

FEMSA Announces Second Quarter 2018 Results

Monterrey, Mexico, July 27, 2018 — Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) (NYSE: FMX; BMV: FEMSAUBD) announced today its operational and financial results for the second quarter of 2018.

FINANCIAL HIGHLIGHTS:

- 8.6% revenue growth at FEMSA Consolidated
- 130 basis points of gross margin expansion at FEMSA Comercio’s Retail Division
- 180 basis points of operating margin expansion at FEMSA Comercio’s Health Division
- Operating margin recovery to 0.7% of total revenues at FEMSA Comercio’s Fuel Division
- 2.7% volume growth at Coca-Cola FEMSA Brazil

FINANCIAL SUMMARY FOR THE SECOND QUARTER AND FIRST SIX MONTHS OF 2018

Change vs. same period of last year

	Revenues		Gross Profit		Income from Operations		Same-Store Sales	
	2Q18	YTD18	2Q18	YTD18	2Q18	YTD18	2Q18	YTD18
FEMSA CONSOLIDATED	8.6%	7.2%	8.3%	7.4%	3.0%	2.3%		
FEMSA COMERCIO								
Retail Division	9.7%	11.7%	13.7%	14.4%	7.7%	12.4%	3.0%	5.1%
Health Division	17.1%	10.1%	22.5%	15.3%	93.3%	57.9%	11.8%	6.2%
Fuel Division	21.5%	18.9%	50.9%	46.7%	N.S.	N.S.	5.0%	4.3%
COCA-COLA FEMSA	3.9%	2.0%	0.6%	0.4%	(3.3%)	(4.8%)		

Eduardo Padilla, FEMSA’s CEO, commented:

“Our results for the second quarter were solid. FEMSA Comercio’s Retail Division again showed healthy trends across its income statement, particularly considering the tough comparison base from the Holy Week calendar shift, as well as a record pace of expansion. The Health Division delivered encouraging results across its markets, reflecting improved commercial activity and more effective execution. For its part, the Fuel Division again faced a low comparison base and thus delivered another quarter of margin recovery, in spite of soft volumes, as well as an improved rate of unit growth. And at Coca-Cola FEMSA, we saw resilient top line performance in Mexico driven by strong pricing, as well as sustained positive volume trends in Brazil, despite the challenging macro environment. Furthermore, during the quarter we took a couple of important steps in our consolidation efforts in the region by announcing the expansion of our bottling operations in Guatemala and the addition of Uruguay to our platform.

In terms of macroeconomic trends, the consumer environment in our key Mexico market has been stable, as evidenced by OXXO’s six-month comparable sales growth of 5.1 percent, right in line with our long term expectations. Other variables such as the peso-dollar exchange rate, have improved slightly in recent weeks, which is encouraging. But Mexico is not immune to global concerns on international trade, and there are other macro questions to be answered in the near future. Beyond Mexico, we also face challenges and uncertainties in several markets, so we remain vigilant as ever as we continue to execute our strategy across businesses.”

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

FORWARD-LOOKING STATEMENTS

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's 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 a leading company that participates in the beverage industry through Coca-Cola FEMSA, the largest franchise bottler of Coca-Cola products in the world by volume; and in the beer industry, through its ownership of the second largest equity stake in Heineken, one of the world's leading brewers with operations in over 70 countries. In the retail industry it participates through FEMSA Comercio, comprising a Retail Division operating various small-format store chains including OXXO, a Fuel Division, operating the OXXO GAS chain of retail service stations, and a Health Division, which includes drugstores and related operations. Additionally, through its Strategic Businesses unit, it provides logistics, point-of-sale refrigeration solutions and plastics solutions to FEMSA's business units and third-party clients.