



GRUPO LALA REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

Mexico City, February 25, 2019 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALA), today reported results for the fourth quarter 2018. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

Quarter Highlights:

- Net sales increased 9.9%, to 19,516 million pesos and increased 4.1% based on comparable figures
- YoY reported and comparable EBITDA decreased 9.5% and 3.3%, respectively, due to inflation and energy costs
- Mexico sales rose 4.5%, and progressively recovered EBITDA margin by 90 bps vs. previous immediate quarter
- Brazil net sales increased 10% in BRL terms, while EBITDA margin expanded to 8.5%, excluding one-offs, a 150 bps improvement
- US sales grew 10.3% in MXN terms, reaching positive EBITDA for first time since LALA’s acquisition of this business
- Net Income expanded 82.9% to MXN \$875 m, due to differences in taxes paid in last year’s quarter and an optimized fiscal result

The following chart provides an abridged Income Statement, in millions of pesos. The margin for each figure represents its ratio to net sales for the quarter and the year ended December 31, 2018, as compared to the same period in 2017:

As reported			Quarterly			Yearly		
MXN\$ in millions	Q4’17	% Sales	Q4’18	% Sales	Var. %	2017	2018	Var. %
Net Sales	17,751	100.0%	19,516	100.0%	9.9%	62,540	75,419	20.6%
Gross Profit	6,474	36.5%	6,872	35.2%	6.2%	23,378	26,510	13.4%
Operating Income	1,859	10.5%	1,510	7.7%	(18.8)%	6,175	5,411	(12.4)%
EBITDA ⁽²⁾	2,360	13.3%	2,137	10.9%	(9.5)%	8,045	7,781	(3.3)%
Net Income	479	2.7%	875	4.5%	82.9%	3,338	1,994	(40.3)%

Comparable ⁽¹⁾			Quarterly			Yearly		
MXN\$ in millions	Q4’17	% Sales	Q4’18	% Sales	Var. %	2017	2018	Var. %
Net Sales	15,403	100.0%	16,042	100.0%	4.1%	60,192	62,655	4.1%
Gross Profit	5,748	37.3%	5,877	36.6%	2.2%	22,652	22,784	0.6%
Operating Income	1,526	9.9%	1,374	8.6%	(10.0)%	5,841	4,885	(16.4)%
EBITDA ⁽²⁾	1,981	12.9%	1,915	11.9%	(3.3)%	7,666	6,982	(8.9)%
Net Income	405	2.6%	737	4.6%	82.1%	3,264	1,548	(52.6)%

(1) Comparable is defined as the year-over-year comparison excluding the effects of LALA’s Q4 2017 acquisition of Vigor Alimentos in Brazil

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

MESSAGE FROM MANAGEMENT

Mauricio Leyva, Grupo LALA’s CEO, commented:

“We are focusing and restructuring ourselves for growth, enabling this evolution by our already started Cultural and Talent Transformation, concentrating our efforts on creating value behind Revenue Management, Innovation and Zero-Based Budgeting to drive a Virtuous Cycle. We have initiated new strategic and digital alliances that will reinforce our short- and long-term growth strategy. During the fourth quarter, we started seeing some progress on margin recovery in LALA’s Key Markets, Mexico and Brazil, delivered break-even EBITDA results for the first time since the acquisition in the US, a material upswing in Net Income and produced an overall improvement in our Working Capital indicators at the Group level.”

CONSOLIDATED RESULTS FOR

THE FOURTH QUARTER AND FULL YEAR 2018

Net Sales: Reported net sales in the fourth quarter 2018 increased 9.9% and full year by 20.6% year-on-year, reaching \$19,516 and \$75,419 million pesos, respectively. This was due to a combination of organic growth and the consolidation of LALA's Brazil operations. Further, both quarterly and full year net sales in comparable figures increased 4.1% to \$16,042 and \$62,655 million pesos, respectively. These increases resulted from a combination of volume expansion and improved product mix in all regions.

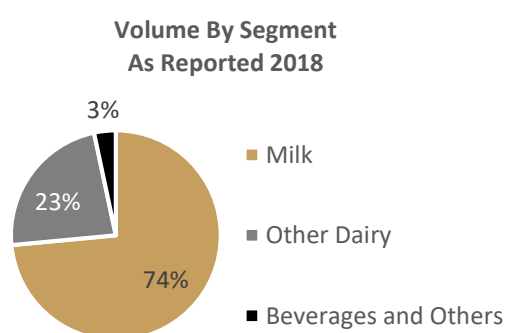
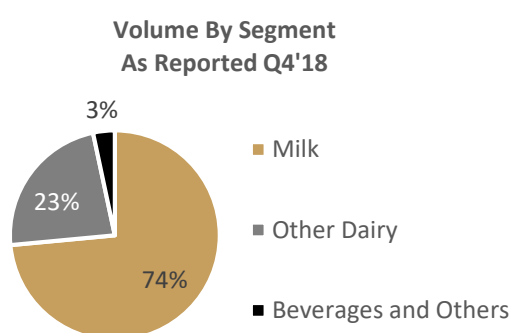
Volume by Segment: Fourth quarter volume increased 6.2%, mostly due to the consolidation of Brazil's results (considering that Brazil started to consolidate in November 2017), driving growth primarily in the Other Dairy category. On a Comparable basis (excluding Brazil), volume grew 2.0% versus last year.

Full-year volume grew 10.2% and 0.4% on a comparable basis (excluding Brazil).

Volume by Segment				As Reported		
KL in millions ⁽¹⁾	Q4'17 ⁽²⁾	Q4'18	Var. %	2017 ⁽²⁾	2018	Var. %
Milk	683	706	3.4%	2,683	2,772	3.3%
Other dairy	191	223	16.6%	622	873	40.4%
Beverages and others	30	31	4.1%	118	126	6.5%
Total Volume	904	960	6.2%	3,423	3,771	10.2%

(1) Volume is measured in "KL", which is calculated by adding Kilos and Liters.

(2) Includes only November and December 2017 of Brazil



Volume by Region: Beginning with fourth quarter 2018, Grupo LALA will disclose volumes by both segment and by region.

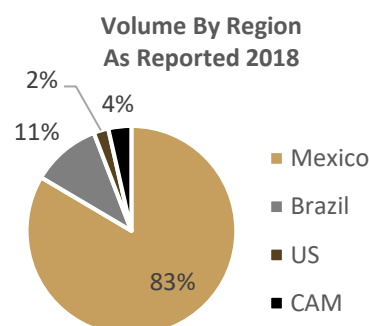
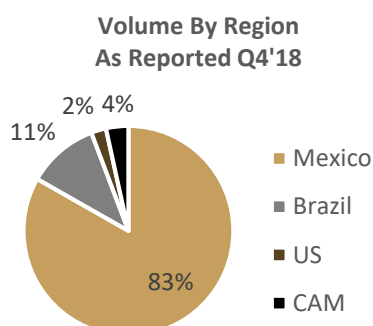
In **Mexico**, fourth quarter and full year volumes grew, driven by all segments. In the **US**, fourth quarter growth came from all segments, and in the full year there was volume contraction, mainly due to the rightsizing and reorganization of the Promised Land portfolio to increase profitability. In **CAM**, there was quarterly and full year contraction due to the political crisis in Nicaragua. **Brazil** 2017 figures only include November and December, therefore most of the volume growth is related to the consolidation effect.

Volume by Region				As Reported		
KL in millions ⁽¹⁾	Q4'17	Q4'18	Var. %	2017	2018	Var. %
Mexico	780	799	2.5%	3,116	3,149	1.1%
United States	22	22	2.3%	87	86	(1.4)%
Central America	36	33	(8.9%)	153	134	(12.6)%
Comparable ⁽³⁾	838	854	2.0%	3,356	3,369	0.4%
Brazil	66 ⁽²⁾	106	59.4%	66 ⁽²⁾	402	505.7%
Total Volume	904	960	6.2%	3,423	3,771	10.2%

(1) Volume is measured in "KL", which is calculated by adding Kilos and Liters.

(2) Includes only November and December 2017

(3) Comparable is defined as the year-over-year comparison excluding the effects of LALA's Q4 2017 acquisition of Vigor Alimentos in Brazil

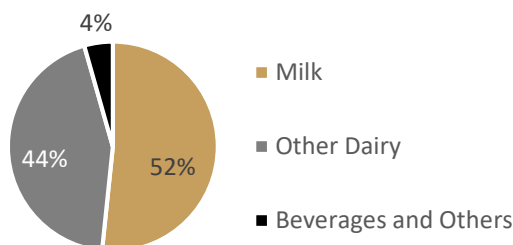


Net Sales by Segment: Fourth quarter and full year Milk sales increased 5.9% and 5.7%, respectively, reflecting Milk category improvements in Mexico under the LALA and NutriLeche brands, as well as additional UHT Milk sales coming from Brazil. Other Dairy Products grew 19.9% in the fourth quarter and 46.5% for the year, mainly due to the acquisition of Vigor Alimentos in Brazil, whose portfolio has a higher mix of Value-Added Dairy Products, and to organic growth in the Yogurt, Cheese and Cream categories. Beverages and Others decreased 21.1% during the quarter, due to lower sales of raw materials, and 14% for the year, primarily in the Cold Cuts category of Mexico.

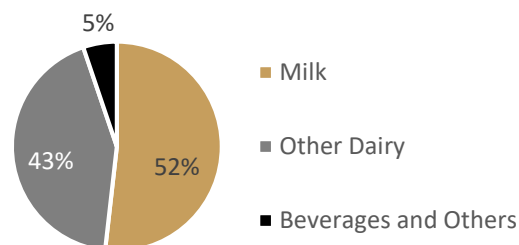
Net Sales by Segment				As Reported		
MXN\$ in millions	Q4'17 ⁽¹⁾	Q4'18	Var. %	2017 ⁽¹⁾	2018	Var. %
Milk	9,542	10,100	5.9%	36,949	39,050	5.7%
Other dairy	7,162	8,590	19.9%	22,168	32,466	46.5%
Beverages and others	1,048	826	(21.1)%	3,423	3,904	14.0%
Total Sales	17,751	19,516	9.9%	62,540	75,419	20.6%

(1) Includes only November and December 2017 of Brazil

Net Sales By Segment
As Reported Q4'18



Net Sales By Segment
As Reported 2018



Net Sales by Region:

Net Sales in **Mexico** in the fourth quarter increased 4.5% to \$14,492 million pesos, mainly driven by a combination of 2.5% volume growth and by price increases implemented in September 2018 as part of the Company's strategy to offset inflation. It is important to note that the focus on raising prices will continue during the first quarter of 2019, in order to recover margins. On the basis of full-year figures, **Mexico** net sales grew 4.9%, driven by volume, mix and pricing.

As part of Grupo LALA's focus on expanding its portfolio of value-added products, the Company announced on February 25, 2018, that it had signed a license agreement with US-based Blue Diamond Growers to market and distribute Blue Diamond's almond-based beverages in Mexico, consistent with LALA's premiumization strategy and complementing its existing brand portfolio in Almond Milk. LALA's *Vita Almendras* brand will continue targeting Mexico's mainstream market segment, while Blue Diamond *Almond Breeze* will target the premium segment.

In fourth quarter 2018, LALA defended its market share in Mexico within the Milk and Cream categories, while expanding market share within the Packaged Cheese category.

Grupo LALA's **Brazil** operations reported fourth quarter net sales of \$3,475 million pesos, a 10% year-on-year increase in Reals. The increase was due to a combination of price increases, implemented between August and October to offset inflation, and strong performance in the Greek Yogurt and Cheese categories, particularly *Requejão*, the market share of which expanded 80 bps during the quarter. Additionally, sales under the Vigor brand grew 15% behind an unprecedented marketing campaign, the largest of its kind in Vigor's history. On a full-year basis, **Brazil** grew 443.6% due to the consolidation effect.

To continue driving sales growth in the fast-growing and profitable Cheese category in Brazil, LALA is investing R\$70 million to quadruple the storage capacity of Parmesan Cheese products by the end of 2019.

Grupo LALA's **US** operations reported fourth quarter net sales of \$904 million pesos, a 10.3% increase and a 3.7% increase on a full-year basis. The Company continued to gain market share in the Drinkable Yogurt category, growing 70 bps during the year.

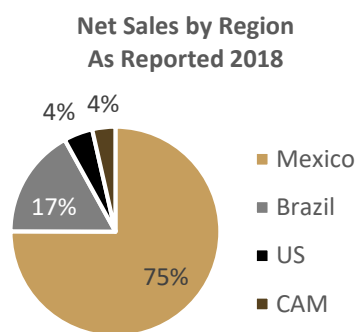
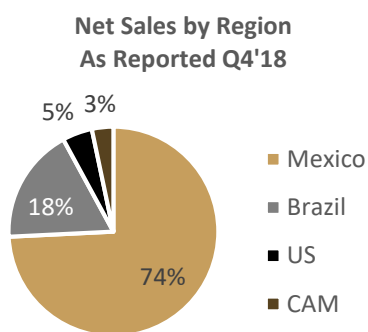
LALA's **Central America** sales decreased 10.3% and 9.4% in the fourth quarter and for the full year, respectively, primarily impacted by a decline in demand in Nicaragua due to the political situation there. In the other countries where LALA operates in the region, there was improved demand during the quarter, particularly in the Ice Cream category, which grew 16% year-on-year in Guatemala and 62% in Costa Rica.

Grupo LALA's new manufacturing plants in Guatemala and Costa Rica began production in the fourth quarter of 2018 and in the first quarter of 2019, respectively. Going forward, LALA's CAM operations are therefore no longer solely dependent on Nicaragua for the production and supply of key products, including Milk and Ice Cream.

Net Sales by Region				As Reported		
MXN\$ in millions	Q4'17	Q4'18	Var. %	2017	2018	Var. %
Mexico	13,863	14,492	4.5%	53,973	56,596	4.9%
United States	819	904	10.3%	3,254	3,373	3.7%
Central America	721	646	(10.3%)	2,965	2,686	(9.4%)
Comparable ⁽²⁾	15,403	16,042	4.1%	60,192	62,655	4.1%
Brazil	2,348 ⁽¹⁾	3,475	48.0%	2,348 ⁽¹⁾	12,765	443.6%
Total Sales	17,751	19,516	9.9%	62,540	75,419	20.6%

(1) Includes only November and December 2017

(2) Comparable is defined as the year-over-year comparison excluding the effects of LALA's Q4 2017 acquisition of Vigor Alimentos in Brazil



Costs and Gross Profit: In the fourth quarter, Costs of Goods Sold increased 12.1%, resulting in a Gross Profit of \$6,872 million, a Gross Margin contraction of 125 bps to 35.2%. This was due to the integration of LALA's Brazil operations at lower margins and to a higher than expected input cost inflation in Mexico, particularly energy and packaging costs. On a comparable basis, Cost of Goods Sold increased 5.3%, resulting in a 68 bps increase year over year. On a full-year basis, Cost of Goods Sold increased 24.9%, resulting in a Gross Margin contraction of 223 bps to 35.2%.

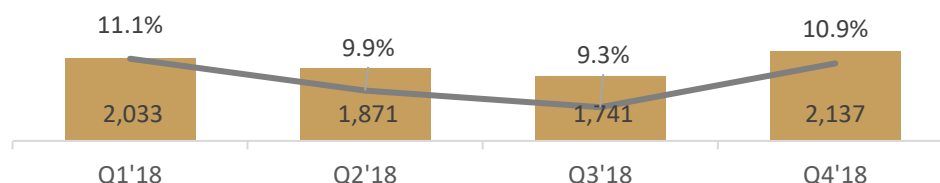
In Brazil, LALA recorded a non-operational one-off charge of \$75 million pesos, due to a Purchase Price Allocation (PPA) adjustment. The PPA adjustment was related to Cheese inventories in the aging process that were produced at a given cost of Raw-Milk, which then had to be adjusted to the market prices of Raw-Milk at the time of the acquisition. As these inventories had already been consumed by the fourth quarter, this was reflected in the revised Cost of Goods. This was a unique event, which was not related to the operational performance of the Company during fourth quarter and will not affect future results.

Expenses and Operating Income: Operating Expenses increased 5.7% to \$5,481 million pesos, partly due to double-digit energy cost increases in Mexico. Reported Operating Income was \$1,510 million pesos, a 18.8% decrease, representing a 274 bps margin contraction. Full-year Operating Expenses grew 19.7%, while Operating Income was \$5,411 million pesos, a 270 bps margin contraction.

EBITDA: Fourth quarter EBITDA was \$2,137 million pesos, resulting in sequential margin increases versus the previous two quarters of 160 bps and 100 bps, respectively. These increases reflect a more aggressive pricing strategy in Mexico and Brazil and break-even levels in the USA and CAM businesses. Compared to the same quarter of last year, EBITDA decreased 9.5%,

a 230 bps margin contraction. This was primarily due to: a) Higher margins in Q4'17 resulting from the Itambé sale; b) Electricity, fuel and packaging price inflation in Mexico; c) Decreased demand in Nicaragua due to the current political situation; and d) Impact of the PPA adjustment in LALA's Brazil business. Comparable EBITDA (excluding Brazil) declined 3.3% year-on-year to \$1,915 million pesos, a 90 bps margin contraction.

Full-year 2018 EBITDA was \$7,781 million pesos, or 10.3% of sales, representing a margin contraction of 250 bps.



EBITDA by Region:

In **Mexico**, fourth quarter EBITDA was \$1,904 million pesos, or 13.1% of sales, the highest quarterly level in 2018 and a margin improvement versus the two previous two quarters of the year. Compared to the prior year's quarter, EBITDA decreased 9.7%, a 210 bps margin contraction. On a full-year basis, EBITDA was \$7,385 million pesos, or 13.0% of sales, a 160 bps margin contraction. The decline was primarily due to the considerable impact of higher raw materials prices, particularly packaging and energy (electricity and diesel) costs. To mitigate the impact of inflation, in September of 2018, LALA began implementing gradual price increases on the order of 3%, with further increases planned for first quarter 2019.

In **Brazil**, LALA closed the quarter with \$222 million pesos in EBITDA or 6.4% margin. Excluding the PPA one-off Brazil had a margin of 8.5%. LALA implemented a price increase in the third quarter 2018 to offset additional pressure of unseasonal milk prices. It can be helpful, for comparison purposes, to exclude benefits related to the sale of Itambé and one-time expenses related to the acquisition of Vigor, which results in a normalized EBITDA margin of 7.0% in fourth quarter 2017.

The **US** business achieved break-even during the quarter. This was the result of: 1) Promised Land portfolio reengineering, 2) Closure of the Floresville, Texas plant; 3) A co-manufacturing agreement in Virginia to produce and distribute Promised Land products; and 4) Improving the utilization rate of the Colorado plant to 65%. The restructuring of LALA's US business has been successfully completed, with expected savings to occur in the first quarter of 2019.

Grupo LALA's **Central America business** also achieved break-even in the fourth quarter, with EBITDA of 5 million pesos and a margin of 0.7%. This was due to the reorganization of the Central America operations, as well as the favorable impact of a 25% headcount reduction in Nicaragua. As explained above, the Company's new Guatemala and Costa Rica manufacturing plants began operation, minimizing future dependence on Nicaragua. The closure of the Panama office has been completed, with expected savings to be reflected in the first quarter of 2019.

EBITDA MXN\$ in millions	Quarterly					Yearly				
	Q4'17	% NS	Q4'18	% NS	Var. bps	2017	% NS	2018	% NS	Var. bps
Mexico	2,110	15.2%	1,904	13.1%	(210)	7,887	14.6%	7,385	13.0%	(160)
US	(104)	(12.7%)	6	0.7%	1,340	(244)	(7.5%)	(297)	(8.8%)	(130)
Central America	(25)	(3.4%)	5	0.7%	420	24	0.8%	(106)	(3.9%)	(470)
Comparable	1,981	12.9%	1,915	11.9%	(90)	7,666	12.7%	6,982	11.1%	(160)
Brazil	379 ⁽¹⁾	16.1%	222	6.4%	(980)	379 ⁽¹⁾	16.1%	799	6.3%	(990)
Total EBITDA	2,360	13.3%	2,137	10.9%	(230)	8,045	12.9%	7,781	10.3%	(250)
Total EBITDA without one-off	2,145 ⁽²⁾	12.1%	2,212 ⁽³⁾	11.3%	(80)					

(1) Includes only November and December 2017

(2) Excludes sale of Itambé and expenses related to acquisition of Vigor

(3) Excludes PPA

Net Financial Expenses: During the fourth quarter, the Company had \$546 million pesos in financing expenses, comprised of debt-related interest associated with the acquisition of Vigor Alimentos, S.A. Note that financing expenses increased versus fourth quarter 2017, as debt financing for the acquisition was obtained on October 23, 2017, with interest being paid during 75% of that quarter, compared to 100% during fourth quarter 2018. Full-year net financing expenses were \$2,453 million pesos.

Taxes: Taxes for the fourth quarter 2018 were \$86 million pesos. This year-on-year reduction of Mexico ISR ("*Impuesto Sobre la Renta*") was primarily due to: 1) Lower operating profits; 2) Higher financial interest expenses paid in relation to the acquisition of Vigor; 3) A one-off from a double-taxation benefit related to the repatriation of intangible assets to Mexico in 2014; and 4) Capitalizing on a fiscal stimulus, as part of a restructuring process at the Group to have primary and secondary transport fleets in Mexico within the same legal entity, a situation that did not exist in 2017. As a result of these one-time benefits, the effective tax rate for the quarter was 9.0%. The full-year tax rate is 32.6%.

Net Income: Reported net income increased 82.9% to \$875 million pesos. This increase reflects higher taxes paid last year (mainly for the sale of Itambé) and the tax benefits during this quarter in Mexico, as explained in the previous paragraph. Full-year net income decreased 40.3% due to lower operating income and higher financing expenses.

MXN\$ in millions	Quarterly			Yearly		
	Q4'17	Q4'18	Var %	2017	2018	Var %
Operating Income	1,859	1,510	-18.8%	6,175	5,411	-12.4%
Financing Expenses	461	546	18.5%	643	2,453	281.5%
% NS	2.6%	2.8%		1.0%	3.3%	
Net income before taxes	1,399	962	-31.3%	5,534	2,957	-46.6%
% NS	7.9%	4.9%		8.8%	3.9%	
Taxes	920	86	-90.6%	2,196	963	-56.1%
<i>Effective tax Rate</i>	65.8%	9.0%		39.7%	32.6%	
Net Income	479	875	82.9%	3,338	1,994	-40.3%
% NS	2.7%	4.5%		5.3%	2.6%	

CONSOLIDATED

FINANCIAL POSITION

Capital Investment: Year-to-date, the Company invested \$2,435 million pesos in expansion and maintenance CapEx. This represents an improved Capex/Sales ratio of 3.2% for the year.

Cash and Cash Equivalents: As of December 31, 2018, Grupo LALA had a cash position of \$2,550 million pesos, including the cash balance of Vigor that is denominated in Brazilian Reals.

Total Debt: LALA ended the year with total debt of \$26,499 million pesos, comprised of \$2,593 million pesos in short-term debt and \$23,906 million pesos in long-term debt. The Company's Net Debt at year-end was \$23,949 million pesos, representing a Net Debt-to-EBITDA ratio of 3.1x.

The following table shows the composition of the Company's debt by currency, interest rate and year of maturity as of December 31, 2018.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
Mexican Pesos	89%	TIE + 0.6%	4.8 years
Brazilian Reals	11%	CDI + 0.7%	0.9 years

Key Financial Data: As of December 31, 2018, the Company's key financial ratios were as follows:

Financial Metrics	4Q'17	4Q'18
Net Debt / EBITDA	3.0x	3.1x
EBITDA / Interest Paid	13.0x	3.2x
Earnings per Share (12 months)	\$ 1.31	\$ 0.77
Book Value	\$ 11.64	\$ 10.71
Outstanding shares (in million)	2,475.9	2,475.9
ROIC %	11.3%	6.2%

Share buyback program

As of December 31, 2018, the Company's share buyback program had a balance of 37,184,593 shares, at a weighted average price of \$25.21 Mexican pesos per share for a total balance of \$977,830,523 Mexican pesos.

Relevant Events

- On February 25, 2019, Grupo LALA announced license agreement with Blue Diamond Growers
- On February 12, 2019, Grupo LALA announced the payment of the fourth installment of \$0.1538 pesos per share, from a total dividend payment of \$0.615 pesos per share
- On November 12, 2018, Grupo LALA announced the payment of the third installment of \$0.1538 pesos per share, from a total dividend payment of \$0.615 pesos per share
- On September 1, 2018, Mauricio Leyva was appointed Grupo LALA's new Chief Executive Officer

Sell-side analyst coverage

In compliance with the internal regulation of the BMV, article 4.033.01 Frac. VIII, Grupo LALA is covered by analysts at the following brokers: 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

Contact – Investor Relations

David González Peláez, Elisa Manzato and Elías Rangel

Tel.: +52 (55) 9177- 5900

investor.relations@grupolala.com

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 "LALAB"

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 INFORMATION



Tuesday February 26, 2019, at
11:00am EST / 10:00am CST



Mauricio Leyva, Chief Executive Officer
Alberto Arellano, Chief Financial Officer
David González, Investor Relations Officer



Webcast:
<http://public.viaavid.com/index.php?id=131395>

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

Mexico:
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 #: 13687160

Consolidated Income Statements
ended December 31, 2017 and 2018
(In thousands of nominal pesos)

	For the three months ended				For the six months ended			
	December 31,		December 31,		December 31,		December 31,	
	2017		2018		2017		2018	
Net sales	\$ 17,751,304	100.0%	\$ 19,516,418	100.0%	\$ 62,540,248	100.0%	\$ 75,418,944	100.0%
Cost of goods sold	11,277,714	63.5%	12,643,988	64.8%	39,162,742	62.6%	48,908,895	64.8%
Gross profit	6,473,590	36.5%	6,872,430	35.2%	23,377,506	37.4%	26,510,049	35.2%
Other income (expenses), net	(572,824)	(3.2)%	(118,574)	(0.6)%	(646,883)	(1.0)%	(268,438)	(0.4)%
Operating expenses	5,186,930	29.2%	5,481,493	28.1%	17,849,700	28.5%	21,367,062	28.3%
Operating income	1,859,484	10.5%	1,509,511	7.7%	6,174,689	9.9%	5,411,425	7.2%
Net of financial (income) expenses								
Net of financial income	465,338	2.6%	593,843	3.0%	404,397	0.6%	2,384,833	3.2%
Exchange rate (profit) loss	(11,394)	(0.1)%	(47,987)	(0.2)%	230,672	0.4%	57,655	0.1%
Financial instruments	6,700	0.0%	0	0.0%	7,812	0.0%	10,108	0.0%
Financial income, net	460,644	2.6%	545,856	2.8%	642,881	1.0%	2,452,596	3.3%
Share in the results of associated companies	38	0.0%	(2,008)	(0.0)%	2,393	0.0%	(1,782)	(0.0)%
Income before taxes	1,398,878	7.9%	961,647	4.9%	5,534,201	8.8%	2,957,047	3.9%
Income tax expense	920,182	5.2%	86,231	0.4%	2,196,301	3.5%	963,174	1.3%
Net consolidated income	478,696	2.7%	875,416	4.5%	3,337,900	5.3%	1,993,873	2.6%
Non-controlling interest	32,542	0.2%	20,967	0.1%	99,015	0.2%	85,892	0.1%
Depreciation and amortization	500,729	2.8%	627,465	3.2%	1,870,597	3.0%	2,369,398	3.1%
EBITDA	\$ 2,360,213	13.3%	\$ 2,136,976	10.9%	\$ 8,045,286	12.9%	\$ 7,780,823	10.3%

GRUPO LALA, S.A.B. DE C.V.
Consolidated Statement of Financial Position
at December 31, 2017 and 2018
(In thousands of nominal pesos)

	As of December 31, 2017	As of December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 6,733,382	\$ 2,550,118
Investments in financial instruments	6,422	432,895
Accounts receivable	6,946,619	6,445,296
Taxes and other accounts receivable	3,124,391	4,284,821
Related parties	46,874	27,404
Inventories	5,340,926	5,218,883
Prepaid expenses	383,707	470,173
Current assests	22,582,321	19,429,590
Investments in associates	126,507	129,839
Property, plant and equipment, net	23,410,299	22,277,358
Intangible and other assets	29,487,352	31,128,962
Long term recoverable taxes	1,737,574.00	1,375,059
Deferred income tax	546,456	1,428,156
Non-current assets	55,308,188	56,339,374
Total assets	\$ 77,890,509	\$ 75,768,964
LIABILITIES		
Short-term debt	\$ 28,626,238	\$ 2,593,066
Suppliers	8,180,315	8,780,879
Financial instruments liability	88,255	5,710
Related parties	460,350	1,557,251
Taxes and other accounts payable	2,996,950	3,537,215
Current liabilities	40,352,108	16,474,121
Long-term liabilities		
Long-term debt	2,345,224	23,906,156
Deferred income tax and other taxes payable	1,478,491	2,224,168
Taxes payable in the long term	898,717.00	726,743
Other accounts payable	2,475,399	6,867,699
Long-term liabilities	7,197,831	33,724,766
Total liabilities	47,549,939	50,198,887
SHAREHOLDERS EQUITY		
Capital Stock	1,489,969	1,487,567
Net premium in share placement	13,088,939	12,734,483
Retained earnings	12,148,053	9,084,878
Income of the year	3,238,885	1,907,981
Equity attributable to equity holders of the parent	29,965,846	25,214,909
Non-controlling interest	374,724	355,168
Total shareholders equity	30,340,570	25,570,077
Total liabilities and shareholders equity	\$ 77,890,509	\$ 75,768,964

GRUPO LALA, S.A.B. DE C.V.
Consolidated Cash Flow Statement
for the 12 months ended December 31, 2017 and 2018
(In thousands of nominal pesos)

	As of December 31, 2017	As of December 31, 2018
Operating activities:		
Income before taxes	\$ 5,534,201	\$ 2,957,047
Depreciation, amortization, and trademarks impairment	1,870,596	2,369,398
Changes in net financial expenses (income)	479,233	2,287,485
Results from the sale of property, plant and equipment	(48,279)	6,769
Result on disposal of Associates	(488,107)	0
Other items	(2,393)	1,782
Total	7,345,251	7,622,481
Changes in operation assets and liabilities		
Accounts receivable	(854,702)	(281,220)
Inventories	(372,116)	103,332
Related parties	56,641	1,105,558
Suppliers	873,227	1,748,603
Taxes, other accounts receivable and prepaid expenses	(2,593,440)	(3,342,084)
Other assets and liabilities	83,795	(203,286)
Net cash flow provided by operating activities	4,538,656	6,753,384
Investing activities		
Acquisition of property, plant, equipment, and intangibles	(3,711,550)	(2,434,936)
Acquisition of intangibles and other assets	(104,705)	(151,390)
Proceeds from sale of property, plant, and equipment	225,361	171,566
Investments in Financial instruments	1,753,614	(3,763)
Business acquisitions, net of cash received	(22,354,685)	256,243
Interest collected	170,889	220,732
Cash received on the sale of investments	3,222,652	(59,837)
Net cash flow used in investing activities	(20,798,424)	(2,001,385)
Financing activities		
Net of financing and payment of financing	20,685,475	(6,508,972)
Repurchase of shares	(320,929)	(356,858)
Dividends paid to equity holders of the parent	(1,463,210)	(1,505,963)
Dividends paid to non-controlling interest	(49,000)	(105,841)
Net cash flows provided (used) in financing activities	\$ 18,852,336	\$ (8,477,634)
Net increase of cash and equivalents	2,592,568	(3,725,635)
Adjustments to cash due to exchange rate fluctuations	(125,287)	(457,629)
Cash and equivalents at beginning of the year	4,266,101	6,733,382
Cash and equivalents at the end of the period	\$ 6,733,382	\$ 2,550,118