



GRUPO LALA REPORTS FOURTH QUARTER AND FULL-YEAR 2019 RESULTS

Mexico City, February 24, 2020 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALAB), today reported results for the fourth quarter and full year 2019. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

Quarter Highlights:

- Management change: Arquímedes Celis serving as Grupo LALA’s CEO
- +2.0% Q4’19 and +3.9% FY’19 constant currency Branded Sales
- 8.3% Q4’19 EBITDA margin; a -27.5% comparable YOY decrease due to margin contraction in Mexico resulting from overinvestment and disruptions to operations
- 10.9% FY’19 EBITDA margin, a +3.0% comparable YOY increase
- -86.5% Q4’19 and -3.0% FY’19 YOY Controlling Net Income due to lower operating profit in Mexico
- 180 bps WC improvement to 0.6% of sales, driven by negative WC in Mexico
- Leverage ratio: 3.0x at year-end

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 on December 31, 2019 as compared to the same period in 2018. Net Sales and EBITDA information related to Q4’18 and FY’18 has been presented on “comparable” basis. Comparable Q4’18 and FY’18 figures include the effect of IFRS 16 and the deconsolidation of Elopak.

MXN\$ in millions	Q4’18	% Sales	Q4’19	% Sales	Var. %	FY’18	% Sales	FY’19	% Sales	Var. %
Branded Sales ⁽¹⁾	18,920		18,932		0.1%	72,588		74,443		2.6%
Raw Materials and Others	322 ⁽²⁾		285		(11.4%)	1,735 ⁽²⁾		1,341		(22.7%)
Net Sales	19,242 ⁽²⁾	100%	19,217	100%	(0.1%)	74,323 ⁽²⁾	100%	75,784	100%	2.0%
Gross Profit	6,872	35.2%	6,464	33.6%	(5.9%)	26,510	35.2%	26,609	35.1%	0.4%
Operating Income	1,510	7.7%	780	4.1%	(48.3%)	5,411	7.2%	5,194	6.9%	(4.0%)
EBITDA ⁽³⁾	2,198 ⁽²⁾	11.4%	1,594	8.3%	(27.5%)	8,026 ⁽²⁾	10.8%	8,265	10.9%	3.0%
Controlling Net Income	854	4.4%	115	0.6%	(86.5%)	1,908	2.5%	1,851	2.4%	(3.0%)

(1) Branded Sales exclude raw materials sales

(2) Comparable figures, including IFRS 16 adjustments and the deconsolidation of Elopak JV

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

MESSAGE FROM MANAGEMENT

Arquímedes Celis, Grupo LALA’s CEO, commented:

“While our Company and industry currently face challenging consumer environments in many key markets, opportunities to drive profitable growth clearly exist. Effective execution of our strategy will enable us to leverage the strength of LALA’s diverse market-leading brand portfolio and our dominant refrigerated distribution network, to strengthen our distinct competitive advantages, with the aim of increasing market share and growing profits. Most important, to increase shareholder value we will be working to restore profit levels at LALA’s Mexico business. We are confident in our ability to achieve this objective by capturing these opportunities and leveraging the culture of innovation for which LALA is best known.”

REPORTING CHANGES

IFRS 16 and Deconsolidation of Elopak

Per the Company's Q1'19 Earnings Press Release, Grupo LALA has applied IFRS 16 accounting standards to its financial statements and has also deconsolidated the Company's Elopak Joint Venture, effective January 1, 2019. Please refer to the Q1 and Q2 Earnings Press Releases for further details.

CONSOLIDATED RESULTS FOR

THE FOURTH QUARTER AND FULL-YEAR 2019

Net Sales: Fourth quarter 2019 total net sales decreased 0.1% year-on-year; or a 1.8% increase on a constant currency basis. This was due to: 1) the translation effect from BRL and USD to MXN; 2) a 0.1% increase of branded sales to reach \$18,932 million pesos, a 2.0% increase in constant currency; and, 3) a 11.4% contraction in Mexico raw materials sales due to a lower surplus of raw milk.

In 2019, total net sales increased 2.0% YOY, or 3.3% in constant currency, driven by a 2.6% increase in branded sales; a 3.9% increase in constant currency.

Sales by Region:

Fourth quarter 2019 branded sales in **Mexico** increased by 3.7% YOY, to \$14,404 million pesos. This sales increase was reflected within all segments, with particularly in Cream, Milk, Yogurt, Plant-based, and Cold Cuts. This offset low single-digit volume contraction resulting from a weak consumption environment in this market and the negative impact of operational issues at LALA's Cheese plant as was discussed within the Company's third quarter results press release. Said operational issues have been solved and operation remains stable.

Mexico full-year 2019 branded sales increased 4.7% year-on-year due to price increases and improved product mix from premium categories which offset low-single digit volume contraction.

Grupo LALA's **Brazil** operations reported fourth quarter net sales of \$2,979 million pesos; a -4.7% year-on-year contraction in BRL and -14.3% in MXN. This decrease was due to lower Margarine volume and the economic slowdown within this market which adversely affected consumption by pressuring prices and affecting product mix, due to increased demand for value segment Yogurt at a lower price point.

Full-year 2019 **Brazil** sales grew 1.4% in local currency driven by Other Dairy products such as Yogurt, *Requeijão* and Cream.

The Company's **U.S.** operations reported net sales of \$816 million pesos in the fourth quarter 2019; a -7.2% decrease in constant currency and -9.7% decrease in Mexican pesos. Volume contraction due to price increases executed during the year, in line with the Company's strategy to increase portfolio profitability. Full-year 2019 sales decreased by -0.3% in USD.

LALA's **Central America** operations reported a 11.6% sales increase in USD and 13.3% in MXN, to reach \$733 million pesos in sales for the fourth quarter 2019. This increase was due to growth throughout all countries and segments in which LALA has a presence, driven by Other Dairy and Milk. 2019 topline grew 4.0% in USD.

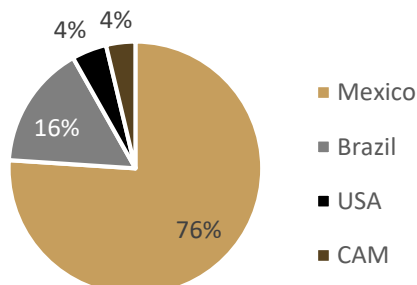
Net Sales by Region									
<i>MXN\$ in millions</i>	Q4'18 ⁽¹⁾	Q4'19	Var. %	Constant currency Var. % ⁽²⁾	FY'18 ⁽¹⁾	FY'19	Var. %	Constant currency Var. % ⁽²⁾	
Mexico	13,896	14,404	3.7%	3.7%	53,765	56,283	4.7%	4.7%	
Brazil	3,475	2,979	(14.3%)	(4.7%)	12,765	11,964	(6.3%)	1.4%	
USA	904	816	(9.7%)	(7.2%)	3,373	3,368	(0.1%)	(0.3%)	
CAM	646	733	13.3%	11.6%	2,686	2,829	5.3%	4.0%	
Total Branded Sales ⁽³⁾	18,920	18,932	0.1%	2.0%	72,588	74,443	2.6%	3.9%	
Raw Materials and Others	322	285	(11.4%)	(11.4%)	1,735	1,341	(22.7%)	(22.7%)	
Total Sales	19,242	19,217	(0.1%)	1.8%	74,323	75,784	2.0%	3.3%	

(1) Comparable figures, include the deconsolidation of Elopak JV

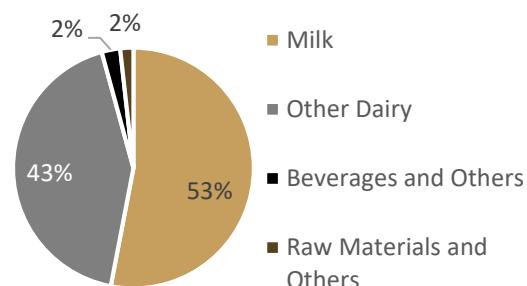
(2) Constant currency uses constant BRL for Brazil and USD for the United States and Central America

(3) Branded Sales exclude raw materials sales

Net Sales by Region
as reported FY'19



Net Sales by Segment
as reported FY'19



Sales by Segment:

Milk sales grew in all regions excluding the US. Brazil UHT Milk production resumed during the fourth quarter 2019, and Mexico had a positive mix resulting from growth in premium Milk.

Other Dairy sales increased in Mexico and CAM driven by categories such as Cream and Yogurt, offsetting a price and mix contraction in Brazil and decreased volumes in the US.

Beverages and Others: Plant-based Beverages and Cold Cuts drove segment growth in Mexico.

Net Sales by Segment								
MXN\$ in millions	Q4'18 ⁽¹⁾	Q4'19	Var. %	Constant currency Var. % ⁽²⁾	FY'18 ⁽¹⁾	FY'19	Var. %	Constant currency Var. % ⁽²⁾
Milk	10,052	10,243	1.9%	2.1%	38,876	40,186	3.4%	3.5%
Other Dairy	8,471	8,216	(3.0%)	1.0%	32,057	32,378	1.0%	3.8%
Beverages and Others	397	473	18.9%	21.8%	1,655	1,879	13.6%	15.6%
Total Branded Sales ⁽³⁾	18,920	18,932	0.1%	2.0%	72,588	74,443	2.6%	3.9%
Raw Materials and Others	322	285	(11.4%)	(11.4%)	1,735	1,341	(22.7%)	(22.7%)
Total Sales	19,242	19,217	(0.1%)	1.8%	74,323	75,784	2.0%	3.3%

(1) Comparable figures, include the deconsolidation of Elopak JV

(2) Constant currency uses constant BRL for Brazil and USD for the United States and Central America

(3) Branded Sales exclude raw materials sales

Costs and Gross Profit: fourth quarter 2019 cost of goods sold increased by 0.9%, resulting in \$6,463 million pesos in gross profit with a 160 bps decrease in gross margin, to 33.6%. This was due to: 1) production process inefficiencies at LALA's Mexico operations due to inaccuracies in demand planning. This resulted in raw materials losses and increased plant maintenance and, in turn, a 15.1% increase in production expenses; and 2) pricing pressure in Brazil which impeded LALA's ability to pass increased raw materials costs on to consumers, and faster growth of a less profitable product mix.

Full-year 2019 gross profit increased by 0.4%, resulting in a \$26,608 million peso, or 10 bps, contraction in gross margin year-on-year, to reach 35.1%.

Expenses and Operating Income: fourth quarter operating expenses increased 7.1%, to \$5,871 million pesos due to an 18.4% rise in operating expenses in Mexico resulting from a spending hike and operational disruptions caused by overinvestment, largely in human capital, made prior to realizing productivity benefits, as well as lower than expected sales; resulting in double-digit increase in sales expenses, transportation, product waste and marketing.

Reported operating income reached \$780 million pesos during the fourth quarter 2019; a 48.3% year-on-year decrease impacted by gross margin contraction in Mexico and Brazil and increased operating expenses in Mexico, resulting in a 4.1% operating margin. This represents a 360 bps year-on-year decrease in operating margin.

Full-year 2019 operating expenses increased by 5.3%. Operating income closed the year in \$5,194 million pesos with a 6.9% operating margin; a 30 bps year-on-year decrease.

EBITDA: Fourth quarter 2019 EBITDA reached \$1,594 million pesos; a -27.5% year-on-year decrease in comparable figures with a 310 bps margin contraction. This is mainly due to decreased operating performance in Mexico. For the full-year 2019, Grupo LALA's comparable EBITDA grew 3.0% driven by positive EBITDA in the US and CAM, as well as one-time benefits in Brazil.

EBITDA by Region

EBITDA by Region						EBITDA by Region				
MXN\$ in millions	Q4'18 ⁽¹⁾	% NS ⁽¹⁾	Q4'19	% NS	Var. bps	FY'18 ⁽¹⁾	% NS ⁽¹⁾	FY'19	% NS	Var. bps
Mexico	1,931	13.6%	1,244	8.5%	(510)	7,490	13.5%	6,840	11.9%	(160)
Brazil	247	7.1%	306	10.3%	320	901	7.1%	1,305	10.9%	380
USA	12	1.4%	44	5.4%	400	(272)	(8.1%)	112	3.3%	1,140
CAM	8	1.3%	0	0.0%	(130)	(92)	(3.4%)	9	0.3%	370
Total EBITDA	2,198	11.4%	1,594	8.3%	(310)	8,026	10.8%	8,265	10.9%	10

(1) Comparable figures, include IFRS 16 adjustments and the deconsolidation of Elopak JV

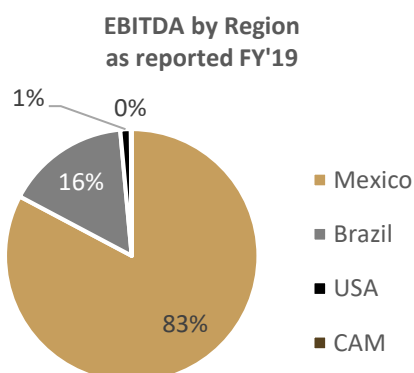
In **Mexico**, fourth quarter 2019 EBITDA was \$1,244 million pesos with an 8.5% margin; a -510 bps year-on-year contraction on a comparable basis. This is due to 1) increased operating and production expenses related to investments made prior to realizing productivity benefits and operational disruptions throughout the supply chain due to inaccuracies in demand planning, which resulted in lower than expected sales; and 2) LALA's Mexico Cheese plant issue which affected October, November and December.

Full-year Mexico EBITDA was \$6,840 million pesos with a 11.9% EBITDA margin; a 160 bps year on year contraction.

In **Brazil**, LALA closed the fourth quarter 2019 with \$306 million pesos in EBITDA and a 10.3% margin; a 320 bps year on year increase. The quarter was favorably impacted by a one-time tax recovery benefit. Normalized EBITDA margin for the quarter was 4.7%, negatively impacted by raw milk pricing and the economic slowdown within this market which prevented price increases to effectively offset cost pressures. Full-year 2019 Brazil EBITDA reached \$1,305 million pesos resulting in a 10.9% margin, including the one-time benefit from the Lactalis settlement in Q3'19.

The Company's **US** operation achieved 5.4% EBITDA margin; its highest margin since this operation was acquired with a +400 bps year-on-year and a +220 bps sequential increase. LALA's US operation therefore closed the fourth quarter with \$44 million pesos in EBITDA; a \$32 million peso year-on-year increase. This is mainly due to pricing, operational improvements and fit for purpose benefits.

EBITDA margin for LALA's **Central America** operation was 0.0%. Year-on-year, this result represents a 130 bps margin contraction, as Nicaragua and Guatemala positive EBITDA was then reinvested into Costa Rica. Full year EBITDA for CAM reached \$9 million pesos, resulting in 370 bps margin expansion to 0.3%; a \$101 million peso year-on-year increase.



Net Financial Expenses: During the fourth quarter 2019, the Company registered \$631 million pesos in net financial expenses, comprised mainly of debt-related interest associated with the acquisition of Vigor in Brazil. Net financial expenses increased 15.6% due to exchange rate losses. Full-year net financial expenses increased 3.9% year-on-year.

Taxes: Taxes for the fourth quarter 2019 were \$54 million pesos. The effective tax rate increased from 9.0% in Q4'18 to 32.1% in Q4'19, due to a 2018 one-time benefit in Mexico. Full year 2019 taxes reached \$1,851 million pesos with a 31.7% effective tax rate; a 90 bps rate decrease, mainly due to a reduction of non-deductible expenses.

Controlling Net Income: Controlling net income decreased 86.5% in the fourth quarter, to \$115 million pesos, due to a lower operating result in Mexico. Full-year controlling net income decreased 3.0% to \$1,851 million pesos. As 2018 controlling net income does not include Grupo LALA's Elopak JV stake, it is comparable to 2019 results.

<i>MXN\$ in millions</i>	Q4'18	Q4'19	Var %	FY'18	FY'19	Var %
Operating Income	1,510	780	(48.3%)	5,411	5,194	(4.0%)
Financing Expenses	546	631	15.6%	2,453	2,549	3.9%
Results of associated companies	(2)	20		(2)	66	
Net income before taxes	962	169	(82.4%)	2,957	2,711	(8.3%)
% NS	4.9%	0.9%		3.9%	3.6%	
Taxes	86	54	(37.0%)	963	860	(10.8%)
Effective tax rate	9.0%	32.1%		32.6%	31.7%	
Net Income	875	115	(86.9%)	1,994	1,851	(7.1%)
% NS	4.5%	0.6%		2.6%	2.4%	
Controlling Net Income	854	115	(86.5%)	1,908	1,851	(3.0%)
% NS	4.4%	0.6%		2.5%	2.4%	

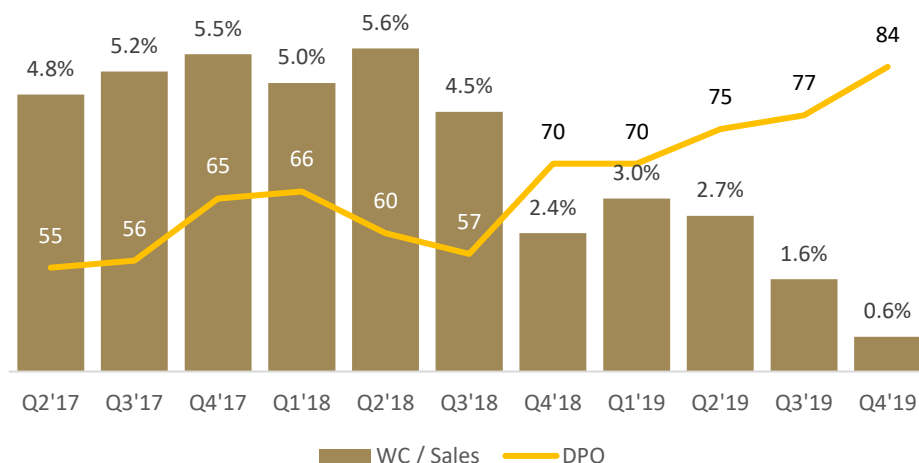
CONSOLIDATED

FINANCIAL POSITION

Capital Investment: As of December 31, 2019, the Company invested \$1,641 million pesos in capacity expansion and maintenance Capex. This represents a Capex over Sales ratio of 2.2% for the full year 2019.

Cash and Cash Equivalents: As of December 31, 2019, Grupo LALA had a cash position of \$1,533 million pesos, negatively affected by \$132 million pesos associated with the deconsolidation of the Elopak JV.

Working Capital: As of December 31, 2019, LALA's consolidated working capital over sales ratio improved by -180 bps year-on-year, to reach 0.6%, driven by a negative working capital ratio of -1.5% of sales achieved in Mexico.



Total Debt: LALA ended the quarter with total debt of \$26,098 million pesos, comprised of \$503 million pesos in short-term debt and \$25,595 million pesos in long-term debt. As of December 31, 2019 the Company's Net Debt was \$24,565 million pesos, representing a Net Debt-to-EBITDA ratio of 2.97x. The deconsolidation of Elopak JV and implementation of IFRS 16 had a +0.08x impact on this ratio.

The following table illustrates the composition of the Company's debt by currency, interest rate and year of maturity as of December 31, 2019.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
Mexican Pesos	91%	TIEE + 0.8%	5.0 years
Brazilian Reals	9%	CDI + 0.5%	2.7 years

Key Financial Data: As of December 31, 2019, the Company's key financial ratios were as follows:

Financial Metrics	Q4'18	Q4'19
Net Debt / EBITDA	3.1x	3.0x
EBITDA / Interest Paid	3.2x	3.2x
Earnings per Share (12 months)	\$ 0.77	\$ 0.75
Book Value	\$ 10.71	\$ 9.82
Outstanding Shares (in millions)	2,475.9	2,475.9
ROIC %	6.2%	7.2%

Share buyback program

As of December 31, 2019, the Company's share buyback program had a balance of 40,662,717 shares at a weighted average price of \$24.49 pesos per share for a total balance of \$995,723,714.71 pesos.

Dividends Announcement

Grupo LALA has announced that the following resolution was submitted at the Company's February 24, 2020 Board of Directors Meeting for consideration at LALA's General Shareholders meeting: to issue a cash dividend in the amount of \$0.6152 pesos per each share representing LALA's capital stock, payable in four installments of \$0.1538 each, on the following dates:

Payment date	Amount per share	Coupon number
May 20, 2020	\$0.1538	24
August 19, 2020	\$0.1538	25
November 19, 2020	\$0.1538	26
February 24, 2021	\$0.1538	27

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, Barclays, BBVA, BTG Pactual, Citigroup, Credit Suisse, GBM Grupo Bursátil Mexicano, Goldman Sachs, Intercam, INVEX Banco, JP Morgan, Monex, Morgan Stanley, Punto Casa de Bolsa, Santander, Scotiabank, Vector and VePorMas.

Contact – Investor Relations

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About LALA

Grupo LALA is a Mexican company focused on healthy and nutritious foods, with 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 25, 2019, at
11:00am EST / 10:00am CST



Arquímedes Celis, Chief Executive Officer
Alberto Arellano, Chief Financial Officer
David González, Investor Relations Officer



Webcast:
[http://public.viavid.com/index.
php?id=137875](http://public.viavid.com/index.php?id=137875)

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GRUPO LALA, S.A.B. DE C.V.
Consolidated Income Statements
ended December 31, 2018 and 2019
(In thousands of nominal pesos)

	For the three months ended				For the twelve months ended			
	December 31,		December 31,		December 31,		December 31,	
	2018	2019	2018	2019	2018	2019	2018	2019
Net sales	\$ 19,516,418	100.0%	\$ 19,216,742	100.0%	\$ 75,418,944	100.0%	\$ 75,783,981	100.0%
Cost of goods sold	12,643,988	64.8%	12,753,561	66.4%	48,908,895	64.8%	49,176,315	64.9%
Gross profit	6,872,430	35.2%	6,463,181	33.6%	26,510,049	35.2%	26,607,666	35.1%
Other income (expenses), net	(118,574)	(0.6)%	(188,284)	(1.0)%	(268,438)	(0.4)%	(1,089,530)	(1.4)%
Operating expenses	5,481,493	28.1%	5,871,438	30.6%	21,367,062	28.3%	22,503,175	29.7%
Operating Income	1,509,511	7.7%	780,027	4.1%	5,411,425	7.2%	5,194,021	6.9%
Net of financial (income) expenses								
Net of financial income	593,843	3.0%	612,067	3.2%	2,384,833	3.2%	2,490,253	3.3%
Exchange rate (profit) loss	(47,987)	(0.2)%	18,850	0.1%	57,655	0.1%	59,009	0.1%
Financial instruments	0	0.0%	0	0.0%	10,108	0.0%	0	0.0%
Financial income, net	545,856	2.8%	630,917	3.3%	2,452,596	3.3%	2,549,262	3.4%
Share in the results of associated companies	(2,008)	(0.0)%	20,256	0.1%	(1,782)	(0.0)%	66,183	0.1%
Income before taxes	961,647	4.9%	169,366	0.9%	2,957,047	3.9%	2,710,942	3.6%
Income tax expense	86,231	0.4%	54,356	0.3%	963,174	1.3%	859,629	1.1%
Net consolidated income	875,416	4.5%	115,010	0.6%	1,993,873	2.6%	1,851,313	2.4%
Non-controlling interest	20,967	0.1%	0	0.0%	85,892	0.1%	0	0.0%
Equity holders of the parent	\$ 854,449	4.4%	\$ 115,010	0.6%	\$ 1,907,981	2.5%	\$ 1,851,313	2.4%
Depreciation and amortization	627,465	3.2%	814,005	4.2%	2,369,398	3.1%	3,071,472	4.1%
EBITDA	\$ 2,136,976	10.9%	\$ 1,594,032	8.3%	\$ 7,780,823	10.3%	\$ 8,265,493	10.9%
Effective income tax rate	9.0%		32.1%		32.6%		31.7%	

GRUPO LALA, S.A.B. DE C.V.
Consolidated Statement of Financial Position
at December 31, 2018 and 2019
(In thousands of nominal pesos)

	As of December 31, 2018	As of December 31, 2019
ASSETS		
Cash and cash equivalents	\$ 2,550,118	\$ 1,532,950
Investments in financial instruments	281,443	16,686
Accounts receivable	6,445,296	6,282,373
Taxes and other accounts receivable	4,043,929	4,326,395
Related parties	27,404	29,938
Inventories	5,218,883	6,047,261
Prepaid expenses	470,173	251,383
Current assets	19,037,247	18,486,986
Investments in associates	129,839	538,086
Property, plant and equipment, net	22,277,358	21,386,028
Right of use assets	0	2,710,523
Intangible and other assets	11,989,859	9,989,505
Goodwill	19,139,103	17,871,869
Long term recoverable taxes	1,615,950	1,374,149
Financial instruments investments	151,452	0
Deferred income tax	1,428,156	1,691,461
Non-current assets	56,731,717	55,561,621
Total assets	\$ 75,768,964	\$ 74,048,607
LIABILITIES		
short-term loans	\$ 1,654,051	\$ 476,339
current portion of long-term debt	939,015	26,621
Current lease liabilities	0	605,689
Suppliers	8,780,879	10,824,349
Financial instruments liability	5,710	87,324
Related parties	475,902	477,138
Stockholders	1,081,349	1,073,787
Taxes and other accounts payable	3,537,215	4,073,849
Current liabilities	16,474,121	17,645,096
Non Current Long Liabilities	0	2,181,392
Long-term debt	23,906,156	25,595,073
Deferred income tax and other taxes payable	2,224,168	998,169
Taxes payable in the long term	726,743	510,030
Derivative financial instruments	0	200,446
Other accounts payable	6,867,699	4,335,522
Long-term liabilities	33,724,766	33,820,632
Total liabilities	50,198,887	51,465,728
SHAREHOLDERS EQUITY		
Capital Stock	1,487,567	1,487,073
Net premium in share placement	12,734,483	12,564,470
Retained earnings	12,155,610	12,094,073
Other comprehensive income	-3,070,732	-5,414,050
Income of the year	1,907,981	1,851,313
Equity attributable to equity holders of the parent	25,214,909	22,582,879
Non-controlling interest	355,168	0
Total shareholders equity	25,570,077	22,582,879
Total liabilities and shareholders equity	\$ 75,768,964	\$ 74,048,607

GRUPO LALA, S.A.B. DE C.V.
Consolidated Cash Flow Statement
for the 12 months ended December 31, 2018 and 2019
(In thousands of nominal pesos)

	As of December 31, 2018	As of December 31, 2019
Operating activities:		
Income before taxes	\$ 2,957,049	\$ 2,710,942
Depreciation, amortization, and trademarks impairment	2,369,398	3,071,472
Changes in net financial expenses (income)	2,287,486	2,454,499
Results from the sale of property, plant and equipment	6,769	(57,726)
Result on disposal of Associates	0	0
Participation in associates	1,782	(66,183)
Total	7,622,484	8,113,004
Changes in operation assets and liabilities		
Accounts receivable	(281,220)	(80,423)
Inventories	103,332	(1,225,634)
Related parties	1,105,558	(4,615)
Suppliers	1,748,603	2,176,931
Other accounts receivable and prepaid expenses	(625,140)	(443,460)
Other assets and liabilities	(203,290)	(547,995)
Total	1,847,844	(125,198)
Net cash flow provided by operating activities	6,753,384	5,871,028
Investing activities		
Acquisition of property, plant, equipment, and intangibles	(2,434,936)	(1,640,906)
Acquisition of intangibles and other assets	(151,390)	(380,312)
Proceeds from sale of property, plant, and equipment	171,566	92,637
Dividends collected from associates		76,500
Investments in Financial instruments	(3,763)	(3,478)
Interest collected	220,732	127,839
Cash received by sale of associates and adjustment to the sale price	(59,837)	0
Cash received on the sale of investments	0	(131,973)
Net cash flow used in investing activities	(2,001,386)	(1,859,692)
Financing activities		
Loans obtained	45,007,049	31,705,585
Repayments of borrowings to third parties	(49,075,597)	(31,958,690)
Interest paid	(2,435,694)	(2,549,123)
Payment of lease liabilities	(4,731)	(719,978)
Reissuance (repurchase) of capital stock	(356,857)	(170,507)
Dividends paid to equity holders of the parent	(1,505,963)	(1,497,738)
Net cash flows provided (used) in financing activities	(8,477,631)	(5,190,452)
Net increase of cash and equivalents	(3,725,633)	(1,179,116)
Adjustments to cash due to exchange rate fluctuations	(457,630)	161,948
Cash and equivalents at beginning of the year	6,733,382	2,550,118
Cash and equivalents at the end of the period	\$ 2,550,120	\$ 1,532,950