



Quarterly Update

For the Quarter Ending September 30, 2010

AMC 9-Month Earnings Up 42% to P1.41 Billion

Alaska Milk Corporation's net income rose by 42% during the first nine months of the year to P1.41 billion from P993 million in the same period last year on higher sales volume as well as lower costs. The nine-month net income figure already surpassed 2009's full year earnings of P1.41 billion.

Domestic Milk Consumption Continue to Rise Domestic demand remained robust during the third quarter of 2010 on the back of higher consumer spending and post-election optimism. Consumption of milk products, in particular, continued to expand year-on-year underpinned by intensive promotional and advertising efforts among key market players. This translated to a 3% growth in Alaska Milk's revenues for the quarter, at P2.74 billion from P2.66 billion in the same period last year. Continuing improvements in production capacity as well as sustained brand-building initiatives supported sales volume growth across the Company's core milk products as well as market share gains in their respective categories. This put net sales for the nine-month period at P8.57 billion, 7% higher than year-ago net sales of P8.0 billion. The Company looks forward to stronger revenue growth going into a seasonally strong fourth quarter.

Operating Margin Remains Healthy Cost of sales and operating expenses for the quarter increased at a slower rate of 1%, at P2.23 billion from P2.20 billion a year ago on account of the Company's continuing efforts to improve operating efficiencies, notwithstanding rising cost of key raw materials, particularly for skimmed milk powder. Skimmed milk powder cost edged

Financial Highlights

(in Million Pesos)

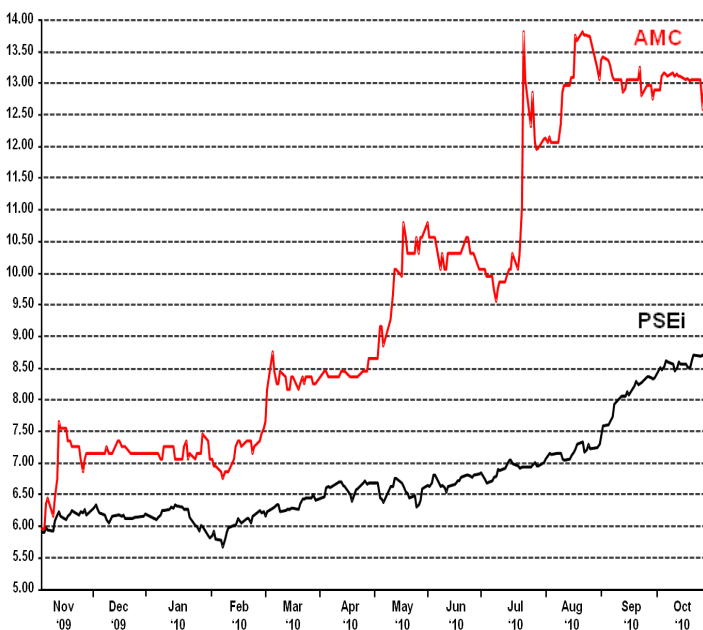
	3Q10	3Q09	% Change	YTD '10	YTD '09	% Change
Net Sales	2,741	2,657	+ 3%	8,572	8,004	+ 7%
Operating Income	507	453	+ 12%	1,816	1,203	+ 51%
Net Income	355	370	- 4 %	1,410	993	+ 42%
Total Assets				8,531	6,513	+ 31%
Total Liabilities				2,894	2,250	+ 29%
Stockholders' Equity				5,637	4,263	+ 32%
Ratios:						
Earnings Per Share	P 0.40	P 0.42	-P 0.02	P 1.60	P 1.12	+P 0.48
Operating Margin	18.5%	17.1%	+1.4% pts	21.2%	15.0%	+6.2% pts
Return on Sales	12.9%	13.9%	-1.0% pt	16.5%	12.4%	+4.1% pts
Current Ratio				1.84:1	1.50:1	+ 0.34:1
Debt-to-Equity				0.51:1	0.53:1	- 0.02:1

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higher during the quarter versus year-ago level alongside price movements of commodities in the international market. Operating expenses, on the other hand, were higher on the back of higher marketing spending as well as higher selling-related expenses due to increased sales volume. This put operating income for the quarter at P507 million or 18.5% of net sales, 12% higher compared to operating income of P453 million or 17.1% of net sales in the same period last year.

Operating income for the nine months ending September 2010 stood at P1.82 billion, 51% higher than year-ago operating income of P1.20 billion as cost of sales and operating expenses declined by 1%. This is largely due to the lower cost of skimmed powder attendant to the Company's strategic buying initiatives through forward contracts. In addition, the strengthening of the peso against the US Dollar provided a boost to margins. As a result, operating margin improved to 21.2% from 15.0% in the same period last year.

12-month AMC Share Price Performance (Relative to PSE Index)



Net Income Foreign exchange losses tempered earnings for the quarter at P355 million from P370 million a year ago. This put net income for the nine-month period at P1.41 billion, 42% higher than year-ago net income of P993 million. Return on sales likewise improved to 16.5% from 12.4% a year ago. The net income for the first nine months of the year is equivalent to an earnings-per-share (EPS) of P1.60 compared to the P1.12 EPS in the same period last year.

UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Skimmed milk powder prices in October eased as higher US production boosted global milk supply and recent price hikes curbed demand. Milk supply out of Europe has been sufficient to generate surplus for near-term requirements while supply in Oceania is increasing with Australia and New Zealand heading into their peak production season. Current price quotes from Oceania range between US\$2,800 to US\$3,200 per metric ton.



Alaska Aces is 2010 PBA Fiesta Conference Champions The Alaska Aces, the Company's franchise in the Professional Basketball Association (PBA), won the 2010 PBA Fiesta Conference in a best-of-seven series against the San Miguel Team. The Championship series ended with Alaska bagging the crown in six games. This was the 13th Championship Title in 25 years, making the Alaska Aces the second winningest team in terms of number of championship wins in the history of the PBA.