



## First Quarter 2007 Results and Relevant Events

- Growth of 22.4% in revenues and 6.3% in EBITDA<sup>(1)</sup> during the first quarter of 2007.
- Expected decrease in operation and EBITDA<sup>(1)</sup> margins, due to changes in the sales mix attributable mainly to the addition of the Burger King Latin America results, the consolidation effect of the Domino's Pizza advertising trust, the recognition of the deferred benefit plan for executives recognized since the second quarter of 2006 and the increase in depreciation due to the change in the useful life of certain assets of the Company.
- Same store sales decrease of 0.4% in real terms during the first quarter of 2007.
- Net Opening of 16 stores in the first quarter of 2007 ending with a total of 881 stores against 750 last year, which represents a 17.5% increase.



Mexico City, April 25, 2007, - Alsea, S.A.B. de C.V. (BMV: ALSEA\*), leading restaurant operator in Latin America, today announced results for the first quarter of 2007. The results have been prepared in accordance with the Mexican Financial Reporting Standards (MFRS) and are adjusted to Mexican Pesos in purchasing power as of March 31, 2007.

### CONSOLIDATED RESULTS OF THE FIRST QUARTER 2007

The following table sets forth a condensed income statement in million of mexican pesos, as well as the percentage of net sales that each line represents, and the change in percentage, when comparing the quarter ended as of March, 31 2007 compared to the same period of 2006.

	1Q 07	Margin %	1Q 06	Margin %	Change %
Net sales	\$1,542.5	100%	\$1,260.7	100%	22.4%
Gross Profit	1,020.7	66.2%	821.5	65.2%	24.2%
EBITDA <sup>(1)</sup>	226.9	14.7%	213.4	16.9%	6.3%
Operating Income	127.4	8.3%	150.3	11.9%	(15.2%)
Net Income	\$76.8	5.0%	\$26.8	2.1%	186.0%
EPS	\$0.44	N.A	\$0.44	N.A	0.0%

(1) EBITDA. Operating income before depreciation and amortization.

Net sales increased 22.4% to \$1,542.5 million pesos in first quarter of 2007, compared with \$1,260.7 million pesos in the same quarter of last year. This increase reflects the revenue growth in all of our brands, including the addition of Burger King Argentina and Chile results, as well as the increase in food distribution revenues to third parties.

The sales growth of all the brands was due to the net opening of 70 corporate stores and the acquisition of an additional 55 stores including the operations of Burger King in Latin America, which was partially offset by the 0.4% decrease in same store sales attributable to the deceleration of consumption in our industry during the month of march, and to a lower extent the negative impact cause by the natural cannibalization effect as a consequence of the increase in the number of units in some of our brands. The openings performed during the last twelve months originated important changes in the consolidated revenue mix, because the brands with the highest unit growth have higher revenues per unit.



The cost of sales presented a 100 bps decrease due to the revenue mix and the effect of canceling the provision related to the importation costs of Mexican coffee sold in our Starbucks units since January, 2006, as a consequence of a favorable resolution obtained from the authorities, which confirms that we do not have to pay this tax. These positive variations were partially offset by the increase in the exchange rate.

The operating expenses (excluding depreciation and amortization) increased 30.5% equal to 3.2 percentage points, this variance is attributable to the change in the revenue mix previously mentioned, to higher personnel expenses due mainly to the consolidation effect of the Dominos Pizza advertising trust, which we began to consolidate since the third quarter of 2006, to the recognition of the deferred benefit plan granted to the executives of the Company, which was recognized until the second quarter of 2006, and, to a lower extent the loss of marginality due to the decrease in same store sales.

As a consequence of these variations the EBITDA increased 6.3% to \$226.9 million pesos in the first quarter of 2007 compared to \$213.4 million pesos in the same quarter of 2006.

The operating income of the first quarter decreased \$22.9 million pesos due to the increase of \$36.3 million pesos in the depreciation and amortization as a consequence of the assets acquired in relation to the expansion plan, the acquisitions performed in the last twelve months, and to a lower extent the change in the useful life of leasehold improvements in all of our brands.

Consolidated net income increase \$50.0 million pesos, mostly due to: i) the \$52.7 million pesos decrease in other expenses, due to the fact that first quarter of 2006 reflects the recognition in results of the goodwill, derived from the company acquired from Grupo Telepizza, ii) the decrease in \$9.2 million pesos in the integral cost of financing, due to a lower leverage and lower interest rates; iii) the \$5.8 million pesos decrease in the Income Tax, mostly due to the differed tax effect caused by the change in the useful life of certain assets, as well as a decrease in the statutory tax rate; and iv) the \$6.1 million pesos increase in the equity income of affiliates, attributable to the lower loss in Domino's Pizza Brazil results. These variations were partially offset by the \$22.8 million pesos decrease in the operating income.

## RESULTS PER SEGMENT

The following table sets forth the sales and EBITDA per segment, in million of Mexican pesos for the first quarter of 2007 and 2006.

<i>Net Sales per Segment</i>	<i>1Q 07</i>	<i>%</i>	<i>1Q 06</i>	<i>%</i>	<i>Change %</i>
Food & Beverages in Mexico	\$1,204	78.1%	\$1,049	83.2%	14.8%
Food & Beverages Latin America	117	7.6	N.A.	N.A.	N.A.
Distribution	570	37.0	513	40.7%	11.1
Intercompany Operations <sup>(2)</sup>	(349)	(22.7)	(301)	(23.9)%	(15.9)
<b>Consolidated Net Sales</b>	<b>\$1,542</b>	<b>100%</b>	<b>\$1,261</b>	<b>100%</b>	<b>22.4%</b>

<i>EBITDA per Segment</i>	<i>1Q 07</i>	<i>%</i>	<i>1Q 06</i>	<i>%</i>	<i>Change %</i>
Food & Beverages in Mexico	\$168	74.0%	184	86.4%	(8.7%)
Food & Beverages Latin America	9	4.0	N.A.	N.A.	N.A.
Distribution	44	19.4	46	21.6%	(4.3)
Others <sup>(2)</sup>	6	2.6	(17)	(8.0)%	N.A.
<b>Consolidate EBITDA</b>	<b>\$227</b>	<b>100%</b>	<b>\$213</b>	<b>100%</b>	<b>6.3%</b>

(2) For segment reporting purposes, intersegment operations are included in each of the segment operations.





### Food & Beverages in Mexico

During the first quarter of 2007, sales increased 14.8% to \$1,204 million pesos, compared with \$1,049 million pesos in the same period of 2006. This increase of \$155 million pesos is attributable to the increase in units, partially offset by the decrease in same stores sales.

EBITDA decreased 8.7% during the first quarter of 2007, to \$ 168 million pesos compared with \$184 million pesos in the same period of last year. The decrease in EBITDA is explain by higher operative expenses due to the method for recovering corporate expenses applied since the second quarter of 2006, the increase in personnel expenses due to the consolidation effect of the Dominos Pizza advertising trust, which we began to consolidate since the third quarter of last year, as well as the recognition of the deferred benefit plan granted to the executives of the Company. These variations were partially offset by the increase in sales and a lower cost of sales.

### Food & Beverages Latin America

The Food & Beverages Latin America division conformed, as of the end of the first quarter of 2007 by the Burger King Argentina and Chile operations which together had a total store count of 51 units, presented revenues of \$117 million pesos and an EBITDA of \$9 million pesos, which represents an EBITDA margin of 7.7%. These operations are not comparable with the first quarter of last year due to the fact that this acquisition concluded in the second quarter of 2006.

### Distribution

Sales during the first quarter increased 11.1% to \$570 million pesos versus \$513 million pesos in the same period of 2006. This is attributable to the increase in the number of stores served by DIA, achieving a total of 1,033 units as of the end of the first quarter of 2007 compared to 915 in the same period of last year, which represented an increase of 12.9%. Third parties revenues increase 5.3% to reach \$218.6 million pesos due to the higher number of Burger King and Domino's Pizza sub-franchisees units served, which was partially offset by the decrease in sales per unit.

EBITDA reached \$44 million pesos versus \$46 million pesos in the same period of last year. This decrease of \$2 million pesos is explained mostly by the change in Alsea's revenue mix, higher operating expenses due to the method for recovering corporate expenses applied since the second quarter of and the recognition of the deferred benefit plan granted to the executives of the Company . These variations were partially offset by the increase in sales.

## NON-OPERATIVE RESULTS

### Integral Cost of Financing

The integral cost of financing in the first quarter of 2007 decreased to \$10.4 million pesos as compared with the \$19.7 million pesos during the same period of last year. This is attributable to the \$ 12.5 million pesos decrease in interest paid-net due to a lower leverage and a lower interest rates, as well as a \$0.5 million pesos positive variation in the exchange rate results. These variations were partially offset by the \$3.8 million pesos decrease in monetary position results.

### Other Expenses - Net

The Other expenses- net amounted \$4.9 million pesos in the first quarter of 2007. This amount is integrated mostly by the write-off of certain assets of our Domino's Pizza operations related principally to the close of units. In the same period of last year this line represented \$57.6 million pesos due to the recognition in results of the goodwill derived from the company acquired from Grupo Telepizza.

### Income Tax

Income Taxes went down \$5.8 million pesos in the first quarter of 2007, compared with the same period of last year. The effective Income Tax rate was 31.7% in the first quarter 2007 compare to 55.9% in 2006.

### Equity Income of Affiliates

The Equity Income of Affiliates presented a positive variation of \$6.1 million pesos due mostly to the decrease in the loss of Domino's Pizza Brazil.

### Minority Interest

Minority Interest reached \$0.5 million pesos in the first quarter of 2007 as compared to \$1.5 million pesos in the same quarter of 2006. This decrease of \$1.0 million pesos reflects the effect of the consolidation of the Domino's Pizza advertising trust, and to a lower extent the effect of the acquisition of the remaining 40% of Grupo Aldi, operator of the Chili's Grill & Bar brand, performed in may, 2006. These variations were partially offset by the increase in the net income of Starbucks Coffee Mexico.





## **BALANCE SHEET**

### **Accounts Receivable**

The accounts receivable increased to \$149.7 millions pesos compared to the \$137.5 millions pesos in the same period of last year. This \$12.2 million pesos increase, was due to the increase in the Company's operations, due to a higher volume in sales, which was partially offset by a 1 day decrease in accounts receivable.

### **Other Account Receivable**

Other account receivables reached \$54.4 millions pesos, compared to the \$89.7 million pesos of last year. This decrease of \$35.3 millions pesos was principally due to the consolidation effect of the Domino's Pizza advertising trust, provoking the elimination of the account receivable balance.

### **Store Equipment, Leasehold Improvements and Property, Trademarks, Goodwill and Pre-operatives.**

The \$451.8 million pesos variation is the result of an increase in store equipment, leasehold improvements, trademarks and to the increase in pre-operatives expenses due to the expansion plan and the acquisitions performed during the last twelve months, partially offset by assets write-off.

During the first quarter of 2007 Alsea invested in capital expenditures a total of \$183.1 million pesos, \$171.1 million pesos were invested in the opening of new stores, the renewal of equipment and some of existing units of the Company's brands.

### **Differed Taxes- net**

The Differed Taxes-net line of \$113.7 million pesos is attributable to positive effect that causes the change in the useful life of the leaseholds improvements, store equipment and pre-operative expenses of all the brands of our Company, mention in the last quarter; as well as the recognition of the deferred positive taxes coming from the acquisition done in the last twelve months.

### **Suppliers**

The \$54.4 million pesos increase in suppliers was due to the increase in the Company operations volume, partially offset by the 1 days decrease in payable suppliers to reach 28 days as of the end of the first quarter of 2007, compared with 29 days at the end of the same period of 2006.

### **Debt**

As of March 31, 2007 the total debt of the Company was \$596.1 million pesos, compared with \$894.7 million pesos in the same period of last year. Long-term debt of the Company was \$353.1 million pesos, and the short-term debt was \$242.9 million pesos compared with \$429.8 and \$464.9 million pesos, respectively. The Long- Term debt has an average duration of approximately 2 years and a half. At March 31, 2007, 95% of the debt was denominated in Mexican pesos and the remaining 5% in Chilean Pesos. The net debt of the Company compared to last year decreased \$394.3 million pesos to close in \$373.5 million pesos in 2007 compared to \$767.8 million pesos as of the end of the first quarter of 2006.

### **Share By-back Program**

As of March 31, 2007, the Company had a balance in the fund set aside for the 147,724 share by-back equal to approximately \$2.1 million pesos in nominal terms. During the first quarter of 2007, the Company sold 104,000 shares for approximately \$1.8 million pesos and buys 182,000 shares for approximately \$2.6 million pesos resulting in a net buy of 78,000 shares.

### **Financial Ratios**

As of the end of the first quarter of 2007 the Company accomplishes all the financial restrictions settle in the Long term credit contract. The current asset-to-liability ratio was 1.0 times, the net debt -EBITDA ratio was 0.25 times, and the total liabilities- Stock holder's equity ratio was 0.5 times, the EBITDA – Interest paid, net ratio was 22.2 times.

The Return Over Invested Capital ("ROIC")<sup>(4)</sup> decrease from 17.2% to 8.7% in this period. The return over equity ("ROE")<sup>(5)</sup> was 9.9% compared with 12.4% in the first quarter of 2006. The decrease in the financial ratios already mention, is mostly due to the impact in results of the change in the useful life of certain assets that we recognized in the fourth quarter of 2006, as well as the effect in the business mix of the Alsea's portfolio, due to the fact that the brand that are growing the most have inferior yield rates. Excluding this effect, the ROIC<sup>(4)</sup> was 14.1% and the ROE<sup>(5)</sup> was 16.3%





## RELEVANT FIGURES

BRAND	Stores 1Q-07	Stores 1Q-06	Variation	% Annual Growth
Dominós Pizza Mexico	403	398	5	1.3%
Starbucks Coffee Mexico	126	81	45	55.6%
Burger King Mexico	97	81	16	19.8%
Burger King Argentina	27	N.A.	N.A.	N.A.
Burger King Chile	24	N.A.	N.A.	N.A.
Popeyes Chicken & Seafood	9	5	4	80.0%
Chili's Grill & Bar	18	12	6	50.0%
Spoletto	N.A.	2	N/A	N.A.
<b>Total Corporate</b>	<b>704</b>	<b>579</b>	<b>125</b>	<b>21.6%</b>
Domino's Pizza Brazil	22	27	(5)	(18.5%)
Starbucks Coffee Brazil	2	N.A.	N.A.	N.A.
<b>Total Associates</b>	<b>24</b>	<b>27</b>	<b>(3)</b>	<b>(11.1%)</b>
Domino's Pizza Mexico	153	144	9	6.3%
<b>Total Sub- Franchisees</b>	<b>153</b>	<b>144</b>	<b>9</b>	<b>6.3%</b>
<b>TOTAL STORES</b>	<b>881</b>	<b>750</b>	<b>131</b>	<b>17.5%</b>



Financial Ratios	1Q-07	1Q-06	Variation
EBITDA / Interest paid	22.2x	11.2 x	N.A.
Net Debt / EBITDA	0.25x	1.0 x	N.A.
Total Liabilities / Stockholders' Equity	0.50x	0.75 x	N.A.
ROIC <sup>(4)</sup>	8.7%	17.2%	(850 bps)
ROE <sup>(5)</sup> (million pesos)	9.9%	12.4%	(250 bps)

Stock Ratios	1Q-07	1Q-06	Variation
Book value per Share <sup>(7)</sup>	\$4.3	\$3.2	34.4%
EPS (ttm) <sup>(7)</sup>	\$0.44	\$0.44	(0.0%)
EV <sup>(6)</sup> / EBITDA ttm	13.3x	8.3 x	N.A.
Shares outstanding (million) <sup>(7)</sup>	623.2	546.8	14.0%
Float	38.5%	27.6%	1,090bps
Stock Price	\$20.43	\$9.40	117.3%

(4) ROIC is defined as operating income (ttm) divided by operative investment, net (total assets – cash – non interest bearable liabilities).

(5) ROE is defined as net income (ttm) divided by stockholder's equity.

(6) EV is defined as market value plus net debt plus minority interest

(7) To make information comparable, the number of share outstanding has been adjusted by the 4 to 1 split base performed in 2007.



*This press bulletin contains certain forward-looking information relating to the company's results and outlooks. However, the actual results may vary materially from said estimates. The information with respect to future events contained in this bulletin should be read jointly with the risk summary included in the Annual Report. Said information, as well as future reports made by the company or any of its representatives—either orally or in writing—may be materially different from the actual results. These forecasts and estimates, which were prepared referring to a specific date, must not be taken as a fact. The company is in no way responsible for updating or revising these forecasts and estimates, either as a result of new information, future events or other related events.*

*Alsea is the leading restaurant operator in Latin America—operating global brands of proven success such as Domino's Pizza, Starbucks Coffee, Burger King, Popeyes Chicken & Seafood and Chili's Grill & Bar. Its multi-unit operation is backed by its Shared Services Center, including the supply chain through DIA, real estate and development services, as well as administrative services such as finances, human resources and technology.*

*Its shares are traded on the Mexican Stock Exchange under the ticker symbol ALSEA\*.*

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**ALSEA, S.A. DE C.V. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2007 AND 2006**

(Thousands of Mexican pesos in purchasing power as of March 31, 202007)

	March 31, 2007	March 31, 2006
<b>ASSETS</b>		
Current:		
Cash	\$ 222,576	\$ 126,908
Accounts receivable	149,696	137,518
Documents receivable	54,355	89,673
Inventories	194,775	137,846
Recoverable taxes	305,943	165,578
Other current assets	71,165	121,127
<b>Total Current Assets</b>	<b>998,509</b>	<b>778,650</b>
Equity interest in associated companies	16,745	5,024
Store equipment, leasehold improvements and property, net	2,251,531	1,930,681
Trademarks, goodwill and pre-operatives, net	743,042 #	612,120
Deferred Income Tax	113,677 #	0
Other Assets	6,003 #	15,103
Discontinued operations	0 #	6,186
<b>Total Assets</b>	<b>\$ 4,129,508 #</b>	<b>\$ 3,347,764</b>
<b>TOTAL LIABILITIES</b>		
Short-term:		
Short-term debt	\$ 242,937 #	\$ 464,926
Suppliers	312,635 #	258,248
Accounts payable	341,121 #	251,886
Taxes payable	95,314 #	0
<b>Total Short-term liabilities</b>	<b>992,008 #</b>	<b>975,060</b>
Long-term:		
Long-term debt	353,133 #	429,763
Deferred Income Tax	0 #	8,814
Other liabilities	35,695 #	24,300
<b>Total Long-term liabilities</b>	<b>388,828 #</b>	<b>462,877</b>
<b>Total Liabilities</b>	<b>1,380,836 #</b>	<b>1,437,937</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock	522,546 #	482,576
Additional paid in capital	1,061,810 #	371,450
Retained earnings	997,980 #	940,927
Fiscal year earnings	76,289 #	25,368
Cumulative translation effect from foreign entity	3,709 #	384
Minority Interest	86,338 #	89,121
<b>Total Stockholders' Equity</b>	<b>2,748,672 #</b>	<b>1,909,827</b>
<b>Total Liabilities and Stockholder's equity</b>	<b>\$ 4,129,508 #</b>	<b>\$ 3,347,764</b>





**ALSEA, S.A. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS FOR THE THREE MONTHS**  
**ENDED AS OF MARCH 31, 2007 AND 2006**  
(Thousands of Mexican pesos in purchasing power as of March 31, 2007)

	Three months ended	
	March, 31	
	2007	2006
Net sales	\$ 1,542,470	\$ 1,260,660
Cost of sales	521,807	439,129
Gross profit	<u>1,020,664</u>	<u>821,531</u>
Operating expenses	793,765	608,107
Depreciation and Amortization	<u>99,457</u>	<u>63,149</u>
Operating Income (Loss)	<u>127,441</u>	<u>150,275</u>
Integral cost of financing		
Interest expense, net	7,262	19,761
Foreign exchange loss (gain)	708	1,256
Monetary position loss (gain)	2,454	(1,351)
	<u>10,425</u>	<u>19,666</u>
Other (Products) Expense, net	4,595	56,095
Non-recurring Charges	0	(1,002)
Income (Loss) before taxes	<u>112,421</u>	<u>75,516</u>
Income Tax	35,552	41,388
Employees' Statutory	327	1,511
Income (Loss) before equity income of affiliates	<u>76,542</u>	<u>32,617</u>
Equity income of affiliates	733	(5,392)
Continue Operations Result		27,227
Discontinued Operations Result	<u>(490)</u>	<u>(383)</u>
Consolidated net income	76,784	26,844
Minority Interest	495	1,475
Majority interest net income	<u>\$ 76,289</u>	<u>\$ 25,368</u>





**ALSEA, S.A. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION**  
**MARCH 31, 2007 AND 2006**  
(Thousands of Mexican pesos in purchasing power as of March 31, 2007)

	March 31, 2007	March 31, 2006
<b>Operating Activities</b>		
Net Income	\$ 76,784	\$ 26,844
Add Charges (deduce credits) to income not requiring funds		
Depreciation and amortization, goodwill	99,457	63,265
Equity in results of associated companies	(733)	5,392
Income tax and employess statutory profit sharing	1,547	1,395
Effect in results for acquisitions	0	56,575
Deferred income tax	(26,951)	(35,845)
Funds provided by operations	<u>\$ 150,104</u>	<u>\$ 117,625</u>
Net financing from (investing in) operating activities:		
Clients	\$ 16,555	\$ (11,830)
Inventories	25,685	3,701
Suppliers	(123,880)	(68,979)
Taxes	0	0
Other assets and other liabilities	(33,936)	19,032
Funds (used in) working capital	<u>\$ (115,577)</u>	<u>\$ (58,076)</u>
Funds provided by operating activities	<u>\$ 34,528</u>	<u>\$ 59,549</u>
<b>Financing:</b>		
Increase in capital stock and minority interest, net	\$ 18,947	\$ 5,679
Repurchase of shares	(791)	2,459
Debt and payment loans, net	111,813	115,744
Dividend payment	0	0
Funds provided by financing activities	<u>\$ 129,968</u>	<u>\$ 123,883</u>
<b>Investing:</b>		
Store equipment, leasehold improvements and property, net	(112,355)	(139,728)
Asset write-offs	3,689	4,325
Trademarks, goodwill and pre-operatives, net	(72,240)	(31,482)
Investment in shares of associated companies, net dividend collected	(530)	3,730
Incorporation effect in subsidiaries	0	(60,114)
Monetary conversion effect	1,647	0
Funds (used in) investing activities	<u>\$ (179,789)</u>	<u>\$ (223,270)</u>
(Decrease) in cash	<u>\$ (15,293)</u>	<u>\$ (39,839)</u>
Cash beginnig period	\$ 237,868	\$ 166,747
<b>Cash end of period</b>	<u>\$ 222,575</u>	<u>\$ 126,908</u>

