



Third Quarter Results and Relevant Events

- Growth of 29.0% in revenues and 37.7% in EBITDA⁽¹⁾, reaching \$1,472 million pesos and \$225 million pesos, respectively.
- Same store sales increase of 3.1% in the third quarter 2006, and 6.3% for the nine months ended September 30, 2006.
- Net Opening of 14 corporate stores, to achieve a total of 686 corporate stores versus 548 by the end of the same quarter of last year, which represents a 25.2% increase. As of the end of this quarter total stores reached 838.
- Debt refinancing through a simple credit for a period of 5 years with an interest rate of TIIE plus 10 bps
- 4th Anniversary of Starbucks Mexico and the opening of its store number 100



Mexico City, October 25, 2006.- Alsea, S.A.B. de C.V. (BMV: ALSEA*), leading restaurant operator in Latin America, today announced results for the third quarter 2006. The results have been prepared in accordance with Mexican GAAP and are adjusted in million of Mexican Pesos in purchasing power as of September 30, 2006.

CONSOLIDATED RESULTS OF THE THIRD QUARTER 2006

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 third quarter 2006 with third quarter 2005.

	3Q 06	Margin %	3Q 05	Margin %	Change %
Net sales	\$1,472	100%	\$1,141	100%	29.0%
Gross Profit	959	65.2%	719	63.0%	33.4%
EBITDA ⁽¹⁾	225	15.3%	163	14.3%	37.7%
Operating Income	127	8.6%	111	9.7%	14.7%
Net Income	\$59	4.0%	\$75	6.6%	(21.5%)

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

Net sales increased 29.0% to \$1,472 million pesos in the third quarter 2006, compared with \$1,141 million pesos in the third quarter of last year. This increase was attributable to revenue growth in all of our brands, as well as the inclusion of Burger King Argentina and Chile. The sales growth of the different brands, was due to: i) The addition of 89 corporate stores and the acquisition of an additional 49 stores; ii) the 3.1% 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 Burger King since November 2005, and Popeyes Chicken&Seafood stores since July 2005, as well as to the successful promotions and combos of our brands.

EBITDA increased 37.7% to \$225 million pesos in the third quarter 2006 compared with \$163 million pesos in the same quarter of last year. The increase was attributable to the combination of revenue growth in all of our brands, the decrease of 220 bps in the cost of sales, partially offset by the increase of 120 bps in operating expenses. The cost of sales decrease due to the price strategy implemented in relation to the application of the 0% VAT rate to food sales, the change in the sales mix in Alsea's portfolio and to certain operating efficiencies. Operating expenses (excluding depreciation and amortization) increased 32.1% equal to \$178.6 million pesos, due to the growth in the number of stores and the expenses related to the



0% VAT rate effect. As a percentage of sales, operating expenses (excluding depreciation and amortization) increased from 48.7% to 49.9%, even considering that during the third quarter of 2005 the Company incurred in expenses related with the acquisitions performed, due principally to the change in the business mix in Alsea's portfolio and to a lower extent due to the increase in the cost of personnel.

Net Income decreased \$16 million pesos due to: i) the \$45.3 million pesos increase in depreciation and amortization due to the increase of fix assets related with the expansion program, as well as to the decrease in the useful life of certain assets of Burger King Mexico and Chili's Grill&Bar, as consequence of the analysis performed in order to align the useful life of the assets with the operations of each brand, in relation with the new plan to remodel stores in order to exceed our customers expectations; ii) the increase of \$23.3 million pesos in Income Tax; iii) the increase in Other Expenses of \$14.4 million pesos which reflect the effect of the incorporation of the accumulated results related with the trust to support the Domino's Pizza brand, as well as the write off of certain assets due to the new store image program; and iv) the negative increase of \$2.0 million pesos in discontinued operations related to the recognition of the Spoleto operations, as discontinued operations. These effects were partially offset by: i) the increase of \$61.6 million pesos in EBITDA and ii) the positive increase of \$7.2 million pesos in the equity interest in associated companies.

RESULTS PER SEGMENT

The following table sets forth the sales and EBITDA per segment, in million of Mexican pesos for the third quarter of 2005 and 2006.

<i>Net Sales per Segment</i>	3Q 06	%	3Q 05	%	Change %
Food & Beverages	\$1,234	83.8%	\$955	83.7%	29.2%
Distribution	539	36.6%	479	41.9%	12.5%
Other Businesses ⁽²⁾	328	22.2%	284	24.9%	15.5%
Intercompany Operations ⁽³⁾	(629)	(42.6)%	(577)	(50.5)%	(9.0)%
Consolidated Net Sales	\$1,472	100.0%	\$1,141	100.0%	29.0%

<i>EBITDA per Segment</i>	2Q 06	%	2Q 05	%	Change %
Food & Beverages	\$170	75.6%	\$129	79.1%	31.7%
Distribution	40	17.8%	37	22.7%	8.1%
Other Businesses ⁽²⁾	15	5.6%	(3)	(1.8)%	600%
Consolidate EBITDA	\$225	100%	\$163	100%	37.7%

(2) Other Businesses 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 third quarter of 2006, sales increased 29.2% to \$1,234 million pesos, compared with \$955 million pesos in the same quarter of last year. This increase of \$279 million pesos is attributable to the opening of stores, the inclusion of Burger King Argentina and Chile results, and to the increase in same store sales.

EBITDA increased 31.7% to \$ 170 million pesos compared with \$129 million pesos in the same quarter of the last year. This increase reflects higher revenues and an increase in gross margin due to the application of the 0% VAT rate to food sales. These variances were partially offset by the increase in operating expenses due to the growth in the number of stores, the expenses related to the 0% VAT rate effect, the increase in the prices above inflation in energy and gas, as well as the recognition of corporate expenses that in 2005 were recognized until the fourth quarter, which were partially offset by the fact that in 2005 we incurred in some expenses related with the acquisitions performed.





Distribution

Sales during this quarter increased 12.5% to \$539 million pesos versus \$479 million pesos in the same quarter of the last year, which is attributable to the higher number of stores.

EBITDA reached \$40 million pesos versus \$37 million pesos in the same quarter of 2005. This increase of \$3 million pesos is attributable to the increase in revenues, and was partially offset by the recognition of corporate expenses that in 2005 were recognized until the fourth quarter, and to a lower extent to the increase in the peso-dollar exchange rate.

NON-OPERATIVE RESULTS

Integral Cost of Financing

The integral cost of financing increased \$0.2 million pesos compared with the same quarter of 2005, due to a lower foreign exchange gain, which was offset by the decrease in the interest expense-net as consequence of a lower leverage and a lower interest rate.

Other Expenses - Net

The Other expenses increased from \$4.4 million to \$18.7 million pesos. This amount reflects the effect of the incorporation of the accumulated results related with the trust to support the Domino's Pizza brand, as well as to the write-off of certain assets due to the new store image program.

Income Tax and Asset Tax

The effective tax rate, excluding the effect of the reduction in the useful life of certain Burger King Mexico and Chili's Grill&Bar assets, as well as the effect of the incorporation of the accumulated results related with the trust to support the Domino's Pizza brand, was 31.7% for the third quarter and 29.1% for the nine months ended September 30, 2006.

Discontinued Operations

In the third quarter of 2006 Alsea recognized the Spoleto operations as discontinued operations. As of September 30, 2006 Spoleto has 2 stores located in Mexico City.

Minority Interest

Minority Interest increased to \$1.9 million pesos in the third quarter of 2006 compared with the (\$0.5) million pesos in the same quarter of 2005. This increase reflects a higher net income in Starbucks Coffee and the effect related with the acquisition of the 21.95% of SC de Mexico recognized during the third quarter of 2005. These effects were partially offset by the acquisition of the remaining 40% of Grupo Aldi.

BALANCE SHEET

Accounts Receivable and Documents Receivable

The \$49.9 million pesos decrease was attributable to a decrease in advance payments to suppliers, which was partially offset by the increase in accounts receivable related with the inclusion of Burger King Latin America results and the increase in corporate stores.

Recoverable Taxes – net

The \$48.1 million pesos increase was due principally to the application of the 0% VAT rate to food sales.

Capital Expenditures

As of the end of the third quarter of 2006 Alsea has invested (excluding acquisitions) \$504.6 million pesos, principally in the opening of 55 stores of the different brands operated by the company, store improvements, renovation of equipment and real state.

Trademarks, goodwill and pre-operatives

The \$160.8 million pesos increase, was mainly due to the higher installation and pre-operative expenses due to the expansion program and the inclusion of Burger King Argentina and Chile.

Suppliers

The \$41.1 million pesos increase in suppliers was due to the increase in the company operations, partially offset by a decrease of 3 days in payable suppliers to reach 29 days as of the end of the third quarter 2006.





Accounts Payable

The \$24.3 million pesos increase in accounts payable, was mainly due to the expenses related to the 0% VAT rate effect.

Debt

As of September 30, 2006 long-term debt of the Company was \$399.8 million pesos, and the short-term debt was \$67.5 million pesos, compared with \$480.3 and \$220.3 million pesos, respectively, as of September 30, 2005. At the end of the third quarter of 2006 95% of the debt was denominated in Mexican Pesos and the remaining 5% in Chilean Pesos. The net debt of the company decreased \$218.2 million pesos as compared to the same quarter of 2005, to end the quarter with \$327.8 million pesos.

	Covenants	ALSEA 3T 2006
Current Assets / Short – Term Liabilities	Year 1 and 2, Min 1.0x Year 3 and 5, Min 1.2x	1.2x
Total Liabilities / Stockholder´s equity	1.0x Max	0.44x
Ebitda / Interest Expense	5.0x Min	13.3x
Debt Net / Ebitda	1.5x Max	0.38x

Share Buyback Program

Upon September 30, 2006. The Company had repurchased 223,831 shares for an approximated amount of \$7.3 million pesos in nominal terms. During the third quarter of 2006, the company repurchased a net amount of 37,500 shares for an approximated amount of \$1.7 million pesos.

Financial Ratios

The current asset-to-liability ratio was 1.2 times, the quick ratio was 0.9 times. The company maintained its accounts receivable in 7 days and inventory turnover in 11 times; the suppliers account decreased in 3 days to end the quarter in 29 days.

As a consequence of an increase in the operative income, the Economic Value Added ("EVA")⁽⁴⁾ increased 6.7% to \$159 million pesos as of the end of the third quarter, compared with \$149 million pesos obtained in the same period of last year. Return over invested capital ("ROIC")⁽⁵⁾ for the quarter ended September 30, 2006 was 21.1%, which is 260 bps lower than the obtained in the same quarter of 2005; this decrease was due to a higher depreciation and amortization due to the decrease in the useful life of certain Burger King Mexico and Chili's Grill&Bar assets, as consequence of the analysis performed in order to align the useful life of the assets with each brand operation, as well as to the change in Alsea's Portfolio.

The earnings per share^(ttm) as of the end of the third quarter 2006, was \$2.1 pesos per share which represents an increase of 20.2% as compared to the \$1.7 pesos obtained in the same quarter of the last year.

RELEVANT EVENTS

Debt Refinancing

During the third quarter 2006, Alsea refinanced its debt trough a simple credit with BBVA Bancomer, S.A for \$450 million pesos for a period of 5 years with an interest rate of TIIE plus 10 bps.

4th Anniversary of Starbucks Mexico and the opening of its store number 100

During the third quarter 2006, Alsea celebrated the 4th Anniversary of Starbucks Mexico and the opening of its store number 100 "Cumbres" located in the city of Monterrey. As of September 30, 2006 Starbucks Mexico has 101 stores.





RELEVANT FIGURES

Number of Stores	3Q 2006	3Q 2005	Variation	Var. %
Total Stores	838	689	149	21.6%
Total Corporate Stores	686	548	138	25.2%
Domino's Mexico	552	516	36	6.9%
Corporate	400	375	25	6.7%
Domino's Brazil	24	27	-3	(11.1)%
Starbucks Coffee	101	60	41	68.3%
Burger King Mexico	89	71	18	25.4%
Burger King Argentina	27	N/A	N/A	N/A
Burger King Chile	22	N/A	N/A	N/A
Popeyes	7	5	2	40.0%
Chili's	14	10	4	40.0%
Spoletto	2	N/A	2	N/A

Financial Ratios	3Q 2006	3Q 2005	Variation
EBITDA / Interest paid	13.3x	20.3x	N/A
Net Debt / EBITDA	0.38x	0.86x	N/A
Total Liabilities / Stockholders' Equity	0.44x	0.71x	N/A
ROIC ⁽⁵⁾	21.1%	23.7%	(260) bps
EVA ⁽⁴⁾ (million pesos)	\$159.0	\$149.0	6.7%

Stock Ratios	3Q 2006	3Q 2005	Variation
Book value per Share	\$16.2	\$12.71	27.5%
EPS (ttm)	\$2.1	\$1.7	20.2%
EV ⁽⁶⁾ / EBITDA ttm	8.7x	7.3x	N/A
Shares outstanding (million)	155.6	136.7	13.8%
Float	36%	20%	1,570 bps
Stock Price	\$45.25	\$27.99	61.6%

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

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

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





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.*

Contact:

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

Rodrigo Benet Córdova
Investor Relations
Phone: (5255) 5241-7158
rbenet@alsea.com.mx





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 SEPTEMBER 30, 2006 AND 2005

(Thousands of Mexican pesos in purchasing power as of September 30, 2006)

	September 30, 2006	September 30, 2005
ASSETS		
Current:		
Cash	\$ 139,571	\$ 154,713
Accounts Receivable	132,518	92,476
Documents Receivable	62,132	152,116
Inventories	164,507	148,570
Recoverable Taxes	229,436	132,940
Other current assets	76,138	66,153
Total current assets	804,302	746,968
Equity interest in associated companies	9,316	7,578
Store equipment, leasehold improvements and property, net	2,137,393	1,698,495
Trademarks, goodwill and pre-operatives, net	734,304	573,490
Other assets	32,674	9,468
Discontinued Operations	6,824	6,648
Total Assets	\$ 3,724,813	\$ 3,042,647
Total Liabilities		
Short-term:		
Short-term debt	\$ 67,500	\$ 220,319
Suppliers	290,582	249,457
Accounts payable	264,966	240,630
Taxes payable	67,859	19,414
Total short term liabilities	690,907	729,819
Long-term:		
Long-term debt	399,837	480,321
Other liabilities	41,066	62,751
Discontinued Operations	272	838
Total long term liabilities	441,174	543,910
Total liabilities	1,132,081	1,273,729
STOCKHOLDERS' EQUITY		
Capital Stock	507,866	469,559
Additional paid in capital	1,024,568	360,354
Retained earnings	754,848	644,835
Fiscal year earnings	248,266	216,828
Cumulative translation effect from foreign entity	(2,517)	373
Minority interest	59,702	76,969
Total stockholders' equity	2,592,732	1,768,919
Total liabilities and Stockholders' equity	\$ 3,724,813	\$ 3,042,647





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(Thousands of Mexican pesos in purchasing power as of September 30, 2006)

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Net sales	\$ 1,472,383	\$ 1,141,090	\$ 4,154,413	\$ 3,191,131
Cost of sales	<u>513,001</u>	<u>421,870</u>	<u>1,441,882</u>	<u>1,235,370</u>
Gross profit	959,382	719,220	2,712,531	1,955,761
Operating expenses	<u>734,355</u>	<u>555,799</u>	<u>2,045,088</u>	<u>1,474,604</u>
Depreciation and Amortization	<u>98,242</u>	<u>52,893</u>	<u>231,090</u>	<u>144,543</u>
Operating income	126,785	110,528	436,353	336,614
Integral cost of financing				
Interest expense, net	11,204	13,274	40,408	22,272
Foreign exchange loss (gain)	(761)	(3,212)	2,722	(7,534)
Monetary position loss (gain)	<u>(889)</u>	<u>(714)</u>	<u>(848)</u>	<u>47</u>
	9,554	9,348	42,282	14,785
Other Expenses, net	<u>18,784</u>	<u>4,413</u>	<u>7,803</u>	<u>3,926</u>
Income before taxes	98,447	96,767	386,268	317,903
Total income tax and asset tax	42,263	18,981	122,714	85,380
Employees' statutory	158	408	1,536	530
Income before equity in income of affiliates	56,026	77,378	262,018	231,993
Equity income of affiliates	4,643	(2,601)	(5,828)	(12,235)
Discontinued Operations Result	<u>(1,973)</u>	<u>(29)</u>	<u>(2,781)</u>	<u>(29)</u>
Consolidated net income	58,696	74,748	253,472	219,729
Minority interest	<u>1,978</u>	<u>(474)</u>	<u>5,207</u>	<u>2,901</u>
Majority interest net income	<u>\$ 56,718</u>	<u>\$ 75,222</u>	<u>\$ 248,265</u>	<u>\$ 216,828</u>





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(Thousands of Mexican pesos in purchasing power as of September 30, 2006)

	September 30, 2006	September 30, 2005
Operating Activities:		
Net income	\$ 253,473	\$ 219,730
Add charges (deduce credits) to income not requiring (providing) funds		
Depreciation and amortization, goodwill	231,090	144,544
Equity in results of associated companies	5,828	(12,235)
Income tax and employee statutory profit sharing	4,048	5,897
Deferred income tax	(60,982)	(56,298)
Fund provided by operations	<u>\$ 433,457</u>	<u>\$ 301,638</u>
Net financing from (investing in) operating activities		
Clients	\$ (7,378)	\$ 30,760
Inventories	8,942	44,172
Suppliers	(63,821)	1,604
Other liabilities and other assets	73,802	(168,255)
Funds (used in) provided by working capital	<u>\$ (6,339)</u>	<u>\$ (91,719)</u>
Funds provided (used in) operating activities	<u>\$ 427,118</u>	<u>\$ 209,919</u>
Financing activities:		
Increase in capital stock and minority interest, net	\$ 674,599	\$ 17,846
Repurchases of shares	715	10,634
Debt and payment loans, net	(317,746)	559,758
Dividend payment	(156,674)	(102,682)
Funds provided by (used in) financing activities	<u>\$ 200,895</u>	<u>\$ 485,557</u>
Investing activities:		
Store equipment, leasehold improvements and property, net	(403,428)	(317,987)
Assets write-offs	12,728	5,982
Trademarks, goodwill and pre-operatives, net	(101,215)	(260,144)
Investment in shares of associated companies, net dividends collected	11,312	8,410
Incorporation effect in subsidiaries	(144,520)	(127,532)
Monetary conversion effect	(2,891)	0
Funds provided by (used in) investing activities	<u>\$ (650,638)</u>	<u>\$ (691,270)</u>
Increase (decrease) in cash	<u>\$ (22,627)</u>	<u>\$ 4,206</u>
Cash beginning of period	<u>\$ 162,198</u>	<u>\$ 150,507</u>
Cash end of period	<u>\$ 139,571</u>	<u>\$ 154,713</u>

