



ALASKA MILK CORPORATION

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Quarterly Update

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YTD SEPTEMBER NET INCOME UP 86% Y-O-Y

3Q02 Review. Revenues in 3Q02 grew 5.5% to P862 million from P817 million in the same period last year. Higher sales volumes across nearly all product lines largely fuelled revenue growth during the quarter. Cost of sales and operating expenses declined 7% to P755 million in 3Q02 from P815 million in 3Q01. Higher revenues and lower expenses pushed operating income to P106 million or 12.3% of net sales from P2 million or 0.3% of net sales in 3Q01. Interest and other income, net of other expenses, put earnings before tax at P141 million and net income for the quarter at P103 million or 11.9% of net sales. Net income for the quarter was 569% higher than net income in the same period last year of P15 million or 1.9% of net sales.

YTD September 2002 Review. Revenues in the first nine months of the year were down 3% to P2.796 billion from P2.889 billion in the same period last year due mainly to the discontinuance of the distribution of Nabisco and Quaker products. Comparing milk revenues alone, revenues for the period in review were 1.5% higher than revenues in the same period last year. Cost of sales and operating expenses fell 10% year-on-year to P2.512 billion from P2.782 billion. Operating income more than doubled to P285 million, up 164% from same period last year of P108 million. Operating margin expanded to 10.2% from 3.7% as a direct result of lower raw material costs. Net income in the first nine months of the year grew 86% to P253 million or 9.1% of net sales from P136 million or 4.7% of net sales in the same period last year.

UPDATES AND OUTLOOK

Skimmed Milk Powder (SMP). SMP prices edged up slightly in recent months to the US\$1,350/MT level. Australian production of SMP has reportedly not been to expectations while world demand was noted to have strengthened slightly over the past two months. However, supply from New Zealand has been reportedly running above last year's levels.

Summary of Results:

Sales Volume. The evaporated and sweetened condensed milk categories continued to decline YTD September 2002. The powdered milk segment likewise contracted, dragged by the full cream milk segment. Powdered filled milk, on the other hand, continued to post growth year-on-year. Notwithstanding the market's contraction, Alaska liquid canned and powdered milk sales volumes in 3Q02 registered mid-single digit growth versus last year. Sales of Alaska Fresh & Alaska Slim grew during the quarter, consistent with its trend since the first half of

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YTD September 2002 FINANCIAL HIGHLIGHTS

Values- in PMM	2002	2001	%Inc(Dec)
Net Sales	P 2,796	P 2,890	(3 %)
Operating Income	285	108	164 %
Net Income	253	136	86 %
Total Assets	3,157	3,254	(3 %)
Stockholders' Equity	2,217	2,218	-
Ratios:			
Earnings Per Share	P 0.28	P 0.15	
Operating Margin	10.2%	3.7%	
Return on Sales	9.1%	4.7%	
Current Ratio	2.7x	2.6x	
Debt to Equity Ratio	0.42x	0.47x	

Updates & Outlook *...continued from page 1*

New Products. Alaska Hi-Cal Powdered Milk, a 99% fat-free calcium enriched milk was launched for the high-end health conscious market. It is the only calcium-enriched milk in the market with colostrum.

Simultaneously, Alaska launched Alaska Evap and Sweetened Condensed Milk in Easy Pour Packs. The same richness and goodness of the classic Evaporated and Sweetened Condensed milk in cans are now available in Easy Pour Tetra briq packs for added convenience in use and storage.



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the year. Higher sales volumes during the quarter, however, were still insufficient to cover for the sales volume shortfall posted as of the end of the first half of the year, but the decline in volume has narrowed substantially by the end of September. Alaska liquid canned milk average market shares in the third quarter slipped slightly while powdered milk market share expanded from the same period last year.

Operating Margin: Lower SMP prices in the first nine months of the year and pushed landed SMP cost 16% lower year-on-year. This largely boosted YTD September operating margin to 10.2% from 3.9% in the same period last year.

Interest Income: Interest income in the first nine months of the year amounted to P58 million, lower than interest income in the same period last year of P73 million. The decline in interest income during the period was due to a drop in average placement rates, notwithstanding a higher average cash balance during the period of P1.36 billion versus P1.23 billion in the same period last year.

Net Income: YTD September 2002 net income reached P253 million or 9.1% of net sales, 86% higher than net income in YTD September 2001 of P136 million or 4.7% of net sales. EPS based on net income in the first nine months is equivalent to P0.28, from EPS in the same period last year of P0.15.