



GRUPO BIMBO

REPORTS

SECOND QUARTER 2019 RESULTS

MEXICO CITY, JULY 22, 2019

“While challenging conditions persist in some of the markets we serve, we continue to implement cost controls and leverage our global leadership and brand strength to drive long-term growth.”

-Daniel Servitje, Chairman and CEO

“During the second quarter we achieved solid profitability performance by effectively leveraging our diversified scale, bringing strong brands to new markets, capturing synergies with acquired operations and extracting the benefits of restructuring programs previously implemented.”

-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 June 30th, 2019.¹

HIGHLIGHTS OF THE QUARTER

- Net sales were essentially flat year-over-year, mainly due to a stronger Mexican peso, volume pressure in North America and a weaker consumption environment in Mexico, offset by sales growth in EAA
- Adjusted EBITDA² increased 3.3%, while the margin expanded 50 basis points
- Operating income increased 59.3% and the margin expanded 220 basis points primarily due to lower restructuring expenses
- Net majority income rose 527% and the net margin expanded 140 basis points

RECENT DEVELOPMENTS

- For the second consecutive year, Grupo Bimbo was honored as the most committed Company to the use of renewable energies
- Grupo Bimbo was recognized as one of the five most reputable Mexican companies, according to the annual Reprtrak Mexico 2019 ranking published by the Reputation Institute

FINANCIAL SUMMARY

	2Q19	2Q18	Change
Net Sales	72,324	72,794	(0.6%)
Operating Income	4,277	2,684	59.3%
Adj. EBITDA	7,707	7,461	3.3%
Adj. EBITDAR ³	8,774	-	NA
Net Majority Income	1,222	195	>100%
Debt/Adj. EBITDA	2.8x	3.2x	(0.4x)
ROE	8.6%	4.7%	3.9 pp

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").

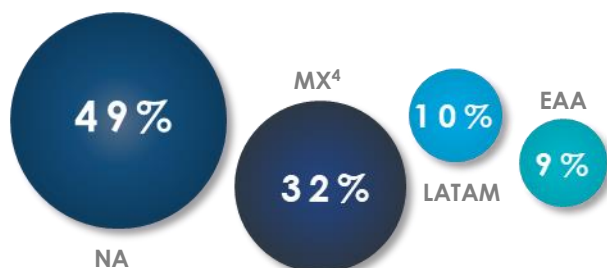
3. Adjusted EBITDAR: Earnings before interest, taxes, depreciation, amortization, rent, impairments, VSP and MEPPs charges.

NET SALES

(MILLIONS OF MEXICAN PESOS)

	2Q19	2Q18	% Change
North America	36,235	36,920	(1.9)
Mexico	24,917	25,022	(0.4)
Latin America	6,896	7,113	(3.0)
EAA	6,634	6,299	5.3
Grupo Bimbo	72,324	72,794	(0.6)

Consolidated results exclude inter-company transactions.



Net sales were essentially flat year-over-year, mainly due to a stronger Mexican peso, volume pressure in North America and a weaker consumption environment in Mexico, offset by sales growth in EAA.

NORTH AMERICA⁵

Net sales decreased 1.9% reflecting foreign exchange rate pressure and a dollar denominated sales decline of less than 1%, which was primarily attributable to volume softness resulting from the implementation of price increases, portfolio optimization initiatives, continued compression of the private label category, exit of a license agreement in the U.S. and business interruption in a plant in Canada. These factors were partially offset by outperformance of the sweet baked goods and snacks categories in the U.S., as well as market share gains in Canada.



MEXICO

Net sales in Mexico were essentially flat primarily resulting from a weaker consumption environment mainly in the traditional channel and the sweet baked goods and snacks categories, as well as the commercial strategy implemented between subsidiaries of Mexico and the U.S. This was partially offset by good performance of *Bimbo Cero Cero* and *Oroweat Multigrain* brands.



4. Figures for the last twelve months ended June 30, 2019. Inter-company transactions have been removed from Mexico.
5. North America region includes operations in the United States and Canada.

LATIN AMERICA⁶

Net sales decreased 3.0% driven by the difficult economic conditions in Argentina and a challenging competition environment in Brazil, coupled with the unfavorable effect from exchange rates. These factors were partially offset by strong results in local currencies primarily in Colombia, Chile and Peru, with significant contributions from the sweet baked goods category.



EAA⁷

Sales in the second quarter rose 5.3%, mainly driven by the acquisition of Mankattan, outperformance of Bimbo QSR in the region and the bagels category in the U.K., as well as improved trends of the sweet baked goods category in Iberia. These factors more than offset the negative effect from the exchange rate.



GROSS PROFIT

(MILLIONS OF MEXICAN PESOS)

	Gross Profit			Gross Margin (%)		
	2Q19	2Q18	% Change	2Q19	2Q18	Chg. pp.
North America	19,503	19,769	(1.3)	53.8	53.5	0.3
Mexico	13,944	14,116	(1.2)	56.0	56.4	(0.4)
Latin America	3,083	3,323	(7.2)	44.7	46.7	(2.0)
EAA	2,426	2,364	2.7	36.6	37.5	(0.9)
Grupo Bimbo	38,320	38,948	(1.6)	53.0	53.5	(0.5)

Consolidated results exclude inter-company transactions.

Consolidated gross profit declined 1.6% with a margin contraction of 50 basis points to 53.0% primarily due to higher raw material costs.

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

OPERATING INCOME

(MILLIONS OF MEXICAN PESOS)

	Operating Income			Operating Margin (%)		
	2Q19	2Q18	% Change	2Q19	2Q18	Chg. pp.
North America	1,276	(213)	NA	3.5	(0.6)	4.1
Mexico	3,514	3,777	(7.0)	14.1	15.1	(1.0)
Latin America	(259)	(124)	>100	(3.7)	(1.7)	(2.0)
EAA	26	(456)	NA	0.4	(7.2)	7.6
Grupo Bimbo	4,277	2,684	59.3	5.9	3.7	2.2

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

Operating income increased 59.3% from the prior year and the margin expanded 220 basis points, primarily due to lower restructuring expenses which reflects the cycling of the Voluntary Separation Program ("VSP") non-cash charge registered during the same period of last year, as well as the productivity benefits from the VSP in the U.S. and the organizational restructuring initiative in Canada.

This was partially offset by a US\$55 million non-cash charge related to the adjustment of the Multiemployer pension plans ("MEPPs") liability to reflect the current interest rates level.

NORTH AMERICA

The **410 basis points expansion in the operating margin** in North America was due to lower restructuring expenses which reflects the cycling of the VSP non-cash charge of US\$105 million registered during the same period of last year, as well as the productivity benefits from the VSP in the U.S., the organizational restructuring initiative in Canada and the commercial strategy between subsidiaries of Mexico and the U.S.

This was partially offset by restructuring investments in the U.S., temporary business interruption in a plant in Canada and the abovementioned MEPPs charge.

MEXICO

In Mexico, the **contraction of 100 basis points** in the operating margin was primarily attributed to higher raw materials costs and the abovementioned commercial strategy between subsidiaries of Mexico and the U.S.

LATIN AMERICA

Latin America operating margin **contracted 200 basis points** mainly as a result of the macroeconomic conditions in Argentina, a challenging operational environment in Brazil, as well as higher raw materials costs across the region.

EAA

EAA posted a **760 basis points expansion** in the operating margin mostly resulting from the synergies achieved from the acquisition of Donuts Iberia, lower integration expenses in Iberia and strong performance of Bimbo QSR.

ADJUSTED EBITDA

(MILLIONS OF MEXICAN PESOS)

	Adj. EBITDA			Adj. EBITDA Margin (%)		
	2Q19	2Q18	% Change	2Q19	2Q18	Chg. pp.
North America	3,556	3,203	11.0	9.8	8.7	1.1
Mexico	4,075	4,429	(8.0)	16.4	17.7	(1.3)
Latin America	20	178	(89.0)	0.3	2.5	(2.2)
EAA	337	(50)	NA	5.1	(0.8)	5.9
Grupo Bimbo	7,707	7,461	3.3	10.7	10.2	0.5

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

Adjusted EBITDA increased 3.3%, while the margin expanded 50 basis points. North America posted 110 basis point expansion, while EAA shifted to a positive result.

COMPREHENSIVE FINANCIAL RESULT

(MILLIONS OF MEXICAN PESOS)

Comprehensive Financial Result totaled Ps. 1,978 million in the period, compared to Ps. 1,825 million in the prior year, this increase reflects the effect of Ps. 239 million from the implementation of IFRS16.

NET MAJORITY INCOME

(MILLIONS OF MEXICAN PESOS)

	Net Majority Income			Net Majority Margin (%)		
	2Q19	2Q18	% Change	2Q19	2Q18	Chg. pp.
Grupo Bimbo	1,222	195	>100	1.7	0.3	1.4

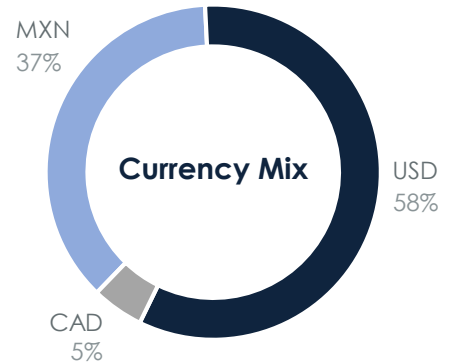
Net majority income rose 527% and the net margin expanded 140 basis points. This increase reflected the cycling of the VSP charge, which was offset by the MEPPs charge and the IFRS16 implementation impact.

FINANCIAL STRUCTURE

Total debt at June 30, 2019 was Ps. 89.1 billion, compared to Ps. 89.8 billion on December 31, 2018.

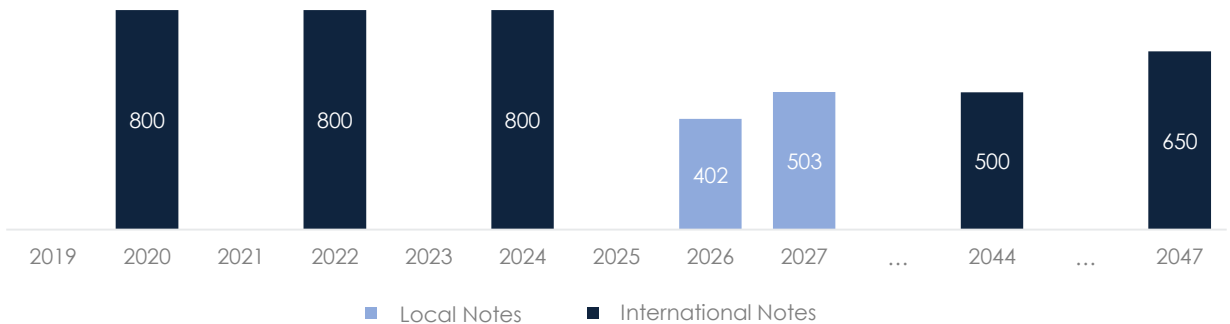
Average debt maturity was 10.1 years with an average cost of 6.0%⁸. Long-term debt comprised 79% of the total; 58% of the debt was denominated in US dollars, 37% in Mexican pesos and 5% in Canadian dollars.

The total debt to adjusted EBITDA ratio, remained at 2.8 times, while the net debt to adjusted EBITDA ratio was 2.6 times.



AMORTIZATION PROFILE⁹

(MILLIONS OF US DOLLARS)



RECENT DEVELOPMENTS

- **For the second consecutive year, Grupo Bimbo was honored as the company with the greatest commitment to the use of renewable energies.** The Best Corporate Energy User award, which is presented in the framework of Mexico's Commercial and Industrial Energy Congress MIREC 2019, recognizes the company's initiatives and progress in terms of energy efficiency.
- **Grupo Bimbo was recognized as one of the five most reputable Mexican companies.** Reputation Institute published its annual Reprtrak Mexico 2019 ranking with the top-ranked reputation companies in the country. Within the dimensions analyzed, the Company obtained the first place in the "Best Work Environment" category and was high ranked in the "Corporate Social Responsibility" category.

8. Does not include the withholding tax.

9. Does not include debt at the subsidiary level of US\$212 million.



CONFERENCE CALL INFORMATION

DIAL-IN

A conference call will be held on Tuesday, July 23, 2019 at 11:00 am Eastern (10:00 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 August 2, 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: 10132869

ABOUT GRUPO BIMBO

Grupo Bimbo is the largest baking Company in the world and a relevant participant in snacks. Grupo Bimbo has 198 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 3.2 million points of sale, around 59,000 routes and more than 137,000 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 Jun	2018 Dec	Change %
TOTAL ASSETS	281,820	263,317	7.0%
CURRENT ASSETS	45,598	44,852	1.7%
Cash and Equivalents	5,689	7,584	(25.0%)
Accounts and Notes Receivables, Net	27,758	25,942	7.0%
Inventories	9,408	9,340	0.7%
Other Current Assets	2,744	1,987	38.1%
Property, Machinery and Equipment, Net	87,457	87,243	0.2%
Intangible Assets and Deferred Charges, Net and Investment in Shares of Associated Companies	121,771	123,914	(1.7%)
Right of Use Lease	21,377	-	NA
Other Assets	5,617	7,307	(23.1%)
TOTAL LIABILITIES	200,373	178,743	12.1%
CURRENT LIABILITIES	70,425	50,612	39.1%
Trade Accounts Payable	20,665	21,983	(6.0%)
Short-term Debt	18,496	1,153	>100%
Short-term liability for leasing	3,873	-	NA
Other Current Liabilities	27,391	27,477	(0.3%)
Long-term Debt	70,618	88,693	(20.4%)
Long-term liability for leasing	18,337	-	NA
Other Long-term Non-Financial Liabilities	40,993	39,438	3.9%
STOCKHOLDER'S EQUITY	81,447	84,574	(3.7%)
Minority Stockholder's Equity	4,672	4,885	(4.4%)
Majority Stockholder's Equity	76,775	79,688	(3.7%)

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (MILLIONS OF MEXICAN PESOS)	2Q19	2Q18	Change %
Net Sales	72,324	72,794	(0.6%)
Cost of Goods Sold	34,005	33,846	0.5%
GROSS PROFIT	38,320	38,948	(1.6%)
General Expenses	32,082	32,799	(2.2%)
Other Expenses (Income), Net	1,961	3,465	(43.4%)
OPERATING PROFIT	4,277	2,684	59.3%
Integral Cost of Financing	1,978	1,825	8.4%
Interest Paid Net	1,868	2,056	(9.1%)
Exchange Rate Loss (Gain)	105	(231)	(145.5%)
Monetary Loss (Gain)	5	0	-
Equity in Results of Associated Companies	(48)	69	
INCOME BEFORE TAXES	2,251	928	142.5%
Income Taxes	773	467	65.5%
PROFIT BEFORE DISCONTINUED OPERATIONS	1,478	461	220.4%
Net Minority Income	256	266	(3.8%)
NET MAJORITY INCOME	1,222	195	527%
ADJUSTED EBITDA	7,707	7,461	3.3%