



FEMSA Reports Second Quarter 1999 and First Half 1999 Results

Consolidated Operating Margin for the Second Quarter of 1999 Improves by 1.0 Percentage Point to Reach a Record High of 17.5%

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MONTERREY, Mexico--(BUSINESS WIRE)--July 28, 1999-- Fomento Economico Mexicano S.A. ("FEMSA" or the "Company") (NYSE:FMX) reported today consolidated net sales of Ps. 9.5 billion for the second quarter and Ps. 17.5 billion for the first half ended June 30, 1999, an increase of 3.6% and 5.5%, 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 price improvement, particularly for the Company's Mexican operations. In the retail division, revenue growth resulted from growth in the number of stores and in same store sales.

The Company recorded consolidated operating income of Ps. 1.7 billion for the second quarter and Ps. 2.5 billion for the first half of 1999, an increase of 9.9% and 10.0%, respectively, each over the comparable periods last year. The Company registered a record high operating margin for the second quarter of 1999 of 17.5%, a 1.0 percentage point improvement over the 16.5% operating margin achieved in the second quarter of 1998. The Company's operating margin for the first half of 1999 reached 14.5%, 0.7 percentage points above the first half of 1998.

Jose Antonio Fernandez, chief executive officer of the Company, said, "I am pleased with FEMSA's financial and operating performance achieved so far in 1999. The second quarter results reflect a better than expected performance of the Mexican economy and, consequently, increased consumer confidence, stable raw material costs, a strong currency environment and, most importantly, our continuous efforts and commitment to improve the Company's profitability. Over the past four years, we have focused on improving the operating profitability of all of our businesses with very encouraging results. We believe, however, that we have important opportunities to continue improving and we will pursue them with the same commitment and consistency demonstrated so far."

Net majority income increased by 119.0% to Ps. 690 million for the second quarter of 1999, and by 298.8% to Ps. 1.34 billion for the first half of 1999, each compared to the same period last year. Earnings per Unit for the second quarter and for the first half of 1999 amounted to Ps. 0.646 and Ps. 1.254, respectively. Earnings per ADR for the second quarter and for the first half of 1999 amounted to 0.684 dollars and 1.328 dollars, 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 above 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.

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