

TITULO: FEMSA expands in Chile with convenience store buy				
Nº	FECHA	MEDIO	SECCIÓN	PÁGINA
162408	2022-03-16	Latinlawyer.com	On Line	SP

Imagen 1/2

FEMSA expands in Chile with convenience store buy

Emily Darby
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Credit: Shutterstock/Pavel Kapysh

Guerrero Olivos has helped Mexican retail and beverages company FEMSA bolster its presence in Chile by acquiring local convenience store brand OK Market.

Morales & Besa advised the Chilean target company as well as Santiago-based investor SMU Holding, which sold its entire stake in OK Market.

The transaction closed on 28 February after receiving approval from Chilean competition authority Fiscalía Nacional Económica. No value was disclosed.

FEMSA, which is widely known for owning the world's largest Coca-Cola bottler, has more than doubled its presence in Chile's convenience store market by adding OK Market's portfolio of 134 stores. FEMSA now counts a total of 258 outlets in Chile.

In an online statement, SMU revealed that the sale formed part of its strategic decision to focus on its core assets and the digitalisation of those retail services. The holding company owns several well-known retail brands, including Unimarc, Alvi and Mayorista 10 in Chile and MaxiAhorro and Mayorsa in Peru.

As well as operating a successful drinks business, FEMSA also manages Mexico's largest convenience store chain. Its subsidiary OXXO has some 20,000 stores across Latin America and is thought to be the largest in the region, with locations across Brazil, Chile, Colombia and other countries too. OXXO accounts for around 35% of parent company FEMSA's total annual revenue.

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The latest deal closed around the same time that FEMSA **announced** plans to grow its existing portfolio of Latin American convenience stores by 50% in the upcoming year. With the announcement, the company revealed that it aims to open 200 new OXXO stores in Brazil and a further 150 across Chile and Colombia. FEMSA plans to add 800 Mexican stores this year too.

The Mexican group grew its revenue by 16% in the fourth quarter of 2021 and brought in a net profit of US\$328 million during that period. That compares with a US\$57 million loss in the corresponding quarter for 2020.

The acquisition is the latest in a string of transactions carried out by FEMSA recently. In one landmark deal, the company's Coca-Cola bottling subsidiary **entered** into a private power purchase agreement (PPA) with the Uruguayan subsidiary of UK renewables company Atlantica Yield in January. The deal is not only the largest ever PPA in Uruguay, but one of the first in the country. The PPA allows Coca-Cola FEMSA to use solar energy generated by Atlantica's affiliate company to power its bottling plant in Montevideo. Just one month earlier, FEMSA's bottling division **expanded** its Latin American presence further by acquiring Brazilian counterpart CVI Refrigerantes for US\$111 million.

Founded in 1890, FEMSA also has businesses in the pharmaceutical, logistics and fuel industries. Through its different operations, the Mexico group counts a presence in Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, Uruguay and Venezuela.

Counsel to FEMSA

In-house counsel – Alejandro Gil

Guerrero Olivos

Partner Jorge Delpiano and associates Sebastián Marambio and Juan José García

Counsel to OK Market and SMU Holding

Morales & Besa

Partners María José Henríquez and Álvaro Barriga, and associates Benjamín González and Andrea González