

**BIMBO**

1947

**BIMBO**

1980

**BIMBO**

1990

**BIMBO**

2000

**BIMBO**

2010



# INVESTOR PRESENTATION

Third Quarter 2014

Control Group: 77%  
Float: 23%



Market Cap: US\$14.3 bn<sup>(1)</sup>

LTM 3Q'14 Revenues <sup>(2)</sup>	Countries	Plants	Routes	Sales Centers	POS	Associates	Brands	Products
US\$14.1 Bn 5 YR CAGR: 10.3%	22	168	≈52,000	≈1,600	≈2.4 million	≈130,000	≈100	≈10,000

U.S. & Canada



Mexico



Central and South America



Europe



Asia



1. As of October 29 with a stock price of Ps.40.18  
2. LTM 3Q'14 converted to US\$ with the average FX rate

# Where do we stand?



- ❖ A **Global Consumer Products** Company and **the leader** in the baking industry space
- ❖ Remarkable growth story with financial **stability**
- ❖ Investments on manufacturing and logistics capabilities targeted to foster **productivity**
- ❖ Unyielding **discipline** on a **conservative** financial policy
- ❖ Successful culture of business **integration**, recently in the **US, Canada and Ecuador**
- ❖ Relentless effort on **innovation** and **sustainability** to increase brand equity

# Successful Growth Case



- ✓ Long term view and a strict reinvestment policy
- ✓ Innovation and execution continue to drive organic growth
- ✓ Acquisitions have been a key component to gain global reach
- ✓ Leadership position in both, mature and high growth markets
- ✓ Accelerated international expansion during the last decade



# Key Success Drivers



1

Leading Global Baking Company

5

Best-in-Class Operating Capabilities



2

Solid Growth Platform

4

Unique Portfolio of Highly Recognized Brands and Innovative Products

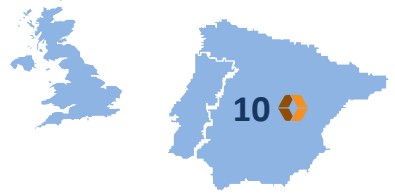
3

Seasoned Management Team, Sound Governance & Strong Corporate Identity

# A Well Balanced Business with a Strong Leadership Position in each Market



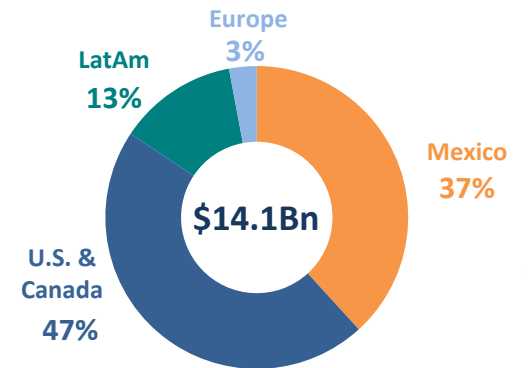
- Portugal, Spain & U.K.**
- #1 in bread & rolls in Spain
  - #2 in bread & rolls in Portugal
  - #1 in bagels in the U.K.



- China<sup>(1)</sup>**
- Pioneer in developing packaged baked goods in Beijing and Tianjing<sup>(3)</sup>



## Revenue Base<sup>(2)</sup>



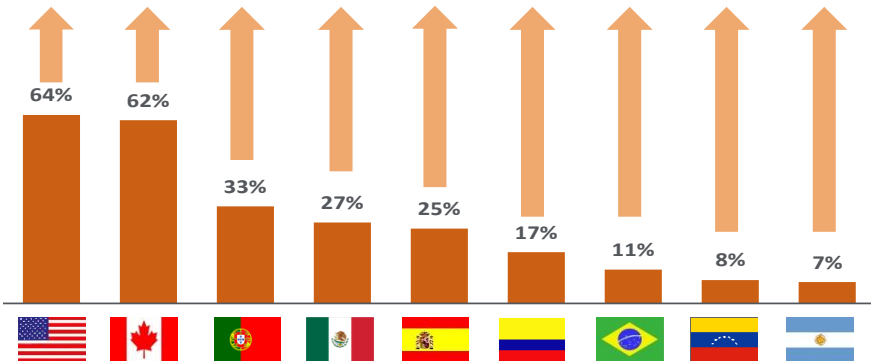
Source: Datamonitor  
 1. According to Company Research  
 2. LTM 3Q'14 converted to US\$ with the average FX rate

# Solid Growth Platform



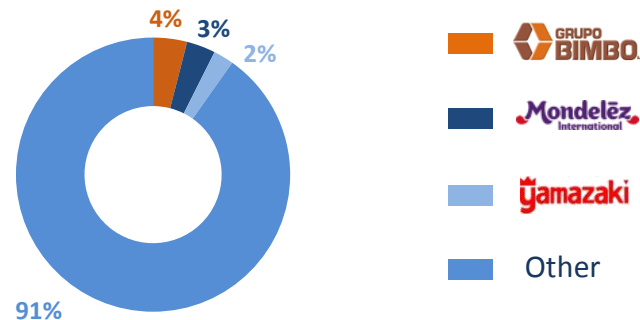
## Packaged Bread Penetration<sup>(1)</sup>

Opportunity to increase market penetration and leverage scale



## Global Baking Industry Market Share<sup>(2)</sup>

Plenty of room to continue growing



## Attractive Positioning to Boost Growth

- Potential to increase penetration and bread consumption across the board
- Top-of-mind brand recognition
- Product innovation ahead of new consumer trends

- Cross-selling opportunities and best practices
- Leveraging the distribution network and footprint
- Strengthening adjacent categories
- Access to new markets and geographies with positive demographics

1. Datamonitor 2013 in volume. Industrial bread and rolls, Industrial cakes & pastries, Industrial morning goods

2. IBISWorld, March 2014. According to IBISWorld, global baking industry includes fresh and frozen breads and rolls; cookies, crackers, pretzels; fresh and frozen cakes, pies and other pastries and tortillas

# Seasoned Management Team, Sound Governance & Strong Corporate Identity



**Daniel Servitje**  
Chairman of the Board

**Audit Committee and Corporate Practices**  
(6 independent members)

**Results and Evaluation Committee**  
(5 members, 2 independent)

**Finance & Planning Committee**  
(7 members, 1 independent)

**Daniel Servitje**  
CEO

**Javier A. González**  
Executive VP of Grupo Bimbo

**Gary Prince**  
Executive VP of Grupo Bimbo

**Pablo Elizondo**  
Executive VP of Grupo Bimbo

**Guillermo Quiroz**  
CFO

**Alfred Penny**  
President of Bimbo Bakeries USA (BBU)

**Reynaldo Reyna**  
Chief Global Services

## Management

- Positioned the Company as market leader in the products and countries where present
- Proven track record of stability and sustainable growth
- Developed innovative ideas and best practices in manufacturing
- Successfully completed and integrated 46 acquisitions over the last 10 years

## Governance

- Corporate Governance aligned with shareholders' interest
- 44% of board members are independent
- 3 corporate committees

## Identity, corporate culture & citizenship

- GB ranks among the most respected companies of the world<sup>1</sup>
- Reputation built on a strong corporate identity and brand equity
- Key component of GB's corporate identity is its company-wide Social Responsibility Program   EMPRESA SOCIALMENTE RESPONSABLE
- Complies with WHO's Global Strategy on Diet and Physical Activity & Health 

1. According to the Reputation Institute (September 26, 2011)



# Unique Portafolio of Brands



- ✓ **Billion-dollar** brands with global presence
- ✓ Achieved **leadership** in core product categories in key markets
- ✓ **Top-of-mind** awareness that upholds consumer loyalty
- ✓ Introduction of **umbrella brands** adapted to local markets
- ✓ **Deep Consumer** understanding
- ✓ **Unique insight** within the different channels

## Power Brands, Coupled with Strong Regional Brands



# We are Developing Products and Categories that Lead New Megatrends



- ✓ New products capitalizing on consumer trends
  - Nutritional profile improvements with a health & wellness focus
- ✓ Five innovation and nutrition institutes for new and better product development
  - 2 in U.S., 1 in Mexico, 1 in Brazil & 1 in Canada

## Healthy

- Healthy ingredients
- Delicious & nutritious snack
- Consumer insider
- Innovative packaging



## Sensperience

- Share the experience
- Distinctive flavor
- High end products



## Authenticity

- Fresh to go
- Unique seasonal flavors
- Strong price realization



## Portion Control

- Delicious Taste & Quality
- Convenience
- Individual packaging
- Bite size snacks



# World Class Manufacturing Capabilities coupled with an Unparalleled Distribution Network



## Exceptional Manufacturing

- Focus in low-cost manufacturing and boost efficiency

- ✓ **168 manufacturing facilities in 22 countries**
- ✓ **More than 10,000 products**
- ✓ **≈ 40 million pieces daily**



- ✓ **Guarantees quality and freshness**
- ✓ **Exceptionally serves all of its distribution channels**
- ✓ **Global reach with strong local execution**
- ✓ **Contribute to the expansion of new categories**

## Unmatched Distribution Network

- Direct store distribution with one of the largest truck fleets in the Americas

- ✓ **1,600 sales centers**
- ✓ **Over 52,000 routes**
- ✓ **More than 2.4 million POS**



# Building a Sustainable Future



We understand there is no conflict in doing good and doing well



**Wellbeing**

- › WHO and SSA guidelines
- › Trans fats removed from 99.5% of products
- › 133 reformulated products in 2013



**Planet**

- › Our wind farm in Mexico represents 23% of total energy consumption
- › Water consumption down 312k m<sup>3</sup>
- › 91% of wastes are recycled



**Community**

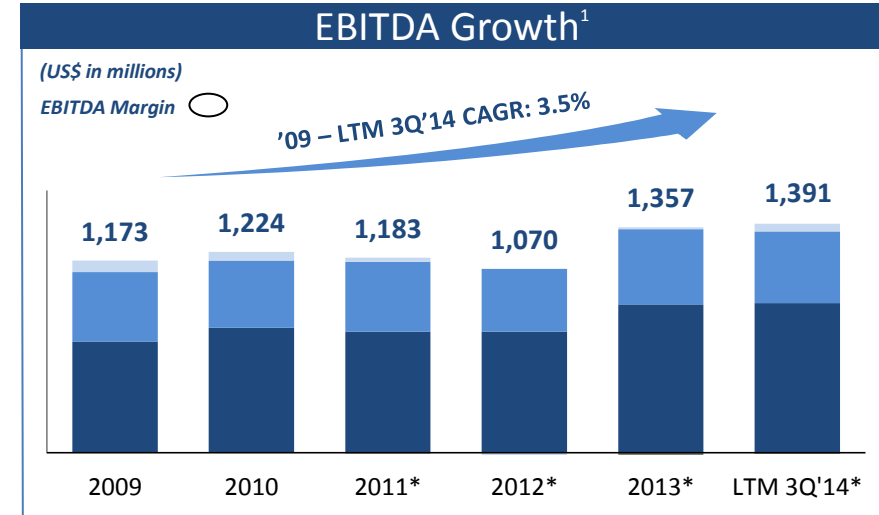
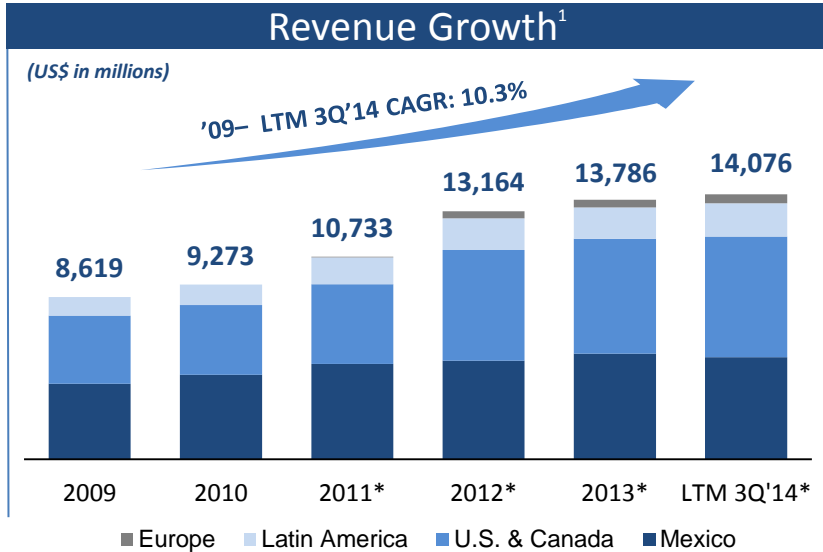
- › +300K credits to family owned business
- › 68K students benefited with nutritional education
- › “Limpiemos Mexico” +36K tonnes of trash collection



**Associates**

- › +130K associates in 22 countries
- › Solid ethics
- › Strong focus on leadership development

# Strong Financial Performance



GB	13.6%	13.2%	11.0%	8.1%	9.8%	9.9%
MX	16.5%	16.6%	14.3%	13.8%	15.8%	16.5%
U.S. & Canada	11.5%	10.9%	9.8%	6.4%	7.3%	6.7%
LatAm	7.0%	4.6%	1.7%	-1.1%	0.7%	2.6%
Iberia			-18.6%	-8.7%	-3.8%	-1.5%

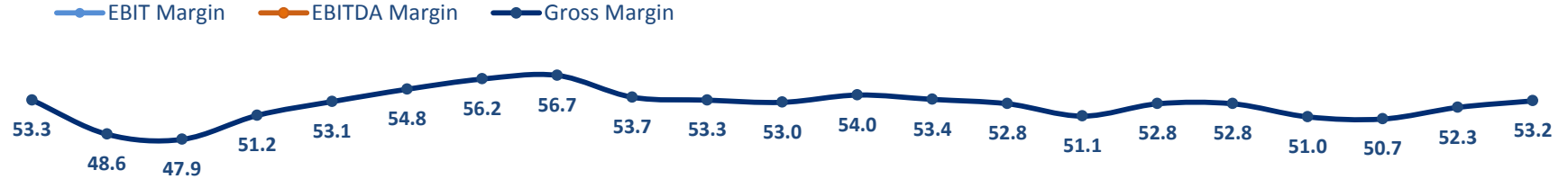
<sup>1</sup> Figures converted to USD using the 12M average FX rate for each year

\* Figures after 2011 in IFRS

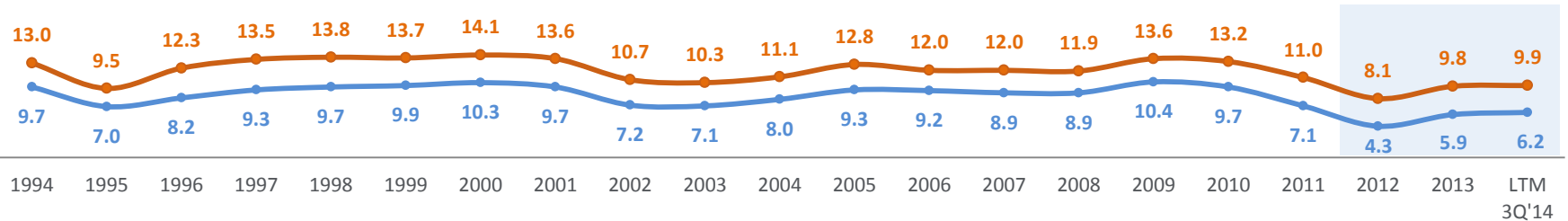
# Cash Flow Stability Across Time Allows Long Term Planning and Risk Management



## Margins Evolution (%)



Integration/transformation efforts & IFRS



**Best-in-Class execution combined with a relentless focus on low cost operation in a resilient industry results in financial stability over time**

\* Figures after 2011 in IFRS

# Responsible Financial Policies



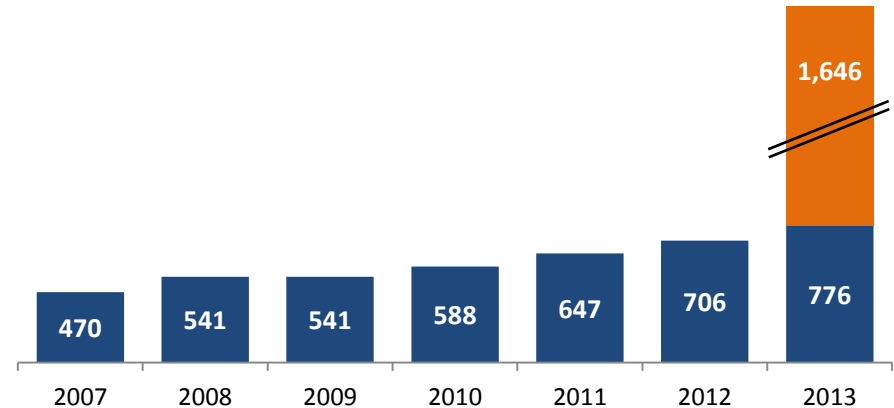
## Responsible Financial Management

- ✓ Commitment to a **strong Balance Sheet**
- ✓ Ongoing financial flexibility through a **US\$2 billion** multi-currency **revolving credit facility**, maturing on March 2019
- ✓ **Reinvestment** as the pillar of the company's long term view
- ✓ Conservative Risk Management Policy aligned with the company's strategy
  - Mitigate exposure to raw material cost fluctuation
  - Conservative approach towards FX and interest rate risks

## Dividend History<sup>(1)</sup>

(MXN in millions)

■ Ordinary Dividends      ■ Extraordinary Dividends



1. Dividend yield calculated with the stock price of the day the dividends were paid.

\*FX rates: 2007: 10.84; 2008:10.52; 2009:13.36; 2010:12.22; 2011:11.55; 2012: 13.11; Apr 2013:12.28; Dec 2013: 13.00

# Conservative Approach towards Leverage

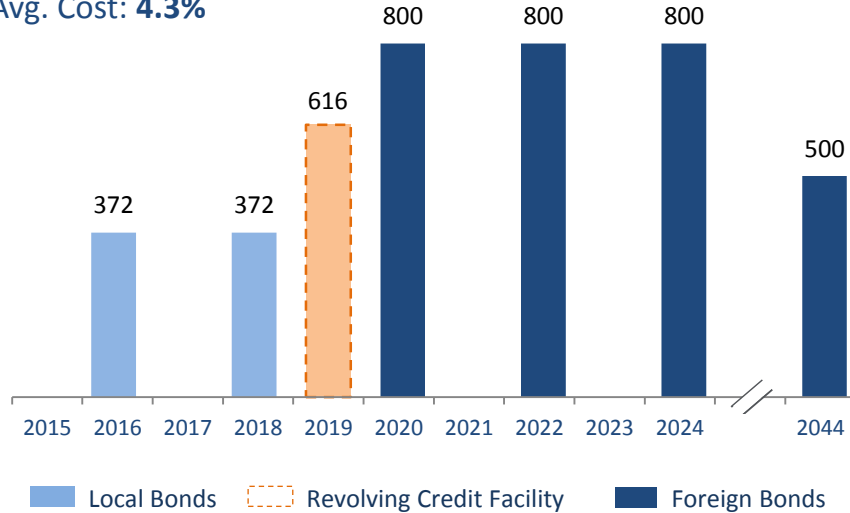


## Debt Amortization Profile<sup>(1)</sup>

Total Debt: **US\$4,260 mm**

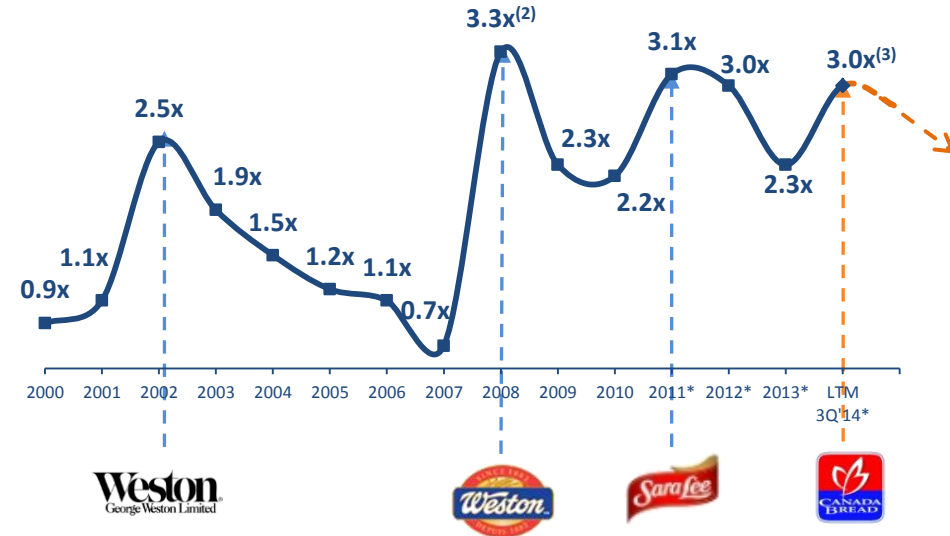
Avg. Tenor: **8.9 yrs.**

Avg. Cost: **4.3%**



## Track Record of Deleveraging

(Total Debt/EBITDA)



1. Debt amortization profile as of September 30, 2014. Figures converted to US\$ at the FX rate of 13.45Ps./US\$

2. Pro forma figures with Weston Foods acquisition

3. Taking into account 8 months of pro forma EBITDA of Canada Bread

\* Figures after 2011 in IFRS



# Recent Developments



# Canada Bread Acquisition



Canada Bread is one of the leading manufacturers and marketers of baking products with presence in Canada, North America and the U.K.



A **unique and sizable opportunity** to enter the Canadian baking market

- **2013 Revenues:** CAD\$1,454 million<sup>(1)</sup>
- **2013 EBITDA:** CAD\$176 million<sup>(1)</sup> (12.1% margin)

Purchase price: **CAD\$1,830 million**

## Compelling Acquisition Drivers

### Attractive Strategic Industry

- 📦 **Stable growth** and low price volatility
- 📦 **Frozen category** opportunity

### Market Position and Product Portfolio

- 📦 **Leader** in most Canadian provinces
- 📦 Strong relationships with large retailers

### Financial Upside

- 📦 Solid margins
- 📦 Accretive to EPS
- 📦 Cash flow diversification and financial stability

# Supan Acquisition



Supan's acquisition represented Grupo Bimbo's entry to the Ecuadorian market following its strategy to further strengthen its footprint in the Americas

## Transaction Rationale

- Leading bread producer in Ecuador
- Participates in the packaged bread, buns and sweet baked goods categories
  - **Revenue:** US\$57 mm
  - **EBITDA:** US\$6 mm
- Adds 2 production facilities located in Guayaquil and Quito and 900 associates

## Strong Brand Equity



## Products



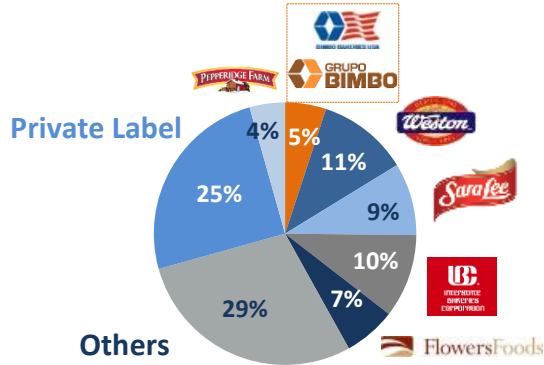
# BBU Transformation



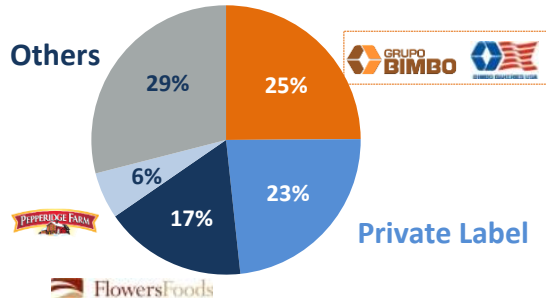
## U.S. Baking Consolidation

Evolving Competitive Landscape in the Last Decade

2004



Current



## Bimbo Bakeries USA (BBU) Transformational Work

Creating the New BBU



### Asset Strategy

- Closed 15 bakeries, opened 2 state-of-the-art bakeries
- Invest to ensure efficiency and capacity

### Distribution and Route Restructuring

- Sales centre consolidations
- Reconfiguration of DSD city by city
- Restructure of 80% of routes
- New lower cost distribution centers

### Information Technology

- Enabler for plant and route restructuring
- Supporting plant closures/openings and new distribution centers

### Portfolio Optimization

- Formula simplification and standardization
- Brand/Portfolio optimization
- Innovation

# Annex: Financial Results by Region

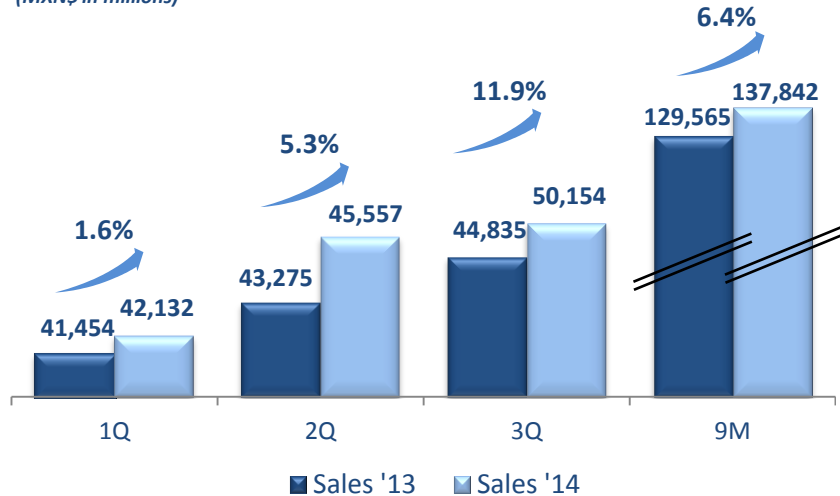


# Grupo Bimbo - Quarterly Results



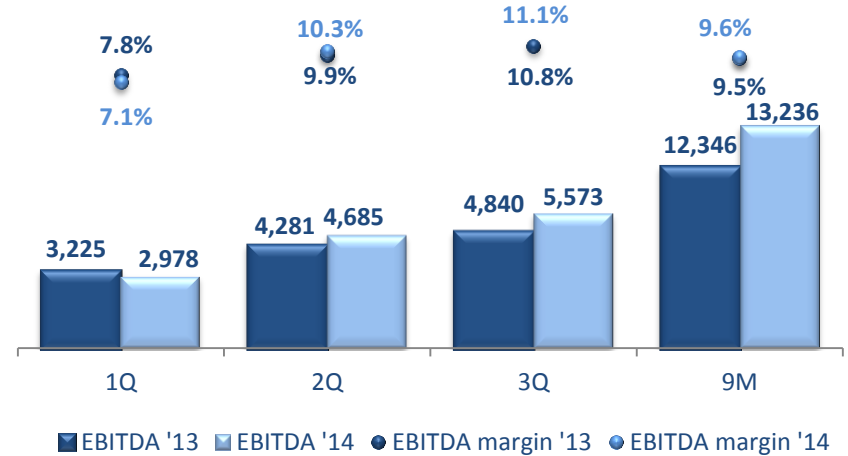
## Revenue Growth

(MXN\$ in millions)



## EBITDA

(MXN\$ in millions)



- ✓ **Canada Bread** acquisition
- ✓ **Solid growth** Latam and Europe
- ✗ **Weak performance** in Mexico and U.S.

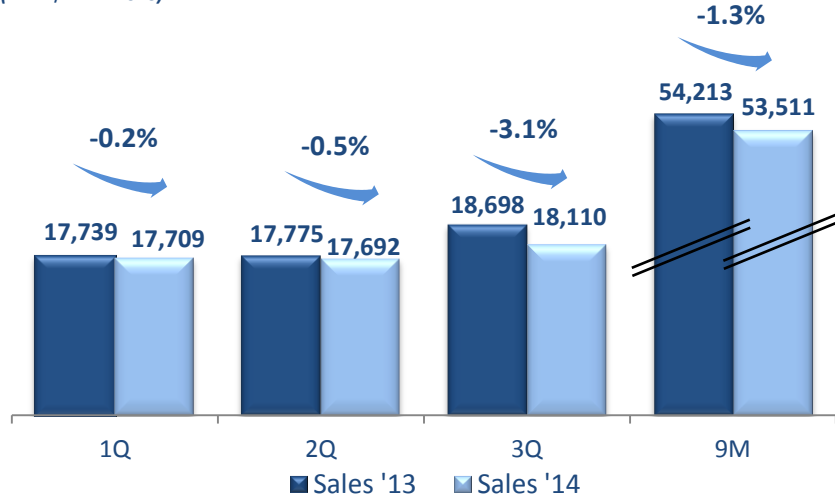
- ✓ **Lower inputs cost** in all regions
- ✓ Production efficiencies - **waste reduction / synergies** in the US
- ✓ Benefit of the Canada Bread **integration**
- ✗ **Higher** distribution costs in all regions
- ✗ **Integration expenses** in U.S.

# Mexico- Quarterly Results



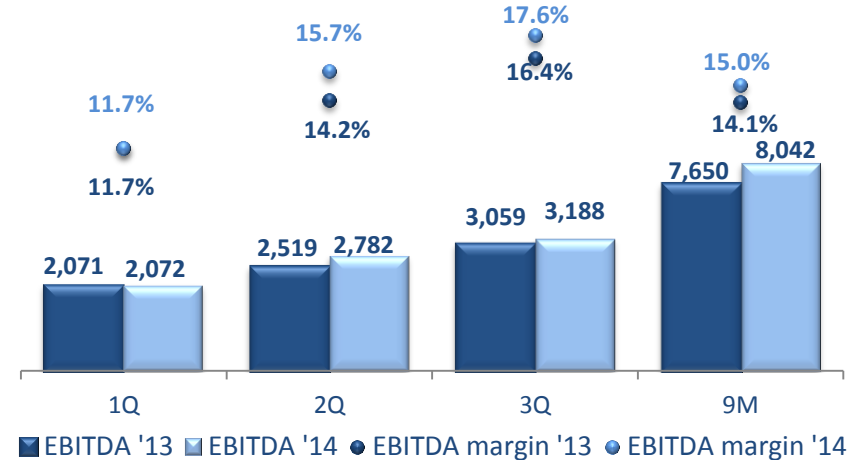
## Revenue Growth

(MXN\$ in millions)



## EBITDA

(MXN\$ in millions)



- ✗ Volume decline
- ✗ Challenging industry dynamics

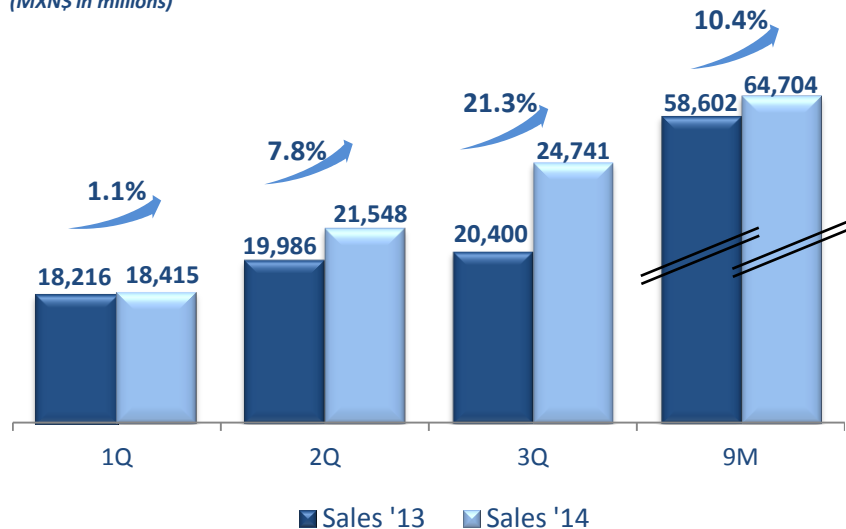
- ✓ Lower raw materials
- ✗ Higher distribution costs

# US & Canada- Quarterly Results



## Revenue Growth

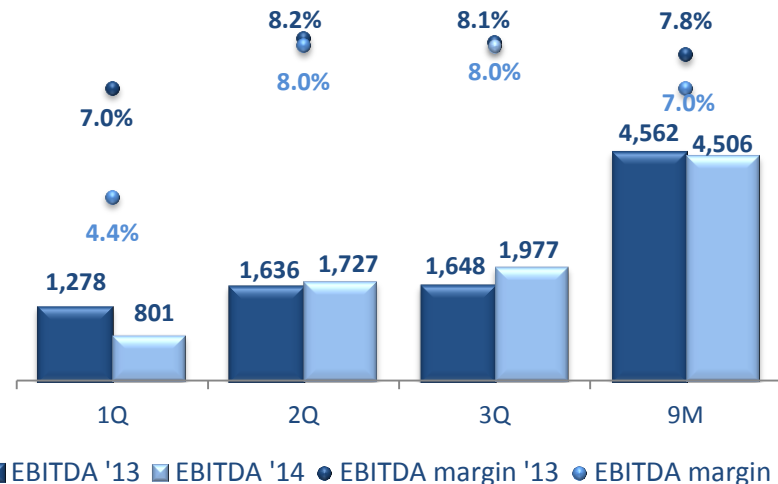
(MXN\$ in millions)



- ✓ Canada Bread acquisition
- ✓ The **breakfast** and **snacks** categories outperformed
- ✗ **Volume decline**
  - ✗ California **divestiture**
  - ✗ More **competitive** market environment

## EBITDA

(MXN\$ in millions)



- ✓ Production efficiencies- **waste reduction/ synergies**
- ✗ **Higher** distribution expenses
- ✗ **Integration/restructure** related expenses

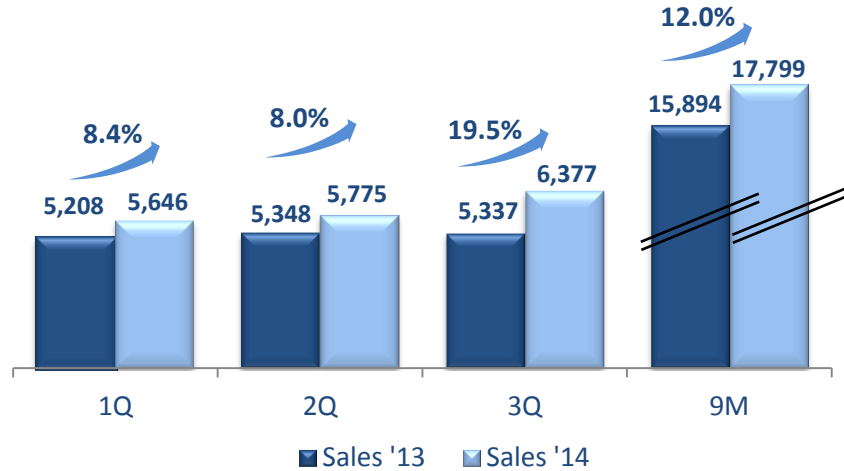


# Latin America- Quarterly Results



## Revenue Growth

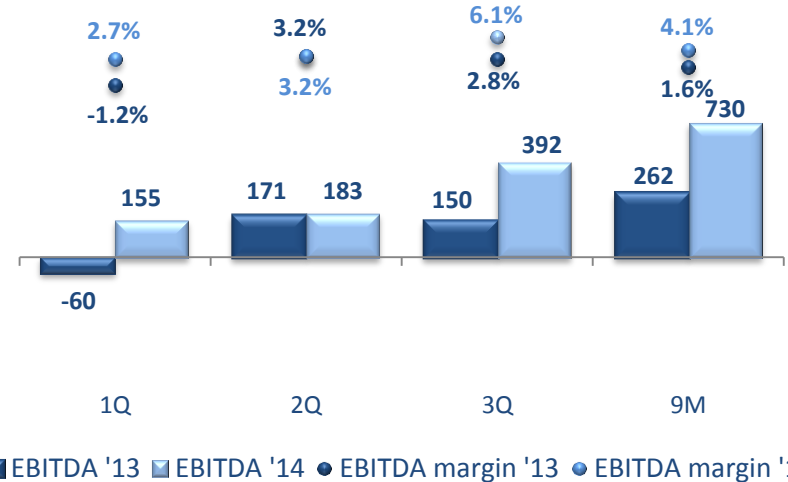
(MXN\$ in millions)



- ✓ Positive **sales growth** (in local currencies)
- ✓ Notable **performance** in Brazil, Colombia and Central America

## EBITDA

(MXN\$ in millions)



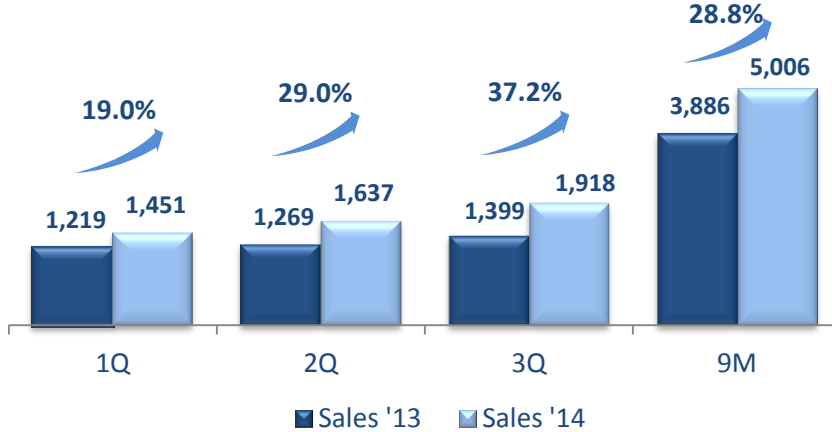
- ✓ **Lower** raw materials
- ✗ **Higher** distribution expenses: market penetration efforts

# Europe - Quarterly Results



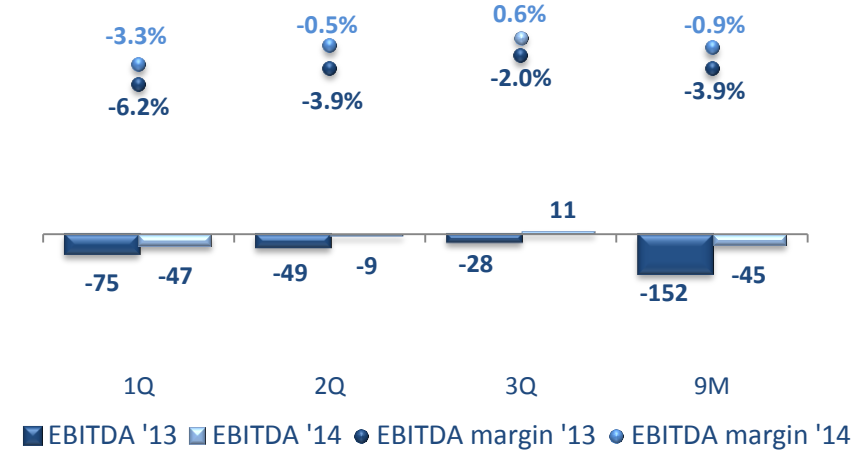
## Revenue Growth

(MXN\$ in millions)



## EBITDA

(MXN\$ in millions)



- ✓ **Integration** of the UK operation
- ✓ **Strong** organic growth

- ✓ **Lower** raw materials
- ✓ **More efficient** cost structure – operational improvements

Thank you



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