

MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
April 26, 2018

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 Abril 2018

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

(Exact name of Registrant as specified in its charter)

Mexican Economic Development, Inc.

(Translation of Registrant's name into English)

United Mexican States

(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.

Colonia Bella Vista

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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 First Quarter 2018 Results

Monterrey, Mexico, April 26, 2018 — Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) (NYSE: FMX; BMV: FEMSAUBD) announced today its operational and financial results for the first quarter of 2018.

FINANCIAL HIGHLIGHTS:

- 40 basis points of gross margin expansion at FEMSA Consolidated
- 22.5% Income from operations growth at FEMSA Comercio’s Retail Division
- 11.6% Income from operations growth at FEMSA Comercio’s Health Division
- Operating margin recovery to 1.3% of total revenues at FEMSA Comercio’s Fuel Division
- 2.5% volume growth at Coca-Cola FEMSA Brazil

FINANCIAL SUMMARY FOR THE FIRST QUARTER OF 2018

Change vs. same period of last year

	Revenues		Gross Profit		Income from Operations		Same-Store Sales	
FEMSA CONSOLIDATED	4.0	%	5.1	%	3.9	%		
FEMSA COMERCIO								
Retail Division	13.9	%	15.1	%	22.5	%	7.5	%
Health Division	3.6	%	8.3	%	11.6	%	0.8	%
Fuel Division	16.2	%	42.6	%	121.0	%	3.6	%
COCA-COLA FEMSA	(3.2)%	(1.7)%	(3.4)%		

Eduardo Padilla, FEMSA’s CEO, commented:

“There are a number of reasons to be cautiously optimistic in our results for the first quarter. FEMSA Comercio’s Retail Division showed solid growth trends across its income statement, although we must remember that some of that came from the Holy Week calendar shift and we will likely give it back in the month of April. Nevertheless, profitability trends were structurally positive. The Health Division delivered improved results from Mexico, which may be the first signs that we are turning a corner in this key market after much hard work, while the Fuel Division faced an undemanding comparable base and thus delivered another quarter of gradual sequential recovery in profitability. And at Coca-Cola FEMSA, we continued to see promising signs in our key Brazilian operations, as well as a resilient environment in Mexico, while the team again navigated challenging consumer, cost and tax conditions across several of our markets.

It is also encouraging to see inflation coming down fast in Mexico, bolstering real wage growth, although we continue to expect volatility in the exchange rate in the coming months that could yet spill over and reverse those positive inflation trends. All told, FEMSA’s first quarter results came in a little better than we expected in several of our operations, but the second quarter will be tougher based on the calendar shift, and we continue to expect choppy waters ahead.”

Quarterly results are compared to the same period of previous year

femsa consolidated

FEMSA CONSOLIDATED

1Q18 Financial Summary

(Millions of Ps.)

	1Q18	1Q17	Var.	
Revenues	115,337	110,862	4.0	%
Income from Operations	8,412	8,093	3.9	%
Income from Operations Margin (%)	7.3	7.3	0	bps
Operative Cash Flow (EBITDA)	13,006	13,175	-1.3	%
Operative Cash Flow (EBITDA) Margin (%)	11.3	11.9	-60	bps
Net Income	1,478	6,590	-77.6	%

CONSOLIDATED BALANCE SHEET

(Millions of Ps.)

As of March 31, 2018	Ps.	US\$ ³
Cash	81,112	4,465
Short-term debt	12,470	686
Long-term debt	105,852	5,826
Net debt⁴	37,210	2,048

Total revenues increased 4.0% in 1Q18 compared to 1Q17, mainly reflecting solid growth at FEMSA Comercio's Retail Division. On an organic basis,¹ total revenues grew 5.2%.

Gross profit increased 5.1%. Gross margin increased 40 basis points, reflecting gross margin expansion across all businesses.

Income from operations increased 3.9%. On an organic basis,¹ income from operations decreased 0.8%. Consolidated operating margin remained stable at 7.3% of total revenues.

Our **effective income tax rate** was 49.9% in 1Q18. A lower Income before income tax base magnified the impact of certain recurrent and permanent tax effects.

Net consolidated income decreased 77.6%, mainly driven by a non-cash foreign exchange loss related to FEMSA's U.S. dollar-denominated cash position as impacted by the appreciation of the Mexican peso, which was partially offset by lower interest expense and an increase in income from operations.

Net majority income in 1Q18 was not significant, representing Ps. 0.0006 per FEMSA Unit² and US\$ 0.0003 per FEMSA ADS.

Capital expenditures amounted to Ps. 4,091 million in 1Q18, reflecting lower investments at Coca-Cola FEMSA.

¹ Excludes the effects of significant mergers and acquisitions in the last twelve months. Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place at the beginning of January 2017. Excludes the results of Coca-Cola FEMSA de Venezuela in 2017.

² 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 March 31, 2018 was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

³ The exchange rate published by the Federal Reserve Bank of New York for March 30, 2018 was 18.1676 MXN per USD.

⁴ Includes the effect of derivative financial instruments on long-term debt.

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FEMSA COMERCIO – RETAIL DIVISION

FEMSA COMERCIO – RETAIL DIVISION

1Q18 Financial Summary

(Millions of Ps. except same-stores sales)

	1Q18	1Q17	Var.	
Same-store sales (thousands of Ps.)	729	678	7.5	%
Revenues	38,806	34,070	13.9	%
Income from Operations	1,873	1,529	22.5	%
Income from Operations Margin (%)	4.8	4.5	30	<i>bps</i>
Operative Cash Flow (EBITDA)	3,166	2,660	19.0	%
Operative Cash Flow (EBITDA) Margin (%)	8.2	7.8	40	<i>bps</i>

Total revenues increased 13.9% in 1Q18 compared to 1Q17, reflecting the opening of 237 net new OXXO stores in the quarter to reach 1,362 total net new store openings for the last twelve months. As of March 31, 2018, FEMSA Comercio's Retail Division had a total of 16,763 OXXO stores. OXXO's same-store sales increased an average of 7.5%, reflecting resilient consumer demand as well as the benefit from the Holy Week calendar shift. This performance was driven by a 5.1% increase in average customer ticket and an increase of 2.4% in store traffic.

Gross profit increased by 15.1%, resulting in a gross margin expansion of 40 basis points to 36.0% of total revenues. This expansion mainly reflects i) sustained growth of the services category, including income from financial services; and ii) healthy trends in our commercial income activity.

Income from operations increased 22.5%. Operating expenses increased 14.1% to Ps. 12,101 million, slightly above revenues, reflecting a combination of: i) a favorable calendar and profitability comparison base in 1Q17, when retail operating income and margin fell; ii) a decrease in electricity tariffs; iii) investments related to certain IT projects; and iv) increased secure cash transportation costs driven by incremental volume. The healthy growth in revenues drove higher operating leverage, and therefore operating margin expanded by 30 basis points to 4.8% of total revenues.

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FEMSA COMERCIO – HEALTH DIVISION

FEMSA COMERCIO – HEALTH DIVISION

1Q18 Financial Summary

(Millions of Ps. except same-stores sales)

	1Q18	1Q17	Var.	
Same-store sales (thousands of Ps.)	1,547	1,535	0.8	%
Revenues	12,454	12,024	3.6	%
Income from Operations	280	251	11.6	%
<i>Income from Operations Margin (%)</i>	<i>2.2</i>	<i>2.1</i>	<i>10 bps</i>	
Operative Cash Flow (EBITDA)	531	498	6.6	%
<i>Operative Cash Flow (EBITDA) Margin (%)</i>	<i>4.3</i>	<i>4.1</i>	<i>20 bps</i>	

Total revenues increased 3.6% in 1Q18 compared to 1Q17, facing a tough comparison base and reflecting moderate growth in our South American operations, and the early signs of improving trends in Mexico. As of March 31, 2018 FEMSA Comercio's Health Division had a total of 2,235 points of sale across our territories, reflecting the addition of 10 net new stores in the quarter to reach 99 total net new store openings for the last twelve months. Same-store sales for drugstores increased by an average of 0.8%.

Gross profit increased by 8.3%, resulting in a gross margin expansion of 130 basis points to 29.7% of total revenues, reflecting positive sales mix as well as a more effective collaboration and execution with key supplier partners across our operations and to benefits that are gradually beginning to materialize in Mexico, through the incipient leverage of our recently integrated operating platform.

Income from operations increased 11.6%. Operating expenses increased 8.0% to Ps. 3,416 million. Operating margin expanded by only 10 basis points to 2.2% of total revenues, reflecting higher expenses in Mexico as we strengthen our commercial team and our distribution capabilities.

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FEMSA COMERCIO – FUEL DIVISION

FEMSA COMERCIO – FUEL DIVISION

1Q18 Financial Summary

(Millions of Ps. except same-stations sales)

	1Q18	1Q17	Var.	
Same-station sales (thousands of Ps.)	8,163	7,877	3.6	%
Revenues	10,593	9,114	16.2	%
Income from Operations	137	62	121.0	%
Income from Operations Margin (%)	1.3	0.7	60	bps
Operative Cash Flow (EBITDA)	174	92	89.1	%
Operative Cash Flow (EBITDA) Margin (%)	1.6	1.0	60	bps

Total revenues increased 16.2% in 1Q18 compared to 1Q17, reflecting the addition of 15 net new OXXO GAS stations in the quarter to reach 79 total net new stations for the last twelve months. As of March 31, 2018, FEMSA Comercio's Fuel Division had a total of 467 OXXO GAS service stations. Same-station sales increased an average of 3.6%, as average price per liter increased by 8.9%, while average volume decreased 4.8%.

Gross profit increased by 42.6% resulting in a gross margin recovery of 160 basis points to 8.4% of total revenues, reflecting a low comparable base as gross profit per liter remained flat in 1Q17 versus 2016 in peso terms.

Income from operations increased 121.0%. Operating expenses increased 33.9% to Ps. 750 million, above revenues. However, operating margin recovered 60 basis points to 1.3% of total revenues, reflecting better operating leverage that more than offset higher regulatory expenses.

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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.

On March 16, 2018, FEMSA held its Annual Ordinary General Shareholders Meeting, during which the shareholders approved the Company's annual report for 2017 prepared by the Chief Executive Officer, the Company's consolidated financial statements for the year ended December 31, 2017 and the election of the Board of Directors and its Committees for 2018. The shareholders approved the payment of a cash dividend in the amount of Ps. 9,221 million, consisting of Ps. 0.5748 per each Series "D" share and Ps. 0.4598 per each Series "B" share, which amounts to Ps. 2.7590 per "BD" Unit (BMV: FEMSAUBD) or Ps. 27.590 per ADS (NYSE: FMX), and Ps. 2.2991 per "B" Unit (BMV: FEMSAUB). The dividend payment will be split in two equal payments, payable on May 4, 2018 and November 6, 2018. In addition, the shareholders established the amount of Ps. 7,000 million as the maximum amount that could potentially be used for the Company's share repurchase program during 2018.

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CONFERENCE CALL INFORMATION:

Our First Quarter 2018 Conference Call will be held on: Thursday, April 26, 2018, 10:00 AM Eastern Time (9:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (888) 500 6975; International: (719) 325 2140; Conference Id: 4396866. The conference call will be webcast live through streaming audio. For details please visit www.femsa.com/investor.

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

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

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the noon buying rate for Mexican pesos as published by the Federal Reserve Bank of New York on March 30, 2018, which was 18.1676 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 first quarter of:					
	2018	% of rev.	2017	% of rev.	% Var.	% Org ^(A)
Total revenues	115,337	100.0	110,862	100.0	4.0	5.2
Cost of sales	73,973	64.1	71,507	64.5	3.4	
Gross profit	41,364	35.9	39,355	35.5	5.1	
Administrative expenses	4,292	3.7	4,226	3.8	1.6	
Selling expenses	28,463	24.7	27,371	24.7	4.0	
Other operating expenses (income), net ⁽¹⁾	197	0.2	(335)	(0.3)	(158.8)	
Income from operations ⁽²⁾	8,412	7.3	8,093	7.3	3.9	(0.8)
Other non-operating expenses (income)	189		(2,261)		(108.4)	
Interest expense	2,592		3,108		(16.6)	
Interest income	767		339		126.3	
Interest expense, net	1,825		2,769		(34.1)	
Foreign exchange loss (gain)	4,933		1,666		196.1	
Other financial expenses (income), net.	256		(1,027)		(124.9)	
Financing expenses, net	7,014		3,408		105.8	
Income before income tax and participation in associates results	1,209		6,946		(82.6)	
Income tax	603		1,649		(63.4)	
Participation in associates results ⁽³⁾	872		1,293		(32.6)	
Net consolidated income	1,478		6,590		(77.6)	
Net majority income	2		3,291		(99.9)	
Net minority income	1,476		3,299		(55.3)	
Operative Cash Flow & CAPEX	2018	% of rev.	2017	% of rev.	% Var.	% Org ^(A)
Income from operations	8,412	7.3	8,093	7.3	3.9	(0.8)
Depreciation	3,818	3.3	3,803	3.4	0.4	
Amortization & other non-cash charges	776	0.7	1,279	1.2	-39.3	
Operative Cash Flow (EBITDA)	13,006	11.3	13,175	11.9	-1.3	1.3
CAPEX	4,091		5,835			
Financial Ratios	2018		2017		Var. p.p.	
Liquidity ⁽⁴⁾	1.46		1.73		(0.27)	
Interest coverage ⁽⁵⁾	7.13		4.76		2.37	
Leverage ⁽⁶⁾	0.83		0.75		0.08	
Capitalization ⁽⁷⁾	28.28 %		27.80 %		0.48	

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(A) Organic basis (% Org.) Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place at January 2017. Excludes 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	Mar-18	Dec-17	% Var.
Cash and cash equivalents	81,112	96,944	(16.3)
Investments	13,048	2,160	N.S.
Accounts receivable	25,985	32,316	(19.6)
Inventories	34,323	34,840	(1.5)
Other current assets	18,781	14,928	25.8
Total current assets	173,249	181,188	(4.4)
Investments in shares	92,278	96,097	(4.0)
Property, plant and equipment, net	112,193	116,712	(3.9)
Intangible assets ⁽¹⁾	148,232	154,093	(3.8)
Other assets	45,118	40,451	11.5
TOTAL ASSETS	571,070	588,541	(3.0)
LIABILITIES & STOCKHOLDERS' EQUITY			
Bank loans	2,453	2,830	(13.3)
Current maturities of long-term debt	10,017	10,760	(6.9)
Interest payable	1,358	976	39.1
Operating liabilities	105,186	90,456	16.3
Total current liabilities	119,014	105,022	13.3
Long-term debt ⁽²⁾	105,852	110,917	(4.6)
Labor liabilities	5,260	5,373	(2.1)
Other liabilities	28,435	30,317	(6.2)
Total liabilities	258,561	251,629	2.8
Total stockholders' equity	312,509	336,912	(7.2)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	571,070	588,541	(3.0)

DEBT MIX ⁽²⁾	March 31, 2018			
	% of Total		Average Rate	
Denominated in:				
Mexican pesos	41.4	%	8.0	%
U.S. Dollars	0.9	%	3.0	%
Euros	18.3	%	1.8	%
Colombian pesos	2.1	%	7.6	%
Argentine pesos	0.1	%	22.4	%
Brazilian reais	33.7	%	7.1	%
Chilean pesos	3.5	%	5.9	%
Total debt	100.0	%	6.5	%

Fixed rate⁽²⁾ 84.9 %
 Variable rate⁽²⁾ 15.1 %

DEBT MATURITY PROFILE	2018	2019	2020	2021	2022	2023+
% of Total Debt	12.5 %	6.1 %	9.1 %	5.8 %	1.8 %	64.7 %

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

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

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

	For the first quarter of:				
	2018	% of rev.	2017	% of rev.	% Var.
Total revenues	38,806	100.0	34,070	100.0	13.9
Cost of sales	24,832	64.0	21,934	64.4	13.2
Gross profit	13,974	36.0	12,136	35.6	15.1
Administrative expenses	867	2.2	775	2.3	11.9
Selling expenses	11,165	28.8	9,764	28.6	14.3
Other operating expenses (income), net	69	0.2	68	0.2	1.5
Income from operations	1,873	4.8	1,529	4.5	22.5
Depreciation	1,171	3.0	1,014	3.0	15.5
Amortization & other non-cash charges	122	0.4	117	0.3	4.3
Operative cash flow	3,166	8.2	2,660	7.8	19.0
CAPEX	1,503		1,625		(7.5)
Information of OXXO Stores					
Total stores	16,763		15,401		8.8
Net new convenience stores:					
vs. Last quarter	237		176		34.7
Last-twelve-months	1,362		1,203		13.2
Same-store data: ⁽¹⁾					
Sales (thousands of pesos)	729.0		677.8		7.5
Traffic (thousands of transactions)	21.9		21.4		2.4
Ticket (pesos)	33.3		31.7		5.1

⁽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 first quarter of:				
	2018	% of rev.	2017	% of rev.	% Var.
Total revenues	12,454	100.0	12,024	100.0	3.6
Cost of sales	8,758	70.3	8,610	71.6	1.7
Gross profit	3,696	29.7	3,414	28.4	8.3
Administrative expenses	485	3.9	453	3.8	7.1
Selling expenses	2,910	23.4	2,700	22.4	7.8
Other operating expenses (income), net	21	0.2	10	0.1	110.0
Income from operations	280	2.2	251	2.1	11.6
Depreciation	166	1.3	161	1.3	3.1
Amortization & other non-cash charges	85	0.8	86	0.7	(1.2)
Operative cash flow	531	4.3	498	4.1	6.6
CAPEX	351		196		79.1
Information of Stores					
Total stores	2,235		2,136		4.6
Net new stores ⁽¹⁾ :					
vs. Last quarter	10		16		(37.5)
Last-twelve-months	99		201		(50.7)
Same-store data: ⁽²⁾					
Sales (thousands of pesos)	1,547.1		1,534.8		0.8

⁽¹⁾ Aquisitions are included.

⁽²⁾ 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 first quarter of:				
	2018	% of rev.	2017	% of rev.	% Var.
Total revenues	10,593	100.0	9,114	100.0	16.2
Cost of sales	9,706	91.6	8,492	93.2	14.3
Gross profit	887	8.4	622	6.8	42.6
Administrative expenses	52	0.5	37	0.4	40.5
Selling expenses	697	6.6	521	5.7	33.8
Other operating expenses (income), net	1	-	2	-	-
Income from operations	137	1.3	62	0.7	121.0
Depreciation	30	0.3	24	0.3	25.0
Amortization & other non-cash charges	7	-	6	-	16.7
Operative cash flow	174	1.6	92	1.0	89.1
CAPEX	64		38		68.4
Information of OXXO GAS Service Stations					
Total service stations	467		388		20.4
Net new service stations					
vs. Last quarter	15		6		150.0
Last-twelve-months	79		69		14.5
Volume (million of liters) total stations	674.1		631.1		6.8
Same-stations data: ⁽¹⁾					
Sales (thousands of pesos)	8,162.6		7,876.5		3.6
Volume (thousands of liters)	519.1		545.5		(4.8)
Average price per liter	15.7		14.4		8.9

(1) 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 first quarter of:					
	2018	% of rev.	2017	% of rev.	% Var. ^(A)	% Org. ^(B)
Total revenues	49,713	100.0	51,357	100.0	(3.2)	(0.9)
Cost of sales	27,796	55.9	29,060	56.6	(4.3)	
Gross profit	21,917	44.1	22,297	43.4	(1.7)	
Administrative expenses	2,521	5.1	2,271	4.4	11.0	
Selling expenses	13,413	27.0	14,373	27.9	(6.7)	
Other operating expenses (income), net	100	0.2	(437)	(0.9)	(122.9)	
Income from operations	5,883	11.8	6,090	11.9	(3.4)	(9.2)
Depreciation	2,353	4.7	2,496	4.9	(5.7)	
Amortization & other non-cash charges	470	1.0	968	1.8	(51.4)	
Operative cash flow	8,706	17.5	9,554	18.6	(8.9)	(5.6)
CAPEX	1,865		3,834		(51.3)	
Sales volumes (Millions of unit cases)						
Mexico and Central America	474.9	52.2	473.0	53.7	0.4	
South America	118.3	13.0	126.0	14.3	(6.1)	
Brazil	194.8	21.5	190.1	21.6	2.5	
Philippines	119.9	13.2	92.3	10.5	29.9	
Total	907.8	100.0	881.3	89.5	3.0	

^(A) The consolidation of Coca-Cola Philippines started on February 1, 2017 additionally the results from Coca-Cola FEMSA de Venezuela are no longer included as of January 1, 2018

^(B) Organic basis (% Org.) Includes the results of Coca-Cola FEMSA Philippines Inc., as if consolidation had taken place at January 2017 and excludes the results of Coca-Cola FEMSA Venezuela in 2017.

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Macroeconomic Information

	Inflation			End-of-period Exchange Rates			
	1Q 2018		LTM ⁽¹⁾ Mar-18	Mar-18		Dec-17	
				Per USD	Per MXN	Per USD	Per MXN
Mexico	1.30	%	5.13	% 18.34	1.0000	19.74	1.0000
Colombia	2.05	%	3.07	% 2,780.47	0.0066	2,984.00	0.0066
Venezuela	216.31	%	4394.50	% 71,176.12	0.0003	22,793.30	0.0009
Brazil	0.93	%	2.83	% 3.32	5.5191	3.31	5.9660
Argentina	6.74	%	25.48	% 20.15	0.9104	18.65	1.0583
Chile	0.55	%	1.79	% 605.26	0.0303	615.22	0.0321
Philippines	2.59	%	4.41	% 52.21	0.3514	49.92	0.3953
Euro Zone	-1.43	%	0.00	% 0.81	22.6404	0.84	23.5729

(1)LTM = Last twelve months.

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2018 FIRST QUARTER RESULTS

Mexico City, April 25, 2018, Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA” or the “Company”), the largest Coca-Cola franchise bottler in the world by sales volume, announces results for the first quarter of 2018.

⁽¹⁾Comparability

The comparability of our financial and operating performance in the first quarter of 2018, as compared to the same period of 2017, was affected by the following factors: (a) as previously announced, due to a change in reporting method, the results from Coca-Cola FEMSA de Venezuela are no longer included in our consolidated financial statements as of January 1, 2018; and (b) the consolidation of Coca-Cola FEMSA Philippines commencing on February 1, 2017. In addition, the consolidation generated a one-time non-cash gain during the first quarter of 2017.

In order to better describe the performance of our business, for certain information we present the comparable figures excluding the effects of: (i) mergers, acquisitions, and divestitures, (ii) translation effects resulting from exchange rate movements, (iii) the results of Coca-Cola FEMSA de Venezuela in 2017; and including the results of Coca-Cola FEMSA Philippines, Inc., as if its consolidation had taken place at the beginning of first quarter 2017.

Furthermore, as of January 1, 2018, margin comparability in the Philippines was impacted by the excise tax on soft drink production, accounted for in cost of goods sold.

Operational and Financial Highlights

Revenues declined 3.2%, impacted by an unfavorable currency translation effect, while comparable revenues grew 7.2% for the quarter.

Volume increased in Brazil, Central America and Colombia driven by the rollout of our portfolio and affordability initiatives, while transactions outperformed volumes in key markets such as Argentina, Brazil and the Philippines.

Operating income declined 3.4%, while comparable operating income declined 1.1% for the quarter, driven mainly by cost pressures in Central America, Mexico, and the Philippines, partially offset by raw material tailwinds in South America.

Majority net income decreased 59.0% during the first quarter of 2018, as compared to the same period of 2017 which included a one-time non-cash gain related to the consolidation of the Philippines.

Results Summary

<i>Expressed in millions of Mexican pesos.</i>	First Quarter	
	as Reported	Comparable ⁽¹⁾
	2018	D%
Total revenues	49,713 (3.2%)	7.2%
Gross profit	21,917 (1.7%)	6.1%
Operating income	5,883 (3.4%)	(1.1%)
Operating cash flow ⁽²⁾	8,706 (8.9%)	4.0%
Net income attributable to equity holders of the company	2,414 (59.0%)	
Earnings per share ⁽³⁾	1.15	

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

⁽³⁾ Quarterly earnings / outstanding shares as of the end of the period. Outstanding shares as of 1Q'18 were 2,100.8 million