GRUPO LALA REPORTS SECOND QUARTER 2018 RESULTS

Mexico City, July 23rd, 2018 – Grupo LALA, S.A.B. de C.V., Mexican Company focused on healthy and nutritious foods, ("LALA") (BMV: LALA), today reported results for the second quarter 2018. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

Quarter Highlights

- Total revenues grew 26.1%, to 18,870 million pesos, while in Comparable figures sales increased 5.1%
- Reported and Comparable EBITDA decreased 10.7% and 17.6% respectively, against a strong base in 2017
- Challenges in Brazil and Nicaragua, and higher expenses in Mexico impacted these results
- Mexico and Brazil debt completely refinanced during the quarter

The following chart provides an abridged Income Statement, in millions of pesos. The margin for each figure represents its ratio to net sales from the quarter ended June 30th, 2018, as compared with the same period in 2017:

	As reported		As reported			Comparable(1)		
P&L	Q2´17	% Sales	Q2´18	% Sales	Var. %	Q2´18	% Sales	Var. %
Net Sales	**14,967**	100.0%	**18,870**	100.0%	26.1%	**15,738**	100.0%	5.1%
Gross Profit	**5,787**	38.7%	**6,611**	35.0%	14.2%	**5,709**	36.3%	(1.3)%
Operating Income	**1,634**	10.9%	**1,311**	6.9%	(19.8)%	**1,229**	7.8%	(24.8)%
EBITDA(2)	**2,096**	14.0%	**1,871**	9.9%	(10.7)%	**1,727**	11.0%	(17.6)%
Net Income	**1,148**	7.7%	**400**	2.1%	(65.1)%	**733**	4.7%	(36.2)%

(1) Comparable means, with respect to a year-over-year comparison, the change in a given measure excluding the effects of the acquisition of Brazil in Q4 2017

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

MESSAGE FROM MANAGEMENT

Scot Rank, **Grupo LALA's CEO, commented**:

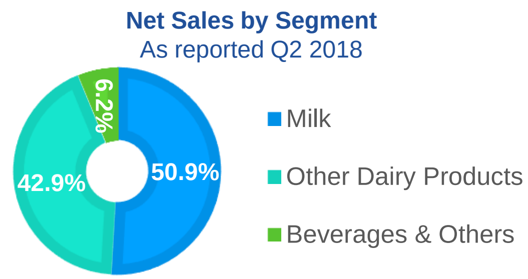
"Q2 was a quarter with sales growth versus the previous quarter in all regions, but disappointing results in profitability. We faced challenges derived from higher expenses in Mexico, the political situation in Nicaragua, and a nationwide trucking strike in Brazil that stopped our operations for ten days. I remain confident that solid business and operating fundamentals will enable us to quickly return to profitable growth."

CONSOLIDATED RESULTS
FOR THE SECOND QUARTER 2018

Net Sales: Reported net sales in the second quarter 2018 increased by 26.1% year on year, reaching 18,870 million pesos, from a combination of organic growth and the consolidation of the operations in Brazil. Meanwhile, in comparable figures, Lala increased its net sales by 5.1%, to reach 15,738 million pesos. This growth reflects an expansion in volume, an improved mix and a favorable calendar effect.

Net Sales by Segment: Milk sales grew 6.1%, reflecting the improvement in the milk formula category, under the Nutrileche brand. Other Dairy Products grew above all categories, with a 59% reported growth, driven by the acquisition of Brazil whose portfolio has a high mix of Value-Added dairy products. Beverages & Others augmented in 49% driven mainly by the Cold Cuts category.

Net Sales	**As Reported**		
MXN$ in million	Q2´17	Q2´18	Var. %
Milk	**9,054**	**9,608**	6.1%
Other Dairy Products	**5,093**	**8,097**	59.0%
Beverages & Others	**820**	**1,165**	49.0%

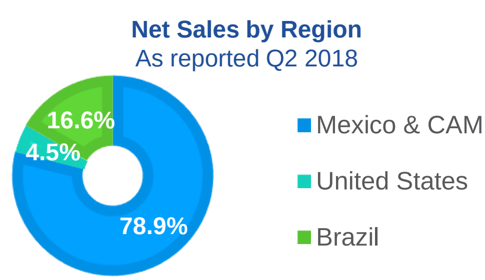


Net Sales by Region: The sales in **Mexico and Central America** continue in line with recent trends, increasing 5.2% to finish in 14,882 million pesos. Political challenges in Nicaragua that started in April of this year have impacted sales with double-digit decrease, and general negative consequences in our operations. Nicaragua represents 3% of our sales.

The **U.S. business** reported net sales of 856 million pesos, a 5.0% increase, mainly explained by good performance in Promised Land specialty milk, and a positive exchange rate impact. Additionally, we continue gaining market share in our profitable Drinkable Yoghurt business, which represents 72% of our net sales in the region.

Brazil reported net sales of 3,132 million pesos. A nationwide trucking strike in May affected production and sales during the last two weeks of the month, resulting in a loss of 1/3 of sales and affecting 8 production days. During the first week of June, we successfully replenished the market with our products, partially offsetting impact of lost sales in the quarter.
Strong performance in Brazil in yoghurt and cheese, especially in cream cheese and *requejão*, where market shares continues to expand.

Net Sales	**As Reported**		
MXN$ in million	Q2´17	Q2´18	Var. %
Mexico & Central America	**14,152**	**14,882**	5.2%
United States	**815**	**856**	5.0%
Brazil	**N.A.**	**3,132**	N.A.

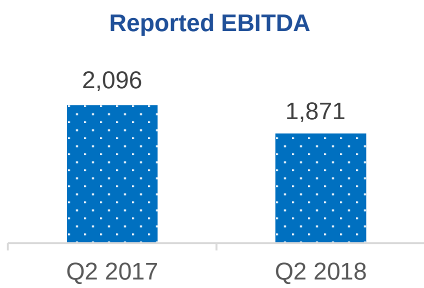


Costs and Gross Profit: During the second quarter of 2018, the reported costs of goods increased by 33.5%, to end in a Gross Profit of 6,611 million pesos, resulting in a Gross Margin of 35.0%, explained by the integration of the Brazilian business at lower margins, together with a slight margin contraction in the balance of the business. On a comparable basis, Gross Profit decreased by 1.3% compared to the same period of last year, a consequence of inflation in raw materials, fuel and energy.

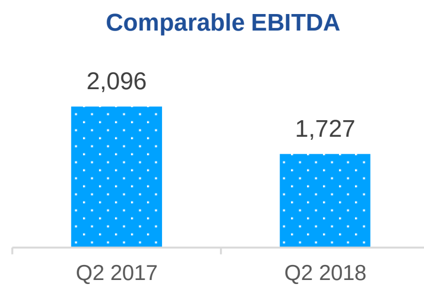
Expenses and Operating Income: Reported operating expenses grew 30.3%, ending at 5,447 million pesos. This includes an increase in manufacturing and distribution expenses in Mexico, and extraordinary expenses in CAM as a result of the political situation in Nicaragua. Reported operating income was 1,311 million pesos, a 19.8% decrease, while the comparable operating income declined by 24.8% versus the second quarter of 2017.

EBITDA: Reported EBITDA in the second quarter closed at 1,871 million pesos, a decrease of 10.7% and 410 basis points of margin contraction, versus the same period last year. Comparable EBITDA results declined 17.6% vs the second quarter of 2017, finishing in 1,727 million pesos. This result is mainly explained by:

1) Manufacturing and Distribution expenses increasing in Mexico, and extraordinary operating and restructuring costs in Central America;
2) Lower margins in the Brazilian business, as a result of the nationwide trucking strike; and,
3) A high comparable base from last year.



Margin %	*14.0%*	*9.9%*



Margin %	*14.0%*	*11.0%*

EBITDA by region: In **Mexico and Central America**, EBITDA reached 1,768 million pesos, a decrease of 16.8% compared to the second quarter of last year. The reduction is explained by:

1) Our Manufacturing and Distribution expenses were substantially increased due to higher costs in fuel and energy; and,

2) Central America was impacted by the political situation in Nicaragua, where our operations continue to be affected, and where we have incurred in one-off restructuring expenses. We also had some collateral effects in Guatemala and Costa Rica due to the product sourcing dependence on this country. For the second half of the year, we will gradually improve results in CAM as we are reducing the dependence from Nicaragua, through the opening of two multi-category facilities in Guatemala and Costa Rica.

The **U.S. business** continues with negative EBITDA, losing 41 million pesos in the quarter, showing a modest progression in margins compared to the previous three quarters.
Drinkable Yoghurt is a profitable business which continues gaining market share.

In Brazil, we closed the quarter with an EBITDA of 144 million pesos, which represents 4.6% of sales. Q2'18 margins were affected by the nationwide trucking strike in May, where operations stopped during the last 10 days of the month. Some of these losses were recovered in June, due to strong initiatives to replenish the market.
These results also include 15.7 million pesos expenses related to the integration of Vigor.

EBITDA	**As Reported**		**As Reported**		
MXN$ in million	Q2´17	% Sales	Q2´18	% Sales	Var. %
Mexico & Central America	**2,126**	15.0%	**1,768**	11.8%	(16.8)%
United States	**(30)**	(3.6)%	**(41)**	(4.8)%	N.A.
Brazil	**N.A.**	N.A.	**144**	4.6%	N.A.

Financial Expenses: During the period, the Company recorded financing expenses of 597 million pesos, reflecting the interest expense related to the acquisition of Vigor.

Taxes: As shown in our results, taxes of the period were 314 million pesos, similar to the previous two quarters. The effective tax rate of the Company increased by 13 percentage points, due to the inflationary adjustment of the outstanding debt. Projects continue in place to optimize our tax structure in the four regions.

Net Income: Reported net income decreased 65.1%, for a total of 400 million pesos, mainly attributable to lower operating income and higher financial expenses. Meanwhile in comparable figures, the net income decreased by 36.2% to end at 733 million pesos.

CONSOLIDATED FINANCIAL POSITION

Capital Investment: During Q2'18, the Company invested 1,510 million pesos, mainly behind expansion and maintenance investments. As we mentioned on previous quarter, we estimate our 2018 full year CapEx investment to be below 3,000 million pesos.

Cash and Cash Equivalents: As of June 30th, 2018, we had a cash position of 2,446 million pesos, including the cash balance of Vigor denominated in Brazilian reals, an increase of 9.7% compared to June 30th, 2017.

Total Debt: By the end of this quarter, total debt decreased by 985 million pesos from Q1 2018 to end at 27,679 million pesos. Short-term debt was 1,415 million pesos and long-term debt was 26,264 million pesos. The Net Debt ended at 25,234 million pesos with a Net Debt to EBITDA ratio of 3.0x.
As of June 30th, we had completely refinanced the debt in Mexico and Brazil ending an average maturity of 4.7 years. This refinancing has been a combination of:
1) Local bonds, CEBURES, issued during the month of March in the Mexican securities market for a total of 10 billion pesos; of which 6 billion will pay a fixed annual rate of 9.17%, with a maturity in 2028, and 4 billion pesos will pay a floating rate of TIIE + 50 bps, with maturity in 2023.
2) On April 13th, we issued a third bond in the Mexican market for a total of 3 billion pesos with a floating rate of TIIE + 40 bps and maturity in 2021.
3) The remaining debt was refinanced via bank debt, with 2 bilateral agreements and a syndicated loan.

The following table shows the composition of the Company's debt by currency, interest rate and year of maturity as of June 30th, 2018.

Currency	% Total Debt	% weighted avg. Cost of debt	Average maturity
Mexican Pesos	89.4%	TIIE + 0.7%	5.1 years
Brazilian Reals	10.6%	CDI + 0.5%	1.5 years

Key Financial Data: As of June 30th, 2018, the Company's key financial ratios were as follow:

Financial Metrics	Q2 2017	Q2 2018
Net Debt / EBITDA	(0.3)x	3.0x
EBITDA / Interest Paid	214.3x	4.6x
Earnings per Share (12 months)	$ 1.51	$ 0.92
Book Value	$ 11.37	$ 11.47
Outstanding shares (in million)	2,475.9	2,475.9
ROIC %	13.7%	7.3%

Q2 2018 Relevant Events

- On April 17th, the Company successfully issued three thousand million pesos in local bonds (*Certificados Bursátiles*) at 3 years
- On April 23rd, 2018, Grupo Lala reported Q1 2018 results

Sell-side analyst coverage

In accordance with the provisions of article 4.033.01 subsection VIII of the BMV's rules of procedure on maintenance requirements, we report that the Broker/Credit Institutions which provide coverage analysis of our securities are: 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.

Share buyback program

As of June 30th, 2018, the Company's share buyback program had a balance of 25,751,744 shares, at a weighted average price of $27.67 pesos per share for a total balance of $756,213,562 pesos.

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About LALA

Grupo LALA is a 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, 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

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

CONFERENCE CALL INVITE

Tuesday July 24th, 2018, at 11:00am EST / 10:00am CST

Scot Rank, Chief Executive Officer
Alberto Arellano, Chief Financial Officer
Mariana Rojo, Investor Relations Officer

Webcast:
Grupo LALA Presentation

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

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GRUPO LALA, S.A.B. DE C.V.
Consolidated Income Statements
ended June 30th, 2017 and 2018
(In thousands of nominal pesos)

	For the three months ended June 30,				For the six months ended June 30,			
	2017		2018		2017		2018	
Net sales	$ 14,967,515	100.0%	$ 18,869,644	100.0%	$ 29,766,969	100.0%	$ 37,145,126	100.0%
Cost of goods sold	9,180,255	61.3%	12,258,612	65.0%	18,617,217	62.5%	23,916,967	64.4%
Gross profit	5,787,260	38.7%	6,611,032	35.0%	11,149,752	37.5%	13,228,159	35.6%
Other income (expenses), net	(26,874)	(0.2)%	(146,571)	(0.8)%	(39,597)	(0.1)%	(106,981)	(0.3)%
Operating expenses	4,179,970	27.9%	5,446,592	28.9%	8,300,809	27.9%	10,589,967	28.5%
Operating Income	1,634,164	10.9%	1,311,011	6.9%	2,888,540	9.7%	2,745,173	7.4%
Net of financial (income) expenses								
Net of financial income	(15,012)	(0.1)%	662,561	3.5%	(39,564)	(0.1)%	1,208,420	3.3%
Exchange rate (profit) loss	53,420	0.4%	(52,031)	(0.3)%	209,239	0.7%	14,671	0.0%
Financial instruments	(66,055)	(0.4)%	(13,745)	(0.1)%	36,291	0.1%	10,108	0.0%
Financial income, net	(27,647)	(0.2)%	596,785	3.2%	205,966	0.7%	1,233,199	3.3%
Share in the results of associated companies	196	0.0%	356	0.0%	866	0.0%	1,300	0.0%
Income before taxes	**1,662,007**	**11.1%**	**714,582**	**3.8%**	**2,683,440**	**9.0%**	**1,513,274**	**4.1%**
Income tax expense	514,298	3.4%	314,146	1.7%	831,422	2.8%	611,364	1.6%
Net consolidated income	**1,147,709**	**7.7%**	**400,436**	**2.1%**	**1,852,018**	**6.2%**	**901,910**	**2.4%**
Non-controlling interest	21,441	0.1%	29,280	0.2%	44,443	0.1%	53,189	0.1%
Depreciation and amortization	461,455	3.1%	559,703	3.0%	932,283	3.1%	1,157,786	3.1%
EBITDA	**$ 2,095,619**	**14.0%**	**$ 1,870,714**	**9.9%**	**$ 3,820,823**	**12.8%**	**$ 3,902,959**	**10.5%**
Effective income tax rate	30.9%		44.0%		31.0%		40.4%	

GRUPO LALA, S.A.B. DE C.V.
Consolidated Statement of Financial Position
at June 30th, 2017 and 2018
(In thousands of nominal pesos)

	As of June 30, 2017	As of June 30, 2018
ASSETS		
Cash and cash equivalents	$ 2,229,564	$ 2,445,641
Investments in financial instruments	0	318,898
Accounts receivable	4,319,212	6,742,196
Taxes and other accounts receivable	2,840,283	3,556,697
Related parties	44,233	46,813
Inventories	4,424,043	5,661,046
Prepaid expenses	482,173	576,548
Current assests	14,339,508	19,347,839
Investments in associates	119,720	132,926
Property, plant and equipment, net	17,873,765	22,727,557
Intangible and other assets	5,549,621	26,084,418
Long term recoverable taxes	-	1,673,784
Deferred income tax	385,762	875,714
Non-current assets	23,928,868	51,494,399
Total assets	$ 38,268,376	$ 70,842,238
LIABILITIES		
Short-term debt	$ 27,786	$ 1,415,369
Suppliers	4,730,197	7,179,518
Financial instruments liability	31,517	8,658
Related parties	2,139,648	2,226,816
Taxes and other accounts payable	2,392,320	3,509,975
Current liabilities	9,321,468	14,340,336
Long-term liabilities		
Long-term debt	68,083	26,263,776
Deferred income tax and other taxes payable	516,892	1,275,524
Taxes payable in the long term	-	722,632
Other accounts payable	707,146	2,302,332
Long-term liabilities	1,292,121	30,564,264
Total liabilities	10,613,589	44,904,600
SHAREHOLDERS EQUITY		
Capital Stock	1,490,153	1,489,197
Net premium in share placement	13,126,038	12,954,471
Retained earnings	10,910,735	10,323,186
Income of the year	1,807,575	848,721
Equity attributable to equity holders of the parent	27,334,501	25,615,575
Non-controlling interest	320,286	322,063
Total shareholders equity	27,654,787	25,937,638
Total liabilities and shareholders equity	$ 38,268,376	$ 70,842,238

GRUPO LALA, S.A.B. DE C.V.
Consolidated Cash Flow Statement
for the 6 months ended June 30th, 2017 and 2018
(In thousands of nominal pesos)

	As of June 30, 2017	As of June 30, 2018
Operating activities:		
Income before taxes	$ 2,683,440	$ 1,513,274
Depreciation, amortization, and trademarks impairment	932,283	1,157,786
Changes in net financial expenses (income)	(40,879)	1,165,576
Results from the sale of property, plant and equipment	2,797	(4,840)
Result on disposal of Associates	0	(3,782)
Other items	50,295	(1,300)
Total	3,627,936	3,826,713
Changes in operation assets and liabilities		
Accounts receivable	(316,763)	(97,385)
Inventories	(608,898)	(483,691)
Related parties	1,136,263	1,020,629
Suppliers	(136,242)	(75,538)
Taxes, other accounts receivable and prepaid expenses	(1,743,772)	(1,960,583)
Other assets and liabilities	163,715	504,829
Net cash flow provided by operating activities	**2,122,239**	**2,734,973**
Investing activities		
Acquisition of property, plant, equipment, and intangibles	(1,947,765)	(1,597,169)
Proceeds from sale of property, plant, and equipment	104,217	67,075
Investments in Financial instruments	1,000,000	(6,572)
Bussiness acquisitions, net of cash received	(11,708)	0
Interest collected	71,643	143,364
Cash received on the sale of investments	0	(60,964)
Net cash flow used in investing activities	**(783,613)**	**(1,454,266)**
Financing activities		
Net of financing and payment of financing	(2,266,838)	(4,112,093)
Repurchase of shares	(283,645)	(135,241)
Dividends paid to equity holders of the parent	**(709,340)**	**(767,238)**
Dividends paid to non-controlling interest	(49,000)	(105,841)
Net cash flows provided (used) in financing activities	**$ (3,308,823)**	**$ (5,120,410)**
Net increase of cash and equivalents	**(1,970,197)**	**(3,839,703)**
Adjustments to cash due to exchange rate fluctuations	(66,340)	(448,039)
Cash and equivalents at beginning of the year	4,266,101	6,733,382
Cash and equivalents at the end of the period	$ 2,229,564	$ 2,445,641