

**ASUR 3Q08 EARNINGS CONFERENCE CALL PRESENTATION  
OCTOBER 24, 2008**

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**Operator**

Good day, ladies and gentlemen, and welcome to the Grupo Aeroportuario del Sureste Third Quarter 2008 Earnings Conference Call. My name is Marisol and I will be your operator for today. At this time, all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of the conference.

I would now like to turn the presentation over to your host for today's conference, Mr. Adolfo Castro, Chief Financial Officer. Please proceed.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Thank you, Marisol. Good morning, everybody. Thank you for joining us today for the conference call covering our third quarter results.

Allow me to remind you that certain statements made during the course of our discussion today may constitute forward-looking statements, which are based on management's current expectations and beliefs and are subject to a number of risk and uncertainties that could cause actual results to differ materially, including risks that may be beyond our Company's control. For an explanation of these risks, please refer to ASUR's filings with the Securities and Exchange Commission and the Mexican Stock Exchange.

In light of the current challenging global environment, I would like to start today's conference call highlighting some key facts in terms of our balance sheet and the macroeconomic variables that impact our industry and our operations.

First, we have a very strong cash position. At the end of the quarter, we held MXN1,776 million in cash and short-term investments. The majority is in pesos, in Mexican sovereign notes and corporate bonds issued by Santander and Banamex. We have no derivative transactions. As you all know, and as you all know we're 100% debt free.

In terms of the overall macroeconomic environment, there are two variables that have a very important effect on our industry. The first is the oil price, which has impacted airfares during the first eight months of the year. The second variable is the dollar-peso exchange rate that affects purchasing power for foreign tourists coming to Mexico. Today, the oil price has declined significantly from what we saw earlier in the year, which alleviates the airlines.

So, taking in consideration that most of our passengers travel for leisure, our destinations today have become more attractive than what they were in the past. By this, I do not intend to disregard the critical global environment -- economic environment, nor do I wish to be overly positive for the future. I do believe, however, that 2009 will be a tough year for everybody and it's even more difficult to make any prediction at this juncture.

As you have seen, last week, we have purchased 130 hectares of land in Huatulco bay for a total of MXN286.3 million. This land was purchased through a bidding process from FONATUR, the National Tourism Fund, which took place as part of the federal government's and FONATUR interest in accelerating the development of this city.

Now, keep in mind that this does not mean that we are changing our business's strategy. As we have said many times in the past, it is mostly the growth in the number of hotel rooms that drives passenger traffic in tourist destinations. And the fact is that today, although we believe in the growth potential of Huatulco bay, this is not happening given the lack of available rooms.

Our role here is to act as a promoter of the area with the objective of generating self-sufficient and profitable, independent projects that can contribute to increase passenger traffic at Huatulco Airport. For this, we will conduct the studies to determine how best to develop the land and facilitate the commercialization of these projects. We also intend to sign agreements with third parties, such as tourism real estate developers and hotel operators, to develop this property. We expect that investment required for this project in 2009 will not be significant.

We are also on track with the construction of the second runway at Cancun Airport, which we expect to open during the fourth quarter 2009. As you know, this is the last year of our current master development plan and we are now in the process of negotiating our next master development plan for the next five years.

Moving onto the financials, results for the quarter were quite good considering the overall environment. We remain focused on maintaining our routes and we might have seen certain reductions in flight frequencies and thus the number of air traffic operations. But keep in mind that the airlines load factor has increased during the year resulting in a net increase in passenger traffic.

As expected, we are seeing a slowdown in passenger traffic with growth of 6.9% this quarter compared to the stronger numbers that we saw at the beginning of the year. Remember that total passenger growth in 2007 was more than 17% and as I have said before, this on my opinion is not sustainable. I don't believe in double-digit passenger traffic growth in the medium to long term. So, we believe we are returning to normal growth levels, particularly when factoring the current challenging global economic environment.

Domestic passenger traffic growth was 3.14% and international traffic was up by 10.68% this quarter. Total passenger traffic growth at Cancun and Cozumel airports was up by 10.34%. Again, reflecting Cancun's strength as a tourist destination. Total passenger traffic rose 4.6% in July, 12.9% in August and 2.3% in September. The Cancun Airport is basically driving passenger traffic growth at ASUR, while traffic at Veracruz and Merida is declining as a result of the increase in airfares for domestic market. We believe this trend will continue and it might also affect the Villahermosa Airport.

International passenger traffic accounted for 51.6% of the total traffic of the quarter, up to 49.84% during the third quarter 2007, as domestic passenger traffic continued to face the impact of increased airlines fares as a result of the higher fuel costs. As I have mentioned before, driven by increases in the oil price, some of the domestic carriers have reduced routes and frequencies in order to improve load factors and increase the yield per flight.

Passenger traffic between Mexico, Canada and the United States represented 86.6% of total traffic compared with the 87.2% in the same quarter of last year, reflecting the growth in traffic from Europe driven by a strong euro against a weak peso.

Total revenues rose 5.4 -- 5.14% this quarter, mainly driven by a 7.05% increase in aeronautical revenues. Commercial revenue growth, however, has slowed to a 1.05% year-on-year. Keep in mind that during the third quarter 2007, we reported one-time revenue of MXN18 million from a food and beverage concessionaire. Excluding this, commercial growth would have been 10.7%.

Operating costs and expenses rose 8.86% year-over-year, mostly as a result of prior costs related to the operations of Terminal 3 in Cancun, as well as the increase in administrative expenses resulting from the corporate reorganization implemented earlier in March. Professional fees rose as a result of services and studies received in connection with the negotiation of the master development plan for the year 2008-2023. Results were also impacted by the very strong increase in energy costs due to the increase in oil prices. Despite the recent decline in oil prices, we do not expect energy costs to decline as the Mexican government believes energy costs have been subsidized until now.

Operating profit for the quarter fell 0.16% to MXN288 million. As a result of this, EBITDA margin fell to 59.82% from 61.59% year-over-year. In terms of taxes, this quarter, we saw a decline in deferred income taxes, offset by an increase in the flat rate tax and the income tax, originating that the effective income tax rate continues above 28%. We expect the situation to continue the remaining of the year. In terms of CapEx, during the quarter, we made investments of MXN294.61 million, mainly on the second runway of Cancun Airport.

Now, let me open the floor for questions. Please, Marisol, go ahead.

## QUESTION AND ANSWER

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### Operator

(Operator Instructions).

The first question comes from the line of Tomas Lajous from UBS Pactual. Please proceed.

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**Tomas Lajous - UBS Pactual - Analyst**

Yes, hi. Good morning, Adolfo. Thank you for the call. One question related to the Huatulco investment. Why did ASUR buy the land instead of a developer buying the land directly from FONATUR? Were there no other bids in the bidding process? Or why do you believe that ASUR has to organize the demand for such projects?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Hi. Good morning, Tomas. In the case of this particular piece of land, the bid was open and apparently no one of the bidders complied with the requirements from FONATUR. And that's why ASUR's Board of Directors decided to go ahead with our proposal, which we made on the 12th of September.

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**Tomas Lajous - UBS Pactual - Analyst**

So, it's that they didn't meet the requirements or that they weren't bidding for the land? They didn't meet the requirements, right?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Yes. The second one, yes.

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**Tomas Lajous - UBS - Analyst**

Okay. Thank you very much.

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**Operator**

And our next question comes from the line of Nick Sebrell from Morgan Stanley. Please proceed.

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**Nick Sebrell - Morgan Stanley - Analyst**

Hi, Adolfo. Three questions. First, if you could talk a little bit about the CapEx outlook for next year. What are the major projects aside from finishing the second runway? Second, if you could add a little bit of detail to the Huatulco outlook. In other words, is this a five-year development plan? What's the potential size of the airport? What's the current connectivity to the US? And maybe that kind of stuff. And then, just a data point. What's the European share of international traffic, traffic coming from Europe?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Okay, Nick, good morning. Major projects -- I cannot say what we are going to do next year, because currently we are in negotiations with the government. We have proposed -- we have presented our proposal on December 24th last year. And we don't know if they are going to cut our proposal or not. So, for the moment, I cannot tell you exactly what we are going to do next year.

In the case of Huatulco, Huatulco is a complete full tourist destination that has 3,600 -- around [30,600] hotel rooms. And for many years, it has been stagnant, because the government didn't open the spaces for hotel room construction. After many talks with the government and FONATUR, they finally decided to open these and to re-launch this particular destination. I have to say that my -- our opinion is that this particular city needs more hotel room capacity. They need to reactivate the tourism destination. And I do believe that the government and FONATUR are doing the correct or the right measures to achieve this.

Remember that we are losing money in Huatulco. We are losing money not just from the financial point of view. We are also losing from the cash flow point of view. If we do not have more capacity, we will be losing forever. So, that's why we believe we need to be part of this process. We need to be part of this effort. And we believe that we can add some value in this process.

In the case of Europe, I don't have the exact figure in the top of my head. You can check the 20-F report, but I would say around 8% of our traffic comes or goes from Europe.

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**Nick Sebrell - Morgan Stanley - Analyst**

Okay. And Huatulco, the long-term potential for that airport. I mean, is that something that's in the millions? Or something that's close to MXN1 million or --? Five years down the line if everything goes fine.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

If we can achieve -- to not lose any cash in the future that will be fantastic.

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**Nick Sebrell - Morgan Stanley - Analyst**

Okay. So -- so, a plan commensurate with a break even operation would be what you envision?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Absolutely. Today, this is an effort around 390,000 passengers.

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**Nick Sebrell - Morgan Stanley - Analyst**

Yes.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

And with this volume, we cannot reach break even in terms of cash flow. So again, if we do not have more hotel rooms, we will not reach that breakeven in the future.

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**Nick Sebrell - Morgan Stanley - Analyst**

Okay. Thank you.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

You're welcome.

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**Operator**

And our next question comes from the line of Vanessa Quiroga from Credit Suisse. Please proceed.

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**Vanessa Quiroga - Credit Suisse - Analyst**

Thank you. Good morning, Adolfo. My question is a follow-up on Huatulco. Can you confirm that the investment on the construction of rooms will come from ASUR's cash? And also, I arrived a little bit late to the call, so could you repeat the details that you were talking about at the beginning on a transaction with Santander? If I understood well. Thanks.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Hi. Good morning, Vanessa. I think that what we have said in the press release is that we do not intend to be the hotel operators or the hotel constructors or the hotel owners. We intend to reach agreements with third parties to develop the construction of these hotel rooms. And that's what we are going to try to do. If you see or -- if you read the press release, you will find that we are saying very clear that this should not represent any significant amount of CapEx for us next year.

In the case of the investments, what I was trying to tell the -- everybody is that we have cash and we have invested this amount in pesos in most of the -- in the majority of the investments. And, also, we are investing these in Mexican corporate bonds -- Mexican government bonds. And in bonds reported to say this in Spanish from Santander and Banamex.

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**Vanessa Quiroga - Credit Suisse - Analyst**

Okay. Thank you very much.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

You're welcome.

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**Operator**

And our next question comes from the line of Gonzalo Fernandez from Santander. Please proceed.

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**Gonzalo Fernandez - Santander - Analyst**

Hi. Good morning, Adolfo. Two quick questions. Have you noticed any slowdown for the -- or do you have any information from hotels in Cancun of like cancellations or any slowdown for the high season of December/January because of the current situation?

And I don't know if you can -- I know that you cannot talk a lot about the master development plan. But with the current conditions of expectations for lower traffic growth and an increased cost of debt and cost of capital everywhere, I understand that the terms of the concession could imply some increase in tariffs because of this in order to compensate for the higher cost of capital. I don't know if you think if that is true.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Okay. The first one, cancellations in Cancun. Well, I do not have contact with hotel rooms reservations. What I can say to you is that as of today, we have a very strong passenger traffic growth in Cancun. I think or as far as I remember, the crisis in the US or the problems -- economical problems in the US are coming from the end of last year. So, if we see the numbers for the first nine months, those have been very, very nice. We see September traffic numbers, you saw a very -- I would say, a weak, two point something percent growth, but Cancun was very strong. So, that's what I can say to you.

In the case of the master development plan, it is clear that our proposal presented to them during the December 24th last year didn't consider all what we are seeing today. This doesn't mean that what we are seeing today is not or should not be included in the calculations of our rates for the next five years. We are in continuous process of talking with the government and those effects or those factors should be included into the rates or the calculation of the rates for the next five years. Remember that these will conclude or the negotiations should conclude before the year ends.

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**Gonzalo Fernandez - Santander - Analyst**

Okay. Thank you, Adolfo. And a follow-up, if I may. This investment in Huatulco should have a positive impact on reducing the tax rate according to the new IETU regulation, right?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

In what sense?

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**Gonzalo Fernandez - Santander - Analyst**

Okay. Thank you, Adolfo.

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**Operator**

And our next question comes from the line of Steve Trent from Citi. Please proceed.

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**Steve Trent - Citi Investment Research - Analyst**

Good morning, Adolfo.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO & Strategic Planning Officer**

Good morning, Steve.

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**Steve Trent - Citi Investment Research - Analyst**

Hi. A couple of my questions have been answered already. I did want to ask about the second runway in Cancun now. I know you guys successfully erected the new terminal in Cancun. In terms of a new runway coming on, what sort of percentage increase could we expect in terms of an increase in potential air traffic movement in Cancun Airport? I'm guessing it's not double, because you've already made the adjustment on the terminal side.

And my second question, looking outside of Huatulco, I seem to recall seeing some news what close to Merida or perhaps somewhere close to Campeche, not far from your Merida airport installation, there had been some other plan to develop hotels. And I'm wondering if you have any color on that? Thank you.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Okay. In the case of the second runway, Steve, we should not -- we do not expect any increase in air traffic operations as a result of the second runway. If we don't construct the second runway, we will be obstructing the growth in the future. So, let me say this in different words. What we try in ASUR is to being as close as possible as the demand of capacity. So, if you see the Cancun numbers today, in terms of a 12-month period, they are very close to 13 million passengers. We do believe that the runway capacity is around 14 million passengers.

So, we are very close to the end of the capacity of the runway. And when we are saying the end of the capacities, without any obstruction. So, without telling the airlines, no, you cannot land at this time of the day or you cannot land at this time of -- so, if we see the capacity -- the new capacity is going to be around 28, 30 million passengers. So, this will allow us to reach that number in the future if the demand is there. But what is clear is, if we do not construct this, we will never go beyond 14 million or the current capacity.

In the case of Campeche, yes, it is true. There is a huge project there in Campeche city. But given that this is close to Merida, there's an effort there that is Campeche airport. And this has been managed by the government today. The figures of Campeche airport today are very, very, very small.

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**Steve Trent - Citi Investment Research - Analyst**

Okay. Great. And just one quick follow-up as a follow-up to Gonzalo's question. You mention on Huatulco, probably the CapEx outlay from ASUR will be fairly small, this sort of hotel issue. So, with respect to CapEx being tax deductible, any possibility we could see a little bit of a break on the tax side?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Well, Gonzalo's question was if the IETU tax will be reduced because of this. Yes, of course, because you are investing in something and the formula for the case of IETU is gross profit, more or less, minus investments. But in the case of Huatulco, believe me, we do not have gross profit. We have gross loss.

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**Steve Trent - Citi Investment Research - Analyst**

Understood and very helpful. Thanks, Adolfo.

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**Operator**

And our next question comes from the line of Karla Penia from Interacciones. Please proceed.

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**Karla Penia - Interacciones - Analyst**

Thank you. Hi, Adolfo. Just one question. I understand -- well, I wanted to know if the Chichen Itza Airport start operations? And, if so, if ASUR is operating it? Or if it's involved in the operations of the airport?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Okay. Hi. Good morning, Karla. Yes, we have signed an agreement with the Yucatan government in order to support them to -- I would not say operate, to support them in order to -- that they can operate this in a better way. So, what we are basically doing there is giving them technical assistance. Again, we think that we should try to promote the development of the regions where we are working. And this is one of the cases.

You know that Chichen Itza was awarded with these World's [ ] last year and the federal and the local government are trying to push more people to go there. And they had an airport that was constructed in the year 2000. This airport has in their peak 36,000 passengers a year. So, they were losing money and they were not in the right shape to receive flights in that effort. So, we are trying to help them in this process. Yes, that's true. But we are not operating the airport. And we have not received any concession. And we are not investing any amount there.

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**Karla Penia - Interacciones - Analyst**

Okay. Thank you.

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**Operator**

And our next question comes from the line of Pablo Abram from BBVA Bancomer. Please proceed.

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**Pablo Abram - BBVA Bancomer - Analyst**

Good morning, Adolfo. You have one brief question. Do you know more or less what percentage of total traffic represented Aladia to ASUR in their first nine or eight months of 2008?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

I don't want to say nothing, but close to. Hello?

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**Pablo Abram - BBVA Bancomer - Analyst**

Hello?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO & Strategic Planning Officer**

Close to zero.

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**Pablo Abram - BBVA Bancomer - Analyst**

Okay. Thank you very much.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO & Strategic Planning Officer**

You're welcome.

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**Operator**

(Operator Instructions).

And we have a follow-up question from the line of Vanessa Quiroga from Credit Suisse. Please proceed.

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**Vanessa Quiroga - Credit Suisse - Analyst**

Thank you. Adolfo, just to clarify on the increase in costs, especially in regards to personnel and other administrative costs. So, given that's it related to the new master development plan, we should expect that to be maintain to where it's next year. Just confirm that. And also -- also, if you could clarify if the Huatulco investment in the land was already included in your CapEx plans for '08? Or if you could give us the updated guidance for CapEx in 2008, including this purchase? Thanks.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Okay. Let me try to separate your first question. The cost increase. What I have said in the press release is that one of the elements that originated an increasing cost was that we paid some studies that we are using to negotiate the master development plan. Of course, this is not something that we will see next year, because next year, we will not be negotiating the master development plan. But this doesn't have to do with the personnel or the restructuring process that we made.

In the case of Huatulco, as I have said to Tomas, I cannot for the moment say what the CapEx number would be for the next year, because currently we are in the negotiation of that with the government. And until we conclude that, we cannot give any number to anybody. In terms of a specific project of the land, because this is out of the master development plan, what I'm saying is that the CapEx that we will put into this specific project next year will not be significant.

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**Vanessa Quiroga - Credit Suisse - Analyst**

Okay. And for '08, your CapEx -- your expected CapEx number, could you -- can you provide it?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

What? For CapEx --

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**Vanessa Quiroga - Credit Suisse - Analyst**

For 2008, your CapEx?

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

2008, without this land, should be around MXN600 million.

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**Vanessa Quiroga - Credit Suisse - Analyst**

Okay. Thank you.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

You're welcome.

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**Operator**

(Operator Instructions). And I show no questions at this time. I would like to turn the presentation over to Mr. Adolfo Castro for any closing remarks.

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**Adolfo Castro - Grupo Aeroportuario del Sureste - CFO**

Thank you, Marisol. Well, thank you for being here with us in this conference call. And I hope that the situation for the fourth quarter gets better, but the environment -- it's really difficult to talk about what is going to be the future. So, keeping thoughts and the best for all of you. Thank you.

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**Operator**

Thank you for your participation in today's conference. This concludes the presentation and you may now disconnect. Good day.