

COCA COLA FEMSA SA DE CV
Form 6-K
October 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 October 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**THIRD-QUARTER AND NINE-MONTHS RESULTS**

| | Third Quarter | | | Nine Months | | |
|--|---------------|---------|--------|-------------|---------|--------|
| | 2005 | 2004 | Δ % | 2005 | 2004 | Δ % |
| Total Revenues | 12,519 | 11,938 | 4.9% | 36,943 | 34,925 | 5.8% |
| Gross Profit | 6,183 | 5,876 | 5.2% | 18,127 | 17,087 | 6.1% |
| Operating Income | 2,167 | 2,063 | 5.0% | 6,198 | 5,595 | 10.8% |
| Majority Net Income | 1,135 | 1,321 | -14.1% | 3,146 | 4,048 | -22.3% |
| EBITDA ⁽¹⁾ | 2,765 | 2,595 | 6.5% | 8,004 | 7,370 | 8.6% |
| Net Debt ⁽²⁾⁽³⁾ | 19,075 | 21,697 | | 19,075 | 21,697 | |
| EBITDA ⁽¹⁾ / Interest Expense | 4.05 | 4.21 | | 4.42 | 3.88 | |
| Earnings per Share | 0.61 | 0.72 | | 1.70 | 2.19 | |
| 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 September 30, 2005, except for per share amount.

(1) EBITDA = Operating income + Depreciation + Amortization & Other Non-cash Charges. See reconciliation table on page 11.

(2) Figures for 2004 are as of December 31, 2004

(3) Net Debt = Total Debt - Cash

Total revenues increased 4.9% to Ps. 12,519 million in the third quarter of 2005.

Consolidated operating income grew 5.0% to Ps. 2,167 million, and operating margin remained stable at 17.3% in the third quarter of 2005.


Consolidated majority net income decreased 14.1% to Ps. 1,135 million, resulting in earnings per share of Ps. 0.61 for the third quarter of 2005.

Mexico City (October 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 third quarter 2005.

Overall, our performance continued to benefit from the development and implementation of our multi-segmentation models, our shared commercial knowledge and best practices, and our optimization of the value chain.

Operationally, Mexico and Brazil accounted for the bulk of our top- and bottom-line growth in the third quarter. The strength of the Coca-Cola brand and our initial multi-segmentation strategy fostered growth year over year in Mexico. And our new business model including our redesigned go-to-market strategy,

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 reintroduction of returnable packages and better coordination with the Coca-Cola Bottling System fueled our continued growth in Brazil. said Carlos Salazar, Chief Executive Officer of the Company.

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CONSOLIDATED RESULTS

Our consolidated revenues increased 4.9% to Ps. 12,519 million in the third quarter of 2005 as a result of increases in all of our territories with the exception of Central America. Over 85% of our revenues growth came from Mexico, Brazil and Colombia. Consolidated average price per unit case was 1.6% higher in the third quarter of 2005 than in the same period of the previous year, at Ps. 26.32 (US\$ 2.43)¹, driven by average price increases across all of our territories except Central America and Colombia.

Total sales volume increased 3.0% to 472.2 million unit cases in the third quarter of 2005 as compared with the same period of 2004. Sales volume growth in Mexico, Colombia and Brazil more than compensated for volume decline in Venezuela and Central America. Carbonated soft drinks (CSD) sales volume grew 2.6% to 399.3 million unit cases, driven by incremental volume in Mexico, Colombia and Brazil.

Our gross profit rose 5.2% to Ps. 6,183 million in the third quarter of 2005, as compared with the third quarter of 2004; Mexico represented over 80% of our growth. Gross margin increased 20 basis points to 49.4% in the third quarter of 2005 from 49.2% in the same period of 2004.

Our consolidated operating income grew 5.0% to Ps. 2,167 million in the third quarter of 2005, mainly driven by operating income growth in Mexico and Brazil, which more than offset declines in Central America, Colombia and Argentina. Our operating margin remained stable at 17.3% in the third quarter of 2005 as compared with the same period of 2004.

During the third quarter of 2005, our integral cost of financing totaled Ps. 351 million, reflecting i) a decrease in interest income resulting from a reduction in our cash balances, ii) an increase in interest expenses mainly derived from a higher proportion of debt in Mexican pesos, carrying higher interest rates, iii) a depreciation of the Mexican peso versus the U.S. dollar from June to September 2005, compared with an appreciation during the same period in 2004 and iv) a lower inflation rate applied to our monetary position.

During the third quarter of 2005, income tax, tax on assets and employee profit sharing as a percentage of income before taxes was 33.6%, reflecting a reduction in income tax rate in Mexico during this year.

Our consolidated majority net income was Ps. 1,135 million in the third quarter of 2005, a decrease of 14.1% compared to the same period of 2004, which was mainly driven by an increase in the integral cost of financing during 2005. Earnings per share (EPS) were Ps. 0.61 (US\$ 0.56 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. 10.8131 per U.S. dollar

Balance Sheet and Consolidated Statement of Changes in Financial Position

BALANCE SHEET

As of September 30, 2005, Coca-Cola FEMSA had a cash balance of Ps. 2,678 million (US\$ 248 million), a decrease of Ps. 1,103 million (US\$ 102 million) compared with December 31, 2004, as a result of cash used to reduce debt levels in connection to maturities of one of our *Certificados Bursatiles*, as mentioned in the previous quarter press release, and bank debt prepayments. The decrease in cash from working capital is due to the seasonality of our business and tax payments, which were provisioned at the end of last year.

Total short-term debt was Ps. 1,109 million (US\$ 103 million) and long-term debt was Ps. 20,644 million (US\$ 1,909 million). During the first nine-months of 2005 the effective net debt reduction was Ps. 1,880 million (US\$ 174 million). Gross debt payments amounted to Ps. 2,983 million (US\$ 276 million), and our cash balance was reduced by Ps. 1,103 million (US\$ 102 million).

The weighted average cost of debt for the third quarter was 8.8%, the following chart sets forth the Company's debt profile by currency and interest rate type as of September 30, 2005:

| Currency | % Total Debt ⁽²⁾ | % Interest Rate Floating ⁽²⁾⁽³⁾ |
|----------------------|-----------------------------|--|
| U.S. dollars | 22% | 10% |
| Mexican pesos | 72% | 5% |
| Colombian pesos | 4% | 39% |
| Other ⁽¹⁾ | 1% | 100% |

(1) Includes the equivalent of US\$ 27.7 million denominated in Argentine pesos, and US\$ 3.8 million denominated in Guatemalan quetzales.

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

(3) After giving effect to interest rate swaps.

Consolidated Statement of Changes in Financial Position

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

| | <i>Jan - Sept. 2005</i> | |
|---|-------------------------|---------------------------|
| | <i>Ps.</i> | <i>USD ⁽¹⁾</i> |
| Net income | 3,166 | 292 |
| Non cash charges to net income | 1,596 | 148 |
| | 4,762 | 440 |
| Change in working capital | (589) | (54) |
| NRGOA⁽²⁾ before change in accounting principles | 4,173 | 386 |
| NRGOA⁽²⁾ | 4,173 | 386 |

| | | |
|--|----------------|--------------|
| Total investments | (1,124) | (104) |
| Dividend payments | (626) | (58) |
| Debt payments | (2,983) | (276) |
| Financial transactions | (543) | (50) |
| Increase in cash and cash equivalents | (1,103) | (102) |
| Cash and cash equivalents at beginning of period | 3,781 | 350 |
| Cash and cash equivalents at end of period | 2,678 | 248 |

(1) Expressed in US\$ millions assuming a foreign exchange rate of Ps. 10.8131 per US Dollar

(2) Net Resources Generated by Operating Activities

MEXICAN OPERATING RESULTS

Revenues

Revenues from our Mexican territories increased 4.6% to Ps. 7,225 million in the third quarter of 2005, as compared with the same period of the previous year. Sales volume growth and average price increase each contributed around 50% of the incremental revenues. Average price per unit case grew 1.9% to Ps. 27.33 (US\$ 2.53) during the third quarter of 2005. Higher average prices resulted from incremental volume from the *Coca-Cola* brand in single-serve presentations, which carry a higher 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. 31.45 (US\$ 2.91) .

Total sales volume increased 2.3% to 262.3 million unit cases in the third quarter of 2005, as compared with the third quarter of 2004. The increase in carbonated soft drinks sales volume and the non-carbonated beverage segment, including single-serve bottled water, represented over 65% of our incremental volume; the balance was mainly comprised of incremental jug water sales volume. Carbonated soft drinks sales volume grew 1.5% compared with the same period of the previous year, mainly driven by the *Coca-Cola* brand. Excluding bottled water, the non-carbonated beverage segment grew 33.3% in the third quarter of 2005 from a low base as a result of volume growth in *Ciel Aquarius* and *Powerade*.

Operating Income

Our gross profit grew 7.6% to Ps. 3,898 million in the third quarter of 2005, as compared with the same period of 2004, resulting in a 140 basis-point expansion of our gross margin to 53.9% . This growth was driven by a decrease in sweetener costs, as a result of lower sugar prices combined with usage of high fructose corn syrup, which carries a lower price than sugar, and an appreciation of the Mexican peso year over year, as applied to our U.S. dollar-denominated costs, both of which more than compensated for higher polyethylene terephthalate (PET) resin costs year over year.

Operating expenses as a percentage of total revenues increased 110 basis points to 31.9% in the third quarter of 2005, from 30.8% in the same period of 2004, as a result of an increase in breakage expenses of returnable bottles and expenses related to ongoing value creation initiatives. Operating income increased 6.6% to Ps. 1,594 million in the third quarter of 2005, an improvement in operating income margin of 50 basis points in the quarter.

Central American and Colombian Operating Results

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

Revenues

Revenues decreased 3.5% to Ps. 820 million in the third quarter of 2005, as compared with the same period of the previous year, mainly driven by lower average price per unit case. Average price per unit case declined 2.6% to Ps. 30.18 (US\$ 2.79), mainly as a result of a more competitive environment in Nicaragua and Costa Rica, and a shift in our multi-serve packaging mix towards larger presentations.

Total sales volume in our Central American territories declined 1.8% to 26.9 million unit cases in the third quarter of 2005, as compared with the same period of 2004. Volume decline came from a 2.7% decrease in carbonated soft drinks due to a more competitive environment, which more than offset a 13.3% increase in bottled water and non-carbonated beverages.

Operating Income

Gross profit declined 2.3% in the third quarter of 2005, as compared with the same period of 2004, to Ps. 375 million. However, as a percentage of total revenues gross margin increased 50 basis points mainly due to lower costs per unit case driven by the standardization in accounting practices related to breakage expenses, which are now recorded as operating expenses.

Our operating income decreased 14.9% to Ps. 86 million in the third quarter of 2005, compared with the same period of 2004, driven by lower fixed cost absorption resulting from lower revenues and a slight increase in operating expenses. Operating income margin was 10.5% in the third quarter of 2005, a decrease of 140 basis points.

COLOMBIAN OPERATING RESULTS

Revenues

Total revenues increased 8.0% to Ps. 1,202 million in the third quarter of 2005, as compared with the third quarter of 2004. Higher volume more than offset average price reduction. Despite of price increases implemented during the third quarter of 2005, we were not able to offset last twelve months inflation, resulting in an average price per unit case decline of 3.5% to Ps. 26.53 (US\$ 2.45)

Total sales volume grew 12.1%, as compared with the same period of 2004, to 45.4 million unit cases in the third quarter of 2005. Carbonated soft drinks posted a strong volume growth of 14.7%, more than compensating for a slight volume decline in other categories. The carbonated soft drink flavor brand *Crush* accounted for almost 75% of incremental volume, and the *Coca-Cola* brand for the majority of the balance.

Operating Income

Gross profit declined 1.5% to Ps. 544 million in the third quarter of 2005, as compared with the same period of the previous year, resulting in a gross margin of 45.2%. The gross margin decline of 440 basis points resulted from the combined effect of lower average price per unit case and higher cost per unit case due to a packaging mix shift to non-returnable presentations, which grew as a percentage of our total sales volume to 47.6% from 41.8% in the third quarter of 2004.

In spite of our higher marketing expenses and higher expenses resulting from the introduction of returnable bottles, both related to the introduction of the *Crush* brand, our operating expenses declined as a percentage of total sales and

on a per unit case basis in the third quarter of 2005, driven by better execution practices, which resulted in a reduction in freight costs and breakage expenses. Our operating income declined by 7.3% to Ps. 153 million, mainly due to lower gross profit, resulting in a margin reduction of 210 basis points.

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VENEZUELAN OPERATING RESULTS

Revenues

Revenues from our Venezuelan operations increased 6.5% to Ps. 1,224 million in the third quarter of 2005, as compared with the same period of 2004, this increase was driven by higher average price per unit case, which more than offset a 2.0% volume decline. Our average price grew 8.3% to Ps. 27.53 (US\$ 2.55) as a result of price increases implemented during the last twelve months.

Total sales volume decreased 2.0% to 44.3 million unit cases during the third quarter of 2005, as compared with the same quarter of 2004, driven by flavored carbonated soft drinks decline which more than offset volume growth of the *Coca-Cola* brand.

Operating Income

Gross profit decreased 1.4% to Ps. 479 million in the third quarter of 2005, as compared with the same period of the previous year. As a percentage of sales, our gross margin decreased to 39.1% in the third quarter of 2005 from 42.3% in the same period of 2004. This decline was a result of higher raw material prices and a shift in packaging mix to non-returnable presentations, which grew as a percentage of our total sales volume to 71.6% from 66.3% in the third quarter of 2004.

Operating expenses decreased 1.8% to Ps. 425 million in the third quarter of 2005, driven by the progress made in the standardization of administrative and commercialization processes, which more than offset salary increases. Operating income increased 1.9% to Ps. 54 million in the third quarter of 2005; however, the decline in operating expenses was partially offset by higher cost per unit case, resulting in a 20 basis-point operating margin decline to 4.4% in the third quarter of 2005 compared to the same period of 2004.

ARGENTINE OPERATING RESULTS

Revenues

In the third quarter of 2005, our total revenues increased by 2.4% to Ps. 639 million, compared with same period of 2004. Average price per unit case increased 3.1% to Ps. 18.05 (US\$ 1.67), as a result of i) a positive product shift mix towards single-serve presentations from our core and premium brands, which carry higher average price per unit case ii), incremental volume from our carbonated soft drink premium and core segments combined with the strong performance of our non-carbonated portfolio, and iii) price increases implemented during the quarter.

Total volume increased by 1.2% to 34.3 million unit cases, resulting from volume growth in our carbonated soft drinks core and premium segments, which more than offset volume decline of our value protection brands. Non-carbonated beverages and bottled water doubled in size, representing 3.2% of total sales volume.

Operating Income

Our gross profit increased 1.6% to Ps. 257 million, as compared with the third quarter of 2004. Gross margin was 40.3%, declining from 40.6% in the same period of previous year, due to higher PET resin prices and labor costs.

Operating expenses increased 9.3% due to higher freight costs and salaries in the third quarter of 2005 as compared to the same period of 2004. As a result, higher top-line growth partially compensated for higher cost and expenses resulting in an operating income decline of 9.7% to Ps. 93 million in the third quarter of 2005.

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Brazilian Operating Results

BRAZILIAN OPERATING RESULTS

Beginning with second 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 is 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 by 7.6% to Ps. 1,434 million in the third quarter of 2005, as compared with the same period of 2004, mainly driven by sales volume growth since average price per unit remained stable in real terms at Ps. 23.67 (US\$ 2.19) .

Total sales volume increased 7.1% to 59.0 million unit cases in the third quarter of 2005. The increase included 6.8% growth in carbonated soft drinks, mainly driven by the *Coca-Cola* and *Fanta* brands, accounting for over 85% of incremental volume during the quarter. Bottled water sales volume grew 11.8% in the quarter, driven by an increased focus on the *Crystal* brand, both in marketing and execution.

Operating Income

In the third quarter of 2005, our gross profit increased 15.9% to Ps. 685 million, as compared with the same period of the previous year. Gross margin increased 350 basis points to 47.8%; manufacturing efficiencies and the appreciation of the Brazilian real against the U.S. dollar as applied to our raw material costs more than offset raw material price increases.

Our operating expenses as a percentage of total revenues decreased 70 basis points in the third quarter of 2005 from 33.4% in the same period of 2004 as a result of higher revenues and operating improvements such as presale efficiency. Operating income was Ps. 217 million in the third quarter of 2005, resulting in a 410 basis-point expansion in operating margin to 15.1% in the third quarter of 2005 from 11.0% in the same period in 2004.

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SUMMARY OF NINE-MONTH RESULTS

Our consolidated revenues increased 5.8% to Ps. 36,943 million in the first nine months of 2005, as compared with the first nine months of 2004, as a result of growth in all of our territories, with the exception of Central America. Over 80% of our revenues growth came from Mexico, Brazil and Colombia. Consolidated average price per unit case increased 1.0% to Ps. 26.26 (US\$ 2.43) in the first nine months of 2005. Average price increased in all of our territories except for Central America.

Total sales volume increased 4.8% to 1,396.9 million unit cases in the first nine months of 2005, as compared with the same period of the previous year. Sales volume growth in Mexico and Brazil accounted for over 75% of our incremental volume. Carbonated soft-drink sales volume grew 4.1% to 1,177.1 million unit cases, driven by incremental volume across all of our territories, except for Central America.

Our gross profit increased 6.1% to Ps. 18,127 million in the first nine months of 2005, as compared with the first nine months of the previous year, driven by gross profit growth across all of our territories, except Central America. Brazil and Mexico accounted for over 85% of this increase. Gross margin increased to 49.1% during the first nine months of 2005 from 48.9% in the first nine months of 2004, driven by higher revenues in all of our territories except Central America.

Our consolidated operating income increased 10.8% to Ps. 6,198 million in the first nine months of 2005, as compared with the first nine months of 2004. Brazil and Mexico accounted for more than 90% of our growth. Our operating margin improved 80 basis points to 16.8% in the first nine months of 2005.

Our consolidated majority net income was Ps. 3,146 million in the first nine months of 2005, a decrease of 22.3% compared to the first nine months 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. 1.70 (US\$ 1.57 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 16.2% .

RECENT DEVELOPMENTS

- The Coca-Cola Company has informed us that in a three year period, it will gradually increase concentrate prices for carbonated soft drinks in Mexico and Brazil. In Mexico, the increase will raise the cost for all carbonated soft drinks in non-returnable presentations.

Based on our internal estimates for revenues and sales volume mix the incremental cost in Mexico represents approximately US\$ 20 million in 2007, increasing gradually by a similar amount during the following two years, reaching around US\$ 60 million by the end of 2009. In Brazil, the increase will affect all carbonated soft-drink presentations, and, based on such estimates, will raise our costs by approximately US\$ 1.0 million in 2006, increasing gradually by a similar amount the following two years, reaching around US\$ 3.8 million by the end of 2008.

We have informed The Coca-Cola Company that in order to offset the impact to our profitability that such concentrate prices represent, we intend to reduce our contribution to marketing expenditures of its soft drink brands in Mexico and Brazil, effective the same dates as the cost increases.

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. 1,325 million; additionally there was a charge to income in the

amount of Ps. 88 million related to interests and adjustments resulting from a change in the tax deduction criteria on coolers in Mexico. The net effect of these two transactions was Ps. 1,237 million.

² As we disclosed in the first quarter of 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. 119 million.

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CONFERENCE CALL INFORMATION

Our third-quarter 2005 Conference Call will be held on: October 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.: 800-561-2601 and International: 617-614-3518. 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 November 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 Goiás) 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 September 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 third quarter of 2005, which ended on September 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 September 30, 2005

| Assets | | Sep-05 | | Dec-04 |
|---|------------|---------------|------------|---------------|
| Current Assets | | | | |
| Cash and cash equivalents | Ps. | 2,678 | Ps. | 3,781 |
| Total accounts receivable | | 1,769 | | 2,226 |
| Inventories | | 2,623 | | 2,585 |
| Prepaid expenses and other | | 822 | | 880 |
| Total current assets | | 7,892 | | 9,472 |
| Property, plant and equipment | | | | |
| Property, plant and equipment | | 30,700 | | 31,164 |
| Accumulated depreciation | | -13,393 | | -13,018 |
| Bottles and cases | | 951 | | 1,071 |
| Total property, plant and equipment, net | | 18,258 | | 19,217 |
| Investment in shares and other | | 539 | | 445 |
| Deferred charges, net | | 1,416 | | 1,552 |
| Intangibles | | 38,725 | | 38,246 |
| Total Assets | Ps. | 66,830 | Ps. | 68,932 |
| | | | | |
| Liabilities and Stockholders' Equity | | Sep-05 | | Dec-04 |
| Current Liabilities | | | | |
| Short-term bank loans and notes | Ps. | 1,109 | Ps. | 3,346 |
| Interest payable | | 400 | | 319 |
| Suppliers | | 3,725 | | 4,268 |
| Other current liabilities | | 2,606 | | 3,145 |
| Total Current Liabilities | | 7,840 | | 11,078 |
| Long-term bank loans | | 20,644 | | 22,132 |
| Pension plan and seniority premium | | 672 | | 658 |
| Other liabilities | | 4,395 | | 4,203 |
| Total Liabilities | | 33,551 | | 38,071 |
| Stockholders' Equity | | | | |
| Minority interest | | 725 | | 734 |
| Majority interest: | | | | |

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| | | |
|---|-------------------|-------------------|
| Capital stock | 2,841 | 2,841 |
| Additional paid in capital | 12,157 | 12,157 |
| Retained earnings of prior years | 17,108 | 12,209 |
| Net income for the period | 3,146 | 5,525 |
| Cumulative results of holding non-monetary assets | -2,698 | -2,605 |
| Total majority interest | 32,554 | 30,127 |
| Total stockholders' equity | 33,279 | 30,861 |
| Total Liabilities and Equity | Ps. 66,830 | Ps. 68,932 |

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Consolidated Income Statement

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

| | 3Q 05 | 3Q 04 | YTD 05 | YTD 04 |
|--|--------------|--------------|---------------|---------------|
| Sales Volume (million unit cases) | 472.2 | 458.4 | 1,396.9 | 1,333.0 |
| Average price per unit case | 26.32 | 25.91 | 26.26 | 26.01 |
| Net revenues | 12,427 | 11,878 | 36,680 | 34,672 |
| Other operating revenues | 92 | 60 | 263 | 253 |
| Total revenues | 12,519 | 11,938 | 36,943 | 34,925 |
| Cost of sales | 6,336 | 6,062 | 18,816 | 17,838 |
| Gross profit | 6,183 | 5,876 | 18,127 | 17,087 |
| Operating expenses | 4,016 | 3,813 | 11,929 | 11,492 |
| Operating income | 2,167 | 2,063 | 6,198 | 5,595 |
| Interest expense | 682 | 616 | 1,812 | 1,898 |
| Interest income | 76 | 190 | 224 | 285 |
| Interest expense, net | 606 | 426 | 1,588 | 1,613 |
| Foreign exchange loss (gain) | 4 | (107) | (236) | 106 |
| Loss (gain) on monetary position | (259) | (469) | (416) | (984) |
| Integral cost of financing | 351 | (150) | 936 | 735 |
| Other (income) expenses, net | 96 | (121) | 311 | 285 |
| Income before taxes | 1,720 | 2,334 | 4,951 | 4,575 |
| Taxes | 578 | 1,001 | 1,785 | 515 |
| Consolidated net income before ext. items | 1,142 | 1,332 | 3,166 | 4,060 |
| Consolidated net income | 1,142 | 1,332 | 3,166 | 4,060 |
| Majority net income | 1,135 | 1,321 | 3,146 | 4,048 |
| Minority net income | 7 | 12 | 20 | 13 |
| Operating income | 2,167 | 2,063 | 6,198 | 5,595 |
| Depreciation | 317 | 303 | 951 | 960 |
| Amortization and Other non-cash charges ⁽²⁾ | 281 | 229 | 855 | 815 |
| EBITDA ⁽³⁾ | 2,765 | 2,595 | 8,004 | 7,370 |

(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.

Mexican and Central American operations

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

| | 3Q | | 3Q | | YTD | | YTD | |
|--|-----------|--------------|-----------|--------------|------------|--------------|------------|--------------|
| | 05 | % Rev | 04 | % Rev | 05 | % Rev | 04 | % Rev |
| Sales Volume (million unit cases) | 262.3 | | 256.3 | | 768.7 | | 741.6 | |
| Average price per unit case | 27.33 | | 26.83 | | 27.26 | | 27.26 | |
| Net revenues | 7,172 | | 6,876 | | 20,951 | | 20,217 | |
| Other operating revenues | 53 | | 31 | | 180 | | 110 | |
| Total revenues | 7,225 | 100.0% | 6,907 | 100.0% | 21,131 | 100.0% | 20,327 | 100.0% |
| Cost of sales | 3,327 | 46.1% | 3,283 | 47.5% | 9,883 | 46.8% | 9,625 | 47.4% |
| Gross profit | 3,898 | 53.9% | 3,624 | 52.5% | 11,248 | 53.2% | 10,702 | 52.6% |
| Operating expenses | 2,304 | 31.9% | 2,129 | 30.8% | 6,805 | 32.2% | 6,531 | 32.1% |
| Operating income | 1,594 | 22.1% | 1,495 | 21.6% | 4,443 | 21.0% | 4,171 | 20.5% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 359 | 5.0% | 299 | 4.3% | 1,056 | 5.0% | 1,000 | 4.9% |
| EBITDA ⁽³⁾ | 1,953 | 27.0% | 1,794 | 26.0% | 5,499 | 26.0% | 5,171 | 25.4% |

(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 September 30, 2005

| | 3Q | | 3Q | | YTD | | YTD | |
|-----------------------------------|-----------|--------------|-----------|--------------|------------|--------------|------------|--------------|
| | 05 | % Rev | 04 | % Rev | 05 | % Rev | 04 | % Rev |
| Sales Volume (million unit cases) | 26.9 | | 27.4 | | 81.0 | | 80.8 | |
| Average price per unit case | 30.18 | | 30.98 | | 31.00 | | 31.92 | |
| Net revenues | 818 | | 852 | | 2,511 | | 2,579 | |
| Other operating revenues | 2 | | (2) | | 3 | | 3 | |
| Total revenues | 820 | 100.0% | 850 | 100.0% | 2,514 | 100.0% | 2,582 | 100.0% |
| Cost of sales | 445 | 54.3% | 466 | 54.8% | 1,315 | 52.3% | 1,360 | 52.7% |

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| | | | | | | | | |
|---|-----|-------|-----|-------|-------|-------|-------|-------|
| Gross profit | 375 | 45.7% | 384 | 45.2% | 1,199 | 47.7% | 1,222 | 47.3% |
| Operating expenses | 289 | 35.3% | 283 | 33.3% | 890 | 35.4% | 937 | 36.3% |
| Operating income | 86 | 10.5% | 101 | 11.9% | 309 | 12.3% | 285 | 11.1% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 53 | 6.5% | 41 | 4.8% | 162 | 6.4% | 182 | 7.1% |
| EBITDA ⁽³⁾ | 139 | 17.0% | 142 | 16.8% | 471 | 18.7% | 467 | 18.1% |

(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.

Colombian and Venezuelan operations

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

| | 3Q 05 | % Rev | 3Q 04 | % Rev | YTD 05 | % Rev | YTD 04 | % Rev |
|--|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Sales Volume (million unit cases) | 45.4 | | 40.5 | | 132.0 | | 122.0 | |
| Average price per unit case | 26.53 | | 27.48 | | 26.16 | | 25.68 | |
| Net revenues | 1,202 | | 1,113 | | 3,451 | | 3,133 | |
| Other operating revenues | - | | - | | - | | - | |
| Total revenues | 1,202 | 100.0% | 1,113 | 100.0% | 3,451 | 100.0% | 3,133 | 100.0% |
| Cost of sales | 658 | 54.8% | 561 | 50.4% | 1,910 | 55.4% | 1,680 | 53.6% |
| Gross profit | 544 | 45.2% | 552 | 49.6% | 1,541 | 44.7% | 1,453 | 46.4% |
| Operating expenses | 391 | 32.6% | 387 | 34.8% | 1,185 | 34.3% | 1,148 | 36.6% |
| Operating income | 153 | 12.8% | 165 | 14.9% | 356 | 10.3% | 305 | 9.7% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 62 | 5.1% | 70 | 6.3% | 210 | 6.1% | 236 | 7.5% |
| EBITDA ⁽³⁾ | 215 | 17.9% | 235 | 21.1% | 566 | 16.4% | 541 | 17.3% |

(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.

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

| | 3Q 05 | % Rev | 3Q 04 | % Rev | YTD 05 | % Rev | YTD 04 | % Rev |
|-----------------------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Sales Volume (million unit cases) | 44.3 | | 45.2 | | 129.9 | | 126.7 | |
| Average price per unit case | 27.53 | | 25.42 | | 27.84 | | 26.00 | |
| Net revenues | 1,217 | | 1,149 | | 3,616 | | 3,295 | |
| Other operating revenues | 7 | | - | | 10 | | 2 | |
| Total revenues | 1,224 | 100.0% | 1,149 | 100.0% | 3,626 | 100.0% | 3,297 | 100.0% |
| Cost of sales | 745 | 60.8% | 663 | 57.7% | 2,154 | 59.4% | 1,943 | 58.9% |

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| | | | | | | | | |
|---|-----|-------|-----|-------|-------|-------|-------|-------|
| Gross profit | 479 | 39.1% | 486 | 42.3% | 1,472 | 40.6% | 1,354 | 41.1% |
| Operating expenses | 425 | 34.7% | 433 | 37.7% | 1,292 | 35.6% | 1,152 | 35.0% |
| Operating income | 54 | 4.4% | 53 | 4.6% | 180 | 5.0% | 202 | 6.1% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 61 | 5.0% | 55 | 4.8% | 178 | 4.9% | 169 | 5.1% |
| EBITDA ⁽³⁾ | 115 | 9.4% | 108 | 9.4% | 358 | 9.9% | 371 | 11.2% |

(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.

Argentine and Brazilian operations

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

| | 3Q 05 | % Rev | 3Q 04 | % Rev | YTD 05 | % Rev | YTD 04 | % Rev |
|--|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Sales Volume (million unit cases) | 34.3 | | 33.9 | | 105.6 | | 102.5 | |
| Average price per unit case | 18.05 | | 17.50 | | 18.24 | | 17.32 | |
| Net revenues | 619 | | 595 | | 1,927 | | 1,774 | |
| Other operating revenues | 20 | | 29 | | 74 | | 87 | |
| Total revenues | 639 | 100.0% | 624 | 100.0% | 2,001 | 100.0% | 1,861 | 100.0% |
| Cost of sales | 382 | 59.9% | 371 | 59.4% | 1,223 | 61.1% | 1,131 | 60.8% |
| Gross profit | 257 | 40.3% | 253 | 40.6% | 778 | 38.9% | 730 | 39.2% |
| Operating expenses | 164 | 25.6% | 150 | 24.1% | 485 | 24.3% | 439 | 23.6% |
| Operating income | 93 | 14.5% | 103 | 16.5% | 293 | 14.6% | 291 | 15.6% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 32 | 4.9% | 32 | 5.1% | 97 | 4.9% | 98 | 5.3% |
| EBITDA ⁽³⁾ | 125 | 19.6% | 135 | 21.6% | 390 | 19.5% | 389 | 20.9% |

(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.

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

| | 3Q 05 | % Rev | 3Q 04 | % Rev | YTD 05 | % Rev | YTD 04 | % Rev |
|-----------------------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------|--------------|
| Sales Volume (million unit cases) | 59.0 | | 55.1 | | 179.7 | | 159.4 | |
| Average price per unit case | 23.67 | | 23.60 | | 23.51 | | 23.08 | |
| Net revenues | 1,399 | | 1,298 | | 4,224 | | 3,679 | |
| Other operating revenues | 35 | | 35 | | 114 | | 115 | |
| Total revenues | 1,434 | 100.0% | 1,333 | 100.0% | 4,338 | 100.0% | 3,794 | 100.0% |
| Cost of sales | 749 | 52.2% | 742 | 55.7% | 2,305 | 53.1% | 2,124 | 56.0% |
| Gross profit | 685 | 47.8% | 591 | 44.3% | 2,033 | 46.9% | 1,670 | 44.0% |

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| | | | | | | | | |
|---|-----|-------|-----|-------|-------|-------|-------|-------|
| Operating expenses | 468 | 32.7% | 445 | 33.4% | 1,389 | 32.0% | 1,332 | 35.1% |
| Operating income | 217 | 15.1% | 146 | 11.0% | 644 | 14.8% | 338 | 8.9% |
| Depreciation, Amortization & Other non-cash charges ⁽²⁾ | 32 | 2.3% | 36 | 2.7% | 104 | 2.4% | 92 | 2.4% |
| EBITDA ⁽³⁾ | 249 | 17.4% | 182 | 13.7% | 748 | 17.2% | 429 | 11.3% |

(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.

Selected Information

SELECTED INFORMATION

For the three months ended September 30, 2005

Expressed in million of Mexican pesos as of September 30, 2005

| | 3Q 04 | | 3Q 05 |
|---|--------------|---|--------------|
| Capex | 530.0 | Capex | 502.0 |
| Depreciation | 303.4 | Depreciation | 317.0 |
| Amortization & Other non-cash charges | 228.9 | Amortization & Other non-cash charges | 281.6 |

VOLUME*Expressed in million unit cases*

| | 3Q 04 | | | | | 3Q 05 | | | |
|-----------------|--------------|--------------|--------------|--------------|--|--------------|--------------|--------------|--------------|
| | CSD | Water | Other | Total | | CSD | Water | Other | Total |
| Mexico | 205.1 | 49.1 | 2.1 | 256.3 | | 208.2 | 51.3 | 2.8 | 262.3 |
| Central America | 25.9 | 1.1 | 0.4 | 27.4 | | 25.2 | 1.1 | 0.6 | 26.9 |
| Colombia | 34.8 | 5.6 | 0.1 | 40.5 | | 39.9 | 5.4 | 0.1 | 45.4 |
| Venezuela | 38.8 | 3.8 | 2.6 | 45.2 | | 38.1 | 4.0 | 2.2 | 44.3 |
| Brazil | 51.2 | 3.4 | 0.5 | 55.1 | | 54.7 | 3.8 | 0.5 | 59.0 |
| Argentina | 33.4 | 0.3 | 0.2 | 33.9 | | 33.2 | 0.7 | 0.4 | 34.3 |
| Total | 389.2 | 63.3 | 5.9 | 458.4 | | 399.3 | 66.3 | 6.6 | 472.2 |

PACKAGE MIX BY PRESENTATION*Expressed as a Percentage of Total Volume*

| | 3Q 04 | | | | | 3Q 05 | | | |
|--------|--------------|----------------|-----------------|------------|--|--------------|----------------|-----------------|------------|
| | Ret | Non-Ret | Fountain | Jug | | Ret | Non-Ret | Fountain | Jug |
| Mexico | 28.6 | 55.6 | 1.2 | 14.6 | | 26.6 | | 1.2 | 15.0 |

| | | | | | | | | | |
|-----------------|------|------|-----|-----|------|------|-----|-----|--|
| | | | | | | 57.2 | | | |
| Central America | 48.3 | 48.0 | 3.7 | - | 41.6 | 54.3 | 4.1 | - | |
| Colombia | 51.4 | 38.5 | 3.3 | 6.8 | 46.4 | 44.1 | 3.5 | 6.0 | |
| Venezuela | 30.1 | 63.3 | 3.0 | 3.6 | 25.1 | 67.9 | 3.7 | 3.3 | |
| Brazil | 5.6 | 90.4 | 4.0 | - | 8.6 | 87.7 | 3.7 | - | |
| Argentina | 27.1 | 69.1 | 3.8 | - | 25.7 | 70.5 | 3.8 | - | |

For the nine months ended September 30, 2005

Expressed in million of Mexican pesos as of September 30, 2005

| | YTD 04 | | YTD 05 |
|---|---------------|---|---------------|
| Capex | 1,299.4 | Capex | 1,084.6 |
| Depreciation | 960.0 | Depreciation | 951.0 |
| Amortization & Other non-cash charges | 815.0 | Amortization & Other non-cash charges | 855.0 |

VOLUME

Expressed in million unit cases

| | YTD 04 | | | | | YTD 05 | | | |
|-----------------|---------------|--------------|--------------|--------------|--|---------------|--------------|--------------|--------------|
| | CSD | Water | Other | Total | | CSD | Water | Other | Total |
| Mexico | 591.7 | 144.3 | 5.6 | 741.6 | | 605.2 | 156.1 | 7.4 | 768.7 |
| Central America | 76.0 | 3.5 | 1.3 | 80.8 | | 75.9 | 3.5 | 1.6 | 81.0 |
| Colombia | 104.9 | 16.7 | 0.4 | 122.0 | | 115.7 | 16.1 | 0.2 | 132.0 |
| Venezuela | 108.2 | 11.0 | 7.5 | 126.7 | | 111.8 | 11.7 | 6.4 | 129.9 |
| Brazil | 148.9 | 9.2 | 1.3 | 159.4 | | 165.8 | 12.3 | 1.6 | 179.7 |
| Argentina | 100.7 | 1.3 | 0.5 | 102.5 | | 102.7 | 1.8 | 1.1 | 105.6 |
| Total | 1,130.4 | 186.0 | 16.6 | 1,333.0 | | 1,177.1 | 201.5 | 18.3 | 1,396.9 |

PACKAGE MIX BY PRESENTATION
Expressed as a Percentage of Total Volume

| | YTD 04 | | | | YTD 05 | | | |
|-----------------|--------|---------|----------|------|--------|---------|----------|------|
| | Ret | Non-Ret | Fountain | Jug | Ret | Non-Ret | Fountain | Jug |
| Mexico | 28.5 | 55.5 | 1.3 | 14.7 | 26.9 | 56.5 | 1.2 | 15.4 |
| Central America | 49.8 | 46.5 | 3.7 | - | 43.5 | 52.9 | 3.6 | - |
| Colombia | 52.0 | 38.1 | 3.3 | 6.6 | 47.5 | 43.0 | 3.4 | 6.1 |
| Venezuela | 31.0 | 62.2 | 2.8 | 4.0 | 25.2 | 68.4 | 3.1 | 3.3 |
| Brazil | 5.3 | 90.8 | 3.9 | - | 7.6 | 88.9 | 3.5 | - |
| Argentina | 27.3 | 69.0 | 3.7 | - | 26.7 | 69.8 | 3.5 | - |

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Macroeconomic Information

September 2005
Macroeconomic Information

| | LTM | Inflation YTD | 3Q 05 | Foreign Exchange Rate (local currency) per U.S. dollar | | |
|-----------|--------|------------------|--------|---|------------|------------|
| | | | | Sep 05 | Dec 04 | Sep 04 |
| Mexico | 3.51% | 1.72% | 0.91% | 10.8131 | 11.1460 | 11.3759 |
| Colombia | 5.00% | 4.61% | 0.77% | 2,289.6100 | 2,389.7500 | 2,595.1700 |
| Venezuela | 15.96% | 11.57% | 3.34% | 2,150.0000 | 1,920.0000 | 1,920.0000 |
| Brazil | 4.80% | 3.79% | -0.18% | 2.2222 | 2.6544 | 2.8586 |
| Argentina | 9.59% | 8.61% | 2.21% | 2.9100 | 2.9800 | 2.9800 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COCA-COLA FEMSA, S.A. DE C.V.
(Registrant)

Date: October 28, 2005

By: /s/ HÉCTOR TREVIÑO GUTIÉRREZ
Name: Héctor Treviño Gutiérrez
Title: Chief Financial Officer