



## GRUPO LALA REPORTS RESULTS FOR THE THIRD QUARTER OF 2013

### HIGHLIGHTS

Initial Public Offering, obtaining a placement Price in the highest range, at **\$27.50** pesos per share

Solid growth of **10.4%** in net sales, closing at **11,101 million pesos**

Increase of **113.8%** in net earnings, closing at **907 million pesos**

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Mexico City, October 25, 2013 – Grupo LALA, S.A.B. de C.V., a leading Mexican company in the healthy foods industry, (“LALA”) (BMV: LALA), today issues its results for the third quarter of 2013. This information is presented in accordance with International Financial Reporting Standards (IFRS), and in nominal terms.

The following table shows a condensed Income Statement in millions of pesos. The margin for each figure represents its ratio with net sales and the percentage change from the quarter ended September 30, 2013, in comparison with the same period of 2012:

	3Q 12	MARGIN %	3Q 13	MARGIN %	VAR. %
Net Sales	\$10,054	100.0%	\$11,101	100.0%	10.4%
Gross Profit	3,552	35.3%	3,958	35.7%	11.5%
Operating Income	1,015	10.1%	1,125	10.1%	10.9%
EBITDA <sup>(1)</sup>	1,230	12.2%	1,358	12.2%	10.5%
Net Income <sup>(2)</sup>	424	4.2%	907	8.2%	113.8%

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

(2) Net Income means Net Income from Continuing Operations.

### About LALA

Grupo LALA, a leading Mexican company in the industry of healthful and nutritional foods, has more than 60 years of experience in the production, innovation, and commercialization of milk and dairy products under the highest standards of quality. LALA operates 17 production plants and 161 distribution centers in Mexico and Central America, and has the support of more than 31,000 employees. LALA operates a fleet of 7,300 vehicles to distribute its more than 600 products to nearly 500,000 points of sale. The standouts in its brand portfolio are LALA® and Nutri Leche®.

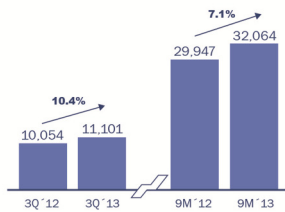
**Grupo LALA trades on the Mexican Stock Exchange under the ticker symbol “LALA”**

**October, 2013**



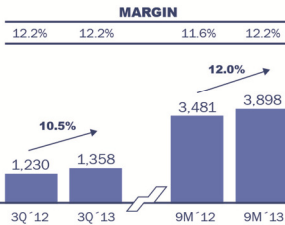
## CONSOLIDATED RESULTS

**SALES (MXN\$mm)**



Net sales increased 10.4%, in comparison with the same period of the prior year, from 10,054 million pesos in 2012 to 11,101 million pesos in 2013. This increase is attributable in part to a higher value added product mix and price, together with non organic growth.

**EBITDA (MXN\$mm)**



During the third quarter of 2013, gross income rose 11.5%, increasing by 407 million pesos to 3,958 million pesos, with a gross margin of 35.7%, in comparison with the 35.3% recorded in the same period of the prior year. The improvement of 0.3 percentage points in gross margin is attributed to the improved product mix and, to a lesser extent, to the impact on cost caused by the appreciation of the peso against the dollar of nearly 25 cents.

Operating expenses increased 0.3 percentage points, rising from 25.2% during the third quarter of 2012 to 25.5% in the same period of 2013. That increase is mainly attributable to the increase in distribution expenses for higher fuel and third-party freight costs, as well as sales expenses.

Consequently, EBITDA grew 10.5% to 1,358 million pesos at the close of the third quarter of 2013, compared with 1,230 million pesos in the same period of the prior year. The increase in EBITDA of 129 million pesos is mainly attributable to the growth in sales and the higher gross margin.

At the end of the third quarter of 2013, operating income showed a 10.9% increase equal to 110 million pesos, closing at 1,125 million pesos, compared with 1,015 million pesos in the same period of 2012, in line with the growth in EBITDA.

Net income from continuing operations for the quarter increased 482 million pesos, closing at 907 million pesos, compared with 424 million pesos in net income from continuous operations for the third quarter of 2012. This was because of the increase of 110 million pesos in operating income, to the positive variation of 238 million pesos in the comprehensive financing cost, and a non-recurring tax payment of 127 million pesos in the third quarter of 2012.

### Net Sales by Category

Our product sales consist of two categories: the first is Milk, and the second is Functional Dairy Products and Others. In the third quarter of 2013, sales in the Milk category represented 55.2% of total sales, while in the same period of 2012 those sales represented 58.2%. Functional Dairy Products and Others represented 41.8% and 44.8% in the third quarter of 2012 and 2013, respectively.





Positive change of  
**238 million pesos**  
In the Comprehensive Financing  
Cost

**638 million pesos** in  
CAPEX



## NON-OPERATING RESULTS

### Comprehensive Financing Cost

The comprehensive financing cost in the third quarter of 2013 generated a benefit of 32 million pesos, compared with the expense of 206 million pesos in the same period of the prior year. The positive variation of 238 million pesos is attributable to the decrease of 154 million pesos in exchange rate losses caused by the appreciation of the peso against the dollar, and to the decrease of 84 million pesos in net interest paid as a result of the exchange rate hedging strategy.

### Taxes on Earnings

Taxes on earnings of 253 million pesos showed a decrease of 134 million pesos over the same quarter of the previous year. This was because of two factors: growth in earnings before taxes of 348 million pesos, and for a non-recurring tax payment of 127 million pesos in 2012.

## FINANCIAL POSITION STATEMENT

(Analysis at the end of September 2013 vs. December 2012)

### Capital Investments

During the first nine months of 2013 ended September 30, capital investments of 638 million pesos were made, of which 50% was used in organic growth, and the other half in operating maintenance.

### Advance Payments

The balance in the advance payments account increased 61 million pesos at December 31, 2012, to 155 million pesos at September 30, 2013. This variation of 94 million pesos is caused by the payments made at the second half of the year, given the seasonality of the business.

### Bank Debt

At September 30, 2013, total debt increased by 334 million pesos, closing at 4,282 million pesos, in comparison with the 3,949 million pesos reported on December 31, 2012. The Company's consolidated net debt decreased by 11 million pesos, closing at 3,330 million pesos on September 30, 2013, in comparison with the 3,342 million pesos reported on December 31, 2012.

At September 30, 2013, 40% of the debt was long term, and on that same date 16.5% was denominated in dollars.

### Related Parties

At September 30, 2013, the balance with related parties payable increased 1,914 million pesos, closing at 2,782 million pesos in comparison with the 868 million pesos at December 31, 2012. This is caused by two factors: as part of the spin-off that occurred at the end of June 2013, an account payable of 100 million dollars to the company that was spun off was created, which was revealed in the IPO Offering Memorandum. In addition in April of 2013 an account payable was registered as a result of the dividend that was declared in The General Shareholders Meeting.



**CONFERENCE CALL**

**INVITATION**

**Monday, October 28, 2013,**  
at **10:30 am (CST)**, which will  
be led by Arquímedes Celis, Lead  
Director, Alejandro Rodríguez, Chief  
Executive Officer, and Antonio  
Zamora, Chief Financial Officer of  
**Grupo LALA.**

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

**Mexico City:**  
**(55) 4741 1302**

**Local Direct:**  
**01 800 800 2007**

**New York:**  
**1 (646) 513 42 88**

**United States**  
**(Toll Free):**  
**1 866 578 10 06**

**Shareholders' Equity**

The decrease in Shareholders' Equity at September 30, 2013 is the result of the spin-off that occurred on June 30, 2013. In that transaction, the discontinued operation of the United States was spun off.

**Financial Ratios**

At September 30, 2013, the Company's principal financial ratios were as follows:

<b>Financial Indicators</b>	<b>3Q-13</b>
EBITDA <sup>(1)</sup> / Interest Paid	22.98x
Net Debt / EBITDA <sup>(1)</sup>	0.64x

**SUBSEQUENT EVENTS**

- On October 15, 2013, Grupo LALA, S.A.B. de C.V., successfully concluded a transaction to issue shares for the amount of \$14,055 million pesos, assuming that the greenshoe option is executed. The final placement price at the close of the books reached the highest estimate of the range, closing at \$27.50 pesos per share, which resulted in the placement of approximately 511 million shares, assuming that the greenshoe option its executed by the underwriters for 66 million shares.

**About LALA**

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For more information visit: [www.grupolala.com](http://www.grupolala.com)

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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.



**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS**  
**ENDED SEPTEMBER 30, 2012 AND 2013**  
(In thousands of nominal pesos)

	For the three months ended				For the nine months ended			
	September 30,		September 30,		September 30,		September 30,	
	2012	2013	2012	2013	2012	2013	2012	2013
<b>Net sales</b>	<b>\$ 10,054,347</b>	<b>100.0%</b>	<b>\$ 11,101,298</b>	<b>100.0%</b>	<b>\$ 29,946,821</b>	<b>100.0%</b>	<b>\$ 32,064,328</b>	<b>100.0%</b>
Cost of sales	6,502,758	64.7%	7,142,924	64.3%	19,468,242	65.0%	20,612,756	64.3%
<b>Gross profit</b>	<b>3,551,589</b>	<b>35.3%</b>	<b>3,958,374</b>	<b>35.7%</b>	<b>10,478,579</b>	<b>35.0%</b>	<b>11,451,572</b>	<b>35.7%</b>
Operating expenses	2,536,895	25.2%	2,833,353	25.5%	7,682,326	25.7%	8,367,377	26.1%
<b>Operating income</b>	<b>1,014,694</b>	<b>10.1%</b>	<b>1,125,021</b>	<b>10.1%</b>	<b>2,796,253</b>	<b>9.3%</b>	<b>3,084,195</b>	<b>9.6%</b>
Comprehensive financing cost								
Net of interest expense	44,051	0.4%	(39,965)	(0.4)%	119,837	0.4%	17,244	0.1%
Exchange loss (gain)	162,080	1.6%	7,943	0.1%	244,532	0.8%	(2,085)	(0.0)%
	206,131	2.1%	(32,022)	(0.3)%	364,369	1.2%	15,159	0.0%
Equity interest of associates	2,826	0.0%	2,570	0.0%	7,242	0.0%	(20,994)	(0.1)%
<b>Income before taxes</b>	<b>811,389</b>	<b>8.1%</b>	<b>1,159,613</b>	<b>10.4%</b>	<b>2,439,126</b>	<b>8.1%</b>	<b>3,048,042</b>	<b>9.5%</b>
Taxes on profits	387,238	3.9%	252,971	2.3%	1,333,459	4.5%	950,625	3.0%
Net income from continuing operations	424,151	4.2%	906,642	8.2%	1,105,667	3.7%	2,097,417	6.5%
Discontinued operations	(188,927)	(1.9)%	0	0.0%	(323,135)	(1.1)%	(205,635)	(0.6)%
<b>Net consolidated income</b>	<b>235,224</b>	<b>2.3%</b>	<b>906,642</b>	<b>8.2%</b>	<b>782,532</b>	<b>2.6%</b>	<b>1,891,782</b>	<b>5.9%</b>
Non-controlling interest	6,335	0.1%	6,385	0.1%	15,555	0.1%	24,996	0.1%
Net income of equity holders of the parent	228,889	2.3%	900,257	8.1%	766,977	2.6%	1,866,786	5.8%
<b>Net income from continuing operations of equity holders of the parent</b>	<b>\$ 417,816</b>	<b>4.2%</b>	<b>\$ 900,257</b>	<b>8.1%</b>	<b>\$ 1,090,112</b>	<b>3.6%</b>	<b>\$ 2,072,421</b>	<b>6.5%</b>
Depreciation, amortization, and trademarks impairment	215,021	2.1%	233,306	2.1%	684,533	2.3%	813,897	2.5%



**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2012<sup>(4)</sup> AND SEPTEMBER 30, 2013<sup>(4)</sup>**  
(In thousands of nominal pesos)

	As of December 31, 2012 Proforma <sup>(3)</sup>	As of September 30, 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 607,099	\$ 952,008
Accounts receivable	2,344,402	2,560,928
Taxes and other accounts receivables	1,406,864	1,523,036
Related parties	83,446	159,787
Inventories	2,426,354	2,591,038
Prepaid expenses	60,837	154,970
<b>Current assets</b>	<b>6,929,002</b>	<b>7,941,767</b>
Investments in associates	147,333	121,756
Property, plant, and equipment	9,559,451	9,523,984
Intangible assets	873,066	1,009,900
Deferred taxes and other assets	163,873	59,787
Goodwill	207,133	206,840
<b>Non-current assets</b>	<b>10,950,857</b>	<b>10,922,267</b>
Discontinued operations	9,370,871	0
<b>Total Assets</b>	<b>\$ 27,250,730</b>	<b>\$ 18,864,034</b>
<b>LIABILITIES</b>		
Short-term bank loans	\$ 300,000	\$ 1,464,964
Current portion of long-term debt	1,107,861	1,111,205
Suppliers	1,910,198	2,120,199
Related parties	867,895	2,782,014
Taxes and other accounts payable	1,657,764	1,198,876
<b>Current liabilities</b>	<b>5,843,718</b>	<b>8,677,258</b>
Long-term debt	2,540,761	1,706,328
Labor obligations	394,343	435,657
Deferred taxes and other accounts payable	1,390,268	1,313,692
<b>Long-term liabilities</b>	<b>4,325,372</b>	<b>3,455,677</b>
Discontinued operations	3,451,980	0
<b>Total Liabilities</b>	<b>13,621,070</b>	<b>12,132,935</b>
<b>EQUITY</b>		
Capital stock	1,434,544	1,419,819
Shared premium	4,250,925	0
Retained earnings	6,563,526	3,278,916
Income of the year	1,241,336	1,866,786
Other comprehensive (loss) income	(128,497)	(97,353)
Equity attributable to owners of the parent	13,361,834	6,468,168
Non-controlling interests	267,826	262,931
<b>Total Equity</b>	<b>13,629,660</b>	<b>6,731,099</b>
<b>Total Liabilities and Equity</b>	<b>\$ 27,250,730</b>	<b>\$ 18,864,034</b>

(3) The proforma consolidated statement of financial position as of December 31, 2012, was prepared for comparison purposes, separating the discontinued operations of the assets and liabilities. For the International Financial Reporting Standard 5 (IFRS 5) requires that the financial statements of previous periods are not adjusted by the subject previously mentioned.

(4) This consolidated statement of financial position does not include the resultant resources of the Initial Public Offering.



**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2012<sup>(4)</sup> AND 2013<sup>(4)</sup>**  
(In thousands of nominal pesos)

	September 30, 2012	September 30, 2013
<b>Operating activities:</b>		
Income before taxes from continuing operations	\$ 2,439,126	\$ 3,048,042
Depreciation, amortization and trademarks impairment	684,533	813,897
Equity interests of associates	(7,242)	20,994
Financial instruments fair value changes	0	(108,797)
Labor obligations net periodic benefit cost	58,940	55,518
Net financial expense	119,837	126,041
Loss on sale of property, plant and equipment	17,001	14,074
Unrealized exchange gain	(4,952)	(600)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	241,035	(216,625)
Inventories	(46,458)	(167,907)
Related parties	603,508	415,718
Other accounts receivable and prepaid expenses	1,080,719	(104,964)
Suppliers	(198,360)	165,395
Labor obligations and employee benefits	210,218	233,940
Received interests	28,007	16,599
Other accounts payable	(282,141)	(572,321)
<b>Total</b>	<b>4,943,771</b>	<b>3,739,004</b>
Taxes on profits paid	(251,417)	(1,109,154)
<b>Net cash flow provided by continuing operating activities</b>	<b>4,692,354</b>	<b>2,629,850</b>
Net cash flow provided by discontinued operating activities	(14,926)	540,221
<b>Net cash flow provided by operating activities</b>	<b>4,677,428</b>	<b>3,170,071</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(1,164,228)	(618,808)
Proceeds from sale of property, plant and equipment	12,384	17,710
Intangible acquisition	-	(263,700)
<b>Net cash flow used in continuing investing activities</b>	<b>(1,151,844)</b>	<b>(864,798)</b>
Net cash flow used in discontinued investing activities	(250,893)	(403,253)
<b>Net cash flow used in investing activities</b>	<b>(1,402,737)</b>	<b>(1,268,051)</b>
<b>Financing activities</b>		
Proceeds from related parties	14,519	659,271
Proceeds from debt	0	1,500,000
Interest paid	(192,647)	(156,302)
Repayment of short- and long-term loans	(1,612,867)	(1,805,323)
Payment of loans from related parties	(1,174)	(904,035)
Payment of financial lease liabilities	(10,092)	(25,722)
Dividends paid to equity holders of the parent	(750,970)	(750,970)
Dividends paid to non-controlling interests	(34,300)	(29,891)
Collected derivatives	0	108,797
<b>Net cash flow used in continuing financing activities</b>	<b>(2,587,531)</b>	<b>(1,404,175)</b>
Net cash flow used in discontinued financing activities	(270,105)	(206,794)
<b>Net cash flow used in financing activities</b>	<b>\$ (2,857,636)</b>	<b>\$ (1,610,969)</b>
Net decrease in cash and cash equivalents	417,055	291,051
Adjustment to cash due to exchange rate fluctuations	(4,174)	(708)
Cash and cash equivalents at beginning of year	1,336,015	1,028,323
Cash and cash equivalents at end of year	1,748,896	1,318,666
Cash and cash equivalents at end of year of discontinued operations	82,348	366,658
<b>Cash and cash equivalents at end of year of continuing operations</b>	<b>\$ 1,666,548</b>	<b>\$ 952,008</b>