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FEMSA Continues to Deliver Steady Growth in 3Q05

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MONTERREY, Mexico, Oct. 28 /PRNewswire-FirstCall/ -- Fomento Economico Mexicano, S.A. de C.V. ("FEMSA") today announced its operational and financial results for the third quarter and nine months of 2005.

Third Quarter 2005 Highlights

FEMSA:

Total revenues increased 8.1% to Ps. 26.625 billion (US\$ 2.5 billion), led by 21% growth at Oxxo, combined with strong performance at FEMSA Cerveza and Coca-Cola FEMSA.

Income from operations increased 10.7% to Ps. 4.144 billion (US\$ 383 million), driven by growth of 17% at FEMSA Cerveza and 18% at Oxxo.

Net majority income increased 9.5% to Ps. 1.641 billion (US\$ 152 million).

Net debt of Ps. 28.017 billion (US\$ 2.6 billion) in 3Q05, a reduction of US\$ 273 million from 2Q05.

Business Units:

Coca-Cola FEMSA increased its consolidated volumes by 3%, while offsetting pressures in raw material costs, maintaining stable operating margins at 17.3% of total revenues.

FEMSA Cerveza total beer sales volume increased 6.7% (5.5% domestic and 18.7% exports) and expanded its operating margin by 160 basis points to 25% of total revenues.

Oxxo increased its total revenues by 20.7%, driven by the opening of 122 net new stores and a 7.4% increase in same-store sales during the quarter. Oxxo remains on track to open approximately 600 net new stores for the full year.

"In the third quarter we continued to deliver solid growth, demonstrating the strength of our integrated beverage strategy. I am very pleased with the performance at FEMSA Cerveza this quarter, which contributed to our consolidated year-to-date operating income growth of 11% in real peso terms, or 18% expressed in US dollars. We are very focused on continuously improving our business while maintaining our vision of responsible leadership for the beverage industry in Latin America. This approach has proven to create long-term value for our shareholders and we believe it will continue to do so well into the future," commented Jose Antonio Fernandez, Chairman and CEO of FEMSA.

To obtain the full text of this earnings release, please visit our Investor Relations website at <http://www.femsa.com/investor> under the Financial Reports section.

This report may contain certain forward-looking statements concerning our future performance that should be considered as good faith estimates made by us. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact our actual performance.

FEMSA is the leading beverage company in Latin America. It controls an integrated beverage platform that comprises the largest Coca-Cola bottler in the region, Coca-Cola FEMSA; the second largest brewer in Mexico and important beer exporter to the United States, FEMSA Cerveza; and Oxxo, the largest and fastest growing convenience store chain in Mexico with over 3,600 stores.

SOURCE Fomento Economico Mexicano, S.A. de C.V.