



FEMSA Reports Results for Third Quarter and Nine Months Ended September 30, 2002; Third Quarter Consolidated Net Sales and Operating Income Up by 5.5% and 13.0%, Respectively

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MONTERREY, Mexico, Oct 25, 2002 (BUSINESS WIRE) -- Fomento Economico Mexicano, S.A. de C.V. ("FEMSA") (NYSE: FMX; BMV: FEMSA UBD; FEMSA UB), the Leader in Latin Beverages, reported today consolidated revenues of Ps. 13.447 billion for the third quarter of 2002, an increase of 5.5% over the third quarter of 2001. Jose Antonio Fernandez, Chairman and Chief Executive Officer of FEMSA commented, "Once again, we delivered positive results across all our major operations, increasing revenues as well as accelerating profitability. During the quarter, we persevered with our strategy in the face of what has become a prolonged economic slump. Such a lean environment has brought the best out of our company, making us more efficient as we seek continued growth and the sustained creation of value. Staying the course with hard work and discipline, we achieved record operating margins for the quarter and are on track for yet another year of solid operational and financial performance. Furthermore, during the quarter we continued to reduce the level of consolidated net debt and we achieved a net cash balance of US\$12 million. Through our conservative approach to balance sheet management, today we are in a position of considerable financial flexibility as we continue to look for avenues of growth in our core beverage operations."

Consolidated revenue growth during the third quarter was the result of a favorable execution in all of our main operating subsidiaries, led by Coca-Cola FEMSA's strong total revenue growth of 5.3% driven by volume growth in Mexico and FEMSA Comercio's strong revenue growth of 18.0%, driven by the activity of 122 net new stores opened during the period. FEMSA Cerveza recorded total revenue growth of 0.8% as it continued to face difficult market conditions in the north of Mexico, while FEMSA Empaques recorded an increase in the sales volume of its main product categories that translated into sales growth of 10.3%.

For the third quarter of 2002, consolidated operating income was Ps. 2.586 billion, an increase of 13.0% over the comparable period last year. Our operating performance reflects our continued efforts in cost containment as well as increased efficiency across all our subsidiaries, translating into an operating margin expansion of 120 basis points over the third quarter of 2001, to 19.2% of total revenues. Below the operating line, majority net income decreased by 22.0% to Ps. 602 million for the third quarter of 2002 compared to the same period last year, primarily due to an impairment in the value of the goodwill generated by our investments in Argentina as a result of our decision to take a more conservative accounting approach in light of that country's deteriorating macroeconomic conditions.

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 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 the Company's actual performance.

FEMSA is Latin America's largest beverage company, exporting to the United States, Canada, and select countries in Europe, Asia, and Latin America. Founded in 1890 and headquartered in Monterrey, Mexico, FEMSA is strategically comprised of and operates by means of the following subsidiaries: FEMSA Cerveza, which produces and distributes various brands of beer such as Tecate, Carta Blanca, Superior, Sol, XX Lager, Dos Equis, and Bohemia; Coca-Cola FEMSA, the largest bottler for The Coca-Cola Co. in Latin America, which produces and distributes carbonated beverages such as Coca-Cola, Coca-Cola Light, Fanta, Sprite, and Quatro; and the Strategic Businesses Division, which groups the packaging (FEMSA Empaques), retail (FEMSA Comercio) and logistics (FEMSA Logistica) operations, whose main objective is to offer competitive advantages to the beverage subsidiaries.

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