

MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
October 30, 2006

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 October 2006

FOMENTO ECONÓMICO MEXICANO, S.A. 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 Reports Solid Top Line in 3Q06

Growth According to Plan for Full Year

MONTERREY, Mexico, Oct. 27 /PRNewswire-FirstCall/ -- Fomento Economico Mexicano, S.A. de C.V. (NYSE: FMX) (FEMSA) today announced its operational and financial results as of the third quarter of 2006 and for the nine months ended September 30, 2006.

Third Quarter 2006 Highlights

FEMSA

- Consolidated total revenues increased 13.9%, reaching Ps. 32.152 billion. However, continued high commodity prices put pressure on the gross margin.
- Net majority income increased 11.3%, reaching Ps. 1.929 billion.
- New cooperative framework with The Coca-Cola Company focused on the sustainable growth of carbonated and non-carbonated beverages, horizontal growth of Coca-Cola FEMSA and long-term perspective in relationship economics.
- Significantly increasing our stake in Coca-Cola FEMSA by acquiring 8% of its equity from The Coca-Cola Company; transaction amounts to US\$427.4 million and will take place on November 3, 2006.

Business Units

- FEMSA Cerveza revenues (excluding Kaiser) increased 8.1%. Domestic sales volume grew 4.2% and export sales volume increased 16.7%.
- Coca-Cola FEMSA total revenues increased 8.6%, driven by all regions. Pricing pressure in the Valley of Mexico eased sequentially.
- Oxxo increased its revenues by 18.5%, driven by 116 net new stores and 6.0% growth in same-store sales. There are now 4,482 Oxxo stores throughout Mexico.

Results across our business units again showed robust growth trends, and we keep developing new ways to satisfy the demand of our growing consumer base. We continue to execute our long-term business strategy and are encouraged by the results.

Our new cooperation framework with The Coca-Cola Company demonstrates the constructive relationship we continue to build with them and underscores our willingness to jointly look for value-creating alternatives from a potentially larger revenue pool. We will keep pursuing opportunities that seek to fulfill the growth potential that Coca-Cola FEMSA can achieve by transferring its strong and distinctive operating model and capabilities to other territories, stated Jose Antonio Fernandez, Chairman of FEMSA and Coca-Cola FEMSA.

To obtain the full text of this earnings release, please visit our Investor Relations website at <http://www.femsa.com/investor> under the Financial Reports section.

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.

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FEMSA is the leading beverage company in Latin America. It controls an integrated beverage platform that comprises Coca-Cola FEMSA, the largest Coca-Cola bottler in the region; FEMSA Cerveza, one of the leading brewers in Mexico and important beer exporter to the United States; and Oxxo, the largest and fastest growing convenience store chain in Mexico with over 4,000 stores.

SOURCE Fomento Economico Mexicano, S.A. de C.V.

-0- 10/27/2006

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(FMX)

Latin America's Beverage Leader

FEMSA Reports Solid Top Line in 3Q06
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FEMSA Consolidated

Total revenues increased 13.9% to Ps. 32.152 billion in 3Q06. This increase was driven by revenue growth in every one of our business units, with 18.5% total revenue growth at the Oxxo retail chain, 8.1% at FEMSA Cerveza, and 8.6% at Coca-Cola FEMSA.

For the first nine months of 2006, consolidated total revenues increased 14.0% to Ps. 92.532 billion.

Gross profit increased 11.5% to Ps. 14.630 billion in 3Q06, resulting in a 100 basis point decrease in gross margin, to 45.5% of total revenues. This margin contraction reflects sustained raw material pressure at FEMSA Cerveza and Coca-Cola FEMSA, the inclusion of lower margin Kaiser operations, and the greater contribution of lower margin Oxxo retail operations in FEMSA's consolidated results.

For the first nine months of 2006, gross profit increased 12.4% to Ps. 42.489 billion. The gross margin decreased 70 basis points from the same period of 2005 to 45.9% of total revenues, primarily due to the greater contribution of the Oxxo retail operations in FEMSA's consolidated results and the inclusion of lower margin Kaiser operations.

Income from operations increased by 3.0% to Ps. 4.453 billion in 3Q06, resulting in a 150 basis point contraction in the operating margin, to 13.8% in the quarter. The decrease in operating margin was primarily attributable to margin contraction at our key beverage operations, the increased contribution of the Oxxo retail chain, and the inclusion of Kaiser in our consolidated results.

For the first nine months of 2006, income from operations increased 8.1% to Ps. 12.689 billion. Consolidated operating margin decreased 80 basis points from 2005 levels, reaching 13.7% of total revenues.

Net income increased 17.3% to Ps. 2.778 billion in 3Q06, driven by lower net interest expense and greater monetary and foreign exchange gains resulting from the inflationary impact on net liabilities and the sequential strengthening of the Mexican peso against our net dollar liabilities. The effective tax rate for the quarter was 33.5%, in line with the comparable period in 2005.

For the first nine months of 2006, net income increased 14.8% to Ps. 6.697 billion due to strong growth in income from operations combined with a decrease in net interest expense, higher gains on monetary position and a reduction in the effective tax rate.

Net majority income per FEMSA Unit¹ was Ps. 1.617 in 3Q06. Net majority income per FEMSA ADS, using an exchange rate of Ps. 11.0152 per dollar, was US\$ 1.468 in the quarter.

Capital expenditures increased 29.3% to Ps. 2.163 billion in 3Q06, reflecting increased investment in all three main business units in-line with our budget.

Consolidated net debt. As of September 30, 2006, FEMSA recorded a cash balance of Ps. 10.821 billion (US\$ 982 million), short-term debt of Ps. 11.067 billion (US\$ 1.005 billion) and long-term debt of Ps. 27.446 billion (US\$ 2.492 billion), for a net debt balance of Ps. 27.692 billion (US\$ 2.514 billion).

¹ 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 September 30, 2006 was 1,192,742,090 equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

Soft Drinks Coca-Cola FEMSA

Coca-Cola FEMSA's financial results and discussion are incorporated by reference from Coca-Cola FEMSA's press release attached to this press release.

Beer FEMSA Cerveza

The results of FEMSA Cerveza provided here exclude the results of our subsidiary Cervejarias Kaiser, which we acquired in January of 2006, and whose results we provide separately below.

Domestic sales volume in Mexico increased 4.2% to 6.651 million hectoliters in 3Q06, lapping 5.5% growth in 3Q05. This increase reflects continuing strong consumer demand trends and another quarter of notable growth for our *Tecate Light, Sol,* and *Indio* brands, whose equity and health indicators continue to reach new highs.

For the first nine months of 2006, FEMSA Cerveza's domestic sales volume increased 5.2% to 19.188 million hectoliters, lapping 4.5% growth in the comparable period of 2005.

Export sales volume increased 16.7% to 0.843 million hectoliters in 3Q06, lapping 18.7% growth in 3Q05 and reflecting healthy double-digit growth in our exports to the US as well as positive trends in other key markets. Year-to date-export sales volume increased 15.9% to 2.249 million hectoliters, lapping 8.5% growth in the comparable period of 2005, which puts us well on track to achieve our export sales volume objectives for 2006.

Total revenues increased 8.1% to Ps. 8.082 billion in 3Q06, primarily resulting from an 8.4% increase in beer sales. Both total sales volume and domestic price per hectoliter positively contributed to beer sales growth, increasing 5.5% and 3.3%, respectively. The domestic price strength was driven by 1) the higher price realized from volume brought under direct distribution earlier in the year, 2) revenue management and other initiatives aimed at optimizing price points per SKU and channel while selectively adjusting the margin offered to the retailer, and 3) a shift in presentation mix. Conversely, the export price per hectoliter decreased 2.3% in 3Q06 largely due to the year-on-year real strengthening of the peso, and to a lesser extent due to presentation and channel mix effects as our 24oz presentation of *Tecate* continued to grow in the off-premise trade.

For the nine months of 2006, total revenues increased 9.5% to Ps. 23.208 billion, driven by a 9.6% increase in beer sales. Export beer sales volume represented 10.5% of total beer sales volume, up from 9.6% in the comparable period of last year.

Cost of sales increased 10.7% to Ps. 3.269 billion in 3Q06, which exceeded the growth in total revenues. Sustained upward pricing pressure from raw materials, mainly aluminum, finally outweighed the benefits of volume-driven fixed cost absorption and increased efficiency, and our gross margins were impacted. Consequently, gross profit increased 6.5% to Ps. 4.813 billion in 3Q06, and gross margins contracted 90 basis points to reach 59.6% of total revenues.

For the first nine months of 2006, cost of sales increased 7.4% to Ps. 9.185 billion. Gross margin expanded by 80 basis points, reaching 60.4% of total revenues.

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Income from operations decreased 3.7% to Ps. 1.659 billion in 3Q06. While administrative expenses were contained in relative terms, growing 6.0% to Ps. 951 million, selling expenses grew 15.9%, reflecting 1) the expense structure of the third party volume brought into direct distribution earlier in the year, which is high in relative terms, 2) a timing shift of marketing expenses to the third quarter, 3) the strengthened sales structures put in place during the first half of 2006, and 4) incremental services provided to retailers whose margins we adjust. Operating expenses therefore increased 12.7% to Ps. 3.154 billion, reaching 39.1% of total revenues in 3Q06, and operating margin contracted 250 basis points to 20.5% of total revenues.

For the first nine months of 2006, income from operations increased 9.6% to Ps. 4.647 billion, reaching 20% of total revenues and exactly in-line with the comparable period of last year.

We are on track to deliver our objective to maintain stable operating margins for the full year. Our current business plan calls for strong volume and top line growth, with stable operating margins. We will deploy resources derived from the gained leverage to continue to build the business by further strengthening our brands and our distribution network.

Kaiser

On January 13, 2006, we acquired a controlling stake in Cervejarias Kaiser in Brazil. The information in this press release is for the third quarter of 2006 and for the nine months ended on September 30, 2006 of Kaiser under FEMSA Cerveza.

In 3Q06, Kaiser total revenues reached Ps. 954 million on sales volume of 2.056 million hectoliters. Cost of sales reached Ps. 631 million, resulting in a gross margin of 33.9% of total revenues. Operating expenses represented 31.0% of total revenues at Ps. 295 million, with administrative expenses of Ps. 53 million and selling expenses of Ps. 242 million. The quarter showed operating income of Ps. 28 million.

During the third quarter, we agreed with Brazilian Federal and Sao Paulo State tax authorities to settle a significant portion of Kaiser's outstanding fiscal contingencies under the attractive economic terms of their amnesty programs. Kaiser paid an aggregate amount equivalent to US\$ 200 million, and we have now removed from Kaiser's balance sheet substantially all of the fiscal contingencies for which FEMSA Cerveza is not indemnified. This represents an important step for us and is another sign of FEMSA's full commitment to Brazil.

We continue to make progress in stabilizing the Kaiser operation. Based on our analysis, we are gradually adjusting the roles and positioning of our brands within the portfolio and we have launched several initiatives ahead of the Brazilian summer season, including a new version of our brand *Sol* that is tailored to Brazilian preferences. We are also repositioning the *Kaiser* brand with a regional emphasis, and initial signs and feedback on our initiatives are encouraging. Our turnaround plan for Kaiser is on track on the basis of the targets we set for 2006.

Oxxo Stores FEMSA Comercio

Total revenues increased 18.5% to Ps. 9.206 billion in 3Q06. The primary reason for the increase was the opening of 116 net new Oxxo stores in the quarter, and a total of 698 net new Oxxo stores since 3Q05 for a total of 4,482 Oxxo stores nationwide. For the first nine months of 2006, total revenues increased 20.0% to Ps. 25.943 billion.

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Same-store sales increased an average of 6.0% in 3Q06, driven by increases of 3.9% in store traffic and 2.1% in average store ticket. These increases again reflect stronger promotional activity and category management practices that are enabling Oxxo to drive more customers into the store, while realizing a slightly higher ticket per transaction.

For the first nine months of 2006, Oxxo same store sales increased an average of 7.6%, driven by increases of 5.5% in store traffic and 2.1% in average store ticket.

Cost of sales increased 16.9% to Ps. 6.733 billion in 3Q06, resulting in a 100 basis point expansion in gross margin, to 26.9% of total revenues. This improvement resulted from better purchasing terms and coordinated efforts with our suppliers to provide the right promotions and the right products for consumers.

Income from operations increased 38.2% to Ps. 391 million. Despite continued investment in Oxxo's infrastructure, operating margin expanded by 60 basis points to 4.2% of total revenues in 3Q06 as the improved gross margin was partially offset by increased selling expenses, driven mainly by higher energy tariffs.

For the first nine months of 2006, income from operations increased 23.8% to Ps. 958 million, resulting in an operating margin of 3.7%, a 10 basis point improvement from the prior year.

Recent Developments

FEMSA to acquire KOF shares from The Coca-Cola Company

Pursuant to the Memorandum of Understanding agreed to by FEMSA and The Coca-Cola Company (TCCC) in the context of KOF's acquisition of Panamco in 2003, FEMSA will acquire from TCCC 147,981,161 D shares of KOF representing 8.01% of the equity of the company, at a price of US\$ 2.888 per share for an aggregate amount of US\$ 427.4 million. The transaction will take place on November 3, 2006. Following the transaction, ownership stakes in KOF will be 53.73% for FEMSA, 31.60% for TCCC, and the public float will remain unchanged at 14.67%. This transaction reflects FEMSA's conviction in the compelling growth and return prospects of the leading bottler in Latin America.

FEMSA Cerveza

FEMSA Cerveza developed and launched its first Flavored Alcoholic Beverage, *Soul Citric*, leveraging the company's operating and marketing assets and capabilities. *Soul Citric* is a malt-based beverage targeted at young adults, and will be distributed mainly in the on-premise channel as well as through Oxxo.

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CONFERENCE CALL INFORMATION:

Our Third Quarter and First Nine Months of 2006 Conference Call will be held on: Monday October 30, 2006, 9:00 A.M. Eastern Time (8:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 1-888-202-2422, International: 913-981-5592. This Conference Call will also be transmitted through live webcast at www.femsa.com/investor

If you are unable to participate live, an instant replay of the conference call will be available through November 5, 2006. To listen to the replay please dial: Domestic U.S.: 1-888-203-1112; International: 719-457-0820, Passcode: 4885114.

Set forth in this press release is certain unaudited financial information for FEMSA for the third quarter and first nine months of 2006 compared to the third quarter and nine months of 2005. We are a holding company whose principal activities are grouped under the following sub-holding companies and carried out by their respective operating subsidiaries: Coca-Cola FEMSA, S.A. de C.V., which engages in the production, distribution and marketing of non-alcoholic beverages; FEMSA Cerveza, S.A. de C.V., which engages in the production, distribution and marketing of beer and flavored alcoholic beverages; and FEMSA Comercio, S.A. de C.V., which engages in the operation of convenience stores.

All of the figures in this report were prepared in accordance with Financial Reporting Standards (Mexican GAAP) and have been restated in constant Mexican pesos (Pesos or Ps.) with purchasing power as of September 30, 2006. As a result, all percentage changes are expressed in real terms.

The translations of Mexican pesos into U.S. dollars are included solely for the convenience of the reader, using the exchange rate provided by the company in the tables that accompany this release. The exchange rate used for this purpose is 11.0152 Mexican pesos per U.S. dollar, which is as of the end of the reporting period.

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
Expressed in Millions of Pesos

	For the third quarter of:					For the nine months of:				
	2006	% of rev.	2005	% of rev.	% Increase	2006	% of rev.	2005	% of rev.	% Increase
Net sales	32,070	99.7	28,105	99.6	14.1	92,229	99.7	80,773	99.5	14.2
Other operating revenues	82	0.3	126	0.4	(34.9)	303	0.3	411	0.5	(26.3)
Total revenues	32,152	100.0	28,231	100.0	13.9	92,532	100.0	81,184	100.0	14.0
Cost of sales	17,522	54.5	15,105	53.5	16.0	50,043	54.1	43,367	53.4	15.4
Gross profit	14,630	45.5	13,126	46.5	11.5	42,489	45.9	37,817	46.6	12.4
Administrative expenses	2,072	6.4	1,766	6.3	17.3	6,061	6.6	5,312	6.5	14.1
Selling expenses	8,105	25.3	7,035	24.9	15.2	23,739	25.6	20,765	25.6	14.3
Operating expenses	10,177	31.7	8,801	31.2	15.6	29,800	32.2	26,077	32.1	14.3
Income from operations	4,453	13.8	4,325	15.3	3.0	12,689	13.7	11,740	14.5	8.1
Interest expense	(1,009)		(1,155)		(12.6)	(3,040)		(3,366)		(9.7)
Interest income	194		186		4.3	543		485		12.0
Interest expense, net	(815)		(969)		(15.9)	(2,497)		(2,881)		(13.3)
Foreign exchange (loss) gain	264		74		N.S.	(116)		213		N.S.
Gain (loss) on monetary position	587		342		71.6	805		648		24.2
Unhedged derivative instrument (loss) gain	80		(92)		N.S.	(44)		(54)		(18.5)
Integral result of financing	116		(645)		N.S.	(1,852)		(2,074)		(10.7)
Other (expenses) income	(392)		(118)		N.S.	(746)		(372)		N.S.
Income before taxes	4,177		3,562		17.3	10,091		9,294		8.6
Taxes	(1,399)		(1,192)		17.4	(3,394)		(3,460)		(1.9)
Net income	2,778		2,370		17.3	6,697		5,834		14.8
Net majority income	1,929		1,733		11.3	4,905		4,036		21.5
Net minority income	849		637		33.3	1,792		1,798		(0.3)
EBITDA & CAPEX										
Income from operations	4,453	13.8	4,325	15.3	3.0	12,689	13.7	11,740	14.5	8.1
Depreciation	1,073	3.3	986	3.5	8.8	3,076	3.3	2,755	3.4	11.7
Amortization & other	881	2.8	806	2.9	9.3	2,752	3	2,582	3.1	6.6

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EBITDA	6,407	19.9	6,117	21.7	4.7	18,517	20.0	17,077	21.0	8.4
CAPEX	2,163		1,673		29.3	5,510		4,305		28.0

<i>FINANCIAL RATIOS</i>	2006	2005	Var. p.p.
Liquidity ⁽¹⁾	0.92	1.38	(0.47)
Interest coverage ⁽²⁾	7.42	5.93	1.49
Leverage ⁽³⁾	0.88	0.91	(0.03)
Capitalization ⁽⁴⁾	33.88%	35.85%	(1.97)

(1) Total current assets / total current liabilities.

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

(3) Total liabilities / total stockholders' equity.

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

Total debt = short-term bank loans + current maturities long-term debt + long-term bank loans and notes payable.

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FEMSA

Consolidated Balance Sheet
As of September 30:
(Expressed in Millions of Pesos as of September 30, 2006)

	2006	2005	% Increase
ASSETS			
Cash and cash equivalents	10,821	8,963	20.7
Accounts receivable	5,805	5,045	15.1
Inventories	7,133	6,272	13.7
Prepaid expenses and other	2,216	1,797	23.3
Total current assets	25,975	22,077	17.7
Property, plant and equipment, net	50,513	48,169	4.9
Intangible assets ⁽¹⁾	54,054	48,955	10.4
Deferred assets	7,084	6,375	11.1
Other assets	3,873	4,265	(9.2)
TOTAL ASSETS	141,499	129,841	9.0
LIABILITIES & STOCKHOLDERS' EQUITY			
Bank loans	5,031	1,177	N.S.
Current maturities long-term debt	6,036	651	N.S.
Interest payable	460	489	(5.9)
Operating liabilities	16,773	13,636	23.0
Total current liabilities	28,300	15,953	77.4
Long-term debt	27,446	36,072	(23.9)
Deferred income taxes	3,419	3,646	(6.2)
Labor liabilities	2,686	2,243	19.8
Other liabilities	4,483	4,110	9.1
Total liabilities	66,334	62,024	6.9
Total stockholders' equity	75,165	67,817	10.8
LIABILITIES AND STOCKHOLDERS' EQUITY	141,499	129,841	9.0

⁽¹⁾ Includes mainly the intangible assets generated by acquisitions.

DEBT MIX	September 30, 2006		
	<i>Ps.</i>	<i>% Integration</i>	<i>Average Rate</i>
Denominated in:			
Mexican pesos	25,369	65.9%	9.6%
Dollars	11,603	30.1%	6.9%
Brazilian Reals	550	1.4%	10.4%
Venezuelan bolivars	381	1.0%	11.2%

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Colombian pesos	452	1.2%	14.0%
Argentinian pesos	158	0.4%	9.3%
Total debt	38,513	100.0%	8.9%

Fixed rate ⁽¹⁾	35,135	91.2%
Variable rate ⁽¹⁾	3,378	8.8%

<i>% of Total Debt</i>	2006	2007	2008	2009	2010	2011	2012+
DEBT MATURITY PROFILE	16.2%	12.8%	13.8%	14.7%	12.7%	10.8%	19.1%

⁽¹⁾ Includes the effect of interest rate swaps.

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Coca-Cola FEMSA

Results of Operations
Expressed in Millions of Pesos

	For the third quarter of:					For the nine months of:				
	2006	% of rev.	2005	% of rev.	% Increase	2006	% of rev.	2005	% of rev.	% Increase
Net sales	14,328	99.7	13,131	99.3	9.1	41,555	99.7	38,799	99.3	7.1
Other revenues	41	0.3	97	0.7	(57.7)	138	0.3	278	0.7	(50.4)
Total revenues	14,369	100.0	13,228	100.0	8.6	41,693	100.0	39,077	100.0	6.7
Cost of sales	7,534	52.4	6,713	50.7	12.2	21,719	52.1	19,949	51.1	8.9
Gross profit	6,835	47.6	6,515	49.3	4.9	19,974	47.9	19,128	48.9	4.4
Administrative expenses	766	5.3	720	5.4	6.3	2,310	5.5	2,159	5.5	7.0
Selling expenses	3,722	26.0	3,528	26.8	5.5	10,950	26.3	10,473	26.8	4.6
Operating expenses	4,488	31.3	4,248	32.2	5.6	13,260	31.8	12,632	32.3	5.0
Income from operations	2,347	16.3	2,267	17.1	3.5	6,714	16.1	6,496	16.6	3.4
Depreciation	403	2.8	336	2.5	19.9	1,123	2.7	1,009	2.6	11.3
Amortization & other	370	2.6	296	2.3	25.0	1,044	2.5	897	2.3	16.4
EBITDA	3,120	21.7	2,899	21.9	7.6	8,881	21.3	8,402	21.5	5.7
Capital expenditures	673		537		25.3	1,813		1,146		58.2
Sales volumes (Millions of unit cases)										
Mexico	272.9	54.3	262.4	55.6	4.0	808.2	54.9	768.7	55.0	5.1
Central America	29.7	5.9	26.9	5.7	10.4	87.6	5.9	81.0	5.8	8.1
Colombia	49.7	9.9	45.4	9.6	9.5	137.0	9.3	131.9	9.4	3.9
Venezuela	47.7	9.5	44.3	9.4	7.7	132.8	9.0	129.9	9.3	2.2
Brazil	64.0	12.7	59.0	12.5	8.5	192.0	13.0	179.7	12.9	6.8
Argentina	39.1	7.8	34.3	7.2	14.0	116.8	7.9	105.6	7.6	10.6
Total Coca-Cola FEMSA	503.1	100.0	472.3	100.0	6.5	1,474.4	100.0	1,396.8	100.0	5.6

October 27, 2006

FEMSA Cerveza

Results of Operations
Expressed in Millions of Pesos

For the third quarter of:

	FEMSA Cerveza					Kaiser		Total FEMSA Cerveza	
	2006	% of rev.	2005	% of rev.	% Increase	2006	% of rev.	2006	% of rev.
Domestic beer sales	6,455	79.9	5,994	80.2	7.7			7,409	82.0
Export beer sales	852	10.5	747	10.0	14.1			852	9.4
Beer sales	7,307	90.4	6,741	90.2	8.4			8,261	91.4
Packaging sales	730	9.0	705	9.4	3.5			730	8.1
Net sales	8,037	99.4	7,446	99.6	7.9	954	100.0	8,991	99.5
Other revenues	45	0.6	28	0.4	60.7			45	0.5
Total revenues	8,082	100.0	7,474	100.0	8.1	954	100.0	9,036	100.0
Cost of sales	3,269	40.4	2,954	39.5	10.7	631	66.1	3,900	43.2
Gross profit	4,813	59.6	4,520	60.5	6.5	323	33.9	5,136	56.8
Administrative expenses	951	11.8	897	12.0	6.0	53	5.6	1,004	11.1
Selling expenses	2,203	27.3	1,901	25.5	15.9	242	25.4	2,445	27.0
Operating expenses	3,154	39.1	2,798	37.5	12.7	295	31.0	3,449	38.1
Income from operations	1,659	20.5	1,722	23.0	(3.7)	28	2.9	1,687	18.7
Depreciation	374	4.6	380	5.1	(1.6)	37	3.9	411	4.5
Amortization & other	526	6.6	535	7.2	(1.7)	9	1.0	535	5.9
EBITDA	2,559	31.7	2,637	35.3	(3.0)	74	7.8	2,633	29.1
Capital expenditures	832	0.0	685	0.0	21.5	51		883	0.0
Sales volumes (Thousand hectoliters)									
Domestic	6,651.4	88.7	6,381.0	89.8	4.2			6,651.4	69.6
Exports	843.2	11.3	722.5	10.2	16.7			843.2	8.8
Brazil						2,055.9	100.0	2,055.9	21.5
Total	7,494.6	100.0	7,103.5	100.0	5.5	2,055.9	100.0	9,550.5	100.0
Price per hectoliter									
Domestic	970.5		939.4		3.3				
Exports	1,010.4		1,033.9		(2.3)				
Brazil						464.0			
Total	975.0		949.0		2.7	464.0			

October 27, 2006

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FEMSA Cerveza

Results of Operations
Expressed in Millions of Pesos

For the nine months of:

FEMSA Cerveza					Kaiser	Total FEMSA Cerveza	
2006	% of rev.	2005	% of rev.	% Increase	2006	% of rev. 2006	% of rev.