



# Coca-Cola FEMSA - Mexico

January 2006

# Cautionary Statement

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## **ADDITIONAL INFORMATION AND WHERE TO FIND IT**

Documents filed by KOF are available at the Securities and Exchange Commission’s public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20594. Investors and security holders may call the Commission at 1-800-SEC-0330 for further information on the public reference room. Free copies of all of KOF’s filings with the Commission may also be obtained by directing a request to:

## **COCA-COLA FEMSA**

Guillermo González Camarena No. 600, Col. Centro de Ciudad Santa Fé 01210, México D.F., México

Investor Relations

Alfredo Fernandez / (52) 55 5081 51 20 / [alfredo.fernandez@kof.com.mx](mailto:alfredo.fernandez@kof.com.mx)

Julieta Naranjo / (52) 55 5081 51 48 / [julieta.naranjo@kof.com.mx](mailto:julieta.naranjo@kof.com.mx)

Oscar Garcia / (52) 55 5081 51 86 / [oscar.garcia@kof.com.mx](mailto:oscar.garcia@kof.com.mx)

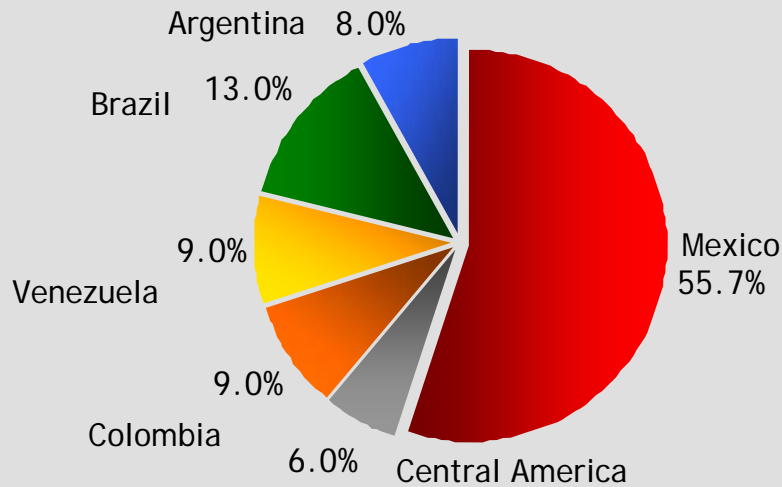
**1. KOF Mexico**

**2. Our Operating Transformation Process**

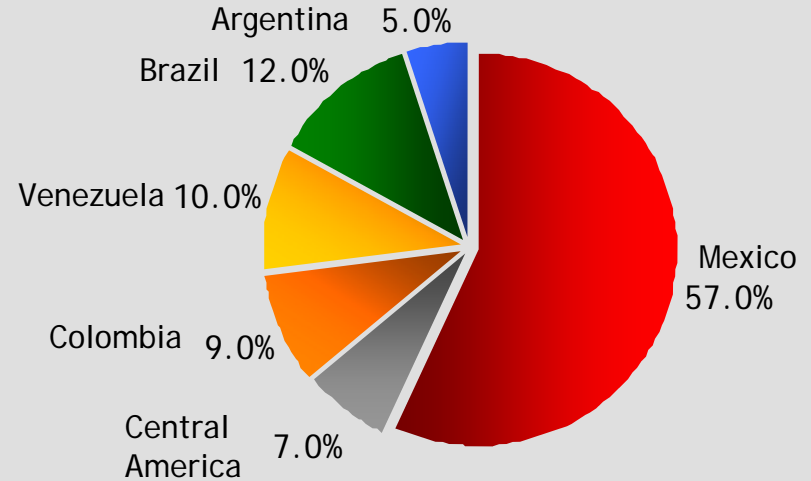
**3. Growth Opportunities**

# KOF – 9M05

## Volume 9M05 (1,396.9 MM UC)



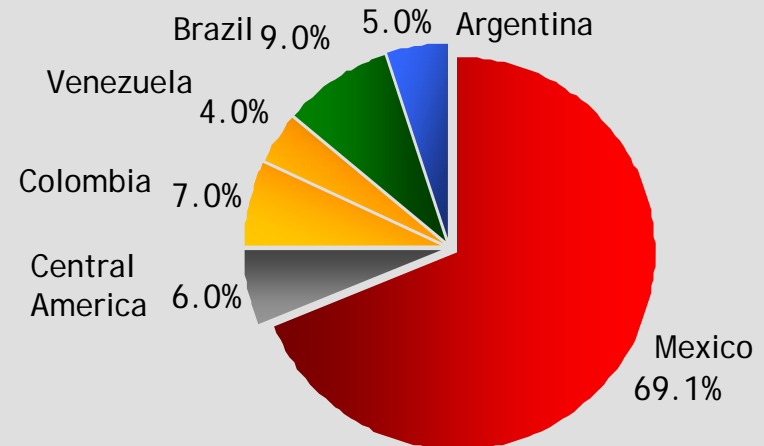
## Revenues 9M05 (US\$3,417 MM) <sup>(1)</sup>



## Highlights - KOF Mexico

- The most important KOF operation, representing during the 1st nine months of 2005:
  - Approximately 55% of total sales volume
  - More than 65% of EBITDA generation
  - 26.0% EBITDA margin, the highest in the industry
- Powerful geographic footprint:
  - Serves more than 58 million consumers
  - Reaches more than 585,000 retailers weekly
  - Delivers on average over 2.7 million unit cases per day

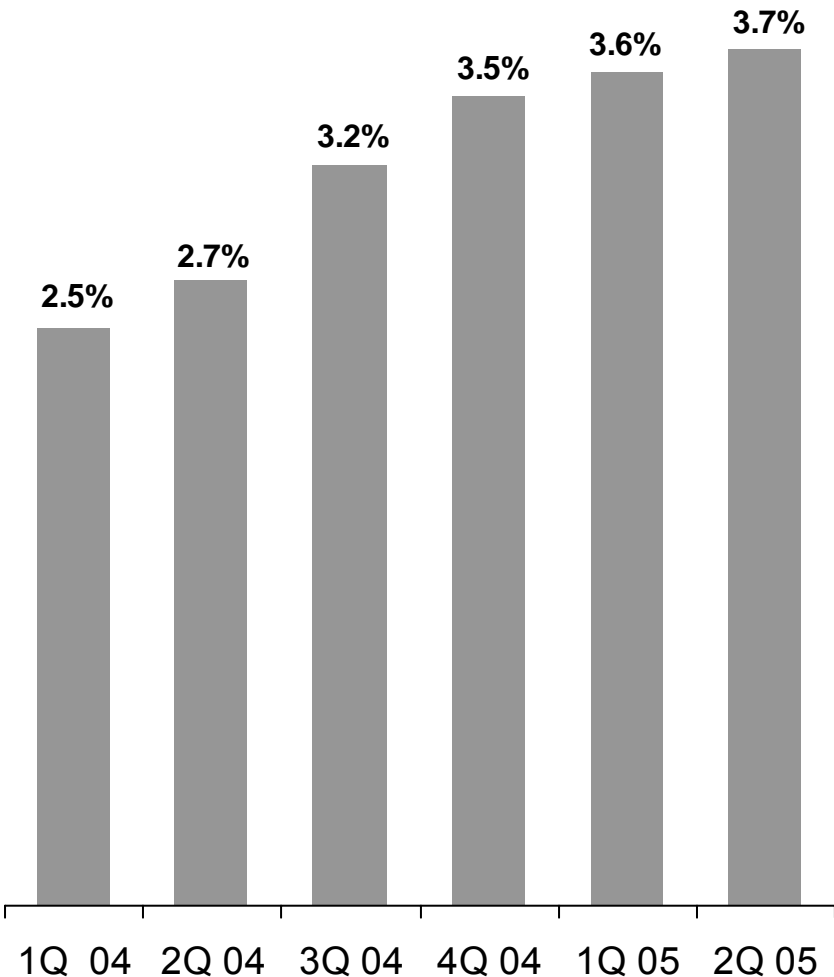
## EBITDA 9M05 (US\$740 MM) <sup>(1)</sup>



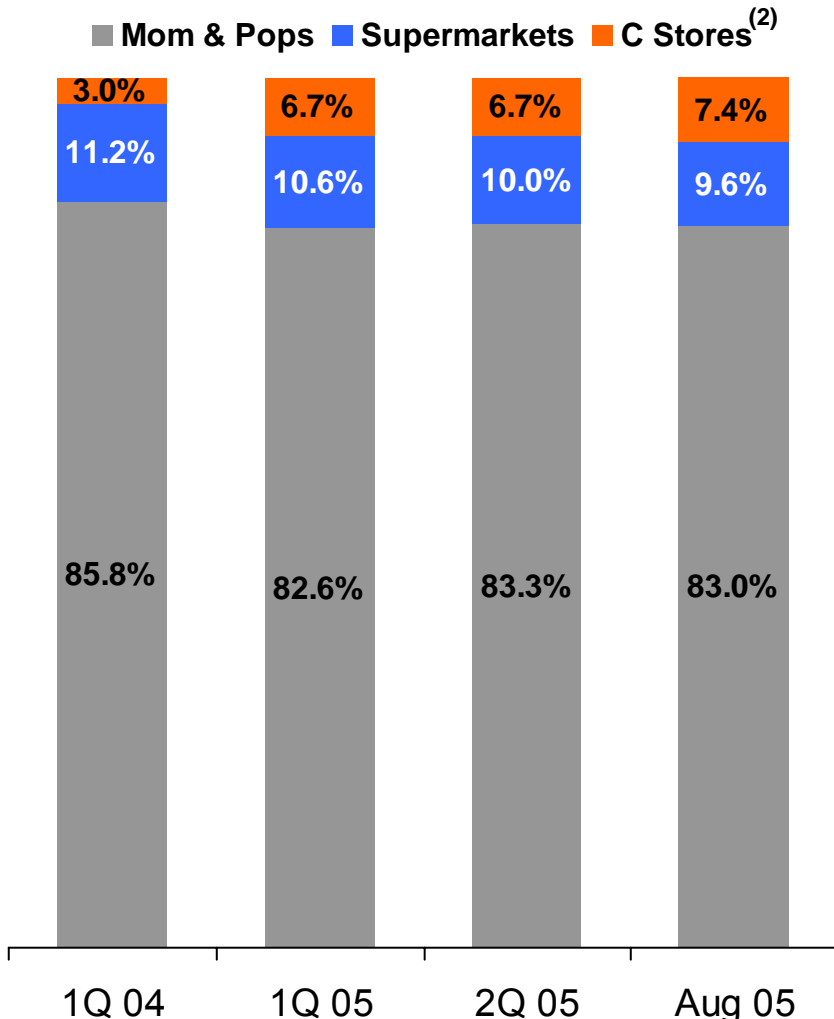
(1) Mexican GAAP figures using end-or-period exchange rate of MXN/USD 10.8131

# Mexico – Changes in the Industry dynamics

**B-Brands Share of Sales<sup>(1)</sup>**



**CSDs Industry Volume by Channel<sup>(1)</sup>**



(1) KOF Mexico Territories  
 (2) Includes Minimarkets



# KOF Mexico Evolution

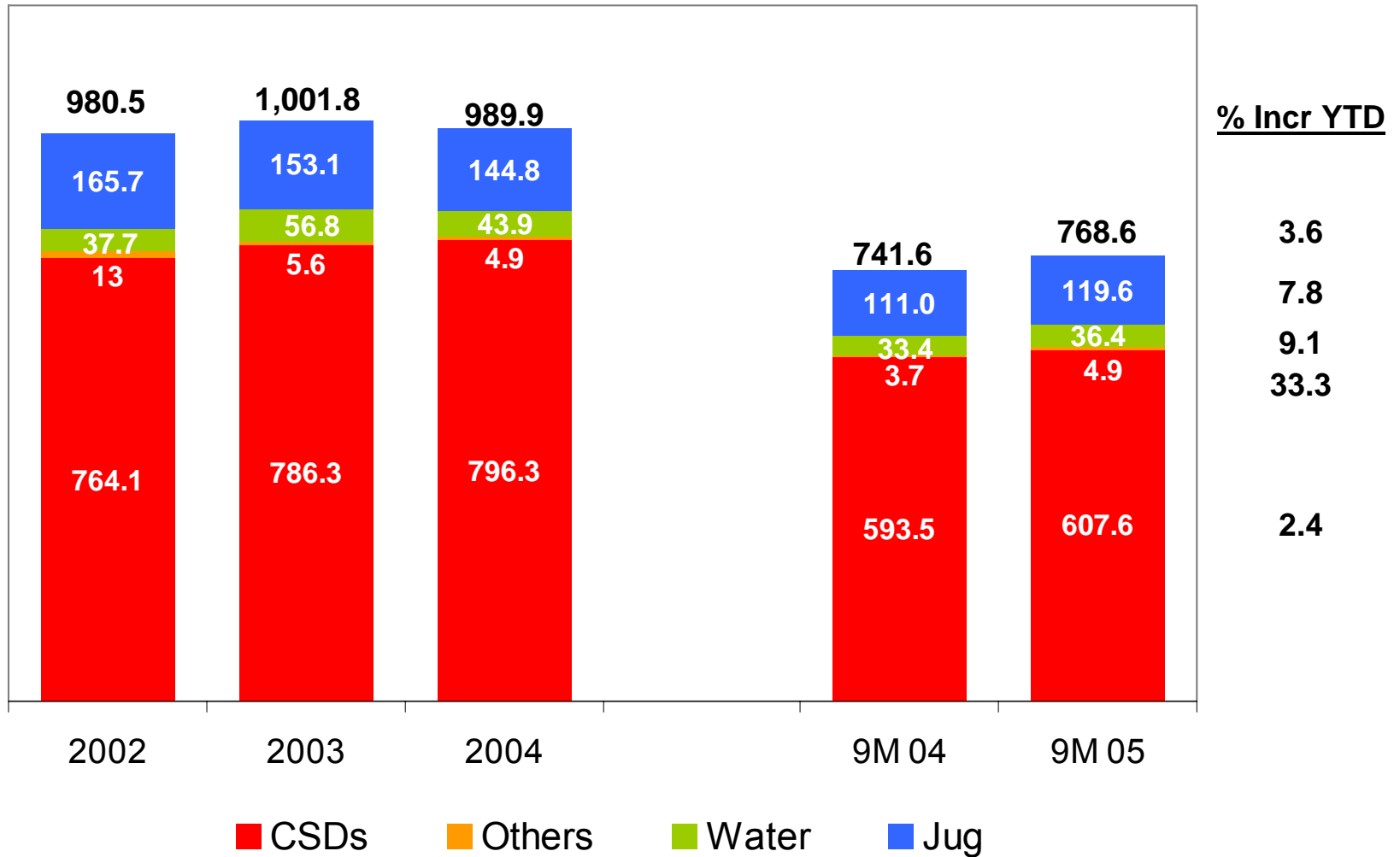
During 2003 and 2004 we focused on integrating our new operations...

	2003 (May)	2004	2005*	Var. 03 - 05
Clients (000s)	552.4	574.6	588.3	+6.5%
Cooler Coverage	66%	67%	68%	+2.0 pp
Plants	16	12	12	- 4
Distribution Centers	132	109	106	-26
Headcount	27,171	24,733	24,904	-2,267
Skus	273	337	341	+68

\* Figures as of September 2005

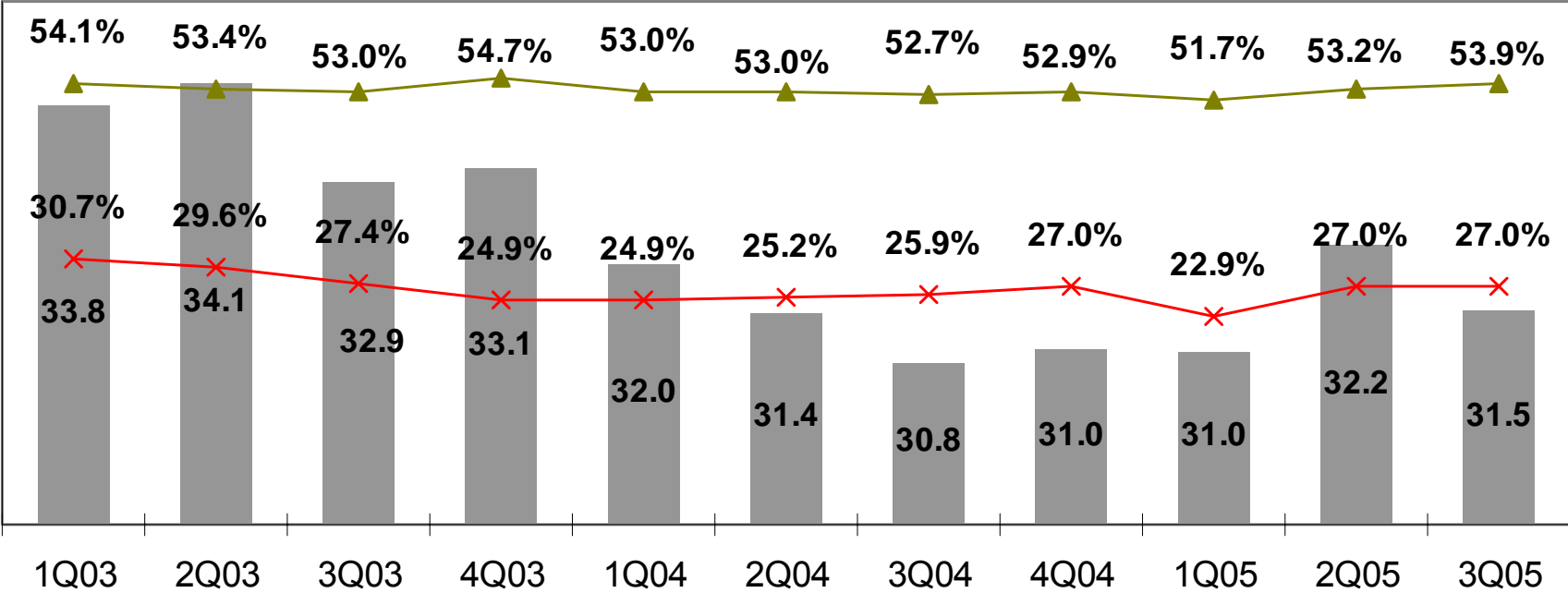
# Sales Volume (MM UC)

...while we still increase our CSDs sales volume...



# Profitability

... which together with a better packaging segmentation have allowed us to capture more profitable volumes

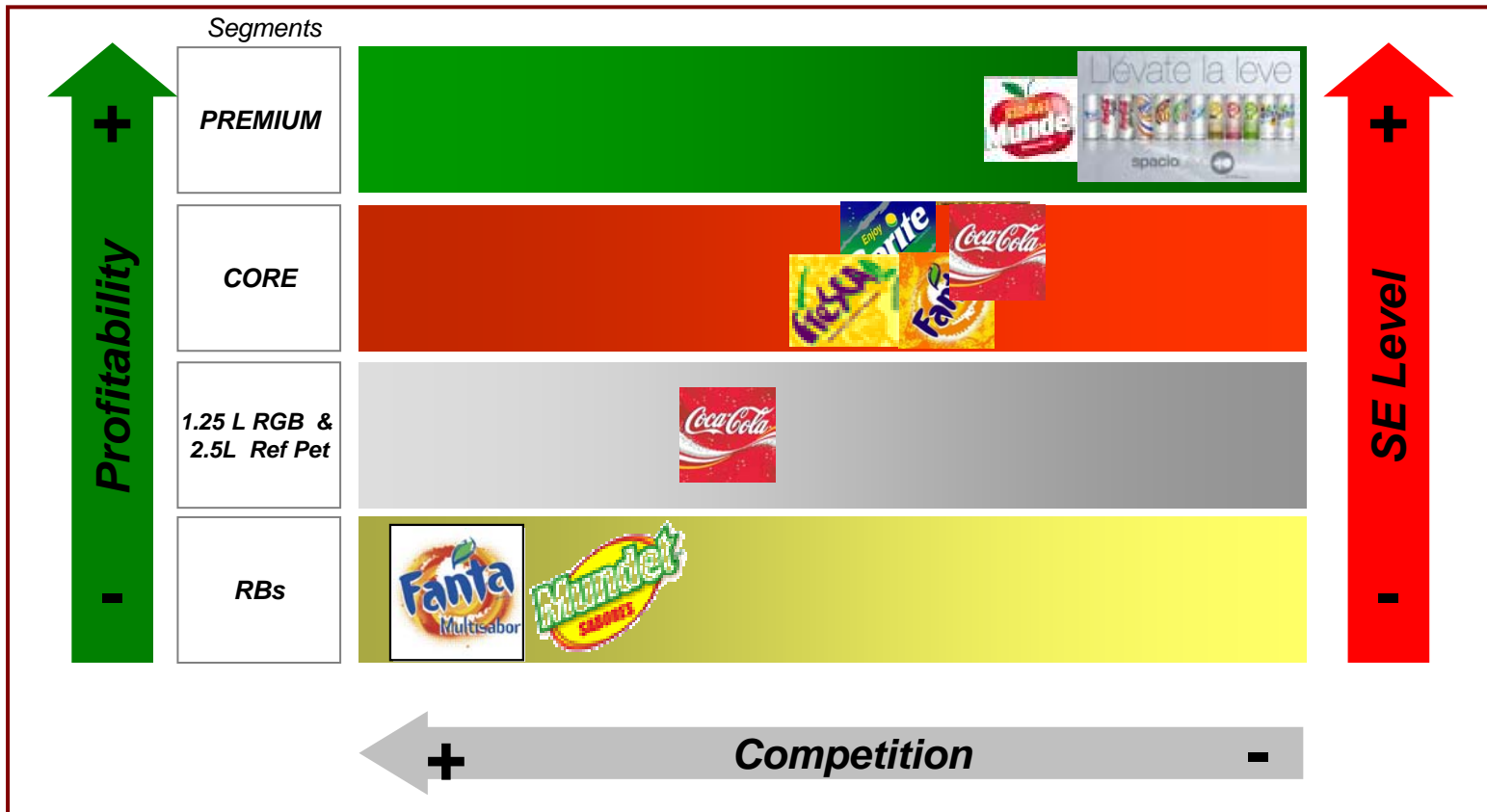


Avg price exc Jug
  Gross Margin
  EBITDA margin



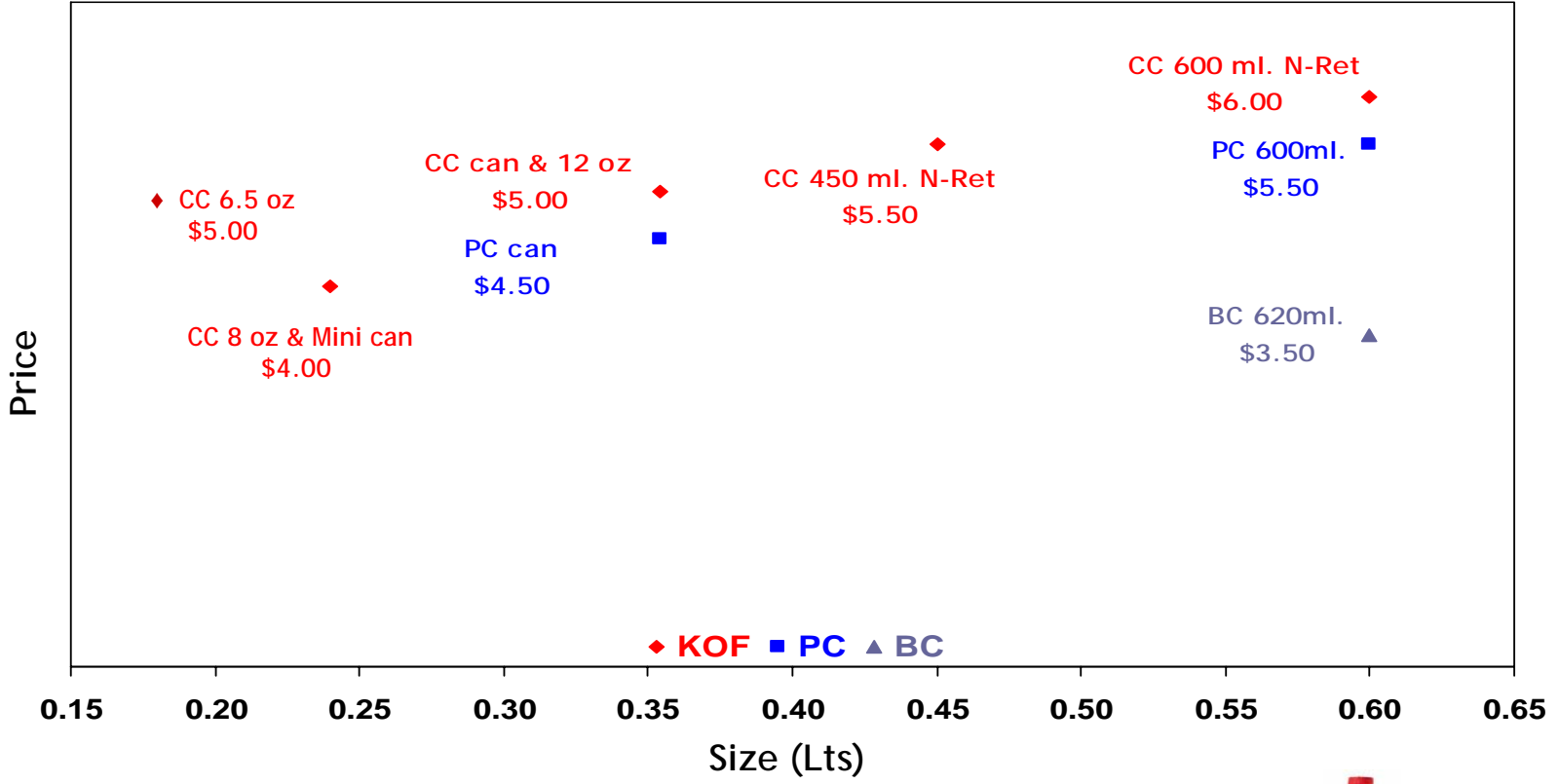
# Multi-segmentation model...

- We have been developing an execution model segmented through a differentiated portfolio, adapting to the competitive environment of the country, like we did it in Argentina.
- The revenue management strategies implemented in Argentina, have provided us with a base of knowledge that we are now implementing in Mexico



# Our "Portfolio of Choice" in Single Serve....

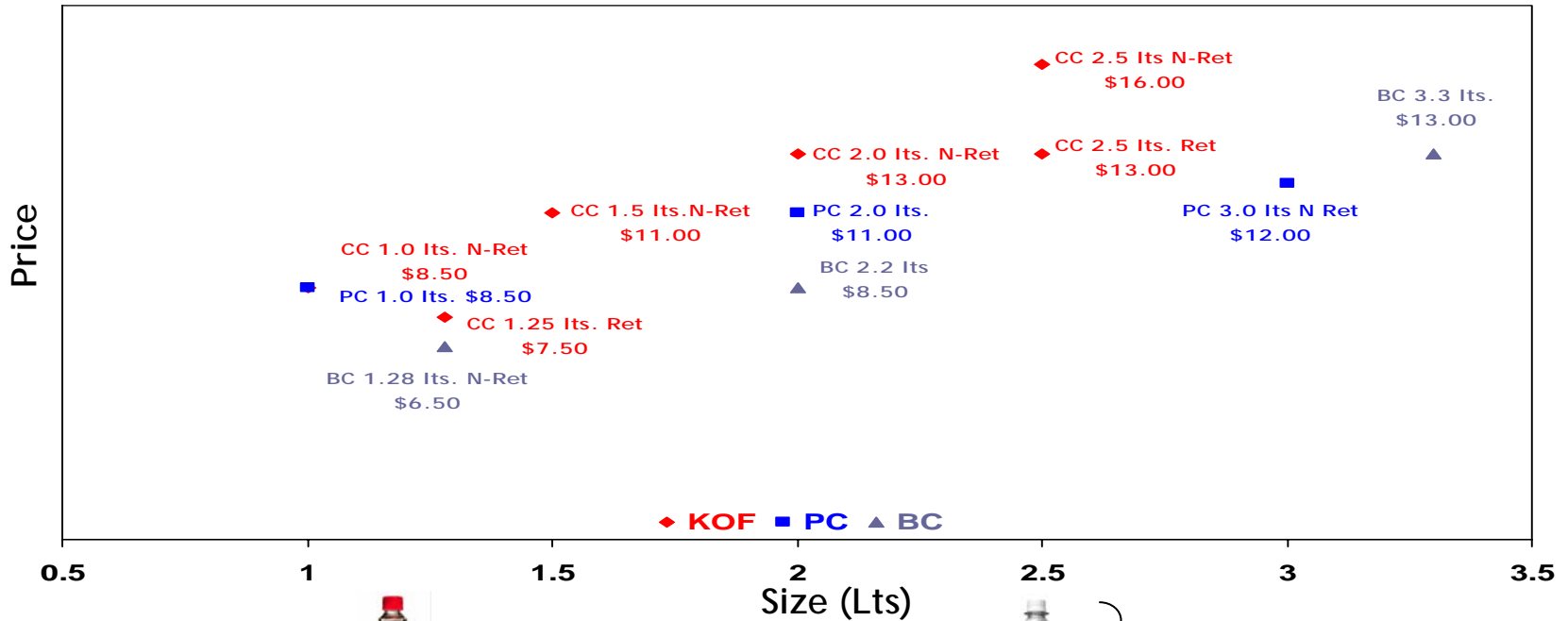
During the last two years we also adapted our packaging/product portfolio improving our competitive position, offering more than 13 different packaging presentations for brand Coca-Cola in Mexico with different price points, from Ps. 4 up to Ps. 16



Single-serve Presentations

# ....in Multi-serve presentations...

Additionally, we are strengthening our returnable portfolio with the introduction of new returnable presentations

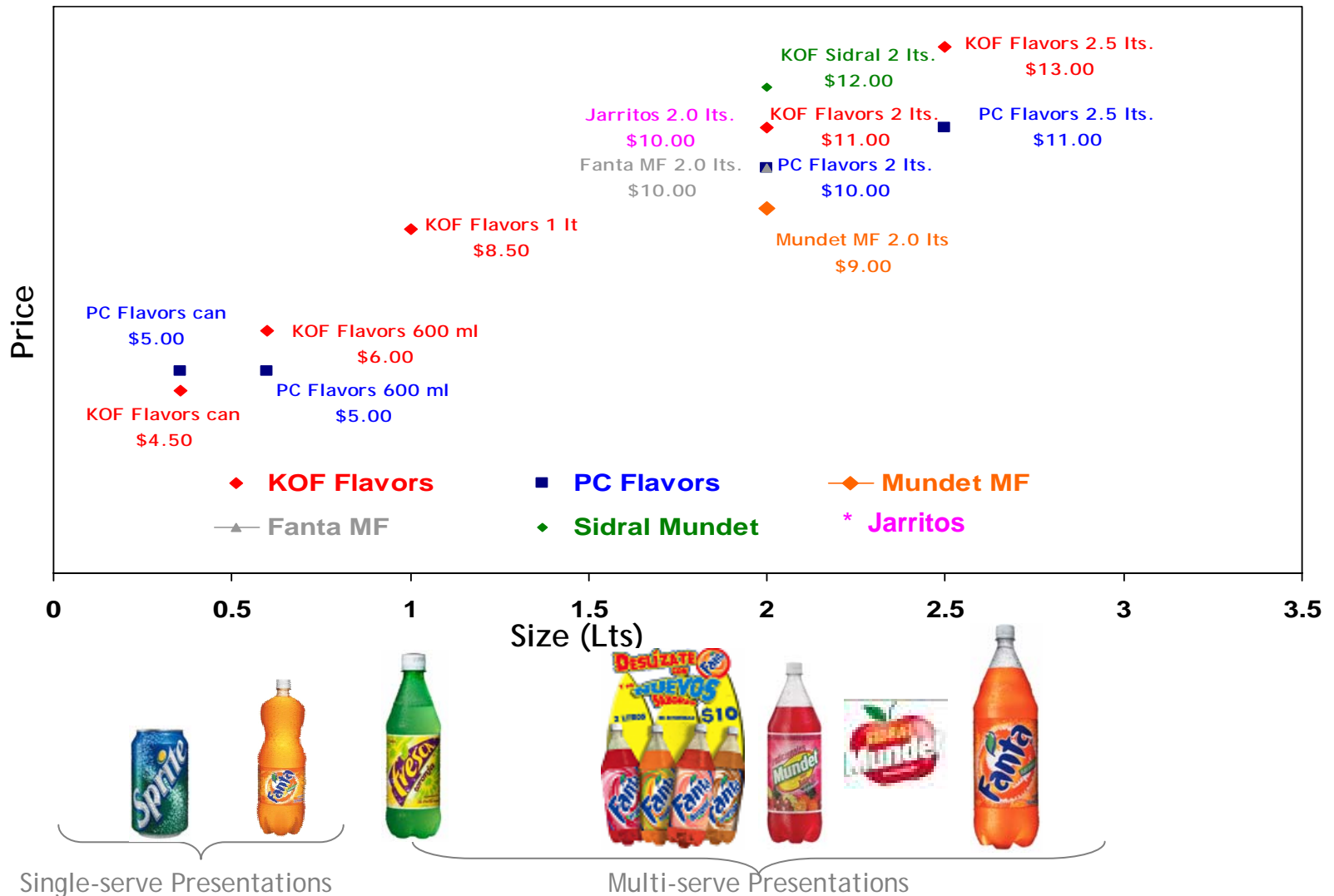


Returnables

Non-Ret

# ... and for the flavors

We are also reinforcing our flavor portfolio with the reintroduction of Mundet and Fanta Multi-flavors as regional brand players



# Agenda

**1. KOF Mexico**

**2. Our Operating Transformation Process**

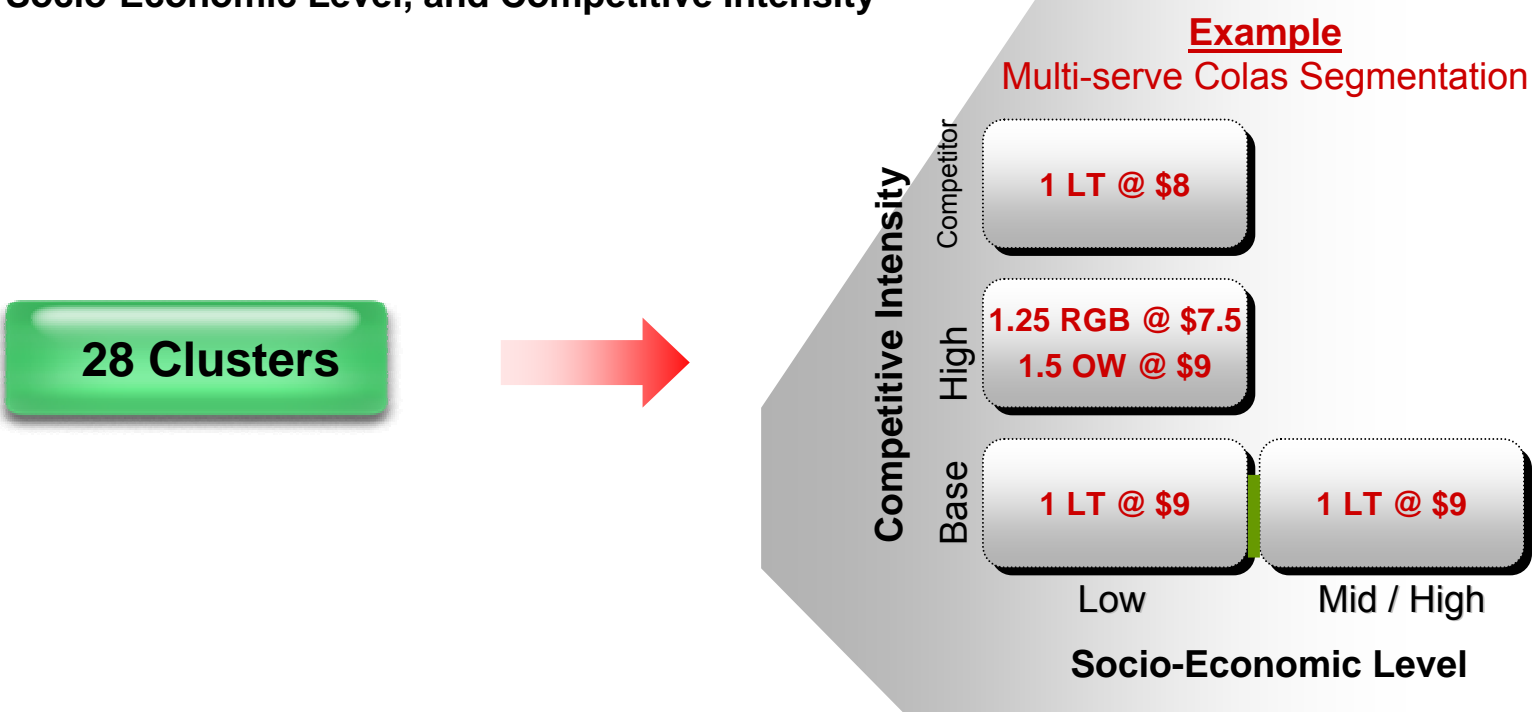
**3. Growth Opportunities**

# KOF Mexico's Operational Transformation

In Mexico, we have started the Operational Transformation Project



We developed a New Business Model based on Multi-segmentation driven by three key variables: Region, Socio-Economic Level, and Competitive Intensity





# Agenda

1. KOF Mexico
2. Our Operating Transformation Process
3. Growth Opportunities

# Growth opportunities

- Improve per capita consumption
- Opportunity to develop a segmented product portfolio, as in Argentina
- Foster single serve consumption through directed strategies
- Reinforce our portfolio of premium CSD's brand alternatives
- Opportunity to capture flavored carbonated soft drinks ("CSD's") growth with an ongoing pipeline of innovation
- Special focus on the non-carb segment with new and existing brand of The Coca-Cola Company
- Focus on bottled water profitability
- Favorable population and GDP growth

