



FEMSA Reports Results for Second Quarter and First Half Ended June 30, 2000, With a Record Operating Margin of 18.7%

Consolidated Net Sales and Operating Income Increased by 10.0% and 19.0%, Respectively, for the Second Quarter of 2000

[Click Here to View Full Text](#)

MONTERREY, Mexico--(BUSINESS WIRE)--July 25, 2000--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 consolidated net sales of Ps. 11.282 billion for the second quarter, an increase of 10.0 % over the second quarter of 1999.

Consolidated revenue growth was driven by strong revenue growth in the Mexican operations of FEMSA Cerveza and Coca-Cola FEMSA, and by extraordinary sales growth recorded by FEMSA Comercio, which was attributable to same store sales growth from the steady growth in traffic and ticket per store as well as to increase in the number of stores.

Real revenue per unit sold of FEMSA's Mexican beverage subsidiaries was strong, reflecting the effect of price increases implemented by both subsidiaries, an improvement in the mix of higher priced packaging products in beer, and the effectiveness of price differentiation and revenue management strategies practiced by both subsidiaries, and in particular by Coca-Cola FEMSA.

The Company recorded consolidated operating income of Ps. 2.108 billion for the second quarter of 2000, an increase of 19.0% over the comparable period last year. The Company registered an operating margin for the second quarter of 2000 of 18.7%, a 1.5 percentage point improvement over the 17.2% operating margin achieved in the second quarter of 1999. The operating margin recorded by the Company for the second quarter represents the highest operating margin recorded in the history of the Company.

Jose Antonio Fernandez, chief executive officer of the Company, stated, "The board of directors is very pleased with the achievements of the Company year to date and with the insights and proposals presented by the executive officers of our business divisions as a result of their initial six-month review.

"The Company shall continue on its path of harnessing the solid economic situation in the country, increasing our brand placement in the consumers' preference to achieve the expansion of our business to its maximum potential. The financial results presented today not only display solid revenue and operating income growth but they also reflect the investments we are pursuing to achieve greater penetration of our brands and more efficiency in our commercial operations."

Net majority income decreased by 23.1% to Ps. 578 million for the second quarter of 2000, compared to the same period last year. Earnings per FEMSA UBD or UB Unit for the second quarter of 2000 amounted to Ps. 0.541. Earnings per ADR for the second quarter 2000 amounted to US\$0.582.

This report may contain certain forward-looking statements concerning FEMSA's future performance and 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.

CONTACT: FEMSA, Monterrey

Maria Elena Gutierrez, 011/528-328-6245
megutsan@femsa.com.mx
or
Arturo Ballester, 011/528-328-6189

abalala@femsa.com.mx