



First Quarter Results and Relevant Events

- Record Sales (\$1,211 million pesos), EBITDA (\$205 million pesos) and EBITDA margin (16.9%).
- Growth of 23.9 in revenues and 39.7 in EBITDA
- Same store sales increase of 3.3%.
- Opening of 20 stores in the first quarter of 2006 to achieve a total of 606 corporate stores versus 470 by the end of the same quarter of last year, which represents a 28.9% increase. As of the end of this quarter total stores reached 750.
- Stock price increase of 72.8% during the last twelve months.

Mexico City, April 26, 2006. –Alsea, S.A. de C.V. (BMV: ALSEA*), leading restaurant operator in Mexico, today announced results for the first quarter 2006. The results have been prepared in accordance with Mexican GAAP and are adjusted in millions of Mexican pesos in purchasing power as of March 31, 2006.

CONSOLIDATED RESULTS OF THE FIRST QUARTER 2006

The following table sets forth a condensed income statement in millions of Mexican pesos, as well as the percentage of net sales that each line item represents, and the change in percentage, when comparing first quarter 2006 with first quarter 2005:

| | 1Q 06 | Margin % | 1Q 05 | Margin% | Change% |
|-----------------------|---------|----------|-------|---------|---------|
| Net Sales | \$1,211 | 100.0% | \$977 | 100.0% | 23.9% |
| Gross Profit | 789 | 65.2% | 583 | 59.7% | 35.2% |
| Operating Income | 144 | 11.9% | 105 | 10.7% | 37.5% |
| EBITDA ⁽¹⁾ | 205 | 16.9% | 146 | 15.0% | 39.7% |
| Net Income | \$26 | 2.1% | \$66 | 6.7% | (60.7)% |

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

Net sales increased 23.9% to \$1,211 million pesos in the first quarter 2006, compared with \$977 million pesos in the first quarter of last year. The increase was attributable to revenue growth in all of our brands, as well as the inclusion of Chili's Grill & Bar results. The sales growth of the different brands, was due to the addition of 136 corporate stores during the last twelve months, the 3.3% same store sales increase, which is attributable to the price strategy implemented in relation to the application of a 0% VAT rate to food sales in the corporate stores of Domino's Pizza, Popeye's Chicken & Seafood, and in the Burger King stores. These effects were partially offset due to the hard comparison to the same quarter of last year because of the successful introduction of the pizza "D4", to the unfavorable effect in calendar due to the fact that the Easter Week of 2005 was celebrated during the first quarter, as well as to lower royalties and distribution revenues collected from Domino's Pizza sub-franchisees and other Burger King franchisees, due to the acquisitions performed during the last twelve months.

Ebitda increased 39.7% to \$205 million pesos in the first quarter 2006 compared with \$146 million in the same quarter of 2005. This increase is attributable to higher sales and a decrease in cost of sales derived from the aforementioned price strategy and a lower exchange rate, achieving a 550 bps expansion in gross margin. These variances were partially offset by the increase of 34.7% in operating expenses due to the growth in the number of stores, expenses related to the 0% VAT rate effect, higher personnel expenses related to the "Programa Gente", as well as the increase in prices above inflation in energy and gas.

Net income decreased \$40 million pesos due to: i) the increase of \$52 million pesos in other expenses: ii) a \$16 million pesos increase in integral cost of financing, and iii) an increase of \$11 million pesos in income and profit sharing taxes. These variances were partially offset by an increase of \$39 million pesos in operating income.





RESULTS PER SEGMENT

Taking into account the manner in which management has decided to reorganize the business segments of the Company, the presentation of the financial information changed taking into account the requirements of Bulletin B-5 issued by the IMCP regarding "Financial Information by Segment". The following table presents results for each of our business segments.

| <i>Net Sales per Segment</i> | 1Q 06 | % | 1Q 05 | % | Change% |
|--|----------------|---------------|--------------|---------------|----------------|
| Food & Beverages | \$1,007 | 83.2% | \$750 | 76.8% | 34.3% |
| Distribution | 493 | 40.7% | 491 | 50.2% | 0.4% |
| Other Businesses ⁽²⁾ | 276 | 22.8% | 206 | 21.1% | 34.0% |
| Intercompany Operations ⁽³⁾ | (565) | (46.7)% | (470) | (48.1)% | 20.0% |
| Consolidated Net Sales | \$1,211 | 100.0% | \$977 | 100.0% | 23.9% |

| <i>EBITDA per Segment</i> | 1Q 06 | % | 1Q 05 | % | Change% |
|--------------------------------------|--------------|---------------|--------------|---------------|----------------|
| Food & Beverages | \$176 | 85.8% | \$115 | 78.8% | 53.0% |
| Distribution | 45 | 22.0% | 46 | 31.5% | (2.2)% |
| Other Businesses | (16) | (7.8)% | (15) | (10.3)% | 6.7% |
| Consolidated Operating Income | \$205 | 100.0% | \$146 | 100.0% | 39.7% |

(2) Other businesses segment includes the real state and service companies, as well as the operations of the holding company.

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

Food & Beverages

During the first quarter of 2006, sales increased 34.3% to \$1,007 million pesos, compared with \$750 million pesos in the same quarter of last year. This increase of \$257 million pesos is attributable to the opening of stores and the increase in same store sales, which is attributable to the implementation of the previously mentioned price strategy, as well as to the inclusion on the Chili's Grill & Bar results. These variations were partially offset due to the hard comparison to the same quarter of last year because of the successful introduction of the pizza "D4", to the unfavorable effect in calendar due to the fact that the Easter Week of 2005 was celebrated during the first quarter, as well as to lower royalties and distribution revenues collected from Domino's Pizza sub-franchisees and other Burger King franchisees, due to the acquisitions performed during the last twelve months.

Ebitda increased 53.0% to \$176 million pesos compared with \$115 million pesos in the same quarter of last year. This increase reflects higher revenues and a lower cost of sales as a percentage of revenues due to the price strategy implemented in relation to the application of a 0% VAT rate to food sales in the corporate stores of Domino's Pizza, Popeye's Chicken & Seafood, and in the Burger King stores, as well as a lower exchange rate. These variances were partially offset by the increase in operating expenses due to the growth in the number of stores, expenses related to the 0% VAT rate effect, higher personnel expenses related to the "Programa Gente", as well as the increase in prices above inflation in energy and gas.

Distribution

Sales during this quarter increased 0.4% to \$493 million pesos in comparison to \$491 million pesos in the same quarter of last year, which is attributable to the higher number of stores. Due to the previously mentioned effect of the successful introduction of the pizza "D4", and to a lower extent to the acquisitions made in the last twelve months, sales after inter-company eliminations decreased 11% during the first quarter of 2006 compared to the same quarter of last year.

Ebitda slightly decreased to \$45 million pesos compared with \$46 million pesos in the same quarter of last year, due to higher personnel expenses.

NON-OPERATIVE RESULTS





Integral Cost of Financing

The integral cost of financing rose \$16 million pesos, due to the \$17 million pesos increase in interests paid – net, as a result of more leverage, as well as a lower exchange gain of \$1 million. The variations were partially offset by the \$2 million pesos increase in the result of the monetary position.

Other Expenses - Net

Other expenses increased from \$1 million pesos to \$53 million in the first quarter 2006. This amount represents principally a \$54 million pesos expense related to the recognition in results of the goodwill, derived from the third and last company acquired from Grupo Telepizza, which was partially offset by the net effect of canceling provisions and the write-off of assets in relation to the closing, relocation and refurbishment of stores.

Equity Interest in Associated Companies

Equity interest in associated companies presented a negative variation of 0.6%, representing \$5.2 million pesos during the first quarter of 2006.

Minority Interest

Minority interest decreased to \$1 million pesos in the first quarter 2006 in comparison to \$5 million pesos of the same period 2005. Such decrease reflects the effect of the acquisition of the 100% of Operadora West (Burger King) and the 21.95% of the common shares of SC de Mexico, which was partially offset by the increase in net income in Starbucks Coffee and the inclusion of Chili's.



BALANCE SHEET

Accounts Receivable and Documents Receivable

The \$16 million pesos change in Accounts Receivable and Documents Receivable from the first quarter of 2005, was due to the financing granted to some affiliates and associated companies, which was partially offset by the decrease of two days in accounts receivable, going from 11 days to 9 days.

Recoverable Taxes

The \$160 million pesos increase in Recoverable Taxes was due to the effect related to the application of the 0% VAT rate to food sales in the corporate stores of Domino's Pizza, Popeye's Chicken & Seafood, and Burger King.

Capital Investment

Upon the first quarter 2006, Alsea invested without considering acquisitions \$165 million pesos, principally in the opening of 20 stores of the different brands operated by the Company, maintenance Capex, and the investment realized in relation to the new corporate offices.

Deferred Assets, net

The \$134 million pesos change in deferred assets - net was mainly due to the increase in goodwill, and in trademarks derived from the acquisitions made in the last twelve months, as well as the increases in installation and pre-operative expenses due to the expansion program, and to a lower extent the consolidation effects from the acquisitions previously mentioned.

Suppliers

The variation in suppliers of \$23 million pesos was due to the increase in the company operations according to our expansion plan and the acquisitions made in the last twelve months, which was partially offset by the decrease of 4 days in suppliers, closing the quarter with 29 days.

Accounts Payable

The \$119 million pesos change in accounts payable was due to the expenses related to the 0% VAT rate effect, as well as from the consolidation effect of the different acquisitions the Company has made in the last 12 months.

Debt

As of March 31, 2006 long-term debt of the Company was \$413 million pesos and short-term debt was \$446 million pesos, compared to \$219 million pesos and \$61 million pesos as of March 31, 2005 respectively. At the end of the first quarter 2006 the net debt increase in \$637 million pesos compared to the first quarter of 2005. All the debt was denominated in Mexican pesos.

Share Buyback Program



Upon March 31, 2006, the Company had repurchased 186,331 shares for an approximate amount of \$5 million pesos in nominal terms.

Financial Ratios

The current asset-to-liability ratio was 0.8 times and, the quick ratio was 0.7 times. The Company decreased its accounts receivable in 2 days from 11 to 9 days, inventory turnover increased from 12 times to 13 times, and suppliers decreased from 33 to 29 days as of the end of the first quarter 2006.

As a consequence of an increase in the operative revenue and a more efficient capital structure, the Economic Value Added ("EVA")⁽³⁾ was \$200 million pesos as of the end of the first quarter of 2006, which represents a 31.9% growth compared with \$151million pesos obtained in the 2005 same period. Return over invested capital ("ROIC")⁽⁴⁾ was 22.8% as of the end of the first quarter of 2006, which is 220 bps lower than the obtained in the same quarter of the previous year. Earnings per share for the last twelve months, as of the end of the first quarter, was \$1.7 pesos, compared to \$1.5 pesos obtained during the same period in 2005, which represents a 13.3% growth.





RELEVANT FIGURES

| Number of Stores | 1Q 2006 | 1Q 2005 | Variation | Var. % |
|-----------------------------|------------|------------|------------|--------------|
| Total Stores | 750 | 643 | 107 | 16.6% |
| Total Alsea's Stores | 606 | 470 | 136 | 28.9% |
| Domino's Mexico | 542 | 502 | 40 | 8.0% |
| Corporate | 398 | 329 | 69 | 21.0% |
| Franchisees | 144 | 173 | (29) | (16.8)% |
| Domino's Brazil | 27 | 27 | 0 | 0.0% |
| Starbucks Coffee | 81 | 50 | 31 | 62.0% |
| Burger King | 81 | 59 | 22 | 37.3% |
| Popeyes | 5 | 5 | 0 | 0.0% |
| Chili's | 12 | 0 | 12 | N.A. |
| Spoletto | 2 | 0 | 2 | N.A. |

| Financial Ratios | 1Q 2006 | 1Q 2005 | Variation |
|--|-----------|-----------|-----------|
| EBITDA ⁽¹⁾ / interest paid | 11.2 x | 45.1 x | N.A. |
| Net debt / EBITDA | 1 x | 0.2 x | N.A. |
| Total liabilities / Stockholders' equity | 0.75 x | 0.4 x | N.A. |
| ROIC ⁽⁴⁾ | 22.8% | 25.0% | (220 bps) |
| EVA ⁽³⁾ (thousand pesos) | \$199,535 | \$151,329 | (31.9)% |

| Stock Ratios | 1Q 2006 | 1Q 2005 | Variation |
|------------------------------|---------|---------|-----------|
| Book value per share | \$12.79 | \$11.96 | 6.9% |
| EPS (quarter) | \$1.7 | \$1.5 | 13.3% |
| EV ⁽⁵⁾ / EBITDA | 8.3 x | 5.6 x | 48.2% |
| Shares outstanding (million) | 136.7 | 134.1 | 1.9% |
| Float | 27.6% | 19.8% | 39.4% |
| Stock price | \$37.6 | \$21.76 | 72.8% |

(3) EVA is defined as the operating income (ttm) – net invested capital times the cost of equity (it considers a 17% cost of equity)

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

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

Alsea is the leader restaurant operator in México operating Domino's Pizza, Starbucks Coffee and Popeyes and is franchisee of Burger King and Chili's. The operation of its multi-unit business is supported by its Shared Services Center, which includes the DIA supply chain, real-estate and development services, as well as financial and administrative services.

This press release contains forward-looking statements regarding the Company's results and prospects. Actual results could differ materially from these statements. The forward-looking statements in this press release should be read in conjunction with the factors described in the risks summary in the Company's Annual Report, which, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this press release and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Its shares quote in the Bolsa Mexicana de Valores under the ticker ALSEA.*

Contacts:
Diego Gaxiola Cuevas
 Corporate Finance
 Phone: (5255) 5241-7158
dgaxiola@alsea.com.mx



ALSEA



ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS MARCH 31, 2006 AND 2005
(Thousands of Mexican pesos in purchasing power as of March 31, 2006)

| | March 31, 2006 | March 31, 2005 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 122,810 | \$ 180,083 |
| Accounts receivable | 132,123 | 141,141 |
| Documents receivable | 86,112 | 60,730 |
| Inventories | 132,422 | 131,644 |
| Recoverable taxes | 159,636 | 0 |
| Other current assets | 116,317 | 38,872 |
| Total current assets | 749,420 | 552,470 |
| Investment in shares of associated companies | 4,824 | 14,349 |
| Property, plant, equipment and leasehold improvements, net | 1,856,160 | 1,392,573 |
| Deferred assets, net | 589,669 | 419,116 |
| Other assets | 14,505 | 50,727 |
| Total assets | \$ 3,214,578 | \$ 2,429,235 |
| LIABILITIES | | |
| Short-term: | | |
| Short-term debt | \$ 446,456 | \$ 60,650 |
| Suppliers | 248,358 | 225,547 |
| Accounts payable | 242,124 | 123,400 |
| Taxes payable | 0 | 724 |
| Total short-term liabilities | 936,938 | 410,321 |
| Long-term: | | |
| Long-term debt | 412,690 | 218,585 |
| Other liabilities | 30,994 | 107,288 |
| Total long-term liabilities | 443,684 | 325,873 |
| Total liabilities | 1,380,622 | 736,194 |
| STOCKHOLDERS' EQUITY | | |
| Capital stock | 463,405 | 458,308 |
| Additional paid-in capital | 356,694 | 357,713 |
| Retained earnings | 903,547 | 727,422 |
| Fiscal year earnings | 24,360 | 60,321 |
| Cumulative translation effect from foreign entity | 369 | 369 |
| Minority interest | 85,581 | 88,908 |
| Total stockholders' equity | 1,833,956 | 1,693,041 |
| Total liabilities and Stockholders' equity | \$ 3,214,578 | \$ 2,429,235 |





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS
ENDED MARCH 31, 2006 Y 2005
(Thousands of Mexican pesos in purchasing power as of March 31, 2006)

| | Three months ended | |
|--|--------------------|------------------|
| | March 31 | |
| | 2006 | 2005 |
| Net sales | \$ 1,210,729 | \$ 977,018 |
| Cost of sales | <u>421,884</u> | <u>393,560</u> |
| Gross profit | 788,845 | 583,458 |
| Operating expenses | <u>584,173</u> | <u>436,968</u> |
| EBITDA ⁽¹⁾ | <u>204,692</u> | <u>146,490</u> |
| Depreciation and amortization | <u>60,755</u> | <u>41,805</u> |
| Operating income | <u>143,917</u> | <u>104,685</u> |
| Integral Cost of Financing | | |
| Interest expense, net | 18,978 | 1,633 |
| Foreign Exchange Loss | 1,206 | 258 |
| Monetary position (Gain) Loss | <u>(1,316)</u> | <u>1,026</u> |
| | 18,868 | 2,917 |
| Other expenses, net | <u>52,900</u> | <u>728</u> |
| Income before taxes | 72,149 | 101,040 |
| Total income tax and assets tax | 39,743 | 30,312 |
| Employees' statutory profit sharing | <u>1,451</u> | <u>(49)</u> |
| Income before equity in income of affiliates | 30,955 | 70,777 |
| Equity income of affiliates | <u>(5,178)</u> | <u>(5,210)</u> |
| Consolidated net income | 25,777 | 65,567 |
| Minority interest | 1,417 | 5,246 |
| Majority interest net Income | \$ <u>24,360</u> | \$ <u>60,321</u> |





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
YEARS ENDED MARCH 31, 2006 AND 2005
(Thousands of Mexican pesos in purchasing power as of March 31, 2006)

| | March 31, 2006 | March 31, 2005 |
|---|-------------------|-------------------|
| Operating Activities: | | |
| Net Income | \$ 25,777 | \$ 65,567 |
| Add charges (deduce credits) to income not requiring (providing) funds: | | |
| Depreciation and amortization, goodwill | 60,755 | 41,805 |
| Equity in results of associated companies | 5,178 | (5,210) |
| Income tax and employee statutory profit sharing | 1,340 | 315 |
| Desincorporated subsidiaries | 54,331 | 0 |
| Deferred income tax | (34,423) | (14,554) |
| Funds provided by operations | \$ 112,958 | \$ 87,923 |
| Net financing from (investing in) operating activities: | | |
| Clients | \$ (11,361) | \$ (22,473) |
| Inventories | 3,554 | 53,623 |
| Suppliers | (66,243) | (7,367) |
| Other assets and other liabilities | 19,215 | (33,640) |
| Funds (used in) provided by working capital | \$ (54,835) | \$ (9,857) |
| Funds provided by (used in) operating activities | \$ 58,123 | \$ 78,066 |
| Financing activities: | | |
| Increase in capital stock and minority interest, net | \$ 5,453 | \$ 25,697 |
| Repurchase of shares | 2,362 | (887) |
| Debt and payment loans, net | 111,154 | 179,594 |
| Funds provided by (used in) financing activities | \$ 118,969 | \$ 204,404 |
| Investing activities: | | |
| Acquisition of property, equipment and leasehold improvements | (157,160) | (31,157) |
| Assets write-offs | 4,153 | 1,247 |
| Trademarks, pre-operating expenses and other assets | (7,260) | (133,841) |
| Investment in shares of associated companies, net dividends collected | 3,582 | (5,435) |
| Incorporation effect of subsidiaries | (57,730) | (81,787) |
| Funds provided by (used in) investing activities | \$ (214,415) | \$ (250,973) |
| Increase (decrease) in cash | \$ (37,323) | \$ (31,497) |
| Cash beginning of period | \$ 160,133 | \$ 148,586 |
| Cash end of period | \$ 122,810 | \$ 180,083 |

