

Results and Important Events during the Second Quarter 2010

- Growth of 4.5% in net sales during the second quarter of 2010 with a 2.1% increase in same-store sales
- Growth of 31.6% in sales in South America, due to the addition of 15 stores and the increase in same-store sales; those operations represented 19.9% of Alsea's revenues
- Increase of 2.9% in total units over the last 12 months, and 2.8% in corporate units, for a total of 1,188 and 969 units, respectively, at the close of the second quarter 2010
- Increase of 34.0% in EBITDA⁽¹⁾, and growth of 2.6% in EBITDA margin, closing at 11.8%
- Payment of the dividend for fiscal year 2009 for 246.0 million pesos, which was paid from the Company's accumulated earnings at the ratio of 0.4020 per share
- Recovery of VAT amounts receivable by Operadora de Franquicias Alsea, S.A. de C.V. ("OFA") for May to December 2007

Mexico, D.F., July 28, 2010. 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 2010 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 2010

The following table shows a condensed Income Statement in millions of pesos (except EPS). The margin for each item represents net sales, as well as the percentage change in the quarter ended June 30, 2010, in comparison with the same period of 2009:

	2Q 10	Margin %	2Q 09	Margin %	Change %
Net sales	\$2,166.7	100.0%	\$2,072.7	100.0%	4.5%
Gross Income	1,426.6	65.8%	1,300.6	62.8%	9.7%
EBITDA ⁽¹⁾	254.7	11.8%	190.0	9.2%	34.0%
Operating income	94.1	4.3%	17.4	0.8%	440.6%
Net Income	\$103.7	4.8%	\$(49.7)	(2.4)%	N.A.
EPS ⁽²⁾	0.4729	N.A.	(0.0456)	N.A.	N.C.

(1) EBITDA is defined as operating income before depreciation and amortization.

(2) EPS is earnings per share of the last 12 months.

Net sales increased 4.5% to 2,166.7 million pesos in the second quarter of 2010, in comparison with 2,072.7 million pesos in the same quarter of the prior year. This increase reflects the growth in sales of some of the brands in Mexico and South America, mainly due to expansion in the number of units and growth in same-store sales, attributable in part to the fact that the comparative basis was affected by the Swine Flu, which was partially offset by the decrease in the distributor's revenues from third parties.

Growth in brand sales was due to the fact that there was a net increase of 26 corporate stores at the end of June 2010 compared with the same period of the prior year, as well as growth of 2.1% in same-store sales, which is mostly attributable to the continuous growth in same-store sales of the Starbucks Coffee brand in Mexico and Argentina, Burger King brand in Argentina and Chile, and Chili's Grill & Bar, offset by the decrease in same-store sales of Domino's Pizza México and Colombia, as well as Burger King México.



During the second quarter of 2010, gross income increased 125.9 million pesos, reaching 1,426.6 million pesos, with gross margin of 65.8%, in comparison with 62.8% recorded in the same period of the previous year. The 3% improvement to the gross margin is mainly attributed to the decrease in the cost of materials, to the appreciation of the Mexican peso against the US dollar, to operating efficiencies achieved during the period, and to the effect on the business mix of the brands in Alsea's portfolio, where the business units that currently have the highest sales growth are those that have a lower cost as a percentage of sales.

Operating expenses (excluding depreciation and amortization) increased 0.5% as a percentage of sales, rising from 53.6% during the second quarter of 2009 to 54.1% during the same period of 2010. This is mainly due to the aforementioned business mix, and to a lesser degree to higher electricity, diesel and gas expenses. Those effects were partially offset with the margin resulting from the increase to the number of units and growth in same-store sales.

As a consequence of the 9.7% growth in gross earnings and the 5.5% increase in operating expenses, EBITDA grew 34.0% to 254.7 million pesos during the period, in comparison with 190.0 million pesos in the second quarter of 2009. EBITDA margin expanded 2.6%, rising from 9.2% in the second quarter of 2009 to 11.8% in the same period of 2010.

Operating income from the second quarter of 2010 increased by 76.7 million pesos, totaling 94.1 million pesos, compared with the 17.4 million pesos reported in the same period of 2009. This was mainly due to the growth of 64.7 million pesos in EBITDA and the decrease of 12.0 million pesos in depreciation and amortization, due to the fact that there is less amortization from pre-operating expenses from the store opening plan.

Consolidated net income increased 153.4 million pesos in comparison with the same period of 2009, due mainly to the 106.7 million pesos increase in other expenses and products, which is attributable to the interest and actualizations obtained due to recovery of VAT receivable, to the increase of 76.7 million pesos in operating income, to the increase in discontinued operations of 11.4 million pesos, and the 5.4 million pesos increase in the results of associated companies. Those changes were partially offset by the 38.2 million pesos increase in taxes on earnings, as well as an increase of 8.7 million pesos in the total results of financing, due mainly to lower exchange rate earnings.

Earnings per share "EPA"⁽²⁾ for the 12 months ended June 30, 2010, increased to 0.4729 pesos, in comparison with (0.0456) pesos for the 12 months ended June 30, 2009.



RESULTS BY SEGMENT

Net sales and EBITDA are shown below by business segment in millions of pesos, for the second quarter of 2010 and 2009.

<i>Net Sales by Segment</i>	<i>2Q 10</i>	<i>% Cont.</i>	<i>2Q 09</i>	<i>% Cont.</i>	<i>% Var.</i>
Food and Beverages – Mexico	\$1,480.1	68.3.%	\$1,462.4	70.6%	1.2%
Food and Beverages – South America	430.0	19.9%	326.8	15.8%	31.6%
Distribution	708.6	32.7%	769.7	37.1%	(7.9)%
Intercompany Operations ⁽³⁾	(452.0)	(20.9)%	(486.2)	(23.5)%	(7.0)%
Consolidated Net Sales	\$2,166.7	100.0%	\$2,072.7	100.0%	4.5%

<i>EBITDA by Segment</i>	<i>2Q 10</i>	<i>% Cont.</i>	<i>Margin</i>	<i>2Q 09</i>	<i>% Cont.</i>	<i>Margin</i>	<i>% Var.</i>
Food and Beverages – Mexico	\$181.5	71.2%	12.3%	\$115.2	60.6%	7.9%	57.5%
Food and Beverages – South America	34.1	13.4%	7.9%	12.8	6.7%	3.9%	166.4%
Distribution	32.0	12.6%	4.5%	45.0	23.7%	5.8%	(28.9)%
Others ⁽³⁾	7.1	2.8%	N.A.	17.0	8.9%	N.A.	(58.2)%
Consolidated EBITDA	\$254.7	100%	11.8%	\$190.0	100%	9.2%	34.0%

(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 2010 increased 1.2% to 1,480.1 million pesos, in comparison with 1,462.4 million pesos in the same period of 2009. This variation of 17.7 million pesos is mainly attributable to the net opening of 11 corporate stores and 6 sub-franchise stores of Domino's Pizza over the last 12 months. The foregoing was partially offset by the loss in same-store sales.

EBITDA increased 57.5% during the second quarter of 2010, totaling 181.5 million pesos, in comparison with the 115.2 million pesos reported in the same period of the prior year. This increase of 66.3 million pesos is mainly explained by the decrease in cost of sales as a consequence of the appreciation of the Mexican peso against the US dollar, and the savings attained from the cost reduction program implemented during the second half of the 2009 second quarter.

Food and Beverages – South America

At the end of the second quarter of 2010, 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 125 stores at the end of the period. This division saw a 31.6% increase in sales, reaching 430.0 million pesos, in comparison with 326.8 million pesos in the second quarter of the prior year. This variation of 103.2 million pesos was mainly due to the net opening of 15 units over the last 12 months, as well as the increase in same-store sales.

At the close of the second quarter of 2010, EBITDA for the Food and Beverages – South America division increased 166.4% to 34.1 million pesos, in comparison with 12.8 million pesos in the same period in 2009. That increase is mainly attributable to the margin obtained from the increase in number of stores in operation, the increase in same-store sales, and 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.

Distribution

Net sales during the second quarter decreased 7.9% to 708.6 million pesos, in comparison with 769.7 million pesos in the same period of 2009. The foregoing is due to the decrease in consumption of some of



the brands in Mexico, an offshoot of the negative trend in same-store sales. This was partially offset by the increase in the number of stores served over the last 12 months, supplying a total of 1,321 units on June 30, 2010, in comparison with 1,280 units during the same period of the prior year, which was an increase of 3.2%. Sales to third parties decreased 9.0% to 254.7 million pesos, mainly due to the decrease in sales to third parties of Burger King Mexico, and Domino's sub-franchises.

EBITDA was 32.0 million pesos during the second quarter of 2010, compared with 45.0 million pesos in the same period of the prior year, which was a decrease of 28.9%. The 4.5% EBITDA margin decrease 1.3 percentage points over the same period of the prior year. This variation is mainly due to the change in the business mix, since the brands with the highest sales growth are those that have the lowest cost of sales to the distributor.

NON-OPERATING RESULTS

All-In Cost of Financing

The all-in cost of financing in the second quarter of 2010 increased to 16.5 million pesos, in comparison with 7.8 million pesos in the same period of the prior year. This increase is attributable to the decrease of 17.9 million pesos in exchange rate earnings, as well as to the increase of 1.4 million pesos from the result by monetary position, caused by the operations in Argentina. The foregoing was partially offset by the decrease of 10.6 million pesos in net interest paid, due to the 360.9 million pesos decrease in net debt and the decrease in the cost of debt, resulting from the refinancing of the debt-denominated securities.

Other Expenses and Products – Net

This line improved by 106.7 million pesos, compared with the same period of the prior year, which is mainly due to recognizing interests and actualizations due to recovering VAT amounts receivable. This result was partially offset by expenses for legal proceedings related to Italianni's and the recovery of VAT, and, as well as the surcharges and fines due to tariff differences, and to a lesser degree to the write-off of assets as a consequence of store closures during the second quarter of 2010.

Tax on earnings

Taxes on earnings of 47.0 million pesos showed an increase of 38.2 million pesos in comparison with the same period of the prior year, as a result of the increase of 180.1 million pesos in earnings before taxes.

BALANCE SHEET

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

The 124.1 million pesos decrease in this line was due to the amortization and depreciation of assets according to accounting practices, and to a lesser degree to the write-off of assets as a consequence of store closures. These items were partially offset with the assets acquired as part of the expansion program for the last 12 months.

During the six months ended June 30, 2010, Alsea made capital investments of 284.3 million pesos, of which 259.3 million pesos, equal to 91.2% of total investments, were earmarked for store openings, equipment refurbishing and remodeling existing stores for the different brands that the Company operates. The remaining 25.0 million pesos were invested in other items, namely replacing DIA's machinery and equipment, process-improvement projects and the software licenses.

Other accounts payable

Other accounts payable decreased by 558.6 million pesos at June 30, 2009, to 435.0 million pesos at June 30, 2010. This change of 123.6 million pesos is mainly due to payment of the expenses related to recovering VAT amounts receivable, by applying a 0% VAT rate in the sale of OFA food.

Taxes Recoverable – Net

The decrease in the taxes receivable line, net of taxes payable, of 510.2 million pesos at June 30, 2010, is mainly attributable to the recovery of VAT receivable by OFA, and to a lesser extent to the increase in income tax payable.





Deferred Income Tax

Deferred income tax increased from 339.4 million pesos at June 30, 2009, to 525.0 million pesos at June 30, 2010. This increase of 185.6 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 411.7 million pesos at June 30, 2009, to 451.9 million pesos at June 30, 2010. This variation of 40.2 million pesos was generated mainly by the three-day increase in providers, which went from 26 to 29 days in the last three months. This variation is partially offset with the decrease in the amount of money for operations arising from lower costs and expenses.

Bank Debt and Stock Market Credits

At June 30, 2010, Alsea's total debt decreased by 185.7 million pesos, closing at 1,449.0 million pesos, in comparison with 1,634.7 million pesos on the same date of the previous year.

At June 30, 2010, 73.9% of Alsea's debt was long term, and 98.4% of the debt was denominated in Mexican pesos and 1.6% in Chilean pesos. The Company's consolidated net debt in comparison with the second quarter of 2009 decreased 360.9 million pesos, closing the quarter ended June 30, 2010 at 968.7 million pesos, in comparison with 1,329.6 million pesos on the same date of the prior year.

The following table shows the amount of total debt in millions of pesos at June 30, 2010, as well as the maturity dates by year:

	Balance 2Q-10	Maturities							
		2010	%	2011	%	2012	%	2013	%
Bank Debt	\$749.0	\$189.2	25.3%	\$331.8	44.3%	\$178.0	23.7%	\$50.0	6.7%
Bond Debt	\$700.0	\$0.0	0.0%	\$0.0	0.0%	\$300.0	42.9%	\$400.0	57.1%
Total Debt	\$1,449.0	\$189.2	13.1%	\$331.8	22.9%	\$478.0	33.0%	\$450.0	31.0%

Share Repurchase Program

At June 30, 2010, the Company had a balance in the repurchase fund of 6.25 million shares, an amount of approximately 63.1 million pesos. During the six months ended June 30, 2010, the Company's net sales of 10.2 million shares totaled approximately 136.2 million pesos.

Financial Ratios

At June 30, 2010, the Company met all financial restrictions established in its credit contracts. The net debt to EBITDA ratio for the last 12 months was 0.87x, the total liabilities to shareholders' equity ratio was 0.82x, and the 12-month EBITDA to 12-month interest paid ratio was 10.4x.

The Return on Invested Capital ("ROIC")⁽⁴⁾ increased from 5.6% to 9.2% during the 12 months ended June 30, 2010. The Return on Equity ("ROE")⁽⁵⁾ for the 12 months ended June 30, 2010 was 9.9%, compared with (1.1)% for the same period in the prior year.



KEY NUMBERS

BRAND	Stores 2Q-10	Stores 2Q-09	Variation	Annual % Var.
Domino's Pizza México	420	427	(7)	(1.6)%
Starbucks Coffee México	277	258	19	7.4%
Burger King México	108	108	0	0.0%
Popeyes	0	6	(6)	(100.0)%
Chili's Grill & Bar	29	28	1	3.6%
California Pizza Kitchen	8	6	2	33.3%
P.F. Chang's China Bistro	2	0	2	N.C.
Burger King Argentina	47	44	3	6.8%
Burger King Chile	31	32	(1)	(3.1)%
Burger King Colombia	4	2	2	100.0%
Domino's Pizza Colombia	22	21	1	4.8%
Starbucks Coffee Argentina	21	11	10	90.9%
Total Corporate	969	943	26	2.8%
Starbucks Coffee Chile	30	30	0	0.0%
Starbucks Coffee Brazil	23	22	1	4.5%
Total Associated Companies⁽⁷⁾	53	52	1	1.9%
Domino's Sub-Franchisees	166	160	6	3.8%
TOTAL STORES	1,188	1,155	33	2.9%

Financial Indicators	2Q10	2Q-09	Variation
EBITDA ⁽¹⁾ / Interest Paid	10.4 x	5.8 x	N.A
Net Debt / EBITDA ⁽¹⁾	0.87 x	1.47 x	N.A
Total Liabilities / Shareholders' Equity	0.82 x	0.90 x	N.A
ROIC ⁽⁴⁾	9.2%	5.6%	360 bps
ROE ⁽⁵⁾	9.9%	(1.1)%	1,100 bps

Stock Market Indicators	2Q-10	2Q-09	Variation
Book value per share	\$4.74	\$4.65	1.9%
EPS (12 months) ⁽²⁾	\$0.4729	\$(0.0456)	N.C.
EV ⁽⁶⁾ / EBITDA ⁽¹⁾ (12 months)	7.7 x	6.8 x	N.A.
Shares in circulation at the close of the period (millions)	611.7	612.4	(0.1)%
Float of shares in circulation	37.1%	34.3%	280 bps
Price per share at close	\$12.10	\$7.48	61.8%

(4) ROIC is defined as operating income after taxes (last 12 months) 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.

This press release contains certain forward-looking information regarding the Company's results and outlook. However, actual results may vary materially from these estimates. Information on future events contained in this release must be read jointly with the risk summary in the Annual Report. That information, as well as future reports made by the Company or any of its representatives, whether verbally or in writing, may vary significantly from actual results. These projections and estimates, which are prepared with reference to a determined date, should not be taken as fact. The Company is in no way liable for updating or revising any of these projections and estimates, whether as a result of new information, future events or other associated events.

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

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ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT JUNE 30, 2010 AND 2009
(In thousands of nominal pesos)

	June 30, 2010	June 30, 2009
ASSETS		
Current assets:		
Cash and short-term investments	\$ 480,304	\$ 305,073
Clients	140,078	125,713
Other accounts and documents receivable	67,058	40,951
Inventory	293,917	300,273
Taxes recoverable	222,765	617,483
Other current assets	152,729	115,630
Current assets	1,356,851	1,505,123
Investments in shares of associated companies	31,346	32,782
Store equipment, improvements to leased locales, and property, net	2,858,706	2,942,279
Brand use rights, goodwill and pre-operating assets, net	968,458	1,009,004
Deferred income tax	524,989	339,427
Discontinued operations	232	15,567
Total Assets	\$ 5,740,582	\$ 5,844,182
LIABILITIES		
Short term:		
Providers	\$ 451,932	\$ 411,698
Taxes payable	177,852	62,406
Other accounts payable	435,009	558,614
Related parties	12,077	21,146
Bank credits	378,403	789,295
Short-term liabilities	1,455,273	1,843,159
Long term:		
Bank credits	370,646	845,414
Bond credit	700,000	0
Other long-term liabilities	66,797	79,119
Long-term liabilities	1,137,443	924,533
Discontinued operations	705	3,555
Total Liabilities	2,593,421	2,771,247
SHAREHOLDERS' EQUITY		
Minority interest	245,579	223,567
Majority interest:		
Capital stock	530,815	531,317
Net premium in share placement	1,238,366	1,228,880
Accumulated income	1,048,290	1,194,746
Income during the year	98,043	(85,208)
Conversion effects – foreign entities	(13,932)	(20,367)
Majority interest	2,901,582	2,849,368
Total Shareholders' Equity	3,147,161	3,072,935
Total Liabilities and Shareholders' Equity	\$ 5,740,582	\$ 5,844,182



ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS
ENDED JUNE 30, 2010 AND 2009
(In thousands of nominal pesos)

	Three months ended June 30,				Six months ended June 30,			
	2010		2009		2010		2009	
Net sales	\$ 2,166,697	100%	\$ 2,072,723	100%	\$ 4,262,513	100%	\$ 4,156,826	100%
Cost of sales	740,112	34.2%	772,081	37.2%	1,469,564	34.5%	1,564,630	37.6%
Gross Income	1,426,585	65.8%	1,300,642	62.8%	2,792,949	65.5%	2,592,196	62.4%
Operating expenses	1,171,890	54.1%	1,110,636	53.6%	2,313,380	54.3%	2,228,420	53.6%
Depreciation and amortization	160,602	7.4%	172,602	8.3%	329,476	7.7%	341,771	8.2%
Operating income	94,093	4.3%	17,404	0.8%	150,093	3.5%	22,005	0.5%
Other (products) expenses – net	(69,873)	(3.2)%	36,870	1.8%	(57,750)	(1.3)%	12,315	0.3%
All-in cost of financing:								
Interest paid – net	22,183	1.1%	32,806	1.6%	44,180	1.1%	66,418	1.6%
Exchange rate (profit) loss	(7,773)	(0.4)%	(25,652)	(1.2)%	10,510	0.2%	(583)	(0.0)%
Result by monetary position	2,092	0.1%	672	0.0%	3,428	0.1%	(1,225)	(0.0)%
	16,502	0.8%	7,826	0.4%	58,118	1.4%	64,610	1.6%
Share in the results of associated companies	3,225	0.1%	(2,125)	(0.1)%	5,447	0.1%	(3,397)	(0.1)%
Income before taxes	150,689	7.0%	(29,417)	(1.4)%	155,172	3.6%	(58,317)	(1.4)%
Tax on earnings	47,000	2.2%	8,849	0.4%	48,076	1.1%	5,803	0.1%
Income before discontinued operations	103,689	4.8%	(38,266)	(1.8)%	107,096	2.5%	(64,120)	(1.5)%
Discontinued operations	0	0.0%	(11,416)	(0.6)%	0	0.0%	(31,867)	(0.8)%
Consolidated net income	103,689	4.8%	(49,682)	(2.4)%	107,096	2.5%	(95,987)	(2.3)%
Minority interest	4,988	0.2%	(7,775)	(0.4)%	9,053	0.2%	(10,779)	(0.3)%
Majority net income	\$ 98,701	4.6%	\$ (41,907)	(2.0)%	\$ 98,043	2.3%	\$ (85,208)	(2.0)%



ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE THREE MONTHS
ENDED JUNE 30, 2010 AND 2009
(In thousands of nominal pesos)

	June 30, 2010	June 30, 2009
Operating activities:		
Consolidated result before income taxes	\$ 155,172	\$ (58,317)
Income from investments:		
Depreciation and amortization of brands	329,476	341,771
Income or loss on sales of fixed assets	11,590	29,864
Other income	3,013	(3,444)
Total	499,251	309,874
Clients	23,364	12,800
Inventory	42,954	61,251
Providers	(107,217)	(125,031)
Taxes payable	(52,444)	(1,930)
Other assets and other liabilities	(164,499)	(123,289)
Total	(257,842)	(176,199)
Net cash flow from operations	241,409	133,675
Investment activities		
Store equipment, improvements to leased locales, and property	(192,088)	(52,924)
Brand use rights, goodwill and pre-operating assets	(85,863)	(222,780)
Investments in shares of subsidiaries and associated companies	(6,313)	(3,897)
Disincorporation of subsidiary	0	411
Net cash flow from investment activities	(284,264)	(279,190)
Cash receivable from financing activities	(42,855)	(145,515)
Financing activities		
Bank credits and loan payments, net	(253,053)	(155,469)
Bond credit	400,000	0
Dividend Decree	(245,958)	0
Minority interest, net	12,752	1,623
Share repurchase	137,949	(35,117)
Net cash flow from financing activities	51,690	(188,963)
Increase (decrease) net of cash	8,835	(334,478)
Adjustments to cash flow due to exchange rate variations	8,255	(22,312)
Cash at the beginning of the period	463,214	661,863
Cash at the end of the period	\$ 480,304	\$ 305,073

