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Friday February 5th is a holiday in Mexico. However, please note that management will be available to answer questions

FEMSA Releases Audited Financial Results for the Fourth Quarter and Twelve Months ended December 31, 1998

Monterrey, Mexico (February 4, 1999) — Set forth below is certain audited financial information for Fomento Económico Mexicano, S.A. de C.V. ("FEMSA" or the "Company", formerly Valores Industriales, S.A) (NYSE: FMX) for the fourth quarter and twelve months ended December 31, 1998. FEMSA is a holding company, whose principal activities are grouped under the following six sub-holding 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; and FEMSA Logística, S.A. de C.V.("FEMSA Logística") which provides transportation and logistical services to FEMSA Cerveza and Coca-Cola FEMSA.

All figures are expressed in constant Mexican pesos ("Peso" or "Ps.") with purchasing power as of December 31, 1998 and were prepared in accordance with Mexican generally accepted accounting principles ("Mexican GAAP").

HIGHLIGHTS

Year ended December 31, 1998

- Strong volume and net sales growth largely offset the negative effect of the real depreciation of the Peso on the cost of goods sold. As a result, consolidated gross margin was relatively stable in 1998 relative to 1997. Consolidated operating margin in 1998 declined by 30 basis points reflecting increases in operating expenses recorded by FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques.
- Consolidated net interest expense declined by 26.4% in 1998, reflecting a US$ 297 million decline in consolidated total debt. The decline in interest expense partially offset the increase in consolidated foreign exchange loss that was attributable to the depreciation of the Peso against the Dollar during 1998.
- Consolidated net income declined by 27.3% in 1998 primarily as a result of the increase in the consolidated integral result of financing reflecting the foreign exchange loss recorded in 1998 and the increase in non-recurring other expenses from asset write-offs of Coca-Cola FEMSA and severance payments incurred by FEMSA Cerveza and Coca-Cola FEMSA.

Three Months ended December 31, 1998

- Strong consolidated net sales growth resulted from strong volume growth recorded by FEMSA Cerveza and Coca-Cola FEMSA.
- Consolidated gross margin declined due to the cumulative effect on the cost of goods sold of the real depreciation of the Peso during the year ended December 31, 1998, notwithstanding net sales growth and the appreciation of the Peso against the Dollar in the fourth quarter of 1998.
- The appreciation of the Peso against the Dollar during the fourth quarter generated a foreign exchange gain that resulted in a significant increase in consolidated net income for the quarter.

Audited Financial Results for the Fourth Quarter ended December 31, 1998

FEMSA Consolidated

Total Revenues/Net Sales

FEMSA's consolidated total revenues increased by 13.2% to Ps. 9,097 million and consolidated net sales increased by 13.8% to Ps. 9,041 million during the fourth quarter of 1998 compared to the fourth quarter of 1997. The increase in consolidated net sales was attributable to strong sales growth recorded by each of the Company's principal operating subsidiaries primarily reflecting sales volume growth and, in the case of FEMSA Comercio, same store sales growth of 11.9% as well as an increase in the number of Oxxo stores.

NET SALES GROWTH	**4 Qtr. 98 vs 4Qtr. 97**
FEMSA Consolidated	13.8%
FEMSA Cerveza	7.1%
Coca-Cola FEMSA	14.9%
FEMSA Empaques	13.2%
FEMSA Comercio	16.7%

Gross Profit

FEMSA´s consolidated cost of goods sold increased by 16.9% to Ps. 5,015 million during the fourth quarter of 1998, primarily reflecting growth in volumes and the cumulative effect on the cost of goods sold of the real depreciation of the Peso against the Dollar during 1998. FEMSA's consolidated gross profit increased by 9.0% to Ps. 4,082 million for the fourth quarter of 1998, and the consolidated gross profit margin declined by 2.0 percentage points to 45.1% of consolidated net sales in the fourth quarter of 1998, primarily attributable to gross margin decline in FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques.

Income from Operations

FEMSA's consolidated operating expenses including goodwill amortization from Coca-Cola FEMSA increased by 13.5% for the fourth quarter of 1998 to Ps. 2,854 million as a result of an increase of 13.6% in administrative expenses and a 13.5% increase in selling expenses. As a percentage of sales, operating expenses for the fourth quarter of 1998 remained stable relative to the fourth quarter of 1997. Some of FEMSA´s subsidiaries pay management fees to FEMSA in consideration for corporate services provided by FEMSA to such subsidiaries. These management fees paid by FEMSA´s subsidiaries to FEMSA are eliminated in consolidation and thus have no effect on FEMSA´s consolidated operating expenses, with the exception of the management fee paid by FEMSA Cerveza to Labatt which amounted to Ps. 29.5 million for the fourth quarter of 1998 compared to Ps. 5.5 million for fourth quarter of 1997. Consolidated income from operations (after participation in the results of affiliated companies) for the fourth quarter of 1998 decreased by 0.5% to Ps. 1,232 million, and the consolidated operating margin declined by 1.9 percentage points to 13.5% of consolidated total revenues mainly reflecting the gross margin contraction in the quarter.

CHANGE IN INCOME FROM OPERATIONS **Before management fees**	**4 Qtr. 98 vs 4Qtr. 98**
FEMSA Consolidated	(0.5)%
FEMSA Cerveza	(0.7)%
Coca-Cola FEMSA	(0.8)%
FEMSA Empaques	3.6%
FEMSA Comercio	63.8%

FEMSA Consolidated — *Net Income*

FEMSA's consolidated net income for the fourth quarter of 1998 increased by 164.7% to Ps. 1,104 million, largely as a result of the income generated by the consolidated integral result of financing attributable to (i) a reduction in net interest expense, (ii) the foreign exchange gain recorded as a consequence of the appreciation of the Peso during the fourth quarter of 1998, and (iii) an increase in the monetary gain for the same period.

In the fourth quarter of 1998, FEMSA recorded consolidated integral result of financing income of Ps. 326 million, compared to a consolidated integral result of financing expense of Ps. 499 million for the comparable period in 1997. Consolidated net financial expenses decreased by 54.6% to Ps. 144 million in the fourth quarter of 1998. This decrease was attributable to a 35.2% decline in interest expense reflecting the reduction in total debt, and a 40.7% increase in interest income as a consequence of the higher interest rates earned on Peso investments on the fourth quarter of 1998 relative to the fourth quarter of 1997. As a result of the appreciation of the Peso of 2.88% in the fourth quarter of 1998 compared with a depreciation of 3.40% in the fourth quarter of 1997, FEMSA recorded a consolidated foreign exchange gain of Ps. 168 million compared to a consolidated foreign exchange loss of Ps. 362 million recorded in the fourth quarter of 1997. The gain on monetary position amounted to Ps. 302 million in the fourth quarter of 1998 compared to Ps. 180 million in the fourth quarter of 1997, reflecting an inflation rate of 5.02% in the fourth quarter of 1998 compared to an inflation rate of 4.13% in the fourth quarter of 1997.

FEMSA recorded consolidated other expenses of Ps. 190 million for the fourth quarter of 1998, an increase of 17.3% over the comparable period in 1997. The increase in consolidated other expenses is primarily attributable to severance payments by Coca-Cola FEMSA and FEMSA Cerveza, and asset write-offs by Coca-Cola FEMSA in connection with the closing of the La Viga and Churubusco production facilities in the Valley of Mexico.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing expense of Ps. 264 million in the fourth quarter of 1998, an increase of 65.0% over the comparable period of 1997. The Company's average tax rate for the fourth quarter of 1998 was higher than the average tax rate for the comparable period last year, as a consequence of a significant increase in the pre-tax income recorded in the fourth quarter of 1998 relative to the fourth quarter of 1997, primarily as a result of an integral result of financing *income* recorded in the fourth quarter of 1998, compared to an integral result of financing *expense* recorded in the fourth quarter of 1997. There was an increase in the tax benefit derived from fiscal consolidation in the fourth quarter of 1998 which amounted to Ps. 104 million compared with a benefit of Ps. 30 million in the fourth quarter of 1997.

4 Qtr. 98	**Per Unit**[1]		**Per ADR**[2]	
	Pesos		Dollars[3]	
Net Majority Income	0.854	744.4%	0.904	523.4%
EBITDA[4]	1.725	(2.8)%	1.965	(2.2)%

Consolidated net majority income increased by 744.4% to Ps. 912 million for the fourth quarter of 1998 from Ps. 108 million recorded in the fourth quarter of 1997. Net majority income per FEMSA UBD unit[1] amounted to Ps. 0.854 compared with Ps. 0.101 for the same period last year.

[1] Each FEMSA UBD unit is comprised of one Series B share, two Series D-B shares and two Series D-L shares. The number of FEMSA UBD units outstanding as of December 31, 1998 was 1,068,268,090, equivalent to the total number of shares outstanding as of December 31, 1998 divided by 5.

[2] Each ADR is comprised of 10 FEMSA UBD units. To calculate the net majority income and EBITDA on an equivalent per ADR basis, the number of ADRs to be considered is 106,826,809, equivalent to the number of FEMSA UBD units outstanding as of December 31, 1998 divided by 10.

[3] For purposes of calculating the variation in Dollars the 1998 Peso figures where converted into Dollars by applying the Federal Reserve Bank of New York noon buying rate (the "noon buying rate") as of December 31, 1998 of Ps. 9.901 per Dollar. The 1997 Peso figures were converted into Dollars by applying the noon buying rate as of December 31, 1997 of Ps. 8.08 per Dollar.

[4] The EBITDA has been defined 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, but management believes that EBITDA is a useful measure.

FEMSA Cerveza

OPERATING HIGHLIGHTS	
% Change	**4 Qtr. 98 vs 4Qtr. 97**
Domestic Volume	6.6%
Export Volume	12.5%
Total Volume	6.9%
Net Sales	7.1%
Income from Operations	(0.7%)

Net Sales

FEMSA Cerveza´s net sales increased by 7.1% to Ps. 3,510 million in the fourth quarter of 1998, primarily as a result of a 6.9% increase in total shipments. FEMSA Cerveza's domestic shipments grew 6.6% to 5.343 million hectoliters for the fourth quarter of 1998, which exceeded the industry's growth rate, as a result of (i) higher growth and favorable climate conditions in some of FEMSA Cerveza´s stronghold territories such as the northwest and the northeast, relative to other regions of the country, and (ii) an increase in promotional activities in connection with the holiday season. Sol continues to be the highest growth brand of FEMSA Cerveza's domestic portfolio. Sol´s domestic shipments grew at a rate of 21.0% during the fourth quarter of 1998 and accounted for 18.7% of domestic shipments compared with 16.5% in the fourth quarter of 1997. Canned presentations, which are priced at a premium relative to the 12.0 ounce returnable presentation, increased by 19.4% and represented 18.9% of domestic shipments in the fourth quarter of 1998, compared to 16.9% of domestic shipments in the fourth quarter of 1997, mainly reflecting strong consumer purchasing power during the last three months of 1998. Export shipments grew by 12.5% to 287 thousand hectoliters. Shipments to the United States, FEMSA Cerveza's main export market, increased by 27.9% in the fourth quarter of 1998 led by Sol, Tecate, and XX Lager which grew 552.6%, 35.0% and 30.8% respectively in such market. Export revenues increased by 14.5% to Ps. 229 million in the fourth quarter of 1998 from Ps. 200 million in the fourth quarter of 1997. In U.S. Dollar terms, export revenues increased by 12.9% to US$ 19.3 million from US$ 17.1 million in the fourth quarter of 1997.

Gross Profit

In the fourth quarter of 1998, FEMSA Cerveza´s cost of goods sold increased by 7.9% to Ps. 1,814 million and FEMSA Cerveza´s gross profit increased by 6.0% relative to the same period last year. As a result of a slightly higher rate of growth of the cost of goods sold relative to net sales, the gross margin declined slightly to 49.3% of net sales, 0.5 percentage points below the comparable period in 1997. The increase in the cost of goods sold is primarily attributable to (i) growth in volume, (ii) higher packaging costs, specifically beverage cans, related to the increase in canned presentations as a percentage of domestic shipments during the fourth quarter of 1998 and (iii) the cumulative effect on the cost of goods sold of the real depreciation of the Peso against the Dollar during 1998.

MARGINS		
	4 Qtr. 98	4 Qtr. 97
Gross margin	49.3%	49.8%
Operating margin before management fees	13.5%	14.5%

Income from Operations

FEMSA Cerveza´s operating expenses increased by 8.5% to Ps. 1,255 million for the three months ended December 31, 1998 representing 35.4% of total revenue, compared to 34.9% of total revenue for the same period last year. The increase in operating expenses is primarily attributable to an increase of 10.1% in selling expenses reflecting (i) increased advertising and promotional activities in connection with the holiday season and (ii) investments incurred in connection with the roll-out of Sol in the United States market. 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, decreased slightly by 0.7% to Ps. 479 million for the fourth quarter of 1998. Management fees amounted to Ps. 98.2 million, representing 2.8% of total revenues for the fourth quarter of 1998, compared to 0.8% of total revenues in the fourth quarter of 1997. Management fees for the fourth quarter of 1998 were determined such that total management fees paid by FEMSA Cerveza for the year ended December 31, 1998 would amount to Ps. 217 million (nominal Ps. 200 million), or approximately 1.6% of total revenues for the full year of 1998.

Coca-Cola FEMSA

Net Sales

VOLUME GROWTH 4 Qtr. 98 vs 4 Qtr. 97		
	Excluding acquisitions	Total
Valley of Mexico	8.9%	8.9%
Southeast	10.4%	14.4%
Buenos Aires	15.7%	24.0%

Coca-Cola FEMSA recorded net sales growth of 14.9% to Ps. 3,507 million for the fourth quarter of 1998. Net sales growth is primarily attributable to volume growth in the Mexican and in the Buenos Aires territories. Coca-Cola FEMSA recorded volume growth of 10.1% in the combined Mexican territories and 24.0% in the Buenos Aires territory. Average real prices for Coca-Cola FEMSA's products for the fourth quarter of 1998 increased by 0.4% in the Mexican territories. In the Buenos Aires territory, average prices decreased slightly during the fourth quarter of 1998 relative to the fourth quarter of 1997, and as a consequence of strong volume growth during the quarter, net sales increased by 23.6% in Argentine Pesos.

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 17.1% to Ps. 1,960 million for the fourth quarter of 1998. The increase in cost of goods sold is primarily attributable to (i) growth in volumes, (ii) higher raw material costs and (iii) the increase in the mix of one-way presentations. As a result of a higher rate of growth of the cost of goods sold relative to net sales, Coca-Cola FEMSA's gross margin for the fourth quarter of 1998 decreased by 1.2 percentage points to 45.0% of net sales. Coca-Cola FEMSA´s gross profit increased by 11.8% to Ps. 1,577 million for the fourth quarter of 1998.

MARGINS		
	4 Qtr. 98	4 Qtr. 97
Gross margin	45.0%	46.2%
Operating margin	13.7%	15.8%

Income from Operations

Operating expenses, including a non-recurring charge of Ps. 45.5 million, increased by 19.0% for the fourth quarter of 1998 to Ps. 1,064 million. As a percentage of total revenues, operating expenses increased by 1.1 percentage points to 30.1% in the fourth quarter of 1998 from 29.0% in the fourth quarter of 1997. The increase in operating expenses is primarily a result of (i) an increase in selling expenses reflecting increased advertising, promotions and special events related to the holiday season, (ii) an increase in administrative expenses as a result of Coca-Cola FEMSA´s efforts to strengthen its managerial expertise and (iii) a non-recurring operating expense of Ps 45.5 million as a consequence of the adoption of a more conservative valuation policy for information systems equipment. Notwithstanding the increase in operating expenses, operating expenses as a percentage of total revenues for the fourth quarter of 1998 decreased relative to the first three quarters of 1998. Income from operations after amortization of goodwill declined by only 0.8% for the fourth quarter of 1998 to Ps. 483 million, reflecting the net effect of (i) an 11.6% decrease in the income from operations of Coca-Cola FEMSA´s Mexican territories and (ii) a 30.0% increase in the income from operations of Coca-Cola FEMSA´s Buenos Aires territory. Coca-Cola FEMSA´s operating margin, excluding the non-recurring charge of Ps. 45.5 million, would have been 14.9% for the fourth quarter of 1998 compared to 15.8% for the same period last year.

FEMSA Empaques

Net Sales

VOLUME GROWTH 4 Qtr. 98 vs 4 Qtr. 97	
Beverage cans	18.6%
Crown caps	(2.6%)
Glass bottles	(0.4)%
Refrigerators	27.3%

FEMSA Empaques experienced net sales growth of 13.2% for the fourth quarter of 1998 to Ps. 1,659 million. Sales growth was mainly attributable to volume growth by FEMSA Empaques main products. Export revenues decreased by 4.4% to Ps. 131 million in the fourth quarter of 1998 and represented 7.9% of net sales compared to 9.4% in the fourth quarter of 1997. In U.S. Dollar terms, export revenues decreased by 9.1% to US$ 11.0 million for the fourth quarter of 1998 from US$ 12.1 million for the fourth quarter of 1997. Export revenues exclude revenues from the sale of aluminum scrap which totaled US$ 2.1 million in 1998 compared to US$ 3.4 million in 1997.

Gross Profit

The cost of goods sold increased by 17.1% in the fourth quarter of 1998 to Ps. 1,236 million. This increase was mainly attributable to (i) growth in volumes, particularly in beverage cans and (ii) the cumulative effect on the cost of goods sold of the real depreciation of the Peso against the Dollar during 1998. FEMSA Empaques' gross profit increased by 3.2% to Ps. 433 million for the fourth quarter of 1998. The gross margin decreased by 2.5 percentage points to 26.1% of net sales, reflecting the higher rate of growth of the cost of goods sold relative to net sales.

MARGINS		
	4 Qtr. 98	4 Qtr. 97
Gross margin	26.1%	28.6%
Operating margin before management fees	17.7%	19.4%

Income from Operations

Operating expenses increased by 2.2% to Ps. 137 million for the fourth quarter of 1998, and represented 8.2% of total revenues compared with 9.1% of total revenues for the same period last year. Income from operations before deduction of management fees increased by 3.6% to Ps. 296 million in the fourth quarter of 1998. Management fees amounted to Ps. 16.7 million, representing 1.0% of total revenues, compared to Ps. 14.8 million or 1.0% of total revenues in the fourth quarter of 1997.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 16.7% for the fourth quarter of 1998 to Ps. 1,095 million. Sales growth was primarily attributable to a 12.1% increase in the total number of stores, which increased from 892 at December 31, 1997 to 1,000 at December 31, 1998 and to growth of 11.9% in average same store sales. In the fourth quarter of 1998, average monthly traffic per store increased by 5.7% and the average sale per customer increased by 5.9% compared to the same period of 1997. In addition, FEMSA Comercio intensified promotional activities during the fourth quarter of 1998.

OPERATING HIGHLIGHTS	
% Change	**4 Qtr. 98 vs 4 Qtr. 97**
Total stores	1,000
Net sales	16.7%
Same store sales	11.9%
Income from operations	63.8%

Gross Profit

The cost of goods sold increased by 13.2% for the fourth quarter of 1998 to Ps. 801 million, a lower rate of growth relative to net sales. The relatively slower rate of growth of the cost of goods sold is primarily a reflection of rebates from certain suppliers granted for surpassing sales targets during 1998. FEMSA Comercio recorded gross profit of Ps. 294 million, a 28.3% gain over the fourth quarter of 1997. FEMSA Comercio's gross margin increased by 2.4 percentage points to 26.8% of net sales in the fourth quarter of 1998.

MARGINS		
	4 Qtr. 98	4 Qtr. 97
Gross margin	26.8 %	24.4%
Operating margin before management fees	5.3%	3.8%

Income from Operations

Operating expenses increased by 21.8% to Ps. 236 million for the fourth quarter of 1998. The increase in operating expenses is primarily attributable to (i) higher commissions paid as a result of sales growth (ii) an increase in the number of stores and (iii) higher promotional expenses incurred in the fourth quarter of 1998. FEMSA Comercio recorded income from operations before deduction of management fees of Ps. 58.2 million in the fourth quarter of 1998, an increase of 63.8% relative to the fourth quarter of 1997. Management fees of Ps. 3.3 million represented 0.3% of total revenues, compared to Ps. 2.8 million or 0.3% of total revenues in the fourth quarter of 1997.

Audited Financial Information for the Twelve Months ended December 31, 1998

FEMSA Consolidated

Total Revenues/Net Sales

FEMSA's consolidated total revenues increased by 14.3% to Ps. 33,530 million for the twelve months ended December 31, 1998 relative to the twelve months ended December 31, 1997. Consolidated net sales increased by 14.6% to Ps. 33,302 million for the year ended December 31, 1998 relative to 1997 and represented 99.3% of total revenues. The increase in consolidated net sales was attributable to sales gains recorded by each of the Company's principal operating subsidiaries, reflecting growth in sales volumes and, in the case of FEMSA Comercio, same store sales growth of 12.3% and an increase in the number of Oxxo stores.

NET SALES GROWTH	1998 vs 1997
FEMSA Consolidated	14.6%
FEMSA Cerveza	7.5%
Coca-Cola FEMSA	13.8%
FEMSA Empaques	13.0%
FEMSA Comercio	18.1%

Gross Profit

FEMSA's consolidated gross profit increased by 14.2% to Ps. 15,160 million in 1998, representing a consolidated gross profit margin of 45.5% of consolidated net sales, compared to 45.7% in 1997. The slight reduction in the gross profit margin is mainly attributable to the reduction in gross margins recorded by Coca-Cola FEMSA and FEMSA Empaques for the year ended December 31, 1998.

Income from Operations

FEMSA's consolidated operating expenses including goodwill amortization from Coca-Cola FEMSA increased by 15.1% in 1998 to Ps 10,490 million as compared to 1997. Some of FEMSA´s subsidiaries pay management fees to FEMSA in consideration for corporate services provided by FEMSA to such subsidiaries. These management fees paid by FEMSA´s subsidiaries to FEMSA are eliminated in consolidation and thus have no effect on FEMSA´s consolidated operating expenses, with the exception of the management fee paid by FEMSA Cerveza to Labatt which increased to Ps. 64.5 million for the twelve months ended December 31, 1997 from Ps. 22.0 million last year. Consolidated income from operations (after participation in the results of affiliated companies) for the twelve months ended December 31, 1998 increased by 12.1% to Ps. 4,722 million. The Company's consolidated operating margin declined to 14.1% of consolidated total revenues in year ended December 31, 1998, from 14.4% of consolidated total revenues in the twelve months ended December 31, 1997, primarily as a result of a decline in the operating margins of Coca-Cola FEMSA and FEMSA Empaques.

INCOME FROM OPERATIONS GROWTH Before management fees	1998 vs 1997
FEMSA Consolidated	12.1%
FEMSA Cerveza	12.3%
Coca-Cola FEMSA	10.1%
FEMSA Empaques	3.8%
FEMSA Comercio	58.0%

FEMSA Consolidated — *Net Income*

Notwithstanding a 12.1% increase in consolidated income from operations, FEMSA's consolidated net income declined by 27.3% in 1998 to Ps. 2,038 million. This decline is largely attributable to increases in (i) the consolidated integral result of financing, (ii) other expenses and (iii) the average tax rate.

In the twelve months ended December 31, 1998, FEMSA recorded consolidated integral result of financing expense of Ps. 1,341 million, compared to a consolidated integral result of financing expense of Ps. 340 million in 1997, primarily as a result of a significant increase in consolidated foreign exchange loss. The increase in consolidated foreign exchange loss resulted from a depreciation of the Peso against the Dollar of 22.7% for the twelve months ended December 31, 1998 compared to a depreciation of 2.4% for the twelve months ended December 31, 1997, which generated a foreign exchange loss of Ps. 1,491 in 1998 compared to a foreign exchange loss of Ps. 298 million in 1997. Net financial expenses decreased by 26.4% to Ps. 753 million in the twelve months ended December 31, 1998, mainly attributable to a decline in interest expense of 19.2% to Ps. 1,102 million reflecting the reduction in total debt of US$ 297 million, and a slight increase in interest income of 2.3% to Ps. 349 million. The gain on monetary position amounted to Ps. 903 million in the twelve months ended December 31, 1998, compared to Ps. 981 million in the twelve months ended December 31, 1997.

FEMSA recorded consolidated other expenses of Ps. 473 million for the twelve months ended December 31, 1998, an increase of 44.6% over the twelve months ended December 31, 1997. The increase in consolidated other expenses is primarily attributable to the expenses incurred in connection with the successful completion by FEMSA of its offer to exchange (the “Exchange Offer”) shares of FEMSA for shares of Grupo Industrial Emprex S.A. (“Emprex”) (formerly FEMSA), severance payments incurred primarily by Coca-Cola FEMSA Buenos Aires and FEMSA Cerveza, and asset write-offs by Coca-Cola FEMSA.

FEMSA and its subsidiaries recognized consolidated income tax, tax on assets and employee profit sharing expense of Ps. 870 million in the twelve months ended December 31, 1998, an increase of 17.3% relative to 1997. The Company’s average tax rate for the twelve months ended December 31, 1998 was higher than the average tax rate for the comparable period last year as a result of: (i) a lower utilization of tax loss carryforwards and (ii) a reduction in pre-tax income primarily due to the fact that an important part of the foreign exchange loss was generated at the different holding company levels and could not be offset against fiscal profits. There was however an increase in the tax benefit derived from fiscal consolidation in the twelve months ended December 31, 1998, which amounted to Ps. 348 million compared with a benefit of Ps. 252 million recorded in the twelve months ended December 31, 1997.

1998	**Per Unit**[5]		**Per ADR**[6]	
	Pesos		Dollars[7]	
Majority Net Income	1.273	15.8%	1.286	12.3%
EBITDA [8]	6.643	9.5%	6.710	7.3%

Consolidated majority net income increased by 15.8% to Ps. 1,360 million for the year ended December 31, 1998 from Ps. 1,174 million for the year ended December 31, 1997. In 1998, net majority income per FEMSA UBD unit[5] amounted to Ps. 1.273 compared with Ps. 1.099 in 1997.

FEMSA´s consolidated majority and minority net income for the year ended December 31, 1998 reflect important positive and negative variations respectively in relation to the comparable figures for the year ended December 31, 1997. Such variations are mainly attributable to the fact that, as a consequence of the Exchange Offer implemented during 1998, FEMSA´s consolidated net income, since May 11, 1998 includes, as a majority participation, the 49% ownership of Emprex which in 1997 represented a minority participation in the consolidated results of Valores Industriales S.A. (now FEMSA).

[5] The number of FEMSA UBD units outstanding as of December 31, 1998 was 1,068,268,090, equivalent to the total number of shares outstanding as of December 31, 1998 divided by 5.

[6] Each ADR is comprised of 10 FEMSA UBD units. To calculate the net majority income and EBITDA on an equivalent per ADR basis, the number of ADRs to be considered is 106,826,809, equivalent to the number of FEMSA UBD units outstanding as of December 31, 1998 divided by 10.

[7] For purposes of calculating the variation in Dollars, the 1998 Peso figures where converted into Dollars by applying the noon buying rate as of December 31, 1998 of Ps. 9.901 per Dollar. The 1997 Peso figures were converted into Dollars by applying the noon buying rate as of December 31, 1997 of Ps. 8.07 per Dollar.

[8] The EBITDA has been defined 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, but management believes that EBITDA is a useful measure.

FEMSA Cerveza

Net Sales

OPERATING HIGHLIGHTS 1998 % Change	1998 vs 1997
Domestic Volume	3.3%
Export Volume	7.0%
Total Volume	3.5%
Net Sales	7.5%
Income from Operations	12.3%

FEMSA Cerveza's net sales increased by 7.5% in the twelve months ended December 31, 1998 to Ps. 13,179 million. The increase in net sales in 1998 is primarily attributable to an accumulated growth of 3.5% in total shipments, an increase in the domestic average price per hectoliter, and an increase in the proportion of sales in canned presentations which are priced at a premium relative to the 12 oz. returnable presentation. Domestic shipments increased by 3.3% to 21.218 million hectoliters in the twelve months ended December 31, 1998. The highest growth brands for the year were Sol, XX Lager and Tecate which grew by 27.6%, 7.2% and 3.3% respectively. Tecate, Carta Blanca, Superior and Sol accounted for 28.9%, 24.5%, 21.7% and 16.2% of domestic shipments respectively. Canned presentations represented 17.4% of domestic shipments in the twelve months ended December 31, 1998, compared to 16.2% in the twelve months ended December 31, 1997. For the twelve months ended December 31, 1998, export shipments grew by 7.0% to 1.322 million hectoliters. Shipments to the United States, FEMSA Cerveza's main export market, represented 84.5% of total export shipments, and increased by 21.5% in the twelve months ended December 31, 1998, led by Sol which increased by 426.9%, XX Lager by 30.0% and Tecate by 26.9%. Shipments to the Latin American market, in particular to Brazil decreased significantly as a result of the reorganization of the sales structure in Brazil and, more importantly, the unfavorable changes in the Brazilian trade environment. Total export revenues increased by 10.0% to Ps. 891 million in the twelve months ended December 31, 1998 from Ps. 810 million for the comparable period last year. In U.S. Dollar terms, export revenues increased by 10.0% to US$ 88 million for the year ended December 31, 1998 from US$ 80 million in 1997.

Gross Profit

FEMSA Cerveza's gross profit increased by 14.1% for the twelve months ended December 31, 1998 to Ps. 6,660 million. The increase in gross profit was the result of a much lower rate of growth in the cost of goods sold relative to net sales and this was primarily attributable to a real decline in variable costs such as brewing, packaging and services, as well as productivity gains which resulted in lower conversion costs, as well as to declines in certain fixed costs attributable to efficiencies in the production process. The cost of goods sold includes a charge of Ps. 66 million reflecting the mark-up paid to FEMSA Logística for the twelve months ended December 31, 1998. As a result of cost reductions and an increase in net sales, FEMSA Cerveza's gross profit margin expanded by 2.9 percentage points to 50.5% of net sales in the twelve months ended December 31, 1998.

MARGINS		
	1998	1999
Gross margin	50.5%	47.6%
Operating margin before management fees	16.3%	15.6%

Income from Operations

In the year ended December 31, 1998 operating expenses increased by 15.0% to Ps. 4,550 million. The increase in operating expenses is primarily attributable to (i) an increase in marketing expenses due to advertising and media campaigns, (ii) specific advertisement efforts related to the 1998 World Cup, (iii) sponsorships and investment in brand awareness for all of FEMSA Cerveza's principal brands, (iv) investments incurred in connection with the roll-out of the Sol brand in the United States, and (v) other demand-related expenses. In addition, as part of FEMSA Cerveza´s brand portfolio strategy, at December 31, 1998 FEMSA Cerveza had increased the number of retailers served in low market-share regions. The efficient absorption of the fixed costs associated with such extended coverage is expected to occur in the event volumes grow in the low market-share regions. Participation in the results of Labatt USA increased by 10.5% to Ps. 53 million for the twelve months ended December 31, 1998. FEMSA Cerveza's income from operations, after participation in the results of Labatt USA and before deduction of management fees paid to FEMSA and Labatt, increased by 12.3% to Ps. 2,163 million for the twelve months ended December 31, 1998. Management fees increased to Ps. 217 million in the year ended December 31, 1998 and represented 1.6% of total revenues, compared to a management fee of Ps. 100 million in the year ended December 31, 1997 or 0.8% of total revenues, reflecting the increase in fees paid in the second semester of 1998.

Coca-Cola FEMSA

VOLUME GROWTH	1998 vs 1997	
	Excluding acquisitions	Total
Valley of Mexico	17.3%	17.3%
Southeast	17.7%	27.8%
Buenos Aires	10.4%	14.8%

Net Sales

Coca-Cola FEMSA recorded net sales of Ps. 12,607 million in 1998, a 13.8% increase relative to 1997. Net sales growth was driven by volume growth in both the Mexican and the Buenos Aires territories. Volume growth in the Mexican territories reflects Coca-Cola FEMSA's continued investment in technology, sales force training, the pre-sell system and refrigeration equipment as well as increased promotional efforts. Sales growth slightly lagged volume growth in the Mexican territories primarily due to the higher rate of growth of larger presentations, which are sold for a lower price per ounce of beverage than smaller presentations. In addition, average real prices for Coca-Cola FEMSA's products declined by 0.7% in the Mexican territories in the twelve months ended December 31, 1998. In the Buenos Aires territory, despite an average price decline of 9.5%, net sales increased by 4.0% in 1998, reflecting the strong volume growth during the year.

Gross Profit

Coca-Cola FEMSA's cost of goods sold increased by 15.3% to Ps. 7,071 million in the year ended December 31, 1998. The increase in the cost of goods sold is primarily attributable to higher volumes, higher raw material costs associated with the increase in the mix of one-way presentations and the effect of the depreciation of the Peso against the Dollar on packaging costs. Coca-Cola FEMSA recorded gross profit of Ps. 5,648 million for the twelve months ended December 31, 1998, an 11.7% increase over the comparable period in 1997, and the gross margin declined by 0.8 percentage points to 44.8% of net sales.

MARGINS		
	1998	1997
Gross margin	44.8%	45.6%
Operating margin	12.5%	12.9%

Income from Operations

Income from operations after amortization of goodwill grew by 10.1% to Ps. 1,594 million for the twelve months ended December 31, 1998. The increase in income from operations was attributable to the many efforts which Coca-Cola FEMSA has made to improve productivity and contain operating expenses, which decreased as a percentage of sales relative to the twelve months ended December 31, 1997. The decline in the operating margin recorded in 1998 is largely explained by the decline in the gross margin.

FEMSA Empaques

VOLUME GROWTH	1998 vs 1997
Beverage cans	27.1%
Crown caps	5.3%
Glass bottles	4.3%
Refrigerators	26.4%

Net Sales

FEMSA Empaques recorded net sales growth of 13.0% to Ps. 6,215 million for the twelve months ended December 31, 1998 compared to the twelve months ended December 31, 1997, despite the decline in the real prices of FEMSA Empaques´products during 1998, with the exception of beverage cans. Sales growth was mainly attributable to volume growth in all of FEMSA Empaques principal products. Export revenues increased by 13.8% to Ps. 503 million in the twelve months ended December 31, 1998 and represented 8.1% of net sales compared to 8.0% in the twelve months ended December 31, 1997. In U.S. Dollar terms, export revenues increased by 14.9% to US$ 50.1million for the twelve months ended December 31, 1998 from US$ 43.6 million in 1997. Export revenues exclude revenues from the sale of aluminum scrap which totaled US$ 12.3 million in 1998 compared to US$ 10.1 million in 1997. Inter-company sales accounted for 53.2% of FEMSA Empaques' total revenues for the twelve months ended December 31, 1998, compared to 58.1% for the same period last year.

Gross Profit

FEMSA Empaques´ cost of goods sold increased by 13.9% for the twelve months ended December 31, 1998 to Ps. 4,653 million, mainly as a result of volume growth and increased costs of imported raw materials, mainly aluminum, steel and paper, as a consequence of a real devaluation of the Peso against the Dollar. International commodity prices such as aluminum and steel remained depressed during 1998, partially offsetting the negative impact caused by the depreciation of the Peso on the cost of goods sold. FEMSA Empaques' gross profit increased by 9.3% to Ps. 1,594 million for the twelve months ended December 31, 1998 and the gross margin decreased by 0.9 percentage points to 25.6% of net sales.

MARGINS		
	1998	1997
Gross margin	25.6%	26.5%
Operating margin before management fees	16.9%	18.4%

Income from Operations

Operating expenses increased by 22.2% for the twelve months ended December 31, 1998, as a result of a growing sales structure to support FEMSA Empaques' increasing sales to domestic and export third-party customers and higher freight costs absorbed by FEMSA Empaques on behalf of clients, particularly FEMSA Cerveza. Income from operations before deduction of management fees paid to FEMSA increased by 3.8% to Ps. 1,059 million in the twelve months ended December 31, 1998. Management fees for the year ended December 31, 1998 amounted to Ps. 62.5 million representing 1.0% of total revenues, from Ps. 55.4 million or 1.0% of total revenues in 1997.

FEMSA Comercio

Net Sales

FEMSA Comercio's net sales increased by 18.1% for the twelve months ended December 31, 1998 to Ps. 4,171 million. Sales growth was primarily attributable to a 12.1% increase in the total number of stores, which increased from 892 at December 31, 1997 to 1,000 at December 31, 1998. In 1998, average same store sales increased by 12.3%, average monthly traffic per store increased by 9.6% and average sale per customer increased by 2.5%.

OPERATING HIGHLIGHTS	
% Change	**1998 vs 1997**
Total stores	1,000
Net sales	18.1%
Same store sales	12.3%
Income form Operations	58.0%

Gross Profit

The cost of goods sold increased by 18.0% for the twelve months ended December 31, 1998 to Ps. 3,127 and FEMSA Comercio recorded gross profit of Ps. 1,044 million, a 18.6% increase over the twelve months ended December 31, 1997. FEMSA Comercio's gross margin improved slightly to 25.0% of net sales in the twelve months ended December 31, 1998. Gross margin remained relatively flat as a result of FEMSA Comercio's pricing strategy, which is to price high sale-frequency items at prices similar to those found in supermarkets. The objective of this pricing strategy is to increase customer traffic and thereby increase sales.

MARGINS		
	1998	1997
Gross margin	25.0%	24.9%
Operating margin before management fees	3.7%	2.8%

Income from Operations

Operating expenses increased by 13.7% to Ps. 890 million for the year ended December 31, 1998 despite a large increase in the number of stores, and represented 21.3% of total revenues compared to 22.2% of total revenues for the twelve months ended December 31, 1997, reflecting FEMSA Comercio´s continuous efforts to contain operating expenses. FEMSA Comercio recorded income from operations before deduction of management fees of Ps. 154 million in the twelve months ended December 31, 1998, an increase of 58.0% over the twelve months ended December

31, 1997. In 1998, management fees amounted to Ps. 12.5 million or 0.3% of total revenues compared to Ps. 10.6 million or 0.3% of total revenues in 1997.

Amoxxo

As of December 31, 1998, there were 27 Oxxo Express Service Centers in operation. In the twelve months ended December 31, 1998, Amoxxo recorded net sales of Ps. 936 million compared with Ps. 340 million for the twelve months ended December 31, 1997. Amoxxo registered an operating loss of Ps. 51 million in the twelve months of 1998 compared with an operating loss of Ps. 43 million in 1997. With the exception of sites presently under construction, which will be concluded early in 1999, the construction of new sites in Amoxxo has been halted until a thorough profitability analysis is concluded and management develops a new business plan for Amoxxo. The profitability of the most recent sites opened has improved relative to the initial sites.

FEMSA Logística

The logistics operations recorded net sales of Ps. 874 million and generated an operating profit of Ps. 76 million for the twelve months ended December 31, 1998. The objectives of FEMSA Logística are to intensify efforts to reduce the overall cost of transportation services for FEMSA Cerveza, Coca-FEMSA and FEMSA Empaques and to enable these affiliates to focus solely on producing, marketing and selling their respective products and improving returns on net operating assets. FEMSA Logística will also begin servicing Oxxo's primary transportation requirements and will enter the open market in the near future.

Year 2000

In 1996, the Company began analyzing its operating, financial and management information systems to determine its exposure to possible problems relating to the year 2000 computer issue (the "Y2K problem"). In June 1997, the Company established a Y2K problem response timetable and identified all hardware and software that needed modification, upgrading or replacement to avoid any possible disruption of the Company's operations related to the Y2K problem.

Subsequently, the Company has began updating and, in some cases, replacing its computer main frames as well as personal computers. The required improvements are still underway, but the Company expects that the testing and certification of its information systems, computer equipment and operating systems will be substantially completed by June 1999.

In addition, the Company is contacting its critical suppliers, customers and other business partners to determine their preparation for the Y2K problem and to assess the Company's vulnerability to third-party Y2K problems. Although the Company is making its best efforts to insulate itself from exposure to third-party Y2K problems, FEMSA can not guarantee that these third parties, including critical suppliers, will be properly prepared by the end of 1999, nor can FEMSA guarantee that any Y2K problems experienced by third-parties will not affect FEMSA's own operations. However, management believes that FEMSA's integrated structure reduces the Company's exposure to the risk of third-party Y2K problems.

The Company estimates that its Y2K upgrading program will cost approximately US$4 million. Coca-Cola FEMSA´s efforts to renew its information systems technology are not included in the estimated cost above mentioned, since these efforts are being undertaken independently of the Y2K problem; yet they resolve the problem, since the new information systems are Y2K compliant. The Company believes that the cost of its Y2K efforts will not have a material adverse impact on the operations or financial condition of the Company.

FEMSA is Mexico's largest fully integrated 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, cardboard and commercial refrigerators, and serves the open market throughout the Americans; FEMSA Comercio, which operates OXXO, Mexico's most extensive chain of convenience stores; Desarrollo Comercial FEMSA, which operates OXXO Express, which operates convenience stores adjacent to gasoline stations and FEMSA Logistica which provides transportation and logistical services to FEMSA Cerveza, Coca-Cola FEMSA and FEMSA Empaques.

All of the figures in this report have been restated in constant Pesos with purchasing power as of December 31, 1998; therefore, all the percentage increases are expressed in real terms. The restatement was determined as follows:

- For the results generated by operations in Mexico, using factors derived from the Mexican National Consumer Price Index.
- For the results generated by operations in Buenos Aires, Argentina
  - by converting the 1998 figures into Mexican Pesos, using the December 31, 1998 exchange rate of Ps. 9.8810 per Argentine Peso; and
  - for the 1997 figures, using factors derived from the Argentine National Consumer Price Index and converting such figures into Mexican Pesos, using the December 31, 1998 exchange rate of Ps. 8.05 per Argentine Peso.

6 pages of tables to follow

FEMSA Cerveza

Beer volumes for the fourth quarter and for the year ended December 31 of 1998 and 1997, were as follows:

	For the fourth quarter of:			For the year ended December 31, of:		
(Thousand hectoliters)	1998	1997	%Var	1998	1997	%Var
Domestic:						
Returnable	4,159	4,001	3.9	16,860	16,494	2.2
Non-returnable	175	165	6.2	672	719	(6.5)
Cans	1,009	845	19.4	3,686	3,336	10.5
Total Domestic	5,343	5,011	6.6	21,218	20,549	3.3
Exports	287	255	12.5	1,322	1,235	7.0
Total Volume	5,629	5,266	6.9	22,539	21,784	3.5
Exports revenues: Millions Ps.	229	200	14.5	891	810	10.0
US Millions	19.3	17.1	12.9	88.0	80.0	10.0

Coca-Cola FEMSA

Soft drink volumes for the fourth quarter and year ended December 31, of 1998 and 1997, were as follows:

Sales Volumes (Millions of Unit Cases)	For the fourth quarter of:			For the year ended December 31, of:		
	1998	1997	%Var	1998	1997	%Var
Valley of Mexico	79.3	72.8	8.9	304.6	259.6	17.3
Southeast	21.2	19.2	10.4	87.1	74.0	17.7
Tapachula	2.6	1.6	62.5	9.5	1.6	493.8
Buenos Aires	34.7	30.0	15.7	113.8	103.1	10.4
New territory in Buenos Aires	2.5	-		4.6	-	
Total	140.3	123.6	13.5	519.6	438.3	18.5

Presentation Mix (%) (Returnable/Non-Returnable)	For the fourth quarter of:		For the year ended December 31, of:	
	1998	1997	1998	1997
Valley of Mexico	43/57	53/47	48/52	56/44
Southeast	59/41	65/35	61/39	69/31
Buenos Aires	09/91	21/79	11/89	30/70
Total	37/63	47/53	42/58	52/48

Product Mix (%) (Colas/Flavors/Water)	For the fourth quarter of:		For the year ended December 31, of:	
	1998	1997	1998	1997
Valley of Mexico	77/22/01	77/22/01	76/22/02	78/21/01
Southeast	75/21/04	74/23/03	73/22/05	73/24/03
Buenos Aires	76/23/01	78/21/01	77/22/01	77/21/02
Total	76/22/02	76/22/02	75/23/02	77/22/01

FEMSA Empaque

Volumes for the fourth quarter and year ended December 31, of 1998 and 1997, were as follows:

(Millions of pieces)		For the fourth quarter of: 1998	1997	%Var	For the year ended December 31, of: 1998	1997	%Var
Cans		803	677	18.6	3,020	2,376	27.1
Crown caps		2,887	2,963	(2.6)	11,048	10,488	5.3
Glass Bottles		247	248	(0.4)	990	949	4.3
Cardboard boxes (Ths m2)		26,986	23,877	13.0	98,283	88,075	11.6
Refrigerators (Ths)		16	22	(27.3)	134	106	26.4
Labels		907	890	1.9	3,651	3,342	9.2
Export volumes:	Cans	83	83	-	303	243	24.7
	Crown caps	1,020	546	86.8	3,414	2,301	48.4
	Can lids	204	159	28.3	559	554	0.9
Exports revenues:	Millions Ps.	131.2	137.2	(4.4)	503.40	442.20	13.8
	US Millions	11.0	12.1	(9.1)	50.10	43.60	14.9

Percentage of sales revenue by client category:

	For the fourth quarter of: 1998	1997	Var. p.p.	For the year ended December 31, of: 1998	1997	Var. p.p.
Intercompany sales	53.1	57.7	(4.6)	53.2	58.1	(4.9)
FEMSA Cerveza	41.9	37.9	4.0	36.2	39.0	(2.8)
Coca-Cola FEMSA	11.2	19.8	(8.6)	17.0	19.1	(2.1)
Third-party sales	46.9	42.3	4.6	46.7	41.9	4.8
Domestic	37.3	33.9	3.4	38.0	34.0	4.0
Export	9.6	8.4	1.2	8.7	7.9	0.8

FEMSA Comercio

Operating highlights for the fourth quarter and year ended December 31, of 1998 and 1997 were as follows:

	For the fourth quarter of: 1998	1997	Var	For the year ended December 31, of: 1998	1997	Var
Total stores				1,000	892	108
New stores				130	95	35
Closed stores				22	26	(4)
Comparative same stores:						
Average monthly sales (Ths. Ps.)	371.0	331.7	11.9%	363.1	323.3	12.3%
Average ticket per customer (Ps.)	16.5	15.6	5.9%	15.9	15.5	2.5%
Average monthly traffic per store (Ths.)	22.5	21.3	5.7%	22.9	20.9	9.6%

Capital Expenditures

Millions of pesos as of December 31, 1998

	For the fourth quarter of:			For the year ended December 31, of:		
	1998	1997	% Var	1998	1997	% Var
FEMSA Cerveza	429.4	408.5	5.1	1,690.7	1,344.4	25.8
Coca-Cola FEMSA	257.0	501.3	(48.7)	1,286.4	1,302.9	(1.3)
FEMSA Empaques	149.7	71.3	110.0	528.7	566.5	(6.7)
FEMSA Comercio	98.9	60.5	63.5	177.0	144.9	22.2
Amoxxo	16.5	53.9	(69.4)	81.6	275.5	(70.4)
FEMSA Logística	(6.8)			166.5		
FEMSA Consolidated	898.1	1,030.9	(12.9)	3,971.5	3,636.2	9.2

FEMSA

Income Statement

Expressed in Millons of pesos as of December 1998

Cumulative Results

	FEMSA Cerveza			Coca-Cola FEMSA			FEMSA Empaques			FEMSA Comercio			FEMSA Logística	FEMSA Consolidated		
	1998	1997	% var	1998	1997	% var	1998	1997	% var	1998	1997	% var	1998	1998	1997	% var
Net sales	13,179.1	12,256.5	7.5	12,607.2	11,079.0	13.8	6,214.5	5,497.6	13.0	4,171.0	3,531.0	18.1	874.3	33,302	29,063	14.6
Other revenues	75.9	103.2	(26.5)	111.1	107.8	3.1	32.5	44.0	(26.1)	0.0	0.0		0.0	228	266	
Total revenues	13,255.0	12,359.7	7.2	12,718.3	11,186.8	13.7	6,247.0	5,541.6	12.7	4,171.0	3,531.0	18.1	874.3	33,530	29,329	14.3
Cost of good sold	6,594.7	6,523.2	1.1	7,070.6	6,130.3	15.3	4,653.0	4,083.8	13.9	3,127.1	2,650.7	18.0	741.5	18,370	16,052	14.4
Gross margin	6,660.3	5,836.5	14.1	5,647.7	5,056.5	11.7	1,594.0	1,457.8	9.3	1,043.9	880.2	18.6	132.8	15,160	13,277	14.2
Operating expenses	4,550.2	3,958.2	15.0	3,937.2	3,514.1	12.0	535.5	438.2	22.2	889.5	782.5	13.7	56.9	10,373	9,015	15.1
Operating income	2,110.1	1,878.3	12.3	1,710.5	1,542.4	10.9	1,058.5	1,019.6	3.8	154.4	97.7	58.0	75.9	4,787	4,262	12.3
Goodwill amortization				(116.6)	(94.7)	23.1								(117)	(95)	23.1
L-USA participation	52.5	47.5	10.5											52	47	10.6
Income from operations	2,162.6	1,925.8	12.3	1,593.9	1,447.7	10.1	1,058.5	1,019.6	3.8	154.4	97.7	58.0	75.9	4,722	4,214	12.1
Management fee	216.9	100.1	116.7				62.5	55.4	12.8	12.5	10.6	18.3	4.9			
Income from operations	1,945.7	1,825.7	6.6	1,593.9	1,447.7	10.1	996.0	964.2	3.3	141.9	87.2	62.8	71.0	4,722	4,214	12.1
Depreciation	635.4	639.4	(0.6)	366.9	333.2	10.1	219.1	210.2	4.2	38.7	30.3	27.7	44.8	1,361	1,225	11.1
Other non-cash charges	533.5	399.2	33.6	451.9	578.5	(21.9)	19.0	13.5	40.7	34.0	31.2	9.0	3.0	1,014	1,042	(2.7)
EBITDA	3,114.6	2,864.3	8.7	2,412.7	2,359.4	2.3	1,234.1	1,187.9	3.9	214.6	148.7	44.3	118.8	7,097	6,481	9.5
Comparable																
% Operating margin	16.3	15.6	0.7	12.5	12.9	(0.4)	16.9	18.4	(1.5)	3.7	2.8	0.9	8.7	14.1	14.4	(0.3)
% EBITDA margin	25.1	24.0	1.1	19.0	21.1	(2.1)	20.8	22.4	(1.6)	5.4	4.5	0.9	14.1	21.2	22.1	(0.9)
Total																
% Operating margin	14.7	14.8	(0.1)	12.5	12.9	(0.4)	15.9	17.4	(1.5)	3.4	2.5	0.9	8.1	14.1	14.4	(0.3)
% EBITDA margin	23.5	23.2	0.3	19.0	21.1	(2.1)	19.8	21.4	(1.6)	5.1	4.2	0.9	13.6	21.2	22.1	(0.9)

Fourth quarter results

	FEMSA Cerveza			Coca-Cola FEMSA			FEMSA Empaques			FEMSA Comercio			FEMSA Logística	FEMSA Consolidated		
	1998	1997	% var	1998	1997	% var	1998	1997	% var	1998	1997	% var	1998	1998	1997	% var
Net sales	3,509.9	3,276.8	7.1	3,506.6	3,051.4	14.9	1,658.6	1,465.5	13.2	1,094.8	936.7	16.9	253.8	9,041	7,946	13.8
Other revenues	33.6	35.8	(6.1)	29.6	31.5	(6.0)	10.8	9.7	11.3					56	89	(37.1)
Total revenues	3,543.5	3,312.6	7.0	3,536.2	3,082.9	14.7	1,669.4	1,475.2	13.2	1,094.8	936.7	16.9	253.8	9,097	8,035	13.2
Cost of good sold	1,814.1	1,681.0	7.9	1,959.6	1,673.2	17.1	1,236.2	1,055.4	17.1	801.0	707.7	13.2	216.3	5,015	4,290	16.9
Gross margin	1,729.4	1,631.6	6.0	1,576.6	1,409.7	11.8	433.2	419.8	3.2	293.8	228.9	28.3	37.5	4,082	3,745	9.0
Operating expenses	1,254.8	1,156.4	8.5	1,063.7	893.9	19.0	137.1	134.1	2.2	235.6	193.4	21.8	17.1	2,824	2,486	13.6
Operating income	474.6	475.2	(0.1)	512.9	515.8	(0.6)	296.1	285.7	3.6	58.2	35.5	63.8	20.4	1,258	1,259	(0.1)
Goodwill amortization				(29.5)	(28.3)	4.2								(30)	(28)	
L-USA participation	4.6	7.5	(38.7)											4	7	(42.9)
Income from operations	479.2	482.7	(0.7)	483.4	487.5	(0.8)	296.1	285.7	3.6	58.2	35.5	63.8	20.4	1,232	1,238	(0.5)
Management fee	98.2	25.2	289.7				16.7	14.8	12.8	3.3	2.8	19.1	(0.7)			
Income from operations	381.0	457.5	(16.7)	483.4	487.5	(0.8)	279.4	270.9	3.1	54.9	32.8	67.5	21.1	1,232	1,238	(0.5)
Depreciation	124.7	176.2	(29.2)	86.3	84.7	1.9	54.3	52.1	4.2	9.2	7.5	22.7	11.9	332	325	2.2
Other non-cash charges	178.6	135.2	32.1	126.1	177.9	(29.1)	6.8	5.5	23.6	9.6	8.6	11.6	2.4	279	333	(16.2)
EBITDA	684.3	768.9	(11.0)	695.8	750.1	(7.2)	340.5	328.5	3.7	73.7	48.9	50.8	35.4	1,843	1,896	(2.8)
Comparable																
% Operating margin	13.5	14.6	(1.1)	13.7	15.8	(2.1)	17.7	19.4	(1.7)	5.3	3.8	1.5	8.0	13.5	15.4	(1.9)
% EBITDA margin	22.1	24.0	(1.9)	19.7	24.3	(4.6)	21.4	23.3	(1.9)	7.0	5.5	1.5	13.7	20.3	23.6	(3.3)
Total																
% Operating margin	10.8	13.8	(3.0)	13.7	15.8	(2.1)	16.7	18.4	(1.7)	5.0	3.5	1.5	8.3	13.5	15.4	(1.9)
% EBITDA margin	19.3	23.2	(3.9)	19.7	24.3	(4.6)	20.4	22.3	(1.9)	6.7	5.2	1.5	13.9	20.3	23.6	(3.3)

FEMSA

Consolidated Income Statement

Expressed in Millions of Pesos as of December 31, 1998

	For the fourth quarter of:			For the year ended December 31, of:		
	1998	**1997**	**% Var**	**1998**	**1997**	**% Var**
Net sales	9,041	7,946	13.8	33,302	29,063	14.6
Other operating revenues	56	89	(37.1)	228	266	(14.3)
Total revenues	9,097	8,035	13.2	33,530	29,329	14.3
Cost of sales	5,015	4,290	16.9	18,370	16,052	14.4
Gross profit	4,082	3,745	9.0	15,160	13,277	14.2
Administrative expenses	719	633	13.6	2,599	2,302	12.9
Selling expenses	2,135	1,881	13.5	7,891	6,808	15.9
Operating expenses	2,854	2,514	13.5	10,490	9,110	15.1
	1,228	1,231	(0.2)	4,670	4,167	12.1
Paricipation in affiliated companies	4	7	(42.9)	52	47	10.6
Income from operations	1,232	1,238	(0.5)	4,722	4,214	12.1
Interest expense	258	398	(35.2)	1,102	1,364	(19.2)
Interest income	114	81	40.7	349	341	2.3
Interest expense, net	144	317	(54.6)	753	1,023	(26.4)
Foreign exchange loss (gain)	(168)	362	(146.4)	1,491	298	400.3
Monetary position	302	180	67.8	903	981	(8.0)
Integral result of financing	(326)	499	(165.3)	1,341	340	294.4
Other expenses (income)	190	162	17.3	473	327	44.6
Income before taxes	1,368	577	137.1	2,908	3,547	(18.0)
Taxes	264	160	65.0	870	742	17.3
Net Income	1,104	417	164.7	2,038	2,805	(27.3)
Majority net income	912	108	744.4	1,360	1,174	15.8
Minority net income	192	309	(37.9)	678	1,631	(58.4)

% Total Revenues

	1998	**1997**	**Var P.P.**	**1998**	**1997**	**Var P.P.**
Net sales	99.4	98.9	0.5	99.3	99.1	0.2
Other operating revenues	0.6	1.1	(0.5)	0.7	0.9	(0.2)
Total revenues	100.0	100.0	-	100.0	100.0	-
Cost of sales (*)	55.5	54.0	1.5	55.2	55.2	-
Gross profit (*)	45.1	47.1	(2.0)	45.5	45.7	(0.2)
Administrative expenses	7.9	7.9	-	7.8	7.8	-
Sales expenses	23.5	23.4	0.1	23.5	23.2	0.3
Operating expenses	31.4	31.3	0.1	31.3	31.0	0.3
	13.5	15.3	(1.8)	13.9	14.2	(0.3)
Part. affiliated companies	-	0.1	(0.1)	0.2	0.2	-
Income from operations	13.5	15.4	(1.9)	14.1	14.4	(0.3)

(*) % to Net sales

Consolidated Balance Sheet
as of December 31, 1998 and 1997

Expressed in Millions of Pesos as of December 31, 1998

ASSETS	1998	1997	% var
Cash and cash equivalents	2,211	1,657	33.4
Accounts receivable	2,469	2,475	(0.2)
Inventories	3,134	3,189	(1.7)
Prepaid expenses	361	462	(21.9)
Total Current Assets	8,175	7,783	5.0
Property, plant and equipment, net	23,577	22,743	3.7
Deferred charges and other assets	4,843	4,553	6.4
TOTAL ASSETS	36,595	35,079	4.3

LIABILITIES & STOCKHOLDERS´ EQUITY	1998	1997	% var
Bank loans	2,390	3,047	(21.6)
Current maturities long term debt	276	338	(18.3)
Interest payable	134	178	(24.7)
Operating liabilities	3,796	3,498	8.5
Total Current Liabilities	6,596	7,061	(6.6)
Bank loans	7,425	9,235	(19.6)
Labor liabilities	803	813	(1.2)
Other liabilities	143	161	(11.2)
Total Liabilities	14,967	17,270	(13.3)
Minority Interest	6,893	12,011	(42.6)
Majority Interest	14,735	5,798	154.1
Total Stockholders' equity	21,628	17,809	21.4
LIABILITIES & STOCKHOLDERS' EQUITY	36,595	35,079	4.3

FINANCIAL RATIOS	1998	1997	Var.
Liquidity	1.24	1.10	0.14
Debt service coverage (*)	9.42	6.33	3.09
Leverage	0.69	0.97	(0.28)
Capitalization	0.35	0.47	(0.12)

(*) Income from operations + depreciation + other non-cash charges / interest expense, net