



GRUPO
BIMBO



GRUPO BIMBO DAY 2003

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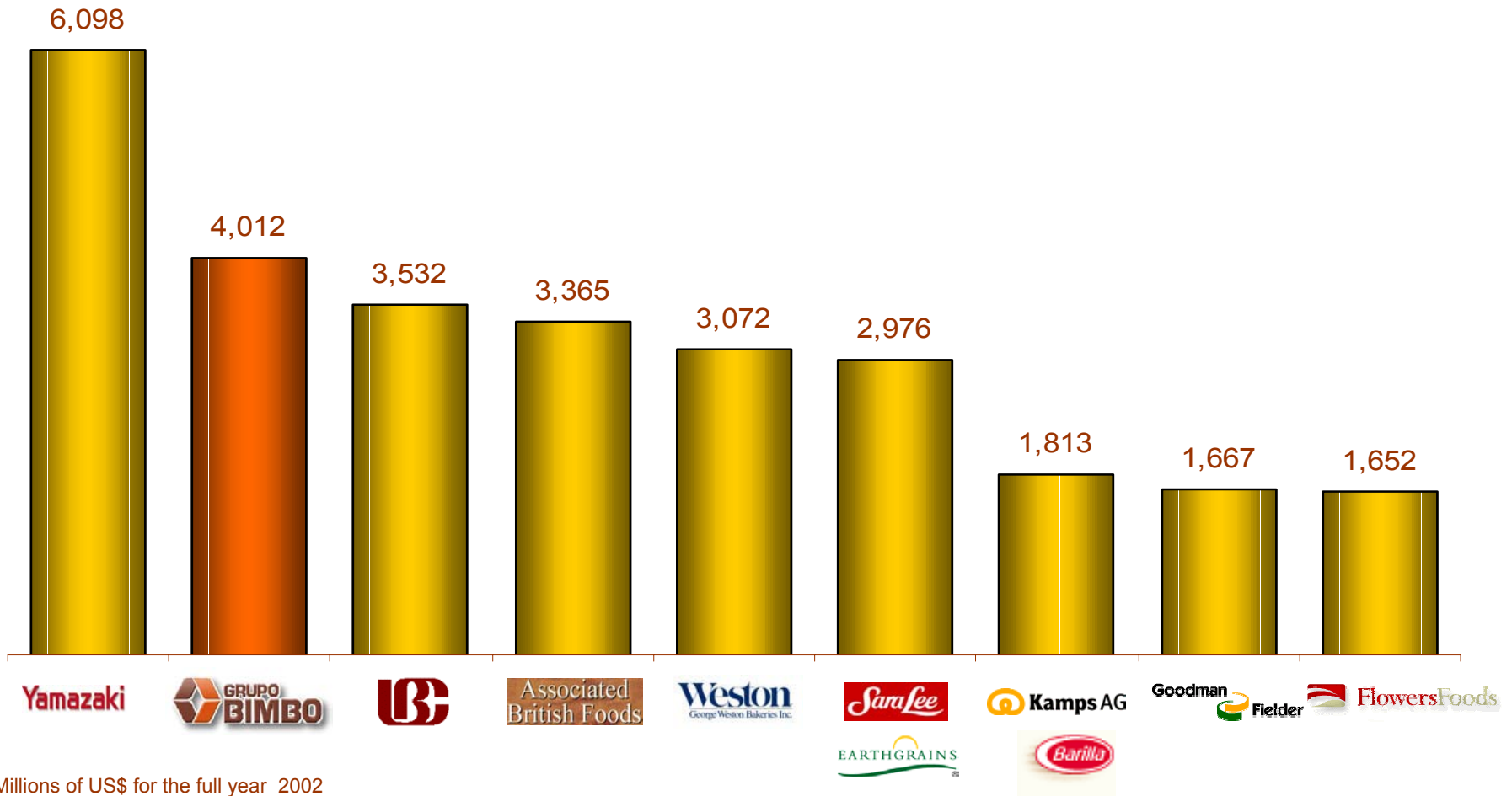


Company Snapshot

Armando Giner

Highlights

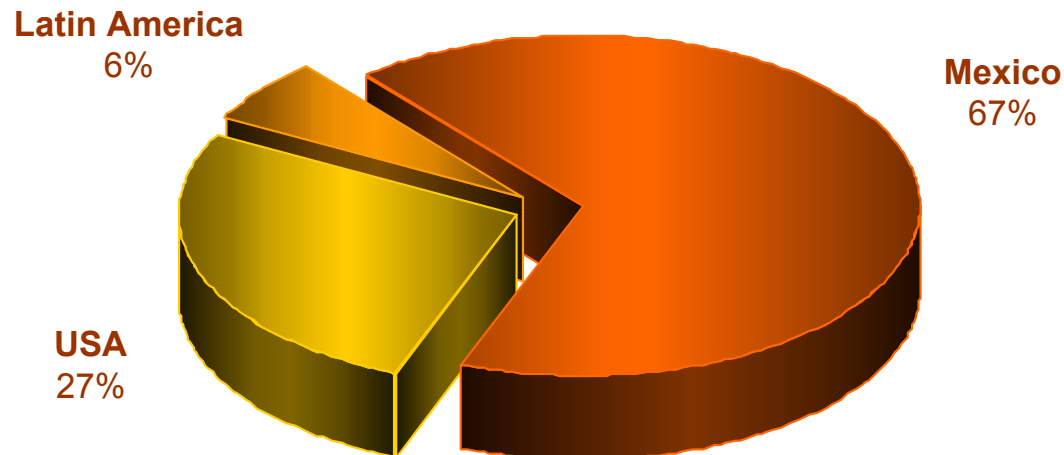
- One of the world's largest baking companies. An industry leader in the Americas with revenues of over US\$4.1 billion (LTM as of Sept. 2003)



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Highlights

- **Strong and stable cash flow generation capability**, with annual EBITDA of approximately US\$390 million ^(a).
- With a presence in 14 countries, Grupo Bimbo has a **diversified revenue base** ^(a).

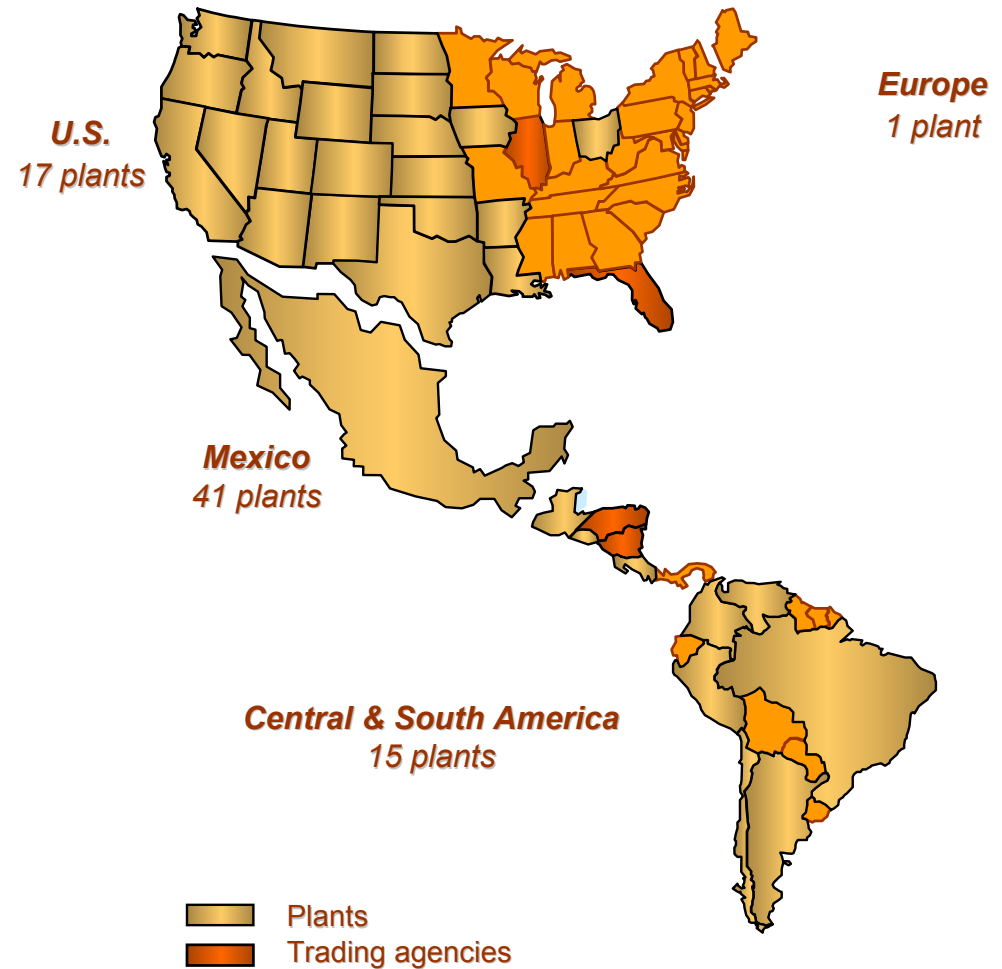


(a) LTM figures as of September 2003



Geographic Scope

- ❖ Unique distribution network in the Americas with over 25,500 routes and 2 million clients.
- ❖ “State-of-the-Art” production facilities
- ❖ Important employer with over 70,000 employees and experienced management team.
- ❖ Bimbo has played a major role in the industry consolidation process in both Latin America and U.S.



Operational Structure

Breads and Baked Goods

Sliced bread, baked goods, tortillas, tostadas, and cookies



34 plants

Leading producer of sliced bread and sweet baked goods

Second player in the cookies and crackers market

Largest and most profitable division



17 plants

Important presence in the western region of U.S.

Leader in Texas and California

Synergies in border region



15 plants

Presence in 11 countries and leadership position in 10

Developed via acquisitions and new investments

Sweets and Snacks

Salted snacks, chocolates and candies



8 plants

Second player in Mexico's salted snack and confectionery market

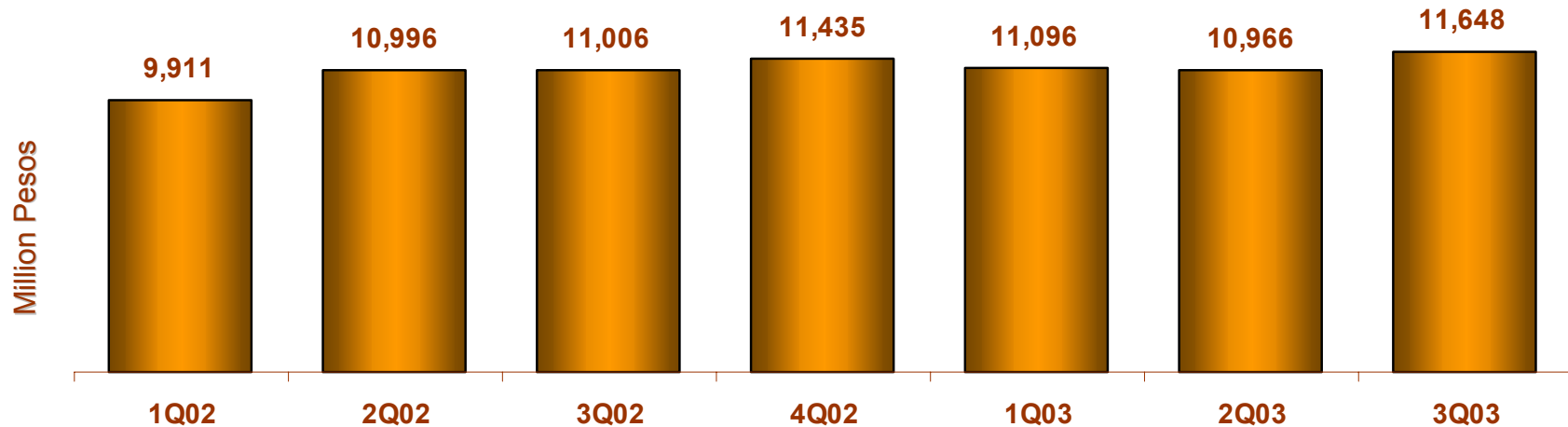


Financial Performance

Guillermo Quiroz

Financial Performance

Revenues



Strong growth due to successful new product launching, channel segmentation and extended shelf life product versions

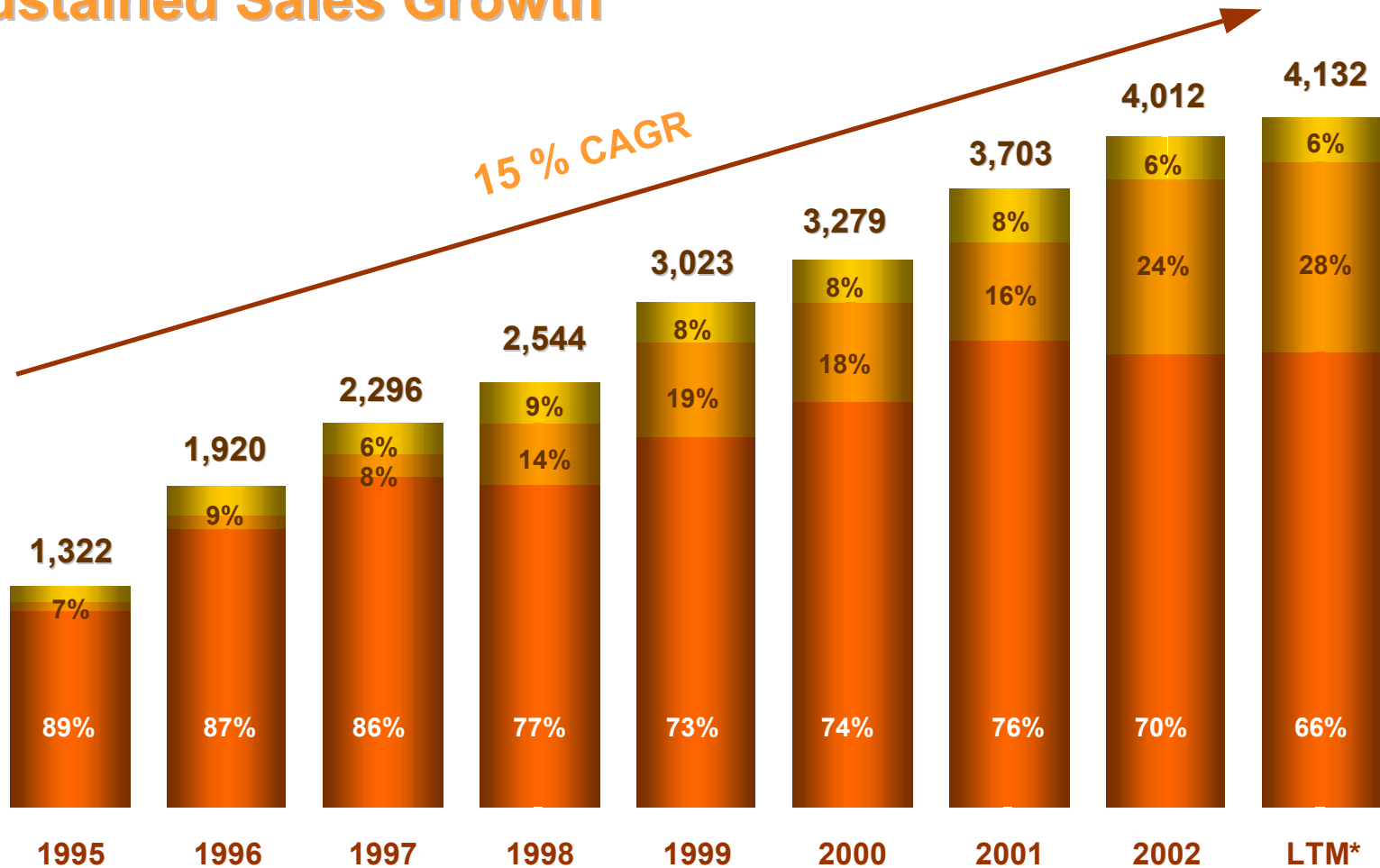
Mexico: Outstanding growth of 8.7% in real terms YoY.

United States: Depressed market environment and routes conversion.
Higher penetration of Mexican brands into the Hispanic population

Latin America: Improved performance throughout the region, limited decrease (1.2% YoY)

Financial Performance

Sustained Sales Growth



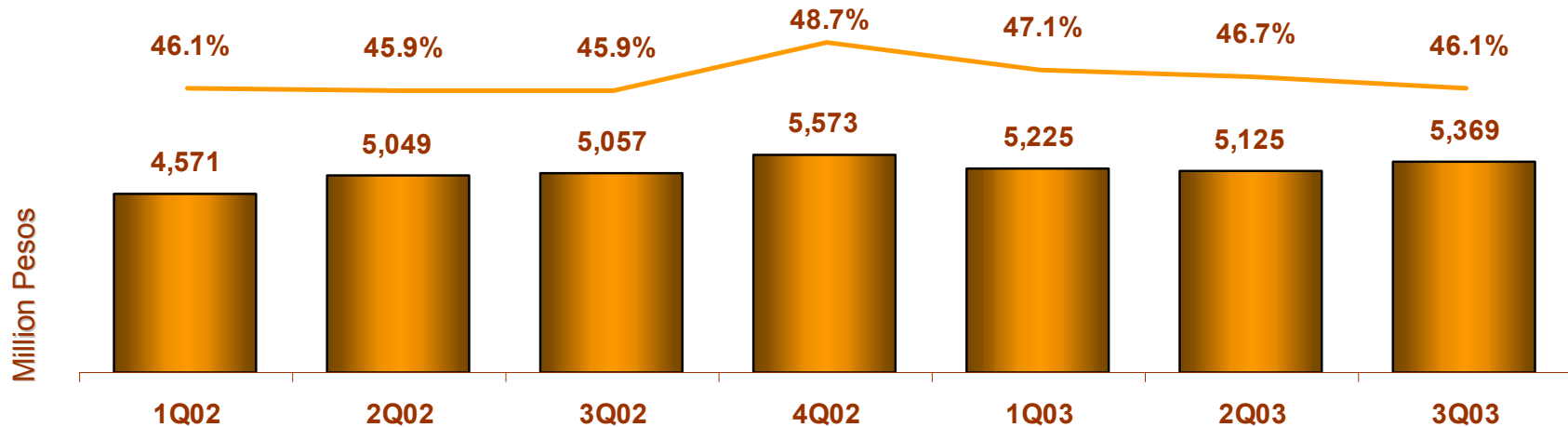
• LTM figures as of September 2003
(Nominal US\$ millions)

■ Mexico ■ USA ■ Latin America

GRUPO BIMBO DAY 2003

Financial Performance

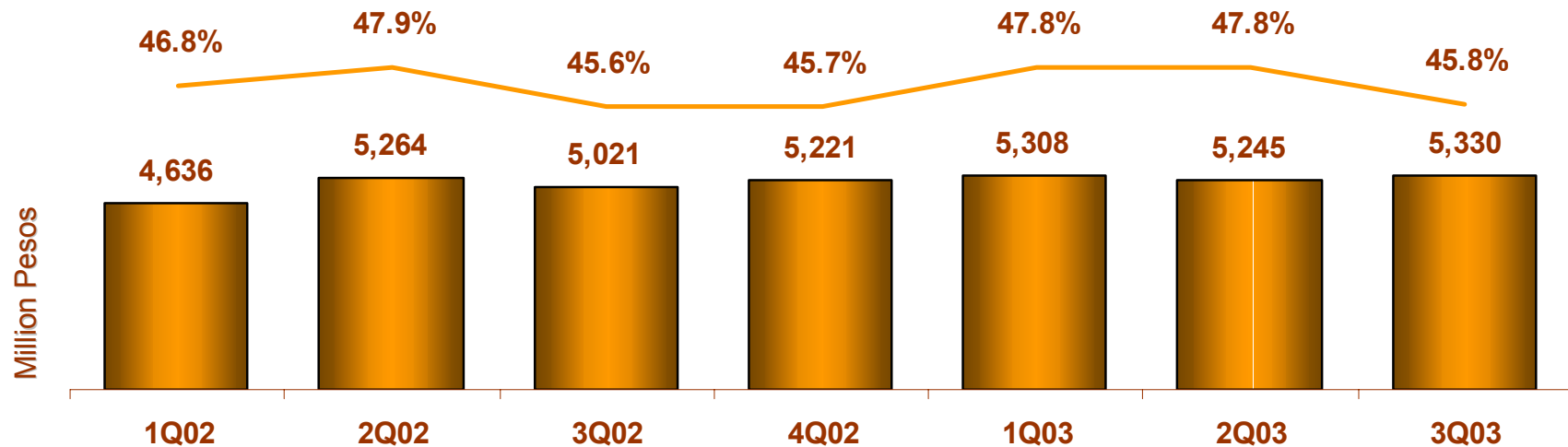
Cost of Goods Sold



- ❖ COGS was mainly affected by commodities price increase and F/X effect
- ❖ High volatility commodities market with an upside trend
- ❖ Higher labor costs specially in the U.S.

Financial Performance

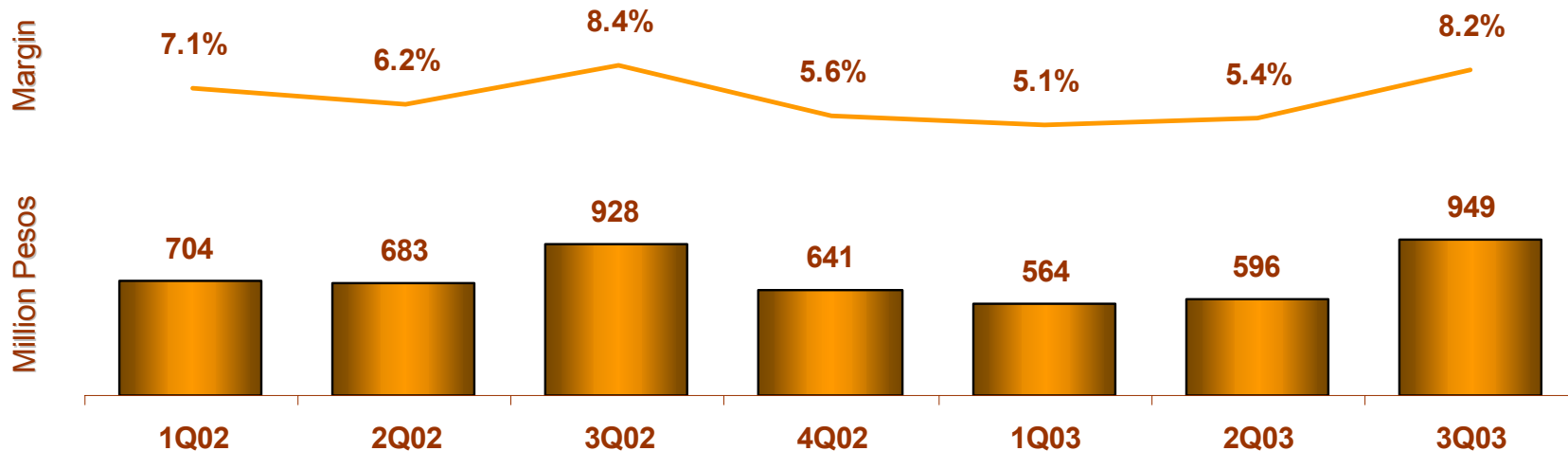
Operating Expenses



- During 3Q03, expenses related to the transformation projects **continued leveling-off**
- Distribution and sales expenses increased while administrative expenses declined
- Greater **expenditures related to channel segmentation** and delay in achieving the savings of routes conversion of routes in the U.S.
- Administrative expenses decreased as a result of **personnel reductions** and management **efforts to reduce expenses**

Financial Performance

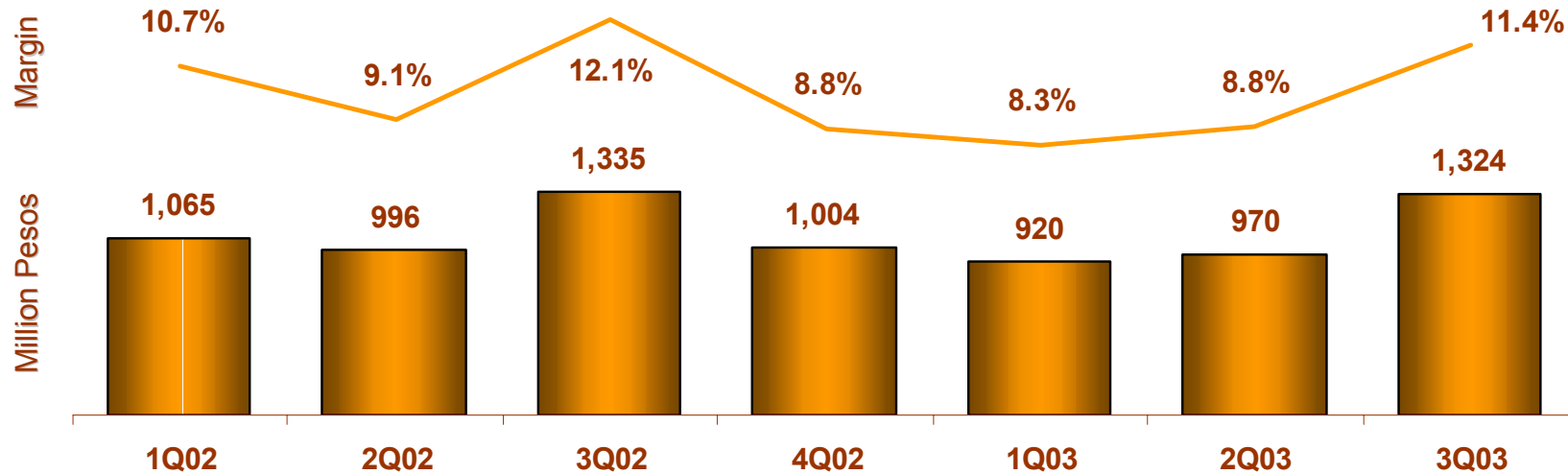
Operating Income



- After the most intensive stage of the transformation projects execution, the operating income started to **show a recovery**
- **Improvement of the operating income for two consecutive quarters**
- Aside from the Company's global transformation projects, **U.S. operations have been affected by the adverse market conditions**, the actions to streamline the distribution area and the labor cost increases
- We expect to **continue improving the margins**, while **gradually achieving the benefits of the transformation projects** throughout this and the following years

Financial Performance

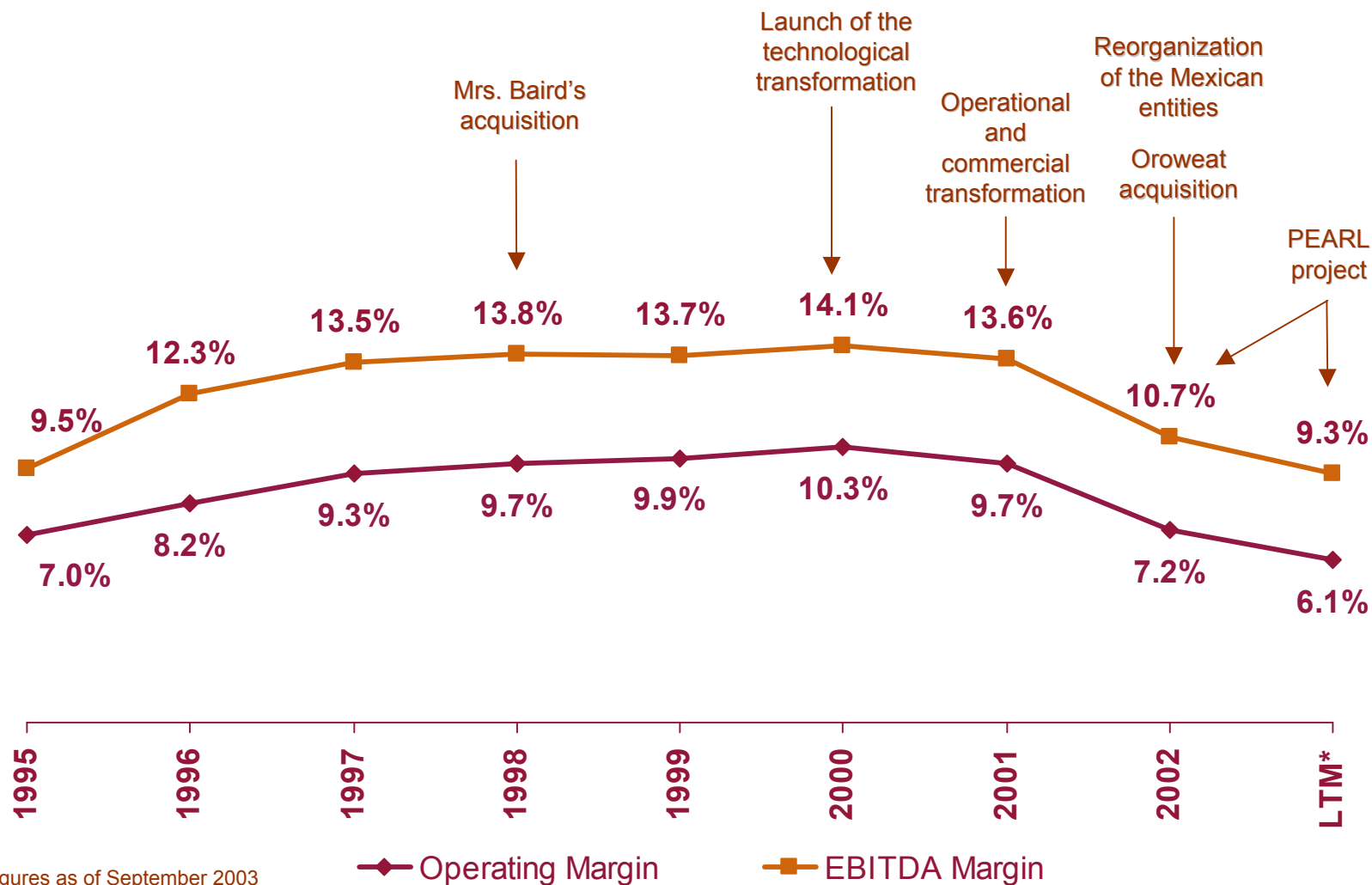
EBITDA



- Recently, resources allocated to finishing the bulk of our projects affected results
- Nevertheless, the Company maintained a strong and steady cash flow generation
- Given the lesser financial resources allocation to the corporate various projects, EBITDA is expected to normalize and continue its upward trend

Financial Performance

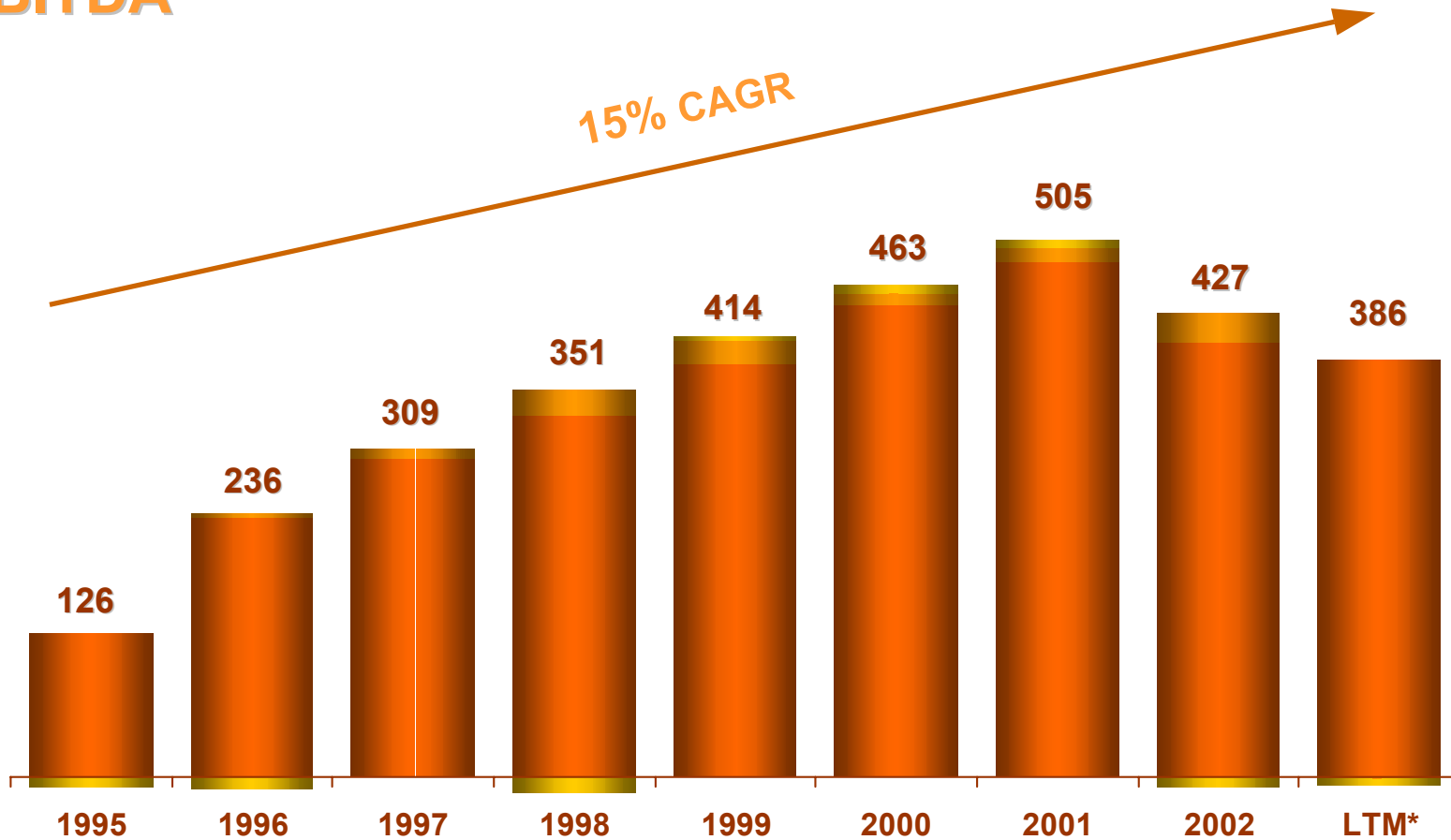
Operating and EBITDA Margin



* LTM figures as of September 2003

Financial Performance

EBITDA



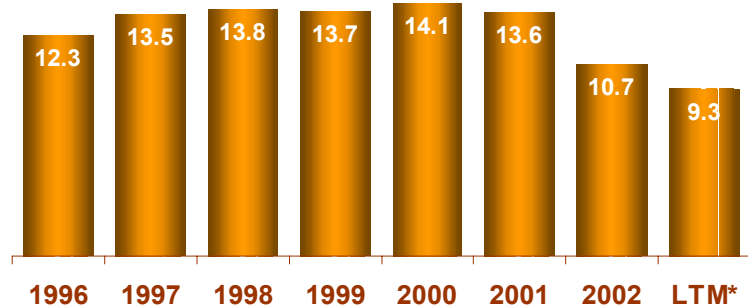
•LTM figures as of September 2003
(Nominal US\$ millions)

■ Mexico ■ USA ■ Latin America

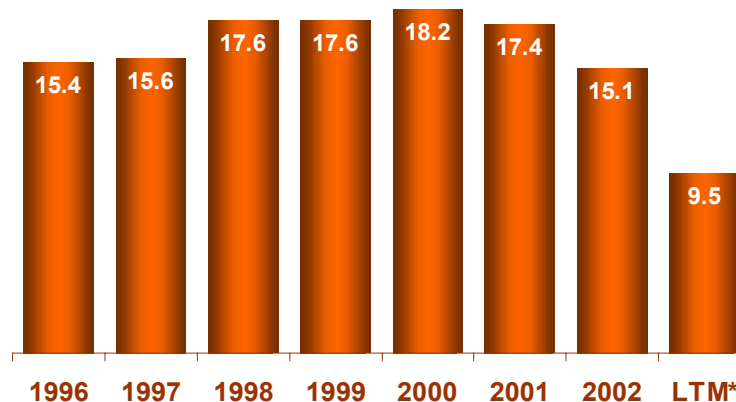
Financial Performance

EBITDA Margin by Region

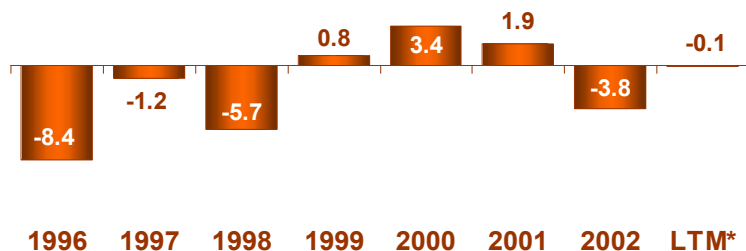
Consolidated



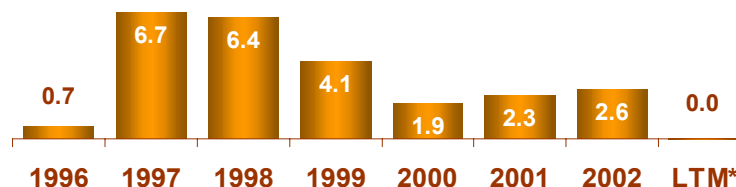
Mexico



Latin America



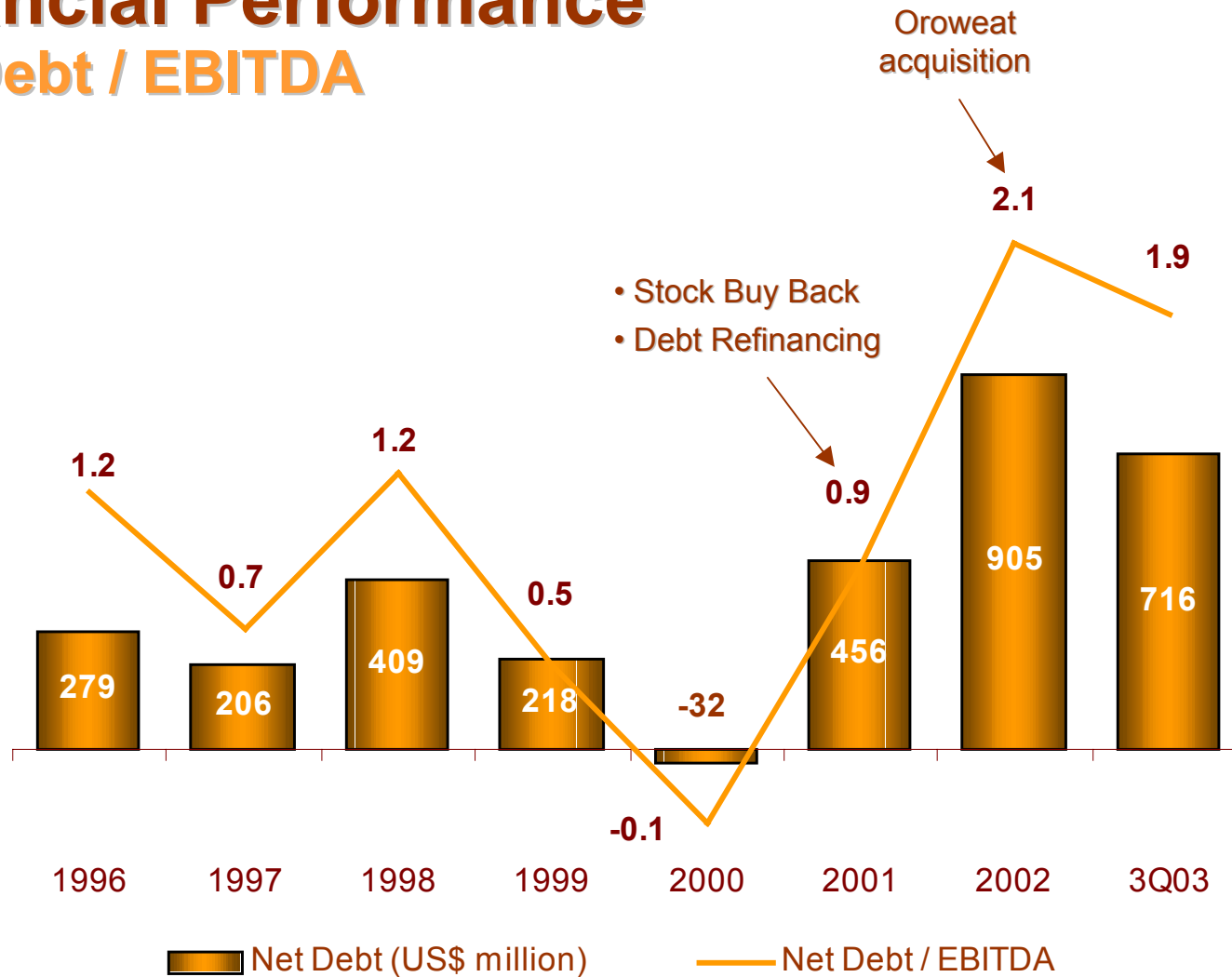
United States



* LTM figures as of September 2003

Financial Performance

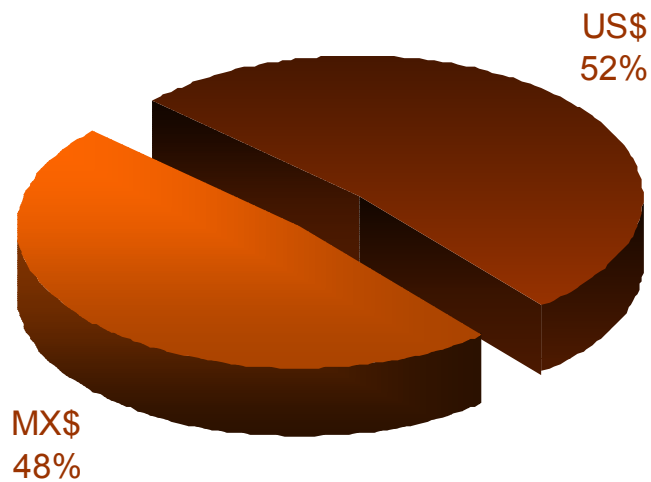
Net Debt / EBITDA



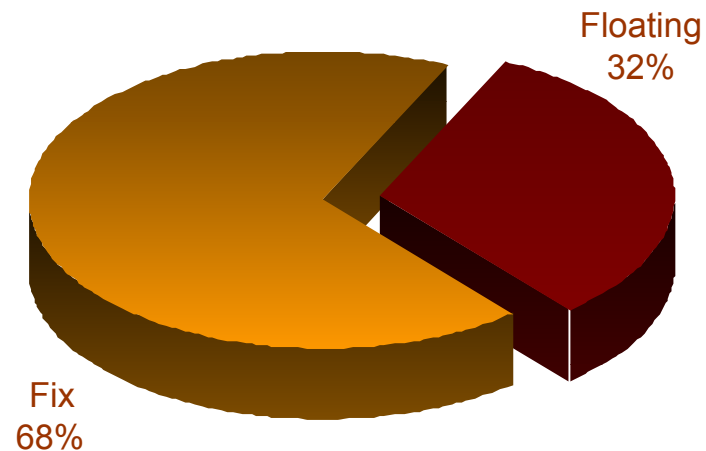
Financial Performance

Debt Profile

Currency Mix



Rates Mix



Debt Breakdown

Peso-denominated US\$ 444 million
Dollar-denominated US\$ 485 million

Weighted Average Rates

MX\$ 8.74%
US\$ 5.06%

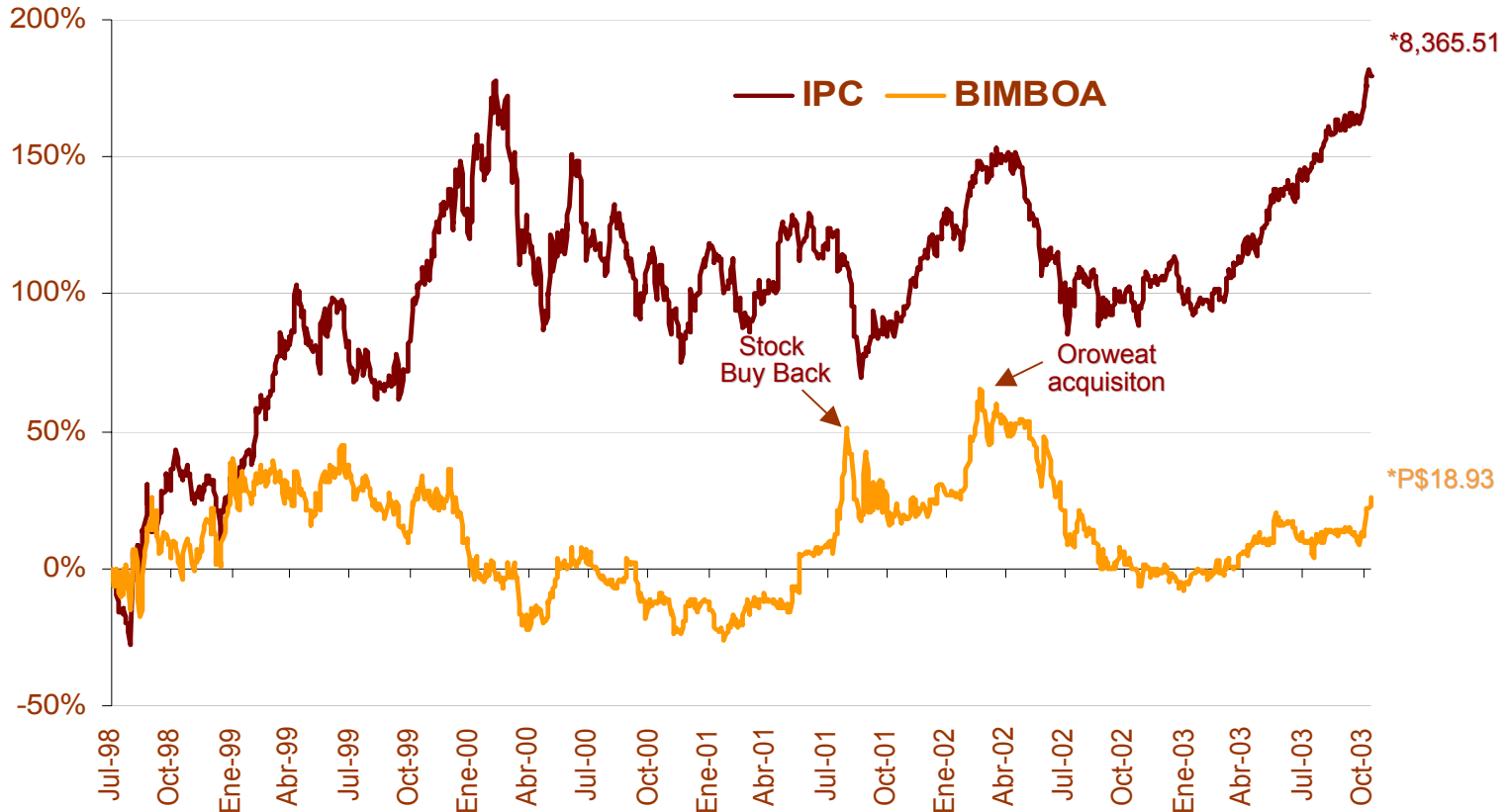
* Figures as of September 2003

IV. Market Performance



BIMBOA vs. Mexican Bolsa

Bimbo's stock is part of the IPC since February 1999 and is among the top twenty companies in the country in terms of sales and market value



Market Capitalization

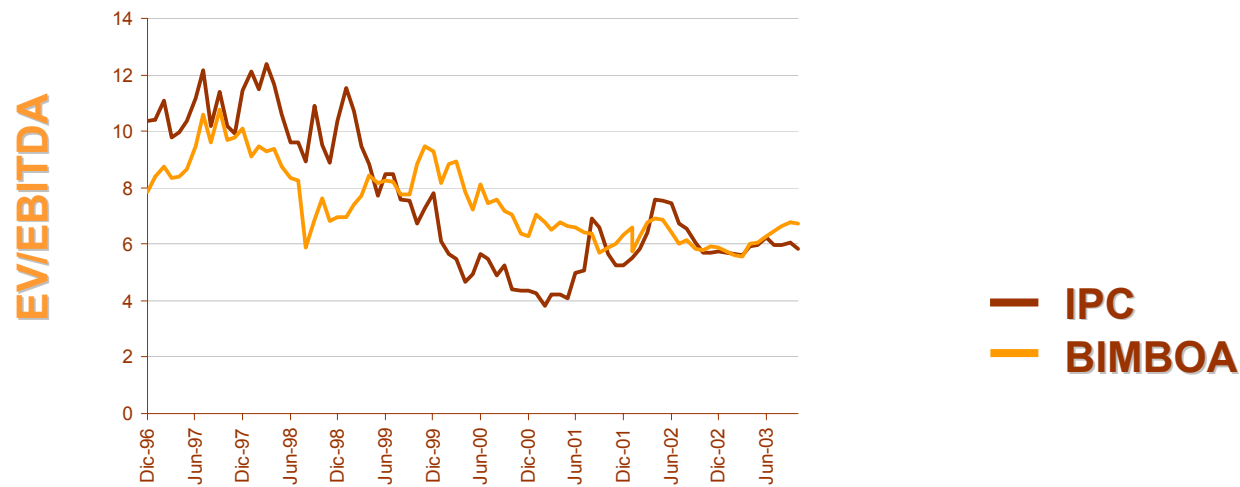
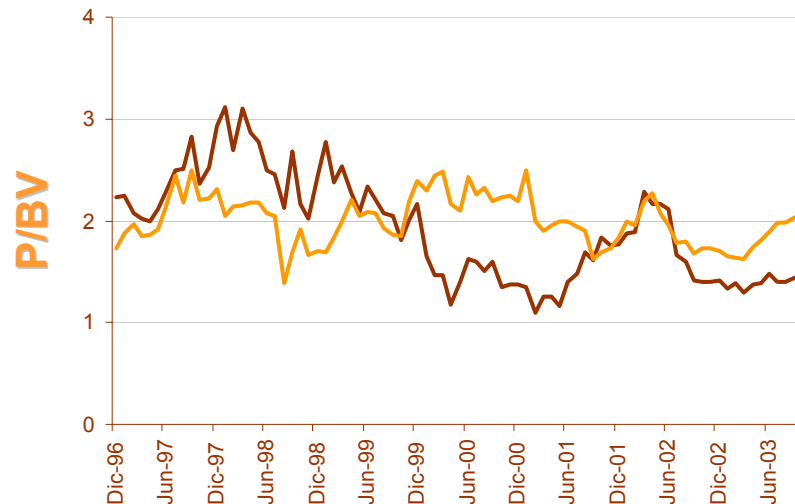
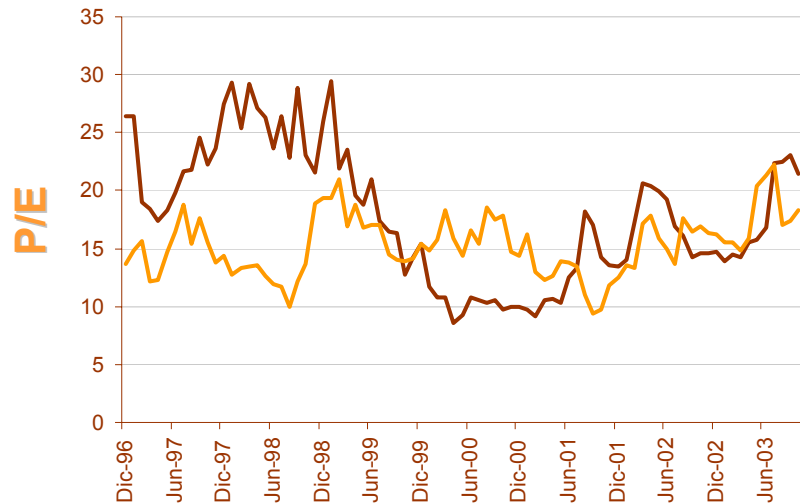
US\$ 2.031 billion

* Figures as of November 11, 2003

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Ratios



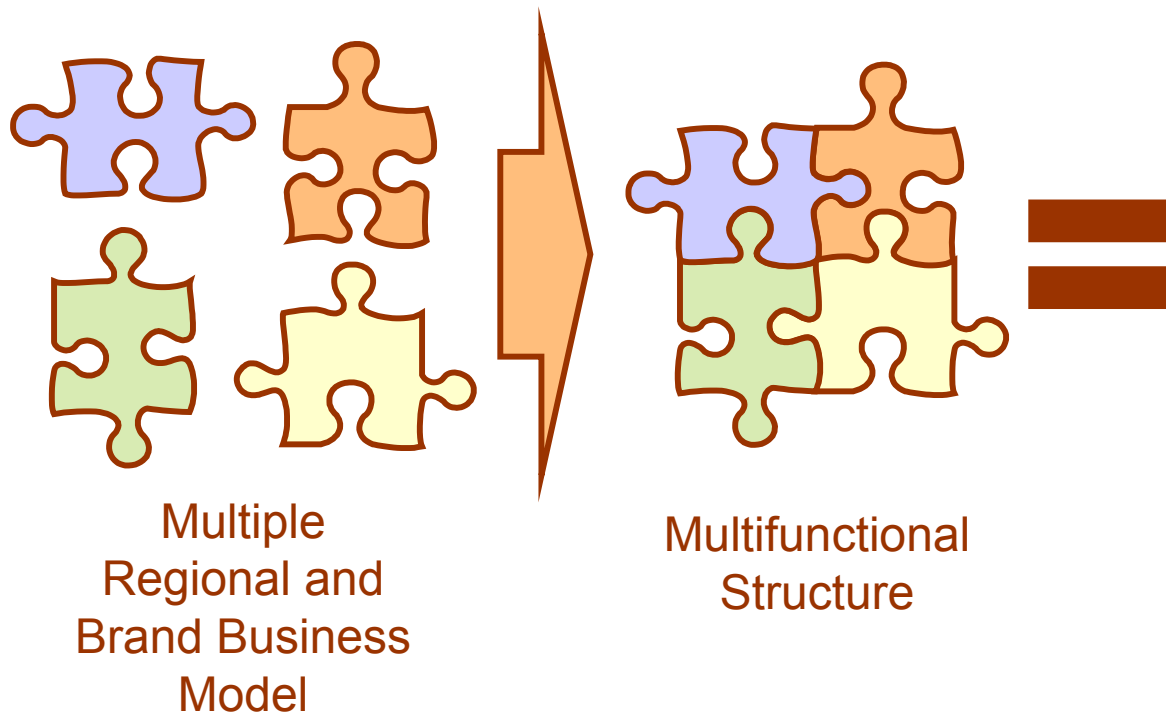


Operational Restructure

Daniel Servitje

Operational Restructure

- ✦ In 2001, GB started an operational transformation, dividing the Mexican structure into 6 regions
- ✦ In January 2002, all the Mexican companies merged into two main entities: Bimbo and Barcel
- ✦ The new organization took GB from:



- ✦ Market focus
- ✦ Direct and dedicated link with our customers
- ✦ Better assessment of preferences and needs
- ✦ Centralized administrative tasks
- ✦ An agile company
- ✦ Cost savings
- ✦ Sales increase

Operational Restructure

- Market Focus
- Direct and dedicated link with our customers
- Better assesment of preferences and needs



Channel Segmentation

- Centralized administrative tasks
- An agile company
- Cost savings
- Sales increase



Administrative Restructure



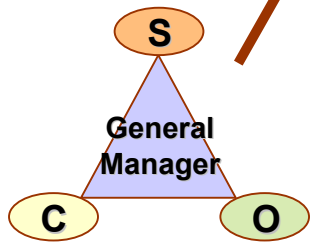
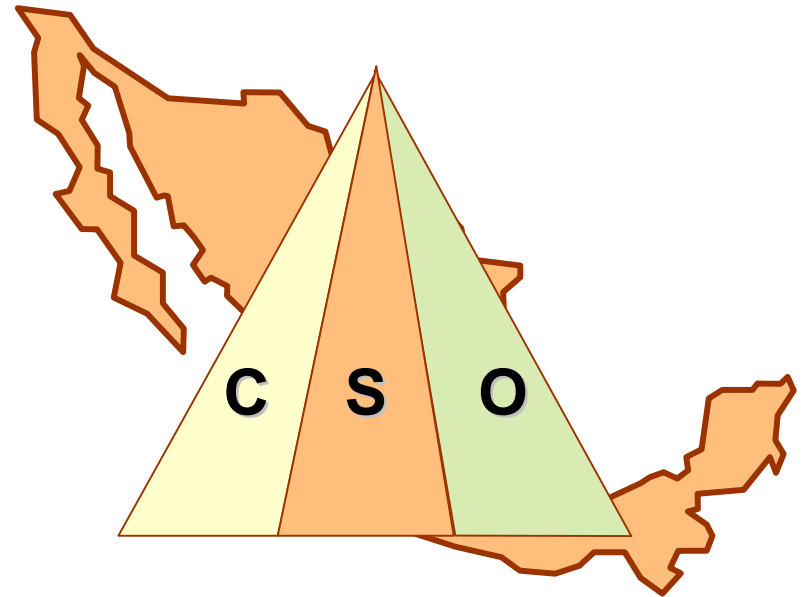
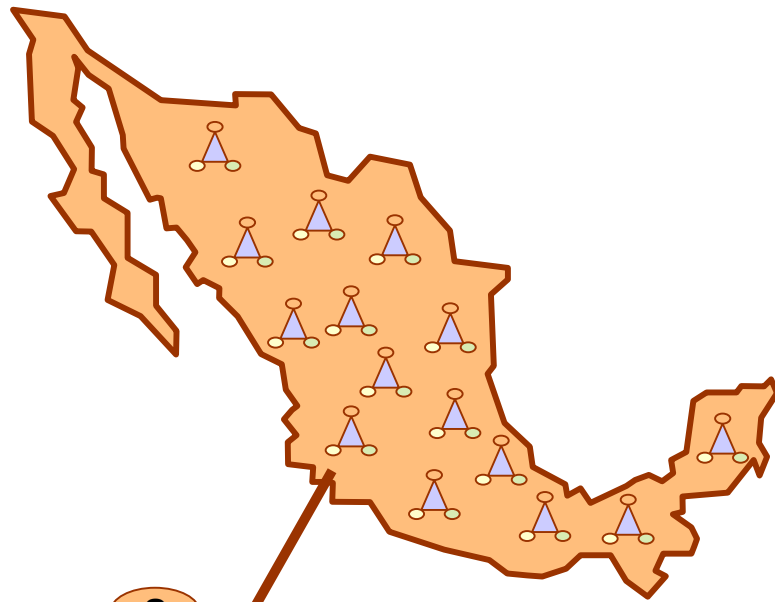
Operational Restructure

Administrative Restructure

31 Operating Companies



2 Operating Companies in 6 Regions



**Commercial
Services
Operations**

Operational Restructure

Channel Segmentation

- ❖ To properly focus on different market profiles, in 2001 GB redesigned the customer service concept by specializing the distribution routes
- ❖ The customer base was divided into 3 main categories to better fulfill the particular needs of each client :
 - ❖ **Detail Channel**
 - ❖ **Supermarkets and large accounts**
 - ❖ Supermarkets
 - ❖ Price Clubs
 - ❖ Convenience stores
 - ❖ **Single-purpose channels**
 - ❖ Wholesalers
 - ❖ Restaurants
 - ❖ Institutional and Government
 - ❖ Vending machines
 - ❖ Schools
 - ❖ Thrift stores
- ❖ Result:
 - ❖ Opened over 2,500 routes and added more than 270,000 new customers
 - ❖ Consolidated over 50 distribution centers, eliminating more than 25
 - ❖ Bimbo, S.A. de C.V. achieved the following improvement figures:
 - ❖ Increased average sales per client by 4 %
 - ❖ Increased transportation usage by 22 %
 - ❖ Increased sales per person by 7 %





BIMBO XXI

Reynaldo Reyna

Bimbo XXI

Designed to improve performance by:

- ❖ Leveraging our size
 - ❖ Managing complexity
 - ❖ Unlocking our potential



Bimbo XXI

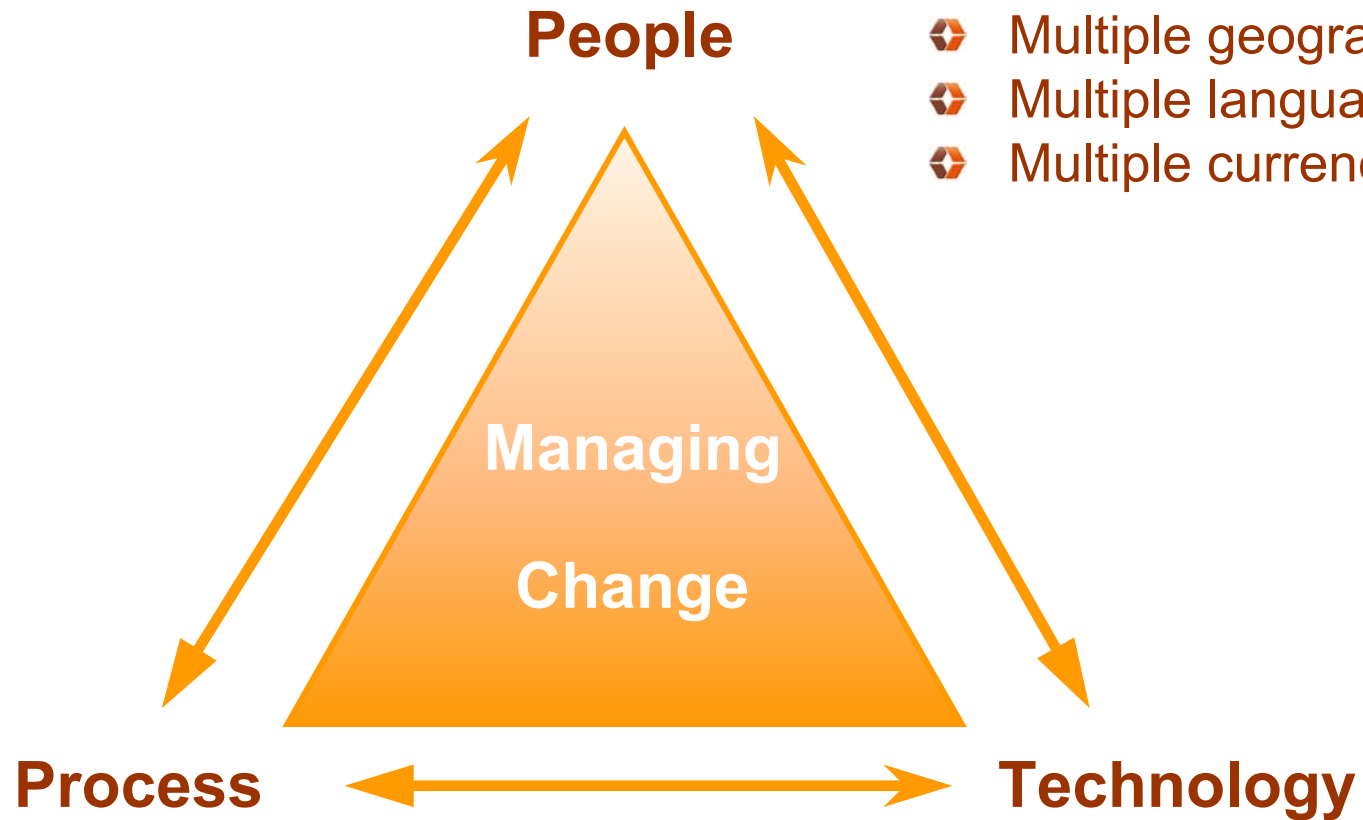
The Objectives

- ❖ Implement best practices
- ❖ Treat data as a corporate asset
- ❖ Share a common language
- ❖ Standardize information systems and technology



Bimbo XXI

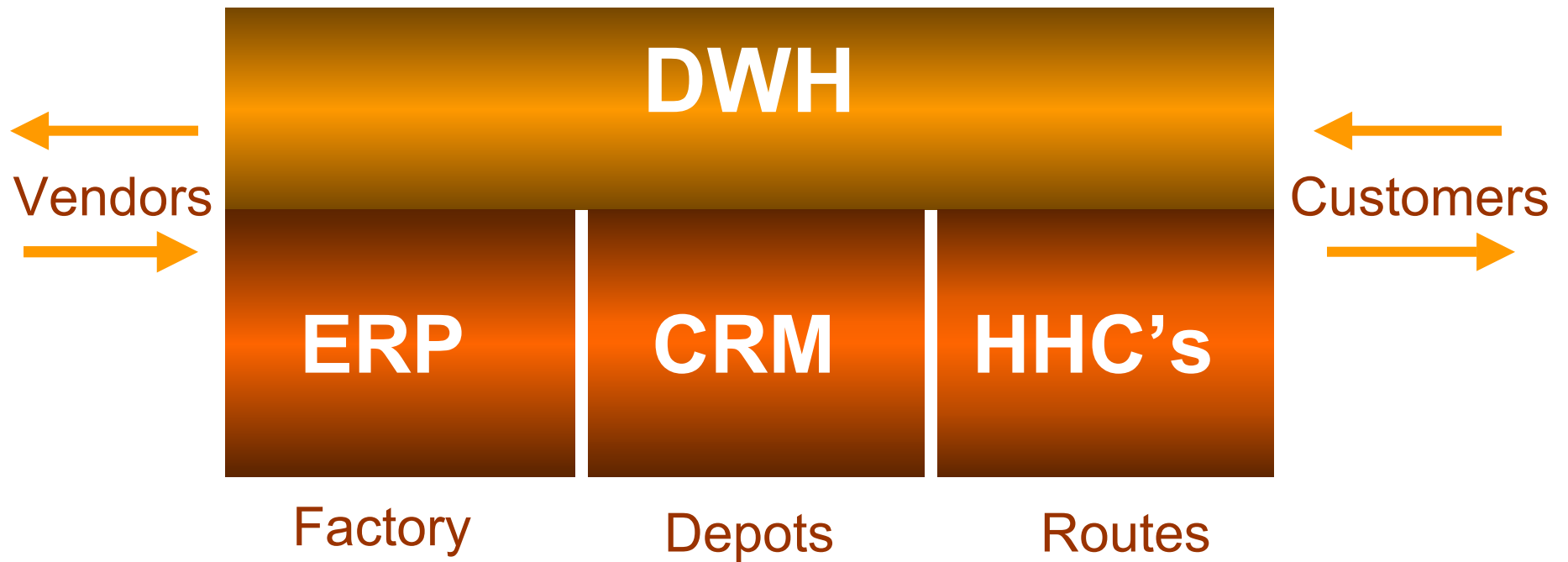
The Challenge



Bimbo XXI

Foot Print

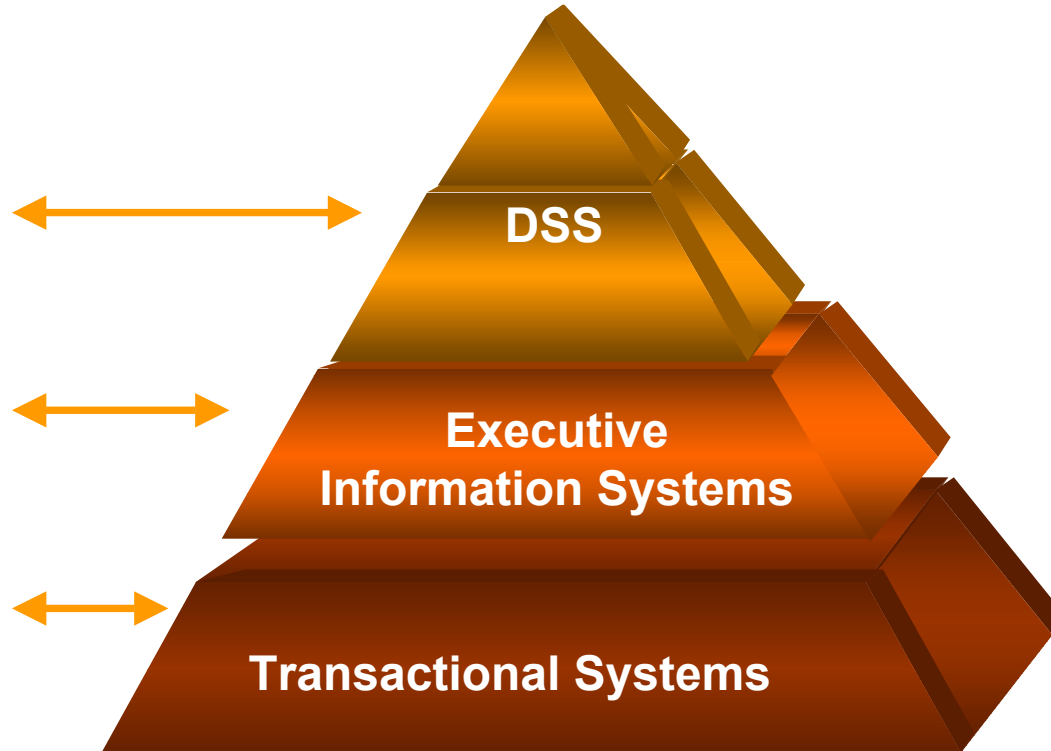
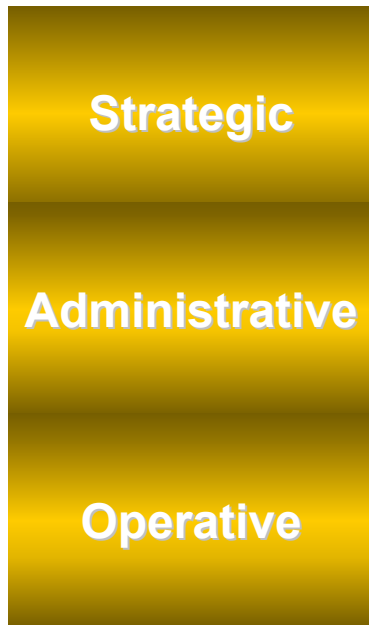
GRUPO BIMBO



Bimbo XXI

Decision Support

Information Type



Foot Print



Bimbo XXI

Summary

❖ **ERP:** 67 Plants

❖ **HHC's:** 20,000

❖ **CRM:** In progress



Bimbo XXI

Summary

- ❖ Integration, collaboration, transparency
- ❖ Forces team work and attack “silo” mentality
- ❖ Informed decision making





Targeting New Trends: New Product Launchings

Patricia Villalobos

Targeting New Trends: New Product Launchings

Innovation Process

Our strategy

- Business strategy which balances creativity and market demands
- Key performance indicators
- Structured process (stages, “no-go” decisions)
- Externally focused idea generation
- Deep consumer understanding
- Market research
- Market-driven innovation process

Targeting New Trends: New Product Launchings

Innovation Process

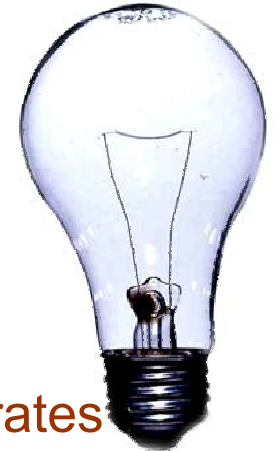
How we acquire market knowlegde

- ❖ World research trends
- ❖ Innovative new products development from different countries
- ❖ Technological trends
- ❖ New technologies or products developed along the Group (Bimbo, Barcel-Ricolino, BBU and OLA)
- ❖ Research Projects
 - ❖ Institutions
 - ❖ Universities
 - ❖ Conacyt
 - ❖ Suppliers
- ❖ Food Regulations (FDA, Codex, SSA)
- ❖ Specialized technical support
- ❖ Knowledge library



Targeting New Trends: New Product Launchings

Innovation Process



Idea generation

- ❖ Process supported with creative tools
 - ❖ **Banda Bimbo:** Interdisciplinary group which generates ideas for specific categories or new concepts.
 - ❖ **Foco Bimbo:** Contribution of ideas
 - ❖ **World Products Show Rooms:** Products from around the world of certain categories or trends.
 - ❖ **Global Trends:** Relevant trend presentations of concepts, products, categories, etc.

Targeting New Trends: New Product Launchings

Innovation Process

Idea generation

- ❖ **Global New Product Launching** Data Bases
- ❖ **Conferences & Expos:** Issue of reports of all visits or trade expositions attended by our personnel, with images and samples of relevant products or ideas from organizations worldwide
- ❖ **Suppliers:** Specialized technology that could be applied
- ❖ **Technical bulletin**

Targeting New Trends: New Product Launchings

Trends: Key Elements for Innovation

1. Functional foods

- Foods as an integral part of the self care movement
- Reduce the risks of, or manage a specific health condition



2. Healthy foods

- Better balanced diets
- Nutritious food
- Not supplements



Targeting New Trends: New Product Launchings

Trends: Key Elements for Innovation

3. Convenience

- “On the go” products
- Packaging solutions
- Ergonomic packaging



4. Organic foods

- Preserve natural characteristics
- No additives/preservatives



Targeting New Trends: New Product Launchings

Trends

5. Low carb

- Growing number of products that are flagged “low carb” or “reduced carb” in the U.S. in the last three years
- Atkins products and Keto brand products represent close to 20% of all product introductions



6. Indulgence

- Rich products: sugar, fat, salt, carbohydrates
- High consumer demand despite other trends



Targeting New Trends: New Product Launchings ... and Emerging Trends

1. Obesity

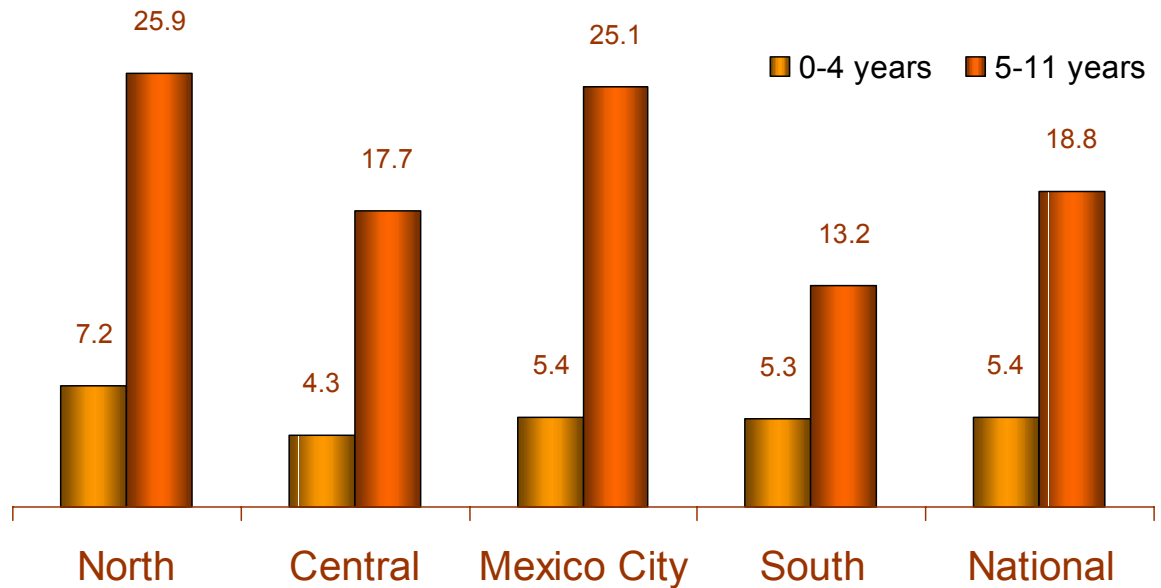
- ❖ Disease that affects nearly one third of the world population.
- ❖ Global strategy: development of products that are perceived or considered healthier.
- ❖ Reduction: salt, fat (trans fatty), sugar
- ❖ Nutritional education and physical activity



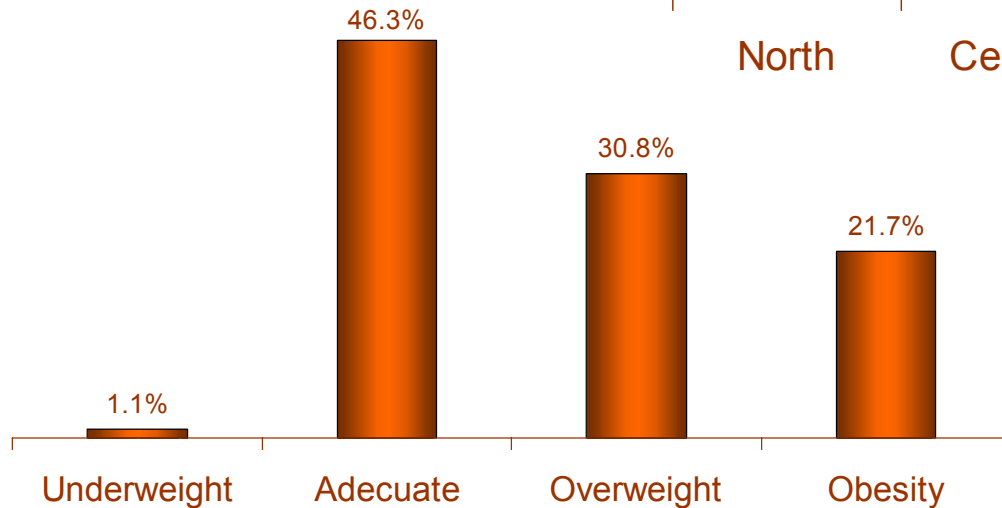
Targeting New Trends: New Product Launchings

Obesity Trends

Obesity Trends Among Mexican Children



Obesity Trends Among Mexican Women 12-49 years

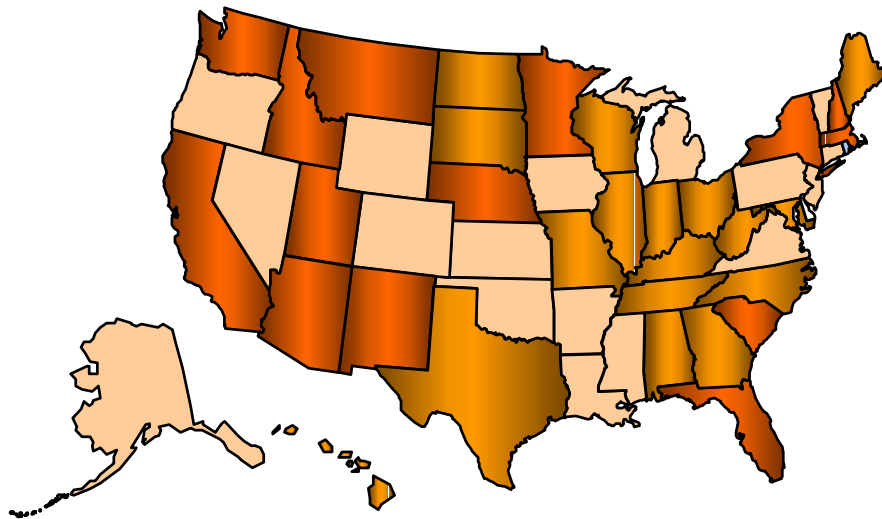


Source INSP-ENN, 1999

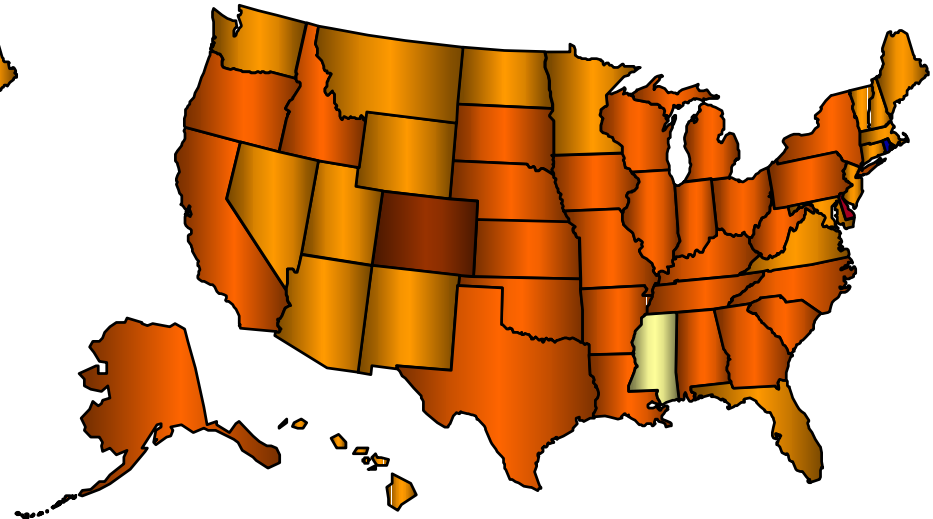
Targeting New Trends: New Product Launchings

Obesity Trends Among U.S. Adults

BRFSS, 1987 data



BRFSS, 2001 data



No Data < 10 10% - 14%

10% - 14% 15% - 19%
 < 20% - 24% >25%

(*BMI ≥ 30 , or ~ 30 lbs overweight for 5'4" woman)

Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

Targeting New Trends: New Product Launchings ... and Emerging Trends

2. Allergens

- Labeling starts January 2006, not excluded: colors, flavors or additives with allergenic components
- Adverse reactions from some substances
- Current work (FDA) defining “proteinaceous substances”

Potential ingredients to be labeled

- crustaceans
- eggs
- fish
- peanuts
- milk
- nuts
- celery
- mustard
- sesame



Targeting New Trends: New Product Launchings

... and Emerging Trends

3. GMO

- GMO's use is growing around the World, specially in the USA, Argentina, Canada and lately, even China
- Legislation has become an important issue
- Agronomic benefits, nutritional and functional benefits
- Biotech foods are labeled when they are significantly different from their conventional counterparts



4. Trans fatty acids

- Originated during the hydrogenation process of oils
- Misleading information to consumers vs. saturated fat
- Suggests a *de facto* daily value (DV) of zero for trans fatty acids
- Labeling implementation: January 2006

Targeting New Trends: New Product Launchings ... and Emerging Trends

5. Bioterrorism

- Seeks to provide the FDA with data in advance for it to review and asses information before shipments arrive
- Shift resources to target inspections, help intercept contaminated products and ensure movement of safe food to market
- FDA Law, will take effect starting December 12, 2003

DEPARTMENT OF HEALTH AND HUMAN SERVICES Food and Drug Administration PRIOR NOTICE SUBMISSION		Form Approved: OMB No. 0910-____ Expiration Date: _____
Paperwork Reduction Act Statement An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 0.5-1.0 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the necessary data, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information to the address to the right:		Food and Drug Administration Center for Food Safety and Applied Nutrition <i>Office to be Determined</i> 5100 Paint Branch Parkway College Park, MD 20740-3835
<input type="checkbox"/> Initial	<input type="checkbox"/> Held	<input type="checkbox"/> Amendment Product Identity
		<input type="checkbox"/> Update Arrival Info
		<input type="checkbox"/> Cancel
Mandatory Information		Mandatory if applicable
Submitter		
First Name		
Last Name		
Submitting Firm		
<input type="checkbox"/> U.S. Purchaser		<input type="checkbox"/> U.S. Importer
<input type="checkbox"/> U.S. Agent of Purchaser		<input type="checkbox"/> U.S. Agent of Importer
<input type="checkbox"/> Carrier		<input type="checkbox"/> In-bond Carrier
Name of Firm		
FDA Registration Number	<input type="checkbox"/> N/A	#

Targeting New Trends: New Product Launchings ... and Emerging Trends

6. Acrylamide

- ❖ An animal carcinogen, found in high levels in certain foods (potato crisps and chips, cookies, cereals, even coffee)
- ❖ WHO Scientific Consultation (June 2002) concluded:
 - ❖ Did not consider the data adequate to estimate the cancer risk
 - ❖ But still considers it a “major concern”

Targeting New Trends: New Product Launchings

Conclusion

❖ Innovation process: Actual transition in Grupo Bimbo, implementation phase

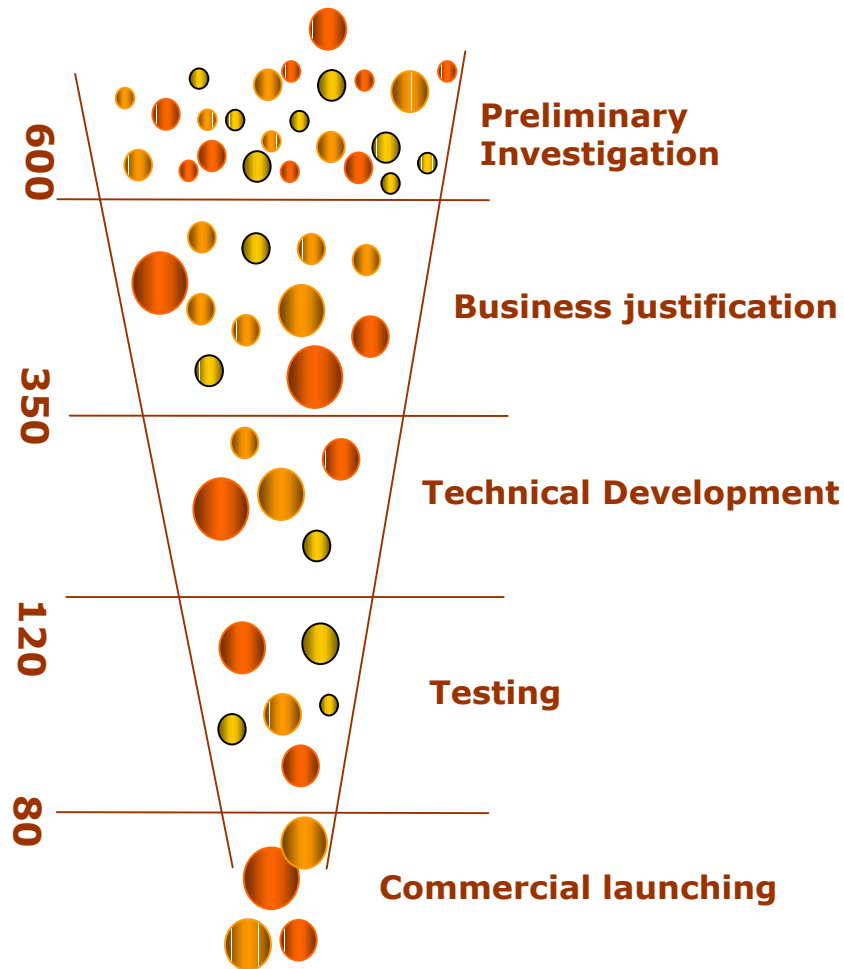
- ❖ Focus in every organization
- ❖ Prioritization
- ❖ Better results in product launching
- ❖ Increase profitability through innovation (breakthrough and incremental)

... but keeping

- ❖ Flexibility
- ❖ Speed to the market
- ❖ Performance indicators
- ❖ Consumer preference

Targeting New Trends: New Product Launchings

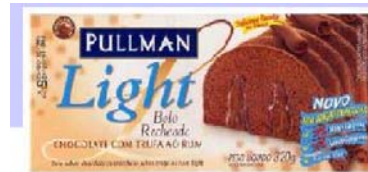
Conclusion



Actual Results

- Over 3,600 SKU's in the market
- Number of launchings in 2003: 100 SKU's
- Project portfolios: around 600 (preliminary investigation)
- Successful products in the market
- Perceived as an innovative and dynamic organization by the consumer

Recent Product Launchings





Strategic Path

Daniel Servitje

Strategic Path

Mission Statement

To be the leader in the international baked goods industry



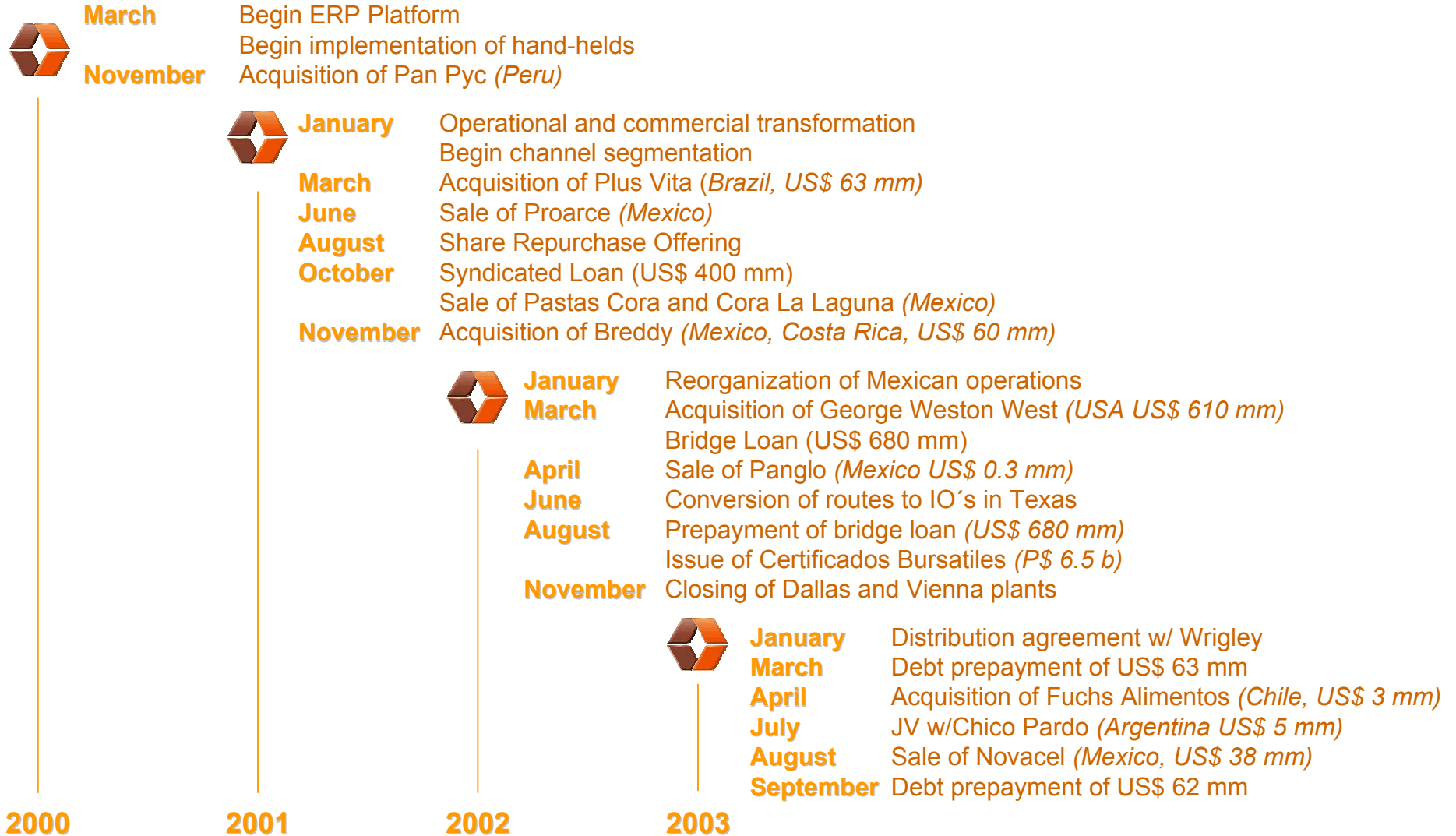
Strategic Path

Recent Strategic Focus

- ❖ Increase presence via acquisitions and organic growth
- ❖ Streamline administrative and managerial structure; focus on “*bottom line*”
- ❖ Exploit the full potential of the distribution network
- ❖ Significant sales increase; new product launchings and shelf life extension programs
- ❖ Use technology to convert “*market intelligence*” into company asset
- ❖ Upgrade IT platform to “*state-of-the-art*” level
- ❖ Divestment of non-core business assets
- ❖ Development of the packaged bread market in Latin America
- ❖ Strengthen internal corporate governance framework
- ❖ Conservative leverage; investment-grade debt

Recent Strategic Focus

2000 – 2003 Developments



Strategic Path

Corporate Governance

- ❖ Grupo Bimbo revamped its corporate governance policies in order to improve the management structure and align it with shareholder interests
- ❖ This included other elements in addition to the legal requirements
- ❖ The most important changes include:
 - ❖ 25% of the members of the Board of Directors are independent
 - ❖ The bylaws include the following Committees of the Board of Directors
 - ❖ Auditing Committee
 - ❖ Finance and Planning Committee
 - ❖ Evaluation and Compensation Committee
 - ❖ Creation of regional Advisory Boards of Directors with independent members (BBU, OLA)
 - ❖ Related party transactions must be approved by the Board of Directors



Regional Highlights

Mexico

- ❖ **Optimize** the organizational structure
 - ❖ Centralize administrative tasks
 - ❖ More agile company structure
 - ❖ Cost savings
 - ❖ Sales Increase
- ❖ **Expand Mexican market** through extensive new product launchings, adding new features to our wide array of brands
- ❖ Launch various initiatives to further **optimize our distribution strength**
- ❖ Particular benefit from channel segmentation

Regional Highlights

Mexico Growth Potential

- ❖ Still room for improvement
 - ❖ Packaged bread is only 21% of the total industry
- ❖ How to increase per capita consumption
 - ❖ Channel Segmentation
 - ❖ New product launchings
 - ❖ Higher nutritional and health values
 - ❖ Innovative packaging
 - ❖ “Pan Abierto”



Regional Highlights

U.S. Operations (BBU)

- ❖ Simultaneously carried out various important initiatives
 - ❖ Consolidation of many isolated operations
 - ❖ Integration of George Weston assets
 - ❖ Conversion of routes to independent operators
 - ❖ Implementation of ERP platform
- ❖ BBU's premium brands regarded as "*category partner*" in major supermarket chains
- ❖ Successfully placed Hispanic-oriented brands
- ❖ Increased labor costs
- ❖ Recessive environment

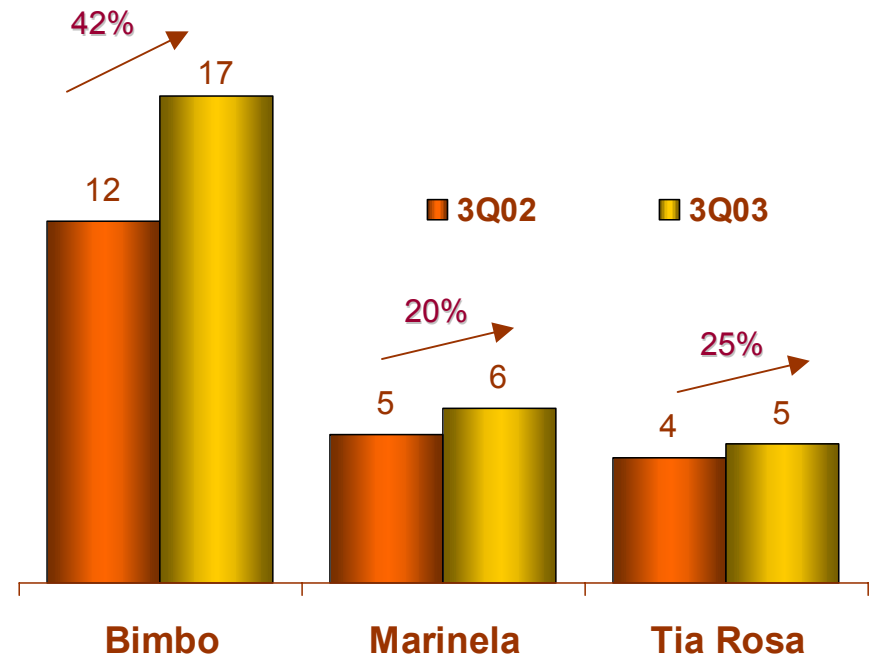
Regional Highlights

BBU's Growth Potential

- ◆ Hispanic market growth potential
- ◆ 13.5% of U.S. population (39 mm)
- ◆ Brands with high consumer following



Sales in U.S.
million dollars



Regional Highlights

Latin American Operations (OLA)

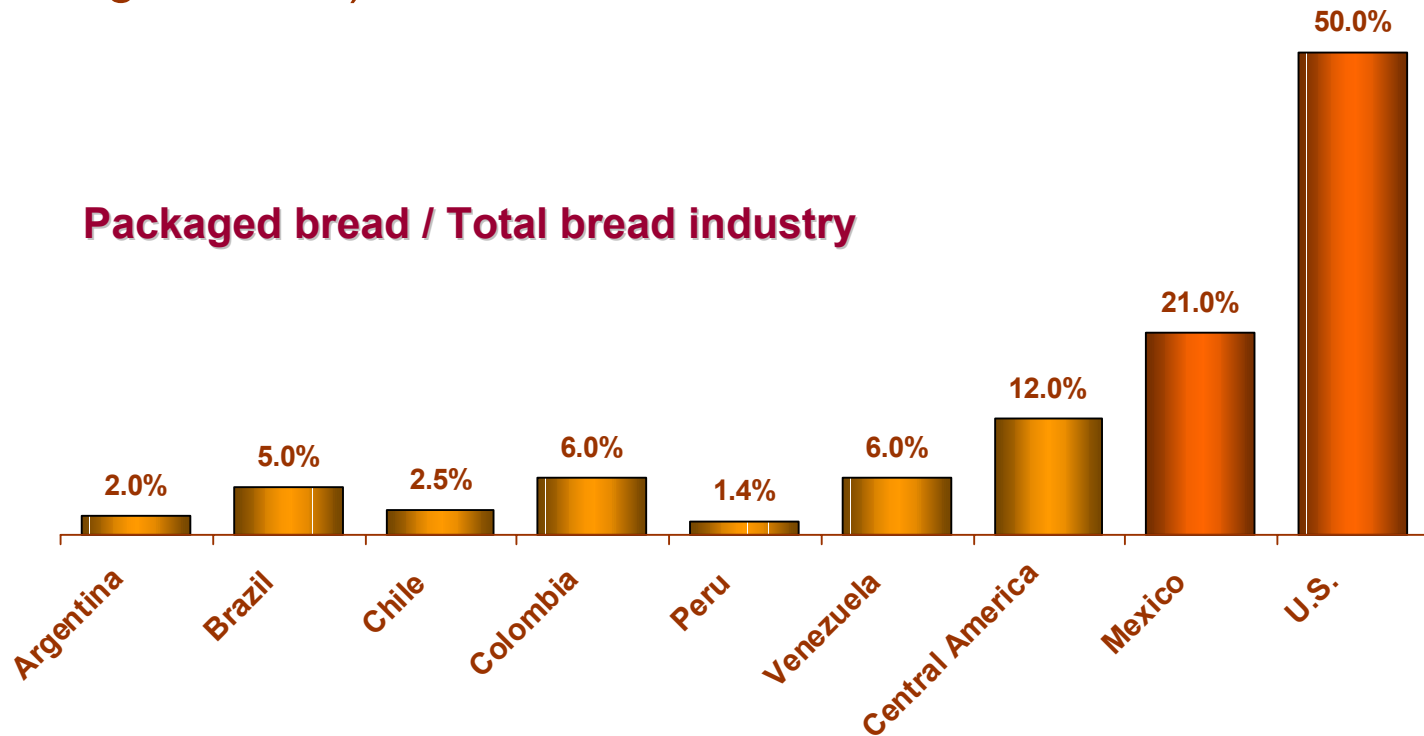
- ❖ Long-term business strategy (not yet profitable)
- ❖ Distribution structure modeled after Mexican market
- ❖ Young and growing population
- ❖ Regional turnaround
- ❖ **Leader** in Brazil, Chile, Venezuela, Peru, Colombia and Central America
- ❖ Development of the packaged bread market
- ❖ **Important market presence** allows us to overcome some economic and political environments



Regional Highlights

OLA's Growth Potential

- ❖ Development of the packaged bread industry
- ❖ Market with **high potential** (low per capita consumption of packaged bread)



Strategic Path

Corporate Goals

- ✦ Seek growing and sustainable profitability
- ✦ Exploit scales and synergies in Mexico
- ✦ International turnarounds
- ✦ Redesign the business model in the U.S. operations
- ✦ Increase asset turnover
- ✦ Reduce leverage



- ✦ Increase the visibility and uniqueness of our brands
- ✦ Asses new market trends
- ✦ Streamline the distribution network
- ✦ Obtain the full potential of channel segmentation

- ✦ Enhanced management model
- ✦ New information systems

- ✦ Evaluation of employee performance
- ✦ Reduce working accident rates





Q & A

This presentation contains certain statements that are neither reported financial results nor other historical information. These estimates are forward-looking statements within the meaning of the safe-harbor provisions of the Mexican securities laws. These forward-looking estimates are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the Grupo Bimbo's ability to control or estimate precisely, such as future market conditions, the behavior of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Grupo Bimbo does not undertake any obligation to publicly release any revisions to these forward-looking estimates to reflect events or circumstances after the date of this presentation.