

A SOUND LEGACY

José Cuervo

BECKLE

2018
ANNUAL REPORT



We are
BECLÉ



With over 250 years of family tradition, Beclé was born from the vision of Don José María Guadalupe de Cuervo y Montañó, who received a decree from King Charles IV to produce and sell vino de mezcal, currently known as tequila. As an international spirits company, we have a diversified portfolio that includes globally recognized brands, such as Jose Cuervo, 1800, Centenario, Maestro DOBEL, Bushmills and Kraken.

Our heritage of 11 generations lives on through the direction our major shareholders.

Since February 2017, the shares of Beclé, S.A.B. de C.V., are traded on the Mexican Stock Exchange (BMV) under the ticker symbol CUERVO.



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WORLDWIDE FOOTPRINT

UNITED STATES AND CANADA

12.0 million
Nine-liter cases

Ps. \$18,018 million
Sales

6.2%
Sales annual growth

MEXICO

6.7 million
Nine-liter cases

Ps. \$6,258 million
Sales

8.2%
Sales annual growth



Becle
Headquarters
Operations unit in Guadalajara, Jalisco
Rojeña and Los Camichines Distilleries
EDISA Bottling Company

VOLUME PER REGION



SALES PER REGION



REST OF THE WORLD

2.5 million
Nine-liter cases

Ps. \$3,882 million
Sales

21.4%
Sales annual growth



MESSAGE
from our CEO

Dear Shareholders,

In 2018, Beclé achieved another year of strong volume and sales. Our vast experience as a global spirits company and the quality of our brands continues to pave the way for our success. I am pleased to share the operational and financial results of Beclé for the year.

It is with pride that we confirm that Beclé has the capabilities to respond to challenging market and industry conditions. During its more than 250 years of history, Beclé has demonstrated resilience to surpass every challenge, through proven strategies that allow us to remain a key player in the industry.

During 2018, net sales amounted to Ps. \$28 billion, an 9% increase against 2017. The net sales growth reflects a 6% increase in the United States and Canada, 8% growth in Mexico and 21% growth in the Rest of the World. Likewise, total volume increased to 21 million nine-liter cases, 4% growth year over year, reflecting growth of 1% in the United States and Canada, 6% in Mexico and 10% in the Rest of the World region.

The increase in our net sales was primarily driven by a combination of volume growth and our ongoing premiumization strategy. The strong

growth of super premium tequila has surpassed our expectations, driving us to optimize, strengthen and diversify our portfolio, which has rendered very positive results.

During 2018, we continued with very healthy growth across product categories and across all regions. We achieved significant annual increases in sales and volume, especially in our Other Tequilas, Other Spirits and Ready to Drink brands, which reflects the effect and importance of our premiumization strategy. Therefore, we continue implementing premiumization efforts across all brands; particularly in the tequila and whiskey categories, which have grown notably worldwide.

Our brands are our most valuable asset; our portfolio comprises several categories of spirits that are globally recognized, allowing us to cater to diverse consumers and drive market share increases across categories and regions.

Furthermore, as a testament to our diversification into other spirits and premium brands strategies to increase our global footprint, we successfully integrated the Pendleton Whiskey brand, boosting our North American whiskey portfolio and delivering consistent

growth since its acquisition as we leverage our distribution capabilities.

One of our main strengths is our experienced management team; the members of our Board and Executive team have proven their expertise to effectively lead Beclé into the future. Faced with evolving market conditions—derived from industry adjustments and requirements— their commitment and qualifications translate into adaptability and diligence in decision making and strategies that preserve profitability.

Beclé remains a leading global spirits company, with a strong balance sheet to support our growth strategies and the financial flexibility to achieve them. We are uniquely positioned as the industry leader with extensive experience, significant sourcing capabilities and resources, as well as healthy categories and strong brands.

In the process of achieving profitable growth, Beclé will put in endless efforts to continue innovating and deliver quality spirits across all regions.

My most sincere gratitude to our shareholders, employees and customers for their support, dedication and confidence.

Sincerely,

Juan Domingo Beckmann Legorreta
CHIEF EXECUTIVE OFFICER
OF BECLÉ, S.A.B. DE C.V.



2018 FINANCIAL HIGHLIGHTS



NET SALES

9% Growth

VOLUME

4% Growth

NET SALES¹



VOLUME²



GROSS PROFIT¹



Financial performance

(Ps. \$MM)	2017	2018	Variation %
Net sales	25,958	28,158	8.5
Cost of goods	9,837	11,975	21.7
Gross profit	16,121	16,183	0.4
Advertising, marketing and promotion	5,644	6,580	16.6
Distribution	918	1,242	35.3
Sales and administration expenses	2,623	2,759	5.2
Other (expenses) income, net	201	60	(70.4)
Operating profit	6,736	5,543	(17.7)
Financial results, net	773	387	(49.9)
Loss from equity investment in associate	8	9	25.6
Income before tax	5,955	5,146	(13.6)
Total income tax	758	1,113	46.9
Consolidated net income	5,197	4,033	(22.4)
EBITDA	7,171	6,074	(15.3)

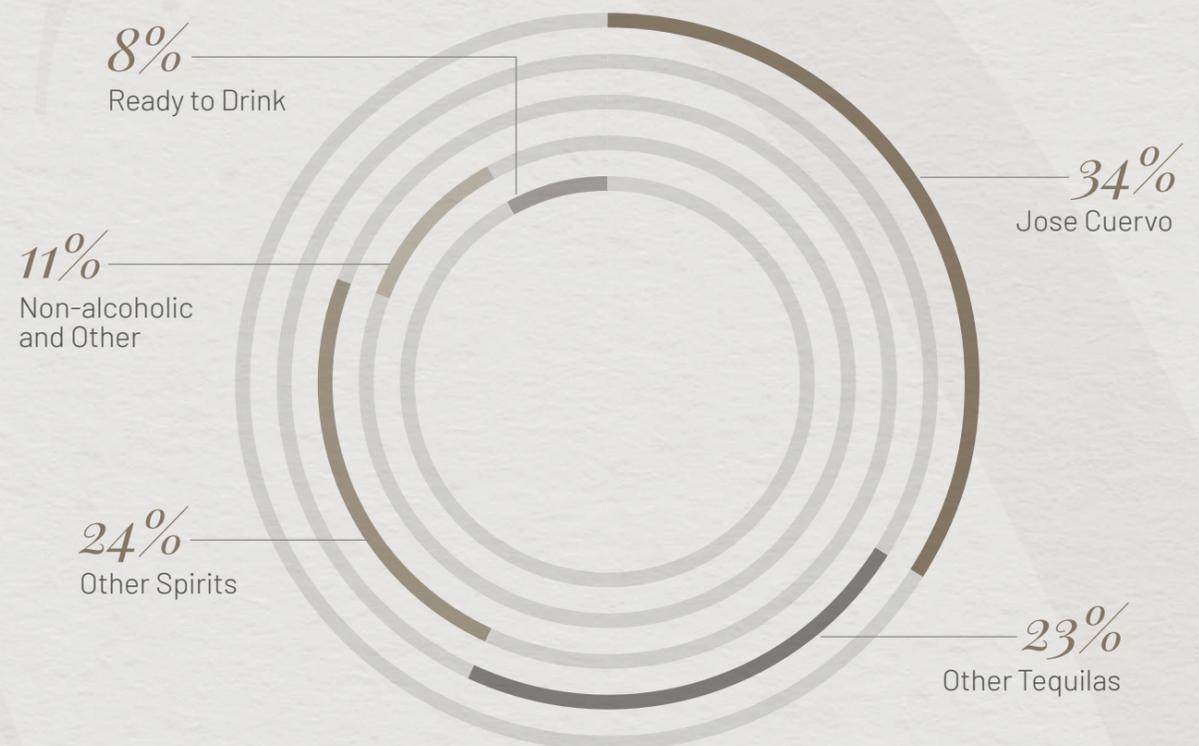
¹ Million pesos
² Million nine-liter cases



BRAND PORTFOLIO

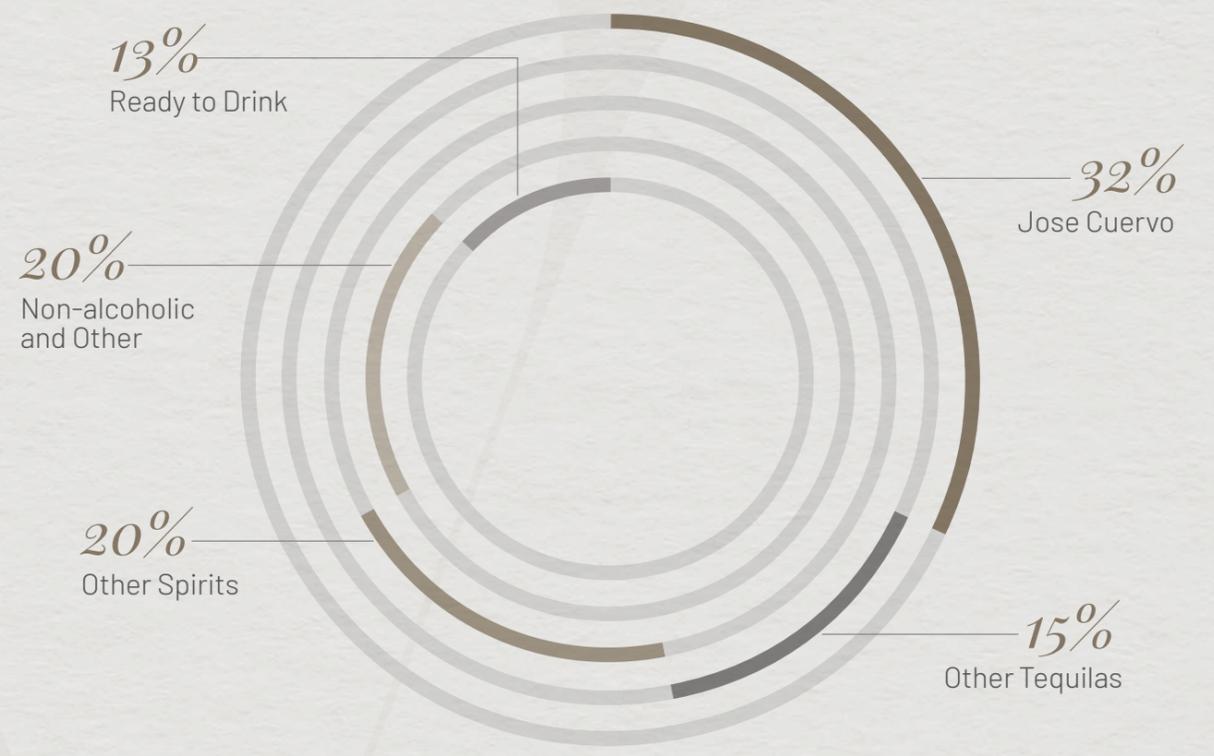
Our portfolio is comprised of more than 30 brands across nine categories of spirits, Ready to Drink cocktails and non-alcoholic beverages. We operate and distribute to over 85 countries.





SALES BY CATEGORY

VOLUME BY CATEGORY



IRELAND'S OLDEST

WHISKEY



The third largest Irish Whiskey in the United States, positioning us as one of the world's top producers in this category.

858 thousand
Nine-liter cases

Ps. \$1,526 million
Net sales



The
THIRD TOP-SELLING

**SUPER-PREMIUM
RUM IN THE WORLD**



An example of our product innovation, Kraken has grown in sales volume and successfully participates in the U.S. market.

748 thousand
Nine-liter cases

Ps. \$1,203 million
Net sales



Our
SECOND TOP-SELLING

**INTERNATIONAL
TEQUILA BRAND**



TEQUILA
1800

A super-premium tequila with an excellent position in the U.S. market, and one of Mexico's oldest and most iconic brands.

1.4 million
Nine-liter cases

Ps. \$3,653 million
Net sales





The
WORLD'S TOP
 SELLING TEQUILA

Jose Cuervo®

An international leader in terms of sales volume. The main markets for Jose Cuervo are the United States, Mexico and Canada.

6.7 million
 Nine-liter cases

Ps. \$9,592 million
 Net sales





The
FIRST CRISTALINO

TEQUILA IN THE WORLD

**MAESTRO
 DOBEL**
 TEQUILA

Maestro Dobel is an elegant representation of the modern side of Mexico. Our most iconic item, Diamante, was born by blending 3 extraordinary tequilas resulting in the first Cristalino tequila in the world. Dobel confirms our position in tequila leadership, premiumizing the industry worldwide.

304 thousand
 Nine-liter cases

Ps. \$997 million
 Net sales



READY TO DRINK COCKTAILS

Our portfolio includes several Ready to Drink cocktails, among them are: Jose Cuervo Authentic Margarita, Jose Cuervo Especial Paloma, Kraken Cola and Jose Cuervo Golden Margaritas. This category is focused on meeting the needs of those consumers who do not have the time to prepare a drink.

2.8 million

Nine-liter cases

Ps. \$2,302 million

Net sales



NON-ALCOHOLIC BEVERAGES

These are the necessary supplements for some of our alcoholic beverages, such as Sangrita Viuda de Sánchez, b:ooze or the Jose Cuervo Margarita Mix.

4.3 million

Nine-liter cases

Ps. \$3,110 million

Net sales



MANAGEMENT DISCUSSION AND ANALYSIS



During the full year of 2018, total volume growth was 3.8% to 21.3 million nine-liter cases, reflecting a 1.4% increase in the U.S. and Canada, 6.1% increase in sales volumes in Mexico and a 9.8% increase in the Rest of the World region.

Volume of Jose Cuervo was consistent with the prior year and represented 31.4% of total volume for the full year of 2018. The Company's Other Tequila brands represented 15.4% of total volume and increased 6.6% compared to the prior year. The Company's Other Spirits brands represented 19.9% of total volume in the period and increased 13.1% over the full year of 2018. Volume of Non-alcoholic and Other represented 20.1% of total volume, with consistent performance compared to the prior year. Volume of ready-to-drink (RTDs) represented 13.2% of total volume and increased by 5.2% compared to the prior year period.

Net sales during the full year 2018 increased 8.5% to \$28,158 million pesos compared to the same period in 2017, driven by volume growth and higher average net selling prices per case, primarily reflecting the favorable sales mix toward premium spirits brands. Net sales in U.S. and Canada increased 6.2% versus the same period last year, driven by both volume growth and favorable sales mix. Mexico net sales increased by 12.6%, on a pro forma IFRS 15 basis, over the prior year period as a result of volume growth and higher average net selling prices per case as a result of

favorable sales mix and price increases. Net sales of the RoW region increased by 21.4% over the full year of 2018, also reflecting volume growth and a higher sales mix of premium spirits brands.

Net sales of Jose Cuervo represented 34.1% of total net sales for the full year of 2018 and reported an increase in net sales of 1.0% compared to 2017. The Company's Other Tequila brands represented 23.3% of total net sales and increased net sales 11.6% compared to the prior year. The Company's Other Spirits brands represented 23.4% of total net sales in the period and reported a 26.3% increase in net sales compared to the full year of 2017. Net sales of Non-alcoholic and Other represented 11.0% of total net sales with net sales decreasing 7.3% compared to the prior year. Net sales of ready-to-drink (RTDs) represented 8.2% of total net sales and reported an increase of 6.2% compared to the prior year.

Gross profit during the full year of 2018 increased 0.4% over the same period in 2017 to \$16,183 million pesos. Gross margin was 57.5% for the full year of 2018 compared to 62.1% for the full year of 2017. Gross margin was negatively impacted primarily by increases in third-party agave supply costs and lower production efficiencies; reflecting the impact of higher demand of super premium tequila along with the industry-wide sourcing of younger agave plants, affecting our distilling efficiency.

During the full year of 2018, operating profit decreased 17.7% to \$5,543 million pesos compared to the prior year. Operating margin decreased to 19.7% as compared to 25.9% in the prior year period. The decrease in operating margin reflects lower gross margin and higher AMP and SG&A expenses.

EBITDA in the full year of 2018 decreased by 15.3% to \$6,074 million pesos compared to \$7,171 million pesos during the full year of 2017.

Net financial results were unfavorable \$387 million pesos during the full year 2018, primarily as a result of foreign currency fluctuations during the year and the related impact on the Company's net cash balance, which is primarily held in US Dollars.

Controlling net income in the full year of 2018 was \$4,025 million pesos, a 22.5% decrease compared to the prior year period. Net margin was 14.3% for the full year. Earnings per share were Ps. \$1.12 compared to Ps. \$1.48 in 2017.



CORPORATE GOVERNANCE



Our Board complies with the best international practices.

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Pursuant to BeCLE's bylaws, our Board of Directors is responsible for our business management; it complies with international practices, as well as the regulation imposed by the Mexican Stock Exchange and the Securities Market Law. This body is comprised of seven proprietary members and two alternates, of which three are independent. Directors are elected for one-year terms at the Annual Ordinary Shareholders' Meeting; they may be reelected and must remain in their positions until a successor has been appointed. All current directors were elected or ratified in their positions on April 27, 2018.

The Board's main responsibilities are to:

- Establish the general strategy for managing the Company and the legal entities controlled by BeCLE.
- Represent the Company and take any legal actions and adopt any determinations it deems necessary or convenient to achieve the corporate purpose.
- Ensure that the resolutions of the Shareholders' Meetings are executed, which may be performed by the Committee responsible for audit activities.

One statutory committee assists the board to oversee the company's management and direction. The Audit and Corporate Practices Committee's main functions include:

- Supervise the Company's external auditors.
- Analyze the external auditors' reports and inform the Board of Directors of any irregularity relating to internal controls.
- Supervise related party transactions and the activities of the Chief Executive Officer.
- Submit an Annual Report to the Board of Directors.



BOARD OF DIRECTORS

Juan Francisco Beckmann Vidal
CHAIRMAN

Juan Domingo Beckmann Legorreta
PROPRIETARY DIRECTOR

Michael Verdon Cheek
INDEPENDENT PROPRIETARY DIRECTOR

Rogelio Miguel Rebolledo Rojas
INDEPENDENT PROPRIETARY DIRECTOR

John Randolph Millian
INDEPENDENT PROPRIETARY DIRECTOR

Ricardo Cervera Lomelí
PROPRIETARY DIRECTOR

Alexander Gijs Van Tienhoven
PROPRIETARY DIRECTOR

Ángel Ignacio Abarrategui Diez
ALTERNATE DIRECTOR

Carlos Javier Vara Alonso
ALTERNATE DIRECTOR

Pedro Pablo Barragán Barragán
SECRETARY, NON-MEMBER

Cynthia Corro Origel
ALTERNATE SECRETARY, NON-MEMBER



Audit and Corporate Practices Committee

Rogelio Miguel Rebolledo Rojas
CHAIRMAN

John Randolph Millian
MEMBER

Michael Verdon Cheek
MEMBER

Management Team

Juan Domingo Beckmann Legorreta
CHIEF EXECUTIVE OFFICER

Ángel Ignacio Abarrategui Diez
EXECUTIVE GENERAL MANAGER

Fernando Suárez Gerard
CHIEF FINANCIAL OFFICER

Michael Keyes
PRESIDENT AND CEO OF PROXIMO

Luis Fernando Félix Fernández
GENERAL MANAGER, MEXICO AND LATAM

Gordon Dron
MANAGING DIRECTOR, EMEA AND APAC

Pedro Pablo Barragán Barragán
GENERAL COUNSEL

Daniel Gerardo Loria Saviñon
HUMAN RESOURCES DIRECTOR

Jorge Scoria
AUDIT DIRECTOR

CODE OF ETHICS

The main topics addressed are humane treatment, health, safety and well-being, conflicts of interest, key principles for consumption of alcoholic beverages, anticorruption policies and proprietary information, among others.

We established an Internal Ethics Committee to supervise compliance with the Code and ensure an ethical performance aligned with our values throughout the

Company. In addition, we implemented a whistleblowing line to confidentially report any deviations from ethical conducts.

All our employees are trained on the Code of Ethics and must pledge to abide by its guidelines annually. Furthermore, we aim to have a positive impact beyond our operations; therefore, we have a Supplier Code of Ethics based on the 10 Principles of the UN Global Compact.

Our Code of Conduct includes our values and standards that guide the daily behavior expected from all employees.





SOCIAL

RESPONSIBILITY

12th consecutive year with the Socially Responsible Company (ESR) distinction, awarded by Cemefi (Mexican Center for Philanthropy)



TALENTED TEAM



We strive to increase our employees' quality of life and create a harmonious work environment, ensuring an ideal operative performance and thus, outstanding products. Therefore, we offer competitive benefits beyond the law's requirements, aiming to retain the best talent.

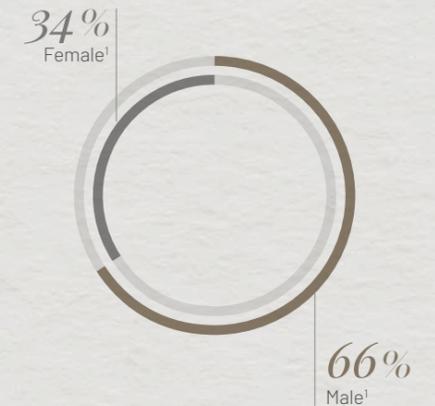
We are aware that as we improve our work environment, we will have more possibilities of achieving excellent business results, as well as retaining and attracting the best talent.

Through the Organizational Climate and Commitment Survey, we open a feedback channel between the Company and our employees, to identify our opportunities and strengths as a workplace and implement actions to promote the well-being of our employees. In 2018, we carried out this survey to learn our employees' perception about People, Work Processes, Leadership, Institutional Aspects and Communication, Power of Decision and Rewards.

Moreover, we grant annual scholarships to employees in order to increase their professional development and have better talent at Beclé. Furthermore, we provide scholarships for their children, so they complete their education and improve their quality of life.

For the academic cycle starting in 2018, we granted scholarships for employees and their children.²

6,836
employees



1,393 employees participated in the Organizational Climate and Commitment Survey¹

¹ Figures are only representative for Mexico
² Scholarships in Bachelor and Master degree programs



CUSTOMER SATISFACTION AND PROTECTION

During 2018, we incorporated all brands from our portfolio to the satisfaction system, resulting in a 223% increase in customer interactions.

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We aim to exceed our consumers' expectations; thus, we offer high-quality products across all our categories.

Our production facilities hold several certifications that guarantee the quality and excellence of our products and operations such as:

- ISO 9001:2015
- ISO 17025:2005
- Hazard Analysis and Critical Control Points (HACCP)
- Good Manufacturing Practices
- Kosher certification
- Customs Trade Partnership against Terrorism (C-TPAT)

Since 2016, we launched our Consumer Assistance platform for six brands. The system allows us to increase communications with clients and customers and measure their satisfaction, as well as improve our brand positioning. Furthermore, this program manages all interactions through our brands' social media.

Responsible consumption

We promote responsible and moderate consumption of spirits, aiming to safeguard our consumers' health. Hence, we oppose the informal alcoholic market, discourage drinking and driving, prevent consumption by minors and encourage absolute respect towards abstinence.

Additionally, we provide detailed information of each product through our brands' websites and social media, in order to promote informed decisions by our customers.

All our brands' websites have age verification systems to restrict access to digital content for minors and discourage their consumption.



COMMUNITY ENGAGEMENT

We seek to transcend and make a difference by positively impacting people's lives at the communities where we operate.

After the devastating earthquakes occurred in Mexico during September 2017, Fundación Beckmann and Beclé joined efforts to support those who were most affected in the communities of Morelos, Oaxaca and Chiapas. We rolled out a 5x1 campaign, through which every peso donated by our employees, our Company contributed five. The funds collected were used for the construction of homes for the earthquakes' victims in 2018.



We built 67 houses thanks to our employees and Fundación Beckmann's support.



ENVIRONMENTAL PROTECTION

In order to fulfill our commitment to be a sustainable company, all our operations are aligned to our Comprehensive Environmental Plan. This plan establishes four principles to decrease our environmental footprint: reduce, reuse, recycle and recuperate; each pillar includes a set of key performance indicators to measure our reduction of water and energy consumption, as well as our generation of waste and hazardous emissions.

PLANTA CAMICHINES: ISO 14001:2015

VOLUNTARY ENVIRONMENTAL COMPLIANCE AT OUR THREE PLANTS, ISSUED BY MINISTRY OF THE ENVIRONMENT AND TERRITORIAL DEVELOPMENT OF JALISCO STATE

CLEAN INDUSTRY CERTIFICATION FROM THE MEXICAN FEDERAL ENVIRONMENTAL PROTECTION AGENCY (PROFEPA) AT OUR THREE PLANTS

STPS SELF-MANAGEMENT, FOR OUR OUTSTANDING HEALTH AND SAFETY INITIATIVES, GRANTED BY THE MINISTRY OF LABOR AND SOCIAL SECURITY AT OUR THREE PLANTS

We strive to respect and protect our planet and its resources.





Waste management and compost

We have two composting centers, one at Rancho San Juan –in the Altos region of Jalisco– and one at Rancho Todos Santos –in the Tequila region–. During 2018, the former center produced 31,629.7 tons of compost, while the latter generated 3,438.8 tons.

Our bottling and composting facilities, as well as waste management processes, comply with all the industry's regulations regarding health, management and quality, such as:

- General Law on Ecological Balance and Environmental Protection
- General Law on Prevention and Comprehensive Management of Waste

- Regulation of The General Law on Prevention and Comprehensive Management of Waste
- State Law on Ecological Balance and Environmental Protection
- State Law on Comprehensive Waste Management

Both of our composting centers comply with the Official Mexican Standards NOM-161-SEMARNAT-2011 and NAE-SEMADES-007/2008. Additionally, our collection center in Tequila for agrochemical and related products complies with the NOM-052-SEMARNAT-2005, NOM-053-SEMARNAT-1993 and NOM-055-SEMARNAT-2003 regulations.

Campo Limpio Program and Reforestation

We are a company characterized by our social responsibility in the spirits industry; therefore, we maintain our commitment to generate a positive impact for our stakeholders and communities.

In line with our aim to recover underground water, in 2018, we planted trees and a vast amount of flora with the help of 160 volunteers.



CONSOLIDATED FINANCIAL
STATEMENTS



CONSOLIDATED

STATEMENTS OF FINANCIAL POSITION

December 31, 2018, 2017 and 2016

(Thousands of Mexican pesos)

	2018	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 12,027,931	19,995,891	5,128,137
Accounts receivable, net	8,536,421	7,259,530	6,396,412
Related parties receivable	96,870	221,412	197,555
Other receivables, mainly recoverable taxes	1,600,364	1,022,618	1,376,853
Inventories, net	8,162,349	7,418,994	5,942,639
Prepayments	804,562	679,098	683,564
Total current assets	31,228,497	36,597,543	19,725,160
Non-current inventory	6,859,315	3,878,169	3,178,318
Investment in associates	311,397	90,008	66,364
Property, plant, and equipment, net	5,506,305	5,280,479	4,640,601
Deferred income taxes	1,454,055	944,380	-
Employee Benefits, net	269,798	99,910	94,927
Intangible assets and trademarks, net	14,663,673	11,364,885	11,771,208
Goodwill	6,353,738	6,274,189	5,992,347
Other assets	46,762	400,146	219,022
Security deposits	17,849	2,947	-
Total non-current assets	35,482,892	28,335,113	25,962,787
Total assets	\$ 66,711,389	64,932,656	45,687,947

	2018	2017	2016
Liabilities and stockholders' equity			
Current liabilities:			
Current installments of notes payable to banks	\$ 48,182	48,311	53,142
Trade accounts payable	2,593,980	2,106,047	2,407,235
Other liabilities	43,769	803,580	256,565
Accruals	2,347,576	2,086,810	1,708,428
Employee statutory profit sharing	9,345	14,344	16,395
Related parties	48,801	43,926	14,851
Total current liabilities	5,091,653	5,103,018	4,456,616
Long-term debt, excluding current installments	9,745,014	9,780,523	10,206,842
Environmental reserve	121,125	124,751	117,760
Other long-term liabilities	314,036	118,644	95,062
Deferred income taxes	3,567,750	2,820,410	2,759,236
Total liabilities	18,839,578	17,947,346	17,635,516
Stockholders' equity:			
Capital stock	28,048,959	28,048,959	10,051,666
Retained earnings	14,587,615	12,745,476	12,118,201
Other comprehensive income	5,168,448	6,136,797	5,852,598
Total controlling interest	47,805,022	46,931,232	28,022,465
Non-controlling interest	66,789	54,078	29,966
Total stockholders' equity	47,871,811	46,985,310	28,052,431
Contingencies			
Commitments			
Total liabilities and stockholders' equity	\$ 66,711,389	64,932,656	45,687,947



CONSOLIDATED

STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2018, 2017 and 2016

(Thousands of Mexican pesos)

	2018	2017	2016
Net sales	\$ 28,158,210	25,957,942	24,396,212
Cost of goods sold	11,974,906	9,836,675	9,935,796
Gross profit	16,183,304	16,121,267	14,460,416
Expenses:			
Advertising, marketing and promotion	6,580,182	5,644,060	6,038,909
Distribution	1,241,703	917,865	750,008
Selling	937,774	962,969	771,720
Administrative	1,821,079	1,659,593	1,436,312
Other expenses (income), net	59,625	201,224	(160,440)
Total expenses	10,640,363	9,385,711	8,836,509
Operating profit	5,542,941	6,735,556	5,623,907
Financial results:			
Interest income	(193,097)	(109,760)	(49,362)
Interest expense	431,558	485,492	394,201
Foreign exchange loss, net	148,561	397,061	590,873
Financial result, net	387,022	772,793	935,712
Loss from equity investment in associate	9,445	7,522	-
Profit before income taxes	5,146,474	5,955,241	4,688,195

	2018	2017	2016
Profit before income taxes	5,146,474	5,955,241	4,688,195
Income taxes:			
Current	782,180	1,669,629	1,284,988
Deferred	331,294	(911,877)	255,459
Total income taxes	1,113,474	757,752	1,540,447
Net income	\$ 4,033,000	5,197,489	3,147,748
Non-controlling interest	8,121	4,304	-
Controlling net income	\$ 4,024,879	5,193,185	3,147,748
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - Foreign currency translation reserve	(1,040,587)	217,441	2,253,065
Items that will not be reclassified to profit or loss:			
Employee benefits, net of income taxes	72,238	66,899	45,530
Other comprehensive income, net of income tax	(968,349)	284,340	2,298,595
Net comprehensive income	\$ 3,056,530	5,477,525	5,446,343
Other comprehensive income attributable to:			
Controlling interest	\$ 3,056,530	5,477,525	5,446,343
Non-controlling interest	-	-	-
Basic earning per share	\$ 1.12	1.48	0.34

CONSOLIDATED

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2018, 2017 and 2016

(Thousands of Mexican pesos)

	Capital stock	Share premium	Total	Retained earnings	Other comprehensive income	Total controlling interest	Non-controlling interest	Total shareholders' equity
Balances as of December 31, 2015	\$ 10,712,591	334,489	11,047,080	9,045,778	3,554,003	23,646,861	-	23,646,861
Decrease in shareholders' equity	(916,010)	(183,202)	(1,099,212)	-	-	(1,099,212)	-	(1,099,212)
Decrease in shareholders' equity	(1,102,693)	-	(1,102,693)	-	-	(1,102,693)	-	(1,102,693)
Increase in shareholders' equity	1,206,491	-	1,206,491	-	-	1,206,491	29,966	1,236,457
Merger effect	(3,547,120)	3,547,120	-	-	-	-	-	-
Other stockholders' movements	-	-	-	(75,325)	-	(75,325)	-	(75,325)
Net comprehensive income	-	-	-	3,147,748	2,298,595	5,446,343	-	5,446,343
Balances as of December 31, 2016	6,353,259	3,698,407	10,051,666	12,118,201	5,852,598	28,022,465	29,966	28,052,431
Dividends	-	-	-	(2,599,716)	-	(2,599,716)	-	(2,599,716)
Capitalization of share premium	3,547,120	(3,547,120)	-	-	-	-	-	-
Increase in capital stock	1,722,174	16,275,119	17,997,293	-	-	17,997,293	-	17,997,293
Repurchase of shares	-	-	-	(1,947,711)	-	(1,947,711)	-	(1,947,711)
Other stockholders' movements	-	-	-	(18,483)	-	(18,483)	19,667	1,184
Net comprehensive income	-	-	-	5,193,185	284,199	5,477,384	4,445	5,481,829
Balances as of December 31, 2017	11,622,553	16,426,406	28,048,959	12,745,476	6,136,797	46,931,232	54,078	46,985,310
Dividends	-	-	-	(1,819,121)	-	(1,819,121)	-	(1,819,121)
Repurchase of shares	-	-	-	(230,702)	-	(230,702)	-	(230,702)
Other stockholders' movements	-	-	-	(132,917)	-	(132,917)	4,590	(128,327)
Net comprehensive income	-	-	-	4,024,879	(968,349)	3,056,530	8,121	3,064,651
Balances as of December 31, 2018	\$ 11,622,553	16,426,406	28,048,959	14,587,615	5,168,448	47,805,022	66,789	47,871,811



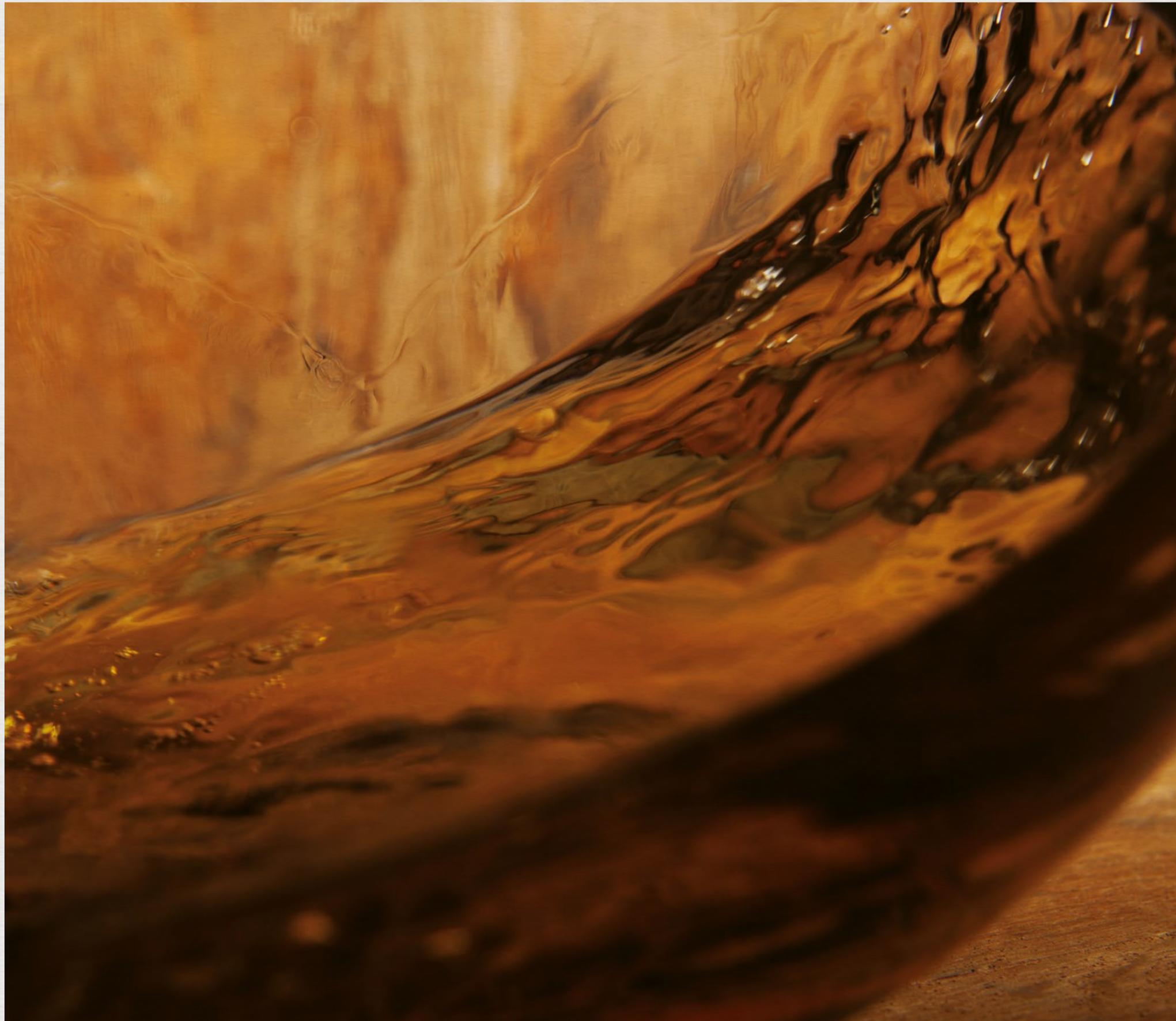
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2018, 2017 and 2016

(Thousands of Mexican pesos)

	2018	2017	2016
Cash flows from operating activities:			
Income before income taxes	\$ 5,146,474	5,955,241	4,688,195
Items relating to investing activities:			
Depreciation and amortization	530,688	435,015	451,470
Loss on sale of property, plant and equipment	56,745	4,289	17,120
Equity investment in associate	9,445	7,522	-
Interest income	(193,097)	(109,760)	(49,362)
Translation effect	1,816	(8,351)	367,595
Items relating to financing activities:			
Unrealized foreign exchange profit (loss)	(151,301)	(464,300)	1,680,988
Interest expense	431,558	485,492	394,201
Long-term debt amortization	11,466	11,882	10,601
Subtotal	5,843,794	6,317,030	7,560,808
Changes in:			
Accounts receivable	(1,426,045)	(716,034)	(1,103,832)
Related parties	129,417	5,218	(266,389)
Other receivables	(579,889)	354,235	(628,122)
Prepayments	(85,059)	4,466	(243,147)
Inventories	(2,861,362)	(2,103,078)	(1,555,886)
Security deposits	(14,902)	-	-
Trade accounts payable	284,120	(355,900)	631,920
Other assets	191,926	(183,006)	80,198
Other liabilities	(759,811)	542,711	(510,089)
Accruals	396,149	243,639	554,235
Income taxes paid	(1,122,671)	(1,677,287)	(1,137,928)
Employee statutory profit sharing	(4,999)	(2,051)	4,778
Changes in direct employee benefits	(169,888)	(8,380)	56,073
Net cash from operating activities	(179,220)	2,421,563	3,442,619

	2018	2017	2016
Cash flows from investing activities:			
Investment in property, plant and equipment	(811,423)	(1,066,014)	(828,931)
Investment in intangible assets	(188,568)	17,265	(205,429)
Business acquisition, net of cash received	(4,218,044)	(189,576)	-
Investment in associate and joint venture	(230,834)	(31,166)	(66,364)
Other stockholders' movements	-	1,184	(75,325)
Proceeds from sale of property, plant and equipment	7,778	3,982	-
Interest collected	193,097	109,760	49,362
Net cash used in investing activities	(5,247,994)	(1,154,565)	(1,126,687)
Cash flows from financing activities:			
Dividends paid	(1,819,121)	(2,599,716)	(2,201,905)
Repurchase of shares	(230,702)	(1,947,711)	-
Increase in capital stock	-	1,722,174	1,206,491
Share premium	-	16,275,119	-
Non controlling interest	-	-	29,966
Interest paid	(431,687)	(380,382)	(361,729)
Net cash (used in) provided by financing activities	(2,481,510)	13,069,484	(1,327,177)
Net (decrease) increase in cash and cash equivalents	(7,908,724)	14,336,482	988,755
Cash and cash equivalents adjustment by variations in the exchange rate	(62,494)	527,845	-
Cash and cash equivalents:			
At beginning of year	19,995,891	5,128,137	4,139,382
Cash received from mergers	3,258	3,427	-
At end of year	\$ 12,027,931	19,995,891	5,128,137



INVESTOR INFORMATION

BECLE, S.A.B. DE C.V.

BMV: [CUERVO]

Corporate Headquarters

Guillermo Gonzalez Camarena 800-4

Alvaro Obregón, Santa Fe, Zip Code 01210

Mexico City, Mexico

+(52) 55 5258 7000

www.becle.com.mx/ir

INVESTOR RELATIONS

Mariana Rojo

marojo@cuervo.com.mx

Alfredo Rubio

alrubio@cuervo.com.mx

ir@cuervo.com.mx





www.becle.com.mx