

**Growing through Execution**

**Consumer Analyst Group  
of New York**

**February 16, 2010**



# Cautionary Statement



COCA-COLA  
**FEMSA**

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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**

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Our history denotes our strong focus on **growth through execution**

COCA-COLA  
**FEMSA**



picture of success  
the perfect consumer experience  
at every point of sale



KOF is the **largest Coca-Cola bottler** in Latin America...

COCA-COLA  
**FEMSA**



12% of  
Coca-Cola  
Global volume  
growth

35%  
of Coca-Cola  
LatAm volume

10% of  
Coca-Cola  
Global volume

over **2.4** Bn Unit Cases

US\$ **7.9** Bn in Revenues

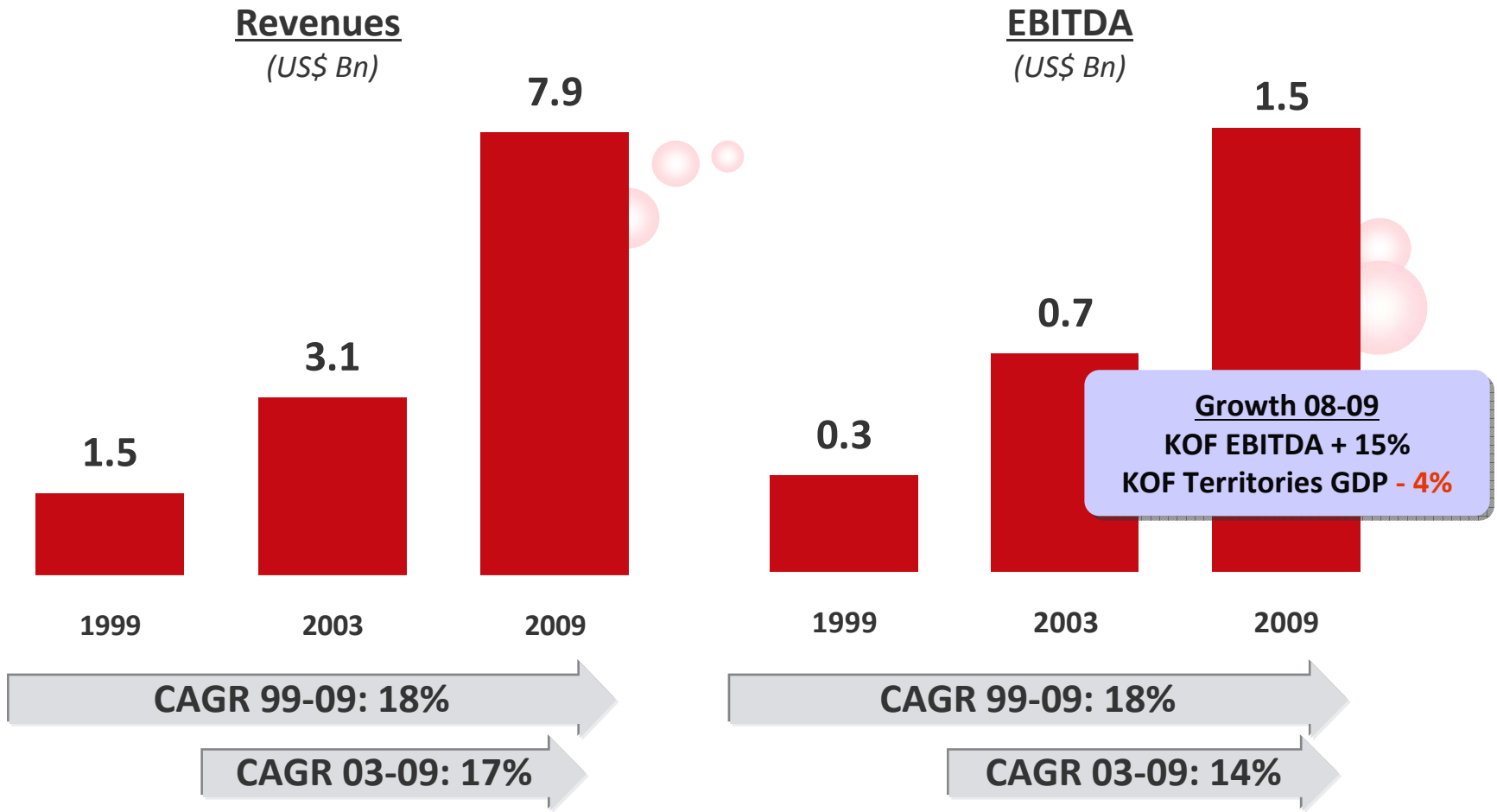
over **200** MM consumers

**1.5** MM points of sale

almost **70,000** employees

Note: Percentage of TCCC volume according to TCCC 2008 Annual Report and KOF's estimates.

... with a **solid growth** track record



Note: Figures in Nominal Mexican Pesos converted to US Dollars using EOP exchange rate of each year.

As we continue growing, we face more **complex challenges...**



Category convergence,  
**Industry consolidation**  
and tougher competitive  
environment

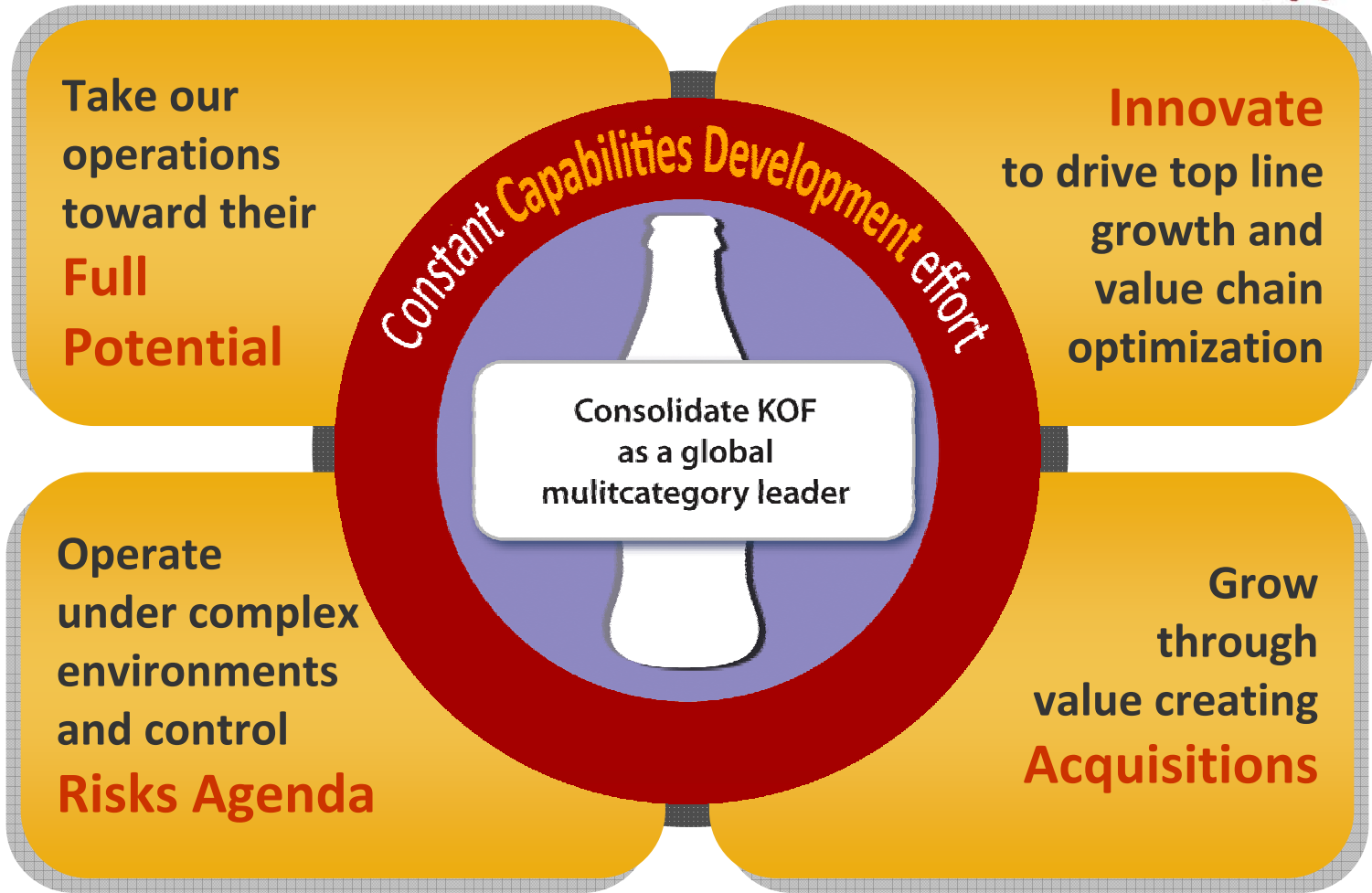
**Multi-category** and  
segmentation driving  
**complexity**  
(e.g. more SKUs,  
new capabilities and  
service models)

Ever-changing **consumer  
trends** requiring  
constant innovation and  
adaptation

Modern trade  
development &  
emerging **channels**  
pressuring our  
traditional service  
model

Requires a more  
comprehensive approach to  
constantly improve  
**execution**

... for which we prepare using a strategic framework based on 5 cornerstones



Aiming at our **full potential**, we strongly focus on leveraging existing asset utilization...

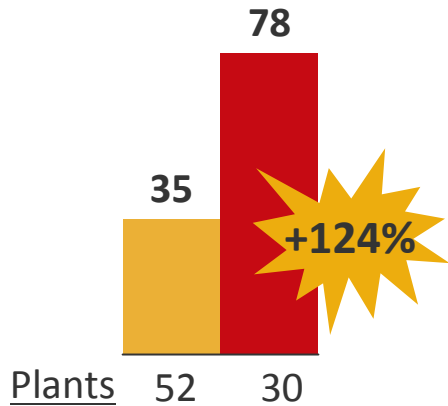


**Productivity opportunities:**

- Distribution network restructuring - Brazil
- Asset reconfiguration – Colombia
- Reconfiguration of plants and DCs – Mexico
- ... and we keep on looking for more

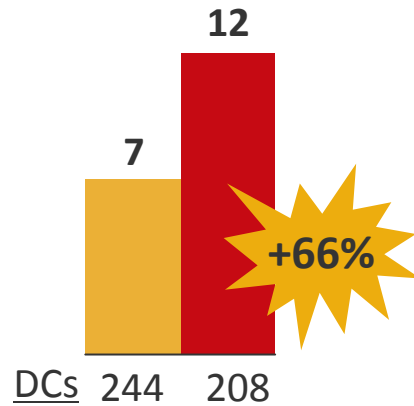
**Manufacturing Productivity**

(MM UC / Plant)



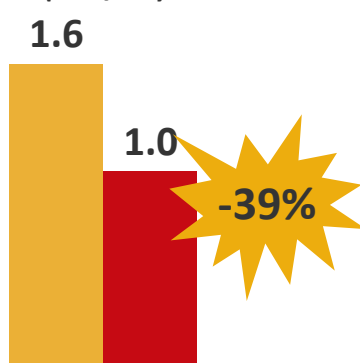
**Distribution Productivity**

(MM UC / DC)



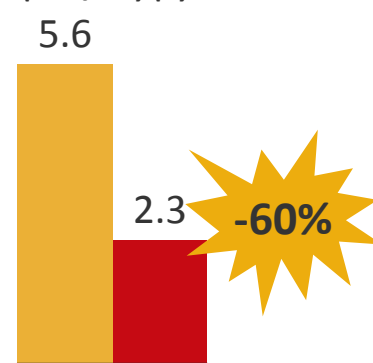
**Assets per UC**

(US\$/UC)



**Capex per Incremental Volume**

(US\$/UC) (1)



2004  
2009

Source: KOF Strategic Planning. Figures in Nominal Mexican pesos converted to US Dollars using EOP exchange rate.  
 (1) Property, Plant and Equipment Net  
 (2) Considers all CAPEX, including CAPEX to replace depreciated assets.



... and continuously invest and innovate in our value chain to maximize **productivity**



### Packaging

- Lightest Coca-Cola Contour
- Short Cap in Mexico 100% (currently rollout in rest of operations)
- 15% recycled content in our packages and doubling it
- Savings:
  - 35,000 tons of PET / year
  - US\$ 40 MM / year
- New packages: Re-sealable can, wrap-around labeling, etc.
- Cord stretch film rollout

### Processes and Technology

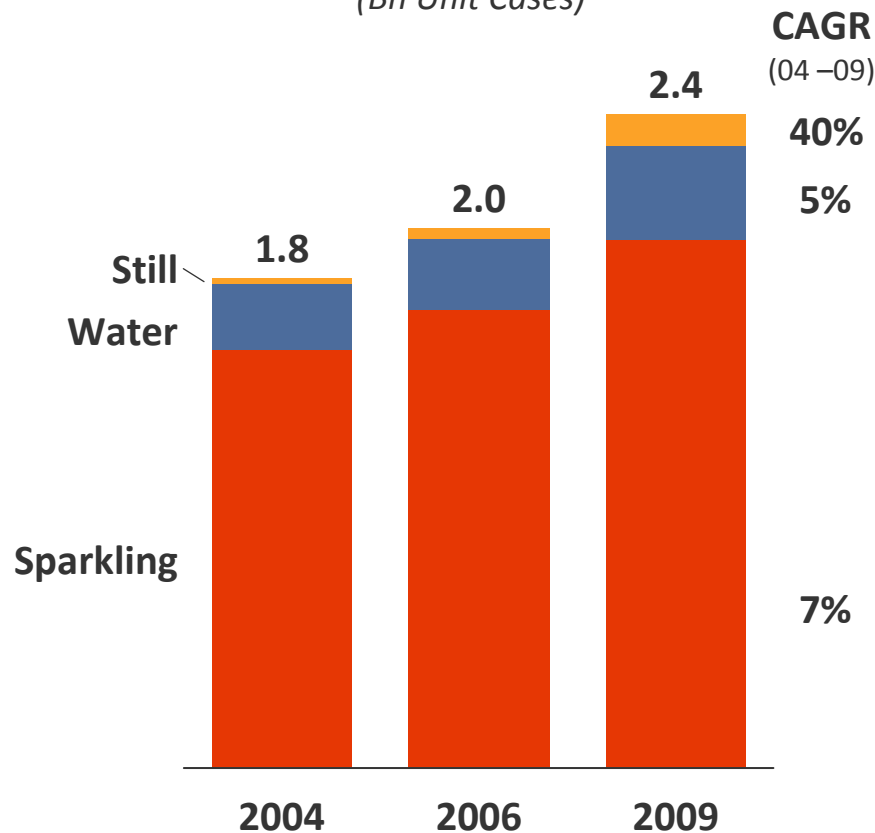
- 2009 capacity increase of ~325 MM UC
- Improved water & energy usage ~ US\$ 2 MM savings in 2009
- Currently evaluating investments in:
  - Warehouse automation (laser guided vehicles, automated picking, warehousing silos)
  - Toluca first 1 Lt / 1 Lt of water usage facility
  - Heavy manual labor elimination

Our **multi-category focus** allowed to grow consistently, yet some opportunities remain untapped



**KOF Sparkling, Water and Emerging Categories Volume: 2004 - 2009**

*(Bn Unit Cases)*



Source: Nielsen, and KOF Strategic Planning Estimates.

Aligned with TCCC, we are broadening our **portfolio** to better satisfy our consumers...

COCA-COLA  
**FEMSA**



Resulting in a +50% SKU growth  
from 2006 to 2009



Market Leadership in some of our territories

... and **excelling our execution**, aligning our value chain to deliver to each customer accordingly

COCA-COLA  
**FEMSA**

Winning Brands Portfolio

World-Class Capabilities

Productive Supply Chain

Superior Customer  
Management & Execution

*Traditional*   *Customized*   *Emerging*



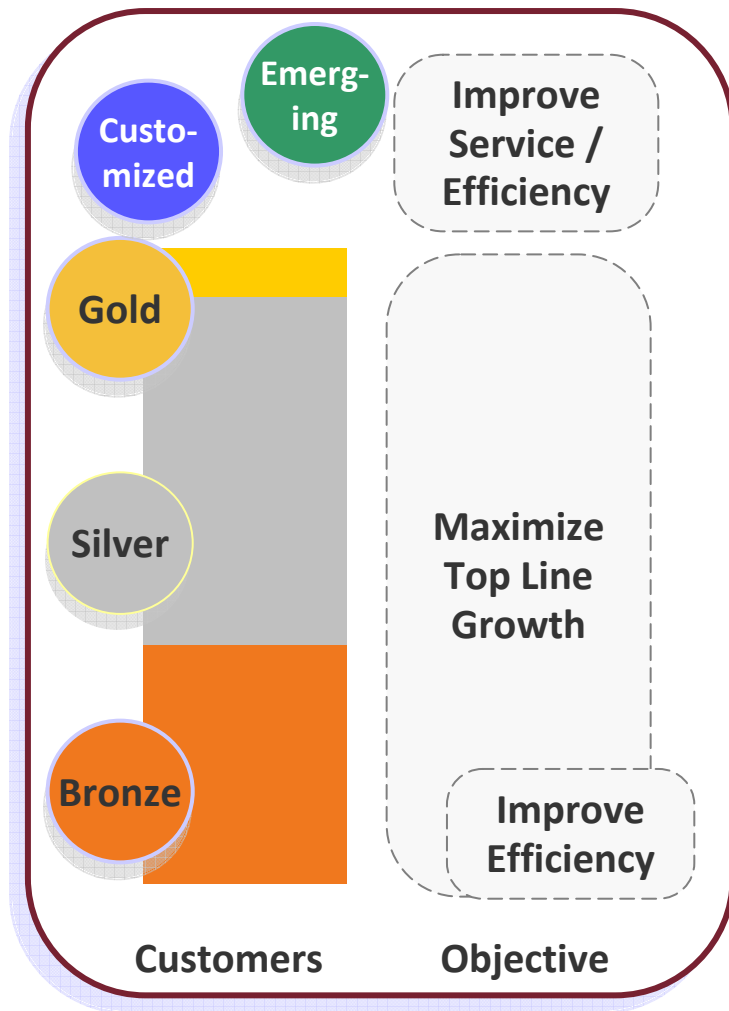
- A perfectly aligned system allows to fully exploit market opportunities
- Excelling our execution requires:
  - a total company strategy w/all functions involvement
  - investing in capabilities along the value chain
  - developing transfer mechanisms across operations / channels
  - integrating and automating all systems

We have transformed our commercial model to **focus on our customers' value**



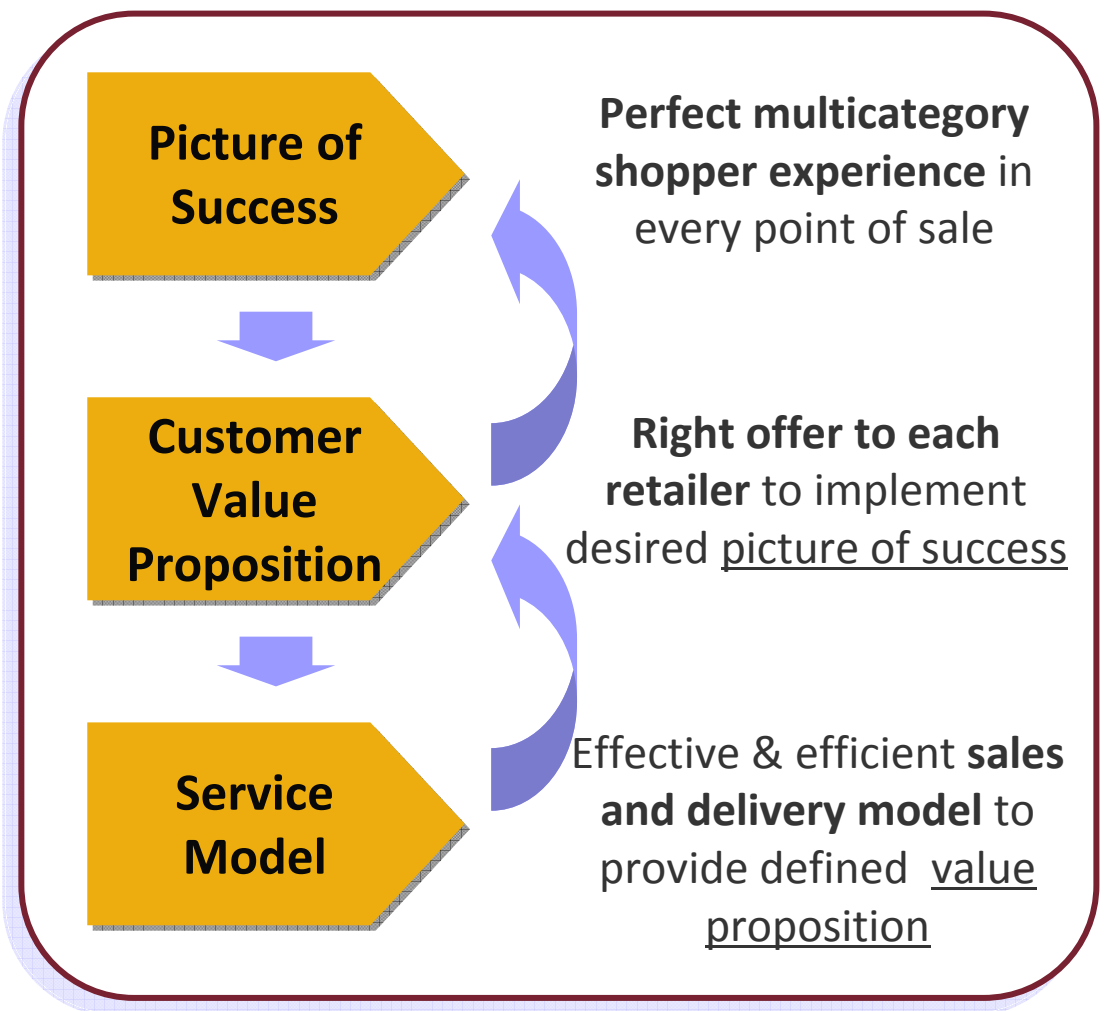
Value Based

Customer Segmentation



Core Commercial

Processes

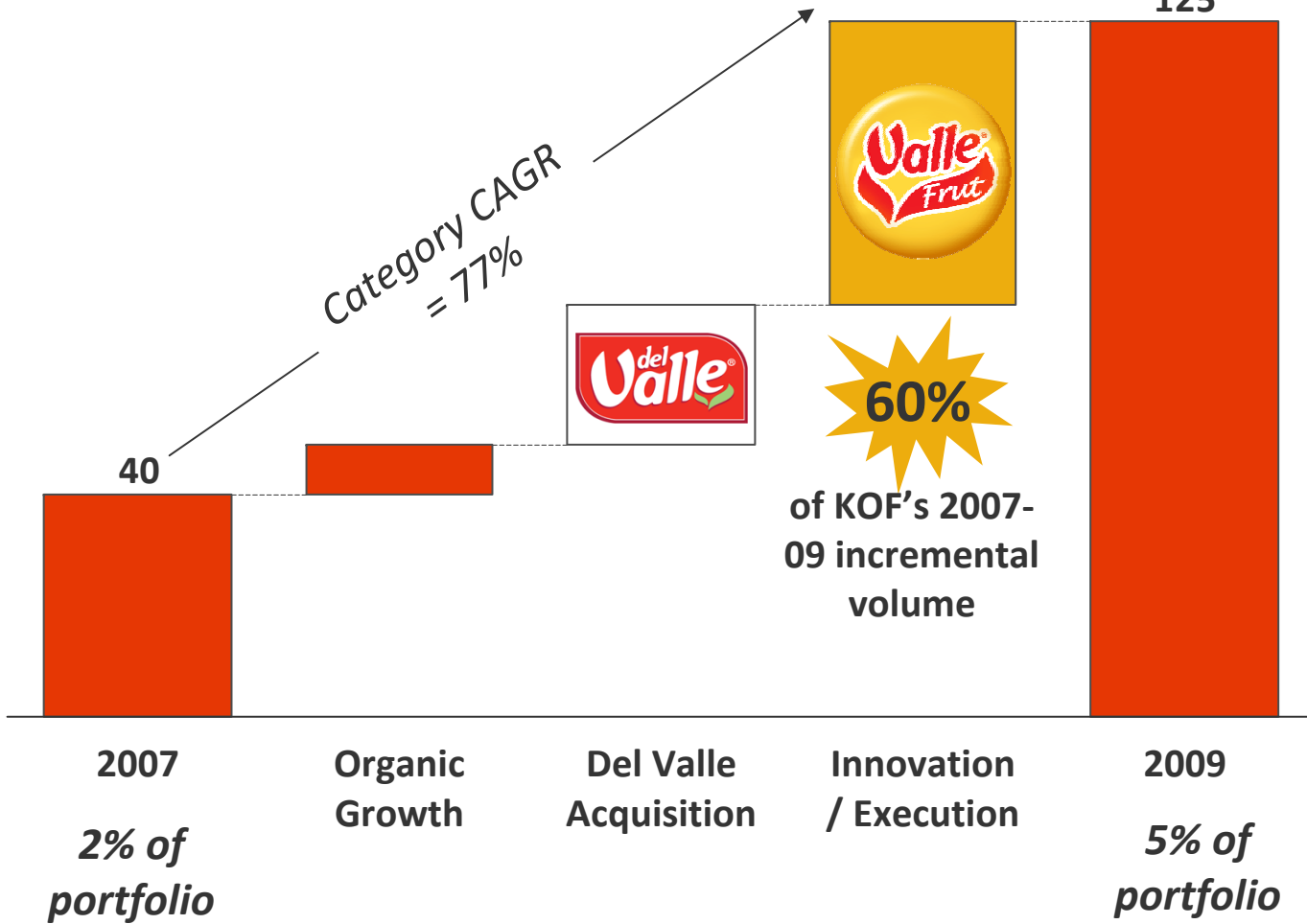


For example, Valle Frut success shows how value creating **acquisitions** levered with **innovation** & **execution** deliver growth



**KOF Still Beverage Volume: 2007 - 2009**

(MM UC)



Transformed a US\$ 300MM into a US\$ 600MM business in two years

Getting to Jugos del Valle, implied **rethinking our business model** & speeding up our go-to-market



COCA-COLA  
**FEMSA**

- New business models: Joint ventures with KO
  - **50/50 profit split**
- Leverage innovation: **Jugos del Valle expansion...**
  - ... from 2 to 6 countries
  - ... from 60 to 260 SKU's
- Use of new technologies
  - ...from Tetra Pak to PET
- Joint effort: **KO – KOF Innovation Stewardship**
  - Launch of high quality low juice content product
- Important effort developing / transferring **execution capabilities** across organization

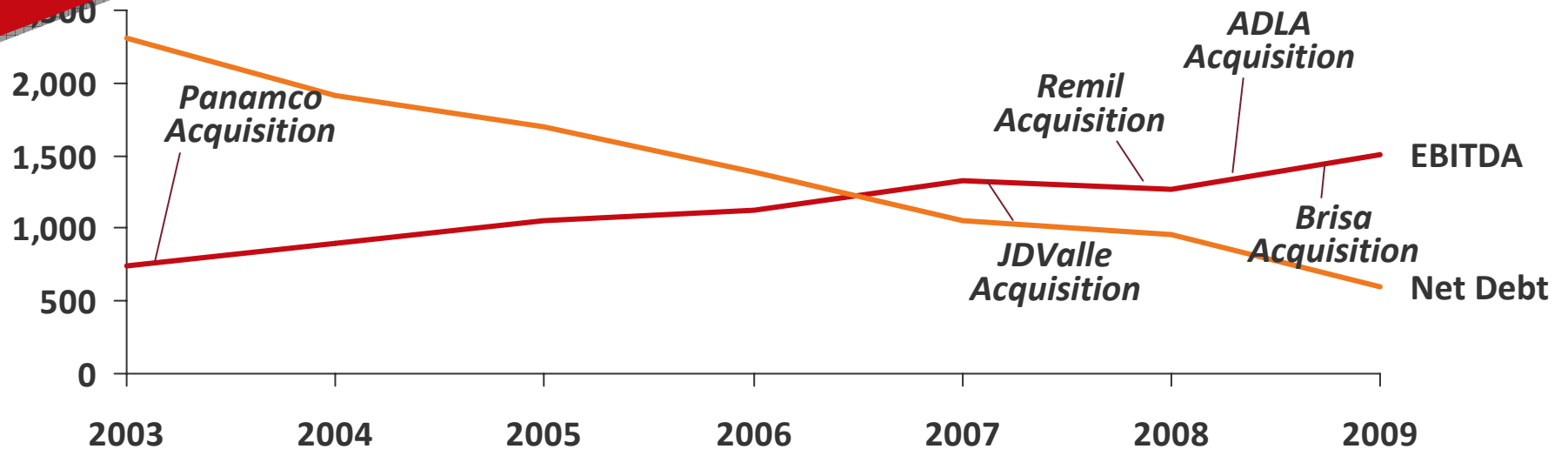
**Our innovation pipeline focuses on products that can transform the category with relevant top line results**

KOF not only executed, but delivered **positive financial results**



**Debt reduction as promised**

**KOF EBITDA and Debt: 2003-2009**  
(US\$ MM)



**Focus**

**Panamco Integration**

**Multicategory Leadership**

**Volume outside Mexico**

**12%** -----> **49%**

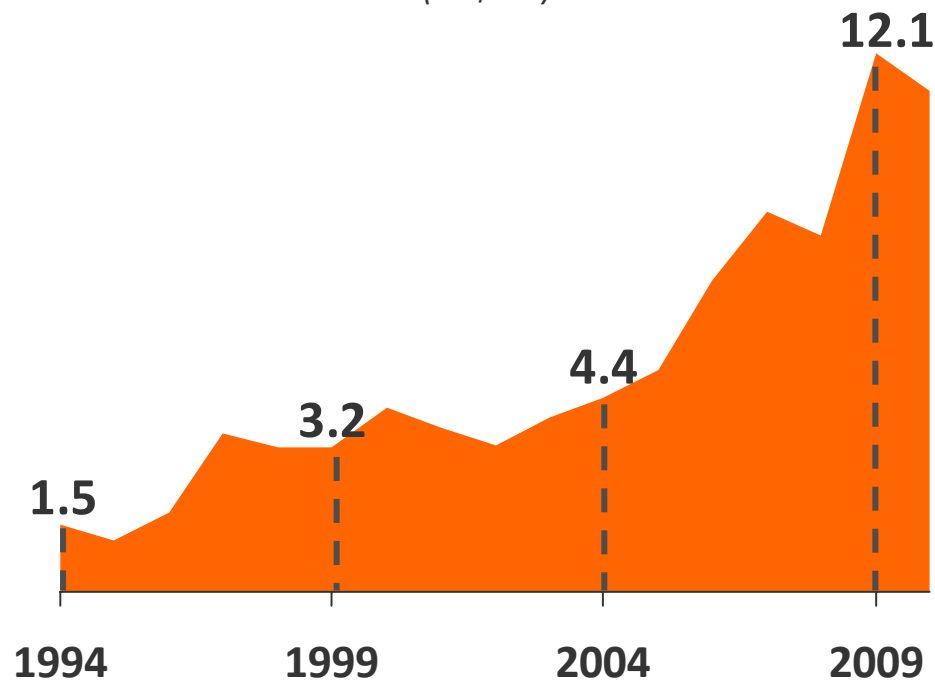


We will maintain our **profitable growth track** in the following years

COCA-COLA  
**FEMSA**

KOF Market Cap: 1994 - Feb 2010

(US\$ Bn)



- A multi-category company with...
  - Efficient asset utilization & state-of-the-art systems
  - Value creation acquisitions levered by compelling innovation
  - Evolving commercial model & capability transfer mechanisms
  - Flexible & experienced talent pool
  - Strong financials

*We are ready to continue **growing through execution...***