Investor Relations

Monterrey
Carlos Beltrán del Río M.
carlos.beltran@e-arca.com.mx
Tel. 52(81) 8151-1443
Alberto Guajardo
alberto.guajardo@e-arca.com.mx
Tel: 52 (81) 8151-1547

New York
i-advize Corporate Communications
Melanie Carpenter
María Barona
Tel: (212) 406-3692
arca@i-advize.com

EMBOTELLADORAS ARCA

COTIZA EN BOLSA MEXICANA DE VALORES
ARCA

EARNINGS RELEASE

FOURTH QUARTER 2007 RESULTS

- **Net sales increased 8.1% while sales volume rose 5.5% in 4Q07.**
- **Operating income rose 35% in 4Q07.**
- **Net income increased 18% in 4Q07.**

Fourth Quarter 2007 (4Q07) Highlights:

- Total sales volume* increased 5.5% to 117.8 MUC.
- Net sales reached Ps. 4,497.2 million, up 8.1% when compared to 4Q06.
- Operating income was up 34.6% to Ps. 736.6 million.
- EBITDA** reached Ps. 952.1 million, 30.1% higher than in 4Q06.
- Net income rose 17.6% to Ps. 511.0 million, or Ps. 0.63 per share in 4Q07.

Full Year 2007 (FY07) Highlights:

- Total sales volume* increased 2.6% to 480.2 MUC.
- Net sales rose 7.4% to Ps. 18,572.7 million.
- Operating income increased by 6.6% to Ps. 3,644.6 million.
- EBITDA** increased 7.3% to Ps. 4,464.3 million in FY07, representing an EBITDA margin of 24.0%.
- Earnings per share reached Ps. 3.10 per share, up 9.1% when compared to FY06.

* Total sales volume includes soft drinks and single serve water. It does not include jug water.
**Operating Profit + Depreciation + Amortization

Monterrey, Mexico, February 20, 2008 – Embotelladoras Arca, S.A.B. de C.V. ("Arca" or "the Company") (BMV: ARCA), the second-largest *Coca-Cola* bottler in Mexico and Latin America, announced today its unaudited results for the fourth quarter ended December 31, 2007. All figures are expressed in thousands of constant Mexican pesos as of December 31, 2007.

Comments from the Chief Executive Officer:

Mr. Francisco Garza Egloff, Arca's Chief Executive Officer, stated, "We achieved another year of growth and improved indicators within execution, service, productivity and profitability. These advances reflect our performance and continued commitment to seeking perfection in all areas, as well as our focus on innovation in products, processes, service excellence, training and the use of the latest technology, all of which are the pillars for creating value."

He added, "We continue investing in the installation of coolers and vending machines to be closer to our consumers. Thanks to these efforts, we have positioned ourselves as the leading vending machine operator in Mexico, and plan to have close to 24 thousand units, of soft drinks and snacks, in 2008."

OPERATING RESULTS

Table 1. SALES SUMMARY (in '000 unit cases)

	Quarter			Twelve Months		
	4Q07	4Q06	Var. %	2007	2006	Var. %
Total Volume*	117,817	111,669	5.5%	480,189	468,042	2.6%

* Includes single serve water, exports and sales to third parties

Our beverage sales volume for 4Q07 registered an increase of 5.5% when compared to 4Q06, reaching a total of 117.8 MUC. This growth resulted from the strategies designed to meet the needs of a wide range of consumer patterns through the innovation of new products and packages, as well as improved coordination within the value change to capitalize on growth opportunities.

Table 2. SALES BY SEGMENT (in '000 unit cases)

	Quarter			Twelve Months		
	4Q07	4Q06	Var. %	2007	2006	Var. %
Colas	76,249	72,666	4.9%	306,585	302,824	1.4%
Diet Soft Drinks	8,653	7,345	17.8%	37,946	30,503	24.4%
Flavors*	27,486	27,182	1.1%	111,320	113,953	-2.3%
Purified Water**	3,856	3,066	25.8%	17,850	15,575	14.6%
Other***	1,572	1,410	11.5%	6,489	5,186	15.6%
TOTAL	117,817	111,669	5.5%	480,189	468,042	2.6%

* Includes mineral water, third party sales and exports of Topo Chico products.
** Does not include 20 liter jug water presentations.
*** Includes sports drinks, juices, milks and teas.

During 4Q07 the **colas** segment grew 4.9%, reaching 76.2 MUC, while **diet soft drinks** increased 17.8%, thanks to the strong results of Coca-Cola Light and the Zero product line (Coca-Cola, Fanta, Sprite and Manzana Lift Zero).

The **flavors** segment grew 1.1% in 4Q07, as a result of the improved performance of Joya and Fresca as well as new flavor and format launches.

Topo Chico mineral water registered a 16% increase during 4Q07, while exports of this product to the U.S. rose 6%, due to the strategies aimed at positioning the Topo Chico brand as the favorite mineral water among Hispanic consumers.

Purified water in single serve formats increased 25.8% during 4Q07, as a result of the strategies implemented at the point of sale in order to increase coverage and new ways to display our products.

During 4Q07, volumes within the **new categories** segment registered growth of 11.5%, as a result of increased coverage, new product launches and a greater presence of these products within the traditional channel.

Purified jug water grew 10% in 4Q07 vs 4Q06, thanks to its greater coverage, improved service and a rise in productivity per route. Notably, we launched Ciel brand jug water in Saltillo, where we have achieved greater coverage.

During 4Q07, we had several **new product launches**, including:

- New packages (1.5 lt REF PET, 1 lt PET NR) of **Coca-Cola**, Coca-Cola Light, Caffeine-free Coca-Cola Light and Coca-Cola Zero, in various cities.
- In **flavors** we introduced new presentations of Fanta and Fresca (250 ml, 12 oz and 500 ml RET, 1 lt PET NR, 1 lt RET, 2 lt PET NR) in various cities. We also launched new flavors such as Joya Apple, Peach and Punch, as well as "Apple Lift + Apple" in the majority of our territories.
- We expanded the coverage of Topo Chico Sangria 600 ml PET NR, 2 lt PET NR, and Topo Chico Sangria Light 600 ml PET NR in the states of Chihuahua, Sinaloa and Coahuila.
- Topo Chico table mineral water 750 ml glass NR (European style) in Monterrey.

During 4Q07 we initiated the following **promotions:**

- **Christmas Promotion "The town of good deeds"** – consisted of 4 plastic Christmas-themed cabanas.
- **Bokados Cross Promotion** – Exchange of twist caps of certain Coca-Cola brand products for Bokados products.
- **RITZ Metro Cross Promotion** – Exchange of twist caps for a package of Ritz Metro crackers.
- **Coca-Cola light + Cirque du Soleil "Quidam"** – Raffle of 5 trips for two and tickets for different Cirque du Soleil shows.
- **Tapipesos Coca-Cola Zero** – Ps. 1 giveaways under specially-marked Coca-Cola Zero caps.

Table 3. SALES BY FORMAT AND SIZE (in '000 unit cases)

	Quarter				Twelve Months			
	4Q07	% of total	4Q06	% of total	2007	% of total	2006	% of total
Returnable (R)	36,084	31%	37,939	34%	152,025	32%	166,524	36%
Non returnable (NR)	81,733	69%	73,730	66%	328,165	68%	301,518	64%
Single serve	58,584	50%	56,098	50%	240,267	50%	241,571	52%
Multiple serve	59,233	50%	55,572	50%	239,922	50%	226,471	48%

We continue our efforts to drive single serve product growth by using of our competitive advantages to segment the market in a manner that is efficient and adds value, while increasing our proximity to consumers through the use of a larger network of coolers and vending machines.

In the information systems area, we completed the technological update of our SAP platform, with the migration to version My SAP ERP 6.0. The execution of this project positions ARCA at the height of technology in IT systems.

We completed the first phase of our Business Intelligence System Standardization by integrating the various "Datawarehouses" under the SAP BW platform. This initiative will help further increase our analysis capacity while accelerating decision-making processes, mainly in the commercial areas, as well as improving profitability at various levels (product, channel and client).

In terms of the modern channel, we completed the first phase of our electronic-invoicing project, beginning with our client Walmex and expanding it gradually to the rest of our clients. In the second phase we will expand the project to include new capabilities such as Automatic Reordering and Advanced Shipping Notification.

Furthermore, we will update and purchase hand-held equipment with the most modern communications technology available in order to improve our delivery service and increase warehouse management efficiency.

Lastly, we have initiated the following projects:

- On-line Orders, which represents a radical change in the pre-sale operating model, and allows us to improve the management of warehouse operations while optimizing the distribution network by receiving client orders with greater lead time.
- Warehouse Automation, taking advantages of the SAP "Warehouse Management" capabilities; this will increase the optimization of product inventories while reinforcing quality and rotation controls.

Outlook for 2008

We expect soft drink volume growth of approximately 3% and a 3-4% improvement in the average sales price in **nominal terms**. In addition, we anticipate 20% growth in Bokados. Investments in fixed assets in 2008 will be approximately US$150 million, of which roughly half will go towards maintenance and periodic replacement of production and distribution assets. We also foresee expanding and modernizing some of our plants, as well installing jug water operations in Monterrey. Furthermore, a new Bokados plant in Sonora is planned with an investment of close to US$20 million. We will also continue with the installation of vending machines (soft drink, snack and dual) with the goal of surpassing 23 thousand units by year-end.

FINANCIAL ANALYSIS

INCOME STATEMENT

Net sales for 4Q07 reached Ps. 4,497.2 million, an increase of 8.1% with respect to the Ps. 4,159.2 million recorded in 4Q06, with Bokados contributing 46% of the increase. In real terms, average price per unit case in 4Q07 decreased 1% versus 4Q06 to Ps. 36.9 as a result of high comparable levels.

Cost of goods sold increased 4.6% with respect to 4Q06, (unchanged excluding Bokados), which led to an increase in the gross margin to 48.1% for 4Q07, compared to 46.3% in 4Q06. Unit costs decreased 4.4%, mainly due to the declining trend in sugar prices which represents approximately 20% total COGS.

Selling and administrative expenses decreased from 33.2% to 31.7% as a percentage of revenues in 4Q07. Specifically, during 4Q07, selling expenses increased 1.9% (decreased 3.7% excluding Bokados) while administrative expenses increased 9.2% (2.6% excluding Bokados), reaching Ps. 296.9 million during 4Q07.

Operating income for 4Q07 increased 34.6% with respect to 4Q06 with an operating margin of 16.4%. EBITDA increased 30.1% to Ps. 952.1 million, generating a 360 bps expansion from 17.6% to 21.2% (21.9% excluding Bokados).

The integral financing result in 4Q07 was Ps. 3.4 million, compared to Ps. 3.1 million in 4Q06.

During 4Q07, other income of Ps. 17.1 was registered mainly related to the sale of non-strategic assets.

Provisions for income tax and employee profit sharing reached Ps. 291.5 million in 4Q07, compared to Ps. 154.7 in 4Q06. On an accumulated basis, provisions for income tax and employee profit sharing reached Ps. 1,266.2 million, for an effective tax rate of 33.7%, compared to 33.6% in 2006.

As a result of the above, Arca's net income for 4Q07 increased 17.6%, reaching Ps. 511.0 million or Ps. 0.63 per share. For the cumulative twelve-month period, net income grew 9.1% reaching Ps. 2,501.4 million or Ps. 3.10 per share.

BALANCE SHEET AND CASH FLOW STATEMENT

At December 31, 2007, Arca's cash balance was Ps. 2,751.1 million, with financial debt of Ps. 1,520.4 million, resulting in a net cash balance of Ps. 1,230.7 million.

Net operating cash flow increased 15.2% in FY07 to Ps. 3,854.7 million due to improved operating results and greater discipline in the use of working capital.

Investment in fixed assets reached Ps. 1,069.0 million during FY07 (excluding the investment in Bokados), mainly allocated towards increasing capacity of NR production lines in the Pacific Coast region, construction of facilities for bottle injection and blowing, a water treatment plant and regular maintenance and replacement of plant and equipment, and the installation of additional coolers and vending machines.

About Arca

Arca produces, distributes and sells beverages under The Coca-Cola Company brand and proprietary brands. Arca was formed in 2001 through the merger of three of the oldest bottlers in Mexico making it the second-largest bottler in Latin America. The Company, headquartered in Monterrey, serves the northern region of Mexico in the states of Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, Sonora, Sinaloa, Baja California and Baja California Sur.

Arca also produces and distributes Bokados brand snack foods.

Disclaimer

This material may contain forward-looking statements regarding Arca and its subsidiaries based on management's expectations. This information as well as statements regarding future events and expectations is subject to risks and uncertainties, as well as factors that could cause the results, performance and achievements of the Company to differ at any time. Such factors include changes in the general economic, political, governmental and commercial conditions both domestically and globally, as well as variations in interest rates, inflation rates, exchange rate volatility, tax rates, the demand for and the price of carbonated beverages, water and ice, taxes on and the price of sugar, the prices of raw materials used in the production of soft drinks, weather conditions and various others. As a result of these risks and factors, actual results could be materially differ from the estimates provided, therefore, Arca does not accept responsibility for any variations or for the information provided by official sources.

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(in thousands of constant Mexican pesos as of December 31, 2007)

	4th. Quarter 2007	4th. Quarter 2006	Variation %	January-December 2007	January-December 2006	Variation %
NET SALES	4,497,245	4,159,153	8.1%	18,572,657	17,299,316	7.4%
COST OF SALES	(2,335,420)	(2,232,969)	4.6%	(9,555,332)	(8,947,402)	6.8%
GROSS PROFIT	2,161,825	1,926,184	12.2%	9,017,325	8,351,914	8.0%
	48.1%	46.3%		48.6%	48.3%	
SELLING EXPENSES	(1,128,292)	(1,107,073)	1.9%	(4,330,382)	(3,922,209)	10.4%
ADMINISTRATIVE EXPENSES	(296,892)	(271,923)	9.2%	(1,042,334)	(1,010,203)	3.2%
OPERATING INCOME (excludes non-recurring expenses)	736,641	547,188	34.6%	3,644,609	3,419,502	6.6%
	16.4%	13.2%		19.6%	19.8%	
NON-RECURRING EXPENSES	-	-	NA	-	(20,404)	NA
COMPREHENSIVE FINANCIAL RESULT:						
INTEREST EXPENSE, NET	2,508	26,671	NA	31	52,431	NA
EXCHANGE GAIN (LOSS)	8,434	(3,607)	NA	10,727	1,937	NA
MONETARY POSITION GAIN (LOSS)	(7,516)	(20,009)	-62.4%	(26,022)	(38,580)	-32.6%
	3,426	3,055	NA	(15,264)	15,788	NA
	740,067	550,243	34.5%	3,629,345	3,414,886	6.3%
OTHER INCOME (EXPENSE), NET	17,123	42,550	NA	123,548	47,770	NA
INCOME BEFORE THE FOLLOWING PROVISIONS:	757,190	592,793	27.7%	3,752,893	3,462,656	8.4%
	16.8%	14.3%		20.2%	20.0%	
PROVISIONS FOR:						
INCOME TAX	(253,045)	(170,223)	48.7%	(1,047,733)	(965,488)	8.5%
EMPLOYEES' PROFIT SHARING	(38,428)	15,564	-346.9%	(218,507)	(198,048)	10.3%
TOTAL PROVISIONS	(291,473)	(154,659)	88.5%	(1,266,240)	(1,163,536)	8.8%
EQUITY IN EARNINGS OF AFFILIATES AND MINORITY INTEREST	45,279	(3,502)	NA	14,788	(6,504)	NA
CONSOLIDATED NET INCOME	**510,996**	**434,632**	17.6%	**2,501,441**	**2,292,616**	9.1%
DEPRECIATION AND AMORTIZATION	215,410	184,758	16.6%	819,696	739,225	10.9%
EBITDA (excludes non-recurring expenses)	**952,051**	**731,946**	30.1%	**4,464,305**	**4,158,727**	7.3%
EBITDA MARGIN	**21.2%**	**17.6%**		**24.0%**	**24.0%**	
Per Share Data:						
Net Income	0.63	0.54	17.6%	3.10	2.84	9.1%
Total number of shares outstanding ('000)	806,020	806,020		806,020	806,020	

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in thousands of constant Mexican pesos as of December 31, 2007)

	as of December 31, 2007	2006
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	2,751,084	2,562,004
Accounts receivable, net	742,085	715,902
Other accounts receivable	250,794	232,724
Inventories	996,417	964,893
Prepayments	54,332	66,617
Total Current Assets	**4,794,712**	**4,542,141**
ACCOUNTS RECEIVABLE - LONG TERM	0	169,684
INVESTMENT IN SHARES	121,622	88,939
PROPERTY, PLANT AND EQUIPMENT	9,184,752	8,838,990
GOODWILL, NET	2,521,810	2,269,444
OTHER ASSETS	645,422	333,656
TOTAL ASSETS	**17,268,318**	**16,242,853**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank loans	1,011,340	11,735
Suppliers & accounts payable	1,245,085	953,991
Other accounts payable and expenses	457,259	348,501
Total Current Liabilities	**2,713,684**	**1,314,227**
LONG TERM BANK LOANS	509,125	1,577,579
LABOR OBLIGATIONS	121,862	233,600
DEFERRED INCOME TAX AND OTHERS	1,383,900	1,333,837
TOTAL LIABILITIES	**4,728,571**	**4,459,243**
SHAREHOLDERS' EQUITY		
Minority interest	148	160
Capital Stock	4,697,989	4,698,442
Retained Earnings	5,340,171	4,792,391
Net Profit	2,501,440	2,292,616
TOTAL SHAREHOLDERS' EQUITY	**12,539,748**	**11,783,609**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**17,268,318**	**16,242,852**

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CASH FLOW STATEMENT
As of December 31, 2007
(in thousands of constant Mexican pesos as of December 31, 2007)

	2007	2006
NET INCOME	**2,501,440**	**2,292,616**
+ DEPRECIATION AND AMORT.	946,149	930,551
+ OTHER	50,061	285,440
= OPERATING CASH FLOW	**3,497,650**	**3,508,607**
- WORKING CAPITAL	**(357,047)**	**162,897**
= OPERATING CASH FLOW AFTER WORKING CAPITAL NEEDS	**3,854,697**	**3,345,710**
- DEBT AMORTIZATION	68,716	76,008
- CAPITAL EXPENDITURES (NET)	1,875,268	1,275,408
- DIVIDENDS PAID	1,641,628	1,657,540
- SHARE REPURCHASE PROGRAM	80,007	(120,125)
= OPERATING CASH FLOW AFTER FIN. AND INVESTING NEEDS	**189,078**	**456,879**
CASH BALANCE AT THE BEGINNING OF PERIOD	**2,562,004**	**2,105,123**
= CASH BALANCE AT THE END OF PERIOD	**2,751,082**	**2,562,002**