

Third Quarter 2007 Results and Highlights

- **Growth of 16.3% in revenues and 22.7% in EBITDA⁽¹⁾ during the third quarter of 2007.**
- **Same-store sales increase of 3.7% in real terms during the third quarter of 2007 and 1.1% during the first nine months of the year.**
- **Opening of 23 corporate stores during the third quarter of 2007, totaling 754 corporate stores, which represents a growth rate of 13.9%.**
- **Alsea reported that it filed an appeal to obtain the proper compliance with the Constitutional Relief ("Amparo") proceeding, which allows it to apply a 0% VAT rate to food sales.**

Mexico City, October 24, 2007. - Today, Alsea, S.A.B. de C.V. (Mexican Stock Exchange or BMV: ALSEA*), the leading restaurant operator in Latin America, announced results for the third quarter of 2007. The attached results were prepared in accordance with the Mexican Financial Reporting Standards (MFRS) and have been adjusted in purchasing power as of September 30, 2007.

CONSOLIDATED RESULTS OF THE THIRD QUARTER OF 2007

The following table provides a condensed income statement in millions of Mexican pesos (except EPS), as well as the percentage of net sales that each line represents and the change in percentage, when comparing the third quarter of 2007 with the third quarter of 2006:

	3Q 07	Margin %	3Q 06	Margin %	Change %
Net Sales	\$1,779.3	100%	\$1,530.3	100%	16.3%
Gross Profit	1,183.9	66.5%	997.1	65.2%	18.7%
EBITDA ⁽¹⁾	287.0	16.1%	233.9	15.3%	22.7%
Operating Income	172.1	9.7%	131.8	8.6%	30.6%
Net Income	116.7	6.6%	61.0	4.0%	91.3%
EPS ⁽²⁾	0.4676	N.A.	0.5405	N.A.	(13.5)%

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

(2) EPS refers to the earnings per share of the last twelve months, and for comparison purposes the number of shares has been adjusted based on the 4 to 1 split carried out in 2007.

Net sales increased 16.3% to \$1,779.3 million pesos during the third quarter of 2007, compared to \$1,530.3 million pesos in the same quarter of last year. This increase was attributable to revenue growth in all of our brands and, to a lesser extent, to the increase in food distribution sales made to third parties.

The sales growth in all our brands was due to the opening of 79 corporate stores in the last twelve months and the acquisition of an additional 13 units, as well as to the increase in same-store sales of 3.7% of the third quarter, thanks to the continuous growth of this indicator in the Starbucks Coffee Mexico stores, as well as to the successful launching of several promotions in the different brands that make up our portfolio.

Cost of sales decreased 1.3 percentage points, as a result of the revenue mix in Alsea's portfolio, i.e. the brands that currently present a higher growth in sales are the ones whose cost of sales is lower as a percentage of revenues. This decrease was partially offset by higher prices in some commodities, as well as by the effect of the price strategy related to the launching of different promotions among some of our brands.

Operating expenses (excluding depreciation and amortization) increased 0.5 percentage points as a percentage of sales, from 49.9% in the third quarter of 2006 to 50.4% in the same period of 2007. This was mainly attributable to the recognition of the expenses related to the judicial proceeding we have opened to obtain the proper compliance with the Constitutional Relief ("Amparo"), regarding the 0% Value Added Tax rate on the food sales of our Domino's Pizza, Burger King and Popeyes stores, as well as to the aforementioned change in the revenue mix. These variations were partially offset by the operating leverage



that was generated as a result of the increase in same-store sales and, to a lesser extent, the operating efficiencies attained as a result of stricter expense control policies.

As a result of the aforementioned variations, EBITDA grew 22.7% to \$287.0 million pesos in the third quarter of 2007, compared to \$233.9 million pesos in the same quarter of 2006. The EBITDA margin increased 0.8 percentage points, going from 15.3% in the third quarter of 2006 to 16.1% in the same period of 2007.

The operating income of the third quarter increased \$40.3 million pesos, due to the \$53.1 million pesos increase in EBITDA, which was partially offset by the \$ 12.8 million pesos increase in depreciation and amortization as a result of having acquired the assets related to the expansion plan, the acquisitions made in the last 12 months and the change in the useful life of leasehold improvements in all the company's brands.

Consolidated net income increased \$55.7 million pesos, mostly due to: i) the \$40.3-million-peso increase in operating income; ii) the \$17.5-million-peso decrease in other expenses, since in the same period of last year for the first time we consolidated the accumulated result of the advertising trust of the Domino's Pizza brand; iii) the \$2.7-million-peso reduction in the Income Tax provision, mainly due to the amortization of tax losses from previous fiscal years of one of the Group's companies—which at present has started to generate earnings—to the recognition of the reduction of the useful life of some assets of Burger King Mexico and Chili's Grill & Bar, and to the effect of having incorporated the accumulated result of the aforementioned trust; and iv) the \$2.1-million-peso increase in the result of discontinued operations, owing to the fact that in the third quarter of 2006 the Spoleto operations were recognized under this item. These variations were partially offset by the \$5.7-million-peso decrease in the interest in associated companies, as a result of our having sold our Domino's Pizza Brazil operations during the second quarter of this year, as well as by the \$1.2-million-peso increase in the comprehensive cost of financing, mainly due to the increase in interests paid - net that resulted from higher leverage.

EPS for the last twelve months ended in the third quarter of 2007, decreased \$0.0729 pesos, amounting \$0.4676 pesos in comparison with \$0.5405 pesos for the last twelve months ended in the third quarter of 2006. This negative variance was due mainly to the impact on results of the change in the useful life of certain assets that was recognized in the fourth quarter of 2006, and to a lower extent to the increase in the outstanding shares due to the public offer conducted in May of last year. Excluding the effects of the adjustment in useful lives and on a pro forma basis EPS⁽²⁾ was \$0.7385 pesos.

RESULTS BY SEGMENT

The following table sets forth the net sales and EBITDA by business segment, in millions of Mexican pesos, for the third quarter of 2007 and 2006:

<i>Net Sales by Segment</i>	3Q 07	%	3Q 06	%	Change %
Food & Beverages Mexico	\$1,339.1	75.3%	\$1,148.5	75.0%	16.6%
Food & Beverages Latin America	184.1	10.3%	134.5	8.8%	36.9%
Distribution	647.0	36.3%	560.2	36.6%	15.5%
Intercompany Operations ⁽³⁾	(390.9)	(21.9)%	(312.9)	(20.4)%	(25.0)%
Consolidated Net Sales	\$1,779.3	100.0%	\$1,530.3	100.0%	16.3%

<i>EBITDA by Segment</i>	3Q 07	%	3Q 06	%	Change %
Food & Beverages Mexico	\$198.8	69.3%	\$158.7	67.9%	25.2%
Food & Beverages Latin America	24.5	8.5%	17.7	7.6%	38.3%
Distribution	49.0	17.1%	41.4	17.7%	18.4%
Other ⁽³⁾	14.8	5.1%	16.1	6.8%	(8.2)%
Consolidated EBITDA	\$287.0	100.0%	\$233.9	100.0%	22.7%

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





Food & Beverages Mexico

During the third quarter of 2007, sales increased 16.6% to \$1,339.1 million pesos, compared to \$1,148.5 million pesos in the same period of 2006. This increase of \$190.6 million pesos is attributable to the growth in units and to the increase generated by the growth in same-store sales.

EBITDA increased 25.2% during the third quarter of 2007 to \$198.8 million pesos, compared to \$158.7 million pesos in the same period of last year. This increase in EBITDA is a result of the growth in revenues, the improvement in the cost of sales and the drop in operating expenses mainly attributable to the same-store sales operating leverage and the change in revenue mix.

Food & Beverages Latin America

The Food & Beverage Latin America Division, created at the end of the third quarter of 2007 by the Burger King operations in Argentina and Chile and which had a total store count of 30 units and 25 units respectively, increased revenues 36.9%, arriving at \$184.1 million pesos compared to \$134.5 million pesos of the third quarter of last year. This is due to the growth in same-store sales as well as to the opening of six units in the last twelve months.

EBITDA increased 38.3%, totaling \$24.5 million pesos, which accounted for an EBITDA margin of 13.3%, i.e. 0.1 percentage points more than in the same period of last year, mainly due to the operating leverage from revenue growth.

Distribution

During the third quarter, distribution sales increased 15.5% to \$647.0 million pesos, versus \$560.2 million pesos in the same period of 2006. This is attributable to a higher number of stores served, totaling 1,096 units at the end of the third quarter of 2007, compared to 983 units in the same period of last year, which represents an increase of 11.5%. Third-party revenues increased 1.6%, amounting to \$241 million pesos.

EBITDA reached \$49.0 million pesos versus \$41.4 million pesos in the same quarter of last year, which accounted for an EBITDA margin of 7.6%, i.e. 0.2 percentage points more than in the same period of last year, as a result of the drop in operating expenses mainly due to the reduction in corporate expenses, which was partially offset by the increase in distribution expenses.

NON-OPERATING RESULTS

Comprehensive Cost of Financing

The comprehensive cost of financing in the third quarter of 2007 went up to \$11.1 million pesos compared to \$9.9 million pesos during the same period of last year. This is attributable to the \$2.6-million-peso increase in interest paid - net, owing to a higher leverage, as well as to the \$1.3-million-peso negative variation in the monetary position result. Such variations were partially offset by the \$2.7-million-peso positive variation in the foreign exchange result.

Other Expenses - Net

This item declined \$17.5 million pesos in the third quarter of 2007, compared to the same period of 2006, mainly due to the fact that in the third quarter of last year the accumulated effect of having consolidated the advertising trust of the Domino's Pizza brand was recognized in this item.

Income Taxes

The Income Tax of \$41.2 million pesos decreased \$2.7 million pesos in the third quarter of 2007, compared to the same period of last year, since the effective Income Tax rate was 26.0% in the third quarter of 2007—during which time tax losses from one of the Group's companies were applied—compared to an effective rate of 43.0% in the same quarter of 2006. This period included the recognition of the decline in the useful life of some assets of Burger King Mexico and Chili's Grill & Bar, and the effect of having incorporated the accumulated result of the aforementioned trust.

Interest in Associated Companies

The interest in associated companies had a negative variation of \$5.7 million pesos, owing to the fact that there were earnings in the third quarter of last year as a result of the sale of our Domino's Pizza Brazil operations.

Discontinued Operations

The \$2.1-million-peso positive variation in discontinued operations was due to the recognition of the Spoleto operations within this item in the last year; this business had two stores as of September 30, 2006.

Minority Interest

Minority Interest reached \$5.4 million pesos in the third quarter of 2007, compared to \$2.1 million pesos in the same quarter of 2006. This increase of \$3.3 million pesos reflects the effect of the growth in net income of Starbucks Coffee Mexico.





BALANCE SHEET

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

The \$467.9-million-peso variation is the result of an increase in store equipment, leasehold improvements and trademark rights, and of the increase in pre-operative expenses due to the expansion plan and to the acquisitions made in the last 12 months.

During the first nine months of 2007, Alsea invested a total of \$830.4 million pesos, of which \$727.0 million pesos were invested in store openings, renovation of equipment and the remodeling of the existing stores of all our brands, including the acquisition of the assets of Dopisin (a sub-franchisee of Domino's Pizza). The remaining \$103.4 million pesos, among other items, were invested in improving DIA's production line, as well as in our new corporate headquarters and software licenses.

Recoverable Taxes

The \$234.3-million-peso increase in recoverable taxes as of September 30, 2007 was mostly attributable to Value Added Tax balances requested from the tax authorities but not refunded.

Deferred Income Tax

The Deferred Income Tax, net went up from \$18.2 million pesos in the third quarter of last year to \$177.6 million pesos in the same period of 2007, mainly due to the effect that resulted in the change of the useful life of leasehold improvements, store equipment and pre-operatives of all the company's brands that was recognized in the fourth quarter of last year.

Suppliers

The \$31.9-million-peso increase in suppliers was due to the growth in the company's volume of operations, partially offset by the one-day decrease in accounts payable to suppliers, which at the close of the third quarter of 2007 was 28 days.

Accounts Payable

The \$175.5-million-peso increase in accounts payable is mainly attributable to unpaid balances related to the application of the 0% Value Added Tax rate to food sales, as well as to the recognition of expenses related to the judicial proceeding we have opened to obtain the proper compliance with the aforementioned Constitutional Relief Sentence and, to a lesser extent, to the increase in the provisions for expenses, such as the deferred employee bonus, and to the increase in the provisions for other operating expenses related to the company's growth.

Debt

As of September 30, 2007, Alsea's total debt increased \$371.7 million pesos, totaling \$857.4 million pesos compared to \$485.7 million pesos in the same period of last year. This increase is mainly attributable to the development plan of the company's brands, as well as to the acquisitions performed in the last 12 months.

As of September 30, 2007, 95.4% of the debt was denominated in Mexican pesos and the remaining 4.6% in Chilean pesos. The consolidated net debt of the company—compared to last year—increased \$384.2 million pesos, totaling \$724.9 million pesos compared to \$340.7 million pesos at the end of the third quarter of 2006.

Share By-back Program

As of September 30, 2007, the company had a balance in the fund set aside for the 615,924 share by-back equal to approximately \$11.0 million pesos in nominal terms. During the third quarter of 2007, the company bought 1,217,900 shares for approximately \$21.8 million pesos and sold 958,400 shares for approximately \$17.7 million pesos, resulting in a net buy of 259,500 shares during this period.

Financial Ratios

At the end of the third quarter of 2007, the company had complied with all the financial covenants established in the long-term credit agreements. The net debt to EBITDA ratio was 0.44 times, the total liabilities to stockholders' equity ratio was 0.60 times, and the EBITDA to interest paid ratio was 23.1 times.

The Return on Invested Capital (ROIC)⁽⁴⁾ dropped from 15.2% to 9.9% in this period. The Return on Equity (ROE)⁽⁵⁾ was 10.8% compared to 13.8% in the third quarter of 2006. The decrease in the aforementioned financial ratios is mostly due to the impact on results of the change in the useful life of certain assets that we recognized in the fourth quarter of 2006 and, to a lesser extent, to the increase in recoverable taxes, which was partially offset by the company's improved financial results.

Excluding the effects of the adjustment in useful lives and on a pro forma basis, ROIC⁽⁴⁾ was 14.3% and ROE⁽⁵⁾ was 15.8%.



RELEVANT FIGURES

BRAND	Stores 3Q-07	Stores 3Q-06	Variation	% Annual Variation
Domino's Pizza Mexico	411	400	11	2.8%
Starbucks Coffee Mexico	159	101	58	57.4%
Burger King Mexico	101	89	12	13.5%
Burger King Argentina	30	27	3	11.1%
Burger King Chile	25	22	3	13.6%
Popeyes	9	7	2	28.6%
Chili's Grill & Bar	19	14	5	35.7%
Spoletto	N.A.	2	N.A.	N.A.
Total Corporate	754	662	92	13.9%
Domino's Pizza Brazil	N.A.	24	(24)	N.A.
Starbucks Coffee Brazil	5	N.A.	5	N.A.
Total Associates	5	24	(19)	(79.2%)
Domino's Pizza Mexico	145	152	(7)	(4.6%)
Total Sub-Franchisees	145	152	(7)	(4.6%)
TOTAL STORES	904	838	66	7.9%

Financial Ratios	3Q-07	3Q-06	Change
EBITDA ⁽¹⁾ /Interest paid	23.1 x	13.3 x	N.A.
Net debt/EBITDA ⁽¹⁾	0.44 x	0.60 x	N.A.
Total liabilities/Stockholders' equity	0.60 x	0.44 x	N.A.
ROIC ⁽⁴⁾	9.9%	15.2%	(523 bps)
ROE ⁽⁵⁾	10.8%	13.8%	(297 bps)

Stock Ratios	3Q-07	3Q-06	Change
Book value per share ⁽⁷⁾	\$4.62	\$4.19	10.3%
EPS (ttm) ^{(2) (7)}	\$0.4676	\$0.5405	(13.5%)
EV ⁽⁶⁾ /EBITDA ⁽¹⁾ (ttm)	10.5 x	8.6 x	N.A.
Shares outstanding (millions) ⁽⁷⁾	622.7	622.4	0.05%
Float	37.4%	36.0%	140 bps
Stock price ⁽⁷⁾	\$18.08	\$11.31	59.9%

(4) ROIC is defined as operating income after taxes (ttm) divided by operating investment, net (total assets – cash and temporary investments – non-interest bearing liabilities).

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

(6) EV is defined as market value plus net debt plus minority interest, and considers the price per share at the closing of each quarter.

(7) To make information comparable, the number of shares outstanding has been adjusted based on the 4 to 1 split carried out 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.*

Contact:

Diego Gaxiola Cuevas

Director de Finanzas Corporativas

Teléfono: (5255) 5241-7158 / 7152

ri@alsea.com.mx





**ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2007 AND 2006**

(In thousands of Mexican pesos in purchasing power as of September 30, 2007)

	September 30, 2007	September 30, 2006
ASSETS		
Current assets:		
Cash and temporary investments	\$ 132,534	\$ 145,063
Clients	155,444	137,733
Other accounts and note receivable	51,212	64,576
Inventories	223,122	170,980
Recoverable taxes	472,739	238,464
Other current assets	84,320	78,481
Total current assets	1,119,372	835,298
Investment in shares of associated companies	16,773	6,042
Store equipment, leasehold improvements and property, net	2,661,230	2,221,500
Trademark rights, goodwill and pre-operatives, net	791,358	763,199
Deferred income taxes	177,648	18,232
Other assets	6,001	15,728
Discontinued operations	0	10,451
Total assets	\$ 4,772,382	\$ 3,870,449
LIABILITIES		
Short-term liabilities:		
Suppliers	\$ 329,129	\$ 297,232
Taxes payable	95,400	70,530
Other accounts payable	450,910	275,392
Related parties	13,941	4,131
Bank loans	255,500	70,156
Short-term liabilities	1,144,879	717,441
Long-term liabilities:		
Bank loans	601,954	415,570
Other long-term liabilities	37,540	42,682
Long-term liabilities	639,494	458,252
Total liabilities	1,784,373	1,175,693
STOCKHOLDERS' EQUITY		
Minority interest	119,551	62,051
Majority interest:		
Capital stock	528,014	527,850
Net premium in placement of shares	1,073,395	1,064,885
Retained earnings	933,776	784,551
Earnings for the fiscal year	330,632	258,035
Cumulative translation effect from foreign entities	2,642	(2,616)
Majority stockholders' equity	2,868,459	2,632,705
Total stockholders' equity	2,988,009	2,694,756
Sum of liabilities and stockholders' equity	\$ 4,772,382	\$ 3,870,449





ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR THE THREE AND NINE MONTHS
ENDED AS OF SEPTEMBER 30, 2007 AND 2006
(In thousands of Mexican pesos in purchasing power as of September 30, 2007)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Net sales	\$ 1,779,255	\$ 1,530,322	\$ 5,046,215	\$ 4,317,890
Cost of sales	<u>595,389</u>	<u>533,188</u>	<u>1,693,673</u>	<u>1,498,620</u>
Gross profit	1,183,867	997,134	3,352,543	2,819,269
Operating expenses	<u>896,824</u>	<u>763,252</u>	<u>2,534,492</u>	<u>2,125,562</u>
Depreciation and amortization	<u>114,947</u>	<u>102,108</u>	<u>321,007</u>	<u>240,183</u>
Operating income	<u>172,095</u>	<u>131,774</u>	<u>497,043</u>	<u>453,524</u>
Comprehensive cost of financing				
Interests paid - net	14,257	11,645	29,075	41,998
Exchange (gain) loss - net	(3,533)	(791)	(3,177)	2,829
Loss (gain) on monetary position	<u>416</u>	<u>(924)</u>	<u>2,281</u>	<u>(881)</u>
	11,140	9,930	28,179	43,946
Other expenses (products) -net	<u>2,198</u>	<u>19,687</u>	<u>7,419</u>	<u>9,706</u>
Earnings before tax	158,757	102,157	461,446	399,871
Income tax	41,227	43,926	127,286	127,543
Income before participating in the results of associated companies	117,530	58,230	334,160	272,328
Interest in associated companies	(848)	4,826	241	(6,057)
Net income from continuing operations	116,682	63,056	334,401	266,271
Discontinued operations	<u>(0)</u>	<u>(2,051)</u>	<u>5,374</u>	<u>(2,824)</u>
Consolidated net income	116,682	61,005	339,775	263,447
Minority interest	<u>5,399</u>	<u>2,056</u>	<u>9,143</u>	<u>5,412</u>
Net majority interest	<u>\$ 111,283</u>	<u>\$ 58,950</u>	<u>\$ 330,632</u>	<u>\$ 258,035</u>





ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE NINE MONTHS ENDED AS OF SEPTEMBER 30, 2007 AND 2006
(In thousands of Mexican pesos in purchasing power as of September 30, 2007)

	September 30, 2007	September 30, 2006
Operating activities:		
Net income	\$ 339,775	\$ 263,447
Add charges (deduct credits) to income not requiring (providing) funds:		
Depreciation and amortization of trademarks and goodwill	321,007	240,183
Equity in results of associated companies	(241)	6,057
Income tax and employee statutory profit sharing, deferred	5,988	4,207
Deferred income tax	(89,978)	(63,382)
Funds provided by operations	\$ 576,551	\$ 450,513
Net financing from (investing in) operating accounts:		
Clients	\$ 12,622	\$ (7,669)
Inventories	(253)	(9,294)
Suppliers	(93,289)	(66,333)
Taxes payable	(269,756)	26,596
Other assets and other liabilities	161,845	50,110
Funds used in working capital	\$ (188,831)	\$ (6,589)
Funds provided by operating activities	\$ 387,720	\$ 443,923
Financing activities:		
Increase in capital stock and minority interest, net	\$ 42,782	\$ 701,145
Repurchase of shares	(9,115)	743
Payment of debts and loans, net	367,904	(330,249)
Dividends paid	(66,779)	(162,839)
Funds provided by financing activities	\$ 334,792	\$ 208,800
Investing activities:		
Acquisition of store equipment, leasehold improvements and property, net	(582,573)	(406,075)
Trademarks, goodwill and pre-operatives, net	(247,544)	(105,198)
Investment in shares of subsidiaries and associated companies	(7,092)	(161,965)
Effect of incorporating subsidiaries	6,214	0
Effect of monetary conversion	557	(3,004)
Funds used in investing activities	\$ (830,440)	\$ (676,241)
Decrease in cash	\$ (107,928)	\$ (23,518)
Cash at the beginning of the period	\$ 240,463	\$ 168,580
Cash at the end of the period	\$ 132,534	\$ 145,063

