



FEMSA Reports Results for Second Quarter and First Half Ended June 30, 2001; Consolidated Majority Net Income Increased by 40.3% for the Second Quarter

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MONTERREY, Mexico--(BUSINESS WIRE)--July 26, 2001--Fomento Economico Mexicano, S.A. de C.V. ("FEMSA" or the "Company") (NYSE:FMX) (BMV:FEMSA UBD), Mexico's largest and one of Latin America's leading beverage companies, today reported an increase in majority net income of 40.3% for the second quarter reflecting the increase in consolidated income from operations and the gain recorded by the consolidated integral result of financing.

Consolidated net sales reached Ps. 12.814 billion for the second quarter of 2001, an increase of 7.5% over the second quarter of 2000 driven primarily by an increase of 6.9% and 24.0% in total revenues recorded by Coca-Cola FEMSA and by FEMSA Comercio, respectively. FEMSA Cerveza recorded revenue growth of 2.9% for the second quarter of 2001 driven by the nominal increase in the domestic price of beer implemented mostly during the first quarter of 2001.

The Company recorded consolidated operating income of Ps. 2.329 billion for the second quarter of 2001, an increase of 3.8% over the comparable period last year. The operating margin for the second quarter of 2001 declined by 0.7 percentage points to 18.1% of total revenues.

Jose Antonio Fernandez, FEMSA's Chief Executive Officer, noted that the performance of the Company had been solid considering the challenging environment, as the growth slowdown experienced by the United States since mid 2000 and the appreciation of the peso vis-a-vis the dollar dampened the strength of the Mexican economy, and in turn affected demand for beer and growth in traffic in FEMSA's convenience retail outlets.

On the basis of these developments and revised macroeconomic assumptions, volume growth projections for FEMSA Cerveza had been trimmed down slightly, although the outlook for the profitability of FEMSA's soft-drinks operations had been bolstered by the outstanding performance to date of franchises in Mexico and Argentina.

Looking ahead, there are growing signs that Mexico's growth slowdown may be over as lower inflation and an improved global environment should support a recovery in 2002, with real GDP growth projected at about 5 percent, more than twice the likely 2001 out turn. Mr. Fernandez also noted that the first phase of FEMSA Cerveza's new strategy was being implemented successfully and slated for completion by the end of this year -- a milestone that should provide a deeper understanding of the medium term benefits of a firm focus on expanding the domestic beer market.

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

FEMSA is Latin America's largest beverage company with exports to the United States, Canada and numerous countries in Latin America, Europe and the Far East. Founded in 1890 and with headquarters in Monterrey, Mexico, FEMSA operates through the following subsidiaries: FEMSA Cerveza, which produces and distributes name brands of beer such as Tecate, Carta Blanca, Superior, Sol, XX Lager, Dos Equis and Bohemia; Coca-Cola FEMSA, one of two "Anchor Bottlers" for The Coca-Cola Company in Latin America, which produces and distributes soft drinks including Coca-Cola, Coca-Cola Light, Sprite, Fanta and Quatro; FEMSA Empaques, which supports the beverage operations by producing beverage cans, glass bottles, crown caps, labels, commercial refrigerators, and serves third party clients throughout the Americas; FEMSA Comercio, which operates OXXO, Mexico's most extensive chain of convenience stores; Desarrollo Comercial FEMSA, which operates OXXO Express, a chain of convenience stores adjacent to gasoline stations; Logistica CCM, which provides logistic management services to FEMSA Cerveza; and FEMSA Logistica, which provides logistics management services to Coca-Cola FEMSA, FEMSA Empaques, and, recently, to third party clients.

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