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Embotelladora Andina S.A.

**or Immediate Distribution**


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# Embotelladora Andina S.A. Announces Consolidated Results For the First Quarter 2006

## Highlights

- Consolidated operating income reached US$46.2 million during the first quarter of 2006, 15% growth compared to the first quarter of 2005. Operating margin was 17.5%.

- Consolidated sales volume grew 6% during the quarter, reaching 107.3 million unit cases.

- During the quarter consolidated EBITDA totaled US$60.3 million, representing an increase of 9 % compared to the first quarter of 2005. EBITDA margin was 22.7%.

- Net income for the period reached US$40 million, 42.7% higher than the first quarter of 2005.

(Santiago-Chile, April 27, 2006) -- **Embotelladora Andina S.A.** ("the Company" NYSE: AKO/A; AKO/B) announced today its consolidated financial results for the first quarter of 2006.

## Comments from the Chief Executive Officer, Mr. Jaime Garcia R.

*"We began 2006 with very good results. This has been the result of exceptional work in the three countries, where we continue facing different scenarios, but obtaining the best of each one."*

## CONSOLIDATED SUMMARY

### 1st Quarter 2006 vs. First Quarter 2005

We achieved good results in the first quarter of 2006 as a result of volume growth, cost control and positive macroeconomic environments. Regarding the latter, a 9.3% appreciation of the Chilean peso and a 17.3% of the Brazilian real had a positive impact on our dollar-denominated costs, and have compensated the increases in the price of sugar. On the other hand, the Argentine peso a 3.8% average depreciation during the period.

Consolidated sales volume for the first quarter of 2006 reached 107.3 million unit cases, an increase of 6% compared to the first quarter of 2005. Our three franchises contributed to this growth at different rates: Chile 4%; Brazil 11.6% and Argentina 0.9%.

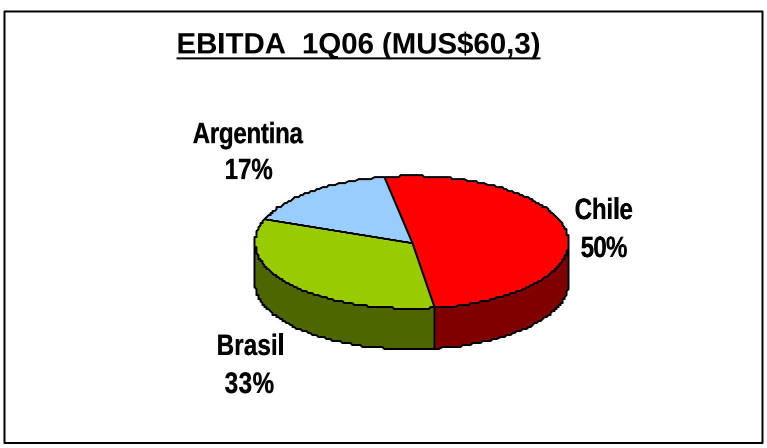
As a result of higher volumes, price adjustments, and favorable exchange rates, net sales amounted to US$264.9 million, a 6.7% improvement compared to the first three months of 2005.

Cost of sales per unit case decreased 2.9%, mainly due to effective negotiations and the reevaluation of the Chilean peso and the Brazilian real.

SG&A increased 10.9% due to higher volumes and increased freight fees as a result of increased oil prices.

Consolidated operating income amounted to US$46.2 million, a 15% increase compared to the US$40.2 million reported in the same period of 2005. Operating margin was 17.5%, an increase of 125 basis points.

Finally, consolidated EBITDA amounted to US$60.3 million, a 9% improvement compared to the same period of the previous year. EBITDA margin was 22.7%, an increase of 47 basis points.



## SUMMARY BY COUNTRY

### Chile

#### 1st Quarter 2006 vs. First Quarter 2005

During the first quarter of 2006, sales volume amounted to 36.9 million unit cases reflecting 4% growth. Soft Drinks increased 1.5%, Juices 6% and Waters 25.7%. *Dasani* bottled water, launched during the second half of 2005, significantly contributed to the increase in the Waters segment. During this first quarter we also launched several products aimed at strengthening categories with strong growth potential, such as: the *Light* segment via the launch of *Quatro Light;* the *Waters* category, through the launch of Tangerine-Flavored *Dasani; Sport Drinks via the launch of Powerade;*, and *Juices* through Tutti-Fruti-Flavored *Andina Nectar* and *Andina Juice* with Calcium and Vitamin D.

Net sales amounted to US$110.1 million, growth of 1.4%. This increase was a result of higher volumes partially offset by a negative product mix impact on income per unit case from the Juices and Waters categories.

Cost of sales per unit case decreased 1.9%. This lower cost is best explained by: (1) the appreciation of the Chilean exchange rate, which increased 9.3% on average, resulting in a positive impact on our dollar-denominated costs, and (2) anticipated sugar purchases, which allowed the company to mitigate the increase in the price of sugar.

Operating income amounted to US$25.2 million, a decrease of 0.6% versus the comparable quarter. Operating margin was 22.9%.

EBITDA amounted to US$ 31.6 million, 0.7% lower than the US$ 31.8 million recorded the same quarter of the previous year.

### Brazil

#### 1st Quarter 2006 vs. First Quarter 2005

Sales volume for the first quarter of 2006 amounted to 42.3 million unit cases, an 11.6% increase compared to the first three months of 2005. This improvement is a result of increases in the *Light* category (+15 %), our core brands and returnable formats (+20%).

Net sales reached US$102.8 million, a 23.8% increase, and a 10.9% increase in terms of unit case. This growth is best explained by price adjustments instituted in February, and by the exchange rate that benefited the translation of the company's results from the local currency to Chilean pesos.

Cost of sales per unit case posted 3% growth, best explained by the effect of the conversion of figures, negatively affecting our costs. Cost of sales per unit case in the local currency experienced a slight decrease despite price increases on certain raw materials, offset by the 17.3% average appreciation of the Brazilian real during the period.

Operating income reached US$16.1 million, an improvement of 83.1% and operating pargin was 15.7%, a 509 basis point improvement.

Finally, EBITDA amounted to US$20.6 million, a 48.8% improvement compared to the US$13.8 million reported in the first quarter of 2005. EBITDA margin was 20%, an increase of 336 basis points compared to the comparable period.

## Argentina

### 1st Quarter 2006 vs. First Quarter 2005

Sales volume for the quarter reached 28.1 million unit cases, a slight improvement from the same period of 2005 (+0.9%). It is important to mention that as in Chile, we launched *Dasani* bottled water in Argentina during the quarter, increasing Andina's variety of offerings in this growing segment.

Net sales reached US$54.4 million, a decrease of 7% compared to the US$58.5 million reported in the first quarter of 2005. The drop in net sales is best explained by the weakness of the Argentine peso (3.8% average depreciation during the period), and the appreciation of the Chilean peso (10.2% end of period exchange rate). This was offset by a 6% increase in net sales per unit case in nominal local currency.

Cost of sales per unit case decreased 11.5%, best explained by the fluctuations of the exchange rates upon figure translation.

Operating income totaled US$ 7.1 million, an 11.4% decrease. This was a result of increases in SG&A, resulting from higher labor, freight and advertising costs. Operating Margin was 13.1%.

EBITDA reached US$10.4 million, a decrease of 11.1%. EBITDA margin amounted to 19.1%.

## NON-OPERATING RESULTS

### 1st Quarter 2006 vs. First Quarter 2005

Non-operating results totaled a loss of (US$0.2) million, which compares favorably to an accumulated loss of (US$83) million recorded in the same period of the previous year.

This loss reduction in the non-operating result line is best explained by:

- *Financial Expense/Income (Net)*: Reflecting a positive variation due to a lower appreciation of the Chilean exchange rate for the December 2005-March 2006 period, compared to the December 2004–March 2005 period, leading to a lower impact in *Cross Currency Swap Agreements.*
- *Other Non Operating Income/(Expense)*: Reflecting a positive variation as a result of lower expenses for severance indemnities and a provision to adjust to market value of the company's real estate available for sale during 2005.
- *Price Level Restatement:* Lower income as a result of a lower exchange rate (Ch$526.18/USD in 2006 vs. Ch$585.93 in 2005) in the Company's U.S. dollar-denominated asset position.

Finally, net income amounted to US$40.0 million, an increase of 42.7% compared to the figure recorded in the first quarter of 2005.

## ANALYSIS OF THE BALANCE SHEET

As of March 31, 2006, the company's financial assets amounted to US$ 405.8 million. These represent cash, investments in mutual funds, deposits, structured notes, corporate bonds and sovereign bonds. 70.2% of the total financial investments are U.S. dollar-denominated. Nevertheless, through *"Cross-Currency Swaps"* agreements executed in July and August 2003 and April 2004, part of the portfolio has been converted to Chilean pesos (UF – Chilean Inflation Indexed Currency), thereby decreasing the amount denominated in U.S. Dollars to 25.1%.

On the other hand, the Company's total debt was US$ 278.4 million, with an average annual rate of 6.89% on U U.S. dollar-denominated debt, and an average real annual rate of 6.40% on Chilean peso-denominated debt. The U.S. dollar-denominated debt represents 31.9% of total debt.

As a result, the Company holds a positive net cash position of US$ 127.4 million.

**Additional Information:**

For purposes of an easier comprehension and analysis of the Company's results, charts reflecting the results of the beverage operations for each country have been included. These charts are based on each operation's own accounting practices and are reflected in local currency. This information isolates currency fluctuations and the effects registered when consolidating under Chilean GAAP.

**Embotelladora Andina S.A.**
**First Quarter Results for the period ended March 31, Chilean GAAP**
**(In millions of constant 03/31/06 Chilean Pesos, except per share)**

| | *31/03/2006* | | | | *31/03/2005* | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Chilean Operations* | *Brazilian Operations* | *Argentine Operations* | *Total (2)* | *Chilean Operations* | *Brazilian Operations* | *Argentine Operations* | *Total (2)* | *% Ch.* |
| **VOLUME TOTAL BEVERAGES (Million UC)** | **36,9** | **42,3** | **28,1** | **107,3** | **35,4** | **37,9** | **27,8** | **101,2** | **6,0%** |
| Soft Drink | 30,2 | 40,5 | 27,8 | **98,5** | 29,7 | 36,6 | 27,5 | **93,8** | 5,0% |
| Mineral Water | 4,1 | 0,6 | 0,3 | **5,0** | 3,3 | 0,6 | 0,2 | **4,1** | 21,2% |
| Juices | 2,6 | 0,4 | 0,0 | **2,9** | 2,4 | 0,3 | 0,0 | **2,7** | 7,4% |
| Beer | NA | 0,9 | NA | **0,9** | NA | 0,5 | NA | **0,5** | 67,6% |
| | | | | | | | | | |
| **NET SALES** | **57.929** | **54.107** | **28.639** | **139.393** | **57.131** | **43.712** | **30.798** | **130.594** | **6,7%** |
| **COST OF SALES** | (33.968) | (31.188) | (18.060) | (81.935) | (33.281) | (27.122) | (20.221) | (79.576) | 3,0% |
| **GROSS PROFIT** | **23.961** | **22.919** | **10.578** | **57.458** | **23.851** | **16.590** | **10.577** | **51.018** | **12,6%** |
| **Gross Margin** | 41,4% | 42,4% | 36,9% | 41,2% | 41,7% | 38,0% | 34,3% | 39,1% | |
| **SELLING AND ADMINISTRATIVE EXPENSES** | (10.677) | (14.425) | (6.841) | (31.942) | (10.481) | (11.952) | (6.359) | (28.791) | 10,9% |
| **CORPORATE EXPENSES** | 0 | 0 | 0 | (1.186) | 0 | 0 | 0 | (1.063) | 11,6% |
| **OPERATING INCOME** | **13.285** | **8.494** | **3.738** | **24.330** | **13.370** | **4.638** | **4.218** | **21.164** | **15,0%** |
| Operating Margin | 22,9% | 15,7% | 13,1% | 17,5% | 23,4% | 10,6% | 13,7% | 16,2% | |
| **EBITDA (1)** | **16.613** | **10.822** | **5.460** | **31.709** | **16.734** | **7.274** | **6.145** | **29.090** | **9,0%** |
| Ebitda Margin | 28,7% | 20,0% | 19,1% | 22,7% | 29,3% | 16,6% | 20,0% | 22,3% | |
| **NON OPERATIONAL RESULTS** | | | | | | | | | |
| **FINANCIAL EXPENSE/INCOME (Net)** | | | | (3.763) | | | | (6.709) | -43,9% |
| **RESULTS FROM AFFILIATED** | | | | 336 | | | | 644 | -47,9% |
| **AMORTIZATION OF GOODWILL** | | | | (1.590) | | | | (1.834) | -13,3% |
| **OTHER INCOME/(EXPENSE)** | | | | (214) | | | | (7.061) | -97,0% |
| **PRICE LEVEL RESTATEMENT (3)** | | | | 5.110 | | | | 10.572 | -51,7% |
| **NON-OPERATING RESULTS** | | | | **(121)** | | | | **(4.388)** | **-97,2%** |
| **INCOME BEFORE INCOME TAXES; AMORTIZATION OF NEGATIVE GOODWILL AND MINORITY INTEREST** | | | | **24.209** | | | | **16.776** | 44,3% |
| | | | | | | | | | |
| **INCOME TAXES** | | | | (3.103) | | | | (2.031) | 52,8% |
| **MINORITY INTEREST** | | | | (71) | | | | 0 | 0,0% |
| **AMORTIZATION OF NEGATIVE GOODWILL** | | | | 0 | | | | 0 | NA |
| **NET INCOME** | | | | **21.035** | | | | **14.744** | **42,7%** |
| **Net Margin** | | | | 15,1% | | | | 11,3% | |

| | | | |
|---|---|---|---|
| **WEIGHTED AVERAGE SHARES OUTSTANDING** | 760,3 | 760,3 | |
| **EARNINGS PER SHARE** | **27,7** | **19,4** | |
| **EARNINGS PER ADS** | **166,0** | **116,4** | **42,7%** |

(1) EBITDA: Operating Income + Depreciation
(2) Total may be different from the addition of the three countries because of intercountry eliminations
(3) Includes: Monetary Correction + Conversion Effect to Balance Sheet + Income Statement Accounts.

**Embotelladora Andina S.A.**
**First Quarter Results for the period ended March 31, Chilean GAAP**
**(In millions US$, except per share)**

**Exch. Rate : 526,18**

| | *31/03/2006* | | | | *31/03/2005* | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Chilean Operations* | *Brazilian Operations* | *Argentine Operations* | *Total (2)* | *Chilean Operations* | *Brazilian Operations* | *Argentine Operations* | *Total (2)* | *% Ch.* |
| **VOLUME TOTAL BEVERAGES (Million UC)** | **36,9** | **42,3** | **28,1** | **107,3** | **35,4** | **37,9** | **27,8** | **101,2** | **6,0%** |
| Soft Drink | 30,2 | 40,5 | 27,8 | **98,5** | 29,7 | 36,6 | 27,5 | **93,8** | 5,0% |
| Mineral Water | 4,1 | 0,6 | 0,3 | **5,0** | 3,3 | 0,6 | 0,2 | **4,1** | 21,2% |
| Juices | 2,6 | 0,4 | 0,0 | **2,9** | 2,4 | 0,3 | 0,0 | **2,7** | 7,4% |
| Beer | NA | 0,9 | NA | **0,9** | NA | 0,5 | NA | **0,5** | 67,6% |
| | | | | | | | | | |
| **NET SALES** | **110,1** | **102,8** | **54,4** | **264,9** | **108,6** | **83,1** | **58,5** | **248,2** | **6,7%** |
| **COST OF SALES** | (64,6) | (59,3) | (34,3) | (155,7) | (63,2) | (51,5) | (38,4) | (151,2) | 3,0% |
| **GROSS PROFIT** | **45,5** | **43,6** | **20,1** | **109,2** | **45,3** | **31,5** | **20,1** | **97,0** | **12,6%** |
| **Gross Margin** | 41,4% | 42,4% | 36,9% | 41,2% | 41,7% | 38,0% | 34,3% | 39,1% | |
| **SELLING AND ADMINISTRATIVE EXPENSES** | (20,3) | (27,4) | (13,0) | (60,7) | (19,9) | (22,7) | (12,1) | (54,7) | 10,9% |
| **CORPORATE EXPENSES** | 0,0 | 0,0 | 0,0 | (2,3) | 0,0 | 0,0 | 0,0 | (2,0) | 11,6% |
| **OPERATING INCOME** | **25,2** | **16,1** | **7,1** | **46,2** | **25,4** | **8,8** | **8,0** | **40,2** | **15,0%** |
| Operating Margin | 22,9% | 15,7% | 13,1% | 17,5% | 23,4% | 10,6% | 13,7% | 16,2% | |
| **EBITDA (1)** | **31,6** | **20,6** | **10,4** | **60,3** | **31,8** | **13,8** | **11,7** | **55,3** | 9,0% |
| Ebitda Margin | 28,7% | 20,0% | 19,1% | 22,7% | 29,3% | 16,6% | 20,0% | 22,3% | |
| **NON OPERATIONAL RESULTS** | | | | | | | | | |
| **FINANCIAL EXPENSE/INCOME (Net)** | | | | (7,2) | | | | (12,7) | -43,9% |
| **RESULTS FROM AFFILIATED** | | | | 0,6 | | | | 1,2 | -47,9% |
| **AMORTIZATION OF GOODWILL** | | | | (3,0) | | | | (3,5) | -13,3% |
| **OTHER INCOME/(EXPENSE)** | | | | (0,4) | | | | (13,4) | -97,0% |
| **PRICE LEVEL RESTATEMENT (3)** | | | | 9,7 | | | | 20,1 | -51,7% |
| **NON-OPERATING RESULTS** | | | | **(0,2)** | | | | **(8,3)** | **-97,2%** |
| | | | | | | | | | |
| **INCOME BEFORE INCOME TAXES; AMORTIZATION OF NEGATIVE GOODWILL AND MINORITY INTEREST** | | | | **46,0** | | | | **31,9** | 44,3% |
| | | | | | | | | | |
| **INCOME TAXES** | | | | (5,9) | | | | (3,9) | 52,8% |
| **MINORITY INTEREST** | | | | (0,1) | | | | 0,0 | 0,0% |
| **AMORTIZATION OF NEGATIVE GOODWILL** | | | | 0,0 | | | | 0,0 | NA |
| **NET INCOME** | | | | **40,0** | | | | **28,0** | **42,7%** |
| **Net Margin** | | | | 15,1% | | | | 11,3% | |

| | | | |
|---|---|---|---|
| **WEIGHTED AVERAGE SHARES OUTSTANDING** | 760,3 | 760,3 | |
| **EARNINGS PER SHARE** | **0,05** | **0,04** | |
| **EARNINGS PER ADS** | **0,32** | **0,22** | **42,7%** |

(1) EBITDA: Operating Income + Depreciation
(2) Total may be different from the addition of the three countries because of intercountry eliminations
(3) Includes: Monetary Correction + Conversion Effect to Balance Sheet + Income Statement Accounts.

# Embotelladora Andina S.A.

## Consolidated Balance Sheet

**(In million of constant 03/31/06 Chilean Pesos)**

| ASSETS | 31/03/2006 | 31/03/2005 | %Ch |
|---|---|---|---|
| Cash + Time deposits + market. Securit. | 97.163 | 72.629 | 33,8% |
| Account receivables (net) | 50.545 | 51.180 | -1,2% |
| Inventories | 17.580 | 21.852 | -19,5% |
| Other current assets | 19.300 | 19.220 | 0,4% |
| **Total Current Assets** | **184.588** | **164.880** | **12,0%** |
| Property, plant and equipment | 504.487 | 539.661 | -6,5% |
| Depreciation | (364.780) | (382.597) | -4,7% |
| **Total Property, Plant, and Equipment** | **139.707** | **157.065** | **-11,1%** |
| Investment in related companies | 20.646 | 20.443 | 1,0% |
| Investment in other companies | 55 | 57 | -3,7% |
| Goodwill | 71.907 | 89.750 | -19,9% |
| Other long term assets | 125.721 | 181.075 | -30,6% |
| **Total Other Assets** | **218.329** | **291.325** | -25,1% |
| **TOTAL ASSETS** | **542.625** | **613.270** | **-11,5%** |

| LIABILITIES & SHAREHOLDERS' EQUITY | 31/03/2006 | 31/03/2005 | %Ch |
|---|---|---|---|
| Short term bank liabilities | 28.759 | 12.691 | 126,6% |
| Current portion of long term bank liabilities | 495 | 2.799 | -82,3% |
| Current portion of bonds payable | 17.781 | 18.788 | -5,4% |
| Trade accounts payable and notes payable | 45.268 | 43.304 | 4,5% |
| Other liabilities | 20.874 | 21.006 | -0,6% |
| **Total Current Liabilities** | **113.176** | **98.588** | **14,8%** |
| Long term bank liabilities | 395 | 49.681 | -99,2% |
| Bonds payable | 99.065 | 113.852 | -13,0% |
| Other long term liabilities | 36.382 | 27.969 | 30,1% |
| **Total Long Term Liabilities** | **135.842** | **191.501** | **-29,1%** |
| **Minority interest** | **1.186** | **0** | **2278017,2%** |
| **Stockholders' Equity** | **292.421** | **323.181** | **-9,5%** |
| **TOTAL LIABILITIES & SHAREHOLDERS' EQUITY** | **542.625** | **613.270** | **-11,5%** |

## Financial Highlights

**(In million of constant 03/31/06 Chilean Pesos)**

| ADDITIONS TO FIXED ASSETS | 31/03/2006 | 31/03/2005 |
|---|---|---|
| Chile | 3.171 | 3.510 |
| Brazil | 2.863 | 1.470 |
| Argentina | 1.155 | 1.729 |
| | **7.190** | **6.710** |

| DEBT RATIOS | 31/03/2006 | 31/03/2005 |
|---|---|---|
| Financial Debt / Total Capitalization | 0,33 | 0,38 |
| Financial Debt / EBITDA L12M | 1,34 | 2,00 |
| EBITDA L12M+Interest Income / Interest Expense L12M | 7,49 | 6,26 |

L12M: Last twelve months

* As March 31, 2006, the company's registered a positive net cash position of US$ 127.4 million. Total debt amounted to US$ 278.4 million.
Total Cash amounted to US$ 405.8 million, which includes cash investments accounted for under Other Current Assets as well as Other Long Term Assets.

# Embotelladora Andina S.A.

## Main Indicators

| INDICATORS | Unit | mar-06 | dic-05 | mar-05 | Variance |
|---|---|---|---|---|---|
| ***LIQUIDITY*** | | | | | |
| Current Ratio | Times | 1,63 | 1,30 | 1,67 | -0,04 |
| Acid Tests | Times | 1,48 | 1,16 | 1,45 | 0,02 |
| Working Capital | MCh$ | 45.748 | 36.022 | 38.194 | 7.554 |
| ***ACTIVITY*** | | | | | |
| Investments | MCh$ | 7.190 | 27.369 | 6.710 | 480 |
| Inventory turnover | Times | 4,69 | 14,78 | 3,68 | 1,01 |
| Days of inventory on hand | Days | 76,79 | 24,36 | 97,82 | -21,03 |
| ***INDEBTEDNESS*** | | | | | |
| Debt to equity ratio | % | 85,57% | 95,97% | 89,76% | -4,19% |
| Short-term liabilities to total liabilities | % | 45,45% | 48,64% | 33,99% | 11,47% |
| Long-term liabilities to total liabilities | % | 54,55% | 51,36% | 66,01% | -11,47% |
| Interest charges coverage ratio | Times | 15,70 | 18,68 | 15,83 | -0,13 |
| ***PROFITABILITY*** | | | | | |
| Return over equity | % | 7,51% | 19,67% | 4,73% | 2,78% |
| Return over total assets | % | 3,94% | 9,95% | 2,43% | 1,51% |
| Return over operating assets | % | 8,36% | 21,25% | 5,22% | 3,13% |
| Operating income | MCh$ | 24.330 | 77.674 | 21.164 | 3.166 |
| Operating margin | % | 17,45% | 16,28% | 16,21% | 1,25% |
| EBITDA (1) | MCh$ | 34.825 | 103.185 | 27.668 | 7.157 |
| EBITDA margin | % | 24,98% | 21,63% | 21,19% | 3,80% |
| Dividends payout ratio - Serie A shares | % | 7,25% | 7,76% | 4,81% | 2,44% |
| Dividends payout ratio - Serie B shares | % | 7,55% | 8,04% | 4,97% | 2,57% |

**EBITDA (1)** Earnings before income taxes, interests, depreciation, amortization and extraordinary items.