

# MEXICAN ECONOMIC DEVELOPMENT INC

## **FORM 6-K** (Report of Foreign Issuer)

Filed 02/27/18 for the Period Ending 02/27/18

|             |   |
|-------------|---|
| Telephone   | 528183286167  |
| CIK         | 0001061736  |
| Symbol      | FMX   |
| SIC Code    | 2086 - Bottled and Canned Soft Drinks and Carbonated Waters |
| Industry    | Non-Alcoholic Beverages                                     |
| Sector      | Consumer Non-Cyclicals                                      |
| Fiscal Year | 12/31   |

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of February 2018

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.  
(Exact name of Registrant as specified in its charter)

Mexican Economic Development, Inc.  
(Translation of Registrant's name into English)

United Mexican States  
(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.  
Colonia Bella Vista  
Monterrey, Nuevo León 64410  
México  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

FOMENTO ECONÓMICO MEXICANO, S.A. DE C.V. .

By: /s/ Eduardo Padilla

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Eduardo Padilla

Chief Executive Officer

Date: February 27, 2018

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## FEMSA Announces Fourth Quarter and Full Year 2017 Results

Monterrey, Mexico, February 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 fourth quarter and full year of 2017.

### FINANCIAL HIGHLIGHTS:

- 11.5% income from operations growth (6.5% on an organic <sup>1</sup> basis) at FEMSA Consolidated (FY, 10.7%; 2.4%)
- 10.1% revenue growth at FEMSA Comercio’s Retail Division (FY, 12.4%)
- 9.0% operative cash flow growth at FEMSA Comercio’s Health Division (FY, 6.4%)
- 16.7% same-station sales growth at FEMSA Comercio’s Fuel Division (FY, 19.8%)
- 11.6% revenue growth (-3.8% on an organic <sup>1</sup> basis) at Coca-Cola FEMSA (FY, 14.7%; -2.8%)

| FINANCIAL SUMMARY FOR THE FOURTH QUARTER AND FULL YEAR 2017 |          |        |              |        |                        |        |                  |        |
|---|----------|--------|--------------|--------|------------------------|--------|------------------|--------|
| Change vs. same period of last year                         |          |        |              |        |                        |        |                  |        |
|   | Revenues |        | Gross Profit |        | Income from Operations |        | Same-Store Sales |        |
|   | 4Q17     | FY2017 | 4Q17         | FY2017 | 4Q17                   | FY2017 | 4Q17             | FY2017 |
| <b>FEMSA CONSOLIDATED</b>                                   | 11.5%    | 15.3%  | 13.6%        | 14.9%  | 11.5%                  | 10.7%  |                  |        |
| <b>FEMSA COMERCIO</b>                                       |          |        |              |        |                        |        |                  |        |
| Retail Division   | 10.1%    | 12.4%  | 10.6%        | 14.2%  | 7.2%                   | 8.3%   | 4.7%             | 6.4%   |
| Health Division   | 2.3%     | 9.2%   | 6.9%         | 11.6%  | 4.0%                   | 2.9%   | 1.6%             | 6.7%   |
| Fuel Division   | 26.4%    | 34.1%  | 29.4%        | 23.1%  | 50.0%                  | 6.7%   | 16.7%            | 19.8%  |
| <b>COCA-COLA FEMSA</b>                                      | 11.6%    | 14.7%  | 12.0%        | 15.1%  | 5.8%                   | 9.4%   |                  |        |

Eduardo Padilla, FEMSA’s CEO, commented:

“The trends in the fourth quarter were generally consistent with what we saw during the third quarter. FEMSA Comercio’s Retail Division continued to open new OXXO stores at a rapid pace, while same-store sales grew in the mid-single digits reflecting a resilient but gradually moderating consumer environment in Mexico. The Health Division grew its revenues at a low-single digit rate but managed to expand its margins, driven by our operations in South America, while the Fuel Division continued its gradual improvement in profitability. For its part, Coca-Cola FEMSA realized healthy pricing in Mexico and Argentina, as well as encouraging volume growth in Brazil, Central America and the Philippines.

As for the full year, 2017 turned out to be a complex one on a number of fronts, and we were not fully able to convert our robust top-line growth into higher operating margins. However, we made significant progress in the development of our various business platforms and we are well prepared to take on the challenges and opportunities of the new year, which we approach –as always–with enthusiasm and cautious optimism.”

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place in 2016.

Follow tomorrow’s event live  
 11:00 AM ET [Earnings Conference Call](#)

## RESULTS FOR THE FOURTH QUARTER OF 2017

Results are compared to the same period of previous year

### FEMSA CONSOLIDATED

| FEMSA CONSOLIDATED<br>4Q17 Financial Summary |                   |         |         |
|--|-------------------|---------|---------|
|  | (Millions of Ps.) |         |         |
|  | 4Q17              | 4Q16    | Var.    |
| Revenues                                     | 122,502           | 109,907 | 11.5%   |
| Income from Operations                       | 13,018            | 11,678  | 11.5%   |
| Income from Operations Margin (%)            | 10.6              | 10.6    | 0 bps   |
| Operative Cash Flow (EBITDA)                 | 18,545            | 17,192  | 7.9%    |
| Operative Cash Flow (EBITDA) Margin (%)      | 15.1              | 15.6    | -50 bps |
| Net Income                                   | -9,699            | 8,828   | N.S.    |

| CONSOLIDATED BALANCE SHEET |                   |                   |
|----------------------------|-------------------|-------------------|
|                            | (Millions of Ps.) |                   |
| As of December 31, 2017    | Ps.               | US\$ <sup>3</sup> |
| Cash                       | 96,944            | 4,936             |
| Short-term debt            | 13,590            | 692               |
| Long-term debt             | 110,917           | 5,648             |
| Net debt <sup>4</sup>      | 27,563            | 1,403             |

**Total revenues** increased 11.5%, reflecting growth across all operations including the consolidation of the Philippines and the integration of Vonpar at Coca-Cola FEMSA. On an organic basis,<sup>1</sup> total revenues grew 3.5%.

**Gross profit** grew 13.6%. Gross margin expanded 70 basis points, mostly driven by gross margin expansion across businesses.

**Income from operations** increased 11.5%. On an organic basis,<sup>1</sup> income from operations increased 6.5%. Consolidated operating margin remained stable at 10.6% of total revenues.

**Income tax** was Ps. 1,117 million in 4Q17.

**Net consolidated income** was negative as a result of the change in the accounting method for Coca-Cola FEMSA's Venezuelan operation, which resulted in the reclassification of a recorded foreign currency translation charge in equity. This was a non-cash, one-time impact to the *Other non-operative expenses* line of the income statement, in accordance with IFRS standards. This impact was partially offset by a foreign exchange gain related to a higher U.S. dollar-denominated cash position at FEMSA, coming from the sale of a portion of its Heineken shares during the month of September, as impacted by the depreciation of the Mexican peso during the quarter.

**Net majority income** was Ps. 0.51 per FEMSA Unit<sup>2</sup> and US\$ 0.26 per FEMSA ADS.

**Capital expenditures** amounted to Ps. 7,881 million, reflecting lower investments at Coca-Cola FEMSA.

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place in 2016.

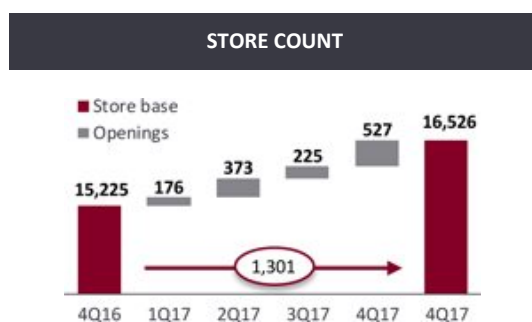
<sup>2</sup> FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 31, 2017 was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

<sup>3</sup> The exchange rate published by the Federal Reserve Bank of New York for December 29, 2017 was 19.6395 MXN per USD.

<sup>4</sup> Includes the effect of derivative financial instruments on long-term debt.

## FEMSA COMERCIO – RETAIL DIVISION

| FEMSA COMERCIO – RETAIL DIVISION           |        |        |         |
|--|--------|--------|---------|
| 4Q17 Financial Summary                     |        |        |         |
| (Millions of Ps. except same-stores sales) |        |        |         |
|  | 4Q17   | 4Q16   | Var.    |
| Same-store sales (thousands of Ps.)        | 771    | 737    | 4.7%    |
| Revenues                                   | 40,182 | 36,493 | 10.1%   |
| Income from Operations                     | 4,379  | 4,083  | 7.2%    |
| Income from Operations Margin (%)          | 10.9   | 11.2   | -30 bps |
| Operative Cash Flow (EBITDA)               | 5,609  | 5,163  | 8.6%    |
| Operative Cash Flow (EBITDA) Margin (%)    | 14.0   | 14.1   | -10 bps |



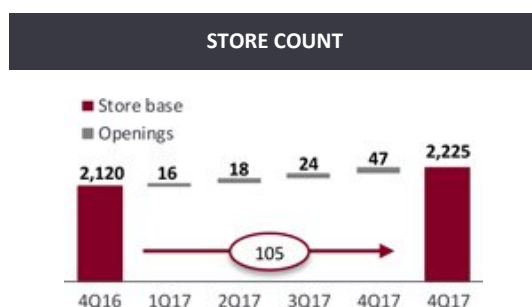
**Total revenues** increased 10.1% reflecting the opening of 527 net new OXXO stores in the quarter to reach 1,301 total net new store openings for the last twelve months. As of December 31, 2017, FEMSA Comercio's Retail Division had a total of 16,526 OXXO stores. OXXO's same-store sales increased an average of 4.7%, driven by 2.7% growth in average customer ticket and an increase of 1.9% in store traffic.

**Gross profit** increased by 10.6%, resulting in a gross margin expansion of 20 basis points to 40.8% of total revenues. This expansion mainly reflects sustained growth of the services category, including income from financial services, and healthy trends in our commercial income activity.

**Income from operations** increased 7.2%. Operating expenses increased 11.9% to Ps. 12,015 million, ahead of revenues, mainly reflecting: i) a sustained increase in electricity tariffs year over year; ii) higher secure cash transportation costs driven by increased volume and higher fuel prices; and iii) our continuing initiatives to reduce turnover of our key in-store personnel. Operating margin contracted 30 basis points to 10.9% of total revenues.

## FEMSA COMERCIO – HEALTH DIVISION

| FEMSA COMERCIO – HEALTH DIVISION           |        |        |        |
|--|--------|--------|--------|
| 4Q17 Financial Summary                     |        |        |        |
| (Millions of Ps. except same-stores sales) |        |        |        |
|  | 4Q17   | 4Q16   | Var.   |
| Same-store sales (thousands of Ps.)        | 1,576  | 1,550  | 1.6%   |
| Revenues                                   | 12,571 | 12,293 | 2.3%   |
| Income from Operations                     | 623    | 599    | 4.0%   |
| Income from Operations Margin (%)          | 5.0    | 4.9    | 10 bps |
| Operative Cash Flow (EBITDA)               | 897    | 823    | 9.0%   |
| Operative Cash Flow (EBITDA) Margin (%)    | 7.1    | 6.7    | 40 bps |



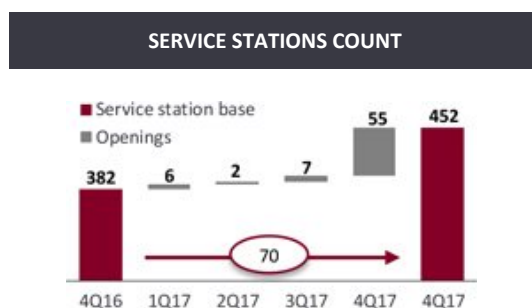
**Total revenues** increased 2.3%, mainly driven by growth in our South American operations. As of December 31, 2017, FEMSA Comercio's Health Division had a total of 2,225 points of sale across our territories, reflecting the addition of 47 net new stores in the quarter to reach 105 total net new store openings for the last twelve months. Same-store sales for drugstores increased an average of 1.6%.

**Gross profit** increased by 6.9%, resulting in a gross margin expansion of 140 basis points to 32.2% of total revenues, reflecting positive sales mix as well as a more effective collaboration and execution with our key supplier partners.

**Income from operations** grew 4.0%. Operating expenses increased 7.5% to Ps. 3,426 million, ahead of revenues. However, operating margin increased 10 basis points to 5.0% of total revenues.

## FEMSA COMERCIO – FUEL DIVISION

| FEMSA COMERCIO – FUEL DIVISION               |        |       |        |
|--|--------|-------|--------|
| 4Q17 Financial Summary                       |        |       |        |
| (Millions of Ps. except same-stations sales) |        |       |        |
|  | 4Q17   | 4Q16  | Var.   |
| Same-station sales (thousands of Ps.)        | 8,542  | 7,323 | 16.7%  |
| Revenues                                     | 10,177 | 8,054 | 26.4%  |
| Income from Operations                       | 111    | 74    | 50.0%  |
| Income from Operations Margin (%)            | 1.1    | 0.9   | 20 bps |
| Operative Cash Flow (EBITDA)                 | 147    | 112   | 31.3%  |
| Operative Cash Flow (EBITDA) Margin (%)      | 1.4    | 1.4   | 0 bps  |



**Total revenues** increased 26.4% reflecting a national price increase established at the beginning of the year as well as growth in the number of stations. As of December 31, 2017, FEMSA Comercio's Fuel Division had a total of 452 OXXO GAS service stations. Same-station sales increased an average of 16.7%, as the average price per liter increased by 19.9% reflecting the national price increase mentioned above, while the average volume decreased by 2.7% mainly from consumer reaction to the higher prices.

**Gross profit** increased by 29.4%, ahead of revenues, resulting in a gross margin expansion of 10 basis points to 8.0% of total revenues.

**Income from operations** increased 50.0%. Operating expenses increased 26.7% to Ps. 708 million. Operating margin expanded 20 basis points to 1.1% of total revenues, reflecting the growth in gross profit as mentioned above, as well as expense containment and operational efficiencies.



## RESULTS FOR THE FULL YEAR OF 2017

Results are compared to the same period of previous year

### FEMSA CONSOLIDATED

| FEMSA CONSOLIDATED<br>Full Year Financial Summary<br>(Millions of Ps.) |         |         |         |
|--|---------|---------|---------|
|  | FY2017  | FY2016  | Var.    |
| <b>Revenues</b>  | 460,456 | 399,507 | 15.3%   |
| <b>Income from Operations</b>  | 41,439  | 37,427  | 10.7%   |
| <i>Income from Operations Margin (%)</i>                               | 9.0     | 9.4     | -40 bps |
| <b>Operative Cash Flow (EBITDA)</b>                                    | 61,418  | 54,987  | 11.7%   |
| <i>Operative Cash Flow (EBITDA) Margin (%)</i>                         | 13.3    | 13.8    | -50 bps |
| <b>Net Income</b>  | 37,206  | 27,175  | 36.9%   |

**Total revenues** increased 15.3%, reflecting the consolidation of Coca-Cola FEMSA Philippines and Vonpar into Coca-Cola FEMSA's results and driven by solid growth across all operations. On an organic basis, <sup>1</sup> total revenues increased 6.2%.

**Gross profit** increased 14.9%. Gross margin decreased 10 basis points to 37.0% of total revenues, reflecting the incorporation and growth of lower margin businesses at FEMSA Comercio.

**Income from operations** increased 10.7%. On an organic basis, <sup>1</sup> income from operations increased 2.4%. Our consolidated operating margin decreased 40 basis points to 9.0% of total revenues, reflecting: i) the incorporation of structurally lower-margin results from Coca-Cola FEMSA Philippines; ii) an operating margin contraction across businesses; and iii) the integration and faster growth of FEMSA Comercio's three divisions, whose lower margins tend to compress FEMSA's consolidated margins over time.

**Net consolidated income** increased 36.9% to Ps. 37,206 million, reflecting growth in our income from operations, higher non-operating income resulting from the sale of 5.24% of the combined interest in the Heineken Group completed on September 18, 2017, and higher foreign exchange gain related to a higher U.S. dollar-denominated cash position at FEMSA, coming from the aforementioned sale of Heineken shares. These impacts more than offset higher financing expenses as well as the change in the accounting method for Coca-Cola FEMSA's Venezuelan operation booked in the fourth quarter, which resulted in the reclassification of a recorded foreign currency translation charge in equity. This was a non-cash, one-time impact to the *Other non-operative expenses* line of the income statement, in accordance with IFRS standards.

**Net majority income** per FEMSA Unit <sup>2</sup> was Ps. 11.85 (US\$ 6.03 per ADS).

**Capital expenditures** amounted to Ps. 25,180 million, reflecting higher investments in most of our business units.

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place in 2016.

<sup>2</sup> FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of December 31, 2017 was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

## FEMSA COMERCIO – RETAIL DIVISION

| FEMSA COMERCIO – RETAIL DIVISION           |         |         |         |
|--|---------|---------|---------|
| Full Year Financial Summary                |         |         |         |
| (Millions of Ps. except same-stores sales) |         |         |         |
|  | FY2017  | FY2016  | Var.    |
| Same-store sales (thousands of Ps.)        | 765     | 720     | 6.4%    |
| Revenues                                   | 154,204 | 137,139 | 12.4%   |
| Income from Operations                     | 12,443  | 11,485  | 8.3%    |
| Income from Operations Margin (%)          | 8.1     | 8.4     | -30 bps |
| Operative Cash Flow (EBITDA)               | 17,142  | 15,509  | 10.5%   |
| Operative Cash Flow (EBITDA) Margin (%)    | 11.1    | 11.3    | -20 bps |

**Total revenues** increased 12.4%. OXXO's same-store sales increased an average of 6.4%, driven by a 3.8% increase in average customer ticket and a 2.5% increase in store traffic.

**Gross profit** increased by 14.2%. Gross margin expanded by 60 basis points to 37.8% of total revenues.

**Income from operations** increased 8.3% resulting in an operating margin of 8.1%, which represents a contraction of 30 basis points, largely reflecting: i) our continuing initiatives to improve compensation and reduce turnover of key in-store personnel; ii) a sustained increase in electricity tariffs; and higher secure cash transportation costs driven by increased volume and higher fuel prices.

## FEMSA COMERCIO – HEALTH DIVISION

| FEMSA COMERCIO – HEALTH DIVISION           |        |        |         |
|--|--------|--------|---------|
| Full Year Financial Summary                |        |        |         |
| (Millions of Ps. except same-stores sales) |        |        |         |
|  | FY2017 | FY2016 | Var.    |
| Same-store sales (thousands of Ps.)        | 1,557  | 1,460  | 6.7%    |
| Revenues                                   | 47,421 | 43,411 | 9.2%    |
| Income from Operations                     | 1,618  | 1,572  | 2.9%    |
| Income from Operations Margin (%)          | 3.4    | 3.6    | -20 bps |
| Operative Cash Flow (EBITDA)               | 2,591  | 2,435  | 6.4%    |
| Operative Cash Flow (EBITDA) Margin (%)    | 5.5    | 5.6    | -10 bps |

**Total revenues** increased by 9.2%. Same-store sales for drugstores increased by an average of 6.7%.

**Gross profit** increased by 11.6%. Gross margin expanded by 70 basis points to 30.0% of total revenues.

**Income from operations** increased 2.9% resulting in an operating margin of 3.4%, which represents a contraction of 20 basis points, reflecting: i) higher expenses in Mexico stemming from the ongoing integration of a shared business platform; ii) improvements to the incentive and compensation structure for our in-store personnel; and iii) increased services at our drugstores in Mexico.

## FEMSA COMERCIO – FUEL DIVISION

| FEMSA COMERCIO – FUEL DIVISION               |        |        |         |
|--|--------|--------|---------|
| Full Year Financial Summary                  |        |        |         |
| (Millions of Ps. except same-stations sales) |        |        |         |
|  | FY2017 | FY2016 | Var.    |
| Same-station sales (thousands of Ps.)        | 8,465  | 7,067  | 19.8%   |
| Revenues                                     | 38,388 | 28,616 | 34.1%   |
| Income from Operations                       | 270    | 253    | 6.7%    |
| Income from Operations Margin (%)            | 0.7    | 0.9    | -20 bps |
| Operative Cash Flow (EBITDA)                 | 406    | 362    | 12.2%   |
| Operative Cash Flow (EBITDA) Margin (%)      | 1.1    | 1.3    | -20 bps |

**Total revenues** increased 34.1%. Same-station sales increased an average of 19.8%, driven by a 21.1% increase in the average price per liter and a decrease of 1.1% in the average volume.

**Gross profit** increased by 23.1%. Gross margin contracted by 70 basis points to 7.2% of total revenues, reflecting the fact that during the first half of the year, gross profit per liter remained flat in peso terms compared to the same period in 2016.

**Income from operations** increased 6.7%, resulting in an operating margin contraction of 20 basis points, as expense containment and operational efficiencies only partially offset the contraction in gross margin described above.

## COCA-COLA FEMSA

*Coca-Cola FEMSA's financial results and discussion thereof are incorporated by reference from Coca-Cola FEMSA's press release, which is attached to this press release or may be accessed by visiting [www.coca-colafemsa.com](http://www.coca-colafemsa.com).*

## RECENT DEVELOPMENTS

- As of December 31, 2017, Coca-Cola FEMSA changed the method for reporting Coca-Cola FEMSA de Venezuela to Fair Value. Due to this change, a recorded foreign currency translation charge in equity has been reclassified as a non-cash one-time item to the other non-operative expenses line of the Income Statement in accordance with IFRS. This resulted in a majority net loss of Ps. 24,245 million and a loss per share of Ps. 11.54 for the quarter. On a comparable basis, earnings per share were Ps. 1.85 vs. Ps. 1.39 in the same period of the previous year.

Coca-Cola FEMSA de Venezuela will continue operating in Venezuela and its Fair Value will be reported in the investment in shares line of the Balance Sheet of the Company.

## CONFERENCE CALL INFORMATION:

Our Fourth Quarter and Full Year 2017 Conference Call will be held on: Wednesday, February 28, 2018, 11:00 AM Eastern Time (10:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (888) 286 2314; International: (719) 325 2170; Conference Id: 5306853. The conference call will be webcast live through streaming audio. For details please visit [www.femsa.com/investor](http://www.femsa.com/investor).

If you are unable to participate live, the conference call audio will be available on <http://ir.FEMSA.com/results.cfm>.

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.

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the noon buying rate for Mexican pesos as published by the Federal Reserve Bank of New York on December 29, 2017, which was 19.6395 Mexican pesos per US dollar.

## 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.*

Seven pages of tables and Coca-Cola FEMSA's press release to follow

**FEMSA**  
Consolidated Income Statement  
Millions of Pesos

|  | For the fourth quarter of: |           |         |           |         |           | For the twelve months of: |           |         |           |         |           |
|--|----------------------------|-----------|---------|-----------|---------|-----------|---------------------------|-----------|---------|-----------|---------|-----------|
|  | 2017                       | % of rev. | 2016    | % of rev. | % Var.  | % Org (A) | 2017                      | % of rev. | 2016    | % of rev. | % Var.  | % Org (A) |
| Total revenues   | 122,502                    | 100.0     | 109,907 | 100.0     | 11.5    | 3.5       | 460,456                   | 100.0     | 399,507 | 100.0     | 15.3    | 6.2       |
| Cost of sales  | 74,788                     | 61.1      | 67,908  | 61.8      | 10.1    |           | 290,188                   | 63.0      | 251,303 | 62.9      | 15.5    |           |
| Gross profit   | 47,714                     | 38.9      | 41,999  | 38.2      | 13.6    |           | 170,268                   | 37.0      | 148,204 | 37.1      | 14.9    |           |
| Administrative expenses  | 4,594                      | 3.8       | 3,849   | 3.5       | 19.4    |           | 16,512                    | 3.6       | 14,730  | 3.7       | 12.1    |           |
| Selling expenses   | 29,407                     | 23.9      | 25,997  | 23.7      | 13.1    |           | 111,456                   | 24.2      | 95,547  | 23.9      | 16.7    |           |
| Other operating expenses (income), net <sup>(1)</sup>            | 695                        | 0.6       | 475     | 0.4       | 46.3    |           | 861                       | 0.2       | 500     | 0.1       | 72.2    |           |
| Income from operations <sup>(2)</sup>                            | 13,018                     | 10.6      | 11,678  | 10.6      | 11.5    | 6.5       | 41,439                    | 9.0       | 37,427  | 9.4       | 10.7    | 2.4       |
| Other non-operating expenses (income)                            | 27,890                     |           | 645     |           | N.S.    |           | (1,545)                   |           | 4,208   |           | (136.7) |           |
| Interest expense   | 2,601                      |           | 2,648   |           | (1.8)   |           | 11,124                    |           | 9,646   |           | 15.3    |           |
| Interest income  | 488                        |           | 386     |           | 26.4    |           | 1,566                     |           | 1,299   |           | 20.6    |           |
| Interest expense, net  | 2,113                      |           | 2,262   |           | (6.6)   |           | 9,558                     |           | 8,347   |           | 14.5    |           |
| Foreign exchange loss (gain)                                     | (6,350)                    |           | (1,151) |           | N.S.    |           | (4,956)                   |           | (1,131) |           | N.S.    |           |
| Other financial expenses (income), net.                          | 401                        |           | (655)   |           | (161.2) |           | (1,386)                   |           | (2,597) |           | (46.6)  |           |
| Financing expenses, net  | (3,836)                    |           | 456     |           | N.S.    |           | 3,216                     |           | 4,619   |           | (30.4)  |           |
| Income before income tax and participation in associates results | (11,036)                   |           | 10,577  |           | N.S.    |           | 39,768                    |           | 28,600  |           | 39.0    |           |
| Income tax   | 1,117                      |           | 3,339   |           | (66.6)  |           | 10,583                    |           | 7,888   |           | 34.2    |           |
| Participation in associates results <sup>(3)</sup>               | 2,454                      |           | 1,590   |           | 54.3    |           | 8,021                     |           | 6,463   |           | 24.1    |           |
| Net consolidated income  | (9,699)                    |           | 8,828   |           | N.S.    |           | 37,206                    |           | 27,175  |           | 36.9    |           |
| Net majority income  | 1,828                      |           | 6,672   |           | (72.6)  |           | 42,408                    |           | 21,140  |           | 100.6   |           |
| Net minority income  | (11,527)                   |           | 2,156   |           | N.S.    |           | (5,202)                   |           | 6,035   |           | (186.2) |           |

|  | 2017   | % of rev. | 2016   | % of rev. | % Var. | % Org (A) | 2017   | % of rev. | 2016   | % of rev. | % Var. | % Org (A) |
|--|--------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|
| <b>Operative Cash Flow &amp; CAPEX</b> |        |           |        |           |        |           |        |           |        |           |        |           |
| Income from operations                 | 13,018 | 10.6      | 11,678 | 10.6      | 11.5   | 6.5       | 41,439 | 9.0       | 37,427 | 9.4       | 10.7   | 2.4       |
| Depreciation                           | 4,229  | 3.5       | 3,192  | 2.9       | 32.5   |           | 15,613 | 3.4       | 12,076 | 3.0       | 29.3   |           |
| Amortization & other non-cash charges  | 1,298  | 1.0       | 2,322  | 2.1       | -44.1  |           | 4,366  | 0.9       | 5,484  | 1.4       | -20.4  |           |
| <b>Operative Cash Flow (EBITDA)</b>    | 18,545 | 15.1      | 17,192 | 15.6      | 7.9    | (0.4)     | 61,418 | 13.3      | 54,987 | 13.8      | 11.7   | 1.3       |
| CAPEX                                  | 7,881  |           | 8,378  |           | (5.9)  |           | 25,180 |           | 22,155 |           | 13.7   |           |

| Financial Ratios                 | 2017   | 2016   | Var. p.p. |
|----------------------------------|--------|--------|-----------|
| Liquidity <sup>(4)</sup>         | 1.73   | 1.37   | 0.36      |
| Interest coverage <sup>(5)</sup> | 8.78   | 7.60   | 1.18      |
| Leverage <sup>(6)</sup>          | 0.75   | 0.91   | (0.16)    |
| Capitalization <sup>(7)</sup>    | 27.80% | 31.92% | (4.12)    |

(A) Organic basis (% Org.) Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place at the beginning of first quarter 2016.

(1) Other operating expenses (income), net = other operating expenses (income) +/- equity method from operated associates.

(2) Income from operations = gross profit - administrative and selling expenses - other operating expenses (income), net.

(3) Mainly represents the equity method participation in Heineken's results, net.

(4) Total current assets / total current liabilities.

(5) Income from operations + depreciation + amortization & other / interest expense, net.

(6) Total liabilities / total stockholders' equity.

(7) Total debt / long-term debt + stockholders' equity.

Total debt = short-term bank loans + current maturities of long-term debt + long-term bank loans.

**FEMSA**  
**Consolidated Balance Sheet**

Millions of Pesos

| ASSETS                             | Dec-17         | Dec-16         | % Var.      |
|------------------------------------|----------------|----------------|-------------|
| Cash and cash equivalents          | 96,944         | 43,637         | 122.2       |
| Investments                        | 2,160          | 120            | N.S.        |
| Accounts receivable                | 32,316         | 26,222         | 23.2        |
| Inventories                        | 34,840         | 31,932         | 9.1         |
| Other current assets               | 14,928         | 16,040         | (6.9)       |
| <b>Total current assets</b>        | <b>181,188</b> | <b>117,951</b> | <b>53.6</b> |
| Investments in shares              | 96,097         | 128,601        | (25.3)      |
| Property, plant and equipment, net | 116,712        | 102,223        | 14.2        |
| Intangible assets <sup>(1)</sup>   | 154,093        | 153,268        | 0.5         |
| Other assets                       | 40,451         | 43,580         | (7.2)       |
| <b>TOTAL ASSETS</b>                | <b>588,541</b> | <b>545,623</b> | <b>7.9</b>  |

| LIABILITIES & STOCKHOLDERS' EQUITY                |                |                |              |
|---|----------------|----------------|--------------|
| Bank loans  | 2,830          | 1,912          | 48.0         |
| Current maturities of long-term debt              | 10,760         | 5,369          | 100.4        |
| Interest payable                                  | 976            | 976            | -            |
| Operating liabilities                             | 90,456         | 78,032         | 15.9         |
| <b>Total current liabilities</b>                  | <b>105,022</b> | <b>86,289</b>  | <b>21.7</b>  |
| Long-term debt <sup>(2)</sup>                     | 110,917        | 123,494        | (10.2)       |
| Labor liabilities                                 | 5,373          | 4,447          | 20.8         |
| Other liabilities                                 | 30,317         | 45,223         | (33.0)       |
| <b>Total liabilities</b>                          | <b>251,629</b> | <b>259,453</b> | <b>(3.0)</b> |
| Total stockholders' equity                        | 336,912        | 286,170        | 17.7         |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>588,541</b> | <b>545,623</b> | <b>7.9</b>   |

| DEBT MIX <sup>(2)</sup> | December 31, 2017 |              |
|-------------------------|-------------------|--------------|
|                         | % of Total        | Average Rate |
| Denominated in:         |                   |              |
| Mexican pesos           | 39.6%             | 8.0%         |
| U.S. Dollars            | 1.0%              | 3.0%         |
| Euros                   | 18.2%             | 1.8%         |
| Colombian pesos         | 2.1%              | 7.9%         |
| Argentine pesos         | 0.1%              | 22.4%        |
| Brazilian reais         | 35.1%             | 7.4%         |
| Chilean pesos           | 3.9%              | 5.8%         |
| <b>Total debt</b>       | <b>100.0%</b>     | <b>6.5%</b>  |

|                              |       |
|------------------------------|-------|
| Fixed rate <sup>(2)</sup>    | 83.6% |
| Variable rate <sup>(2)</sup> | 16.4% |

| DEBT MATURITY PROFILE  | 2018  | 2019 | 2020 | 2021 | 2022 | 2023+ |
|------------------------|-------|------|------|------|------|-------|
| <b>% of Total Debt</b> | 13.5% | 6.2% | 8.9% | 5.8% | 1.8% | 63.8% |

<sup>(1)</sup> Includes mainly the intangible assets generated by acquisitions.

<sup>(2)</sup> Includes the effect of derivative financial instruments on long-term debt.

## FEMSA Comercio - Retail Division

### Results of Operations

Millions of Pesos

|  | For the fourth quarter of: |           |        |           |        | For the twelve months of: |           |         |           |        |
|--|----------------------------|-----------|--------|-----------|--------|---------------------------|-----------|---------|-----------|--------|
|  | 2017                       | % of rev. | 2016   | % of rev. | % Var. | 2017                      | % of rev. | 2016    | % of rev. | % Var. |
| Total revenues                         | 40,182                     | 100.0     | 36,493 | 100.0     | 10.1   | 154,204                   | 100.0     | 137,139 | 100.0     | 12.4   |
| Cost of sales                          | 23,788                     | 59.2      | 21,676 | 59.4      | 9.7    | 95,959                    | 62.2      | 86,149  | 62.8      | 11.4   |
| Gross profit                           | 16,394                     | 40.8      | 14,817 | 40.6      | 10.6   | 58,245                    | 37.8      | 50,990  | 37.2      | 14.2   |
| Administrative expenses                | 812                        | 2.0       | 775    | 2.1       | 4.8    | 3,170                     | 2.1       | 2,924   | 2.1       | 8.4    |
| Selling expenses                       | 11,162                     | 27.8      | 9,905  | 27.2      | 12.7   | 42,406                    | 27.5      | 36,341  | 26.5      | 16.7   |
| Other operating expenses (income), net | 41                         | 0.1       | 54     | 0.1       | (24.1) | 226                       | 0.1       | 240     | 0.2       | (5.8)  |
| Income from operations                 | 4,379                      | 10.9      | 4,083  | 11.2      | 7.2    | 12,443                    | 8.1       | 11,485  | 8.4       | 8.3    |
| Depreciation                           | 1,134                      | 2.8       | 975    | 2.7       | 16.3   | 4,262                     | 2.8       | 3,607   | 2.6       | 18.2   |
| Amortization & other non-cash charges  | 96                         | 0.3       | 105    | 0.2       | (8.6)  | 437                       | 0.2       | 417     | 0.3       | 4.8    |
| Operative cash flow                    | 5,609                      | 14.0      | 5,163  | 14.1      | 8.6    | 17,142                    | 11.1      | 15,509  | 11.3      | 10.5   |
| CAPEX                                  | 2,665                      |           | 2,561  |           | 4.1    | 8,563                     |           | 7,632   |           | 12.2   |

#### Information of OXXO Stores

|                                     |       |  |       |  |       |        |  |        |  |     |
|-------------------------------------|-------|--|-------|--|-------|--------|--|--------|--|-----|
| <b>Total stores</b>                 |       |  |       |  |       | 16,526 |  | 15,225 |  | 8.5 |
| Net new convenience stores:         |       |  |       |  |       |        |  |        |  |     |
| vs. Last quarter                    | 527   |  | 530   |  | (0.6) |        |  |        |  |     |
| Year-to-date                        | 1,301 |  | 1,164 |  | 11.8  |        |  |        |  |     |
| Same-store data: <sup>(1)</sup>     |       |  |       |  |       |        |  |        |  |     |
| Sales (thousands of pesos)          | 770.9 |  | 736.6 |  | 4.7   | 765.5  |  | 719.8  |  | 6.4 |
| Traffic (thousands of transactions) | 23.0  |  | 22.5  |  | 1.9   | 23.1   |  | 22.6   |  | 2.5 |
| Ticket (pesos)                      | 33.6  |  | 32.7  |  | 2.7   | 33.1   |  | 31.9   |  | 3.8 |

<sup>(1)</sup> Monthly average information per store, considering same stores with more than twelve months of operations, income from services are included.

FEMSA Comercio - Health Division

Results of Operations

Millions of Pesos

|  | For the fourth quarter of: |           |        |           |        | For the twelve months of: |           |        |           |        |
|--|----------------------------|-----------|--------|-----------|--------|---------------------------|-----------|--------|-----------|--------|
|  | 2017                       | % of rev. | 2016   | % of rev. | % Var. | 2017                      | % of rev. | 2016   | % of rev. | % Var. |
| Total revenues                         | 12,571                     | 100.0     | 12,293 | 100.0     | 2.3    | 47,421                    | 100.0     | 43,411 | 100.0     | 9.2    |
| Cost of sales                          | 8,522                      | 67.8      | 8,506  | 69.2      | 0.2    | 33,208                    | 70.0      | 30,673 | 70.7      | 8.3    |
| Gross profit                           | 4,049                      | 32.2      | 3,787  | 30.8      | 6.9    | 14,213                    | 30.0      | 12,738 | 29.3      | 11.6   |
| Administrative expenses                | 417                        | 3.3       | 481    | 3.9       | (13.3) | 1,643                     | 3.5       | 1,769  | 4.1       | (7.1)  |
| Selling expenses                       | 2,971                      | 23.6      | 2,691  | 21.9      | 10.4   | 10,850                    | 22.9      | 9,365  | 21.5      | 15.9   |
| Other operating expenses (income), net | 38                         | 0.3       | 16     | 0.1       | 137.5  | 102                       | 0.2       | 32     | 0.1       | N.S.   |
| Income from operations                 | 623                        | 5.0       | 599    | 4.9       | 4.0    | 1,618                     | 3.4       | 1,572  | 3.6       | 2.9    |
| Depreciation                           | 191                        | 1.5       | 148    | 1.2       | 29.1   | 661                       | 1.4       | 546    | 1.3       | 21.1   |
| Amortization & other non-cash charges  | 83                         | 0.6       | 76     | 0.6       | 9.2    | 312                       | 0.7       | 317    | 0.7       | (1.6)  |
| Operative cash flow                    | 897                        | 7.1       | 823    | 6.7       | 9.0    | 2,591                     | 5.5       | 2,435  | 5.6       | 6.4    |
| CAPEX                                  | 247                        |           | 100    |           | 147.0  | 774                       |           | 474    |           | 63.3   |

Information of Stores

|                                 |         |  |         |  |        |         |  |         |  |     |
|---------------------------------|---------|--|---------|--|--------|---------|--|---------|--|-----|
| Total stores                    |         |  |         |  |        | 2,225   |  | 2,120   |  | 5.0 |
| Net new stores <sup>(1)</sup> : |         |  |         |  |        |         |  |         |  |     |
| vs. Last quarter                | 47      |  | 19      |  | 147.4  |         |  |         |  |     |
| Year-to-date                    | 105     |  | 220     |  | (52.3) |         |  |         |  |     |
| Same-store data: <sup>(2)</sup> |         |  |         |  |        |         |  |         |  |     |
| Sales (thousands of pesos)      | 1,575.5 |  | 1,550.1 |  | 1.6    | 1,557.0 |  | 1,459.8 |  | 6.7 |

<sup>(1)</sup> Aquisitions are included.

<sup>(2)</sup> Monthly average information per store, considering same stores with more than twelve months of all the operations of FEMSA Comercio - Health Division.



**FEMSA Comercio - Fuel Division**

**Results of Operations**

Millions of Pesos

|  | For the fourth quarter of: |           |       |           |        | For the twelve months of: |           |        |           |        |
|--|----------------------------|-----------|-------|-----------|--------|---------------------------|-----------|--------|-----------|--------|
|  | 2017                       | % of rev. | 2016  | % of rev. | % Var. | 2017                      | % of rev. | 2016   | % of rev. | % Var. |
| Total revenues                         | 10,177                     | 100.0     | 8,054 | 100.0     | 26.4   | 38,388                    | 100.0     | 28,616 | 100.0     | 34.1   |
| Cost of sales                          | 9,358                      | 92.0      | 7,421 | 92.1      | 26.1   | 35,621                    | 92.8      | 26,368 | 92.1      | 35.1   |
| Gross profit                           | 819                        | 8.0       | 633   | 7.9       | 29.4   | 2,767                     | 7.2       | 2,248  | 7.9       | 23.1   |
| Administrative expenses                | 41                         | 0.4       | 33    | 0.4       | 24.2   | 154                       | 0.4       | 127    | 0.4       | 21.3   |
| Selling expenses                       | 665                        | 6.5       | 524   | 6.6       | 26.9   | 2,330                     | 6.1       | 1,865  | 6.6       | 24.9   |
| Other operating expenses (income), net | 2                          | -         | 2     | -         | N.S.   | 13                        | -         | 3      | -         | N.S.   |
| Income from operations                 | 111                        | 1.1       | 74    | 0.9       | 50.0   | 270                       | 0.7       | 253    | 0.9       | 6.7    |
| Depreciation                           | 28                         | 0.3       | 22    | 0.3       | 27.3   | 105                       | 0.3       | 82     | 0.3       | 28.0   |
| Amortization & other non-cash charges  | 8                          | -         | 16    | 0.2       | (50.0) | 31                        | 0.1       | 27     | 0.1       | 14.8   |
| Operative cash flow                    | 147                        | 1.4       | 112   | 1.4       | 31.3   | 406                       | 1.1       | 362    | 1.3       | 12.2   |
| CAPEX                                  | 140                        |           | 118   |           | 18.6   | 291                       |           | 299    |           | (2.7)  |

**Information of OXXO GAS Service Stations**

|   |         |  |         |  |       |         |  |         |  |       |
|---|---------|--|---------|--|-------|---------|--|---------|--|-------|
| <b>Total service stations</b>             |         |  |         |  |       | 452     |  | 382     |  | 18.3  |
| Net new service stations                  |         |  |         |  |       |         |  |         |  |       |
| vs. Last quarter                          | 55      |  | 34      |  | 61.8  |         |  |         |  |       |
| Year-to-date                              | 70      |  | 75      |  | (6.7) |         |  |         |  |       |
| Volume (million of liters) total stations | 688     |  | 652     |  | 5.4   | 2,651   |  | 2,392   |  | 10.8  |
| Same-stations data: <sup>(1)</sup>        |         |  |         |  |       |         |  |         |  |       |
| Sales (thousands of pesos)                | 8,542.1 |  | 7,322.5 |  | 16.7  | 8,465.2 |  | 7,067.2 |  | 19.8  |
| Volume (thousands of liters)              | 577.0   |  | 593.0   |  | (2.7) | 584.2   |  | 590.7   |  | (1.1) |
| Average price per liter                   | 14.8    |  | 12.3    |  | 19.9  | 14.5    |  | 12.0    |  | 21.1  |

<sup>(1)</sup> Monthly average information per station, considering same stations with more than twelve months of operations.

**Coca-Cola FEMSA**  
**Results of Operations**  
**Millions of Pesos**

|  | For the fourth quarter of: |           |        |           |                   | For the twelve months of: |           |         |           |                   |  |
|--|----------------------------|-----------|--------|-----------|-------------------|---------------------------|-----------|---------|-----------|-------------------|--|
|  | 2017                       | % of rev. | 2016   | % of rev. | % Var. % Org. (A) | 2017                      | % of rev. | 2016    | % of rev. | % Var. % Org. (A) |  |
| Total revenues                         | 55,275                     | 100.0     | 49,533 | 100.0     | 11.6 (3.8)        | 203,780                   | 100.0     | 177,718 | 100.0     | 14.7 (2.8)        |  |
| Cost of sales                          | 30,212                     | 54.7      | 27,146 | 54.8      | 11.3              | 112,094                   | 55.0      | 98,056  | 55.2      | 14.3              |  |
| Gross profit                           | 25,063                     | 45.3      | 22,388 | 45.2      | 12.0              | 91,686                    | 45.0      | 79,662  | 44.8      | 15.1              |  |
| Administrative expenses                | 2,223                      | 4.0       | 1,875  | 3.8       | 18.6              | 8,983                     | 4.4       | 7,423   | 4.2       | 21.0              |  |
| Selling expenses                       | 14,642                     | 26.5      | 12,883 | 25.9      | 13.7              | 55,927                    | 27.6      | 48,039  | 26.9      | 16.4              |  |
| Other operating expenses (income), net | 614                        | 1.1       | 463    | 0.9       | 32.6              | 601                       | 0.3       | 280     | 0.2       | 114.6             |  |
| Income from operations                 | 7,584                      | 13.7      | 7,167  | 14.5      | 5.8 (1.0)         | 26,175                    | 12.8      | 23,920  | 13.5      | 9.4 (2.1)         |  |
| Depreciation                           | 2,791                      | 5.0       | 2,072  | 4.2       | 34.7              | 10,216                    | 5.0       | 7,579   | 4.3       | 34.8              |  |
| Amortization & other non-cash charges  | 934                        | 1.8       | 1,573  | 3.1       | (40.6)            | 3,155                     | 1.6       | 3,996   | 2.2       | (21.0)            |  |
| Operative cash flow                    | 11,310                     | 20.5      | 10,812 | 21.8      | 4.6 (7.1)         | 39,546                    | 19.4      | 35,495  | 20.0      | 11.4 (3.2)        |  |
| CAPEX                                  | 4,853                      |           | 5,164  |           | (6.0)             | 14,612                    |           | 12,391  |           | 17.9              |  |

**Sales volumes**

(Millions of unit cases)

|                            | 2017    | % of rev. | 2016  | % of rev. | % Var. % Org. (A) | 2017    | % of rev. | 2016    | % of rev. | % Var. % Org. (A) |
|----------------------------|---------|-----------|-------|-----------|-------------------|---------|-----------|---------|-----------|-------------------|
| Mexico and Central America | 495.1   | 47.9      | 502.2 | 59.1      | (1.4)             | 2,017.9 | 52.1      | 2,025.7 | 60.7      | (0.4)             |
| South America              | 151.5   | 14.7      | 160.4 | 18.9      | (5.6)             | 535.2   | 13.8      | 659.2   | 19.8      | (18.8)            |
| Brazil                     | 226.7   | 21.9      | 187.3 | 22.0      | 21.0              | 765.1   | 19.8      | 649.1   | 19.5      | 17.9              |
| Philippines                | 160.1   | 15.5      | -     | -         | N/A               | 552.4   | 14.3      | -       | -         | N/A               |
| Total                      | 1,033.4 | 100.0     | 849.9 | 100.0     | 21.6              | 3,870.6 | 100.0     | 3,334.0 | 100.0     | 16.1              |

(A) Organic basis (% Org.) Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place in 2016.

**FEMSA**  
Macroeconomic Information

|             | Inflation |                    |          | End-of-period Exchange Rates |         |          |         |
|-------------|-----------|--------------------|----------|------------------------------|---------|----------|---------|
|             | 4Q 2017   | LTM <sup>(1)</sup> | Dec-17   | Dec-17                       |         | Dec-16   |         |
|             |           |                    |          | Per USD                      | Per MXN | Per USD  | Per MXN |
| Mexico      | 2.41%     |                    | 6.77%    | 19.74                        | 1.0000  | 20.66    | 1.0000  |
| Colombia    | 0.48%     |                    | 4.09%    | 2,984.00                     | 0.0066  | 3,000.71 | 0.0069  |
| Venezuela   | 228.46%   |                    | 2055.50% | 22,793.30                    | 0.0009  | 673.76   | 0.0307  |
| Brazil      | 1.11%     |                    | 2.95%    | 3.31                         | 5.9660  | 3.26     | 6.3404  |
| Argentina   | 6.59%     |                    | 25.04%   | 18.65                        | 1.0583  | 15.89    | 1.3004  |
| Chile       | 0.47%     |                    | 2.27%    | 615.22                       | 0.0321  | 667.29   | 0.0310  |
| Philippines | 1.20%     |                    | 3.58%    | 49.92                        | 0.3953  | 49.81    | 0.4148  |
| Euro Zone   | 0.70%     |                    | 1.38%    | 0.84                         | 23.5729 | 0.95     | 21.7741 |

<sup>(1)</sup> LTM = Last twelve months.

## 2017 FOURTH QUARTER AND FULL YEAR RESULTS

Mexico City, February 22, 2018, Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA” or the “Company”), the largest Coca-Cola franchise bottler in the world by sales volume, announces results for the fourth quarter of 2017.

### Operational and Financial Highlights

- Revenues grew 11.6%, while comparable revenues grew 5.7% for the quarter.
- Operating income increased 5.8%, while comparable operating income grew 13.3% during the quarter.
- Operating cash flow increased 4.6%, while comparable operating cash flow grew 12.5% for the quarter.
- As of December 31, 2017, the Company changed the method for reporting *Coca-Cola FEMSA de Venezuela* to Fair Value. Due to this change, a recorded foreign currency translation charge in equity has been reclassified as a non-cash one-time item to the other non-operative expenses line of the Income Statement in accordance with IFRS. This resulted in a majority net loss of Ps. 24,245 million and a loss per share of Ps. 11.54 for the quarter. On a comparable basis, earnings per share were Ps. 1.85 vs. Ps. 1.39 in the same period of the previous year.
- *Coca-Cola FEMSA de Venezuela* will continue operating in Venezuela and its Fair Value will be reported in the investment in shares line of the Balance Sheet of the Company.

### Results Summary

|  | Fourth Quarter |          |                           | Full Year   |          |                           |
|--|----------------|----------|---------------------------|-------------|----------|---------------------------|
|  | as Reported    |          | Comparable <sup>(1)</sup> | as Reported |          | Comparable <sup>(1)</sup> |
|  | 2017           | Δ %      |                           | 2017        | Δ %      |                           |
| Total revenues   | 55,275         | 11.6%    | 5.7%                      | 203,780     | 14.7%    | 3.6%                      |
| Gross profit   | 25,063         | 12.0%    | 9.2%                      | 91,686      | 15.1%    | 6.1%                      |
| Operating income   | 7,584          | 5.8%     | 13.3%                     | 26,175      | 9.4%     | 6.2%                      |
| Operating cash flow <sup>(2)</sup>                       | 11,310         | 4.6%     | 12.5%                     | 39,546      | 11.4%    | 5.9%                      |
| Net income attributable to equity holders of the company | -24,245        | (790.9%) | 34.5%                     | -12,802     | (227.1%) | 34.7%                     |
| Earnings per share <sup>(3)</sup>                        | -11.54         |          | 32.7%                     | -6.12       |          | 33.5%                     |

Expressed in millions of Mexican pesos.

<sup>(1)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.

<sup>(2)</sup> Operating cash flow = operating income + depreciation + amortization & other operative non-cash charges.

<sup>(3)</sup> 4Q EPS calculated with 2,100.8 million shares outstanding as of December 31 2017. Full Year EPS calculated with 2,091.4 million shares, the weighted average of the Company's outstanding shares over the period.

### Message from the Chief Executive Officer

“During 2017, we navigated a complex environment to deliver positive results. Guided by our strategic framework, we delivered revenue and operating income growth of 14.7% and 9.4% respectively. In addition, excluding items impacting comparability, our majority net income increased 34.7%, resulting in earnings per share of Ps. 6.15.

In Mexico, despite unprecedented external challenges, our operation was able to keep its top-line growth on track, continuing the digitization of its value chain, while protecting profitability. In Central America, we successfully implemented initiatives to regain volume growth—positioning our operations for future revenue growth. Furthermore, we remain encouraged by the turnaround of our Brazilian operation, highlighted by volume growth, profitability improvement, and our successful integration of Vonpar, capturing synergies ahead of expectations. Finally, in the Philippines, we closed the year strongly, delivering double-digit volume and transaction growth for the fourth quarter. We enter 2018 fully aware of our markets' challenges and opportunities. By leveraging our operational and financial discipline, executing the right strategies, and capitalizing on our transformed capabilities, we renew our commitment to deliver sustainable profitable growth for years to come.” said John Santa Maria Otazua, Chief Executive Officer of the Company.

## Consolidated results for the fourth quarter

*Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods; and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy. In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using an exchange rate of 22,793.3 bolivars per US dollar.*

### Comparable figures:

**Revenues:** Comparable total revenues grew 5.7% in the fourth quarter of 2017 as compared to the same period of 2016, driven by average price per unit case growth in Mexico and Argentina, coupled with volume growth in Brazil, Central America, the Philippines, and flat performance in Argentina, partially offset by volume declines in the rest of our operations.

**Transactions:** Comparable number of transactions increased 3.8%. Our sparkling beverage category grew 4.0%, driven by 4.2% growth in brand *Coca-Cola* and its extensions and 3.3% growth in flavors. Our positive performance in brand *Coca-Cola* was driven by growth in Central America, Argentina, Brazil, and the Philippines, partially offset by a decline in Mexico and flat performance in Colombia. Our growth in flavors was driven by Argentina, Brazil, and the Philippines, partially offset by flat performance in Mexico and declines in Central America and Colombia. Our still beverage category grew 3.0%, driven mainly by the positive performance of the Philippines and Brazil. Finally, our water category's transactions increased by 2.5%, driven by growth in Central America, Brazil and the Philippines, partially offset by declines in the rest of our operations.

**Volume:** Comparable sales volume grew 1.8% in the fourth quarter of 2017 as compared to the same period in 2016. Our sparkling beverage portfolio's volume increased 1.8%, driven by 1.9% growth in brand *Coca-Cola* and 1.4% growth in flavors. Our growth in brand *Coca-Cola* was driven mainly by the performance of Central America, Argentina, Brazil, and the Philippines, while our growth in flavors was driven mainly by positive performance in the Philippines and even volumes in Mexico, Central America, and Brazil. Our still beverage category's volume increased 2.2%, driven by growth in most of our operations, partially offset by a decline in Colombia. Our personal water portfolio's volume grew 6.7% due to positive performance in most of our operations. Finally, our bulk water portfolio's volume declined 1.9%, driven by a decline in Mexico and Colombia, partially offset by growth in the rest of our operations.

**Gross profit:** Comparable gross profit grew 9.2%. Our pricing initiatives, coupled with lower PET and sweetener prices in most of our operations, offset an unfavorable currency hedging position, higher sweetener and concentrate prices in Mexico, and the depreciation in the average exchange rate of the Argentine Peso and the Philippine Peso as applied to our U.S. dollar-denominated raw material costs.

**Operating Income:** Comparable operating income grew 13.3% for the fourth quarter of 2017 as compared to the same period of 2016.

**Operating cash flow:** Comparable operating cash flow increased 12.5% in the fourth quarter of 2017.

### As reported figures:

**Revenues:** Total revenues increased 11.6% to Ps. 55,275 million in the fourth quarter of 2017, including the acquisition of Vonpar in Brazil, which was consolidated in December 2016, and the consolidation of our operation in the Philippines, combined with price increase in line with or above inflation in key territories such as Mexico and Argentina and supported by volume growth in Central America, Brazil, the Philippines, and flat performance in Argentina; all despite the negative translation effect resulting from the depreciation of all of our operating currencies as compared to the Mexican Peso.

**Transactions:** Reported total number of transactions increased 39.6% to 6,958.3 million in the fourth quarter of 2017 as compared to the same period in 2016.

**Volume:** Reported total sales volume increased 21.6% to 1,033.3 million unit cases in the fourth quarter of 2017 as compared to the same period in 2016.

**Gross profit:** Gross profit grew 12.0% to Ps. 25,063 million, and gross margin expanded 10 basis points to 45.3%.

*(Continued on next page)*

**Equity method:** The reported share of the profits of associates and joint ventures recorded a loss of Ps. 103 million in the fourth quarter of 2017, compared to a loss of Ps. 275 million recorded in the fourth quarter of 2016. This is mainly due to: (i) a loss in our dairy joint venture in Panama and a loss in the joint venture of Jugos del Valle; (ii) the consolidation of Coca-Cola FEMSA Philippines, Inc., which is no longer included in the equity method as of February 2017; (iii) partially offset by gains in our joint ventures in Brazil.

**Operating Income:** Operating income increased 5.8% to Ps. 7,584 million, and operating margin contracted 80 basis points to 13.7%, driven mainly by higher labor costs, higher freight costs, and higher diesel and gasoline prices. Due to the consolidation of Coca-Cola FEMSA Philippines in February 2017, the results of this operation are not included in our share of the profit of associates for 2017, as compared to 2016. These effects were partially mitigated by marketing expense efficiencies.

**Other non-operative expenses, net:** Other non-operative expenses, net, recorded an expense of Ps. 29,090 million, compared to Ps. 346 million during the fourth quarter of 2016, due mainly to the change in the accounting method for our Venezuela operation to a Fair Value approach. Due to this change, according to IFRS standards a Ps. 26,123 million non-cash one-time charge has been reclassified from equity as part of the cumulative translation adjustment within the other comprehensive income to other non-operative expenses of our income statement.

**Comprehensive financing result:** Comprehensive financing result in the fourth quarter of 2017 recorded an expense of Ps. 1,084 million, compared to an expense of Ps. 1,211 million in the same period of 2016.

During the fourth quarter of 2017, we recorded an interest expense of Ps. 2,001 million, compared to Ps. 2,095 million in the fourth quarter of 2016. This decrease was driven by the decrease of short-term interest rates in Brazil; the average exchange rate depreciation of the Brazilian Real compared to the Mexican Peso as applied to existing Brazilian Real-denominated interest expense; and the reduction of debt in Argentina. However, these effects were partially offset by: (i) interest rate increase in Mexico; (ii) additional debt related to the acquisition of Vonpar; and (iii) the interest rate increase from swapping U.S. dollar-denominated debt to Brazilian Real and Mexican Peso-denominated debt, as part of our strategy to eliminate our U.S. dollar net debt exposure.

In addition, for the fourth quarter, we recorded a foreign exchange gain of Ps. 516 million as compared to a gain of Ps. 66 million in 2016, which was generated as a result of the quarterly depreciation of the Mexican peso as applied to our U.S. dollar-denominated cash position.

During the fourth quarter of 2017, we recorded a gain on monetary position in inflationary subsidiaries of Ps. 460 million as compared to Ps. 838 million during the same period of 2016, related to the impact of the devaluation of the Bolivar during the period in our operation in Venezuela.

Market value on financial instruments recorded a loss of Ps. 310 million as compared to a loss of Ps. 213 million in the fourth quarter of 2016 due to the quarterly increase in long-term interest rates in Brazil as applied to our floating rate cross-currency swaps.

**Income tax:** During the fourth quarter of 2017, income tax paid was Ps. 1,314 million as compared to Ps. 1,929 million in the same period of 2016. Income tax paid in 2016 was higher in relation to hyperinflationary accounting of our Venezuela operation.

**Net income:** Consolidated net controlling interest loss is Ps. 24,245 million in the fourth quarter of 2017, as a result of the change in the accounting method for our Venezuela operation, which resulted in the reclassification of a recorded foreign currency translation charge in equity as a non-cash one-time item to the other non-operative expenses line of the Income Statement in accordance with IFRS standards. On a comparable basis, net controlling income grew 34.5% to Ps. 3,894 million for the fourth quarter of 2017, resulting in comparable earnings per share (EPS) of Ps. 1.85 (Ps. 18.54 per ADS).

**Operating cash flow:** Operating cash flow grew 4.6% to Ps. 11,310 million, and operating cash flow margin contracted 130 basis points to 20.5%.

## Balance Sheet <sup>(1)</sup>

As of December 31, 2017, we had a cash balance of Ps. 18,767 million, including US\$307 million denominated in U.S. dollars, an increase of Ps. 8,291 million as compared to December 31, 2016. As of December 31, 2017, total short-term debt was Ps. 12,171 million, and long-term debt was Ps. 71,189 million. Total debt decreased by Ps. 5,549 million, compared to year-end 2016, due mainly to the positive translation effect resulting from the appreciation of the end-of-period exchange rate of the Mexican Peso as applied to our U.S. dollar-denominated debt position and our cash flow generation during the year. Net debt decreased by Ps. 13,840 million compared to year-end 2016.

The weighted average cost of debt for the quarter, including the effect of debt swapped to Brazilian Reals and Mexican Pesos at floating and fixed rates, was 7.78%, a reduction as compared to the third quarter of 2017 due mainly to the reduction of interest rates in Brazil. The following charts set forth the Company's debt profile by currency and interest rate type and by maturity date as of December 31, 2017.

| Currency        | % Total Debt <sup>(2)</sup> | % Interest Rate Floating <sup>(2)(3)</sup> |
|-----------------|-----------------------------|--|
| Mexican pesos   | 43.9%                       | 3.2%                                       |
| U.S. dollars    | 1.4%                        | 0.0%                                       |
| Colombian pesos | 3.1%                        | 72.8%                                      |
| Brazilian reals | 51.5%                       | 61.6%                                      |
| Argentine pesos | 0.1%                        | 0.0%                                       |

## Debt Maturity Profile

| Maturity Date   | 2018  | 2019 | 2020  | 2021 | 2022+ |
|-----------------|-------|------|-------|------|-------|
| % of Total Debt | 14.6% | 8.6% | 12.3% | 8.0% | 56.5% |

(1) See page 18 for detailed information.

(2) After giving effect to cross currency swaps.

(3) Calculated by weighting each year's outstanding debt balance mix.

## Selected Financial Ratios

|   | FY 2017 | FY 2016 | Δ %    |
|---|---------|---------|--------|
| Net debt including effect of hedges <sup>(1)(3)</sup>                       | 68,973  | 80,043  | -13.8% |
| Net debt including effect of hedges / Operating cash flow <sup>(1)(3)</sup> | 1.74    | 2.26    |        |
| Operating cash flow/ Interest expense, net <sup>(1)</sup>                   | 4.99    | 5.25    |        |
| Capitalization <sup>(2)</sup>   | 39.3%   | 41.3%   |        |

(1) Net debt = total debt - cash

(2) Total debt / (long-term debt + shareholders' equity)

(3) After giving effect to cross currency swaps.

## Mexico & Central America Division

(Mexico, Guatemala, Nicaragua, Costa Rica, and Panama)

*Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods; and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy. In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using an exchange rate of 22,793.3 bolivars per US dollar.*

### Comparable figures:

**Revenues:** Comparable total revenues from our Mexico and Central America division increased 4.5% in the fourth quarter of 2017, compared to the same period in 2016, driven by an increase in average price per unit case in Mexico and volume growth in Central America, partially offset by volume decline in Mexico.

**Transactions:** Total transactions in our Mexico and Central America division declined 1.8% in the fourth quarter of 2017. Our sparkling beverage portfolio's transactions contracted 1.5%, driven mainly by a 2.5% decline in brand *Coca-Cola* in Mexico, partially offset by 4.8% growth in Central America. In flavors, our division's flat performance was driven by even performance in Mexico, partially offset by a decline in Central America. Our still beverage category's transactions decreased 3.0% in the division, while our water transactions, including bulk water, declined 4.3%, driven mainly by a decline in Mexico, partially offset by 3.2% growth in Central America.

**Volume:** Total sales volume for the division decreased 1.4% in the fourth quarter of 2017, compared to the same period of 2016. Our sparkling beverage category's volume declined 1.3%, driven by a 1.6% decline in brand *Coca-Cola* and flat performance in flavors. Our performance in brand *Coca-Cola* was driven mainly by a 2.5% decline in Mexico partially offset by 6.8% growth in Central America, while our performance in flavors was driven by both Mexico and Central America. Our still beverage category's volume remained flat, driven by growth in Central America, offset by a slight decline in Mexico. Our personal water portfolio's volume declined 1.4%, driven by a decline in Mexico, partially offset by positive performance in Central America. Our bulk water portfolio's volume declined 2.6% in the division due to a contraction in Mexico, partially offset by growth in Central America.

**Gross profit:** Comparable gross profit grew 1.6% in the fourth quarter of 2017 as compared to the same period in 2016. In Mexico, our pricing initiatives, lower PET prices, and the appreciation of the average exchange rate of the Mexican Peso as applied to U.S. dollar-denominated raw material costs were offset by the increase of concentrate cost, higher prices of sweeteners, and an unfavorable currency hedging position. In Central America, lower sweetener and PET prices were offset by price-mix effect and the depreciation of the average exchange rates of the Costa Rican Colon and the Nicaraguan Cordoba as applied to U.S. dollar-denominated raw material costs.

**Operating income:** Comparable operating income in the division decreased 15.1% in the fourth quarter of 2017 as compared to the same period in 2016.

**Operating cash flow:** Comparable operating cash flow decreased 3.7% in the fourth quarter of 2017 as compared to the same period in 2016.

### As reported figures:

**Revenues:** Reported total revenues increased 3.5% in the fourth quarter of 2017 as compared to the same period of 2016.

**Gross profit:** Reported gross profit increased 0.7% in the fourth quarter of 2017, and gross profit margin reached 47.9%, a gross margin contraction of 130 basis points.

**Operating income:** Reported operating income decreased 10.6% in the fourth quarter of 2017, and operating income margin reached 13.6%, contracting 220 basis points during the period, due mainly to an increase in freight expenses, higher diesel and gasoline prices in Mexico, and higher labor costs and depreciation in Central America. In addition, due to the consolidation of Coca-Cola FEMSA Philippines, the results of this operation are not included in the share of the profit of associates for 2017, as compared to 2016.

**Operating cash flow:** Reported operating cash flow decreased 4.5% in the fourth quarter of 2017, resulting in a margin contraction of 170 basis points, reaching 20.9%.



## South America Division

(Colombia, Venezuela, Brazil, and Argentina)

*Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods; and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy. In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using an exchange rate of 22,793.3 bolivars per US dollar.*

### Comparable figures:

**Revenues:** Comparable total revenues increased 5.1%, driven mainly by volume growth in Brazil and flat performance in Argentina, coupled with an average price per unit case increase in Argentina, which was partially offset by a volume decline in Colombia.

**Transactions:** Comparable transactions in the division increased 2.6% during the fourth quarter of 2017. Our sparkling beverage portfolio's transactions increased 3.4%, driven by 6.4% growth in brand *Coca-Cola* and its extensions, partially offset by a 5.7% contraction in flavors. Our positive performance in brand *Coca-Cola* was driven by growth in Argentina and Brazil, coupled with even performance in Colombia. However, flavor's negative performance was driven by Colombia, partially offset by growth in Argentina and Brazil. Our still beverage category's transactions decreased 2.4%; growth in Brazil was offset by a decline in Argentina and Colombia. Our water transactions, including bulk water, increased 0.8%, driven by growth in Brazil, partially offset by declines in Argentina and Colombia.

**Volume:** Comparable total sales volume in South America grew 2.0% during the fourth quarter of 2017 as compared to the same period of 2016. Our sparkling beverage category's volume increased 1.8%, driven by 3.9% growth in brand *Coca-Cola* and its extensions, which was partially offset by a 4.7% decline in flavors. Brand *Coca-Cola* positive performance was driven by growth in Argentina and Brazil, while our decline in flavors was driven mainly by Colombia. Our still beverage category's volume increased 0.6%, driven by growth in Argentina and Brazil, partially offset by a decline in Colombia. Our personal water category's volume increased 12.4%, driven by growth in Brazil and Colombia, partially offset by a decline in Argentina. Our bulk water business's volume declined 17.3%, driven by a decline in Colombia, partially offset by growth in Argentina and Brazil.

**Gross profit:** Comparable gross profit increased 15.0% as a result of lower PET and sweetener prices and the appreciation of the Brazilian Real and the Colombian Peso as applied to U.S. dollar-denominated raw material costs, which offset higher aluminum prices and the depreciation of the average exchange rate of the Argentine Peso as applied to U.S. dollar-denominated raw material costs.

**Operating income:** Comparable operating income in the division increased 38.5% as compared to the same period in 2016.

**Operating cash flow:** Comparable operating cash flow increased 30.5% as compared to the same period of 2016.

### As reported figures:

**Revenues:** Reported total revenues declined 4.3% to Ps. 25,784 million in the fourth quarter of 2017, driven by volume decline in Colombia and Venezuela and the negative translation effect resulting from the depreciation of all operating currencies as compared to the Mexican Peso, mainly the Venezuelan Bolivar. These effects were partially offset by the integration of Vonpar in Brazil, coupled with price increases aligned with inflation in Argentina, volume growth in Brazil, and flat performance in Argentina.

**Transactions:** Reported total number of transactions increased 8.8% to 2,360.1 million in the fourth quarter of 2017 as compared to the same period in 2016.

**Volume:** Reported total sales volume increased 8.7% to 378.2 million unit cases in the fourth quarter of 2017 as compared to the same period in 2016.

**Gross profit:** Reported gross profit increased 1.4% to Ps. 11,425 million in the fourth quarter of 2017, and gross profit margin expanded 250 basis points to 44.3%.

**Operating income:** Reported operating income grew 14.7% to Ps. 4,137 million in the fourth quarter of 2017, resulting in a margin of 16.0%, an expansion of 260 basis points.

**Operating cash flow:** Reported operating cash flow declined 2.8% to reach Ps. 5,543 million in the fourth quarter of 2017, resulting in a margin of 21.5%, an expansion of 30 basis points.

## Asia Division

### (The Philippines)

*Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods; and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy. In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using an exchange rate of 22,793.3 bolivars per US dollar.*

#### Comparable figures:

**Revenues:** Comparable total revenues increased 13.7% during the fourth quarter of 2017, driven by volume growth.

**Transactions:** Comparable transactions increased 15.3% in the fourth quarter of 2017. Our sparkling beverage portfolio's transactions increased 13.8%. Our still beverage category's transactions increased by 26.9%. Our water transactions, including bulk water, increased 28.8%.

**Volume:** Comparable total sales volume increased 12.6% in the fourth quarter of 2017. Our sparkling beverage category's volume grew 12.4%, driven by 10.9% growth in brand *Coca-Cola* and 15.2% growth in flavors. Our still beverage category's volume, excluding powders, increased 32.6% . Our personal water category's volume increased 21.4% . Our bulk water business's volume grew 17.6% .

**Gross profit:** Comparable gross profit increased 25.0% as compared to the same period of 2016, driven mainly by lower prices of sweeteners and PET resin, partially offset by the devaluation of the Philippine Peso as applied to our U.S. dollar-denominated raw material costs.

**Operating income:** Comparable operating income increased to Ps. 265 million during the fourth quarter of 2017.

**Operating cash flow:** Comparable operating cash flow increased 35.4% as compared to the same period of 2016.

## Full Year Consolidated Results

*Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods; and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy. In our "as reported" figures, our Venezuelan operation's results were translated into Mexican pesos using an exchange rate of 22,793.3 bolivars per US dollar.*

### Comparable figures:

**Revenues:** Comparable total revenues grew 3.6%, driven by average price per unit case growth across most of our operations, volume growth in the Philippines, and flat volume performance in Mexico and Central America, which was partially offset by volume declines in South America.

**Transactions:** Comparable number of transactions declined 1.4%. Our sparkling beverage portfolio's transactions declined 1.5%, driven by most operations, partially offset by growth in Argentina and the Philippines. Our brand *Coca-Cola* portfolio declined 0.5%; growth in Argentina and the Philippines, coupled with a flat performance in Brazil, was offset by declines in the rest of our operations. Our flavors portfolio declined 4.3%, driven by most operations, partially offset by growth in Argentina and flat performance in the Philippines. Our still beverage category's transactions decreased 2.1%; growth in Mexico, Argentina, and the Philippines was offset mainly by Colombia. Our water transactions, including bulk water, remained flat, driven by growth in Mexico and the Philippines, offset by the rest of our operations.

**Volume:** Comparable sales volume contracted 1.5% in 2017 as compared to 2016. Our sparkling beverage portfolio's volume declined 1.7%, driven by most operations, partially offset by growth in the Philippines. Our brand *Coca-Cola* portfolio declined 1.4%, while our flavors portfolio declined 2.6%. Our still beverage category's volume declined 2.6%; growth in Mexico, Argentina, and flat performance in Central America was offset by Brazil, Colombia, and the Philippines. Our personal water portfolio's volume increased 0.9%, driven mainly by growth in Mexico, Central America, and the Philippines, partially offset by contractions in South America. Our bulk water portfolio's volume declined 0.7%; growth in Argentina, Brazil, and the Philippines was offset by flat volume in Mexico and a decline in Colombia.

**Gross profit:** Comparable gross profit grew 6.1%. Our pricing initiatives, coupled with our currency and raw material hedging strategies, offset higher sweetener and concentrate prices in Mexico and the depreciation in the average exchange rate of the Mexican Peso, the Argentine Peso, and the Philippine Peso as applied to U.S dollar-denominated raw material costs.

**Operating Income:** Comparable operating income grew 6.2% in the full year of 2017.

**Operating cash flow:** Comparable operating cash flow increased 5.9% in the full year of 2017.

### As reported figures:

**Revenues:** Total revenues increased 14.7% to Ps. 203,780 million for the full year of 2017, including the results of the Vonpar acquisition in Brazil and the consolidation of our operation in the Philippines beginning in February. Total revenues were also driven by price increases aligned with or above inflation in key territories, supported by the positive translation effect resulting from the appreciation of the Brazilian Real and the Colombian Peso, despite the depreciation of the Argentine Peso, the Philippine Peso, and the Venezuelan Bolivar; all as compared to the Mexican Peso.

**Transactions:** Reported total number of transactions increased 30.9% to 25,875.3 million in 2017 as compared to 2016.

**Volume:** Reported total sales volume increased 16.1% to 3,870.6 million unit cases in 2017 as compared to 2016.

**Gross profit:** Gross profit grew 15.1% to Ps. 91,686 million, and gross margin expanded 20 basis points to 45.0%.

**Equity method:** The reported share of the profits of associates and joint ventures recorded a loss of Ps. 98 million in 2017, compared to a gain of Ps. 43 million recorded in 2016. This is due to: (i) the consolidation of Coca-Cola FEMSA Philippines, Inc., which is no longer included in the equity method as of February 2017; (ii) a loss in our dairy joint venture in Panama and a loss in Jugos del Valle; and (iii) gains in our joint ventures in Brazil.

*(Continued on next page)*

**Operating Income:** Operating income increased 9.4% to Ps. 26,175 million, and operating margin contracted 70 basis points to 12.8%, due mainly to an increase in labor costs, freight, diesel and gasoline prices and other operative expenses, partially offset by an operative foreign exchange gain.

**Other non-operative expenses, net:** Other non-operative expenses, net, recorded an expense of Ps. 28,158 million in 2017, compared to expenses of Ps. 3,489 million during 2016, due mainly to the change in the accounting method for our Venezuela operation to a Fair Value approach. Due to this change, according to IFRS standards a Ps. 26,123 million non-cash one-time charge has been reclassified from equity as part of the cumulative translation adjustment within the other comprehensive income to other non-operative expenses of our income statement. This effect was partially offset by income related to the consolidation of Coca-Cola FEMSA Philippines.

**Comprehensive financing result:** Our comprehensive financing result in the full year of 2017 recorded an expense of Ps. 5,276 million, compared to an expense of Ps. 6,080 million in 2016.

During 2017, we recorded an interest expense of Ps. 8,809 million, compared to Ps. 7,471 million in 2016. This increase was driven by: (i) the interest rate increase from swapping U.S. dollar-denominated debt to Brazilian Real and Mexican Peso-denominated debt, as part of our strategy to eliminate our U.S. dollar net debt exposure; (ii) additional debt related to the acquisition of Vonpar; (iii) the average exchange rate appreciation of the Brazilian Real compared to the Mexican Peso as applied to our existing Brazilian Real-denominated interest expense; and (iv) the interest rate increase in Mexico. These effects were partially offset by the decrease of interest rates in Brazil and the reduction of debt in Argentina.

In addition, in 2017, we recorded a foreign exchange gain of Ps. 810 million as compared to a loss of Ps. 1,792 million in 2016, which resulted from the depreciation of the Mexican peso as applied to our U.S. dollar-denominated net debt position in 2016.

During 2017, we recorded a gain on monetary position in inflationary subsidiaries of Ps. 1,591 million as compared to Ps. 2,417 million during 2016 related to our operation in Venezuela.

Market value on financial instruments recorded a gain of Ps. 246 million due to the annual decrease of long-term interest rates in Brazil as applied to our floating rate cross-currency swaps.

**Income tax:** During 2017, income tax paid was Ps. 4,554 as compared to Ps. 3,928 million in 2016.

**Net income:** Consolidated net controlling interest loss was Ps. 12,802 million during 2017, mainly as a result of the change in the accounting method for our Venezuela operation, which resulted in the reclassification of an accumulated non-cash item as a one-time charge to the other non-operative expenses line of the Income Statement in accordance with IFRS standards. On a comparable basis, controlling net income grew 34.7% to Ps. 12,859 million during 2017, resulting in comparable earnings per share (EPS) of Ps. 6.15 (Ps. 61.49 per ADS).

**Operating cash flow:** Operating cash flow grew 11.4% to Ps. 39,546 million, and operating cash flow margin contracted 60 basis points to 19.4%.

## Recent Developments

- On February 21, 2018, Coca-Cola FEMSA's Board of Directors agreed to propose for approval at the annual Shareholders meeting to be held on March 9, 2017, an ordinary dividend of Ps. 3.35 per share to be paid in two installments in May and November of 2018.

## Conference Call Information

Our fourth quarter 2017 conference call will be held on February 22, 2018, at 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 888-318-7469 or International: 719-457-2695. Participant code: 6702196. We invite investors to listen to the live audio cast of the conference call on the Company's website, [www.coca-colafemsa.com](http://www.coca-colafemsa.com). If you are unable to participate live, the conference call audio will be available at [www.coca-colafemsa.com](http://www.coca-colafemsa.com).

## Mexican Stock Exchange Quarterly Filing

Coca-Cola FEMSA encourages the reader to refer to our quarterly filing to the Mexican Stock Exchange ( *Bolsa Mexicana de Valores* or BMV) for more detailed information. This filing contains a detailed cash flow statement and selected notes to the financial statements, including segment information. This filing is available at [www.bmv.com.mx](http://www.bmv.com.mx) in the *Información Financiera* section for Coca-Cola FEMSA (KOF) and on our corporate website at [www.coca-colafemsa.com/inversionistas/registros-bmv](http://www.coca-colafemsa.com/inversionistas/registros-bmv).

## Additional Information

This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance, which should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control, which could materially impact the Company's actual performance. References herein to "US\$" are to United States dollars. This news release contains translations of certain Mexican peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

All the financial information presented in this report was prepared under International Financial Reporting Standards (IFRS).

In an effort to provide our readers with a more useful representation of our company's underlying financial and operating performance, we are including the term "Comparable." This means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of: (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of the first quarter of 2016. Currently, the only operation that qualifies as a hyperinflationary economy is Venezuela. In preparing this measure, management has used its best judgment, estimates, and assumptions in order to maintain comparability.

As a result of additional KOF L shares issued in May 2017, full year earnings per share were computed based on 2,091.4 million shares, the weighted average outstanding shares over the period. At the end of December 2017, total outstanding shares were 2,100.8 million shares (each ADS represents 10 local shares).

For reporting purposes, all corporate expenses, including the equity method recorded from our stake of the results of Coca-Cola FEMSA Philippines, Inc., were included in the results of the Mexico and Central America division. Starting on February 2013 and ending on January 2017, we incorporated our stake of the results of Coca-Cola FEMSA Philippines, Inc. through the equity method.

## About the Company

Stock listing information: Mexican Stock Exchange, Ticker: KOFL | NYSE (ADR), Ticker: KOF | Ratio of KOF L to KOF = 10:1

Coca-Cola FEMSA, S.A.B. de C.V. is the largest Coca-Cola franchise bottler in the world by sales volume. The company produces and distributes trademark beverages of *The Coca-Cola Company*, offering a wide portfolio of 154 brands to more than 375 million consumers daily. With over 100 thousand employees, the company markets and sells approximately 4 billion unit cases through 2.8 million points of sale a year. Operating 66 manufacturing plants and 328 distribution centers, Coca-Cola FEMSA is committed to generating economic, social, and environmental value for all of its stakeholders across the value chain. The company is a member of the Dow Jones Sustainability Emerging Markets Index, FTSE4Good Emerging Index, and the Mexican Stock Exchange's IPC and Social Responsibility and Sustainability Indices, among other indexes. Its operations encompass franchise territories in Mexico, Brazil, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama. For more information, please visit [www.coca-colafemsa.com](http://www.coca-colafemsa.com).

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*(7 pages of tables to follow)*

## Quarter - Consolidated Income Statement

Expressed in millions of Mexican pesos <sup>(1)</sup>

|  | 4Q 17           | % Rev         | 4Q 16          | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(8)</sup> |
|--|-----------------|---------------|----------------|---------------|-----------------|----------------------------------|
| <b>Transactions (million transactions)</b>                           | <b>6,958.3</b>  |               | <b>4,982.9</b> |               | <b>39.6%</b>    | <b>3.8%</b>                      |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                    | <b>1,033.3</b>  |               | <b>849.9</b>   |               | <b>21.6%</b>    | <b>1.8%</b>                      |
| Average price per unit case <sup>(2)</sup>                           | 49.57           |               | 54.41          |               | -8.9%           |                                  |
| Net revenues   | 55,136          |               | 49,229         |               | 12.0%           |                                  |
| Other operating revenues   | 139             |               | 304            |               | -54.1%          |                                  |
| <b>Total revenues <sup>(3)</sup></b>                                 | <b>55,275</b>   | <b>100.0%</b> | <b>49,533</b>  | <b>100.0%</b> | <b>11.6%</b>    | <b>5.7%</b>                      |
| Cost of goods sold   | 30,212          | 54.7%         | 27,146         | 54.8%         | 11.3%           |                                  |
| <b>Gross profit</b>  | <b>25,063</b>   | <b>45.3%</b>  | <b>22,388</b>  | <b>45.2%</b>  | <b>12.0%</b>    | <b>9.2%</b>                      |
| Operating expenses   | 16,865          | 30.5%         | 14,757         | 29.8%         | 14.3%           |                                  |
| Other operative expenses, net  | 512             | 0.9%          | 188            | 0.4%          | 172.4%          |                                  |
| Operative equity method (gain) loss in associates <sup>(4)</sup>     | 103             | 0.2%          | 275            | 0.6%          | -62.7%          |                                  |
| <b>Operating income <sup>(5)</sup></b>                               | <b>7,584</b>    | <b>13.7%</b>  | <b>7,167</b>   | <b>14.5%</b>  | <b>5.8%</b>     | <b>13.3%</b>                     |
| Other non operative expenses, net                                    | 29,090          |               | 346            |               | 8300.6%         |                                  |
| Non Operative equity method (gain) loss in associates <sup>(6)</sup> | (92)            |               | (33)           |               | 178.1%          |                                  |
| Interest expense   | 2,001           |               | 2,095          |               | -4.5%           |                                  |
| Interest income  | 251             |               | 192            |               | 30.8%           |                                  |
| Interest expense, net  | 1,750           |               | 1,903          |               | -8.0%           |                                  |
| Foreign exchange loss (gain)   | (516)           |               | (66)           |               | 682.3%          |                                  |
| Loss (gain) on monetary position in inflationary subsidiaries        | (460)           |               | (838)          |               | -45.1%          |                                  |
| Market value (gain) loss on financial instruments                    | 310             |               | 213            |               | 45.9%           |                                  |
| Comprehensive financing result                                       | 1,084           |               | 1,211          |               | -10.5%          |                                  |
| Income before taxes  | (22,498)        |               | 5,643          |               | -498.7%         |                                  |
| Income taxes   | 1,314           |               | 1,929          |               | -31.9%          |                                  |
| Consolidated net income  | (23,812)        |               | 3,714          |               | -741.1%         |                                  |
| <b>Net income attributable to equity holders of the company</b>      | <b>(24,245)</b> | <b>-43.9%</b> | <b>3,509</b>   | <b>7.1%</b>   | <b>-790.9%</b>  |                                  |
| Non-controlling interest   | 434             |               | 205            |               | 111.8%          |                                  |
| Operating income <sup>(5)</sup>                                      | 7,584           | 13.7%         | 7,167          | 14.5%         | 5.8%            |                                  |
| Depreciation   | 2,791           |               | 2,072          |               | 34.7%           |                                  |
| Amortization and other operative non-cash charges                    | 934             |               | 1,573          |               | -40.6%          |                                  |
| <b>Operating cash flow <sup>(5)(7)</sup></b>                         | <b>11,310</b>   | <b>20.5%</b>  | <b>10,812</b>  | <b>21.8%</b>  | <b>4.6%</b>     | <b>12.5%</b>                     |
| CAPEX  | 4,853           |               | 5,164          |               |                 |                                  |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Sales volume and average price per unit case exclude beer results.

<sup>(3)</sup> Includes total revenues of Ps. 20,044 million from our Mexican operation, Ps. 17,017 million from our Brazilian operation, Ps. 3,708 million from our Colombian operation, Ps. 4,290 million from our Argentine operation, and Ps. 6,107 million from our Philippines operation for the fourth quarter of 2017; and Ps. 19,076 million from our Mexican operation, Ps. 14,889 million from our Brazilian operation, Ps. 4,264 million from our Colombian operation, and Ps. 4,128 million from our Argentine operation for the same period of the previous year. Total Revenues includes Beer revenues in Brazil of Ps. 3,913 million for the fourth quarter of 2017 and Ps. 2,988 million for the same period of the previous year.

<sup>(4)</sup> Includes equity method in Jugos del Valle, Leao Alimentos, Estrella Azul, among others. For the 4Q16 includes Coca-Cola FEMSA Philippines, Inc.

<sup>(5)</sup> The operating income and operative cash flow lines are presented as non-gaap measures for the convenience of the reader.

<sup>(6)</sup> Includes equity method in PIASA, IEQSA, Beta San Miguel, IMER and KSP Participacoes among others.

<sup>(7)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

<sup>(8)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc, as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.





## YTD - Consolidated Income Statement

Expressed in millions of Mexican pesos <sup>(1)</sup>

|  | 2017            | % Rev         | 2016            | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(8)</sup> |
|--|-----------------|---------------|-----------------|---------------|-----------------|----------------------------------|
| <b>Transactions (million transactions)</b>                           | <b>25,875.3</b> |               | <b>19,774.4</b> |               | <b>30.9%</b>    | <b>-1.4%</b>                     |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                    | <b>3,870.6</b>  |               | <b>3,334.0</b>  |               | <b>16.1%</b>    | <b>-1.5%</b>                     |
| Average price per unit case <sup>(2)</sup>                           | 49.29           |               | 50.75           |               | -2.9%           |                                  |
| Net revenues   | 203,374         |               | 177,082         |               | 14.8%           |                                  |
| Other operating revenues   | 406             |               | 636             |               | -36.2%          |                                  |
| <b>Total revenues <sup>(3)</sup></b>                                 | <b>203,780</b>  | <b>100.0%</b> | <b>177,718</b>  | <b>100.0%</b> | <b>14.7%</b>    | <b>3.6%</b>                      |
| Cost of goods sold   | 112,094         | 55.0%         | 98,056          | 55.2%         | 14.3%           |                                  |
| <b>Gross profit</b>  | <b>91,686</b>   | <b>45.0%</b>  | <b>79,662</b>   | <b>44.8%</b>  | <b>15.1%</b>    | <b>6.1%</b>                      |
| Operating expenses   | 64,910          | 31.9%         | 55,462          | 31.2%         | 17.0%           |                                  |
| Other operative expenses, net  | 503             | 0.2%          | 323             | 0.2%          | 55.9%           |                                  |
| Operative equity method (gain) loss in associates <sup>(4)</sup>     | 98              | 0.0%          | (43)            | -0.0%         | -326.0%         |                                  |
| <b>Operating income <sup>(5)</sup></b>                               | <b>26,175</b>   | <b>12.8%</b>  | <b>23,920</b>   | <b>13.5%</b>  | <b>9.4%</b>     | <b>6.2%</b>                      |
| Other non operative expenses, net                                    | 28,158          |               | 3,489           |               | 707.1%          |                                  |
| Non Operative equity method (gain) loss in associates <sup>(6)</sup> | (158)           |               | (104)           |               | 51.7%           |                                  |
| Interest expense   | 8,809           |               | 7,471           |               | 17.9%           |                                  |
| Interest income  | 887             |               | 715             |               | 24.1%           |                                  |
| Interest expense, net  | 7,922           |               | 6,756           |               | 17.3%           |                                  |
| Foreign exchange loss (gain)   | (810)           |               | 1,792           |               | -145.2%         |                                  |
| Loss (gain) on monetary position in inflationary subsidiaries        | (1,591)         |               | (2,417)         |               | -34.2%          |                                  |
| Market value (gain) loss on financial instruments                    | (246)           |               | (51)            |               | 385.1%          |                                  |
| Comprehensive financing result                                       | 5,276           |               | 6,080           |               | -13.2%          |                                  |
| Income before taxes  | (7,101)         |               | 14,455          |               | -149.1%         |                                  |
| Income taxes   | 4,554           |               | 3,928           |               | 15.9%           |                                  |
| Consolidated net income  | (11,654)        |               | 10,527          |               | -210.7%         |                                  |
| <b>Net income attributable to equity holders of the company</b>      | <b>(12,802)</b> | <b>6.3%</b>   | <b>10,070</b>   | <b>5.7%</b>   | <b>-227.1%</b>  |                                  |
| Non-controlling interest   | 1,148           |               | 457             |               | 151.3%          |                                  |
| Operating income <sup>(5)</sup>                                      | 26,175          | 12.8%         | 23,920          | 13.5%         | 9.4%            |                                  |
| Depreciation   | 10,216          |               | 7,579           |               | 34.8%           |                                  |
| Amortization and other operative non-cash charges                    | 3,155           |               | 3,996           |               | -21.0%          |                                  |
| <b>Operating cash flow <sup>(5)(7)</sup></b>                         | <b>39,546</b>   | <b>19.4%</b>  | <b>35,495</b>   | <b>20.0%</b>  | <b>11.4%</b>    | <b>5.9%</b>                      |
| CAPEX  | 14,612          |               | 12,391          |               |                 |                                  |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Sales volume and average price per unit case exclude beer results.

<sup>(3)</sup> Includes total revenues of Ps. 79,850 million from our Mexican operation, Ps. 58,518 million from our Brazilian operation, Ps. 14,222 million from our Colombian operation, and Ps. 13,869 million from our Argentine operation for 2017 and Ps. 20,524 for our operation in the Philippines from February to December 2017; Ps. 74,413 million from our Mexican operation, Ps. 43,900 million from our Brazilian operation, Ps. 15,120 from our Colombian operation, and Ps. 12,273 million from our Argentine operation for the same period of the previous year. Total Revenues includes Beer revenues in Brazil of Ps. 12,608 million for 2017 and Ps. 7,887 million for the previous year.

<sup>(4)</sup> Includes equity method in Jugos del Valle, Leao Alimentos, Estrella Azul, one month of 2017 and twelve months of 2016 from Coca-Cola FEMSA Philippines, Inc., among others.

<sup>(5)</sup> The operating income and operative cash flow lines are presented as non-gaap measures for the convenience of the reader.

<sup>(6)</sup> Includes equity method in PIASA, IEQSA, Beta San Miguel, IMER and KSP Participacoes among others.

<sup>(7)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

<sup>(8)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc, as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.

## Mexico & Central America Division

Expressed in millions of Mexican pesos <sup>(1)</sup>

### Quarterly information

|  | 4Q 17          | % Rev         | 4Q 16          | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(6)</sup> |
|--|----------------|---------------|----------------|---------------|-----------------|----------------------------------|
| <b>Transactions (million transactions)</b>                       | <b>2,763.9</b> |               | <b>2,815.2</b> |               | <b>-1.8%</b>    | <b>-1.8%</b>                     |
| <b>Volume (million unit cases)</b>                               | <b>495.1</b>   |               | <b>502.2</b>   |               | <b>-1.4%</b>    | <b>-1.4%</b>                     |
| Average price per unit case                                      | 47.16          |               | 44.83          |               | 5.2%            |                                  |
| Net revenues   | 23,347         |               | 22,511         |               |                 |                                  |
| Other operating revenues   | 37             |               | 81             |               |                 |                                  |
| <b>Total revenues <sup>(2)</sup></b>                             | <b>23,384</b>  | <b>100.0%</b> | <b>22,593</b>  | <b>100.0%</b> | <b>3.5%</b>     | <b>4.5%</b>                      |
| Cost of goods sold   | 12,181         | 52.1%         | 11,471         | 50.8%         |                 |                                  |
| <b>Gross profit</b>  | <b>11,203</b>  | <b>47.9%</b>  | <b>11,122</b>  | <b>49.2%</b>  | <b>0.7%</b>     | <b>1.6%</b>                      |
| Operating expenses   | 7,680          | 32.8%         | 7,175          | 31.8%         |                 |                                  |
| Other operative expenses, net                                    | 215            | 0.9%          | 140            | 0.6%          |                 |                                  |
| Operative equity method (gain) loss in associates <sup>(3)</sup> | 126            | 0.5%          | 245            | 1.1%          |                 |                                  |
| <b>Operating income <sup>(4)</sup></b>                           | <b>3,182</b>   | <b>13.6%</b>  | <b>3,561</b>   | <b>15.8%</b>  | <b>-10.6%</b>   | <b>-15.1%</b>                    |
| Depreciation, amortization & other operative non-cash charges    | 1,695          | 7.3%          | 1,547          | 6.8%          |                 |                                  |
| <b>Operating cash flow <sup>(4)(5)</sup></b>                     | <b>4,877</b>   | <b>20.9%</b>  | <b>5,108</b>   | <b>22.6%</b>  | <b>-4.5%</b>    | <b>-3.7%</b>                     |

### Accumulated information

|  | 2017            | % Rev         | 2016            | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(6)</sup> |
|--|-----------------|---------------|-----------------|---------------|-----------------|----------------------------------|
| <b>Transactions (million transactions)</b>                       | <b>11,231.7</b> |               | <b>11,382.1</b> |               | <b>-1.3%</b>    | <b>-1.3%</b>                     |
| <b>Volume (million unit cases)</b>                               | <b>2,017.9</b>  |               | <b>2,025.6</b>  |               | <b>-0.4%</b>    | <b>-0.4%</b>                     |
| Average price per unit case                                      | 45.87           |               | 43.17           |               | 6.3%            |                                  |
| Net revenues   | 92,565          |               | 87,438          |               |                 |                                  |
| Other operating revenues   | 77              |               | 120             |               |                 |                                  |
| <b>Total revenues <sup>(2)</sup></b>                             | <b>92,643</b>   | <b>100.0%</b> | <b>87,558</b>   | <b>100.0%</b> | <b>5.8%</b>     | <b>5.8%</b>                      |
| Cost of goods sold   | 47,537          | 51.3%         | 43,989          | 50.2%         |                 |                                  |
| <b>Gross profit</b>  | <b>45,106</b>   | <b>48.7%</b>  | <b>43,569</b>   | <b>49.8%</b>  | <b>3.5%</b>     | <b>3.5%</b>                      |
| Operating expenses   | 30,731          | 33.2%         | 28,569          | 32.6%         |                 |                                  |
| Other operative expenses, net                                    | 180             | 0.2%          | 330             | 0.4%          |                 |                                  |
| Operative equity method (gain) loss in associates <sup>(3)</sup> | 221             | 0.2%          | (55)            | -0.1%         |                 |                                  |
| <b>Operating income <sup>(4)</sup></b>                           | <b>13,975</b>   | <b>15.1%</b>  | <b>14,725</b>   | <b>16.8%</b>  | <b>-5.1%</b>    | <b>-4.7%</b>                     |
| Depreciation, amortization & other operative non-cash charges    | 5,812           | 6.3%          | 5,174           | 5.9%          |                 |                                  |
| <b>Operating cash flow <sup>(4)(5)</sup></b>                     | <b>19,788</b>   | <b>21.4%</b>  | <b>19,899</b>   | <b>22.7%</b>  | <b>-0.6%</b>    | <b>-0.6%</b>                     |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> For the quarter: Includes total revenues of Ps. 20,044 million from our Mexican operation for the fourth quarter of 2017 and 19,076 for the same period of the previous year

FY information: Includes total revenues of Ps. 79,850 million from our Mexican operation for 2017 and 74,413 for the same period of the previous year

<sup>(3)</sup> For the quarter: Includes equity method in Jugos del Valle, Estrella Azul, among others.

FY information: Includes Jugos del Valle, Estrella Azul, one month of 2017 and twelve months of 2016 of Coca-Cola FEMSA Philippines, Inc., among others.

<sup>(4)</sup> The operating income and operative cash flow lines are presented as non-gaap measures for the convenience of the reader.

<sup>(5)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

<sup>(6)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc, as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.

## South America Division

Expressed in millions of Mexican pesos <sup>(1)</sup>

| Quarterly information  |                |               |                |               |                 |                                  |
|--|----------------|---------------|----------------|---------------|-----------------|----------------------------------|
|  | 4Q 17          | % Rev         | 4Q 16          | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(7)</sup> |
| <b>Transactions (million transactions)</b>                       | <b>2,360.1</b> |               | <b>2,167.7</b> |               | <b>8.8%</b>     | <b>2.6%</b>                      |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                | <b>378.2</b>   |               | <b>347.7</b>   |               | <b>8.7%</b>     | <b>2.0%</b>                      |
| Average price per unit case <sup>(2)</sup>                       | 57.56          |               | 68.24          |               | -15.6%          |                                  |
| Net revenues   | 25,682         |               | 26,718         |               |                 |                                  |
| Other operating revenues   | 103            |               | 222            |               |                 |                                  |
| <b>Total revenues <sup>(3)</sup></b>                             | <b>25,784</b>  | <b>100.0%</b> | <b>26,940</b>  | <b>100.0%</b> | <b>-4.3%</b>    | <b>5.1%</b>                      |
| Cost of goods sold   | 14,359         | 55.7%         | 15,675         | 58.2%         |                 |                                  |
| <b>Gross profit</b>  | <b>11,425</b>  | <b>44.3%</b>  | <b>11,266</b>  | <b>41.8%</b>  | <b>1.4%</b>     | <b>15.0%</b>                     |
| Operating expenses   | 7,098          | 27.5%         | 7,582          | 28.1%         |                 |                                  |
| Other operative expenses, net                                    | 214            | 0.8%          | 48             | 0.2%          |                 |                                  |
| Operative equity method (gain) loss in associates <sup>(4)</sup> | (24)           | -0.1%         | 30             | 0.1%          |                 |                                  |
| <b>Operating income <sup>(5)</sup></b>                           | <b>4,137</b>   | <b>16.0%</b>  | <b>3,606</b>   | <b>13.4%</b>  | <b>14.7%</b>    | <b>38.5%</b>                     |
| Depreciation, amortization & other operative non-cash charges    | 1,407          | 5.5%          | 2,098          | 7.8%          |                 |                                  |
| <b>Operating cash flow <sup>(5)(6)</sup></b>                     | <b>5,543</b>   | <b>21.5%</b>  | <b>5,704</b>   | <b>21.2%</b>  | <b>-2.8%</b>    | <b>30.5%</b>                     |

| Accumulated information  |                |               |                |               |                 |                                  |
|--|----------------|---------------|----------------|---------------|-----------------|----------------------------------|
|  | 2017           | % Rev         | 2016           | % Rev         | Δ %<br>Reported | Δ %<br>Comparable <sup>(7)</sup> |
| <b>Transactions (million transactions)</b>                       | <b>8,365.1</b> |               | <b>8,392.3</b> |               | <b>-0.3%</b>    | <b>-6.2%</b>                     |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                | <b>1,300.2</b> |               | <b>1,308.4</b> |               | <b>-0.7%</b>    | <b>-6.1%</b>                     |
| Average price per unit case <sup>(2)</sup>                       | 59.77          |               | 62.49          |               | -4.4%           |                                  |
| Net revenues   | 90,285         |               | 89,644         |               |                 |                                  |
| Other operating revenues   | 329            |               | 516            |               |                 |                                  |
| <b>Total revenues <sup>(3)</sup></b>                             | <b>90,613</b>  | <b>100.0%</b> | <b>90,160</b>  | <b>100.0%</b> | <b>0.5%</b>     | <b>1.5%</b>                      |
| Cost of goods sold   | 52,212         | 57.6%         | 54,067         | 60.0%         |                 |                                  |
| <b>Gross profit</b>  | <b>38,401</b>  | <b>42.4%</b>  | <b>36,093</b>  | <b>40.0%</b>  | <b>6.4%</b>     | <b>9.2%</b>                      |
| Operating expenses   | 27,315         | 30.1%         | 26,893         | 29.8%         |                 |                                  |
| Other operative expenses, net                                    | 189            | 0.2%          | (7)            | -0.0%         |                 |                                  |
| Operative equity method (gain) loss in associates <sup>(4)</sup> | (123)          | -0.1%         | 12             | 0.0%          |                 |                                  |
| <b>Operating income <sup>(5)</sup></b>                           | <b>11,020</b>  | <b>12.2%</b>  | <b>9,196</b>   | <b>10.2%</b>  | <b>19.8%</b>    | <b>17.9%</b>                     |
| Depreciation, amortization & other operative non-cash charges    | 5,483          | 6.1%          | 6,401          | 7.1%          |                 |                                  |
| <b>Operating cash flow <sup>(5)(6)</sup></b>                     | <b>16,504</b>  | <b>18.2%</b>  | <b>15,596</b>  | <b>17.3%</b>  | <b>5.8%</b>     | <b>13.7%</b>                     |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Sales volume and average price per unit case exclude beer results.

<sup>(3)</sup> **Quarter information:** Includes total revenues of Ps. 17,017 million from our Brazilian operation, Ps. 3,708 million from our Colombian operation, and Ps. 4,290 million from our Argentine operation for the fourth quarter of 2017; and Ps. 14,889 million from our Brazilian operation, Ps. 4,264 million from our Colombian operation, and Ps. 4,128 million from our Argentine operation for the same period of the previous year. Total Revenues includes Beer revenues in Brazil of Ps. 3,913 million for the fourth quarter of 2017 and Ps. 2,988 million for the same period of the previous year.

<sup>(3)</sup> **Full Year information:** Includes total revenues of Ps. 58,518 million from our Brazilian operation, Ps. 14,222 million from our Colombian operation, and Ps. 13,869 million from our Argentine operation for 2017; and Ps. 43,900 million from our Brazilian operation, Ps. 15,120 million from our Colombian operation, and Ps. 12,273 million from our Argentine operation for the previous year. Total Revenues includes Beer revenues in Brazil of Ps. 12,608 million for the first nine months of 2017 and Ps. 7,887 million for the same period of the previous year.

<sup>(4)</sup> Includes equity method in Leao Alimentos, Verde Campo, among others.

<sup>(5)</sup> The operating income and operative cash flow lines are presented as non-gaap measures for the convenience of the reader.

<sup>(6)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

<sup>(7)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc, as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.



## Venezuela Operation

Expressed in millions of Mexican pesos <sup>(1)</sup>

### Quarterly information

|   | 4Q 17        | % Rev         | 4Q 16        | % Rev         | Δ %<br>Reported |
|---|--------------|---------------|--------------|---------------|-----------------|
| <b>Transactions (million transactions)</b>                    | <b>122.9</b> |               | <b>137.3</b> |               | <b>-10.5%</b>   |
| <b>Volume (million unit cases)</b>                            | <b>19.5</b>  |               | <b>23.6</b>  |               | <b>-17.2%</b>   |
| Average price per unit case                                   | 39.42        |               | 155.29       |               | -74.6%          |
| Net revenues  | 769          |               | 3,660        |               |                 |
| Other operating revenues                                      | -            |               | -            |               |                 |
| <b>Total revenues</b>   | <b>769</b>   | <b>100.0%</b> | <b>3,660</b> | <b>100.0%</b> | <b>-79.0%</b>   |
| Cost of goods sold  | 771          | 100.2%        | 2,056        | 56.2%         |                 |
| <b>Gross profit</b>   | <b>(1)</b>   | <b>-0.2%</b>  | <b>1,603</b> | <b>43.8%</b>  | <b>-100.1%</b>  |
| Operating expenses  | 326          | 42.4%         | 991          | 27.1%         |                 |
| Other operative expenses, net                                 | 30           | 3.9%          | 58           | 1.6%          |                 |
| <b>Operating income</b>                                       | <b>(357)</b> | <b>-46.4%</b> | <b>554</b>   | <b>15.1%</b>  | <b>-164.4%</b>  |
| Depreciation, amortization & other operative non-cash charges | 461          | 59.9%         | 1,183        | 32.3%         |                 |
| <b>Operating cash flow <sup>(2)</sup></b>                     | <b>104</b>   | <b>13.5%</b>  | <b>1,737</b> | <b>47.5%</b>  | <b>-94.0%</b>   |

### Accumulated information

|   | 2017           | % Rev         | 2016          | % Rev         | Δ %<br>Reported |
|---|----------------|---------------|---------------|---------------|-----------------|
| <b>Transactions (million transactions)</b>                    | <b>441.0</b>   |               | <b>772.6</b>  |               | <b>-42.9%</b>   |
| <b>Volume (million unit cases)</b>                            | <b>64.2</b>    |               | <b>143.1</b>  |               | <b>-55.1%</b>   |
| Average price per unit case                                   | 62.34          |               | 131.82        |               | -52.7%          |
| Net revenues  | 4,005          |               | 18,868        |               |                 |
| Other operating revenues                                      | -              |               | -             |               |                 |
| <b>Total revenues</b>   | <b>4,005</b>   | <b>100.0%</b> | <b>18,868</b> | <b>100.0%</b> | <b>-78.8%</b>   |
| Cost of goods sold  | 3,360          | 83.9%         | 12,037        | 63.8%         |                 |
| <b>Gross profit</b>   | <b>645</b>     | <b>16.1%</b>  | <b>6,830</b>  | <b>36.2%</b>  | <b>-90.6%</b>   |
| Operating expenses  | 1,890          | 47.2%         | 5,849         | 31.0%         |                 |
| Other operative expenses, net                                 | 18             | 0.5%          | 69            | 0.4%          |                 |
| <b>Operating income</b>                                       | <b>(1,263)</b> | <b>-31.5%</b> | <b>913</b>    | <b>4.8%</b>   | <b>-238.4%</b>  |
| Depreciation, amortization & other operative non-cash charges | 1,828          | 45.7%         | 3,262         | 17.3%         |                 |
| <b>Operating cash flow <sup>(2)</sup></b>                     | <b>566</b>     | <b>14.1%</b>  | <b>4,174</b>  | <b>22.1%</b>  | <b>-86.5%</b>   |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

## Asia Division

Expressed in millions of Mexican pesos <sup>(1)</sup>

### Quarterly information

|   | 4Q 17          | % Rev         | Δ %<br>Comparable <sup>(4)</sup> |
|---|----------------|---------------|----------------------------------|
| <b>Transactions (million transactions)</b>                    | <b>1,834.3</b> |               | <b>15.3%</b>                     |
| <b>Volume (million unit cases) <sup>(2)</sup></b>             | <b>160.1</b>   |               | <b>12.6%</b>                     |
| Average price per unit case <sup>(2)</sup>                    | 38.15          |               |                                  |
| Net revenues  | 6,107          |               |                                  |
| Other operating revenues                                      | -              |               |                                  |
| <b>Total revenues <sup>(3)</sup></b>                          | <b>6,107</b>   | <b>100.0%</b> | <b>13.7%</b>                     |
| Cost of goods sold  | 3,672          | 60.1%         |                                  |
| <b>Gross profit</b>   | <b>2,435</b>   | <b>39.9%</b>  | <b>25.0%</b>                     |
| Operating expenses  | 2,087          | 34.2%         |                                  |
| Other operative expenses, net                                 | 83             | 1.4%          |                                  |
| <b>Operating income <sup>(5)</sup></b>                        | <b>265</b>     | <b>4.3%</b>   | <b>461.8%</b>                    |
| Depreciation, amortization & other operative non-cash charges | 624            | 10.2%         |                                  |
| <b>Operating cash flow <sup>(5)(6)</sup></b>                  | <b>889</b>     | <b>14.6%</b>  | <b>35.4%</b>                     |

### Accumulated information

|   | 2017 <sup>(2)</sup> | % Rev         | Δ %<br>Comparable <sup>(4)</sup> |
|---|---------------------|---------------|----------------------------------|
| <b>Transactions (million transactions)</b>                    | <b>6,278.5</b>      |               | <b>4.0%</b>                      |
| <b>Volume (million unit cases) <sup>(2)</sup></b>             | <b>552.4</b>        |               | <b>3.8%</b>                      |
| Average price per unit case <sup>(2)</sup>                    | 37.15               |               |                                  |
| Net revenues  | 20,524              |               |                                  |
| Other operating revenues                                      | -                   |               |                                  |
| <b>Total revenues <sup>(3)</sup></b>                          | <b>20,524</b>       | <b>100.0%</b> | <b>1.9%</b>                      |
| Cost of goods sold  | 12,346              | 60.2%         |                                  |
| <b>Gross profit</b>   | <b>8,178</b>        | <b>39.8%</b>  | <b>8.3%</b>                      |
| Operating expenses  | 6,865               | 33.4%         |                                  |
| Other operative expenses, net                                 | 134                 | 0.7%          |                                  |
| <b>Operating income <sup>(5)</sup></b>                        | <b>1,179</b>        | <b>5.7%</b>   | <b>105.9%</b>                    |
| Depreciation, amortization & other operative non-cash charges | 2,075               | 10.1%         |                                  |
| <b>Operating cash flow <sup>(5)(6)</sup></b>                  | <b>3,254</b>        | <b>15.9%</b>  | <b>18.8%</b>                     |

<sup>(1)</sup> Except volume and average price per unit case figures.

<sup>(2)</sup> Includes the results of February to December

<sup>(3)</sup> Operative cash flow = operating income + depreciation, amortization & other operative non-cash charges.

<sup>(4)</sup> Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of (i) mergers, acquisitions and divestitures, (ii) translation effects resulting from exchange rate movements (iii) the results of hyperinflationary economies in both periods, and (iv) includes the results of Coca-Cola FEMSA Philippines Inc, as if the consolidation had taken place at the beginning of first quarter 2016. From our operations, only Venezuela qualifies as a hyperinflationary economy.

## Consolidated Balance Sheet

Expressed in millions of Mexican pesos.

|  | Dec-17     |                | Dec-16     |                |
|--|------------|----------------|------------|----------------|
| <b>Assets</b>                                    |            |                |            |                |
| <b>Current Assets</b>                            |            |                |            |                |
| Cash, cash equivalents and marketable securities | Ps.        | 18,767         | Ps.        | 10,476         |
| Total accounts receivable                        |            | 17,576         |            | 15,005         |
| Inventories                                      |            | 11,364         |            | 10,744         |
| Other current assets                             |            | 7,950          |            | 9,229          |
| <b>Total current assets</b>                      |            | <b>55,657</b>  |            | <b>45,454</b>  |
| <b>Property, plant and equipment</b>             |            |                |            |                |
| Property, plant and equipment                    |            | 121,968        |            | 106,696        |
| Accumulated depreciation                         |            | (46,141)       |            | (41,408)       |
| <b>Total property, plant and equipment, net</b>  |            | <b>75,827</b>  |            | <b>65,288</b>  |
| Investment in shares                             |            | 12,540         |            | 22,357         |
| Intangibles assets and other assets              |            | 124,243        |            | 123,964        |
| Other non-current assets                         |            | 17,410         |            | 22,194         |
| <b>Total Assets</b>                              | <b>Ps.</b> | <b>285,677</b> | <b>Ps.</b> | <b>279,256</b> |
| <b>Liabilities and Equity</b>                    |            |                |            |                |
| <b>Current Liabilities</b>                       |            |                |            |                |
| Short-term bank loans and notes payable          | Ps.        | 12,171         | Ps.        | 3,052          |
| Suppliers  |            | 19,956         |            | 21,489         |
| Other current liabilities                        |            | 23,467         |            | 15,327         |
| <b>Total current liabilities</b>                 |            | <b>55,595</b>  |            | <b>39,868</b>  |
| Long-term bank loans and notes payable           |            | 71,189         |            | 85,857         |
| Other long-term liabilities                      |            | 18,184         |            | 24,298         |
| <b>Total liabilities</b>                         |            | <b>144,968</b> |            | <b>150,023</b> |
| <b>Equity</b>                                    |            |                |            |                |
| Non-controlling interest                         |            | 18,141         |            | 7,096          |
| Total controlling interest                       |            | 122,568        |            | 122,137        |
| <b>Total equity</b>                              |            | <b>140,710</b> |            | <b>129,233</b> |
| <b>Total Liabilities and Equity</b>              | <b>Ps.</b> | <b>285,677</b> | <b>Ps.</b> | <b>279,256</b> |

## Quarter - Volume & Transactions

For the three months ended December 31, 2017 and 2016

### Volume

Expressed in million unit cases

|                                     | 4Q 2017      |             |                |             |                | 4Q 2016      |             |                |             |              |
|-------------------------------------|--------------|-------------|----------------|-------------|----------------|--------------|-------------|----------------|-------------|--------------|
|                                     | Sparkling    | Water (1)   | Bulk Water (2) | Still       | Total          | Sparkling    | Water (1)   | Bulk Water (2) | Still       | Total        |
| Mexico Central America              | 333.4        | 22.7        | 65.5           | 26.4        | 448.0          | 340.4        | 23.5        | 67.4           | 26.5        | 457.7        |
| Mexico & Central America            | 39.5         | 2.8         | 0.2            | 4.6         | 47.1           | 37.3         | 2.3         | 0.2            | 4.6         | 44.4         |
| <b>Mexico &amp; Central America</b> | <b>372.8</b> | <b>25.5</b> | <b>65.7</b>    | <b>31.0</b> | <b>495.1</b>   | <b>377.7</b> | <b>25.8</b> | <b>67.5</b>    | <b>31.1</b> | <b>502.2</b> |
| Colombia                            | 54.5         | 9.0         | 2.9            | 4.9         | 71.3           | 58.5         | 6.3         | 4.8            | 6.8         | 76.5         |
| Venezuela                           | 16.2         | 2.4         | 0.2            | 0.7         | 19.5           | 18.6         | 3.3         | 0.2            | 1.4         | 23.6         |
| Brazil                              | 200.8        | 12.6        | 2.0            | 11.3        | 226.7          | 166.0        | 11.0        | 1.5            | 8.9         | 187.3        |
| Argentina                           | 49.4         | 5.4         | 1.3            | 4.5         | 60.7           | 48.8         | 6.3         | 0.9            | 4.3         | 60.4         |
| <b>South America</b>                | <b>320.9</b> | <b>29.4</b> | <b>6.5</b>     | <b>21.4</b> | <b>378.2</b>   | <b>291.9</b> | <b>26.9</b> | <b>7.4</b>     | <b>21.4</b> | <b>347.7</b> |
| Philippines                         | 127.4        | 6.5         | 9.9            | 16.3        | 160.1          | -            | -           | -              | -           | -            |
| <b>Asia</b>                         | <b>127.4</b> | <b>6.5</b>  | <b>9.9</b>     | <b>16.3</b> | <b>160.1</b>   | -            | -           | -              | -           | -            |
| <b>Total</b>                        | <b>821.1</b> | <b>61.4</b> | <b>82.1</b>    | <b>68.7</b> | <b>1,033.3</b> | <b>669.6</b> | <b>52.7</b> | <b>75.0</b>    | <b>52.5</b> | <b>849.9</b> |

(1) Excludes water presentations larger than 5.0 Lt ; includes flavored water

(2) Bulk Water = Still bottled water in 5.0, 19.0 and 20.0 - liter packaging presentations; includes flavored water

### Transactions

Expressed in million transactions

|                                     | 4Q 2017        |              |              |                | 4Q 2016        |              |              |                |
|-------------------------------------|----------------|--------------|--------------|----------------|----------------|--------------|--------------|----------------|
|                                     | Sparkling      | Water        | Still        | Total          | Sparkling      | Water        | Still        | Total          |
| Mexico Central America              | 2,003.4        | 166.8        | 217.0        | 2,387.2        | 2,047.8        | 173.9        | 224.7        | 2,446.5        |
| Mexico & Central America            | 302.1          | 15.0         | 59.6         | 376.7          | 293.9          | 14.5         | 60.3         | 368.7          |
| <b>Mexico &amp; Central America</b> | <b>2,305.5</b> | <b>181.8</b> | <b>276.6</b> | <b>2,763.9</b> | <b>2,341.7</b> | <b>188.4</b> | <b>285.0</b> | <b>2,815.2</b> |
| Colombia                            | 402.3          | 81.1         | 50.5         | 533.8          | 426.9          | 83.3         | 71.1         | 581.3          |
| Venezuela                           | 97.0           | 19.6         | 6.3          | 122.9          | 97.0           | 32.0         | 8.4          | 137.3          |
| Brazil                              | 1,176.3        | 109.2        | 125.5        | 1,410.9        | 978.4          | 93.1         | 93.9         | 1,165.4        |
| Argentina                           | 234.9          | 28.9         | 28.6         | 292.4          | 223.7          | 30.9         | 29.1         | 283.7          |
| <b>South America</b>                | <b>1,910.5</b> | <b>238.8</b> | <b>210.8</b> | <b>2,360.1</b> | <b>1,725.9</b> | <b>239.2</b> | <b>202.6</b> | <b>2,167.7</b> |
| Philippines                         | 1,606.9        | 80.2         | 147.2        | 1,834.3        | -              | -            | -            | -              |
| <b>Asia</b>                         | <b>1,606.9</b> | <b>80.2</b>  | <b>147.2</b> | <b>1,834.3</b> | -              | -            | -            | -              |
| <b>Total</b>                        | <b>5,822.9</b> | <b>500.7</b> | <b>634.7</b> | <b>6,958.3</b> | <b>4,067.6</b> | <b>427.6</b> | <b>487.6</b> | <b>4,982.9</b> |



## YTD - Volume & Transactions

For the twelve months ended December 31, 2017 and 2016

### Volume

Expressed in million unit cases

|                                     | 2017           |              |                |              |                | 2016           |              |                |              |                |
|-------------------------------------|----------------|--------------|----------------|--------------|----------------|----------------|--------------|----------------|--------------|----------------|
|                                     | Sparkling      | Water (1)    | Bulk Water (2) | Still        | Total          | Sparkling      | Water (1)    | Bulk Water (2) | Still        | Total          |
| Mexico                              | 1,346.0        | 98.4         | 289.3          | 111.3        | 1,845.0        | 1,356.8        | 96.0         | 291.2          | 106.6        | 1,850.7        |
| Central America                     | 142.8          | 10.5         | 0.6            | 19.1         | 173.0          | 145.1          | 9.9          | 0.6            | 19.2         | 174.9          |
| <b>Mexico &amp; Central America</b> | <b>1,488.8</b> | <b>108.8</b> | <b>289.9</b>   | <b>130.4</b> | <b>2,017.9</b> | <b>1,501.9</b> | <b>105.9</b> | <b>291.9</b>   | <b>125.9</b> | <b>2,025.6</b> |
| Colombia                            | 199.7          | 25.9         | 17.1           | 22.3         | 265.0          | 226.7          | 27.6         | 21.1           | 31.7         | 307.0          |
| Venezuela                           | 54.6           | 6.8          | 0.5            | 2.3          | 64.2           | 119.9          | 13.0         | 1.3            | 8.9          | 143.1          |
| Brazil                              | 680.4          | 40.8         | 6.6            | 37.3         | 765.1          | 572.1          | 38.8         | 5.5            | 32.8         | 649.2          |
| Argentina                           | 166.2          | 20.4         | 3.7            | 15.6         | 205.9          | 168.7          | 23.2         | 3.4            | 13.9         | 209.1          |
| <b>South America</b>                | <b>1,100.9</b> | <b>93.9</b>  | <b>28.0</b>    | <b>77.5</b>  | <b>1,300.2</b> | <b>1,087.3</b> | <b>102.6</b> | <b>31.3</b>    | <b>87.2</b>  | <b>1,308.4</b> |
| Philippines (3)                     | 438.6          | 24.8         | 34.2           | 54.8         | 552.4          | -              | -            | -              | -            | -              |
| <b>Asia</b>                         | <b>438.6</b>   | <b>24.8</b>  | <b>34.2</b>    | <b>54.8</b>  | <b>552.4</b>   | -              | -            | -              | -            | -              |
| <b>Total</b>                        | <b>3,028.3</b> | <b>227.5</b> | <b>352.1</b>   | <b>262.7</b> | <b>3,870.6</b> | <b>2,589.2</b> | <b>208.5</b> | <b>323.2</b>   | <b>213.0</b> | <b>3,334.0</b> |

(1) Excludes water presentations larger than 5.0 Lt ; includes flavored water

(2) Bulk Water = Still bottled water in 5.0, 19.0 and 20.0 - liter packaging presentations; includes flavored water

### Transactions

Expressed in million transactions

|                                     | 2017            |                |                |                 | 2016            |                |                |                 |
|-------------------------------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|
|                                     | Sparkling       | Water          | Still          | Total           | Sparkling       | Water          | Still          | Total           |
| Mexico                              | 8,122.7         | 727.6          | 914.2          | 9,764.5         | 8,256.0         | 721.9          | 906.2          | 9,884.1         |
| Central America                     | 1,158.8         | 61.0           | 247.4          | 1,467.2         | 1,181.4         | 61.5           | 255.0          | 1,498.0         |
| <b>Mexico &amp; Central America</b> | <b>9,281.5</b>  | <b>788.6</b>   | <b>1,161.5</b> | <b>11,231.7</b> | <b>9,437.5</b>  | <b>783.5</b>   | <b>1,161.2</b> | <b>11,382.1</b> |
| Colombia                            | 1,511.5         | 312.5          | 222.5          | 2,046.5         | 1,698.9         | 373.7          | 328.3          | 2,400.9         |
| Venezuela                           | 358.3           | 61.5           | 21.2           | 441.0           | 579.3           | 118.5          | 74.8           | 772.6           |
| Brazil                              | 4,079.6         | 358.4          | 419.7          | 4,857.6         | 3,516.5         | 330.4          | 359.2          | 4,206.1         |
| Argentina                           | 813.9           | 105.0          | 101.0          | 1,019.9         | 801.0           | 112.3          | 99.3           | 1,012.6         |
| <b>South America</b>                | <b>6,763.2</b>  | <b>837.5</b>   | <b>764.4</b>   | <b>8,365.1</b>  | <b>6,595.7</b>  | <b>934.9</b>   | <b>861.7</b>   | <b>8,392.3</b>  |
| Philippines (3)                     | 5,526.9         | 294.3          | 457.3          | 6,278.5         | -               | -              | -              | -               |
| <b>Asia</b>                         | <b>5,526.9</b>  | <b>294.3</b>   | <b>457.3</b>   | <b>6,278.5</b>  | -               | -              | -              | -               |
| <b>Total</b>                        | <b>21,571.6</b> | <b>1,920.5</b> | <b>2,383.2</b> | <b>25,875.3</b> | <b>16,033.1</b> | <b>1,718.3</b> | <b>2,022.9</b> | <b>19,774.4</b> |

(3) 2017 information for the Philippines includes February to December

## Macroeconomic Information

Fourth quarter 2017

### Inflation (1)

|               | Full Year | 4Q 17   |
|---------------|-----------|---------|
| Mexico        | 6.77%     | 2.41%   |
| Colombia      | 4.09%     | 0.48%   |
| Venezuela (2) | 2055.50%  | 228.46% |
| Brazil        | 2.95%     | 1.11%   |
| Argentina     | 25.04%    | 6.59%   |
| Philippines   | 3.58%     | 1.20%   |

(1) Source: inflation estimated by the company based on historic publications from the Central Banks of each country.

(2) Inflation based on unofficial publications.

### Average Exchange Rates for each Period (3)

|             | Quarterly Exchange Rate (local currency per USD) |          |         | Accumulated Exchange Rate (local currency per USD) |          |        |
|-------------|--|----------|---------|--|----------|--------|
|             | 4Q 17  | 4Q 16    | Δ %     | FY 17  | FY 16    | Δ %    |
| Mexico      | 18.93  | 19.83    | -4.5%   | 18.93  | 18.66    | 1.5%   |
| Guatemala   | 7.34   | 7.50     | -2.2%   | 7.35   | 7.60     | -3.3%  |
| Nicaragua   | 30.60  | 29.15    | 5.0%    | 30.05  | 28.62    | 5.0%   |
| Costa Rica  | 571.39   | 559.74   | 2.1%    | 572.17   | 551.05   | 3.8%   |
| Panama      | 1.00   | 1.00     | 0.0%    | 1.00   | 1.00     | 0.0%   |
| Colombia    | 2,987.44   | 3,015.49 | -0.9%   | 2,951.06   | 3,054.62 | -3.4%  |
| Venezuela   | 9,827.77   | 663.74   | 1380.7% | 3,713.38   | 493.81   | 652.0% |
| Brazil      | 3.25   | 3.29     | -1.4%   | 3.19   | 3.49     | -8.5%  |
| Argentina   | 17.56  | 15.45    | 13.6%   | 16.56  | 14.78    | 12.1%  |
| Philippines | 50.93  | 49.11    | 3.7%    | 50.40  | 47.49    | 6.1%   |

### End of Period Exchange Rates

|             | Quarter Exchange Rate (local currency per USD) |          |         | Previous Quarter Exchange Rate (local currency per USD) |          |        |
|-------------|--|----------|---------|---|----------|--------|
|             | Dec 2017                                       | Dec 2016 | Δ %     | Sep 2017  | Sep 2016 | Δ %    |
| Mexico      | 19.74  | 20.66    | -4.5%   | 18.20   | 19.50    | -6.7%  |
| Guatemala   | 7.34   | 7.52     | -2.4%   | 7.34  | 7.52     | -2.3%  |
| Nicaragua   | 30.79  | 29.32    | 5.0%    | 30.41   | 28.97    | 5.0%   |
| Costa Rica  | 572.56   | 561.10   | 2.0%    | 574.13  | 558.80   | 2.7%   |
| Panama      | 1.00   | 1.00     | 0.0%    | 1.00  | 1.00     | 0.0%   |
| Colombia    | 2,984.00                                       | 3,000.71 | -0.6%   | 2,936.67  | 2,879.95 | 2.0%   |
| Venezuela   | 22,793.30                                      | 673.76   | 3283.0% | 3,345.00  | 658.89   | 407.7% |
| Brazil      | 3.31   | 3.26     | 1.5%    | 3.17  | 3.25     | -2.4%  |
| Argentina   | 18.65  | 15.89    | 17.4%   | 17.31   | 15.31    | 13.1%  |
| Philippines | 49.92  | 49.81    | 0.2%    | 51.07   | 48.26    | 5.8%   |

(3) Average exchange rate for each period computed with the average exchange rate of each month.