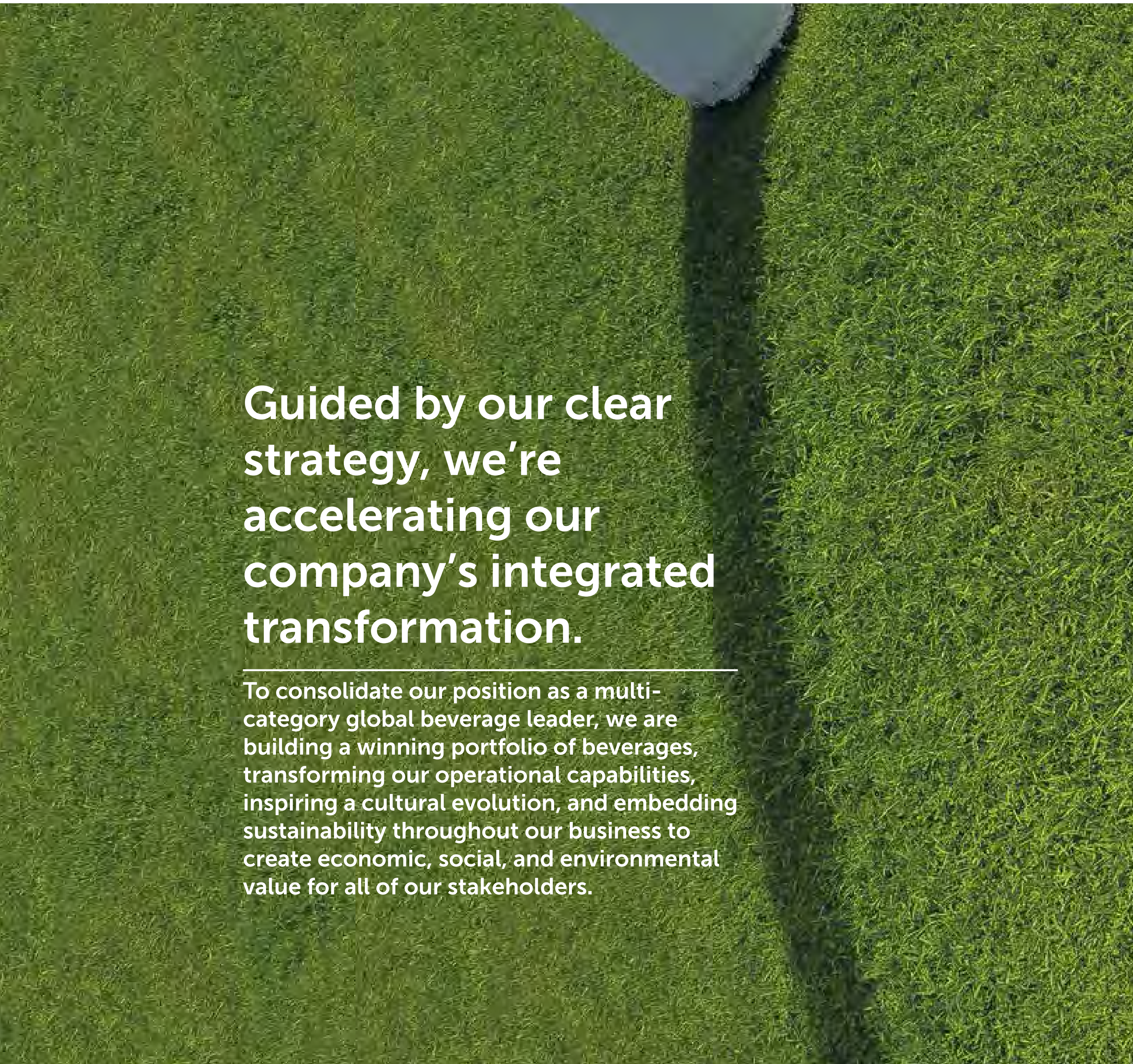
COCA-COLA FEMSA

INTEGRATED REPORT 2017

Integrated

TRANSFORMATION

INTEGRATED transform



Guided by our clear strategy, we're accelerating our company's integrated transformation.

To consolidate our position as a multi-category global beverage leader, we are building a winning portfolio of beverages, transforming our operational capabilities, inspiring a cultural evolution, and embedding sustainability throughout our business to create economic, social, and environmental value for all of our stakeholders.

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Dear
STAKEHOLDERS

Welcome to our inaugural Integrated Annual Report.

Our goal is to offer you a holistic view of our strategic vision, performance, and value creation by providing insight into the financial and non-financial key performance indicators that we use to execute our business strategy. Among our achievements, we accelerated our integrated transformation—focusing on our strategic pillars to consolidate our position as a diversified multi-category global beverages leader.

INTEGRATED TRANSFORMATION STRATEGY

Satisfying our consumers' diverse lifestyles, we're building a winning portfolio for each market, including a wider array of sparkling beverages, waters, teas, juices, sports and energy drinks, dairy and plant-based products. Capitalizing on brand Coca-Cola, we're reigniting our sparkling beverage growth, rolling out affordable entry packs and returnable presentations at the right price points. Underscored by our launch of Coca-Cola Sin Azúcar, we're reinforcing our non-caloric sparkling beverage portfolio.

We're expanding aggressively in the rapidly growing dairy and plant-based nutrition category. With our partner The Coca-Cola Company and the Latin American Coca-Cola bottling system, we closed the acquisition of Unilever's AdeS plant-based beverage business, offering consumers a growing mix of high-protein, low-fat, and cholesterol-free products. In Mexico, we completed a new Santa Clara plant to meet growing demand for our wholesome milk and value-added dairy products.

Driven by our Centers of Excellence' commercial, manufacturing, distribution, and logistics initiatives, we are rapidly transforming our operating model. In 2017, our KOFmmercial Digital Platform (KDP) advanced from deployment to reality throughout Mexico, Brazil, Central America, and the Philippines, improving our point-of-sale execution, portfolio availability, and resource allocation.

Additionally, we deployed our Supply Chain Planning model across our plants, distribution centers, and primary distribution fleet in Mexico and Colombia. Simultaneously, we installed telemetry equipment on our entire Mexican secondary distribution fleet and enabled our delivery routes with our mobile delivery devices. We also began implementing Digital Distribution in Brazil. These initiatives saved US$9.1 million.

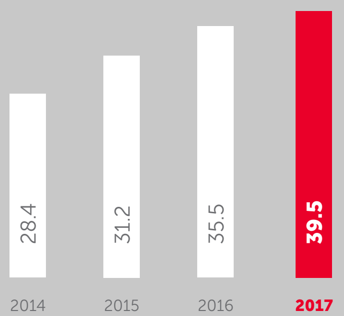
Moreover, rollout of our modular Manufacturing Management Model offers an integrated operational perspective, optimizing costs, driving efficiency,

+3.8 billion
unit cases

+25 billion
transactions

+200 billion
pesos in
total revenues

Operating cash flow
billion Mexican Ps.



Operating cash flow = operating income + depreciation + amortization & other operative non-cash charges and raising productivity. Over the past three years, our manufacturing initiatives increased overall plant efficiency by over six percent—equal to US$250 million of production capacity or avoided CAPEX. We also generated hard manufacturing savings of US$145 million for this period.

We accelerated our cultural evolution, founded on the cornerstones of leadership, talent, and innovation. We're improving our organization health—ranking among the Top 10 Fast Moving Consumer Goods companies; de-layering our organization to empower our operations; engaging in constructive dialogues with employees about their career paths; and developing new collaboration platforms to empower employees to offer ideas and help solve problems.

Furthermore, we ensure sustainability is fully embedded throughout our day-to-day business. Among our results, we used 21% of recycled materials in our PET packaging; covered 100% and 57% of our Brazilian and Mexican bottling operations' power needs with clean energy; returned 100% of the water used to produce our beverages in Brazil, Central America, Colombia, and Mexico to the environment; and benefited over 1.6 million people through our healthy habits programs.

INTEGRATED TRANSFORMATION: OPERATING HIGHLIGHTS

Guided by our integrated strategy, we navigated a complex operating environment to deliver positive results this year. Our reported total sales volume increased 16.1% to 3.87 billion unit cases, with transactions outpacing volumes to reach 25.9 billion. Total revenues grew 14.7% to Ps. 203.8 billion. Operating income grew 9.4% to Ps. 26.2 billion. Operating cash flow grew 11.4% to Ps. 39.5 billion. As we changed the accounting method for our Venezuela operations, we reclassified a non-cash item from equity to our income statement. Consequently, on a comparable basis, earnings per share were Ps. 6.15—33.5% growth for the year.

2017 was a story of transformation and turnaround. In Mexico, we built on last year's growth through the deployment of our transformational initiatives. These initiatives, coupled with product innovation and affordability, enabled us to gain or maintain market share across our still and sparkling beverage categories. Our operation's ability to withstand the effects of hurricanes and earthquakes—while supporting affected communities—merits our recognition.

Countering competition in Central America, we refocused and rebalanced our business to regain volume and transaction growth—positioning our operations for future revenue growth.

After a slow start in Brazil, we are encouraged by its turnaround highlighted by our affordability strategy that enabled us to grow volumes, regain market share in sparkling beverages —reaching a record high by year-end— and improve our profitability. On top of their successful integration of Vonpar—capturing synergies above expectations—our team won the Brazil Execution Cup 2017 for best overall execution among the country's Coca-Cola bottlers.

In Colombia, we rolled out affordable returnable multi-serve presentations, maintaining our market share in a complex year. In Argentina, we enjoyed market share gains in our still beverage category, with non-caloric beverages reaching 30% of our mix. In Venezuela, our team embodied our values, passionately serving our consumers and strengthening our portfolio's position in the market. Finally, in the Philippines, we built on last year, delivering comparable volume and operating cash flow growth.

Our first Integrated Annual Report designed to offer a holistic view of our strategic vision, performance, and value creation.

Moving forward, we renew our focus on every facet of our business. Strategically, our priorities include: accelerating revenue growth; renewing sparkling beverage growth; increasing our still beverage business' scale and profitability; expanding our dairy and plant-based nutrition platform; advancing our operating model transformation; enriching our accretive relationship with The Coca-Cola Company; and attracting, retaining, and developing the best multicultural talent.

On behalf of our employees, we thank you for your continued confidence in our ability to deliver economic, social, and environmental value for you all.

José Antonio Fernández Carbajal
Chairman of the Board

John Santa Maria Otazua
Chief Executive Officer

We remain focused on our strategic framework to continue strengthening our portfolio, transform our operational capabilities, and creating a strong unified corporate culture to continue delivering value for all our stakeholders.

FINANCIAL highlights

Millions of Mexican pesos and U.S. dollars as of December 31, 2017 (except volume and per share data).
Results Under International Financial Reporting Standards.

	(US$) 2017[1]	(Ps.) 2017	(Ps.) 2016	% Change
Sales Volume (million unit cases)	**3,870.6**	**3,870.6**	3,334.0	16.1%
Total Revenues	**10,376**	**203,780**	177,718	14.7%
Income from Operations	**1,333**	**26,175**	23,920	9.4%
Controlling Interest Net Income[2]	**-652**	**-12,802**	10,070	-227.1%
Total Assets	**14,547**	**285,677**	279,256	2.3%
Long-Term Bank Loans and Notes Payable	**3,625**	**71,189**	85,857	-17.1%
Controlling Interest	**6,241**	**122,568**	122,137	0.4%
Capital Expenditures	**744**	**14,612**	12,391	17.9%
Book value per share[3]	**2.97**	**58.34**	58.92	-1.0%

[1] U.S. dollar figures are converted from Mexican pesos using the exchange rate for Mexican pesos published by the U.S. Federal Reserve Board on December 31, 2017, which exchange rate was Ps. 19.6395 to U.S.$1.00.
[2] As of December 31, 2017, the Company changed the method for reporting Coca-Cola FEMSA de Venezuela to Fair Value. Due to this change, a recorded foreign currency translation charge in equity has been reclassified as a non-cash one-time item to the other non-operative expenses line of the Income Statement in accordance with IFRS
[3] Based on 2,100.83 million outstanding ordinary shares in 2017 and 2,072.92 million outstanding ordinary shares in 2016.

Our solid track record of growth and positive performance is driven by our ability to adapt to ever changing market dynamics.

Underscored by our launch of Coca-Cola Sin Azúcar, we're reinforcing our non-caloric sparkling beverage portfolio.

Sales Volume
million unit cases*

2014	3,417
2015	3,436
2016	3,334
2017	**3,871**

Total Revenues
billion Mexican Ps.

2014	147.3
2015	152.4
2016	177.7
2017	**203.8**

Income from Operations
billion Mexican Ps.

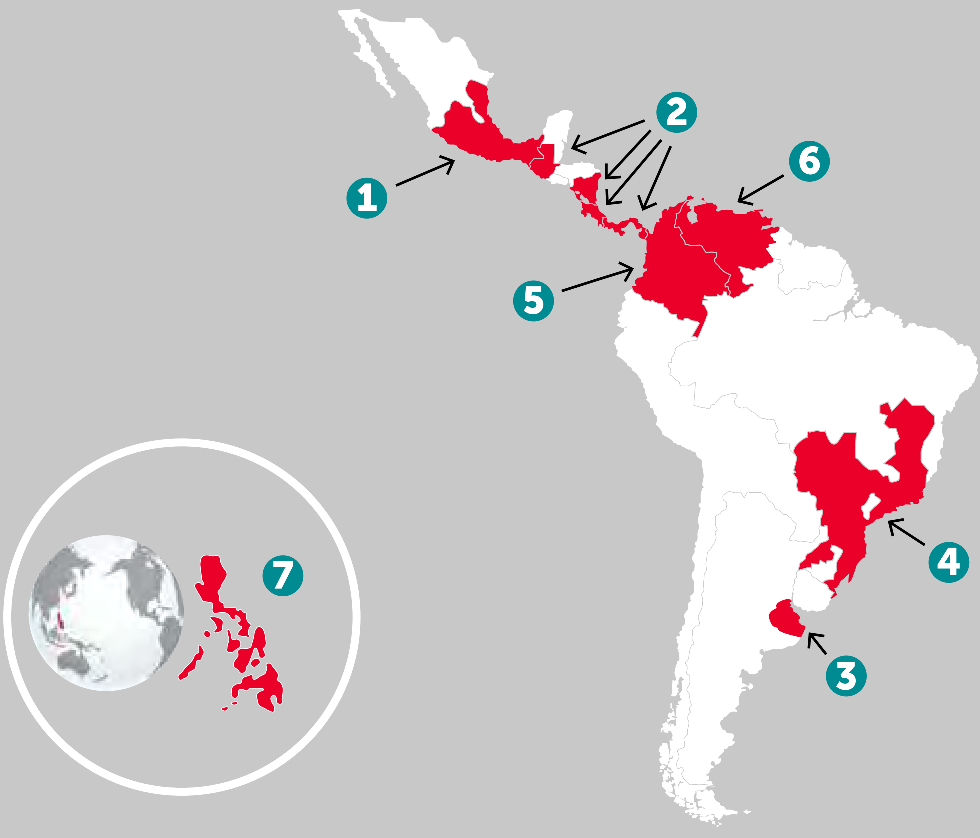
2014	20.7
2015	22.6
2016	23.9
2017	**26.2**

Dividend per Share
Mexican Ps.

2014	2.90
2015	3.09
2016	3.35
2017	**3.35**

* Unit case is a unit of measurement that equals 24 eight-ounce servings of finished beverage.

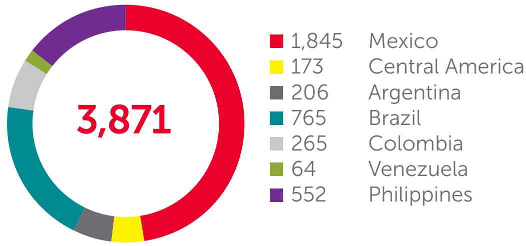
OPERATING highlights



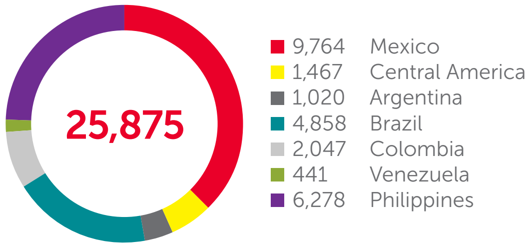
	Population served (millions)	Points of sale	Plants	Distribution Centers
1 Mexico	72.1	853,430	17	145
2 Central America	21.7	118,414	5	36
3 Argentina	12.3	48,396	2	3
4 Brazil	88.4	396,220	10	40
5 Colombia	49.6	372,785	7	24
6 Venezuela	32.1	158,563	4	24
7 Philippines	104.9	818,502	19	52
TOTAL	**381.1**	**2,766,310**	**64**	**324**

	Sparkling Beverages	Water & Bulk Water	Still Beverages
VOLUME[1]	3,028	580	263
TRANSACTIONS[1]	21,572	1,920	2,383

Total Volume[1]
million unit cases

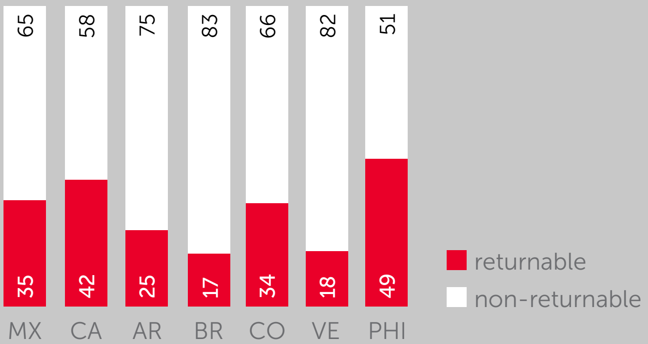


Transactions[1]
million

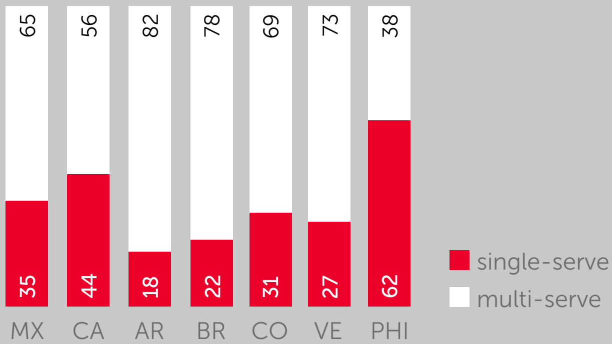


We continue to improve our portfolio of affordable and returnable packages

Product mix by package
% of volume of sparkling beverages



Product mix by size
% of volume of sparkling beverages



PRODUCT MIX BY CATEGORY % of volume of total beverages

	Sparkling	Water[2]	Bulk Water[3]	Still
Mexico	73.0%	5.3%	15.7%	6.0%
Central America	82.5%	6.1%	0.4%	11.0%
Argentina	80.7%	9.9%	1.8%	7.6%
Brazil	88.9%	5.3%	0.9%	4.9%
Colombia	75.4%	9.8%	6.4%	8.4%
Venezuela	85.0%	10.6%	0.8%	3.6%
Philippines	79.4%	4.5%	6.2%	9.9%

[1] Volume and transactions for the Philippines includes February to December.
[2] Excludes still bottled water in presentations of 5.0 Lt. or larger. Includes flavored water.
[3] Bulk water - still water in presentations of 5.0 Lt. or larger. Includes flavored water.

INTEGRATED **strategy**

Multi-category beverage leader with global footprint

CATEGORIES **GEOGRAPHIES**

WINNING PORTFOLIO BUILD-UP

- *Growth in sparkling beverages*
- *Profitable growth in stills*
- *Accelerated growth in dairy*

OPERATING MODEL TRANSFORMATION

- *Commercial Digital Platform*
- *Scalable Solutions in Supply Chain*
- *Global Business Services to leverage growth*
- *Innovative IT strategy*

CULTURAL EVOLUTION

- *Connected and inspiring leadership*
- *Our talent is key*
- *Inside-out perspective and innovation*

CHOICES FOR EVERY LIFESTYLE

SUSTAINABLE COMMUNITIES AND ENVIRONMENT

PROFESSIONAL DEVELOPMENT AND WORKPLACE RIGHTS

SUSTAINABILITY

Disciplined capital allocation

Strategic mergers and acquisitions

Our Integrated Strategy is oriented to generate value to all our stakeholders considering our priorities, capitals and risks.

CAPITALS	COMPANY ENGAGEMENT
Human	One of the pillars of our strategic business framework is encouraging the comprehensive professional and personal development of our people. Through our continuous evolution, we are creating a strong, unified corporate culture, founded on the cornerstones of inspirational leadership, talent management and development, and innovation. In this way, we look to attract, retain, and develop the best multicultural talent to ensure our sustainable success.
Natural	Our business is committed to the responsible use of our natural resources. As the main ingredient in our beverages, we have a comprehensive water strategy, focusing on ensuring efficient water management in our operations, facilitating access to safe water and sanitation in our communities and implementing water conservation and replenishment projects to the environment. We also work to increase energy efficiency across our value chain, while integrating clean and renewable energy to reduce our carbon emissions. In addition, we optimize our packaging materials through continuous packaging innovation; increase in the use of recycled materials and participation in schemes and models that support post-consumption collection.
Social and Relationship	Our communities and other stakeholders are key enablers of our business success. Accordingly, we are committed to creating economic, environmental, and social value by encouraging dialogue and collaboration with our neighbors and stakeholders in order to develop and implement programs and initiatives that address their particular needs, and guarantee the continuity of our social license to operate.
Financial	Our financial and operating discipline, strong capital structure and financial flexibility, passionate team of professionals, transformational initiatives, and adaptability to changing market dynamics enable us to capture organic and inorganic growth opportunities in our industry, while creating sustainable value for our investors.
Intellectual	Through our centers of excellence (CoEs), our business is creating sustainable competitive advantages across our value chain. By developing our critical commercial, supply chain, and manufacturing, distribution and logistics capabilities—while designing and deploying key transformational initiatives—our CoEs drive innovation, generate operating efficiencies and savings, and foster intellectual development across our organization.
Manufactured	Through our highly experienced team of specialists, we operate 64 bottling plants and 324 distributions centers across 10 countries, our company delivers approximately 4 billion unit cases through a primary and secondary fleet of 30,000 trucks to 2.8 million points of sale and serves a population of 381 million annually.

COMPREHENSIVE RISK MANAGEMENT

Our company is present in different countries and regions all over the world. Consequently, we are continually exposed to an environment that is full of challenges and risks. Our ability to manage the risks that may arise in the global environment where we operate is vital for our business value creation. Accordingly, our strategy includes a Comprehensive Risk Management Process through which we are able to identify, measure, assess, prevent and/or mitigate risks.

MAIN RISKS	DESCRIPTION	POTENTIAL IMPACTS	KEY MITIGATION ACTIONS
Strategic shareholder relationships	Our business depends on our relationship with The Coca-Cola Company and FEMSA, and changes in this relationship may adversely affect us.	• Termination of the bottler agreements • Actions contrary to the interests of our shareholders other than The Coca-Cola Company and FEMSA.	• Comply with our bottler agreements • Work together and promote effective interaction between our strategic shareholders in order to maximize growth and profitability and create value for all of our shareholders
Consumer preferences	Changes in consumer preferences, purchase drivers, and consumption habits might reduce demand for some of our products.	• Reduction in the demand for our products	• Diversify our product portfolio with delicious and nutritious options • Provide a wide portfolio of products and presentations • Expand our array of low- and zero-calorie beverages • Promote healthy habits
Coca-Cola trademarks	Coca-Cola's brand reputation or brand violations could adversely affect our business.	• Damage to Coca-Cola's trademark reputation	• Maintain the reputation and intellectual property rights of Coca-Cola trademarks • Effective brand protection • Strictly comply with Responsible Marketing Policy
Competition	Our competition could adversely affect our business, financial performance, and results of operations.	• Changes in consumer preferences • Lower pricing by our competitors	• Offer affordable prices, returnable packaging, effective promotions, access to retail outlets and sufficient shelf space, enhanced customer service, and innovative products • Identify, stimulate, and satisfy consumer preferences
Cyber attacks	Service interruption, misappropriation of data or breaches of security could adversely affect our business.	• Financial loss • Interruption of operations • Unauthorized disclosure of material confidential information	• Identify and address cyber threats • Provide training for information protection
Economic, political, and social conditions	Adverse economic conditions, political and social events in the countries where we operate and elsewhere and changes in governmental policies may adversely affect our business, financial condition, results of operations, and prospects.	• Affect and reduce consumer per capita income, which could result in decreased consumer purchasing power • Lower demand for our products, lower real pricing of our products or a shift to lower margin products • Negatively affect our company and materially affect our financial condition, results of operations, and prospects	• Through a risk management strategy, hedge our exposure to interest rates, exchange rates, and raw material costs • Annually or more frequently evaluate, when the circumstances require, the possible financial effects of these conditions and, to the extent possible, anticipate mitigation measures
Regulations	Taxes and changes in regulations in the regions where we operate could adversely affect our business.	• Increase in operating and compliance costs • Restrictions imposed on our operations	• Map regulatory risks and proposals of changes to regulations that directly affect our operation or financial condition • Advocacy work to provide advice on legislators' proposed regulatory changes
Legal proceedings	Unfavorable results of legal proceedings could adversely impact our business.	• Investigations and proceedings on tax, consumer protection, environmental, and labor matters	• Comply with applicable laws and regulations and comply with workplace rights policy

MAIN RISKS	DESCRIPTION	POTENTIAL IMPACTS	KEY MITIGATION ACTIONS
Acquisitions	Inability to successfully integrate acquisitions or achieve expected synergies could adversely affect our operations.	• Difficulties and unforeseen liabilities or additional costs in restructuring and integrating bottling operations	• Integrate acquired or merged businesses' operations in a timely and effective way, retaining key qualified and experienced professionals
Foreign exchange	Depreciation of the local currencies of the countries where we operate relative to the U.S. dollar could adversely affect our financial condition and results.	• Financial loss • Increase cost of some raw materials • Adversely affect our results, financial condition, and cash flows in future periods	• Closely monitor developments that may affect exchanges rates • Hedge our exposure to the U.S. dollar with respect to certain local currencies, our U.S. dollar-denominated debt obligations, and the purchase of certain U.S. dollar-denominated raw materials
Climate change	Adverse weather conditions could adversely affect our business and results of operations.	• Negatively affect consumer patterns and reduce sales • Affect plants' installed capacity, road infrastructure, and points of sale	• Support and comply with climate change measures for adaptation and mitigation • Identify and reduce our environmental footprint through efficient use of water, energy, and materials
Social media	Negative or inaccurate information on social media could adversely affect our reputation.	• Damage to Coca-Cola's trademark reputation without affording us an opportunity for correction	• Effective brand protection • Proactive external communication
Water	Water shortages or failure to maintain our current water concessions could adversely affect our business.	• Water supply may be insufficient to meet our future production needs • Water supply may be adversely affected due to shortages or changes in governmental regulations or environmental changes • Water concessions or contracts may be terminated or not renewed	• Efficient water usage • Execute water conservation and replenishment projects • Maintain 100% legal compliance • Develop Water Risk Index, including four issues that need to be assessed: Community and Public Perception Risks, Scarcity of Water and other Inputs, Regulatory Risks, and Legal Risks for each of our bottling plants • Implement a water risk assessment methodology that contemplates aspects such as climate change, resilience to hydrological stress, media and social vulnerabilities, as well as regulations and production volumes for each of our bottling plants
Raw materials	Increases in the price of raw materials we use to manufacture our products could adversely affect our production costs. Insufficient availability of raw materials could limit the production of our beverages.	• Increase in our cost of goods sold • Shortage or insufficient availability of raw materials may adversely affect our capacity to ensure production continuity • Adjustments to our product portfolio according to availability	• Implement measures to mitigate the negative effect of product pricing on our margins, such as derivative instruments • Proactively address risk of supply on our value chain • Strictly comply with our Supplier Guiding Principles • Strategically adjust our product portfolio to enable us to minimize the impact of certain operating disruptions

Win PORTFOLIO

We are developing a portfolio of leading multi-category beverages, while promoting healthy habits locally—encouraging people across our communities to combine proper nutrition with physical education and activity throughout all stages of their lives.

ning
BUILDUP

INNOVATION

41%

of the brands in our portfolio are low or no calorie beverages.

169
leading brands

MULTI-CATEGORY LEADERSHIP

To connect more closely with our consumers, we are building a winning multi-category product portfolio, including a wider array of sparkling beverages, juices and nectars, fruit-based beverages, water and flavored water, dairy, coffee, fortified beverages, teas, sports and energy drinks, and plant-based products. In this way, we are accelerating our quest for leadership across each beverage segment and category.

REVITALIZE SPARKLING BEVERAGES

Throughout the year, we revitalized our sparkling beverage growth through product innovation and affordability. In June 2017, we successfully launched Fanta Guaraná in 350-ml cans and 2-liter PET presentations across our Brazilian territories. This national launch—our operation's largest in years—capitalized on Brazilian consumers' most popular flavor. As we broadened Fanta Guaraná's portfolio to meet demand, we expanded our share of the flavored sparkling beverage market, while generating sales of at least 1.0 million unit cases per month.

We satisfied and stimulated consumer demand for our non-caloric portfolio of Coca-Cola beverages. In 2017, we successfully launched Coca-Cola Sin Azúcar across our territories in Argentina, Colombia, Costa Rica, Guatemala, Mexico, and Panama. Coca-Cola Sin Azúcar offers consumers a sugar- and calorie-free alternative for one of the world's most beloved brands. Launched throughout our Mexican sales channels in February, we more than doubled the volume of Coca-Cola Zero versus the previous year in the second half of 2017, while revitalizing the Coca-Cola brand among consumers. Correspondingly, we reignited demand for Coke Zero in Brazil. Thanks to our expanding coverage and promotions, we achieved 8% volume growth for the second half of the year—making Coke Zero our top-performing non-caloric beverage brand in Brazil.

We continued to satisfy our cost-conscious consumers through our strong platform of affordable, returnable packaging alternatives. In Mexico, we reinforced the coverage of our convenient 500-ml returnable glass presentation for Coca-Cola across all of our territories. In Brazil, we expanded coverage of our 1-liter multi-serve returnable glass presentation for Coca-Cola, enabling more consumers to share the magic of Coke. In Mexico, we reinforced the coverage of our 2.0-liter multi-serve returnable PET presentation for Coca-Cola, an attractive value proposition for our consumers to enjoy. In Nicaragua, we launched our 2-liter multi-serve returnable PET presentation for Fresca, expanding the opportunity to share this popular brand. Similarly, in the southern states of Brazil, we launched our 2-liter multi-serve returnable PET presentation for Coca-Cola—rapidly achieving 60% coverage across those territories. Through our returnable presentations, we look to provide the right package at the right price for every consumer.

Furthermore, we continued our Magic Price Points strategy to intensify our connection with consumers. At the end of 2016, we launched our affordable single-serve 220-ml mini-can in Brazil, capturing transactions at the magic price point of R$0.99. In 2017, we continued to expand our popular single-serve PET presentations in the Philippines, launching our 200-ml presentation at the magic price point of PHP8 to develop our product mix in the Visayas and Mindanao regions. In August 2017, we launched our appealing single-serve 250-ml PET presentation in Nicaragua, generating transactions at the magic price point of C$8. Similarly, in 2017, we launched our affordable single-serve 250-ml mini-can in Argentina—along with our returnable 1.25-liter glass and 2-liter PET presentations—capturing transactions at the magic price points of ARS$10, ARS$20, and ARS$30, respectively. We also expanded the coverage of our convenient single-serve 250-ml PET presentation in Mexico, driving consumer transactions at the Ps. 5 price point. Correspondingly, in Costa Rica and Guatemala, we launched our attractive single-serve 450-ml PET presentation, fostering transactions at the magic price points of ₡500 and Q5, respectively. Thanks to this strategy, we bolstered our Coca-Cola beverage transactions with the right portfolio at the magic price for our consumers.

FOSTERING CONSUMER ENGAGEMENT

IN 2017, WE LAUNCHED A SUCCESSFUL NATIONAL PROMOTION TO REINFORCE BRAZILIANS' CONSUMPTION OF OUR RETURNABLE BEVERAGES. WITH OUR PROMO TAPAS CAMPAIGN, CONSUMERS COLLECTED AND REDEEMED FIVE BOTTLE CAPS FOR ONE BOTTLE OF COKE AT APPROXIMATELY 10,000 POINTS OF SALE THROUGHOUT THE COUNTRY. NOTABLY, WE ACHIEVED A RECORD HIGH REDEMPTION RATE OF 52%—FOSTERING CONSUMER ENGAGEMENT WITH OUR PRODUCTS.

IMPROVE COMPETITIVE POSITION IN STILL BEVERAGES

As the fastest growing category in our industry, we focus on improving our competitive position and capturing the most value from our still beverage segments. To quench active consumers' thirst for energy drinks, we reinforced our distribution of Monster energy drink across our traditional and modern trade channels in Brazil, Colombia, Central America, and Mexico. Monster is proving to be one of the fastest growing, most attractive energy drinks for consumers in the region. Leveraging our robust distribution platform, Monster is outperforming expectations, especially in Mexico where it now enjoys a more than 25% share of sales in the energy drink category. We more than doubled the volume growth of Monster in the country, achieving sales of close to 2 million unit cases. Moreover, in Brazil—where we began from a very low brand base—we significantly increased coverage across our sales channels, closing the year with triple-digit volume growth in December 2017.

RE-LAUNCHED FUZE TEA REIGNITING DEMAND IN MEXICO

IN SEPTEMBER 2017, WE RE-LAUNCHED FUZE TEA, A FUSION OF GREEN AND BLACK TEA WITH REFRESHING FRUIT FLAVORS, ACROSS ALL OF OUR SALES CHANNELS IN MEXICO. OUR NEWLY FORMULATED FUZE TEA FEATURES ALL NATURAL SWEETENERS, A SIGNIFICANTLY LOWER SUGAR CONTENT, AND A REINVIGORATING MIX OF ANTIOXIDANTS AND THEINE. CONSEQUENTLY, WE REIGNITED DEMAND AND REINFORCED OUR LEADERSHIP POSITION IN THE DYNAMIC TEA SEGMENT.

BLUE WATER STRATEGY

Premium iconic blue bottle of Ciel

In the third quarter of 2017, we continued innovating across our premium beverage segments launching an iconic blue bottle of Ciel sparkling water in a new personal one-way 750-ml presentation with a metallic cap for Mexico's on premise and modern trade channels. This refreshingly different Ciel Blue sparkling water, with longer lasting bubbles, is ideal for multiple consumption occasions.

We continue to fulfill consumers' growing demand for natural, juice-based beverages through the innovative expansion of our popular Del Valle Fresh brand. In Colombia, we launched our new presentation of Del Valle Fresh Tropical Fruit with just five calories and no added sugar. In Costa Rica, we launched our convenient single-serve 500-ml PET presentation of Del Valle Fresh Apple. Similarly, in Nicaragua, we launched our affordable single-serve 12-ounce returnable glass bottle of Del Valle Fresh Citrus in Managua, Masaya, and León. With the contribution of these new packages and flavors, we continued to strengthen our Del Valle portfolio across our territories.

JUICES DRIVING ARGENTINA'S STILL BEVERAGE GROWTH

BOLSTERED BY OUR LAUNCH OF CEPITA 0% ADDED SUGARS, OUR CEPITA AND CARIOCA DEL VALLE JUICE BRANDS HELPED DRIVE DOUBLE-DIGIT VOLUME GROWTH IN OUR ARGENTINE STILL BEVERAGE CATEGORY FOR 2017.

We offer an innovative portfolio of still, sparkling, and flavored bottled water to rehydrate our consumers throughout their day. As part of our water strategy in Brazil, we undertook three main initiatives in 2017.

1. **WE SHIFTED** from sodium-rich mineral water to our lower sodium Crystal mineral water in our multi-serve 1.5-liter PET presentation and our personal 500-ml PET presentation across our southern territory. With 82% less sodium, this extremely popular product achieved 44% coverage, while gaining two points of market share.

2. **WE LAUNCHED,** in November 2017, naturally flavored Crystal sparkling water in personal 300-ml cans and 500-ml PET bottles—focused on the modern and traditional trade channels, respectively—to build brand equity.

3. **WE REACHED** cost-conscious consumers across the modern and traditional trade channels with an entry-level personal 300-ml PET bottle of Crystal water

Thanks to these initiatives, we steadily regained our market share throughout the year.

WILKINS WATER DELIGHTING PHILIPPINE CONSUMERS

CAPITALIZING ON THE STRONG BRAND EQUITY OF WILKINS DISTILLED WATER, WE LAUNCHED WILKINS DELIGHT FRUIT-INFUSED WATER IN 250-ML AND 425-ML BOTTLES IN THREE FLAVORS, APPLE, POMELO AND ORANGE. THANKS TO SUCH INITIATIVES, WE ACHIEVED ACCELERATED VOLUME GROWTH OF 16% IN OUR PHILIPPINE WATER PORTFOLIO FOR THE YEAR.

We keep advancing into the dairy business in Latin America, which represents about 50 % of the non-alcoholic ready-to-drink business.

31% of the brands in our portfolio have vitamins, fiber, minerals, or nutritional supplements

ACCELERATE GROWTH IN STILL BEVERAGE CATEGORY

In 2017, we continued to accelerate our growth across the dairy category—while entering the new plant-based beverage category through the acquisition and integration of AdeS. Under our joint venture with The Coca-Cola Company, we capitalized on Santa Clara's expanding position in Mexico's premium UHT milk and value-added dairy category. In September 2017, we completed a new state-of-the-art dairy plant to keep up with demand for our growing portfolio of wholesome UHT white milk, flavored milk, yogurt, and ice cream products. Located in Lagos de Moreno, Mexico—close to our milk supply—this integrated still beverage facility will at least double our dairy capacity; optimize our cost to serve some of Mexico's larger markets; and provide us with the capability to innovate and grow our offering of nutritious, delicious dairy products.

Together with our partner The Coca-Cola Company, we closed the acquisition of Unilever's AdeS plant-based beverage business in March 2017. Strategically, AdeS complements and expands our still beverage portfolio's value offer by providing our consumers with an even wider array of nutritious, delicious choices. As the leading plant-based beverage brand in Latin America—the second-largest plant-based beverage market globally—AdeS not only enjoys a strong position in our key markets of Argentina, Brazil, and Mexico, but also offers a very high potential to extend the business to our other countries where the brand is not currently present.

With the integration of AdeS in Argentina, Brazil, Colombia, and Mexico in the second half of the year, we have only begun to tap the potential of this new beverage category. In addition to expanding its footprint to our other operations, AdeS enables us to leverage our robust route-to-market model to extend its position in the modern trade channel throughout our traditional trade network. Additionally, AdeS is particularly well positioned to benefit from favorable dynamics in the broader dairy-alternative beverage segment, developing our total beverage portfolio through an appealing mix of high-protein, low-fat, and cholesterol-free products for our consumers' enjoyment.

READY-TO-DRINK COFFEE

WITH THE RIGHT COMBINATION OF PREMIUM COFFEE AND OUR NOURISHING SANTA CLARA MILK.

A promising beverage segment

In November 2017, we entered a new beverage segment with our launch of Barista Bros. brand ready-to-drink coffee in Mexico's modern and traditional trade channels. With the right combination of premium coffee and our nourishing Santa Clara milk, our 250-ml single-serve PET presentation offers on-the-go consumers an invigorating mix of nutrition and energy in a single and double shot. With this launch, we begin to capture growing consumer demand in this promising beverage segment.

HEALTHY HABITS

AS LEADERS IN THE BEVERAGE INDUSTRY, WE RECOGNIZE THAT WE PROMOTE HEALTHY HABITS IN OUR COMMUNITIES—ENCOURAGING PEOPLE TO COMBINE PROPER NUTRITION WITH PHYSICAL ACTIVITY AND EDUCATION AT ALL STAGES OF THEIR LIVES.

RESPONSIBLE MARKETING

At Coca-Cola FEMSA, we are a global company working together to meet our consumers' daily beverage needs. Accordingly, we are committed to the responsible marketing of our products.

1 INFORMED DECISIONS

To enable our consumers to make informed dietary decisions across every one of our operations, our product labels include easy-to-access nutritional content information, including the nutrients, fats, sugar, sodium, and calories in each of our products. Calculated on the basis of a two-thousand-calorie diet, our nutritional labeling strategy is based on recommended Dietary Daily Allowance Guidelines and applicable regulations in each country.

2 RESPONSIBLE MARKETING

As part of our commitment to the wellbeing of our consumers, our advertising adheres to The Coca-Cola Company's Responsible Marketing Policy and Global School Beverage Guidelines. In this and other ways, we underscore our commitment to the healthy habits of our consumers.

3 HIGHEST QUALITY

To ensure that our products comply with the highest quality standards—including ISO-9001 and ISO-22000 certifications—our manufacturing processes adhere to the Coca-Cola Operation Requirements (KORE) and to the Food Safety Management System. Accordingly, we guarantee the quality of our products throughout our plants' production chain, which are in turn certified in food safety through the Food Safety System Certification 22000 (FSSC 22000).

MULTI-SECTOR INITIATIVES

To improve health issues that can affect the life quality of our communities, we must generate comprehensive solutions in collaboration with governments, the private sector, and civil society through multi-sector partnerships.

For the second year we have been participating in the Latin American Commitment for a Healthy Future, a multi-sector coalition with the Healthy Weight Commitment Foundation and other companies in the beverage industry. The coalition's goal is to promote the execution of national initiatives that empower school-aged children and their families to make appropriate decisions about their dietary practices and physical activity to generate healthy habits through different educational tools. The coalition also works with local allies to expand its scope and impact.

To implement the Latin American Commitment for a Healthy Future initiative, we also collaborated with Discovery Education to deploy the Together Counts™ online educational platform. This platform offers a study plan based on health and wellbeing adapted to each stage of development, as well as interactive tools that consider the standards recommended by professional institutions to stimulate and build healthy habits.

The Latin American Commitment for a Healthy Future initiative and the Together Counts™ platform are currently active in Colombia, Mexico and Brazil where 2,672 teachers have been trained through the platform.

OUR 2020 GOAL

- **BENEFIT 5 MILLION PEOPLE** with our nutrition and physical activation programs and initiatives.

FOSTERING HEALTHY HABITS IN OUR COMMUNITIES

We strive to foster healthy habits in our communities through local initiatives focused on nutrition and physical activity.

Among our goals, we aim to benefit 5 million people through our healthy habits and nutrition programs from 2015 to 2020. In 2017, approximately 1.6 million people had been benefited in our programs, with an investment of US$6 million. To date our progress on this goal is 62%.

To achieve this goal and complement our healthy habits programs, over the past nine years, we have also worked with the FEMSA Foundation to make strategic social investments in projects—with a strong education component—focused on solving food-related issues and creating healthy environments for children. Complementary investments in nutritional research are further made through the FEMSA Biotechnology Center at Tecnológico de Monterrey. The Coca-Cola Company and The Coca-Cola Foundation are also strategic partners to develop healthy habits programs.

THE PHILIPPINES

In collaboration with The Coca-Cola Company, the *Minute Maid Nurisha Supplement Program* is designed to help improve the health and wellbeing of school-aged children. The program ensures that they drink an orange-flavored juice beverage that contains 14 essential macronutrients, which contribute to their mental and physical development. Currently, 30,000 kindergarten children participate in the program, complementing this experience by playing traditional Philippine games with our volunteers. Parents and teachers also learn about the benefits of the product and of healthy, economical meals.

LOCAL INITIATIVES

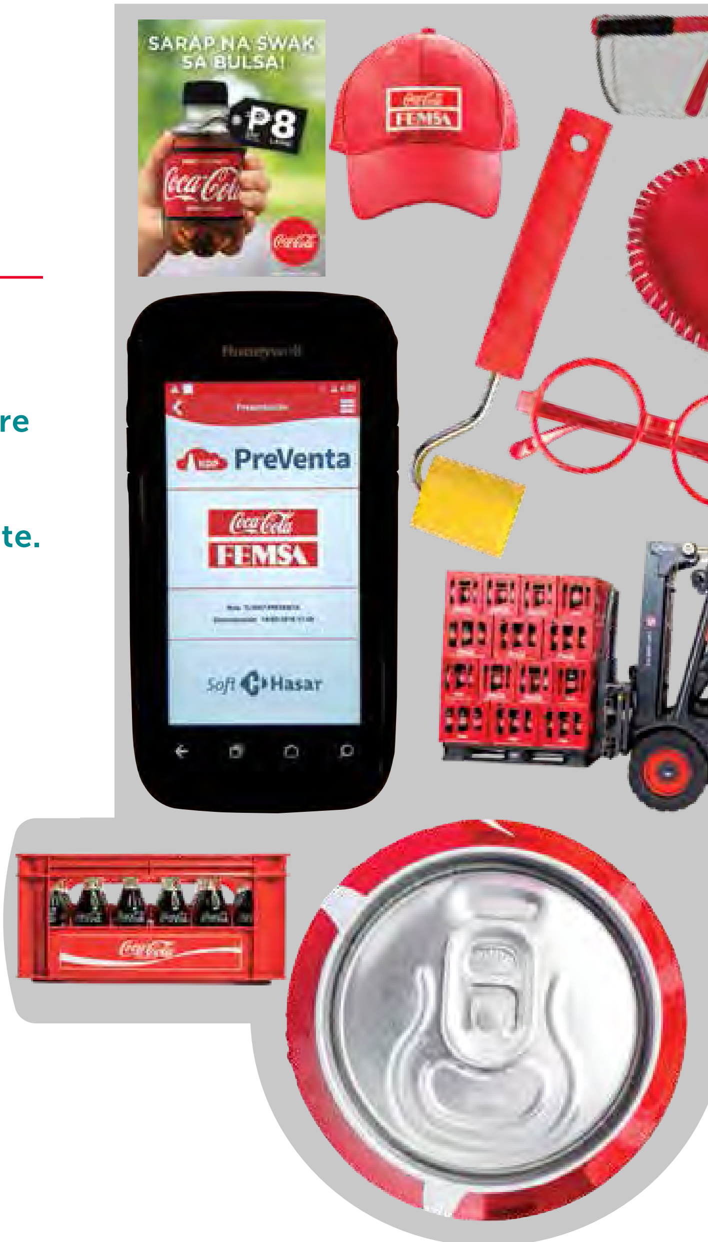
BRAZIL

We improve our communities' quality of life through *Praça da Cidadania*. This initiative provides access to public services, while building a network of upgraded community health, nutrition, and physical activity programs. During 2017, *Praça da Cidadania* provided services for more than 10,000 people in the cities of Santos, Jundiaí, Itabirito, Santo Angelo y São Carlos.

MEXICO

Along with the Coca-Cola System and other partners, we collaborate in the *Ponte al 100* program—designed to generate healthy habits in students, while providing metabolic index measurement of different health indicators for a large portion of the targeted population.

Oper
MODEL TRANSF



We are accelerating the transformation of our operating model to strengthen our competitive advantages, creating the next generation of strategic capabilities across our value chain. We are further contributing to improve living conditions in the communities we serve and take care of the environment to ensure our social license to operate.

ating

ORMATION

2020 GOAL

1.5 liters

of water per liter of beverage produced is our goal for water efficiency.

CENTERS OF EXCELLENCE: TRANSFORMING OUR STRATEGIC CAPABILITIES

Propelled by our centers of excellence (CoEs), we are designing, developing, and deploying state-of-the-art models, initiatives, and practices throughout our operations—supported by best-in-class processes, technology, and innovation.

COMMERCIAL CoE

In 2017, we accelerated the implementation of our upgraded KOFmmercial Digital Platform (KDP). This comprehensive platform is based on four integrated pillars.

1. **ADVANCED ANALYTICS FOR REVENUE TRANSFORMATION**
2. **DYNAMIC INITIATIVE MANAGEMENT**
3. **OMNICHANNEL**
4. **ROUTE-TO-MARKET**

During 2017, we completed the rollout of KDP across our traditional sales channel in Mexico. Additionally, we finished the implementation of KDP in Brazil, including the recently integrated territories of Vonpar. Furthermore, we concluded the deployment of KDP across our traditional sales channel in the Philippines, Costa Rica, Nicaragua, and Panama. As a result, we achieved increased point-of-sale coverage, greater availability of our primary portfolio, improved point-of-sale execution, and enhanced resource allocation. In 2018, we will continue upgrading and rolling out KDP throughout our markets.

1 ADVANCED ANALYTICS FOR REVENUE TRANSFORMATION our platform enables us to improve our revenue growth by defining strategic, tactical, and granular customer segments, analyzing and detecting new market opportunities, optimizing our price promotion and portfolio mix, and facilitating better resource allocation. For example, through our analytical platform, we utilized internal and external variables to define strategic segments for our customers in Mexico's and Colombia's traditional and modern trade channels. We incorporated other variables—including size, sales channels and sub-channels, socio-economic factors, traffic, urbanity, and competitive intensity—to assign the appropriate picture of success and value proposition for each tactical segment. We then defined granular groups for which we targeted specific monthly or weekly initiatives.

KDP DEPLOYMENT

6 countries

+7,300 routes

+80% total volume

* KDP is modular, deploying from one to all four pillars in each country.

2 DYNAMIC INITIATIVE MANAGEMENT this core pillar utilizes a next-generation Customer Relationship Management (CRM) platform, including back-office processes, tools, and capabilities, to dynamically manage and transform the insights from our powerful analytical platform into tailored customer-focused initiatives that we publish daily on our sales force team's mobile, hand-held SFA devices. Through this process, we consolidate, prioritize, and schedule targeted client-centric initiatives, enabling our sales force to maximize the value of their customer visits and interactions, enhance our point-of-sale execution, and achieve better resource allocation in the market. For example, in Mexico, we process approximately 4.8 million targeted initiatives per week for our customers in the traditional sales channel. Importantly, through our two-way process, we enjoy the agility to modify and improve our initiatives every week based on the feedback that we receive from the market and our sales force team.

3 OMNICHANNEL we are integrating all of the connection points through which we engage with our customers, including our Sales Force Automation (SFA) solution, Contact Center, and Digital Self-service. Because our pre-sale platform is currently our most important point of customer engagement, we implemented our SFA solution as the first phase of our Omnichannel pillar. This user-centric mobile SFA solution empowers our sales force with best-in-class hand-held functionalities, including faster order entry, a two-way targeted initiatives module, dashboards and 360° customer data.

4 ROUTE-TO-MARKET (RTM) captures the insights we gain from our comprehensive KDP platform to improve our current direct and indirect RTM models in order to maximize and capture customer value creation, while optimizing our cost to serve. For example, in Mexico and Colombia, we are utilizing next generation RTM models for our top strategic customer segments, allocating additional resources to capture the most value from these priority clients. Simultaneously, we are implementing additional innovative models that ensure the proper availability of our portfolio, the best customer satisfaction level, all of these at the right cost to serve.

DRIVING MANUFACTURING SAVINGS

We delivered hard manufacturing savings of US$145 million over the past three years.

MANUFACTURING CoE

We are enlarging the scope and impact of our highly experienced team of specialists to bolster our manufacturing quality, productivity, and efficiency. We continued the design and rollout of our Manufacturing Management Model, comprised of our:

- **PLANT OPERATING MODEL**
- **CENTRALIZED PLANT MAINTENANCE PLANNING**
- **STANDARDIZED MAINTENANCE SYSTEM**
- **MANUFACTURING EXECUTION SYSTEM**

This year, we began the rollout of our new Manufacturing Execution System (MES) plus Statistical Process Control (SPC) platform. This modular MES + SPC platform, which integrates microbiology and sensory analysis process control, is designed to digitize all of our manufacturing processes. In 2017, we implemented our platform's SPC quality control modules across 45 bottling plants that produce more than 80% of our company's total beverage volumes. We also deployed our MES platform's real-time monitoring of our utilities process—covering all aspects of our plant's power needs—throughout 10 of our bottling plants. We further deployed our full MES platform across all seven of our production processes—from water treatment to bottling and utilities—at three of our plants by year-end. Thanks to the implementation of our new MES + SPC digital platform, we not only significantly improved our production quality, but also substantially increased our energy efficiency.

In 2017, we increased the number of bottling lines under our Plant Operating Model from 64 to 82 —covering 43% of our company's total beverage volumes. With our Plant Operating Model, we match our experts' technical skills with each of the different areas of the plant such as fillers, packers, palletizers, and auxiliary services. We also make our production crews' self-sufficient, with the skills to produce, sanitize, change over bottling lines, and perform preventive maintenance at any time.

Building on last year's successful pilot of Centralized Plant Maintenance Planning in Brazil, we expanded our deployment of this model to six bottling plants throughout the country. Moreover, we began implementation of this model at our two largest plants in the Philippines. Through this model, we centralize our plants' maintenance planning and budgeting at the country level.

Additionally, we advanced on the design and deployment of our Standardized Maintenance System. During the year, we designed standardized maintenance routines for the equipment utilized for all of our critical production processes, including water treatment, sugar clarification, finished syrup, bottling, and utilities. We also began to deploy these standards in all of our countries' operations—putting us on track to finish the implementation of this system by 2020.

ADVANCED MANUFACTURING ANALYTICS

THIS YEAR, WE EXAMINED THREE TYPES OF ADVANCED MANUFACTURING ANALYTICS: DATA SCIENCE, PROCESS MODELING, AND FAILURE PREDICTION. THROUGH THESE INITIATIVES, WE CONTINUE TO HARNESS THE POWER OF ADVANCED ANALYTICS TO FOSTER OUR DIGITAL MANUFACTURING PLATFORM.

Ultimately, our Manufacturing Management Model offers us an integrated operational perspective to optimize costs, drive efficiency, and raise productivity. For example, as a result of our initiatives, we have increased our overall plant efficiency by more than six percentage points over the past three years—equal to approximately US$250 million of production capacity or avoided capital expenditures. Importantly, we have generated manufacturing savings of US$145 million during the same three-year period.

DISTRIBUTION & LOGISTICS CoE

Under the umbrella of our redefined organizational structure, KOF Logistics Services (KLS), we designed and deployed our Supply Chain Planning model: from our strategic logistics network to weekly and daily tactical planning. Through this new model, we enhance our customer service while optimizing our costs and capital allocation by leveraging our scale and expertise through standardized processes, enhanced centralized organizational capabilities, and cutting-edge technological tools. In 2017, we completed the rollout of our KLS model across all of our plants, distribution centers, and long-haul distribution fleet in Mexico and Colombia. As a result, we have already generated savings of US$6.4 million across these operations.

We also continued the deployment of our Digital Distribution system, which is comprised of three core elements—KOF Digital Distribution app, mobile delivery devices, and vehicle telemetry equipment. These features enable us to not only offer improved customer satisfaction, but also deliver increased resource optimization and enhanced driver safety. In 2017, we installed telemetry equipment on our Mexico operation's entire secondary distribution fleet of 6,600 company-owned delivery trucks. We also implemented mobile delivery devices across 2,700 delivery routes. We further began deployment of Digital Distribution in Brazil, installing telemetry equipment on 500 company-owned and third-party delivery trucks. In Mexico, we have generated savings of US$2.7 million resulting from a 6% reduction in fuel costs, a 4% reduction in maintenance expenditures, as well as avoiding the use of 16.5 million sheets of paper. An additional benefit of our mobile delivery devices is the potential for cashless transactions with our customers.

We further continued to benefit from warehouse optimization. From our voice directed picking to our truck load optimizer and our warehouse management system, we are reengineering our distribution centers' internal processes to optimize our storage, handling, and labor costs—thereby enabling our delivery routes to spend less time at our distribution centers. Through warehouse optimization, we achieved a 67-minute distribution labor time reduction in Mexico and an 82-minute labor time reduction in Brazil at a daily basis for 2017.

FLEET RENOVATION RESULTS

Through our secondary fleet substitution program in Mexico, we generated US$1.2 million savings in maintenance expenditures during 2017. By working closely with local environmental authorities, we further fostered our social license to operate.

SUSTAINABLE OPERATIONS

AT COCA-COLA FEMSA, WE ENSURE SUSTAINABILITY IS FULLY EMBEDDED THROUGHOUT OUR DAY-TO-DAY BUSINESS OPERATIONS. AS A DRIVER BEHIND OUR STRATEGIC BUSINESS DECISIONS, OUR OPERATIONS ARE FIRMLY COMMITTED TO GENERATING SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL VALUE.

OUR VALUE CHAIN

INGREDIENTS

We work with our suppliers to have the best raw materials, concentrates and sweeteners, water, packaging materials.

Packaging materials

Water

Concentrates and sweeteners

MANUFACTURING

We produce high-quality beverages in our 64 plants. We package and label them here, and then present them to the market.

PRIMARY DISTRIBUTION

We transport our products to our distribution centers.

DISTRIBUTION CENTER

This is where we put together our pre-sale processes and secondary distribution to 324 distribution centers.

PRE-SALE

Our pre-sale force serves our clients.

SECONDARY DISTRIBUTION

Once an order is placed, the delivery routes distribute beverages to the points of sale.

POINTS OF SALE

We reach 2.8 million points of sale with our portfolio.

REFRIGERATION

Our products are chilled to be enjoyed.

CONSUMPTION

We serve more than 381 million people, offering our broad portfolio.

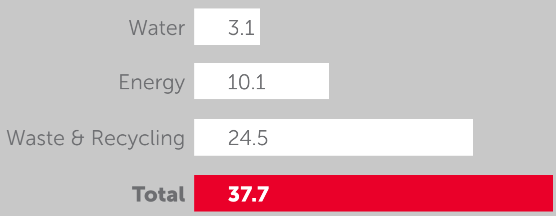
RECYCLING

We have processes in place to collect and recycle waste generated by our packaging.

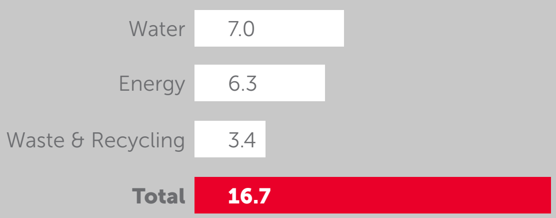
SUSTAINABILITY & EFFICIENCY: RESPONSIBLY ADDRESSING OUR OPERATIONS' IMPACTS

We embrace a holistic approach to sustainable development. To this end, we strategically, efficiently, and responsibly address our operations' impacts across our value chain—from sourcing to manufacturing to distribution to community development.

Savings due to environmental efficiencies
million of dollars



Investments in environmental projects
million of dollars



US$37.7 million total savings due to environmental efficiencies

US$16.7 million invested in environmental projects

SUSTAINABLE SOURCING

We promote the growth and development of our suppliers, while improving their social position and reducing the environmental impact of our value chain. Our suppliers are key partners in our business' success. To contribute to their economic, social, and environmental development and to the sustainability of our industry in the countries in which we operate, we offer a comprehensive Sustainable Sourcing Program.

SUSTAINABLE DEVELOPMENT FOR SUPPLIERS

We facilitate sustainable development across our value chain by ensuring that applicable social, environmental, and ethical guidelines permeate our suppliers' processes—positively impacting their people, the environment, and their communities. We continuously design action and work plans to develop these aspects of their operations.

IN ORDER TO GUARANTEE QUALITY, INTEGRITY, AND EXCELLENCE, WHILE RESPECTING THE DIFFERENT CUSTOMS AND CULTURES OF THE PEOPLE WITH WHOM WE INTERACT, OUR SUSTAINABLE SOURCING PROGRAM IS FOUNDED ON A SERIES OF GUIDING PRINCIPLES.

1 THE COCA-COLA COMPANY SUPPLIER GUIDING PRINCIPLES

Established by The Coca-Cola Company for specific strategic input categories, these principles are aligned with their Human Rights Policy, as well as their protection of the environment and labor rights. These suppliers are evaluated and authorized by The Coca-Cola Company to supply their value chain.

2 FEMSA SUPPLIER GUIDING PRINCIPLES

Established by FEMSA for the rest of the input categories, these principles focus on four areas: Labor Rights, Environment, Community, and Ethics and Values. 100% of our suppliers adhere to these principles.

3 SUSTAINABLE AGRICULTURE GUIDING PRINCIPLES

Established by The Coca-Cola Company for those locations in which we obtain agricultural inputs, these principles protect the labor rights of people who work the land and make a contribution to building a sustainable supply chain from its very origin.

THESE PRINCIPLES REFLECT THE STANDARDS THAT GUIDE OUR DAILY ACTIVITIES TO ENSURE THAT WE HAVE RESPONSIBLE WORK CENTERS THAT PROTECT HUMAN RIGHTS AND, AT A MINIMUM, ADHERE TO ALL APPLICABLE LABOR AND ENVIRONMENTAL LAWS.

FEMSA SUPPLIER GUIDING PRINCIPLES

ETHICS AND VALUES
- Legal compliance
- Fiscal integrity
- Anti-corruption
- Money laundering
- Fair competition
- Conflicts of interest
- Privacy and intellectual property
- Human rights

ENVIRONMENT
- Impact and enviromental compliance

LABOR RIGHTS
- Child labor
- Forced labor and freedom to move
- Freedom of association and collective bargaining
- Discrimination and harassment
- Work schedule and compensation
- Occupational health and safety
- Reporting mechanisms

COMMUNITY
- Community development

Based on these principles we follow a comprehensive five-step Sustainable Sourcing Strategy:

1. CATEGORY PRIORITIZATION
2. SUSTAINABLE PURCHASING
3. ASSESSMENT & EVALUATION
4. CAPABILITIES BUILDING
5. ASSESSMENT

Consistent with this strategy, The Coca-Cola Company assesses, and enforces compliance with their own guiding principles and sustainability standards categories of strategic suppliers. Consequently, we select and work only with The Coca-Cola Company's list of approved suppliers in those categories.

In 2017, 197 supplier evaluations have been performed on issues ranging from human rights to the environment and labor practices through the The Coca-Cola Company's Supplier Guiding Principles.

SUPPLIERS ASSESSED UNDER THE COCA-COLA COMPANY GUIDING PRINCIPLES

COUNTRY	2013	2014	2015	2016	2017
Mexico	46	33	33	52	40
Costa Rica	2	4	2	3	7
Guatemala	8	5	3	5	8
Nicaragua	1	1	0	1	0
Panama	0	2	1	0	3
Argentina	12	9	5	11	19
Brazil	46	61	54	47	102
Colombia	2	21	8	7	18
Venezuela	5	4	1	0	0
Total	**122**	**140**	**107**	**126**	**197**

Correspondingly, in Coca-Cola FEMSA we conduct an assessment of prioritized suppliers through our Sustainable Sourcing System. Through this process, we ensure our suppliers are aligned with the principles and values that form the foundation for the way in which our company operates. To ensure transparency, the information obtained from our suppliers on an online evaluation platform is reviewed and verified by a third party. Based on this process, we provide feedback and create action plans to foster supplier development, ethics, and sustainability. All suppliers with low qualifications are audited at their facilities and are re-evaluated periodically to ensure their continuous improvement.

In 2017 we made 538 evaluations through FEMSA's Supplier Guiding Principles, taking this assessment for the first time to Guatemala and Brazil. Since 2014 we have made 1,100 evaluations.

SUPPLIERS ASSESSED UNDER FEMSA SUPPLIER GUIDING PRINCIPLES

COUNTRY	2014	2015	2016	2017
Mexico	30	100	198	245
Costa Rica	—	30	120	106
Guatemala	—	—	—	44
Nicaragua	—	—	84	94
Brazil	—	—	—	49
Total	**30**	**130**	**402**	**538**

Considering this year results, from 735 supplier evaluations (including TCCC and Coca-Cola FEMSA), improvement opportunities were identified on a range of sustainability areas, including environment, labor rights, human rights, and community practices. All of our new suppliers in Mexico, Costa Rica, and Nicaragua have been evaluated on these criteria, and we continue to work to generate improvement action plans. Because Coca-Cola FEMSA is part of The Coca-Cola Company System, we comply with all of the requirements established by The Coca-Cola Company for strategic suppliers, including commitments and memberships it has acquired by being part of the Global Food Safety Initiative and the Roundtable on Responsible Palm Oil.

DEVELOPING BUSINESS CAPABILITIES

To strengthen our suppliers' business capabilities, we provide them access to training and growth initiatives on topics such as finances, marketing, and human resources, among others. We also support their growth and strengthen their business skills, improve their companies, and develop high-quality products aligned with our principles and values.

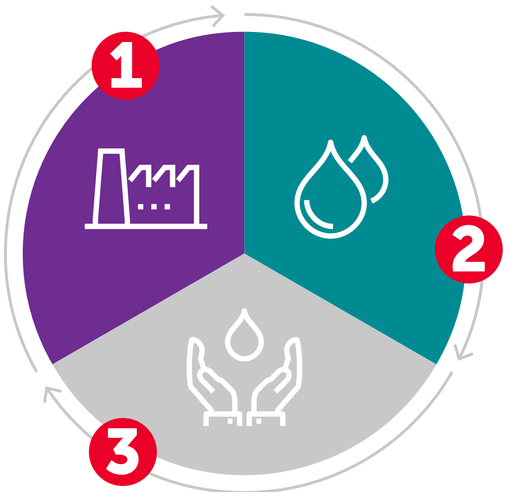
In collaboration with the Mexican Competitiveness Center (Centro Mexicano de Competitividad), we carry out a comprehensive Supplier Development Program for carefully selected small and medium-sized suppliers (SMEs) to improve their business capabilities. Through this program, we partner with these suppliers to not only improve their sustainable competitiveness, but also forge stronger relationships with our company and other large enterprises. Indeed, some participating suppliers have increased their sales by up to 50% and have reduced their costs by up to 10%. During 2016, 61 of our suppliers in Mexico participated in this program and for 2017 we added 90 suppliers from Mexico and 30 from Costa Rica with a total amount of 181 suppliers over the past two years.

WATER

Water is the main ingredient in the production of our beverages that meet our consumers' hydration needs. Consequently, we are especially committed to ensuring that we make efficient use of this invaluable natural resource for the benefit of our company, our communities, and our planet.

Consistent with this commitment, we have established a comprehensive water strategy, founded on three pillars:

1. **EFFICIENCY IN WATER USE AT OUR PLANTS**
2. **FACILITATING ACCESS TO WATER AND SANITATION IN OUR COMMUNITIES**
3. **REPLENISHMENT AND WATER FUNDS**



OUR 2020 GOALS

- **INCREASE OUR EFFICIENCY IN WATER** usage to 1.5 liters of water per liter of beverage produced.
- **RETURN TO OUR COMMUNITIES AND THEIR ENVIRONMENT** the same amount of water used in our beverages.

From 2010 through 2017, we decreased our absolute water consumption by 15%—representing savings of more than 5.69 billion liters.

FOSTERING WATER EFFICIENCY

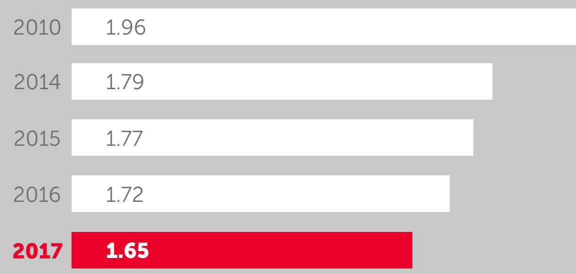
As a beverage bottler, efficient water management is essential to our business, our communities, and our planet. Our goal is to increase our water use ratio to 1.5 liters of water per liter of beverage produced by 2020. For 2017, we achieved 1.65 liters of water per liter of beverage produced—a 16% increase in our water use ratio from our 2010 baseline. Moreover, our water efficiency initiatives and projects generated savings of US$3 million in 2017.

Through our Top 20 Water Saving Initiatives program, we foster efficient water consumption across all of our plants. To this end, we registered significant progress across our operations, focusing on 20 key measures—from our detection and elimination of leaks to optimal water use in our plants to our water recovery systems.

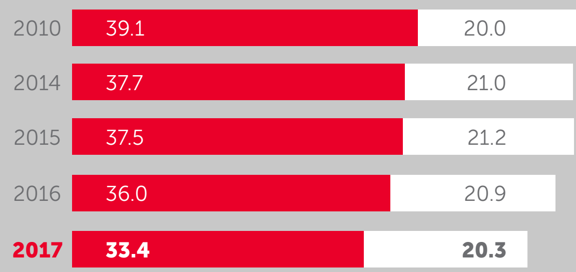
FACILITATING ACCESS TO SAFE WATER AND SANITATION IN OUR COMMUNITIES

In collaboration with the FEMSA Foundation, we carry out projects designed to improve communities' quality of life by helping to provide them with safe water, improved sanitation, and hygiene education. While the Foundation intervenes considerably at the outset of each project, all of these initiatives utilize the necessary elements to enable communities to adopt them in a sustainable way—enduring over the long term.

Efficiency in water use
liters of water per liter of beverage produced



Water consumption
water usage beverage produced[1] (billions of liters)



[1] Comparable information based on the number of facilities as of 2017.

WASTEWATER TREATMENT

ALL OF THE WATER WE DISCHARGE IS SENT TO WASTEWATER TREATMENT PLANTS, WHICH ENSURE SUFFICIENT QUALITY TO FOSTER AQUATIC LIFE.

LAZOS DE AGUA In March 2017, FEMSA Foundation launched the second phase of Lazos de Agua in partnership with the Inter-American Development Bank (IDB), The Coca-Cola Foundation and One Drop. With an initial investment of US $25 million, this initiative will provide 150,000 people with access to safe and affordable water, hygiene and improved sanitation services (WASH) in five Latin American countries by 2021. During the first year of operation, Lazos de agua impacted the lives of 7,299 people with the construction of water access infrastructure in Guatemala, Mexico, rural Nicaragua and Paraguay. In 2018 the project will also be deployed in Colombia and urban areas of Nicaragua.

WATER REPLENISHMENT AND CONSERVATION

We are committed to returning the water we use in our processes by replenishing and conserving water basins in order to ensure water equilibrium in the communities with which we interact. To this end, our goal is to return to the environment and our communities the same amount of water we use to produce our beverages by 2020. Consistent with our commitment, we currently give back to the environment more than 100% of the water we use in the production of our beverages in Brazil, Colombia, Mexico and Central America.

In light of the substantial scope, importance, and complexity of water conservation and replenishment, we work to strengthen water funds and conserve water basins through sustainable initiatives involving partnerships with several stakeholders. Through the Latin American Water Funds Alliance—comprised of the Nature Conservancy, the FEMSA Foundation, the Inter-American Development Bank (IDB), and the World Environmental Fund—we jointly seek to offer hydrological safety in the region, ensuring sustainable access to a sufficient quantity and quality of water to sustain human life and socioeconomic development.

To date, the Alliance has developed 21 water funds. Of these funds, 6 are in areas of KOF operations - Brazil, Colombia, Guatemala, Costa Rica and Mexico. As a result of this partnership, the Alliance has worked to restore the infrastructure of 204,646 hectares of land through various conservation measures, benefiting approximately 15,700 families in areas near the water basins through job creation and capabilities training since the beginning of the projects.

REFORESTATION

WE HAVE PLANTED 77 MILLION TREES IN MEXICO OVER THE PAST 10 YEARS.

We plant trees as part of our strategy to replenish and support the availability of water in our communities. In partnership with The Coca-Cola Company and the Coca-Cola Bottling System, we have planted 77 million trees in Mexico over the past 10 years. Importantly, as opposed to the normal 40% to 50% survival rate, more than 80% of the trees that we have planted survived. Thanks to the economic assistance of The Coca-Cola Foundation, people who once cut down trees are now hired to reforest their localities—positively impacting their communities while recovering invaluable hydrological resources.

ENERGY EFFICIENCY

We strive for energy efficiency across our value chain. We further integrate clean and renewable sources of energy and technologies to reduce our carbon emissions thus contributing to climate change mitigation.

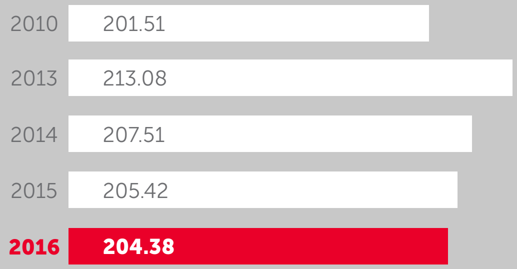
Consequently, our operations' energy consumption centers on a comprehensive strategy that encompasses our entire value chain. Consistent with this strategy, we have defined the following 2020 goals:

OUR 2020 GOALS

- **REDUCE THE CARBON FOOTPRINT** of our value chain by 20% against our 2010 baseline.
- **SUPPLY 85% OF THE ENERGY** we use for manufacturing in Mexico from clean sources.

As part of our commitment to corporate sustainability, we measure our greenhouse gas emissions across each link in our chain—manufacturing, distribution, refrigeration, ingredients, and packaging—in order to reduce them in the coming years.

Efficiency in greenhouse gas emissions across the value chain[1]
grams of CO_2(eq) per liter of beverage



[1] Due to the complexity of these measurements, the following data corresponds to 2016; in 2018, we will report the data for 2017.

To reduce our CO_2(eq) emissions, we have implemented several initiatives, including using recycled resin, consuming renewable energy, implementing lightweight PET initiatives, and improving our manufacturing plants' energy consumption, that have achieved significant benefits and savings. To improve the way in which we report this information, we measured the impact of these efforts since 2011, estimating that we have avoided the emission of 718,431 tCO_2e from 2011 through 2016.

TOTAL 2016 EMISSIONS[1] **4,333,800 CO_2(eq)**

MANUFACTURING

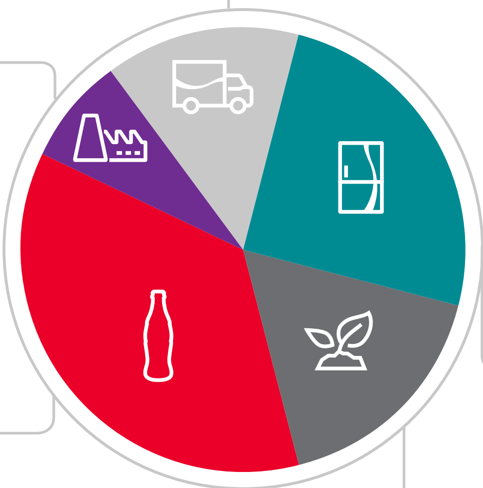
- We source from clean energies and have improved our energy efficiency by 19% since 2010.

7%
321,608 CO_2(eq)

PACKAGING

- We invest in developing lighter packages that include recycled materials.

33%
1,445,483 CO_2(eq)



INGREDIENTS

- We promote the efficient and sustainable use of the resources used by our suppliers, based on the Guiding Principles of The Coca-Cola Company and FEMSA.

DISTRIBUTION

- We plan to integrate more efficient technologies to reduce fuel consumption and greenhouse gas emissions, NOx and SOx in our distribution fleet.

15%
632,795 CO_2(eq)

REFRIGERATION

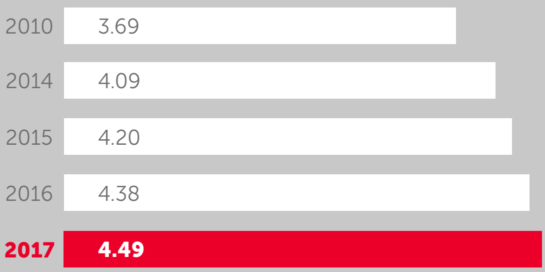
- We produce equipment that is more energy efficient and produces fewer gases that impact global warming.

27%
1,157,402 CO_2(eq)

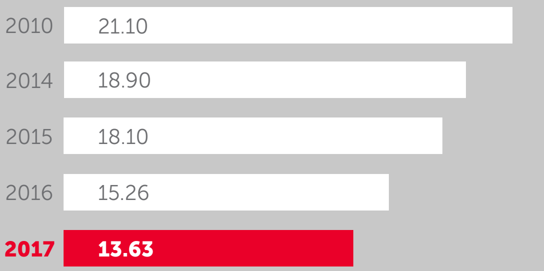
18%
776,512 CO_2(eq)

[1] Due to the complexity of these measurements, the following data corresponds to 2016; in 2018, we will report the data for 2017.

Energy efficiency
liters of beverage produced per mega joule consumed



Efficiency in greenhouse gas emissions in manufacturing
grams of CO_2(eq) per liter of beverage



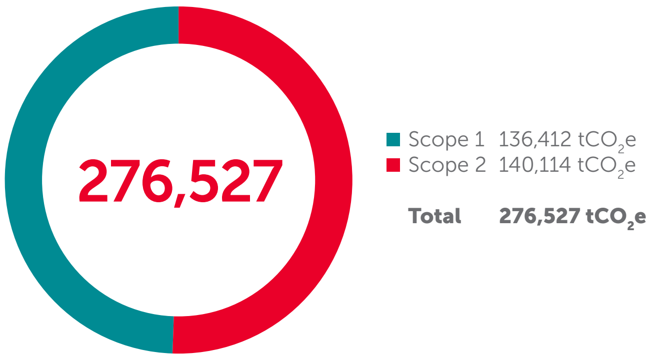
MANUFACTURING

Our aim is to improve the energy efficiency of our manufacturing operations, while simultaneously reducing our greenhouse gas emissions. To this end, we managed to increase our energy efficiency by 22% from 2010 to 2017.

REDUCING MANUFACTURING EMISSIONS

From 2010 through 2017, we achieved a 35% decrease in our manufacturing operations CO_2(eq) emissions, reaching 13.63 grams of CO_2(eq) per liter of beverage produced in 2017.

Emissions in manufacturing
tons of CO_2(eq)



CLEAN ENERGY CONSUMPTION

By 2020, we look to satisfy 85% of our Mexican manufacturing operations' energy requirements with clean energy. By year-end 2017, we achieved 57% coverage of our Mexican bottling operations' power needs. Beyond our goal, we reached 100% clean energy utilization in our Brazilian manufacturing facilities.

For the year, we reduced our energy consumption by 7.15%, resulting in the following total savings:

- **US$4.1 MILLION** Clean energy
- **US$6.0 MILLION** Energy efficiency
- **U$$10.1 MILLION** Total energy savings

38% of the electric power in our operations comes from clean sources, 57% in Mexico and 100% in Brazil.

SUSTAINABLE MOBILITY

THROUGH OUR SUSTAINABLE MOBILITY STRATEGY, WE AIM TO REDUCE THE IMPACT OF OUR FLEET—INCLUDING OUR PRIMARY AND SECONDARY DISTRIBUTION TRUCKS—AND TO POSITION OURSELVES AS THE INDUSTRY LEADER IN TERMS OF ENVIRONMENTAL STEWARDSHIP AND SAFETY, FOCUSING ON THREE PRIORITIES:

1 SAFETY
Implement strategies focused on a cultural evolution striving to ensure the safety of our associates and of the communities in which we operate.

2 VEHICLE EFFICIENCY
Maximize efficiencies in distribution by optimizing processes and applying state-of-the-art technology.

3 EMISSIONS REDUCTION
Reduce the environmental impact generated by our distribution fleet by applying clean technologies.

SAFETY

Our safety area defined, consolidated, and communicated our uniform, companywide Road Safety Standard. This standard encompasses all of our organizational levels and extends beyond our company's drivers to our collaborators and third-party drivers. Our goal is to implement this standard throughout 2018.

In 2017, we also deployed mandatory safety specifications for all new secondary distribution trucks that we purchased. These specifications include:

- **SAFE DESIGNS** – cautionary yellow/black striped bumpers, circular traffic cones, and reflective signage.
- **ERGONOMIC EQUIPMENT** – to reduce operator injuries – handrails, internal body lights, pullout steps, stirrups, and hand truck holders.
- **SAFE DRIVING DEVICES** – convex mirrors, reverse maneuver safety equipment, GPS to measure driving habits, and onboard driver training devices.

For the year, we implemented these mandatory safety specifications for 164 new delivery trucks that we bought in Mexico and the Philippines.

Moreover, through our distribution ally, Solistica, our drivers of primary distribution fleet receive continual training on eco-efficient driving and safety, as well as a program to prevent transportation risks, and periodic evaluations.

CRASH RATE REDUCTION

By 2020, our goal is to achieve a 50% crash rate reduction from our 2016 baseline.

VEHICLE FLEET

Our fleet includes more than 30,000 vehicles through which we deliver our beverages to our consumers across 10 countries.

Thanks, to our Road Safety initiatives, we achieved a 46% crash rate reduction in 2017

VEHICLE EFFICIENCY

Currently, we are designing, developing, and testing more fuel-efficient, light-body delivery trucks. These lighter weight vehicles will not only consume less fuel, but also improve vehicle utilization through their increased load capacity. Beyond light-body trucks, we are working on a flexible vehicle body configuration that will enable us to generate new vehicle specifications more rapidly and respond to specific operational needs more quickly.

Additionally, we are executing route optimization strategies to maximize our overall vehicle efficiency. In Mexico, we installed telemetry equipment on 100% of our secondary distribution fleet of 6,600 delivery trucks. We also implemented mobile delivery devices across 2,700 delivery routes. Thanks to our trucks' telemetry data—combined with the functionality of our mobile delivery devices—we enjoy the capability to identify and correct deviations in our distribution route execution versus our route plan. This equipment also enables us to analyze our route execution patterns in order to identify an optimal combination of variables to improve our route planning process. As a result, we optimize our fleet's usage, minimizing our vehicles' downtime while maximizing our vehicles' uptime.

Moreover, we deployed dynamic routing across our secondary distribution fleet in Brazil, Colombia, and Argentina. Through this dynamic distribution model, we enjoy the flexibility to plan our vehicles' routes every day, thereby optimizing our available fleet resources and our distances traveled to serve our customers. Consequently, we are able to improve our fleet utilization by approximately 15% and to achieve an 8-kilometer route reduction.

EMISSIONS REDUCTIONS

In 2017, we continued to evaluate the commercial viability of new lower emission vehicles and emission reduction devices. In Mexico, we examined electric cars for our corporate fleet, and we analyzed natural gas cars and primary distribution trucks with Solistica. We also ran tests on particle material filters and catalytic converters for our secondary delivery trucks.

Additionally, we leveraged our secondary fleet substitution program in Mexico, where we maintain our largest volume of delivery trucks. Over the past two years, we have substituted more than 600 trucks—approximately 10% of our total fleet—with vehicles that meet higher emission standards. Thanks to this program, we not only reduce our emissions and maintenance costs, but also reinforce our commitment to eco-efficiency with local environmental authorities.

In Mexico City, we continued to work closely with local governmental authorities on the metropolitan area's self-regulation program. Under this voluntary program, we commit to minimize our local delivery fleet's emissions through key initiatives, including our efficient maintenance process and ongoing fleet substitution program. Among other benefits, local authorities permit us to continually operate our complete secondary distribution fleet every day—fostering our social license to operate.

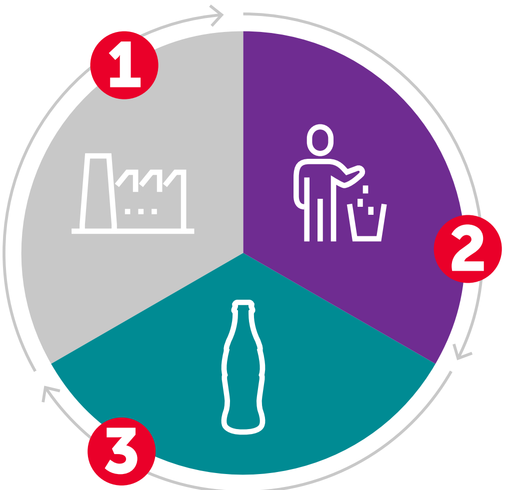
In recognition of our voluntary efforts to reduce our vehicles' emissions, we earned the Clean Transportation Award from Mexico's ministries of Environment and Natural Resources (SEMARNAT) and Communications and Transportation (SCT) for the seventh consecutive year.

WASTE & RECYCLING

At Coca-Cola FEMSA, our objective is to mitigate the environmental impact of our operations' processes. In this way, we help to preserve our natural resources and to decrease our emissions.

We promote a culture of waste management throughout all of our operations and our value chain, focusing on the following priorities:

1. **COMPREHENSIVE AND RESPONSIBLE WASTE MANAGEMENT**
2. **POST-CONSUMPTION COLLECTION**
3. **INTEGRATE RECYCLED MATERIALS IN OUR PACKAGING**



OUR 2020 GOALS

- **TO RECYCLE** at least 90% of the waste we generate in every one of our bottling plants.
- **TO INCLUDE 25% OF RECYCLED** materials in our PET packaging.

OPERATING WASTE MANAGEMENT

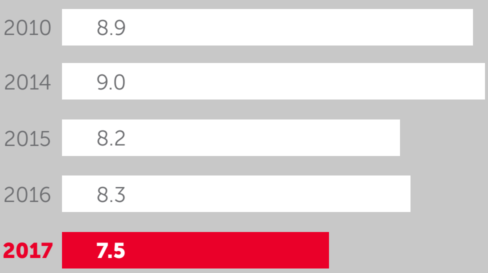
In 2017, 17 of our bottling plants earned Zero Waste certification. Designed for our Mexico operations, this initiative establishes specific measures to improve waste management, disposal, and repurposing—resulting in improved waste efficiency per liter of beverage produced.

By 2020, we aim to recycle at least 90% of our waste in each of our bottling plants. At year-end 2017, 90% of our plants successfully achieved this goal. Overall, we recycled 94.4% or approximately 144 thousands tons out of 152 thousands tons of manufacturing waste generated.

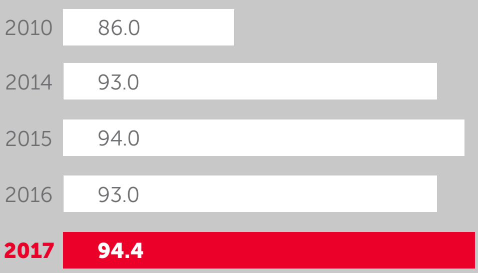
Currently, 20 of our plants in Mexico have obtained Clean Industry certification from the Federal Environmental Protection Agency (PROFEPA). Moreover, in 2017, 50 of our distribution centers in Mexico received air quality certifications from PROFEPA the state of Mexico's Environmental Agency, and Mexico City's Ministry of the Environment, and the Secretary of the Environment of the Federal District (SEDEMA). These and other recognitions confirm our commitment to the environment and overall sustainability.

To this end, we diligently work to ensure our processes comply with the highest national and international and standards and with all applicable laws, avoiding sanctions and fines pertaining to environmental issues, while reaffirming our commitment to efficient operational processes, environmental performance, and competitiveness.

Waste efficiency
grams of waste per liter of beverage produced



Waste recycling
% of waste recycled of the total waste generated



INNOVATIVE PACKAGING DEVELOPMENT

We foster research to develop lighter packaging that requires fewer raw materials. We also use recycled resin contributing to reducing the tons of PET used in our beverages' packages and, consequently, producing lower greenhouse gas emissions.

To this end, our goal is to incorporate 25% recycled material into all of our PET packages by 2020. In 2017, we successfully integrated 21% of recycled materials into the production of all of our PET presentations. Additionally, we launched a new bottle made of 100% recycled resin for all of our one-way PET presentations for Ciel water.

Consistent with our efficient resource management and optimization of our packaging materials, in 2017, we deployed a wide-ranging light-weighting strategy for our Mexico operation's sparkling beverage presentations, including: reducing all of our 600-ml PET presentations for our flavored sparkling beverages from 20.5 grams to 17.75 grams; decreasing our 1-liter PET presentation for Coca-Cola from 29.5 grams to 26.5 grams; and implementing our third generation light-weight cap for all of our PET sparkling beverage presentations. Moreover, we introduced a new fully recyclable 20-liter PET jug for Ciel water.

Similarly, in the Philippines, we maintained our leadership position by offering the lightest bottles in the global Coca-Cola system. In 2018, this country will also become the first ASEAN (Association of Southeast Asian Nations) nation to use 25% recycled resin in its single-serve PET presentations. In total, we have deployed 221 light-weighting projects since 2014.

We carried on with our optimization strategy for all of our secondary packaging's stretch and shrink film—reducing our use of low-density polyethylene by a total of 2,000 tons throughout all of our countries. Furthermore, in 2017, we introduced a new Green Crate made of 100% recycled high-density polyethylene to handle our returnable glass and PET bottles in Mexico.

In 2017, we launched a 100% recycled PET bottle for our Ciel water brand.

Thanks to our efficient resource management, optimization of our packaging materials, and light-weighting initiatives, we generated savings of US$24.4 million in 2017.

To strengthen our packaging capabilities, we further provided mandatory training, along with accompanying certification, across our plants in the proper use of 17 packaging materials. Through this special certification process, our plants must show clear enhancement across key packaging process indicators, while implementing corrective and improvement actions. This year, all of our operations earned "KOF Packaging Material Certification".

POST CONSUMPTION COLLECTION & RECYCLING

By joining efforts, we multiply the effects of our actions. Accordingly, as part of our collection and recycling efforts, we involve communities, authorities, and NGOs in the regions where we operate in different programs that promote the proper disposal and handling of the waste generated from consuming our products.

For over 15 years, we have collaborated with other food and beverage companies through ECOCE, a Mexico civil association that promotes the collection of waste, the creation of a national market for recycling, and the development of recycling programs. Thanks to this collaborative effort, in 2017, ECOCE collected 57% of the total PET waste in Mexico.

Furthermore, we are leaders in PET bottle-to-bottle recycling in Latin America. In Mexico, in 2005, we joined efforts to operate the first Food Grade PET Recycling Plant in Latin America, called IMER (Industria Mexicana de Reciclaje). In 2017, this plant recycled 12,415 tons of PET.

Overall, in 2017, we utilized a total of almost 59,202 tons of recycled and renewable materials in our plants in Argentina, Brazil, Central America, Colombia, and Mexico. As a result of these efforts, we have used more than 209,448 tons of recycled PET since 2010. Consequently, we have considerably reduced the amount of virgin materials we use in producing our packages, while lowering our plants' energy consumption.

Aligning our efforts with The Coca-Cola Company, we embrace their global goal of helping to collect and recycle the equivalent of 100% of our packaging by 2030 through the "World Without Waste" initiative.

TAKING THE INITIATIVE

We are involved with multiple recycling projects with our stakeholders. For example, Misión Planeta has collected 1,046 tons of post-consumption PET in Costa Rica. In 2017, this program boasted around 30,000 participants. Similarly, in Mexico, 170,000 children and young people participated in the Yo Sí Reciclo initiative, designed to promote a culture of recycling. Through this initiative, 400 tons of PET were collected and with the program ECOCE at schools we collected 512 Tons of PET.

SAFETY

We view and understand safety as a principle action and key pillar for our business. Consequently, we are committed to promoting a Safety Culture—valued for improving the welfare of our employees, business partners, contractors, and their families, together with the communities where we operate.

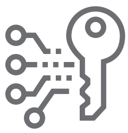
OUR 2020 GOAL

- **TO REACH** a Lost Time Injury Rate (LTIR) of 0.5 per 100 employees and a Total Incident Rate (TIR) of 1.5.

To this end, we have designed a four pillar Safety Strategy:

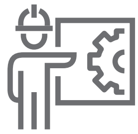
COCA-COLA FEMSA SAFETY STRATEGY

TRANSFORMING THE SAFETY CULTURE



MANAGING KEY RISKS

FOCUSING ON CRITICAL ACTIVITIES



PROFESSIONALIZATION OF SAFETY

We aim to achieve zero work-related injuries and illnesses among our employees, contractors, and communities by ensuring the safety of our workplace through minimizing safety risks, eliminating incidents that could arise in our work centers, and developing safety capabilities across our organization.

Based on a thorough diagnosis and analysis of the best practices of companies that are leaders in safety, this strategy opens the door for us to transform our safety culture through strong leadership, communication, recognition, training, consulting, and risk management initiatives geared to our employees and their families.

As a result of these initiatives, we reported a LTIR of 1.17 in 2017, representing a 28% decrease compared to 2016 and a 65% reduction compared to 2014. They also contributed to a 29% reduction in our Lost Time Injury Severity Rate (LTISR), from 37.78 in 2016 to 26.97 in 2017. We also achieved a 2.33 Total Incident Rate, representing a 24% reduction versus 2016.

Importantly, our manufacturing sites achieved our 2020 goal of a LTIR of less than 0.5 during 2017, realizing a 43% reduction year over year. Our distribution sites accomplished a 27% reduction versus 2016, while 50% of our manufacturing plants and 20% of our distribution centers reached our goal of zero work-related injuries throughout the year.

In 2017, we implemented multiple initiatives to promote and ensure the safety of our employees and their families. From Alignment & Leadership Construction to Cultivate Safety Knowledge, we developed and implemented processes, programs, and technologies that enabled us to manage more effectively the critical activities of our "Top 5 Initiative" and "Key Risks Standardization" across our production and distribution facilities.

We also continued to carry out the "KOF Cultural Transformation Program" that we began last year, aligning the model and the plan for each country. Through this transformational journey, we address our people's beliefs about safety and manage their behavioral consequences across each of

Lost time injury rate (LTIR)

2013	3.86
2014	3.41
2015	2.56
2016	1.62
2017	**1.17**

Lost workdays from injury rate (LTISR)

2013	76.15
2014	75.83
2015	54.03
2016	37.78
2017	**26.97**

our 10 operations. Among our actions, we are carrying out safety culture diagnoses, leadership sessions for our top and middle management, and cultural transformation deployment, while developing our KOF Responsibility Model and Risk Management and Leadership Program.

At the end of 2017, we designed our School of Safety, which we will launch at the beginning of 2018. This three-year, 12 technical module program is focused on providing technical, functional, and leadership skills to the people who are in charge of the Safety and QSE function throughout our operations. When they complete this program, these safety professionals will earn our School of Safety certification.

To prevent and drastically reduce our injuries and road incidents rates, while protecting the physical integrity of our fleet, we continued to develop and introduce innovative technologies to help us to reduce crashes on the road. These technologies include the installation of telemetry systems in our fleets, which enable us to monitor and improve the behavior and performance of our drivers; devices to ensure safe reverse maneuvers; and the development of competencies through simulators and virtual reality tools that enable us to accelerate learning processes and develop positive driving capabilities. Additionally, we developed a road safety policy and program together with a road safety expert, which we will implement throughout all of our operations in 2018. Through these and other measures, we reported a Crash Rate of 23.14 in 2017, representing a 46% decrease compared to 2016. We also won the National Road Safety Award in different countries.

At Coca-Cola FEMSA, we firmly believe that all accidents can be avoided. Accordingly, we continually research,

In 2017 we invested more than US$27 million in Industrial Safety Programs and in technical adaptations at our working facilities

analyze, and identify the measures required to reduce the number of injuries resulting from our operations.

For 2017, we made progress by reporting the total number of fatalities that fall within and without our company's responsibility. This data includes our manufacturing, distribution, and trading operations that impact both our employees and our communities. Compared to 2016, we reduced these total fatalities by 45%.

Additionally, we decreased the number of fatalities for which our company is accountable from 10 to 8, with none occurring inside our manufacturing facilities. While this is positive progress, the loss of any individual associated with our operations is unacceptable, so we continue to work hard to achieve our goal of zero injuries and fatalities.

Fatalities imputable to the company

2013	11
2014	14
2015	14
2016	10
2017	**8**

COMMUNITY DEVELOPMENT

To build closer bonds with our neighboring communities, we encourage continuous dialogue and interaction. By collecting and analyzing available data and approaching them to address their particular needs and concerns, we can develop and deploy activities that result in benefits for both our company and our communities. To this end, we strive to build trust and secure the commitment of all involved parties—ensuring we maintain our social license to operate.

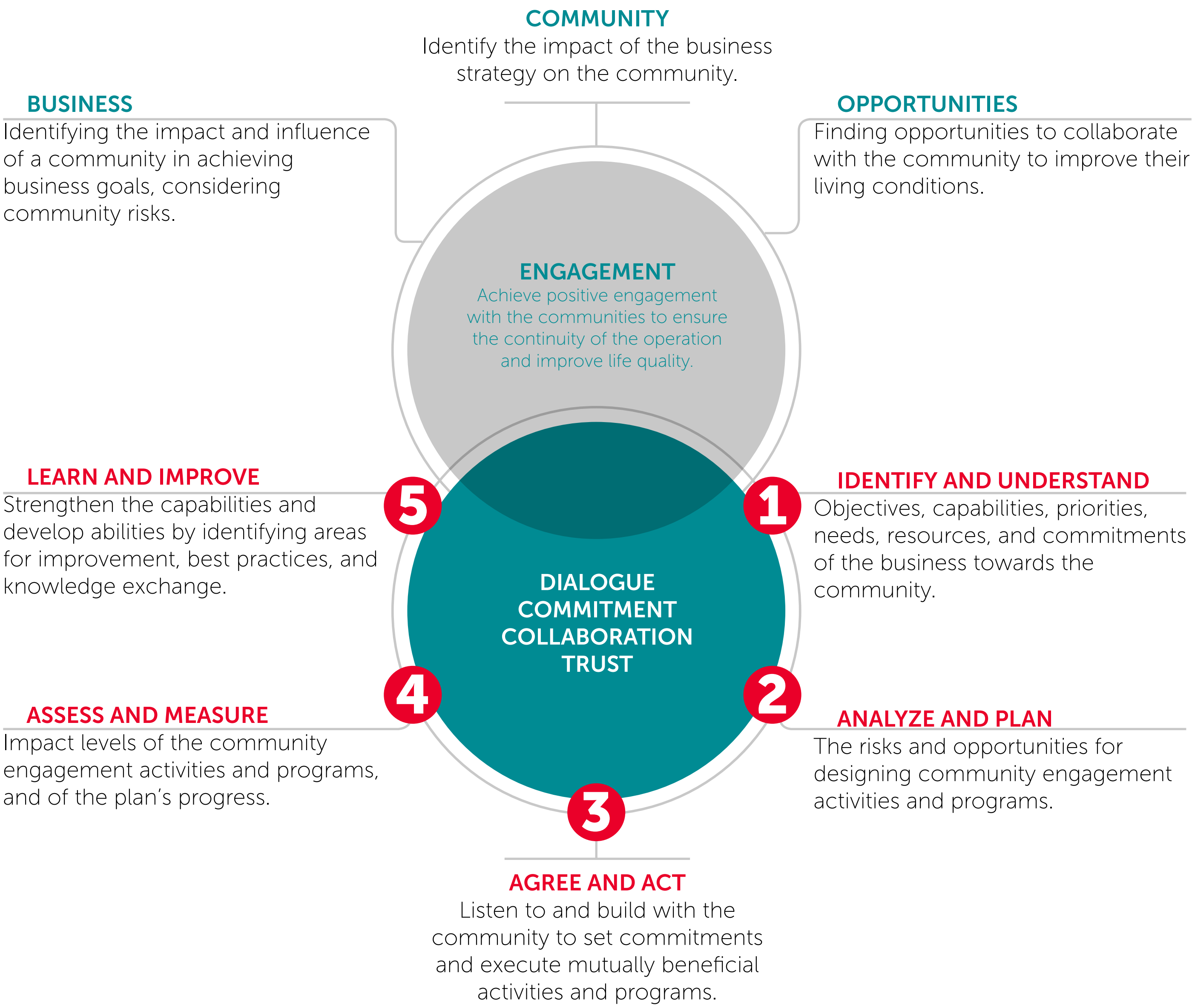
Ultimately, our social license not only enables us to consolidate positive relationships with our communities, but also contributes to our ability to serve the market while better identifying key opportunities to collaborate with our neighbors.

OUR 2020 GOAL

- **TO PUT IN PLACE** a Community Relations Plan throughout 100% of our key work centers by 2020.

COMMUNITY RELATIONS' MANAGEMENT MODEL

To create a community relations vision that we can put it into practice in a standardized and systematic manner, we developed a management model that includes five sequential steps—which are the foundation of our Model for Addressing Risks and Relations with the Community (MARRCO).



During 2017, we implemented MARRCO in 18 work centers achieving an 18% progress in our goal only for this year. From 2016 to date, we have implemented MARRCO in 37 work centers, including plants and distribution centers, representing 45% of our manufacturing facilities.

Based on MARCCO methodology, these work centers are designing a community engagement plan to immediately implement a series of measures, including mitigation activities to reduce our operational footprint and community programs aligned with local needs and risks. In turn, this will help us to ensure our positive coexistence and our business' permanence at those locations.

MARRCO LOCATIONS

COUNTRY OR REGION	WORK CENTER	
Mexico	Altamira Coatepec Cuatitlan Cuernavaca Ixtacomitan	Lagos de Moreno Los Reyes San Juan del Rio Toluca
Central America	Calle Blancos (CR) Coronado (CR) Guatemala (GU)	Managua (NI) Estrella Azul (PTY) Panama (Plant & DC)
Argentina	Alcorta Montegrande	Mega Parral
Brazil	Bauru Campo Grande Itabirito Jundiai Jurubatuba	Maringa Marilia (Plant & DC) Santos Sumare
Colombia	Bogota Calera / Manantial Cali	Medellin Tocancipa
Philippines	Immus	Parañaque

SOCIAL PROGRAMS AND INITIATIVES

At Coca-Cola FEMSA, we have built positive relationships with our communities by carrying out different social programs and initiatives in order to improve local living conditions from the moment we begin our operations. Recognizing the diversity of our countries and communities, we develop enriching activities aligned with their local needs.

In 2017, we carried out 59 community development programs and social initiatives, along with 34 local environmental impact measures. As a result, we benefited more than 420,000 people across the 10 countries where we operate.

In 2017 we invested US$5.8 million in infrastructure and supported services.

Among our many different activities, our exemplary social programs and initiatives in these countries include:

- **PHILIPPINES**

  5BY20 PROGRAM: Sari-Sari Store Training and Access to Resources (STAR), we work with The Coca-Cola Company to build an environment in which women in the retail mom-and-pop sector are economically empowered.

  COORDINATES FOR LIFE PROGRAM: Developed by FEMSA, we continued to implement this program to help develop decision-making capabilities and complement school education with experiences outside the classroom.

- **BRAZIL**

  COCA-COLA COLETIVO: In collaboration with the Coca-Cola System, this program prepares young people for the labor market through professional training courses focused on their particular needs.

- **ARGENTINA**

  CANTEROS ALCORTA PROGRAM: We rehabilitated the boulevard in front of our Alcorta plant by installing sports poles.

CULTURAL
evol

ution

Through our continuous evolution, we are creating a strong, unified corporate culture, founded on the cornerstones of leadership, talent, and innovation. Together, we share a passion for excellence—embracing diversity across our increasingly multicultural operations.

To guide our cultural evolution, we have defined three main aspirations:

INVESTING US$28.2

million in our cultural evolution initiatives programs.

CONNECTED AND INSPIRING LEADERSHIP

A highly-motivated organization, inspired by leaders who reward and recognize people, and promote collaboration at all levels.

OUR TALENT IS KEY

A solid talent management culture based on a transparent performance evaluation and on strengthening career growth paths.

INSIDE - OUT PERSPECTIVE AND INNOVATION

An open mentality and awareness at all levels of the organization that fosters the maximum impact on capabilities and the innovation process.

VALUES

Our values comprise the essence of our culture: they express who we are, how we behave, and what we believe. We live by these values every day.

The five values that reflect who we are as a company:

- We enjoy a **PASSION FOR CUSTOMER SERVICE**, aiming to achieve their preference through innovative solutions.
- We promote the **RESPECT AND INTEGRAL DEVELOPMENT** of our team members in order for them to gain better opportunities for economic, professional, and social growth.
- We **ACT HONESTLY AND RESPONSIBLY, ADHERING TO OUR ETHICS PRINCIPLES**, with an awareness of the impact of our actions and decisions. We use caution in our behavior and in the way we use company resources.
- We **CONTRIBUTE TO THE POSITIVE TRANSFORMATION OF OUR COMMUNITIES** by simultaneously creating economic, social, and environmental value.
- We **REQUIRE LOYALTY AND CONFIDENCE** to strengthen the bonds that unite us. Just as a bicycle chain creates movement and offers stability, trust gives us the confidence and certainty to walk with a firm step.

ETHICS AND VALUES

Our ethics and values permeate our corporate culture—encompassing all of the activities that we carry out within and outside of our company.

ETHICS

We continually look to enhance our reputation as a responsible, sustainable company to help attract and retain employees, consumers, suppliers, and investors, while fostering positive relationships with our communities.

With that in mind, we respect the human rights of every one of the stakeholders with whom we interact. We adhere to and comply with The Coca-Cola Company's Human Rights Policy throughout all of our operations, ensuring our suppliers' adherence as well. In 2017, we assessed 30% of our plants' impact on human rights, as part of our continuous process to review the compliance of a certain percentage of our work centers year in and year out.[1]

Aligned with the Universal Declaration on Human Rights and the United Nations Guiding Principles on Business and Human Rights, this policy centers on 12 main components with which we aim to comply: respect for human rights; community and stakeholder engagement; diversity and inclusion; freedom of association and collective bargaining; workplace health and safety; workplace security; forced labor and human trafficking; child labor; work hours, wages, and benefits; land rights and water resources; healthy habits; and guidance and reporting for employees.

Additionally, we provide guidelines for the way in which we operate and act in our operations, which are included in the Coca-Cola FEMSA Business Code of Ethics. This Code addresses our company's position in terms of our relationship with our clients, suppliers, competitors, authorities, and communities. It also addresses corruption, advertising and marketing, workplace health and safety, conflicts of interest, and information security. Every year, all of our employees affirm their commitment to abide by our Code of Ethics.

To promote a culture of legality among our employees—while striving to ensure our company plays an exemplary role in creating a better society—we developed and deployed a sensitivity campaign on integrity and legality to which we are encouraged to adhere as Coca-Cola FEMSA employees and citizens.

[1] 19 of our working centers were assessed.

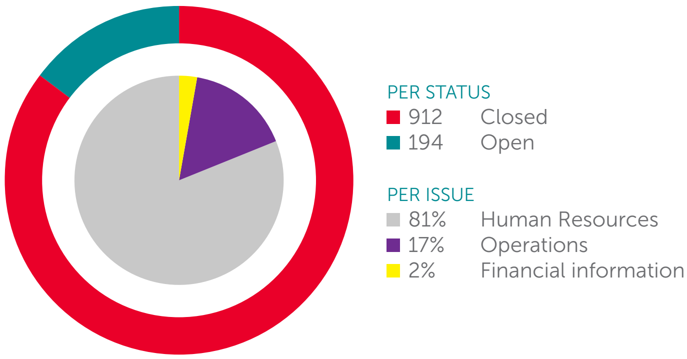
In the case of non-compliance with our policies and to avoid practices that go against our respect for human rights, including child labor, forced labor or free association, our employees and suppliers can make confidential and anonymous reports through our DILO System by telephone, email or instant messaging. Our Human Resources division handles, follows up, and resolves all of these reports. Managed by our Global Compliance division, we also offer The Coca-Cola Company's EthicsLine, a global online and telephone information reporting service that is available throughout the Coca-Cola System.

Our DILO System classifies reports into three areas:

- **HUMAN RESOURCES:** Abuse of authority, sexual harassment, discrimination, work environment, health and safety, and environmental stewardship, among others.
- **OPERATIONS:** Non-compliance with policies, contracts, laws, and regulations, fraud, complaints from clients or suppliers, and conflicts of interest, among other issues affecting our operations' efficiency.
- **FINANCIAL INFORMATION:** Fictitious operations, distortion of accounting books, unfulfilled revelations, and use of confidential information, among others.

In 2017, we received a total of 1,106 reports of which 82% were closed within the year. Of these reports, none were related to child labor, forced labor or freedom of association. Additionally, we reduced our average attention days for addressing reports from 190 to 50 days—within the international benchmark.

Reports



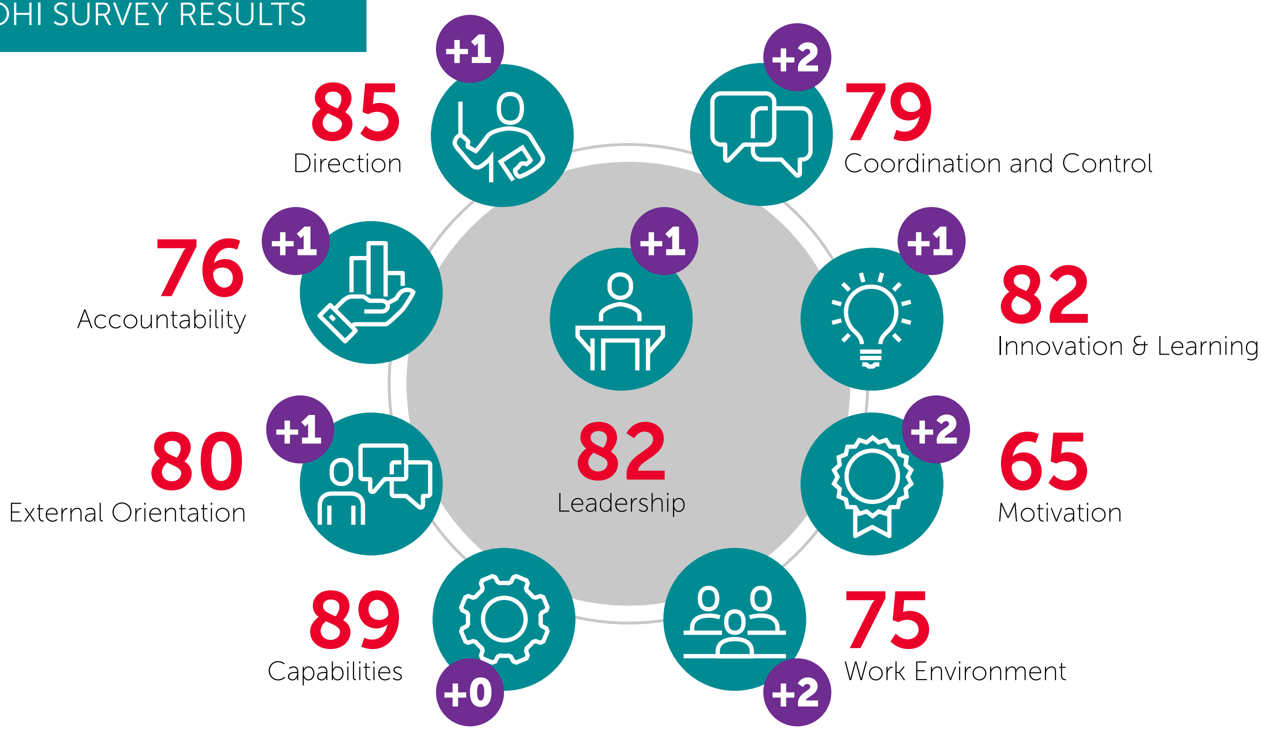
ORGANIZATIONAL HEALTH

As a growing multicultural corporation with 101,682 employees across 10 countries, it is critical for us to understand what matters most to them.

Aligned with our three main aspirations, in 2017, we launched our fourth annual Organizational Health (OHI) survey to measure our progress across nine strategic dimensions and 37 key practices. Based on feedback from over 21,000 employees, representing 87% of participation rate, we registered a five-point increase in our overall organizational health from our baseline survey in 2014, coupled with a one-point gain year over year.

To further ensure our employees' growth in a positive, respectful, and equal workplace environment, we also conducted a "Organizational Climate Survey" every two years at our work centers. In 2017, we assessed all of our company; with a 90.4% employee participation rate, we maintained our employee satisfaction score compared to the prior survey.

OHI SURVEY RESULTS



INSPIRATIONAL LEADERSHIP

We encourage inspiring leaders—who reward and recognize our people while fostering collaboration across all levels of our company.

To foster our vision of inspirational leadership, while addressing the challenges we face every day, we aim to develop 10 key attitudes or attributes among our organization's current and future leaders:

In 2017, we designed and built "KOF Accelerated Leaders Program (ALP)"; an integral leadership development model intended to accelerate our leadership pipeline in light of our organization's global and local needs. At this point, the School will comprise two accelerated 10-month leadership programs for our managers and directors:

- **KOF ALP FOR MANAGERS** enables our managers to develop and practice core leadership competencies that focus on effectively leading and managing people in their daily operations; fully understand our business strategy and translate it into tangible results; and drive innovation, diversity, and inclusion, while empowering themselves and others to act like an owner.
- **KOF ALP FOR DIRECTORS** program enables our directors to develop high-performance teams; drive innovation, diversity, and inclusion; operate as adaptive leaders within our organization, equipped to lead and manage positive, impactful change; and fully understand our business strategy and translate it into tangible results.

Furthermore, we promote an open and innovative mindset throughout our organization by deploying current and future leaders into stretch roles to accelerate their and our company's growth. To date, we have approximately 45 executives employed in countries other than their country of birth, allowing them to assume new roles, responsibilities, and capabilities as part of our effort to drive innovation across our corporation.

18,649
New hires

KOF LEADER ATTITUDE

BE IN LOVE
When you love what you do, things flow in a different way. Be in love with KOF and its brands.

BE AGGRESSIVE
Always be the best at everything you do, with passion and conviction.

BE AWARE
You must always be aware of the challenges in our surroundings, our industry, and of the KOF indicators.

BE BOLD
Dare to do things in a different way. Accept a challenge and take calculated risks.

BE PERSISTENT
Things are not always going to be what you want them to be the first time around. Try to learn from mistakes and learning experiences, try again.

BE TOGETHER
Work with your team. Establish synergies based on the value and advantages of complementarity.

BE ON TIME
Foresee the needs and respond in a timely manner.

BE FIRST
Remember: act before circumstances and the surroundings. Innovate, surprise our competitors.

BE A REALIST
Set challenging but realistic goals for yourself always raise the bar.

BE PROUD
When you are proud of your own and your team's accomplishments you establish the norm. Be an example and be proud of being KOF.

TALENT MANAGEMENT AND DEVELOPMENT

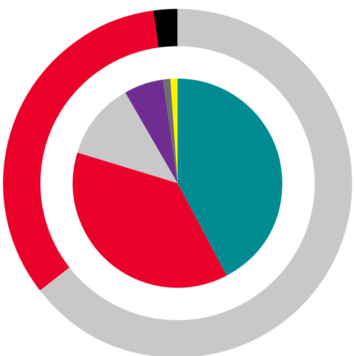
We continue to strengthen our talent management culture—rooted in transparent performance evaluation and reinforced growth paths.

With this in mind, all of our employees enjoy individual Development Plans that strengthen their leadership, functional, and technical capabilities. To identify what training is best suited for our employees, we analyze their needs through regular performance and career development reviews. Afterwards, we design a personalized learning approach that includes critical work experiences, collaborative feedback, mentoring, and coaching, as well as synchronous and asynchronous training. In 2017, 20,466 of our employees received a regular Performance Evaluation and personal feedback, 88% of this process is managed with our official Critical Factors Methodology process done through online platform as well as manually.

We are further developing future leaders by designing and communicating clear career paths, providing our executives with the tools, guidelines, and information to discuss them in their two-way Vertical Reviews, along with new self-development tools to enable them to work on their priorities. Among our integrated initiatives, we are opening up the results of our 9-Box Performance-Potential Matrix for directors and managers and strategic and tactical leaders to promote transparency and to enable our people to manage their own career development through a career map and plan designed for each and every one of them.

Additionally, FEMSA University offers an array of online courses and functional materials that focus on strengthening our people's key business capabilities. With an investment of approximately US$476 thousand in FEMSA University, where we have more than 5,000 different resources such as: events, courses, videos and diverse online materials.

Training hours



PER LEVEL
- 62% Administrative staff
- 36% Unionized
- 2% Directors and managers

PER ISSUE
- 42% Health and safety
- 37% Technical expertise
- 12% Development plans
- 6% Ethics and human rights
- 1% Sustainability
- 1% Languages

IN 2017, WE INVESTED US$12.7 MILLION IN EMPLOYEE TRAINING INITIATIVES, ACCOUNTING FOR 3.4 MILLION OF TOTAL TRAINING HOURS OR 44 AVERAGE HOURS PER PERSON

54.8% vacancies filled with internal candidates

KOF PEOPLE SERVICES: INNOVATIVE HUMAN RESOURCES MANAGEMENT

Technology, coupled with strategy, is invaluable when it comes to establishing a connection with our employees, especially across our multinational, multicultural organization. To strengthen this connection, our KOF People Services platform (KPS) will bring together in a single site all of our Human Resources (HR) services and benefits. KPS will not only enable our employees to self-manage their HR services from their office computer, but also allow our employees to access some of these services on their mobile devices. Acting as a 24/7 HR office, we expect to start the deployment of KPS in Mexico at the beginning of 2018.

ORGANIZATIONAL EFFECTIVENESS, COMPENSATION AND BENEFITS

To create a positive workplace environment, we recognize the direct relationship between our organizational effectiveness and our employees' access to the necessary resources to live healthy, fulfilling lives.

COMPENSATION & BENEFITS

Our people have a compensation and benefits scheme that recognizes their effort commitment to their jobs and their contribution to creating value for our company—resulting from their effort and commitment to their jobs.

At all levels of our organization, we ensure that our employees' remuneration is competitive and that their conditions are equal for both men and women. To this end, we make sure that the salaries of direct employees in entry-level positions are on average 5.9 times higher than the corresponding minimum wage in each country. Additionally, based on studies performed by international consulting firms that enable us to make comparisons between countries, we can determine that 17.5% of our employees are receiving an integrated salary that is greater than or equal to the market median.

We also carry out performance evaluations through our Goal Management program, which helps us to monitor employees' contribution to the goals and objectives of our business. At the same time, it allows us to identify candidates for certain types of compensation, as well as to recognize team achievement, detect areas for improvement, and boost teamwork.

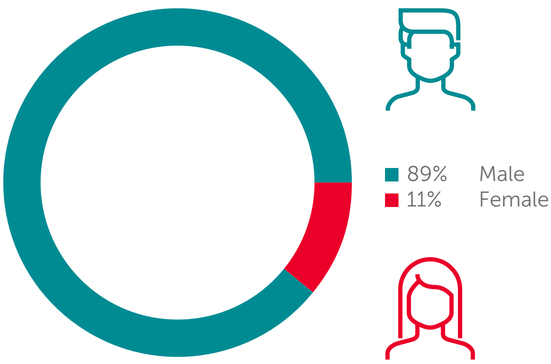
1.5%
Average monthly turnover

At Coca-Cola FEMSA, we offer benefits that are above what is stipulated by law in the countries in which we operate. Among others, these benefits include life insurance for our administrative staff, health insurance, and short- and long-term management incentives.

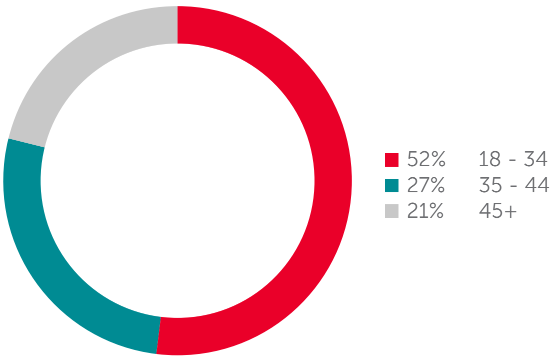
We offer those employees who are about to become parents maternity or paternity leave based on local legislation. Last year, we began the first stage of a program to monitor the percentage of our employees who return to their job after having asked for a leave of absence—with positive results.

We comply with all the rights and obligations stipulated by law, exceeding the conditions and benefits required in each of the countries where we operate, which cover more than a half of our workers. These contracts are reviewed and agreed with all our union representatives, respecting the established validity times, as well as complying with all the notice periods and established notifications. As of December 31, 2017, approximately 63.9% of our employees, most of whom were employed in Mexico, were members of labor unions. We had 298 separate collective bargaining agreements with 164 labor unions. In general, we have a good relationship with the labor unions throughout our operations; nonetheless we operate in complex environments, such as Venezuela, Argentina and Philippines.

Personnel per gender



Personnel per age range



INCLUSION & DIVERSITY

At Coca-Cola FEMSA, we are committed to fostering a culture of inclusion and diversity—promoting respect and equal opportunities across our organization. By recognizing that our differences make us stronger, we positively impact our business, our community, and our overall work environment.

Our overall strategy is founded on the conviction that we can leverage our diversity to drive innovation and business success. To this end, we defined a three-year strategic plan to become a more inclusive and diverse organization, beginning with building and developing inclusive behavior among our leaders; focusing on gender diversity to enable us to drive different perspectives in our processes and capabilities; and a multi-generation strategy that will prepare our organization for the next generation of employees. Through inclusion and diversity, we connect and foster our organizational growth and transformation.

From when we first develop a position through the talent attraction process, we consider the inclusion of people with different profiles, capabilities, interests, and aptitudes essential to forming whole, comprehensive teams—where our diversity offers an opportunity to stimulate innovation, enrich our work environment, and understand the needs of our consumers from different points of view.

Consistent with our Code of Ethics, we promote equal opportunities, do not tolerate discrimination, and respect the human rights of all of the people at all of our work centers and across all of our interactions inside and outside of our company.

Through our Inclusion and Diversity Networks, we promote a culture of respect, within our work centers. These six networks design and deploy campaigns, programs, and activities across our organization.

GENDER EQUITY

Inclusion & Diversity
#connectingdifferences

Working on the elimination of gender barriers in the workplace.

PEOPLE WITH DISABILITIES

Sensitize employees to the inclusion of people with disabilities at work and recognize the talent that people with disabilities can bring to our organization.

MOMS AND DADS

A support group for parents and a cultural differences interaction space to encourage our company's commitment to our employees and their families.

MULTIGENERATION

Breaking the barriers of generational differences to encourage collaboration among our employees.

KOFRIENDS

Create awareness about LGBTQ+ of issues, respect for individual preferences, campaign against homophobia and transphobia.

MULTICULTURALISM

Breaking the barriers of cultural differences to encourage collaboration among our employees.

SOCIAL DEVELOPMENT

We value our talent, and we know that our business' sustainability begins with the comprehensive social development of our employees and their families. Accordingly, we offer them the tools and opportunities required for their personal and professional growth.

Aligned with the FEMSA Social Development System, we foster our employees' social development, focusing on seven dimensions:

- **LABOR:** We strive for our employees to achieve excellent performance in their work and personal environments.
- **EDUCATION:** We promote the continuous development of our intellectual and cultural heritage.
- **HEALTH:** We value and encourage physical and emotional health, as well as preventive habits.
- **VALUES:** We understand those human values that turn individuals into better people, and we internalize them.
- **ECONOMY:** We promote the protection and development of our employees and their families' wealth based on their present and future needs.
- **FAMILY:** We encourage an affectionate, formative, and strongly integrated family nucleus.
- **SOCIAL AND ENVIRONMENT:** We are committed to the common good, respect the law, and care for the environment.

PROMOTING A PROPER WORK/LIFE BALANCE

In 2017, we invested US$8.5 million in programs promoting the proper balance between work and family, improving our employees' wellbeing and quality of life.

We offer differentiated workday frameworks—from home office to flex time for our employees. This benefit is granted according to the inherent requirements of the job and the program's global deployment.

OUR 2020 GOAL

- **TO GENERATE** 1 million hours of volunteer work.

Ultimately, our aim is to provide our employees and their families with the opportunity to offer their time and talent for the benefit of our society. To this end, we offer the KOF Volunteers program. In 2017, 57,000 participants, including our employees and their families, devoted 307,034 hours to approximately 1,400 volunteer initiatives, supported by an investment of more than US$187,000. By 2020, our goal is to achieve 1 million hours of volunteer work, and through 2016, we made 68.1% of accumulated progress toward our objective.

To improve our employees and their families' quality of life, we carry out programs across seven dimensions of the FEMSA Social Development System. One of our most noteworthy activities is Family Day, in which 38,818 people participated in Brazil, Colombia, and Mexico.

Through our KOF Vacations program, more than 2,108 of our employees' children in Argentina, Central America, Mexico, and Venezuela participated in recreational, cultural, and education activities aimed at strengthening their values, environmental stewardship, and social commitment.

Furthermore, our comprehensive Healthy Life program encourages healthy habits in our Mexico operation. Through this program, we benefit our employees and their families with doctor's visits, healthy menus, activity pauses, and other initiatives to encourage and celebrate physical activity.

General illness index
per 100 associates

2013	93.7
2014	101.2
2015	85.5
2016	78.9
2017	**73.2**

Lost days due to general illness index
per 100 associates

2013	503.8
2014	599.1
2015	595.3
2016	522.5
2017	**523.2**

OCCUPATIONAL HEALTH

At Coca-Cola FEMSA, the health and wellbeing of our employees is a priority and an organizational policy. We know that healthy workers with a quality of work life make for productive employees, who are committed to our organization.

Through our Occupational Health Management System, we work to ensure that our employees enjoy optimal biopsychosocial health, with primary health care services in their workplace; all framed in a culture of prevention and self-care health promotion, which positively impacts their families.

In 2017, we invested a total of US$7 million in our health and hygiene programs in the workplace throughout the 10 countries where we operate. The objective of these programs is to avoid the incidence of occupational diseases or work-related injuries, foster the best conditions in our work environments, and ensure compliance with health standards in our workplace. We also guarantee alignment with the World Health Organization (WHO) and the International Labor Organization's (ILO) guidelines and recommended international standards.

Moreover, we have strengthened our health structure. To this end, we have expanded our medical department—increasing the number of doctors, nurses, and other health professionals in our operations—and we have increased our investment in the construction of medical services, the purchase of equipment, and the budget for supplies and medicines. Similarly, we have carried out frequent days of health and integral welfare promotion in our offices, distribution centers, and plants, as well as days of early disease detection and care programs for diabetes, hypertension, and cardiovascular risk.

One of our fundamental objectives is the prevention of common diseases and injuries, together with a reduction in the number of employees with disabilities due to various types of pathologies and a reduction in absenteeism due to general illnesses (lost days). Compared to 2016, we managed to reduce our cases of illness by 7% across the 10 countries where we operate—thanks to our medical approach and our health personnel's treatment of ill employees.

OUR 2020 GOAL

- **ZERO FATALITIES** from work-related diseases.
- **REDUCE BY 20%** the general illness absentee rate vs 2010.

Interview WITH OUR CFO

HÉCTOR TREVIÑO GUTIÉRREZ, OUR CHIEF FINANCIAL OFFICER, REFLECTS ON OUR POSITIVE PERFORMANCE OVER A CHALLENGING YEAR. HE DISCUSSES OUR ADAPTABILITY TO CHANGING MARKET DYNAMICS, KEY MILESTONES, DISCIPLINED APPROACH TO CAPITAL ALLOCATION, AND CAPACITY TO SATISFY CONSUMERS' DIVERSE LIFESTYLES WITH A VARIETY OF BEVERAGE CHOICES.

Q) Hi, Héctor. First off, could you briefly review your company's results for 2017?

A) Yes. We delivered positive comparable[1] top- and bottom-line results in the face of a challenging consumer, macroeconomic, and raw material environment. For the year, our comparable sales volume and transactions reached 3.7 billion unit cases and 25.1 billion transactions, respectively. Our total revenues grew 3.6% to Ps. 190.9 billion. Our operating income rose 6.2% to Ps. 25.2 billion. Our operating cash flow increased 5.9% to Ps. 36.8 billion, and our net controlling interest income increased 34.7%, resulting in earnings per share of Ps. 6.15 (Ps. 61.49 per ADS).

As announced, as of December 31, 2017, we changed the accounting method for our Venezuela operation to Fair Value. Coca-Cola FEMSA de Venezuela will continue operating in this country to satisfy our Venezuelan consumers' beverage needs in the face of an exceptionally challenging environment.

We also made two dividend payments for a total amount of over Ps. 6.9 billion (or Ps. 3.35 per share), underscoring our company's commitment to shareholder return.

Q) Can you give us a feel for the factors that enabled Coca-Cola FEMSA to produce positive results in the face of a challenging year?

A) Our positive performance highlights our ability to adapt to complex market environments. For example, we promptly rolled out affordability initiatives across our operations, enabling us to gain or maintain market share across key markets. Underscoring our flexibility to adjust

[1] Excluding the effects of: mergers, acquisitions, and divestitures; exchange rate movements; and hyperinflationary economies such as Venezuela; and including the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first-quarter 2016.

to diverse conditions, our Brazilian, Central American, Colombian, Mexican, and Philippine operations were able to bolster their performance thanks to their deployment of our centers of excellence' (CoEs) commercial, supply chain, and manufacturing transformational initiatives. Already, these initiatives enabled improved point-of-sale execution, better route planning, and operating expense savings, mitigating margin pressures while generating incremental transaction, revenue, and share of sales growth.

Q) Can you walk through your company's most important milestones in 2017?

A) Looking back, we achieved several important milestones. After a very unfavorable environment over the past few years, our Brazilian operation enjoyed a turnaround—with improving volume growth and profitability driven by our team's exceptional execution. Indeed, our team is the proud champion of the Brazil Execution Cup 2017, awarded annually for the best overall execution among the country's Coca-Cola bottling system. Among other key indicators, this award recognizes our effective point-of-sale portfolio, commercial and promotional activity, price compliance, and cooler placement.

Another important milestone is our Brazilian operation's smooth integration of Vonpar's franchise territory. Through our team's efforts, we continue capturing synergies at the EBITDA level over our targeted R$65 million expected for an 18 to 24 month period. Beyond these synergies, we successfully cross-fertilized our talent and best practices. Notably, we capitalized on Vonpar's route-to-market model and considerably improved Vonpar's market execution—highlighted by the deployment of our KOFmmercial Digital Platform.

A further milestone is our accelerated transformation from a traditional soft drink company to a multi-category ready-to-drink beverages leader. Together with our partner The Coca-Cola Company, we're reformulating our beverage portfolio to offer our consumers a wider array of choices—from zero- or low-calorie sparkling beverages to innovative new waters, teas, juices, energy drinks, and dairy products. With the acquisition and integration of AdeS, we're expanding aggressively into the rapidly growing plant-based nutrition category. As the leading plant-based beverage brand in Latin America, AdeS complements our still beverage portfolio, offering our consumers a broader array of nutritious, delicious choices.

Finally, in Guatemala, we successfully rolled out our pre-sale route-to-market model—an agile, more efficient way to serve the market and capture additional value.

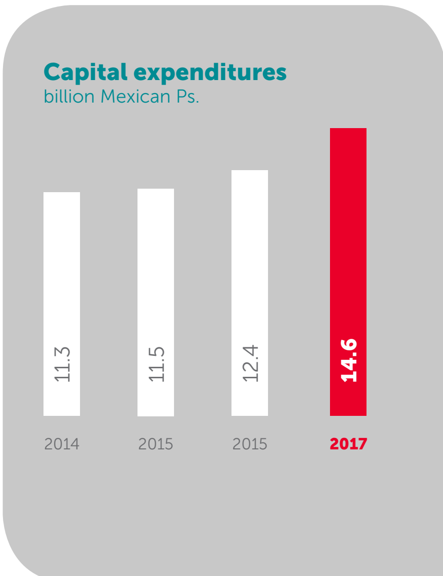
Q) With your consolidation of this operation, could you offer us an update of your turnaround efforts in the Philippines?

A) Beginning in February 2017—the fourth anniversary of the acquisition—we began consolidating the financial results of our Philippines operation. Moreover, since January 25, 2017, we control Coca-Cola FEMSA Philippines with all of the decisions relating to the day-to-day operation and management of our Philippines's business, including its annual normal operations plan, approved by a majority of its board of directors without requiring the affirmative vote of any director appointed by The Coca-Cola Company.

As I noted last year, our successful turnaround in the Philippines is based on three pillars: portfolio, route to market, and supply chain. Consistent with our two-part portfolio strategy, in 2017, we continued to expand our popular single-serve PET presentations, launching our 200-ml presentation at the magic price point of PHP8 to develop our product mix in the Visayas and Mindanao regions. We also strengthened our competitive position in returnable glass bottles through our rollout of an 8-ounce entry pack at the magic price point of PHP7 in Cebu, General Santos, and Cotabato. Through our portfolio strategy, brand Coca-Cola's volume grew 6% for the year.

We continued to adapt our route to market to better serve our customers and consumers. Offering a balanced approach to the market, we directly serve our larger customers through our pre-sale distribution platform, while deploying a dedicated sales force for our wholesalers to capture greater value from this important channel. Furthermore, we continually strengthen our supply chain by transferring best practices from our worldwide operations. Through our enhanced supply-chain capabilities, we achieved savings of US$15 million in 2017.

As a result of our efforts, we generated compound annual volume growth of 6% over the past three years. Additionally, we delivered the highest operating cash flow in a 10-year period.



Q) Héctor, could you update us on the steps you're taking to strengthen your capital structure and financial flexibility?

A) In 2017, we took proactive steps to strengthen our capital structure and foster our financial flexibility. Consistent with our mandate to deleverage our company's balance sheet, we early redeemed and partially refinanced 55.5% of our outstanding US$1.0 billion in U.S. dollar-denominated 2.375% senior notes due November 2018, using the proceeds from our issuance of two tranches of five- and 10-year Mexican peso-denominated bonds in the Mexican market. Hence, we're well positioned to redeem the remaining 45.5% of our U.S. dollar-denominated notes without the necessity of accessing the Mexican capital market in an election year.

Moreover, consistent with our commitment to minimize our exposure to foreign currency denominated debt, we swapped U.S. dollar-denominated bonds into Brazilian real-denominated debt to finance our Vonpar acquisition. Thanks to our actions, we bolstered our balance sheet, improved our debt maturity profile, and enhanced our financial flexibility.

Q) Could you also talk a bit about your approach to capital allocation?

A) We maintain a disciplined approach to capital allocation, optimizing our maintenance, growth, and strategic capital expenditures (CAPEX) to maximize our return on invested capital and deliver sustainable profitable growth for our shareholders. Accordingly, our mergers and acquisitions strategy employs a thorough valuation process to ensure potential opportunities produce a significant return for our shareholders.

Similarly, when it comes to CAPEX and working capital, we ensure that each new truck, cooler or bottling line offers an attractive return on invested capital for our shareholders. Importantly, our CoEs offer opportunities to operate with a leaner cost structure through better asset management. As a result of our manufacturing initiatives, we increased overall plant efficiency by more than six percent over the past three years—equal to approximately US$250 million of production capacity or avoided CAPEX.

Q) Looking forward, how well are you prepared to cope with the challenges that you anticipate for the upcoming year?

A) After a challenging year, we're well positioned to navigate the headwinds we will face over the coming year—from political events and currency volatility to ever-changing consumer trends. To counter uncertainty, our company enjoys the proven ability to adapt to complex consumer environments—highlighted by our capacity to rollout affordable entry packs or returnable presentations at the right price for our consumers in markets such as Argentina, Brazil, and Colombia. Moreover, our innovation enables us to continue building a winning multi-category portfolio, including an expanding array of non-caloric and caloric sparkling beverages, juices, teas, waters, dairy, and plant-based products to satisfy consumers' diverse choices and lifestyles.

Through our CoEs, we're creating a sustainable competitive advantage—underscored by our cost leadership. By developing our critical commercial, supply chain, and manufacturing capabilities, they generate operating efficiencies and savings, drive innovation, and foster talent development across our organization. Our powerful analytics platform is only beginning to capture new market opportunities through our advanced understanding of consumer behavior.

Looking ahead, our financial and operating discipline, passionate team of professionals, transformational initiatives, and adaptability to changing market dynamics will enable us to capture long-term growth opportunities in the non-alcoholic, ready-to-drink beverage industry, while creating sustainable value for our shareholders.

Interview
WITH OUR CAO

JOSÉ RAMÓN MARTÍNEZ, OUR CORPORATE AFFAIRS OFFICER, DISCUSSES OUR INTEGRATED SUSTAINABILITY STRATEGY. AMONG OTHER TOPICS, HE TALKS ABOUT OUR MAIN SUSTAINABILITY ACHIEVEMENTS, SUSTAINABLE PROCUREMENT, ENVIRONMENTAL STEWARDSHIP, PROMOTION OF HEALTHY HABITS, AND STRENGTHENING OUR LOCAL COMMUNITIES.

Q) What would you say were Coca-Cola FEMSA's main sustainability achievements during 2017?

A) During the year, we invested US$82.3 million, and we achieved great progress in each of our action areas. Among our results, during 2017 we generated 307,034 volunteering hours with 57,000 participants—including our employees and their families; more than 1.6 million people participated in our healthy habits initiatives, reaching 3.1 million over the past three years; replenished 100% of the water used to produce our beverages in our Mexico, Brazil, Central America, and Colombia operations; and covered 38% of our global power needs with clean energy, reaching 57% in Mexico and 100% in Brazil.

For the fifth consecutive year, Coca-Cola FEMSA was one of eleven corporations in the beverage industry at global level selected for the Dow Jones Sustainability Emerging Markets Index. We can proudly say that we are the only beverage company in Latin America chosen for this group of regional sustainability leaders.

Q) Can you describe how Coca-Cola FEMSA promotes healthy habits across its communities?

A) As leaders in the beverage industry, we are aware of consumer trends and purchasing habits, and we are proactively building a winning product portfolio, covering 12 different categories with a diverse array of presentations to satisfy our consumers' diverse lifestyles. Notably, 41% of our multi-category portfolio is comprised of low- to zero-calorie brands. Moreover, our product labels include easy-to-access nutritional information, so our consumers can make responsible choices regarding their nutrition and hydration needs—consistent with their lifestyles.

Additionally, we foster healthy habits in our communities through regional initiatives such as the Latin American Commitment for a Healthy Future. Through this multi-sector coalition with the Healthy Weight Commitment Foundation, we are collaborating with Discovery Education to promote nutrition and physical activity in schools across Mexico, Colombia, and Brazil.

We further promote healthy habits in our communities through a wide range of local initiatives. In alliance with FEMSA Foundation, The Coca-Cola Company, The Coca-Cola Foundation, and local partners, we conduct a number of programs and initiatives, including *Ponte al 100* in Mexico, *Un Plato, Una Sonrisa* in Nicaragua, *Praça da Cidadania* in Brazil, *Ludonutrición* in Colombia, *Sustainable Gardening* in Argentina, *Campaña de Colores* and *Hora de Moverse* in Central America, and *Red de Entrenadores Comunitarios* in Venezuela, among others.

Q) How is Coca-Cola FEMSA integrating its sustainability strategy throughout its value chain?

A) Through our comprehensive sustainable sourcing strategy, we integrated our commitment to economic, social, and environmental value generation across our value chain. For strategic categories, we work to implement The Coca-Cola Company's Supplier Guiding Principles. For the rest of the categories, we ensure adherence to FEMSA's Supplier Guiding Principles, aligning our suppliers' practices and processes with our core values—from environmental care to respect for human rights in the workplace.

We also encourage our suppliers' sustainable development, providing them with tools to build solid relationships founded on shared value creation. Over the past 4 years, we have helped 1,281 suppliers through our Sustainable Sourcing Program in Mexico, Central America, and Brazil, achieving positive results and stories of value creation.

Q) Can you describe your strategy to promote the responsible use of water?

A) Our comprehensive sustainable water strategy is founded on efficient water management, water access and sanitation, and replenishment in our communities. We have made significant progress towards our targeted water efficiency ratio of 1.5 liters of water per liter of beverage produced by 2020, achieving 1.65 liters of water per liter of beverage produced—a 16% increase in our water use ratio from our 2010 baseline.

Consistent with our long-term water conservation strategy, through FEMSA Foundation, we are part of the Latin America Water Funds Alliance, comprised of the Inter-American Development Bank, the Nature Conservancy, and the Global Environment Facility. Thus far, we've made great progress. By year-end 2017, we had 21 water funds in operation in Brazil, Colombia, Costa Rica, and Guatemala, and we will soon launch a water fund in Mexico that will positively impact our operations. We are also part of The Coca-Cola Company's commitment to return to the environment the same amount of water we use to produce our beverages. Aligned with this commitment, we replenished 100% of the water used to produce our beverages in Brazil, Central America, Colombia, and Mexico—achieving a 100% water-neutral portfolio in these operations.

Q) Can you describe Coca-Cola FEMSA´s approach to climate change adaptation and mitigation?

A) At Coca-Cola FEMSA, we are aware of the challenges that climate change presents in the communities we serve, and we want to ensure we're part of the solution. By 2020, our goal is to reduce by 20% the carbon footprint of our value chain, focusing our efforts on three action areas: 1) Identifying and measuring our carbon footprint; 2) Efficiently using energy; and 3) Integrating our use of clean energy sources.

We proactively participate in initiatives to measure and reduce our carbon footprint. For five years, we've voluntarily reported our carbon emissions to CDP (formerly the Carbon Disclosure Project). We are also part of the United Nations' Business Alliance for Water and Climate Change, a platform through which we communicate our initiatives and contribute our efforts with other stakeholders.

Energy efficiency is a top priority. In 2017, we increased our energy efficiency in our bottling facilities' by 22% from our 2010 baseline, achieving an average of 4.49 liters of beverage produced per megajoule of energy consumed. Simultaneously, we reduce our greenhouse gas emission, reaching 13.63 grams of CO_2(eq) per liter of beverage produced in 2017, achieving an improvement of 35% considering our base year of 2010.

We further integrate clean and renewable sources of energy and technology to reduce our carbon emissions—contributing to climate change mitigation. In the markets where clean energy sources are available, we are capitalizing on synergies with strategic suppliers, reducing the carbon footprint of our manufacturing operations. Globally, our bottling plants' utilization of clean energy grew to 38% of our total electricity consumption, with clean energy covering 57% and 100% of our power needs in Mexico and Brazil.

Q) Can you let us know more about your PET recycling projects?

A) Recently, The Coca-Cola Company announced its "World without Waste" initiative, with a global goal to help collect and recycle the equivalent of 100% of its packaging by 2030. As the largest bottler within the Coca-Cola system, we fully support and embrace this program, which is aligned with our commitment to economic, social, and environmental value generation.

For more than 15 years, we have played an instrumental strategic role in collecting and recycling PET bottles, especially in Mexico—where we installed the first food grade PET recycling facility in Latin America, IMER. Since 2002, in collaboration with Mexico's Coca-Cola bottling system, we joined the country's plastics industry and leaders from other industries to create Ecology and Corporate Commitment (ECOCE), a nonprofit organization dedicated to encouraging a culture of recycling.

Today, these investments are paying off. In 2017, Mexico collected 57% percent of the PET plastic—making it the leading country globally.

Additionally, in collaboration with The Coca-Cola Company, we continuously design and develop innovative packaging, ensuring high quality while caring for the environment. Over the past seven years, we've used lighter weight components to save more than 18,000 tons of plastic, including more than 21% of the recycled PET we use globally in our packaging.

Q) Can you please offer more details about Coca-Cola FEMSA´s approach to community development?

A) In coordination with FEMSA, we are currently implementing a methodology to guide our relationships with the communities we enjoy the privilege to serve. Our MARRCO methodology was developed internally to approach our communities in an open and responsible way, listening to their needs and addressing them proactively, comprehensively, and collaboratively. Under this approach, we are developing programs and initiatives for the benefit of each community according to their needs—thereby building positive relationships to maintain our social license to operate. At the close of this report, we had implemented MARRCO in 37 of our work centers, including plants and distribution centers. This represents 45% of our manufacturing facilities throughout our operations, and we will continue until we achieve 100% completion in our relevant facilities.

Q) What can you tell us about upcoming sustainability challenges and the steps Coca-Cola FEMSA will take to meet them?

A) For our company, sustainability is a continuous process of simultaneous economic, social, and environmental value generation. Accordingly, we will continue to further integrate sustainability into our business strategy. Indeed, this year's integrated report underscores the synergies we are creating and the progress we are achieving.

Over the short term, we will focus our efforts on reaching or exceeding our 2020 sustainability goals. We will focus our main investments and initiatives to achieving these goals—which make material contributions to our business sustainability.

Over the long term, as we announced for the first time in 2016, we will continue to align our strategy with the United Nations Sustainable Development Goals (UN SDGs). Specifically, we have identified seven out of the 17 goals, where—given the nature of our business—we can make a significant contribution. Through our integrated annual reports, we will carry on communicating our progress and contribution to these UN SDGs: zero hunger; good health and wellbeing; clean water and sanitation; affordable and clean energy; industry innovation and infrastructure; decent work and economic growth; and responsible consumption and production.

FINANCIAL summary

Millions of Mexican pesos and U.S. dollars as of December 31, 2017
(except per share and headcount data).

	U.S. (*)	**2017** [3,4]	2016 [2]	2015	2014	2013 [1]
INCOME STATEMENT						
Total revenues	**10,376**	**203,780**	177,718	152,360	147,298	156,011
Cost of goods solds	**5,708**	**112,094**	98,056	80,330	78,916	83,076
Gross profit	**4,668**	**91,686**	79,662	72,030	68,382	72,935
Operative expenses	**3,305**	**64,910**	55,462	48,284	46,850	51,315
Other expenses, net	**1,459**	**28,661**	3,812	1,748	158	623
Comprehensive financing result	**269**	**5,276**	6,080	7,273	6,422	3,773
Income before income taxes and share of the profit or of associates and joint ventures accounted for using the equity method	**(365)**	**(7,161)**	14,308	14,725	14,952	17,224
Income taxes	**232**	**4,554**	3,928	4,551	3,861	5,731
Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes	**3**	**60**	147	155	(125)	289
Consolidated net income [5]	**(594)**	**(11,654)**	10,527	10,329	10,966	11,782
Equity holders of the parent	**(652)**	**(12,802)**	10,070	10,235	10,542	11,543
Non-controlling interest net income	**58**	**1,148**	457	94	424	239
RATIOS TO REVENUES (%)						
Gross margin	**45.0**	**45.0**	44.8	47.3	46.4	46.7
Net income margin	**(5.7)**	**(5.7)**	5.9	6.8	7.4	7.6
CASH FLOW						
Operative cash flow	**1,692**	**33,236**	32,446	23,202	24,406	22,097
Capital expenditures [6]	**744**	**14,612**	12,391	11,484	11,313	11,703
Total cash, cash equivalents	**956**	**18,767**	10,476	15,989	12,958	15,306
BALANCE SHEET						
Current assets	**2,834**	**55,657**	45,453	42,232	38,128	43,231
Investment in shares	**639**	**12,540**	22,357	17,873	17,326	16,767
Property, plant and equipment, net	**3,861**	**75,827**	65,288	50,532	50,527	51,785
Intangible assets, net	**6,326**	**124,243**	123,964	90,754	97,024	98,974
Deferred charges and other assets, net	**887**	**17,410**	22,194	8,858	9,361	5,908
Total Assets	**14,547**	**285,677**	279,256	210,249	212,366	216,665
Liabilities						
Short-term bank loans and notes payable	**620**	**12,171**	3,052	3,470	1,206	3,586
Interest payable	**25**	**487**	520	411	371	324
Other current liabilities	**2,188**	**42,936**	36,296	26,599	26,826	28,488
Long-term bank loans and notes payable	**3,625**	**71,189**	85,857	63,260	64,821	56,875
Other long-term liabilities	**924**	**18,184**	24,298	7,774	9,024	10,239
Total Liabilities	**7,382**	**144,968**	150,023	101,514	102,248	99,512
Equity	**7,165**	**140,710**	129,233	108,735	110,118	117,153
Non-controlling interest in consolidated subsidiaries	**924**	**18,141**	7,096	3,986	4,401	4,042
Equity attributable to equity holders of the parent	**6,241**	**122,568**	122,137	104,749	105,717	113,111
FINANCIAL RATIOS (%)						
Current	**1.00**	**1.00**	1.14	1.39	1.34	1.33
Leverage	**1.03**	**1.03**	1.16	0.93	0.93	0.85
Capitalization	**0.39**	**0.39**	0.41	0.39	0.38	0.35
Coverage	**4.20**	**4.20**	4.80	3.92	4.72	8.22
DATA PER SHARE						
Book Value [7]	**2.971**	**58.343**	58.920	50.532	50.999	54.566
Income tributable to the holders of the parent [5,8]	**(0.312)**	**(6.121)**	4.858	4.937	5.086	5.614
Dividends paid [9]	**0.171**	**3.35**	3.350	3.090	2.900	2.870
Headcount [10]	**101,682**	**101,682**	85,140	83,712	83,371	84,922

1 Information considers full-year of KOF's territories and seven months of Grupo Yoli, S.A de C.V. (Grupo YOLI), four months of Companhia Fluminense de Refrigerantes (Compañía Fluminense) and two months of SPAIPA S.A. Industria Brasileira de Bebidas (SPAIPA)
2 Information considers full-year of KOF's territories and one month of Vonpar Refrescos, S.A. ("Vonpar").
3 Income statement information considers full-year of KOF's territories, eleven months of Coca Cola FEMSA Philippines and full-year of Coca Cola FEMSA Venezuela.
4 Balance sheet information does not include Coca Cola FEMSA Venezuela's balance due to deconsolidation as of December 31, 2017. Venezuela balance is included as investement in shares as of December 31, 2017.
5 As of December 31, 2017, the Company changed the method for reporting Coca-Cola FEMSA de Venezuela to Fair Value. Due to this change, a recorded foreign currency translation charge in equity has been reclassified as a non-cash one-time item to the other non-operative expenses line of the Income Statement in accordance with IFRS.
6 Includes investments in property, plant and equipment, refrigeration equipment and returnable bottles and cases, net of disposals of property, plant and equipment.
7 Based on 2,100.83 million ordinary shares as of December 31, 2017, and 2,072.92 million ordinary shares as of December 31,2016, 2015, 2014 and 2013.
8 Computed based on the weighted average number of shares outstanding during the periods presented: 2,091.35 million on 2017 and 2,072.92 million on 2016, 2015, 2014 and 2,056.20 million on 2013.
9 Dividends paid during the year based on the prior year's net income, using 2,072.92 million oustanding ordinary shares for paid on 2017, 2016, 2015, 2014 and 2,030.54 million oustanding ordinary shares for paid on 2013.
10 Includes third-party. Including Coca Cola FEMSA Philippines as of 2017.
* Exchange rate as of December 31st, 2017, Ps 19.6395 per U.S. dollar, solely for the convenience of the reader.

To consult the annual report of the audit committee together with Independent auditors' report and the detail of our Financial Statements and Notes please visit the online version of the report at www.coca-colafemsa.com

MANAGEMENT'S DISCUSSION AND **analysis**

RESULTS FROM OUR OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017 COMPARED TO THE YEAR ENDED DECEMBER 31, 2016.

Coca-Cola FEMSA's underlying financial and operating performance in 2017 as compared to 2016 was affected by the following factors: (1) the ongoing integration of mergers, acquisitions, and divestitures completed in recent years; (2) translation effects from fluctuations in exchange rates; (3) our results in territories that are considered hyperinflationary economies (as of December 31, 2017, our only operation that was considered a hyperinflationary economy is Venezuela); and (4) the results of Coca-Cola FEMSA Philippines, Inc. as it was consolidated in February 2017. To translate the full-year 2017 reported results of Venezuela, we used the exchange rate of 22,793.30 bolivars per U.S. dollar, as compared to 673.76 bolivars per U.S. dollar used to translate our 2016 reported results. In addition, the average depreciation of currencies used in our main operations during 2017, as compared to 2016, was: Argentine Peso 12.1%, Mexican Peso 1.5% and Philippine Peso 6.1%. Moreover, the average appreciation of currencies used in our main operations during 2017, as compared to 2016, was: Colombian Peso 3.4% and Brazilian Real 8.5%.

CONSOLIDATED RESULTS

Total Revenues

Our reported consolidated total revenues increased 14.7% to Ps. 203,780 million in 2017, including the results of the Vonpar acquisition in Brazil and the consolidation of our operation in the Philippines beginning in February 2017. Total revenues were also driven by price increases aligned with or above inflation in key territories, supported by the positive translation effect resulting from the appreciation of the Brazilian Real and the Colombian Peso, despite the depreciation of the Argentine Peso, the Philippine Peso, and the Venezuelan Bolivar; all as compared to the Mexican Peso. On a comparable[1] basis, total revenues would have grown 3.6%, driven by growth in our average price per unit case across most of our operations, volume growth in the Philippines, and flat volume performance in Mexico and Central America, which was partially offset by volume declines in South America.

Total reported sales volume increased 16.1% to 3,870.6 million unit cases in 2017 as compared to 2016. On a comparable basis total volume would have declined 1.5% in 2017 as compared to 2016. On the same basis our sparkling beverage portfolio's volume declined 1.7%, driven by contractions across most of our operations, which was partially offset by growth in the Philippines. Our brand Coca-Cola portfolio's volume declined 1.4%, while our flavors portfolio declined 2.6%. Our still beverage category's comparable volume declined 2.6%; growth in Mexico, Argentina, and a flat performance in Central America were offset by contractions in Brazil, Colombia, and the Philippines. Our personal water portfolio's comparable volume increased 0.9%, driven mainly by growth in Mexico, Central America, and the Philippines, partially offset by contractions in South America. Our bulk water portfolio's volume, on a comparable basis declined 0.7%; growth in Argentina, Brazil, and the Philippines were offset by a flat volume in Mexico and a decline in Colombia.

Our reported number of transactions increased 30.9% to 25,875.3 million in 2017 as compared to 2016. On a comparable basis, our number of transactions would have declined 1.4% in 2017 as compared to 2016. On the same basis, our sparkling beverage portfolio's transactions declined 1.5%, driven by contractions across most of our operations, partially offset by growth in Argentina and the Philippines. On a comparable basis, our brand Coca-Cola portfolio's transactions declined 0.5%; growth in Argentina and the Philippines, coupled with a flat performance in Brazil, was offset by declines in the rest of our operations. Our flavors portfolio's comparable transactions declined 4.3%, driven by contractions across most of our operations, offset by growth in Argentina and a flat performance in the Philippines. Our still beverage category's comparable transactions decreased 2.1%; growth in Mexico, Argentina, and the Philippines was mainly offset by a decline in Colombia. Our water transactions in a comparable basis, including bulk water, remained flat, driven by growth in Mexico and the Philippines, offset by declines in the rest of our operations.

[1] Excluding the effects of: mergers, acquisitions, and divestitures; exchange rate movements; and hyperinflationary economies such as Venezuela; and including the results of Coca-Cola FEMSA Philippines, Inc., as if the consolidation had taken place at the beginning of first-quarter 2016.

Gross Profit
Our reported gross profit increased 15.1% to Ps. 91,686 million in 2017, with a gross margin expansion of 20 basis points to 45.0%. On a comparable basis gross profit would have grown 6.1%. Our pricing initiatives, coupled with our currency and raw material hedging strategies, offset higher sweetener and concentrate prices in Mexico and the depreciation in the average exchange rate of the Mexican Peso, the Argentine Peso, and the Philippine Peso as applied to U.S dollar-denominated raw material costs.

The components of cost of goods sold include raw materials (principally concentrate, sweeteners, and packaging materials), depreciation costs attributable to our production facilities, wages and other employment costs associated with the labor force employed at our production facilities, and certain overhead costs. Concentrate prices are determined as a percentage of the retail price of our products in local currencies, net of applicable taxes. Packaging materials, mainly PET and aluminum, and HFCS, used as a sweetener in some countries, are denominated in U.S. dollars.

Administrative and Selling Expenses
Administrative and selling expenses in absolute terms increased 17% in 2017 as compared to 2016. As a percentage of total revenues, these expenses increased 70 basis points to 31.9% in 2017 as compared to 2016, due mainly to an increase in labor costs, freight, diesel, and gasoline, among other expenses, partially offset by an operative foreign exchange gain. In 2017, we continued investing across our territories to support marketplace execution, increase our cooler coverage, and bolster our returnable presentation base.

During 2017, the other operative expenses recorded an expense of Ps. 503 million, due mainly to the consolidation of Coca-Cola FEMSA Philippines, Inc., and a provision related to a settlement agreement reached in Colombia with the Water and Sewerage Company of Bogotá. These effects were partially offset by an operative foreign exchange gain.

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

Comprehensive Financing Result
The term "comprehensive financing result" refers to the combined financial effects of net interest expenses, net financial foreign exchange gains or losses, and net gains or losses on monetary position from the hyperinflationary countries in which we operate. Net financial foreign exchange gains or losses represent the impact of changes in foreign-exchange rates on financial assets or liabilities denominated in currencies other than local currencies, and gains or losses resulting from derivative financial instruments. A financial foreign exchange loss arises if a liability is denominated in a foreign currency that appreciates relative to the local currency between the date the liability is incurred or the beginning of the period, whichever comes first, and the date it is repaid or the end of the period, whichever comes first, as the appreciation of the foreign currency results in an increase in the amount of local currency, which must be exchanged to repay the specified amount of the foreign currency liability.

Our reported comprehensive financing result in 2017 recorded an expense of Ps. 5,276 million compared to an expense of Ps. 6,080 million in 2016.

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

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

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

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

Income Taxes
During 2017, reported income tax was Ps. 4,554 million as compared to Ps. 3,928 million in 2016.

Controlling Interest Net Income
We reported a consolidated controlling interest loss of Ps. 12,802 million in 2017 as compared to net income of Ps. 10,070 million in 2016. This loss resulted from the change in the accounting method for our Venezuela operation, which resulted in the reclassification of an accumulated non-cash equity item as a one-time charge to the other non-operative expenses line of the Income Statement in accordance with IFRS standards. On a comparable basis, net income grew 34.7% to Ps. 12,859 million during 2017, resulting in comparable earnings per share (EPS) of Ps. 6.15 (Ps. 61.49 per ADS).

CONSOLIDATED RESULTS FROM OPERATIONS BY REPORTING SEGMENT

Mexico and Central America

Total Revenues
Total revenues from our Mexico and Central America division increased 5.8% to Ps. 92,643 million in 2017. Excluding the effect of currency fluctuations, total revenues from our Mexico and Central America division would have increased 5.8%, driven by flat volume performance in the division and average price increases in Mexico.

Total sales volume decreased 0.4% to 2,017.9 million unit cases in 2017 as compared to 2016. Our sparkling beverage category's volume declined 0.9%, driven by a 1.4% decline in brand Coca-Cola, partially offset by positive performance in flavors. Our performance in brand Coca-Cola was driven mainly by a 1.3% decline in Mexico, while our positive performance in flavors was driven by Mexico. Our still beverage category's volume grew 3.8%, driven by growth in Mexico and Central America. Our personal water portfolio's volume increased 2.6%, as Mexico and Central America enjoyed a positive performance. Our bulk water portfolio's volume declined 0.7% with contraction for the division.

Total transactions in the division declined 1.3% to 11,231.7 million in 2017 as compared to 2016. Our sparkling beverage portfolio's transactions contracted 1.6%, driven mainly by a 1.9% decline in brand Coca-Cola in the division. In flavors, our division's flat performance was driven by even performance in Mexico, partially offset by a decline in Central America. Our still beverage category's transactions remained flat for the division, driven by growth in Mexico, offset by a decline in Central America. Our water transactions, including bulk water, increased 0.3%, driven mainly by flat performance in the division.

Gross Profit
Our gross profit increased 3.5% to Ps. 45,106 million in 2017 as compared to 2016, and reported gross margin contracted 110 basis points to 48.7% in 2017. Excluding the effect of currency fluctuations, gross profit would have grown 3.5% in 2017. Lower PET prices in the division were offset by higher prices of concentrate and sugar, combined with our currency hedging strategy and the depreciation of the average exchange rate of the Mexican peso as applied to our U.S. dollar-denominated raw material costs.

Administrative and Selling Expenses
Administrative and selling expenses as a percentage of total revenues increased 60 basis points to 33.2% in 2017 as compared with the same period in 2016. Reported administrative and selling expenses in absolute terms increased 7.6% as compared to 2016.

South America (excluding Venezuela)

Total Revenues

Total revenues from our South America division, excluding Venezuela, increased 15.6% to Ps. 86,608 million in 2017 as compared to 2016, driven mainly by average price per unit case growth across our territories, the consolidation of Vonpar in Brazil, and positive translation effects due to the appreciation of the Brazilian Real and the Colombian Peso as referenced to the Mexican Peso. Revenues of beer accounted for Ps. 12,608 million. On a comparable basis, total revenues would have increased 1.5%, driven by average price per unit case increases in local currencies in each of our operations.

Total sales volume in our South America division, excluding Venezuela, increased 6.1% to 1,236 million unit cases in 2017 as compared to 2016, resulting from a volume contraction in all of our South American operations and the inclusion of Vonpar. On a comparable basis, sales volume decreased 6.1% in 2017 as compared to 2016, resulting from a volume contraction in all of our South American operations. On the same basis, our sparkling beverage category's volume declined 5.3%, driven by a 3.7% contraction in brand Coca-Cola and its extensions and a 10.2% decline in flavors. Brand Coca-Cola and its extensions underperformed in Argentina, Brazil, and Colombia, while our decline in flavors was driven mainly by Colombia. On the same basis, our still beverage category's volume declined 10.4%, with contractions in Argentina, Brazil, and Colombia. Our personal water category's comparable volume decreased 7.7%, with contractions in Argentina, Brazil, and Colombia. Our bulk water's comparable volume declined 11.1%, driven by a decline in Colombia, partially offset by growth in Argentina and Brazil.

The total number of transactions for the South America division, excluding Venezuela, increased 4.0% to 7,924.1 million. On a comparable basis, total transactions decreased 6.2%. On the same basis, our sparkling beverage portfolio's transactions decreased 4.6%, driven by a 1.2% contraction in brand Coca-Cola and its extensions and a 14.3% decline in flavors. Our performance in brand Coca-Cola was driven by growth in Argentina and Brazil offset by a contraction in Colombia. However, flavors' negative performance was driven by declines in Brazil and Colombia, partially offset by growth in Argentina. On the same basis, our still beverage category's transactions decreased 13.7%; growth in Argentina was offset by a decline in Colombia and flat performance in Brazil. Our water comparable transactions, including bulk water, decreased 10.8%, driven by a contraction in the division.

Gross Profit

Gross profit, excluding Venezuela, reached Ps. 37,756 million, an increase of 23.5% in 2017 as compared to 2016, with a 280 basis point margin expansion to 43.6%, including the consolidation of Vonpar in Brazil. On a comparable basis, gross profit would have grown 9.2% during the year. This figure is explained by lower PET and sweetener prices and the appreciation of the Brazilian Real and the Colombian Peso as applied to U.S. dollar-denominated raw material costs, which offset higher aluminum prices and the depreciation of the average exchange rate of the Argentine Peso as applied to U.S. dollar-denominated raw material costs.

Administrative and Selling Expenses

Administrative and selling expenses, excluding Venezuela, as a percentage of total revenues decreased 10 basis points to 29.4% in 2017 as compared to 2016. Excluding Venezuela, administrative and selling expenses, in absolute terms increased 15.1% as compared to 2016, driven mainly by the consolidation of Vonpar in Brazil.

Venezuela

Total Revenues

Total revenues in Venezuela decreased 78.8% to Ps. 4,005 million in 2017 as compared to 2016, driven by a volume decline and the negative translation effect resulting from the devaluation of the Venezuelan Bolivar as compared to the Mexican Peso. These effects were partially offset by average price per unit case increase.

Total sales volume decreased 55.1% to 64.2 million unit cases in 2017 as compared to 143.1 million unit cases in 2016.

The total number of transactions for our Venezuela operation decreased 42.9% to 441.0 million.

Gross Profit

Gross profit in Venezuela was Ps. 645 million in 2017, a decrease of 90.6% as compared to 2016.

Administrative and Selling Expenses

Administrative and selling expenses as a percentage of total revenues were 47.2% in 2017 as compared to 2016. Reported administrative and selling expenses in absolute terms decreased 67.7% as compared to 2016.

Asia (The Philippines)

The consolidation of our operation in the Philippines began in February 2017. Thus, we reported results for 11 months in 2017 for this operation.

Total Revenues

Total revenues for the Philippines were Ps. 20,524 million in 2017.

Total sales volume was 552.4 million unit cases in 2017. Our sparkling beverage category represented 79% of our volume, with brand Coca-Cola and its extensions representing 50% and flavors 29%. Our still beverage category represented 10% of our volume. Our water portfolio's volume represented 11%, with 4.5% in personal water and 6.2% in bulk water.

Total transactions were 6,278.5 million in 2017. Our sparkling beverage category represented 88% of our transactions. Our still beverage and water categories represented 7% and 5% of our transactions, respectively.

Gross Profit

Our gross profit was Ps. 8,178 million in 2017, and reported gross margin reached 39.8%. This figure reflected lower sweetener and PET prices and the depreciation of the Philippine Peso as applied to our U.S. dollar-denominated raw material costs.

Administrative and Selling Expenses

Administrative and selling expenses as a percentage of total revenues were 33.4% in 2017.

BOARD PRACTICES

Finance and Planning Committee

The Finance and Planning Committee works with management to set our annual and long-term strategic and financial plans and monitors adherence to these plans. It is responsible for setting our optimal capital structure and recommends the appropriate level of borrowing as well as the issuance of securities. Financial risk management is another responsibility of the Finance and Planning Committee. Ricardo Guajardo Touché is the chairman of the Finance and Planning Committee. The other members include: Federico Reyes García, Charles Brent Hastie, Enrique F. Senior Hernández and Miguel Eduardo Padilla Silva. The secretary non-member of the Finance and Planning Committee is Héctor Treviño Gutiérrez, our Chief Financial Officer.

Audit Committee

The Audit Committee is responsible for reviewing the accuracy and integrity of quarterly and annual financial statements in accordance with accounting, internal control and auditing requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent auditor, who reports directly to the Audit Committee; the internal auditing function also reports to the Audit Committee. The Audit Committee has implemented procedures for receiving, retaining and addressing complaints regarding accounting, internal control and auditing matters, including the submission of confidential, anonymous complaints from employees regarding questionable accounting or auditing matters. To carry out its duties, the Audit Committee may hire independent counsel and other advisors. As necessary, we compensate the independent auditor and any outside advisor hired by the Audit Committee and provide funding for ordinary administrative expenses incurred by the Audit Committee in the course of its duties. José Manuel Canal Hernando is the chairman of the Audit Committee and the "audit committee financial expert". Pursuant to the Mexican Securities Market Law, the chairman of the Audit Committee is elected at our shareholders meeting. The other members are: Alfonso González Migoya, Charles H. McTier, Francisco Zambrano Rodríguez and Ernesto Cruz Velázquez de León. Each member of the Audit Committee is an independent director, as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing standards. The secretary non-member of the Audit Committee is José González Ornelas, vice-president of FEMSA's internal corporate control department.

Corporate Practices Committee

The Corporate Practices Committee, which consists exclusively of independent directors, is responsible for preventing or reducing the risk of performing operations that could damage the value of our company or that benefit a particular group of shareholders. The committee may call a shareholders meeting and include matters on the agenda for that meeting that it deems appropriate, approve policies on related party transactions, approve the compensation plan of the chief executive officer and relevant officers, and support our board of directors in the elaboration of related reports. The chairman of the Corporate Practices Committee is Daniel Javier Servitje Montull. Pursuant to the Mexican Securities Market Law, the chairman of the Corporate Practices Committee is elected at our shareholders meeting. The other members include: Jaime A. El Koury, Luis Rubio Freidberg and Luis A. Nicolau Gutiérrez. The secretary non-member of the Corporate Practices Committee is Raymundo Yutani Vela.

Audit Committee Financial Expert

Our shareholders and our board of directors have designated José Manuel Canal Hernando, an independent director as required by the Mexican Securities Market Law and applicable New York Stock Exchange listing standards, as an "audit committee financial expert".

EXECUTIVE OFFICERS AND PARTICIPATION IN THE SUSTAINABILITY STRATEGY

John Santa Maria Otazua
Chief Executive Officer
22 years as an Officer
Supervise and ensure that the Strategic Sustainability Framework is implemented in Coca-Cola FEMSA, aligning business priorities to fulfill the purpose of creating economic, social, and environmental value.

Héctor Treviño Gutiérrez
Chief Financial and Administrative Officer
24 year as an Officer
Responsible for Finance, Legal, and Sustainable Sourcing.

Eduardo Guillermo Hernández Peña
Strategic Planning Officer
3 years as an Officer
Responsible for integrating the Strategic Sustainability Framework in the Business Strategy

Tanya Avellán Pinoargote
Information Technology and Commercial Officer
6 years as an Officer
Responsible for integrating the Strategic Sustainability Framework in the Business Strategy

Raymundo Yutani Vela
Human Resources Officer
4 years as an Officer
Responsible for the Our People Pillar

Alejandro Duncan Ancira*
Supply Chain and Engineering Officer
23 years as an Officer
Responsible for the Our Planet Pillar

José Ramón de Jesús Martínez Alonso
Corporate Affairs Officer
4 years as an Officer
Responsible for the Strategic Sustainability Framework and the Our Community Pillar

Xiemar Zarazúa López
Chief Operating Officer – Mexico
1 year as an Officer
Supervise and ensure that the Strategic Sustainability Framework is implemented in the country.

Ian Marcel Craig García
Chief Operating Officer – Brazil
7 years as an Officer
Supervise and ensure that the Strategic Sustainability Framework is implemented in the country.

Rafael Suárez Olaguibel
Chief Operating Officer – Latin America
23 years as an Officer
Supervise and ensure that the Strategic Sustainability Framework is implemented in the region.

Washington Fabricio Ponce García
Chief Operating Officer – Philippines
2 years as an Officer
Supervise and ensure that the Strategic Sustainability Framework is implemented in the country.

Stanislas Pierre Marie Auber
New Businesses Officer
1 year as an Officer
Responsible for implementing the Strategic Sustainability Framework in the New Business division

DIRECTORS

Directors Appointed by Series A Shareholders

José Antonio Fernández Carbajal
Executive Chairman of the board of directors of FEMSA and Executive Chairman of the board of directors of Coca-Cola FEMSA
25 years as a Board Member
Alternate: Eva María Garza Lagüera Gonda

Carlos Salazar Lomelín
Chief Executive Officer of FEMSA
18 years as a Board Member
Alternate: Max Michel González

Miguel Eduardo Padilla Silva
Chief Financial and Corporate Officer of FEMSA
2 years as a Board Member
Alternate: Francisco José Calderón Rojas

Javier Gerardo Astaburuaga Sanjines
Vice-President of Corporate Development of FEMSA
12 years as a Board Member
Alternate: Mariana Garza Lagüera Gonda

Federico Reyes García
Independent consultant
26 years as a Board Member
Alternate: Alejandro Bailleres Gual

John Anthony Santa Maria Otazua
Chief Executive Officer of Coca-Cola FEMSA
4 years as a Board Member
Alternate: Héctor Treviño Gutiérrez

Paulina Garza Lagüera Gonda
Private Investor
9 years as a Board Member
Alternate: Alfonso Garza Garza

Ricardo Guajardo Touché
Chairman of the board of directors, SOLFI, S.A.
25 years as a Board Member
Alternate: Daniel Alberto Rodríguez Cofré

Alfonso González Migoya[1]
Chairman of the board of directors of Controladora Vuela Compañía de Aviación, S.A.B. de C.V. (Volaris)
12 years as a Board Member
Alternate: Ernesto Cruz Velázquez de León

Enrique F. Senior Hernández[1]
Managing Director of Allen & Company, LLC.
14 years as a Board Member
Alternate: Herbert A. Allen III

Luis Rubio Freidberg[1]
President of Centro de Investigación para el Desarrollo, A.C. (CIDAC)
4 years as a Board Member
Alternate: Jaime A. El Koury

Daniel Javier Servitje Montull[1]
Chief Executive Officer and Chairman of the board of directors of Bimbo
20 years as a Board Member
Alternate: Sergio Deschamps Ebergenyi

José Luis Cutrale[1]
Chief Executive Officer of Sucrocítrico Cutrale, Ltda.
14 years as a Board Member
Alternate: José Luis Cutrale, Jr

Directors Appointed by Series D Shareholders

José Octavio Reyes Lagunes
Retired
2 years as a Board Member
Alternate: T. Robin Rodgers Moore

Charles Brent Hastie
Senior Vice President and Chief Financial and Supply Chain Officer of Coca-Cola North America
1 year as a Board Member
Alternate: Sunil Ghatnekar

Charles H. McTier[1]
Retired
20 years as a Board Member

Brian Smith
President of The Coca-Cola Company Europe, Middle East and Africa Group
1 year as a Board Member
Alternate: Gloria Bowden

Bárbara Garza Lagüera Gonda
Private investor and President of the acquisitions committee of Colección FEMSA
19 years as a Board Member

Directors Appointed by Series L Shareholders

Herman Harris Fleishman Cahn[1]
President of Grupo Tampico, S.A. de C.V.
6 years as a Board Member
Alternate: Robert Alan Fleishman Cahn

José Manuel Canal Hernando[1]
Independent consultant
15 years as a Board Member
Alternate: Luis Alfonso Nicolau Gutiérrez

Francisco Zambrano Rodríguez[1]
Chief Executive Officer of Grupo Verterrak, S.A.P.I. de C.V. and Vice Chairman of the board of directors of Desarrollo Inmobiliario y de Valores, S.A. de C.V. (DIV).
15 years as a Board Member

Secretary
Carlos Eduardo Aldrete Ancira
General Counsel, FEMSA
25 years as Secretary
Alternate: Carlos Luis Díaz Sáenz

[1] Independent

** Rafael Ramos Casas was appointed as Supply Chain and Engineering Officer succeeding Alejandro Duncan Ancira, effective January 1, 2018. We recognize and thank Mr. Duncan for his valuable contributions to the company for more than 20 years.*

SHAREHOLDERS AND ANALYST **information**

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Jorge Alejandro Collazo Pereda
Tania Lizeth Ramírez Silva

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Aurea del Carmen Patiño Garza
Ana Laura Elizondo Quintanilla
Mariana Gomezgil Gabriel

@ sostenibilidad@kof.com.mx

CORPORATE COMMUNICATION

Juan Carlos Cortés Trejo

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Mexico City, México
Phone:(5255) 5283 1400

Stock Exchange Information
Coca-Cola FEMSA's common stock is traded on the Bolsa Mexicana de Valores, (the Mexican Stock Exchange) under the symbol **KOF L** and on the New York Stock Exchange, Inc. (NYSE) under the symbol **KOF.**

Transfer Agent and Registrar
Bank of New York
101 Barclay Street 22W
New York, New York 10286, U.S.A

KOF

New York Stock Exchange
Quarterly Stock Information

U.S. Dollars per ADS			2017
Quarter Ended	$ High	$ Low	$ Close
Dec-29	77.46	67.05	69.62
Sep-29	90.90	75.85	77.13
Jun-30	85.16	71.73	84.67
Mar-31	73.39	59.91	62.02

U.S. Dollars per ADS			2016
Quarter Ended	$ High	$ Low	$ Close
Dec-31	81.65	62.17	63.54
Sep-30	82.61	71.03	78.58
Jun-30	87.29	76.95	82.96
Mar-31	83.13	64.48	83.05

KOF L

Mexican Stock Exchange
Quarterly Stock Information

Mexican pesos per share			2017
Quarter Ended	$ High	$ Low	$ Close
Dec-29	141.07	127.22	136.95
Sep-29	159.67	137.88	140.71
Jun-30	154.81	134.53	153.77
Mar-31	139.84	128.33	134.48

Mexican pesos per share			2016
Quarter Ended	$ High	$ Low	$ Close
Dec-31	151.68	127.92	131.37
Sep-30	152.92	139.13	147.39
Jun-30	152.09	142.89	151.63
Mar-31	143.56	116.91	143.56

ABOUT OUR INTEGRATED REPORT

From our headquarters in Mexico City, we present our first Integrated Report 2017 edition. Developed by the guidelines of the International Integrated Reporting Council (IIRC) and in accordance with the GRI (Global Reporting Initiative) Standards: Core option. Similarly reporting the indicators of the Sector Supplement for Food Processing Companies of the same guide in its G4 version. Furthermore, this Report complements our Communications on Progress (COP) to the United Nations Global Compact included by FEMSA in its 2017 report.

The information contained corresponds to the period from January 1st to December 31st, 2017. It includes data from all the countries where Coca-Cola FEMSA, S.A.B. of C.V. has operations or a majority share. Its operations encompass franchise territories in Mexico, Brazil, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama.

Héctor Treviño Gutiérrez
Chief Financial Officer

José Ramón Martínez Alonso
Corporate Affairs Officer

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 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 169 brands to more than 381 million consumers daily. With over 100 thousand employees, the company markets and sells approximately 4 billion unit cases through 2.8 million points of sale a year. Operating 64 manufacturing plants and 324 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, Colombia, Argentina, and Guatemala and, nationwide, in the Philippines, Venezuela, Nicaragua, Costa Rica, and Panama. For more information, please visit www.coca-colafemsa.com.

COCA-COLA FEMSA

INTEGRATED REPORT 2017

www.coca-colafemsa.com