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## FEMSA reports strong operating and net income growth in second quarter and first half 2004

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**Monterrey, Mexico, July 28, 2004** — Fomento Económico Mexicano, S.A. de C.V. ("FEMSA") (NYSE: FMX; BMV: FEMSA UBD, FEMSA UB), the leader in Latin American beverages, today reported its operational and financial results for the second quarter and first six months of 2004.

### Business Highlights

- **FEMSA Cerveza total volume increased 3.8% (2.5% domestic and 16.8% exports) during 2Q04. Income from Operations up 15.4% versus 2Q03**, delivering EBITDA margin expansion of 210 basis points to reach 34.3% of total revenues.
- **Coca-Cola FEMSA experienced its first sequential operating margin expansion after the acquisition of its new territories in May 2003, reaching 15.8% during 2Q04.**
- **FEMSA Comercio added 189 net new convenience stores during the quarter, now totaling 3,086 locations nationwide**, further consolidating its leadership in the Mexican convenience store industry and its strategic role for our beverage operations.
- **FEMSA Consolidated net debt decreased by US\$ 239 million** in 2Q04 from 1Q04 levels, combining an actual reduction of US\$ 159 million with an exchange rate translation effect of US\$ 80 million.

Jose Antonio Fernandez, Chairman and CEO of FEMSA, commented, "This quarter was an eventful one, particularly for our beer operations, and each new development builds on our enthusiasm and expectations for the future. We announced the unwinding of our business relationship with Interbrew and our repurchase of the 30% of FEMSA Cerveza. We also announced a new commercial agreement with Heineken for the import, marketing and distribution of our brands in the key U.S. market. And we reached an agreement to be the exclusive importers and distributors of Coors Light in Mexico. While these are all excellent news, and the new agreements will significantly improve our business platform going forward, I am particularly pleased with the results achieved in the domestic beer market, where we turned in another solid quarter of profitable volume growth.

The combination of such encouraging news from our beer operations, with the significant progress made by KOF in the integration of its new territories and the development of the right competitive strategies for each market, as well as yet another quarter of robust growth at Oxxo, fill us with satisfaction and optimism about the road ahead. However, we realize that with growth comes added responsibility. We are taking every step to ensure that our balance sheet remains strong, and our flexibility high, as we continue to consolidate FEMSA as one of the leading beverage companies in the world".

**To obtain the full text of this earnings release, please visit our Investor Relations website at <http://ir.femsa.com> 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 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 3,000 stores.

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