



Quarterly Update

For the Year Ending December 31, 2009

2009 UNAUDITED NET INCOME SURGES TO P1.4Bn

Robust Sales Volume Growth and Favorable Costs Lifted Margins

Alaska Milk Corporation ended the year on a strong note, posting unparalleled net income of P1.4 billion, up 384% from P291 million in 2008. Consumer demand for the Company's core milk products remained robust, underpinned by extensive advertising and promotional activities as well as improvements in logistics and supply chain management. With costs of major raw materials down significantly from their 2008 highs, the operating margin for the year improved to 17.9% from 4.7% a year ago.

Domestic Milk Market Notwithstanding the ill-effects of a global economic slowdown, the Philippine consumer market remained resilient supported by a benign inflation environment and sustained remittance inflows of Overseas Filipino Workers. Retail consumption of both evaporated milk and sweetened condensed milk, expanded year-on-year following the Company's strategic price roll-back for selected liquid canned milk brands which drove overall demand. Investments in advertising campaigns likewise created awareness and excitement for the category especially during high-demand seasons. With a growing customer base, the Company continues to strengthen its position in the powdered milk category supported by a communication campaign that reinforces the Alaska brand's nutritional value. *continued on page 2*

Financial Highlights (*Unaudited)

(in Million Pesos)

	4Q09	4Q08	% Change	2009*	2008	% Change
Net Sales	2,576	2,885	- 11%	10,581	9,968	+ 6%
Operating Income	687	78	+ 784%	1,889	464	+ 307%
Net Income	416	53	+ 691%	1,409	291	+ 384%
Total Assets				7,317	6,307	+ 16%
Total Liabilities				2,640	2,808	- 6 %
Stockholders' Equity				4,677	3,499	+ 34%
Ratios:						
Earnings Per Share	P 0.47	P 0.06	+P 0.41	P 1.59	P 0.32	+ P1.27
Operating Margin	26.7%	2.7%	+24.0% pts	17.9%	4.7%	+13.2% pts
Return on Sales	16.2%	1.8%	+14.4% pts	13.3%	2.9%	+10.4% pts
Current Ratio				1.53:1	1.10:1	+ 0.43:1
Debt-to-Equity				0.56:1	0.80:1	- 0.24:1

... continued from page 1

Volume Growth Outperforms Market Strong sales volume growth across the Company's core milk business pushed full year revenues for 2009 to P10.59 billion, up 6% from P9.97 billion in 2008. Sustained promotional activities and demand-generating initiatives drove sales volume higher year-on-year. However, opportunity losses in the aftermath of Typhoon "Ondoy" impeded sales volume growth during the fourth quarter of the year, especially for the liquid canned milk business. The flooding incident in the Company's manufacturing facility caused operations to cease temporarily which resulted to some out-of-stocks situations.

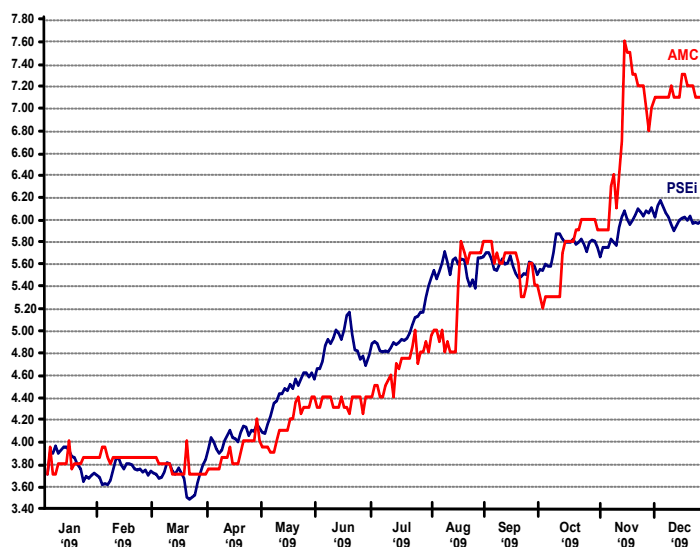
Sales volume of the Company's powdered milk business, on the other hand, posted strong double-digit growth rates on the back of improvements in product availability and extensive merchandising efforts in downline retail outlets. Sustained advertising support for Alaska Powdered Milk likewise translated in brand awareness as well as market share gains.

Higher Margins on Lower Costs Cost of sales and operating expenses for the year amounted to P8.69 billion, 8% lower than cost of sales and operating expenses of P9.50 billion a year ago primarily due to lower raw material prices. Costs of key imported raw materials, skimmed milk powder in particular, as well as local sugar and coconut oil eased down from their peak levels in 2008 due to the decline in global demand attendant to a slowdown in economies. Operating expenses, however, edged higher due to higher distribution-related charges on increased sales volume as well as sustained advertising and promotional spending to support sales volume growth. The foregoing put operating income for the year at P1.89 billion or 17.9% of net sales, higher than 2008's actual operating income of P464 million or 4.7% of net sales.

Interest Expense Higher cash balances due to higher profitability and lower working capital requirements brought net interest income for the year to P22.2 million, a reversal from the P55.4 million net interest expense incurred in 2008. The year-end cash balance for 2009 stood at P1.9 billion.

Net Income After considering foreign exchange losses as well as the impact of a lower corporate income tax rate, unaudited net income for the year surged to P1.4 billion from P291 million in 2008. Return on sales likewise improved to 13.3% from 2.9% a year ago. The 2009 net income is equivalent to an earnings-per-share (EPS) of P1.59 compared to an EPS of P0.32 in 2008.

AMC Share Price Performance AMC's share price climbed 91.9% in 2009 to P7.10 per share from P3.70 per share at the start of the year, outperforming the 63.0% gain of the Philippine Stock Exchange's main index (PSEi).



AMC share price performance for 2009 relative to PSEi

UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Following a sharp increase in the fourth quarter of 2009, global prices of SMP have softened at the start of the year with the onset of milk production in Europe and in the US. Trading activity is weak, with buyers staying on the sideline and watching how low prices will settle. Current quotes are around US\$3,000 per metric ton while supply remains adequate for immediate delivery.