THE GLOBAL CONTRARIAN

November 17, 2010

Grupo Aeroportuario del Sureste

(BUY)

Price: MXP61.40 / $49.99 (ADS)
52-Week Range: MXP53.00 – MXP75.11
FD Shares Outstanding: 300 million
Market Capitalization[1]**:** MXP18.4 billion ($1.5 billion)

Ticker[2]**:** ASURB MM / ASR
Dividend: MXP2.50
Yield: 4.9%

Data as of November 12, 2010

[1]One Mexican Peso (MXP) is equivalent to $0.0816, as of November 1, 2010.

[2]The common shares of Grupo Aeroportuario del Sureste trade on the Mexican Stock Exchange, while its ADS's, each representing ten common shares, trade on the New York Stock Exchange.

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Investment Thesis

Grupo Aeroportuario del Sureste, S.A.B. de C.V. ("Southeast Airports") operates nine international airports throughout southeastern Mexico. Its primary asset is the airport in Cancun, the second busiest airport in the country, which accounts for 77% of the company's operating income. Southeast Airports' shares have underperformed those of comparable companies in recent months, likely due to an announcement by the Mexican government of plans to build an airport along the Riviera Maya, approximately 100 kilometers from Cancun. The company has bid on the concession to build and operate this facility, although neither the outcome of this bid, nor the new airport's potential impact on Cancun's passenger traffic, is known. In the interim, however, the market appears to have priced in concerns that this new airport could lead to significant earnings diminution for the company resulting from traffic being siphoned away from Cancun.

These concerns appear to be overdone, however, as the market has priced in declines in operating earnings for the Cancun airport that do not appear reasonable given the location of the new airport and the long-term growth outlook for passenger traffic in the Central America region. Further, should Southeast Airports win the concession, the company's shares appear undervalued, even under the unlikely assumption that the additional capital expenditures that would be necessary fail to generate any incremental earnings.

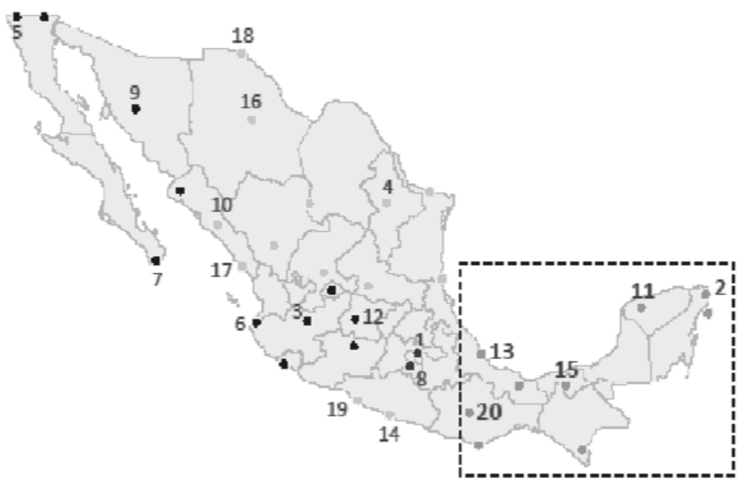
Southeast Airports currently trades at an 11% discount to peers on an EV/2011E EBITDA basis and at a 23% discount to peers on a price-to-2011E earnings basis. Interestingly, however, the company's forecast compounded earnings growth of 16% through 2012 is more than double that of its fastest-growing comparable. Southeast Airports' estimated 2011 free cash flow yield of 6.4% is also compelling, considering the company's risk profile, while visibility into lower future capital expenditures outlines a path to yields of over 9%, even before factoring in any future revenue growth. The company has a solid history of growing book value per share and dividends (10% compounded, in total, since 2003), and, with a significant net cash position, it has the balance sheet flexibility to invest in growth projects, increase its dividend, or greatly enhance its equity returns via a share repurchase program.

Going forward, revenue growth will be driven by increases in regional passenger traffic (forecast to be 6% compounded annually through 2029) and by the company's ability to expand ancillary revenue streams, such as its commercial business. Earnings will likely increase at a higher rate than revenues given the operating leverage inherent in this business, while free cash flow should grow at an even more rapid pace due to expected reductions in capital expenditures. This growth in earnings and free cash flow, combined with the opportunity for valuation multiple expansion as the economy recovers and travel returns to historical norms, outlines an opportunity for double-digit shareholder returns for an asset that has a relatively low risk profile. Further, the market has arguably priced in scenarios related to the new airport at Riviera Maya that are too harsh, thus making the company appear to be undervalued at current levels. Accordingly, shares of Southeast Airports are recommended for purchase.

Company Description

Grupo Aeroportuario del Sureste, S.A.B. de C.V. ("Southeast Airports") is a Mexican airport operator, holding concessions to operate nine airports in the southeast region of Mexico, an area that is primarily a tourist destination (see Exhibit 1). The company, which was incorporated upon the privatization of the Mexican airport industry in 1998, is one of three publicly traded and NYSE ADR-listed companies that received fifty-year concessions to engage in airport operations, the other two being Grupo Aeroportuario del Centro Norte (NYSE: OMAB) and Grupo Aeroportuario del Pacifico (NYSE: PAC). Following its privatization efforts, the government did not retain an ownership stake in any of the airport operators, although Southeast Airports has a significant shareholder in Fernando Chico Pardo, the company's current Chairman and CEO, considered one of Mexico's most successful businessmen, who holds a 33% stake.

Exhibit 1 Southeast Airports: Location of Properties (Located Within Boxed Area)
(Numbers represent rank by 2009 passenger traffic; certain airports have not been assigned a ranking)



Source: Company reports.

The company's airports, all of which are designated as international airports under Mexican law, accounted for approximately 21% of all passenger traffic in Mexico (both domestic and international) during 2009. The majority of Southeast Airports' traffic flows through its Cancun airport, which in 2009 ranked #2 in terms of passenger traffic among airports in Mexico, behind Mexico City, and accounted for 72% of the company's traffic and 77% of its operating income (see Exhibit 2). The airports in Merida, the capital of the state of Yucatan, and in Villahermosa, the capital of the state of Tabasco, contribute a combined 3% of operating income, while the remaining six airports contribute approximately 5%.

Exhibit 2 Southeast Airports: 2009 Statistics by Airport
(MXP in millions)

Airport	Revenue	Op. Income	Op. Income Contribution	Passenger Traffic (000's)	Airport Rank by Traffic	Comment
Cancun	2,421.8	1,033.1	77.3%	11,175	2	Most visited international tourism destination in Mexico
Merida	182.2	25.9	1.9%	1,059	11	Capital of Yucatan state, which has a population of 1.8 mn.
Villahermosa	119.3	11.0	0.8%	766	15	Traffic consists primarily of businesspeople in the oil industry
Other Airports	407.8	69.6	5.2%	2,536	N/A	Includes Cozumel, Oaxaca, Veracruz, Huatulco, Tapachula, and Minatitlan

NOTE: Service revenue and inter-segment eliminations to revenue have been applied to Other Airports line. Op. income contribution from airports does not sum to 100% because total op. income includes MXP197.7 million generated at holding company level.

Source: Company reports.

Southeast Airports discloses its financial information via two segments: aeronautical and non-aeronautical. The aeronautical services segment, which accounted for 65% of revenue during 2009, derives its revenues from passenger fees and from fees payable by airline carriers for the use of airport facilities (see Exhibit 3). The non-aeronautical services segment, which accounted for the balance of revenue, collects rent from commercial retail and food and beverage operators within the airports, as well as access fees from various third-party service providers such as luggage check-in, sorting and handling, aircraft cleaning and catering, cargo handling, etc. Consolidated revenue generated during 2009 was MXP3.1 billion, or $255.5 million at current exchange rates, while pre-tax income was MXP1.3 billion, or $109.5 million.

Airports in Mexico, including those operated by Southeast Airports, are heavily regulated, as most cities in Mexico are serviced by a single major airport, making these assets quasi-monopolies. Southeast Airports is regulated under a “dual-till” system, which means that while the company’s aeronautical business is regulated, the airport is allowed to operate non-aeronautical commercial businesses without regulatory oversight. Approximately 69% of the company’s revenue is capped/regulated, with capped/regulated revenue accounting for all of the revenue within the aeronautical segment (65% of total revenues) and the majority of the revenue classified as “non-commercial” within the non-aeronautical segment.

As illustrated in Exhibit 3, over half of the company’s revenue is derived from passenger charges, which are assessed to each passenger departing from its airports (with the exception of diplomats, children, and transfer passengers). Growth in passenger charges is correlated directly with increases in passenger volume, but it is also affected by the maximum rates that government regulators permit Southeast Airports to charge. Currently, passenger rates are expected to decline at an inflation-adjusted rate of 0.7% annually through 2013, at which point maximum passenger rates will be reset by the government for a five-year period. In 2009, the Mexican government increased the base rate by 2%.

Exhibit 3 Southeast Airports: Revenue Breakdown by Segment, 2008-2009
(MXP in millions)

	2008	2009	2009 Total Rev. Contribution	Regulated Business
Passenger Charges	1,633.2	1,616.5	52%	Y
Landing Charges	140.5	124.6	4%	Y
Aircraft Parking Charges	264.9	242.8	8%	Y
Airport Security Charges	29.4	27.7	1%	Y
Passenger Walkway Charges	33.9	31.0	1%	Y
Total Aeronautical Services Revenue	**2,101.9**	**2,042.6**	**65%**	
Commercial	904.1	941.8	30%	N
Non-Commercial	162.7	146.8	5%	Y/N
Total Non-Aeronautical Services Revenue	**1,066.8**	**1,088.6**	**35%**	
Total Revenue	**3,168.7**	**3,131.2**		
Total Income Before Taxes	**1,548.2**	**1,342.1**		
Total Income Before Taxes Margin	**49%**	**43%**		

Source: Company reports.

The non-aeronautical segment's revenue primarily comprises the rent that the company collects for commercial leases to vendors such as retail stores, duty-free shops (which are dependent on international passenger traffic), food and beverage stands, and car rental agencies. Generally, tenants pay a monthly fee based on the higher of a fixed amount or a percentage of their revenue. As illustrated in Exhibit 4, commercial revenue grew at an annual rate of 12.5% in the period 2007-2009, or 12.7% from 2007-2010 if one were to annualize year-to-date figures. Commercial revenue has come to represent 30% of total revenues, as the company's other revenue lines have grown at a slower pace.

Exhibit 4 Southeast Airports: Historical Commercial Revenue as a % of Total Revenue
(MXP in millions)

	2007	2008	2009	9 Mos. 2010	07-09 CAGR
Commercial Revenue	744.5	904.1	941.8	799.5	12.5%
Total Revenue *	2,785.9	3,168.7	3,131.2	2,702.7	6.0%
As a % of Total Revenue	**26.7%**	**28.5%**	**30.1%**	**29.6%**	

* Total revenue for nine months ended 2010 excludes construction revenue.

Source: Company reports.

Growing commercial revenues has been a focus of Southeast Airport's strategy, as this segment is less directly tied to passenger traffic than the aeronautical segment, thus shielding the overall business, to a certain extent, from passenger traffic fluctuations. Although Southeast Airports does not disclose margins for the commercial business, it is likely a high-margin business with significant fixed costs and, therefore, the potential for future margin expansion, since there appear to be limited incremental expenses related to charging higher rents.

Commercial revenue statistics for mature European airport operators suggest that there is room for Southeast Airports to grow this segment further. As illustrated in Exhibit 5, select international airport operators generate commercial revenue per passenger at an average rate that is more than twice that of Southeast Airports. It is interesting to note that the companies that generate the highest commercial revenue per passenger, namely Copenhagen Airports and Aeroports de Paris, also have the highest proportion of commercial revenues relative to total revenue. Because of differences in passenger income levels, it may be unreasonable to expect Southeast Airports to generate commercial revenue per passenger in excess of $10, but a continued emphasis on this part of the business could provide the company with the higher degree of revenue stability and higher margins that one finds among the European airport operators.

Exhibit 5 International Airport Operators: Commercial Revenue per Passenger and Commercial Revenue as a Percentage of Total Revenue Statistics, 2009
(USD)

	Commercial Rev. per Passenger	Commercial Rev. as % of Total Rev.		Commercial Rev. per Passenger	Commercial Rev. as % of Total Rev.
Mexican Airports			International Airports		
Southeast Airports	$4.63	30%	Vienna Airport	$7.02	18%
Grupo Centro Norte	$2.21	18%	Fraport	$7.06	18%
Grupo Pacifico	$2.80	22%	Zurich Airport	$7.49	21%
			Copenhagen Airports	$12.92	45%
			Aeroports de Paris	$15.01	33%
			Average	$10.62	

Source: Company reports.

Passenger Traffic Volumes

For Southeast Airports, as for all airport operators, the primary earnings driver is higher passenger traffic levels. Traffic at Southeast Airports has started to rebound after a challenging 2009, and it is likely that as the Mexican and US economies recover, traffic to the region could return to its normal growth rates. As traffic increases, Southeast Airports should experience a disproportionately higher rise in profitability as a result of the business's inherent operating leverage resulting from the high proportion of fixed costs.

The long-term forecast trends related to air travel in Latin America underscore the potential growth in Southeast Airports' profitability. According to The Boeing Company's (NYSE: BA) Current Market Outlook, which provides long-term air travel forecasts, passenger traffic in Central America (inclusive of Mexico) is expected to grow at an annual rate of 5.9% during the period 2009-2029. Interestingly, this forecast is similar to the traffic volume experienced by the company's airports during the period 1999-2008 (see Exhibit 6).

Exhibit 6 Southeast Airports: Historical Yearly Passenger Traffic Volumes by Airport
(In thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	9 Mos. 2009	9 Mos. 2010	99-08 CAGR	99-09 CAGR
Cancun	6,970	7,746	7,640	7,718	8,684	10,011	9,302	9,728	11,340	12,647	11,175	8,597	9,722	6.8%	4.8%
Merida	941	903	919	850	900	931	1,022	1,007	1,268	1,281	1,059	353	354	3.5%	1.2%
Cozumel	527	600	565	446	456	584	487	371	511	525	436	298	300	0.0%	-1.9%
Villahermosa	522	528	533	499	600	673	717	725	854	959	766	761	846	7.0%	3.9%
Oaxaca	477	460	440	433	461	543	564	496	514	594	523	108	96	2.5%	0.9%
Veracruz	468	494	503	480	515	564	579	718	977	981	853	394	341	8.6%	6.2%
Huatulco	338	331	317	268	259	271	312	375	376	366	388	144	145	0.9%	1.4%
Tapachula	290	234	190	177	185	194	192	188	211	240	190	630	643	-2.1%	-4.1%
Minatitlan	158	150	131	126	131	127	147	172	189	159	146	572	527	0.1%	-0.8%
	10,690	11,448	11,240	10,997	12,190	13,897	13,321	13,780	16,239	17,752	15,536	11,857	12,974	5.8%	3.8%
Y-o-Y Growth		*7.1%*	*-1.8%*	*-2.2%*	*10.9%*	*14.0%*	*-4.1%*	*3.4%*	*17.8%*	*9.3%*	*-12.5%*		*9.4%*		

NOTE: Nine-month figures exclude transit and general aviation passengers.

Source: Company reports.

Traffic during 2009 was marred by a set of unique circumstances, such as recessions in Mexico and the US, where most international travel to the area originates; safety concerns due to drug-related violence in Mexico (the vast majority of this violence has occurred in the north of the country, however, at a significant distance from the cities that Southeast Airports services); and the A/H1N1 flu pandemic that hit Mexico in May 2009, which caused several countries to recommend that their citizens avoid non-essential travel to Mexico for a short period of time.

Recently, however, traffic volumes have picked up. As illustrated in Exhibit 7, following thirteen months of year-over-year declines, traffic rebounded starting in March 2010, although it is still tracking below 2008 levels. The growth of low-cost carrier routes during 2010 has been one of the primary drivers of the traffic increase, a dynamic that is expected to continue into 2011.

Exhibit 7 Southeast Airports: Historical Monthly Passenger Traffic Volumes by Passenger Origin
(In thousands)

	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Domestic	581,396	630,557	694,275	611,482	569,603	700,113	618,322	691,552	670,630	805,406	694,360	532,593
Int'l.	493,695	649,687	797,997	941,524	1,011,258	1,191,756	950,883	814,738	868,067	894,858	818,491	453,667
Total	1,075,091	1,280,244	1,492,272	1,553,006	1,580,861	1,891,869	1,569,205	1,506,290	1,538,697	1,700,264	1,512,851	986,260
Y-o-Y	**14.1%**	**15.2%**	**14.3%**	**15.7%**	**20.0%**	**18.7%**	**5.3%**	**13.2%**	**10.7%**	**4.6%**	**12.9%**	**2.3%**

	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Domestic	559,086	587,039	634,853	556,241	507,655	555,794	571,509	427,773	552,710	733,037	655,242	473,880
Int'l.	527,290	732,510	872,311	1,029,860	1,039,171	1,170,978	963,982	314,147	549,256	683,629	664,445	407,023
Total	1,086,376	1,319,549	1,507,164	1,586,101	1,546,826	1,726,772	1,535,491	741,920	1,101,966	1,416,666	1,319,687	880,903
Y-o-Y	**1.0%**	**3.1%**	**1.0%**	**2.1%**	**-2.2%**	**-8.7%**	**-2.1%**	**-50.7%**	**-28.4%**	**-16.7%**	**-12.8%**	**-10.7%**

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Domestic	522,856	568,576	612,675	527,535	448,858	580,870	569,548	610,468	585,682	758,484	671,801	455,458
Int'l.	484,785	657,812	832,592	985,078	991,087	1,149,757	952,333	768,029	797,437	887,009	765,055	469,201
Total	1,007,641	1,226,388	1,445,267	1,512,613	1,439,945	1,730,627	1,521,881	1,378,497	1,383,119	1,645,493	1,436,856	924,659
Y-o-Y	**-7.2%**	**-7.1%**	**-4.1%**	**-4.6%**	**-6.9%**	**0.2%**	**-0.9%**	**85.8%**	**25.5%**	**16.2%**	**8.9%**	**5.0%**

NOTE: Transit and general aviation passengers are excluded.

Source: Company reports.

Exhibit 7 also illustrates the importance of international traffic to Southeast Airports' profitability, as a significant percentage of tourists to the Cancun area are foreigners, with approximately two-thirds of international traffic originating from US airports. To the extent that US tourists continue to view Cancun as a desirable travel destination, the recovery of the US economy is likely to boost traffic to the region.

Potential competition from a new airport in the Riviera Maya region could, however, hinder the company's long-term passenger traffic growth. In May 2010, the Mexican government announced the commencement of a bidding process for a fifty-year concession to operate a new airport to be built 101 kilometers (63 miles) south of the Cancun airport. The new airport would not be likely to significantly affect traffic going directly to Cancun, but it could siphon away traffic from those traveling to the Riviera Maya, a 129-kilometer (80-mile) stretch of coastal resorts and archeological ruins lying south of Cancun. The construction of the airport is expected to require a $260-$300 million investment, and the airport would begin operations in mid-2013, following a granting of the concession to the highest bidder in early 2011.

Southeast Airports, simply in an effort to protect its current revenue base, is one of the main bidders. The company estimates that the new airport would not generate additional traffic to the area, only redistribute the traffic using its airport in Cancun. Interest in the project has been tepid, as industry analysts do not expect the new airport to be highly profitable because of the competition from the Cancun airport and because its construction may prove troublesome due to archeological/geophysical difficulties. Further, because of the recent suspension of operations of one of the two largest domestic airline carriers, Mexicana de Aviacion, the July 2010 US Federal Aviation Administration downgrade of Mexico's aviation industry to Category 2 (which signifies that Mexico lacks the regulation necessary to oversee airline companies in accordance with international standards), and the unsatisfactory preliminary interest shown by potential bidders, some industry analysts have speculated that the plan to build the new airport may be cancelled or delayed by the government. Such a move would not be without precedent, as a similar bidding process for a new Mexico City airport was scrapped by the government in 2002 because of a similar lack of interest within the industry. It should be noted that, should the airport be built, and should Southeast Airports lose the bid for the concession, Southeast Airports will be allowed to raise its maximum passenger fees in an effort to offset any diminution in traffic through Cancun.

Government Regulation

As part of the privatization of the airport industry in the late 1990's, the three publicly traded operators received fifty-year concessions that include significant regulatory oversight. The airport operating concessions, none of which can be assigned to other entities without the government's prior authorization, require Southeast Airports to retain a 51% ownership stake in each of its nine operating subsidiaries (one for each airport). The Mexican Airport Law also prohibits airline carriers and airport concession holders from controlling more than 5% of each other's shares. Moreover, any entity that endeavors to control a concession holder, by acquiring more than 35% of its shares or controlling the outcome of its shareholder meetings, must obtain the prior consent of the Mexican Ministry of Communications and Transportation. Finally, the Mexican Airport Law prohibits "foreign persons" from owning more than 49% of the common stock of an airport concession operator unless they first obtain the approval of the Commission of Foreign Investments.

One of the most significant stipulations pursuant to the concession agreements is a fee charged to all operators at a rate of 5% of total revenue. For Southeast Airports, this has meant payments of MXP139.2 million, MXP154.8 million, and MXP150.6 million, respectively, in the years 2007, 2008, and 2009. Additionally, concession holders are required to submit a so-called Master Development Plan ("MDP") outlining future capital investment commitments intended for the construction and maintenance of the properties. The MDP provides information on expected major construction, renovation, and expansion initiatives for a fifteen-year period, although five-year updates are required.

Past capital investments pursuant to the MDP have included the construction of a new runway and a new terminal at Cancun (the new runway doubled the airport's runway capacity to 28 million passengers per annum, which is 2.2 times the airport's record traffic volume of 12.6 million), as well as minor improvements at its other airports. As illustrated in Exhibit 8, aggregate capital commitments pursuant to the MDP during 2010-2013 are MXP3,793.3 million, although MXP843.8 million of prior investments at the Cancun airport will be allocated equally to each calendar year, implying that total cash expenditures during the period would be MXP2,949.5 million. Going forward, planned MDP capital investment projects include terminal expansions at Huatulco (including a runway expansion), Oaxaca, Veracruz (including a taxiway expansion), and Villahermosa, as well as projects to relocate aviation ramps and separate passenger flow at Cancun.

Exhibit 8 Southeast Airports: Capital Commitments Pursuant to MDP
(MXP in millions)

	Committed Investments						Indicative Investments	
	2009	2010	2011	2012	2013	Total	2014-2018	2019-2023
Cancun *	576.5	619.1	420.5	443.3	331.4	2,390.8	1,196.0	786.3
Cozumel	17.3	41.7	14.1	33.4	10.1	116.6	120.3	88.7
Huatulco	52.3	149.6	69.7	58.8	9.7	340.1	71.2	47.6
Merida	80.0	127.0	72.1	16.1	6.0	301.2	124.3	81.7
Minatitlan	20.4	24.6	6.5	3.6	3.8	58.9	59.2	36.4
Oaxaca	47.7	137.7	61.4	42.1	17.6	306.5	66.5	84.3
Tapachula	7.5	5.6	4.7	2.4	39.3	59.5	41.6	20.3
Veracruz	47.6	307.2	245.6	117.9	67.0	785.3	135.2	168.5
Villahermosa	45.5	162.1	80.6	6.5	34.5	329.2	254.9	55.6
	894.8	1,574.6	975.2	724.1	519.4	4,688.1	2,069.2	1,369.4

* Regulators have applied MXP1.1 billion of prior investments to the satisfaction of committed investments at Cancun for 2009 through 2013, of which MXP211 million was allocated to each calendar year, and MXP613 million to the satisfaction of its indicative investments for 2014 through 2018. The above amounts do not include these deductions.

Source: Company reports.

It is interesting to note that Southeast Airports' capital investments are expected to decline significantly going forward. Investments during the 2014-2018 period are expected to be approximately half of what was required during the period 2009-2013, while the forecast for the period 2019-2023 represents an additional 35% reduction. These expected declines in capital expenditures, combined with increased revenues from traffic growth and the development of the commercial business, should lead to significant growth in free cash flow in the years to come. Although regulated revenues are based, in part, on upcoming capital expenditures, and although, as expenditures decline, regulators could set future passenger rates significantly below current levels, it does not appear likely that regulated revenues would decline by the more than 10% necessary to offset the expected reductions in capital investments.

Mexicana Airlines Bankruptcy

On August 2, 2010, Mexicana de Aviacion ("Mexicana"), the largest domestic carrier in Mexico, filed for bankruptcy protection in Mexico and the US, and on August 28, 2010, it suspended operations. Mexicana's three carrier brands accounted for 10.9% of Southeast Airports' revenue during the eight-month period ended August 31, 2010. However, because Southeast Airports derives a higher percentage of its traffic from international travel (for which Mexicana provided few routes), the two other publicly traded operators, Grupo Centro Norte and Grupo Pacifico, had higher degrees of exposure to Mexicana.

A meaningful portion of Mexicana's traffic has already migrated to other carriers. Southeast Airports estimates that of the twenty-one routes previously serviced by Mexicana, seven are covered by three other airlines, four are covered by two other airlines, seven are covered by one other airline, and only three routes were not covered by any other carrier. Because of this, it could be argued that the suspension of operations of the country's largest airline is likely to have only a minute impact on Southeast Airports' traffic (or on other fees for aeronautical services), as competitors have rushed to cover flight routes.

That said, during 3Q2010 the company increased its reserve for doubtful accounts by MXP128 million as a result of Mexicana's bankruptcy. This figure represents the passenger charges collected by Mexicana that are due to Southeast Airlines and are deemed to be at risk.

Valuation Analysis

Southeast Airports trades at a considerable discount to its peers, arguably because of concerns related to the potential construction of a new airport serving the Riviera Maya. These concerns appear to be overblown, however, as this new facility would not be likely to significantly dilute traffic at the Cancun airport. Similarly, should Southeast Airports win the bid to build this new airport, the resulting capital expenditures appear to be priced in. There is, of course, the chance that plans for the Riviera Maya airport will be scrapped, in which case the outlook for Southeast Airports becomes much clearer, which should benefit the company's share price.

Southeast Airports also appears to be attractive on an absolute basis, offering a free cash flow yield of 6.4% based on projected 2011 financial results. This free cash flow could grow in the short term as the economy rebounds, while long-term growth is likely to be driven by ongoing expansion in passenger traffic. Lastly, significant reductions in expected capital expenditures over the next ten years could greatly boost the company's cash-generating potential.

Comparable Company Valuation

The Company is currently trading at discounts relative to comparable companies across several valuation metrics. Despite being on pace to achieve higher returns on equity than its Mexican peers in 2010 and having the highest estimated earnings growth profile through 2012, the current valuation for Southeast Airports represents an 11% discount to average peers on an EV/2011E EBITDA basis, and a 23% discount to peers on a price-to-2011E EPS basis (see Exhibit 9).

Exhibit 9 Comparable Company Valuations

(In millions, except per-share figures)

	Southeast Airports (ASURB MM)	Grupo Centro Norte (OMAB MM)	Grupo Pacifico (GAPB MM)	Vienna Airport (FLU AV)
Share Price (11/12/10)	MXN 61.40	MXN 23.20	MXN 46.25	€ 47.76
FD Shares Out. (mn.)	300.0	399.2	554.0	21.0
Market Capitalization	MXN 18,420	MXN 9,261	MXN 25,623	€ 1,003
Net Debt + Minority Interest	(MXN 615)	MXN 618	(MXN 1,162)	€ 666
Enterprise Value	MXN 17,805	MXN 9,879	MXN 24,462	€ 1,669
2010E EBITDA	MXN 2,130	MXN 1,135	MXN 2,377	€ 180
2010E EV/ EBITDA	8.4x	8.7x	10.3x	9.3x
Average, ex. Southeast Airports	*9.4x*			
2011E EBITDA	MXN 2,345	MXN 1,291	MXN 2,640	€ 190
2011E EV/ EBITDA	7.6x	7.7x	9.3x	8.8x
Average, ex. Southeast Airports	*8.6x*			
2009-2011E EBITDA Annual Growth	9.2%	15.3%	11.5%	6.8%
2011E EPS	MXN 4.00	MXN 0.82	MXN 2.42	€ 3.71
Price/2011E EPS	15.4x	28.5x	19.1x	12.9x
Average, ex. Southeast Airports	*20.1x*			
2009-2012E EPS Annual Growth	15.7%	6.3%	3.5%	-3.3%
2010E Dividend per Share	MXN 2.50	MXN 1.00	MXN 0.45	€ 2.10
2010E Dividend Yield	4.07%	4.3%	1.0%	4.4%
Average, ex. Southeast Airports	*3.23%*			
2009 Return on Equity	5.8%	6.1%	4.5%	9.2%
2010 Ann. Return on Equity	9.2%	3.3%	5.3%	9.6%
Net Debt-to-2010E EBITDA	0.0x	0.5x	-0.5x	3.7x

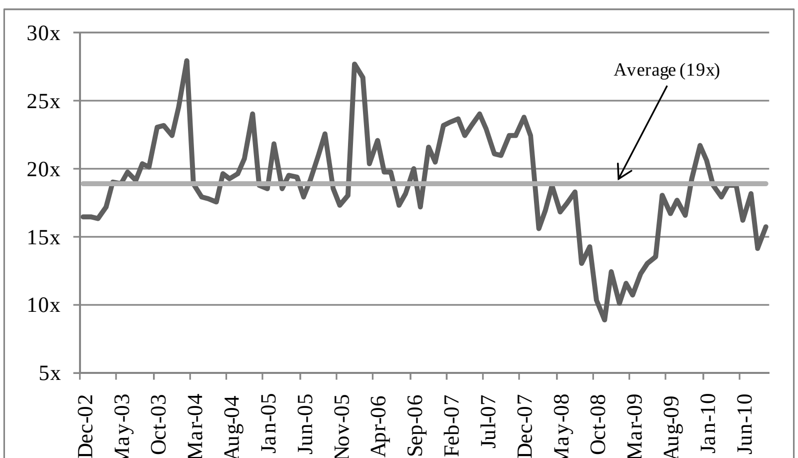
Source: Company reports, Thomson One, *The Spin-Off Report* estimates.

It is interesting to note that, relative to Vienna Airports, Southeast Airports trades at discounts on an EV/EBITDA basis off 2010 and 2011 estimates, despite the vast difference between the estimated growth prospects for each enterprise. Southeast Airports does trade at a 19% premium relative to Vienna Airports based on forecast 2011 earnings, although this may be warranted given that Vienna Airports' earnings are estimated to decline at a 3% annual rate through 2012, while Southeast Airports' earnings are estimated to grow by almost 16% annually during the same period. Moreover, whereas the air travel long-term growth rate forecast by The Boeing Company is 5.9% for Central America (including Mexico), where Southeast Airports operates, the forecast long-term growth rate for Europe, where Vienna Airport operates, is only 4.4% per annum.

<u>Historical Valuation Comparison</u>

Southeast Airports' current valuation multiples are below historical levels, which offers both the company and the broader airport sector the opportunity to realize significant share price appreciation via multiple expansion, should multiples simply revert back to average historical levels. On a forward price-to-earnings basis, the company's current multiple of 15.4x is 19% below the company's average earnings multiple of 19x from December 2002 to the present, implying 23% upside should Southeast Airports trade at average historical multiples (see Exhibit 10).

Exhibit 10 Southeast Airports: Historical Forward P/E Multiples



Source: Thomson One, *Spin-Off Report* estimates.

<u>Absolute Valuation Review</u>

Southeast Airports' valuation is also attractive on an absolute basis. As illustrated in Exhibit 11, the company's forecast free cash flow during the 2009-2011 timeframe varies widely, based on consensus cash from operations estimates and capital expenditures pursuant to the Master Development Plan. While the 2009 results represent a 3.9% free cash flow yield based on the company's current enterprise value of MXP17.8 billion, which adjusts for a net cash position of nearly MXP615 million, Southeast Airports' valuation appears attractive when one considers the company's estimated 2011 results, which amount to a free cash flow yield of 6.4% relative to enterprise value. Such a yield, when attached to a company with the air travel growth story associated with the region, but with the low risk/wide economic moat associated with airport operators, represents a compelling investment opportunity. It should be noted that the company is seeking regulatory approval to reduce MXP250 million of its 2010 capital expenditures, which, if allowed, would raise its 2010 free cash flow yield (ex. net cash) from 1.8% to 3.2%.

Exhibit 11 Southeast Airports: Free Cash Flow Yield Calculation, 2009-2011E
(MXP in millions)

	2009	2010E	2011E	Avg.
Cash from Operations	1,366.1	1,683.0	1,896.0	
CAPEX Pursuant to MDP	(676.7)	(1,363.6)	(764.2)	
Free Cash Flow	689.4	319.4	1,131.8	713.5
FCF Yield (ex. Net Cash)	**3.9%**	**1.8%**	**6.4%**	**4.0%**

Source: Company reports.

There is reason to believe that the 2011 estimates are more indicative of the company's free-cash-flow-generating potential going forward, as average capital expenditures for the period 2011-2013 are expected to be only MXP529 million (taking into account the MXP211 million per year that has already been invested), while average expenditures for the period 2014-2018 are expected to drop to MXP414 million. Even in the absence of continued earnings growth, Southeast Airports' free cash flow yield expands to 8.3% when one assumes cash from operations equal to 2011 levels and the lower average capital expenditure budget of MXP414 million for the period 2014-2018. The capital expenditure budget for 2019-2023 is lower still, averaging MXP274 million per year and returning a free cash flow yield of 9.1% under these assumptions. Although the company's long-term capital budget plan could certainly change between now and 2019, any additional expenditures would likely be investments in growth capital, which could add meaningfully to the company's earnings.

The company has also had success in creating shareholder value, reporting compounded annual growth in book value per share plus dividends of 9.9% during the period 2003-2009 (see Exhibit 12). The numbers shown in Exhibit 12 differ from the results under Mexican FRS (Financial Reporting Standards), which are stated in constant pesos and include as an asset the company's concessions to operate its airports. These concessions are amortized and, therefore, weigh on book value per share growth, which amounted to 5.2% per year, including dividends, under these standards. Southeast Airports has paid dividends per share of MXP14.73 in the period 2003-2010, inclusive of an extraordinary dividend paid during 2009 of MXP3.04 per share, which is largely responsible for the year-over year-decline in book value.

Exhibit 12 Southeast Airports: Historical Growth in Shareholder Value + Dividends
(US GAAP equivalent, in nominal MXP)

	Dec. 31 2003	Dec. 31 2004	Dec. 31 2005	Dec. 31 2006	Dec. 31 2007	Dec. 31 2008	Dec. 31 2009	Total	2003-2009 CAGR
Book Value per Share as of Date	21.12	22.45	24.07	25.73	26.78	28.84	25.63		3.3%
Book Value per Share Change in 12-Mo. Period		1.34	1.61	1.66	1.05	2.07	(3.22)	4.51	
Dividends per Share in 12-Mo. Period	0.56	0.56	0.62	0.70	0.77	2.00	6.28	11.49	49.6%
Total Return to Shareholders	0.56	1.90	2.23	2.36	1.82	4.07	3.06	16.00	
Compounded Growth in Book Value + Dividends	**9.9%**								

Source: Company reports.

Valuation Based on Partial Recapitalization

Further, an interesting opportunity exists for Southeast Airports to leverage its balance sheet, thereby boosting returns on equity and making more cash available for dividends or share repurchases. Management has recently expressed interest in raising debt to help finance capital expenditures, which historically have been funded largely with cash from operations.

Since returns on these capital expenditures are difficult to forecast, Southeast Airports' balance sheet potential is perhaps best exhibited by assuming the company raises debt to repurchase equity. If one assumes a net debt-to-EBITDA ratio of 3.7x, which is equal to that of Vienna Airports, Southeast Airports could issue MXP9.3 billion of debt. This amount of debt appears conservative relative to other international airport operators, which have net debt-to-EBITDA ratios as high as 9x, while still being within the targeted 2x-4x range indicated by management during its most recent earnings call. If one further assumes that this debt is used to repurchase shares at a 15% premium to the current share price, the company would have the ability to repurchase 44% of its outstanding shares (see Exhibit 13). Although it should be noted that share repurchases of this magnitude are unlikely due to Mr. Chico Pardo's current 33% ownership stake and regulations that require approval for ownership stakes greater than 35%, the exercise does highlight the company's balance sheet potential.

Exhibit 13 Southeast Airports: Estimated Capital Available for Share Repurchases
(MXP in millions)

2011E EBITDA	2,345	Current Market Capitalization	18,420
Target Net Debt to EBITDA	3.7x	Premium Paid	15%
Total Net Debt Capacity	8,678	Implied Equity Value	21,183
Current Net Debt	(615)	Additional Debt Capacity	9,293
Additional Debt Capacity	9,293	% of Equity to be Purchased	44%
Assumed Interest Rate	8.0%		
Implied Interest Coverage	2.3x		

Source: Company reports, *Spin-Off Report* estimates.

As shown in Exhibit 14, share repurchases of this magnitude would be meaningfully accretive to earnings per share. This scenario uses consensus 2011 operating profit estimates as the base year, and assumes annual operating profit growth of 6% going forward. Further, this scenario assumes an average interest rate of 8% and that all of the company's free cash flow is used to pay down debt. Under these assumptions, the scenario shown in Exhibit 14 shows that the company could grow earnings per share at a compounded annual rate of nearly 16%, which would equal 16% annual share price appreciation assuming constant price-to-earnings multiples – an attractive rate of return for an investment with Southeast Airports' risk profile.

Exhibit 14 Southeast Airports: Share Repurchase Impact on Earnings per Share
(MXP in millions, except-per share items)

Assuming Debt Issuance and Share Repurchase					
	2011	2012	2013	2014	CAGR
Operating Profit	1,714	1,817	1,926	2,041	
Financing Costs	(743)	(702)	(636)	(547)	
Non-Ordinary Items	(15)	(15)	(15)	(15)	
Pretax Income	955	1,099	1,275	1,479	
Income Taxes	(308)	(354)	(411)	(476)	
Tax Rate - %	*32.2%*	*32.2%*	*32.2%*	*32.2%*	
Net Income	**647**	**745**	**864**	**1,002**	**15.7%**
Earnings per Share	**3.84**	**4.42**	**5.13**	**5.95**	**15.7%**
Shares Out. (mn.)	168.4	168.4	168.4	168.4	
Debt Principal Repayment					
Beginning Total Debt	9,293	8,781	7,949	6,843	
Net Income	(647)	(745)	(864)	(1,002)	
Dep. & Amort.	(630)	(600)	(550)	(525)	
Capital Expenditures	764	513	308	291	
Ending Debt	8,781	7,949	6,843	5,607	

Assuming No Change in Capital Structure					
	2011	2012	2013	2014	CAGR
Operating Profit	1,714	1,817	1,926	2,041	
Financing Costs	20	20	20	20	
Non-Ordinary Items	(15)	(15)	(15)	(15)	
Pretax Income	1,719	1,822	1,931	2,046	
Income Taxes	(554)	(587)	(622)	(659)	
Tax Rate - %	*32.2%*	*32.2%*	*32.2%*	*32.2%*	
Net Income	**1,165**	**1,235**	**1,309**	**1,387**	**6.0%**
Earnings per Share	**3.88**	**4.12**	**4.36**	**4.62**	**6.0%**
Shares Out. (mn.)	300.0	300.0	300.0	300.0	

Source: Company reports, Thomson One, *Spin-Off Report* estimates.

Pricing the Riviera Maya Airport Risk Discount

Although the company’s current valuation appears compelling based on recent results and the outlook for long-term traffic growth and declining capital expenditures, investors need to consider the potential impact of a new airport serving the Riviera Maya. This is arguably the primary concern weighing on the company’s shares, as shares of Southeast Airports have fallen by 11%, underperforming the shares of Grupo Centro Norte, Grupo Pacifico, and the Mexican IPC index by 11%, 15%, and 20%, respectively, since the May 11, 2010, government announcement concerning the bidding proceedings for the Riviera Maya airport.

It could be argued, however, that the company’s current valuation discount is unfair, whether it wins or loses the concession. Exhibit 15 illustrates a scenario using conservative assumptions based on Southeast Airports winning the concession (which is conceivable given that it is the sole large operator in the region). For example, if one assumes that the new airport simply protects the existing revenues derived from the Cancun airport – i.e. that the Riviera Maya airport is not additive to consolidated earnings and simply offsets declines experienced at Cancun – Southeast Airports still trades at multiples comparable to its peers.

This scenario is based upon the company’s estimated cost for this project of MXP3.5 billion ($280 million), which is assumed to be financed with new debt. This pro forma capital structure would give Southeast Airports an enterprise value of MXP21.3 billion, which, based on the current 2011 consensus EBITDA projection of MXP2.3 billion, would imply an EV/EBITDA multiple of 9.1x. At that multiple, Southeast Airports would be trading at a slight discount to shares of Grupo Pacifico and at only a slight premium to the other comparable companies listed in Exhibit 9.

Exhibit 15 Riviera Maya Airport Concession Scenario Analysis: Win Concession
(MXP in millions)

	2011E	Comments
Revenue	3,763	No adjustment to consensus estimate
EBITDA	2,345	No adjustment to consensus estimate
Net Debt	(615)	Current
Incremental Debt	3,474	$280M at MXP12.41/1$ exchange rate
New Net Debt	2,859	
Mkt. Cap.	18,420	Current
Enterprise Value	21,279	
EV/2011E EBITDA	9.1x	

Source: Company reports, Thomson One, and *Spin-Off Report* estimates.

Although this exercise assumes that no incremental passenger traffic would be generated by the construction of this new airport and, therefore, that this investment would yield no incremental earnings, this assumption is overly conservative. Even if the assumption regarding traffic volume proves to be true, the Riviera Maya airport would most likely generate incremental commercial revenues through tenant rents, which are not necessarily contingent upon traffic. Further, the company would likely be granted the right to increase rates at its Cancun airport should the concession to build Riviera Maya be granted. With this in mind, earnings are almost certain to expand if Southeast Airports is granted the concession to build Riviera Maya, which would likely lower valuation multiples to levels that imply a discount relative to peers (for example, an increase in EBITDA of only 8% would bring the company's EV/EBITDA multiple in line with the peer group average).

As shown in Exhibit 16, the company's shares also appear to be undervalued under a scenario in which Southeast Airports loses the concession, because the declines in earnings necessary to justify current earnings multiples do not appear likely. If one assumed, for example, that Southeast Airports should trade on par with the comparable companies shown in Exhibit 9, then forecast consolidated company EBITDA would have to decline by as much as 8.5% in 2011. This amounts to an 11.6% decline in the EBITDA contribution from the Cancun airport, which does not appear likely. Further, if Southeast Airports were to trade on par with Grupo Pacifico at a multiple of 9.3x, keeping the share price constant, the implied decline in the EBITDA contribution from the Cancun airport would be as much as 22%.

Exhibit 16 Riviera Maya Airport Concession Scenario Analysis: Lose Concession
(MXP in millions)

	Southeast Airports	Comments
Current Valuation		
EV/2011E EBITDA	7.6x	Current valuation
2011E EBITDA	2,345	Consensus estimate
2011E Cancun EBITDA	1,710	Estimated Cancun EBITDA contribution of 73%
Valuation on Average Comps		
EV/2011E EBITDA	8.6x	Trading at average of comps
2011E EBITDA	2,078	Implies consolidated EBITDA decrease of 8.5%
2011E Cancun EBITDA	**1,444**	**Implies Cancun EBITDA decrease of 11.6%**
Valuation on Par With Grupo Pacifico		
EV/2011E EBITDA	9.3x	Trading on par with Grupo Pacifico
2011E EBITDA	1,922	Implies EBITDA decrease of 15.9%
2011E Cancun EBITDA	**1,287**	**Implies Cancun EBITDA decrease of 21.9%**

Source: Company reports, Thomson One, and *Spin-Off Report* estimates.

There are several reasons to believe that a competing airport would not adversely affect Southeast Airports to the degree the market seems to be pricing in. First, as stated earlier, the government regulator has agreed to increase the maximum rates on regulated revenue at the Cancun airport within ninety days of the announcement that the concession has been granted. This agreement is significant, as the company would be able to collect higher fees for approximately two years prior to the completion of the new airport, during which time it would operate free of competition. Second, as illustrated in Exhibit 17, although the new airport would provide an alternative route to tourists traveling along the Riviera Maya stretch of hotel resorts and archeological ruins, the Cancun airport would still represent the most convenient option for travel to the city of Cancun, as well as many of the tourist sites along the Riviera Maya, namely everything north of the town of Xcaret. If one assumes that, all things being equal, travelers prefer arriving at the airport that is closest to their final destination, then perhaps estimates of lost business should not be so draconian.

Exhibit 17 Map of Riviera Maya Area

Source: Company reports.

Lastly, using the Mexican government's projections for passenger traffic to the Riviera Maya airport, it appears likely that traffic to the Cancun airport will continue to grow. As shown in Exhibit 18, if one assumes that traffic to the region grows at a rate of 5.9%, and then subtracts the Mexican government's forecast passenger traffic to the Riviera Maya airport of 3 million by 2015, the Cancun airport would still achieve an estimated five-year traffic CAGR of 1.9% from 2010-2015. The 5.9% estimated growth rate for the region may be conservative, given that traffic to Cancun grew at a 6.8% pace during the period 1999-2008, although it would be consistent with the rate forecast by The Boeing Company for Central American air travel growth. Therefore, even in a scenario in which Southeast Airports loses the concession, and the Riviera Maya airport comes on line within the scheduled timeframe and is able to achieve the traffic levels forecast by the Mexican government for 2015, passenger traffic at the Cancun airport could continue to grow.

Exhibit 18 Riviera Maya Area Passenger Traffic, 2010E-2015E
(In thousands)

	2010E	2011E	2012E	2013E	2014E	2015E	2010E-2015E CAGR
Total Passenger Traffic to Region	12,963	13,727	14,537	15,395	16,303	17,265	5.9%
Less: Traffic to Riviera Maya Airport				500	1,750	3,000	
Traffic to Cancun Airport	**12,963**	**13,727**	**14,537**	**14,895**	**14,553**	**14,265**	**1.9%**

Source: Company reports.

As previously mentioned, certain industry analysts have questioned whether the construction of the airport will even occur, given the relatively little interest demonstrated in the bidding process and the Mexican government's muddled handling of the bidding process for a new Mexico City airport in the early 2000's. If the government were to cancel or indefinitely delay the project, then Southeast Airports' currently low valuation would likely correct, as the market assigns a more appropriate valuation to the company's growth prospects. Under any scenario, however, the secular growth prospects for passenger traffic in Mexico, combined with the company's opportunity to grow its commercial business and leverage its balance sheet, represent an investment opportunity with double-digit share price appreciation potential for the foreseeable future.

Conclusion

Southeast Airports' valuation appears to have suffered upon the proposal that a new airport be built in the Riviera Maya, approximately 100 km away from the company's primary airport in Cancun. Southeast Airports has bid for the concession to build and operate this airport, presenting the risk that the company will have to make a sizeable capital investment with minimal benefit to the consolidated company. Should the company lose this bid, Southeast Airports will be spared the capital investment but risks losing passenger traffic to this competing facility. These concerns appear to be overdone, however, thus creating an attractive investment opportunity in shares of Southeast Airports, which are recommended for purchase.

The market appears to have already priced in the worst-case scenarios related to the proposed new airport serving the Riviera Maya. For example, if one assumes that Southeast Airports is required to build the new airport, the company would be trading at valuation multiples that are comparable to its peers, even when assuming that the new facility adds nothing to consolidated earnings. Conversely, even if Southeast Airports were to lose its bid for this concession and experience competitive pressures on its Cancun business, it does not seem plausible that the company will experience the deep declines in earnings and EBITDA necessary to justify the shares' current valuation.

Looking past the concerns related to the Riviera Maya proposal, Southeast Airports' fundamentals are strong, its balance sheet debt-free, and its valuation is attractive on both a comparable and an absolute basis. Going forward, revenue growth will be driven by gains in the region's passenger traffic (forecast to be 6% compounded annually through 2029) and by the company's ability to expand ancillary revenue streams such as its commercial business. Earnings will likely grow faster than revenues given the operating leverage inherent in this business, while free cash flow should rise at an even higher rate thanks to expected reductions in capital expenditures, with visibility into a free cash flow yield of over 9%, even when assuming no growth in estimated 2011 earnings. Despite these positive fundamental tailwinds, however, the company trades at a 23% discount to peers on a price-to-earnings basis.

The company's current share price undervalues its earnings and growth potential, while concerns related to the possible construction of a Riviera Maya airport are more than reflected in the company's share price. For these reasons, shares of Southeast Airports are recommended for purchase.

HORIZON

Exhibit 19 Southeast Airports: Consolidated Income Statement

(MXP in thousands, except per-share figures)

Revenues:	2007	2008	2009	9 Mos. 2009	9 Mos. 2010
Aeronautical services	1,890,950	2,101,879	2,042,647	1,555,958	1,773,674
Non-aeronautical services	894,941	1,066,828	1,088,537	821,779	929,056
Construction services					339,849
Total revenues	2,785,891	3,168,707	3,131,184	2,377,737	3,042,579
Operating expenses:					
Cost of services, excluding dep. and amort.	743,642	810,101	788,562	578,302	729,788
Cost of construction					339,849
Technical assistance fee	91,945	104,485	103,518	80,075	86,136
Government concession fee	139,294	154,752	150,559	113,436	129,903
General and administrative expenses	104,019	114,159	121,708	84,506	120,313
Depreciation and amortization	540,821	601,513	629,507	472,355	285,946
Total cost and operating expenses	1,619,721	1,785,010	1,793,854	1,328,674	1,691,935
Comprehensive financing result:					
Interest income, net	106,482	137,454	43,841		
Exchange gains (losses), net	1,612	36,818	(21,122)		
Loss on valuation of derivative fin. instruments			(2,563)		
Loss from monetary position	(92,950)				
Net comprehensive financing income	15,144	174,272	20,156	25,678	20,451
Non ordinary items	(2,385)	(9,734)	(15,384)	(14,752)	(675)
Income before taxes	1,178,929	1,548,235	1,342,102	1,059,989	1,370,420
Provisions for:					
Asset tax	21,899	60,091	60,654	31,832	
Income tax	145,528	349,571	320,331	263,419	350,478
Flat rate business tax	489,141	89,104	163,707	126,831	22,964
Net income	522,361	1,049,469	797,410	637,907	996,978
Earnings per share	1.74	3.50	2.66	2.13	3.32

Source: Company reports.

Exhibit 20 Southeast Airports: Consolidated Balance Sheet
(MXP in thousands)

	12/31/2009	9/30/2010
Assets		
Current assets:		
Cash and cash equivalents	961,404	1,537,706
Trade and other receivables, net	375,165	296,753
Recoverable taxes and other current assets	746,594	1,251,665
Total current assets	2,083,163	3,086,124
Land, machinery, furniture and equipment, net	980,851	303,935
Airport concessions, net	7,628,144	14,645,033
Rights to use airport facilities, net	2,057,476	
Improvements to concessioned assets, net	3,658,731	
Recoverable asset tax	96,006	
Deferred employees' statutory profit sharing	2,421	
Deferred flat rate business tax	188,916	189,196
Other		46,791
Total assets	16,695,708	18,271,079
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	8,145	10,907
Bank loans	222,517	182,673
Accrued expenses and other payables	168,820	551,723
Total current liabilities	399,482	745,303
Bank loans	329,836	740,003
Seniority premiums	9,659	
Deferred income tax	1,372,504	1,487,186
Deferred flat rate business tax	726,532	769,872
Labor obligations		11,423
Total liabilities	2,838,013	3,753,787
Stockholders' equity:		
Capital stock	12,799,204	12,799,204
Legal reserve	246,517	287,117
Retained earnings	811,974	1,430,971
Total stockholders' equity	13,857,695	14,517,292
Total liabilities and stockholders' equity	16,695,708	18,271,079

Source: Company reports.