ALSEA

Alsea

Results and Important Events during the Second Quarter 2011

- **14.9% increase in same-store sales for a 20.6% growth in net consolidated sales during the second quarter of 2011**
- **An increase of 32.2% in EBITDA(1), totaling 336.7 million pesos with an EBITDA margin increase of 110 bps**
- **Increase of 62 corporate units over the last 12 months, reaching 1,227 units for the total unit count, with 1,031 corporate units.**
- **Payment of the dividend for fiscal year 2010 in the amount of 123.6 million pesos, at the rate of 0.20 pesos per share**
- **Improvement in the debt and cost structure in 25 bps with the issuance of ALSEA11 Unsecured Bonds for one billion pesos for a period of three years**
- **Exclusive development agreements to operate P.F. Chang's China Bistro restaurants in Argentina, Chile and Colombia**

Mexico, D.F., July 28, 2011. Alsea, S.A.B. de C.V. (BMV: ALSEA*), the leading Quick Service Restaurant (QSR) and Casual Dining operator in Latin America, reported its second quarter 2011 results today. This information is presented according to Financial Reporting Standards (NIF), and it is presented in nominal terms.

CONSOLIDATED RESULTS FOR THE SECOND QUARTER OF 2011

The following table shows a condensed Income Statement in million of pesos (except EPS). The margin for each item represents net sales, as well as the percentage change in the quarter ended June 30, 2011, in comparison with the same period of 2010:

	2Q 11	*Margin %*	*2Q 10*	*Margin %*	*Change %*
Net sales	$2,612.0	100.0%	$2,166.7	100.0%	20.6%
Gross Income	1,713.8	65.6%	1,418.2	65.5%	20.8%
EBITDA(1)	336.7	12.9%	254.7	11.8%	32.2%
Operating income	152.6	5.8%	94.1	4.3%	62.1%
Net Income	55.5	2.1%	$103.7	4.8%	(46.5)%
EPS (2)	0.1854	N.A.	0.4729	N.A.	(60.8)%

(1) EBITDA is defined as operating income before depreciation and amortization.
(2) EPS is earnings per share for the last 12 months.

Net sales increased 20.6% to 2,612.0 million pesos in the second quarter of 2011, in comparison with 2,166.7 million pesos in the same quarter of the prior year. This increase of 445.3 million pesos reflects the growth in sales of the food and beverage segments in Mexico and South America, mainly due to the 14.9% growth in same-store sales, the increase in the number of units and the growth in distributor's revenues from third parties. Growth in brand sales was due to the fact that there was a net increase of 62 corporate stores in the last 12 months, as well as growth in same-store sales for the operations in Mexico and South America, mainly as a consequence of commercial strategies and improved consumer behavior.

Paseo de la Reforma 222, 3er Piso, Torre 1 Corporativo
Col. Juárez, Cuauhtémoc. C.P. 06600, México D.F.
(55) 5241.7100 www.alsea.com.mx

During the second quarter of 2011, gross income increased 295.6 million pesos to 1,713.8 million pesos, with gross margin of 65.6%, in comparison with 65.5% recorded in the same period of the previous year. The improvement of 0.1 percentage points in the gross margin is attributed to the effect on the business mix, as the units with higher sales growth are those that have a lower cost as a percentage of sales, and to the effect of a decrease in the cost of sales due to appreciation of the pesos against the dollar over the last 12 months. Those effects were partially offset by the increase in the price of some commodities that the brands use.

Operating expenses (excluding depreciation and amortization) decreased as a percentage of sales by 1.0 percentage point, decreasing from 53.7% during the second quarter of 2010, to 52.7% during the same period of 2011. That improvement can be attributed mainly to the margin from growth in same-store sales, to operating efficiencies achieved during the period, and to a lesser extent, to the increase in the number of units. These effects were partially offset by the aforementioned business mix in which the units with larger sales growth are the ones that generate higher expenses as a percentage of sales.

As a result of the 20.8% growth in gross income and the 18.4% increase in operating expenses (excluding depreciation and amortization), EBITDA grew 32.2% to 336.7 million pesos at the close of the second quarter of 2011, compared with the 254.7 million pesos in the same period of the prior year. The increase in EBITDA of 82.0 million pesos is mainly attributable to the growth in same-store sales, to operating efficiencies achieved, to the increase in the number of units and to the improved cost of sales.

At the end of the second quarter of 2011, operating income showed an increase of 62.1% equivalent to 58.4 million pesos, closing at 152.6 million pesos, in comparison with the 94.1 million pesos in the same period of 2010. The foregoing was mainly due to the increase of 82.0 million pesos in EBITDA, which was offset by the 23.6-million peso increase in depreciation and amortization due to the Company’s expansion plan over the last 12 months.

Consolidated net income for the quarter decreased 48.2 million pesos, closing at 55.5 million pesos, compared with 103.7 million pesos in the second quarter of 2010, mainly due to the negative variation of 81.2 million pesos in other expenses net, the increase of 27.6 million pesos in the all-in cost of financing, and to a lesser degree to the decrease of 0.7 million pesos in the results of associated companies. Those variations were partially offset by the 58.4 million pesos increase in operating income, and to the decrease of 2.9 million pesos in taxes on earnings.

Earnings per share "EPS"[(2)] for the 12 months ended June 30, 2011, decreased to 0.1854 pesos, in comparison with 0.4729 pesos for the 12 months ended June 30, 2010.

RESULTS BY SEGMENT

Net sales and EBITDA are shown below by business segment in million pesos for the second quarter of 2011 and 2010.

Net Sales by Segment	*2Q 11*	*% Cont.*	*2Q 10*	*% Cont.*	*% Var.*
Food and Beverages – Mexico	1,771.5	67.8%	$1,480.2	68.3%	19.7%
Food and Beverages – South America	553.5	21.2%	430.0	19.8%	28.7%
Distribution	821.1	31.4%	708.6	32.7%	15.9%
Intercompany Operations (3)	(534.0)	(20.4)%	(452.0)	(20.9)%	18.1%
Consolidated Net Sales	**2,612.0**	**100.0%**	**2,166.7**	**100.0%**	**20.6%**

EBITDA by Segment	*2Q 11*	*% Cont.*	*Margin*	*2Q 10*	*% Cont.*	*Margin*	*% Var.*
Food and Beverages – Mexico	262.5	78.0%	14.8%	181.5	71.3%	12.3%	44.6%
Food and Beverages – South America	46.9	13.9%	8.5%	34.1	13.4%	7.9%	37.4%
Distribution	21.5	6.4%	2.6%	32.0	12.5%	4.5%	(32.8)%
Others(3)	5.8	1.7%	N.A.	7.1	2.8%	N.A.	(18.3)%
Consolidated EBITDA	**336.7**	**100%**	**12.9%**	**254.7**	**100%**	**11.8%**	**32.2%**

(3) For the purpose of information by segment, these operations were included in each respective segment.

Food and Beverages – Mexico

Sales in the second quarter of 2011 increased 19.7% to 1,771.5 million pesos, in comparison with 1,480.2 million pesos in the same period of 2010. This variation of 291.3 million pesos is mainly attributable to the net opening of 42 corporate units from its various brands over the last 12 months and the growth in same-store sales for the different restaurant brands in Mexico.

EBITDA increased 44.6% during the second quarter of 2011 to 262.5 million pesos, compared with the 181.5 million pesos reported in the same period of the prior year. That increase is attributed to the margin generated by the increase in same-store sales of some of the brands in Mexico, and to a lesser extent to the decrease in the cost of sales as a consequence of the peso’s appreciation against the dollar.

Food and Beverages – South America

At the end of the second quarter of 2011, the Food and Beverages – South America division was comprised of Burger King Operations in Argentina, Chile and Colombia, as well as Domino's Pizza Colombia and Starbucks Coffee Argentina, with a total of 145 units at the end of the period. This division saw a 28.7% increase in sales, totaling 553.5 million pesos, in comparison with 430.0 million pesos in the second quarter of the prior year. This positive variation of 123.5 million pesos was mainly due to the increase in same-store sales in the South America division and to the net opening of 20 units over the last 12 months.

At the end of the second quarter of 2011, EBITDA for the Food and Beverages – South America division increased 37.4% to 46.9 million pesos, in comparison with 34.1 million pesos in the same period in 2010. EBITDA margin grew 0.6 percentage points, closing at 8.5%. Those increases are mainly attributable to the margin obtained from the growth in same-store sales, the increase in number of units, to the decrease in the cost of sales arising from the appreciation of the different currencies against the US dollar in the countries where the Company has operations, and to the decrease from the effect of new businesses as a consequence of consolidation of the brands in different countries.

Distribution

Net sales during the first quarter increased 15.9% to 821.1 million pesos, in comparison with 708.6 million pesos in the same period of 2010. The foregoing is due to the growth in same-store sales of the restaurant brands in Mexico and by the increase in the number of units served over the last 12 months, supplying a total of 1,352 units as of June 30, 2011, in comparison with 1,321 units during the same period of the prior year, which was an increase of 2.3%. Sales to third parties increased 10.1% to 280.5 million pesos, mainly due to the increase in same-store sales of Burger King and Domino's Pizza Systems in Mexico.

EBITDA decreased 10.5 million pesos during the second quarter of 2011, falling to 21.5 million pesos, compared with 32.0 million pesos in the same quarter of the prior year, which was a 32.8% decrease. The 2.6% EBITDA margin dropped 1.9 percentage points in comparison with the same period of the prior year. This change was mainly due to the business mix and to discounts granted to the Domino's Pizza chain in Mexico, as a consequence of the support given to the brand's value strategy, which is focused on creating a higher number of orders.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing in the second quarter of 2011 increased to 44.1 million pesos, in comparison with 16.5 million pesos in the same period of the prior year. That variation of 27.6 million pesos can be attributed to the increase of 14.3 million pesos in net interest paid due to an increase in total debt, and to the effect created by prepaying the Cebures, for which a premium was obtained over their nominal value for early payment, and to the negative variation of 15.4 million pesos in the exchange rate result due to appreciation of the peso against the dollar. The foregoing was partially offset by the positive variation of 2.1 million pesos in the result for monetary position.

Other Expenses and Products - Net

This line shows a drop of 81.3 million pesos, compared with the same period of the prior year, because during the second quarter of 2010, the product of the interests and actualizations arising from recovery of balances in favor of the VAT was recognized, and to a lesser extent due to the write-off of assets arising from the closure of stores during the quarter.

Tax on earnings

Taxes on earnings of 44.1 million pesos decreased 2.9 million pesos in comparison with the same quarter of the prior year. This was the result of the 51.2 million pesos decrease in earnings before taxes at the close of the second quarter of 2011. That decrease in earnings can be attributed to the loss created before taxes at some subsidiaries, in which a deferred tax was not recognized during the period.

BALANCE SHEET

Store Equipment, Improvements to Leased Locations and Properties, Brand Use Rights, Goodwill and Pre-Operations

The increase of 130.3 million pesos in this line was due to the acquisition of assets and opening of new stores as a part of the expansion program over the last 12 months. These effects were partially offset by the amortization and depreciation of assets in accordance with accounting policies, and to a lesser extent to the write-off of assets due to unit closures.

During the six months ended June 30, 2011, Alsea made capital investments of 504.5 million pesos, of which 329.5 million pesos, equal to 65.3% of total investments, were earmarked for unit openings, equipment refurbishing, and remodeling existing stores for the different brands that the Company operates. The remaining 175.0 million pesos was earmarked for other items, notably the development and construction of the bakery facility, logistics improvement projects, the Online System for Domino's Pizza in Mexico, and software licenses, among others.

Clients

The increase of 76.4 million pesos in the clients account is mainly due to the gap in recovery of DIA's portfolio and of some subsidiaries, in which there was a delay in recovery of balances payable with credit cards. This created a variation in the number of days in the portfolio, going from 6 days in the second quarter of 2010, to 8 days during the same period of 2011.

Inventory

As of June 30, 2011, inventory had increased from 293.4 million pesos at June 30, 2010, to 391.3 million pesos. This increase of 97.9 million pesos is mainly attributable to the increase in cheese, coffee and meat inventories. Due to a purchase opportunity that appeared in the market, the decision was made to acquire those items in advance.

Other Current Assets

The increase in the Other Current Assets account of 63.0 million pesos at June 30, 2011, is mainly due to the advances to providers made for the Company's different capital investment projects.

Taxes Recoverable – Net

The increase in the account Taxes Recoverable – Net of Taxes Payable, of 8.5 million pesos at June 30, 2011, can be attributed mainly to the amounts of taxes receivable, generated due to the capital investments made during the year.

Deferred Income Tax

Deferred income tax increased from 525.0 million pesos at June 30, 2010, to 592.9 million pesos at June 30, 2011. This increase of 67.9 million pesos occurred mainly as a consequence of the effect of the differences in financial depreciation rates and tax rates and the recognition of tax losses.

Providers

Providers increased from 462.1 million pesos at June 30, 2010, to 655.0 million pesos at June 30, 2011. This variation of 192.9 million pesos was created principally by a larger number of units in operation and as a consequence of a better negotiating process, which translates into an increase of one provider day. Providers days have risen from 29 to 30 days over the last 12 months.

Bank Debt and Fixed-Rate Bonds

At June 31, 2011, Alsea's total debt increased by 321.1 million pesos, closing at 1,770.2 million pesos, in comparison with 1,449.0 million pesos on the same date of the previous year. The Company's net consolidated debt compared with the second quarter of 2010 increased 225.6 million pesos, closing at 1,194.3 million pesos on June 30, 2011, compared with the 968.7 million at the same quarter of the previous year. This increase is mainly attributable to the Company's capital investment needs.

At June 30, 2011, 90.6% of the debt was long term, and on that same date 97.8% of the debt was denominated in Mexican pesos, 1.7% in Colombian pesos, and 0.5% in Chilean pesos.

The following table shows the amount of total debt in millions of pesos at June 30, 2011, as well as the maturity dates by year:

	Balance	Maturities									
	2Q 11	2011	%	2012	%	2013	%	2014	%	2015	%
Bank Debt	**$770.2**	$102.2	13.3%	$128.0	16.6%	$130.0	16.9%	$205.0	26.6%	$205.0	26.6%
Bond Debt	**$1,000.0**	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$1,000.0	100.0%	$0.0	0.0%
Total Debt	**$1,770.2**	**$102.2**	**5.8%**	**$128.0**	**7.2%**	**$130.0**	**7.3%**	**$1,205.0**	**68.1%**	**$205.0**	**11.6%**

Share Repurchase Program

At June 30, 2011, the Company had an approximate balance in the repurchase fund of 6.39 million shares for a total of approximately 79.0 million pesos, at an average price of 12.36 pesos per share. During the three months ended June 30, 2011, the Company bought a net of 317,600 shares for approximately 2.4 million pesos.

Financial Ratios

At June 30, 2011, the financial restrictions established in the Company's credit contracts were as follows: the net debt to EBITDA ratio for the last 12 months was 1.08x, and the 12-month EBITDA to 12-month interest paid ratio was 8.82x.

The Net Return on Invested Capital ("ROIC")[4] decreased from 9.3% to 6.6% over the 12 months ended June 30, 2011. The Return on Equity ("ROE")[5] for the 12 months ended June 30, 2011, was 4.0% in comparison with 9.8% for the same period in the prior year.

KEY NUMBERS

BRAND	Units 2Q 11	Units 2Q 10	Variation	% Var. - Annual
Domino's Pizza Mexico	415	420	(5)	(1.2)%
Domino's Pizza Colombia	21	22	(1)	(4.5)%
Starbucks Mexico	314	277	37	13.4%
Starbucks Argentina	33	21	12	57.1%
Burger King Mexico	108	108	0	0.0%
Burger King Argentina	54	47	7	14.9%
Burger King Chile	31	31	0	0.0%
Burger King Colombia	6	4	2	50.0%
Chili's Grill & Bar	32	29	3	10.3%
California Pizza Kitchen	11	8	3	37.5%
P.F. Chang's China Bistro	6	2	4	200.0%
Total Corporate	**1,031**	**969**	**62**	**6.4%**
Starbucks Chile	31	30	1	3.3%
Starbucks Brazil	0	23	(23)	(100)%
Total Associated Companies[7] [8]	**31**	**53**	**(22)**	**(41.5)%**
Domino's Pizza Sub-Franchises	164	166	(2)	(1.2)%
CPK Sub-Franchises[9]	1	0	1	100%
Total Sub-Franchises	**165**	**166**	**(1)**	**(0.6)%**
TOTAL UNITS	**1,227**	**1,188**	**39**	**3.3%**

Financial Indicators	2Q 11	2Q 10	Variation
EBITDA(1) / Interest Paid	8.82 x	10.4 x	N.A
Net Debt / EBITDA(1)	1.08 x	0.87 x	N.A
ROIC (4)	6.6%	9.3%	(270)Bps
ROE (5)	4.0%	9.8%	(580)Bps

Stock Market Indicators	2Q 11	2Q 10	Variation
Book Value per Share	$4.67	$4.74	(1.48)%
EPS (12 months) (2)	$0.1854	$0.4729	(60.8)%
EV(6) / EBITDA(1) (12 months)	7.9 x	7.7 x	N.A.
Shares in circulation at the close of the period (million)	611.3	611.7	(0.06)%
Price per share at close	$11.92	$12.10	(1.49)%

(4) ROIC is defined as operating income after taxes (LTM) over net operating investment (total assets – cash and short-term investments – no-cost liabilities).
(5) ROE is defined as net earnings (last 12 months) over shareholders' equity.
(6) EV is defined as market value plus net debt plus minority interest, and considers the price per share at the close of each quarter.
(7) Associated stores are defined as all operations that are recognized using the equity method.
(8) The decrease of 23 stores from the total of associated stores is due to the sale of the minority stake in Starbucks Coffee Brasil operations.
(9) CPK stands for California Pizza Kitchen.

The Company's shares are traded on the Mexican Stock Exchange under the ticker ALSEA.*

Diego Gaxiola Cuevas
CFO
Telephone: (5255) 5241-7151
ri@alsea.com.mx

Enrique González Casillas
Investor Relations
Telephone: (5255) 5241-7035
ri@alsea.com.mx

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT JUNE 30, 2011 AND 2010
(In thousands of nominal pesos)

	June 30, 2011	June 30, 2010
ASSETS		
Current assets:		
Cash and short-term investments	$ 575,827	$ 480,304
Clients	216,448	140,078
Other accounts and documents receivable	59,115	67,058
Inventory	391,274	293,368
Taxes recoverable	201,938	222,765
Other current assets	226,453	163,414
Current assets	1,671,055	1,366,987
Investments in shares of associated companies	22,828	31,346
Store equipment, improvements to leased locales, and property, net	3,150,216	2,858,706
Brand use rights, goodwill and pre-operations, net	929,505	968,458
Deferred Income Tax	592,872	524,989
Discontinued operations	1,392	232
Total Assets	**$ 6,367,868**	**$ 5,750,718**
LIABILITIES		
Short term:		
Providers	$ 654,982	$ 462,068
Taxes payable	148,506	177,852
Other accounts payable	569,582	435,009
Related parties	36,182	12,077
Bank credits	166,176	378,403
Short-term liabilities	1,575,428	1,465,409
Long term:		
Bank credits	604,000	370,646
Unsecured local bonds	1,000,000	700,000
Other long-term liabilities	75,390	66,797
Long-term liabilities	1,679,390	1,137,443
Discontinued operations	53	705
Total Liabilities	**3,254,871**	**2,603,557**
SHAREHOLDERS' EQUITY		
Minority interest	256,022	245,579
Majority interest:		
Capital stock	530,694	530,815
Net premium in share placement	1,246,840	1,238,366
Accumulated income	1,079,111	1,048,290
Income during the year	60,003	98,043
Conversion effects – foreign entities	(59,673)	(13,932)
Majority interest	2,856,975	2,901,582
Total Shareholders' Equity	**3,112,997**	**3,147,161**
Total Liabilities and Shareholders' Equity	**$ 6,367,868**	**$ 5,750,718**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In thousands of nominal pesos)

	Three months ended June 30, 2011		Three months ended June 30, 2010		Six months ended June 30, 2011		Six months ended June 30, 2010	
Net sales	**$ 2,612,043**	**100%**	**$ 2,166,697**	**100%**	**$ 4,995,062**	**100%**	**$ 4,262,513**	**100%**
Cost of sales	898,225	34.4%	748,522	34.5%	1,732,680	34.7%	1,485,905	34.9%
Gross Income	**1,713,818**	**65.6%**	**1,418,175**	**65.5%**	**3,262,382**	**65.3%**	**2,776,608**	**65.1%**
Operating expenses	1,378,930	52.8%	1,164,638	53.7%	2,686,027	53.8%	2,299,367	53.9%
Depreciation and amortization	182,353	7.0%	159,444	7.4%	357,857	7.2%	327,148	7.7%
Operating income	**152,535**	**5.8%**	**94,093**	**4.3%**	**218,498**	**4.4%**	**150,093**	**3.5%**
Other (expenses) products – net	11,385	0.4%	(69,873)	(3.2)%	14,056	0.3%	(57,750)	(1.4)%
All-in cost of financing:								
Interest paid – net	36,500	1.4%	22,183	1.1%	59,675	1.2%	44,180	1.0%
Exchange rate (profit) loss	7,627	0.3%	(7,773)	(0.4)%	24,623	0.5%	10,510	0.3%
Result by monetary position	0	0.0%	2,093	0.1%	0	0.0%	3,428	0.1%
	44,127	**1.7%**	**16,503**	**0.8%**	**84,298**	**1.7%**	**58,118**	**1.4%**
Share in the results of associated companies	2,487	0.1%	3,226	0.1%	3,225	0.1%	5,447	0.1%
Income before taxes	99,510	3.8%	150,689	7.0%	123,369	2.5%	155,172	3.6%
Tax on earnings	44,060	1.7%	47,000	2.2%	50,456	1.0%	48,076	1.1%
Income before discontinued operations	55,450	2.1%	103,689	4.8%	72,913	1.5%	107,096	2.5%
Discontinued operations	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Consolidated net income	**55,450**	**2.1%**	**103,689**	**4.8%**	**72,913**	**1.5%**	**107,096**	**2.5%**
Minority interest	7,058	0.3%	4,988	0.2%	12,910	0.3%	9,053	0.2%
Majority net income	$ 48,392	1.9%	$ 98,701	4.6%	$ 60,003	1.2%	$ 98,043	2.3%

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In thousands of nominal pesos)

	June 30, 2011	June 30, 2010
Operating activities:		
Consolidated result before income taxes	**$ 123,369**	**$ 155,172**
Income from investments:		
Depreciation and amortization of brands	361,424	329,477
Income or loss on sales of fixed assets	12,831	11,590
Other entries	(290)	3,012
Total	**497,334**	**499,251**
Clients	(9,224)	23,364
Inventory	(38,836)	44,367
Providers	(55,566)	(101,618)
Taxes payable	(120,229)	(52,444)
Other assets and other liabilities	66,676	(171,511)
Total	**(157,179)**	**(257,842)**
Net cash flow from operations	**340,155**	**241,409**
Investment activities		
Store equipment, improvements to leased locales, and property	(387,731)	(192,088)
Brand use rights, goodwill and pre-operations, net	(116,812)	(85,863)
Investments in shares of subsidiaries and associated companies	(2,045)	(6,313)
Net cash flow from investment activities	**(506,588)**	**(284,264)**
Cash receivable from financing activities	**(166,433)**	**(42,855)**
Financing activities		
Bank credits and loan payments, net	(127,348)	(253,053)
Unsecured local bonds	300,000	400,000
Dividend Decree	(122,648)	(245,958)
Minority interest, net	(2,529)	12,752
Sale (repurchase) of shares	90,915	137,949
Net cash flow from financing activities	**138,390**	**51,690**
Increase (decrease) net of cash	**(28,043)**	**8,835**
Adjustments to cash flow due to exchange rate variations	(36,333)	8,255
Cash at the beginning of the period	640,203	463,214
Cash at the end of the period	**$ 575,827**	**$ 480,304**