



» GRUPO LALA REPORTS FOURTH QUARTER AND FULL YEAR 2016 RESULTS

Mexico City, February 21, 2017 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALA B), today reported results for the fourth quarter 2016. 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 December 31, 2016, as compared with the same period in 2015:

P&L	4rth. Q '15	% Sales	4rth. Q '16	% Sales	Var. %
Net Sales	\$ 12,530	100.0%	\$ 14,354	100.0%	14.6%
Gross Profit	4,911	39.2%	5,230	36.4%	6.5%
Operating Income	1,490	11.9%	1,106	7.7%	(25.8)%
EBITDA⁽¹⁾	1,802	14.4%	1,601	11.2%	(11.1)%
Net Income⁽²⁾	1,031	8.2%	1,234	8.6%	19.8%

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

(2) Net Income refers to Consolidated Net Income.

QUARTER HIGHLIGHTS

14.6% increase in Net Sales

11.2% EBITDA⁽¹⁾ margin,
323 basis points below same period last year

Net Income reached 1.2 billion pesos,
+19.8% vs prior year

Message from Management

Scot Rank, Grupo LALA's CEO:

“In the fourth quarter, the Company's profitability in Mexico, showed improvement vs. the third quarter in spite of inflation of input costs. At a consolidated level, results from recently acquired businesses outside of Mexico diluted overall performance. We expect a recovery in these businesses during 2017, and will invest 3.6 billion pesos in productivity and innovation to accelerate growth across the business this year and beyond”.





CONSOLIDATED RESULTS FOR THE FOURTH QUARTER 2016

Net sales increased by 14.6%, to 14,354 million pesos. Organic growth fueled sales by 6.6%, resulting from higher volume, improved sales mix and pricing actions. Acquisitions contributed to the Company's Sales with the purchase of Productos Lacteos La Perfecta, S.A and the LALA U.S. Branded Business, which jointly added 8.0% to the growth.

LALA Segments

Looking at sales by segment, we see that our product mix continues to evolve towards our value added portfolio, as shown by the 25.7 % growth of the "Other Dairy Product" category, which includes yoghurt, cream, cheese and deserts.

Segment	4th. Q '15	4th. Q '16	% Variation
Milk ⁽³⁾	\$ 8,217	\$ 8,988	9.4%
Other Dairy Products ⁽⁴⁾	3,700	4,649	25.7%
Beverages and Others ⁽⁵⁾	613	717	17.0%

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

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

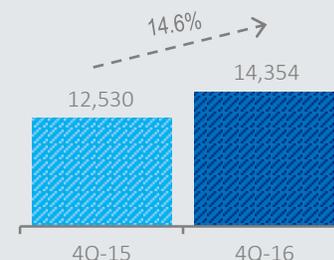
(5) Beverages and Others: Beverages, juices, cold cuts and other income.

We will periodically breakdown information by region or product category, in the spirit of facilitating the understanding of our business performance. Due to the impact of recent acquisitions in our overall EBITDA results, we will share additional detail by region this quarter.

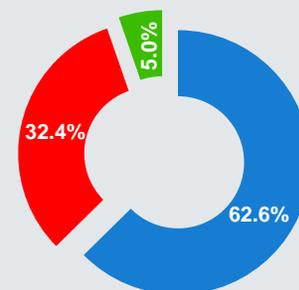
Mexico EBITDA improvement

EBITDA grew 232 million pesos, 152 basis points versus the third quarter of 2016, to reach 14.1% EBITDA margin in the fourth quarter, despite the very challenging input cost inflation.

Net Sales (MXN\$ mm)



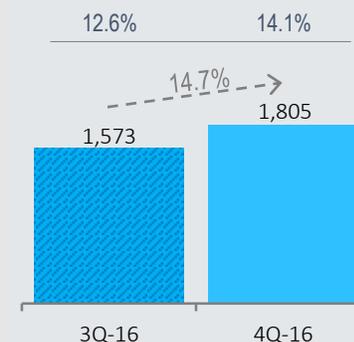
Sales by Segment



■ Milk
■ Other Dairy Products
■ Beverages & Others

EBITDA Mexico (MXN\$ mm)

Margin⁽⁶⁾



(6) EBITDA Margin = EBITDA/Net Sales.





LALA in the U.S.

As we acquired the business on August the 1st of 2016, third quarter results reflected two months of operations, in the fourth quarter with three full months of results, LALA US reflected net sales of 840 million pesos and negative EBITDA of 146 million pesos.

P&L	3rd. Q '16	4th. Q '16
Net Sales	\$ 548	\$ 840
EBITDA ⁽¹⁾	(80)	(146)
EBITDA/Net Sales	(14.6%)	(17.4%)

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

We expect the business to reach EBITDA break even, in the third quarter of 2017.

Consolidated Results

During the fourth period of 2016, the consolidated EBITDA for Grupo LALA reached 1,601 million pesos. EBITDA margin for the period was 11.2%, compared to 14.4% in the fourth quarter of 2015, as a result of the impact of recently integrated businesses and because EBITDA grew slower than sales in Mexico.

Fourth quarter consolidated net income increased 19.8%, to 1,234 million pesos. This result was positively impacted by non-recurring tax benefits of 600 million pesos, and 104 million pesos in net financial income.



(7) CAM: Guatemala, Nicaragua, Costa Rica, Honduras & El Salvador.
 (8) 3 months of the US Branded Business.



CONSOLIDATED RESULTS FOR THE FULL YEAR 2016

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 year ended December 31st, 2016, as compared with the same period in 2015:

P&L	2015	% Sales	2016	% Sales	Var. %
Net Sales	\$ 48,183	100.0%	\$ 53,468	100.0%	11.0%
Gross Profit	18,858	39.1%	20,295	38.0%	7.6%
Operating Income	5,640	11.7%	5,255	9.8%	(6.8)%
EBITDA ⁽¹⁾	6,810	14.1%	6,861	12.8%	0.7%
Net Income ⁽²⁾	3,950	8.2%	4,200	7.9%	6.3%

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

(2) Net Income refers to Consolidated Net Income.

During 2016, Net sales increased by 11.0% to 53,468 million pesos. Organic growth accounted for 6.7%, while recently acquired businesses contributed another 4.3%.

LALA Segments

Sales by segment highlight the accelerated growth in value added Other Dairy products, through growth in yoghurt, cheese and cream.

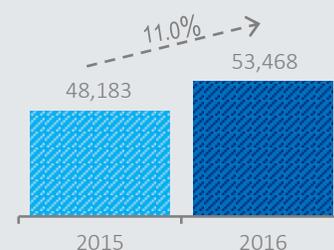
Segment	2015	2016	% Variation
Milk ⁽³⁾	\$ 31,441	\$ 33,835	7.6%
Other Dairy Products ⁽⁴⁾	14,208	16,612	16.9%
Beverages and Others ⁽⁵⁾	2,534	3,021	19.2%

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

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

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

Net Sales (MXN\$ mm)

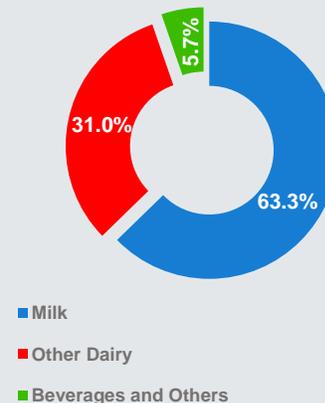


New Flavour LALA Semillas



Fresa Quinoa 150g

Sales by Segment





Full year 2016 gross profit increased by 7.6%, below the 11.0% topline growth, mainly as a result of the impact of inflation on raw material costs which was not recovered via pricing in the third quarter.

The operating income decrease of 6.8% was influenced by the consolidation of five months of operations of LALA U.S., unexpected integration expenses in Central America in the fourth quarter and inflation in expenses in Mexico above gross margin growth.

EBITDA for the full year 2016 increased 0.7% to reach 6,861 million pesos. The EBITDA margin as a percentage of sales decreased 130 basis points, from 14.1% to 12.8%.

During 2016 consolidated net income grew 250 million pesos to close at 4,200 million pesos, 6.3% above last year. Net income was positively impacted by 159 million pesos gained in Net Financial Income, and a 494 positive variation in tax on earnings generated in 2016.

**EBITDA
(MXN\$ mm)
Margin ⁽⁶⁾**

14.1% 12.8%



Net Income
increased
6.3%





FINANCIAL POSITION

CAPEX

For the twelve months ended December 31st, 2016, the Company invested 2.9 billion pesos in property, plant and equipment, and other capital expenditures.

Cash, short-term investments and financial instruments

Cash, short-term investments and financial instruments were 5,283 million pesos, which includes \$52 million in U.S. dollars. The reduction year on year on cash was 3,994 million pesos, mainly resulting from capital expenditures and acquisitions made over the past twelve months.

Intangible and Other Assets

Ending balance for intangible and other assets increased by 3,904 million pesos, growing from 1,926 million pesos at December 31st 2015, to 5,830 million pesos at December 31st 2016. This increase is explained by the recording of Goodwill, Trademarks and other intangibles related to acquisitions.

Total debt

At December 31st 2016, the Company's total debt was 2,375 million pesos, the majority of which was dollar denominated debt remaining from the purchase of the US business.

Key financial data

As of December 31st, 2016, the Company's key financial ratios were as follows:

Financial Metrics	2015	2016
EBITDA ⁽¹⁾ / Interest Paid	558.3x	274.1x
Net Debt / EBITDA ⁽¹⁾	(1.4)x	(0.4)x

Stock Market Indicators	2015	2016
Book Value per Share ⁽⁹⁾	\$9.87	\$10.96
Earnings Per Share ⁽¹⁰⁾ (12 months)	\$1.58	\$1.67
Shares Outstanding*	2,474.4	2,475.9

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

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

(10) EPS as of the last twelve months.

CAPEX + M&A
2016

8.7 billion pesos

5.3 billion pesos

Cash and investments, as of
December 31, 2016



Nutri Leche Panella
3 kg

Earnings per share

\$1.67 pesos





4Q-2016 Relevant Events

- » Oct 24th, 2016 - [Grupo LALA earnings release for the 3Q 2016.](#)
- » Nov 16th, 2016 - [Grupo LALA announced a cash dividend payment on Coupon No. 10 of the dividend declared on February 10th, 2016. Said payment was made on November 24th, 2016 in the amount of \\$0.135 Mexican pesos for each LALA share outstanding at the date of payment.](#)

Click on the linked title to access the detail information of each relevant event

Sell-side analyst coverage

As of December 31st, 2016, the Company is covered by the following 17 financial institutions: J.P. Morgan, Morgan Stanley, BBVA Bancomer, Barclays, Citigroup, Goldman Sachs, Santander, Credit Suisse, UBS, Bank of America Merrill Lynch, BTG Pactual, Vector Casa de Bolsa, GBM Grupo Bursátil Mexicano, INVEX Banco, Intercom, Actinver and Banorte-Ixe.

Share buyback program

As of December 31st, 2016, the Company's share buyback program had a balance of 9,683,188 shares, at an average price of \$31.94 per share for a total balance of 309 million pesos.

About LALA

Grupo LALA, (BMV: LALA B), 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 22 production plants and 164 distribution centers in Mexico, United States and Central America, supported by more than 33,000 employees. Grupo LALA's fleet of approximately 7,500 vehicles distributes its more than 600 products to nearly 550,000 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

Tuesday, February 21st, 2017
at 11:00am EST / 10:00am CST
Led by:

Scot Rank,
Chief Executive Officer
and
Alberto Arellano
Chief Financial Officer

Webcast:
[Grupo LALA Presentation](#)

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

México:
01 800 522 0034

United States:
+1 877 705 6003
(Toll-free)

International:
+1 201 493 6725

To access the replay service (2 days), please dial:

United States:
+1 844 512 2921
(Toll-free)

International:
+1 412 317 6671

PIN #: 13654472



GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED INCOME STATEMENT FOR THE THREE AND TWELVE MONTHS
ENDED DECEMBER 31st, 2015 AND 2016
(In thousands of nominal pesos)

	For the three months ended				For the twelve months ended			
	December 31,		December 31,		December 31,		December 31,	
	2015	2016	2015	2016	2015	2016	2015	2016
Net sales	\$ 12,529,593	100.0%	\$ 14,354,402	100.0%	\$ 48,182,893	100.0%	\$ 53,467,693	100.0%
Cost of goods sold	7,618,416	60.8%	9,124,731	63.6%	29,324,494	60.9%	33,173,169	62.0%
Gross profit	4,911,177	39.2%	5,229,671	36.4%	18,858,399	39.1%	20,294,524	38.0%
Other income (expenses), net	17,657	0.1%	(80,899)	(0.6)%	20,614	0.0%	(83,628)	(0.2)%
Operating expenses	3,403,848	27.2%	4,204,618	29.3%	13,197,354	27.4%	15,123,296	28.3%
Operating Income	1,489,672	11.9%	1,105,952	7.7%	5,640,431	11.7%	5,254,856	9.8%
Net of financial (income) expenses								
Net of financial income	(70,542)	(0.6)%	(47,004)	(0.3)%	(248,795)	(0.5)%	(249,485)	(0.5)%
Exchange rate (profit) loss	18,299	0.1%	(68,489)	(0.5)%	77,424	0.2%	(46,809)	(0.1)%
Financial instruments	16,162	0.1%	11,245	0.1%	33,968	0.1%	149	0.0%
Financial income, net	(36,081)	(0.3)%	(104,248)	(0.7)%	(137,403)	(0.3)%	(296,145)	(0.6)%
Share in the results of associated companies	3,111	0.0%	(768)	(0.0)%	11,495	0.0%	(6,292)	(0.0)%
Income before taxes	1,528,864	12.2%	1,209,432	8.4%	5,789,329	12.0%	5,544,709	10.4%
Income tax expense	498,223	4.0%	(24,975)	(0.2)%	1,839,519	3.8%	1,345,078	2.5%
Net consolidated income	1,030,641	8.2%	1,234,407	8.6%	3,949,810	8.2%	4,199,631	7.9%
Non-controlling interest	13,648	0.1%	22,809	0.2%	42,672	0.1%	65,004	0.1%
Depreciation and amortization	312,137	2.5%	495,263	3.5%	1,169,628	2.4%	1,606,192	3.0%
EBITDA	\$ 1,801,809	14.4%	\$ 1,601,215	11.2%	\$ 6,810,059	14.1%	\$ 6,861,048	12.8%





GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31st, 2015 AND 2016
(In thousands of nominal pesos)

	As of December 31, 2015	As of December 31, 2016
ASSETS		
Cash and cash equivalents	\$ 7,984,975	\$ 4,266,101
Investments in financial instruments	1,292,456	1,017,149
Accounts receivable	3,199,193	4,067,497
Taxes and other accounts receivable	2,467,506	3,021,653
Related parties	106,792	45,202
Inventories	3,066,660	3,897,223
Prepaid expenses	202,242	242,479
Current assets	18,319,824	16,557,304
Investments in associates	111,911	105,926
Property, plant and equipment, net	13,843,154	17,857,702
Intangible and other assets	1,925,788	5,829,736
Deferred income tax	273,505	313,088
Non-current assets	16,154,358	24,106,452
Total assets	\$ 34,474,182	\$ 40,663,756
LIABILITIES		
Short-term bank loans	\$ 32,070	\$ 2,218,939
Suppliers	4,252,318	5,329,240
Related parties	294,119	145,941
Taxes and other accounts payable	2,206,112	2,565,719
Current liabilities	6,784,619	10,259,839
Long-term liabilities		
Long-term debt	17,654	156,481
Deferred income tax and other taxes payable	1,289,138	507,364
Other accounts payable	740,205	746,909
Long-term liabilities	2,046,997	1,410,754
Total liabilities	8,831,616	11,670,593
SHAREHOLDERS EQUITY		
Capital Stock	1,492,652	1,492,866
Net premium in share placement	13,690,728	13,707,014
Retained earnings	6,263,365	9,333,813
Income of the year	3,907,138	4,134,627
Equity attributable to equity holders of the parent	25,353,883	28,668,320
Non-controlling interest	288,683	324,843
Total shareholders equity	25,642,566	28,993,163
Total liabilities and shareholders equity	\$ 34,474,182	\$ 40,663,756





GRUPO LALA, S.A.B. DE C.V.
CONSOLIDATED CASH FLOW STATEMENT FOR THE TWELVE MONTHS
ENDED DECEMBER 31st, 2015 AND 2016
(In thousands of nominal pesos)

	As of December 31, 2015	As of December 31, 2016
Operating activities:		
Income before taxes	\$ 5,789,329	\$ 5,544,709
Depreciation, amortization, and trademarks impairment	1,169,628	1,606,192
Changes in net financial expenses (income)	(226,363)	(148,347)
Results from the sale of property, plant and equipment	8,406	(26,856)
Other items	69,718	106,343
Total	6,810,718	7,082,041
Changes in operation assets and liabilities		
Accounts receivable	(502,109)	(566,015)
Inventories	(240,076)	(543,150)
Related parties	(50,057)	672,232
Suppliers	1,845,869	254,818
Taxes, other accounts receivable and prepaid expenses	(1,784,847)	(2,808,953)
Other assets and liabilities	(84,962)	(169,895)
Total	(816,182)	(3,160,963)
Net cash flow provided by operating activities	5,994,536	3,921,078
Investing activities		
Acquisition of property, plant, equipment, and intangibles	(2,353,529)	(3,004,372)
Proceeds from sale of property, plant, and equipment	38,180	148,729
Investments in Financial instruments	469,740	280,709
Business acquisitions, net of cash received	0	(5,414,079)
Net cash flow used in investing activities	(1,845,609)	(7,989,013)
Financing activities		
Net of loans and payment of loans from related parties	(34,333)	(193,101)
Net of financing and payment of financing	(46,935)	2,096,080
Repurchase of shares	(35,296)	(247,485)
Capital stock increase	0	16,500
Dividends paid to equity holders of the parent	(1,261,557)	(1,334,889)
Dividends paid to non-controlling interest	(29,676)	(29,400)
Future exchange contracts collected	(163,850)	0
Net cash flows provided (used) in financing activities	(1,571,647)	307,705
Net increase of cash and equivalents	2,577,280	(3,760,230)
Adjustments to cash due to exchange rate fluctuations	(6,593)	41,356
Cash and equivalents at beginning of the year	5,414,288	7,984,975
Cash and equivalents at the end of the year	\$ 7,984,975	\$ 4,266,101

For more information:

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www.grupolala.com