



FEMSA Reports Third Quarter 1999 and First Nine Months 1999 Results

Consolidated Operating Margin for the Third Quarter of 1999 Improves by 0.8 Percentage Points to Reach 16.3%

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MONTERREY, Mexico--(BUSINESS WIRE)--Oct. 27, 1999--Fomento Economico Mexicano S.A. (NYSE:FMX) ("FEMSA" or the "Company") reported today consolidated net sales of Ps. 9.365 billion for the third quarter and Ps. 27.178 billion for the first nine months ended Sept. 30, 1999, an increase of 3.4% and 4.8%, respectively, over the comparable periods last year.

Consolidated revenue growth was driven by revenue growth in three of FEMSA's principal divisions -- FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Comercio. Revenue growth in the beverage divisions is primarily a consequence of volume growth and stronger pricing experienced by FEMSA Cerveza and Coca-Cola FEMSA's Mexican operations. In the retail division, revenue growth is attributable to same store sales growth and an increase in the number of stores.

The Company recorded consolidated operating income of Ps. 1.533 billion for the third quarter and Ps. 4.090 billion for the first nine months of 1999, an increase of 8.2% and 8.4%, respectively, each over the comparable periods last year. The Company registered an operating margin for the third quarter of 1999 of 16.3%, a 0.8 percentage point improvement over the 15.5% operating margin achieved in the third quarter of 1998. The Company's operating margin for the first nine months of 1999 reached 15.0%, 0.5 percentage points above the first nine months of 1998.

Jose Antonio Fernandez, chief executive officer of the Company, stated, "Once again, our efforts to continue improving the profitability of our businesses have yielded satisfactory results, reflecting a benign economic environment for our beverage and retail operations in Mexico and the notable efforts undertaken by FEMSA Empaques to mitigate the effect of the appreciation of the Peso on FEMSA Empaques' profitability, through cost reduction and efficiency measures. We believe we have advanced significantly in defining the strategic role for each of our businesses and continue to direct our efforts to the creation of sustained competitive advantages which we believe will lead to greater value creation for our shareholders."

Net majority income increased by 563.2% to Ps. 756 million for the third quarter of 1999 and by 364.6% to Ps. 2.123 billion for the first nine months of 1999, each compared to the same period last year. Earnings per FEMSA Unit for the third quarter and for the first nine months of 1999 amounted to Ps. 0.708 and Ps. 1.987, respectively. Earnings per ADR for the third quarter and for the first nine months of 1999 amounted to US\$ 0.797 and US\$ 2.125, respectively.

This is a summary of the Company's report of the results for the second quarter and first half of 1999. We encourage you to read the full text of the report, which has been filed with the U.S. Securities and Exchange Commission on form 6-K. If you would like a copy of the report you can contact FEMSA's Investor Relations department at the numbers below or visit our Web site at www.femsa.com.

All of the figures in this report have been restated in constant Mexican pesos ("Pesos" or "Ps.") with purchasing power as of June 30, 1999 and were prepared in accordance with Mexican generally accepted accounting principles ("Mexican GAAP"); therefore, all the percentage changes are expressed in real terms.