Highlights

ALFA, S.A.B. de C.V.
April 23, 2008

First Quarter 2008 (1Q08)

- ALFA achieved solid sales growth during 1Q08 due to the good performance of its petrochemicals and high-tech aluminum auto parts companies, which were able to sell more products both sequentially and when compared to 1Q07. Average consolidated prices increased in the quarter, although in most cases they did so to reflect higher input costs.

- ALFA's 1Q08 revenues amounted to U.S. $ 2,754 million, 10% higher than 4Q07 and 43% more than 1Q07, due to volume and price gains. As explained in past reports, during 2007 ALFA made substantial investments to strengthen and expand its businesses. The impact of those investments is showing up in the company's financial results.

- ALFA's 1Q08 EBITDA totaled to U.S. $ 264 million, 3% above 4Q07. Petrochemicals and auto components reported EBITDA growth in the quarter. However, Sigma and Alestra did not. 1Q08 EBITDA was 30% higher than 1Q07 on account of the revenue growth already explained.

- During the quarter, resources were mainly used to finance capital expenditures, net working capital, and interest and tax payments. As a result, Net Debt closed at U.S. $ 1,886 million, 1% above the U.S. $ 1,870 million at the end of 2007. ALFA's financial ratios remained strong in 1Q08: Interest Coverage was 6.3 times and Net Debt to EBITDA ratio was 1.79 times.

- 1Q08 Majority Net Income amounted to U.S. $ 67 million, (Ps. 719 million), or U.S. $ 0.12 (Ps. 1.28) per share. This figure is similar to the one reported in 4Q07, but lower than the one in 1Q07. The reduction vis-à-vis 1Q07 is attributable to higher comprehensive financial expenses, due to an accounting change, and taxes, which more than absorbed higher operating profits of 1Q08.

Contents

ALFA
Enrique Flores
+(5281) 8748 1207
eflores@alfa.com.mx

Raúl González
+(5281) 8748 1177
rgonzalez@alfa.com.mx

The Global Consulting Group
Lucia Domville
+(646) 284-9416
ldomville@hfgcg.com

SYMBOL: ALFA

For more information and the Spanish version of this report, visit ALFA's webpage at www.alfa.com.mx

Non-Audited financial information. In this release, figures corresponding to 2008 are stated in current pesos (Ps.) while figures corresponding to 2007 are stated in December 31, 2007 pesos (Ps). Likewise, some figures are stated in current U.S. dollars (U.S.$), as indicated. Where applicable, peso amounts were translated into dollars using the average exchange rate of the months during which operations were transacted. Financial ratios are calculated in dollars. Due to the rounding up to million pesos or million dollars, small differences may occur in calculating percent changes from one period to the other.

1Q08 Consolidated Results

Comparability of Financial Information

On January 1st. 2008, a new accounting procedure came into effect in Mexico, which changed the way financial information is presented for comparative purposes. According to it, financial information corresponding to 2007 (and other past years) will be presented in pesos of purchasing power as of December 31, 2007, while financial information for 2008 (and future) will be presented in current pesos as of the date of the corresponding reports. Financial information reported in dollars will not be affected by this accounting change.

Operations

A summarized explanation of ALFA's operational trends during 1Q08 by business group follows:

ALPEK:

- ALFA's petrochemical business was able to sell 12% more products than in the previous quarter. Main reasons for this achievement were: higher demand from Mexican customers, who replenished inventories; higher output at the PTA and PET plants that started up last year; higher output at the polypropylene facility in the absence of interference with the expansion project; and, a higher contribution of the PET facilities in Mexico and Argentina, which were consolidated in December, 2007. When compared to the year-ago quarter, Alpek's 1Q08 sales volume was 15% higher due to the capacity expansions and acquisitions made by the company in 2007.
- Alpek reported 50% and 30% higher operating income and EBITDA in dollars during 1Q08, when compared to the previous quarter. This is the result of the increase in sales volume already explained, mainly. The comparison vis-a-vis 1Q07 is also very positive when comparing Alpek's 1Q08 operating income and EBITDA figures, for the same reasons.
- At the end of 1Q08, the construction of the new polypropylene facility was almost completed. Commercial production is scheduled to begin in May, 2008.

NEMAK:

- During 1Q08, Nemak, ALFA's high-tech aluminum castings subsidiary, sold 9.1 million equivalent heads, which is 5% above the 8.7 million it sold in 4Q07. The company was able to more than offset lower demand from North American customers with stronger activities in Europe and Latin America. Also, the negative impact of North America's demand was mitigated by the sale of components for four and six cylinder engines made by Ford and GM respectively, which are installed in cars that continue to sell well. When compared to the same quarter in 2007, Nemak reported much higher sales volume during 1Q08 due to the 2007 acquisitions.
- Due to higher sales volume, the company reported 8% and 3% higher operating income and EBITDA, respectively, on a sequential basis. Likewise, the 2007 acquisitions have allowed the company to achieve 86% and 96% higher operating income and EBITDA in 1Q08 than in the same quarter last year.
- Nemak has continued making progress in the PMI process of the facilities it acquired last year. Some of the synergies that it has identified have started to favorably impact its financial results.

SIGMA:

- ALFA’s refrigerated food subsidiary sold 5% less tonnage in 1Q08 than during 4Q07. Two reasons explain the reduction: first, seasonality, as the fourth quarter is usually the strongest of the year; and, second, the Holy Week holiday, which took place in March this year, rather than in April as in 2007, thus making the quarterly comparison even more difficult.
- Average selling prices showed a sequential increase of 0.3% in dollar terms during 1Q08. However, this increase was not enough to offset substantially higher increases in raw materials, particularly those of meat and milk. During 1Q08, Sigma’s average selling prices were 12% higher than in 1Q07.
- Sigma’s operations outside Mexico continued to contribute to total sales. In 1Q08 they represented 16% of total sales, one percentage point higher than 15% in 4Q07 and much higher than 12% in 1Q07.
- The company continued to be affected by higher raw materials costs, as prices have continued rising. Therefore, the combination of lower sales volumes for the reasons already explained, and higher input costs, translated into 16% lower operating profits, one percentage point lower margins and 7% lower EBITDA than in the preceding quarter. Sigma has adopted a more proactive strategy toward increasing selling prices, aimed at recovering at least part of the operating margin lost in recent quarters. Likewise, measures to reduce expenses are beginning to show in the income statement. Regarding EBITDA, Sigma reported 1Q08 EBITDA 1% higher than 1Q07.

ALESTRA:

- ALFA’s telecommunications subsidiary achieved slightly lower revenue and EBITDA than in the preceding quarter on account of lower international long distance traffic. As explained in past reports, Alestra has been successful in implementing a business strategy aimed at servicing the enterprise segment of the market with more value-added services, other than traditional long distance telecommunications.

Volume and Price trends

The following table sets forth ALFA sales volume and price trends for the relevant periods. As seen, ALFA’s volume increased by 5% on a sequential basis, reflecting volume gains in petrochemicals and high-tech aluminum auto parts. Likewise, when compared to 1Q07, ALFA sold 26% more volume, as a result of both organic and acquisition-driven growth achieved in 2007.

Average pricing in dollars grew 4% during 1Q08 on a sequential basis, and 13% when compared to 1Q07. ALFA raised selling prices to absorb higher input costs.

Table 1

ALFA
Volume and Price Changes (%)

	1Q08 vs.	
	4Q07	**1Q07**
Total Volume	5.2	25.9
Domestic Volume	1.5	8.4
Foreign Volume	9.1	49.2
Avg. Ps. Prices	2.9	7.6
Avg. U.S. $ Prices	3.9	13.4

Revenues

Table 2 shows relevant information regarding ALFA's consolidated revenues for the periods under discussion.

Table 2

ALFA

Revenues

				1Q08 vs. (%)				
	1Q08	**4Q07**	**1Q07**	**4Q07**	**1Q07**	**YTD '08**	**YTD '07**	**Ch. %**
Total Revenues								
Ps. Millions	29,710	27,288	21,921	9	36	29,710	21,921	36
U.S. $ Millions	2,754	2,504	1,928	10	43	2,754	1,928	43
Domestic Revenues								
Domestic (Ps. Millions)	12,837	12,381	11,244	4	14	12,837	11,244	14
Domestic (U.S. $ Millions)	1,190	1,136	989	5	20	1,190	989	20
Foreign Revenues								
Foreign (Ps. Millions)	16,874	14,907	10,676	13	58	16,874	10,676	58
Foreign (U.S. $ Millions)	1,564	1,368	939	14	67	1,564	939	67
Foreign / Total (%)	56.8	54.6	48.7			56.8	48.7	

As seen, ALFA's 1Q08 consolidated revenues in dollars were 10% higher than 4Q07 and 43% above 1Q07. As reported in past occasions, during 2007 ALFA made substantial investments in all of its businesses, which translated into profitable top line growth by leveraging on its core competences. In particular, petrochemicals and high-tech aluminum auto parts showed a very good performance during 1Q08, as explained in the Operations section of this report.

Geographical diversification was another result of ALFA's investments for growth in 2007. During 1Q08, only 43% of total revenue came from the Mexican markets, while the rest was generated abroad. Of this amount, 27 percentage points came from the U.S. markets and the other 30 p.p. came from Europe, Latin America and Asia. The above percentages are similar to those obtained in 2007 as a whole, when Mexico represented 44%; the U.S. 27%; and the rest of the world was 29%.

Operating Income, Margins, EBITDA

Table 3 shows ALFA's operating income, margins and EBITDA.

Table 3

ALFA

Operating Income, Margins and EBITDA

	1Q08	4Q07	1Q07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07	YTD '08	YTD '07	Ch. %
Operating Income								
Ps. Millions	1,703	1,625	1,390	5	23	1,703	1,390	23
U.S. $ Millions	158	149	122	6	30	158	122	30
Margin (%)	5.7	6.0	6.3			5.7	6.3	
EBITDA								
Ps. Millions	2,845	2,791	2,307	2	23	2,845	2,307	23
U.S. $ Millions	264	256	203	3	30	264	203	30
Margin (%)	9.6	10.2	10.5			9.6	10.5	

The good performance of its petrochemicals and aluminum auto parts businesses during 1Q08 allowed ALFA to report an increase in Operating Income and EBITDA when compared to both 4Q07 and 1Q07, as shown in the table above.

Comprehensive Financing (Expense) / Income (CFE)

Table 4 provides the breakdown of CFE.

Table 4

ALFA

Comprehensive Financing (Expense) / Income (CFE) (Ps. Millions)

	1Q08	4Q07	1Q07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07	YTD '08	YTD '07	Ch. %
Financial Expenses	(595)	(562)	(508)	(6)	(17)	(595)	(508)	17
Financial Income	142	(68)	154	309	(8)	142	154	(8)
Net Financial Expenses	(453)	(630)	(353)	28	(28)	(453)	(353)	28
FX Gains (Losses)	101	(113)	36	189	181	101	36	181
Derivatives Valuation	(140)	(28)	110	(400)	(227)	(140)	110	(227)
Monetary Gains	12	440	80	(97)	(85)	12	80	(85)
Capitalized CFE	7	1	51	600	(86)	7	51	(86)
CFE	(472)	(330)	(76)	(43)	(521)	(472)	(76)	521
Avg. Cost of Borrowed Funds (%)	7.9	7.9	7.6			7.9	7.6	

During 1Q08, ALFA reported negative CFE, and higher than both in 4Q07 and 1Q07. The main reason behind this negative result is the change in the B-10 inflation accounting principle in Mexico, which came into effect as of January 1st., 2008. According to the new method, if inflation in Mexico does not exceed 26% over the last three years, the B-10 accounting principle will not be applicable. This is the case for 2008. The main change brought about by this new procedure is that no Monetary Gains are calculated (except for subsidiaries in countries where the inflation rate does exceed the 26% threshold). Monetary Gains are non-cash and resulted from applying inflation indexes to the net monetary position (monetary liabilities less monetary assets) of a company.

An additional factor impacting 1Q08 CFE was an accounting loss related to the valuation of derivatives on certain financial instruments used to cover interest and exchange rates, mainly.

Majority Net Income

Table 5 presents information on net income for each of the relevant periods.

Table 5

ALFA
Majority Net Income / (Loss) (Ps. Millions)

				1Q08 vs. (%)				
	1Q08	**4Q07**	**1Q07**	**4Q07**	**1Q07**	**YTD '08**	**YTD '07**	**Ch. %**
Consolidated Net Income	820	913	1,326	(10)	(38)	820	1,326	(38)
Minority Interest	101	197	108	(49)	(6)	101	108	(6)
Majority Net Income	719	716	1,217	-	(41)	719	1,217	(41)
Per Share (pesos)	1.28	1.28	2.17	-	(41)	1.28	2.17	(41)
Avg. Outstanding Shares (Millions)	560	560	560			560	560	

Minority Interest corresponds to the share of ALFA's consolidated net income owned by the various minority partners that own portions of the subsidiaries' equity, like Ford in Nemak, Basell in Indelpro, BASF in Polioles, and AT&T in Alestra.

As seen in the table above, ALFA's 1Q08 majority net income was almost identical to that of 4Q07, but lower than 1Q07. The main reasons behind the reduction were higher CFE and taxes, which more than offset the higher operating income achieved by the company in the periods under comparison.

Cash Flow

The following table provides summarized information on sources and uses of funds during the relevant periods.

Table 6

ALFA
Cash Flow (U.S. $ Millions)

				1Q08 vs. (%)				
	1Q08	4Q07	1Q07	4Q07	1Q07	YTD '08	YTD '07	Ch. %
EBITDA	264	256	203	3	30	264	203	30
Net Working Capital & Others	(121)	37	(148)	(427)	18	(121)	(148)	18
Capital Expenditures & Acq.	(81)	(324)	(1,096)	75	93	(81)	(1,096)	93
Net Financial Expenses	(41)	(57)	(31)	28	(32)	(41)	(31)	(32)
Taxes, Profit Sharing	(22)	(15)	(32)	(47)	31	(22)	(32)	31
Dividends			(8)				(8)	
Other Sources / Uses	(15)	(12)	7	(25)	(314)	(15)	7	(314)
Changes in Net Debt	(16)	(115)	(1,105)	86	99	(16)	(1,105)	99

Several comments are to be made regarding 1Q08 cash flow: First, ALFA invested U.S. $81 million in fixed assets. Resources were used to pay for capacity expansions, in addition to normal replacement of assets. It is worth mentioning that ALFA's expansion programs in progress are coming to an end, namely the polypropylene and processed meats plants, which will begin operations shortly. Second, due to the substantial increase in revenues during 1Q08, more resources were invested in net working capital. Third, ALFA paid more taxes in 1Q08 than in the preceding quarter.

ALFA's 1Q08 EBITDA was almost enough to finance the uses of funds already described. As a result, ALFA's net debt slightly increased by U.S. $ 16 million during the quarter, closing with a balance of U.S. $ 1,886 million.

On April 3, 2008, the shareholders' meeting approved a cash dividend in the amount of U.S. $ 0.11 per share, equal to U.S. $ 61 million in total, approximately. Such dividend was 10% above last year's. The dividend was paid on April 11, 2008.

At the end of 1Q08, ALFA had several financial derivative transactions in place for an aggregate amount of 20.1 million of its own shares. In general, these transactions give ALFA the right to collect, or the obligation to pay cash differentials based on the market price of its shares at maturity, which will occur during August (6.0 million shares), October (1.9 million shares), November (7.4 million shares), December (3.2 million shares) of 2008, and January, 2009 (1.6 million shares). The average price of the derivative agreements in place is U.S. $ 6.41 per share.

ALFA's summarized balance sheet and financial ratios for the comparable periods are shown in the following table.

Table 7

ALFA
Selected Balance Sheet Information & Financial Ratios (U. S. $ Millions)

	1Q08	4Q07	1Q07	YTD '08	YTD '07
Assets	9,444	9,141	7,863	9,444	7,863
Liabilities	5,289	5,157	4,346	5,289	4,346
Stockholders Equity	4,155	3,984	3,517	4,155	3,517
Majority Equity	3,667	3,514	3,109	3,667	3,109
Net Debt	(1,886)	(1,870)	(1,744)	(1,886)	(1,744)
Net Debt/EBITDA* (Times)	1.79	1.83	2.15	1.79	2.15
Interest Coverage (Times)	6.3	4.4	6.5	6.3	6.5

* Quarterly EBITDA times four

ALPEK: Petrochemicals & Synthetic Fibers

(44% of ALFA's 1Q08 Revenues)

Highlights of the Quarter

Alpek was able to produce and sell more products at higher average prices during 1Q08 than in the previous quarter. Accordingly, it reported substantially better financial results, with EBITDA increasing 30%. The polypropylene plant under construction is almost completed and commercial production is scheduled to begin in May 2008.

Operations

a) Raw materials for polyester and polyester products (PTA, PET, polyester staple and filament – 71% of Alpek's total revenues in 1Q08):

Total sales volume was 11 % higher than in 4Q07 and 19% above 1Q07. Sales picked up after the seasonal slowdown of 4Q07, and the plants ran at a higher utilization rates. The PET plants acquired in 2007 contributed to the results with more production. Volume growth vis-à-vis 1Q07 was 19% higher on account of more production capacity (two new plants: one of PTA and another of PET, plus two PET acquisitions). Volume could have been higher was it not for the fact that less PTA was sold to a Brazilian customer during 1Q08 due to force majeure at the customer's facility.

Average prices increased by 7% during 1Q08 as a reflection of higher input costs. As reported in the past, a substantial amount of PTA sales are made under long-term contracts that include formula prices, which allow for a pass-through. When compared to the same 2007 quarter, average prices for this business segment were 21% higher for the same reasons.

Revenue went up 19% during 1Q08 from 4Q07 due to higher sales volume and pricing. Similarly, revenue was 45% higher in 1Q08 than in the same quarter last year. As explained, the business segment now has much higher production capacity due to expansions and acquisitions.

The significantly higher sales volume of the quarter permitted the business segment to report 59% and 42% higher 1Q08 EBITDA than 4Q07 and 1Q07, respectively.

b) Specialty Chemicals and Plastics (Expandable polystyrene (EPS), polypropylene (PP), other products – 29% of Alpek's total revenues in 1Q08):

Sales volume increased by 15% during 1Q08 as compared to 4Q07. Two reasons explained the increase: higher demand from customers to replenish inventories after the end of fiscal year 2007; and, growth in polypropylene output once the interconnection between polypropylene plants was completed. When compared to the same quarter last year, sales volume was 3% higher.

Average prices for specialty chemicals and plastics were 1% lower during 1Q08 as compared to the previous quarter. This is more the result of slight changes in product mix than actual price reductions. On the other hand, 1Q08 average prices were 17% higher than in 1Q07, due to higher prices of raw materials.

The business segment reported slightly higher 1Q08 EBITDA as compared to 4Q07, but 9% lower than in 1Q07. Despite the increase in sales volume and revenue, the business segment suffered from higher raw materials prices for propylene, benzene and styrene during 1Q08, which the company could not fully pass on to the market.

Revenues

Table 8 presents information on Alpek's sales volume and prices for the relevant quarters.

Table 8

Alpek

Changes in Volume and Prices (%)

	1Q08 vs.	
	4Q07	**1Q07**
Total Volume	12.0	15.0
Avg. Ps. Prices	4.3	13.2
Avg. U.S. $ Prices	5.4	19.3

Changes in sales volume and average prices for Alpek as a whole are the result of the particular performance of each of its business segments, which was discussed in the previous section of this report.

The company's revenues are shown in table 9. The company's performance in 1Q08 was characterized by a huge increase in sales volume, which combined with better average pricing for some of its products, allowed it to report much better revenue figures.

Table 9

Alpek

Revenues

				1Q08 vs. (%)				
	1Q08	**4Q07**	**1Q07**	**4Q07**	**1Q07**	**YTD '08**	**YTD '07**	**Ch. %**
Total Revenues								
Ps. Millions	13,098	11,215	10,066	17	30	13,098	10,066	30
U.S. $ Millions	1,214	1,029	885	18	37	1,214	885	37
Domestic Revenues								
Domestic (Ps. Millions)	6,066	5,364	4,796	13	26	6,066	4,796	26
Domestic (U.S.$ Millions)	562	492	422	14	33	562	422	33
Foreign Revenues								
Foreign (Ps. Millions)	7,032	5,851	5,269	20	33	7,032	5,269	33
Foreign (U.S. $ Millions)	652	537	463	21	41	652	463	41
Foreign / Total (%)	53.7	52.2	52.3			53.7	52.3	

Operating Income, Margins, EBITDA

The following table presents Alpek's 1Q08 operating income, margins and EBITDA compared to the previous quarter and the same quarter of 2007.

Table 10

Alpek

Operating Income, Margins and EBITDA

	1Q08	4Q07	1Q07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07	YTD '08	YTD '07	Ch. %
Operating Income								
Ps. Millions	552	368	514	50	7	552	514	7
U.S. $ Millions	51	34	45	50	13	51	45	13
Margin (%)	4.2	3.3	5.1			4.2	5.1	
EBITDA								
Ps. Millions	854	665	773	29	11	854	773	11
U.S. $ Millions	79	61	68	30	16	79	68	16
Margin (%)	6.5	5.9	7.7			6.5	7.7	

Overall, Alpek reported much better figures in terms of operating income and EBITDA during 1Q08 than in 4Q07 and 1Q07. The main reason for this achievement was already explained: higher sales volume for both polyester products, and specialty chemicals and plastics.

Capital Expenditures and Net Debt

Alpek invested U.S. $ 27 million in fixed assets during 1Q08. Resources were used to finance the progress of the construction of the new polypropylene line, which is almost finished. Additionally, the company invested in the normal replacement of fixed assets and other minor projects.

As of the end of 1Q08, Alpek's net debt amounted to U.S. $ 621 million, an increase of U.S. $ 33 million over the balance at the end of the previous quarter. The main reason for the increase was capital expenditures, plus net working capital investments. The following table shows Alpek´s balance sheet in a summarized form, as well as its main financial ratios.

Table 11

Alpek

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	1Q08	4Q07	1Q07	YTD '08	YTD '07
Assets	3,154	3,057	2,667	3,154	2,667
Liabilities	1,933	1,877	1,533	1,933	1,533
Stockholders Equity	1,221	1,181	1,134	1,221	1,134
Net Debt	(621)	(588)	(587)	(621)	(587)
Net Debt/EBITDA* (Times)	1.96	2.41	2.16	1.96	2.16
Interest Coverage (Times)	5.1	5.3	6.8	5.1	6.8

* Quarterly EBITDA times four

NEMAK: Aluminum Auto Parts
(31% of ALFA's 1Q08 Revenues)

Highlights of the Quarter

During 1Q08, the company produced and sold more piece parts than in the previous quarter due to a pick up in demand after the normal slowdown at the end of 2007. Quarterly operating margin remained at a similar level than that of 4Q07. Post merger integration of acquired plants progressed as planned.

Operations

The company sold 9.1 million equivalent heads in 1Q08, almost 5% above the 8.7 million reported in the previous quarter. As expected, the North American industry showed a deceleration during 1Q08. On the contrary, the European and Latin American markets performed strongly. As explained in past reports, Nemak no longer depends on an exclusive market, but rather enjoys a balanced diversification, which allows it to better manage risks. Another factor helping the company insofar as the North American market is concerned is that Nemak produces components for four and six cylinder engines made by Ford and GM respectively, which are installed in cars that continue to sell well in America.

In 1Q08 Nemak sold 98% more products than the 4.6 million of 1Q07. The increase is attributable to the acquisitions it made in 2007, which are now fully consolidated.

Revenues

Table 12 shows Nemak's revenue during the comparable periods. An increase is observed when comparing 1Q08 vis-à-vis 4Q07 and 1Q07, which is due to the higher sales volumes already explained and the lower-than-normal 4Q07 revenues due to the intercompany sales eliminated in such quarter.

Table 12
Nemak Revenues

				1Q08 vs. (%)				
	1Q08	**4Q07**	**1Q07**	**4Q07**	**1Q07**	**YTD '08**	**YTD '07**	**Ch. %**
Total Revenues								
Ps. Millions	9,263	8,238	4,921	12	88	9,263	4,921	88
U.S. $ Millions	859	756	433	14	98	859	433	98
Domestic Revenues								
Domestic (Ps. Millions)	535	441	597	21	(10)	535	597	(10)
Domestic (U.S. $ Millions)	50	40	53	25	(6)	50	53	(6)
Foreign Revenues								
Foreign (Ps. Millions)	8,728	7,797	4,324	12	102	8,728	4,324	102
Foreign (U.S. $ Millions)	809	716	380	13	113	809	380	113
Foreign / Total (%)	94.2	94.7	87.8			94.2	87.8	
Total Volume (Million Eq. Heads)	9.1	8.7	4.6	4.6	97.8	9.1	4.6	97.8

Operating Income, Margins and EBITDA

Table 13 sets forth Nemak's operating income, margins and EBITDA figures for the periods under analysis.

The increase in revenue observed in 1Q08 translated into higher operating profits, similar operating margins and higher EBITDA than in 4Q07. When compared to 4Q07, 1Q08 EBITDA margin was lower. However, 4Q07 EBITDA margin was abnormally high on account of the elimination of intercompany sales made during 4Q07. The company continued to achieve average EBITDA of around U.S. $10 per unit.

Table 13

Nemak

Operating Income, Margins and EBITDA

	1Q08	4Q07	1Q07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07	YTD '08	YTD '07	Ch. %
Operating Income								
Ps. Millions	566	518	316	9	79	566	316	79
U.S. $ Millions	52	48	28	8	86	52	28	86
Margin (%)	6.1	6.3	6.5			6.1	6.5	
EBITDA								
Ps. Millions	996	977	536	2	86	996	536	86
U.S. $ Millions	92	90	47	3	96	92	47	96
Margin (%)	10.7	11.9	10.9			10.7	10.9	

Capital Expenditures and Net Debt

During 1Q08, Nemak invested U.S. $ 24 million in fixed assets. Resources were used to pay for capacity expansions needed to fulfill orders from recently obtained contracts. As a result of capital expenditures and net working capital needs, Net Debt increased by U.S. $ 10 million during the quarter, closing with a balance of U.S. $ 999 million at the end of the period. Nemak's balance sheet and financial ratios are shown in table 14, in a summarized form.

Table 14

Nemak

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	1Q08	4Q07	1Q07	YTD '08	YTD '07
Assets	3,552	3,334	2,501	3,552	2,501
Liabilities	2,121	1,987	1,418	2,121	1,418
Stockholders Equity	1,430	1,347	1,083	1,430	1,083
Majority Equity	1,430	1,347	1,083	1,430	1,083
Net Debt	(999)	(989)	(882)	(999)	(882)
Net Debt/EBITDA* (Times)	2.71	2.76	4.68	2.71	4.68
Interest Coverage (Times)	5.4	2.8	5.0	5.4	5.0

* Quarterly EBITDA times four

SIGMA: Refrigerated Food Products
(20% of ALFA’s 1Q08 Revenues)

Highlights of the Quarter

Sigma achieved strong sales growth vis-à-vis 1Q07. However, seasonality affected sequential growth. Cost pressures continued during 1Q08, but operating expenses began to decline. The new plant in Oklahoma was completed and production tests were being conducted at the time of this report.

Operations

The lines of processed meats and cheeses showed a good performance during 1Q08, helping Sigma to sell 175,340 tons of food products in the quarter. This figure is 4.5% lower than the 183,616 tons sold in 4Q07 due to seasonality factors as well as the Holy Week holiday, which this year took place in March instead of April as in 2007. However, when compared to the same 2007 quarter, Sigma achieved 5% higher sales volume. Two recently launched product lines have shown impressive sales performance: Flat Dogs and Guten, with the former growing almost 50% from the previous quarter, and 300% from 1Q07.

Average selling prices increased 0.3% in dollar terms compared to 4Q07 and 12% from 1Q07. The company has been adjusting prices in practically all product lines to reflect higher input costs.

Table 15
Sigma
Volume and Price Changes (%)

	1Q08 vs.	
	4Q07	**1Q07**
Total Tonnage Sold	(4.5)	5.1
Avg. Ps. Prices	(1.6)	5.3
Avg. U.S. $ Prices	0.3	11.9

Revenues

Sigma’s revenues for the comparable quarters are shown in Table 16. During 1Q08, the company reported lower revenues when compared to 4Q07 on account of lower sales volumes, as explained above. When compared to 1Q07, Sigma revenues were much higher in 2008 because of the increase in sales volumes and average prices.

Foreign sales amounted to U.S. $ 86 million in 1Q08, similar to the U.S. $ 87 million reported in 4Q07, but 48% above the U.S. $58 million in 1Q07. Sales of Mexican Cheese Producers, the cheese company acquired in September 2007, made a significant contribution to this achievement.

Table 16

Sigma Revenues

				1Q08 vs. (%)				
	1Q08	4Q07	1Q07	4Q07	1Q07	YTD '08	YTD '07	Ch. %
Total Revenues								
Ps. Millions	5,897	6,217	5,285	(5)	12	5,897	5,285	12
US$ Millions	547	570	465	(4)	18	547	465	18
Domestic Revenues								
Domestic (Ps. Millions)	4,972	5,266	4,629	(6)	7	4,972	4,629	7
Domestic (U.S. $ Millions)	461	483	407	(5)	13	461	407	13
Foreign Revenues								
Foreign (Ps. Millions)	925	951	655	(3)	41	925	655	41
Foreign (U.S. $ Millions)	86	87	58	(1)	48	86	58	48
Foreign / Total (%)	15.7	15.3	12.5			15.7	12.5	

Operating Income, Margins, EBITDA

Table 17 sets forth Sigma's operating income for the periods under comparison.

During 1Q08, Sigma continued to face the same situation of recent quarters: high raw materials costs. Higher food consumption in several regions of the world, like Asia, coupled with lower production and/or new uses of some grains, have resulted in substantially higher prices for inputs like milk and meat, two key ingredients of Sigma's products. These problems are common to all industry participants and Sigma has not been the exception. As a result, its operating margin has been under pressure and has declined over the past several quarters on a percentage basis. Another factor that negatively impacted the operating profit during 1Q08 was an increase in depreciation and amortization in the amount of U.S. $ 3 million, although this had no effect on EBITDA.

To cope with this situation, Sigma has recently adopted a more aggressive strategy insofar as rising selling prices. While not all of the benefits from this policy have been received yet, it is expected that the following quarters show more of them. Another measure taken by Sigma was to further streamline its operations and cut overhead, which have resulted in a reduction in operating expenses of about U.S. $ 5 million during 1Q08 as compared to 4Q07.

Table 17

Sigma

Operating Income, Margins and EBITDA

	1Q08	4Q07	1Q07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07	YTD '08	YTD '07	Ch. %
Operating Income								
Ps. Millions	411	488	469	(16)	(12)	411	469	(12)
U.S. $ Millions	38	45	41	(16)	(7)	38	41	(7)
Margin (%)	6.9	7.9	8.8			6.9	8.8	
EBITDA								
Ps. Millions	612	667	642	(8)	(5)	612	642	(5)
U.S. $ Millions	57	61	56	(7)	1	57	56	1
Margin (%)	10.4	10.7	12.1			10.4	12.1	

Capital Expenditures and Net Debt

The company invested U.S. 17 million in fixed assets during 1Q08. Resources were used to complete construction of the processed meats plant in Seminole Oklahoma, which has started production tests. Likewise, resources were invested to upgrade distribution facilities and fleet.

The excess cash flow of the quarter allowed Sigma to reduce its net debt in U.S. $ 16 million during 1Q08, closing the quarter with a balance of U.S. $ 399 million. The company's financial condition is shown in the following table.

Table 18

Sigma

Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	1Q08	4Q07	1Q07	YTD '08	YTD '07
Assets	1,497	1,468	1,237	1,497	1,237
Liabilities	843	825	685	843	685
Stockholders Equity	654	643	551	654	551
Majority Equity	631	621	526	631	526
Net Debt	(399)	(415)	(340)	(399)	(340)
Net Debt/EBITDA* (Times)	1.76	1.69	1.51	1.76	1.51
Interest Coverage (Times)	4.8	3.8	7.0	4.8	7.0

* Quarterly EBITDA times four

ALESTRA (Telecommunications)

(4% of ALFA's 1Q08 Revenues)

Highlights of the Quarter

Alestra continued to focus more on value-added services, while revenue from long distance service decreased. Investments were made to reinforce its niche player position in the Mexican telecomm market.

Operations

During 1Q08, Alestra continued to execute its growth strategy in non-long distance, value-added services, which are more profitable than traditional LD. These services represented 61% of total revenues in the quarter. Growth of non-long distance services was particularly noticeable in internet-related services and direct access. Internet-related services increased in 1Q08 due to the continuing growth of Ethernet and managed services.

Regarding long distance, Alestra's network handled a total volume of 714 million of minutes of use (MMOU) during 1Q08, a 9% decrease over the 788 MMOU reported during the previous quarter and 11% below the 801 MMOU of 1Q07. The decrease in MMOU resulted from lower international traffic.

Revenues

The following table presents relevant information concerning Alestra's revenues for the periods under analysis.

Table 19

Alestra
Revenues

				1Q08 vs. (%)				
	1Q08	**4Q07**	**1Q07**	**4Q07**	**1Q07**	**YTD '08**	**YTD '07**	**Ch. %**
Total Revenues								
Ps. Millions	1,137	1,232	1,221	(8)	(7)	1,137	1,221	(7)
U.S. $ Millions	105	113	107	(7)	(2)	105	107	(2)
Domestic Revenues								
Domestic (Ps. Millions)	1,007	1,016	877	(1)	15	1,007	877	15
Domestic (U.S. $ Millions)	93	93	77	-	21	93	77	21
Foreign Revenues								
Foreign (Ps. Millions)	129	216	344	(40)	(63)	129	344	(63)
Foreign (U.S. $ Millions)	12	20	30	(40)	(60)	12	30	(60)
Foreign / Total (%)	11.4	17.7	28.0			11.4	28.0	

Alestra's 1Q08 total revenues decreased by 7% when compared to 4Q07, and by 2% vis-á-vis the same quarter of 2007. This was the result of lower revenues from international long distance services. It is worth explaining that the decrease in international LD was partially offset by a 17% increase in revenues from value added services.

Operating Income, Margins and EBITDA

The following table sets forth Alestra's operating income, margins and EBITDA for the periods under comparison.

Table 20

Alestra
Operating Income, Margins and EBITDA

				1Q08 vs. (%)				
	1Q08	4Q07	1Q07	4Q07	1Q07	YTD '08	YTD '07	Ch. %
Operating Income								
Ps. Millions	134	146	69	(8)	94	134	69	94
U.S. $ Millions	12	13	6	(8)	100	12	6	100
Margin (%)	11.4	11.5	5.6			11.4	5.6	
EBITDA								
Ps. Millions	315	351	310	(10)	2	315	310	2
U.S. $ Millions	29	32	27	(9)	7	29	27	7
Margin (%)	27.8	28.5	25.4			27.8	25.4	

When compared to the previous quarter, Alestra´s operating income decreased 8% due to lower total revenues, but when compared to the same year-ago quarter, the operating income increased 100% as a result of lower amortization charges. Alestra's 1Q08 operating expenses were U.S. $ 37 million, compared to the U.S. $ 36 million and U.S. $ 40 million of 4Q07 and 1Q07, respectively.

Alestra's EBITDA figure decreased 9% versus the previous quarter, due to lower revenues and a slight increase in operating expenses, but grew 7% over the 1Q07 due to an increase in the participation of value added services in total revenues.

Capital Expenditures and Net Debt

Alestra's 1Q08 capital expenditures amounted U.S. $ 10 million. Resources were used to expand its network, provide new services to customers and increase last-mile access.

At the end of 1Q08, Alestra's net debt amounted to U.S. $ 231 million, which compares favorably to the U.S. $ 233 million reported at the end of the previous quarter.

On February 5, 2008, Alestra paid the corresponding interest and principal amortization of a bank facility in the amount of U.S. $0.6 million and U.S. $ 3.8 million, respectively, with internally-generated funds. As of March 31, 2007, the principal amount outstanding under this facility was U.S. $ 31 million.

Alestra's financial information is summarized below.

Table 21

Alestra
Selected Balance Sheet Information & Financial Ratios (U.S. $ Millions)

	1Q08	4Q07	1Q07	YTD '08	YTD '07
Assets	612	609	643	612	643
Liabilities	361	367	426	361	426
Stockholders Equity	251	242	217	251	217
Net Debt	(231)	(233)	(268)	(231)	(268)
Net Debt/EBITDA* (Times)	1.98	1.81	2.46	1.98	2.46
Interest Coverage (Times)	5.1	5.4	4.1	5.1	4.1

* Quarterly EBITDA times four

FINANCIAL INFORMATION

APPENDIX	TABLES
A	Consolidated Balance Sheet
B	Consolidated Statement of Income

Appendix A

ALFA, S.A.B. de C.V. and Subsidiaries
BALANCE SHEET
Information for 2007 in millions of Mexican Pesos of December 31, 2007 Purchasing Power
Information for 2008 in millions of Nominal Mexican Pesos

				(%) March 08 vs.	
	March 08	Dec 07	March 07	Dec 07	March 07
Assets					
CURRENT ASSETS:					
Cash and temporary investments	9,078	8,535	7,780	*6*	*17*
Trade accounts receivable	12,838	12,515	12,552	*3*	*2*
Other accounts and notes receivable	3,619	3,440	3,600	*5*	*1*
Inventories	13,567	13,026	9,433	*4*	*44*
Other assets	749	545	648	*37*	*16*
Total current assets	39,851	38,061	34,012	*5*	*17*
INVESTMENT IN SHARES IN ASSOCIATES	574	552	4,821	*4*	*(88)*
PROPERTY, PLANT AND EQUIPMENT	51,080	50,997	44,451	*0*	*15*
DEFERRED CHARGES & OTHER INTANGIBLE ASSETS	8,647	8,442	5,195	*2*	*70*
OTHER ASSET	864	1,279	810	*(32)*	*(19)*
Total assets	101,016	99,331	89,289	*2*	*13*
Liabilities and Stockholders' Equity					
CURRENT LIABILITIES:					
Current portion of long-term debt	2,988	2,991	1,116	*(0)*	*168*
Bank loans and notes payable	1,596	1,297	8,473	*23*	*(81)*
Suppliers	14,463	14,907	9,254	*(3)*	*56*
Other accounts payable and accrued expenses	5,626	4,821	5,428	*17*	*4*
Total current liabilities	24,673	24,016	24,271	*3*	*2*
LONG-TERM LIABILITIES:					
Long-term debt	24,709	24,550	17,947	*1*	*38*
Deferred income taxes	5,663	5,662	5,590	*0*	*1*
Other liabilities	960	516	369	*86*	*160*
Estimated liabilities for seniority premiums and pension plans	569	1,293	1,175	*(56)*	*(52)*
Total liabilities	56,574	56,037	49,352	*1*	*15*
STOCKHOLDERS' EQUITY:					
Majority interest:					
Nominal capital stock	233	233	233	*-*	*-*
Restatement of capital stock	143	143	143	*-*	*-*
	376	376	376	*-*	*-*
Contributed capital	376	376	376	*-*	*-*
Earned surplus	38,847	37,807	34,931	*3*	*11*
Total majority interest	39,223	38,183	35,307	*3*	*11*
Minority interest	5,219	5,111	4,629	*2*	*13*
Total stockholders' equity	44,442	43,294	39,936	*3*	*11*
Total liabilities and stockholders' equity	101,016	99,331	89,289	*2*	*13*
Current ratio	1.62	1.58	1.40		
Debt to equity	1.27	1.29	1.24		

Appendix B

ALFA, S.A.B. DE C.V. and Subsidiaries
STATEMENT OF INCOME
Information of 2007 in millions of Mexican Pesos of December 31, 2007 Purchasing Power
Information of 2008 in millions of Nominal Mexican Pesos

	1Q08	4Q07	1Q07	YTD '08	YTD '07	1Q08 vs. (%) 4Q07	1Q08 vs. (%) 1Q07
Net sales	29,710	27,288	21,921	29,710	21,921	*9*	*36*
Domestic	12,837	12,381	11,244	12,837	11,244	*4*	*14*
Export	16,873	14,907	10,676	16,873	10,676	*13*	*58*
Cost of sales	(24,762)	(22,362)	(17,595)	(24,762)	(17,595)	*(11)*	*(41)*
Gross profit	4,948	4,926	4,325	4,948	4,325	*0*	*14*
Operating expenses	(3,245)	(3,301)	(2,935)	(3,245)	(2,935)	*2*	*(11)*
Operating income	1,703	1,625	1,390	1,703	1,390	*5*	*22*
Financial expense, net	(453)	(630)	(353)	(453)	(353)	*28*	*(28)*
Exchange income (loss), net	101	(113)	36	101	36	*189*	*179*
Derivatives valuation	(140)	(28)	110	(140)	110	*(400)*	*(228)*
Gain on monetary position	12	440	80	12	80	*(97)*	*(85)*
Capitalized interest expense, net	7	1	51	7	51	*600*	*(86)*
Comprehensive financing expense, net	(473)	(330)	(76)	(473)	(76)	*(43)*	*(525)*
Other (expense) income, net	(113)	(127)	12	(113)	12	*11*	*(1,043)*
Employees' profit sharing	(38)	(35)	(55)	(38)	(55)	*(9)*	*31*
Equity in income (loss) of associates	3	25	3	3	3	*(88)*	*9*
Income before the following provision	1,082	1,158	1,274	1,082	1,274	*(7)*	*(15)*
Provisions for:							
Income tax	(262)	(245)	51	(262)	51	*(7)*	*(613)*
Consolidated net income	820	913	1,326	820	1,326	*(10)*	*(38)*
Income (loss) corresponding to minority interest	101	197	108	101	108	*(49)*	*(6)*
Net income (loss) corresponding to majority interest	719	716	1,218	719	1,218	*0*	*(41)*
EBITDA	2,845	2,791	2,307	2,845	2,307	*2*	*23*
Interest coverage	6.3	4.4	6.5	6.3	6.5		