

COCA COLA FEMSA SAB DE CV
Form 6-K
April 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2016
Commission File Number 1-12260

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

(Translation of registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

**Mario Pani No. 100
Col. Santa Fe Cuajimalpa
Delegaci3n Cuajimalpa
M3xico, D.F. 03348**

M3xico

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

Yes No

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes__No_X

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

Yes__No_X

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

Rule 12g3-2(b): 82-__.

2016 FIRST QUARTER RESULTS

Mexico City, April 27, 2016, Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA” or the “Company”), the largest franchise bottler in the world, announces results for the first quarter of 2016.

Quarterly highlights

- **Comparable revenues grew 9.1% for the first quarter of 2016.**
- **Comparable operating income grew 10.1% for the first quarter of 2016, with a margin expansion of 10 basis points.**
- **Comparable operating cash flow grew 8.4% for the first quarter of 2016, reaching a margin of 18.8%.**
- **Comparable earnings per share grew 10.9%, reaching Ps. 1.13 in the first quarter of 2016.**

	as Reported		Comparable ⁽¹⁾	
	2016	Δ%	2016	Δ%
Total revenues	37.097	7,9%	34.615	9,1%
Gross profit	16.915	7,3%	15.855	8,6%
Operating income	4.908	9,0%	4.642	10,1%
Operating cash flow ⁽²⁾	7.031	10,6%	6.516	8,4%
Net income attributable to equity holders of the company	2.398	9,3%	2.344	10,9%
Earnings per share ⁽³⁾	1,16		1,13	

Expressed in millions of Mexican pesos.

⁽¹⁾ Comparable: with respect to a year over year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements and (iii) the results of hyperinflationary economies in both periods. From our operations, only Venezuela qualifies as a hyperinflationary economy.

⁽²⁾ Operating cash flow = operating income + depreciation + amortization & other operative non-cash charges.

⁽³⁾ Quarterly & FY earnings / outstanding shares as of the end of period.

Outstanding shares as of 1Q'16 were 2,072.9 million.

Message from the Chief Executive Officer

“Leveraging our pricing flexibility, together with our operating and financial discipline, we delivered a solid set of results across our markets to kick off the year. Our transactions continued to outperform volumes in key markets such as Mexico, Brazil, Colombia, and Argentina, and we protected our margins across most of our operations. Despite a tough economic and volatile currency environment, our comparable revenues and operating income increased by 9% and 10%, respectively, resulting in earnings per share growth of 11%.

Among our highlights for the quarter, we generated double-digit top-line growth in Mexico and Colombia, driven by our solid volumes, transactions, and prices above inflation; we extended our track record of market share gains in Brazil, while continuing to deliver strong defensive margins; and we expanded Argentina’s EBITDA margins by 280 basis points. Furthermore, our Philippines operation delivered accelerated volume and transaction growth and, most importantly, improved profitability.

Looking forward, we have the right people, capabilities, and strategies to continue delivering value throughout our operations,” said John Santa Maria, Chief Executive Officer of the Company.

Consolidated Results

Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (I) mergers, acquisitions and divestitures, (II) translation effects resulting from exchange rate movements and (III) the results of hyperinflationary economies in both periods. From our operations, only Venezuela qualifies as a hyperinflationary economy.

In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using the DICOM exchange rate published on April 21, 2016 of 354.0757 bolivars per US dollar.

Comparable figures:

Revenues: Comparable total revenues grew 9.1% to Ps. 34,615 million driven by average price per unit case growth across most of our operations and volume growth in Mexico, Colombia and Central America.

Transactions: The comparable number of transactions outpaced volume growing 4.0% to 4,609.3 million. Transactions of our sparkling beverage portfolio grew 3.6% driven by the positive performance of Mexico, which increased 6.0%, Colombia, which grew 8.6%, and Central America which grew 4.8%. Transactions of water, including bulk water, grew 2.0% driven by the performance of Colombia and Argentina. Our still beverage category increased transactions by 8.9%, mainly driven by Mexico, Colombia, Argentina and Central America.

Volume: Comparable sales volume grew 2.2% to 765.6 million unit cases in the first quarter of 2016 as compared to the same period in 2015. Our sparkling beverage portfolio grew 1.7% mainly driven by Mexico and Colombia, which offset a contraction in Brazil and Argentina. Volume of our bottled water portfolio increased 3.4% driven by *Brisa* in Colombia, and *Aquarius* and *Bonaqua* in Argentina. Our still beverage category increased 10.5% driven by *Vallefrut*, *del Valle* juice and *Santa Clara* in Mexico; *Fresh* and *Fuze* in Colombia and *Hi-C* in Argentina. Volume of our bulk water portfolio decreased 0.4% mainly due to a decline of *Brisa* in Colombia and *Ciel* in Mexico.

Gross profit: Comparable gross profit grew 8.6% to Ps. 15,855 million with a gross margin contraction of 20 basis points in the period. In local currency, the benefit of lower PET prices, in combination with our currency hedging strategy, was offset by higher price of sugar and the depreciation of the average exchange rate of the Argentine Peso, the Brazilian Real, the Colombian Peso and the Mexican Peso as applied to our U.S. dollar-denominated raw material costs.

Other operative expenses: On a comparable basis, during the first quarter of 2016 the other operative expenses net line recorded an expense of Ps. 26 million, which compares to an expense of Ps. 174 million during the first quarter of 2015.

Equity method: The comparable reported share of the profits of associates and joint ventures line recorded a gain of Ps. 59 million in the first quarter of 2016, which compares to a gain of Ps. 2 million recorded in the first quarter of 2015, mainly due to a positive contribution of our stake in Coca-Cola FEMSA Philippines, Inc., which compensated for a loss in the equity method from our participation in our non-carbonated beverage joint-venture in Brazil.

Operating Income: Comparable operating income grew 10.1% to Ps. 4,642 million with a 10 basis points margin expansion, reaching 13.4% in the first quarter of 2016.

Operating cash flow: Comparable operating cash flow grew 8.4% to Ps. 6,516 million with a margin contraction of 20 basis points as compared to the same period of 2015.

Comprehensive financing results: Our comparable comprehensive financing result in the first quarter of 2016 recorded an expense of Ps. 1,345 million, as compared to an expense of Ps. 1,247 million in the same period of 2015.

Income tax: During the first quarter of 2016, comparable income tax as a percentage of income before taxes was 25.6% as compared to 29.8% in the same period of 2015. The lower tax rate in 2016 resulted from the recording of (1) certain tax efficiencies across our operations, (2) a lower effective tax rate in Colombia and (3) ongoing efforts to reduce non-deductible items across our operations.

Net income: Comparable net controlling interest income grew 10.9% to Ps. 2,344 million in the first quarter of 2016, resulting in earnings per share (EPS) of Ps. 1.13 (Ps. 11.31 per ADS).

(Continued in the next page)

As reported figures

Volume: Total sales volume grew 0.6% to 816.4 million unit cases in the first quarter of 2016 as compared to the same period in 2015.

Revenues: Total revenues increased 7.9% to Ps. 37,097 million in the first quarter of 2016, despite the depreciation of the Brazilian real, the Colombian peso and the Argentine peso as compared to the Mexican peso.

Gross profit: Gross profit grew 7.3% to Ps. 16,915 million and gross margin declined 20 basis points to 45.6%.

Operating Income: Operating income grew 9.0% to Ps. 4,908 million and operating margin expanded 10 basis points to 13.2%.

Operating cash flow: Operating cash flow grew 10.6% to Ps. 7,031 million and operating cash flow margin expanded 50 basis points to reach 19.0%.

Net income: Reported consolidated net controlling interest income grew 9.3% to Ps. 2,398 million in the first quarter of 2016, resulting in reported earnings per share (EPS) of Ps. 1.16 (Ps. 11.57 per ADS).

Balance Sheet ⁽¹⁾

As of March 31, 2016, we had a cash balance of Ps. 18,223 million, including US\$ 544 million denominated in U.S. dollars, an increase of Ps. 2,234 million compared to December 31, 2015. This difference was mainly driven by cash flow generation across our territories and the effect of the depreciation of the Mexican peso as applied to our U.S. dollar denominated cash position.

As of March 31, 2016, total short-term debt was Ps. 3,939 million and long-term debt was Ps. 63,953 million. Total debt increased by Ps. 1,162 million, compared to year end 2015 mainly due to the negative translation effect resulting from the depreciation of the end of period exchange rate of the Mexican peso as applied to our U.S. dollar denominated debt position. Net debt decreased Ps. 1,072 million compared to year end 2015.

The weighted average cost of debt for the quarter, including the effect of debt swapped to Brazilian reals at a floating rate, was 8.5%. The following charts set forth the Company's debt profile by currency and interest rate type and by maturity date as of March 31, 2016.

Currency	% Total Debt⁽²⁾	% Interest Rate Floating⁽²⁾⁽³⁾
Mexican pesos	26.9%	21.0%
U.S. dollars	31.0%	0.0%
Colombian pesos	2.0%	100.0%
Brazilian reals	39.4%	94.5%
Argentine pesos	0.7%	15.4%

Debt Maturity Profile

Maturity Date	2016	2017	2018	2019	2020	2021+
% of Total Debt	4.8%	2.3%	26.0%	0.4%	13.1%	53.4%

(1) See page 15 for detailed information.

(2) After giving effect to cross currency swaps.

(3) Calculated by weighting each year's outstanding debt balance mix.

Selected financial ratios

LTM 2016	FY 2015	Δ %
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Net debt including effect of hedges ⁽¹⁾⁽³⁾	49,884	48,828	2.2%
Net debt including effect of hedges / Operating cash flow ⁽¹⁾⁽³⁾	1.57	1.56	
Operating cash flow/ Interest expense, net ⁽¹⁾	5.17	5.46	
Capitalization ⁽²⁾	40.0%	40.6%	

(1) Net debt = total debt - cash

(2) Total debt / (long-term debt + shareholders' equity)

(3) After giving effect to cross currency swaps.

Mexico & Central America Division

(Mexico, Guatemala, Nicaragua, Costa Rica and Panama)

Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (I) mergers, acquisitions and divestitures, (II) translation effects resulting from exchange rate movements and (III) the results of hyperinflationary economies in both periods. From our operations, only Venezuela qualifies as a hyperinflationary economy.

Comparable figures:

Revenues: Comparable total revenues from our Mexico and Central America division increased 9.8% to Ps. 19,240 million in the first quarter of 2016, as compared to the same period in 2015, mainly driven by accelerated volume growth and an average price per unit case increase of 6.1% in Mexico. Our division's comparable average price per unit case, which is presented net of taxes, grew 5.0%, reaching Ps. 41.82.

Transactions: Total transactions in the Mexico and Central America division grew 5.6%, ahead of volume performance, totaling 2,623.3 million in the first quarter of 2016. Transactions of our sparkling beverage portfolio grew 5.8%, driven by a 4.1% increase in transactions of brand Coca-Cola and a 15.7% increase in flavored sparkling beverages in Mexico, and a 4.8% increase of our sparkling beverages in Central America. Our still beverage category increased transactions by 10.3%, mainly driven by Mexico, which generated close to 23 million incremental transactions. Transactions of water, including bulk water, decreased 2.4% driven by a decline in Mexico.

Volume: Total sales volume increased 4.6% to 459.9 million unit cases in the first quarter of 2016, as compared to the same period of 2015. Volume in Mexico increased 4.6% and volume in Central America increased 6.2%. Mexico's positive volume performance was driven by growth in every region, highlighting 14% growth in the Northeast and 6% growth in the Bajío region. Our sparkling beverage category increased 5.4%, mainly driven by growth of brand *Coca-Cola*, *Mundet* and the recently launched *Limon&Nada* and *Naranja&Nada* in Mexico. Our still beverage category grew 13.2% mainly driven by the performance of *Vallefrut*, the *del Valle* portfolio and *Santa Clara* in Mexico. Our personal water portfolio including bulk water decreased 0.5%.

Gross profit: Comparable gross profit grew 9.0% to Ps. 9,568 million in the first quarter of 2016 as compared to the same period in 2015, with a margin decrease of 40 basis points to reach 49.7%. Lower PET prices in the division, in combination with our currency hedging strategy, were offset by higher prices of sugar and the depreciation of the average exchange rate of the Mexican peso as applied to our U.S. dollar-denominated raw material costs.

Operating income: Comparable operating income in the division grew 14.3% to Ps. 2,815 million in the first quarter of 2016, with a margin expansion of 50 basis points to reach 14.6%. Our operating expenses in the division as a percentage of sales grew 40 basis points.

Operating cash flow: Comparable operating cash flow grew 8.4% to Ps. 3,990 million in the first quarter of 2016 as compared to the same period in 2015. Our comparable operating cash flow margin was 20.7%, with a margin decrease of 30 basis points.

As reported figures

Revenues: Reported total revenues increased 12.9% in the first quarter of 2016, driven by a combination of healthy volume growth and strong pricing, coupled with a positive translation effect that resulted from the appreciation of the currencies in our Central American operations as compared to the Mexican peso.

Gross profit: Reported gross profit increased 11.8% in the first quarter of 2016 and gross profit margin reached 49.7%.

Operating income: Our reported operating income increased 17.8% in the first quarter of 2016, and operating income margin reached 14.6%, expanding 60 basis points during the period.

Operating cash flow: Reported operating cash flow increased 11.6% in the first quarter of 2016, resulting in a margin of 20.7%.

South America Division

(Colombia, Venezuela, Brazil and Argentina)

Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (I) mergers, acquisitions and divestitures, (II) translation effects resulting from exchange rate movements and (III) the results of hyperinflationary economies in both periods. From our operations, only Venezuela qualifies as a hyperinflationary economy.

In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using the DICOM exchange rate published on April 21, 2016 of 354.0757 bolivars per US dollar.

Comparable figures:

Revenues: Comparable total revenues grew 8.3% reaching Ps. 15,376 million, driven by average price per unit case growth across our territories and volume growth in Colombia. Revenues of beer in Brazil accounted for Ps. 1,549 million in the first quarter of 2016.

Transactions: Comparable transactions in the division grew 1.9% totaling 1,986.1 million in the first quarter of 2016. Transactions of our sparkling beverage portfolio grew 0.6%, mainly driven by the positive performance of Colombia, which compensated for a decline in Brazil and Argentina. Our still beverage category increased transactions by 7.2%, driven by Colombia and Argentina. Transactions of water, including bulk water, increased 5.9% driven by growth in Colombia and Argentina.

Volume: Comparable total sales volume in our South America division decreased 1.4% to 305.7 million unit cases in the first quarter of 2016 as compared to the same period of 2015. Our water category, including bulk water, grew 5.9% driven by *Brisa* in Colombia, and *Aquarius and Bonaqua* in Argentina. The still beverage category grew 7.3% favored by the performance of *del Valle Fresh* and *Fuze Tea* in Colombia, and *Hi-C* and *Fuze* in Argentina. Our sparkling beverage category decreased 2.9%, driven by a 4.9% decline in Brazil and a 10.1% contraction in Argentina, which was partially offset by a 9.8% volume growth in Colombia.

Gross profit: Comparable gross profit increased 7.9% with a margin decrease of 20 basis points, as a result of higher prices of sugar and the depreciation of the average exchange rate of our division's currencies as applied to our U.S. dollar-denominated raw material costs, which offset lower PET prices, in combination with our currency hedging strategy.

Operating income: Comparable operating income grew 4.3% to Ps. 1,827 million, with a margin decrease of 40 basis points as compared to the same period of the previous year.

Operating cash flow: Comparable operating cash flow grew 11.4% to Ps. 2,527 million, reaching an operating cash flow margin of 16.4% and recording a margin expansion of 40 basis points as compared to the same period of 2015.

As reported figures

Revenues: Reported total revenues grew 3.0% to Ps. 17,857 million in the first quarter of 2016. Reported total volume decreased 4.0% driven by volume declines in Brazil, Venezuela and Argentina, which were partially offset by growth in Colombia.

Gross profit: Reported gross profit grew 2.0% to Ps. 7,347 million in the first quarter of 2016 and gross profit margin contracted 30 basis points to 41.1%.

Operating income: Our reported operating income declined 1.1% to Ps. 2,093 million in the first quarter of 2016, and operating income margin reached 11.7%, a contraction of 50 basis points.

Operating cash flow: Reported operating cash flow grew 9.2% to reach Ps. 3,041 million in the first quarter of 2016, resulting in a margin of 17.0%, an expansion of 90 basis points.

Philippines Operation

For the first quarter of 2016, volume grew 16.5% favored by the performance of brand Coca-Cola and our “core” flavored sparkling beverage portfolio, in both single- and multi-serve presentations, which accounted for 90% of the incremental volume in the period. Our recently launched 8oz returnable glass presentation, “Timeout” continues driving positive performance generating 85 million incremental transactions during the quarter. Transactions grew 14.1% during the period. For the beginning of the year our Philippines operation delivered encouraging top-and bottom-line performance, contributing positively to the company’s consolidated results.

Recent developments

- On March 7, 2016, Coca-Cola FEMSA held its Annual Ordinary General Shareholders Meeting during which its shareholders approved the Company’s consolidated financial statements for the year ended December 31, 2015, the annual report presented by the Board of Directors, the declaration of dividends corresponding to fiscal year 2015 and the composition of the Board of Directors and the Finance and Planning, Audit, and Corporate Practices Committees for 2016. Shareholders approved the payment of a cash dividend in the amount of Ps. 6,944 million, or the equivalent of Ps. 3.35 per share, to be paid in two installments as of May 3, 2016 and November 1, 2016.
- Due to the ongoing volatility of the “Divisa Complementaria” (DICOM) exchange rate (formerly known as SIMADI), we have decided to use the DICOM exchange rate published on April 21, 2016 to translate our Venezuelan operating results into our reporting currency, the Mexican peso. As of such date, the exchange rate of DICOM was 354.0757 bolivars per US dollar. Consequently, Venezuela’s contribution to our consolidated results has adjusted, and Venezuela now represents 6% of volume, 7% of revenues, 5% of operating income and 2% of net income.

Conference call information

Our first quarter 2016 conference call will be held on April 27, 2016, at 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 888-397-5352 or International: 719-325-2435. Participant code: 9731467. We invite investors to listen to the live audiocast of the conference call on the Company’s website, www.coca-colafemsa.com. If you are unable to participate live, the conference call audio will be available at www.coca-colafemsa.com.

Mexican Stock Exchange Quarterly Filing

Coca-Cola FEMSA encourages the reader to refer to our quarterly filing to the Mexican Stock Exchange (Bolsa Mexicana de Valores or BMV) for more detailed information. This filing contains a detailed cash flow statement and selected notes to the financial statements, including segment information. This filing is available at www.bmv.com.mx in the Información Financiera section for Coca-Cola FEMSA (KOF) and in our corporate website at www.coca-colafemsa.com/inversionistas/registros-bmv.

Additional information

This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance, which should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control, which could materially impact the Company's actual performance. References herein to "US\$" are to United States dollars. This news release contains translations of certain Mexican peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

All the financial information presented in this report was prepared under International Financial Reporting Standards (IFRS).

In an effort to provide our readers with a more useful representation of our company's underlying financial and operating performance we are including the term "Comparable". This means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements and (iii) the results of hyperinflationary economies in both periods. Currently, the only operation that qualifies as a hyperinflationary economy is Venezuela. In preparing this measure, management has used its best judgment, estimates and assumptions in order to maintain comparability.

Earnings per share were computed based on 2,072.9 million outstanding shares (each ADS represents 10 local shares).

For reporting purposes, all corporate expenses, including the equity method recorded from our stake of the results of Coca-Cola FEMSA Philippines, Inc., are included in the results of the Mexico and Central America division. Starting on February 2013, we are incorporating our stake of the results of Coca-Cola FEMSA Philippines, Inc. through the equity method.

About the Company

Stock listing information: Mexican Stock Exchange, Ticker: KOFL | NYSE (ADR), Ticker: KOF | Ratio of KOF L to KOF = 10:1

Coca-Cola FEMSA, S.A.B. de C.V. produces and distributes Coca-Cola, Fanta, Sprite, Del Valle, and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City, as well as southeast and northeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul, the state of Paraná, part of the state of Goias, part of the state of Rio de Janeiro and part of the

state of Minas Gerais), Argentina (federal capital of Buenos Aires and surrounding areas) and Philippines (nationwide), along with bottled water, juices, teas, isotonic, beer, and other beverages in some of these territories. The Company has 63 bottling facilities and serves more than 358 million consumers through 2,800,000 retailers with more than 100,000 employees worldwide.

For additional information or inquiries contact the Investor Relations team:

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Financial tables

(9 pages of tables to follow)

Quarter - Consolidated Income Statement

Expressed in millions of Mexican pesos⁽¹⁾