

Mexican Coca-Cola Gets Another Big Gulp of Brazil's Coke Market

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Mexico-based KOF, also known as Coca-Cola FEMSA, the largest Coca-Cola bottler in Latin America and the second largest Coca-Cola bottler in the world in terms of volume, announced this Thursday, June 26, that it has bought from the Coca-Cola Company its Refrigerantes Minas Gerais Ltda. ("Remil") franchise territory.

The transaction is still subject to the approval of the Cade (Conselho Administrativo de Defesa Econômica - Economic Defense Managerial Council) the antitrust Brazilian authority. The price of the transaction is US\$ 364.1 million dollars. This deal reinforces Coca-Cola FEMSA's strategy to grow in one of the most dynamic economic regions in the world.

"This transaction will expand our footprint in Brazil by more than a third and substantially increase the number of clients and customers that we will serve through the most complete and balanced portfolio of high-quality beverages," said Carlos Salazar, Chief Executive Officer of Coca-Cola FEMSA.

Founded in 1948 in Belo Horizonte, Remil sold 114 million unit cases of sparkling beverages, water, still beverages and beer in 2007. This franchise serves the cities of Belo Horizonte, Contagem, Curvelo, Divinópolis, Governador Valadares, Ipatinga, Juiz de Fora, Lavras, Leopoldina, Mariana, Montes Claros, Janaúba, and Petrópolis.

The company's net revenues for 2007, under Brazilian GAAP (Generally Accepted Accounting Principles), were approximately 721 million reais (US\$ 450 million).

Remil encompasses a population of approximately 15 million, including Belo Horizonte, the third largest city in Brazil. Coca-Cola FEMSA's consolidated operations in Brazil, including both of its franchise territories, will represent approximately 30% of the Coca-Cola bottling system in Brazil, employ approximately 9,200 people, include 4 production facilities, and serve more than 41 million consumers.

Coca-Cola FEMSA, S.A.B. 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, Campinas, 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 over 1,500,000 retailers in the region. The Coca-Cola Company owns a 31.6% equity interest in Coca-Cola FEMSA.

Last year, KOF bought juice company Del Valle, which has operations in Brazil and Mexico. Femsa, makes the beers Tecate, Sol and Dos Equis.