

COCA COLA FEMSA SA DE CV

Form 6-K

July 28, 2005

FORM 6-K

Securities and Exchange Commission
Washington, D.C. 20549
Report of Foreign Issuer
Pursuant To Rule 13a-16 Or 15d-16
Of The
Securities Exchange Act of 1934

For the month of July 2005

Commission file number 1-12260

COCA-COLA FEMSA, S.A. de C.V.

(Translation of Registrant's name into English)

Guillermo González Camarena No. 600
Col. Centro de Ciudad Santa Fé
Delegación Alvaro Obregón
Mexico, D.F. 01210
(Address of principal office)

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

(Check One) Form 20-F Form 40-F

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

(Check One) Yes No

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

Stock Listing Information

Mexican Stock Exchange

Ticker: KOFL

NYSE (ADR)

Ticker: KOF

Ratio of KOF L to KOF = 10:1

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2005**SECOND-QUARTER AND SIX-MONTHS RESULTS**

| | Second Quarter | | | Six Months | | |
|--|----------------|---------|--------|------------|---------|--------|
| | 2005 | 2004 | Δ % | 2005 | 2004 | Δ % |
| Total Revenues | 12,715 | 11,484 | 10.7% | 23,931 | 22,542 | 6.2% |
| Gross Profit | 6,306 | 5,648 | 11.6% | 11,714 | 11,007 | 6.4% |
| Operating Income | 2,254 | 1,827 | 23.4% | 3,963 | 3,480 | 13.9% |
| Majority Net Income | 1,284 | 1,785 | -28.1% | 1,984 | 2,693 | -26.3% |
| EBITDA ⁽¹⁾ | 2,859 | 2,445 | 17.0% | 5,149 | 4,711 | 9.3% |
| Net Debt ⁽²⁾⁽³⁾ | 20,486 | 21,530 | | 20,486 | 21,530 | |
| EBITDA ⁽¹⁾ / Interest Expense | 5.05 | 3.66 | | 4.62 | 3.70 | |
| Earnings per Share | 0.70 | 0.97 | | 1.08 | 1.46 | |
| Average Shares Outstanding | 1,846.5 | 1,846.4 | | 1,846.5 | 1,846.4 | |

Expressed in million of Mexican pesos with purchasing power as of June 30, 2005, except for per share amount.

(1) EBITDA = Operating income + Depreciation + Amortization & Other Non-cash Charges. See reconciliation table on page 10.

(2) Balance sheet figures for 2004 are as of December 31, 2004

(3) Net Debt = Total Debt - Cash


Total revenues increased 10.7% to Ps. 12,715 million in the second quarter of 2005.

Consolidated operating income grew 23.4% to Ps. 2,254 million, and operating margin improved 180 basis points to 17.7% in the second quarter of 2005.

Consolidated majority net income decreased 28.1% to Ps. 1,284 million, driven by a one-time tax effect that increased net income in 2004, resulting in earnings per share of Ps. 0.70 for the second quarter of 2005. Excluding the effect of this non-recurring item majority net income would have grown 129.7%

Mexico City (July 28, 2005), Coca-Cola FEMSA, S.A. de C.V. (BMV: KOFL, NYSE: KOF) (Coca-Cola FEMSA or the Company), the largest *Coca-Cola* bottler in Latin America and the second-largest *Coca-Cola* bottler in the world in terms of sales volume, announces results for the second quarter 2005.

Our second-quarter results reflect our territories' improved macro-economic landscape, coupled with our company's ongoing commercial strategies and structural initiatives. On the macro-economic front, our performance benefited from our markets' continued economic recovery, positive seasonal factors and weather conditions, a relatively stable pricing environment, and currency appreciation against the U.S. dollar.



On the operations front, we were well-positioned to make the most of a more favorable macro environment. Our comprehensive packaging portfolio and multi-segmentation strategy helped drive top-line growth in the majority of our territories, while our more efficient operating structure bolstered our bottom line companywide. said Carlos Salazar, Chief Executive Officer of the Company.

CONSOLIDATED RESULTS

Our consolidated revenues increased 10.7% to Ps. 12,715 million in the second quarter of 2005 as a result of increases in all of our territories with the exception of Central America; Mexico and Brazil represented over 70% of our growth. Consolidated average price per unit case was 1.2% higher in the second quarter of 2005 than in the same period of the previous year, at Ps. 25.96 (US\$ 2.41) ¹, driven by average price increases across all of our territories except Central America.

Total sales volume increased 9.5% to 486.9 million unit cases in the second quarter of 2005 as compared with the same period of 2004. Sales volume growth in Mexico and Brazil accounted for over 70% of our incremental volume. Carbonated soft drinks sales volume grew 7.8% to 405.5 million unit cases, driven by incremental volumes across all of our territories.

Our gross profit rose 11.7% to Ps. 6,306 million in the second quarter of 2005, compared with the second quarter of 2004; Mexico and Brazil represented over 80% of our growth. Gross margin increased 40 basis points to 49.6% in the second quarter of 2005 from 49.2% in the same period of 2004.

Our consolidated operating income grew 23.4% to Ps. 2,254 million in the second quarter of 2005 as a result of operating income increases in all of our territories except Venezuela and Argentina. Mexico and Brazil accounted for over 90% of our growth. Our operating margin improved 180 basis points to 17.7% in the second quarter of 2005 as compared with the same period of 2004.

During the second quarter of 2005, our integral cost of financing totaled Ps. 284 million, reflecting a reduction of our debt levels and lower interest expenses from our U.S. dollar denominated debt resulting from the appreciation of the Mexican peso against the U.S. dollar applied to our U.S. dollar denominated interest expenses; and a larger foreign exchange gain resulting from the appreciation of the Mexican peso against the U.S. dollar applied to our U.S. dollar denominated liabilities.

During the second quarter of 2005, income tax, tax on assets and employee profit sharing as a percentage of income before taxes was 31.8%, reflecting a reduction in income tax rate in Mexico during this year.

Our consolidated majority net income was Ps. 1,284 million in the second quarter of 2005, a decrease of 28.1% compared to the second quarter of 2004 mainly driven by a one-time tax reimbursement that increased net income during 2004². Excluding the effect of this non-recurring item majority net income would have grown 129.7%. Earnings per share (EPS) were Ps. 0.70 (US\$ 0.65 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares).

¹ Using a foreign exchange rate of Ps. 10.7645 per U.S. dollar

² During the second quarter of 2004 we obtained a tax reimbursement in connection with a deduction of losses arising from a sale of shares during 2002 in the amount of Ps. 1,313 million; additionally there was a charge to income related to interests and adjustments resulting from a change in the tax deduction criteria on coolers in Mexico, in the amount of Ps. 87 million. The net effect of these two transactions was Ps. 1,226 million.

Balance Sheet and Consolidated Statement of Changes in Financial Position

BALANCE SHEET

As of June 30, 2005, Coca-Cola FEMSA had a cash balance of Ps. 5,493 million (US\$ 510 million), an increase of Ps. 1,794 million (US\$ 166 million) compared with December 31, 2004, resulting from i) new debt acquired in part to pay down upcoming maturities of our *Certificados Bursatiles*, ii) internal cash generation and iii) a decrease in working capital, which was mainly driven by the seasonality of our business. This increase more than offset a dividend payment made during the quarter in the amount of Ps. 620 million (US\$ 58 million).

Total short-term debt was Ps. 3,235 million (US\$ 301 million) and long-term debt was Ps. 22,744 million (US\$ 2,113 million), an increase of Ps. 750 million (US\$ 70 million) compared with year end of 2004, as a result of the above-mentioned new debt. Net debt decreased approximately Ps. 1,044 million (US\$ 97 million) compared with year end of 2004, this included a Ps. 199 million (US\$18 million) debt decrease due to the effect of the Mexican peso's appreciation versus the U.S. dollar from Ps. 11.15 to Ps. 10.76 as applied to our U.S. dollar denominated debt in the second quarter of 2005.

During the quarter, the Company successfully refinanced approximately US\$ 322 million of bank debt, with longer tenors and tighter pricing conditions. Weighted average cost of debt for the second quarter was 9.1%.

The following charts set forth the Company's debt profile by currency and interest rate type as of June 30, 2005:

| Currency | % Total Debt ⁽²⁾ | % Interest Rate Floating ⁽²⁾ |
|----------------------|-----------------------------|---|
| U.S. dollars | 22% | 5% |
| Mexican pesos | 74% | 21% |
| Colombian pesos | 3% | 100% |
| Other ⁽¹⁾ | 1% | 100% |

⁽¹⁾ Includes the equivalent of US\$ 27.9 million denominated in Argentine pesos, US\$ 3.6 million denominated in Venezuelan bolivares, and US\$ 4.9 million denominated in Guatemalan quetzales.

⁽²⁾ After giving effect to cross-currency swaps.

Consolidated Statement of Changes in Financial Position

Expressed in million of Mexican pesos and U.S. dollars as of June 30, 2005

| | <i>Jan - Jun 2005</i> | |
|--------------------------------|-----------------------|---------------------------|
| | <i>Ps.</i> | <i>USD ⁽¹⁾</i> |
| Net income | 1,974 | 183 |
| Non cash charges to net income | 1,084 | 101 |
| | 3,058 | 284 |
| Change in working capital | (936) | (87) |

| | | |
|--|--------------|------------|
| NRGOA⁽²⁾ | 2,122 | 197 |
| Capital expenditures | (602) | (56) |
| Dividend payments | (620) | (58) |
| Debt acquired to refinance short term debt | 1,270 | 118 |
| Financial transactions | (398) | (37) |
| Increase in cash and cash equivalents | 1,772 | 164 |
| Cash and cash equivalents at beginning of period | 3,699 | 344 |
| Cash and cash equivalents at the end of period | 5,471 | 508 |

(1) Expressed in US\$ millions assuming a foreign exchange rate of Ps. 10.7645 per U.S. dollar

(2) Net Resources Generated by Operating Activities

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MEXICAN OPERATING RESULTS***Revenues***

Revenues from our Mexican territories increased 9.4% to Ps. 7,591 million in the second quarter of 2005, as compared with the same period of the previous year. Sales volume growth represented over 85% of the increase in revenues. Average price per unit case grew 0.9% to Ps. 27.19 (US\$ 2.53) during the second quarter of 2005. Higher average prices resulted from price increases implemented in the first quarter of 2005 and sales volume growth in single-serve presentations, which carry a higher average price per unit case. Excluding *Ciel* water volume in 5.0, 19.0 and 20.0-liter packaging presentations, our average price per unit case was Ps. 31.90 (US\$ 2.96) .

Total sales volume increased 8.4% to 278.6 million unit cases in the second quarter of 2005, as compared with the second quarter of 2004, mainly resulting from i) a strong marketing campaign and commercial strategies implemented around the *Coca-Cola* brand, ii) two more work days than a year ago, because Easter fell in the first quarter this year; iii) low comparable sales volumes and iv) higher temperatures in Mexico City. Carbonated soft drinks sales volume grew 5.6% compared with the same period of the previous year, mainly driven by the *Coca-Cola* brand. The increase in carbonated soft drinks sales volume represented over 50% of our incremental volume; the balance was mainly comprised of water volume growth in both jug and single-serve presentations. Excluding water, the non-carbonated beverage segment grew 15.2% in the second quarter of 2005 as a result of volume growth in *Powerade* and *Nestea*.

Operating Income

Our gross profit grew 10.7% to Ps. 4,039 million in the second quarter of 2005, compared with the same period of 2004, resulting in a 60 basis-point expansion of our gross margin to 53.2% . This growth was mainly driven by a decrease in sweetener costs and an appreciation of the Mexican peso as applied to our U.S. dollar-denominated costs year over year.

Operating expenses as a percentage of total revenues declined 140 basis points to 30.9% in the second quarter of 2005, from 32.3% in the same period of 2004, as a result of higher fixed cost absorption from our higher sales volume. Operating income increased 20.1% to Ps. 1,691 million in the second quarter of 2005, improving our operating income margin by 200 basis points for the quarter.

CENTRAL AMERICAN OPERATING RESULTS (Guatemala, Nicaragua, Costa Rica and Panama)***Revenues***

Revenues decreased 1.1% to Ps. 845 million in the second quarter of 2005, as compared with the same period of the previous year, driven by lower average price per unit case. Average price per unit case declined 5.1% to Ps. 30.22 (US\$ 2.81), mainly as a result of a more competitive environment and a shift in our multi-serve packaging mix towards larger presentations.

Total sales volume in our Central American territories grew 4.1% to 27.9 million unit cases in the second quarter of 2005, as compared with the same period of 2004. Volume growth from the *Coca-Cola* brand accounted for over 80% of our incremental volume and the non-carbonated segment, including bottled water, represented a majority of the balance.

Operating Income

Gross profit declined 1.9% in the second quarter of 2005, as compared with the same period of 2004, to Ps. 415 million. As a percentage of total revenues gross margin decreased 40 basis points mainly as a result of lower average prices per unit case.

Our operating income increased 40.0% to Ps. 112 million in the second quarter of 2005, compared with the same period of 2004, driven by an 11.7% decrease in operating expenses. Operating expenses decline resulted from i) reduction in depreciation and amortization expenses, due to higher average period used to depreciate assets, ii) a reduction in marketing expenses, and iii) savings achieved through cost reduction efforts throughout the region, such as sharing back office services. Despite gross margin reduction, our operating margin increased 400 basis points to 13.3% .

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COLOMBIAN OPERATING RESULTS

Revenues

Total revenues increased 14.0% to Ps. 1,116 million in the second quarter of 2005, as compared with the second quarter of 2004. Higher volumes drove over 80% of this growth, and higher average prices drove the balance. Our average price per unit case grew 2.5% to Ps. 25.08 (US\$ 2.33) as a result of price increases implemented in May 2004 and a packaging mix shift to non-returnable presentations, which have higher prices per unit case.

Total sales volume grew 11.3%, as compared with the same period of 2004, to 44.5 million unit cases in the second quarter of 2005. Our flavored carbonated soft drinks category accounted for over 75% of our incremental volume, and the *Coca-Cola* brand represented the remainder.

Operating Income

Gross profit increased 12.1% to Ps. 491 million in the second quarter of 2005, as compared with the same period of the previous year, resulting in a gross margin of 44.0%. The gross margin decline of 80 basis points was mainly driven by a packaging mix shift to non-returnable presentations, which grew as a percentage of our total sales volume to 46.8% from 42.1% in the second quarter 2004.

Operating income increased 4.1% to Ps. 101 million in the second quarter of 2005, as compared with the same period of 2004, declining slightly as a percentage of sales. Operating expenses increased 14.4%, driven by a higher introduction of returnable bottles into the market and higher marketing expenses, both related with the launch of *Crush*.

VENEZUELAN OPERATING RESULTS

Revenues

Revenues from our Venezuelan operations increased 15.9% to Ps. 1,224 million in the second quarter of 2005, as compared with the same period of 2004, this mainly driven by sales volume growth that accounted for over 70% of our incremental revenues. Our average price grew 3.8% to Ps. 27.00 (US\$ 2.51) as a result of price increases implemented in the second half of 2004.

Total sales volume increased 11.6% to 45.3 million unit cases during the second quarter of 2005, as compared with the same quarter of 2004, driven mainly by carbonated soft drinks that accounted for over 85% of our incremental volume. Bottled water sales volumes grew 11.1% for the quarter.

Operating Income

Gross profit increased 14.8% to Ps. 503 million in the second quarter of 2005, as compared with the same period of the previous year. Nonetheless, as a percentage of sales, our gross margin decreased to 41.1% in the second quarter of 2005 from 41.5% in the same period of 2004. This decline was a result of i) higher raw material prices, ii) a devaluation of the Venezuelan Bolivar against the U.S. dollar as applied to our U.S. dollar-denominated costs and iii) a shift in packaging mix to non-returnable presentations.

Operating expenses increased 24.1% to Ps. 448 million in the second quarter of 2005, rising 250 basis points to 36.6% from 34.1% in the same period of 2004. The increase was a consequence of inflation pressures reflected primarily in higher freight costs and salary increases implemented during the quarter, in addition to the increases implemented in

the second half of 2004. As a result of the above-mentioned factors, our operating income was Ps. 55 million, resulting in a reduction in operating margin of 280 basis points to 4.5% as compared to the same period of 2004.

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Brazilian and Argentine Operating Results

BRAZILIAN OPERATING RESULTS

Beginning with this quarter, we will no longer include beer that we distribute in Brazil in our sales volumes and net sales. Instead, the amount we receive for distributing beer in Brazil will be included in other revenues. We have reclassified prior periods presented in this press release for comparability purposes. We believe this presentation better reflects the performance of our core operations.

Revenues

Our total revenues improved 22.9% to Ps. 1,343 million in the second quarter of 2005, as compared with the same period of 2004, mainly driven by sales volume growth. Average price per unit case grew 3.1% to Ps. 22.36 (US\$ 2.08) as a result of a channel mix shift towards more profitable channels, such as small retailers and on-premise consumption, which carry higher prices per unit case.

Total sales volume increased 19.9% to 58.5 million unit cases in the second quarter of 2005. Carbonated soft drinks grew 17.9%, mainly driven by brands *Coca-Cola* and *Fanta*. Bottled water sales volume grew 52.0% in the quarter, driven by an increase in the coverage of bottled water brand *Crystal* and favorable weather conditions.

Operating Income

In the second quarter of 2005, our gross profit increased 29.5% to Ps. 628 million, as compared with the same period of the previous year. Gross margin increased 240 basis points to 46.8%; manufacturing efficiencies and the appreciation of the Brazilian real against the U.S. dollar as applied to our raw material costs more than offset higher international raw material prices.

Our operating expenses as a percentage of total revenues decreased to 33.1% in the second quarter of 2005 from 37.3% in the same period of 2004 as a result of higher revenues and operating improvements such as route productivity and warehouse management. Operating income was Ps. 184 million in the second quarter of 2005, resulting in a 660 basis-point expansion in operating margin to 13.7% in the second quarter of 2005 from 7.1% in the same period of 2004.

ARGENTINE OPERATING RESULTS

Revenues

In Argentina, our total revenues increased 5.9% to Ps. 592 million in the second quarter of 2005, as compared with the same period of the previous year; higher average price per unit case accounted for over 65% of our revenue growth. Average price per unit case increased 4.7% to Ps. 17.91 (US\$ 1.66) as a result of price increases implemented during the first quarter of 2005 and our value-protection brands' lower percentage of total sales volume.

In the second quarter of 2005, total sales volume increased 2.2% to 32.1 million unit cases, as compared with the same period of 2004. Sales volume of non-carbonated beverages including water more than doubled and accounted for over 55% of the incremental volume, with the balance driven mainly by the *Coca-Cola* brand and our premium carbonated soft-drink brands.

Operating Income

Gross profit increased 5.1% to Ps. 227 million in the second quarter of 2005, as compared with the second quarter of 2004. Our gross margin was 38.3%, a slight decrease as compared with the second quarter of 2004, due to higher

polyethylene terephthalate (PET) resin prices and labor costs.

Operating expenses increased 8.5% in the second quarter of 2005 mainly due to higher freight costs and salaries. Our operating income decreased 1.4% to Ps. 73 million in the second quarter of 2005, resulting in a decline of our operating margin to 12.4% from 13.2% in the same period of 2004.

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SUMMARY OF SIX-MONTH RESULTS

Our consolidated revenues increased 6.2% to Ps. 23,931 million in the first half of 2005, as compared with the first half of 2004, as a result of growth in all of our territories with the exception of Central America; Mexico and Brazil represented approximately 60% of this growth. Consolidated average price per unit case increased 0.5% to Ps. 25.70 (US\$ 2.39) in the first half of 2005. Average price increases in Colombia, Venezuela, Brazil and Argentina more than offset lower average price in Mexico and Central America.

Total sales volume increased 5.8% to 924.7 million unit cases in the first half of 2005, as compared with the same period of the previous year. Sales volume growth in Mexico and Brazil accounted for over 70% of our incremental volumes. Carbonated soft-drink sales volume grew 5.0% to 779.9 million cases, driven by incremental volume across all of our territories.

Our gross profit increased 6.4% to Ps. 11,714 million in the first half of 2005, as compared with the first half of the previous year, driven by gross profit growth across all of our territories except Central America. Brazil and Mexico accounted for over 65% of this increase. Gross margin increased slightly to 48.9% during the first half of 2005 from 48.8% in the first half of 2004, driven by higher revenues in all of our territories except Central America.

Our consolidated operating income increased 13.9% to Ps. 3,963 million in the first half of 2005, as compared with the first half of 2004. Brazil, Mexico and Colombia accounted for over 85% of this growth and more than offset an operating income decline in Venezuela. Our operating margin improved 120 basis points to 16.6% in the first half of 2005.

Our consolidated majority net income was Ps. 1,984 million in the first half of 2005, a decrease of 26.3% compared to the first half of 2004, driven by a one-time effect that increased net income during 2004¹ and a one-time effect that decreased net income in the first quarter of 2005². EPS were Ps. 1.08 (US\$ 1.00 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares). Excluding the above-mentioned effects of non-recurring items majority net income would have grown by 43.3% .

RECENT DEVELOPMENTS

- On June 10, 2005, Moody's Investor Service upgraded the investment-grade rating on Coca-Cola FEMSA's foreign currency senior unsecured debt two notches, from Baa2 to A3. The upgrade reflects the Company's successful integration of Panamco, the Company's significantly improved leverage from stronger cash flow and debt reduction and Coca-Cola FEMSA's growing strategic importance in the Coca-Cola system.
- On July 15, 2005, the Company fully paid the Ps. 2,586 million outstanding balance of its 2yr TIIE-based Certificado Bursátil (KOF 03-4), issued on July 18, 2003. This will be reflected on our balance sheet on the third quarter of 2005.

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¹ During the second quarter of 2004 we obtained a tax reimbursement in connection with a deduction of losses arising from a sale of shares during 2002 in the amount of Ps. 1,313 million; additionally there was a charge to income related to interests and adjustments resulting from a change in the tax deduction criteria on coolers in Mexico, in the amount of Ps. 87 million. The net effect of these two transactions was Ps. 1,226 million.

² As we disclosed in the first quarter 2005, the tax authorities reviewed the payments in connection with the change in criteria that requires refrigerators to be treated as fixed assets with finite useful lives, which resulted in an additional one-time payment in Mexico in the amount of Ps. 118 million.

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CONFERENCE CALL INFORMATION

Our second-quarter 2005 Conference Call will be held on: July 28, 2005, 11:00 A.M. Eastern Time (10:00 A.M. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: 800-901-5218 and International: 617-786-4511. We invite investors to listen to the live audiocast of the conference call on the Company's website, www.coca-colafemsa.com

If you are unable to participate live, an instant replay of the conference call will be available through August 4, 2005. To listen to the replay, please dial: Domestic U.S.: 888-286-8010 or International: 617-801-6888. Pass code: 98344233.

Coca-Cola FEMSA, S.A. de C.V. produces and distributes *Coca-Cola*, *Sprite*, *Fanta*, *Lift* and other trademark beverages of The Coca-Cola Company in Mexico (a substantial part of central Mexico, including Mexico City and southeast Mexico), Guatemala (Guatemala City and surrounding areas), Nicaragua (nationwide), Costa Rica (nationwide), Panama (nationwide), Colombia (most of the country), Venezuela (nationwide), Brazil (greater São Paulo, Campiñas, Santos, the state of Mato Grosso do Sul and part of the state of Goias) and Argentina (federal capital of Buenos Aires and surrounding areas), along with bottled water, beer and other beverages in some of these territories. The Company has 30 bottling facilities in Latin America and serves approximately 1,500,000 retailers in the region. The Coca-Cola Company owns a 39.6% equity interest in Coca-Cola FEMSA.

Figures for the Company's operations in Mexico and its consolidated international operations were prepared in accordance with Mexican generally accepted accounting principles (Mexican GAAP). All figures are expressed in constant Mexican pesos with purchasing power at June 30, 2005. For comparison purposes, 2004 and 2005 figures from the Company's operations have been restated taking into account local inflation of each country with reference to the consumer price index and converted from local currency into Mexican pesos using the exchange rate at the end of the period. In addition, all comparisons in this report for the second quarter of 2005, which ended on June 30, 2005, are made against the figures for the comparable period in 2004, unless otherwise noted.

This news release may contain forward-looking statements concerning Coca-Cola FEMSA's future performance and should be considered as good faith estimates by Coca-Cola FEMSA. These forward-looking statements reflect management's expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, many of which are outside Coca-Cola FEMSA's control, that could materially impact the Company's actual performance.

References herein to US\$ are to United States dollars. This news release contains translations of certain Mexican peso amounts into U.S. dollars for the convenience of the reader. These translations should not be construed as representations that Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

(7 pages of tables to follow)

Consolidated Balance Sheet

Consolidated Balance Sheet

Expressed in million of Mexican pesos with purchasing power as of June 30, 2005

| Assets | | Jun-05 | | Dec-04 |
|---|------------|---------------|------------|---------------|
| Current Assets | | | | |
| Cash and cash equivalents | Ps. | 5,493 | Ps. | 3,699 |
| Total accounts receivable | | 1,753 | | 2,170 |
| Inventories | | 2,666 | | 2,533 |
| Prepaid expenses and other | | 1,043 | | 857 |
| Total current assets | | 10,955 | | 9,259 |
| Property, plant and equipment | | | | |
| Property, plant and equipment | | 30,277 | | 30,606 |
| Accumulated depreciation | | -13,105 | | -12,789 |
| Bottles and cases | | 951 | | 1,049 |
| Total property, plant and equipment, net | | 18,123 | | 18,866 |
| Investment in shares and other | | 771 | | 435 |
| Deferred charges, net | | 1,398 | | 1,474 |
| Intangibles | | 37,995 | | 37,888 |
| Total Assets | Ps. | 69,242 | Ps. | 67,922 |
| | | | | |
| Liabilities and Stockholders' Equity | | Jun-05 | | Dec-04 |
| Current Liabilities | | | | |
| Short-term bank loans and notes | Ps. | 3,235 | Ps. | 3,306 |
| Interest payable | | 266 | | 316 |
| Suppliers | | 3,911 | | 4,180 |
| Other current liabilities | | 2,547 | | 3,073 |
| Total Current Liabilities | | 9,959 | | 10,875 |
| Long-term bank loans | | 22,744 | | 21,923 |
| Pension plan and seniority premium | | 659 | | 649 |
| Other liabilities | | 4,158 | | 4,081 |
| Total Liabilities | | 37,521 | | 37,528 |

Stockholders' Equity

| | | | |
|---|-------------------|------------|---------------|
| Minority interest | 727 | | 723 |
| Majority interest: | | | |
| Capital stock | 2,816 | | 2,816 |
| Additional paid in capital | 12,046 | | 12,046 |
| Retained earnings of prior years | 16,901 | | 12,085 |
| Net income for the period | 1,984 | | 5,436 |
| Cumulative results of holding non-monetary assets | -2,753 | | -2,712 |
| Total majority interest | 30,994 | | 29,671 |
| Total stockholders' equity | 31,721 | | 30,394 |
| Total Liabilities and Equity | Ps. 69,242 | Ps. | 67,922 |

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Consolidated Income Statement

Consolidated Income StatementExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

| | 2Q 05 | 2Q 04 | YTD 05 | YTD 04 |
|--|--------------|--------------|---------------|---------------|
| Sales volume (million unit cases) | 486.9 | 444.6 | 924.7 | 874.3 |
| Average price per unit case | 25.96 | 25.66 | 25.70 | 25.57 |
| Net revenues | 12,640 | 11,408 | 23,766 | 22,356 |
| Other operating revenues | 75 | 76 | 165 | 186 |
| Total revenues | 12,715 | 11,484 | 23,931 | 22,542 |
| Cost of sales | 6,409 | 5,836 | 12,217 | 11,535 |
| Gross profit | 6,306 | 5,648 | 11,714 | 11,007 |
| Operating expenses | 4,052 | 3,821 | 7,751 | 7,527 |
| Operating income | 2,254 | 1,827 | 3,963 | 3,480 |
| Interest expense | 566 | 667 | 1,115 | 1,274 |
| Interest income | 82 | 48 | 142 | 87 |
| Interest expense, net | 484 | 619 | 973 | 1,187 |
| Foreign exchange loss (gain) | (223) | 271 | (238) | 210 |
| Loss (gain) on monetary position | 23 | (37) | (159) | (511) |
| Integral cost of financing | 284 | 853 | 576 | 886 |
| Other (income) expenses, net | 85 | 174 | 204 | 242 |
| Income before taxes | 1,885 | 800 | 3,183 | 2,352 |
| Taxes | 600 | (985) | 1,186 | (341) |
| Consolidated net income | 1,285 | 1,785 | 1,997 | 2,693 |
| Majority net income | 1,284 | 1,785 | 1,984 | 2,693 |
| Minority net income | 1 | - | 13 | - |
| Operating income | 2,254 | 1,827 | 3,963 | 3,480 |
| Depreciation | 316 | 314 | 622 | 644 |
| Amortization and Other non-cash charges ⁽²⁾ | 289 | 304 | 564 | 587 |
| EBITDA ⁽³⁾ | 2,859 | 2,445 | 5,149 | 4,711 |

- (1) Except volume and average price per unit case figures.
 - (2) Includes returnable bottle breakage expense.
 - (3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.
-

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Mexican and Central American operations

Mexican operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

| | 2Q | | 2Q | | YTD | | YTD | |
|--|-----------|--------------|-----------|--------------|------------|--------------|------------|--------------|
| | 05 | % Rev | 04 | % Rev | 05 | % Rev | 04 | % Rev |
| Sales volume (million unit cases) | 278.6 | | 257.0 | | 506.3 | | 485.2 | |
| Average price per unit case | 27.19 | | 26.94 | | 26.97 | | 27.25 | |
| Net revenues | 7,574 | | 6,923 | | 13,654 | | 13,220 | |
| Other operating revenues | 17 | | 18 | | 35 | | 49 | |
| Total revenues | 7,591 | 100.0% | 6,941 | 100.0% | 13,689 | 100.0% | 13,269 | 100.0% |
| Cost of sales | 3,552 | 46.8% | 3,292 | 47.4% | 6,497 | 47.5% | 6,284 | 47.4% |
| Gross profit | 4,039 | 53.2% | 3,649 | 52.6% | 7,192 | 52.5% | 6,985 | 52.6% |
| Operating expenses | 2,348 | 30.9% | 2,241 | 32.3% | 4,423 | 32.3% | 4,364 | 32.9% |
| Operating income | 1,691 | 22.3% | 1,408 | 20.3% | 2,769 | 20.2% | 2,621 | 19.8% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 357 | 4.7% | 342 | 4.9% | 691 | 5.0% | 700 | 5.3% |
| EBITDA ⁽³⁾ | 2,048 | 27.0% | 1,750 | 25.2% | 3,460 | 25.3% | 3,321 | 25.0% |

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

Central American operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

| | 2Q | | 2Q | | YTD | | YTD | |
|-----------------------------------|-----------|--------------|-----------|--------------|------------|--------------|------------|--------------|
| | 05 | % Rev | 04 | % Rev | 05 | % Rev | 04 | % Rev |
| Sales volume (million unit cases) | 27.9 | | 26.8 | | 54.1 | | 53.3 | |
| Average price per unit case | 30.22 | | 31.83 | | 30.83 | | 31.91 | |
| Net revenues | 843 | | 853 | | 1,668 | | 1,701 | |
| Other operating revenues | 2 | | 1 | | 2 | | 5 | |
| Total revenues | 845 | 100.0% | 854 | 100.0% | 1,670 | 100.0% | 1,706 | 100.0% |
| Cost of sales | 430 | 50.9% | 431 | 50.5% | 856 | 51.3% | 880 | 51.6% |
| Gross profit | 415 | 49.1% | 423 | 49.5% | 814 | 48.8% | 826 | 48.4% |

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| | | | | | | | | |
|---|-----|-------|-----|-------|-----|-------|-----|-------|
| Operating expenses | 303 | 35.9% | 343 | 40.2% | 592 | 35.5% | 644 | 37.7% |
| Operating income | 112 | 13.3% | 80 | 9.3% | 222 | 13.3% | 182 | 10.7% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 53 | 6.2% | 80 | 9.3% | 107 | 6.4% | 140 | 8.2% |
| EBITDA ⁽³⁾ | 165 | 19.5% | 160 | 18.8% | 329 | 19.7% | 322 | 18.9% |

(1) Except volume and average price per unit case figures.

(2) Includes returnable bottle breakage expense.

(3) EBITDA = Operating Income + Depreciation + Amortization & Other non-cash charges.

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Colombian and Venezuelan operations

Colombian operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of June 30, 2005

| | 2Q | | 2Q | | YTD | | YTD | |
|-----------------------------------|-----------|--------------|-----------|--------------|------------|--------------|------------|--------------|
| | 05 | % Rev | 04 | % Rev | 05 | % Rev | 04 | % Rev |
| Sales volume (million unit cases) | 44.5 | | 40.0 | | 86.6 | | 81.5 | |
| Average price per unit case | 25.08 | | 24.48 | | 25.20 | | 24.05 | |
| Net revenues | 1,116 | | 979 | | 2,182 | | 1,960 | |
| Other operating revenues | - | | - | | - | | - | |
| Total revenues | 1,116 | 100.0% | 979 | 100.0% | 2,182 | 100.0% | 1,960 | 100.0% |
| Cost of sales | 625 | 56.0% | 541 | 55.3% | 1,215 | 55.7% | 1,086 | 55.4% |
| Gross profit | 491 | 44.0% | 438 | 44.8% | 967 | 44. | | |