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EMBOTELLADORAS ARCA

EARNINGS RELEASE

THIRD QUARTER 2008 RESULTS

- **Sales increased 5.5% while volume rose 4.6% in 3Q08.**
- **Operating cash flow before working capital rose 4% in 9M08.**
- **Net income increased 18.1% in 3Q08.**

Third Quarter 2008 (3Q08) Highlights:

- Total sales volume* increased 4.6% to 139.8 MUC.
- Net sales reached Ps. 5,470.5 million, up 5.5% when compared to 3Q07.
- Operating income declined 2.4% to Ps. 1,132.5 million.
- EBITDA** reached Ps. 1,349.9 million, 0.8% less than 3Q07.
- Net income rose 18.1% to Ps. 873.2 million or Ps. 1.08 per share in 3Q08.

First Nine Months 2008 (9M08) Highlights:

- Total sales volume* increased 5.8% to 383.3 MUC.
- Net sales reached Ps. 15,107.3 million, up 7.3% when compared to 9M07.
- Operating income rose 5.1% to Ps. 3,055.1 million.
- EBITDA** reached Ps. 3,695.1 million, 5.2% higher than in 9M07, reaching a margin of 24.5%.
- Earnings per share came in at Ps. 2.76 per share, up 11.8% when compared to 9M07.

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

Monterrey, Mexico, October 28, 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 third quarter and first nine-month period ended September 30, 2008. The figures corresponding to 2007 are expressed in thousands of constant pesos as of December 31, 2007, while those from 2008 are presented in thousand of nominal pesos. In addition, the following figures include the results for the Coca-Cola franchise in Northeastern Argentina ("NEA") since May 2008.

Comments from the Chief Executive Officer:

Mr. Francisco Garza Egloff, Chief Executive Officer of Arca, commented, "Once again, we achieved a quarter of growth, not only in sales, but also in the bottom line. Most notable were the performances of the non-carbonated beverage business as well as exports. In snack foods, we grew approximately 29% thanks to robust organic growth and geographic expansion to new territories that present tremendous growth potential."

He added, "We possess a complete product portfolio, an extensive distribution network and a solid financial position that will enable us to confront this period of high volatility and economic slowdown. To this end, we will focus our efforts on offering our consumers an adequate pricing structure with a competitive and profitable product portfolio, while at all times maintaining a strict discipline of costs, expenses and working capital."

OPERATING RESULTS

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

	Quarter			Nine Months		
	3Q08	3Q07	Var. %	2008	2007	Var. %
Total Volume*	139,750	133,587	4.6%	383,266	362,372	5.8%

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

Beverage sales volume increased 4.6% in 3Q08 when compared to 3Q07, reaching a total of 139.8 MUC. The recently-acquired franchise in Northeastern Argentina represented 8.6 MUC of this increase.

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

	Quarter			Nine Months		
	3Q08	3Q07	Var. %	2008	2007	Var. %
Colas	87,925	85,199	3.2%	244,760	230,336	6.3%
Diet Soft Drinks	9,157	9,769	-6.3%	26,234	29,292	-10.4%
Flavors*	32,313	31,076	4.0%	86,251	83,833	2.9%
Purified Water**	6,935	5,702	21.6%	17,058	13,994	21.9%
Other***	3,421	1,840	85.9%	8,964	4,916	82.3%
TOTAL	139,750	133,587	4.6%	383,266	362,372	5.8%

* Includes mineral water, third party sales and exports of Topo Chico products.

** Does not include 20-liter jug water presentations.

During 3Q08 the **colas** segment grew 3.2% (Mexico -0.7%), reaching 87.9 MUC, while **diet soft drinks** decreased 6.3%. As previously discussed, this decline was explained by the launch of Coca-Cola Zero, which took place in all of Arca's territories in 2007. The **flavors** segment grew 4.0% (Mexico -11.6%) when compared to the same period in 2007.

Topo Chico mineral water registered a 1% decrease during 3Q08, while exports of this product to the U.S. rose 22%, due to the strategies aimed at positioning the Topo Chico brand as the favorite mineral water among Hispanic consumers. "Project Nostalgia" (exporting of Mexican soft drinks to the U.S.) grew 22% during the first nine months of 2008.

Purified water in single serve formats increased 21.6% during 3Q08 (Mexico 13.7%) as a result of successful strategies implemented at the point of sale to increase coverage, as well as the placement of additional displays (different than coolers) in several points of sales and a new image for the Ciel brand.

During 3Q08, volumes within the **new categories** segment posted growth of 85.9%, mainly a result of the launch of distribution of Jugos del Valle products in the traditional channel, the same that have had successful acceptance among our clients.

Purified jug water grew 2% in 3Q08 vs. 3Q07, thanks to the launch of Ciel brand jug water in various cities. The decreased growth level was due to significant rainfall in the majority of our territories during 3Q08.

During 3Q08, Arca launched several **new product offerings**, including:

- Coca-Cola and Flavors in 1.5 lts. REF-PET in some cities.
- Coca-Cola, Joya Punch, Peach, Lemonade and Apple 1 lt. glass returnable.
- Joya Lemonade in 250 and 500 ml. PET NR and 12 oz. glass returnable.
- Coca-Cola Zero and Manzana Lift in 400 ml. PET NR.
- Fresca Citrics 250 ml., 600 ml., 2.0 lts. and 3.0 lts. PET NR.

During 3Q08 Arca initiated several **promotions** related to the Olympic Games. Furthermore there were Coca-Cola Zero promotions targeting youngsters with prizes including lap-tops, i-pods, among others, as well as tickets for a concert on-board an airplane and for the 2008 MTV Latin American Awards Show in Guadalajara.

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

	Quarter				Nine Months			
	3Q08	% of total	3Q07	% of total	2008	% of total	2007	% of total
Returnable (R)	42,009	30%	41,925	31%	114,722	30%	115,941	32%
Non returnable (NR)	97,741	70%	91,662	69%	268,544	70%	246,432	68%
Single serve*	65,683	47%	66,321	50%	184,505	48%	181,683	50%
Multiple serve	74,066	53%	67,266	50%	198,761	52%	180,689	50%

* 50% in Mexico

The mix of returnable packages remained flat at 30% despite the addition of Jugos del Valle products into our portfolio. Single serve packages in Arca-Mexico remained unchanged at 50% of the mix due to a larger coverage of vending and coolers and initiatives aimed at promoting this format.

With respect to the vending machine business, Arca continues with its expansion project of this highly profitable channel. At the close of the third quarter, Arca reached 23,000 installed vending machines, which includes beverage and dual beverage-snack machines. In addition, coverage was increased to link machines to the Arca's network using cellular technology in the Reynosa territory, resulting in substantially improved productivity on routes and sales.

Arca's snack division grew 29% in the quarter. Bokados' products have been very well accepted among clients and consumers in the new territories we are expanding to, including recently Tijuana, Mexico City, Juarez, Guadalajara, among others.

In the information systems area, Arca initiated the Shared Central Services Initiative to standardize and make more agile common transactional processes for all of Arca's territories. In the first phase of this project, Payroll, Accounts Payable, Supply Chain, Treasury and Call Centers were initiated.

By incorporating these production concepts (total quality, continuous improvement and flat organizational structure) into current administrative areas and leveraging the existing technological infrastructure, Arca will obtain cost efficiencies and improved service levels.

The “Route to Market” (“RTM”) project was also initiated, which will allow Arca to develop new service models for the market to maximize the potential, profitability and competitiveness of the distribution network.

Furthermore, the first phase of the systemization and modernization project for warehouses, entitled “Project Synergy” was concluded. In this phase, business was generated that justifies the investment in state-of-the-art technology (“Warehouse Management” system, radio frequency equipment and voice activated hand-helds), which will allow Arca to efficiently drive growth in the number of SKU’s, seeking new manners to optimize rotation, strengthen “Total Product Management” (TPM) and accelerate the implementation of “cross-dock” distribution methods.

Arca also continued with the modernization of Bokados’ technology infrastructure through the installation of modern “hand-held” equipment in new locations within Mexico City, as well as an expansion in the Pacific zone and the Tijuana, Guadalajara, Ciudad Juarez and Iztapalapa branch. In addition, Arca is in the process of finalizing the implementation of the new business information platform SAP Bokados that will allow Arca to optimize supervisory and financial consolidation processes, among others.

FINANCIAL ANALYSIS

INCOME STATEMENT

The following figures include the Coca-Cola franchise in Northeastern Argentina (“NEA”) since May 2008.

Net sales for 3Q08 reached Ps. 5,470.5 million, an increase of 5.5% (Mexico 1.0%, including Bokados) with respect to the Ps. 5,183.6 million recorded in 3Q07. For the beverage business in Mexico, the average price per unit case increased 2.1% to Ps. 38.5 in 3Q08 vs. 3Q07 as a result of selective price adjustments taken throughout the year.

Cost of goods sold increased 5.6% (Mexico 0.1%, including Bokados) with respect to 3Q07, derived mainly from the incorporation of Argentina operations. Consolidated gross margin was 48.9% (Beverage-Mexico 49.5%) during 3Q08, flat year-on-year. The cost of goods sold per unit case in Mexico (ex-Bokados) rose 0.8% from Ps. 19.3 to Ps. 19.4 representing a 70 basis points margin expansion as a net result of lower sweetener costs and higher concentrate and packaging prices.

Selling and administrative expenses increased 12.2% (Mexico 6.6%, including Bokados) from Ps. 1,374.4 million to Ps. 1,542.4 million during 3Q08. Specifically, during 3Q08, selling expenses increased 9.6% (Mexico 5.7%, including Bokados) while administrative expenses rose 24.2% (Mexico 11.1%, including Bokados). The rise in selling expenses in the Mexican operation was mainly related to the increased sales force for pre-sale routes for new categories including Jugos del Valle, as well as higher expenses at Bokados for the activation of new points of sale and geographic expansion, while administrative expenses rose due to annual salary increases, as well as the administration of other businesses such as Jugos del Valle and Argentina.

Operating income for 3Q08 declined by 2.4% (Mexico 3.4%, including Bokados), when compared to 3Q07, reaching Ps. 1,132.5 million with an operating margin of 20.7%. EBITDA decreased 0.8% (Mexico 2.0%, including Bokados) to Ps. 1,349.9 million, for a margin of 24.7% (Mexico 25.5%, including Bokados).

The integral financing result in 3Q08 was Ps. 6.6 million compared to Ps. 0.3 million in 3Q07. In 3Q08, an exchange rate gain of Ps. 12.8 million was registered as a result of a long-dollar position.

During 3Q08, other income of Ps. 31.0 million was reported mainly related to tax refunds from prior years.

Provisions for income tax and employee profit sharing reached Ps. 298.2 million (25.5% effective tax rate), compared to Ps. 439.4 million (36.9% effective tax rate) in 3Q07. This decline stemmed from the application of tax incentives.

As a result of the above, Arca's net income for 3Q08 increased 18.1%, reaching Ps. 873.2 million or Ps. 1.08 per share.

BALANCE SHEET AND CASH FLOW STATEMENT

As of September 30, 2008, Arca's cash balance was Ps. 1,876.7 million, with financial debt of Ps. 1,514.8 million, leaving a net cash balance of Ps. 361.8 million. On October 24, 2008, the Company paid Ps. 1 billion of its local notes.

Operating cash flow before working capital increased 4% in 9M08 to Ps. 3,668.7 million due to improved operating results.

Investment in fixed assets reached Ps. 1,063 million during 9M08, mainly allocated towards the construction of facilities for bottle injection and blowing, regular maintenance and replacement of plant and equipment, and the installation of additional coolers and beverage as well as snack 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. In 2008, Arca began operating in the Northeastern region of Argentina in the provinces of Chaco, Corrientes, Formosa, Misiones and the northern part of the Santa Fe province.

Arca also produces and distributes Bokados brand snack foods.

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

	3rd. Quarter 2008	3rd. Quarter 2007	Variation %	January-September 2008	January-September 2007	Variation %
NET SALES	5,470,491	5,183,618	5.5%	15,107,342	14,075,981	7.3%
COST OF SALES	(2,795,559)	(2,648,406)	5.6%	(7,741,326)	(7,220,204)	7.2%
GROSS PROFIT	2,674,932	2,535,212	5.5%	7,366,016	6,855,777	7.4%
	48.9%	48.9%		48.8%	48.7%	
SELLING EXPENSES	(1,240,367)	(1,131,306)	9.6%	(3,493,453)	(3,202,220)	9.1%
ADMINISTRATIVE EXPENSES	(302,023)	(243,098)	24.2%	(817,513)	(745,473)	9.7%
	(1,542,390)	(1,374,404)	12.2%	(4,310,966)	(3,947,693)	9.2%
OPERATING INCOME	1,132,542	1,160,808	-2.4%	3,055,050	2,908,084	5.1%
	20.7%	22.4%		20.2%	20.7%	
COMPREHENSIVE FINANCIAL RESULT:						
INTEREST EXPENSE, NET	(6,186)	6,197	NA	(17,540)	(2,477)	608.1%
EXCHANGE GAIN (LOSS)	12,805	5,946	NA	(63,442)	2,293	NA
MONETARY POSITION GAIN (LOSS)	-	(11,879)	NA	-	(18,507)	NA
	6,619	264	NA	(80,982)	(18,691)	NA
	1,139,161	1,161,072	-1.9%	2,974,068	2,889,393	2.9%
OTHER INCOME (EXPENSE)	31,028	30,423	NA	101,692	106,431	-4.5%
EMPLOYEES' PROFIT SHARING	(80,893)	(88,766)	-8.9%	(189,921)	(180,086)	5.5%
OTHER INCOME (EXPENSE), NET	(49,865)	(58,343)	NA	(88,229)	(73,655)	NA
INCOME BEFORE THE FOLLOWING PROVISIONS:	1,089,296	1,102,729	-1.2%	2,885,839	2,815,738	2.5%
	19.9%	21.3%		19.1%	20.0%	
INCOME TAX	(217,265)	(350,642)	-38.0%	(663,633)	(794,720)	-16.5%
EQUITY IN EARNINGS OF AFFILIATES AND MINORITY INTEREST	1,170	(12,548)	NA	2,556	(30,494)	NA
CONSOLIDATED NET INCOME	**873,201**	**739,539**	18.1%	**2,224,762**	**1,990,524**	11.8%
DEPRECIATION AND AMORTIZATION	217,320	200,543	8.4%	640,090	604,311	5.9%
EBITDA	**1,349,862**	**1,361,351**	-0.8%	**3,695,140**	**3,512,395**	5.2%
EBITDA MARGIN	**24.7%**	**26.3%**		**24.5%**	**25.0%**	
Per Share Data:						
Net Income	1.08	0.92	18.1%	2.76	2.47	11.8%
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 Mexican pesos)

	as of September 30, 2008	2007
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	1,876,686	3,603,233
Accounts receivable, net	799,458	752,198
Other accounts receivable	336,877	293,032
Inventories	1,207,522	1,068,094
Prepayments	88,584	110,664
Total Current Assets	**4,309,127**	**5,827,221**
INVESTMENT IN SHARES & OTHER INVESTMENTS	728,576	105,721
PROPERTY, PLANT AND EQUIPMENT	9,718,963	9,181,480
GOODWILL, NET	3,478,348	2,423,441
OTHER ASSETS	436,127	618,141
TOTAL ASSETS	**18,671,141**	**18,156,004**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank loans	1,010,266	11,530
Suppliers & accounts payable	1,551,421	1,301,593
Other accounts payable and expenses	278,694	377,637
Total Current Liabilities	**2,840,381**	**1,690,760**
LONG TERM BANK LOANS	504,577	1,537,842
LABOR OBLIGATIONS	14,137	314,979
DEFERRED INCOME TAX AND OTHERS	1,497,623	1,342,979
TOTAL LIABILITIES	**4,856,718**	**4,886,560**
SHAREHOLDERS' EQUITY		
Minority interest	149	343,055
Capital Stock	4,697,989	4,708,717
Retained Earnings	6,891,521	6,227,148
Net Profit	2,224,764	1,990,524
TOTAL SHAREHOLDERS' EQUITY	**13,814,423**	**13,269,444**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**18,671,141**	**18,156,004**

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CASH FLOW STATEMENT
As of September 30, 2008

(in thousands of Mexican pesos)

	2008	2007
INCOME (LOSS) BEFORE INCOME TAX	**2,888,417**	**2,810,335**
+ DEPRECIATION AND AMORT.	640,090	604,311
+ OTHER	17,065	(26,607)
	657,155	**577,704**
+ ACCRUED INTEREST	123,111	139,192
= OPERATING CASH FLOW BEFORE TAXES	**3,668,683**	**3,527,231**
- WORKING CAPITAL	**1,000,241**	**437,200**
= OPERATING CASH FLOW AFTER WORKING CAPITAL NEEDS	**2,668,442**	**3,090,031**
INVESTMENT ACTIVITIES		
- CAPITAL EXPENDITURES (NET)	2,517,557	1,031,143
FINANCING ACTIVITIES		
- DIVIDENDS PAID	765,719	746,755
- SHARE REPURCHASE PROGRAM	166,790	97,833
- DEBT AMORTIZATION	5,622	43,441
- INTEREST PAID	88,614	105,399
- OTHERS	5,450	30,144
	1,032,195	**1,023,572**
= NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**(881,310)**	**1,035,316**
CHANGE IN CASH	**432**	**60**
CASH BALANCE AT THE BEGINNING OF PERIOD	**2,757,562**	**2,567,858**
= CASH BALANCE AT THE END OF PERIOD	**1,876,684**	**3,603,234**