

MEXICAN ECONOMIC DEVELOPMENT INC  
Form 6-K  
February 27, 2019

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 2019

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-\_\_\_\_\_



## FEMSA Announces Fourth Quarter and Full Year 2018 Results

**Monterrey, Mexico, February 27, 2019** — 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 2018.

## FINANCIAL HIGHLIGHTS:

- 7.5% revenue growth (6.0% on an organic<sup>1</sup> basis) at FEMSA Consolidated (FY, 6.8%; 6.6%)
- 300 bps gross margin expansion at FEMSA Comercio’s Proximity Division (FY, 160 bps)
- 6.1% income from operations growth at FEMSA Comercio’s Health Division (FY, 30.7%)
- 3.4% operative cash flow growth at FEMSA Comercio’s Fuel Division (FY, 53.2%)
- 2.0% revenue growth (-0.9% on an organic<sup>1</sup> basis) at Coca-Cola FEMSA (FY, -0.5%; -0.9%)

Ordinary dividend of Ps. 9,692 million proposed by FEMSA’s Board of Directors, to be paid in 2019 subject to approval at the annual shareholders meeting to be held on March 22, 2019.

## FINANCIAL SUMMARY FOR THE FOURTH QUARTER AND FULL YEAR 2018

Change vs. same period of last year

|                    | Revenues |         | Gross Profit |        | Income<br>from Operations |         |       |       | Same-Store Sales |  |
|--------------------|----------|---------|--------------|--------|---------------------------|---------|-------|-------|------------------|--|
|                    | 4Q18     | FY18    | 4Q18         | FY18   | 4Q18                      | FY18    | 4Q18  | FY18  |                  |  |
|                    | %        | %       | %            | %      | %                         | %       | %     | %     |                  |  |
| FEMSA CONSOLIDATED | 7.5 %    | 6.8 %   | 8.1 %        | 8.1 %  | 2.3 %                     | 3.3 %   |       |       |                  |  |
| FEMSA COMERCIO     |          |         |              |        |                           |         |       |       |                  |  |
| Proximity Division | 11.0%    | 11.8 %  | 19.4%        | 16.8 % | 11.1 %                    | 11.4 %  | 4.5 % | 5.2 % |                  |  |
| Health Division    | 6.1 %    | 9.1 %   | 5.3 %        | 11.6 % | 6.1 %                     | 30.7 %  | 4.5 % | 5.8 % |                  |  |
| Fuel Division      | 24.2%    | 22.3 %  | 67.0%        | 52.9 % | (3.6 )%                   | 69.6 %  | 6.7 % | 5.6 % |                  |  |
| COCA-COLA FEMSA    | 2.0 %    | (0.5 )% | 1.7 %        | 0.5 %  | 0.3 %                     | (1.3 )% |       |       |                  |  |

Eduardo Padilla, FEMSA’s CEO, commented:

“The fourth quarter results were generally consistent with the performance trends set earlier in the year. FEMSA Comercio’s Proximity Division achieved double-digit growth up and down its income statement, delivering stable operating margins on the back of strong expansion at the gross level. The Health Division generated mid-single digit growth and stable operating margins, as the Mexico operations continued to improve sequentially. The Fuel Division delivered solid growth in revenues and gross margin, but we were unable to carry that strength down to the bottom line. For its part, Coca-Cola FEMSA delivered top line and volume growth in several markets, with particularly encouraging trends coming out of Brazil.

2018 was an interesting year, with our two main markets going through major electoral processes and the changes that come with new administrations. We continue to see a resilient, confident consumer in Mexico, and a resurgent one in Brazil. And we are optimistic about most of the markets where we operate, across businesses. Most of all, we are optimistic about our platform, about the progress we made in 2018, and about the opportunities we have ahead of us.”

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months and the results of Coca-Cola FEMSA Venezuela in 2017. For this quarter, it includes the consolidation of Caffenio, our sole coffee supplier in Mexico, which we now control with 50% share ownership.

*Results are compared to the same period of previous year*

femsa consolidated

#### FEMSA CONSOLIDATED

##### 4Q18 Financial Summary

(Millions of Ps.)

|   | 4Q18    | 4Q17     | Var.    | Org.     |
|---|---------|----------|---------|----------|
| Revenues                                | 125,097 | 116,395  | 7.5     | % 6.0 %  |
| Income from Operations                  | 13,046  | 12,753   | 2.3     | % (4.4)% |
| Income from Operations Margin (%)       | 10.4    | 11.0     | -60 bps |          |
| Operative Cash Flow (EBITDA)            | 18,128  | 17,718   | 2.3     | % (1.2)% |
| Operative Cash Flow (EBITDA) Margin (%) | 14.5    | 15.2     | -70 bps |          |
| Net Income                              | 14,318  | (9,699 ) | N.S.    |          |

#### CONSOLIDATED BALANCE SHEET

(Millions of Ps.)

| As of December 31, 2018     | Ps.           | US\$ <sup>3</sup> |
|-----------------------------|---------------|-------------------|
| Cash                        | 62,047        | 3,160             |
| Short-term debt             | 13,674        | 696               |
| Long-term debt <sup>4</sup> | 108,161       | 5,509             |
| <b>Net debt<sup>4</sup></b> | <b>59,788</b> | <b>3,045</b>      |

**Total revenues** increased 7.5% in 4Q18 compared to 4Q17, reflecting growth across all operations. On an organic basis, <sup>1</sup> total revenues grew 6.0%.

**Gross profit** grew 8.1%. Gross margin expanded 20 basis points, driven by strong gross margin expansion at FEMSA Comercio's Proximity and Fuel Divisions, partially offset by contractions at Coca-Cola FEMSA and FEMSA Comercio's Health Division.

**Income from operations** increased 2.3%. On an organic basis,<sup>1</sup> income from operations decreased 4.4% reflecting a decline at Coca-Cola FEMSA. Consolidated operating margin decreased 60 basis points to 10.4% of total revenues, reflecting margin contractions at Coca-Cola FEMSA and FEMSA Comercio's Fuel Division.

**Income tax** was Ps. 3,570 million in 4Q18.

**Net consolidated income** increased significantly to Ps. 14,318 million, reflecting an undemanding comparison base caused by the change in the accounting method for Coca-Cola FEMSA's Venezuela operation, which resulted in a non-cash, one-time impact to the *Other non-operative expenses* line of the income statement during 4Q17, coupled with higher interest income during the quarter. This was partially offset by a decrease in foreign exchange gains related to FEMSA's U.S. dollar denominated cash position.

**Net majority income** was Ps. 2.96 per FEMSA Unit<sup>2</sup> and US\$ 1.51 per FEMSA ADS.

**Capital expenditures** amounted to Ps. 7,703 million, reflecting lower investments at Coca-Cola FEMSA and FEMSA Comercio's Health Division.

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months and the results of Coca-Cola FEMSA Venezuela in 2017. For this quarter, it includes the consolidation of Caffenio, our sole coffee supplier in Mexico, which we now control with 50% share ownership.

<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, 2018 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 31, 2018 was 19.6350 MXN per USD.

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

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## FEMSA COMERCIO – Proximity DIVISION

## FEMSA COMERCIO – PROXIMITY DIVISION

## 4Q18 Financial Summary

(Millions of Ps. except same-stores sales)

|   | 4Q18   | 4Q17   | Var.   | Org.  |
|---|--------|--------|--------|-------|
| Same-store sales (thousands of Ps.)     | 778    | 745    | 4.5 %  |       |
| Revenues                                | 43,357 | 39,043 | 11.0 % | 10.0% |
| Income from Operations                  | 4,908  | 4,417  | 11.1 % | 6.4 % |
| Income from Operations Margin (%)       | 11.3   | 11.3   | 0 bps  |       |
| Operative Cash Flow (EBITDA)            | 6,357  | 5,573  | 14.1 % | 9.4 % |
| Operative Cash Flow (EBITDA) Margin (%) | 14.7   | 14.3   | 40 bps |       |

**Total revenues** increased 11.0% in 4Q18 compared to 4Q17. On an organic basis,<sup>1</sup> total revenues grew 10.0%, reflecting the opening of 521 net new OXXO stores in the quarter to reach 1,422 total net new store openings for the last twelve months. As of December 31, 2018, FEMSA Comercio's Proximity Division had a total of 17,999 OXXO stores. OXXO's same-store sales increased an average of 4.5%, driven by 4.0% growth in average customer ticket and an increase of 0.5% in store traffic.

**Gross profit** increased by 19.4%, resulting in a gross margin expansion of 300 basis points to 43.6% of total revenues. This expansion mainly reflects: i) sustained growth of the services category including income from financial services; ii) healthy trends in our commercial income activity; iii) increased and more efficient promotional programs with our key supplier partners; and iv) the consolidation of Caffenio.

**Income from operations** increased 11.1%. On an organic basis,<sup>1</sup> income from operations grew 6.4%. Operating expenses increased 22.7% to Ps. 14,003 million, above revenues, mainly reflecting: i) our continuing and gradual shift from commission-based store teams to employee based teams; ii) higher secure cash handling costs driven by increased volume and higher operational costs including fuel prices; iii) an increase in electricity tariffs during the quarter; iv) the consolidation of Caffenio; and v) a step-up in the pace of organic growth of OXXO's international operations, which have yet to reach the desired scale. Operating margin remained flat at 11.3% of total revenues.

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months. For this quarter, it includes the consolidation of Caffenio, our sole coffee supplier in Mexico, which we now control with 50% share ownership.



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## FEMSA COMERCIO – HEALTH DIVISION

## FEMSA COMERCIO – HEALTH DIVISION

## 4Q18 Financial Summary

(Millions of Ps. except same-stores sales)

|   | 4Q18   | 4Q17   | Var. |            |
|---|--------|--------|------|------------|
| Same-store sales (thousands of Ps.)     | 1,591  | 1,522  | 4.5  | %          |
| Revenues                                | 13,343 | 12,571 | 6.1  | %          |
| Income from Operations                  | 661    | 623    | 6.1  | %          |
| Income from Operations Margin (%)       | 5.0    | 5.0    | 0    | <i>bps</i> |
| Operative Cash Flow (EBITDA)            | 913    | 897    | 1.8  | %          |
| Operative Cash Flow (EBITDA) Margin (%) | 6.8    | 7.1    | -30  | <i>bps</i> |

**Total revenues** increased 6.1% in 4Q18 compared to 4Q17, mainly driven by growth in our South American operations as well as by gradually improving trends in Mexico. As of December 31, 2018, FEMSA Comercio's Health Division had a total of 2,361 points of sale across our territories. This figure reflects the addition of 58 net new stores in the quarter to reach 136 total net new store openings for the last twelve months. Same-store sales for drugstores increased an average of 4.5%, reflecting a negative currency translation effect related to the appreciation of the Mexican peso compared to the Chilean and Colombian pesos in our operations in South America.

**Gross profit** increased by 5.3%, while gross margin contracted 30 basis points to 31.9% of total revenues, reflecting price adjustments in Colombia and increased promotional activity for loyalty customers in Chile, partially offset by improved efficiency and more effective collaboration and execution with our key supplier partners in Mexico.

**Income from operations** grew 6.1%. Operating expenses increased 5.1% to Ps. 3,602 million, below revenues. Operating margin remained flat at 5.0% of total revenues reflecting the gross margin contraction described above, offset by increased operating leverage generated by cost efficiencies and tight expense control across our territories.

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## FEMSA COMERCIO – FUEL DIVISION

## FEMSA COMERCIO – FUEL DIVISION

## 4Q18 Financial Summary

(Millions of Ps. except same-stations sales)

|   | 4Q18   | 4Q17   | Var. |            |
|---|--------|--------|------|------------|
| Same-station sales (thousands of Ps.)   | 8,450  | 7,919  | 6.7  | %          |
| Revenues                                | 12,636 | 10,177 | 24.2 | %          |
| Income from Operations                  | 107    | 111    | (3.6 | )%         |
| Income from Operations Margin (%)       | 0.8    | 1.1    | -30  | <i>bps</i> |
| Operative Cash Flow (EBITDA)            | 152    | 147    | 3.4  | %          |
| Operative Cash Flow (EBITDA) Margin (%) | 1.2    | 1.4    | -20  | <i>bps</i> |

**Total revenues** increased 24.2% in 4Q18 compared to 4Q17, reflecting the addition of 20 net new OXXO GAS stations in the quarter to reach 87 total net new stations in the last twelve months. As of December 31, 2018, FEMSA Comercio's Fuel Division had a total of 539 OXXO GAS service stations. Same-station sales increased an average of 6.7%, as average price per liter increased by 18.5%, while average volume decreased 9.9% reflecting consumer reaction to higher prices, increased competition and, to a lesser degree, a reduction in volume from certain institutional clients.

**Gross profit** increased by 67.0%, ahead of revenues, resulting in a gross margin expansion of 280 basis points to 10.8% of total revenues reflecting improved supply terms.

**Income from operations** decreased 3.6%. Operating expenses increased 78.1% to Ps. 1,261 million, above revenues, reflecting: i) provisions related to certain unprofitable institutional clients; ii) higher wages implemented to reduce turnover in a tight labor market; iii) increased marketing initiatives; and iv) expenses related to the remodeling of our stations, and the installation of new environmental controls. As a result, operating margin contracted 30 basis points to 0.8% of total revenues.

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*Results are compared to the same period of previous year*

femsa consolidated

FEMSA CONSOLIDATED  
Full Year Financial Summary  
(Millions of Ps.)

|   | 2018    | 2017    | Var.  |     | Org.   |
|---|---------|---------|-------|-----|--------|
| Revenues                                | 469,744 | 439,932 | 6.8   | %   | 6.6 %  |
| Income from Operations                  | 41,576  | 40,261  | 3.3   | %   | (1.9)% |
| Income from Operations Margin (%)       | 8.9     | 9.2     | -30   | bps |        |
| Operative Cash Flow (EBITDA)            | 60,458  | 58,165  | 3.9   | %   | 2.7 %  |
| Operative Cash Flow (EBITDA) Margin (%) | 12.9    | 13.2    | -30   | bps |        |
| Net Income                              | 33,079  | 37,206  | (11.1 | )%  |        |

**Total revenues** increased 6.8%, mainly reflecting solid growth at FEMSA Comercio's three divisions. On an organic basis,<sup>1</sup> total revenues increased 6.6%.

**Gross profit** increased 8.1%. Gross margin increased 50 basis points to 37.3% of total revenues, reflecting gross margin expansion across all business units.

**Income from operations** increased 3.3%. On an organic basis,<sup>1</sup> income from operations decreased 1.9%. Our consolidated operating margin decreased 30 basis points to 8.9% of total revenues, reflecting an operating margin contraction at Coca-Cola FEMSA and the faster growth of FEMSA Comercio's three divisions, whose lower margins tend to compress FEMSA's consolidated margins over time.

**Net consolidated income** decreased 11.1% to Ps. 33,079 million, reflecting a demanding comparison base stemming from: i) a foreign exchange gain related to FEMSA's U.S. dollar-denominated cash position, impacted by the depreciation of the Mexican peso during 2017; ii) a higher participation in Heineken's results for most of the comparable period; and iii) other financial income related to Coca-Cola FEMSA's hyperinflationary operations. This was partially offset by growth in our income from operations, and lower financing expenses.

**Net majority income** per FEMSA Unit<sup>2</sup> was Ps. 6.70 (US\$ 3.41 per ADS).

**Capital expenditures** amounted to Ps. 24,266 million, reflecting higher investments in most business units.

<sup>1</sup> Excludes the effects of significant mergers and acquisitions in the last twelve months and the results of Coca-Cola FEMSA Venezuela in 2017. For this quarter, it includes the consolidation of Caffenio, our sole coffee supplier in Mexico, which we now control with 50% share ownership.

<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, 2018 was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

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**femsa comercio – Proximity division**

## FEMSA COMERCIO – PROXIMITY DIVISION

## Full Year Financial Summary

(Millions of Ps. except same-stores sales)

|   | 2018    | 2017    | Var. | Org.       |
|---|---------|---------|------|------------|
| Same-store sales (thousands of Ps.)     | 780     | 741     | 5.2  | %          |
| Revenues                                | 167,458 | 149,833 | 11.8 | % 11.4%    |
| Income from Operations                  | 14,077  | 12,636  | 11.4 | % 8.9 %    |
| Income from Operations Margin (%)       | 8.4     | 8.4     | 0    | <i>bps</i> |
| Operative Cash Flow (EBITDA)            | 19,415  | 17,065  | 13.8 | % 11.3%    |
| Operative Cash Flow (EBITDA) Margin (%) | 11.6    | 11.4    | 20   | <i>bps</i> |

**Total revenues** increased 11.8%. On an organic basis,<sup>1</sup> total revenues grew 11.4%. OXXO's same-store sales increased an average of 5.2%, driven by a 3.6% increase in average customer ticket and a 1.6% increase in store traffic.

**Gross profit** increased by 16.8%. Gross margin expanded by 160 basis points to 39.1% of total revenues.

**Income from operations** increased 11.4% resulting in an operating margin of 8.4%, in line with 2017. On an organic basis,<sup>1</sup> income from operations increased 8.9%.

**femsa comercio – health division**

## FEMSA COMERCIO – HEALTH DIVISION

## Full Year Financial Summary

(Millions of Ps. except same-stores sales)

|   | 2018   | 2017   | Var. |            |
|---|--------|--------|------|------------|
| Same-store sales (thousands of Ps.)     | 1,576  | 1,490  | 5.8  | %          |
| Revenues                                | 51,739 | 47,421 | 9.1  | %          |
| Income from Operations                  | 2,115  | 1,618  | 30.7 | %          |
| Income from Operations Margin (%)       | 4.1    | 3.4    | 70   | <i>bps</i> |
| Operative Cash Flow (EBITDA)            | 3,120  | 2,591  | 20.4 | %          |
| Operative Cash Flow (EBITDA) Margin (%) | 6.0    | 5.5    | 50   | <i>bps</i> |

**Total revenues** increased by 9.1%. Same-store sales for drugstores increased by an average of 5.8%.

**Gross profit** increased by 11.6%. Gross margin expanded by 70 basis points to 30.7% of total revenues, driven by more efficient and effective commercial activity, particularly in South America, and to benefits that are gradually beginning to materialize in Mexico from our integration into a single operating platform.

**Income from operations** increased 30.7% resulting in an operating margin of 4.1%, which represents an expansion of 70 basis points, reflecting increased operating leverage.

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**FEMSA COMERCIO – FUEL DIVISION**

FEMSA COMERCIO – FUEL DIVISION  
 Full Year Financial Summary  
 (Millions of Ps. except same-stations sales)

|   | 2018   | 2017   | Var. |     |
|---|--------|--------|------|-----|
| Same-station sales (thousands of Ps.)   | 8,468  | 8,016  | 5.6  | %   |
| Revenues                                | 46,936 | 38,388 | 22.3 | %   |
| Income from Operations                  | 458    | 270    | 69.6 | %   |
| Income from Operations Margin (%)       | 1.0    | 0.7    | 30   | bps |
| Operative Cash Flow (EBITDA)            | 622    | 406    | 53.2 | %   |
| Operative Cash Flow (EBITDA) Margin (%) | 1.3    | 1.1    | 20   | bps |

**Total revenues** increased 22.3%. Same-station sales increased an average of 5.6%, driven by a 15.1% increase in the average price per liter and a decrease of 8.2% in the average volume.

**Gross profit** increased by 52.9%. Gross margin expanded by 180 basis points to 9.0% of total revenues, reflecting a recovery from a low comparable base as gross profit per liter was held flat in peso terms for part of the comparable period in 2017 in some of our territories.

**Income from operations** increased 69.6%, resulting in an operating margin of 1.0%, which represents a recovery of 30 basis points. This increase reflects better operating leverage that more than offset higher personnel, regulatory and expansion-related expenses.

**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).*

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On February 26, FEMSA announced that its subsidiary Cadena Comercial OXXO, S.A. de C.V. (“OXXO”) had signed an agreement with Cervezas Cuauhtémoc Moctezuma, S.A. de C.V. (“HEINEKEN Mexico”), and both companies have agreed to an extension of their existing commercial relationship, with certain important changes. The current successful commercial relationship between OXXO and HEINEKEN Mexico began in 2010 and has been conducted under a ten-year agreement, whereby the only beer brands sold by OXXO have been those of the HEINEKEN Mexico portfolio. This announcement represents an early renegotiation of the agreement with HEINEKEN Mexico. Under the terms of the agreement announced today, starting in April of 2019 and following a gradual process, OXXO will also start selling the beer brands of Grupo Modelo in certain regions of Mexico, and will cover the entire Mexican territory by the end of 2022. As an example, the markets where OXXO will start selling both brand portfolios simultaneously during 2019 include Guadalajara and Mexico City. The new commercial agreement will increase the productivity of the beer category within OXXO stores and will contribute to the growth of the beer industry in Mexico. Furthermore, the agreement is consistent with OXXO’s permanent efforts to evolve its value proposition, committed to its consumers and offering more and better solutions to their daily needs. The agreement is expected to be formalized through the signing of a definitive contract, which is expected to take place during March of 2019.

On February 26, FEMSA announced that its subsidiary Cadena Comercial OXXO, S.A. de C.V. (“OXXO”) had signed an agreement with Grupo Modelo containing the terms for a new commercial relationship to sell the beer brands of Grupo Modelo at OXXO stores. Currently, OXXO sells only the beer brand portfolio of HEINEKEN Mexico. Under the terms of the agreement, starting in April of 2019 and following a gradual process, OXXO will also start selling the beer brands of Grupo Modelo in certain regions of Mexico, and will cover the entire Mexican territory by the end of 2022. As an example, the markets where OXXO will start selling both brand portfolios simultaneously during 2019 include Guadalajara and Mexico City. The new commercial agreement will increase the productivity of the beer category within OXXO stores and will contribute to the growth of the beer industry in Mexico. Furthermore, the agreement is consistent with OXXO’s permanent efforts to evolve its value proposition, committed to its consumers and offering more and better solutions to their daily needs. The agreement is expected to be formalized through the signing of a definitive contract, which is expected to take place during March of 2019.

#### CONFERENCE CALL INFORMATION:

Our Fourth Quarter and Full Year 2018 Conference Call will be held on: Thursday, February 28, 2019, 10:00 AM Eastern Time (9:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (800) 239 9838; International: +1 (323) 794 2551; Conference Id: 7725233. 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 Proximity Division operating OXXO, a small-format store chain, a Health Division, which includes all drugstores and related operations, and a Fuel Division, which operates the OXXO GAS chain of retail service stations. 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.

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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 31, 2018, which was 19.6350 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

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## FEMSA

## Consolidated Income Statement

## Millions of Pesos

|   | For the fourth quarter of: |              |           |              |          | %<br>Org<br>(B) | For the twelve months of: |              |          |        |
|---|----------------------------|--------------|-----------|--------------|----------|-----------------|---------------------------|--------------|----------|--------|
|   | 2018 (A)                   | % of<br>rev. | 2017 (A)  | % of<br>rev. | % Var.   |                 | 2018 (A)                  | % of<br>rev. | 2017 (A) | %<br>r |
| Total revenues  | 125,097                    | 100.0        | 116,395   | 100.0        | 7.5      | 6.0             | 469,744                   | 100.0        | 439,932  | r      |
| Cost of sales   | 76,134                     | 60.9         | 71,116    | 61.1         | 7.1      |                 | 294,574                   | 62.7         | 277,842  |        |
| Gross profit  | 48,963                     | 39.1         | 45,279    | 38.9         | 8.1      |                 | 175,170                   | 37.3         | 162,090  |        |
| Administrative expenses   | 4,365                      | 3.5          | 4,149     | 3.6          | 5.2      |                 | 17,313                    | 3.7          | 15,222   |        |
| Selling expenses  | 30,924                     | 24.7         | 27,765    | 23.8         | 11.4     |                 | 114,573                   | 24.3         | 105,880  |        |
| Other operating expenses<br>(income), net <sup>(1)</sup>            | 628                        | 0.5          | 612       | 0.5          | 2.6      |                 | 1,708                     | 0.4          | 726      |        |
| Income from operations <sup>(2)</sup>                               | 13,046                     | 10.4         | 12,753    | 11.0         | 2.3      | (4.4)           | 41,576                    | 8.9          | 40,261   |        |
| Other non-operating expenses<br>(income)                            | (121 )                     |              | 27,890    |              | (100.4 ) |                 | 874                       |              | 1,285    |        |
| Interest expense  | 2,629                      |              | 2,558     |              | 2.8      |                 | 9,825                     |              | 11,092   |        |
| Interest income   | 821                        |              | 450       |              | 82.3     |                 | 2,832                     |              | 1,470    |        |
| Interest expense, net   | 1,808                      |              | 2,107     |              | (14.2 )  |                 | 6,993                     |              | 9,622    |        |
| Foreign exchange loss (gain)  | (2,357 )                   |              | (6,339 )  |              | (62.8 )  |                 | 248                       |              | (4,934 ) |        |
| Other financial expenses<br>(income), net.                          | 15                         |              | 401       |              | (96.3 )  |                 | 139                       |              | (1,386 ) |        |
| Financing expenses, net   | (534 )                     |              | (3,830 )  |              | (86.1 )  |                 | 7,380                     |              | 3,302    |        |
| Income before income tax and<br>participation in associates results | 13,701                     |              | (11,307 ) |              | N.S.     |                 | 33,322                    |              | 35,673   |        |
| Income tax  | 3,570                      |              | 1,042     |              | N.S.     |                 | 10,169                    |              | 10,213   |        |
| Participation in associates<br>results <sup>(3)</sup>               | 1,397                      |              | 2,454     |              | (43.1 )  |                 | 6,560                     |              | 8,021    |        |
| Net income from continuing<br>operations                            | 11,528                     |              | (9,895 )  |              | N.S.     |                 | 29,713                    |              | 33,480   |        |
| Net income from discontinued<br>operations                          | 2,790                      |              | 196       |              | (128.8 ) |                 | 3,366                     |              | 3,726    |        |
| Net consolidated income   | 14,318                     |              | (9,699 )  |              | N.S.     |                 | 33,079                    |              | 37,206   |        |
| Net majority income   | 10,592                     |              | 1,828     |              | N.S.     |                 | 23,990                    |              | 42,408   |        |
| Net minority income   | 3,726                      |              | (11,527 ) |              | (67.7 )  |                 | 9,089                     |              | (5,202 ) |        |
| Operative Cash Flow & CAPEX   | 2018 (A)                   | % of<br>rev. | 2017 (A)  | % of<br>rev. | % Var.   | %<br>Org<br>(B) | 2018 (A)                  | % of<br>rev. | 2017 (A) | %<br>r |
| Income from operations  | 13,046                     | 10.4         | 12,753    | 11.0         | 2.3      | (4.4)           | 41,576                    | 8.9          | 40,261   |        |
| Depreciation  | 3,874                      | 3.1          | 3,763     | 3.2          | 3.0      |                 | 14,698                    | 3.1          | 13,799   |        |

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|                                       |        |      |        |      |       |       |        |      |        |
|---------------------------------------|--------|------|--------|------|-------|-------|--------|------|--------|
| Amortization & other non-cash charges | 1,208  | 1.0  | 1,203  | 1.0  | 0.4   |       | 4,184  | 0.9  | 4,104  |
| Operative Cash Flow (EBITDA)          | 18,128 | 14.5 | 17,718 | 15.2 | 2.3   | (1.2) | 60,458 | 12.9 | 58,165 |
| CAPEX                                 | 7,703  |      | 7,343  |      | 4.9   |       | 24,266 |      | 23,486 |
| Financial Ratios                      | 2018   |      | 2017   |      |       |       |        |      |        |
| Liquidity <sup>(4)</sup>              | 1.75   |      | 1.73   |      | 0.03  |       |        |      |        |
| Interest coverage <sup>(5)</sup>      | 10.03  |      | 8.41   |      | 1.62  |       |        |      |        |
| Leverage <sup>(6)</sup>               | 0.72   |      | 0.75   |      | (0.03 | )     |        |      |        |
| Capitalization <sup>(7)</sup>         | 27.46  | %    | 27.80  | %    | (0.34 | )     |        |      |        |

(A) The Philippines is presented as a discontinued operation as of January 1, 2018, and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.

(B) Organic basis (% Org.) Excludes the effects of significant mergers and acquisitions in the last twelve month and the results of Coca-Cola FEMSA Venezuela in 2017.

(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.

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**FEMSA****Consolidated Balance Sheet****Millions of Pesos**

| ASSETS  | Dec-18 <sup>(1)</sup> | Dec-17 <sup>(1)</sup> | % Var.        |
|---|-----------------------|-----------------------|---------------|
| Cash and cash equivalents                         | 62,047                | 96,944                | (36.0 )       |
| Investments                                       | 30,924                | 2,160                 | N.S.          |
| Accounts receivable                               | 28,164                | 32,316                | (12.8 )       |
| Inventories                                       | 35,686                | 34,840                | 2.4           |
| Other current assets                              | 20,786                | 14,928                | 39.2          |
| Total current assets                              | 177,607               | 181,188               | (2.0 )        |
| Investments in shares                             | 94,315                | 96,097                | (1.9 )        |
| Property, plant and equipment, net                | 108,602               | 116,712               | (6.9 )        |
| Intangible assets <sup>(2)</sup>                  | 145,610               | 154,093               | (5.5 )        |
| Other assets                                      | 50,247                | 40,451                | 24.2          |
| <b>TOTAL ASSETS</b>                               | <b>576,381</b>        | <b>588,541</b>        | <b>(2.1 )</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>     |                       |                       |               |
| Bank loans  | 2,436                 | 2,830                 | (13.9 )       |
| Current maturities of long-term debt              | 11,238                | 10,760                | 4.4           |
| Interest payable                                  | 964                   | 976                   | (1.2 )        |
| Operating liabilities                             | 86,826                | 90,456                | (4.0 )        |
| Total current liabilities                         | 101,464               | 105,022               | (3.4 )        |
| Long-term debt <sup>(3)</sup>                     | 108,161               | 110,917               | (2.5 )        |
| Labor liabilities                                 | 4,699                 | 5,373                 | (12.5 )       |
| Other liabilities                                 | 26,515                | 30,317                | (12.5 )       |
| Total liabilities                                 | 240,839               | 251,629               | (4.3 )        |
| Total stockholders' equity                        | 335,542               | 336,912               | (0.4 )        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <b>576,381</b>        | <b>588,541</b>        | <b>(2.1 )</b> |

| <b>DEBT MIX <sup>(3)</sup></b> | December 31, 2018 |   |              |   |
|--------------------------------|-------------------|---|--------------|---|
|                                | % of Total        |   | Average Rate |   |
| Denominated in:                |                   |   |              |   |
| Mexican pesos                  | 51.6              | % | 8.2          | % |
| U.S. Dollars                   | 5.7               | % | 3.9          | % |
| Euros                          | 18.6              | % | 1.8          | % |
| Colombian pesos                | 1.1               | % | 5.6          | % |
| Argentine pesos                | 0.1               | % | 36.8         | % |
| Brazilian reais                | 18.5              | % | 8.9          | % |
| Chilean pesos                  | 3.2               | % | 5.8          | % |
| Uruguayan Pesos                | 1.1               | % | 10.0         | % |

|                              |       |   |     |   |
|------------------------------|-------|---|-----|---|
| Total debt                   | 100.0 | % | 6.8 | % |
| Fixed rate <sup>(3)</sup>    | 87.6  | % |     |   |
| Variable rate <sup>(3)</sup> | 12.4  | % |     |   |

|                       |       |       |       |       |       |        |
|-----------------------|-------|-------|-------|-------|-------|--------|
| DEBT MATURITY PROFILE | 2019  | 2020  | 2021  | 2022  | 2023  | 2024+  |
| % of Total Debt       | 10.8% | 9.7 % | 10.2% | 1.9 % | 43.2% | 24.3 % |

(1) The Philippines is presented as a discontinued operation from January 1 to December 31, 2018, and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from 2017, date of the consolidation of said operation.

(2) Includes mainly the intangible assets generated by acquisitions.

(3) Includes the effect of derivative financial instruments on long-term debt.

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**FEMSA Comercio - Proximity Division****Results of Operations****Millions of Pesos**

|                                       | For the fourth quarter of: |              |             |              |           | %<br>Org<br>(B) | For the twelve months of: |              |          |              |           | %<br>Org<br>(B) |
|---------------------------------------|----------------------------|--------------|-------------|--------------|-----------|-----------------|---------------------------|--------------|----------|--------------|-----------|-----------------|
|                                       | 2018<br>(A)                | % of<br>rev. | 2017<br>(A) | % of<br>rev. | %<br>Var. |                 | 2018 (A)                  | % of<br>rev. | 2017 (A) | % of<br>rev. | %<br>Var. |                 |
| Total revenues                        | 43,357                     | 100.0        | 39,043      | 100.0        | 11.0      | 10.0            | 167,458                   | 100.0        | 149,833  | 100.0        | 11.8      | 11.4            |
| Cost of sales                         | 24,446                     | 56.4         | 23,206      | 59.4         | 5.3       |                 | 101,929                   | 60.9         | 93,706   | 62.5         | 8.8       |                 |
| Gross profit                          | 18,911                     | 43.6         | 15,837      | 40.6         | 19.4      |                 | 65,529                    | 39.1         | 56,127   | 37.5         | 16.8      |                 |
| Administrative expenses               | 810                        | 1.9          | 762         | 2.0          | 6.3       |                 | 3,587                     | 2.1          | 2,983    | 2.0          | 20.2      |                 |
| Selling expenses                      | 13,130                     | 30.3         | 10,628      | 27.2         | 23.5      |                 | 47,589                    | 28.4         | 40,289   | 27.0         | 18.1      |                 |
| Other operating expenses              | 63                         | 0.1          | 30          | 0.1          | 110.0     |                 | 276                       | 0.2          | 219      | 0.1          | 26.0      |                 |
| (income), net                         |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
| Income from operations                | 4,908                      | 11.3         | 4,417       | 11.3         | 11.1      | 6.4             | 14,077                    | 8.4          | 12,636   | 8.4          | 11.4      | 8.9             |
| Depreciation & other non-cash charges | 1,295                      | 3.0          | 1,072       | 2.7          | 20.8      |                 | 4,817                     | 2.9          | 4,028    | 2.7          | 19.6      |                 |
| Amortization & other non-cash charges | 154                        | 0.4          | 84          | 0.3          | 83.3      |                 | 521                       | 0.3          | 401      | 0.3          | 29.9      |                 |
| Operative cash flow                   | 6,357                      | 14.7         | 5,573       | 14.3         | 14.1      | 9.4             | 19,415                    | 11.6         | 17,065   | 11.4         | 13.8      | 11.3            |
| CAPEX                                 | 2,917                      |              | 2,639       |              | 10.5      |                 | 9,441                     |              | 8,396    |              | 12.5      |                 |
| Information of OXXO Stores            |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
| Total stores                          | 0                          |              |             |              |           |                 | 17,999                    |              | 16,577   |              | 8.6       |                 |
| Net new convenience stores:           |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
| vs. Last quarter                      | 521                        |              | 529         |              | (1.5 )    |                 |                           |              |          |              |           |                 |
| Year-to-date                          | 1,422                      |              | 1,303       |              | 9.1       |                 |                           |              |          |              |           |                 |
| Same-store data: <sup>(1)</sup>       |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
|                                       | 778.3                      |              | 744.7       |              | 4.5       |                 | 780.3                     |              | 741.4    |              | 5.2       |                 |



|  |      |      |     |      |      |     |
|--|------|------|-----|------|------|-----|
| Sales<br>(thousands of pesos)          |      |      |     |      |      |     |
| Traffic<br>(thousands of transactions) | 22.5 | 22.4 | 0.5 | 22.9 | 22.6 | 1.6 |
| Ticket (pesos)                         | 34.6 | 33.3 | 4.0 | 34.1 | 32.9 | 3.6 |

(A) The Proximity Division includes proximity and proximity-related operations across markets.

(B) Organic basis (% Org.) Excludes the effects of significant mergers and acquisitions in the last twelve month.

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

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**FEMSA Comercio - Health Division****Results of Operations****Millions of Pesos**

|  | For the fourth quarter of: |           |         |           |         | For the twelve months of: |           |         |           |        |
|--|----------------------------|-----------|---------|-----------|---------|---------------------------|-----------|---------|-----------|--------|
|  | 2018                       | % of rev. | 2017    | % of rev. | % Var.  | 2018                      | % of rev. | 2017    | % of rev. | % Var. |
| Total revenues                                   | 13,343                     | 100.0     | 12,571  | 100.0     | 6.1     | 51,739                    | 100.0     | 47,421  | 100.0     | 9.1    |
| Cost of sales                                    | 9,080                      | 68.1      | 8,522   | 67.8      | 6.5     | 35,874                    | 69.3      | 33,208  | 70.0      | 8.0    |
| Gross profit                                     | 4,263                      | 31.9      | 4,049   | 32.2      | 5.3     | 15,865                    | 30.7      | 14,213  | 30.0      | 11.6   |
| Administrative expenses                          | 541                        | 4.1       | 417     | 3.3       | 29.7    | 2,055                     | 4.0       | 1,643   | 3.5       | 25.1   |
| Selling expenses                                 | 2,992                      | 22.3      | 2,971   | 23.6      | 0.7     | 11,557                    | 22.3      | 10,850  | 22.9      | 6.5    |
| Other operating expenses (income), net           | 69                         | 0.5       | 38      | 0.3       | 81.6    | 138                       | 0.3       | 102     | 0.2       | 35.3   |
| Income from operations                           | 661                        | 5.0       | 623     | 5.0       | 6.1     | 2,115                     | 4.1       | 1,618   | 3.4       | 30.7   |
| Depreciation                                     | 176                        | 1.3       | 191     | 1.5       | (7.9 )  | 676                       | 1.3       | 661     | 1.4       | 2.3    |
| Amortization & other non-cash charges            | 76                         | 0.5       | 83      | 0.6       | (8.4 )  | 329                       | 0.6       | 312     | 0.7       | 5.4    |
| Operative cash flow                              | 913                        | 6.8       | 897     | 7.1       | 1.8     | 3,120                     | 6.0       | 2,591   | 5.5       | 20.4   |
| CAPEX  | 206                        |           | 247     |           | (16.6 ) | 1,162                     |           | 774     |           | 50.1   |
| Information of Stores                            |                            |           |         |           |         |                           |           |         |           |        |
| Total stores                                     |                            |           |         |           |         | 2,361                     |           | 2,225   |           | 6.1    |
| Net new stores <sup>(1)</sup> : vs. Last quarter | 58                         |           | 47      |           | 23.4    |                           |           |         |           |        |
| Year-to-date                                     | 136                        |           | 105     |           | 29.5    |                           |           |         |           |        |
| Same-store data: <sup>(2)</sup>                  |                            |           |         |           |         |                           |           |         |           |        |
| Sales (thousands of pesos)                       | 1,590.7                    |           | 1,521.6 |           | 4.5     | 1,575.9                   |           | 1,489.9 |           | 5.8    |

<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.

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**FEMSA Comercio - Fuel Division****Results of Operations****Millions of Pesos**

|   | For the fourth quarter of: |           |         |           |         | For the twelve months of: |           |         |           |         |
|---|----------------------------|-----------|---------|-----------|---------|---------------------------|-----------|---------|-----------|---------|
|   | 2018                       | % of rev. | 2017    | % of rev. | % Var.  | 2018                      | % of rev. | 2017    | % of rev. | % Var.  |
| Total revenues                            | 12,636                     | 100.0     | 10,177  | 100.0     | 24.2    | 46,936                    | 100.0     | 38,388  | 100.0     | 22.3    |
| Cost of sales                             | 11,268                     | 89.2      | 9,358   | 92.0      | 20.4    | 42,705                    | 91.0      | 35,621  | 92.8      | 19.9    |
| Gross profit                              | 1,368                      | 10.8      | 819     | 8.0       | 67.0    | 4,231                     | 9.0       | 2,767   | 7.2       | 52.9    |
| Administrative expenses                   | 87                         | 0.7       | 41      | 0.4       | 112.2   | 242                       | 0.5       | 154     | 0.4       | 57.1    |
| Selling expenses                          | 1,173                      | 9.3       | 665     | 6.5       | 76.4    | 3,526                     | 7.5       | 2,330   | 6.1       | 51.3    |
| Other operating expenses (income), net    | 1                          | -         | 2       | -         | (50.0 ) | 5                         | -         | 13      | -         | (61.5 ) |
| Income from operations                    | 107                        | 0.8       | 111     | 1.1       | (3.6 )  | 458                       | 1.0       | 270     | 0.7       | 69.6    |
| Depreciation                              | 38                         | 0.3       | 28      | 0.3       | 35.7    | 137                       | 0.3       | 105     | 0.3       | 30.5    |
| Amortization & other non-cash charges     | 7                          | 0.1       | 8       | -         | (12.5 ) | 27                        | -         | 31      | 0.1       | (12.9 ) |
| Operative cash flow                       | 152                        | 1.2       | 147     | 1.4       | 3.4     | 622                       | 1.3       | 406     | 1.1       | 53.2    |
| CAPEX                                     | 204                        |           | 140     |           | 45.7    | 520                       |           | 291     |           | 78.7    |
| Information of OXXO GAS Service Stations  |                            |           |         |           |         |                           |           |         |           |         |
| Total service stations                    |                            |           |         |           |         | 539                       |           | 452     |           | 19.2    |
| Net new service stations vs. Last quarter | 20                         |           | 55      |           | (63.6 ) |                           |           |         |           |         |
| Year-to-date                              | 87                         |           | 70      |           | 24.3    |                           |           |         |           |         |
| Volume (million of liters) total stations | 715                        |           | 688     |           | 3.9     | 2,808                     |           | 2,651   |           | 5.9     |
| Same-stations data:                       |                            |           |         |           |         |                           |           |         |           |         |
| (1) Sales (thousands of pesos)            | 8,449.6                    |           | 7,919.0 |           | 6.7     | 8,468.2                   |           | 8,015.6 |           | 5.6     |
|   | 481.9                      |           | 535.1   |           | (9.9 )  | 507.9                     |           | 553.5   |           | (8.2 )  |

Volume (thousands  
of liters)

|                            |      |      |      |      |      |      |
|----------------------------|------|------|------|------|------|------|
| Average price per<br>liter | 17.5 | 14.8 | 18.5 | 16.7 | 14.5 | 15.1 |
|----------------------------|------|------|------|------|------|------|

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

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## Coca-Cola FEMSA

## Results of Operations

## Millions of Pesos

|  | For the fourth quarter of: |              |             |              |           | %<br>Org<br>(B) | For the twelve months of: |              |          |              |           | %<br>Org<br>(B) |
|--|----------------------------|--------------|-------------|--------------|-----------|-----------------|---------------------------|--------------|----------|--------------|-----------|-----------------|
|  | 2018<br>(A)                | % of<br>rev. | 2017<br>(A) | % of<br>rev. | %<br>Var. |                 | 2018 (A)                  | % of<br>rev. | 2017 (A) | % of<br>rev. | %<br>Var. |                 |
| Total revenues                         | 50,166                     | 100.0        | 49,169      | 100.0        | 2.0       | (0.9)           | 182,342                   | 100.0        | 183,256  | 100.0        | (0.5 )    | (0.9)           |
| Cost of sales                          | 27,149                     | 54.1         | 26,540      | 54.0         | 2.3       |                 | 98,404                    | 54.0         | 99,749   | 54.4         | (1.3 )    |                 |
| Gross profit                           | 23,017                     | 45.9         | 22,628      | 46.0         | 1.7       |                 | 83,938                    | 46.0         | 83,507   | 45.6         | 0.5       |                 |
| Administrative expenses                | 2,003                      | 4.0          | 1,778       | 3.6          | 12.7      |                 | 7,999                     | 4.4          | 7,694    | 4.2          | 4.0       |                 |
| Selling expenses                       | 13,162                     | 26.3         | 13,000      | 26.4         | 1.2       |                 | 49,925                    | 27.4         | 50,352   | 27.5         | (0.8 )    |                 |
| Other operating expenses               | 510                        | 1.0          | 532         | 1.1          | (4.1 )    |                 | 1,341                     | 0.7          | 467      | 0.3          | 187.1     |                 |
| (income), net                          |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
| Income from operations                 | 7,342                      | 14.6         | 7,319       | 14.9         | 0.3       | (8.4)           | 24,673                    | 13.5         | 24,996   | 13.6         | (1.3 )    | (8.1)           |
| Depreciation & other non-cash charges  | 2,140                      | 4.3          | 2,223       | 4.5          | (3.7 )    |                 | 8,404                     | 4.6          | 8,403    | 4.6          | 0.0       |                 |
| Amortization & other non-cash charges  | 733                        | 1.5          | 879         | 1.8          | (16.6)    |                 | 2,379                     | 1.3          | 2,893    | 1.6          | (17.8 )   |                 |
| Operative cash flow                    | 10,215                     | 20.4         | 10,421      | 21.2         | (2.0 )    | (5.5)           | 35,456                    | 19.4         | 36,292   | 19.8         | (2.3 )    | (3.2)           |
| CAPEX                                  | 3,970                      |              | 4,316       |              | (8.0 )    |                 | 11,069                    |              | 12,917   |              | (14.3 )   |                 |
| Sales volumes (Millions of unit cases) |                            |              |             |              |           |                 |                           |              |          |              |           |                 |
| Mexico and Central America             | 503.8                      | 57.8         | 495.1       | 56.7         | 1.8       |                 | 2,065.0                   | 62.2         | 2,017.9  | 60.8         | 2.3       |                 |
| South America                          | 131.0                      | 15.0         | 151.5       | 17.4         | (13.5)    |                 | 469.4                     | 14.1         | 535.1    | 16.1         | (12.3 )   |                 |
| Brazil                                 | 236.9                      | 27.2         | 226.7       | 26.0         | 4.6       |                 | 787.4                     | 23.7         | 765.1    | 23.1         | 2.9       |                 |
| Total                                  | 871.7                      | 100.0        | 873.3       | 100.0        | (0.2 )    |                 | 3,321.8                   | 100.0        | 3,318.1  | 100.0        | 0.1       |                 |

(A) The Philippines is presented as a discontinued operation as of January 1, 2018, and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.

(B) Organic basis (% Org.) Excludes the effects of significant mergers and acquisitions in the last twelve month and the results of Coca-Cola FEMSA Venezuela in 2017.

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**FEMSA****Macroeconomic Information**

|           | Inflation  |   |                           | End-of-period Exchange Rates |          |         |           |         |
|-----------|------------|---|---------------------------|------------------------------|----------|---------|-----------|---------|
|           | 4Q<br>2018 |   | LTM <sup>(1)</sup> Dec-18 | Dec-18                       |          | Dec-17  |           |         |
|           |            |   |                           | Per USD                      | Per MXN  | Per USD | Per MXN   |         |
| México    | 1.92       | % | 4.83                      | %                            | 19.68    | 1.0000  | 19.74     | 1.0000  |
| Colombia  | 0.58       | % | 3.18                      | %                            | 3,249.75 | 0.0061  | 2,984.00  | 0.0066  |
| Venezuela | 902.87     | % | 4606302.65                | %                            | 638.18   | 0.0308  | 22,793.30 | 0.0009  |
| Brasil    | 0.96       | % | 3.75                      | %                            | 3.87     | 5.0797  | 3.31      | 5.9660  |
| Argentina | 14.35      | % | 47.65                     | %                            | 37.70    | 0.5221  | 18.65     | 1.0583  |
| Chile     | 0.43       | % | 2.56                      | %                            | 695.69   | 0.0283  | 615.22    | 0.0321  |
| Zona Euro | 0.34       | % | 1.57                      | %                            | 0.87     | 22.5383 | 0.84      | 23.5729 |

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

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## 2018 FOURTH QUARTER AND FULL YEAR RESULTS

Mexico City, February 26, 2019, Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA,” “KOF” or the “Company”), the largest Coca-Cola franchise bottler in the world by sales volume, announces results for the fourth quarter and full year of 2018.

### Operational and Financial Highlights for the Fourth Quarter

Volumes increased in Brazil, Central America, and Colombia; transactions outperformed volumes in these operations.

Revenues increased 2.0%, while comparable revenues grew 7.8%. Pricing ahead of inflation in most of our operations, combined with volume growth in Brazil, Central America and Colombia, were partially offset by unfavorable currency translation effects from the Brazilian Real and the Colombian Peso, hyperinflationary accounting in Argentina and the deconsolidation of Venezuela.

Operating income grew 0.3%, while comparable operating income increased 4.3%, driven mainly by lower sweetener costs, a favorable currency hedging position in South America, and operating expense efficiencies, partially offset by higher PET prices.

Operating cash flow declined 2.0%, while comparable operating cash flow grew 4.1%.

Earnings per share was Ps. 2.64, while earnings per share from continuing operations was Ps. 1.38.

### Operational and Financial Highlights for the Year

Revenues were flat, while comparable revenues grew 5.9%. Pricing in line or ahead of inflation in most of our countries, combined with volume growth in Mexico, Brazil, Central America, and Colombia; were partially offset by unfavorable currency translation effects from South America operations, and the deconsolidation of Venezuela.

Operating income declined 1.3%, while comparable operating income increased 0.9%. Operating cash flow decreased 2.3%, while in comparable terms, increased 3.8%.

Earnings per share was Ps. 6.62, while earnings per share from continuing operations was Ps. 5.21.

### Results Summary

|                | Fourth Quarter     |                |      | Year to Date       |                |      |
|----------------|--------------------|----------------|------|--------------------|----------------|------|
|                | As Reported<br>(1) | Comparable (2) |      | As Reported<br>(1) | Comparable (2) |      |
|                | 2018               | D%             | D%   | 2018               | D%             | D%   |
| Total revenues | 50,166             | 2.0%           | 7.8% | 182,342            | (0.5)%         | 5.9% |
| Gross profit   | 23,017             | 1.7%           | 5.9% | 83,938             | 0.5%           | 5.5% |

*Expressed in millions of Mexican pesos.*

|  |        |        |      |        |        |      |
|--|--------|--------|------|--------|--------|------|
| Operating income   | 7,342  | 0.3%   | 4.3% | 24,673 | (1.3)% | 0.9% |
| Operating cash flow <sup>(3)</sup>                       | 10,215 | (2.0)% | 4.1% | 35,456 | (2.3)% | 3.8% |
| Net income attributable to equity holders of the company | 5,541  |        |      | 13,910 |        |      |
| <i>Earnings per share - Continued operations</i>         | 1.38   |        |      | 5.21   |        |      |
| Earnings per share <sup>(4)</sup>                        | 2.64   |        |      | 6.62   |        |      |

<sup>(1)</sup> 2017 financial information is re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.

<sup>(2)</sup> Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.

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

<sup>(4)</sup> Quarterly earnings / outstanding shares as of the end of the period. Outstanding shares were 2,100.8 million.

### Message from the Chief Executive Officer

“In a year marked by high volatility, I am very pleased with our organization’s capability to navigate challenges and capitalize on opportunities, allowing us to achieve strong results and providing an encouraging outlook for 2019. Mexico and Central America’s top-line continues to grow; in South America, a recovering environment in Brazil coupled with a strengthened portfolio, enabled us to deliver consistent volume growth; in Colombia and Argentina, we continue to offer appealing options for difficult consumer environments. Finally, in 2018, we achieved significant milestones that reaffirm our disciplined approach to capital allocation. We closed important acquisitions in Guatemala and Uruguay, and we are positioned for further sustainable and profitable growth by adding flexibility to our balance sheet and capital structure, underscoring our commitment to deliver value for all our stakeholders,” said John Santa Maria Otazua, Chief Executive Officer of the Company.

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## Consolidated results for the fourth quarter

### Comparable<sup>(1)</sup> figures:

**Revenues:** Comparable total revenues grew 7.8% in the fourth quarter of 2018 as compared to the same period of 2017, driven by average price per unit case growth, ahead of inflation in Brazil, Central America and Mexico, coupled with volume growth in Brazil and Colombia.

**Transactions:** Comparable number of transactions increased 1.4%. Our sparkling beverage category remained flat, driven by 0.8% growth in our colas portfolio, partially offset by a decline in flavors. Our positive performance in colas was driven by growth in Brazil and Colombia. Our still beverage category increased 6.3%, driven mainly by the positive performance of Brazil, Colombia and Mexico, partially offset by a decline in Central America. Finally, our water category's transactions increased by 9.2%, driven by growth in Brazil, Colombia, and Mexico, partially offset by a decline in Central America.

**Volume:** Comparable sales volume increased 0.9% in the fourth quarter of 2018 as compared to the same period in 2017. Our sparkling beverage portfolio's volume remained flat, driven by growth in our colas portfolio, offset by a decline in flavors. Our growth in colas was driven by positive performance in Brazil and Colombia. Our still beverage category's volume grew 11.7%, driven by positive performance in Brazil, Central America, and Mexico. Our personal water portfolio's volume remained flat, as positive performance in Brazil and Mexico was offset by declines in Central America and Colombia. Finally, our bulk water portfolio's volume increased 1.1%, driven mainly by growth in Brazil and Colombia, partially offset by a decrease in Mexico and Central America.

**Gross profit:** Comparable gross profit grew 5.9%. Our volume growth, lower sweetener prices in most of our operations, and favorable currency hedging positions in South America were offset by higher PET prices across most of our operations, higher concentrate prices in Mexico, and the depreciation in the average exchange rate of all of our operating currencies as applied to our U.S. dollar-denominated raw material costs.

**Operating Income:** Comparable operating income increased 4.3% for the fourth quarter of 2018 as compared to the same period of 2017.

**Operating cash flow:** Comparable operating cash flow increased 4.1% in the fourth quarter of 2018.

**As reported figures:**

*According to IFRS 5, the Philippines is presented as a discontinued operation as of January 1, 2018 and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017.*

**Revenues:** Total revenues increased 2.0% to Ps. 50,165.6 million in the fourth quarter of 2018, driven mainly by volume growth in Brazil, Central America and Colombia, price increases above inflation in Argentina, Brazil, and Mexico and the consolidation of recently acquired territories in Guatemala and Uruguay. These factors were partially offset by the negative translation effect resulting from the depreciation of the Argentine Peso, the Brazilian Real and the Colombian Peso as compared to the Mexican Peso, combined with volume decline in Argentina and Mexico, hyperinflationary accounting in Argentina and the deconsolidation of Coca-Cola FEMSA de Venezuela as of December 31, 2017.

**Transactions:** Reported total number of transactions increased 1.2% to 5,186.7 million in the fourth quarter of 2018 as compared to the same period in 2017.

**Volume:** Reported total sales volume remained flat at 871.7 million unit cases in the fourth quarter of 2018 as compared to the same period in 2017.

**Gross profit:** Gross profit increased 1.7% to Ps. 23,016.6 million, and gross margin contracted 10 basis points to 45.9%.

*(Continued on next page)*

(1) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**Equity method:** The reported share of the profits of associates and joint ventures recorded a loss of Ps. 108 million in the fourth quarter of 2018, compared to a loss of Ps. 103 million recorded in the fourth quarter of 2017. This is mainly due to a loss in our dairy joint venture in Panama and in our Jugos del Valle joint venture in Mexico, partially offset by gains in our joint ventures in Brazil.

**Operating Income:** Operating income increased 0.3% to Ps. 7,342.0 million, and operating margin contracted 30 basis points to 14.6% during the fourth quarter of 2018 as compared with the same period of 2017.

**Other non-operative expenses, net:** Other non-operative expenses, net, recorded an expense of Ps. 632 million, driven mainly by an impairment of Ps. 432 million to our investment in our dairy joint venture Estrella Azul, in Panama, coupled with provisions related to contingencies in Brazil and Colombia. This is compared to an expense of Ps. 29,090 million during the fourth quarter of 2017 which was driven by a one-time non-cash charge related to the deconsolidation of Venezuela as of December 31, 2017.

**Comprehensive financing result:** Comprehensive financing result in the fourth quarter of 2018 recorded an expense of Ps. 2,149 million, compared to an expense of Ps. 1,090 million in the same period of 2017.

During the fourth quarter of 2018, we recorded an interest expense net, of Ps. 1,770 million, compared to Ps. 1,744 million in the fourth quarter of 2017. This increase was driven by additional financing of Ps. 10,100 million during the second quarter of 2018 for the acquisition of new territories in Guatemala and Uruguay. However, this effect was partially offset by the average exchange rate depreciation of the Brazilian Real compared to the Mexican Peso as applied to existing Brazilian Real-denominated interest expense; the maturity of our five year Yankee bond in November and the reduction of the debt in Colombia.

In addition, for the fourth quarter, we recorded a foreign exchange loss of Ps. 371 million as compared to a gain of Ps. 505 million in the same period of 2017. This loss was driven mainly by the appreciation of the Mexican Peso as applied to our U.S. dollar cash position, which included income related to the sale of our stake in Coca-Cola FEMSA Philippines, Inc.

Moreover, due to the reporting of our Argentina operation as a hyperinflationary subsidiary, during the fourth quarter of 2018, our monetary position in inflationary subsidiaries recorded a gain of Ps. 59 million as compared to a gain of Ps. 460 million during the same period of 2017, which was generated by Venezuela.

Market value on financial instruments recorded a loss of Ps. 67 million as compared to a loss of Ps. 310 million in the fourth quarter of 2017.

**Income tax:** During the fourth quarter of 2018, reported income tax as a percentage of income before taxes was 30.1%.

**Net income:** Consolidated net controlling interest income reached Ps. 5,541 million which includes the sale of the Philippines stake in the fourth quarter 2018, as compared to a loss of Ps. 24,245 million during the same period of the previous year, which included a one-time non-cash charge related to the deconsolidation of Venezuela. For the fourth quarter 2018, earnings per share (EPS) was Ps. 2.64 (Ps. 26.37 per ADS). Earnings per share from continuing operations was Ps. 1.38 (Ps. 13.75 per ADS).

**Operating cash flow:** Operating cash flow decreased 2.0% to Ps. 10,215 million, and operating cash flow margin contracted 80 basis points to 20.4%.

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**Consolidated Balance Sheet <sup>(1)</sup>**

As of December 31, 2018, we had a cash balance of Ps. 23,727 million of which US\$ 751 million is denominated in U.S. dollars. Our cash balance increased Ps. 4,960 million compared to year-end 2017. As of December 31, 2018, total short-term debt was Ps. 11,604 million and long-term debt was Ps. 70,201 million. Total debt decreased by Ps. 1,555 million and net debt decreased by Ps. 6,515 million compared to year end 2017, driven mainly by the proceeds obtained from the divestiture of the Philippines and cash generated during the year, compensated with incremental net debt for the acquisitions of Uruguay and Guatemala.

The weighted average cost of debt for the quarter, including the effect of debt swapped to Brazilian Reals and Mexican Pesos, was 8.21%, an increase as compared to the fourth quarter 2017 due mainly to our fixed exposure to Brazilian reals denominated debt and the effect of the increase of the THIE rate on our bilateral loans in Mexican Pesos. The following charts set forth the Company's debt profile by currency and interest rate type and by maturity date as of December 31, 2018.

| <b>Currency</b> | <b>% Total Debt<sup>(2)</sup></b> | <b>% Interest Rate Floating<sup>(2)(3)</sup></b> |
|-----------------|-----------------------------------|--|
| Mexican Pesos   | 60.3%                             | 15.0%  |
| U.S. Dollars    | 8.5%                              | 0.0%   |
| Colombian Pesos | 1.6%                              | 100.0%   |
| Brazilian Reals | 27.7%                             | 2.5%   |
| Uruguayan Pesos | 1.7%                              | 0.0%   |
| Argentine Pesos | 0.2%                              | 0.0%   |

**Debt Maturity Profile**

| <b>Maturity Date</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024+</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| % of Total Debt      | 14.2%       | 13.6%       | 14.7%       | 1.9%        | 30.8%       | 24.8%        |

(1)

See page 15 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**

|   | <b>FY 2018</b> | <b>FY 2017</b> | <b>D %</b> |
|---|----------------|----------------|------------|
| Net debt including effect of hedges <sup>(1)(3)</sup>                       | 56,940         | 68,973         | -17.4%     |
| Net debt including effect of hedges / Operating cash flow <sup>(1)(3)</sup> | 1.61           | 1.74           |            |
| Operating cash flow/ Interest expense, net <sup>(1)</sup>                   | 5.40           | 4.99           |            |
| Capitalization <sup>(2)</sup>   | 40.5%          | 39.3%          |            |

(1)Net debt = total debt - cash

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

(3)After giving effect to cross-currency swaps.

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## **Mexico & Central America Division**

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

### **Comparable<sup>(1)</sup> figures:**

**Revenues:** Comparable total revenues from our Mexico and Central America division increased 4.1% in the fourth quarter of 2018 as compared to the same period in 2017, driven by pricing ahead of inflation partially offset by volume contraction in the division.

**Transactions:** Comparable transactions in our Mexico and Central America division decreased 2.6% in the fourth quarter of 2018. Our sparkling beverage portfolio's transactions dropped 3.3%, driven mainly by a 3.6% decrease in our colas portfolio. Our still beverage category's transactions increased 1.1% in the division, driven by 3.4% growth in Mexico, partially offset by a decline in Central America. Our water transactions, including bulk water, increased 0.5%, driven by growth in Mexico.

**Volume:** Total sales volume for the division decreased 1.1% in the fourth quarter of 2018, compared to the same period of 2017. Our sparkling beverage category's volume decreased 1.7%, driven by a 2.1% decrease in our colas portfolio, due to a decline in both Mexico and Central America. Our still beverage category's volume increased 6.9%, driven by 7.2% growth in Mexico and 5.1% growth in Central America. Our personal water portfolio's volume decreased 0.6%, driven by a decline in Central America, partially offset by growth in Mexico. Our bulk water portfolio's volume declined 2.1% driven by a contraction in the division.

**Gross profit:** Comparable gross profit grew 4.7% in the fourth quarter of 2018 as compared to the same period in 2017. Our pricing initiatives, a favorable currency hedging position and declining sweetener costs were offset by higher PET prices, higher concentrate costs in Mexico, and the depreciation of the average exchange rates of the Mexican Peso, the Guatemalan Quetzal, 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 increased 4.5% in the fourth quarter of 2018 as compared to the same period in 2017, despite higher maintenance expenses and labor costs in Mexico; factors that were partially offset by a non-cash operating foreign exchange gain in Mexico.

**Operating cash flow:** Comparable operating cash flow increased 5.3% in the fourth quarter of 2018 as compared to the same period in 2017.

**As reported figures:**

**Revenues:** Reported total revenues increased 8.7% to Ps. 25,424.3 million in the fourth quarter of 2018 as compared to the same period of 2017, driven by the consolidation of recently acquired territories in Guatemala as of May 1, 2018 and pricing ahead of inflation in Mexico, partially offset by a volume decline in Mexico.

**Transactions:** Reported total number of transactions increased 1.6% to 2,807.4 in the fourth quarter of 2018 as compared to the same period of 2017.

**Volume:** Reported total sales volume increased 1.8% to 503.8 million unit cases in the fourth quarter of 2018 as compared to the same period in 2017.

**Gross profit:** Reported gross profit increased 9.2% to Ps. 12,232.2 million in the fourth quarter of 2018, and gross profit margin expanded 20 basis points to 48.1% during the period.

**Operating income:** Reported operating income increased 7.0% to Ps. 3,404.4 million in the fourth quarter of 2018, and operating income margin contracted 20 basis points to 13.4% during the period.

**Operating cash flow:** Reported operating cash flow increased 8.8% to Ps. 5,305.3 million in the fourth quarter of 2018, resulting in flat operating cash flow margin of 20.9%.

(1) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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## South America Division

(Argentina, Brazil, Colombia, and Uruguay)

### Comparable<sup>(1)</sup> figures:

**Revenues:** Comparable total revenues increased 12.4%, driven by volume growth in Brazil and Colombia coupled with pricing ahead of inflation in Brazil.

**Transactions:** Comparable transactions in the division increased 7.0% during the fourth quarter of 2018. Our sparkling beverage portfolio's transactions increased 4.9%, driven by 7.5% growth in colas, partially offset by a decline in our flavors portfolio. Our positive performance in colas was driven by growth in both Brazil and Colombia. Our still beverage category's transactions increased 14.5%, driven by increases in Brazil and Colombia while our water transactions, including bulk water, increased 17.5% driven by positive performance across the division.

**Volume:** Comparable total sales volume in South America increased 4.2% during the fourth quarter of 2018 as compared to the same period of 2017. Our sparkling beverage category's volume increased 2.6%, driven by 5.5% growth in colas, partially offset by a decline in flavors. Colas' positive performance was driven by growth in Brazil and Colombia. Our still beverage category's volume increased 20.9%, driven by growth in Brazil. Our personal water category's volume increased 10.3%, driven by growth in Brazil and Colombia. Our bulk water business's volume increased 6.2%, driven by positive performance in both Brazil and Colombia.

**Gross profit:** Comparable gross profit increased 7.5% as a result of lower sweetener prices, a favorable currency hedging position in the division, and our pricing initiatives. These factors were offset by higher PET prices in the division, an unfavorable raw material hedging position in Brazil, and the depreciation of the average exchange rate of the Brazilian Real and the Colombian Peso as applied to our U.S. dollar-denominated raw material costs.

**Operating income:** Comparable operating income in the division increased 4.0% as compared to the same period in 2017, driven by operating expense efficiencies in Brazil.

**Operating cash flow:** Comparable operating cash flow increased 2.7% as compared to the same period of 2017.

**As reported figures:**

**Revenues:** Reported total revenues declined 4.0% to Ps. 24,741.3 million in the fourth quarter of 2018, driven mainly by a volume contraction in Argentina, coupled with an unfavorable currency translation effect resulting from the depreciation of the Brazilian Real and the Colombian Peso as compared to the Mexican Peso, the reporting of Argentina as a hyperinflationary subsidiary, and the deconsolidation of Coca-Cola FEMSA de Venezuela as of December 31, 2017. These factors were partially offset by volume growth in Brazil and Colombia, pricing ahead of inflation in Brazil and Argentina and the consolidation of the recently acquired territory in Uruguay as of July 1, 2018.

**Transactions:** Reported total number of transactions increased 0.8% to 2,379.3 million in the fourth quarter of 2018 as compared to the same period in 2017.

**Volume:** Reported total sales volume decreased 2.7% to 368.0 million unit cases in the fourth quarter of 2018 as compared to the same period in 2017.

**Gross profit:** Reported gross profit decreased 5.6% to Ps. 10,784.4 million in the fourth quarter of 2018, and gross profit margin contracted 70 basis points to 43.6%.

**Operating income:** Reported operating income decreased 4.8% to Ps. 3,937.6 million in the fourth quarter of 2018, resulting in a margin contraction of 10 basis points to 15.9%.

**Operating cash flow:** Reported operating cash flow decreased 11.4% to Ps. 4,909.8 million in the fourth quarter of 2018, resulting in a margin contraction of 170 basis points to 19.8%.

(1) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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## Full-Year Consolidated Results

### Comparable<sup>(1)</sup> figures:

**Revenues:** Comparable total revenues grew 5.9% in 2018 as compared to 2017, driven by average price per unit case growth ahead of inflation in Mexico, coupled with volume growth in Brazil, Colombia, Central America, and flat volume performance in Mexico.

**Transactions:** Comparable number of transactions increased 1.4%. Our sparkling beverage category's transactions increased 0.4%, driven by 1.9% growth in our colas portfolio partially offset by a decline in flavors. Our positive performance in colas was driven by growth in Brazil, Central America, and Colombia. Our still beverage category's transactions increased 4.0%, driven by the positive performance of Brazil and Mexico. Finally, our water category's transactions increased by 8.2%, driven by growth across most of our operations, partially offset by a decline in Central America.

**Volume:** Comparable sales volume increased 1.3% in 2018 as compared to 2017. Additionally, excluding jug water volume, comparable sales volume increased 1.7%. Our sparkling beverage portfolio's volume increased 1.0%, driven mainly by growth in our colas portfolio across our operations, partially offset by a decline in our flavors portfolio. Our still beverage category's volume increased 5.8%, driven by volume growth in Brazil, Central America, and Mexico, which offset negative performance in Colombia. Our personal water portfolio's volume grew 7.2% due to the positive performance of most of our operations, partially offset by Central America. Finally, our bulk water portfolio's volume decreased 2.6%, driven by declines in Colombia and Mexico.

**Gross profit:** Comparable gross profit grew 5.5%. Our pricing initiatives, coupled with lower sweetener prices in most of our operations, were offset by higher PET costs across most of our operations, higher concentrate costs in Mexico, and the depreciation in the average exchange rate of all of our operating currencies as applied to our U.S. dollar-denominated raw material costs.

**Operating Income:** Comparable operating income increased 0.9% in 2018 as compared to 2017.

**Operating cash flow:** Comparable operating cash flow increased 3.8% in 2018.

**As reported figures:**

*According to IFRS 5, the Philippines is presented as a discontinued operation as of January 1, 2018 and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017.*

**Revenues:** Reported total revenues decreased 0.5% to Ps. 182,342 million during 2018, as the consolidation of recently acquired territories in Guatemala and Uruguay, volume growth in Brazil, Central America and Colombia, flat volumes in Mexico, and price increases increase above inflation in Argentina and Mexico were offset by the negative translation effect resulting from the depreciation of the Argentine Peso, the Brazilian Real and the Colombian Peso as compared to the Mexican Peso, the deconsolidation of Coca-Cola FEMSA de Venezuela as of December 31, 2017, and the reporting of Argentina as a hyperinflationary subsidiary as of July 1, 2018.

**Transactions:** Reported total number of transactions increased 0.7% to 19,725.7 million in 2018 as compared to 2017.

**Volume:** Reported total sales volume remained flat at 3,321.8 million unit cases in 2018 as compared to 2017.

**Gross profit:** Reported gross profit increased 0.5% to Ps. 83,937.6 million, and gross margin expanded 40 basis points to 46.0%.

**Equity method:** The reported share of the profits of associates and joint ventures recorded a loss of Ps. 309 million in 2018, compared to a gain of Ps. 98 million recorded in 2017. This is due mainly to a loss in our dairy joint venture in Panama and in our Jugos del Valle joint venture in Mexico, partially offset by gains in our joint ventures in Brazil.

*(Continued on next page)*

- (1) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**Operating Income:** Operating income decreased 1.3% to Ps. 24,672.5 million, and operating margin declined 10 basis points to 13.5% during the 2018 as compared with 2017, which included Venezuela.

**Other non-operative expenses, net:** Other non-operative expenses, net, recorded an expense of Ps. 848 million, driven mainly by an impairment of Ps. 432 million of our investment in our dairy joint venture Estrella Azul, in Panama combined with provisions related to contingencies in Brazil and Colombia. This is compared to an expense of Ps. 30,988 million in 2017, which was driven by a one-time non-cash charge related to the deconsolidation of Venezuela as of December 31, 2017.

**Comprehensive financing result:** Comprehensive financing result in 2018 recorded an expense of Ps. 6,943 million, compared to an expense of Ps. 5,362 million in the same period of 2017.

In 2018, we recorded an interest expense, net, of Ps. 6,564 million, compared to Ps. 7,987 million in 2017. This decrease was driven by the decline 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, Brazil, and Colombia. However, these factors were partially offset by: (i) financing of Ps. 10,100 million for the acquisition of our new territories in Guatemala and Uruguay; and (ii) an interest rate increase in Mexico.

In addition, in 2018, we recorded a foreign exchange loss of Ps. 277 million as compared to a gain of Ps. 788 million in 2017, which resulted from the depreciation of the Mexican Peso as applied to our U.S. dollar-denominated cash position that included income related to the sale of our stake in Coca-Cola FEMSA Philippines, Inc.

Due to the deconsolidation of Coca-Cola FEMSA de Venezuela, no monetary position in hyperinflationary subsidiaries was recorded in the first six months of 2018. Nevertheless, with the reporting of Argentina as of July 1, 2018, a gain of Ps. 212 million was recorded in monetary position in hyperinflationary subsidiaries for the second half of 2018, compared to a gain of Ps. 1,591 million related to Venezuela for the full year of 2017.

Market value on financial instruments recorded a loss of Ps. 314 million, compared to a gain of Ps. 246 million in 2017, due to the decrease in long-term interest rates in Brazil as applied to our fixed rate cross-currency swaps, during the period.

**Income tax:** In 2018, reported income tax as a percentage of income before taxes was 31.0%.

**Net income:** Consolidated net controlling interest income reached Ps. 13,910.2 million in 2018, which includes one-time income related to the sale of the stake in the Philippines, as compared to a loss of Ps. 12,802.1 million during 2017, which included a one-time non-cash charge related to the deconsolidation of Venezuela. For 2018, earnings per share (EPS) was Ps. 6.62 (Ps. 66.21 per ADS). Earnings per share from continuing operations was Ps. 5.21 (Ps. 52.05 per ADS).

**Operating cash flow:** Operating cash flow decreased 2.3% to Ps. 35,455.7 million, and operating cash flow margin contracted 40 basis points.

### **Results from discontinued operations**

On August 16, 2018, KOF announced the exercise of the put option to sell its 51% stake in Coca-Cola FEMSA Philippines, Inc. The transaction was subsequently closed on December 13, 2018. Therefore, the Philippines is presented as a discontinued operation as of January 1, 2018, and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.

During 2018, the result of discontinued operations reached Ps. 3,366 million as compared to Ps. 3,726 million in the same period of the previous year. This result includes the operations result for 2018, the income from re-measurement of fair value less cost to sell, and the accumulated current translation effect, resulting in net income of Ps. 2,524 million.

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## Recent Developments

On November 1, 2018, Coca-Cola FEMSA paid the second installment of the 2017 dividend in the amount of Ps. 1.67 per share.

On November 1, 2018, Coca-Cola FEMSA announced its Chief Financial Officer Succession plan: Constantino Spas has been elected by the Board of Directors to succeed Hector Treviño, effective as of January 1<sup>st</sup> 2019.

On December 13, 2018, Coca-Cola FEMSA announced the closing of the transaction to sell its operation in the Philippines, for an aggregate amount of US\$ 715 million.

On January 31, 2019, Coca-Cola FEMSA announced a stock split and listing of shares in the form of units, subject to the approval of the Mexican National Banking and Securities Commission.

On February 25, 2019, Coca-Cola FEMSA's Board of Directors agreed to propose for approval at the Annual Shareholders Meeting, to be held on March 14, 2019, an ordinary dividend of Ps. 3.54 per share to be paid in two installments.

Coca-Cola FEMSA is proud to be a member of the Bloomberg 2019 Gender-Equality Index (GEI). A twofold achievement, the GEI recognizes companies around the world for their commitment to both workplace equality and transparency.

## Relevant Reporting Information

On August 16, 2018, KOF announced the exercise of the put option to sell its 51% stake in Coca-Cola FEMSA Philippines, Inc. The transaction was subsequently closed on December 13, 2018. Therefore, the Philippines is now presented as a discontinued operation as of January 1, 2018, and the consolidated income statements presented herein are re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation. As a result, the Asia Division is no longer reported.

As of July 1, 2018, Argentina is reported as a hyperinflationary subsidiary.

## Comparability

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 of a given measure excluding the effects of: (i) mergers, acquisitions, and divestitures, including: acquisitions made in Guatemala and Uruguay as of May and July 2018, respectively; (ii) translation effects resulting from exchange rate movements; and (iii) the results of hyperinflationary subsidiaries in both periods: Venezuela's results from only for 2017 due to its deconsolidation, and Argentina's results from 2018 and 2017. In

preparing this measure, management has used its best judgment, estimates, and assumptions in order to maintain comparability. The relation between our reported and comparable figures is described in the following chart:

*(\*)Reported 2018 figures reflect the Philippines as a discontinued operation*

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### **Conference Call Information**

Our fourth quarter 2018 conference call will be held on February 26, 2019, at 10:00 A.M. Eastern Time (09:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 800-239-9838 or International: +1 323-794-2551. Participant code: 5039197. We invite investors to listen to the live audio cast of the conference call on the Company's website,

<http://webcastlite.mziq.com/cover.html?webcastId=53ddf947-e8e9-4917-9b01-00084c3bfa05>. 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/investors/bmv-sec-filings.html](http://www.coca-colafemsa.com/investors/bmv-sec-filings.html).

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

Earnings per share were computed based on 2,100.8 million shares (each ADS represents 10 local shares).

## 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 131 brands to more than 290 million consumers daily. With over 87 thousand employees, the company markets and sells approximately 3.3 billion unit cases through 2 million points of sale a year. Operating 48 manufacturing plants and 292 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, Dow Jones Sustainability MILA Pacific Alliance Index, FTSE4Good Emerging Index, and the Mexican Stock Exchange's IPC and Social Responsibility and Sustainability Indices, among others. Its operations encompass franchise territories in Mexico, Brazil, Guatemala, Colombia, and Argentina, and, nationwide, in Costa Rica, Nicaragua, Panama, Uruguay, and Venezuela. For further information, please visit [www.coca-colafemsa.com](http://www.coca-colafemsa.com)

### For additional information or inquiries, contact the Investor Relations team:

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· Jorge Collazo | jorge.collazo@kof.com.mx  
· Maria Fernanda Garcia | maria.garciacr@kof.com.mx

*(8 pages of tables to follow)*

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**Quarter - Consolidated Income Statement**Expressed in millions of Mexican pesos<sup>(1)</sup>

|  | 4Q 18   | % Rev   | 4Q 17<br>Re-presented <sup>(2)</sup> | % Rev   | D %<br>Reported | D %<br>Comparable<br>(9) |     |   |
|--|---------|---------|--------------------------------------|---------|-----------------|--------------------------|-----|---|
| Transactions (million transactions)                                  | 5,186.7 |         | 5,124.0                              |         | 1.2             | %                        | 1.4 | % |
| <b>Volume (million unit cases)</b> <sup>(3)</sup>                    | 871.7   |         | 873.2                                |         | -0.2            | %                        | 0.9 | % |
| Average price per unit case <sup>(3)</sup>                           | 52.19   |         | 51.67                                |         | 1.0             | %                        |     |   |
| Net revenues   | 49,982  |         | 49,029                               |         | 1.9             | %                        |     |   |
| Other operating revenues   | 183     |         | 139                                  |         | 31.5            | %                        |     |   |
| <b>Total revenues</b> <sup>(4)</sup>                                 | 50,166  | 100.0 % | 49,169                               | 100.0 % | 2.0             | %                        | 7.8 | % |
| Cost of goods sold   | 27,149  | 54.1 %  | 26,540                               | 54.0 %  | 2.3             | %                        |     |   |
| Gross profit   | 23,017  | 45.9 %  | 22,628                               | 46.0 %  | 1.7             | %                        | 5.9 | % |
| Operating expenses   | 15,165  | 30.2 %  | 14,778                               | 30.1 %  | 2.6             | %                        |     |   |
| Other operating expenses, net  | 402     | 0.8 %   | 429                                  | 0.9 %   | -6.3            | %                        |     |   |
| Operating equity method (gain) loss in associates <sup>(5)</sup>     | 108     | 0.2 %   | 103                                  | 0.2 %   | 4.8             | %                        |     |   |
| <b>Operating income</b> <sup>(6)</sup>                               | 7,342   | 14.6 %  | 7,319                                | 14.9 %  | 0.3             | %                        | 4.3 | % |
| Other non operating expenses, net                                    | 632     |         | 29,090                               |         | -97.8           | %                        |     |   |
| Non Operating equity method (gain) loss in associates <sup>(7)</sup> | (43 )   |         | (92 )                                |         | -53.7           | %                        |     |   |
| Interest expense   | 2,063   |         | 1,958                                |         | 5.4             | %                        |     |   |
| Interest income  | 293     |         | 214                                  |         | 37.0            | %                        |     |   |
| Interest expense, net  | 1,770   |         | 1,744                                |         | 1.5             | %                        |     |   |
| Foreign exchange loss (gain)   | 371     |         | (505 )                               |         | NA              |                          |     |   |
| Loss (gain) on monetary position in inflationary subsidiaries        | (59 )   |         | (460 )                               |         | -87.1           | %                        |     |   |
| Market value (gain) loss on financial instruments                    | 67      |         | 310                                  |         | -78.3           | %                        |     |   |
| Comprehensive financing result                                       | 2,149   |         | 1,090                                |         | 97.2            | %                        |     |   |
| Income before taxes  | 4,603   |         | (22,769 )                            |         | NA              |                          |     |   |
| Income taxes   | 1,386   |         | 1,239                                |         | 11.8            | %                        |     |   |
| Result from discontinued operations                                  | 2,790   |         | 196                                  |         | 1322.7          | %                        |     |   |
| Consolidated net income  | 6,008   |         | (23,812 )                            |         | NA              |                          |     |   |
| Net income attributable to equity holders of the company             | 5,541   | 11.0 %  | (24,245 )                            | -49.3 % | NA              |                          |     |   |
| Non-controlling interest   | 467     | 0.9 %   | 434                                  | 0.9 %   | 7.6             | %                        |     |   |

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|   |               |               |               |               |               |              |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Operating income <sup>(6)</sup>                   | 7,342         | 14.6 %        | 7,319         | 14.9 %        | 0.3 %         |              |
| Depreciation                                      | 2,140         |               | 2,223         |               | -3.7 %        |              |
| Amortization and other operating non-cash charges | 733           |               | 879           |               | -16.6 %       |              |
| <b>Operating cash flow <sup>(6)(8)</sup></b>      | <b>10,215</b> | <b>20.4 %</b> | <b>10,421</b> | <b>21.2 %</b> | <b>-2.0 %</b> | <b>4.1 %</b> |
| CAPEX   | 3,970         |               | 4,316         |               |               |              |

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

<sup>(2)</sup> *2017 financial information is re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.*

<sup>(3)</sup> *Sales volume and average price per unit case exclude beer results.*

<sup>(4)</sup> *Please refer to page 16 for revenue breakdown.*

<sup>(5)</sup> *Includes equity method in Jugos del Valle, Leao Alimentos, Estrella Azul, among others.*

<sup>(6)</sup> *The operating income and operating cash flow lines are presented as non-gaap measures for the convenience of the reader.*

<sup>(7)</sup> *Includes equity method in PIASA, IEQSA, Beta San Miguel, IMER and KSP Participacoes among others.*

<sup>(8)</sup> *Operating cash flow = operating income + depreciation, amortization & other operating non-cash charges.*

<sup>(9)</sup> *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**YTD - Consolidated Income Statement**Expressed in millions of Mexican pesos<sup>(1)</sup>

|  | FY 2018  | % Rev   | FY 2017<br>Re-presented <sup>(2)</sup> | % Rev   | D %<br>Reported | D %<br>Comparable<br><sup>(9)</sup> |  |  |
|--|----------|---------|--|---------|-----------------|-------------------------------------|--|--|
| Transactions (million transactions)                                  | 19,725.7 |         | 19,596.8                               |         | 0.7 %           | 1.4 %                               |  |  |
| <b>Volume (million unit cases)</b> <sup>(3)</sup>                    | 3,321.8  |         | 3,318.2                                |         | 0.1 %           | 1.3 %                               |  |  |
| Average price per unit case <sup>(3)</sup>                           | 50.57    |         | 51.31                                  |         | -1.4 %          |                                     |  |  |
| Net revenues   | 181,823  |         | 182,850                                |         | -0.6 %          |                                     |  |  |
| Other operating revenues   | 519      |         | 406                                    |         | 27.9 %          |                                     |  |  |
| <b>Total revenues</b> <sup>(4)</sup>                                 | 182,342  | 100.0 % | 183,256                                | 100.0 % | -0.5 %          | 5.9 %                               |  |  |
| Cost of goods sold   | 98,404   | 54.0 %  | 99,749                                 | 54.4 %  | -1.3 %          |                                     |  |  |
| Gross profit   | 83,938   | 46.0 %  | 83,507                                 | 45.6 %  | 0.5 %           | 5.5 %                               |  |  |
| Operating expenses   | 57,924   | 31.8 %  | 58,045                                 | 31.7 %  | -0.2 %          |                                     |  |  |
| Other operating expenses, net  | 1,032    | 0.6 %   | 369                                    | 0.2 %   | 179.9 %         |                                     |  |  |
| Operating equity method (gain) loss in associates <sup>(5)</sup>     | 309      | 0.2 %   | 98                                     | 0.1 %   | 216.4 %         |                                     |  |  |
| <b>Operating income</b> <sup>(6)</sup>                               | 24,673   | 13.5 %  | 24,996                                 | 13.6 %  | -1.3 %          | 0.9 %                               |  |  |
| Other non operating expenses, net                                    | 848      |         | 30,988                                 |         | -97.3 %         |                                     |  |  |
| Non Operating equity method (gain) loss in associates <sup>(7)</sup> | (83 )    |         | (158 )                                 |         | -47.6 %         |                                     |  |  |
| Interest expense   | 7,568    |         | 8,778                                  |         | -13.8 %         |                                     |  |  |
| Interest income  | 1,004    |         | 791                                    |         | 26.9 %          |                                     |  |  |
| Interest expense, net  | 6,564    |         | 7,987                                  |         | -17.8 %         |                                     |  |  |
| Foreign exchange loss (gain)   | 277      |         | (788 )                                 |         | NA              |                                     |  |  |
| Loss (gain) on monetary position in inflationary subsidiaries        | (212 )   |         | (1,591 )                               |         | -86.7 %         |                                     |  |  |
| Market value (gain) loss on financial instruments                    | 314      |         | (246 )                                 |         | NA              |                                     |  |  |
| Comprehensive financing result                                       | 6,943    |         | 5,362                                  |         | 29.5 %          |                                     |  |  |
| Income before taxes  | 16,964   |         | (11,196 )                              |         | NA              |                                     |  |  |
| Income taxes   | 5,260    |         | 4,184                                  |         | 25.7 %          |                                     |  |  |
| Result from discontinued operations                                  | 3,366    |         | 3,726                                  |         | -9.7 %          |                                     |  |  |
| Consolidated net income  | 15,070   |         | (11,654 )                              |         | NA              |                                     |  |  |
| Net income attributable to equity holders of the company             | 13,910   | 7.6 %   | (12,802 )                              | -7.0 %  | NA              |                                     |  |  |
| Non-controlling interest   | 1,159    | 0.6 %   | 1,148                                  | 0.6 %   | 1.0 %           |                                     |  |  |

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|   |               |               |               |               |               |              |
|---|---------------|---------------|---------------|---------------|---------------|--------------|
| Operating income <sup>(6)</sup>                   | 24,673        | 13.5 %        | 24,996        | 13.6 %        | -1.3 %        |              |
| Depreciation                                      | 8,404         |               | 8,403         |               | 0.0 %         |              |
| Amortization and other operating non-cash charges | 2,379         |               | 2,893         |               | -17.8 %       |              |
| <b>Operating cash flow <sup>(6)(8)</sup></b>      | <b>35,456</b> | <b>19.4 %</b> | <b>36,292</b> | <b>19.8 %</b> | <b>-2.3 %</b> | <b>3.8 %</b> |
| CAPEX   | 11,069        |               | 12,917        |               |               |              |

(1) *Except volume and average price per unit case figures.*

(2) *2017 financial information is re-presented as if the Philippines had been discontinued from February 2017, date of the consolidation of said operation.*

(3) *Sales volume and average price per unit case exclude beer results.*

(4) *Please refer to page 17 for revenue breakdown.*

(5) *Includes equity method in Jugos del Valle, Leao Alimentos, Estrella Azul, among others. For January '17 includes Coca-Cola FEMSA Philippines, Inc.*

(6) *The operating income and operating cash flow lines are presented as non-gaap measures for the convenience of the reader.*

(7) *Includes equity method in PIASA, IEQSA, Beta San Miguel, IMER and KSP Participacoes among others.*

(8) *Operating cash flow = operating income + depreciation, amortization & other operating non-cash charges.*

(9) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**Mexico & Central America Division**Expressed in millions of Mexican pesos<sup>(1)</sup>**Quarterly information**

|  | 4Q 18   | % Rev   | 4Q 17   | % Rev   | D %<br>Reported | D %<br>Comparable <sup>(6)</sup> |   |
|--|---------|---------|---------|---------|-----------------|----------------------------------|---|
| Transactions (million transactions)                              | 2,807.4 |         | 2,763.9 |         | 1.6 %           | -2.6                             | % |
| Volume (million unit cases)                                      | 503.8   |         | 495.1   |         | 1.8 %           | -1.1                             | % |
| Average price per unit case                                      | 50.40   |         | 47.16   |         | 6.9 %           |                                  |   |
| Net revenues   | 25,390  |         | 23,347  |         |                 |                                  |   |
| Other operating revenues   | 34      |         | 37      |         |                 |                                  |   |
| <b>Total revenues</b> <sup>(2)</sup>                             | 25,424  | 100.0 % | 23,384  | 100.0 % | 8.7 %           | 4.1                              | % |
| Cost of goods sold   | 13,192  | 51.9 %  | 12,181  | 52.1 %  |                 |                                  |   |
| Gross profit   | 12,232  | 48.1 %  | 11,203  | 47.9 %  | 9.2 %           | 4.7                              | % |
| Operating expenses   | 8,381   | 33.0 %  | 7,680   | 32.8 %  |                 |                                  |   |
| Other operating expenses, net                                    | 286     | 1.1 %   | 215     | 0.9 %   |                 |                                  |   |
| Operating equity method (gain) loss in associates <sup>(3)</sup> | 161     | 0.6 %   | 126     | 0.5 %   |                 |                                  |   |
| <b>Operating income</b> <sup>(4)</sup>                           | 3,404   | 13.4 %  | 3,182   | 13.6 %  | 7.0 %           | 4.5                              | % |
| Depreciation, amortization & other operating non-cash charges    | 1,901   | 7.5 %   | 1,695   | 7.3 %   |                 |                                  |   |
| <b>Operating cash flow</b> <sup>(4)(5)</sup>                     | 5,305   | 20.9 %  | 4,877   | 20.9 %  | 8.8 %           | 5.3                              | % |

**Accumulated information**

|                                      | FY 2018  | % Rev   | FY 2017  | % Rev   | D %<br>Reported | D %<br>Comparable <sup>(6)</sup> |   |
|--------------------------------------|----------|---------|----------|---------|-----------------|----------------------------------|---|
| Transactions (million transactions)  | 11,507.5 |         | 11,231.7 |         | 2.5 %           | -1.3                             | % |
| Volume (million unit cases)          | 2,065.0  |         | 2,017.9  |         | 2.3 %           | 0.5                              | % |
| Average price per unit case          | 48.47    |         | 45.87    |         | 5.7 %           |                                  |   |
| Net revenues                         | 100,098  |         | 92,565   |         |                 |                                  |   |
| Other operating revenues             | 64       |         | 77       |         |                 |                                  |   |
| <b>Total revenues</b> <sup>(2)</sup> | 100,162  | 100.0 % | 92,643   | 100.0 % | 8.1 %           | 5.2                              | % |
| Cost of goods sold                   | 52,000   | 51.9 %  | 47,537   | 51.3 %  |                 |                                  |   |
| Gross profit                         | 48,162   | 48.1 %  | 45,106   | 48.7 %  | 6.8 %           | 4.0                              | % |
| Operating expenses                   | 33,714   | 33.7 %  | 30,731   | 33.2 %  |                 |                                  |   |
| Other operating expenses, net        | 427      | 0.4 %   | 180      | 0.2 %   |                 |                                  |   |

|  |        |      |   |        |      |   |      |   |      |
|--|--------|------|---|--------|------|---|------|---|------|
| Operating equity method (gain) loss in associates <sup>(3)</sup> | 405    | 0.4  | % | 221    | 0.2  | % |      |   |      |
| <b>Operating income</b> <sup>(4)</sup>                           | 13,617 | 13.6 | % | 13,975 | 15.1 | % | -2.6 | % | -4.0 |
| Depreciation, amortization & other operating non-cash charges    | 6,801  | 6.8  | % | 5,812  | 6.3  | % |      |   |      |
| <b>Operating cash flow</b> <sup>(4)(5)</sup>                     | 20,417 | 20.4 | % | 19,788 | 21.4 | % | 3.2  | % | 1.1  |

(1) *Except volume and average price per unit case figures.*

(2) *Please refer to pages 16 and 17 for revenue breakdown.*

(3) *Includes equity method in Jugos del Valle, Estrella Azul, among others. For January '17 includes Coca-Cola FEMSA Philippines, Inc.*

(4) *The operating income and operating cash flow lines are presented as non-gAAP measures for the convenience of the reader.*

(5) *Operating cash flow = operating income + depreciation, amortization & other operating non-cash charges.*

(6) *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**South America Division**Expressed in millions of Mexican pesos<sup>(1)</sup>**Quarterly information**

|  | 4Q 18   | % Rev   | 4Q 17   | % Rev   | D %<br>Reported | D %<br>Comparable <sup>(7)</sup> |      |   |
|--|---------|---------|---------|---------|-----------------|----------------------------------|------|---|
| Transactions (million transactions)                              | 2,379.3 |         | 2,360.1 |         | 0.8             | %                                | 7.0  | % |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                | 368.0   |         | 378.2   |         | -2.7            | %                                | 4.2  | % |
| Average price per unit case <sup>(2)</sup>                       | 54.63   |         | 57.56   |         | -5.1            | %                                |      |   |
| Net revenues   | 24,592  |         | 25,682  |         |                 |                                  |      |   |
| Other operating revenues   | 149     |         | 103     |         |                 |                                  |      |   |
| <b>Total revenues <sup>(3)</sup></b>                             | 24,741  | 100.0 % | 25,784  | 100.0 % | -4.0            | %                                | 12.4 | % |
| Cost of goods sold   | 13,957  | 56.4 %  | 14,359  | 55.7 %  |                 |                                  |      |   |
| Gross profit   | 10,784  | 43.6 %  | 11,425  | 44.3 %  | -5.6            | %                                | 7.5  | % |
| Operating expenses   | 6,784   | 27.4 %  | 7,098   | 27.5 %  |                 |                                  |      |   |
| Other operating expenses, net                                    | 116     | 0.5 %   | 214     | 0.8 %   |                 |                                  |      |   |
| Operating equity method (gain) loss in associates <sup>(4)</sup> | (54 )   | -0.2 %  | (24 )   | -0.1 %  |                 |                                  |      |   |
| <b>Operating income <sup>(5)</sup></b>                           | 3,938   | 15.9 %  | 4,137   | 16.0 %  | -4.8            | %                                | 4.0  | % |
| Depreciation, amortization & other operating non-cash charges    | 972     | 3.9 %   | 1,407   | 5.5 %   |                 |                                  |      |   |
| <b>Operating cash flow <sup>(5)(6)</sup></b>                     | 4,910   | 19.8 %  | 5,543   | 21.5 %  | -11.4           | %                                | 2.7  | % |

**Accumulated information**

|  | FY 2018 | % Rev   | FY 2017 | % Rev   | D %<br>Reported | D %<br>Comparable <sup>(7)</sup> |     |   |
|--|---------|---------|---------|---------|-----------------|----------------------------------|-----|---|
| Transactions (million transactions)                              | 8,218.2 |         | 8,365.1 |         | -1.8            | %                                | 4.1 | % |
| <b>Volume (million unit cases) <sup>(2)</sup></b>                | 1,256.8 |         | 1,300.2 |         | -3.3            | %                                | 2.8 | % |
| Average price per unit case <sup>(2)</sup>                       | 54.01   |         | 59.74   |         | -9.6            | %                                |     |   |
| Net revenues   | 81,725  |         | 90,285  |         |                 |                                  |     |   |
| Other operating revenues   | 455     |         | 329     |         |                 |                                  |     |   |
| <b>Total revenues <sup>(3)</sup></b>                             | 82,180  | 100.0 % | 90,613  | 100.0 % | -9.3            | %                                | 6.9 | % |
| Cost of goods sold   | 46,404  | 56.5 %  | 52,212  | 57.6 %  |                 |                                  |     |   |
| Gross profit   | 35,775  | 43.5 %  | 38,401  | 42.4 %  | -6.8            | %                                | 8.0 | % |
| Operating expenses   | 24,210  | 29.5 %  | 27,315  | 30.1 %  |                 |                                  |     |   |
| Other operating expenses, net                                    | 606     | 0.7 %   | 189     | 0.2 %   |                 |                                  |     |   |
| Operating equity method (gain) loss in associates <sup>(4)</sup> | (96 )   | -0.1 %  | (123 )  | -0.1 %  |                 |                                  |     |   |

|   |        |      |   |        |      |   |      |   |     |   |
|---|--------|------|---|--------|------|---|------|---|-----|---|
| <b>Operating income</b> <sup>(5)</sup>                        | 11,056 | 13.5 | % | 11,020 | 12.2 | % | 0.3  | % | 8.8 | % |
| Depreciation, amortization & other operating non-cash charges | 3,983  | 4.8  | % | 5,483  | 6.1  | % |      |   |     |   |
| <b>Operating cash flow</b> <sup>(5)(6)</sup>                  | 15,038 | 18.3 | % | 16,504 | 18.2 | % | -8.9 | % | 8.4 | % |

(1) *Except volume and average price per unit case figures.*

(2) *Sales volume and average price per unit case exclude beer results.*

(3) *Please refer to pages 16 and 17 for revenue breakdown.*

(4) *Includes equity method in Leao Alimentos, Verde Campo, among others.*

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

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

<sup>(7)</sup> *Please refer to page 9 for our definition of “comparable” and a description of the factors affecting the comparability of our financial and operating performance.*

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**Consolidated Balance Sheet**

Expressed in millions of Mexican pesos.

|  | <b>Dec-18</b>      | <b>Dec-17</b>      |
|--|--------------------|--------------------|
| <b>Assets</b>                                    |                    |                    |
| <b>Current Assets</b>                            |                    |                    |
| Cash, cash equivalents and marketable securities | Ps. 23,727         | Ps. 18,767         |
| Total accounts receivable                        | 14,847             | 17,576             |
| Inventories                                      | 10,051             | 11,364             |
| Other current assets                             | 8,865              | 7,950              |
| Total current assets                             | 57,490             | 55,657             |
| <b>Property, plant and equipment</b>             |                    |                    |
| Property, plant and equipment                    | 106,259            | 121,968            |
| Accumulated depreciation                         | (44,316 )          | (46,141 )          |
| Total property, plant and equipment, net         | 61,942             | 75,827             |
| Investment in shares                             | 10,518             | 12,540             |
| Intangibles assets and other assets              | 116,804            | 124,243            |
| Other non-current assets                         | 17,033             | 17,410             |
| <b>Total Assets</b>                              | <b>Ps. 263,788</b> | <b>Ps. 285,677</b> |
| <b>Liabilities and Equity</b>                    |                    |                    |
| <b>Current Liabilities</b>                       |                    |                    |
| Short-term bank loans and notes payable          | Ps. 11,604         | Ps. 12,171         |
| Suppliers  | 19,746             | 19,956             |
| Other current liabilities                        | 14,174             | 23,467             |
| Total current liabilities                        | 45,524             | 55,595             |
| Long-term bank loans and notes payable           | 70,201             | 71,189             |
| Other long-term liabilities                      | 16,313             | 18,184             |
| Total liabilities                                | 132,037            | 144,968            |
| <b>Equity</b>                                    |                    |                    |
| Non-controlling interest                         | 6,807              | 18,141             |
| Total controlling interest                       | 124,943            | 122,568            |
| Total equity                                     | 131,750            | 140,709            |
| <b>Total Liabilities and Equity</b>              | <b>Ps. 263,788</b> | <b>Ps. 285,677</b> |

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**Quarter - Volume, Transactions & Revenues**

For the three months ended on December 31, 2018 and 2017

**Volume**

| <i>Expressed in million unit cases</i> | <b>4Q 2018</b>                 |                     |             |                   | <b>4Q 2017<sup>(3)</sup></b>   |                     |             |                   | <b>YoY<br/>D%</b> |
|--|--------------------------------|---------------------|-------------|-------------------|--------------------------------|---------------------|-------------|-------------------|-------------------|
|  | Sparkling Water <sup>(1)</sup> | Bulk <sup>(2)</sup> | Stills      | Total             | Sparkling Water <sup>(1)</sup> | Bulk <sup>(2)</sup> | Stills      | Total             |                   |
| Mexico                                 | 328.7                          | 22.9                | 64.2        | 28.3 444.0        | 333.4                          | 22.7                | 65.5        | 26.4 448.0        | -0.9%             |
| Central America                        | 51.7                           | 2.8                 | 0.1         | 5.1 59.8          | 39.5                           | 2.8                 | 0.2         | 4.6 47.1          | 27.0%             |
| <b>Mexico and Central America</b>      | <b>380.4</b>                   | <b>25.7</b>         | <b>64.3</b> | <b>33.4 503.8</b> | <b>372.8</b>                   | <b>25.5</b>         | <b>65.7</b> | <b>31.0 495.1</b> | <b>1.8%</b>       |
| Colombia                               | 56.6                           | 7.2                 | 4.8         | 4.8 73.5          | 54.5                           | 7.2                 | 4.7         | 4.9 71.3          | 3.1%              |
| Venezuela                              | -                              | -                   | -           | - -               | 16.2                           | 2.4                 | 0.2         | 0.7 19.5          | -                 |
| Brazil                                 | 205.2                          | 14.6                | 2.4         | 14.8 236.9        | 200.8                          | 12.6                | 2.0         | 11.3 226.7        | 4.5%              |
| Argentina                              | 35.0                           | 4.6                 | 1.3         | 3.3 44.2          | 49.4                           | 5.4                 | 1.3         | 4.5 60.7          | -27.1%            |
| Uruguay                                | 12.1                           | 1.0                 | 0.0         | 0.3 13.3          | -                              | -                   | -           | - -               | -                 |
| <b>South America</b>                   | <b>308.9</b>                   | <b>27.3</b>         | <b>8.4</b>  | <b>23.3 368.0</b> | <b>320.9</b>                   | <b>27.5</b>         | <b>8.3</b>  | <b>21.4 378.2</b> | <b>-2.7%</b>      |
| <b>Total</b>                           | <b>689.3</b>                   | <b>53.0</b>         | <b>72.8</b> | <b>56.6 871.7</b> | <b>693.8</b>                   | <b>53.1</b>         | <b>74.0</b> | <b>52.4 873.2</b> | <b>-0.2%</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**

| <i>Expressed in million of transactions</i> | <b>4Q 2018</b>  |              | <b>4Q 2017<sup>(3)</sup></b> |                           | <b>YoY<br/>D%</b> |
|---|-----------------|--------------|------------------------------|---------------------------|-------------------|
|   | Sparkling Water | Stills Total | Sparkling Water              | Stills Total              |                   |
| Mexico                                      | 1,931.4         | 168.2        | 2,003.4                      | 166.8 217.02,387.2        | -2.6%             |
| Central America                             | 409.1           | 16.3         | 302.1                        | 15.0 59.6 376.7           | 28.3%             |
| <b>Mexico and Central America</b>           | <b>2,340.6</b>  | <b>184.5</b> | <b>2,305.5</b>               | <b>181.8 276.62,763.9</b> | <b>1.6%</b>       |
| Colombia                                    | 398.1           | 98.4         | 402.3                        | 81.1 50.5 533.8           | 3.6%              |
| Venezuela                                   | -               | -            | 97.0                         | 19.6 6.3 122.9            | -                 |
| Brazil                                      | 1,257.8         | 125.1        | 1,176.3                      | 109.2 125.5 1,410.9       | 8.3%              |
| Argentina                                   | 183.5           | 27.4         | 234.9                        | 28.9 28.6 292.4           | -20.1%            |
| Uruguay                                     | 59.6            | 4.5          | -                            | - - -                     | -                 |
| <b>South America</b>                        | <b>1,898.9</b>  | <b>255.4</b> | <b>1,910.5</b>               | <b>238.8 210.82,360.1</b> | <b>0.8%</b>       |
| <b>Total</b>                                | <b>4,239.5</b>  | <b>439.9</b> | <b>4,216.0</b>               | <b>420.5 487.55,124.0</b> | <b>1.2%</b>       |

**Revenues**

| <i>Expressed in million Mexican Pesos</i> | <b>4Q 2018</b> | <b>4Q 2017<sup>(3)</sup></b> | <b>D%</b> |
|---|----------------|------------------------------|-----------|
| Mexico                                    | 20,921         | 20,041                       | 4.4%      |
| Central America                           | 4,503          | 3,340                        | 34.8%     |

|                                   |               |               |              |
|-----------------------------------|---------------|---------------|--------------|
| <b>Mexico and Central America</b> | <b>25,424</b> | <b>23,381</b> | <b>8.7%</b>  |
| Colombia                          | 3,790         | 3,708         | 2.2%         |
| Venezuela                         | -             | 769           | -            |
| Brazil <sup>(4)</sup>             | 17,433        | 17,017        | 2.4%         |
| Argentina                         | 2,381         | 4,290         | -44.5%       |
| Uruguay                           | 1,138         | -             | -            |
| <b>South America</b>              | <b>24,741</b> | <b>25,784</b> | <b>-4.0%</b> |
| <b>Total</b>                      | <b>50,165</b> | <b>49,165</b> | <b>2.0%</b>  |

*(3) Volume, transactions and revenues for 4Q 2017 are re-presented excluding the Philippines.*

*(4) Brazil includes beer revenues of Ps.4,490.6 million for the fourth quarter of 2018 and Ps. 3,913.1 million for the same period of the previous year.*

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**Full Year - Volume, Transactions & Revenues**

For the twelve months ended on December 31, 2018 and 2017

**Volume**

| <i>Expressed in million unit cases</i> | <b>FY 2018</b> |                      |                     |              |                | <b>FY 2017<sup>(3)</sup></b> |                      |                     |              |                | <b>YoY</b>   |
|--|----------------|----------------------|---------------------|--------------|----------------|------------------------------|----------------------|---------------------|--------------|----------------|--------------|
|  | Sparkling      | Water <sup>(1)</sup> | Bulk <sup>(2)</sup> | Stills       | Total          | Sparkling                    | Water <sup>(1)</sup> | Bulk <sup>(2)</sup> | Stills       | Total          | <b>D%</b>    |
| Mexico                                 | 1,348.8        | 102.9                | 279.0               | 119.5        | 1,850.2        | 1,346.0                      | 98.4                 | 289.3               | 111.3        | 1,845.0        | 0.3%         |
| Central America                        | 182.4          | 11.1                 | 0.6                 | 20.6         | 214.7          | 142.8                        | 10.5                 | 0.6                 | 19.1         | 173.0          | 24.2%        |
| <b>Mexico and Central America</b>      | <b>1,531.2</b> | <b>114.0</b>         | <b>279.6</b>        | <b>140.1</b> | <b>1,205.0</b> | <b>1,488.8</b>               | <b>108.8</b>         | <b>289.9</b>        | <b>130.4</b> | <b>1,017.9</b> | <b>2.3%</b>  |
| Colombia                               | 207.6          | 26.6                 | 19.6                | 17.5         | 271.4          | 199.7                        | 24.4                 | 18.6                | 22.3         | 265.0          | 2.4%         |
| Venezuela                              | -              | -                    | -                   | -            | -              | 54.6                         | 6.8                  | 0.5                 | 2.3          | 64.2           | -            |
| Brazil                                 | 688.8          | 46.9                 | 7.6                 | 44.1         | 787.4          | 680.4                        | 40.8                 | 6.6                 | 37.3         | 765.1          | 2.9%         |
| Argentina                              | 140.9          | 17.4                 | 4.7                 | 12.4         | 175.3          | 166.2                        | 20.4                 | 3.7                 | 15.6         | 205.9          | -14.9%       |
| Uruguay                                | 20.8           | 1.6                  | 0.0                 | 0.3          | 22.7           | -                            | -                    | -                   | -            | -              | -            |
| <b>South America</b>                   | <b>1,058.1</b> | <b>92.5</b>          | <b>31.9</b>         | <b>74.3</b>  | <b>1,256.8</b> | <b>1,100.9</b>               | <b>92.4</b>          | <b>29.4</b>         | <b>77.5</b>  | <b>1,300.3</b> | <b>-3.3%</b> |
| <b>Total</b>                           | <b>2,589.4</b> | <b>206.5</b>         | <b>311.6</b>        | <b>214.4</b> | <b>3,321.8</b> | <b>2,589.7</b>               | <b>201.3</b>         | <b>319.3</b>        | <b>207.9</b> | <b>3,318.2</b> | <b>0.1%</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**

| <i>Expressed in million transactions</i> | <b>FY 2018</b>  |                |                |                  | <b>FY 2017<sup>(3)</sup></b> |                |                |                  | <b>YoY</b>   |
|--|-----------------|----------------|----------------|------------------|------------------------------|----------------|----------------|------------------|--------------|
|  | Sparkling       | Water          | Stills         | Total            | Sparkling                    | Water          | Stills         | Total            | <b>D%</b>    |
| Mexico                                   | 8,015.1         | 754.9          | 958.2          | 9,728.2          | 8,122.7                      | 721.6          | 971.6          | 9,764.5          | -0.4%        |
| Central America                          | 1,468.1         | 63.8           | 247.4          | 1,779.3          | 1,158.8                      | 62.7           | 207.4          | 1,467.2          | 21.3%        |
| <b>Mexico and Central America</b>        | <b>9,483.2</b>  | <b>818.7</b>   | <b>1,205.6</b> | <b>11,507.5</b>  | <b>9,281.5</b>               | <b>784.3</b>   | <b>1,179.0</b> | <b>11,231.7</b>  | <b>2.5%</b>  |
| Colombia                                 | 1,505.3         | 361.3          | 193.7          | 2,060.3          | 1,511.5                      | 322.5          | 223.5          | 2,046.5          | 0.7%         |
| Venezuela                                | -               | -              | -              | -                | 358.3                        | 62.5           | 25.2           | 441.0            | -            |
| Brazil                                   | 4,237.3         | 405.2          | 482.9          | 5,125.4          | 4,079.6                      | 381.9          | 419.7          | 4,857.6          | 5.5%         |
| Argentina                                | 738.0           | 97.3           | 84.8           | 920.1            | 813.9                        | 105.0          | 100.0          | 1,019.9          | -9.8%        |
| Uruguay                                  | 103.9           | 7.3            | 1.2            | 112.4            | -                            | -              | -              | -                | -            |
| <b>South America</b>                     | <b>6,584.5</b>  | <b>871.1</b>   | <b>762.6</b>   | <b>8,218.2</b>   | <b>6,763.2</b>               | <b>876.4</b>   | <b>836.4</b>   | <b>8,365.1</b>   | <b>-1.8%</b> |
| <b>Total</b>                             | <b>16,067.7</b> | <b>1,689.8</b> | <b>1,968.2</b> | <b>19,725.68</b> | <b>16,044.7</b>              | <b>1,621.9</b> | <b>1,621.9</b> | <b>19,596.79</b> | <b>0.7%</b>  |

**Revenues***Expressed in million Mexican Pesos* **FY 2018** **FY 2017<sup>(3)</sup>** **D%**



|                                   |                |                |              |
|-----------------------------------|----------------|----------------|--------------|
| Mexico                            | 84,351         | 79,850         | 5.6%         |
| Central America                   | 15,811         | 12,793         | 23.6%        |
| <b>Mexico and Central America</b> | <b>100,162</b> | <b>92,643</b>  | <b>8.1%</b>  |
| Colombia                          | 14,580         | 14,222         | 2.5%         |
| Venezuela                         | -              | 4,005          | -            |
| Brazil <sup>(4)</sup>             | 56,523         | 58,518         | -3.4%        |
| Argentina                         | 9,152          | 13,869         | -34.0%       |
| Uruguay                           | 1,925          | -              | -            |
| <b>South America</b>              | <b>82,180</b>  | <b>90,613</b>  | <b>-9.3%</b> |
| <b>Total</b>                      | <b>182,342</b> | <b>183,256</b> | <b>-0.5%</b> |

*(3) Volume, transactions and revenues for FY 2017 are re-presented excluding the Philippines.*

*(4) Brazil includes beer revenues of Ps. 13,848.5 million for 2018 and Ps. 12,608.1 million for the same period of the previous year.*

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## Macroeconomic Information

Fourth quarter 2018

Inflation<sup>(1)</sup>

|            | FY 18  | 4Q 18  |
|------------|--------|--------|
| Mexico     | 4.83%  | 1.92%  |
| Guatemala  | 2.31%  | 0.33%  |
| Nicaragua  | 3.89%  | 2.43%  |
| Costa Rica | 2.03%  | 1.30%  |
| Panama     | 0.16%  | -0.88% |
| Colombia   | 3.18%  | 0.58%  |
| Brazil     | 3.75%  | 0.96%  |
| Argentina  | 47.65% | 14.35% |
| Uruguay    | 7.96%  | 0.03%  |

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

Average Exchange Rates for each Period <sup>(2)</sup>

|            | Quarterly Exchange Rate (local currency per USD) |          |        | Accumulated Exchange Rate (local currency per USD) |          |       |
|------------|--|----------|--------|--|----------|-------|
|            | 4Q 18  | 4Q 17    | D %    | FY 18  | FY 17    | D %   |
| Mexico     | 19.83  | 18.93    | 4.8%   | 19.24  | 18.93    | 1.6%  |
| Guatemala  | 7.72   | 7.34     | 5.2%   | 7.52   | 7.35     | 2.3%  |
| Nicaragua  | 32.13  | 30.60    | 5.0%   | 31.55  | 30.05    | 5.0%  |
| Costa Rica | 605.04   | 571.39   | 5.9%   | 580.15   | 572.17   | 1.4%  |
| Panama     | 1.00   | 1.00     | 0.0%   | 1.00   | 1.00     | 0.0%  |
| Colombia   | 3,163.86   | 2,987.44 | 5.9%   | 2,956.20   | 2,951.06 | 0.2%  |
| Brazil     | 3.81   | 3.25     | 17.3%  | 3.65   | 3.19     | 14.5% |
| Argentina  | 37.13  | 17.56    | 111.5% | 28.11  | 16.56    | 69.7% |
| Uruguay    | 32.54  | 29.13    | 11.7%  | 30.71  | 28.65    | 7.2%  |

## End of Period Exchange Rates

|            | Quarter Exchange Rate (local currency per USD) |          |        | Quarter Exchange Rate (local currency per USD) |          |        |
|------------|--|----------|--------|--|----------|--------|
|            | Dec 2018                                       | Dec 2017 | D %    | Sep 2018                                       | Sep 2017 | D %    |
| Mexico     | 19.68  | 19.74    | -0.3%  | 18.81  | 18.20    | 3.4%   |
| Guatemala  | 7.74   | 7.34     | 5.3%   | 7.70   | 7.34     | 4.9%   |
| Nicaragua  | 32.33  | 30.79    | 5.0%   | 31.94  | 30.41    | 5.0%   |
| Costa Rica | 611.75   | 572.56   | 6.8%   | 585.80   | 574.13   | 2.0%   |
| Panama     | 1.00   | 1.00     | 0.0%   | 1.00   | 1.00     | 0.0%   |
| Colombia   | 3,249.75                                       | 2,984.00 | 8.9%   | 2,972.18                                       | 2,936.67 | 1.2%   |
| Brazil     | 3.87   | 3.31     | 17.1%  | 4.00   | 3.17     | 26.4%  |
| Argentina  | 37.70  | 18.65    | 102.2% | 41.25  | 17.31    | 138.3% |

|         |       |       |       |       |       |       |
|---------|-------|-------|-------|-------|-------|-------|
| Uruguay | 32.39 | 28.76 | 12.6% | 33.21 | 28.95 | 14.7% |
|---------|-------|-------|-------|-------|-------|-------|

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

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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/ Gerardo Estrada Attolini  
Gerardo Estrada Attolini  
Director of Corporate Finance

Date: February 27, 2019