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## **FEMSA REPORTS FIRST QUARTER ENDED MARCH 31, 2001**

### **CONSOLIDATED OPERATING INCOME INCREASES BY 19.9% FOR THE FIRST QUARTER OF 2001**

Monterrey, Mexico (April 25, 2001) — Fomento Económico Mexicano, S.A. de C.V. and Subsidiaries (“FEMSA” or the “Company”) (NYSE: FMX; BMV: FEMSA UBD; FEMSA UB), Latin America’s largest beverage company, today reported consolidated net sales of Ps. 10.850 billion for the first quarter of 2001, an increase of 8.5% over the first quarter of 2000. Consolidated revenue growth was driven by revenue growth in each of FEMSA’s principal divisions – FEMSA Cerveza and Coca-Cola FEMSA. Sales volume for the Company’s beer products posted a healthy growth rate of 12.2% for the first quarter of 2001 as FEMSA Cerveza raised prices gradually and selectively in different regions of Mexico throughout the quarter as opposed to the one-time increase implemented in early January in previous years. FEMSA’s soft-drink volumes increased by approximately 3.8% in Mexico, led by growth in the Valley of Mexico franchises in the colas and water categories. Coca-Cola FEMSA improved its net average pricing in real terms during the first quarter of 2001 which contributed to strong top line growth. FEMSA’s retail and packaging subsidiaries also posted revenue growth of 21.8% and 7.4%, respectively.

The Company recorded consolidated operating income of Ps. 1.427 billion for the first quarter of 2001, an increase of 19.9% over the comparable period last year. The Company registered an operating margin for the first quarter of 2001 of 13.1%, a 1.2 percentage point improvement over the 11.9% operating margin achieved in the first quarter of 2000.

José Antonio Fernández, chairman and chief executive officer of the Company, stated, “Consumer demand for our beverage brands showed signs of strength amidst an economic environment of modest growth. Ultimately, our strategy of increasingly leveraging on consumer preferences should make our businesses more resilient to economic downturns. We are confident that our focus towards superior market execution and intelligent resource allocation will result in an increase in profitability in the medium term; our first step has been a solid one in the right direction.” He concluded, “FEMSA once again displays a balanced growth story, with a revolutionary approach to the marketplace in the beer division, an outstanding profitability achievement in our soft-drinks business, and an aggressive expansion effort in our retail operation.”

Net majority income increased by 18.5% to Ps. 494 million for the first quarter of 2001, compared to the same period last year. Earnings per FEMSA Unit for the first quarter of 2001 amounted to Ps. 0.466 representing an increase of 19.4% relative to the first quarter of 2000.

**UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER 2001 COMPARED TO  
THE FIRST QUARTER 2000**

**OPERATING HIGHLIGHTS AND REVIEW OF EXPECTATIONS FOR 2001**

**FEMSA Cerveza**

FEMSA Cerveza recorded strong domestic sales volume growth of 12.7% for the first quarter of 2001. Management believes that the strong volume performance reflects a very favorable comparison against the first quarter of 2000, where volume was affected by the inventory loading which took place in the fourth quarter of 1999 in anticipation of the price increase implemented in January of 2000. The center and the northern regions of the country displayed the strongest growth rates, with the center outperforming the north. Management attributes the strong growth rates of the center regions to the following reasons: (i) it was the last region where FEMSA Cerveza implemented the price increase and it took place until the month of April of this year, (ii) the center observed very favorable climate through out the quarter with substantially lower precipitation rates as compared to the historical average rates and (iii) such region continues to benefit from improvement in income per capita and economic growth. Management attributes the lower growth in the sales volume recorded by the northern regions (relative to the center), to a deceleration of economic growth in connection with the slow down of the U.S. economy.

While it is certainly premature to assess the results of FEMSA Cerveza's new strategy or to conclude that the results are being reflected in the strong first quarter sales volume, management believes that the implementation of the strategic plan for 2001 is on track and according to budget and is encouraged by the results obtained so far. The company has invested time and resources in developing and implementing extensive measurement systems and processes to track the performance of the programs, which are critical for the review and assessment of results. Management is extremely pleased with the response from the FEMSA Cerveza organization and the motivation and enthusiasm with which the company has embraced the new strategies. Good results will ultimately depend on the execution of the strategy by a highly motivated organization. FEMSA Cerveza is not currently revising its projected volume growth target range of 3%-5% until management assesses the second quarter growth rates, which will potentially face a difficult comparison against 2000 since demand will be influenced by the recent price increases.

FEMSA Cerveza's principal consumer activation efforts during the first quarter of 2001 were centered around integrated marketing programs in connection with the Tecate Grand Prix Cart Race hosted by the city of Monterrey for the first time ever, the participation in the long-standing carnival traditions in the southeast and the Latin America World Series hosted by Mexico in the city of Culiacán, Sinaloa. The integrated marketing programs consisted of intense promotional and communication campaigns and activation events, where the company supported two of the four main brands: Tecate and Superior. The events and the promotions had phenomenal success in the local markets where they took place as they attracted large amounts of people. The company expects to continue with its integrated marketing campaigns centered on key events through out the year.

**Coca-Cola FEMSA**

Once again, Coca-Cola FEMSA proves its superiority in bottling and distribution by growing in Mexico above the Coca-Cola system growth rate for the first quarter. Coca-Cola FEMSA's growth rates in Mexico were fueled by a growing economy in the center of the country in addition to a very favorable climate, which contributed to the strength of demand in the middle of a slowdown in growth experienced by other Mexican bottlers. It is important to highlight that the growth rates achieved by Coca-Cola FEMSA are in spite of the price increase implemented last November and helped by the fact that Mexico City has one of the most sophisticated and optimized pricing structures in the country as a result of Coca-Cola FEMSA's superior revenue management execution. Management expanded the scope of the Mexican portfolio by launching several new products among which "Senzao", a guarana-flavored carbonated beverage, and Ciel Mineral Water stand out. In addition, Delaware Punch and Sprite were introduced in 250 ml. PET non-returnable and 2 lts. Ref. PET, respectively. Coca-Cola FEMSA continued implementing efficiency measures in the Southeast and in the

Valley of Mexico territories. Coca-Cola FEMSA Mexico maintains its current volume growth expectations for the Mexican territories of 5%-7% and operating income growth of 13%-16% for 2001.

Management is very pleased with the initial results of the Buenos Aires strategy, which has been designed to compete strongly in a difficult economic environment. With its broadened portfolio now including premium and value protection brands, as well as water and juices in various packaging presentations, management attempts to offer all consumers an alternative that best suits their economic profile and consumption needs. Growth in volumes leveraged by further cost reductions, improving relationships with customers, and penetrating the price brand market are the keystones to Coca-Cola FEMSA Buenos Aires' profitable growth strategy. While management has decided not to change its projected growth ranges of 3%-5%, it believes that, if the result of the strategies is very successful, volume growth for 2001 could reach the upper end of the stated range at the expense of sacrificing slightly the average revenue per unit case, reflecting the high growth of the value protection brands.

### **FEMSA Comercio**

While FEMSA Comercio is not modifying its growth expectations for 2001, management believes that the budgeted operating income growth for 2001 of 8% is based on projected operating income growth of approximately 20% in the Oxxo Chain, which will be offset partially by the projected operating income loss for the Bara Chain and e-business projects. FEMSA Comercio's expansion plans for 2001 are well underway and while the pace of growth of the mature same stores evidenced some slowdown in certain northern cities, management is considering already a potential economic slowdown on its projections for 2001.

### **FEMSA Empaques**

Management has reduced expectations for the business performance for 2001 given increased competition and higher uncertainty facing the business. In particular, management is concerned that the current levels of overcapacity of the Mexican beverage can industry may result in further price reduction and lower volumes. Year to date, management believes that FEMSA Empaques beverage can volumes could decline up to 2% in 2001 and industry prices could continue to adjust downward, which along with a persistently overvalued exchange rate scenario, could result in a decline in the profitability of this line of business as compared to 2000.

With respect to the glass bottle business, management remains with a cautionary outlook and will hold volume growth expectations of approximately 10% driven primarily by increased demand from FEMSA Cerveza and third party clients.

The revision of growth expectations for FEMSA Empaques main product lines based on the assumptions stated above, will result in net sales growth of approximately 1.5% and operating income growth between 5%-7% for full year 2001.

**Unaudited Financial Results for the First Quarter ended March 31, 2001 Compared to the First Quarter Ended March 31, 2000**

**FEMSA Consolidated**

**Total Revenues/Net Sales**

FEMSA's consolidated total revenues increased by 8.7% to Ps. 10.911 billion and consolidated net sales increased by 8.5% to Ps. 10.850 billion. FEMSA Cerveza and Coca-Cola FEMSA's Mexican operations recorded strong revenue growth during the first quarter as a result of strong volume growth, along with an improvement in the revenue per unit sold in Mexico recorded by Coca-Cola FEMSA. The Company also benefited from revenue growth of the strategic operations, which in part reflect the recovery of beer sales.

<b>NET SALES GROWTH</b>		<b>1 Qtr 01 vs 1 Qtr 00</b>
FEMSA Consolidated		8.5%
FEMSA Cerveza		11.9%
Coca-Cola FEMSA		4.3%
FEMSA Comercio		21.8%
FEMSA Empaques		7.4%

**Gross Profit**

FEMSA's consolidated gross profit increased by 10.7% to Ps. 5.379 billion, representing a consolidated gross profit margin of 49.6%, an increase of 1.0 percentage point over the 48.6% recorded in the same period last year. FEMSA's principal Subholding Companies realized gross margin expansion during the quarter, reflecting the net effect of (i) healthy volume growth and an improvement in the price of FEMSA's soft-drink products (ii) ongoing cost reduction programs and higher operational efficiencies, and (iii) the real appreciation of the Peso against the U.S. dollar of 5.7% compared to the first quarter of 2000, which resulted in a decrease in variable costs for FEMSA Cerveza and Coca-Cola FEMSA.

**Income from Operations**

FEMSA's consolidated operating expenses (including goodwill amortization and management fees paid to Labatt Brewing Company Limited ("Labatt")) increased by 8.2% to Ps. 3.953 billion. However, as a percentage of total revenues, consolidated operating expenses remained relatively stable at 36.2% of total revenues, primarily reflecting the fact that Coca-Cola FEMSA's declining operating expense structure (as a percentage of sales), compensated for the increase in FEMSA Cerveza's administrative expenses. The Company implemented wage and salary revisions effective March 15, 2001, averaging a nominal increase of 8%. FEMSA's consolidated income from operations (after participation in the results of affiliated companies) increased by 19.9% to Ps. 1.427 billion. Coca-Cola FEMSA accounted for a large majority of the increase in the consolidated operating income for the first quarter of 2001 (in absolute amount). FEMSA's consolidated operating margin increased by 1.2 percentage points to 13.1% of consolidated total revenues.

<b>CHANGE IN INCOME FROM OPERATIONS</b>		<b>1 Qtr 01 vs 1 Qtr 00</b>
<b>Before management fees</b>		
FEMSA Consolidated		19.9%
FEMSA Cerveza		12.2%
Coca-Cola FEMSA		27.2 %
FEMSA Comercio		12.0%
FEMSA Empaques		7.9%

**Net Income**

FEMSA's consolidated net income increased by 24.5% from Ps. 597 million recorded in the first quarter of 2000 to Ps. 743 million in the first quarter of 2001. The increase in net income recorded in the quarter primarily reflects the net effect of (i) a decrease in the integral result of financing expense of 53.8% to Ps. 42 million compared to an integral result of financing expense of Ps. 91 million recorded in the first quarter of 2000, (ii) an

increase of 181% in other expenses, and (iii) an increase of 15.6% in the income tax, tax on assets and employee profit sharing.

During the first quarter of 2001, consolidated net financial expense decreased by 47.3% to Ps. 88 million compared to the first quarter of 2000. This decrease reflects the net effect of (i) a 12.2% decline in interest expense reflecting a decline of approximately US\$[ ] million in the consolidated average debt balance of the Company over the past twelve months, and (ii) an increase of 49.0% in interest income reflecting the growing cash balances of the Company and more attractive interest rates generated by the cash investments. FEMSA recorded a consolidated foreign exchange gain of Ps. 41 million primarily reflecting the nominal appreciation of the Peso against the U.S. dollar of 1.3% in the first quarter on the net dollar liabilities, compared to a foreign exchange loss of Ps. 1 million recorded in the first quarter of 2000. The gain on monetary position amounted to Ps. 5 million, a decline of 93.5% relative to the first quarter of 2000, as a result of lower inflation rate experienced during the first quarter of 2001 compared to the first quarter of 2000.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing of Ps. 556 million, an increase of 15.6%, primarily reflecting an increase in the tax reserve of the Company as a result of an increase in earnings before taxes recorded by most subsidiaries. The Company's average tax rate for the first quarter of 2001 amounted to 41.9%, compared to an average tax rate of 44.6% for the same period in 2000.

Consolidated net majority income amounted to Ps. 494 million for the first quarter of 2001 compared with Ps. 417 million recorded in the first quarter of 2000. Net majority income per FEMSA UBD unit<sup>1</sup> amounted to Ps. 0.466, an increase of 19.4% compared with Ps. 0.390 for the same period last year.

1 QTR	Per FEMSA Unit <sup>1</sup>	
	2001	2000
Pesos		
Net Majority Income	0.466	0.390
EBITDA <sup>2</sup>	2.150	1.927

<sup>1</sup>FEMSA Units consists of FEMSA UBD units and FEMSA UB units. Each FEMSA UBD unit is comprised of one Series B share, two Series D-B shares and two Series D-L shares. Each FEMSA UB unit is comprised of five series B shares. The number of FEMSA Units outstanding as of March 31, 2001 was 1,059,462,090, equivalent to the total number of shares of the Company outstanding as of March 31, 2001 divided by 5.

<sup>2</sup>EBITDA is calculated as income from operations plus depreciation and amortization plus non-cash charges. Please note that the U.S. Securities and Exchange Commission does not endorse the use of EBITDA. However, FEMSA's management has chosen to present EBITDA because it believes it is a useful measure.

### Change in Accounting Standards

The Mexican Institute of Public Accountants issued Bulletin C-2, "Financial Instruments" which would be mandatory for all Mexican companies in 2001. Bulletin C-2 requires the recognition of all of its contractual rights or obligations under derivatives in its balance sheet as assets or liabilities and to measure those instruments at their fair value. Changes in the fair value of a derivative will be included in current earnings.

As of March 31, 2001 the only instruments the Company had in its balance sheet that must be accounted for in agreement with the new Bulletin C-2 standards are contracts for the purchase of U.S. Dollars. See "Audited Financial Results for the Fourth Quarter Ended December 31, 2000 Compared to the Fourth Quarter Ended December 31, 1999 Recent Developments Hedging Policy".

The initial recognition of the new accounting standard has been recorded in the net income of the period as an extraordinary charge denominated "Effect of Changes in Accounting Principles" which amounted to Ps. 41 million, minus its effect from deferred taxes of Ps. 14 million. Such amount was determined by measuring the difference between the Peso-Dollar contracted forward exchange rate and the spot Peso-Dollar foreign exchange rate when the contracts were bought and it corresponds to the amount due as of December 31, 2000. Going forward, the effect generated from application of the Bulletin C-2 will be recorded as foreign exchange fluctuation in the integral cost of financing.

Up to December 31, 2000, the Company recognized the total effect at the time of expiration of the forward contracts as foreign exchange fluctuation and was determined by measuring the difference between the Peso-Dollar contracted forward exchange rate and the spot Peso-Dollar exchange rate on expiration date.

## FEMSA Cerveza

### Net Sales

FEMSA Cerveza's net sales increased by 11.9% to Ps. 4.236 billion reflecting the increase of 12.2% in total sales volume. Domestic sales volume increased by 12.7% to 5.037 million hectoliters primarily reflecting a favorable comparison versus the first quarter of last year, in which sales volume was affected by inventory loading at the end of the fourth quarter of 1999 in anticipation of the price increase implemented in January 2000 which in turn affected beer demand in the months immediately following the increase. Moreover, management estimates that the economy grew by approximately 3% in the first quarter led primarily by growth in private consumption, which stimulated beer demand particularly in the north and the center regions of the country, although the center region outperformed the north.

<b>OPERATING HIGHLIGHTS</b>	
<b>% Change Qtr 00</b>	<b>1 Qtr 01 vs 1</b>
Domestic Volume	12.7%
Export Volume	6.3%
Total Volume	12.2%
Net Sales	11.9%
Income from Operations before management fees	12.2%

FEMSA Cerveza began implementing selective price increases of its products across different regions early on 2001. Management's objective was to increase the nominal average domestic price for the product mix in line with expected inflation for 2001. The beer price per hectoliter for the first quarter of 2001 decreased by approximately 3.7% relative to the first quarter of last year; however, the average revenue per hectoliter of Ps. 797 remained relatively stable in real terms compared with revenue per hectoliter of beer sold recorded for the first quarter of 2000, as a result of the increase in other revenues recorded by the sale of related products such as ice and by the increase in revenues recorded by owned retailers.

FEMSA Cerveza's sales volume in can presentations increased by 32.9% for the first quarter of 2001 and represented 19.1% of domestic sales volume, an increase of 2.9 percentage points over the first quarter of 2000. The non-returnable glass presentation increased by 19.9% and represented approximately 3.2% of FEMSA Cerveza's domestic sales volume for the first quarter of 2001. Management believes that both the can presentation and the non-returnable glass presentation increased at the expense of the returnable glass presentation reflecting a very favorable comparison versus the first quarter of last year when the can presentation declined importantly as a result the inventory loading during the fourth quarter of 1999 in anticipation of the increase in prices implemented in January 2000.

Total export sales volume increased by 6.3% to 338 thousand hectoliters. Export growth continues to be driven by growth in the North American market, which, as of March 31, 2001, represented 87.3% of total export sales volume. Management believes that inventory depletion of its products in the North American market is running ahead of sales volume, although sales volume only increased by 7.1% in this region compared with the first quarter of 2000. Export revenues in U.S. dollar terms amounted to US\$23.0 million, 4.0% above the comparable period last year. Export revenues in Peso terms declined by 2.0% to Ps. 221.2 million as a consequence of the real appreciation of the Peso against the U.S. dollar over the past twelve months.

### ***Gross Profit***

FEMSA Cerveza's cost of goods sold amounted to Ps. 1.923 billion for the first quarter of 2001 and increased by 9.8% as compared to the first quarter of 2000, yet decreased 0.9 percentage points as a ratio to net sales to 45.4%. The increase in the cost of goods sold is attributable to the increase in variable costs from the growth in sales volume and in particular with the increase experienced by the can presentation. FEMSA Cerveza's fixed costs and freight increased at a lower rate than net sales for the first quarter of 2001 reflecting a more efficient absorption of fixed costs as a consequence of growth in volume. Furthermore, the real appreciation of the Peso against the U.S. dollar over the last twelve months has reduced the U.S. dollar denominated cost of goods sold. As a result of revenue growth leveraged on a declining variable and fixed cost structure per hectoliter, gross profit increased by 14.0% to Ps. 2.346 billion and the gross margin improved by 1.0 percentage points to 55.4% of net sales.

<b>MARGINS</b>		
	1 Qtr 01	1 Qtr 00
Gross margin	55.4%	54.4%
Operating margin before management fees	10.1%	10.1%

### ***Income from Operations***

FEMSA Cerveza's operating expenses increased by 15.3% to Ps. 1.915 million. As a percentage of total revenues, operating expenses increased by 1.3 percentage points to 44.9%. Administrative expenses increased by 26.7% to Ps. 497.8 million reflecting the full staffing of the commercial development, marketing and public relations functions as well as the incorporation of the pre-sale implementation team. Management estimates that expenses associated with hiring personnel and creating the infrastructure for these areas will be fully comparable with last year's until the fourth quarter of 2001. Selling expenses increased by 11.7% to Ps. 1.417 billion, reflecting an increase in the distribution expenses from the acquisition of third party distributors over the last twelve months in Tlaxcala, Oaxaca, Zacatecas and Coatzacoalcos (approximately 2.4% of total domestic sales volume) and higher wages and salaries. In addition, selling expenses increased reflecting the growth of "demand-related" expenses (marketing and advertising) reflecting management's objective to stimulate consumption. It is important to highlight that "channel-related" expenses and investments in tied accounts have been successfully contained and rationalized in certain cases, the objective being to reassign resources from low impact investments into high impact consumer activation programs and sponsorships. FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and before deduction of management fees paid to FEMSA and to Labatt, increased by 12.2% to Ps. 432.2 million compared to the first quarter of 2001. FEMSA Cerveza's operating margin before deduction of management fees remained stable at 10.1% of total revenues for the first quarter of 2001.

## Coca-Cola FEMSA

### Net Sales

Coca-Cola FEMSA recorded net sales growth of 4.3% to Ps. 4.061 billion, primarily reflecting the net effect of (i) 7.2% net sales growth recorded by the Mexican territories in connection with a 3.9% increase in volume and a 3.1% improvement in the average unit price per case and (ii) 4.5% decline in net sales recorded for the Buenos Aires territories despite an increase of 5.9% in volume obtained for the first quarter of 2001, reflecting the increasing proportion of the lower priced value protection brands in the Buenos Aires product portfolio. The on-going reinforcement of the cola segment in returnable packages has resulted in strong growth of the cola segment, particularly in the Valley of Mexico territory. As of March 31, 2001, the cola segment represented 76.6% of the Mexican volumes, flavors represented 19.5% and water represented 3.9% of the product mix, the latter displaying a strong growth of 21.5% in the first quarter mostly in the Valley of Mexico related to the reintroduction of "Ciel" still water and the launching of "Ciel" mineral water, which was introduced on late March. Furthermore, Coca-Cola FEMSA introduced "Senzao", a new carbonated guarana-flavor beverage in Mexico, during April of 2001. Management estimates that Coca-Cola FEMSA's volumes in the Mexican Territories increased above the volume growth experienced by the Coca-Cola system in Mexico, notwithstanding the greater improvement in Coca-Cola FEMSA's revenue per case relative to other bottlers in Mexico, attributable principally to the price increases put through last November (9% nominal weighted average) and the successful implementation of revenue management in Mexico.

VOLUME GROWTH 1 Qtr 01 vs 1 Qtr 00	
	Total
Mexico	3.9%
Buenos Aires	5.9%
Total	4.4%

Volume growth for the Buenos Aires Territory was led by growth in the value protection category, principally in large size non-returnable presentations, which, in addition to new product launches, contributed importantly to the increasing proportion of flavors in the Buenos Aires portfolio from 24.5% of the mix in the first quarter of 2000 to 31.3% of the mix in the first quarter of 2001. Revenue per case in the Buenos Aires territories declined by 9.9% relative to the first quarter of 2000, precisely reflecting the growing proportion of value protection brands in the product portfolio. In connection with Coca-Cola FEMSA's strategy to widen its product offering to all consumers and thus compete more effectively in the non-alcoholic beverage category, management launched several products during the first quarter of 2001 such as Crush (orange and grapefruit), Tai (Grapefruit) and KIN Mineral Water, all in 2.25 lt. PET presentations. In addition, management launched Coca-Cola (one liter returnable) and Schweppes (290 ml. non-returnable glass). Management estimates that Coca-Cola FEMSA's volumes in the Buenos Aires Territory increased approximately 9 percentage points below the comparable volume growth experienced by the Coca-Cola system and below the soft-drink industry in Argentina, reflecting a strong comparative base for the first quarter of 2000 for Coca-Cola FEMSA..

Volume growth for the Buenos Aires Territory was led by growth in the value protection category, principally in large size non-returnable presentations, which, in addition to new product launches, contributed importantly to the increasing proportion of flavors in the Buenos Aires portfolio from 24.5% of the mix in the first quarter of 2000 to 31.3% of the mix in the first quarter of 2001. Revenue per case in the Buenos Aires territories declined by 9.9% relative to the first quarter of 2000, precisely reflecting the growing proportion of value protection brands in the product portfolio. In connection with Coca-Cola FEMSA's strategy to widen its product offering to all consumers and thus compete more effectively in the non-alcoholic beverage category, management launched several products during the first quarter of 2001 such as Crush (orange and grapefruit), Tai (Grapefruit) and KIN Mineral Water, all in 2.25 lt. PET presentations. In addition, management launched Coca-Cola (one liter returnable) and Schweppes (290 ml. non-returnable glass). Management estimates that Coca-Cola FEMSA's volumes in the Buenos Aires Territory increased approximately 9 percentage points below the comparable volume growth experienced by the Coca-Cola system and below the soft-drink industry in Argentina, reflecting a strong comparative base for the first quarter of 2000 for Coca-Cola FEMSA..

MARGINS		
	1 Qtr 01	1 Qtr 00
Gross margin	51.8%	49.6%
Operating margin	19.4%	16.0%

### Gross Profit

Coca-Cola FEMSA's cost of goods sold increased only by 1.4% to Ps. 2.011 billion, despite consolidated volume growth of 4.4% and decreased as a percentage of sales by 1.4 percentage points to 49.5%. Coca-Cola FEMSA's gross profit, which increased by 9.0%, is both a consequence of revenue growth and a continuous decline in average cost per unit case as a result of (i) scale and operational-driven efficiencies, (ii) the appreciation of the Peso against the U.S. dollar and (iii) lower or stable raw

material prices in real Peso terms. Coca-Cola FEMSA recorded a gross margin improvement of 2.2 percentage points to 51.8% of net sales.

### ***Income from Operations***

Operating expenses increased by 0.3% (excluding goodwill amortization) and decreased as a percentage of sales by 1.5 percentage points to 31.1%. Operating expenses for the Mexican operations increased by 1.0% relative to the first quarter of 2000 and decreased by 2.0 percentage points as a percentage of total revenues. The increase in operating expenses in Mexico reflects higher wages and salaries, technology and maintenance related expenditures. Operating expenses for the Buenos Aires territories decreased by 1.8% relative to the first quarter of last year and remained stable as a percentage of total revenues, reflecting efforts to continue reducing operating expenses in such franchise. Coca-Cola FEMSA's income from operations after amortization of goodwill increased by 27.2% to Ps. 797.4 million in 2001 from Ps. 626.7 million in 2000, reflecting the (i) an increase of 29.8% in income from operations of Coca-Cola FEMSA's Mexican operations, and (ii) an increase of 5.1% in income from operations of Coca-Cola FEMSA's Argentine operations. Coca-Cola FEMSA's operating margin increased by 3.4 percentage points to 19.4% of total revenues in 2001 from 16.0% of total revenues in 2000.

## FEMSA Comercio

### Net Sales

FEMSA Comercio's net sales increased by 21.8% to Ps. 2.070 billion reflecting 20% net sales growth recorded by FEMSA Comercio's convenience store chain "Oxxo" and 171% net sales growth recorded by FEMSA Comercio's discount store chain "Bara", representing 2.8% of FEMSA Comercio's net sales as of March 31, 2001. Oxxo net sales growth was the result of (i) the net addition of 30 stores during the first quarter of 2001 and 258 stores for the past twelve months and (ii) relatively stable average same store sales as compared with the first quarter of 2000. While approval and construction of new Oxxo sites is well in progress, management expects most of the new sites planned for 2001 to begin operating during the second half of the year. Relatively flat same store sales growth is the result of a decline in traffic of 2.9%, which was compensated by an increase in average ticket per customer of 3.3%. Management believes that this phenomenon occurs when Oxxo's customers buy slightly bigger ticket items and less smaller ticket items of higher consumption frequency products such as soft-drinks, water, juices and dairy products. The decline in traffic can be partially attributed to rising unemployment in the north of Mexico where the effect in convenience sales is felt almost immediate. FEMSA Comercio estimates that average same store sales growth for the organized retail industry decreased by approximately 0.1% in the first quarter of 2001. As of March 31, 2001, FEMSA Comercio had 1,481 Oxxo sites and 29 Bara sites in operation.

OPERATING HIGHLIGHTS	
% CHANGE 00	1 Qtr 01 vs 1 Qtr
New stores 1 Qtr 01	30
Net sales	21.8%
Same store sales	0.4%
Income from operations Before management fees	12.0%

### Gross Profit

FEMSA Comercio recorded gross profit of Ps. 511.4 million, an increase of 20.1% over the comparable period last year. Notwithstanding the increase in gross profit, FEMSA Comercio's gross margin declined by 0.4 percentage points reflecting a reduction in anticipated purchases of beer relative to last year given the fact that the beer price increase of 2001 was implemented across the first quarter of 2001, as opposed to January, as it had been done in the past.

MARGINS		
	1 Qtr 01	1 Qtr 00
Gross margin	24.7%	25.1%
Operating margin before management fees	3.6%	3.9%

### Income from Operations

Operating expenses increased by 21.6% to Ps. 436.9 million and remained relatively stable as a percentage of total revenues at 21.1% as compared to the same period last year. The increase in administrative expenses relative to the first quarter of 2000 reflects (i) a larger administrative structure necessary to begin operations in new cities and (ii) technology related expenses in connection with the upgrade of FEMSA Comercio's information technology systems and e-commerce related expenses. While selling expenses increased as a result of an improvement in Oxxo's compensation schemes to its employees and store commissioners effective July 2000, all other operating expenditures such as utilities, marketing, maintenance, rents and depreciation and amortizations decreased as a percentage of sales reflecting scale and other operational efficiencies. FEMSA Comercio recorded income from operations, before deduction of management fees, of Ps. 74.5 million for the first quarter of 2001, an increase of 12.0% from the Ps. 66.5 million recorded in the first quarter of 2000. The Oxxo Chain recorded operating income growth of 23% for the first quarter of 2001. FEMSA Comercio's operating margin before management fees decreased by 0.3 percentage points to 3.6% of total revenues from 3.9% in the first quarter of 2000.

## FEMSA Empaques

### Net Sales

FEMSA Empaques net sales increased by 7.4% to Ps. 1.461 billion reflecting an increase in sales of all of FEMSA Empaques main product lines except beverage cans relative to the first quarter of 2000. Despite the 25.3% increase of beverage cans sales to FEMSA Cerveza in connection with the recovery in the sales of beer in can presentations; such strong growth was offset by large declines in the sales of beverage cans to Coca-Cola FEMSA and to Industria Enlatadora de Queretaro ("IEQSA"). Management believes that reduced demand for empty soft-drink beverage cans reflects a decline in canned soft-drink sales in the Mexican soft-drink industry. Furthermore, a more competitive environment in the beverage can domestic market has pressured the prices for products in Mexico (quoted in U.S. dollars) and given rise to a small market share loss of FEMSA Empaques against other domestic producers.

<b>VOLUME GROWTH</b>	
<b>1 Qtr 01 vs 1 Qtr 00</b>	
Beverage cans	(2.5)%
Crown caps	14.6%
Glass bottles	34.1%
Refrigerators	29.2%

Glass bottles volumes increased by 34.1% during the first quarter of 2001 primarily as a result of higher sales to affiliates and to FEMSA Empaques' third party clients. Sales to FEMSA Cerveza increased by 28.4% reflecting the growth in beer volumes experienced in the first quarter of 2001 and a recently instituted bottle substitution program at FEMSA Cerveza. Glass bottle sales to Coca-Cola FEMSA and to third parties increased by 12.1% and 71.7% respectively compared to the first quarter of 2000, the later as a result of FEMSA Empaques' efforts to increase its participation in the domestic glass container market with the objective of improving capacity utilization of its glass furnaces. Management expects the profitability of this business to recover as sales to the third party market continue to grow, and despite the gradual but steady decline in the real price of glass bottles in the domestic market. Sales volumes for commercial refrigerators increased by 29.2% for the first quarter of 2001, as a result of increased sales to FEMSA Cerveza and Coca-Cola FEMSA in connection with their cold-drink placement programs.

<b>MARGINS</b>		
	1 Qtr 01	1 Qtr 00
Gross margin	23.8%	24.3%
Operating margin before management fees	14.6%	14.5%

### Gross Profit

Notwithstanding the increase in FEMSA Empaques' gross profit of 5.2% to Ps. 347.6 million, the gross margin decreased by 0.5 percentage points to 23.8% of net sales for the first quarter of 2001. The real appreciation of the Peso against the U.S. dollar continued to pressure gross margins of the beverage can and crown cap business, as has been the case over the past two years, which offset the benefit obtained from improved gross margins for the glass bottle business as of the first quarter of 2001.

### Income from Operations

Operating expenses increased by 1.1% to Ps. 133.9 million and decreased as a percentage of sales by 0.5 percentage points. While administrative expenses actually decreased 7.7% in absolute terms, selling expenses increased by 6.2%, reflecting an increase in variable selling expenses, namely freight, in connection with the growth in volume of principal products. Income from operations before management fees increased by 7.9% to Ps. 213.7 million, primarily reflecting the increase in net sales for the first quarter of 2001, and FEMSA Empaques' operating margins before deduction of management fees increased slightly by 0.1 percentage points to 14.6% of total revenues for the first quarter of 2001.

Set forth before is certain unaudited financial information for Fomento Económico Mexicano, S.A. de C.V. and its subsidiaries (“FEMSA” or the “Company”) (NYSE: FMX; BMV: FEMSA UBD) for the first quarter and three months ended March 31, 2001, compared to the first quarter and three months ended March 31, 2000. FEMSA is a holding company whose principal activities are grouped under the following seven subholding companies (the “Subholding Companies”) and carried out by their respective operating subsidiaries: FEMSA Cerveza, S.A. de C.V. (“FEMSA Cerveza”), which engages in the production, distribution and marketing of beer; Coca-Cola FEMSA, S.A. de C.V. (“Coca-Cola FEMSA”), which engages in the production, distribution and marketing of soft drinks; FEMSA Empaques, S.A. de C.V. (“FEMSA Empaques”), which engages in the production and distribution of packaging materials; FEMSA Comercio, S.A. de C.V. (“FEMSA Comercio”), which engages in the operation of convenience stores; Desarrollo Comercial FEMSA, S.A. de C.V. (“DCF”), which owns 50.01% of the voting capital stock of Empresas Amoxxo, S.A. de C.V. (“Amoxxo”), which operates convenience stores adjacent to gasoline stations; Logística CCM, S.A. de C.V. (“Logística CCM”) which provides logistics management services to FEMSA Cerveza, and FEMSA Logística, S.A. de C.V. (“FEMSA Logística”), which provides logistics management services to Coca-Cola FEMSA, FEMSA Empaques and, recently, to third party clients.

All of the figures in this report have been restated in constant Mexican pesos (“Pesos” or “Ps.”) with purchasing power as of March 31, 2001 and were prepared in accordance with Mexican Generally Accepted Accounting Principles (“Mexican GAAP”). As a result, all percentage changes are expressed in real terms. The restatement was determined as follows:

- For the results of the Mexican operations, using factors derived from the Mexican National Consumer Price Index (“NCPI”). To restate March 2000 pesos to March 2001 pesos, the Company applied an inflation factor of 1.0788 and to restate December 2000 pesos to March 2001 pesos, the Company applied a 1.0099 inflation factor.
- For the results of the Buenos Aires operations, using factors derived from the Argentine National Consumer Price Index of 0.9827 to restate March 2000 Argentine pesos to March 2001 pesos and of 0.9976 to restate December 2000 Argentine pesos to March 2001 pesos; and converting constant Argentine pesos into Pesos, based on the March 31, 2001 exchange rate of Ps. 9.4855 per Argentine peso.

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

#### **IMPORTANT NOTICES:**

We invite you to register in our *NEW* Investor Relations Site located at <http://ir.femsa.com> to receive all of our press releases, earnings releases and IR Events automatically through our e-mail alert service.

Please contact FEMSA’s Investor Relations officers if you wish to have your name added or removed from this distribution list or to receive this press release through a specific medium only.

Three pages of tables to follow



**OPERATING DATA**

For the three months ended March 31, 2001 y 2000

**FEMSA Cerveza**

**Sales Volume  
(Thousand hectoliters)**

	2001	2000	%Var
Domestic:			
Returnable	3,912	3,611	8.3
Non-returnable	163	136	19.9
Cans	962	724	32.9
Total Domestic	5,037	4,471	12.7
Exports	338	318	6.3
Total Volume	5,375	4,789	12.2
Exports revenues:			
Millions Ps.	221.2	225.8	(2.0)
US Millions	23.0	22.1	4.0

**Coca-Cola FEMSA**

**Sales Volumes  
(Millions of Unit Cases)**

	2001	2000	%Var
Valley of México	81.3	77.4	5.0
Southeast	26.7	26.5	0.8
Mexico	108.0	103.9	3.9
Buenos Aires	35.6	33.7	5.9
Total	143.6	137.6	4.4

**Presentation Mix (%)**

<b>(Returnable/Non-Returnable)</b>	2001	2000
Valley of Mexico	42/58	42/58
Southeast	48/52	53/47
Valley of Mexico	44/56	45/55
Buenos Aires	7/93	10/90
Total	35 /65	36/64

**FEMSA Empaque**

**Total Sales Volume  
(Millions of pieces)**

	2001	2000	%Var
Cans	643.5	660.0	(2.5)
Crown caps	3,255.2	2,839.4	14.6
Glass Bottles	194.4	145.0	34.1
Refrigerators (Ths)	34.5	26.7	29.2
Export volumes:			
Cans	51.6	67.7	(23.8)
Crown caps	1,596.8	1,216.0	31.3
Can lids	138.5	99.1	39.8
Exports revenues:			
Millions Ps.	155.2	144.0	7.8
US Millions	16.1	14.1	14.3

**Percentage of sales revenue by client category:**

	2001	2000	var p.p.
Intercompany sales	58.6	49.2	9.4
FEMSA Cerveza	47.7	36.5	11.2
Coca-Cola FEMSA	10.9	12.7	(1.8)
Third-party sales	41.3	50.8	(9.5)
Domestic	31.7	40.8	(9.1)
Export	9.6	10.0	(0.4)
Total	100.0	100.0	

**FEMSA Comercio**

	2001	2000	%Var
Total stores	1,481	1,223	+ 258
New stores	30	26	+ 4
Comparative same stores:			
Average monthly sales (Ths. Ps.)	477.2	475.4	0.4



Income Statement  
For the First Quarter of:  
Millions of pesos as of March 31, 2001

	FEMSA Cerveza		Coca-Cola FEMSA		FEMSA Empaques		FEMSA Comercio		Amoxxo		FEMSA Logística		FEMSA Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Net sales	4,236.3	3,786.5	4,060.9	3,894.3	1,460.5	1,360.4	2,070.0	1,699.6	443.2	382.3	342.3	289.7	10,850.0	10,004.0
Other revenues	32.8	23.0	54.1	19.3	1.7	1.6	0.2	0.2	0.0	0.0	3.0	0.9	61.0	31.0
Total revenues	4,269.1	3,809.5	4,115.0	3,913.6	1,462.2	1,362.0	2,070.2	1,699.8	443.2	382.3	345.3	290.6	10,911.0	10,035.0
Cost of good sold	1,923.3	1,751.3	2,010.9	1,982.8	1,114.6	1,031.6	1,558.8	1,273.9	404.0	349.2	288.6	242.0	5,532.0	5,178.0
Gross margin	2,345.8	2,058.2	2,104.1	1,930.8	347.6	330.4	511.4	425.9	39.2	33.1	56.7	48.6	5,379.0	4,857.0
Administrative expenses	497.8	393.0	311.2	304.5	44.2	47.9	48.3	38.1	2.2	3.7	26.5	21.4	1,007.9	927.6
Sales expenses	1,417.1	1,268.2	966.9	969.8	89.7	84.5	388.6	321.3	30.1	28.5	0.0	0.0	2,888.0	2,670.0
Serv paid to Labatt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.5	27.5
Goodwill Amortization	0.0	0.0	28.6	29.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.6	29.9
Operating expenses	1,914.9	1,661.2	1,306.7	1,304.1	133.9	132.4	436.9	359.4	32.3	32.2	26.5	21.4	3,953.0	3,655.0
EBIT	430.9	397.0	797.4	626.7	213.7	198.0	74.5	66.5	6.9	0.9	30.2	27.2	1,426.0	1,202.0
L-USA	1.3	(11.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	(12.0)
EBIT Comparable	432.2	385.2	797.4	626.7	213.7	198.0	74.5	66.5	6.9	0.9	30.2	27.2	1,427.0	1,190.0
Management fee	94.9	91.7	0.0	0.0	22.5	20.8	6.7	5.0	0.0	0.0	0.0	0.0	0.0	0.0
Total EBIT	337.3	293.5	797.4	626.7	191.2	177.2	67.8	61.5	6.9	0.9	30.2	27.2	1,427.0	1,190.0
Depreciation	233.3	220.9	155.8	153.6	54.0	57.5	18.2	18.1	1.8	1.9	7.9	12.3	473.2	468.6
Other non-cash charges	221.0	236.2	123.4	137.8	8.5	4.8	15.8	12.6	3.0	3.1	1.1	0.6	377.7	400.2
EBITDA	791.6	750.6	1,076.6	918.1	253.7	239.5	101.8	92.2	11.7	5.9	39.2	40.1	2,277.9	2,058.8

**Comparable**

EBIT/Revenues	10.1	10.1	19.4	16.0	14.6	14.5	3.6	3.9	1.6	0.2	8.7	9.4	13.1	11.9
EBITDA/Revenues	20.8	22.1	26.2	23.5	18.9	19.1	5.2	5.7	2.6	1.5	11.4	13.8	20.9	20.5

**Total**

EBIT/Revenues	7.9	7.7	19.4	16.0	13.1	13.0	3.3	3.6	1.6	0.2	8.7	9.4	13.1	11.9
EBITDA/Revenues	18.5	19.7	26.2	23.5	17.4	17.6	4.9	5.4	2.6	1.5	11.4	13.8	20.9	20.5

<b>Capital Expenditures</b>	895.7	632.2	134.6	286.7	36.1	66.9	105.7	49.6	5.1	10.8	(7.9)	12.9	1,711.0	1,059.2
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## CONSOLIDATED INCOME STATEMENT

For the three months ended March 31,:

## BALANCE SHEET

As of March 31, :

(Expressed in Millions of Pesos as of March 31, 2001)

	2001	2000	%Var
Net sales	10,850	10,004	8.5
Other operating revenues	61	31	96.8
Total revenues	10,911	10,035	8.7
Cost of sales	5,532	5,178	6.8
Gross profit	5,379	4,857	10.7
Administrative expenses	1,065	985	8.1
Selling expenses	2,888	2,670	8.2
Operating expenses	3,953	3,655	8.2
	1,426	1,202	18.6
Participation in affiliated companies	1	(12)	(108.3)
Income from operations	1,427	1,190	19.9
Interest expense	231	263	(12.2)
Interest income	143	96	49.0
Interest expense, net	88	167	(47.3)
Foreign exchange loss (gain)	(41)	1	(4,200.0)
Gain on monetary position	5	77	(93.5)
Integral result of financing	42	91	(53.8)
Other expenses	59	21	181.0
Income before taxes	1,326	1,078	23.0
Taxes	556	481	15.6
Effect of changes in accounting principles	(27)		
Net Income	743	597	24.5
Majority net income	494	417	18.5
Minority net income	249	180	38.3

	% Total Revenues		
	2000	2001	Var P.P.
Net sales	99.4	99.7	(0.3)
Other operating revenues	0.6	0.3	0.3
Total revenues	100.0	100.0	-
Cost of sales (1)	51.0	51.8	(0.8)
Gross profit (1)	49.6	48.6	1.0
Administrative expenses	9.8	9.8	-
Sales expenses	26.5	26.6	(0.1)
Operating expenses	36.2	36.4	(0.2)
	13.1	12.0	1.1
Participation in affiliated companies	-	(0.1)	0.1
Income from operations	13.1	11.9	1.2

(1) % to Net sales

ASSETS	2001	2000	% Var
Cash and cash equivalents	4,280	2,986	43.3
Accounts receivable	2,835	2,782	1.9
Inventories	4,242	3,920	8.2
Prepaid expenses	1,201	671	79.0
Total Current Assets	12,558	10,359	21.2
Property, plant and equipment, net	26,907	27,259	(1.3)
Deferred charges and other assets	6,118	6,377	(4.1)
TOTAL ASSETS	45,583	43,995	3.6

### LIABILITIES & STOCKHOLDERS' EQUITY

Bank loans	1,650	1,199	37.6
Current maturities long term debt	301	1,239	(75.7)
Interest payable	230	218	5.5
Operating liabilities	6,201	6,094	1.8
Total Current Liabilities	8,382	8,750	(4.2)
Bank loans	6,794	7,209	(5.8)
Labor liabilities	733	549	33.5
Other liabilities	4,198	4,085	2.8
Total Liabilities	20,107	20,593	(2.4)
Total Stockholders' equity	25,476	23,402	8.9
LIABILITIES & STOCKHOLDERS' EQUITY	45,583	43,995	3.6

### Capital expenditures

Millions of pesos	1,171	1,059	10.6
Millions of dollars	123.5	106.0	16.5

### FINANCIAL RATIOS

Liquidity	1.50	1.18	0.31
Debt service coverage (2)	25.88	12.33	13.56
Leverage	0.79	0.88	(0.09)
Capitalization	0.27	0.32	(0.04)

(2) Income from operations + depreciation + other non-cash charges

/ interest expense, net