



## GRUPO LALA REPORTS FIRST QUARTER 2015 RESULTS

### FIRST QUARTER HIGHLIGHTS

4.7% increase in **Net Sales**  
closing at **11,630 million pesos**

240 basis point  
**EBITDA Margin** expansion,  
closing at **14.1%**

18.6% increase in  
**Net Income<sup>(2)</sup>** closing at  
**944 million pesos**

**Scot Rank** assumes  
CEO role as of  
**March 1, 2015**

LALA launches  
**new lactose-free cream**  
as part of its "easy to digest"  
product line.

Mexico City, April 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 first quarter 2015. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

The following table 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 March 31, 2015, as compared with the same period in 2014:

	Q1-14	MARGIN %	Q1-15	MARGIN %	VAR %
Net Sales	\$ 11,108	100.0%	\$ 11,630	100.0%	4.7%
Gross Profit	4,001	36.0%	4,532	39.0%	13.3%
Operating Income	1,063	9.6%	1,366	11.7%	28.5%
EBITDA <sup>(1)</sup>	1,304	11.7%	1,641	14.1%	25.8%
Net Income <sup>(2)</sup>	796	7.2%	944	8.1%	18.6%

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

(2) Net Income refers to Consolidated Net Income.

### MESSAGE FROM MANAGEMENT

Scot Rank, Grupo LALA's CEO, commented: "We had a strong start to 2015, with continued positive momentum. While first quarter revenues increased below our expectations and potential, LALA's profitability improved due to increased productivity at our manufacturing plants, improved logistics and production efficiencies, as well as tight cost control across the organization." He added: "The consumer demand has been slow to recover and we've maintained a positive outlook for the future based on our ability to capitalize on the many opportunities we're seeing at our company and within the industry."

April, 2015

For more information:

**Enrique González**

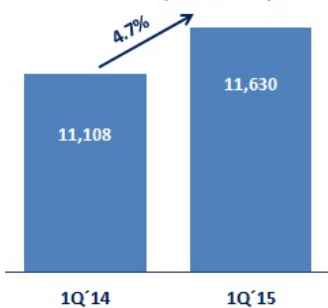
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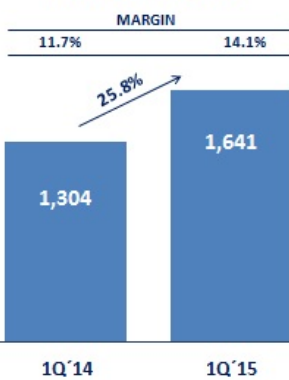
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### SALES (MXN\$mm)



### EBITDA (MXN\$mm)



Net Income  
increased by  
**148 million pesos**

## CONSOLIDATED RESULTS FOR THE FIRST QUARTER 2015

First quarter net sales increased by 4.7% year on year; from 11,108 million pesos in the first quarter of 2014 to 11,630 million pesos for the same period in 2015. This increase is mainly due to the pricing strategy the Company has implemented over the past five months, as well as to inorganic growth resulting from the consolidation of new categories related to LALA's acquisition of Eskimo, S.A. in December of 2014.

First quarter 2015 gross profit increased by 13.3%, or 530 million pesos, to reach 4,532 million pesos, with a 39.0% gross margin, as compared to the 36.0% gross margin reported for the same period in 2014. This 3.0 percentage point improvement in gross margin is due to the pricing strategy previously mentioned, to productivity-related investments resulting in lower conversion costs and, to a lesser extent, to improved raw material sourcing. These variations were partially offset by increases in the cost of certain raw materials due to depreciation of the Mexican peso relative to the US dollar.

Operating expenses as a percentage of sales increased by 0.3 percentage points; from 26.7% in the first quarter of 2014 to 27.0% for the same period in 2015. This increase is primarily attributable to higher SG&A related to the different commercial strategies implemented over the quarter and, to a lesser extent, to expenses resulting from the process of transitioning Eskimo's assets and processes into LALA's operations.

First quarter 2015 EBITDA therefore increased by 25.8% to 1,641 million pesos, as compared to 1,304 million pesos for the same period in 2014. EBITDA margin increased by 240 basis points; from 11.7% in the first quarter of 2014 to 14.1% for the same period in 2015. The margin expansion is primarily attributable to a higher gross margin, resulting from an improved cost of sales and, to a lesser extent, to increased operating leverage resulting from net sales growth.

First quarter 2015 operating income increased by 28.5%, or 303 million pesos, to reach 1,366 million pesos, as compared to 1,063 million pesos for the same period in 2014. This was primarily due to the 337 million peso increase in EBITDA, an effect that was partially offset by a 34 million peso increase in depreciation and amortization.

First quarter consolidated net income grew by 148 million pesos reaching a total of 944 million pesos, as compared to 796 million pesos from the same period in 2014. This increase is due to the 303 million pesos increase in operating income and the 3 million pesos benefit on share of results of associated companies. This increase was partially offset by the 82 million pesos decrease in Net Financial Income and the 76 million pesos increase in income taxes as a result of the increase in profit before taxes.



## SEGMENTS

### Net Sales by Segment

Given the nature of each product, sales have been divided into the three segments below:

1. **Milk:** Pasteurized milk, pasteurized dairy-based beverages, UHT milk, UHT dairy-based beverages and dried milk powder.
2. **Other Dairy products:** Cream, butter, cream-based spreads, yoghurt, cheese, ice cream and desserts.
3. **Non-Dairy Beverages and Others:** Beverages, tea, juices, cold-cuts and other income.

Segment	1Q-14	1Q-15	VAR (pp)
Milk	65.9%	66.3%	0.4pp
Other Dairy Products	27.1%	28.0%	0.9pp
Non-Dairy Beverages and Others	6.9%	5.7%	(1.2)pp

## NON OPERATING RESULTS

### Net Financial Income

First quarter 2015 net financial income decreased by 82 million pesos, closing with a 1 million pesos profit as compared to the 83 million pesos profit in the same period of the previous year. This loss is attributable to the 52 million pesos impact on results from financial instruments, due to a forward currency contract to sell dollars that the Company has in place as part of its hedging strategy, as well as to the 15 million pesos exchange-related loss due to peso/dollar depreciation. To a lesser extent, the variation in net financial income is due to the 15 million pesos decrease in net interest income.

### Tax on Earnings

The tax on earnings for the first quarter 2015 amounted to 428 million pesos; a 76 million pesos increase year on year, due to the 224 million pesos increase in pre-tax profit during the first quarter of 2015.

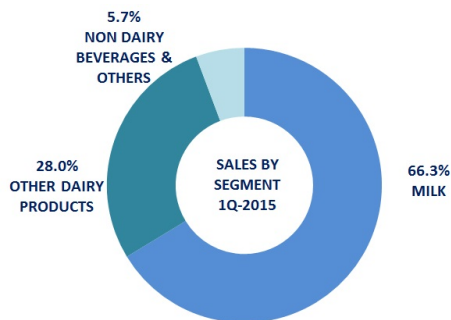
## FINANCIAL POSITION

### CAPEX

For the three months ended March 31, 2015, the Company deployed 487 million pesos in CAPEX; 54.6% of which was directed towards growth-related investments and the remaining 45.4% for maintenance CAPEX. Growth-related investments were focused on distribution, commercial strategies and production capacity, among others.

### Cash, Short-term Investments and Financial Instruments

Grupo LALA's cash, short-term investments and financial instruments decreased by 1,877 million pesos; from 9,975 million pesos in the first quarter 2014 to 8,097 on first quarter 2015. This decrease is primarily due to LALA's acquisition of Eskimo S.A. and to capital investments made over the past twelve months, which was partially offset by cash-flow generated by the Company.



Net Interest Income  
**56 million pesos**

Effective Tax Rate  
**31.2%**

**487 million pesos**  
CAPEX 1Q-2015

**8,097 million pesos**  
Cash as of March 31, 2015



### Taxes and Other Accounts Receivable

Tax and other receivables increased by 994 million pesos; from 1,213 million pesos in the first quarter 2014 to 2,207 million pesos in the first quarter 2015. This increase is primarily attributable to VAT generated from the investments made in the past twelve months, and to a lesser extent, due to the reclassification of assets and liabilities in accordance with applicable accounting standards, where previously the balances were compensated against each other.

### Taxes and other accounts payable

Taxes and other accounts payable increased by 1,251 million pesos; from 1,297 million pesos on the first quarter 2014 to 2,548 million pesos on the first quarter 2015. This variation is mainly attributable to the dividend payment LALA had announced in February 2015, which has been partially paid during the first quarter 2015, and to a lesser extent, due to the reclassification of assets and liabilities in accordance with applicable accounting standards, where the balances were previously compensated against each other.

### Debt

At the end of the first quarter 2015, the Company's total debt decreased by 647 million pesos, closing at 73 million pesos, as compared with 720 million pesos reported at the end of the first quarter 2014. This decrease was due to debt payments made over the last twelve months and to the pre-payment of debt in 2014, using proceeds from the Company's IPO. The Company's remaining debt balance as of March 31, 2015 is related to financial leases required for the Company's successful operation

### Key Financial Highlights

As of March 31, 2015, the Company's key financial ratios were as follows:

Financial Metrics	1Q-14	1Q-15
EBITDA <sup>(1)</sup> / Interest Paid	38.9x	774.2x
Net Debt / EBITDA <sup>(1)</sup>	(1.7)x	(1.4)x
EV / EBITDA <sup>(1)</sup>	9.4x	11.8x

Stock Market Indicators	1Q-14	1Q-15
Book Value per Share	\$7.00	\$9.16
EPS <sup>(3)(4)</sup> (12 month)	\$1.42	\$1.30
Shares Outstanding*	2,474.4	2,474.4
Share Price, March 31st.	\$27.17	\$30.95

(3) EPS = Earnings per Share from majority net income for the last twelve months.

(4) Stocks considered to calculate EPS are the result of the weighting of the last twelve months.

**90% decrease**  
in Total Debt as of  
1Q- 2015

Earnings Per Share  
**\$1.30 pesos**



## CONFERENCE CALL INVITATION

Wednesday, April 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:

**Mexico:**  
**01 800 522 0034**

**United States  
(Toll Free):**  
**+1 877 705 6003**

**International:**  
**+1 201 493 6725**

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Earnings Results  
1st. Quarter 2015

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## First Quarter 2015 Relevant Events

- **February 16, 2015** – Grupo LALA announced a dividend payment in the amount of 0.51 pesos per share. This dividend will be paid in four separate tranches against the delivery of a coupon, in February 25, May 27, August 26, and November 25, 2015.
- **February 4, 2015** – Grupo LALA announces that the Company has been included in the Mexican Stock Exchange's IPC Sustainability Index, effective February 3, 2015 through January 29, 2016.
- **January 5, 2015** – Grupo LALA announces CEO succession plan. Mr. Scot Rank will succeed Mr. Arquímedes Celis as CEO. Mr. Celis will be retiring from the Company after 14 years, but will remain as an active member of LALA's Board of Directors.

## Analyst Coverage

- As of March 31, 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 March 31, 2015, the Company's Share Buyback Program had a balance of 1,049,990 shares, at an average Price of \$29.03 for a total of 30.5 million pesos.

## About LALA

Grupo LALA, (BMV: LALAB), Mexican company focused in healthy and nutritious foods, has a history of more than 60 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](http://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.



**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS**  
**ENDED MARCH 31, 2014 AND 2015**  
(In thousands of nominal pesos)

	For the three months ended			
	March 31,			
	2014		2015	
<b>Net sales</b>	\$ 11,107,585	100.0%	\$ 11,630,439	100.0%
Cost of goods sold	7,106,166	64.0%	7,098,653	61.0%
<b>Gross profit</b>	<u>4,001,419</u>	<b>36.0%</b>	<u>4,531,786</u>	<b>39.0%</b>
Other income (expenses), net	(31,862)	(0.3)%	20,508	0.2%
Operating expenses	<u>2,969,864</u>	26.7%	<u>3,145,208</u>	27.0%
<b>Operating Income</b>	<u>1,063,417</u>	<b>9.6%</b>	<u>1,366,070</u>	<b>11.7%</b>
Net of financial (income) expenses				
Net of financial income	(71,328)	(0.6)%	(56,516)	(0.5)%
Exchange rate (profit) loss	(1,996)	(0.0)%	13,042	0.1%
Financial instruments	<u>(10,110)</u>	(0.1)%	<u>42,133</u>	0.4%
<b>Financial income, neto</b>	<u>(83,434)</u>	<b>(0.8)%</b>	<u>(1,341)</u>	<b>(0.0)%</b>
Share in the results of associated companies	1,264	0.0%	4,401	0.0%
<b>Income before taxes</b>	<u>1,148,115</u>	<b>10.3%</b>	<u>1,371,812</u>	<b>11.8%</b>
Tax on earnings	<u>352,385</u>	3.2%	<u>428,191</u>	3.7%
<b>Net consolidated income</b>	<u>795,730</u>	<b>7.2%</b>	<u>943,621</u>	<b>8.1%</b>
Non-controlling interest	6,053	0.1%	9,551	0.1%
Depreciation and amortization	240,810	2.2%	274,649	2.4%
<b>EBITDA</b>	<u>\$ 1,304,227</u>	<b>11.7%</b>	<u>\$ 1,640,719</u>	<b>14.1%</b>



**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT MARCH 31, 2014 AND 2015**  
(In thousands of nominal pesos)

	As of March 31, 2014	As of March 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,943,695	\$ 6,316,711
Investments in financial instruments	30,960	1,780,612
Accounts receivable	2,552,812	2,789,335
Taxes and other accounts receivable	1,213,133	2,206,608
Related parties	158,241	97,015
Inventories	2,831,207	3,008,187
Prepaid expenses	372,606	290,329
<b>Current assets</b>	<b>17,102,654</b>	<b>16,488,797</b>
Investments in associates	95,823	104,765
Property, plant and equipment, net	10,063,340	12,573,779
Intangible and other assets	1,234,709	1,974,835
Deferred income tax	289,925	270,190
<b>Non-current assets</b>	<b>11,683,797</b>	<b>14,923,569</b>
<b>Total assets</b>	<b>\$ 28,786,451</b>	<b>\$ 31,412,366</b>
<b>LIABILITIES</b>		
Short-term bank loans	\$ 646,892	\$ 31,462
Suppliers	2,233,075	2,149,054
Financial instruments liability	0	189,385
Related parties	1,444,059	1,346,120
Taxes and other accounts payable	1,297,417	2,547,879
<b>Current liabilities</b>	<b>5,621,443</b>	<b>6,263,900</b>
Long-term liabilities		
Long-term debt	73,155	41,694
Deferred income tax and other taxes payable	1,513,932	1,514,184
Other accounts payable	586,366	609,226
<b>Long-term liabilities</b>	<b>2,173,453</b>	<b>2,165,104</b>
<b>Total liabilities</b>	<b>7,794,896</b>	<b>8,429,004</b>
<b>SHAREHOLDERS EQUITY</b>		
Capital Stock	1,492,652	1,492,652
Net premium in share placement	13,691,891	13,690,728
Retained earnings	4,737,044	6,580,606
Income of the year	789,677	934,070
<b>Equity attributable to equity holders of the parent</b>	<b>20,711,264</b>	<b>22,698,056</b>
Non-controlling interest	280,291	285,306
<b>Total shareholders equity</b>	<b>20,991,555</b>	<b>22,983,362</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 28,786,451</b>	<b>\$ 31,412,366</b>





**GRUPO LALA, S.A.B. DE C.V.**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS**  
**ENDED MARCH 31, 2014 AND 2015**  
(In thousands of nominal pesos)

	As of March 31, 2014	As of March 31, 2015
<b>Operating activities:</b>		
<b>Income before taxes from continuing operations</b>	<b>\$ 1,148,115</b>	<b>\$ 1,371,812</b>
Depreciation, amortization, and trademarks impairment	240,810	274,649
Changes in net financial expenses (income)	(79,986)	(15,071)
Results from the sale of property, plant and equipment	(6,885)	4,401
Other items	17,806	16,711
<b>Total</b>	<b>1,319,860</b>	<b>1,652,502</b>
<b>Changes in operation assets and liabilities</b>		
Accounts receivable	(124,948)	(96,762)
Inventories	(201,716)	(216,535)
Related parties	1,058,871	827,200
Suppliers	(771)	192,402
Taxes, other accounts receivable and prepaid expenses	(391,174)	(153,542)
Other assets and liabilities	221,070	(232,022)
<b>Total</b>	<b>561,332</b>	<b>320,741</b>
<b>Net cash flow provided by operating activities</b>	<b>1,881,192</b>	<b>1,973,243</b>
<b>Investing activities</b>		
Acquisition of property, plant, equipment, and intangibles	(396,257)	(743,645)
Proceeds from sale of property, plant, and equipment	8,902	4,532
Investments in Financial instruments	0	3,182
<b>Net cash flow used in investing activities</b>	<b>(387,355)</b>	<b>(735,931)</b>
<b>Financing activities</b>		
Net of loans and payment of loans from related parties	28,304	(2,030)
Net of financing and payment of financing	(12,750)	(6,764)
Repurchase of shares	(6,804)	(13,217)
Dividends paid to equity holders of the parent	0	(315,490)
<b>Net cash flows provided (used) in financing activities</b>	<b>\$ 8,750</b>	<b>\$ (337,501)</b>
<b>Net increase of cash and equivalents</b>	<b>1,502,587</b>	<b>899,811</b>
Adjustments to cash due to exchange rate fluctuations	(944)	2,611
Cash and equivalents at beginning of the year	8,442,052	5,414,288
<b>Cash and equivalents at the end of the year</b>	<b>\$ 9,943,695</b>	<b>\$ 6,316,711</b>