



## **Becle, S.A.B. de C.V. Reports Third Quarter 2020 Unaudited Financial Results**

Mexico City, Mexico, October 22, 2020 /BUSINESSWIRE/ -- BECLE, S.A.B. de C.V. ("Cuervo", "BECLE" or the "Company") (BMV: CUERVO) today announced financial results for the quarter ended September 30, 2020.

All figures in this release are derived from the Interim Consolidated Financial Statements of the Company as of September 30, 2020, and for the nine-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

### **Third quarter 2020 highlights**

- Volume increased 26.0% to 6.6 million nine-liter cases;
- Net sales increased 48.3% to P\$10,413 million pesos;
- Gross profit increased 52.9% to P\$5,756 million pesos. Gross margin was 55.3%, an increase of 1.7 percentage points year over year;
- Operating income increased 169.2% to P\$3,063 million pesos. Operating margin was 29.4%, an improvement of 13.2 percentage points year over year;
- EBITDA increased 150.1% to P\$3,249 million pesos. EBITDA margin was 31.2%, an improvement of 12.7 percentage points year over year;
- Consolidated net income increased 186.4% to P\$2,084 million pesos. Net margin was 20.0%, an improvement of 9.6 percentage points year over year and;
- Earnings per share were P\$0.58

All abovementioned increases and decreases have been determined in comparison to the corresponding period in the preceding year.

### **Management commentary**

During the third quarter of 2020, Becle continued to effectively navigate the challenges related to the COVID-19 pandemic. Continued strong performance in the U.S. and Canada delivered robust volume and sales growth. Our favorable positioning and leadership in the high growing Tequila and Ready-to-drink categories has positioned the Company well in the current environment. Additionally, while the ongoing challenges with on-premise sales remain, we are seeing quarter over quarter sequentially improving trends in Mexico and the RoW region.

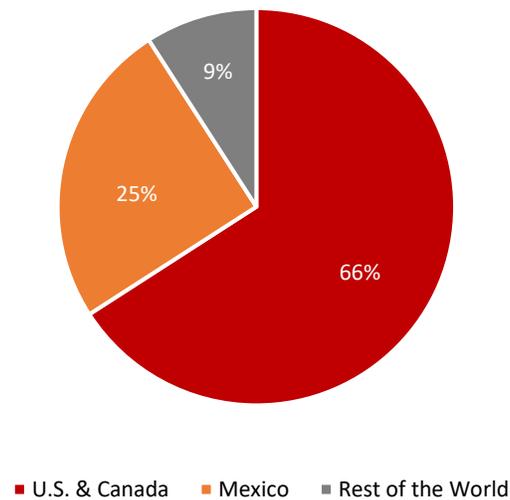
Furthermore, we observed year on year margin improvement during the third quarter reflecting this top line performance in the U.S. and Canada as well as mix improvement within that region. While challenges and uncertainty continue ahead in these unprecedented times, we are confident in our ability to premiumize our brands portfolio and maintain our long-term growth strategy, driving shareholder value creation.

### Third quarter 2020 results

#### Volume by region 3Q20 (in 000s nine-liter cases)

Region	3Q20	3Q19	(Var.% YoY)
U.S. & Canada	4,358	2,882	51.2%
Mexico	1,653	1,745	-5.3%
<u>Rest of the World</u>	<u>602</u>	<u>623</u>	<u>-3.3%</u>
Total	6,614	5,251	26.0%

#### Volume breakdown by region 3Q20

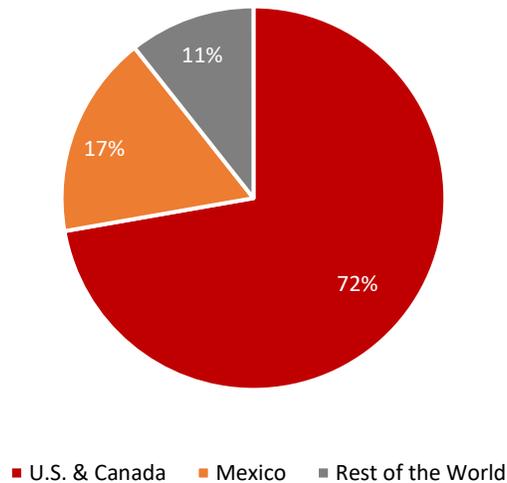


During the third quarter of 2020, total volume increased 26.0% to 6.6 million nine-liter cases. The year over year growth reflected a 51.2% increase in the U.S. and Canada, driven by strong consumer take-away and depletion trends, and continued strong performance of the Tequila and ready-to-drink (RTD) category; a 5.3% decrease in Mexico due to a challenging macro environment and consumer take-away trends, showing a quarter over quarter sequential improvement mainly as a result of the reduction in sales restrictions in various channels in the region; and an 3.3% decline in the Rest of the World (RoW) region mainly derived by the impact of COVID-19 through such region.

**Net sales by region 3Q20 (in MXN\$ millions)**

Region	3Q20	3Q19	(Var.% YoY)
U.S. & Canada	7,523	4,200	79.1%
Mexico	1,782	1,854	-3.9%
<u>Rest of the World</u>	<u>1,108</u>	<u>970</u>	<u>14.2%</u>
Total	10,413	7,024	48.3%

**Net sales breakdown by region 3Q20**

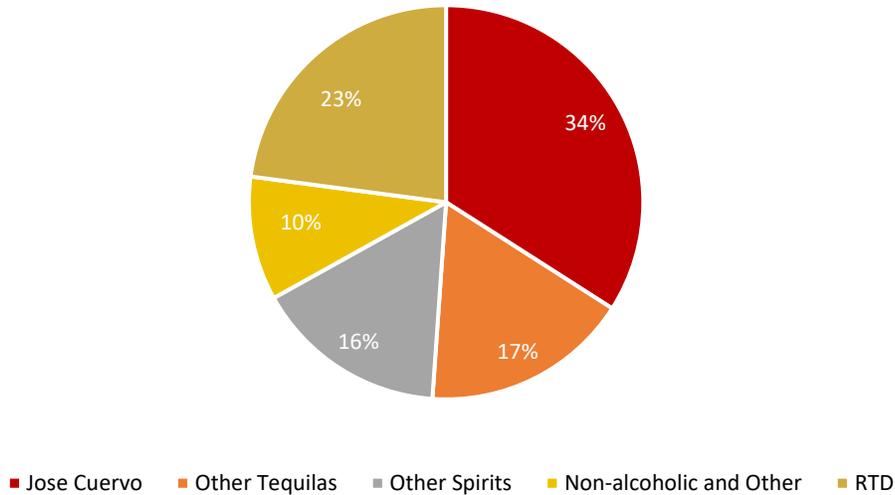


Third quarter 2020 net sales increased 48.3% to P\$10,413 million pesos. U.S. and Canada net sales increased 79.1%, primarily reflecting the strength of our largest brands within the region leading an acceleration in depletions and shipments, and the Mexican peso depreciation against the U.S. dollar on a year over year comparison. In the same period, net sales in Mexico decreased 3.9%, primarily due to volume declines partially offset by mix and year on year price increases in our portfolio. Net sales of the RoW region increased by 14.2% when compared to the third quarter of 2019 mainly due to better product mix in the region and reflecting a quarter over quarter sequential improvement.

**Volume by category 3Q20 (in 000s nine-liter cases)**

Category	3Q20	3Q19	(Var.% YoY)
Jose Cuervo	2,252	1,753	28.4%
Other Tequilas	1,128	889	26.8%
Other Spirits	1,046	963	8.6%
Non-alcoholic and Other	673	938	-28.3%
<u>RTD</u>	<u>1,515</u>	<u>707</u>	<u>114.4%</u>
Total	6,614	5,251	26.0%

**Volume breakdown by category 3Q20**

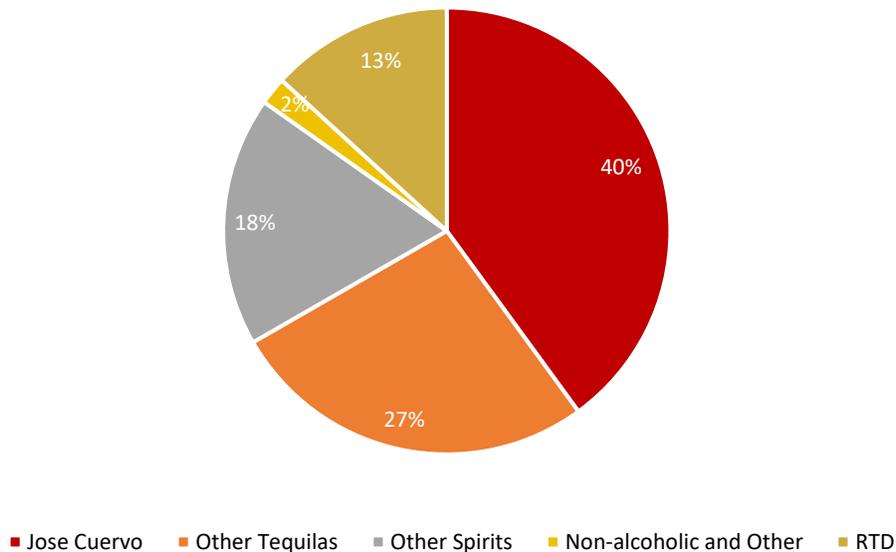


Volume of Jose Cuervo increased 28.4% compared to the same period in 2019 and represented 34.1% of total volume for the third quarter of 2020. Other Tequila brands represented 17.1% of total volume, with volume increasing 26.8% compared to the prior year period. Other Spirits brands represented 15.8% of total volume in the period and experienced an 8.6% increase in volume over the third quarter of 2019. Volume of Non-alcoholic and Other represented 10.2% of total volume and decreased 28.3% compared to the prior year period. Volume of RTD represented 22.9% of total volume and grew by 114.4% compared to the same prior year period.

**Net sales by category 3Q20 (in MXN\$ millions)**

Category	3Q20	3Q19	(Var.% YoY)
Jose Cuervo	4,141	2,556	62.0%
Other Tequilas	2,768	1,879	47.3%
Other Spirits	1,928	1,494	29.0%
Non-alcoholic and Other	207	534	-61.2%
<u>RTD</u>	<u>1,369</u>	<u>561</u>	<u>144.2%</u>
Total	10,413	7,024	48.3%

**Net sales breakdown by category 3Q20**



Net sales of Jose Cuervo increased 62.0% compared to the same period in 2019 and represented 39.8% of total net sales for the third quarter of 2020. Net sales of Other Tequila brands increased 47.3% compared to the prior year period and represented 26.6% of total net sales. Other Spirits brands represented 18.5% of total net sales in the period and increased 29.0% compared to the third quarter of last year. Net sales of Non-alcoholic and Other represented 2.0% of total net sales and declined 61.2% compared to the prior year period. Net sales of RTDs represented 13.1% of total net sales and increased 144.2% compared to the same prior year period.

Gross profit during the third quarter of 2020 increased 52.9% over the same period in 2019 to P\$5,756 million pesos. Gross margin was 55.3% for the third quarter of 2020 compared to 53.6% for the third quarter of 2019, an increase of 1.7 percentage points year over year, reflecting a favorable region mix. Cost of goods sold for the same period increased 42.9%, primarily benefited from the year over year Mexican peso depreciation against the U.S. dollar.

Advertising, marketing and promotion (AMP) expenses decreased 4.2% to P\$1,534 million pesos when compared to the third quarter of 2019. This AMP expense decrease reflects the phasing of AMP investment opportunities across our regions, due to COVID-19 restrictions, and delays in media and sponsorships opportunities. As a percentage of net sales, AMP decreased to 14.7% from 22.8% in the same prior year period.

Distribution expenses increased 56.1% to P\$379 million when compared to the third quarter of 2019, driven by higher volume. As a percentage of net sales, distribution expenses slightly increased to 3.6% from 3.5% in the prior year period.

Selling and administrative (SG&A) expenses increased 12.2% to P\$815 million pesos when compared to the third quarter of 2019. As a percentage of net sales, SG&A decreased to 7.8% from 10.4% in the same prior year period, driven by firm cost control and supported by an acceleration in sales.

Operating income during the third quarter of 2020 increased 169.2% to P\$3,063 million pesos compared to the same period last year. Operating margin increased to 29.4% as compared to 16.2% in the same prior year period, an improvement of 13.2 percentage points.

EBITDA in the third quarter of 2020 increased 150.1% to P\$3,249 million pesos compared to the third quarter of 2019. EBITDA margin was 31.2% for the third quarter of 2020 versus 18.5% in the same period of last year, an improvement of 12.7 percentage points year over year.

Net financial results were a loss of P\$247 million pesos during the third quarter of 2020 compared to a loss of P\$155 million pesos in the same period of last year. This loss was mainly derived from the Mexican peso appreciation versus the U.S. dollar when compared to the second quarter of 2020. As a result of its exposure to the exchange rate risk between the U.S. dollar and the Mexican Peso, as of January 1st, 2020, the Company has designated its US\$500 million Senior Notes as a hedge against its net investments in its U.S. operations. Derived from this adoption, all foreign exchange gains and losses associated with the Company's Senior Notes have been recognized as a P\$257 million pesos gain in the Other comprehensive income line (which will be reflected in the company's equity in the Consolidated Statement of Financial Position and in the Consolidated Statement of Comprehensive Income) and not in the Income statement for the nine months ended September 30, 2020 (see IFRS 9; IFRIC 16: Net Investment Hedge Disclosures).

Consolidated net income in the third quarter of 2020 increased 186.4% to P\$2,084 million pesos, compared to P\$728 million pesos in the prior year period. Net margin was 20.0% for the third quarter of 2020, compared to 10.4% in the third quarter of 2019, an improvement of 9.6 percentage points year over year. Earnings per share were P\$0.58 in the third quarter of 2020, compared to P\$0.20 in the same period of the prior year.

### **Financial position and cash flow**

As of September 30, 2020, cash and cash equivalents were P\$7,779 million pesos and total financial debt was P\$11,309 million pesos. During the first nine months of 2020, the Company generated net cash from operating activities of P\$1,987 million pesos, and the Company used P\$4,120 million pesos in net investing activities. Cash used in financing activities was P\$1,016 million pesos for the nine-month-period ended in September 30, 2020.

### **Board member retirement and General Shareholders' Meetings**

The Company announces that, as part of his personal plan, Mr. Michael Verdon Cheek has communicated his decision to retire as a member of the Board of Directors after 16 years of service, effective on December 31, 2020.

Becle would like to thank Mr. Cheek for his services and the diligence with which he carried out his duties, as well as for his many contributions to the Company.

On October 14, 2020, the Company published calls for an ordinary and an extraordinary general shareholders' meetings, respectively, to be held on November 3 of this year and in which the following is intended to be submitted to the shareholders for approval:

1. For the ordinary general shareholders' meeting: the appointment of Mr. Sergio Rodríguez Molleda, our General Counsel, as Secretary of the Board of Directors of the Company; and
2. For the extraordinary general shareholders' meeting: the amendment of article twelve of the bylaws, to include certain exceptions, applicable to controlling shareholders in acquisitions made through vehicles controlled by such shareholders or by their direct relatives, in order to work in their respective succession and estate plans.

## **IFRS 9; IFRIC 16: Net investment hedge disclosures**

### **Financial instruments to hedge net investments in foreign operations**

Beginning January 1, 2020, the Company designated a US\$500 million senior notes as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc., which is a sub-holding entity of the U.S. operations with the objective of mitigating the exchange rate risk arising between the functional currency of these operations and the functional currency of the holding company that has such investment.

The Company formally designated and documented the hedging relationship, setting the objectives, risk-hedging strategy, identification of the hedging instrument, hedged item, nature of the risk to be hedged, and effectiveness assessment methodology. Since the exchange rate hedging relationship is clear, the method the Company used to assess the effectiveness consisted of a qualitative effectiveness test by comparing the critical terms between the hedging instruments and the hedged items.

### **Accounting policy**

#### **Net investment hedge in a foreign operation**

The Company applies hedge accounting to the foreign exchange risk resulting from its investments in foreign operations because of changes in exchange rates arising between the functional currency of that operation and the functional currency of the holding company, regardless of whether the investment is held directly or through a sub-holder. The change in exchange rates is recognized in other comprehensive income as part of the translation effect when the foreign operation is consolidated.

To this end, the Company designates the debt denominated in foreign currency as hedging instruments; therefore, the exchange effects arising from such debt are recognized in other comprehensive income, in the line of translation effects, to the extent that the hedge is effective. When the hedge is not effective, exchange rate differences are recognized in foreign exchange gain or loss in the income statement.

## Conference call

The Company plans to host a conference call for investors at 9:00 a.m. Mexico City Time (10:00 a.m. E.T.) on, Friday, October 23<sup>rd</sup>, 2020, to discuss the Company's third quarter 2020 unaudited financial results. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto the Company's website at <http://public.viavid.com/index.php?id=141896> or [www.becle.com.mx](http://www.becle.com.mx).

## Third Quarter 2020 Unaudited Financial Results Conference Call and Webcast Details

Date: Friday, October 23, 2020

Time: 9:00 a.m. Mexico City Time (10:00 a.m. E.T.)

Participants: Juan Domingo Beckmann (CEO)  
Fernando Suárez (CFO)

Dial-in:

Mexico Toll-free	01 800 522 0034
U.S. Toll-free	1-877-407-0792
Toll/International	1-201-689-8263

Conference ID: 13711745

Webcast: <http://public.viavid.com/index.php?id=141896> or [www.becle.com.mx](http://www.becle.com.mx).

\*Those participating via webcast will be unable to participate in live Q&A

## About Becele

*Becle is a globally renowned company in the spirits industry and the world's largest producer of tequila. Its extraordinary portfolio of over 30 spirits brands, some of them owned, some of them agency brands distributed only in Mexico, has been developed throughout the years to participate in key categories with high growth potential, serving the world's most important alcoholic beverage markets and attending key consumer preferences and tendencies. The portfolio strength of Becele is based in the profound legacy of its iconic internally developed brands such as Jose Cuervo®, combined with complementary acquisitions such as Three Olives®, Hangar 1®, Stranahan's®, Bushmills®, Pendleton® and Boodles®, as well as a relentless focus on innovation that during the years has created renowned brands such as 1800®, Maestro Dobel®, Centenario®, Kraken®, Jose Cuervo® Margaritas and B:oost®, among others. Some of Becele's brands are sold and distributed in more than 85 countries.*

## EBITDA

*EBITDA is a measure used in the Company's financial analysis that is not recognized under IFRS but is calculated from amounts that derive from the Company's Financial Statements. We calculate EBITDA as net income plus depreciation and amortization, income tax expense, and interest expense, less interest income, plus foreign exchange gain (loss).*

*EBITDA is not an IFRS measure of liquidity or performance, nor is EBITDA a recognized financial measure under IFRS. We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods on a combined basis, but these metrics may be calculated differently by other issuers. EBITDA should not be construed as alternatives to (i) net income as an indicator of the Company's operating performance or (ii) cash flow from operating activities as a measure of the Company's liquidity.*

**Disclaimer**

*This press release contains certain forward-looking statements which are based on Becle's current expectations and observations. Actual results obtained may vary significantly from these estimates. The information related to future performance contained in this press release should be read jointly with the risks included in the "Risk Factors" section of the Annual Report filed with the Comision Nacional Bancaria y de Valores (Mexican National Banking and Securities Commission). This information, as well as future statements made by Becle or by any of its legal representatives, either in writing or verbally, may vary significantly from the actual results obtained. These forward-looking statements speak only as of the date on which they are made, and no assurance can be made as to the actual results obtained. Becle undertakes no obligation and does not intend to update or review any of such forward-looking statements, whether as a result of new information, future developments and other related events.*

**Investor Relations Contact:**

Mariana Rojo  
[marojo@cuervo.com.mx](mailto:marojo@cuervo.com.mx)

Alfredo Rubio  
[alrubio@cuervo.com.mx](mailto:alrubio@cuervo.com.mx)

**Corporate Affairs:**

Alfredo López  
[alopez@cuervo.com.mx](mailto:alopez@cuervo.com.mx)

## Consolidated Income Statements

	Third quarter ended September 30, 2020			Third quarter ended September 30, 2019		Year over year variance	
	(U.S. \$) <sup>(1)</sup>	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
<b>Net sales</b>	<b>464</b>	<b>10,413</b>		<b>7,024</b>		<b>3,389</b>	<b>48.3</b>
Cost of goods sold	207	4,657	44.7	3,259	46.4	1,398	42.9
<b>Gross profit</b>	<b>256</b>	<b>5,756</b>	<b>55.3</b>	<b>3,764</b>	<b>53.6</b>	<b>1,992</b>	<b>52.9</b>
Advertising, marketing and promotion	68	1,534	14.7	1,602	22.8	(68)	(4.2)
Distribution	17	379	3.6	243	3.5	136	56.1
Selling and administrative	36	815	7.8	727	10.4	88	12.2
Other (income) expense, net	(2)	(35)	-0.3	55	0.8	(90)	(162.8)
<b>Operating income</b>	<b>136</b>	<b>3,063</b>	<b>29.4</b>	<b>1,138</b>	<b>16.2</b>	<b>1,925</b>	<b>169.2</b>
Financial results, net	11	247	2.4	155	2.2	92	59.8
<b>Income before income taxes</b>	<b>125</b>	<b>2,816</b>	<b>27.0</b>	<b>983</b>	<b>14.0</b>	<b>1,833</b>	<b>186.4</b>
Income taxes	33	732	7.0	256	3.6	476	186.4
<b>Consolidated net income</b>	<b>93</b>	<b>2,084</b>	<b>20.0</b>	<b>728</b>	<b>10.4</b>	<b>1,356</b>	<b>186.4</b>
Non-controlling interest	0	1	0.0	(2)	0.0	NM	NM
<b>Controlling interest</b>	<b>93</b>	<b>2,083</b>	<b>20.0</b>	<b>729</b>	<b>10.4</b>	<b>1,353</b>	<b>185.6</b>
Depreciation and amortization	8	186		161			
<b>EBITDA</b>	<b>145</b>	<b>3,249</b>	<b>31.2</b>	<b>1,299</b>	<b>18.5</b>	<b>1,950</b>	<b>150.1</b>
<b>Earnings per share</b>	<b>0.03</b>	<b>0.58</b>		<b>0.20</b>		<b>0.38</b>	<b>185.2</b>
<b>Shares (in millions) used in calculation of earnings per share</b>	<b>3,591</b>	<b>3,591</b>		<b>3,587</b>			

(1) U.S. dollars translated at 22.46 Mexican pesos solely for the convenience of the reader.

## Consolidated Income Statements

(Figures in millions, except per share amounts)	Nine months ended September 30, 2020			Nine months ended September 30, 2019		Year over year variance	
	(U.S. \$) <sup>(1)</sup>	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
<b>Net sales</b>	<b>1,082</b>	<b>24,307</b>		<b>19,270</b>		<b>5,037</b>	<b>26.1</b>
Cost of goods sold	501	11,245	46.3	8,917	46.3	2,329	26.1
<b>Gross profit</b>	<b>582</b>	<b>13,062</b>	<b>53.7</b>	<b>10,354</b>	<b>53.7</b>	<b>2,708</b>	<b>26.2</b>
Advertising, marketing and promotion	185	4,151	17.1	4,268	22.2	(117)	(2.8)
Distribution	38	854	3.5	697	3.6	157	22.6
Selling and administrative	106	2,372	9.8	2,143	11.1	229	10.7
Other (income), net	(3)	(67)	-0.3	(126)	-0.7	60	(47.3)
<b>Operating profit</b>	<b>256</b>	<b>5,752</b>	<b>23.7</b>	<b>3,372</b>	<b>17.5</b>	<b>2,380</b>	<b>70.6</b>
Financial results, net	1	32	0.1	279	1.5	(248)	(88.6)
<b>Profit before income taxes</b>	<b>255</b>	<b>5,720</b>	<b>23.5</b>	<b>3,093</b>	<b>16.0</b>	<b>2,627</b>	<b>85.0</b>
Total income taxes	66	1,487	6.1	804	4.2	683	85.0
<b>Consolidated net income</b>	<b>188</b>	<b>4,233</b>	<b>17.4</b>	<b>2,288</b>	<b>11.9</b>	<b>1,944</b>	<b>85.0</b>
Non-controlling interest	0	3	0.0	(2)	0.0	NM	NM
<b>Controlling net income</b>	<b>188</b>	<b>4,230</b>	<b>17.4</b>	<b>2,291</b>	<b>11.9</b>	<b>1,939</b>	<b>84.7</b>
Depreciation and amortization	24	540		465		-	
<b>EBITDA</b>	<b>280</b>	<b>6,292</b>	<b>25.9</b>	<b>3,837</b>	<b>19.9</b>	<b>2,455</b>	<b>64.0</b>
<b>Earnings per share</b>	<b>0.05</b>	<b>1.18</b>		<b>0.64</b>		<b>0.54</b>	<b>84.7</b>
<b>Shares (in millions) used in calculation of earnings per share</b>	<b>3,591</b>	<b>3,591</b>		<b>3,587</b>			

(1) U.S. dollars translated at 22.46 Mexican pesos solely for the convenience of the reader.

## Consolidated Statements of Financial Position

(Figures in millions)	September 30, 2020	December 31, 2019
(U.S. \$) <sup>(1)</sup>	(Pesos)	(Pesos)
<b>Assets</b>		
Cash and cash equivalents	346	9,628
Trade receivables - Net	319	9,295
Related parties	6	103
Recoverable income tax	25	782
Other recoverable taxes and receivables	63	637
Inventories	577	9,438
Assets held for sale	0	0
Biological assets	36	915
Prepayments	62	851
<b>Total current assets</b>	<b>1,434</b>	<b>31,650</b>
Inventories	292	4,991
Biological assets	184	2,719
Investments in associates	79	267
Property, plant and equipment - Net	433	6,945
Intangible assets	752	14,230
Goodwill	325	6,253
Right-of-use assets	93	2,046
Deferred income tax	69	1,314
Employee benefits - net	10	251
Other assets	4	59
<b>Total non-current assets</b>	<b>2,241</b>	<b>39,075</b>
<b>Total assets</b>	<b>3,675</b>	<b>70,725</b>
<b>Liabilities</b>		
Senior Notes, short-term	7	46
Trade payables	151	2,183
Related parties	5	68
Lease liabilities	24	446
Other accounts payable	167	3,945
Dividends payable	25	0
<b>Total current liabilities</b>	<b>379</b>	<b>6,687</b>
Long-term Senior Notes	496	9,345
Lease liabilities	71	1,703
Environmental reserve	6	118
Other long-term liabilities	13	191
Deferred income taxes	205	4,089
<b>Total non-current liabilities</b>	<b>792</b>	<b>15,445</b>
<b>Total liabilities</b>	<b>1,171</b>	<b>22,133</b>
Stockholders' equity attributable to controlling interest	2,500	48,520
Non-controlling interest	3	73
<b>Total stockholders' equity</b>	<b>2,503</b>	<b>48,592</b>
<b>Total liabilities and stockholders' equity</b>	<b>3,675</b>	<b>70,725</b>

(1) U.S. dollars translated at 22.46 Mexican pesos solely for the convenience of the reader.

## Consolidated Statements of Cash Flow

(Figures in millions)		Nine months ended September 30, 2020	Nine months ended September 30, 2019
	(U.S. \$) <sup>(1)</sup>	(Pesos)	(Pesos)
<b>Operating activities:</b>			
Income before income taxes	255	5,720	3,093
Adjustment from items not implying cash flows:			
Depreciation and amortization	24	540	465
Loss on sale of property, plant and equipment	3	60	86
Items not implying cash	9	195	(186)
Interest income	(6)	(124)	(150)
Unrealized foreign exchange profit	(43)	(966)	(23)
Interest expense	14	319	404
Subtotal	<u>256</u>	<u>5,744</u>	<u>3,689</u>
<b>(Increase) decrease in:</b>			
Trade receivables	115	2,589	3,145
Related parties	(9)	(193)	11
Other recoverable taxes and receivables	(27)	(610)	(715)
Inventories	(142)	(3,183)	(4,298)
Biological assets	(60)	(1,340)	(591)
Prepayments	(17)	(375)	(283)
Other assets	7	167	8
<b>Increase (decrease) in:</b>			
Trade accounts payable	45	1,003	(233)
Other accounts payables	(26)	(574)	40
Employee benefits	1	32	8
Income taxes paid or recoverable	(57)	(1,274)	(320)
Net cash from operating activities	<u>88</u>	<u>1,987</u>	<u>462</u>
<b>Investing Activities:</b>			
Property, plant and equipment	(116)	(2,597)	(1,254)
Intangible assets	(1)	(31)	(120)
Investment in associates	(72)	(1,616)	0
Acquisition of minority interest	0	0	(21)
Other stockholders' movements	0	0	(40)
Interest income	6	124	150
Sale of property, plant and equipment	0	0	9
Net cash flows used in investing activities	<u>(183)</u>	<u>(4,120)</u>	<u>(1,275)</u>
<b>Financing activities:</b>			
Dividends paid	(24)	(544)	(1,962)
Repurchase of shares - Net	5	115	115
Principal and interest lease payments	(13)	(302)	(315)
Interest paid	(13)	(285)	(181)
Net cash used in financing activities	<u>(45)</u>	<u>(1,016)</u>	<u>(2,343)</u>
Net decrease of cash and cash equivalents	<u>(140)</u>	<u>(3,149)</u>	<u>(3,156)</u>
Cash and cash equivalents at beginning of year:			
At beginning of the period	429	9,628	12,028
Cash proceeds from acquisition	1	15	0
Effects of exchange rate changes on cash and cash equivalents	57	1,285	(154)
<b>Cash and cash equivalents at end of period</b>	<u><u>346</u></u>	<u><u>7,779</u></u>	<u><u>8,718</u></u>

(1) U.S. dollars translated at 22.46 Mexican pesos solely for the convenience of the reader.