

**FEMSA**



Investor Presentation – May 2017

During this presentation management may discuss 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 FEMSA's actual performance.

# FEMSA



































































*Ownership*



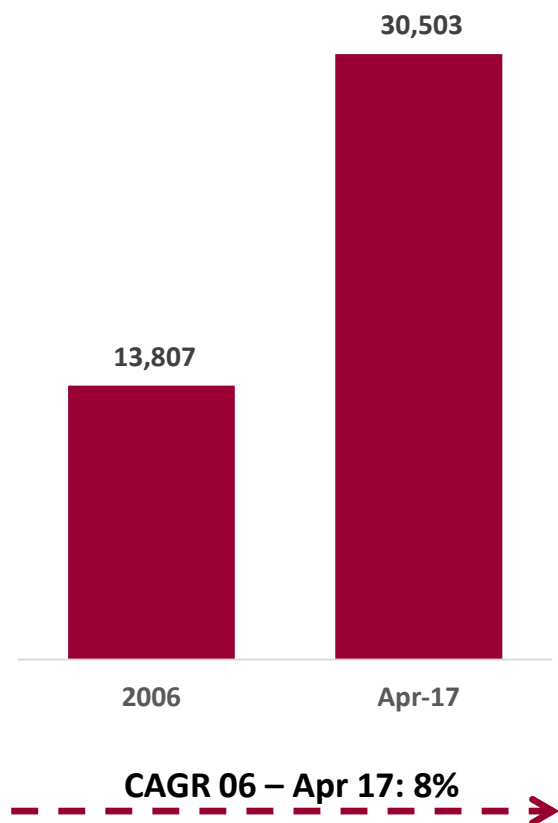
<sup>1</sup> Represents 63% of shares with voting rights.

# Leading Consumer Company in Latin America



		FEMSA Comercio			Coca-Cola FEMSA	Logistics/ Refrigeration
		Retail Division	Health Division	Fuel Division		
	Mexico					
	Brazil					
	Colombia					
	Argentina					
	Venezuela					
	Chile					
	Panama					
	Costa Rica					
	Philippines					
	Guatemala					
	Nicaragua					

## FEMSA Market Cap Evolution (US\$ MM)



## Financial Highlights

	2016	2006 <sup>2</sup>	CAGR%
Revenue <sup>1</sup>	399,507	93,238	16%
EBIT <sup>1</sup>	37,427	11,060	13%
EBIT Margin	9.4%	11.9%	
EBITDA <sup>1</sup>	54,987	14,603	14%
EBITDA Margin	13.8%	15.7%	
CAPEX <sup>1</sup>	22,155	4,488	17%

<sup>1</sup> Amounts expressed in millions of Mexican Pesos

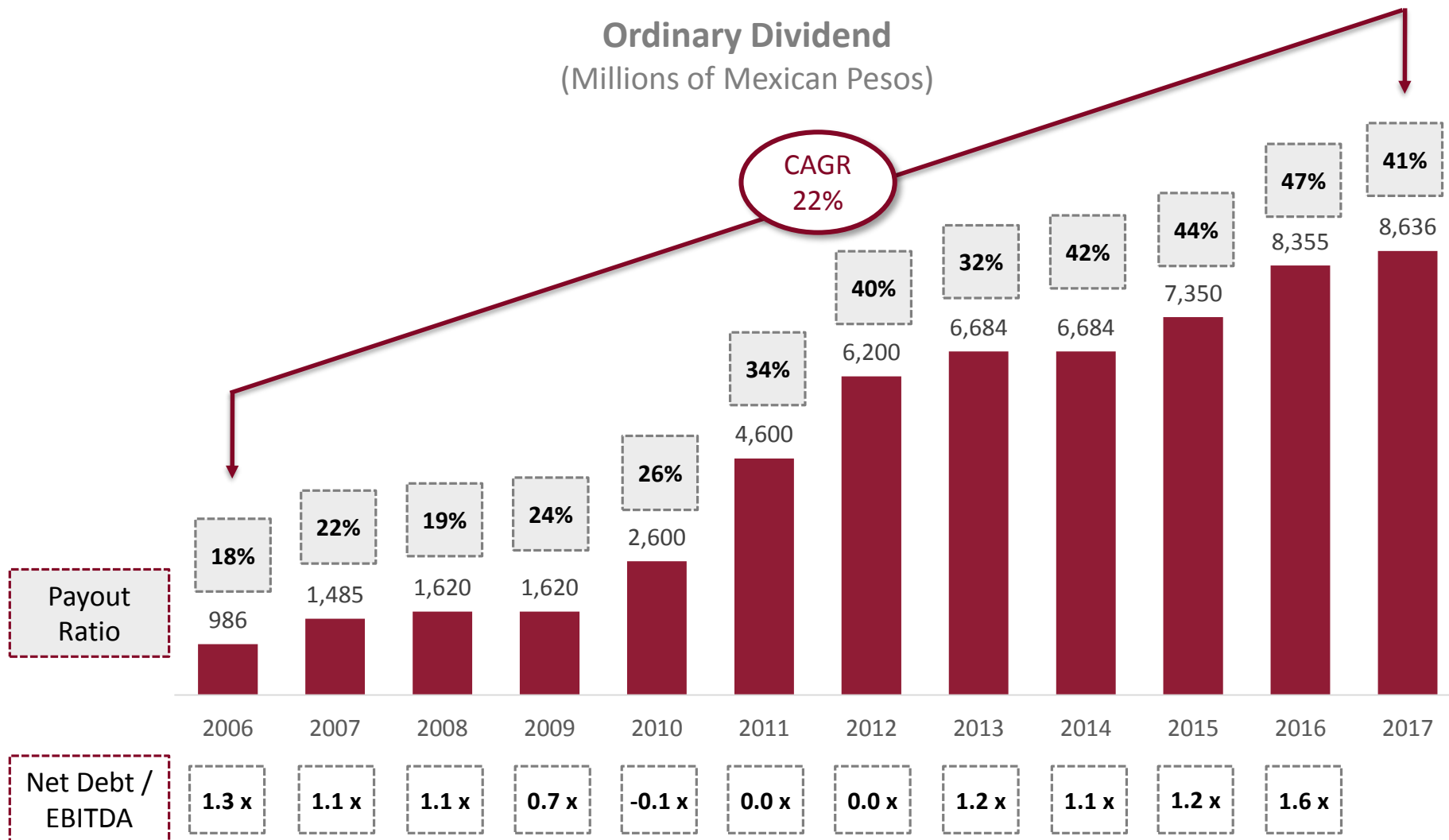
<sup>2</sup> Figures for 2006 are the arithmetical sum of Coca Cola FEMSA and FEMSA Comercio, therefore figures exclude sold businesses.

- Consistently strengthening our competitive position.
- Ability to operate in a rapidly changing economic environment.
- Strong brand portfolio and exceptional operational capabilities.

# Increasing Cash to Shareholders Over Time...



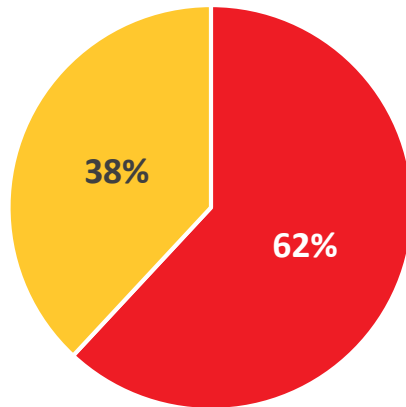
...while retaining strategic and financial flexibility



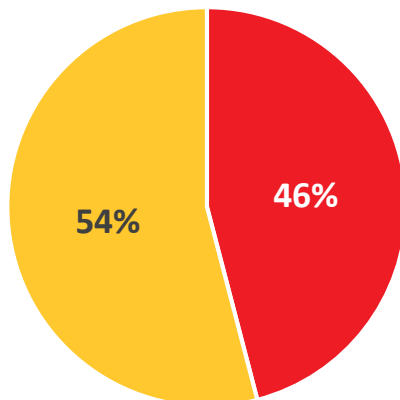
Note: Dividend figures are in Mexican pesos. Payout ratio figures are the division of the dividend between previous year net majority income. 2010 net majority income does not include Heineken transaction effect. 2011 and thereafter figures are under International Financial Reporting Standards ("IFRS").



## Revenue Contribution

2006



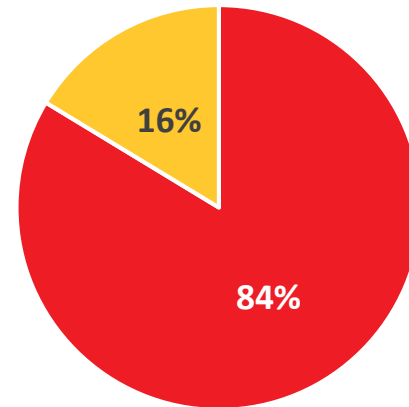
2016



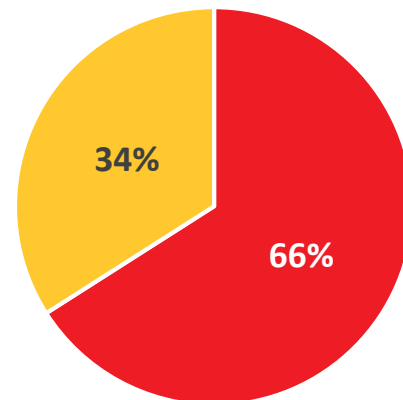
 Coca-Cola FEMSA  
 FEMSA Comercio

## EBITDA Contribution

2006



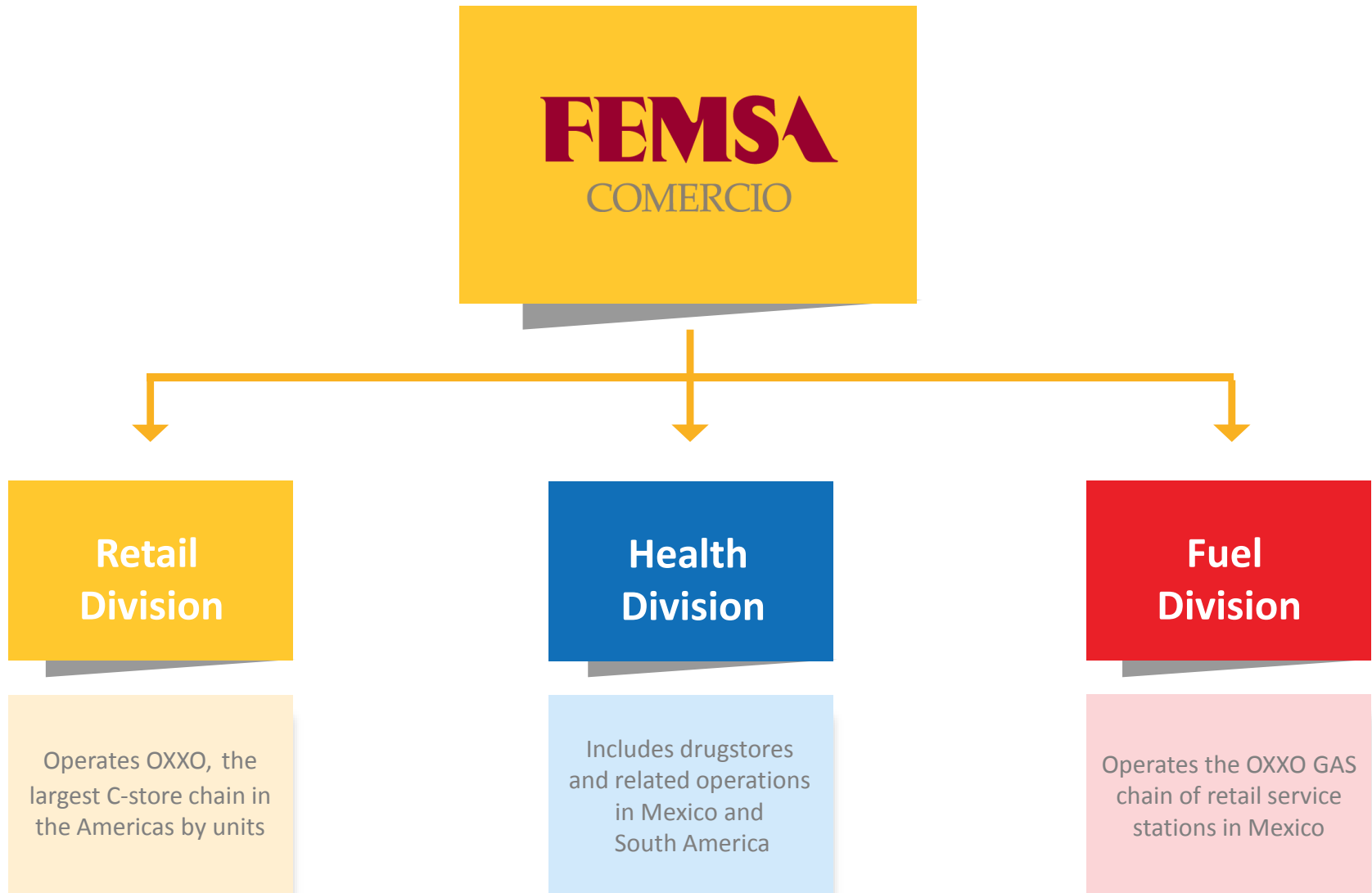
2016



**FEMSA**  
COMERCIO







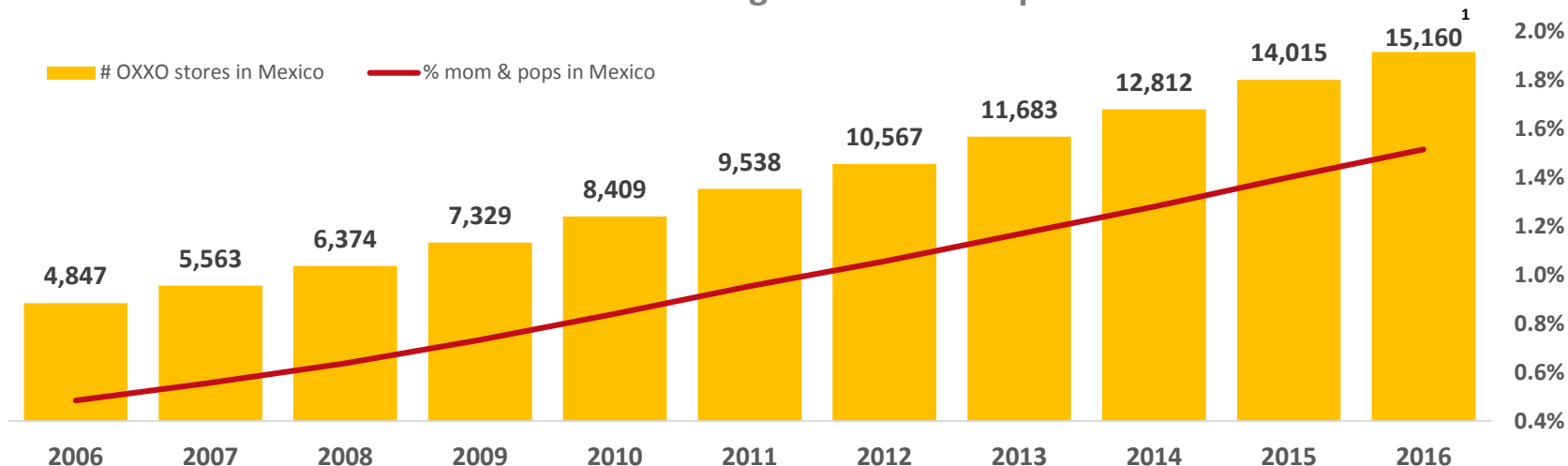
# OXO: A Format that Fits our Consumer's Needs

- **Third largest retailer in terms of Revenues in Mexico**
- **Benchmark for SSS and sales density in Mexico**
- **Best-in-class margins and returns**
- **We open one new store every 8 hours on average**
- **Every day, approximately 11 million people make a purchase at an OXO Store**

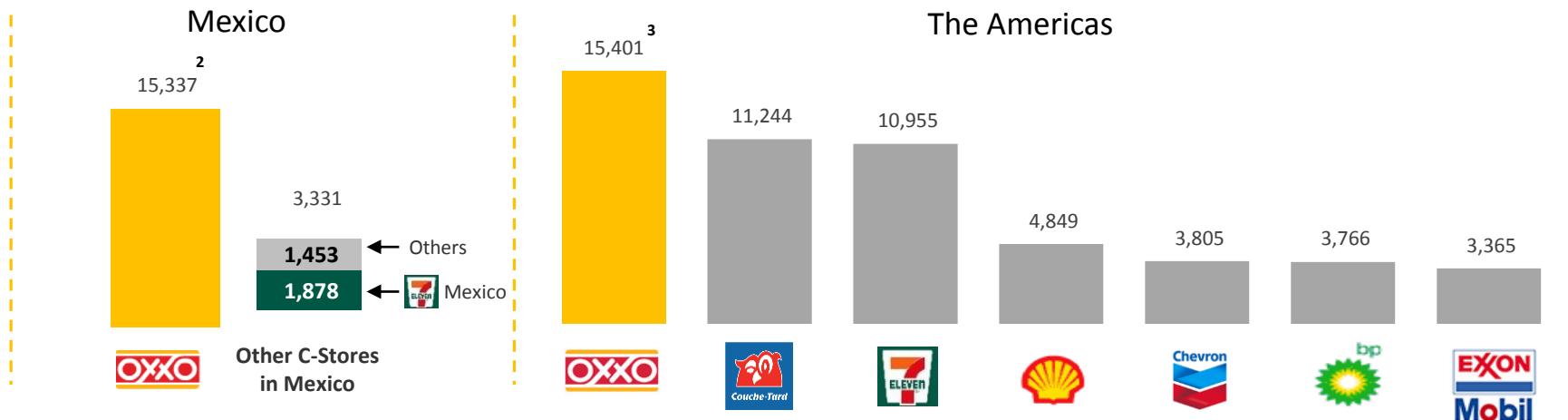


# Largest Store Chain in the Americas by Units

## OXXO Stores as a Percentage of Mom & Pops in Mexico



## Number of Stores



Note: For The Americas Section: Alimentation Couche-Tard includes US, Canada and Mexico operations as of January 2017 (includes transactions subject to regulatory approvals). Source: Company Information. 7-Eleven: US, Canada and Mexico Operations as of Dec 2016. Source: Company Information. Rest of the companies: Source: CS News "Top 100 US Convenience Store Companies", Published July 2016. Mom & pops: Company and INEGI information.

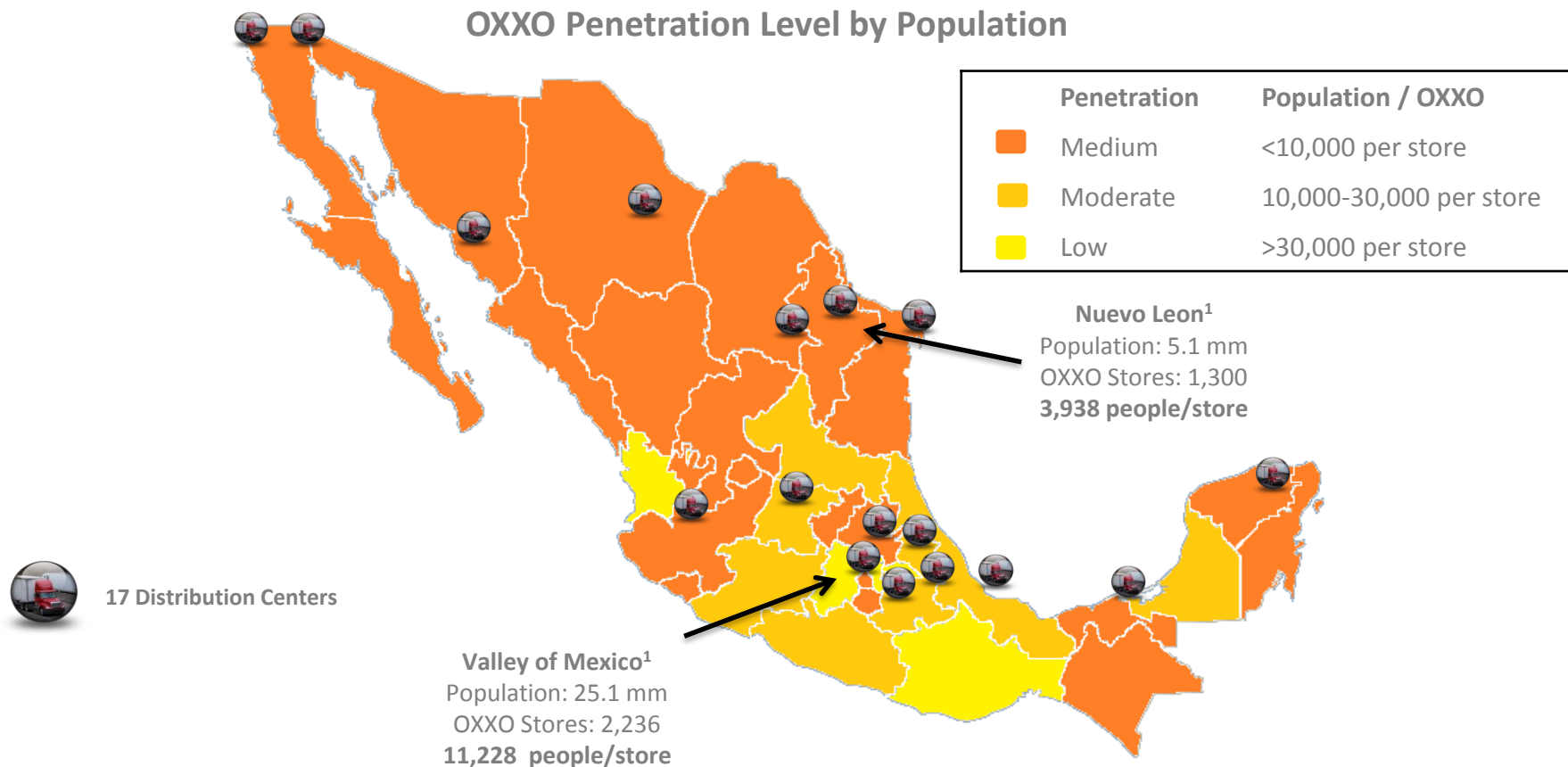
<sup>1</sup> OXXO stores as of December 31, 2016 in Mexico. <sup>2</sup> OXXO Stores in Mexico as of March 31, 2017. <sup>3</sup> Total OXXO stores in LatAm as of March 31, 2017.

# Horizontal Growth: Plenty of Runway Ahead

15,337 stores in Mexico and counting

**FEMSA Comercio has developed proprietary models to assist in identifying optimal store locations, store formats and product categories**

## OXO Penetration Level by Population



Note: INEGI 2015 Inter Population Consensus Survey . FEMSA information as of March 31, 2017.

<sup>1</sup>OXXO stores as of March 31, 2017.

# Differentiated Approach to Fill Consumer Needs



## **THIRST**

Quench your thirst immediately



## **LUNCH**

Satisfy your hunger with an on-the-go meal



## **CRAVING**

Satisfy your sudden craving for a snack, a meal or drink



## **GATHERING**

Stop by for your party needs



## **TIME OPTIMIZATION**

Acquire one-stop products and services in a simple and fast way



## **DAILY**

Take home your everyday grocery needs



## **BREAKFAST**

Start your day with a practical breakfast



## **REPLENISHMENT**

Replenish your depleted grocery and non-food products

Category Development

-Services

+1,000 services offered in the store

















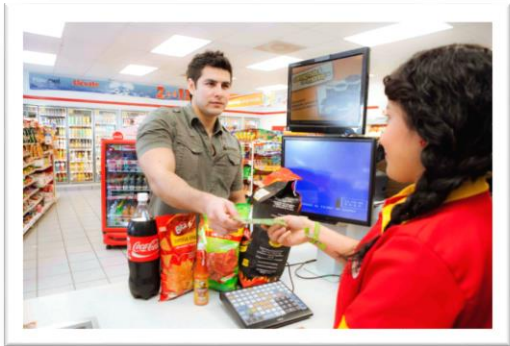
Category Development

-Prepared Food



¡O'Sabor!

Segmentation



Aspiring to **consolidate fragmented industry** following OXXO game plan

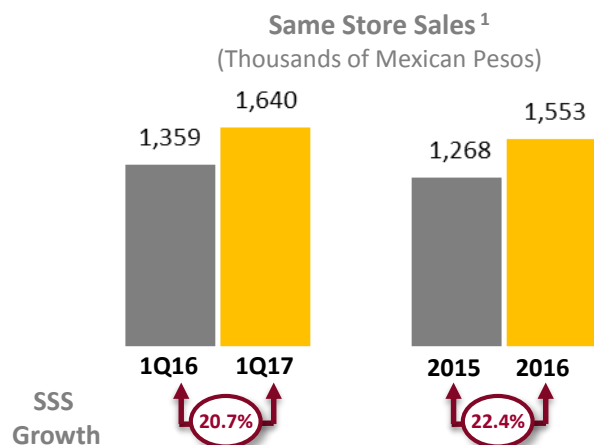


- FEMSA Comercio now operates more than **1,000 drugstores in Mexico**, or **approximately 3% of industry units**

- Current expected organic revenue growth of **10% in the Mexican operations**

- **Oxxo's operational and logistics expertise will facilitate national expansion**

- **Standardizing business model across different regional brands**



Note: Numbers as of March 31, 2017.

<sup>1</sup> Monthly average information per store, considering same stores with more than twelve months of operations for FEMSA Comercio - Health Division.

Providing a solid platform for continued growth across the region



- Operating more than **1,000** health related points of sale in Chile and Colombia
- **Strong brand recognition and industry leadership in Chile**
- **Operational expertise will serve as a driver of profitability**
- **Region presents opportunities for further international and cross-format growth**



**FEMSA Comercio's Health Division is gradually becoming a key drugstore operator in Latin America**

LatAm Comparable Players by Number of Stores



Source:

<sup>1</sup> 1Q17 Company Reports. FEMSA Comercio – Health Division includes drugstores and beauty stores.

<sup>2</sup> 4Q16 Company Reports.

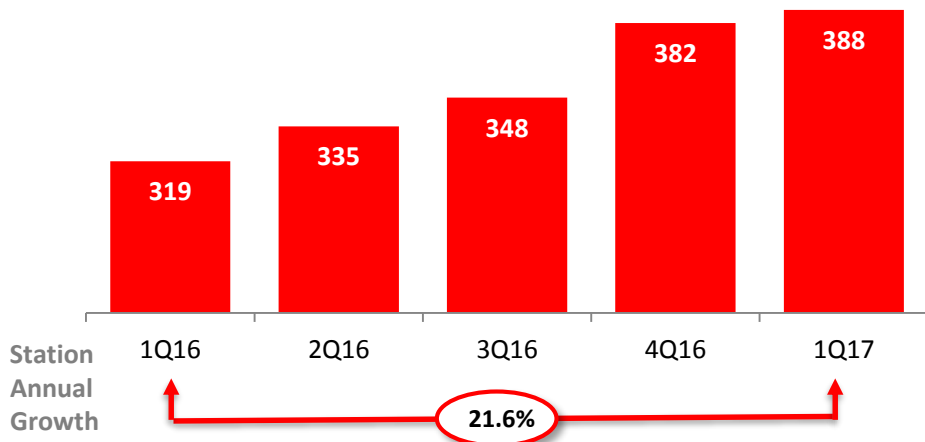
<sup>3</sup> LatAm Retail Pharma Map, ILACAD World Retail, points of sale as of March, 2015.

FEMSA is participating in the rapid transformation of Mexico's Fuel industry

- New changes to Mexican regulatory framework now **allow FEMSA to participate directly in the Energy sector, particularly through petrol stations**
- We concentrate mainly in the northern part of the country, but with a **growing presence in 16 Mexican States**

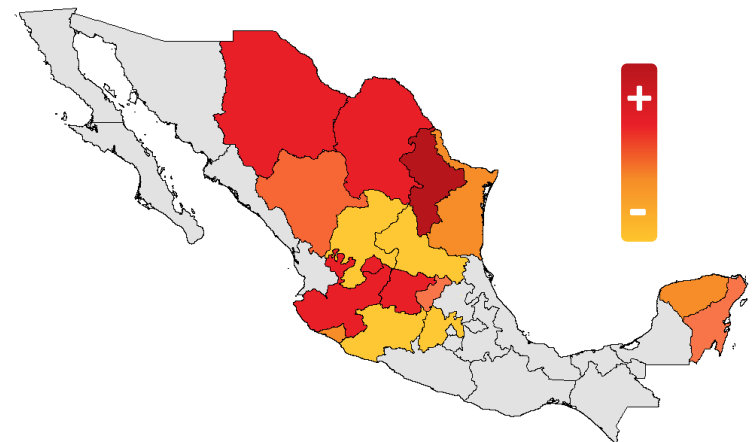


**Number of Stations**  
(End of Quarter)



Note: Numbers as of March 31, 2017.

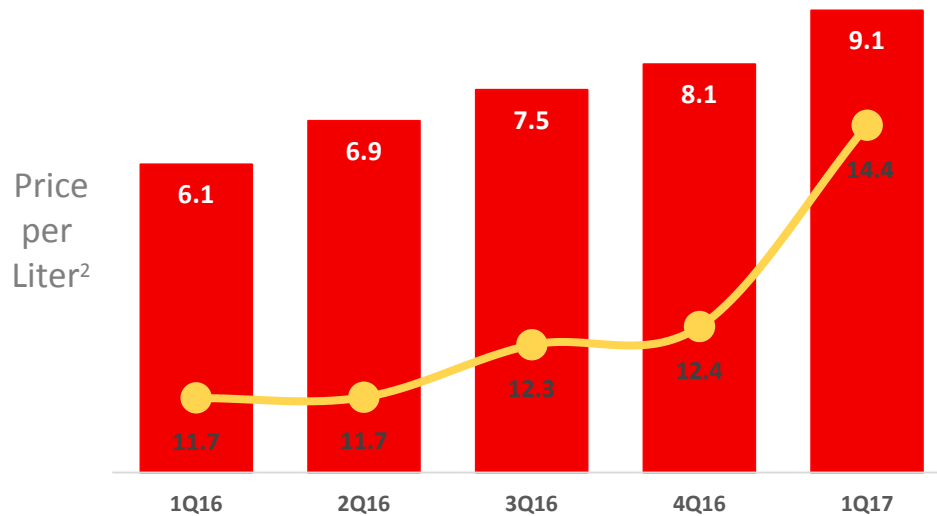
**Footprint**



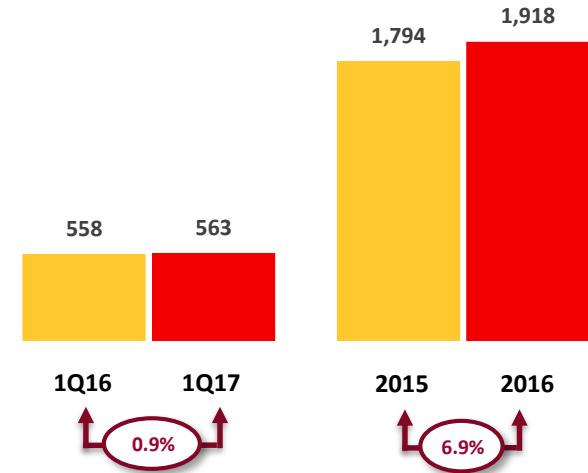
# Gas Stations (OXXO GAS)

- High-growth, low asset-intensity, high-return business
- As of December 31, 2016 there were **382 OXXO GAS stations**, representing around **3%** of a highly-fragmented industry

**Revenue**  
(Billions of Mexican Pesos)



**Same Station Volume<sup>1</sup>**

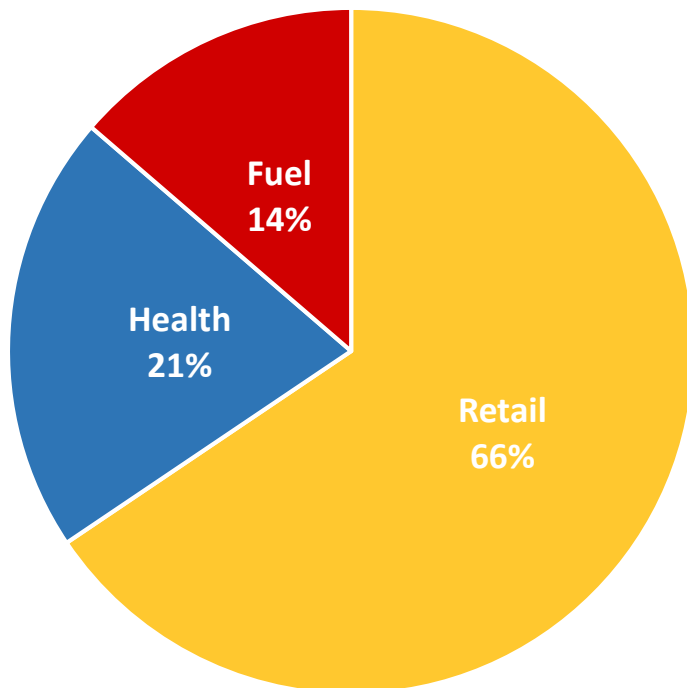


<sup>1</sup> Volume in thousands of liters considering same stations with more than twelve months of operations.

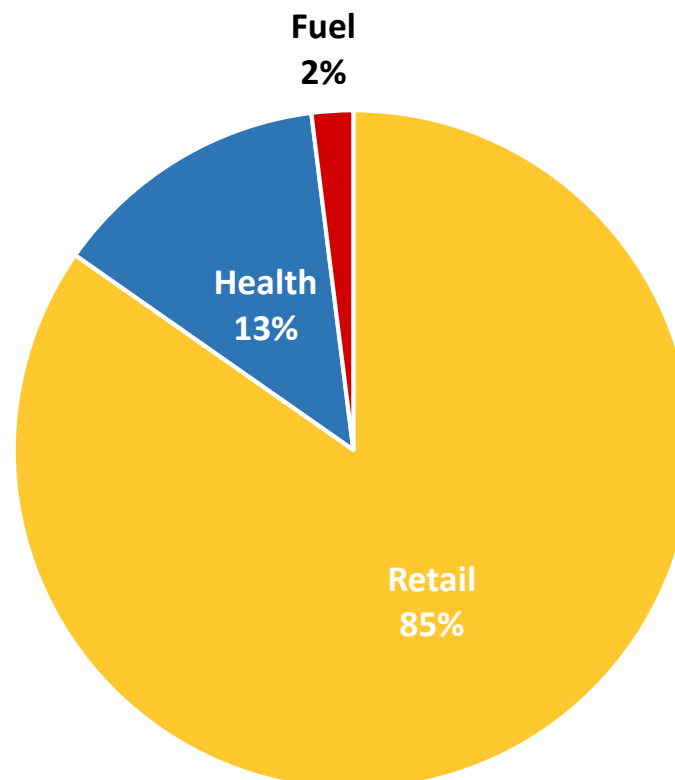
<sup>2</sup> Average price per liter in Mexican Pesos.

## Contribution for 2016

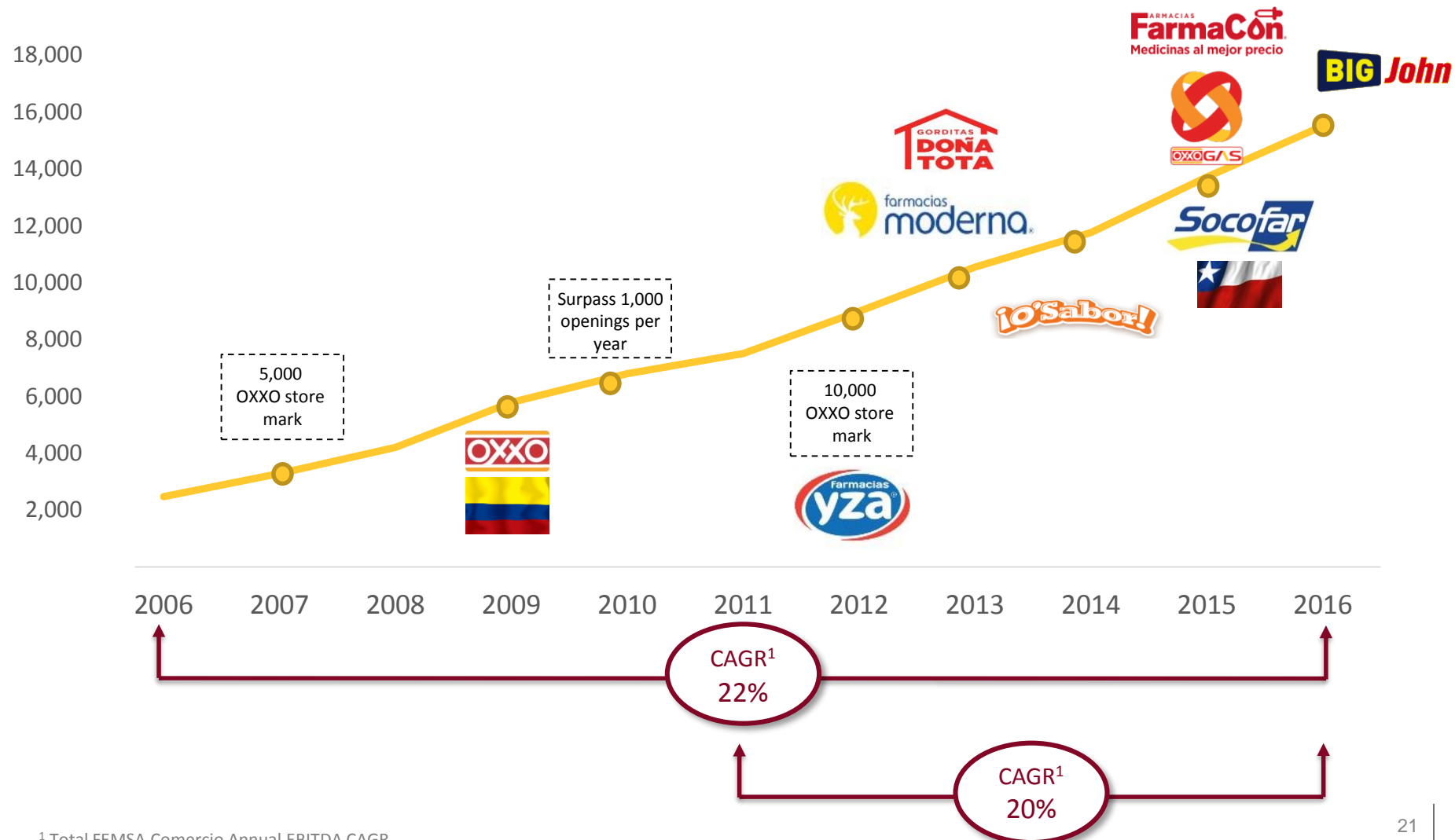
### Revenue



### EBITDA



## FEMSA Comercio EBITDA (\$Millions of Pesos) and Business Evolution



<sup>1</sup> Total FEMSA Comercio Annual EBITDA CAGR.

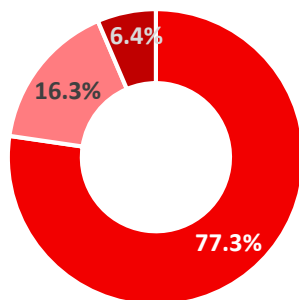


# Largest Coca-Cola Franchise Bottler in the World by Volume, Operating in Attractive Regions



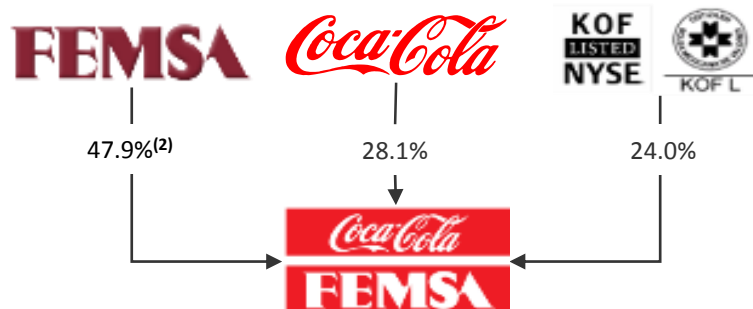
- Strategic partner to the Coca-Cola system representing about 13% of Global Volume
- ~4 Billion Unit Cases <sup>1</sup>
- +US\$ 10 Billion in Revenues
- +375 Million consumers <sup>1</sup>
- More than 2.8 Million points of sale <sup>1</sup>
- +85,000 employees

Volume Mix



■ Sparkling ■ Water ■ Still

Ownership:



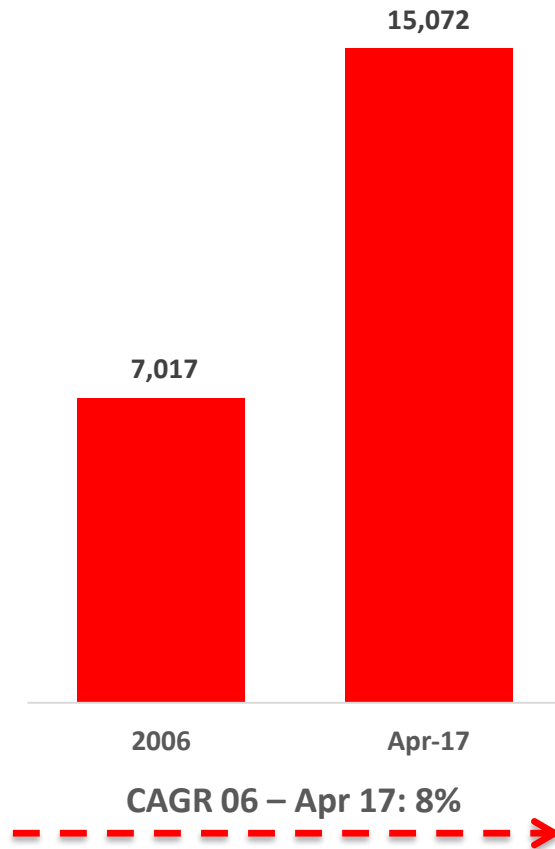
KOF Figures reflect FY 2016. <sup>1</sup> Philippines in a proforma basis.

<sup>2</sup> Represents 63% of shares with voting rights.

# Creating Economic Value During the Last Decade



## KOF Market Cap Evolution (US\$ MM)



## Financial Highlights

	2016	2006	CAGR%
Revenue <sup>1</sup>	177,718	57,738	12%
EBIT <sup>1</sup>	23,920	9,456	10%
EBIT Margin	13.5%	16.4%	
EBITDA <sup>1</sup>	35,495	12,219	11%
EBITDA Margin	20.0%	21.2%	
CAPEX <sup>1</sup>	12,391	2,615	17%

<sup>1</sup> Amounts expressed in millions of Mexican Pesos

- Consolidate as a Multi-category Leader.
- Reach Full Operating Potential.
- Growth Through Innovation.
- Growth Through Acquisitions.
- Proactive Environment Management.

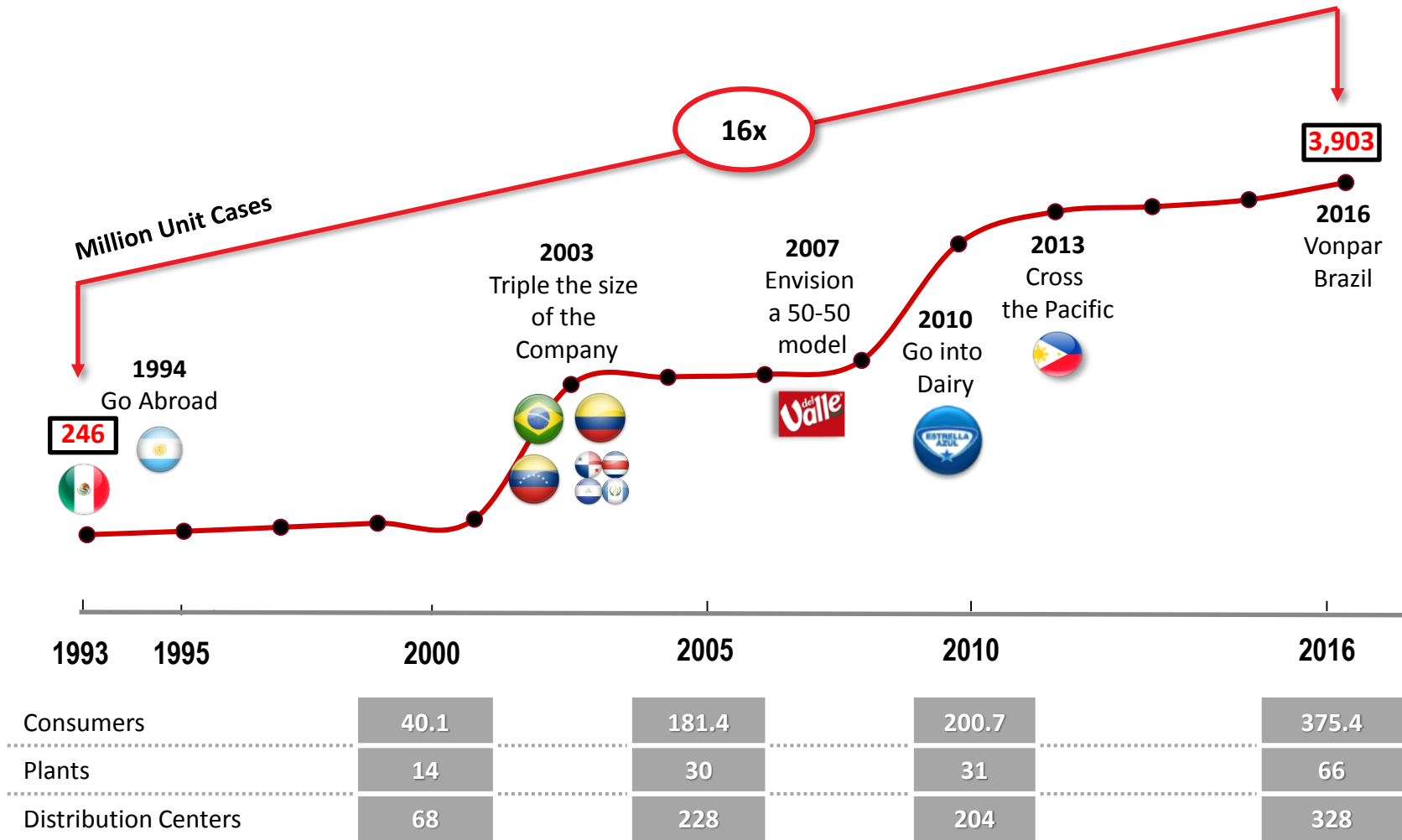
Source: Bloomberg, as of April 28, 2017.



# Strategic partner to the Coca-Cola System towards fulfilling its 2020 vision



30+ years as a Coke bottler through steady & bold investments



# KOF industry faces short term challenges that are being addressed



## Strategic Imperatives

### Accelerate performance with distinctive capabilities

- Focus on **Analytics** and a **streamlined RTM**.
- **Compensate incidence** increase through pricing and CoE initiatives



### Turnaround focus

- **Improve POS execution** and exploit **Coolers** as a driver for growth
- **Vonpar** Integration & **Leao** Transformation



### Create basis for sustainable and profitable growth

- **Adjust cost structure & recover margins**
- Continue developing **affordable CSD's** portfolio
- Keep **improving our RTM** capabilities



### Ensure operational stability to exploit market leadership

- Tackle current **labor challenges**
- **Sustain margins** despite the economic environment

### Capture transformational opportunities

- **Turnaround** in **Panama**
- **Structural changes** in **Guatemala**
- **Costa Rica's** volume growth into **profit growth**
- **Improve capacity** in **Nicaragua** to maintain growth

### Ensure business continuity

- **Rescale business** to continue operating
- Maintain **labor stability**

### Accelerate turnaround

- **Leverage volume growth** to offset cost

# Portfolio initiatives - Maximizing value in each segment through innovation and affordability



## CSD's

### ✓ Innovation



### ✓ Low-calorie



### ✓ Affordability



## NCB's

### ✓ Juices

- A portfolio for each segment



### ✓ Sport Drinks

- Market leadership in Mexico



### ✓ Energy Drinks



## Dairy

### ✓ Innovation



### ✓ Neo natural



## Water

### ✓ Innovation



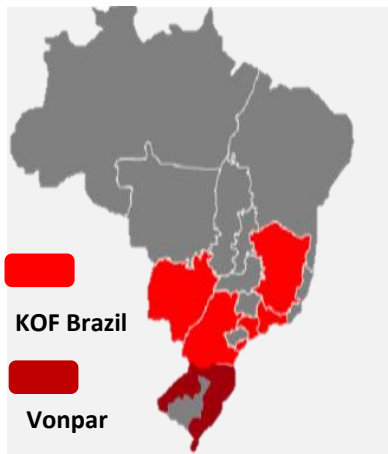
# KOF consolidates its geographic footprint and evolves to meet its consumer's ever-changing needs



KOF is evolving and preparing for the next wave of growth

**Expanding its footprint in Brazil to serve 88 million consumers and ~50% of the Coca-Cola system's volume**

- Through its Brazilian subsidiary, KOF acquired Vonpar for an EV of R\$3,578 million



**Vonpar<sup>1</sup>**

Volume:  
190 MM UC  
Sales:  
R\$2,026 m  
EBITDA:  
R\$335 m

**Expanding its footprint, monitoring other opportunities within TCCC System**

- KOF and KO have reached an understanding to assess, on a preferred basis, the acquisition of specific territories in Latin America, the United States and other regions

*The Coca-Cola Company*



**Diversifying its portfolio, providing its consumers with a wider range of choices**

- AdeS works as a platform to enter the Neo Natural Nutrition category
- Latam's leading soy-based beverage



<sup>1</sup> Financial information for the last twelve months ended June 30, 2016.

# SUSTAINABILITY



OUR PEOPLE



OUR COMMUNITY



OUR PLANET

# Sustainability Strategy: Structure

SUSTAINABILITY

We are committed to developing the capabilities needed to **generate the economic, social, and environmental conditions** required to operate today—and to grow in the future in harmony with our environment. That is how we understand **sustainability**.

We contribute to **create economic and social value** through our Strategic Sustainability Framework:

**Contributing to the generation of sustainable communities**

**Promoting employees' comprehensive development**



**Minimizing our operations' environmental impact**

# Selected Sustainability Achievements 2016

SUSTAINABILITY

We are aware of the fact that our communities face challenges that are increasingly more complex. Consequently, we know we need to **evolve and strengthen our decision-making processes** based on criteria that simultaneously creates **economic and social value**, as defined by our mission.

- We participated in the **Carbon Disclosure Project** in the Climate Change and Water versions.



- Coca-Cola FEMSA has been for four consecutive years part of the **Dow Jones Sustainability Index for Emerging Markets**.



- FEMSA and Coca-Cola FEMSA have been part of the **Mexican Stock Exchange Sustainability Index** for five consecutive years.

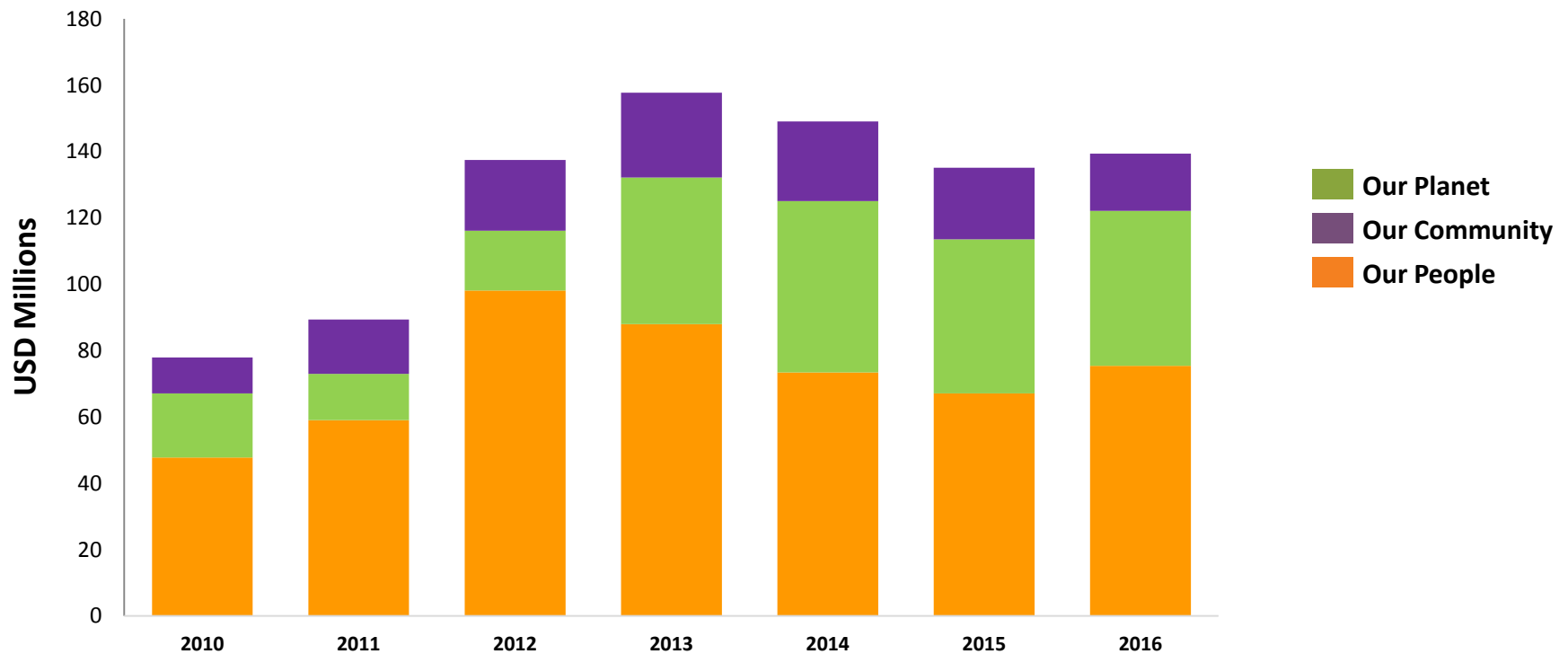


# Our Investment in Sustainability

SUSTAINABILITY

At FEMSA we invest ~ 1% of our total consolidated revenue in sustainability every year.

## Total Spending on Sustainability (by Pillar)



\* In MXN terms the investment made on Sustainability during 2015 grew compared to 2014 and during 2014 compared to 2013, but when translated to USD it decreases due to the depreciation of the MXN against the USD (December 31 for each year).





Focus on disciplined capital deployment to take advantage of balance sheet flexibility, targeting assets consistent with our business platform and set of capabilities.



Sustained organic growth at OXXO in Mexico, with compelling growth in new complementary drugstore and fuel operations, as well as medium-term objectives to test additional international markets.



Continue to drive organic revenue growth across markets, working in tandem with The Coca-Cola Company to enhance our portfolio by addressing evolving consumer preferences, and continue to pursue incremental territories that are structurally well suited to our skill set.

# Financial Summary (Amounts in millions of Mexican Pesos)



	2011	% Var	2012	% Var	2013	% Var	2014	% Var	2015	% Var	2016	% Var
Total Revenues	201,540	19%	238,309	18%	258,097	8%	263,449	2%	311,589	18%	399,507	28%
Income from Operations	24,484	9%	29,227	19%	29,857	2%	29,983	0%	33,735	13%	37,427	11%
% of Revenues	12%		12%		12%		11%		11%		9%	
Operative Cash Flow	31,498	11%	37,680	20%	39,870	6%	40,945	3%	46,626	14%	54,987	18%
% of Revenues	16%		16%		15%		16%		15%		14%	
CAPEX	12,609	13%	15,560	23%	17,882	15%	18,163	2%	18,885	4%	22,155	17%
% of Revenues	6%		7%		7%		7%		6%		6%	

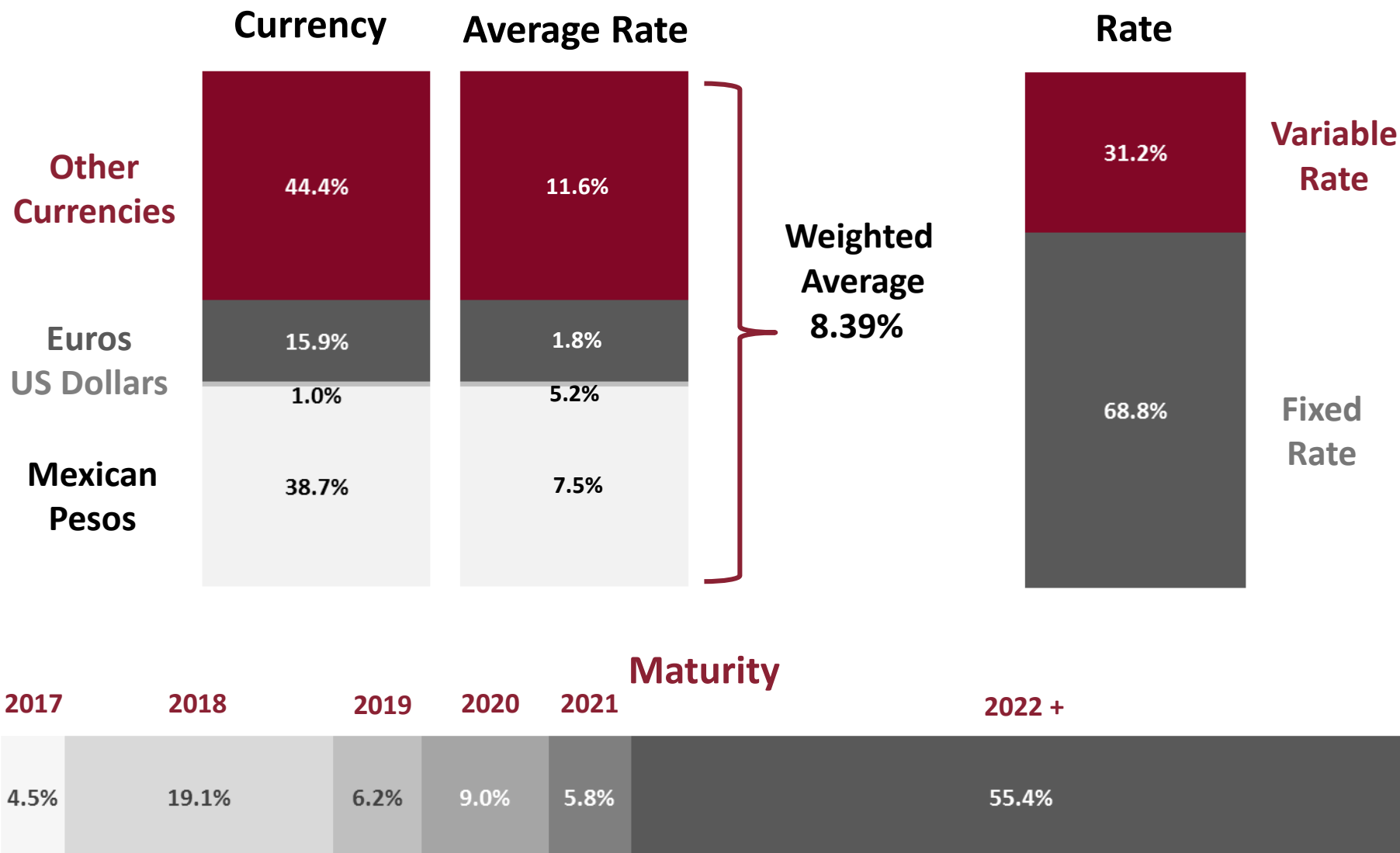


	2011	% Var	2012	% Var	2013	% Var	2014	% Var	2015	% Var	2016	% Var
Total Revenues	74,112	19%	86,433	17%	97,572	13%	109,624	12%	151,401	38%	209,166	38%
Income from Operations	5,523	6%	6,778	23%	7,906	17%	8,680	10%	11,105	28%	13,310	20%
% of Revenues	7%		8%		8%		8%		7%		6%	
Operative Cash Flow	7,506	10%	8,994	20%	10,546	17%	11,756	11%	14,801	26%	35,495	140%
% of Revenues	10%		10%		11%		11%		10%		17%	
CAPEX	4,187	26%	4,708	12%	5,683	21%	5,191	-9%	6,276	21%	8,405	34%
% of Revenues	6%		5%		6%		5%		4%		4%	
OXO SSS %growth	9.2		7.7		2.4		2.7		6.9		7.0	



	2011	% Var	2012	% Var	2013	% Var	2014	% Var	2015	% Var	2016	% Var
Total Revenues	123,224	19%	147,739	20%	156,011	6%	147,298	-6%	152,360	3%	177,718	17%
Income from Operations	18,392	8%	21,956	19%	21,450	-2%	20,743	-3%	22,645	9%	23,920	6%
% of Revenues	15%		15%		14%		14%		15%		13%	
Operative Cash Flow	23,223	10%	27,923	20%	28,594	2%	28,385	-1%	31,233	10%	35,495	14%
% of Revenues	19%		19%		18%		19%		20%		20%	
CAPEX	7,810	4%	10,259	31%	11,703	14%	11,313	-3%	11,484	2%	12,391	8%
% of Revenues	6%		7%		8%		8%		8%		7%	
Volume (mill UC)	2,649	6%	3,046	15%	3,205	5%	3,417	7%	3,436	1%	3,334	-3%

# Debt Profile – March 31, 2017





#### Contact Information

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#### Stock Information

Bolsa Mexicana de Valores (BMV): FEMSAUBD

New York Stock Exchange, Inc (NYSE): FMX

*ADR 10:1*