SOUTHEAST AIRPORT GROUP
Form 20-F
July 02, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 20-F
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006
Commission File Number: 1-15132
Grupo Aeroportuario del Sureste, S.A.B. de C.V.
(Exact name of registrant as specified in its charter)

Southeast Airport Group	**United Mexican States**
(Translation of registrant s name into English)	(Jurisdiction of incorporation or organization)

Bosque de Alisos No. 47A 4 Floor
Bosques de las Lomas
05120 México, D.F.
Mexico
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered**
Series B Shares, without par value, or shares	New York Stock Exchange, Inc.*
American Depositary Shares, as evidenced by American Depositary Receipts, or ADSs, each representing ten shares	New York Stock Exchange, Inc.

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
N/A
Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:
Series B shares, without par value: 255,000,000
Series BB shares, without par value: 45,000,000

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ **No** o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o **No** þ

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes þ **No** o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ **Accelerated filer o** **Non-accelerated filer** o

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 o **Item 18** þ

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes o **No** þ

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

We publish our financial statements in Mexican pesos. Pursuant to Financial Reporting Standards (*Normas de Informacion Financiera*) accepted in Mexico, or Mexican NIF, financial data for all periods in the financial statements included in Items 3, 5 and 8 and, unless otherwise indicated, throughout this Form 20-F have been restated in constant pesos as of December 31, 2006.

This Form 20-F contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, U.S. dollar amounts have been translated from Mexican pesos at an exchange rate of Ps. 10.8116 to U.S.$1.00, the exchange rate for pesos on January 2, 2007, as published by *Banco de Mexico*, the Mexican Central Bank. On June 29, 2007 the Federal Reserve Bank of New York s noon buying rate for Mexican pesos was Ps. 10.79 to U.S.$1.00.

The following tables present a summary of our consolidated financial information and that of our subsidiaries for each of the periods indicated. This information should be read in conjunction with, and is qualified in its entirety by reference to, our financial statements, including the notes thereto. Our financial statements are prepared in accordance with Mexican NIF, which differs in certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Reconciliation to U.S. GAAP of our net income and total stockholders equity is also provided in this summary financial data. Note 16 to our financial statements provides a description of the principal differences between Mexican NIF and U.S. GAAP as they relate to our business.

Mexican NIF provides for the recognition of certain effects of inflation by restating non-monetary assets and non-monetary liabilities using the Mexican National Consumer Price Index, restating the components of stockholders equity using the Mexican National Consumer Price Index and recording gains or losses in purchasing power from holding monetary liabilities or assets. Mexican NIF requires the restatement of all financial statements to constant Mexican pesos as of the date of the more recent balance sheet presented. Our audited financial statements and all other financial information contained herein are accordingly presented in constant pesos with purchasing power as of December 31, 2006 unless otherwise noted.

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References in this annual report on Form 20-F to dollars, U.S. dollars or U.S.$ are to the lawful currency of the United States of America. References in this annual report on Form 20-F to pesos or Ps. are to the lawful currency of Mexico. We publish our financial statements in pesos.

This annual report on Form 20-F contains references to workload units, which are units measuring an airport s passenger traffic volume and cargo volume. A workload unit currently is equivalent to one terminal passenger or 100 kilograms (220 pounds) of cargo.

The summary financial and other information set forth below reflects our financial condition, results of operations and certain operating data since the year ended December 31, 2002.

	Year ended December 31,					
	2002	2003	2004	2005	2006	
	(in thousands of constant Mexican pesos as of December 31, 2006)(1)					(thousands of dollars)(2)
Income statement data:						
Mexican NIF:						
Revenues:						
Aeronautical services(3)	Ps. 1,187,630	Ps. 1,318,613	Ps. 1,602,630	Ps. 1,520,152	Ps. 1,587,904	$ 146,870
Non-aeronautical services(4)	271,316	340,181	521,961	627,308	651,057	60,218
Total revenues	1,458,946	1,658,794	2,124,591	2,147,460	2,238,961	207,088
Operating expenses:						
Costs of services	(404,451)	(418,176)	(502,494)	(558,116)	(620,036)	(57,349)
Technical assistance fee(5)	(44,011)	(52,168)	(71,991)	(69,123)	(71,037)	(6,570)
Concession fee(6)	(72,905)	(82,910)	(106,189)	(107,373)	(111,804)	(10,341)
General and administrative expenses	(125,817)	(136,865)	(113,710)	(129,384)	(118,628)	(10,972)
Depreciation and amortization	(394,077)	(401,089)	(429,597)	(451,674)	(487,788)	(45,117)
Operating income	417,685	567,586	900,610	831,790	829,668	76,739
Net comprehensive financing (cost) income	31,951	27,386	(30,866)	23,669	15,214	1,407
Income before taxes, employees statutory profit sharing and extraordinary items	449,636	594,972	869,744	855,459	844,882	78,146
Provision for income taxes and employees statutory profit sharing	(180,768)	(262,325)	(198,053)	(260,115)	(301,113)	(27,851)
Income before extraordinary items	268,868	332,647	671,691	595,344	543,769	50,295
Extraordinary items	(9,812)	(20,267)	(19,046)	(9,327)	(15,654)	(1,448)
Net income	259,056	312,380	652,645	586,017	528,115	48,847
Basic and diluted earnings per share	0.86	1.04	2.18	1.95	1.76	0.16
Basic and diluted earnings per ADS (unaudited)(7)	8.64	10.41	21.75	19.53	17.60	1.63
U.S. GAAP:						
Revenues	1,458,946	1,658,794	2,124,591	2,147,460	2,235,092	206,731
Operating income	497,256	650,427	903,964	789,862	830,997	76,862

Net income (loss)	(406,723)	304,729	267,153	470,261	415,961	38,474
Basic and diluted earnings per share	(1.36)	1.02	0.89	1.57	1.39	0.13
Basic and diluted earnings per ADS (unaudited)(7)	(13.56)	10.16	8.91	15.68	13.87	1.28
Dividends per share(8)	1.88	0.59	0.63	0.67	0.70	0.06
Other Operating Data (Unaudited):						
Total passengers (thousands of passengers)	10,996.6	12,190.0	13,897.1	13,321.3	13,779.9	13,779.9
Total air traffic movements (thousands of movements)	194.9	198.0	219.8	209.9	220.5	220.5
Total revenues per passenger (in pesos or dollars)	132.7	136.1	152.9	161.2	162.5	15.0

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	As of and for the year ended December 31,					
	2002	2003	2004	2005	2006	
	(in thousands of constant Mexican pesos as of December 31, 2006) [1]					(thousands of dollars)[2]
Balance Sheet Data:						
Mexican NIF:						
Cash and marketable securities	Ps. 584,267	Ps. 803,442	Ps. 1,250,811	Ps. 1,595,743	Ps. 1,241,678	$ 114,847
Total current assets	849,950	1,155,653	1,543,010	1,933,931	1,640,690	151,753
Airport concessions, net	8,939,377	8,690,595	8,441,814	8,193,031	7,944,154	734,781
Rights to use airport facilities, net	2,470,923	2,386,955	2,309,871	2,183,373	2,165,316	200,277
Total assets	13,269,308	13,552,213	14,036,374	14,633,450	14,941,401	1,381,979
Current liabilities	144,431	176,365	206,148	367,164	245,341	22,692
Total liabilities	602,320	717,982	782,993	1,079,753	1,156,300	106,950
Capital Stock	12,335,507	12,335,507	12,335,507	12,335,507	12,335,507	1,140,951
Net equity/stockholders equity	12,666,988	12,834,231	13,253,381	13,553,697	13,785,101	1,140,951
U.S. GAAP:						
Cash and cash equivalents	517,132	490,328	1,023,649	1,117,236	828,706	76,650
Total current assets	849,950	1,155,652	1,543,010	1,979,655	1,664,500	153,960
Airport concessions, net	269,775	208,581	149,009	89,448	29,796	2,756
Rights to use airport facilities	1,937,925	1,874,951	1,815,827	1,706,238	1,655,139	153,089
Total assets	7,181,713	7,338,586	7,447,822	7,885,714	7,974,239	737,563
Total liabilities	145,198	173,779	205,874	373,494	256,721	23,745
Capital Stock	6,736,070	6,736,070	6,736,070	6,736,070	6,736,070	623,041
Net equity/stockholders equity	7,036,515	7,164,807	7,241,948	7,512,220	7,717,518	713,818
Cash Flow Data:						
Mexican NIF:						
Resources provided by operating activities	659,975	742,604	1,207,267	1,288,464	1,031,626	95,418
Resources used in financing activities	(856,341)	(145,139)	(233,496)	(285,702)	(296,711)	(27,444)
Resources used in investing activities	(311,724)	(378,292)	(526,401)	(657,830)	(1,088,980)	(100,723)

Increase in cash and marketable securities	(508,090)	219,173	447,370	344,932	(354,065)	(32,749)
U.S. GAAP:						
Cash flow provided by operating activities	693,228	822,864	1,131,379	1,253,433	1,043,218	96,491
Cash flow used in financing activities	(856,341)	(267,278)	(259,435)	(285,702)	(296,711)	(27,444)
Cash flow (used in) provided by investing activities	139	(626,838)	(353,866)	(841,129)	(991,516)	(91,709)
Effect of inflation on cash and cash equivalents	(11,639)	44,447	15,245	(33,015)	(43,521)	(4,025)
Increase (decrease) in cash and cash equivalents	(174,613)	(26,805)	533,323	93,587	(288,530)	(26,687)

(1) Per share peso amounts are expressed in pesos (not thousands of pesos).

(2) Translated into dollars at the rate of Ps. 10.8116 per U.S. dollar, the Mexican Central Bank exchange rate for Mexican pesos at January 2, 2007. Per share dollar amounts are expressed in dollars (not thousands of dollars).

(3) Revenues from aeronautical services include those earned from passenger charges, landing charges, aircraft parking charges, charges for airport security services and charges for use of passenger walkways.

(4) Revenues from non-aeronautical services are earned from the leasing of space in our airports, access fees collected from third parties providing

services at our airports and miscellaneous other sources.

(5) Since April 19, 1999, we have paid ITA a technical assistance fee under the technical assistance agreement entered into in connection with the purchase by Inversiones y Tecnicas Aeroportuarias, S.A. de C.V. (ITA) of its Series BB shares. This fee is described in Item 7. Major Shareholders and Related Party Transactions Related Party Transactions Arrangements with ITA.

(6) Each of our subsidiary concession holders is required to pay a concession fee to the Mexican government under the Mexican Federal Duties Law. The concession fee is currently 5% of each concession holder s gross annual revenues from the use of public domain assets pursuant to the terms of its concession.

(7) Based on the ratio of 10 Series B shares per ADS.

(8) Income tax was payable on the dividends because the distribution was not made from our after-tax earnings account.

(9) Shares outstanding for all periods presented were 300,000,000.

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EXCHANGE RATES

The following table sets forth, for the periods indicated, the high, low, average and period-end, free-market exchange rate expressed in pesos per U.S. dollar. The average annual rates presented in the following table were calculated using the average of the exchange rates on the last day of each month during the relevant period. The data provided in this table is based on noon buying rates published by the Federal Reserve Bank of New York for cable transfers in Mexican pesos. We have not restated the rates in constant currency units. All amounts are stated in pesos. We make no representation that the Mexican peso amounts referred to in this annual report could have been or could be converted into U.S. dollars at any particular rate or at all.

	Exchange Rate			
Year Ended December 31,	**High**	**Low**	**Period End**	**Average**[1]
2002	10.43	9.00	10.43	9.75
2003	11.41	10.11	11.24	10.85
2004	11.64	10.81	11.15	11.31
2005	11.41	10.41	10.63	10.89
2006	11.46	10.43	10.80	10.90
December 2006	10.99	10.77	10.80	10.85
2007:				
January 2007	11.09	10.77	11.04	10.96
February 2007	11.16	10.92	11.16	11.00
March 2007	11.18	11.01	11.04	11.11
April 2007	11.03	10.92	10.93	10.98
May 2007	10.93	10.74	10.74	10.82

(1) Average of month-end rates or daily rates, as applicable.

Source: Federal Reserve noon buying rate.

Except for the period from September through December 1982, during a liquidity crisis, the Mexican Central Bank has consistently made foreign currency available to Mexican private-sector entities (such as us) to meet their foreign currency obligations. Nevertheless, in the event of renewed shortages of foreign currency, there can be no assurance that foreign currency would continue to be available to private-sector companies or that foreign currency needed by us to service foreign currency obligations or to import goods could be purchased in the open market without substantial additional cost.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar value of securities traded on the Mexican Stock Exchange, and, as a result, will likely affect the market price of the ADSs. Such fluctuations will also affect the U.S. dollar conversion by the depositary of any cash dividends paid in pesos.

On December 29, 2006, the Federal Reserve noon buying rate was Ps. 10.80 per U.S.$1.00. On June 29, 2007, the Federal Reserve noon buying rate was Ps. 10.79 per U.S. $1.00.

For a discussion of the effects of fluctuations in the exchange rates between the peso and the U.S. dollar, see Item 10. Additional Information Exchange Controls.

RISK FACTORS

Risks Related to Our Operations

Hurricanes and other natural disasters have adversely affected our business and could continue to do so in the future.

The southeast region of Mexico, like other Caribbean destinations, experiences hurricanes, particularly during the third quarter of each year. Portions of the southeast region also experience earthquakes from time to time. Natural disasters may impede operations, damage infrastructure necessary to our operations and/or adversely affect the destinations served by our airports. Any of these events could reduce our passenger traffic volume. The occurrence of natural disasters in the destinations we serve has adversely affected, and could in the future adversely affect, our business, results of operations, prospects and financial condition. We have insured the physical facilities at our airports against damage caused by natural disasters, accidents or other similar events, but do not have insurance covering losses due to resulting business interruption. Moreover, should losses occur, there can be no assurance that losses caused by damages to the physical facilities will not exceed the pre-established limits on the policies. As a result of the impact of Hurricane Wilma described below, the cost of our annual insurance premium covering property damage from hurricanes increased from approximately U.S.$362,000 before Hurricane Wilma to U.S.$2.6 million currently.

On October 21, 2005, Hurricane Wilma struck the Yucatan Peninsula, causing severe damage to the infrastructure of the Cancun and Cozumel airports and to our administrative office building in Cancun. Cancun and Cozumel airports were closed for approximately 62 hours and 42 hours, respectively, and airport operations were disrupted for several weeks thereafter. We were instructed by the Mexican government to repair Cancun Airport s Terminal 1 building, and to put it back into service. The hurricane also inflicted extensive damage on the hotel and tourist infrastructure in Cancun, the Mayan Riviera region and Cozumel, which led to sharply reduced air passenger traffic at our airports, especially in the fourth quarter of 2005 and during the first half of 2006. During the fourth quarter of 2005, our passenger traffic decreased 33.1%, and revenues and operating income fell 32.6% and 86.5%, respectively, relative to the same period in 2004, reflecting the decline in passenger traffic. Due to a recovery in the second half of 2006, however, our total passenger for the year 2006 traffic rose 3.44%, our revenues rose 4.26% and our operating income was nearly unchanged (down 0.26%), each as compared to 2005. While tourism in Cancun and the Mayan Riviera has by now largely recovered from Hurricane Wilma, Cozumel is still in the process of recovering.

Other hurricanes, such as Hurricane Emily in July 2005 and Hurricane Ivan in September 2004, have also affected our operations.

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Our business is highly dependent upon revenues from Cancun International Airport.

In 2005 and 2006, Ps.1,608.9 million and Ps.1,693.5 million, respectively, or 74.9% and 75.6% respectively, of our revenues were derived from operations at Cancun International Airport. During 2005 and 2006, Cancun International Airport represented 69.8% and 70.6%, respectively, of our passenger traffic and 44.7% and 44.1%, respectively, of our air traffic movements. The desirability of Cancun as a tourist destination and the level of tourism to the area is dependent on a number of factors, many of which are beyond our control. We cannot assure you that tourism in Cancun will not decline in the future, or that it will return to levels recorded before Hurricane Wilma. Any event or condition affecting Cancun International Airport or the areas that it serves could have a material adverse effect on our business, results of operations, prospects and financial condition.

The September 11, 2001 terrorist attacks had a severe impact on the international air travel industry and adversely affected our business. Similar events may do so again in the future.

The events of September 11, 2001 resulted in a significant decline in passenger traffic worldwide and future terrorist attacks could result in similar declines.

The terrorist attacks on the United States on September 11, 2001 had a severe adverse impact on the air travel industry, particularly on U.S. carriers and carriers operating international service to and from the United States. Airline traffic in the United States fell precipitously after the attacks. In Mexico, airline and passenger traffic decreased substantially, although the decrease was less severe than in the United States. Our airports experienced a significant decline in passenger traffic following September 11, 2001. Any future terrorists attacks, whether or not involving aircraft, will likely adversely affect our business, results of operations, prospects and financial condition.

Security enhancements following the events of September 11, 2001 have resulted in increased costs and may expose us to greater liability.

The air travel business is susceptible to increased costs resulting from enhanced security and higher insurance and fuel costs. Following the events of September 11, we reinforced security at our airports. For a description of the security measures that we adopted, see Item 4. Information on the Company Business Overview Non-Aeronautical Services Airport Security. While enhanced security at our airports has not resulted in a significant increase in our operating costs to date, we may be required to adopt additional security measures in the future. In addition, our general liability insurance premiums for 2002 increased substantially relative to our 2001 premiums and may rise again in the future. Since October 2001, we carry a U.S.$50 million insurance policy covering liabilities resulting from terrorist acts. Because our insurance polices do not cover losses resulting from war in any amount or from terrorism for amounts greater than U.S.$50 million, we could incur significant costs if we were to be directly affected by events of this nature. Any such increase in our operating costs will have an adverse effect on our results of operations.

The users of airports, principally airlines, have been subject to increased costs following the September 11 events. Airlines have been required to adopt additional security measures and may be required to comply with more rigorous security guidelines in the future. Premiums for aviation insurance have increased substantially and could escalate further. While governments in other countries have agreed to indemnify airlines for liabilities they might incur resulting from terrorist attacks, the Mexican government has not done so and has given no indication of any intention to do the same. In addition, fuel prices and supplies, which constitute a significant cost for airlines using our airports, may be subject to increases resulting from any future terrorist attacks, a general increase in international hostilities or a reduction in output of fuel, voluntary or otherwise, by oil producing countries. Such increases in airlines costs have result in higher airline ticket prices and decreased demand for air travel generally, thereby having an adverse effect on our revenues and results of operations. In addition, because a substantial majority of our international flights involve travel to the U.S., we may be required to comply with security directives of the U.S. Federal Aviation Authority, in addition to the directives of Mexican aviation authorities.

Mexican aviation authorities recently adopted International Civil Aviation Organization guidelines requiring checked baggage on all international commercial flights beginning in January 2006 to undergo a new comprehensive screening process. As of January 2006, we implemented the new screening system for all departing international flights, and we implemented the same system for domestic flights as of July 1, 2006. Although airlines, rather than holders of airport concessions, are responsible for baggage screening under Mexican law, we decided to purchase, install and operate the new screening equipment and supply this service to the airlines to facilitate their compliance with the new policy. This could expose us to liability relating to the purchase, installation and operation of the equipment, or require us to purchase, install and operate additional equipment, if, among other possibilities, the new screening procedures were to fail to detect or intercept any attempted terrorist act occurring or originating at our airports. We cannot estimate the cost to us of any such liability, if any were to arise.

International events could have a negative impact on international air travel and our business.

Historically, a substantial majority of our revenues have been aeronautical services, and our principal source of aeronautical revenues is passenger charges. Passenger charges are payable for each passenger (other than diplomats, infants, transfer and transit passengers) departing from the airport terminals we operate, collected by the airlines and paid to us. In 2006, passenger charges represented 54.6% of our total revenues.

International events such as the terrorist attacks on the United States on September 11, 2001, the war in Iraq and public health crises such as Severe Acute Respiratory Syndrome (or SARS) have disrupted the frequency and pattern of air travel worldwide in recent years. Because our revenues are largely dependent on the level of passenger traffic in our airports, any general increase of hostilities relating to reprisals against terrorist organizations, further conflict in the Middle East, outbreaks of health epidemics such as SARS, Avian influenza or other events of general international concern (and any related economic impact of such events) could result in decreased passenger traffic and increased costs to the air travel industry and, as a result, could cause a material adverse effect on our business, results of operations, prospects and financial condition.

Our revenues are highly dependent on levels of air traffic, which depend in part on factors beyond our control.

Our revenues are closely linked to passenger and cargo traffic volumes and the number of air traffic movements at our airports. These factors directly determine our revenues from aeronautical services and indirectly determine our revenues from non-aeronautical services. Passenger and cargo traffic volumes and air traffic movements depend in part on many factors beyond our control, including economic conditions in Mexico and the United States, the political situation in Mexico and elsewhere in the world, the attractiveness of our airports relative to that of other competing airports, fluctuations in petroleum prices (which can have a negative impact on traffic as a result of fuel surcharges or other measures adopted by airlines in response to increased fuel costs) and changes in regulatory policies applicable to the aviation industry. Any decreases in air traffic to or from our airports as a result of factors such as these could adversely affect our business, results of operations, prospects and financial condition.

Increases in international petroleum prices could reduce demand for air travel.

International prices of fuel, which represents a significant cost for airlines using our airports, have increased in recent years and may be subject to further increases resulting from any future terrorist attacks, a general increase in international hostilities or a reduction in output of petroleum, voluntary or otherwise, by oil-producing countries. Such increases in airlines costs have resulted in higher airline ticket prices and may decrease demand for air travel generally, thereby having an adverse effect on our revenues and results of operations.

Our business is highly dependent upon the operations of Mexico City International Airport.

For the years ended December 2004, 2005 and 2006, approximately 83.5%, 84.3% and 80.6% respectively, of our domestic passengers flew to or from our airports via Mexico City International Airport. As a result, our domestic traffic is highly dependent upon the operations of Mexico City International Airport. Mexico City International Airport is currently in the process of increasing its capacity, but we cannot assure you that the airport s operations will not decrease in the future, that the capacity increase will be completed or, if completed, result in an increase in passenger traffic at our airports. Any event or condition that adversely affects Mexico City International Airport could adversely affect our business, results of operations, prospects and financial condition.

Competition from other tourist destinations could adversely affect our business.

One of the principal factors affecting our results of operations and business is the number of passengers using our airports. The number of passengers using our airports may vary as a result of factors beyond our control, including the level of tourism in Mexico. In addition, our passenger traffic volume may be adversely affected by the attractiveness, affordability and accessibility of competing tourist destinations in Mexico, such as Acapulco, Puerto Vallarta and Los Cabos, or elsewhere, such as Puerto Rico, Florida, Cuba, Jamaica, the Dominican Republic and other Caribbean island and Central American destinations. The attractiveness of the destinations we serve is also likely to be affected by perceptions of travelers as to the safety and

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political and social stability of Mexico. There can be no assurance that tourism levels in the future will match or exceed current levels.

The loss of one or more of our key customers could result in a loss of a significant amount of our revenues.

Although the global airlines industry has recently shown signs of recovering, it has experienced significant financial difficulties in recent years, marked by the filing for bankruptcy protection of several major carriers in the U.S. in recent years. Our business and results of operations could be adversely affected if we do not continue to generate comparable portions of our revenue from our key customers, including Mexicana (which accounted for 9.6%, 10.4% and 9.1% of our revenues in 2004, 2005 and 2006, respectively), American Airlines (which accounted for 6.8%, 6.1% and 5.8% of our revenues in 2004, 2005 and 2006, respectively), Aeromexico (which accounted for 6.2%, 5.1% and 5.9% of our revenues in 2004, 2005 and 2006, respectively) and Continental Airlines (which accounted for 5.4%, 5.1% and 4.7% of our revenues in 2004, 2005 and 2006, respectively). We do not have contracts with any airlines that obligate them to continue providing service to our airports. We can offer no assurance that competing airlines would seek to increase their flight schedules if any of our key customers reduced their use of our airports. We expect that we will continue to generate a significant portion of our revenues from a relatively small number of airlines in the foreseeable future. We can offer no assurance that any of these airlines will continue to use any or all of our airports. Our business and results of operations could be adversely affected if we do not continue to generate comparable portions of our revenue from our key customers.

In addition, Mexican law prohibits an international airline from transporting passengers from one Mexican location to another (unless the flight originated outside Mexico), which limits the number of airlines providing domestic service in Mexico. Accordingly, we expect to continue to generate a significant portion of our revenues from domestic travel from a limited number of airlines.

Revenues from passenger charges are not secured, and we may not be able to collect amounts invoiced in the event of the insolvency of one of its principal airline customers.

In recent years, many airlines have reported substantial losses. Our revenues from passenger charges from our principal airline customers are not secured by a bond or any other collateral. Thus, in the event of the insolvency of any of these airlines, we would not be assured of collecting any amounts invoiced to that airline in respect of passenger charges.

If a change in relations with our labor force should occur, such a change could have an adverse impact on our results of operations.

Although we currently believe we maintain good relations with our labor force, if any conflicts with our employees were to arise in the future, including with our unionized employees (which accounted for approximately 39.0% of our total employees as of December 31, 2006), resulting events such as strikes or other disruptions that could arise with respect to our workforce could have a negative impact on our results of operations.

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The operations of our airports may be disrupted due to the actions of third parties, which are beyond our control.

As is the case with most airports, the operation of our airports is largely dependent on the services of third parties, such as air traffic control authorities and airlines. We are also dependent upon the Mexican government or entities of the government for provision of services such as energy, supply of fuel to aircraft at our airports and immigration services for our international passengers. We are not responsible for and cannot control the services provided by these parties. Any disruption in or adverse consequence resulting from their services, including a work stoppage or other similar event, may have a material adverse effect on the operation of our airports and on our results of operations.

Our business could be adversely affected by a downturn in the U.S. economy.

In 2005 and 2006, 69.0% and 66.1% respectively, of the international passengers served by our airports arrived or departed on flights originating in or departing to the United States. Thus, our business is dependent on the condition of the U.S. economy, and is particularly influenced by trends in the United States relating to leisure travel, consumer spending and international tourism. Events and conditions affecting the U.S. economy may adversely affect our business, results of operations, prospects and financial condition.

We cannot predict what effect any future terrorist attacks or threatened attacks on the United States or any retaliatory measures taken by the United States in response to these events may have on the U.S. economy. An economic downturn in the United States may negatively affect our results of operations and a prolonged economic crisis in the United States will likely have a material adverse effect on our results of operations.

Fernando Chico Pardo, through his own investment vehicles and his 51% interest in Inversiones y Tecnicas Aeroportuarias, S.A. de C.V., or ITA, has a significant influence as a shareholder and over our management, and his interests may differ from those of other stockholders.

Following tender offers in the United States and Mexico for our Series B shares that expired on June 19, 2007, Agrupacion Aeroportuaria Internacional, S.A. de C.V. and Agrupacion Aeroportuaria Internacional II, S.A. de C.V., entities indirectly owned and controlled by Fernando Chico Pardo, now own 19.5% of our capital stock in the form of Series B shares. The results of the tender offers are described in greater detail in Item 7 Major Shareholders and Related Party Transactions Major Shareholders Tender Offer by Fernando Chico Pardo.

In addition, ITA, an entity owned 51% by Mr. Chico Pardo and 49% by Copenhagen Airports A/S (Copenhagen Airports), holds Series BB shares representing 7.65% of our capital stock. These Series BB shares provide it with special management rights. For example, pursuant to our bylaws, ITA is entitled to present the board of directors the name or names of the candidates for appointment as chief executive officer, to remove our chief executive officer and to appoint and remove one half of the executive officers, and to elect two members of our board of directors. ITA also has the right to veto certain actions requiring approval of our stockholders. Our bylaws also provide ITA veto rights with respect to certain corporate actions so long as its Series BB shares represent at least

7.65% of our capital stock. Special rights granted to ITA are more fully discussed in Item 10. Additional Information and Item 7. Major Shareholders and Related Party Transactions.

As a result, Mr. Chico Pardo, who is also the chairman of our board of directors and our Chief Executive Officer, is able to exert a significant influence over our management and matters requiring the approval of our stockholders. The interests of Mr. Chico Pardo, Copenhagen Airports and ITA may differ from those of our other stockholders, and there can be no assurance that Mr. Chico Pardo, Copenhagen Airports or ITA will exercise their rights in ways that favor the interests of our other stockholders. Furthermore, this concentration of ownership by Mr. Chico Pardo and the special rights granted to ITA may have the effect of impeding a merger, consolidation, takeover or other business combination involving ASUR.

Some of our board members and stockholders have business relationships that may generate conflicts of interest.

Some of our board members or stockholders may have outside business relationships that generate conflicts of interest. For example, Fernando Chico Pardo, the chairman of our board of directors and the owner of 51% of the outstanding shares of ITA as well as 19.5% of ASUR s shares, our principal stockholder, also is a member of the board of directors of Grupo Posadas, S.A. de C.V., a company that recently acquired an interest in Mexicana Airlines. Mexicana is our largest customer, accounting for 9.6%, 10.4% and 9.1% of our revenues in 2004, 2005 and 2006, respectively. Conflicts may arise between the interests of these or other individuals in their capacities as our shareholders and/or directors, on the one hand, and their outside business interests on the other. There can be no assurance that any conflicts of interest will not have an adverse effect on our shareholders.

Our operations are at greater risk of disruption due to the dependence of most of our airports on a single commercial runway.

As is the case with many other domestic and international airports around the world, most of our airports, including Cancun International Airport, have only one commercial aviation runway. While we seek to keep our runways in good working order and to conduct scheduled maintenance during off-peak hours, we cannot assure you that the operation of our runways will not be disrupted due to required maintenance or repairs. In addition, our runways may require unscheduled repair or maintenance due to natural disasters, aircraft accidents and other factors that are beyond our control. The closure of any runway for a significant period of time could have a material adverse effect on our business, results of operations, prospects and financial condition.

Due to a significant increase in air traffic operations at Cancun International Airport, we have concluded the necessary studies for the construction of a second runway at this airport and to date we have obtained substantially all of the land needed to construct the second runway in concession from the Mexican federal government. However, there can be no assurance that the land obtained will be adequate for building the second runway. If we are unable to carry out the construction or the operation of this second runway for any reason, it could limit the growth of our business and adversely affect our results of operations, future prospects or financial condition.

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We are exposed to risk related to construction projects.

The building requirements under our master development programs could encounter delays or cause us to exceed our budgeted costs for such projects, which could limit our ability to expand capacity at our airports, increase our operating or capital expenses and could adversely affect our business, results of operations, prospects and financial condition. Such delays or budgetary overruns also could limit our ability to comply with our master development programs.

We are expos