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FEMSA Achieves Record Revenues of Ps. 26.886 Billion (US\$ 2.5 billion) in 2Q05

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MONTERREY, Mexico, July 28 /PRNewswire-FirstCall/ -- Fomento Economico Mexicano, S.A. de C.V. ("FEMSA") (NYSE: FMX; BMV: FEMSAUBD), today announced its operational and financial results for the second quarter and first half of 2005.

Second Quarter 2005 Highlights

FEMSA:

- | Total revenues increased 11.2% to Ps. 26.886 billion (US\$ 2.5 billion), led by double-digit growth at Oxxo and strong performance at Coca-Cola FEMSA and FEMSA Cerveza.
- | Income from operations increased 13.5% to Ps. 4.258 billion (US\$ 396 million), driven by double-digit growth from Coca-Cola FEMSA and Oxxo.
- | Income before taxes increased 38.9%, while net income decreased 26.7% to Ps. 2.116 billion (US\$ 197million) due to last year's comparison base that included a one-time tax credit at KOF.
- | In dollar terms, net debt decreased 20.0% compared with 1Q05, mainly due to the payment of US \$500 million in bridge loans with cash obtained from our equity offering.

Business Units:

- | Record results at Coca-Cola FEMSA, with a 9.5% increase in total sales volume and 23.4% increase in income from operations in the quarter. Sales volume increased in all territories.
- | FEMSA Cerveza achieved solid domestic and export beer volume growth of 4.1% and 9.4%, respectively in the quarter. However, it experienced a 2.5% decline in income from operations.
- | Oxxo increased its total revenues by 23.5%, driven by 97 net new stores and a 6.3% increase in same-store sales. Oxxo's operating margin expanded 40 basis points in the quarter.

"We are pleased with our performance for the quarter and the first half of 2005. Every one of our businesses delivered solid top-line results. Coca-Cola FEMSA, in particular, had impressive operating numbers as evidence of strong execution in an improved industry environment. At the consolidated level we achieved double-digit growth in operating income as well as margin expansion. Of equal importance, we are on track in our initiatives towards a more integrated beverage platform," 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 FEMSA