



## GRUPO LALA REPORTS FIRST QUARTER 2019 RESULTS

Mexico City, April 29, 2019 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALA), today reported results for the first quarter 2019. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

### Quarter Highlights:

- Net sales increased 6.1% in comparable constant currency, or 3.9% in Mexican Pesos
- Pricing strategy successfully executed in Mexico, Brazil and US
- YoY comparable EBITDA grew 2.9%, achieving +10 bps of sequential improvement
- Margin expansion in line with 2019 Plan
- Mexico comparable net sales increased by 5.3%, achieving a 13.5% EBITDA margin
- Brazil net sales increased 13.0% in BRL, with a 7.6% EBITDA margin, affected by a 25% increase in milk prices
- US delivered its highest EBITDA since the acquisition of the business, reaching a margin of 2.0%
- Controlling Net income expanded 17.1%, to MXN \$560m, due to the strengthened and streamlining of operations
- CAPEX in line with Full Year guidance
- Continued Working Capital improvement in Q1’19
- 2019 results were impacted by the implementation of IFRS 16 and the deconsolidation of LALA’s Elopak Joint Venture due to the adoption of *Circular Única de Auditores Externos* (CUAE) – new External Auditor Regulations

The following chart provides “reported” and “proforma” net sales and EBITDA, in millions of pesos. The margin for each figure represents its ratio to net sales for the quarter ended March 31, 2019 as compared to the same period in 2018. The chart below clarifies this quarter’s unique comparison of Q1 2018 proforma results which include the implementation of IFRS 16 and Q1 2019 proforma results which exclude the deconsolidation of LALA’s Elopak Joint Venture.

MXN\$ in millions	Q1’18		Q1’19		Proforma
	As reported	Proforma’18 <sup>(1)</sup>	As reported	Proforma’19 <sup>(2)</sup>	Var. %
Net Sales	18,275	18,275	18,707	18,981	3.9%
EBITDA <sup>(3)</sup>	2,033	2,169	2,155	2,230	2.8%
EBITDA %NS	11.1%	11.9%	11.5%	11.7%	(20) bps

(1) Proforma’18 is defined as the reported Q1’18 result including IFRS 16 adjustments and with Elopak JV figures

(2) Proforma’19 is defined as the reported Q1’19 result without deconsolidation of Elopak JV

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

### MESSAGE FROM MANAGEMENT

#### Mauricio Leyva, Grupo LALA’s CEO, commented:

“Positive advancement towards the priorities we defined to drive Grupo LALA’s virtuous cycle has started to be reflected in our first quarter 2019 results. We have identified areas of future value creation through our Revenue Growth Management initiative, have been executing on our Premiumization Strategy and launched LALA Mexico’s Food Service business unit, an important growth driver for the future. Our team is aligned with our “Big Five” KPIs to drive shareholder value. While we have much work ahead to realign the Company to our new growth strategy, the talent we have in place and the plan we are successfully implementing will continue to achieve our short-term and long-term objectives.”

Subsequent information within this release related to Q1'18 net sales and EBITDA has been presented on an "as reported" and "comparable" basis. Comparable Q1'18 figures will include the effect of IFRS 16 and the deconsolidation of Elopak. All Q1'19 figures have been presented on an "as reported" basis.

The following chart provides an abridged Income Statement, in millions of pesos.

MXN\$ in millions	As reported		Comparable <sup>(1)</sup>		As reported		Var. % Vs	
	Q1'18	% Sales	Q1'18	% Sales	Q1'19	% Sales	Reported	Comparable
<b>Net Sales</b>	18,275	100%	18,001	100%	<b>18,707</b>	<b>100%</b>	2.4%	3.9%
<b>Gross Profit</b>	6,606	36.1%			<b>6,619</b>	<b>35.4%</b>	0.2%	
<b>Operating Income</b>	1,434	7.8%			<b>1,455</b>	<b>7.8%</b>	1.4%	
<b>EBITDA<sup>(2)</sup></b>	2,033	11.1%	2,094	11.6%	<b>2,155</b>	<b>11.5%</b>	6.0%	2.9%
<b>Net Income</b>	502	2.7%			<b>560</b>	<b>3.0%</b>	11.5%	
<b>Controlling Net Income</b>	478	2.6%			<b>560</b>	<b>3.0%</b>	17.1%	

(1) Comparable is defined as the reported year-ago result, including IFRS 16 adjustments and the deconsolidation of Elopak JV

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

## REPORTING CHANGES

### IFRS 16

Introduces a new lease accounting model which affects operating leases, requiring companies to recognize leases as assets and liabilities, for all leases with terms over 12 months unless the underlying asset is of low value. The lessee is required to recognize a right-of-use asset, representing its right to use the underlying leased asset and a lease liability based on its obligation to make lease payments.

The Income Statement is impacted within COGS, Operational Expenses, Depreciation and Interest Expense. The Balance Sheet is impacted within Leasing Assets and Leasing Liabilities, both of which have been added to LALA's Consolidated Statement of Financial Position.

Grupo LALA has incorporated IFRS 16 into its financial statements starting January 1, 2019. Due to its non-material effect, historical financial statements will not be restated. 2018 EBITDA will be adjusted during 2019 only for comparison purposes.

The following chart shows the estimated full year 2019 impact of IFRS by region:

EBITDA margin impact	
Mexico	+71 bps
Brazil	+80 bps
United States	+74 bps
Central America	+50 bps
<b>Total</b>	<b>+72 bps</b>

## Deconsolidation of Elopak - Adoption of CUAE (Circular Única de Auditores Externos) – new External Auditor Regulations

In compliance with the CUAE published in August 2018, Grupo LALA is adopting its external auditors' recommendations of deconsolidating the Company's Elopak Joint Venture as of January 1, 2019.

Elopak is a Norwegian company producing cartons for liquids, with aseptic gable top cartons for milk. Grupo LALA and Elopak established a Joint Venture in 1998. Grupo LALA has since held a 51% stake in Elopak JV, thereby establishing control.

In 2013, Grupo LALA no longer met the necessary control requirements due to the change in IFRS 10. However, the deconsolidation from Elopak JV was not enforced as it was below the materiality levels for auditing purposes.

The impacts of said consolidated are:

- -1.5% decrease in net sales (-1.9% of Mexico net sales)
- -3.8% of EBITDA
- -24 bps of EBITDA margin (-26 bps of Mexico EBITDA margin)
- No change in Controlling Net Income
  - Elopak's stake of Grupo LALA's results was deducted from Net Income as "Non-controlling Interest" in prior years.
  - Starting 2019, LALA's stake of the results has been recognized within the Income Statement as "Share in the Results of Associated Companies".
  - Therefore, to compare the performance of the business during 2019 LALA will use "Controlling Net Income" reported figures.

### Full Year 2019 Consolidated Net Effect

The following chart summarizes both previously described consolidated effects:

	IFRS 16	Elopak JV	Net Impact
Sales		-1.5%	-1.5%
EBITDA	+72 bps	-24 bps	+48 bps

## CONSOLIDATED RESULTS FOR

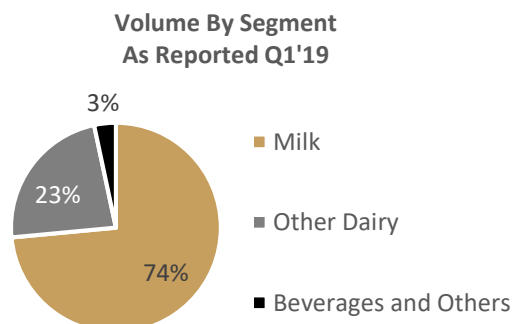
### THE FIRST QUARTER 2019

**Net Sales:** first quarter 2019 net sales increased 6.1% in comparable constant currency. Net Sales increased by 3.9% year-on-year in comparable figures, reaching \$18,707 million pesos. This increase in Net Sales is fully driven by organic growth, as LALA's Brazil operations have been fully consolidated since Q1'18. However, these results were negatively affected by a 10.3% depreciation of the BRL to the MXN on consolidated numbers in Pesos.

**Volume by Segment:** First quarter volume increased 0.4%, driven by the expansion of "Other Dairy" in Brazil. "Milk Category" growth in Mexico was offset by a decline of the Brazilian UHT business. The contraction in "Beverages and Others" was generated by a decrease of Beverage sales in Mexico.

Volume by Segment			
KL in millions <sup>(1)</sup>	Q1'18	Q1'19	Var. %
Milk	681	680	(0.2%)
Other Dairy	204	214	5.1%
Beverages and Others	30	24	(19.1%)
<b>Total Volume</b>	<b>915</b>	<b>919</b>	<b>0.4%</b>

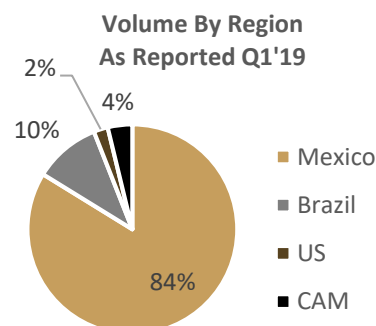
(1) Volume is measured in "KL", which is calculated by adding Kilos and Liters.



**Volume by Region:** Mexico volumes remained stable, as Milk sales offset the shortfall in Beverage sales for the first quarter 2019. Brazil growth was driven by the “Other Dairy” segment, primarily Yogurt and Cheese. In the US, *Promised Land* portfolio continued growing but not enough to mitigate the decrease in Yogurt sales, associated with the price increase which came into effect during the month of March. In CAM, first quarter 2019 volume and sales contracted due to the effects of Nicaragua’s socioeconomic challenges on consumer demand.

Volume by Region			
KL in millions <sup>(1)</sup>	Q1'18	Q1'19	Var. %
Mexico	769	770	0.1%
Brazil	90	94	4.4%
United States	21	20	(4.7%)
Central America	35	35	(0.9%)
<b>Total Volume</b>	<b>915</b>	<b>919</b>	<b>0.4%</b>

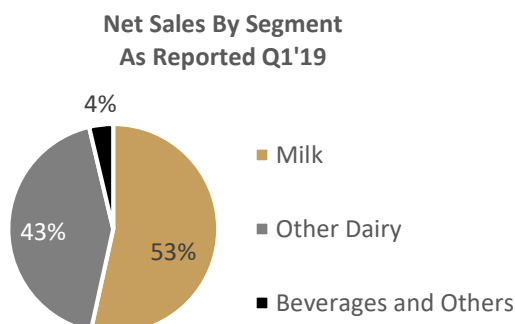
(1) Volume is measured in “KL”, which is calculated by adding Kilos and Liters.



**Net Sales by Segment:** Milk sales increased 5.2% during the quarter, reflecting Milk category improvement in Mexico under LALA and NutriLeche brands, as well as the successful implementation of price increases in Mexico. Other Dairy Products grew quarterly by 3.4% driven by volume growth in Brazil and price increases in Mexico. Comparable Beverages and Others declined 6.4% due to the contraction of Beverage Sales in Mexico, that could not be compensated by growth in Cold Cuts and Milk Alternatives.

Net Sales by Segment	As reported	Comparable <sup>(1)</sup>	As reported	Vs Comparable
MXN\$ in millions	Q1'18		Q1'19	Var. %
Milk	9,508	9,508	9,998	5.2%
Other Dairy	7,750	7,750	8,013	3.4%
Beverages and Others	1,018	744	696	(6.4%)
<b>Total Sales</b>	<b>18,275</b>	<b>18,001</b>	<b>18,707</b>	<b>3.9%</b>

(1) Comparable is defined as the reported year-ago result, including Elopak JV deconsolidation



### Net Sales by Region:

Net Sales in **Mexico** for the first quarter increased 5.3% YoY on a comparable basis, to \$14,150 million pesos, mainly driven by an improved mix and price increases implemented in both Q4'18 and during March 2019. It is important to note that the full price increase effect will be reflected during the second quarter of 2019, with an ongoing recovery in margins.

Grupo LALA's **Brazil** operations reported first quarter net sales of \$3,057 million pesos; a 13.0% year-on-year increase in BRL. The increase was due to a combination of price increases, which were executed between Q4'18 and Q1'19 to offset raw milk price inflation, as well as strong performance in the Greek Yoghurt and Cheese categories, particularly in *Requeijão*. The full effect of Q1'19 price increases will also be reflected in Q2'19.

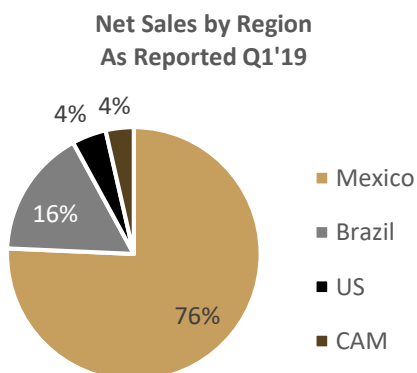
**US** reported \$832 million pesos in net sales; a 3.3% increase in USD. A price increase of around 10% was implemented in March 2019, for the first time in five years, in LALA's Yogurt and *Promised Land* categories.

LALA's **Central America** operations reported net sales of \$669 million pesos; an 8.0% decrease due to the previously described socioeconomic impact in Nicaragua. Nevertheless, Sales in Guatemala expanded by 10.7% in local currency (GTQ).

Net Sales by Region	As reported	Comparable <sup>(1)</sup>	As reported	Vs Comparable	Vs Comparable constant currency <sup>(2)</sup>
<i>MXN\$ in millions</i>	Q1'18	Q1'18	Q1'19	Var. %	Var. %
<b>Mexico</b>	13,716	13,442	<b>14,150</b>	5.3%	5.3%
<b>Brazil</b>	3,064	3,064	<b>3,057</b>	(0.2%)	13.0%
<b>United States</b>	786	786	<b>832</b>	5.8%	3.3%
<b>Central America</b>	710	710	<b>669</b>	(5.7%)	(8.0%)
<b>Total Sales</b>	<b>18,275</b>	<b>18,001</b>	<b>18,707</b>	<b>3.9%</b>	<b>6.1%</b>

(1) Comparable is defined as the reported year-ago result, including Elopak JV deconsolidation

(2) Constant currency uses constant BRL for Brazil and USD for the United States and Central America

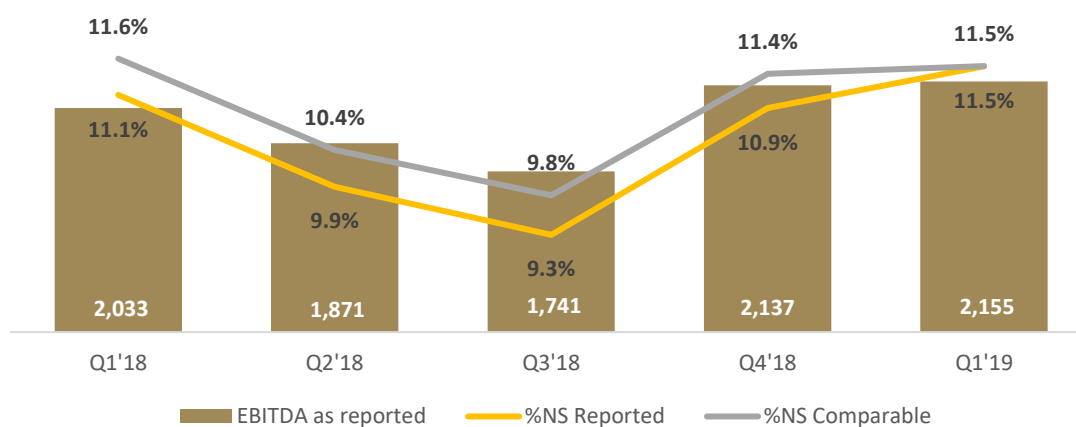


**Costs and Gross Profit:** Costs of Goods Sold increased 3.6%, resulting in a Gross Profit of \$6,619 million; a 70 bps contraction in Gross Margin, to 35.4%. The margin contraction was mainly due to the Energy cost inflation in Mexico reflected in the last 3 quarters as well as the 25% increase in raw milk pricing in Brazil. Pricing measures have been implemented in all regions to continue recovering Margins through the year.

**Expenses and Operating Income:** Operating Expenses increased 0.8% to \$5,172 million pesos. Reported Operating Income was \$1,455 million pesos; a 1.4% increase representing the same 7.8% year-on-year margin on sales.

**EBITDA:** First quarter EBITDA was \$2,155 million pesos, reflecting a 2.9% year-on-year increase in comparable figures; a -10 bps year-on-year margin contraction, but a +10 bps margin increase on a sequential comparable basis. This is the result of: a) pricing strategy implemented in Mexico, Brazil and US, with full effects expected in the subsequent quarter; b) margin expansion in the US and c) break-even in CAM.

The following chart reflects the EBITDA margin evolution on a reported and comparable basis. The comparable basis includes IFRS 16 adjustments and Elopak JV deconsolidation:



#### EBITDA by Region:

EBITDA by Region	As reported		Comparable <sup>(1)</sup>		As reported		Vs. Comparable Var. bps
	Q1'18	% NS	Q1'18	% NS	Q1'19	% NS	
<b>Mexico</b>	1,897	13.8%	1,923	14.3%	<b>1,904</b>	<b>13.5%</b>	(80)
<b>Brazil</b>	236	7.7%	261	8.5%	<b>231</b>	<b>7.6%</b>	(90)
<b>US</b>	(92)	(11.6%)	(85)	(10.8%)	<b>16</b>	<b>2.0%</b>	NA
<b>Central America</b>	(8)	(1.1%)	(5)	(0.7%)	<b>3</b>	<b>0.5%</b>	NA
<b>Total EBITDA</b>	<b>2,033</b>	<b>11.1%</b>	<b>2,094</b>	<b>11.6%</b>	<b>2,155</b>	<b>11.5%</b>	<b>(10)</b>

(1) Comparable is defined as the reported year-ago result, including IFRS 16 adjustments and Elopak JV deconsolidation

In **Mexico**, first quarter EBITDA was \$1,904 million pesos, or 13.5% of sales; an 80 bps year-on-year contraction on a comparable basis. The decline was primarily due to increased costs, particularly in packaging and energy. Price increases were implemented in Q4'18 and Q1'19 to mitigate these impacts.

In **Brazil**, LALA closed the quarter with \$231 million pesos in EBITDA, with a 7.6% margin; a year-on-year comparable contraction of -90 bps. LALA implemented a price increase in March 2019 to offset the additional raw milk price pressure which caused the reduction in margins.

The **US** business released its second consecutive quarter of margin improvement, achieving a 2.0% EBITDA on Sales. LALA US closed the quarter with \$16 million pesos (USD \$0.8m); a year-on-year increase of USD \$5 million with: a) USD \$2.7 million derived from operational improvements, restructuring benefits and pricing; and b) USD \$2.3 million resulting from the Floresville Plant closure in Q1'18.

**Central America** achieved break-even for the second subsequent quarter, with a \$3 million-peso EBITDA and a 0.5% margin. This was due to scaling down operations in Nicaragua, as well as the Panama office closure.

**Net Financial Expenses:** During the first quarter, the Company had \$642 million pesos in Financing Expenses, comprised of debt-related interest associated with the acquisition of Vigor Alimentos, S.A. Financing Expenses increased 0.8% year-on-year, affected by \$38 million pesos due to the implementation of IFRS 16.

**Taxes:** Taxes for the first quarter 2019 were \$270 million pesos. The effective tax rate decreased from 37.2% to 32.6%, mainly behind a better tax rate in Mexico from reduction of non-deductible expenses and a lower inflation (annual inflation adjustment).

**Net Income:** Net Income increased 11.5%, to \$560 million pesos. Controlling Net Income increased 17.1%, to \$560 million pesos. As Q1'18 Controlling Net Income does not include Grupo LALA's Elopak JV stake, it is comparable to Q1'19.

<i>MXN\$ in millions</i>	As reported		
	Q1'18	Q1'19	Var %
<b>Operating Income</b>	<b>1,434</b>	<b>1,455</b>	<b>1.4%</b>
Financing Expenses	636	642	0.8%
% NS	3.5%	3.4%	
<b>Net income before taxes</b>	<b>799</b>	<b>830</b>	<b>3.9%</b>
% NS	4.4%	4.4%	
Taxes	297	270	(9.1%)
Effective tax rate	37.2%	32.6%	
<b>Net Income</b>	<b>502</b>	<b>560</b>	<b>11.5%</b>
% NS	2.7%	3.0%	
<b>Controlling Net Income</b>	<b>478</b>	<b>560</b>	<b>17.1%</b>
% NS	2.6%	3.0%	

## CONSOLIDATED

### FINANCIAL POSITION

**Capital Investment:** Year-to-date, the Company has invested \$396 million pesos in capacity expansion and maintenance CapEx. This represents a Capex/Sales ratio of 2.1%.

**Cash and Cash Equivalents:** As of March 31, 2019, Grupo LALA had a cash position of \$1,250 million pesos, negatively affected by the deconsolidation of Elopak JV by \$132 million pesos.

**Total Debt:** LALA ended the quarter with total debt of \$26,580 million pesos, comprised of \$3,805 million pesos in short-term debt and \$22,775 million pesos in long-term debt. The Company's Net Debt is \$25,330 million pesos, representing a Net Debt-to-EBITDA ratio of 3.2x. The deconsolidation of Elopak JV and implementation of IFRS 16 had a negative impact of +0.08x on this ratio.

The following table shows the composition of the Company's debt by currency, interest rate and year of maturity as of March 31, 2019.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
Mexican Pesos	90%	TIEE + 0.6%	4.5 years
Brazilian Reals	10%	CDI + 0.5%	0.7 years

**Key Financial Data:** As of March 31, 2018, the Company's key financial ratios were as follows:

Financial Metrics	Q1'18	Q1'19
Net Debt / EBITDA	2.9x	3.2x
EBITDA / Interest Paid	6.7x	3.1x
Earnings per Share (12 months)	\$ 1.23	\$ 0.80
Book Value	\$ 11.57	\$ 10.15
Outstanding shares (in millions)	2,475.9	2,475.9
ROIC %	10.1%	6.7%

#### Share buyback program

As of March 31, 2019, the Company's share buyback program had a balance of 37,184,593 shares, at a weighted average price of \$25.21 pesos per share for a total balance of \$977,830,523 pesos.

#### Sell-side analyst coverage

In compliance with the internal regulation of the BMV, article 4.033.01 Frac. VIII, Grupo LALA is covered by analysts at the following brokers: Actinver, Bank of America Merrill Lynch, Banorte-IXE, Barclays, BBVA Bancomer, BTG Pactual, Citigroup, Credit Suisse, GBM Grupo Bursatil Mexicano, Goldman Sachs, Intercam, INVEX Banco, JP Morgan, Santander, Scotiabank, UBS and Vector

#### Contact – Investor Relations

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## About LALA

Grupo LALA is a Mexican company focused on healthy and nutritious foods, with more than 65 years of experience in the production, innovation and marketing of milk, dairy products and beverages under the highest quality standards. The Company operates 31 production plants and 172 distribution centers in Mexico, Brazil, United States and Central America, supported by more than 38,000 employees. Grupo LALA's fleet of approximately 7,000 vehicles distributes its more than 600 products to more than 578,000 points of sale. LALA's portfolio is led by its three main brands: LALA®, Nutri Leche® and Vigor®.

For more information, visit: [www.lala.com.mx](http://www.lala.com.mx)

Grupo LALA trades on the Mexican Stock Exchange under the ticker symbol "LALAB"

This press release contains certain forward-looking statements about the Company's results and outlook. However, actual results may vary materially from these estimates. The information on future events contained in this press release should be read together with a summary of these risks, which are included in the Annual Report. That information, as well as future reports issued by the Company or any of its representatives, whether verbally or in writing, may vary materially from actual results. These projections and estimates, which were prepared with reference to a specific date, should not be considered as fact. The Company has no obligation whatsoever to update or revise any of these projections and estimates, whether as a result of new information, future events, or other associated events.

## CONFERENCE CALL INFORMATION



Tuesday April 30, 2019, at  
11:00am EST / 10:00am CST



Mauricio Leyva, Chief Executive Officer  
Alberto Arellano, Chief Financial Officer  
David González, Investor Relations Officer



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<http://public.viavid.com/index.php?id=133887>

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**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Income Statements**  
**ended March 31, 2018 and 2019**  
**(In thousands of nominal pesos)**

	For the three months ended				For the three months ended			
	March 31,				March 31,			
	2018		2019		2018		2019	
<b>Net sales</b>	\$ 18,275,482	100.0%	\$ 18,707,494	100.0%	\$ 18,275,482	100.0%	\$ 18,707,494	100.0%
Cost of goods sold	11,658,174	63.8%	12,088,819	64.6%	11,658,174	63.8%	12,088,819	64.6%
<b>Gross profit</b>	<b>6,617,308</b>	<b>36.2%</b>	<b>6,618,675</b>	<b>35.4%</b>	<b>6,617,308</b>	<b>36.2%</b>	<b>6,618,675</b>	<b>35.4%</b>
Other income (expenses), net	39,363	0.2%	(7,570)	(0.0)%	39,363	0.2%	(7,570)	(0.0)%
Operating expenses	5,143,374	28.1%	5,171,649	27.6%	5,143,374	28.1%	5,171,649	27.6%
<b>Operating Income</b>	<b>1,434,571</b>	<b>7.8%</b>	<b>1,454,596</b>	<b>7.8%</b>	<b>1,434,571</b>	<b>7.8%</b>	<b>1,454,596</b>	<b>7.8%</b>
Net of financial (income) expenses								
Net of financial income	545,918	3.0%	629,693	3.4%	545,918	3.0%	629,693	3.4%
Exchange rate (profit) loss	66,697	0.4%	11,870	0.1%	66,697	0.4%	11,870	0.1%
Financial instruments	23,853	0.1%	0	0.0%	23,853	0.1%	0	0.0%
<b>Financial income, net</b>	<b>636,468</b>	<b>3.5%</b>	<b>641,563</b>	<b>3.4%</b>	<b>636,468</b>	<b>3.5%</b>	<b>641,563</b>	<b>3.4%</b>
Share in the results of associated companies	944	0.0%	16,831	0.1%	944	0.0%	16,831	0.1%
<b>Income before taxes</b>	<b>799,047</b>	<b>4.4%</b>	<b>829,864</b>	<b>4.4%</b>	<b>799,047</b>	<b>4.4%</b>	<b>829,864</b>	<b>4.4%</b>
Income tax expense	297,218	1.6%	270,197	1.4%	297,218	1.6%	270,197	1.4%
<b>Net consolidated income</b>	<b>501,829</b>	<b>2.7%</b>	<b>559,667</b>	<b>3.0%</b>	<b>501,829</b>	<b>2.7%</b>	<b>559,667</b>	<b>3.0%</b>
Non-controlling interest	23,909	0.1%	0	0.0%	23,909	0.1%	0	0.0%
<b>Equity holders of the parent</b>	<b>\$ 477,920</b>	<b>2.6%</b>	<b>\$ 559,667</b>	<b>3.0%</b>	<b>\$ 477,920</b>	<b>2.6%</b>	<b>\$ 559,667</b>	<b>3.0%</b>
Depreciation and amortization	598,083	3.3%	700,278	3.7%	598,083	3.3%	700,278	3.7%
<b>EBITDA</b>	<b>\$ 2,032,654</b>	<b>11.1%</b>	<b>\$ 2,154,874</b>	<b>11.5%</b>	<b>\$ 2,032,654</b>	<b>11.1%</b>	<b>\$ 2,154,874</b>	<b>11.5%</b>

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Statement of Financial Position**  
**at March 31, 2018 and 2019**  
**(In thousands of nominal pesos)**

	As of March 31, 2018	As of March 31, 2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,218,589	\$ 1,250,153
Investments in financial instruments	9,040	153,693
Accounts receivable	6,683,047	6,464,992
Taxes and other accounts receivable	3,198,576	4,386,235
Related parties	53,444	22,901
Inventories	5,536,854	5,230,500
Prepaid expenses	513,454	787,114
<b>Current assets</b>	<b>20,213,004</b>	<b>18,295,588</b>
Investments in associates	127,300	565,884
Property, plant and equipment, net	22,794,202	21,649,959
Right of use assets	0	2,186,097
Intangible and other assets	27,558,022	30,358,930
Long term recoverable taxes	1,722,555	1,420,961
Investments in financial instruments	0	162,297
Deferred income tax	799,052	1,635,363
<b>Non-current assets</b>	<b>53,001,131</b>	<b>57,979,491</b>
<b>Total assets</b>	<b>\$ 73,214,135</b>	<b>\$ 76,275,080</b>
<b>LIABILITIES</b>		
Short-term debt	\$ 13,200,602	\$ 3,804,739
Current lease liabilities	0	397,265
Suppliers	7,305,131	8,180,110
Financial instruments liability	124,582	0
Related parties	1,268,599	2,904,200
Taxes and other accounts payable	2,973,982	3,636,187
<b>Current liabilities</b>	<b>24,872,896</b>	<b>18,922,501</b>
Long current lease		
Non Current Long Liabilities	0	1,801,218
Long-term debt	15,463,751	22,774,989
Deferred income tax and other taxes payable	1,399,882	2,149,249
Taxes payable in the long term	804,321	647,466
Other accounts payable	2,314,214	6,427,274
<b>Long-term liabilities</b>	<b>19,982,168</b>	<b>33,800,196</b>
<b>Total liabilities</b>	<b>44,855,064</b>	<b>52,722,697</b>
<b>SHAREHOLDERS EQUITY</b>		
Capital Stock	1,489,656	1,487,567
Net premium in share placement	13,028,355	12,734,483
Retained earnings	12,964,556	8,770,556
Income of the year	477,920	559,667
<b>Equity attributable to equity holders of the parent</b>	<b>27,960,487</b>	<b>23,552,273</b>
Non-controlling interest	398,584	110
<b>Total shareholders equity</b>	<b>28,359,071</b>	<b>23,552,383</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 73,214,135</b>	<b>\$ 76,275,080</b>

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Cash Flow Statement**  
**for the 3 months ended March 31, 2018 and 2019**  
**(In thousands of nominal pesos)**

	As of March 31, 2018	As of March 31, 2019
<b>Operating activities:</b>		
<b>Income before taxes</b>	\$ 799,047	\$ 829,864
Depreciation, amortization, and trademarks impairment	598,083	700,278
Changes in net financial expenses (income)	498,764	658,542
Results from the sale of property, plant and equipment	(1,279)	1,465
Result on disposal of Associates	11,781	0
Other items	(944)	(16,831)
<b>Total</b>	<b>1,905,452</b>	<b>2,173,318</b>
<b>Changes in operation assets and liabilities</b>		
Accounts receivable	57,683	(177,563)
Inventories	(346,944)	(302,570)
Related parties	1,173,917	219,039
Suppliers	(87,635)	(398,132)
Taxes, other accounts receivable and prepaid expenses	(1,101,395)	(918,208)
Other assets and liabilities	136,718	(193,022)
<b>Net cash flow provided by operating activities</b>	<b>1,737,796</b>	<b>402,861</b>
<b>Investing activities</b>		
Acquisition of property, plant, equipment, and intangibles	(1,050,851)	(396,297)
Acquisition of intangibles and other assets	(60,945)	(80,600)
Proceeds from sale of property, plant, and equipment	46,684	18,941
Investments in Financial instruments	0	(1,617)
Bussiness acquisitions, net of cash received	(113,230)	0
Interest collected	84,422	33,285
Cash received on the sale of investments	(12,094)	0
<b>Net cash flow used in investing activities</b>	<b>(1,106,014)</b>	<b>(426,289)</b>
<b>Financing activities</b>		
Net of financing and payment of financing	(2,388,938)	(738,980)
Payment of lease liabilities	(1,236)	(148,340)
Repurchase of shares	(60,898)	0
Dividends paid to equity holders of the parent	(377,571)	(374,558)
<b>Net cash flows provided (used) in financing activities</b>	<b>(2,828,639)</b>	<b>(1,261,878)</b>
<b>Net increase of cash and equivalents</b>	<b>(2,196,857)</b>	<b>(1,285,306)</b>
Adjustments to cash due to exchange rate fluctuations	(317,936)	(14,659)
Cash and equivalents at beginning of the year	6,733,382	2,550,118
<b>Cash and equivalents at the end of the period</b>	<b>\$ 4,218,589</b>	<b>\$ 1,250,153</b>