

**Jaime García:** Good morning. Thank you for attending Embotelladora Andina's conference call for the results of the fourth quarter of 2009.

As stated in yesterday's press release our sales volume amounted to 135.3 million unit cases, representing an increase of 4.3% in terms of sales volume.

Our Operating Result in Chilean pesos was \$52.6 billion, representing a growth of 29% on the amount obtained the previous year during the same quarter.

Our Net Income amounted to \$32.7 billion Chilean pesos, a 15% decrease compared to the same quarter of the previous year and in terms of EBITDA, it amounted to \$60 billion Chilean pesos, a 21% growth with respect to the previous year.

Now we are going to comment on the results of each one of the countries measured in local currency to see the effective behavior of the operations.

In terms of sales volume, Chile grew 0.8%, of which soft drinks decreased 0.6%, and the other products grew 9%, resulting in a 0.8% growth in sales volume.

In the case of Brazil, the growth was 11.6% of which 10.2% was for soft drinks and 37% for the other products (juices, waters, and beer).

In the case of Argentina, total sales volume fell 1.7%. Soft drinks decreased 3.4% and the other products (juices and waters) grew 115%; a very high growth for an obviously quite low basis and that in the end resulted in a total decrease of 1.7% for Argentina.

In terms of market share, we have increased our market share in the three countries, in the case of Chile, we obtained 68.9% during the quarter, in the case of Brazil, we also grew recording 57.7% during the quarter, and in the case of Argentina, we also increased our market share, recording a 54.2% for the quarter.

Now, regarding our financial results, when analyzing the income statements in local currency in the case of Chile, prices increased 2%, I am talking about prices per unit case.

Costs increased 2.5%; basically, costs increased due to greater sugar costs that are compensated by a drop in the exchange rate that has a positive impact, meaning lower costs in other raw materials expressed in US dollars such as PET resin, thereby average costs increased 2.5%. SGA's decreased 5.4% during the quarter; thereby Operating Income in Chile, measured in Chilean pesos grows 9.1% during the last quarter of year 2009.

In the case of Brazil, prices grew 9.1% measured by unit case; costs increased 1.6%, here we also have a negative effect of the price of sugar that has been compensated by the decrease in the exchange rate that has a positive impact on other raw materials that are denominated in dollars such as PET. Thereby, average costs only increases 1.6% during the quarter, SGA's

measured in local currency grow 30% basically due to greater advertising expenses, greater labor expenses, and greater freight fees. The combination of prices, costs and SGA's, result in a 36% increase of Operating Income in Brazil, which is a very good result for the last quarter of the year in Brazil.

In the case of Argentina, prices grew 12% per unit case, measured in Argentine local currency; costs increased 3.2%, basically due to an increase of the exchange rate that affects all raw materials in dollars, greater labor costs, and internal inflation in Argentina, resulting in a 3.2% growth in average costs. SG&As increased 4.1%, due to increased labor costs and to internal inflation in Argentina affecting advertising expenses and freight fees. Therefore, Operating Income during the quarter grows 63%, which is a very good result for Argentina.

As I explained, this was a short summary and I will now leave you with Giuliana Gorrini so that she can give you a summary on the Consolidated Results.

**Giuliana Gorrini:** Thank you Jaime, good morning. With respect to consolidation of results during the fourth quarter, the average *Real* appreciated by 4% with respect to the end of period exchange rate of the Chilean peso, which originated a positive accounting effect over the results in Brazil by the mechanics used in the translation of figures; and the average *Argentine peso* depreciated 30% with respect to the end of period exchange rate of the *Chilean peso*, which originated a negative accounting effect upon the translation of results from Argentina.

During the quarter, Consolidated Net Sales amounted \$237 billion Chilean pesos, an increase of 7.8%, explained by the increase of consolidated volume, the price adjustments that Jaime commented on, and the positive effect upon the translation of figures in the case of Brazil, and a negative effect upon translation of figures from Argentina. Consolidated Operating Income reached \$53 billion Chilean pesos, an increase of 29%, explained by increased results of the three operations, and the positive effect upon translation of figures in the case of Brazil, and negative in the case of Argentina. Consolidated EBITDA reached \$60 billion Chilean pesos, an increase of 21%, affected by the same considerations just explained for Operating Income. With this we conclude our presentation.

## Q&As

**Rafael Borja:** Our first question is from Alan Alanis with JP Morgan. Go ahead Mr. Alanis.

**Alan Alanis:** Hello, good morning to all, thank you very much for taking the question. My question has to do with how you see 2010, if you can give us a summary by country of your expectations in terms of sales, prices and profitability expectations for the year that is just beginning, including your expectations for CAPEX and dividends, please.

**Jaime García:** Hello, well regarding 2010, I believe we must be based on what we all believe and on the economic expectations of each one of the countries. In the case of Brazil, clearly we are optimistic regarding consumption in Brazil. We do not see any reasons why consumption will not grow in Brazil, where the economy is quite stable, although external factors that today we do not see may affect it, but we clearly think that there will be a significant growth in Brazil. The case of Argentina is more complex, probably we will see very little growth, not to say a rather equal volume as year 2009. We do not think there will be a great growth in sales volume in the case of Argentina. In the case of Chile, we clearly think that there are good expectations and we are going to have a reasonable growth in terms of sales volume. Regarding prices, in general I would dare to say that we should be able to adjust prices to inflation levels. Basically, and I am referring to the case of Argentina, where we have demonstrated that we have been able in time to be adjusting prices to inflation or just a little bit beyond inflation to compensate the greater costs we have had essentially in terms of wages in the case of Argentina. In the case of Brazil and Chile, we think that prices will be adjusted to internal inflation, where we expect internal inflation to be quite low. We are speaking of perhaps 3% or 4% and we believe we have the capacity and the market's reaction of being able to increase prices by those inflation percentages. With respect to costs, I would say to that there are no significant matters that we are able to predict. The only thing that it is going to affect us in the short term, although we think there is a long-term structural change, but that in fact will clearly affect us mainly during the first half of this year, is the price of sugar that is affecting us already. The price of sugar as you know is very high, much higher than historical prices, and probably higher than reposition costs and there is a lack of reaction in terms of supply for worldwide growth levels. Therefore, we think that sugar without a doubt during the following six months of 2010 is going to have a negative effect. That is my comment.

**Alan Alanis:** Now, to finish with the subject of sugar, pressure in the first semester of the year could be compensated during the second half of the year to suppose that stable margins could be had or even increase for the full year?

**Jaime García:** Well, indeed I believe that we are going to have smaller margins during the first semester, basically influenced by a greater price of sugar; there is no doubt about that. Obviously my perception is that, sugar prices, since they do not deserve a structural change, will tend to decrease in the medium term. We think that during the second half they will have to drop compensating the greater price we have had during the first half. In terms of the year, we see that margins will be rather stable, with respect to year 2009.

**Alan Alanis:** OK to finish the subject of CAPEX for 2010 and the subject of dividend policy, will it continue without changes?

**Jaime García:** Well on the subject of CAPEX, CAPEX is within normal guidelines, meaning that we are investing something like 1.2 or 1.3 times the depreciation. We are speaking of investments in the order of 100 million dollars as we have lately publicly announced.

Additionally to that, we have an extraordinary CAPEX that is the construction of a new bottling in the case of Chile, in Santiago, where we are going to invest something like 60 million additional dollars this year. That is a special CAPEX because we do not build plants every year. In terms of dividend policies, nothing makes us think, at least for the moment, that we will have a modification to the policy we have had with respect to, the previous year, for example.

**Alan Alanis:** Very well, thank you very much.

**Rafael Borja:** Thank you. Our next question is from Jose Yordan with Deutsche Bank. Go ahead Mr. Yordan.

**Jose Yordan:** Good morning. Hello Jaime and everyone. My question is on the price of PET, which has been decreasing, I do not know if in dollars also, but the exchange rate in Chile has helped, but it will not necessarily help as much during the first half of this year, because it has already weakened a little. However, anything that you can say regarding your expectations for PET prices, because, well all the others commodities rising, it is a little strange that PET is having a downward trend. So, how long do you expect this to last? In addition, perhaps in relation to historical long-term prices, where are we now with respect to the price of PET in dollars?

**Jaime García:** Well, regarding PET, on average we do not see substantial differences with respect to year 2009. Today we have seen a decrease that has not been very significant, but indeed these decreases are rather seasonal. Don't forget that in the Northern hemisphere we are in winter, when there is a lesser demand for PET and of course cold also affects volumes and there are market reactions, beyond the long term, which are short-term reactions. We do not see greater adjustments; we clearly think clearly that the present loss is transient and rather we think that PET prices measured in dollars are going to be stable. Obviously, measured in each local currency, it will tend towards what we are expecting for of each one of the countries with respect to the exchange rate. However, in dollars, we believe there will not be significant variations with respect to the average we had during 2009.

**José Yordan:** OK, to change the subject a little, the 10% volume increase in Brazil was quite surprising because, obviously, we know the economy is going very well, etc. but in December, in fact there were quite heavy rains, although an easy comparable, should we expect for something close to 5% and 6% in terms of volumes for 2010 or could it remain at a 10% growth as we saw for the fourth quarter?

**Jaime García:** Well, what you mention José is correct, in the sense that, the previous year, 2008, we had quite adverse weather conditions, bad weather for our business that affected us during the last quarter of 2008. Therefore, the 11.6% growth of the last quarter of 2009 in volumes undoubtedly is also affected by weather, besides the economic effect, the good

work, and execution that we have had. Therefore, if I had to make a forecast for the year, volumes would have to tend to grow 6% in the year rather than 10% every month, obviously things can be different, but we do not see it that way, we see it like a positive feedback due to the weather; in addition to the other things, of course.

**José Yordan:** OK, and finally Jaime I saw that also during year 2009 you continued increasing cash balance. In addition to adjusting it by increasing dividend distributions, is there anything you can comment regarding plans or the probability of acquisitions in Brazil or in any of the other territories, additional investments outside your current business or is there simply the possibility of a higher dividend distribution.

**Jaime García:** Well José, indeed we do have a greater cash balance and it is basically because we thought to begin building the new plant in Chile during 2009 and we postponed it to 2010 and we are already working and will physically begin working starting March 1<sup>st</sup> and everything is being done in order to begin building, that is the reason why we have greater cash, it is not that we are soon to have an agreement or that we are considering agreements for possible acquisitions. I would like to and we are working on that, but it is not easy, in the sense that there is little offer, so to speak, and obviously we continue investigating and looking for opportunities for growth and development, but that is not the reason why we have more cash. There will not be greater dividends, as I explained, these increased funds are incremental and they result from funds we will use for building the new plant.

**José Yordan:** OK, thanks.

**Rafael Borja:** Our next question is from Consuelo Baraona, with METLIFE. Go ahead Ms. Baraona

**Consuelo Baraona:** Hello, good afternoon, good morning in fact in Chile, I wanted to make a question with respect to Heineken. We saw that at the beginning of this year, Heineken acquired Femsas Cervezas in Mexico, how do you see the relationship you maintained with Femsas Cervezas in terms of the distribution of some of its brands, how would this affect you, and what do you see in terms of future relationships in Brazil?

**Jaime García:** Well, with respect to beer, in the first place, we only distribute beer in Brazil, where Heineken is partner of the brewery in Brazil or was partner jointly with Femsas Cervezas. There was a negotiation, which is a public deal, Femsas Cervezas incorporated Heineken and the shareholders of Femsas Cervezas received Heineken shares, this has nothing to do with us, it is basically Femsas's business. Now, with respect to our distribution of beer in Brazil, where for us the impact of distribution is practically null, in the sense that it does not generate, nor alters, nor changes the sense of our business, because in our territory, good or bad, the beer that we distribute has not behaved in a way that would make that business something significant in our operations. Therefore, we do not see there

will be any significant changes in the relationship, in the sense that Heineken now owns the brewery in Brazil. We will probably continue being distributors, we hope that with this incorporation there is greater participation of Heineken as a corporation in Brazil and that it will allow it to be a better competitor with respect to AMBEV that is the great leader of beer in Brazil. Now, with this long term process, I imagine that they will have other priorities different from Brazil, but in any case we see it more like something positive than negative, and if it is going affect us, we believe it will rather be in the long term than in the short term.

**Consuelo Baraona:** OK, thanks, and in that case, what is the spirit of maintaining the beer business in Brazil? Since it is not your core business, why do you keep maintaining it or if there are possibilities of simply untying the agreement?

**Jaime García:** The main reason is that, more than the business itself, it can be an interesting element. Obviously our core business is Coca-Cola, but to take complementary products, and to have a portfolio of products that satisfies the demands and needs of our clients in terms of beverages. That is the reason, it is rather a strategic reason the in sense of allowing the client to have a reliable supplier, like us, that will deliver all beverage needs and demands the client has.

**Consuelo Baraona:** OK, thank you very much.

**Rafael Borja:** Our next question comes from Carlos Herrera with Santander GBM Chile. Go ahead Mr. Herrera

**Carlos Herrera:** Good morning, in Chile we saw soft drinks decreases, my question is, how do you see 2010 and the future in that sense? OK, you are increasing prices in Chile, but Chile should begin its economic recovery, and what is the magnitude you see for volume growths, specifically for soft drinks?

**Jaime García:** Well the 0.6% decrease in Chile in terms of sales volume during the last quarter, I would dare to say is quite consistent with what has happened to the economic activity; we all know that GDP in Chile has decreased in a slightly greater percentage than 0.6%. However, if one thinks what will happen in 2010, obviously we cannot say, but we think that Chilean economy tends to rather recover than remain stationary or decrease; therefore, we believe that Chile is going follow the growth path towards rates similar or equal to that of GDP in the case of Chile.

**Carlos Herrera:** So you mean around 5% growth would be possible?

**Jaime García:** Indeed, if a slightly longer series is used for the last 5 or 7 years, in the case of the Chilean market, we see that we have been consistently growing at GDP levels. We have used an even longer series where there has been a decrease, and there has also been

consistency and correlation, not a perfect one of course, but there is correlation between GDP and the consumption of our products. That is our best estimate.

**Carlos Herrera:** OK and how do you see the fact that soft drinks in Chile according to ANBER reports were around 1.2%, if I am not mistaken? Comparatively you decreased, but you increased market share, I do not understand that number very well.

**Jaime García:** Well, I will explain, it is not that complicated. In fact we increased market share and so did CCU, now the question is, who decreased? That is the positive part of the story, B brands decreased. Ultimately, CCU gained market share, and we also gained market share, but the great losers are B brands, and this is consistent with what is happening worldwide. In this case, they are the ones who have significantly decreased market share in Chile, the same thing happens in Brazil, but your question is about Chile.

**Carlos Herrera:** OK, now it is perfectly clear. Thank you very much.

**Rafael Borja:** At this time, there are no further questions. Mr. García do you have any closing remarks?

**Jaime García:** No, only to thank everybody for participating, and as you know, Giuliana Gorrini is always available to answer any doubts or if you have questions or concerns or if you need clarification regarding our results, our performance, or anything you want to know about Embotelladora Andina. Again, I want to thank you for participating and hope to meet with you next quarter to explain the results of the first quarter of 2010. Thank you very much.