

Investor Relations

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ARCA

EARNINGS RELEASE

FIRST QUARTER 2010 RESULTS

- **Net sales grew 3% in 1Q10.**
- **Sales volume in Argentina increased 4.6% in 1Q10.**
- **Bokados sales rose 22% in 1Q10.**

First Quarter 2010 (1Q10) Highlights:

- Total sales volume* declined 0.9% to 131.9 MUC.
- Net sales reached Ps. 5,476.2 million, 2.9% above 1Q09.
- Operating income before non-recurring expenses decreased 14.7% to Ps. 644.2 million, representing a margin of 11.8%.
- EBITDA** reached Ps. 933.3 million, 8.7% lower than 1Q09, representing a margin of 17.0%.

* Total sales volume includes soft drinks and single serve water. It does not include jug water.

**Operating Profit + Depreciation

Monterrey, Mexico, April 30, 2010 – 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 first quarter ended March 31, 2010.

Comments from the Chief Executive Officer:

Mr. Francisco Garza Egloff, Arca’s Chief Executive Officer, stated, “Within a challenging economic and consumer environment, coupled with atypically unfavorable climate in our territories, Arca responded quickly to reinforce its presence in the market and launch promotions tailored to its consumer base. In addition, the Company established programs to rationalize costs and continue improving operating efficiency, which together, helped mitigate the conditions prevalent in the beverage industry while consolidating our clients’ preference for our products.”

“Among these actions stands out our aggressive cooler installation program; this added 11,000 new units during the quarter and allowed us to increase our coverage at the point of sale as we prepare to better serve our clients during the peak months ahead.”

Garza Egloff also noted the performance of Arca’s Argentine Division which maintains high growth rates with 5% higher sales volume during the quarter, as well as the growth of Bokados which continues expanding its business with new products and new territories, reaching a significant increase of 22% in sales during the first quarter of 2010.

“We are focused each and every day on intensifying our efforts to better serve our clients and consumers, while simultaneously maintaining strict discipline in the efficient use of resources. We possess a solid operating platform, brand leadership, and the commitment of our personnel to continue generating growth opportunities.”

OPERATING RESULTS

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

	Quarter		
	1Q10	1Q09	Var. %
Total Volume*	131,913	133,130	-0.9%

* Does not include jug water presentations

Beverage sales volume (excluding jug water) decreased 0.9% in 1Q10 when compared to 1Q09, reaching a total of 131.9 MUC. The Mexico Beverage Division registered a 2.6% decrease in sales volume when compared to 1Q09, while the Argentine operation registered sales volume of 32.8 MUC representing an increase of 4.6% versus 1Q09. The decline in Mexico was attributed to the unusually cold temperatures registered during the first quarter of 2010, as well as higher levels of rain when compared to 1Q09.

Table 2. SALES BY SEGMENT (in '000 unit cases)			
	Quarter		
	1Q10	1Q09	Var. %
Colas	85,919	86,223	-0.4%
Diet Soft Drinks	7,921	8,511	-6.9%
Flavors*	28,892	29,502	-2.1%
Purified Water**	5,016	5,288	-5.2%
Other***	4,166	3,606	15.5%
TOTAL	131,913	133,130	-0.9%
Jugs⁽¹⁾	3,267	3,540	-7.7%

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

** Does not include jug water presentations.

*** Includes sports drinks, juices, milks and teas.

(1) In thousand of Jugs

In the Argentine Division, Arca increased its market share in terms of sales volume by 6 percentage points, while in Mexico, the Company maintained its leading position in soft drinks. During 1Q10, the **colas** segment declined 0.4% (Mexico -1.2%), reaching 86 MUC, while **diet soft drinks** decreased 6.9% (Mexico -8.5%). The **flavors** segment declined 2.1% (Mexico -7.7%) in 1Q10 when compared to 1Q09. **Purified water** in single serve formats decreased 5.2% during 1Q10 (Mexico -8.2%).

During 1Q10, the **new categories** segment posted sales volume growth of 15.5% (Mexico 17.1%) when compared to 1Q09, driven by the success of Vallefrut. Due to the wide acceptance of this orange product, Arca expanded it to all of its territories.

During 1Q10, Arca continued to significantly drive sales of affordable returnable multi-serve products while at the same time initiating the Tapipesos promotion in several returnable products (2-liter Ref PET and 500 ml glass returnable), we well as 2.5-liter and 500ml one-way products.

Table 3. SALES BY FORMAT AND SIZE (in '000 unit cases)				
	Quarter			
	1Q10	% of total	1Q09	% of total
Returnable (R)	46,706	35%	45,972	35%
Non returnable (NR)	85,208	65%	87,158	65%
Single serve	51,063	39%*	52,461	39%
Multiple serve	80,850	61%	80,669	61%

* In Mexico 48% in 1Q10

In the vending machine business, the Company completed the launch of its new machine management and control system utilizing the latest technology. The new capabilities enable Arca to increase the efficiency of visits and payments, as well as productivity per route while significantly decreasing the “stock-outs” of products. In the coming months, Arca will initiate Phase II of this project which includes on-line communications with its vending machines.

In the snack foods business, Bokados continues reporting significant growth driven in large part by the continuous opening of distribution centers throughout Mexico, as well as the expansion of operations at the second production plant in Northwestern Mexico. Sales reached Ps. 276.2 million in 1Q10, representing an increase of 22% versus 1Q09.

With respect to information systems and continuing with modernization strategy of Bokados' commercial processes, the implementation of the pre-sale system was finalized. This will allow the Company to attend to 130,000 clients via its 870 routes, using the most modern hand held technology. With this platform, the Company will be capable of strengthening segmentation practices and execution at the point of sale, in addition to reducing product inventory levels.

FINANCIAL ANALYSIS

INCOME STATEMENT

Net sales for 1Q10 reached Ps. 5,476.2 million, an increase of 2.9% (0.9% excluding Argentina) compared to Ps. 5,324.4 million in 1Q09. Sales volume for the Mexico Beverage Division decreased 2.6% in 1Q10, while the average price per unit case increased 2.4% to Ps. 41.5 in 1Q10. Volume in Argentina rose 4.6% to 32.8 MCU.

During 1Q10, cost of goods sold increased 5.8% (3.4% excluding Argentina) when compared to 1Q09, mainly a result of the increases in sugar prices in both Mexico and Argentina. The price of sugar, one of the Company's main inputs, has remained at historically high levels. The consolidated gross margin for 1Q10 was 44.1% (45.6% excluding Argentina). Cost of goods sold per unit case (excluding Argentina) increased 5.8% from Ps. 21.6 in 1Q09 to Ps. 22.9 in 1Q10.

Selling and administrative expenses increased 5.6% (4.0% excluding Argentina) from Ps. 1,674.8 million to Ps. 1,769.1 million in 1Q10. Specifically, during 1Q10, selling expenses increased 6.2% (4.6% excluding Argentina), influenced by the opening of new branches in the snack business, Bokados, while administrative expenses increased 3.1% (1.6% excluding Argentina).

Operating income before non-recurring expenses for 1Q10 decreased 14.7% (-14.2% excluding Argentina) with respect to 1Q09, reaching Ps. 644.2 million, with an operating margin of 11.8%. EBITDA decreased 8.7% during 1Q10 (-8.7% excluding Argentina) to Ps. 933.3 million, representing an EBITDA margin of 17.0% (18.6% excluding Argentina).

The integral cost of financing was Ps. 94.2 million in 1Q10 compared to the Ps. 78.6 million in 1Q09. The 1Q10 figure includes net financial expenses of Ps. 76.5 million derived from a higher debt level as well as an exchange loss of Ps. 17.8 million.

Provisions for income tax and employee profit sharing reached Ps. 174.8 million in 1Q10, (effective tax rate of 30.7%) compared to Ps. 221.7 million in 1Q09 (effective tax rate of 32.3%).

As a result of the above, Arca's net income for 1Q10 was Ps. 398.4 million, compared to Ps. 464.5 million in 1Q09.

BALANCE SHEET AND CASH FLOW STATEMENT

As of March 31, 2010, Arca's cash balance was Ps. 2,908.9 million, with financial debt of Ps. 4,500.0 million, leaving a net debt of cash of Ps. 1,591.1 million.

Investment in fixed assets reached Ps. 305 million in the 1Q10 period, mainly allocated towards sales equipment, transportation equipment and machinery adjustments.

On March 26, 2010 the Company paid off the Company's Certificado Bursatil (ARCA 09) issued in February, 2009 in the amount of Ps. 1,420 million in 14 tranches of 28 days.

RECENT EVENTS

In accordance with what was approved during the General Ordinary Shareholders' Meeting held on April 20, 2010, a cash dividend of Ps. 1.05 per share was paid on April 29, 2010 for a total of approximately Ps. 846 million. Furthermore, this Shareholders' Meeting approved Ps. 500 million as the maximum amount of resources allocated towards the repurchase of shares during 2010, and reappointed the Board of Directors as well as their respective Committees for the year.

About Arca

Arca produces, distributes and sells beverages under The Coca-Cola Company brand. 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, San Luis Potosi, Zacatecas, Baja California and Baja California Sur, as well as Northern Argentina. Arca also produces and distributes Bokados brand snack foods. For more information, visit www.e-arca.com.mx

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 Mexican pesos)

	1st. Quarter		Variation %
	2010	2009	
NET SALES	5,476,188	5,324,388	2.9%
COST OF SALES	(3,062,913)	(2,893,976)	5.8%
GROSS PROFIT	2,413,275 44.1%	2,430,412 45.6%	-0.7%
SELLING EXPENSES	(1,445,392)	(1,360,813)	6.2%
ADMINISTRATIVE EXPENSES	(323,664)	(313,984)	3.1%
	(1,769,056)	(1,674,797)	5.6%
OPERATING INCOME	644,219 11.8%	755,615 14.2%	-14.7%
NON-RECURRING EXPENSES	-	(10,047)	NA
COMPREHENSIVE FINANCIAL RESULT:			
INTEREST EXPENSE, NET	(76,464)	(68,030)	12.4%
EXCHANGE GAIN (LOSS)	(17,782)	(10,603)	67.7%
	(94,246)	(78,633)	NA
	549,973	666,935	-17.5%
OTHER INCOME (EXPENSE)	19,341	19,353	-0.1%
EMPLOYEES' PROFIT SHARING	(26,300)	(34,989)	-24.8%
OTHER INCOME (EXPENSE), NET	(6,959)	(15,636)	-55.5%
INCOME BEFORE THE FOLLOWING PROVISIONS:	543,014 9.9%	651,299 12.2%	-16.6%
INCOME TAX	(148,529)	(186,750)	-20.5%
EQUITY IN EARNINGS OF AFFILIATES AND MINORITY INTEREST	3,922	(37)	NA
CONSOLIDATED NET INCOME	398,407	464,512	-14.2%
DEPRECIATION AND AMORTIZATION	289,039	266,918	8.3%
EBITDA	933,258	1,022,533	-8.7%
EBITDA MARGIN	17.0%	19.2%	
Per Share Data:			
Net Income	0.49	0.58	-14.2%
Total number of shares outstanding ('000)	806,020	806,020	

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(in thousands of Mexican pesos)

	as of March 31,	
	<u>2010</u>	<u>2009</u>
ASSETS		
<hr/>		
CURRENT ASSETS		
Cash & Cash Equivalents	2,908,941	1,425,197
Accounts receivable, net	932,529	779,195
Other accounts receivable	464,050	290,999
Inventories	1,726,462	1,553,413
Prepayments	143,209	87,671
Total Current Assets	6,175,192	4,136,476
INVESTMENT IN SHARES & OTHER INVESTMENTS	372,496	786,888
PROPERTY, PLANT AND EQUIPMENT	10,799,028	11,088,703
GOODWILL, NET	4,611,883	4,560,614
OTHER ASSETS	2,357,851	1,682,718
TOTAL ASSETS	24,316,450	22,255,399
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LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank loans	500,000	2,748,804
Suppliers & accounts payable	1,288,427	1,420,129
Taxes and profit sharing payable	490,419	433,173
Total Current Liabilities	2,278,847	4,602,106
BANK LOANS AND LONG TERM LIABILITIES	4,030,267	500,000
DEFERRED INCOME TAX AND OTHERS	1,930,388	2,075,337
TOTAL LIABILITIES	8,239,502	7,177,443
SHAREHOLDERS' EQUITY		
Minority interest	152	157
Capital Stock	4,697,989	4,697,989
Retained Earnings	10,980,402	9,915,298
Net Profit	398,405	464,512
TOTAL SHAREHOLDERS' EQUITY	16,076,948	15,077,956
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,316,450	22,255,399

EMBOTELLADORAS ARCA, S. A. B. DE C. V. AND SUBSIDIARIES
CASH FLOW STATEMENT

As of March 31, 2008

(in thousands of Mexican pesos)

	<u>2010</u>	<u>2009</u>
INCOME (LOSS) BEFORE INCOME TAX	546,936	651,265
+ DEPRECIATION AND AMORT.	289,039	266,918
+ OTHER	(3,721)	(1,818)
	<hr/> 285,318	<hr/> 265,100
+ ACCRUED INTEREST	123,953	89,634
= OPERATING CASH FLOW BEFORE TAXES	956,207	1,005,999
- WORKING CAPITAL AND TAXES	<hr/> 362,001	<hr/> 200,097
= OPERATING CASH FLOW AFTER WORKING CAPITAL NEEDS	594,206	805,902
INVESTMENT ACTIVITIES	538,106	497,352
FINANCING ACTIVITIES		
- SHARE REPURCHASE PROGRAM	(51,845)	(17,943)
- DEBT AMORTIZATION	1,439,140	(261,278)
- INTEREST PAID	130,704	78,634
- OTHERS	4,051	(18,103)
	<hr/> 1,522,050	<hr/> (218,690)
= NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(1,465,950)	527,240
CHANGE IN CASH	(46,263)	(60,698)
CASH BALANCE AT THE BEGINNING OF PERIOD	4,421,153	958,655
= CASH BALANCE AT THE END OF PERIOD	2,908,940	1,425,197