

GRUPO BIMBO

REPORTS

THIRD QUARTER 2019 RESULTS

MEXICO CITY, OCTOBER 24, 2019



“Third quarter results reflected improved momentum, as we achieved healthy organic performance and double-digit growth in adjusted EBITDA. This was supported by investment behind our brands and rapid execution, as we remain dedicated to leveraging our global leadership and brand strength to drive long-term growth.”

-Daniel Servitje, Chairman and CEO

“We are pleased with the improved trends and profitability seen across our regions, reaching record levels for a third quarter in adjusted EBITDA in Mexico and North America. We conducted a successful bond issuance and keep investing to drive growth and profitability, generate significant cash flow and deliver on our capital allocation strategy.”

-Diego Gaxiola, CFO



Grupo Bimbo S.A.B. de C.V. ("Grupo Bimbo" or "the Company") (BMV: BIMBO) today reported its results for the three months ended September 30th, 2019.¹

HIGHLIGHTS OF THE QUARTER

- Net sales rose 3.2% year-over-year, driven by healthy organic growth across all regions and, to a lesser extent, FX rate benefit
- Adjusted EBITDA² increased 10.1%, while the margin expanded 80 basis points, mainly attributable to positive operating performance in Mexico, North America and EAA
- Mexico and North America reached record adjusted EBITDA for the third quarter
- Net majority income rose 6.9% and the margin expanded 10 basis points due to improved operating performance and a lower effective tax rate, offset by a non-cash charge related to MEPPs
- Return on equity posted a strong 370 basis points expansion

RECENT DEVELOPMENTS

- Grupo Bimbo successfully issued a 30-year bond for US\$600 million, @4.00%
- The Company signed an agreement to acquire the Paterna plant from Cerealto Siro Foods in Valencia, Spain
- Grupo Bimbo announced that in Mexico, 100% of the packages, where the technology applies, are already biodegradable, and it will launch the first compostable packaging in the country for bread
- The Company opened the largest solar roof system in Chile and South America, built in a single warehouse

FINANCIAL SUMMARY

(MILLIONS OF MEXICAN PESOS)

	3Q19	3Q18	Change
Net Sales	74,965	72,646	3.2%
Adj. EBITDA	9,135	8,301	10.1%
Adj. EBITDAR ³	10,253	NA	NA
Net Majority Income	1,940	1,815	6.9%
Net Debt/Adj. EBITDA	2.6x	2.7x	(0.1x)
Return on Equity	8.6%	4.9%	3.7pp

1. Figures included in this document are prepared in accordance with International Financial Reporting Standards (IFRS).

2. Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, impairments, VSP and Multiemployer Pension Plans charges ("MEPPs").

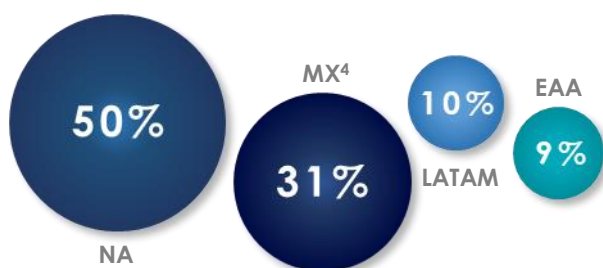
3. Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, rent, impairments, VSP and MEPPs charges.

NET SALES

(MILLIONS OF MEXICAN PESOS)

	3Q19	3Q18	% Change
North America	37,569	36,327	3.4
Mexico	25,861	25,325	2.1
Latin America	7,044	6,560	7.4
EAA	6,693	6,590	1.6
Grupo Bimbo	74,965	72,646	3.2

Consolidated results exclude inter-company transactions.



Revenue mix for the last twelve months ended September 30, 2019.

Net sales grew 3.2% year-over-year, driven by healthy organic growth across all regions and, to a lesser extent, FX rate benefit.

NORTH AMERICA⁵

Net sales increased 3.4% as a result of positive performance of the sweet baked goods and snacks categories in the U.S., as well as strong volume and market share gains in Canada, coupled with new product launches such as *Arnold Brownberry Oroweat No Added Nonsense* and FX rate benefit. This was partially offset by the portfolio optimization initiative, continued compression of the private label category and a plant flooding in Canada during the second quarter.



MEXICO

The rise of 2.1% of net sales in Mexico, reflected good volume performance. Most categories and channels, including the bread, buns, cookies and snack cakes, and the modern channel contributed to sales growth. This was partially offset by the commercial strategy previously implemented between Mexico and the U.S. and a challenging competitive and consumer environment in the sweet baked goods and snacks categories.



⁴ Inter-company transactions have been removed from Mexico.
⁵ North America region includes operations in the United States and Canada.

LATIN AMERICA⁶

Despite adverse economic conditions in some countries, **net sales in Latin America grew 7.4%**, due to healthy sales performance across most countries, especially the *Latin Centro* and *Latin Sur* divisions, highlighting Chile and Colombia, as well as the tortillas and sweet baked goods categories.



EAA⁷

Sales in the third quarter rose 1.6%, driven by outperformance of Bimbo QSR and better results in the bread and sweet baked goods categories in Iberia and bagels in the U.K. These effects were partially offset by FX rate pressure, as well as weak results in China due to the plant relocation.



GROSS PROFIT

(MILLIONS OF MEXICAN PESOS)

	Gross Profit			Gross Margin (%)		
	3Q19	3Q18	% Change	3Q19	3Q18	Chg. pp.
North America	20,179	19,597	3.0	53.7	53.9	(0.2)
Mexico	14,385	14,324	0.4	55.6	56.6	(1.0)
Latin America	3,169	2,942	7.7	45.0	44.8	0.2
EAA	2,444	2,375	2.9	36.5	36.0	0.5
Grupo Bimbo	39,561	38,607	2.5	52.8	53.1	(0.3)

Consolidated results exclude inter-company transactions.

Gross profit increased 2.5% with a margin contraction of 30 basis points to 52.8%, primarily due to input cost inflation.

6. Latin America region includes operations in Central and South America.
7. EAA region includes operations in Europe, Asia and Africa.

ADJUSTED EBITDA

(MILLIONS OF MEXICAN PESOS)

	Adj. EBITDA			Adj. EBITDA Margin (%)		
	3Q19	3Q18	% Change	3Q19	3Q18	Chg. pp.
North America	4,117	3,611	14.0	11.0	9.9	1.1
Mexico	4,978	4,718	5.5	19.2	18.6	0.6
Latin America	61	141	(57.0)	0.9	2.1	(1.2)
EAA	346	74	>100	5.2	1.1	4.1
Grupo Bimbo	9,135	8,301	10.1	12.2	11.4	0.8

Regional results do not reflect inter-company royalties and consolidated results exclude inter-company transactions.

Adjusted EBITDA increased 10.1%, while the margin expanded 80 basis points, due to the positive operating performance in Mexico, North America and EAA.

Mexico and North America reached record adjusted EBITDA levels for the third quarter.

NORTH AMERICA

The **110 basis points expansion in the adjusted EBITDA margin** was due to the efficiencies gained from past restructuring initiatives, improved portfolio mix from growth of strategic brands and snacks and trade spend optimization.

MEXICO

The **60 basis points expansion in the margin** was attributable to lower general and administrative expenses as a reflection of productivity initiatives, more than offsetting the 100 basis point pressure from the incremental cost of sales.

LATIN AMERICA

Latin America adjusted EBITDA margin **contracted 120 basis points** as a result of the challenging environment in Brazil and integration expenses related to the acquisition of Nutra Bien in Chile, completed in 2018.

EAA

EAA posted a **410 basis point expansion in the adjusted EBITDA margin** on the back of the synergies achieved from the acquisition of Donuts Iberia, lower integration expenses in Iberia and strong performance of Bimbo QSR.

OPERATING INCOME

(MILLIONS OF MEXICAN PESOS)

	Operating Income			Operating Margin (%)		
	3Q19	3Q18	% Change	3Q19	3Q18	Chg. pp.
North America	1,684	1,989	(15.3)	4.5	5.5	(1.0)
Mexico	4,263	4,114	3.6	16.5	16.2	0.3
Latin America	(203)	(126)	60.7	(2.9)	(1.9)	(1.0)
EAA	13	(260)	NA	0.2	(3.9)	4.1
Grupo Bimbo	5,392	5,474	(1.5)	7.2	7.5	(0.3)

Regional results do not reflect inter-company royalties and consolidated results exclude inter-company transactions.

Operating income declined 1.5% from the prior year and the margin contracted 30 basis points, primarily due to a US\$48 million non-cash charge related to the adjustment of the Multiemployer Pension Plans ("MEPPs") liability to reflect current interest rate levels.

Excluding this effect, operating income rose 16% as a result of good operating performance in most regions and productivity benefits from initiatives, such as the organizational restructure implemented in Canada, among others.

COMPREHENSIVE FINANCIAL RESULT

(MILLIONS OF MEXICAN PESOS)

Comprehensive Financial Result totaled Ps. 1,975 million in the period, 7.3% higher than the prior year. This increase was mainly due to a Ps. 232 million effect from the implementation of IFRS16.

NET MAJORITY INCOME

(MILLIONS OF MEXICAN PESOS)

	Net Majority Income			Net Majority Margin (%)		
	3Q19	3Q18	% Change	3Q19	3Q18	Chg. pp.
Grupo Bimbo	1,940	1,815	6.9	2.6	2.5	0.1

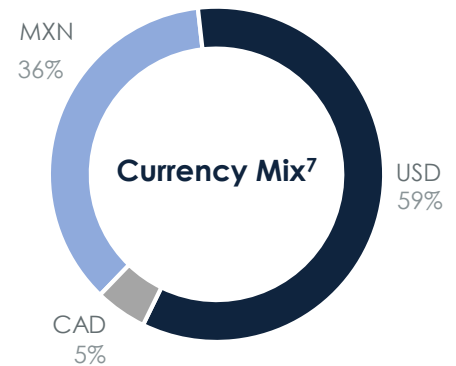
Net majority income rose 6.9% and the margin expanded 10 basis points due to the improved operating performance and a lower effective tax rate, which was partially offset by the MEPPs non-cash charge.

FINANCIAL STRUCTURE

Total debt at September 30, 2019 was Ps. 102.0 billion, compared to Ps. 89.8 billion on December 31, 2018, this increase reflects the successful completion of the US\$600 million bond offering, the proceeds of which were used to partially pay for the 2020 bond.

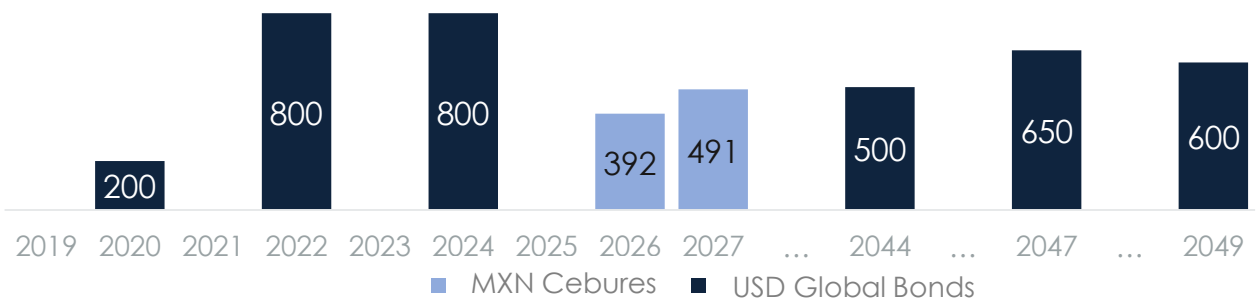
Considering this transaction, average debt maturity was 13.8 years with an average cost of 6.0%. Long-term debt comprised 93% of the total, 59% of the debt was denominated in US dollars, 36% in Mexican pesos and 5% in Canadian dollars.

As of September 30, 2019 the net debt to adjusted EBITDA ratio stood at 2.6 times.



AMORTIZATION PROFILE⁸

(MILLIONS OF US DOLLARS)



RECENT DEVELOPMENTS

- **Grupo Bimbo issued US\$600,000,000 aggregate principal amount of 4.00% notes, due 2049.** The Company used the proceeds from this offering to redeem a portion of its outstanding 4.875% Notes due in June 2020. The transaction was rated Baa2/BBB/BBB by Moody's, S&P and Fitch.
- **Grupo Bimbo signed an agreement to acquire the Paterna plant from Cerealto Siro Foods in Valencia, Spain.** This plant produces sliced bread and buns for Mercadona, under the brand Hacendado. The acquisition will further strengthen Grupo Bimbo's profile in the country, complementing its customer reach to better serve more consumers. The transaction is conditional upon review by the Competition and Markets Commission.

7. Proforma figures for the 2049 bond issuance.

8. Does not include debt at the subsidiary level of US\$190 million.



- o Grupo Bimbo announced that in Mexico, **100% of the packages, where the technology applies, are already biodegradable**, and it will launch the first compostable packaging in the country for bread
- o **The Company opened the largest solar roof system in Chile and South America**, built in a single warehouse.

CONFERENCE CALL INFORMATION

DIAL-IN

A conference call will be held on Friday, October 25, 2019 at 10:00 am Eastern (09:00 am Central). To access the call, please dial:
Domestic US +1 (844) 450 3853
International +1 (412) 317 6375
Domestic Mexico +52 (55) 8880 8040
Conference ID: GRUPO BIMBO

WEBCAST

A webcast for this call can also be accessed at Grupo Bimbo's website:
www.grupobimbo.com/en/investors/

REPLAY

A replay will be available until November 5, 2019. You can access the replay through Grupo Bimbo's website www.grupobimbo.com/en/investors/ or by dialing:
U.S. +1 (877) 344 7529
International +1 (412) 317 0088
Canada +1 (855) 669 9658
Conference ID: 10135097

ABOUT GRUPO BIMBO

Grupo Bimbo is the largest baking Company in the world and a relevant participant in snacks. Grupo Bimbo has 197 plants and more than 1,700 sales centers strategically located in 32 countries throughout the Americas, Europe, Asia and Africa. Its main product lines include fresh and frozen sliced bread, buns, cookies, snack cakes, English muffins, bagels, pre-packaged foods, tortillas, salted snacks and confectionery products, among others. Grupo Bimbo produces over 13,000 products and has one of the largest direct distribution networks in the world, with more than 3.1 million points of sale, around 54,000 routes and more than 135,000 associates. Its shares trade on the Mexican Stock Exchange (BMV) under the ticker symbol BIMBO, and in the over-the-counter market in the United States with a Level 1 ADR, under the ticker symbol BMBOY.

NOTE ON FORWARD-LOOKING STATEMENTS

This announcement contains certain statements regarding the expected financial and operating performance of Grupo Bimbo, S.A.B. de C.V., which are based on current financial information, operating levels, and market conditions, as well as on estimations of the Board of Directors of the Company related to possible future events. The results of the Company may differ in regards with those expressed on these statements, due to different factors that are beyond the Company's control, such as: adjustments in price levels, variations in the costs of its raw materials, changes in laws and regulations, or economic or political conditions not foreseen in the countries where the Company operates. Therefore, the Company is not responsible for such differences in the information and suggests that readers review such statements prudently. Moreover, the Company will not undertake any obligation to publicly release any revisions to the statements due to variations of such factors after the date of this press release.

INVESTOR RELATIONS CONTACT

www.grupobimbo.com

ir@grupobimbo.com

(5255) 5268 6830

CONSOLIDATED BALANCE SHEET

BALANCE SHEET (MILLIONS OF MEXICAN PESOS)	2019 Sep	2018 Dec	Change %
TOTAL ASSETS	297,976	263,317	13.2%
CURRENT ASSETS	57,723	44,852	28.7%
Cash and Equivalents	17,060	7,584	>100%
Accounts and Notes Receivables, Net	28,145	25,942	8.5%
Inventories	9,373	9,340	0.3%
Other Current Assets	3,145	1,987	58.3%
Property, Machinery and Equipment, Net	88,035	87,243	0.9%
Intangible Assets and Deferred Charges, Net and Investment in Shares of Associated Companies	123,679	123,914	(0.2%)
Right of Use Lease	21,677	-	NA
Other Assets	6,862	7,307	(6.1%)
TOTAL LIABILITIES	216,225	178,743	21.0%
CURRENT LIABILITIES	69,872	50,612	38.1%
Trade Accounts Payable	21,371	21,983	(2.8%)
Short-term Debt	18,297	1,153	>100%
Short-term liability for leasing	4,025	-	NA
Other Current Liabilities	26,179	27,477	(4.7%)
Long-term Debt	83,656	88,693	(5.7%)
Long-term liability for leasing	18,615	-	NA
Other Long-term Non-Financial Liabilities	44,082	39,438	11.8%
STOCKHOLDER'S EQUITY	81,751	84,574	(3.3%)
Minority Stockholder's Equity	4,777	4,885	(2.2%)
Majority Stockholder's Equity	76,974	79,688	(3.4%)

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (MILLIONS OF MEXICAN PESOS)	3Q19	3Q18	Change %
Net Sales	74,965	72,646	3.2%
Cost of Goods Sold	35,404	34,039	4.0%
GROSS PROFIT	39,561	38,607	2.5%
General Expenses	31,915	31,832	0.3%
Other Expenses (Income), Net	2,253	1,301	73.2%
OPERATING PROFIT	5,393	5,474	(1.5%)
Integral Cost of Financing	1,975	1,840	7.3%
Interest Paid Net	1,873	1,744	7.4%
Exchange Rate Loss (Gain)	102	97	5.9%
Monetary Loss (Gain)	0	0	-
Equity in Results of Associated Companies	70	85	(17.3%)
INCOME BEFORE TAXES	3,488	3,719	(6.2%)
Income Taxes	1,305	1,656	(21.2%)
PROFIT BEFORE DISCONTINUED OPERATIONS	2,182	2,063	5.8%
Net Minority Income	242	248	(2.5%)
NET MAJORITY INCOME	1,940	1,815	6.9%
ADJUSTED EBITDA	9,135	8,301	10.1%