

COCA COLA FEMSA SA DE CV
Form 6-K
February 24, 2006

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 February 2006

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**FOURTH-QUARTER AND FULL-YEAR RESULTS**

	Fourth quarter			Full Year		
	2005	2004	Δ %	2005	2004	Δ %
Total Revenues	13,107	12,733	2.9%	50,198	47,786	5.0%
Gross Profit	6,496	6,293	3.2%	24,713	23,435	5.5%
Operating Income	2,450	2,344	4.5%	8,684	7,987	8.7%
Majority Net Income	1,428	1,453	-1.7%	4,586	5,580	-17.8%
EBITDA ⁽¹⁾	3,158	2,964	6.5%	11,210	10,395	7.8%
Net Debt ⁽²⁾	18,144	22,083		18,144	22,083	
EBITDA ⁽¹⁾ / Interest Expense	5.11	4.24		4.57	3.96	
Earnings per Share	0.77	0.79		2.48	3.02	
Average Shares Outstanding	1,846.5	1,846.5		1,846.5	1,846.5	

Expressed in million of Mexican pesos with purchasing power as of December 31, 2005, except for per share amount.

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

(2) Net Debt = Total Debt - Cash

Total revenues increased 2.9% to Ps. 13,107 million in the fourth quarter of 2005.

Consolidated operating income grew 4.5% to Ps. 2,450 million, an operating margin increase of 30 basis points to 18.7% in the fourth quarter of 2005.

Consolidated majority net income decreased 1.7% to Ps. 1,428 million, driven by a one-time tax benefit in 2004, resulting in earnings per share of Ps. 0.77 for the fourth quarter of 2005. Excluding the effect of this one time tax benefit majority net income would have increased by 12.0% .

Mexico City (February 24, 2006), 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 fourth quarter and full year 2005.

This year we produced strong results, despite high raw material costs across most of our operations. We were able to tailor our portfolio of products and packages, as well as our business processes, to take advantage of the positive macroeconomic environment in the majority of our markets. Today, more than ever, we believe that our geographic diversification, along with our initial

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incursion into other beverage categories, offers a variety of opportunities for us to create value. We believe that our balanced market position among countries with different industry cycles and seasons will continue to help us to generate even stronger and more stable cash flow, said Carlos Salazar, Chief Executive Officer of the Company.

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CONSOLIDATED RESULTS

Our consolidated revenues increased 2.9% to Ps. 13,107 million in the fourth quarter of 2005 as a result of increases in the majority of our territories. Over 90% of our revenues growth came from Mexico and Brazil. Consolidated average price per unit case remained stable in the fourth quarter of 2005 as compared to the same period of the previous year, at Ps. 26.40 (US\$ 2.48) .

Total sales volume increased 2.8% to 492.6 million unit cases in the fourth quarter of 2005 as compared to the same period of 2004. Sales volume growth in Mexico and Brazil more than compensated for volume decline in Venezuela and Central America. Carbonated soft drinks (CSD) sales volume grew 2.1% to 423.9 million unit cases, driven by incremental volume in the majority of our operations, with the exception of Central America and Venezuela.

Our gross profit rose 3.2% to Ps. 6,496 million in the fourth quarter of 2005, as compared with the same period of 2004; Mexico and Brazil represented the majority of our growth. Gross margin increased 20 basis points to 49.6% in the fourth quarter of 2005 from 49.4% in the same period of 2004, mainly driven by a decline in our sweetener costs in Mexico and the appreciation of the Mexican peso and the Brazilian real applied to our U.S. dollar denominated costs.

Our consolidated operating income grew 4.5% to Ps. 2,450 million in the fourth quarter of 2005, driven by operating income growth in the majority of our territories, which more than offset declines in Venezuela. Our operating margin increased 30 basis points to 18.7% in the fourth quarter of 2005 as compared with the same period of 2004.

During the fourth quarter of 2005, our integral cost of financing increased to Ps. 189 million from Ps. 86 million in the same period of 2004, reflecting a lower monetary gain driven by a decline in the inflation rate applied to our reduced monetary position, which more than offset lower interest expenses as a result of a reduction in our debt levels.

During the fourth quarter of 2005, income tax, tax on assets and employee profit sharing as a percentage of income before taxes were 33.6%, an increase of 220 basis points compared with the same period of the previous year. The effective tax rate in 2004 was positively affected by a one-time benefit in Mexico during the fourth quarter of 2004 in the amount of Ps. 178 million due to a reduction in deferred tax liabilities driven by a decline in Mexican income tax rate going forward.

Our consolidated majority net income was Ps. 1,428 million in the fourth quarter of 2005, a decline of 1.7% compared to the same period of 2004 due to the above mentioned tax benefit during 2004. Earnings per share (EPS) were Ps. 0.77 (US\$ 0.73 per ADR) computed on the basis of 1,846.5 million shares outstanding (each ADR represents 10 local shares). Excluding the above mentioned one-time tax benefit during 2004, net income would have increased by 12.0% .

BALANCE SHEET

As of December 31, 2005, Coca-Cola FEMSA had a cash balance of Ps. 1,958 million (US\$ 184 million), a decrease of Ps. 1,824 million (US\$ 172 million) compared with December 31, 2004, as a result of cash used to reduce debt levels.

Total short-term debt was Ps. 4,429 million (US\$ 417 million) and long-term debt was Ps. 15,673 million (US\$ 1,475 million). During 2005, the effective net debt reduction was Ps. 2,731 million (US\$ 257 million). Gross debt payments amounted to Ps. 4,555 million (US\$ 429 million), and our cash balance was reduced by Ps. 1,824 million (US\$ 172 million).

The weighted average cost of debt for the fourth quarter was 8.57%, the following chart sets forth the Company's debt profile by currency and interest rate type as of December 31, 2005:

Currency	% Total Debt⁽²⁾	% Interest Rate Floating⁽²⁾
U.S. dollars	33%	9%
Mexican pesos	56%	0%
Colombian pesos	8%	23%
Other ⁽¹⁾	3%	28%

(1) Includes the equivalent to US\$ 36.3 million denominated in Venezuelan bolivars, US\$ 25.8 million denominated in Argentine pesos and US\$ 2.2 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 December 31, 2005

	Jan - Dec. 2005	
	Ps.	USD
Net income	4,704	443
Non cash charges to net income	2,447	230
	7,151	673
Change in working capital	(414)	(39)
NRGOA⁽¹⁾	6,737	634
Total investments	(2,064)	(194)
Dividend payments	(636)	(60)
Debt payment	(4,555)	(429)
Other financial transactions	(1,306)	(123)

Increase in cash and cash equivalents	(1,824)	(172)
Cash and cash equivalents at begining of period	3,782	356
Cash and cash equivalents at end of period	1,958	184

⁽¹⁾ Net Resources Generated by Operating Activities

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MEXICAN OPERATING RESULTS***Revenues***

Total revenues from our Mexican territories increased 3.5% to Ps. 7,241 million in the fourth quarter of 2005, as compared with the same period of the previous year. Sales volume growth represented the majority of the incremental revenues. Average price per unit case grew 0.7% to Ps. 28.00 (US\$ 2.63) during the fourth quarter of 2005. Higher average prices resulted from incremental volumes from the *Coca-Cola* brand and from single serve presentations, which carry a higher price per unit case. Our single serve presentations represented over 55% of the incremental volumes excluding jug water. Excluding *Ciel* water volume in 5.0, 19.0 and 20.0 -liter packaging presentations, our average price per unit case was Ps. 32.01 (US\$ 3.01) an increase of 1.0% in the fourth quarter of 2005, as compared to the same period of 2004.

Total sales volume increased 3.3% to 256.4 million unit cases in the fourth quarter of 2005, as compared with the fourth quarter of 2004. The increase in carbonated soft drinks sales volume and the non-carbonated beverage segment, including single-serve bottled water, represented around 80% of our incremental volume; the balance was mainly comprised of incremental jug water sales volume. Carbonated soft drinks sales volume grew 2.7% compared with the same period of the previous year, the *Coca-Cola* brand represented over 70% of this incremental sales volume. Excluding non-flavored bottled water, the non-carbonated beverage segment grew 47.6% in the fourth quarter of 2005 from a low base of comparison in 2004, as a result of volume growth of *Ciel Aquarius* and the *Minute Maid* brands.

Operating Income

Our gross profit grew 3.9% to Ps. 3,885 million in the fourth quarter of 2005, as compared with the same period of 2004, resulting in a 30 basis-point increase of our gross margin to 53.7% . Higher polyethylene terephthalate (PET) resin costs in U.S. dollars were offset by a reduction in our sweetener costs, as a result of lower sugar prices and the usage of high fructose corn syrup, and the appreciation of the Mexican peso year over year as applied to our U.S. dollar-denominated costs.

Operating expenses as a percentage of total revenues increased 40 basis points to 31.4% in the fourth quarter of 2005, from 31.0% in the same period of 2004, as a result of an increase in depreciation expenses driven by breakage expenses of returnable bottles and an increase in expenses in connection to our go to market and market multi-segmentation strategies. Operating income increased 2.6% to Ps. 1,610 million in the fourth quarter of 2005, resulting in a slight margin decline of 20 basis points to 22.2% in the quarter.

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

Net revenues declined 5.6% to Ps. 870 million in the fourth quarter of 2005, as compared with the same period of the previous year, mainly driven by declines in sales volume in Guatemala and Nicaragua. Average price per unit case decreased 0.9% to Ps. 30.65 (US\$ 2.88), mainly as a result of a more competitive environment in the majority of our territories. Total revenues declined 1.4% to Ps. 910 million in the fourth quarter of 2005, as compared with the same period of the previous year despite a the one-time other operating revenues in the amount of Ps. 40 million. This one-time other operating revenues resulted from corporate services provided by our Latincentro division to the region during the year, and accounted for during the fourth quarter of 2005. Going forward revenues from these corporate services will be accounted for in each quarter.

Total sales volume in our Central American territories declined 4.7% to 28.4 million unit cases in the fourth quarter of 2005, as compared with the same period of 2004. Volume decline came from a 5.4% decrease in carbonated soft drinks due to difficult weather and operating conditions in connection with hurricanes in some of our Central American territories in October, and a tougher competitive environment in the majority of our territories.

Operating Income

Excluding the one-time other operating revenues mentioned above, our gross profit would have decreased 14.1% in the fourth quarter of 2005, resulting in a margin reduction of 450 basis points as compared to the fourth quarter of the previous year. This decrease was mainly driven by (i) a revenues decrease, driven by lower average prices per unit case and a reduction in sales volume, (ii) higher PET resin prices and (iii) a packaging mix shift towards non-returnable presentations, which represented 57.6% of our total sales volume in the fourth quarter of 2005 as compared to 51.4% in the same period of 2004.

Our operating expenses in absolute terms declined by 15.4% in the fourth quarter of 2005 as compared to the same period of 2004, as a result of lower marketing expenses and savings achieved through cost reduction efforts across the region. Excluding the one-time other operating revenues mentioned above, our operating income would have decreased 11.1% in the quarter, resulting in an operating income margin of 13.2%, a decline of 140 basis points, as compared with the same period of previous year.

COLOMBIAN OPERATING RESULTS***Revenues***

Total revenues increased 3.1% to Ps. 1,256 million in the fourth quarter of 2005, as compared with the fourth quarter of 2004, driven by sales volume growth. Average price per unit case decreased 2.8% to Ps. 26.27 (US\$ 2.47); price increases implemented during the third quarter partly compensated for last twelve months inflation.

Total sales volume grew 6.0% in the fourth quarter of 2005, as compared with the same period of 2004, to 47.8 million unit cases in the fourth quarter of 2005. Carbonated soft drinks sales volume grew 6.8%, mainly driven by the *Crush* brand, which represented more than 10% of our total sales volume in the quarter.

Operating Income

Gross profit decreased 2.0% to Ps. 583 million in the fourth quarter of 2005, as compared with the same period of the previous year, resulting in a gross margin of 46.4% . The gross margin decline of 250 basis points resulted from the

combined effect of higher sugar prices and higher cost per unit case due to a packaging mix shift towards non-returnable presentations that accounted for 51.8% of our total sales in the fourth quarter of 2005, compared with 47.3% in the same period of the previous year.

Our operating expenses decreased 8.1%, and as a percentage of total sales declined 390 basis points to 32.3%, in the fourth quarter of 2005, driven by a reduction in freight costs and lower breakage expenses. Our operating income increased 15.7% to Ps. 177 million, resulting in a margin expansion of 160 basis points from 12.5% in the fourth quarter of 2004 to 14.1% in the same period of 2005.

VENEZUELAN OPERATING RESULTS***Revenues***

Revenues from our Venezuelan operations declined 5.2% to Ps. 1,265 million in the fourth quarter of 2005, as compared with the same period of 2004. This decline was driven by lower sales volume, which more than offset a higher average price per unit case. Our average price per unit case increased 2.1% to Ps. 29.62 (US\$ 2.79) as a result of price increases implemented during the year.

Total sales volume decreased 7.4% to 42.6 million unit cases during the fourth quarter of 2005, as compared with the same quarter of 2004, driven by carbonated soft drinks volume decline in the *Coca-Cola* brand and the value protection brand *Grapette*.

Operating Income

Gross profit decreased 14.7% to Ps. 500 million in the fourth quarter of 2005, as compared with the same period of the previous year. As a percentage of sales, our gross margin decreased to 39.5% in the fourth quarter of 2005 from 43.9% in the same period of 2004. This decline was a result of lower revenues, higher raw material prices and a shift in packaging mix towards non-returnable presentations, which grew as a percentage of our total sales volume to 74.1% from 70.7% in the fourth quarter of 2004.

Operating expenses increased 5.9% to Ps. 449 million in the fourth quarter of 2005, driven by salary increases implemented during the last twelve months and higher maintenance expenses. Operating income was Ps. 51 million during the fourth quarter of 2005, resulting in an operating margin of 4.0%, driven by the above mentioned revenues decline and cost and operating expenses increases.

ARGENTINE OPERATING RESULTS***Revenues***

In the fourth quarter of 2005, our total revenues increased by 7.6% to Ps. 834 million, as compared with the same period of 2004. Average price per unit case increased 2.1% to Ps. 18.07 (US\$ 1.70), as a result of (i) incremental volume in single serve presentations, (ii) incremental volume in our carbonated soft drink premium and core segments, and (iii) price increases implemented during the quarter.

Total volume increased by 6.7% to 44.6 million unit cases, mainly driven by sales volume increase from the *Coca-Cola* brand and our non-carbonated beverage segment. Carbonated soft drinks increased 5.6% driven by the *Coca-Cola* brand and our core and premium flavored carbonated soft drinks, which more than offset volume decline of our value protection brands. Non-carbonated beverages and bottled water posted strong volume growth of 71%, driven by the brands *Cepita*, *Kin* and the recently introduced mineralized and functional waters under the *Dasani* brand.

Operating Income

Our gross profit increased 11.7% to Ps. 335 million, as compared with the fourth quarter of 2004. Gross margin was 40.1%, a margin expansion of 140 basis points, mainly as a result of higher revenues.

Operating expenses increased 12.2% due to higher freight costs and salaries in the fourth quarter of 2005 as compared to the same period of 2004. Despite the increase in operating expenses, operating income grew 10.8% to Ps. 133

million, as compared with the same period of 2004, resulting in an operating margin expansion of 40 basis points to 15.9% .

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BRAZILIAN OPERATING RESULTS

Beginning with the second quarter of 2005, we do not 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.

Revenues

Our total revenues improved by 6.6% to Ps. 1,678 million in the fourth quarter of 2005, as compared with the same period of 2004, driven by sales volume growth. Average price per unit case declined slightly to Ps. 22.40 (US\$ 2.11) during the fourth quarter of 2005, mainly driven by a packaging shift mix towards returnable presentations, which carry a lower price per unit case.

Total sales volume increased 6.9% to 72.8 million unit cases in the fourth quarter of 2005. The increase included 5.0% growth in carbonated soft drinks, mainly driven by the *Coca-Cola* brand, accounting for over 85% of incremental volume during the quarter. Our non-carbonated beverage segment sales volume grew 33.3%, which increased as a percentage of our total sales volume to 8.2% from 6.6% in the fourth quarter of 2004.

Operating Income

In the fourth quarter of 2005, our gross profit increased 18.0% to Ps. 793 million, as compared with the same period of the previous year. Improvements in manufacturing efficiencies and the appreciation of the Brazilian real year over year as applied to our U.S. dollar-denominated costs, more than offset increases in raw material costs. Gross margin rose from 42.7% to 47.2%, a margin expansion of 450 basis points in the fourth quarter of 2005, as compared to the same period of 2004.

Our operating expenses as a percentage of total revenues increased 20 basis points in the fourth quarter of 2005 as compared to the same period of 2004 to 29.9% due to higher freight costs. Operating income was Ps. 290 million in the fourth quarter of 2005, an increase of 41.5% . Operating margin rose to 17.3% in the fourth quarter of 2005, as compared to the same period of 2004, resulting in a margin expansion of 430 basis points.

SUMMARY OF FULL-YEAR RESULTS

During 2005, our consolidated revenues increased 5.0% to Ps. 50,198 million, as compared with 2004, as a result of growth in all of our territories, with the exception of Central America. Consolidated average price per unit case increased 0.8% to Ps. 26.38 (US\$ 2.48) during 2005, as a result of average price increases in all our territories with the exception of Central America.

Total sales volume increased 4.3% to 1,889.2 million unit cases during 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 3.6% to 1,600.8 million unit cases, driven by incremental volume across all of our territories except for Central America.

Our gross profit increased 5.4% to Ps. 24,712 million in 2005, as compared with the previous year, driven by gross profit growth across all of our territories except Central America. Over 90% of this increase came from Brazil and Mexico. Gross margin increased to 49.2% during 2005 from 49.0% in 2004, driven by higher revenues in all of our territories except Central America.

Our consolidated operating income increased 8.7% to Ps. 8,683 million in 2005, as compared with 2004. Brazil and Mexico accounted for the majority of our growth. Our operating margin improved 60 basis points to 17.3% during 2005, mainly driven by revenues increases and lower costs as a percentage of total revenues.

Our consolidated majority net income was Ps. 4,586 million during 2005, a decrease of 17.8% compared to 2004, driven by two one-time effect that increased net income during 2004^{1,2} and a one-time effect that decreased net income in the first quarter of 2005³. EPS were Ps. 2.48 (US\$ 2.33 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 13.8% .

RECENT DEVELOPMENTS

- On January 16, 2006, our affiliate Fomento Económico Mexicano, S.A. de C.V. (FEMSA) acquired a controlling stake in Cervejarias Kaiser from the Molson Coors Brewing Company. As of February, 2006, we have agreed to reassume the selling function of the Kaiser beer portfolio in Sao Paulo, Brazil, pursuant to the original agreements that regulate the relationship between Kaiser and the Coca-Cola bottlers in Brazil.

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. 1,355 million; additionally there was a charge to income in the amount of Ps. 89 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. 1,266 million in 2004.

² During the fourth quarter of 2004, we obtained a one-time benefit in the amount of Ps. 178 million due to a reduction in deferred tax liabilities driven by a decline in the Mexican income tax rate going forward.

³ As disclosed in the first quarter of 2005, the Mexican tax authorities reviewed payments we made 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. 121 million.

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CONFERENCE CALL INFORMATION

Our fourth-quarter 2005 Conference Call will be held on: February 24, 2006, 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 March 3, 2006. 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 December 31, 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 fourth quarter of 2005, which ended on December 31, 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.

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U.S. dollar amounts have been translated from Mexican pesos at the noon day buying rate for pesos as published by the Federal Reserve Bank of New York at December 31, 2005, which exchange rate was Ps. 10.6275 to \$1.00.

(7 pages of tables to follow)

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Consolidated Balance Sheet

Consolidated Balance Sheet

Expressed in million of Mexican pesos with purchasing power as of December 31, 2005

Assets		Dec 05		Dec 04
Current Assets				
Cash and cash equivalents	Ps.	1,958	Ps.	3,782
Total accounts receivable		2,523		2,220
Inventories		2,168		2,301
Prepaid expenses and other		772		875
Total current assets		7,421		9,178
Property, plant and equipment				
Property, plant and equipment		31,397		31,749
Accumulated depreciation		-13,889		-13,170
Bottles and cases		1,047		1,075
Total property, plant and equipment, net		18,555		19,654
Investment in shares and other		476		444
Deferred charges, net		1,221		1,503
Intangibles		39,474		38,839
Total Assets	Ps.	67,147	Ps.	69,618
Liabilities and Stockholders' Equity		Dec 05		Dec 04
Current Liabilities				
Short-term bank loans and notes	Ps.	4,429	Ps.	3,390
Interest payable		326		324
Suppliers		4,615		4,294
Other current liabilities		2,729		3,149
Total Current Liabilities		12,099		11,157
Long-term bank loans		15,673		22,475
Pension plan and seniority premium		779		669
Other liabilities		3,868		4,162
Total Liabilities		32,419		38,463
Stockholders' Equity				
Minority interest		959		740
Majority interest:				

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Capital stock	2,886	2,886
Additional paid in capital	12,349	12,349
Retained earnings of prior years	17,338	12,394
Net income for the period	4,586	5,580
Cumulative results of holding non-monetary assets	-3,390	-2,794
Total majority interest	33,769	30,415
Total stockholders' equity	34,728	31,155
Total Liabilities and Equity	Ps. 67,147	Ps. 69,618

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Consolidated Income Statement

Consolidated Income StatementExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of December 31, 2005

	4Q 05	4Q 04	YTD 05	YTD 04
Sales Volume (million unit cases)	492.6	479.0	1,889.2	1,812.1
Average price per unit case	26.40	26.38	26.38	26.18
Net revenues	13,005	12,635	49,840	47,442
Other operating revenues	102	98	358	344
Total revenues	13,107	12,733	50,198	47,786
Cost of sales	6,611	6,440	25,486	24,351
Gross profit	6,496	6,293	24,712	23,435
Operating expenses	4,046	3,949	16,029	15,448
Operating income	2,450	2,344	8,683	7,987
Interest expense	618	699	2,452	2,622
Interest income	60	8	280	288
Interest expense, net	558	691	2,172	2,334
Foreign exchange loss (gain)	18	(71)	(222)	37
Loss (gain) on monetary position	(387)	(534)	(813)	(1,537)
Integral cost of financing	189	86	1,137	834
Other (income) expenses, net	(19)	124	281	408
Income before taxes	2,280	2,134	7,265	6,745
Taxes	766	671	2,562	1,142
Consolidated net income	1,514	1,463	4,703	5,603
Majority net income	1,428	1,453	4,586	5,580
Minority net income	86	10	117	23
Operating income	2,450	2,344	8,683	7,987
Depreciation	349	318	1,308	1,284
Amortization and Other non-cash charges ⁽²⁾	359	302	1,219	1,124
EBITDA ⁽³⁾	3,158	2,964	11,210	10,395

(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 December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	256.4		248.2		1,025.0		989.9	
Average price per unit case	28.00		27.81		27.77		27.72	
Net revenues	7,180		6,902		28,464		27,440	
Other operating revenues	61		97		242		207	
Total revenues	7,241	100.0%	6,999	100.0%	28,706	100.0%	27,647	100.0%
Cost of sales	3,356	46.3%	3,261	46.6%	13,396	46.7%	13,037	47.2%
Gross profit	3,885	53.7%	3,738	53.4%	15,310	53.3%	14,610	52.8%
Operating expenses	2,275	31.4%	2,169	31.0%	9,187	32.0%	8,803	31.8%
Operating income	1,610	22.2%	1,569	22.4%	6,123	21.3%	5,807	21.0%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	457	6.3%	356	5.1%	1,530	5.3%	1,371	5.0%
EBITDA ⁽³⁾	2,067	28.5%	1,925	27.5%	7,653	26.7%	7,178	26.0%

(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 December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	28.4		29.8		109.4		110.6	
Average price per unit case	30.65		30.94		30.95		31.74	
Net revenues	870		922		3,385		3,510	
Other operating revenues	40		1		43		5	
Total revenues	910	100.0%	923	100.0%	3,428	100.0%	3,515	100.0%
Cost of sales	469	51.6%	456	49.4%	1,785	52.1%	1,820	51.8%

Gross profit	441	48.4%	467	50.6%	1,643	47.9%	1,695	48.2%
Operating expenses	281	30.9%	332	35.9%	1,175	34.3%	1,274	36.3%
Operating income	160	17.6%	135	14.6%	468	13.6%	421	12.0%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	40	4.4%	64	6.9%	202	5.9%	247	7.0%
EBITDA ⁽³⁾	200	22.0%	199	21.6%	670	19.5%	668	19.0%

(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.

Colombian and Venezuelan operations

Colombian operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	47.8		45.1		179.7		167.1	
Average price per unit case	26.27		27.02		26.14		25.70	
Net revenues	1,256		1,218		4,697		4,294	
Other operating revenues	-		-		-		-	
Total revenues	1,256	100.0%	1,218	100.0%	4,697	100.0%	4,294	100.0%
Cost of sales	673	53.6%	623	51.1%	2,578	54.9%	2,299	53.5%
Gross profit	583	46.4%	595	48.9%	2,119	45.1%	1,995	46.5%
Operating expenses	406	32.3%	442	36.2%	1,587	33.8%	1,538	35.8%
Operating income	177	14.1%	153	12.5%	532	11.3%	457	10.7%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	67	5.3%	80	6.6%	276	5.9%	315	7.3%
EBITDA ⁽³⁾	243	19.4%	233	19.1%	808	17.2%	772	18.0%

(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.

Venezuelan operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	42.6		46.0		172.5		172.7	
Average price per unit case	29.62		29.00		28.59		27.10	
Net revenues	1,262		1,334		4,933		4,680	
Other operating revenues	3		1		13		4	
Total revenues	1,265	100.0%	1,335	100.0%	4,946	100.0%	4,684	100.0%

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Cost of sales	765	60.5%	749	56.1%	2,952	59.7%	2,722	58.1%
Gross profit	500	39.5%	586	43.9%	1,994	40.3%	1,962	41.9%
Operating expenses	449	35.5%	424	31.8%	1,761	35.6%	1,594	34.0%
Operating income	51	4.0%	162	12.1%	233	4.7%	368	7.8%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	61	4.8%	53	4.0%	242	4.9%	224	4.8%
EBITDA ⁽³⁾	111	8.8%	215	16.1%	475	9.6%	592	12.6%

(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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Argentine and Brazilian operations

Argentine operationsExpressed in million of Mexican pesos⁽¹⁾ with purchasing power as of December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	44.6		41.8		150.1		144.3	
Average price per unit case	18.07		17.69		17.97		17.28	
Net revenues	806		739		2,697		2,494	
Other operating revenues	28		36		101		122	
Total revenues	834	100.0%	775	100.0%	2,798	100.0%	2,616	100.0%
Cost of sales	499	59.9%	475	61.3%	1,699	60.7%	1,593	60.9%
Gross profit	335	40.1%	300	38.7%	1,099	39.3%	1,023	39.1%
Operating expenses	202	24.2%	180	23.2%	677	24.2%	615	23.5%
Operating income	133	15.9%	120	15.5%	422	15.1%	408	15.6%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	35	4.2%	37	4.8%	131	4.7%	134	5.1%
EBITDA ⁽³⁾	168	20.1%	157	20.3%	553	19.8%	542	20.7%

(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 December 31, 2005

	4Q 05	% Rev	4Q 04	% Rev	YTD 05	% Rev	YTD 04	% Rev
Sales Volume (million unit cases)	72.8		68.1		252.5		227.5	
Average price per unit case	22.40		22.48		22.43		22.17	
Net revenues	1,631		1,531		5,663		5,043	
Other operating revenues	47		43		157		152	
Total revenues	1,678	100.0%	1,574	100.0%	5,820	100.0%	5,195	100.0%

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Cost of sales	885	52.7%	902	57.3%	3,085	53.0%	2,930	56.4%
Gross profit	793	47.2%	672	42.7%	2,735	47.0%	2,265	43.6%
Operating expenses	503	29.9%	467	29.7%	1,829	31.4%	1,739	33.5%
Operating income	290	17.3%	205	13.0%	906	15.6%	526	10.1%
Depreciation, Amortization & Other non-cash charges ⁽²⁾	47	2.8%	30	1.9%	146	2.5%	117	2.3%
EBITDA ⁽³⁾	337	20.1%	235	15.0%	1,052	18.1%	644	12.4%

(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.

Selected Information

For the three months ended December 31, 2005*Expressed in million of Mexican pesos as of December 31, 2005*

	4Q 04		4Q 05
Capex	547.3	Capex	962.6
Depreciation	318.2	Depreciation	349.0
Amortization & Other non-cash charges	301.8	Amortization & Other non-cash charges	358.5

VOLUME*Expressed in million unit cases*

	4Q 04					4Q 05			
	CSD	Water	Other	Total		CSD	Water	Other	Total
Mexico	201.8	44.3	2.1	248.2		207.3	46.0	3.1	256.4
Central America	28.0	1.2	0.6	29.8		26.5	1.2	0.7	28.4
Colombia	39.6	5.4	0.1	45.1		42.3	5.4	0.1	47.8
Venezuela	41.0	3.3	1.7	46.0		37.6	3.3	1.7	42.6
Brazil	63.6	4.0	0.5	68.1		66.8	5.4	0.6	72.8
Argentina	41.1	0.4	0.3	41.8		43.4	0.7	0.5	44.6
Total	415.1	58.6	5.3	479.0		423.9	62.0	6.7	492.6

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

	4Q 04					4Q 05			
	Ret	Non-Ret	Fountain	Jug		Ret	Non-Ret	Fountain	Jug
Mexico	28.0	57.1	1.3	13.6		25.6	59.3	1.2	13.9
Central America	45.3	50.3	4.4	-		37.5	58.7	3.8	-
Colombia	46.8	43.7	3.5	6.0		42.8	48.6	3.3	5.3
Venezuela	27.0	67.2	3.5	2.3		23.1	70.6	3.5	2.8
Brazil	5.4		3.7	-		9.2		3.4	-

		90.9				87.4		
Argentina	25.8	71.5	2.7	-	24.3	72.8	2.9	-

For the twelve months ended December 31, 2005*Expressed in million of Mexican pesos as of December 31, 2005*

	YTD 04		YTD 05
Capex	1,849.5	Capex	2,063.7
Depreciation	1,284.1	Depreciation	1,307.5
Amortization & Other non-cash charges	1,124.0	Amortization & Other non-cash charges	1,219.1

VOLUME*Expressed in million unit cases*

	YTD 04				YTD 05			
	CSD	Water	Other	Total	CSD	Water	Other	Total
Mexico	793.5	188.7	7.7	989.9	812.4	202.1	10.5	1,025.0
Central America	104.1	4.6	1.9	110.6	102.4	4.7	2.3	109.4
Colombia	144.5	22.1	0.5	167.1	158.0	21.5	0.2	179.7
Venezuela	149.2	14.3	9.2	172.7	149.4	15.0	8.1	172.5
Brazil	212.5	13.2	1.8	227.5	232.6	17.7	2.2	252.5
Argentina	141.8	1.7	0.8	144.3	146.0	2.5	1.6	150.1
Total	1,545.6	244.6	21.9	1,812.1	1,600.8	263.5	24.9	1,889.2

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	28.4	55.9	1.3	14.4	26.6	57.2	1.2	15.0
Central America	48.5	47.5	3.9	0.1	41.9	54.4	3.7	-
Colombia	50.7	39.6	3.3	6.4	46.2	44.5	3.3	6.0

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Venezuela	29.9	63.5	3.0	3.6	24.7	69.0	3.2	3.1
Brazil	5.3	90.9	3.8	-	8.0	88.5	3.5	-
Argentina	26.9	69.7	3.4	-	25.9	70.7	3.4	-

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Macroeconomic Information

December 2005

Macroeconomic Information

	LTM	Inflation 4Q 05	Foreign Exchange Rate (local currency) per U.S. dollar	
			Dec 05	Dec 04
Mexico	3.33%	1.59%	10.7109	11.1460
Colombia	5.08%	0.45%	2,284.2200	2,389.7500
Venezuela	14.36%	2.50%	2,150.0000	1,920.0000
Brazil	5.35%	1.51%	2.3407	2.6544
Argentina	13.00%	3.22%	3.0320	2.9800

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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: February 24, 2006

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