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ARCA

## EARNINGS RELEASE

### FOURTH QUARTER 2009 RESULTS

- Sales volume grew 19% in 4Q09 and FY09.
- Net sales increased 15% in 4Q09 and 19% in FY09.
- EBITDA increased 2% in 4Q09 and 5% in FY09.
- Bokados sales rose 30% in 4Q09 and 27% in FY09.

#### Fourth Quarter 2009 (4Q09) Highlights:

- Total sales volume\* increased 18.7% to 150.3 MUC.
- Net sales reached Ps. 5,923.7 million, up 15.1%.
- Operating income declined 6.7% to Ps. 738.7 million, representing a margin of 12.5%.
- EBITDA\*\* reached Ps. 1,040.0 million, 1.9% higher than 4Q08, representing a margin of 17.6%.

#### Full Year 2009 (FY09) Highlights:

- Total sales volume\* increased 19.4% to 608.6 MUC.
- Net sales rose 18.7% to Ps. 24,042.2 million in FY09.
- Operating income (before non-recurring expenses) was practically in-line with 2008, reaching Ps. 3,823.4 million.
- EBITDA\*\* reached Ps. 4,941.0 million, 4.8% higher than FY08, reaching a margin of 20.6%.

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

\*\*Operating Profit + Depreciation + Amortization

**Monterrey, Mexico, February 25, 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 fourth quarter and full year periods ended December 31, 2009.

### Comments from the Chief Executive Officer:

Mr. Francisco Garza Egloff, Arca’s Chief Executive Officer, stated, “In the midst of a challenging economic and consumer environment, coupled with significant increases in sugar prices, which is one of our main inputs, we doubled our efforts to create operating efficiencies, product innovation and market execution, all of which allowed us to increase sales volume and further strengthen our competitive position as one of the world’s most profitable beverage companies.”

“In the Mexican beverage business, we increased returnable packaging options at very reasonable prices, while in the non-carbonated beverage segment, we increased our market share driven by the strong performance of Vallefrut, an orange drink that we have quickly extended coverage due to its success in the market.”

In addition, Arca’s CEO highlighted the Company’s ability to respond with agility to the market’s needs, as well as achieve significant results from the Argentine Division, which continued its positive development with 8% sales volume growth on a comparable basis and a 6 percentage point increase in market share, in addition to the snack food business, Bokados, which raised sales by 27% in 2009.

Mr. Garza Egloff concluded, “Thanks to the great effort and dedication of our team, we are convinced that 2010 will be a year of opportunities to continue strengthening our brand loyalty and consumer and client preferences to further consolidate our leadership position in the market.”

## OPERATING RESULTS

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

	Quarter			Nine Months		
	4Q09	4Q08	Var. %	2009	2008	Var. %
<b>Total Volume*</b>	<b>150,343</b>	<b>126,659</b>	<b>18.7%</b>	<b>608,593</b>	<b>509,879</b>	<b>19.4%</b>

\* Excludes jug water presentations

Beverage sales volume (excluding jug water) increased 18.7% in 4Q09 when compared to 4Q08, reaching a total of 150.3 MUC. The Mexico Beverage Division registered a 3.7% decrease in sales volume when compared to 4Q08, while the Argentine operation registered sales volume of 38.2 MUC.

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

	Quarter			Nine Months		
	4Q09	4Q08	Var. %	2009	2008	Var. %
Colas	97,654	82,408	18.5%	394,725	327,149	20.7%
Diet Soft Drinks	9,436	8,639	9.2%	38,331	34,872	9.9%
Flavors*	34,200	28,335	20.7%	132,610	114,560	15.8%
Purified Water**	4,834	3,988	21.2%	25,591	21,044	21.6%
Other***	4,219	3,289	28.3%	17,337	12,254	41.5%
<b>TOTAL</b>	<b>150,343</b>	<b>126,659</b>	<b>18.7%</b>	<b>608,593</b>	<b>509,879</b>	<b>19.4%</b>
<b>Jug Water (1)</b>	<b>3,464</b>	<b>3,653</b>	<b>-5.2%</b>	<b>16,589</b>	<b>17,320</b>	<b>-4.2%</b>

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

\*\* Excludes 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 4Q09, the **colas** segment grew 18.5% (Mexico -3.0%), reaching 97.7 MUC, while **diet soft drinks** increased 9.2% (Mexico -3.6%). The **flavors** segment grew 20.7% (Mexico -8.5%) in 4Q09 when compared to the same period in 2008, while Topo Chico sales volume remained unchanged when compared to 4Q08.

**Purified water** in single serve formats increased 21.2% during 4Q09 (Mexico -12.7%) mainly as a result of the incorporation of Argentine sales volume.

During 4Q09, the **new categories** segment posted sales volume growth of 28.3% (Mexico 26.5%) when compared to 4Q08. In Mexico, the Vallefrut launch has been a success, and as a result, Arca has expanded its coverage to all of its territories.

During 4Q09, Arca launched the following promotions aimed at getting closer to consumers and clients:

- **Tapipesos:** Twist caps of 600 ml, 2.0 and 2.5 liter NR presentations marked with Ps. 1 and 2 prizes valid towards the purchase of Coca-Cola products.
- **Tapimetro:** In exchange for 4 twist caps, consumers receive a ticket for service on the Monterrey Metro. This promotion was in place during November and December, and more than 1 million tickets were redeemed for a daily average of 50,000 tickets.
- **Bi-pack Family size:** Two (2) 2.0 liter NR bottles of Coca-Cola and flavor products.

	Quarter				Nine Months			
	4Q09	% of total	4Q08	% of total	2009	% of total	2008	% of total
Returnable (R)	52,278	35%	37,787	30%	210,276	35%	152,492	30%
Non returnable (NR)	98,066	65%	88,872	70%	398,318	65%	357,386	70%
Single serve	57,210	38%*	57,094	45%*	245,774	40%	241,597	47%
Multiple serve	93,138	62%	69,565	55%	362,824	60%	268,282	53%

\* In Mexico 48% in 4Q09 and 4Q08 at the same level

In terms of Arca's sales mix in Mexico, during 4Q09, returnable packages represented 31% of the total, compared to 29% registered in 4Q08. This is a significant increase in an adverse economic climate where consumers seek alternatives better aligned with spending levels. Single serve packages in Mexico represented 48%, in line with the level reported in 4Q08.

In the vending machine business, the Company continues working to re-locate equipment at work centers affected by the economic slowdown, and placing them in high traffic locations where they offer different services with the goal of improving profitability thanks to an appropriate mix of individual packaging. In addition, Arca has improved the efficiency of its routes, increasing productivity 15% versus 2008. Furthermore, the Company developed and implemented a new administration system for the vending business that directly connects via handheld devices to both soft drink and snack machines.

In the snack foods business, Bokados continues reporting significant increases in operating levels, reaching Ps. 959 million in sales in 2009, growth of over 27% versus 2008. This growth was driven in large part by the continuous opening of distribution centers throughout Mexico, the initiation of operations at the second production plant at the beginning of 2009 in Ciudad Obregon, Sonora, and the constant launching and innovation of products to satisfy the varying needs of consumers.

Exports of Topo Chico products increased 2.3% in 4Q09 in volume terms. Arca has expanded the portfolio of products exported to the U.S. under the Bokados and Trechas brands to capture mainly the Hispanic market.

Continuing with initiatives to strengthen IT capabilities, Arca implemented the SAP ERP platform at its Argentine operations, which has allowed the Company to standardize and replicate operating and administrative processes, as well as strengthen the decision-making process at the commercial level.

In addition, Bokados launched a new system for handling sales incentives and commissions based on more modern technology for hand-held devices, providing Arca with greater flexibility to implement innovative compensation schemes that will strengthen execution at the point of sale. Furthermore, Arca's payroll and personnel management systems were consolidated under SAP, which standardized processes and optimized costs under the Company's Shared Resource Center.

Finally, an agreement was signed with Hewlett Packard to outsource operating support functions for critical applications within the Mexico and Argentina operations, enabling Arca's key personnel to focus on functions that will generate value, while simultaneously reducing operating costs.

## FINANCIAL ANALYSIS

### INCOME STATEMENT

Net sales in 4Q09 reached Ps. 5,923.7 million, an increase of 15.1% (0.2% excluding Argentina) compared to Ps. 5,148.0 million in 4Q08. Sales volume in the Mexico Beverage Division decreased 3.7% in 4Q09, while the average price per unit case increased 2.7% to Ps. 40.4 in 4Q09.

During 4Q09, cost of goods sold increased 16.4% (1.3% excluding Argentina) when compared to 4Q08, mainly a result of the incorporation of the Argentine operations, as well as significant increases in sugar prices observed during the quarter. The consolidated gross margin for 4Q09 was 45.0% (46.0% excluding Argentina). Cost of goods sold per unit case (excluding Argentina) increased 5.7%, from Ps. 20.9 in 4Q08 to Ps. 22.0 in 4Q09.

Selling and administrative expenses increased 23.7%, (6.0% excluding Argentina) from Ps. 1,558.2 million to Ps. 1,927.0 million in 4Q09. Specifically, during 4Q09, selling expenses increased 27.9% (9.5% excluding Argentina), while administrative expenses increased 8.1% (-7.3% excluding Argentina).

Operating income in 4Q09 decreased 6.7% (-15.2% excluding Argentina) with respect to 4Q08, reaching Ps. 738.7 million, with an operating margin of 12.5%. EBITDA increased 1.9% during 4Q09 (-10.1% excluding Argentina) to Ps. 1,040.0 million, representing an EBITDA margin of 17.6% (18.1% excluding Argentina).

The integral cost of financing was Ps. 98.9 million in 4Q09 compared to an integral financing result of Ps. 104.7 million in 4Q08. The 4Q09 figure includes financial expenses of Ps. 86.7 million derived from higher debt levels, as well as an exchange loss of Ps. 12.2 million. 4Q08 includes an exchange rate gain of Ps. 161.6 million as a result of a long position in dollars aimed towards the acquisition of the two bottlers in northern Argentina.

Provisions for income tax and employee profit sharing reached Ps. 211.0 million in 4Q09, (effective tax rate of 32.2%) compared to Ps. 312.1 million in 4Q08 (effective tax rate of 30.5%). This differential was mainly due to the fact that during 2008, the Company took advantage of various fiscal stimulus programs.

Net income comparison vs 2008 is affected by extraordinary events in that year: fiscal incentives, sale of proprietary brands to The Coca-Cola Company, as well as the FX gain above mentioned. Not considering these extraordinary events, Arca's net income for 4Q09 grows 12.7%, while in 2009 decreases 4.5%.

## BALANCE SHEET AND CASH FLOW STATEMENT

As of December 31, 2009, Arca's cash balance was Ps. 4,408.7 million, with financial debt of Ps. 5,960.9 million, leaving a net debt of cash of Ps. 1,552.1 million.

Arca's strong financial position is reflected in the cash generation for 2009 that allowed us to decrease net debt by almost Ps. 500 million, pay dividends by Ps. 1,128 million, invest in the market as well as additional investment in working capital for Ps. 400 million for advanced sugar purchases and temporary fiscal payments derived from the merger of subsidiaries. Investments in fixed assets amounted to Ps. 1,600.8 million in the FY09 period, mainly allocated towards the replacement of transportation equipment, the installation of additional coolers throughout the market, plant expansions, and the improvement of production lines.

## RECENT EVENTS

In accordance with the General Ordinary Shareholders' Meeting held on April 21, 2009, the Board of Directors approved, in its session on November 24, 2009, the payment of a cash dividend of Ps. 0.40 per share beginning December 4, 2009, equivalent to a total of Ps. 322 million. This dividend was not subject to income tax as it was derived from the net fiscal income account ("CUFIN").

On December 8, 2009, Arca placed local notes in the amount of Ps. 2,100 million for a term of 5 years, at a coupon rate of 28-day TIIE plus 0.95 percentage points, with an issue date of December 10, 2009, and Ps. 400 million for a term of 7 years at a fixed coupon rate of 9.5%. Proceeds from these programs will be used mainly to pay short-term obligations in 2010 totaling Ps. 1,920 million.

On January 1, 2010, Coca-Cola North America and Interex Corp., Arca's subsidiary in the U.S., agreed to produce and distribute the Barrilitos soft drinks brand in the U.S. The agreement is aimed at expanding the distribution of this popular flavored soft drink, particularly among the Hispanic segment in the U.S., which is growing rapidly. The Coca-Cola Company owns this brand in the U.S.

### 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 Potosí, 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](http://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)

	4th. Quarter		Variation %	January-December		Variation %
	2009	2008		2009	2008	
NET SALES	5,923,697	5,147,958	15.1%	24,042,198	20,255,300	18.7%
COST OF SALES	(3,257,939)	(2,798,123)	16.4%	(12,946,140)	(10,493,854)	23.4%
GROSS PROFIT	2,665,758	2,349,835	13.4%	11,096,058	9,761,446	13.7%
	45.0%	45.6%		46.2%	48.2%	
SELLING EXPENSES	(1,569,182)	(1,227,195)	27.9%	(5,873,976)	(4,755,031)	23.5%
ADMINISTRATIVE EXPENSES	(357,828)	(330,991)	8.1%	(1,398,661)	(1,159,716)	20.6%
	(1,927,010)	(1,558,186)	23.7%	(7,272,637)	(5,914,747)	23.0%
OPERATING INCOME	738,748	791,649	-6.7%	3,823,421	3,846,699	-0.6%
	12.5%	15.4%		15.9%	19.0%	
NON-RECURRING EXPENSES	-	-	NA	(50,882)	-	NA
COMPREHENSIVE FINANCIAL RESULT:						
INTEREST EXPENSE, NET	(86,710)	(56,907)	NA	(284,986)	(74,447)	282.8%
EXCHANGE GAIN (LOSS)	(12,200)	161,607	NA	(1,211)	98,165	NA
	(98,910)	104,700	NA	(286,197)	23,718	NA
	639,838	896,349	-28.6%	3,486,342	3,870,417	-9.9%
OTHER INCOME (EXPENSE)	15,577	125,351	NA	141,933	227,043	-37.5%
EMPLOYEES' PROFIT SHARING	(42,622)	(38,608)	10.4%	(229,098)	(228,529)	0.2%
OTHER INCOME (EXPENSE), NET	(27,045)	86,743	-131.2%	(87,165)	(1,486)	NA
INCOME BEFORE THE FOLLOWING PROVISIONS:	612,793	983,092	-37.7%	3,399,177	3,868,931	-12.1%
	10.3%	19.1%		14.1%	19.1%	
INCOME TAX	(168,330)	(273,473)	-38.4%	(953,026)	(937,106)	1.7%
EQUITY IN EARNINGS OF AFFILIATES AND MINORITY INTEREST	(11,339)	15,727	NA	(2,837)	18,283	NA
<b>CONSOLIDATED NET INCOME</b>	<b>433,124</b>	<b>725,346</b>	<b>-40.3%</b>	<b>2,443,314</b>	<b>2,950,108</b>	<b>-17.2%</b>
<b>Net income before extraordinary items*</b>	<b>433,124</b>	<b>384,284</b>	<b>12.7%</b>	<b>2,443,314</b>	<b>2,558,534</b>	<b>-4.5%</b>
DEPRECIATION AND AMORTIZATION	301,267	228,661	31.8%	1,117,627	868,751	28.6%
<b>EBITDA</b>	<b>1,040,015</b>	<b>1,020,310</b>	<b>1.9%</b>	<b>4,941,048</b>	<b>4,715,450</b>	<b>4.8%</b>
<b>EBITDA MARGIN</b>	<b>17.6%</b>	<b>19.8%</b>		<b>20.6%</b>	<b>23.3%</b>	

**Per Share Data:**

Net Income	0.54	0.90	-40.3%	3.03	3.66	-17.2%
Total number of shares outstanding ('000)	806,020	806,020		806,020	806,020	

\* Net effect after tax from the sale of brands, fiscal incentives and FX gain

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

(in thousands of Mexican pesos)

	<b>as of December 31,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>ASSETS</b>		
<hr/>		
CURRENT ASSETS		
Cash & Cash Equivalents	4,408,743	958,655
Accounts receivable, net	911,772	927,779
Other accounts receivable	421,377	279,723
Inventories	1,742,302	1,490,879
Prepayments	101,042	69,896
<b>Total Current Assets</b>	<b>7,585,236</b>	<b>3,726,932</b>
INVESTMENT IN SHARES & OTHER INVESTMENTS	790,583	765,836
PROPERTY, PLANT AND EQUIPMENT	10,888,792	10,929,039
GOODWILL, NET	4,589,755	4,521,134
OTHER ASSETS	1,811,576	1,716,230
<b>TOTAL ASSETS</b>	<b>25,665,942</b>	<b>21,659,170</b>
<hr/>		
LIABILITIES AND SHAREHOLDERS' EQUITY		
<hr/>		
CURRENT LIABILITIES		
Bank loans	1,960,880	2,487,527
Suppliers & accounts payable	1,305,208	1,484,262
Other accounts payable and expenses	558,350	455,872
<b>Total Current Liabilities</b>	<b>3,824,438</b>	<b>4,427,661</b>
LONG TERM BANK LOANS	4,000,000	500,000
DEFERRED INCOME TAX AND OTHERS	2,034,131	2,072,133
<b>TOTAL LIABILITIES</b>	<b>9,858,569</b>	<b>6,999,794</b>
SHAREHOLDERS' EQUITY		
Minority interest	149	149
Capital Stock	4,697,989	4,697,989
Retained Earnings	8,665,921	7,011,130
Net Profit	2,443,314	2,950,108
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>15,807,373</b>	<b>14,659,376</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>25,665,942</b>	<b>21,659,170</b>

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

**As of December 31, 2008**

(in thousands of Mexican pesos)

	<u>2009</u>	<u>2008</u>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>3,396,362</b>	<b>3,887,237</b>
+ DEPRECIATION AND AMORT.	1,093,052	868,751
+ OTHER	13,295	227,127
	<hr/> <b>1,106,347</b>	<hr/> <b>1,095,878</b>
+ ACCRUED INTEREST	345,788	205,575
<b>= OPERATING CASH FLOW BEFORE TAXES</b>	<b>4,848,497</b>	<b>5,188,690</b>
<b>- WORKING CAPITAL AND TAXES</b>	<hr/> <b>1,403,970</b>	<hr/> <b>1,579,871</b>
<b>= OPERATING CASH FLOW AFTER WORKING CAPITAL NEEDS</b>	<b>3,444,526</b>	<b>3,608,819</b>
<b>INVESTMENT ACTIVITIES</b>	1,600,833	5,887,440
<b>FINANCING ACTIVITIES</b>		
- DIVIDENDS PAID	1,121,156	765,719
- SHARE REPURCHASE PROGRAM	(115,186)	196,426
- DEBT AMORTIZATION	(2,973,354)	(1,467,061)
- INTEREST PAID	318,961	219,748
- OTHERS	(1,539)	18
	<hr/> <b>(1,649,962)</b>	<hr/> <b>(285,150)</b>
<b>= NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>	<b>3,493,655</b>	<b>(1,993,471)</b>
<b>CHANGE IN CASH</b>	<b>(43,568)</b>	<b>194,563</b>
<b>CASH BALANCE AT THE BEGINNING OF PERIOD</b>	<b>958,655</b>	<b>2,757,562</b>
<b>= CASH BALANCE AT THE END OF PERIOD</b>	<b>4,408,742</b>	<b>958,654</b>