

MEXICAN ECONOMIC DEVELOPMENT INC
Form 6-K
October 28, 2016

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 October 2016

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 Form 40-F

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): _____

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): _____

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 No

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

FEMSA Announces Third Quarter 2016 Results

Monterrey, Mexico, October 28, 2016 — Fomento Económico Mexicano, S.A.B. de C.V. (“FEMSA”) (NYSE: FMX; BMV: FEMSAUBD) announced today its operational and financial results for the third quarter of 2016.

Third Quarter 2016 Highlights:

FEMSA consolidated total revenues increased 27.4% and income from operations grew 9.3% compared to the third quarter of 2015, mainly driven by the integration of Socofar into FEMSA Comercio’s Health Division and solid growth at FEMSA Comercio’s Retail Division. On an organic basis,¹ total revenues increased 14.0% and income from operations grew 3.8%.

FEMSA Comercio – Retail Division achieved growth in total revenues of 12.3% and income from operations of 6.4% compared to the third quarter of 2015, reflecting new store openings and a 5.7% increase in same-store sales.

FEMSA Comercio – Health Division total revenues amounted to Ps. 11,194 million compared to Ps. 1,580 million in the third quarter of 2015, and **income from operations increased from Ps. 42 million** in the third quarter of 2015 to **Ps. 396 million in the same period of 2016**, mainly reflecting the integration of Socofar. On an organic basis,¹ total revenues increased 10.7%.

FEMSA Comercio – Fuel Division revenues increased 34.9% and income from operations increased 57.3% compared to the third quarter of 2015.

Coca-Cola FEMSA total revenues increased 12.5% and income from operations grew 3.2% compared to the third quarter of 2015, reflecting growth in the average price per unit case across most operations and volume growth in Mexico and Central America. On a currency neutral basis and excluding Venezuela, total revenues and income from operations grew 5.6% and 6.6%, respectively.

¹ Excludes non-comparable results and significant acquisitions in the last twelve months.

Carlos Salazar Lomelín, FEMSA's CEO, commented: "During the third quarter, FEMSA Comercio continued its strong pace of growth across divisions, increasing revenues by almost 40 percent versus the comparable period of last year. At the Retail Division, OXXO once again delivered solid top line growth, driven not just by the sustained pace of new store openings, but also by a robust increase in same-store sales of 5.7 percent, against a very demanding comparison base. At the Health Division revenue growth was also strong, while the operating margin in Mexico reflected the intensity of our work on the integration of a single operating platform, as well as the longer maturation process of our stores in new regions of the country such as the state of Veracruz. Meanwhile in South America, where we recently made a small bolt-on acquisition, our drugstore operations continued to perform ahead of plan. For its part, the Fuel Division saw double-digit growth in same-station sales, as well as healthy price-driven improvements in profitability even as we made progress in our sustained expansion strategy and in the re-branding of our existing stations with the new OXXO GAS image.

At Coca-Cola FEMSA, during the third quarter we saw a tale of two regions. In Mexico, a supportive consumer backdrop combined with our execution to drive incremental transactions, volumes and pricing, resulting in a solid top line for this key operation. However, most of our markets in South America continued to face adverse consumer and macroeconomic environments, and we saw raw material cost pressures across territories, particularly sugar; therefore our results reflect these ongoing challenges.

As we head into the final months of 2016, there is much work to be done but we are cautiously optimistic as we set our objectives for next year for which we have, as always, high expectations."

FEMSA Consolidated

Total revenues increased 27.4% to Ps. 100,325 million in 3Q16 compared to 3Q15, mainly driven by the integration of Socofar in FEMSA Comercio's Health Division and by solid growth across most operations. On an organic basis,¹ total revenues grew 14.0% compared to 3Q15.

For the first nine months of 2016, total revenues increased 28.2% to Ps. 281,970 million compared to the same period in 2015, again mainly driven by the integration of Socofar in FEMSA Comercio's Health Division and by solid growth across most operations. On an organic basis,¹ total revenues for the first nine months of 2016 increased 13.0% compared to the same period in 2015.

Gross profit increased 18.7% to Ps. 36,631 million in 3Q16 compared to 3Q15. Gross margin decreased 270 basis points to 36.5% of total revenues compared to the same period in 2015, reflecting a contraction in Coca-Cola FEMSA's gross margin and the incorporation and growth of lower margin businesses in FEMSA Comercio's Health

and Fuel Divisions.

For the first nine months of 2016, gross profit increased 19.9% to Ps. 103,586 million compared to the same period in 2015. Gross margin decreased 260 basis points to 36.7% of total revenues compared to the same period in 2015, reflecting again a contraction in Coca-Cola FEMSA's gross margin and the incorporation and growth of lower margin businesses in FEMSA Comercio's Health and Fuel Divisions.

Income from operations increased 9.3% to Ps. 9,303 million in 3Q16 compared to 3Q15. On an organic basis,¹ income from operations increased 3.8% compared to the same period in 2015. Consolidated operating margin decreased 150 basis points to 9.3% of total revenues in 3Q16 compared to 3Q15, driven by a margin contraction across our core businesses, and the incorporation of lower-margin Socofar in FEMSA Comercio's Health Division.

¹ Excludes non-comparable results and significant acquisitions in the last twelve months.

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For the first nine months of 2016, income from operations increased 12.0% to Ps. 25,548 million compared to the same period in 2015. On an organic basis, ¹ income from operations increased 7.1%. Our consolidated operating margin year-to-date decreased 130 basis points to 9.1% as a percentage of total revenues as compared to the same period of 2015, driven by the faster growth of FEMSA Comercio's three divisions, whose lower margins tend to compress FEMSA's consolidated margins over time, and by a contraction in Coca-Cola FEMSA's operating margin.

Our effective income tax rate was 21.9% in 3Q16 compared to 31.4% in 3Q15.

Net consolidated income increased 30.9% to Ps. 7,930 million in 3Q16 compared to 3Q15, mainly as a result of i) a low comparison base due to a foreign exchange loss related to the effect of Coca-Cola FEMSA's US Dollar-denominated debt position as impacted by the depreciation of the Mexican peso during the third quarter of last year, ii) growth in FEMSA's income from operations and iii) an increase in FEMSA's reported 20% participation in Heineken's results, which more than offset higher interest and non-operating expenses.

For the first nine months of 2016, net consolidated income increased 16.4% to Ps. 18,356 million compared to the same period of 2015, mainly driven by growth in our income from operations.

Net majority income in 3Q16 was Ps. 1.87 per FEMSA Unit². Net majority income per FEMSA ADS was US\$ 0.97 for the third quarter of 2016. For the first nine months of 2016, net majority income per FEMSA Unit² was Ps. 4.05 (US\$ 2.09 per ADS).

Capital expenditures amounted to Ps. 5,704 million in 3Q16, reflecting higher investments across operations.

Our **consolidated balance sheet** as of September 30, 2016 recorded a cash balance of Ps. 57,912 million (US\$ 2,995 million), an increase of Ps. 28,497 million (US\$ 1,474 million) compared to December 31, 2015. Short-term debt was Ps. 5,965 million (US\$ 308 million), while long-term debt was Ps. 110,833 million (US\$ 5,732 million). Our consolidated net debt balance was Ps. 58,886 million (US\$ 3,045 million).

FEMSA Comercio – Retail Division

Total revenues increased 12.3% to Ps. 35,997 million in 3Q16 compared to 3Q15, reflecting the opening of 234 net new OXXO stores in the quarter to reach 1,154 total net new store openings for the last twelve months. As of September 30, 2016, FEMSA Comercio's Retail Division had a total of 14,695 OXXO stores. OXXO's same-store sales increased an average of 5.7% for the third quarter of 2016 over 3Q15. This performance was driven by a 6.4% increase in average customer ticket and a decrease of 0.6% in store traffic.

For the first nine months of 2016, total revenues increased 13.4% to reach Ps. 100,646 million compared to the same period in 2015. OXXO's same-store sales increased an average of 6.4% compared to the same period in 2015, driven by a 6.7% increase in average customer ticket and a slight decrease of 0.2% in store traffic.

¹ Excludes non-comparable results and significant acquisitions in the last twelve months.

² 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 September 30, 2016 was 3,578,226,270, equivalent to the total number of FEMSA Shares outstanding as of the same date, divided by 5.

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Gross profit increased by 14.5% in 3Q16 compared to 3Q15, resulting in a gross margin expansion of 80 basis points to 36.8% of total revenues. This expansion mainly reflects healthy trends in our commercial income activity and the sustained growth of the services category, including income from financial services. For the first nine months of 2016, gross margin also expanded by 80 basis points to 35.9% of total revenues compared to the same period in 2015.

Income from operations increased 6.4% to Ps. 3,064 million in 3Q16 over 3Q15. Operating expenses increased 17.2% to Ps. 10,169 million in 3Q16 compared to 3Q15, above revenues, mainly reflecting: i) the tough comparison base in 3Q15, when retail operating margin expanded above trend and benefited from low electricity tariffs, ii) the strengthening of OXXO's organizational structure to maintain the fast pace of growth, and iii) additional marketing efforts. Operating margin decreased 50 basis points to 8.5% of total revenues in 3Q16 compared to 3Q15.

For the first nine months of 2016, income from operations increased 12.4% to Ps. 7,401 million compared to the same period in 2015, resulting in a stable operating margin of 7.4%.

FEMSA Comercio – Health Division

Total revenues amounted to Ps. 11,194 million in 3Q16 compared to Ps. 1,580 million in 3Q15. On an organic basis,¹ total revenues increased 10.7% reflecting the continued store expansion into new markets in Mexico. As of September 30, 2016 FEMSA Comercio's Health Division had a total of 2,101 points of sale across our territories, reflecting the addition of 67 net new stores in the quarter including a small acquisition in Colombia. Same-store sales in Mexico increased by an average of 1.1% in 3Q16 as compared to 3Q15, reflecting softness in certain Southeastern markets as well as the longer maturation period of our operation in the state of Veracruz.

For the first nine months of 2016, total revenues amounted to Ps. 31,119 million compared to Ps. 3,750 million in the same period of 2015. On an organic basis,¹ total revenues for the first nine months of 2016 increased 15.5% compared to the same period in 2015. Same-store sales in Mexico increased an average of 6.4% compared to the same period in 2015.

Gross profit amounted to Ps. 3,242 million in 3Q16, resulting in a gross margin expansion of 540 basis points to 29.0% of total revenues, reflecting higher structural gross margins at the Socofar operation. For the first nine months of 2016, gross margin expanded by 470 basis points to 28.8% of total revenues compared to the same period in 2015.

Income from operations amounted to Ps. 396 million in 3Q16. Operating expenses reached Ps. 2,846 million in 3Q16. Operating margin expanded 80 basis points to 3.5% of total revenues in 3Q16 compared to 3Q15, reflecting higher margins at Socofar that more than offset higher expenses in Mexico, as we continue to build infrastructure and prepare for further growth while we integrate our four legacy drugstore operations into a single platform. On an organic basis,¹ income from operations decreased 86.3%, reflecting the infrastructure and integration initiatives described above.

¹ Excludes non-comparable results and significant acquisitions in the last twelve months.

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For the first nine months of 2016, income from operations amounted to Ps. 973 million compared to Ps. 110 million reached in the same period in 2015, resulting in an operating margin of 3.1%, which represents an expansion of 20 basis points from the same period in 2015. On an organic basis,¹ income from operations decreased 40.6% in the first nine months of 2016 compared to the same period in 2015.

FEMSA Comercio – Fuel Division

Total revenues increased 34.9% to Ps. 7,548 million in 3Q16 compared to 3Q15, reflecting the opening of 13 net new OXXO GAS stations in the quarter to reach 75 total net new station openings for the last twelve months. As of September 30, 2016, FEMSA Comercio's Fuel Division had a total of 348 OXXO GAS service stations. Same-station sales increased an average of 10.3% in 3Q16 over 3Q15, as average volume increased 7.3% while the average price per liter increased by 2.8%, reflecting the national price increases instituted during the third quarter.

For the first nine months of 2016, total revenues increased 66.0% to Ps. 20,562 million compared to the seven-month period from March to September of 2015. Same-station sales increased an average of 5.8% compared to the comparable period in 2015, driven by a 6.5% increase in average volume and a slight decrease of 0.7% in average price per liter.

Gross profit increased by 41.9% in 3Q16 compared to 3Q15, resulting in a gross margin expansion of 40 basis points to 8.0% of total revenues, reflecting the benefit of price increases on existing inventory, as well as higher operating leverage. For the first nine months of 2016, gross profit increased by 70.5% compared to the seven-month period from March to September of 2015. Gross margin expanded by 30 basis points to 7.9% of total revenues compared to the comparable period in 2015, for the reasons mentioned above.

Income from operations increased 57.3% to Ps. 91 million in 3Q16 over 3Q15. Operating expenses increased 39.5% to Ps. 512 million in 3Q16 compared to 3Q15, above revenues, as we continue to build the infrastructure required to drive further expansion. Operating margin expanded 20 basis points compared to 3Q15 to 1.2% of total revenues in 3Q16, mainly driven by the national price increases that took place during the quarter.

For the first nine months of 2016, income from operations increased 6.5% to Ps. 179 million compared to the seven-month period from March to September of 2015, resulting in an operating margin of 0.9%, which represents a contraction of 50 basis points from the comparable period in 2015, reflecting: i) operating deleverage driven by an accelerated growth rate in new service stations that take some time to ramp up; ii) the ongoing expansion of our infrastructure to accommodate rapid growth across more territories; and iii) increased regulation costs.

Soft Drinks – Coca-Cola FEMSA

Coca-Cola FEMSA's financial results and discussion thereof are incorporated by reference from Coca-Cola FEMSA's press release, which is attached to this press release or may be accessed by visiting www.coca-colafemsa.com.

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Recent Developments

On September 23, 2016, Coca-Cola FEMSA announced that its Brazilian subsidiary, Spal Industria Brasileira de Bebidas S.A., had reached an agreement to acquire 100% of Vonpar, one of the largest privately owned bottlers in the Brazilian Coca-Cola system, for an aggregate enterprise value of R\$3,578 million. During the last twelve months ended June 30, 2016, Vonpar sold 190 million unit cases of beverages, including 23 million unit cases of beer, generating R\$2,026 million in net revenues and an EBITDA of R\$335 million. On October 10th, this transaction was approved by the Conselho Administrativo de Defesa Econòmica (CADE), the Brazilian antitrust authority.

CONFERENCE CALL INFORMATION:

Our Third Quarter of 2016 Conference Call will be held on: Friday, October 28, 2016, 10:00 AM Eastern Time (09:00 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (877) 548 7901; International: (719) 325 4904; Conference Id: 8521777. The conference call will be webcast live through streaming audio. For details please visit www.femsa.com/investor.

If you are unable to participate live, the conference call audio will be available on <http://ir.FEMSA.com/results.cfm>.

FEMSA is a leading company that participates in the beverage industry through Coca-Cola FEMSA, the largest franchise bottler of Coca-Cola products in the world by volume; and in the beer industry, through its ownership of the second largest equity stake in Heineken, one of the world's leading brewers with operations in over 70 countries. In the retail industry it participates through FEMSA Comercio, comprising a Retail Division operating various small-format store chains including OXXO, a Fuel Division, operating the OXXO GAS chain of retail service stations, and a Health Division, which includes drugstores and related operations. Additionally, through its Strategic Businesses unit, it provides logistics, point-of-sale refrigeration solutions and plastics solutions to FEMSA's business units and third-party clients.

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The translations of Mexican pesos into US dollars are included solely for the convenience of the reader, using the noon buying rate for Mexican pesos as published by the Federal Reserve Bank of New York on September 30, 2016, which was 19.3355 Mexican pesos per US dollar.

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.

Seven pages of tables and Coca-Cola FEMSA's press release to follow.

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FEMSA**Consolidated Income Statement****Millions of Pesos**

	For the third quarter of:					% Org (A)	For th
	2016	% of rev.	2015	% of rev.	% Var.		
Total revenues	100,325	100.0	78,763	100.0	27.4	14.0	281,9
Cost of sales	63,694	63.5	47,898	60.8	33.0		178,3
Gross profit	36,631	36.5	30,865	39.2	18.7		103,5
Administrative expenses	3,316	3.3	2,836	3.6	16.9		10,4
Selling expenses	23,883	23.8	19,010	24.2	25.6		67,5
Other operating expenses (income), net ⁽¹⁾	129	0.1	506	0.6	(74.5)		22
Income from operations ⁽²⁾	9,303	9.3	8,513	10.8	9.3	3.8	25,5
Other non-operating expenses (income)	965		259		N.S.		2,26
Interest expense	2,506		1,795		39.6		6,95
Interest income	329		288		14.2		821
Interest expense, net	2,177		1,507		44.5		6,13
Foreign exchange loss (gain)	(147)		1,027		(114.3)		-
Other financial expenses (income), net.	(378)		(39)		N.S.		(1,15
Financing expenses, net	1,652		2,495		(33.8)		4,97
Income before income tax and participation in associates results	6,686		5,759		16.1		18,3
Income tax	1,468		1,806		(18.7)		4,82
Participation in associates results ⁽³⁾	2,712		2,107		28.7		4,87
Net consolidated income	7,930		6,060		30.9		18,3
Net majority income	6,691		4,974		34.5		14,4
Net minority income	1,239		1,086		14.1		3,87

	2016	% of rev.	2015	% of rev.	% Var.	% Org (A)	2016	% of rev.	2015	% of rev.	% V
Operative Cash Flow & CAPEX											
Income from operations	9,303	9.3	8,513	10.8	9.3	3.8	25,548	9.1	22,805	10.4	1
Depreciation	3,074	3.1	2,421	3.1	27.0		8,602	3.1	7,129	3.2	1
Amortization & other non-cash charges	963	0.9	1,217	1.5	(20.9)		2,406	0.8	2,144	1.0	1
Operative Cash Flow (EBITDA)	13,340	13.3	12,151	15.4	9.8	4.2	36,556	13.0	32,078	14.6	1
CAPEX	5,704		4,673		22.1		13,320		11,691		1

Financial Ratios	2016	2015

			Var.
			p.p.
Liquidity ⁽⁴⁾	1.51	1.33	0.18
Interest coverage ⁽⁵⁾	6.13	8.06	(1.94)
Leverage ⁽⁶⁾	0.84	0.69	0.15
Capitalization ⁽⁷⁾	30.84 %	26.88 %	3.96

(A) % Org. represents the variation in a given measure excluding the effects of significant mergers and acquisitions in the last twelve months.

(1) Other operating expenses (income), net = other operating expenses (income) +(-) equity method from operated associates.

(2) Income from operations = gross profit - administrative and selling expenses - other operating expenses (income), net.

(3) Mainly represents the equity method participation in Heineken's results, net.

(4) Total current assets / total current liabilities.

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

(6) Total liabilities / total stockholders' equity.

(7) Total debt / long-term debt + stockholders' equity.

Total debt = short-term bank loans + current maturities of long-term debt + long-term bank loans.

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FEMSA**Consolidated Balance Sheet****Millions of Pesos**

ASSETS	Sep-16	Dec-15	% Var.
Cash and cash equivalents	57,912	29,415	96.9
Accounts receivable	20,710	19,906	4.0
Inventories	28,203	24,680	14.3
Other current assets	14,258	12,722	12.1
Total current assets	121,083	86,723	39.6
Investments in shares	124,468	111,731	11.4
Property, plant and equipment, net	91,536	80,296	14.0
Intangible assets ⁽¹⁾	125,252	108,341	15.6
Other assets	30,511	22,241	37.2
TOTAL ASSETS	492,850	409,332	20.4
LIABILITIES & STOCKHOLDERS' EQUITY			
Bank loans	3,746	2,239	67.3
Current maturities of long-term debt	2,219	3,656	(39.3)
Interest payable	1,559	597	161.1
Operating liabilities	72,551	58,854	23.3
Total current liabilities	80,075	65,346	22.5
Long-term debt ⁽²⁾	110,833	80,856	37.1
Labor liabilities	4,609	4,229	9.0
Other liabilities	29,482	17,045	73.0
Total liabilities	224,999	167,476	34.3
Total stockholders' equity	267,851	241,856	10.7
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	492,850	409,332	20.4

DEBT MIX ⁽²⁾	September 30, 2016			
	% of Total		Average Rate	
Denominated in:				
Mexican pesos	26.0	%	6.1	%
U.S. Dollars	19.9	%	4.7	%
Euros	18.2	%	1.8	%
Colombian pesos	2.5	%	9.9	%
Argentine pesos	0.9	%	32.2	%
Brazilian reais	28.0	%	13.3	%
Chilean pesos	4.5	%	6.1	%
Total debt	100	%	7.4	%

Fixed rate⁽²⁾ 81.8 %
Variable rate⁽²⁾ 18.2 %

% of Total Debt	2016	2017	2018	2019	2020	2021 +
DEBT MATURITY PROFILE	1.7 %	5.5 %	18.9%	1.0 %	9.4 %	63.5 %

⁽¹⁾ Includes mainly the intangible assets generated by acquisitions.

⁽²⁾ Includes the effect of derivative financial instruments on long-term debt.

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FEMSA Comercio - Retail Division ⁽¹⁾**Results of Operations****Millions of Pesos**

	For the third quarter of:					For the nine months of:				
	2016	% of rev.	2015	% of rev.	% Var.	2016	% of rev.	2015	% of rev.	% Var.
Total revenues	35,997	100.0	32,059	100.0	12.3	100,646	100.0	88,763	100.0	13.3
Cost of sales	22,764	63.2	20,505	64.0	11.0	64,473	64.1	57,635	64.9	11.1
Gross profit	13,233	36.8	11,554	36.0	14.5	36,173	35.9	31,128	35.1	16.4
Administrative expenses	726	2.0	681	2.1	6.6	2,149	2.1	1,833	2.1	17.8
Selling expenses	9,372	26.1	7,954	24.8	17.8	26,437	26.2	22,553	25.4	17.7
Other operating expenses (income), net	71	0.2	39	0.1	82.1	186	0.2	159	0.2	17.6
Income from operations	3,064	8.5	2,880	9.0	6.4	7,401	7.4	6,583	7.4	12.3
Depreciation	914	2.5	764	2.4	19.6	2,632	2.6	2,239	2.5	17.8
Amortization & other non-cash charges	106	0.3	105	0.3	1.0	313	0.3	290	0.4	7.9
Operative cash flow	4,084	11.3	3,749	11.7	8.9	10,346	10.3	9,112	10.3	13.3
CAPEX	2,232		1,459		53.0	5,068		3,715		36.3
Information of OXXO Stores										
Total stores						14,695		13,541		8.5
Net new convenience stores:										
vs. Last quarter	234		276		(15.2)					
Year-to-date	634		688		(7.8)					
Last-twelve-months	1,154		1,146		0.7					
Same-store data: ⁽²⁾										
Sales (thousands of pesos)	774.6		732.5		5.7	737.1		692.7		6.4
Traffic (thousands of transactions)	24.0		24.1		(0.6)	23.2		23.3		(0.4)
Ticket (pesos)	32.3		30.3		6.4	31.7		29.7		6.7

⁽¹⁾ As of the 4Q15 FEMSA Comercio- Fuel Division began to report as a separate segment and as of 1Q16 FEMSA Comercio- Health Division began to report as a separate segment.

⁽²⁾ Monthly average information per store, considering same stores with more than twelve months of operations, income from services are included

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FEMSA Comercio - Health Division ⁽¹⁾**Results of Operations****Millions of Pesos**

	For the third quarter of:					For the nine months of:				
	2016	% of rev.	2015	% of rev.	% Var.	% Org. ^(A)	2016	% of rev.	2015	% of rev.
Total revenues	11,194	100.0	1,580	100.0	N.S.	10.7	31,119	100.0	3,750	100.0
Cost of sales	7,952	71.0	1,207	76.4	N.S.		22,168	71.2	2,845	75.9
Gross profit	3,242	29.0	373	23.6	N.S.		8,951	28.8	905	24.1
Administrative expenses	527	4.7	35	2.2	N.S.		1,288	4.1	90	2.4
Selling expenses	2,310	20.7	295	18.6	N.S.		6,675	21.6	705	18.8
Other operating expenses (income), net	9	0.1	1	0.1	N.S.		15	-	-	-
Income from operations	396	3.5	42	2.7	N.S.	(86.3)	973	3.1	110	2.9
Depreciation	127	1.1	16	1.0	N.S.		398	1.3	37	1.0
Amortization & other non-cash charges	102	1.0	3	0.2	N.S.		242	0.8	9	0.3
Operative cash flow	625	5.6	61	3.9	N.S.	(42.0)	1,613	5.2	156	4.2
CAPEX	187		38		N.S.		255		96	
Information of pharmacies										
Total stores							2,101		883	
Net new stores ⁽²⁾ :										
vs. Last quarter	67		245		(72.7)					
Year-to-date	201		278		(27.7)					
Last-twelve-months	1,218		302		N.S.					
Same-store data: ⁽³⁾										
Sales (thousands of pesos)	609.4		602.5		1.1		633.4		595.4	

⁽¹⁾ As of the 1Q16 FEMSA Comercio- Health Division began to report as a separate segment.

⁽²⁾ Aquisitions are included.

⁽³⁾ Monthly average information per store, considering same stores with more than twelve months of operations in Mexico for FEMSA Comercio - Health Division.

^(A) % Org. represents the variation in a given measure excluding the effects of significant mergers and acquisitions in the last twelve months.

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FEMSA Comercio - Fuel Division ⁽¹⁾**Results of Operations****Millions of Pesos**

	For the third quarter of:					For the nine months of:				
	2016	% of rev.	2015	% of rev.	% Var.	2016	% of rev.	2015	% of rev.	% Var.
Total revenues	7,548	100.0	5,595	100.0	34.9	20,562	100.0	12,390	100.0	66.6
Cost of sales	6,945	92.0	5,169	92.4	34.4	18,947	92.1	11,443	92.4	65.5
Gross profit	603	8.0	425	7.6	41.9	1,615	7.9	947	7.6	70.0
Administrative expenses	32	0.4	28	0.5	14.3	95	0.5	59	0.5	61.1
Selling expenses	480	6.4	339	6.1	41.5	1,340	6.5	719	5.7	86.1
Other operating expenses (income), net	-	-	-	-	-	1	-	1	-	-
Income from operations	91	1.2	58	1.0	57.3	179	0.9	168	1.4	65.5
Depreciation	21	0.3	17	0.3	23.5	60	0.3	38	0.3	57.7
Amortization & other non-cash charges	3	-	11	0.2	(72.7)	11	-	19	0.1	(41.1)
Operative cash flow	115	1.5	86	1.5	33.7	250	1.2	225	1.8	11.1
CAPEX	86		96		(10.4)	180		167		7.8
Information of OXXO Gas service stations										
Total service stations						348		273		27.1
Net new service stations vs. Last quarter	13		24		(45.8)					
Year-to-date	41									
Last-twelve-months	75									
Volume (million of liters) total stations ⁽²⁾	622		467		33.2	1,740		1,030		68.5
Same-stations data: ⁽³⁾										
Sales (thousands of pesos)	7,795		7,069		10.3	7,436		7,029		5.8
Volume (million of liters)	501		467		7.3	1,366		1,282		6.5
Average price per liter	12.3		11.9		2.8	11.9		12.0		(0.8)

⁽¹⁾ As of the 4Q15, FEMSA Comercio- Fuel Division began to report as a separate segment.

⁽²⁾ Volume accumulated for 2015 corresponds to the period of March to September.

⁽³⁾ Monthly average information per station, considering same stations with more than twelve months of operations.

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Coca-Cola FEMSA**Results of Operations****Millions of Pesos**

	For the third quarter of:					For the nine months of:				
	2016	% of rev.	2015	% of rev.	% Var.	2016	% of rev.	2015	% of rev.	%
Total revenues	42,351	100.0	37,661	100.0	12.5	120,628	100.0	109,513	100.0	1
Cost of sales	23,474	55.4	19,727	52.4	19.0	65,950	54.7	57,856	52.8	1
Gross profit	18,877	44.6	17,934	47.6	5.3	54,678	45.3	51,656	47.2	5
Administrative expenses	1,434	3.4	1,579	4.2	(9.2)	5,144	4.3	4,650	4.2	1
Selling expenses	11,761	27.7	10,418	27.7	12.9	33,147	27.5	30,508	28.0	8
Other operating expenses (income), net	38	0.1	470	1.2	(91.9)	(189)	(0.2)	789	0.7	(
Income from operations	5,644	13.3	5,467	14.5	3.2	16,576	13.7	15,709	14.3	5
Depreciation	1,853	4.4	1,585	4.2	16.9	5,231	4.3	4,659	4.3	1
Amortization & other non-cash charges	683	1.6	936	2.5	(27.0)	1,666	1.5	1,567	1.4	6
Operative cash flow	8,180	19.3	7,988	21.2	2.4	23,473	19.5	21,935	20.0	7
CAPEX	2,742		2,682		2.3	6,893		6,977		(
Sales volumes (Millions of unit cases)										
Mexico and Central America	521.9	63.3	509.1	58.9	2.5	1,523.4	61.4	1,453.7	57.6	4
South America	155.6	18.9	197.2	22.8	(21.1)	498.8	20.0	579.2	23.0	(
Brazil	146.9	17.8	158.3	18.3	(7.2)	461.5	18.6	489.1	19.4	(
Total	824.5	100.0	864.7	100.0	(4.7)	2,483.8	100.0	2,522.0	100.0	(

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FEMSA**Macroeconomic Information**

	Inflation		End-of-period Exchange Rates					
			Sep-16		Dec-15			
	3Q 2016		LTM ⁽¹⁾ Sep-16	Per USD	Per Mx. Peso	Per USD	Per Mx. Peso	
Mexico	1.14	%	2.80	%	19.50	1.0000	17.21	1.0000
Colombia	4.97	%	7.24	%	2,879.95	0.0068	3,149.47	0.0055
Venezuela	190.30	%	320.17	%	658.89	0.0296	198.70	0.0866
Brazil	5.88	%	9.21	%	3.25	6.0071	3.90	4.4065
Argentina	30.52	%	36.55	%	15.31	1.2737	13.04	1.3195
Chile	2.49	%	2.73	%	659.08	0.0296	707.34	4.4526
Euro Zone	0.13	%	0.30	%	0.90	21.7745	0.91	18.9403

⁽¹⁾ LTM = Last twelve months

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2016 THIRD QUARTER AND FIRST NINE MONTHS RESULTS

Mexico City, October 25, 2016, Coca-Cola FEMSA, S.A.B. de C.V. (BMV: KOFL, NYSE: KOF) (“Coca-Cola FEMSA” or the “Company”), the largest franchise bottler in the world by sales volume, announces results for the third quarter of 2016.

Operational and Financial Highlights

Comparable revenues grew 5.6% for the third quarter of 2016.

Comparable operating income grew 6.6% for the third quarter of 2016, with a margin expansion of 10 basis points.

Comparable operating cash flow declined 0.9% for the third quarter of 2016.

Comparable earnings per share grew 30.3% to Ps. 0.99 in the third quarter of 2016.

Results Summary

	Third Quarter		Year to Date	
	as Reported	Comparable ⁽¹⁾	as Reported	Comparable ⁽¹⁾
	2016	2016	2016	2016
	D%	D%	D%	D%
Total revenues	42,351	39,826	120,628	112,977
	12.5%	5.6%	10.2%	7.8%
Gross profit	18,877	18,157	54,678	52,048
	5.3%	2.3%	5.9%	5.8%
Operating income	5,644	5,656	16,576	16,396
	3.2%	6.6%	5.5%	9.5%
Operating cash flow ⁽²⁾	8,180	7,742	23,473	22,247
	2.4%	(0.9%)	7.0%	6.6%
Net income attributable to equity holders of the company				