



GRUPO LALA REPORTS SECOND QUARTER 2015 RESULTS

Mexico City, July 28, 2015 – Grupo LALA, S.A.B. de C.V., the Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALAB), today reported results for the second quarter 2015. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

The following chart provides an abridged Income Statement, in millions of pesos. The margin for each figure represents its ratio to net sales and the percentage change from the quarter ended June 30, 2015, as compared with the same period in 2014:

	2nd. Q '14	% Sales	2nd. Q '15	% Sales	Var. %
Net Sales	\$ 10,973	100.0%	\$ 11,847	100.0%	8.0%
Gross Profit	3,999	36.4%	4,702	39.7%	17.6%
Operating Income	1,091	9.9%	1,381	11.7%	26.6%
EBITDA⁽¹⁾	1,339	12.2%	1,672	14.1%	24.9%
Net Income⁽²⁾	843	7.7%	999	8.4%	18.6%

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

(2) Net Income refers to Consolidated Net Income.

Message from Management

Scot Rank, Grupo LALA’s CEO, commented:

“Our plans to accelerate sales are on track and second quarter 2015 reflected the highest sales increase since the third quarter of 2013. This strong growth, combined with gross margin expansion, resulted in a very strong quarterly profit.” He added: “I am encouraged by our team’s success in the second quarter and believe that we are laying the foundations to deliver strong results for the full year.”

HIGHLIGHTS

8.0% increase in Net Sales reaching **11,847 million pesos**

190 basis point EBITDA margin expansion closing at **14.1%**

18.6% increase in Net Income⁽²⁾ closing at **999 million pesos**

New production facility inaugurated in San Benito, **Nicaragua**, with an investment of approximately **50 million dollars**

New product launches and presentations within **Nutri Leche** brand.



+

SÚMALE UN VASO DE **LALA** A TU DÍA





CONSOLIDATED RESULTS FOR THE SECOND QUARTER 2015

Second quarter 2015 net sales increased by 8.0% year on year; from 10,973 million pesos in the second quarter of 2014 to 11,847 million pesos for the same period of 2015. This increase is primarily due to organic growth resulting from commercial, pricing strategies and processes implemented over the past twelve months. Second quarter sales also increased due to the non-organic growth related to consolidation of the Eskimo, S.A. business into LALA's operations, which represented a 2.2 percentage point increase in net sales.

Sales have been divided into three segments based on product type in order to better reflect LALA's product mix:

Segment	2nd. Q '14	2nd. Q '15	Variation %
Milk ⁽³⁾	7,207	7,636	6.0%
Other Dairy Products ⁽⁴⁾	3,107	3,557	14.5%
Beverages and Others ⁽⁵⁾	659	654	(1.0)%

(3) **Milk:** Pasteurized, UHT and functional, pasteurized and UHT dairy-based beverages, and powdered milk.

(4) **Other Dairy Products:** Cream, butter, cream-based spreads, yogurt, cheese, ice cream and desserts.

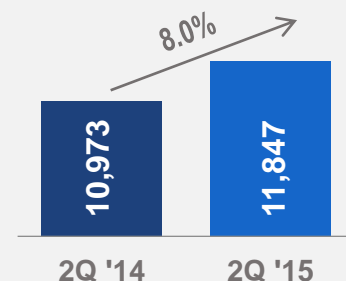
(5) **Beverages and Others:** Beverages, tea, juices, cold cuts and other income.

* Million pesos.

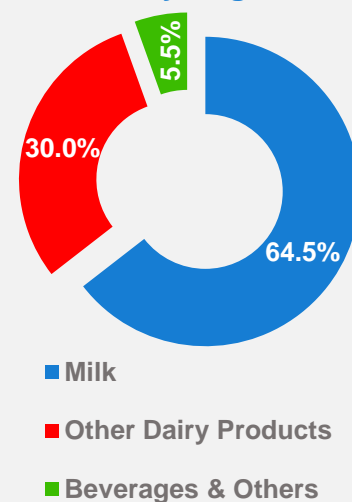
Second quarter 2015 gross profit increased by 17.6%, or 703 million pesos, to reach 4,702 million pesos with a 39.7% gross margin, as compared to the 36.4% gross margin reported for the same period in 2014. This 3.3 percentage point gross margin improvement is due to the aforementioned pricing strategy, as well as to the following: a favorable product mix resulting from a higher percentage of value added products, conversion costs savings due to improved productivity, as well as strong control of raw material costs. This was partially offset by increases in certain raw materials costs due to the depreciation of the Mexican peso relative to the US dollar.

Gross Margin of
39.7%

Net Sales (MXN\$m)



Sales by Segments





Operating expenses as a percentage of sales increased by 1.5 percentage points, from 26.6% in the second quarter of 2014 to 28.1% for the same period in 2015. This increase is primarily attributable to higher SG&A expenses related to residual non-recurrent effects associated with the Company's production capacity consolidation projects, as well as increased expenses to support one time process and capability projects. This increase is also due, to a lesser extent, to expenses related to transitioning Eskimo's assets and processes into LALA's operations.

Second quarter 2015 operating income increased by 26.6%, or 290 million pesos, to reach 1,381 million pesos, as compared to 1,091 million pesos for the same period in 2014. This was primarily due to the 703 million pesos increase in gross profit, which was partially offset by a 404 million pesos increase in operating expenses and an 8 million pesos net decrease in other income/expenses.

Second quarter 2015 EBITDA therefore increased by 24.9% to 1,672 million pesos, as compared to 1,339 million pesos for the same period in 2014. EBITDA margin increased by 190 basis points, from 12.2% in the second quarter of 2014 to 14.1% for the same period in 2015.

Second quarter consolidated net income increased by 156 million pesos, reaching a total of 999 million pesos, as compared to 843 million pesos for the same period in 2014. This increase was due to the 290 million pesos increase in operating income and to the 5 million pesos increase in share of results of associated companies. This effect was partially offset by the 36 million pesos decrease in Net Financial Income and by the 103 million pesos increase in income taxes due to the increase in pre-tax profit.

Net income increased by
156 million pesos

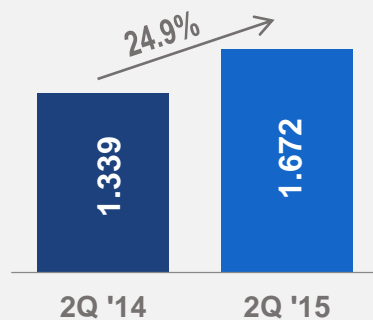
26.6%

Increase in Operating
Income

**EBITDA
(MXN\$mm)**

MARGIN

12.2%	14.1%
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NON-OPERATING RESULTS

Net financial expenses (Income)

Second quarter 2015 net financial income decreased by 36 million pesos, closing with a 69 million pesos profit as compared to the 105 million pesos profit for the same period of the previous year. This was due to the 29 million pesos exchange-related loss due to peso/dollar depreciation, as well as to the decrease of 16 million pesos in net interest income. This was partially offset by the favorable effect of 9 million pesos in the result from financial instruments, derived from the early termination of the forward currency contract to sell dollars held by the Company for hedging purposes.

Net interest income
61 million pesos

Tax on earnings

The tax on earnings for the second quarter 2015 amounted to 456 million pesos; a 103 million pesos year on year increase, due to the 260 million pesos increase in pre-tax profit for the second quarter of 2015.

Effective tax rate
31.3%

NEW PRODUCTS



Nutri Leche
UHT 1.5lts



Nutri Leche
3pack UHT



Nutri Yoghurt
Spoonable 900gr



Nutri Yoghurt
Spoonable 120gr



Yoghurt LALA
Light 125gr



Yoghurt LALA
Light 125gr





FINANCIAL POSITION

CAPEX

For the six months ended June 30, 2015, the Company deployed 1,109 million pesos in CAPEX; 51% of which was directed towards property, plant and equipment investments, among others. The remaining 49% was for operative maintenance CAPEX.

Cash, short-term investments and financial instruments

Grupo LALA's cash, short-term investments and financial instruments decreased by 948 million pesos, from 8,862 million pesos at June 30, 2014 to 7,914 million pesos at June 30, 2015. This decrease is primarily due to LALA's acquisition of Eskimo S.A. and to capital investments made over the past twelve months, as well as to dividend payments. These effects were partially offset by the 3,467 million pesos in net cash from operations generated by the Company over the past twelve months.

Accounts receivable

Grupo LALA's accounts receivable balance increased by 557 million pesos, from 2,357 million pesos at June 30, 2014 to 2,914 million pesos at June 30, 2015. This is mainly attributable to increased sales in the modern trade channel and, to a lesser extent, to the consolidation of Eskimo's accounts receivables.

Taxes and other accounts receivable

Tax and other receivables increased by 1,248 million pesos, from 1,327 million pesos at June 30, 2014 to 2,575 million pesos at June 30, 2015. This increase is primarily attributable to the VAT balance, where last year the collection immediately followed our claim while this year the process is taking more time, as well as the VAT balance increase from the investments made over the past twelve months. To a lesser extent, the balance increase is due to the reclassification of assets and liabilities in accordance with applicable accounting standards.

Intangible assets and other assets

The 616 million pesos increase in intangible and other assets is primarily due to the acquisitions made over the past twelve months.

CAPEX
6M-2015

1,109 million pesos

7,914 million pesos

Cash as of
June 30, 2015



New LALA Coffee with Milk presentation 1lt.





Taxes and other accounts payable

Taxes and other accounts payable increased by 1,188 million pesos, from 1,322 million pesos at June 30, 2014 to 2,510 million pesos at June 30, 2015. This is primary due to the dividend the Company declared in February 2015, which has been partially paid in line with the release calendar, and, to a lesser extent, due to the reclassification of assets and liabilities in accordance with applicable accounting standards.

Total debt

At the end of the second quarter 2015, the Company's total debt decreased by 30 million pesos, closing at 66 million pesos, as compared with 96 million pesos reported at the end of the second quarter 2014. This decrease was due to debt payments made over the last twelve months. The Company's debt balance as of June 30, 2015 is related to financial leases required for the Company's successful operation.

Key financial data

As of June 30, 2015, the Company's key financial ratios were as follows:

Financial Metrics	2nd. Q '14	2nd. Q '15
EBITDA ⁽¹⁾ / Interest Paid	59.4x	542.3x
Net Debt / EBITDA ⁽¹⁾	(1.6)x	(1.3)x
EV / EBITDA ⁽¹⁾	13.1x	11.9x

Stock Market Indicators	2nd. Q '14	2nd. Q '15
Book Value per Share	\$7.51	\$9.38
Shares Outstanding*	2,474.4	2,474.4

(1) EBITDA is defined as operating income before depreciation, amortization.

(6) Shares used for Book Value ratio, are based on the weighting outstanding shares of the last twelve months.

* Millions of shares at the end of each quarter.

66 million pesos

in Total Debt as of
2Q-2015

Book Value per Share

\$9.38 pesos





2Q-2015 Relevant Events

- **May 18, 2015** – Grupo LALA announced the payment associated with Coupon No. 4 of the dividend declared on February 16, 2015. Said payment was made on May 27, 2015 in the amount of \$0.1275 Mexican pesos for each LALA share outstanding at the date of payment.
- **May 11, 2015** - Grupo LALA announced that the Company inaugurated the first phase of production for its new facility in San Benito, in the Tipitapa municipality of Nicaragua, with an investment of approximately 50 million dollars. The new production facility was constructed on 15 acres of land. During the initial phase of operation, the facility has been processing fresh milk and dairy products destined for the Nicaraguan market.

Sell-side analyst coverage

As of June 30, 2015, the Company is covered by the following twenty brokerage firms: J.P. Morgan, Morgan Stanley, BBVA Bancomer, Barclays, Citigroup, Goldman Sachs, Santander, Credit Suisse, UBS, Bank of America Merrill Lynch, Scotiabank, Vector Casa de Bolsa, GBM Grupo Bursátil Mexicano, Casa de Bolsa Ve por Más, INVEX Banco, Intercam, Actinver, Casa de Bolsa Interacciones, Banorte-Ixe and Punto Casa de Bolsa.

Share buyback program

As of June 30, 2015, the Company's share buyback program had a balance of 962,129 shares, at an average price of \$28.15 for a total of 27 million pesos.

About LALA

Grupo LALA, (BMV: LALAB), Mexican company focused on healthy and nutritious foods, has a history of more than 65 years of experience in the production, innovation and marketing of milk and dairy products under the highest quality standards. The Company operates 18 production plants and 165 distribution centers in Mexico and Central America, supported by more than 32,500 employees. Grupo LALA's fleet of approximately 7,300 vehicles distributes its more than 600 products to nearly 500,000 points of sale. LALA's portfolio is led by its two main brands: LALA® and Nutri Leche®.

For more information visit: www.grupolala.com

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

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

Wednesday,
July 29, 2015
at 11:00am ET / 10:00am
Mexico City Time
Led by:

Scot Rank,
Chief Executive Officer
and
Gabriel Fernández
Chief Financial Officer

To participate, please
dial-in ten minutes ahead
of the scheduled time.

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+1 201 493 6725



GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS
ENDED JUNE 30, 2014 AND 2015
(In thousands of nominal pesos)

	For the three months ended				For the six months ended			
	June 30,		June 30,		June 30,		June 30,	
	2014	2015	2014	2015	2014	2015	2014	2015
Net sales	\$ 10,972,589	100.0%	\$ 11,846,679	100.0%	\$ 22,080,175	100.0%	\$ 23,477,118	100.0%
Cost of goods sold	6,973,176	63.6%	7,145,055	60.3%	14,079,343	63.8%	14,243,708	60.7%
Gross profit	3,999,413	36.4%	4,701,624	39.7%	8,000,832	36.2%	9,233,410	39.3%
Operating expenses	2,920,576	26.6%	3,324,916	28.1%	5,890,442	26.7%	6,470,124	27.6%
Operating Income	1,090,924	9.9%	1,380,684	11.7%	2,154,340	9.8%	2,746,754	11.7%
Net of financial (income) expenses								
Net of financial income	(76,149)	(0.7)%	(60,579)	(0.5)%	(147,477)	(0.7)%	(117,095)	(0.5)%
Exchange rate (profit) loss	(13,507)	(0.1)%	15,598	0.1%	(15,506)	(0.1)%	28,639	0.1%
Financial instruments	(15,239)	(0.1)%	(24,311)	(0.2)%	(25,349)	(0.1)%	17,822	0.1%
Financial income, net	(104,895)	(1.0)%	(69,292)	(0.6)%	(188,332)	(0.9)%	(70,634)	(0.3)%
Share in the results of associated companies	0	0.0%	5,389	0.0%	1,264	0.0%	9,790	0.0%
Income before taxes	1,195,819	10.9%	1,455,365	12.3%	2,343,936	10.6%	2,827,178	12.0%
Income tax expense	353,236	3.2%	456,092	3.8%	705,622	3.2%	884,283	3.8%
Net consolidated income	842,583	7.7%	999,273	8.4%	1,638,314	7.4%	1,942,895	8.3%
Non-controlling interest	10,163	0.1%	9,562	0.1%	16,216	0.1%	19,113	0.1%
Equity holders of the parent	\$ 832,420	7.6%	\$ 989,711	8.4%	\$ 1,622,098	7.3%	\$ 1,923,782	8.2%
Depreciation and amortization	247,933	2.3%	291,494	2.5%	488,743	2.2%	566,143	2.4%
EBITDA	\$ 1,338,857	12.2%	\$ 1,672,178	14.1%	\$ 2,643,083	12.0%	\$ 3,312,897	14.1%





GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2014 AND 2015
(In thousands of nominal pesos)

	As of June 30, 2014	As of June 30, 2015
ASSETS		
Cash and cash equivalents	\$ 7,814,799	\$ 6,513,958
Investments in financial instruments	1,046,826	1,400,478
Accounts receivable	2,357,422	2,914,614
Taxes and other accounts receivable	1,327,470	2,574,947
Related parties	74,407	101,496
Inventories	3,377,850	2,991,605
Prepaid expenses	354,561	301,933
Current assets	16,353,335	16,799,031
Investments in associates	40,693	110,196
Property, plant and equipment, net	10,619,712	12,901,363
Intangible and other assets	1,357,824	1,974,006
Deferred income tax	302,935	256,583
Non-current assets	12,321,164	15,242,148
Total assets	\$ 28,674,499	\$ 32,041,179
LIABILITIES		
Short-term bank loans	\$ 30,180	\$ 31,901
Suppliers	2,053,341	2,193,168
Related parties	1,250,296	1,158,907
Taxes and other accounts payable	1,321,596	2,509,885
Current liabilities	4,655,413	5,893,861
Long-term liabilities		
Long-term debt	65,453	33,552
Deferred income tax and other taxes payable	1,477,647	1,409,171
Other accounts payable	639,286	722,867
Long-term liabilities	2,182,386	2,165,590
Total liabilities	6,837,799	8,059,451
SHAREHOLDERS EQUITY		
Capital Stock	1,492,652	1,492,652
Net premium in share placement	13,691,891	13,690,728
Retained earnings	4,696,045	6,609,375
Income of the year	1,622,098	1,923,782
Equity attributable to equity holders of the parent	21,502,686	23,716,537
Non-controlling interest	334,014	265,191
Total shareholders equity	21,836,700	23,981,728
Total liabilities and shareholders equity	\$ 28,674,499	\$ 32,041,179





GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS
ENDED JUNE 30, 2014 AND 2015
(In thousands of nominal pesos)

	As of June 30, 2014	As of June 30, 2015
Operating activities:		
Income before taxes from continuing operations	\$ 2,343,936	\$ 2,827,178
Depreciation, amortization, and trademarks impairment	488,743	566,143
Changes in net financial expenses (income)	(164,521)	(99,532)
Results from the sale of property, plant and equipment	(7,441)	7,270
Other items	37,071	32,437
Total	2,697,788	3,333,496
Changes in operation assets and liabilities		
Accounts receivable	82,913	(223,323)
Inventories	(731,620)	(206,034)
Related parties	936,683	761,580
Suppliers	(135,482)	68,537
Taxes, other accounts receivable and prepaid expenses	(784,698)	(1,070,784)
Other assets and liabilities	204,078	29,438
Total	(428,126)	(640,586)
Net cash flow provided by operating activities	2,269,662	2,692,910
Investing activities		
Acquisition of property, plant, equipment, and intangibles	(1,312,854)	(1,130,525)
Proceeds from sale of property, plant, and equipment	22,861	18,588
Investments in Financial instruments	(1,035,185)	374,502
Net cash flow used in investing activities	(2,325,178)	(737,435)
Financing activities		
Net of loans and payment of loans from related parties	28,812	(4,083)
Net of financing and payment of financing	(640,413)	(23,592)
Repurchase of shares	(5,936)	(9,826)
Dividends paid to equity holders of the parent	0	(631,285)
Dividends paid to non-controlling interest	0	(29,676)
Future exchange contracts collected	46,200	(163,850)
Net cash flows provided (used) in financing activities	\$ (571,337)	\$ (862,312)
Net increase of cash and equivalents	(626,853)	1,093,163
Adjustments to cash due to exchange rate fluctuations	(400)	6,507
Cash and equivalents at beginning of the year	8,442,052	5,414,288
Cash and equivalents at the end of the year	\$ 7,814,799	\$ 6,513,958

For more information:

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