MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
July 30, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of July 2007

FOMENTO ECONÓMICO MEXICANO, S.A.B. DE C.V.
(Exact name of Registrant as specified in its charter)

Mexican Economic Development, Inc.
(Translation of Registrant's name into English)

United Mexican States
(Jurisdiction of incorporation or organization)

General Anaya No. 601 Pte.
Colonia Bella Vista
Monterrey, Nuevo León 64410
México
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F x Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____________

Latin America´s Beverage Leader

FEMSA Reports Revenue Growth of 7% in 2Q07;
Progress Made Towards Full-Year Objectives

Monterrey, Mexico, July 27, 2007— Fomento Económico Mexicano, S.A.B. de C.V. ("FEMSA") today announced its operational and financial results for the second quarter of 2007.

Second Quarter 2007 Highlights:

· **Consolidated total revenues increased 7.4%.** All operating units contributed to this top-line growth.

· **Coca-Cola FEMSA total sales volume increased 5.9% and income from operations increased 10.5%.** Strongest growth again came from international operations.

· **FEMSA Cerveza total revenues increased 2.7%;** Mexico sales volume increased 3.2%, Brazil sales volume increased 8.1% and export sales volume increased 27.1%.

- Income from operations decreased 16.8%, however our full-year outlook is still expected to be in-line with 2006 levels.

· **Oxxo total revenues increased 12.3%, driven by 159 net new stores for a total of 5,097 stores.** Operating margin expanded by 90 basis points.

"The trends continue to improve gradually across our businesses after a rocky start to the year. At Coca-Cola FEMSA, pricing dynamics in Mexico are stabilizing and the business outside Mexico continues to deliver outstanding results. At Oxxo, we keep finding ways to expand our margins even as we continue to build a world-class convenience retailing system. Meanwhile, at FEMSA Cerveza we are setting the conditions for a stronger second half of the year as the variables that drive our business, internal and external, gradually move in the right direction. Most importantly and beyond any short-term results, as we continue to execute our strategy and strengthen our competitive position in all our businesses, we are putting FEMSA in a position to pursue sustainable profitable growth, across operations and across territories", commented José Antonio Fernández, Chairman and CEO of FEMSA.

FEMSA Consolidated

Total revenues increased 7.4% to Ps. 36.006 billion in 2Q07. This increase was primarily driven by total revenue growth of 8.2% at Coca-Cola FEMSA and 12.3% growth at Oxxo, despite tough year-on-year comparisons given the high growth rates registered in 2006 driven by the Soccer World Cup and elections in Mexico, as well as a softer economy and a challenging consumer environment in Mexico in 2007. FEMSA Cerveza contributed to a lesser extent with total revenue growth of 2.7%.

For the first half of 2007, consolidated total revenues increased 8.1% to Ps. 67.863 billion.

Gross profit increased 6.7% to Ps. 16.754 billion in 2Q07, however the gross margin contracted 40 basis points to 46.5% of total revenues. This margin contraction mainly reflects soft revenue growth at FEMSA Cerveza as well as sustained raw material pressure.

For the first half of 2007, gross profit increased 5.9% to Ps. 30.777 billion. The gross margin contracted 90 basis points compared to the same period in 2006 to 45.4% of total revenues. This contraction resulted primarily from raw material pressure as well as from the rapid growth of Oxxo's operations, which have lower margins than our beverage businesses.

Income from operations rose slightly by 0.6% to Ps. 5.108 billion in 2Q07, which represented a 90 basis point contraction in operating margin to 14.2% of total revenues. The decrease in operating margin was primarily attributable to a margin contraction at FEMSA Cerveza. Partially offsetting this decrease was a 40 basis point margin improvement at Coca-Cola FEMSA.

For the first half of 2007, income from operations decreased 3.4% to Ps. 8.255 billion. Our consolidated operating margin decreased 140 basis points compared to 2006 levels, reaching 12.2% of total revenues.

Net income increased 32.5% to Ps. 3.08 billion in 2Q07, as foreign exchange gains more than offset higher interest expense. The effective tax rate decreased from 30.0% in 2Q06 to 27.0% in 2Q07.

For the first half of 2007, net income increased 16.5% to Ps. 4.752 billion mainly as the result of foreign exchange gains.

Net majority income per FEMSA Unit[1] was Ps. 0.63 in 2Q07. Net majority income per FEMSA ADS, using an exchange rate of Ps. 10.79 per dollar, which was the exchange rate at period end, was US$ 0.58 for the quarter.

Capital expenditures increased 21.7% to Ps. 2.620 billion in 2Q07, mainly reflecting increased investment in the beverage business units relating to incremental capacity, as well as market-related investments.

Consolidated net debt: As of June 30, 2007, FEMSA recorded a cash balance of Ps. 8.820 billion (US$ 817 million), short-term debt of Ps. 6.224 billion (US$ 577 million), and long-term debt of Ps. 35.594 billion (US$ 3.298 billion), for a net debt balance of Ps. 32.998 billion (US$ 3.058 billion), which was 12.5% higher than on June 30, 2006. The increase in net debt was mainly related to the acquisition of an additional 8.02% interest in Coca-Cola FEMSA and to a capital increase at our Brazilian beer operations, which concluded the capitalization of those operations.

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[1] FEMSA Units consist of FEMSA BD Units and FEMSA B Units. Each FEMSA BD Unit is comprised of one Series B Share, two Series D-B Shares and two Series D-L Shares. Each FEMSA B Unit is comprised of five Series B Shares. The number of FEMSA Units outstanding as of June 30, 2007 was 3,578,226,270 equivalent to the total

number of FEMSA Shares outstanding as of the same date, divided by 5.

2

Soft Drinks - Coca-Cola FEMSA

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

Beer - FEMSA Cerveza

The results of FEMSA Cerveza provided here now fully consolidate the results of our subsidiary Cervejarias Kaiser (in Brazil), which we acquired in January of 2006. As of our presentation of our 1Q07 results, all comparisons to prior periods will fully reflect the Kaiser acquisition.

Mexico sales volume increased 3.2% to 7.246 million hectoliters in 2Q07, despite very tough comparable growth figures from the second quarter of 2006. The second quarter volume performance also reflects higher precipitation rates during the first half of the quarter in Northern Mexico as compared to the prior year and to historical averages, partially offsetting the positive impact of the Easter holidays. Despite a slow start, demand improved as the quarter progressed. Once again, growth was led by our *Tecate Light*, *Sol*, and *Indio* brands. For the first half of 2007, Mexico sales volume increased 2.9% to 12.904 million hectoliters.

Brazil sales volume increased 8.1% to 2.004 million hectoliters in 2Q07. This growth was driven by increasing demand for our *Sol, Kaiser* and *Bavaria* brands as well as by continued strong consumption trends in the Brazilian market. For the first half of 2007, Brazil sales volume increased 11.4% to 4.341 million hectoliters.

Export sales volume increased 27.1% to 968 thousand hectoliters in 2Q07, mainly driven by increased demand for our *Dos Equis* and *Tecate* brands in the U.S. and for our *Sol* brand in other key markets. For the first half of 2007, export sales volume increased 17.4% to 1.650 million hectoliters.

Total revenues increased 2.7% to Ps. 9.964 billion in 2Q07, primarily driven by higher sales in exports and in Brazil, which offset a decrease in other revenues of Ps. 94 million which was driven by a higher percentage of our packaging production going to internal demand as opposed to third-party sales.

Mexico price per hectoliter decreased 2.2% in real terms to Ps. 977 in 2Q07, as price increases gradually implemented during the quarter were insufficient to fully offset the effects of inflation for the period. Brazil price per hectoliter increased 2.8% in real terms to Ps. 553 in 2Q07, reflecting a price increase implemented late during the first quarter. Export price per hectoliter decreased 3.6% to Ps. 1,023 in 2Q07, as the effect of a strong Peso more than offset an increase in dollar terms of 3.1%.

For the first half of 2007, total revenues increased 3.1% to Ps. 18.121 billion driven by a 4.4% increase in beer sales. Export beer sales volume represented 8.7% of total beer sales volume, up from 7.9% in the comparable period in 2006. Brazil beer sales volume represented 23% of total beer sales volume, up from 21.8% in the comparable period in 2006.

Cost of sales increased 7.3% to Ps. 4.323 billion in 2Q07. This increase was mainly driven by total volume growth of 6% and higher prices for raw materials, particularly grains, which were partially offset by the effect of strong Peso valuation. To a lesser extent, cost of sales was also impacted by the increasing amount of glass bottles we are buying from third parties as our own glass capacity is being utilized at 100%. Gross profit decreased 0.5% to Ps. 5.641 billion in 2Q07, resulting in a gross margin of 56.6%. For the first half of 2007, cost of sales increased 9.7% to Ps. 8.161 billion. Gross margin contracted by 270 basis points to 55.0% of total revenues.

Income from operations decreased 16.8% to Ps. 1.668 billion in 2Q07, and operating margin contracted by 400 basis points to reach 16.7% of total revenues. Operating expenses increased 8.3% to Ps. 3.973 billion, reaching 39.9% of total revenues in 2Q07, 210 basis points higher than in 2Q06. Specifically, administrative expenses were contained during the quarter and reached Ps. 1.038 billion, representing a 1.4% increase over 2Q06 levels.

Selling expenses increased 11.0% to Ps. 2.935 billion. Approximately 3% of this 11% increase resulted from stepped-up marketing activities in Brazil, yet we achieved flat income from operations in Brazil for the quarter. The remaining increase in selling expenses was driven by i) ongoing market-related initiatives such as incremental services provided to retailers whose margins we adjust and marketing for brand building activities in Mexico, ii) incremental brand support for *Dos Equis* and the launch of *Tecate Light* in the U.S., and iii) to a lesser extent, the one-time impact of increased direct distribution expenses related to the acquisition of two large distributors in the second quarter of 2006, as well as strengthened sales structures in Mexico. We are now lapping these one-time events, and any further increases in direct distribution going forward will be minor.

For the first half of 2007, income from operations decreased 31.7% to Ps. 2.136 billion, reaching 11.8% of total revenues.

Oxxo Stores - FEMSA Comercio

Total revenues increased 12.3% to Ps. 10.431 billion in 2Q07, primarily as a result of the opening of 159 net new Oxxo stores in the quarter, representing a 4.6% increase over the prior year and a total increase of 731 net new Oxxo stores during the last twelve months. There are a total of 5,097 Oxxos nationwide.

For the first half of 2007, total revenues increased 13.1% to Ps. 19.333 billion.

Same-store sales increased an average of 1.2% during the quarter, reflecting a 1.8% increase in store traffic, which was driven by successful promotional activity and by the increasing equity of the Oxxo brand, which offset a 0.6% decrease in the average customer ticket. The reduced average ticket continued to reflect a gradual shift in our sales mix away from phone cards, which have an average ticket higher than our store average. Although this reduction negatively affects same-store-sales, it positively impacts margins. Despite a softer consumer demand environment and unseasonably cold and rainy weather in the North of Mexico, particularly during the key Easter holiday period in April, consumer demand improved as the quarter progressed.

For the first half of 2007, Oxxo same-store sales increased an average of 2.3%, driven by an increase of 3.1% in store traffic and a reduction of 0.8% in average ticket.

Cost of sales increased 11.0% to Ps. 7.591 billion in 2Q07, resulting in an 80 basis point improvement in gross margin to reach 27.2% of total revenues. This improvement resulted from better pricing strategies in some categories, as well as from coordinated efforts with our suppliers to provide the right promotions and the right products for consumers. Also, certain high margin categories performed well such as coffee and sweets that helped drive this margin expansion and fill the space left by the softness in the phone card category.

Income from operations increased 35.9% to Ps. 530 million in 2Q07. Operating expenses increased 12.1% to Ps. 2.310 billion. Administrative expenses decreased 10.1% to Ps. 178 million, as our initial capitalized investments in the Oracle ERP system have been fully amortized, and new cost controls for travel expenses began to show results. Selling expenses increased 14.5% to Ps. 2.132 billion, slightly ahead of the quarter's soft revenues. Despite tough comparisons versus 2Q06 and continued infrastructure investment, Oxxo's operating margin expanded 90 basis points to 5.1% of total revenues.

For the first half of 2007, income from operations increased 35.9% to Ps. 787 million, resulting in an operating margin of 4.1%, a 70 basis point expansion from the prior year.

Recent Developments

Coca-Cola FEMSA reached an understanding with The Coca-Cola Company to acquire Remil bottler
Coca-Cola FEMSA reached an understanding with The Coca-Cola Company to acquire its wholly owned bottling franchise located in the state of Minas Gerais (Refrigerantes Minas Gerais Ltda., "REMIL") in Brazil. The closing, terms and conditions of the transaction are subject to a confirmatory due-diligence process, negotiation and execution of a definitive agreement and approval by the board of directors of both companies. Remil covers a population of approximately 15 million inhabitants, including Belo Horizonte, the third largest city in Brazil. The transaction would be expected to close during the first quarter of 2008.

Jugos del Valle Transaction
On June 25, the Comisión Federal de Competencia in Mexico (CFC), the Mexican Antitrust Commission, officially notified the The Coca-Cola Company and Coca-Cola FEMSA of its decision to object to the acquisition of Jugos del Valle, S.A.B. de C.V. (Jugos del Valle). Subsequently, we filed a motion of reconsideration with the CFC. On July 17, the CFC made public on its official website its decision to approve the acquisition of Jugos del Valle subject to certain conditions. We expect to receive the final notification in the following weeks.

FEMSA Files 2006 SEC Annual Report
On June 28 we filed our annual report on Form 20-F with the U.S. Securities and Exchange Commission for the fiscal year ended December 31, 2006.

CONFERENCE CALL INFORMATION:

Our Second Quarter 2007 Conference Call will be held on: Monday July 30, 2007, 2:00 PM EDT (1:00 PM Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 1-866-409-1555, International: 1-913-312-1235. This Conference Call will also be transmitted through live webcast at www.femsa.com/investor.

If you are unable to participate live, an instant replay of the conference call will be available through August 3, 2007. To listen to the replay please dial: Domestic U.S.: 1-888-203-1112; International: 1-719-457-0820, Passcode: 4253562.

Set forth in this press release is certain unaudited financial information for FEMSA for the second quarter of 2007 compared to the second quarter of 2006. We are a holding company whose principal activities are grouped under the following sub-holding companies and carried out by their respective operating subsidiaries: Coca-Cola FEMSA, S.A.B. de C.V., which engages in the production, distribution and marketing of non-alcoholic beverages; FEMSA Cerveza, S.A. de C.V., which engages in the production, distribution and marketing of beer and flavored alcoholic beverages; and FEMSA Comercio, S.A. de C.V., which engages in the operation of convenience stores.

All of the figures in this report were prepared in accordance with “Normas de Información Financiera” (Mexican Financial Reporting Standards or “Mexican FRS”, and have been restated in constant Mexican pesos (“Pesos” or “Ps.”) with purchasing power as of June 30, 2007. As a result, all percentage changes are expressed in real terms.

The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the exchange rate provided by the company in the tables that accompany this release. The exchange rate used for this purpose is 10.7926 Mexican pesos per US dollar, which is as of the end of the reporting period.

FORWARD LOOKING STATEMENTS

This report may contain certain forward-looking statements concerning our future performance that should be considered as good faith estimates made by us. These forward-looking statements reflect management’s expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact our actual performance.

Six pages of tables and Coca-Cola FEMSA’s press release to follow

FEMSA
Consolidated Income Statement
Expressed in Millions of Pesos as of June 30, 2007

	For the second quarter of:					For the six months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Total revenues	**36,006**	100.0	**33,512**	100.0	7.4	**67,863**	100.0	**62,788**	100.0	8.1
Cost of sales	**19,252**	53.5	**17,810**	53.1	8.1	**37,086**	54.6	**33,727**	53.7	10.0
Gross profit	**16,754**	46.5	**15,702**	46.9	6.7	**30,777**	45.4	**29,061**	46.3	5.9
Administrative expenses	**2,223**	6.2	**2,123**	6.3	4.7	**4,320**	6.4	**4,152**	6.6	4.0
Selling expenses	**9,423**	26.1	**8,503**	25.5	10.8	**18,202**	26.8	**16,361**	26.1	11.3
Operating expenses	**11,646**	32.3	**10,626**	31.8	9.6	**22,522**	33.2	**20,513**	32.7	9.8
Income from operations	**5,108**	14.2	**5,076**	15.1	0.6	**8,255**	12.2	**8,548**	13.6	(3.4)
Other expenses	**(316)**		**(535)**		(40.9)	**(509)**		**(639)**		(20.3)
Interest expense	**(1,212)**		**(1,066)**		13.7	**(2,263)**		**(2,097)**		7.9
Interest income	**199**		**202**		(1.5)	**378**		**381**		(0.8)
Interest expense, net	**(1,013)**		**(864)**		17.2	**(1,885)**		**(1,716)**		9.8
Foreign exchange (loss) gain	**316**		**(253)**		N.S.	**318**		**(381)**		N.S.
Gain on monetary position	**37**		**(26)**		N.S.	**397**		**204**		94.6
Unhedged derivative instrument Gain on monetary position	**90**		**(77)**		N.S.	**62**		**(128)**		N.S.
Integral result of financing	**(570)**		**(1,220)**		(53.3)	**(1,108)**		**(2,021)**		(45.2)
Income before income tax	**4,222**		**3,321**		27.1	**6,638**		**5,888**		12.7
Income tax	**(1,142)**		**(997)**		14.5	**(1,886)**		**(1,808)**		4.3
Net income	**3,080**		**2,324**		32.5	**4,752**		**4,080**		16.5
Net majority income	**2,238**		**1,883**		18.9	**3,308**		**3,121**		6.0
Net minority income	**842**		**441**		90.9	**1,444**		**959**		50.6
EBITDA & CAPEX										
Income from operations	**5,108**	14.2	**5,076**	15.1	0.6	**8,255**	12.2	**8,548**	13.6	(3.4)
Depreciation	**1,026**	2.8	**1,071**	3.2	(4.2)	**2,058**	3	**2,091**	3.3	(1.6)
Amortization & other	**1,028**	2.9	**995**	3.0	3.3	**1,960**	2.9	**1,933**	3.1	1.4
EBITDA	**7,162**	19.9	**7,142**	21.3	0.3	**12,273**	18.1	**12,572**	20.0	(2.4)
CAPEX	**2,620**		**2,152**		21.7	**4,448**		**3,489**		27.5

FINANCIAL RATIOS	**2007**	**2006**	**Var. p.p.**
Liquidity(1)	**1.10**	**0.92**	0.18
Interest coverage(2)	**6.51**	**7.33**	(0.82)
Leverage(3)	**0.92**	**0.94**	(0.02)

Capitalization(4)	**36.36%**	**36.83%**	(0.47)

(1) Total current assets / total current liabilities.

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

(3) Total liabilities / total stockholders' equity.

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

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

FEMSA
Consolidated Balance Sheet
As of June 30:
(Expressed in Millions of Pesos as of June 30, 2007)

	2007	2006	% Increase
ASSETS			
Cash and cash equivalents	**8,820**	**9,224**	(4.4)
Accounts receivable	**6,646**	**6,125**	8.5
Inventories	**9,021**	**7,515**	20.0
Prepaid expenses and other	**3,712**	**2,806**	32.3
Total current assets	**28,199**	**25,670**	9.9
Property, plant and equipment, net	**50,887**	**50,382**	1.0
Intangible assets[1]	**57,750**	**57,393**	0.6
Deferred assets	**8,952**	**7,242**	23.6
Other assets	**6,701**	**6,209**	7.9
TOTAL ASSETS	**152,489**	**146,896**	3.8
LIABILITIES & STOCKHOLDERS´ EQUITY			
Bank loans	**4,200**	**3,084**	36.2
Current maturities long-term debt	**2,024**	**6,474**	(68.7)
Interest payable	**448**	**391**	14.6
Operating liabilities	**18,875**	**17,899**	5.5
Total current liabilities	**25,547**	**27,848**	(8.3)
Long-term debt	**35,594**	**28,999**	22.7
Deferred income taxes	**4,227**	**4,018**	5.2
Labor liabilities	**3,251**	**2,740**	18.6
Other liabilities	**4,440**	**7,595**	(41.5)
Total liabilities	**73,059**	**71,200**	2.6
Total stockholders' equity	**79,430**	**75,696**	4.9
LIABILITIES AND STOCKHOLDERS' EQUITY	**152,489**	**146,896**	3.8

[1] Includes mainly the intangible assets generated by acquisitions.

		June 30, 2007	
DEBT MIX	***Ps.***	***% Integration***	***Average Rate***
Denominated in:			
Mexican pesos	**31,282**	74.8%	9.2%
Dollars	**8,891**	21.3%	6.5%
Colombian pesos	**611**	1.4%	9.7%
Brazilian Reals	**534**	1.3%	10.5%
Venezuelan bolivars	**311**	0.7%	12.1%
Argentinan pesos	**189**	0.5%	10.5%
Total debt	**41,818**	100.0%	8.7%
Fixed rate[1]	**31,206**	74.6%	
Variable rate[1]	**10,612**	25.4%	

% of Total Debt	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013+**

DEBT MATURITY PROFILE	5.5%	19.6%	13.1%	11.7%	9.9%	21.8%	18.4%

(1) Includes the effect of interest rate swaps.

8

Coca-Cola FEMSA
Results of Operations
Expressed in Millions of Pesos as of June 30, 2007

	For the second quarter of:					For the six months of:				
	2007	% of rev.	2006	% of rev.	% Increase	2007	% of rev.	2006	% of rev.	% Increase
Total revenues	**16,460**	100.0	**15,210**	100.0	8.2	**31,760**	100.0	**29,197**	100.0	8.8
Cost of sales	**8,544**	51.9	**7,906**	52.0	8.1	**16,704**	52.6	**15,229**	52.2	9.7
Gross profit	**7,916**	48.1	**7,304**	48.0	8.4	**15,056**	47.4	**13,968**	47.8	7.8
Administrative expenses	**870**	5.3	**836**	5.5	4.0	**1,663**	5.2	**1,647**	5.6	1.0