acquired 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 10, 2013. The final price paid was R$1,155,445,998.

During 2013, there was a restructuring of the juice and mate herb ("yerba mate") 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, acquired Laticinios 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 Laticinios 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 products 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 São 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.

In March 2018, Andina Brasil started the production of soft drinks at the new Duque de Caxias plant in the state of Rio de Janeiro.

Argentina

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

In 2011, EDASA's shareholders resolved to form Andina Empaques Argentina S.A., through a spin-off of all of EDASA's Packaging Division, including all tangible and intangible assets related thereto. Accounting and tax effects began on January 1, 2012. Subsequently, EDASA absorbed Coca-Cola Polar Argentina S.A.

Additionally, as a result of the Company's merger with Polar which was completed in October 16, 2012, 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 part of the province of Buenos Aires.

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 issued by the Secretary of Trade of the Ministry of Economy and Public Finances on November 24, 2015, under which it authorized and approved 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 (old Anti-Trust Law).

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. EDASA began distributing Ade products in July 2017. In 2018, EDASA acquired shares of Alimentos de Soja S.A.U. (currently Alimentos de Soja S.A.), increasing its ownership interest to 14.3%. The amount of shares transferred was sufficient to provide EDASA a percentage of shares approximately proportional to its market share in the territory.

On December 13, 2017, EDASA, together with Monster Energy Company, entered into an agreement in which Monster Energy Company named Embotelladora del Atlántico S.A. as distributor in the franchise territory of Andina Argentina of the products bearing the "Monster" brand for an initial period of 10 years. In February 2018, we began commercializing and distributing Monster products entering the category for energy drinks.

Paraguay

PARESA is the first authorized Coca-Cola Bottler Company in Paraguay, which started its operations in May 13, 1965. In 1967, Plant 1 was 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

The following table sets forth our capital expenditures by country for the 2016-2018 period:

	Year ended December 31,		
	2016	**2017**	**2018**
		(in millions of Ch$)	
Chile	42,430	50,337	52,094
Brazil	39,517	81,322	32,536
Argentina	37,030	29,538	26,749
Paraguay	9,240	7,661	9,684
Total	**128,217**	**168,858**	**121,063**

Our total capital expenditures were Ch$128,217 million in 2016, Ch$168,858 million in 2017 and Ch$121,063 in 2018.

In 2018, capital expenditures were principally related to the following:

Argentina

- Returnable containers (glass and PET bottles) and bottles cases,
- Coolers and post mix equipment,
- Purchase and installation of Canning Line (Monte Cristo plant),
- Returnable labelling project (Monte Cristo plant and Bahía Blanca plant),
- Extension of finished product deposit (9,600 m2) and outdoor lot (4,400 m2, both at the Monte Cristo plant), and
- Purchase of LGVs (automatic fork lift trucks called "Laser Guide Vehicle"), forklifts and electric transpallets.

Brazil

- Finalization of the Duque de Caixas plant,
- Production lines and equipment for the Duque de Caxias plant,
- Begin implementation of returnable labelling project,
- Returnable containers (REF PET and glass bottles) and plastic bottle cases,
- Cold equipment, post-mix and other equipment for the point of sale,
- Machinery to increase efficiency and productive capacity, and
- Renewal of part of the vehicles and motorcycles of the sales force.

Chile

- Adjustment of production room,
- Implementation alcohol beverages infrastructure,
- Implementation of technological infrastructure, and
- Renewal fleet of distribution trucks.

Paraguay

- Fructose production facilities,
- Transportation and *mixer* Line 3,
- New 23,000 volts power supply,
- Returnable bottles and plastic cases, and
- Cold equipment.

We have budgeted US$ 160-180 million for our capital expenditures in 2019, which is expected to be mainly destined to:

- Production capacity (mainly for a new line in Chile, among other investments),
- Returnable bottles and containers, and
- Cold equipment.

For 2019, we estimate that internally generated funds will finance a large part of our budgeted capital expenditure. Our capital expenditure plan for 2019 may change based on market conditions and how the economy evolves in the countries where we operate.

B. BUSINESS OVERVIEW

We are the third largest bottler of Coca-Cola trademark beverages in Latin America in terms of sales volume. We are the largest bottler of Coca-Cola trademark beverages in Chile and 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 2018, we had consolidated net sales of Ch$1,672,916 million and total sales volume of 750.6 million unit cases of Coca-Cola soft drinks.

In addition to our soft drinks business, which accounted for 70% of our consolidated net sales during 2018, 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, guarana, sport drinks and juices in Brazil for Leão Alimentos e Bebidas Ltda.;
- distribute beverages such as tea, fruit juices, 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 energy drinks in Argentina, Brazil and Chile under trademarks owned by Monster Energy Company;
- distribute beer in Brazil under the brands Amstel, Bavaria, Heineken, Kaiser, Sol and Xingú;
- distribute beer in the south of Argentina, and
- distribute spirits in Chile.

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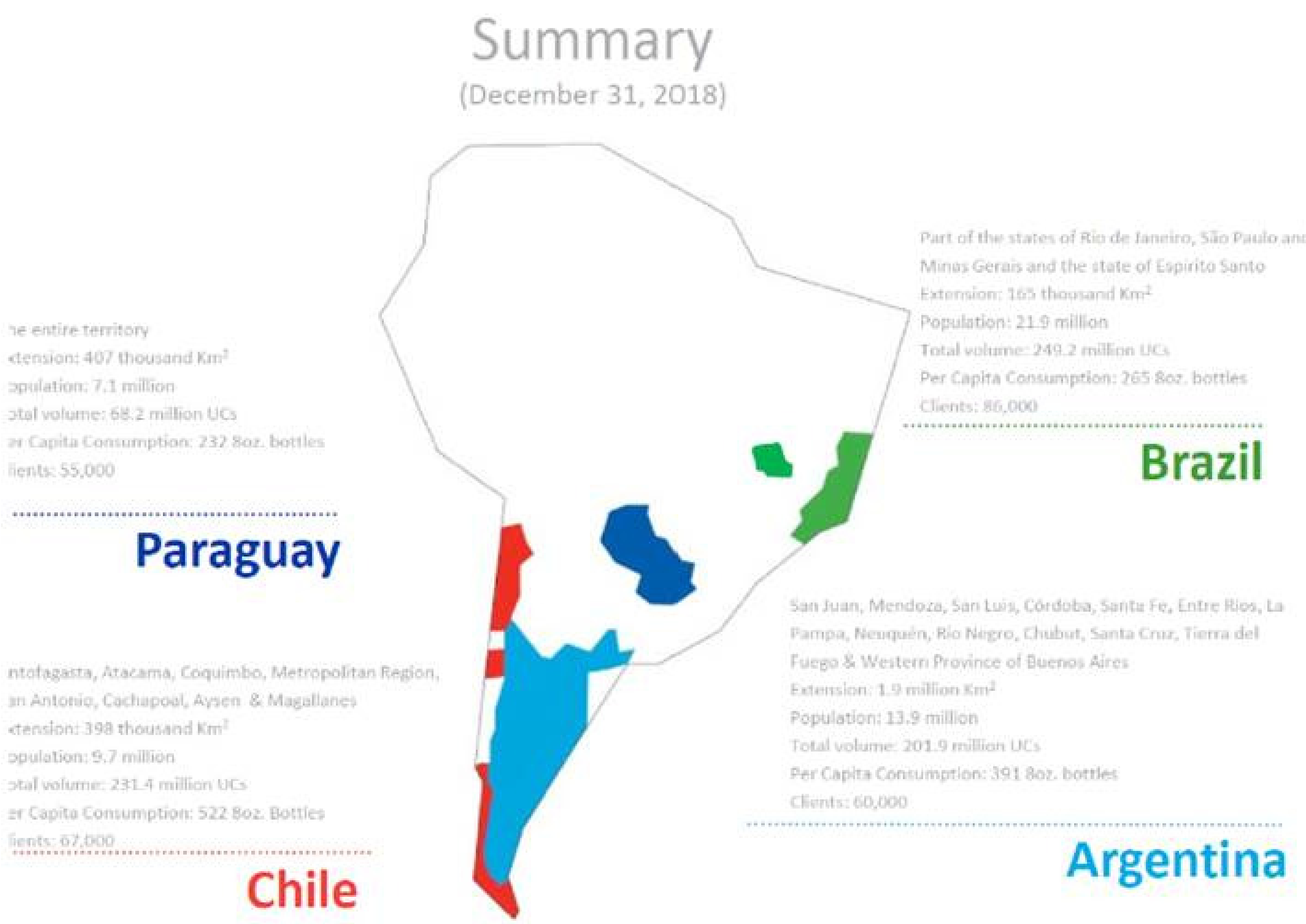
Our Territories

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, 2018.



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. 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 and spirits in Chile. The following table sets forth the brands of the products that we distribute by country as of December 31, 2018:

	Chile	Brazil	Argentina	Paraguay
Colas:				
Coca-Cola	✓	✓	✓	✓
Coca-Cola Light	✓		✓	
Coca-Cola Zero/Sin Azúcar	✓	✓	✓	✓
Flavored soft drinks				
Crush			✓	✓
Fanta	✓	✓	✓	✓
Fanta Zero/Sin Azúcar	✓	✓	✓	✓
Inca Kola	✓			
Inca Kola Zero/Sin Azúcar	✓			
Kuat		✓		
Kuat Zero		✓		
Nordic Mist	✓			
Nordic Mist Zero	✓			
Nordic Mist Agua Tónica	✓			
Quatro	✓			
Sprite	✓	✓	✓	✓
Sprite Zero/Sin Azúcar	✓	✓	✓	✓
Schweppes		✓	✓	✓
Schewppes Zero			✓	
Schweppes Tónica		✓	✓	✓
Cantarina	✓			
& Nada	✓			
Juices				
Cepita			✓	
Del Valle		✓		
Andina Del Valle	✓			
Kapo	✓	✓		
Frugos				✓
AdeS	✓	✓	✓	✓
Guallarauco	✓			
Waters				
Aquarius	✓		✓	✓
Benedictino	✓			
Bonaqua			✓	
Kin			✓	✓
Crystal		✓		
Dasani				✓
Glaceau Vitamin Water	✓			
Vital	✓			
Glaceau SmartWater	✓			
Guallarauco	✓			
Others				
Black	✓			
Burn		✓		✓
Monster	✓	✓	✓	
Fuze	✓	✓		
I9		✓		
Matte Leão		✓		
Leão Iced Tea		✓		

	Chile	Brazil	Argentina	Paraguay
Powerade	✓	✓	✓	✓
Powerade Zero	✓	✓	✓	
Minilac		✓		
Lacfree		✓		
Shake Whey		✓		
Beer				
Amstel		✓	✓	
Bavaria		✓		
Bieckert			✓	
Budweiser			✓	
Guiness Original	✓			
Heineken		✓	✓	
Imperial			✓	
Kunstmann			✓	
Palermo			✓	
Schneider			✓	
Sol		✓	✓	
Xingu		✓		
Kaiser		✓		
Isenbeck			✓	
Miller			✓	
Spirits				
Baileys	✓			
Bourbon Bulleit	✓			
Gin Tanqueray	✓			
Ron Cacique	✓			
Ron Pampero	✓			
Ron Zacapa	✓			
Sheridan’s	✓			
Tequila Don Julio	✓			
Vodka Ciroc	✓			
Vodka Smirnoff	✓			
Whisky Bell’s	✓			
Whisky Buchanan’s	✓			
Whisky J&B	✓			
Whisky Johnnie Walker	✓			
Whisky Old Parr	✓			
Whisky Sandy	✓			
Whisky Singleton	✓			
Whisky Vat-69	✓			
Whisky White Horse	✓			

In addition, in Chile, through the Koolife business unit, we import and distribute SSDs, such as Coca-Cola Zero Cherry, Coca-Cola Zero Vainilla, Coca-Cola and Coca-Cola Zero without caffeine, Fanta Uva and Fanta Piña, aluminum bottles of Coca-Cola and Coca-Cola Zero, and from Brazil we are importing the new Coca-Cola Plus Café Espresso (220 ml). We also have Iced Tea GoldPeak (Diet, Green tea and Unsweetened), Core Power Vainilla and Chocolate (sports protein shake), Zico Natural (coconut water) in PET 500 ml, Tetra 250 ml and 1,000 ml). From Ecuador we import and distribute Café Blak Capuccino and Mocaccino available in 285 ml glass bottles. From the Middle East we import and distribute Rani (juice with pieces of fruit) peach and pineapple flavors available in 240 ml 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 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 provinces of Cachapoal and San Antonio, as well as the regions of Antofagasta, Atacama, Coquimbo, Aysén and Magallanes.

During 2018, Chile accounted for 30.8% and 34.1% of our volume and consolidated net sales, respectively.

Soft Drinks: Our Chilean soft drink operations accounted for net sales in 2018 of Ch$390,782 million. We measure sales volume in terms of unit cases (UCs). The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Chile for the periods indicated:

	Year ended December 31,					
	2016		2017		2018	
	Ch$	UCs	Ch$	UCs	Ch$	UCs
	(in millions)					
Colas	265,516	109.4	271,723	110.3	284,155	112.5
Flavored soft drinks	125,963	51.9	119,906	47.4	106,627	42.2
Total	391,479	161.3	391,629	157.7	390,782	154.7

As of December 31, 2018, we sold our products to approximately 67,000 customers in Chile. Although the mix varies significantly among the franchise territories, our distribution network generally relies on a combination of Company-owned trucks and independent distributors in each territory. The following table highlights the type of customer in Chile for our products:

	Year ended December 31,		
	2016	2017	2018
	(%)		
Mom & Pops (1)	48	47	46
Supermarkets	28	29	30
On premise	12	12	12
Wholesale distributors	12	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: Coca-Cola Andina, through Vital Jugos S.A., produces and sells juices, fruit flavored beverages, ready-to-drink tea and sports drinks. Juices are manufactured and commercialized 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). Vital Aguas S.A. is in charge of bottling mineral and mineralized water under the brands Vital and SmartWater (sparkling and still versions).

Lastly, in September 2016 and July 2017, the Company began the distribution in Chile of products under the trademarks of Monster and AdeS, respectively. In 2018, the Company began selling and distributing certain Guallarauco products and spirits from the company Diageo.

In 2018, net sales of waters, juices, sports drinks, energy drinks and spirits in Chile were Ch$180,157 million and represented 10.8% of our consolidated net sales.

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 Espírito Santo and since 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. During 2018, Brazil accounted for 33.2% and 32.3% of our volume and consolidated net sales, respectively.

Soft Drinks: The Brazilian soft drink operations accounted for net sales of Ch$326,016 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,					
	2016		2017		2018	
	(in millions)					
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	295,115	164.0	300,804	150.8	245,955	152.0
Flavored soft drinks	93,933	52.2	86,741	50.9	80,601	49.4
Total	389,048	216.2	387,545	201.7	326,016	201.4

As of December 31, 2018, we sold our products to approximately 86,000 customers in Brazil. The following table highlights the type of customer in Brazil for our products:

	Year ended December 31,		
	2016	2017	2018
	(%)		
Mom & Pops (1)	25	40	23
Supermarkets	31	34	34
On premise	20	18	17
Wholesale distributors	24	8	26
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.
Note: The large difference of figures in the Mom & Pops and Wholesale distributors channels when comparing 2016 and 2018 with 2017 is because in 2017 the volume of Wholesale Distributors and Deposits were considered as part of the Mom & Pops volume, unlike the other years where it is assigned to Wholesale Distributors. If the same criteria had been applied in 2017, the Mom & pops channel mix would be 23.8% in 2017.

Other Beverages: We distribute beer under the Amstel, Bavaria, Heineken, Kaiser, Sol and Xingu labels. We sell and distribute water under the labels Crystal and SmartWater, ready-to-drink juices under the labels Del Valle Frut e Fresh, Del Valle Mais, Del Valle 100%, Del Valle Nutri, Del Valle Água de Coco, Del Valle Concentrado, 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, Fuze Matte Leão, Matte Leão and Guaraná 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, the Company began the distribution in its Brazilian franchise territories of products under the trademarks of Monster and AdeS, respectively. We are currently in an arbitration process with Heineken Brazil. See "Item 3. Key Information — Risk Factors — Risks Related to Brazil".

In 2018, net sales of beer, waters, juices, ready-to-drink teas, sports drinks and energy drinks in Brazil were Ch$214,494 million, representing 12.8% 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, western part of the province of Buenos Aires and most of Santa Fe, as well as La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz, and Tierra del Fuego. During 2018, Argentina accounted for 26.9% and 24.7% of our sales volume and consolidated net sales, respectively.

Soft Drinks: The Argentine soft drink operations accounted for net sales of Ch$330,803 million in 2018. The following table highlights historical sales and volume of Coca-Cola soft drinks sold in Argentina for the periods indicated:

	Year ended December 31,					
	2016		2017		2018	
	(in millions)					
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	307,201	132.6	308,462	123.5	235,678	119.0
Flavored soft drinks	117,227	50.6	136,410	50.9	95,125	48.0
Total	424,428	183.2	444.872	174.4	330,803	167.0

As of December 31, 2018, we sold our products to approximately 60,000 clients in Argentina. The following table highlights the type of client in Argentina for our products:

	Year ended December 31,		
	2016	2017	2018
		(%)	
Mom & Pops (1)	33	34	33
Supermarkets	30	33	31
On premise	3	3	3
Wholesale distributors	34	30	32
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 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). In 2018 we incorporated the Monster brand (energy drink) to our portfolio, through a purchase and sale model. Also, with the incorporation of Coca-Cola Polar Argentina S.A., starting in 2012, we distribute beers including Palermo, Schneider, Heineken, Amstel, Bieckert, Sol, Imperial, Kunstmann and Miller. During 2018, we stopped distributing Budweiser and instead we incorporated the Isenbeck to our portfolio.

In 2018, net sales of juices, waters, tea-based beverages, isotonic and energy drinks in Argentina were Ch$75,342 million, representing 4.5% of our consolidated net sales. These values also consider the commission for distribution of beer.

Paraguay

In Paraguay, we produce, market and distribute our beverages under The Coca-Cola Company trademarks in the entire country. During 2018, Paraguay accounted for 9.1% and 8.9% of our volume and consolidated net sales, respectively.

Soft Drinks: The Paraguayan soft drinks operations accounted for net sales of Ch$118,095 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,					
	2016		2017		2018	
			(in millions)			
	Ch$	UCs	Ch$	UCs	Ch$	UCs
Colas	63,034	31.0	68,020	30.8	67,538	32.1
Flavored soft drinks	43,920	21.6	45,295	23.3	50,557	24.0
Total	106,954	52.6	113,315	54.1	118,095	56.1

As of December 31, 2018, we sold our products to approximately 55,000 customers in Paraguay. The following table highlights the type of customer in Paraguay for our products:

	Year ended December 31,		
	2016	2017	2018
		(%)	
Mom & Pops (1)	47	46	28
Supermarkets	12	20	12
On premise	23	18	24
Wholesale distributors	18	16	36
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.
Note: The large variation in 2018 percentages versus 2016 and 2017 of the Mom & Pops and Wholesale distributors channels is because during 2018 the volume of Distributors began to be considered as part of the volume of Wholesale distributors. Previously, it was divided among the various categories according to its subsequent sale (using the same criteria of 2018, Mom & Pops in 2016 and 2017 would be 26% and 27%, respectively).

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

In 2018, net sales of juices, waters, isotonic and energy drinks in Paraguay were Ch$31,493 million, representing 1.9% of our consolidated net sales.

Distribution

Chile

Soft Drinks, Juices and Waters: In Chile, we distribute our products through a distribution system that includes: (i) trucks operated by independent companies pursuant to exclusive distribution arrangements (487 trucks) and (ii) our own trucks (171 trucks). In 2018, 74% was distributed by exclusive transport companies and 26% by our own trucks. Distribution of all of Andina Chile's beverages takes place from distribution centers and production facilities. In most cases, the transport company 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 45.3% of total soft drinks volume in 2018. Certain important customers (such as supermarkets), maintain accounts receivables with us, which are settled on average every 34 days after invoices are issued.

Brazil

Soft Drinks, Juices and Waters: In Brazil, we generally distribute Coca-Cola products 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 2018, 8.4% was distributed by exclusive distributors, 11.0% by independent transport companies and 80.6% by our own trucks. Distribution of all of Andina Brazil's beverages takes place from distribution centers and production facilities.

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 2018, Andina Brazil's net sales of beer were Ch$100,864 million.

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 on March 19, 2002 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, Juices and Waters: In 2018, 68% of EDASA's Coca-Cola soft drinks were distributed by direct distribution and 32% by other distributors and wholesale distribution (indirect distribution). The direct distribution is done by a group of independent transport companies, on an exclusive basis.

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, Olavarría, 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, Juices and Waters: PARESA distributed 87.6% of its products through direct distribution (independent transport companies), and 12.4% through wholesale distributors. All direct distribution is done by a group of small truck businesses.

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". 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

	2016				2017				2018			
	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina	Paraguay	Chile	Brazil	Argentina	Paraguay
							(%)					
Coca-Cola soft drinks	68	63	62	68	68	63	62	69	67	63	63	72
Pepsi Bottler soft drinks	28	17	18	10	28	17	17	9	29	17	16	8
Other soft drinks	4	20	20	22	4	20	21	22	4	20	21	20
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 2018, our average soft drink market share within our franchise territories was 66.8%.

Other Beverages: Our principal competitor in the water segment is CCU, but there is also competition from low priced brands ("B-brands"). Our 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 2018, our market share within our Chilean franchise territories grew and reached approximately 37.0% for juices and others segment and approximately 41.3% 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 2018, our average soft drink market share within our Brazilian franchise territories was approximately 63.3%.

Other Beverages: In the beer sector, Andina Brazil's main competitor is AmBev which during 2018 had a very dominant position in the Brazilian market. In our Rio de Janeiro and Espiritu Santo franchise our market share for waters was 13.8%, where we distribute under the Crystal brand mineral water. In the segment of juices and others our market share was 46.0%.

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, Refresh Now (Manaos), and Produnoa (Secco). Based on reports by A.C. Nielsen, we estimate that in 2018, our average soft drink market share within our Argentine franchise territories was approximately 63.0%.

Other Beverages: We service the market for plain and flavored water through the Bonaqua, Kin and Aquarius brands, through which we have 17.4% 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 44.5%.

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 9.6% market share. B-brands in Paraguay represent 23.3% of the soft drink industry. Pepsi had a market share of 8.3% in December 2018, and is produced and marketed by Group Vierci, a local franchisee. Based on reports by A.C. Nielsen, we estimate that in 2018, our average soft drinks market share within our Paraguayan franchise territories was approximately 71.6%.

Other Beverages: We are leaders in all non-carbonated categories, except energy drinks. In waters, we have a market share of 30.9% with our Dasani, Aquarius and Kin brands. Additionally, the market for juices and others is serviced, among others by the trademark Frugos and AdeS in juices and Powerade in sport drinks where we have a market share of 48.2%.

Seasonality

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

Packaging

Overview

Through Envases CMF S.A. in Chile (50% owned by Andina and 50% owned by Embonor), and Andina Empaques Argentina S.A. ("AEASA") in Argentina we produce PET bottles in both returnable and non-returnable formats and plastic caps. 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.

Sales

Total sales of AEASA reached Ch$16,035 million, of which Ch$8,691 million corresponded to sales to EDASA, Ch$1,609 million corresponded to sales to other related companies of the group and Ch$5,735 million corresponded to sales to third parties.

Competition

AEASA is the principal supplier of returnable and non-returnable PET bottles, plastic caps and cases for Coca-Cola bottlers in Argentina, and we also supply some formats on occasion to Coca-Cola bottlers in Chile and Paraguay.

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

CMF is the principal supplier of returnable bottles, non-returnable PET, plastic caps and cases for Coca-Cola bottlers in Chile, also supplying in some formats and occasions Coca-Cola bottlers in other countries. The industry in Chile presents few manufacturers of non-returnable PET bottles which are significantly smaller to those of CMF. The second national manufacturer of non-returnable PET bottles is Plasco S.A., which does not compete with CMF as it is the exclusive bottle manufacturer of ECUSA (Chilean Pepsi bottler).

Raw Materials and Supplies

The main 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

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

Concentrate: Coca-Cola de Chile S.A.
Sweetener: Iansa Ingredientes S.A., Sucden Chile S.A., Sucden Americas and Comercializadora de Productos Panor.
Water: Aguas Andinas S.A.
Carbon dioxide gas: Linde Gas Chile S.A.
Containers (bottles): Envases CMF S.A., Cristalerías de Chile S.A. and Cristalerías Toro S.A.C.I.
Caps: Envases CMF S.A., Sinea S.A. and Alucaps Mexicana S.A. de C.V.

During 2018, 82% of the variable cost of sales for soft drinks produced and acquired by Andina Chile corresponded to main raw materials. The raw material cost mix is divided as follows: concentrate represents 72%; sweeteners 14%; non-returnable bottles 9%; bottle caps 3%, carbon dioxide 1% and other raw material 2%. Water does not constitute an important cost as raw material. Additionally, the cost of finished products purchased from third parties (such as our affiliate ECSA) is included within the cost of sales of soft drinks. These costs represent 18% 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 11%, concentrate 33%, containers 19% and wrapping material 3%, caps 3% and other raw material 3% all of which during 2018 accounted for 75% of total costs for sales of juice, including packaging.

The principal raw materials used by Vital Aguas. in the production of still and sparkling mineral water and as a percentage of total raw material costs are: packaging 29%, concentrate 26%, caps 6%, wrapping material 5%, carbonation 1%, and other raw materials 3%, all of which during 2018 accounted for 70% of total costs for sales of water, including packaging.

Brazil

Main 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 Esgotos CEDAE and Departamento de Agua e Esgoto de Ribeirão Preto.
Preforms: Engepack Embalagens São Paulo S.A. and Lorenpet Industria e Comercio de Plásticos Ltda.
Containers (RefPET): RioPet Embalagens S.A.
Aluminum cans and aluminum caps: Ball Embalagens Ltda. and Crown Embalagens Metalicas da Amazonia S.A.
Caps: Bericap do Brasil Ltda., America Tampas S.A., and Mirvi Brasil Ltda.

Electricity/Gas: Ecogen Rio Solucoes Energeticas S.A, NC Energia S.A and Companhia Paulista De Forca E Luz.
Reselling of products: Cervejarias Kaiser S.A., Total Distribuidora de Bebidas Ltda., and Leão Alimentos e Bebidas Ltda.
Thermo-contractible: Patena Industria e Comercio de Resinas e Filmes Plasticos Ldta., Valfim e Industria e Comercio de Plasticos Ldta. and S R Embalagens Plastica Ldta.
Plastic labels: Pp Print Embalagens S.A, Mazda Embalagens Ltda. and Converplast Embalagens Ltda.
Juices: Tecnovin Do Brasil S.A, Citrus Juice Ltda. and Sumabras Do Brasil - Industria E Comercio De Sucos De Maca Ltda.

In 2018, 77.0% 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 44.1%; sugar and artificial sweeteners 19.7%; non-returnable bottles 15.0%; cans 13.3%; bottle caps 3.4%; carbon dioxide 1.6% and other raw material 2.9%.

Argentina

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

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

In 2018, 64.7% 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 64.3%, sugar and artificial sweeteners 13.4%, non-returnable bottles 16.5%, bottle caps 3.1%, carbon dioxide 0.5% and other raw materials 2.3%. Additionally, the cost of finished products purchased from third parties is included within the cost of sales of soft drinks. These costs represent 2.7% 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 during 2018. At the end of 2018 we completed the installation of a canning line at the Monte Cristo plant enabling us to have our own supply of this product during 2019.

PET Packaging: The principal raw material required for production of PET bottles is PET resin. During 2018, 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 2018 was bought mainly from PBB Polisur S.A.

In 2018, AEASA's costs for PET resin accounted for 57% of the total variable cost of its sales of PET bottles and preforms.

Paraguay

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

Concentrate: Recofarma Industrias do Amazonas Ltda., and Servicios y Productos Argentina.
Sugar: Industria Paraguaya de Alcoholes S.A., and Azucarera Paraguaya 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.
Resale products: Unilever de Paraguay S.A. and Alimentos de Soja SAU.
Tetra: Tettra Pak Ltda.
Fructose: Ingredion Argentina S.R.L.

During 2018, 71.7% of the variable cost of sales for beverages produced by PARESA corresponded to main raw materials. The composition of this raw material cost is as follows: concentrate represents 52%, sugar and artificial sweeteners 23%, non-returnable bottles 15%, bottle caps 4%, carbon dioxide 1% and other raw materials 5%.

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.

In 2018, 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 are responsible 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 jointly 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, CICSA is responsible 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 assume the costs of promotional activities (radio, television, outdoor advertising and media) in the region.

In September 2016, November 2016, and at the end of February 2018, Andina Chile, Andina Brazil and Andina Argentina, respectively, began to commercialize the energy drink, called Monster Energy. This new brand is part of the collaboration agreement entered into 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, Brazil and Argentina. 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 main 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. 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, as well as applications that may be used on smartphones enabled to use these applications. All of which is 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$39,982 million, Ch$29,210 million and Ch$17,210 million in 2016, 2017 and 2018, respectively.

Bottler Agreements

General

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 or better terms.

Concentrates and beverage basis

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 restrictions.

As of the date of this annual report, 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 it has the ability to do so, has never authorized any other entity to produce or distribute Coca-Cola soft drinks or other Coca-Cola beverages in such territories, although we cannot assure you that in the future it will not do so. In the case of post-mix soft drinks, the Bottler Agreements explicitly establish such non-exclusive rights.

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

Production and Distribution

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 that we 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 financial capacity as may be reasonably necessary to assure performance by us and our affiliates of our obligations before to The Coca-Cola Company. All Bottler Agreements require us to submit, on an annually basis, 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.

Advertising and marketing

The Coca-Cola Company has no obligation to contribute to our expenditures for advertising and marketing, but it may, at its discretion, contribute to such expenditures and perform 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 our advertising and marketing expenses, but no assurances can be given that equivalent contributions or any contributions at all will be made in the future.

Assignments and other provisions

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 prior 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 material change of ownership or control in the bottler may occur without the prior consent of The Coca-Cola Company.

Termination

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 (without the prior consent of The Coca-Cola Company); or (iv) the terms of the Bottler Agreement become contrary to the applicable law.

Either party to any Bottler Agreement may, within 60 days' notice thereof to the other party, terminate the Bottler Agreement in case of default of the other party, provided that such default is not remedied during such 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 it, 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 October 2019 and January 2023. We do not have a reason to believe that these agreements will not be renewed.

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 expire in October 2022.

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 a 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 that, to the best of our knowledge 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 it has been granted for an indefinite term. 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. 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 and Sustainable Development, 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 was amended by 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 N° 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. Environmental issues are regulated at 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 main environmental authority in Rio de Janeiro, and the *Instituto Estadual de Medio Ambiente e Recursos Hídricos* ("IEMA"), the main authority on environmental issues in Espirito 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 that we are in compliance in all material respects with the standards established by all the governmental authorities applicable to our operations in Brazil. We cannot assure you, however, that additional regulations will not be enacted in the future, and that such restrictions would not have a material adverse effect on our results or operations. The operation in Brazil as that of Chile counts with all certifications mentioned in terms of Quality, Environment and Occupational Health and Safety and those associated with Food Safety and Best Practices in Food Processing.

Argentina

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

In 2002, the National Congress approved federal Law 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°

5,439 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.

Law 1561/00 chartered the three primary environmental agencies in Paraguay. These are: The Ministry of the Environment and Sustainable Development, *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.

The Ministry of the Environment and Sustainable Development is the main environmental body responsible for the development and implementation of national environmental laws and it is also the authority responsible for implementing most of the national environmental regulations and for monitoring their compliance. The CONAM is responsible for investigating and establishing the main goals in the environmental policies, which the SEAM (Environmental Department of Paraguay) 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 Ministry of Environment and Sustainable Development. 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.

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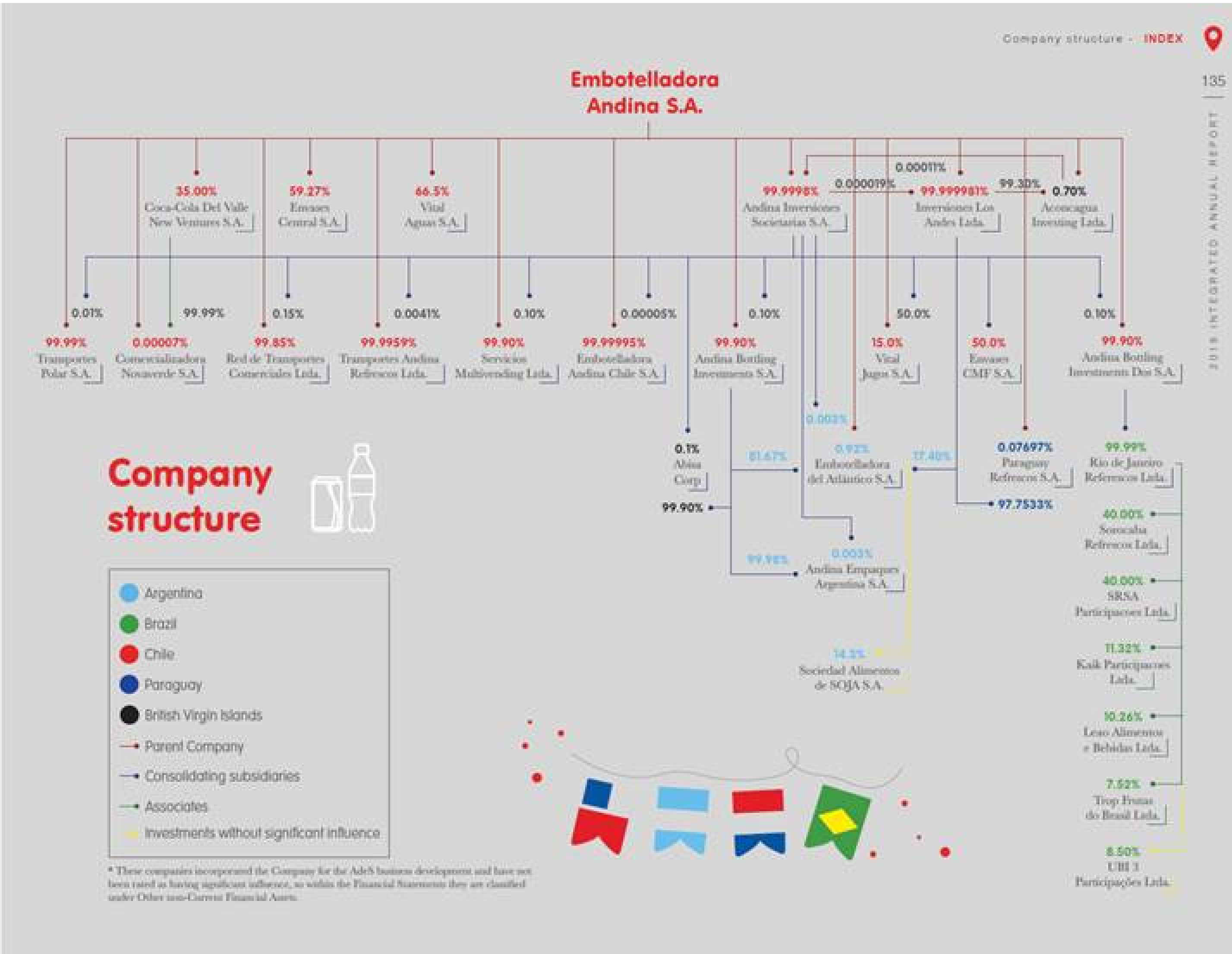
C. ORGANIZATIONAL STRUCTURE

The following chart presents a summary of our direct and indirect ownership interests in our subsidiaries and associated companies:



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The following table presents information relating to the main activities of our subsidiaries and associated companies, as well as our direct and indirect ownership interests in them as of the date 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)	Manufacture, distribute, and commercialize all kinds of food products, juices, and beverages.	Chile	65.00
Vital Aguas S.A. (4)	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. (5)	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. (5)	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
Comercializadora Novaverde S. A.	Process and commercialize fruits, ice cream, vegetables and food in general, under the Guallarauco trademark.	Chile	35.00
Rio de Janeiro Refrescos Ltda. (8)	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
Alimentos de SOJA S.A. (11)	Manufacture, commercialize, import, export, transformation, fraction, package and distribute food products and beverages in general, and their raw materials and related products and by-products.		
Paraguay Refrescos S.A. (5)	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. (5)	Invest in financial instruments, for its own account or on behalf of third parties.	British Virgin Islands	99.99
Red de Transportes Comerciales Ltda. (7)	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.(9)	Manufacture, distribute and commercialize all kinds of juices, waters and beverages in general.	Chile	35.00
Leão 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.(10)	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 Participações 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
UBI 3 Participações Ltda.	Invest in other companies with own resources. Purchase and sale of real estate investments and property management..	Brazil	8.5

(1) At the Special Shareholders' Meeting held on 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.

(2) At the Extraordinary General Shareholders' Meeting held on 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 1, 2012.

(3) In October 2012, 40% of the Brazilian company Sociedad Brasilera 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) Companies incorporated during 2012, due to the merger with Embotelladoras Coca Cola Polar S.A

(6) 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.

(7) Companies created to facilitate the restructuring of the distribution process in Chile.

(8) During the fourth quarter of 2013 Rio de Janeiro Refrescos Ltda. acquired Companhia de Bebidas Ipiranga, which was legally merged into this entity.

(9) Coca-Cola del Valle New Ventures S.A. was incorporated during 2016.

(10) 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.

(11) In the last year there were ownership variations. At the end of the fiscal year 2017, Embotelladora Andina S.A., indirectly through Embotelladora del Atlántico S.A. (EDASA) held an ownership interest of 12.96% (76,507,211 shares) in the stock capital of Alimentos de Soja S.A. On August 23, 2018, the capitalization of contributions made by the shareholders in 2017 was approved. As a result of such capitalization, EDASA maintained its ownership percentage (84,692,875 shares). On August 24, 2018, EDASA acquired 8,849,363 shares from the shareholder Salta Refrescos S.A., according to the volume quotas, and as a result the ownership interest of EDASA increased to 14.30% (93,542,238 shares). Additionally, on August 28, 2018 and December 3, 2018, two capital increases were approved for which EDASA's holding increased to 113,431,590 and then 130,449,895 shares, respectively, maintaining its ownership interest of 14.30% at the end of the fiscal year 2018.

D. PROPERTY, PLANTS AND EQUIPMENT

We own production plants in each of the principal population centers that comprise the franchise territories. In addition, we own distribution centers and administrative offices in each of the franchise territories. We also use (i) facilities owned by third parties through lease agreements and (ii) facilities owned by third parties through contracts other than lease agreements, such as distribution contracts. The following table sets forth our principal real property (in square meters) and other facilities that we use 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 (Don Pedro)	6,000	Leased
Bahía Blanca	Commercial Offices	903	Leased
Bahía Blanca*	Real Estate (parking lot)	73,150	Own
Bahía Blanca	Warehouses (M&F Palletizer -EDF deposit)	1,400	Leased
Bariloche	Offices / Distribution Centers / Warehouses	1,870	Leased
Bialet Masse*	Real Estate	880	Own
Bolivar	Warehouses	700	Third Parties
Bragado	Commercial Offices	38	Leased
Carlos Casares	Commercial Logistic Operations	345	Third Parties
Carlos Paz	Commercial Offices	270	Leased
Carmen de Patagones	Commercial Offices / Warehouses / Crossdocking	1,600	Leased
Chacabuco*	Offices / Distribution Centers / Warehouses	25,798	Own
Chivilcoy	Distribution Centers / Warehouses	1,350	Third Parties
Chivilcoy	Commercial Offices	72	Leased
Comodoro Rivadavia	Offices / Distribution Centers / Warehouses	7,500	Leased
Concepcion del Uruguay	Crossdocking		Third Parties
Concepcion del Uruguay	Commercial Offices	118	Leased
Concordia	Offices / Third party Distribution Centers / Warehouses	1,289	Leased
Córdoba*	Offices /Production of soft drinks and other still beverages / Distribution Centers / Real estate	959,585	Own
Córdoba (H.Primo)	Commercial Offices / parking lot / Deposit	1,173	Leased
Córdoba (San Isidro)*	Deposit and Offices	8,808	Own
Córdoba	Deposit (Cencosud)	s/d	Leased
Córdoba	Deposit (Rigar)	8.8	Leased
Córdoba	Deposit (Ricardo Balbín)	2.5	Leased
Córdoba	Deposit (Agnolon)	6	Leased
Coronel Pringles	COMMERCIAL LOGISTIC OPERATIONS	675	Third Parties
Coronel Suarez	Offices / Distribution Centers / Warehouses	1,000	Leased
Embalse	COMMERCIAL LOGISTIC OPERATIONS	600	Third Parties
General Pico*	Offices / Distribution Centers / Warehouses	15,525	Own
General Roca	Distribution Centers / Warehouses	2,548	Third Parties
Gualeguaychu	Offices / Distribution Centers / Warehouses	2,392	Leased
Junin (Buenos Aires)	Cross Docking	995	Third Parties

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	MAIN USE	Square meters	Property
Junin (Buenos Aires)	Commercial Offices	108	Leased
Junin (Mendoza)	Commercial Offices	100	Leased
Mendoza*	Offices / Distribution Centers / Warehouses	36,452	Own
Monte Hermoso*	Real Estate	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*	Offices / Cross Docking	15,700	Own
Puerto Madryn	Commercial Offices	115	Leased
Rafaela	COMMERCIAL LOGISTIC OPERATIONS	1,000	Third Parties
Rio Gallegos	Distribution Centers / Warehouses	2,491	Leased
Rio Grande	Offices / Distribution Centers / Warehouses	4,518	Leased
Río IV*	Housing	1,914	Own
Río IV*	Private Passageway	5,170	Own
Río IV*	Cross Docking	7,482	Own
Río IV	Commercial Offices	93	Leased
Rio Tercero	COMMERCIAL LOGISTIC OPERATIONS	600	Third Parties
Rivadavia (Mendoza)*	Deposit	800	Own
Rosario*	Offices / Distribution Centers / Warehouses / Parking Lot / Real Estate	27,814	Own
San Francisco	Commercial Offices	63	Leased
San Francisco	Crossdocking	800	Leased
San Juan*	Offices / Distribution Centers / Warehouses	48,036	Own
San Luis*	Offices / Distribution Centers / Warehouses	5,205	Own
San Martin de Los Andes	Offices / Distribution Center / Warehouses	1,500	Third Parties
San Nicolas	Crossdocking	1,320	Third Parties
San Nicolas	Commercial Offices	50	Leased
San Rafael	Commercial Offices	58	Leased
Santa Fe	Commercial Offices	238	Leased
Santa Rosa	Distribution Centers / Warehouses	1100	Third Parties
Santo Tomé*	Administrative Offices / Distribution Centers / Warehouses	88,309	Own
Trelew*	Offices / Production of Soft Drinks / Distribution Centers / Warehouses	51,000	Own
Trelew	Warehouses	1,500	Leased
Trenque Lauquen	Distribution Center / Warehouses / Commercial Offices	1,185	Third Parties
Tres Arroyos	Offices / Crossdocking / 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 Maria	Crossdocking	1200	Third Parties
Villa Mercedes	Commercial Offices	70	Leased

	MAIN USE	Square meters	Property
Villa Mercedes	Crossdocking	600	Third Parties
Andina Empaques Argentina S.A.			
Buenos Aires*	Production of bottles, PET Preforms, Plastic Caps and Cases	27,043	Own
Buenos Aires	Deposit adjoining the production plant	1,041	Leased
Buenos Aires	Deposit adjoining the production plant	940	Leased
BRAZIL			
Rio de Janeiro Refrescos Ltda.			
Jacarepaguá	Offices / Production of Soft Drinks / Distribution Center / Warehouses	249,470	Own
Duque de Caxias*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	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
São 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*	Parking Lot	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
São Joao da Boa Vista, Araraquara,São Paulo	Cross Docking	20,773	Own
São Pedro da Aldeia 2*	Parking Lot	6,400	License
Itaipu*	Commercial Offices	750	Leased
Nova Friburgo*	Commercial Offices	350	Leased
CHILE			
Embotelladora Andina S.A.			
Renca*	Offices / Production of Soft Drinks / Distribution Center / Warehouses	380,833	Own
Renca*	Warehouses	55,562	Own
Renca*	Warehouses	11,211	Own

	MAIN USE	Square meters	Property
Renca*	Warehouses	46,965	Own
Carlos Valdovinos*	Distribution Centers / Warehouses	106,820	Own
Puente Alto *	Distribution Centers / Warehouses	68,682	Own
Maipú*	Distribution Centers / Warehouses	45,833	Own
Demetrop (Metropolitan Region)	Warehouses	s/d	Leased
Trailerlogistic (Metropolitan Region)	Warehouses	s/d	Leased
Monster (Metropolitan Region)	Warehouses	s/d	Leased
Rancagua*	Distribution Centers / Warehouses	25,920	Own
San Antonio*	Distribution Centers / Warehouses	19,809	Own
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	34,729	Own
Antofagasta *	Offices / Production of Soft Drinks / Distribution Center / Warehouses	8,028	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	573,620	Own
Envases Central S.A.			
Renca*	Offices / Production of Soft Drinks	51,907	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

*Free of encumbrance properties.
**Inactive: facilities that are not being use currently by the Company.
Leased: facilities owned by third parties, used by the Company through a lease agreement.
Third Parties: facilities owned by third parties, used by the Company through contracts other than lease agreements, such as distribution contracts.
Own: facilities owned by the Company.

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,					
	2017			2018		
	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	285	53	78	320	49	60
Brazil	358	61	63	449	51	56
Argentina	316	59	67	305	51	62
Paraguay	80	82	85	77	73	76
Other beverages (millions of UCs)						
Chile	86	56	60	107	55	60
Brazil	24	61	75	39	49	52
Argentina	61	41	42	92	47	56
Paraguay	23	77	87	17	61	65
PET packaging (millions of bottles)	67	61	91	67	54	66
Preforms (millions of preforms)	970	79	94	978	82	99
Plastic caps (millions of caps)	1,000	55	84	1,000	60	94
Cases	0.6	85	100	0.7	92	100

(1) Total installed annual production capacity assumes production of the mix of products and containers produced in 2017 and 2018.

In 2018, 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. We believe 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 spring 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, 2018, we had total installed annual production capacity, including soft drinks, fruit juices, and water, of 1,406 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, five production lines in Antofagasta, plus one post-mix line, three production lines in Coquimbo plus one post-mix line, and two production lines in Punta Arenas, plus one post-mix line, with total installed annual capacity of 320 million unit cases (23.0% 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 43 million unit cases (3.1% of our total installed annual capacity);

- through Envases Central in the Chilean territory, one fruit juice production facility, with 1 production line, with total installed annual capacity of 23 million unit cases (1.6% of our total installed annual capacity);

- through Vital Aguas in the Chilean territory, one mineral water production facility, with three production lines, with total installed annual capacity of 41 million unit cases (2.9% of our total installed annual capacity);

- through Rio de Janeiro Refrescos in the Brazilian territory, three soft drink production facilities with 16 production lines with total installed annual capacity of 449 million unit cases (32.2% of our total installed annual capacity); and nine production lines for juices, tea and water which satisfy the franchise's needs and re-sales to other Bottlers in Brazil, with total installed annual capacity of 39 million unit cases (2.8% 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 305 million unit cases (21.9% 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 38 million unit cases (2.7% of our total installed annual capacity), and one production line for waters and sensitive products with a total installed annual capacity of 33 million unit cases (2.4% 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 (including one injector which is currently not operating), three bottle blowers, two injectors for plastic caps and one production line for cases, with a total installed annual capacity of 2,046 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 (6.8% of our total installed annual capacity); and three tetra pack lines with a total installed annual capacity of 8 million unit cases (0.6% of our total installed annual capacity).

In 2015 we began construction of the Duque de Caixas plant in Brazil. This plant began operating in 2018. The plant has three production lines: returnable bottles, non-returnable bottles and mineral water. The additional installed capacity for returnable bottles allows us to expand production to meet demand, as our Jacarepaguá facility was operating at 100% capacity in terms of returnable PET. 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. In 2018 production was 17 million unit cases, and in 2019, we expect production to reach 54 million unit cases (23% of our production capacity in Andina Brazil).

ITEM 4A. UNRESOLVED SECURITIES AND EXCHANGE COMMISSION STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A. OPERATING RESULTS 2018

Results of operation

Set forth below is a discussion and analysis of our results of operation for the years ended December 31, 2018, 2017 and 2016.

Our consolidated financial results for the years ended December 31, 2018, 2017 and 2016 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). 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 for subsidiaries that do not operate in hyperinflationary economies.

IFRS requires that assets and liabilities of our subsidiaries outside of Chile be converted from the functional currency to the presentation currency (Chilean peso) at year-end exchange rates, and that income and expense accounts are converted at monthly average exchange rates for the month in which they are recognized for those subsidiaries that do not operate in hyperinflationary economies.

In the case of our Argentine subsidiaries, which have been operating in an environment that during 2018 was classified as hyperinflationary, the conversion criteria from the functional currency of those subsidiaries to our presentation currency is the following:

- financial condition (balance sheet): Non-cash items are expressed in the current currency at the balance sheet date and translated to the presentation currency at the closing exchange rate. Losses and gains are included in net earnings (fiscal year income).

• first fiscal year: Losses and gains by correction of current non-monetary items the previous year are recorded in accumulated results as of January 1, 2018.

• statement of income: Income statement items are expressed in the current currency unit at the end of the reporting period, using the variation of the general price index from the date on which the expenses and revenues were accrued, and translated to the presentation currency at closing exchange rate.

• cash flow statement: Cash flow statement items are expressed in the current currency unit at the end of the reporting period and translated to the presentation currency at closing exchange rate.

• For more information on the effects of the hyper-inflationary environment in Argentina in 2018, see note 2.5 of our consolidated financial statements included herein.

Factors affecting comparability

The comparability of our consolidated financial statements for 2018 versus prior periods is influenced by the adoption of IFRS conversion rules for subsidiaries operating under a hyperinflationary economy in Argentina. This standard requires that the results of operations in Argentina be presented as if this economy were hyperinflationary from January 1, 2018 and, as a result, requires a restatement of accumulated results as of that month. In addition, due to the adoption of IAS 29, we had to translate figures from Argentinean pesos to Chilean pesos, using the closing exchange rate of the period. The IFRS standard does not require that the comparative financial information for 2017 and 2016 to be restated as of the closing of 2018, since the functional currency of the reporting company is the Chilean peso.

Except as expressed in the below paragraph, 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, 2017 and 2018

The following tables set forth our sales volume, net sales and gross profit for the years ended December 31, 2016, 2017 and 2018:

	Year ended December 31, 2016	2017	2018
	(millions of unit cases (1))		
Sales volume:			
Chile			
Soft drinks	161.3	157.7	154.7
Mineral water	36.5	39.0	40.5
Juices	34.4	34.3	36.0
Beer & Spirits	—	—	0.2
Total	**232.2**	**231.0**	**231.4**
Brazil			
Soft drinks	216.2	201.7	201.5
Mineral water	6.6	6.0	7.7
Juices	26.4	22.2	24.0
Beer	16.9	19.0	16.0
Total	**266.1**	**248.9**	**249.2**
Argentina			
Soft drinks	183.2	174.4	167.0
Mineral water	25.9	26.1	23.2
Juices	9.7	10.9	11.7
Total	**218.7**	**211.4**	**201.9**
Paraguay			
Soft drinks	52.6	54.1	56.1
Mineral water	5.9	6.6	7.0
Juices	3.5	4.3	5.0
Total	**62.0**	**65.0**	**68.2**

(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, 2016		2017		2018	
	Ch$ millions	% of Total	Ch$ millions	% of Total	Ch$ millions	% of Total
Net sales:						
Chile	540,427	30.4	551,873	29.8	570,939	34.1
Brazil	590,146	33.2	603,898	32.7	540,510	32.3
Argentina	517,059	29.1	553,788	30.0	413,561	24.7
Paraguay	132,006	7.4	141,277	7.6	149,588	8.9
Inter-country eliminations (1)	(2,178)	(0.1)	(1,957)	(0.1)	(1,682)	(0.1)
Total net sales	**1,777,459**	**100.0**	**1,848,879**	**100.0**	**1,672,916**	**100.0**

(1) Eliminations represent intercompany sales.
Note: Totals may not sum due to rounding.

The following tables set forth our results of operations for the years ended December 31, 2017 and 2018.

	Year ended December 31,			
	2017		2018	
	Ch$ millions	% of net sales	Ch$ millions	% of net sales
Net sales	1,848,879	100.0	1,672,916	100.0
Cost of sales	(1,069,025)	(57.8)	(968,028)	(57.9)
Gross profit	779,854	42.2	704,888	42.1
Distribution, administrative and sales expenses	(541,127)	(29.3)	(479,518)	(28.7)
Other (expense) income, net (1)	(67,928)	(3.7)	(72,354)	(4.3)
Income taxes	(51,798)	(2.8)	(55,565)	(3.3)
Net income	119,001	6.4	97,451	5.8

(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.

Millons Ch$	Chile		Brazil		Argentina		Paraguay		Eliminations		Total (1)	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Net Sales	**551,873**	**570,939**	**603,898**	**540,510**	**553,788**	**413,561**	**141,277**	**149,588**	**(1,957)**	**(1,682)**	**1,848,879**	**1,672,916**
Cost of sales	(328,579)	(336,720)	(362,686)	(329,529)	(294,371)	(214,648)	(85,347)	(88,813)	1,957	1,682	(1,069,025)	(968,028)
Gross profit	223,294	234,219	241,211	210,981	259,417	198,913	55,930	60,775	—		779,854	704,888
Distribution, administrative and sales expenses	(150,404)	(152,088)	(157,401)	(131,499)	(197,595)	(159,146)	(30,508)	(31,688)			(535,908)	(474,421)
Corporate expenses	—	—	—		—	—	—	—	—		(5,220)	(5,097)

(1) Totals may not sum due to rounding.

Net Sales

Our sales volume was 750.6 million unit cases during the year ended December 31, 2018, a 0.8% decrease compared to 756.3 million unit cases in 2017. Volume for soft drinks decreased 1.5%, volume for beer and spirits decreased 14.8%, while waters increased 0.7% and juices increased 7.2%, in each case during the year ended December 31, 2018, compared to 2017.

Our net sales were Ch$1,672,916 million during the year ended December 31, 2018, a 9.5% decrease compared to Ch$1,848,879 million during 2017, principally as a result of (i) the effect of currency conversions into Chilean pesos of the results of Argentina and Brazil, with a negative effect resulting from the devaluation of the Argentine peso and the Brazilian real. This was partially offset by the increase in sales volume in Chile, Brazil and Paraguay, as well as by price increases implemented in each of our four geographic segments.

Soft drinks represented 69.7% of net sales during the year ended December 31, 2018, compared to 72.3% during 2017.

Chile

Our sales volume in Chile was 231.4 million unit cases during the year ended December 31, 2018, a 0.1% increase compared to 231.0 million unit cases during 2017. Soft drink volumes in Chile decreased 1.9%, while volume for waters increased by 3.7% and juices increased 4.9%, in each case during the year ended December 31, 2018, compared to 2017.

Our average market share for soft drinks in Chile during the year ended December 31, 2018, according to A.C. Nielsen Company, was 66.8% (in terms of volume), compared to 67.6% for 2017, and 69.2% (in terms of average sales), compared to 69.8% for 2017.

Our net sales in Chile were Ch$570,939 million during the year ended December 31, 2018, a 3.5% increase compared to Ch$551,873 million during 2017, which is explained mainly 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$390,782 million during the year ended December 31, 2018, without significant variation when compared to Ch$391,629 million in 2017, 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$174,910 million during the year ended December 31, 2018, a 9.2% increase compared to Ch$160,224 million during 2017, primarily as a result of higher revenues per unit case and higher volume.

Brazil

Our sales volume in Brazil was 249.2 million unit cases during the year ended December 31, 2018, a 0.1% increase compared to 248.9 million unit cases during 2017. Volume for soft drinks in Brazil decreased 0.1% and beer decreased 15.7%, while volume for juices increased 8.3% and waters increased 27.0%, in each case during the year ended December 31, 2018, compared to 2017.

Our average market share for soft drinks in Brazil, during the year ended December 31, 2018, according to A.C. Nielsen Company, was 63.3% (in terms of volume), compared to 63.2% for 2017, and 68.3% (in terms of average sales), compared to 69.0% for 2017.

Our net sales in Brazil were Ch$540,510 million during the year ended December 31, 2018, a 10.5% decrease compared to Ch$603,898 million during 2017.

Our net sales of soft drinks in Brazil were Ch$326,016 million during the year ended December 31, 2018, a 15.9% decrease compared to Ch$387,545 million during 2017. In local currency, net sales of soft drinks decreased 3.2%, mainly as a result of lower revenues per unit case. Our net sales of juices, waters and beer in Brazil were Ch$214,494 million during the year ended December 31, 2018, a 0.9% decrease compared to Ch$216,353 million during 2017, mainly resulting from the effect of conversion of results into

Chilean pesos, given the devaluation of the Brazilian real against the Chilean peso, which was partially offset by higher revenues per unit case in local currency. In local currency, net sales of juices, water and beer increased 13.8%, mainly as a result of higher revenues per unit case as well as higher revenues from Heineken sales commissions.

Argentina

Our sales volume in Argentina was 201.9 million unit cases during the year ended December 31, 2018, a 4.5% decrease compared to 211.4 million unit cases during 2017. Volume for soft drinks in Argentina decreased 4.3%, waters decreased 11.4%, while volume for juices increased by 7.8%, in each case during the year ended December 31, 2018 compared to 2017.

Our average market share for soft drinks in Argentina during the year ended December 31, 2018, according to A.C. Nielsen Company, was 63.0% (in terms of volume), compared to 62.3% for 2017, and 70.3% (in terms of average sales), compared to 69.0% for 2017.

Our net sales in Argentina were Ch$413,561 million during the year ended December 31, 2018, a 25.3% decrease compared to Ch$553,788 million during 2017. This is mainly explained by the effect of the conversion of results into Chilean pesos, due to the devaluation of the Argentine peso, and to a lesser extent by the decrease in volumes. These effects were partially offset by the continuous price increases in local currency implemented during the period, increases that have generally been in line with high levels of inflation during the period.

Our net sales of soft drinks in Argentina were Ch$330,875 million during the year ended December 31, 2018, a 25.6% decrease compared to Ch$444,872 million during 2017, primarily due to the devaluation of the Argentinean peso against the Chilean peso and the previously mentioned drop in volumes, and partially offset by a higher price in local currency. Our net sales of juices and waters in Argentina were Ch$74,528 million during the year ended December 31, 2018, a 25.3% decrease compared to Ch$99,713 million during 2017, primarily by the devaluation of the Argentinean peso against the Chilean peso and partially offset by a greater price in local currency.

Paraguay

Our sales volume in Paraguay was 68.2 million unit cases during the year ended December 31, 2018, a 4.9% increase compared to 65.0 million unit cases during 2017. Volume for soft drinks, juices and waters in Paraguay increased 3.7%, 17.8% and 6.6%, respectively, in each case during the year ended December 31, 2018, compared to 2017.

Our average market share for soft drinks in Paraguay during the year ended December 31, 2018, according to A.C. Nielsen Company, was 71.6% (in terms of volume) compared to 68.9% for 2017, and 77.4% (in terms of average sales) compared to 75.8% for 2017 according to the same source.

Our net sales in Paraguay were Ch$149,588 million during the year ended December 31, 2018, a 5.9% increase compared to Ch$141,277 million during 2017, mainly resulting from higher revenues per unit case in local currency and increased volume.

Our net sales of soft drinks in Paraguay were Ch$118,095 million during the year ended December 31, 2018, a 4.2% increase compared to Ch$113,315 million during 2017, primarily as a result of higher volumes and revenues per unit case in local currency. In local currency, our net sales of soft drinks increased 7.4%, primarily as a result of higher revenues per unit case and higher volume. Our net sales of juices and waters in Paraguay were Ch$31,493 million during the year ended December 31, 2018, a 12.6% increase compared to Ch$27,962 million during 2017, primarily as a result of higher volume and higher average prices.

Cost of Sales

Our cost of sales was Ch$968,028 million during the year ended December 31, 2018, a 9.4% decrease, compared to Ch$1,069,025 million during 2017. The cost of sales per unit case decreased 8.8% in the same period. The decrease in the cost of sales is mainly due to (i) the effect of conversion into Chilean pesos of the results from our subsidiaries in Argentina and Brazil, (ii) the reduction of the use of sugar in Brazil and Chile, because of the reformulations we have made, and (iii) the lower cost of sugar in Brazil and Chile. The foregoing was partially offset by (i) the increase in revenues in local currency in the four operations, which has a direct impact on the cost of concentrate, (ii) the effect of the devaluation of the Argentine peso and the Brazilian real on our dollarized costs, and (iii) the higher cost of PET resin. Our cost of sales represented 57.9% of net sales for the year ended December 31, 2018, compared to 57.8% for 2017.

Chile

Our cost of sales in Chile was Ch$336,720 million during the year ended December 31, 2018, a 2.5% increase compared to Ch$328,579 million during 2017. The cost of sales per unit case increased 2.3% in the same period. This increase was mainly due to (i) the shift in the mix towards products that have a higher unit cost, and (ii) a higher cost of PET resin. This was partially offset by the lower cost of sugar and the lower use of sugar because of the shift in the mix towards sugar free products and because of the reformulations implemented. Our cost of sales in Chile represented 59.0% of net sales in Chile for the year ended December 31, 2018, compared to 59.5% for 2017.

Brazil

Our cost of sales in Brazil was Ch$329,529 million during the year ended December 31, 2018, a 9.1% decrease compared to Ch$362,686 million during 2017. The cost of sales per unit case decreased 9.2% in the same period mainly due to the negative effect on our dollarized costs of the depreciation of the Brazilian real against the U.S dollar. In local currency total cost of sales increased 4.5%, mainly due to (i) the negative effect on our dollarized costs of the depreciation of the Brazilian real against the U.S. dollar, (ii) greater depreciation charges, explained by the new Duque de Caxias plant, and (iii) a greater cost of PET resin. These effects were partially offset by (i) the lower cost of sugar, and (ii) the lower use of sugar because of the reformulations implemented. Our cost of sales in Brazil represented 61.0% of net sales in Brazil for the year ended December 31, 2018, compared to 60.1% for 2017.

Argentina

Our cost of sales in Argentina was Ch$214,648 million during the year ended December 31, 2018, a 27.1% decrease compared to Ch$294,371 million during 2017. The cost of sales per unit case decreased 23.6% in the same period mainly due to the effect of the devaluation of the Argentine peso on our dollar denominated costs. In local currency cost of sales increased 54.5% mainly due to (i) 2018 results being stated in constant currency of December 2018 due to the application of IAS 29 for results for the year, while 2017 figures are stated in nominal local currency of each month of 2017, (ii) increased revenues in local currency, having a direct incidence on the cost of concentrate, (iii) increased labor costs and services provided by third parties, mainly as a result of high local inflation, (iv) the effect of the devaluation of the Argentine peso on our dollar denominated costs, and (v) a greater cost of PET resin. Our cost of sales in Argentina represented 51.9% of net sales in Argentina for the year ended December 31, 2018, compared to 53.2% for 2017.

Paraguay

Our cost of sales in Paraguay was Ch$88,813 million during the year ended December 31, 2018, a 4.1% increase compared to Ch$85,347 million during 2017. Cost of sales per unit case decreased 0.8% during the same period. In local currency, cost of sales increased 7.1% primarily due to (i) higher volume sold, (ii) increased revenues having a direct incidence on the cost of concentrate, and (iii) higher cost of PET resin. Our cost of sales in Paraguay represented 59.4% of net sales in Paraguay for the year ended December 31, 2018, compared to 60.4% for 2017.

Gross Profit

Due to the factors described above, our gross profit was Ch$704,888 million during the year ended December 31, 2018, a 9.6% decrease compared to Ch$779,854 million during 2017. Our gross profit represented 42.1% of our net sales during the year ended December 31, 2018, compared to 42.2% of our net sales in 2017.

Distribution, administrative and sales expenses

We had distribution, administrative and sales expenses of Ch$479,518 million during the year ended December 31, 2018, an 11.4% decrease compared to Ch$541,127 million during 2017. This decrease is mainly explained by (i) the effect of the conversions into Chilean pesos of results from our subsidiaries in Argentina and Brazil, and (ii) lower advertising expenses in Brazil. This was partially offset by (i) the effect of inflation in Argentina on expenses such as labor, freight and services provided by third parties, (ii) higher labor costs in Chile and Paraguay, and (iii) greater advertising expense in Chile. Our distribution, administrative and sales expenses represented 28.7% of our net sales during the year ended December 31, 2018, compared to 29.3% for 2017.

Chile

In Chile, our distribution, administrative and sales expenses were Ch$152,088 million during the year ended December 31, 2018, a 1.1% increase compared to Ch$150,404 million during 2017. This increase in distribution, administrative and sales expenses in Chile was mainly due to greater labor costs and greater advertising expenses. This effect was partially offset by other operating income classified under this item, which were higher in 2018 than in 2017. Our distribution, administrative and sales expenses in Chile represented 26.6% of our net sales in Chile during the year ended December 31, 2018, compared to 27.3% for 2017.

Brazil

In Brazil, our distribution, administrative and sales expenses were Ch$131,499 million during the year ended December 31, 2018, a 16.5% decrease compared to Ch$157,401 million during 2017. In local currency, our distribution, administrative and sales expenses decreased 3.6% mainly due to lower advertising expenses and an increase in other operating income classified in this item, and partially offset by greater transportation freight costs. Our distribution, administrative and sales expenses in Brazil represented 24.3% of our net sales in Brazil during the year ended December 31, 2018, compared to 26.1% for 2017.

Argentina

In Argentina, our distribution, administrative and sales expenses were Ch$159,146 million during the year ended December 31, 2018, a 19.5% decrease compared to Ch$197,595 million during 2017. In local currency, the distribution, administrative and sales expenses increased 70.1%, mainly because (i) 2018 results being stated in constant currency of December 2018 due to the application of IAS 29 for results for the year, while 2017 results were stated in nominal local currency of each month of 2017, and (ii) of 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 38.5% of our net sales in Argentina during the year ended December 31, 2018, compared to 35.7% for 2017.

Paraguay

In Paraguay, our distribution, administrative and sales expenses were Ch$31,688 million during the year ended December 31, 2018, a 3.9% increase, compared to Ch$30,508 million during 2017. The distribution, administrative and sales expenses in local currency in Paraguay increased 7.0%, which is primarily explained by (i) greater labor costs, and (ii) greater advertising expenses, which were partially offset by lower depreciation charges. Our distribution, administrative and sales expenses in Paraguay represented 21.2% of our net sales in Paraguay during the year ended December 31, 2018, compared to 21.6% for 2017.

Other Income (Expense), Net

The following table sets forth our other income (expense), net for the year ended December 31, 2017 and 2018:

	Year Ended December 31,	
	2017	2018
	(in millions of Ch$)	
Other income (expense)	(18,689)	(16,157)
Financial income	11,194	3,940
Financial costs	(55,220)	(55,015)
Share of income (losses) from affiliated companies and joint business that are accounted for using the equity method	(80)	1,411
Exchange rate differences	(1,371)	(1,449)
Loss from differences in indexed financial assets and liabilities	(3,762)	(5,085)
Other income (expense), net	(67,928)	(72,354)

We had other expenses, net, of Ch$72,354 million during the year ended December 31, 2018, a 6.5% increase compared to Ch$67,928 million during 2017. The increase is mainly explained by the increase in financial expenses resulting from the accounting effect of the partial repurchase of bonds in October 2018, since the premium paid with respect the nominal value of the bond, as well as expenses associated to the transaction, are recorded as a financial expense, which amounted to Ch$9,583 million. This increase in expenses is partially offset by a greater recognition of earnings from investments in related companies, mainly because of the better performance of Brazilian equity investees.

Income Taxes

We had income taxes of Ch$55,565 million during the year ended December 31, 2018, a 7.3% increase compared to Ch$51,798 million during 2017. This increase is mainly because of the effect of IAS 29 on deferred taxes, as well as greater tax earnings resulting from exchange rate differences.

Net Income

Due to the factors described above, we had net income of Ch$97,451 million during the year ended December 31, 2018, an 18.1% decrease compared to Ch$119,001 million during 2017. Our net income represented 5.8% of our net sales during the year ended December 31, 2018, compared to 6.4% for 2017.

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

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.

Million Ch$	Chile 2016	Chile 2017	Brazil 2016	Brazil 2017	Argentina 2016	Argentina 2017	Paraguay 2016	Paraguay 2017	Eliminations 2016	Eliminations 2017	Total (1) 2016	Total (1) 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 sales 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)

(1) Totals may not sum due to rounding.

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.

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 guaranís 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.

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.

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 consolidated 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, 2018 and 2017 as well as the operating results, changes in shareholders' equity and cash flows for the years ended December 31, 2018, 2017 and 2016, all of which were approved by the board of directors on April 24, 2019.

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 IFRS require that balances of subsidiaries be converted from their functional currency to the presentation currency (Chilean peso). The conversion for subsidiaries operating in non-hyperinflationary environments (Brazil and Paraguay) shall be performed by converting the assets and liabilities of subsidiaries at year-end exchange rates, and income and expense accounts must be converted at monthly average exchange rates of the month in which they are recognized. And in the case of subsidiaries operating in hyperinflationary environments (Argentina), non-monetary assets and liabilities and income statements will be restated by the inflation rate of the hyperinflationary economy, bringing its effects to the income statement. These restated balances will be converted from the functional currency to the presentation currency at the closing exchange rate of each year.

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 receivables using several factors. We apply a simplified approach in calculating expected credit losses. Accordingly, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime expected credit losses at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Pursuant to the methodology of conversion of IFRS, the assets and liabilities of the subsidiaries of Brazil and Paraguay are converted from their functional currency (Brazilian real and Paraguayan guarani, respectively) to the presentation currency of the Parent company (Chilean peso), at the closing exchange rate, and income accounts at the exchange rate of the date of each transaction or at the average exchange rate of each month in which these are performed. In the case of subsidiaries operating in hyperinflationary environments (Argentina, beginning in 2018), non-monetary assets and liabilities and income statements are restated by the inflation rate of the hyperinflationary economy, bringing its effects to the income statement. These restated balances are converted from the functional currency to the presentation currency at the closing exchange rate of each year. The effects of these conversions are presented as other comprehensive income not affecting the results of the fiscal years ended as of December 31, 2016, 2017 and 2018. The conversion effect resulting from bringing assets and liabilities (including the effects of intercompany accounts designated as an integral part of the investment) from the functional currency to the presentation currency, according to the methodology described above, resulted in a decrease of other comprehensive income of Ch$69,597 million in 2018 (a net decrease of Ch$68,333 million in 2017 and a net decrease of Ch$4,517 million in 2016).

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

On the other hand, according to our currency hedge policy, we enter into forward contracts on a monthly basis to protect against the risk of variation of the U.S. dollar, which has an impact on some of our principal raw materials. This is why on our balance sheets there are dollar forward contracts against the Argentine peso, the Brazilian real, the Chilean peso and the Paraguayan guaraní. These contracts depend on each operation.

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 2018, 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 must 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 2018 vs. Cash Flows from Operating Activities 2017

Cash flows from operating activities during 2018 amounted to Ch$235,279 million compared to Ch$247,960 million in 2017. The decrease in cash flow generation was mainly due to higher payments to suppliers during 2018.

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 Investing Activities 2018 vs. Cash Flows from Investing Activities 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$118,086 million in 2018 compared to Ch$168,831 million during 2017. During 2018 we made lower investments in property, plant and equipment in the amount of Ch$47,794 million and there is also a negative effect resulting from lower redemptions proceeds from financial instruments in the amount of Ch$26,316 million whose negative effect is offset by the positive effect of disbursements made in 2017 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 2017 vs. Cash Flows from Investing Activities 2016

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 Financing Activities 2018 vs. Cash Flows from Financing Activities 2017

Our financing activities are directly related to dividend distributions to shareholders, which records a utilization of cash resources amounting to Ch$87,536 million compared to Ch$74,968 million during 2017 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, 2018, 36 short-term credit lines are available for an amount equivalent to Ch$389,110 million, of which the equivalent of Ch$250,966 million corresponds to 20 unused lines of credit that remain available. In Argentina, we had the equivalent of Ch$115,702 million in credit available from eight lines of credit which have not been used. In Brazil, we had the equivalent of Ch$233,568 million in credit available from 20 lines of credit. The unused portion of these lines of credit at that date was equivalent to Ch$95,424 million. In Chile, we had the equivalent of Ch$15,700 million in credit available from five lines of credit, which have not been used. In Paraguay, we had the equivalent of Ch$24,140 million in credit available from two lines of credit, which have not been used.

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 from 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 from 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 from two lines of credit, which have not been used. In Paraguay, we had the equivalent of Ch$21,332 million in credit available from two lines of credit, which have not been used.

Liabilities

For the year ended December 31, 2018, our total liabilities, excluding non-controlling interest, were Ch$1,350,790 million; representing a 3.8% increase compared to December 31, 2017. The increase in total liabilities resulted mainly from the restatement of bonds payable denominated in U.S. dollars (given the devaluation of the Chilean peso against the U.S. dollar), and the increase of bonds payable for UF 5.7 million, partially offset by the prepayment of US$210 million given the prepayment of the bond in U.S. dollars and a decrease in the balance of trade accounts payable. As of December 31, 2018, our non-current liabilities included (i) other non-current financial liabilities for Ch$716,564 million, (ii) non-current accounts payable for Ch$736 million, (iii) other non-current provisions for Ch$58,967 million, (iv) deferred tax liabilities for Ch$145,246 million, and (v) provisions for employee benefits for Ch$9,416 million. Total non-current liabilities during the year ended December 31, 2018 amounted to Ch$930,928 million compared to Ch$873,339 million during the fiscal year ended December 31, 2017.

As of December 31, 2018, our current liabilities included (i) other current financial liabilities of Ch$56,115 million; (ii) trade accounts and other accounts payable for Ch$238,110 million; (iii) current accounts payable to related entities for Ch$45,828 million; (iv) other current provisions for Ch$3,486 million; (v) current tax liabilities for Ch$9,339 million; (vi) current employee benefit provisions for Ch$33,211 million and (vii) other non-financial current liabilities for Ch$33,774 million. Total current liabilities during the year ended December 31, 2018 amounted to Ch$419,862 million compared to Ch$428,287 million during the year ended December 31, 2017.

As of December 31, 2018, and before the cross-currency swaps contracts the company entered in, our bond liabilities had a weighted average interest rate of 4.0% while our bank liabilities had a weighted average interest rate of 5.65%.

Summary of Significant Debt Instruments

As of December 31, 2018, the Company is in compliance with all its debt covenants which are summarized below:

Series B Local Bonds (BANDI-B1;BANDI-B2)

During 2001, we issued in Chile Series B bonds. This issuance was structured into two series, one of which matured in 2008. As of December 31, 2018, Series B is the outstanding series with sub-series B1 and B2. During 2001, UF 3.7 million in bonds were issued with final maturity in 2026, bearing an annual interest rate of 6.5%. 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.

- 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 (BKOP-C)

As a consequence of our merger with Polar, we became an obligor under the following outstanding bonds issued by Polar in the Chile 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 in the Company's 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's Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

  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's Financial Statements (to the extent they correspond to the active balances of derivative financial instruments, taken to cover exchange rate risks or interest rate risks on financial liabilities).

- Not invest in instruments issued by related parties or carry out operations with related parties other than those related to the general purpose of the entities, in conditions that are 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's EBITDA for the past 12 months and the Company's net financial expenses (financial income minus 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 (BANDI-C; BANDI-D; BANDI-E)

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 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.

Series F Local Bonds (BANDI-F)

During 2018, Andina performed a debt restructuring process which consisted in the partial repurchase (US$210 million) of the Senior Notes due 2023, which was refinanced with the placement of the Series F Local Bonds in the Chilean local market. These bonds were issued in October 2018, in the amount of UF5.7 million, accruing an annual interest rate of 2.8% and with a maturity of 2039.

The Series F 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 F local bonds, is franchised to the Company by The Coca-Cola Company for the manufacture, production, sale and distribution of products and brands of The Coca-Cola Company; as long as these territories account for more than 40% of the Company's Adjusted Consolidated Operating Flow of the audited fiscal year immediately prior to the moment when said loss, sale, assignment or transfer occurs. For these purposes Adjusted Consolidated Operating Flow is the addition of the following accounting items of the Issuer's Consolidated Statement of Financial Position: (i) Gross Income, including revenue and cost of sales, less (ii) Distribution Costs, less (iii) Administrative Expenses, plus (iv) Participation in Earnings (Losses) of Associates and Joint Ventures accounted for using the Equity Method, plus (v) Depreciation, plus (vi) Amortization of Intangibles.

Senior Notes due 2023

In October 2013, we issued US$575 million of Senior Notes in the U.S. market under 144A/Reg S regulations. These notes are unsecured obligations with a bullet structure due 2023. 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.

In October 2018, as part of the Company's debt restructuring, Andina performed a partial repurchase of the Senior Notes in the amount of US$210 million (which was refinanced with the placement of Series F Local Bonds in the Chilean local market), with a total outstanding amount of Senior Notes of US$365 million.

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. For more information on patents and licenses, see "Item 4. Information on the Company — Bottler Agreements".

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

As of December 31, 2018, 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, 2018:

	Payments Due by Period				
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total
			(in millions of Ch$)		
Debt with financial institutions (1)	21,580	2,385	853	—	24,818
Bonds (1)(2)	42,992	82,470	332,265	551,912	1,009,639
Lease obligations (1)	7,306	18,590	31,092	—	56,988
Purchase obligations (1)(3)	64,406	18,464	474	—	83,344
Total	136,284	121,909	364,684	551,912	1,174,789

(1) Includes interest
(2) See Note 15 to our consolidated financial statements 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$ 2018)		
Provisions	58,967	3,448	55,519	—
Other long-term liabilities	9,416	742	240	8,434
Total long-term liabilities	68,383	4,190	55,759	8,434

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.

Board of Directors

In accordance with our current bylaws, the board of directors is comprised of fourteen (14) directors. The directors may or may not be shareholders and are elected at general shareholders' meetings for a three-year term, re-election being permitted. 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 shareholders agreement regulates the election of directors of the Company by the controlling shareholders (See "Item 7. Major Shareholders and Transactions with Related Companies"). In addition, pursuant to the terms and conditions of the deposit agreement entered between 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.

The following table sets forth information with respect to the current directors of the Company:

Name	Age(3)	Date of expiration current term	Position
Juan Claro	68	April 19, 2021	Chairman of the Board
Arturo Majlis	56	April 19, 2021	Vice-Chairman of the Board
Eduardo Chadwick	59	April 19, 2021	Director
Salvador Said(1)	54	April 19, 2021	Director
José Antonio Garcés	52	April 19, 2021	Director
Gonzalo Said(1)	54	April 19, 2021	Director
Manuel Arroyo	51	April 19, 2021	Director
Gonzalo Parot(2)	66	April 19, 2021	Director
Georges de Bourguignon	56	April 19, 2021	Director
Pilar Lamana(2)	54	April 19, 2021	Director
Rodrigo Vergara	56	April 19, 2021	Director
Felipe Joannon	59	April 19, 2021	Director
Enrique Rapetti	42	April 19, 2021	Director
Mariano Rossi	52	April 19, 2021	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.*
(3) *Age at December 31, 2018.*

The following are brief biographies of each of the Company's directors:

Mr. Juan Claro has been a member of our board of directors since April 2004. He is an entrepreneur, who 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. He is an attorney at law and he is currently principal partner of the law firm Grasty, Quintana, Majlis y Compañía. 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. He holds a degree in civil industrial engineering and he is currently an entrepreneur. 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. He holds a degree in business administration and he is currently 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. He holds a degree in business administration and he is currently 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. He holds a degree in business administration and he is currently Director of Said Holding Group. He also serves as director in in several publicly traded and private companies.

Mr. Manuel Arroyo has been a member of our board of directors since April 2018. He holds a degree in business administration and law and he is currently the group president for the Asia Pacific region of The Coca-Cola Company.

Mr. Gonzalo Parot has been a member of our board of directors since April 2009. He is an engineer and he is currently the 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. He is an economist, founder of Asset Chile and he is currently executive director of Asset Chile. 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. She holds a degree in business administration and she is currently a business consultant.

Mr. Enrique Rapetti has been a member of our board of directors since September 2016. He is a certified public accountant and he is currently the CFO of the Latin America Group of The Coca-Cola Company.

Mr. Mariano Rossi has been a member of our board of directors since June 2012. He holds a degree in administration and business management and he is currently a business consultant.

Mr. Rodrigo Vergara has been a member of our board of directors since April 2018. He is as an economist and a professor at the Institute of economics of the Faculty of Economic and Administrative Sciences of Chile's Pontificia Universidad Católica. He also serves as director in several publicly and traded and private companies.

Mr. Felipe Joannon has been a member of our board of directors since April 2018. He is an economist and he is currently director of several publicly traded companies.

Mr. Juan Andrés Fontaine was a member of our board of directors since June 2012 until February 2018. He is an economist and he was a consultant while he served as director of Andina.

Mrs. Susana Tonda was a member of our board of directors since April 2016 until March 2018. She holds a degree in business administration and she was a professor at the School of Administration of the Faculty of Economic and Administrative Sciences of Chile's Pontificia Universidad Católica, while she served as director of Andina.

Mr. Karim Yahi was a member of our board of directors since April 2017 until April 2018. He is a certified public accountant and he was vice president of planning and strategy for Latin America of The Coca-Cola Company while he served as director of Andina.

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Executive Officers

The following table includes information regarding our senior executives:

Name	Age	Position
Miguel Ángel Peirano	59	Chief Executive Officer
Andrés Wainer	48	Chief Financial Officer
Tomás Vedoya(1)	41	Chief Strategic Planning Officer
Jaime Cohen	51	Chief Legal Officer
Martín Idígoras	44	Chief IT Officer
Gonzalo Muñoz	57	Chief Human Resources Officer
Fabián Castelli	53	General Manager of Embotelladora del Atlántico S.A.
Renato Barbosa	58	General Manager of Rio de Janeiro Refrescos Ltda.
José Luis Solorzano	48	General Manager of Embotelladora Andina S.A.
Francisco Sanfurgo	64	General Manager of Paraguay Refrescos S.A.

(1) Mr. Tomás Vedoya left his position on January 29, 2019

Mr. Peirano joined the Company in 2011, as Chief Executive Officer. Prior to joining Andina, he worked at Coca-Cola FEMSA, where he was COO of the Mercosur Division from 2009 until 2011; President of FEMSA Cerveza Brazil from 2006 until 2008; CEO of Coca-Cola FEMSA Argentina from 2003 through 2005; and previously responsible for the Management Areas of Operations / Marketing / Production / Strategic Planning in Argentina. He also worked as a consultant at McKinsey & Company from 1991 until 1996 in Argentina, Spain, Germany, Chile and Brazil.

Mr. Wainer joined the Company 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 returned to the corporate office as Chief Financial Officer. Mr. Wainer also worked at Econsult and Banedwards Corredores de Bolsa.

Mr. Cohen joined the Company 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 until 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. Idígoras joined the Company in 2018 as Chief IT Officer. Prior to joining Coca-Cola Andina, he served for more than 17 years at Cencosud, during which time he held the roles of CIO Home Improvement Division from 2015 until 2018, Regional Manager Center of Expertise SAP from 2014 until 2015, and Regional CTO from 2010 until June 2014. Mr. Idígoras has also worked at Correo Argentino and Arcor.

Mr. Muñoz joined the Company in 2015 as Chief Human Resources officer. Prior to joining 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 Director and General Manager in several Latin-American countries.

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

Mr. Barbosa joined the Company on January 1, 2012 as general manager of our operation in Brazil. He has worked in the Coca-Cola System for 24 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 the Company 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 served as General Manager of Andina’s Argentine operations. On April 1, 2014 he was appointed General Manager of Andina Chile. Prior to joining Andina, he worked as marketing manager, plant manager and business manager of Coca-Cola Polar, for five years. Prior to joining Coca-Cola bottler system, he worked at Malloa.

Mr. Sanfurgo joined the Company after the merger with Embotelladoras Coca-Cola Polar as 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 he has been General Manager of Paraguay Refrescos S.A.

B. COMPENSATION

Compensation of Executive Officers

In the case of our executive officers, the compensation plans are composed of a fixed remuneration and a performance bonus, whose amounts vary according to the position or responsibility. Such performance bonuses are payable only to the extent that personal goals of each executive officer and company goals are met, which are previously defined for each case in particular.

For the year ended December 31, 2018 the amount of fixed compensations paid to Coca-Cola Andina's executive officers amounted to Ch$3,782 million (Ch$4,020 million in 2017). Likewise, the amount of compensation paid in performance bonuses amounted to Ch$2,517 million (Ch$2,769 million in 2017).

For the year ended December 31, 2018 severance payments to managers and executive officers of Embotelladora Andina S.A. were Ch$52 million. During the period ended December 31, 2017 no severance payments were made to managers and executive officers of Embotelladora Andina S.A.

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 2018, which was approved by our shareholders, was as follows:

2018	Directors' Compensation ThCh$	Executive Committee ThCh$	Directors' and Audit Committee ThCh$	Total ThCh$
Juan Claro González(1)	144,000			144,000
Arturo Majlis Albala	72,000	72,000		144,000
Gonzalo Said Handal	72,000	72,000		144,000
Jose 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(2)	72,000		24,000	96,000
Manuel Arroyo Prieto(4)	60,000			60,000
Rodrigo Vergara Montes(4)	54,000			54,000
Juan Andrés Fontaine Talavera(3)	12,000			12,000
Mariano Rossi	72,000			72,000
Susana Tonda Mitri(3)	18,000			18,000
Georges de Bourguignon Arndt	72,000			72,000
Enrique Rapetti	72,000			72,000
Karim Yahi(3)	24,000			24,000
María del Pilar Lamana Gaete(2)	72,000		24,000	96,000
Felipe Joannon Vergara(4)	54,000			54,000
Total Gross	**1,086,000**	**360,000**	**72,000**	**1,518,000**

(1) Includes Ch$72 million additional as Chairman of the Board.
(2) Independent from controlling shareholder pursuant to Article 50 bis, paragraph 6 of the Chilean Public Company Law N° 18,046.
(3) Left the Board in 2018.
(4) Joined the Board in 2018.

For the year that ended December 31, 2018, the aggregate amount of compensation we paid to all directors and executive officers as a group was Ch$7,869 million of which Ch$6,403 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, as disclosure of such information is not required under Chilean law. We do not maintain any pension or retirement programs for our directors or executive officers. See “D-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 adopted by the affirmative vote of a 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 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 Meeting held on April 26, 2018. The Executive Committee is also comprised by the Chairman of the Board, Mr. Juan Claro González and our chief executive officer. 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, today known as the Financial Market Commission (*Comisión para el Mercado Financiero* — "CMF") a new Directors' Committee was elected during the Board Meeting held on April 26, 2018, 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 Somavía comprised the Committee. Mr. Gonzalo Parot Palma is the Chairman of the Company's Directors' Committee.

The duties performed by this Committee during 2018, 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 for their approval.
- Analyze and prepare the proposal of 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 compliance with Rule 404 of the Sarbanes-Oxley Act.
- Prepare the budget proposal for the Committee's operation.
- Review Internal Audit Reports.
- Periodically interview the Company's external auditors' representatives.
- Interview human resources managers.
- Review operating budget between related companies (production Joint Ventures).
- Review Internal Control Model.
- Analyze and approve the Internal Audit certification processes.
- Review and approve press releases that refer to the Company's communications.
- 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 Management and Risk Control Model.
- Analyze IAS 29.
- Review Crime Prevention Model Law No. 20,393.
- Review progress on implementation of IT systems.
- Review corporate insurances, including cyber-safety.
- Review judicial contingencies in the four operations.
- Review Impairment test model.

- Review judicial procedure and contingency analysis.
- Review relevant tax risks.
- Analyze possible improvements to corporate governance.
- Prepare the Annual Management Report.

Finally, during 2018, the Directors' Committee incurred expenses of Ch$72,358,000. These expenses relate to consultancies on anti-trust 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 Meeting held on April 26, 2018. The Committee is comprised by the directors Mrs. Pilar Lamana 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, 2018, 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 Meeting held on January 28, 2014. This Committee is comprised by three directors, who are appointed by the Board of Directors and will occupy their posts until their successors are elected, or until resignation or dismissal. 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, Mr. Felipe Joannon Vergara and Mr. Gonzalo Said Handal, in addition to the Chairman of the Board.

D. EMPLOYEES

Overview

As of December 31, 2018, we had 17,386 employees, including 4,174 in Chile (3,145 own and 1,029 outsourced), 7,895 in Brazil (7,544 own and 351 outsourced), 3,176 in Argentina (3,095 own and 81 outsourced) and 1,600 in Paraguay (1,100 own and 500 outsourced). From the total employees, 595 were temporary employees in Chile, 369 were temporary employees in Argentina, 0 were temporary in Brazil and 105 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. Additionally, in Vital Jugos, Vital Aguas and Envases Central we had 284, 97 and 121 employees, respectively, for a total aggregate amount of 502 employees for those three companies. On the other hand, the corporate office had 39 employees.

As of December 31, 2018, 1,618; 920; 2,126 and 359 of our employees in Chile, Brazil, Argentina and Paraguay, respectively, were members of unions.

Management believes that the Company has good relations with its employees.

The following table represents a breakdown of our employees for the years ended December 31, 2017 and 2018:

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	82
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**

2018	Chile			Brazil			Argentina			Paraguay		
	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union	Total	Union	Non-Union
Executives	74	—	74	63	1	62	104	—	104	37	—	37
Technicians and professionals	488	2	486	998	49	949	749	11	738	317	45	272
Workers	2959	1,616	1,343	6,834	870	5,964	1,961	1,823	138	1,141	314	827
Temporary workers	653	0	653	0	0	0	370	297	73	105	—	105
Total	**4,174**	**1,618**	**2,556**	**7,895**	**920**	**6,975**	**3,176**	**2,126**	**1,050**	**1,600**	**359**	**1,241**

2017	Vital Aguas/Vital Jugos/Envases Central		
	Total	Union	Non-Union
Executives	1	0	1
Technicians and professionals	212	73	139
Workers	344	280	64
Temporary workers	59	7	52
Total	**616**	**360**	**256**

2018	Vital Aguas/Vital Jugos/Envases Central		
	Total	Union	Non-Union
Executives	1	0	1
Technicians and professionals	168	44	124
Workers	324	265	59
Temporary workers	9	1	8
Total	**502**	**310**	**192**

Note: The number of employees is calculated as equivalent to full time hours, which means that extraordinary hours are considered as additional employees.
(1) Information for Chile includes only Andina Chile. 2018 data considers a change in the criteria because as of this year, in addition to own employees, third-party employees for the main processes of the business are also included, besides overtime converted to workers and students performing their internship. In addition to these differences, in 2017 employees of Vital Aguas, Vital Jugos and ECSA were considered in Chile`s employees
(2) Argentina includes Andina Empaques Argentina.

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, 64.29% of employees with indefinite work contracts are members of labor unions. The following collective bargaining agreements are in effect as of December 31, 2018.

The agreements in force as of December 31, 2018 in Santiago are:

i. with Labor Union N° 1, that mainly represents workers from the bottling area, from December 1, 2018 to November 30, 2021;
ii. with Labor Union N°2, that mainly represents personnel from the areas of management, logistics and operations specialists from June 1, 2018 to June 1, 2021;
iii. with Labor Union N°3 that mainly represents sales force employees from May 1, 2018 to April 30, 2021;
iv. Agreement with sales force negotiating group in force since June 1, 2016 to May 31, 2019;
v. Collective Contract with Labor Union TAR, that represents workers from the distribution area from July 1, 2016 to June 30, 2019; and
vi. Collective contract with a group of workers in the area of operations of the new plant Renca, effective as from July 1, 2018, to June 30, 2021.

The agreements in force as of December 31, 2018 in Coquimbo are:

i. Workers Union N°1 Agreement, formed mainly by workers from the production area, in force since March 1, 2016 to 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 to December 31, 2019;
iii. Collective Agreement formed mainly by Administrative Employees which is in force since September 1, 2016 to August 31, 2019; and,
iv. Transportation Collective Agreement, in force since November 1, 2016 to April 30, 2019.

The collective agreements in force as of December 31, 2018 in Antofagasta are:

i. Collective agreement with Workers Union N°1 formed mainly by workers form the production area, in force since September 15, 2017 to September 14, 2020;
ii. Collective agreement with Workers Union N°2, form by personnel from different areas, in force since December 1, 2016 to November 30, 2019;
iii. Collective agreement with the salesmen negotiating group, in force since December 1, 2016 to November 30, 2019; and,
iv. Collective agreement with transportation workers from the base zone, in force since May 4, 2017 to May 4, 2020.

Finally, the collective agreements in force as of December 31, 2018 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, to July 31, 2019; and
ii. Collective Agreement with InterAreas personnel, in force since January 1, 2017 to December 31, 2019.

Brazil

In Brazil, 12.2% of our 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 in force as of December 31, 2018.

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

i. the Soft Drink Industry Employees' Union agreement from July 1, 2018 to June 30, 2019;
ii. the Sales Force Union agreement from May 1, 2018 to April 30, 2019;
iii. The Sales Force II Union agreement from August 1, 2018 to July 31, 2019;
iv. the "Forklift" Operator Union agreement from May 1, 2018 to April 30, 2019;
v. the "Forklift" II Operator Union agreement from August 1, 2018 to July 31, 2019;
vi. the Driver and Helper of the Lagos Region Union agreement from May 1, 2018 to April 30, 2019;
vii. the Driver and Helper of the Lagos Region II Union agreement from May 1, 2018 to April 30, 2019;
viii. Collective bargaining agreement executed with the Drivers and Nova Iguaçu Helpers effective from May 1, 2018 to April 30, 2019;
ix. Agreement with the Drivers and Helpers Workers' Union of Rio de Janeiro in force since May 1, 2018 to April 30, 2019;
x. Agreement with the Drivers and Helpers Workers' Union of Campos dos Goytacazes in force since May 1, 2018 to April 30, 2019;
xi. Agreement with the Drivers and Helpers Workers' Union of Itaperuna in force since May 1, 2018 to April 30, 2019; and
xii. The Duque de Caxias Soft Drink Industry Employees' Union agreement from March 1, 2018 to February 28, 2019.
xiii. Agreement with the Drivers and Helpers Workers' Union of Duque de Caxias in force since May 1, 2018 to April 30, 2019;
xiv. Agreement with the Drivers and Helpers Workers' Union of Nova Friburgo in force since May 1, 2018 to April 30, 2019;
xv. Agreement with the Drivers and Helpers Workers' Union of São Gonçalo in force since May 1, 2018 to April 30, 2019;

Three agreements for employees in the State of Espírito Santo:

i. the Sales Force Union agreement from May 1, 2018 to April 30, 2019;
ii. Agreement with the Drivers and Helpers Workers' Union of the State of Espírito Santo in force since May 1, 2018 to April 30, 2019; and

iii. the Trade Employees Union agreement from November 1, 2018 to October 31, 2019.

Nine agreements with employees from the State of São Paulo:

i. Workers Union for the Beverage Industry of Ribeirão Preto since October 1, 2018 to September 1, 2019;
ii. Agreement with the Trade Workers Union for the region of Araraquara since October 1, 2018 to September 1, 2019;
iii. Agreement with the Trade Workers Union for the region of Franca since October 1, 2018 to September 1, 2019;
iv. Agreement with the Transportation Workers Union for the regions of Ribeirão Preto since May 1, 2018 to April 30, 2019;
v. Agreement with the Transportation Workers Union for the regions of Franca since May 1, 2018 to April 30, 2019;
vi. Agreement with the Transportation Workers Union for the regions of Araquara since May 1, 2018 to April 30, 2019;
vii. Agreement with the Transportation Workers Union for the regions of Mococa since May 1, 2018 to April 30, 2019;
viii. Agreement with the Salesmen Union of the State of São Paulo since July 1, 2018 to June 30, 2019; and
ix. Agreement with the Security Technicians Union for the region of Ribeirão Preto, Franca, Araraquara and Mococa since May 1, 2018 to April 30, 2019.

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 occur in the future.

Argentina

In Argentina, 66.9% of EDASA's employees are parties to collective bargaining agreements and are represented by local workers' unions associated with a national federation of unions. The Argentine Chamber of Non-Alcoholic Beverages of the Argentine Republic (*Cámara Argentina de Industria de Bebidas sin Alcohol de la República Argentina* (the "Chamber") and the Argentine Workers Federation of Carbonated Water (*Federación Argentina de Trabajadores de Aguas Gaseosas)* (the "Federation") are parties to a collective bargaining agreement that began July 29, 2008. On December 12, 2018, 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, 36.0% 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 in force as of December 31, 2018 are:

i. Collective bargaining agreement executed with the Authentic Workers' Union of Paraguay Refrescos effective from June 16, 2017 to June 15, 2019;
ii. Workers' Union of Paraguay Refrescos effective from August 2017 to February 2019; and
iii. Employees' Union of Paraguay Refrescos effective from June 2018 to June 2020.

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 executive officers as of December 31, 2018.

	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, 2018:

	Series A		Series B	
Shareholder	Shares	% Class	Shares	% Class
Controlling shareholders(1)	263,718,512	55.72	166,575,694	35.20
The Bank of New York Mellon(2)	2,069,172	0.49	23,854,338	5.65
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)	34,178,103	7.17	36,817,827	6.13
Principal foreign funds as a group	63,173,672	13.55	101,827,303	21.88
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 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 estates of Jaime Said Demaría and Alberto Hurtado Fuenzalida; and José Said Saffie and José Antonio Garcés Silva.

(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, 2018, approximately 86.65% of our Series A shares and 78.48% 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 meetings. 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 an unanimous decision:

- carrying out of new business activities different from our current line of business (unless related to "ready to drink products" or Coca Cola products);
- 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"-included as exhibit to this annual report), 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 responsible for evaluating transactions with related parties and for reporting 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 as of December 31, 2018. 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.

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The following table represents accounting provisions made as of December 31, 2017 and 2018, for potential loss contingencies stemming from labor, tax, commercial and other litigation faced by our Company:

	For the year ended December 31,	
	2017	2018
	Million Ch$	
Chile	7,616	5,970
Brazil	56,608	55,519
Argentina	1,340	949
Paraguay	60	15
Total	**65,624**	**62,453**

For more details, see note 21 of our consolidated financial statements included herein.

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 considering 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 2018, our shareholders authorized our board of directors to distribute, at its discretion, interim dividends during 2018 and 2019.

During 2016, 2017 and 2018, 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 2016, 2017 and 2018 are not indicative of whether or not additional dividend payments will be made in any future period.

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

Dividend Approval Date	Dividend payment Date	Fiscal year with respect to which dividend was declared	Aggregate Amount of Dividends Declared and Paid (Ch$ millions)	Series A		Series B	
				Ch$ per share	US$ per share	Ch$ per share	US$ per share
12-20-2018	01-24-2019	2018	21,369	21.50	0.03199	23.65	0.03519
09-25-2018	10-25-2018	2018	21,369	21.50	0.03127	23.65	0.03440
04-19-2018	08-30-2018	Accumulated earnings	21,369	21.50	0.03160	23.65	0.03475
04-19-2018	05-31-2018	2017	21,369	21.50	0.03406	23.65	0.03746
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

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
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

Our common shares are listed and traded on the Santiago Stock Exchange and on the Bolsa Electrónica de Chile (the Chilean Electronic Stock Exchange) and, until October 2018, were listed on the Bolsa de Corredores de Valparaiso (the Valparaiso Brokers Stock Exchange), which closed operations in October 2018.

Also, our common shares have been traded in the United States on the New York Stock Exchange ("NYSE") since July 14, 1994 in the form of ADRs, which represent six common shares. The Depositary for the ADRs is The Bank of New York Mellon.

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

	Share Volume (in thousands)		Ch$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
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	33,614	80,936	2,500	1,600	2,741	1,750
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
2018						
1st Quarter	12,417	109,001	2,900	2,580	3,100	2,819
2nd Quarter	8,053	54,529	2,750	2,300	3,080	2,465
3rd Quarter	7,350	35,112	2,350	2,200	2,720	2,351
4th Quarter	11,496	54,584	2,255	2,015	2,690	2,310
Last six months						
October 18	5,512	16,795	2,255	2,100	2,690	2,310
November 18	5,002	12,683	2,200	2,015	2,515	2,330
December 18	982	25,106	2,250	2,130	2,649	2,400
January 19	1,547	12,087	2,350	2,200	2,710	2,505
February 19	2,890	115,155	2,280	2,180	2,545	2,405
March 19	1,017	13,127	2,220	2,108	2,449	2,343

	ADR Volume (in thousands)		US$ per Share			
	Series A	Series B	Series A		Series B	
			High	Low	High	Low
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	1,613	5,992	22.91	14.17	25.07	14.21
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
2018						
1st Quarter	317	1,513	28.25	24.51	30.87	27.14
2nd Quarter	195	1,139	27.80	20.42	31.80	22.48
3rd Quarter	98	1,745	21.64	18.60	25.42	20.48
4th Quarter	166	1,803	20.85	17.17	25.05	19.63
Last six months						
October 18	33	619	20.85	17.78	25.05	19.63
November 18	64	533	19.52	17.17	22.25	20.42
December 18	69	651	20.66	17.79	23.57	20.34
January 19	5	277	20.74	18.67	24.25	21.66
February 19	8	109	21.00	19.42	23.49	21.80
March 19	4	152	20.16	19.06	22.60	20.73

Source: Bloomberg

The total number of registered ADR holders we had at December 2018 was 23 (16 in the Series A ADRs and 7 in the Series B ADRs). As of that date the ADRs represented 3.07% of the total number of our issued and outstanding shares. On December 31, 2018, the closing price for the Series A shares on the Santiago Stock Exchange was Ch$2,250 per share (US$18.94 per Series A ADR), and Ch$2,595 for the Series B shares (US$22.82 per Series B ADR). At December 31, 2018, there were 344,862 Series A ADRs (equivalent to 2,069,172 Series A shares) and 3,975,723 Series B ADRs (equivalent to 23,854,338 Series B shares).

Trading activity on the Santiago Stock Exchange is on average substantially less than that on the principal national securities exchanges in the United States. We estimate that for the year ended December 31, 2018, Andina's shares were traded on the Santiago Stock Exchange on an average of approximately 74% 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.

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 included as an exhibit to this annual report, 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 on 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

The members of the board of Directors are proposed and elected every three years during the general annual shareholders' meeting. Separate voting of the Series A and Series B shareholder elect board members. As mentioned, Series A shares elect twelve directors, and Series B shares elect two Directors.

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

Regular general shareholders meetings are held once a year within the first four months following the date of the annual balance sheet. We prepare a balance sheet annually on our operations as of December 31, which is presented together with the profit and loss statement, the report by the auditors and annual report to the respective shareholders meeting. The board sends a copy of the balance sheet, annual report, report by the auditors and respective notes to each of the shareholders registered in the registry no later than by the date the first summons is published. Special shareholders meetings may be held at any time according to corporate needs and to discuss and decide upon any matter within the competence thereof, provided it is indicated in the summons. Being a shareholder of the Company is the only condition for entry to a shareholder's meeting.

C. MATERIAL CONTRACTS

On August 1, 2016, Embotelladora Andina S.A., 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. On December 13, 2017, Embotelladora del Atlántico S.A. together with Monster Energy Company, executed an agreement whereby Monster Energy Company named Embotelladora del Atlántico S.A. as distributor of products bearing 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. On May 11, 2018, Paraguay Refrescos S.A. along with Monster Energy Company entered into an agreement by which Monster Energy Company appointed Paraguay Refrescos S.A. authorizing it to commercialize and distribute products bearing the trademark "Monster" within its licensed territory in Paraguay (totality of the country), beginning on December 1, 2018, for a period of 10 years.

See "-Item 4. Information on the Company - Bottler Agreements and Item 5. Operating and Financial Review and Prospects - Summary of Significant Debt Instruments".

D. EXCHANGE CONTROLS

Foreign Investment and Exchange Controls in Chile

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

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

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

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

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

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

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

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

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

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

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

No assurance can be given that Andina will be able to purchase U.S. dollars in the local exchange market at any time in the future, nor that any such purchase will be for the amounts necessary to pay any sum due under any of its capital or debt instruments. Likewise, it is not possible to guarantee that changes to the regulations of the CCB or other legislative changes relating to exchange controls will not restrict or impair Andina's ability to purchase U.S. dollars in order to make payment on its debt instruments.

E. TAXATION

Tax Considerations Relating to Equity Securities

Chilean Tax Considerations

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

*Dividend*s

Dividend distributions to investors who are juridical or natural persons residing or domiciled abroad, are affected by an Additional Tax ("withholding at the source") at a rate of 35%, with the right to credit for Corporate Tax paid by Andina (today a rate of 27%). However, distributions made to investors residing or domiciled in countries that do not have a treaty to avoid double taxation with Chile, are affected by an additional withholding equivalent to 35% of the Corporate Tax credit, thus limiting the credit for this tax at 65%. This limitation does not apply to distributions made to residents in countries that have a treaty, who can impute 100% of the credit.

Distributions made to investors residing or domiciled in Chile are affected by personal taxes ("Supplementary Global Tax") which has progressive rates ranging from 0% to 35%. The Corporate Tax credit limitation applies to these investors, so they are taxed with a higher tax ("debit") equivalent to 35% of the credit.

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 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 on which the shares received in exchange for ADRs were sold, would not be subject to taxation, to the extent that the SII's criterion is maintained and the contributor in good faith adopts this criterion, which the contributor must certify to the satisfaction of the authority in case of objection.

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 shares (by vote or value), persons required to accelerate the recognition of any item of gross income with respect to ADRs or shares of common stock as a result of such income being recognized on an applicable financial statement, 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 thereunder as of the date hereof, and such authorities may be repealed, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, the discussion below assumes that the Deposit Agreement, and all other related agreements, will be performed in accordance with their terms. If a partnership holds our ADRs or shares of common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding ADRs or shares of common stock should consult their tax advisors. This summary does not contain a detailed description of all the United States federal income tax consequences to a holder in light of its particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws.

Prospective purchasers should consult their tax advisors about the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of ADRs or shares of common stock.

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

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

Cash Dividends and Other Distributions

Cash distributions (including the amount of any Chilean taxes withheld) paid to U.S. holders with respect to the ADRs or shares of common stock generally will be treated as dividend income to such U.S. holders, to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will be includable in the gross income of a U.S. holder as ordinary income on the day received by the Depositary, in the case of ADRs, or by the U.S. holder, in the case of shares of common stock. The dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate U.S. holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADRs backed by such shares) that are readily tradable on an established securities market in the United

States. U.S. Treasury Department guidance indicates that our ADRs (which are listed on the New York Stock Exchange), but not our shares of common stock, are readily tradable on an established securities market in the United States. Thus, we do not believe that dividends that we pay on our shares of our common stock that are not represented by ADRs currently meet the conditions required for these reduced tax rates. There can be no assurance that our ADRs will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Non-corporate U.S. holders should consult their own tax advisors regarding the application of these rules given their particular circumstances.

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

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

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

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADRs or shares of common stock (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by the investor on a subsequent disposition of the ADRs or shares of common stock), and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of our current and accumulated earnings and profits generally would not give rise to foreign source income and a U.S. holder generally would not be able to use the foreign tax credit arising from any Chilean withholding tax imposed on such distributions unless such credit can be applied (subject to applicable limitations) against U.S. taxes due on other foreign source income in the appropriate category for foreign tax credit purposes. 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 other disposition of ADRs or shares of common stock paid within the United States (and in certain cases, outside of the United States) to U.S. holders other than certain exempt recipients. A backup withholding tax may apply to such payments if the U.S. holder fails to provide an accurate taxpayer identification number or certification of 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 *Comisión para el Mercado Financiero* ("CMF"). You may read and copy any materials filed with the CMF directly from its website www.cmfchile.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

The main sources of systematic risks that the Company is exposed to are: changes in interest rates and changes in currency exchange rates.

Particularly, interest rates increase, and currency exchange rates depreciation may affect the Company financial strategy given the various currency denominated debt the company currently holds. To protect the Company against market volatility, hedging policies have been set with the objective to regulate the use of financial derivatives by management. The use of these instruments had been strictly designed for hedging purposes, leaving out any speculation and trading use.

Interest Rate Risk

The Company's debt is mainly denominated in UF (local inflation indexed Chilean currency) and U.S. dollar fixed rate bonds. Bank debt represents a smaller proportion of the total debt and it's denominated in various local currencies in either fixed or variable rates. Given that the main portion of the debt is in fixed rate, the main risk is the interest rate increase at the moment of refinancing mature debt.

On the other side, our cash is invested in certain short-term securities mainly in fixed interest rate.

The following table provides information about the Company's debt (bonds & bank debt) and short-term investments that have exposure to changes in interest rates as of December 31, 2018.

	Expected Maturity Date							Fair Value
	2019	2020	2021	2022	2023	2024 Onwards	Total	Total
				(in millions Ch$)				
Interest Earning Assets								
Time deposits	1,514	—	—	—	—	—	1,514	1,514
Weighted average interest rate	2.52%	—	—	—	—	—	2,52%	—
Interest Bearing Liabilities								
International bonds (US) (1)	3,023	—	—	—	250,976	—	253,999	260,454
Local Bond (Chile) (1)	17,641	13,388	10,813	11,294	11,811	402,046	466,993	517,559
Total public debt (Bonds)	**20,664**	**13,388**	**10,813**	**11,294**	**262,787**	**402,046**	**720,992**	**778,013**
Fixed Rate	4.93%	4.98%	4.27%	4.36%	4.98%	3.27%	4.00%	
Bank debt	**21,543**	**2,272**	**43**	**43**	**81**	**—**	**23,982**	**24,626**
Weighted average interest rate	5.91%	3.25%	6.63%	6.63%	6.63%	—	5.65%	—

(1): Includes issuance deferred costs:

- International Bonds Issuance Costs: Current: Ch$147 million, Non-Current: Ch$ 2.615 million
- Local Chilean Bonds: Current: Ch$227 million, Non-Current: Ch$1,107 million

Foreign Currency Risk

As of December 31, 2018, the only foreign currency used by the Company to finance its operation is the U.S dollar, all the rest of the company's bank and public debt is denominated in local operation currencies (UF, Chilean Peso, Argentinean Peso, Brazilian real and Paraguayan guaranies).

The following table summarizes the financial instruments held to December 31, 2018, denominated in U.S. dollars:

(Denominated in U.S. Dollars instruments)	2019	2020	2021	2022	2023	2024 Onwards	Total	Fair Value
				(in millions Ch$)				
Assets								
Cash and cash equivalents	5,917	—	—	—	—	—	5,917	5,917
Liabilities								
Bonds debt (1)	(3,023)	—	—	—	(250,976)	—	(253,999)	(260,454)
Banks debt	(281)	—	—	—	—	—	(281)	(281)
Net debt	2,613	—	—	—	—	(250,976)	(248,363)	(254,818)

(1): Includes issuance deferred costs:

- International Bonds Issuance Costs: Current: Ch$147 million, Non-Current: Ch$ 2.615 million
- Local Chilean Bonds: Current: Ch$227 million, Non-Current: Ch$1,107 million

In order to protect the Company from the effects on results due to the volatility of the Brazilian real 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, 2018, the Company's net exposure to existing assets and liabilities in foreign currencies, discounting our derivatives contracts, was Ch$2,466 million.

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.

Depositary 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, 2018 to December 31, 2018, we received from the depositary US$88,617 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 for Chilean pensions funds.

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, 2018. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a—15(f) and 15d—15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Our internal control over financial reporting includes those policies and procedures that (i) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions or 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, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018 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.

	Year ended December 31,			
	2017		2018	
Services rendered	Fees Millions Ch$	% of Total Fees	Fees Millions Ch$	% of Total Fees
Audit fees(1)	794	84%	835	100%
Audit-related fees(2)	—	—%	—	—%
Tax fees(3)	140	15%	—	—%
Other fees	13	1%	—	—%
Total	947	100%	835	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 2018, 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 Independent Directors	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

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
		required to convene in legally established meetings to resolve matters required by Chilean Corporation Law.
303A.04 Nominating/Corporate Governance Committee	Listed companies must have a Nominating/Corporate Governance Committee composed entirely of independent directors and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. Andina has a Directors' Committee whose functions are set by Chilean Corporation Law. In addition, section 303 A regarding Controlled Companies does not apply to our Company.
303A.05 Compensation Committee	Listed companies must have a Compensation Committee composed entirely of independent directors and must have a written charter addressing certain matters.	There is no similar legal obligation under Chilean law. In accordance with Chilean law, the above-mentioned Directors' Committee is in charge of reviewing management compensation. In addition, section 303 A regarding Controlled Companies does not apply to our Company.
303A.06 Audit Committee	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 Chilean Corporate Law have established them. However, the CMF in General Rule No. 385 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

ITEM	NYSE REQUIREMENTS	CHILEAN LAW REQUIREMENTS
		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 Public Reprimand	The NYSE may issue a Public Reprimand letter to any listed company, regardless of the type of security listed or country of incorporation if it determines the company has violated a NYSE listing standard.	No similar obligation exists under Chilean law, with the exception of sanctions imposed by the CMF.
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.	No similar obligation exists under Chilean law. 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:

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))

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Item	Description
4.8	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding syrup mix (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.9	Amendment dated as of October 16, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company regarding distribution in Argentina (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.10	Amendment dated as of November 17, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.11	Amendment dated as of November 28, 2003 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.12	Amendment dated as of March 21, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.13	Amendment dated as of November 26, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.14	Amendment dated as of December 7, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.15	Amendment dated as of December 27, 2004 to Bottler Agreement effective as of July 1, 2003, among Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.4 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.16	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.17	Amendment dated as of July 28, 2008 to Bottler Agreement effective as of July 1, 2003, among Embotelladora del Atlántico S.A., Coca-Cola Polar Argentina S.A. and Schweppes Holdings Limited (incorporated by reference to Exhibit 1.2.3 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.18	Bottler Agreement dated as of October 4, 2007 among Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.5 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))

Item	Description
4.19	Amendment dated as of October 4, 2012 to Bottler Agreement dated as of October 4, 2007 between Rio de Janeiro Refrescos Ltda and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.6 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.20	Amendment dated as of February 7, 2013 to the Bottling Agreement dated as of October 4, 2007 between Cia. de Bebidas Ipiranga and The Coca-Cola Company (incorporated by reference to Exhibit 4.20 to Andina's Annual Report on Form 20-F filed on May 15, 2014 (File No. 001-13142).
4.21	Bottler Agreement dated as of September 1, 2008 among Embotelladoras Coca-Cola Polar S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 1.2.7 to Andina's Annual Report on Form 20-F filed on April 30, 2013 (File No. 001-13142))
4.21.1	Amendment dated as of July 9, 2014 to Bottler Agreement dated as of September 1, 2008 between Embotelladora Andina (ex-Embotelladoras Coca-Cola Polar S.A.) and The Coca-Cola Company (incorporated by reference to Exhibit 4.21.1 to Andina's Annual Report on Form 20-F filed on April 30, 2015 (File No. 001-13142))
4.22	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))
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))

Item	Description
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 (incorporated by reference to Exhibit 4.30 to Andina's Annual Report on Form 20-F filed on April 27, 2018 (File No. 001-13142))
4.31	Bottler Agreement dated as of January 1, 2018 among Embotelladora Andina S.A. and The Coca-Cola Company (incorporated by reference to Exhibit 4.31 to Andina's Annual Report on Form 20-F filed on April 27, 2018 (File No. 001-13142))
4.32	Bottler Agreement dated as of October 4, 2017 among Rio de Janeiro Refrescos Ltda. and The Coca-Cola Company (filed herein).
4.33	Distribution agreement dated as of December 13, 2017 among Embotelladora del Atlántico S.A. and Monster Energy Company and its respective amendment (filed herein).
4.34	Distribution agreement dated as of May 11, 2018 among Paraguay Refrescos S.A. and Monster Energy 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

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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 25, 2019

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Financial Statements
as of December 31, 2018, and 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 statements of financial position of Embotelladora Andina S.A. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the two years in the period ended December 31, 2018, 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, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, 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, 2018, 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 24, 2019 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 24, 2019

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. internal control over financial reporting as of December 31, 2018, 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. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, 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 statements of financial position of Embotelladora Andina S.A. as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the two years then ended, and the related notes and our report dated April 24, 2019 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 24, 2019

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated statements of income by function, comprehensive income, changes in equity and direct cash flows for the year ended December 31, 2016 present fairly, in all material respects, the results of operations and cash flows of Embotelladora Andina S.A. for the year 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 audit. We conducted our audit 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 audit provides a reasonable basis for our opinion.

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

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, 2018 and 2017

ASSETS	NOTE	12.31.2018 ThCh$	12.31.2017 ThCh$
Current assets:			
Cash and cash equivalents	**4**	137,538,613	136,242,116
Other financial assets	**5**	683,567	14,138,161
Other non-financial assets	**6.1**	5,948,923	5,611,861
Trade and other accounts receivable, net	**7**	174,113,323	191,284,680
Accounts receivable from related companies	**11.1**	9,450,263	5,370,232
Inventory	**8**	151,319,709	131,363,000
Current tax assets	**9.2**	2,532,056	—
Total Current Assets		**481,586,454**	**484,010,050**
Non-Current Assets:			
Other financial assets	**5**	97,362,295	74,259,085
Other non-financial assets	**6.2**	34,977,264	47,394,345
Trade and other receivables	**7**	1,270,697	2,395,851
Accounts receivable from related parties	**11.1**	74,340	156,492
Investments accounted for under the equity method	**13.1**	102,410,945	86,809,069
Intangible assets other than goodwill	**14.1**	668,822,553	663,272,878
Goodwill	**14.2**	117,229,173	93,598,217
Property, plant and equipment	**10.1**	710,770,968	659,750,499
Deferred income tax assets	**9.5**	—	3,212,981
Total Non-Current Assets		**1,732,918,235**	**1,630,849,417**
Total Assets		**2,214,504,689**	**2,114,859,467**

The accompanying notes 1 to 29 form an integral part of these Consolidated Financial Statements.

EMBOTELLADORA ANDINA S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of December 31, 2018 and 2017

LIABILITIES AND EQUITY	NOTE	12.31.2018 ThCh$	12.31.2017 ThCh$
LIABILITIES			
Current Liabilities:			
Other financial liabilities	**15**	56,114,977	67,981,405
Trade and other accounts payable	**16**	238,109,847	257,519,477
Accounts payable to related parties	**11.2**	45,827,859	33,961,437
Provisions	**17**	3,485,613	2,676,418
Income taxes payable	**9.3**	9,338,612	3,184,965
Employee benefits current provisions	**12**	33,210,979	35,955,643
Other non-financial liabilities	**18**	33,774,214	27,007,977
Total Current Liabilities		**419,862,101**	**428,287,322**
Other financial liabilities	**15**	716,563,778	675,767,201
Trade and other payables	**16**	735,665	1,132,926
Provisions	**17**	58,966,913	62,947,748
Deferred income tax liabilities	**9.5**	145,245,948	125,204,566
Post-employment benefit liabilities	**12**	9,415,541	8,286,355
Non-Current Liabilities:		**930,927,845**	**873,338,796**
Equity:	**19**		
Issued capital		270,737,574	270,737,574
Retained earnings		462,221,463	335,523,254
Other reserves		110,854,089	185,049,228
Equity attributable to equity holders of the parent		**843,813,126**	**791,310,056**
Non-controlling interests		19,901,617	21,923,293
Total Equity		**863,714,743**	**813,233,349**
Total Liabilities and Equity		**2,214,504,689**	**2,114,859,467**

The accompanying notes 1 to 29 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, 2018, 2017 and 2016

	NOTE	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Net sales		1,672,915,799	1,848,878,619	1,777,459,320
Cost of sales	**23**	(968,027,774)	(1,069,024,964)	(1,033,910,027)
Gross Profit		**704,888,025**	**779,853,655**	**743,549,293**
Other income	**24**	2,609,168	550,834	1,760,899
Distribution expenses	**23**	(165,775,484)	(192,927,875)	(183,676,895)
Administrative expenses	**23**	(313,742,853)	(348,199,321)	(346,202,795)
Other expenses	**25**	(16,057,763)	(16,701,471)	(22,765,167)
Other (loss) gains	**27**	(2,707,859)	(2,537,269)	(3,387,377)
Financial income	**26**	3,940,244	11,194,375	9,661,692
Financial expenses	**26**	(55,014,660)	(55,220,369)	(51,374,971)
Share of profit (loss) of investments in associates and joint ventures accounted for using the equity method	**13.3**	1,411,179	(80,360)	(262,582)
Foreign exchange differences		(1,449,256)	(1,370,910)	(67,518)
Income by indexation units		(5,085,140)	(3,762,930)	(6,378,375)
Net income before income taxes		**153,015,601**	**170,798,359**	**140,856,204**
Income tax expense	**9.4**	(55,564,855)	(51,797,634)	(48,807,093)
Net income		**97,450,746**	**119,000,725**	**92,049,111**
Net income attributable to				
Equity holders of the parent		96,603,371	117,835,790	90,525,991
Non-controlling interests		847,375	1,164,935	1,523,120
Net income		**97,450,746**	**119,000,725**	**92,049,111**
		Ch$	**Ch$**	**Ch$**
Earnings per Share, basic and diluted				
Earnings per Series A Share	**19.5**	**97.20**	**118.56**	**91.08**
Earnings per Series B Share	**19.5**	**106.92**	**130.42**	**100.19**

The accompanying notes 1 to 29 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, 2018, 2017 and 2016

	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Net income	**97,450,746**	**119,000,725**	**92,049,111**
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	(63,463)	(329,477)	(29,423)
Components of other comprehensive income that will be reclassified to net income for the period, before taxes			
Gain (losses) from exchange rate translation differences	(72,455,525)	(68,831,435)	148,686
Gain (losses) from cash flow hedges	(13,151,841)	(813,844)	(42,836,575)
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	16,184	84,017	7,060
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	2,476,204	232,666	(2,431,408)
Income tax related to cash flow hedges	2,554,551	167,348	13,301,186
Total other comprehensive income	**(80,623,890)**	**(69,490,725)**	**(31,840,474)**
Total comprehensive income	**16,826,856**	**49,510,000**	**60,208,637**
Equity holders of the parent	16,370,635	48,725,522	59,704,657
Non-controlling interests	456,221	784,478	503,980
Total comprehensive income	**16,826,856**	**49,510,000**	**60,208,637**

The accompanying notes 1 to 29 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, 2018, 2017 and 201

		Other reserves								
	Issued capital ThCh$	Reserves for exchange rate differences ThCh$	Cash flow hedge reserve ThCh$	Actuarial gains or losses in employee benefits ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Retained earnings ThCh$	Controlling Equity ThCh$	Non-Controlling interests ThCh$	Total Equity ThCh$
Opening balance as of 01/01/2018	**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**
Changes for new accounting standards (1)	—	—	—	—	—	—	79,499,736	79,499,736	—	79,499,736
Restated opening balance	**270,737,574**	**(237,077,572)**	**(3,094,671)**	**(1,915,587)**	**427,137,058**	**185,049,228**	**415,022,990**	**870,809,792**	**21,923,293**	**892,733,085**
Changes in Equity										
Comprehensive Income										
Earnings	—	—	—	—	—	—	96,603,371	96,603,371	847,375	97,450,746
Other comprehensive income	—	(69,596,956)	(10,597,290)	(38,490)	—	(80,232,736)	—	(80,232,736)	(391,154)	(80,623,890)
Total Comprehensive income	**—**	**(69,596,956)**	**(10,597,290)**	**(38,490)**	**—**	**(80,232,736)**	**96,603,371**	**16,370,635**	**456,221**	**16,826,856**
Dividends	—	—	—	—	—	—	(85,475,291)	(85,475,291)	(2,477,897)	(87,953,188)
Increase (decrease) from other changes			**23,029**	**—**	**6,014,568**	**6,037597**	36,070,393	**42,107,990**		42,107,990
Total changes in equity	**—**	**(69,596,956)**	**(10,574,261)**	**(38,490)**	**6,014,568**	(74,195,139)	**47,198,473**	**(26,996,666)**	**(2,021,676)**	**(29,018,342)**
Ending balance as of 12/31/2018	**270,737,574**	**(306,674,528)**	**(13,668,932)**	**(1,954,077)**	**433,151,626**	**110,854,089**	**462,221,463**	**843,813,126**	**19,901,617**	**863,714,743**
		Other reserves								
	Issued capital ThCh$	Reserves for exchange rate differences ThCh$	Cash flow hedge reserve ThCh$	Actuarial gains or losses in employee benefits ThCh$	Other reserves ThCh$	Total other reserves ThCh$	Retained earnings ThCh$	Controlling Equity ThCh$	Non-Controlling interests ThCh$	Total Equity 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										
Earnings	—	—	—	—	—	**—**	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)
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**

(1) It corresponds to the effect of the adoption of IAS 29.

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	Issued capital	Other reserves: Reserves for exchange rate differences	Other reserves: Cash flow hedge reserve	Other reserves: Actuarial gains or losses in employee benefits	Other reserves: Other reserves	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										
Earnings	—	—	—	—	—	—	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)
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 29 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, 2018, 2017 and 2016

Cash flows provided by (used in) Operating Activities	NOTE	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Cash flows provided by Operating Activities				
Receipts from the sale of goods and the rendering of services (including taxes)		2,296,830,656	2,388,420,701	2,415,467,366
Payments for Operating Activities				
Payments to suppliers for goods and services (including taxes)		(1,526,444,730)	(1,495,009,304)	(1,624,748,620)
Payments to and on behalf of employees		(199,460,816)	(221,146,637)	(210,545,781)
Other payments for operating activities (value-added taxes on purchases, sales and others)		(267,827,342)	(333,155,023)	(280,846,689)
Dividend received		601,022	1,540,090	745,805
Interest payments		(41,353,013)	(53,103,434)	(49,931,807)
Interest received		3,545,313	8,240,023	8,610,102
Income tax payments		(29,904,176)	(40,654,077)	(25,721,727)
Other cash movements (tax on bank debits Argentina and others)		(707,552)	(7,171,991)	(9,582,089)
Cash flows provided by (used in) Operating Activities		**235,279,362**	**247,960,348**	**223,446,560**
Cash flows provided by (used in) Investing Activities				
Investment in associates	**13.2**	(15,615,466)	(15,570,161)	(17.586.575)
Proceeds from sale of Property, plant and equipment		260,116	99,421	70,431
Purchase of Property, plant and equipment		(121,063,273)	(168,857,680)	(128,217,485)
Purchase of intangible		—	(11,923,449)	—
Proceeds from other long-term assets (term deposits over 90 days)		13,883,132	81,258,426	109,824,298
Purchase of other long-term assets (term deposits over 90 days)		—	(41,059,494)	(77,789,768)
Payments (Recoveries) on forward, term, option and financial exchange agreements		6,403,152	1,374,638	(217,218)
Other payments on purchase of financial instruments		(1,953,309)	(14,153,111)	—
Net cash flows used in Investing Activities		**(118,085,648)**	**(168,831,410)**	**(113,916,317)**
Cash Flows generated from (used in) Financing Activities				
Proceeds from short-term loans obtained		29,850,728	71,801,741	22,188,721
Loan payments		(44,234,859)	(52,146,995)	(47,288,156)
Financial lease liability payments		(2,395,966)	(4,745,884)	(5,533,160)
Dividend payments by the reporting entity		(87,535,698)	(74,968,175)	(67,591,930)
Other inflows (outflows) of cash (Placement and payment of public obligations)		(10,319,483)	(18,286,457)	—
Net cash flows (used in) generated by Financing Activities		**(114,635,278)**	**(78,345,770)**	**(98,224,525)**
Net increase in cash and cash equivalents before exchange differences		**2,558,436**	**783,168**	**11,305,718**
Effects of exchange differences on cash and cash equivalents		3,574,340	(5,804,932)	797,223
Effects of inflation on cash and cash equivalents in Argentina		(4,836,279)	—	—
Net decrease in cash and cash equivalents		**1,296,497**	**(5,021,764)**	**12,102,941**
Cash and cash equivalents — beginning of year	4	136,242,116	141,263,880	129,160,939
Cash and cash equivalents - end of year	**4**	**137,538,613**	**136,242,116**	**141,263,880**

The accompanying notes 1 to 29 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. RUT (Chilean Tax Id. N°) 91.144.000-8 (hereafter “Andina,” and together with its subsidiaries, the “Company”) 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. are to manufacture, bottle, commercialize and/or distribute Coca-Cola products and brands registered by The Coca-Cola Company. The Company has operations and is licensed by The Coca-Cola Company in its territories 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, in the states of Rio de Janeiro, Espirito Santo, Niteroi, Vitoria, Nova Iguaçu, part of Sao Paulo and part of Minas Gerais. In Argentina, 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. Regarding licenses for the territories in Chile, some are in the renewal process and others in October 2023. In Argentina they expire in 2022; in Brazil they are in the renewal process and in Paraguay they expire in 2020. Said licenses are renewable upon the request of the licensee and at the sole discretion of The Coca-Cola Company. These licenses are expected to be renewed under similar conditions on the date of expiration.

As of the date of this report, regarding Andina’s principal shareholders, the Controlling Group(1) holds 55.72% 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, borough of Renca, Santiago, Chile.

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(1) *Controlling Group: Inversiones SH Seis Limitada , Inversiones Cabildo SpA, Inversiones Chucao Limitada, today Inversiones Lleuque Limitada , Inversiones Nueva Delta S.A. , Inversiones Nueva Delta Dos S.A. , Inversiones Las Gaviotas Dos Limitada, today Inversiones Playa Amarilla SpA , Inversiones Playa Negra Dos Limitada, today Inversiones Playa Negra SpA , Inversiones Don Alfonso Dos Limitada, today Inversiones Don Alfonso Limitada , Inversiones El Campanario Dos Limitada, today Inversiones El Campanario Limitada , Inversiones Los Robles Dos Limitada, today Inversiones Los Robles Limitada and Inversiones Las Viñas Dos Limitada, today Inversiones Las Niñas Dos SpA .*

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, 2018 and 2017.

Consolidated Income Statements by Function and Comprehensive Income: For the periods between January 1 and December 31, 2018, 2017 and 2016.

Consolidated Statements of Direct Cash Flows: For the periods between January 1 and December 31, 2018, 2017 and 2016.

Consolidated Statements of Changes in Equity: Balance and movements between January 1 and December 31, 2018, 2017 and 2016.

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 2018 local statutory consolidated financial statements in spanish were approved by the Company's Board of Directors on February 28, 2019, 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, 2018 and 2017 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 17, 2019 meeting.

Included in this 2018 consolidated financial statements are consolidated statement of financial position as of December 31, 2018 and 2017, 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, 2018, 2017 and 2016. 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 24, 2019, 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, 2018 and 2017, and results of operations for the periods between January 1 and December 31, 2018, 2017 and 2016, and cash flows for the periods between January 1 and December 31, 2018, 2017 and 2016. 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.

The list of subsidiaries included in the consolidation is detailed as follows:

		Holding control (percentage)					
		12-31-2018			12-31-2017		
Taxpayer ID	Name of the Company	Direct	Indirect	Total	Direct	Indirect	Total
59.144.140-K	Abisa Corp S.A.	—	99.99	99.99	—	99.99	99.99
Foreign	Aconcagua Investing Ltda.	0.71	99.28	99.99	0.71	99.28	99.99
96.842.970-1	Andina Bottling Investments S.A.	99.90	0.09	99.99	99.90	0.09	99.99
96.972.760-9	Andina Bottling Investments Dos S.A.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Andina Empaques Argentina S.A.	—	99.98	99.98	—	99.98	99.98
96.836.750-1	Andina Inversiones Societarias S.A.	99.98	0.01	99.99	99.98	0.01	99.99
76.070.406-7	Embotelladora Andina Chile S.A.	99.99	—	99.99	99.99	—	99.99
Foreign	Embotelladora del Atlántico S.A.	0.92	99.07	99.99	0.92	99.07	99.99
96.705.990-0	Envases Central S.A.	59.27	—	59.27	59.27	—	59.27
96.971.280-6	Inversiones Los Andes Ltda.	99.99	—	99.99	99.99	—	99.99
Foreign	Paraguay Refrescos S.A.	0.08	97.75	97.83	0.08	97.75	97.83
76.276.604-3	Red de Transportes Comerciales Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
Foreign	Rio de Janeiro Refrescos Ltda.	—	99.99	99.99	—	99.99	99.99
78.536.950-5	Servicios Multivending Ltda.	99.90	0.09	99.99	99.90	0.09	99.99
78.861.790-9	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
- Argentine operations
- Paraguayan operations

2.5 Functional currency and presentation currency

2.5.1 Functional 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 functional currency of each of the Operations is the following:

Company	Functional currency
Andina Empaques Argentina	Argentine Peso
Embotelladora del Atlántico	Argentine Peso
Embotelladora Andina	Chilean Peso
Paraguay Refrescos	Guaraní
Rio de Janeiro Refrescos	Reales

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.

Functional currency in hyperinflationary economies

According to the criteria established in the International Accounting Standard No. 29 Financial information in Hyperinflationary Economies, as of July 2018, Argentina's economy is considered to be hyperinflationary. This determination was carried out on the basis of a series of qualitative and quantitative criteria, among which the presence of an accumulated inflation rate of more than 100% for three years stands out. In accordance with IAS 29, the financial statements of companies in which Embotelladora Andina S.A. participates in Argentina have been retrospectively restated by applying a general price index to the historical cost, in order to reflect the changes in the purchasing power of the Argentinean peso, as of the closing date of these financial statements.

Non-monetary assets and liabilities were re-expressed since February 2003, the last date an inflation adjustment was applied for accounting purposes in Argentina. In this context, it should be mentioned that the group made its transition to IFRS on 1 January 2004, applying the attributed cost exemption for Property, plant and equipment.

For consolidation purposes in Embotelladora Andina S.A. and as a result of the adoption of IAS 29, the results and financial situation of our subsidiaries in Argentina were converted to the closing exchange rate (AR/CLP) as of December 31, 2018, in accordance with IAS 21 "Effects of foreign currency exchange rate variations", when dealing with a hyperinflationary economy. Previously, the results of the Argentinean subsidiaries were converted to the average exchange rate of the period, as is the case for the conversion of the results of the rest of the subsidiaries operating in other countries whose economies are not considered hyperinflationary.

Whereas the functional and presentation currency of Embotelladora Andina S.A. does not correspond to that of a hyperinflationary economy, according to the guidelines set out in IAS 29, the restatement of comparative periods is not required in the consolidated financial statements of the Group.

Inflation for the periods January to December 2018 and 2017 amounted to 47.6% and 24.8%, respectively.

The first time adoption of IAS 29 resulted in a positive adjustment in the accumulated results of Embotelladora Andina S.A., for Th$79,499,736 (net of taxes) as of January 1, 2018. On the other hand, during 2018, the adoption of this standard generated earnings by the re-expression of balance sheet accounts for Th$8,516,369, which is recognized in the consolidated income statement under "Income by readjustment units". In addition, since the Argentinean economy was declared as hyperinflationary, a net loss effect was recorded for Th$15,743,592 in the fiscal year's income, generated by inflation adjustment and translation at the closing exchange rate at December 31, 2018.

2.5.2 Presentation currency

The presentation currency is the Chilean peso, which is the functional currency of the parent company, for such purposes, the financial statements of subsidiaries are translated from the functional currency to the presentation currency as indicated below:

a. Translation of financial statements whose functional currency does not correspond to hyperinflationary economies (Brazil and Paraguay)

Financial statements measured as indicated are translated to the presentation currency as follows:

- The balance sheet is translated to the closing exchange rate at the balance sheet date and the income statement is translated at the average monthly exchange rates, the differences that result are recognized in equity under other comprehensive income.
- Cash flow income statement are also translated at average exchange rates for each transaction.
- When an account receivable from related companies is designated as hedge investment, translation differences are recorded under comprehensive income, net of deferred taxes. 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.

b. Conversion of financial statements whose functional currency corresponds to hyperinflationary economies (Argentina)

Financial statements measured in their functional currency, with inflation adjustments since they correspond to a hyperinflationary economy, are translated to the presentation currency as follows:

- The balance sheet is translated at the closing exchange rate at the balance sheet date;
- Results are translated at the closing exchange rate at the balance sheet date
- When an account receivable from related companies is designated as hedge investment, translation differences are recorded under comprehensive income, net of deferred taxes. 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.

c. Comparative figures

According to the IAS, figures of previous years are not adjusted or re-expressed when the presentation currency is that of a non-hyperinflationary economy, as is the case of the Chilean peso, thus, financial statements of previous years are not amended.

2.5.3 Exchange rates and value of the UF

	Exchange rate to the Chilean Peso					
Date	US$ dollar	R$ Brazilian Real	A$ Argentine Peso	UF Unidad de Fomento	G$ Paraguayan Guaraní	€ Euro
12.31.2018	694.77	179.30	18.43	27,565.79	0.117	794.75
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

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.

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 or other gains, as appropriate.

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

Pursuant to IFRS 9, except for certain trade accounts receivable, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not at fair value, reflecting changes in P&L.

According to IFRS 9, financial assets are subsequently measured at fair value with changes in P&L (FVPL), amortized cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Group's business model for managing assets; and if the contractual cash flows of financial instruments represent "solely payments of principal and interest" on the outstanding principal amount (the "SPPI criterion").

The new classification and measurement of the Group's financial assets is as follows:

- Financial asset at amortized cost for financial instruments that are maintained within a business model with the objective of maintaining the financial assets to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other accounts receivable.

- Financial assets measured at fair value with changes in other comprehensive income (FVOCI), with gains or losses recognized in P&L at the time of liquidation. Financial assets in this category correspond to the Group's instruments that meet the SPPI criterion and are kept within a business model both to collect cash flows and to sell.

Other financial assets are classified and subsequently measures as follows:

- Equity instruments at fair value with changes in other comprehensive income (FVOCI) without recognizing earnings or losses in P&L at the time of liquidation. This category only includes equity instruments that the Group intends to keep in the foreseeable future and that the Group has irrevocably chosen to classify in this category in the initial recognition or transition.

- Financial assets at fair value with changes in P&L (FVPL) include derivative instruments and equity instruments quoted that the Group had not irrevocably chosen to classify at FVOCI in the initial recognition or transition. This category also includes debt instruments whose cash flow characteristics do not comply with the SPPI criterion or are not kept within a business model whose objective is to recognize contractual cash flows or sale.

The Group's financial liabilities accounting, to a large extent continues to be same as the one set forth in IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires that assets for contingent services be treated as financial instruments measured at fair value, with changes in fair value recognized in P&L.

Pursuant to IFRS 9, implicit derivatives are no longer separated from a principal financial asset. Financial assets, however, are classified according to contractual terms and the Group's business model.

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 does not use hedge accounting for its foreign investments.

The Company also evaluates the existence of derivatives implicitly in contracts and financial instruments as stipulated by IFRS 9 and classifies them pursuant to their contractual terms and the business model of the group. As of December 31, 2018 and 2017, the Company had no implicit derivatives.

Fair value hierarchy

The Company maintains assets related to foreign currency derivative contracts which were classified as Other current and non-current financial assets and Other current and non-current financial liabilities, respectively, and are accounted at fair value within the statement of financial position. The Company uses the following hierarchy to determine and disclose the fair value of financial instruments with assessment techniques:

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 production materials 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 an allowance for expected credit losses, given their short-term nature. An allowance for expected credit losses 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. The carrying amount of the asset is reduced by the allowance for expected credit losses 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 include 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 equal to or less than three months.

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 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 Revenue recognition

Pursuant to IFRS 15, adopted by the Company for its consolidated financial statements as of the effective date January 1, 2018, the only performance obligation identified by the Company is the sale of finished products, which also incorporate the sale of the service of deliver the product to the final customer. The performance obligation is satisfied with the physical delivery of products to customers and no kind of contract exists granting additional rights to clients that can be unilaterally enforced.

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. These revenues are transferred and are presented net of VAT, reimbursements, deductions and discounts.

The Company recognizes said Revenues when they can be reliably valued, and when it is probable that the future economic benefits will flow to the Company.

For previous periods, the Company applied the revenue recognition policy based on the requirements of IAS 18.

2.21 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 net income 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.

2.22 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.

2.23 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.

2.23.1 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.

2.23.2 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.

2.23.3 Allowances for expected credit losses

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 allowance for expected credit losses 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 expected credit losses are also determined based on the restated valued of expected credit losses pursuant to IFRS 9.

2.23.4 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.

2.23.5 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.

2.24.1 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, 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.

	Standards, Interpretations and Amendments	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
IAS 28	Investments in Associates and Joint Ventures— decision to measure participation in associates and joint ventures at fair value with changes in results	January 1, 2018

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* for the annual periods beginning on or after January 1, 2018, this standard includes new requirements based on classification, measurement, impairment and hedge accounting principles, it introduces a "more prospective" model for expected credit losses for impairment accounting and a significantly reformed focus for hedge accounting. The adoption of IFRS 9 has not had a significant effect on the accounting policies of the Company in terms of classification and measurement of financial assets and related profit or loss accounts.

For classification, measurement and accounting for hedges, no significant changes were determined. Therefore, no significant adjustments from the adoption of IFRS 9 were recognized in the Consolidated Financial Statements of the Company in relation to the classification, measurement and accounting for hedges.

In relation to the analysis carried out by the Company to determine the impact of the new expected credit loss model of financial assets to calculate the provisions that should be registered. as of January 1, 2018, the effect of adopting the standard within the retained earnings was not significant because most of the accounts receivable are characterized by recovering in the short term, which results in estimates of expected credit loss that approximates the previous provisions for doubtful accounts under IAS 39.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 *Revenue from Contracts with Customers*, is a joint project with FASB to eliminate differences upon revenue recognition between IFRS and US GAAP, which was issued in May 2014, it is applicable to all customer contracts, it replaces IAS 11 construction contracts, IAS 18 revenues and related interpretations, and applies to all revenues arising from customer contracts, unless such contracts are within the scope of other standards. The new standard establishes a five-step model for accounting for revenues from contracts with customers, this model will facilitate the comparability of companies from different industries and regions. According to IFRS 15, revenues are recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transfer of control of goods or the provision of services to a customer.

The standard requires that the entities apply more judgment, taking into consideration all relevant facts and circumstances when applying each step of the model to the contracts with its customers. The standard also specifies the accounting for incremental costs arising from obtaining a contract and the costs directly related to the fulfillment of a contract.

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.

For the transition, the Company applied the modified retrospective method by determining the cumulative effect as of the date of the standard adoption on the consolidated financial information for the years ended December 31, 2017 and prior periods. In this manner, the prior periods financial statements were not restated, concluding the impacts of adoption did not have a significant impact on the Company's 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 a 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.

The adoption of the aforementioned standards, amendments and interpretations did not have a significant impact on the Company's Consolidated Financial Statements.

IAS 28 "Investments in associates and joint ventures - decision to measure participation in associates and joint ventures at fair value with changes in results"

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 amendment must be applied retrospectively.

The adoption of the aforementioned standards, amendments and interpretations did not have a significant impact on the Company's Consolidated Financial Statements.

2.24.2 New accounting standards (Standards, Interpretations and Amendments) effective application for annual periods beginning on or after January 1, 2019.

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 16	Leases	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
Conceptual Framework	Revised Conceptual Framework	January 1, 2020

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 most 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 Company has assessed the impacts of the implementation of the new standard and has estimated an increase of its assets by approximately 1.0 %, and an increase of its liabilities of approximately 1.6 %. The impact of the adoption will generate a reduction of equity of approximately 0.6 %.

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.

The Company has yet to complete its evaluation of whether this interpretation will have a significant impact on the consolidated financial statements.

Revised Conceptual Framework

The IASB issued a Revised Conceptual Framework in March 2018, incorporating some new concepts, providing updated definitions and recognition criterion for assets and liabilities and clarifying some important concepts.

Changes in the Conceptual Framework may affect the application of IFRS when no standard applies to a given transaction or event. The Revised Conceptual Framework becomes effective for periods ending on or after January 1, 2020.

The Company will assess the impact of these new definitions.

	Amendments and Improvements	Mandatory application date
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
IAS 19	Employee Benefits — Amendment, reduction or liquidation of the plan	January 1, 2019
IFRS 10 and IAS 28	Consolidated Financial Statements — sale or contribution of assets between an investor and its associate or joint venture	To be defined

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 perform an assessment of the impact of the improvement 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.

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 19 Employee Benefits — Amendment, reduction or liquidation of the plan

Amendments to IAS 19 address accounting when the plan is amended, reduced or liquidated during a reporting period.

The amendments specify that when a plan has been amended, reduced or liquidated during the annual reporting period, the entity must:

- Determine the current cost of services for the remainder of the period following the amendment, reduction or liquidation of the plan, using the actuarial assumptions used to re-measure the liability (asset) for net defined benefits, reflecting the benefits offered under the plan and the assets of the plan after that event.
- Determine the net interest for the remainder of the period after the amendment, reduction or liquidation of the plan using: net liabilities (assets), for defined benefits that reflect the benefits offered under the plan and the assets of the plan after that event; and the discount rate used to re-measure net liabilities (assets) for defined benefits.

The amendments clarify that an entity first determines any past service costs, or a gain or loss in liquidation, without considering the asset ceiling effect. This amount is recognized under income. An entity then determines the asset ceiling effect after the plan is amended, reduced, or liquidated. Any change in that effect, excluding the amounts included in net interest, is recognized under other comprehensive income.

This clarification states that entities may have to recognize a past service cost, or a result in liquidation that reduces a surplus that was not recognized before. Changes to the asset ceiling effect are not offset by those amounts.

The amendments apply to amendments, reductions or liquidations of the plan occurring at or after the commencement of the first annual reporting period beginning on or after January 1, 2019. Early application is permitted, which must be disclosed.

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

IFRS 3 Business Combinations — Defining business

The IASB issued amendments regarding the definition of a business in IFRS 3 Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not. The IASB clarifies the minimum requirements for defining a business, eliminates the assessment as to whether market participants are able to replace any missing items, includes guidance to help entities evaluate whether a process acquired is substantial, reduces the definitions of a business and products and introduces an optional fair value concentration test.

The amendments must apply to business combinations or asset acquisitions occurring on or after the commencement of the first annual reporting period commencing on or after January 1, 2020. Consequently, entities do not have to revise those transactions that occurred in previous periods. Early adoption is permitted and must be disclosed.

Given that amendments are prospectively applied to transactions or other events occurring on or after the date of first application, most entities will probably not be affected by these amendments in the transition. However, those entities that consider acquiring a set of activities and assets after applying the amendments must first of all update their accounting policies in a timely manner.

The amendments could also be relevant in other areas of IFRS (for example, that may be relevant when a controller loses control of a subsidiary and has early adopted the sale or contribution of assets between an investor and its associate or business combination) (Amendments to IFRS 10 and IAS 28).

The entity will carry out an assessment of the impact of the amendment once it becomes effective.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* to align the definition of "material" in all standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting it, erroneously declaring it, or hiding it could reasonably be expected to influence decisions that primary users of general-purpose financial statements take based on those financial statements, which provide financial information about a specific reporting entity.

The amendments must be applied prospectively. Early adoption is permitted and must be disclosed.

Although amendments to the definition of *material* are not expected to have a significant impact on an entity's financial statements, the introduction of the term "hide" in the definition could impact the way in which materiality judgments are made in the practice, elevating the importance of how information is communicated and organized in the financial statements.

The entity will carry out an assessment of the impact of the amendment once it becomes effective.

IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures — sale or contribution of assets between an investor and its associate or joint venture

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 assets 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 amendments is to be determined since IASB is waiting for the results of its research project on accounting using the equity method. These amendments must be applied retrospectively, and early adoption is permitted, which must be disclosed.

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.

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 managed and paid by the Corporate Office in Chile, which would also be substantially incurred, independent to the existence of foreign subsidiaries, are assigned to the operation in Chile to the soft drinks segment.

Total revenues by segment include sales to unrelated customers and inter-segments, as indicated in the consolidated statement of income.

A summary of the Company's operating segments in accordance to IFRS is as follows:

For the period ended December 31, 2018	Chile Operation	Argentina Operation (2)	Brazil Operation	Paraguay Operation	Intercompany Eliminations	Consolidated total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Softdrinks	390,782,296	330,874,797	326,015,740	118,095,369	(72,170)	1,165,696,032
Other beverages	180,156,806	75,341,941	214,493,809	31,492,883	—	501,485,439
Packaging	—	7,343,785	—	—	(1,609,457)	5,734,328
Net sales	**570,939,102**	**413,560,523**	**540,509,549**	**149,588,252**	**(1,681,627)**	**1,672,915,799**
Cost of sales	(336,719,937)	(214,647,052)	(329,529,112)	(88,813,300)	1,681,627	(968,027,774)
Distribution expenses	(55,798,363)	(62,899,574)	(38,835,833)	(8,241,714)		(165,775,484)
Administrative expenses	(109,373,432)	(93,149,904)	(88,809,386)	(22,410,131)		(313,742,853)
Finance income	1,686,041	14,750	2,019,489	219,964	—	3,940,244
Finance expense	(23,713,774)	(192,602)	(31,108,284)	—	—	(55,014,660)
Interest expense, net (1)	**(22,027,733)**	**(177,852)**	**(29,088,795)**	**219,964**	**—**	**(51,074,416)**
Share of the entity in income of associates	298,359	—	1,112,820	—	—	1,411,179
Income tax expense	(22,000,539)	(18,874,454)	(10,088,988)	(4,600,874)	—	(55,564,855)
Other income (loss)	(11,540,167)	(2,639,386)	(8,399,463)	(111,834)	—	(22,690,850)
Net income of the segment reported	**13,777,290**	**21,172,301**	**36,870,792**	**25,630,363**	**—**	**97,450,746**
Depreciation and amortization	42,353,664	20,474,446	26,830,835	9,935,501	—	99,594,446
Current assets	228,108,768	80,908,212	135,259,768	37,309,706	—	481,586,454
Non-current assets	644,395,166	160,587,931	679,183,347	248,751,791	—	1,732,918,235
Segment assets, total	**872,503,934**	**241,496,143**	**814,443,115**	**286,061,497**	**—**	**2,214,504,689**
Carrying amount in associates and joint ventures accounted for using the equity method, total	50,136,065	—	52,274,880	—	—	102,410,945
Capital expenditures and other	67,709,231	28,702,138	32,536,213	9,684,466	—	138,632,048
Current liabilities	186,831,021	83,013,418	128,146,943	21,870,719	—	419,862,101
Non-current liabilities	477,319,648	17,066,746	420,218,066	16,323,385	—	930,927,845
Segment liabilities, total	**664,150,669**	**100,080,164**	**548,365,009**	**38,194,104**	**—**	**1,350,789,946**
Cash flows provided by in Operating Activities	150,035,425	28,899,457	44,949,860	11,394,620	—	235,279,362
Cash flows (used in) provided by Investing Activities	(47,164,236)	(28,700,733)	(32,536,213)	(9,684,466)	—	(118,085,648)
Cash flows (used in) provided by Financing Activities	(98,560,576)	(10,644,812)	(5,099,823)	(330,067)	—	(114,635,278)

(1) Financial expenses associated with external financing for the purchase of companies, including capital contributions are presented in this item.
(2) Pursuant the application of IAS 19 in Argentina, assets and liabilities increased by ThCh $ 97,318,892 and ThCh $ 16,093,780, respectively. The effect in the income statement was a net loss of ThCh $ 15,743,592.

For the period ended December 31, 2017	Chile Operation ThCh$	Argentina Operation ThCh$	Brazil Operation ThCh$	Paraguay Operation ThCh$	Intercompany Eliminations ThCh$	Consolidated total 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	135,595,156	17,297,339	—	428,287,322
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**	**528,720,896**	**32,145,115**	**—**	**1,301,626,118**
Cash flows provided by 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	(3,437,440)	—	—	(78,345,770)

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.

NOTE 4 — CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

Description	12.31.2018	12.31.2017
	ThCh$	ThCh$
By item		
Cash	2,907,276	139,835
Bank balances	46,425,927	29,234,531
Time deposits	1,500,315	10,616,688
Mutual funds	86,705,095	96,251,062
Total cash and cash equivalents	**137,538,613**	**136,242,116**

	ThCh$	ThCh$
By currency		
Dollar	5,917,041	6,973,298
Euro	51,401	17,245
Argentine Peso	6,726,906	19,681,449
Chilean Peso	86,121,695	80,985,719
Paraguayan Guaraní	10,680,600	6,804,997
Brazilian Real	28,040,970	21,779,408
Total cash and cash equivalents	**137,538,613**	**136,242,116**

4.1 Time deposits

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

Placement	Expiration	Institution	Currency	Principal	Annual rate	12.31.2018	12.31.2017
				ThCh$	%	ThCh$	ThCh$
12-29-2017	01-05-2018	Banco Santander	Chilean pesos	7,500,000	2.52%	—	7,516,275
12-29-2017	01-05-2018	Banco Santander	Chilean pesos	2,700,000	2.40%	—	2,700,360
12-29-2017	01-05-2018	Banco Santander	Chilean pesos	400,000	2.40%	—	400,053
12-28-2018	01-04-2019	Banco Santander	Chilean pesos	700,000	2.52%	700,147	
12-28-2018	01-04-2019	Banco Santander	Chilean pesos	800,000	2.52%	800,168	
		Total				**1,500,315**	**10,616,688**

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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	12.31.2018 ThCh$	12.31.2017 ThCh$
Western Asset Institutional Cash Reserves - USA	15,214,062	3,740,526
Fondo mutuo Banco Chile BTG	13,090,507	5,823,608
Fondo mutuo Larrain Vial - Chile	13,082,767	6,349,486
Fondo mutuo Itaú - Brasil	8,579,254	4,922,923
Fondo mutuo Banco Security - Chile	7,667,585	14,242,343
Fondo mutuo Scotiabank - Chile	7,528,086	5,878,523
Fondo mutuo Santander - Brazil	7,177,468	4,748,368
Fondo mutuo Votorantim	5,630,641	—
Fondo mutuo BCI - Chile	4,804,238	—
Fondo Fima Premium B - Argentina	2,952,316	1,495,556
Fondo mutuo Banco Estado - Chile	—	9,002,000
Fondo mutuo Bradesco - Brazil	978,171	5,046,882
Fondo Fima Ahorro Plus C - Argentina	—	8,275,073
Fondo Fima Ahorro Pesos C - Argentina	—	8,308,664
Fondo mutuo Corporativo Banchile - Chile	—	17,645,940
Citi Institutional Liquid Reserves Limited (CGAM)	—	771,170
Total	**86,705,095**	**96,251,062**

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

a.1 Time deposits

Placement	Maturity	Institution	Currency	Principal ThCh$	Annual rat %	12.31.2018	12.31.2017
03-15-2018	03-15-2019	Votorantim	Brazilian reais	12,729	8.82%	**14,040**	—
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	Votorantim	Brazilian reais	20,013	8.82%	—	21,145
						14,040	**13,669,142**

a.2 Rights in Forward Contracts

	12.31.2018 ThCh$	12.31.2017 ThCh$
Rights in Forward Contracts — Forwards (see details in Note 20)	669,527	469,019
Total other Financial Assets, current	**683,567**	**14,138,161**

b) Non-current

	12.31.2018 ThCh$	12.31.2017 ThCh$
Rights in forward contracts (see note 20)	87,446,662	61,898,833
Rights in AdeS (1) manufacturing companies	13,475,279	14,153,111
Increase (decrease) in foreign currency exchange (2)	(3,559,646)	(1,792,859)
Total	**97,362,295**	**74,259,085**

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(1) 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.

(2) Corresponds to the translation of foreign currencies into the Company's presentation currency and the result of the application of the IAS 29.

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

Note 6.1 Other current, non-financial assets

	12.31.2018 ThCh$	12.31.2017 ThCh$
Description		
Prepaid expenses	4,967,255	4,839,465
Tax credit remainder	18,022	169,120
Guarantee deposit (Argentine)	3,013	6,608
Other current assets	960,633	596,668
Total	**5,948,923**	**5,611,861**

Note 6.2 Other non-current, non-financial assets

	12.31.2018 ThCh$	12.31.2017 ThCh$
Description		
Advance payment to suppliers of property, plant & equipment (1)	—	24,269,901
Judicial deposits (see note 21.2)	18,590,597	18,393,546
Fiscal credits	13,222,720	2,287,051
Prepaid expenses	810,662	1,113,154
Others	2,353,285	1,330,693
Total	**34,977,264**	**47,394,345**

(1) 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	12.31.2018 Assets before provisions ThCh$	12.31.2018 Allowance for expected credit losses ThCh$	12.31.2018 Commercial debtors net assets ThCh$	12.31.2017 Assets before provisions ThCh$	12.31.2017 Allowance for expected credit losses ThCh$	12.31.2017 Commercial debtors net assets ThCh$
Current commercial debtors						
Trade debtors	150,933,965	(3,205,749)	147,728,216	157,926,958	(3,521,734)	154,405,224
Other current debtors	19,552,539	(2,830,299)	16,722,240	31,015,390	(2,825,453)	28,189,937
Current commercial debtors	**170,486,504**	**(6,036,048)**	**164,450,456**	**188,942,348**	**(6,347,187)**	**182,595,161**
Prepayments suppliers	8,672,820	—	8,672,820	8,057,544	—	8,057,544
Other current accounts receivable	1,252,207	(262,160)	990,047	778,901	(146,926)	631,975
Commercial debtors and other current accounts receivable	**180,411,531**	**(6,298,208)**	**174,113,323**	**197,778,793**	**(6,494,113)**	**191,284,680**
Non-current accounts receivable						
Trade debtors	66,510	—	66,510	58,336	—	58,336
Other non-current debtors	1,204,187	—	1,204,187	2,335,322	—	2,335,322
Other non-current accounts receivable	—	—	—	2,193	—	2,193
Non-current accounts receivable	**1,270,697**	**—**	**1,270,697**	**2,395,851**	**—**	**2,395,851**
Trade and other receivables	**181,682,228**	**(6,298,208)**	**175,384,020**	**200,174,644**	**(6,494,113)**	**193,680,531**

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

	12.31.2018 ThCh$	12.31.2017 ThCh$
Up to date non-securitized portfolio until 30 days	144,172,500	151,275,377
31 and 60 days	1,815,954	908,980
61 and 90 days	250,560	1,050,476
91 and 120 days	148,622	331,740
121 and 150 days	310,986	709,400
151 and 180 days	141,434	62,834
181 and 210 days	674,676	82,863
211 and 250 days	176,333	538,081
More than 250 days	3,309,410	3,025,543
Total	**151,000,475**	**157,985,294**

The Company has an approximate number of 268,000 clients, which may have balances in the different sections of the stratification. The number of clients is distributed geographically with 67,000 in Chile, 86,000 in Brazil, 55,000 in Argentina and 57,000 in Paraguay.

	12.31.2018 ThCh$	12.31.2017 ThCh$
Current commercial debtors	150,933,965	157,926,958
Non-current commercial debtors	66,510	58,336
Total	**151,000,475**	**157,985,294**

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

	12.31.2018 ThCh$	12.31.2017 ThCh$
Opening balance	**6,494,113**	**6,697,156**
Bad debt expense	1,629,761	2,004,958
Provision application	(1,257,591)	(1,708,602)
Change due to foreign exchange differences	(568,075)	(499,399)
Movement	**(195,905)**	**(203,043)**
Ending balance	**6,298,208**	**6,494,113**

NOTE 8 — INVENTORIES

The composition of inventories is detailed as follows:

Details	12.31.2018 ThCh$	12.31.2017 ThCh$
Raw materials (1)	86,102,495	78,216,172
Finished goods	37,213,848	32,097,377
Spare parts and supplies	28,777,180	19,774,056
Work in progress	780,324	676,609
Other inventories	1,049,165	4,134,237
Obsolescence provision (2)	(2,603,303)	(3,535,451)
Total	**151,319,709**	**131,363,000**

The cost of inventory recognized as cost of sales as of December 31, 2018 and 2017, is ThCh$968,027,774 and ThCh$1,069,024,964, 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

Description	12.31.2018	12.31.2017
	ThCh$	ThCh$
Tax credits (*)	2,532,056	—
Total	**2,532,056**	—

(*) Tax credits correspond to income tax credits on training expenses, purchase of Property, plant and equipment, and donations.

9.3 Current tax liabilities

Current tax payable are detailed as follows:

Description	12.31.2018	12.31.2017
	ThCh$	ThCh$
Income tax expense	9,338,612	3,184,965
Total	**9,338,612**	**3,184,965**

9.4 Income tax expense

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

Item	12.31.2018	12.31.2017	12.31.2016
	ThCh$	ThCh$	ThCh$
Current income tax expense	38,313,980	40,183,261	35,902,002
Current tax adjustment previous period	312,403	137,455	534,392
Withholding tax expense foreign subsidiaries	7,364,213	6,730,031	7,645,218
Other current tax expense (income)	474,105	(5,733)	92,008
Current income tax expense	**46,464,701**	**47,045,014**	**44,173,620**
Income (expense) for the creation and reversal of current tax difference (*)	9,100,154	4,752,620	4,633,473
Expense (income) for deferred taxes	**9,100,154**	**4,752,620**	**4,633,473**
Total income tax expense	**55,564,855**	**51,797,634**	**48,807,093**

(*) It includes the effects for the adoption of IAS 29.

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	12.31.2018		12.31.2017	
	Assets	Liabilities	Assets	Liabilities
	ThCh$	ThCh$	ThCh$	ThCh$
Property, plant and equipment	5,420,447	46,181,359	5,978,377	47,179,903
Obsolescence provision	910,076	112,359	2,215,341	200,979
Employee benefits	5,169,161	131,829	5,391,796	—
Post-employment benefits	90,941	1,014,354	61,155	1,020,522
Tax loss carried-forwards (1)	9,137,392	—	10,056,534	—
Tax Goodwill Brazil	18,836,838	—	23,195,957	—
Contingency provision	26,796,262	—	31,177,351	—
Foreign exchange differences (2)	13,083,953	—	7,631,498	—
Allowance for doubtful accounts	1,262,977	—	1,155,542	—
Coca-Cola incentives (Argentina)	352,061	—	451,790	—
Assets and liabilities for placement of bonds	—	1,327,727	—	1,297,000
Lease liabilities	1,328,320	—	1,083,010	—
Inventories	347,470	—	350,746	—
Distribution rights	—	173,273,994	—	163,850,599
Others		5,940,224	3,729,093	920,772
Subtotal	**82,735,898**	**227,981,846**	**92,478,190**	**214,469,775**
Total Assets and net liabilities	**—**	**145,245,948**	**3,212,981**	**125,204,566**

(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. This item also includes the effects of the differences generated in the appraisal of forward contracts.

9.6 Deferred tax liability movement

The movement in deferred income tax accounts is as follows:

Item	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Opening Balance	**121,991,585**	**125,608,802**	**130,201,701**
Increase (decrease) in deferred tax	11,303,016	(3,417,011)	(6,409,481)
Increase (decrease) due to foreign currency translation (*)	11,951,347	(200,206)	1,816,582
Movements	**23,254,363**	**(3,617,217)**	**(4,592,899)**
Ending balance	**145,245,948**	**121,991,585**	**125,608,802**

(*) It includes the effects for the adoption of IAS 29.

9.7 Distribution of domestic and foreign tax expense

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

Income tax	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Current income taxes			
Foreign	(24,442,984)	(30,258,395)	(24,752,106)
Domestic	(22,021,717)	(16,786,619)	(19,421,514)
Current income tax expense	**(46,464,701)**	**(47,045,014)**	**(44,173,620)**
Deferred income taxes			
Foreign	(9,121,332)	(4,667,982)	(4,291,287)
Domestic	21,178	(84,638)	(342,186)
Deferred income tax expense	**(9,100,154)**	**(4,752,620)**	**(4,633,473)**
Income tax expense	**(55,564,855)**	**(51,797,634)**	**(48,807,093)**

9.8 Reconciliation of effective rate

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

Reconciliation of effective rate	12.31.2018	12.31.2017	12.31.2016
	ThCh$	ThCh$	ThCh$
Net income before taxes	**153,606,681**	**170,798,359**	**140,856,204**
Tax expense at legal rate (27.0%)	**(41,544,270)**	**—**	**—**
Tax expense at legal rate (25.5%)	**—**	**(43,553,581)**	**(33,805,489)**
Effect of a different tax rate in other jurisdictions	**967,671**	**(4,971,103)**	**(9,214,270)**
Permanent differences:			
Non-taxable revenues	12,752,599	9,645,068	6,068,410
Non-deductible expenses	(11,141,237)	(4,020,729)	(419,761)
Tax effect on excess tax provision prior periods	(295,632)	125,021	86,731
Effect of tax restatement Chilean companies	2,566,163	(1,465,753)	(1,875,343)
Foreign subsidiaries tax withholding expense and other legal tax debits and credits	(18,870,149)	(7,556,557)	(9,647,371)
Adjustments to tax expense	**(14,988,256)**	**(3,272,950)**	**(5,787,334)**
Tax expense at effective rate	**(55,564,855)**	**(51,797,634)**	**(48,807,093)**
Effective rate	**36.2%**	**30.6%**	**34.7%**

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

	Rate		
Country	2018	2017	2016
Chile	27.0%	25.5%	24.0%
Brazil	34.0%	34.0%	34,0%
Argentina	30.0%	35.0%	35,0%
Paraguay	10.0%	10.0%	10,0%

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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	
	12.31.2018	12.31.2017	12.31.2018	12.31.2017	12.31.2018	12.31.2017
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Construction in progress	26,048,670	84,118,716	—	—	26,048,670	84,118,716
Land	100,479,196	96,990,155	—	—	100,479,196	96,990,155
Buildings	371,279,937	222,101,850	(157,119,586)	(59,716,002)	214,160,351	162,385,848
Plant and equipment	623,568,795	431,876,945	(416,164,810)	(276,043,865)	207,403,985	155,833,080
Information technology	22,752,205	20,697,750	(17,567,484)	(16,070,425)	5,184,721	4,627,325
Fixed facilities and accessories	43.717.907	32,990,387	(22,660,738)	(13,400,510)	21,057,169	19,589,877
Vehicles	53,682,179	52,587,886	(31,883,578)	(23,324,621)	21,798,601	29,263,265
Leasehold improvements	144,914	115,768	(112,737)	(108,353)	32,177	7,415
Other Property, plant and equipment (1)	438,350,022	395,823,718	(323,743,924)	(288,888,900)	114,606,098	106,934,818
Total	**1,680,023,825**	**1,337,303,175**	**(969,252,857)**	**(677,552,676)**	**710,770,968**	**659,750,499**

(1) Other Property, plant and equipment is composed of bottles, market assets, furniture and other minor assets.

The net balance of each of these categories is detailed as follows:

Other Property, plant and equipment	12.31.2018 ThCh$	12.31.2017 ThCh$
Bottles	51,522,834	51,876,569
Marketing and promotional assets (*)	45,739,948	42,798,282
Other Property, plant and equipment	17,343,316	12,259,967
Total	**114,606,098**	**106,934,818**

(*) It mainly includes refrigerators, drink and dispensing machines and other minor equipment.

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 ThCh$	Land ThCh$	Buildings, net ThCh$	Plant and equipment, net ThCh$	IT Equipment, net ThCh$	Fixed facilities and accessories, net ThCh$	Vehicles, net ThCh$	Leasehold improvements, net ThCh$	Other, net ThCh$	Property, plant and equipment, net ThCh$
Opening balance at January 1, 2018	**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**
Additions	65,284,334	—	504,675	17,924,606	783,299	165,226	1,451,462	1,430	42,793,277	**128,908,309**
Disposals	—	(5,465)	(209,713)	(1,002,133)	—	—	(203,036)	—	(1,588,050)	(3,008,397)
Transfers between items of Property, plant and equipment	(109,893,610)	—	45,032,440	54,460,571	622,222	1,481,081	(2,218,354)	22,000	10,493,650	—
Depreciation expense	—	—	(7,001,828)	(39,182,401)	(1,830,295)	(2,668,535)	(5,201,263)	(11,112)	(41,727,195)	(97,622,629)
Increase (decrease) due to foreign currency translation differences	(6,880,059)	(4,615,830)	(14,485,709)	(17,048,903)	(414,850)	(4,048,135)	(1,722,767)	169	(16,954,922)	(66,171,006)
Other increase (decrease) (1)	(6,580,711)	8,110,336	27,934,638	36,419,165	1,397,020	6,537,655	429,294	12,275	14,654,520	88,914,192
Total movements	**(58,070,046)**	**3,489,041**	**51,774,503**	**51,570,905**	**557,396**	**1,467,292**	**(7,464,664)**	**24,762**	**7,671,280**	**51,020,469**
Ending balance at December 31, 2018	**26,048,670**	**100,479,196**	**214,160,351**	**207,403,985**	**5,184,721**	**21,057,169**	**21,798,601**	**32,177**	**114,606,098**	**710,770,968**

(1) Mainly correspond to effects of adopting IAS 29 in Argentina.

	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, 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	—	1,512,162	13,529	44,451,636	147,938,328
Disposals	—	—	(300,079)	(700,973)	(1,062,530)	(4.161)	(173,190)	—	(790,242)	(3,031.175)
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.

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NOTE 11 — RELATED PARTY DISCLOSURES

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

11.1 Accounts receivable:

11.1.1 Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2018 ThCh$	12.31.2017 ThCh$
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Chilean pesos	4,344,082	4,220,936
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	2,175,934	—
Foreign	Coca Cola de Argentina	Director related	Argentina	Argentinean pesos	1,684,357	—
Foreign	UBI 3 (Ades)	Shareholder related	Argentina	Argentinean pesos	455,823	
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Argentinean pesos	371,712	—
96.517.210-2	Embotelladora Iquique S.A.	Shareholder related	Chile	Chilean pesos	228,387	303,866
86.881.400-4	Envases CMF S.A.	Associate	Chile	Chilean pesos	161,460	—
96.919.980-7	Cervecería Austral S.A.	Director related	Chile	U.S. Dollars	26,557	16,674
77.755.610-K	Comercial Patagona Ltda.	Director related	Chile	Chilean pesos	1,951	—
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Chile	Argentinean pesos	—	181,414
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Associate	Chile	Chilean pesos	—	647,342
Total					**9,450,263**	**5,370,232**

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11.1.2 Non-current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2018	12.31.2017
					ThCh$	ThCh$
96.714.870-9	Coca-Cola de Chile S. A.	Shareholder	Chile	Chilean pesos	74,340	156,492
Total					**74,340**	**156,492**

11.2 Accounts payable:

11.2.1 Current:

Taxpayer ID	Company	Relationship	Country of origin	Currency	12.31.2018	12.31.2017
					ThCh$	ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Chilean pesos	21,286,933	12,458,055
Foreign	Recofarma do Industrias Amazonas Ltda.	Shareholder related	Brazil	Brazilian real	8,681,099	15,891,797
86.881.400-4	Envases CMF S.A.	Associate	Chile	Chilean pesos	5,702,194	2,807,572
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Argentinean pesos	5,479,714	—
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	Brazilian real	3,132,515	2,539,052
Foreign	Monster	Shareholder related	Brazil	Brazilian real	664,565	—
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Associate	Chile	Chilean pesos	649,046	—
89.996.200-1	Envases del Pacífico S.A.	Director related	Chile	Chilean pesos	139,468	193,685
96.891.720-K	Embonor S.A.	Shareholder related	Chile	Chilean pesos	92,325	—
Foreign	Alimentos de Soja S.A.U.	Shareholder related	Argentina	Argentinean pesos	—	71,276
Total					**45,827,859**	**33,961,437**

11.3 Transactions:

Taxpayer ID	Company	Relationship	Country of origin	Description of transaction	Currency	Cumulative 12.31.2018 ThCh$
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	149,933,143
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Purchase of advertising services	Chilean pesos	3,508,010
96.714.870-9	Coca-Cola de Chile S.A.	Shareholder	Chile	Sale of raw materials and other	Chilean pesos	1,156,744
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of bottles	Chilean pesos	14,319,777
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of raw materials	Chilean pesos	18,914,788
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of caps	Chilean pesos	107,859
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase services and others	Chilean pesos	1,593,798
86.881.400-4	Envases CMF S.A.	Associate	Chile	Purchase of containers	Pesos chilenos	4,096,502
86.881.400-4	Envases CMF S.A.	Associate	Chile	Sale of packaging and raw materials	Chilean pesos	3,981,631
96.891.720-K	Embonor S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	41,933,095
96.517.310-2	Embotelladora Iquique S.A.	Related to Shareholder	Chile	Sale of finished products	Chilean pesos	2,570,315
89.996.200-1	Envases del Pacífico S.A.	Related to director	Chile	Purchase of raw materials and materials	Pesos chilenos	1,007,382
94.627.000-8	Parque Arauco S.A.	Related to director	Chile	Rent of spaces	Chilean pesos	91,685
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Purchase of concentrates	Brazilian real	95,449,139
Foreign	Recofarma do Industrias Amazonas Ltda.	Related to Shareholder	Brazil	Refund and other purchases	Brazilian real	7,641,736
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	98,947,407
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	5,727,498
Foreign	KIAK Participaciones	Subsidiary	Brazil	Purchase of concentrate and marketing recovery	U.S. dollar	42,292
Foreign	Leão Alimentos e Bebidas Ltda.	Associate	Brazil	Purchase of products	Brazilian real	357,286
Foreign	Sorocaba Refrescos S.A.	Associate	Brazil	Purchase of products	Brazilian real	698,090
76.572.588-7	Coca Cola Del Valle New Ventures SA	Common Shareholder	Chile	Sale of services and others	Chilean pesos	1,391,110
Foreign	Trop Frutas do Brasil Ltda.	Associate	Brazil	Purchase of products	Brazilian real	86,994
Foreign	Alimentos de Soja S.A.U.	Related to Shareholder	Argentina	Payment of fees and services	Argentine pesos	1,623,794
96.633.550-5	Sinea S.A.	Ownership held by an officer’s uncle	Chile	Purchase of raw materials	Chilean pesos	581,508

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 concentrates	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 raw materials and other	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 commerciall services	Chilean pesos	180,000
96.891.720-K	Embonor S.A	Associate	Chile	Sale of packagingmaterials	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	Brazilian real	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.	Associate	Brazil	Advertising participation payment	Brazilian real	11,658,142
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Purchase of concentrates	Argentine pesos	114,427,713
Foreign	Servicio y Productos para Bebidas Refrescantes S.R.L.	Shareholder	Argentina	Advertising participation payment	Argentine pesos	14,680,603
89.996.200-1	Envases del Pacífico S.A.	Shareholder	Chile	Purchase of concentrates	Chilean pesos	1,751,011
Foreign	Coca-Cola Peru	Related to Shareholder	Peru	Purchase of raw materials	U.S. dollar	4,188,812

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	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Executive wages, salaries and benefits	6,056,337	6,454,846	6,255,806
Director allowances	1,495,123	1,513,100	1,492,088
Accrued benefit last five years and paid during the fiscal year	242,907	334,477	314,288
Contract termination benefit	51,534	—	79,027
Total	**7,845,901**	**8,302,423**	**8,141,209**

NOTE 12 — CURRENT AND NON-CURRENT EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

Description	12.31.2018 ThCh$	12.31.2017 ThCh$
Accrued vacations	19,536,809	20,769,275
Employee remuneration payable	13,674,170	15,186,368
Indemnities for years of service	9,415,541	8,286,355
Total	**42,626,520**	**44,241,998**

	ThCh$	ThCh$
Current	33,210,979	35,955,643
Non-current	9,415,541	8,286,355
Total	**42,626,520**	**44,241,998**

12.1 Indemnities for years of service

The movements of employee benefits, valued pursuant to Note 2 are detailed as follows:

Movements	12.31.2018 ThCh$	12.31.2017 ThCh$
Opening balance	**8,286,355**	**8,157,745**
Service costs	957,593	1,727,905
Interest costs	565,167	300,755
Net actuarial losses	271,045	(530,059)
Benefits paid	(664,619)	(1,369,991)
Total	**9,415,541**	**8,286,355**

12.1.1 Assumptions

The actuarial assumptions used are detailed as follows:

Assumptions	12.31.2018	12.31.2017
Discount rate	2.7%	2.7%
Expected salary increase rate	2.0%	2.0%
Turnover rate	5.4%	5.4%
Mortality rate	RV-2009	RV-2009
Retirement age of women	60 years	60 years
Retirement age of men	65 years	65 years

12.2 Personnel expenses

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

Description	12.31.2018	12.31.2017	12.31.2016
	ThCh$	ThCh$	ThCh$
Wages and salaries	195,162,903	215,715,214	218,944,639
Employee benefits	50,254,164	50,127,117	50,174,153
Severance and post-employment benefits	5,535,410	7,410,936	8,252,502
Other personnel expenses	16,014,364	14,205,259	10,921,843
Total	**266,966,841**	**287,458,526**	**288,293,137**

12.3 Number of Employees

	12.31.2018	12.31.2017	12.31.2016
Number of employees	16,098	15,924	16,296
Number of average employees	15,364	15,784	16,009

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 12.31.2018	Carrying Value 12.31.2017	Percentage interest 12.31.2018	Percentage interest 12.31.2017
				ThCh$	ThCh$	%	%
86.881.400-4	Envases CMF S.A. (1)	Chile	Chilean peso	18,743,604	18,528,567	50.00%	50.00%
Foreign	Leão Alimentos e Bebidas Ltda. (2)	Brazil	Brazilian real	21,727,894	22,163,333	10.26%	10.26%
Foreign	Kaik Participações Ltda. (2)	Brazil	Brazilian real	1,228,256	1,228,350	11.32%	11.32%
Foreign	SRSA Participações Ltda.	Brazil	Brazilian real	94,706	189,290	40.00%	40.00%
Foreign	Sorocaba Refrescos S.A.	Brazil	Brazilian real	22,979,029	23,079,130	40.00%	40.00%
Foreign	Trop Frutas do Brasil Ltda. (2)	Brazil	Brazilian real	6,244,839	6,359,428	7.52%	7.52%
76.572.588-7	Coca Cola del Valle New Ventures S.A.	Chile	Chilean peso	31,392,617	15,260,971	35.00%	35.00%
	Total			**102,410,945**	**86,809,069**		

(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.

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13.2 Movement

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

Details	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Opening Balance	**86,809,069**	**77,197,781**	**54,190,546**
Other Invesment increases in associates (Capital Contributions to Leao Alimentos e Bebidas Ltda and Coca Cola del Valle New Ventures S.A.)	15,615,466	15,570,161	17,586,575
Dividends received	(403,414)	(1,540,090)	(750,806)
Share in operating income	2,194,144	932,340	396,764
Unrealized income	85,268	85,268	85,266
Increase (Decrease) due to foreign currency translation differences	(1,889,588)	(5,436,391)	5,689,436
Ending Balance	**102,410,945**	**86,809,069**	**77,197,781**

The main movements for the fiscal years ended December 31, 2018 and 2017, are the following:

- During fiscal years 2018 and 2017, Embotelladora Andina S.A. made capital contributions in Coca-Cola del Valle New Ventures S.A. in the amount of ThCh$15,615,466 and ThCh$10,185,000.
- During fiscal years 2018 and 2017, Envases CMF S.A., agreed to distribute dividends in the amount of thCh$403,414 and ThCh$1,540,090, respectively. Embotelladora Andina S.A. participates in those dividends pursuant to its ownership interest.
- During fiscal years 2018 and 2017 Sorocaba Refrescos S.A. did not distribute dividends.
- During fiscal year 2017, Leão Alimentos e Bebidas Ltda. carried out capital increases. Rio de Janeiro Refrescos Ltda. participated in these capital increases pursuant to its ownership interest for amounts of ThCh$5,385,161.

13.3 Reconciliation of share of profit in investments in associates:

Details	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Share of profit of investment accounted for using the equity method	**2,194,144**	**932,340**	**396,764**
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)	(868,233)	(1,097,968)	(744,612)
Amortization of Fair Value in Envases CMF S.A.	85,268	85,268	85,266
Income Statement Balance	**1,411,179**	**(80,360)**	**(262,582)**

13.4 Summary financial information of associates:

The following table presents summarized information regarding the Company´s equity investees as of December 31, 2018:

	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	78,714,139	106,598,837	10,850,626	513,823	257,149,411	96,963,355	101,275,213
Total liabilities	40,800,603	49,151,318	34	277,055	57,538,296	21,568,158	11,582,021
Total revenue	53,073,645	57,570,452	348,705	233,182	161,749,228	12,169,188	2,673,496
Net income (loss) of associate	1,086,050	936,360	348,705	233,182	2,000,217	7,753,517	1,506,540
Reporting date	12-31.2018	11-30-2018	11-30-2018	11-30-2018	11-30-2018	11-30-2018	12-31-2018

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	—	469,509	198,216,570	3,345,146	—
Net income (loss) of associate	2,405,060	(1,541,788)	(137,007)	469,509	(157,266)	1,927,488	(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	12-31-2018 Gross Amount	12-31-2018 Cumulative Amortization	12-31-2018 Net Amount	12-31-2017 Gross Amount	12-31-2017 Cumulative Amortization	12-31-2017 Net Amount
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Distribution rights (1)	661,285,834	(259,434)	661,026,400	656,411,004	(116,387)	656,294,617
Software	31,526,159	(24,160,202)	7,365,957	27,595,084	(21,087,741)	6,507,343
Others	728,198	(298,002)	430,196	511,470	(40,552)	470,918
Total	**693,540,191**	**(24,717,638)**	**668,822,553**	**684,517,558**	**(21,244,680)**	**663,272,878**

(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	12.31.2018	12.31.2017
	ThCh$	ThCh$
Chile (excluding Metropolitan Region, Rancagua and San Antonio)	304,888,183	304,969,889
Brazil (Rio de Janeiro, Espirito Santo, Ribeirão Preto and the investments in Sorocaba and Leão Alimentos e Bebidas Ltda.)	181,583,404	187,695,738
Paraguay	172,594,328	162,825,074
Argentina (North and South)	1,960,485	803,916
Total	**661,026,400**	**656,294,617**

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

Details	01-01-2018 to 12-31-2018 Distribution Rights	Rights	Software	Total	01-01-2017 to 12-31-2017 Distribution Rights	Rights	Software	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance	**656,294,617**	**470,918**	**6,507,343**	**663,272,878**	**674,920,063**	**470,918**	**5,605,081**	**680,996,062**
Additions	—	—	3,718,038	3,718,038	11,923,449(1)	—	2,907,715	14,831,164
Amortization	(112,601)	(40,722)	(1,971,417)	(2,124,740)	(116,387)	—	(1,842,933)	(1,959,320)
Other increases (decreases) (2)	4,844,384		(888,007)	3,956,377	(30,432,508)	—	(162,520)	(30,595,028)
Total	**661,026,400**	**430,196**	**7,365,957**	**668,822,553**	**656,294,617**	**470,918**	**6,507,343**	**663,272,878**

(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) 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 2018 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	Discount Rate 2017
Argentina	21.2%	17.1%
Chile	8.1%	7.2%
Brazil	10.9%	9.6%
Paraguay	10.1%	9.1%

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 present net value of future cash flows of the CGU are modelled based on the main historical variables , and the respective budgets approved by the CGU. 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 1% and 2.5% are established by operation depending on the level of consumption maturity 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, perpetuity growths and EBITDA margin considered in each CGU.

For purposes of sensitizing the impairment test, variations were made to the main variables used in the model. Following we present the ranges used for each of the modified variables:

- Discount rate: Increase/decrease of up to 100bps as value in the rate with which the future flows are discounted to bring them to present value
- Perpetuity: Increase/decrease of up to 75bps in the rate to calculate the perpetual growth of future flows
- EBITDA margin: Increase/decrease of 100bps in the EBITDA margin of operations, which is applied per year for the projected periods, i.e. for the years 2019-2023

14.2.3 Conclusions

As a result of the annual test for 2018, 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, 2018, 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, 2018 and December 31, 2017 is detailed as follows:

Operating segment	01.01.2018	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2018
	ThCh$	ThCh$	ThCh$
Chilean operation	8,503,023	—	8,503,023
Brazilian operation	73,509,080	(428,980)	73,080,100
Argentine operation	4,672,971	23,645,158	28,318,129
Paraguayan operation	6,913,143	414,778	7,327,921
Total	**93,598,217**	**23,630,956**	**117,229,173**

Operating segment	01.01.2017	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2017
	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	Foreign currency translation differences where functional currency is different from presentation currency	12.31.2016
	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**

NOTE 15 — OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Liabilities are detailed as follows:

Current	12.31.2018	12.31.2017
	ThCh$	ThCh$
Bank loans	21,542,736	31,470,003
Bonds payable	20,664,481	20,156,295
Deposits in guarantee	12,242,464	13,849,504
Derivative contract obligations (see note 20)	130,829	445,278
Leasing agreements	1,534,467	2,060,325
Total	**56,114,977**	**67,981,405**

Non-current	12.31.2018	12.31.2017
	ThCh$	ThCh$
Bank loans	2,439,253	13,057,542
Bonds payable	700,327,057	648,228,554
Leasing agreements	13,797,468	14,481,105
Total	**716,563,778**	**675,767,201**

The fair value of financial assets and liabilities as of December 31, 2018 and 2017 is presented below:

Current	Book Value 12.31.2018	Fair Value 12.31.2018	Book Value 12.31.2017	Fair Value 12.31.2017
	ThCh$	ThCh$	ThCh$	ThCh$
Cash and cash equivalents (3)	137,538,613	137,538,613	136,242,116	136,242,116
Other financial assets (3)	683,567	683,567	14,138,161	14,138,161
Trade and other accounts receivable (3)	187,210,279	187,210,279	191,284,680	191,284,680
Accounts receivable from related companies (3)	9,450,263	9,450,263	5,370,232	5,370,232
Bank loans (1)	21,542,736	20,298,761	31,470,003	31,006,898
Bonds payable (2)	20,664,481	22,318,939	20,156,295	22,484,452
Deposits in guarantee (3)	12,242,464	12,242,464	13,849,504	13,849,504
Derivative contract obligations (3) (see note 20)	130,829	130,829	445,278	445,278
Leasing agreements (3)	1,534,467	1,534,467	2,060,325	2,060,325
Trade and other accounts payable (3)	238,109,847	238,109,847	257,519,477	257,519,477
Accounts payable from related companies (3)	45,827,859	45,827,859	33,961,437	33,961,437

Non-current	12.31.2018	12.31.2018	12.31.2017	12.31.2017
	ThCh$	ThCh$	ThCh$	ThCh$
Other financial assets (3)	97,362,295	97,362,295	74,259,085	75,259,085
Trade and other receivables	1,270,697	1,270,697	2,395,851	2,395,851
Accounts receivable from related companies (3)	74,340	74,340	156,492	156,492
Bank loans (1)	2,439,253	2,307,396	13,057,542	11,588,575
Bonds payable (2)	700,327,057	755,694,265	648,228,554	722,044,324
Leasing agreements (3)	13,797,468	13,797,468	14,481,105	14,481,105
Trade and other accounts payable (3)	735,665	735,665	1,132,926	1,132,926

(1) The fair values are based on discounted cash flows using market discount rates as of the close of each fiscal year and are Level 2 fair value measurements.
(2) The fair value of corporate bonds is classified as Level 2 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.

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15.1.1 Bank obligations, current

Indebted Entity			Creditor Entity							Maturity		Total	
Tax ID,	Name	Country	Tax ID,	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	Up to 90 days	90 days To 1 year	at 12.31.2018	at 12.31.2017
										ThCh$	ThCh$	ThCh$	ThCh$
91.144.000-8	Embotelladora Andina S.A.	Chile	97032000-8	Banco Scotiabank	Chile	Chilean pesos	Monthly	3.64%	3.64%	—	—	—	300,000
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.13%	2.13%	—	726,943	726,943	709,794
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco de la Nación Argentina	Argentina	Argentine pesos	Monthly	20.00%	20.00%	1,071	—	1,071	9,965,133
Foreign	Embotelladora del Atlántico S.A.	Argentina	Foreign	Banco Galicia y Buenos Aires S.A.	Argentina	Argentine pesos	Monthly	20.00%	20.00%	—	—	—	3,352,417
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	7.48%	7.48%	—	—	—	298,456
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	6.63%	6.63%	—	—	—	1,359,471
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.63%	6.63%	82,480	88,935	171,415	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.15%	7.15%	83,151	194,366	277,517	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	7.15%	7.15%	—	—	—	1,611,747
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Semiannually	4.50%	4.50%	—	—	—	2,541,016
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Quarterly	4.50%	4.50%	616,808	1,838,770	2,455,578	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	6.24%	6.24%	—	17,910,212	17,910,212	11,331,969
Total												**21,542,736**	**31,470,003**

15.1.2 Bank obligations, non-current

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	1 year up to 2 years ThCh$	More 2 years Up to 3 years ThCh$	More 3 years Up to 4 years ThCh$	More 4 years Up to 5 years ThCh$	More 5 Years ThCh$	at 12.31.2018 ThCh$
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	Chile	UF	Semiannually	2.1%	2.1%	1,434,786	—	—	—	—	1,434,786
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	6.6%	6.6%	72,439	43,033	43,033	81,225	—	239,730
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	7.2%	7.2%	151,873	—	—	—	—	151,873
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Quarterly	6.2%	6.2%	—	—	—	—	—	—
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Quarterly	4.5%	4.5%	612,864	—	—	—	—	612,864
Total															**2,439,253**

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15.1.2 Bank obligations, non-current December 31, 2017

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax ID	Name	Country	Currency	Type Amortization	Effective Rate	Nominal Rate	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 31.12.2017
										ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
96.705.990-0	Envases Central S.A.	Chile	97.006.000-6	Banco BCI	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	7.5%	7.5%	125,461	125,461	125,461	627,305	—	1,003,688
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco 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	Banco 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**

15.1.3 Current and non-current bank obligations "Restrictions"

Bank obligations are not subject to restrictions for the reported periods.

15.2.1 Bonds payable

During 2018, Andina carried out a debt restructuring process that consisted of a partial repurchase in the amount of US$210 million of the 144A/RegS Senior Notes and refinancing it with the placement of Series F bonds in the local market in the amount of UF 5.7 million due 2039 and accruing an annual interest rate of 2.83%.

The costs corresponding to the repurchase of bonds, associated with premium payments, overpricing and proportional amortization of placement costs and discounts in bonds in original U.S. Dollars amounting to ThCh$9,583,000, were recorded in results under the item financial costs.

	Current		Non-current		Total	
Composition of bonds payable	**12.31.2018**	**12.31.2017**	**12.31.2018**	**12.31.2017**	**12.31.2018**	**12.31.2017**
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Bonds (face value)	21,038,064	20,547,117	704,048,747	651,459,940	725,086,811	672,007,057
Expenses of bond issuance and discounts on placement	(373,583)	(390,822)	(3,721,690)	(3,231,386)	(4,095,273)	(3,622,208)
Net balance presented in statement of financial position	**20,664,481**	**20,156,295**	**700,327,057**	**648,228,554**	**720,991,538**	**668,384,849**

15.2.2 Current and non-current balances

Obligations with the public correspond to bonds in UF issued by the parent company on the Chilean market and bonds in US dollars issued by the Parent Company on the international market. A detail of these instruments is presented below:

	Series	Face amount	Unit of Adjustment	Interest rate	final Maturity	Interest Payment	Date Amortization of capital	12.31.2018	12.31.2017
								ThCh$	ThCh$
Bonds, current portion									
CMF Registration N°254 CMF 06.13.2001	B	2.228.199	UF	6.5%	06.01.2026	Semiannually	00.01.2019	6,598,389	6,071,687
CMF Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08.15.2031	Semiannually	02.15.2021	614,152	597,049
CMF Registration N°759 08.20.2013	C	500,000	UF	3.5%	08.16.2020	Semiannually	02.16.2018	7,069,487	6,959,157
CMF Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08.16.2034	Semiannually	02.16.2032	1,545,334	1,502,299
CMF Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03.01.2035	Semiannually	09.01.2032	1,027,009	998,409
CMF Registration N°912 10.10.2018	F	5,700,000	UF	2.83%	09.25.2016	Semiannually	09.25-2039	1,013,805	
Bonds USA	—	365,000,000	US$	5.0%	10.01.2023	Semiannually	10.01.2023	3,169,888	4,418,516
Total current portion								**21,038,064**	**20,547,117**
Bonds non-current portion									
CMF Registration N°254 CMF 06.13.2001	B	2.228.199	UF	6.5%	06.01.2026	Semiannually	00.01.2019	52,132,023	56,795,423
CMF Registration N°641 08.23.2010	C	1,500,000	UF	4.0%	08.15.2031	Semiannually	02.15.2021	41,348,685	40,197,210
CMF Registration N°759 08.20.2013	C	500,000	UF	3.5%	08.16.2020	Semiannually	02.16.2018	6,891,448	13,399,069
CMF Registration N°760 08.20.2013	D	4,000,000	UF	3.8%	08.16.2034	Semiannually	02.16.2032	110,263,160	107,192,560
CMF Registration N°760 04.02.2014	E	3,000,000	UF	3.75%	03.01.2035	Semiannually	09.01.2032	82,697,378	80,394,428
CMF Registration N°912 10.10.2018	F	5,700,000	UF	2.83%	09.25.2016	Semiannually	09.25-2039	157,125,003	
Bonds USA	—	365,000,000	US$	5.0%	10.01.2023	Semiannually	10.01.2023	253,591,050	353,481,250
Bonds non-current portion								**704,048,747**	**651,459,940**

Accrued interest included in the current portion of bonds totaled ThCh$ 7,856,274 and ThCh$8,105,642 at December 31, 2018 and 2017, respectively.

15.2.3 Non-current maturities

	Series	Year of maturity				Total non-current 12.31.2018
		more than 1 to 2	more than 2 to 3	more than 3 to 4	More than 5	
		ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
SVS Registration N°254 06.13.2001	B	6,704,717	7,134,663	7,598,414	30,694,229	52,132,023
SVS Registration N°641 08.23.2010	C	—	1,879,436	3,758,871	35,710,378	41,348,685
SVS Registration N°759 08.20.2013	C	3,445,724	3,445,724	—	—	6,891,448
SVS Registration N°760 08.20.2013	D	—	—	—	110,263,160	110,263,160
SVS Registration N°760 04.02.2014	E	—	—	—	82,697,378	82,697,378
CMF Registration N°912 10.10.2018	F				157,125,003	157,125,003
Bonds USA	—	—	—	—	253,591,050	253,591,050
Total		**10,150,441**	**12,459,823**	**11,357,285**	**670,081,198**	**704,048,747**

15.2.4 Market rating

The bonds issued on the Chilean market had the following rating as of December 31, 2018:

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, 2018, is the following:

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

15.2.5 Restrictions

15.2.5.1 Restrictions regarding bonds placed abroad.

On September 26, 2013, Andina issued a bond in the U.S. Market (Bonds USA) for US$575 million at a coupon rate of 5.0% maturing on October 1, 2023. These bonds do not have financial restrictions. In October 2018, there was a partial repurchase of this bond for US $210 million, with US$365 million remaining outstanding.

15.2.5.2 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, 2018, 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, 2018 is UF 2,228 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, 2018, indebtedness level is 0.78 times of Consolidated Equity.

- 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 1.3 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.

  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, 2018, this index is 1.66 times.

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, 2018, 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, 2018, Net Financial Debt was 0.62 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 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).

  As of December 31, 2018, this index is 1.66 times.

- 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, 2018, Net Financial Coverage level is 6.08 times.

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, 2018, 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, 2018, is UF 0.500 million.

- Series D and E outstanding as of December 31, 2018, 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, 2018, of both series amounts to UF 7.000 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, 2018, Indebtedness Level is 0.62 times of Consolidated Equity.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 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, 2018, this index is 1.66 times.

- Maintain, and in no manner, lose, sell, assign or transfer to a third party, the geographical area currently denominated as the "Metropolitan Region" as a territory franchised to the Issuer in Chile by The Coca-Cola Company, hereinafter also referred to as "**TCCC**" or the "**Licensor**" for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called "Metropolitan Region". This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of these instruments is franchised by TCCC to the Issuer for the development, production, sale and distribution of products and brands of such licensor, as long as any of these territories account for more than 40% of the Issuer's Adjusted Consolidated Operating Cash Flow of the audited period immediately before the moment of loss, sale, assignment or transfer. For these purposes, the term "Adjusted Consolidated Operating Cash Flow" shall mean the addition of the following accounting accounts of the Issuer's Consolidated Statement of Financial Position: (i) "Gross Profit" which includes regular activities and cost of sales; less (ii) "Distribution Costs"; less (iii) "Administrative Expenses"; plus (iv) "Participation in profits (losses) of associates and joint ventures that are accounted for using the equity method"; plus (v) "Depreciation"; plus (vi) "Intangibles Amortization".

Restrictions regarding bond lines registered in the Securities Registrar under number 912.

In October 2018, a Series F bond was issued in the amount of UF 5.7 million due 2039 and accruing an annual interest rate of 2.8%.

Regarding Series F Local Bond, 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, 2018, this index equals 0.62 times.

- Maintain consolidated assets free of any pledge, mortgage or other encumbrances for an amount at least equal to 1.3 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, 2018, this index equals 1.66 times.

- 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, for the development, production, sale and distribution of products and brands of said licensor, in accordance to the respective bottler or license agreement, renewable from time to time. Losing said territory, means the non-renewal, early termination or cancellation of this license agreement by TCCC, for the geographical area today called “Metropolitan Region”. This reason shall not apply if, as a result of the loss, sale, transfer or disposition, of that licensed territory is purchased or acquired by a subsidiary or an entity that consolidates in terms of accounting with the Issuer.

- Not lose, sell, assign, or transfer to a third party any other territory of Argentina or Brazil, which as of the issuance date of local bonds Series C, D and E 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, 2018, and December 31, 2017, the Company complies with all financial collaterals.

15.2.6 Repurchased bonds

In addition to UF bonds, the Company holds bonds that it has repurchased in full through companies that are included in the consolidation:

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							Maturity		Total	
Name	Country	Tax ID	type	Type	Currency	Amortization Type	Effective Rate	Nominal Rate	Up to 90 days ThCh$	90 days to 1 year ThCh$	At 12.31.2018 ThCh$	At 12.31.2017 ThCh$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.215%	10.227%	11,996	,	11,996	41,467
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	51,766	23,494	75,260	504,815
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	57,750	51,823	109,573	528,801
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	171,115	545,863	716,978	657,610
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	Brazilian real	Monthly	7.65%	7.39%	57,561	282,104	339,665	—
Embotelladora del Atlántico S.A.	Argentina	Foreign	Tetra Pak SRL	Argentina	Dollars	Monthly	12.00%	12.00%	280,995	—	280,995	327,632
Total											**1,534,467**	**2,060,325**

15.4.2 Non-current liabilities for leasing agreements December 31, 2018

Indebted Entity		Creditor Entity							Maturity					
Name	Country	Tax ID	Name	type	Currency	Amortization Type	Effective rate	Nominal Rate	1 year to 2 years ThCh$	2 years to 3 years ThCh$	3 years to 4 years ThCh$	4 years to 5 years ThCh$	More 5 years ThCh$	at 12.31.2018 ThCh$
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Cogeração Light Esco	Brazil	Brazilian real	Monthly	13.00%	12.28%	810,185	915,509	1,034,525	1,169,014	9,466,995	13,396,228
Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Tetra Pack	Brazil	Brazilian real	Monthly	7.65%	7.39%	401,240	—	—	—	—	401,240
TOTAL														**13,797,468**

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

Indebted Entity			Creditor Entity							Maturity					
Tax ID	Name	Country	Tax, ID	Name	Country	Currency	Amortization Type	Effective rate	Nominal Rate	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More 5 years	at 12.31.2017
										ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Itaú	Brazil	Brazilian real	Monthly	10.21%	10.22%	11,764	—	—	—	—	11,764
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Santander	Brazil	Brazilian real	Monthly	9.65%	9.47%	73,799	—	—	—	—	73,799
Foreign	Rio de Janeiro Refrescos Ltda.	Brazil	Foreign	Banco Citibank	Brazil	Brazilian real	Monthly	8.54%	8.52%	105,807	—	—	—	—	105,807
Foreign	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
Total															**14,481,105**

15.4.4 Current and non-current leasing agreements obligations "Restrictions"

Leasing agreement obligations are not subject to financial restrictions for the reported periods.

NOTE 16 — TRADE AND OTHER ACCOUNTS PAYABLE, CURRENT AND NON-CURRENT

Trade and other current accounts payable are detailed as follows:

Item	12.31.2018 ThCh$	12.31.2017 ThCh$
Trade accounts payable	174,486,806	187,872,116
Withholdings tax	47,693,379	49,857,086
Accounts payable Inamar Ltda. (1)	—	356,221
Others	16,665,327	20,566,980
Total	**238,845,512**	**258,652,403**
Current	238,109,847	257,519,477
Non-current	735,665	1,132,926
Total	**238,845,512**	**258,652,403**

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:

	Accruable liability ThCh$
Maturity within one year	3,823,849
Maturity between one and five years	4,259,402
Maturity more than five years	480,963
Total	**8,564,214**

Total expenses related to operating leases maintained by the Company as of December 31, 2018 amount to ThCh$6,133,282.

NOTE 17 — OTHER PROVISIONS, CURRENT AND NON-CURRENT

17.1 Balances

This account is detailed as follows:

Description	12.31.2018 ThCh$	12.31.2017 ThCh$
Litigation (1)	62,452,526	65,624,166
Total	**62,452,526**	**65,624,166**
Current	3,485,613	2,676,418
Non-current	58,966,913	62,947,748
Total	**62,452,526**	**65,624,166**

(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)	12.31.2018 ThCh$	12.31.2017 ThCh$
Tax Contingencies	47,991,514	49,185,234
Labor Contingencies	10,376,830	10,468,704
Civil Contingencies	4,084,182	5,970,228
Total	**62,452,526**	**65,624,166**

17.2 Movements

The movement of principal provisions over law suits is detailed as follows:

Description	12.31.2018 ThCh$	12.31.2017 ThCh$
Opening Balance as of January 01	**65,624,166**	**73,081,893**
Additional provisions	46,657	2,493,968
Increase (decrease) in existing provisions	(4,998,530)	(19,083,499)
Payments	6,139,963	22,985,793
Reverse unused provision (*)	(2,157,152)	(6,769,384)
Increase (decrease) due to foreign exchange differences	(2,202,578)	(7,084,605)
Total	**62,452,526**	**65,624,166**

(*) During fiscal years 2018 and 2017 there have been reversals of provisions amounting to Th$ 2,157,152 and Th$6,769,384, respectively which resulted from fines demanded by the Brazilian Treasury on the use of tax credits, because of favorable rulings on the subject for Rio de Janeiro Refrescos Ltda.

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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	12.31.2018	12.31.2017
	ThCh$	ThCh$
Dividend payable	21,584,314	21,679,922
Other	12,189,900	5,328,055
Total	**33,774,214**	**27,007,977**

NOTE 19 — EQUITY

19.1 Number of shares:

	Number of shares subscribed			Number of shares paid in			Number of voting shares		
Series	2018	2017	2016	2018	2017	2016	2018	2017	2016
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:

	Subscribed Capital			Paid-in capital		
Series	2018	2017	2016	2018	2017	2016
	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 2018, the shareholders agreed to pay out of the 2017 earnings are final dividend to complete the 30% required by the Law 18,046 which will be paid in May 2018 , and an additional dividend will be paid in August 2018.

The dividends declared and paid per share are presented below:

Payment month		Dividend type	Profits imputable to dividends	Ch$ per Series A Share	Ch$ per Series B Share
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
2018	January	Interim	2017	21.50	23.65
2018	May	Final	2017	21.50	23.65
2018	August	Additional	Retained Earnings	21.50	23.65
2018	October	Interim	2018	21.50	23.65
2019	January	Interim	2018	21.50	23.65

19.3 Other Reserves

The balance of other reserves includes the following:

Description	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Polar acquisition	421,701,520	421,701,520	421,701,520
Foreign currency translation reserves	(306,674,528)	(237,077,572)	(168,744,355)
Cash flow hedge reserve	(13,668,932)	(3,094,671)	(2,448,175)
Reserve for employee benefit actuarial gains or losses	(1,954,077)	(1,915,587)	(1,785,032)
Legal and statutory reserves	5,435,538	5,435,538	5,435,538
Other	6,014,568	—	—
Total	**110,854,089**	**185,049,228**	**254,159,496**

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

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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	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Brazil	(99,990,343)	(90,156,924)	(58,306,230)
Argentina	(201,118,180)	(128,348,112)	(108,386,213)
Paraguay	8,623,849	(4,862,332)	10,545,453
Exchange rate differences in related companies	(14,189,854)	(13,710,204)	(12,597,365)
Total	**(306,674,528)**	**(237,077,572)**	**(168,744,355)**

The movement of this reserve for the fiscal years ended December 31, 2018, 2017 and 2016, is detailed as follows:

Details	12.31.2018 ThCh$	12.31.2017 ThCh$	12.31.2016 ThCh$
Brazil	(10,313,069)	(32.963.533)	30,138,065
Argentina	(72,770,068)	(19.961.899)	(23,472,215)
Paraguay	13,486,181	(15.407.785)	(11,183,004)
Exchange rate differences in related companies	—	—	3,219,956
Total	**(69,596,956)**	**(68,333,217)**	**(1,297,198)**

19.3.6 Consolidated statements of comprehensive income

As of December 31, 2018, 2017 and 2016, the detail of the comprehensive income and expense of the term is as follows:

	Gross Balance	Tax	Net Balance
Cash Flow for hedge (1)	(13,151,841)	2,554,551	(10,597,290)
Exchange rate translation differences (1)	(72,455,525)	2,476,204	(69,979,321)
Benefit relate to defined benefit plans	(63,463)	16,184	(47.279)
Total Comprenhensive income as of December 31, 2018	**(85,670,829)**	**5,046,939**	**(80,623,890)**

	Gross Balance	Tax	Net Balance
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 relate to defined benefit plans	(329,477)	84,017	(245.460)
Total Comprenhensive income as of December 31, 2017	**(69,974,756)**	**484,031**	**(69.490.725)**

	Gross Balance	Tax	Net Balance
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 relate to defined benefit plans	(29.423)	7.060	(22.363)
Total Comprenhensive income as of December 31, 2016	**(42.717.312)**	**10.876.838**	**(31.840.474)**

(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:

As of December 31, 2018:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M$	M$	M$
Increase (decrease)	(63,699,788)	(72,455,525)	(334,508)
Deferred taxes	20,217,065	2,476,204	89,366
Reclassification to the result by function	48,415,956	—	271,045
Reclassification of deferred taxes related to other reserves	(15,530,523)	—	(73,182)
Total Changes in Equity	**(10,597,290)**	**(69,979,321)**	**(47,279)**
Equity holders of the parent	(10,597,290)	(69,592,296)	(43,150)
Non-Controlling interests	—	(387,025)	(4,129)
Total Changes in equity as of December 31, 2018	**(10,597,290)**	**(69,979,321)**	**(47,279)**

As of December 31, 2017:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M$	M$	M$
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)**

As of December 31, 2016:	Cash Flow Hedge	Exchange rate Differences	Benefit related to defines benefit plans
	M$	M$	M$
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)**

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, 2018, 2017 and 2016, this account is detailed as follows:

Details	Ownership %			Non-controlling Interests Shareholders' Equity			Income		
	2018	2017	2016	December 2018 ThCh$	December 2017 ThCh$	December 2016 ThCh$	December 2018 ThCh $	December 2017 ThCh $	December 2016 ThCh $
Embotelladora del Atlántico S.A.	0.0171	0.0171	0.0171	23,260	13,765	12,209	3,633	5,590	5,502
Andina Empaques Argentina S.A.	0.0209	0.0209	0.0209	2,113	2,213	2,062	96	711	785
Paraguay Refrescos S.A.	2.1697	2.1697	2.1697	5,378,074	5,045,792	5,337,687	556,112	502,945	504,806
Vital S.A.	35.0000	35.0000	35.0000	7,674,785	9,261,108	9,054,947	271,063	283,327	319,858
Vital Aguas S.A.	33.5000	33.5000	33.5000	1,986,493	2,117,098	2,027,879	36,696	151,647	23,744
Envases Central S.A.	40.7300	40.7300	40.7300	4,836,892	5,483,317	5,129,661	(20,225)	220,715	668,425
Total				**19,901,617**	**21,923,293**	**21,564,445**	**847,375**	**1,164,935**	**1,523,120**

The following tables presents summarized information regarding the Company´s subsidiaries owned by third parties as of December 31, 2018, 2017 and 2016:

December 31,2018	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
Total current assets	78,222,876	4,329,932	37,309,706	16,005,424	4,616,490	13,737,336
Total non-current assets	156,224,157	9,251,880	248,751,791	16,969,708	5,287,639	12,239,33
Total current liabilities	82,148,269	2,309,810	21,870,719	11,018,878	3,803,117	13,063,735
Total non-current liabilities	15,897,476	1,169,270	16,323,385	28,298	171,184	1,041,400
Net sales	406,216,738	16,034,964	149,588,252	56,724,318	15,859,403	59,433,099
Net Income	21,304,406	458,980	25,630,364	774,466	109,539	(112,302)

December 31,2017	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
Total current assets	97,285,008	7,143,561	30,419,844	21,135,712	4,296,412	8,343,734
Total non-current assets	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

December 31,2016	Embotelladora Del Atlantico S.A.	Andina Empaques Argentina S.A.	Paraguay Refrescos S.A.	Vital Jugos S.A.	Vital Aguas S.A.	Envases Central S.A.
Total current assets	110,564,779	6,680,394	35,283,479	19,265,466	4,783,537	8,508,056
Total non-current assets	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

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:

	12.31.2018		
Earnings per share	**SERIES A**	**SERIES B**	**TOTAL**
Earnings attributable to shareholders (ThCh$)	46,001,994	50,601,377	96,603,371
Average weighted number of shares	473,289,301	473,281,303	946,570,604
Earnings per basic and diluted share (in Chilean pesos)	**97.20**	**106.92**	**102.06**

	12.31.2017		
Earnings per share	**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**

	12.31.2016		
Earnings per share	**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**

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 BRL/USD, for which it is necessary to discount future cash flows in Brazilian Reais and in U.S. Dollars. For this calculation, the Company uses as discount curves, 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, 2018 and December 31, 2017, the Company held the following derivative instruments:

20.1 Derivatives accounted for as cash flow hedges:

a) **Cross Currency Swaps associated with US Bonds**

At December 31, 2018, the Company entered into cross currency swap derivative contracts to convert US Dollar public bond obligations of US$360 million into 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, 2018 amounted to ThCh$87,446,662. 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$14,089,111 and has been recognized within other equity reserves as of December 31, 2018. The ineffective portion for ThCh$2,07,802 in losses associated with this hedge was recorded in other gains and losses as of December 31, 2018.

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$25,302,080 as of December 31, 2018.

20.2. Forward currency transactions expected to be very likely:

During 2018 and 2017, 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$56.8 million as of December 31, 2018 (US$62.8 million as of December 31, 2017). These agreements were recorded at fair value, resulting in net earnings due to hedge recycling of ThCh$7,583,354 for the period ended December 31, 2018, and hedge asset and liabilities of ThCh$669,527 and ThCh$130,829, respectively. Contracts that ensure future flows of foreign currency have been designated as hedge agreements, as of December 31, 2018 with a pending amounted to be recycled to income in the amount of ThCh$397,151.

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, 2018, the Company had total assets related to its foreign exchange derivative contracts for ThCh$88,116,189 (ThCh$62,367,852 as of December 31, 2017) and liabilities for ThCh$130,829 as of December 31, 2018 (ThCh$445,278 as of December 31, 2017). Those contracts covering existing items have been classified in the same category of hedged, the net amount of derivative contracts by concepts covering forecasted items have been classified in financial assets and financial liabilities. All the derivative contracts are carried at fair value in the consolidated statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: Inputs for assets and liabilities that are not based on observable market data.

During the 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, 2018			
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh$	Observable market data (Level 2) ThCh$	Unobservable market data (Level 3) ThCh$	Total ThCh$
Assets				
Current assets				
Other current financial assets				
Other current financial assets	—	669,527		669,527
Other non-current financial assets	—	87,446,662	—	87,446,662
Total assets	**—**	**88,116,189**	**—**	**88,116,189**
Liabilities				
Current liabilities				
Other current financial liabilities	—	130,829	—	130,829
Total liabilities	**—**	**130,829**	**—**	**130,829**

	Fair Value Measurements at December 31, 2017			
	Quoted prices in active markets for identical assets or liabilities (Level 1) ThCh$	Observable market data (Level 2) ThCh$	Unobservable market data (Level 3) ThCh$	Total ThCh$
Assets				
Current assets				
Other 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**

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$948,042. 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$656,817 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$55,518,871 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, 2018 and December 31, 2017, amounted to ThCh$31,143,415 and ThCh$31,953,725, 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$986,396,119 with different financial institutions and insurance companies in Brazil, through which these entities after a 0.44% annual 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$346,232,541.

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$1,138,749,846 (including readjustments of current lawsuits), the Company recorded a provision for the beginning of business combination accounting in the amount R$203,070,206 equivalent to ThCh$36,411,450.

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$76,883,016 equivalent to ThCh$13,785,489.

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$5,970,453. 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 ThCh$15,160. 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:

	Provided by		Committed assets		Balance pending payment on the closing date of the financial statements	
Guarantee in favor of	**Name**	**Relationship**	**Guarantee**	**Type**	**12.31.2018**	**12.31.2017**
					ThCh$	**ThCh$**
Industria Metalúrgica Inamar Ltda.	Embotelladora Andina S.A.	Parent Company	Land	Property, plant and equipment	—	17,991,202
Gas Licuado Lipigas S.A.	Embotelladora Andina S.A.	Parent Company	Cash and cash equivalents	Trade and other receivables	1,140	1,140
Hospital Militar	Servicios Multivending	Subsidiary	Cash and cash equivalents	Trade and other receivables	—	4,727
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	5,336,644	4,626,086
Reclamaciones Civiles Y Tributarias	Rio de Janeiro Refrescos Ltda.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	12,597,136	13,104,186
Instituciones Gubernamentales	Rio de Janeiro Refrescos Ltda.	Subsidiary	Property, plant and equipment	Property, plant and equipment	13,209,635	14,223,453
Distribuidora Baraldo S.H.	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	369	659
Acuña Gomez	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	553	989
Nicanor López	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	395	707
Labarda	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	7	12
Municipalidad Bariloche	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	21,420	38,315
Municipalidad San Antonio Oeste	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	40,682	72,768
Municipalidad Carlos Casares	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,645	2,943
Municipalidad Chivilcoy	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	254,430	455,104
Others	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	78	140
Granada Maximiliano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	3,317	5,934
Cicsa	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	4,612	8,249
Locadores Varios	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	46,169	53,900
Aduana De EZEIZA	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	3,013	6,608
Municipalidad De Junin	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	1,592	5,755
Almada Jorge	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	4,949	8,853
Municipalidad De Picun Leufu	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	72	128
Migoni Marano	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	112	—
Farias Matias Luis	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	309	1,226
Temas Industriales SA - Embargo General de Fondos	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	231,077	—
Gomez Alejandra Raquel	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	35	62
Lopez Gustavo Gerardo C/Inti Saic Y Otros	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	226	403

Fondo Fima Ahorro Plus C	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, financial assets	—	519
Tribunal Superior De Justicia De La Provincia De Córdoba	Embotelladora del Atlántico S.A.	Subsidiary	Judicial deposit	Other non-current, non-financial assets	290	—
DBC SA C CERVECERIA ARGENTINA SA ISEMBECK	Embotelladora del Atlántico S.A.	Subsidiary	Judicial Deposit	Other non-current, non-financial assets	41,465	—
Marcus A.Peña	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	4,164	3,782
Mauricio J Cordero C	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	904	800
José Ruoti Maltese	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	758	715
Alejandro Galeano	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	1,251	1,107
Ana Maria Mazó	Paraguay Refrescos	Subsidiary	Building	Property, plant and equipment	1,191	1,054
Total					**31,816,784**	**50,651,324**

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

	Provided by		Committed assets		Amounts involved	
Warranty creditor	**Name**	**Relationship**	**Guarantee**	**Type**	**12.31.2018**	**12.31.2017**
					ThCh$	**ThCh$**
Importadora Casa y Regalos	Trans-Heca S.A.	Subsidiary	Guarantee insurance	Compliance lease contract	—	2,050
Inmobiliaria e Inversiones Gestion Activa Ltda	Trans-Heca S.A.	Subsidiary	Guarantee insurance	Compliance lease contract	—	4,585
Inmobiliaria Portofino	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	—	900
Teléfonica Chile S.A.	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	—	1,000
Inmobiliaria San Martin Logista S.A	Red de Transportes comerciales Ltda.	Subsidiary	Guarantee insurance	Guarantee bond	—	3,461
Employee procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	2,601,353	1,496,862
Administrative procedures	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	8,233,853	7,185,511
Gobierno Federal	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	116,192,877	91,903,312
Gobierno Estadual	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	43,015,207	20,527,817
HSBC	Sorocaba Refrescos S.A.	Associate	Loan	co-signers	3,586,095	3,716,747
Otros	Rio de Janeiro Refrescos Ltda.	Subsidiary	Guarantee insurance	Judicial action	3,236,092	2,449,103
Aduana de Ezeiza	Embotelladora del Atlántico S.A.	Subsidiary	Bond insurance	Faithful fulfillment of contract	699,502	63,777
Aduana de Ezeiza	Andina Empaques S.A.	Subsidiary	Bond insurance	Faithful fulfillment of contract	182,459	347,990

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, 2018, 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 UF16,928 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$365 million (original amount issued US$575 million and partial prepayment in October 2019 for US$210 million), denominated in dollars, and practically 100% of which has been re-denominated to BRL through Cross Currency Swaps.

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 91% both for the existing as well as the expired debt, total amount of the trade debtors in Chile reached ThCh$63,322,758. A provision of ThCh$1,343,691 has been made for the portion of past due outstanding debt portfolio not covered by the insurance.

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, 2018, the Company maintains a net investment of ThCh$141,415,980 in Argentina, composed by the recognition of assets amounting to ThCh$241,496,143 and liabilities amounting to Ch$100,080,163. These investments accounted for 24.6% of the Company's consolidated sales revenues

As of December 31, 2018, the Argentine peso devalued by 44.1% with respect to the Chilean peso.

If the exchange rate of the Argentine Peso depreciated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Argentina of ThCh$1,008,205 and a decrease in equity of ThCh$4,547,092, originated by lower asset recognition of ThCh$8,049,598 and by lower liabilities recognition of ThCh$3,502,506.

a.2 Investment in Brazil

As of December 31, 2018, the Company maintains a net investment of ThCh$266,078,105 in Brazil, composed by the recognition of assets amounting to ThCh$814,443,115 and liabilities amounting to ThCh$548,365,009. These investments accounted for 32.3% of the Company's consolidated sales revenues.

As of December 31, 2018, the Brazilian Real devalued by 3.5% with respect to the Chilean peso.

If the exchange rate of the Brazilian Real depreciated an additional 5% with respect to the Chilean Peso, the Company would have lower income from the operation in Brazil of ThCh$1,755,781 and a decrease in equity of ThCh$12,297,287, originated by lower asset recognition of ThCh$36,589,434 and by lower liabilities recognition of ThCh$ 24,292,147.

a.3 Investment in Paraguay

As of December 31, 2018, the Company maintains a net investment of ThCh$247,867,392 in Paraguay, composed by the recognition of assets amounting to ThCh$286,061,496 and liabilities amounting to ThCh$38,194,104. These investments accounted for 8.9% of the Company's consolidated sales revenues.

As of December 31, 2018, the Paraguayan Guarani appreciated by 6.0% 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$1,220,490 and a decrease in equity of ThCh$11,738,373 originated by lower asset recognition of ThCh$13,360,934 and lower liabilities recognition of ThCh$1,622,561.

b) Net exposure of assets and liabilities in foreign currency

This 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, 2018, the Company maintains a net liability position totaling ThCh$251,124,893, basically composed of bonds payable and leasing contracts for ThCh$257,041,934 partially offset by financial assets denominated in dollars for ThCh$5,917,041.

All U.S. Dollar liabilities amounting to ThCh$257,041,934 correspond to dollar liabilities of the Chilean, Argentinean and Brazilian operations and are, therefore, exposed to the volatility of the Chilean peso against the U.S. Dollar.

In order to protect the Company from the effects on income resulting from the volatility of the Brazilian Real and the Chilean Peso against the U.S. dollar, the Company maintains derivative contracts (cross currency swaps) to cover almost 100% of US dollar-denominated financial liabilities.

By designating such contracts as hedging derivatives, the effects on income for variations in the Chilean Peso and the Brazilian Real against the US dollar, are mitigated annulling its exposure to exchange rates.

The Company's net exposure as of December 31, 2018, to foreign currency over existing assets and liabilities, discounting the derivatives contracts, is an asset position of ThCh$2,466,157.

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, 2018, US$56.8 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$5,861,388 as of December 31, 2018. 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$7,762,189 in earnings for the period ended December 31, 2018. 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:

	Maturity				
Item	1 year ThCh$	More than 1 year up to 2 ThCh$	More than 2 years up to 3 ThCh$	More than 3 up to 4 ThCh$	More than 4 years ThCh$
Bank debt	21,579,550	1,597,027	787,777	772,051	81,286
Bond payable	42,991,809	42,909,590	39,560,554	39,411,666	844,765,446
Operating lease obligations	7,305,508	9,516,692	9,072,970	9,032,343	22,059,516
Purchase obligations	64,406,811	9,126,536	9,338,111	233,004	240,600
Total	**136,283,678**	**63,149,845**	**58,759,412**	**49,449,064**	**867,146,848**

NOTE 23 — EXPENSES BY NATURE

Other expenses by nature are:

Details	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Direct production costs	759,229,954	815,455,280	776,824,622
Payroll and employee benefits	266,966,841	287,458,526	288,293,137
Transportation and distribution	137,428,173	163,361,088	153,675,961
Marketing	17,345,951	29,209,904	39,981,813
Depreciation and amortization	99,594,446	99,163,891	97,334,452
Repairs and maintenance	28,120,097	34,253,824	34,511,508
Other expenses	138,860,649	181,249,647	173,168,224
Total (1)	**1,447,546,111**	**1,610,152,160**	**1,563,789,717**

(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	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Gain on disposal of Property, plant and equipment	1,984,547	312,470	318,771
Recovery AFIP claim	232,617	—	1,034,040
Others	392,004	238,364	408,088
Total	**2,609,168**	**550,834**	**1,760,899**

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NOTE 25 — OTHER EXPENSES

Other expenses are detailed as follows:

Detail	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Contingencies and Non-operating fees	10,192,495	5.377.190	9,959,181
Tax on bank debits	4,653,929	7,669,234	7,006,261
Disposal and write-off of Property, plant and equipment	262,366	3,025,497	4,800,278
Others	948,973	629,550	999,447
Total	**16,057,763**	**16,701,471**	**22,765,167**

NOTE 26 — FINANCIAL INCOME AND EXPENSES

Financial income and expenses are detailed as follows:

a) Finance income

Detail	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Interest income	1,046,580	8,370,338	8,466,177
Other interest income	2,893,664	2,824,037	1,195,515
Total	**3,940,244**	**11,194,375**	**9,661,692**

b) Finance expenses

Detail	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Bond interest	38,547,682	42,178,816	41,652,154
Bank loan interest	1,828,588	5,553,485	3,990,853
Other interest costs	14,638,390	7,488,068	5,731,964
Total	**55,014,660**	**55,220,369**	**51,374,971**

NOTE 27 — OTHER (LOSSES) AND GAIN

Other (losses) and gains are detailed as follows:

Details	01.01.2018 12.31.2018 ThCh$	01.01.2017 12.31.2017 ThCh$	01.01.2016 12.31.2016 ThCh$
Gains (loss) on derivative transactions raw materials	—	—	(1,466)
(Losses) gains on ineffective portion of hedge derivatives	(2,707,802)	(2,536,079)	(3,378,484)
Other income and (expenses)	(57)	(1,190)	(7,427)
Total	**(2,707,859)**	**(2,537,269)**	**(3,387,377)**

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NOTE 28 — LOCAL AND FOREIGN CURRENCY

Local and foreign currency balances as of December 31, 2018 and December 31, 2017, are the following:

CURRENT ASSETS	12.31.2018	12.31.2017
	ThCh$	ThCh$
Cash and cash equivalents	**137,538,613**	**136,242,116**
US Dollars	5,917,041	6,973,298
Euros	51,401	17,245
Chilean pesos	86,121,695	80,985,719
Brazilian Real	28,040,970	21,779,408
Argentine Pesos	6,726,906	19,681,449
Paraguayan Guarani	10,680,600	6,804,997
Other financial assets	**683,567**	**14,138,161**
U.S. Dollars	—	—
Chilean pesos	355,126	—
Unidad de Fomento	—	13,647,997
Brazilian Real	14,040	366,595
Argentine Pesos	300,359	123,569
Paraguayan Guarani	14,042	—
Other non-financial assets	**5,948,923**	**5,611,861**
US Dollars	45,053	70,975
Unidad de Fomento	78,623	9,790
Chilean pesos	3,589,253	3,049,402
Brazilian Real	1,275,073	1,447,790
Argentine Pesos	460,125	632,428
Paraguayan Guarani	500,796	401,476
Trade and other accounts receivable, net	**174,113,323**	**191,284,680**
US Dollars	863,794	541,579
Euros	52,332	112,763
Unidad de Fomento	1,414,800	1,673,147
Chilean pesos	73,028,244	75,797,942
Brazilian Real	66,585,089	75,387,122
Argentine Pesos	25,000,141	30,870,192
Paraguayan Guarani	7,168,923	6,901,935
Accounts receivable from related companies	**9,450,263**	**5,370,232**
US Dollars	26,557	16,674
Chilean pesos	6,911,814	5,172,144
Brazilian Real		—
Argentine Pesos	2,511,892	181,414
Inventory	**151,319,709**	**131,363,000**
US Dollars	2,197,382	3,046,600
Euros	12,522	262,204
Chilean pesos	50,130,341	39,750,597
Brazilian Real	36,797,523	33,834,631
Argentine Pesos	46,394,230	43,857,361
Paraguayan Guarani	15,787,711	10,611,607
Current tax assets	**2,532,056**	**—**
Chilean pesos	—	—
Brazilian Real	2,532,056	—
Total Current Assets	**481,586,454**	**484,010,050**
US Dollars	9,049,827	10,649,126
Euros	116,255	392,212
Unidad de Fomento	1,493,423	15,330,934
Chilean pesos	220,136,473	204,755,804
Brazilian Real	135,244,751	132,815,546
Argentine Pesos	81,393,653	95,346,413
Paraguayan Guarani	34,152,072	24,720,015

NON-CURRENT ASSETS	12.31.2018 ThCh$	12.31.2017 ThCh$
Other financial assets	**97,362,295**	**74,259,085**
Chilean pesos	—	2,212,688
Brazilian Real	87,446,661	63,531,839
Argentine Pesos	9,915,634	8,514,558
Other non-financial assets	**34,977,264**	**47,394,345**
US Dollars	22,917	—
Unidad de Fomento	314,283	—
Chilean pesos	47,532	395,857
Brazilian Real	32,070,120	45,334,405
Argentine Pesos	2,315,682	1,626,255
Paraguayan Guarani	206,730	37,828
Trade and other receivables	**1,270,697**	**2,395,851**
Unidad de Fomento	1,204,097	2,335,322
Argentine Pesos	90	2,193
Paraguayan Guarani	66,510	58,336
Accounts receivable from related parties	**74,340**	**156,492**
Chilean pesos	74,340	156,492
Investments accounted for under the equity method	**102,410,945**	**86,809,069**
Chilean pesos	50,136,221	33,789,538
Brazilian Real	52,274,724	53,019,531
Intangible assets other than goodwill		
US Dollars	**668,822,553**	**663,272,878**
Chilean pesos	4,960,399	3,959,421
Brazilian Real	306,508,710	307,165,028
Argentine Pesos	182,657,545	188,401,129
Paraguayan Guarani	2,101,571	922,226
	172,594,328	162,825,074
Goodwill		
Chilean pesos	**117,229,173**	**93,598,217**
Brazilian Real	9,523,767	9,523,767
Argentine Pesos	72,059,356	72,488,336
Paraguayan Guarani	28,318,129	4,672,971
	7,327,921	6,913,143
Property, plant and equipment		
US Dollars	**710,770,968**	**659,750,499**
Euros	—	190,365
Chilean pesos	—	5,362,096
Brazilian Real	381,732	271,391,436
Argentine Pesos	271,625,978	240,781,729
Paraguayan Guarani	252,674,783	77,580,966
	117,532,176	64,443,907
Deferred income tax assets	68,556,299	
Argentine Pesos		**3,212,981**
	—	3,212,981
	—	
Total Non-Current Assets	**1,732,918,235**	**1,630,849,417**
US Dollars	4,983,316	4,149,786
Euros	381,732	5,362,096
Unidad de Fomento	1,518,380	2,335,322
Chilean pesos	637,916,548	624,634,806
Brazilian Real	679,183,189	663,556,969
Argentine Pesos	160,183,282	96,532,150
Paraguayan Guarani	248.751.788	234,278,288

CURRENT LIABILITIES	12.31.2018 Up to 90 days	12.31.2018 90 days up to 1 year	12.31.2018 Total	12.31.2017 Up to 90 days	12.31.2017 90 days up to 1 year	12.31.2017 Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, current	**9,377,421**	**46,737,556**	**56,114,977**	**13,536,530**	**54,444,875**	**67,981,405**
U.S. Dollars	130,829	3,304,011	3,434,840	25,540	4,563,131	4,588,671
Unidad de Fomento	7,831,899	10,536,509	18,368,408	6,735,155	9,892,144	16,627,299
Chilean pesos	—	9,681,676	9,681,676	—	10,342,404	10,342,404
Brazilian Real	1,413,622	20,833,877	22,247,499	5,084,725	15,589,691	20,674,416
Argentinean pesos	1,071	1,357,285	1,358,356	1,691,110	13,185,694	14,876,804
Paraguayan Guaraní	—	1,024,198	1,024,198	—	871,811	871,811
Trade and other accounts payable, current	**234,715,484**	**3,394,363**	**238,109,847**	**251,516,304**	**6,003,173**	**257,519,477**
U.S. Dollars	14,514,082	—	14,514,082	11,716,262	29,728	11,745,990
Euros	4,311,724	59,951	4,371,675	2,202,581	80,070	2,282,651
Unidad de Fomento	192,055	—	192,055	2,198,131	—	2,198,131
Chilean pesos	81,099,246	3,334,412	84,433,658	82,576,800	5,823,291	88,400,091
Brazilian Real	68,940,973	—	68,940,973	74,524,169	—	74,524,169
Argentinean pesos	54,846,437	—	54,846,437	69,859,508	52,403	69,911,911
Paraguayan Guaraní	10,805,605	—	10,805,605	8,437,188	17,681	8,454,869
Other currencies	5,362	—	5,362	1,665	—	1,665
	—	—	—			
Accounts payable to related companies, current	**45,687,476**	**140,383**	**45,827,859**	**33,728,629**	**232,808**	**33,961,437**
U.S. Dollars	—	—	—	—	—	—
Unidad de Fomento	—	—	—	—	—	—
Chilean pesos	27,729,583	140,383	27,869,966	15,297,780	232,808	15,530,588
Brazilian Real	12,478,179	—	12,478,179	18,430,849	—	18,430,849
Argentinean pesos	5,479,714	—	5,479,714	—	—	—
Paraguayan Guaraní	—	—	—			
Other provisions, current	**1,789,275**	**1,696,338**	**3,485,613**	**2,616,340**	**60,078**	**2,676,418**
Chilean pesos	1,789,275	1,681,178	3,470,453	2,616,340	—	2,616,340
Paraguayan Guaraní	—	15,160	15,160	—	60,078	60,078
Tax liabilities, current	**4,302,370**	**5,036,242**	**9,338,612**	**543,874**	**2,641,091**	**3,184,965**
Chilean pesos	4,302,370	1,184,842	5,487,212	184,406	—	184,406
Brazilian Real	—	—	—	359,468	359,468	718,936
Argentinean pesos	—	2,980,634	2,980,634	—	2,155,680	2,155,680
Paraguayan Guaraní	—	870,766	870,766	—	125,943	125,943
Employee benefits current provisions	**10,189,264**	**23,021,715**	**33,210,979**	**—**	**35,955,643**	**35,955,643**
Chilean pesos	1,177,114	4,854,163	6,031,277	—	6,365,543	6,365,543
Brazilian Real	—	17,180,455	17,180,455	—	16,412,363	16,412,363
Argentinean pesos	9,012,150	—	9,012,150	—	12,371,827	12,371,827
Paraguayan Guaraní	—	987,097	987,097	—	805,910	805,910

Other non-financial liabilities, current	**1,346,839**	**32,427,375**	**33,774,214**	**648,171**	**26,359,806**	**27,007,977**
Unidad de Fomento	—	—	—	—	—	—
Chilean pesos	869,964	32,276,377	33,146,341	190,529	26,111,396	26,301,925
Brazilian Real	—	—	—	—	—	—
Argentinean pesos	476,875	—	476,875	457,642	—	457,642
Paraguayan Guaraní	—	150,998	150,998	—	248,410	248,410
Total current liabilities	**307,408,129**	**112,453,972**	**419,862,101**	**302,589,848**	**125,697,474**	**428,287,322**
U.S. Dollars	14,644,911	3,304,011	17,948,922	11,741,802	4,592,859	16,334,661
Euros	4,311,724	59,951	4,371,675	2,202,581	80,070	2,282,651
Unidad de Fomento	8,023,954	10,536,509	18,560,463	8,933,286	9,892,144	18,825,430
Chilean pesos	116,967,552	53,153,031	170,120,583	100,865,855	48,875,442	149,741,297
Brazilian Real	82,832,774	38,014,332	120,847,106	98,399,211	32,361,522	130,760,733
Argentinean pesos	69,816,247	4,337,919	74,154,166	72,008,260	27,765,604	99,773,864
Paraguayan guaraní	10,805,605	3,048,219	13,853,824	8,437,188	2,129,833	10,567,021
Other currencies	5,362	—	5,362	1,665	—	1,665

NON CURRENT LIABILITIES	12.31.2018				12.31.2017			
	More than 1 up to 3 years	More than 3 years up to 5 years	More than 5 years	Total	More than 1 up to 3 years	More than 3 years up to 5 years	More than 5 years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other non-current financial liabilities	**28,642,101**	**276,409,074**	**411,512,603**	**716,563,778**	**8,185,760**	**8,153,247**	**659,428,194**	**675,767,201**
U.S. Dollars	—	250,976,154	—	250,976,154	513,788	—	350,016,750	350,530,538
Unidad de Fomento	25,634,958	23,105,123	402,045,609	450,785,690	—	2,092,245	298,725,592	300,817,837
Chilean pesos	—	—	—	—	—	—	—	—
Brazilian Real	3,007,143	2,327,797	9,466,994	14,801,934	7,671,972	6,061,002	10,685,852	24,418,826
Non-current accounts payable	**735,665**	**—**	**—**	**735,665**	**1,132,926**	**—**	**—**	**1,132,926**
U.S. Dollars	585,289	—	—	585,289	748,565	—	—	748,565
Chilean pesos	148,680	—	—	148,680	356,221	—	—	356,221
Argentinean pesos	1,696	—	—	1,696	28,140	—	—	28,140
Other provisions, non-current	**3,448,042**	**55,518,871**	**—**	**58,966,913**	**62,947,748**	**—**	**—**	**62,947,748**
Chilean pesos	2,500,000	—	—	2,500,000	5,000,000			5,000,000
Brazilian Real	—	55,518,871	—	55,518,871	56,607,720	—	—	56,607,720
Argentinean pesos	948,042	—	—	948,042	1,340,028	—	—	1,340,028
Paraguayan Guaraní	—	—	—	—				
Deferred tax liabilities	**16,607,605**	**101,512,040**	**27,126,303**	**145,245,948**	**19,317,808**	**91,769**	**105,794,989**	**125,204,566**
Chilean pesos	497,175	81,630,530	11,899,975	94,027,680	252,448	91,769	92,319,662	92,663,879
Brazilian Real	—	19,881,510	—	19,881,510	19,065,360	—	—	19,065,360
Argentinean pesos	16,110,430	—	—	16,110,430				
Paraguayan Guaraní	—	—	15,226,328	15,226,328	—	—	13,475,327	13,475,327
Employee benefits non-current provisions	**742.297**	**240,148**	**8,433,096**	**9,415,541**	**359,760**	**62,742**	**7,863,853**	**8,286,355**
Chilean pesos	230.528	240,148	8,433,096	8,903,772	163,756	62,742	7,863,853	8,090,351
Paraguayan Guaraní	511.769	—	—	511,769	196,004	—	—	196,004
Other non-financial liabilities, non-current	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Brazilian Real	—	—	—	—	—	—	—	—
Argentinean pesos	—	—	—	—				
Total non-current liabilities	**50,175,710**	**433,680,133**	**447,072,002**	**930,927,845**	**91,944,002**	**8,307,758**	**773,087,036**	**873,338,796**
U.S. Dollars	585,289	250976154	—	251,561,443	1,262,353	—	350,016,750	351,279,103
Unidad de Fomento	25,634,958	23,105,123	402,045,609	450,785,690	—	2,092,245	298,725,592	300,817,837
Chilean pesos	3,376,383	81,870,678	20,333,071	105,580,132	5,772,425	154,511	100,183,515	106,110,451
Brazilian Real	3,007,143	77,728,178	9,466,994	90,202,315	83,345,052	6,061,002	10,685,852	100,091,906
Argentinean pesos	17,060,168	—	—	17,060,168	1,368,168	—	—	1,368,168
Paraguayan Guaraní	511,769	—	15,226,328	15,738,097	196,004	—	13,475,327	13,671,331

NOTE 29 — SUBSEQUENT EVENTS

There are no subsequent events that may significantly affect the Company's consolidated financial position as of December 31, 2018.

Exhibit 4.32

BOTTLER'S AGREEMENT

THIS AGREEMENT, made and entered into with effect October 4, 2017, 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., Atlanta, Georgia 30313, United States of America (hereinafter the "Company"); and RIO DE JANEIRO REFRESCOS LTDA. established and existing according to the laws of Brazil, with principal offices at Rua André Rocha 2299, Jacarepaguá, Rio de Janeiro, Brazil (hereinafter 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 depict ion 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 dev ice, 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 Brazil, 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 "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”):

RIO DE JANEIRO

An area in the State of Minas Gerais, limited by a line that starts and includes the city of NANUQUE; from there, in a Southwest course, until the division of the State of Espírito Santo; from there, in a Southwest/South course, always surrounded by the line dividing the State of Espírito Santo, until finding and including the town of ESPERA FELIZ in the State of Minas Gerais; from there in a Southeast course, until finding the division of the States of Espírito Santo and Rio de Janeiro; from there, in a Southwest course, always surrounded by the division of the State of Rio de Janeiro, until finding and excluding the city of ALÉM PARAÍBA; from there, in a Southwest course up to and excluding the city of TERESÓPOLIS; from there, in a straight line, in a Southwest course, up to and excluding the city of PETRÓPOLIS; from there, in a straight line, in a Northwest course, until and including the city of AVELAR; from there, in a Southwest course, up to and including the town of PATI DO ALFERES; from there, in a Southwest course, up to and including the city of MIGUEL PEREIRA; from there, in a straight line in a Southwest course, up to and including the town of GOVERNADOR PORTELA; from there, in a straight line, in a Southwest course, up to and excluding the city of ENGENHEIRO PAULO DE FRONTIM; from there, in a straight line, in a Southwest course, until and including the town of SEROPÉDICA; from there, in a straight line, in a Southwest course, until and including the city of MANGARATIBA; from there, in a Southeast/East/Northeast course, always accompanying ALL OF THE COASTAL AREA of the States of RIO DE JANEIRO and ESPÍRITO SANTO, until finding the coastal dividing line of the States of Espírito Santo and Bahía; from there, in a Northwest course, following the dividing line of “the States of Espírito Santo and Bahía, until and including the city of NANUQUE, in the State of Minas Gerais, initial point of the official territory; the islands of PAQUETÁ, BROCOIÓ, POMBEBA, DAS COBRAS, FISCAL, DE VILLEGAIGNON, DO FUNDAO, DO GOVERNADOR and MOCANGUE GRANDE are included in this description.

RIBEIRÃO PRETO

An area in the State of São Paulo, bounded by a line beginning at and including the city of

IGARAPAVA; from there, in a straight line in a Southwest direction up to and including the city of MIGUELOPOLIS; from there, in a straight line, to the South, including the city of MORRO AGUDO; from there, in a straight line in a Southwest direction, up to and including the city of PITANGUEIRAS; from there, in a straight line in a Southwest direction, up to and including the city of JABUTICABAL; from there, in a straight line in a Southwest direction, up to and including the city of SANTA ERNESTINA; from there, in a straight line to the South, up to and including the city of DOBRADA; from there, in a straight line in a Southwest direction, up to and including the city of MATAO; from there, in a straight line, in a Southeast direction, up to and including the city of ARARAQUARA; from there, in a straight line in to the East, up to and including the city of SÃO CARLOS; from there, in a straight line to the East, up to and including the city of PIRASSUNUNGA; from there, in a straight line to the East, up to and including the city of ESPÍRITO SANTO DO PINHAL; from there, in a straight line to the East, up to and including the city of ALBERTINA; from there, in a straight line, in a Northeast direction, up to and including the city of SENADOR BENTO; from there, in a straight line in a Northeast direction, up to and including the city of SERRANIA; from there, in a straight line in a Northeast direction, up to and including the city of AREADO; from there, in a straight line in a Northeast direction, up to and including the city of CAMPO DO MEIO; from there, in a straight line, in a Northeast direction, up to and EXCLUIDNG the city of AGUANIL; from there, in a straight line, in a Northwest direction, up to and EXCLUING the city of CRISTAIS; From there, in a straight line in a Northwest direction, up to and including the city of PIMENTA; from there, in a straight line, in a Northwest direction, up to and EXCLUDING the city of DORESÓPOLIS; from there, in a straight line, in a Northwest direction, up to and EXCLUDING the city of MEDEIROS; from there, in a straight line towards the West, up to and including the city of JAGUARINHO; from there, in a straight line towards the West up to the city of IGARAPAVA, the starting point of this official territory.

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, 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 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.

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 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;

(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 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 October 4, 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 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 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;

(c) 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

(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 an y 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.

Company:
THE COCA-COLA COMPANY
One Coca-Cola Plaza, N.W.
Atlanta, Georgia 30313
United States of America

Bottler:
RIO DE JANEIRO REFRESCOS LTDA.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Brasil

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 Brazil, 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 in Brazil have caused these documents to be executed in triplicate by the duly authorized person or persons in their behalf on the dates indicated below.

THE COCA-COLA COMPANY	**RIO DE JANEIRO REFRESCOS LTDA.**
By: ____________________ Authorized Representative	By: ____________________ Authorized Representative
Date: ____________________	Date: ____________________

BOTTLER'S AGREEMENT FOR OTHER BEVERAGES

THIS AGREEMENT, made and entered into with effect October 4, 2017, 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., Atlanta, Georgia 30313, United States of America (hereinafter the "Company"); and RIO DE JANEIRO REFRESCOS LTDA. established and existing according to the laws of Brazil, with principal offices at Rua André Rocha 2299, Jacarepaguá, Rio de Janeiro, Brazil (hereinafter 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 Brazil, among other countries;

D. The parties hereto are also parties to a n agreement dated October 4, 2017, and which expires on October 4, 2022, (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 therein 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 (a) wherever the terms "Coca-Cola" and "Coke" appear in said Bottler's Agreement for Coca-Cola the Trade Marks shall be substituted therefor, (b) wherever the term "Concentrate" appears in said Bottler's Agreement for Coca-Cola the term "Beverage Bases" shall be substituted therefor, and (c) 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 in Brazil, 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	**RIO DE JANEIRO REFRESCOS LTDA.**
By: ______________________ Authorized Representative	By: ______________________ Authorized Representative
Date: ______________________	Date: ______________________

EXHIBIT 1
To the Bottler's Agreement for Other Beverages
Effective October 4, 2017

Trade Marks:

COCA-COLA LIGHT
COCA-COLA STEVIA
COCA-COLA ZERO
FANTA
FANTAZERO
KUAT
KUATZERO
SPRITEZERO
SPRITE

The Company hereby authorizes the Bottler to assign the production rights for the products identified by the trademarks listed below, to Leão Alimentos e Bebidas Ltda. This assignment shall be recognized and accepted by the Company in writing and shall establish that, once the transfer is made, the Bottler may only withdraw it by prior written approval by the Company.

The transfer, by the Bottler, of the production rights of the trademarks listed below, shall be made in its entirety and the Bottler will not be entitled to the production of the Beverages, and the Company, hereby releases the Bottler of any and all obligations under the Bottler Agreement for Coca-Cola in relation to the subject matter of the assignment. Additionally, the assignment should include an authorization for Leão Alimentos e Bebidas Ltda. by written consent of the Company, to hire third parties for the production and/or packaging of Beverages.

In addition to the provisions of Clauses 25 and 26 of the Bottler Agreement for Coca-Cola, this agreement may be terminated by the Company, without liability for loss and damage, if the Company, at its sole discretion, determines that the Bottler has not reached the performance objectives for the Beverages, set in the annual plan provided for in Clause 6(e) of the Bottler Agreement for Coca-Cola.

If this agreement is terminated as a result of the above paragraph, the Bottler Agreement for Coca-Cola its additions and related agreements and authorizations shall automatically be terminated.

DEL VALLE
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KAPO
POWERADE
POWERADEZERO

LEÃO BOTTLER'S AGREEMENT

This Agreement, made and entered into with effect October 4, 2017, 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., Atlanta, Georgia 30313, United States of America (hereinafter "TCCC"); COCA-COLA INDUSTRIAS LTDA., a company organized and existing under the laws of the Federal Republic of Brazil, with offices at Playa de Botafogo, n° 374, piso 12, parte, in the city of Río de Janeiro, state of Río de Janeiro, registered in the CNPJ/MF under No. 45.997.418/0001-53, represented herein according to its bylaws (hereinafter "CCIL"); TRANSPORTADORA MC LTDA, a company organized and existing under the laws of the Federal Republic of Brazil, with offices at Rodovia BR 262, Km 02, Anel Rodoviário, n° 2233, prédio "A", in the city of Belo Horizonte, state of Minas Gerais, registered in the CNPJ under No. 23.161.045/0001-43 represented herein according to its bylaws (hereinafter "TMC"). Hereinafter TCCC, CCIL and TMC, jointly referred to as the "Owners of the Trade Marks"; and RIO DE JANEIRO REFRESCOS LTDA. A company established and existing according to the laws of Brazil, with principal offices at Rua André Rocha 2299, Jacarepaguá, Rio de Janeiro, Brazil (hereinafter the "Bottler").

WHEREAS,

A. TCCC and CCIL are engaged in the manufacture and the sale of Beverage bases, essences, and other ingredients (hereinafter referred to as the "Beverage Bases"), the formulas for which are an industrial secret of TCCC and CCIL, from which a non-alcoholic beverage syrup or powder (hereinafter referred to as the "Syrup") is prepared, and are also engaged in the manufacture and sale of the Syrup, which Beverage Bases or Syrup are used in the preparation of a non-alcoholic beverage product identified under the trade marks FUZE, LEÃO and MATTE LEÃO (hereinafter referred to as the "Beverages") for sale in bottles and other containers and in other forms or manners;

B. TMC, as member of the Coca-Cola group and controlled by CCIL, is the current Owner of the mixed and figurative trademarks, FUZE, LEÃO and MATTE LEÃO that distinguish the Beverage Bases, Syrup and Beverages, and the Owners of the Trade Marks jointly retain the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Beverage Bases, the Syrup and the Beverage and any additional trademark that the Holders of the Trade Marks may adopt from time to time to distinguish the Beverage Bases, the Syrup and the Beverages (hereinafter referred to as the "Trade Marks");

C. The Owners of the Trade Marks have the exclusive right to prepare, package, distribute and sell the Beverage and the right to manufacture and sell the Beverage Bases and Syrup in Brazil, among other countries;

D. TCCC and the Bottler have also entered into a Bottler Agreement dated October 4, 2017, that will expire on October 4, 2022 (hereinafter referred to as the "Bottler Agreement for Coca-Cola"), by which the Bottler has been authorized to prepare and package Coca-Cola Beverages for the sale and distribution throughout the territory defined and described in the Bottler Agreement for Coca-Cola.

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 "Authorized Suppliers");

E. The Bottler has requested an authorization from the Owners of the Trade Marks for the preparation, packaging, distribution and sale of the Beverages in and throughout the Territory as defined and described in the Bottler Agreement for Coca-Cola;

NOW, THEREFORE, the parties agree as follows:

I. OBJECT OF THE AGREEMENT

1. The Owners of the Trade Marks hereby authorize the Bottler, and the Bottler undertakes, upon the terms and conditions established in the Bottler 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 established in the Bottler Agreement for Coca-Cola are herein incorporated by reference as if *haec verba* provided that (a) wherever the terms "Coca-Cola" and "Coke" appear in said Bottler's Agreement for Coca-Cola the Trade Marks shall be substituted therefor, (b) wherever the term "Concentrate" appears in said Bottler's Agreement for Coca-Cola the term "Beverage Bases" shall be substituted therefor, (c) wherever the word "Company" appears in said Bottler's Agreement for Coca-Cola the expression "Owners of the Trade Marks" shall be substituted therefor, and (d) this Agreement shall automatically terminate upon the expiration or earlier termination of the Bottler's Agreement for Coca-Cola.

2. The Owners of the Trade Marks hereby authorize the Bottler to transfer the production rights of the Beverages to Leão Alimentos e Bebidas Ltda. This transfer must be recognized and accepted in writing by TCCC and shall establish that once the transfer is performed, the Bottler may only withdraw it through the prior written approval of TCCC.

3. The transfer by the Bottler of the production rights for the Beverages mentioned herein shall be complete and the Bottler shall have no right to produce the Beverages and TCCC hereby frees the Bottler from any obligation under the Bottler Agreement for Coca-Cola regarding the transfer. Additionally, the transfer shall include a permission by written consent of TCCC to Leão Alimentos e Bebidas Ltda. for the hiring of third parties for the production and/or packaging of the Beverages

4. In addition to the provision of Clause 25 and 26 of the Bottler Agreement for Coca-Cola, this

agreement can be terminated by the Owners of the Trade Marks forthwith and without liability for damages, if the Owners of the Trade Marks, at their sole discretion determine that the Bottler has not reached the performance goals established in the annual plan set forth in Clause 6(e) of the Bottler Agreement for Coca-Cola related to the Beverages.

5. If this Agreement shall terminate as a result of paragraph 4 above, the Bottler Agreement for Coca-Cola, its exhibits and related agreements and authorizations shall automatically terminate.

IN WITNESS WHEREOF, the Company in Atlanta, Georgia, United States of America, and CCIL, TMC and the Bottler in Brazil have caused these documents to be executed in triplicate by the duly authorized person or persons in their behalf on the dates indicated below.

COCA-COLA INDÚSTRIAS LTDA.	**TRANSPORTADORA MC LTDA.**
By: ______________________ Authorized Representative	By: ______________________ Authorized Representative
Date: ______________________	Date: ______________________
THE COCA-COLA COMPANY	**RIO DE JANEIRO REFRESCOS LTDA.**
By: ______________________ Authorized Representative	By: ______________________ Authorized Representative
Date: ______________________	Date: ______________________

WITNESSES:

1 ______________________
Name:
Title:
CPF/MF:

2 ______________________
Name:
Title:
CPF/MF:

ADES BOTTLER'S AGREEMENT

THIS AGREEMENT, made and entered into with effect October 4, 2017, 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., Atlanta, Georgia 30313, United States of America (hereinafter the "Company"); and RIO DE JANEIRO REFRESCOS LTDA. established and existing according to the laws of Brazil, with principal offices at Rua André Rocha 2299, Jacarepaguá, Rio de Janeiro, Brazil (hereinafter the "Bottler").

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 "Beverage Bases"), 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 Beverage Bases 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 trademark ADES that distinguishes the Beverage Base, the Syrup, and the Beverage, and other intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Beverage Base, the Syrup and the Beverage, and any additional trademarks that the Company may adopt from time to time to distinguish the Beverage Base, 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 Beverage Base and the Syrup in Brazil, among other countries;

D. The parties to this instrument are also parties to an agreement effective October 4, 2017 and which expires October 4, 2022 (hereinafter, the "Bottler's Agreement for Coca-Cola") by which the Bottler has been authorized to prepare and package Coca-Cola Beverages for the sale and distribution throughout the territory defined and described in the Bottler Agreement for Coca-Cola;

NOW, THEREFORE,

1. 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 (a) wherever the

terms “Coca-Cola” and “Coke” appear in said Bottler’s Agreement for Coca-Cola the Trade Marks shall be substituted therefor, (b) wherever the term “Concentrate” appears in said Bottler’s Agreement for Coca-Cola the term “Beverage Bases” shall be substituted therefor, and (c) this Agreement shall automatically terminate upon the expiration or earlier termination of the Bottler’s Agreement for Coca-Cola.

2. The Company hereby authorizes the Bottler to transfer the rights of production, packaging, marketing and distribution of Beverages identified by the ADES trademark indicated herein, to Unilever Brasil Industrial Ltda. and Unilever Brasil Ltda. This transfer is hereby recognized and accepted by the Company (the “Transfer”). The Parties agree that the manufacture and packaging of Beverages will be carried out by Unilever Brasil Industrial Ltda. According to the Supplier Agreement entered into by and between Unilever Brasil Industrial Ltda., the Bottler and other Coca-Cola bottlers in Brazil on March 28, 2017 (“Supplier Agreement “). The marketing and distribution will be carried out by Unilever Brasil Ltda. Under the terms of the Transitional Sale and Distribution Agreement entered into by and between Unilever Brasil Ltda., the Bottler and other Coca-Cola bottlers in Brazil on March 28, 2017 (“Sale and Distribution Agreement”). The Parties understand and agree that the manufacturing, packaging, marketing and distribution Transfers may only be withdrawn with the prior written consent of the Company and also agree that the authorization to transfer the manufacture and packaging of Beverages will automatically terminate with the end of the term and subsequent termination or earlier termination of the Supplier Agreement and the authorization to the marketing and distribution of Beverages will automatically terminate with the end of the term and subsequent termination or earlier termination of the Sale and Distribution Agreement.

3. After the expiration or termination of the Supplier Agreement, the Bottler accepts and agrees that the rights of manufacture and bottling of Beverages identified by the AdeS trade mark shall be allocated to an entity, yet to be defined, for the purposes of centralized production of Beverages identified by the AdeS trade mark (the “Subsequent Delegation”). This Subsequent Delegation shall be recognized and accepted by the Company in writing and shall establish that, after the Subsequent Delegation has been made, the Bottler may only withdraw it with the prior written approval of the Company.

4. Unless otherwise agreed between the Parties, the Delegation and Subsequent Delegation of the Bottler with respect to the manufacture and bottling rights of AdeS Beverages shall be made in full and the Bottler shall have no right to manufacture or filling of Beverages while the Supplier Agreement or the agreement for the manufacture and filling of AdeS Beverages remains in force, as appropriate. In such cases, the Company, hereby releases the Bottler from any obligation under the Bottler Agreement for Coca-Cola with respect to the subject matter of the Delegation and Subsequent Delegation.

5. In addition to the provisions of clauses 25 and 26 of the Bottler Agreement for Coca-Cola, this Agreement may be terminated by the Company, without liability for loss and damage, if the

Company, in its sole discretion, determines that the Bottler has not achieved the performance objectives established in the annual plan provided for in clause 6 (e) of the Bottler Agreement for Coca-Cola.

6. If this Agreement terminates as a result of paragraph 5 above, the Bottler Agreement for Coca-Cola, its exhibits and related agreements and authorizations will automatically terminate.

IN WITNESS WHEREOF, the Company in Atlanta, Georgia, United States of America, and the Bottler in Brazil have caused this Agreement to be executed in triplicate by the duly authorized person or persons in their behalf on the dates indicated below.

THE COCA-COLA COMPAN Y	**RIO DE JANEIRO REFRESCOS LTDA.**
By: Authorized representative Date:	By: Authorized representative Date:

WITNESSES:
1 ____________________________________
Name:
Title:
CPF/MF:

2 ____________________________________
Name:
Title:
CPF/MF:

The Coca-Cola Company

COCA-COLA PLAZA
ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

AUTHORIZATION TO MANUFACTURE PRODUCTS FOR SALE TO OTHER BOTTLERS

Dear Sirs,

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company'') and RIO DE JANIERO REFRESCOS LTDA. (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 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 shall be granted an Authorization to sell the syrups or Beverages in the Approved Containers only to the Authorized Purchasing Bottler who is based outside the Territory (hereinafter referred to as "Purchasing Bottlers") listed in exhibit A attached, provided that the following conditions are met:

1. The Bottler will prepare and sell to the Purchasing Bottlers the Syrups or Beverages packaged in the Approved Containers, in the quantities designated by the mentioned Purchasing Bottlers, and will provide the Company with a monthly sales report of Syrups or Beverages the same that will be delivered to the Purchasing Bottlers.

2. The authorized Purchasing Bottlers will pay the Bottler an amount for each returnable Approved Container and its returnable case delivered at the Bottlers distribution centers and reimburse that amount for each Returnable Container and Returnable Case returned by the authorized Purchaser Bottler to the Bottler in perfect condition and in good use conditions.

3. Except for a supplement or amendment to this document, all stipulations, agreements, terms, conditions and provisions of the Bottling Agreements shall apply and will remain in force in relation to this additional authorization.

This authorization may be cancelled by the Company or by the Bottler by prior written notice of 180 (one hundred and eighty) days and will automatically extinguish at the end of the period of validity of the Bottler Agreement for Coca-Cola or its termination. The Company reserves the right to cancel this authorization at any time with respect to any of the Authorized Purchasing Bottlers, the Syrups or Beverages. Renewal of the Bottler Agreement implies the automatic renewal of this authorization.

In the case of the sale of Syrups by the authorized Manufacturing Bottlers, the Authorized Purchasing Bottler shall be responsible for ensuring that the sale of the Syrups to the Distributors of the Authorized Purchasing Bottlers is always carried out through a commitment signed by the Distributors designated by the Authorized Purchasing Bottlers to ensure full compliance with the provisions stated in the authorization in relation to the Syrups and post-mix Beverages.

This authorization shall prevail over any and all previously signed authorizations between the Company and the Bottler with respect to the purpose of this instrument.

THE COCA-COLA COMPAN Y	**RIO DE JANEIRO REFRESCOS LTDA.**
By: Authorized representative Date:	By: Authorized representative Date:

WITNESSES:
1 ____
Name:
Title:
CPF/MF:

2 ____
Name:
Title:
CPF/MF:

EXHIBIT A

Date: October 4, 2017

AUTHORIZED PURCHASING BOTTLERS

1. REFRESCOS BANDEIRANTES IND. E COM. LTDA.
2. UBERLÁNDIA REFRESCOS LTDA.
3. SOROCABA REFRESCOS LTDA.
4. BRASAL REFRIGERANTES S.A.
5. CVI- REFRIGERANTES LTDA
6. SPAL INDÚSTRIA BRASILEIRA DE BEBIDAS
7. NORSA REFRIGERANTES S.A.
8. REFRESCOS GUARARAPES LTDA.
9. BRASIL NORTE BEBIDAS S.A.
10. COMPAR- COMPANHIA PARAENSE DE REFRIGERANTE

APPROVED BEVERAGES
COCA-COLA
COCA-COLA LIGHT
COCA-COLA STEVIA
COCA-COLA ZERO
FANTA
FANTA ZERO
LEÃO
KUAT
KUAT ZERO
SPRITE ZERO
SPRITE
DEL VALLE
I9
KAPO
POWERADE
POWERADE ZERO

COCA-COLA PLAZA
ATLANTA, GEORGIA
October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company'') and RIO DE JANIERO REFRESCOS LTDA. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages regarding the sale and distribution of beverages bearing the Trademarks (hereinafter 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 granted a non-exclusive authorization for the purchase from the Authorized Suppliers listed in Exhibit A of the Beverages packaged in Approved Containers, as provided in the terms of the Bottler Agreements or any other form as communicated to you by the Company or its representatives and, also, to sell and distribute them throughout the Territory, provided that the following conditions are fulfilled:

1. This authorization may be cancelled by the Company or by the Bottler by prior written notice of 180 (one hundred and eighty) days and will automatically extinguish at the end of the period of validity of the Bottler Agreement for Coca-Cola or its termination. Renewal of the Bottler Agreement implies the automatic renewal of this authorization.

2. Upon termination or cancellation of this authorization, the Bottler shall immediately refrain from the purchase of Beverages in Approved Container in the Territory.

3. Except as expressly provided in this letter, all stipulations, agreements, terms, conditions and provisions of the Bottler Agreements shall apply and remain in force with respect to this additional authorization.

This authorization shall prevail over any and all previously signed authorizations between the Company and the Bottler with respect to the purpose of this instrument.

THE COCA-COLA COMPANY

By:
Authorized representative
Date:

RIO DE JANEIRO REFRESCOS LTDA.

By:
Authorized representative
Date:

EXHIBIT A
AUTHORIZATION TO PURCHASE AND DISTRIBUTE BEVERAGES
October 4, 2017

AUTHORIZED BEVERAGES:

COCA-COLA
COCA-COLA LIGHT
COCA-COLA STEVIA
COCA-COLA ZERO
FANTA
FANTA ZERO
LEÃO
KUAT
KUAT ZERO
SPRITE ZERO
SPRITE CHARRUA DEL VALLE
I9
KAPO
POWERADE
POWERADE ZERO
TAI

AUTHORIZED SUPPLIERS:

l. REFRESCOS BANDEIRANTES IND. E COM. LTDA.
2. UBERLÁNDIA REFRESCOS LTDA.
3. SOROCABA REFRESCOS LTDA.
4. BRASAL REFRIGERANTES S.A.
5. CVI- REFRIGERANTES LTDA
6. SPAL INDÚSTRIA BRASILEIRA DE BEBIDAS
7. NORSA REFRIGERANTES S.A.
8. REFRESCOS GUARARAPES LTDA.
9. BRASIL NORTE BEBIDAS S.A.
1O. COMPAR- COMPANHIA PARAENSE DE REFRIGERANTE

COCA-COLA PLAZA
ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

AUTHORIZATI ON IN RESPECT OF SYRUPS FOR POST-MIX BEVERAGES

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company'') and RIO DE JANIERO REFRESCOS LTDA. (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 one hundred and eighty (180) days' prior written notice and terminates automatically upon the expiration or earlier termination of the Bottler's Agreement for COCA-COLA. The renewal of the Bottler Agreement implies the automatic renewal of this 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	**RIO DE JANIERO REFRESCOS LTDA.**
By: ____________________ Authorized Representative	By: ____________________ Authorized Representative
Date: ____________________	Date: ____________________

COCA-COLA PLAZA
ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

Re: Bottler Agreement

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company'') and RIO DE JANIERO REFRESCOS LTDA. (hereinafter the "Bottler"), authorizing the Bottler to prepare and package the Beverage COCA-COLA and any ancillary authorizations for other Company Beverages 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 parties agreed to make certain clarifications regarding the Manufacturing Agreement, particularly regarding the following terms and conditions:

1. The purpose of Clause 8 (b) of the Bottler Agreement is to allow the Company to respond and deal with the needs of international clients acting in various jurisdictions, as described in the aforementioned clause. As you may conclude, this is an important contractual device that aims to ensure that the System continues to positively meet its customers' demands, and maintain its flexibility, competitiveness and supply capacity. Considering your concerns regarding the exercise of the rights referred to in this clause, we confirm that the Company will act in a reasonable manner in the exercise of these rights and will maintain prior understandings with you before starting any action in that regard.

2. The Company is convinced that the use of a direct distribution and sale system to clients is advantageous and constitutes an essential requirement to fully satisfy the demand for the Beverage in the Territory. However, and in accordance with the terms of Clause 10 of the Bottler Agreement, the Bottler will be dispensed of any additional Company consent to distribute and sell the Beverage to the acting wholesalers and distributors in the Territory, for further distribution within the Territory.

3. The “Transshipment” policy, provided for in clause 11 of the Bottler Agreement, is intended to protect and contain any abuse by Bottlers participating in the Coca-Cola System. In accordance with clause 11(b)(2) of the Bottler Agreement, the Company may require compensation from the defaulting Bottler on the basis of the quantity of products found in the Territory of the Injured Bottler. The amount of the indemnity, less the cost incurred by the Company will be passed on to the Injured Bottler. Despite these considerations, the Company recognizes that the current transfer protocol has served to reduce the volume of products transferred among Brazilian bottlers. Therefore, the current policy for the transfer of products between the Brazilian bottlers, which is indicated in the Commitment Term for Regulating Responsibilities, Impose Collection of Compensation (or fines) and Other Agreements, dated March 21, 2003, shall continue to be in force. However, Clause 11 of the Bottler Agreement should apply to claims relating to transfers occurring between the territories of the Authorized Bottlers and any of the territories outside Brazil.

4. The commercial reputation referred to in Clause 13 of the Bottler Agreement refers only to the goodwill obtained by means of the Trademarks, thus belonging to the Company, as Holder of the Trademark. Such goodwill does not belong to the Bottler, since the Bottler is required to use the aforementioned trademarks without payment of any remuneration or fees, detached from any right or interest relating to the use of the Trademarks in preparing the Beverages. Meanwhile, it is a fact, that any goodwill not related to the Trademarks and that is established exclusively by the Bottler through its operations and its normal relationship with customers will belong to the Bottler and not to the Company.

5. Clause 18 (e) of the Bottler Agreement describes the procedure to be adopted in the event of the occurrence of technical or quality problems relating the Beverage. In accordance with Clause 33(b) of the Bottler Agreement, the Bottler shall indemnify the Company for all costs, expenses, claims, obligations and liabilities resulting from facts or circumstances not attributable to the Company. If any such problem results from the Concentrate, only the Company will be responsible for the costs that arise. However, if the technical or quality problem is caused by any other element, including any problem with Approved Container, the Company shall not be liable for the related costs or any other obligations of a financial nature.

6. The Company and the Bottler shall annually ratify the standardized environmental management procedures provided for in Clause 22(b)(ii) of the Bottler Agreement, in accordance with the Annual Plan.

7. The mechanism to be adopted for the extension of the Bottler Agreement is expressly provided for in Clause 24(b) and is based on the fulfilment of applicable objective criteria, for determining the fulfillment by the Bottler of its contractual obligations. The Bottler shall have the right to request the extension of the Agreement if it has fulfilled the conditions established therein. CCIL will remain the relevant contact and resource for the Bottler in the Territory, advising the Company on the performance of the Bottler and the possibility of granting the extension of the Bottler Agreement and for what reasonable time, if applicable.

8. The Company agrees to include in the Bottler Agreement the obligation to purchase the

equipment of the Bottler, as provided in Clause 24(d) of the previous Bottler Agreement. This provision shall consist of an exception to the Company's standard for the International Bottler Agreement and will be granted only in relation to the Brazilian contracts, considering the commitments arising from negotiations with local government authorities and the tradition of this provision in the Brazilian Bottler Agreements.

9. In accordance with what has been strictly stipulated in Clause 28(b) of the Bottler Agreement, the Company may terminate the Bottler Agreement in the event that the Bottler performs any transfer established in that clause. However, the Company may only use this faculty in the circumstances in which such transfer represents a significant change in the ownership or corporate control of the Bottler. The Company shall only exercise its right to terminate the Bottler Agreement pursuant to Clause 25(b) "iii" and "v" when all creditors of the Bottler are involved.

10. Clause 33(a) of the Bottler Agreement stipulates that the Bottler must consult with the Company in all claims involving actions, procedures or liability actions, procedures or actions against the Bottler with respect to the Beverages or Approved Containers. Consequently, the Bottler shall forward to the Company or to whom it designates, at least one (1) semiannual report, containing a complete and accurate list of all actions, procedures and claims related to liability for the products, whether proposed or in progress against the Bottler in relation to the Beverages or Approved Containers.

11. Through the Brazilian Coca-Cola Bottlers Association — "AFBCC", The Bottler will obtain and maintain a collective insurance policy with the insurers accepted by the Company, as stipulated in Clause 33(e) of the Bottler Agreement. The Bottler and the Company agree that the value of this collective policy that will be obtained through the AFBCC will be USD30 million, a value that will be subject to adjustment in the case of relevant alterations in the scope of the business of the Bottler or ancillary authorizations to the Bottler Agreement. Regarding the insurance policy, the Company establishes a period of 180 (one hundred and eighty) days for submission, counted from the execution of this document.

12. The Company and the Bottler agree that the provisions of Clause 38 of the Bottler Agreement also apply with respect to the Bottler, i.e. the fact that the Bottler ceases to exercise any rights granted in this instrument, or requires the strict fulfillment of any obligation assumed by the Company in the Bottler Agreement will not be considered as an exemption of this right or the right to demand the subsequent fulfillment of any and all the obligations undertaken by the Company in that instrument.

13. In accordance with Clause 6(e) of the Bottler Agreement, the Company and the Bottler must develop five-year investment plans, with annual reviews, in order to ensure the efficiency of the System. The above plans will be discussed and agreed upon within 90 (ninety) days of the execution of this document.

14. The provisions of this document shall remain in force throughout the term of the Bottler Agreement, any renewals and other agreements and authorizations celebrated with the

Company in function or in reference to the Bottler Agreement. However, this document may be periodically updated and amended, if necessary, by the Company.

Sincerely,

THE COCA-COLA COMPANY

By: ______________________________

COCA-COLA PLAZA ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

Re: Consent to Deal in Energy Drinks

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, between THE COCA-COLA COMPANY (hereinafter the "Company") and RIO DE JANEIRO REFRESCOS LTDA. (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 (hereinafter collectively referred to as the "Bottler's Agreements"). The terms used herein have the same meaning assigned to them as in the Bottler's Agreements unless otherwise specifically stated.

Pursuant to Clauses 15(c) and (d) of the Bottler's Agreement, you have agreed 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 or 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.

The Company hereby consents to the manufacture, preparation, packaging, distribution and sale by you of the following beverage products:

Energy Drinks under the MONSTER and BURN trademarks (hereinafter the "Product").

Further, the Company hereby consents to the use by you of delivery vehicles, cases, cartons, coolers, vending machines and other equipment bearing the Trade Marks for the distribution and sale of the Product. However, and only with respect to the use of coolers and vending machines bearing the Trade Marks, the Bottler shall limit the Product placement in coolers and vending machines to only one (1) of the Product SKU per cooler and/or vending machine. Any additional Product placement shall take into account local market and financial consideration and other relevant factors as may be agreed upon by the Company and Monster Beverage Corporation and communicated to the Bottler by the Company in writing. In no event shall the Bottler modify any equipment bearing the Trade Marks to permit use by the

Product.

This consent is limited to the products listed above and shall in no way be construed as a consent or a waiver of any rights of the Company to future actions of the Bottler under Clause 15(c), 15(d) or any other provision of the Bottler's Agreements.

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.

THE COCA-COLA COMPANY

By: ______________________	By: **President**
Authorized Representative	Authorized Representative

The Coca-Cola Company

COCA-COLA PLAZA
ATLANTA, GEORGIA
October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

AUTHORIZATION IN RESPECT OF SHIPS AND AIRLINES

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and RIO DE JANIERO REFRESCOS LTDA. (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	**RIO DE JANIERO REFRESCOS LTDA.**
By: ______________________	By: ______________________
Authorized Representative	Authorized Representative
Date: ______________________	Date: ______________________

The Coca-Cola Company

COCA-COLA PLAZA
ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

RE: APPROVED CONTAINERS

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, and entered into between THE COCA-COLA COMPANY (hereinafter the "Company") and RIO DE JANIERO REFRESCOS LTDA. (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:

COCA-COLA LIGHT	1.5 L GRF PET NRET
	350 ML LAT ALU NRET CAN
	600 ML GRF PET NRET
COCA-COLA ZERO	1 L GRF PET NRET
	1.5 L GRF PET NRET
	1.5 L GRF RPET RET SFS
	1.51 L GRF PET NRET
	1.75 L GRF PETNRET
	2 L GRF PET NRET

	2 L GRF RPET RET 2LREFPET
	2.25 L GRF PET NRET MAXI
	2.5 L GRF PET NRET
	200 ML GRF PET NRET
	220ML CAN SLEEK
	250 ML GRF ALU NRET
	250 ML GRF PET NRET
	250 ML GRF VDR NRET
	250 ML MINI CAN ALU NRET
	290 ML GRF VDR RET KS Ultra
	290 ML GRF VDR RET KS10
	310ML CAN SLEEK
	350 ML LAT ALU NRET CAN
	500 ML GRF PET NRET
	600 ML GRF PET NRET
	FOUNTAIN
COCA-COLA STEVIA	1 L GRF PET NRET
	1.5 L GRF PET NRET
	1.75 L GRF PET NRET
	250 ML GRF ALU NRET
	250 ML MINI CAN ALU NRET
	350MLLAT ALUNRETCAN
COCA-COLA	1 L GRF PET NRET
	1 L GRF VDR NRET
	1 L GRF VDR RET LS
	1.25 L GRF VDR RET SLS
	1.5 L GRF PET NRET
	1.5 L GRF RPET RET SFS
	1.51 L GRF PET NRET
	1.75 L GRF PETNRET
	2 L GRF PET NRET
	2 L GRF RPET RET 2LREFPET
	2.25 L GRF PET NRET MAXI
	2.5 L GRF PET NRET
	200 ML GRF PET NRET
	200 ML GRF VDR RET
	220ML CAN SLEEK
	237 ML GRF VDR NRET
	250 ML GRF ALU NRET
	250 ML GRF PET NRET
	250 ML GRF VDR NRET
	250 ML MINI CAN ALU NRET
	270ML CAN SLEEK
	290 ML GRF VDR RET KS Ultra

	290 ML GRF VDR RET KS10 3 L GRF PET NRET 300 ML GRF PET NRET 310ML CAN SLEEK 350MLLAT ALUNRETCAN 355 ML GRF PET NRET 400 ML GRF PET NRET 500 ML GRF PET NRET 600 ML GRF PET NRET FOUNTAIN
COCA-COLA CHERRY	310ML CAN SLEEK
COCA-COLA LARANJA	310ML CAN SLEEK
COCA-COLA LIMAO	310ML CAN SLEEK
COCA-COLA VANILLA	310ML CAN SLEEK
DEL VALLE (All flavors)	1 L GRF PET NRET 1 L TPK PAP NRET 1.5 L GRF PET NRET 1.5 L TPK PAP NRET 200 ML TPK PAP NRET 250 ML GRF PET NRET 250 ML TPK PAP NRET 290ML CAN SLEEK 300 ML GRF PET NRET 335 ML CAN ALU NRET 450 ML GRF PLAST NRET 600 ML GRF PET NRET FOUNTAIN 200 ML GRF PET NRET
DEL VALLE KAPO MORANGO	200 ML TPK PAP NRET
DEL VALLE KAPO ABACAXI	200 ML TPK PAP NRET
DEL VALLE KAPO UVA	200 ML TPK PAP NRET
DEL VALLE KAPO LARANJA	200 ML TPK PAP NRET
DEL VALLE KAPO MARACUJÁ	200 ML TPK PAP NRET
FANTA GUARANA	1.5 L GRF PET NRET 1.51 L GRF PET NRET 2 L GRF PET NRET 2.5 L GRF PET NRET 220ML CAN SLEEK 250 ML GRF PET NRET 250 ML MINI CAN ALU NRET 3 L GRF PET NRET 310ML CAN SLEEK 350MLLAT ALUNRETCAN 500 ML GRF PET NRET 600 ML GRF PET NRET FOUNTAIN

FANTALARANJA	1 L GRF PET NRET 1 L GRF VDR RET LS 1.5 L GRF PET NRET 1.5 L GRF RPET RET SFS 1.51 L GRF PET NRET 1.75 L GRF PET NRET 2 L GRF PET NRET 2 L GRF RPET RET 2LREFPET 2.25 L GRF PET NRET MAXI 2.5 L GRF PET NRET 200 ML GRF PET NRET 200 ML GRF VDR RET 220ML CAN SLEEK 250 ML GRF PET NRET 250 ML MINI CAN ALU NRET 290 ML GRF VDR RET KS Ultra 290 ML GRF VDR RET KS lO 3 L GRF PET NRET 300 ML GRF PET NRET 310 ML GRF VDR RET 310ML CAN SLEEK 350MLLAT ALUNRETCAN 500 ML GRF PET NRET 500 ML GRF PET SPLASH NRET 600 ML GRF PET NRET FOUNTAIN
FANTA UVA	1 L GRF VDR RET LS 1.5 L GRF PET NRET 1.51 L GRF PET NRET 1.75 L GRF PETNRET 2 L GRF PET NRET 220ML CAN SLEEK 250 ML GRF PET NRET 250 ML MINI CAN ALU NRET 290 ML GRF VDR RET KS Ultra 290 ML GRF VDR RET KS10 310 ML GRF VDR RET 310ML CAN SLEEK 350MLLAT ALUNRETCAN 500 ML GRF PET NRET 500 ML GRF PET SPLASH NRET 600 ML GRF PET NRET FOUNTAIN
FANTA ZERO (LARANJA, UVA E GUARANÁ)	2 L GRF PET NRET 350MLLAT ALUNRETCAN FOUNTAIN

KUAT/KUAT ZERO	1 L GRF PET NRET 1 L GRF VDR RET LS 1.5 L GRF PET NRET 1.51 L GRF PET NRET 1.75 L GRF PET NRET 2 L GRF PET NRET 2.25 L GRF PET NRET MAXI 2.5 L GRF PET NRET 200 ML GRF VDR RET 220ML CAN SLEEK 250 ML GRF PET NRET 250 ML MINI CAN ALU NRET 290 ML GRF VDR RET KS10 3 L GRF PET NRET 300 ML GRF VDR RET KS11 310ML CAN SLEEK 350MLLAT ALUNRETCAN 500 ML GRF PET NRET 600 ML GRF PET NRET FOUNTAIN
LEÃO FUZE Guara Nat.	300 ML COPO PLASTICO NRET
LEÃO FUZE Tea	1 L GRF PET NRET 1 L TPK PAPNRET 1.5 L GRF PET NRET 1.5 L GRF PLAST NRET 300 ML COPO PLASTICO NRET 300 ML GRF PET NRET 300 ML GRF PLAST NRET 335 ML CAN ALU NRET
POWERADEI9	500 ML GRF PLAST NRET
POWERADEPRO OWERADEZERO	500 ML GRF PET NRET 500 ML GRF PLAST NRET
SPRITE/SPRITE ZERO	1 L GRF PET NRET 1.5 L GRF PET NRET 1.51 L GRF PET NRET 1.75 L GRF PET NRET 2 L GRF PET NRET 2.25 L GRF PET NRET MAXI 220ML CAN SLEEK 250 ML GRF PET NRET 250 ML MINI CAN ALU NRET 290 ML GRF VDR RET KS10 300 ML GRF VDR RET KS11 310ML CAN SLEEK 350MLLAT ALUNRETCAN 500 ML GRF PET NRET 600 ML GRF PET NRET 7.SL POST MIX

	FOUNTAIN
ADES MORANGO	1000 Ml Tetrapak
ADESUVA	1000 Ml Tetrapak
ADES LARANJA	1000 Ml Tetrapak
ADESMACA	1000 Ml Tetrapak
ADES PESSEGO	1000 MI Tetrapak
ADES ABACAXI	1000 MI Tetrapak
ADESMACA	1000 Ml Tetrapak
ADES MORANGO	200 MI Tetrapak
ADESUVA	200 Ml Tetrapak
ADES LARANJA	200 MI Tetrapak
ADESMACA	200 Ml Tetrapak
ADES PESSEGO	200 Ml Tetrapak
ADES ABACAXI	200 Ml Tetrapak
ADESCHOCOLATE	200 Ml Tetrapak
ADES SABOR ORIGINAL	1000 Ml Tetrapak
ADES ORIGINAL	1000 Ml Tetrapak
ADES ZERO ORIGINAL	1000 Ml Tetrapak
ADES SABOR SHAKE MORANGO	1000 Ml Tetrapak
ADES SABOR FRAPE DE COCO	1000 Ml Tetrapak
ADES SABOR VITAMINA BANANA	1000 Ml Tetrapak

In accordance with the Crystal Distribution Authorization, the containers that the Bottler is authorized to purchase for distribution within its Territory are as follows:

CRYSTAL	1 L GRF PLAST NRET
	1.5 L GRF PLAST NRET
	1OL GRF PLAST
	2 L GRF PET NRET
	200 ML COPO PLAST NRET
	300 ML COPO PLASTICO NRET
	300 ML GRF PET NRET
	310 ML COPO PLAST
	330 ML GRF PLAST AGUA
	350 ML GRF PLAST NRET
	5 L GRF PLAST NRET
	500 ML GRF PLAST NRET

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 in the Bottler's Agreements unless otherwise specifically stated.

2. The permission referenced herein specifically refers to the Approved Containers/Capacity, 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.

THE COCA-COLA COMPANY

By: ____
Authorized representative

The Coca-Cola Company

COCA-COLA PLAZA
ATLANTA, GEORGIA

October 4, 2017

Rio de Janeiro Refrescos Ltda.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Rio de Janeiro
Brasil

AUTHORIZATION FOR DISTRIBUTION OF THIRD PARTY PRODUCTS

Gentlemen:

Reference is made to the Bottler's Agreement effective October 4, 2017, by and between THE COCA-COLA COMPANY (hereinafter the "Company") and RIO DE JANIERO REFRESCOS LTDA. (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.

Pursuant to clause 15(d) of the Bottler Agreement mentioned above, you agreed not to use delivery vehicles, cases, cardboard boxes, refrigerators, vending machines and other equipment that present the trademarks for the distribution and sale of Products not identified by the trademarks, without the prior written consent of the Company.

This document authorizes you to use delivery vehicles, cases, cardboard boxes, refrigerators, vending machines and other equipment identified by the trademarks for the distribution and sale of the following products:

PRODUCT	CONTAINER
CERVEJASOL	GLASS RET - 600 ML
CERVEJASOL	CAN-355ML
CERVEJASOL	LONG NECK - 355ML
CERVEJASOL	GLASS DESC- 250ML
CERVEJASOL	BARRIL- SOL
CERVEJASOL	BARRIL -20L
CERVEJA BAVARIA PILSEN	GLASS RET - 600 ML

CERVEJA BAVARIA PILSEN	Can-355ML
CERVEJA BAVARIA PILSEN	LONG NECK -3SSML
CERVEJA BAVARIA PILSEN	BARRIL- SOL
CERVEJA BAVARIA PREMIUM	GLASS - 600 ML
CERVEJA BAVARIA PREMIUM	CAN -3SSML
CERVEJA BAVARIA PREMIUM	LONG NECK- 3SSML
CERVEJA KAISER PILSEN	GLASS RET - 600 ML
CERVEJA KAISER PILSEN	CAN— 3SSML
CERVEJA KAISER PILSEN	LONG NECK- 3SSML
CERVEJA KAISER PILSEN	BARRIL- SOL
CERVEJA KAISER SUMMER DRAFT	GLASS RET - 600 ML
CERVEJA KAISER SUMMER DRAFT	CAN- 3SSML
CERVEJA KAISER SUMMER DRAFT	LONG NECK - 3SSML
CERVEJA KAISER BOCK	GLASS RET - 600 ML
CERVEJA KAISER BOCK	CAN-3SSML
CERVEJA KAISER BOCK	LONG NECK - 3SSML
CERVEJA KAISER GOLD	GLASS RET - 600 ML
CERVEJA KAISER GOLD	CAN-3SSML
CERVEJA KAISER GOLD	LONG NECK - 3SSML
HEINEKEN	GLASS RET - 600 ML
HEINEKEN	CAN- 3SSML
CERVEJA HEINEKEN	LONG NECK - 3SSML
Chopp HEINEKEN	BARRIL- SOL
Chopp HEINEKEN	BARRIL- 30L
Chopp HEINEKEN	BARRIL- 20L
CERVEJA SOL PREMIUM	LONG NECK - 3SSML
CERVEJA DOS EQUIS	LONG NECK - 3SSML
Chopp HEINEKEN	BARRIL-SL
CERVEJA HEINEKEN	GLASS DESC- l,SL
CERVEJA HEINEKEN	GLASS DESC - 3L
CERVEJA HEINEKEN	CAN2SOML
CERVEJA HEINEKEN	SHOT VNR 2SO ML
CERVEJA HEINEKEN	VNR2SOML
CERVEJA HEINEKEN	VNR600ML
CERVEJA AMSTEL	CAN269ML
CERVEJA AMSTEL	CAN3SOML
CERVEJA AMSTEL	LATÁ0473ML
Chopp AMSTEL	BARRIL-SOL
CERVEJA DESPERADOS	LONG NECK-330ML
CERVEJA DESPERADOS	CAN2SOML
CERVEJA EDELWEISS	VNRSOOML
CERVEJA BIRRA MORETI	LONGNECK

This authorization is limited to the products mentioned above and should not be construed as a consent or waiver of any of the rights of The Coca-Cola Company to take further action under Clause 15(d) or any other provision of the Bottler Agreements. The Company may cancel this consent in whole or in part, upon notice, in writing, with 180 (one hundred and eighty) days in advance. Renewal of the Bottler Agreement implies the automatic renewal of this authorization.

With the exception of any modification or amendment contemplated, the stipulations, terms, conditions and provisions of the Bottler Agreements shall apply and remain in force for this additional authorization.

This document replaces each and every one of the authorizations previously signed between the Company and the Bottler with respect to the object of this instrument.

We request you to indicate your consent to these provisions by signing and returning a copy of this document.

THE COCA-COLA COMPANY

By: ______________________________

Authorized Representative

PRODUCTION AGREEMENT

THIS PRODUCTION AGREEMENT, made and entered into with effect October 4, 2017, 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., Atlanta, Georgia 30313, United States of America (hereinafter the “Company”), LEÃO ALIMENTOS E BEBIDAS LTDA. A limited liability company, with offices in São Paulo, State of São Paulo, at Rua Paes Leme, 524, 10° andar, Pinheiros, CEP 05424-010, registered in the CNPJ under No 76.490.184/0001-87, represented herein according to its bylaws (hereinafter the “Producer”, and on the other RIO DE JANEIRO REFRESCOS LTDA. A company established and existing according to the laws of Brazil, with principal offices at Rua André Rocha 2299, Jacarepaguá, Rio de Janeiro, Brazil (hereinafter the “Bottler”). Jointly the Producer and the Bottler referred to as Parties or individually and indistinctively as Party and still as interveners of THE COCA-COLA COMPANY, a company incorporated and existing in accordance with the laws of the state of Delaware, United States of America, with main offices at One Coca-Cola Plaza. N.W., in the city of Atlanta, State of Georgia 30313, United States of America (hereinafter the “Company”), COCA-COLA INDÚSTRIAS LTDA., a limited liability company, with headquarters in the city of Rio de Janeiro, state of Rio de Janeiro, at Praia de Botafogo, n ° 374 , 12 ° Andar, part, registered in the CNPJ/MF under No. 45.997.418/0001-53 herein represented according to the terms of its by-laws, (hereinafter “CCIL”), and RECOFARMA INDÚSTRIA DO AMAZONAS LTDA., a limited liability company with a subsidiary in the city and state of Rio de Janeiro, at Praia de Botafogo, 374, Botafogo, registered in the CNPJ/MF under No. 61.454.393/0006-02, represented herein according to the terms of by-laws, (hereinafter “RECOFARMA”).

WHEREAS,

A. The Company is engaged in the manufacture and the sale of beverage bases, essences, and other ingredients (hereinafter referred to as the “Beverage Bases”), the formulas for which are an industrial secret of the Company, used in the preparation of non-alcoholic beverages identified by several trademarks, including those listed on Exhibit A (hereinafter referred to as the “Beverages”) for sale in bottles and other containers and in other forms or manners;

B. The Company and CCIL themselves or through subsidiary or controlled entities, are the owners or have been duly authorized to license said trademarks listed on Exhibit A that distinguish the Beverage Bases, and the intellectual property embodied in the distinctive trade dress, other design devices and packaging elements associated with the Beverage Bases and the Beverages and any additional trademarks that the Company or CCIL may adopt from time to time to distinguish the Beverage Bases and the Beverages (hereinafter referred to as the “Trade Marks”);

C. The Company, as the owner or with the authorization of the owners has the exclusive right to prepare, package, distribute and sell the Beverage and the right to manufacture and sell the Beverage Bases in Brazil, among other countries;

D. The Company and the Bottler on this date have entered into the Bottler Agreement whereby the Bottler has been authorized to prepare and package the Beverages and sell and distribute them throughout a specific Territory defined in the Bottler Agreement (hereinafter the "Territory") (hereinafter referred to as the "Riders Agreements").

E. Through the RIDERS AGREEMENTS, the Bottler has been expressly authorized by the Company to grant the PRODUCER (i) the rights of production and packaging of the Beverages, and (ii) the rights of use of the Trademarks for the production and packaging of the Beverages and other rights granted under the Riders Agreements, relating to the Beverages, all in accordance with the objectives of the Subscription of Shares Agreement, Association and Other Agreements ("Leão Jr. Subscription Agreement") intended to regulate the management system of integrated activities related to non-carbonated Beverages of The Coca-Cola System in Brazil.

NOW, THEREFORE, the parties agree to mutually regulate the production and other agreements regarding the Beverages, in accordance with the following clauses:

I. OBJECT OF THE AGREEMENT

1. The Bottler with the consent of the Company, hereby completely transfers to the Producer (i) the rights and obligations relating to the production and packaging of the Beverages, and (ii) the rights of use of trademarks for the production and packaging of the Beverages and other rights related to such activities, granted in the terms of the Riders Agreements, for the Beverages, and therefore the Producer is authorized and is committed to the following terms and conditions, to prepare and package the Beverages in containers approved by the Interveners informed in writing periodically, as stipulated in the Bottler Agreements, in relation to the Beverages (hereinafter referred to as the "Approved Containers"), mainly for the purpose of selling such Beverages to the Bottler.

2. RECOFARMA will sell and deliver to the Producer the quantities of Beverage Bases periodically requested by the Producer, understanding that the Producer shall request and RECOFARMA shall sell and deliver to the Producer only the quantities of Beverage Bases necessary and sufficient to implement this agreement. In this sense, the Producer covenants and agrees to purchase the Beverage Bases only from RECOFARMA.

3. The Producer shall use the Beverage Bases only for the preparation and packaging of the Beverages as provided periodically by the Interveners. The Producer shall be responsible for not selling or reselling the Beverage Bases or allowing them to fall into the hands of third parties without the prior written consent of the Interveners.

4. The Interveners shall retain the exclusive and private right to amend the formula, composition or ingredients of the Beverage and Beverage Bases at any time.

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

5. The Producer agrees with the Bottler and the Interveners according to the provisions of this instrument, to comply with all the obligations established in the Leão Jr. Subscription Agreement and its additions, in relation to the annual marketing and investment plans, as agreed in this instrument also committing:

(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 and sell to the Bottler such quantities of the Beverage as shall in all respects satisfy fully every demand for the Beverage 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 of such manufacturing, warehousing, delivery, transportation and others as shall be necessary to implement 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 Producer under this Agreement;

6. The Parties agree that the Producer shall be responsible for the management of the disbursements necessary for the implementation of the Annual Marketing and Investment plans provided for in the Leão Jr. Subscription Agreement, related to the Beverages. To stimulate and sustain the demand for Beverages, the Producer, on his own account, shall expend the funds for advertising, marketing and promotion of the Beverages as defined in the aforementioned Annual Plans, understanding that the Producer shall only use, publish, maintain or distribute advertising, marketing or promotional material related to the Trademarks of the Beverages and beverages approved and authorized in such plans. The Bottler and the Interveners, directly or indirectly, may, from time to time, agree to contribute financially to the Producer's marketing programs, observing the terms and conditions stipulated in the Annual Plans. The Bottler and the Interveners, directly or indirectly, may also undertake, at their own expense and independently of the Producer, any additional advertising or sales promotion activity.

III. OBLIGATIONS OF THE PRODUCER RELATIVE TO THE TRADE MARKS

7. The Producer 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.

8. Nothing herein shall give the Producer 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 Producer acknowledges and agrees that all rights and interests created by that use of Trademarks, labels, designs, packaging or other visual representations will be in the interest of and shall be owned by the Company.

The Company and the Producer agree and understand that under this Agreement, the Producer is granted a simple temporary authorization, not related to any right or participation, and without the payment of any remuneration or royalty fee, to use such Trademarks, labels, designs, packaging and other visual representations thereof, with regard to the preparation and packaging of 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.

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

9. The Producer shall have priority in the production and packaging of the Beverages, activities which, during the period of validity of this Agreement, may only be developed by the Bottler, by other Bottlers of The "Coca-Cola system" and/or by third parties, provided that the specific rules contained in the Leão Jr. Subscription Agreement are fulfilled.

10. The Producer covenants and agrees to use only the Beverage Bases to prepare and package the Beverages, strictly observing and complying with the written instructions given to the Producer, periodically by the Interveners. The Producer further covenants and agrees that, in preparing, packaging, storage and handling the Beverage, the Producer 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.

10.1. The Producer, 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. The Producer further agrees to install, maintain and use the necessary machinery and equipment required for the application of such identification codes. The Interveners shall provide the Producer, from time to time, with necessary instructions in writing regarding the forms of the identification codes to be used by the Producer in that connection, and the production and sales records to be maintained by the Producer regarding the Beverage and Approved Containers.

10.2 The producer shall allow the Bottler and the Interveners, their directors, agents or representatives, to enter and inspect, at any time, the facilities, equipment and methods used by the Producer, either directly or possibly in the preparation, packaging, storage and handling of the Beverages to ensure that the Producer complies with the terms of this Agreement. The Producer also agrees to provide the Bottler and the Interveners with all the information regarding the Producer's compliance with the terms of this Agreement.

10.3 The Producer shall submit to the Interveners, at the expense of the Producer, the samples of the Beverages and materials used in the preparation of the Beverages, in accordance with the instructions that the Interveners may provide in writing from time to time.

11. In the packaging and sale of the Beverage, the Producer shall use only such Approved Containers and closures, cases, cartons, labels and other packaging materials approved from time to time by the Interveners, and the Producer shall purchase such items only from manufacturers who have been authorized in writing by the Interveners to manufacture the items to be used in connection with the Trade Marks and the Beverage. The Interveners shall use their best efforts to approve two or more manufacturers of such items.

12. The Producer 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 Producer has determined comply with both the standards established by applicable laws in Brazil and the standards and specifications prescribed by the. The Producer shall assume independent responsibility in connection with the use of such Approved Containers, closures, cases, cartons, labels and other packaging materials which the Producer has determined conform to such standards.

13. The Producer 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 of the Bottler.

14. The Producer 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 equipment and/or containers, or require the purchase of additional manufacturing, packaging, delivery or vending equipment, always in accordance to the annual marketing and investment plans established in the Leão Jr. Subscription Agreement. The Producer 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 Producer to develop, stimulate and satisfy fully every demand for the Beverage in the Territory.

15. The Producer 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.

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

17. Without limiting the generality of the foregoing, the Producer 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 Brazil (ii) the Interveners' environmental management standards and programs as issued from time to time in writing.

V. DURATION AND TERMINATION OF AGREEMENT

18. This Agreement begins on this date and will remain in force as long as the following instruments are in force:

(a) Bottler Agreement celebrated with the Bottler, and

(b) One or more Rider Agreement(s) regarding one or more Beverages listed on Exhibit A.

18.1 (a) Upon termination of any specific Rider Agreement(s) in relation to all Bottlers, this Agreement may be terminated only with respect to the Beverage(s) object of the Rider Agreement(s), remaining in this case valid with respect to the other Beverages, provided that this is expressly foreseen at the time of termination.

18.2 The expiration of all Rider Agreement(s) related to the Beverages held with the Bottler will imply the automatic expiration of this Agreement. Also, the renewal of all Rider Agreement(s) with the Bottler will imply the automatic renewal of this Agreement for the same period of renewal of the Rider Agreement(s).

18.3 This Agreement shall terminate automatically if the association provided for in the Leão Jr. Subscription Agreement and in the other agreements governing the relationship between the Parties and/or those involved in such an association is terminated or withdrawn in connection with all of its Parties and Interveners, with the consequent termination or withdrawal of such instruments.

18.4 The termination or withdrawal of this Agreement, including the repeal of the transfer of the production rights provided for in this Agreement under Clause 2 of the Rider Agreements, shall imply the reintegration, to the Bottler, of the rights and obligations given to the Producers pursuant to this Agreement, except in the case of termination or withdrawal, specifically, of the Bottler Agreement for Coca-Cola signed between TCCC and the Bottler and the Rider Agreement(s).

18.5 The validity of this Agreement remains conditional on the other conditions established in the Leão Jr. Subscription Agreement, accordingly.

VI. GENERAL PROVISIONS

19. The Parties and the Interveners acknowledge and agree that, during the validity of this Agreement, the Producer shall have priority in the production and packaging of Beverages, necessary to service the Territory of the Bottler, unless otherwise defined, pursuant to Clause 9 above, and in accordance with the Leão Jr. Subscription Agreement, accordingly. In this case, and under the conditions established in such instruments, the Producer may establish the Toll packing or Co-packing Agreement with the Bottler or with third parties

20. Neither of the Parties nor the Interveners 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.

21. 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 Beverage Bases and Beverages, and to defend any action affecting these matters. At the request of the Company, the Producer will render assistance in any such action. The Producer 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 Producer shall promptly notify the Company of any litigation or proceedings instituted or threatened affecting these matters. The Producer 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.

22. 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 Producer to institute or defend such proceedings or actions either in its own name or in the joint names of the Producer and the Company.

23. The Producer agrees to consult with the Company on all product liability claims, proceedings or actions brought against the Producer 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.

24. The Producer 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 and packaging of the Beverage by the Producer, including, but not limited to, all costs arising out of the acts or defaults, whether negligent or not, of the Producer.

25. The Producer 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 Beverage Bases or the Beverages without the prior written consent of the Bottler and Interveners;

(b) 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 Producer may receive from the Bottler or the Interveners, 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

(c) that upon the expiration or earlier termination of this Agreement, the Bottler will forthwith hand over to the Interveners all written or graphic, electromagnetic, computerized, digital or other materials comprising or containing any information subject to the obligation of confidentiality hereunder.

26. The Parties and the Interveners recognize that incidents may arise which can threaten the reputation and business of the Producer 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 Producer will designate and organize an incident management team and inform the Interveners of the members of such team. The Producer further agrees to cooperate fully with the Interveners and such third parties as the Interveners 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 Producer by the Interveners from time to time.

27. 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.

28. 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 Producer, the Bottler and the Interveners. All prior agreements of any kind whatsoever between the parties relating to the subject matter are cancelled hereby, except to the extent that the same may comprise agreements and other documents within the provisions of this Agreement.

29. Any waiver or modification of, or alteration or addition to, this Agreement or any of its provisions, shall not be binding upon the Parties or the Interveners unless they are executed by duly authorized representatives of the Parties and the Interveners.

30. All written notices given pursuant to this Agreement shall be by fast delivery or courier, 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.

Company:
THE COCA-COLA COMPANY
One Coca-Cola Plaza, N.W.
Atlanta, Georgia 30313
United States of America

Producer:
LEÃO ALIMENTOS E BEBIDAS LTDA.
Rua Paes Leme, 524, 10° andar,
Pinheiros São Paulo - SP
CEP 05424-010
At.: Diretor-Presidente

Bottler:
RIO DE JANEIRO REFRESCOS LTDA.
Rua André Rocha N° 2299, Jacarepaguá
Rio de Janeiro, Brasil

31. Failure of the Parties or the Interveners to exercise promptly any right herein granted, or to require strict performance of any obligation undertaken herein by the Party or the Interveners, 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 Party or the Interveners.

32. The headings herein are solely for the convenience of the parties and shall not affect the interpretation of this Agreement.

33. This Agreement will be interpreted, construed and governed in accordance with the laws of Brazil, electing the Parties the central forum of the County of Rio de Janeiro/RJ to settle any disputes arising from this Agreement, expressly resigning to any other, however privileged it may be.

34. This Agreement consolidates, repeals and replaces all production agreement individually signed by the Producer, or in conjunction with its predecessors, with the Bottler, and this instrument is the only current document regulating the rights of production resulting from the Rider(s) Agreements signed with the Company in relation to the Beverages.

IN WITNESS WHEREOF, the Company at Atlanta, Georgia, United States of America, and the Producer, the Bottler CCIL and Recofarma in Brazil have caused these documents to be executed in triplicate by the duly authorized person or persons in their behalf on the dates indicated below.

LEÃO ALIMENTOS E BEBIDAS LTDA.	**RIO DE JANEIRO REFRESCOS LTDA**
Legal Representative	Legal Representative
INTERVENERS	Witnesses
The Coca-Cola Company	Name Id. No.
Coca-Cola Industrias Ltda.	
Recofarma Indústria do Amazonas Ltda.	Name Id. No.

EXHIBIT A

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Exhibit 4.33

OFFER LETTER NO. 1/2017

November 30, 2017

Monster Energy Company
c/o Katten Muchin Rosenma LLP.
575 Madison Avenue
New York, NY 10022 Att.: Rodney C. Sacks

Re: *Offer Letter No. 1/2017 (this "Offer") from Embotelladora del Atlántico S.A. d/b/a Coca-Cola Andina Argentina, a company organized and existing under the laws of Argentina ("Distributor"). Unless otherwise defined in this Offer, capitalized terms shall have the meaning ascribed to such terms in the Agreement (as defined below).*

Dear Mr. Sacks:

Distributor hereby irrevocably makes this Offer to Monster Energy Company, a Delaware corporation ("MEC"), to enter into a Distribution Agreement in accordance with the terms and conditions attached hereto as Annex A "International Distribution Agreement" (the "Agreement") signed by Distributor on each of its pages for the purpose of its identification.

The Agreement is the result of good faith negotiations held by the parties and supersedes all prior oral and written discussions and communications between MEC and Distributor with respect to the subject matter hereof and constitutes the parties' sole and exclusive understanding with respect to the subject matter hereof and it replaces any prior agreements between them.

This Offer will be irrevocable, valid, and binding until December 15, 2017, and shall be deemed accepted by MEC in New York only upon MEC accepting all of the terms of this Offer in a writing dated prior to such date and thereafter promptly delivering its written acceptance of this Offer to Distributor. The Agreement shall be deemed to be entered into in New York on the acceptance date specified in MEC's written acceptance of this Offer. MEC's acceptance of this Offer by any other method is strictly prohibited.

Distributor acknowledges that MEC's acceptance of this Offer shall be in MEC's sole and absolute discretion Distributor further acknowledges that: (a) this Offer, its prospective acceptance by MEC, the Agreement, and the resulting contractual relationship between Distributor and MEC shall be subject to New York law in accordance with terms of Section 25 of the Agreement, and (b) any dispute, controversy or claim arising out of or relating to the Offer, its acceptance, the Agreement or breach or termination thereof shall be subject to the arbitration clause set forth in Section 26 of the Agreement.

In the event MEC accepts this Offer in accordance with its terms, such acceptance is deemed to have occurred at MEC's office located at 575 Madison Avenue, New York, NY 10022.

Sincerely yours,

____
EMBOTELLADORA DEL ATLÁNTICO S.A.
d/b/a COCA-COLA ANDINA ARGENTINA
Fabián Castelli
General Manager

ANNEX A

INTERNATIONAL DISTRIBUTION AGREEMENT

This INTERNATIONAL DISTRIBUTION AGREEMENT (“Agreement”) shall be deemed entered into on the acceptance date specified in MEC’s Acceptance (as defined below) (the “Effective Date”) between MONSTER ENERGY COMPANY, a Delaware corporation, with offices at 1 Monster Way, Corona, California 92879 (“MEC”) and EMBOTELLADORA DEL ATLÁNTICO S.A. d/b/a COCA-COLA ANDINA ARGENTINA (“Distributor”). MEC and Distributor are referred to herein collectively as the “parties” and individually as a “party” hereto.

1. Recitals and Definitions.

a. Distributor offered to MEC to enter into this Agreement pursuant to that Offer Letter No. 1/2017 from Distributor dated November 30, 2017 (the “Offer”). In the event MEC accepts the Offer by delivering its written notice of acceptance to Distributor as contemplated in the Offer (“MEC’s Acceptance”), this Agreement shall be in full force and effect as of the Effective Date.

b. Distributor is a leading distributor of beverages throughout the Territory (as defined below) and has substantial experience in the distribution of beverages. Distributor has developed and implemented successful marketing plans and/or systems for such distribution and which are substantially associated with the trademarks and trade name of The Coca-Cola Company (“KO”). KO has designated Distributor, and MEC wishes to appoint Distributor, as a distributor of Products (as defined below) as part of Distributor’s business operations and systems, with performance to commence as of such date as may be mutually agreed by the parties in writing, but which in no event shall be later than March 1, 2018 (the “Commencement Date”).

c. When used herein: (i) the word “Products” means (x) all Energy Drinks (as defined below) in any form, that are offered, packaged and/or marketed by MEC or any of its Affiliates at any time after the Effective Date in the Territory under the primary brand name “Monster” or any other primary brand name having “Monster” as a derivative or part of such name, and/or containing the ” as a primary brand component, and which may, but are not required, to contain the ” mark, and/or the ” icon, and (y) such additional beverage products, whether marketed under the Trademarks (as defined below) or otherwise, as MEC and Distributor shall agree from time to time by executing a mutually agreed upon amended Exhibit A. MEC and Distributor shall use commercially reasonable efforts to periodically review and update Exhibit A on a reasonable basis throughout the Term. The Products shall include all sizes of SKUs as may be determined by MEC and offered, packaged and/or marketed by MEC or any of its Affiliates in good faith from time to time; (ii) the word “Territory” means the territory identified in Exhibit B hereto; (iii) the words “Distributor’s Accounts” mean all accounts or classes of accounts in the Territory (including those set forth as exclusive or non-exclusive Distributor’s Accounts on Exhibit C hereto), other than those reserved for MEC as identified on Exhibit C; (iv) the word “Trademarks” means those names and marks identified on Exhibit D hereto; (v) the words “Energy Drink/s” mean any shelf-stable, in ready-to-drink, powdered, drops or concentrate form, non-alcoholic beverage that satisfies all of the following conditions: (A) it is marketed or positioned to consumers as an energy beverage, (B) it contains one or more of the following ingredients: guarana, taurine, panax ginseng, L-carnitine, B-2 vitamins, B-6 vitamins, B-12 vitamins, L-arginine, astralagus, glucuronolactone or inositol (or, to the extent approved by KO, which approval shall not be unreasonably withheld, conditioned or delayed, any ingredients substituting for or supplementing any of the foregoing ingredients) and (C) it has at least five (5) milligrams of caffeine per ounce (the "Caffeine Requirement"), except that (1) Products under the brand Monster Energy Unleaded (substantially as such Products are formulated, manufactured, marketed and/or sold as of the date hereof, and any line extensions or expansions of such Products marketed under such brand) shall not be required to meet the Caffeine Requirement; and (2) the Caffeine Requirement shall be reduced in respect of any particular territory to the extent that any final law applicable to MEC in such territory imposing restrictions on the on-going business activities of MEC is enacted by a Governmental Entity having jurisdiction over such territory that either (I) specifically establishes a maximum caffeine concentration that is lower than the Caffeine Requirement (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration permitted by such law) or (II) is reasonably expected, based on the good faith judgment of MEC, to have an adverse impact on MEC's business, sales or profitability in such territory due to the caffeine concentration of the Products exceeding a specified level (including, for example, a material tax imposed on beverages with caffeine concentrations above a stated amount but excluding, for the avoidance of doubt, any age or similar restriction on the manner of sale of such beverages) (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration that would not have such adverse impact); it being agreed that affected Products in any affected territory may be reformulated by MEC to the extent necessary to comply with any such law or to avoid such adverse impact; (vi) the word "Affiliates" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933 of the United States of America; (vii) the word "Person" means an individual or firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind; and (viii) the words "Governmental Entity" mean any (A) nation, state, county, city, town, village, district, or other jurisdiction of any nature, (B) federal, state, local, municipal, foreign, or other government, (C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (D) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature. All Exhibits referred to in this Agreement shall be deemed to be incorporated into this Agreement.

2. Appointment.

a. With effect from the Commencement Date, MEC appoints Distributor, and Distributor accepts appointment, as a distributor and seller of Products to Distributor's Accounts within the Territory. Such appointment shall be exclusive with respect to each of Distributor's Accounts, except if and to the extent specifically designated as non-exclusive on Exhibit C hereto. Such appointment shall exclude any SKU/s deleted from distribution pursuant to Sections 13(b) or 13(f) below. Those categories of customers which are excluded from the definition of Distributor's Accounts are expressly reserved for MEC, or such other distributors as MEC may from time to time appoint. Distributor shall be entitled to appoint sub-distributors within the Territory provided that the terms of such appointment shall provide that the sub-distributors shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, and the terms of such appointments shall not be inconsistent with the terms and conditions of this Agreement and shall be subject to MEC's rights hereunder. Distributor's appointment of sub-distributors shall be to supplement and augment, but not to replace or substitute, wholly or partially, Distributor's resources, performance capabilities and/or ability to fully perform all of Distributor's obligations in the Territory under this Agreement, including without limitation, as provided in Section 3 below. Distributor will remain liable for the actions, omissions and performance of all of Distributor's sub-distributors.

b. Distributor shall not directly or indirectly, alone or in conjunction with any other Person (i) actively seek or solicit customers or accounts for the Products outside the Territory or any customers or accounts located within the Territory other than Distributor's Accounts (in particular, but without limiting the above, Distributor shall not actively approach customers outside the Territory or accounts other than Distributor's Accounts in the Territory, whether by direct mail, visits, promotions or media advertising targeted at such customers, or otherwise), and/or (ii) actively sell, market, distribute or actively otherwise dispose of any Products to any Persons located outside the Territory or to any Persons located within the Territory who Distributor knows or reasonably believes will distribute or resell the Products outside the Territory, except that, subject to all of the terms and conditions of this Agreement, Distributor may sell, market, distribute, assign or otherwise transfer Products to other bottlers or distributors designated by KO that are authorized in writing by MEC for sale, marketing, distributing, assigning or otherwise transferring into such distributor's or bottler's territory. During the Term, Distributor shall purchase exclusively and directly from MEC or its nominees (and from no other Person) all of its requirements for Products. In the event Products distributed or sold by Distributor are found outside the Territory, upon MEC's reasonable request therefor, Distributor shall use Best Efforts (as defined below) to make available to representatives of MEC such sales agreements and other records relating to applicable Products as may be reasonably required for, and otherwise reasonably cooperate with MEC in, all MEC investigations relating to the sale and distribution of the Products outside the Territory, in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. Distributor shall use Best Efforts to promptly inform MEC if at any time any solicitation or offer to purchase Products is made to Distributor in writing by a third party which Distributor knows would result in a breach of this Section 2(b), in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. "Best Efforts" means the efforts a prudent Person desiring in good faith to achieve a result would use in the circumstances to ensure such result is achieved as expeditiously as possible but does not require the Person subject to such obligation to take actions that would result in any materially adverse change, or any financial change which in the aggregate, or over a period of time, would result in any materially adverse change, in the benefits to such Person under this Agreement or require such Person to expend funds or extend other economic incentives, unless otherwise expressly required under this Agreement.

c. Distributor acknowledges and agrees that it has no right to distribute any products of MEC other than the Products. Any sales by MEC to Distributor of any products of MEC that are not the Products, and/or any products sold by MEC to Distributor and/or its sub-distributor(s) beyond the scope, Term (as defined below) or after the termination of this Agreement, with or without cause, for any reason or no reason at all (i) shall not constitute, be construed as, or give rise to, any express or implied distribution agreement, course of conduct or other relationship between MEC and

Distributor, (ii) shall not confer upon Distributor or its sub-distributor(s) any rights of any nature whatsoever, including without limitation to purchase, sell, market or distribute or continue to purchase, sell, market or distribute any products, including Products, or use the Trademarks other than with respect to products sold and delivered by MEC to Distributor, and (iii) shall constitute a separate transaction for each shipment of products actually delivered by MEC to Distributor and/or sub-distributor(s), in MEC's sole and absolute discretion, which MEC shall be entitled to exercise, vary, withdraw and/or cease, on a case by case basis, at any time in MEC's sole and absolute discretion. Distributor irrevocably waives, releases and discharges any claims, liabilities, actions and rights, in law or in equity, against MEC including without limitation for damages (including without limitation, consequential, special or punitive damages), compensation or severance payments or any other claims of whatsoever nature by Distributor arising from or in connection with the matters referred to in this Section 2(c) and/or any acts, omissions or conduct of MEC with regard to such matters.

d. MEC and Distributor shall reasonably cooperate with respect to obtaining any import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. To the extent MEC reasonably requests that Distributor obtain any such licenses, permits, certificates, or governmental approvals, Distributor shall, at MEC's sole expense, use Best Efforts to obtain such import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. Distributor acknowledges and agrees that all such licenses, permits, certificates, and governmental approvals are obtained for the benefit of MEC, and are subject to Distributor's obligation to comply with the provisions of Sections 3(x) and 12(e)(vi) below. Distributor shall also comply with any and all governmental laws, regulations, and orders which are applicable to Distributor by reason of its entering into and performance of this Agreement, including any and all laws, regulations or orders in the Territory which govern or affect the ordering, export, shipment, import, sale, delivery or redelivery of Products in the Territory. Each of the parties shall notify the other of the existence and content of any provision of law which such party has actual knowledge, conflicts with any provisions of this Agreement at the Effective Date or thereafter. In the export of Products from the United States, Distributor shall further comply with the applicable law of the Territory, as well as U.S. laws and regulations governing exports, including the Export Administration Act and regulations thereunder, and the U.S. Boycott Regulations. Distributor shall use Best Efforts to provide MEC all reasonably necessary assistance in ensuring compliance by MEC, Distributor and the Products with any applicable governmental laws, regulations, orders and registration requirements for, and translations of, the Products, Product labels and any other written information as may be necessary in the Territory, in each case without limiting MEC's representations, warranties or obligations hereunder.

e. MEC and its Affiliates (if applicable) will use commercially reasonable efforts to include provisions comparable to subsections 2(b)(i) and 2(b)(ii) above in its distribution agreements with distributors in territories within Argentina. If any other distributor appointed by MEC in Argentina (i) actively seeks and solicits customers in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) for Products in the Territory, or (ii) actively sells, markets, distributes or otherwise disposes of any Products, either directly or indirectly to any Persons located within its territory who such distributor knows or reasonably believes will distribute or resell the Products inside the Territory, MEC will take commercially reasonable steps to (A) enforce MEC's rights under any distribution agreement, to the extent enforceable under such distribution agreement and applicable law, to address the importation of Products into the Territory in violation of any applicable distribution agreement relating to the Products, (B) enforce MEC's rights against any other distributors to address the importation of Products into the Territory in violation of applicable distribution agreements with such other distributors relating to the Products to which MEC or its Affiliates are a party, but only to the extent enforceable under such applicable distribution agreements and applicable law, and (C) prevent such other distributors from breaching provisions comparable to subsections 2(b)(i) and 2(b)(ii), above, but only, to the extent that MEC shall be entitled to do so pursuant to the terms of its distribution agreements with such distributors and to the extent enforceable under applicable law. Distributor shall cooperate and, if necessary and required by MEC, join with MEC in all such proceedings in accordance with the foregoing. Distributor shall have no claim, and MEC shall have no liability, arising from the sale of Products by such other distributors in the Territory, except to require MEC to enforce the above-mentioned provisions in the applicable distribution agreements.

f. If Distributor becomes aware that corrective labeling of Products delivered by MEC to Distributor is required in order to comply with applicable law in the Territory, Distributor shall provide to MEC for MEC's written consent, which shall not be unreasonably withheld (i) written notice including details of the applicable law/s, (ii) the corrective Product label proposed by Distributor, and (iii) the estimated costs of relabeling the applicable Products. Upon receipt of MEC's written consent (which shall not be unreasonably withheld), Distributor shall affix the corrective labeling to the Products at MEC's cost provided that such cost has been approved by MEC in writing, which approval shall not be unreasonably withheld. All right, title and interest of every kind and nature in and to such corrective labeling shall be the sole and exclusive property of MEC for all purposes or uses. Distributor hereby assigns to MEC all of Distributor's right, title and interest, if any, in and to such corrective labeling, and agrees to execute any documents and take any action MEC may deem reasonably necessary or appropriate to effectuate such assignment, at MEC's reasonable request and expense.

g. The parties acknowledge that it is their current mutual intention that they will consider in due course Distributor offering to enter into a written agreement with MEC in such a form and containing such terms as MEC may accept in writing to provide for the manufacture of certain Products in the Territory. This subsection 2(g) shall not be enforceable against either party unless and until MEC has accepted such offer in writing and an enforceable agreement has been entered into by both parties.

h. Subject to and without limiting MEL's (as defined below) and its Affiliates' obligations to KO under the International Distribution Coordination Agreement (as defined below), if Distributor declines to distribute, declines to continue to distribute, or proposes not to distribute (each a "Distribution Refusal") (i) substantially all Products, as the case may be, designated by MEC in good faith for sale in the Territory, MEC shall have the right to sell any or all of the Products so designated by MEC for sale in the Territory directly or through other distributors in the Territory, to the exclusion of Distributor, or (ii) one or more of MEC's SKUs designated by MEC for sale in the Territory, MEC shall have the right (without prejudice to its right in clause (i) above) to sell such declined SKU/s directly or through other distributors in the Territory, to the exclusion of Distributor, in each case (i) and (ii) upon forty-five (45) days written notice to Distributor and KO of its intention to do so; provided that such Distribution Refusal continues to exist for such forty-five (45) day period. MEC's right to sell or have sold such Products shall be limited to the portion of the Territory for which such distribution has been declined. The "International Distribution Coordination

Agreement" means the Amended and Restated International Distribution Coordination Agreement dated June 12, 2015 between KO and Monster Energy Ltd. (formerly Tauranga, Ltd.), a company organized and existing under the laws of the Republic of Ireland ("MEL") and MEC.

i. If, after the Effective Date, MEC determines to sell or otherwise distribute any Product or any SKU of any Product ("Product SKUs") in the Territory not previously sold or distributed by Distributor (each a "New Product SKU"), prior to launching or otherwise commencing the sale or other distribution of such New Product SKU, MEC shall provide Distributor the right to distribute such New Product SKUs, subject to the terms of this Agreement (and subject to and without limiting MEL's obligations to KO under the International Distribution Coordination Agreement). If Distributor declines to sell and distribute such New Product SKUs in the Territory within fifteen (15) days of MEC's request that such New Product SKUs be added, then MEC shall have the right and option, in MEC's sole and absolute discretion, to sell and distribute such refused New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such refused New Product SKUs within such additional fifteen (15) day period. MEC's right to sell or have sold such New Product SKUs shall be limited to the portion of the Territory for which such distribution has been declined.

j. The parties acknowledge and agree that MEC may designate a wholly owned subsidiary of MEC to perform any of MEC's obligations, and/or to exercise any of MEC's rights, under this Agreement, to the extent determined by MEC in its sole and absolute discretion, and such obligations and rights shall be deemed to have been performed and or exercised (as the case may be) by MEC.

3. Distributor's Duties. Distributor shall:

a. Use commercially reasonable good faith efforts (i) to actively and diligently promote, solicit and push vigorously the wide distribution and sale of the Products to Distributor's Accounts in the Territory, and (ii) to develop and exploit the full potential of the business of distributing, Marketing (as defined below) and selling the Products throughout the Territory by creating, stimulating and expanding continuously, the future demand for the Products and satisfying fully and in all respects, the current demand therefor (except to accounts reserved for MEC pursuant to Exhibit C and those MMM Accounts (as defined below) that are serviced directly by MEC in accordance with Section 14). For the purposes of this Section 3 and Section 13(a) below, "Marketing" means trade marketing, local marketing and local Product promotions in the Territory;

b. Use commercially reasonable good faith efforts to actively and diligently develop new business opportunities for Products in Distributor's Accounts in the Territory;

c. Use commercially reasonable good faith efforts to actively and diligently manage all of Distributor's sub-distributors throughout the Territory to gain system alignment to promote the sale and distribution of Products;

d. Use commercially reasonable good faith efforts to secure extensive in-store merchandising and optimal shelf positioning in Distributor's Accounts in the Territory with respect to Products, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

e. Use commercially reasonable good faith efforts to perform complete and efficient distribution functions to and in Distributor's Accounts throughout the Territory;

f. Use commercially reasonable good faith efforts to fully implement the Annual Business Plan (as defined and to be agreed upon from time-to-time in accordance with Section 13(b) below), and use commercially reasonable good faith efforts to achieve and maintain all of the objectives set with respect thereto as contemplated in Section 13(b) below;

g. Use commercially reasonable good faith efforts to achieve and maintain the Performance Targets (as defined and determined each calendar year in accordance with Section 13(d) below);

h. In relation to the sales of the Products only, permit MEC representatives to accompany Distributor's salesmen on sales routes in the Territory, upon reasonable advance notice to Distributor;

i. Use commercially reasonable good faith efforts to achieve optimum ambient and cold space, position, prominence, and visibility of the Products in all Distributor's Accounts in the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

j. Use commercially reasonable good faith efforts to promote and maintain an efficient, viable and financially sound system of distribution for the Products in Distributor's Accounts throughout the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

k. Provide the resources necessary for the sale, delivery, Marketing, promotion and servicing of the Products in Distributor's Accounts within the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

l. Use commercially reasonable good faith efforts to achieve and maintain Minimum Distribution Levels for the Products in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) as agreed upon or determined in accordance with Section 13(c) below from time to time;

m. Perform and satisfy its obligations specified in Sections 10 and 13 below;

n. Provide such sales and Marketing information in relation to the Products as may be reasonably requested by MEC;

o. Comply with any applicable laws and regulations of or applicable in the Territory and shall be responsible for ensuring that all Product deliveries by Distributor within the Territory comply with all health, safety, environmental and other standards, specifications and other requirements imposed by law, regulation or order in the Territory, and applicable to the Products;

p. Assign such article numbers as may be utilized by Distributor from time to time for each Product and Product package to track sales information by its sales data collection system;

q. Cause all of its promotional and Marketing efforts and/or activities under this Agreement to be devoted solely to the Products. Unless approved by MEC's prior written consent, it shall be a violation of this subsection for (i) Products to be placed by Distributor in Equipment (as defined below) branded with the trademark of an Energy Drink other than a Product, it being agreed that Distributor may place Products in Equipment branded with another beverage other than an Energy Drink; (ii) Energy Drinks other than Products to be placed by Distributor in Equipment branded for Products; (iii) sales materials for Products created by Distributor to include trademarks of products or Energy Drinks other than Products; (iv) Distributor distributing sales material created by Distributor including trademarks of Products; and (v) Distributor's promotional pricing and/or promotional and/or Marketing activities and/or promotional and/or Marketing programs to apply to all or any Products in combination with all or any Energy Drinks other than Products sold by Distributor. It is not a violation of this subsection for Products to be ordered, sold, delivered, or merchandised by the same Person or in the same vehicles as other products;

r. Invest all the capital and obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such warehousing, Marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for Distributor to comply with its obligations under this Agreement;

s. For its own account, budget and expend such funds for advertising, Marketing and promoting the Products in the Territory as may be reasonably required by MEC. The parties shall, pursuant to the terms of this Agreement, equally contribute financially to local Marketing programs to create, stimulate and sustain the demand for the Products in the Territory, provided that Distributor shall submit all advertising, Marketing and promotional projects relating to the Trademarks or the Products to MEC for its prior approval, and shall use, publish, maintain or distribute only such advertising, Marketing or promotional material relating to the Trademarks or the Products as MEC shall approve and authorize. MEC may also undertake, at its own expense and independently from Distributor, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate;

t. Use commercially reasonable good faith efforts to allocate Products in Distributor Equipment consistent with the Annual Business Plan and to the extent (and in the form and manner) agreed between Distributor and MEC, including without limitation by including at least a reasonable representation of Products in Distributor Equipment, but only where appropriate. "Distributor Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment provided by Distributor, or placed and maintained by Distributor in premises of Distributor's customers within the Territory for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any beverages distributed and sold by Distributor in the Territory. "MEC Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment funded by MEC and/or its Affiliate/s or provided by MEC and/or its Affiliate/s to Distributor and placed in premises of Distributor's customers within the Territory by

Distributor for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any Products distributed and sold by Distributor in the Territory, the price of which shall be funded and paid for equally by MEC and/or its Affiliate/s and Distributor as part of the Annual Business Plan and/or as may otherwise be agreed by the parties in writing from time to time. The appearance and branding of MEC Equipment shall be determined by MEC and/or its Affiliate/s in its discretion. Distributor Equipment and MEC Equipment shall be referred to collectively as the "Equipment;"

u. Take such steps and execute such documents as may be necessary to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products, and any licenses, entitlements, consents or other rights relating to the placement or location of MEC Equipment in a customer's premises remains the exclusive, unencumbered property of MEC. Distributor shall maintain the MEC Equipment in good condition throughout the Term of this Agreement, ordinary wear and tear excepted. Upon termination of this Agreement Distributor shall deliver the MEC Equipment to MEC and/or its Affiliate/s at the location of such Equipment in the customers' premises. As the bona fide depository of the MEC Equipment, Distributor undertakes to take all commercially reasonable steps for the proper storage, preservation and use of the MEC Equipment for as long as such MEC Equipment remains serviceable, and shall be responsible for any failure to do so. If for any reason any of the MEC Equipment is removed and not recovered, Distributor shall be liable for all loss and damages arising from Distributor's breach of this Section 3(u). Distributor hereby agrees to pay MEC any loss or damages incurred by MEC with respect to replacing the MEC Equipment and securing the placement of the MEC Equipment. Distributor further agrees to maintain and to replace such Equipment at such reasonable intervals as are reasonably necessary, and the cost of any such Equipment shall be funded and paid for equally by MEC and Distributor in accordance with the terms of this Agreement and attached Exhibit E;

v. Use commercially reasonable good faith efforts to protect the reputation and goodwill of MEC, the Products, and the Trademarks, conduct business in a proper and businesslike manner and otherwise act in the best interests of MEC in relation to its Products, reputation and goodwill. Distributor shall not act or fail to act in any manner that would reasonably be expected to be detrimental to the brand image of MEC or the Products. Distributor shall not engage in any activities or practices, or fail to engage in activities or practices, that would reasonably be expected to impair the value of or otherwise damage the reputation or goodwill of MEC, the Products, or the Trademarks;

w. Maintain in stock at all times a reasonably sufficient quantity of each Product/s in relation to the demand from Distributor's Accounts in the Territory for at least a reasonable period based on such demand, subject to availability as provided by MEC; and

x. Promptly upon MEC's reasonable request and at MEC's expense, take such action and execute such document/s as may be necessary to assign or otherwise transfer to MEC or MEC's designee, any registrations, licenses, permits, certificates, and governmental approvals that Distributor may have acquired in connection with, and only to the extent it solely relates to, the sale of Products in the Territory, in each case subject to and to the extent permissible under applicable law.

4. Prices.

a. The prices ("Selling Price") to be paid by Distributor to MEC for the Products shall be reviewed and determined annually by MEC for the forthcoming year in its sole discretion after discussion with Distributor but shall be subject to adjustment in accordance with Section 4(c) below. The annual increases to the Selling Price will be communicated to Distributor no later than three (3) calendar months prior to implementation of price increases in a country within the Territory.

b. It is acknowledged that from time to time Distributor may be required by its customer/s to fix, for a period of up to twelve (12) months, the prices that Distributor may charge to its customer/s for certain Products. In such event, Distributor may request that MEC fix the prices to be paid by Distributor for the applicable Product/s to be resold to such customer/s. MEC shall promptly discuss such a request with Distributor in good faith and the parties will prepare and record any agreement in writing. Provided that MEC agrees to the foregoing in writing, MEC shall not adjust, for the same period that Distributor's prices are fixed, the prices to be paid by Distributor for the applicable Product/s to the extent that (i) the applicable Product/s are to be supplied by Distributor to the customer in question, and (ii) Distributor is not entitled to pass on any price adjustments to such customer. Nothing contained in this Section 4(b) shall be construed as imposing any agreement or restriction on the right of either MEC to unilaterally determine the Selling Price or the right of Distributor to unilaterally determine Distributor's own resale prices and terms of business.

c. Notwithstanding anything to the contrary contained in this Agreement, in the event of any material change in the costs associated with production of the Products (including, but not limited to, a material change in the costs of ingredients, packaging materials, energy or freight costs related to the production and shipping of Products) at any time, then MEC may adjust the Selling Price of Products to Distributor to reflect such cost increase, effective thirty (30) days after written notice from MEC to Distributor of such change. MEC shall provide reasonable supporting documentation evidencing the material change in its costs of production and delivery, if requested by Distributor.

d. All Selling Prices are exclusive of (i) any costs of carriage and insurance of the Products, and (ii) any applicable value added or any other sales or similar tax, which shall be payable by Distributor.

5. Orders. All purchase orders for Products shall be transmitted in writing or electronically, shall specify a reasonable date and time for delivery to locations in the Territory agreed upon in writing between the parties from time to time and shall be submitted with a lead time of at least ten (10) days and shall be subject to acceptance by MEC in MEC's reasonable discretion. If MEC is unable to accept an order for any reason, then MEC will use commercially reasonable efforts to equitably allocate available Products to fill orders from its distributors and customers, including Distributor. In the event of any conflict or inconsistency between the terms of this Agreement and any purchase order, the terms of this Agreement shall govern. All such purchase orders shall be deemed acceptances of MEC's offers to sell Products and shall limit acceptance by Distributor to the terms and conditions thereof.

6. Payment. MEC shall invoice Distributor on a monthly basis or other mutually agreed periodic basis in the primary currency of the Territory (Argentine Pesos). Such payment shall be made by electronic transfer to a bank account as designated by MEC, or such other bank account as may be designated by MEC, within (i) sixty (60) days of the date of the applicable invoice issued during the first nine (9) months following the Commencement Date, (ii) forty (40) days of the date of the applicable invoice issued after the expiration of the first nine (9) months following the Commencement Date, or (iii) such other period as may be agreed by MEC from time to time in writing. Distributor and MEC shall use a mutually agreeable method of electronic settlement of accounts that Distributor reasonably approves which may include ACH or Xign, Distributor's current electronic invoice presentment system. If Distributor is delinquent in payment upon presentation of invoice and remains delinquent for seven (7) days after written notice calling upon Distributor to pay, Distributor shall reimburse MEC for any costs and expenses incurred by MEC in collecting such delinquent amounts, including, without limitation, legal fees and costs including fees of collection agencies, and interest computed at the lesser of one percent (1%) per month or part thereof from the due date(s) or the maximum legally permissible rate. MEC will establish the conditions of shipment and will designate the supply point and/or alternate supply points for each of the Products, in all cases, with the previous consent of Distributor, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Title and Risk of Loss. Title and risk of loss to the Products shall pass to Distributor upon delivery of the Products to Distributor.

8. Forecast and Delivery.

a. Distributor shall provide MEC with rolling thirteen (13) week forecasts describing the volume of each SKU of Products that Distributor projects will be ordered during each thirteen (13) week period during the Term (as defined below) of this Agreement. Distributor shall submit each updated forecast monthly in a format reasonably acceptable to MEC and Distributor no later than the first day of each month during the Term.

b. Unless otherwise agreed in writing by the parties to this Agreement, the Products will be tendered by MEC for delivery to Distributor in full truckload quantities of particular Product lines and extensions but without combining different Product lines in the same truckloads. By way of example, Monster Green (i.e. Monster's original product) and its extensions and Java Monster and its extensions are different particular Product lines. Subject to Distributor providing MEC forecasts in accordance with Section 8 (a) above, MEC agrees to use commercially reasonable good faith efforts to deliver Products to Distributor within thirty (30) days of receipt by MEC of the applicable purchase orders for Products in compliance with Sections 5 and 8(a) above to (i) Distributor, in the case of Products delivered from the point of manufacture to Distributor by ground transportation, and (ii) the shipper, in the case of delivery of the Products to Distributor which involves shipment by sea. MEC shall deliver to Distributor Products with at least six (6) months or fifty percent (50%) of each Product's shelf life remaining at the time of delivery or such other period as may be agreed to between MEC and Distributor with respect to any specific Products. Notwithstanding the foregoing, Distributor acknowledges that delivery dates set forth in purchase orders for Products accepted by MEC are merely approximate and that MEC shall have no liability for late deliveries, except only for fines, penalties and assessments imposed by Distributor's customers and actually paid by Distributor which arise solely and directly as a result of MEC's failure to comply with its obligations under this Section 8.

9. Trademarks.

a. Distributor acknowledges the respective exclusive right, title, and interest in and to the Trademarks and trade names of MEC and/or its Affiliates, whether or not registered, patents, patent applications, and all rights in inventions (whether or not patentable) (collectively, "Patents"), copyrights and copyrightable material (collectively, "Copyrights") and trade secrets and know-how (collectively, "Know-How") which MEC and/or its Affiliates may have at any time created, adopted, used, registered, or been issued in the United States of America, the Territory or in any other location in connection with MEC's business or the Products and Distributor shall not do, or cause or permit to be done, any acts or things contesting or in any way impairing or tending to impair any portion of MEC's right, title, and interest in and to the Trademarks, trade names, Patents, Copyrights, and Know-How. Any approval by MEC for Distributor to use any Trademarks, trade names, Patents, Copyrights, trade secrets and Know-How in connection with the distribution and sale of the Products shall be a mere temporary permission, uncoupled with any right or interest, and without payment of any fee or royalty charge for such use.

b. Distributor shall not use any trademark, name, brand name, logo or other production designation or symbol in connection with Products other than the Trademarks, subject to the terms of this Section 9. It will not be a breach of this Section for the Products to be delivered by Distributor in vehicles, or using employees, agents, assigns or sub-distributors wearing clothing, displaying any other trademark, name, brand name, logo or other products designation or symbol. Distributor acknowledges that it has no right or interest in the Trademarks (except as expressly permitted hereunder) and that any use by Distributor of the Trademarks will inure solely to MEC's benefit. Distributor may only use the Trademarks in strict accordance with MEC's policies and instructions, and MEC reserves the right, from time to time and at any time, at its discretion, to modify such policies and instructions then in effect.

c. Any proposed use by Distributor of the Trademarks (to the extent that it either has not been previously approved by MEC in writing or differs materially from a use previously approved by MEC in writing) shall be subject to the prior written consent of MEC, which MEC may withhold in its sole and absolute discretion. Distributor shall submit to MEC in writing each different proposed use of the Trademarks in any medium.

d. Distributor shall not at any time alter the Trademarks or the packaging of Products, use the Trademarks for any purpose other than the promotion, advertising and sale of Products hereunder, or challenge the validity, or do or refrain from doing any act which might result in impairment of the value, of the Trademarks. Distributor shall not cause or permit its business name to include any of the Trademarks or its business to be operated in a manner which is substantially associated with any of the Trademarks.

e. In advertising, promotions or in any other manner so as to identify Products, Distributor shall clearly indicate MEC's ownership of the Trademarks. Distributor further agrees that before distributing or publishing any sales literature, promotional or descriptive materials, MEC shall have the right, upon request, to inspect, edit and approve such materials which illustrate, describe or discuss the Products. Distributor shall comply with any Trademark usage guidelines that MEC provides to it in writing.

f. Upon the termination of this Agreement, the temporary permission granted under sub- Section 9(a) above will terminate and Distributor shall immediately cease and desist from any use of the Trademarks and any names, marks, logos or symbols similar thereto and the use of any Patents, Copyrights and Know-How.

g. Distributor shall (i) notify MEC of any actual or suspected misuse or infringement of any Trademark, brand name, logo or other production designation or symbol in the Territory, (ii) at MEC's expense and upon MEC's request, assist in such legal proceedings as MEC will deem necessary for the safeguard of any Trademark, brand name, logo or other production designation or symbol in the Territory, and execute and deliver in accordance with MEC's request such documents and instruments as may be necessary or appropriate in the conduct of such proceedings, and (iii) at MEC's expense, assist MEC in the registration and/or renewal of registration of any Trademark, brand name, logo or other production designation or symbol in the Territory as MEC may determine to be necessary or desirable, and execute such documents and instruments as may be necessary to register or to apply for the registration (or registration renewal) of such Trademark, brand name, logo or other production designation or symbol.

h. Distributor shall not acquire or attempt to acquire, for itself or for others, any rights in or to the Patents, Copyrights, Know-How, Trademarks, or any names, marks, logos or symbols confusingly similar thereto, either through registration or use. All rights granted to Distributor concerning the Trademarks, Patents, Copyrights, and Know-How are personal to Distributor, and are not assignable (except in accordance with Section 23) or sublicensable (except to a sub-distributor in accordance with Section 2(a)). Subject to Distributor's rights under Sections 2 and 23, Distributor shall not grant or attempt to grant any rights in or to the Trademarks, Patents, Copyrights, and Know-How to any other Person.

i. If during the Term a third party institutes against MEC or Distributor any claim or proceeding that alleges that the use of any Trademark or any Know-How, Patent, trade secret or Copyright in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement infringes the intellectual property rights held by such third party, then MEC shall, in its sole discretion, and at its sole expense, contest, settle, and/or assume direction and control of the defense or settlement of, such action, including all necessary appeals thereunder. Distributor shall use all reasonable efforts to assist and cooperate with MEC in such action, subject to MEC reimbursing Distributor for any reasonable out-of-pocket expenses incurred by Distributor in connection with such assistance and cooperation. If, as a result of any such action, a judgment is entered by a court of competent jurisdiction, or settlement is entered by MEC, such that any Know- How, Patent, trade secret, Copyright or Trademark cannot be used in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement without infringing upon the intellectual property rights of such third party, then MEC and Distributor promptly shall cease using such affected Know-How, Patent, trade secret Copyright or Trademark in connection with the distribution, marketing, promotion, merchandising and/or sale of the Products under this Agreement. Except as otherwise specified in this Agreement, neither party shall incur any liability or obligation to the other party arising from any such cessation of the use of the affected Trademark.

j. If MEC, for the purposes of this Agreement, should reasonably require that, in accordance with applicable laws governing the registration and licensing of intellectual property, Distributor be recorded as a registered user or licensee of the Trademarks then, at the request and expense of MEC, Distributor will execute any and all agreements and such other documents as may be necessary for the purpose of entering, varying or canceling the recordation.

10. Promotion and Trade Marketing of Products**.** Distributor shall be responsible for promotion and Marketing of the Products to Distributor's Accounts within the Territory. Distributor shall use commercially reasonable efforts to actively and diligently distribute and encourage the utilization of merchandising aids and promotional materials in all Distributor's Accounts throughout the Territory. Without in any way detracting from the foregoing, Distributor shall reasonably participate in and diligently implement all Marketing and promotional programs that are mutually agreed upon by MEC and Distributor from time to time. Distributor acknowledges that (a) MEC has no obligation to market and promote the Products, and (b) MEC makes no, and hereby disclaims any, express or implied warranty, representation, or covenant relating to or in connection with MEC's marketing and promotional activities including any Global Branding and Marketing activities (as defined in Section 13(a) below), including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as expressly provided in Section 19 below, Distributor shall have no claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and/or liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

11. Term. Unless terminated by either party pursuant to the terms of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall end on the tenth (10th) anniversary of the Commencement Date (the "Initial Term"). After the Initial Term, this Agreement shall be renewed automatically for up to two (2) further successive five (5) year terms ("Additional Term/s") unless either party gives written notice to the other at least one hundred twenty (120) days prior to the end of the Initial Term or applicable Additional Term, as the case may be, of its intention not to renew the Agreement for an Additional Term, and providing the provisions of Sections 2(a), 2(b) and 21 of this Agreement are valid and enforceable in accordance with their respective terms during the applicable Additional Term. If MEC reasonably determines that it is necessary or desirable that the parties enter into an additional agreement or instrument in order for the provisions of Sections 2(a), 2(b) and 21 to be valid and enforceable, then the parties agree to execute such documents as may reasonably be required to give effect to the foregoing. A "Contract Year" means any calendar year during the Term and the period from the Commencement Date until the close of business on December 31st of the calendar year in which the Commencement Date falls. The Initial Term and any Additional Terms are collectively referred to as the "Term".

12. Termination.

a. Termination for Cause.

i. Termination By Either Party. Without prejudice to its other rights and remedies under this Agreement and those rights and remedies otherwise available in equity or at law, either party may terminate this Agreement on the occurrence of one or more of the following:

A. Breach. A party's material breach of a provision of this Agreement and failure to cure such breach within thirty (30) days after receiving written notice describing such breach in reasonable detail from the non-breaching party; provided, however, if such breach is of a nature that it cannot reasonably be cured within thirty (30) days, then the breaching party shall have an additional forty-five (45) day period to cure such breach, providing it immediately commences, and thereafter diligently prosecutes, in good faith, its Best Efforts to cure such breach. In the event that either MEC or Distributor exercises its right to terminate this Agreement in accordance with this Section 12(a)(i)(A), the breaching party shall be obligated to pay the other party a severance payment measured as a genuine pre-estimate of the other party's losses and not as a penalty (the "Breach Severance Payment") in the amount calculated as follows: Distributor's "average gross profit per case" (as defined below) multiplied by the number of cases of Products sold by Distributor during the most recently completed twelve (12) month period ended on the last day of the month preceding the month in which this Agreement is terminated. Distributor's "average gross profit per case" shall mean Distributor's actual selling price less (1) promotion allowances, discounts, free cases and allowance programs, and (2) Distributor's laid in cost of the Products.

B. Insolvency. The other party (1) makes any general arrangement or assignment for the benefit of creditors, (2) becomes bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. § 101, or any successor statute (unless such petition is dismissed within sixty (60) days after its original filing), (3) has appointed a trustee or receiver to take possession of substantially all of such party's assets or interest in this Agreement (unless possession is restored to such party within sixty (60) days after such taking), or (4) has substantially all of such party's assets or interest in this Agreement (unless such attachment, execution or judicial seizure is discharged within sixty (60) days after such attachment, execution or judicial seizure) attached, executed, or judicially seized.

C. Agreement. Mutual written agreement of the parties.

D. Deadlock.

(1) If (a) the parties are unable to agree upon Performance Targets, the Annual Business Plan or Minimum Distribution Levels, or (b) if Distributor has failed to achieve the applicable Performance Targets, Annual Business Plan or Minimum Distribution Levels or fails to comply with any specific requirements of Distributor under this Agreement, including Section 3 (Distributor's Duties), Section 10 (Promotion and Trade Marketing of Products), Section 13(f) (sales velocity), and Section 13(g) (promotional activities), in any material respect, commencing with the 2017 Contract Year in accordance with Sections 13(b), 13(c) and 13(d) respectively, (clauses (a) and (b) above, collectively referred to as a "Deadlock") then either party may, at any time after providing the other party with written notice identifying the specific issues resulting in the Deadlock and making a good faith attempt to resolve the Deadlock with the other party, but not more than three (3) times per twelve (12) month period, upon written notice to the other party (the "Meet and Confer Notice"), require that representatives of the other party's senior management meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by the parties. Such meet and confer shall begin no later than seven (7) days after the other

party's receipt of such Meet and Confer Notice and shall end no later than fifteen (15) days after the other party's receipt of such Meet and Confer Notice (the "Initial Meeting Period"). Representatives of the parties' senior management shall meet and confer during such Initial Meeting Period until (x) resolution of the Deadlock to the parties' mutual satisfaction or (y) conclusion of the Initial Meeting Period, whichever occurs first.

(2) If the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) above, then either party may, at any time after the Initial Meeting Period, upon written notice to the other party and to KO (the "Second Meet and Confer Notice"), require representatives of the other party's senior management and representatives of management of the applicable KO business unit (and/or at MEC's reasonable request, such other representative of senior management of KO), to meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by MEC, Distributor and KO (including via videoconference or teleconference). Such meet and confer shall begin no later than seven (7) days after the other party's and KO's receipt of such Second Meet and Confer Notice and shall end no later than twenty-one (21) days after the other party's and KO's receipt of such Second Meet and Confer Notice (the "Second Meeting Period"). Representatives of the parties' and the applicable KO business unit's senior management (and/or at MEC's reasonable request, such other representative of senior management of KO), shall meet and confer during such Second Meeting Period until (x) resolution of the Deadlock to the parties' and KO's satisfaction or (y) conclusion of the Second Meeting Period, whichever occurs first. For the avoidance of doubt and without limiting Section 12(a)(i)(D)(5) below, in the event that, after KO's receipt of the Second Meet and Confer Notice, such representative of KO's applicable business unit does not participate in accordance with the foregoing, MEC shall have the option of waiving such requirement that such KO representative participate and proceeding with the Second Meeting Period without a KO representative.

(3) If, after the Second Meeting Period, the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) and Section 12(a)(i)(D)(2) above, then the Deadlock shall be resolved by reference as follows:

(x) Reference proceedings may be commenced by either party by giving the other party written notice thereof. Any such reference shall take place before a single referee only in New York, New York or via videoconference or teleconference. The referee shall be an experienced industry expert selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

(y) The Deadlock shall be submitted to the referee within ten (10) days after the referee is appointed. No discovery will be permitted and no hearing will be held, except such informal proceedings as the referee may require. Each party shall submit to the referee and the other party within such ten (10) day period such written information and statements as that party deems appropriate in support of its claim not exceeding five (5) pages in length (excluding exhibits), together with such information as the referee may require. Each party shall concurrently submit to the referee and exchange with each other its last and best position with respect to each separate issue subject to Deadlock ("Position") to resolve the Deadlock. Within fourteen (14) days of the date that the parties were required to submit their respective written submissions, the referee shall select one of the two written Positions submitted with respect to each separate issue subject to Deadlock, without change or modification.

(z) Each party shall pay one-half of the referee's fees and otherwise bear its own costs associated with the reference proceeding; provided, that the party whose Position is not selected by the referee (the "Non-Prevailing Party") shall not be obligated to reimburse the party whose position was selected by the referee (the "Prevailing Party") for the referee's fees and costs relating to the proceeding paid by such party.

(4) The Non-Prevailing Party shall have no right to terminate this Agreement or seek any other remedy with respect to the issue for which it was the Non-Prevailing Party, and the Position selected by the referee shall be binding upon the parties.

(5) Notwithstanding anything to the contrary contained in this Section 12(a)(i)(D), the parties acknowledge and agree that:

(x) the failure of KO or its applicable business unit's senior management to attend or participate in, or otherwise perform, all or any of the duties, functions or activities described above will not affect the validity or enforceability of any part or result of the procedure in this Section 12(a)(i)(D).

(y) If either party is the Prevailing Party two consecutive times in any twelve (12) month period for any issue resulting in a Deadlock, then, after providing at least five (5) days written notice to KO, with a copy to KO's Chief Executive Officer and Chief Financial Officer, of MEC's intention to terminate this Agreement (if MEC is the Prevailing Party), such Prevailing Party shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party; provided that if MEC is such terminating party, MEC shall pay Distributor a Breach Severance Payment (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(z) If the Non-Prevailing Party materially fails to comply with the Position selected by the referee within a sixty (60) day period (or, if the Non-Prevailing Party cannot reasonably comply with such Position within such sixty (60) days, an extended period of no longer than an additional four (4) months) following such selection, then, after providing at least five (5) days written notice to KO (with a copy to KO's Chief Executive Officer and Chief Financial Officer) of the Prevailing Party's intention to terminate this Agreement, the Prevailing Party may, without prejudice to any other rights or remedies available to it under this Agreement or applicable law, give notice of such breach in accordance with, and thereafter invoke the remedy provided under, Section 12(a)(i)(A) above; provided that neither party shall be required to pay a Breach Severance Payment in such event (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12 (a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(6) Nothing contained in this Section 12(a)(i)(D) shall be construed as limiting, restricting or delaying either party's ability to exercise its rights and/or remedies under Section 12(a)(i)(A) above.

ii. Termination by MEC. MEC may terminate this Agreement at any time:

A. Upon written notice, and such termination will be effective immediately upon Distributor's receipt of such notice, (x) if Distributor sells, assigns, delegates or transfers any of its rights and obligations under this Agreement without having obtained MEC's prior written consent thereto (which consent may be withheld in MEC's sole discretion), provided that MEC shall not withhold its consent if such sale, assignment, delegation or transfer is (1) to a Primary KO Distributor (as defined below), (2) to KO or an Affiliate of KO or an Affiliate of Distributor, or (3) a result of an Approved Change of Control (as defined below), or (y) if there is any material change in the control of Distributor or Distributor sells all or substantially all of its assets without the prior written consent of MEC, other than if such material change in control or sale is (1) to a Primary KO Distributor, (2) to KO or an Affiliate of KO, or (3) to any Person to the extent Distributor remains a Primary KO Distributor. "Primary KO Distributor" means a KO Distributor holding the exclusive right to distribute (or that otherwise is the primary distributor of) Coca-Cola brand products in an applicable territory. "Approved Change of Control" means any change of control of Distributor or sale of all or substantially all of Distributor's assets that is consented to by MEC or for which MEC's consent is not required hereunder.

B. Upon the occurrence of an MEC Change of Control (as defined in the International Distribution Coordination Agreement), MEC shall have the option to terminate (1) this Agreement in its entirety (a "Complete Termination") or (2) if the Territory comprises more than one market, Distributor's right to sell Products in a portion of the Territory (a "Partial Territory Termination"), which option may be exercised within sixty (60) days of the occurrence of such MEC Change of Control, by written notice by MEC to Distributor. Any such termination shall be effective upon Distributor's receipt of MEC's written notice of termination. MEC's right to terminate this Agreement under this Section 12(a)(ii)(B) shall be MEC's sole right to terminate this Agreement for an MEC Change of Control and independent of any other rights or remedies of MEC under this Agreement.

(x) In the event of a Complete Termination, MEC or its successor, as the case may be, shall pay to Distributor an amount equal to a Breach Severance Payment calculated in accordance with Section 12(a)(i)(A) above (the "Product Severance Payment").

(y) In the event of a Partial Territory Termination, MEC or its successor, as the case may be, shall pay to Distributor a severance payment with respect to the Products which are the subject of the termination, calculated on the same basis as the Breach Severance Payment in accordance with Section 12(a)(i)(A) above, but only with respect to that portion of the Territory which is the subject of the Partial Territory Termination (the "Territory Severance Payment").

(z) Any Product Severance Payment or Territory Severance Payment payable by MEC to Distributor in accordance with Section 12(a)(ii)(B)(x) or 12(a)(ii)(B)(y) shall be paid by MEC to Distributor within thirty (30) days of the later of (I) the date of the applicable termination, and (II) MEC's receipt of all information reasonably necessary to support computation of the Product Severance Payment or Territory Severance Payment, as the case may be, in a form and substance satisfactory to MEC.

iii. [INTENTIONALLY OMITTED]

iv. Termination Upon the Occurrence of Certain Changes. If, after the Effective Date, a change in legal or regulatory conditions in the Territory occurs including, without limitation, any change in any applicable law, regulation or order, or the interpretation of any law, regulation or order in the Territory which has had or would be reasonably expected to (A) have a material adverse effect on the business of distributing Products in that Territory, (B) prevent Distributor from legally obtaining foreign exchange to remit abroad payment for the Products; or (C) result in any part of this Agreement ceasing 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 provisions of this Agreement cannot be legally performed and/or the Products cannot be stored, transported, handled, distributed or sold in accordance with this Agreement, either party may, upon written notice, suspend or terminate the parties' respective rights and obligations under this Agreement solely with respect to (1) the affected Products in the Territory, or, (2) to the extent such change and conditions affects the business of distribution of all or substantially all of the Products in the Territory, all Products in the affected portion of the Territory without liability for damages; provided that neither MEC nor any of its Affiliates shall be permitted to sell any such Products subject to suspension or termination in the affected Territory without first providing Distributor the option to remove the cause for such suspension or re-enter into the Agreement with respect to such Products and Territory. In the event of any such suspension that materially adversely effects Distributor's benefits or obligations hereunder, Distributor shall have the option to terminate this Agreement in its entirety upon written notice to MEC.

b. Optional Termination. MEC shall have the right to terminate this Agreement upon written notice to Distributor (i) in the event of termination or expiration of the International Distribution Coordination Agreement pursuant to and in accordance with its terms and/or (ii) if Distributor is no longer a party to any agreement with KO regarding the distribution of Coca-Cola brand products in the Territory. Neither KO, MEC nor Distributor shall be liable to any other party or otherwise obligated to pay to any other party any severance payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of this Agreement, other than any fees required to be paid by MEL pursuant to the International Distribution Coordination Agreement.

c. International Distribution Coordination Agreement. Notwithstanding anything to the contrary herein, MEC shall not have the right to terminate this Agreement with respect to any action or circumstance approved by MEL pursuant to Section 4.8 of the International Distribution Coordination Agreement, unless KO consents to such termination in writing in advance.

d. Sole Remedy.

i. The Breach Severance Payment, Product Severance Payment and/or the Territory Severance Payment payable by MEC to Distributor, pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute Distributor's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that Distributor may have against MEC as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall MEC be liable to Distributor by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of Distributor or in reliance on the existence of this Agreement.

ii. The Breach Severance Payment payable by Distributor to MEC pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute MEC's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that MEC may have against Distributor as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall Distributor be liable to MEC by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of MEC or in reliance on the existence of this Agreement.

e. Other Terms Pertaining to Termination. In the event of the termination of this Agreement for any reason whatsoever (and whether such termination is due to the breach of any of the provisions of this Agreement by any party and/or itself is in breach of the Agreement or otherwise):

i. MEC shall have the right to cancel all of Distributor's purchase orders for affected Products accepted but remaining unfilled as of the date of termination;

ii. All amounts payable by Distributor to MEC or by MEC to Distributor shall be accelerated and shall immediately become due unless such termination results from the other's breach of this Agreement;

iii. Except for the sole remedy provisions in Sections 12(d)(i) and (ii), neither party shall be liable to the other party in contract, tort or on any other theory of liability for any damage, loss, cost or expense (whether general, special, indirect, incidental, consequential or punitive) suffered, incurred or claimed by the other party as a result of or related to such breach and/or termination (even if the termination results from a breach and the breaching party has been advised of the possibility of such damages), including, without limitation, loss of anticipated profits or goodwill, loss of or damage to goodwill or business reputation or any loss of investments or payments made by either party in anticipation of performing under this Agreement;

iv. MEC and Distributor shall each have the option, exercisable upon written notice to the other within thirty (30) days after the date of termination hereof, to cause MEC to (A) repurchase all affected Products in Distributor's inventory and current advertising materials (providing such Products and advertising materials are in saleable condition) at the prices paid or payable for such Products by Distributor (less any freight and insurance charges), F.O.B., Distributor's premises and (B) purchase all of Distributor's right, title and interest in, and all applicable rights in, related to, or associated with, all MEC Equipment and the placement or location of such MEC Equipment at all Distributor's customers' locations or premises by Distributor at the fair market value of Distributor's interest, if any, in each such item of MEC Equipment with no amount or compensation allocated to, or payable for, the maintenance, placement or location of the MEC Equipment;

v. Any Breach Severance Payment, Product Severance Payment, or Territory Severance Payment (each, a "Severance Payment") payable in accordance with this Agreement by either MEC or Distributor in the event of termination of this Agreement shall constitute reasonable liquidated damages and is not intended as a forfeiture or penalty. MEC and Distributor agree that it would be impractical and extremely difficult to estimate the total detriment suffered by either party as a result of termination of this Agreement pursuant to this Section 12 or otherwise, and that under the circumstances existing as of the Effective Date, the applicable Severance Payment represents a reasonable estimate of the damages which either MEC or Distributor will incur as a result of such applicable termination. Therefore, MEC and Distributor agree that a reasonable estimate of the total detriment that either party would suffer in the event of termination of this Agreement pursuant to this Section 12 or otherwise is an amount equal to the applicable Severance Payment. The foregoing provision shall not waive or affect either party's indemnity obligations or the parties' respective rights to enforce those indemnity obligations under this Agreement, or waive or affect either party's obligations with respect to any other provision of this Agreement which by its terms survives the termination of this Agreement;

vi. Distributor acknowledges and agrees that the payment of any Severance Payment by MEC to Distributor shall be conditional upon (A) Distributor cooperating in good faith with MEC in effecting a smooth transition of or otherwise transferring any distribution or similar rights under this Agreement to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor appointed by MEC, provided that MEC may only withhold payment of such Severance Payment if Distributor materially fails to comply with specific requests of MEC to take actions that are reasonably required to effect such transition and would not impose material costs on Distributor (except to the extent MEC reimburses the same), (B) Distributor, at MEC's request and expense, taking such reasonable action as is necessary to terminate Distributor's registration as MEC's distributor, and/or an authorized importer of Products and/or holder of any health certificate and/or import permit with respect to the Products, with any Governmental Entity, in each case subject to applicable law and (C) Distributor performing its obligations under Section 12(g)(i) below in all material respects. Distributor shall cooperate in good faith with MEC in assigning or otherwise transferring to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor, any such registration or approval including, without limitation, any licenses, permits, certificates, and governmental approvals (or the functional equivalent in the Territory) that Distributor may have acquired in connection with carrying out its obligations under this Agreement. MEC shall not invoke the right to withhold payment of any Severance Payment unless MEC shall have given Distributor at least twenty (20) days written notice of its failure to perform any of its obligations set forth in this Section 12(e)(vi) and Distributor has failed to cure such failure during such twenty (20) days; and

vii. Upon any notice of termination of this Agreement provided in accordance with the terms hereof and during the applicable notice period, nothing in this Agreement shall be deemed to prohibit MEC, in its sole discretion from negotiating and/or granting distribution rights to any third party or engage directly in transactions concerning the sale and distribution of the Products in the Territory.

f. Continued Supply of Products After Termination. In the event MEC continues to supply Products to Distributor for any reason following the termination of this Agreement, Distributor acknowledges and agrees that any such action shall not constitute a waiver of MEC's rights under this Agreement or a reinstatement, renewal or continuation of the Term of this Agreement. MEC and Distributor agree that if MEC continues to supply Products to Distributor following the termination of this Agreement, (i) Distributor shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, (ii) Distributor shall promptly pay the prices of the Products in full (without deduction or set-off for any reason) in accordance with the payment terms set forth in MEC's invoice, and (iii) MEC shall have the right, in its sole discretion, to discontinue supplying Products to Distributor at any time, without notice to Distributor.

g. Distributor's Obligations After Notice of Termination.

i. During any period after either party gives the other notice of termination of this Agreement and until actual termination of this Agreement, Distributor shall (A) continue to perform all of Distributor's obligations under this Agreement, including without limitation, all of Distributor's obligations under Section 3 above, (B) not cause or permit the Products or the Trademarks to be prejudiced in any manner, (C) not eliminate, reduce or replace the listings, shelf space, positioning and/or other benefits enjoyed by the Products, (D) continue to conduct its business relating to the distribution and sale of Products in the ordinary course and consistent with its prior practices including, without limitation, by not purchasing more inventory than customarily purchased by Distributor of Products or offering its customers prices, terms or benefits not customarily offered by Distributor such as discounts, rebates or sales promotion allowances (except to the extent permitted hereunder), and (E) generally cooperate with MEC in relation to the transition to any new distributor appointed by MEC for the Territory.

ii. For a period of thirty (30) days after termination of this Agreement for any reason, Distributor shall not tortiously interfere with any listings, shelf space, or positioning for the Products.

13. Annual Business Plan; Minimum Distribution Levels; Promotion.

a. During the Term, MEC shall have primary responsibility for the overall global branding and positioning of the Products, as well as brand and image Marketing for the Products, in such form and manner and of such nature and to such extent as may be determined by MEC in its sole and absolute discretion from time to time ("Global Branding and Marketing"). Distributor acknowledges and agrees that MEC makes no express or implied warranty, representation or covenant relating to or in connection with any Global Branding and Marketing activities, including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as set forth in Section 19 below, Distributor shall not have any claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

b. Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, Distributor's efforts to achieve sales and its results, including year over year performance, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and/or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity) SKU/s of Products but in accordance with and subject to the provisions of Section 13(f) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share as well as cooler and vending machine programs and plans. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(f) above.

c. Not less than sixty (60) days before the end of the then-current Contract Year, MEC and Distributor shall mutually agree, in writing, on minimum distribution levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year (the "Minimum Distribution Levels"). Should the parties have failed, for whatsoever reason, to mutually agree upon the Minimum Distribution Levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year, the same shall be determined by reference to the process described in Section 12(a)(i)(D) above. The parties shall perform all of their respective obligations under this Section except that Distributor shall not be obligated to achieve and maintain the Minimum Distribution Levels until the expiration of the six (6) month period immediately following the Commencement Date of this Agreement. A commercially reasonable representation of SKUs of Products shall be required to be in distribution throughout the year in reasonable positioning on shelves, which shall take into account retailer willingness to sell all of the SKUs of Products, shelf space limitations and other commercially reasonable factors that may be applicable in the market.

d. MEC and Distributor shall also agree in writing to performance targets to be achieved and maintained by Distributor for the forthcoming calendar year of this Agreement (collectively, the "Performance Targets"). For the avoidance of doubt, Performance Targets will not include sales volume or value requirements and the failure to achieve sales volume and/or sales value requirements shall not constitute a breach of this Agreement nor an issue subject to adjudication under Section 12(a)(i)(D).

e. The Minimum Distribution Levels for the Products that shall be required to be achieved and maintained by Distributor for the Products shall be reduced to the extent only that actual distribution levels are eroded as a direct result of (i) MEC's failure to deliver Products in accordance with this Agreement, (ii) MEC's failure to reimburse all costs pursuant to Section 13(g)(iv) below or (iii) MEC's failure to contribute its agreed share of the parties funding obligation as set forth in Section 13(g)(iii).

f. In every calendar year commencing 2017, the parties agree to periodically meet in order to discuss performance of the lowest selling SKU/s of Products and to delete from distribution in the Territory any SKU/s the parties mutually agree in writing, provided that MEC will not unreasonably withhold its approval to the deletion of any applicable SKU/s. MEC may withhold its approval to deletion of any SKU/s if any applicable SKU/s has/have sufficient sales velocity or is or are capable of delivering sufficient sales velocity in any one or more of Distributor's Accounts or any one or more regions or countries, as the case may be, to make such SKU/s economically viable to continue in distribution in such one or more of Distributor's Accounts or in any one or more regions or countries, as the case may be. Notwithstanding the foregoing, unless mutually agreed in writing, in no event shall more than ten percent (10%) of the total number of SKUs, rounded down to the nearest whole number (unless ten percent (10%) of the total number of SKUs is less than one (1) but more than 0.5, in which case the number will be rounded up to one (1)), be deleted from distribution in any rolling twelve (12) month period.

g. Promotional activities shall be regulated as follows:

i. The estimated costs of promotional activities shall be allocated as set forth in Exhibit E between MEC and Distributor thirty (30) days prior to the commencement of a calendar year on a cost per-case basis of Products.

ii. The promotional activities costs are to be shared between Distributor and MEC as set forth in Exhibit E. The parties agree that the costs for the promotional activities shall be reconciled each quarter and that the estimate for the costs of promotional activities in the subsequent quarter may be adjusted provided there is mutual agreement.

iii. MEC and Distributor shall periodically meet and may mutually agree to promotional activities including further programs and campaigns not included in the promotional activities contemplated in Exhibit E. The promotional activities costs that are so agreed to between the parties shall be shared between, and paid by, Distributor and MEC as may be agreed in writing from time to time.

iv. If and to the extent previously approved by MEC in writing, MEC shall reimburse or credit Distributor for all of Distributor's actual out-of-pocket expenses paid or incurred by Distributor in relation to the promotional and trade marketing of Products not otherwise provided for and/or dealt with pursuant to Section 13(g)(i), (ii) and (iii) above.

v. Distributor shall continue its business in the ordinary course including the provision, utilization, and maintenance of coolers, other refrigeration equipment, and vending machines (including without limitation as provided in Section 3 (t) above). Distributor shall be responsible for creating marketing materials for submission to MEC for its final written approval. Distributor shall not use marketing materials unless approved by MEC in writing; provided that if MEC does not notify Distributor that it objects to any suggested marketing materials within fifteen (15) days after receipt of such materials from Distributor, MEC shall be deemed to have approved such suggested marketing materials.

14. Distribution Accounts and MMM Accounts.

a. Distributor and its sub-distributors shall have the primary (except as specified in Exhibit C) relationship with retail and other customers throughout the Territory and shall be responsible for negotiating the terms of sale of the Products within the Territory; provided that without detracting from the foregoing, MEC may, in its sole and absolute discretion, elect to exercise the right to assume some or all of the elements in the primary relationship with any Large Accounts. For the purposes of this Agreement, "Large Account" mean any large accounts having multiple outlets within the Territory, which may include MMM Accounts. Such rights shall include, without limitation, the right to provide input to Distributor and its sub-distributors regarding sales strategy and other matters as well as to provide sales, marketing, promotional and merchandising support and programs to retail and other customers as well as the right to meet directly with and make presentations to retail and other customers within the Territory as may be appropriate from time to time; and provided further that MEC will advise Distributor of such meetings beforehand to the extent practicable and Distributor shall be entitled to accompany MEC to the meetings. Additionally, MEC may (i) accompany, assist and support Distributor and/or its sub-distributors from time to time on sales calls to Distributor Accounts in the Territory and to make independent calls on Large Accounts, (ii) to the extent KO extends an invite to MEC with respect to specific system-wide KO bottler meetings that relate in any part to Energy Drinks, attend such part of such meetings relating to Energy Drinks, and (iii) arrange, coordinate and administer a sales trip incentive program at least once per year. For the sake of clarity, MEC shall not offer or agree terms of supply and/or terms of sale of the Products within the Territory to any of Distributor's Accounts without the prior agreement of Distributor (subject to Section 14(c) below), which agreement will not be unreasonably withheld.

b. MEC shall have the right to attend and participate in regular performance review meetings with Distributor to facilitate efficient marketing and distribution of Products. Without detracting from the foregoing, Distributor will not oppose any additional actions the adoption of which are considered by MEC as necessary and justified in order to protect and improve the sales and distribution system for the Products, including, but not limited to those actions which might be adopted concerning the supply of large or special customers whose field of activity transcends the boundaries of the Territory.

c. "MMM Accounts" shall mean multi-market major accounts having multiple outlets in one or more market/s and/or country/ies in any territories for which Distributor has distribution rights for the applicable Products and/or having multiple outlets in one or more market/s and/or country/ies outside of the territories in which Distributor has distribution rights for the applicable Products. The parties recognize that it is in their respective interests to work together to formulate the approach to be followed by them jointly or separately with various customers and/or channels of trade, including MMM Accounts, from time to time, both to take advantage of a coordinated approach and to avoid the negative impact of a lack of coordination. MEC and Distributor therefore agree that an aligned customer/channel approach is a key part of each Annual Business Plan and that they will engage in regular communication to adopt such plans as well as to deal with further opportunities that may arise from time to time during each calendar year, so as to avoid either party acting in an uncoordinated way towards customers. Subject to Section 14(a) above, if MEC deems it desirable for Products to be sold to any MMM Account, MEC shall be entitled, in its discretion, to make arrangements directly with such MMM Account including the terms of sale of Products to the MMM Account and the MMM Pricing (as defined below), which shall take into account the prices and funding then offered by Distributor and its sub-distributors to MMM Accounts and similar categories of customers, in the Territory. Notwithstanding anything to the contrary herein, MEC shall be entitled to determine the business relationship with MMM Accounts, including, without limitation, the pricing offered to such MMM Accounts, which may be single pricing, multiple pricing or different pricing for (a) different customers in different territories or markets, or parts of different territories or markets, (b) the same customer in the same territory or market, or parts of such territory or market and/or (c) the same customer in different territories or markets, or parts of such territories or markets (the "MMM Pricing"). To the extent feasible, MEC will consult with Distributor with respect to the MMM Pricing. MEC shall use commercially reasonable efforts to arrange for all outlets of any such MMM Account within the Territory to be serviced by Distributor and/or its sub-distributors and for delivery of the Products and other arrangements with regard thereto, to be made directly by Distributor and its sub-distributors or their warehouse system. Notwithstanding the foregoing, should the MMM Account concerned not agree to its outlets within the Territory being serviced by Distributor or should Distributor elect not to service such outlets, MEC shall be entitled to service the outlets directly. In the event MEC services the outlets directly, MEC shall bear sole liability and responsibility related to such MMM Account and MEC shall pay to Distributor, during the period that MEC services such outlets directly, an amount equal to twenty- five percent (25%) of Distributor's "average gross profit per case" per Product case SKU sold to and calculated with respect to MMM Accounts in the channel in question but otherwise in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the outlets concerned (but only on the excess of the amount by which the aggregate cases of such Product case SKU/s sold to such outlets in the Territory during each Contract Year exceeds the number of cases set forth on Exhibit F or the number of cases reduced pro rata for any period of less than one year), within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the outlets during any period shall be the actual number of cases reasonably determined by MEC, or if not determined by MEC then as determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such MMM Account or regional division of such MMM Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of outlets within the Territory and the denominator of which shall be the total number of outlets that the MMM Account has anywhere in the world participating in the applicable program.

15. Exclusion of Damages.

a. EXCEPT FOR DAMAGES DIRECTLY RESULTING FROM INDEMNITY OBLIGATIONS PROVIDED IN SECTION 19, WITHOUT IN ANY WAY DETRACTING FROM OR LIMITING THE PROVISIONS OF SECTIONS 12(d), 12(e)(iii) AND/OR 12(e)(v) ABOVE AND, IN ADDITION THERETO, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, LOSS OF GOODWILL, BUSINESS INTERRUPTION, LOSS OF BUSINESS OPPORTUNITY, OR ANY OTHER PECUNIARY LOSS) SUFFERED BY THE OTHER RELATED TO OR ARISING OUT OF THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND/OR THE USE OF OR INABILITY TO USE OR SELL THE PRODUCTS, AND/OR FROM ANY OTHER CAUSE WHATSOEVER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

b. EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY OR WARRANTIES, DISCLAIMER, OR EXCLUSION OF DAMAGES, IS EXPRESSLY INTENDED TO BE SEVERABLE AND INDEPENDENT FROM ANY OTHER PROVISION, SINCE THOSE PROVISIONS REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTIES, AND SHALL BE SEPARATELY ENFORCED.

16. Distributor’s Representations and Warranties. Distributor represents and warrants to MEC that (a) it has the right and lawful authority to enter into this Agreement, and (b) the execution and delivery of the Offer and performance of this Agreement will not cause or require Distributor to breach any obligation to, or agreement or confidence with, any other Person.

17. MEC’s Representations and Warranties.

a. MEC represents and warrants to Distributor that (i) it has the right and lawful authority to enter into this Agreement, and (ii) the execution and delivery of the Acceptance and performance of this Agreement will not cause or require MEC to breach any obligation to, or agreement or confidence with, any other Person.

b. MEC warrants that all Products, all food additives in the Products, and all substances for use in, with, or for the Products, comprising each shipment or other delivery hereby made by MEC to, or on the order of, Distributor are hereby guaranteed as of the date of delivery to be, on such date, (i) for Products imported by Distributor from the United States, not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, including the Food Additives Amendment of 1958 (the "Act") and are not articles which may not under the provisions of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce, and (ii) for all Products supplied by MEC to Distributor (whether or not imported from the United States) to be in compliance with all health, safety, and labeling standards and specifications imposed by law, regulation or order in the Territory in which the Products will be sold by Distributor and which are applicable to the Products.

c. MEC warrants that all Products shall be merchantable.

d. Distributor's sole and exclusive remedy for MEC's breach of MEC's representations in Sections 17(b) and 17 (c) above shall be as provided for in Section 19(b) below.

18. Limitation of Warranty. MEC MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE IMPLIED WARRANTIES OF NON- INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) EXCEPT THOSE SET FORTH IN SECTION 17 ABOVE.

19. Indemnification.

a. Distributor shall indemnify, defend, and hold harmless MEC and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits, instituted by any third party, whether groundless or otherwise, and from and against any and all third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character arising from the breach of Distributor's express representations and warranties under this Agreement by Distributor or its agents, employees, subcontractors, sub-distributors or others acting on its behalf, provided that (i) MEC gives Distributor written notice of any indemnifiable claim and MEC does not settle any claim without Distributor's prior written consent, and (ii) MEC does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

b. MEC shall indemnify, defend, and hold harmless Distributor and its officers, directors, agents, employees, shareholders, legal representatives, successors, assigns, and customers, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits instituted by any third party, whether groundless or otherwise, and from and against any and all such third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character and all Distributor's direct documented costs to store, transport, test and destroy all unsellable Products and advertising materials arising from (i) the breach of MEC's express representations and warranties under this Agreement or those of its agents, employees, subcontractors or others acting on its behalf, (ii) any impurity, adulteration, deterioration in or misbranding of any Products sold to Distributor by MEC, (iii) any prior distributor of Products in the Territory, (iv) any MEC marketing, advertising, promotion, labeling, Global Branding and Marketing, and the Trademarks, Copyrights, Patents, Know-How or other intellectual property relating to the Products, or (v) the fact that the Products (A) are not safe for the purposes for which goods of that kind are normally used or (B) do not comply with any applicable health, safety, or environmental laws, regulations, orders or standards imposed in the Territory; provided that (1) Distributor gives MEC written notice of any indemnifiable claim and Distributor does not settle any claim without MEC's prior written consent, and (2) Distributor does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

c. If any action or proceeding is brought against Distributor, MEC or any other indemnified party under Section 19 (a) or 19(b) (the "Indemnified Party"), the Indemnified Party shall promptly notify the party required to provide indemnification (the "Indemnifying Party") in writing to that effect. If the Indemnified Party fails to promptly notify the Indemnifying Party, the Indemnified Party shall be deemed to have waived any right of indemnification with respect to such claim to the extent (but only to the extent) any delay in such notice prejudices the Indemnifying Party's ability to defend such action, suit or proceeding. The Indemnifying Party shall have the right to defend such action or proceeding at the Indemnifying Party's sole cost by counsel satisfactory to Indemnifying Party. If the Indemnifying Party fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Indemnified Party may defend such action, suit or proceeding using counsel selected by Indemnified Party, and the Indemnifying Party shall reimburse Indemnified Party for any resulting loss, damages, costs, charges, attorney's fees, and other expenses and the related costs of defending such action, suit or proceeding.

d. The parties agree that the provisions contained in this Section shall survive for two (2) years upon the termination or expiration of this Agreement.

20. Insurance. During the Term of this Agreement and for a period of one (1) year thereafter, MEC and Distributor agree to maintain policies of insurance of the nature and amounts specified below, which shall provide the other party as an additional insured (providing for a waiver of subrogation rights and endeavoring to provide for not less than thirty (30) days written notice of any modification or termination of coverage), and each party shall provide the other party with a certificate of insurance evidencing such insurance, in a form satisfactory to such party:

- Commercial General Liability, including contractual liability coverage, with limits of at least $1,000,000 per occurrence; Bodily Injury and Property Damage / $1,000,000; Personal and Advertising Injury / $1,000,000; Products/Completed Operations / $2,000,000 General Aggregate.

- Excess or Umbrella Liability with a limit of not less than $5,000,000 per occurrence over the insurance coverage described above.

- Other statutory insurance required by the applicable laws of the Territory.

For any claims under this Agreement, the applicable party's insurance shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by the other party. All deductibles payable under an applicable policy shall be paid by the party responsible for purchasing such policy. All such insurance shall be written by companies authorized to do business in the state or states where the work is to be performed and having at least the ratings of the respective parties current insurers, unless not obtainable at commercially reasonable rates in light of previous premiums. The parties will ensure that the insurance policies obtained pursuant to this Section are effective and enforceable for any liability, claims or other insurable event arising in the Territory.

21. Competing Products. During the Term of this Agreement, Distributor shall not market, sell, manufacture, prepare, package, or distribute, directly or indirectly, or assist any third party in engaging in the business of manufacturing, marketing, selling, or distributing any Energy Drink/s or products reasonably likely to be confused with any of the Products in the Territory or reasonably likely to be perceived by consumers as confusingly similar to or be passed off as Products ("Competing Products"), except that Distributor may manufacture, prepare, package, market, sell and distribute and otherwise engage or assist any third party in engaging in the business of manufacturing, marketing, selling or distributing in the Territory Competing Products that: (a) are owned, marketed, sold or distributed by KO or an Affiliate of KO, or (b) were internally developed by KO or any of its Affiliates, in each case (a) and (b), to the extent KO is not otherwise prohibited from marketing, selling or distributing such Competing Products pursuant to a written agreement between MEL or MEC and KO. If under the terms of any written agreement between MEL or MEC and KO, KO authorizes Distributor to sell Competing Products, then Distributor agrees that it shall be obligated at all times to allocate and devote at least such resources and efforts (in all material respects) to the promotion, marketing, sale, and distribution of the Products as are substantially proportional to the ratio that the volume of Distributor's sales of Products bears to the volume of Distributor's sales of Competing Products.

22. Amendment. Except to the extent otherwise expressly permitted by this Agreement, no amendment of, or addition to, this Agreement shall be effective unless reduced to a writing executed by the duly authorized representatives of both parties or by some other form of amendment mutually agreed to in writing by the parties. KO's approval of any amendment shall be necessary with respect to an amendment, modification, addition or deletion (a) that would reasonably be expected to materially impact KO's rights or benefits under this Agreement or the International Distribution Coordination Agreement, or (b) to any of the following terms (or otherwise materially affecting such terms): definition of Products (to the extent KO has consent rights with respect thereto under the International Distribution Coordination Agreement), term, termination, deadlock procedures, placement in branded refrigerated equipment, distributor's exclusivity, facilitation fee, distribution refusal, competing products or other non-competition, and amendment, in which case KO's affirmative written approval shall be required.

23. Assignment. Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other and KO; provided, that (a) MEC shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of MEC without the written consent of Distributor and/or KO, and any such transferee shall be deemed to be included within the defined term "MEC" for purposes of this Agreement and (b) Distributor shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of Distributor without the written consent of MEC and/or KO, and any such transferee shall be deemed to be included within the defined term "Distributor" for purposes of this Agreement. Any purported assignment or delegation, in the absence of such written consent, shall be void.

24. No Agency. The relationship between MEC and Distributor is that of a vendor to its vendee and nothing herein contained shall be construed as constituting either party the employee, agent, independent contractor, partner or co-venturer of the other party. Neither party shall have any authority to create or assume any obligation binding on the other party.

25. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York (without reference to its law of conflict of laws), and the provisions of the United Nations Convention On Contracts For The International Sale Of Goods will expressly be excluded and not apply. The place of the making and execution of this Agreement is New York, United States of America. Distributor hereby waives any rights that it may otherwise have to assert any rights or defenses under the laws of the Territory or to require that litigation brought by or against it in connection with this Agreement be conducted in the courts or other forums of the Territory. For the sake of clarity, the parties record that their choice of law shall not include the New York Franchise Sales Act, or any amendment or functionally equivalent statute, unless such law would otherwise apply, and nothing herein shall be deemed to extend or otherwise affect the scope or application of such statute.

26. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted in the English language by JAMS ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by three arbitrators to be selected in accordance with the Rules, in New York, New York. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitral panel shall set the hearing date, which shall be within ninety (90) days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what such panel determines to be relevant documents and the dates thereafter for the taking of up to a maximum of five (5) depositions by each party to last no more than five (5) days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitral panel shall have the power to award reasonable attorneys' fees and costs to the prevailing party. The arbitral panel shall render an award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later. The decision of the arbitral panel shall be final and conclusive upon all parties. Notwithstanding anything to the contrary, if either party desires to seek injunctive or other provisional relief that does not involve the payment of money, then those claims shall be brought in a state or federal court located in New York, New York, and the parties hereby irrevocably and unconditionally consent to personal jurisdiction of such courts and venue in New York, New York in any such action for injunctive relief or provisional relief.

27. Force Majeure.

a. Neither party shall be liable for any delays in delivery or failure to perform or other loss due directly or indirectly to circumstances unforeseen as of the Effective Date or causes beyond such party's reasonable control (each, individually, a "Force Majeure Event"), including, without limitation: (i) acts of God, act (including failure to act) of any Governmental Entity (de jure or de facto), wars (declared or undeclared), governmental priorities, port congestion, riots, revolutions, strikes or other labor disputes, fires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics; or (ii) inability to timely obtain either necessary and proper labor, materials, ingredients, components, facilities, production facilities, energy, fuel, transportation, governmental authorizations or instructions, material or information. The foregoing shall apply even though any Force Majeure Event occurs after such party's performance of its obligations is delayed for other causes but only during the period of the applicable Force Majeure Event.

b. The party affected by a Force Majeure Event shall give written notice to the other party of the Force Majeure Event within a reasonable time after the occurrence thereof, stating therein the nature of the suspension of performance and reasons therefore. Such party shall use its commercially reasonable efforts to resume performance as soon as reasonably possible. Upon restoration of the affected party's ability to perform its obligations hereunder, the affected party shall give written notice to the other party within a reasonable time.

28. Merger. The Offer, the Acceptance, this Agreement and the attached Exhibits contain the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, are intended as a final expression of such parties' agreement with respect to such terms as are included in this Agreement, are intended as a complete and exclusive statement of the terms of such agreement, and supersede all negotiations, stipulations, understandings, agreements, promises, representations and warranties, whether written or oral, if any, with respect to such subject matter, which precede the Effective Date. No other negotiations, stipulations, understandings, agreements, promises, representations, or warranties, whether written or oral, either as an inducement to enter into this Agreement or as to its meaning or effect, have been made that are not contemplated herein.

29. Waivers. No waiver of any provision hereof or of any terms or conditions will be effective unless in writing and signed by the party against which enforcement of the waiver is sought. No relaxation or indulgence which either party may grant to the other shall in any way prejudice or be deemed to be a waiver or novation of any of such party's rights under this Agreement.

30. Product Recall. If any Governmental Entity issues a recall or takes similar action in connection with the Products, or if MEC determines that an event, incident or circumstance has occurred which may require a recall or market withdrawal, MEC shall advise Distributor of the circumstances by telephone or facsimile. MEC shall be responsible for leading and coordinating the arrangement of any Product recall, and Distributor shall cooperate in the event of a Product recall with respect to the reshipment, storage or disposal of recalled Products, the preparation and maintenance of relevant records and reports, and notification to any recipients or end users. MEC shall pay all reasonable expenses incurred by Distributor of such a recall, including the costs of destroying Products. Distributor, shall promptly refer to MEC for exclusive response to all customer or consumer complaints involving the health, safety, quality, composition or packaging of the Products, or which in any way could be detrimental to the image or reputation of MEC or the Products, and shall notify MEC of any governmental, customer or consumer inquiries regarding the Products about which Distributor becomes aware.

31. Interpretation. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of

this Agreement. No provision of this Agreement shall be construed against any party on the grounds that such party or its counsel drafted that provision.

32. Partial Invalidity. Each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement or the application of the provision to any Person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of the provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected by such invalidity or unenforceability, unless the provision or its application is essential to this Agreement. The parties shall replace any invalid and/or unenforceable provision with a valid and enforceable provision that most closely meets the aims and objectives of the invalid and/or unenforceable provision.

33. Distributor Suppliers Guiding Principles. MEC has been informed by Distributor that the following are Distributor Suppliers Guiding Principles (the "Guiding Principles"). Notwithstanding anything set forth below, compliance with the Guiding Principles shall not constitute an obligation of MEC or Distributor under this Agreement. The Guiding Principles shall constitute unenforceable goals only of the parties and neither party shall be entitled to make any claim for breach against the other or enforce any remedy under this Agreement or terminate this Agreement as the result of non- compliance with, or a violation of, any Guiding Principle(s). The preceding sentence shall not detract from the parties' respective rights and obligations under Section 19 above or any other representation, warranty or obligation expressly made in this Agreement.

- Laws and Regulations - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of Products.

- Child Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national child labor laws.

- Forced Labor - Each party will use commercially reasonable good faith efforts to not use forced, bonded, prison, military or compulsory labor.

- Abuse of Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.

- Freedom of Association and Collective Bargaining - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on freedom of association and collective bargaining.

- Discrimination - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national discrimination laws.

- Wages and Benefits - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national wages and benefits laws.

- Work Hours and Overtime - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national work hours and overtime laws.

- Health and Safety - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national health and safety laws.

- Environment - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national environmental laws.

34. Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement.

35. Sales Information and Books and Records; Examination. Not later than thirty (30) days after the end of each calendar month Distributor shall deliver to MEC full, complete and accurate written details, separately in respect of each country within the Territory, of the following with respect to Distributor's sale of Products in the Territory: (a) total sales, (b) taxes and/or duties, (c) discounts and sales allowances paid, accrued or credited, (d) Products returned during such period, (e) other permitted allowances, rebates, and allowance programs granted, paid, payable, reimbursed, credited or incurred by Distributor, and (f) other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement (collectively, the "Records"). Distributor shall keep and maintain complete and true books and other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement. MEC shall have the right, at its own expense, on sixty (60) days prior written notice to have such books and records and the Records (and all reasonably related work papers and other reasonable information and documents necessary for any determination under this Agreement or other related agreements) kept by Distributor examined once per calendar quarter by a public accounting firm appointed by MEC to verify the completeness and accuracy of the Records.

36. Publicity. MEC and Distributor each agree that the initial public, written announcements regarding the entering into this Agreement by each party and the subject matter addressed herein shall be coordinated between the parties prior to release. Thereafter, each party agrees to use commercially reasonable efforts to consult with the other party regarding any public, written announcement which a party reasonably anticipates would be materially prejudicial to the other party. Nothing provided herein, however, will prevent either party from (a) making and continuing to make any statements or other disclosures it deems required, prudent or desirable under applicable

Federal or State Securities Laws (including without limitation the rules, regulations and directives of the Securities and Exchange Commission) and/or such party's customary business practices, or (b) engaging in oral discussions or oral or written presentations with actual or prospective investors or analysts regarding the subject matter of this Agreement, provided no confidential information is disclosed. If a party breaches this Section 36 it shall have a seven (7) day period in which to cure its breach after written notice from the other party. A breach of this Section 36 shall not entitle a party to damages or to terminate this Agreement.

37. Anti-Bribery Compliance.

a. Distributor shall:

i. comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the United States Foreign Corrupt Practices Act ("Relevant Requirements");

ii. comply with MEC's generally applicable Ethics, Anti-bribery and Anti- corruption Policies and the relevant industry codes on anti-bribery, in each case, that are provided to Distributor and as MEC or the relevant industry body may update them from time to time upon written notice to Distributor ("Relevant Policies");

iii. have and shall maintain in place throughout the term of this Agreement, its own policies and procedures to ensure compliance with the Relevant Requirements and the Relevant Policies, and will enforce them where appropriate;

iv. to the extent permitted under applicable law, promptly report to MEC any request or demand for any undue financial or other advantage of any kind in violation of applicable law received by Distributor in connection with the performance of this Agreement; and

v. to the extent permitted under applicable law, immediately notify MEC (in writing) if it becomes aware that a foreign public official becomes an officer or employee of Distributor or acquires a direct or indirect interest in Distributor (and Distributor warrants that, to its knowledge, it has no foreign public officials as officers, employees or direct or indirect owners at the date of this Agreement).

b. Distributor shall use reasonable efforts to require that all of its agents and subcontractors who perform services or provide goods in connection with this Agreement do so only on the basis of a written contract which imposes on and secures from such persons terms consistent with those imposed on Distributor in this Section 37.

38. Ethical Standards.

a. Distributor and each of its sub-distributors will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to MEC or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

b. MEC will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to Distributor or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

39. Controlling Language. This Agreement is in the English language only, which will be controlling in all respects. No translation, if any, of this Agreement into any other language will be of any force or effect in the interpretation of this Agreement or in a determination of the intent of either party hereto.

40. Notices. All notices or other communications required or permitted to be given to a party to this Agreement shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery, to such party at the following respective address:

If to MEC:

Monster Energy Company
1 Monster Way
Corona, California 92879
Attention: Chief Executive Officer
Facsimile: (951) 739-6210

with a copy to:

Solomon Ward Seidenwurm & Smith LLP
401 B Street, Suite 1200
San Diego, California 92101
Attention: Norman L. Smith, Esq.
Facsimile: (619) 231-4755

If to Distributor:

Embotelladora del Atlántico S.A. d/b/a Coca-Cola Andina Argentina
Ruta Nac. 19 Km. 3,7
Córdoba X5001CD2
Argentina
Attention: Pablo Teobaldo, Commercial Manager (pteobaldo@koandina.com)
Mario Lucio Ilario, Sales Manager (milario@koandina.com)

Marco Giuliano Peretti, Marketing Manager (mgperetti@koandina.com)

For Payment Notices:

Attention: Fernando Ramos, Finance Manager (Framos@koandina.com

Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt, except that if it is sent by mail in accordance with this Section, then it shall be deemed given, delivered and received three (3) calendar days after confirmed delivery to such carrier. Any party to this Agreement may give a notice of a change of its address to the other party to this Agreement.

41. Further Assurances. Each party to this Agreement will execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

42. [INTENTIONALLY DELETED]

43. Confidentiality. During the Term, each party shall maintain in strict confidence all commercial information disclosed by the other party (which obligation shall expressly survive termination of this Agreement for any reason); provided, however that such commercial information shall not include any information which (a) is in the public domain except through any intentional or negligent act or omission of the non-disclosing party (or any agent, employee, shareholder, director, officer, or independent contractor of or retained by such other party or any of its Affiliates), (b) can be shown by clear and convincing tangible evidence to have been in the possession of the non- disclosing party prior to disclosure by the disclosing party, (c) is legally and properly provided to the non-disclosing party without restriction by an independent third party that is under no obligation of confidentiality to the disclosing party and that did not obtain such information in any illegal or improper manner or otherwise in violation of any agreement with the disclosing party, (d) is disclosed without any restrictions of any kind by the disclosing party to third parties on a regular basis without any measures being taken, whether explicitly or implicitly, by the disclosing party to protect the confidentiality of such information, or (e) is independently generated by any employee or independent contractor of or retained by the non-disclosing party, and such employee or independent contractor has no knowledge of any of such commercial information. Notwithstanding the foregoing, the parties agree that any such commercial information may be disclosed as required by applicable law or an order by a Governmental Entity or any requirements of stock market or exchange or other regulatory body having competent jurisdiction; provided, that, except where prohibited by law, the recipient will give the disclosing party reasonable advance notice of such required disclosure, and will reasonably cooperate with the disclosing party, in order to allow the disclosing party an opportunity to oppose, or limit the disclosure of such commercial information or otherwise secure confidential treatment of such commercial information required to be disclosed; provided, further, that if disclosure is ultimately required, the recipient will furnish only that portion of such commercial information which, based upon advice of legal counsel, the recipient is required to disclose in compliance with any such requirement. The obligation of confidentiality set forth herein shall continue and be maintained for a period of three (3) years after termination of this Agreement, provided further that any Confidential Information constituting a trade secret under

applicable law shall continue to remain subject to the obligations of this Section 43 and other applicable provisions of this Agreement for as long as such information remains a trade secret.

44. Non-Binding Negotiations and Effectiveness. MEC and Distributor acknowledge and agree that, except as expressly stated in the Offer, the Acceptance, and this Agreement, there are no binding obligations or commitments existing between MEC and Distributor. No course of conduct, whether or not consistent with the terms discussed in connection with this Agreement, shall have the effect of converting any negotiations or discussions into a binding contract. No legally binding contract shall exist between MEC and Distributor unless and until this Agreement is accepted pursuant to the requirements set forth in the Offer.

EXHIBIT A
International Distribution Agreement

<u>INITIAL PRODUCT LIST</u>

Monster Energy

EXHIBIT B
International Distribution Agreement

THE TERRITORY

The same territory in Argentina that Distributor is authorized to exclusively service by KO for Coca- Cola branded products. The parties agree that the following territory description is Distributor's representation to MEC of Distributor's exclusive territory for Coca-Cola branded products in Argentina, but which description shall be subject to verification by MEC following the Commencement Date. Additionally, Distributor and MEC agree to work together in good faith as soon as possible following the Effective Date to provide territory maps for Distributor's exclusive territory which will, when agreed, be attached hereto as Exhibit B-1.

In the Argentine Republic:

(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, Municipio Urbano de 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

In the event of a dispute with respect to territorial boundaries between two adjacent parties, MEC shall have the right to decide such dispute in its sole discretion, and any such decision shall be final and binding upon the parties.

EXHIBIT B-1
International Distribution Agreement

[TERRITORY MAP TO COME AS SOON AS PRACTICAL FOLLOWING THE COMMENCEMENT DATE]

EXHIBIT C
International Distribution Agreement

EXCLUSIVE DISTRIBUTOR ACCOUNTS

All Accounts Other than Exclusive MEC Accounts

EXCLUSIVE MEC ACCOUNTS

U.S. Military — ONLY AAFES, NEXCOM, MCX, and USCG for Exchanges/Shopettes/Convenience Stores/Class 6 Stores/vending for Outside the Continental United States ("OCONUS")

U.S. Military — Vending and Morale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for OCONUS

U.S. Military — all others including, but not limited to, DeCA, Ships-A-Float, Troop Feeding for OCONUS

EXHIBIT D
International Distribution Agreement

THE TRADEMARKS

MONSTER

MONSTER ENERGY

JAVA MONSTER

MONSTER REHAB

REHAB

MONSTER RIPPER

RIPPER

MUTANT

ASSAULT

KHAOS

X-PRESSO MONSTER

UNLEASH THE BEAST!

DESATA LA BESTIA

EXHIBIT E
International Distribution Agreement

PROMOTIONAL ACTIVITIES COSTS

Discount and allowances, price promotions and other customer discount activities ("D&A"):

(a) MEC Led Customer Calls: Distributor shall contribute an amount equal to MEC's contribution for D&A (including listing fees), on a 50-50 basis for all Products sold at a discounted price by Distributor to Distributor's Accounts, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(b) Distributor Led Customer Calls: MEC shall contribute an amount equal to Distributor's contribution for D&A (including listing fees), on a 50-50 basis, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(c) Payment & Reconciliation. The frequency of all customer promotional discount programs requiring D&A shall be agreed in the Annual Business Plan. D&A may be paid by either MEC or Distributor to the customer and reconciled periodically.

Trade Marketing Programs including shelf buys, CMA's, free cases, coupons, corporate/retailer rebates, POS and Product Displays (all materials), in store sampling activities, third party reset fees, meeting competition price offers ("TMP")

With respect to MEC Led Customer Calls and Distributor Led Customer Calls, the Distributor shall contribute an amount equal to MEC's contribution on all TMP programs, provided such amount does not exceed the TMP investment agreed and set forth in the Annual Business Plan. The term "TMP programs" shall include such additional TMP programs as may be mutually agreed upon from time to time by the parties. Either party may voluntarily agree to contribute more than its equal share to cover any specific TMP programs. TMP may be paid by either MEC or Distributor to the customer and reconciled periodically.

Equipment.

Distributor shall use commercially reasonable efforts to place Products in all Distributor's equipment where appropriate and desired by Distributor's Accounts.

With respect to all agreed joint Equipment purchases, which agreements shall be in writing, each party shall reimburse the other for 50% of the cost of equipment that the other party shall purchase for the Territory in the future pursuant to such agreement and which shall be managed by Distributor.

Miscellaneous.

If MEC calls on or assists Distributor in calling on Distributor's Accounts, to the extent that MEC makes a commitment for funds or support in excess of what is provided above or was agreed to by Distributor and MEC, any such excess shall be borne by MEC.

The parties' respective rights and obligations under this Exhibit E shall be revised and amended from time to time to reflect then-prevailing conditions by written agreement of the parties to be arrived at after good faith discussions and negotiation. If the parties are unable to agree upon an amendment requested by either party, such disagreement shall be resolved pursuant to the Deadlock procedures under Section 12(a)(i)(D) of the Agreement.

All amounts and all contributions provided above shall be adjusted, upward or downward, from time to time to account for inflation, changes in selling prices or other adjustments that may occur from time to time, or to conform to prevailing beverage industry practices relating to the Energy Drink category. The amounts of such adjustments shall be mutually agreed in writing by the parties from time to time; provided that such adjustments shall be arrived at after good faith discussions and negotiations between the parties.

EXHIBIT F
International Distribution Agreement

MMM ACCOUNTS — MEC DIRECT VOLUME

0 cases*

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*To be calculated by MEC as soon as practical following the Commencement Date and to be the number of cases sold directly by MEC to outlets in the Territory during the twelve (12) month period prior to the Commencement Date, but only with respect to that portion of the Territory, if any, (as defined in this Agreement) which was not part of Distributor's "Territory" under one or more distribution agreements in existence between MEC and Distributor prior to the Effective Date (the "Prior Agreements"). In the event that this Agreement is amended to include additional "Territory" following the Commencement Date, the number of cases set forth above shall be increased accordingly, but only with respect to such additional "Territory." For the avoidance of doubt, the number of cases set forth above shall (a) only apply to the calculation and payment of the fees payable by MEC to Distributor in accordance with Section 14(c) solely with respect to any new Territory allocated to Distributor pursuant to this Agreement with effect from or after the Effective Date which was not part of Distributor's "Territory" under the Prior Agreements (the "New Territory") and (b) not include the aggregate number of cases of Products sold by MEC to outlets in the Territory that was part of Distributor's "Territory" under the Prior Agreements.

For outlets which are part of Distributor's New Territory, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for the number of cases of Products sold directly by MEC to such outlets, less the number of cases of Products set forth above.

For outlets which were part of Distributor's "Territory" under the Prior Agreements, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for all cases of Products sold directly by MEC to such outlets, without reference to, or subtracting, the number of cases of Products set forth above.

<u>NOTICE OF ACCEPTANCE</u>

December 13, 2017

Mr. Fabián Castelli
Embotelladora del Atlántico S.A.
d/b/a Coca-Cola Andina Argentina
Ruta Nac. 19 Km. 3,7
Córdoba X5001CD2
Argentina

Re: *Offer Letter No. 1/2017 dated November 30, 2017 (the "Offer") delivered by Embotelladora del Atlántico S.A. d/b/a Coca-Cola Andina Argentina, a company organized and existing under the laws of Argentina ("Distributor") to Monster Energy Company, a Delaware corporation ("MEC")*

Dear Mr. Castelli:

On behalf of MEC, I hereby accept the Offer to enter into the International Distribution Agreement included as Annex A to the Offer, which such Annex is signed by Distributor on each of its pages for the purpose of identification. MEC is deemed to have accepted the Offer as of December 13, 2017.

Sincerely,

MONSTER ENERGY COMPANY

____
Farzad Damania
Authorized Signatory

Acceptance Date: December 13, 2017

OFFER LETTER NO. 1(a)/2017

November 30, 2017

Monster Energy Company
c/o Katten Muchin Rosenma LLP.
575 Madison Avenue
New York, NY 10022
Att.: Rodney C. Sacks

Re: *Offer Letter No. 1(a)/2017 (this "Offer") from Embotelladora del Atlántico S.A. d/b/a Coca-Cola Andina Argentina., a company organized and existing under the laws of Argentina ("Distributor"). Unless otherwise defined in this Offer, capitalized terms shall have the meaning ascribed to such terms in the Agreement (as defined below).*

Dear Mr. Sacks:

Distributor hereby irrevocably makes this Offer to Monster Energy Company, a Delaware corporation ("MEC"), to amend the International Distribution Agreement between the Parties dated as of the Effective Date (the "Agreement") in accordance with the terms and conditions attached hereto as Annex A "Addenda to the International Distribution Agreement" (the "Addenda") signed by Distributor on each of its pages for the purpose of its identification.

The Addenda is the result of good faith negotiations held by the parties and supersedes all prior oral and written discussions and communications between MEC and Distributor with respect to the subject matter hereof and together with the Agreement constitute the parties' sole and exclusive understanding with respect to the subject matter hereof and it replaces any prior agreements between them.

This Offer will be irrevocable, valid, and binding until December 15, 2017, and shall be deemed accepted by MEC in New York only upon MEC accepting all of the terms of this Offer in a writing dated prior to such date and thereafter promptly delivering its written acceptance of this Offer to Distributor. The Addenda shall be deemed to be entered into in New York on the acceptance date specified in MEC's written acceptance of this Offer. MEC's acceptance of this Offer by any other method is strictly prohibited.

Distributor acknowledges that MEC's acceptance of this Offer shall be in MEC's sole and absolute discretion Distributor further acknowledges that: (a) this Offer, its prospective acceptance by MEC, the Agreement, the Addenda, and the resulting contractual relationship between Distributor and MEC shall be subject to New York law in accordance with terms of Section 25 of the Agreement, and (b) any dispute, controversy or claim arising out of or relating to the Offer, its acceptance, the Agreement, the Addenda, or breach or termination thereof shall be subject to the arbitration clause set forth in Section 26 of the Agreement.

In the event MEC accepts this Offer in accordance with its terms, such acceptance is deemed to have occurred at MEC's office located at 575 Madison Avenue, New York, NY 10022.

Sincerely yours,

____
EMBOTELLADORA DEL ATLÁNTICO S.A.
d/b/a COCA-COLA ANDINA ARGENTINA
Fabián Castelli, General Manager

ANNEX A

ADDENDA TO THE INTERNATIONAL DISTRIBUTION AGREEMENT

November 30, 2017

Monster Energy Company
c/o Katten Muchin Rosenma LLP.
575 Madison Avenue
New York, NY 10022
Att.: Rodney C. Sacks

Re: *International Distribution Agreement (the "Agreement") between Monster Energy Company, a Delaware corporation ("MEC") and Embotelladora del Atlántico S.A. d/b/a Coca-Cola Andina Argentina ("Distributor") dated as of the Effective Date. Unless otherwise defined in this letter agreement (this "Letter Agreement"), capitalized terms shall have the meaning ascribed to such terms in the Agreement. Unless otherwise expressly stated to the contrary, all references to Section numbers in this Letter Agreement shall refer to such Section numbers in the Agreement.*

Dear Mr. Sacks:

We confirm that MEC and Distributor have agreed to the following with respect to performance under the Agreement:

1. [INTENTIONALLY DELETED]

2. [INTENTIONALLY DELETED]

3. Manufacturing. MEC agrees that before appointing any other manufacturer of Products in the Territory, it will enter into good faith negotiations with Distributor with a view to providing Distributor the opportunity to manufacture some or all of the Products sold in the Territory; provided, however, that if no mutually acceptable written agreement is entered into between MEC and Distributor within three (3) months of the Effective Date, then MEC shall have the right to appoint one or more manufacturers of such Products, other than Distributor, in its sole and absolute discretion.

4. New Product SKUs. MEC and Distributor agree that during the first fifteen (15) day period provided in the second sentence of Section 2(i) of the Agreement, Distributor may give written notice to MEC requesting, and shall thereupon be entitled to, an additional sixty (60) day period in which to conduct market surveys or market research, studies or testing on any New Product SKU/s during such further sixty (60) day period. If at any time after such additional period Distributor declines to distribute, or agrees to distribute but does not commence and continue purchasing from MEC and selling such New Product SKUs under the terms of the Agreement, then MEC shall have the right and option, in MEC's sole and absolute discretion, to

sell and distribute such New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such New Product SKUs within such additional fifteen (15) day period.

5. Right of First Offer for New Energy Products. If at any time during the Term MEC desires to introduce any New Energy Product/s (as defined below) for sale into the Territory, MEC agrees to provide Distributor with a right of first offer to distribute and sell such New Energy Product/s in the Territory under the terms of the Agreement. Distributor will have sixty (60) days from the date on which MEC delivers to Distributor a written offer to distribute or sell any New Energy Product/s to meet and confer with MEC and accept or decline the offer. "New Energy Products" shall refer to any new Energy Drinks that (a) are packaged and/or marketed by MEC at any time after the Effective Date but not under (i) the Trademarks, or (ii) the primary brand name "Monster" or any other primary brand name having "Monster" as a derivative or part of such name and/or containing the ” as a primary brand component, (b) MEC desires to introduce for sale in the Territory, and (c) are not currently sold by Distributor pursuant to the terms and conditions of any other agreement.

6. Section 3(u). The parties agree that Section 3(u) shall be deleted in its entirety and replaced with the following:

u. Use commercially reasonable good faith efforts to take, use and/or employ the same degree of care, business practices, control mechanisms and processes that it takes, uses and/or employs to preserve and protect all Distributor's rights, title and interests with respect to its own equipment (i) to preserve and protect all of MEC's rights, title and interests with respect to all MEC Equipment, including, without limitation, in customers' premises, (ii) for the proper storage, preservation, maintenance and use of the MEC Equipment for as long as such MEC Equipment remains serviceable and (iii) to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products remains *in situ* in customers' premises. Distributor shall periodically provide to MEC all records necessary to accurately identify the location of MEC Equipment in all customers' premises. Upon termination of this Agreement Distributor shall deliver the MEC Equipment to MEC and/or its Affiliate/s *in situ* at the customers' premises. If for any reason any of the MEC Equipment is removed and not recovered, the parties shall bear the loss of such MEC Equipment in proportion to the parties' respective contributions to the funding of such MEC Equipment; provided, that Distributor shall be liable for all loss and damages to any MEC Equipment that arises from Distributor's breach of this Section 3 (u) calculated based on the fair market value of such MEC Equipment at the time. Distributor hereby agrees to pay MEC any loss or damages incurred by MEC with respect to replacing the MEC Equipment calculated based on the fair market value of such MEC Equipment at the time. Distributor further agrees to maintain and to replace such MEC Equipment at such reasonable intervals as are reasonably necessary, and the cost of any such MEC Equipment shall be funded and paid for equally by MEC and Distributor; in accordance with the terms of this Agreement and attached Exhibit E to this Agreement.

7. Prices. Subject to Section 14 of the Agreement, determination of the resale prices of Products to Distributor's Accounts will always be the final prerogative of Distributor. Without

in any way limiting or restricting the provisions of Section 4, the parties agree that they shall in good faith from time to time discuss their respective margins relating to the Products.

8. Term. The parties agree that notwithstanding anything to the contrary in Section 11, MEC shall not provide written notice of its intention to not renew the Agreement unless (a) it has a good faith reason not to renew the Agreement or (b) Distributor is in material breach of the provisions of the Agreement and has not cured such breach in accordance with Section 12(a)(i)(A) of the Agreement. If MEC provides written notice of its intention not to renew the Agreement other than in accordance with subsection (b) of this Section 8 of this Letter Agreement, or prior to termination after all provided renewals, by effluxion of time of the full Term of the Agreement, MEC refuses to enter into a new distribution agreement on substantially similar terms and conditions as the Agreement, MEC shall pay to Distributor a Breach Severance Payment and all of the terms and conditions of the Agreement with respect to payment of such Breach Severance Payment shall be deemed to apply.

9. Deadlock. The parties agree that the third sentence of Section 12(a)(i)(D)(3)(x) shall be deemed deleted and replaced with the following:

The referee shall have business knowledge of, and be generally familiar with, the beverage industry in South America and shall be selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

10. Section 13(b). The parties agree that Section 13(b) shall be deemed deleted and replaced with the following:

Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, including the performance of the Products in the market during the then current Contract Year, Distributor's efforts to achieve sales and its results, including year over year performance, performance of the Monster brand in the market, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and/or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity) SKU/s of Products but in accordance with and subject to the provisions of Section 13(f) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share as well as cooler and vending machine programs and plans, and shall also identify MEC's principal local marketing activities for the Territory. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(f) above.

11. Distribution Accounts and MMM Accounts. The parties agree that Section 14(c) shall be deemed deleted in its entirety and replaced with the following.

c. "MMM Accounts" shall mean (i) multi-market major accounts having multiple outlets in the Territory and in one or more country/ies outside of the Territory, and (ii) major accounts having multiple outlets in the Territory who have unilaterally determined not to permit their outlets in the Territory to be serviced by the Distributor. The parties recognize that it is in their respective interests to work together to formulate the approach to be followed by them jointly or separately with various customers and/or channels of trade, including MMM Accounts, from time to time, both to take advantage of a coordinated approach and to avoid the negative impact of a lack of coordination. MEC and Distributor therefore agree that an aligned customer/channel approach will be a key part of each Annual Business Plan. Notwithstanding the foregoing, the parties further recognize that, although Distributor and its sub-distributors shall have the primary (except as specified in Exhibit C to this Agreement) relationship with retail and other customers throughout the Territory, from time to time circumstances may arise, within or outside the Territory, making it desirable for MEC to meet and have direct discussions with MMM Accounts which MEC shall be entitled to do at any time. In connection with such discussions, MEC shall take into account the prices and funding then offered by Distributor and its sub-distributors to MMM Accounts and similar categories of customers in the Territory. Notwithstanding anything to the contrary herein, MEC shall be entitled, in its commercially reasonable discretion, to determine the business relationship with MMM Accounts, including, without limitation, the terms of sale and/or pricing offered to such MMM Accounts (which, shall take into account and be commercially consistent with local and competitive pricing and funding then offered by Distributor and its sub-distributors to MMM Accounts in the Territory, and shall also take into account the terms of sale and/or pricing offered to "traditional" and "modern" channels, respectively - as these terms are understood in the beverage industry - in the Territory), which may be single pricing, multiple pricing or different pricing for (A) different customers in different territories or markets, or parts of different territories or markets, (B) the same customer in the same territory or market, or parts of such territory or market and/or (C) the same customer in different territories or markets, or parts of such territories or markets (the "MMM Pricing"). MEC shall use commercially reasonable efforts to arrange for all outlets of any MMM Accounts within the Territory to be serviced by Distributor and/or its sub-distributors and for delivery of the Products and other arrangements with regard thereto, to be made directly by Distributor and its sub-distributors or their warehouse system. Should the MMM Accounts concerned not agree to its outlets within the Territory being serviced by Distributor or should Distributor decline to service such MMM Accounts in accordance with the commercial arrangements and/or agreements entered into between MEC and such MMM Accounts, including as to the terms of the sale of Products to the MMM Accounts and the MMM Pricing (as defined above), MEC shall be entitled to service the outlets directly. To the extent deemed feasible by MEC, MEC agrees that before MEC enters into any binding agreement with such MMM Accounts with respect to MMM Pricing or for MEC to service the outlets directly, MEC shall (1) consult with Distributor and (2) take commercially reasonable steps to facilitate a meeting among MEC, Distributor and the MMM Account representatives if such MMM Accounts representative is located within the Territory. In the event MEC services the outlets directly, MEC shall bear sole liability and responsibility related to such MMM Accounts and MEC shall pay to Distributor, during the period that MEC services such outlets directly, an amount equal to twenty-five percent (25%) of Distributor's "average gross profit per case" per Product case SKU sold to and calculated with respect to MMM Accounts in the channel in question but otherwise in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the outlets concerned, within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the outlets during any period shall be the actual number of cases reasonably determined by MEC, or if not determined by MEC then as determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such MMM Accounts participating in the applicable program or applicable regional division which incorporates the Territory (if information relating to such regional division is reasonably available to MEC) of such MMM Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of outlets within the Territory and the denominator of which shall be the total number of outlets that the MMM Account participating in the applicable program or applicable regional division which incorporates the Territory, as the case may be. In the event that Distributor challenges the number of cases and/or the selling price of Products sold directly by MEC to MMM Accounts used to compute the amount due by MEC to Distributor pursuant to this Section 14 (c) ("Challenged Item/s"), then MEC shall provide a letter from its external auditors certifying the amount of the Challenged Items/s. If the amount of the Challenged Item/s certified by the external auditors differs from that initially provided by MEC resulting in the amount due Distributor to be increased by less than five percent (5%), then Distributor shall bear the cost of and incidental to the provision of such letter by the external auditors. If such difference in the amount of the Challenged Item/s results in the amount due to Distributor being increased by more than five percent (5%), then MEC shall promptly pay such difference to Distributor pursuant to Section 14.

12. The parties further agree that the following shall be deemed added to the Agreement as Section 14 (d):

d. The parties acknowledge that the provisions of Sections 14(a) and 14(c) of the Agreement are important provisions designed to ensure that both MEC and Distributor continue to be responsive to customer demands and to maintain flexibility and competiveness. In exercising and/or implementing any of the provisions of Sections 14(a) and/or 14(c) of the Agreement, each of the parties undertakes to act reasonably to give effect to the foregoing.

13. Optional Termination. Distributor shall have the right to terminate the Agreement if and only after all of the following having occurred: (a) the occurrence of an MEC Change of Control (as defined in the International Distribution Coordination Agreement), (b) KO having exercised its right to terminate the International Distribution Coordination Agreement pursuant to its terms due to such MEC Change of Control and solely and directly as a result thereof, KO has directed MEC to terminate all Distribution Agreements (as defined in the International Distribution Coordination Agreement) in accordance with such International Distribution Coordination Agreement, and (c) MEC has declined or failed to terminate the Agreement in accordance with

Section 15.1 of the International Distribution Coordination Agreement within one (1) month after KO has directed MEC to terminate the Agreement. Distributor's right to terminate in accordance with this Section 13 of this Letter Agreement may only be exercised upon three (3) months written notice by Distributor to MEC which shall be given within one (1) month of Distributor becoming aware of the applicable MEC Change of Control. In the event of any termination in accordance with this Section 13 of this Letter Agreement, MEC shall not be liable to Distributor or otherwise obligated to pay to Distributor or any other party any Severance Payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (i) loss of prospective compensation of earnings, (ii) goodwill or loss thereof or (iii) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance upon the existence of the Agreement or this Letter Agreement.

Except as specifically provided in this Letter Agreement, nothing contained in this Letter Agreement will be construed as amending, modifying, superseding or novating the Agreement and/or any other agreement between MEC (or any of its affiliates), on the one hand, or Distributor (or any of its affiliates), on the other hand. Section 25 (Governing Law), Section 26 (Arbitration), Section 39 (Controlling Language), Section 41 (Further Assurances), Section 42 (Counterparts), and Section 43 (Confidentiality) of the Agreement are hereby incorporated by reference as if fully set forth herein. This Letter Agreement may be modified only by a contract in writing executed by the party to this Letter Agreement against whom enforcement of such modification is sought. With the exception of the Offer, Acceptance, and the Agreement, this Letter Agreement supersedes all prior oral and written discussions and communications between MEC and Distributor with respect to the subject matter hereof and constitutes the parties' sole and exclusive understanding with respect to the subject matter hereof.

NOTICE OF ACCEPTANCE

December 13, 2017

Mr. Fabián Castelli
Embotelladora Del Atlantico S.A. d/b/a Coca-Cola Andina Argentina
Ruta Nac. 19 Km. 3,7
Córdoba X5001CD2
Argentina

Re: *Offer Letter No. 1(a)/2017 dated November 30, 2017 (the "Offer") delivered by Embotelladora del Atlantico S.A. d/b/a Coca-Cola Andina Argentina, a company organized and existing under the laws of Argentina ("Distributor") to Monster Energy Company, a Delaware corporation ("MEC")*

Dear Mr. Castelli:

On behalf of MEC, I hereby accept the Offer to enter into the Addenda to the International Distribution Agreement included as Annex A to the Offer, which such Annex is signed by Distributor on each of its pages for the purpose of identification. MEC is deemed to have accepted the Offer as of December , 2017.

Sincerely,

MONSTER ENERGY COMPANY

____
Farzad Damania
Authorized Signatory

Acceptance Date: December 13, 2017

Exhibit 4.34

INTERNATIONAL DISTRIBUTION AGREEMENT

This INTERNATIONAL DISTRIBUTION AGREEMENT (“Agreement”) is entered into as of May 11, 2018 (the “Effective Date”) between MONSTER ENERGY COMPANY, with offices at 1 Monster Way, Corona, California 92879 (“MEC”) and PARAGUAY REFRESCOS S.A. d/b/a PARESA (“Distributor”). MEC and Distributor are referred to herein collectively as the “parties” and individually as a “party” hereto.

1. Recitals and Definitions.

a. Distributor is a leading distributor of beverages throughout the Territory (as defined below) and has substantial experience in the distribution of beverages. Distributor has developed and implemented successful marketing plans and/or systems for such distribution and which are substantially associated with the trademarks and trade name of The Coca-Cola Company (“KO”). KO has designated Distributor, and MEC wishes to appoint Distributor, as a distributor of Products (as defined below) as part of Distributor’s business operations and systems, with performance to commence as of December 1, 2018, or such other date as may be mutually agreed by the parties in writing, but which in no event shall be later than September 30, 2019 (the “Commencement Date”).

b. When used herein: (i) the word “Products” means (x) all Energy Drinks (as defined below) in any form, that are offered, packaged and/or marketed by MEC or any of its Affiliates at any time after the Effective Date in the Territory under the primary brand name “Monster” or any other primary brand name having “Monster” as a derivative or part of such name, and/or containing the “” as a primary brand component, and which may, but are not required, to contain the “” mark, and/or the “” icon, and (y) such additional beverage products, whether marketed under the Trademarks (as defined below) or otherwise, as MEC and Distributor shall agree from time to time by executing a mutually agreed upon amended Exhibit A. MEC and Distributor shall use commercially reasonable efforts to periodically review and update Exhibit A on a reasonable basis throughout the Term. The Products shall include all sizes of SKUs as may be determined by MEC and offered, packaged and/or marketed by MEC or any of its Affiliates in good faith from time to time; (ii) the word “Territory” means the territory identified in Exhibit B hereto; (iii) the words “Distributor’s Accounts” mean all accounts or classes of accounts in the Territory (including those set forth as exclusive or non-exclusive Distributor’s Accounts on Exhibit C hereto), other than those reserved for MEC as identified on Exhibit C; (iv) the word “Trademarks” means those names and marks identified on Exhibit D hereto; (v) the words “Energy Drink/s” mean any shelf-stable, in ready-to-drink, powdered, drops or concentrate form, non-alcoholic beverage that satisfies all of the following conditions: (A) it is marketed or positioned to consumers as an energy beverage, (B) it contains one or more of the following ingredients: guarana, taurine, panax ginseng, L-carnitine, B-2 vitamins, B-6 vitamins, B-12 vitamins, L-arginine, astralagus, glucuronolactone or inositol (or, to the extent approved by KO, which approval shall not be unreasonably withheld, conditioned or delayed, any ingredients substituting for or supplementing any of the foregoing ingredients) and (C) it has at least five (5) milligrams of caffeine per ounce (the “Caffeine Requirement”), except that (1) Products under the brand Monster Energy Unleaded (substantially as such Products are formulated, manufactured, marketed and/or sold as of the date hereof, and any line extensions or expansions of such Products marketed under such brand) shall not be required to meet the

Caffeine Requirement; and (2) the Caffeine Requirement shall be reduced in respect of any particular territory to the extent that any final law applicable to MEC in such territory imposing restrictions on the on-going business activities of MEC is enacted by a Governmental Entity having jurisdiction over such territory that either (I) specifically establishes a maximum caffeine concentration that is lower than the Caffeine Requirement (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration permitted by such law) or (II) is reasonably expected, based on the good faith judgment of MEC, to have an adverse impact on MEC's business, sales or profitability in such territory due to the caffeine concentration of the Products exceeding a specified level (including, for example, a material tax imposed on beverages with caffeine concentrations above a stated amount but excluding, for the avoidance of doubt, any age or similar restriction on the manner of sale of such beverages) (in which case the Caffeine Requirement applicable to such territory shall be the maximum caffeine concentration that would not have such adverse impact); it being agreed that affected Products in any affected territory may be reformulated by MEC to the extent necessary to comply with any such law or to avoid such adverse impact; (vi) the word "Affiliates" means as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act of 1933 of the United States of America; (vii) the word "Person" means an individual or firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind; and (viii) the words "Governmental Entity" mean any (A) nation, state, county, city, town, village, district, or other jurisdiction of any nature, (B) federal, state, local, municipal, foreign, or other government, (C) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), or (D) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature. All Exhibits referred to in this Agreement shall be deemed to be incorporated into this Agreement.

2. Appointment.

a. Subject to the provisions of Section 2(j) below, with effect from the Commencement Date, MEC appoints Distributor, and Distributor accepts appointment, as a distributor and seller of Products to Distributor's Accounts within the Territory. Such appointment shall be exclusive with respect to each of Distributor's Accounts, except if and to the extent specifically designated as non-exclusive on Exhibit C hereto. Such appointment shall exclude any SKU/s deleted from distribution pursuant to Sections 13 (b) or 13(f) below. Those categories of customers which are excluded from the definition of Distributor's Accounts are expressly reserved for MEC, or such other distributors as MEC may from time to time appoint. Distributor shall be entitled to appoint sub-distributors within the Territory provided that the terms of such appointment shall provide that the sub-distributors shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, and the terms of such appointments shall not be inconsistent with the terms and conditions of this Agreement and shall be subject to MEC's rights hereunder. Distributor's appointment of sub-distributors shall be to supplement and augment, but not to replace or substitute, wholly or partially, Distributor's resources, performance capabilities and/or ability to fully perform all of Distributor's obligations in the Territory under this Agreement, including without limitation, as provided in Section 3 below. Distributor will remain liable for the actions, omissions and performance of all of Distributor's sub-distributors.

b. Distributor shall not directly or indirectly, alone or in conjunction with any other Person (i) actively seek or solicit customers or accounts for the Products outside the Territory or any customers or accounts located within the Territory other than Distributor's Accounts (in particular, but without limiting the above, Distributor shall not actively approach customers outside the Territory or accounts other than Distributor's Accounts in the Territory, whether by direct mail, visits, promotions or media advertising targeted at such customers, or otherwise), and/or (ii) actively sell, market, distribute or actively otherwise dispose of any Products to any Persons located outside the Territory or to any Persons located within the Territory who Distributor knows or reasonably believes will distribute or resell the Products outside the Territory, except that, subject to all of the terms and conditions of this Agreement, Distributor may sell, market, distribute, assign or otherwise transfer Products to other bottlers or distributors designated by KO that are authorized in writing by MEC for sale, marketing, distributing, assigning or otherwise transferring into such distributor's or bottler's territory. During the Term, Distributor shall purchase exclusively and directly from MEC or its nominees (and from no other Person) all of its requirements for Products. In the event Products distributed or sold by Distributor are found outside the Territory, upon MEC's reasonable request therefor, Distributor shall use Best Efforts (as defined below) to make available to representatives of MEC such sales agreements and other records relating to applicable Products as may be reasonably required for, and otherwise reasonably cooperate with MEC in, all MEC investigations relating to the sale and distribution of the Products outside the Territory, in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. Distributor shall use Best Efforts to promptly inform MEC if at any time any solicitation or offer to purchase Products is made to Distributor in writing by a third party which Distributor knows would result in a breach of this Section 2(b), in each case, subject to confidentiality and other obligations to third parties and solely to the extent permissible under applicable law. "Best Efforts" means the efforts a prudent Person desiring in good faith to achieve a result would use in the circumstances to ensure such result is achieved as expeditiously as possible but does not require the Person subject to such obligation to take actions that would result in any materially adverse change, or any financial change which in the aggregate, or over a period of time, would result in any materially adverse change, in the benefits to such Person under this Agreement or require such Person to expend funds or extend other economic incentives, unless otherwise expressly required under this Agreement.

c. Distributor acknowledges and agrees that it has no right to distribute any products of MEC other than the Products. Any sales by MEC to Distributor of any products of MEC that are not the Products, and/or any products sold by MEC to Distributor and/or its sub-distributor(s) beyond the scope, Term (as defined below) or after the termination of this Agreement, with or without cause, for any reason or no reason at all (i) shall not constitute, be construed as, or give rise to, any express or implied distribution agreement, course of conduct or other relationship between MEC and Distributor, (ii) shall not confer upon Distributor or its sub-distributor(s) any rights of any nature whatsoever, including without limitation to purchase, sell, market or distribute or continue to purchase, sell, market or distribute any products, including Products, or use the Trademarks other than with respect to products sold and delivered by MEC to Distributor, and (iii) shall constitute a separate transaction for each shipment of products actually delivered by MEC to Distributor and/or sub-distributor(s), in MEC's sole and absolute discretion, which MEC shall be entitled to exercise, vary, withdraw and/or cease, on a case by case basis, at any time in MEC's sole and absolute discretion. Distributor irrevocably waives, releases and discharges any claims, liabilities, actions and rights, in law or in equity, against MEC including without limitation for damages (including without limitation, consequential, special or punitive damages), compensation or severance payments or any other claims of whatsoever nature by Distributor arising from or in connection with the matters referred to in this Section 2(c) and/or any acts, omissions or conduct of MEC with regard to such matters.

d. MEC and Distributor shall reasonably cooperate with respect to obtaining any import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. To the extent MEC reasonably requests that Distributor obtain any such licenses, permits, certificates, or governmental approvals, Distributor shall, at MEC's sole expense, use Best Efforts to obtain such import licenses, permits, certificates, and governmental approvals which are necessary to permit the sale of Products in the Territory. Distributor acknowledges and agrees that all such licenses, permits, certificates, and governmental approvals are obtained for the benefit of MEC, and are subject to Distributor's obligation to comply with the provisions of Sections 3(x) and 12(e)(vi) below. Distributor shall also comply with any and all governmental laws, regulations, and orders which are applicable to Distributor by reason of its execution and performance of this Agreement, including any and all laws, regulations or orders in the Territory which govern or affect the ordering, export, shipment, import, sale, delivery or redelivery of Products in the Territory. Each of the parties shall notify the other of the existence and content of any provision of law which such party has actual knowledge, conflicts with any provisions of this Agreement at the time of its execution or thereafter. In the export of Products from the United States, Distributor shall further comply with the applicable law of the Territory, as well as U.S. laws and regulations governing exports, including the Export Administration Act and regulations thereunder, and the U.S. Boycott Regulations. Distributor shall use Best Efforts to provide MEC all reasonably necessary assistance in ensuring compliance by MEC, Distributor and the Products with any applicable governmental laws, regulations, orders and registration requirements for, and translations of, the Products, Product labels and any other written information as may be necessary in the Territory, in each case without limiting MEC's representations, warranties or obligations hereunder.

e. MEC and its Affiliates (if applicable) will use commercially reasonable efforts to include provisions comparable to subsections 2(b)(i) and 2(b)(ii) above in its distribution agreements with distributors in territories within Paraguay. If any other distributor appointed by MEC in Paraguay (i) actively seeks and solicits customers in Distributor's Accounts (other than such non-exclusive Distributor's Accounts as identified on Exhibit C) for Products in the Territory, or (ii) actively sells, markets, distributes or otherwise disposes of any Products, either directly or indirectly to any Persons located within its territory who such distributor knows or reasonably believes will distribute or resell the Products inside the Territory, MEC will take commercially reasonable steps to (A) enforce MEC's rights under any distribution agreement, to the extent enforceable under such distribution agreement and applicable law, to address the importation of Products into the Territory in violation of any applicable distribution agreement relating to the Products, (B) enforce MEC's rights against any other distributors to address the importation of Products into the Territory in violation of applicable distribution agreements with such other distributors relating to the Products to which MEC or its Affiliates are a party, but only to the extent enforceable under such applicable distribution agreements and applicable law, and (C) prevent such other distributors from breaching provisions comparable to subsections 2(b)(i) and 2(b)(ii), above, but only, to the extent that MEC shall be entitled to do so pursuant to the terms of its distribution agreements with such distributors and to the extent enforceable under applicable law. Distributor shall cooperate and, if necessary and required by MEC, join with MEC in all such proceedings in accordance with the foregoing. Distributor shall have no claim, and MEC shall have no liability, arising from the sale of Products by such other distributors in the Territory, except to require MEC to enforce the above-mentioned provisions in the applicable distribution agreements.

f. If Distributor becomes aware that corrective labeling of Products delivered by MEC to Distributor is required in order to comply with applicable law in the Territory, Distributor shall provide to MEC for MEC's written consent, which shall not be unreasonably withheld (i) written notice including details of the applicable law/s, (ii) the corrective Product label proposed by Distributor, and (iii) the estimated costs of relabeling the applicable Products. Upon receipt of MEC's written consent (which shall not be unreasonably withheld), Distributor shall affix the corrective labeling to the Products at MEC's cost provided that such cost has been approved by MEC in writing, which approval shall not be unreasonably withheld. All right, title and interest of every kind and nature in and to such corrective labeling shall be the sole and exclusive property of MEC for all purposes or uses. Distributor hereby assigns to MEC all of Distributor's right, title and interest, if any, in and to such corrective labeling, and agrees to execute any documents and take any action MEC may deem reasonably necessary or appropriate to effectuate such assignment, at MEC's reasonable request and expense.

g. The parties acknowledge that it is their current mutual intention that they will consider in due course entering into a written agreement on mutually acceptable terms to provide for the manufacture of certain Products in the Territory. This subsection 2 (g) shall not be enforceable against either party unless and until an enforceable agreement has been executed by both parties.

h. Subject to and without limiting MEL's (as defined below) and its Affiliates' obligations to KO under the International Distribution Coordination Agreement (as defined below), if Distributor declines to distribute, declines to continue to distribute, or proposes not to distribute (each a "Distribution Refusal") (i) substantially all Products, as the case may be, designated by MEC in good faith for sale in the Territory, MEC shall have the right to sell any or all of the Products so designated by MEC for sale in the Territory directly or through other distributors in the Territory, to the exclusion of Distributor, or (ii) one or more of MEC's SKUs designated by MEC for sale in the Territory, MEC shall have the right (without prejudice to its right in clause (i) above) to sell such declined SKU/s directly or through other distributors in the Territory, to the exclusion of Distributor, in each case (i) and (ii) upon forty-five (45) days written notice to Distributor and KO of its intention to do so; provided that such Distribution Refusal continues to exist for such forty-five (45) day period. MEC's right to sell or have sold such Products shall be limited to the portion of the Territory for which such distribution has been declined. The "International Distribution Coordination Agreement" means the Amended and Restated International Distribution Coordination Agreement dated June 12, 2015 between KO and Monster Energy Ltd. (formerly Tauranga, Ltd.), a company organized and existing under the laws of the Republic of Ireland ("MEL") and MEC.

i. If, after the Effective Date, MEC determines to sell or otherwise distribute any Product or any SKU of any Product ("Product SKUs") in the Territory not previously sold or distributed by Distributor (each a "New Product SKU"), prior to launching or otherwise commencing the sale or other distribution of such New Product SKU, MEC shall provide Distributor the right to distribute such New Product SKUs, subject to the terms of this Agreement (and subject to and without limiting MEL's obligations to KO under the International Distribution Coordination Agreement). If Distributor declines to sell and distribute such New Product SKUs in the Territory within fifteen (15) days of MEC's request that such New Product SKUs be added, then MEC shall have the right and option, in MEC's sole and absolute discretion, to sell and distribute such refused New Product SKUs directly or through other distributors selected by MEC, to the exclusion of Distributor; provided that MEC gives such Distributor an additional fifteen (15) days written notice of MEC's intention to do so and Distributor does not commence and continue purchasing from MEC and selling such refused New Product SKUs within such additional fifteen (15) day period. MEC's right to sell or have sold such New Product SKUs shall be limited to the portion of the Territory for which such distribution has been declined.

j. Distributor acknowledges and understands that in order for this Agreement to become effective, it is necessary for MEC to terminate the existing distribution agreement/s for the Products in the Territory ("Existing Distribution Agreement/s") in accordance with the Existing Distribution Agreement/s and/or under applicable law. This Agreement is therefore conditional upon and shall not become effective until, the effective termination of the Existing Distribution Agreement/s on or before March 1, 2018 or such later date as the parties may agree in writing, at which date this Agreement shall become effective. The parties acknowledge and agree that MEC may designate a wholly owned subsidiary of MEC to perform any of MEC's obligations, and/or to exercise any of MEC's rights, under this Agreement, to the extent determined by MEC in its sole and absolute discretion, and such obligations and rights shall be deemed to have been performed and or exercised (as the case may be) by MEC.

3. Distributor's Duties.

Distributor shall:

a. Use commercially reasonable good faith efforts (i) to actively and diligently promote, solicit and push vigorously the wide distribution and sale of the Products to Distributor's Accounts in the Territory, and (ii) to develop and exploit the full potential of the business of distributing, Marketing (as defined below) and selling the Products throughout the Territory by creating, stimulating and expanding continuously, the future demand for the Products and satisfying fully and in all respects, the current demand therefor (except to accounts reserved for MEC pursuant to Exhibit C and those MMM Accounts (as defined below) that are serviced directly by MEC in accordance with Section 14). For the purposes of this Section 3 and Section 13(a) below, "Marketing" means trade marketing, local marketing and local Product promotions in the Territory;

b. Use commercially reasonable good faith efforts to actively and diligently develop new business opportunities for Products in Distributor's Accounts in the Territory;

c. Use commercially reasonable good faith efforts to actively and diligently manage all of Distributor's sub-distributors throughout the Territory to gain system alignment to promote the sale and distribution of Products;

d. Use commercially reasonable good faith efforts to secure extensive in-store merchandising and optimal shelf positioning in Distributor's Accounts in the Territory with respect to Products, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

e. Use commercially reasonable good faith efforts to perform complete and efficient distribution functions to and in Distributor's Accounts throughout the Territory;

f. Use commercially reasonable good faith efforts to fully implement the Annual Business Plan (as defined and to be agreed upon from time-to-time in accordance with Section 13(b) below), and use commercially reasonable good faith efforts to achieve and maintain all of the objectives set with respect thereto as contemplated in Section 13(b) below;

g. Use commercially reasonable good faith efforts to achieve and maintain the Performance Targets (as defined and determined each calendar year in accordance with Section 13(d) below);

h. In relation to the sales of the Products only, permit MEC representatives to accompany Distributor's salesmen on sales routes in the Territory, upon reasonable advance notice to Distributor;

i. Use commercially reasonable good faith efforts to achieve optimum ambient and cold space, position, prominence, and visibility of the Products in all Distributor's Accounts in the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

j. Use commercially reasonable good faith efforts to promote and maintain an efficient, viable and financially sound system of distribution for the Products in Distributor's Accounts throughout the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

k. Provide the resources necessary for the sale, delivery, Marketing, promotion and servicing of the Products in Distributor's Accounts within the Territory, except for those MMM Accounts serviced directly by MEC in accordance with Section 14 below;

l. Use commercially reasonable good faith efforts to achieve and maintain Minimum Distribution Levels for the Products in Distributor's Accounts (other than such non- exclusive Distributor's Accounts as identified on Exhibit C) as agreed upon or determined in accordance with Section 13(c) below from time to time;

m. Perform and satisfy its obligations specified in Sections 10 and 13 below;

n. Provide such sales and Marketing information in relation to the Products as may be reasonably requested by MEC;

o. Comply with any applicable laws and regulations of or applicable in the Territory and shall be responsible for ensuring that all Product deliveries by Distributor within the Territory comply with all health, safety, environmental and other standards, specifications and other requirements imposed by law, regulation or order in the Territory, and applicable to the Products;

p. Assign such article numbers as may be utilized by Distributor from time to time for each Product and Product package to track sales information by its sales data collection system;

q. Cause all of its promotional and Marketing efforts and/or activities under this Agreement to be devoted solely to the Products. Unless approved by MEC's prior written consent, it shall be a violation of this subsection for (i) Products to be placed by Distributor in Equipment (as defined below) branded with the trademark of an Energy Drink other than a Product, it being agreed that Distributor may place Products in Equipment branded with another beverage other than an Energy Drink; (ii) Energy Drinks other than Products to be placed by Distributor in Equipment branded for Products; (iii) sales materials for Products created by Distributor to include trademarks of products or Energy Drinks other than Products; (iv) Distributor distributing sales material created by Distributor including trademarks of Products; and (v) Distributor's promotional pricing and/or promotional and/or Marketing activities and/or promotional and/or Marketing programs to apply to all or any Products in combination with all or any Energy Drinks other than Products sold by Distributor. It is not a violation of this subsection for Products to be ordered, sold, delivered, or merchandised by the same Person or in the same vehicles as other products;

r. Invest all the capital and obtain and expend all the funds required for the organization, installation, operation, maintenance and replacement within the Territory of such warehousing, Marketing, distribution, delivery, transportation and other facilities and equipment as shall be necessary for Distributor to comply with its obligations under this Agreement;

s. For its own account, budget and expend such funds for advertising, Marketing and promoting the Products in the Territory as may be reasonably required by MEC. The parties shall, pursuant to the terms of this Agreement, equally contribute financially to local Marketing programs to create, stimulate and sustain the demand for the Products in the Territory, provided that Distributor shall submit all advertising, Marketing and promotional projects relating to the Trademarks or the Products to MEC for its prior approval, and shall use, publish, maintain or distribute only such advertising, Marketing or promotional material relating to the Trademarks or the Products as MEC shall approve and authorize. MEC may also undertake, at its own expense and independently from Distributor, any additional advertising or sales promotion activities in the Territory it deems useful or appropriate;

t. Use commercially reasonable good faith efforts to allocate Products in Distributor Equipment consistent with the Annual Business Plan and to the extent (and in the form and manner) agreed between Distributor and MEC, including without limitation by including at least a reasonable representation of Products in Distributor Equipment, but only where appropriate. "Distributor Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment provided by Distributor, or placed and maintained by Distributor in premises of Distributor's customers within the Territory for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any beverages distributed and sold by Distributor in the Territory. "MEC Equipment" shall mean any refrigeration equipment, coolers, barrels, vending machines or similar equipment funded by MEC and/or its Affiliate/s or provided by MEC and/or its Affiliate/s to Distributor and placed in premises of Distributor's customers within the Territory by Distributor for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of all or any Products distributed and sold by Distributor in the Territory, the price of which shall be funded and paid for equally by MEC and/or its Affiliate/s and Distributor as part of the Annual Business Plan and/or as may otherwise be agreed by the parties in writing from time to time. The appearance and branding of MEC Equipment shall be determined by MEC and/or its Affiliate/s in its discretion. Distributor Equipment and MEC Equipment shall be referred to collectively as the "Equipment;"

u. Take such steps and execute such documents as may be necessary to ensure that any MEC Equipment for use in relation to the refrigeration, display, Marketing, promotion, and/or sale of Products, and any licenses, entitlements, consents or other rights relating to the placement or location of MEC Equipment in a customer's premises remains the exclusive, unencumbered property of MEC. Distributor shall maintain the MEC Equipment in good condition throughout the Term of this Agreement, ordinary wear and tear excepted. Upon termination of this Agreement Distributor shall deliver the MEC Equipment to MEC and/or its Affiliate/s at the location of such Equipment in the customers' premises. As the bona fide depository of the MEC Equipment, Distributor undertakes to take all commercially reasonable steps for the proper storage, preservation and use of the MEC Equipment for as long as such MEC Equipment remains serviceable, and shall be responsible for any failure to do so. If for any reason any of the MEC Equipment is removed and not recovered, Distributor shall be liable for all loss and damages arising from Distributor's breach of this Section 3(u). Distributor hereby agrees to pay MEC any loss or damages incurred by MEC with respect to replacing the MEC Equipment and securing the placement of the MEC Equipment. Distributor further agrees to maintain and to replace such Equipment at such reasonable intervals as are reasonably necessary, and the cost of any such Equipment shall be funded and paid for equally by MEC and Distributor in accordance with the terms of this Agreement and attached Exhibit E;

v. Use commercially reasonable good faith efforts to protect the reputation and goodwill of MEC, the Products, and the Trademarks, conduct business in a proper and businesslike manner and otherwise act in the best interests of MEC in relation to its Products, reputation and goodwill. Distributor shall not act or fail to act in any manner that would reasonably be expected to be detrimental to the brand image of MEC or the Products. Distributor shall not engage in any activities or practices, or fail to engage in activities or practices, that would reasonably be expected to impair the value of or otherwise damage the reputation or goodwill of MEC, the Products, or the Trademarks;

w. Maintain in stock at all times a reasonably sufficient quantity of each Product/s in relation to the demand from Distributor's Accounts in the Territory for at least a reasonable period based on such demand, subject to availability as provided by MEC; and

x. Promptly upon MEC's reasonable request and at MEC's expense, take such action and execute such document/s as may be necessary to assign or otherwise transfer to MEC or

MEC's designee, any registrations, licenses, permits, certificates, and governmental approvals that Distributor may have acquired in connection with, and only to the extent it solely relates to, the sale of Products in the Territory, in each case subject to and to the extent permissible under applicable law.

4. Prices.

a. The prices ("Selling Price") to be paid by Distributor to MEC for the Products shall be reviewed and determined annually by MEC for the forthcoming year in its sole discretion after discussion with Distributor but shall be subject to adjustment in accordance with Section 4(c) below. The annual increases to the Selling Price will be communicated to Distributor no later than three (3) calendar months prior to implementation of price increases in a country within the Territory.

b. It is acknowledged that from time to time Distributor may be required by its customer/s to fix, for a period of up to twelve (12) months, the prices that Distributor may charge to its customer/s for certain Products. In such event, Distributor may request that MEC fix the prices to be paid by Distributor for the applicable Product/s to be resold to such customer/s. MEC shall promptly discuss such a request with Distributor in good faith and the parties will prepare and record any agreement in writing. Provided that MEC agrees to the foregoing in writing, MEC shall not adjust, for the same period that Distributor's prices are fixed, the prices to be paid by Distributor for the applicable Product/s to the extent that (i) the applicable Product/s are to be supplied by Distributor to the customer in question, and (ii) Distributor is not entitled to pass on any price adjustments to such customer. Nothing contained in this Section 4(b) shall be construed as imposing any agreement or restriction on the right of either MEC to unilaterally determine the Selling Price or the right of Distributor to unilaterally determine Distributor's own resale prices and terms of business.

c. Notwithstanding anything to the contrary contained in this Agreement, in the event of any material change in the costs associated with production of the Products (including, but not limited to, a material change in the costs of ingredients, packaging materials, energy or freight costs related to the production and shipping of Products) at any time, then MEC may adjust the Selling Price of Products to Distributor to reflect such cost increase, effective thirty (30) days after written notice from MEC to Distributor of such change. MEC shall provide reasonable supporting documentation evidencing the material change in its costs of production and delivery, if requested by Distributor.

d. All Selling Prices are exclusive of (i) any costs of carriage and insurance of the Products, and (ii) any applicable value added or any other sales or similar tax, which shall be payable by Distributor.

5. Orders. All purchase orders for Products shall be transmitted in writing or electronically, shall specify a reasonable date and time for delivery to locations in the Territory agreed upon in writing between the parties from time to time and shall be submitted with a lead time of at least ten (10) days and shall be subject to acceptance by MEC in MEC's reasonable discretion. If MEC is unable to accept an order for any reason, then MEC will use commercially reasonable efforts to equitably allocate available Products to fill orders from its distributors and customers,

including Distributor. In the event of any conflict or inconsistency between the terms of this Agreement and any purchase order, the terms of this Agreement shall govern. All such purchase orders shall be deemed acceptances of MEC's offers to sell Products and shall limit acceptance by Distributor to the terms and conditions thereof.

6. Payment**.** MEC shall invoice Distributor on a monthly basis or other mutually agreed periodic basis in U.S. Dollars. Distributor shall promptly pay MEC for the Products in U.S. Dollars. Such payment shall be made by electronic transfer to a bank account as designated by MEC, or such other bank account as may be designated by MEC, within (i) sixty (60) days of the date of the applicable invoice issued during the first nine (9) months following the Commencement Date, (ii) forty (40) days of the date of the applicable invoice issued after the expiration of the first nine (9) months following the Commencement Date, or (iii) such other period as may be agreed by MEC from time to time in writing. Distributor and MEC shall use a mutually agreeable method of electronic settlement of accounts that Distributor reasonably approves which may include ACH or Xign, Distributor's current electronic invoice presentment system. If Distributor is delinquent in payment upon presentation of invoice and remains delinquent for seven (7) days after written notice calling upon Distributor to pay, Distributor shall reimburse MEC for any costs and expenses incurred by MEC in collecting such delinquent amounts, including, without limitation, legal fees and costs including fees of collection agencies, and interest computed at the lesser of one percent (1%) per month or part thereof from the due date(s) or the maximum legally permissible rate. MEC will establish the conditions of shipment and will designate the supply point and/or alternate supply points for each of the Products, in all cases, with the previous consent of Distributor, which consent shall not be unreasonably withheld, conditioned or delayed.

7. Title and Risk of Loss. Title and risk of loss to the Products shall pass to Distributor upon delivery of the Products to Distributor.

8. Forecast and Delivery.

a. Distributor shall provide MEC with rolling thirteen (13) week forecasts describing the volume of each SKU of Products that Distributor projects will be ordered during each thirteen (13) week period during the Term (as defined below) of this Agreement. Distributor shall submit each updated forecast monthly in a format reasonably acceptable to MEC and Distributor no later than the first day of each month during the Term.

b. Unless otherwise agreed in writing by the parties to this Agreement, the Products will be tendered by MEC for delivery to Distributor in full truckload quantities of particular Product lines and extensions but without combining different Product lines in the same truckloads. By way of example, Monster Green (i.e. Monster's original product) and its extensions and Java Monster and its extensions are different particular Product lines. Subject to Distributor providing MEC forecasts in accordance with Section 8 (a) above, MEC agrees to use commercially reasonable good faith efforts to deliver Products to Distributor within thirty (30) days of receipt by MEC of the applicable purchase orders for Products in compliance with Sections 5 and 8(a) above to (i) Distributor, in the case of Products delivered from the point of manufacture to Distributor by ground transportation, and (ii) the shipper, in the case of delivery of the Products to Distributor which involves shipment by sea. MEC shall deliver to Distributor

Products with at least six (6) months or fifty percent (50%) of each Product's shelf life remaining at the time of delivery or such other period as may be agreed to between MEC and Distributor with respect to any specific Products. Notwithstanding the foregoing, Distributor acknowledges that delivery dates set forth in purchase orders for Products accepted by MEC are merely approximate and that MEC shall have no liability for late deliveries, except only for fines, penalties and assessments imposed by Distributor's customers and actually paid by Distributor which arise solely and directly as a result of MEC's failure to comply with its obligations under this Section 8.

9. Trademarks.

a. Distributor acknowledges the respective exclusive right, title, and interest in and to the Trademarks and trade names of MEC and/or its Affiliates, whether or not registered, patents, patent applications, and all rights in inventions (whether or not patentable) (collectively, "Patents"), copyrights and copyrightable material (collectively, "Copyrights") and trade secrets and know-how (collectively, "Know-How") which MEC and/or its Affiliates may have at any time created, adopted, used, registered, or been issued in the United States of America, the Territory or in any other location in connection with MEC's business or the Products and Distributor shall not do, or cause or permit to be done, any acts or things contesting or in any way impairing or tending to impair any portion of MEC's right, title, and interest in and to the Trademarks, trade names, Patents, Copyrights, and Know-How. Any approval by MEC for Distributor to use any Trademarks, trade names, Patents, Copyrights, trade secrets and Know- How in connection with the distribution and sale of the Products shall be a mere temporary permission, uncoupled with any right or interest, and without payment of any fee or royalty charge for such use.

b. Distributor shall not use any trademark, name, brand name, logo or other production designation or symbol in connection with Products other than the Trademarks, subject to the terms of this Section 9. It will not be a breach of this Section for the Products to be delivered by Distributor in vehicles, or using employees, agents, assigns or sub-distributors wearing clothing, displaying any other trademark, name, brand name, logo or other products designation or symbol. Distributor acknowledges that it has no right or interest in the Trademarks (except as expressly permitted hereunder) and that any use by Distributor of the Trademarks will inure solely to MEC's benefit. Distributor may only use the Trademarks in strict accordance with MEC's policies and instructions, and MEC reserves the right, from time to time and at any time, at its discretion, to modify such policies and instructions then in effect.

c. Any proposed use by Distributor of the Trademarks (to the extent that it either has not been previously approved by MEC in writing or differs materially from a use previously approved by MEC in writing) shall be subject to the prior written consent of MEC, which MEC may withhold in its sole and absolute discretion. Distributor shall submit to MEC in writing each different proposed use of the Trademarks in any medium.

d. Distributor shall not at any time alter the Trademarks or the packaging of Products, use the Trademarks for any purpose other than the promotion, advertising and sale of Products hereunder, or challenge the validity, or do or refrain from doing any act which might result in impairment of the value, of the Trademarks. Distributor shall not cause or permit its business name to include any of the Trademarks or its business to be operated in a manner which is substantially associated with any of the Trademarks.

e. In advertising, promotions or in any other manner so as to identify Products, Distributor shall clearly indicate MEC's ownership of the Trademarks. Distributor further agrees that before distributing or publishing any sales literature, promotional or descriptive materials, MEC shall have the right, upon request, to inspect, edit and approve such materials which illustrate, describe or discuss the Products. Distributor shall comply with any Trademark usage guidelines that MEC provides to it in writing.

f. Upon the termination of this Agreement, the temporary permission granted under sub-Section 9(a) above will terminate and Distributor shall immediately cease and desist from any use of the Trademarks and any names, marks, logos or symbols similar thereto and the use of any Patents, Copyrights and Know-How.

g. Distributor shall (i) notify MEC of any actual or suspected misuse or infringement of any Trademark, brand name, logo or other production designation or symbol in the Territory, (ii) at MEC's expense and upon MEC's request, assist in such legal proceedings as MEC will deem necessary for the safeguard of any Trademark, brand name, logo or other production designation or symbol in the Territory, and execute and deliver in accordance with MEC's request such documents and instruments as may be necessary or appropriate in the conduct of such proceedings, and (iii) at MEC's expense, assist MEC in the registration and/or renewal of registration of any Trademark, brand name, logo or other production designation or symbol in the Territory as MEC may determine to be necessary or desirable, and execute such documents and instruments as may be necessary to register or to apply for the registration (or registration renewal) of such Trademark, brand name, logo or other production designation or symbol.

h. Distributor shall not acquire or attempt to acquire, for itself or for others, any rights in or to the Patents, Copyrights, Know-How, Trademarks, or any names, marks, logos or symbols confusingly similar thereto, either through registration or use. All rights granted to Distributor concerning the Trademarks, Patents, Copyrights, and Know-How are personal to Distributor, and are not assignable (except in accordance with Section 23) or sublicensable (except to a sub-distributor in accordance with Section 2(a)). Subject to Distributor's rights under Sections 2 and 23, Distributor shall not grant or attempt to grant any rights in or to the Trademarks, Patents, Copyrights, and Know-How to any other Person.

i. If during the Term a third party institutes against MEC or Distributor any claim or proceeding that alleges that the use of any Trademark or any Know-How, Patent, trade secret or Copyright in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement infringes the intellectual property rights held by such third party, then MEC shall, in its sole discretion, and at its sole expense, contest, settle, and/or assume direction and control of the defense or settlement of, such action, including all necessary appeals thereunder. Distributor shall use all reasonable efforts to assist and cooperate with MEC in such action, subject to MEC reimbursing Distributor for any reasonable out-of-pocket expenses incurred by Distributor in connection with such assistance and cooperation. If, as a result of any such action, a judgment is entered by a court of competent jurisdiction, or settlement is entered by MEC, such that any Know-How, Patent, trade secret, Copyright or Trademark cannot be used in connection with the distribution, marketing, promotion, merchandising and/or sales of the Products under this Agreement without infringing upon the intellectual property rights of such third party, then MEC and Distributor promptly shall cease using such affected Know-How, Patent, trade secret Copyright or Trademark in connection with the distribution, marketing, promotion, merchandising and/or sale of the Products under this Agreement. Except as otherwise specified in this Agreement, neither party shall incur any liability or obligation to the other party arising from any such cessation of the use of the affected Trademark.

j. If MEC, for the purposes of this Agreement, should reasonably require that, in accordance with applicable laws governing the registration and licensing of intellectual property, Distributor be recorded as a registered user or licensee of the Trademarks then, at the request and expense of MEC, Distributor will execute any and all agreements and such other documents as may be necessary for the purpose of entering, varying or canceling the recordation.

10. Promotion and Trade Marketing of Products**.** Distributor shall be responsible for promotion and Marketing of the Products to Distributor's Accounts within the Territory. Distributor shall use commercially reasonable efforts to actively and diligently distribute and encourage the utilization of merchandising aids and promotional materials in all Distributor's Accounts throughout the Territory. Without in any way detracting from the foregoing, Distributor shall reasonably participate in and diligently implement all Marketing and promotional programs that are mutually agreed upon by MEC and Distributor from time to time. Distributor acknowledges that (a) MEC has no obligation to market and promote the Products, and (b) MEC makes no, and hereby disclaims any, express or implied warranty, representation, or covenant relating to or in connection with MEC's marketing and promotional activities including any Global Branding and Marketing activities (as defined in Section 13(a) below), including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as expressly provided in Section 19 below, Distributor shall have no claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and/or liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

11. Term. Unless terminated by either party pursuant to the terms of this Agreement, the initial term of this Agreement shall commence on the Effective Date and shall end on the tenth (10th) anniversary of the Commencement Date (the "Initial Term"). After the Initial Term, this Agreement shall be renewed automatically for up to two (2) further successive five (5) year terms ("Additional Term/s") unless either party gives written notice to the other at least one hundred twenty (120) days prior to the end of the Initial Term or applicable Additional Term, as the case may be, of its intention not to renew the Agreement for an Additional Term, and providing the provisions of Sections 2(a), 2(b) and 21 of this Agreement are valid and enforceable in accordance with their respective terms during the applicable Additional Term. If MEC reasonably determines that it is necessary or desirable that the parties execute an additional agreement or instrument in order for the provisions of Sections 2(a), 2(b) and 21 to be valid and enforceable, then the parties agree to execute such documents as may reasonably be required to give effect to the foregoing. A "Contract Year" means any calendar year during the Term and

the period from the Commencement Date until the close of business on December 31st of the calendar year in which the Commencement Date falls. The Initial Term and any Additional Terms are collectively referred to as the "Term".

12. Termination.

a. Termination for Cause.

i. Termination By Either Party. Without prejudice to its other rights and remedies under this Agreement and those rights and remedies otherwise available in equity or at law, either party may terminate this Agreement on the occurrence of one or more of the following:

A. Breach. A party's material breach of a provision of this Agreement and failure to cure such breach within thirty (30) days after receiving written notice describing such breach in reasonable detail from the non-breaching party; provided, however, if such breach is of a nature that it cannot reasonably be cured within thirty (30) days, then the breaching party shall have an additional forty-five (45) day period to cure such breach, providing it immediately commences, and thereafter diligently prosecutes, in good faith, its Best Efforts to cure such breach. In the event that either MEC or Distributor exercises its right to terminate this Agreement in accordance with this Section 12(a)(i)(A), the breaching party shall be obligated to pay the other party a severance payment measured as a genuine pre-estimate of the other party's losses and not as a penalty (the "Breach Severance Payment") in the amount calculated as follows: Distributor's "average gross profit per case" (as defined below) multiplied by the number of cases of Products sold by Distributor during the most recently completed twelve (12) month period ended on the last day of the month preceding the month in which this Agreement is terminated. Distributor's "average gross profit per case" shall mean Distributor's actual selling price less (1) promotion allowances, discounts, free cases and allowance programs, and (2) Distributor's laid in cost of the Products.

B. Insolvency. The other party (1) makes any general arrangement or assignment for the benefit of creditors, (2) becomes bankrupt, insolvent or a "debtor" as defined in 11 U.S.C. § 101, or any successor statute (unless such petition is dismissed within sixty (60) days after its original filing), (3) has appointed a trustee or receiver to take possession of substantially all of such party's assets or interest in this Agreement (unless possession is restored to such party within sixty (60) days after such taking), or (4) has substantially all of such party's assets or interest in this Agreement (unless such attachment, execution or judicial seizure is discharged within sixty (60) days after such attachment, execution or judicial seizure) attached, executed, or judicially seized.

C. Agreement. Mutual written agreement of the parties.

D. Deadlock.

(1) If (a) the parties are unable to agree upon Performance Targets, the Annual Business Plan or Minimum Distribution Levels, or (b) if Distributor has failed to achieve the applicable Performance Targets, Annual Business Plan or Minimum Distribution Levels or fails to comply with any specific requirements of Distributor under this

Agreement, including Section 3 (Distributor's Duties), Section 10 (Promotion and Trade Marketing of Products), Section 13(f) (sales velocity), and Section 13(g) (promotional activities), in any material respect, commencing with the 2018 Contract Year in accordance with Sections 13(b), 13(c) and 13(d) respectively, (clauses (a) and (b) above, collectively referred to as a "Deadlock") then either party may, at any time after providing the other party with written notice identifying the specific issues resulting in the Deadlock and making a good faith attempt to resolve the Deadlock with the other party, but not more than three (3) times per twelve (12) month period, upon written notice to the other party (the "Meet and Confer Notice"), require that representatives of the other party's senior management meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by the parties. Such meet and confer shall begin no later than seven (7) days after the other party's receipt of such Meet and Confer Notice and shall end no later than fifteen (15) days after the other party's receipt of such Meet and Confer Notice (the "Initial Meeting Period"). Representatives of the parties' senior management shall meet and confer during such Initial Meeting Period until (x) resolution of the Deadlock to the parties' mutual satisfaction or (y) conclusion of the Initial Meeting Period, whichever occurs first.

(2) If the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) above, then either party may, at any time after the Initial Meeting Period, upon written notice to the other party and to KO (the "Second Meet and Confer Notice"), require representatives of the other party's senior management and representatives of management of the applicable KO business unit (and/or at MEC's reasonable request, such other representative of senior management of KO), to meet and confer with representatives of the notifying party's senior management at the dates, times and place reasonably agreed by MEC, Distributor and KO (including via videoconference or teleconference). Such meet and confer shall begin no later than seven (7) days after the other party's and KO's receipt of such Second Meet and Confer Notice and shall end no later than twenty-one (21) days after the other party's and KO's receipt of such Second Meet and Confer Notice (the "Second Meeting Period"). Representatives of the parties' and the applicable KO business unit's senior management (and/or at MEC's reasonable request, such other representative of senior management of KO), shall meet and confer during such Second Meeting Period until (x) resolution of the Deadlock to the parties' and KO's satisfaction or (y) conclusion of the Second Meeting Period, whichever occurs first. For the avoidance of doubt and without limiting Section 12(a)(i)(D)(5) below, in the event that, after KO's receipt of the Second Meet and Confer Notice, such representative of KO's applicable business unit does not participate in accordance with the foregoing, MEC shall have the option of waiving such requirement that such KO representative participate and proceeding with the Second Meeting Period without a KO representative.

(3) If, after the Second Meeting Period, the parties are unable to resolve the Deadlock in accordance with Section 12(a)(i)(D)(1) and Section 12(a)(i)(D)(2) above, then the Deadlock shall be resolved by reference as follows:

(x) Reference proceedings may be commenced by either party by giving the other party written notice thereof. Any such reference shall take place before a single referee only in New York, New York or via videoconference or teleconference. The referee shall be an experienced industry expert selected jointly by the parties, or if they cannot agree on a referee within ten (10) days from the commencement of the reference proceedings, then, upon the petition of either party, the experienced industry expert shall be appointed within ten (10) days by the American Beverage Association.

(y) The Deadlock shall be submitted to the referee within ten (10) days after the referee is appointed. No discovery will be permitted and no hearing will be held, except such informal proceedings as the referee may require. Each party shall submit to the referee and the other party within such ten (10) day period such written information and statements as that party deems appropriate in support of its claim not exceeding five (5) pages in length (excluding exhibits), together with such information as the referee may require. Each party shall concurrently submit to the referee and exchange with each other its last and best position with respect to each separate issue subject to Deadlock ("Position") to resolve the Deadlock. Within fourteen (14) days of the date that the parties were required to submit their respective written submissions, the referee shall select one of the two written Positions submitted with respect to each separate issue subject to Deadlock, without change or modification.

(z) Each party shall pay one-half of the referee's fees and otherwise bear its own costs associated with the reference proceeding; provided, that the party whose Position is not selected by the referee (the "Non-Prevailing Party") shall not be obligated to reimburse the party whose position was selected by the referee (the "Prevailing Party") for the referee's fees and costs relating to the proceeding paid by such party.

(4) The Non-Prevailing Party shall have no right to terminate this Agreement or seek any other remedy with respect to the issue for which it was the Non- Prevailing Party, and the Position selected by the referee shall be binding upon the parties.

(5) Notwithstanding anything to the contrary contained in this Section 12(a)(i)(D), the parties acknowledge and agree that:

(x) the failure of KO or its applicable business unit's senior management to attend or participate in, or otherwise perform, all or any of the duties, functions or activities described above will not affect the validity or enforceability of any part or result of the procedure in this Section 12(a)(i)(D).

(y) If either party is the Prevailing Party two consecutive times in any twelve (12) month period for any issue resulting in a Deadlock, then, after providing at least five (5) days written notice to KO, with a copy to KO's Chief Executive Officer and Chief Financial Officer, of MEC's intention to terminate this Agreement (if MEC is the Prevailing Party), such Prevailing Party shall have the option to terminate this Agreement upon thirty (30) days written notice to the other party; provided that if MEC is such terminating party, MEC shall pay Distributor a Breach Severance Payment (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(z) If the Non-Prevailing Party materially fails to comply with the Position selected by the referee within a sixty (60) day period (or, if the Non- Prevailing Party cannot reasonably comply with such Position within such sixty (60) days, an extended period of no longer than an additional four (4) months) following such selection, then, after providing at least five (5) days written notice to KO (with a copy to KO's Chief Executive Officer and Chief Financial Officer) of the Prevailing Party's intention to terminate this Agreement, the Prevailing Party may, without prejudice to any other rights or remedies available to it under this Agreement or applicable law, give notice of such breach in accordance with, and thereafter invoke the remedy provided under, Section 12(a)(i)(A) above; provided that neither party shall be required to pay a Breach Severance Payment in such event (and neither party shall be liable by reason of such termination of this Agreement or Deadlock pursuant to this Section 12(a)(i)(D) for payment of any other amount, including, without limitation, for compensation, reimbursement or damages of whatsoever nature including for loss of prospective compensation or earnings, goodwill or loss thereof, or expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of the Agreement).

(6) Nothing contained in this Section 12(a)(i)(D) shall be construed as limiting, restricting or delaying either party's ability to exercise its rights and/or remedies under Section 12(a)(i)(A) above.

ii. Termination by MEC. MEC may terminate this Agreement at any time:

A. Upon written notice, and such termination will be effective immediately upon Distributor's receipt of such notice, (x) if Distributor sells, assigns, delegates or transfers any of its rights and obligations under this Agreement without having obtained MEC's prior written consent thereto (which consent may be withheld in MEC's sole discretion), provided that MEC shall not withhold its consent if such sale, assignment, delegation or transfer is (1) to a Primary KO Distributor (as defined below), (2) to KO or an Affiliate of KO or an Affiliate of Distributor, or (3) a result of an Approved Change of Control (as defined below), or (y) if there is any material change in the control of Distributor or Distributor sells all or substantially all of its assets without the prior written consent of MEC, other than if such material change in control or sale is (1) to a Primary KO Distributor, (2) to KO or an Affiliate of KO, or (3) to any Person to the extent Distributor remains a Primary KO Distributor. "Primary KO Distributor" means a KO Distributor holding the exclusive right to distribute (or that otherwise is the primary distributor of) Coca-Cola brand products in an applicable territory. "Approved Change of Control" means any change of control of Distributor or sale of all or substantially all of Distributor's assets that is consented to by MEC or for which MEC's consent is not required hereunder.

B. Upon the occurrence of an MEC Change of Control (as defined in the International Distribution Coordination Agreement), MEC shall have the option to terminate (1) this Agreement in its entirety (a "Complete Termination") or (2) if the Territory comprises more than one market, Distributor's right to sell Products in a portion of the Territory (a "Partial Territory Termination"), which option may be exercised within sixty (60) days of the occurrence of such MEC Change of Control, by written notice by MEC to Distributor. Any such termination shall be effective upon Distributor's receipt of MEC's written notice of termination.

MEC's right to terminate this Agreement under this Section 12(a)(ii)(B) shall be MEC's sole right to terminate this Agreement for an MEC Change of Control and independent of any other rights or remedies of MEC under this Agreement.

(x) In the event of a Complete Termination, MEC or its successor, as the case may be, shall pay to Distributor an amount equal to a Breach Severance Payment calculated in accordance with Section 12(a)(i)(A) above (the "Product Severance Payment").

(y) In the event of a Partial Territory Termination, MEC or its successor, as the case may be, shall pay to Distributor a severance payment with respect to the Products which are the subject of the termination, calculated on the same basis as the Breach Severance Payment in accordance with Section 12(a)(i)(A) above, but only with respect to that portion of the Territory which is the subject of the Partial Territory Termination (the "Territory Severance Payment").

(z) Any Product Severance Payment or Territory Severance Payment payable by MEC to Distributor in accordance with Section 12(a)(ii)(B)(x) or 12(a)(ii)(B)(y) shall be paid by MEC to Distributor within thirty (30) days of the later of (I) the date of the applicable termination, and (II) MEC's receipt of all information reasonably necessary to support computation of the Product Severance Payment or Territory Severance Payment, as the case may be, in a form and substance satisfactory to MEC.

iii. [INTENTIONALLY OMITTED]

iv. Termination Upon the Occurrence of Certain Changes. If, after the Effective Date, a change in legal or regulatory conditions in the Territory occurs including, without limitation, any change in any applicable law, regulation or order, or the interpretation of any law, regulation or order in the Territory which has had or would be reasonably expected to (A) have a material adverse effect on the business of distributing Products in that Territory, (B) prevent Distributor from legally obtaining foreign exchange to remit abroad payment for the Products; or (C) result in any part of this Agreement ceasing 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 provisions of this Agreement cannot be legally performed and/or the Products cannot be stored, transported, handled, distributed or sold in accordance with this Agreement, either party may, upon written notice, suspend or terminate the parties' respective rights and obligations under this Agreement solely with respect to (1) the affected Products in the Territory, or, (2) to the extent such change and conditions affects the business of distribution of all or substantially all of the Products in the Territory, all Products in the affected portion of the Territory without liability for damages; provided that neither MEC nor any of its Affiliates shall be permitted to sell any such Products subject to suspension or termination in the affected Territory without first providing Distributor the option to remove the cause for such suspension or re-enter into the Agreement with respect to such Products and Territory. In the event of any such suspension that materially adversely effects Distributor's benefits or obligations hereunder, Distributor shall have the option to terminate this Agreement in its entirety upon written notice to MEC.

b. Optional Termination. MEC shall have the right to terminate this Agreement upon written notice to Distributor (i) in the event of termination or expiration of the International Distribution Coordination Agreement pursuant to and in accordance with its terms and/or (ii) if Distributor is no longer a party to any agreement with KO regarding the distribution of Coca- Cola brand products in the Territory. Neither KO, MEC nor Distributor shall be liable to any other party or otherwise obligated to pay to any other party any severance payment or other amount by reason of such termination for compensation, reimbursement or damages of whatsoever nature including, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of either party or in reliance on the existence of this Agreement, other than any fees required to be paid by MEL pursuant to the International Distribution Coordination Agreement.

c. International Distribution Coordination Agreement. Notwithstanding anything to the contrary herein, MEC shall not have the right to terminate this Agreement with respect to any action or circumstance approved by MEL pursuant to Section 4.8 of the International Distribution Coordination Agreement, unless KO consents to such termination in writing in advance.

d. Sole Remedy.

i. The Breach Severance Payment, Product Severance Payment and/or the Territory Severance Payment payable by MEC to Distributor, pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute Distributor's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that Distributor may have against MEC as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall MEC be liable to Distributor by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of Distributor or in reliance on the existence of this Agreement.

ii. The Breach Severance Payment payable by Distributor to MEC pursuant to the provisions of this Section 12, if any, and MEC's repurchase of Distributor's inventory of Products, advertising materials and MEC Equipment pursuant to Section 12(e)(iv) below, or Distributor's right to sell such inventory if not so repurchased by MEC, shall constitute MEC's sole and exclusive remedy for the termination or non-renewal of this Agreement, including, without limitation, in the case of a breach and shall be in lieu of all other claims that MEC may have against Distributor as a result thereof. Without in any way detracting from or limiting the provisions of Sections 12(e)(iii) and 12(e)(v) below and, in addition thereto, under no circumstances shall Distributor be liable to MEC by reason of the termination or non-renewal of this Agreement for compensation, reimbursement or damages of whatsoever nature including, without limitation, for (A) loss of prospective compensation or earnings, (B) goodwill or loss thereof, or (C) expenditures, investments, leases of any type or commitment or type of commitment made in connection with the business of MEC or in reliance on the existence of this Agreement.

e. Other Terms Pertaining to Termination. In the event of the termination of this Agreement for any reason whatsoever (and whether such termination is due to the breach of any of the provisions of this Agreement by any party and/or itself is in breach of the Agreement or otherwise):

i. MEC shall have the right to cancel all of Distributor's purchase orders for affected Products accepted but remaining unfilled as of the date of termination;

ii. All amounts payable by Distributor to MEC or by MEC to Distributor shall be accelerated and shall immediately become due unless such termination results from the other's breach of this Agreement;

iii. Except for the sole remedy provisions in Sections 12(d)(i) and (ii), neither party shall be liable to the other party in contract, tort or on any other theory of liability for any damage, loss, cost or expense (whether general, special, indirect, incidental, consequential or punitive) suffered, incurred or claimed by the other party as a result of or related to such breach and/or termination (even if the termination results from a breach and the breaching party has been advised of the possibility of such damages), including, without limitation, loss of anticipated profits or goodwill, loss of or damage to goodwill or business reputation or any loss of investments or payments made by either party in anticipation of performing under this Agreement;

iv. MEC and Distributor shall each have the option, exercisable upon written notice to the other within thirty (30) days after the date of termination hereof, to cause MEC to (A) repurchase all affected Products in Distributor's inventory and current advertising materials (providing such Products and advertising materials are in saleable condition) at the prices paid or payable for such Products by Distributor (less any freight and insurance charges), F.O.B., Distributor's premises and (B) purchase all of Distributor's right, title and interest in, and all applicable rights in, related to, or associated with, all MEC Equipment and the placement or location of such MEC Equipment at all Distributor's customers' locations or premises by Distributor at the fair market value of Distributor's interest, if any, in each such item of MEC Equipment with no amount or compensation allocated to, or payable for, the maintenance, placement or location of the MEC Equipment;

v. Any Breach Severance Payment, Product Severance Payment, or Territory Severance Payment (each, a "Severance Payment") payable in accordance with this Agreement by either MEC or Distributor in the event of termination of this Agreement shall constitute reasonable liquidated damages and is not intended as a forfeiture or penalty. MEC and Distributor agree that it would be impractical and extremely difficult to estimate the total detriment suffered by either party as a result of termination of this Agreement pursuant to this Section 12 or otherwise, and that under the circumstances existing as of the Effective Date, the applicable Severance Payment represents a reasonable estimate of the damages which either MEC or Distributor will incur as a result of such applicable termination. Therefore, MEC and

Distributor agree that a reasonable estimate of the total detriment that either party would suffer in the event of termination of this Agreement pursuant to this Section 12 or otherwise is an amount equal to the applicable Severance Payment. The foregoing provision shall not waive or affect either party's indemnity obligations or the parties' respective rights to enforce those indemnity obligations under this Agreement, or waive or affect either party's obligations with respect to any other provision of this Agreement which by its terms survives the termination of this Agreement;

vi. Distributor acknowledges and agrees that the payment of any Severance Payment by MEC to Distributor shall be conditional upon (A) Distributor cooperating in good faith with MEC in effecting a smooth transition of or otherwise transferring any distribution or similar rights under this Agreement to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor appointed by MEC, <u>provided</u> that MEC may only withhold payment of such Severance Payment if Distributor materially fails to comply with specific requests of MEC to take actions that are reasonably required to effect such transition and would not impose material costs on Distributor (except to the extent MEC reimburses the same), (B) Distributor, at MEC's request and expense, taking such reasonable action as is necessary to terminate Distributor's registration as MEC's distributor, and/or an authorized importer of Products and/or holder of any health certificate and/or import permit with respect to the Products, with any Governmental Entity, in each case subject to applicable law and (C) Distributor performing its obligations under Section 12 (g)(i) below in all material respects. Distributor shall cooperate in good faith with MEC in assigning or otherwise transferring to MEC (as determined is appropriate by MEC), or in MEC's sole discretion, to a third party distributor, any such registration or approval including, without limitation, any licenses, permits, certificates, and governmental approvals (or the functional equivalent in the Territory) that Distributor may have acquired in connection with carrying out its obligations under this Agreement. MEC shall not invoke the right to withhold payment of any Severance Payment unless MEC shall have given Distributor at least twenty (20) days written notice of its failure to perform any of its obligations set forth in this Section 12(e)(vi) and Distributor has failed to cure such failure during such twenty (20) days; and

vii. Upon any notice of termination of this Agreement provided in accordance with the terms hereof and during the applicable notice period, nothing in this Agreement shall be deemed to prohibit MEC, in its sole discretion from negotiating and/or granting distribution rights to any third party or engage directly in transactions concerning the sale and distribution of the Products in the Territory.

f. <u>Continued Supply of Products After Termination</u>. In the event MEC continues to supply Products to Distributor for any reason following the termination of this Agreement, Distributor acknowledges and agrees that any such action shall not constitute a waiver of MEC's rights under this Agreement or a reinstatement, renewal or continuation of the Term of this Agreement. MEC and Distributor agree that if MEC continues to supply Products to Distributor following the termination of this Agreement, (i) Distributor shall not actively seek or solicit customers for the Products outside the Territory or any customers located within the Territory other than Distributor's Accounts, (ii) Distributor shall promptly pay the prices of the Products in full (without deduction or set-off for any reason) in accordance with the payment terms set forth in MEC's invoice, and (iii) MEC shall have the right, in its sole discretion, to discontinue supplying Products to Distributor at any time, without notice to Distributor.

g. Distributor's Obligations After Notice of Termination.

i. During any period after either party gives the other notice of termination of this Agreement and until actual termination of this Agreement, Distributor shall (A) continue to perform all of Distributor's obligations under this Agreement, including without limitation, all of Distributor's obligations under Section 3 above, (B) not cause or permit the Products or the Trademarks to be prejudiced in any manner, (C) not eliminate, reduce or replace the listings, shelf space, positioning and/or other benefits enjoyed by the Products, (D) continue to conduct its business relating to the distribution and sale of Products in the ordinary course and consistent with its prior practices including, without limitation, by not purchasing more inventory than customarily purchased by Distributor of Products or offering its customers prices, terms or benefits not customarily offered by Distributor such as discounts, rebates or sales promotion allowances (except to the extent permitted hereunder), and (E) generally cooperate with MEC in relation to the transition to any new distributor appointed by MEC for the Territory.

ii. For a period of thirty (30) days after termination of this Agreement for any reason, Distributor shall not tortiously interfere with any listings, shelf space, or positioning for the Products.

13. Annual Business Plan; Minimum Distribution Levels; Promotion.

a. During the Term, MEC shall have primary responsibility for the overall global branding and positioning of the Products, as well as brand and image Marketing for the Products, in such form and manner and of such nature and to such extent as may be determined by MEC in its sole and absolute discretion from time to time ("Global Branding and Marketing"). Distributor acknowledges and agrees that MEC makes no express or implied warranty, representation or covenant relating to or in connection with any Global Branding and Marketing activities, including without limitation, as to the value, performance, extent, effectiveness, quantity, quality, success or results of any such activities or the lack thereof. Except as set forth in Section 19 below, Distributor shall not have any claim against MEC and its Affiliates and hereby releases MEC and its Affiliates from all and any claims by, and liability to, Distributor of any nature for their failure to market and promote, or adequately market and promote, the Products or arising from or relating to or in connection with any Global Branding and Marketing activities procured, provided or performed by MEC and/or its Affiliates or MEC's and/or its Affiliates' failure to procure, provide or perform such activities.

b. Not less than sixty (60) days before the end of each Contract Year, MEC and Distributor shall mutually review the conditions of the marketplace, Distributor's efforts to achieve sales and its results, including year over year performance, as well as a proposed annual sales, promotion, and trade marketing plan ("Annual Business Plan") for the next Contract Year prepared by Distributor. Such review shall include discussion on marketing efforts and proposed programs to be implemented to improve the distribution and/or sales velocity of the very lowest selling (measured by sales velocity) SKU/s of Products, if appropriate, and/or the possible deletion from distribution, if appropriate, of the very lowest selling (measured by sales velocity)

SKU/s of Products but in accordance with and subject to the provisions of Section 13(f) below. Such Annual Business Plan shall cover such matters as may be appropriate including specific account placement performance objectives, merchandising goals, specific account and channel objectives for specified distribution channels, distribution goals, a sales and marketing spending plan and a strategy for maximizing sales and growth of market share as well as cooler and vending machine programs and plans. Additionally, if the Territory has an ethnic market or concentration, the Annual Business Plan shall address such specific ethnic segments, including retail promotions, point-of-sale allocations and special events for ethnic segments. The Annual Business Plan shall not detract from the provisions of Section 10 above. Distributor shall use Best Efforts to implement such Annual Business Plan in the following Contract Year in accordance with Section 3(f) above.

c. Not less than sixty (60) days before the end of the then-current Contract Year, MEC and Distributor shall mutually agree, in writing, on minimum distribution levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year (the "Minimum Distribution Levels"). Should the parties have failed, for whatsoever reason, to mutually agree upon the Minimum Distribution Levels to be achieved and maintained by Distributor for each of the Products throughout the next Contract Year, the same shall be determined by reference to the process described in Section 12(a)(i)(D) above. The parties shall perform all of their respective obligations under this Section except that Distributor shall not be obligated to achieve and maintain the Minimum Distribution Levels until the expiration of the six (6) month period immediately following the Commencement Date of this Agreement. A commercially reasonable representation of SKUs of Products shall be required to be in distribution throughout the year in reasonable positioning on shelves, which shall take into account retailer willingness to sell all of the SKUs of Products, shelf space limitations and other commercially reasonable factors that may be applicable in the market.

d. MEC and Distributor shall also agree in writing to performance targets to be achieved and maintained by Distributor for the forthcoming calendar year of this Agreement (collectively, the "Performance Targets"). For the avoidance of doubt, Performance Targets will not include sales volume or value requirements and the failure to achieve sales volume and/or sales value requirements shall not constitute a breach of this Agreement nor an issue subject to adjudication under Section 12(a)(i)(D).

e. The Minimum Distribution Levels for the Products that shall be required to be achieved and maintained by Distributor for the Products shall be reduced to the extent only that actual distribution levels are eroded as a direct result of (i) MEC's failure to deliver Products in accordance with this Agreement, (ii) MEC's failure to reimburse all costs pursuant to Section 13(g)(iv) below or (iii) MEC's failure to contribute its agreed share of the parties funding obligation as set forth in Section 13(g)(iii).

f. In every calendar year commencing 2018, the parties agree to periodically meet in order to discuss performance of the lowest selling SKU/s of Products and to delete from distribution in the Territory any SKU/s the parties mutually agree in writing, provided that MEC will not unreasonably withhold its approval to the deletion of any applicable SKU/s. MEC may withhold its approval to deletion of any SKU/s if any applicable SKU/s has/have sufficient sales velocity or is or are capable of delivering sufficient sales velocity in any one or more of

Distributor's Accounts or any one or more regions or countries, as the case may be, to make such SKU/s economically viable to continue in distribution in such one or more of Distributor's Accounts or in any one or more regions or countries, as the case may be. Notwithstanding the foregoing, unless mutually agreed in writing, in no event shall more than ten percent (10%) of the total number of SKUs, rounded down to the nearest whole number (unless ten percent (10%) of the total number of SKUs is less than one (1) but more than 0.5, in which case the number will be rounded up to one (1)), be deleted from distribution in any rolling twelve (12) month period.

g. Promotional activities shall be regulated as follows:

i. The estimated costs of promotional activities shall be allocated as set forth in Exhibit E between MEC and Distributor thirty (30) days prior to the commencement of a calendar year on a cost per-case basis of Products.

ii. The promotional activities costs are to be shared between Distributor and MEC as set forth in Exhibit E. The parties agree that the costs for the promotional activities shall be reconciled each quarter and that the estimate for the costs of promotional activities in the subsequent quarter may be adjusted provided there is mutual agreement.

iii. MEC and Distributor shall periodically meet and may mutually agree to promotional activities including further programs and campaigns not included in the promotional activities contemplated in Exhibit E. The promotional activities costs that are so agreed to between the parties shall be shared between, and paid by, Distributor and MEC as may be agreed in writing from time to time.

iv. If and to the extent previously approved by MEC in writing, MEC shall reimburse or credit Distributor for all of Distributor's actual out-of-pocket expenses paid or incurred by Distributor in relation to the promotional and trade marketing of Products not otherwise provided for and/or dealt with pursuant to Section 13(g)(i), (ii) and (iii) above.

v. Distributor shall continue its business in the ordinary course including the provision, utilization, and maintenance of coolers, other refrigeration equipment, and vending machines (including without limitation as provided in Section 3 (t) above). Distributor shall be responsible for creating marketing materials for submission to MEC for its final written approval. Distributor shall not use marketing materials unless approved by MEC in writing; provided that if MEC does not notify Distributor that it objects to any suggested marketing materials within fifteen (15) days after receipt of such materials from Distributor, MEC shall be deemed to have approved such suggested marketing materials.

14. Distribution Accounts and MMM Accounts.

a. Distributor and its sub-distributors shall have the primary (except as specified in Exhibit C) relationship with retail and other customers throughout the Territory and shall be responsible for negotiating the terms of sale of the Products within the Territory; provided that without detracting from the foregoing, MEC may, in its sole and absolute discretion, elect to exercise the right to assume some or all of the elements in the primary relationship with any Large Accounts. For the purposes of this Agreement, "Large Account" mean any large accounts having multiple outlets within the Territory, which may include MMM Accounts. Such rights shall include, without limitation, the right to provide input to Distributor and its sub-distributors regarding sales strategy and other matters as well as to provide sales, marketing, promotional and merchandising support and programs to retail and other customers as well as the right to meet directly with and make presentations to retail and other customers within the Territory as may be appropriate from time to time; and provided further that MEC will advise Distributor of such meetings beforehand to the extent practicable and Distributor shall be entitled to accompany MEC to the meetings. Additionally, MEC may (i) accompany, assist and support Distributor and/or its sub-distributors from time to time on sales calls to Distributor Accounts in the Territory and to make independent calls on Large Accounts, (ii) to the extent KO extends an invite to MEC with respect to specific system-wide KO bottler meetings that relate in any part to Energy Drinks, attend such part of such meetings relating to Energy Drinks, and (iii) arrange, coordinate and administer a sales trip incentive program at least once per year. For the sake of clarity, MEC shall not offer or agree terms of supply and/or terms of sale of the Products within the Territory to any of Distributor's Accounts without the prior agreement of Distributor (subject to Section 14(c) below), which agreement will not be unreasonably withheld.

b. MEC shall have the right to attend and participate in regular performance review meetings with Distributor to facilitate efficient marketing and distribution of Products. Without detracting from the foregoing, Distributor will not oppose any additional actions the adoption of which are considered by MEC as necessary and justified in order to protect and improve the sales and distribution system for the Products, including, but not limited to those actions which might be adopted concerning the supply of large or special customers whose field of activity transcends the boundaries of the Territory.

c. "MMM Accounts" shall mean multi-market major accounts having multiple outlets in one or more market/s and/or country/ies in any territories for which Distributor has distribution rights for the applicable Products and/or having multiple outlets in one or more market/s and/or country/ies outside of the territories in which Distributor has distribution rights for the applicable Products. The parties recognize that it is in their respective interests to work together to formulate the approach to be followed by them jointly or separately with various customers and/or channels of trade, including MMM Accounts, from time to time, both to take advantage of a coordinated approach and to avoid the negative impact of a lack of coordination. MEC and Distributor therefore agree that an aligned customer/channel approach is a key part of each Annual Business Plan and that they will engage in regular communication to adopt such plans as well as to deal with further opportunities that may arise from time to time during each calendar year, so as to avoid either party acting in an uncoordinated way towards customers. Subject to Section 14(a) above, if MEC deems it desirable for Products to be sold to any MMM Account, MEC shall be entitled, in its discretion, to make arrangements directly with such MMM Account including the terms of sale of Products to the MMM Account and the MMM Pricing (as defined below), which shall take into account the prices and funding then offered by Distributor and its sub-distributors to MMM Accounts and similar categories of customers, in the Territory. Notwithstanding anything to the contrary herein, MEC shall be entitled to determine the business relationship with MMM Accounts, including, without limitation, the pricing offered to such MMM Accounts, which may be single pricing, multiple pricing or different pricing for (a) different customers in different territories or markets, or parts of different territories or markets, (b) the same customer in the same territory or market, or parts of such territory or market and/or (c) the same customer in different territories or markets, or parts of such territories or markets (the "MMM Pricing"). To the extent feasible, MEC will consult with Distributor with respect to the MMM Pricing. MEC shall use commercially reasonable efforts to arrange for all outlets of any such MMM Account within the Territory to be serviced by Distributor and/or its sub- distributors and for delivery of the Products and other arrangements with regard thereto, to be made directly by Distributor and its sub-distributors or their warehouse system. Notwithstanding the foregoing, should the MMM Account concerned not agree to its outlets within the Territory being serviced by Distributor or should Distributor elect not to service such outlets, MEC shall be entitled to service the outlets directly. In the event MEC services the outlets directly, MEC shall bear sole liability and responsibility related to such MMM Account and MEC shall pay to Distributor, during the period that MEC services such outlets directly, an amount equal to twenty-five percent (25%) of Distributor's "average gross profit per case" per Product case SKU sold to and calculated with respect to MMM Accounts in the channel in question but otherwise in accordance with the provisions of Section 12(a)(i)(A) above (or based on MEC's actual selling price of such Product case SKU if such Product case SKU is not sold by Distributor), for each case of such Product case SKU sold by MEC to the outlets concerned (but only on the excess of the amount by which the aggregate cases of such Product case SKU/s sold to such outlets in the Territory during each Contract Year exceeds the number of cases set forth on Exhibit F or the number of cases reduced pro rata for any period of less than one year), within a reasonable time after receipt by MEC of all information necessary for the computation of the amount due under this Section 14, but in no event more frequently than twice per calendar year. For the purposes of this Agreement, the number of cases of Product case SKU/s sold by MEC to the outlets during any period shall be the actual number of cases reasonably determined by MEC, or if not determined by MEC then as determined by multiplying the total number of cases of Product case SKU/s sold by MEC directly to such MMM Account or regional division of such MMM Account, as the case may be, during the period concerned, by a fraction, the numerator of which shall be the number of outlets within the Territory and the denominator of which shall be the total number of outlets that the MMM Account has anywhere in the world participating in the applicable program.

15. Exclusion of Damages.

a. EXCEPT FOR DAMAGES DIRECTLY RESULTING FROM INDEMNITY OBLIGATIONS PROVIDED IN SECTION 19, WITHOUT IN ANY WAY DETRACTING FROM OR LIMITING THE PROVISIONS OF SECTIONS 12(d), 12(e)(iii) AND/OR 12(e)(v) ABOVE AND, IN ADDITION THERETO, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, LOSS OF GOODWILL, BUSINESS INTERRUPTION, LOSS OF BUSINESS OPPORTUNITY, OR ANY OTHER PECUNIARY LOSS) SUFFERED BY THE OTHER RELATED TO OR ARISING OUT OF THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND/OR THE USE OF OR INABILITY TO USE OR SELL THE PRODUCTS, AND/OR FROM ANY OTHER CAUSE WHATSOEVER, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

b. EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY OR WARRANTIES, DISCLAIMER, OR EXCLUSION OF DAMAGES, IS EXPRESSLY INTENDED TO BE SEVERABLE AND

INDEPENDENT FROM ANY OTHER PROVISION, SINCE THOSE PROVISIONS REPRESENT SEPARATE ELEMENTS OF RISK ALLOCATION BETWEEN THE PARTIES, AND SHALL BE SEPARATELY ENFORCED.

16. Distributor's Representations and Warranties. Distributor represents and warrants to MEC that (a) it has the right and lawful authority to enter into this Agreement, and (b) the execution, delivery and performance of this Agreement will not cause or require Distributor to breach any obligation to, or agreement or confidence with, any other Person.

17. MEC's Representations and Warranties.

a. MEC represents and warrants to Distributor that (i) it has the right and lawful authority to enter into this Agreement, and (ii) the execution, delivery and performance of this Agreement will not cause or require MEC to breach any obligation to, or agreement or confidence with, any other Person.

b. MEC warrants that all Products, all food additives in the Products, and all substances for use in, with, or for the Products, comprising each shipment or other delivery hereby made by MEC to, or on the order of, Distributor are hereby guaranteed as of the date of delivery to be, on such date, (i) for Products imported by Distributor from the United States, not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, including the Food Additives Amendment of 1958 (the "Act") and are not articles which may not under the provisions of Sections 404, 505, or 512 of the Act, be introduced into interstate commerce, and (ii) for all Products supplied by MEC to Distributor (whether or not imported from the United States) to be in compliance with all health, safety, and labeling standards and specifications imposed by law, regulation or order in the Territory in which the Products will be sold by Distributor and which are applicable to the Products.

c. MEC warrants that all Products shall be merchantable.

d. Distributor's sole and exclusive remedy for MEC's breach of MEC's representations in Sections 17(b) and 17 (c) above shall be as provided for in Section 19(b) below.

18. Limitation of Warranty. MEC MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING THE IMPLIED WARRANTIES OF NON- INFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) EXCEPT THOSE SET FORTH IN SECTION 17 ABOVE.

19. Indemnification.

a. Distributor shall indemnify, defend, and hold harmless MEC and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits, instituted by any third party, whether groundless or otherwise, and from and against any and all third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character arising from the breach of Distributor's express representations and warranties under this Agreement by Distributor or its agents, employees, subcontractors, sub-distributors or others acting on its behalf, provided that (i) MEC gives Distributor written notice of any indemnifiable claim and MEC does not settle any claim without Distributor's prior written consent, and (ii) MEC does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

b. MEC shall indemnify, defend, and hold harmless Distributor and its officers, directors, agents, employees, shareholders, legal representatives, successors, assigns, and customers, and each of them, from loss, liability, costs, damages, or expenses from any and all claims, actions and suits instituted by any third party, whether groundless or otherwise, and from and against any and all such third party claims, liabilities, judgments, losses, damages, costs, charges, attorney's fees, and other expenses of every nature and character and all Distributor's direct documented costs to store, transport, test and destroy all unsellable Products and advertising materials arising from (i) the breach of MEC's express representations and warranties under this Agreement or those of its agents, employees, subcontractors or others acting on its behalf, (ii) any impurity, adulteration, deterioration in or misbranding of any Products sold to Distributor by MEC, (iii) any prior distributor of Products in the Territory, (iv) any MEC marketing, advertising, promotion, labeling, Global Branding and Marketing, and the Trademarks, Copyrights, Patents, Know-How or other intellectual property relating to the Products, or (v) the fact that the Products (A) are not safe for the purposes for which goods of that kind are normally used or (B) do not comply with any applicable health, safety, or environmental laws, regulations, orders or standards imposed in the Territory; provided that (1) Distributor gives MEC written notice of any indemnifiable claim and Distributor does not settle any claim without MEC's prior written consent, and (2) Distributor does all things reasonably required by applicable law to mitigate the claim, loss, damage, liability, cost, suit, action, judgment or expense (including without limitation attorney's fees) to the fullest possible extent.

c. If any action or proceeding is brought against Distributor, MEC or any other indemnified party under Section 19 (a) or 19(b) (the "Indemnified Party"), the Indemnified Party shall promptly notify the party required to provide indemnification (the "Indemnifying Party") in writing to that effect. If the Indemnified Party fails to promptly notify the Indemnifying Party, the Indemnified Party shall be deemed to have waived any right of indemnification with respect to such claim to the extent (but only to the extent) any delay in such notice prejudices the Indemnifying Party's ability to defend such action, suit or proceeding. The Indemnifying Party shall have the right to defend such action or proceeding at the Indemnifying Party's sole cost by counsel satisfactory to Indemnifying Party. If the Indemnifying Party fails to promptly defend or otherwise settle or finally resolve such action, suit or proceeding, Indemnified Party may defend such action, suit or proceeding using counsel selected by Indemnified Party, and the Indemnifying Party shall reimburse Indemnified Party for any resulting loss, damages, costs, charges, attorney's fees, and other expenses and the related costs of defending such action, suit or proceeding.

d. The parties agree that the provisions contained in this Section shall survive for two (2) years upon the termination or expiration of this Agreement.

20. Insurance. During the Term of this Agreement and for a period of one (1) year thereafter, MEC and Distributor agree to maintain policies of insurance of the nature and amounts specified

below, which shall provide the other party as an additional insured (providing for a waiver of subrogation rights and endeavoring to provide for not less than thirty (30) days written notice of any modification or termination of coverage), and each party shall provide the other party with a certificate of insurance evidencing such insurance, in a form satisfactory to such party:

- Commercial General Liability, including contractual liability coverage, with limits of at least $1,000,000 per occurrence; Bodily Injury and Property Damage / $1,000,000; Personal and Advertising Injury / $1,000,000; Products/Completed Operations / $2,000,000 General Aggregate.

- Excess or Umbrella Liability with a limit of not less than $5,000,000 per occurrence over the insurance coverage described above.

- Other statutory insurance required by the applicable laws of the Territory.

For any claims under this Agreement, the applicable party's insurance shall be deemed to be primary and not contributing to or in excess of any similar coverage purchased by the other party. All deductibles payable under an applicable policy shall be paid by the party responsible for purchasing such policy. All such insurance shall be written by companies authorized to do business in the state or states where the work is to be performed and having at least the ratings of the respective parties current insurers, unless not obtainable at commercially reasonable rates in light of previous premiums. The parties will ensure that the insurance policies obtained pursuant to this Section are effective and enforceable for any liability, claims or other insurable event arising in the Territory.

21. Competing Products. During the Term of this Agreement, Distributor shall not market, sell, manufacture, prepare, package, or distribute, directly or indirectly, or assist any third party in engaging in the business of manufacturing, marketing, selling, or distributing any Energy Drink/s or products reasonably likely to be confused with any of the Products in the Territory or reasonably likely to be perceived by consumers as confusingly similar to or be passed off as Products ("Competing Products"), except that Distributor may manufacture, prepare, package, market, sell and distribute and otherwise engage or assist any third party in engaging in the business of manufacturing, marketing, selling or distributing in the Territory Competing Products that: (a) are owned, marketed, sold or distributed by KO or an Affiliate of KO, or (b) were internally developed by KO or any of its Affiliates, in each case (a) and (b), to the extent KO is not otherwise prohibited from marketing, selling or distributing such Competing Products pursuant to a written agreement between MEL or MEC and KO. If under the terms of any written agreement between MEL or MEC and KO, KO authorizes Distributor to sell Competing Products, then Distributor agrees that it shall be obligated at all times to allocate and devote at least such resources and efforts (in all material respects) to the promotion, marketing, sale, and distribution of the Products as are substantially proportional to the ratio that the volume of Distributor's sales of Products bears to the volume of Distributor's sales of Competing Products.

22. Amendment. Except to the extent otherwise expressly permitted by this Agreement, no amendment of, or addition to, this Agreement shall be effective unless reduced to a writing executed by the duly authorized representatives of both parties. KO's approval of any amendment shall be necessary with respect to an amendment, modification, addition or deletion

(a) that would reasonably be expected to materially impact KO's rights or benefits under this Agreement or the International Distribution Coordination Agreement, or (b) to any of the following terms (or otherwise materially affecting such terms): definition of Products (to the extent KO has consent rights with respect thereto under the International Distribution Coordination Agreement), term, termination, deadlock procedures, placement in branded refrigerated equipment, distributor's exclusivity, facilitation fee, distribution refusal, competing products or other non-competition, and amendment, in which case KO's affirmative written approval shall be required.

23. Assignment. Neither party may assign its rights or delegate its obligations hereunder without the prior written consent of the other and KO; provided, that (a) MEC shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of MEC without the written consent of Distributor and/or KO, and any such transferee shall be deemed to be included within the defined term "MEC" for purposes of this Agreement and (b) Distributor shall have the right, in its sole and absolute discretion, to assign its rights and/or obligations under this Agreement to any Affiliate or subsidiary of Distributor without the written consent of MEC and/or KO, and any such transferee shall be deemed to be included within the defined term "Distributor" for purposes of this Agreement. Any purported assignment or delegation, in the absence of such written consent, shall be void.

24. No Agency. The relationship between MEC and Distributor is that of a vendor to its vendee and nothing herein contained shall be construed as constituting either party the employee, agent, independent contractor, partner or co-venturer of the other party. Neither party shall have any authority to create or assume any obligation binding on the other party.

25. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York (without reference to its law of conflict of laws), and the provisions of the United Nations Convention On Contracts For The International Sale Of Goods will expressly be excluded and not apply. The place of the making and execution of this Agreement is California, United States of America. Distributor hereby waives any rights that it may otherwise have to assert any rights or defenses under the laws of the Territory or to require that litigation brought by or against it in connection with this Agreement be conducted in the courts or other forums of the Territory. For the sake of clarity, the parties record that their choice of law shall not include the New York Franchise Sales Act, or any amendment or functionally equivalent statute, unless such law would otherwise apply, and nothing herein shall be deemed to extend or otherwise affect the scope or application of such statute.

26. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach or termination hereof shall be settled by binding arbitration conducted in the English language by JAMS ("JAMS") in accordance with JAMS Comprehensive Arbitration Rules and Procedures (the "Rules"). The arbitration shall be heard by three arbitrators to be selected in accordance with the Rules, in New York, New York. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Within seven (7) calendar days after appointment the arbitral panel shall set the hearing date, which shall be within ninety (90) days after the filing date of the demand for arbitration unless a later date is required for good cause shown and shall order a mutual exchange of what such panel determines

to be relevant documents and the dates thereafter for the taking of up to a maximum of five (5) depositions by each party to last no more than five (5) days in aggregate for each party. Both parties waive the right, if any, to obtain any award for exemplary or punitive damages or any other amount for the purpose or imposing a penalty from the other in any arbitration or judicial proceeding or other adjudication arising out of or with respect to this Agreement, or any breach hereof, including any claim that said Agreement, or any part hereof, is invalid, illegal or otherwise voidable or void. In addition to all other relief, the arbitral panel shall have the power to award reasonable attorneys' fees and costs to the prevailing party. The arbitral panel shall render an award no later than seven (7) calendar days after the close of evidence or the submission of final briefs, whichever occurs later. The decision of the arbitral panel shall be final and conclusive upon all parties. Notwithstanding anything to the contrary, if either party desires to seek injunctive or other provisional relief that does not involve the payment of money, then those claims shall be brought in a state or federal court located in New York, New York, and the parties hereby irrevocably and unconditionally consent to personal jurisdiction of such courts and venue in New York, New York in any such action for injunctive relief or provisional relief.

27. Force Majeure.

a. Neither party shall be liable for any delays in delivery or failure to perform or other loss due directly or indirectly to circumstances unforeseen as of the Effective Date or causes beyond such party's reasonable control (each, individually, a "Force Majeure Event"), including, without limitation: (i) acts of God, act (including failure to act) of any Governmental Entity (de jure or de facto), wars (declared or undeclared), governmental priorities, port congestion, riots, revolutions, strikes or other labor disputes, fires, floods, sabotage, nuclear incidents, earthquakes, storms, epidemics; or (ii) inability to timely obtain either necessary and proper labor, materials, ingredients, components, facilities, production facilities, energy, fuel, transportation, governmental authorizations or instructions, material or information. The foregoing shall apply even though any Force Majeure Event occurs after such party's performance of its obligations is delayed for other causes but only during the period of the applicable Force Majeure Event.

b. The party affected by a Force Majeure Event shall give written notice to the other party of the Force Majeure Event within a reasonable time after the occurrence thereof, stating therein the nature of the suspension of performance and reasons therefore. Such party shall use its commercially reasonable efforts to resume performance as soon as reasonably possible. Upon restoration of the affected party's ability to perform its obligations hereunder, the affected party shall give written notice to the other party within a reasonable time.

28. Merger. This Agreement and the attached Exhibits contain the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, are intended as a final expression of such parties' agreement with respect to such terms as are included in this Agreement, are intended as a complete and exclusive statement of the terms of such agreement, and supersede all negotiations, stipulations, understandings, agreements, promises, representations and warranties, whether written or oral, if any, with respect to such subject matter, which precede the execution of this Agreement. No other negotiations, stipulations, understandings, agreements, promises, representations, or warranties, whether written or oral,

either as an inducement to enter into this Agreement or as to its meaning or effect, have been made that are not contemplated herein.

29. Waivers. No waiver of any provision hereof or of any terms or conditions will be effective unless in writing and signed by the party against which enforcement of the waiver is sought. No relaxation or indulgence which either party may grant to the other shall in any way prejudice or be deemed to be a waiver or novation of any of such party's rights under this Agreement.

30. Product Recall. If any Governmental Entity issues a recall or takes similar action in connection with the Products, or if MEC determines that an event, incident or circumstance has occurred which may require a recall or market withdrawal, MEC shall advise Distributor of the circumstances by telephone or facsimile. MEC shall be responsible for leading and coordinating the arrangement of any Product recall, and Distributor shall cooperate in the event of a Product recall with respect to the reshipment, storage or disposal of recalled Products, the preparation and maintenance of relevant records and reports, and notification to any recipients or end users. MEC shall pay all reasonable expenses incurred by Distributor of such a recall, including the costs of destroying Products. Distributor, shall promptly refer to MEC for exclusive response to all customer or consumer complaints involving the health, safety, quality, composition or packaging of the Products, or which in any way could be detrimental to the image or reputation of MEC or the Products, and shall notify MEC of any governmental, customer or consumer inquiries regarding the Products about which Distributor becomes aware.

31. Interpretation. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. No provision of this Agreement shall be construed against any party on the grounds that such party or its counsel drafted that provision.

32. Partial Invalidity. Each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement or the application of the provision to any Person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of the provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected by such invalidity or unenforceability, unless the provision or its application is essential to this Agreement. The parties shall replace any invalid and/or unenforceable provision with a valid and enforceable provision that most closely meets the aims and objectives of the invalid and/or unenforceable provision.

33. Distributor Suppliers Guiding Principles. MEC has been informed by Distributor that the following are Distributor Suppliers Guiding Principles (the "Guiding Principles"). Notwithstanding anything set forth below, compliance with the Guiding Principles shall not constitute an obligation of MEC or Distributor under this Agreement. The Guiding Principles shall constitute unenforceable goals only of the parties and neither party shall be entitled to make any claim for breach against the other or enforce any remedy under this Agreement or terminate this Agreement as the result of non-compliance with, or a violation of, any Guiding Principle(s). The preceding sentence shall not detract from the parties' respective rights and obligations under

Section 19 above or any other representation, warranty or obligation expressly made in this Agreement.

- Laws and Regulations - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws, rules, regulations and requirements in the manufacturing and distribution of Products.

- Child Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national child labor laws.

- Forced Labor - Each party will use commercially reasonable good faith efforts to not use forced, bonded, prison, military or compulsory labor.

- Abuse of Labor - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on abuse of employees and will not physically abuse employees.

- Freedom of Association and Collective Bargaining - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national laws on freedom of association and collective bargaining.

- Discrimination - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national discrimination laws.

- Wages and Benefits - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national wages and benefits laws.

- Work Hours and Overtime - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national work hours and overtime laws.

- Health and Safety - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national health and safety laws.

- Environment - Each party will use commercially reasonable good faith efforts to comply with all applicable local and national environmental laws.

34. Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person, other than the parties to this Agreement and their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained in this Agreement.

35. Sales Information and Books and Records; Examination. Not later than thirty (30) days after the end of each calendar month Distributor shall deliver to MEC full, complete and accurate written details, separately in respect of each country within the Territory, of the following with respect to Distributor's sale of Products in the Territory: (a) total sales, (b) taxes and/or duties, (c) discounts and sales allowances paid, accrued or credited, (d) Products returned during such

period, (e) other permitted allowances, rebates, and allowance programs granted, paid, payable, reimbursed, credited or incurred by Distributor, and (f) other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement (collectively, the "Records"). Distributor shall keep and maintain complete and true books and other records containing data in sufficient detail reasonably necessary to determine all amounts payable to or reimbursable by MEC under this Agreement. MEC shall have the right, at its own expense, on sixty (60) days prior written notice to have such books and records and the Records (and all reasonably related work papers and other reasonable information and documents necessary for any determination under this Agreement or other related agreements) kept by Distributor examined once per calendar quarter by a public accounting firm appointed by MEC to verify the completeness and accuracy of the Records.

36. Publicity. MEC and Distributor each agree that the initial public, written announcements regarding the execution of this Agreement and the subject matter addressed herein shall be coordinated between the parties prior to release. Thereafter, each party agrees to use commercially reasonable efforts to consult with the other party regarding any public, written announcement which a party reasonably anticipates would be materially prejudicial to the other party. Nothing provided herein, however, will prevent either party from (a) making and continuing to make any statements or other disclosures it deems required, prudent or desirable under applicable Federal or State Securities Laws (including without limitation the rules, regulations and directives of the Securities and Exchange Commission) and/or such party's customary business practices, or (b) engaging in oral discussions or oral or written presentations with actual or prospective investors or analysts regarding the subject matter of this Agreement, provided no confidential information is disclosed. If a party breaches this Section 36 it shall have a seven (7) day period in which to cure its breach after written notice from the other party. A breach of this Section 36 shall not entitle a party to damages or to terminate this Agreement.

37. Anti-Bribery Compliance.

a. Distributor shall:

i. comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the United States Foreign Corrupt Practices Act ("Relevant Requirements");

ii. comply with MEC's generally applicable Ethics, Anti-bribery and Anti- corruption Policies and the relevant industry codes on anti-bribery, in each case, that are provided to Distributor and as MEC or the relevant industry body may update them from time to time upon written notice to Distributor ("Relevant Policies");

iii. have and shall maintain in place throughout the term of this Agreement, its own policies and procedures to ensure compliance with the Relevant Requirements and the Relevant Policies, and will enforce them where appropriate;

iv. to the extent permitted under applicable law, promptly report to MEC any request or demand for any undue financial or other advantage of any kind in violation of applicable law received by Distributor in connection with the performance of this Agreement; and

v. to the extent permitted under applicable law, immediately notify MEC (in writing) if it becomes aware that a foreign public official becomes an officer or employee of Distributor or acquires a direct or indirect interest in Distributor (and Distributor warrants that, to its knowledge, it has no foreign public officials as officers, employees or direct or indirect owners at the date of this Agreement).

b. Distributor shall use reasonable efforts to require that all of its agents and subcontractors who perform services or provide goods in connection with this Agreement do so only on the basis of a written contract which imposes on and secures from such persons terms consistent with those imposed on Distributor in this Section 37.

38. Ethical Standards.

a. Distributor and each of its sub-distributors will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to MEC or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

b. MEC will comply with the United States Foreign Corrupt Practices Act and without derogating from the generality of the foregoing, will not have its directors, officers or employees, directly or indirectly, offer, promise or pay any bribes or other improper payments for the purposes of promoting and/or selling Products to any individual, corporation, government official or agency or other entity. No gift, benefit or contribution in any way related to Distributor or the promotion and/or sale of Products will be made to political or public officials or candidates for public office or to political organizations, regardless of whether such contributions are permitted by local laws.

39. Controlling Language. This Agreement is in the English language only, which will be controlling in all respects. No translation, if any, of this Agreement into any other language will be of any force or effect in the interpretation of this Agreement or in a determination of the intent of either party hereto.

40. Notices. All notices or other communications required or permitted to be given to a party to this Agreement shall be in writing and shall be personally delivered, sent by certified mail, postage prepaid, return receipt requested, or sent by an overnight express courier service that provides written confirmation of delivery, to such party at the following respective address:

If to MEC:

MONSTER ENERGY COMPANY
1 Monster Way

Corona, California
Chief Executive Officer
Facsimile: (951) 739-6210

with a copy to:

Solomon Ward Seidenwurm & Smith LLP
401 B Street, Suite 1200
San Diego, California 92101
Attention: Norman L. Smith, Esq.
Facsimile: (619) 231-4755

If to Distributor:

Paraguay Refrescos S.A. d/b/a Paresa
Ruta A Nemby Km., 3,5 Barcequillo
San Lorenzo
Central
Paraguay
Attention: Leandro Ariel Capristo, (leandro.capristo@koandina.com) and Ulises Aguilar, (ulises.aguilar@koandina.com)

For Payment Notices:

Paraguay Refrescos S.A. d/b/a Paresa
Ruta A Nemby Km., 3,5 Barcequillo
San Lorenzo
Central
Paraguay
Attention: María Angélica Benítez Greco, (maria.benitez@koandina.com) and Mario Aveiro Arce, (mario.aveiro@koandina.com)

with a copy to:

Paraguay Refrescos S.A. d/b/a Paresa
Ruta A Nemby Km., 3,5 Barcequillo
San Lorenzo
Central Paraguay
Attention: Bettina Brítez Gómez, (bettina.britez@koandina.com) and Graciela Cegla, (graciela.cegla@koandina.com)

Each such notice or other communication shall be deemed given, delivered and received upon its actual receipt, except that if it is sent by mail in accordance with this Section, then it shall be deemed given, delivered and received three (3) calendar days after confirmed delivery to such carrier. Any party to this Agreement may give a notice of a change of its address to the other party to this Agreement.

41. Further Assurances. Each party to this Agreement will execute all instruments and documents and take all actions as may be reasonably required to effectuate this Agreement.

42. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

43. Confidentiality. During the Term, each party shall maintain in strict confidence all commercial information disclosed by the other party (which obligation shall expressly survive termination of this Agreement for any reason); provided, however that such commercial information shall not include any information which (a) is in the public domain except through any intentional or negligent act or omission of the non-disclosing party (or any agent, employee, shareholder, director, officer, or independent contractor of or retained by such other party or any of its Affiliates), (b) can be shown by clear and convincing tangible evidence to have been in the possession of the non-disclosing party prior to disclosure by the disclosing party, (c) is legally and properly provided to the non-disclosing party without restriction by an independent third party that is under no obligation of confidentiality to the disclosing party and that did not obtain such information in any illegal or improper manner or otherwise in violation of any agreement with the disclosing party, (d) is disclosed without any restrictions of any kind by the disclosing party to third parties on a regular basis without any measures being taken, whether explicitly or implicitly, by the disclosing party to protect the confidentiality of such information, or (e) is independently generated by any employee or independent contractor of or retained by the non- disclosing party, and such employee or independent contractor has no knowledge of any of such commercial information. Notwithstanding the foregoing, the parties agree that any such commercial information may be disclosed as required by applicable law or an order by a Governmental Entity or any requirements of stock market or exchange or other regulatory body having competent jurisdiction; provided, that, except where prohibited by law, the recipient will give the disclosing party reasonable advance notice of such required disclosure, and will reasonably cooperate with the disclosing party, in order to allow the disclosing party an opportunity to oppose, or limit the disclosure of such commercial information or otherwise secure confidential treatment of such commercial information required to be disclosed; provided, further, that if disclosure is ultimately required, the recipient will furnish only that portion of such commercial information which, based upon advice of legal counsel, the recipient is required to disclose in compliance with any such requirement. The obligation of confidentiality set forth herein shall continue and be maintained for a period of three (3) years after termination of this Agreement, provided further that any Confidential Information constituting a trade secret under applicable law shall continue to remain subject to the obligations of this Section 43 and other applicable provisions of this Agreement for as long as such information remains a trade secret.

44. Non-Binding Negotiations and Effectiveness. MEC and Distributor acknowledge and agree that, except as expressly stated in this Agreement, there are no binding obligations or commitments existing between MEC and Distributor. No course of conduct, whether or not consistent with the terms discussed in connection with this Agreement, shall have the effect of converting any negotiations or discussions into a binding contract. No legally binding contract shall exist between MEC and Distributor unless and until this Agreement is executed by MEC and Distributor. This Agreement shall only become effective when it has been executed by both MEC and Distributor.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

MONSTER ENERGY COMPANY		PARAGUAY REFRESCOS S.A. d/b/a PARESA	
By:		By:	
Name:		Name:	Eduardo Ariel Yulita
Its:		Its:	Administration and Finance Manager

PARAGUAY REFRESCOS S.A. d/b/a PARESA

By:
Name: Francisco Javier Sanfurgo Cañas
Its: General Manager

EXHIBIT A
International Distribution Agreement

<u>INITIAL PRODUCT LIST</u>

Monster Energy

EXHIBIT B
International Distribution Agreement

THE TERRITORY

The same territory in Paraguay that Distributor is authorized to exclusively service by KO for Coca-Cola branded products. The parties agree that the following territory description is Distributor's representation to MEC of Distributor's exclusive territory for Coca-Cola branded products in Paraguay, but which description shall be subject to verification by MEC following the Commencement Date. Additionally, Distributor and MEC agree to work together in good faith as soon as possible following execution of this Agreement to provide territory maps for Distributor's exclusive territory which will when agreed be attached hereto as Exhibit B-1.

All the territory of the Republic of Paraguay.

In the event of a dispute with respect to territorial boundaries between two adjacent parties, MEC shall have the right to decide such dispute in its sole discretion, and any such decision shall be final and binding upon the parties.

EXHIBIT B-1
International Distribution Agreement

[TERRITORY MAP TO COME AS SOON AS PRACTICAL FOLLOWING THE COMMENCEMENT DATE]

EXHIBIT C
International Distribution Agreement

EXCLUSIVE DISTRIBUTOR ACCOUNTS

All Accounts Other than Exclusive MEC Accounts

EXCLUSIVE MEC ACCOUNTS

U.S. Military — ONLY AAFES, NEXCOM, MCX, and USCG for Exchanges/Shopettes/Convenience Stores/Class 6 Stores/vending for Outside the Continental United States (“OCONUS”)

U.S. Military — Vending and Morale, Welfare & Recreation (i.e. including but not limited to bowling alleys, golf courses, officers clubs, etc.) for OCONUS

U.S. Military — all others including, but not limited to, DeCA, Ships-A-Float, Troop Feeding for OCONUS

EXHIBIT D
International Distribution Agreement

<u>THE TRADEMARKS</u>

MONSTER ENERGY

MONSTER

MONSTER

MONSTER ENERGY

UNLEASH THE BEAST

MONSTER LO CARB

MONSTER RIPPER

MONSTER EXPORT

EXHIBIT E
International Distribution Agreement

PROMOTIONAL ACTIVITIES COSTS

Discount and allowances, price promotions and other customer discount activities ("D&A"):

(a) MEC Led Customer Calls: Distributor shall contribute an amount equal to MEC's contribution for D&A (including listing fees), on a 50-50 basis for all Products sold at a discounted price by Distributor to Distributor's Accounts, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(b) Distributor Led Customer Calls: MEC shall contribute an amount equal to Distributor's contribution for D&A (including listing fees), on a 50-50 basis, provided such amount does not exceed the recommended discount set forth in the Annual Business Plan.

(c) Payment & Reconciliation. The frequency of all customer promotional discount programs requiring D&A shall be agreed in the Annual Business Plan. D&A may be paid by either MEC or Distributor to the customer and reconciled periodically.

Trade Marketing Programs including shelf buys, CMA's, free cases, coupons, corporate/retailer rebates, POS and Product Displays (all materials), in store sampling activities, third party reset fees, meeting competition price offers ("TMP")

With respect to MEC Led Customer Calls and Distributor Led Customer Calls, the Distributor shall contribute an amount equal to MEC's contribution on all TMP programs, provided such amount does not exceed the TMP investment agreed and set forth in the Annual Business Plan. The term "TMP programs" shall include such additional TMP programs as may be mutually agreed upon from time to time by the parties. Either party may voluntarily agree to contribute more than its equal share to cover any specific TMP programs. TMP may be paid by either MEC or Distributor to the customer and reconciled periodically.

Equipment.

Distributor shall use commercially reasonable efforts to place Products in all Distributor's equipment where appropriate and desired by Distributor's Accounts.

With respect to all agreed joint Equipment purchases, which agreements shall be in writing, each party shall reimburse the other for 50% of the cost of equipment that the other party shall purchase for the Territory in the future pursuant to such agreement and which shall be managed by Distributor.

Miscellaneous.

If MEC calls on or assists Distributor in calling on Distributor's Accounts, to the extent that MEC makes a commitment for funds or support in excess of what is provided above or was agreed to by Distributor and MEC, any such excess shall be borne by MEC.

The parties' respective rights and obligations under this Exhibit E shall be revised and amended from time to time to reflect then-prevailing conditions by written agreement of the parties to be arrived at after good faith discussions and negotiation. If the parties are unable to agree upon an amendment requested by either party, such disagreement shall be resolved pursuant to the Deadlock procedures under Section 12(a)(i)(D) of the Agreement.

All amounts and all contributions provided above shall be adjusted, upward or downward, from time to time to account for inflation, changes in selling prices or other adjustments that may occur from time to time, or to conform to prevailing beverage industry practices relating to the Energy Drink category. The amounts of such adjustments shall be mutually agreed in writing by the parties from time to time; provided that such adjustments shall be arrived at after good faith discussions and negotiations between the parties.

EXHIBIT F
International Distribution Agreement

MMM ACCOUNTS — MEC DIRECT VOLUME

0 cases*

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*To be calculated by MEC as soon as practical following the Commencement Date and to be the number of cases sold directly by MEC to outlets in the Territory during the twelve (12) month period prior to the Commencement Date, but only with respect to that portion of the Territory, if any, (as defined in this Agreement) which was not part of Distributor's "Territory" under one or more distribution agreements in existence between MEC and Distributor prior to the Effective Date (the "Prior Agreements"). In the event that this Agreement is amended to include additional "Territory" following the Commencement Date, the number of cases set forth above shall be increased accordingly, but only with respect to such additional "Territory." For the avoidance of doubt, the number of cases set forth above shall (a) only apply to the calculation and payment of the fees payable by MEC to Distributor in accordance with Section 14(c) solely with respect to any new Territory allocated to Distributor pursuant to this Agreement with effect from or after the Effective Date which was not part of Distributor's "Territory" under the Prior Agreements (the "New Territory") and (b) not include the aggregate number of cases of Products sold by MEC to outlets in the Territory that was part of Distributor's "Territory" under the Prior Agreements.

For outlets which are part of Distributor's New Territory, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for the number of cases of Products sold directly by MEC to such outlets, less the number of cases of Products set forth above.

For outlets which were part of Distributor's "Territory" under the Prior Agreements, MEC shall pay Distributor in accordance with the formula set forth in Section 14(c) for all cases of Products sold directly by MEC to such outlets, without reference to, or subtracting, the number of cases of Products set forth above.

EXHIBIT 8.1

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

EXHIBIT 12.1

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 24, 2019

/s/ Miguel Ángel Peirano
Miguel Ángel Peirano
Chief Executive Officer

EXHIBIT 12.2

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 24, 2019

/s/ Andrés Wainer
Andrés Wainer
Chief Financial Officer

EXHIBIT 13.1

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, 2018, 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 24, 2019

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.

EXHIBIT 13.2

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, 2018, 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 24, 2019

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-20181231.xsd

akoa-20181231_cal.xml

akoa-20181231_def.xml

akoa-20181231_lab.xml

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