



Second Quarter Results and Relevant Event

- Record sales and EBITDA⁽¹⁾ for a quarter, reaching \$1,433 and \$232 million pesos, respectively.
- Growth of 37.7% in revenues and 39.0% in EBITDA⁽¹⁾.
- Same store sales increase of 11.1% in the second quarter 2006, and 7.5% for the first half of 2006.
- Opening of 17 stores and acquisition of 49 stores during the second quarter, to achieve a total of 672 corporate stores versus 516 by the end of the same quarter of last year, which represents a 30.2% increase. As of the end of this quarter total stores reached 821.
- Acquisition of Burger King Argentina and Chile.
- Acquisition of the remaining 40.0% of Grupo Aldi (Franchisee of Chili's Grill & Bar).
- Joint Venture for developing the Starbucks Coffee brand in Brazil
- Primary Public Offering of 18 million shares, distributed in more than 740 investors, increasing the float from 28% to 36%.
- Dividend declared and paid of \$156,371,210 pesos



Mexico City, July 26, 2006.- Alsea, S.A. de C.V. (BMV: ALSEA*), leading restaurant operator in Latin America, today announced results for the second 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 June 30, 2006.

CONSOLIDATED RESULTS OF THE SECOND 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 second quarter 2006 with second quarter 2005.

	2Q 06	Margin %	2Q 05	Margin %	Change %
Net sales	\$1,433	100%	\$1,044	100%	37.3%
Gross Profit	941	65.7%	636	60.9%	48.0%
Operating Income	161	11.2%	118	11.3%	36.4%
EBITDA ⁽¹⁾	232	16.2%	167	16.0%	39.0%
Net Income	\$166	11.6%	\$77	7.4%	115.1%

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

Net sales increased 37.3% to \$1,433 million pesos in the second quarter 2006, compared with \$1,044 million pesos in the second 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 since the third quarter of 2005 and Burger King Argentina and Chile since May 2006. The sales growth of the different brands, was due to the addition of 86 corporate stores and the acquisition of an additional 70 stores; the 11.1% 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 Domino's Pizza, Popeyes Chicken & Seafood, and in the Burger King stores as well as to the favorable event in calendar due to the fact that the Easter Week of 2005 was celebrated during the first quarter. These effects were partially offset due to lower royalties and distribution revenues collected from Domino's Pizza sub-franchisees, due to the related acquisition outperformed during the last twelve months.



EBITDA increased 39% to \$232 million pesos in the second quarter 2006 compared with \$167 million pesos in the second quarter of last year. The increase was attributable to revenue growth in all of our brands as well as to the decrease in the cost of sales as a percentage of the revenues due to the price strategy implemented in relation to the application of 0% VAT rate above mentioned and to certain operating efficiencies, achieving an increase of 480 bps in the gross profit. These effects were partially offset by the increase of \$240 million pesos in operating expenses due to the growth in the number of stores, expenses related to the 0% VAT rate effect and higher personnel expenses related to the "Programa Gente" and the recognition, of costs related to the executive stock option plan.

Net Income increased \$89 million pesos due to i) the \$62 million pesos increase in Other Products, due to the recognition of changes in the valuation of Grupo Telepizza, acquired during the first quarter, and ii) the increase of \$43 million in Operating Income. These variances were partially offset by i) an increase of \$11 million pesos in the Integral Cost of Financing; and ii) the increase of \$4 million pesos in the Income Tax provision.

RESULTS PER SEGMENT

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

<i>Net Sales per Segment</i>	2Q 06	%	2Q 05	%	Change %
Food & Beverages	\$1,206	84.2%	\$808	77.4%	49.2%
Distribution	566	39.5%	495	47.4%	14.3%
Other Businesses ⁽²⁾	295	20.5%	243	23.2%	21.4%
Intercompany Operations ⁽³⁾	(634)	(44.2)%	(502)	(48.0)%	(26.2)%
Consolidated Net Sales	\$1,433	100.0%	\$1,044	100.0%	37.3%

<i>EBITDA per Segment</i>	2Q 06	%	2Q 05	%	Change %
Food & Beverages	\$168	72.3%	\$140	83.7%	20.1%
Distribution	48	20.7%	48	28.9%	0%
Other Businesses ⁽²⁾	16	7%	(21)	(12.6)%	176.1%
Consolidate EBITDA	\$232	100%	\$167	100%	39%

(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 second quarter of 2006, sales increased 49.2% to \$1,206 million pesos, compared with \$808 million pesos in the same quarter of last year. This increase of \$ 398 million pesos is attributable to the opening of stores and the increase in same store sales, as well as to the inclusion of the Chili's Grill & Bar and Burger King Argentina and Chile results, and to the favorable effect in calendar above mentioned. These variances were partially offset by the decrease in royalties and distribution revenues collected from Domino's Pizza sub-franchisees, due to the acquisitions outperformed during the last twelve months.

EBITDA increased 20.1% to \$ 168 million pesos compared with \$140 million pesos in the same quarter of the 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 the 0% VAT rate to food sales and to certain operating efficiencies. 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", and the recognition of costs related to the executive stock option plan, 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.





Distribution

Sales during this quarter increased 14.3% to \$566 million pesos versus \$495 million pesos in the same quarter of the last year, which is attributable to the higher number of stores and the increase of store sales. Sales after inter-company eliminations decreased 5.2% in the second quarter, due to the acquisitions of Domino's Pizza sub-franchisees performed in the last twelve months.

EBITDA stayed in \$48 million pesos due to the increase in the revenues, which was partially offset by the recognition of corporate expenses that in 2005 were recognized until the fourth quarter, as well as to the increase in the peso-dollar exchange rate.

NON-OPERATIVE RESULTS

Integral Cost of Financing

The integral cost of financing increased \$11 million pesos compared with the same quarter of 2005, due to the unfavorable increase in the exchange loss of \$6.7 million pesos, which was partially offset by the positive result in the use of "Derivate instruments for hedging the exchange rate"; the increase of \$2.6 million pesos in the interest expense-net related to a higher debt level, as well as to the unfavorable result of \$1.6 million pesos in the monetary position.

Other Product - Net

Includes mainly the recognition of changes in the valuation of Grupo Telepizza, acquired during the first quarter of 2006.

Minority Interest

Minority Interest increased to \$1.7 million pesos in the second quarter of 2006 compared with the (\$1.9) million pesos in the same quarter of 2005. This increase reflects a higher net income in Starbucks results and the inclusion of the Chili's Grill & Bar results in April, due to the fact that in May Alsea acquired the remaining 40% of Aldi capital stock. These effects were partially offset by the acquisition of the remaining 21.95% of SC de Mexico.

BALANCE SHEET

Accounts Receivable and Documents Receivable

The \$25.3 million pesos change was due to the Account receivable generated with the remaining resources from the over-allotment fund related with the public offer, which as of the day of this report are already collected.

Recoverable Taxes - net

The \$116.3 million pesos increase was due to the application of a 0% VAT rate to food sales in the corporate stores of Domino's Pizza, Burger King y Popeyes Chicken & Seafood.

Capital Investment

As of the end of the second quarter of 2006 Alsea has invested (without including acquisitions) \$328.8 million pesos, principally in the opening of 39 stores of the different brands operated by the company, store improvements, properties, renovation of equipment and maintenance capex.





Trademarks, goodwill and pre-operatives

The \$243.7 million pesos change, was mainly due to the increase in installation and pre-operative expenses due to the expansion program, as well as the increase in trademarks and good will derived from the acquisitions performed in the last twelve months.

Suppliers

The \$102.4 million pesos increase in suppliers was due to the increase in the company operations, as well as the increase in 2 days in suppliers, closing the second quarter of 2006 in 33 days.

Accounts Payable

The \$51.8 million pesos change in accounts payable, was mainly due to the expenses related to the 0% VAT rate effect, as well as the consolidation of the companies acquired in the last twelve months.

Debt

As of June 30, 2006 long-term debt of the company was \$23.7 million pesos, and the short-term debt was \$474.0 million pesos, compared with \$16.2 and \$456.1 million pesos, respectively, as of June 30, 2005. At the end of the second quarter of 2006 the net debt of the company increased \$83.2 million pesos against the same quarter of 2005. All the debt was denominated in Mexican Pesos. Compared with the previously quarter the debt was considerable reduced due to the prepayment of debt, with the net proceeds from the offer (without considering the over-allotment option).

Share Buyback Program

Upon June 30, 2006. The Company had repurchased 186,331 shares for an approximated amount of \$5 million pesos in nominal terms.

Financial Ratios

The current asset-to-liability ratio was 0.8 times, the quick ratio was 0.6 times. The company decreased its accounts receivable in 3 days from 11 to 8 days, the inventory turnover remain in 12 times, and suppliers increased in 2 days to end the quarter in 33 days.

As a consequence of an increase in the operative income, the Economic Value Added ("EVA")⁽⁴⁾ increased in 23.3% to \$192.7 million pesos as of the end of the second quarter, compared with \$156.3 obtained in the same period of the last year. Return over invested capital ("ROIC")⁽⁵⁾ was 22.2% as of the end of the second quarter of 2006, which is 280 bps lower than the obtained in the same quarter of 2005; this decrease was due to the effect of the Burger King Argentina and Chile inversions, which only contribute with their results for the month of May and June. Earning per share for the last twelve months, as of the end of the second quarter was \$2.3 pesos compared to \$1.6 pesos obtained during the same period in 2005, which represents a 43.7% growth.

RELEVANT EVENTS

Burger King Argentina y Chile Acquisitions

April 25, 2006. Alsea performed the acquisition of all the Burger King Argentina and Chile stores. At that date Burger King Argentina had 27 stores in operation in 8 cities and Burger King Chile had 22 stores in operation in 3 cities. This was the first step in the Alsea's expansion plan to Latin America.

Remaining 40% of Grupo Aldi Acquisition

May 25, 2006. Alsea performed the acquisition of the remaining 40% of Grupo Aldi, one of the two franchisees of the Chili's Grill & Bar restaurants in Mexico. This acquisition was performed through the underwriting of 1,189,143 representative shares representatives of Alsea's stockholders' equity, decreed by the General Stockholders' Meeting of April 27, 2006.

Strategic Alliance for the development of Starbucks Coffee in Brazil

May 25, 2006. Alsea announced its joint venture for developing the Starbucks Coffee brand in Brazil between Cafés Sereia do Brasil Participações S.A. ("CSB") and Starbucks Coffee International, through the formation of Starbucks Cafés do Brasil ("SCB"). Alsea will participate in the development of the





brand together with its strategic partners who have successfully introduced various international brands to the Brazilian market, including McDonald's and Outback Steakhouse. SCB will develop and operate Starbucks Coffee stores throughout Brazil. The Company estimates that the first Starbucks Coffee store in Brazil will open in São Paulo within the next 12 months.

Primary Public Offering

May 26, 2006. Alsea announced the pricing of the primary public offering, in which was agreed to sell 18 million shares, including the over-allotments option. The Single Serie, Class II shares were offered to the public at a price of \$42.00 pesos. The net aggregate proceeds of the offering (without consider the over-allotments) were \$626.2 million pesos, used to the pre-payment of debt, achieving a capital structure that will allow Alsea to continue with its expansion strategy around Mexico and Latin America. Through this offering Alsea increased its float from 28% to 36%.

Representative Shares of the Alsea's Stock Holders' Equity

As a consequence of the Stockholders' equity increase, decreed to perform the acquisition of the remaining 40% of Grupo Aldi, and because the offer, the Stockholder' Equity is represented by 159,946,365 shares, Single Serie. Considering that the company repurchased 1,742,800 shares through the over-allotment fund, as well as the 2,557,166 shares in treasury. The company has 155,646,399 shares outstanding.





RELEVANT FIGURES

Number of Stores	2Q 2006	2Q 2005	Variation	Var. %
Total Stores	821	665	156	23.5%
Total Corporate Stores	672	516	156	30.2%
Domino's Mexico	547	510	37	7.3%
Corporate	398	361	37	10.2%
Domino's Brazil	25	27	-2	(7.4)%
Starbucks Coffee	93	56	37	66.1%
Burger King Mexico	84	67	17	25.4%
Burger King Argentina	27	N/A	27	N/A
Burger King Chile	22	N/A	22	N/A
Popeyes	7	5	2	40.0%
Chili's	14	N/A	14	N/A
Spoletto	2	N/A	2	N/A

Financial Ratios	2Q 2006	2Q 2005	Variation
EBITDA / Interest paid	11.8x	31.7x	N/A
Net Debt / EBITDA	0.47x	0.47x	N/A
Total Liabilities / Stockholders' Equity	0.48x	0.60x	N/A
ROIC ⁽⁵⁾	22.2%	25.0%	(280) bps
EVA ⁽⁴⁾ (million pesos)	\$192.7	\$156.3	23.3%

Stock Ratios	2Q 2006	2Q 2005	Variation
Book value per Share	\$15.7	\$11.8	33.0%
EPS (ttm)	\$2.3	\$1.6	43.7%
EV ⁽⁶⁾ / EBITDA ttm	8.7x	6.2x	N/A
Shares outstanding (million)	155.6	136.2	14.37%
Float	36%	20%	1,600 bps
Stock Price	\$40.00	\$24.15	65.6%

(4) EVA is defined as the operating income (ttm) – net invested capital times the cost of equity (it consider 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.

Aalsea 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 JUNE 30, 2006 AND 2005
(Thousands of Mexican pesos in purchasing power as of June 30, 2006)

	June 30, 2006	June 30, 2005
ASSETS		
Current:		
Cash	\$ 129,564	\$ 187,231
Accounts Receivable	129,422	139,787
Documents Receivable	93,966	58,284
Inventories	150,247	139,476
Recoverable Taxes	245,535	63,010
Other current assets	109,991	66,987
Total current assets	858,725	654,775
Store equipment, leasehold improvements and property, net	2,076,274	1,554,432
Trademarks, goodwill and pre-operatives, net	735,425	491,718
Other assets	20,327	13,205
Total Assets	\$ 3,690,751	\$ 2,714,130
Total Liabilities		
Short-term:		
Short-term debt	\$ 474,042	\$ 456,080
Suppliers	313,250	210,801
Accounts payable	276,125	224,344
Taxes payable	66,178	0
Total short term liabilities	1,129,595	891,225
Long-term:		
Long-term debt	23,737	16,189
Other liabilities	38,455	112,524
Total long term liabilities	62,192	128,713
Total liabilities	1,191,787	1,019,938
STOCKHOLDERS' EQUITY		
Capital Stock	500,163	465,815
Additional paid in capital	1,008,411	386,279
Retained earnings	744,869	618,787
Fiscal year earnings	188,916	139,437
Cumulative translation effect from foreign entity	1,900	369
Minority interest	54,706	83,505
Total stockholders' equity	2,498,964	1,694,192
Total liabilities and Stockholders' equity	\$ 3,690,751	\$ 2,714,130





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS
ENDED JUNE 30, 2006 AND 2005
(Thousands of Mexican pesos in purchasing power as of June 30, 2006)

	Three months ended		Six months ended	
	June 30		June 30	
	2006	2005	2006	2005
Net sales	\$ 1,433,481	\$ 1,044,161	\$ 2,641,043	\$ 2,018,661
Cost of sales	<u>492,394</u>	<u>408,502</u>	<u>913,175</u>	<u>801,048</u>
Gross profit	941,087	635,659	1,727,868	1,217,613
Operating expenses	709,371	468,901	1,292,017	904,744
Depreciation and Amortization	<u>70,483</u>	<u>48,549</u>	<u>131,079</u>	<u>90,246</u>
Operating income	161,233	118,209	304,772	222,623
Integral cost of financing				
Interest expense, net	9,850	7,233	28,778	8,861
Foreign exchange loss (gain)	2,227	(4,513)	3,430	(4,256)
Monetary position loss (gain)	<u>1,342</u>	<u>(275)</u>	<u>29</u>	<u>749</u>
	13,419	2,445	32,237	5,354
Other (Products), net	<u>(63,209)</u>	<u>(1,207)</u>	<u>(10,447)</u>	<u>(481)</u>
Income before taxes	211,023	116,971	282,982	217,750
Total income tax and asset tax	39,580	35,149	79,219	65,382
Employees' statutory	(91)	170	1,356	121
Income before equity in income of affiliates	171,534	81,652	202,407	152,247
Equity income of affiliates	<u>(5,146)</u>	<u>(4,290)</u>	<u>(10,310)</u>	<u>(9,487)</u>
Consolidated net income	166,388	77,362	192,097	142,760
Minority interest	<u>1,766</u>	<u>(1,909)</u>	<u>3,179</u>	<u>3,323</u>
Majority interest net income	\$ <u>164,622</u>	\$ <u>79,271</u>	\$ <u>188,918</u>	\$ <u>139,437</u>





ALSEA, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(Thousands of Mexican pesos in purchasing power as of June 30, 2006)

	June 30, 2006	June 30, 2005
Operating Activities:		
Net income	\$ 192,097	\$ 142,761
Add charges (deduce credits) to income not requiring (providing) funds		
Depreciation and amortization, goodwill	131,079	90,246
Equity in results of associated companies	10,310	(9,487)
Income tax and employee statutory profit sharing	2,744	4,491
Desincorporated subsidiaries	0	0
Acquisitions expenses	0	0
Deferred income tax	(62,764)	(9,597)
Fund provided by operations	\$ 273,464	\$ 218,414
Net financing from (investing in) operating activities		
Clients	\$ (13,313)	\$ (21,413)
Inventories	3,269	45,541
Suppliers	(28,618)	(21,787)
Taxes	0	0
Other liabilities and other assets	1,860	(31,221)
Changes in working capital, discontinued operations	0	0
Funds (used in) provided by working capital	\$ (36,802)	\$ (28,880)
Funds provided (used in) operating activities	<u>\$ 236,662</u>	<u>\$ 189,534</u>
Financing activities:		
Increase in capital stock and minority interest, net	\$ 663,618	\$ 60,887
Repurchases of shares	2,356	(7,080)
Debt and payment loans, net	(275,704)	372,887
Dividend payment	(156,315)	(100,917)
Funds provided by (used in) financing activities	<u>\$ 233,955</u>	<u>\$ 325,777</u>
Investing activities:		
Store equipment, leasehold improvements and property, net	(292,761)	(221,283)
Assets write-offs	12,646	1,281
Trademarks, goodwill and pre-operatives, net	(62,784)	(181,763)
Investment in shares of associated companies, net dividends collected	3,572	3,160
Incorporation effect in subsidiaries	(162,973)	(77,679)
Monetary conversion effect	1,532	0
Funds provided by (used in) investing activities	<u>\$ (500,768)</u>	<u>\$ (476,284)</u>
Increase (decrease) in cash	\$ (30,151)	\$ 39,027
Cash beginning of period	\$ 159,715	\$ 148,203
Cash end of period	<u><u>\$ 129,564</u></u>	<u><u>\$ 187,231</u></u>

