PROSPECTUS

U.S.$200,000,000
5.750% Senior Guaranteed Notes due 2027
The Central America Bottling Corporation

(incorporated with limited liability under the laws of the British Virgin Islands)

The Central America Bottling Corporation (the "**Company**", "**CBC**" or the "**Issuer**") is offering U.S.$200,000,000 of additional 5.750% Senior Guaranteed Notes due 2027 (the "**New Notes**"). The New Notes are being offered under the indenture (as modified, amended or supplemented from time to time, the "**Indenture**"), dated as of January 31, 2017, among, *inter alios*, the Issuer, the guarantors party thereto (the "**Guarantors**") and The Bank of New York Mellon, as trustee (the "**Trustee**"), pursuant to which U.S.$500,000,000 aggregate principal amount of 5.750% Senior Guaranteed Notes due 2027 (the "**Initial Notes**" and, together with the New Notes, the "**Notes**") were previously issued.

The New Notes and the Initial Notes will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The New Notes will have the same CUSIP, ISIN and Common Code numbers as, and will be fungible with, the Initial Notes (except that any New Notes offered and sold in compliance with Regulation S will have temporary CUSIP, ISIN and Common Code numbers during a 40-day distribution compliance period commencing on the date of issuance of the New Notes through September 14, 2020).

The New Notes will bear interest at the rate of 5.750% per year. Interest on the New Notes is payable on January 31 and July 31 of each year, beginning on January 31, 2021. The New Notes will mature on January 31, 2027. The Issuer may redeem some or all of the New Notes at any time at the prices and as described under the caption "Description of Notes—Redemption."

The New Notes will be unsecured senior obligations of the Issuer and will rank equally with all of the Issuer's other unsecured senior indebtedness. The New Notes will be fully and unconditionally guaranteed on an unsubordinated unsecured basis by the Guarantors.

The Issuer has applied to admit the New Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. This offering memorandum constitutes a prospectus for the purpose of the Luxembourg Law dated July 16, 2019 on prospectuses for securities.

Investing in the New Notes involves risks. See "Risk Factors" beginning on page 23.

Offering Price for the New Notes: 104.500%
plus accrued interest from and including July 31, 2020 to but excluding August 4, 2020

Interest on the New Notes will accrue from July 31, 2020. Purchasers will be required to pay accrued interest totaling U.S.$127,777.78, or approximately U.S.$0.64 per U.S.$1,000 principal amount of New Notes, from and including July 31, 2020 to but excluding August 4, 2020, the date the Issuer delivered the New Notes.

The New Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction. The Issuer offered the New Notes only to qualified institutional buyers ("QIBs") under Rule 144A under the Securities Act and non-U.S. persons outside the United States in reliance on Regulation S of the Securities Act. For a description of certain restrictions on transfer of the New Notes, see "Transfer Restrictions."

The delivery of the New Notes was made in book entry form only through The Depository Trust Company ("**DTC**") and its direct and indirect participants, including Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**"), against payment on August 4, 2020.

Global Coordinators and Joint Book-Running Managers

Citigroup **J.P. Morgan**

Passive Bookrunner

Scotiabank

August 14, 2020

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This offering memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any New Notes by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. Neither the delivery of this offering memorandum nor any sale made hereunder will under any circumstances imply that there has been no change in the affairs of the Issuer or the Guarantors or that the information contained in this offering memorandum is correct as of any date subsequent to the date hereof.

In this offering memorandum, unless the context otherwise requires or unless specified otherwise:

- "**AmBev**" refers to Companhia de Bebidas das Americas and its subsidiary Monthiers, S.A.;
- "**AmBev Centroamérica**," formerly known as Cervecería Rio, refers to Industrias del Atlántico, S.A.;
- "**APEX**" refers to Global Mobility Apex, S.A.;
- "**Beliv**" refers to Beliv LLC;
- the "**Caribbean Region**" includes Puerto Rico and Jamaica;
- "**CBC,**" the "**Company,**" the "**Issuer**," "**we**," "**us**," and "**our**" refer to The Central America Bottling Corporation and its consolidated subsidiaries;
- the "**Central American Region**" includes, Guatemala, Southern Honduras (including Tegucigalpa, the capital), Nicaragua and El Salvador;
- "**Embotelladora La Mariposa**" refers to Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A. and its subsidiaries;
- "**GEMCORP**" refers to Grupo Empresarial Mariposa Corp.;
- the "**Guarantors**" refer to CBC Bottling Holdco, S.L., Beliv Holdco, S.L., Beliv LLC, CBC PR LLC, Beliv Global, LLC, CBC INTL. S.A., CBC Management Investments Inc., CBC Logistics S.A.C., Key Market Solutions S.A.C., TS-Logistic S.A.C., Embotelladora Nacional, S.A., Comercializadora Modelo, S.A. de C.V., Comercializadora Sagitario, S.A., Embotelladora La Reyna, S.A. de C.V., Livsmart Américas, S.A. de C.V., Mariposa El Salvador, S.A. de C.V., Comercializadora Interamericana, S.A. de C.V., Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., Pepsi-Cola Jamaica Bottling Company Limited, Pepsi-Cola Puerto Rico Distributing, LLC, The Tesalia Springs Company S.A. and CBC Peruana S.A.C.;
- the "**Lender of Record Structure**" refers to the bank loans for U.S.$15.3 million at an interest rate of 5.75% with Mesoamerican Financial Corp. and U.S.$56.3 million at an interest rate of 4.50% with Banco Agrícola, S.A.; together with the pledge of certificates of deposit amounting to U.S.$71.6 million for the benefit of Bancolombia Panama;
- "**LivSmart**" refers to LivSmart Holdings, S.A. and LivSmart Américas, S.A. de C.V., formerly known as Bon Appetit, S.A. de C.V.;
- "**PepsiCo**" refers to PepsiCo Beverages International, Pepsi-Cola Metropolitan Bottling Company, Inc., PepsiCo, Inc. and/or Pepsi-Cola Interamericana S.A.;
- the "**Peruvian Notes**" refer to the Peruvian soles-denominated notes issued by CBC Peruana S.A.C. on May 12, 2017 in an aggregate principal amount of S/67.0 million at an interest rate of 8.00%, payable semi-annually, which mature on May 12, 2029; and
- the "**South America Region**" includes Ecuador, Peru, Argentina and Uruguay.

Each prospective purchaser of New Notes acknowledges that (1) it has been afforded an opportunity to request from CBC and to review, and has received, all additional information considered by such purchaser to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) it has not relied on Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. (the "**Initial Purchasers**") or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of this information or its investment decision and (3) no person has been authorized to give any information or to make any representation concerning CBC, the Guarantors or the New Notes other than as contained in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by CBC, the Guarantors or the Initial Purchasers.

We have prepared the information contained in this offering memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with any other information and neither we nor any of the Initial Purchasers takes any responsibility for other information others may give you.

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE ANYTHING IN THIS OFFERING MEMORANDUM AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ADVISORS AS NEEDED TO MAKE ITS INVESTMENT DECISION AND TO DETERMINE WHETHER IT IS LEGALLY PERMITTED TO PURCHASE THE NEW NOTES UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

The New Notes have not been, and will not be, registered under the Securities Act. Accordingly, the New Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each prospective purchaser should be aware that it may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions."

The New Notes sold in reliance on Rule 144A and Regulation S under the Securities Act will be represented by permanent global notes without interest coupons. When issued, the Rule 144A global note and the Regulation S global note will be deposited with, or on behalf of, DTC and registered in the name of DTC or its nominee. See "Form of Notes, Clearing and Settlement" and "Transfer Restrictions."

Each prospective purchaser of New Notes must comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the New Notes, and it must obtain any required consent, approval or permission for the purchase, offer or sale by it of the New Notes under the laws and regulations applicable to it in force in the jurisdiction to which it is subject or in which it makes those purchases, offers or sales. None of the Issuer, the Guarantors or the Initial Purchasers has any responsibility therefor. See "Transfer Restrictions."

The Issuer and the Guarantors, having made all reasonable inquiries, confirm that this offering memorandum contains all information that is material in the context of the issue of the New Notes, that the information contained in this offering memorandum is true and accurate in all material respects, and that there are no other facts the omission of which makes this offering memorandum as a whole or any such information misleading in any material respect. The Issuer and the Guarantors accept responsibility accordingly.

We have furnished the information in this offering memorandum. You acknowledge and agree that the Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers. This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

The Luxembourg Stock Exchange takes no responsibility for the contents of this offering memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this offering memorandum.

None of the Issuer, the Guarantors, the Initial Purchasers or any of their respective representatives makes any representation regarding the legality of an investment in the New Notes under appropriate legal investment or similar laws. Each prospective purchaser should consult with its own advisors as to legal, tax, business, financial and related aspects of a purchase of the New Notes.

Each prospective purchaser of New Notes should rely only on the information contained in this offering memorandum. The Issuer has not authorized any person to provide any prospective purchaser of New Notes with information different from that contained in this offering memorandum. The Issuer is offering to sell the New Notes only where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the New Notes.

Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of the New Notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The New Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Transfer Restrictions."

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

Prohibition of Sales to EEA and United Kingdom Retail Investors. The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation. References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in United Kingdom domestic law, as appropriate.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this offering memorandum that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our management, and on information currently available to us. Forward-looking statements include statements regarding our intent, belief or current expectations of our directors or executive officers with respect to:

- the COVID-19 pandemic, including the global and regional economic uncertainty and measures taken in response;
- the positive impact on our operating results of the launch of new beverage categories;
- our ability to leverage our multinational operations to improve production efficiencies;
- our plans to improve manufacturing, sales, marketing and technology by working closely with PepsiCo and AmBev;
- our expectations in connection with acquisitions;

- our ability to capitalize on our extensive distribution system and numerous points of sale;
- our plan to increase our sales in Central America, the Caribbean and South America, both in the countries where we currently operate and elsewhere in the region;
- our corporate strategy;
- the demand for CSDs, beer, isotonics, water, juices, nectars, energy drinks and other beverages, especially in our principal countries of operation;
- the supply and availability of raw materials at competitive prices;
- trends affecting our financial position, liquidity or results of operations;
- our dividend policy; and
- political and economic conditions in the countries in which we or our affiliates operate or may operate in the future.

Forward-looking statements also include the information concerning our possible or assumed future results of operations set forth under "Summary," "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Position and Results of Operations" and elsewhere and statements preceded by, followed by, or that include, the words "believes," "may," "will," "continues," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Our future results may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These factors include:

- the nature and extent of future competition in our principal markets;
- our ability to maintain and build on our strong relationships with PepsiCo and AmBev;
- the return on investment we receive from our efforts to obtain production and distribution efficiencies across our operations;
- governmental changes in taxes on CSDs and other beverages;
- political conditions in the Central American, Caribbean and South American markets where we conduct our business;
- general economic and demographic conditions, such as the rates of economic growth or fluctuations in exchange rates in the Central American, Caribbean and South American markets where we conduct our business;
- weather conditions, natural disasters and public health crises, including the COVID-19 pandemic;
- industry conditions, such as the strength of product demand, the intensity of competition, pricing pressures, popularity of returnable and non-returnable packaging, the introduction of new products by us, the introduction of new products by competitors, changes in technology or in our ability to obtain products from suppliers without interruption and at reasonable prices and the financial conditions of our customers

and distributors;

- operating factors, such as the continued success of our manufacturing activities, the achievement of efficiencies and the continued success of product development;
- the future impact of competition and regulation or other changes in import and export restrictions;
- the effects of shifts in beverage consumption patterns in the countries in which we operate; and
- our ability to identify and consummate potential acquisitions, joint ventures and strategic alliances and the result of any such events.

All forward-looking statements attributed to us or a person acting on our behalf are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained herein.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This offering memorandum includes (i) our audited consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 (the "**Annual Audited Consolidated Financial Statements**") and (ii) our unaudited condensed consolidated interim financial statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 (the "**Unaudited Condensed Consolidated Interim Financial Statements**" and, together with the Annual Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**").

Our Consolidated Financial Statements have been prepared in U.S. Dollars and in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, which differ in certain respects from U.S. generally accepted accounting principles ("**U.S. GAAP**"). No reconciliation to U.S. GAAP of the Consolidated Financial Statements or of any other financial information presented herein has been prepared. There can be no assurance that a reconciliation would not identify material quantitative differences between the Consolidated Financial Statements and information prepared on the basis of U.S. GAAP.

Because the New Notes have not been registered and will not be registered with the SEC, our Consolidated Financial Statements contained elsewhere in this offering memorandum do not and are not required to comply with the applicable registration requirements, rules and regulations adopted by the SEC, which would apply if the New Notes had been registered with the SEC.

Currency of Presentation and Exchange Rates

Unless otherwise indicated, references to "**U.S. Dollars**," "**dollars**," "**$**" and "**U.S.$**" are to United States dollars. References to "**Quetzales**" or "**Q.**" are to Guatemalan quetzales. References to "**Lempiras**" or "**L.**" are to Honduran lempiras. References to "**Cordobas**" or "**C.**" are to Nicaraguan cordobas. References to "**Jamaican dollars**" or "**JAM$**" are to Jamaican dollars. References to "**Peruvian soles**", "**sol**" or "**S/**" are to Peruvian soles. References to "**Argentinean pesos**" or "**ARS**" are to Argentinean pesos. References to "**Uruguayan pesos**" or "**UYU**" are to Uruguayan pesos. El Salvador adopted the U.S. Dollar as its legal currency on January 1, 2001. Ecuador adopted the U.S. Dollar as its legal currency on January 9, 2000. The U.S. Dollar is the legal currency of Puerto Rico.

Effect of Rounding

Certain percentages and amounts in this offering memorandum have been rounded for ease of presentation and, therefore, may not sum to total.

Certain Non-IFRS Measures

Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") is not an IFRS financial measure.

"**Adjusted EBITDA**" excludes non-recurring charges to provide a view of our margin from our recurring operations. EBITDA and Adjusted EBITDA are included in this offering memorandum because we believe certain investors may consider them useful as additional measures of our financial performance and ability to service our debt and fund capital expenditures. EBITDA and Adjusted EBITDA are not and should not be considered as substitutes for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because EBITDA and Adjusted EBITDA are not IFRS measures and not all companies calculate EBITDA and Adjusted EBITDA in the same manner, our presentation of EBITDA and Adjusted EBITDA may not be comparable to other EBITDA, adjusted EBITDA or similarly titled measures reported by other companies.

Net debt represents our total debt less cash and cash equivalents and investments held to maturity. Net debt is not a financial measure under IFRS. Net debt is included in this offering memorandum because we believe certain investors may consider it useful as an additional measure of our ability to service our debt and fund capital expenditures. Net debt is not and should not be considered as a substitute for total debt or other measures of liquidity under IFRS. Because net debt is not an IFRS measure, it may not be comparable to other similarly titled measures reported by other companies.

Adjusted total debt represents our total debt less certain investments held to maturity – non-current that are part of the Lender of Record structure. These investments do not qualify for netting against debt under IFRS; however, they match in terms of maturity and are expected to settle net against debt. Adjusted total debt is not a financial measure under IFRS. Adjusted total debt is included in this offering memorandum because we believe certain investors may consider it useful as an additional measure of our ability to service our debt and fund capital expenditures. Adjusted total debt is not and should not be considered as a substitute for total debt or other measures of liquidity under IFRS. Because adjusted total debt is not an IFRS measure, it may not be comparable to other similarly titled measures reported by other companies.

For further information, see the reconciliation to IFRS measures in "Selected Financial and Operating Data—Non-IFRS Financial Measures."

Market and Industry Data

Market and industry data and other statistical information used throughout this offering memorandum are based on internal estimates or independent industry publications by market research firms, including A. C. Nielsen ("**Nielsen**"), Emevenca or other published independent sources and, in some cases, data provided by our joint venture partner, AmBev, and PepsiCo. Where indicated, some data is also based on our good faith estimates, which are derived from our review of internal surveys, as well as independent sources. Industry volume share is determined with respect to CSD, isotonics, energy drinks and tea based on information provided by Nielsen, Emevenca and CCR. Industry volume share with respect to juices and nectars is based on internal sales estimates taking as a basis industry data from Nielsen. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

TRADEMARKS

This offering memorandum includes names of our products that constitute trademarks or trade names that we own or that are owned by others and are licensed to us for our use. This offering memorandum also contains other brand names, trade names, trademarks or service marks of other companies, which are the property of those other companies.

CERTAIN INDUSTRY TERMINOLOGY

A "**carbonated soft drink**" or "**CSD**" is a non-alcoholic, carbonated beverage, containing a natural or artificial sweetener, natural or artificial flavors, and sometimes juice.

An "**energy drink**" is a soft drink offering metabolic stimulation through B-complex, vitamins and central nervous system stimulation through caffeine, taurine, carnitine and other natural stimulants such as guarana or açaí. These ingredients can vary by brand.

A "**flavored drink**" contains sugar, flavor and color.

An “**isotonic**” is a beverage that may contain electrolytes, fruit juice, sweeteners, natural supplements or other ingredients designed to provide energy or replenish the body after physical activity.

A “**juice**” contains at least 20% fruit juice, and less pulp than nectar.

A “**juice beverage**” contains 15% or less fruit juice.

A “**nectar**” is a beverage made from fruit pulp and fruit juice, and contains at least 30% fruit juice. Nectars may also include water and sweetener.

A “**non-carbonated drink**” is a beverage that does not contain CO_2.

“**PET**” means polyethylene terephthalate.

A “**raw case**” equals 11.36 liters.

“**SKU**” means stocking keeping unit.

A “**still drink**” is a non-carbonated beverage that contains fruit juice. It is a sub-product of juices and nectars.

A “**unit case**” is a case of 24 servings of eight ounces equaling 5.678 liters and is the industry standard to measure case sales.

DIFFICULTIES OF ENFORCING CIVIL LIABILITIES AGAINST NON-U.S. PERSONS

CBC is incorporated in the British Virgin Islands. Except for two of CBC's directors who live in the United States and for our subsidiaries in Puerto Rico, all of the directors and officers of the Issuer and the Guarantors reside outside the United States. Substantially all of the assets of the Issuer and the Guarantors are located outside the United States. As a result, it may not be possible for investors to enforce against the Issuer or the Guarantors in the United States the federal securities laws of the United States, or to enforce judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States, including the Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

British Virgin Islands

CBC has been advised by its British Virgin Islands counsel, Walkers, that the United States and the British Virgin Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and that a final judgment for the payment of money rendered by any general or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be automatically enforceable in the British Virgin Islands. The courts of the British Virgin Islands would recognize as a valid judgment, a final, unimpeachable and conclusive judgment *in personam* obtained in the U.S. courts against the Company or any Guarantor under which a definite sum of money is payable (other than in respect of penalties or taxes or a fine or similar fiscal or revenue obligations) and would give a judgment based thereon provided that (i) the judgment had not been wholly satisfied, (ii) such U.S. courts had proper jurisdiction in the matter and the parties either submitted to the jurisdiction or were resident or carrying on business within such jurisdiction, (iii) such proceedings pursuant to which judgment was obtained were not contrary to the principles of natural justice, (iv) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of a court, (v) the recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy or for some other similar reason the judgment could not have be entertained by the British Virgin Islands courts,; and (vi) applicable rules of British Virgin Islands law permit service out on the debtor in question and there is due compliance with the correct procedures under the laws of the British Virgin Islands.

Guatemala

CBC has been advised by its Guatemalan counsel, Palacios & Asociados /SERCOMI, that judgments based upon civil liability provisions of the federal securities laws of the United States would only be enforceable in Guatemala if such judgments were final and conclusive monetary judgments for a definite sum and the Guatemalan courts were satisfied in each case that (i) the action is exercised due to a personal action, whether it be commercial or civil, (ii) the courts of the country issuing the ruling provide the same enforcement to Guatemalan rulings, (iii) the ruling is not a default judgment or against a person reportedly absent in the foreign jurisdiction who is domiciled in Guatemala, (iv) the obligation is legal in Guatemala and not against Guatemalan public policy principles, and (v) in accordance with the laws of the jurisdiction in which the ruling was issued, the ruling is final and not subject to appeal. Additionally, the judgment must be translated into Spanish by a licensed/authorized translator in Guatemala and sent to Guatemala with the applicable Apostille legalization.

Honduras

CBC has been advised by its Honduran counsel, Bufete Forlar, that judgments based upon civil liability provisions of the federal securities laws of the United States would only be enforceable in Honduras if (i) it relates to an action *in personam*, (ii) the ruling is not a default judgment, (iii) the obligation is legal in Honduras, and (iv) the courts of the country issuing the ruling provide the same enforcement to Honduran judgments.

Nicaragua

CBC has been advised by its Nicaraguan counsel, Consortium Legal Nicaragua, that judgments based upon civil liability provisions of the federal securities laws of the United States would only be enforceable in Nicaragua if (i) the action is exercised due to a personal action, (ii) the obligation is legal in Nicaragua and not against Nicaragua's public policy principles, (iii) the courts of the country issuing the ruling provide the same enforcement to Nicaraguan judgments, (iv) the ruling is not a default judgment, unless the defendant was duly and timely served and such defendant did not appear before the court, and (v) the decision is final and enforceable in the country of origin. The execution of the foreign judgment must be requested to the Supreme Court of Nicaragua, and translated into Spanish.

El Salvador

CBC has been advised by its Salvadorian counsel, Benjamin Valdez & Asociados, that judgments based upon civil liability provisions of the federal securities laws of the United States would only be enforceable by the courts in El Salvador as long as the claimant follows the auto de pareatis, also known as exequatur proceedings, both in the U.S. jurisdiction and in the Salvadoran jurisdiction where enforcement of the judgment is sought. Any such final judgment may be enforced in the courts of El Salvador without retrial of the original action by instituting exequatur proceedings in the Supreme Court of El Salvador upon determination by such court that: (i) the judgment comes from a court that has competent jurisdiction according to Salvadorian international jurisdiction law; (ii) the defendant was served personal notices, issued in accordance with competent law, of the initiation of the procedure and of the final resolution, even if the judgment was rendered with the defendant in contempt of court, and as long as the defendant´s right to a defense has been guaranteed; (iii) the judgment was issued in due form to be considered valid in the country it was issued; (iv) the cause of action upon which judgment was based does not contravene the law, constitutional principles or public policy of El Salvador; and, (v) there is no pending or rendered judgment in the courts of El Salvador related to the same cause. The documents evidencing the judgment must be in authentic form according to the laws of the judgment country and duly legalized by a consul of El Salvador or with the Apostille. Notwithstanding the foregoing, the Salvadoran *Código Procesal Civil y Mercantil* (Civil and Commerce Procedure´s Code) allows for different judgment recognition procedures through international treaties.

Jamaica

CBC has been advised by its Jamaican counsel, DunnCox, that judgments based upon civil liability provisions of the federal securities laws of the United States are enforceable in Jamaica subject only to four exceptions: (i) where the foreign court acted without jurisdiction; (ii) where the judgment was obtained by fraud; (iii) where the judgment was obtained by breach of the rules of natural justice and (iv) where the enforcement of the judgment will be contrary to public policy. Save as aforesaid, a judgment rendered by any state or federal court will be recognized and given effect to in Jamaica by the courts of Jamaica permitting the judgment creditor to sue upon and enforce the judgment through the Jamaican courts. There is no automatic reciprocal enforcement of judgment rights afforded to federal securities laws of the United States of America.

Ecuador

CBC has been advised by its Ecuadorian counsel, Lexim Abogados Cia Ltda, that judgments based upon civil liability provisions of the federal securities laws of the United States would only be enforceable in Ecuador after an homologation process established by the General Organic Procedure Code enacted on May 22nd 2015, within a *exequatur* procedure if the following requisites are met: (i) the decision meets the formal legal requirements to be regarded as authentic in the country of origin; (ii) the ruling is a definitive sentence enforceable in the country where it was issued and the relevant supporting documentation is dully legalized; (iii) the ruling and the relevant documents have to be translated into Spanish if applicable (by an official interpreter); (iv) the parties involved have been dully and legally notified at the trial and exercised a due defense; and, (v) that the homologation request determines the specific address for notification of the physical person or entity against whom the ruling needs to be enforced. Ecuador is a signatory country to the “New York Treaty.”

Peru

CBC has been advised by its Peruvian counsel, Rodrigo, Elías & Medrano Abogados, that any final and conclusive judgment for a fixed and final sum obtained against us in any court outside of Peru having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the New Notes, which are governed by New York law, will, upon request, be deemed valid and enforceable in Peru through an *exequatur* judiciary proceeding (which does not involve the reopening of the case), provided that: (1) there is a treaty in effect between the country where said foreign court sits and Peru regarding the recognition and enforcement of foreign judgments; or (2) in the absence of such a treaty, the original judgement is recognized by the Peruvian courts (*Cortes de la República del Perú*) under such *exequatur* proceeding, subject to the provisions of the

Peruvian Civil Code and the Peruvian Civil Procedure Code; provided, further, that the following conditions and requirements are met:

- the foreign judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated in respect of this offering memorandum or the New Notes are not matters under the exclusive jurisdiction of Peruvian courts);
- such foreign court had jurisdiction under its own private international conflicts of law rules and under general principles of international procedural jurisdiction;
- we received service of process in accordance with the laws of the place where the proceeding took place, were granted a reasonable opportunity to appear before such foreign court and were guaranteed due process rights;
- the foreign judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- no pending litigation in Peru between the same parties for the same dispute was initiated before the commencement of the proceeding that concluded with the foreign judgment;
- the foreign judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;
- the foreign judgment is not contrary to Peruvian public policy (*orden público*) or good morals (*buenas costumbres*);
- it is not proven that such foreign court denies enforcement of Peruvian judgements or has engaged in a review of the merits thereof;
- such judgment has been (a) duly apostilled by the competent authority of the jurisdiction of the issuing court, in case of jurisdictions that are party to the Hague Convention for Abolishing the Requirement of Legalization for Foreign Public Documents dated October 5, 1961 (the "**Hague Apostille Convention**"), or (b) certified by Peruvian consular authorities, in case of jurisdictions that are not a party to the Hague Apostille Convention, and in each case, is accompanied by a certified and officially translated copy of such judgment into Spanish by a Peruvian certified translator; and
- the applicable court taxes and fees have been paid.

We have no reason to believe that any of our obligations relating to the New Notes would be contrary to Peruvian public policy (*orden público*), good morals (*buenas costumbres*) and international treaties binding upon Peru or generally accepted principles of international law.

In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity. However, the United States does not currently have a treaty with Peru providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company may be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru.

Uruguay

CBC has been advised by its Uruguayan counsel, Guyer & Regules, that the courts of Uruguay would recognize as a valid judgment, a final and conclusive judgment *in personam* obtained in any U.S. federal or New York state court located in the borough of Manhattan, City of New York against CBC or our directors or officers under which a sum of money is payable without reconsideration of the merits; provided that such judgment is ratified by the Uruguayan Supreme Court. Such ratification will occur (i) if there is a treaty in force with the country where such judgment was issued, pursuant to the provisions of such treaty (there is no treaty currently in place with the United States), and (ii) in the absence of such treaty, if such judgment (1) complies with all formalities required for the same to be considered authentic and enforceable thereof under the laws of the country where the same was issued; (2) together with related documents, has been translated into Spanish (if applicable) by a duly licensed Uruguayan translator and satisfies the authentication requirements of Uruguayan law; (3) was issued by a tribunal with jurisdiction to hear the matter pursuant to its own law and under the laws of Uruguay (not being a matter on which Uruguayan courts have exclusive jurisdiction) after valid service of process upon the parties to the action; (4) was issued after an opportunity was given to the defendant to present its defense; (5) is final ("res judicata") in the country where it was issued; and (6) is not against Uruguayan international public policy principles (*orden público internacional*).

For the purposes of enforcement and collection in Uruguay, the request for recognition (*exequatur*) will be first filed before the Supreme Court of Justice in Uruguay, which will verify compliance with such requirements. Service of notice will be given on the defendant who will have 20 days to file its objection to the request for recognition.

If enforcement is granted, the file will be sent to the competent lower court in Uruguay to carry out proceedings for enforcement and collection. Upon completion of the exequatur proceeding as described above, it will be possible to enforce the judgment without the need to appoint any agent for service of process.

Panama

CBC has been advised by its Panamanian counsel, Fabrega Molino, that no treaty exists between the United States and Panama for the reciprocal enforcement of foreign judgments and that there is doubt as to the enforceability, in original actions in Panamanian courts, of liabilities predicated solely on United States federal securities laws and as to the enforceability in Panamanian courts of judgments of United States courts obtained in actions predicated upon the civil liability provision of the United States federal securities laws. In any case, judgments of courts outside Panama, including but not limited to judgments of United States courts, may only be recognized and enforced by the courts of Panama in the event that the Supreme Court of Panama validates the judgment by issuing a writ of exequatur. Subject to a writ of exequatur, any final money judgment rendered by any foreign court will be recognized, conclusive, and enforceable in the courts of Panama without reconsideration of the merits, provided that (i) such foreign court grants reciprocity to the enforcement of judgments of courts of Panama, (ii) the party against whom the judgment was rendered, or its agent, was personally served (service by mail not being sufficient) in such action within such foreign jurisdiction, (iii) the judgment arises out of a personal action against the defendant, (iv) the obligation in respect of which the judgment was rendered is lawful in Panama and does not contradict the public policy of Panama, (v) the judgment, in accordance with the laws of the country where it was rendered, is final and not subject to appeal, (vi) the judgment is properly authenticated by diplomatic or consular officers of Panama, or pursuant to the 1961 Hague Convention on the legalization of documents and, (vii) a copy of the final judgment is translated into Spanish by a licensed translator in Panama. Any final money judgment rendered against CBC and validated by the Supreme Court of Panama will be delivered by the Supreme Court of Panama to CBC for payment.

Spain

CBC has been advised by its Spanish counsel, Hogan Lovells International LLP, that there is no execution treaty on judgments in civil and commercial matters (other than arbitration awards) between Spain and the United States, New York or any other state of the United States. Thus, a judgment obtained in any federal or state court in the United States cannot automatically be recognized or enforced in Spain.

A judgment duly rendered by a New York court, pursuant to a local action instituted before such courts, would only be enforceable in the competent courts of the Kingdom of Spain; provided that prior to the time such New York court judgment is introduced into a Spanish court for recognition or enforcement following exequatur proceedings, there is no material contradiction or incompatibility with a judgment rendered or judicial proceedings outstanding in Spain, in accordance with and subject to Article 523.2 of the Spanish law of civil procedure (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) and Articles 41 to 55 of the Law 29/2015 of July 30, 2015, on international judicial cooperation on civil matters ("**Law 29/2015**").

Such provisions and the case law set forth that any final judgment rendered in a country that is not bound by EU Regulation No 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters may be recognized and enforced in the Kingdom of Spain in two different situations: (i) in the cases and in accordance with the provisions of any applicable treaty and (ii) in the absence of any such treaty in accordance with Law 29/2015. Such law provides that a judgment will not be recognized, inter alia: (a) if such recognition is manifestly contrary to Spanish public policy (*orden público*); (b) if the judgment is not final (i.e. subject to further appeal) and therefore is not of an enforceable nature (*fuerza ejecutiva*) in the foreign jurisdiction; (c) where any of the parties in the proceedings was manifestly unable to exercise his rights of defense (including, but not limited to, a proper service of process having been carried out with sufficient time for the defendant to prepare its defense and the judgment not having been rendered by default; *i.e.*, without appearance or without the possibility for the defendant to appear); (d) if it is irreconcilable with a judgment issued by the Spanish courts; (e) if there are any on-going proceedings in Spain between the same parties in relation to the same matter; (f) if the judgment is incompatible with another country's judgment which meets the requirements to be enforceable in Spain; (g) if the matter of the judgment falls within the matters of the exclusive jurisdiction of the Spanish courts or, in any other matters, if the foreign court jurisdiction does not have a reasonable connection with the dispute; (h) if the Company or the Guarantors are subject to an insolvency proceeding in Spain and the foreign judgment does not meet the requirements provided for in Spanish Insolvency Law or (i) the copy of the judgment presented before the Spanish Court is not duly legalized or apostilled or the documentation prepared for the purposes of requesting the recognition or enforcement is not accompanied by a Spanish translation in accordance with Article 144 of the Spanish law of civil procedure (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*). Law 29/2015 expressly prohibits the competent Spanish court from reviewing a foreign judgment on the merits (*revisión sobre el fondo*).

Reciprocity is no longer a prerequisite; however the Spanish Government could exceptionally issue a decree denying the recognition of judicial decisions issued in countries which recurrently reject the recognition of Spanish decisions. Spain has not issued such decree in relation to the United States of America.

The enforcement of any judgments in Spain entails, among others, the following actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish (translator's fees will be payable); (b) foreign documents may be required to be legalized and apostilled; (c) certain court fees must be paid; (d) the procedural acts of a party litigating in Spain must be directed by an attorney at law and the party must be represented by a court agent (*procurador*) and (e) the content and validity of foreign law, if needed, must be evidenced to the Spanish courts (which could, again, entail certain costs). In addition, Spanish civil proceedings rules cannot be amended by agreement of the parties and will therefore prevail notwithstanding any provision to the contrary in the Notes.

Since there is no applicable treaty between the Kingdom of Spain and the United States of America, exequatur proceedings (as contemplated in Law 29/2015) will have to be carried out in order to recognize or enforce a judgment of a New York court in the Kingdom of Spain.

It is not certain that the obligations under the Guarantees provided by the Spanish Guarantors will be enforced in accordance with their respective terms in every circumstance. The term "enforceable" means that the obligations assumed by the parties are of a type that the Spanish courts enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular: (i) Spanish law does not expressly recognize the concept of an indemnity; (ii) notarized evidence by the holders of the New Notes may need to be provided to the Spanish court; (iii) Spanish law, as applied by the Spanish Supreme Court, precludes an agreement being terminated on the basis of a breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings of the relevant agreement, and allows Spanish courts not to enforce any such termination; (iv) Spanish law does not protect the abusive exercise of rights; (v) under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law ("*fraude de ley*") and the provisions whose application was intended to be avoided shall apply; (vi) where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of the applicable jurisdiction; and (vii) Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties.

AVAILABLE INFORMATION

The Company will, upon request, furnish to any registered or beneficial owner of a note (each, a "**holder**"), such information as is specified in paragraph (d)(4) of Rule 144A: (a) to such holder, (b) to a prospective purchaser of such Note (or a beneficial interest therein) who is a QIB designated by such holder or (c) to such holder or such prospective purchaser so designated, in each case in order to permit compliance by such holder with Rule 144A in connection with the resale of such note (or a beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SUMMARY

This summary highlights some of the information in this offering memorandum. Because this is a summary, it does not contain all of the information that you should consider before deciding to purchase the New Notes. You should carefully read the entire offering memorandum, as well as the tax and other considerations that are important to you in making your investment decision. You should pay special attention to the "Risk Factors" section appearing elsewhere in this offering memorandum.

Overview

We are a leading producer, distributor and seller of beverages and a major bottler for PepsiCo in Latin America. Our well-established portfolio of products is comprised of 487 brands and 2,945 SKUs, including 142 brands and 1,727 SKUs that are owned and developed by third parties, such as PepsiCo and AmBev, and our business unit, Beliv, which owns and develops our proprietary brands. Our portfolio also contains other smaller and regional products owned by third parties such as Goya, Red Stripe and Snapple, among others. In 2017, we established APEX, a company with a highly qualified team dedicated to enhancing and integrating our various businesses across CBC and Beliv. Our products include CSDs, juices and nectars, bottled water, isotonics, energy drinks, tea and beer. We also distribute snacks in some of our operating countries and collect royalties for the use of our proprietary brands by other bottlers and distributors outside our operating region, which is comprised, principally, of Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our products are also exported and sold in over 35 countries outside of our operating region, including, among others, the United States, Mexico, Colombia, Costa Rica, Panama, the Dominican Republic, the United Kingdom and Senegal.

We have a long-lasting relationship of more than 75 years with PepsiCo. In 1998, PepsiCo named CBC as the "anchor bottler" for the Central American Region, pursuant to which we have the right of first refusal to purchase any interest in any PepsiCo affiliated company or bottler in the region that is offered for sale. Our appointment with PepsiCo as exclusive bottler in the countries in which we operate has no termination date. According to Euromonitor, we are one of the top bottlers in the Central American and Caribbean Regions based on unit cases sold and one of the leading bottlers based on CSD volume of unit cases sold as of March 31, 2020.

Pursuant to our strategic relationship with PepsiCo, we have the exclusive right to sell and distribute 57 brands of PepsiCo beverage products, including *Pepsi*, *7-Up*, *Diet Pepsi*, *Pepsi Black*, *Diet 7-Up*, *Mirinda*, *AMP*, *SoBe Adrenaline Rush, Rojita, H2Oh!, Be-Light, Mountain Dew, A&W*, *Lipton*, *Tropicana*, *Ocean Spray, Gatorade*, and *Gatorade G2,* among others, in the Central American Region, Puerto Rico, Jamaica, Ecuador and Peru. PepsiCo products accounted for 59.1% and 57.1% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 64.1% and 62.9% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. PepsiCo owns, indirectly, 12% of the common shares of CBC and has the right to appoint two members of our nine-member Board of Directors (as defined herein).

We also produce and sell 46 trademarked brands through Beliv, our wholly-owned subsidiary created in 2018 that is dedicated to developing healthier and more natural and nutritional products. Our Beliv products, which include our proprietary brands *California Ice* (juice beverage), *Jugazzo* (juice drinks and nectars), *Petit* (juices, oat beverage and nectars), *Cosecha Pura* (natural orange juice), *Fruti Pop* and *Frutaris* (juice beverages), *Squiz, Campestre, Artesano, Frutado* and *Fruta Fresca* (still drinks), *Naturalisimo* (premium juices), *Glad* (dairy) and *Salutaris* (water), accounted for 24.6% and 23.5% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 31.1% and 30.8% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. The gross margin for Beliv's products for the three-month period ended March 31, 2020 and December 31, 2019 was 55.5% and 53.8%, respectively. We have sales and distribution operations for our Beliv products in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Puerto Rico, Haiti, Dominican Republic, Mexico, Ecuador, Peru, Colombia, Argentina and the United States (mainly South Florida and Texas).

Through our joint venture, AmBev Centroamérica, with AmBev, a subsidiary of Anheuser Busch Inbev SV/NV ("**AB InBev**"), we are the exclusive distributor of 25 brands of AmBev products in Guatemala and a non-exclusive distributor in El Salvador, Honduras and Nicaragua. AB InBev is currently the largest beer producer in the world. AmBev products, which include *Brahva, Modelo, Budweiser, Stella Artois, Beck's* and *Corona*, accounted for 9.9% and 10.6% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 4.1% and 4.8% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies.

For the three-month period ended March 31, 2020, 44.5% of our net sales (before rebates) corresponded to sales of CSDs, which is comprised of PepsiCo brands and certain of our proprietary brands (including *Salutaris*, *Rica*, *Grapette*, *Tropical*, *Gallito*, *Mas*, *Ting* and *Quintuples,* among others), 14.8% corresponded to sales (before rebates) of juices and nectars under our proprietary brands (including *Petit*, *Frutaris*, *Fruta Fresca*, *Squiz* and *Campestre*, among others), 11.8% corresponded to sales (before rebates) of bottled water (including *Aqua*, *Güitig*, *Tesalia*, *Pure Water*, *Essences* and *Aquabella*), 7.9% corresponded to sales (before rebates) of isotonics (including *Gatorade* and *Propel*), 5.8% corresponded to sales (before rebates) of energy drinks (including *Sobe Adrenaline Rush*, *AMP* and *220V*), 1.5% corresponded to sales (before rebates) of tea (including *Lipton Tea* and *Brisk*) and 16.0% corresponded to sales (before rebates) of other products (including beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands).

The following table presents net sales by product category for the three-month period ended March 31, 2020:

	U.S.$ (thousands)	% of Total
CSDs	167,752	44.5%
Juices and nectars	55,911	14.8%
Water	44,402	11.8%
Isotonics	29,653	7.9%
Energy Drinks	21,922	5.8%
Tea	5,617	1.5%
Others(1)	60,133	16.0%
Rebates(2)	(8,662)	(2.3%)
Total	**376,728**	**100.0%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

The following table presents net sales by product category for the year ended December 31, 2019:

	U.S.$ (thousands)	% of Total
CSDs	749,998	43.5%
Juices and nectars	246,384	14.3%
Isotonics	138,143	8.0%
Energy Drinks	91,145	5.3%
Water	172,392	10.0%
Tea	28,547	1.7%
Others(1)	326,403	18.9%
Rebates(2)	(30,359)	(1.8%)
Total	**1,722,653**	**100.0%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

The following table presents net sales by geographic location of customers for the three-month period ended March 31, 2020:

	U.S.$ (thousands)	% of Total
Net Sales:		
Central American Region		
Guatemala	146,181	38.8%
El Salvador	30,699	8.1%
Honduras	23,191	6.2%
Nicaragua	14,867	3.9%
Caribbean Region		
Puerto Rico(1)	33,592	8.9%
Jamaica	19,352	5.1%
North American Region		
Mexico	1,017	0.3%
South American Region		
Ecuador	61,198	16.2%
Peru	39,126	10.4%
Argentina	5,339	1.4%
Uruguay	2,166	0.6%
Total consolidated net sales	**376,728**	**100.0%**

(1) Beliv's export sales are reported as part of net sales in Puerto Rico.

The following table presents net sales by geographic location of customers for the year ended December 31, 2019:

	U.S.$ (thousands)	% of Total
Net Sales:		
Central American Region		
Guatemala	674,181	39.1%
El Salvador	163,393	9.5%
Honduras	107,481	6.2%
Nicaragua	65,763	3.8%
Caribbean Region		
Puerto Rico	153,538	8.9%
Jamaica	97,525	5.7%
North American Region		
Mexico	5,200	0.3%
South American Region		
Ecuador	276,334	16.0%
Peru	147,773	8.6%
Argentina	16,621	1.0%
Uruguay	14,845	0.9%
Total consolidated net sales	**1,722,653**	**100.0%**

We currently own and operate 16 production plants and 73 production lines with a total capacity of 900 million unit cases per year across Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our weighted average utilization ratio of these facilities was 50% as of March 31, 2020, and most of our plants have spare capacity.

From 2017 to 2019, we invested U.S.$183.4 million in capacity upgrades and new equipment for our plants, U.S.$82.8 million in improving and maintaining our plants and equipment and U.S.$51.7 million in equipment that manufactures returnable bottles to support our returnable packaging strategies. In 2017, we acquired our second bottling plant, Huachipa, located in Lima, from AmBev for approximately U.S.$43.0 million and invested U.S.$13.0 million in an additional line in the Huachipa plant to produce CSDs, water, energy and still drinks in PET packages. In addition, we invested U.S.$20.0 million in Livsmart in 2017 for a single serve line to produce CSDs in El Salvador, which project was completed in 2018, and in 2018, invested U.S.$13.0 million in an additional line to produce multi-serve packaging for CSDs for Livsmart. As a result of the Livsmart expansion project in El Salvador, we have opened up production capacity in Guatemala, which had been producing CSD products for El Salvador, and our Livsmart plant has become a production hub for Central America and Puerto Rico.

In 2018, we invested approximately U.S.$25.0 million in Jamaica to expand our production capacity, which included U.S.$12.0 million for a hot-fill line to produce *Ocean Spray* and other beverages such as *Gatorade*, and U.S.$3.0 million in improvements to the existing cold-fill lines to improve efficiency and reduce inventory. The Jamaica expansion project was intended to meet growing demand in Jamaica and to facilitate exports to the rest of the Caribbean, leveraging the regional trade treaty in the Caribbean, CARICOM. In 2019, we started construction on the expansion of our production plant located in Puerto Rico to produce bottled water, which will cost an estimated U.S.$10.8 million. This new line in Puerto Rico will increase our production capacity by almost 750,000 cases per month, generate cost efficiencies due to its advanced technology and free capacity in our CSD lines by 200,000 cases per month. We expect these projects to be completed during 2020. For 2020, we have budgeted U.S.$53.9 million in investments in capacity upgrades and equipment.

Our Livsmart plant in El Salvador received its ISO 9001:2008 (quality management system) certification in December 2010, and renewed this certification in 2015. The Mariposa, Cuyotenango and Livsmart plants have received FSSC 22000 certifications. Additionally, the PepsiCo Global EHS Management System has been implemented at the Mariposa, Cuyotenango, Livsmart and Sullana plants. In March 2019, the Livsmart plant received the Caleb Bradham Quality Excellence Award (Bronze).

Guatemala, which represented 38.8% of our net sales for the three-month period ended March 31, 2020, is one of the largest countries in which we operate and is the hub for our headquarters and management, logistics and operations teams. According to Nielsen, as of December 31, 2019, we had a 34.2% industry volume share of the Guatemalan CSD market as a result of the sale and distribution of PepsiCo products and our proprietary brands. Our largest subsidiary, Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A (which uses the commercial name "Embotelladora La Mariposa"), is based in Guatemala and, together with our other Guatemalan subsidiaries, represented 29.2% of the Company's EBITDA for the three-month period ended March 31, 2020. CBC PR LLC and our other Puerto Rican entities, such as Beliv LLC and Pepsi Cola Puerto Rico Distributing LLC, represented 22.3% of the Company's EBITDA for the three-month period ended March 31, 2020. The Tesalia Springs Company S.A., the exclusive PepsiCo bottler in the Ecuadorian market and our third largest subsidiary, represented 15.7% of the Company's EBITDA for the three-month period ended March 31, 2020. Mariposa El Salvador, S.A. de C.V., based in El Salvador, and together with our other Salvadorian subsidiaries, represented 12.7% of the Company's EBITDA for the three-month period ended March 31, 2020. We have continued to increase our presence in Latin America by pursuing strategic acquisitions and ventures, including the acquisition of various operations in Peru and Argentina since 2015.

We estimate that 92.8% of our products are distributed and sold through our direct distribution network. Our distribution capacity is comprised of 89 warehouses across Latin America, servicing over 850,000 core points of sale through the use of 1,837 delivery trucks and 194,163 coolers on over 2,000 sale routes as of March 31, 2020. We believe that our unique regional distribution network represents a distinct competitive advantage for us because we can launch new products and distribute them at a low marginal cost due to our existing infrastructure. Our extensive distribution network also allows us to generate revenues from the distribution of snacks and other products manufactured by third parties. We have also made significant investments in manufacturing and information systems technology throughout our region. We believe this technology, with multiple servers, handheld computers and smartphones used by our sales force, and the synergies created by our shared services unit, have provided important efficiencies and improved our ability to serve our customers at a lower cost.

According to Nielsen Market Share data, we are the first, second or third largest producer and distributor in the countries in which we operate, based on industry volume share in CSDs, as of February 2020. We believe that our broad beverage portfolio and unparalleled distribution reach enables us to satisfy a wide variety of consumer preferences across many dining and beverage alternatives and demographic profiles.

Competitive Strengths

Our mission is to be the best beverage company in our region for our clients and consumers, meeting their needs through our unmatched distribution network, proven go-to-market best practices and broad portfolio of products. We have several competitive strengths that will enable us to achieve this goal, including:

Leading beverage company in Latin America backed by long-standing strategic partnerships with global players

We are a leading producer, distributor and seller of beverages in Latin America and a major bottler for PepsiCo in the region. Our well-established portfolio of brands is widely recognized among our consumers and contains award winning proprietary brands such as Güitig, which won the Monde Selection gold Quality award in the waters category in 2019. Furthermore, our innovative marketing campaigns have helped us to improve the strength of our brands. We are a complete beverage company with a unique presence in all beverage segments, including CSDs, juices and nectars, bottled water, isotonics, energy drinks, tea and beer, which we believe makes us attractive to our retailers whose ability to satisfy the needs of their consumers is enhanced by the breadth of the beverages we offer.

As PepsiCo's "anchor bottler" in the Central American Region, we have the right of first refusal to purchase any interest in any PepsiCo affiliated company or bottler in the region that is offered for sale. Through our strategic partnership with PepsiCo, we also have the exclusive right to sell and distribute 57 brands of PepsiCo beverage products, including *Pepsi*, *7-Up*, *Diet Pepsi*, *Pepsi Black*, *Diet 7-Up*, *Mirinda*, *AMP*, *SoBe Adrenaline Rush, Rojita, H2Oh!, Be-Light, Mountain Dew, A&W*, *Lipton*, *Tropicana*, *Ocean Spray, Gatorade* and *Gatorade G2*, among others, in the Central American Region, Puerto Rico, Jamaica, Ecuador and Peru. Over the years, we have built a mutually beneficial business relationship with PepsiCo, cooperatively adapting to the changes in the marketplace. PepsiCo executives work together with CBC executives to plan and implement the sales and marketing programs that are later executed in the market. Manufacturing experts from PepsiCo also advise us on technological improvements. We have been frequently visited by international PepsiCo personnel with whom we exchange ideas on marketing and other initiatives to further grow our business. In recognition of our performance, PepsiCo has awarded CBC with numerous bottling awards, including Best Latin America Bottler of the Year in 1990, 1993, 2000, 2002, 2009 and 2011 and International Bottler of the Year in 2012.

Our long-standing joint venture with AmBev was founded with a shared vision for the development of the beer business in our region and has provided us with a robust portfolio of beer brands that enhance our products offering. We are the exclusive distributor of 25 brands of AmBev products, including *Brahva, Modelo, Budweiser, Stella Artois, Beck's* and *Corona,* in Guatemala and a non-exclusive distributor in El Salvador, Honduras and Nicaragua. We work closely with AmBev in the planning and implementation of business plans and sales strategies, combining AmBev's international knowledge of beer production and marketing with our knowledge of conducting business in Central America. We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies.

Our strategic allies, PepsiCo and AmBev, are leading, world-class corporations and we look forward to the continued development of our business through these key relationships.

Well established and diversified beverage portfolio of leading brands

We offer a broad portfolio of widely recognized global brands from PepsiCo and AmBev, including *Pepsi, Gatorade, Be Light, Lipton Pure Leaf, Mountain Dew, Ocean Spray, Tropicana, Brahva, Stella Artois, Leffe, Corona* and *Modelo* along with our proprietary Beliv brands, including *Rica*, *Grapette*, *Petit*, *Ting*, *Mas*, *Quintuples* and *Gallito.*

In the CSD category, which continues to be our core business, we offer 45 brands and 678 SKUs, including PepsiCo brands such as *Pepsi, 7up* and *Mirinda*, and our own trademarks in Beliv, including *Salutaris, Rica, Grapette, Tropical, Gallito, Mas, Ting* and *Quintuples*, among others. As of March 31, 2020, CSDs represented 50.8% of sales volume and 44.5% of net sales (before rebates).

In the nectars and juices segments, we have increased our portfolio of products by manufacturing, distributing and selling our Beliv brands *California* (juices, nectars and juice beverage), *Petit* (juices and nectars), *Cosecha Pura* (juice beverage), *Gyro* (juice beverage), *Fruti Pop* (juice beverage), *Squiz, Campestre, Artesano, Frutado and Fruta Fresca* (still drinks), *Berry Simple* (premium juices), *Naturalisimo* (premium juices), and *Glad* (dairy). *Deli* was added to our nectars portfolio with the acquisition of our Ecuadorian operations. The PepsiCo brands in the juices segment include *Ocean Spray*, which was launched in some of our markets in 2012, and *Tropicana*, which is a leading brand in some of our Caribbean markets. As of March 31, 2020, nectars and juices represented 10.9% of sales volumes and 14.8% of net sales (before rebates). We offer 24 brands and 335 SKUs of nectars and juices.

In the water category, we offer 29 brands and 191 SKUs, which include products in our bottled water, seltzer and flavored water categories. As of March 31, 2020, our water category represented 25.7% of sales volume and 11.8% of net sales (before rebates).

We distribute and sell the leading brand in the isotonics category, *Gatorade*. As of March 31, 2020, the isotonics category represented 4.2% of sales volume and 7.9% of net sales (before rebates). We offer six brands and 183 SKUs in the isotonics category.

We began importing and distributing already-packaged *SoBe Adrenaline Rush* and *AMP* beverages from PepsiCo in the United States in 2003 and began production of these products in Guatemala in 2006. *220 V* was added to our energy drinks portfolio with the acquisition of our Ecuadorian operations. As of March 31, 2020, the energy drinks category represented 2.6% of sales volume and 5.8% of net sales (before rebates). We offer 14 brands and 67 SKUs in the energy drinks category.

In the tea category, we distribute *Lipton*, a leading brand in our markets, and *Brisk*, which was launched in 2012. As of March 31, 2020, the tea category represented 1.4% of sales volume and 1.5% of net sales (before rebates). We offer four brands and 70 SKUs of tea.

The *Brahva* beer brand has proven to be successful since our entry into the beer market in 2003. We commenced distributing *Budweiser* in Guatemala in 2011, added *Stella Artois* and *Beck's* to our portfolio of beer brands in 2012, started distributing *Corona, Modelo Especial* and *Negra Modelo* in our Central American Region in 2013, launched a brand extension of *Brahva*, *Brahva Gold*, produced in our plant in Guatemala and began distributing *Cerveza Presidente* manufactured by AmBev in the Dominican Republic in 2014 and introduced *Busch Light* in 2016. As of March 31, 2020, the beer category represented 4.1% of sales volume and 9.9% of net sales (before rebates). We offer 36 brands and 136 SKUs of beer.

The following chart illustrates our segment position and percentage of market participation per volume share (with respect to product categories in excess of 5%) for non-alcoholic beverages as of December 31, 2019:

	% of Total Revenues	CSD[1]	Juices & Nectars[2]	Still drinks	Isotonics	Energy	Water	Tea
Guatemala	39.1%	2 34.2%	3 12.9%	1 51.2%	2 26.9%	1 34.9%	3 11.4%	1 47.1%
Ecuador	16.0%	2 16.1%	3 6.1%	2 40.9%	1 49.4%	3 22.0%	1 20.2%	–
El Salvador	9.5%	2 18.9%	1 63.6%	1 55.0%	2 27.8%	2 11.3%	3 14.4%	1 61.1%
Puerto Rico	8.9%	2 20.1%	2 17.8%	–	1 60.0%	–	–	2 8.0%
Peru	8.6%	3 10.7%	7 0.9%	1 14.9%	2 4.7%	–	3 9.6%	–
Honduras	6.2%	2 24.9%	2 33.2%	1 97.1%	2 34.8%	3 15.6%	4 5.1%	1 83.7%
Jamaica	5.7%	1 56.2%	1 34.1%	1 90.7%	2 9.3%	–	–	–
Nicaragua	3.8%	3 16.4%	1 45.0%	1 57.5%	2 10.9%	3 12.6%	3 7.2%	–

Source: Nielsen and Emevenca as principal sources. Where Nielsen and Emevenca were not available, Euromonitor was used.

We believe that this full beverage portfolio enables us to satisfy a wide variety of consumer preferences across various consumption occasions, demographic profiles and regions. We plan to continue adding new brands and flavors to our already extensive portfolio and targeting different demographics, which we believe will permit us to increase our market share and profits.

Superior manufacturing and procurement capabilities and extensive distribution network

We currently own and operate 16 production plants and 73 production lines with a total capacity of 900 million unit cases per year across Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our weighted average utilization ratio of these facilities was 50% as of March 31, 2020, and most of our plants have spare capacity.

In 2018, we opened two strategic hubs in Puerto Rico and a procurement center in Uruguay that are intended to lead the growth of our company in the future, manage our business units more efficiently and prepare our corporate structure for future expansion opportunities. Our procurement center in Uruguay, CBC INTL. S.A., acts as the group's internal trading company. Through this entity, we centralize purchases of our main raw materials such as concentrate and sugar (for certain territories) to produce our beverages and aluminum and PET for our packaging. We also relocated our corporate procurement team to this entity, from which our procurement team handles all negotiations with our largest suppliers, including PepsiCo. Our Director of Purchases and Supply Chain, Jorge Santos, heads the team in Uruguay and is in charge of establishing the strategy and leading the operations of our trading company. Through CBC INTL. S.A., we expect to realize cost savings from higher volume purchases and other centralization benefits, such as economies of scale and stronger bargaining power in our negotiations with suppliers.

Beliv LLC, located in Puerto Rico, is the commercial research and development ("**R&D**") and marketing hub for our Beliv division, headed by Carlos Sluman, CEO of Beliv. Beliv LLC is a 100% owned subsidiary of Beliv Global LLC, which in turn is a 95% owned subsidiary of CBC, and the owner and developer of our proprietary brands. Through Beliv, we handle all new ventures focused on growing our portfolio of proprietary brands and developing new products for our health and wellness segments. By establishing Beliv's center of operations in Puerto Rico, we have better access to the United States and other markets outside Latin America and are able to protect our intellectual property under United States intellectual property laws. Our third strategic hub, CBC PR LLC, is also located in Puerto Rico and is a wholly-owned subsidiary of CBC. CBC PR LLC, headed by Ziad Nahas, as CEO, is the principal entity through which we manage all commercial, distribution and marketing strategies for our bottling operations across the region.

Our extensive distribution network allowed us to visit over 850,000 core points of sale through the use of 1,837 delivery trucks and 194,163 coolers on over 2,000 sale routes as of March 31, 2020, across our region, three to four times per week on average. Through our extended network of distributors, which includes non-CBC entities, we indirectly reached over 672,000 additional points of sale and had access to 1,461 logistic routes and 151 distribution centers and warehouses as of March 31, 2020. This network is further strengthened by strategically located distribution centers and a network of mini-warehouses servicing high-density urban areas. These factors allow us to deliver multiple brands and types of beverages to retailers covering a broad geographic area, thereby deepening our market penetration, and permit significant cost savings and higher margins through economies of scale. Our extensive distribution network also allows us to generate revenues from the distribution of snacks and other products manufactured by third parties. In addition, our proprietary technology permits us to compile data on sales trends, consumption patterns and the demand levels at each point of sale, which allows us to better meet our customers' needs. We believe this technology, with multiple servers, handheld computers and smartphones used by our sales force, and the synergies created by our shared services unit, have provided important efficiencies and improved our ability to serve our customers at a lower cost.

Attractive growth potential in our markets

We believe that favorable economic, demographic and industry dynamics will drive growth in the beverage sector in the Central American and Caribbean Regions, in addition to Peru and Ecuador, particularly in the CSDs market. While the levels of consumption per capita are currently lower when compared to other developing countries, we believe that the Central American and Caribbean Regions, which have high growth potential in terms of wealth, will eventually translate into higher consumption levels over the next five years. In addition, we expect that growing demand for health and wellness products will be a key sales driver for our juice and nectar Beliv products and the isotonic, energy drinks and water products that we distribute and sell.

Proven management experience and strong corporate governance practice

Our senior executive officers have over 100 years of combined management experience and an average tenure of 12 years with CBC. We have over 10,000 employees and have been consistently recognized as having an attractive career development environment for young talent, which has been an important factor in expanding our business with talented and energetic employees.

Despite being a privately held company, we have a strong corporate governance practice. Our Board of Directors is comprised of nine members, four of whom are appointed by GEMCORP, two by PepsiCo and the remaining three being independent members with vast experience in the industry. The selection process for the independent members of our Board of Directors is led by a well-recognized international executive search firm, Heidrick & Struggles, and our independent members are evaluated annually by GEMCORP and PepsiCo. Our governance is further strengthened by our four well-established internal board committees: Strategy and M&A, Risk and Finance, Audit, and Talent and Compensation.

Business Strategy

Our overall strategy is to grow profitably by leveraging our existing infrastructure, extensive distribution network, strategic partnerships, proprietary brands and resources. Our fundamental strategic direction is to add new, desirable higher margin beverage products to our efficient production facilities and our extensive distribution network, and thus become the leading regional integrated multi-beverage company in Central America, South America and the Caribbean. Geographic expansion also provides an important component of our strategy. The key elements of our business strategy are set forth below:

Advance our people and culture

We value our employees. We provide an extensive training program for our employees and we foster a culture of entrepreneurship, preparedness and motivation. Many of our senior executives began their careers at CBC as part of our trainee program. We foster a culture of ownership through training and through monthly meetings in which every level of our team has an opportunity to provide ideas to such employees' managers and other colleagues. In addition, we follow a merit-based system for promotion and compensation.

Foster organic growth in our region

We seek to continue to achieve profitable growth in CSDs, beer, juices and nectars and other beverages and are working diligently to improve the execution of our points of sale, strengthen our brands, develop new and innovative packaging and create new products. We also focus on building strong relationships with our existing clients, which leads to a higher customer retention rate, as well as acquiring new clients with whom to establish such relationships.

We also intend to continue driving innovation and growth through Beliv. Through Beliv, we aim to build a diverse and profitable proprietary product mix with a focus on wellness and health to address customers' changing preferences and complement our PepsiCo and AmBev portfolio.

Capitalize on our extensive distribution network through efficient processes

We are continuously streamlining our distribution channels to continue reducing our per-unit costs. We have a dynamic distribution system through various programs, including Fleet-Loader, Llamasoft and Road Net Technology Software, that allows us to serve our extensive distribution network throughout our region, which included over 850,000 core points of sale as of March 31, 2020. In addition, these programs enable us to identify consumption trends and evaluate our product distribution to build revenues and profitable operations throughout our region.

We have developed communication channels with employees at all tiers of our organization. Moreover, we have a best practices process, which provides a comprehensive framework for our sales and distribution activities, including meetings every morning, preparation before communicating with a potential or existing client, the processing of a client's order through a handheld device or smartphone, and the liquidation at the end of the day. Using this system, we are able to visit a large number of clients per day and process their pre-orders through our handheld devices and smartphones. During the night, the trucks are loaded in order to deliver and settle client accounts on the following day.

Focus on reducing costs

We reduce our costs by budgeting our expenses every year without using the budget for the previous year as a base line. We begin by budgeting our fixed costs and then budgeting for other items. Our goal is to maintain a maximum efficiency when addressing our fixed costs. By abiding to our processes, we are able to maintain a consistent level of fixed costs, while maximizing our revenues through sales. We have also established strategic alliances with our suppliers to reduce the overall costs of our supply chain.

We strive to improve our efficiency, particularly with respect to distribution, by making investments in technology in manufacturing, sales processes and distribution. Through our shared service unit, we continue to invest resources that help us build synergies in all our operations.

Maintain a conservative use of capital and prudent debt management

We continuously maintain an efficient use of capital in order to have such capital available for future growth and investment in the Company. We employ the *Economic Value Added* growth system to optimize our capital structure with growth within acceptable risk parameters. We outsource certain business functions in certain instances in which savings are possible. It is our policy to maintain high levels of cash for operational, investment and expansion of our activities. We had U.S.$189.1 million, U.S.$154.4 million and U.S.$212.5 million of cash as of March 31, 2020, December 31, 2019 and December 31, 2018, respectively.

Our net debt over LTM Adjusted EBITDA has remained below 2.3x during the last two fiscal years. For the three-month period ended March 31, 2020 and the years ended December 31, 2019 and 2018, our net debt over LTM Adjusted EBITDA was 2.6x, 2.3x and 2.1x, respectively.

Continue to leverage the benefits of our strategic partnerships with PepsiCo and AmBev

The expertise and resources available to us from PepsiCo and AmBev provide us with an important tool to establish and maintain best practices in many areas of our business. We plan to continue to work closely with PepsiCo and AmBev to improve manufacturing, sales and marketing programs, and to provide us with ready access to latest trends and technological improvements for our business.

Opportunistically and selectively expand our geographic presence

We possess a long track record of successfully operating our business in several countries through different political and economic environments. In October 2002, we established our joint venture, AmBev Centroamérica, with AmBev and Companhia Brasileira da Bebidas, in which we own 50% minus one share and, contractually, we retain equal control in management and operations. We also own majority interests in local beverage companies, with key acquisitions made in the southern region of Honduras (including the capital city Tegucigalpa) (1997); Nicaragua (1998); Guatemala (2000); El Salvador (2001); Puerto Rico (2009); Jamaica (2009); Panama (2009); Mexico (2010); Ecuador (2012 and 2014); Peru (2015) and Argentina (2016). We have successfully integrated these operations with our own. We continue to increase our presence in the region by pursuing strategic acquisitions and ventures, including, most recently, the acquisition of a 15% non-controlling equity interest in the Uruguayan company, Joltesy, S.A., which in turn owns a group of six subsidiaries established in Ecuador (September 2019), and other potential expansions in South America. In addition, as the PepsiCo "anchor bottler" for the Central

American Region, we have the right of first refusal to acquire any interest of a PepsiCo bottler in the region.

We believe that we are well positioned to increase our sales in Central America, South America and the Caribbean, both in the countries in which we currently operate and elsewhere in the region. We continuously evaluate local markets within our region to expand distribution of our products.

Increase our role in our communities

Our vision as a company is to be the premier beverage operator in the Americas and to contribute to a better world by fostering social responsibility, protecting natural resources and promoting recycling. We provide support to organizations such as *Guatefuturo* and *Hondufuturo,* private, not-for-profit organizations committed to educational, cultural, training and professional development purposes through which resources are channeled to offer opportunities for education in Guatemala and Honduras. We believe these, and other programs described in "Community Service Programs" below, are consistent with our mission and objectives.

Recent Developments

COVID-19

In December 2019, a novel strain of coronavirus disease ("**COVID-19**") was first reported. The World Health Organization subsequently designated COVID-19 a pandemic in March 2020. The COVID-19 pandemic has resulted in travel restrictions, shelter-in-place orders, prohibitions of non-essential activities, disruption and cessation of certain businesses and has caused great uncertainty in the global markets. Such conditions are creating disruptions in global supply chains, increased rates of unemployment and other negative impacts on many industries. As of the date of this offering memorandum, the magnitude of COVID-19's impact on the global economy and the extent to which it may affect our financial condition or operating results remains uncertain. As a result of the COVID-19 pandemic, we expect slower growth or declines in our operations, revenues, EBITDA and profits. See "Risk Factors" for a more detailed discussion of the possible impact of COVID-19 on our business.

In March, as the COVID-19 pandemic spread throughout Latin America, countries increased social distancing and shelter-in-place mandates. The effect of COVID-19 has varied by geography, product category and sales channel, depending on the timing of the outbreak, the scope of restrictions and consumer behavior. We saw significant changes in consumer purchase patterns, notably substantial declines in on-premise channels. During the first weeks of March, most of our markets observed increased growth in bottled water consumption, partially supported by consumer stockpiling, while single serve and on-the-go products of juice and nectars, isotonics and teas posted a sharp sales decline due to movement restrictions and lower exposure to out-of-home channels. We are continuing to adapt quickly to the current environment with a focus on mitigating the near-term impact while positioning for success coming out of the crisis.

As COVID-19 continues to spread and significantly impact various markets in our region, we have put preparedness plans in place at our facilities to ensure continued operations. Most of our office-based employees are working remotely and, in our manufacturing and distribution facilities, we have implemented enhanced hygiene and sanitation practices. We are taking every precaution across our supply chain and continue to work closely with authorities across our businesses in Central America, the Caribbean and South America to ensure the continued safety of our products and manufacturing locations.

With respect to our raw material supply chain, we manage a procurement team with global reach that has allowed us to avoid any setbacks or interruptions in our supply chain network. We also work closely with our multiple suppliers in order to have certainty and assurance for our future supplies and, as of the date of this offering memorandum, we have not identified any threats that may endanger our position. In addition to our procurement capacities, it is our policy to have inventories of raw materials and concentrate stocked for more than 45 days. Given the uncertainty generated by the COVID-19 pandemic, our inventory stock levels are currently above this benchmark.

We have also implemented preventive measures to protect our financial results, such as a capex optimization plan, by prioritizing higher return investments and postponing non-core investments. We have also implemented efficiency initiatives, with a slight reduction in general and administrative expenses compared to last year. In terms of work force, we reduced and re-allocated new hires to prioritize roles in key areas and salary increases were put on hold. We have adjusted our marketing budget to ensure returns and to defend market position across products and geographies. In addition, we have leveraged our financing sources to optimize our capital structure and ensure a strong cash position.

During the second quarter, we have observed a decrease in demand in most of the countries in which we operate due the lockdown restrictions imposed by governments. Net sales for the first half of 2020 were U.S.$727.6 million, compared to U.S.$832.4 million for the same period in 2019, representing a 12.6% decrease. Furthermore, net sales for the three-month period ended June 30, 2020 were U.S.$350.9 million, compared to U.S.$437.5 million for the same period in 2019, representing a 19.8% decrease. However, as a result of cost savings and other measures implemented by the Company during the second quarter of 2020 as a response to the COVID-19 pandemic and other developments in the market, the Company expects EBITDA to be flat for the second quarter and slightly up for the first six months of 2020 as compared with the second quarter and first six months of 2019, respectively.

We continue to adapt quickly to the new normal and remain resilient given our diversified portfolio of products and presence across multiple countries. We are developing and pursuing innovative ways to adjust to changes in shopping behaviors, such as by leveraging e-commerce platforms, developing multi-serve products for in-home consumption and increasing profitability through pack-price architecture to better address consumer and shopper needs and channel-specific moves.

Successful Consent Solicitations and Amendments to Credit Facilities

On July 27, 2020, the Company announced the successful completion of (i) its previously announced solicitation of consents (the "**USD Consent Solicitation**") from holders of the Existing Notes and (ii) the previously announced solicitation of consents (the "**PEN Consent Solicitation**" and, together with the USD Consent Solicitation, the "**Consent Solicitations**") by CBC Peruana S.A.C. ("**CBC Peruana**") from holders of its outstanding 8.000% Senior Guaranteed Notes due 2029 (the "**PEN Notes**"). Accordingly, the Company has executed a supplemental indenture to the Indenture and CBC Peruana has executed a supplemental indenture to the indenture governing the PEN Notes (the "**Peruvian Notes Indenture**"), in each case in order to effect the amendments approved in the Consent Solicitations. For a description of the terms of the Indenture as modified by the amendments approved in the USD Consent Solicitation, see "Description of Notes." The amendments approved as part of the Peruvian Consent Solicitation were substantially the same as the amendments approved as part of the USD Consent Solicitation.

The Company has also amended certain of its existing credit facilities to align the financial and other restrictive covenants contained in such credit facilities to the corresponding covenants in the Indenture and the Peruvian Notes Indenture.

Other Information

Our principal executive offices are located in Guatemala City, Boulevard Los Próceres 24-69 Zona 10, Centro Empresarial Zona Pradera, Torre IV, Nivel 3, Office #301 and our telephone number is (502) 2501-8050. We were incorporated on December 28, 1994 in the British Virgin Islands. Our registered office is the Offices of Overseas Management Company Trust (B.V.I.) Ltd., OMC Chambers, Wickhams Cay 1, Road Town, Tortola, VG1110, British Virgin Islands.

Summary Historical Consolidated Financial and Other Information

Our summary historical consolidated financial information as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 has been derived from our Annual Audited Consolidated Financial Statements, which have been prepared in accordance with IFRS. Our summary historical consolidated financial information as of March 31, 2020 and for the three-month period ended March 31, 2020 and 2019 has been derived from our Unaudited Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with IFRS. In the opinion of our management, the Unaudited Condensed Consolidated Interim Financial Statements include all adjustments necessary for a fair presentation of consolidated financial condition and results of operations as of the dates and for the periods specified. Results for the first three months are not, however, indicative of results to be expected for the full year. You should read the following summary historical financial information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related notes, appearing elsewhere in this offering memorandum. We do not publish unconsolidated financial statements.

	For the Three Months Ended March 31,		**For the Year Ended December 31,**	
	2020	**2019**	**2019**	**2018**
	(in thousands of U.S. Dollars)			
Consolidated Statements of Comprehensive Income				
Revenue from contracts with customers	376,728	394,833	1,722,653	1,655,247
Cost of sales	(231,181)	(248,485)	(1,060,486)	(995,412)
Gross profit	**145,546**	**146,348**	**662,167**	**659,835**
Other operative income	1,000	1,182	11,862	16,690
Selling and administrative expenses	(136,776)	(141,119)	(533,093)	(515,706)
Other operative expenses	(5,310)	(2,092)	(8,071)	(12,153)
Operating profit	**4,461**	**4,319**	**132,864**	**148,666**
Financial income	12,505	6,169	39,732	28,186
Financial cost	(29,179)	(21,593)	(107,648)	(87,741)
Financial cost, net	**(16,674)**	**(15,424)**	**(67,916)**	**(59,556)**
(Loss) profit before tax	(12,212)	(11,104)	64,948	89,111
Income tax	(1,704)	(3,381)	(23,378)	(19,106)
Net (loss) profit for the period	**(13,917)**	**(14,486)**	**41,570**	**70,004**

	As at March 31,	As at December 31,	
	2020	2019	2018
	(in thousands of U.S. Dollars)		
Consolidated Statements of Financial Position			
Assets			
Current assets			
Cash	189,054	154,358	212,465
Held-to-maturity investments	36,773	28,986	40,497
Accounts receivable	206,338	250,287	266,504
Inventories	208,701	194,893	197,978
Value added tax	30,943	31,336	40,050
Prepaid expenses	14,333	14,167	15,745
Total current assets	**686,142**	**674,027**	**773,241**
Non-current assets			
Held-to-maturity investments	71,600	71,600	71,600
Investment in associates	1,713	1,747	2,043
Property, plant and equipment	559,849	563,318	597,916
Right-of-use assets	52,166	46,522	-
Goodwill and intangible assets	217,674	220,694	216,081
Long-term accounts receivable	5,229	1,376	1,376
Long-term tax receivable	49,266	41,884	36,277
Deferred tax assets	38,330	38,285	33,765
Other financial assets	20,310	20,677	19,055
Total non-current assets	**1,016,136**	**1,006,103**	**978,114**
Assets held for sale	4,953	4,953	1,235
Total assets	**1,707,231**	**1,685,083**	**1,752,589**
Equity and liabilities			
Current Liabilities			
Short-term loans and borrowings	187,524	86,614	88,164
Long-term loans and borrowings – current portion	1,319	1,326	259
Accumulated expenses and other payables	442,638	534,666	534,049
Short term lease liabilities	7,175	5,614	-
Income tax payable	9,714	9,379	11,722
Total current liabilities	**648,370**	**637,599**	**634,195**
Non-current Liabilities			
Long-term loans and borrowings[(1)]	228,224	192,489	222,890
Bonds payable	502,160	508,113	504,546
Long-term accounts payable	14,244	1,988	5,438
Long-term lease liabilities	58,001	55,235	-
Employee benefits	22,451	22,808	23,613
Deferred tax liabilities	42,744	43,315	37,223
Total liabilities	**1,516,194**	**1,461,546**	**1,427,904**
Equity			
Share capital	29,933	29,933	30,488
Share premium	24,131	24,131	57,218
Legal reserve	24,260	24,260	20,748
Retained earnings	142,324	155,648	228,981
Other components of equity[(2)]	(46,526)	(27,841)	(35,801)
Equity attributable to equity holders of the parent	**174,121**	**206,130**	**301,633**
Non-controlling interests	16,916	17,407	23,052
Total equity	191,037	223,537	324,685
Total liabilities and equity	**1,707,231**	**1,685,083**	**1,752,589**

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars)			
Consolidated Statements of Cash Flows Information				
Net cash flow (used in) generated by operating activities	(52,868)	6,389	183,791	192,140
Net cash flow generated by (used in) financing activities(3)	115,026	18,906	(209,154)	(204,237)
Net cash flow (used in) generated by investing activities	(27,266)	(69,700)	(41,678)	25,579
Net increase (decrease) in cash	34,893	(44,405)	(67,041)	13,481

	For the Three Months Ended and as of March 31,		For the Year Ended and as of December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars, except for ratios)			
Other Financial Information				
Adjusted EBITDA(4)	36,383	31,648	234,239	239,075
LTM Adjusted EBITDA(5)	238,974	230,176	234,239	239,075
Total debt	919,227	849,541	788,541	815,859
Adjusted Total Debt(6)	847,627	777,941	716,941	744,259
Net debt	621,800	514,432	533,597	491,297
CAPEX (7)	22,253	16,632	67,263	144,853
Adjusted EBITDA margin(8)	9.66%	8.02%	13.60%	14.40%
Adjusted Total debt/LTM Adjusted EBITDA(5)	3.5	3.4	3.1	3.1
Net debt/LTM Adjusted EBITDA(5)	2.6	2.3	2.3	2.1
Interest coverage ratio(9)	3.7	3.7	3.8	4.0
Fixed charge coverage ratio(10)	3.7	3.7	2.0	2.1
Working capital(11)	202,425	280,284	93,858	183,395

(1) Includes U.S.$71.6 million as of March 31, 2020, U.S.$71.6 million as of December 31, 2019 and U.S.$71.6 million as of December 31, 2018, associated with restricted investments related to the Lender of Record Structure.

(2) Includes reserves for fluctuations in cash, conversions in the financial statements and actuarial valuations.

(3) Cash used in investing activities excludes U.S.$7.7 million and U.S.$55.1 million of cash invested in bank deposits as of March 31, 2020 and 2019, respectively.

(4) Historical information excludes leases from debt calculations, but includes leases in EBITDA.

(5) LTM Adjusted EBITDA, Adjusted total debt to LTM Adjusted EBITDA and Net debt to LTM Adjusted EBITDA present Adjusted EBITDA as accumulated for the last 12 months. Management believes that such metrics are relevant to investors because the last quarter of the year is the most intensive period of sales. These metrics are not necessarily indicative of full year results or results in future periods.

(6) Adjusted total debt represents our total debt less U.S.$71.6 million in held to maturity investments that are part of the Lender of Record Structure.

(7) CAPEX means purchases of property, plant and equipment, including acquisition of fixed assets and equipment or parts necessary to maintain our production and distribution assets and purchase of intangible assets.

(8) Adjusted EBITDA margin is the ratio of Adjusted EBITDA to net sales.

(9) Interest coverage ratio is the ratio of Adjusted EBITDA to net finance cost.

(10) The fixed charge coverage ratio is calculated as per the definition of "Consolidated Fixed Charge Coverage Ratio" set forth in the Indenture. If the USD Consent Solicitation is successful, the Fixed Charge Coverage Ratio will be removed from the Indenture. For a description of the terms of the Indenture as modified by the Second Supplemental Indenture, see "Description of Notes."

(11) Working capital is the sum of (i) cash, (ii) held to maturity investments, (iii) inventory and (iv) accounts receivable *minus* accumulated expenses and other payables.

For the three-month period ended March 31, 2020:

(in thousands of U.S. Dollars)

	Net sales	Cost of Sales	Sales gross income	Total Operating Expenses	Operating activities income (loss)	Net Financial Cost	Profit (loss) before income tax	Deprec amor
Central American region:								
Guatemala	146,181	90,698	55,482	44,004	11,478	10,412	1,066	
El Salvador	30,699	16,686	14,013	12,100	1,913	1,501	412	
Honduras	23,191	14,311	8,880	9,081	(201)	695	(896)	
Nicaragua	14,867	9,854	5,012	5,437	(425)	645	(1,070)	
	214,937	131,550	83,387	70,622	12,765	13,253	(488)	
Caribbean region:								
Puerto Rico	33,592	24,496	9,096	13,015	(3,919)	371	(4,289)	
Jamaica	19,352	12,087	7,265	8,186	(921)	1,029	(1,950)	
	52,944	36,583	16,362	21,201	(4,839)	1,400	(6,239)	
North American region:								
Mexico	1,017	1,057	(40)	345	(385)	248	(633)	
South American region:								
Argentina	5,339	3,490	1,849	1,984	(135)	1,012	(1,147)	
Ecuador	61,198	30,995	30,203	31,337	(1,134)	1,121	(2,255)	
Peru	39,126	26,342	12,784	14,841	(2,057)	1,521	(3,578)	
Uruguay	2,166	1,164	1,002	756	246	(1,882)	2,128	
	107,829	61,991	45,838	48,917	(3,079)	1,773	(4,852)	
	376,728	231,181	145,546	141,085	4,461	16,674	(12,212)	

For the three-month period ended March 31, 2019:

(in thousands of U.S. Dollars)

	Net sales	Cost of Sales	Sales gross income	Total Operating Expenses	Operating activities income (loss)	Net Financial Cost	Profit (loss) before income tax	Depreciation and amortization
Central American region:								
Guatemala....................	144,493	93,529	50,964	36,065	14,899	9,664	5,235	11,058
El Salvador	45,450	27,618	17,831	12,307	5,525	1,165	4,360	3,744
Honduras	25,557	16,822	8,735	9,907	(1,172)	567	(1,739)	1,327
Nicaragua.....................	15,836	10,903	4,933	5,941	(1,008)	1,020	(2,029)	928
	231,335	148,872	82,463	64,219	18,243	12,416	5,827	17,058
Caribbean region:								
Puerto Rico	33,106	21,474	11,632	17,605	(5,973)	171	(6,144)	696
Jamaica........................	20,035	12,113	7,922	8,025	(103)	737	(840)	570
	53,141	33,587	19,554	25,630	(6,076)	908	(6,983)	1,266
North American region:								
Mexico..........................	1,385	1,305	80	487	(406)	(17)	(389)	-
South American region:								
Argentina.....................	5,921	3,714	2,207	2,572	(365)	1,275	(1,640)	114
Ecuador	62,168	33,917	28,250	34,796	(6,545)	1,327	(7,872)	5,333
Peru	40,528	26,841	13,688	13,575	113	82	31	1,973
Uruguay.......................	355	249	106	750	(644)	(566)	(78)	24
	108,972	64,721	44,251	51,693	(7,442)	2,117	(9,559)	7,443
	394,833	248,485	146,348	142,028	4,319	15,424	(11,104)	25,767

Adjusted EBITDA	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	(in thousands of U.S. Dollars)			
Central American Region:				
Guatemala	659	3,977	68,410	90,872
El Salvador	5,412	4,679	29,818	22,742
Honduras	1,123	302	7,787	11,628
Nicaragua	569	58	4,885	3,288
	7,762	9,015	110,900	128,530
Caribbean Region:				
Puerto Rico	16,278	18,676	52,276	50,945
Jamaica	(285)	443	15,667	12,160
	15,993	19,119	67,943	63,115
North American Region:				
Mexico	(384)	(406)	(333)	(1,502)
South American Region:				
Ecuador	7,565	759	36,660	36,191
Peru	861	421	2,981	(8,125)
Uruguay	4,597	2,877	15,496	17,375
Argentina	(11)	(135)	593	3,491
	13,012	3,921	55,729	48,933
Total consolidated adjusted EBITDA	**36,383**	**31,648**	**234,239**	**239,075**

Other Information	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
	(in millions unit cases)			
CSDs	60.5	61.7	265.1	251.7
Juices and nectars	13.0	15.3	58.6	65.4
Isotonics	5.0	5.9	23.8	22.3
Energy drinks	3.1	3.0	13.2	10.9
Water	30.6	27.6	108.9	93.5
Tea	1.7	2.1	8.6	9.1
Others[1]	5.3	6.8	29.1	22.6
Total	**119.1**	**122.4**	**507.3**	**475.6**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.

The Offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the New Notes, see "Description of Notes" in this offering memorandum.

Issuer .... The Central America Bottling Corporation.

Co-Issuers .... The Issuer may, at any time and at its sole discretion, without the consent of the holders of the Notes, designate an amount of the proceeds from the offering of the New Notes to be allocated to a Guarantor and cause such Guarantor to become a co-issuer under the Indenture and the Notes, jointly and severally with the Company, pursuant to a supplement to the Indenture. For the avoidance of doubt, a Guarantor that becomes a co-issuer will continue to unconditionally guarantee, jointly and severally with the other Guarantors, the performance of all obligations of the Issuer under the Indenture and the Notes as set forth under "Description of Notes—Note Guarantees."

Guarantors .... The Notes will be irrevocably and unconditionally guaranteed on a senior basis by CBC Bottling Holdco, S.L., Beliv Holdco, S.L., Beliv LLC, CBC PR LLC, Beliv Global, LLC, CBC INTL. S.A., CBC Management Investments Inc., CBC Logistics S.A.C., Key Market Solutions S.A.C., TS-Logistic S.A.C., Embotelladora Nacional, S.A., Comercializadora Modelo, S.A. de C.V., Comercializadora Sagitario, S.A., Embotelladora La Reyna, S.A. de C.V., Livsmart Américas, S.A. de C.V., Mariposa El Salvador, S.A. de C.V., Comercializadora Interamericana, S.A. de C.V., Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., Pepsi-Cola Jamaica Bottling Company Limited, Pepsi-Cola Puerto Rico Distributing, LLC, The Tesalia Springs Company S.A. and CBC Peruana S.A.C. Other existing and future subsidiaries of CBC may, at our option, become Guarantors of the Notes. See "Description of Notes—Note Guarantees."

Notes Offered .... U.S.$200,000,000 aggregate principal amount of 5.750% Senior Guaranteed Notes due 2027. The New Notes will be issued as additional notes under the Indenture pursuant to which U.S.$500,000,000 aggregate principal amount of Initial Notes were previously issued.

The New Notes and the Initial Notes will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The New Notes will have identical terms and conditions as the Initial Notes, other than the issue date, issue price and initial interest payment date. The New Notes will have the same CUSIP, ISIN and Common Code numbers as, and are fungible with, the Initial Notes, except that any New Notes offered and sold in compliance with Regulation S will have temporary CUSIP, ISIN and Common Code numbers, and will not be fungible with the Initial Notes, during a 40-day distribution compliance period commencing on the date of issuance of the New Notes. Such New Notes will be fungible with the Initial Notes upon completion of the 40-day distribution compliance period.

Upon completion of the offering of the New Notes, the aggregate

	principal amount of outstanding Notes will be U.S.$700,000,000.
Issue Price	104.500% of the principal amount of the New Notes, plus accrued interest from (and including) July 31, 2020 to (but excluding) August 4, 2020 and (ii) from August 4, 2020 to the issue date. Purchasers will be required to pay accrued interest totaling U.S.$127,777.78, or approximately U.S.$0.64 per U.S.$1,000 principal amount of New Notes, from and including July 31, 2020 to but excluding August 4, 2020, the date the Issuer expects to deliver the New Notes.
Issue Date	August 4, 2020.
Maturity Date	January 31, 2027.
Interest	The New Notes will bear interest at a rate of 5.750% per year. Interest will accrue from July 31, 2020.
Interest Payment Dates	Interest on the New Notes will be payable semi-annually in arrears on January 31 and July 31 of each year, beginning on January 31, 2021.
Ranking	The New Notes will rank equally with all of our existing and future senior unsecured indebtedness (other than obligations preferred by statute or by operation of law). At March 31, 2020, our adjusted total debt was U.S.$847.6 million, and we and our subsidiaries had no consolidated secured indebtedness. After giving pro forma effect to the issuance of the New Notes and the use of the net proceeds of this offering, we will have U.S.$918.4 million of financial debt and we and our subsidiaries will have no consolidated secured indebtedness.
Optional Redemption	Prior to January 31, 2022, the Issuer may redeem the Notes, at its option, in whole at any time or in part from time to time, on at least 30 days' but not more than 60 days' notice, at a redemption price (determined by the Issuer) equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest and Additional Amounts (if any) on the Notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate (as defined in "Description of Notes—Optional Redemption—Optional Redemption") plus 50 basis points, in each case plus accrued and unpaid interest plus any Additional Amounts on the principal amount being redeemed to the redemption date. On and after January 31, 2022, the Issuer may redeem the Notes, at its option, in whole at any time or in part from time to time, at the redemption prices set forth under "Description of Notes—Optional Redemption," together with any accrued and unpaid interest plus any Additional Amounts. See "Description of Notes—Optional Redemption."
Certain Covenants	The New Notes will be issued under the Indenture (which is the same Indenture that governs the Initial Notes). The Indenture contains certain restrictive covenants that require the Issuer and the

Restricted Subsidiaries (as defined in "Description of Notes"), as applicable, to, among other things:

- limit the incurrence of additional indebtedness;
- limit the incurrence of additional guarantees;
- limit certain payments;
- limit asset sales;
- limit the creation of certain liens;
- limit the consolidation, merger, sale or conveyance of the Issuer and certain of its subsidiaries;
- limit certain transactions with affiliates;
- provide certain reports to holders;
- give certain notices;
- limit designation of unrestricted subsidiaries;
- maintain admission to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market;
- limit layering; and
- limit the conduct of business.

All of these limitations and restrictions are subject to a number of significant exceptions. See "Description of Notes—Certain Covenants."

In addition, during any period of time that (i) the Notes have an Investment Grade Rating from any two Rating Agencies (each term as defined in "Description of Notes") and (ii) no Default or Event of Default (each term as defined in "Description of Notes") has occurred and is continuing, the Issuer and the Restricted Subsidiaries will not be subject to certain of the covenants mentioned above. See "Description of Notes—Certain Covenants—Suspension of Covenants."

Change of Control Triggering Event ... If we experience a Change of Control Triggering Event (as defined in "Description of Notes"), we must offer to repurchase the Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any. See "Description of Notes—Change of Control Triggering Event."

Events of Default.................................... For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of Notes—Events of Default."

Additional Amounts............................... Any and all payments of principal, premium, if any, and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments, levies, imposts or charges whatsoever imposed, levied, collected, withheld or assessed by the Relevant Jurisdictions (as defined in "Description of Notes"), as the case may be, or any other jurisdiction from or

	through which the Issuer or any Guarantor makes a payment, or in which any paying agent is located or, in each case, any political subdivision thereof or taxing authority thereof or therein. Subject to certain exceptions, in the event of any such withholding or deduction, we will pay such Additional Amounts as may be necessary so that the net amount received by each holder after such withholding or deduction would not be less than the amount such holder would have received absent the withholding or deduction. See "Description of Notes—Additional Amounts."
Optional Redemption for Taxation Reasons	We may redeem the Notes, in whole but not in part, at any time upon the occurrence of specified events relating to the tax laws of the British Virgin Islands, or any political subdivision thereof, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption and any Additional Amounts. See "Description of Notes—Optional Redemption—Optional Redemption for Changes in Withholding Taxes."
Form of Notes, Clearing and Settlement; Minimum Denominations	The New Notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of DTC, as depositary, for the accounts of its direct and indirect participants, including Euroclear and Clearstream. The New Notes will be issued in minimum denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. See "Form of Notes, Clearing and Settlement."
Additional Notes	Subject to the covenants in the Indenture governing the Notes, without the consent of the holders of Notes, we may incur additional indebtedness. At our option, this additional indebtedness may consist of additional notes issued by us in one or more transactions, which have identical terms (except for the issue date, issue price and, if applicable, first interest payment date) as, and forming a single series for all purposes with, the Initial Notes issued on the Original Issue Date (as defined in "Description of Notes"); provided, however, that such additional notes shall be issued with the same CUSIP only if, for U.S. federal income tax purposes, such additional notes are not issued with more than a *de minimis* amount of original issue discount or are otherwise treated as part of the same "issue." See "Description of Notes—Additional Notes."
Listing and Trading	We have applied to admit the New Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Transfer Restrictions	We have not registered the New Notes under the Securities Act. The New Notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions."
Use of Proceeds	We expect that the net proceeds from the sale of the New Notes will be approximately U.S.$205.9 million, after deducting the Initial Purchasers' discount and the other estimated offering expenses. The

	Company intends to use the net proceeds from the offering of the New Notes to refinance approximately U.S.$130.0 million of existing debt, fund cash on the balance sheet and for general corporate purposes, including potential future acquisitions. See "Use of Proceeds."
Risk Factors..	Investing in the New Notes involves certain risks. See "Risk Factors."
Governing Law/Jurisdiction	State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent.......................................	The Bank of New York Mellon.
Luxembourg Listing, Paying Agent and Transfer Agent................................	The Bank of New York Mellon SA/NV, Luxembourg Branch
Securities Codes	The New Notes will be assigned the following securities codes:

Rule 144A:

CUSIP:	15238XAB5
ISIN:	US15238XAB55

Regulation S:

CUSIP:	G20011AC9
ISIN:	USG20011AC94

Temporary Regulation S:

CUSIP:	G20011AD7
ISIN:	USG20011AD77

RISK FACTORS

Our business operations and financial condition are subject to various risks. Some of these risks are described below, and you should take these risks into account in evaluating us or any investment decision involving us. This section does not describe all risks applicable to us, our industry or our business, and is intended only as a summary of certain material risk factors.

Risks Relating to our Business

Because we depend upon PepsiCo to provide us with products and marketing support, changes in or the loss of our relationship with PepsiCo would have a serious negative impact on our business.

We are highly dependent on PepsiCo for CSD concentrates and for marketing support. The sale of PepsiCo products comprised 59.1% and 57.1% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. We have several bottling agreements with PepsiCo for beverage products in respect to each country or territory in which we operate.

Pursuant to our bottling agreements with PepsiCo, PepsiCo has the right to designate our suppliers of certain packaging and other raw materials. We cannot assure you that PepsiCo's interests in respect to choosing the best suppliers in terms of quality and price for our products related to our chain of production will in all cases be fully aligned with our objective to generate profitable volume growth.

Under the terms of the agreements, PepsiCo may terminate our rights to produce, market and distribute CSDs under the PepsiCo brands under certain circumstances, including the breach by us of terms or the termination of any of the bottling agreements (which would trigger a default under all other bottling agreements), upon a change of control of us, if we become insolvent or if we cease bottling operations, and may impose monetary penalties on us. Our agreements with PepsiCo do not have a termination date.

Also under the terms of the agreements, PepsiCo provides us with marketing, planning and strategic support and reimburses us for a portion of our marketing expenses relating to Pepsi products. Any concentrate price increases or decreases in marketing support from PepsiCo or the termination of the bottling agreements or the relationship would materially and adversely affect our business and financial results. Furthermore, any exogenous events that have the effect of disrupting our supply chain of concentrates, such as the COVID-19 pandemic, would have a negative impact on our operational results.

The loss of our relationship with AmBev would have a negative impact on our business.

Through our joint venture, AmBev Centroamérica, we produce, market and distribute AmBev brand beers in Guatemala, El Salvador, Honduras and Nicaragua. We own 50% minus one share, and a wholly-owned subsidiary of AmBev owns 50% plus one share, of AmBev Centroamérica. Contractually, however, we retain equal control in management and operations. AmBev Centroamérica produces *Brahva, Extra* and *Brahva Gold* brand beers. We purchase the beer at wholesale from AmBev Centroamérica, and then distribute and sell it, recognizing 100% of the sale in our financial statements. The cost of the beer (wholesale) charged by AmBev Centroamérica is reflected in our costs of goods sold. We charge AmBev a distribution fee and return the balance of the margin to them. Although this distribution model involves allocating the margin to the producer, we benefit from synergies that include diluting fixed costs, increasing our drop size and strengthening our portfolio. The sale of AmBev products comprised 9.9% and 10.6% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. The termination of this joint venture would directly impact our sales volume and affect our costs of distribution as we would have to reformulate our distribution routes if we no longer carry AmBev products to our points of sale.

We depend on PepsiCo and AmBev to protect their trademarks.

Brand recognition is critical in attracting consumers to our products. PepsiCo and AmBev own the trademarks of all of their products that we produce, distribute and sell. We rely on PepsiCo and AmBev to protect their trademarks in our region. If PepsiCo and AmBev fail to protect their proprietary rights against infringement or misappropriation, this could undermine the competitive position of the products of PepsiCo and AmBev and could lead to a significant decrease in the volume of products of PepsiCo and AmBev that we sell. Since trademarked beverages of PepsiCo and AmBev represent a substantial amount of our total sales volume, any failure by PepsiCo or AmBev to protect their trademarks would materially and adversely affect our results of operations.

We may be unable to continue to compete successfully in one or more of our markets, and our net sales and profitability could be adversely affected by pricing pressures.

The competition in the CSD, non-carbonated beverage, fruit juice and beer markets in which we operate is intense and driven partially by pricing pressures. If our facilities are not as cost-efficient as those of our competitors, or if our competitors are otherwise able to offer lower prices, our products may experience a decline in sales. Even in strong markets for us, price pressures may emerge as competitors attempt to gain a greater market share by lowering prices. Competition in the various countries in our region in which we sell products comes from companies of various sizes. Some of these companies are larger and have greater financial and other resources than we have, and thus can better withstand adverse economic or market conditions. See "Description of the Company—Competition" for a summary of our competitors in the different products we sell in our regions.

Although competitive conditions are different in each of our products' categories and countries, we compete principally on price, packaging, consumer sales promotions, customer service and product innovation. There can be no assurances that we will be able to avoid lower pricing as a result of competitive pressure. Lower pricing, changes made in response to competition and changes in consumer preferences may have an adverse effect on our financial performance.

Our ability to compete effectively will require continuous efforts in sales and marketing of our existing products, development of new products and cost control. Furthermore, we cannot predict the pricing or promotional actions of our competitors or their effect on our ability to market and sell our products. We cannot assure you that our sales volume or market share would not be adversely affected by negative consumer reaction to our higher prices as a result of any price reduction or promotional sales undertaken by our competitors, that we will not be forced to reduce our prices to meet our competition or that we will otherwise be able to compete effectively.

Consumer demand for our beverage products is strongly influenced by matters of taste and image, and our beverage products could lose market share.

Consumer tastes are susceptible to change. The beverage industry in particular is often affected by changes in consumer tastes, national, regional and local economic conditions and discretionary spending priorities. For instance, increased focus on nutrition or concerns over obesity or the increase of dietary guidelines and health advocates encouraging consumers to reduce their consumption of certain types of beverages sweetened with sugar may lead to lower consumer demand for certain of our beverage products, or advertising campaigns launched by our competitors may sway consumer preferences towards a beverage with a different flavor or image. If we are unable to respond to changes in consumer preferences, our competitive position could be harmed, our products could lose market share or our sales or margins in individual markets could be undermined.

In addition, consumers are becoming increasingly more aware of and concerned about environmental issues. Although we maintain a significant part of our production in glass containers, which allows us to respond to different or new trends in the market, 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 and therefore may have a material adverse effect on our business, results of operation, financial condition and ability to repay the Notes.

Our business is affected by seasonality and extreme weather.

Our consolidated net sales fluctuate from quarter to quarter due to seasonal beverage consumption patterns. Sales are generally lower in the winter months (except for the month of December due to the holiday season) and are generally higher around Easter and in the summer months. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Seasonality." In addition, unseasonably cool weather can reduce demand for certain beverages, particularly CSDs.

Our region is prone to hurricanes. In addition, our operations and sales may be affected by other phenomena beyond our control, such as earthquakes, flood, storms or volcanic eruptions, diseases (both seasonal and year-round), epidemics, pandemics, quarantines, public health alerts and acts of government authorities. Although we have not suffered any losses or significant damage in property due to recent hurricanes, acts of God and other severe weather conditions, a severe hurricane season could cause our sales to drop, in addition to causing operational problems, and would negatively affect our business.

The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact our business, future results of operations and financial condition.

The COVID-19 pandemic has disrupted the economy and put unprecedented strains on governments, health care systems, educational institutions, businesses, and individuals around the world. The impact and duration of the COVID-19 pandemic are difficult to assess or predict. It is even more difficult to predict the impact on the global economic market, which will depend upon the actions taken by governments, businesses and other enterprises in response to the pandemic. The pandemic has already caused, and is likely to result in further, significant disruption of global financial markets and economic uncertainty. Adverse market conditions resulting from the spread of COVID-19 could materially adversely affect our business.

We saw significant changes in consumer purchase patterns, notably substantial declines in on premise channels. During the first weeks of March most of our markets observed increased growth in bottled water consumption, partially supported by consumer stockpiling. However, single serve and on-the-go products of juice and nectars, isotonic and tea posted a sharp sales decline, due to movement restrictions and lower exposure to out-of-home channels. Sales of our products in the away-from-home channels have subsequently been significantly negatively affected by shelter-in-place regulations or recommendations, closings of restaurants and cancellations of major sporting and other events. To the extent that this negative trend continues into the future, its negative impacts on our sales, Adjusted EBITDA and profits could be more prolonged and may become more severe.

Any of the negative impacts of the COVID-19 pandemic, including those described above, alone or in the aggregate, may have a material adverse effect on our operational results, financial condition and cash flows. The extent and continued impact of the COVID-19 pandemic on our business will depend on certain developments, including the duration and spread of the outbreak; government responses to the pandemic; the impact on our customers and our sales cycles; the impact on customer, industry or employee events; and the effect on our partners, vendors and supply chains, all of which are uncertain and cannot be predicted.

Our revenues and profits could decline if manufacturing or distribution disruptions significantly impede our ability to produce and sell our beverages.

Our manufacturing and distribution facilities could be disrupted for reasons beyond our control. These disruptions could include inadequate availability of materials or services, technology or machine system failures, workforce actions, fire, climatic events or environmental issues, health issues, stay-at-home orders, quarantine, epidemics, pandemics, diseases, public health alerts and acts of government authorities. Any significant manufacturing or distribution disruptions could adversely affect our ability to make and sell products, which could cause our sales to decline and our costs to increase.

Higher taxes on beverage sales or distribution could result in lower sales.

Beverage producers in our region operate in an environment where their products are taxed, which results in higher beverage prices to consumers. Applicable taxes include the value added tax (VAT) or Sales and Use Tax (SUT), excise taxes on raw materials used in the manufacturing process or sales and distribution, taxes on personal property including inventory, specific beverage distribution taxes (including taxes based on sugar content) and "green" taxes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Taxes."

Although we normally pass on the full amount of these taxes to consumers in the form of a price increase, higher prices for our products negatively affect our sales volume and/or affect our profit margins. Because CSDs and beer are price-sensitive products, higher prices usually result in lower levels of consumption and lower sales. As a result of lower sales, our operating profits decrease, because some of our costs are fixed and do not vary significantly with the level of production. We cannot assure you that the governments of the countries where we operate will not increase current levels of taxation or impose additional taxes to the sale or distribution of beverages in such countries. Should either event occur, it could adversely affect our results of operations.

Our inability to obtain raw materials at reasonable prices or in constant supply could adversely affect our business.

Our production of beverages depends upon obtaining adequate supplies of raw materials. We estimate that 16.0% of our production costs are commodities, including beverage concentrate, the most important being sugar, resin, fuel used in transportation and, to a lesser extent, aluminum. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of raw materials in a timely manner or if the costs of raw materials increase significantly. The COVID-19 outbreak has the potential to cause disruptions in supply chains due to factors including, but not limited to, government mandates and individual actions. Around 51.7% of our raw materials are imported, varying from country to country, including concentrate for the production of CSDs, artificial sweetener, packaging materials and barley, hops and yeast cultures. Even though we use hedging to mitigate price variations in commodities, increases in the price of raw materials (including those that may occur if import duties change or increase, or import restrictions are tightened), or decreases in the availability of raw materials in any of the countries in which we sell our beverages, will increase our cost of sales and adversely affect net earnings to the extent that we are unable to pass along the full amount of these increases to consumers.

We estimate that the cost of sugar represented 7.6% and 7.8% of our total production costs for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. We currently have agreements with various local suppliers of sugar in the countries in which we operate, unless the country prevents these agreements because of free competition laws, as in Nicaragua and Honduras. Historically, prices pursuant to these agreements have been at competitive or below market rates. However, there is no assurance that at the expiration of these agreements we will be able to renew them on the same terms or renegotiate terms as beneficial as the current arrangements. An increase in costs driven by an increase in the price of sugar may affect our profit margins in the event we are not able to pass these costs to our customers.

Compliance with government regulations could require significant expenditures.

As the owner and operator of various properties and facilities in Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru, and Argentina, including facilities that process water for human consumption and for wastewater purification, we must comply with governmental, health and environmental laws and regulations, including new laws and regulations that may be implemented as a result of COVID-19. For example, each country in which we produce beverages has its own regulations relating to purification of wastewater. Our failure, or the failure of our joint venture partners, to comply with clean water standards or any other national or local health or environmental law or regulation applicable to us or to our joint venture partners could result in fines, closures or other penalties being imposed on us or our subsidiaries, which could adversely affect our results of operations. Additional health or environmental laws passed in the future could require us to make significant expenditures.

In addition, some of our operations depend on licenses issued by government authorities or agencies and local government units for their operation. Suspension or revocation of these licenses could jeopardize our operations and would materially affect our business. In addition, the introduction or inconsistent application of, or changes in, laws and regulations may from time to time adversely affect our operations. We do not expect any significant changes to environmental regulations in the countries in which we operate.

Changes in regulation or the interpretation of regulations may adversely affect our business, financial condition and results of operations.

We are subject to regulation in each of the countries in which we operate, including, among others, relating to environmental, labor, health, anti-trust, anti-money laundering, anti-corruption and tax, compliance with which may require us to incur costs and capital expenditures on an ongoing basis. Such regulations may require us to obtain and maintain authorizations, permits and licenses for, among other things, the construction of new facilities and the installation and operation of new equipment used in our operations. Such authorizations, permits and licenses may be subject to periodic renewal and challenge from third parties. In this regard, regulatory agencies may take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include the imposition of fines, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance.

In addition, the adoption of new laws or regulations or a stricter interpretation or enforcement thereof may increase our operating costs or impose restrictions on our operations which, in turn, may adversely affect our business, results of operation, financial condition and ability to repay the Notes. Further changes in current regulations may result in an increase in compliance costs, and could require us to make significant capital investments. These expenditures may not be recoverable and may consequently divert funds away from planned investments in a manner that could adversely affect our business, results of operations, financial condition and ability to repay the Notes.

Actual or alleged contamination of our products could be expensive to remedy, cause delays in manufacturing and hurt our business.

Despite safety measures we have adopted, our products could become contaminated or become subject to allegations of contamination. We use a variety of ingredients in manufacturing our beverages, which increases the risk of contamination, either accidental or malicious. Any contamination could be expensive to remedy, cause delays in manufacturing and adversely affect our reputation and financial condition. If our beverages are found, or alleged, to have suffered contamination, whether or not while the beverages were under our control, our net sales, results of operations and financial condition may be adversely affected. In addition, reports or allegations of inadequate quality control with respect to other beverages produced by other manufacturers may negatively affect the sales of our products.

A disruption or failure of our information technology systems could adversely affect our business.

We depend on the efficient and uninterrupted operation of internet-based data processing, communication and information exchange platforms and networks. Our operations depend on our ability to manage our information technology systems and communications efficiently and without interruption. Our computer and communications systems or transactions could be harmed or disrupted by fire, earthquakes, flood, power failures, defective telecommunications and similar events or disruptions. Other incidents such as computer break-ins, phishing, identify theft and other disruptions caused by third parties could negatively affect the security of information stored in and transmitted through our computer systems and network infrastructure. In addition, our information technology systems and operations may suffer if our suppliers decide to end their relationship with us.

Any of the foregoing events may cause disruptions in our information technology systems, delays and the loss of critical data, and could prevent us from operating at optimal levels. In addition, the contingency plans we have in place may not be sufficient to cover all those events. Although we intend to continue to implement security technology devices and establish operational procedures to prevent such damage, we cannot assure you that all of our systems are entirely free from vulnerability or that such security measures will be successful. If any of these events occur, our reputation, business, results of operations and financial condition could be adversely affected.

A dispute with one or more of our labor unions could have an adverse effect on our results of operations.

In Central America, as of the date of this offering memorandum, unionized employees comprise 0.5% of our workers in Guatemala, 58.5% in Honduras and 14% in Nicaragua. There are no unionized employees in El Salvador.

In the Caribbean Region, 70% of our workers in Puerto Rico and 68% of our workers in Jamaica are unionized. In the South America Region, 26.5% of the employees in Peru are unionized. We do not have unionized employees in Ecuador, Argentina or Uruguay. Work slowdowns, stoppages, strikes or other labor-related developments affecting us could have an adverse effect on our business, implementation of potential headcount reductions, results of operations, financial condition and ability to repay the Notes.

If we fail to retain key management and personnel we may be unable to implement our key objectives.

We believe that our future success depends, in large part, on our experienced management team. Losing the services of key members of our management team could make it difficult for us to manage our business, operate profitably and meet our objectives.

We manage market information from our own estimates.

Industry volume share with respect to juices and nectars is mostly based on data from Nielsen, but to broaden our analysis, we also use our own calculations. Nielsen data is currently available for the market of juices and nectars for 2018 and 2019 for Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panamá and the Dominican Republic. For these markets, we have also included estimates based on our internal calculations in order to provide a more comprehensive view of the different markets for your convenience, however, these estimates may differ partially with other estimates or studies from third-party sources or hard market data.

A slowdown in the global economy could adversely affect our operations.

The extent to which the economies of each of the countries in which we operate is affected by a slowdown in the global economy and the rate of recovery of the global economy for such slowdown could affect the economic situation in the region and have an adverse effect on us and our customers. For example, a new global recession similar to the recession experienced between the years 2007 and 2010 could lead to reduced economic activity among the region's major trading partners, increased volatility as to the prices and demand of commodities and decreased demand for exports, which, in turn, may limit the growth of each economy and adversely affect the disposable income of our customers. Furthermore, deteriorating economic and political conditions in markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence or economic slowdowns or recessions could cause a further decrease in demand for our products. Any such slowdown in the global economy could have a material adverse effect on our business, results of operations and financial condition.

The Castillo family (through GEMCORP) and PepsiCo have substantial influence on the conduct of our business, which may result in us taking actions contrary to the interest of the holders of the Notes.

The Castillo family (indirectly through GEMCORP) and PepsiCo have substantial influence on the conduct of our business. GEMCORP owns 82% of the Company and PepsiCo, through its wholly-owned subsidiary Pepsi-Cola Metropolitan Bottling Company, Inc., owns 12% of the Company. See "Description of the Company—Corporate Structure." In accordance with the shareholders agreement of the Company, our Board of Directors is comprised of nine members, of which four are appointed by GEMCORP, two by PepsiCo and three are independent members. GEMCORP and PepsiCo, together, have the power to determine the outcome of all actions requiring approval by our Board of Directors, and the power to determine the outcome of all actions requiring approval of our shareholders. The interests of GEMCORP and PepsiCo may be different from the interests of creditors, including holders of the Notes, which may result in us taking actions contrary to the interests of holders of the Notes.

Any acquisitions we make may not be successful.

We regularly consider and evaluate opportunities to acquire bottling-related assets, companies and operations. We may choose to finance these acquisitions through our cash flow, borrowings, part of the proceeds of this offering or the issuance of additional securities. There can be no assurance that we will be able to successfully integrate any acquired assets, companies or operations. In addition, any additional debt we incur to finance an acquisition may materially and adversely affect our financial position and results of operations.

Risks Relating to Central America, the Caribbean and South America

Political conditions in Central America, the Caribbean and South America have a direct impact on our business.

All our operations and customers are distributed among Central America, the Caribbean, Mexico and South America, and some of our products are distributed in the state of Florida, United States. As a result, our business, financial condition and results of operations may be affected by the general political condition of each of the countries in which we operate.

Other than the United States, countries comprising these markets are considered emerging market or developing countries and, in general, business operations in such countries may be subject to different stresses than business operations in countries such as the United States. These include conditions influenced by political events such as wars, civil unrest and significant changes in national economic policies or laws, all of which may be more likely to occur in an emerging market or developing country.

Guatemala, which comprised 38.8% of our net sales (before rebates) as of March 31, 2020, is affected by political, social, security and other problems and conditions, including, among others, trafficking in drugs, alien smuggling, organized crime, high crime rates, corruption, human rights concerns and a need to implement political, economic and social reforms. The Guatemalan government has exercised, and continues to exercise, significant influence over the Guatemalan economy. Guatemalan governmental actions concerning the economy and state-owned enterprises could have a significant effect on the Guatemalan private sector entities in general, and us in particular, and on market conditions, prices and returns on Guatemalan securities.

Elections were held in June 2019 in Guatemala for the offices of President and Vice President as well as members of Congress by national list and districts, members to the Central American Parliament, and the Mayor and council for all the municipalities. All positions are for four-year terms. Alejandro Giammattei of the Vamos party won the presidential election in a runoff in August 2019 against Sandra Torres of the National Unity of Hope party.

As a result of our acquisitions of The Tesalia Springs Company S.A., Delisoda S.A. and Compañía Tropical de Bebidas in 2012 and 2014, our operations in Ecuador account for a significant amount of our revenues. As of March 31, 2020, Ecuador represented 16.2% of our net sales (before rebates), and we expect them to remain significant in the future. As with other countries in the region, Ecuador is subject to various political and economic risks. One such risk is the significant amount of control over the Ecuadorian economy exercised by the Ecuadorian government. Any imposition of capital controls by the Ecuadorian government could adversely impact our business.

Ecuador has general elections slated for February 2021. Ahead of these elections, Ecuador has been facing difficult macroeconomic conditions brought about by the outbreak of the COVID-19 pandemic. The global economic downturn and the collapse of oil prices, one of Ecuador's principal exports and underpinning of its economy, has forced Ecuador to seek modifications to its outstanding bonds in an effort to reprofile its debt.

Beginning July 2018, Argentina's economy is considered hyperinflationary. This economic situation has forced Argentina to seek modifications to its outstanding bonds in an effort to reprofile its debt. The accounting impacts of this development are more fully explained in Note 4.1.2. to our Annual Audited Consolidated Financial Statements for the one-year period ended December 31, 2019.

Nicaragua has suffered from political and social unrest since 2018. It has recently started to show signs of increased stability.

We cannot provide any assurance that future political, social or legal developments in Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico or Ecuador or in any of the other countries in which we operate, over which we have no control, will not have an unfavorable impact on our financial condition or results of operations or impair our ability to make payments under the Notes.

Economic conditions in Central America, the Caribbean and South America could adversely affect our operations.

The majority of our operations and customers are located in Central America, the Caribbean, Ecuador and Peru. The Central American, Caribbean and South American markets in which we operate are characterized by unpredictable economic and social conditions. Inflation, interest rates and the rate of currency devaluation may change frequently, depending on economic conditions and the policies of the applicable governments. For a summary showing the inflation rates and currency devaluation rates (against the U.S. Dollar), see "Management's Discussion and Analysis of Financial Position and Results of Operations—Inflation and Devaluation."

Inflation can have an adverse impact on us in many ways. In particular, when wages rise more slowly than prices, inflation can erode consumer purchasing power and thereby adversely affect sales. In recent years, we have not been able to increase prices in local currency terms by amounts commensurate with the rate of inflation. In addition, net sales in local currency terms may decrease if, among other things, inflation diminishes consumer purchasing power. Furthermore, our sales volume may decline and supply and material costs may rise more rapidly than prices. We cannot assure you that inflation in the countries in which we operate will not rise in the future. To the extent there are significant increases in inflation in any of these countries, our operating margins may be adversely affected and our results of operations may experience significant adverse consequences.

In addition, the devaluation of local currencies against the U.S. Dollar can have an adverse impact on us. First, because our financial statements are presented in U.S. Dollars, this devaluation has the effect of decreasing our revenues when translated into U.S. Dollars. Our financial statements contained a U.S.$29.1 million reserve for translation of financial statements as of December 31, 2019, which reflects the impact of currency devaluations in our region. For the three-month period ended March 31, 2020, 37.6% of our revenues were in U.S. Dollars and, as of March 31, 2020, 81.7% of our debt was denominated in or indexed to U.S. Dollars. As a result of the issuance of the New Notes and the use of net proceeds as set forth herein, we estimate that 83.7% of our debt will be denominated in U.S. Dollars. The devaluation of the local currencies against the U.S. Dollar could increase our financial expenses and operating costs and adversely affect our ability to meet our foreign currency obligations. As a result, the devaluation of the local currencies may reduce our ability to satisfy our debt service obligations, including those in respect of the Notes.

The governments in the countries in which we operate have historically exercised substantial influence over many aspects of their respective economies. The future change of governing parties may create significant uncertainty as to future economic, fiscal and tax policies. The political, economic and social conditions in the countries in which we operate can create a challenging environment for our business.

The perception of higher risk in other countries, especially in emerging and developing economies, may adversely affect the economy of Central American, Caribbean and South American countries, our business and the market price of securities issued by Central American issuers, including the Notes.

Emerging markets and developing countries like the economies of Central America, the Caribbean and South America are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Central America, the Caribbean and South America and adversely affect the price of the Notes. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries, as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to the countries in which we operate and adversely affect their economies in general, and the interest of investors in our Notes, in particular. We cannot assure you that investors' interest in the Notes will not be adversely affected by events in other emerging markets or the global economy in general.

CSD, bottled water, sports drink, energy drink, juice, nectar and beer consumption is price sensitive, and any significant decline in the per capita income or disposable income in the countries we operate would adversely affect the demand for our products and consequently adversely impact our financial performance.

Levels of consumption of CSDs, bottled water, isotonics, energy drinks, juices, nectars and beer in the countries in which we operate tend to rise during periods of rising per-capita income and fall during periods of declining per-capita income. Additionally, per capita consumption is inversely related to the sale price of our products, especially with respect to popular brands. There can be no assurance that per capita income or the level of consumption of any of our beverage products will increase in the future.

In addition, CSD, bottled water, sports drink, energy drink, juice, nectar and beer consumption also increases or decreases in accordance with changes in disposable income. Currently, disposable income is low in the countries in which we operate relative to disposable income in more developed countries. Any further decrease in disposable income resulting from an increase in income taxes, the cost of living or other factors, such as the COVID-19 pandemic, would likely adversely affect demand for CSDs, bottled water, isotonics, energy drinks, juices, nectars and beer and, as a result, would have a material adverse effect on our results of operations and financial condition.

Guatemalan, British Virgin Islands and U.S. corporate disclosure and accounting standards differ.

We are not a publicly reporting company in the British Virgin Islands, where we are incorporated, or in

Guatemala, where we have our headquarters. As a result, we generally do not disclose as much information as public companies do in Western Europe and the United States. In addition, our financial statements are prepared in accordance with IFRS, which differs in certain respects from U.S. GAAP.

A change in labor laws or regulations in any of our principal countries of operation could require us to incur significant additional capital expenditures, and our operating expenses will be increased.

If additional or more stringent labor or other laws or regulations are enacted or imposed in any of our principal countries of operation, we could be required to incur significant additional capital expenditures and our operating expenses will be increased. If we are not able to pass these additional costs on to our customers, given the price sensitivity of the CSD and beer market, our sales may diminish, which could have a material adverse effect on our financial condition and results of operations.

Public health crises may adversely affect us.

Public health issues may affect the countries in which we operate, including tainted food, food-borne illnesses, food tampering, tampering with or failure of water supply or widespread/pandemic illness, such as COVID-19, ebola, the avian or H1N1 flu, or MERS. These public health issues may trigger stay-at-home orders, quarantines (both locally and globally), public health alerts and other acts of governmental authorities, such as those that have resulted from the COVID-19 pandemic. Such events could trigger increases in costs, disruptions in supply chains or shortages of products, all of which would adversely affect our business, financial condition and cash flow. If any of these events lasts for a significant time, our financial condition and results of operations could be materially affected.

Risks Relating to an Investment in the Notes

CBC is a holding company, and our obligations pursuant to the Notes will therefore be fulfilled from income from our subsidiaries.

CBC is a holding company, with no significant assets other than the stock of our subsidiaries and our holdings of cash and marketable securities. Consequently, we rely on our subsidiaries for operating income. Our ability to pay operating expenses, any debt service obligations (including the Notes) and dividends depends primarily on our receipt of sufficient funds from our wholly-owned and partially-owned subsidiaries in Guatemala, Honduras, El Salvador, Nicaragua, Puerto Rico, Jamaica, Ecuador, Panama, Peru, Mexico, Argentina, Uruguay, Spain and the United States. Other than the United States, the countries in which we operate currently do not restrict the remittance of dividends paid by our subsidiaries to us, although Nicaragua and Guatemala have imposed more restrictive exchange controls in the past, and more restrictive exchange control policies, which could adversely affect the ability of our subsidiaries to pay dividends to us, may be imposed in the future. At present, Guatemala imposes 5% withholding taxes on dividends paid by domestic subsidiaries to us. Similarly, Ecuador imposes 5% withholding taxes on dividends paid prior to the payment of corporate income taxes, while El Salvador imposes a 5% withholding tax on dividends paid after the payment of corporate income tax. Certain of our Peruvian subsidiaries, including CBC Peruana S.A.C., have obtained financing through the "*Reactiva Perú*" credits, which are part of Peru's response to the COVID-19 pandemic, and are therefore are subject to limitations on distributing dividends. Moreover, the payment of dividends by our subsidiaries is also contingent upon the earnings and cash flow of, and permitted borrowings by, such subsidiaries. In addition, payment of dividends by majority-owned subsidiaries necessitates *pro rata* dividends to minority shareholders. Except for the obligations of the Guarantors under the Indenture, CBC's subsidiaries have no obligation to pay amounts to the CBC in order to service the Notes.

Not all of our subsidiaries guarantee the Notes, and any claim by us or any of our creditors, including the holders of the Notes, against such non-guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of those non-guarantor subsidiaries.

In the event that any of our non-guarantor subsidiaries becomes insolvent, liquidate, reorganize, dissolve or otherwise wind up, the assets of those subsidiaries will be used first to satisfy the claims of their creditors, including their trade creditors, banks and other lenders. Consequently, any claim by us or any of our creditors, including holders of the Notes, against a non-guarantor subsidiary will be structurally subordinated to all of the claims of the creditors of such non-guarantor subsidiary.

Certain of our non-guarantor subsidiaries are not wholly-owned subsidiaries of CBC. As a result, business decisions made with respect to the operations of these non-guarantor subsidiaries must take into consideration the interests of third party shareholders, whose interests may conflict with yours.

Fraudulent conveyance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Notes.

The Guarantors guarantee the payment of the Notes on an unsubordinated unsecured basis. The Guarantors are incorporated or organized under the laws of Guatemala, Honduras, Nicaragua, El Salvador, Puerto Rico, Jamaica, Peru, Ecuador, Uruguay, Spain and Panama.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void any guarantee and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant Guarantor, if a court decides that the elements of fraudulent conveyance or fraud to creditors have been met according to the laws of such jurisdiction.

The measure of insolvency for purposes of fraudulent transfer laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its debts as they become due or if its liabilities exceeded its assets. If a court decided any guarantee was a fraudulent conveyance and voided such guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the Guarantor providing such voided guarantee and would be a creditor solely of CBC and the remaining Guarantors.

Your ability to transfer the Notes may be limited by the absence of an active trading market, which may not be sustained, and the New Notes may never trade together with the Initial Notes.

Although the New Notes offered hereby will be fungible with the Initial Notes (with the exception that New Notes offered and sold in compliance with Regulation S will have different CUSIP, ISIN and Common Code numbers than the Initial Notes during a 40-day distribution compliance period commencing on the date of issuance of the New Notes), we cannot assure you that any trading market that may currently exist for the Notes will be sustained.

Although we have been advised by the Initial Purchasers that they currently make a market in the Initial Notes and that they intend to make a market in the New Notes following completion of this offering, the Initial Purchasers are not obligated to do so, and any such market-making activities may be discontinued at any time without notice. We cannot assure you that any active trading market will exist for the Notes, nor can we assure you regarding the liquidity of any such market, your ability to sell the Notes or the prices at which the Notes could be sold. If a market for the Notes exists, the Notes could trade at prices that may be higher or lower than their initial offering prices depending on many factors, including prevailing interest rates, our results of operations, the markets for similar securities and other factors beyond our control, including general economic and market conditions.

We have applied to list the New Notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF market of such exchange.

We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and we have not undertaken to effect any exchange offer for the Notes in the future. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The New Notes will contain, and the Indenture contains, provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the Securities Act, or pursuant to any other exemption under the Securities Act for so long as the Notes remain outstanding.

We will require a significant amount of cash to service our debt. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our debt, including the Notes, and to fund planned capital expenditures and research and development efforts, will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control. Based on our current level of operations, we believe our cash flow from operations and available cash will be adequate to meet our future liquidity needs for the near future barring any unforeseen circumstances that are beyond our control. We cannot assure you, however, that our business will generate sufficient cash flow from operations to enable us to pay our debt, including the Notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our debt, including the Notes, on or before maturity.

The terms of the Indenture, the Peruvian Notes Indenture and certain of our existing credit facilities impose restrictions on us that may affect our ability to successfully operate our business.

The Indenture governing the Notes, the Peruvian Notes Indenture and certain of our outstanding credit facilities contain restrictive covenants that, among other things, limit our ability and the ability of our Restricted Subsidiaries to incur additional indebtedness, make certain payments, undertake asset sales, create certain liens and undertake the consolidation, merger, sale or conveyance of us and certain of our subsidiaries.

These covenants could materially and adversely affect our ability to finance our future operations or capital needs and to engage in other business activities that may be in our best interest. All of these covenants may restrict our ability to expand or to pursue our business strategies. Our ability to comply with these covenants may be affected by events beyond our control, such as prevailing economic conditions and changes in regulations, and if such events occur, we cannot be sure that we will be able to comply. A breach of these covenants could result in a default under and/or accelerate some or all of the outstanding indebtedness under the Indenture, the Peruvian Notes Indenture and our credit facilities, which could have a material adverse effect on our ability to successfully operate our business.

The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.

Most of our directors and executive officers and the experts named in this offering memorandum are residents of countries other than the United States. Substantially all or a significant portion of our assets and the assets of our directors and executive officers, as well as the assets of our subsidiaries and the directors and officers of our subsidiaries, are located outside the United States. As a result, it may not be possible, or it may be extremely difficult, for investors to effect service of process within the United States on us, our directors or officers or the Guarantors or to enforce against us, our directors or officers or the Guarantors, judgments obtained in U.S. courts based upon civil liability provisions of the securities laws of the United States or other United States laws.

CBC is a company organized and existing under the laws of the British Virgin Islands and there is no existing treaty between the United States and the British Virgin Islands for the reciprocal enforcement of foreign judgments. Our subsidiaries, some of which are Guarantors of the Notes, are organized under the laws of Guatemala, Honduras, El Salvador, Nicaragua, Puerto Rico, Jamaica, Ecuador, Panama, Peru, Mexico, Argentina, Uruguay, Spain and the United States. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws. See "Difficulties of Enforcing Civil Liabilities Against Non-U.S. persons."

Our management will have broad discretion over the use of the net proceeds from this offering, you may not agree with how the proceeds are used and the proceeds may not be invested successfully.

We intend to use the net proceeds of this offering to refinance approximately U.S.$130.0 million of existing debt, fund cash on the balance sheet and for general corporate purposes, including potential acquisitions, and therefore, management will have broad discretion as to the use of the offering proceeds. Accordingly, you will be relying on the judgment of our management and the Board of Directors in respect of the use of proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for the Company.

USE OF PROCEEDS

The net proceeds from the sale of the New Notes will be approximately U.S.$205.9 million, after deducting the Initial Purchasers' discount and the other estimated offering expenses. We intend to use the proceeds from the offering of the New Notes to refinance approximately U.S.$130.0 million of existing debt, fund cash on the balance sheet and for general corporate purposes, including potential future acquisitions.

CAPITALIZATION

The following table sets forth our capitalization at March 31, 2020, on a historical basis and as adjusted to reflect the issuance of the New Notes and the application of the net proceeds therefrom as described in "Use of Proceeds."

There have been no material changes in our capitalization since March 31, 2020. You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Unaudited Condensed Consolidated Interim Financial Statements and related notes, appearing elsewhere in this offering memorandum.

	As of March 31, 2020	
	Actual	**As Adjusted**
	(in thousands of U.S. Dollars)	
Long-term debt excluding current portion[(1)]		
Local currency-denominated long-term debt	80,817	80,817
U.S. Dollar-denominated long-term debt[(1)]	76,000	51,000
New Notes issued	—	200,000
Initial Notes	481,281	481,281
Peruvian Notes	20,686	20,686
Total long-term debt[(5)]	658,784	833,784
Non-controlling interests	16,916	16,916
Equity attributable to shareholders of the Company[(2)(3)]	174,121	174,121
Total capitalization[(4)]	**849,821**	**1,024,821**

(1) Excludes the Lender of Record Structure.

(2) Stockholders' equity includes U.S.$142.3 million as of March 31, 2020 of retained earnings. All declared dividends have been paid.

(3) Stockholders' equity does not include the U.S.$29.0 million capital contribution that was made after the date hereof. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Dividend Policy" and Note 25 to the Unaudited Condensed Consolidated Financial Statements.

(4) Total of long-term debt, excluding the current portion minority interest, and total equity.

(5) Excludes U.S.$42.0 million in loans acquired to cover any emergency related to the COVID-19 pandemic and U.S.$20.0 million paid.

SELECTED FINANCIAL AND OPERATING DATA

The following tables present our selected historical consolidated financial information for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our Annual Consolidated Financial Statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 and our Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2020 and for the three-month period ended March 31, 2020 and 2019, included elsewhere in this offering memorandum.

Our selected historical consolidated financial information as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 has been derived from our Annual Audited Consolidated Financial Statements, which have been prepared in accordance with IFRS. Our selected historical consolidated financial information as of March 31, 2020 and for the three-month period ended March 31, 2020 and 2019 has been derived from our Unaudited Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with IFRS. In the opinion of our management, the Unaudited Condensed Consolidated Interim Financial Statements include all adjustments necessary for a fair presentation of consolidated financial condition and results of operations as of the dates and for the periods specified. Results for the first three months are not, however, indicative of results to be expected for the full year. You should read the following financial information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related notes, appearing elsewhere in this offering memorandum. We do not publish unconsolidated financial statements.

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars)			
Consolidated Statements of Comprehensive Income				
Revenue from contracts with customers	376,728	394,833	1,722,653	1,655,247
Cost of sales	(231,181)	(248,485)	(1,060,486)	(995,412)
Gross profit	145,546	146,348	662,167	659,835
Other operative income	1,000	1,182	11,862	16,690
Selling and administrative expenses	(136,776)	(141,119)	(533,093)	(515,706)
Other operative expenses	(5,310)	(2,092)	(8,071)	(12,153)
Operating profit	4,461	4,319	132,864	148,666
Financial income	12,505	6,169	39,732	28,186
Financial cost	(29,179)	(21,593)	(107,648)	(87,741)
Financial cost, net	(16,674)	(15,424)	(67,916)	(59,556)
(Loss) profit before tax	(12,212)	(11,104)	64,948	89,111
Income tax	(1,704)	(3,381)	(23,378)	(19,106)
Net (loss) profit for the period	**(13,917)**	**(14,486)**	**41,570**	**70,004**

	As at March 31,	As at December 31,	
	2020	2019	2018
	(in thousands of U.S. Dollars)		
Consolidated Statements of Financial Position			
Assets			
Current assets			
Cash	189,054	154,358	212,465
Held-to-maturity investments	36,773	28,986	40,497
Accounts receivable	206,338	250,287	266,504
Inventories	208,701	194,893	197,978
Value added tax	30,943	31,336	40,050
Prepaid expenses	14,333	14,167	15,745
Total current assets	**686,142**	**674,027**	**773,241**
Non-current assets			
Held-to-maturity investments	71,600	71,600	71,600
Investment in associates	1,713	1,747	2,043
Property, plant and equipment	559,849	563,318	597,916
Right-of-use assets	52,166	46,522	-
Goodwill and intangible assets	217,674	220,694	216,081
Long-term accounts receivable	5,229	1,376	1,376
Long-term tax receivable	49,266	41,884	36,277
Deferred tax assets	38,330	38,285	33,765
Other financial assets	20,310	20,677	19,055
Total non-current assets	1,016,136	1,006,103	978,114
Assets held for sale	4,953	4,953	1,235
Total assets	**1,707,231**	**1,685,083**	**1,752,589**
Equity and liabilities			
Current Liabilities			
Short-term loans and borrowings	187,524	86,614	88,164
Long-term loans and borrowings – current portion	1,319	1,326	259
Accumulated expenses and other payables	442,638	534,666	534,049
Short term lease liabilities	7,175	5,614	-
Income tax payable	9,714	9,379	11,722
Total current liabilities	**648,370**	**637,599**	**634,195**
Non-current Liabilities			
Long-term loans and borrowings[1]	228,224	192,489	222,890
Bonds payable	502,160	508,113	504,546
Long-term accounts payable	14,244	1,988	5,438
Long-term lease liabilities	58,001	55,235	-
Employee benefits	22,451	22,808	23,613
Deferred tax liabilities	42,744	43,315	37,223
Total liabilities	**1,516,194**	**1,461,546**	**1,427,904**
Equity			
Share capital	29,933	29,933	30,488
Share premium	24,131	24,131	57,218
Legal reserve	24,260	24,260	20,748
Retained earnings	142,324	155,648	228,981
Other components of equity[2]	(46,526)	(27,841)	(35,801)
Equity attributable to equity holders of the parent	174,121	206,130	301,633
Non-controlling interests	16,916	17,407	23,052
Total equity	191,037	223,537	324,685
Total liabilities and equity	**1,707,231**	**1,685,083**	**1,752,589**

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars)			
Consolidated Statements of Cash Flows Information				
Net cash flow (used in) generated by operating activities	(52,868)	6,389	183,791	192,140
Net cash flow generated by (used in) financing activities[(3)]	115,026	18,906	(209,154)	(204,237)
Net cash flow (used in) generated by investing activities	(27,266)	(69,700)	(41,678)	25,579
Net increase (decrease) in cash	34,893	(44,405)	(67,041)	13,481

	For the Three Months Ended and as of March 31,		For the Year Ended and as of December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars, except for ratios)			
Other Financial Information				
Adjusted EBITDA[(4)]	36,383	31,648	234,239	239,075
LTM Adjusted EBITDA[(5)]	238,974	230,176	234,239	239,075
Total debt	919,227	849,541	788,541	815,859
Adjusted Total Debt[(6)]	847,627	777,941	716,941	744,259
Net debt	621,800	514,432	533,597	491,297
CAPEX [(7)]	22,253	16,632	67,263	144,853
Adjusted EBITDA margin[(8)]	9.66%	8.02%	13.60%	14.40%
Adjusted Total debt/LTM Adjusted EBITDA[(5)]	3.5	3.4	3.1	3.1
Net debt/LTM Adjusted EBITDA[(5)]	2.6	2.3	2.3	2.1
Interest coverage ratio[(9)]	3.7	3.7	3.8	4.0
Fixed charge coverage ratio[(10)]	3.7	3.7	2.0	2.1
Working capital[(11)]	202,425	280,284	93,858	183,395

(1) Includes U.S.$71.6 million as of March 31, 2020, U.S.$71.6 million as of December 31, 2019 and U.S.$71.6 million as of December 31, 2018, associated with restricted investments related to the Lender of Record Structure.
(2) Includes reserves for fluctuations in cash, conversions in the financial statements and actuarial valuations.
(3) Cash used in investing activities excludes U.S.$7.7 million and U.S.$55.1 million of cash invested in bank deposits as of March 31, 2020 and 2019, respectively.
(4) Historical information excludes leases from debt calculations, but includes leases in EBITDA.
(5) LTM Adjusted EBITDA, Adjusted total debt to LTM Adjusted EBITDA and Net debt to LTM Adjusted EBITDA present Adjusted EBITDA as accumulated for the last 12 months. Management believes that such metrics are relevant to investors because the last quarter of the year is the most intensive period of sales. These metrics are not necessarily indicative of full year results or results in future periods.
(6) Adjusted total debt represents our total debt less U.S.$71.6 million in investments held to maturity that are part of the Lender of Record Structure.
(7) CAPEX means purchases of property, plant and equipment, including acquisition of fixed assets and equipment or parts necessary to maintain our production and distribution assets and purchase of intangible assets.
(8) Adjusted EBITDA margin is the ratio of Adjusted EBITDA to net sales.
(9) Interest coverage ratio is the ratio of Adjusted EBITDA to net finance cost.
(10) The fixed charge coverage ratio is calculated as per the definition of "Consolidated Fixed Charge Coverage Ratio" set forth in the Indenture. If the USD Consent Solicitation is successful, the Fixed Charge Coverage Ratio will be removed from the Indenture. For a description of the terms of the Indenture as modified by the Second Supplemental Indenture, see "Description of Notes."
(11) Working capital is the sum of (i) cash, (ii) held to maturity investments, (iii) inventory and (iv) accounts receivable *minus* accumulated expenses and other payables.

For the three-month period ended March 31, 2020:

(in thousands of U.S. Dollars)

	Net sales	Cost of Sales	Sales gross income	Total Operating Expenses	Operating activities income (loss)	Net Financial Cost	Profit (loss) before income tax	Depreciati amortiza
Central American region:								
Guatemala	146,181	90,698	55,482	44,004	11,478	10,412	1,066	
El Salvador	30,699	16,686	14,013	12,100	1,913	1,501	412	
Honduras	23,191	14,311	8,880	9,081	(201)	695	(896)	
Nicaragua	14,867	9,854	5,012	5,437	(425)	645	(1,070)	
	214,937	131,550	83,387	70,622	12,765	13,253	(488)	
Caribbean region:								
Puerto Rico	33,592	24,496	9,096	13,015	(3,919)	371	(4,289)	
Jamaica	19,352	12,087	7,265	8,186	(921)	1,029	(1,950)	
	52,944	36,583	16,362	21,201	(4,839)	1,400	(6,239)	
North American region:								
Mexico	1,017	1,057	(40)	345	(385)	248	(633)	
South American region:								
Argentina	5,339	3,490	1,849	1,984	(135)	1,012	(1,147)	
Ecuador	61,198	30,995	30,203	31,337	(1,134)	1,121	(2,255)	
Peru	39,126	26,342	12,784	14,841	(2,057)	1,521	(3,578)	
Uruguay	2,166	1,164	1,002	756	246	(1,882)	2,128	
	107,829	61,991	45,838	48,917	(3,079)	1,773	(4,852)	
	376,728	231,181	145,546	141,085	4,461	16,674	(12,212)	

For the three-month period ended March 31, 2019:

(in thousands of U.S. Dollars)

	Net sales	Cost of Sales	Sales gross income	Total Operating Expenses	Operating activities income (loss)	Net Financial Cost	Profit (loss) before income tax	Depreciation a amortizatio
Central American region:								
Guatemala	144,493	93,529	50,964	36,065	14,899	9,664	5,235	1
El Salvador	45,450	27,618	17,831	12,307	5,525	1,165	4,360	[illegible]
Honduras	25,557	16,822	8,735	9,907	(1,172)	567	(1,739)	
Nicaragua	15,836	10,903	4,933	5,941	(1,008)	1,020	(2,029)	
	231,335	148,872	82,463	64,219	18,243	12,416	5,827	1[illegible]
Caribbean region:								
Puerto Rico	33,106	21,474	11,632	17,605	(5,973)	171	(6,144)	
Jamaica	20,035	12,113	7,922	8,025	(103)	737	(840)	
	53,141	33,587	19,554	25,630	(6,076)	908	(6,983)	
North American region:								
Mexico	1,385	1,305	80	487	(406)	(17)	(389)	
South American region:								
Argentina	5,921	3,714	2,207	2,572	(365)	1,275	(1,640)	
Ecuador	62,168	33,917	28,250	34,796	(6,545)	1,327	(7,872)	[illegible]
Peru	40,528	26,841	13,688	13,575	113	82	31	
Uruguay	355	249	106	750	(644)	(566)	(78)	
	108,972	64,721	44,251	51,693	(7,442)	2,117	(9,559)	[illegible]
	394,833	248,485	146,348	142,028	4,319	15,424	(11,104)	2[illegible]

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2020	**2019**	**2019**	**2018**
Adjusted EBITDA	**(in thousands of U.S. Dollars)**			
Central American Region:				
Guatemala	659	3,977	68,410	90,872
El Salvador	5,412	4,679	29,818	22,742
Honduras	1,123	302	7,787	11,628
Nicaragua	569	58	4,885	3,288
	7,762	9,015	110,900	128,530
Caribbean Region:				
Puerto Rico	16,278	18,676	52,276	50,945
Jamaica	(285)	443	15,667	12,160
	15,993	19,119	67,943	63,115
North American Region:				
Mexico	(384)	(406)	(333)	(1,502)
South American Region:				
Ecuador	7,565	759	36,660	36,191
Peru	861	421	2,981	(8,125)
Uruguay	4,597	2,877	15,496	17,375
Argentina	(11)	(135)	593	3,491
	13,012	3,921	55,729	48,933
Total consolidated adjusted EBITDA	**36,383**	**31,648**	**234,239**	**239,075**

	For the Three Months Ended March 31,		For the Year Ended December 31,	
	2020	**2019**	**2019**	**2018**
	(in millions unit cases)			
Other Information				
CSDs	60.5	61.7	265.1	251.7
Juices and nectars	13.0	15.3	58.6	65.4
Isotonics	5.0	5.9	23.8	22.3
Energy drinks	3.1	3.0	13.2	10.9
Water	30.6	27.6	108.9	93.5
Tea	1.7	2.1	8.6	9.1
Others[1]	5.3	6.8	29.1	22.6
Total	**119.1**	**122.4**	**507.3**	**475.6**

Non-IFRS Financial Measures

EBITDA is not an IFRS financial measure. Adjusted EBITDA excludes non-recurring charges to provide a view of our margin from our recurring operations. EBITDA and Adjusted EBITDA are included in this offering memorandum because we believe certain investors may consider them useful as additional measures of our financial performance and ability to service our debt and fund capital expenditures. EBITDA and Adjusted EBITDA are not and should not be considered as substitutes for net income, cash flow provided by operations or other measures of financial performance or liquidity under IFRS. Because EBITDA and Adjusted EBITDA are not IFRS measures and not all companies calculate EBITDA and Adjusted EBITDA in the same manner, our presentation of EBITDA and Adjusted EBITDA may not be comparable to other EBITDA, adjusted EBITDA or similarly titled measures reported by other companies. A reconciliation of EBITDA and Adjusted EBITDA to net profit is provided below:

	Three Months Ended March 31,		**For the Year Ended December 31,**	
	2020	**2019**	**2019**	**2018**
	(in thousands of U.S. Dollars)			
Net (loss) profit for the period	(13,917)	(14,846)	41,570	70,004
Income tax	1,704	3,381	23,378	19,106
Financial cost, net	16,674	15,424	67,916	59,556
Plus share of net loss of associates	0	0	67	73
Plus depreciation of property, plant and equipment and right-of-use assets	22,813	22,891	86,236	64,083
Plus amortization of intangibles	3,216	2,061	7,227	7,227
Plus amortization of transaction costs from issuance of bonds	822	815	3,567	3,639
Plus impairments	-	-	-	-
Subtotal EBITDA	31,312	30,086	230,033	223,616
Other non-operating expenses (income), net[1]	0	0	4,206	3,138
Plus non-recurring charges	5,071	1,562	-	12,321
Adjusted EBITDA	36,383.2	31,648.4	234,239	239,075

(1) Other non-operating expenses (income), net are comprised mainly of disposition of assets, licenses, certain taxes and other non-operating expenses.

Net debt represents our total debt less cash and cash equivalents and investments held to maturity. Net debt is not a financial measure under IFRS. Net debt is included in this offering memorandum because we believe certain investors may consider it useful as an additional measure of our ability to service our debt and fund capital expenditures. Net debt is not and should not be considered as a substitute for total debt or other measures of liquidity under IFRS. Because net debt is not an IFRS measure, it may not be comparable to other similarly titled measures reported by other companies. A reconciliation of net debt to long-term debt is provided below:

	As at March 31,		**As at December 31,**	
	2020	**2019**	**2019**	**2018**
	(in thousands of U.S. Dollars)			
Long-term debt	730,384	720,317	700,601	727,436
Short-term loans and borrowings[1]	188,843	129,224	87,940	88,423
Total debt	919,227	849.541	788,541	815,859
Cash and cash equivalents and investments held to maturity	225,826	263,509	183,344	252,962
Held to maturity investments – non-current	71,600	71,600	71,600	71,600
Net debt	621,800	514,432	533,597	491,297

(1) Including the current portion of long-term debt.

Adjusted total debt represents our total debt less certain investments held to maturity – non-current that are part of the Lender of Record structure. These investments do not qualify for netting against debt under IFRS; however, they match in terms of maturity and are expected to settle net against debt. Adjusted total debt is not a financial measure under IFRS. Adjusted total debt is included in this offering memorandum because we believe certain investors may consider it useful as an additional measure of our ability to service our debt and fund capital expenditures. Adjusted total debt is not and should not be considered as a substitute for total debt or other measures of liquidity under IFRS. Because adjusted total debt is not an IFRS measure, it may not be comparable to other similarly titled measures reported by other companies. A reconciliation of adjusted total debt to long-term debt is provided below:

	As at March 31,		As at December 31,	
	2020	2019	2019	2018
	(in thousands of U.S. Dollars)			
Long-term debt	730,384	720,317	700,601	727,436
Short-term loans and borrowings[1]	188,843	129,224	87,940	88,423
Total debt	919,227	849,541	788,541	815,859
Held to maturity investments – non-current	71,600	71,600	71,600	71,600
Adjusted Total Debt	847,627	777,941	716,941	744,259

(1) Including the current portion of long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with our Consolidated Financial Statements, including the notes thereto, included in this offering memorandum included as Annex A and Annex B to this offering memorandum. Our Consolidated Financial Statements have been prepared in accordance with IFRS, which differs in certain significant respects from U.S. GAAP.

Overview

We are a leading producer, distributor and seller of beverages and a major bottler for PepsiCo in Latin America. Our well-established portfolio of products is comprised of 487 brands and 2,945 SKUs, including 142 brands and 1,727 SKUs that are owned and developed by third parties, such as PepsiCo and AmBev, and our business unit, Beliv, which owns and develops our proprietary brands. Our portfolio also contains other smaller and regional products owned by third parties such as Goya, Red Stripe and Snapple, among others. In 2017, we established APEX, a company with a highly qualified team dedicated to enhancing and integrating our various businesses across CBC and Beliv. Our products include CSDs, juices and nectars, bottled water, isotonics, energy drinks, tea and beer. We also distribute snacks in some of our operating countries and collect royalties for the use of our proprietary brands by other bottlers and distributors outside our operating region, which is comprised, principally, of Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our products are also exported and sold in over 35 countries outside of our operating region, including, among others, the United States, Mexico, Colombia, Costa Rica, Panama, the Dominican Republic, the United Kingdom and Senegal. As a PepsiCo "anchor bottler" for the Central American Region, we have the right of first refusal to acquire any interest of a PepsiCo bottler in the region.

Set forth below is a discussion of several of the most important influences on our financial condition and results of operations.

Trend Information

The effects of the COVID-19 pandemic are being felt by all businesses around the world. The ultimate impact of COVID-19 for 2020 is unknown at this time, as it will depend heavily on the duration of social distancing and shelter-in-place mandates, as well as the pace of macroeconomic recovery in our region.

The spread of COVID-19 in Latin America will have an impact on the region's economic performance in 2020. The World Bank and the UN office for the region, ECLAC, are projecting a 2020 GDP contraction between 4.6% to 5.2% for Latin America and the Caribbean (excluding Venezuela). According to their estimates, Central American countries will experience a 2.3% decline due to reduced economic activity in the United States, which is both a main trading partner and remittance source. South America is anticipated to contract 5.2% because several countries will be affected by lower activity by consumers in China, an important market for exports from Latin America and the Caribbean. Meanwhile, the Caribbean is expected to see a 1.5% drop resulting from decreased demand for tourism services. According to the World Bank, the region will likely see a recovery next year with growth of 2.6%.

During the first months of 2020, our market performance was very strong, with market share advancing in the majority of our key categories, including CSDs, juices and nectars, bottled water, tea and beer. Through the end of February, volume grew by 3.1% and we were on track to achieve our previously announced full year 2020 targets. However, in March, as the COVID-19 pandemic spread throughout Latin America, countries increased social distancing and shelter-in-place mandates.

The effect of COVID-19 has varied by geography, product category and sales channel, depending on the timing of the outbreak, the scope of restrictions and consumer behavior. We saw significant changes in consumer purchase patterns, notably substantial declines in on-premise channels. During the first weeks of March, most of our markets observed increased growth in bottled water consumption, partially supported by consumer stockpiling. While single serve and on-the-go products of juice and nectars, isotonics and teas posted a sharp sales decline due to movement restrictions and lower exposure to out-of-home channels. We are continuing to adapt quickly to the current environment with a focus on mitigating the near-term impact while positioning for success coming out of the crisis.

As COVID-19 continues to spread and significantly impact various markets in our region, we have put preparedness plans in place at our facilities to ensure continued operations. Most of our office-based employees are working remotely and, in our manufacturing and distribution facilities, we have implemented enhanced hygiene and sanitation practices. We are taking every precaution across our supply chain and continue to work closely with authorities across our businesses in Central America, the Caribbean and South America to ensure the continued safety of our products and manufacturing locations.

With respect to our raw material supply chain, we manage a procurement team with global reach that has allowed us to avoid any setbacks or interruptions in our supply chain network. We also work closely with our multiple suppliers in order to have certainty and assurance for our future supplies and, as of the date of this offering memorandum, we have not identified any threats that may endanger our position. In addition to our procurement capacities, it is our policy to have inventories of raw materials and concentrate stocked for more than 45 days. Given the uncertainty generated by the COVID-19 pandemic, our inventory stock levels are currently above this benchmark.

We have also implemented preventive measures to protect our financial results, such as a capex optimization plan, by prioritizing higher return investments and postponing non-core investments. We have also implemented efficiency initiatives, with a slight reduction in general and administrative expenses compared to last year. In terms of work force, we reduced and re-allocated new hires to prioritize roles in key areas and salary increases were put on hold. We have adjusted our marketing budget to ensure returns and to defend market position across products and geographies. In addition, we have leveraged our financing sources to optimize our capital structure and ensure a strong cash position.

During the second quarter, we have observed a decrease in demand in most of the countries in which we operate due the lockdown restrictions imposed by governments. Net sales for the first half of 2020 were U.S.$727.6 million, compared to U.S.$832.4 million for the same period in 2019, representing a 12.6% decrease. Furthermore, net sales for the three-month period ended June 30, 2020 were U.S.$350.9 million, compared to U.S.$437.5 million for the same period in 2019, representing a 19.8% decrease. However, as a result of cost savings and other measures implemented by the Company during the second quarter of 2020 as a response to the COVID-19 pandemic and other developments in the market, the Company expects EBITDA to be flat for the second quarter and slightly up for the first six months of 2020 as compared with the second quarter and first six months of 2019, respectively.

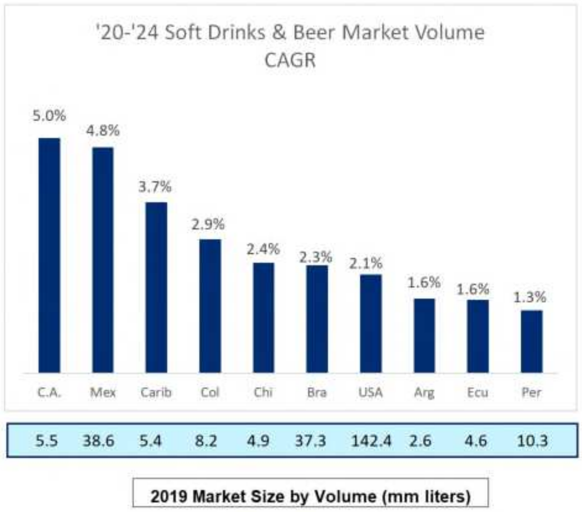
We continue to adapt quickly to the new normal and remain resilient given our diversified portfolio of products and presence across multiple countries. We are developing and pursuing innovative ways to adjust to changes in shopping behaviors, such as by leveraging e-commerce platforms, developing multi-serve products for in-home consumption and increasing profitability through pack-price architecture to better address consumer and shopper needs and channel-specific moves.

Macroeconomic Conditions

Our operations and customers are distributed, mainly, among Central America, the Caribbean, Mexico and South America. Each of the countries in which we operate are considered emerging market or developing countries and, in general, our results of operations in these countries depend mainly upon general macroeconomic and social conditions, and the demographic composition of the population. Each of the countries in which we operate is influenced by general global economic cycles and the conditions of the trading partners of each of these countries.

A decrease in the gross domestic product, significant increases in inflation or the increase in the average age of the population in any of these countries may affect our results of operations. Levels of consumption of our diversified portfolio of CSDs, bottled water, isotonics, energy drinks, juices, nectars and beer in the countries in which we operate tend to rise during periods of rising per capita income and fall during periods of declining per capita income, as these products are sensitive to changes in disposable income. Currently, the levels of disposable income are low in the countries in which we operate relative to disposable income in more developed countries.

The following table summarizes the growth prospects in the countries in which we sell products for the dates indicated:

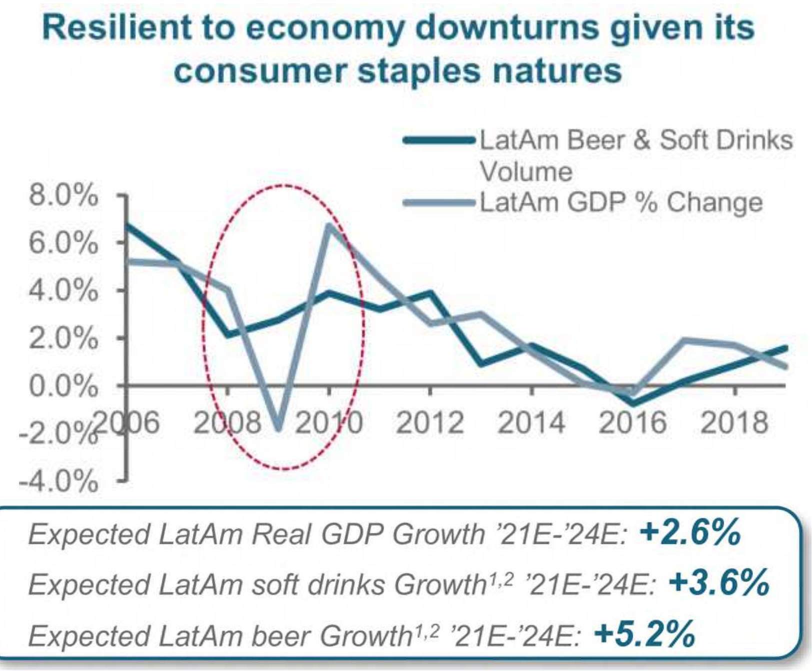


Source: Euromonitor International and Economic Intelligence Unit reports.

The following table sets forth the expected regional market growth rate for various global regions for the dates indicated, including the regions in which we operate:

Source: Euromonitor International, equity research.

The following table highlights our industry's resilience to economic downturns:

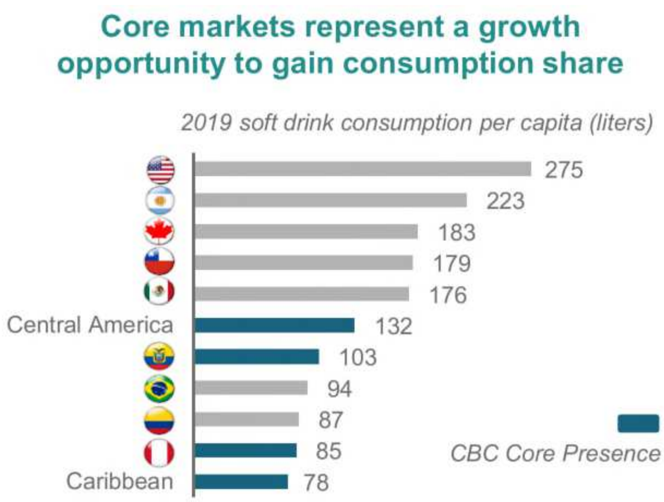


Source: Euromonitor International

(1) Total value in USD constant 2019 prices.

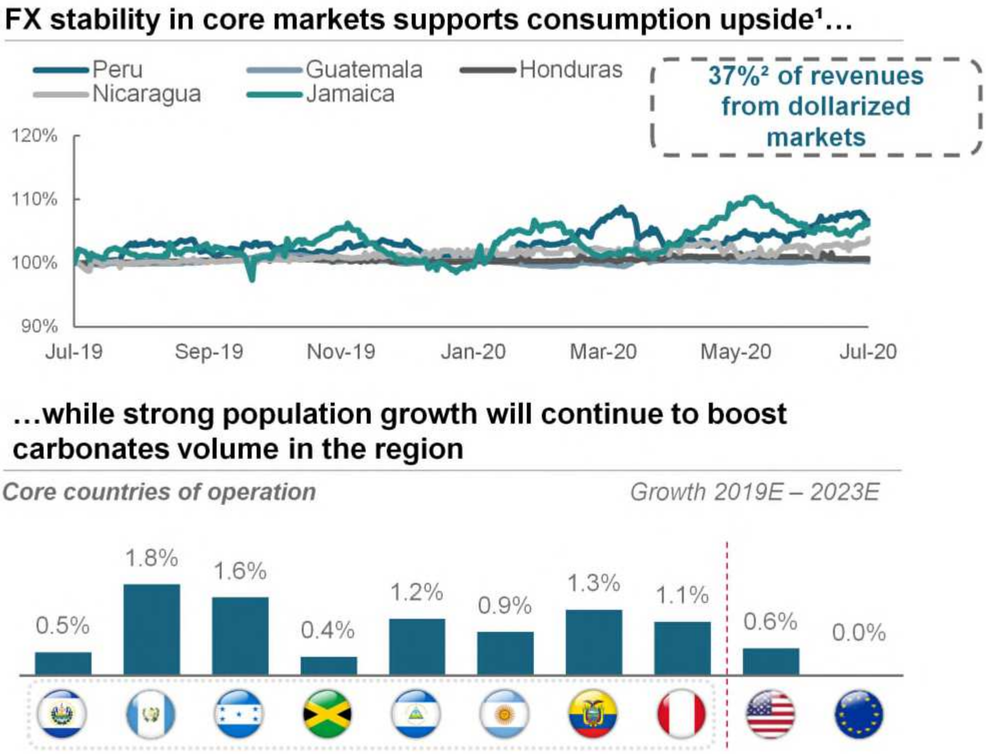
(2) Pre-COVID-19 growth figures.

The following table illustrates soft drink consumption per capita in liters for 2019 in certain countries in which we sell products:



Source: Euromonitor International and Economic Intelligence Unit reports. Notes: (1) "CA" stands for Central America and includes Guatemala, Nicaragua, Costa Rica and Belize. "C" stands for the Caribbean and includes Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, the British Virgin Islands, the Cayman Islands, Cuba, Curacao, Dominica, the Dominican Republic, Grenada, Guadeloupe, Guyana, Haiti, Jamaica, Martinique, Puerto Rico, St. Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago and the U.S. Virgin Islands.

The following graphic summarizes our foreign exchange exposure and population growth in regions in which we operate:



Source: Company information, United Nations, Bloomberg.

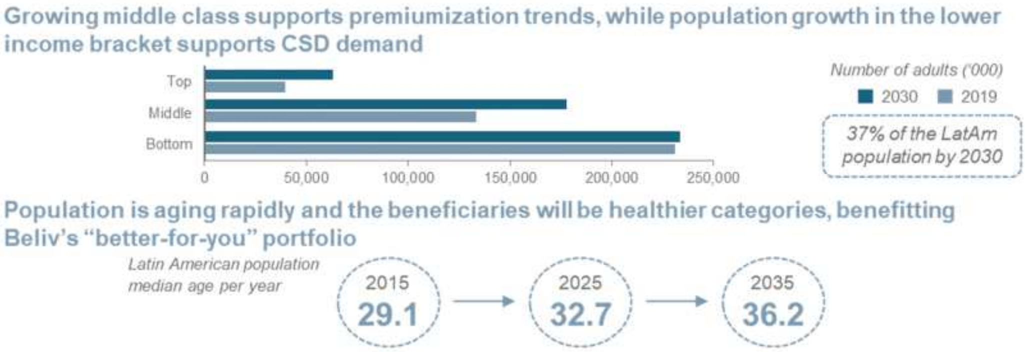
(1) FX rate as of July 10, 2019 – 100%.

(2) As of March 31, 2020.

The following table sets forth the growth distribution across product categories for the Central America Region and the Caribbean Region for the dates indicated:

Source: Euromonitor International and Economic Intelligence Unit reports.

The following table highlights population growth and aging in the Latin America region for the dates indicated:



Source: Euromonitor International and United Nations, Department of Economic and Social Affairs, Population Division.

The following table summarizes demographic and economic factors in the regions in which we operate:

	Population under 14 years old (%)	Increase/(decrease) rate growth of population under 14 years old between 2018 and 2019 (%)	GDP per capita[(1)] increase/decrease 2019 (U.S.$)	Inflation Rate 2019 (%) (consumer prices)
Guatemala	34%	0.2%	1.9%	3.4%
Honduras	31%	(0.2)%	(2.7)%	4.1%
Nicaragua	30%	0.1%	(3.4)%	6.1%
El Salvador	27%	(0.5)%	3.6%	0.0%
Puerto Rico	16%	(3.5)%	2.3%	0.5%
Jamaica	24%	(0.6)%	2.8%	6.2%
Argentina	25%	0.2%	(1.3)%	53.8%
Ecuador	28%	0.5%	0.2%	0.0%
Peru	25%	(0.5)%	2.4%	2.1%

Source: Economist Intelligence Unit May 2020 report.
(1) GDP per capita (U.S.$ at PPP)

We believe that CSDs and other non-carbonated beverages will continue to be an important element in the daily diet of residents of the countries where we operate due to consumer preferences and weather conditions, while we expect that our bottled water, juices and nectars, energy drinks and isotonics products, which are all markets largely untapped in our region, will experience consistent growth over the next few years.

Effect of Acquisitions

In September 2019, we acquired a 15% non-controlling equity interest in the Uruguayan company, Joltesy, S.A., which in turn owns a group of six subsidiaries established in Ecuador, whose main subsidiary is The Tesalia Springs Company S.A.

Taxes

We are subject to diverse taxes in each of the countries in which operate. CBC is a company formed in the British Virgin Islands, and as such, is not subject to income tax; however, each of our operating subsidiaries is subject to the tax regime applicable to its respective country. The table below outlines value added and other specific taxes to which our products are subject in the countries in which we operate, and the rate of corporate tax that applies to our subsidiaries:

	VAT	Distribution-specific Tax[1]	Environmental Tax	Corporate Tax
Guatemala	12.0%	Avg. Q 0.12 per Liter[2]	N/A	25%
El Salvador	13.0%	10% to 5% over net retail price[3]	N/A	30%
Honduras	15.0%[4] 18.0%[4]	Variable[15]	N/A	Variable method[5]
Nicaragua	15.0%	Variable[6]	N/A	Variable method[5]
Puerto Rico	11.5%[7]	U.S.$0.14 per pound of sugar distributed	N/A	37.5%[8]
Jamaica	16.5%	N/A[9]	N/A	25%
Ecuador	12.0%	Variable[10]	$0.02 per PET bottle	25%
Peru	18.0%	12%, 17%, or 25% over net retail price[11]	N/A	29.5%
Argentina	21%[12] 10.5%[13] 27%[14]	N/A	N/A	35%

Source: Company information.
(1) Specific taxes for sale of beverages.
(2) Average tax on a per-liter basis.
(3) Tax ranges from 5% to 10% based on average retail price of CSDs. Additionally, energy drinks pay an additional 20% specific tax, in addition to the ad valorem tax.
(4) In Honduras there is a 15.0% VAT on CSDs and an 18.0% VAT on beer.
(5) Both Honduras and Nicaragua have two methods of calculating income tax, one based upon a percentage of gross revenue and the other based upon a percentage of net operating income less deductible cost and expenses. The payment will be the higher of the result of the two calculations.
(6) Consumption tax based on product as follows: 9% on nectars, 10% on food, 13% on CSDs, 33% for beer in glass bottles and 36% for beer in cans.
(7) In Puerto Rico, the consumption tax is a sales tax.
(8) The export services operations of the Puerto Rico subsidiaries are subject to a 4% Puerto Rico income tax instead of the 37.5% corporate tax.
(9) While Jamaica does not impose distribution-specific taxes, it does impose production costs.
(10) A tax can be imposed on non-alcoholic and carbonated drinks with sugar contents above 25 grams per liter. The taxable base depends on the sugar content.
(11) The tax imposed depends on the sugar content of the drink.
(12) The general tax rate.
(13) Certain products are taxed at this rate.
(14) Certain activities such as telecommunications and electricity are taxed at this rate.
(15) Production and consumption tax applies as follow: (i) 0.82 for CSDs and (ii) 5.79 for beer.
"N/A" means not applicable.

Although we normally pass on the full amount of these taxes to consumers through prices, higher prices of our products can negatively affect our sales volume and/or affect our profit margins because CSDs and beer, in particular, are price-sensitive products, and higher prices typically have a negative effect on demand.

Inflation and Devaluation

Inflation and interest rates and the rate of currency devaluation may change frequently, depending on economic conditions and the policies of the applicable governments.

The following chart shows the inflation rates and currency devaluation rates (against the U.S. Dollar) for the years indicated in the countries in our region:

	2020		2019		2018	
	Inflation	**Devaluation**	**Inflation**	**Devaluation**	**Inflation**	**Devaluation**
Guatemala	0.8%	1.68%	3.4%	(0.39)%	2.3%	5.31%
Honduras	3.8%	0.81%	4.1%	2.53%	4.2%	1.78%
El Salvador(2)	(0.6)%	—	0.0%	—	2.4%	—
Nicaragua	2.6%	2.98%	6.1%	4.67%	3.9%	5.00%
Puerto Rico(2)	0.7%	—	0.5%	—	1.6%	—
Jamaica	3.6%	7.79%	6.2%	3.45%	2.4%	2.01%
Ecuador(2)	(0.5)%	—	0.0%	—	0.3%	—
Peru	1.5%	2.11%	2.1%	(1.78)%	1.3%	4.01%
Argentina	34.0%	43.01%	53.8%	71.41%	47.8%	69.63%

Source: Economist Intelligence Unit May 2020 report.

(1) Rates shown for 2020 reflect Economist Intelligence Unit forecasts.

(2) Devaluation not applicable because El Salvador, Puerto Rico and Ecuador use the U.S. Dollar as their official currency.

We believe that inflation has not had a significant impact on the results of most of our operations over the last five years. We consider Argentina to be our only operation that has been considerably impacted by increasing inflation over the last five years. As a mitigating strategy, Argentina has developed an export platform focused on increasing exports sales to support the generation of U.S. Dollars and mitigate the effects of a declining foreign exchange.

For the three-month period ended March 31, 2020, 37.6% of our revenues were in U.S. Dollars. As of March 31, 2020, 88.3% of our bank cash balances were in U.S. Dollars and 81.7% of our debt was denominated in or indexed to U.S. Dollars, which includes debt in countries that use U.S. Dollars as their official currency, including the British Virgin Islands, and debt in Argentina, Nicaragua, Peru and Uruguay where the U.S. Dollar is not the official currency.

Local currency devaluations against the U.S. Dollar could decrease our gross profits when converted to U.S. Dollars in countries that do not use the U.S. Dollar as currency, in addition to decreasing our bank cash balances expressed in U.S. Dollars and increasing our financial expenses and costs of goods sold in local currency; however, we believe that the effect of the devaluation of local currency has not had a significant impact in our results of operations over the last five years, with the exception of our operation in Argentina. See "Risk Factors—Economic conditions in Central America, the Caribbean and South America could adversely affect our operations" and "—Quantitative and Qualitative Disclosures about Market Risk."

We believe that currency risk is mitigated by several factors: we receive reimbursements in U.S. Dollars from marketing expenses for PepsiCo brands equal to 50% of PepsiCo's marketing expenditures for the relevant month (which accounted for 4.5% of our revenues in 2019), three out of our nine operations are in countries that use the U.S. Dollar as the official currency, and most of our cash reserves, primarily in the form of certificate of deposits and sight deposits, are held in U.S. Dollars. In addition, we believe that our operations benefit from certain natural hedges that protect us from fluctuations in currency exchange rates. For example, the price of concentrate purchased from PepsiCo is based upon the net wholesale price to the retailer as determined in local currency, and although it is paid in U.S. Dollars, a devaluation of the local currency would imply a lower concentrate price in U.S. Dollars. In addition, while the costs of some commodities such as resin, fuel, corn syrup and aluminum are paid in U.S. Dollars, our exposure is lowered as we purchase sugar and glass from local suppliers in local currencies. Finally, as of March 31, 2020, 18.3% of our consolidated debt was denominated in local currency, which mitigates our exposure to fluctuations in exchange rates. See the relevant table under "—Liquidity and Capital Resources—Consolidated Debt."

Launch of New Beverage Categories

We believe that companies with an assorted portfolio of products and strong brands are better equipped to serve the market and can respond better against competitors. The introduction of new beverages and brands is a key part of our business strategy. In order to maximize our competitive position, we have built a complete portfolio of beverages that includes CSDs, bottled water, juice, nectars, isotonics, energy drinks and beer, each of them in different types of packaging and price levels in order to reach different consumers. In some cases, the introduction of new beverage categories may result in start-up and production costs that can affect our profits; however, new beverage categories typically have very limited or no additional distribution expenses. Coupled with lower costs of commodities, the launch of new beverage categories can ultimately contribute to an increase in our profitability.

We constantly launch new products and innovations, expanding our portfolio to meet new consumer trends. During 2018, we launched *Salutaris Sparkling*, a line extension to our well-known and leading mineral water, *Salutaris*. We introduced *Salutaris Sparkling* in Central America in 4 flavors: lemon, orange, tangerine and grapefruit.

Additionally, in 2018 Beliv launched new packaging for *Fruta Fresca*, *Cosecha Pura* and *Campestre* orange juice. We reinvigorated the brand of *Ginger Beer* with a new image for the Jamaican and export markets and introduced a new line of *Lipton* products produced under a cold-fill process in new PET packaging. Other innovations introduced across several of our territories include: *Frutaris* (a zero-sugar juice that is slightly carbonated), *H2OH* (a low-sugar sparkling soft drink that has experienced strong performance in supermarkets and convenience stores), *Pepsi Black* (a zero-sugar CSD that has been well-received in the market) and *Gatorade G2* (an innovative low-calorie sports drink that has strong brand appeal and functionality).

In 2019, we successfully launched our new line of *Petit* juices and nectars made in our citric plant in the Argentine market. These products, including *Citric Mint-Lemonade* and *Citric Grapefruit* juices, offer a more natural alternative, as they are squeezed and made from real juice without any sugar add-ons, thereby allowing the juice's natural pulp and freshness to be preserved. Other significant innovations in 2019 include the launch of new flavors of our *220 V* energy drink in Ecuador and its introduction into the Peruvian market, the introduction of *Malta Petit* in Puerto Rico, which has been well-received, particularly among our young and teenage market, the launch of *Salutaris Grapefruit*, a line extension to our well-known and leading mineral water in Guatemala as a non-sugar drink option, and the introduction of *Fruta Fresca* in bag-in-box for quick service restaurants as a response to new consumers trends for PepsiCo brands.

During 2020, several innovations where planned to be launched during the first quarter of the year. However, given current market conditions regarding the COVID-19 pandemic and changes in consumer preferences, many of these launches will be postponed.

Competition

Competition in the markets in which we operate is intense and driven partially by pricing pressures. Although competitive conditions are different in each of our product categories and countries, we compete principally on price, packaging, consumer sales promotions, customer services and product innovation.

See "Description of the Company—Competition" for a description of our competitors by country and product.

Cost of Raw Materials and Concentrate

The cost of raw materials, including concentrate, comprised 89.4% of our manufacturing costs as of March 31, 2020. There are no material differences by country or region. Many of our materials are obtained from local suppliers, such as sugar, fuel and glass packaging. Concentrate, which is bought from PepsiCo, is imported from Uruguay where PepsiCo has its concentrate plant for Latin America.

Under the applicable bottling agreements, we purchase all of the concentrate for the PepsiCo products from PepsiCo in U.S. Dollars at prices ranging from 14% to 30% of the net wholesale price of the beverage to retailers (adjusted for packaging costs of non-returnable packaging, excluding any taxes).

During the last two years the prices of our packaging raw materials, such as aluminum and PET, have decreased. Fuel prices suffered a strong decline due to the downturn effects of the COVID pandemic on the world economy. This has benefited our costs of production and distribution. From March 31, 2019 to March 31, 2020, the price of aluminum (LME) decreased by 16%, while the price of fuel (WTI Crude Oil) has decreased by 32%.

Seasonality

Sales of beverages, especially CSDs, in the principal markets in which we operate are highly seasonal. Sales are higher during the Easter holidays, the summer months (February to April for the Central America, South America and Caribbean Regions, and June, July and August in Puerto Rico) and in December in all territories due to Christmas and New Year's. Both inventories (raw materials and finished products) and accounts receivable reach their highest levels during November and December, and cash requirements are met through increases in credit terms with suppliers (mainly in concentrate purchases) and surplus cash from off-peak months. Advertising and promotional activities are principally undertaken prior to those high-sales periods during the first half of the year. There are no material differences among the countries in which we operate.

Use of Returnable and Disposable Packaging

Another important factor in our business is the mix of returnable and disposable bottles. We estimate that, as of March 31, 2020, 82.7% of our current volume mix in unit cases consists of disposable (non-returnable) bottles. Disposable packaging generally increases the cost of goods sold since the full cost of the package is expensed at the time of sale. Disposable packaging also allows us to react quickly to market signals by changing packaging formats. In our Caribbean and South American Regions, our packaging strategy will continue to focus on disposable bottles, since the market in these countries is less inclined to utilize returnable bottles.

The use of returnable bottles allows us to achieve lower production costs and better penetration in certain markets of Central America that historically have involved higher costs of entry, permitting a lower retail price for consumers. Returnable packaging requires an initial investment in the inventory of glass or returnable plastic that is gradually depleted as the bottles break, become useless or are not returned by the consumers. This characteristic of returnable bottles typically generates lower costs of goods sold (as compared to disposable bottles) since only such portion corresponding to breakage is recognized as an expense. In addition, returnable bottles have less of an environmental impact and are advantageous against non-premium brands or "B brands" in core markets. As a result, we continue to invest in returnable formats, such as *Lipton*'s returnable 473ml glass bottles, and seek to increase such formats in new packaging.

Expansion of Regional Production and Improvement of Distribution Efficiencies

With operations in Guatemala, Honduras, Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru and Argentina, we are able to take advantage of production and distribution efficiencies across our region, unlike many of our competitors that have operations only in a single country. Through Beliv, we export to 20 non-CBC countries, including Canada, Colombia, Mexico and the United States (specifically, Texas and south Florida). Through Beliv's non-CBC client distributors, we indirectly reached over 672,000 points of sale outside our territories as of March 31, 2020.

We continue to invest in technology in our plants in order to increase efficiencies. Between 2017 and 2018, we expanded our production capacity in El Salvador, Jamaica and Peru. El Salvador and Jamaica are strategic production hubs for the Company, as we export products to our operations and third-party distributors in Central America and the Caribbean from these plants. In Peru, the additional capacity permits us to meet the growing demand, continue our penetration in the country and add new products to our local portfolio. In 2019, we started an additional expansion of our production plant located in Puerto Rico. We expect these projects to be completed during 2020. During 2019, we also transferred our machines of production from our Tropical plant to the Guayaquil plant in Ecuador. As of December 31, 2019, we recorded capitalizations for U.S.$18.6 million, which were funded with capital from our subsidiaries.

As of December 31, 2019 and 2018, we recognized in constructions in process the disbursement of U.S.$11.8

million and U.S.$72.1 million, respectively, related to the expansion of our production plants in all the countries where we have operating companies.

Critical Accounting Estimates

The following are the accounting policies that we believe are most relevant to the presentation of our financial condition and results of operations and that require the subjective judgment of our management. Our financial reporting under the Indenture governing the Notes and the calculation of our compliance with our covenants therein will continue to be made in accordance with IFRS.

Property, Plant and Equipment

Property, plant and equipment are initially recorded at acquisition cost less accumulated depreciation and accrued impairment losses, if any. These costs include the cost to replace components of plant and equipment when such cost is incurred, if it meets the criteria for recognition. Depreciation and disbursements for repair and maintenance that do not meet the criteria for recognition as assets and depreciation are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line method based on the estimated useful life of each type of asset. The residual value of depreciable assets' estimated useful life and depreciation methods and amortization are revised annually by management and are adjusted when considered pertinent at the end of each financial year.

A breakdown of estimated useful lives is shown below:

Property, Plant and Equipment	**Estimated Useful Life**
Building and installations	10 to 70 years
Leased property improvements	20 years
Plant and equipment	10 to 20 years
Furniture and office equipment	3 to 20 years
Vehicles	10 years
Returnable containers, boxes and pallets	2 to 4 years
Cooler equipment	8 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the work is completed. These constructions in process include all disbursements directly related to the design, development and construction of buildings and other financial costs attributable to the project.

Improvements to leased properties under operating leases are amortized under the straight-line method calculated on the extension of the respective lease agreements.

A component of property, plant and equipment is derecognized when it is sold or when we no longer expect future benefits from its use. Any loss or gain from the asset's disposal, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in the results of the year in which the transaction occurs.

Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the selling price in the ordinary course of business, less estimated costs necessary to make the sale. Inventory costs comprise all costs derived from their acquisition and conversion, as well as other costs incurred to bring them to their current condition and location. Stocks of raw materials, materials, packaging material and inventory of spare parts and fuel are recorded at average warehouse cost; inventories of finished goods and in process are recorded at average manufacturing cost.

The cost of manufacturing the inventories of finished goods and products in process includes a reasonable proportion of the indirect costs incurred at a normal operating level.

Current Income Tax

We calculate income tax according to the jurisdiction in which each of our subsidiaries operates, and the calculation can be: (i) applying to income before income tax the adjustments of certain items affected by the tax; (ii) on a percentage of income or (iii) a percentage of the total assets of the entity in accordance with current tax regulations. Current tax, corresponding to the present period and to prior periods, is recognized by us as a liability; provided it has not been settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

We recognize income tax associated with elements of other comprehensive income in our comprehensive income statement.

Deferred Income Tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability and net equity tax base and the amounts recorded for financial purposes at the statement of financial position date. Deferred income tax is calculated using the tax rate expected to be applied in the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred tax assets is reviewed at each reporting date. We reduce the balance of deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are re-assessed at each reporting date.

We recognize income tax and deferred income tax related to other components of comprehensive income.

We offset deferred and current tax assets with our deferred and current tax liabilities, respectively, when we have the legally enforceable right to offset the amounts recognized before the same tax authority and when we intend to settle them for the net amount or to realize the asset and cancel the liability simultaneously.

Value Added Tax

Revenue from sales is recorded by us for the net sales tax amounts and recognized as a liability in the statement of financial position for the related sales tax. Expenses and the acquisition of assets are recorded by us for the net amounts of sales tax if such taxes are credited to us by the tax authorities, recognizing then the accumulated amount receivable in the statement of financial position. In those cases where the sales tax is not credited, we include the tax as part of the expense or asset, as appropriate.

Results of Operations

The following discussion regarding our results of operations for each of the periods presented should be read in conjunction with, and is qualified in its entirety by reference to, our Annual Audited Consolidated Financial Statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 and our Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019, included elsewhere in this offering memorandum. See "Selected Financial and Operating Data."

Results of Operations for the Three-Month Period Ended March 31, 2020 Compared to the Three-Month Period Ended March 31, 2019

The following table shows the principal components of our consolidated statement of profit and loss for the three-month periods ended March 31, 2020 and 2019:

	For the Three Months Ended March 31,		
	2020	2019	Change %
	(in thousands of U.S. Dollars)		
Consolidated Statements of Comprehensive Income			
Revenues from contracts with customers	376,728	394,833	(4.6)%
Cost of sales	(231,181)	(248,485)	(7.0)%
Gross profit	**145,546**	**146,348**	**(0.5)%**
Other operative income	1,000	1,182	(15.4)%
Selling and administrative expenses	(136,776)	(141,119)	(3.1)%
Other operative expenses	(5,310)	(2,092)	153.8%
Operating profit	**4,461**	**4,319**	**3.3%**
Financial income	12,505	6,169	102.7%
Financial cost	(29,179)	(21,593)	35.1%
Financial cost, net	(16,674)	(15,424)	8.1%
Loss before tax	**(12,212)**	**(11,104)**	**10.0%**
Income tax	(1,704)	(3,381)	(49.6)%
Net loss for the period	**(13,917)**	**(14,486)**	**(3.9)%**

Volume Sales

The following table illustrates our historical sales for our main categories in unit cases for the three-month periods ended March 31, 2020 and 2019:

	For the Three Months Ended March 31,				
	2020		2019		Change %
	(in millions unit cases, except percentages)				
CSDs	60.5	50.8%	61.7	50.4%	(1.9)%
Juices and nectars	13.0	10.9%	15.3	12.5%	(15.0%)
Isotonics	5.0	4.2%	5.9	4.8%	(15.3%)
Energy drinks	3.1	2.6%	3.0	2.4%	3.3%
Water	30.6	25.7%	27.6	22.5%	10.9%
Tea	1.7	1.4%	2.1	1.7%	(19.0%)
Others[(1)]	5.3	4.4%	6.8	5.6%	(22.1%)
Total	**119.1**	**100.0%**	**122.4**	**100.0%**	**(2.7%)**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.

Volume is a key metric management uses internally to make operational and strategic decisions, including a regular business performance evaluation and guidelines for our operational plan in both the short and long term. We measure total sales in terms of unit cases. For the three-month period ended March 31, 2020, our total volume sales decreased by 2.6% compared to the three-month period ended March 31, 2019, primarily due to the COVID-19 pandemic and the lockdown measures implemented across the region during the second half of March. We anticipate that significant changes in consumption of our products will result from the wide spread effects of the COVID-19 pandemic, primarily since mid-March.

Revenue from Contracts with Customers

The following table illustrates our net sales by product category for the three-month periods ended March 31, 2020 and 2019.

	For the Three Months Ended March 31,				
	2020		2019		
	Net sales				Change %
	(in thousands of U.S.$, except percentages)				
CSDs	167,752	44.5%	172,776	43.8%	(2.9%)
Juices and nectars	55,911	14.8%	62,163	15.7%	(10.1%)
Isotonics	29,653	7.9%	33,950	8.6%	(12.7%)
Energy drinks	21,922	5.8%	21,226	5.4%	3.3%
Water	44,402	11.8%	41,283	10.5%	7.6%
Tea	5,617	1.5%	7,261	1.8%	(22.6%)
Others[(1)]	60,133	16.0%	62,867	15.9%	(4.3%)
Rebates[(2)]	(8,662)	(2.3%)	(6,692)	(1.7%)	29.4%
Total	**376,728**	**100.0%**	**394,833**	**100.0%**	**(4.6%)**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

Total net sales decreased by 4.6% during the three-month period ended March 31, 2020 compared to the three-month period ended March 31, 2019, primarily due to the COVID-19 pandemic and the lockdown measures implemented across the region during the second half of March. High-value categories such as juices and nectars, isotonics and tea decreased while our sales mix of multi-service packages for in-house consumption, which command a lower price per volume than single-serve packages, increased.

As of March 31, 2020, 44.5% of our net sales (before rebates) were derived from CSDs, a category that continues to be our core business and has shown signs of inelasticity during the first months of the COVID-19 pandemic. This category is comprised of PepsiCo´s brands (*Pepsi*, *7up* and *Mirinda*, among others) and our trademarks in Beliv (*Salutaris*, *Rica*, *Grapette*, *Tropical*, *Gallito*, *Mas*, *Ting* and *Quintuples*, among others). However, consumption patterns show an increase in the consumption of multi-serve packaging, primarily derived from a decrease of consumption in restaurants, out-of-home and on-premise locations due to country lockdowns.

The remainder of our net sales during the three-month period ended March 31, 2020 were juices and nectars (*Petit*, *Frutaris*, *Fruta Fresca*, *Squiz* and *Campestre*, among others), which represented 14.8% of net sales (before rebates), water (*Güitig*, *Pure Water* and *Essences*, among others), which represented 11.8% of our net sales (before rebates), isotonic beverages (*Gatorade*, *G Active* and *Propel*), which represented 7.9% of net sales (before rebates), energy drinks (Sobe *Adrenaline Rush*, *AMP* and *220V*), which represented 5.8% of net sales (before rebates), tea (*Lipton Tea* and *Brisk*), which represented 1.5% of net sales (before rebates), and other products (beer, snacks, other non-carbonated drinks and royalties), which represented 16.0% of net sales (before rebates).

The categories that experienced the greatest volume decline were tea, with a 22.6% decrease, isotonic drinks, with a 12.7% decrease, and juices and nectars, with a 10.1% decrease. These decreases were primarily the result of changes in patterns of consumption caused by the COVID-19 pandemic. Categories with high volume growth were bottled water, with a 7.6% increase, and energy drinks, with a 3.3% increase. Bottled water (including *Aqua*, *Güitig*, *Tesalia*, *Pure Water*, *Essences* and *Aquabella*), in particular, has shown resilience during the first months of the COVID-19 pandemic, as most of the countries in which we operate do not have potable water out of water pipes. This has supported the water category growth which, during the three-month period ended March 31, 2020, represented 11.8% of our net sales (before rebates).

Our sales of isotonic beverages saw a decrease during the three month-period ended March 31, 2020, declining 12.7% in net sales and 14.9% in terms of volume sales compared to the three month-period ended March 31, 2019. Our net sales of products such as beer, snacks and royalties from the use of our proprietary brands (others) contributed to a 16.0% growth in our other revenues during the three month-period ended March 31, 2020.

The following table illustrates our net sales by geographic location of customers for the three-month periods ended March 31, 2020 and 2019.

	For the Three Months Ended March 31,				
	2020		2019		
	Net sales				Change %
	(in thousands of U.S.$, except percentages)				
Central American Region					
Guatemala	146,181	38.8%	144,493	36.6%	1.2%
El Salvador	30,699	8.1%	45,450	11.5%	(32.5%)
Honduras	23,191	6.2%	25,557	6.5%	(9.3%)
Nicaragua	14,867	3.9%	15,836	4.0%	(6.1%)
Caribbean Region					
Puerto Rico(1)	33,592	8.9%	33,106	8.4%	1.5%
Jamaica	19,352	5.1%	20,035	5.1%	(3.4%)
North American Region					
Mexico	1,017	0.3%	1,385	0.4%	(26.6%)
South American Region					
Ecuador	61,198	16.2%	62,168	15.7%	(1.6%)
Peru	39,126	10.4%	40,528	10.3%	(3.5%)
Argentina	5,339	1.4%	5,921	1.5%	(9.8%)
Uruguay	2,166	0.6%	355	0.1%	510.1%
Total	376,728	100.0%	394,833	100.0%	(4.6%)

(1) Beliv's export sales are reported as part of net sales in Puerto Rico.

The overall trend during the first two months of the year until mid-March sustained steady growth across all our territories. However, the implementation of country lockdowns and social distancing measures due to the COVID-19 pandemic have since halted the momentum our business experienced during of the initial months of the year.

The massive and wide-ranging mobility restrictions and lockdown polices have greatly affected restaurants, entertainment centers and hospitality businesses and have had a negative impact on our net sales across all territories, with a few exceptions, during the month of March. On the other hand, we experienced strong sales in our traditional market of mom-and-pop stores, supermarket and other retailers and distributors that have remained open for business during the pandemic.

For the three-month period ended March 31, 2020, we reported slightly higher net sales in Guatemala, representing a 1.2% increase over the three-month period ended March 31, 2019. However, we experienced stagnant growth in local commercial sales in El Salvador and a decrease in export sales for the three-month period ended March 31, 2020, translating to a 32.5% overall decrease from the three-month period ended March 31, 2019. Nicaragua and Honduras reported a 6.1% and 9.3% decrease in sales, respectively, during the three-month period ended March 31, 2020 compared to the prior year period. Honduras, specifically the Tegucigalpa region, has been affected by a political decision to close all establishments during the last week of March. However, Nicaragua, which has suffered from political and social unrest since 2018, has started to show signs of stability and growth in sales.

We experienced a small growth in net sales in Puerto Rico, while Jamaica showed a slight decrease for the three-month period ended March 31, 2020 compared to the prior year period. The growth in Puerto Rico was primarily driven by the growth of sales related to our proprietary brands and water, which are owned and developed by our business unit Beliv, which is located in Puerto Rico. In the case of Jamaica, the overall decrease is correlated to a significant decrease in tourist consumption due to travel limitations.

With respect to our South America operations, we observed a significant slowdown in the month of March primarily due to the COVID-19 pandemic. In the case of Ecuador, the country was one of the first countries in the region to reach 1,000 active cases. This translated into significant pandemic control policies, resulting in an overall decrease of 1.6% in net sales for the three-month period ended March 31, 2020 compared to the prior year period. In the case of Peru, the overall decrease in sales is primarily derived from a change of mix towards water, a lower price point category. In Argentina, net sales decreased by 9.8% for the three-month period ended March 31, 2020 compared to the prior year period, primarily due to a 55.8% currency devaluation between January 2019 and January 2020, which was offset by a 7.1% increase in our product consumption and a 48.1% local currency price increase in our products.

Cost of Sales

For the three-month period ended March 31, 2020, costs of sales decreased by 7.0% compared to the three-month period ended March 31, 2019, primarily as a result of a decrease in commodity prices. As a percentage of total net sales, costs of sales decreased from 62.9% for the three-month period ended March 31, 2019 to 61.4% for the three-month period ended March 31, 2020.

Due to country lockdowns during the month of March, some of our distributing categories such as snacks and beer have shown a consumption slowdown. Based on our cost structure, we record the full cost of the products but only receive a distribution fee.

Gross Profit

The following table illustrates gross profit by product category for the three-month periods ended March 31, 2020 and 2019:

	For the Three Months Ended March 31,				
	2020		**2019**		
	Gross Profit				**Change %**
	(in thousands of U.S.$, except percentages)				
CSDs	78,702	54.1%	77,009	52.6%	2.2%
Juices and nectars	22,076	15.2%	22,401	15.3%	(1.5)%
Isotonics	11,007	7.6%	9,694	6.6%	13.5%
Energy Drinks	8,766	6.0%	8,205	5.6%	6.8%
Water	27,981	19.2%	24,984	17.1%	12.0%
Tea	1,669	1.1%	2,742	1.9%	(39.1)%
Others(1)	4,006	2.8%	8,006	5.5%	(50.0)%
Rebates(2)	(8,662)	(6.0)%	(6,692)	(4.6)%	29.4%
Total	**145,546**	**100.0%**	**146,348**	**100.0%**	**(0.5)%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

For the three-month period ended March 31, 2020, gross profit decreased slightly by 0.5% primarily due to a change in sales mix, mainly driven by an increase in sales in water, a lower margin category.

Other Operative Income

For the three-month period ended March 31, 2020, other operative income decreased by 15.4%, primarily due to a decrease in gains on sales of assets compared to the prior year period.

Selling and Administrative Expenses

For the three-month period ended March 31, 2020, selling and administrative expenses decreased by 3.1% compared to the prior year period, primarily due to efficiency initiatives and budget reductions taken as preventive measures as a result of COVID-19.

Financial Cost, Net

Financial cost, net, increased by 8.1%, from U.S.$15.4 million during the three-month period ended March 31, 2019 to U.S.$16.7 million for the three-month period ended March 31, 2020. We have received less financial income because we consumed cash to fund capex and support the expansion of our subsidiaries during 2019. Our financial expenses are also impacted by interest rate adjustments of local currency debt and foreign exchange costs. Interest rates in certain of our territories such as Argentina and Nicaragua increased for the three-month period ended March 31, 2020 compared to the prior year period. In addition, costs resulting from foreign exchange fluctuations in Peru, Jamaica and Honduras are embedded in our financial expenses.

Income Taxes

Our effective tax rate as of December 31, 2019, was 35.9%.

Results of Operations for the Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table sets forth the components of our consolidated statements of comprehensive income for the years indicated expressed in U.S. Dollars as a percentage of our total net sales:

	Year Ended December 31,		
	2019	2018	Change %
	(in thousands of U.S. Dollars)		
Consolidated Statements of Comprehensive Income			
Revenue from contracts with customers	1,722,653	1,655,247	4.1%
Cost of sales	(1,060,486)	(995,412)	6.5%
Gross profit	**662,167**	**659,835**	**0.4%**
Other operative income	11,862	16,690	(28.9%)
Selling and administrative expenses	(533,093)	(515,706)	3.4%
Other operative expenses	(8,071)	(12,153)	(33.6%)
Financial income	39,732	28,186	41.0%
Financial cost	(107,648)	(87,741)	22.7
Financial cost, net	(67,916)	(59,556)	14.0%
Profit before tax	**64,948**	**89,111**	**(27.1%)**
Income tax	(23,378)	(19,106)	22.4%
Net profit for the year	41,570	70,004	(40.6%)

Volume Sales

The following table illustrates our historical sales for our main categories in unit cases for the years ended December 31, 2019 and 2018:

	Year Ended December 31,				
	2019		2018		Change %
	(in millions unit cases, except percentages)				
CSDs	265.1	52.3%	251.7	52.9%	5.3%
Juices and nectars	58.6	11.5%	65.4	13.7%	(10.4)%
Isotonics	23.8	4.7%	22.3	4.7%	6.6%
Energy drinks	13.2	2.6%	10.9	2.3%	20.8%
Water	108.9	21.5%	93.5	19.7%	16.4%
Tea	8.6	1.7%	9.1	1.9%	(5.5%)
Others(1)	29.1	5.7%	22.6	4.7%	28.7%
Total	**507.3**	**100.0%**	**475.6**	**100.0%**	**7.1%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.

For the year ended December 31, 2019, our total volume sales increased by 7.1% compared to year ended December 31, 2018. The categories that experienced greater volume growth were energy drinks, representing 20.8%, water products, representing 16.4%, and our other categories, representing 28.7%, primarily as a result of sales of non-beverage products (i.e. snacks) and royalties. Juices and nectars experienced a decrease in volume of 10.4%, primarily due to the weaker macroeconomic environment in Argentina, Honduras and Nicaragua and lower exports to Mexico. Our tea category continues to face strong competition from other brands in Central America, which has resulted in a decrease in sales volume of 5.5% for the year ended December 31, 2019 compared to year ended December 31, 2018.

Revenue from Contracts with Customers

The following table illustrates our net sales by product category for the years ended December 31, 2019 and 2018:

	Year Ended December 31,				
	2019		2018		
	Net sales				Change %
	(in thousands of U.S.$, except percentages)				
CSDs	749,998	43.5%	747,039	45.1%	0.4%
Juices and nectars	246,384	14.3%	234,712	14.2%	5.0%
Isotonics	138,143	8.0%	134,879	8.1%	2.4%
Energy Drinks	91,145	5.3%	82,285	5.0%	10.8%
Water	172,392	10.0%	151,004	9.1%	14.2%
Tea	28,547	1.7%	32,286	2.0%	(11.6%)
Others[(1)]	326,403	18.9%	304,521	18.4%	7.2%
Rebates[(2)]	(30,359)	(1.8%)	(31,479)	(1.9%)	(3.6%)
Total	**1,722,653**	**100.0%**	**1,655,247**	**100.0%**	**4.1%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

For the year ended December 31, 2019, 43.5% of our net sales (before rebates) were derived from CSDs, with the remainder from juices and nectars, which represented 14.3% of net sales (before rebates), bottled water, which represented 10.0% of net sales (before rebates), isotonic beverages, which represented 8.0% (before rebates), energy drinks, which represented 5.3% of net sales (before rebates), tea which represented 1.7% of net sales (before rebates), and other products, which represented 18.9% of net sales (before rebates).

Net sales of CSDs were flat for the year ended December 31, 2019 compared to the year ended December 31, 2018. Our sales of water products have been steadily increasing as a result of higher consumer demand, increasing by 14.2% for the year ended December 31, 2019 compared to the year ended December 31, 2018, as we have developed and launched new products in the water category to meet new consumer preferences and keep up with the growing trend. Our net sales of juices and nectars increased by 5.0% for the year ended December 31, 2019 compared to the year ended December 31, 2018, despite an industry contraction in Argentina, a drop in demand in Honduras and Nicaragua and lower exports to Mexico. However, sales of tea continue to struggle, decreasing 11.6% for the year ended December 31, 2019 compared to the year ended December 31, 2018.

Our energy drink sales increased 20.8% in terms of volume and 10.8% in terms of net sales across our territories for the year ended December 31, 2019 compared to the year ended December 31, 2018. Our sales of isotonic beverages also increased for the year ended December 31, 2019, growing 2.4% in net sales and 6.6% in terms of volume sales compared to the year ended December 31, 2018. Our net sales of products such as beer, snacks and royalties from the use of our proprietary brands (others) contributed to a 7.2% growth in net sales for the year ended December 31, 2019 compared to the year ended December 31, 2018.

The following chart illustrates our net sales by geographic location of customers for the years ended December 31, 2019 and 2018:

	Year ended December 31,				
	2019		2018		
	Net sales				Change %
	(in thousands of U.S.$, except percentages)				
Central American Region					
Guatemala	674,181	39.1%	627,061	37.9%	7.5%
El Salvador	163,393	9.5%	185,233	11.2%	(11.8)%
Honduras	107,481	6.2%	127,330	7.7%	(15.6)%
Nicaragua	65,763	3.8%	66,684	4.0%	(1.4%)
Caribbean Region					
Puerto Rico[(1)]	153,538	8.9%	134,999	8.2%	13.7%
Jamaica	97,525	5.7%	86,851	5.2%	12.3%
North American Region					
Mexico	5,200	0.3%	6,481	0.4%	(19.8)%
South American Region					
Ecuador	276,334	16.0%	270,374	16.3%	2.2%
Peru	147,773	8.6%	116,299	7.0%	27.1%
Argentina	16,621	1.0%	26,190	1.6%	(36.5)%
Uruguay	14,845	0.9%	7,747	0.5%	91.6%
Total	**1,722,653**	**100.0%**	**1,655,247**	**100.0%**	**4.1%**

(1) Beliv's export sales are reported as part of net sales in Puerto Rico.

For the year ended December 31, 2019, Guatemala maintained a continuous growth trend and reported higher net sales, increasing by 7.5% compared to the year ended December 31, 2018. On the other hand, we experienced stagnant growth in local commercial sales in El Salvador and a decrease in export sales translating to an 11.8% overall decrease in net sales in El Salvador for the year ended December 31, 2019 compared to the year ended December 31, 2018. Nicaragua and Honduras continued to struggle and reported a decrease in net sales for the year ended December 31, 2019 of 1.4% and 15.6%, respectively, compared to the year ended December 31, 2018. Honduras has been affected by political instability and weak macroeconomic conditions. However, Nicaragua, which has suffered from political and social unrest since 2018, began to show signs of stability and growth in sales in the second half of 2019.

We experienced double digit growth in net sales in Puerto Rico and Jamaica during the year ended December 31, 2019. The growth in Puerto Rico was primarily driven by the growth of sales related to our proprietary brands, which are owned and developed by our business unit Beliv located in Puerto Rico. The growth experienced in Jamaica is primarily related to the expansion of our portfolio based on product innovations produced locally in our recently opened production line.

Ecuador and Peru performed positively during the year ended December 31, 2019. In Peru, we experienced high double digit growth driven by the additional production capacity that is supporting our growing sales, our geographical expansion and the introduction of new products to the market. Our net sales in Ecuador increased 2.2% during the year ended December 31, 2019, primarily driven by a reorganization of the distributing capacity which enabled the operation to distribute packaged foods during the second half of 2019, a strategy developed to mitigate the unstable macroeconomic environment.

For the year ended December 31, 2019, Argentina continued to struggle with its macroeconomic conditions mainly during the first three quarters. Our net sales in Argentina, expressed in U.S. Dollars, experienced a decrease of 36.5% for the year ended December 31, 2019 compared to the year ended December 31, 2018. However, in local currency, sales price grew by 22.9%. As a mitigating strategy, Argentina has developed an export platform focused on increasing exports sales to support the U.S. Dollar generation and mitigate the effects of a declining foreign exchange. Argentina represented around 1.0% of our total net sales during the year ended December 31, 2019.

Cost of Sales

For the year ended December 31, 2019, cost of sales increased by 6.5% compared to the year ended December 31, 2018, primarily as a result of an increase in packaging cost, mix migration and distribution business growth. As a percentage of total net sales, cost of sales increased from 60.1% for the year ended December 31, 2018 to 61.6% for the year ended December 31, 2019. With respect to packaging, pricing for the first half of 2019 presented high PET resin prices affecting 60% of the portfolio costs. An additional impact to our cost of sales was an increase in sales in water, a lower margin category aligned with our company strategy to obtain greater market presence in Peru and Puerto Rico.

Gross Profit

The following table illustrates gross profit by product category for the years ended December 31, 2019 and 2018:

	Year Ended December 31,				
	2019		2018		
	Gross Profit (in thousands of U.S.$)				Change %
CSDs	343,980	51.9%	340,748	51.6%	0.9%
Juices and nectars	95,911	14.5%	93,244	14.1%	2.9%
Isotonics	45,018	6.8%	42,513	6.4%	5.9%
Energy Drinks	35,897	5.4%	35,094	5.3%	2.3%
Water	107,624	16.3%	96,179	14.6%	11.9%
Tea	11,155	1.7%	11,819	1.8%	(5.6)%
Others[(1)]	52,941	8.0%	71,716	10.9%	(26.2)%
Rebates[(2)]	(30,359)	(4.6)%	(31,479)	(4.8)%	(3.6)%
Total	**662,167**	**100.0%**	**659,835**	**100.0%**	**0.4%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Promotional discount on total billing amount due to commercial strategy.

For the year ended December 31, 2019, gross profit increased slightly by 0.4%, primarily due to changes in the mix of sales.

Other Operative Income

For the year ended December 31, 2019, other operative income decreased by 28.9%, primarily due to an insurance reimbursement received during 2018 of U.S.$2.4 million.

Selling and Administrative Expenses

For the year ended December 31, 2019, selling and administrative expenses decreased by 3.4% compared to the prior year period, primarily due to decreases in marketing expenses and business travel.

Financial Cost, Net

For the year ended December 31, 2019, financial cost, net, increased by 14.0% from U.S.$59.6 million for the year ended December 31, 2018 to U.S.$67.9 million for the year ended December 31, 2019. We received less financial income during this period because we used some of our cash investments to fund capex and support the expansion of our subsidiaries. In addition, we were affected by interest rate adjustments of local currency debt and higher foreign exchange costs. Local rates in some of our territories such as Argentina and Nicaragua increased significantly during the year ended December 31, 2019.

Income Taxes

The effective tax rate as of December 31, 2018 was 21.4%.

Quantitative and Qualitative Disclosures about Market Risk

Market risk generally represents the risk that losses may occur in the values of financial instruments as a result of movements in interest rates, foreign currency exchange rates or commodity prices. We are exposed to changes in financial market conditions in the normal course of our business due to the translation of our foreign subsidiaries' financial statements (as well as our own financial statements) into U.S. Dollars.

Interest Rate Risk

Our primary interest rate exposures relate to our local-denominated long-term floating rate bank liabilities, especially in Guatemala, Honduras, Jamaica and Peru, and other U.S. Dollar-denominated long-term variable and fixed rate bank liabilities. Because a portion of our outstanding debt bears interest at variable rates, we are sensitive to changes in interest rates. We constantly monitor our exposure to interest rate fluctuations. We believe that this risk is largely mitigated by the fixed coupon of our U.S. Dollar bonds sold in the international capital markets and our constant monitoring of the interest rates being offered by various banks in order to maintain the average interest rate that is set for the year.

As of the date of this offering memorandum, we have no interest or currency hedges in place. We do have commodity hedges in place that provide us with protection against fluctuations in the price of certain commodities that impact our cost of sales.

For 2020 and 2021, our Risk and Finance Committee has approved a hedging strategy aimed at providing stability to the cost of raw materials, such as aluminum, fuel and PET, and reducing volatility in our cash flow generation. This strategy is intended to provide our manufacturing and procurement teams with the time to focus their attention towards capturing efficiencies in other components of our costs.

We are not involved in any speculation. The hedging instruments that are entered into with our international banks are intended to give us certainty in our costs and cash flow. As part of our financial policy, we have a strategy that governs the use of hedges and establishes a series of general guidelines that include the authorization to hedge raw materials that have a material impact on our costs of goods sold, are traded on international markets and have openly traded liquid hedging instruments. Our hedging strategy is set for the year and must follow the cost assumptions defined by our procurement team, which protects our company against an increase in prices. Our policy allows us to cover up to 80.0% of the volume of materials, leaving 20.0% or more of the volume floating to take advantage of falling prices and neutralize possible financial impacts. Hedges can be for a maximum term of 12 to 18 months and have monthly settlements.

With the outbreak of the COVID-19 pandemic and the negative effects it has had on the world economy and financial markets, commodity prices have fallen sharply, which have affected the valuation of our hedges of fuel, aluminum and PET. As of March 31, 2020, we paid U.S.$2.1 million to our banks in differentials between the fixed and market prices related to our hedges and the mark-to-market valuation of our outstanding hedging positions for 2020 and 2021 amounted to negative U.S.$15.0 million. This amount is recorded on our balance sheet in "other comprehensive income" and is reduced as the hedges are liquidated on a monthly basis, which payments are registered in our profits and losses for the period.

Foreign Currency Risk

U.S. Dollar-linked liabilities. We are exposed to fluctuations in foreign exchange rate movements. As of March 31, 2020, 37.6% of our revenues were in U.S. Dollars and 81.7% of our debt was denominated in or indexed to U.S. Dollars.

Effects of currency devaluation. Devaluation of local currencies results in translation losses in our financial statements. In addition, devaluation creates foreign exchange gains and losses which, pursuant to IFRS, are included in our results of operations. In connection with this offering, we intend to implement policies designed to manage the financial market risks that we believe will protect our net assets from any significant devaluations.

We believe that certain natural hedges are applicable to our business that protect us from fluctuations in currency exchange rates. For example, the price of concentrate from PepsiCo, which is one of our main costs of production, is based upon a percentage of the net wholesale price to the retailer determined in local currency, and although it is paid in U.S. Dollars, a devaluation of the local currency would imply a lower concentrate price in U.S. Dollars. This percentage varies for each operation and ranges between 14% and 30% of the net wholesale price to the retailer. In addition, while the costs of some commodities such as resin, fuel, corn syrup and aluminum are paid in U.S. Dollars, our exposure is lower as we purchase sugar and glass from local suppliers in local currencies.

In addition, in order to mitigate the negative effects of currency devaluations, we have available lines of credit (non-committed and committed) for approximately U.S.$500 million that we can use to fund working capital and liquidity needs.

Certain historical information on end of period exchange rates is presented below for the local currencies of the countries in our region with respect to U.S. Dollars.

	2020 (2)	2019	2018	2017	2016
Guatemalan Q(3)......................	7.83	7.70	7.73	7.34	7.55
Honduran L.(4).........................	24.88	24.68	24.07	23.65	22.99
El Salvador U.S.$ (1)	1.0000	1.0000	1.0000	1.0000	1.0000
Nicaraguan C. (3)	34.85	33.84	32.33	30.79	29.33
Puerto Rico U.S.$ (1)	1.0000	1.0000	1.0000	1.0000	1.0000
Jamaican JAM$(3)..................	141.40	131.18	126.80	124.30	127.82
Ecuador U.S.$ (1).....................	1.000	1.0000	1.0000	1.0000	1.0000
Peruvian Soles S/(3)................	3.38	3.31	3.37	3.24	3.36
Argentinean Pesos ARS(4).......	68.86	48.15	28.09	16.56	14.75

Source: Economist Intelligence Unit May 2020 report.
(1) El Salvador adopted the U.S. Dollar as its official currency in January 2001. The U.S. Dollar is the official currency of Puerto Rico. Ecuador adopted the U.S. Dollar as its official currency in September 2000.
(2) Economist Intelligence Unit forecasts.
(3) End-period exchange rate for years 2019-2016.
(4) 12 month average exchange rate for the years 2019-2016.

Liquidity and Capital Resources

Our principal sources of liquidity have historically been:

- cash generated by operations;
- cash from borrowings and financings obtained from financial institutions; and
- cash from bond offerings in the international markets.

Our principal cash requirements or uses (other than in connection with operating activities) have historically been:

- servicing our indebtedness;
- capital expenditures for property, plant and equipment;
- acquisition of, or investments in, companies engaged in the beverage business; and

- payments of dividends and stock repurchases.

The table below presents a summary of our consolidated statements of cash flows for the periods indicated.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,	
	2020	2019	2019	2018[1]
	(in thousands of U.S. Dollars)			
Consolidated Statements of Cash Flows				
Net cash flow (used in) generated by operating activities ...	(52,868)	6,389	183,791	192,140
Net cash flow generated by (used in) financing activities[3]	115,026	18,906	(209,154)	(204,237)
Net cash flow (used in) generated by investing activities....	(27,266)	(69,700)	(41,678)	25,579
Net increase (decrease) in cash...	**34,893**	**(44,405)**	**(67,041)**	**13,481**

(1) Cash used in investing activities excludes U.S.$7.7 million and U.S.$55.1 million of cash invested in bank deposits as of March 2020 and 2019.

As of March 31, 2020, we had U.S.$189.1 million of cash (including U.S.$71.6 million in held to maturity investments related to the Lender of Record Structure) and U.S.$919.2 million of total indebtedness (including U.S.$71.6 million in held to maturity investments related to the Lender of Record Structure). Our adjusted total debt was U.S.$847.6 million as of March 31, 2020.

Net cash used in operating activities was U.S.$52.9 million during the three-month period ended March 31, 2020 from net cash provided by operating activities of U.S.$6.4 million during the three-month period ended March 31, 2019, primarily due to payments to suppliers from purchases made during the fourth quarter of 2019 and the accumulation of inventory in preparation for the spring season of 2020 driven by the projections we had prior to the outbreak of COVID-19, which reduced consumption during a time that is normally a peak season. As of March 31, 2020, our total inventories increased by U.S.$13.8 million from U.S.$194.9 million as of December 31, 2019 to U.S.$208.7 million for the three-month period ended March 31, 2020. Additionally, for the three-month period ended March 31, 2020, our total trade accounts receivable decreased by U.S.$43.9 million from U.S.$250.3 million as of December 31, 2019 to U.S.$206.3 million for the three-month period ended March 31, 2020.

Net cash provided by financing activities increased by U.S.$96.1 million to U.S.$115.0 million during the three-month period ended March 31, 2020 from U.S.$18.9 million during the three-month period ended March 31, 2019. The increase was mainly because we funded from credit lines a U.S.$131.1 million cash reserve as a defensive measure to mitigate any potential impacts that the COVID-19 pandemic could have on our cash flow generation.

Net cash used in investing activities decreased by U.S.$42.4 million to U.S.$27.3 million during the three-month period ended March 31, 2020 compared to U.S.$69.7 million during the three-month period ended March 31, 2019. Investments during the first quarter of 2020 were mainly in maintenance capex in our bottling plants, purchases of coolers, glass returnable bottles, and an expansion of our bottling plant in Puerto Rico aimed at increasing our production of bottled water.

As of December 31, 2019, we had U.S.$154.4 million of cash (including U.S.$71.6 million in held to maturity investments related to the Lender of Record Structure) and U.S.$788.5 million of total indebtedness (including U.S.$71.6 million held to maturity investments from the Lender of Record Structure). Our adjusted total debt was U.S.$716.9 million as of December 31, 2019.

Net cash provided by operating activities decreased by U.S.$8.3 million to U.S.$183.8 million during the year ended December 31, 2019 compared to U.S.$192.1 million during the year ended December 31, 2018, primarily as a result of greater payments to suppliers as a result of our growing business.

For the year ended December 31, 2019, our net profit decreased by U.S.$28.4 million to U.S.$41.6 million from U.S.$70.0 million for the year ended December 31, 2018. As of December 31, 2019, our prepaid expenses decreased by U.S.$1.5 million to U.S.$14.2 million from U.S.$15.7 million as of December 31, 2018. As of December 31, 2019, our accounts payable to suppliers increased marginally by U.S.$0.7 million to U.S.$534.7 million from U.S.$ 534.0 million as of December 31, 2018.

Net cash flow used in financing activities increased by U.S.$4.9 million to U.S.$209.1 million during the year ended December 31, 2019 from U.S.$204.2 million during the year ended December 31, 2018. The incremental use of cash flow for financing activities resulted from higher interest payments and repurchases of our own shares.

Net cash flow used in investing activities increased by U.S.$67.3 million to U.S.$41.7 million during the year ended December 31, 2019 from a generation of net cash from investing activities of U.S.$25.6 million during the year ended December 31, 2018. This difference in cash flow used in investing activities is primarily attributable to investments in property, plant, equipment and cash held to maturity investments.

Consolidated Debt

As of March 31, 2020, our outstanding debt was U.S.$919.2 million (including held to maturity investments related to the Lender of Record Structure). Of the outstanding debt, U.S.$188.8 million was short-term debt and U.S.$730.4 million was long-term debt, which includes outstanding bonds. Our adjusted total debt was U.S.$847.6 million as of March 31, 2020, which excludes U.S.$71.6 million in held to maturity investments related to the Lender of Record Structure. Of our adjusted total debt, U.S.$692.6 million was denominated in U.S. Dollars and the remaining U.S.$155.0 million was denominated in local currency. Our debt as of March 31, 2020 includes U.S.$131.1 million from our credit lines disbursed to fund a cash reserve intended to protect our business against liquidity pressures that could arise because of the COVID-19 pandemic.

As of December 31, 2019, our outstanding debt was U.S.$788.5 million. Of the total outstanding debt, U.S.$87.9 million was short-term debt and U.S.$700.6 million was long-term debt (including held to maturity investments related to the Lender of Record Structure). Our adjusted total debt, excluding the Lender of Record Structure, was U.S.$716.9 million as of December 31, 2019.

As of December 31, 2018, our outstanding debt was U.S.$815.8 million. Of the total outstanding debt, U.S.$88.4 million was short-term debt and U.S.$727.4 million was long-term debt (including the current portion of long-term debt). Our adjusted total debt, excluding the Lender of Record Structure, was U.S.$744.3 million as of December 31, 2018.

The following table illustrates our U.S. Dollar and local currency debt structure by country as of March 31, 2020:

	U.S.$	% of Total
	(in thousands)	
Denominated in Local Currency		
Guatemala……………………….	77,114	9.1%
Honduras…………………………	12,647	1.5%
Jamaica…………………………..	14,908	1.8%
Argentina………………	495	0.1%
Peru [(3)]…………………………..	49,880	5.9%
Total LCY Denominated……..	**155,044**	**18.3%**
Dollar Denominated[(1)]		
CBC………………………..	562,503	66.4%
El Salvador (Livsmart)……………..	28,360	3.3%
Puerto Rico…………………………	25,483	3.0%
Nicaragua………………………...	1,600	0.2%
Ecuador…………………………..	51,000	6.0%
Argentina…………………………..	2,701	0.3%
Uruguay………………	20,937	2.5%
Total Dollar Denominated[(2)]………	**692,584**	**81.7%**
TOTAL………………………….	**847,627**	**100.0%**

(1) Amounts in U.S. Dollars calculated at the exchange rate for each respective currency as of March 31, 2020.
(2) Debt denominated in U.S. Dollar in countries whose local currency is not the U.S. Dollar.
(3) Includes the issuance of the Initial Notes.

The following table illustrates our long-term and short-term debt, including accrued interest, as of March 31, 2020:

Contractual obligations[(1)]	Payments due by period (in thousands of U.S.$)				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Outstanding Debt Obligations[(2)]	847,627[(3)]	189,501	118,695	37,271	502,160

(1) Net of loans related to the Lender of Record Structure.
(2) Including accrued interests.
(3) The total takes into account a U.S.$1.1 million exchange rate effect.

Short and Long-Term Debt

Our short-term debt consists of working capital financing. As of March 31, 2020, our short-term debt was U.S.$188.8 million, which includes the current portion of long-term debt. Our long-term debt as of March 31, 2020 consisted of local currency and U.S. Dollar-denominated loans from financial institutions, the Initial Notes and the Peruvian Notes. As of March 31, 2020, our long-term debt was U.S.$730.4 million, which excludes the current portion of long-term debt and includes the loans related to the Lender of Record Structure. Excluding the Lender of Record Structure, our long-term debt was U.S.$658.8 million as of March 31, 2020.

On January 31, 2017, we issued the Initial Notes. The Initial Notes bear interest at a rate of 5.750% per annum and will mature on January 31, 2027. On May 12, 2017, we issued the Peruvian Notes. The Peruvian Notes, denominated in Peruvian Soles, bear interest at a rate of 8.000% per annum and will mature on May 12, 2029.

As of the date of this offering memorandum, certain of our bank loans, the Indenture and the Peruvian Notes Indenture contain financial and operating covenants. These covenants address changes in control and limitations on the incurrence of additional indebtedness. If the Consent Solicitations are successful, certain of the financial and operating covenants in the Indenture and the Peruvian Notes Indenture will be modified or removed. For a description of the terms of the Indenture as modified by the Second Supplemental Indenture, see "Description of Notes." In addition, we are in the process of amending a number of our outstanding credit agreements in order to modify certain financial covenants contained therein to be consistent with the Proposed Amendments in the Consent Solicitations. Compliance with our financial and operating covenants has not, in the past, had a significant restraint on our ability to obtain financing. As of the date of this offering memorandum, we have not breached any financial covenants in connection with our financing agreements.

As of March 31, 2020, the weighted average rate paid on all of our debt was 5.62%.

Capital Expenditures and Intangible Assets

During the three-month period ended March 31, 2020, we made U.S.$22.3 million in capital expenditures and intangible assets, which mainly consisted of U.S.$0.2 million in intangible assets, including exclusive rights in all of our operations, U.S.$5.0 million in cooler equipment and U.S.$ 8.4 million in returnable bottles.

During the year ended December 31, 2019, we made U.S.$67.3 million in capital expenditures and intangible assets, which mainly consisted of U.S.$13.0 million in intangible assets, including exclusive rights in all of our operations, U.S.$8.0 million in cooler equipment and U.S.$16.5 million in returnable bottles.

Dividend Policy

Our dividend policy is set by the annual vote of our shareholders. At each ordinary general meeting of our shareholders, we declare dividends for the previous fiscal year and such dividends are paid over the subsequent calendar year.

Based on our consolidated net income for the year ended December 31, 2018 of U.S.$70 million, we paid dividends to our shareholders of U.S.$54.6 million in 2019. In 2018, we paid U.S.$55.5 million in dividends to our shareholders.

We recently became aware after consultation that in 2018 and 2019, in spite of having sufficient and appropriate levels of consolidated net income and distributable reserves to make the dividend payments to our shareholders that we declared and paid for such periods, we nevertheless declared and paid dividends that we have now concluded were beyond our contractual capacity to do so under the Indenture and some of our bank facilities. These overpayments amounted to a total of U.S.$28.9 million, which amounts were immediately returned to us by our controlling shareholder upon identification of the overpayment. In addition, we have taken several steps from an internal controls standpoint, including enhancing our monitoring and oversight functions by amending our internal policies, to ensure that this problem will not recur in the future.

Off-Balance Sheet Transactions

We had no off-balance sheet transactions for the three-month periods ended March 31, 2020 and 2019.

DESCRIPTION OF THE COMPANY

History

CBC is a holding company with direct and indirect subsidiaries in Guatemala, Honduras, El Salvador, Nicaragua, Puerto Rico, Jamaica, Ecuador, Panama, Peru, Mexico, Argentina, Uruguay, Spain and the United States, employing 10,168 people as of May 31, 2020.

Our company history begins in 1885 when Enrique Castillo Córdova started a CSD company in Guatemala City. The business grew, and in 1942, we signed an exclusive bottling agreement for Guatemala with PepsiCo. In 1998, PepsiCo named us their "anchor bottler" for Central America, making us one of PepsiCo's worldwide strategic partners. In recognition of our manufacturing commitment to quality, PepsiCo has awarded us with numerous bottling awards, including Best Latin America Bottler of the Year in 1990, 1993, 2000, 2002, 2009 and 2011 and International Bottler of the Year in 2012.

We initiated a major restructuring in the early 1990's to expand geographically and to change from a family-managed company to a company operated by professionals. We acquired significant interests in the Pepsi bottling company in the Honduran capital city of Tegucigalpa (1997), the Nicaraguan Pepsi bottler (1998), a second Pepsi franchise in the western region of Guatemala (2000) and expanded our operations to El Salvador (2001).

In July 2002, we acquired a 50% interest in LivSmart (formerly named Bon Appetit, S.A. de C.V.), a Salvadorian beverage company that produces juices and nectars. In 2003, we began purchasing and distributing the brand of juice drinks *California* in El Salvador and Nicaragua. We launched *California* in 2006 in Guatemala and Honduras. In 2009, we completed the acquisition of an additional 45% of the equity interest in Bon Appetit. Later, in 2010, we changed the name to LivSmart. LivSmart is now the entity owner of the plant that produces juices under the brand name *Petit* that are distributed to Central America, Mexico, the Dominican Republic and the United States.

In October 2002, we signed our joint venture with AmBev (the largest beer producer in South America and a PepsiCo distributor in Brazil) and Companhia Brasileira da Bebidas for production of beer in our region. On September 18, 2003, the joint venture launched the *Brahva* brand beer in Guatemala City, and in 2004 we began exporting *Brahva* beer to other Central American countries using our distribution and sales infrastructure. We commenced distributing *Budweiser* in Guatemala in 2011, added *Stella Artois* and *Beck's* to our portfolio of beer brands in 2012, started distributing *Corona, Modelo Especial* and *Negra Modelo* in our Central American Region in 2013, launched a brand extension of *Brahva*, *Brahva Gold*, produced in our plant in Guatemala and began distributing *Cerveza Presidente* manufactured by AmBev in the Dominican Republic in 2014 and introduced *Busch Light* in 2016. We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies.

In May 2009, we expanded our business by acquiring bottling, manufacturing and distribution businesses in Jamaica, Trinidad & Tobago, Barbados and Puerto Rico through a subscription and share exchange agreement with PepsiAmericas, Inc. Under this agreement, CBC also obtained the rights to certain trademark registrations for the *Ting*, *Caribbean Juices* and *Kool Kat* brands. In exchange for these assets, CBC issued additional shares, amounting to 18% of the voting rights in CBC, to Pepsi Americas, which was later merged into PepsiCola Metropolitan Bottling, Inc. CBC retained an option to purchase the additional shares issued to PepsiCo, which it exercised in early 2014, reducing PepsiCo's ownership of CBC from 18% to 12%.

In April 2012, we acquired a controlling interest in each of The Tesalia Springs Company S.A. and Delisoda S.A., bottlers and distributors of PepsiCo products in Ecuador. Through that acquisition, the Company entered into, and became the exclusive PepsiCo bottler in, the Ecuadorian market. In 2013, The Tesalia Springs Company S.A. and Delisoda S.A. merged forming The Tesalia Springs Company S.A. In 2014, we consolidated our presence in the Ecuadorian market by acquiring Compañía Tropical de Bebidas and restructuring our operations in that country by partnering with a local investor. As a result, we currently own 85% of our Ecuadoran operation.

In 2013, motivated by the move to our new headquarters in Guatemala City, we refreshed our corporate image by changing our d/b/a name from CABCORP to CBC and introducing a new logo. Our new state-of-the-art office space is in tune with our view of the always-evolving world, and is designed to promote collaboration, flexibility and fluid communication among the members of our team.

We have continued to grow the business and enter additional markets in Latin American countries, further expanding our footprint in Latin America with the acquisition in 2015 of AmBev's operations in Peru and the formation of CBC Peruana S.A.C., and El Carmen S.A. in Argentina, in 2016.

On October 31, 2016, CBC and Blue Waters Inc., CBC's partner, sold their respective stakes in Pepsi Cola Trinidad, together totaling a 100% stake, a company with exclusive rights to distribute PepsiCo products in Trinidad & Tobago and Barbados.

In 2016, LivSmart and CBC's proprietary brands were brought together under Beliv, as LivSmart's business transitioned to Beliv during the next 12 to 24 months. As a result, Beliv LLC was created in 2018 as a wholly-owned subsidiary of CBC assigned with the task of owning and developing our proprietary brands.

In 2018, we opened two strategic hubs in Puerto Rico and a procurement center in Uruguay that are intended to lead the growth of our company in the future, manage our business units more efficiently and prepare our corporate structure for future expansion opportunities. Our procurement center in Uruguay, CBC INTL. S.A., acts as the group's internal trading company. Through this entity, we centralize purchases of our main raw materials such as concentrate and sugar (for certain territories) to produce our beverages and aluminum and PET for our packaging. We also relocated our corporate procurement team to this entity, from which our procurement team handles all negotiations with our largest suppliers, including PepsiCo. Our Director of Purchases and Supply Chain, Jorge Santos, heads the team in Uruguay and is in charge of establishing the strategy and leading the operations of our trading company. Through CBC INTL. S.A., we expect to realize cost savings from higher volume purchases and other centralization benefits, such as economies of scale and stronger bargaining power in our negotiations with suppliers.

Beliv LLC, located in Puerto Rico, is the commercial R&D and marketing hub for our Beliv division, headed by Carlos Sluman, CEO of Beliv. Beliv LLC is a 100% owned subsidiary of Beliv Global LLC, which in turn is a 95% owned subsidiary of CBC, and the owner and developer of our proprietary brands. Through Beliv, we handle all new ventures focused on growing our portfolio of proprietary brands and developing new products for our health and wellness segments. By establishing Beliv's center of operations in Puerto Rico, we have better access to the United States and other markets outside Latin America and are able to protect our intellectual property under United States intellectual property laws. Our third strategic hub, CBC PR LLC, is also located in Puerto Rico and is a wholly-owned subsidiary of CBC. CBC PR LLC, headed by Ziad Nahas, as CEO, is the principal entity through which we manage all commercial, distribution and marketing strategies for our bottling operations across the region.

In September 2019, we acquired a 15% non-controlling equity interest in the Uruguayan company, Joltesy, S.A., which in turn owns a group of six subsidiaries established in Ecuador, whose main subsidiary is The Tesalia Springs Company S.A. For a further description about our recent acquisitions, see "Recent Acquisitions."

We offer a broad portfolio of widely recognized global brands from PepsiCo and AmBev, including *Pepsi, Gatorade, Be Light, Lipton Pure Leaf, Mountain Dew, Ocean Spray, Tropicana, Brahva, Stella Artois, Leffe, Corona* and *Modelo* along with our proprietary Beliv brands, including *Rica*, *Grapette*, *Petit*, *Ting*, *Mas*, *Quintuples* and *Gallito.*

In 2017, we established APEX, a company with a highly qualified team dedicated to enhancing and integrating our various businesses across CBC and Beliv. APEX has three core principles: (i) a management system focused on turnaround and clients, (ii) a disciplined focus on processes and key performance indicators to achieve best practices and (iii) coordination of existing businesses with new businesses in order to guarantee the capture of value. APEX is currently building its capabilities of post-merger integration in order to rapidly capture the value of acquired and to-be-acquired companies.

Overview

We are a leading producer, distributor and seller of beverages and a major bottler for PepsiCo in Latin America.

Our well-established portfolio of products is comprised of 487 brands and 2,945 SKUs, including 142 brands and 1,727 SKUs that are owned and developed by third parties, such as PepsiCo and AmBev, and our business unit, Beliv, which owns and develops our proprietary brands. Our portfolio also contains other smaller and regional products owned by third parties such as Goya, Red Stripe and Snapple, among others. In 2017, we established APEX, a company with a highly qualified team dedicated to enhancing and integrating our various businesses across CBC and Beliv. Our products include CSDs, juices and nectars, bottled water, isotonics, energy drinks, tea and beer. We also distribute snacks in some of our operating countries and collect royalties for the use of our proprietary brands by other bottlers and distributors outside our operating region, which is comprised, principally, of Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our products are also exported and sold in over 35 countries outside of our operating region, including, among others, the United States, Mexico, Colombia, Costa Rica, Panama, the Dominican Republic, the United Kingdom and Senegal.

We have a long-lasting relationship of more than 75 years with PepsiCo. In 1998, PepsiCo named CBC as the "anchor bottler" for the Central American Region, pursuant to which we have the right of first refusal to purchase any interest in any PepsiCo affiliated company or bottler in the region that is offered for sale. Our appointment with PepsiCo as exclusive bottler in the countries in which we operate has no termination date. According to Euromonitor, we are one of the top bottlers in the Central American and Caribbean Regions based on unit cases sold and one of the leading bottlers based on CSD volume of unit cases sold as of March 31, 2020.

Pursuant to our strategic relationship with PepsiCo, we have the exclusive right to sell and distribute 57 brands of PepsiCo beverage products, including *Pepsi*, *7-Up*, *Diet Pepsi*, *Pepsi Black*, *Diet 7-Up*, *Mirinda*, *AMP*, *SoBe Adrenaline Rush, Rojita, H2Oh!, Be-Light, Mountain Dew, A&W*, *Lipton*, *Tropicana*, *Ocean Spray, Gatorade*, and *Gatorade G2,* among others, in the Central American Region, Puerto Rico, Jamaica, Ecuador and Peru. PepsiCo products accounted for 59.1% and 57.1% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 64.1% and 62.9% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. PepsiCo owns, indirectly, 12% of the common shares of CBC and has the right to appoint two members of our nine-member Board of Directors.

We also produce and sell 46 trademarked brands through Beliv, our wholly-owned subsidiary created in 2018 that is dedicated to developing healthier and more natural and nutritional products. Our Beliv products, which include our proprietary brands *California Ice* (juice beverage), *Jugazzo* (juice drinks and nectars), *Petit* (juices, oat beverage and nectars), *Cosecha Pura* (natural orange juice), *Fruti Pop* and *Frutaris* (juice beverages), *Squiz, Campestre, Artesano, Frutado* and *Fruta Fresca* (still drinks), *Naturalisimo* (premium juices), *Glad* (dairy) and *Salutaris* (water), accounted for 24.6% and 23.5% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 31.1% and 30.8% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. The gross margin for Beliv's products for the three-month period ended March 31, 2020 and December 31, 2019 was 55.5% and 53.8%, respectively. We have sales and distribution operations for our Beliv products in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Puerto Rico, Haiti, Dominican Republic, Mexico, Ecuador, Peru, Colombia, Argentina and the United States (mainly South Florida and Texas).

Through our joint venture, AmBev Centroamérica, with AmBev, a subsidiary of AB InBev, we are the exclusive distributor of 25 brands of AmBev products in Guatemala and a non-exclusive distributor in El Salvador, Honduras and Nicaragua. AB InBev is currently the largest beer producer in the world. AmBev products, which include *Brahva, Modelo, Budweiser, Stella Artois, Beck's* and *Corona*, accounted for 9.9% and 10.6% of our consolidated net sales (before rebates) for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, and represented 4.1% and 4.8% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies.

For the three-month period ended March 31, 2020, 44.5% of our net sales (before rebates) corresponded to sales of CSDs, which is comprised of PepsiCo brands and certain of our proprietary brands (including *Salutaris*, *Rica*, *Grapette*, *Tropical*, *Gallito*, *Mas*, *Ting* and *Quintuples,* among others), 14.8% corresponded to sales (before rebates) of juices and nectars under our proprietary brands (including *Petit*, *Frutaris*, *Fruta Fresca*, *Squiz* and *Campestre*, among others), 11.8% corresponded to sales (before rebates) of bottled water (including *Aqua*, *Güitig*, *Tesalia*, *Pure Water*, *Essences* and *Aquabella*), 7.9% corresponded to sales (before rebates) of isotonics (including *Gatorade* and *Propel*), 5.8% corresponded to sales (before rebates) of energy drinks (including *Sobe Adrenaline Rush*, *AMP* and *220V*), 1.5% corresponded to sales (before rebates) of tea (including *Lipton Tea* and *Brisk*) and 16.0% corresponded to sales (before rebates) of other products (including beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands).

The following table presents net sales by product category for the three-month period ended March 31, 2020:

	U.S.$ (thousands)	% of Total
CSDs	167,752	44.5%
Juices and nectars	55,911	14.8%
Water	44,402	11.8%
Isotonics	29,653	7.9%
Energy Drinks	21,922	5.8%
Tea	5,617	1.5%
Others[1]	60,133	16.0%
Rebates[2]	(8,662)	(2.3%)
Total	**376,728**	**100.0%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

The following table presents net sales by product category for the year ended December 31, 2019:

	U.S.$ (thousands)	% of Total
CSDs	749,998	43.5%
Juices and nectars	246,384	14.3%
Isotonics	138,143	8.0%
Energy Drinks	91,145	5.3%
Water	172,392	10.0%
Tea	28,547	1.7%
Others[1]	326,403	18.9%
Rebates[2]	(30,359)	(1.8%)
Total	**1,722,653**	**100.0%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

The following table presents net sales by geographic location of customers for the three-month period ended March 31, 2020:

	U.S.$ (thousands)	% of Total
Net Sales:		
Central American Region		
Guatemala	146,181	38.8%
El Salvador	30,699	8.1%
Honduras	23,191	6.2%
Nicaragua	14,867	3.9%
Caribbean Region		
Puerto Rico[1]	33,592	8.9%
Jamaica	19,352	5.1%
North American Region		
Mexico	1,017	0.3%
South American Region		
Ecuador	61,198	16.2%
Peru	39,126	10.4%
Argentina	5,339	1.4%
Uruguay	2,166	0.6%
Total consolidated net sales	**376,728**	**100.0%**

(1) Beliv's export sales are reported as part of net sales in Puerto Rico.

The following table presents net sales by geographic location of customers for the year ended December 31, 2019:

	U.S.$ (thousands)	% of Total
Net Sales:		
Central American Region		
Guatemala	674,181	39.1%
El Salvador	163,393	9.5%
Honduras	107,481	6.2%
Nicaragua	65,763	3.8%
Caribbean Region		
Puerto Rico[(1)]	153,538	8.9%
Jamaica	97,525	5.7%
North American Region		
Mexico	5,200	0.3%
South American Region		
Ecuador	276,334	16.0%
Peru	147,773	8.6%
Argentina	16,621	1.0%
Uruguay	14,845	0.9%
Total consolidated net sales	**1,722,653**	**100.0%**

(1) Beliv's export sales are reported as part of net sales in Puerto Rico.

We currently own and operate 16 production plants and 73 production lines with a total capacity of 900 million unit cases per year across Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our weighted average utilization ratio of these facilities was 50% as of March 31, 2020, and most of our plants have spare capacity.

From 2017 to 2019, we invested U.S.$183.4 million in capacity upgrades and new equipment for our plants, U.S.$82.8 million in improving and maintaining our plants and equipment and U.S.$51.7 million in equipment that manufactures returnable bottles to support our returnable packaging strategies. In 2017, we acquired our second bottling plant, Huachipa, located in Lima, from AmBev for approximately U.S.$43.0 million and invested U.S.$13.0 million in an additional line in the Huachipa plant to produce CSDs, water, energy and still drinks in PET packages. In addition, we invested U.S.$20.0 million in Livsmart in 2017 for a single serve line to produce CSDs in El Salvador, which project was completed in 2018, and in 2018, invested U.S.$13.0 million in an additional line to produce multi-serve packaging for CSDs for Livsmart. As a result of the Livsmart expansion project in El Salvador, we have opened up production capacity in Guatemala, which had been producing CSD products for El Salvador, and our Livsmart plant has become a production hub for Central America and Puerto Rico.

In 2018, we invested approximately U.S.$25.0 million in Jamaica to expand our production capacity, which included U.S.$12.0 million for a hot-fill line to produce *Ocean Spray* and other beverages such as *Gatorade*, and U.S.$3.0 million in improvements to the existing cold-fill lines to improve efficiency and reduce inventory. The Jamaica expansion project was intended to meet growing demand in Jamaica and to facilitate exports to the rest of the Caribbean, leveraging the regional trade treaty in the Caribbean, CARICOM. In 2019, we started construction on the expansion of our production plant located in Puerto Rico to produce bottled water, which will cost an estimated U.S.$10.8 million. This new line in Puerto Rico will increase our production capacity by almost 750,000 cases per month, generate cost efficiencies due to its advanced technology and free capacity in our CSD lines by 200,000 cases per month. We expect these projects to be completed during 2020. For 2020, we have budgeted U.S.$53.9 million in investments in capacity upgrades and equipment.

Our Livsmart plant in El Salvador received its ISO 9001:2008 (quality management system) certification in December 2010, and renewed this certification in 2015. The Mariposa, Cuyotenango and Livsmart plants have received FSSC 22000 certifications. Additionally, the PepsiCo Global EHS Management System has been implemented at the Mariposa, Cuyotenango, Livsmart and Sullana plants. In March 2019, the Livsmart plant received the Caleb Bradham Quality Excellence Award (Bronze).

Guatemala, which represented 38.8% of our net sales for the three-month period ended March 31, 2020, is one of the largest countries in which we operate and is the hub for our headquarters and management, logistics and operations teams. According to Nielsen, as of December 31, 2019, we had a 34.2% industry volume share of the Guatemalan CSD market as a result of the sale and distribution of PepsiCo products and our proprietary brands. Our largest subsidiary, Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A (which uses the commercial name "Embotelladora La Mariposa"), is based in Guatemala and, together with our other Guatemalan subsidiaries, represented 29.2% of the Company's EBITDA for the three-month period ended March 31, 2020. CBC PR LLC and our other Puerto Rican entities, such as Beliv LLC and Pepsi Cola Puerto Rico Distributing LLC, represented 22.3% of the Company's EBITDA for the three-month period ended March 31, 2020. The Tesalia Springs Company S.A., the exclusive PepsiCo bottler in the Ecuadorian market and our third largest subsidiary, represented 15.7% of the Company's EBITDA for the three-month period ended March 31, 2020. Mariposa El Salvador, S.A. de C.V., based in El Salvador, and together with our other Salvadorian subsidiaries, represented 12.7% of the Company's EBITDA for the three-month period ended March 31, 2020. We have continued to increase our presence in Latin America by pursuing strategic acquisitions and ventures, including the acquisition of various operations in Peru and Argentina since 2015.

We estimate that 92.8% of our products are distributed and sold through our direct distribution network. Our distribution capacity is comprised of 89 warehouses across Latin America, servicing over 850,000 core points of sale through the use of 1,837 delivery trucks and 194,163 coolers on over 2,000 sale routes as of March 31, 2020. We believe that our unique regional distribution network represents a distinct competitive advantage for us because we can launch new products and distribute them at a low marginal cost due to our existing infrastructure. Our extensive distribution network also allows us to generate revenues from the distribution of snacks and other products manufactured by third parties. We have also made significant investments in manufacturing and information systems technology throughout our region. We believe this technology, with multiple servers, handheld computers and smartphones used by our sales force, and the synergies created by our shared services unit, have provided important efficiencies and improved our ability to serve our customers at a lower cost.

According to Nielsen Market Share data, we are the first, second or third largest producer and distributor in the countries in which we operate, based on industry volume share in CSDs, as of February 2020. We believe that our broad beverage portfolio and unparalleled distribution reach enables us to satisfy a wide variety of consumer preferences across many dining and beverage alternatives and demographic profiles.

Competitive Strengths

Our mission is to be the best beverage company in our region for our clients and consumers, meeting their needs through our unmatched distribution network, proven go-to-market best practices and broad portfolio of products. We have several competitive strengths that will enable us to achieve this goal, including:

Leading beverage company in Latin America backed by long-standing strategic partnerships with global players

We are a leading producer, distributor and seller of beverages in Latin America and a major bottler for PepsiCo in the region. Our well-established portfolio of brands is widely recognized among our consumers and contains award winning proprietary brands such as Güitig, which won the Monde Selection gold Quality award in the waters category in 2019. Furthermore, our innovative marketing campaigns have helped us to improve the strength of our brands. We are a complete beverage company with a unique presence in all beverage segments, including CSDs, juices and nectars, bottled water, isotonics, energy drinks, tea and beer, which we believe makes us attractive to our retailers whose ability to satisfy the needs of their consumers is enhanced by the breadth of the beverages we offer.

As PepsiCo's "anchor bottler" in the Central American Region, we have the right of first refusal to purchase any interest in any PepsiCo affiliated company or bottler in the region that is offered for sale. Through our strategic partnership with PepsiCo, we also have the exclusive right to sell and distribute 57 brands of PepsiCo beverage products, including *Pepsi*, *7-Up*, *Diet Pepsi*, *Pepsi Black*, *Diet 7-Up*, *Mirinda*, *AMP*, *SoBe Adrenaline Rush, Rojita, H2Oh!, Be-Light, Mountain Dew, A&W*, *Lipton*, *Tropicana*, *Ocean Spray, Gatorade* and *Gatorade G2*, among others, in the Central American Region, Puerto Rico, Jamaica, Ecuador and Peru. Over the years, we have built a mutually beneficial business relationship with PepsiCo, cooperatively adapting to the changes in the marketplace. PepsiCo executives work together with CBC executives to plan and implement the sales and marketing programs that are later executed in the market. Manufacturing experts from PepsiCo also advise us on technological improvements. We have been frequently visited by international PepsiCo personnel with whom we exchange ideas on marketing and other initiatives to further grow our business. In recognition of our performance, PepsiCo has awarded CBC with numerous bottling awards, including Best Latin America Bottler of the Year in 1990, 1993, 2000, 2002, 2009 and 2011 and International Bottler of the Year in 2012.

Our long-standing joint venture with AmBev was founded with a shared vision for the development of the beer business in our region and has provided us with a robust portfolio of beer brands that enhance our products offering. We are the exclusive distributor of 25 brands of AmBev products, including *Brahva, Modelo, Budweiser, Stella Artois, Beck's* and *Corona,* in Guatemala and a non-exclusive distributor in El Salvador, Honduras and Nicaragua. We work closely with AmBev in the planning and implementation of business plans and sales strategies, combining AmBev's international knowledge of beer production and marketing with our knowledge of conducting business in Central America. We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies.

Our strategic allies, PepsiCo and AmBev, are leading, world-class corporations and we look forward to the continued development of our business through these key relationships.

Well established and diversified beverage portfolio of leading brands

We offer a broad portfolio of widely recognized global brands from PepsiCo and AmBev, including *Pepsi, Gatorade, Be Light, Lipton Pure Leaf, Mountain Dew, Ocean Spray, Tropicana, Brahva, Stella Artois, Leffe, Corona* and *Modelo* along with our proprietary Beliv brands, including *Rica*, *Grapette*, *Petit*, *Ting*, *Mas*, *Quintuples* and *Gallito.*

In the CSD category, which continues to be our core business, we offer 45 brands and 678 SKUs, including PepsiCo brands such as *Pepsi, 7up* and *Mirinda*, and our own trademarks in Beliv, including *Salutaris, Rica, Grapette, Tropical, Gallito, Mas, Ting* and *Quintuples*, among others. As of March 31, 2020, CSDs represented 50.8% of sales volume and 44.5% of net sales (before rebates).

In the nectars and juices segments, we have increased our portfolio of products by manufacturing, distributing and selling our Beliv brands *California* (juices, nectars and juice beverage), *Petit* (juices and nectars), *Cosecha Pura* (juice beverage), *Gyro* (juice beverage), *Fruti Pop* (juice beverage), *Squiz, Campestre, Artesano, Frutado and Fruta Fresca* (still drinks), *Berry Simple* (premium juices), *Naturalisimo* (premium juices), and *Glad* (dairy). *Deli* was added to our nectars portfolio with the acquisition of our Ecuadorian operations. The PepsiCo brands in the juices segment include *Ocean Spray*, which was launched in some of our markets in 2012, and *Tropicana*, which is a leading brand in some of our Caribbean markets. As of March 31, 2020, nectars and juices represented 10.9% of sales volumes and 14.8% of net sales (before rebates). We offer 24 brands and 335 SKUs of nectars and juices.

In the water category, we offer 29 brands and 191 SKUs, which include products in our bottled water, seltzer and flavored water categories. As of March 31, 2020, our water category represented 25.7% of sales volume and 11.8% of net sales (before rebates).

We distribute and sell the leading brand in the isotonics category, *Gatorade*. As of March 31, 2020, the isotonics category represented 4.2% of sales volume and 7.9% of net sales (before rebates). We offer six brands and 183 SKUs in the isotonics category.

We began importing and distributing already-packaged *SoBe Adrenaline Rush* and *AMP* beverages from PepsiCo in the United States in 2003 and began production of these products in Guatemala in 2006. *220 V* was added to our energy drinks portfolio with the acquisition of our Ecuadorian operations. As of March 31, 2020, the energy drinks category represented 2.6% of sales volume and 5.8% of net sales (before rebates). We offer 14 brands and 67 SKUs in the energy drinks category.

In the tea category, we distribute *Lipton*, a leading brand in our markets, and *Brisk*, which was launched in 2012. As of March 31, 2020, the tea category represented 1.4% of sales volume and 1.5% of net sales (before rebates). We offer four brands and 70 SKUs of tea.

The *Brahva* beer brand has proven to be successful since our entry into the beer market in 2003. We commenced distributing *Budweiser* in Guatemala in 2011, added *Stella Artois* and *Beck's* to our portfolio of beer brands in 2012, started distributing *Corona, Modelo Especial* and *Negra Modelo* in our Central American Region in 2013, launched a brand extension of *Brahva*, *Brahva Gold*, produced in our plant in Guatemala and began distributing *Cerveza Presidente* manufactured by AmBev in the Dominican Republic in 2014 and introduced *Busch Light* in 2016. As of March 31, 2020, the beer category represented 4.1% of sales volume and 9.9% of net sales (before rebates). We offer 36 brands and 136 SKUs of beer.

The following chart illustrates our segment position and percentage of market participation per volume share (with respect to product categories in excess of 5%) for non-alcoholic beverages as of December 31, 2019:

	% of Total Revenues	CSD[1]	Juices & Nectars[2]	Still drinks	Isotonics	Energy	Water	Tea
Guatemala	39.1%	2 34.2%	3 12.9%	1 51.2%	2 26.9%	1 34.9%	3 11.4%	1 47.1%
Ecuador	16.0%	2 16.1%	3 6.1%	2 40.9%	1 49.4%	3 22.0%	1 20.2%	–
El Salvador	9.5%	2 18.9%	1 63.6%	1 55.0%	2 27.8%	2 11.3%	3 14.4%	1 61.1%
Puerto Rico	8.9%	2 20.1%	2 17.8%	–	1 60.0%	–	–	2 8.0%
Peru	8.6%	3 10.7%	7 0.9%	1 14.9%	2 4.7%	–	3 9.6%	–
Honduras	6.2%	2 24.9%	2 33.2%	1 97.1%	2 34.8%	3 15.6%	4 5.1%	1 83.7%
Jamaica	5.7%	1 56.2%	1 34.1%	1 90.7%	2 9.3%	–	–	–
Nicaragua	3.8%	3 16.4%	1 45.0%	1 57.5%	2 10.9%	3 12.6%	3 7.2%	–

Source: Nielsen and Emevenca as principal sources. Where Nielsen and Emevenca were not available, Euromonitor was used.

We believe that this full beverage portfolio enables us to satisfy a wide variety of consumer preferences across various consumption occasions, demographic profiles and regions. We plan to continue adding new brands and flavors to our already extensive portfolio and targeting different demographics, which we believe will permit us to increase our market share and profits.

Superior manufacturing and procurement capabilities and extensive distribution network

We currently own and operate 16 production plants and 73 production lines with a total capacity of 900 million unit cases per year across Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our weighted average utilization ratio of these facilities was 50% as of March 31, 2020, and most of our plants have spare capacity.

In 2018, we opened two strategic hubs in Puerto Rico and a procurement center in Uruguay that are intended to lead the growth of our company in the future, manage our business units more efficiently and prepare our corporate structure for future expansion opportunities. Our procurement center in Uruguay, CBC INTL. S.A., acts as the group's internal trading company. Through this entity, we centralize purchases of our main raw materials such as concentrate and sugar (for certain territories) to produce our beverages and aluminum and PET for our packaging.

We also relocated our corporate procurement team to this entity, from which our procurement team handles all negotiations with our largest suppliers, including PepsiCo. Our Director of Purchases and Supply Chain, Jorge Santos, heads the team in Uruguay and is in charge of establishing the strategy and leading the operations of our trading company. Through CBC INTL. S.A., we expect to realize cost savings from higher volume purchases and other centralization benefits, such as economies of scale and stronger bargaining power in our negotiations with suppliers.

Beliv LLC, located in Puerto Rico, is the commercial R&D and marketing hub for our Beliv division, headed by Carlos Sluman, CEO of Beliv. Beliv LLC is a 100% owned subsidiary of Beliv Global LLC, which in turn is a 95% owned subsidiary of CBC, and the owner and developer of our proprietary brands. Through Beliv, we handle all new ventures focused on growing our portfolio of proprietary brands and developing new products for our health and wellness segments. By establishing Beliv's center of operations in Puerto Rico, we have better access to the United States and other markets outside Latin America and are able to protect our intellectual property under United States intellectual property laws. Our third strategic hub, CBC PR LLC, is also located in Puerto Rico and is a wholly-owned subsidiary of CBC. CBC PR LLC, headed by Ziad Nahas, as CEO, is the principal entity through which we manage all commercial, distribution and marketing strategies for our bottling operations across the region.

Our extensive distribution network allowed us to visit over 850,000 core points of sale through the use of 1,837 delivery trucks and 194,163 coolers on over 2,000 sale routes as of March 31, 2020, across our region, three to four times per week on average. Through our extended network of distributors, which includes non-CBC entities, we indirectly reached over 672,000 additional points of sale and had access to 1,461 logistic routes and 151 distribution centers and warehouses as of March 31, 2020. This network is further strengthened by strategically located distribution centers and a network of mini-warehouses servicing high-density urban areas. These factors allow us to deliver multiple brands and types of beverages to retailers covering a broad geographic area, thereby deepening our market penetration, and permit significant cost savings and higher margins through economies of scale. Our extensive distribution network also allows us to generate revenues from the distribution of snacks and other products manufactured by third parties. In addition, our proprietary technology permits us to compile data on sales trends, consumption patterns and the demand levels at each point of sale, which allows us to better meet our customers' needs. We believe this technology, with multiple servers, handheld computers and smartphones used by our sales force, and the synergies created by our shared services unit, have provided important efficiencies and improved our ability to serve our customers at a lower cost.

Attractive growth potential in our markets

We believe that favorable economic, demographic and industry dynamics will drive growth in the beverage sector in the Central American and Caribbean Regions, in addition to Peru and Ecuador, particularly in the CSDs market. While the levels of consumption per capita are currently lower when compared to other developing countries, we believe that the Central American and Caribbean Regions, which have high growth potential in terms of wealth, will eventually translate into higher consumption levels over the next five years. In addition, we expect that growing demand for health and wellness products will be a key sales driver for our juice and nectar Beliv products and the isotonic, energy drinks and water products that we distribute and sell.

Proven management experience and strong corporate governance practice

Our senior executive officers have over 100 years of combined management experience and an average tenure of 12 years with CBC. We have over 10,000 employees and have been consistently recognized as having an attractive career development environment for young talent, which has been an important factor in expanding our business with talented and energetic employees.

Despite being a privately held company, we have a strong corporate governance practice. Our Board of Directors is comprised of nine members, four of whom are appointed by GEMCORP, two by PepsiCo and the remaining three being independent members with vast experience in the industry. The selection process for the independent members of our Board of Directors is led by a well-recognized international executive search firm, Heidrick & Struggles, and our independent members are evaluated annually by GEMCORP and PepsiCo. Our governance is further strengthened by our four well-established internal board committees: Strategy and M&A, Risk and Finance, Audit, and Talent and Compensation.

Business Strategy

Our overall strategy is to grow profitably by leveraging our existing infrastructure, extensive distribution network, strategic partnerships, proprietary brands and resources. Our fundamental strategic direction is to add new, desirable higher margin beverage products to our efficient production facilities and our extensive distribution network, and thus become the leading regional integrated multi-beverage company in Central America, South America and the Caribbean. Geographic expansion also provides an important component of our strategy. The key elements of our business strategy are set forth below:

Advance our people and culture

We value our employees. We provide an extensive training program for our employees and we foster a culture of entrepreneurship, preparedness and motivation. Many of our senior executives began their careers at CBC as part of our trainee program. We foster a culture of ownership through training and through monthly meetings in which every level of our team has an opportunity to provide ideas to such employees' managers and other colleagues. In addition, we follow a merit-based system for promotion and compensation.

Foster organic growth in our region

We seek to continue to achieve profitable growth in CSDs, beer, juices and nectars and other beverages and are working diligently to improve the execution of our points of sale, strengthen our brands, develop new and innovative packaging and create new products. We also focus on building strong relationships with our existing clients, which leads to a higher customer retention rate, as well as acquiring new clients with whom to establish such relationships.

We also intend to continue driving innovation and growth through Beliv. Through Beliv, we aim to build a diverse and profitable proprietary product mix with a focus on wellness and health to address customers' changing preferences and complement our PepsiCo and AmBev portfolio.

Capitalize on our extensive distribution network through efficient processes

We are continuously streamlining our distribution channels to continue reducing our per-unit costs. We have a dynamic distribution system through various programs, including Fleet-Loader, Llamasoft and Road Net Technology Software, that allows us to serve our extensive distribution network throughout our region, which included over 850,000 core points of sale as of March 31, 2020. In addition, these programs enable us to identify consumption trends and evaluate our product distribution to build revenues and profitable operations throughout our region.

We have developed communication channels with employees at all tiers of our organization. Moreover, we have a best practices process, which provides a comprehensive framework for our sales and distribution activities, including meetings every morning, preparation before communicating with a potential or existing client, the processing of a client's order through a handheld device or smartphone, and the liquidation at the end of the day. Using this system, we are able to visit a large number of clients per day and process their pre-orders through our handheld devices and smartphones. During the night, the trucks are loaded in order to deliver and settle client accounts on the following day.

Focus on reducing costs

We reduce our costs by budgeting our expenses every year without using the budget for the previous year as a base line. We begin by budgeting our fixed costs and then budgeting for other items. Our goal is to maintain a maximum efficiency when addressing our fixed costs. By abiding to our processes, we are able to maintain a consistent level of fixed costs, while maximizing our revenues through sales. We have also established strategic alliances with our suppliers to reduce the overall costs of our supply chain.

We strive to improve our efficiency, particularly with respect to distribution, by making investments in technology in manufacturing, sales processes and distribution. Through our shared service unit, we continue to invest resources that help us build synergies in all our operations.

Maintain a conservative use of capital and prudent debt management

We continuously maintain an efficient use of capital in order to have such capital available for future growth and investment in the Company. We employ the *Economic Value Added* growth system to optimize our capital structure with growth within acceptable risk parameters. We outsource certain business functions in certain instances in which savings are possible. It is our policy to maintain high levels of cash for operational, investment and expansion of our activities. We had U.S.$189.1 million, U.S.$154.4 million and U.S.$212.5 million of cash as of March 31, 2020, December 31, 2019 and December 31, 2018, respectively.

Our net debt over LTM Adjusted EBITDA has remained below 2.3x during the last two fiscal years. For the three-month period ended March 31, 2020 and the years ended December 31, 2019 and 2018, our net debt over LTM Adjusted EBITDA was 2.6x, 2.3x and 2.1x, respectively.

Continue to leverage the benefits of our strategic partnerships with PepsiCo and AmBev

The expertise and resources available to us from PepsiCo and AmBev provide us with an important tool to establish and maintain best practices in many areas of our business. We plan to continue to work closely with PepsiCo and AmBev to improve manufacturing, sales and marketing programs, and to provide us with ready access to latest trends and technological improvements for our business.

Opportunistically and selectively expand our geographic presence

We possess a long track record of successfully operating our business in several countries through different political and economic environments. In October 2002, we established our joint venture, AmBev Centroamérica, with AmBev and Companhia Brasileira da Bebidas, in which we own 50% minus one share and, contractually, we retain equal control in management and operations. We also own majority interests in local beverage companies, with key acquisitions made in the southern region of Honduras (including the capital city Tegucigalpa) (1997); Nicaragua (1998); Guatemala (2000); El Salvador (2001); Puerto Rico (2009); Jamaica (2009); Panama (2009); Mexico (2010); Ecuador (2012 and 2014); Peru (2015) and Argentina (2016). We have successfully integrated these operations with our own. We continue to increase our presence in the region by pursuing strategic acquisitions and ventures, including, most recently, the acquisition of a 15% non-controlling equity interest in the Uruguayan company, Joltesy, S.A., which in turn owns a group of six subsidiaries established in Ecuador (September 2019), and other potential expansions in South America. In addition, as the PepsiCo "anchor bottler" for the Central American Region, we have the right of first refusal to acquire any interest of a PepsiCo bottler in the region.

We believe that we are well positioned to increase our sales in Central America, South America and the Caribbean, both in the countries in which we currently operate and elsewhere in the region. We continuously evaluate local markets within our region to expand distribution of our products.

Increase our role in our communities

Our vision as a company is to be the premier beverage operator in the Americas and to contribute to a better world by fostering social responsibility, protecting natural resources and promoting recycling. We provide support to organizations such as *Guatefuturo* and *Hondufuturo,* private, not-for-profit organizations committed to educational, cultural, training and professional development purposes through which resources are channeled to offer opportunities for education in Guatemala and Honduras. We believe these, and other programs described in "Community Service Programs" below, are consistent with our mission and objectives.

Recent Acquisitions and M&A Strategy

In September 2019, we acquired a 15% non-controlling equity interest in the Uruguayan company, Joltesy, S.A., which in turn owns a group of six subsidiaries established in Ecuador, whose main subsidiary is The Tesalia Springs Company S.A.

Given the effects of the COVID-19 pandemic on the current environment, we are currently taking a selective approach to analyzing potential transactions. We believe that the present COVID-19 crisis may create future M&A opportunities for our company. If any opportunities arise, we will evaluate such opportunities prudently and with the considerations of our M&A Committee, prioritizing strategic fit and growth potential over size.

Any acquisition opportunity that we may choose to pursue will be aimed at consolidating our market position as the leading bottler in the region and generating distribution synergies, stronger EBITDA and cash flow generation. Our M&A plans are focused on opportunities in current or new geographies, within the Latin America region or the United States, addressing the latest consumer trends in emerging high-margin categories. Concurrently, we will be driving growth and increasing our scale in core market categories with well established brands or facilitating our go-to-market strategy and serving as a platform to enter into new categories.

Our Products and Brands

We produce and distribute CSDs, bottled water, isotonics, juices and nectars, energy drinks, tea and beer. For the three-month periods ended March 31, 2020 and 2019, 44.5% and 43.8% of our consolidated net sales (before rebates) consisted of CSD sales and 55.5% and 56.2% consisted of net sales (before rebates) of other products, respectively. For the year ended December 31, 2019, 43.5% of our consolidated net sales (before rebates) consisted of CSD sales and 56.5% consisted of net sales (before rebates) of other beverage products.

The following table summarizes our product portfolio for the three-month period ended March 31, 2020:

	For the Three Months Ended March 31,				
	2020		2019		
	Sales				Change %
	(in thousands of U.S.$, except percentages)				
PepsiCo	227,755	60.5%	236,037	59.8%	(3.5)%
Beliv	94,910	25.2%	99,267	25.1%	(4.4)%
Ambev	38,031	10.1%	37,542	9.5%	1.3%
Others[1]	24,693	6.6%	28,679	7.3%	(13.9)%
Rebates[2]	(8,662)	(2.3)%	(6,692)	(1.7)%	29.4%
Total	**376,728**	**100.0%**	**394,833**	**100.0%**	**(4.6)%**

(1) Includes snacks, other non-carbonated drinks and royalties from other brands.
(2) Represents a promotional discount on total billing in line with our commercial strategy.

Our products are principally sold in Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Jamaica, Ecuador, Peru, Puerto Rico, the Dominican Republic, Panama, Mexico, Argentina and the United States. Our products are also sold through third parties in Barbados, Belize, Canada, Colombia, Costa Rica, Haiti, the United Kingdom and Senegal, among others. According to Nielsen, we have a leading share of the CSD market in our regions.

The following table illustrates revenue by product category for the three-month period ended March 31, 2020:

	For the Three Months Ended March 31,				
	2020		2019		
	Sales				Change %
	(in thousands of U.S.$, except percentages)				
CSDs	167,752	44.5%	172,776	43.8%	(2.9)%
Juices and nectars	55,911	14.8%	62,163	15.7%	(10.1)%
Isotonics	29,653	7.9%	33,950	8.6%	(12.7)%
Energy Drinks	21,922	5.8%	21,226	5.4%	3.3%
Water	44,402	11.8%	41,283	10.5%	7.6%
Tea	5,617	1.5%	7,261	1.8%	(22.6)%
Others[1]	60,133	16.0%	62,867	15.9%	(4.3)%
Rebates[2]	(8,662)	(2.3)%	(6,692)	(1.7)%	29.4%
Total	**376,728**	**100.0%**	**394,833**	**100.0%**	**(4.6)%**

(1) Includes beer, snacks, other non-carbonated drinks and royalties from use of our proprietary brands.

(2) Represents a promotional discount on total billing in line with our commercial strategy.

The following table illustrates the breakdown of volume sales (measured in millions of unit cases), net sales (in millions of U.S. Dollars) and Adjusted EBITDA (in millions of U.S. Dollars) in the regions in which we operate for the three-month period ended March 31, 2020:

	Volume (millions of unit cases)	Net Sales (U.S.$ millions)	Adjusted EBITDA (U.S.$ million)
Guatemala	37,244	146.2	0.7
Ecuador	25,098	61.2	7.6
El Salvador	8,781	30.7	5.4
Peru	20,775	39.1	0.9
Honduras	7,028	23.2	1.1
Puerto Rico	7,662	33.6	16.3
Nicaragua	6,192	14.9	0.6
Jamaica	4,691	19.4	(0.3)
Argentina	1,406	5.3	(0.0)
Mexico	262	1.0	(0.4)
Uruguay	N/A	2.2	4.6

Source: Company information.

CSDs

CSDs are our core business and the largest contributor to our consolidated net sales. For the three-month period ended March 31, 2020, CSDs sales accounted for 44.5% of our consolidated net sales (before rebates), totaling U.S.$167.8 million, with sales volumes of 60.5 million unit cases. We currently operate 16 plants and 73 bottling production lines of various glass and plastic bottles, excluding the plants and production lines owned by our joint venture, AmBev Centroamérica. We sold 60.5 million unit cases and 265.1 million unit cases of CSDs in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Bottled Water

We entered the bottled water market in 1998 in Guatemala and, through a combination of distribution, pricing and marketing initiatives, have since expanded sales of bottled water into all countries in which we operate. Our *Aqua* and *Be Light* brands are principally distributed in single serve packaging with 355ml, 600ml & 750ml PET bottles. During 2018, we launched *Salutaris Sparkling*, a line extension to our well-known and leading mineral water, *Salutaris*. We sold 30.6 million unit cases and 108.9 million unit cases of bottled water in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Isotonics

The *Gatorade* brand is the category leader throughout our region, with market share ranging from 17.5% in Peru to 88.2% in Honduras as of March 31, 2020, according to Euromonitor. We have exclusive rights for the manufacture and sale of Gatorade in the Central America Region, Jamaica, Ecuador, Peru and Puerto Rico. We sold 5.0 million unit cases and 23.8 million unit cases of isotonics in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Energy Drinks

We began importing pre-bottled *SoBe Adrenaline Rush* from PepsiCo in the United States and distributing it in our region in 2003. In 2006, we began producing *SoBe Adrenaline Rush* in Guatemala for sale within our region and, in 2011, added *AMP* to our energy drinks line for sale in Guatemala, Honduras, El Salvador, Nicaragua and Puerto Rico. In Ecuador, the *220V* brand has been a key volume and profit driver for our Ecuadorian operations. We sold 3.1 million unit cases and 13.2 million unit cases of energy drinks in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Juices and Nectars

In July 2002, we acquired a 50% interest in LivSmart, a beverage company in El Salvador, to expand into the juice and nectar business, and increased our interest to 95% in 2009. Shortly thereafter, we began distributing *Petit* brand juices from El Salvador to the rest of the Central American Region, the Caribbean Region and, since 2011, the United States through PepsiCo. We have expanded our Beliv brand products (which include products previously under the LivSmart brand) throughout the regions in which we operate by adding the brands *Campestre*, *Jugazzo*, *Cosecha Pura*, *California- Ice Cool, Fruta Fresca* and *Naturalisimo*. We also export juices and nectars to countries outside of our operating region. We sold 13.0 million unit cases and 58.6 million unit cases of juices and nectars in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Beer

We began distributing beer on behalf of AmBev Centroamérica under the *Brahva* brand name in 2003 in Guatemala and to other Central American countries in 2004. In 2011, we commenced distributing *Budweiser* in Guatemala and, in 2012, we continued expanding our portfolio with the distribution of *Stella Artois*, *Leffe*, *Beck's*, *Brahva and Brahva Gold*. In 2013, AmBev acquired the distribution rights of Grupo Modelo's portfolio of beers. That same year, we started distributing *Corona*, *Modelo Especial* and *Negra Modelo* in our Central American region. In 2014, we launched a brand extension of *Brahva*, *Brahva Gold*, produced in our plant in Guatemala, and began distributing *Cerveza Presidente* manufactured by AmBev in Dominican Republic. In 2016, we introduced *Busch Light*, with the goal of bringing affordable beer to our consumers. According to industry tax reports, we held 31.1% of the market share in the beer segment in Guatemala as of December 31, 2019. We sold 4.9 million unit cases and 4.9 million unit cases of beer in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Tea

In 2007, we commenced the production and distribution of *Lipton* brand products in Guatemala, Honduras and El Salvador and, in 2009, in Nicaragua. In 2012, we started producing and distributing *Brisk* in Puerto Rico. We sold 1.7 million unit cases and 8.6 million unit cases of tea in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Snacks

In 2016, we began distributing snacks in Guatemala, El Salvador, Nicaragua and Ecuador. In Puerto Rico, we sell snacks through our network of vending machines, which we have operated since 2009. An important component of our snacks sales is the sale of Frito-Lay products. Frito-Lay is a division of PepsiCo. In addition to Frito-Lay products, we also sell biscuits, chocolates, confectionery and sweet snacks. For the three-month period ended March 31, 2020 and the year ended December 31, 2019, total revenues (before rebates) generated from the sale of snacks were U.S.$7.0 million and U.S.$43.7 million, respectively. While snacks represented 1.8% and 2.5% of our total revenues for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively, we intend to further develop this business line as part of our diversification strategy.

Beliv

In 2016, LivSmart and CBC's proprietary brands were brought together under Beliv, a newly formed business unit dedicated to developing healthier and more natural and nutritional products. Beliv LLC was created in 2018 as a wholly-owned subsidiary of CBC assigned with the task of owning and developing CBC's proprietary brands. The pillars of Beliv's business strategy include consolidating current markets, developing emerging markets and incubating emerging categories. Since 2018, Beliv has begun collecting royalties from other bottlers and distributors that sell our proprietary brands, and in 2019, we started invoicing sales of finished goods to our distribution companies and third parties.

Beliv translates global and local trends in consumption into new products and brands. Given increased demand for products that emphasize health and wellness, Beliv has focused on sugar reformulation, nutrition and functionality as key value drivers for consumers. Beliv initiatives to reduce, substitute or eliminate the use of sugar and artificial sweeteners in its products, analyze and reformulate products to improve their nutritional profile and introduce new product categories, such as products filling a nutraceutical (i.e., of or relating to a pharmaceutical-grade and standardized nutrient) role, permit Beliv to meet consumer needs and better align its portfolio with strategic partners like PepsiCo. We benefit from a high profit margin for the sale of our Beliv brand products. By streamlining the development and stewardship of Beliv brands, we aim to leverage the flexibility afforded by this profit margin, as well as Beliv's rapid time-to-market and expertise in "Tropicalization" (i.e., our ability to quickly react to market trends and adapt our products accordingly) to become the market leader in sectors of the economy in which PepsiCo does not compete.

Beliv also has an external, non-CBC, footprint. Beliv uses external producers in various countries including the United States, Canada, Mexico and England, among others, to produce Beliv products. Through Beliv's third party manufacturers, which are comprised of 23 auxiliary bottling plants, we had access to additional production capacity of 3.6 million physical cases as of March 31, 2020. These production facilities have introduced 10 new innovations to date, are responsible for 58 SKUs, have various bottling capabilities, such as cold-fill and hot-fill, and produce various types of packing including Terta brick, PET, cans and glass.

Sales of products pertaining to the Beliv portfolio are an important organic growth driver for CBC. Beliv's revenue grew at a compound annual growth rate ("**CAGR**") of 8.7% from 2016 to 2019. We sold 37.1 million unit cases and 156.4 million unit cases of Beliv products in the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Sales and Distribution

Points of Sale

We cater to over 850,000 core points of sale, selling directly to traditional small stores (including "mom and pop" stores, small grocery stores, kiosks and road side stands), bars, restaurants, schools, offices and supermarkets. Most of our products are sold for off-premises consumption. We have begun branching into e-commerce and using applications, such as Yalo, Glovo and Uber Eats, among others, to deliver products to the homes and businesses of our consumers.

Our customers often prefer to sell beverages cold for both off-premises and on-premises consumption. Throughout our region, we place Pepsi-branded beverage coolers and drink dispensers in our retail outlets. As of March 31, 2020, we had 194,163 coolers located on premises at our points of sale.

Terms of Sale

Most of our sales are on a cash basis. Direct sales to selected customers, such as major supermarkets, fast-food restaurants, convenience stores, some of our third-party distributors and other major customers may be made on credit, with terms of up to 60 days. The terms and other credit conditions often depend on competitive factors and the strategic importance of the buyer. We regularly perform an analysis of our trade accounts receivable and make reserves for possible non-collectable accounts. As of March 31, 2020 and December 31, 2019, we had an allowance for delinquent trade accounts receivable of 0.7% and 0.5% of the total trade accounts receivable balance, respectively.

Export Sales

Total exports outside the countries in which we operate represented 4.5% of our consolidated net sales for the year ended December 31, 2019. We regularly export products from one country to another within the Central American Region and the Caribbean Region, consisting mainly of sales among subsidiaries made on an arm's length basis. Through Beliv, we export to countries outside of the Central American Region, including Panama, Costa Rica, the Dominican Republic, Colombia, Mexico and the United States.

Distribution

Our distribution centers are strategically located throughout our regions. Our distribution centers range from warehousing facilities and reloading centers to mini-warehouses for high density urban areas. As of March 31, 2020, we had 89 total distribution centers/warehouses (31 in Guatemala, 23 in Ecuador, 9 in Nicaragua, 7 in Honduras, 6 in Jamaica, 5 in El Salvador, 3 in Puerto Rico, and 5 in Peru). This excludes operations in Argentina as they are not material. As of March 31, 2020, we used 1,837 trucks (including owned and outsourced) to cover over 2,000 sales routes to over 850,000 core points of sale. On average, we visit each point of sale three to four times per week. In addition, in urban locations, we use smaller trucks and electric cars to distribute our products. Through our extended network of distributors, including non-CBC entities, we indirectly reached over 672,000 additional points of sale and had access to 1,461 logistic routes and 151 distribution centers and warehouses as of March 31, 2020. We believe our extensive product delivery and return operations are competitive advantages for CBC. By actively managing our distribution system, we seek to maximize timely deliveries when retailers have capacity and funds to purchase our beverage products.

An effective and extensive distribution network is critical in our region where a significant portion of CSD products are sold in returnable bottles. We regularly collect empty bottles from retailers and return them to our bottling plants. We have located our distribution and production facilities based on factors including population density, road availability and communication facilities. In urban locations and in widely dispersed rural areas, we use multiple, smaller distribution locations to supplement larger regional distribution facilities.

The following chart illustrates our internal estimates of our distribution infrastructure as of March 31, 2020:

	Points of sale	**Volume (UC mm)**	**Warehouses**	**Trucks**	**Coolers**	**Post Mix**
Guatemala	294,795	37.2	31	607	68,186	1,634
El Salvador	160,344	8.7	5	123	24,222	842
Honduras	113,582	7	7	145	23,944	350
Nicaragua	124,418	6.1	9	127	10,046	288
Jamaica	8,100*	4.6	6	110	4,152	577
Puerto Rico	6,200*	7.6	3	75	2,592	33
Ecuador	351,111	25.1	23	491	38,104	1297
Peru	148,841	20.8	5	159	22,917	327
Argentina	5,100*	1.4	N/A	N/A	N/A	N/A
Total	**1,212,491**	**119.1**	**89**	**1,837**	**194,163**	**5,348**

Source: Company information.
*Points of sale based on logistics information
UC mm = millions of unit cases.

Our truck fleet consists of a combination of owned and outsourced trucks. Our logistic operators run our delivery trucks in Guatemala, El Salvador, Nicaragua, Ecuador, Jamaica and Peru. Our operators constantly renew their fleet with new trucks and perform schedule maintenance, maximizing the expected life of the vehicles.

We use two principal delivery methods depending on local conditions: the traditional sales method in which the sale is done on the spot with the retailer and, the "pre-sell" method where a seller takes the order and a truck delivers the products at a later date.

Distribution costs are an important variable to our operations. We continue to investigate and develop better and more efficient ways to facilitate and improve the distribution process to our clients, and most importantly, the final consumer. Our goal is to lower costs without affecting quality of service.

The following chart illustrates our internal estimates for current delivery costs in U.S. Dollars per unit case as of March 31, 2020 in the different countries in which we operate:

	Primary Import Freight	**Administration and Storage**	**Delivery**	**Total**
Guatemala	$0.07	$0.11	$0.24	$0.42
El Salvador	$0.07	$0.12	$0.22	$0.41
Honduras	$0.14	$0.17	$0.07	$0.38
Nicaragua	$0.12	$0.16	$0.19	$0.47
Jamaica(1)	$0.16	-	-	$0.16
Puerto Rico	$0.02	$0.22	$0.09	$0.33
Ecuador	$0.08	$0.12	$0.22	$0.42
Peru	$0.03	$0.12	$0.20	$0.35

Source: Company information.

(1) In Jamaica, the second tier distribution is handled by Celebration Brands Limited in which CBC owns 50%. As such, administration, storage and delivery are not handled directly by CBC.

Marketing

The Pepsi brand product marketing plan is jointly developed between PepsiCo and us and is aligned with our agreed-upon annual operating plan. In addition to the global marketing themes that PepsiCo uses world-wide, we develop our own themes to tailor our marketing to local needs. This global and local marketing combination has proven to be effective in the past and we believe that it will continue to be effective in the future.

We share marketing expenditures for the promotion of PepsiCo brands with PepsiCo. The annual marketing expenditure plan is jointly developed between CBC and PepsiCo, based on the expected sales of PepsiCo brands and the resulting purchases of concentrate by CBC from PepsiCo. PepsiCo reimburses CBC, on a monthly basis, for 50% of the marketing expenditures of the PepsiCo brands.

We use product displays, branded coolers, advertising, point of sale materials and promotions, which are designed to maximize sales and market demand and increase our brand awareness. We carefully evaluate market data to develop the most effective product mix and marketing strategies.

From time to time, we have also developed "in and out" products under the PepsiCo umbrella to take advantage of market opportunities. *Pepsi Kick* and *Gatorade Rain* are both examples of these "in and out" products. These products are introduced for a short time and are heavily marketed in order to boost brand awareness and market share of existing PepsiCo products and brands. For our Beliv product lines, we develop "in and out" products under the Nectar *Petit* umbrella.

In 2018, Beliv launched new packaging for *Fruta Fresca*, *Cosecha Pura* and *Campestre* orange juice. We also reinvigorated the brand of *Ginger Beer* with a new image for the Jamaican and export markets and introduced a new line of *Lipton* products produced under a cold-fill process in a new PET packaging.

In 2020, we launched innovative campaigns to help maintain our market position in the countries of our operation. Programs such as *Tienda Segura*, which delivers kits with necessary materials for all points of sale to comply with health regulations, reflect the adaptations and measures taken during the exceptional circumstances caused by the COVID-19 pandemic. We have also innovated our sales via e-commerce to ensure delivery of our products to customers' homes or businesses. In Guatemala and Peru, through apps such as *Yalo* or *PepsiChat*, we introduced B2B platforms to continue our distribution. In Ecuador, through *VTex Tesalia Contigo*, we established a B2C platform to ensure and facilitate delivery to homes.

We are also working with delivery apps such as *Glovo*, *Uber Eats* and *Hugo* to offer our customers various channels for delivery. Through our various marketing campaigns we are encouraging customers to follow health regulations and procedures and providing them with various ways to entertain at home. In Guatemala, Honduras and El Salvador, we have introduced on our Pepsi bottles 12 different cooking recipes that our customers can make at home.

In Peru, project Expansión Reco has allowed us to cover new territories with a segmented strategy based on product flavors. In Guatemala, El Salvador and Nicaragua, we launched the *AMP 365 Forte* product emphasizing its vitamin content. *Gatorade* has launched new campaigns to encourage exercising from home with different digital campaigns as well as the introduction of new product flavors such as *Gatorade Green Mango*. Other tea products such as *Lipton* have introduced new product packaging with 100% recycled bottles.

We have also launched new products in Guatemala such as *Aqua* 3lts PET, *Cubata* 355ml can and *Michelob* 355ml glass non-returnable bottle. In El Salvador, new products include *Squizz* 355ml can, *Gatorade* 500ml PET, *Lipton* 1.5lts PET and *Frutado* 2lts PET. In Peru, new product offerings include *Petit Durazno* 500ml PET, *Frutaris* 500ml PET and CSDs 1.5lts in returnable materials.

In 2020, Beliv launched new product innovations for existing brands, such as *Squiz*, *Salutaris*, *Aqua* and *Frutaris*, to further diversify its product offerings. In Argentina, we have intensified our marketing campaigns with our *Citric* juices by strategizing through e-commerce to grow our position in e-grocery stores as well as delivery apps. These marketing campaigns focus on the importance of vitamin C consumption to boost your autoimmune system. Beliv, through its alliance with Brandhouse, hopes to start making cross-border sales into China for products such as *Petit*, *Azu*, and *Oca*, among others, by 2024. We intend to begin selling our *Citric* juices and later introduce other brands such as *Old Jamaica* and *Culmen*.

We advertise and promote our products through television and other media, including billboards and sponsorship of recreational events. In addition, we engage in various points of sale promotions, such as end-aisle displays in stores and special contests aimed at enhancing consumer preference for our brands. In certain key outlets, we provide our point of sale establishments with branded material and furniture featuring our products' logos and distinctive color schemes. Where competitively appropriate, we use promotional banners and posters advertising the pricing of our products at that establishment. These programs allow us to gain visual dominance at particular points of sale, strengthening our brand and encouraging customers to purchase our products.

We regularly conduct market surveys to monitor the image of our products and the effectiveness of our marketing activities. Within the past few years, we have initiated several marketing plans, which were designed to assist us in shaping our marketing strategies for each environment in which we compete.

We have social media channels, which enable us to receive consumers' comments about our products. Communication with consumers is a major priority for us and through that feedback we are able to better serve our customers' needs.

Competition

The following chart illustrates our segment position and percentage of market participation per volume share (with respect to product categories in excess of 5%) for non-alcoholic beverages as of December 31, 2019:

	% of Total Revenues	CSD[1]	Juices & Nectars[2]	Still drinks	Isotonics	Energy	Water	Tea
Guatemala	39.1%	2 34.2%	3 12.9%	1 51.2%	2 26.9%	1 34.9%	3 11.4%	1 47.1%
Ecuador	16.0%	2 16.1%	3 6.1%	2 40.9%	1 49.4%	3 22.0%	1 20.2%	–
El Salvador	9.5%	2 18.9%	1 63.6%	1 55.0%	2 27.8%	2 11.3%	3 14.4%	1 61.1%
Puerto Rico	8.9%	2 20.1%	2 17.8%	–	1 60.0%	–	–	2 8.0%
Peru	8.6%	3 10.7%	7 0.9%	1 14.9%	2 4.7%	–	3 9.6%	–
Honduras	6.2%	2 24.9%	2 33.2%	1 97.1%	2 34.8%	3 15.6%	4 5.1%	1 83.7%
Jamaica	5.7%	1 56.2%	1 34.1%	1 90.7%	2 9.3%	–	–	–
Nicaragua	3.8%	3 16.4%	1 45.0%	1 57.5%	2 10.9%	3 12.6%	3 7.2%	–

Source: Nielsen and Emevenca as principal sources. Where Nielsen and Emevenca were not available, Euromonitor was used.

CSDs

CSD manufacturers compete for market share through brand preference, distribution, product availability, pricing, product packaging, consumer promotions and service provided to retail outlets, including providing merchandising equipment, coolers, maintaining bottle inventories and frequently visiting retail outlets.

In the CSD category, we compete with the bottler of Coca Cola products as well as face competition from producers of non-premium brands or "B brands," which typically produce, market and sell CSDs at prices below ours. In this category, our principal competitors are FEMSA; Bottling Investment Group (Coca-Cola Company), Coca Cola's local bottlers, Alimentos Maravilla (a subsidiary of Cervecería Centroamericana ("**CCA**") that produces non-alcoholic beverages) and AJE Group, a producer of local "B-brands", in Guatemala; SAB Miller, Cascada and AJE Group in El Salvador; FEMSA and AJE Group in Nicaragua; SAB Miller, AJE Group and Embotelladora Sula in Honduras; Wisynco and Jamaica Beverages in Jamaica; ARCA and AJE Group in Ecuador; and ARCA, AJE Group and SAB Miller in Peru.

The following table provides the estimated industry volume share of each major CSD producer in Guatemala, Southern Honduras (including the capital Tegucigalpa), Nicaragua, El Salvador, Ecuador, Puerto Rico, Jamaica, Peru and Ecuador as of December 31, 2019:

	CBC(1)	Coca-Cola Bottlers	Other
Guatemala	34.2%	45.9%	19.9%
Honduras(2)	24.9%	59.1%	16%
Nicaragua	16.4%	57.8%	25.8%
El Salvador	18.9%	57.6%	23.5%
Puerto Rico(3)	20.1%	77.6%	2.3%
Jamaica(3)	56.2%	37.6%	6.2%
Ecuador(3)	16.1%	62.4%	21.5%
Peru	10.7%	65.8%	23.5%

Source: Nielsen and Emevenca.

(1) CBC is the exclusive Pepsi bottler in Guatemala, Southern Honduras, Nicaragua, El Salvador, Jamaica, Ecuador, Puerto Rico and Peru.

(2) Only the Southern region, including Tegucigalpa.

(3) As of March 31, 2020.

Nectars

As of December 31, 2019, according to Nielsen data, we had an industry volume share of 12.9% in the nectars market in Guatemala. Our main competitors are Alimentos Maravilla and Del Monte with a 53.4% industry volume share and Kerns with a 24.1% industry share for the same period. In El Salvador, as of December 31, 2019, we had an industry volume share of 63.6%, while our main competitors Del Monte and Kerns had an industry volume share of 10.4% and 9.9%, respectively. In Honduras, as of December 31, 2019, we had an industry volume share of 33.2%, while our main competitors Alimentos Maravilla and Del Monte had an industry volume share of 49.0% and 7.1%, respectively. In Ecuador, as of October 31, 2019, we had an industry volume share of 6.1%, while our main competitor AJE Group had an industry volume share of 68.3%. In Nicaragua, as of December 31, 2019, we had an industry volume share of 45.0%, while our main competitors Alimentos Maravilla and Del Monte had an industry volume share of 16.8% and 15.2%, respectively. In Peru, our main competitors are Gloria, AJE Group and ARCA. In Puerto Rico, as of September 30, 2019, we had an industry volume share of 17.8%, while our main competitor Procesadora Campo Fresco had an industry volume share of 31.0%. There is no available information for nectars with respect to some of the countries in which we operate.

Still Drinks

As of December 31, 2019, according to Nielsen data, we had an industry volume share of 34.9% in the still drinks market in Guatemala. Our main competitors are Alimentos Maravilla with a 28.6% industry volume share and AJE Group with a 18.7% industry share for the same period. In El Salvador, as of December 31, 2019, we had an industry volume share of 11.3%, while our main competitor CCIC had an industry volume share of 40.0%. In Honduras, as of December 31, 2019, we had an industry volume share of 15.6%, while our main competitors Lacthosa and Embotelladora de Sula had an industry volume share of 18.0% and 19.1%, respectively. In Ecuador, as of September 30, 2019, we had an industry volume share of 22.0%, while our main competitors AJE Group and ARCA had an industry volume share of 42.6% and 25.9%, respectively. In Nicaragua, as of December 31, 2019, we had an industry volume share of 12.6%, while our main competitors CCIC and AJE Group had an industry volume share of 31.0% and 17.4%, respectively. In Peru, our main competitors are Gloria, AJE Group and ARCA. There is no available information for still drinks with respect to some of the countries in which we operate.

Isotonics

As of December 31, 2019, according to Nielsen Data, we had an industry volume share of 51.2% in the isotonic products market in Guatemala. Our main competitors are FEMSA with a 22.8% industry volume share and AJE Group with a 16.1% industry volume share for the same period. In El Salvador, as of December 31, 2019, we had an industry volume share of 55.0%, while our main competitor CCIC had an industry volume share of 43.7%. In Honduras, as of December 31, 2019, we had an industry volume share of 97.1%, while our main competitor CCIC had an industry volume share of 1.9%. In Nicaragua, as of December 31, 2019, we had an industry volume share of

57.5%, while our main competitor CCIC had an industry volume share of 39.8%. In Ecuador, as of December 31, 2019, we had an industry volume share of 40.9%, while our main competitor AJE Group, with its brand *Sporade*, had an industry volume share of 41.0%. In Peru, as of December 31, 2019, we had an industry volume share of 14.9%, while our main competitors Alimentos AJE Group and ARCA had an industry volume share of 61.3% and 17.1%, respectively. In Jamaica, as of December 31, 2019, we had an industry volume share of 90.7%, while our main competitor Boom had an industry volume share of 4.3%. There is no available information for isotonics with respect to some of the countries in which we operate.

Energy Drinks

As of December 31, 2019, according to Nielsen data, we had an industry volume share of 26.9% in the energy drinks market in Guatemala. Our main competitor is Alimentos Maravilla with a 66.0% industry volume share during the same period. In El Salvador, as of December 31, 2019, we had an industry volume share of 27.8%, while our main competitors Alimentos Maravilla and La Cascada, had an industry volume share of 30.6% and 30.3%, respectively. In Honduras, as of December 31, 2019, we had an industry volume share of 34.8%, while our main competitors Alimentos Maravilla and Aje Group had an industry volume share of 52.2% and 6.1%, respectively. In Nicaragua, as of December 31, 2019, we had an industry volume share of 10.9%, while our main competitor Alimentos Maravilla, had an industry volume share of 82.0%. In Ecuador, as of January 31, 2019, we had an industry volume share of 49.4%, while our main competitor Pacific Bottling CO had an industry volume share of 29.6%. In Peru, as of October 31, 2019, we had an industry volume share of 12.2%, while our main competitor AJE Group had an industry volume share of 72.5%. In Jamaica, as of December 31, 2019, we had an industry volume share of 9.3%, while our main competitor Boom had an industry volume share of 56.0%. There is no available information for energy drinks with respect to some of the countries in which we operate.

Water

As of December 31, 2019, according to Nielsen data, we had an industry volume share of 11.4% in the bottled water market in Guatemala. Our main competitors are AJE Group and Salvavidas with an industry volume share of 40.9% and 34.3%, respectively. In El Salvador, as of December 31, 2019, we had an industry volume share of 14.4%. In El Salvador, our main competitors are Cerveceria La Constancia and FEMSA with an industry volume share of 33.8% and 16.1%, respectively. In Honduras, our main competitor is Aguazul, and in Nicaragua, Fuente Pura. In Ecuador, as of October 31, 2019, we had an industry volume share of 20.4% in the bottled water segment, while our main competitors are Dasani with a 17.1% industry volume share and AJE Group with a 17.2% industry share for the same period. In Peru, as of December 31, 2019, we had an industry volume share of 9.6%, while our main competitors Alimentos AJE Group and ARCA had an industry volume share of 47.0% and 25.8%, respectively. There is no available information for water with respect to some of the countries in which we operate.

Tea

As of December 31, 2019, according to Nielsen data, we had an industry volume share of 47.1% in the tea market in Guatemala. Our main competitors are Del Monte and CCIC with an industry volume share of 30.5% and 10.9%, respectively, for the same period. In El Salvador, as of December 31, 2019, we had an industry volume share of 61.1%, while our main competitor Kerns had an industry volume share of 18.3%. In Honduras, as of December 31, 2019, we had an industry volume share of 83.7%, while our main competitor Del Monte had an industry volume share of 12.5%. In Puerto Rico, as of September 30, 2019, we had an industry volume share of 8.0%, while our main competitor CCIC had an industry volume share of 36.6%. In Peru, our main competitors are ARCA and Nestle. There is no available information for tea with respect to some of the countries in which we operate.

Beer

The Central American beer market has historically been dominated by local monopolies that tend to sell their local brands in one country. These local beer producers compete aggressively and take actions to protect their market share. Our *Brahva* brand was launched in Guatemala in mid-September 2003, and in 2004 we began exporting *Brahva* beer to other Central American countries using our distribution and sales infrastructure. We commenced distributing *Budweiser* in Guatemala in 2011, added *Stella Artois* and *Beck's* to our portfolio of beer brands in 2012, started distributing *Corona, Modelo Especial* and *Negra Modelo* in our Central American Region in

2013, launched a brand extension of *Brahva*, *Brahva Gold*, produced in our plant in Guatemala and began distributing *Cerveza Presidente* manufactured by AmBev in the Dominican Republic in 2014 and introduced *Busch Light* in 2016.

Joint Ventures and Strategic Partnerships

PepsiCo

We have had a strong relationship with PepsiCo for over 75 years. We currently have exclusive bottling appointments without a termination date in Guatemala, El Salvador, the Southern region of Honduras (including Tegucigalpa, the capital), Nicaragua, Puerto Rico, Ecuador, Jamaica, and Peru. In 1998, we were named a PepsiCo "anchor bottler" for the territory of Central America, from Belize to Panama. PepsiCo has access to an extensive distribution network to sell its products in Central America. If rights to produce PepsiCo products in any countries of the Central American Region are sold or transferred through a sale of the interests of the bottler in any country of the Central American Region, we have the right of first refusal to purchase such interests.

The bottling agreements also provide for shared marketing expenditures for promotion of PepsiCo brands. These marketing expenditures include not only radio, television and other media advertising but also sponsorships, promotions, research and coolers. The annual marketing expenditure plan is jointly developed between us and PepsiCo based on the expected sales of PepsiCo brands and the resulting purchases of concentrate by us from PepsiCo. PepsiCo then reimburses us, on a monthly basis, for 50% of our marketing expenditures on the PepsiCo brands through a cooperative agreement among the parties.

PepsiCo products, include *Pepsi*, *7-Up*, *Diet Pepsi*, *Pepsi Black*, *Diet 7-Up*, *Mirinda*, *AMP*, *SoBe Adrenaline Rush, Rojita, H2Oh!, Be-Light, Mountain Dew, A&W* and *Gatorade*, among others. We have the exclusive right to sell and distribute PepsiCo beverage products in the Central American Region, which comprised 64.1% and 62.9% of our unit case sales for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively.

Under the terms of the applicable bottling agreements, PepsiCo may terminate our rights to produce, market and distribute CSDs under PepsiCo brands under certain circumstances, including a breach by us or any of our wholesale distributors, a cross-default caused by the termination or breach of any of our bottling agreements, a change of control of CBC, insolvency or if we cease bottling operations. PepsiCo may impose monetary penalties on us in certain of these events. The bottling agreements also require us to purchase all concentrate for our PepsiCo brand products from PepsiCo. Concentrate is mixed with sugar and carbonated water at our facilities.

Under the terms of the shareholders agreement executed with PepsiCo., starting on April 1, 2012 and continuing for 30 days thereafter, and then on each April 1 thereafter for a period of 30 days (collectively, the "**Call Periods**"), GEMCORP has the option to purchase, and PepsiCo is required to sell to GEMCORP, upon the exercise of such call option, all of the shares in CBC owned by PepsiCo at a price based upon CBC's valuation equal to seven times CBC's EBITDA for the immediately preceding calendar year, plus CBC's consolidated cash and cash equivalents minus CBC's consolidated interest bearing debt. Notwithstanding the foregoing, in the event that either (i) PepsiCo makes a capital contribution of U.S.$20 million or greater in an exercise of its preemptive rights, or (ii) CBC's board of directors approves a transaction that results in PepsiCo making a capital contribution to increase its percentage ownership in CBC (each, a "**Material Equity Contribution**"), the Call Periods will be reset each time PepsiCo makes such contribution so that the next Call Period would commence on the three-year anniversary of the date of such Material Equity Contribution and continue for 30 days thereafter, and the following Call Periods would be on each anniversary date of the Material Equity Contribution thereafter for a period of 30 days.

Commencing upon the expiration of each Call Period and continuing for 30 days thereafter, PepsiCo has an option to sell, and GEMCORP is required to purchase from PepsiCo upon the exercise of such option by PepsiCo, all of the shares owned by PepsiCo at a price based upon CBC's valuation equal to seven times CBC's EBITDA for the immediately preceding calendar year, plus CBC's consolidated cash and cash equivalents minus CBC's consolidated interest bearing debt. If PepsiCo exercises its option to sell, GEMCORP is to pay PepsiCo an amount equal to the price described above within twelve months after its receipt of the notice of the put option.

In April 2014, CBC exercised its call option to purchase one third of PepsiCo's stake in CBC, which reduced PepsiCo's ownership of CBC from 18% to 12%, but solidified its ownership position and control with respect to CBC by extinguishing CBC's call option and increasing the number of board members PepsiCo appoints from one to two. In addition, PepsiCo gave CBC the right to offer PepsiCo products in Latin America.

In addition, the shareholders agreement contains a restriction for the transfer of CBC's shares to any third party who is not an affiliate of PepsiCo and GEMCORP, a right of first refusal for the benefit of GEMCORP in the event PepsiCo receives an offer to purchase all of its shares in CBC, tag-along rights for the benefit of PepsiCo in the event GEMCORP intends to transfer CBC's shares to a third party and drag-along rights for the benefit of GEMCORP to require PepsiCo to transfer its shares in CBC in the event GEMCORP transfers its shares in CBC to a third party.

AmBev

In October 2002, we signed a joint venture agreement with AmBev, the leading beer producer in Latin America, and Companhia Brasileira da Bebidas. The joint venture established AmBev Centroamérica, a company which currently produces and distributes the *Brahva, Extra* and *Brahva Gold* brand beers in Guatemala, El Salvador and Nicaragua and distributes *Budweiser, Busch Light, Stella Artois, Beck's, Leffe, Corona, Modelo Especial, Negra Modelo* in Guatemala. We are the exclusive distributor of 25 brands of AmBev products in Guatemala and a non-exclusive distributor in El Salvador, Honduras and Nicaragua.

We contributed land and facilities owned by us to the joint venture, together with a cash contribution of U.S.$7.0 million, and AmBev contributed production machinery from a then recently shut down Brazilian plant. We own 50% minus one share, and a wholly-owned subsidiary of AmBev owns 50% plus one share, of AmBev Centroamérica. Contractually, however, we retain equal control in management and operations. AmBev Centroamérica produces *Brahva, Extra* and *Brahva Gold* brand beers. We purchase the beer at wholesale from AmBev Centroamérica, and then distribute and sell it, recognizing 100% of the sale in our financial statements. The cost of the beer (wholesale) charged by AmBev Centroamérica is reflected in our costs of goods sold. We charge AmBev a distribution fee and return the balance of the margin to them. We do not consolidate the joint venture in our financial statements.

Either party may terminate the joint venture on the occurrence of limited, specified events, including a change of control of CBC or AmBev, an uncured material breach of the agreement, bankruptcy of CBC or AmBev, and the failure to achieve certain targets set by the board of directors of AmBev Centroamérica.

We believe that our joint venture with AmBev has provided significant insight into best practices in the areas of operations, distribution and go-to-market strategies. From this relationship, we have implemented in our daily operations principles of goal implementation, performance based compensation, standardization of process and operations, point of sale execution (with an emphasis on strong relationships with the client, refrigeration, exhibition, amounts of products for sale, cleanliness, accessibility, point of preference and price), technology implementation and a continuous improvement process.

Red Stripe

In January 2013, our Jamaican operations entered into a joint venture agreement with Red Stripe, then majority owned by Diageo, to form a new company called Celebrations Brand Limited ("**CBL**"), of which CBC is the owner of 50%. In 2016, Heineken acquired Diageo's controlling ownership interest in Red Stripe, making Heineken our new partner in the joint venture. CBL distributes both Red Stripe and PepsiCo products in the Jamaican domestic market with the objective of reducing distribution costs, increasing net sales, consolidating market share leadership and most importantly, significantly controlling points of sale. CBL implements CBC's sales and distribution best practices, systems and procedures and has implemented a multi-pack strategy and the reinforcement of the regional cooler platform.

Strategic Hubs and Procurement Center

In 2018, we opened two strategic hubs in Puerto Rico and a procurement center in Uruguay that are intended to lead the growth of our company in the future, manage our business units more efficiently and prepare our corporate structure for future expansion opportunities. Our procurement center in Uruguay, called CBC INTL. S.A., acts as the group's internal trading company. Through this entity, we centralize purchases of our main raw materials such as concentrate to produce our beverages, aluminum and PET for our packaging, and sugar for certain territories. We also relocated our corporate procurement team to this entity, from which our procurement team handles all negotiations with our largest suppliers, including PepsiCo. Our Director of Purchases and Supply Chain, Jorge Santos, heads the team in Uruguay and is in charge of establishing the strategy and leading the operations of our trading company. Through CBC INTL. S.A., we expect to realize cost savings from higher volume purchases and other centralization benefits, such as economies of scale and stronger bargaining power in our negotiations with suppliers.

Beliv LLC, located in Puerto Rico, is the commercial R&D and marketing hub for our Beliv division, headed by Carlos Sluman, CEO of Beliv. Beliv LLC is a 100% owned subsidiary of Beliv Global LLC, which in turn is a 95% owned subsidiary of CBC, and the owner and developer of our proprietary brands. Through Beliv, we handle all new ventures focused on growing our portfolio of proprietary brands and developing new products for our health and wellness segments. By establishing Beliv's center of operations in Puerto Rico, we have better access to the United States and other markets outside Latin America and are able to protect our intellectual property under United States intellectual property laws. Our third strategic hub, CBC PR LLC, is also located in Puerto Rico and is a wholly-owned subsidiary of CBC. CBC PR LLC, headed by Ziad Nahas, as CEO, is the principal entity through which we manage all commercial, distribution and marketing strategies for our bottling operations across the region.

Our Industry

Key characteristics of the beverage market in our region include:

Demographics

The Central American and Caribbean countries in which we sell products have rapidly growing populations. A large percentage of the population in the countries in which we operate is under 14 years old. This demographic is an advantage over countries with lower population growth and an aging population. We believe these demographic factors are favorable for our growth in these markets. See "Management's Discussion and Analysis of Financial Position and Results of Operations—Macroeconomic Conditions" for a summary of demographic and economic factors in our region.

Growth in Beverage Consumption

According to Euromonitor, the CSD industry in Central America comprised 47.5% of the total beverage industry in our region as compared to the tea, isotonics and energy drinks segments as of December 31, 2019. In addition, the CSD industry in the same region has grown at a 2.6% CAGR from 2015 to 2019, according to data derived from Euromonitor.

Per capita consumption of CSDs is relatively low and therefore it continues to present an opportunity for future expansion. The highest per-capita consumption in Central America occurs in El Salvador, at 548 eight-ounce servings per year, and the lowest in Nicaragua, at 64 eight-ounce servings per year. The highest per-capita consumption in the Caribbean occurs in Puerto Rico at 277 eight-ounce servings per year, and the lowest in Jamaica, at 172 eight-ounce servings per year.

We believe that CSDs and other bottled beverages will continue to be an important element in the daily diet of residents of the regions where we operate due to consumer preferences and weather conditions, while we expect that our bottled water, juices and nectars, energy drinks and isotonics products –all markets largely untapped in our region, will experience a consistent growth over the next few years.

The current levels of gross domestic product in the countries where we distribute and sell our products, and growth prospects, lead us to believe that there is potential for sustained increase in our sales over the near future. See "Management's Discussion and Analysis of Financial Position and Results of Operations—Macroeconomic Conditions" for general information summarizing current levels of gross domestic product in the countries where we operate.

High Barriers to Entry

The need to build an effective distribution system capable of handling the delivery and collection of returnable bottles to thousands of points of sale represents a significant barrier to entry into our markets, for example, we had over 850,000 core points of sale as of March 31, 2020. Additionally, the costs of constructing production facilities as well as investing in the necessary inventory of returnable bottles, crates and pallets, constitute additional barriers to entry. Because most of the points of sale in our region are small merchants with limited space, large, multi-product companies like ours have a significant marketing advantage when we can provide, for example, the only cooler in a merchant's store and fill it entirely with our products (where this is permitted by relevant regulations). We expect these barriers to entry in our market to moderate future competition, continue to strengthen our position against new entrants and to help our overall margins.

Pricing

Wholesale and retail prices of CSDs, beer and non-carbonated beverages are not regulated by the governments in our region. However, sales volumes of CSDs, non-carbonated beverages and beer are heavily influenced by pricing and competition. Key factors used in determining retail prices for beverages include the degree of competition in the market, brand preference, taxes on beverages, national and local price promotions offered by companies, the type of beverage, whether the beverage container is returnable or non-returnable, cost structure and cost of goods sold trends. Revenue management continues to be one of the key drivers for achieving our profitability targets.

Taxation

Beverage producers in our region operate in an environment where their products are taxed, which results in higher beverage prices to consumers. Applicable taxes include the value-added tax (VAT), which is a tax on the price of a product ultimately paid by the consumer, or Sales and Use Tax (SUT), excise taxes on raw materials used in the manufacturing process or sales and distribution, taxes on personal property including inventory, specific beverage distribution taxes and "green" taxes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Taxes." for a summary of the different value added taxes and other specific taxes our products are subject to in the countries where we operate.

Production

CSDs are produced by mixing water, flavored concentrate and sweetener. Water is processed to eliminate mineral salts and filtered to eliminate impurities. Purified water is combined with processed sugar or, in the case of diet CSDs, with artificial sweeteners and concentrate. Carbon dioxide gas is injected into the mixture to produce carbonation. Immediately following carbonation, the mixture is bottled.

We own and operate 16 bottling plants, with two in Guatemala, one in Honduras, one in Nicaragua, one in El Salvador, one in Puerto Rico, one in Jamaica, two in Argentina, five in Ecuador and two in Peru (one owned and another one that corresponds to a production line for which we pay AmBev an operation fee) for a total of 73 bottling lines. In addition, AmBev Centroamérica, our joint venture with AmBev, owns a beer bottling plant in Guatemala.

The following chart describes the production capacity of each of our plants as of March 31, 2020:

Plant	Country	Utilization	Capacity (Physical Cases) (in millions)
Mariposa	Guatemala	72%	6.2
Cuyotenango	Guatemala	55%	1.7
Livsmart	El Salvador	47%	6.6
La Reyna	Honduras	48%	1.2
Embotelladora Nacional	Nicaragua	65%	1.2
Kingston	Jamaica	36%	1.2
Puerto Rico	Puerto Rico	46%	1.9
Machachi	Ecuador	54%	2.6
Tesalia Guayaquil	Ecuador	42%	2.4
Machala	Ecuador	30%	0.6
Cuenca	Ecuador	25%	0.2
Milagro	Ecuador	54%	0.8
Sullana	Peru	86%	1.2
Huachipa	Peru	76%	3.0
Lules	Argentina	19%	0.8
Chajari	Argentina	24%	0.7

Source: Company information.

The following chart describes our mix of production per package per plant as of March 31, 2020:

CBC supports a wide array of bottling and packaging types

# bottling lines	PET	Hot PET	TetraPak	Bag	Can	GRB	Bidon	Glass	Galon
La Mariposa	4			1	2	1			
Cuyotenango	1					2			
Kingston	2	1		1					
LivSmart	4		7	1	1				
La Reyna	1			1		1			
La Nacional	1			1		1			
Machachi	6							1	
Guayaquil	4	1		1				2	
Machala							2		
Cuenca							1		
Milagro	1						1		1
Sullana	2							1	
Huachipa	3			1					
Puerto Rico	3			1	1				1
Chajari			1				1		
Lules			2				1		

With a total of 73 bottling lines, CBC's diverse array of lines across packaging types provides the flexibility and reliability to reach its manufacturing potential

Source: Company information.

We currently own and operate 16 production plants and 73 production lines with a total capacity of 900 million unit cases per year across Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. Our weighted average utilization ratio of these facilities was 50% as of March 31, 2020, and most of our plants have spare capacity.

From 2017 to 2019, we invested U.S.$183.4 million in capacity upgrades and new equipment for our plants, U.S.$82.8 million in improving and maintaining our plants and equipment and U.S.$51.7 million in equipment that manufactures returnable bottles to support our returnable packaging strategies. In 2017, we acquired our second bottling plant, Huachipa, located in Lima, from AmBev for approximately U.S.$43.0 million and invested U.S.$13.0

million in an additional line in the Huachipa plant to produce CSDs, water, energy and still drinks in PET packages. In addition, we invested U.S.$20.0 million in Livsmart in 2017 for a single serve line to produce CSDs in El Salvador, which project was completed in 2018, and in 2018, invested U.S.$13.0 million in an additional line to produce multi-serve packaging for CSDs for Livsmart. As a result of the Livsmart expansion project in El Salvador, we have opened up production capacity in Guatemala, which had been producing CSD products for El Salvador, and our Livsmart plant has become a production hub for Central America and Puerto Rico.

In 2018, we invested approximately U.S.$25.0 million in Jamaica to expand our production capacity, which included U.S.$12.0 million for a hot-fill line to produce *Ocean Spray* and other beverages such as *Gatorade*, and U.S.$3.0 million in improvements to the existing cold-fill lines to improve efficiency and reduce inventory. The Jamaica expansion project was intended to meet growing demand in Jamaica and to facilitate exports to the rest of the Caribbean, leveraging the regional trade treaty in the Caribbean, CARICOM. In 2019, we started construction on the expansion of our production plant located in Puerto Rico to produce bottled water, which will cost an estimated U.S.$10.8 million. This new line in Puerto Rico will increase our production capacity by almost 750,000 cases per month, generate cost efficiencies due to its advanced technology and free capacity in our CSD lines by 200,000 cases per month. We expect these projects to be completed during 2020. For 2020, we have budgeted U.S.$53.9 million in investments in capacity upgrades and equipment.

As of December 31, 2019, we recorded capitalizations for U.S.$18.6 million, which were funded with capital from our subsidiaries. As of December 31, 2019 and 2018, we recognized in constructions in process the disbursement of U.S.$11.8 million and U.S.$72.1 million, respectively, related to the expansion of our production plants in all the countries where we have operating companies.

Beliv uses external producers in various countries including the United States, Canada, Mexico and England, among others, to produce Beliv products. Through Beliv's third party manufacturers, which are comprised of 23 auxiliary bottling plants, we have access to additional production capacity of 3.6 million physical cases. These production facilities have introduced 10 new innovations to date, are responsible for 58 SKUs, have various bottling capabilities, such as cold-fill and hot-fill, and produce various types of packing including Terta brick, PET, cans and glass.

Raw Materials

The principal raw materials involved in the manufacture of our CSD products include concentrate, sugar, sweetener, water and carbon dioxide gas. Most of these materials are obtained from local suppliers, with the exception of concentrate, which for PepsiCo CSD products, is purchased from PepsiCo and mixed with sugar and carbonated water at our facilities.

We estimate that, as of March 31, 2020, 16.0%, including beverage concentrate, of our production costs are commodities, with the most important being sugar, resin, fuel used in transportation, and to a lesser extent, aluminum. We estimate that the cost of sugar represented 7.6% and 7.8% of our total production costs for the three-month period ended March 31, 2020 and the year ended December 31, 2019, respectively. Our current suppliers of sugar are broken down by country as follows: Maquinas Exactas, S.A. in Guatemala, Dizucar S.A. de C.V. in El Salvador, Central de Ingenios in Honduras, Monterosa in Nicaragua, Tate and Lyle in Puerto Rico, E D & F Man Sugar Inc. in Jamaica, Sucden in Peru and San Carlos Mill in Ecuador. We generally have contracts which each of our sugar suppliers unless local law of free competition disallows such contracts, as in Honduras and Nicaragua. We have good relationships with our suppliers and receive competitive prices for the markets in which we operate.

Around 51.7% of our raw materials are imported, varying from country to country, including concentrate for the production of CSDs, artificial sweetener, packaging materials and barley, hops and yeast cultures. The principal raw materials used in AmBev Centroamérica's beer production include barley, hops, a yeast mixture, water and carbon dioxide gas. Most of these materials are imported from Brazil and purchased from AmBev.

We believe that most of our supply agreements for raw materials contain standard commercial terms. Moreover, we believe that we have negotiated terms and prices for key raw materials that represent significant cost savings with guarantees for delivery. We are substantially dependent on PepsiCo, AmBev Centroamérica and our suppliers of sugar for delivery of these supplies, but in the past five years, we have not experienced any material difficulties in obtaining adequate supplies of raw materials at satisfactory prices.

With respect to our raw material supply chain, we manage a procurement team with global reach that has allowed us to avoid any setbacks or interruptions in our supply chain network. We also work closely with our multiple suppliers in order to have certainty and assurance for our future supplies and, as of the date of this offering memorandum, we have not identified any threats that may endanger our position. In addition to our procurement capacities, it is our policy to have inventories of raw materials and concentrate stocked for more than 45 days. Given the uncertainty generated by the COVID-19 pandemic, our inventory stock levels are currently above this benchmark.

Our procurement center in Uruguay is focused on centralizing the purchases of our main raw materials, such as concentrate, aluminum and PET, among others. Handling purchases from this procurement center should permit us to obtain better costs that will be transferred to our bottling plants.

We continue to pursue long-term agreements with our main suppliers that provide us with stable supplies of raw materials at competitive prices. We also follow an established hedging strategy for critical raw materials such as oil, aluminum and sugar to mitigate the price volatility in the international markets.

Packaging

Packaging costs comprise the cost of returnable glass bottles, returnable plastic bottles and PET bottles, aluminum cans, labels, closures, crown caps and paper. The higher cost of glass bottles relative to plastic bottles or aluminum cans is offset by their longer useful life. Non-refundable packages generally increase the cost of goods sold since the full costs of the package is expensed at the time of sale. Returnable packages require an initial investment in the inventory of glass or returnable plastic, which is gradually depleted as the bottles break or become useless. Returnable bottles typically generate a lower cost of goods sold (compared to non-returnable bottles) since only a portion of its cost (breakage) is recognized as an expense at the time of sales.

We follow a packaging strategy to optimize the convenience of the returnable presentations for the consumer with a pricing architecture to minimize any negative effect on our marginal contribution.

Our principal PET suppliers are Plastiglas (Panama and El Salvador) and San Miguel Industrial (Ecuador and Peru). Our principal can suppliers are ECA (Envases de Centroamerica) (Guatemala) and CROWN (Mexico - USA). We generally purchase all of the glass bottles used in packaging our beverage products from Vical (Guatemala) and Vicasa (Panama). We obtain the labels for our beer and CSD products principally from Labels S.A. de C.V. (El Salvador). Closures and crown caps are principally purchased from Alucaps Centroamerica (Guatemala) and Alucaps Mexicana (Mexico).

The PET blowing process in our plants in Guatemala City, Honduras and Nicaragua is vertically integrated. Our Livsmart Americas plant in El Salvador and our facilities in Ecuador have PET blowing facilities provided by the bottle manufacturers. PET is the material used to make non-returnable plastic bottles for CSDs. On-premises PET blowing allows for substantial savings in transportation and storage costs.

Services

We outsource corporate services in connection with accounting, dynamic routing and payroll management to One-link Solutions, a business process outsourcing company that covers the Central America Region and Caribbean Region. We outsource our IT business solutions and Enterprise Resource Planning ("**ERP**") support to Intellego-Caricam. Presently, these providers service all of our operations in Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador and Peru. SECCA Servicios, our own shared service center for back-office and support services, provides other services to us, including the registry of customer information, registry of suppliers, raw materials and SKUs in SAP, and tax processes.

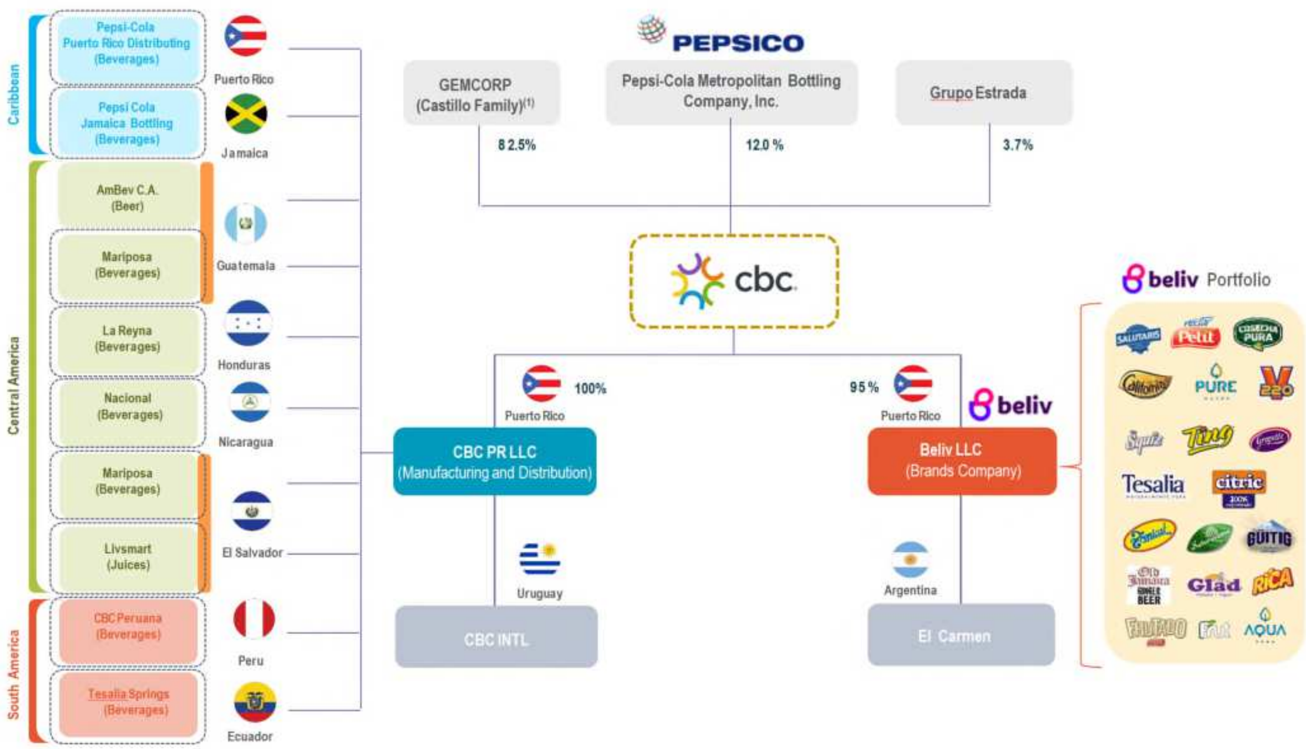
Information Technology

We have made a significant investment in information system technology throughout our region. We believe this technology, with multiple servers, handheld computers and smartphones, has provided important efficiencies that enable us to better serve our customers and improve performance. Our distribution of handheld computers and smartphones to our employees has allowed better capture of sales, inventory and production data on a real-time basis.

We use SAP as our ERP system to control our inventories, plan our production and provide administration of our commercial database. We have incorporated many modules for SAP, such as fund management for our budget, business warehouse, payroll, direct store delivery and financial consolidation.

Corporate Structure

The following chart illustrates the ownership structure of the voting stock of our principal subsidiaries and affiliates by country as of March 31, 2020. For a list of all of our subsidiaries, see Note 2 to our Annual Audited Consolidated Financial Statements, included elsewhere in this offering memorandum.



Source: Company management.
(1) Includes Carlos Enrique Mata Castillo with 0.5%

Authorized Capital of CBC

CBC's authorized capital is U.S.$35,530,000 divided into 350,000 Class A shares of U.S.$100.00 par value each, 5,000 Class B shares of U.S.$100.00 par value each and 300 Class C shares of U.S.$100.00 par value each. Its outstanding capital consists of U.S.$29,931,300 Class A shares (excluding treasury shares), U.S.$126,900 Class B shares and U.S.$16,600 Class C shares.

Our current Class A shareholders are Grupo Empresarial Mariposa Corp. with 82% of the Class A shares, Pepsi-Cola Metropolitan Bottling Company, Inc. with 12% of the Class A shares, Southern Beverages Group LLC with 2.69% of the Class A shares, The South American Bottling SBC LLC with 0.98% of the Class A shares and

Carlos Enrique Mata Castillo with 0.5% of the Class A shares. The Company also holds 1.83% of the shares as treasury shares. Grupo Empresarial Mariposa Corp. is a company formed in the British Virgin Islands and is controlled by the Castillo family. Pepsi-Cola Metropolitan Bottling Company, Inc. is a company formed in Delaware and is controlled by PepsiCo Inc.

Community Service Programs

Our vision as a company is to be the premier beverage operator in the Americas and to contribute to a better world by fostering social responsibility, protecting natural resources and promoting recycling. We provide support to organizations such as *Guatefuturo* and *Hondufuturo,* private, not-for-profit organizations committed to educational, cultural, training and professional development purposes through which resources are channeled to offer opportunities for education in Guatemala and Honduras. Currently, a total of 352 Guatemalan professionals have benefited from the Credit-grant Program in Guatemala. GuateFuturo is present in more than 150 universities worldwide on 5 continents. In Honduras, the project has supported 101 Hondurans who are currently studying in North America, Europe and Asia.

We are part of the United Nations Global Compact, the biggest corporate citizenship initiative in the world. Both entities share the belief that business practices based on universal principles contribute to the construction of a more stable global market. We have aligned our strategies and operations with the ten universally accepted principles in four topical areas: human rights, labor standards, environment and anti-corruption policies.

As part of our environmental sustainability programs, CBC, together with The Nature Conservancy and other companies and institutions, are part of the Water Fund of Guayaquil and Quito in Ecuador. We also develop initiatives for the protection of the water discharge areas in Guatemala. We plan to expand this alliance to include organizations in other Central American countries and Peru.

We support entrepreneurs who are part of a recycling network in order to reduce the impact of our operations on the environment. Associations and cooperatives have trained more than 300 communities through this program, encouraging the formation of micro-enterprises focused on the recovery and commercialization of recyclable materials, especially PET containers. These communities are supported with technical training and tools, such as weights and means of transportation for the recollected containers.

We are committed to strengthening public health services in Guatemala’s rural areas and have signed an alliance with the United Nations Fund for Population Activities, making possible the delivery of computer equipment to the Ministry of Public Health for the gathering, strengthening and monitoring of information in an effort to help reduce maternal mortality and support local health services for rural populations.

We support early detection programs and pediatric cancer treatments, especially for economically disadvantaged children. Together with Pepsi and other important businesses, we are part of the *Ayúdame a Vivir* (Help Me Live) Foundation and have helped obtain the necessary resources for the functioning of the Pediatric Oncology Unit of Guatemala.

We and Pepsi also joined Ricardo Arjona and the Adentro Foundation in the opening of the Enrique Castillo Monge school, which operates under the Adentro Foundation’s system. This system strengthens and promotes students’, teachers’ and parents’ participation and fosters welfare community projects, health, environment and cultural revitalization to support 236 children at the pre-school and elementary levels. The Adentro Foundation combines high quality academic education, innovation and technology through art dissemination and development.

Employees

Set forth below are the number of our employees by country and category as of May 31, 2020:

	Administration[1]	Sales, Marketing, and Operations	Manufacturing	Total
Guatemala	208	1,934	654	2,796
Honduras	47	883	68	998
Nicaragua	28	396	157	581
El Salvador	54	770	455	1,279
Puerto Rico	46	435	110	591
Jamaica	15	46	112	173
Argentina	40	76	119	235
Ecuador	101	1,655	565	2,321
Peru	71	492	523	1,086
Uruguay	14	-	13	27
Total[2]	**693**	**6,697**	**2,778**	**10,168**

Source: Company information.
(1) Administration includes human resources, finance, logistics, and commercial, among others.
(2) There are 10 employees that are located in Panama, the United States or Spain.

In Guatemala, where 0.5% of our employees are unionized, we executed a "*pacto colectivo*" (bargaining agreement) with the employees at Embotelladora La Mariposa in Guatemala City with SITRAEMSA, which is effective for three years (from September 12, 2017 to September 11, 2020) and was approved on December 12, 2017 by local labor authorities. We also entered into a *pacto* with the employees at Embotelladora Nacional in Managua on December 27, 2019, set to expire on December 31, 2021. This *pacto* is between Embotelladora Nacional and the representatives of two labor groups, *Sindicato de Trabajadores de la ENSA* (SITENSA) and *Sindicato Democrático de Trabajadores de la ENSA* (SIDETRENSA). In Nicaragua, 14% of our employees are unionized. The "*pactos*" define the basic working conditions, benefits and responsibilities of our workers in different positions within the Company, set forth the rules by which our labor relations are administered and contain the mechanisms to resolve differences among the parties should they arise. Once negotiated, the *pactos* are ratified by the applicable Ministry of Labor before becoming effective.

In Honduras, 58.5% of our workers are unionized. The *pacto* with the *Sindicato de Trabajadores de la Industria de la Bebida y Similares* (STIBYS) was signed on November 3, 2013 and expired on July 16, 2016. The *pacto* is in the process of renegotiation. There are no unionized employees in El Salvador.

In the Caribbean Region, 55% of our workers are unionized through the *Sindicato Movimiento Solidario Sindical* and 15% of our workers are unionized through *La Union de Tronquillistas* in Puerto Rico. In Jamaica, 59% of our workers are unionized through The Union of Technical Administrative & Supervisor Personnel (UTASP) and 7% of our workers are unionized through The Union of Clerical Administrative & Supervisory Employees (UCASE). In Puerto Rico, we have three collective bargaining agreements in place: with the Union Solidarity Movement, set to expire on July 28, 2022, with the Merchandisers – Teamsters' Union, set to expire on May 31, 2022, and with the Plastic Employees – Teamsters' Union, set to expire on March 22, 2022. In Jamaica, we have a collective bargaining agreement in place with The Union of Technical Administrative and Supervisor Personnel (UTASP), which is set to expire on February 28, 2023, and another collective bargaining agreement with The Union of Clerical and Supervisory Employees (UCASE), which expired on October 20, 2019 but is in the process of renegotiation.

In the South America Region, 17.95% of the employees are unionized through the *Sindicato Unico de Trabajadores de CBC Manufactura* (SUTRACBC) and 8.59% of the employees are unionized through the *Sindicato Unico de Trabajadores de CBC Peruana* (SUNTRACBC) in Peru. The *pacto* with SUTRACBC was ratified on August 7, 2018 and expired on May 31, 2020, but is in the process of renegotiation. The *pacto* with SUNTRACBC was ratified on October 2, 2019 and is set to expire on June 30, 2021. We do not have unionized employees in Ecuador, Argentina or Uruguay.

Our compensation policy includes a base salary, paid in accordance with the level of responsibility and level of the employee. For our executives, a variable bonus based on certain goals and performance is paid as a short-term incentive and other long-term incentives are in place. We believe this structure reinforces our objective for our employees to think and act like owners of the Company by increasing their earnings as our earnings increase.

Regulation

General

There are no significant regulations, other than compliance with standards imposed by food and health regulatory agencies, applicable to the production and marketing of CSDs, non-carbonated beverages or beer in Guatemala, El Salvador, Peru and Ecuador. In addition, there are no licensing requirements for retailers to sell our products, except in Nicaragua where retailers need authorization to sell alcoholic beverages (including beer). Our subsidiaries are in compliance with the consumer protection law of each of the countries in which we operate, including regulations regarding the marketing and sales of beer.

We are subject to compliance with local environmental regulations relating to pollution, environmental protection, noise and waste management.

We have the necessary authorizations and licenses to operate in accordance with local regulations. We are committed to preserving the environment and are periodically subject to environmental audits.

Environmental Matters

We are subject to federal, state and local laws and regulations in Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador, Peru, Argentina and Uruguay relating to pollution, the protection of the environment, use of water resources, the management and disposal of hazardous materials and the cleanup of contaminated sites. In particular, these laws regulate, among other things, air and effluent emissions and require hazardous waste disposal sites to conform with environmental standards. Administrative, criminal and civil penalties, including cleanup costs, may be imposed for noncompliance with or liabilities under environmental laws. Our current operations are in substantial compliance with applicable environmental laws and regulations.

Most of our industrial waste, which is predominantly non-hazardous in nature, is either recycled or sold to third parties. We have wastewater treatment facilities in all the plants we operate except for Argentina, where we use third parties for water disposal management.

We and PepsiCo are partners in the Sustainable Development Alliance, through which we have committed to continue strengthening our environmental actions in the countries in which we operate. We work together to optimize water use by continuously improving efficiency and incorporating innovative processes and new technologies. Pursuant to the Sustainable Development Alliance, we seek to reduce consumption of water, optimize water usage in our operations and actively participate in different initiatives to protect water recharge areas.

Intellectual Property

As of the date of this offering memorandum, we have over 500 trademarks registered in different jurisdictions. We have registered our main trademarks or initiated trademark registration processes in Canada, the United States of America, Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Belize, Panama, Dominican Republic, Puerto Rico, Cuba, Haiti, Trinidad and Tobago, British Virgin Islands, Barbados, Jamaica, Bahamas, Curacao, Dominica, Guyana, Netherland Antilles, Surinam, Colombia, Ecuador, Peru, Bolivia, Venezuela, Uruguay, Paraguay, Brazil, Argentina, Chile, European Union, United Kingdom, Germany, Spain, France, Austria, Senegal, The Gambia, Guinea Bissau and Guinea Conakry, China and Japan, in order to ensure protection of the names and logos should we ever consider expanding our operations into those countries.

We also use third-party licensed trademarks such as *Pepsi*, *Seven Up*, *Mirinda*, *Lipton*, *Pure Leaf, Brisk, Adrenaline, Sobe, AMP*, *Be-Light*, *Mountain Dew*, *Ocean Spray*, *H2OH*, *Rockstar*, *Gatorade, Evervess, Starbucks, Tropicana, Tropicana Tropics, Slice Rica, Red Bull, D&G*, under specific license agreements. All of these trademarks are protected in all material respects in the authorized territories, Guatemala, El Salvador, Honduras, Nicaragua, Puerto Rico, Jamaica, Ecuador and Peru.

Our most important owned trademarks, including names and logos, are the following: *Aqua, Squiz, Grapette, Petit, Cosecha Pura, Petit Fruta Fresca, Petit Jugazzo, Campestre, Artesano, Frutado, Fruta Fresca, California, California Ice Cool, Petit Aloe, Petit Avena, Salutaris, Frutaris, Rica, Kola Gallito, Mas, Ting, Quintuples, Tesalia, Tesalia Ice, Tropical, Manzana, Güitig, 220V, Old Jamaica, Petit Aloe, ENSA, Salutaris and Citric*. There are no unregistered trademarks in Guatemala that are material to our business. In Guatemala, trademark registration has a term of validity of 10 years, renewable for additional 10-year periods. The application for renewal of a trademark must be submitted to the Guatemalan *Registro de la Propiedad Intelectual* (Registry of Intellectual Property) in the last year of effectiveness of the trademark registration term or within a six month grace period after the trademark expiration date upon payment of an additional fee. Refusal of the renewal would be decided by the Guatemalan competent jurisdictional court in the event that any third party argues that the trademark has lapsed due to lack of use during the prior five years or the trademark's registration is declared null and void, and in each case, such fact is deemed by the Guatemalan competent jurisdictional court to have been proven. We expect to apply for renewal of registration of all of our material trademarks so as to avoid their expiration. We do not expect any of our material trademarks to lapse in the near future.

We believe that our significant trademarks are protected in all material respects in the territories and markets in which we currently operate.

Properties

Our properties consist primarily of bottling, distribution and office facilities in Guatemala, Southern Honduras, Nicaragua, El Salvador, Puerto Rico, Jamaica, Ecuador, Peru and Argentina. We currently have 16 beverage plants, not including plants owned by AmBev Centroamérica. Our aggregate production capacity is over 900 million unit cases per year. A list of our major office facilities, plants and warehouses owned or leased by us or by our subsidiaries is set forth below.

Manufacturing Plants

Name	Country	Owned or Leased	Business Purpose	Size (m2)
Embotelladora Nacional	Nicaragua	Owner	Manufacturing	47,107
La Reyna	Honduras	Owner	Manufacturing	56,291
Mariposa	Guatemala	Owner	Manufacturing	42,884
Cuyotenango	Guatemala	Owner	Manufacturing	81,224
Kingston	Jamaica	Owner	Manufacturing	13,471
LivSmart	El Salvador	Owner	Manufacturing	158,898
Puerto Rico	Puerto Rico	Owner	Manufacturing	61,600
Sullana	Peru	Owner	Manufacturing	53,700
Huachipa	Peru	Owner	Manufacturing	126,999
Machachi	Ecuador	Owner	Manufacturing	140,000
Machala	Ecuador	Owner	Manufacturing	14,754
Cuenca	Ecuador	Owner	Manufacturing	7,460
Milagro	Ecuador	Owner	Manufacturing	26,152
Guayaquil	Ecuador	Owner	Manufacturing	68,503
Lules	Argentina	Owner	Manufacturing	9,600
Chajari	Argentina	Owner	Manufacturing	16,500

Source: Company information.

Insurance

We insure our plants and equipment against damage or loss and business interruption. We carry insurance with Mapfre Insurance (20%), Chubb insurance (who withholds 15% and places in reinsurance the remaining 65% with Swiss Re Corso 19%), Swiss Reinsurance (10%), Scor (13%), Hannover Reinsurance (13%) and Liberty Mutual-Berkshire Hathaway (10%). We also carry product liability insurance with Chubb (100%).

Future Investments

We have a total budget of U.S.$53.9 million for capex investments in the ordinary course of 2020, of which

U.S.$29.3 million is expected to be spent on maintenance capex and U.S.$23.7 million is expected to be spent on expansion capex.

Legal Proceedings

There are currently no material legal proceedings to which the Issuer or any of the Guarantors is a party, or to which any of the properties of the Issuer or any of the Guarantors is subject which, either individually or in the aggregate, may have a material adverse effect on our results of operations, liquidity or financial condition. There are no material legal proceedings that have had a significant effect on CBC's or the Guarantors' financial position in the recent past.

We are continually subject to audits by the tax authorities of the countries in which we operate. As of March 31, 2020, we were subject to: (i) two claims by the tax authorities in Guatemala, one being for adjustments in taxes for an amount of approximately U.S.$11.3 million and, the other, for a tax credit reduction of U.S.$363,288; (ii) a claim by the tax authorities in Peru for an amount of approximately U.S.$11.3 million for joint liability of the Company for the income tax of CBC Peruana S.A.C. generated by the sale of shares; (iii) some open tax processes with respect to The Tesalia Spring Company S.A. in Ecuador amounting to approximately U.S.$15.8 million, including possible fines and surcharge (*recargo*) and excluding compensatory interest; (iv) labor claims filed mainly by former employees of U.S.$704,089; and (v) six claims (including the three judicial proceedings discussed below) from the tax authorities in El Salvador for an amount of approximately U.S.$1.9 million plus a fine of 25% of such amount for incorrect tax filing. We believe we have meritorious defenses to all these claims and do not believe the resolution of these claims will have a material adverse effect on our financial condition. We have not made any provisions in our financial statements with respect to these pending proceedings.

Three judicial proceedings between LivSmart and the *Dirección General de Aduanas* (Customs Office) of El Salvador, involving imports of Gatorade concentrate components between 2008 and 2011, is still pending resolution by the competent "*Sala de lo Contencioso Administrativo de la Corte Suprema de Justicia*." The *Dirección General de Aduanas* inquired into the classification of the Gatorade concentrate components and the application of the *derecho arancelario de importación* (customs fee) applied to the import of Gatorade syrup. We have estimated that such contingency may amount up to U.S.$769,210.25 which has already been paid to the tax authorities. In the event the *Sala de lo Contencioso Administrativo* agrees with LivSmart Americas and finds that the correct classification and fee was declared, it would mandate tax authorities to refund LivSmart Americas for all fees paid. We believe that we have meritorious defenses to this claim and do not believe the resolution will have a material adverse effect on our financial condition.

Embotelladora La Reyna, S.A. de C.V. issued an administrative tax claim, in which it requested that Resolution No. A.L. 107-2018, issued on March 1, 2018 by the Secretary of State (Honduras) in the Finance Offices, be declared invalid on the grounds that it omitted legal proceedings and imposed illegal fines, penalties and taxes to Embotelladora La Reyna S.A. de C.V., in the amount of U.S.$110,390.15. In addition, several administrative proceedings were initiated in 2019 and 2020, in which it was requested that "*Direccion Adjunta De Rentas Aduaneras (Dara)*" declare invalid the taxes, obligations and fines imposed on the import of *Pettit Jugazzo Nectar de Manzana* products, *Pettit Jugazzo Peach Nectar*, *Pettit Jugazzo Nectar de Pera* and *Pettit Jugazzo Nectar de Piña*, in the amount of U.S.$71,417.35. Additionally, we have a claim in which we are requesting a tax credit for the amount of U.S.$227,778.23 due to an undue payment that was made in 2015. We believe we have meritorious arguments to these claims.

MANAGEMENT

The following tables set forth information concerning the members of our Board of Directors and executive officers.

Board of Directors

Name	Age	Years with the Company	Position
Luis Miguel Castillo	47	24	Chairman of the Board of Directors
Oscar Arroyo Arzú	56	32	Secretary of the Board of Directors
Carlos Enrique Mata	62	42	Member of the Board of Directors
Alvaro Castillo	68	38	Member of the Board of Directors
Luis Montoya	61	9	Member of the Board of Directors
Edmund Scott Smart	60	8	Member of the Board of Directors
Joseba Badiola	57	2	Member of the Board of Directors
Erik Seiersen White	53	8	Member of the Board of Directors

Board of Directors

Luis Miguel Castillo joined CBC in 1995. He has been responsible for new product development. In 2002 Mr. Castillo assumed the position of Vice President and he is the current Chairman of the Board of Directors. He has served on the Board of Directors since 2001. He holds a bachelor's degree in business administration from Boston University. Mr. Castillo is also a member of the Board of Directors of the Guatemalan Chamber of Industry and a Director for the United Way's Guatemala chapter. Mr. Castillo was recognized as the second most admired business person in Central America by *Estrategia y Negocios* magazine in 2009 and was named "Young Global Leader" by the World Economic Forum in 2010. Mr. Castillo's business address is Boulevard Los Próceres 24-69, zona 10, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Oscar Arroyo Arzú joined CBC in 1988. He has served as the Company's Legal Counsel since that time. Mr. Arroyo is also now the Vice President of Legal and Corporate Affairs. He holds a law degree as well as a master's degree in comparative law from Francisco Marroquin University (UFM) in Guatemala. He has been a member of the Guatemalan Bar and taught labor law at UFM for twelve years. Mr. Arroyo has additionally served as President of the Guatemalan Football (Soccer) Federation. Mr. Arroyo's business address is 600 Brickell Ave, Floor 28, Miami, Florida, United States, 33131.

Carlos Enrique Mata joined CBC in 1978. During his tenure with CBC, Mr. Mata has held several management positions, including positions in the sales and marketing departments. In 2002, he was promoted to Chief Executive Officer and President of the Board of Directors. Currently, Mr. Mata is the Executive President of CBC. Mr. Mata completed business studies at Francisco Marroquin University in Guatemala City. He is currently the President of the Guatemalan Guild of Media Advertisers and is a member of CEAL, the Latin American Congress of CEOs. Furthermore, Mr. Mata is a former member of the Board of Directors of the Guatemalan Chamber of Industry. Mr. Mata's business address is Boulevard Los Próceres 24-69, zona 10, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Alvaro Castillo joined CBC in 1981. He has served as a CBC Director for over 35 years. He is a member of the Board of Directors for CBC, which he joined since its incorporation in 1994, and serves as President of the Administrative Council of the News Corporation. He is also the President and Founder of the Advisory Council of the Center for Corporate Social Responsibility (CentraRSE), the Kinal Foundation and the ONG Association of Family Development and Population (FADEP). Mr. Castillo holds an industrial and mechanical engineering degree from Rafael Landívar University and holds a master's degree in business administration from INCAE, Costa Rica. He has served as President of the Guatemalan Chamber of Industry as well as President of the Guatemalan Private

Sector Chamber (CACIF). Mr. Castillo's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Luis Montoya joined CBC in 2010. He has served as a member of the Board of Directors since then. Mr. Montoya joined PepsiCo in 1991 as a Marketing Manager for Peru and Ecuador. Since then, he has been General Manager for Central America, as well as Vice President of Franchising in México and Central America and the Caribbean. He was promoted to General Manager of the beverages business unit in northern Latin America in 2003. In 2007, he became President of the Beverages Division for Latin America for PepsiCo. In 2010, Mr. Montoya won the leadership prize Steve Reinemund for his exemplary leadership in diversification and business development. He graduated from the Pontifical Catholic University of Peru as an Industrial Engineer and has a master's degree in business administration from the Krannert School at Purdue University. He has also participated as sponsor for the Young Americas Business Trust. Mr. Montoya's business address is Pepsicola Panamericana, Esquilache 371, Piso 15, San Isidro, Lima, 33, Peru.

Edmund Scott Smart joined CBC in 2011 as Director. Prior to joining CBC he was the President of the Latin American Region for ConAgra Foods Mexico. Mr. Smart received a bachelor's degree in business administration in marketing from the State University of New York and a master's in International Management from the American Graduate School of International Management (Thunderbird). Mr. Smart's business address is 1541 Rouse 12, Woodstock, VT 05091, United States.

Joseba Badiola joined CBC in 2018 as Director. Mr. Badiola is the Senior Vice President & Financial Controller for PepsiCo's Latin America Sector with responsibilities over all operations in Latin American countries, a role assumed in late 2015. Mr. Badiola has worked for Pepsico for 27 years and has held roles at both the corporate level as well as the field including PepsiCo VP & Financial Controller for PepsiCo's East Europe Region based on out Moscow for five years. Prior to joining PepsiCo Mr. Badiola worked at KPMG. Mr. Badiola holds a B. Comm. in Accounting & Management Information Systems from the University of British Columbia and is a member in good standing of the Canadian Institute of Chartered Accountant since 1990. Mr. Badiola's business address is 1000 NW 57th Ct, Miami, FL 33126, United States.

Erik Seiersen White joined CBC in 2011 as Director. Prior to joining CBC he was the President/General Manager for northern Latin America for Cadbury Adams Mexico. Mr. Seiersen received a bachelor of science in business administration in finance and economic theory from American University and a master's degree in business administration from Harvard University Graduate School of Business Administration. Mr. Seiersen's business address is Boulevard Adolfo Ruiz Cortinez 4284, Jardines del Pedregal de San Angel, Coyoacan, Mexico DF 11700, Mexico.

According to the shareholders agreement with Pepsi-Cola Metropolitan Bottling Company, Inc., GEMCORP has the right to appoint four out of the nine members of the Board of Directors, while PepsiCo has the right to appoint two such members. GEMCORP and PepsiCo appoint the three remaining directors, which are selected through a process that is led by Heidrick & Struggles. Independent directors are evaluated annually by GEMCORP and PepsiCo. The Board of Directors supervises the Audit Committee, the Strategy and M&A Committee, the Talent and Compensation Committee and the Risk and Finance Committee. Each of these committees reports directly to the Board of Directors.

Management

Name	Age	Years with the Company	Position
APEX			
Carlos Enrique Mata	62	42	Executive President
Guillermo Gaviria	70	18	Chief Executive Officer APEX
Estuardo Mazariegos	46	22	Chief Financial Officer
Oscar Arroyo Arzú	57	32	General Counsel and Secretary BOD
Alejandro Fernandez	54	5	Vice President Manufacturing APEX
Guillermo Segura	55	5	Sales Director
Maria Jose Villanueva	42	4	Director of Human Resources
Rosa Maria de Frade	62	8	Director of Corporate Affairs
Mariana Diaz	34	4	Director of Strategy & PMI
Karen Haro	39	15	Director of M&A
Magda Tunchez	44	6	Internal Auditor
Francisco Ramos	48	2	Director of Compliance
Rafael Bardales	51	19	Director Information Systems
Harry Lewis	51	0.3	Chief Disruptive Growth Officer
CBC			
Ziad Nahas	45	13	Chief Executive Officer CBC
Cesar Abreu	41	9	Commercial Director CBC
Rene Quiroa	49	25	Manufacturing Director CBC
Roberto Gallardo	41	16	Logistic Director CBC
Nathalie Hasbun	46	21	Marketing Director CBC
Fredy Palencia	42	20	Finance Director CBC
Jorge Santos	42	19	Procurement Director CBC
Juan Pablo Mata	35	5	Country Head – Guatemala and Jamaica
José Sanabria	49	26	Country Head – Puerto Rico
Antonio Travieso	42	9	Country Head – SV, HN & NIC
Aníbal Mujica	51	8	Country Head – Peru
Luis Carballo	45	4	Country Head - Ecuador
BELIV			
Carlos Sluman	53	14	Chief Executive Officer Beliv
Mario Bertini	42	5	Commercial Vice President Beliv
Pedro Guzman	34	4	Finance Director Beliv
Francisco Pages	44	2	Marketing Vice President Beliv
Luis Pedro Valladares	36	13	Legal Director Beliv
Clayton Santos	48	2	R&D Director Beliv
Carlos Navarro	41	8	Human Resources Director Beliv

Management

Carlos Enrique Mata joined CBC in 1978. During his tenure with CBC, Mr. Mata has held several management positions, including positions in the sales and marketing departments. In 2002, he was promoted to Chief Executive Officer and President of the Board of Directors. Currently, Mr. Mata is the Executive President of CBC. Mr. Mata completed business studies at Francisco Marroquin University in Guatemala City. He is currently the President of the Guatemalan Guild of Media Advertisers and is a member of CEAL, the Latin American Congress of CEOs. Furthermore, Mr. Mata is a former member of the Board of Directors of the Guatemalan Chamber of Industry. Mr. Mata's business address is Boulevard Los Próceres 24-69, zona 10, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Guillermo Gaviria joined CBC in 2002. He acted as the General Manager of Honduras until 2006 when he was promoted to Vice President of Sales for Central America and Jamaica. Then he became the Chief Executive Officer of CBC and is now the CEO of APEX, a position he has held since 2018. In 2005, Mr. Gaviria was inducted as a Ring of Honour member by PepsiCo International. He holds a bachelor's degree in industrial economy from the University of Medellin, Colombia and a master's degree in financial management from the School of Business Administration EAFIT, Colombia. In October 2020 he will become a Board Member Director. Mr. Gaviria's business address is Boulevard Los Próceres 24-69, zona 10, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Oscar Arroyo Arzú joined CBC in 1988. He has served as the Company's Legal Counsel since that time. Mr. Arroyo is also now the Vice President of Legal and Corporate Affairs. He holds a law degree as well as a master's degree in comparative law from Francisco Marroquin University (UFM) in Guatemala. He has been a member of the Guatemalan Bar and taught labor law at UFM for twelve years. Mr. Arroyo has additionally served as President of the Guatemalan Football (Soccer) Federation. Mr. Arroyo's business address is 600 Brickell Ave, Floor 28, Miami, Florida, United States, 33131.

Estuardo Mazariegos joined CBC in 1998. He has been the Chief Finance Officer since 2019. His prior experience with the Company includes General Manger in Ecuador, Commercial Director, Market Development Manager and Pricing Manager. Mr. Mazariegos holds a bachelor's degree in business administration from Francisco Marroquin University and a master's degree in business administration with a major in finance and economy from INCAE. His address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Alejandro Fernandez joined CBC in 2015 as Manufacture Vicepresident. He has 22 years of experience in the beverages industry. He specialized as a Brewmaster at the Siebel Institute of Technology in Chicago. He also holds a master's degree in business administration obtained from a consortium between the University of AmBev Brasil and the Rotman University of Toronto. Mr. Fernandez also obtained an agricultural engineering degree from the Universidad Nacional de Lomas de Zamora in Buenos Aires, Argentina. He previously worked as Manufacture Manager at AmBev for Central and South America. Since 2008, he occupied the position of Regional Director as leader of all AmBev operation in Latin America (Peru, Guatemala, Ecuador, Venezuela, Dominican Republic, Saint Vincent and Dominica). He actively participated in the merger and acquisition process in Argentina (AmBev/ Cerveceria Quilmes) and in the Dominican Republic (AmBev/ Cervecería Nacional Dominicana). Mr. Fernandez's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Guillermo Segura joined the Company in 2015. He has been the Commercial Center of Excellence (CoE) Director since 2016. His prior experience outside the Company includes working with Procter & Gamble for 14 years in Central America & Mexico, holding different positions in the commercial area. After that, he served as Commercial Director in Molinos Modernos, CEO at TECUN Automotores & CEO at Industrias Licoreras de Guatemala. Mr. Segura holds a Chemical Engineering degree from Universidad de San Carlos de Guatemala and an MBA from Universidad Católica de Chile. Mr Segura's address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Maria Jose Villanueva joined CBC in January 2016; she is the Director of Human Resources having previous experience as the Regional Manager of Human Resources. Mrs. Villanueva started to work with the group in 2005 at AmBev having different manager positions in Marketing, Corporate Affairs and Human Resources. She graduated from Universidad Rafael Landivar in Communication Sciences with a minor in Marketing. Ms. Villanueva's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Rosa Maria de Frade joined CBC in 2012. She has served as the Company's Director of Corporate Affairs. Mrs. Frade is responsible for managing the Company's public affairs, programs for environmental sustainability and corporate social responsibility. In addition to her position in CBC, she is Vice President of *Fundación Ayúdame a Vivir*, a non-profit organization that supports the national pediatric oncology unit in Guatemala and provides free treatment for children with cancer and comprehensive support for their families and Vice President of Operation Smile Foundation in Guatemala, a non-profit that offers free treatment to children with cleft palate. She is also member of the Bureau of Public Policy of the Alliance for Nutrition in Guatemala that promotes public policies and initiatives to reduce chronic malnutrition. Rosa María was a Member of Guatemala's Congress during the 2008 and the 2012 legislature. She holds a Degree in Psychology from the University Rafael Landivar, Guatemala and completed Doctoral studies in Psychology at the Complutense University of Madrid, Spain. Mrs. Frade's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Mariana Diaz is the Head of Strategy and Post-Merger Integration (PMI) at APEX. She joined APEX in 2016 as Strategy Manager, then worked as PMI Manager and was appointed to her current leadership position in 2018. Mrs. Diaz has more than 12 years of experience in corporate strategy, corporate risk management and investment strategy. Prior to joining APEX, Mariana worked at Citibank and McKinsey & Company. Mrs. Diaz holds a Bachelor's Degree in Economics and Political Science from the University of Notre Dame, and a master in business administration from Columbia University. Mrs Díaz's address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala

Karen Haro started the trainee challenge in 2003, getting selected to participate in one of the most competitive programs for young professionals at the regional level. She has been the M&A Director since 2017. Her prior experience includes director of the financial area of one of the operations based in the Caribbean in 2009. Then she returned to Guatemala to join the M&A team (Mergers and Acquisitions). Ms. Haro holds an Industrial Engineering degree from Rafael Landivar University and a master's degree in business administration with a major in finance and economy from INCAE Business School. Her address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Magda Tunchez joined CBC in January 2014 as Internal Audit Head. Prior to CBC, Magda was Internal Audit Director of Walmart Mexico and Central America, where she stayed for six years. Previously she was external audit manager and worked for KPMG, Deloitte and Ernst & Young for 11 years. Magda holds a master's degree in business administration from Universidad Mesoamericana de Guatemala, she is a Certified Public Accountant graduated from Universidad Rafael Landívar de Guatemala and is also certified as Control Self-Assessment (CCSA) at the Institute for Internal Auditors (IIA). Ms. Tunchez's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Francisco Ramos joined CBC in 2018 as Chief Compliance Officer. His prior experience was as a Compliance Manager for Ambev (ABI) where he was responsible for designing and implementing the Anticorruption Compliance Program in the LAS Region (including Argentina, Bolivia, Paraguay, Uruguay, Colombia, Peru, Ecuador and Chile). He is a lawyer from the Universidad Católica Andrés Bello in Caracas, Venezuela. His address is: Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Rafael Bardales joined CBC in January 2001. He is the Share Service Center Director. Prior to CBC Rafael was IT Manager of Warner Lambert Centro America & Panama for three years. He holds a degree in computer science from Francisco Marroquin University and he is a graduate of the INCAE's PAG program. Mr. Bardales's address is 43 calle 1-10 zona 12 Monte María, Ciudad de Guatemala, Guatemala.

Harry Lewis joined APEX as Chief Disruptive Growth Officer in 2020, coming from AB-InBev where he held several marketing roles throughout 17 years of successful career. Most recently, Harry served as the Vice President of New Premium and Super Premium brands for Anheuser-Busch/In-Bev, leading communication and marketing efforts to develop, launch and build new brands in the growing Premium beer segment. Harry holds a Bachelor's degree in business and economy from Universidad Francisco Marroquín in Guatemala, an executive MBA from USP Brazil and a Master's degree in Marketing from Stanford University of California. Mr. Lewis's business address is Boulevard Los Próceres 24-69, zona 10, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Ziad Nahas joined CBC in 2007. He is the actual CEO of CBC. Prior to holding this position, he was the General Manager of Guatemala and Jamaica and Commercial Manager of AmBev in charge of the Central America Region, a position he occupied for eight years starting in 1999. He holds a degree in Mechanical Engineering from Simon Bolivar University in Caracas Venezuela. Ziad's business address is El Caribe Building #53. Calle Las Palmeras, Suite #1100. San Juan, Puerto Rico 00901.

Cesar H Abreu joined CBC in 2011. He has been Regional Commercial and Trade Marketing Director since 2018. His prior experience with the Company includes Regional Manager Beer category in Central America, Sales Manager in Guatemala City, Commercial Director in Guatemala and Commercial Director in Peru. Mr. Abreu holds a bachelor's degree in Science in Electrical Engineering. His address is El Caribe Building #53. Calle Las Palmeras, Suite #1100. San Juan, Puerto Rico 00901.

René Quiroa joined CBC in 1995. He has been the manufacturing director since 2018. His prior experience with the Company includes serving as manufacturing director for Central America and the Caribbean, plant manager in Guatemala, Honduras, Puerto Rico, and conducting due diligence analysis and evaluation for the acquisition of plants in Nicaragua, Puerto Rico, Jamaica, Trinidad y Tobago and Peru. Mr. Quiroa holds a bachelor's degree in industrial engineering and a master's degree in coaching and leadership from Murcia in Spain. . His address is El Caribe Building # 53, Calle Las Palmeras Suite #1100, San Juan, Puerto Rico 00901.

Roberto Gallardo joined CBC in 2004. He has been the Logistic & Operation Director since 2018. His prior experience with the Company includes, General Manager CBL in Jamaica a JV between cbc and Heineken, Operation Director, Regional Logistic manager, Operations manager. Mr. Gallardo holds a bachelor's degree in business administration (BBA) & a master's degree in business administration (MBA) from ESI. He also holds a master's degree in Sales and Marketing from ENAE. His address is El Caribe Building # 53, Calle Las Palmeras Suite 1100, San Juan, Puerto Rico 00901.

Nathalie Hasbun joined CBC in 1999. She has been the Regional Marketing Director for CBC from 2008 to the present. Prior to that, she was the Marketing Manager for Embotelladora La Reyna S.A. de C.V. Ms. Hasbun has received a bachelor's and a master's degree from Louisiana State University in Communications, concentrating in Advertising and Marketing, respectively. Ms. Hasbun's business address is El Caribe Building #53. Calle Las Palmeras, Suite #1100. San Juan Puerto, Rico 00901.

Fredy Palencia joined CBC in 2000. He has been the Financial Director since 2018. His prior experience with the Company includes Commercial Director in El Salvador, General Manger in Nicaragua, Controller Corporative and Financial Manager in Guatemala. Mr. Palencia holds a bachelor's degree in CPA from San Carlos University of Guatemala and a master's degree in business administration with a major in marketing from Valparaiso University of Chile. His address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Jorge Santos joined CBC in 2001. He has been the Corporate Procurement Director since 2014 and General Director of CBC INTL. since 2018. His prior experience in the Company includes several positions in the Procurement Structure, Manufacturing & Logistics Manager at Livsmart (El Salvador), and Manufacturing Improvement Manager. Mr. Santos has a bachelor's degree in Industrial Engineering from Landivar University (Guatemala) and a master's degree in business administration with a major in strategy from Univerdad Catolica de Chile. His address is Ruta 8, Km 17.5 Zonamerica, Edificio Celebra, Oficina 301, Montevideo, Uruguay.

Juan Pablo Mata joined CBC in 2015 as the Human Resources Director. In 2016 he was Strategy Director.

Now he is the current General Manager of Guatemala and Jamaica. Prior to CBC, Mr. Mata was the Premium imported products specialist at AmBev Brasil. He holds a master's degree in business administration from Wharton school of business in University of Pennsylvania and a bachelor's degree of Arts in Babson college. He will be the new APEX CEO in October 2020. Mr. Mata's business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Jose A. Sanabria joined CBC in 1994. He previously acted as Vice President of Supply Chain since 2002 and as Country Head for the Puerto Rico operations since 2011. Prior to that, Mr. Sanabria held several positions in the Company's logistics department. He has served as an Internal Instructor in CBC training programs and also as an Instructor in Production Planning at Rafael Landivar University in Guatemala. He holds a master's degree in business administration from INCAE, Costa Rica and a bachelor of science in industrial engineering from Rafael Landivar University. Mr. Sanabria's business address is carretera 865 km 0.4 Bo Candelaria, Toa Baja, Puerto Rico.

Antonio Travieso joined CBC in 2011. He has been the Country Head of Central America (El Salvador, Honduras, Nicaragua) since 2016. Mr. Travieso's prior experience in the Company was as Sales Director in El Salvador, Sales manager in Guatemala and Beer manager for Central America. Antonio has a Business Administration degree from Universidad Nueva Esparata in Venezuela. His address is Intersección 77 Avenida Norte y pasaje Istmania, No. 314, Colonia Escalón, San Salvador, El Salvador.

Luis Eduardo Carballo joined CBC in 2013. Prior to CBC Mr. Carballo held several leadership positions in Abinbev, Diageo and The C-C Company. He is currently the General Director for CBC operations in Ecuador, a position he has held since 2019. His prior experience with the Company includes Commercial Director of Guatemala and Corporate Trade-Marketing Director (Commercial COE Director). Mr. Carballo holds a bachelor's degree in business administration from Metropolitan University (Venezuela) and a master's degree in business administration from IESA (Venezuela). His current address is Via Daule Km 8.5. Tesalia-CBC. Guayaquil, Ecuador

Aníbal Mujica joined CBC in 2012. He has been the Country Head for Peru since 2012 and previously was the Country Head for Ecuador. Prior to this position, he was a consultant for VFC from 1998 to 2008. He has held various positions in AmBev, such as Comptroller for HILA (Hispanic Latin America), Logistics Country Manager and Finance Country Manager. Mr. Mujica received a bachelor's degree in business administration and an accountant degree from Catholic University Andrés Bello. His address is Avenida Victor Andrés Belaunde No. 332, Interior 201, Distrito de San Isidro, Lima.

beliv

Carlos Sluman joined CBC in 2006. Prior to joining CBC he was the Vice-President of Global Marketing at AmBev. He joined CBC as the Vice President of Marketing and New Business. In 2009 he became CEO of beliv. He has successfully launched more than ten different products in our Central American Region and Caribbean Region. Mr. Sluman holds a bachelor's degree in administration from the University of Buenos Aires. He also holds a master's degree in business administration. Mr. Sluman's business address is 1511 Avenida Ponce De Leon, Tower 1000, space 6B, Ciudadela, San Juan, Puerto Rico, 00909.

Mario Bertini has been Beliv's Commercial Vice President since March 2015. His previous experience includes Sales Director in Buenos Aires for ABI, where he worked for 14 years. Mr. Bertini is a Certified Public Accountant from Universidad Nacional de Tucumán, Argentina, holds a Six Sigma Black Belt Certification of ASQ (American Society of Quality) and a Master's in Business Management at San Andres University. His address is 430 Rey Luis, La Villa de Torrimar, Guaynabo, Puerto Rico, 00969.

Pedro Guzman joined Beliv in 2016 as Finance Director, after designing the strategic plan for the Business Unit, as an external consultant, with Strategy& (formerly Booz&Co). Pedro holds a bachelor's degree in Industrial Engineering (Cum Laude) from Universidad Simon Bolívar in Venezuela, and an MBA from Wharton Business School. Mr Guzman's address business address is Boulevard Los Próceres 24-69, Zona Pradera Torre 4, Nivel 3, Office #303, Ciudad de Guatemala, Guatemala.

Luis Pedro Valladares joined the corporate group in 2006. He is the Legal & Corporate Affairs Head of Beliv's Business Unit since 2017. His prior experience with the corporate group includes Legal Specialist and Legal Manager in CBC, and Legal Manager in Livsmart, in charge, among others, of the corporate restructuring, M&A through important international negotiations and investments, Joint Ventures, operative business model structuring, international taxation, management of corporate affairs with governmental authorities and other stakeholders, international trade and intellectual property strategy. Mr. Valladares holds a bachelor's degree in legal and social sciences, Lawyer and Notary from Francisco Marroquin University, a major in management in international trade from the San Carlos University, a major in Intellectual Property from the Rafael Landivar Univiersity, and a master's degree in Corporate Business from the INCAE. His address is 1511 Ponce De León Avenue, Tower 1000, space 6B, Ciudadela, San Juan, Puerto Rico 00909.

Francisco Pages de Arteaga joined Beliv in 2017 as VP of Marketing. Previously, he worked for 15 years at ABI, occupying different positions in marketing and sales areas, in most of the cases based in Argentina and some of them with regional scope. His positions include GBA Sales Manager, Innovation Manager, Premium Brands Director, Non-Alcoholic Business Unit Head. Mr. Pages holds a bachelor's degree in business administration from Universidad de San Andres and a master's degree in business administration also from Universidad de San Andres. Additionally, he has completed several intensive marketing programs at the Kellogg School of Management. His address is 1511 Ponce De León Avenue, Tower 1000, space 6B, Ciudadela, San Juan, Puerto Rico 00909

Carlos Navarro is a Director with more than 15 years' experience working in the food & beverages industry. Mr. Navarro is skilled in multi-cultural environments, sales, leadership, HR and marketing. He joined Beliv in 2012 and since 2018 he has been the HR Director. His prior experience with the Company includes Global Brand Manager for Juice Drinks, Premium Juices and Dairy Products and Commercial Director for USA, Caribbean and South-Central America. Mr. Navarro holds a degree in Chemical Engineering from UVG University, Guatemala and an MBA from *Escuela Superior de Alta Gerencia* (ESAG), Guatemala.

Clayton Felipe Santos joined Beliv as an R&D Director in 2017 and evolved the area to incorporate co-packing under the R&D structure. Prior to joining Beliv, Clayton led the Coca-Cola Company Latin America R&D with a base in Mexico and was responsible for 16 years in leading innovation in all Latin America countries and was the global lead for the hydration category. Clayton graduated in Industrial Chemical by the ETFQ-RJ and has several specializations in food and beverage development and innovation.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in validating the quality and integrity of our financial statements, internal controls over financial reporting, compliance with regulatory and mandatory requirements, the independence and qualifications of independent auditors and the internal and external audit performance.

The Audit Committee is also in charge of creating policies with respect to fair business practices and ethical behavior. The Audit Committee meets quarterly, prior to each Board of Directors meeting. The Audit Committee is comprised of Luis Miguel Castillo (Chairman of the Board of Directors), Alvaro Castillo (Director), Joseba Badiola (Director), Carlos Enrique Mata (Director and Executive President), Estuardo Mazariegos (CFO) and Margarita Zuniga (Secretary). The CEO, the CFO and the Chief of Internal do not have the right to vote with respect to Audit Committee actions.

Strategy and M&A Committee

The purpose of the Strategy and M&A Committee is to review and approve strategic plans, define priorities, assess M&A opportunities and prioritize leads. The Strategy and M&A Committee meets quarterly and its current members are Luis Miguel Castillo (Chairman of the Board of Directors), Erik Seiersen White (Director), Scott Smart (Director), Carlos Enrique Mata (Director and Executive President), Estuardo Mazariegos (CFO) and Margarita Zuniga (Secretary).

Talent and Compensation Committee

The purpose of the Talent and Compensation Committee is to ensure that our policies align with our strategic long term vision. In addition, it approves compensation guidelines, key talent career plans and candidates. The Talent and Compensation Committee meets quarterly. Its current members are Luis Montoya (Director), Luis Miguel Castillo (Chairman of the Board of Directors), Carlos Enrique Mata (Director and Executive President), Alvaro Castillo (Director) and Margarita Zuniga (Secretary)

Risk and Finance Committee

The purpose of the Risk and Finance Committee is to discuss and evaluate financial and operational risks. The Risk and Finance Committee also approves the budget for capital expenditures and reviews and approves the capital structure and hedging strategy of CBC. The Risk and Finance Committee meets quarterly. Its current members are Erik Seiersen White (Director), Luis Miguel Castillo (Chairman of the Board of Directors), Carlos Enrique Mata (Director and Executive President), Joseba Badiola (Director), Estuardo Mazariegos (CFO) and Margarita Zuniga (Secretary).

Other Operative Committees

Ethics

The purpose of the Ethics Committee is to ensure use of the code of ethics and compliance processes and practices throughout the Company. The Ethics Committee guides the compliance board in assessing and defining sanctions for all cases received through the ethics hotline. The Ethics committee meets on a monthly basis. Its current members are Guillermo Gaviria, Alejandro Fernandez, Magda Tunchez, Rosa Maria de Frade, Oscar Arroyo Arzú, Francisco Ramos and María Jose Villanueva.

Procurement

The purpose of the Procurement Committee is to oversee the procurement process and negotiation of key purchases such as sugar, aluminum and fuel. It also oversees bidding processes and tracks market prices of our primary raw materials. The Procurement Committee meets on a monthly basis. Its current members are Carlos Enrique Mata, Luis Miguel Castillo, Guillermo Gaviria, Estuardo Mazariegos and Juan Pablo Mata.

CapEx

The purpose of the CapEx Committee is to monitor capital expenditure execution approved by the Board of Directors and the Risk and Finance Committee. The CapEx Committee meets on a monthly basis. Its current members are Carlos Enrique Mata, Luis Miguel Castillo, Guillermo Gaviria, Estuardo Mazariegos and Juan Pablo Mata.

Innovation

The purpose of the Innovation Committee is to examine, analyze and prioritize innovation projects. The Innovation Committee also selects viable projects for Beliv and oversees the development of new products. The Innovation Committee meets quarterly. Its current members are Carlos Enrique Mata, Luis Miguel Castillo, Carlos Sluman and María Teresa Arnal (independent member and current CEO of Twitter for Latin America).

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

We do not have any material business relationships or transactions with our officers, directors or 10% shareholders, other than customary employment relationships, customary director compensation arrangements, certain intercompany transactions that take place mainly in the form of purchases and sales of finished goods and raw materials, and certain shared services. It is our policy to allocate resources to a subsidiary that has an immediate need. We believe that these transactions are done on an arm's length basis.

For further information, see Note 29 to our Annual Audited Consolidated Financial Statements.

DESCRIPTION OF EXISTING INDEBTEDNESS

The following is a description of the outstanding indebtedness of the Issuer and the Guarantors as of March 31, 2020. The tal of the Initial Notes and the Peruvian Notes, but excludes back-to-back debt instruments related to the Lender of Record Structure. a maturity date before March 31, 2021. For further information on our indebtedness, including the applicable interest rates, see N Consolidated Financial Statements.

Lender	Borrower	Guarantor	Collateral	Bal Marc (in th U.S
Guatemala				
Short Term Loans				
Banco de Desarrollo Rural, S.A.	Embotelladora La Mariposa	CBC	None	
Banco Internacional, S.A.	Embotelladora La Mariposa	CBC	None	
Banco Internacional, S.A.	Embotelladora La Mariposa	CBC	None	
Banco de America Central, S.A.	Embotelladora La Mariposa	CBC	None	
Long Term Loans				
Banco Industrial, S.A.	Embotelladora La Mariposa	CBC	None	
Banco de Desarrollo Rural, S.A.	Embotelladora La Mariposa	CBC	None	
Banco Industrial, S.A.	Embotelladora La Mariposa	CBC	None	
Others	Portia (Glad)	CBC	None	
Livsmart				
Short Term Loans				
Citibank, N.A.	Livsmart Americas, S.A. de C.V.	CBC	None	
Citibank, N.A.	Livsmart Americas, S.A. de C.V.	CBC	None	
Long Term Loans				
Banco General, S.A.	Livsmart Americas, S.A. de C.V.	CBC	None	
Honduras				
Short Term Loans				
Banco Financiera Comercial Hondureña, S.A.	Embotelladora la Reyna, S.A. de C.V.	CBC	None	
Long Term Loans				
Banco Financiera Comercial Hondureña, S.A.	Embotelladora la Reyna, S.A. de C.V.	CBC	None	
Nicaragua				
Short Term Loans				

Lender	Borrower	Guarantor	Collateral	Bal Marc (in th U.S
Banco de America Central, S.A.	Embotelladora Nacional, S.A.	CBC	None	
Puerto Rico				
Short Term Loans				
Citibank, N.A.	Pepsi Cola Puerto Rico Distributing LLC	CBC	None	
Citibank, N.A.	Pepsi Cola Puerto Rico Distributing LLC	CBC	None	
Citibank, N.A.	Pepsi Cola Puerto Rico Distributing LLC	CBC	None	
Citibank, N.A.	Pepsi Cola Puerto Rico Distributing LLC	CBC	None	
Jamaica				
Long Term Loans				
The Bank of Nova Scotia Limited	Pepsi-Cola Jamaica Bottling Company Limited	CBC	None	
Ecuador				
Long Term Loans				
The Bank of Nova Scotia Limited	The Tesalia Springs Company S.A.	CBC	None	
Banco de Crédito del Perú	The Tesalia Springs Company S.A	CBC	None	
Citibank, N.A.	The Tesalia Springs Company S.A	CBC	None	
Banco Latinoamericano de Comercio Exterior, S.A.	The Tesalia Springs Company S.A	CBC	None	
Argentina				
Short Term Loans				
Banco de la Nación Argentina	El Carmen S.A.	CBC	None	
Banco Santander	El Carmen S.A.	CBC	None	
Banco Itaú Uruguay, S.A.	El Carmen S.A.	CBC	None	
Citi, N.A.	El Carmen S.A.	CBC	None	
Beliv				
Short Term Loans				
Citibank, N.A.	Beliv	CBC	None	

Lender	Borrower	Guarantor	Collateral	Bal Marc (in th U.S
CBC BVI				
Short Term Loans				
Banco de Crédito del Perú	CBC BVI		None	
Banco Latinoamericano de Comercio Exterior, S.A.	CBC BVI		None	
Citibank, N.A.	CBC BVI		None	
Long Term Loans				
Banco de Crédito del Perú	CBC BVI		None	
USD Notes issued	CBC BVI		None	
Soles Notes issued	CBC BVI		None	
CBC INTL. S.A.				
Short Term Loans				
Citibank, N.A.	CBC INTL S.A.	CBC	None	

DESCRIPTION OF NOTES

The following section describes certain provisions of the Notes and the Indenture (as defined below). It is subject to, and qualified in its entirety by reference to, the provisions of the Indenture and the Notes. You may obtain copies of the Indenture and the Notes upon request to the Trustee or the Luxembourg Transfer and Paying Agent at the addresses set forth under "Available Information." We urge you to read the Indenture, because it, and not this Description of Notes, defines your rights as a Holder.

The New Notes will be issued under the Indenture, among the Company, the Subsidiary Guarantors (as defined herein), The Bank of New York Mellon, as Trustee (the "**Trustee**"), registrar (the "**Registrar**"), paying agent (the "**Paying Agent**") and transfer agent, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer and Luxembourg paying agent (the "**Luxembourg Transfer and Paying Agent**"). We summarize below certain provisions of the Indenture (as modified, amended and supplemented as of the date hereof), as modified by the amendments approved in the USD Consent Solicitation, but do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights. You can obtain a copy of the Indenture in the manner described under "General Information" in this Offering Memorandum, and, for so long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, at the office of the Luxembourg Transfer and Paying Agent.

You can find the definition of capitalized terms used in this section under "—Certain Definitions." When we refer to:

- the "**Company**" in this section, we mean The Central America Bottling Corporation but not any of the Company's Subsidiaries;

- the "**Indenture**" in this section, we mean the Indenture, dated as of January 31, 2017, among the Company, the Subsidiary Guarantors, the Trustee and the other parties thereto, as amended by the First Supplemental Indenture, dated as of July 13, 2020, and the Second Supplemental Indenture dated as of July 24, 2020; and

- "**Notes**" in this section, we mean the Initial Notes, the New Notes and any Additional Notes that may be issued from time to time under the Indenture.

General

The Company is offering U.S.$200,000,000 aggregate principal amount of 5.750% Senior Guaranteed Notes due 2027 (the "**New Notes**"). On January 31, 2017, the Company issued U.S.$500,000,000 aggregate principal amount of 5.750% Senior Guaranteed Notes due 2027 (the "**Initial Notes**") under the Indenture. The New Notes and the Initial Notes will be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The New Notes will rank *pari passu* in right of payment with the Initial Notes and Holders of the New Notes will vote together with Holders of the Initial Notes on any matter submitted to a vote of the Holders of the Notes under the Indenture. The New Notes have identical terms and conditions as the Initial Notes, other than the issue date, the issue price and the initial interest payment date. The New Notes have the same CUSIP, ISIN and Common Code numbers as, and are fungible with, the Initial Notes, except that any New Notes offered and sold in compliance with Regulation S will have temporary CUSIP, ISIN and Common Code numbers, and will not be fungible with the Initial Notes, during a 40-day distribution compliance period commencing on the date of issuance of the New Notes. Such New Notes will be fungible with the Initial Notes upon completion of the 40-day distribution compliance period.

The Notes will:

- constitute direct, unsecured and unsubordinated obligations of the Company and rank at all times *pari passu* in right of payment with all of the Company's other existing and future unsecured and unsubordinated indebtedness, other than obligations given preferential or senior ranking by statute or by operation of law;

- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;

- be effectively subordinated to all existing and future secured Indebtedness of the Company, if any;

- be unconditionally guaranteed on a general unsecured senior basis by certain of the Company's Subsidiaries; and

- be effectively subordinated to all existing and future secured Indebtedness of the Subsidiary Guarantors.

As of March 31, 2020, on an as adjusted basis after giving effect to this offering and the related transactions as described under "Use of Proceeds":

- the Company and its Subsidiaries would have had consolidated total Indebtedness of U.S.$918.4 million;

- the Company and its Subsidiaries had no consolidated secured Indebtedness; and

- our Subsidiaries that are not Subsidiary Guarantors had no Indebtedness owed to Persons other than the Company or Subsidiary Guarantors.

Co-Issuers

The Company may, at any time and at its sole discretion without the consent of the Holders of the Notes, designate an amount of the proceeds from the offering of the Notes to be allocated to a Subsidiary Guarantor and cause such Subsidiary Guarantor to become a co-issuer under the Indenture and the Notes, jointly and severally with the Company, pursuant to a supplement to the Indenture. For the avoidance of doubt, a Subsidiary Guarantor that becomes a co-issuer will continue to unconditionally guarantee, jointly and severally with the other Subsidiary Guarantors, the performance of all Obligations of the Company under the Indenture and the Notes as set forth under "—Note Guarantees."

Additional Notes

Subject to the limitations set forth under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," without the consent of the Holders of the Notes, the Company and its Subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("**Additional Notes**") issued by the Company in one or more transactions, which have identical terms (except for the issue date, issue price and, if applicable, first interest payment date) as and forming a single series for all purposes with the Initial Notes issued on the Original Issue Date; *provided*, that such Additional Notes shall be issued with the same CUSIP, ISIN and Common Code only if, for U.S. federal income tax purposes, such Additional Notes are part of the same "issue" or such Additional Notes are not issued with more than a *de minimis* amount of original issue discount. Holders of Additional Notes will have the right to vote on all matters together with Holders of previously outstanding Notes issued as a single series.

Principal, Maturity and Interest

The Notes will be issued in denominations of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will mature on January 31, 2027, unless redeemed earlier in accordance with the terms of the Notes. The redemption amount at the maturity date equals 100% of the outstanding principal balance of the Notes. See "Optional Redemption."

The Notes will not be entitled to the benefit of any mandatory sinking fund.

The Notes bear interest at the rate of 5.750% per annum on the principal amount from the Original Issue Date or from the most recent date to which interest has been paid or for which interest has been provided (or as provided in respect of Additional Notes). Interest on the New Notes will be payable semi-annually in arrears on each January 31 and July 31, commencing on January 31, 2021. Payments will be made to the persons who are registered Holders at the close of business on each January 23 and July 23, respectively, immediately preceding the applicable interest payment date (whether or not a Business Day). Interest will be computed on the basis of a 360 day year comprised of twelve 30-day months. The redemption of Notes with unpaid and accrued interest to the date of redemption will not affect the right of Holders of record on a record date to receive interest due on an interest payment date.

Initially, the Trustee will act as Paying Agent and Registrar for the Notes. The Company may change the Paying Agent or Registrar without notice to the Holders. If a Holder of U.S.$10.0 million or more in aggregate principal amount of Notes has given wire transfer instructions to the Company at least 10 Business Days prior to the applicable payment date, the Company, or the Paying Agent on its behalf, will make all principal, premium and interest payments on those Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the Paying Agent in New York City unless the Company elects to make interest payments by check mailed to the registered Holders at their registered addresses.

The Company will use its reasonable commercial efforts to obtain and maintain a listing of the Notes on the Official List of the Luxembourg Stock Exchange, and to trade them on the Euro MTF Market of the Luxembourg Stock Exchange; *provided* that the Company will not be required to maintain a listing on the Euro MTF Market of the Luxembourg Stock Exchange if it determines that compliance with the listing requirements would be unduly burdensome. The Company will also maintain the transfer agent and paying agent in Luxembourg.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon written request of the Company any money held by them for the payment of principal of or interest on the Notes that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Company for payment as general creditors.

Note Guarantees

On the Issue Date, each Subsidiary of the Company will be a Restricted Subsidiary and, in addition, each of CBC Bottling Holdco, S.L., Beliv Holdco, S.L., Beliv LLC, CBC PR LLC, Beliv Global, LLC, CBC INTL. S.A., CBC Management Investments Inc., CBC Logistics S.A.C., Key Market Solutions S.A.C., TS-Logistic S.A.C., Embotelladora Nacional, S.A., Comercializadora Modelo, S.A. de C.V., Comercializadora Sagitario, S.A., Embotelladora La Reyna, S.A. de C.V., Livsmart Américas, S.A. de C.V., Mariposa El Salvador, S.A. de C.V., Comercializadora Interamericana, S.A. de C.V., Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., Pepsi-Cola Jamaica Bottling Company Limited, Pepsi-Cola Puerto Rico Distributing, LLC, The Tesalia Springs Company S.A. and CBC Peruana S.A.C. will unconditionally guarantee the performance of all Obligations of the Company under the Indenture and the Notes. The Obligations of each Subsidiary Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will result in the Obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law. See "Risk Factors—Risks Relating to an Investment in the Notes—Fraudulent conveyance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Notes" in this Offering Memorandum.

Each Subsidiary Guarantor will be released and relieved of its obligations under its Note Guarantee in the event:

(1) there is a discharge, Legal Defeasance or Covenant Defeasance as discussed under "—Satisfaction and Discharge" or "—Legal Defeasance and Covenant Defeasance";

(2) there is a sale or other disposition of Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a direct or indirect Subsidiary of the Company;

(3) there is a sale of all or substantially all of the assets of such Subsidiary Guarantor (including by

way of merger, stock purchase, asset sale or otherwise) to a Person that is not (either before or after giving effect to such transaction) a Restricted Subsidiary; or

(4) such Subsidiary Guarantor is designated as an Unrestricted Subsidiary;

provided, that, in each case, such transactions are carried out pursuant to and in accordance with all applicable covenants and provisions of the Indenture.

If any Person becomes a Restricted Subsidiary (for the avoidance of doubt, including upon a Revocation of the Designation of a Subsidiary as an Unrestricted Subsidiary), the Company will cause that Restricted Subsidiary to become a Subsidiary Guarantor on a senior basis by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel. In accordance with the terms of the Indenture, after the supplemental indenture becomes effective, the Company will give to Holders a notice of such event. The Company will also make any other notification required by the Luxembourg Stock Exchange.

Any Subsidiary that is not a Subsidiary Guarantor, including any Subsidiary that is designated as an Unrestricted Subsidiary pursuant to and in accordance with the Indenture, will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to us in the event of any bankruptcy or insolvency proceeding of these Subsidiaries that are not Subsidiary Guarantors. In addition, holders of minority interests in these Subsidiaries may receive distributions prior to or *pro rata* with the Company depending on the terms of the equity interests. See "Risk Factors—Risks Relating to an Investment in the Notes—Not all of our subsidiaries guarantee the Notes, and any claim by us or any of our creditors, including the Holders of the Notes, against such non-guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of those non-guarantor subsidiaries" in this Offering Memorandum.

Additional Amounts

Except as provided below, the Company or the Subsidiary Guarantors, as the case may be, will make all payments of principal and interest on the Notes without withholding or deducting any present or future taxes, duties, assessments or other governmental charges of any nature imposed by any of the Relevant Jurisdictions, as the case may be, or any other jurisdiction from or through which the Company or any Subsidiary Guarantor makes a payment, or in which any Paying Agent is located or, in each case, any political subdivision thereof or taxing authority thereof or therein (each, a "**Taxing Jurisdiction**"). If the Company or a Subsidiary Guarantor, as the case may be, is required by law to withhold or deduct any taxes, duties, assessments or other governmental charges, except as provided below, the Company or the Subsidiary Guarantor, as the case may be, will pay the Holders any additional amounts ("**Additional Amounts**") as may be necessary to ensure that they receive the same amount as they would have received without such withholding or deduction.

The Company or the Subsidiary Guarantors, as the case may be, will not, however, pay any Additional Amounts for or on account of:

(i) any tax, assessment or other governmental charge that is imposed due to the Holder or beneficial owner's present or former connection with the Taxing Jurisdiction other than merely holding the Notes or receiving principal or interest payments on the Notes (such as citizenship, residence, being engaged in a trade or business or having a permanent establishment within the Taxing Jurisdiction) or enforcement of rights with respect thereto;

(ii) any tax, assessment, or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note;

(iii) any tax, assessment or other governmental charge that is imposed because the Holder or beneficial owner fails to comply with any certification, identification or other reporting requirements concerning its nationality, residence, identity or connection with the Taxing Jurisdiction, if (i) such compliance is required by applicable law, regulation, administrative practice or treaty as a precondition to exemption from all or a part of the tax, duty, assessment or other governmental charge, (ii) the Holder or beneficial owner is able to comply with such requirements without undue hardship and (iii) at least 30 calendar days prior to the first payment date with respect to which such requirements under the applicable law, regulation, administrative practice or treaty shall apply, the Company or the Subsidiary Guarantors, as the case may be, has notified all Holders in writing that they will be required to comply with such requirements;

(iv) any tax, assessment or other governmental charge that is imposed because the Holder fails to present (where presentation is required) its Note within 30 calendar days after the Company or the Subsidiary Guarantors, as the case may be, has made available to the Holder a payment of principal or interest, provided that the Company or the Subsidiary Guarantors, as the case may be, will pay Additional Amounts which a Holder would have been entitled to had the Note owned by such Holder been presented on any day (including the last day) within such 30-day period; or

(v) any estate, inheritance, gift, use or sales taxes or any similar taxes, assessments or other governmental charges.

The Company or the Subsidiary Guarantors, as the case may be, will also (i) make such withholding or deduction and (ii) remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law. The Company or the Subsidiary Guarantors, as the case may be, will promptly furnish to the Trustee certified copies of tax receipts or, if such receipts are not obtainable, documentation reasonably satisfactory to the Trustee evidencing the payment of any such taxes, duties, assessments or other governmental charges due pursuant to applicable law. Upon written request of the Holders to the Trustee, copies of such receipts or other documentation, as the case may be, will be made available by the Trustee to the Holders. At least five Business Days prior to the first interest payment date following the Original Issue Date, the Company shall furnish to the Trustee an Officers' Certificate specifying the rate of deduction or withholding of withholding taxes in respect of which the Company or any Subsidiary Guarantor is required to pay Additional Amounts pursuant to this section and certifying that (i) the tax amounts specified therein shall be deducted or withheld and shall be paid by the Company or any Subsidiary Guarantor to the appropriate Taxing Jurisdiction, and (ii) the relevant Additional Amounts shall be paid by the Company or any Subsidiary Guarantor. Following such initial interest payment date, the Company shall furnish to the Trustee a similar Officers' Certificate, at least five Business Days prior to the relevant interest payment date, only if the rate of deduction or withholding of withholding taxes specified in the initial Officers' Certificate shall have changed and be in effect, and setting forth such other information as the Trustee shall reasonably require.

The Company or the Subsidiary Guarantors, as the case may be, will, upon written request of any Holder or beneficial owner of a Note, indemnify and hold harmless and reimburse such Holder for the amount of taxes, duties, assessments or other governmental charges of a Taxing Jurisdiction (other than excluded Additional Amounts as described above) so levied or imposed and paid by such Holder as a result of payments made under or with respect to the Notes, so that the net amount received by such Holder after such reimbursement would not be less than the net amount the Holder would have received if such taxes, duties, assessments or other governmental charges of such Taxing Jurisdiction would not have been imposed or levied.

The Company or the Subsidiary Guarantors, as the case may be, will pay any stamp, administrative, court, documentary or excise taxes arising in a Taxing Jurisdiction in connection with the issuance of the Notes and will indemnify the Holders for any such taxes paid by Holders.

All references to principal, interest or other amounts payable on the Notes shall be deemed to include any Additional Amounts payable by the Company or the Subsidiary Guarantors, as the case may be, under the Notes or the Indenture. The foregoing obligations shall survive any discharge, Legal Defeasance or Covenant Defeasance of the Notes and the Indenture.

If the Company or the Subsidiary Guarantors, as the case may be, shall at any time be required to pay Additional Amounts to Holders pursuant to the terms of the Notes and the Indenture, the Company or each of the Subsidiary Guarantors, as the case may be, will use its reasonable endeavors to obtain an exemption from the payment of (or otherwise avoid the obligation to pay) the tax, assessment or other governmental charge which has resulted in the requirement that it pay such Additional Amounts.

Optional Redemption

Optional Redemption. Prior to January 31, 2022, the Company may redeem the Notes, at its option, in whole at any time or in part from time to time, on at least 10 days' but not more than 60 days' notice, at a redemption price (determined by the Company) equal to the greater of (i) 100% of the outstanding principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest and Additional Amounts (if any) on the Notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 50 basis points, in each case plus accrued and unpaid interest plus any Additional Amounts on the principal amount being redeemed to the redemption date.

On or after January 31, 2022, the Company may redeem the Notes, at its option, in whole at any time or in part from time to time, on at least 10 days' but not more than 60 days' notice, at the following redemption prices, expressed as percentages of the outstanding principal amount thereof, together with any accrued and unpaid interest plus any Additional Amounts, if redeemed during the twelve-month period commencing on January 31 of any year set forth below:

Year	Percentage
2022	102.875%
2023	101.917%
2024	100.958%
2025 and thereafter	100.000%

"**Comparable Treasury Issue**" means the United States Treasury security or securities selected by an Independent Investment Bank as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

"**Comparable Treasury Price**" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date determined by the Independent Investment Bank, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Bank obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"**Independent Investment Bank**" means one of the Reference Treasury Dealers appointed by the Company.

"**Reference Treasury Dealer**" means each of Citigroup Global Markets Inc. and J.P. Morgan Securities LLC or its respective affiliates that are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided,* that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "**Primary Treasury Dealer**"), the Company will substitute therefor another Primary Treasury Dealer.

"**Reference Treasury Dealer Quotation**" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"**Treasury Rate**" means, with respect to any redemption date, the rate as determined by the Independent Investment Bank per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Optional Redemption for Changes in Withholding Taxes. The Notes will be subject to redemption, at the

Company's option, at any time in whole but not in part, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest to the date fixed for redemption and any other amounts owed to the Holders under the terms of the Indenture or the Notes, if as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the British Virgin Islands or any political subdivision thereof or taxing authority thereof or therein, or any change in official position regarding application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) which change or amendment becomes effective on or after the Original Issue Date, the Company or any applicable Subsidiary Guarantor shall become obligated to pay Additional Amounts on the Notes (as described under "—Additional Amounts" above) in excess of the amounts that the Company or any applicable Subsidiary Guarantor would pay as of the Original Issue Date and such obligations cannot be avoided by the Company or any of the applicable Subsidiary Guarantors taking reasonable measures available to it.

In the event that the Company elects to redeem the Notes, the Company must:

(a) deliver to the Trustee an Officers' Certificate stating that:

  (1) such obligation described above cannot be avoided by the Company or any of the applicable Subsidiary Guarantors taking reasonable measures available to it, and

  (2) the Company is entitled to redeem the Notes pursuant to their terms;

(b) deliver to the Trustee an opinion of an independent counsel of recognized standing to the effect that:

  (1) the Company or any of the applicable Subsidiary Guarantors has become obligated to pay these Additional Amounts as a result of a change or amendment described above,

  (2) the Company or any of the applicable Subsidiary Guarantors cannot avoid the obligation described above by taking reasonable measures available to it, and

  (3) all government approvals necessary for the Company or any of the applicable Subsidiary Guarantors to effect such redemption have been obtained and are in full force and effect;

(c) give notice to the Holders, not less than 10 nor more than 60 days prior to the date scheduled for the redemption, which notice shall:

  (1) be signed by two of the Company's executive officers,

  (2) specify the date the Notes are to be redeemed,

  (3) state the circumstances giving rise to the Company's entitlement to effect the redemption, and

  (4) be irrevocable, and

(d) give notice of the early redemption of the Notes to the Luxembourg Stock Exchange.

The Company is required to redeem the Notes in accordance with the notice described in (c) above once delivery of the notice is completed. No notice of redemption may be given earlier than 60 days and no later than 10 days, prior to the earliest date on which the Company or any of the applicable Subsidiary Guarantors would Incur an obligation to pay the Additional Amounts if a payment in respect of the Notes were then due.

In the event that the Company chooses to redeem the Notes as permitted by the Indenture, notice of this redemption will be given to the Holders as soon as practicable in the manner provided under "—Certain Covenants—Notices." No such redemption shall be effective unless and until the Trustee receives the amount payable upon redemption as set forth above. All unmatured Notes redeemed by the Company will be cancelled and may not be reissued or resold.

Optional Redemption Procedures. In the event that less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal securities exchange or market, if any, on which Notes are listed or, if the Notes are not then listed on a securities exchange or market, on a *pro rata* basis, by lot or by any other method as the Trustee shall deem fair and appropriate (subject to the procedures of the depositary for the Notes). No Notes of a principal amount of U.S.$2,000 or less may be redeemed in part and Notes of a principal amount in excess of U.S.$2,000 may be redeemed in part in multiples of U.S.$1,000 only so long as any principal amount of Note remaining unredeemed is in an authorized denomination.

Notice of any redemption will be given at least 10 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed as provided under "—Certain Covenants—Notices." If Notes are to be redeemed in part only, the notice of redemption will state the portion of the outstanding principal amount thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will pay the redemption price for any Note together with accrued and unpaid interest (including Additional Amounts) thereon to, but excluding, the date of redemption. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent immediately available funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any Notes by the Company, such redeemed Notes will be cancelled.

Any redemption and notice thereof described under "—Optional Redemption—Optional Redemption" may, in the Company's discretion, be subject to the satisfaction of a financing or change of control condition precedent. Notwithstanding the foregoing provisions of this "Optional Redemption" section, the Company and its Subsidiaries are not prohibited from acquiring the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each Holder will have the right to require that the Company purchase all or a portion (in principal amounts of U.S.$2,000 and multiples of U.S.$1,000 in excess thereof) of the Holder's Notes at a purchase price equal to 101% of the outstanding principal amount thereof (plus any Additional Amounts), plus accrued and unpaid interest (including Additional Amounts) thereon to, but excluding, the date of purchase (the "**Change of Control Payment**").

Within 30 days following the date upon which the Change of Control Triggering Event occurred, the Company must give a notice to the Holders (with a copy to the Trustee) as provided under "—Certain Covenants—Notices," offering to purchase the Notes as described above (a "**Change of Control Offer**"). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 10 days nor later than 60 days from the date the notice is given, other than as may be required by law (the "**Change of Control Payment Date**").

On the Business Day prior to the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered. On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the Trustee for cancellation the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

If only a portion of a Note is purchased pursuant to a Change of Control Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

Notes repurchased by the Company pursuant to a Change of Control Offer will be cancelled and cannot be reissued. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and the Company or a third party purchases all of the Notes held by such Holders, the Company will have the right, on not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the Notes that remain outstanding, to, but excluding, the date of redemption (subject to the right of Holders on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control Triggering Event or require that Indebtedness be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes upon a Change of Control Triggering Event could cause a default under such Indebtedness even if the Change of Control Triggering Event itself does not.

If a Change of Control Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Payment for all the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding Notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations, to the extent that such laws and regulations are applicable in connection with the purchase of Notes in connection with a Change of Control Offer. Holders will not be entitled to require the Company to purchase their Notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control Triggering Event.

To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control Triggering Event" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Repurchase of Notes

We and our Subsidiaries may at any time purchase or otherwise acquire any Note in the open market or otherwise at any price; *provided*, that in determining at any time whether the Holders of the requisite principal amount of the Notes outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes then owned by us or any of our Subsidiaries will be disregarded and deemed not outstanding.

Certain Covenants

Suspension of Covenants

During any period of time that (i) the Notes have an Investment Grade Rating from any two Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "**Covenant Suspension Event"**), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under:

1. "—Limitation on Incurrence of Additional Indebtedness";
2. "—Limitation on Guarantees";
3. "—Limitation on Restricted Payments";
4. "—Limitation on Asset Sales and Sales of Subsidiary Stock";
5. "—Limitation on Designation of Unrestricted Subsidiaries";
6. "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
7. clause (d) of "—Limitation on Merger, Consolidation and Sale of Assets";
8. "—Limitation on Transactions with Affiliates";
9. "—Antilayering"; and
10. "—Conduct of Business"

(collectively, the "**Suspended Covenants**").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "**Reversion Date**") one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the Notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time from the Covenant Suspension Event until the Reversion Date is referred to as the "**Suspension Period**." If after any Suspension Period, the Company again complies with the Covenant Suspension Event, the Company and its Restricted Subsidiaries will again not be subject to the Suspended Covenants. Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified as having been Incurred pursuant to clause (1) or (2) of "—Limitation on Incurrence of Additional Indebtedness" below (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to clause (1) or (2) of "—Limitation on

Incurrence of Additional Indebtedness," such Indebtedness will be deemed to have been outstanding on the Original Issue Date, so that it is classified as permitted under clause (2)(b) of "—Limitation on Incurrence of Additional Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect since the Original Issue Date and throughout the Suspension Period.

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that: (a) the Company or any Subsidiary Guarantor may Incur Indebtedness, including Acquired Indebtedness, and (b) any Restricted Subsidiary may Incur Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the proceeds therefrom the Consolidated Total Indebtedness to Consolidated EBITDA Ratio of the Company and its Restricted Subsidiaries is less than the ratio set forth below in the row opposite the time period containing the date of Incurrence.

Time Period	Ratio
From the Original Issue Date to December 31, 2017....	3.75 to 1.0
From January 1, 2018 to December 31, 2019................	3.50 to 1.0
From January 1, 2020 to December 31, 2021................	4.25 to 1.0
From January 1, 2022 to January 31, 2027.....................	4.00 to 1.0

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness ("**Permitted Indebtedness**"):

(a) the Notes and the Note Guarantees;

(b) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Original Issue Date;

(c) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business (including interest rate hedges against other Indebtedness of the Company) and not for speculative purposes;

(d) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided*, that:

(1) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the Notes and the Indenture in the case of the Company, or such Note Guarantee, in the case of any such Subsidiary Guarantor, and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (d) at the time such event occurs;

(e) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(f) Indebtedness of the Company or any of its Restricted Subsidiaries represented by bid, surety or performance bonds or letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, issued in the ordinary course of business and not for financing purposes, and reimbursement obligations in respect thereof;

(g) Refinancing Indebtedness in respect of:

  (1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Original Issue Date is Incurred pursuant to such clause (1) above), or

  (2) Indebtedness Incurred pursuant to clauses (a), (b) and (c) above, this clause (g) and clauses (j), (k) and (l) below;

(h) Capitalized Lease Obligations and Purchase Money Indebtedness of the Company or any Restricted Subsidiary, and Refinancing Indebtedness in respect thereof, in an aggregate principal amount at any one time outstanding, not to exceed the greater of (x) U.S.$20.0 million and (y) 5% of the Company's Consolidated Total Assets;

(i) Indebtedness arising from agreements entered into by the Company or a Restricted Subsidiary providing for bona fide indemnification, adjustment of purchase price or similar obligations (including in respect of earn-outs not for financing purposes), or from customary guarantees or performance bonds securing any obligations of the Company or any of its Restricted Subsidiaries pursuant to such agreements, in each case, Incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, *provided* that, in the case of a disposition, the maximum aggregate liability in respect of such Indebtedness shall at no time exceed the gross proceeds actually (including non-cash proceeds based on their Fair Market Value at the time received) received by the Company and its Restricted Subsidiaries in connection with such disposition;

(j) Indebtedness of the Company or any Restricted Subsidiary to the extent the net proceeds thereof are promptly (i) used to purchase Notes pursuant to a Change of Control Offer or a tender offer, or (ii) deposited to defease the Notes as described under "—Legal Defeasance and Covenant Defeasance;"

(k) any other Indebtedness of the Company or a Restricted Subsidiary Incurred in an aggregate amount not to exceed the greater of U.S.$20.0 million or 2.5% of Consolidated Total Assets at any one time outstanding;

(l) Permitted Acquisition Indebtedness; and

  (i) Guarantees (including the Note Guarantees and avales) by (1) the Company of Indebtedness of any Restricted Subsidiary permitted to be Incurred by such Restricted Subsidiary under this covenant and (2) any Restricted Subsidiary of any Indebtedness of the Company or another Restricted Subsidiary permitted to be Incurred under this covenant by the Company or such other Restricted Subsidiary; and

(ii) Indebtedness constituting a Permitted Lien included in clause (7) of the definition of Indebtedness (1) Incurred by the Company in respect of Indebtedness of a Restricted Subsidiary permitted to be Incurred by such Restricted Subsidiary under this covenant and (2) Incurred by a Restricted Subsidiary in respect of Indebtedness of the Company or another Restricted Subsidiary permitted to be Incurred under this covenant by the Company or such Restricted Subsidiary (excluding Indebtedness of any such other Restricted Subsidiary permitted under clause (c) of this definition of Permitted Indebtedness or Refinancing Indebtedness in respect thereof), as the case may be, which Lien is granted in compliance with, if applicable, "—Limitation on Liens."

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with IFRS. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided*, that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) of this covenant will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision.

(4) In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in clauses (1) and (2) of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its Incurrence, and will only be required to include the amount and type of such Indebtedness in one of such clauses although the Company may divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. For the avoidance of doubt, Indebtedness permitted by clause (m) of the definition of Permitted Indebtedness will be without duplication for the underlying Indebtedness that is Guaranteed or for which a Lien is granted in accordance with such clause (m).

(5) For purposes of determining compliance with this covenant, the U.S. Dollar-equivalent principal amount of Indebtedness denominated in foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred in the case of term Indebtedness (or first committed in the case of revolving credit Indebtedness), *provided*, that if such Indebtedness is Incurred to refinance other Indebtedness denominated in foreign currency, and such refinancing would cause the applicable U.S. Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

Limitation on Guarantees

The Company will not permit any Restricted Subsidiary of the Company (other than a Subsidiary Guarantor) to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor or to secure any Indebtedness of the Company or any Subsidiary Guarantor with a Lien on the assets of such Restricted Subsidiary (other than Permitted Liens), unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee or secure the Notes or the Note Guarantees, as the case may be, on an equal and ratable basis with such Guarantee or Lien for so long as such Guarantee or Lien remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed or secured. Any Guarantee by any such Subsidiary of Subordinated Indebtedness of the Company or any Subsidiary Guarantor will be subordinated and junior in right of payment to the contemporaneous Guarantee of the Notes by such Subsidiary.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "**Restricted Payment**"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

(1) dividends or distributions payable in Qualified Capital Stock of the Company,

(2) dividends or distributions payable to the Company and/or a Restricted Subsidiary, or

(3) dividends, distributions or returns of capital made on a *pro rata* basis to the Company and its Restricted Subsidiaries, on the one hand, and the other holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than pro rata basis to any other holder);

(b) purchase, redeem or otherwise acquire or retire for value:

(1) any Capital Stock of the Company (other than in exchange for Qualified Capital Stock of the Company), or

(2) any Capital Stock of any Restricted Subsidiary that is held by an Affiliate of the Company, except for:

(i) Capital Stock held by the Company or a Restricted Subsidiary, or

(ii) purchases, redemptions, acquisitions or retirements for value of Capital Stock on a *pro rata* basis from the Company and/or any Restricted Subsidiaries, on the one hand, and other holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness (other than (A) any inter-company Indebtedness between or among the Company and or any Restricted Subsidiary or (B) the purchase, repurchase, redemption, defeasance or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition), or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment, immediately after giving effect thereto:

(I) a Default or an Event of Default shall have occurred and be continuing;

(II) the Company is not able to Incur at least U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness;" or

(III) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Original Issue Date up to the date thereof shall exceed the sum of:

(A) either (i) 50% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first full fiscal quarter during which the Original Issue Date occurs to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; or (ii) 75% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100% of the loss, accrued during the period, treated as one accounting period, beginning on the first full fiscal quarter during which the Original Issue Date occurs to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available, provided that after giving effect to such Restricted Payment, the Company has at least U.S.$75.0 million in Unrestricted Cash and Cash Equivalents; *plus*

(B) 100% of the aggregate net cash proceeds received by the Company from any Person from any:

(i) contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company (unless there is no dilution as a result of such issuance and sale), in each case, on or subsequent to the Original Issue Date, or

(ii) issuance and sale on or subsequent to the Original Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company,

excluding, in each case, any net cash proceeds:

(x) received from a Subsidiary of the Company; or

(y) applied in accordance with clause (2) or (3) (x) of the second paragraph of this covenant below; *plus*

(C) any Investment Return; *plus*

(D) 100% of any dividend or distributions received by the Company or any Restricted Subsidiary from any Unrestricted Subsidiary, to the extent such amounts were not otherwise included in Consolidated Net Income;

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption of Subordinated Indebtedness within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption would have been permitted on the date of declaration or notice pursuant to the preceding paragraph;

(2) if no Default or Event of Default has occurred and is continuing, the making of any Restricted Payment,

  (x) in exchange for Qualified Capital Stock of the Company or

  (y) through the application of the net cash proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Restricted Subsidiary of the Company;

  provided, that the value of any such Qualified Capital Stock used or the net proceeds of which are used to make a Restricted Payment pursuant to this clause (2) shall be excluded from clause (III)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) if no Default or Event of Default has occurred and is continuing, the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness:

  (x) solely in exchange for, or through the application of net cash proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of Qualified Capital Stock of the Company,

  (y) solely in exchange for Refinancing Indebtedness for such Subordinated Indebtedness, or

  (z) from Net Cash Proceeds from Asset Sales remaining after the application thereof as required by the covenant described under "—Limitation on Asset Sales and Sales of Subsidiary Stock" (including after making an Asset Sale Offer pursuant to such covenant and the application of the entire Asset Sale Offer Amount to purchase all Notes tendered pursuant to such Asset Sale Offer).

  provided, that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net cash proceeds referred to above shall be excluded from clause (III)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability or termination of employment or directorship of such employees, officers or directors, or the termination of retention of any such consultants, in an amount not to exceed U.S.$10.0 million in any fiscal year (with unused amounts in any fiscal year being permitted to be carried over into succeeding fiscal years up to a maximum of U.S.$5.0 million) plus the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(6) the declaration and payment of dividends or distributions to holders of Disqualified Capital Stock of the Company or any Restricted Subsidiary issued in accordance with the covenant described under "—Limitation on Incurrence of Additional Indebtedness";

(7) cash payments in lieu of the issuance of fractional shares (i) in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company and (ii) arising out of stock dividends, splits, combinations or business combinations;

(8) redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor pursuant to and in accordance with the terms of a "change of control" covenant set forth in the indenture or other agreement pursuant to which such Subordinated Indebtedness is issued and such "change of control" covenant is substantially similar to the Change of Control Triggering Event provision included in the Indenture; *provided*, that the Company (or another Person) has repurchased all Notes required to be repurchased by the Company under the caption "—Change of Control Triggering Event" prior to the purchase, redemption or other acquisition or retirement for value of such Subordinated Indebtedness pursuant to the applicable "change of control" covenant;

(9) any payments made to employees, directors or officers pursuant to any profit sharing plan, or similar arrangements, of the Company or its Subsidiaries established in the ordinary course of business;

(10) if no Default or an Event of Default shall have occurred and be continuing, any Restricted Payments not otherwise permitted up to U.S.$55.0 million during either 2020 or 2021; provided that, if all or any portion of such amount is so used, Restricted Payments may not be made pursuant to clause (III) of this covenant during the year in which it is used; or

(11) if no Default of Event of Default shall have occurred and be continuing, any Restricted Payments not otherwise permitted up to U.S.$25.0 million per year from January 1, 2020.

In determining the aggregate amount of Restricted Payments made subsequent to the Original Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4), (6) and (8) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (7), (9), (10) and (11) above shall not be included in such calculation.

Limitation on Asset Sales and Sales of Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock sold or otherwise disposed of; and

(b) at least 75% of the consideration received for the assets or Capital Stock sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale; *provided*, that for the purposes of this covenant, the following will be deemed to be cash or Cash Equivalents:

  (1) the assumption of any liabilities that are included on the balance sheet (other than Subordinated Indebtedness) of the Company or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability in connection therewith;

  (2) any securities, notes or other obligations or assets received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such

Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof (subject to ordinary settlement periods) to the extent of cash or Cash Equivalents received in that conversion; and

(3) the Fair Market Value of (i) any Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary or (ii) assets to be used (or intended to be used) by the Company or any Restricted Subsidiary in a Permitted Business;

provided, that amounts received pursuant to clauses (1) and (3) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer.

The Company or any Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) repay any Senior Indebtedness of the Company or a Subsidiary Guarantor, any Indebtedness secured by the assets subject to such Asset Sale or Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor (including, in each case without limitation, Capitalized Lease Obligations) and permanently reduce the commitments with respect thereto without Refinancing;

(b) make capital expenditures in a Permitted Business;

(c) purchase (1) assets (except for current assets as determined in accordance with IFRS or Capital Stock) to be used (or intended to be used) by the Company or any Restricted Subsidiary in a Permitted Business, or (2) all or substantially all of the assets or Capital Stock of a Person engaged in a Permitted Business that will become or such assets are contributed to, upon purchase, a Restricted Subsidiary; or

(d) enter into a binding commitment with a Person, other than the Company and its Restricted Subsidiaries, to apply such Net Cash Proceeds pursuant to clause (b) or (c) above, *provided*, that such binding commitment shall be subject only to customary conditions and the applicable purchase shall be consummated within 180 days following the expiration of the aforementioned 365-day period.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (a), (b) (c) or (d) of the immediately preceding paragraph, the Company will make an offer to purchase Notes (the "**Asset Sale Offer**"), at a purchase price equal to 100% of the outstanding principal amount of the Notes to be purchased, plus accrued and unpaid interest (including Additional Amounts) thereon, to the date of purchase (the "**Asset Sale Offer Amount"**). The Company will purchase pursuant to an Asset Sale Offer from all tendering Holders on a *pro rata* basis, and, at the Company's option, on a *pro rata* basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of Notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of Notes pursuant to an Asset Sale Offer will occur not less than 20 Business Days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale (except in the case of clause (d) in which case such period shall be extended for 180 days). The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of U.S.$20.0 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of U.S.$20.0 million, will be applied as required pursuant to this covenant.

Pending application in accordance with this covenant, Net Cash Proceeds may be applied to temporarily reduce revolving credit borrowings that can be reborrowed or invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be given to the record Holders as shown on the register of Holders within 20 days following such 365th day, (with a copy to the Trustee) as provided under "—Certain Covenants—Notices." offering to purchase the Notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 10 days nor later than 60 days from the date the notice is given, other than as may be required by law (the "**Asset Sale Offer Payment Date**"). Upon receiving notice of an Asset Sale Offer, Holders may elect to tender their Notes in whole or in part in amounts of U.S.$2,000 and in integral multiples of U.S.$1,000 in excess thereof in exchange for cash.

On the Business Day prior to the Asset Sale Offer Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all Notes or portions thereof so tendered. On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

To the extent Holders of Notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw Notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the Notes and the other Senior Indebtedness, if any, on a *pro rata* basis (based on amounts tendered). If only a portion of a Note is purchased pursuant to an Asset Sale Offer, a new Note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original Note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations, to the extent that such laws and regulations are applicable in connection with the purchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of Notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company and/or its Restricted Subsidiaries may use any remaining Net Cash Proceeds for any purpose not otherwise prohibited by the Indenture.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Original Issue Date any Subsidiary of the Company as an "*Unrestricted Subsidiary*" under the Indenture (a "**Designation**") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates";

(2) at the time of and after giving effect to such Designation, the Company could Incur U.S.$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional

Indebtedness"; and

(3) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "—Limitation on Restricted Payments" or as a Permitted Investment in an amount (the "**Designation Amount**") equal to the amount of the Company's Investment in such Subsidiary on such date.

Neither the Company nor any Restricted Subsidiary will at any time:

(1) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

(2) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary; or

(3) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of any Unrestricted Subsidiary,

except, in each case, for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "**Revocation**") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by resolutions of the Board of Directors of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

  (1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

  (2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

  (3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order;

(2) the Indenture, the Notes and the Note Guarantees, and the indenture relating to the Peruvian Notes and the Peruvian Note Guarantees;

(3) the terms of any Indebtedness outstanding on the Original Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; *provided*, that any such amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Original Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided*, that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in paragraph (a)(3) above;

(9) an agreement governing Indebtedness of the Company or any Restricted Subsidiaries permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant described above under the caption "—Limitation on Incurrence of Additional Indebtedness"; *provided*, that the provisions relating to such encumbrance or restriction contained in such agreement are no more restrictive, taken as a whole, than those contained in the agreements referred to in clause (3) above;

(10) Liens permitted to be Incurred under the provisions of the covenant described below under the caption "—Limitation on Liens" that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends or the disposition or distribution of assets or property or transfer of Capital Stock in joint venture agreements, sale-leaseback agreements, limited liability company organizational documents and other similar agreements entered into in accordance with the terms of the Indenture and (a) in the ordinary course of business consistent with past practice or (b) with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(12) restrictions on cash, Cash Equivalents, Marketable Securities or other deposits or net worth imposed by customers or lessors under contracts or leases entered into in the ordinary course of business consistent with past practice to secure trade payable obligations; and

(13) restrictions customarily granted in connection with securitization, factoring or discounting involving receivables that are imposed in connection with a Receivables Transaction.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur or suffer to exist any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Original Issue Date or acquired after the Original Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables unless contemporaneously therewith effective provision is made to secure the Notes and all other amounts due under the Indenture equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the Notes prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

(1) The Company will not, in one or a series of transactions, consolidate or merge with or into any Person or convey, lease, transfer or otherwise dispose of all or substantially all of its properties, assets or net sales to any Person or permit any Person to merge with or into it unless:

(a) the Company is the continuing entity, or the Person, if other than the Company, formed by such consolidation or into which the Company is merged or the Person that acquired by sale, assignment, conveyance, transfer, lease or other disposition the properties or assets of the Company and of the Company's Subsidiaries substantially as an entirety (the "**Surviving Entity**") will be a company organized and validly existing under the laws of the British Virgin Islands, the Cayman Islands, the United States, Switzerland or countries that are part of the Commonwealth of the United Kingdom or the European Union, and shall expressly assume (jointly and severally with the Company unless the Company shall have ceased to exist as part of such merger, consolidation or amalgamation), by a supplemental indenture (the form and substance of which shall be previously approved by the Trustee on the basis that it contains substantially the same terms and conditions as the Notes and the Indenture), all of the Company's obligations under the Notes and the Indenture;

(b) the Surviving Entity (jointly and severally with the Company unless the Company shall have ceased to exist as a result of such merger, consolidation or amalgamation) agrees to indemnify each Holder against any tax, assessment or governmental charge thereafter imposed on such Holder solely as a consequence of such consolidation, merger, conveyance, transfer or lease with respect to the payment of principal of, or interest on, the Notes;

(c) immediately after giving effect to the transaction or series of transactions, no Default or Event of Default has occurred and is continuing;

(d) immediately after giving effect to the transaction or series of transactions, (a) the Company or the Surviving Entity, as the case may be, could Incur at least U.S.$1.00 of additional Indebtedness without violating the covenant described under "—Limitation on Indebtedness" and shall otherwise be in compliance with the other covenants contained in the Indenture or (b) the Consolidated Total Indebtedness to Consolidated EBITDA Ratio for the Company or the Surviving Entity would not be greater than such ratio for the Company before giving effect to such transaction or series of transactions;

(e) the Company has delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that the transaction and the supplemental indenture, if applicable, comply with the Indenture and that all conditions precedent provided for in the Indenture and relating to such transaction have been complied with; and

(f) the Company shall have delivered notice of any such transaction to the Rating Agencies then rating the Notes (which notice shall contain a description of such merger, consolidation or conveyance).

(2) Each Subsidiary Guarantor will not, and the Company will not cause or permit any Subsidiary Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets or stock to, any Person (other than the Company) that is not a Subsidiary Guarantor unless:

(a) the Subsidiary Guarantor is the continuing entity, or the Person, if other than the Subsidiary Guarantor, formed by such consolidation or into which the Subsidiary Guarantor is merged or the Person that acquired by sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Subsidiary Guarantor's property, assets or stock (the "**Guarantor Surviving Entity**") will be a company organized and validly existing under the laws of the jurisdiction in which such Subsidiary Guarantor was organized or the Cayman Islands, any of the Relevant Jurisdictions, Switzerland or countries that are part of the Commonwealth of the United Kingdom or the European Union, and shall expressly assume (jointly and severally with the other Subsidiary Guarantors or with the other Surviving Entities if such other Subsidiary Guarantors have ceased to exist as part of such merger, consolidation or amalgamation), by a supplemental indenture (the form and substance of which shall be previously approved by the Trustee on the basis that it contains substantially the same terms and conditions as exist under the current Indenture), all of such Subsidiary Guarantor's obligations under the Notes and the Indenture;

(b) immediately after giving effect to the transaction or series of transactions, no Default or Event of Default has occurred and is continuing;

(c) immediately after giving effect to the transaction or series of transactions, the applicable Subsidiary Guarantor or the Guarantor Surviving Entity, as the case may be, shall be in compliance with all the covenants contained in the Indenture; and

(d) the applicable Subsidiary Guarantor has delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officers' Certificate and an Opinion of Counsel, each stating that the transaction and the supplemental indenture, if applicable, comply with the Indenture and that all conditions precedent provided for in the Indenture and relating to such transaction have been complied with.

(3) Notwithstanding anything to the contrary in the foregoing, so long as no event which, with the giving of notice, the lapse of time, or both, would (if not cured, waived or otherwise remedied during such time) constitute an Event of Default under the Indenture or the Notes shall have occurred and be continuing at the time of such proposed transaction or would result therefrom:

(a) the Company may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to any Subsidiary of the Company in cases when the Company is the surviving entity in such transaction and such transaction would not have a material adverse effect on the Company and its Subsidiaries taken as a whole, it being understood that if the Company is not the surviving entity, the Company shall be required to comply with the requirements set forth above; or

(b) any Subsidiary of the Company (other than a Subsidiary Guarantor) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any Person (other than the Company or any of its Subsidiaries or Affiliates) in cases when such transaction would not have a material adverse effect on the Company and its Subsidiaries taken as a whole; or

(c) any Subsidiary of the Company (other than a Subsidiary Guarantor, except when such Subsidiary is the surviving entity and continues as a Subsidiary Guarantor) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any other Subsidiary of the Company; or

(d) any Subsidiary of the Company (other than a Subsidiary Guarantor) may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company, and would not result in a material adverse effect on the Company and its Subsidiaries taken as a whole.

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "**Affiliate Transaction**"), unless:

(a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

(b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$10.0 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

(c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of U.S.$15.0 million, the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and the relevant Restricted Subsidiary (if any) from a financial point of view from an Independent Financial Advisor and deliver the same to the Trustee.

(2) Paragraph (1) above will not apply to:

(a) Affiliate Transactions with or among the Company and any Restricted Subsidiary of the Company or between or among Restricted Subsidiaries of the Company;

(b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors;

(c) Affiliate Transactions in existence on the Original Issue Date and described in the Initial Offering Memorandum, or any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the Company and its Restricted Subsidiaries or the Holders of the Notes, taken as a whole, than the original agreement as in effect on the Original Issue Date);

(d) any Restricted Payments made in compliance with "—Limitation on Restricted Payments" or any Permitted Investment;

(e) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary made in the ordinary course of business related to the business activities of the Company and its Restricted Subsidiaries;

(f) any employment agreement, profit sharing, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or consistent with past practice and payments pursuant thereto; and

(g) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are fair to the Company or its Restricted Subsidiaries (as applicable), or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

Antilayering

The Company and its Restricted Subsidiaries will not Incur any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Company and such Restricted Subsidiaries unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Subsidiary Guarantees on substantially identical terms; *provided*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company and its Restricted Subsidiaries solely by virtue of being unsecured or by virtue of being secured on a first priority or junior priority basis.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

So long as any Notes remain outstanding:

(1) The Company will provide the Trustee with annual financial statements audited by an internationally recognized firm of independent public accountants within 120 days after the end of the Company's fiscal year, and quarterly financial statements (including a balance sheet, income statement and cash flow statement for the fiscal quarter or quarters then ended and the corresponding fiscal quarter or quarters from the prior year) within 60 days of the end of each of the first three fiscal quarters of each fiscal year. Such annual and quarterly financial statements will be prepared in accordance with IFRS and be accompanied by a management discussion and analysis of the results of operations and liquidity and capital resources of the Company and its Subsidiaries for the periods presented in a level of detail comparable to the management discussion and analysis of the results of operations and liquidity and capital resources of the Company and its Subsidiaries contained in this Offering Memorandum. English translations will be provided of any of the foregoing documents prepared in another language;

(2) The Company will provide the Trustee copies (including English translations of documents

prepared in another language) of all public filings made by the Company with any stock exchange or securities regulatory agency or authority within twenty (20) days of such filing; and

(3) The Company will make available, upon request, to any Holder and any prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Exchange Act by Persons who are not "affiliates" under the Securities Act.

None of the information provided pursuant to the preceding paragraph shall be required to comply with Regulation S-K as promulgated by the U.S. Securities and Exchange Commission. So long as the Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, the Company will make available the information specified in the preceding paragraph at the specified office of the Luxembourg Transfer and Paying Agent for the Notes.

Delivery of reports, information and documents to the Trustee is for informational purposes only and its respective receipt of such reports shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any other Person's compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee is entitled to rely exclusively on Officers' Certificate to the extent required to be provided under the Indenture).

Listing

In the event that the New Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, the Company will use its reasonable best efforts to maintain such admission to listing and trading; *provided*, that if, as a result of any applicable legislation, the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the Notes from the Euro MTF Market in accordance with the rules of the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the Notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union and recognized by the U.S. Securities and Exchange Commission as the Company may reasonably decide.

Notices

From and after the date any Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market and so long as it is required by the rules of such exchange, all notices to the Holders will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*);

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices to Holders of certificated notes will be mailed to Holders of Notes at their registered addresses as set forth in the register maintained by the Registrar and notices to Holders of global notes will be given to the relevant depositary in accordance with its applicable procedures.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any Notes, including the failure to make a required payment to purchase Notes tendered pursuant to an optional redemption, Change of Control Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest or Additional Amounts on any Notes;

(3) the failure to perform or comply with any of the provisions described under "—Change of Control Triggering Event," "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock" and "—Certain Covenants—Merger, Consolidation and Sale of Assets";

(4) the failure by the Company, any Subsidiary Guarantor or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the Notes for 45 days or more after written notice to the Company from the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) default by the Company, any Subsidiary Guarantor or any Restricted Subsidiary that is a Significant Subsidiary under any Indebtedness which:

(a) is caused by a failure to pay principal of or premium, if any, on such Indebtedness prior to the expiration of any applicable grace period provided in the instrument governing such Indebtedness on the date of such default which has not been waived or the time for such payment extended; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

provided, that the principal or premium amount of Indebtedness covered by (a) or (b) at the relevant time, aggregates U.S.$15.0 million or more;

(6) one or more final judgments or orders shall be rendered against the Company, any Subsidiary Guarantor or any Restricted Subsidiary that is a Significant Subsidiary for the payment of money, either individually or in an aggregate amount, in excess of U.S.$15.0 million (exclusive of judgment amounts covered by insurance) and shall not be discharged and either (a) an enforcement proceeding shall have been commenced by any creditor upon such judgment or order, or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, was not in effect;

(7) (a) a resolution is passed or adopted by the Company's Board of Directors or stockholders, or a judgment of a court of competent jurisdiction is made, that the Company, any Subsidiary Guarantor, or any Restricted Subsidiary that is a Significant Subsidiary be wound up or dissolved, other than for the purposes of or pursuant to a merger or consolidation otherwise permitted under and in accordance with the terms of "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets;"

(b) a court having jurisdiction enters a decree or order for (i) relief in respect of the Company, any Subsidiary Guarantor, or any Restricted Subsidiary that is a Significant Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) appointment of an administrator, receiver, trustee or intervener for the Company, any Subsidiary Guarantor, or any Restricted Subsidiary that is a Significant Subsidiary for all or substantially all of the property of the Company, any Subsidiary Guarantor, or any Restricted Subsidiary that is a Significant Subsidiary, as applicable, and such decree or order remains unstayed and in effect for 60 or more days;

(c) the Company, any Subsidiary Guarantor, or any Restricted Subsidiary that is a Significant Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) files for court endorsement of an out-of-court restructuring proceeding, (iii) applies for or consent to the appointment of or taking possession by an administrator, receiver, trustee or intervener for the Company or any Significant Subsidiary for all or substantially all of the property of the Company or any Significant Subsidiary or (iv) effects any general assignment for the benefit of creditors;

(8) any Note Guarantee ceases to be in full force and effect (except as contemplated by the terms of the Indenture) or is declared null and void in a judicial proceeding or any Subsidiary Guarantor denies or disaffirms its obligations under the Indenture or its Note Guarantee;

(9) it becomes unlawful for any reason whatsoever for the Company or the Subsidiary Guarantors to perform or comply with any of the payment or other material obligations under the Notes or the Note Guarantees;

(10) any condemnation, seizure or expropriation by any Government Agency of all or substantially all of the properties of the Company and its Subsidiaries taken as a whole shall occur and has a material adverse effect upon the Company's and its Subsidiaries' financial condition and results of operations, taken as a whole; or

(11) any of the PepsiCo Bottling Appointments shall be terminated or shall cease to be in full force and effect (other than as a result of being replaced by another PepsiCo Bottling Appointment for a similar geographic scope), for whatever reason, or any material provision of any such PepsiCo Bottling Appointment (i) shall be declared to be null and void or the validity or enforceability thereof shall be contested by either party thereto or any governmental authority, or (ii) at any time, for any reason, cease to be valid and binding or in full force and effect.

In case one or more of an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee will, upon the request of the Holders of not less than 25% in aggregate principal amount of the outstanding Notes, by written notice to the Company, declare all the Notes then outstanding to be immediately due and payable; *provided*, that in the case of any of the Events of Default described in clause (7) above with respect to the Company, all Notes will, without any notice to the Company or any other act by the Trustee or any Holder of any Notes, become immediately due and payable. Upon any such declaration of acceleration, the principal (and premium, if any) of the Notes so accelerated and the interest accrued thereon and all other amounts payable with respect to such Notes will become and be immediately due and payable.

At any time after a declaration of acceleration with respect to the Notes as described in the preceding paragraph, the Holders of a majority in principal amount of the outstanding Notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses, disbursements and advances (including expenses and disbursements of its counsel).

No rescission will affect any subsequent Default or impair any rights relating thereto.

Except as otherwise set forth in the Indenture, the Holders of a majority in principal amount of the outstanding Notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any Notes.

In the event of any Event of Default specified in clause (5) of the first paragraph above, such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 30 days after such Event of Default arose the Company delivered an Officers' Certificate to the Trustee stating that (x) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged or (y) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the Notes as described above be annulled, waived or rescinded upon the happening of any such events.

The Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, losses, expenses and liabilities that might be incurred by it in compliance with such request or direction. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the then outstanding Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No Holder of any Notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to pursue the remedy;

(3) such Holders of the Notes provide to the Trustee security or indemnity satisfaction to the Trustee;

(4) the Trustee does not comply within 60 days; and

(5) during such 60 day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided, that a Holder of a Note may institute suit for enforcement of payment of the principal of and premium, if any, or interest (including Additional Amounts) on such Note on or after the respective due dates expressed in such Note.

The Company, upon becoming aware of any Default or Event of Default, is required to deliver to the Trustee written notice of any event which constitute Defaults or Events of Default, their status and what action the Company is taking or proposes to take in respect thereof. In the absence of any such notice of Default or Event of Default from the Company and any description of any Default or Event of Default in an Officers' Certificate, the Trustee shall not be deemed to have notice or be charged with knowledge of any Default or Event of Default. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and written notice of such Default or Event of Default is received by a responsible officer of the Trustee, the Trustee must give to each Holder notice of the Default or Event of Default within 90 days after a responsible officer of the Trustee acquires actual knowledge or has received written notice of such Default or Event of Default, unless such Default or

Event of Default has been cured or waived. Notwithstanding the foregoing, except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the Holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes and all obligations of the Subsidiary Guarantors discharged with respect to the Note Guarantees ("**Legal Defeasance**"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes and Note Guarantees after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest (including Additional Amounts) on the Notes when such payments are due;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's and the Subsidiary Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations released with respect to certain covenants that are described in the Indenture ("**Covenant Defeasance**") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the Notes or the Note Guarantees. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders (1) cash or (2) U.S. Government Obligations, or (3) a combination thereof, in such amounts (with respect to (2) and (3)) as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee, to pay the principal of, premium, if any, and interest (in each case including Additional Amounts) on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

    (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

    (b) since the Original Issue Date, there has been a change in the applicable U.S. federal income tax law,

    in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

   (a) an Opinion of Counsel from counsel in the British Virgin Islands reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that, based upon British Virgin Islands law then in effect, Holders will not recognize income, gain or loss for British Virgin Islands tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to British Virgin Islands taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred, or

   (b) a ruling directed to the Trustee received from the tax authorities of the British Virgin Islands to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Trustee has received an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from outside counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(9) the Company has delivered to the Trustee an Opinion of Counsel from outside counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the trust resulting from the deposit is not required to register as a regulated investment company under the Investment Company Act of 1940.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to the rights, protections, immunities and indemnities of the Trustee and the Company's and the Subsidiary Guarantors' obligations in connection therewith, surviving rights or registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all the Notes theretofor authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofor delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee (1) funds, (2) U.S. Government Obligations or (3) a combination thereof, sufficient without reinvestment (which, in the case of (2) and (3), shall be evidenced by the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants delivered to the Trustee) to pay and discharge the entire Indebtedness on the Notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit, together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the Notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the Holders, may amend the Indenture, the Notes or the Note Guarantees for certain specified purposes, including curing ambiguities, defects or inconsistencies, to provide for uncertificated notes in addition to or in place of certificated notes; to provide for the assumption of the Company's or a Subsidiary Guarantor's obligations under the Indenture, the of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable; to make any change that would provide any additional rights or benefits to the Holders or that does not materially, adversely affect the rights under the Indenture of any such Holder; to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees; to allow any Subsidiary Guarantor to execute a supplemental indenture, including to become a co-issuer under the Indenture and the Notes, and/or a Note Guarantee with respect to the Notes and to release Subsidiary Guarantors from the Note Guarantee in accordance with the terms of the Indenture; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture; to otherwise comply with any requirement of the Indenture or applicable law and to issue Additional Notes. In formulating its opinion on such matters, the Trustee will be entitled to rely on such evidence as it deems appropriate, including solely on an Opinion of Counsel and Officers' Certificate, and shall have no liability whatsoever in reliance upon the foregoing.

Other modifications and amendments of the Indenture, the Notes or the Note Guarantees may be made with the consent of the Holders of a majority in principal amount of the then outstanding Notes issued under the Indenture, except that, without the consent of each Holder affected thereby, no amendment may:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest,

including defaulted interest, on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of the Indenture entitling each Holder to receive payment of principal of, premium, if any, and interest on such Note on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of outstanding Notes to waive certain Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control Triggering Event that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) make any change in the provisions of the Indenture described under "Additional Amounts" that adversely affects the rights of any Holder or amend the terms of the Notes in a way that would result in a loss of exemption from Taxes;

(8) make any change to the provisions of the Indenture or the Notes that adversely affect the ranking of the Notes;

(9) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Note Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(10) change the governing law or jurisdiction of the Indenture, the Notes or the Note Guarantees; and

(11) reduce the aforesaid percentage of Notes, the consent of the Holders of which is required for any such supplemental indenture, or amends the aforesaid list of provisions of the Indenture that cannot be amended without the affirmative vote of each Holder of the Notes.

Governing Law; Jurisdiction

The Indenture, the Notes and the Note Guarantees will be, governed by, and construed in accordance with, the law of the State of New York. The Company and the Subsidiary Guarantors consent to the non-exclusive jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan and have appointed an agent for service of process with respect to any actions brought in these courts arising out of or based on the Indenture, the Notes and the Note Guarantees.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *provided*, that if the Trustee acquires any conflicting interest as described in the Indenture, it must eliminate such conflict or resign as provided in the Indenture.

The Trustee, or any trustee or trustees thereafter appointed, may at any time resign in connection with its services as Trustee by giving 30 days' written notice of resignation to the Company and by giving notice thereof to the Holders. Upon receiving notice of resignation as Trustee, the Company shall promptly appoint a successor trustee or trustees with respect to the Notes by written instrument in duplicate, executed by authority of a Board Resolution, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee or trustees. If no successor trustee shall have been so appointed with respect to the Notes and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning trustee may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor trustee, or the Holders of at least 10% of the then outstanding aggregate principal amount of Notes may petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and as it may prescribe, appoint a successor trustee.

In case at any time any of the following shall occur: (i) the Trustee shall cease to be eligible in accordance with the provisions of the Indenture and shall fail to resign after written request therefor by or on behalf of the Company or by any Holder who has been a bona fide Holder of a Note for at least six months; (ii) the Trustee shall become incapable of acting with respect to the Notes, or shall be adjudged bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; or (iii) the Trustee becomes ineligible to act as Trustee under the terms of the Indenture, becomes incapable of acting as Trustee, or is adjudged insolvent or bankrupt; then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by authority of a Board Resolution, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or any Holder who has been a bona fide Holder of a Note or Notes for at least six months may on behalf of himself and all others similarly situated petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee with respect to the Notes. Such court may thereupon, after such notice, if any, as it may deem proper and as it may prescribe, remove the Trustee and appoint a successor trustee.

The Holders of a majority of the then outstanding aggregate principal amount of the Notes at the time outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee so removed, to the successor trustee so appointed and to the Company the evidence of the action in that regard taken by the Holders of Notes.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or of any Subsidiary Guarantor shall not have any liability for any obligations of the Company under the Notes or the Indenture, or of the Subsidiary Guarantors under the Note Guarantees or the Indenture, or for any claims based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability.

Currency Indemnity

The Company and the Subsidiary Guarantors will pay all sums payable under the Indenture, the Notes or the Note Guarantees solely in U.S. Dollars. Any amount that any recipient receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to the Holders or the Trustee from the Company or any Subsidiary Guarantor will only constitute a discharge to the Company or any Subsidiary Guarantor to the extent of the U.S. Dollar amount which the recipient is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery or, if it is not practicable to make the purchase on that date, on the first date on which the recipient is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to the Holders or the Trustee under the Indenture, any Note or Note Guarantee, the Company and the Subsidiary Guarantors will indemnify the Trustee and the Holders against any loss the Trustee or such Holders sustain as a result. In any event, the Company and the Subsidiary Guarantors will indemnify the recipient against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for the recipient to certify in a satisfactory manner that the recipient would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery or, if it was not practicable to make the purchase on that date, on the first date on which the Trustee or the Holders were able to do so. In addition, the recipient will also be required to certify in a satisfactory manner the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;
- will apply irrespective of any indulgence granted by the Trustee or any Holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Indenture or any Note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"***Acquired Indebtedness***" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person, in each case not Incurred in contemplation of such transaction. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"***Additional Amounts***" has the meaning set forth under "—Additional Amounts."

"***Additional Notes***" has the meaning set forth under "—Additional Notes."

"***Affiliate***" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"***Asset Acquisition***" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"***Asset Sale***" means any direct or indirect sale, disposition, issuance, conveyance, lease, assignment or other transfer, including a Sale and Leaseback Transaction (each, a "**disposition**") by the Company or any Restricted Subsidiary of:

(1) any Capital Stock of any Restricted Subsidiary other than Capital Stock of the Company; or

(2) any property or assets (other than cash, Cash Equivalents or Capital Stock) of the Company or any Restricted Subsidiary;

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) transactions permitted under "—Certain Covenants—Merger, Consolidation and Sale of Assets";

(2) a disposition of assets (including obsolete or worn-out equipment) in the ordinary course of business (including the disposition of current assets (as determined in accordance with IFRS));

(3) dispositions in any fiscal year of the Company, in a single or series of related transactions, of assets with a Fair Market Value not to exceed U.S.$20.0 million in the aggregate;

(4) for purposes of "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock" only, the making of a Restricted Payment permitted under "—Certain Covenants—Limitation on Restricted Payments", or any Permitted Investment;

(5) a disposition or transfer of assets between the Company and its Restricted Subsidiaries or among Restricted Subsidiaries, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(6) an issuance or sale of Capital Stock by a Restricted Subsidiary of the Company to the Company or any of its Restricted Subsidiaries;

(7) a disposition of accounts receivable in connection with a Receivables Transaction;

(8) any sale of assets received by the Company or any of its Restricted Subsidiaries upon the foreclosure on a Lien in favor of the Company or any of its Restricted Subsidiaries;

(9) the creation of a Lien not prohibited by the Indenture (but not the sale of property subject to a Lien);

(10) the surrender or waiver of contract rights or settlement, release or surrender of contract, tort or other claims or statutory rights in connection with a settlement, as determined in good faith by the Company's Board of Directors; and

(11) grants of licenses or sublicenses in the ordinary course of business to use the patents, copyright and other intellectual property of the Company or any of the Restricted Subsidiaries to the extent such license does not interfere with the business of the Company or any Restricted Subsidiary.

"***Asset Sale Offer***" has the meaning set forth under "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock."

"***Asset Sale Transaction***" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of Asset Sale by clause (4) of that definition.

"***Authorized Officer***" means any director of the Company or any Subsidiary Guarantor, as applicable, and any employee of the Company or any Subsidiary Guarantor, as applicable, as may be duly authorized to take actions under the Indenture, the Notes and any Note Guarantee.

"***Board of Directors***" means (i) with respect to a corporation, the Board of Directors of the corporation or a duly authorized committee thereof; (ii) with respect to a partnership, the Board of Directors of the general partner of the partnership; and (iii) with respect to any other Person, the board or committee of such Person serving a similar function.

"***Board Resolution***" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"***Business Day***" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not (i) a day on which banking institutions in New York, Guatemala or the British Virgin Islands generally are authorized or obligated by law, regulation or executive order to close, or (ii) a day on which banking and financial institutions in New York, Guatemala or the British Virgin Islands are closed for business with the general public.

"***Capitalized Lease Obligations***" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under IFRS. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with IFRS.

"***Capital Stock***" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"***Cash Equivalents***" means (a) any evidence of Indebtedness with a maturity of 180 days or less issued or directly and fully guaranteed or insured by any of the Relevant Jurisdictions, or (b) certificates of deposit, Eurodollar time deposits and bankers' acceptances with a maturity of 180 days or less and overnight bank deposits of any financial institution (including any branch thereof) that is organized or regulated under the laws of Belgium, England, France, Germany, Luxembourg, The Netherlands, Switzerland, Canada, Japan or any of the Relevant Jurisdictions and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$300,000,000 (or its equivalent in other currencies) or in excess of U.S.$100,000,000 in the case of any bank or trust company organized or regulated under the laws of the British Virgin Islands, Guatemala, Nicaragua, El Salvador, Honduras, Ecuador, Peru and Jamaica.

"***Change of Control***" means the occurrence of one or more of the following events:

(1) (A) at any time after the Original Issue Date any Person or Group (other than a Permitted Holder) is or becomes the "beneficial owner" (as defined below), directly or indirectly, in the aggregate of more than 50% of the total voting power of the Voting Stock of the Company or Grupo Empresarial Mariposa Corp., as the case may be (including a Surviving Entity, if applicable), and (B) the Permitted Holders beneficially own, directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company or Grupo Empresarial Mariposa Corp., as the case may be (including a Surviving Entity, if applicable) than such other Person or Group, in each case, whether by virtue of the issuance, sale or other disposition of Capital Stock of the Company or Grupo Empresarial Mariposa Corp., as the case may be, or a direct or indirect holder of Capital Stock of the Company or Grupo Empresarial Mariposa Corp.,

as the case may be, a merger or consolidation involving the Company, Grupo Empresarial Mariposa Corp., or such Person or Group, a sale of all or substantially all of its assets by the Company, Grupo Empresarial Mariposa Corp., or such Person or Group, any voting trust agreement or other agreement to which the Company, Grupo Empresarial Mariposa Corp., or any such Person or Group is a party or is subject, or otherwise; or

(2) except as permitted under the covenant "—Limitation on Merger, Consolidation or Sale of Assets," the approval by the holders of Capital Stock of the Company or Grupo Empresarial Mariposa Corp., as the case may be, of any plan or proposal for the liquidation or dissolution of the Company or Grupo Empresarial Mariposa Corp., whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) "**beneficial owner**" shall have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group shall be deemed to have "beneficial ownership" of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition.

(b) "**Person**" and "**Group**" shall have the meanings for "person" and "group" as used in Sections 13(d) and 14(d) of the Exchange Act; and

(c) the Permitted Holder or any other Person or Group shall be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the "**parent corporation**") so long as the Permitted Holder or such other Person or Group, as the case may be, beneficially owns, directly or indirectly, in the aggregate at least 50% of the voting power of the Voting Stock of the parent corporation and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent corporation.

"***Change of Control Payment***" has the meaning set forth under "Change of Control Triggering Event."

"***Change of Control Payment Date***" has the meaning set forth under "Change of Control Triggering Event."

"***Change of Control Triggering Event***" means the occurrence of a Change of Control and a Rating Event.

"***Code***" means the U.S. Internal Revenue Code of 1986, as amended.

"***Commodity Agreement***" means any commodity or raw material futures contract, commodity or raw materials option, or any other agreement designed to protect against or manage exposure to fluctuations in commodity or raw materials prices, including but not limited to natural gas prices.

"***Common Stock***" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Original Issue Date or issued after the Original Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"***Consolidated EBITDA***" means, for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Income Tax Expense for such Person for such period;

(2) Consolidated Interest Expense for such Person for such period;

(3) Consolidated Non-cash Charges for such Person for such period;

(4) net after-tax losses from Asset Sale Transactions or abandonment or reserves relating thereto for such period;

(5) any income or loss from extraordinary transactions;

(6) the portion of the net income of any Subsidiary (Restricted Subsidiary in the case of the Company) of such Person which was deducted in calculating Consolidated Net Income for such period as a result of minority interests in such Subsidiary;

(7) the portion of the net income of any Subsidiary (Restricted Subsidiary in the case of the Company) of such Person that was excluded pursuant to clause (4) of the definition of Consolidated Net Income due to customary corporate law requirements in connection with the payment of dividends or distributions;

(8) all fees, costs and expenses incurred in connection with the offering of the Notes as disclosed under the "Use of Proceeds" section of the Offering Circular; and

(9) any income or loss from discontinued operations.

less (x) all other non-cash credits and gains increasing Consolidated Net Income for such Person for such period, other than any items which represent the reversal in such period of any accrual of, or cash reserve for, anticipated charges in any prior period where such accrual or reserve is no longer required under IFRS and (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated EBITDA in any prior period.

"***Consolidated Income Tax Expense***" means, with respect to any Person for any period, the provision for all applicable federal, state and local income taxes payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with IFRS.

"***Consolidated Interest Expense***" means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with IFRS:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with IFRS, including, without limitation (whether or not interest expense in accordance with IFRS):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness, (but excluding any amortization of deferred financing and debt issuance costs),

(b) the net costs under Hedging Obligations (but excluding amortization of fees),

(c) all capitalized comprehensive result of financing,

(d) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances, and

(e) any interest expense paid in respect of Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company); and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period.

"***Consolidated Net Income***" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with IFRS; *provided*, that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from non-ordinary course Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (or loss) of any Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that the net income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions actually paid in cash to the Company or any of its Restricted Subsidiaries;

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that a corresponding amount could not be distributed to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of Consolidated Net Income accrued at any time following the Original Issue Date;

(6) any gain (or loss) from foreign exchange translation or change in net monetary position; and

(7) the cumulative effect of changes in accounting principles.

"***Consolidated Non-cash Charges***" means, for any Person for any period, the aggregate depreciation, amortization and other non-cash expenses or losses of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with IFRS (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense that is a current asset paid in a prior period).

"***Consolidated Total Assets***" means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the most recent balance sheet of such Person, prepared in accordance with IFRS.

"***Consolidated Total Indebtedness***" shall mean, as of any date and with respect to the Company, the consolidated Indebtedness as of such date of the Company and its Consolidated Subsidiaries.

"***Consolidated Total Indebtedness to Consolidated EBITDA Ratio***" means, for any Person as of any date of determination, the ratio of Consolidated Total Indebtedness as of such date to Consolidated EBITDA for the Four Quarter Period; *provided*, that:

(1) if the Company or any Restricted Subsidiary has:

(a) Incurred any Indebtedness during the Four Quarter Period that remains outstanding on the date of the transaction giving rise to the need to calculate the Consolidated Total Indebtedness to Consolidated EBITDA Ratio or if the transaction giving rise to the need to calculate the Consolidated Total Indebtedness to Consolidated EBITDA Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Total Indebtedness for such Four Quarter Period shall be calculated on a pro forma basis as if such Indebtedness had been Incurred on the first day of such Four Quarter Period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the day of such calculation will be deemed to be: (i) the average daily balance of such Indebtedness during such Four Quarter Period or such shorter period for which such facility was outstanding, or (ii) if such facility was created after the end of such Four Quarter Period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation); or

(b) repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such Four Quarter Period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case, other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Total Indebtedness to Consolidated EBITDA Ratio, Consolidated EBITDA for such Four Quarter Period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such Four Quarter Period and as if the Company or such Restricted Subsidiary had not earned the interest income actually earned during such Four Quarter Period in respect of cash or Cash Equivalents used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(2) if since the beginning of such Four Quarter Period the Company or any Restricted Subsidiary shall have made any Asset Sale, then giving pro forma effect to such disposition during such Four Quarter Period on the Consolidated EBITDA;

(3) if since the beginning of such Four Quarter Period, the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that is merged with or into the Company or any Restricted Subsidiary (or any Person that becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, then giving pro forma effect to such Investment or acquisition on the Consolidated EBITDA for such Four Quarter Period, any such pro forma calculation may include adjustments appropriate to reflect, without duplication, any such acquisition to the extent such adjustments may be reflected in the preparation of pro forma financial information in accordance with the requirements of IFRS and Article XI of Regulation S-X under the Exchange Act;

provided, that such adjustments are set forth in an Officer's Certificate that states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith beliefs of the officer executing such Officer's Certificate at the time of such execution and (iii) that any related Incurrence of Indebtedness is permitted pursuant to the Indenture; and

(4) if since the beginning of such Four Quarter Period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such Four Quarter Period) shall have made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Company or a Restricted Subsidiary during such Four Quarter Period, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Sale, Investment or acquisition of assets occurred on the first day of such Four Quarter Period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets and the amount of income or earnings relating thereto, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire Four Quarter Period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of twelve months).

"***Consolidation***" shall mean the consolidation of the accounts of the Company with those of its Restricted Subsidiaries in accordance with IFRS consistently applied; *provided*, that Consolidation will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company or any Restricted Subsidiary in an Unrestricted Subsidiary will be accounted for as an investment. The term "*Consolidated*" has a correlative meaning.

"***Covenant Defeasance***" has the meaning set forth under "—Legal Defeasance and Covenant Defeasance."

"***Currency Agreement***" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"***Default***" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"***Designation***" and "***Designation Amount***" have the meanings set forth under "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"***Disqualified Capital Stock***" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the Notes; *provided*, that any Capital Stock that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the final maturity of the Notes shall not constitute Disqualified Capital Stock if:

(1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the Notes and described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Change of Control Triggering Event"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Capital Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Capital Stock is to be determined pursuant to the Indenture; *provided*, that if such Disqualified Capital Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Capital Stock as reflected in the most recent financial statements of such Person.

"***Event of Default***" has the meaning set forth under "—Events of Default."

"***Exchange Act***" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"***Fair Market Value***" means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction.

"***Fitch***" means Fitch Ratings, Ltd. or any successor to the rating agency business thereof.

"***Four Quarter Period***" means, as of any date of determination, the four most recent full fiscal quarters for which financial statements are available ending prior to such date.

"***Government Agency***" means any national, provincial, county, city, town, village, municipal or other de jure or de facto government department, commission, board, bureau, agency, authority or instrumentality of a country or any political subdivision thereof, and any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any of the foregoing entities, including all commissions, boards, bureaus, arbitrators and arbitration panels, and any authority or other Person controlled by any of the foregoing.

"***Guarantee***" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided, that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"***Guarantor Surviving Entity***" has the meaning set forth under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"***Hedging Obligations***" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"***Holder***" means a Person in whose name a Note is registered in the register maintained by the Registrar.

"***IFRS***" means the International Financial Reporting Standards, as adopted by the International Accounting Standards Board, which are in effect from time to time.

"***Incur***" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding).

"***Indebtedness***" means, with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all

conditional sale obligations and all payment obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities accounted for as current liabilities (in accordance with IFRS) arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith);

(5) all obligations of such Person in respect of letters of credit, banker's acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) above which is secured by any Lien on any property or asset of the first Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;

(8) all obligations under Hedging Obligations of such Person;

(9) to the extent not otherwise included in this definition, the Receivables Transaction Amount outstanding relating to any Receivables Transaction; and

(10) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

"***Independent Financial Advisor***" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company's Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

"***Initial Offering Memorandum***" means the Offering Memorandum, dated January 31, 2017, relating to the original issuance and sale of the Initial Notes.

"***Interest Rate Agreement***" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"***Investment***" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person,

(2) capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) to any other Person, or

(3) any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude accounts receivable or deposits arising in the ordinary course of business. "Invest," "Investing" and "Invested" will have corresponding meanings.

For purposes of the "Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any. Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of such transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"***Investment Grade Rating***" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P and BBB- (or equivalent) by Fitch.

"***Investment Return***" means, in respect of any Investment (other than a Permitted Investment) made after the Original Issue Date by the Company or any Restricted Subsidiary:

(1) the cash proceeds received by the Company or any Restricted Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation; and

(b) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the Fair Market Value of the Investment of the Company and its Restricted Subsidiaries in such Person;

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "—Certain Covenants—Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"***Issue Date***" means August 4, 2020.

"***Legal Defeasance***" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"***Lien***" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided*, that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"***Marketable Securities***" has the meaning ascribed to such term under IFRS.

"***Moody's***" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"***Net Cash Proceeds***" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or

Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with IFRS, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"***Note Guarantee***" means any Guarantee of the Company's Obligations under the Notes and the Indenture provided by a Subsidiary Guarantor pursuant to the Indenture.

"***Obligations***" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the Notes, the Indenture.

"***Offering Memorandum***" means the Offering Memorandum, dated July 28, 2020, relating to the issuance and sale of the New Notes.

"**Officers' Certificate**" means a certificate signed by two Authorized Officers of the Company or any Subsidiary Guarantor, as applicable, and delivered to the Trustee.

"***Opinion of Counsel***" means a written opinion of legal counsel, who may be an employee of or legal counsel for the Company (except as otherwise provided in the Indenture) and who shall be reasonably acceptable to the Trustee.

"***Original Issue Date***" means January 31, 2017.

"***PepsiCo***" means PepsiCo, Inc. and its affiliates and their successors and assigns.

"***PepsiCo Bottling Appointments***" means, collectively, the (i) Pepsi-Cola Exclusive Bottling Appointment dated September 22, 1980 for Embotelladora La Mariposa, S.A., as amended by Letter Agreement dated January 1, 1998; (ii) Pepsi-Cola Exclusive Bottling Appointment dated March 1, 1963 for Embotelladora La Reyna, S.A. de C.V.; (iii) Pepsi-Cola Exclusive Bottling Appointment dated November 2, 1946 for Embotelladora Nacional, S.A.; (iv) Pepsi-Cola Exclusive Bottling Appointment dated December 3, 1999 for PepsiAmericas, Inc.; and (v) Pepsi-Cola Exclusive Bottling Appointment dated October 15, 1999 for PepsiAmericas, Inc.

"***Permitted Acquisition Indebtedness***" means Indebtedness of the Company or any of its Restricted Subsidiaries to the extent such Indebtedness was (i) Indebtedness of a Subsidiary prior to the date on which such Subsidiary became a Restricted Subsidiary, (ii) Indebtedness of a Person that was merged consolidated or amalgamated into the Company or a Restricted Subsidiary, (iii) assumed in connection with the acquisition of assets from a Person or (iv) incurred to finance an acquisition; *provided*, that on the date such Subsidiary became a Restricted Subsidiary or the date such Person was merged, consolidated or amalgamated with the Company or a Restricted Subsidiary or assumed in connection with an asset acquisition, as applicable, after giving pro forma effect thereto, (a) the Company would be permitted to incur at least U.S.$1.00 of additional Indebtedness pursuant to paragraph (1) under

"—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" or (b) the Consolidated Total Indebtedness to Consolidated EBITDA Ratio for the Company would not be greater than such ratio before giving effect to such transaction.

"***Permitted Business***" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Original Issue Date and any business ancillary or complementary thereto.

"***Permitted Holders***" means (i) with respect to the voting power of the Voting Stock of the Company, Grupo Empresarial Mariposa Corp. and PepsiCo, and (ii) with respect to the voting power of the Voting Stock of Grupo Empresarial Mariposa Corp., members of the Castillo family and their respective Permitted Transferees.

"***Permitted Indebtedness***" has the meaning set forth under clause (2) of "Certain Covenants —Limitation on Incurrence of Additional Indebtedness."

"***Permitted Investments***" means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary;

(2) Investments by any Restricted Subsidiary in the Company;

(3) Investments in cash and Cash Equivalents;

(4) any extension, modification or renewal of any Investments existing as of the Original Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Original Issue Date);

(5) Investments permitted pursuant to clause (2) (b) or (e) of "—Certain Covenants—Limitation on Transactions with Affiliates";

(6) Investments received as a result of the bankruptcy or reorganization of any Person or a foreclosure, or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "—Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock";

(8) Investments in the form of Hedging Obligations permitted under clause 2(d) of "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness;"

(9) prepayments and credits or advances to customers or suppliers (including talent) in the ordinary course of business accounted for as current assets in accordance with IFRS;

(10) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(11) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade

terms;

(12) Investments in a Receivables Entity in connection with a Receivables Transaction; *provided*, that such Investment in any such Person is in the form of any equity interest or interests in receivables and related assets generated by the Company or any Restricted Subsidiary and transferred to such Person in connection with a Receivables Transaction; and

(13) Investments in a Person engaged in a Permitted Business not to exceed the greater of (x) U.S.$100.0 million and (y) 15% of Consolidated Total Assets of the Company and its Restricted Subsidiaries as of the most recent fiscal quarter ended prior to the date of such investment;

provided, that with respect to any Investment, the Company may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment to, one or more of the above clauses (1) through (13) so that the entire Investment would be a Permitted Investment.

"***Permitted Liens***" means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law Incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(2) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(4) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(5) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(6) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" and that are secured by the same assets as secure such Hedging Obligations;

(7) Liens existing on the Original Issue Date and Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously secured by a Permitted Lien (other than Permitted Liens Incurred pursuant to clause (14) below), *provided,* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distribution in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder;

(8) Liens securing Acquired Indebtedness Incurred in accordance with "Certain Covenants—Limitation on Incurrence of Additional Indebtedness" not Incurred in connection with, or in

anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided*, that

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and

(b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(9) purchase money Liens securing Purchase Money Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition, construction, improvement or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided*, that:

(a) the related Purchase Money Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired, constructed or improved, and

(b) the Lien securing such Indebtedness will be created within 90 days of such acquisition, construction or improvement;

(10) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(11) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(12) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and Incurred in the ordinary course of business securing Indebtedness under Hedging Obligation and forward contracts, options, futures contracts, futures options or similar agreements or arrangement designed to protect the Company and its Restricted Subsidiaries from fluctuations in the price of commodities;

(13) Liens on accounts receivable or related assets Incurred in connection with a Receivables Transaction;

(14) licenses of intellectual property in the ordinary course of business;

(15) Liens to secure a defeasance trust to the extent such defeasance is otherwise permitted pursuant to the terms of the Indenture;

(16) Liens for taxes, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to IFRS have been made in respect thereof;

(17) encumbrances, easements, or reservations, or rights of others, licenses, rights of way, zoning and similar restrictions, reservations, restrictions or encumbrances in respect of real property or title defects that do not in the aggregate materially adversely affect the value of said properties (as such properties are used by the Company or its Restricted Subsidiaries) or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(18) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(19) Liens arising from precautionary Uniform Commercial Code financing statement filings (or similar filing under applicable law) regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(20) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within such proceedings may be initiated has not expired;

(21) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary; or

(23) other Liens to secure Indebtedness of the Company or any of its Restricted Subsidiaries, not to exceed U.S.$20.0 million at any one time outstanding.

"***Permitted Transferees***" means with respect to any Person: (i) in the case of any Person who is a natural person, such individual's spouse or children (natural or adopted), any trust for such individual's benefit or the benefit of such individual's spouse or children (natural or adopted), or any corporation or partnership in which the direct and beneficial owner of all of the equity interest in such Person are such individual's spouse or children (natural or adopted) or any trust for the benefit of such persons; (ii) in the case of any Person who is a natural person, the heirs, executors, administrators or personal representatives upon the death of such Person or upon the incompetency or disability of such Person for purposes of the protection and management of such individual's assets; and (iii) in the case of any Person who is not a natural person, any Affiliate of such Person.

"***Person***" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"***Peruvian Note Guarantee***" means any Guarantee of CBC Peruana S.A.C.'s Obligations under the Peruvian Notes and the indenture relating to the Peruvian Notes provided by the subsidiary guarantors set forth in such indenture.

"***Peruvian Notes***" means the notes issued by CBC Peruana S.A.C. on May 11, 2017, which are denominated in Peruvian Soles.

"***Post-Petition Interest***" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not, pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"***Preferred Stock***" of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"***Purchase Money Indebtedness***" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement, including related development costs, of any property (other than Capital Stock); *provided*, that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

"***Qualified Capital Stock***" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"***Rating Agencies***" means Moody's, S&P or Fitch. In the event that any of Moody's, S&P or Fitch is no longer in existence or issuing ratings, such organization may be replaced by a nationally recognized United States securities rating agency or agencies, or the case may be, designated by the Company with notice to the Trustee.

"***Rating Event***" means that at any time within 90 days (which period shall be (i) extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies then rating the Notes or (ii) reduced in the event of a Rating Reaffirmation to the date on which the Rating Reaffirmation has been obtained) after the date of public notice of a Change of Control, or of the intention of the Company or any Person to effect a Change of Control, the rating of the Notes is decreased by any of the Rating Agencies then rating the Notes by one or more notches as a result of a Change of Control.

"***Rating Reaffirmation***" means, in connection with a Change of Control, a written reaffirmation from each Rating Agency then rating the Notes stating that the credit rating on the Notes, which was in effect immediately prior to a public notice of such Change of Control or of the intention of the Company or any Person to effect such Change of Control, will not be decreased as a result of such Change of Control.

"***Receivables Entity***" means a Person in which the Company or any Restricted Subsidiary makes an Investment and:

(1) to which the Company or any Restricted Subsidiary transfers receivables and related assets in connection with a Receivables Transaction;

(2) which engages in no activities other than in connection with the Receivables Transaction;

(3) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

  (a) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

  (b) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or

  (c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(4) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Receivables Transaction) other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing receivables; and

(5) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"***Receivables Transaction***" means any securitization, factoring, discounting or similar financing transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any Person (including a Receivables Entity), or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto, including all collateral securing such receivables, all contracts and all guarantees or other obligations in respect of such receivables, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with securitization, factoring or discounting involving receivables.

"***Receivables Transaction Amount***" means the amount of obligations outstanding under the legal documents entered into as part of a Receivables Transaction on any date of determination that would be characterized as principal if such Receivables Transaction were structured as a secured lending transaction rather than a purchase.

"***Refinance***" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"***Refinancing Indebtedness***" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

  (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

  (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is:

  (a) Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company or a Subsidiary Guarantor, or

  (b) Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the Notes at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"***Relevant Jurisdictions***" means the British Virgin Islands, the United States (including Puerto Rico), the Kingdom of Spain, the Republic of Guatemala, the Republic of Honduras, the Republic of Nicaragua, the Republic of El Salvador, Jamaica, the Republic of Ecuador, the Republic of Peru, the Republic of Uruguay or the Republic of Panama.

"***Restricted Payment***" has the meaning set forth under "—Certain Covenants—Limitation on Restricted Payments."

"***Restricted Subsidiary***" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"***Revocation***" has the meaning set forth under "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"***S&P***" means Standard & Poor's Ratings Services or any successor to the rating agency business thereof.

"***Sale and Leaseback Transaction***" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Original Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"***Senior Indebtedness***" means the Notes and the Note Guarantees and any other Indebtedness of the Company that ranks equal in right of payment with the Notes or the relevant Note Guarantees, as the case may be.

"***Significant Subsidiary***" means a Subsidiary of the Company constituting a "Significant Subsidiary" of the Company in accordance with Rule 1-02(w) of Regulation S-X under the Securities Act in effect on the date hereof.

"***Standard Securitization Undertakings***" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are reasonably customary in securitization of receivables transactions.

"***Stated Maturity***" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"***Subordinated Indebtedness***" means, with respect to the Company or any Subsidiary Guarantor, any Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, which is expressly subordinated in right of payment to any Senior Indebtedness or the relevant Note Guarantee, as the case may be.

"***Subsidiary***" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly:

(1) more than 50% of the voting power of the other Person's outstanding Voting Stock, or

(2) at least 50% of the voting power of the other Person's Voting Stock as long as such other Person is required by IFRS to be consolidated with such Person for purposes of general financial reporting.

"***Subsidiary Guarantor***" means any Restricted Subsidiary, which provides a Note Guarantee pursuant to the Indenture until such time as its Note Guarantee is released in accordance with the Indenture.

"***Surviving Entity***" has the meaning set forth under "—Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"***Taxing Jurisdiction***" has the meaning set forth under "—Additional Amounts."

"***Unrestricted Cash and Cash Equivalents***" means the amount of cash and Cash Equivalents that would not be qualified as "restricted" on the consolidated statement of financial position of the Company as of such date in accordance with IFRS.

"***Unrestricted Subsidiary***" means any Subsidiary of the Company Designated as such pursuant to "—Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

"***U.S. Government Obligations***" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the Company's option.

"***Voting Stock***" with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"***Weighted Average Life to Maturity***" means, when applied to any Indebtedness at any date, the number of years (calculated by the Company to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The New Notes will initially be issued in the form of two or more registered notes in global form, without interest coupons (the "**global notes**"), as follows:

- New Notes sold to QIBs under Rule 144A will be represented by the Rule 144A global note; and
- New Notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by the Regulation S global note.

Upon issuance, the Rule 144A global note and Regulation S global note will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC ("**DTC participants**") or persons who hold interests through DTC participants (including Euroclear and Clearstream). We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the Initial Purchasers; and
- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges between the Global Notes

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the Guarantors, the Trustee, any agent under the Indenture or the Initial Purchasers is responsible for those operations or procedures.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among DTC participants in deposited securities through electronic book-entry charges to accounts of DTC participants, thereby eliminating the need for physical movement of securities certificates. The rules applicable to DTC and DTC participants are on file with the SEC. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream).

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee will be considered the sole owner or holder of the New Notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the New Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a DTC participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the New Notes represented by a global note will be made by the Trustee to DTC's nominee as the registered holder of the global note. None of the Issuer, the Guarantors, the Trustee or any of their respective agents will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by DTC participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary practices and will be the responsibility of those DTC participants or indirect participants and not of DTC, its nominee or us.

Transfers between DTC participants will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. None of the Issuer, the Guarantors, the Trustee or any agent under the Indenture will have any responsibility for the performance by DTC, Euroclear or Clearstream or DTC participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- we, at our option, notify the Trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the New Notes, and a request for such exchange has been made by the holder.

In all cases, certificated notes delivered in exchange for any global note will be registered in the names, and issued in any approved denominations, requested by the depositary and will bear a legend indicating the transfer restrictions of that particular global note.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the resale of the New Notes, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the New Notes.

The New Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered and sold only (A) to QIBs in compliance with Rule 144A under the Securities Act and (B) outside the United States to persons other than U.S. persons ("**non-US purchaser**s," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act. As used herein, the terms "**United States**" and "**U.S. person**" have the meanings given to them in Regulation S.

Each purchaser of New Notes will be deemed to have represented and agreed as follows:

1. It is purchasing the New Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above).

2. It acknowledges that the New Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act; that the New Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

3. It shall not resell or otherwise transfer any of such New Notes within one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the original issuance of the New Notes except (A) to the Issuer or any of its subsidiaries, (B) so long as the note is eligible for resale pursuant to Rule 144A under the Securities Act, inside the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (D) pursuant to an effective registration statement under the Securities Act or (E) in accordance with another exemption from the registration requirements of the Securities Act (and based upon an opinion of counsel if the Issuer so requests).

4. It agrees that it will give to each person to whom it transfers the New Notes notice of any restrictions on transfer of such New Notes.

5. If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note, it acknowledges and agrees that (i) until the expiration of the 40-day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer thereof shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A global note, and (ii) that it must exchange its beneficial interest in the Regulation S global note for a beneficial interest in a Regulation S global note or a Rule 144A global note in order to receive payments of interest.

6. It acknowledges that prior to any proposed transfer of notes in certificated form or of beneficial interests in a global note (in each case other than pursuant to an effective registration statement), the holder of notes or the holder of beneficial interests in a global note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.

7. It understands that:

(i) the following is the form of restrictive legend which will appear on the face of the Rule 144A global note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES, (2) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN A TRANSACTION COMPLYING WITH RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE ISSUER SO REQUESTS). THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES THAT IT WILL NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE ONLY WITH THE CONSENT OF THE ISSUER."

(ii) the following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

"THIS GLOBAL NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, A NON-U.S. PURCHASER ACKNOWLEDGES AND AGREES (I) THAT NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) UNTIL THE EXPIRATION OF THE 40-DAY "DISTRIBUTION COMPLIANCE PERIOD" (AS DEFINED IN REGULATION S), EXCEPT PURSUANT TO RULE 144A ("RULE 144A") TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A) (A "QIB") TAKING DELIVERY THEREOF IN THE FORM OF A BENEFICIAL INTEREST IN A RULE 144A GLOBAL NOTE.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE ON WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THIS NOTE."

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges or transfers of interest in global notes and certificated notes, see "Form of Notes, Clearing and Settlement."

8. It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the New Notes as well as holders of the New Notes.

9. It acknowledges that the Trustee will not be required to accept for registration of transfer any New Notes acquired by it, except upon presentation of evidence satisfactory to us that the restrictions set forth herein have been complied with.

10. It acknowledges that the Issuer, the Guarantors, the Initial Purchasers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the New Notes is

no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the New Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations, and agreements on behalf of each account.

11. Either (i) no assets of a Plan (as defined in "ERISA Considerations") have been used to acquire the New Notes or an interest therein or (ii)(a) the acquisition, holding and disposition of such New Notes or an interest therein by the purchaser does not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or violation of any Similar Law (each as defined above or in "ERISA Considerations"), and (b) if it is an ERISA Plan (as defined in "ERISA Considerations"), the decision to acquire and hold the New Notes has been made by a duly authorized fiduciary (a "Plan Fiduciary"), which Plan Fiduciary (I) is a fiduciary under ERISA or the Code, or both, with respect to the decision to acquire and hold the New Notes, (II) is not an IRA (as defined in "ERISA Considerations") owner or a relative of an IRA owner (in the case of an IRA), (III) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the New Notes, and (IV) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the New Notes, and without relying on any advice from any Transaction Parties (as defined in "ERISA Considerations"), none of which Transaction Parties has acted as a fiduciary under ERISA or the Code to the ERISA Plan in connection with the ERISA Plan's acquisition or holding of the New Notes.

TAXATION

The following discussion summarizes certain British Virgin Islands, Guatemalan and United States tax considerations that may be relevant to you if you invest in the New Notes. This summary is based on laws, regulations, rulings and decisions now in effect in the United States and on laws and regulations in effect in the British Virgin Islands, Guatemala and the United States, in each case which may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the New Notes, including the relevance to your particular situation of the considerations discussed below as well as of state, local and other tax laws.

BRITISH VIRGIN ISLANDS TAXATION

Pursuant to Section 242 of the BVI Business Companies Act, 2004 (as amended): (a) the Company; (b) all dividends, interest, rents, royalties, compensations and other amounts paid by the Company; and (c) capital gains realized with respect to any shares, debt obligations or other securities of the Company, are exempt from all provisions of the Income Tax Act of the British Virgin Islands. Similarly, no estate, inheritance, succession or gift tax is payable with respect to any shares, debt obligations or other securities of the Company. In addition: (i) all instruments relating to transfers of property to or by the Company; (ii) all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Company; and (iii) all instruments relating to other transactions relating to the business of the Company, are exempt from the payment of stamp duty in the British Virgin Islands. However, instruments relating to: (A) the transfer to or by the Company of an interest in land situated in the British Virgin Islands; or (B) transactions in respect of the shares, debt obligations or other securities of the Company, if the Company or any of its subsidiaries, has any interest in any land in the British Virgin Islands, are subject to stamp duty in the British Virgin Islands.

GUATEMALA TAXATION

The following summary contains a description of the principal Guatemalan tax consequences of the purchase, ownership and disposition of the New Notes by a Non-Guatemalan Holder (as defined below). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the New Notes. In addition, it does not describe any tax consequences: (1) arising under the laws of any taxing jurisdiction other than Guatemala or (2) that are applicable to a resident of Guatemala for tax purposes.

The Income Tax Act of 2012 has been in force since January 1, 2013. In general, for purposes of such Income Tax Act and its amendments, a Non-Guatemalan Holder of the New Notes is an individual or legal or corporate entity who is a non-resident for tax purposes. In general, individuals or legal corporate entities that: (1) do not reside in the territory of Guatemala for more than 183 days (whether or not consecutive) in any one year; (2) whose main center of economic interests is not in Guatemala; (3) do not have a permanent establishment in Guatemala (even if a resident outside Guatemala); and/or (4) in case of corporate entities, do not have their effective headquarters in Guatemala, are not considered to be a resident in Guatemala for Income Tax purposes for as long they do not receive income from a Guatemalan source. Notwithstanding the above, non-residents with a permanent establishment in Guatemala could be subject to taxation in accordance with the Income Tax Act of 2012 in regards to income associated with a Guatemalan source.

This summary is based upon the Guatemalan Tax Code and the Income Tax Act of 2012 and its executive rules in effect as of the date of this offering memorandum, which are subject to change. Prospective purchasers of the New Notes should consult their own tax advisers as to the Guatemalan or other tax consequences of the purchase, ownership and acquisition of the New Notes, including, in particular, the effect of the laws of any foreign state. The acquisition of the New Notes by an investor who is a resident of Guatemala will be made under its own responsibility.

Under the Guatemalan Income Tax Act of 2012, and the regulations thereunder, neither payments of principal nor interest on the New Notes made by the Issuer will be subject to Guatemalan withholding or other similar taxes. Capital gains related to the sale or other disposition of the New Notes by a Non-Guatemalan Holder, outside Guatemala, will not be subject to any Guatemalan capital gains or other taxes.

A Non-Guatemalan Holder will not be liable for Guatemalan estate, gift, inheritance or similar taxes with respect to the acquisition, ownership, of disposition of the New Notes, nor will it be liable for any Guatemalan stamp, issue, registration or similar taxes, to the extent that the relevant transactions, the assets, or the beneficiaries are not situated within the jurisdiction of Guatemala.

U.S. FEDERAL INCOME TAXATION

The following discussion is a summary of certain material U.S. federal income tax consequences of acquiring, owning and disposing of the New Notes. Except where otherwise noted, this discussion applies only to Holders (as defined below) that purchase the New Notes in connection with their original issue from the Initial Purchasers at the price indicated on the cover of this offering memorandum and that hold the New Notes as "capital assets" (generally, property held for investment). This discussion is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the U.S. Internal Revenue Service (the "**IRS**"), and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. A "Holder" is any beneficial owner of the New Notes.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular Holder and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion does not address the tax consequences that may be relevant to Holders subject to special tax rules, including, for example:

- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect the mark-to-market method of accounting with respect to their securities holdings;
- banks or other financial institutions;
- partnerships or other pass through entities;
- U.S. Holders (as defined below) whose functional currency for U.S. federal income tax purposes is not the U.S. Dollar;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- U.S. expatriates; or
- Holders that hold the New Notes as part of a hedge, straddle, conversion or other integrated transaction.

Further, this discussion does not address the alternative minimum tax consequences of holding the New Notes or the consequences to partners in partnerships (or any other entities or arrangements treated as partnerships for U.S. federal income tax purposes) that own the New Notes. In addition, this discussion does not address the state, local and non-U.S. tax consequences of acquiring, owning and disposing of the New Notes.

As used herein, the term "U.S. Holder" means a beneficial owner of a New Note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has an election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of New Notes that is neither a U.S. Holder nor a partnership (or other entity or arrangement that is treated as a partnership for U.S. federal income tax purposes). If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the New Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of holding the New Notes.

Qualified Reopening

The New Notes will be treated as issued pursuant to a "qualified reopening" of the Initial Notes for U.S. federal income tax purposes. Accordingly, the New Notes will have the same issue date and the same issue price as the Initial Notes and will be fungible with the Initial Notes for U.S. federal income tax purposes. The Initial Notes were issued at no more than a de minimis discount from their stated principal amount. As a result, the Initial Notes were issued without original issue discount ("OID"). The New Notes offered hereby also will be issued without OID.

Payments of Interest

Interest paid to a U.S. Holder on a New Note, including any amount withheld in respect of any taxes and any Additional Amounts, will be includible in such U.S. Holder's gross income as ordinary interest income at the time such payments are received or accrued in accordance with its usual method of tax accounting for U.S. federal income tax purposes. However, the portion of the first interest payment on the New Notes that represents a return of accrued interest that a U.S. Holder paid as part of the purchase price for the New Notes (such portion, "pre-issuance accrued interest") will not be treated as an interest payment, and thus will not be includible in income, for U.S. federal income tax purposes.

In addition, interest on the New Notes will be treated as "passive category" foreign source income for U.S. federal income tax purposes for most U.S. Holders. Subject to generally applicable restrictions and conditions, if any foreign income taxes are withheld on interest payments on the New Notes, a U.S. Holder will be entitled to a foreign tax credit in respect of any such foreign income taxes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. Additionally, a foreign tax credit for foreign income taxes imposed with respect to the New Notes may be denied where a U.S. Holder does not meet a minimum holding period requirement during which such U.S. Holder is not protected from risk of loss. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

If a U.S. Holder purchases a New Note for an amount in excess of its principal amount, such U.S. Holder may elect to treat the excess as amortizable bond premium. If a U.S. Holder makes this election, the amount required to be included in such U.S. Holder's income each year with respect to interest on the New Note will be reduced by the amount of amortizable bond premium allocable to that year, based on the New Note's yield to maturity. If a U.S. Holder makes an election to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that such U.S. Holder holds at the beginning of the first taxable year to which the election applies or that such U.S. Holder thereafter acquires, and may not be revoked without the consent of the IRS.

Subject to the discussion below under the caption "—U.S. Backup Withholding and Information Reporting," payments to a Non-U.S. Holder of interest on a New Note generally will not be subject to U.S. federal income tax unless the income is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (and if an income tax treaty applies, such income is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

Sale, Exchange, Retirement or Other Taxable Disposition of New Notes

Upon the sale, exchange or other taxable disposition (including a redemption) of a New Note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition, other than accrued but unpaid stated interest which will be taxable as ordinary income to the extent not previously included in gross income, and such U.S. Holder's adjusted tax basis in the New Note. A U.S. Holder's adjusted tax basis in a New Note generally will equal the cost of the New Note to such U.S. Holder, decreased by any amortized bond premium and by any pre-issuance accrued interest previously received. Any such gain or loss will be capital gain or loss. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Any gain or loss realized on the sale, exchange or other taxable disposition of a New Note generally will be treated as U.S. source gain or loss, as the case may be. As a result, if any such gain is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code, unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income treated as derived from foreign sources.

Subject to the discussion below under the caption "—U.S. Backup Withholding and Information Reporting," any gain realized by a Non-U.S. holder upon the sale, exchange or other taxable disposition of a New Note generally will not be subject to U.S. federal income tax, unless:

- the gain is effectively connected with such Non-U.S. Holder's conduct of a trade or business in the United States (and if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States, in which case the Non-U.S. Holder generally will be subject to U.S. federal income tax in respect of such gain in the same manner as a U.S. Holder, as discussed above); or

- an individual Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or other taxable disposition and certain other conditions are met, in which case the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate the 30% on the amount by which the Non-U.S. Holder's U.S. source capital gains exceed its U.S. source capital losses.

A Non-U.S. Holder that is a corporation may, in certain circumstances, also be subject to an additional "branch profits tax" upon the actual or deemed repatriation of any such effectively connected income or gain at a 30% rate (or, to the extent provided under an applicable income tax treaty, a lower rate).

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or redemption of a note, to U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, New Notes, and to proceeds from the sale or redemption of, New Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding will be required on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal and interest to a Non-U.S. Holder generally will not be subject to backup withholding and information reporting requirements if an appropriate certification is provided by the Non-U.S. Holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. You generally will be entitled to credit any amounts withheld under the backup withholding rules against your U.S. federal income tax liability or to receive a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

Foreign Financial Assets Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year, or U.S.$75,000 at any time during the taxable year generally will be required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on the holder's circumstances, higher threshold amounts may apply. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by certain financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in non-U.S. entities. The New Notes may be treated as specified foreign financial assets and U.S. Holders may be subject to this information reporting regime. Failure to file information reports may subject U.S. Holders to penalties. U.S. Holders should consult their own tax advisors regarding their obligation to file information reports with respect to the New Notes.

Medicare Contribution Tax on Unearned Income

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (i) the U.S. Holder's "net investment income" (or, in the case of an estate or trust, the "undistributed net investment income")for the relevant taxable year and (ii) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between U.S.$125,000 and U.S.$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income generally will include its interest income and its net gains from the disposition of a Note, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

THIS SUMMARY DOES NOT CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NEW NOTES. PROSPECTIVE PURCHASERS OF NEW NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE CONSEQUENCES OF OWNING THE NEW NOTES.

ERISA CONSIDERATIONS

*The following is a summary of certain considerations associated with the purchase of the New Notes by employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) that are subject to Title I of ERISA; plans, individual retirement accounts ("**IRAs**") and other arrangements that are subject to Section 4975 of the Code or to any federal, state, local, non-U.S. or other laws or regulations that are similar to the foregoing provisions of ERISA or the Code ("**Similar Laws**"); and entities whose underlying assets are considered to include "plan assets" of any such employee benefit plan, plan, account or arrangement (each, a "**Plan**").*

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code, including an entity whose underlying assets are considered to include "plan assets" of any such Plan (each an "**ERISA Plan**"), and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the New Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Each Plan should consider the fact that none of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Registrar, the transfer or paying agents, nor any of their respective affiliates (the "**Transaction Parties**") will act as a fiduciary to any Plan with respect to the decision to acquire New Notes and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision. The decision to acquire New Notes must be made by each prospective Plan purchaser on an arm's length basis. In addition, each ERISA Plan acquiring New Notes must generally be represented by a fiduciary independent of the Transaction Parties (which may not be an owner of, or a relative of an owner of, an IRA, in the case of an investor that is an IRA) that (i) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the New Notes, and (ii) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the New Notes.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who has engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that has engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of New Notes by an ERISA Plan with respect to which a Transaction Party is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, ("PTCEs") that may apply to the acquisition and holding of the New Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section

4975 of the Code for certain transactions; provided that none of the Issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the New Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or the Code or a violation of any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the New Notes (and holding the New Notes) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the New Notes.

PLAN OF DISTRIBUTION

Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as global coordinators and joint book-running managers of the offering and as Initial Purchasers and Scotia Capital (USA) Inc. is acting as passive bookrunner and Initial Purchaser. Subject to the terms and conditions stated in the purchase agreement, dated the date of this offering memorandum, the Initial Purchasers have agreed to purchase, and the Issuer has agreed to sell to the Initial Purchasers, the principal amount of the New Notes set forth opposite the Initial Purchasers' name.

Initial Purchasers	**Principal Amount of New Notes**
Citigroup Global Markets Inc.	U.S.$92,860,000
J.P. Morgan Securities LLC	U.S.$92,860,000
Scotia Capital (USA) Inc.	U.S.$14,280,000
Total	**U.S.$200,000,000**

The purchase agreement provides that the obligation of the Initial Purchasers to purchase the New Notes is subject to approval of legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the New Notes if they purchase any of the New Notes. The Initial Purchasers may offer and sell the New Notes through any of their respective affiliates.

The Initial Purchasers propose to resell the New Notes at the offering price set forth on the cover page of this offering memorandum within the United States to buyers reasonably believed to be QIBs in reliance on Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the New Notes are offered may be changed at any time without notice.

The New Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

In addition, until 40 days after the later of the commencement of this offering or the date the New Notes are originally issued, an offer or sale of New Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

We have agreed that, for a period of 90 days from the date of this offering memorandum, we will not, without the prior written consent of the Initial Purchasers, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us. The Initial Purchasers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Although the New Notes offered hereby will be fungible with the Initial Notes (with the exception that New Notes offered and sold in compliance with Regulation S will have different CUSIP, ISIN and Common Code numbers than the Initial Notes during a 40-day distribution compliance period commencing on the date of issuance of the New Notes), we cannot assure you that any trading market that may currently exist for the Notes will be sustained after this offering. We cannot assure you that the prices at which the New Notes will sell in the market after this offering will not be lower than the initial offering price. The Initial Purchasers have advised us that they currently intend to make a market in the New Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the New Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the New Notes.

In connection with the offering, the Initial Purchasers may purchase and sell New Notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the Initial Purchasers of a greater number of New Notes than they are required to purchase in the offering.

- Covering transactions involve purchases of New Notes in the open market after the distribution has been completed in order to cover short positions.

- Stabilizing transactions involve bids to purchase New Notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchasers for their own account, may have the effect of preventing or retarding a decline in the market price of the New Notes. They may also cause the price of the New Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchasers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchasers commence any of these transactions, they may discontinue them at any time.

In connection with the offering of any New Notes, the Initial Purchasers (the "**Stabilizing Managers**") (or persons acting on their behalf) may over-allot New Notes or effect transactions with a view to supporting the market price of the New Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization action may not necessarily occur. Any stabilization action or over allotment must be conducted by the relevant Stabilizing Managers (or persons acting on their behalf) in accordance with all applicable laws and rules and will be undertaken at the offices of the Stabilizing Managers (or persons acting on their behalf) and on the over-the-counter market.

The Initial Purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In addition, in the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve our securities and instruments. In particular, affiliates of each of Citigroup Global Markets Inc. and Scotia Capital (USA) Inc. are lenders under certain credit facilities we have entered into. We may repay some of these credit facilities in whole or in part with a portion of the net proceeds of this offering. See "Use of Proceeds." We may repay such facilities in amounts and at such times in our sole discretion.

In addition, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as Solicitation Agents in connection with the Consent Solicitations.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

The delivery of the Notes was made to investors on the Issue Date, which was the fifth business day following the date of the final offering memorandum (such settlement being referred to as "**T+5**"). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wished to trade Notes prior to the delivery of the Notes hereunder were required, by virtue of the fact that the Notes initially settled in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wished to trade the Notes prior to their date of delivery should have consulted their advisors.

Selling Restrictions

The New Notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.

The New Notes have not been offered, sold or delivered and will not be offered, sold or delivered, directly or indirectly, and this offering memorandum or any information incorporated by reference herein or any other offering material relating to the New Notes, has not been and will not be distributed in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

European Economic Area and the United Kingdom

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation. References to Regulations or Directives include, in relation to the United Kingdom, those Regulations or Directives as they form part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in United Kingdom domestic law, as appropriate.

This offering memorandum has been prepared on the basis that any offer of New Notes in any Member State of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of New Notes. Accordingly any person making or intending to make an offer in the EEA or the UK of New Notes which are the subject of the offering contemplated in this offering memorandum may only do so to legal entities which are qualified investors as defined in the Prospectus Regulation, provided that no such offer of New Notes shall require the Issuer or any of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case in relation to such offer.

Neither the Issuer nor the Initial Purchasers has authorized, nor do they authorize, the making of any offer of New Notes to any legal entity which is not a qualified investor as defined in the Prospectus Regulation. Neither the Issuer nor the Initial Purchasers has authorized, nor do they authorize, the making of any offer of New Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the New Notes contemplated in this offering memorandum.

Each person in a Member State of the EEA or the UK who receives any communication in respect of, or who acquires any New Notes under, the offers to the public contemplated in this offering memorandum, or to whom the New Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires New Notes is: (1) a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation; and (2) not a "retail investor" (as defined below).

In connection with the offering, the Initial Purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

For the purposes of these provisions:

1. the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded);

2. the expression "**retail investor**" means a person who is one (or more) of the following:
    a. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");
    b. a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
    c. not a qualified investor as defined in the Prospectus Regulation; and
3. the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe for the New Notes; and
4. references to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

United Kingdom

This offering memorandum and any other material in relation to the New Notes described herein is for distribution only to person who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") (ii) are persons falling within Article 49(2)(a) to (d) of the Order ("high net worth companies, unincorporated associations etc.); (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum and any other material in relation to the New Notes described herein is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

No invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the New Notes may be communicated or caused to be communicated except in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Initial Purchasers. In addition, all applicable provisions of the FSMA must be complied with in respect of anything done in relation to the New Notes in, from or otherwise involving the United Kingdom.

Canada

The New Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The New Notes may not be offered or sold by means of any document other than: (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances that do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the New Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to New Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offering may not be circulated or distributed, nor may the New Notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of SFA) or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities or securities-based derivatives contracts (each term as defined in Section 2 (1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the New Notes under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any references to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA (Chapter 289 of Singapore), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the New Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The New Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The New Notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the New Notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the New Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the New Notes with a view to distribution. Any such investors will be individually approached by the Initial Purchasers from time to time.

Chile

Pursuant to Chilean Capital Markets Act and *Norma de Carácter General* ("**General Rule**") No. 336, dated June 27, 2012, issued by the Chilean Financial Market Commission ("**CMF**"), the existing New Notes may be privately offered in Chile to certain "qualified investors" identified as such by CMF General Rule No. 336 (which in turn are further described in CMF General Rule No. 216, dated June 12, 2008, and in CMF General Rule No. 410, dated July 27, 2016). General Rule No. 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: August 4, 2020. The offer of the New Notes is subject to General Rule No. 336, dated June 27, 2012, issued by the CMF;

2. The subject matter of this offer are securities not registered with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF, and as such are not subject to the oversight of the CMF;

3. Since the New Notes are not registered in Chile there is no obligation by Issuer to make publicly available information about the New Notes in Chile; and

4. The New Notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the CMF.

Información a los Potenciales Inversionistas Chilenos

*De conformidad con la Ley de Mercado de Valores y la Norma de Carácter General N° 336 (la "**NCG 336**'), de 27 de junio de 2012, de la Comisión para el Mercado Financiero ("**CMF**"), la oferta por los bonos puede ser efectuada de forma privada a ciertos "Inversionistas Calificados", a los que se refiere la NCG 336 y que se definen como tales en la norma de carácter general N° 216, de 12 de junio de 2008 y en la Norma de Carácter General N° 410 de fecha 27 de Julio de 2016, ambas de la CMF. La NCG 336 dispone que la siguiente información debe ser entregada a los inversionistas:*

1. La oferta de los bonos comienza el 4 de agosto de 2020 y se encuentra acogida a la NCG N° 336, de fecha 27 de junio de 2012, de la CMF;

2. La oferta versa sobre valores que al ser emitidos y colocados no fueron inscritos en el Registro de Valores o en el Registro de Valores extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de la CMF;

3. Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre estos valores; y

4. La oferta por los bonos no es objeto de oferta pública y estos valores no han sido y ni podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el registro de valores correspondiente.

Peru

The New Notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the New Notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer of the New Notes or the sellers of the New Notes before or after their acquisition by prospective investors. The New Notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (Superintendencia del Mercado de Valores, or "**SMV**") nor have they been registered under the Securities Market Law (Ley del Mercado de Valores) or any other Peruvian regulations. Accordingly, the New Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Colombia

The New Notes have not been, and will not be, registered in the National Securities and Issuers Registry (Registro Nacional de Valores y Emisores) of Colombia or traded on the Colombian Stock Exchange (Bolsa de Valores de Colombia). Therefore, the New Notes may not be publicly offered in Colombia or traded on the Colombian Stock Exchange.

The offering memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and the offering memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the New Notes acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the New Notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Panama

The New Notes have not been, and will not be, registered for public offering in Panama with the Panamanian Superintendence of the Securities Market (*Superintendencia del Mercado de Valores*, previously the National Securities Commission of Panama) under Decree-Law 1 of July 8, 1999, as reformed by Law 67 of 2011 (the "**Panamanian Securities Act**"). Accordingly, the New Notes may not be offered or sold in Panama or to persons domiciled in Panama, except in certain limited transactions exempted from the registration requirements of the Panamanian Securities Act. The New Notes do not benefit from tax incentives accorded by the Panamanian Securities Act, and are not subject to regulation or supervision by the Panamanian Superintendence of the Securities Market.

Dubai International Financial Centre

In the Dubai International Financial Centre (the "**DIFC**"), the New Notes have not been and are not being, publicly offered, sold, promoted or advertised other than in compliance with the laws of the DIFC and applicable rules of the Dubai Financial Services Authority (the "**DFSA**"). No offer of the New Notes shall be made to any person in or from the DIFC unless such offer is:

1. an "Exempt Offer" for the purposes of the Markets Rules ("**MKT**") module of the DFSA Rulebook; and
2. made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business module of the DFSA Rulebook.

This document has not been and will not be filed with the DFSA or with any other authority in the DIFC and no such authority assumes any liability for its contents.

Italy

The offering of the New Notes has not been cleared by the *Commissione Nazionale per la Società e la Borsa*, or CONSOB, pursuant to Italian securities legislation. Accordingly, each Initial Purchaser has represented and agreed that it has not offered, sold or delivered, directly or indirectly, any New Notes to the public in the Republic of Italy.

For the purposes of this provision, the expression "offer of New Notes to the public" in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the New Notes to be offered so as to enable an investor to decide to purchase or subscribe the New Notes, including the placement through authorized intermediaries.

The New Notes will not be offered, sold or delivered, directly or indirectly, to any person and copies of this offering memorandum or of any other document relating to the New Notes will not be distributed in the Republic of Italy except:

1. to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**"), as implemented by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("Regulation No. 16190"), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("Regulation No. 11971"); or
2. in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB regulations including Regulation No. 11971.

Any such offer, sale or delivery of the New Notes or distribution of copies of the offering memorandum or any other document relating to the New Notes in the Republic of Italy must be in compliance with the selling restriction under (1) and (2) above and:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 16190, Legislative Decree No. 385 of September 1, 1993 as amended (the "**Banking Act**") and any other applicable laws or regulation;
(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the new notes is solely responsible for ensuring that any offer, sale, delivery or resale of the New Notes by such investor occurs in compliance with applicable Italian laws and regulations.

Luxembourg

The New Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this offering memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except in circumstances where the offer benefits from an exemption to or constitutes a transaction otherwise not subject to the requirement to publish a prospectus, in accordance with the Prospectus Regulation and the Luxembourg law of July 16, 2019 on prospectuses for securities and except for the sole purpose of the listing of the New Notes on the Official List of the Luxembourg Stock Exchange and their admission to trading on the Luxembourg Stock Exchange's Euro MTF market.

Mexico

The New Notes have not been, and will not be, registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the CNBV) and, therefore the New Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the New Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Ireland

The New Notes are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

Taiwan

Each of the Initial Purchasers has represented and warranted that the offer of the New Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the New Notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the New Notes and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. Each of the Initial Purchasers has represented and warranted that no person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the New Notes in Taiwan.

Guatemala

The New Notes will not be registered for public offering with, nor approved by, the Securities Market Registry (*Registro del Mercado de Valores y Mercancías*) of the Republic of Guatemala, and, accordingly, the New Notes will not be offered or sold in Guatemala: (i) to any person in an open market, directly or indirectly by means of massive communication; (ii) with the involvement or intervention of a third party or intermediary to any individual person or entity that is considered an institutional investor, including entities that are under the supervision of the Guatemalan Superintendence of Banks (*Superintendencia de Bancos*), the Guatemalan Social Security Institute (*Instituto Guatemalteco de Seguridad Social –IGSS*) and its affiliates, and public or private social welfare entities; (iii) to any entity or vehicle used for purposes of collective investment; or (iv) to more than 35 individual persons or entities.

El Salvador

The New Notes will not be publicly offered or registered with the *Bolsa de Valores de El Salvador, S.A. de C.V.*, nor approved by the Financial System Regulator (*Superintendencia del Sistema Financiero*), and, accordingly, the New Notes will not be offered or sold in El Salvador to any person in an open market, directly or indirectly by means of massive communication.

Spain

The New Notes may not be offered or sold in Spain except in accordance with the requirements of the consolidated text of the Spanish Securities Market approved by Royal Legislative Decree 4/2015, of October 23 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) and Royal Decree 1310/2005, of November 4, on the listing of securities, public offers and applicable prospectus (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), both as amended and restated, and supplemental rules enacted thereunder or in substitution thereof from time to time (the "**Spanish Securities Market Act**"). The New Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain within the meaning of the Spanish Securities Market Act. None of the New Notes, this offering or this offering memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering or sale of New Notes in Spain.

LEGAL MATTERS

The validity of the New Notes will be passed upon on behalf of the Issuer and the Guarantors by Walkers, British Virgin Islands counsel to CBC, and by Hogan Lovells US LLP, special U.S. counsel to CBC. The validity of the New Notes will be passed upon on behalf of the Initial Purchasers by Harney Westwood & Riegels LP, British Virgin Islands counsel to the Initial Purchasers, and by Shearman & Sterling LLP, special U.S. counsel to the Initial Purchasers.

INDEPENDENT AUDITORS

Our Annual Audited Consolidated Financial Statements as of December 31, 2019 and 2018 and for each of the years in the two-year period ended December 31, 2019 and 2018 included in this offering memorandum have been audited by Ernst & Young, S.A. (domiciled in Guatemala), independent auditors, as stated in their report appearing herein.

With respect to our Unaudited Condensed Consolidated Interim Financial Statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019, the independent auditor has reported that they applied review procedures in accordance with professional standards for a review of such information. However, their separate report included states that they did not audit and they do not express an opinion on the Unaudited Condensed Consolidated Interim Financial Statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

We have applied to admit the New Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Pursuant to the rules of the Luxembourg Stock Exchange, for so long as the New Notes are listed on the Luxembourg Stock Exchange, copies of the following will be available during the term of the New Notes in the City of Luxembourg at the specified office of The Bank of New York Mellon SA/NV, Luxembourg Branch, the Luxembourg listing agent for the New Notes:

- the Company's Memorandum and Articles of Association;
- the Indenture, the New Notes and the guarantees;
- this offering memorandum;
- copies of our Annual Audited Consolidated Financial Statements as of and for the years ended December 31, 2019 and 2018; and
- copies of our Unaudited Condensed Consolidated Interim Financial Statements as of and for the three-month period ended March 31, 2020 and 2019.

For so long as any of the New Notes remain outstanding or are listed on the Luxembourg Stock Exchange, copies of the Company's annual report, in English, containing audited consolidated financial statements for the most recent fiscal year, will be delivered to the specified offices of the Luxembourg listing agent and can be obtained free of charge. Our Annual Audited Consolidated Financial Statements as of and for the years ended December 31, 2019 and 2018 are included elsewhere in this offering memorandum. See "Index to Consolidated Financial Statements."

In addition to being delivered to holders via DTC, as long as the New Notes are listed on the Luxembourg Stock Exchange and as long as it is required by the rules of the Luxembourg Stock Exchange, copies of all notices to holders of the New Notes will be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort), if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The Company's legal entity identifier is 549300DT8SH0CF6BTT37.

The issuance of the New Notes was authorized by a resolution of the Board of Directors of the Issuer on July 17, 2020.

The Company has registered its Memorandum of Association and Articles of Association with the Registrar of Corporate Affairs of the British Virgin Islands. Clause 4 of the Company's Memorandum of Association states that the Company has been formed to engage in any business whatsoever, or in any acts or activities, which are not prohibited under any law for the time being in force in the British Virgin Islands, including all kinds of investment, financial, commercial, industrial and other activities. The Company was incorporated on December 28, 1994 and has perpetual duration under British Virgin Islands law.

As of March 31, 2019, the Guarantors represented 100% of the EBITDA of the Company. There are no consolidated financial statements of the Company and its consolidated subsidiaries as of any date or for any period subsequent to March 31, 2020. Since the date of the most recent financial statements included in this offering memorandum (exclusive of any amendment or supplement thereto), there has been no material adverse change in the condition (financial or otherwise), prospects, earnings, business or properties of the Company or its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in this offering memorandum (exclusive of any amendment or supplement thereto). Except as disclosed in this offering memorandum, there has been no significant adverse change in the Company's financial or trading position or prospects since December 31, 2019, the date of the latest audited consolidated financial statements. None of the Issuer or any of the Guarantors is involved in any litigation, arbitration or administrative proceedings that are material in the context of the issue of the New Notes nor is the Issuer aware of any such litigation, arbitration or administrative proceedings, whether pending or threatened.

The purchase agreement among the Issuer and the Initial Purchasers, the New Notes and the Indenture are or will be governed by the laws of the State of New York, U.S.A.

The New Notes have been accepted for clearance and settlement through the facilities of DTC. The permanent CUSIPs for the Rule 144A New Notes and the Regulation S New Notes are 15238XAB5 and G20011AC9, respectively. The temporary CUSIP for the Regulation S New Notes is G20011AD7. The permanent ISINs for the Rule 144A New Notes and the Regulation S New Notes are US15238XAB55 and USG20011AC94, respectively. The temporary ISIN for the Regulation S New Notes is USG20011AD77. The permanent Common Codes for the Rule 144A and the Regulation S New Notes are 155952717 and 155952130, respectively. The temporary Common Code for the Regulation S New Notes is 216452739.

ANNEX A

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Central America Bottling Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
31 March 2020

With the Independent Auditor's Report

The Central America Bottling Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

31 March 2020

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Unaudited Interim Condensed Consolidated Financial Statements:

The Central America Bottling Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Statements of Financial Position
As at March 31, 2020 and December 31, 2019

(Figures expressed in US dollars)

	Notes	March, 31 2020 Unaudited	December, 31 2019 Audited
Assets			
Current assets:			
Cash	5	US$ 189,053,796	US$ 154,357,910
Held to maturity investments	6	36,772,828	28,986,340
Accounts receivable	7	206,338,484	250,287,053
Inventories	8	208,700,739	194,892,920
Value added tax		30,943,081	31,335,792
Prepaid expenses		14,332,773	14,166,923
Total current assets		686,141,701	674,026,938
Non-current assets:			
Held to maturity investments	6	71,600,000	71,600,000
Investments in associates		1,712,662	1,746,775
Property, plant and equipment	10	559,848,872	563,318,069
Right-of-use assets	11	52,165,889	46,521,948
Goodwill and intangibles assets	12	217,673,883	220,693,968
Long term accounts receivable	7	5,228,515	1,376,180
Long term tax receivable		49,266,055	41,884,261
Other financial assets		20,310,318	20,677,233
Deferred tax assets		38,329,949	38,284,628
Total non-current assets		1,016,136,143	1,006,103,062
Assets held for sale	9	4,953,069	4,953,424
Total assets		US$ 1,707,230,913	US$ 1,685,083,424
Equity and liabilities			
Current liabilities:			
Short term loans and borrowings	13	US$ 187,523,768	US$ 86,613,997
Long term loans and borrowings – current portion	13	1,319,245	1,325,622
Accumulated expenses and other payables	16	442,637,861	534,665,764
Short term lease liabilities	12	7,174,510	5,613,889
Income tax payable		9,714,268	9,379,487
Total current liabilities		648,369,652	637,598,759
Long term loans and borrowings	13	228,224,156	192,489,162
Bonds payable	14	502,160,309	508,112,648
Long term accounts payable	16	14,244,117	1,987,704
Long term lease liabilities	12	58,000,943	55,235,125
Employee benefits	17	22,451,136	22,807,842
Deferred tax liabilities		42,743,773	43,314,842
Total liabilities		1,516,194,086	1,461,546,082
Equity			
Share capital		29,932,781	29,932,781
Share premium		24,130,636	24,130,636
Legal reserve		24,260,078	24,260,078
Retained earnings		142,324,268	155,648,382
Other components of equity	18	(46,526,485)	(27,841,470)
Equity attributable to equity holders of the parent		174,121,278	206,130,407
Non-controlling interests		16,915,549	17,406,935
Total equity		191,036,827	223,537,342
Total liabilities and equity		US$ 1,707,230,913	US$ 1,685,083,424

The accompanying notes are an integral part of these consolidated financial statements

The Central America Bottling Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Statements of Comprehensive Income
For the three month periods ended March 31, 2020 and 2019

(Figures expressed in US dollars)

	Notes		2020		2019
			Unaudited		
Revenue from contracts with customers	19	US$	376,727,556	US$	394,832,677
Cost of sales	20		(231,181,263)		(248,485,047)
Gross profit			145,546,293		146,347,630
Selling and administrative expenses			(136,775,512)		(141,118,822)
Other operative income			999,988		1,182,175
Other operative expenses			(5,309,693)		(2,091,686)
Operating profit			4,461,076		4,319,297
Financial income			12,505,438		6,168,820
Financial cost			(29,179,002)		(21,592,514)
Financial cost, net			(16,673,564)		(15,423,694)
Loss before tax			(12,212,488)		(11,104,397)
Income tax	21		(1,704,215)		(3,381,244)
Net loss for the period			(13,916,703)		(14,485,641)
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			-		-
Actuarial results			-		4,008
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	18		(15,020,690)		-
Exchange differences on translation of foreign operations	18		(3,563,122)		1,445,680
Other comprehensive (loss) income for the year			(18,583,812)		1,449,688
Deferred income tax			-		-
Other comprehensive (loss) income for the year, net of tax			(18,583,812)		1,449,688
Total comprehensive income for the year, net of tax		US$	(32,500,515)	US$	(13,035,953)
Profit for the year attributable to:					
Equity holders of the parent		US$	(13,324,114)	US$	(12,486,687)
Non-controlling interests			(592,589)		(1,998,954)
		US$	(13,916,703)	US$	(14,485,641)
Comprehensive income for the year attributable to:					
Equity holders of the parent		US$	(32,009,129)	US$	(10,598,075)
Non-controlling interests			(491,386)		(2,437,878)
		US$	(32,500,515)	US$	(13,035,953)

The accompanying notes are an integral part of these consolidated financial statements

The Central America Bottling Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Equity
For the three month period ended March 31, 2020

(Figures expressed in US dollars)

		Attributable to equity holders of the parent										
		Share capital		Share premium		Legal reserve		Retained earnings		Other comprehensive income		Total
Balance at December 31, 2019	US$	29,932,781	US$	24,130,636	US$	24,260,078	US$	155,648,382	US$	(27,841,470)	US$	206,130,407
Net loss for the year		-		-		-		(13,324,114)		-		(13,324,114)
Other comprehensive (loss) income for the year:												
Translation adjustment for the year		-		-		-		-		(3,664,325)		(3,664,325)
Cash flow hedges reserve		-		-		-		-		(15,020,690)		(15,020,690)
Total comprehensive income for the year		-		-		-		(13,324,114)		(18,685,015)		(32,009,129)
Balance at March 31, 2020 (Unaudited)	US$	29,932,781	US$	24,130,636	US$	24,260,078	US$	142,324,268	US$	(46,526,485)	US$	174,121,278

The accompanying notes are an integral part of these consolidated financial statements

The Central America Bottling Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Statement of Changes in Equity
For the three month period ended March 31, 2019

(Figures expressed in US dollars)

						Attributable to equity holders of the parent						
		Share capital		Share premium		Legal reserve		Retained earnings		Other comprehensive income		Total
Balance at December 31, 2018	US$	30,487,800	US$	57,217,515	US$	20,747,557	US$	228,981,156	US$	(35,801,250)	US$	301,632,778
Adjustments to retained earnings		-		-		-		(8,517,037)		-		(8,517,037)
IFRS 16 adoption (1)		-		-		-		(11,799,809)		-		(11,799,809)
Adjusted balance at January 1, 2019		30,487,800		57,217,515		20,747,557		208,664,310		(35,801,250)		281,315,932
Net loss for the year (1)		-		-		-		(12,486,687)		-		(12,486,687)
Other comprehensive (loss) income for the year:												
Translation adjustment for the year		-		-		-		-		1,884,604		1,884,604
Defined benefit plan settlement		-		-		-		-		-		-
Unrealized actuarial gain		-		-		-		-		4,008		4,008
Total comprehensive income for the year		-		-				(12,486,687)		1,888,612		(10,598,075)
Transfer to reserves		-		-		1,943,664		(1,943,664)		-		-
Balance at March 31, 2019 (Unaudited)	US$	30,487,800	US$	57,217,515	US$	22,691,221	US$	194,233,959	US$	(33,912,638)	US$	270,717,857

(1) The Group adopted IFRS 16 applying the modified retrospective approach. The previous years were not modified.

The Central America Bottling Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Statements of Cash Flows
For the three month periods ended March 31, 2020 and 2019

(Figures expressed in US dollars)

	Notes		March, 31 2020		March, 31 2019
			Unaudited		
Cash flow from operating activities:					
Net loss for the period		US$	(13,916,703)	US$	(14,485,641)
Reconciliation of net profit for the year to net cash provided by operating activities:					
Depreciation of property, plant and equipment and right-of-use assets	11-12		22,813,253		22,891,121
Financial cost, net			16,673,564		15,423,694
Income tax expense	22		1,704,215		3,381,244
Amortization of intangibles	13		3,215,769		2,060,913
Severance compensation adjustment	18		1,861,529		2,030,715
Loss on sale of property plant and equipment	11		26,400		198,338
Expected credit loss			572,888		290,996
Breakage of returnable bottles and plastic boxes			-		745,911
Amortization of transaction costs from issuance of bonds	15		822,200		815,447
			33,773,115		33,352,738
Changes in working capital					
(Increase) decrease in:					
Accounts receivable			39,523,346		(3,760,937)
Inventories			(13,807,819)		1,570,670
Prepaid expenses			(165,850)		(838,289)
Value added tax			392,711		(4,431,638)
Tax receivable			(7,381,794)		3,671,353
Other financial assets			366,915		(3,736,585)
Increase (decrease) in:					
Accumulated expenses and other payables			(101,425,305)		(15,030,827)
Benefits paid to employees	18		(2,192,424)		(2,231,525)
Income tax paid			(1,950,438)		(2,175,702)
Net cash flow (used in) generated by operating activities			(52,867,543)		6,389,258
Cash flow from investing activities:					
Acquisition of property, plant and equipment	11		(22,056,944)		(16,587,400)
Cash received from sale of property, plant and equipment			1,246,129		471,554
Cash invested in held to maturity investments	6		(19,458,370)		(55,635,908)
Cash received from held to maturity investments	6		11,725,518		522,408
Acquisition of intangible assets	13		(195,683)		(44,657)
Interests received			1,473,462		1,573,823
Net cash flow used in generated by investing activities			(27,265,888)		(69,700,180)
Cash flow from financing activities:					
Proceeds from borrowings	14		139,198,269		40,000,000
Repayment of borrowings	14		(2,910,269)		(589,929)
Lease payments	12		(5,070,379)		(4,758,787)
Interests paid			(16,191,211)		(15,745,638)
Net cash flow generated by financing activities			115,026,410		18,905,646
Net increase (decrease) in cash			34,892,979		(44,405,276)
Cash at beginning of the year			154,357,910		212,464,812
Effect of change in exchange rates on cash held			(197,093)		(158,161)
Cash at periods ended		US$	189,053,796	US$	167,901,375

Non-Monetary Transactions
Non-monetary transactions carried out are as follows:

At March 31, 2020, the Group recognized right-of-use assets acquisitions and lease liabilities for US$ 9,783,795 (March 31, 2019: US$ 3,561,758).

The accompanying notes are an integral part of these consolidated financial statements

1. Corporative information

The Central America Bottling Corporation was organized under the laws of the British Virgin Islands (BVI) on December 28, 1994 to operate for undefined time. Its domicile is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. Grupo Empresarial Mariposa Corp. (GEMCORP) is the controller and main shareholder of the Group with an equivalent participation of 82%.

The activities of the Group basically consist of manufacturing, distributing and selling products of Pepsico, Ambev and CBC's own brands. These products include carbonated beverages (CSDs), bottle water, energy drinks, isotonic drinks, juices, nectars, tea and beer.

The interim condensed consolidated financial statements for the 3 months ended March 31, 2020 of the Central America Bottling Corporation and Subsidiaries ("CBC", "the Company" or "the Group") were authorized by the Group's management on July, 17, 2020.

At December 31, 2019 and 2018, the Group has payable bonds guaranteed by twelve of its subsidiaries (note 14), which are: (i) Embotelladora Nacional, S.A., (ii) Comercializadora Modelos, S.A. de C.V., (iii) Comercializadora Sagitario, S.A., (iv) Embotelladora La Reyna, S.A., (v) Mariposa El Salvador, S.A. de C.V., (vi) Comercializadora Interamericana, S.A. de C.V., (vii) CBC Peruana S.A.C., (viii) Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., (ix) Pepsi-Cola Jamaica Bottling Company Limited, (x) Pepsi-Cola Puerto Rico Distributing, LLC, (xi) LivSmart Americas, S.A. de C.V. and (xii) The Tesalia Springs Company, S.A.

2. Basis of preparation of the interim condensed consolidated financial statements

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The amendment to the standards and interpretations that entered into effect in 2020 had not have any significant impact on the interim condensed consolidated financial statements of the Group.

3. Seasonality of operations

Sales of beverages, especially carbonated soft drinks, are highly seasonal in the principal markets where the Group operates. Sales are higher during the Easter and summer months (February to April for Central America, South America region and Caribbean region, and June, July and August in Puerto Rico) and in December in all territories due to Christmas and New Year´s. Both inventories (raw materials and finished products) and accounts receivable reach their highest levels during November and December and cash requirements are met through increases in credit terms with suppliers (mainly in concentrate purchases) and surplus cash from off-peak months. The budget prepared by the Group takes into account these aspects for the sales budget distribution; therefore, advertising and promotional activities are undertaken in order to mitigate the decrease in sales during the low season.

For the 12 months ended March 31, 2020 the Group reported revenue of US$1,704,547 thousands (12 months ended March 31, 2019: US$1,655,479 thousands) and profit before tax of US$63,839.thounsads (12 months ended March 31, 2019: US$73,728 thousands).

(Figures expressed in US dollars)

4. Segment Information

Management monitors the operating results of its business units separately to decide on the distribution of financial based on their financial yields. The transfer pricing of goods and services among segments are similar to those

As of March 31, 2020:

		Net sales		Cost of sales		Sales gross income		Total operating expenses		Operating activities income (loss)		N financ
Central American Region:												
Guatemala	US$	146,180,735	US$	90,698,354	US$	55,482,381	US$	44,004,439	US$	11,477,942	US$	10,
El Salvador		30,698,972		16,686,059		14,012,913		12,099,610		1,913,303		1,
Honduras		23,190,934		14,311,322		8,879,612		9,080,720		(201,108)		6
Nicaragua		14,866,607		9,854,370		5,012,237		5,436,988		(424,751)		6
		214,937,248		131,550,105		83,387,143		70,621,757		12,765,386		13,
Caribbean Region:												
Puerto Rico		33,591,878		24,495,519		9,096,359		13,014,976		(3,918,617)		3
Jamaica		19,352,479		12,087,220		7,265,259		8,186,095		(920,836)		1,
		52,944,357		36,582,739		16,361,618		21,201,071		(4,839,453)		1,
North American Region:												
Mexico		1,017,084		1,057,475		(40,391)		344,984		(385,375)		2
South American Region:												
Argentina		5,339,444		3,490,351		1,849,093		1,984,148		(135,055)		1,
Ecuador		61,197,650		30,994,549		30,203,101		31,336,680		(1,133,579)		1,
Peru		39,126,021		26,342,285		12,783,736		14,840,725		(2,056,989)		1,
Uruguay		2,165,752		1,163,759		1,001,993		755,852		246,141		(1,8
		107,828,867		61,990,944		45,837,923		48,917,405		(3,079,482)		1,
	US$	376,727,556	US$	231,181,263	US$	145,546,293	US$	141,085,217	US$	4,461,076	US$	16,

The Central America Bottling Corporation and Subsidiaries
Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three-months periods ended March 31, 2020 and 2019

(Figures expressed in US dollars)

As of March 31, 2019:

	Net sales	Cost of sales	Sales gross income	Total operating expenses	Operating activities income (loss)	N financ
Central American Region:						
Guatemala	US$ 144,492,795	US$ 93,528,916	US$ 50,963,879	US$ 36,064,813	US$ 14,899,066	US$ 9,
El Salvador	45,449,634	27,618,347	17,831,287	12,306,644	5,524,643	1,
Honduras	25,556,681	16,822,206	8,734,475	9,906,583	(1,172,108)	
Nicaragua	15,835,876	10,902,957	4,932,919	5,941,183	(1,008,264)	1,
	231,334,986	148,872,426	82,462,560	64,219,223	18,243,337	12,
Caribbean Region:						
Puerto Rico	33,105,793	21,473,635	11,632,158	17,605,109	(5,972,951)	
Jamaica	20,034,943	12,113,211	7,921,732	8,024,614	(102,882)	
	53,140,736	33,586,846	19,553,890	25,629,723	(6,075,833)	
North American Region:						
Mexico	1,385,182	1,304,941	80,241	486,617	(406,376)	
South American Region:						
Argentina	5,921,012	3,713,755	2,207,257	2,572,167	(364,910)	1,
Ecuador	62,167,648	33,917,484	28,250,164	34,795,513	(6,545,349)	1,
Peru	40,528,356	26,840,759	13,687,597	13,574,755	112,842	
Uruguay	354,757	248,836	105,921	750,335	(644,414)	(
	108,971,773	64,720,834	44,250,939	51,692,770	(7,441,831)	2,
	US$ 394,832,677	US$ 248,485,047	US$ 146,347,630	US$ 142,028,333	US$ 4,319,297	US$ 15,

(Figures expressed in US dollars)

5. Cash

For the purpose of the interim condensed consolidated statements of cash flows, cash and cash equivalents are comprised of the following:

		March 31 2020		December 31 2019
Cash in hand	US$	1,512,039	US$	1,042,953
Cash in banks and deposits		187,541,757		153,314,957
	US$	189,053,796	US$	154,357,910

6. Held-to-Maturity Investments

These investments are made up of certificates of deposit issued by depository institutions, which are bearing annual interests between 1% and 6% and with original maturity at 180 days or less. During the three months ended March 31, 2020 the Group acquired certificates of deposit by US$19,458,370 (March 31, 2019: 55,635,908) and reached their maturity date US$11,725,518 (March 31, 2019: 522,408). At March 31, 2020 includes held-to-maturity investments with related companies for US$36,650,000 (December 31, 2019: US$37,700,000) (see note 23).

At March 31, 2020 and December 31, 2019 certificates of deposit amounting US$71,600,000 are restricted and guarantee bank loans, (see note 13).

7. Accounts Receivable, net

		March 31 2020		December 31 2019
Trade receivables	US$	117,471,050	US$	145,848,513
Related companies (see note 23)		72,424,520		86,351,929
Less - Estimate for expected credit losses		(791,841)		(777,030)
		189,103,729		231,423,412
Other:				
Accounts receivables from government entities		6,499,381		7,775,044
Services for export		1,390,221		3,495,903
Interest receivable for held-to-maturity investments		1,690,547		1,116,042
Reimbursement of investments participations		1,200,000		-
Executives and employees		1,041,946		1,111,055
Manufacture		2,708,622		621,884
Insurance receivable		69,861		190,000
Other accounts receivable		7,862,692		5,929,893
		22,463,270		20,239,821
Sub-Total accounts receivable		211,566,999		251,663,233
Long term accounts receivable		(5,228,515)		(1,376,180)
Total accounts receivable	US$	206,338,484	US$	250,287,053

At March 30, 2020 and 2019 expected credit losses recognized in the income statement amounted to US$572,888 and US$290,996, respectively.

(Figures expressed in US dollars)

8. Inventories

		March 31 2020		December 31 2019
At cost:				
Raw materials	US$	75,031,851	US$	65,333,873
Inventory in transit		42,393,700		39,490,386
Materials, parts and supplies		28,764,663		29,901,143
Work in progress		431,163		305,529
Finished goods		61,496,514		59,632,044
Consignment inventory		582,848		229,945
	US$	208,700,739	US$	194,892,920

9. Assets Held for Sale

In January 2019, the Group committed to a plan to sell some assets from a negotiation in Ecuador including land, buildings, machinery and vehicles. Consequently, these assets are considered as assets held for sale in 2020.

The assets for disposal are estimated at fair value less costs of sale as follows:

		March 31 2020		December 31 2019
Land	US$	3,512,354	US$	4,433,912
Buildings		1,391,623		222,111
Machinery		-		141,447
Vehicles		49,092		155,954
	US$	4,953,069	US$	4,953,424

i. As of March 31, 2020, and December 31, 2019, accumulated income or expenses were not recognized in other comprehensive income related to the assets for disposal.

ii. The fair value of assets for disposal was determined based on the trade appraisals by a qualified independent appraiser. The fair value hierarchy of these assets for disposal was classified as level 1 since the quoted (non-adjusted) prices were compared to the market as identical assets.

10. Property, Plant and Equipment

Acquisition and disposal

During the three months ended March 31, 2020 the Group acquired assets with a cost of US$22,056,944 (three months ended March 31, 2019: US$16,587,400). Additionally, assets with a net book value of US$1,272,529 were disposed during the three months ended March 31, 2020 (three months ended March 31, 2019: US$669,892), resulting in a loss on disposal of US$26,400 (three months period ended March 31, 2019: gain of US$198,338).

Depreciation

The depreciation of property and equipment for the three months ended March 31, 2020 and March 31, 2019 was US$20,109,163 and US$19,491,307, respectively.

Impairment loss

The management considers that there are no indicators of impairment and for that reason, no impairment losses have been recognized in the interim condensed consolidated financial statements.

11. Right-of-use assets

Acquisition

During the three months ended March 31, 2020 the Group acquired right of use assets with a cost of US$9,783,795 (March 31, 2019: US$ 3,561,758). Additionally, three months ended March 31, 2020 and 2019 no assets were disposed.

Depreciation

The depreciation of right of use assets for the three months ended March 31, 2020 and March 31, 2019 was US$2,704,090 and US$3,399,814, respectively.

Lease liabilities

During the three months ended March 31, 2020 the Group recognized lease liabilities US$9,783,795 (March 31, 2019: US$3,561,758). Additionally, for three months ended March 31, 2020 and 2019 interest of financial leases was US$1,048,785 and US$1,140,598, respectively, and payments were made for US$5,070,379 and US$4,758,787, respectively.

12. Goodwill and Intangible Assets

During the three months ended March 31, 2020 the Group acquired intangible assets with a cost of US$195,683 (March 31,2019: US$44,657).

Amortization

The amortization of intangible assets March 31, 2020 and March 31, 2019 was US$3,215,769 and US$2,060,913, respectively.

Test of the impairment of the cash-generating units including goodwill

The recoverable amount of the cash-generating units was determined based on the use value calculated on cash flows projections for five years, applying a discount interest rate between 7.9% and 15.9%.

Cash flows projections exceeding five years were extrapolated by using a growth rate of 1%, which is the average growth rate during the term for the industry.

As of March 31, 2020, and December 31, 2019, the recoverable amount of the cash-generating units exceeds the recorded value.

The following are the estimates and main assumptions used to determine the use value of the cash-generating units and the cash flow projections supporting them:

Gross margin: The gross margin calculation was determined as the average gross margin for the three years prior to the cash flows projections plus an annual growth factor of 3%.

***Discount rate*:** The discount rate used reflects Management's estimate related to specific risks of each cash-generating unit. To determine the discount rate, management has hired independent consultants to build the exclusive rates for each cash-generating unit.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the goodwill and intangible assets, there are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2019.

(Figures expressed in US dollars)

13. Loans and borrowings

	Currency	Interest Rate		Car Am
Balance at January 1, 2020 (a)	US$			280,4
New issues:				
Unsecured loans (b)	US$	3.39% to 4.80%	US$	100,0
Unsecured loans (b)	GTQ	5.75% to 6.25%		31,1
Unsecured loans	US$	5.45% to 5.99%		7,6
Unsecured loans	AR$	17.50%		4
Repayments:				
Unsecured loans	US$			(2,5
Unsecured loans	AR$			(3
Other movements:				
Exchange differential				3
Balance at March 31, 2020				417,0
(-) Total banks short term loans				(187,5
(-) Current portion of long-term loans				(1,3
Long term bank loans, excluding a current portion			US$	228,2

(a) Includes loans with related companies for US$15,300,000 (see note 23).
(b) These loans are in banks and is restricted for emergencies related to pandemic Covid -19.

During the three months ended March 31, 2019 the Group acquired and paid loans for US$40,000,000 and US
At March 31, 2020 and December 31, 2019, bank loans amounting US$71,600,000 are guaranteed with certific

(Figures expressed in US dollars)

A summary of the maturity terms of long-term loans payable is as follows:

As of December 31, 2020	US$	188,843,013
As of December 31, 2021		16,444,085
As of December 31, 2022		154,820,506
From December 31, 2023 onwards		56,959,565
	US$	417,067,169

The capital payment method of bank loans is the on the due date and the interest payment method is monthly.

The Group intends to pay US$ 40 million of loans during the month of July 2020.

14. Bonds payable

The movement of this account is as follows:

	Interest Rate	Currency	Local Currency		US$
	5.75%	US$	487,652,706	US$	487,652,706
	8.00%	Soles	67,000,000		20,459,942
Balance at January 1, 2020					508,112,648
Additions:					
Interest		US$	5,904,519		5,904,519
Interest		Soles	1,340,000		389,648
Repayments:					
Interest		US$	(12,364,310)		(12,364,310)
Other movements:					
Amortization (initial record) transaction costs					822,200
Exchange differential					(704,396)
Balance at March 31, 2020				US$	502,160,309

At March 31, 2019 the amortization of transactions cost was US$815,447.

15. Contractual clauses stipulated in bonds issued and loan agreements

The Group's Management deems at March 31, 2020 any of the mentioned agreement clauses disclosed in the annual consolidated financial statements as of and for the year ended December 31st, 2019 have not been infringed.

(Figures expressed in US dollars)

16. Accumulated expenses and other payables

		March 31 2020		December 31 2019
Vendors	US$	383,083,271	US$	437,183,966
Related companies (note 23)		23,280,558		56,245,168
Accumulated expenses payable		28,682,901		34,221,550
Wages and severance payable		7,591,131		8,250,099
Derivatives instruments (a)		12,718,951		-
Others		1,525,166		752,685
		456,881,978		536,653,468
Less - long-term accounts payable		(14,244,117)		(1,987,704)
	US$	442,637,861	US$	534,665,764

Accumulated expenses and other payables do not generate interest, are not subject to any discounts for early payment, do generate late charges, their maturity terms are generally 90 days after the date of the statement of financial position, and are payable in the functional currency, except for US$366,460,888 related to trade payable, Accumulated expenses and other payables and wages and severance payable in currencies other than the functional currency.

(a) Raw material price risk
The Group continuously purchases aluminum and fuel to fulfill its manufacturing process. Due to the fluctuations in international market prices, it decided to agree on future raw material contracts. The Group expects that these contracts reduce the volatility of cash flows regarding the firm commitments for the purchase of aluminum and fuel.

17. Employee Benefits

The account summary is as follows:

		March 31 2020		December 31 2019
Defined benefit plans	US$	22,451,136	US$	22,807,842

The obligation for severance per country is presented below:

		March 31 2020		December 31 2019
Ecuador	US$	8,803,230	US$	9,563,320
Guatemala		7,756,370		7,810,971
Honduras		2,846,527		2,707,121
El Salvador		1,252,749		1,265,518
Nicaragua		644,360		641,042
Puerto Rico		405,035		405,036
Perú		643,626		307,829
Argentina		99,239		107,005
	US$	22,451,136	US$	22,807,842

(Figures expressed in US dollars)

The activity of the provision for severance is shown below:

		March 31 2020		December 31 2019
Balances at beginning	US$	22,807,842	US$	23,612,885
Increases		1,861,529		6,901,924
Amounts paid		(2,192,424)		(5,768,831)
Actuarial (gain) loss		-		(1,988,229)
Effect on conversion		(25,811)		50,093
	US$	22,451,136	US$	22,807,842

This personnel compensation plan has the characteristics of a defined benefit plan. As of March 31, 2020, and December 31, 2019, an actuarial analysis by an independent actuary using the basis described below was performed:

Eligible group
All the Group's personnel have contracts for indefinite terms.

Retirement conditions
- Termination with cause: Compensation is not paid, regardless of seniority.
- Unfair dismissal: Compensation is paid, regardless of seniority.
- Other termination conditions: Compensation is paid after the second year of seniority.

Salary for purposes of the plan

Guatemala
In accordance with the labor laws of Guatemala, employers are under the obligation of paying their employees and workers, in the event of unfair dismissal, a compensation equivalent to one month's salary for each year worked or to their beneficiaries in the event of death, as established by article No. 85 paragraph a) of the Labor Code.

Employees that joined the Company before January 1, 2015, that have worked continuously for over a year and end their work relationship for any reason, are paid a salary per each year worked.

El Salvador
Resignation: According to the Voluntary Resignation law, Art. 8, this equals 15 days of salary per each year of service after two complete years of service. In case the employee’s salary exceeds twice the minimum wage of the sector to which the company belongs (US$ 304.17), this quantity will be used as a basis for the compensation, i.e. US$ 304.17 twice. As the Voluntary Resignation Law states, the payment of compensation for death and total and permanent disability is considered for an amount similar to the one which would be paid in case of resignation.

Benefit of Universal Settlement: This benefit covers only executive staff members. It consists of compensation for the value equivalent to one month’s salary for each year of service. The applicable salary is the one established in art. 58 Wrongful Dismissal of the Labor Code, i.e., four times the legal daily minimum wage in force. It applies in case of wrongful dismissal, resignation, death, total and permanent disability and retirement.

Honduras
In accordance with the provisions of the Labor Code applicable in Honduras, employees of the Group, according to the time of service, are entitled to the following business benefits: a) in the case of termination of the contract for unfair dismissal, an amount equivalent to one month's salary for every year worked up to a maximum of 25 years, b) in the case of natural death of the employee after 6 months of working for the Group, an amount equivalent to 75% of what he/she would have received for unfair dismissal, and c) for employees who have worked continuously for more than two years and who choose to retire voluntarily, a percentage of what he/she would have received for unfair dismissal, which varies according to seniority, is paid.

Additionally, employees under Collective Agreement have a retirement benefit, as long as they have a 20-year seniority at the age of 65 for men and 60 for women; the employee can choose between a monthly pension or a single payment.

Nicaragua
In accordance with the labor laws of Nicaragua and internal rules, in case of employees with positions of trust, employers are under the obligation of paying their employees and workers, in the event of unfair dismissal, one month's salary for each year worked, up to a maximum of ten months of salary. For any other job terminations, the amount corresponds to one month's salary for every year worked, up to a maximum of five months of salary. For the employees under Collective Agreement, have a right to a severance for years of service that consists in a month of salary per each seniority year, up to a maximum of six salaries, in case of wrongful contract termination. Besides, they have a retirement benefit, where the amount of salaries depends on the employee's seniority years, and a severance benefit for work accident, common accident and/or illness.

Ecuador
<u>Defined Benefit Plans - Employer Retirement and Severance</u>
The Labor Code of the Republic of Ecuador establishes the obligation for the employers to grant employer retirement to all those employees who have completed a minimum service time of 25 years in the same company; which qualifies as a defined benefit plan without separate funds allocation. In addition, the Labor Code provides that, at the end of the employment relationship, the employer must pay a compensation calculated based on the number of years of service. In case of termination of employment by dismissal, the employer must grant the worker compensation equivalent to 25% of the last monthly salary that the worker received, for each year of service and in case of untimely dismissal, if the worker has from 20 to 25 years of seniority, he/she entitled to the proportional part of his employer retirement corresponding to the years of service.

The net obligation of the Company related to the employer retirement plan and compensation for dismissal is determined separately, calculating the amount of the future benefit that the employees have earned in exchange for their services in the current period and in the previous ones; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit costing method.

The Company recognizes all the actuarial gains or losses arising from the defined benefit plans, in other comprehensive income, and all expenses related to the defined benefit plans, including the discount consolidation, are recognized in the expenses for benefits to employees in results.

<u>Termination benefits</u>
The compensation for employment termination is recognized as an expense when the decision to terminate the contractual relationship with employees is taken.

(Figures expressed in US dollars)

Peru

Compensation for length of services

The compensation for the Company and its subsidiaries staff's length of services corresponds to their compensation rights calculated in accordance with the legislation in force, which must be deposited in the bank accounts designated by the employees in May and November of each year. The compensation for staff time is equivalent to a remuneration in force at the date of its deposit The Company and its subsidiaries do not have additional payment obligations once they make the annual deposits of the funds to which the worker is entitled.

Argentina

Remuneration for employees includes all types of remuneration that the Company provides to workers in exchange for their services.

Creditable service

Years and months completed from the date of entry of the employee until the date of retirement

Benefit amount

The benefit is equivalent to one month's salary for each year of creditable service in a single payment at the time of termination of the employment contract plus economic benefits.

Actuarial assumptions

The main actuarial assumptions used as of the reporting date are shown below:

Assumptions	Annual Discount	Expected increase in salaries	Implicit inflation rate
Guatemala	7.38%	1.5 %	3.41 %
Honduras	10.9%	1.7 %	4.08 %
El Salvador	3.5%	1.5 %	0 %
Nicaragua	12%	2.95 %	6.1 %
Ecuador	4.09%	2%	0 %
Perú	8%	1%	1.9%
Argentina	7.1%	1.5%	53.8%

(Figures expressed in US dollars)

18. Shareholders' Equity

Dividends declared and paid

At March 31, 2020 and 2019 no dividends were declared and paid.

Other equity components

		Reserve for cash flow hedges		Reserve for translation of financial statements		Total
Balances as of December 31, 2019	US$	1,223,559	US$	(29,065,029)	US$	(27,841,470)
Other comprehensive income		(15,020,690)		(3,664,325)		(18,685,015)
Balances as of March 31, 2020	US$	(13,797,131)	US$	(32,729,354)	US$	(46,526,485)

		Reserve for cash flow hedges		Accumulated comprehensive losses for employee benefits		Reserve for translation of financial statements		Total
Balances as of December 31, 2018	US$	(3,075,719)	US$	(1,988,229)	US$	(30,737,302)	US$	(35,801,250)
Other comprehensive income		-		4,008		1,884,604		1,888,612
Balances as of March 31, 2019	US$	(3,075,719)	US$	(1,984,221)	US$	(28,852,698)	US$	(33,912,638)

Reserve for cash flow hedges

This reserve includes the portion of income or loss on the hedging instruments that the Group has determined as effective cash flow hedge.

Reserve for translation of financial statements

This equity reserve is used to recognize the effects from the annual conversion to the presentation currency of the subsidiaries' financial statements operating abroad. This accumulated balance will be recognized in results when the respective subsidiaries are sold or disposed.

Reserve for actuarial valuation

This reserve includes changes resulting from the actuarial valuation of the defined benefits to employees

(Figures expressed in US dollars)

19. Revenue from contracts with customers

The account is summarized below:

19.1 Sales

	For the three months periods ended March 31, 2020		
	Sales of goods	Services provided	Total
Type of good or service			
Sale of finished goods	US$ 369,442,829	US$ -	US$ 369,442,829
Rendering of services	-	7,284,727	7,284,727
Total revenues from contracts with customers	US$ 369,442,829	US$ 7,284,727	US$ 376,727,556
Geographical markets			
Guatemala	US$ 138,896,008	US$ 7,284,727	US$ 146,180,735
Ecuador	61,197,650	-	61,197,650
Perú	39,126,021	-	39,126,021
Puerto Rico	33,591,878	-	33,591,878
El Salvador	30,698,972	-	30,698,972
Honduras	23,190,934	-	23,190,934
Jamaica	19,352,479	-	19,352,479
Nicaragua	14,866,607	-	14,866,607
Argentina	5,339,444	-	5,339,444
Uruguay	2,165,752	-	2,165,752
México	1,017,084	-	1,017,084
Total revenues from contracts with customers	US$ 369,442,829	US$ 7,284,727	US$ 376,727,556
Timing of revenue recognition			
Goods transferred at a point in time	US$ 369,442,829	US$ -	US$ 369,442,829
Services transferred over time	-	7,284,727	7,284,727
Total revenues from contracts with customers	US$ 369,442,829	US$ 7,284,727	US$ 376,727,556

Below is the reconciliation of the revenues from contracts with clients and the amounts disclosed in the segment information (note 4):

	Sale of goods	Services provided
Revenue:		
External clients	US$ 369,442,829	US$ 7,284,727
Inter-segment	179,936,044	24,494,201
	549,378,873	31,778,928
Inter-segment adjustments and eliminations	(179,936,044)	(24,494,201)
Total revenues from contracts with customers	US$ 369,442,829	US$ 7,284,727

(Figures expressed in US dollars)

	For the three months periods ended March 31, 2019		
	Sales of goods	Services provided	Total
Type of good or service			
Sale of finished goods	US$ 389,555,012	US$ -	US$ 389,555,012
Rendering of services	-	5,277,665	5,277,665
Total revenues from contracts with customers	US$ 389,555,012	US$ 5,277,665	US$ 394,832,677
Geographical markets			
Guatemala	US$ 139,215,130	US$ 5,277,665	US$ 144,492,795
Ecuador	62,167,648	-	62,167,648
El Salvador	45,449,634	-	45,449,634
Perú	40,528,356	-	40,528,356
Puerto Rico	33,105,793	-	33,105,793
Honduras	25,556,681	-	25,556,681
Jamaica	20,034,943	-	20,034,943
Nicaragua	15,835,876	-	15,835,876
Argentina	5,921,012	-	5,921,012
México	1,385,182	-	1,385,182
Uruguay	354,757	-	354,757
Total revenues from contracts with customers	US$ 389,555,012	US$ 5,277,665	US$ 394,832,677
Timing of revenue recognition			
Goods transferred at a point in time	US$ 389,555,012	US$ -	US$ 389,555,012
Services transferred over time	-	5,277,665	5,277,665
Total revenues from contracts with customers	US$ 389,555,012	US$ 5,277,665	US$ 394,832,677

Below is the reconciliation of the revenues from contracts with clients and the amounts disclosed in the segment information (note 4):

	Sales of goods	Services provided
Revenue		
External clients	US$ 389,555,012	US$ 5,277,665
Inter-segment	186,586,199	23,135,225
	576,141,211	28,412,890
Inter-segment adjustments and eliminations	(186,586,199)	(23,135,225)
Total revenues from contracts with customers	US$ 389,555,012	US$ 5,277,665

19.2 Balances from contracts with customers

	March 31 2020	December 31 2019
Trade receivable (note 7)	US$ 117,471,050	US$ 145,848,513
Contracts with clients	US$ 4,753,875	US$ 5,528,938

As of March 31, 2020 and 2019, there are no significant contractual liabilities, due to the fact that they are mostly settled during the year.

During, three months periods ended March 31, 2020 bonuses associated with sales were recognized for an amount of US$8,661,952 (three months periods ended March 31, 2019: US$6,692,163).During three months periods ended March 31, 2020 and 2019, there are no relevant asset return rights or reimbursement of liabilities associated with negotiations with clients.

(Figures expressed in US dollars)

20. Cost of sales

The account summary is as follows:

	For the three months periods ended March 31			
		2020		2019
Goods or assets	US$	220,055,266	US$	238,943,106
Rendering of services		2,770,472		1,907,162
Depreciation		8,355,525		7,634,779
	US$	231,181,263	US$	248,485,047

21. Income Tax

Income tax expense is recognized based on Management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. The Group's consolidated effective tax rate for the three months ended March 31, 2020 was 14% (March 31, 2019 was 30%). During 2020 there are no significant changes in tax rates.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the three months periods ended March 31			
		2020		2019
Income taxes				
Current income tax expense	US$	2,285,219	US$	3,045,880
Deferred income tax expense relating to origination and reversal of temporary differences		(581,004)		335,364
Income tax expense recognized in statement of profit or loss	US$	1,704,215	US$	3,381,244

22. Commitments, Contingencies, Endorsements and Guarantees Commitments

Commitments of the Group are substantially the same as those disclosed in the annual consolidated financial statements as of and for the year ended December 31, 2019.

Contingencies

Status of contingencies of the Group are substantially the same as those disclosed in the annual consolidated financial statements as of and for the year ended December 31, 2019.

Endorsements and Guarantees

As of March 31, 2020, The Central America Bottling Corporation (CBC) was guarantor for loans contracted by subsidiaries included in the consolidation for US$306,844,846. Additionally, as of that date CABCORP was guarantor for loans contracted by the unconsolidated affiliated Industrias del Atlántico, S.A. (Ambev) for US$26,720,454.

(Figures expressed in US dollars)

23. Balances and transactions with related parties

The financial statements include the following balances with related parties:

		March 31 2020		December 31 2019
Accounts receivable:				
Pepsico	US$	42,560,444	US$	58,272,102
Celebration Brand Limited		8,936,890		13,136,264
Grupo Empresarial Mariposa Corp.		4,885,093		1,756,725
Colinvest		3,750,000		3,750,000
La Universal, S.A.		2,581,909		1,091,794
Ambev Perú		1,294,999		1,059,364
Industrias del Atlántico, S.A.		1,000,422		476,222
Others		7,414,763		6,809,458
	US$	72,424,520	US$	86,351,929

		March 31 2020		December 31 2019
Accounts payable:				
Industrias del Atlántico, S.A.	US$	13,714,275	US$	34,454,940
Universal Sweet Industries, S.A.		7,600,529		14,058,836
Celebration Brand Limited		1,656,092		1,916,022
Other		309,662		5,815,370
	US$	23,280,558	US$	56,245,168

		March 31 2020		December 31 2019
Held-to-maturity investments:				
Mesoamerican Financial Corp. (note 6)	US$	36,650,000	US$	37,700,000

		March 31 2020		December 31 2019
Loans payable:				
Mesoamerican Financial Corp. (note 13)	US$	15,300,000	US$	15,300,000

Terms and conditions of transactions with related parties

Loans granted between related parties are performed according to the contracts signed by the parties. Accounts payable to and receivable from related parties are guaranteed by the issuance of promissory notes, are interest free, and settlement occurs in cash every 12 months. The maturity terms for accounts payable to and receivable from related parties extend up to December 31, 2020 from the corresponding notes' issue dates, are not subject to any discounts for early payment and are receivable or payable in the consolidated financial statements' functional currency. For the years ended December 31, 2019 and 2018, the Group has not recorded any losses arising from the collection of accounts receivable from related parties.

(Figures expressed in US dollars)

Below is a summary of the non-consolidated transactions with related parties:

	Relationship	For the three months ended March 31, 2020		2019
Raw materials and finished product purchases				
Concentrate purchase	Related	US$ 63,635,090	US$	53,463,074
Beer purchase	Related	27,926,024		33,286,267
		US$ 91,561,114	US$	86,749,341

	For the three months ended March 31, 2020		2019
Revenue from rendered services	US$ 7,284,727	US$	5,277,665

	For the three months ended March 31, 2020		2019
Revenue from brand agreements	US$ 18,918,964	US$	18,058,838

	For the three months ended March 31, 2020		2019
Contracted certificates of deposit	US$ -	US$	36,885,000

	For the three months ended March 31, 2020		2019
Settled certificates of deposit	US$ (2,050,000)	US$	-

	For the three months ended March 31, 2020		2019
Interest paid	US$ 274,169	US$	306,039

	For the three months ended March 31, 2020		2019
Interest collected	US$ 512,192	US$	769,935

Franchise agreements

Transactions are carried out and agreements are signed with PepsiCo International (PepsiCo), and they expect to make transactions and sign additional agreements in the future. Significant transactions and agreements entered into with PepsiCo are described below: The agreements are signed with PepsiCo periodically with CBC, subject to termination only for breach of the terms by either party. The termination of the bottling agreements and brand use license may be appealed for the following reasons: bankruptcy or insolvency of the Group; change in the control of more than 15% of any kind of title with voting rights of the Group; defaults in payments for purchases of concentrate to manufacture soft drinks and other beverages; quality control faults; or any other serious breach.

Bottling agreements and purchases of concentrate and finished product
Raw materials (concentrate to manufacture soft drinks and other beverages) are purchased from PepsiCo through the "procurement" business unit, CBC INTL, S.A. (Uruguay) and it manufactures, packages, distributes and sells carbonated beverages under several bottling agreements with PepsiCo. These agreements grant the right to manufacture, pack, sell and distribute PepsiCo brand beverages in bottles, cans and dispensing sources. They also grant the right to bottle and distribute products that are not Cola. These agreements give PepsiCo the power to set prices for concentrates; as well as the payment terms and other terms and conditions under which the concentrates are purchased.

Incentives for the bottler
PepsiCo and other brand owners, in their sole discretion, provide different types of marketing support. The marketing support aims to cover a variety of initiatives, including direct market, shared media and advertising support to promote volume and growth of market share to be invested by CBC, as appropriate with PepsiCo. Support is received through direct payments made by PepsiCo. There are no conditions or requirements that could result in payment installments for support received by the Group.

24. Financial Instruments

Interest Rates used for Determining Fair Values
Interest rates used to discount the estimated cash flows, when applicable, are based on the government yield curve at the end of the reporting period plus appropriate credits spread, as follows:

	March, 31 2020 %	December, 31 2019 %
Bonds payable	3.25 to 7%	3.5 to 6%
Bank loans	3.25	3.5

Fair value of a financial instrument represents the amount at which it can be negotiated in a current transaction without pressure among interested parties.

(Figures expressed in US dollars)

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, inc fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not r the carrying amount is a fair approximation of fair value.

	Carrying amount			Fair Value	
March 31, 2020	Financial Assets US$	Financial Liabilities US$	Total US$	Level 1 US$	Level 2 US$
Assets for which the fair value is disclosed:					
Held-to-maturity investments	US$ 108,372,828	US$ -	US$ 108,372,828	US$ -	US$ 108,372,828
Liabilities for which the fair value is disclosed:					
Bank loans	-	(417,067,169)	(417,067,169)	-	(420,170,923)
Bonds issues	-	(502,160,309)	(502,160,309)	-	(608,804,982)
Liabilities at fair value					
Cash flow hedges	-	(12,718,951)	(12,718,951)	-	(12,718,951)
	US$ 108,372,828	US$ (931,946,429)	US$ (823,573,601)	US$ -	US$ (933,322,028)

Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, inc fair value hierarchy. The table does not include information for financial assets and financial liabilities not r the carrying amount is a fair approximation of fair value.

	Carrying amount			Fair Value	
December 31, 2019	Financial Assets US$	Financial Liabilities US$	Total US$	Level 1 US$	Level 2 US$
Assets for which the fair value is disclosed:					
Held-to-maturity investments	US$ 100,586,340	US$ -	US$ 100,586,340	US$ -	US$ 100,586,340
Assets at fair value					
Cash flow hedges	1,223,559	-	1,223,559	-	1,223,559
Liabilities for which the fair value is disclosed:					
Bank loans	-	(280,428,781)	(280,428,781)	-	(283,659,208)
Bonds issues	-	(508,112,648)	(508,112,648)	-	(604,396,148)
	US$ 101,809,899	US$ (788,541,429)	US$ (686,731,530)	US$ -	US$ (786,245,457)

25. Subsequent Events

The Group may be affected in its operations and its financial situation by the adverse effects of certain public health problems, such as epidemics, pandemics and other contagious diseases. In December 2019, a new strain of coronavirus named Covid -19 appeared, which spread throughout the world in the first quarter of 2020. Outbreaks have already been identified in the countries in which the Group operates, in the commercial partners from each of these countries and in the Central American region that could lead to a decrease in economic activity and negatively affect the Group's operating results. The extent to which the coronavirus will affect the Group's results will depend on future developments, which are highly uncertain and cannot be predicted.

During the period ended July 17, 2020 the Group has acquired loans for US$42 million to cover any emergency related to the Covid -19 pandemic and paid US$20 million. Additionally, the Group has received US$29 million for future capital contributions from GEMCORP.

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ANNEX B

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Central America Bottling Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2019 and 2018

With the Independent Auditor's Report

The Central America Bottling Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2019 and 2018

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INDEPENDENT AUDITOR´S REPORT

To the Board of Directors and Shareholders of
The Central America Bottling Corporation and Subsidiaries:

Opinion

We have audited the consolidated financial statements of The Central America Bottling Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019 and 2018, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audits of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Adoption of a new standard
As is mentioned in note 3 to the consolidated financial statements, the Group changed the method of accounting for leases in 2019, due to the adoption of International Financial Reporting Standard No. 16 "Leases".

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audits addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audits of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audits included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

I Impairment testing of intangible assets with an indefinite useful life

The consolidated statement of financial position at December 31, 2019 and 2018 includes intangible assets with indefinite useful life amounting to US$180,172,190 and US$181,338,620, respectively, which are integrated by goodwill, distribution rights and brands.

The Group performs an impairment test annually, or more frequently if there is any indication that an asset may be impaired, as required by International Financial Reporting Standards.

The determination of the recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of management in both identifying and then valuing the relevant cash generating units (CGUs). Recoverable amounts are based on management's view of variables and market conditions such as future price and volume growth rates, the timing of future operating expenditure, and the most appropriate discount and long-term growth rates.

As discussed in note 15, the Group uses a discount cashflow model to determine the value in use for each appropriate CGU, considering the following assumptions: estimate of future sales volumes, and prices, operating costs, capital expenditures, working capital, terminal value growth rates and weighted average cost of capital (discount rate).

Accordingly, the impairment tests of goodwill and indefinite use trademarks is considered to be a key audit matter due to the impact of the above assumptions, as disclosed in note 15.

We performed the following audit procedures, amongst others:

- We considered the determination and obtained an understanding of the CGUs subject to analysis.
- For the main CGUs we involved our own valuation specialist to assist us in evaluating the assumptions and methodologies used by management, in particular those relating to the discount rates, by comparing relevant assumptions to industry and economic forecasts.
- We also performed a retrospective assessment of the accuracy of management's past projections by comparing historical forecasts to actual results.
- We evaluated the sensitivity analysis performed by the group management, which included assessing the effect of reasonably possible reductions in growth rates and forecasts.
- We tested the integrity and mathematical accuracy of the impairment model.
- We assessed the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitiveness.

II Recognition of deferred tax assets ("DTAs")

The consolidated statement of financial position includes at December 31, 2019 and 2018, deferred tax assets amounting to US$38,284,628 and US$33,764,999, respectively which correspond to deductible temporary differences and unused tax losses carried forward that it believes are recoverable.

Deferred tax assets are recognized on tax losses carried forward when it is probable that taxable profit will be available against which the tax losses can be utilized. The Group's ability to recognize deferred tax assets on tax losses carried forward is assessed by management at the end of each reporting period, considering forecasts of future taxable profits and the law and jurisdiction of the taxable items. The assumptions on which these projections are based, are determined by management.

We deemed this subject to be a key audit matter because management is required to exercise judgement when deciding whether to recognize a deferred tax asset for tax loss carryforwards as well as when assessing the recoverability of recognized deferred tax assets.

We performed the following audit procedures, amongst others:

We involved out internal tax experts who assisted us in assessing the reasonableness of the criteria followed by the Group's management in connection with the recoverability of the deferred tax assets.

In relation to the recoverability of the deferred tax assets, we obtained and analyzed the future projections estimated by management, assessing the key assumptions used, including the analysis of the consistency of the actual results obtained by the various businesses with those projected in the previous year, the obtainment of evidence of the approval of the budgeted results included in the current year's projections, and the reasonableness of the future cash flow projections and the consistency of those projections with those used in other areas of estimation such as those used for assessing the recoverability of other assets, including intangible assets with an indefinite useful life.

Regarding the appropriateness of the tax treatment applicable in each case and jurisdiction, we reviewed the estimate of the income tax and of the deferred taxes recognized in the year, analyzing the differences between amounts recognized for accounting purposes and those treated as taxable or deductible for tax purposes, assessing their classification as temporary or permanent, and the tax rate applicable to each component based on the tax legislation.

Lastly, we reviewed the disclosures included by the Group in the accompanying consolidated financial statements (note 28) in relation to these matters to assess whether they are adequate.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Building a better working world

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Iván Herranz.

ERNST & YOUNG S.A.
Ernst & Young, S.A.
April 7, 2020

A-125-2020

The Central America Bottling Corporation and Subsidiaries
Consolidated Statements of Financial Position
At December 31, 2019 and 2018

(Figures expressed in US dollars)

	Notes		2019 (1)		2018
Assets					
Current assets:					
Cash	6	US$	154,357,910	US$	212,464,812
Held to maturity investments	7		28,986,340		40,497,253
Accounts receivable	8		250,287,053		266,504,401
Inventories	10		194,892,920		197,978,464
Value added tax			31,335,792		40,050,493
Prepaid expenses	11		14,166,923		15,745,476
Total current assets			674,026,938		773,240,899
Non-current assets:					
Held to maturity investments	7		71,600,000		71,600,000
Investments in associates	12		1,746,775		2,042,789
Property, plant and equipment	13		563,318,069		597,916,400
Right-of-use assets	14		46,521,948		-
Intangible assets	15		220,693,968		216,081,327
Long term accounts receivable	8		1,376,180		1,376,180
Long term tax receivable	9		41,884,261		36,277,459
Other financial assets	16		20,677,233		19,054,633
Deferred tax assets	28		38,284,628		33,764,999
Total non-current assets			1,006,103,062		978,113,787
Assets held for sale	35		4,953,424		1,234,596
Total assets		US$	1,685,083,424	US$	1,752,589,282
Equity and liabilities					
Current liabilities:					
Short term loans and borrowings	17	US$	86,613,997	US$	88,163,830
Long term loans and borrowings – current portion	17		1,325,622		258,992
Accumulated expenses and other payables	19		534,665,764		534,049,438
Short term lease liabilities	14		5,613,889		-
Income tax payable	28		9,379,487		11,722,302
Total current liabilities			637,598,759		634,194,562
Long term loans and borrowings	17		192,489,162		222,890,341
Bonds payable	18		508,112,648		504,545,992
Long term accounts payable	19		1,987,704		5,437,786
Long term lease liabilities	14		55,235,125		-
Employee benefits	20		22,807,842		23,612,885
Deferred tax liabilities	28		43,314,842		37,222,518
Total liabilities			1,461,546,082		1,427,904,084
Equity					
Share capital	21		29,932,781		30,487,800
Share premium	21		24,130,636		57,217,515
Legal reserve	21		24,260,078		20,747,557
Retained earnings			155,648,382		228,981,156
Other components of equity	21		(27,841,470)		(35,801,250)
Equity attributable to equity holders of the parent			206,130,407		301,632,778
Non-controlling interests	21		17,406,935		23,052,420
Total equity			223,537,342		324,685,198
Total liabilities and equity		US$	1,685,083,424	US$	1,752,589,282

(1) The Group adopted IFRS 16 applying the modified retrospective approach. The previous years were not modified.

The accompanying notes are an integral part of these consolidated financial statements

The Central America Bottling Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2019 and 2018

(Figures expressed in US dollars)

	Notes	2019 (1)	2018
Revenue from contracts with customers	22	US$ 1,722,653,003	US$ 1,655,247,403
Cost of sales	23	(1,060,486,024)	(995,412,180)
Gross profit		662,166,979	659,835,223
Selling and administrative expenses	24	(533,093,401)	(515,705,910)
Other operative income	25.1	11,861,959	16,689,532
Other operative expenses	25.2	(8,071,413)	(12,152,516)
Operating profit		132,864,124	148,666,329
Financial income	26	39,731,561	28,185,700
Financial cost	27	(107,648,001)	(87,741,393)
Financial cost, net		(67,916,440)	(59,555,693)
Profit before tax		64,947,684	89,110,636
Income tax	28	(23,377,659)	(19,106,495)
Net profit for the year		41,570,025	70,004,141
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Actuarial results	21	1,988,229	(1,676,102)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	21	4,299,278	(3,075,719)
Exchange differences on translation of foreign operations	21	7,069,535	(7,043,924)
Other comprehensive (loss) income for the year		13,357,042	(11,795,745)
Deferred income tax		-	-
Other comprehensive (loss) income for the year, net of tax		13,357,042	(11,795,745)
Total comprehensive income for the year, net of tax		US$ 54,927,067	US$ 58,208,396
Profit for the year attributable to:			
Equity holders of the parent		US$ 42,020,713	US$ 68,254,380
Non-controlling interests		(450,688)	1,749,761
		US$ 41,570,025	US$ 70,004,141
Comprehensive income for the year attributable to:			
Equity holders of the parent		US$ 49,980,493	US$ 62,474,975
Non-controlling interests		4,946,574	(4,266,579)
		US$ 54,927,067	US$ 58,208,396

(1) The Group adopted IFRS 16 applying the modified retrospective approach. The previous years were not modified.

The Central America Bottling Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018

(Figures expressed in US dollars)

	Attributable to equity holders of the parent					
	Share capital (Note 21)	Share premium (Note 21)	Legal reserve	Retained earnings	Other comprehensive income	To
Balance at December 31, 2017	US$ 30,487,800	US$ 57,217,515	US$ 15,730,337	US$ 233,091,990	US$ (40,667,540)	US$ 295,8
Net profit for the year	-	-	-	68,254,380	-	68,2
Other comprehensive (loss) income for the year:						
Translation adjustment for the year	-	-	-	-	(1,109,757)	(1,1
Cash flow hedges reserve	-	-	-	-	(3,075,719)	(3,0
Defined benefit plan settlement	-	-	-	(10,645,695)	10,645,695	
Unrealized actuarial losses	-	-	-	-	(1,593,929)	(1,5
Total comprehensive income for the year	-	-	-	57,608,685	4,866,290	62,4
Transfer to reserves	-	-	5,017,220	(5,017,220)	-	
Dividends decreed (note 21)	-	-	-	(56,702,299)	-	(56,7
Balance at December 31, 2018	30,487,800	57,217,515	20,747,557	228,981,156	(35,801,250)	301,6
Adjustments to retained earnings	-	-	-	(8,517,037)	-	(8,5
IFRS 16 adoption	-	-	-	(11,799,809)	-	(11,7
Adjusted balance at January 1, 2019	30,487,800	57,217,515	20,747,557	208,664,310	(35,801,250)	281,3
Net profit for the year (1)				42,020,713		42,0
Translation adjustment for the year	-	-	-	-	1,672,273	1,6
Cash flow hedges reserve	-	-	-	-	4,299,278	4,2
Unrealized actuarial losses	-	-	-	-	1,988,229	1,9
Total comprehensive income for the year	-	-	-	42,020,713	7,959,780	49,9
Transfer to reserves	-	-	3,512,521	(3,512,521)	-	
Dividends decreed (note 21)	-	-	-	(53,798,815)	-	(53,7
Premium shares acquisition (note 21)	(555,019)	(33,086,879)	-	-	-	(33,6
Non-controlling interests' acquisition	-	-	-	(37,725,305)	-	(37,7
Balance at December 31, 2019 (1)	US$ 29,932,781	US$ 24,130,636	US$ 24,260,078	US$ 155,648,382	US$ (27,841,470)	US$ 206,1

(1) The Group adopted IFRS 16 applying the modified retrospective approach. The previous years were not

The Central America Bottling Corporation and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2019 and 2018

(Figures expressed in US dollars)

	Notes		2019 (1)		2018
Cash flow from operating activities:					
Net profit for the year		US$	41,570,025	US$	70,004,141
Reconciliation of net profit for the year to net cash provided by operating activities:					
Depreciation of property, plant and equipment and right-of-use assets	13, 14		86,236,056		64,082,958
Financial cost, net	27		69,448,058		59,555,693
Income tax expense	28		23,377,659		19,106,495
Amortization of intangibles	15		7,227,326		7,227,326
Severance compensation adjustment	20		6,901,924		9,539,058
Gain on sale of property plant and equipment	25.1-25.2		428,302		45,381
Expected credit loss	8		282,382		183,222
Share of net loss of associates	25.2		66,789		73,394
Breakage of returnable bottles and plastic boxes	13		75,584		745,911
Amortization of transaction costs from issuance of bonds	18		3,566,656		3,639,138
			239,180,761		234,202,717
Changes in working capital					
(Increase) decrease in:					
Accounts receivable			15,934,966		(56,516,582)
Inventories			3,085,544		(32,182,568)
Prepaid expenses			1,578,553		(5,694,033)
Sales tax			8,714,701		(7,841,297)
Tax receivable			(5,606,802)		(1,834,605)
Other financial assets			(1,622,600)		(8,160,268)
Increase (decrease) in:					
Accumulated expenses and other payables			(45,138,461)		106,013,678
Benefits paid to employees	20		(5,768,831)		(9,270,522)
Income tax paid	28		(26,566,746)		(26,576,782)
Net cash flow generated by operating activities			183,791,085		192,139,738
Cash flow from investing activities:					
Acquisition of property, plant and equipment	13		(54,256,363)		(135,639,050)
Cash received from sale of property, plant and equipment			5,894,037		3,167,986
Cash invested in held to maturity investments	7		(59,888,204)		(148,720,743)
Cash received from held to maturity investments	7		71,408,235		305,683,442
Acquisition of intangible assets	15		(13,006,397)		(9,214,191)
Interests received	26		8,170,818		10,301,096
Net cash flow (used in) generated by investing activities			(41,677,874)		25,578,540
Cash flow from financing activities:					
Proceeds from borrowings	17		72,069,470		87,923,868
Repayment of borrowings	17		(103,188,818)		(175,955,100)
Premium shares acquisition	21		(33,641,898)		-
Dividends paid	21		(54,588,381)		(55,548,332)
Lease payments	14		(15,918,560)		-
Acquisition of shares to minority shareholders	21		(9,000,000)		-
Interests paid	27		(64,885,667)		(60,657,233)
Net cash flow used in financing activities			(209,153,854)		(204,236,797)
Net (decrease) increase in cash			(67,040,643)		13,481,481
Cash at beginning of the year			212,464,812		194,549,753
Hyperinflation effect	25.1		2,041,993		667,980
Effect of change in exchange rates on cash held			6,891,748		3,765,598
Cash at year end		US$	154,357,910	US$	212,464,812

(1) The Group adopted IFRS 16 applying the modified retrospective approach. The previous years were not modified.

(Figures expressed in US dollars)

Non-monetary transactions
The non-monetary transactions that were carried out were the following:

At December 31, 2019, the Group recognized right-of-use assets acquisitions for US$6,063,029 (see note 14).

At the same date the Group recognized a non-controlling interest´ acquisition provision for US$37,447,364 (see note 21).

During the year ended December 31, 2018, the Group acquired vehicles under financial leasing contracts for US$904,572 (see note 13).

1 Corporative information

The Central America Bottling Corporation ("CBC", "the Company" or "The Group") was organized under the laws of the British Virgin Islands (BVI) on December 28, 1994 to operate for undefined time. Its domicile is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. Grupo Empresarial Mariposa Corp. (GEMCORP) is the controller and main shareholder of the Group with an equivalent participation of 82%.

The activities of the Group basically consist in manufacturing, distributing and selling products of Pepsico, Ambev and CBC's own brands. These products include carbonated beverages (CSDs), bottle water, energy drinks, isotonic drinks, juices, nectars, tea and beer.

The consolidated financial statements for the year ended December 31, 2019 were authorized by the Group's management on April 7, 2020. These consolidated financial statements must be submitted to the Shareholders General Meeting for their final approval. Management expects them to be approved without changes.

At December 31, 2019 and 2018, the Group has payable bonds guaranteed by twelve of its subsidiaries (note 18), which are: (i) Embotelladora Nacional, S.A., (ii) Comercializadora Modelos, S.A. de C.V., (iii) Comercializadora Sagitario, S.A., (iv) Embotelladora La Reyna, S.A., (v) Mariposa El Salvador, S.A. de C.V., (vi) Comercializadora Interamericana, S.A. de C.V., (vii) CBC Peruana S.A.C., (viii) Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., (ix) Pepsi-Cola Jamaica Bottling Company Limited, (x) Pepsi-Cola Puerto Rico Distributing, LLC, (xi) LivSmart Americas, S.A. de C.V. and (xii) The Tesalia Springs Company, S.A.

2 Basis of preparation of the consolidated financial statements

2.1 Statement of compliance

The consolidated financial statements of The Central America Bottling Corporation and Subsidiaries as of December 31, 2019 and 2018 were prepared in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

These consolidated financial statements are a translation of a report originally issued in Spanish. In the case of any discrepancy between the Spanish version and the English version, the Spanish version prevails.

2.2 Basis of valuation and presentation currency

The consolidated financial statements of The Central America Bottling Corporation and subsidiaries as of December 31, 2019 and 2018 were prepared on a historical cost basis except for certain items that were measured under the valuation methods explained in note 4. The consolidated financial statements are expressed in US dollars.

2.3 Basis of consolidation

The consolidated financial statements as of December 31, 2019 and 2018 include the financial statements of The Central America Bottling Corporation and those of its subsidiaries listed below over which it exercises control. Control is achieved when the Group is exposed, or has the right, to variable returns from its involvement in the investees and has the ability to influence those returns through the right over these.

(Figures expressed in US dollars)

a) Subsidiaries of CBC PR, LLC included in the group of operating companies are the following:

	Equity percentage	
	2019	2018
Guatemala		
Embotelladora la Mariposa, S.A.	100	100
Sistemas de Negocios y Servicios, S.A.	100	100
Inversiones Cooperativas, S.A.	100	100
Medidas Comerciales, S.A.	100	100
Comercializadora El Porvenir, S.A.	100	100
Grupo CLC, S.A.	100	100
Global Mobility Apex, S.A.	100	100
Honduras		
Embotelladora la Reyna, S.A. de C.V.	93	93
Comercializadora Modelo, S.A. de C.V.	93	93
Comercializadora Sagitario, S.A. de C.V.	93	93
Distribuidora Central, S. A.	93	93
CLC Honduras	100	100
Nicaragua		
Embotelladora Nacional, S.A.	100	100
CLC Nicaragua	100	100
El Salvador		
Embotelladora la Mariposa El Salvador, S.A.	50	50
Contrataciones Interamericanas, S.A.	50	50
Comercializadora Interamericana, S.A.	50	50
Bebidas Especializadas, S.A.	50	50
Post Mix de Centroamérica, S.A.	100	100
Comercializadora Leo, S. A.	100	100
Livsmart Américas, S.A.	100	100
CLI, S.A. de C.V.	100	100
Puerto Rico		
Pepsi Puerto Rico Distributing LLC.	100	100
CBC PR LLC (b)	100	100
Jamaica		
Pepsi Jamaica Bottling Company Limited	100	100
Ecuador		
The South America Beverage Company LLC	100	100
Cabcorp Ecuador Beverage LLC	100	100
The Tesalia Springs, S.A.	85	85
Guayaquil Bottling Company	85	85
Embotelladora Machala, S.A.	85	85
Cuenca Bottling Company, S.A.	85	85
Líquidos del Milagro, S.A.	85	85
Alport, S.A.	85	85
Riverdale Invest, S.L.	100	100

(Figures expressed in US dollars)

	Equity percentage	
	2019	2018
Peru		
CBC Peruana, S.A.C.	100	100
CBC Logistics, S.A.C.	100	100
CBC Manufacturing, S.A.C.	100	100
Key Market Solutions, S.A.C.	100	100
TS- Logistic, S.A.C.	100	100
Lutmy	100	100
España		
CBC Bottling Holdco, S.L.	100	100
Mexico		
Livsmart México, S.A. de C.V.	100	100
Boruka & Santa Fé, S.A. de C.V.	36	36
Panamá		
The Central America Bottling Guatemala	100	100
The Central America Bottling El Salvador	50	50
The Central America Bottling Honduras	97	97
The Central America Bottling Nicaragua	100	100
The Central America Bottling Puerto Rico	-	100
The Central America Bottling Jamaica	-	100
The Central America Bottling Trinidad	-	100
CBC Management Investment	100	100
Embotelladora La Mariposa, S.A., Panamá	100	100
Mariposa El Salvador, S.A. de C.V., Panamá	100	100
Embotelladora la Reyna, S.A., Panamá	100	100
Embotelladora Nacional, S.A., Panamá	100	100
Livsmart Commercial	95	95
Livsmart Brands	95	95
Cibola Equity Inc.	100	100
Pelway Panamá, S.A.	100	100
CLC Holdings, S.A.	100	100
CLC Panama	100	100
Cirila States Corporation	93	93
Uruguay		
CBC International, S.A.	100	100
Joltesy, S.A.	85	100
Pelway Uruguay, S.A.	100	100

b) Subsidiaries of Beliv PR, LLC included in the group of Companies that manage the Group's own brands are the following:

	Equity percentage	
	2019	2018
Guatemala		
Beliv Branch, S.A.	95	95
Naturalisimo, S.A.	36	36
Logística de Personal, S.A.	36	36
Lácteos Balcánicos Glad, S.A.	36	36
Glad Dairy Export, S.A.	36	36

(Figures expressed in US dollars)

	Equity percentage	
	2019	2018
España		
Beliv Holco, S.L.	95	95
Argentina		
El Carmen, S.A.	50	50
United States of America		
Caribbean Flavors, LLC	95	95
International Flavors	85	85
Puerto Rico		
Beliv Global	95	95
Beliv LLC	95	95
Panama		
Portia States Corp.	36	36
Livsmar Holdings, S.A.	95	95
Livsmart Commercial, S.A.	95	95
Livsmart Brands, S.A.	95	95
TheTesalia Springs Holdings, S.A.	95	95

When the Group does not hold most of the voting rights, it determines whether the following factors exist to ensure that it has control over the investee through:

- A contractual agreement with the other voting holders
- Rights that arise from other contractual agreements
- Potential voting rights

When controlling and investee, the Group evaluates if the facts and circumstances indicate that there are changes in one or more of the three aforementioned control factors. The financial statements of the subsidiaries are included in consolidation from the date of acquisition, date in which the Group obtains control and the Group will continue to include such financial statements until the date on which control ceases. Assets, liabilities and results of the subsidiaries acquired or sold during the year are included in the comprehensive income statement from the date on which the Group acquired control until the date on which it ceases.

The non-controlling interest represents the portion of profits or losses and net assets that do not belong to the parent company and are presented separately in the income statement and in the equity section of the consolidated statement of financial position, separately from the net patrimonial items corresponding to the owners of the parent company. Losses attributable to the non-controlling interest are attributed as such even if this recording results in a deficit balance in the non-controlling interest.

All balances, transactions, income and expenses, dividends and gains or losses resulting from transactions between Group companies that have been recognized as assets have been totally eliminated in the consolidation process and the non-controlling interest is recognized in consolidation. Financial statements of the subsidiaries were prepared on the same date of the financial statements of The Central America Bottling Corporation and subsidiaries using uniform accounting policies.

A change in the participation in a subsidiary that does not result in a loss of control is recorded as an equity transaction.

Joint venture in which the Group shares control
The Group has a 50% interest in the following companies: Celebrations Brands Limited, LLC and Industrias del Atlántico, S.A. For more details, see note 12.

3 Changes in accounting policies

The accounting policies adopted by the Group to prepare its consolidated financial statements as of December 31, 2019 are consistent with those that were used for the preparation of the consolidated financial statements as of December 31, 2018, except for the application of IFRS 16 as indicated below.

Other amendments and interpretations apply for the first time in 2019 but did not have a significant impact on the consolidated financial statements of the Group. Those modifications and new interpretations have required certain additional disclosures and, in some cases, the revision of certain accounting policies. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The Group applied IFRS 16 for the first-time beginning January 1, 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

FRS 16 Leases
IFRS 16 was issued on January 2016 and supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize all leases under a single model on the balance sheet, similarly to the recognition of finance leases under IAS 17. The standard includes two recognition exemptions for lessees: "low-value" asset leases (e.g. personal computers) and short-term leases (i.e., leases with a term of 12 months or less). At the commencement date of a lease, the lessee will recognize a liability to make lease payments (i.e., the liability for the lease) and an asset representing the right to use the underlying asset during the term of the lease (i.e., the right to use the asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right to use the asset.

Lessees will also be required to re-measure the lease liability when certain events occur, such as a change in the term of a lease or a change in future lease payments that result from a change in the rate or index used to determine those payments. The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right to use the asset.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than those in IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and provides certain practical resources at the time of transition. The Group adopted IFRS 16 using the modified retrospective adoption method, recognizing a liability on the initial application date measured at the present value of the remaining lease payments, and an asset at it carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental loan rate on the initial application date of January 1, 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

(Figures expressed in US dollars)

The effect of the adoption of IFRS 16 to January 1, 2019 (increase / (decrease)) is as follows:

Asset		
Right of use assets (note 14)	US$	54,432,268
Deferred income tax – asset		2,392,727
Property, plant and equipment		(151,170)
Total asset	US$	56,673,825
Liability		
Lease liability (note 14)	US$	68,473,634
Total liability	US$	68,473,634
Equity adjustment		
Retained earnings	US$	(11,799,809)
	US$	(11,799,809)

Lease liabilities as of January 1, 2019 can be reconciled with operating lease commitments as of December 31, 2018, as detailed below.

Lease liability		
Operating lease commitments as of December 31 2018	US$	94,466,988
Weighted average incremental interest rate as of January 1 2019		6.74%
Discounted operating lease commitments as of January 1 2019		70,016,801
Less:		
Commitments related to short-term leases and low-value assets		(1,694,337)
Add		
Commitments relating to leases previously classified as finance leases		151,170
Lease liabilities as of January 1 2019	US$	68,473,634

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.

- The assumptions an entity makes about the examination of tax treatments by taxation authorities.

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

An entity must determine whether it considers each uncertain tax treatment separately or together with one or more uncertain tax treatments, and the approach that best estimates the resolution of uncertainty should be followed. The interpretation is effective for annual periods beginning on or after January 1, 2019 and contemplates certain available transition facilities. As of December 31, 2019, Group management has determined that the Interpretation did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are “solely payments of principal and interest on the principal amount outstanding” (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

The amendments should be applied retrospectively upon their entry into force as of January 1, 2019. During the period ended December 31, 2019, the Group has determined that the application of this amendment did not have an impact on the consolidated financial statements.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in the results of the period. An entity then determines the effect of the asset ceiling after the plan amendment, reduction, or liquidation. Any change in this effect, excluding the amounts included in net interest, is recognized in other comprehensive income.

The amendments apply to plan modifications, reductions, or settlements that occur on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. During the period ended December 31, 2019, the Group has determined that the application of this amendment did not have an impact on the consolidated financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments are effective for annual periods beginning on or after January 1, 2019 and must be applied retrospectively at the time of their entry into force. During the period ended December 31, 2019, the Group has determined that the application of this amendment did not have an impact on the consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued on December 2017)

These improvements include:

- IFRS 3 Business Combinations - The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. During the period ended December 31, 2019, the Group has determined that the application of this improvement did not have an impact on the consolidated financial statements.

- IFRS 11 Joint Arrangements - An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. During the period ended December 31, 2019, the Group has determined that the application of this improvement did not have an impact on the consolidated financial statements.

- IAS 12 Income Taxes - The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

  When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the first comparative period. During the period ended December 31, 2019, the Group has determined that the application of this improvement did not have an impact on the consolidated financial statements.

- IAS 23 Borrowing Costs - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. During the period ended December 31, 2019, the Group has determined that the application of this improvement did not have an impact on the consolidated financial statements.

4 Summary of significant accounting policies

4.1 Currency, foreign currency transactions and conversion of financial statements

4.1.1 Functional currency and presentation currency of the financial statements

The Group's functional and presentation currency is the US dollar.

Each of the entities integrating the Group determines its own functional currency and all the items included in the individual financial statements of each of those entities are measured using their own functional currency.

4.1.2 Functional currency in hyperinflationary economies

Beginning July 2018, Argentina's economy is considered hyperinflationary, according to the criteria established in International Accounting Standard 29 "Financial Information in Hyperinflationary Economies". This determination was made based on a series of qualitative and quantitative criteria, among which the presence of an accumulated inflation rate of over 100% during the last three years stands out. According to IAS 29, the financial statements of the company in which CBC participates in Argentina have been retrospectively restated applying a general price index to historical cost, in order to reflect changes in the purchasing power of Argentine peso, at the closing date of these financial statements.

For consolidation purposes in CBC and as a result of applying IAS 29, the results and financial position of the Argentine subsidiary were converted at the closing exchange rate (Arg/US) as of December 31, 2018, according to IAS 21 "Effects of changes in foreign currency exchange rates", when dealing with a hyperinflationary economy. Previously, the results of the Argentine subsidiary were converted at the average exchange rate for the period, as is the case for the conversion of the results of the rest of the subsidiaries in operation in other countries whose economies are not considered hyperinflationary.

Considering that the functional and presentation currency of CBC does not correspond to that of a hyperinflationary economy, according to the guidelines of IAS 29, the restatement of comparative periods is not required in the Group's consolidated financial statements.

Inflation for the periods from January to December 2019 and 2018 amounted to 47.6%, for both years. The application for the first time of NIC 29 gave rise to a negative adjustment in the accumulated results of CBC, for an amount of US $ 152,645 as of January 1, 2018. On the other hand, during fiscal year 2018, the application of this standard generated a loss due to restatement of balance sheet accounts of US $867,795, which is recognized in the consolidated income statement in the "Differences for conversion of business abroad" account. Additionally, since the Argentine economy was declared as hyperinflationary, there was a net loss effect of US$283,229 in profit or loss for the year, generated by the inflation adjustment and translation at the exchange rate as of December 31, 2018.

4.1.3 Foreign currency transactions

Foreign currency transactions, any currency other than the functional currency, are recorded at the exchange rate ruling on the transaction date. In determining its financial situation and operating results, the Group values and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the valuation and determination date. Exchange differences that may result from the application of these procedures are recognized in the profit or loss of the year in which they occur.

4.1.4 Conversion of financial statements to presentation currency

The functional currency of the subsidiaries that operate abroad is the legal currency of the respective countries. At the date of the Group's consolidated financial statements, the assets and liabilities of these subsidiaries are converted into the presentation currency, US dollars, at the exchange rate in effect at the date of the statement of financial position and the income statement accounts at the of average annual exchange rate. The effect derived from the conversion is recognized in other comprehensive income called "Effect of conversion of financial statements". When these cumulative differences refer to a subsidiary abroad that is consolidated and not fully owned, the cumulative translation differences attributable to the non-controlling interests are distributed to it and are recognized as part of the non-controlling interests in the consolidated statement of financial position. The amount accumulated in this account will be recognized in profit and loss when the respective subsidiaries become dispossessed.

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

The financial statements measured in their functional currency, with adjustments for inflation as they correspond to a hyperinflationary economy, are converted to the presentation currency as follows:

- The statement of financial position is converted at the year-end exchange rate.
- The results are converted to the year-end exchange rate.
- When an account receivable from related companies is designated as an investment hedge, the conversion differences are recorded to the comprehensive results net of the deferred tax. When the foreign investment is sold, those exchange differences are recognized in the income statement as part of the loss or gain on the sale of the investment.

The goodwill acquired from a business combination and any adjustment to the fair value of the securities recorded as assets and liabilities arising from a business combination are converted to the functional currency using the exchange rate in effect at the date of the statement of financial position.

4.1.6 Current and non-current classification

The Groups presents its assets and liabilities in the statement of financial position based on current and non-current classification.

An asset is classified as current when the Group expects to realize the asset or has the intention to sell it or consume it in its normal operating cycle; when it is held primarily for the purpose of trading; when it is expected to be realized within twelve months after the reporting period; and when the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is classified as current when the Groups expects to settle the liability in its normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or when the Group has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified by the Group as non-current assets and liabilities in all cases.

4.2 Cash

Cash is comprised of cash on hand and in banks. For purposes of the consolidated cash flow statement, cash is presented by the Group net of bank overdrafts, should there be any.

4.3 Financial instruments

The valuation of the Group's financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value - The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the quoted prices in that financial market for negotiations performed as of the date of the statement of financial position. For financial instruments for which there is no active financial market, the fair value is determined using valuation techniques. Such techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation models.

All assets and liabilities measured at fair value or over which the Group disclosed fair value are categorized within one of following fair value hierarchy. Such classification is based on the lowest level of information used to determine such value and which is significant for determining the fair value as a whole. The fair value hierarchy is made up of the following three levels:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The nature of fair value estimates is subjective and involves uncertain aspects and the judgment of the Management, therefore their amounts cannot be determined with absolute precision. Consequently, if there were changes in the assumptions on which the estimates are based, these could differ from the final results.

Amortized cost - Amortized cost is calculated using the effective interest rate method less any allowance for impairment. The calculation takes into consideration any premium or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

4.4 Financial assets

4.4.1 Initial recognition and measurement of the financial assets

The Group initially classifies its financial assets considering the method in which they will be subsequently measured: at amortized cost, at fair value through changes in other comprehensive income or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed under IFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets at amortized cost

Financial assets are designated at amortized cost if both of the following conditions are met: (a) the financial asset is held within a business model with the objective of collect contractual cash flows; and (b) the contractual terms of the financial asset establish specific dates for the cash flows derived only from payments to principal and interest on the outstanding balance.

Financial assets at fair value with changes in other comprehensive income
Financial assets are measured at fair value through changes in other comprehensive income at the inception when the following conditions are met: (a) the financial asset is held within a business model whose objective is to obtain contractual cash flows when selling the financial asset; and (b) the contractual terms of the financial asset establish specific dates for the cash flows derived only from payments to principal and interest on the outstanding balance.

Financial assets at fair value through profit or loss
The remaining financial assets not qualifying in any of the aforementioned categories are measured at fair value through profit or loss. Additionally, in the initial recognition of a financial asset, the Group, in certain circumstances, irrevocably assigns a financial asset that meets the measurement requirements of the previous categories to be measured at fair value with changes in results if doing so is eliminates or significantly reduces an accounting asymmetry that could occur if not done.

4.4.2 Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification as described below:

Documents and accounts receivable
The documents and accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. After initial recognition, the documents and accounts receivable are measured at amortized cost using the effective interest rate method less an impairment estimate. Profits or losses are recognized in results when the documents and accounts receivable are written off or due to impairment, as well as through the amortization process. The recovery of these financial assets is periodically analyzed, and an estimate is recorded for expected credit losses for those accounts receivable classified as doubtful collection, charged to income for the period. The accounts declared uncollectible are reduced from the estimate for expected credit losses.

Financial assets at amortized cost
After initial recognition, financial assets are measured at amortized cost using the effective interest rate method less an allowance for credit losses. Profits or losses are recognized in profit or loss when financial assets are written off or due to impairment, as well as through the amortization process. The financial assets of the Group amortized at cost include trade accounts receivable, accounts receivable from related parties and other accounts receivable in the short and long term.

The Group recognizes allowance for expected credit losses for: financial assets measured at amortized cost and assets of contracts with customers as defined by IFRS 15 "Revenue from Contracts with Customers". The Group measures the allowance of losses for an amount equal to the expected credit losses during the life of the asset. Estimates of losses from trade accounts receivable and contract assets are always measured at an amount equal to the expected credit losses over the life of those assets.

Financial assets held until maturity
Non-derivative financial assets with fixed or determinable repayments and defined maturity are classified as held-to-maturity investments when the Group has the positive intention and ability to maintain them until the maturity date. After initial recognition, financial instruments held to maturity are measured at amortized cost using the effective interest rate method. Gains or losses are recognized in results when the financial instrument is expropriated or has deteriorated, as well as through the amortization process.

4.4.3 Impairment of financial assets
The Group recognizes an allowance for expected credit losses on financial assets recognized at amortized cost or at fair value through changes in other comprehensive income and measures the value correction for expected credit losses over the life of the asset if the credit risk of that instrument has increased significantly since its initial recognition. In this regard, if at the date of the statement of financial position the credit risk of the financial instrument has not increased significantly since its initial recognition, the Group measures the correction of the value for losses for that financial instrument at an amount equal to the expected credit expected in the next 12 months

The Group applies a simplified approach in calculating expected credit losses for trade accounts receivable, contract assets and accounts receivable for leases. For this reason, the Group does not monitor changes in credit risk, but instead recognizes an adjustment based on the experience of expected credit losses at the date of each reporting date of its consolidated financial statements. The Group has established a provision matrix of estimates based on its historical experience of credit losses, adjusted for specific prospective factors for debtors and the economic environment.

For financial instruments at fair value through other comprehensive income, the Group applies the simplification of low credit risk. At each reporting date, the Group evaluates whether the debt instrument is considered to have a low credit risk using all reasonable and supportable information available without undue cost or effort. In making this assessment, the Group re-evaluates the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.4.4 Derecognition of financial assets

A financial asset is derecognized by the Group when: the rights to receive cash flows from the asset have expired; or the Group has transferred the financial asset non retaining all the risks and rewards of the asset and has transferred the contractual rights of receiving the cash flow of the financial assets; or, when retaining the contractual rights of receiving the cash flows, the Group has assumed the contractual obligation of paying them to one or more recipients.

4.5 Financial liabilities

4.5.1 Initial recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, notes and loans payable and derivative financial instruments designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group recognizes all financial liabilities initially at fair value on the date of acceptance or contracting of the liability, plus, in the case of notes and loans payable, directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, notes and loans payables, guarantee financial contracts and derivative financial instruments

4.5.2 Subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading that have been acquired with the objective of trading them in the short term. Gains or losses resulting in the trading of these financial liabilities are recognized in profit or loss when they occur.

Documents, loans and trade payables
After initial recognition, notes, loans and trade and other payables are subsequently measured at amortized cost using the effective interest rate method. The Group recognize gains and losses in the statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

4.5.3 Derecognition of financial liabilities
Financial liabilities are derecognized by the Group when the obligation has been paid, settled or expires. When a financial liability is replaced by another, the Group derecognizes the original and recognizes a new financial liability. Differences that may result from these financial liability replacements are recognized through profit and loss when they occur.

4.5.4 Compensation of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a legal right currently required to offset the amounts recognized and there is an intention to settle in net terms, realize the assets and settle the liabilities simultaneously.

4.6 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments such as interest rate and exchange rate fluctuations swaps and futures to hedge interest rate fluctuation risks, foreign currency exchange fluctuation risks and raw material international prices fluctuations risks, respectively. These derivative financial instruments are recognized on the date on which the derivative contract was signed at fair value and are subsequently re-measured at fair value. Derivative instruments are recorded as financial assets when the fair value is positive, and as a financial liability when the fair value is negative

The fair value of futures that comply with the definition of a derivative instrument registered by the Group considering the requirements for the purchase of raw materials and are recognized in profit or loss, as part of the cost of sales. Gains or losses arising from changes in fair value are recorded in profit or loss, except for the effective portion of cash flow hedges, which is recognized as part of other comprehensive income.

In virtue of hedge accounting, the Group classifies hedges under the following parameters

a) As a fair value hedge when it is a hedge of the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

b) As a cash flow hedge when it is a hedge of the exposure to the change in cash flows that (i) is attributed to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction, and that (ii) may affect the result of the period.

c) As a hedge of the net investment in a business abroad.

On the date of insertion of a hedging agreement, the Group formally designates and documents the hedging relationship to which it wishes to apply the hedge accounting as well as the risk management objective and strategy to engage the hedge. The documentation includes the identification of the hedge instrument, item or transaction hedged, the nature of the risk being hedged, and how the entity will assess the effectiveness of the hedge instrument in offsetting the exposure to changes in cash flows of the hedged item attributable to the risk hedged. It is expected that these hedges are highly effective in offsetting the changes in cash flows and they are assessed continuously to determine whether they have been highly effective throughout the financial periods for which they were designated.

Hedges that comply with the strict criteria for hedge accounting are measured as follows:

Fair value hedges - Changes from the measurement of hedging instruments at fair value, in the case of a derivative that is a hedging instrument, or from the foreign currency component in the case of a hedging instrument that is not a derivative, are recognized in profit or loss. Likewise, the carrying amount of the hedged item is adjusted by the amount of the gain or loss of the hedged item that is attributable to the hedged risk, recognizing such variations as profit or loss. Any adjustment that results in the carrying amount of a hedged financial instrument that uses the effective interest rate method will be amortized against profit or loss. Amortization is started as soon as the adjustment is made based on the recalculated effective interest rate on the date amortization begins.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss. Changes in the fair value of the hedging instrument will also be recognized in profit or loss.

Cash flow hedges - The proportion of the gain or loss on the hedging instrument determined as an effective hedge is recognized in other comprehensive income in the reserve for cash flow hedges and the ineffective part of the gain or loss of the hedging instrument is recognized in profit or loss. The cash flow hedge reserve is adjusted to the lower of the gain or loss accumulated in the hedging instrument and the cumulative change in the fair value of the hedged item.

The amounts recognized as other comprehensive income are transferred to the income statement when the forecasted hedging transaction occurs. When the hedged item is the cost of a non-financial asset or a non-financial liability, the amounts recognized as comprehensive results are transferred to the initial cost of the non-financial asset or the non-financial liability.

The Group uses forward contracts as hedges of its exposure to the risk of fluctuation of the value of foreign currencies for forecasted transactions and firm commitments, as well as forward contracts to hedge the price risk on fluctuations in the international price of raw material.

The accumulated amounts in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the subsequently hedged transaction results in the recognition of a non-financial item, the accumulated amount in equity is eliminated from the separate component of the equity and is included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies when the forecasted covered transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which the fair value hedge accounting is applied.

For any other cash flow hedges, the cumulative amount in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the cash flows hedged affect the results.

4.7 Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the selling price in the ordinary course of business, less estimated costs necessary to make the sale. Inventory costs comprise all costs derived from their acquisition and conversion, as well as other costs incurred to bring them to their current condition and location. Stocks of raw materials, materials, packaging material and inventory of spare parts and fuels are recorded at average warehouse cost; inventories of finished goods and in process at average manufacturing cost.

The cost of manufacturing the inventories of finished goods and products in process includes a reasonable proportion of the indirect costs incurred at a normal operating level.

4.8 Property, plant and equipment

Property, plant and equipment are initially recorded at acquisition cost less accumulated depreciation and accrued impairment losses, if any. These costs include the cost to replace components of plant and equipment when such cost is incurred, if it meets the criteria for recognition. Depreciation and disbursements for repair and maintenance that do not meet the criteria for recognition as assets and depreciation are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line method based on the estimated useful life of each type of asset. The residual value of depreciable assets estimated useful life and depreciation methods and amortization are revised annually by management and are adjusted when considered pertinent, at the end of each financial year.

A breakdown of estimated useful lives is shown below:

	Estimated useful life
Buildings and installations	10 to 70 years
Leased property improvements	20 years
Plant and equipment	10 to 20 years
Furniture and office equipment	3 to 20 years
Vehicles	10 years
Returnable containers, boxes and pallets	2 to 4 years
Cooler equipment	8 years

Construction and installation costs are charged to temporary accounts and subsequently transferred to the respective asset accounts once the works are completed. These constructions in process include all disbursements directly related to the design, development and construction of buildings and other, plus financial costs attributable to the works.

Improvements to leased properties under operating leases are amortized under the straight-line method calculated on the extension of the respective lease agreements.

A component of property, plant and equipment is derecognized when it is sold or when the Group no longer expects future benefits from its use. Any loss or gain from the asset’s disposal, calculated as the difference between the net carrying amount and the sales proceeds, is recognized in the results of the year in which the transaction occurs.

4.9 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the right to intervene in the financial and operating policy decisions of the investee, without having control or joint control of such investee. Investments in associates are recorded using the equity method.

Under the equity method, the investment in an associate is initially recorded at cost, subsequently recognizing the increases or decreases in the carrying amount of the portion corresponding to the Group in the results obtained by the investee, after the acquisition date. Dividends received from the associate are credited to the carrying amount of the investment. When it is necessary to adjust to recognize the changes suffered by the proportional participation in the investee associate because of changes in other comprehensive income of the associate, the Group recognizes such changes in its own comprehensive income. Unrealized losses and gains arising from transactions between the Group and the associate are eliminated before recognizing the Group's participation in the results of its associate. The goodwill acquired related to an associate is included in the carrying amount of the investment and is not amortized. After the application of the equity method, the Group determines annually whether it is necessary to recognize any impairment loss related to the net investment in an associate.

The date of the financial statements of the associates and those of the Group are the same and the accounting policies used by the associates coincide with the accounting policies used by the Group in the preparation of its financial statements.

The Group suspends the application of the equity method from the date on which it ceases to have significant influence over its associate and values the investment at its fair value, affecting the results of the year.

4.10 Intangible assets

Intangible assets acquired separately are initially recorded at cost. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses, as appropriate. The Group recognize as expenses the intangible assets generated internally in profit or loss of the year in which they are incurred, except for development costs, which are capitalized. The cost of intangible assets acquired in a business combination is recorded at fair value on the acquisition date.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortized under the straight-line method over the estimated useful lives of the assets which are reviewed by the Group each year. Expenses for the amortization of intangible assets are recognized in the income statement of the year in which they are incurred. Intangible assets with indefinite useful lives are not amortized and on an annual basis, the Group conducts an assessment to identify reductions in realizable value or when events or circumstances indicate that recorded values may not be recovered. If this indication exists, and the carrying amount exceeds the recoverable amount, the Group values assets or cash-generating units at their recoverable amounts.

The gains or losses that arise when derecognizing an intangible asset are determined by the Group as the difference between proceeds of sale or disposal and the net carrying amount of the intangible asset and recognizing them in the results of the year in which the transaction occurs.

4.10.1 Amortization

Amortization is determined to affect the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized.

Estimated useful life are the following:

	Estimated useful life	Amortization method
Software licenses	3 years	Straight-line
Internal developments	5 years	Straight-line
Exclusive contracts with clients	According to the duration of the contract	Straight-line

The amortization methods, useful lives and residual values will be reviewed at each reporting date and adjusted if necessary.

4.10.2 Research and development costs

Research costs are expensed as incurred. The Group recognizes as intangible asset the costs incurred in the development phase of a project when the Group can demonstrate: the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability and intention to use or sell the asset, how the asset will generate future economic benefits, the availability of technical and financial resources to complete the asset and to use or sell the asset and the ability to measure reliably the expenditure during development. Following initial recognition, the asset is carried at cost less any accumulated amortization and accumulated impairment losses, if any.

4.11 Impairment of non-financial assets

The Group assesses the carrying amounts of non-financial assets at each reporting date to determine deductions in value when events or circumstances indicate that recorded values may not be recovered. If any indication exists, and the carrying amount exceeds the recoverable amount, the Group measures the assets or cash-generating units at their recoverable amounts, defined as the higher of fair value less costs to sell and its value in use. Resulting adjustments are recorded in the results of the year in which they are determined, except when the impairment loss corresponds to a revaluated asset which is then recognized in other comprehensive income.

The Group assess at each reporting of there if any indication that previously recognized impairment losses for a non-financial asset other than goodwill, has decrease or no longer exists. If such indication exists, the Group re-estimates the asset's recoverable amount and if necessary, reverses the loss increasing the asset until its new recoverable amount, which will not exceed the asset's net carrying amount prior to recognizing the original impairment loss, recognizing the credit as profit or loss.

4.11.1 Impairment of goodwill

The impairment of the value of a goodwill acquired in a business combination is determined at the end of each accounting period or when there are circumstances that indicate that the recorded value may be impaired. Impairment is recognized as a loss when the recoverable value of the cash-generating unit or the group of cash-generating units related to the goodwill is less than the carrying amount. The recognized impairment losses related to goodwill are not reversed in future accounting periods.

4.11.2 Impairment of intangible assets

The impairment of the value of each intangible asset with indefinite useful life is recognized as a loss at the end of each accounting period when it carrying amount exceeds the recoverable amount.

4.12 Non-current assets available for sale

Non-current assets classified by the Group as available for sale are valued at the lower of their net book value or fair value, less costs to sell. These assets have been classified as available for sale considering that their value will be recovered primarily through a sale transaction instead of their continued use and are available in their current conditions for immediate sale subject exclusively to the usual terms of sale, being this highly probable. The Group's Management has committed to a sale plan by initiating the execution of a program to find a buyer and expects to make the sale within a year from its classification as available for sale assets. The Group discontinued the depreciation of these assets from the classification date as available-for-sale assets.

4.13 Business combinations and goodwill

Business combinations are accounted for the Group using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value at acquisition date of the transferred assets and the liabilities incurred and the equity instruments issued at the purchase date. The Group estimates any non-controlling interests in the acquired entity at fair value or at the proportionate share of the acquired entity's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the Group classifies the identifiable assets acquired and the liabilities assumed as necessary for the subsequent application of other accounting standards. The Group makes these classifications or designations based on contractual agreements, economic conditions, accounting policies and other relevant conditions, as they exist at the date of acquisition.

If the business combination is carried out in stages, the Group re-estimates the previously recorded participation in the equity of the acquired entity at fair value at the acquisition date and recognizes the resulting gain or loss, if any, in the results of the year in which such measurement is made or in other comprehensive income, as appropriate.

Any contingent consideration that the Group must recognize after the acquisition date is recognized at fair value at the acquisition date. Subsequent changes in the fair value of such contingent consideration that must be recognized as an asset or a liability is recorded in the results of the year or as other comprehensive income. If the contingent consideration is classified as equity, it will be subsequently settled within the Group's equity.

At the acquisition date, the Group records the goodwill, initially measured at cost, which is the excess of the sum of the consideration transferred and the amount of any non-controlling interest over the net at fair value of the amounts of the identifiable assets acquired and the liabilities assumed in the acquisition. Before recognizing a gain for a purchase under very advantageous conditions, the Group reevaluates if it has correctly identified all the assets acquired and all liabilities assumed and recognizes any asset that is identified in that revision. If the gain persists, the difference is recognized in the results of the period.

After initial recognition, the goodwill is measured at cost less any accumulated impairment loss. For purposes of the impairment test, the goodwill acquired in a business combination is, from the acquisition date, distributed among each of the Group's cash-generating units that is expected to benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those cash-generating units.

4.14 Provisions

A provision is recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation’s amount can be made. The amount of recorded provisions is assessed periodically and required adjustments are recorded in the results of the year.

When important, the financial effect produced by the discount of the amounts of the provisions, these amounts are discounted at the present value of the disbursements that are expected to be necessary to cancel the respective obligations, using a pre-tax discount rate that adequately reflects the value of money over time and the specific risks of the obligation.

4.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Until December 31, 2018, leases were classified as financial or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

Beginning January 1, 2019, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities know, initial direct costs incurred, and lease payments made to any new measurement of lease liabilities. The cost of right-of-use assets before the commencement date less any lease incentives received are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Machinery and equipment 2 to 15 years.

- Land and buildings 2 to 17 years.
- Motor vehicles and other equipment 2 to 5 years.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

4.16 Treasury shares
The Group recognizes the acquisition of own equity instruments at cost, decreasing such equity cost. The Group does not recognize in the profit or loss of the period any loss or gain derived from the purchase, sale, reissue or cancellation in the negotiation of own equity instruments

4.17 Revenue recognition
The Group measures revenue from ordinary activities at the fair value of the consideration received or receivable, derived from the revenue.

4.17.1 Revenue from sale of goods
Revenue from the sale of goods are recognized when the products are dispatched to clients and the risks and rewards of good's ownership have been transferred to the buyer, the revenue amount can be reliably measured, it is probable that the Group will receive economic benefits from this transaction and costs incurred can be measured reliably. Revenue from the sale of goods are presented in the income statement, net of discounts, returns and sales tax.

4.17.2 Revenue from rendering of services
Revenue from rendering of services are recognized when the amount of ordinary revenue can be reliably measured, it is probable that the Group will receive economic benefits from the transaction, the stage of completion of the service rendered can be reliably measured as of the date of the statement of financial position, and costs already incurred, as well as those remaining to complete the service, can be reliably measured. In the event that revenue from services cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

4.17.3 Revenue from interests, royalties and dividends

Revenue arising from financial instruments are recognized in proportion to the time elapsed, calculated over the average monthly balances for the invested principal, applying the effective interest rate method. Interest income is included as financial income in the income statement. The royalties are recognized using the cumulative basis according to the substance of the contract on which they are based, and dividends are recognized when the Group, as shareholder, establishes the right to receive them.

4.18 Borrowing costs

The Group capitalizes as part of the cost of an asset the financing costs directly attributable to the acquisition, construction, production or installation of an asset that necessarily requires a period of time to be suitable for its use or sale. Financing costs include interest, exchange differences and other financial costs. Financial costs that do not meet the capitalization criteria are recorded in profit or loss when incurred.

4.19 Employment termination benefits

Defined contributions plan

Obligations for contributions to defined contribution plans are recognized as expenses when the service is rendered.

The Group sponsors definitive benefit plans that provide pensions and other post-employment benefits to covered employees. The determination of expenses and obligations associated with the future benefits of the employee requires the use of assumptions such as the discount rate to measure the obligations, the expected mortality and the expected rate of future compensation.

Because the determination of cost and obligations associated with the future benefits of employees requires the use of several assumptions, there is an uncertainty in the measurement inherent in the actuarial valuation process. The results of the actuary differ from the results that are estimated based on assumptions.

Defined benefit plans

The net obligation of the Group related to defined benefit plans is calculated separately for each plan estimating the amount of the future benefit that employees have earned with the current period and in previous periods, discounting such amount.

The calculation of defined benefit obligations is carried out annually by a qualified actuary using the projected credit unit method. When the calculation results in a possible asset for the Group, the recognized asset is limited to the present value of the economic benefits available in the form of future reimbursements of the plan or reductions in future contributions to it. To calculate the present value of the economic benefits, any minimum funding requirement must be considered.

The new measurement of the net defined benefit liability, which includes actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income. The Group determines the net interest expense (income) for the liability (asset) from net defined benefit for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the liability (asset) for net defined benefits, considering any change in the liability (asset) for net defined benefits during the period because of contributions and benefit payments. The net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When a modification or reduction in the benefits of a plan occurs, the resulting modification in the benefit that is related to the past service or the gain or loss from the reduction is recognized in profit or loss. The Group recognizes gains and losses in the settlement of a defined benefit plan when it occurs.

Other employee benefits
The net obligation in relation to long-term employee benefits is the amount of future benefit that employees have earned in exchange for their services in the current period and in prior periods. The benefit is discounted to determine its present value. New measurements are recognized in profit or loss when arise.

4.20 Taxes

4.20.1 Current income tax

The Group calculates the income tax according to the jurisdiction of each of its subsidiaries where it operates, and the calculation can be: a) applying to income before income tax the adjustments of certain items affected or not to the tax, b) on a percentage of income or c) a percentage on the total assets of the entity in accordance with current tax regulations. Current tax, corresponding to the present period and to prior periods, is recognized by the Group as a liability provided it has not been settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Group recognizes the income tax associated with elements of other comprehensive income out of the income statement and recognizes it in the comprehensive income statement.

4.20.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes at the statement of financial position date. Deferred income tax is calculated using the tax rate expected to be applied in the period when the asset is realized, or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred tax assets is reviewed at each reporting date. The Group reduces the balance of deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Previously unrecognized deferred tax assets are re-assessed at each reporting date.

The Group recognizes income tax and deferred income tax related to other components of comprehensive income.

The Group offsets deferred and current tax assets with its deferred and current tax liabilities, respectively, when it has the legally enforceable right to offset the amounts recognized before the same tax authority and when it intends to settle them for the net amount or to realize the asset and cancel the liability simultaneously.

4.20.3 Value added tax

Revenue from sales is recorded by the Group for the net sales tax amounts and recognizes a liability in the statement of financial position for the related sales tax. Expenses and the acquisition of assets are recorded by the Group for the net amounts of sales tax if such taxes are credited to the Group by the tax authorities, recognizing then the accumulated amount receivable in the statement of financial position. In those cases where the sales tax is not credited, the Group includes the tax as part of the expense or asset, as appropriate

4.21 Significant accounting judgments estimates and assumptions

Group's financial statement preparation requires management to make judgments, estimates, and use assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and the corresponding disclosures, as well as the disclosure of contingent liabilities. However, given the implicit uncertainty of such judgements, estimates and assumptions could lead to situations that require adjustments of relative importance on the recorded values of assets and liabilities in future periods.

In the process of applying its accounting policies, the Group has considered the following relevant judgments, estimates or assumptions:

Estimate for expected credit losses
The Company uses a historical model to establish the estimate for expected credit losses for trade accounts receivable. Provision rates are based on days due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, type and customer rating).

Intangible assets' value impairment tests (Goodwill, distribution rights and brands)
The Group uses key assumptions of variables and market conditions to determine the recoverable amount, such as future growth rates of prices and volumes, the schedule of future operating expenses, as well as discount rates and long-term growth term.

Determination of the lease term of contracts with renewal and termination options - The Group as lessee
The Group determines the term of the lease as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease, if it is reasonably it will not be exercised.

The Group cannot easily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure the lease liabilities. The IBR is the interest rate that the Company would have to pay to borrow for a similar term, and with a similar value, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR reflects what the Group 'would have to pay', which requires an estimate when there are no observable rates available or when they must be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the functional currency of the subsidiary).

The Group estimates IBR using observable data (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets
The Group estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date. On an annual basis, and when the existence of any indication of impairment is detected, the Group carries out impairment evaluations for goodwill and other intangible assets with indefinite life. Other non-financial assets are also evaluated for impairment when there are indications that the recorded values will not be recoverable.

Impairment of financial assets available for sale
The Group classifies certain financial assets as available for sale and recognizes variations in their fair value as an equity item. When the fair value decreases, the Group Management evaluates the circumstances that justify the decrease and determines if such decrease should be recognized in the results for the year. During the years ended December 31, 2019 and 2018, the Group did not recognize any impairment loss related to its available-for-sale financial assets.

Deferred income tax assets
Deferred income tax assets have been recognized considering that there is a reasonable probability of realization through their application to future taxable income in conjunction with a tax planning strategy designed by the Group's Management.

5 Standards issued but not yet effective

The International Financial Reporting Standards or its interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The standards or interpretations described are only those that, according to the management's criteria, may have an important effect on the disclosures, position or financial performance of the Group when they are applied at a future date. The Group intends to adopt these standards, if applicable, when they become effective.

At the date of issuance of these financial statements, management is evaluating the potential effect that the adoption of these standards or interpretations, if any, could have on the Group's position and financial performance, however it is not possible to quantify the mentioned effects.

Amendments to IFRS 3: Definition of a Business
In October 2018, the IASB issued amendments to 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. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The amendments are effective for annual periods beginning on or after January 1, 2020, and they apply prospectively to transactions or other events that occur on the effective date. Early adoption of the amendments is permitted and must be disclosed.

Amendments to IAS 1 and IAS 8: 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' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of materiality are effective for annual periods beginning on or after January 1, 2020. Advance adoption of the amendments is permitted and must be disclosed.

Revisions to the Conceptual Framework for Financial Reporting ("the Conceptual Framework")
The Conceptual Framework is not a standard, and none of its concepts are above those of any standard or the requirements of a standard.

The IASB published a review of the Conceptual Framework in March 2018, which establishes a comprehensive set of concepts for financial information, standard setting, guidance for preparers in developing consistent accounting policies, and assisting others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, as well as a new guide on measurement and derecognition, presentation and disclosure.

Changes in the Conceptual Framework may affect the application of IFRS in situations where no standard is applied to a particular transaction or event.

For financial statement preparers, the revised Conceptual Framework will be effective for annual periods beginning on or after January 1, 2020, however early adoption is permitted.

6 Cash

	December 31, 2019		December 31, 2018
Cash at banks and petty cash			
In foreign currency	US$ 12,849,019		US$ 16,828,407
In functional currency	141,508,891		195,636,405
	US$ 154,357,910		US$ 212,464,812

Cash deposited in bank accounts earns interest based on daily rates determined by the corresponding banks.

As of December 31, 2019 and 2018, there were no restrictions on the use of cash balances.

7 Held-to-maturity investments

	Maturity	Interest rate	December 31, 2019	December 31, 2018
Guatemala				
In US Dollars	2020	5.75%	US$ 71,600,000	US$ 71,600,000
In US Dollars	2020	5%	28,986,340	-
In US Dollars	2019	5.75%	-	38,990,000
El Salvador				
In US Dollars	2019	5%	-	450,000
Peru				
In US Dollars	2019	1.9%	-	1,057,253
Held-to-maturity total investments			100,586,340	112,097,253
(-) Short term held-to-maturity investments			(28,986,340)	(40,497,253)
Long term held-to-maturity investments (a)			US$ 71,600,000	US$ 71,600,000

(a) These certificates of deposit are restricted and guarantee bank loans described in note 17 y 29.

(b) As of December 31, 2018, there are US$37,700,000 (2018: US$ 41,065,000) contracted with related companies (note 29).

Below is the annual movement of held to maturity investments:

	December 31, 2019	December 31, 2018
Balance at beginning of year	US$ 112,097,253	US$ 269,318,976
Acquisition of held-to-maturity investments	14,888,204	148,720,743
Redemption of held-to-maturity investments	(26,408,235)	(305,683,442)
Translation effect	9,118	(259,024)
Balance at year end	US$ 100,586,340	US$ 112,097,253

(Figures expressed in US dollars)

8 Accounts receivable

	December 31, 2019	December 31, 2018
Trade receivables	US$ 145,848,513	US$ 159,674,215
Related companies (see note 29)	86,351,929	66,774,648
Less - Estimate for expected credit losses	(777,030)	(784,642)
	231,423,412	225,664,221
Other:		
Accounts receivables from government entities	7,775,044	12,291,653
Services for export	3,495,903	3,215,645
Interest receivable for held-to-maturity investments	1,116,042	95,562
Executives and employees	1,111,055	1,013,893
Manufacture	621,884	614,001
Insurance receivable	190,000	331,000
Debtors for sale of fixed and intangible assets	-	22,676,344
Other accounts receivable	5,929,893	1,978,262
	20,239,821	42,216,360
Total accounts receivable	251,663,233	267,880,581
Less – Long term accounts receivable	(1,376,180)	(1,376,180)
	US$ 250,287,053	US$ 266,504,401

The maturity terms for accounts receivable extend up to 60 days from the date of issue of the corresponding invoices, are not subject to any discount for early payment, do not generate interest except for late charges, and are recoverable in the functional currency of the financial statements, except for US$56,160,515 (2018: US$59,217,387), which is recoverable in currency other than the functional currency. Terms and conditions of notes and accounts receivable from related parties are presented in note 29.

A breakdown of the activity in the expected credit losses is as follows:

	December 31, 2019	December 31, 2018
Balance at beginning of year	US$ 784,642	US$ 2,191,097
Amounts credited to the allowance	282,382	183,222
Write-off	(227,280)	(1,546,981)
Foreign exchange effect	(62,714)	(42,696)
Balance at year end	US$ 777,030	US$ 784,642

An analysis of accounts receivable aging as of December 31, 2019 and 2018, is presented below:

	Aging of accounts receivable						
	Neither past due nor impaired	Less than 30 days	30 to 60 days	60 to 90 days	90 to 120 days	More than 120 days	Total
Expected credit losses	0.0%	0.1%	0.5%	1%	10%	45%	
2019	US$106,815,294	US$ 21,632,534	US$ 3,521,041	US$ 2,520,660	US$ 893,851	US$ 10,465,133	US$ 145,848,513
Expected credit losses	0.0%	0.1%	0.5%	1%	10%	45%	
2018	US$113,148,699	US$ 23,180,351	US$ 5,003,396	US$ 10,751,398	US$ 5,370,615	US$ 2,219,756	US$ 159,674,215

(Figures expressed in US dollars)

9 Tax receivable

	December 31			
		2019		2018
Income tax a)	US$	37,247,460	US$	24,387,734
Other tax receivable b)		4,636,801		11,889,725
	US$	41,884,261	US$	36,277,459

a) Correspond to advance payments of the tax generated on profits which will be credited during 2020.

b) These taxes include: (i) Solidarity taxes -ISO generated by the Guatemalan subsidiaries and can be credited for the payment of income tax; (ii) Treasury Notes – NCTP (acronym in Spanish) in a Salvadoran subsidiary, which can be used to pay other taxes; and (iii) Recoverable taxes for distribution of the Puerto Rican subsidiary, which are not due.

10 Inventories

	December 31,			
		2019		2018
At cost:				
Raw materials	US$	65,333,873	US$	69,746,243
Inventory in transit		39,490,386		37,577,823
Materials, parts and supplies		29,901,143		29,835,635
Work in progress		305,529		259,565
Finished goods		59,632,044		60,559,198
Consignment inventory		229,945		-
	US$	194,892,920	US$	197,978,464

As of December 31, 2019 and 2018, the Group has not recorded any loss with the inventory obsolescence estimate.

11 Prepaid expenses

The account summary is as follows:

	December 31			
		2019		2018
Prepayments of services	US$	10,297,493	US$	8,761,093
Prepaid advertising		2,328,592		1,363,523
Prepaid insurance		491,906		1,067,393
Prepaid exclusivities		418,932		2,669,536
Other		630,000		1,883,931
	US$	14,166,923	US$	15,745,476

(Figures expressed in US dollars)

12 Investments in associates

	Share percentage		2019		2018
Celebrations Brands Limited, LLC.	50	US$	1,412,057	US$	1,652,332
Industrias del Atlántico, S.A.	50		-		-
Other	Various		334,718		390,457
Total of investments		US$	1,746,775	US$	2,042,789

The results obtained as of December 31, 2019 and 2018 in the interest in associates were US$(66,789) y US$(73,394), respectively. These results correspond to equity method measurements in both periods.

Celebrations Brands Limited, LLC.
The Group has a 50% interest in the entity, a joint venture whose activity is the distribution of beverages produced by a subsidiary in Jamaica. Celebrations Brands Limited, LLC shall use the best commercially reasonable efforts to promote, request and increase the sales of products throughout the Jamaican territory and gain market share in the territory within each product category. The entity is not publicly listed. The group's share in Celebrations Brands Limited, LLC is recorded using the equity method in the consolidated financial statements. A summary of the joint venture's financial information, based on its IFRS financial statements, is below:

		December 31, 2019		2018
Interest in the associate's statement of financial position:				
Current assets	US$	39,557,501	US$	39,586,278
Non-current assets		7,789,075		1,008,908
Current liabilities		(43,231,119)		(37,289,335)
Non-current liabilities		(752,634)		(49,273)
Net assets	US$	3,362,823	US$	3,256,578
Revenue	US$	290,294,704	US$	278,485,607
Cost of sales		(266,410,809)		(254,911,082)
General and administrative expenses		(23,580,852)		(23,143,844)
Financing expenses		(436,622)		(577,470)
(Loss) profit before income tax		(133,579)		(146,789)
Income tax		-		-
Net (loss) profit	US$	(133,579)	US$	(146,789)
Share in (loss) profit, net	US$	(66,789)	US$	(73,395)

Industrias del Atlántico, S.A.
The Group has a 50% share in the entity, a joint venture whose activity is the production and distribution of beer in the Guatemalan territory. The group's share in Industrias del Atlántico, S.A. is recorded using the equity method. A summary of the joint venture's financial information, based on its IFRS financial statements, is below:

(Figures expressed in US dollars)

	December 31, 2019		December 31, 2018	
Interest in the associate's statement of financial position:				
Current assets	US$	134,277,363	US$	91,360,700
Non-current assets		22,900,633		22,234,640
Current liabilities		(181,786,520)		(113,461,444)
Non-current liabilities		(661,552)		(79,455,500)
Liability position, net	US$	(25,270,076)	US$	(79,321,604)
Revenue	US$	157,259,421	US$	131,699,177
Cost of sales		(120,036,898)		(104,249,802)
General and administrative expenses		(32,458,287)		(39,994,877)
Financing expenses		(3,466,839)		(13,054,155)
Loss before income tax		(1,297,297)		(25,599,657)
Income tax		-		-
Net loss	US$	1,297,297	US$	(25,599,657)
Share in net loss	US$	648,649	US$	(12,799,829)

As of December 31, 2019 and 2018 the Group has not recognized the results of the year in relation to its participation in Industrias del Atlántico, S.A, because the total accumulated losses exceed the value of the investment, which is why the investment is totally impaired.

(Figures expressed in US dollars)

13 Property, plant and equipment

2019		Balance at 1/01/2019		Acquisitions		Disposals		Transfers	
Cost:									
Property	US$	223,112,003	US$	3,155,197	US$	(541,414)	US$	4,756,540	US$
Constructions in process		21,029,096		11,753,918		(937,713)		(18,596,999)	
Machinery and equipment		412,367,826		11,971,356		(4,847,063)		11,759,194	
Vehicles		46,300,327		1,515,871		(12,556,893)		532,923	
Containers, boxes and pallets		118,655,533		16,482,784		(8,113,553)		-	
Cold equipment		219,818,076		7,974,036		(4,311,423)		-	
Furniture and equipment		55,562,671		785,284		(13,510,413)		254,267	
Leasehold improvements		15,765,943		617,917		(70,536)		1,294,075	
Leased equipment		4,921,222		-		(1,377,827)		-	
		1,117,532,697		54,256,363		(46,266,835)		-	
Less accumulated depreciation									
Property		44,800,441		6,386,999		(1,644,167)		-	
Machinery and equipment		186,307,892		23,003,230		(367,647)		-	
Vehicles		39,816,282		2,273,401		(12,650,301)		-	
Containers, boxes and pallets		86,522,023		16,497,317		(6,772,490)		-	
Cold equipment		108,343,340		18,377,740		(3,896,423)		-	
Furniture and equipment		41,410,279		3,816,367		(13,504,065)		-	
Leasehold improvements		7,062,055		1,980,869		(3,242)		-	
Leased equipment		5,353,985		300,877		(1,030,577)		-	
Accumulated depreciation		519,616,297		72,636,800		(39,868,912)		-	
Book value	US$	597,916,400	US$	(18,380,437)	US$	(6,397,923)	US$	-	US$

a) During 2019, the Group recognized an adjustment lowering machinery against the results of previous years fo

(Figures expressed in US dollars)

2018	Balance at 1/01/2018	Acquisitions	Disposals	Transfers
Cost:				
Property	US$ 201,343,178	US$ 2,346,352	US$ (214,909)	US$ 24,675,370
Constructions in process	68,213,062	72,062,484	(694,990)	(118,105,525)
Machinery and equipment	340,981,509	3,684,238	(2,807,739)	81,906,809
Vehicles	46,461,163	1,867,334	(897,403)	572,117
Containers, boxes and pallets	136,869,801	19,154,875	(32,573,027)	-
Cold equipment	198,989,954	33,545,479	(7,802,567)	237,150
Furniture and equipment	51,966,713	1,257,288	(1,144,397)	4,855,410
Leasehold improvements	9,910,563	1,817,000	(629,440)	5,072,000
Leased equipment	1,157,831	904,572	-	786,669
	1,055,893,774	136,639,622	(46,764,472)	-
Less accumulated depreciation				
Property	40,094,992	5,576,295	(83,515)	(501)
Machinery and equipment	182,238,353	14,215,047	(2,257,602)	(3,991,533)
Vehicles	39,172,695	2,889,527	(877,316)	(26,640)
Containers, boxes and pallets	104,232,157	16,335,255	(30,553,496)	-
Cold equipment	99,889,700	19,454,642	(8,617,271)	14,781
Furniture and equipment	40,324,565	3,691,068	(1,143,051)	(5,519)
Leasehold improvements	6,358,676	1,007,817	(18,855)	-
Leased equipment	404,310	913,307	-	4,051,343
Accumulated depreciation	512,715,448	64,082,958	(43,551,106)	41,931
Book value	US$ 543,178,326	US$ 72,556,664	US$ (3,213,366)	US$ (41,931)

Administrative expenses		4,544,627		5,638,041
Subtotal depreciation expenses (note 24)		44,991,837		46,572,215
Costs of sales (note 23)		27,644,963		17,510,743
Total depreciation expenses	US$	72,636,800	US$	64,082,958

In 2019, the Group started the construction of the expansion of its production plant located in Jamaica, Ecuador and Peru. The Group expects these projects to be completed during 2020. As of December 31, 2019, Group recorded capitalizations for US$18,596,999, which were funded with own capital of the subsidiaries. There were no capitalized interest costs during the year ended December 31, 2019.

As of December 31, 2019, the Group has recognized in constructions in process the disbursements of US$11,753,918 (2018: US$72,062,484), related to the expansion of its production plants in all the countries where the Group has operating companies.

14 Right-of-use assets

The Group has signed several leases for real estate, machinery, and other equipment used in its operations. Leases for real estate and machinery generally have lease terms of between 3 and 20 years, while other equipment generally has lease terms of between 3 and 5 years. The Company's obligations related to its leases are guaranteed by the lessor's ownership of the leased assets.

The Group also has certain low-value leases with lease terms of 12 months or less to which the recognition criteria for short-term leasing and leasing of low-value assets apply.

The carrying amounts of the recognized right-of-use assets and the movements made during each year are detailed below:

2019		Adoption of IFRS16 effect		Acquisitions		Effect of changes in foreign exchange rates		Total
Cost								
Property	US$	88,514,017	US$	6,055,749	US$	64,452	US$	94,634,218
Machinery and equipment		8,135,719		-		(914,097)		7,221,622
Vehicles		1,619,048		-		(14,843)		1,604,205
Furniture and equipment		118,582		7,280		-		125,862
		98,387,366		6,063,029		(864,488)		103,585,907
Less accumulated depreciation								
Property		41,521,197		11,714,730		(231,872)		53,004,055
Machinery and equipment		2,279,500		1,480,967		(259,143)		3,501,324
Vehicles		141,431		361,606		620		503,657
Furniture and equipment		12,970		41,953		-		54,923
Accumulated depreciation		43,955,098		13,599,256		(490,395)		57,063,959
Book value	US$	54,432,268	US$	(7,536,227)	US$	(374,093)	US$	46,521,948

The carrying amounts of lease liabilities and the movements made during the year are detailed below:

		2019
Balance at the beginning of the year	US$	68,473,634
Acquisitions		3,916,708
Interest on financial leases (note 27)		4,562,391
Payments		(15,918,560)
Effect of changes in foreign exchange rates		(185,159)
		60,849,014
Short term leases		(5,613,889)
Balance at the end of the year	US$	55,235,125

The depreciation expense was recorded as follows:

		2019
Selling expenses (nota 24)	US$	1,564,753
Administrative expenses (nota 24)		12,034,504
	US$	13,599,257

(Figures expressed in US dollars)

15 Intangible assets

	Intangible assets with indefinite useful life			Intangible assets with finite usefu		
	Goodwill (a)	Brands (b)	Distribution rights (c)	Distribution rights	Exclusivity contracts	
Cost:						
Balance at January 1, 2018	US$ 112,182,927	US$ 47,572,102	US$ 28,364,480	US$ 10,000,000	US$ 24,191,120	US$
Acquisitions	797,507	-	-	-	2,984,768	
Disposals	-	-	-	-	(464,974)	
Acquisition of control	-	-	-	-	9,117	
Effect of changes in foreign exchange rates	(1,190,572)	(4,743,820)	-	-	-	
Balance at December 31, 2018	111,789,862	42,828,282	28,364,480	10,000,000	26,720,031	
Acquisitions	-	-	-	-	-	
Effect of changes in foreign exchange rates	110,490	(1,276,920)	-	-	-	
Balance at December 31, 2019	US$ 111,900,352	US$ 41,551,362	US$ 28,364,480	US$ 10,000,000	US$ 26,720,031	US$
Accumulated amortization:						
Balance at January 1, 2018	US$ -	US$ 1,644,004	US$ -	US$ 2,000,000	US$ 10,799,125	US$
Amortization of the year	-	-	-	1,000,000	2,617,307	
Effect of changes in foreign exchange rates	-	-	-	-	610	
Balance at December 31, 2018	-	1,644,004	-	3,000,000	13,417,042	
Amortization of the year	-	-	-	1,000,000	2,617,307	
Balance at December 31, 2019	US$ -	US$ 1,644,004	US$ -	US$ 4,000,000	US$ 16,034,349	US$
Book value:						
Balance at December 31, 2019	US$ 111,900,352	US$ 39,907,358	US$ 28,364,480	US$ 6,000,000	US$ 10,685,682	US$
Balance at December 31, 2018	US$ 111,789,862	US$ 41,184,278	US$ 28,364,480	US$ 7,000,000	US$ 13,302,989	US$
Balance at January 1, 2018	US$ 112,182,927	US$ 45,928,098	US$ 28,364,480	US$ 8,000,000	US$ 13,391,995	US$

(Figures expressed in US dollars)

Expenses related to the amortization of intangible assets are presented in administrative expenses.

a) Goodwill
The acquired goodwill and intangible assets with indefinite useful life recorded and distributed by cash-generating unit as of December 31, 2019, and 2018 are as follows:

		December 31, 2019		2018
The Tesalia Springs Company, S. A. y Tropical (Ecuador)	US$	58,701,087	US$	58,701,087
Operations in the south Guatemalan Region of Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S. A.		21,484,018		21,484,018
Livsmart Américas, S. A. de C. V. (El Salvador)		15,001,326		15,001,326
El Carmen, S. A.(Argentina)		12,447,319		12,336,830
Portia States Corp. (note 19)		4,266,602		4,266,601
	US$	111,900,352	US$	111,789,862

b) The CBC portfolio brands are:

		December 31 2019		2018
Citric	US$	2,179,260	US$	3,456,180
Squiz		7,280,000		7,280,000
Jugos Deli		6,943,224		6,943,224
Cola Mas		6,569,373		6,569,373
Kola Gallito		5,076,723		5,076,723
Güitig		2,734,452		2,734,452
220v		2,480,633		2,480,633
Grapette		1,908,646		1,908,646
Cosecha Pura		1,852,404		1,852,404
Naturalísimo		1,614,538		1,614,538
Glad		907,585		907,585
Tropical		360,520		360,520
	US$	39,907,358	US$	41,184,278

c) Distribution rights with indefinite useful life:

		December 31 2019		2018
Distribution rights of the brand portfolio of PepsiCo in Peru	US$	11,165,950	US$	11,165,950
Distribution rights of the PepsiCo brands portfolio in the northern region of the Republic of Guatemala-Santizo Distributor		8,500,000		8,500,000
Distribution rights of Tropicana brand in Puerto Rico.		4,500,000		4,500,000
Distribution rights to Waldemar brand vending machines in Puerto Rico.		4,198,530		4,198,530
	US$	28,364,480	US$	28,364,480

Test of the impairment of the cash-generating units including goodwill
The recoverable amount of the cash-generating units was determined based on the use value calculated on cash flows projections for five years, applying a discount interest rate between 7.9% and 15.9%.

(Figures expressed in US dollars)

Cash flows projections exceeding five years were extrapolated by using a growth rate of 1%, which is the average growth rate during the term for the industry.
As of December 31, 2019 and 2018, the recoverable amount of the cash-generating units exceeds the recorded value.

The following are the estimates and main assumptions used to determine the use value of the cash-generating units and the cash flow projections supporting them:

Gross margin: The gross margin calculation was determined as the average gross margin for the three years prior to the cash flows projections plus an annual growth factor of 3%.

***Discount rate*:** The discount rate used reflects Management's estimate related to specific risks of each cash-generating unit. To determine the discount rate, management has hired independent consultants to build the exclusive rates for each cash-generating unit.

16 Other financial assets

The account summary is as follows:

		December 31 2018		2017
Asociación Solidarista de Trabajadores de Embotelladora La Mariposa, S.A. -ASTEMSA (a)	US$	7,035,272	US$	6,489,689
Contracts with clients (note 22.2) (b)		5,528,938		6,329,656
Security deposits		6,156,903		5,914,460
Financial hedging instruments		1,223,559		-
Other		732,561		320,828
	US$	20,677,233	US$	19,054,633

(a) The Guatemalan subsidiaries make reimbursable contributions to the Asociación Solidarista de Trabajadores of Embotelladora La Mariposa, S.A. -ASTEMSA.

(b) The Group has agreements with clients to promote and obtain the right to sell the products of the beverage portfolio for a certain period of time. Most of these agreements are from 1 to 3 years and the related costs to obtain such contracts are amortized in that time through the straight-line method. Amortization is presented as a reduction in sales. The amortization corresponding to 2019 amounted to US$2,109,885 (2018 was activated at the end of the period).

Hedging contracts for the purchase of aluminum and fuel
The Group is exposed to risk due to the variability of the purchase prices of aluminum and fuel, so it has as a policy the use of financial derivative instruments that allow it to manage the risk.

The Group uses derivative financial instruments within its strategy that allows stability and greater certainty of its costs and cash flows. The objective of the hedge is to reduce the variability of the cost for the projected purchases of aluminum and fuel. The coverage of purchase prices is carried out from 12 months onwards and for up to 80% of the estimated purchase volume. The Group carried out an evaluation of the hedges on projected purchases from foreign suppliers, determining that they are highly effective and coverage of cash flows on highly effective projected purchases, recognizing an unrealized gain in other comprehensive income in the amount of US$4,299,278 for 2019 (loss of US$3,075,719 for 2018).

(Figures expressed in US dollars)

17 Loans and borrowings

Country/currency	Bank	Interest rate		Payments amounts	Maturity		
Long-term loans							
Loans with fiduciary guarantee							
Guatemala - GTQ	Banrural	6.00%	US$	-	2022	US$	3
Guatemala - GTQ	Banco Internacional	5.75%		-	2020		10
Guatemala - GTQ	Banco Industrial	6.00%		-	2021		
Guatemala - GTQ	Banco Industrial	6.00%		-	2023		19
Guatemala - GTQ	Banco de America Central	5.75%		-	2020		2
Guatemala - GTQ	Banco de America Central	6.00%		-	2020		3
Guatemala - GTQ	Banco de America Central	5.75%		-	2020		3
Honduras - L	Ficohsa	11.50 %		-	2020		1
Honduras - L	Ficohsa	11.00 %		1,325,622	2020		1
Honduras - L	Ficohsa	10.25 %		-	2025		9
Nicaragua - US$	Banco de America Central	5.75%		-	2019		1
Nicaragua - US$	Mesoamerican **(a) (b)**	7.25%		-	2022		15
El Salvador - US$	Banco Agrícola, S.A.	4.60%		-	2022		10
El Salvador - US$	Banco Agrícola **(a)**	4.50%		-	2022		40
El Salvador - US$	Banco General de Panamá	5.04%		-	2020		25
El Salvador - US$	CITIBANK EL SALVADOR, S.A	4.67%		-	2020		3
Jamaica - J$	The Bank Of Nova Scotia Jamaica Limited	8.75%		-	2021		1
Jamaica - J$	Scotia Investment Jamaica Limited	8.75%		-	2021		1
Puerto Rico - US$	Citibank	4.97%		-	2020		
Puerto Rico - US$	Citibank	4.97%		-	2020		1
Puerto Rico - US$	Citibank	4.97%		-	2020		8
	Continued on the next page		US$	1,325,622	-	US$	184

(Figures expressed in US dollars)

Country/currency	Bank	Interest rate		Payments amounts	Maturity	
	Continued from previous page		US$	1,325,622		US$ 1
Short-term loans						
Loans with fiduciary guarantee						
Puerto Rico - US$	Citibank	5.99%		-	2020	
Puerto Rico - US$	Citibank	5.99%		-	2020	
Ecuador - US$	The Bank of Nova Scotia	LIBOR (3M) + 4.4		-	2022	
Ecuador - US$	Citibank NY	LIBOR (3M) + 4.4		-	2022	
Ecuador - US$	Banco Latinoamericano De Comercio Exterior Bladex	LIBOR (3M) + 4.4		-	2022	
Ecuador - US$	Banco del Crédito del Perú	4.40%		-	2022	
Argentina - AR$	Banco Río Santander	9.00%		-	2019	
Argentina - AR$	Banco Citibank	6.25%		-	2019	
Argentina - AR$	Banco Itaú	6.99%		-	2019	
Argentina - AR$	Banco Citibank Argentina	6.25%		-	2020	
Guatemala - GTQ	Banco Industrial	6.00%		-	2023	
Guatemala - GTQ	Banco Industrial	5.75%		-	2019	
Guatemala - US$	Banco Internacional	4.15%		-	2022	
Guatemala - US$	Banco Agrícola	4.15%		-	2022	
Puerto Rico - US$	Banco Nación	4.56%		-	2020	
Guatemala - US$	Scotiabank Perú, S.A.	4.40%		-	2022	
Guatemala - SOLES	Banrural	3.34%		-	2019	
El Salvador – US$	Banco Latinoamericano de Comercio Exterior, S.A.	4.95		-	2021	
El Salvador – US$	Banco Agrícola, S.A.	4.15		-	2022	
El Salvador – US$	Mesoamerican Financial Corp. **(b)**	5.75		-	2019	
Argentina - $AR	Banco Nación Argentina, S. A.	10		-	2019	
Guatemala – US$	Banco Latinoamericano de Comercio Exterior, S.A.	LIBOR (3M) + 4.4		-	2022	
Guatemala – GTQ	Banco Industrial, S. A.	6.25			2021	
El Salvador – US$	Banco Agrícola, S.A.	4.15		-	2022	
			US$	1,325,622		
	Total bank loans					2
	(-) Total banks short term loans					(
	(-) Current portion of long-term loans					
	Long term bank loans, excluding a current portion					US$ 1

(a) These loans are guaranteed by certificates of deposit described in note 7.
(b) They correspond to loans contracted with related companies (note 29)

(Figures expressed in US dollars)

Below is the annual movement of loans payable:

		December 31, 2019		2018
Balance at beginning of year	US$	311,313,163	US$	405,488,996
Notes and loans payable agreed during the year		72,069,470		87,923,868
Amortizations made during the year		(103,188,818)		(175,955,100)
Hyperinflation effect		-		58,310
Unrealized exchange differences		234,966		(6,202,911)
Balance at year end	US$	280,428,781	US$	311,313,163

A summary of the maturity terms of long-term loans payable is as follows:

As of December 31, 2020	US$	87,939,619
As of December 31, 2021		16,111,407
As of December 31, 2022		156,742,519
From December 31, 2023 onwards		19,635,236
	US$	280,428,781

The capital payment method of bank loans is the on the due date and the interest payment method is monthly.

18 Bonds payable

The account summary is as follows:

Currency		Nominal interest rate	Maturity year		2019		2018
US$	(a)	5.75%	2027	US$	487,652,706	US$	484,390,917
Soles	(b)	8.00%	2029		20,459,942		20,155,075
				US$	508,112,648	US$	504,545,992

(a) In January 2017, The Central America Bottling Corporation issued US$500 million of bonds on the Luxembourg stock exchange through the Bank of New York Mellon, which are payable 10 years at maturity and are guaranteed by twelve subsidiaries, including 5.75% annual interest, payable semiannually in January and July of each year. These bonds received a risk rating from Fitch Ratings, S&P Global Rating and Moody's from BB+, BB and Ba2 respectively.

This new placement was used to repurchase the outstanding bonds issued in 2012 and 2013, which as of December 31, 2016 amounted to US $300,000,000 at an annual interest of 6.75% and due on 2022.

The movement of this account is as follows:

		2019		2018
Opening balance	US$	484,390,917	US$	481,129,128
Amortization (initial record) transaction costs		3,261,789		3,261,789
Net proceeds		487,652,706		484,390,917
Interest payment		(11,979,167)		(11,979,167)
Accumulated interest		11,979,167		11,979,167
Ending balance	US$	487,652,706	US$	484,390,917

(Figures expressed in US dollars)

(b) In May 2017 CBC Peruana, S.A. issued S/67,000,000 of bonds in the Peruvian Stock Exchange registered locally in the Central Securities and Settlements Registry (CAVALI, in Spanish), which are payable at 12 years and are guaranteed by 12 subsidiaries, including 8.0% annual interest, paid every six months in May and November of each year. These bonds received a local risk rating by the rating agency Apoyo y Asociados (associate of Fitch Ratings) of AA-.

		2018		2017
Opening balance	US$	20,155,075	US$	20,734,743
Amortization (initial record) transaction costs		304,867		323,293
Net proceeds		20,459,942		21,058,036
Interest payment		(1,340,000)		(2,242,961)
Accumulated interest		1,340,000		1,340,000
Ending balance	US$	20,459,942	US$	20,155,075

Contractual clauses stipulated in contracts of bonds payable and bank loans

The bonds issued through The Bank of New York Mellon, the bonds issued in soles and the loans of the subsidiary The Tesalia Springs Company, S.A. (Ecuador) signed with Citibank, N.A and The Central America Bottling Corporation signed with Scotiabank Perú S.A.A., require the compliance with certain clauses (covenants) to be measured in relation to the consolidated financial statements of The Central America Bottling Corporation and its Subsidiaries.

- The consolidated fixed charge coverage ratio shall be: from the issuance date until maturity January 31, 2027 between 2.00 to 1.0.
- The total consolidated debt to consolidated EBITDA ratio of the issuer and its restricted subsidiaries shall be below the following limits:

Period (in each case after the issuance date)	Ratios
From January 1, 2015 to December 31, 2016	3.5 a 1.0
From January 1, 2017 to December 31, 2017	3.75 a 1.0
From January 1, 2018 to December 31, 2027	3.5 a 1.0

Compliance with the presentation of the audited consolidated statement of financial position as of December 31, 2019 and 2018 and the consolidated statement of comprehensive income, statement of changes in equity and cash flows for the years ended on those dates and their notes, including a summary of significant accounting policies and other explanatory information, 120 days after year-end closing.

The Puerto Rican subsidiary has contracted a bank loan with Citibank, N.A., which requires compliance with certain clauses to be measured in relation to the financial statements of Pepsi-Cola Puerto Rico Distributing, LLC:

- There must be no mergers, acquisitions, divestments, change of business or creation of new subsidiaries without the Bank's written consent.
- There must be no restrictions on Pepsi-Cola Puerto Rico Distributing, LLC's assets without the Bank's written consent.
- There must be no asset sales of Pepsi-Cola Puerto Rico Distributing, LLC other than in the ordinary course of business.
- There must no joint ventures, changes in business or changes in the property structure of Pepsi-Cola Puerto Rico Distributing, LLC.
- Provide the bank within 45 days after each quarter, the unaudited financial statements of Pepsi-Cola Puerto Rico Distributing, LLC, which must be certified by the Financial Manager and provide the financial statements audited by a certified auditing firm acceptable to the bank, within 120 days after the end of the year.

(Figures expressed in US dollars)

The abovementioned conditions in the clauses of The Bank of New York Mellon; Citibank, N.A. and Scotiabank Perú S.A.A. must be measured at the end of each year.

Management considers that in 2019 and 2018 none of the contractual clauses described above have been breached.

19 Accumulated expenses and other payables

		December 31, 2019		December 31, 2018
Vendors	US$	437,183,966	US$	463,727,145
Related companies (note 29)		56,245,168		30,945,166
Accumulated expenses payable		34,221,550		30,611,320
Wages and severance payable		8,250,099		8,765,808
Accounts payable for machinery financing (a)		-		1,107,591
Reserve for cash flow hedges (b)		-		3,075,719
Financial leases		752,685		1,254,475
		536,653,468		539,487,224
Less - long-term accounts payable		(1,987,704)		(5,437,786)
	US$	534,665,764	US$	534,049,438

Accumulated expenses and other payables do not generate interest, are not subject to any discounts for early payment, do generate late charges, their maturity terms are generally 90 days after the date of the statement of financial position, and are payable in the functional currency, except for US$366,460,888 related to trade payable, Accumulated expenses and other payables and wages and severance payable in currencies other than the functional currency.

(a) Accounts payable for machinery financing
These long-term obligations do not accrue interests.

(b) Raw material price risk
The Group continuously purchases aluminum and fuel to fulfill its manufacturing process. Due to the fluctuations in international market prices, it decided to agree on future raw material contracts. The Group expects that these contracts reduce the volatility of cash flows regarding the firm commitments for the purchase of aluminum and fuel.

20 Employee benefits

The account summary is as follows:

		As of December 31, 2019		As of December 31, 2018
Defined benefit plans i)	US$	22,807,842	US$	23,612,885

(Figures expressed in US dollars)

i. The obligation for severance per country is presented below:

		December 31,		
		2019		2018
Ecuador	US$	9,563,320	US$	9,369,735
Guatemala		7,810,971		8,562,470
Honduras		2,707,121		3,056,647
El Salvador		1,265,518		1,287,293
Nicaragua		641,042		709,720
Puerto Rico		405,036		138,318
Perú		307,829		318,998
Argentina		107,005		169,704
	US$	22,807,842	US$	23,612,885

The activity of the provision for severance is shown below:

		December 31,		
		2019		2018
Balances at beginning of year	US$	23,612,885	US$	21,825,490
Increases of the year		6,901,924		9,539,058
Amounts paid during the year		(5,768,831)		(9,270,522)
Actuarial (gain) loss		(1,988,229)		1,954,599
Effect on conversion		50,093		(435,740)
Balance at year end	US$	22,807,842	US$	23,612,885

This personnel compensation plan has the characteristics of a defined benefit plan. As of December 31, 2019, and 2018, an actuarial analysis by an independent actuary using the basis described below was performed:

Eligible group
All the Group's personnel have contracts for indefinite terms.

Retirement conditions
- Termination with cause: Compensation is not paid, regardless of seniority.
- Unfair dismissal: Compensation is paid, regardless of seniority.
- Other termination conditions: Compensation is paid after the second year of seniority.

Salary for purposes of the plan

Guatemala
In accordance with the labor laws of Guatemala, employers are under the obligation of paying their employees and workers, in the event of unfair dismissal, a compensation equivalent to one month's salary for each year worked or to their beneficiaries in the event of death, as established by article No. 85 paragraph a) of the Labor Code.

Employees that joined the Company before January 1, 2015, that have worked continuously for over a year and end their work relationship for any reason, are paid a salary per each year worked.

El Salvador
Resignation: According to the Voluntary Resignation law, Art. 8, this equals 15 days of salary per each year of service after two complete years of service. In case the employee's salary exceeds twice the minimum wage of the sector to which the company belongs (US$ 304.17), this quantity will be used as a basis for the compensation, i.e. US$ 304.17 twice. As the Voluntary Resignation Law states, the payment of compensation for death and total and permanent disability is considered for an amount similar to the one which would be paid in case of resignation.

Benefit of Universal Settlement: This benefit covers only executive staff members. It consists of compensation for the value equivalent to one month's salary for each year of service. The applicable salary is the one established in art. 58 Wrongful Dismissal of the Labor Code, i.e., four times the legal daily minimum wage in force. It applies in case of wrongful dismissal, resignation, death, total and permanent disability and retirement.

Honduras
In accordance with the provisions of the Labor Code applicable in Honduras, employees of the Group, according to the time of service, are entitled to the following business benefits: a) in the case of termination of the contract for unfair dismissal, an amount equivalent to one month's salary for every year worked up to a maximum of 25 years, b) in the case of natural death of the employee after 6 months of working for the Group, an amount equivalent to 75% of what he/she would have received for unfair dismissal, and c) for employees who have worked continuously for more than two years and who choose to retire voluntarily, a percentage of what he/she would have received for unfair dismissal, which varies according to seniority, is paid.

Additionally, employees under Collective Agreement have a retirement benefit, as long as they have a 20-year seniority at the age of 65 for men and 60 for women; the employee can choose between a monthly pension or a single payment.

Nicaragua
In accordance with the labor laws of Nicaragua and internal rules, in case of employees with positions of trust, employers are under the obligation of paying their employees and workers, in the event of unfair dismissal, one month's salary for each year worked, up to a maximum of ten months of salary. For any other job terminations, the amount corresponds to one month's salary for every year worked, up to a maximum of five months of salary. For the employees under Collective Agreement, have a right to a severance for years of service that consists in a month of salary per each seniority year, up to a maximum of six salaries, in case of wrongful contract termination. Besides, they have a retirement benefit, where the amount of salaries depends on the employee's seniority years, and a severance benefit for work accident, common accident and/or illness.

Ecuador
Defined Benefit Plans - Employer Retirement and Severance
The Labor Code of the Republic of Ecuador establishes the obligation for the employers to grant employer retirement to all those employees who have completed a minimum service time of 25 years in the same company; which qualifies as a defined benefit plan without separate funds allocation. In addition, the Labor Code provides that, at the end of the employment relationship, the employer must pay a compensation calculated based on the number of years of service. In case of termination of employment by dismissal, the employer must grant the worker compensation equivalent to 25% of the last monthly salary that the worker received, for each year of service and in case of untimely dismissal, if the worker has from 20 to 25 years of seniority, he/she entitled to the proportional part of his employer retirement corresponding to the years of service.

(Figures expressed in US dollars)

The net obligation of the Company related to the employer retirement plan and compensation for dismissal is determined separately, calculating the amount of the future benefit that the employees have earned in exchange for their services in the current period and in the previous ones; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit costing method.

The Company recognizes all the actuarial gains or losses arising from the defined benefit plans, in other comprehensive income, and all expenses related to the defined benefit plans, including the discount consolidation, are recognized in the expenses for benefits to employees in results.

Termination benefits
The compensation for employment termination is recognized as an expense when the decision to terminate the contractual relationship with employees is taken.

Peru
Compensation for length of services
The compensation for the Company and its subsidiaries staff's length of services corresponds to their compensation rights calculated in accordance with the legislation in force, which must be deposited in the bank accounts designated by the employees in May and November of each year. The compensation for staff time is equivalent to a remuneration in force at the date of its deposit The Company and its subsidiaries do not have additional payment obligations once they make the annual deposits of the funds to which the worker is entitled.

Argentina
Remuneration for employees includes all types of remuneration that the Company provides to workers in exchange for their services.

Creditable service
Years and months completed from the date of entry of the employee until the date of retirement

Benefit amount
The benefit is equivalent to one month's salary for each year of creditable service in a single payment at the time of termination of the employment contract plus economic benefits.

Actuarial assumptions
The main actuarial assumptions used as of the reporting date are shown below:

Assumptions	Annual Discount	Expected increase in salaries	Implicit inflation rate
Guatemala	7.38%	1.5 %	3.41 %
Honduras	10.9%	1.7 %	4.08 %
El Salvador	3.5%	1.5 %	0 %
Nicaragua	12%	2.95 %	6.1 %
Ecuador	4.09%	2%	0 %
Perú	8%	1%	1.9%
Argentina	7.1%	1.5%	53.8%

ii. Defined contribution plans

During 2018, the subsidiary organized in Puerto Rico settled a defined contributions pension plan. In 2017, the subsidiary organized in Puerto Rico had a defined contribution pension plan in order to provide retirement benefits to the eligible employees. According to the local legislation, the employees could contribute amounts of up to US$18,000. The subsidiary matches the contributions of the participants to a 65% rate of the participant's pre-tax contribution, up to a maximum of 5% of the participant's remuneration. Contributions to the plan amounted to US$291,000 in 2017.

(Figures expressed in US dollars)

21 Equity

Common share capital
As of December 31, 2019, and 2018 the share capital of The Central America Bottling Corporation was represented by 299,328 and 304,878 common and nominative shares of US$100 each for a total of US$29,932,781 and US$30,487,800, respectively.

Share premium

The premium on shares issuance for US$57,217,515 were originated by the overprice charged on shares issued by a business combination in 2009. In September 2019 the Group re-purchased 5,550 shares with a nominal value of US$100 each for US$555,019, that represents 1.8% of the Group ownership interest; for this re-purchase a disbursement of US$33,641,898 was made, generating a share premium of US$33,086,979. The Group´s intention is to put the shares back into circulation during 2020.

The summary of this transaction is detailed as follows:

	Number of shares	Nominal value US$	Capital paid US$	Share premium US$
Balance at beginning of year	304,878	100	30,487,800	57,215,515
Purchased shares a)	5,550	100	(555,019)	(33,086,879)
Balance at year end	299,328	100	29,232,781	24,130,636

a) At December 31, 2019 treasury shares are shown netting the share capital by US$555,019.

Legal reserve
According to the legislation of each country where the subsidiaries operate, a percentage of the net profits must be separated to complete the legal reserve, which may be distributed, complying with the legislation of each location.

In the case of Panamanian, Spanish, Uruguayan subsidiaries and those incorporated in the Caribbean, it does not have the obligation to constitute a legal reserve.

Dividends declared and paid
Dividend payments are made in March and September of each year.

	December 31, 2019	December 31, 2018
Dividends declared in the year:		
On common shares	US$ 55,668,815	US$ 63,756,890

Outstanding dividends are as follow:

	December 31, 2019	December 31, 2018
Balance at beginning of year	US$ 8,208,558	US$ -
Dividends decreed to controlling interests	53,798,815	56,702,299
Dividends decreed to non-controlling interests	1,870,000	7,054,591
Dividends paid to controlling interest (a)	(51,632,719)	(52,695,213)
Dividends paid to non-controlling interest (a)	(2,955,662)	(2,853,119)
Dividends included in the non-controlling interest acquisition	(5,443,735)	-
Balance at year end	US$ 3,845,257	US$ 8,208,558

(Figures expressed in US dollars)

(a) Dividends paid as of December 31, 2019 are US$54,588,381 (2018: US$55,548,332).

Other equity components

		Reserve for cash flow hedges		Accumulated comprehensive losses for employee benefits		Reserve for translation of financial statements		Total
Balances as of January 1, 2018	US$	-	US$	(11,039,995)	US$	(29,627,545)	US$	(40,667,540)
Liquidation of defined benefits plan		-		10,645,695		-		10,645,695
Other comprehensive income		(3,075,719)		(1,593,929)		(1,109,757)		(5,779,405)
Balances as of December 31, 2018		(3,075,719)		(1,988,229)		(30,737,302)		(35,801,250)
Liquidation of defined benefits plan		-		-		-		-
Other comprehensive income		4,299,278		1,988,229		1,672,273		7,959,780
Balances as of December 31, 2019	US$	1,223,559	US$	-	US$	(29,065,029)	US$	(27,841,470)

Reserve for cash flow hedges
This reserve includes the portion of income or loss on the hedging instruments that the Group has determined as effective cash flow hedge.

Reserve for translation of financial statements
This equity reserve is used to recognize the effects from the annual conversion to the presentation currency of the subsidiaries' financial statements operating abroad. This accumulated balance will be recognized in results when the respective subsidiaries are sold or disposed.

Reserve for actuarial valuation
This reserve includes changes resulting from the actuarial valuation of the defined benefits to employees

Non-controlling interest
During 2019, the Group acquired 15% of non-controlling interest equity, the account summary is as follows:

Company	Non-controlling interests' percentage		Equity		Results (losses) gains	Non-controlling interests' percentage		Equity		Results (losses) gains
The Central America Bottling Corporation – Honduras	7.23	US$	(600,356)	US$	(301,741)	7.23	US$	(330,815)	US$	(87,354)
The Central America Bottling Corporation - El Salvador	50		3,187,847		1,018,242	50		2,385,640		99,358
Joltesy, S.A.	-		-		-	15		8,981,799		764,257
Beliv Global, LLC	5		14,819,444		(1,167,189)	-		12,015,796		973,500
		US$	17,406,935	US$	(450,688)		US$	23,052,420	US$	1,749,761

(Figures expressed in US dollars)

Non-controlling interest´s acquisition

In September 2019 the Group acquired the 15% non-controlling interest equity in the Uruguayan subsidiary Joltesy, S.A., which in turn owns a group of 6 subsidiaries established in Ecuador, whose main subsidiary is The Tesalia Springs Company, S.A. for a total amount of US$46,447,364, of which US$9,000,000 were paid in cash and the remainder US$37,447,364 were registered as account payable, increasing its equity interest from 85% to 100%.

The effect of non-controlling interests acquisition on the Group retained earnings and the non-controlling interests is as follows:

		Reduction on non-controlling interest		Reduction on available earnings
Acquisition of 15% non-controlling interest equity in Joltesy, S.A. (owner of 100% of The Tesalia Springs Company, S.A.)	US$	8,722,059	US$	37,725,305

22 Revenue from contracts with customers

The account is summarized below:

22.1 Sales

	Year ended December 31, 2019					
		Sales of goods		Services provided		Total
Type of good or service						
Sale of finished goods	US$	1,682,821,995	US$	-	US$	1,682,821,995
Rendering of services		-		39,831,008		39,831,008
Total revenues from contracts with customers	US$	1,682,821,995	US$	39,831,008	US$	1,722,653,003
Geographical markets						
Guatemala	US$	634,350,114	US$	39,831,008	US$	674,181,122
Ecuador		276,334,136		-		276,334,136
El Salvador		163,392,638		-		163,392,638
Puerto Rico		153,537,990		-		153,537,990
Perú		147,773,245		-		147,773,245
Honduras		107,480,569		-		107,480,569
Jamaica		97,524,522		-		97,524,522
Nicaragua		65,762,581		-		65,762,581
Argentina		16,621,004		-		16,621,004
Uruguay		14,844,938		-		14,844,938
México		5,200,258		-		5,200,258
Total revenues from contracts with customers	US$	1,682,821,995	US$	39,831,008	US$	1,722,653,003
Timing of revenue recognition						
Goods transferred at a point in time	US$	1,682,821,995	US$	-	US$	1,682,821,995
Services transferred over time		-		39,831,008		39,831,008
Total revenues from contracts with customers	US$	1,682,821,995	US$	39,831,008	US$	1,722,653,003

(Figures expressed in US dollars)

Below is the reconciliation of the revenues from contracts with clients and the amounts disclosed in the segment information (note 30):

		Sale of goods		Services provided
Revenue:				
External clients	US$	1,682,821,995	US$	39,831,008
Inter-segment		698,787,114		90,744,318
		2,381,609,109		130,575,326
Inter-segment adjustments and eliminations		(698,787,114)		(90,744,318)
Total revenues from contracts with customers	US$	1,682,821,995	US$	39,831,008

	Year ended December 31, 2018					
		Sales of goods		Services provided		Total
Type of good or service						
Sale of finished goods	US$	1,621,610,977	US$	-	US$	1,621,610,977
Rendering of services		-		33,636,426		33,636,426
Total revenues from contracts with customers	US$	1,621,610,977	US$	33,636,426	US$	1,655,247,403
Geographical markets						
Guatemala	US$	593,424,443	US$	33,636,426	US$	627,060,869
Ecuador		270,373,673		-		270,373,673
El Salvador		185,233,276		-		185,233,276
Puerto Rico		134,998,719		-		134,998,719
Honduras		127,329,590		-		127,329,590
Perú		116,299,144		-		116,299,144
Jamaica		86,851,147		-		86,851,147
Nicaragua		66,683,565		-		66,683,565
Argentina		26,189,995		-		26,189,995
Uruguay		7,746,592		-		7,746,592
México		6,480,833		-		6,480,833
Total revenues from contracts with customers	US$	1,621,610,977	US$	33,636,426	US$	1,655,247,403
Timing of revenue recognition						
Goods transferred at a point in time	US$	1,621,610,977	US$	-	US$	1,621,610,977
Services transferred over time		-		33,636,426		33,636,426
Total revenues from contracts with customers	US$	1,621,610,977	US$	33,636,426	US$	1,655,247,403

Below is the reconciliation of the revenues from contracts with clients and the amounts disclosed in the segment information (note 30):

		Sales of goods		Services provided
Revenue				
External clients	US$	1,621,610,977	US$	33,636,426
Inter-segment		600,837,920		143,734,196
		2,222,448,897		177,370,622
Inter-segment adjustments and eliminations		(600,837,920)		(143,734,196)
Total revenues from contracts with customers	US$	1,621,610,977	US$	33,636,426

(Figures expressed in US dollars)

22.2 Balances from contracts with customers

		2019		2018
Trade receivable (note 8)	US$	145,848,513	US$	159,674,215
Contracts with clients (note 16)	US$	5,528,938	US$	6,329,656

As of December 31, 2019, there are no significant contractual liabilities, due to the fact that they are mostly settled during the year.

During 2019, bonds associated with sales were recognized for an amount of US$30,358,648 (2018: US$31,478,702).

During 2019 and 2018, there are no relevant asset return rights or reimbursement of liabilities associated with negotiations with clients.

23 Cost of sales

The account summary is as follows:

	Year ended on December 31,			
		2019		2018
Goods or assets	US$	1,019,529,287	US$	958,719,704
Rendering of services		13,311,774		19,181,733
Depreciation (Note 13)		27,644,963		17,510,743
	US$	1,060,486,024	US$	995,412,180

24 Sales, general and administrative expenses

	Year ended on December 31,			
		2019		2018
Selling expenses:				
Occupation and general	US$	169,417,452	US$	200,872,656
Personnel expenses		89,340,293		111,651,950
Leases of "low-value" expenses		3,419,770		-
Depreciation of right-of-use assets (note 14)		1,564,753		-
Depreciation		40,647,210		40,934,174
Amortizations (note 15)		7,227,326		7,227,326
Leases		-		16,828,548
Professional service fees		42,998,459		2,779,330
Derecognized accounts receivable		804,732		183,222
Sales and promotions (see note 20.2)		-		498,131
		355,419,995		380,975,337
General and administrative expenses:				
Occupation and general		70,902,138		62,915,116
Personnel expenses		78,341,755		48,449,689
Professional service fees		12,050,383		15,716,621
Rentals		-		2,011,106
Depreciation of right-of-use assets (note 14)		12,034,503		-
Depreciation		4,344,627		5,638,041
		177,673,406		134,730,573
Sales and administrative expenses	US$	533,093,401	US$	515,705,910

(Figures expressed in US dollars)

25 Other income and expenses

25.1 Other operating income

	Year ended on December 31, 2019		Year ended on December 31, 2018	
Hyperinflation effect	US$	2,041,993	US$	667,980
Reversal of provisions for dismantling		2,538,596		2,890,384
Benefits for discounts in purchases		1,714,134		4,974,141
Distribution fees		1,614,123		2,848,459
Debugging of accounting balances		948,328		-
Benefit on non-controlling interests acquisition		600,000		-
Gain on sale of property, plant and equipment		594,758		453,420
Insurance reimbursement		-		2,361,940
Gain on disposal of intangible assets		-		1,458,038
Others		1,810,027		1,035,170
	US$	11,861,959	US$	16,689,532

25.2 Other operating expenses

	Year ended on December 31, 2019		Year ended on December 31, 2018	
Consultancy fees on continuous improvement	US$	1,320,509	US$	-
Payment for brand royalties		1,297,738		1,312,626
Loss on sale of property, plant and equipment		1,023,060		498,801
Other taxes		973,061		-
Interest paid to employees		644,602		1,375,952
Derecognized accounts receivable		510,072		762,683
Loss from investments under equity method		66,789		73,394
Loss on sale of intangible assets		-		5,676,445
Other		2,235,582		2,452,615
	US$	8,071,413	US$	12,152,516

26 Financial income

	Year ended on December 31, 2019		Year ended on December 31, 2018	
Interest	US$	8,170,818	US$	10,301,096
Exchange differential		31,560,743		17,884,604
	US$	39,731,561	US$	28,185,700

27 Financing expenses

	Year ended on December 31, 2019		Year ended on December 31, 2018	
Interest	US$	64,885,667	US$	60,657,233
Interest on financial leases (note 14)		4,562,391		-
Exchange differential		38,199,943		27,084,160
	US$	107,648,001	US$	87,741,393

(Figures expressed in US dollars)

28 Taxes

28.1 Income tax

Income tax components disclosed in the consolidated statement of comprehensive income are the following:

		December 31, 2019		December 31, 2018
Current tax				
Income taxes	US$	(19,739,848)	US$	(28,766,697)
Tax based on income		(4,150,495)		(679,954)
Tax based on assets		(333,588)		(535,370)
Deferred taxes				
Recognition and reversal of temporary differences		846,272		10,875,526
Income tax in the comprehensive income statement	US$	(23,377,659)	US$	(19,106,495)

The current income tax was estimated as shown in the following reconciliation:

		Year ended on December 31, 2019		Year ended on December 31, 2018
Profit before income tax	US$	64,947,684	US$	89,110,636
Income tax applicable, at different statutory rates in foreign jurisdictions		21,508,095		17,192,469
Tax effects of:				
Non-deductible expenses		2,566,634		2,524,119
Exempted income		(697,070)		(610,093)
Income taxes	US$	23,377,659	US$	19,106,495
Effective tax rate		35.9%		21.4%

The annual movement of the income tax liability is presented below:

		December 31, 2019		December 31, 2018
Income tax payable at the beginning of the year	US$	11,722,302	US$	8,317,063
Add - Current income tax		24,223,931		29,982,021
Less - Income tax paid in the year		(26,566,746)		(26,576,782)
Income tax payable at year end	US$	9,379,487	US$	11,722,302

(Figures expressed in US dollars)

The components of the deferred income tax asset and liability are presented below:

	Consolidated financial position statement			Consolidated income statement Year ended on December 31	
	December 31		January 1,		
	2019	2018	2018	2019	2018
Deferred income tax assets					
Operating losses	US$ 28,282,538	US$ 29,997,859	US$ 19,842,128	US$ (1,715,321)	US$ 10,155,731
Accounts receivable impairment	(1,193)	9,157	103,398	(10,350)	(94,241)
Actuarial calculation of severance provision	a/ 2,884,096	3,376,151	1,018,601	(710,033)	2,357,550
Provisions	7,119,187	381,832	5,063,374	6,737,355	(4,681,542)
Deferred income tax asset	38,284,628	33,764,999	26,027,501	4,301,651	7,737,498
Deferred income tax liabilities:					
Difference on useful lives of property, plant and equipment	23,051,578	19,010,835	17,340,314	4,040,743	1,670,521
Amortization of Goodwill	b/ 2,636,945	-	4,808,549	-	(4,808,549)
Business acquisition	17,626,319	18,211,683	18,211,683	(585,364)	-
Deferred income tax liability	43,314,842	37,222,518	40,360,546	3,455,379	(3,138,028)
Deferred income tax assets and (liabilities), net	US$ (5,030,214)	US$ (3,457,519)	US$ (14,333,045)		
Deferred income tax benefit, net				US$ 846,272	US$ 10,875,526

a/ This heading includes deferred income tax associated to other comprehensive income.

b/ This amount was adjusted to retained earnings.

The Group offsets its current tax assets and liabilities and its deferred tax assets and liabilities when there is a legal right to do so and the items involved are derived from the income tax corresponding to the same tax authority.

There are no potential consequences for the Group in relation to income tax that could affect the issue or payment of dividends to shareholders as of December 31, 2019 and 2018.

(Figures expressed in US dollars)

29 Balances and transactions with related parties

The financial statements include the following balances with related parties:

		December 31, 2019		December 31, 2018
Accounts receivable:				
Pepsico	US$	58,272,102	US$	35,172,636
Celebration Brand Limited		13,136,264		11,865,872
Colinvest		3,750,000		-
Grupo Empresarial Mariposa Corp.		1,756,725		7,224,776
La Universal, S.A.		1,091,794		3,097,000
Ambev Perú		1,059,364		1,226,829
Industrias del Atlántico, S.A.		476,222		1,883,642
Pacoc, S.A.		-		1,750,000
Universal Sweet Industries, S.A.		-		921,803
Otros		6,809,458		3,632,090
	US$	86,351,929	US$	66,774,648

		December 31, 2019		December 31, 2018
Accounts payable:				
Industrias del Atlántico, S.A.	US$	34,454,940	US$	16,552,278
Universal Sweet Industries, S.A.		14,058,836		11,298,783
Celebration Brand Limited		1,916,022		3,052,105
Other		5,815,370		42,000
	US$	56,245,168	US$	30,945,166

		December 31, 2019		December 31, 2018
Held-to-maturity investments:				
Mesoamerican Financial Corp.	US$	37,700,000	US$	41,065,000

		December 31, 2018		December 31, 2017
Loans payable:				
Mesoamerican Financial Corp.	US$	15,300,000	US$	15,725,656

Terms and conditions of transactions with related parties

Loans granted between related parties are performed according to the contracts signed by the parties. Accounts payable to and receivable from related parties are guaranteed by the issuance of promissory notes, are interest free, and settlement occurs in cash every 12 months. The maturity terms for accounts payable to and receivable from related parties extend up to December 31, 2020 from the corresponding notes' issue dates, are not subject to any discounts for early payment and are receivable or payable in the consolidated financial statements' functional currency. For the years ended December 31, 2019 and 2018, the Group has not recorded any losses arising from the collection of accounts receivable from related parties.

(Figures expressed in US dollars)

Below is a summary of the non-consolidated transactions with related parties:

	Relationship		Year ended on December 31, 2019		2018
Raw materials and finished product purchases					
Concentrate purchase	Related	US$	234,435,082	US$	226,602,427
Beer purchase	Related		157,905,755		115,596,981
		US$	392,340,837	US$	342,199,408

		Year ended on December 31, 2019		2018
Revenue from rendered services	US$	39,831,008	US$	33,636,426

		Year ended on December 31, 2019		2018
Dividends paid (Note 21)	US$	54,588,381	US$	55,548,332

		Year ended on December 31, 2019		2018
Revenue from brand agreements	US$	70,087,085	US$	73,722,407

		Year ended on December 31, 2019		2018
Loans paid	US$	925,128	US$	-

		Year ended on December 31, 2019		2018
Contracted certificates of deposit	US$	26,400,00	US$	25,765,000

		Year ended on December 31, 2019		2018
Settled certificates of deposit	US$	33,290,000	US$	27,815,000

		Year ended on December 31, 2019		2018
Interest paid	US$	1,032,750	US$	3,059,306

		Year ended on December 31, 2019		2018
Interest collected	US$	1,092,229	US$	2,950,768

(Figures expressed in US dollars)

		Year ended on December 31,		
		2019		2018
Payments to directors and main executives	US$	8,798,815	US$	6,078,264

Franchise agreements
Transactions are carried out and agreements are signed with PepsiCo International (PepsiCo), and they expect to make transactions and sign additional agreements in the future. Significant transactions and agreements entered into with PepsiCo are described below: The agreements are signed with PepsiCo periodically with CBC, subject to termination only for breach of the terms by either party. The termination of the bottling agreements and brand use license may be appealed for the following reasons: bankruptcy or insolvency of the Group; change in the control of more than 15% of any kind of title with voting rights of the Group; defaults in payments for purchases of concentrate to manufacture soft drinks and other beverages; quality control faults; or any other serious breach.

Bottling agreements and purchases of concentrate and finished product
Raw materials (concentrate to manufacture soft drinks and other beverages) are purchased from PepsiCo through the "procurement" business unit, CBC INTL, S.A. (Uruguay) and it manufactures, packages, distributes and sells carbonated beverages under several bottling agreements with PepsiCo. These agreements grant the right to manufacture, pack, sell and distribute PepsiCo brand beverages in bottles, cans and dispensing sources. They also grant the right to bottle and distribute products that are not Cola. These agreements give PepsiCo the power to set prices for concentrates; as well as the payment terms and other terms and conditions under which the concentrates are purchased.

Incentives for the bottler
PepsiCo and other brand owners, in their sole discretion, provide different types of marketing support. The marketing support aims to cover a variety of initiatives, including direct market, shared media and advertising support to promote volume and growth of market share to be invested by CBC in the different territories in which it operates, as appropriate with PepsiCo. Support can be received through cost reimbursements or through direct payments made by PepsiCo. There are no conditions or requirements that could result in payment installments for support received by the Group.

(Figures expressed in US dollars)

30 Segments Information

Management monitors the operating results of its business units separately to decide on the distribution of financia
based on their financial yields. The transfer pricing of goods and services among segments are similar to those p

As of December 31, 2019:

		Net sales		Cost of sales		Sales gross income		Total operating expenses		Operating activities income (loss)		N
Central American Region:												
Guatemala	US$	674,181,121	US$	416,052,185	US$	258,128,936	US$	217,007,586	US$	41,121,350	US$	
El Salvador		163,392,638		97,616,012		65,776,626		44,695,693		21,080,933		
Honduras		107,480,569		71,044,395		36,436,174		35,400,649		1,035,525		
Nicaragua		65,762,581		43,919,141		21,843,440		21,427,024		416,416		
		1,010,816,909		628,631,733		382,185,176		318,530,952		63,654,224		
Caribbean Region:												
Puerto Rico		153,537,990		105,382,092		48,155,898		12,292,297		35,863,601		
Jamaica		97,524,522		55,341,164		42,183,358		27,276,808		14,906,550		
		251,062,512		160,723,256		90,339,256		39,569,105		50,770,151		
North American Region:												
Mexico		5,200,258		5,029,310		170,948		492,627		(321,679)		
South American Region:												
Argentina		16,621,004		9,815,038		6,805,966		4,926,210		1,879,756		
Ecuador		276,334,136		150,737,173		125,596,963		110,176,399		15,420,564		
Peru		147,773,245		102,110,506		45,662,739		53,066,389		(7,403,650)		
Uruguay		14,844,939		3,439,008		11,405,931		2,541,174		8,864,757		
		455,573,324		266,101,725		189,471,599		170,710,171		18,761,428		
	US$	1,722,653,003	US$	1,060,486,024	US$	662,166,979	US$	529,302,855	US$	132,864,124	US$	

(Figures expressed in US dollars)

As of December 31, 2018

	Net sales	Cost of sales	Sales gross income	Total operating expenses	Operating activities income (loss)	N
Central America Region						
Guatemala	US$ 627,060,869	US$ (363,021,180)	US$ 264,039,689	US$ (205,668,553)	US$ 58,371,136	US$ (
El Salvador	185,233,276	(113,370,894)	71,862,382	(47,185,985)	24,676,397	
Honduras	127,329,590	(85,737,067)	41,592,523	(34,720,604)	6,871,919	
Nicaragua	66,683,566	(43,711,208)	22,972,358	(22,844,151)	128,207	
	1,006,307,301	(605,840,349)	400,466,952	(310,419,293)	90,047,659	(
Caribbean Region						
Puerto Rico	134,998,719	(96,684,369)	38,314,350	7,804,334	46,118,684	
Jamaica	86,851,146	(49,795,049)	37,056,098	(26,596,599)	10,459,499	
	221,849,865	(146,479,418)	75,370,448	(18,792,265)	56,578,183	
North America Region						
México	6,480,833	(5,777,778)	703,055	(2,219,280)	(1,516,226)	
South America Region						
Argentina	26,189,995	(14,920,039)	11,269,956	(8,653,784)	2,616,172	
Ecuador	270,373,673	(134,444,438)	135,929,234	(117,510,164)	18,419,070	
Perú	116,299,144	(82,849,475)	33,449,669	(50,091,905)	(16,642,236)	
Uruguay	7,746,592	(5,100,683)	2,645,909	(3,482,203)	(836,293)	
	420,609,404	(237,314,635)	183,294,768	(179,738,056)	3,556,713	(
	US$ 1,655,247,403	US$ (995,412,180)	US$ 659,835,223	US$ (511,168,894)	US$ 148,666,329	US$ (

(Figures expressed in US dollars)

Share in losses of investee companies:
As of December 31, 2019 and 2018, the participation in the comprehensive income of investee companies by share capital amounted to US$(64.3) thousand and US$(73.3) thousand, respectively, attributable to the operating segment of Jamaica.

The CEO of the Group is the main party responsible for making operational decisions ("CODM"). He monthly reviews the internal management reports of each reportable segment, evaluates performance and allocates resources. The measure of the profit or loss of the segment is the net profit or loss before taxes. The measure of the segment's assets is the total asset. The measure of the segment's liabilities is the total liability. The accounting policies used to determine the information by segments are the same ones used to prepare these consolidated financial statements. Transactions between segments are eliminated in the internal reports provided to the CODM. As a result, transaction information between segments is not disclosed.

Non-current assets:
Non-current assets detailed below include: (a) investments in shares; (b) investments in securities; (c) property, plant and equipment; (d) intangible assets; and (e) other non-current assets. They exclude the deferred income tax.

		December 31		
		2019		2018
Non-current assets:				
Central America Region:				
Guatemala	US$	373,010,044	US$	389,730,463
El Salvador		98,172,368		100,440,715
Honduras		23,578,454		24,701,580
Nicaragua		13,600,675		15,065,567
		508,361,541		529,938,325
Caribbean Region:				
Puerto Rico		100,219,325		53,421,584
Jamaica		29,963,210		30,319,651
		130,182,535		83,741,235
North America Region:				
México		85,162		83,749
South America Region:				
Argentina		10,113,084		11,726,222
Ecuador		137,799,470		147,094,481
Perú		145,318,213		145,213,226
Uruguay		3,305,114		845,298
		296,535,881		304,879,227
Total consolidated non-current assets	US$	935,165,119	US$	918,642,536

31 Commitments

Guatemalan subsidiaries
The Company has signed and renewed exclusivity contracts for the sale of drinks with clients. The parties agree to use facilities of third parties to exclusively distribute and sell products currently, and in the future, manufactured, distributed, represented and/or sold by Compañía de Jarabes y Bebidas Gaseosas La Mariposa, S.A., and obtain market advantages on advertising.

The consideration is a fixed amount previously agreed plus a variable amount, depending on the individual negotiation with each client, based on sales. The company is also committed to provide the level of boxes for products according to the quality standards for human consumption and the market price list.

Honduran subsidiary
Embotelladora La Reyna, S.A. and Subsidiaries, per the local regulation, decree number 150-2008 of November 15, 2008, must pay employees dismissed without justification a severance equivalent to a monthly salary per each worked year, with a maximum of twenty-five months.

Puerto Rican subsidiary
This subsidiary has three collective agreements covering three hundred forty-three (370) employees (2018: 343 employees). All the agreements were renewed until 2022. According to the provision framework of the agreements, the Company must comply with the specific requirements related to compensation, employment benefits and other related matters. Employees covered by the agreements represent 70% of the company's employees.

Ecuadorian subsidiary
The Tesalia Springs Company, S.A. has franchise agreements with companies from the group of Pepsico, Inc, Seven UP International, and/or companies related to them, which grant the Company the rights to exclusively produce, sell and distribute carbonated and isotonic drinks in Ecuador under several brands. The expiration of these agreements is in 2020, however, they are in process of renewal, which guarantees the company´s business continuity.

Peruvian subsidiary
As of December 31, 2019, the Peruvian subsidiary had bonds issued by Banco BBVA Perú, S.A. and Banco de Crédito del Perú for US$1,761,271 and US$301,173, respectively, in favor of Fiduciaria S.A., SUNAT and Patrimonio de Fideicomiso. These guarantee the lease of the main office, the faithful compliance with the awards for promotion of brands, and the lease of Piura's office, respectively. These agreements expired in 2020, with the option to be renewed.

Uruguayan subsidiary
As of December 31, 2017, Joltesy, S.A. and San Miguel Industrial PER, S.A. – SMI (trustors) had a trust with Intertítulos, S.A. (trustee) to manage flows and benefits from agreements on the supply of hard plastic bottles – PET negotiated between SMI and several subsidiaries of the Group for US$16,000,000.

32 Contingencies, collaterals and guarantees

Contingencies

Guatemala
As of December 31, 2019, the resolution of the adjustment proposed by the Guatemalan tax authorities for the 2013 income tax return, file number 2014-21-01-44-0000958 is still pending. The amount for the additional tax claimed, including possible fines and excluding possible compensatory interest amounted to US$4,880,091.

As of December 31, 2019, the resolution of the adjustment proposed by the Guatemalan tax authorities for the income tax return of commercial and agricultural companies is still pending. If the resolution is unfavorable to the Company, it would not be a cash disbursement, but a tax credit reduction for US$363,288.

The Company's Management reported its arguments of defense before the hearings that were conferred. Both Management and its legal advisors consider that there is a high likelihood that the appeals filed on the cases described above will be resolved in their favor.

El Salvador
On April 9, 2014, the Directorate General of Customs BODESA is requested to rectify 206 declarations of goods by a DAI of Gatorade for tariff classification amounting to US$2,788,065 and 125 declarations to the Customs of San Bartolo in the amount of US$726,311, totaling US$3,514,376. On September 9, 2015, the customs office of BODESA resolved that the refund of rights was unfounded, which on November 16, 2015, the court of appeal ruled inadmissible. The status of the refund is in the Administrative Litigation Chamber waiting for resolution. Both Management and its legal advisors consider that the likelihood of success is favorable.

Informal tax settlement procedure 20001-NEX-0737-2015. On October 29, 2015, a notice was received of the hearing and opening of evidence of the General Directorate of Internal Taxes, General Sub-Directorate of Internal Taxes, Integral Sub-Directorate of Large Taxpayers, where it is alleged that the company failed to declare and pay income tax for the 2012 tax year in the amount of US$549,251, and an unintentional evasion is alleged, because the company incorrectly filed its ISR for the 2012 tax year, which is sanctioned with a fine of 25% of the tax stopped paying. An appeal for review was presented to the same DGII, who maintained the expressed criteria. On May 17, 2016, an appeal was filed with the TAIIA, which is pending of sentence. As of December 31, 2019, this case remains open. Both Management and its legal advisors consider that the likelihood of success is favorable.

Perú
As of December 31, 2019, a resolution is pending on a claim for joint liability for the income tax of CBC Peruana SAC generated by sale of shares. The amount of the claim amounts of US$11,344,416.

The Company reported its arguments of defense before the hearings that were conferred. Both Management and its legal advisors consider that there is a high likelihood that the appeals filed on the cases described above will be resolved in their favor.

Ecuador
As of December 31, 2019, The Tesalia Spring Company has some open processes corresponding to years 2014 and 2013 related to income tax plus fines and surcharges amounting to US$2,280,370. Both Management and its legal advisors consider that there is a high likelihood that the appeals filed on the cases described above will be resolved in their favor.

33 Objectives and policies for financial risk management

The Group's main financial instruments are comprised of cash, held to maturity investments, other financial assets, accounts receivable, accounts payable, loans payable and lease liabilities. The main purpose of these financial instruments is to provide financing for the operations of the Group and its subsidiaries. The Group has other financial assets and liabilities of a miscellaneous nature that arise directly from its operations.

The main risks that could have a relatively significant effect on the financial instruments are market risk, liquidity risk and credit risk. The Group's Management, with management support and support from the Board of Directors, monitors and manages these risks.

The Board of Directors reviews and agrees on policies to manage these risks as provided below:

- ***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of variations in market prices. Market risk comprises three types of risk: foreign exchange risk, interest rate risk and other price risks.

- ***Foreign exchange risk***

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of variations in foreign currency exchange. The Group's exposure to exchange rate risk relates mainly to its operating activities, i.e., when its income or expenses are denominated in a currency different from the Group's presentation currency.

Financial risk management

Below are the risks related to the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Exchange risk
- Interest rate risk

i. Risk management framework

The Audit Committee is responsible for establishing and overseeing the risk management structure. It created the Risk Management Committee which is responsible for developing and monitoring the risk management policies. This committee reports regularly to the Audit Committee on its activities.

The risk management policies are established to identify and analyze the risks to which the Company is exposed to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and activities. Through training on risk management policy standards and procedures, the company focuses on developing a disciplined and constructive control environment for employees to understand their functions and obligations.

The Audit Committee supervises how Management monitors the compliance with risk management policies and procedures and reviews if the risk management framework is appropriate for the risks assumed. Internal Audit regularly reviews risk management control and procedures whose results are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss faced by a client or counterparty of a financial instrument who fails to meet its contractual obligations, and it is mainly derived from accounts receivable from clients and investments in securities.

The financial carrying amount represents the maximum exposure to credit risk.

Trade receivables and others

Credit risk is the risk that one of the counterparts does not comply with its obligations derived from a financial instrument or purchase contract, and this translates into a financial loss. Exposure to credit risk is monitored constantly according to the debtor's credit behavior.

Management established a risk policy to analyze the credit solvency of each new client before offering them the payment-term conditions and credit limit.

(Figures expressed in US dollars)

The maximum exposure to credit risk as of the reporting date is as follows:

		December 31 2019		2018
Cash	US$	154,357,910	US$	212,464,812
Held-to-maturity investments		100,586,340		112,097,253
Accounts receivable from clients		145,848,513		159,674,215
Accounts receivable from affiliates		86,351,929		66,774,648
Other accounts receivable		20,239,821		42,216,360
	US$	507,384,513	US$	593,227,288

Below is the maximum exposure to credit risk for trade accounts receivable as of the balance date by geographic region:

		December 31 2019		2018
Accounts receivable				
Central America				
Guatemala	US$	36,255,977	US$	42,328,122
El Salvador		9,443,389		22,878,594
Honduras		8,680,593		6,794,261
Nicaragua		4,615,682		4,822,483
		58,995,641		76,823,460
The Caribbean				
Puerto Rico		25,679,361		22,269,427
Jamaica		264,864		666,470
		25,944,225		22,935,897
North America				
Mexico		1,748,813		1,920,753
South America				
Argentina		3,545,197		4,456,215
Ecuador		31,375,771		36,632,026
Peru		13,042,112		11,297,483
Uruguay		11,196,754		5,608,381
		59,159,834		57,994,105
Total accounts receivable from clients	US$	145,848,513	US$	159,674,215

Expected credit losses
The trade clients' aging is as follows:

		December 31, 2019 Recorded value		Impairment		December 31, 2018 Recorded Value		Impairment
Current	US$	106,815,294	US$	-	US$	113,148,699	US$	-
1-30 days		21,632,534		-		23,180,351		-
31-60 days		3,521,041		-		5,003,396		-
61-90 days		2,520,660		-		10,751,398		-
91-120 days		893,851		-		5,370,615		-
More than 120 days		10,465,133		(777,030)		2,219,756		(784,642)
	US$	145,848,513	US$	(777,030)	US$	159,674,215	US$	(784,642)

(Figures expressed in US dollars)

Based on the historic uncollectible percentages, we consider that the allowance to cover impaired credits as of December 31, 2019 and 2018 was reasonable.

Cash
Cash is kept in banks and financial institutions with recognized liquidity and solvency.

iii. Liquidity risk
It is the risk of difficulties to comply with the obligations related to financial liabilities. The approach to manage liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to fulfill its obligations when they are due, under normal conditions and tense situations, without incurring in unacceptable losses or jeopardizing reputation.

This risk is managed by the Audit Committee and the Corporate Finance Management, who constantly monitor cash flows by setting dates and flows necessary to comply with obligations.

Below are the contractual maturities of financial liabilities:

	1 to 12 months	2 to 3 years	More than 3 years	Total
As of December 31, 2019:				
Bank loans	US$ 87,939,619	US$ 172,853,926	US$ 19,635,236	US$ 280,428,781
Bonds payable	-	-	508,112,648	508,112,648
Accumulated expenses and other payables	534,665,768	1,987,700	-	536,653,468
Lease	5,613,889	-	55,235,125	60,849,014
	US$ 628,219,276	US$ 174,841,626	US$ 582,983,009	US$ 1,386,043,911

	1 to 12 months	2 to 3 years	More than 3 years	Total
As of December 31, 2018:				
Bank loans	US$ 88,422,822	US$ 52,005,677	US$ 170,884,664	US$ 311,313,163
Bonds payable	-	-	504,545,992	504,545,992
Accumulated expenses and other payables	534,049,438	5,437,786	-	539,487,224
	US$ 622,472,260	US$ 57,443,463	US$ 675,430,656	US$ 1,355,346,379

The liquidity ratio (total current assets less assets paid in advance, divided into the total current liabilities) as of December 31, 2019 was 1.10 (1.24 in 2018).

(Figures expressed in US dollars)

Contractual cash flows
Below are the remaining contractual maturities at the end of the reporting date of the financial liabilities, inclu payments and excluding the impact of compensation agreements.

As of December 31, 2019

						Contractual cash flows		
Non-derivative financial liabilities		Carrying value		Total		1-12 months		2-3 y
Bank loans	US$	280,428,781	US$	(320,921,993)	US$	(93,128,624)	US$	(193,5
Bonds payable		508,112,648		(711,532,835)		(27,090,710)		(54,1
	US$	788,541,429	US$	(1,032,454,828)	US$	(120,219,334)	US$	(247,7

As of December 31, 2018

						Contractual cash flows		
Non-derivative financial liabilities		Carrying value		Total		1-12 months		2-3 y
Bank loans	US$	311,313,163	US$	(367,698,988)	US$	(106,339,384)	US$	(78,1
Bonds payable		504,545,992		(743,616,665)		(27,569,293)		(55,1
	US$	815,859,155	US$	(1,111,315,653)	US$	(133,908,677)	US$	(133,2

iv. Market risk

This is the risk of changes in market prices (foreign currency exchange rate, interest rates, raw material or commodity prices and equity instrument prices) that may affect income or value of financial instruments. The objective of market risk management is to manage and control exposures to this risk within reasonable parameters and optimize profits.

The transactions of derivatives from master compensation agreements of the International Swaps and Derivatives Association (ISDA) are subscribed. In general, under these types of agreements, the amounts due by each counterparty of a single day in relation to all outstanding transactions in the same currency are aggregated in a single net amount payable by one of the parties to the other. In certain circumstances, such as when there is a credit event by non-compliance, all transactions under the agreement are terminated, the terminal value is assessed and just one net amount is payable after liquidating all transactions.

ISDA agreements do not comply with the compensation criteria in the statement of financial position since it does not have any enforceable legal right to compensate recognized amounts because the compensation right is enforceable only when there are future events such as the default of bank loans or other events related to credits. The derived financial instruments are not significant and are liquidated before the end of the year.

Currency risk

There is currency risk to the extent that there is symmetry between currencies of sales, purchases, loans and the functional currency of entities, especially the US dollar. Transactions are mainly expressed in US dollars, Guatemalan quetzals, Honduran lempiras, Nicaraguan cordobas, Jamaican dollars, Mexican pesos, Argentine pesos and Peruvian soles.

The Group is not used to acquire derived financial instruments to protect itself from losses derived from this risk, except for the subsidiaries in Peru. It always hedges 100% of its estimated exposure to foreign currency in its subsidiaries in Peru regarding projected purchases for the following six months.

The Group used term contracts in foreign currency to hedge their currency risk, mainly with a maturity of less than six months from the date of presentation. These contracts are generally designated as cash flow hedges.

With respect to other monetary liabilities and assets in foreign currency, the policy is to ensure that their net exposure is kept at an acceptable level by purchasing or selling foreign currency at spot rates when necessary to address short-term unbalances.

The exchange rate risk exposure is as follows:

(Figures expressed in US dollars)

Currency risk

The exposure to currency risk is presented below:

	Guatemala quetzals	Honduras lempiras	Nicaragua cordobas	Jamaica Jamaican dollars	Argentina pesos	Mexico pesos	Perú soles
December 31, 2019							
Financial assets							
Cash	Q$ 326,610,607	L$ 80,944,012	C$ 82,781,797	J$ 776,373,492	A$ (179,489,821)	M$ 1,337,575	S$ 30,532,470
Held-to-maturity investments	8,776,678	-	-	-	29,180,203	-	14,000,000
Accounts receivable from clients	179,584,724	198,870,237	153,638,767	35,112,824	211,967,342	33,461,059	43,286,771
Accounts receivable from affiliates	141,883,345	9,014,065	5,766,642	1,850,639,263	2,265,338	-	8,538,150
Other accounts receivable	62,364,177	54,644,515	34,384,126	1,084,598,204	86,721,408	40,914,466	101,585,243
Financial liabilities							
Bank loans	(335,500,000)	(323,691,499)	(571,863,890)	(2,019,642,849)	(200,474,000)	-	-
Bonds payable	-	-	-	-	-	-	(67,521,589)
Accumulated expenses and other payables	(804,732,857)	(888,533,319)	(807,441,918)	(3,796,279,608)	(436,247,477)	(42,305,142)	(272,659,434)
Accounts payable to affiliates	(276,445,708)	-	(24,807,358)	(254,524,743)	(97,960,531)	(26,009,581)	(1,274,083)
Net currency exposure	Q$ (697,459,034)	L$ (868,751,989)	C$ (1,127,541,83	J$ (2,323,723,417)	A$ (584,037,538)	M$ 7,398,377	S$ (143,512,472)

(Figures expressed in US dollars)

	Guatemala quetzals	Honduras lempiras	Nicaragua cordobas	Jamaica Jamaican dollars	Argentina pesos	Mexico pesos	Perú soles
December 31, 2018							
Financial assets							
Cash	Q$ 81,635,184	L$ 51,952,755	C$ 88,764,899	J$ 234,260,850	A$ -	M$ 2,411,594	S$ 1,942,762
Held-to-maturity investments	-	-		-	-	-	-
Accounts receivable from clients	236,297,543	160,209,734	153,143,315	85,119,023	167,909,323	37,745,085	38,072,519
Accounts receivable from affiliates	199,821,662	34,240,006	3,907,298	1,715,235,369	5,257,333	-	409,965
Other accounts receivable	70,996,976	23,123,220	18,772,756	1,113,176,409	71,149,886	40,052,172	90,055,664
Financial liabilities							
Bank loans	(428,150,000)	(307,761,770)	(546,385,450)	(2,610,000,000)	(163,016,990)	-	-
Bonds payable	-	-	-	-	-	-	(67,922,603)
Accumulated expenses and other payables	(818,271,529)	(926,870,431)	(229,469,204)	(3,784,231,899)	(350,991,494)	(44,110,524)	(220,060,916)
Accounts payable to affiliates	(139,323,136)	(1,451,968)	-	(389,803,092)	-	-	-
Net currency exposure	Q$ (796,993,300)	L$ (966,558,454)	C$ (511,266,386)	J$ (3,636,243,340)	A$ (269,691,942)	M$ 36,098,327	S$ (157,502,609)

The following exchange rates were used during the year:

	Average				Close			
		2019		2018		2019		2018
Quetzals per US$1.00	US$	7.6986	US$	7.5182	US$	7.6989	US$	7.7370
Lempiras per US$1.00		24.6801		24.0701		24.8074		24.5092
Córdobas per US$1.00		33.1216		31.5532		33.8381		32.3305
Jamaican dollars per US$1.00		134.1641		129.5661		132.569		127.7162
Mexican pesos per US$1.00		19.25724		18.7822		18.8642		19.6512
Soles per US$1.00		3.3388		3.2876		3.319		3.3700
Argentine pesos per US$1.00		59.79		37.7000		59.79		37.7000
Uruguayan pesos per US$1.00		35.2514		30.7145		37.336		32.4060

Foreign currency sensitivity analysis
The strengthening or weakening of the US dollar with respect to quetzal, lempiras, cordobas, Jamaican dollar, Mexican peso, soles, Argentine peso and Uruguayan peso as of December 31, 2019 and 2018 increased (decreased) equity and results as follows:

December 31, 2019	Variation in the exchange rate		Effect on equity		Effect on results (loss) gain
Quetzal	+1%	US$	362,979	US$	74,368
Lempira	+3%	US$	244,278	US$	139,493
Córdoba	+5%	US$	805,205	US$	235,348
Jamaican dollar	+4%	US$	(1,137,546)	US$	(489,807)
Mexican peso	+7%	US$	(178,911)	US$	25,258
Soles	+1%	US$	(128,151)	US$	45,890
Argentine peso	+49%	US$	(974,842)	US$	1,454,222
Uruguayan peso	+15%	US$	150,184	US$	212,179
		US$	(856,804)	US$	1,696,951
Quetzal	-1%	US$	(361,041)	US$	(73,892)
Lempira	-3%	US$	(262,254)	US$	(149,470)
Córdoba	-5%	US$	(888,962)	US$	(264,701)
Jamaican dollar	-4%	US$	1,227,270	US$	542,276
Mexican peso	-7%	US$	204,821	US$	(29,207)
Soles	-1%	US$	128,465	US$	(46,398)
Argentine peso	-49%	US$	2,856,119	US$	(1,530,709)
Uruguayan peso	-15%	US$	(204,078)	US$	(285,726)
		US$	2,700,340	US$	(1,837,827)

(Cifras expresadas en US dólares)

December 31, 2018	Variation in the exchange rate		Effect on equity		Effect on results (loss) gain
Quetzal	+2%	US$	(2,792,162)	US$	(860,630)
Lempira	+3%	US$	75,481	US$	35,439
Córdoba	+5%	US$	623,565	US$	187,641
Jamaican dollar	+4%	US$	(833,312)	US$	(287,321)
Mexican peso	+11%	US$	(263,763)	US$	174,791
Soles	+1%	US$	(1,101,943)	US$	157,039
Argentine peso	+20%	US$	(1,280,140)	US$	347,027
Uruguayan peso	+2%	US$	(322,923)	US$	(338,003)
		US$	(5,895,197)	US$	(584,017)
Quetzal	-2%	US$	2,906,128	US$	895,757
Lempira	-3%	US$	(80,150)	US$	(37,631)
Córdoba	-5%	US$	(689,204)	US$	(207,393)
Jamaican dollar	-4%	US$	902,754	US$	311,264
Mexican peso	-11%	US$	328,963	US$	(217,998)
Soles	-1%	US$	1,124,205	US$	(160,212)
Argentine peso	-20%	US$	853,427	US$	(231,351)
Uruguayan peso	-2%	US$	336,103	US$	351,799
		US$	5,682,226	US$	704,235

This analysis is based on the prior year changes in the exchange rates and the impact on the results of the year ended December 31, 2019 and 2018. This sensitivity analysis provides an idea of the impact that the changes in the exchange rate might have, with all other variables held constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate because of variations in market interest rates. The Group's exposure to such risk relates primarily to long-term obligations with variable interest rates.

The Group maintains important liabilities comprised mainly of bank loans that are subject to interest rate variations. The Group manages this risk by constantly assessing the evolution of domestic and international market interest rates, to determine with reasonable certainty, the risks associated with the financial cost of the liabilities and, as far as circumstances allow it, to minimize the effects of this risk.

The following table presents a sensitivity analysis of the Group's results, derived from a reasonable variation in interest rates to which the financial obligations are subject, based on points:

	Interest rate variation		Effect on results Losses	Interest rate variation		Effect on results Earnings
2019						
Sensitivity of cash flow in the results of the year	+100PB	US$	(2,088,288)	-100PB	US$	2,088,288
2018						
Sensitivity of cash flow in the results of the year	+100PB	US$	(2,392,292)	-100PB	US$	2,392,292

This analysis is based on interest rate movements for the prior year and provides an idea of the impact that the changes in the exchange rate might have, with all other variables held constant.

v. Capital management

The policy intends to maintain a solid capital structure to maintain the trust of investors, creditors and the market and to support the development of futures. Capital return and dividends paid to shareholders are monitored.

Management tries to keep the balance between returns and those that can be obtained with higher levels of credit, advantages and security delivered for a solid capital position. The weighted average interest expenses for credits accruing interest were 6.59% (6.06% in 2018).

The capital is monitored though the net debt ratio adjusted to adjusted equity. For this purpose, the adjusted net debt is defined as the total liabilities including loans accruing interest less cash. The adjusted equity includes all the equity components as it shown below:

		2019		2018
Total liabilities	US$	1,461,546,082	US$	1,427,904,084
Less				
Cash		(154,357,910)		(212,464,812)
Held-to-maturity investments (note 7)		(100,586,340)		(112,097,253)
Total net debt		1,206,601,832		1,103,342,019
Total shareholders' equity	US$	223,537,342	US$	324,685,198
Debt ratio at equity		5.40		3.40

34 Assets held for sale

In January 2018, the Group committed to a plan to sell some assets from a negotiation in Ecuador including land, buildings, machinery and vehicles. Consequently, these assets are considered as assets held for sale in 2020.

i. The assets for disposal are estimated at fair value less costs of sale as follows:

		2019		2018
Land	US$	4,433,912	US$	715,084
Buildings		222,111		222,111
Machinery		141,447		141,447
Vehicles		155,954		155,954
	US$	4,953,424	US$	1,234,596

ii. As of December 31, 2019 and 2018, accumulated income or expenses were not recognized in other comprehensive income related to the assets for disposal.

iii. The fair value of assets for disposal was determined based on the trade appraisals by a qualified independent appraiser. The fair value hierarchy of these assets for disposal was classified as level 1 since the quoted (non-adjusted) prices were compared to the market as identical assets.

35 Fair value measurements

All assets and liabilities measured at fair value or which the Group discloses at fair value are classified within the fair value hierarchy. This classification is based on the least amount of information used to determine this value, and which is significant to determine the fair value taken as a whole. The fair value hierarchy consists of the following three levels:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

- Level 2: Valuation techniques where the lowest level information used to measure fair value is directly or indirectly observable.

- Level 3: Valuation techniques for which the lowest level of information used for the fair value measurement is observable.

The nature of these fair value estimates is subjective and involves uncertain aspects and Management's judgment, thus these figures cannot be determined with absolute accuracy. Consequently, should there be changes in the assumptions on which estimates are based, these could differ from final results.

Financial Instruments
As stated in note 33, the Group's main financial instruments include cash and cash equivalents, notes and accounts receivable, loans and Accumulated expenses and other payables. Since these are mainly short-term instruments, Management believes that their carrying amounts approach their fair values. Similarly, the carrying amount of the loans payable approaches their fair value because they were agreed at adjustable interest rates.

The following table shows a comparison by class of the recorded values and the fair values of the Group's financial instruments as of the consolidated reporting date, except for those financial instruments whose recorded values approach their fair values.

		December 31, 2019				December 31, 2018		
		Carrying amount		Fair value		Carrying amount		Fair value
Financial liabilities								
Bank loans with guarantee	US$	(280,428,781)	US$	(283,659,208)	US$	(311,313,163)	US$	(326,747,895)
Issue of guaranteed bonds		(508,112,648)		(604,396,148)		(504,545,992)		(641,572,960)
Leases		(60,849,014)		(60,849,014)		-		-
Total	US$	(849,390,443)	US$	(948,904,370)	US$	(815,859,155)	US$	(968,320,855)

The following table shows the fair value of the Group's assets and liabilities classified in the fair value hierarchy as of December 31, 2019.

	Date of the valuation	Total	Level 1	Level 2	Level 3
Assets for which the fair value is disclosed					
Held-to-maturity investments (note 7)	31/12/2019	100,586,340	-	100,586,340	-
Assets at fair value					
Cash flow hedges	31/12/2019	1,223,559	-	1,223,559	-

	Date of the valuation	Total	Level 1	Level 2	Level 3
Liabilities for which the fair value is disclosed:					
Bank loans (note 17)	31/12/2019	(283,659,208)	-	(283,659,208)	-
Bonds payable (note 18)	31/12/2019	(604,396,148)	-	(604,396,148)	-

The following table shows the fair value of the Group's assets and liabilities classified in the fair value hierarchy as of December 31, 2018.

	Date of the valuation	Total	Level 1	Level 2	Level 3
Assets for which the fair value is disclosed:					
Held-to-maturity investments (note 7)	31/12/2018	112,097,253	-	112,097,253	-

	Date of the valuation	Total	Level 1	Level 2	Level 3
Liabilities at fair value					
Cash flow hedges	31/12/2018	(3,075,719)	-	(3,075,719)	-
Liabilities for which the fair value is disclosed:					
Bank loans (note 17	31/12/2018	(326,747,895)	-	(326,747,895)	-
Bonds payable - note 18	31/12/2018	(641,572,960)	-	(641,572,960)	-

36 Events after the consolidated reporting period

The Group may be affected in its operations and its financial situation by the adverse effects of certain public health problems, such as epidemics, pandemics and other contagious diseases. In December 2019, a new strain of coronavirus named COVID-19 appeared, which spread throughout the world in the first quarter of 2020. Outbreaks have already been identified in the countries in which the Group operates, in the commercial partners from each of these countries and in the Central American region that could lead to a decrease in economic activity and negatively affect the Group's operating results. The extent to which the coronavirus will affect the Group's results will depend on future developments, which are highly uncertain and cannot be predicted.

The Group´s management is not aware of any other subsequent events, occurring between the consolidated reporting date and the date of authorization of the consolidated financial statements, that would require modification of the figures presented in the authorized consolidated financial statements or disclosure in the consolidated notes.

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U.S.$200,000,000
5.750% Senior Guaranteed Notes due 2027

The Central America Bottling Corporation

PROSPECTUS

Global Coordinators and Joint Book-Running Managers

Citigroup **J.P. Morgan**

Passive Bookrunner

Scotiabank

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