

2nd Grupo Bimbo Day

December 1st, 2005

Daniel Servitje
Strategic Overview



60 Years Ago...



- ❖ Founded in Mexico City with 10 distribution routes and 10 salesmen
- ❖ 3 products: large loaf bread, small loaf bread, and toast
- ❖ Ambitious plans:
Be at all possible points of sales



Today...



- ◆ A global leader in the baking industry
- ◆ #1 in the Americas; revenues of US\$5.0 billion*
- ◆ Driving industry consolidation in Latin America and the U.S.

Geographic presence:

14 countries
+ 80,000 associates

Production capacity:

73 plants

Distribution structure:

+ 29,000 routes
+ 800 depots
+ 200 retail bakeries
3 trading agencies

Commercial strength:

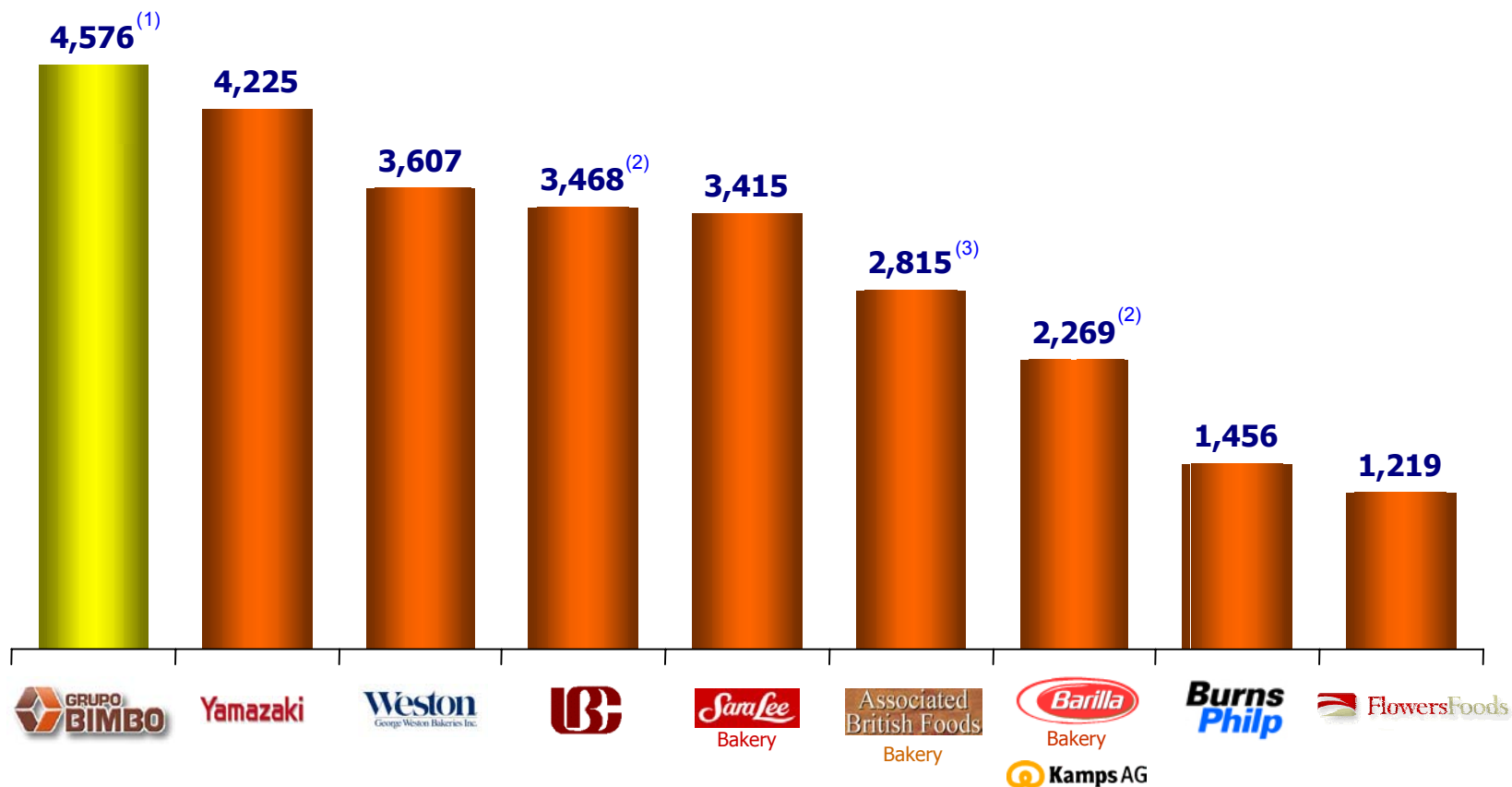
+ 4,500 SKU's
+ 100 highly recognized brands
+ 1.5 million points of sale

* LTM as of September 30, 2005

A Global Leader in the Industry



2004 Revenues (US\$ millions)



(1) Includes Salted Snacks and Confectionary Divisions

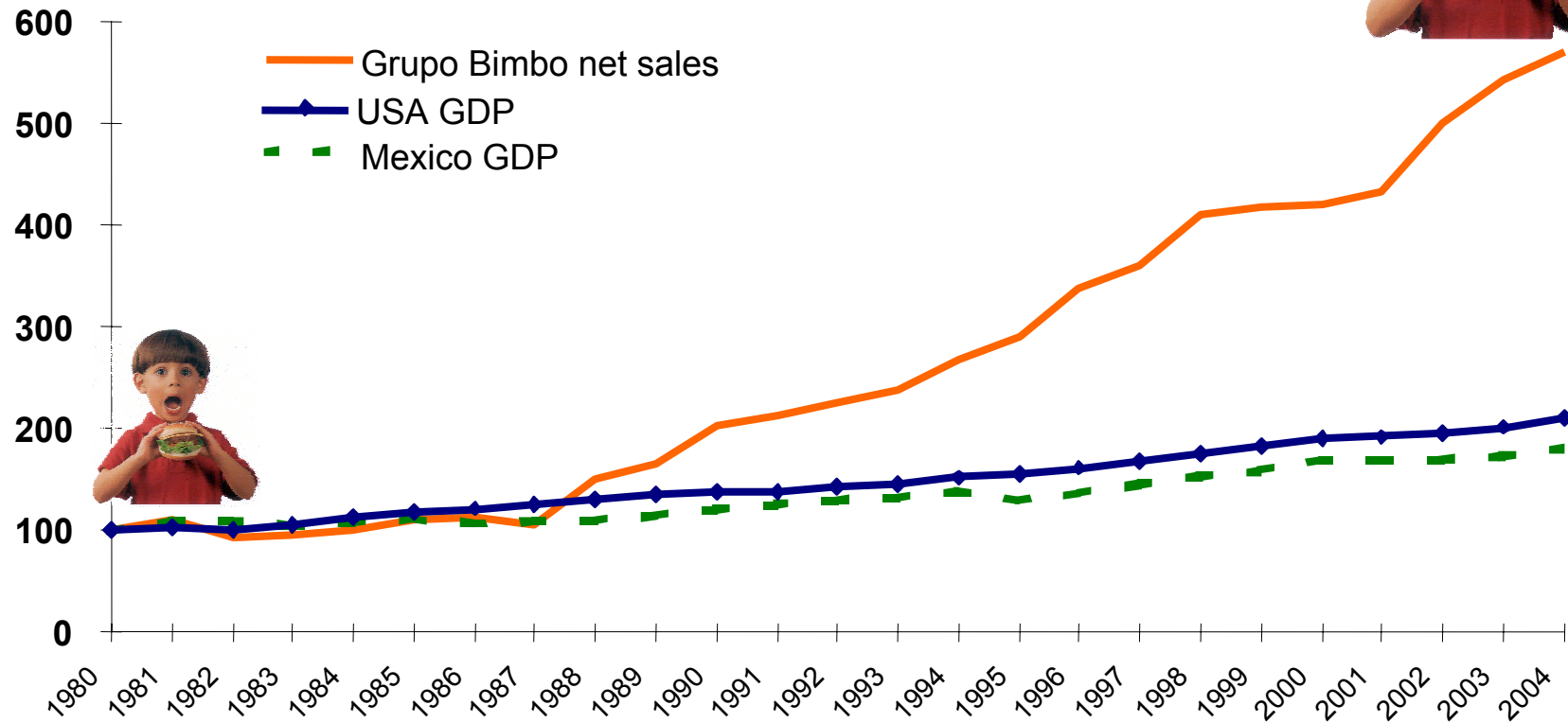
(2) Figures for IBC and Barilla Bakery division (including Kamps AG) reflect most recent public information for fiscal year '04 and FY02 respectively

(3) Grupo Bimbo's estimates

Net Sales Outpacing GDP Growth



1980-2004 (base 100)



Significant Growth in Sales Efficiency



	Associates (000)	Sales (US\$ B)	Sales/person (US\$ 000)
1998	64.7	2.5	39.3
1999	63.4	3.0	47.7
2000	61.6	3.2	53.2
2001	67.0	3.7	55.2
2002	72.6	4.0	55.3
2003	70.6	4.1	58.9
2004	73.9	4.5	62.0
2005*	80.5	5.0	65.3

* LTM as of September 30, 2005. Includes El Globo and La Corona acquisitions

1. Corporate culture

- ❖ Internal / external **communication**, positioning aligned with:
 - Mission, values, code of ethics, Vision 2010
 - A healthy labor environment
- ❖ Cultural **integration** of acquisitions and countries
- ❖ Maintaining **values** throughout the transformation process

1. Corporate culture (cont'd)

- ❖ Commitment to **social responsibility** :
 - Nurturing a committed workforce
 - Leadership training
 - Culture of open communication and recognition

 - Managing liability risks
 - Culture of safety: workplace, product
 - Health and nutrition awareness

 - Managing reputation risks
 - Code of ethics
 - Corporate governance

 - Ensuring supply chain continuity

 - Investing today in tomorrow's consumer

2. Organizational structure

- ❖ Consolidated Mexican operations: Baking and Snacks
 - Merger of 23 bakeries into Bimbo, S.A
 - Merger of 2 sweets and snack companies into Barcel,S.A.

- ❖ Commercial, operational and service structures at Bimbo, Barcel and BBU

- ❖ Shared services

- ❖ Annual review of organizational structure by each division

3. Financial structure

- ✦ Significant tax recovery initiatives
- ✦ Strength and scope of legal area
- ✦ Prudent and professional management of cash and debt
- ✦ More accurate budgets and forecasting
- ✦ Strong cash flow generation, lowering leverage ratio
- ✦ Risk management

4. New systems and technologies

- ❖ Comprehensive technological change
 - Bimbo XXI
 - ERP and CRM
 - IT outsourcing
 - Hand-helds

- ❖ Certification programs:
 - ISO 9000/1/2
 - HACCP
 - Bioterrorism

5. *New management model*

🔸 New sales model:

- Leadership position in multiple distribution channels
- Channel segmentation, route rationalization
- Streamlined logistics
- Leveraging IT
- Third-party distribution in BBU and OLA

5. *New management model* (cont'd)

Planning

- Formal strategic planning in accordance with major corporate objectives and goals
- Project management discipline

Accountability

- Monthly review sessions with each organization
- Quarterly sessions prior to Board meetings
- Organizational briefs at quarterly Board meetings

5. New management model (cont'd)

◆ Talent management:

- Defined goals and performance assessment
- Individual compensation aligned with company performance (EVA-based annual bonus and long-term incentive plan)
- Talent identification that leverages management skills
- Development on multiple levels:
 - Educational programs for associates
 - Executive Development Program
 - Job networking

5. New management model (cont'd)

- ❖ Capitalizing on knowledge
 - Altamira
 - Best practices

6. Brand revaluation

- ❖ Innovation and launch of new products
- ❖ Repositioning of image (with nutritional focus)

7. Growth and internationalization

- ❖ 18 acquisitions / 6 new plants
- ❖ 8 divestments / 11 closures
- ❖ International operations:
 - Engine of growth
 - BBU: profit growth
 - OLA: volume growth
 - Breakeven for the first time in 2005
 - Importance for the stock valuation

Looking Ahead ...

2010



We are:



The world leader in the bakery industry, one of the best food products companies at the international level.

2010



We are:




- The world leader in the baking industry and one of the best companies in the international food industry.
- 1. A company with trustworthy, leading brands for our consumers.
- 2. Our Customers' preferred supplier.
- 3. A strong and sound company for our Stakeholders.
- 4. A forward looking Company.
- 5. An extraordinary place to work in.

2010



We are:

1. A company with trustworthy, leading brands for our Consumers that:



-  a) deeply understands them and values their loyalty;
-  b) first or second in the markets and segments in which we choose to participate;
-  c) markets tasty, innovative and healthy products and makes them available everywhere and at every meal occasion.

2010



We are:

2. Our Customers' preferred supplier since:



-  a) We offer a differentiated product portfolio with attractive margins, high profitability and integrated solutions for their business;
-  b) We are experts in channel segmentation and point of sales development.

2010



We are:

3. A strong and sound company for our Stakeholders





-  a) Attaining healthy profitability levels.
-  b) Ethically and socially responsible and with a long term vision.

2010



We are:

4. A forward looking company that is:




-  a) Strong in food research and development capabilities;
-  b) Agile in developing, launching and positioning new products;
-  c) A flexible and low cost producer;
-  d) Capable of turning technology, information and risk management into a competitive advantage.

2010



We are:

5. An extraordinary place to work in, which has:

-  a) A great and informed team capable of networking and fostering decision-making wherever necessary;
-  c) A results driven organization, focused on achieving shared goals and learning from them;
-  d) A winning team, passionate and proud, that celebrates victories together

***How are we going to
get there ...***

Growth Potential: Mexico



Potential for growth coming from:

- ❖ Working women:
 - Lack of shopping and preparation time
- ❖ Consumer trends: convenience and nutrition
- ❖ New categories:
 - Cereal bars, “Tostadas”, milk modifiers, boxed chocolates, retail bakeries, acquisitions in the confectionary segment
- ❖ Synergistic acquisitions: Joyco, La Corona
- ❖ Greater export activity
- ❖ New products: almost 200 launched in 2005
- ❖ Extension of the distribution network in the traditional channel
 - 2004: 2,460 new routes
 - 2005: 1,270 new routes
- ❖ Distribution to non-traditional points of sale

Strategic Path: Mexico



- ❖ Expand Mexican market through extensive new product launchings, adding improvements to our wide array of brands
- ❖ Achieve synergies from our distribution strength, adding depth to our channel segmentation strategy
- ❖ Optimize the organizational structure:
 - Centralize administrative tasks
 - Strengthen field response
 - Accelerate cost savings through the Shared Service Center
- ❖ Streamline production and distribution:
 - Consolidated 110 distribution centers over the last years
 - Plants consolidations:
 - 1 in 2004
 - 2 in 2005

Thank You

