

## **GRUPO BIMBO REPORTS SECOND QUARTER 2005 RESULTS**

### **Highlights for the quarter:**

- *Sales grew 5.8% as a result of positive performance in all regions.*
- *Operating income rose 32.8%; notably, the United States and Latin America obtained profits.*
- *Majority net income, excluding extraordinary items, grew 73.1%, primarily as a result of the significant increase in operating income and lower integral cost of financing.*

### **Investor Relations Contacts:**

Armando Giner  
Tel: (5255) 5268-6924  
[aginer@grupobimbo.com](mailto:aginer@grupobimbo.com)

Andrea Amozurrutia  
Tel: (5255) 5268-6962  
[aamozurrutia@grupobimbo.com](mailto:aamozurrutia@grupobimbo.com)

**Mexico City, July 26, 2005 - Grupo Bimbo, S.A. de C.V. ("Grupo Bimbo" or "the Company") (BMV: BIMBOA)** today reported its results for the second quarter and first half of 2005.\*

Sales in the second quarter of the year continued their favorable trend, rising 5.8% over the same period of the previous year. This is attributable to good ongoing sales volume performance, both in products already established in the market and those more recently launched, as well as selective price increases made by the Company.

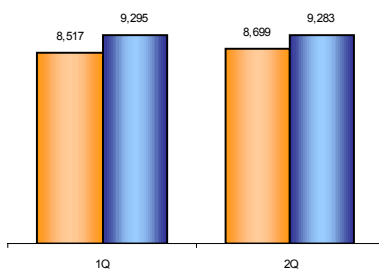
In comparison to the same quarter of 2004, the Company reported 32.8% and 26.3% increases in operating income and EBITDA, respectively. The above reflected decreases in cost of sales and operating expenses. It is important to highlight that these results include profits of \$51 million and \$8 million in the United States and Latin America, respectively, which indicates progress in the efforts initiated in both those markets four quarters ago.

Majority net income, excluding extraordinary items, registered a substantial increase of 73.1%, primarily derived from gains at the operating level and lower integral cost of financing.

\* Figures in this document are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in Mexico, and are expressed in constant pesos as of June 30, 2005.

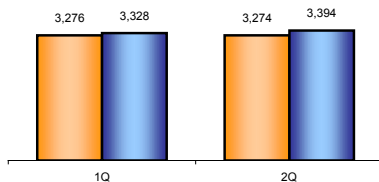
### Mexico

(millions of pesos)



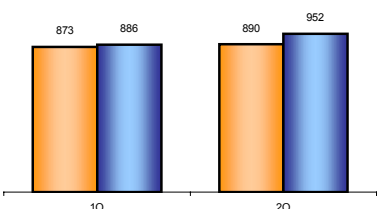
### United States

(millions of pesos)



### Latin America

(millions of pesos)



2004 2005

## Net Sales

2Q05	2Q04	% Change	Net Sales	6M05	6M04	% Change
9,283	8,699	6.7	Mexico	18,578	17,216	7.9
3,394	3,274	3.7	United States	6,722	6,551	2.6
952	890	6.9	Latin America	1,838	1,763	4.2
<b>13,310</b>	<b>12,581</b>	<b>5.8</b>	<b>Consolidated</b>	<b>26,515</b>	<b>25,005</b>	<b>6.0</b>

Note: Figures expressed in millions of pesos. Consolidated results do not include inter-company transactions.

### Mexico

In comparison to 2004, domestic sales continued to grow at a healthy rate, increasing 6.7% in the second quarter of the year, and 7.9% on a cumulative basis. This is the combined result of higher sales volumes compared to the previous year and selective price increases implemented in early April, primarily in the baking division.

Good performance in sales volumes again reflected: i) the benefits derived from improvements in channel segmentation and the subsequent incorporation of new clients, and ii) intensive marketing activities in all product categories, which continued to meet changing consumer needs.

### United States

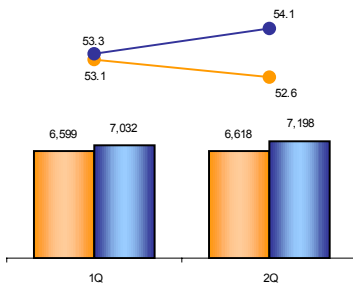
Sales in the quarter rose 3.7%, and on a cumulative basis 2.6%, which in dollar terms signified growth of 7.0% and 5.9%, respectively. This is the result of: i) good sales volume performance, particularly in whole grain and branded Mexican products, where growth continued at double digit rates, and ii) price increases implemented in recent quarters. These factors gain more importance when considering the ongoing rationalization of the product portfolio in the April-June period, which resulted in a better product mix compared to 2004.

### Latin America

Second quarter sales in this region recovered their growth rate, increasing 6.9% over the same period of the previous year. On a cumulative basis, sales rose 4.2%.

In contrast to previous quarters, all the operations—and, specifically, Argentina, Chile and Venezuela—registered positive results. This is attributable to economic stability in most economies of the region, which favored the Company's commercial efforts to expand the sliced bread participation in the region. Notable among these efforts were new product launches and specialization of the distribution network.

### Gross Profit



## Gross Profit

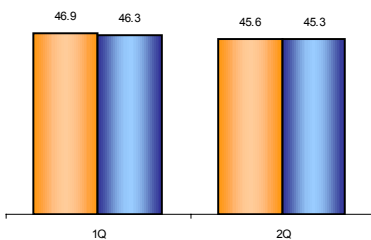
Gross profit continued its positive trend from the first quarter of the year, representing 54.1% of sales, a 1.5 percentage point increase over the same quarter of 2004. On a cumulative basis, the increase was 0.8 percentage points.

This growth is the result of: i) lower raw material prices in every region where the Company operates, and in particular in flour, fat, cocoa and packaging; ii) exchange rate appreciation in Mexico; iii) greater absorption of fixed costs derived from higher sales, and iv) significant improvements in productivity ratios, primarily in the foreign operations. Additionally, gross profit continued to benefit from a better product mix, derived from simultaneous initiatives such as portfolio rationalization and the introduction of specialty products.

2Q05	2Q04	Change pp	Gross Margin (%)	6M05	6M04	Change pp
55.9	55.5	0.4	Mexico	55.5	55.8	(0.3)
46.6	43.6	3.0	United States	45.9	43.9	2.0
45.0	40.9	4.1	Latin America	45.1	41.3	3.8
<b>54.1</b>	<b>52.6</b>	<b>1.5</b>	<b>Consolidated</b>	<b>53.7</b>	<b>52.9</b>	<b>0.8</b>

Note: Consolidated results do not include inter-company transactions.

### Operating Expenses (% of net sales)



## Operating Expenses

Operating expenses in the quarter represented 45.3% of sales, 0.3 percentage points lower than in the same period of last year. On a cumulative basis, operating expenses represented 45.8% of sales, or 0.5 percentage points lower than those registered in 2004.

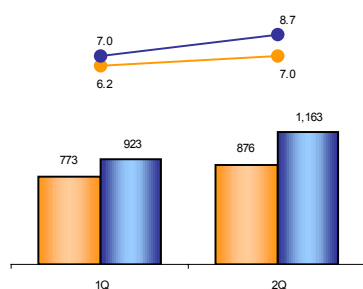
These reductions are the combined result of: i) the decrease in administrative expenses, ii) the continued benefits obtained from the new technology platform, iii) the absorption of expenses as associated with higher sales, and iv) the exchange rate appreciation in Mexico. These benefits have not only allowed for ongoing improvements in the distribution network, but they have also offset higher energy prices and expenses related to the opening of new distribution routes.

## Operating Profit

As a result of decreases in the cost of sales and operating expenses, operating profit in the quarter rose 32.8% over the same quarter of 2004. Operating margin was 8.7%, 1.8 percentage points greater than in the year ago period.



### Operating Profit



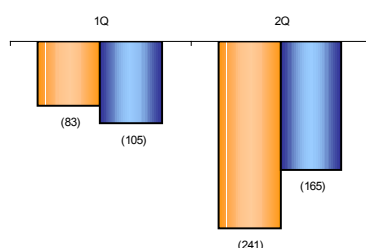
It is important to note that these results are in large measure due to the stabilization of international operations. In this quarter, operations in the United States and Latin America registered profits of \$51 and \$8 million, respectively, reinforcing the positive trend on the operating level that began four quarters ago.

2Q05	2Q04	Change pp	Operating Margin (%)	6M05	6M04	Change pp
11.9	11.5	0.4	Mexico	11.1	10.9	0.2
1.5	(2.4)	3.9	United States	0.3	(2.5)	2.8
0.9	(5.1)	5.9	Latin America	0.0	(4.2)	4.2
<b>8.7</b>	<b>7.0</b>	<b>1.8</b>	<b>Consolidated</b>	<b>7.9</b>	<b>6.6</b>	<b>1.3</b>

Note: Consolidated results do not include inter-company transactions

On a cumulative basis, operating profit rose 26.5%, while operating margin was 7.9%, 1.3 percentage points higher than in 2004. It is also important to highlight that operations in the United States and Latin America closed the first half of the year with operating profits of \$18 and \$1 million, respectively.

### Integral Cost of Financing



### Integral Cost of Financing

Integral cost of financing (ICF) in the quarter was \$165 million, 31.4% lower than in the same period of last year. On a cumulative basis, ICF totaled \$270 million, 16.8% less than in the first half of 2004.

### Other Income and Expenses

In the second quarter of the year, the Company registered other income of \$18 million, which compares favorably with the \$53 million expense reported in the same period of last year. On a cumulative basis, other income totaled \$25 million, compared to an expense of \$87 million in 2004.

These differences fundamentally result from the application, as of January 1, 2005, of Mexican GAAP Bulletin B-7, "Business Acquisitions", whereby goodwill is no longer amortized, and its value is subject to periodic impairment tests.

### Extraordinary Items

The Company did not recognize any extraordinary items in the second quarter of the year. However, net extraordinary income in the first half totaled \$19 million, reflecting first quarter items of: i) the initial effect of the application of Mexican GAAP Bulletin C-10, "Derivative Instruments and Hedging Operations", and ii) the income derived from a favorable ruling



related to the deductibility of the Employee Profit Sharing Plan from fiscal year 2003.

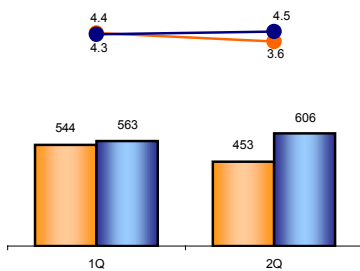
### Majority Net Income

Majority net income in the quarter rose to \$606 million, a 33.6% increase over the same period of last year, while net margin was 4.5%, 0.9 percentage points greater than in the year ago period. Excluding extraordinary items, the increase was 73.1%, while net margin rose 1.8 percentage points.

On a cumulative basis, majority net income totaled \$1,169 million, representing 4.4% of sales, a 0.4 percentage points increase over 2004. Excluding extraordinary items in the year ago period, growth was 50.7%, while net margin expanded 1.3 percentage points.

This growth primarily reflects good results on the operating level of each region where the Company operates, lower integral cost of financing, and to a lesser extent, the reduction in other expenses.

#### Majority Net Income

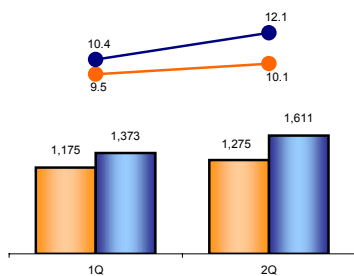


2Q05	2Q04	Change pp	Net Majority Margin (%)	6M05	6M04	Change pp
4.5	3.6	0.9	Consolidated	4.4	4.0	0.4

### Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

As with operating results that registered significant improvements compared to 2004, EBITDA rose 26.3% in the quarter and 21.8% on a cumulative basis. EBITDA margin in the second quarter and first half was 12.1% and 11.3%, respectively, which implied margin expansions of 2.0 and 1.5 percentage points over the previous year.

#### EBITDA



2Q05	2Q04	Change pp	EBITDA Margin (%)	6M05	6M04	Change pp
15.3	14.5	0.8	Mexico	14.5	14.1	0.4
3.8	0.1	3.7	United States	2.6	0.0	2.6
6.1	1.0	5.1	Latin America	5.6	1.5	4.1
12.1	10.1	2.0	Consolidated	11.3	9.8	1.5

Note: Consolidated results do not include inter-company transactions.

2004      2005  
 millions of pesos             
 % of sales

## Financial Structure

At the close of the second quarter of the year, the Company's net debt totaled \$3,536 million, 40.5% less than in the same period of last year. This reduction reflects the combined impact of a substantial 65.3% increase in cash levels and a 6.1% decrease in the Company's net consolidated debt.

As a result, the net debt to equity ratio continued to decrease, measuring 0.20 times compared to 0.35 times reported in June of last year.

## Recent Announcements

- On June 9 2005, Grupo Bimbo announced that it has reached an acquisition agreement for certain assets and brands property of Empresas Chocolates La Corona, S.A. de C.V. and its subsidiaries ("La Corona") in an operation that will amount to Ps. 471 million, that will be liquidated with the Company's own cash resources.

La Corona has presence in the Mexican confectionery market, mainly in the chocolate segment. During the year 2004, these operations reached sales of approximately Ps. 670 million. It has three production facilities and leading brands in the market.

The acquisition transaction was approved by the Federal Trade Commission (*Comisión Federal de Competencia*) on July 12 and will be closed on July 29, 2005.

- On July 20 2005, Grupo Bimbo announced it has reached an agreement with Grupo Sanborns, S.A. de C.V., to acquire all share capital of Controladora y Administradora de Pastelerías, S.A. of C.V., operator of the "El Globo" pastry chain, in a transaction totaling Ps.1,350 million, to be financed with the Company's own resources.

Through El Globo, Controladora y Administradora de Pastelerías produces and sells quality pastries via four production facilities and more than 170 stores. In the twelve months ended March 2005, these operations posted revenues of Ps.997 million and EBITDA\* of Ps.173 million.

This transaction is subject to the approval of the Federal Trade Commission.

*\* Earnings Before Interest, Taxes, Depreciation and Amortization, net of corporate fee and extraordinary expenses associated with El Globo's expansion in recent years.*

### **Company Description**

Grupo Bimbo is one of the largest baking companies in the world in terms of production and sales volume. The market leader in the Americas, Grupo Bimbo has 71 plants and more than 980 distribution centers strategically located throughout 14 countries in the Americas and Europe. The Company's product lines include sliced bread, buns, cookies, snack cakes, pre-packaged foods, tortillas, salty snacks and confectionery products, among others.

The Company produces over 4,500 products and has one of the most extensive distribution networks in the world with over 29,000 routes, and a workforce of more than 72,500 employees.

Grupo Bimbo's shares have traded on the Mexican Stock Exchange (BMV) since 1980 under the ticker symbol BIMBOA.

### **Note on Forward-Looking Statements**

This announcement contains certain statements regarding the expected financial and operating performance of Grupo Bimbo, S.A. 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.



CONSOLIDATED INCOME STATEMENT	2004						2005									
	MILLIONS OF CONSTANT MEXICAN PESOS AS OF JUNE 30, 2005															
	1Q	%	2Q	%	3Q	%	4Q	%	ACCUM	%	1Q	%	2Q	%	ACCUM	%
<b>NET SALES</b>	12,424	100.0	12,581	100.0	13,133	100.0	13,491	100.0	51,629	100.0	13,206	100.0	13,310	100.0	26,515	100.0
<b>MEXICO</b>	8,517	68.6	8,699	69.1	9,186	69.9	9,510	70.5	35,912	69.6	9,295	70.4	9,283	69.7	18,578	70.1
<b>UNITED STATES</b>	3,276	26.4	3,274	26.0	3,343	25.5	3,320	24.6	13,213	25.6	3,328	25.2	3,394	25.5	6,722	25.4
<b>LATIN AMERICA</b>	873	7.0	890	7.1	901	6.9	952	7.1	3,616	7.0	886	6.7	952	7.2	1,838	6.9
<b>COST OF GOODS SOLD</b>	5,825	46.9	5,963	47.4	6,152	46.8	6,324	46.9	24,264	47.0	6,174	46.7	6,112	45.9	12,285	46.3
<b>GROSS PROFIT</b>	6,599	53.1	6,618	52.6	6,980	53.2	7,168	53.1	27,365	53.0	7,032	53.3	7,198	54.1	14,230	53.7
<b>MEXICO</b>	4,789	56.2	4,825	55.5	5,154	56.1	5,273	55.4	20,041	55.8	5,128	55.2	5,187	55.9	10,314	55.5
<b>UNITED STATES</b>	1,447	44.2	1,429	43.6	1,442	43.1	1,486	44.8	5,804	43.9	1,505	45.2	1,583	46.6	3,088	45.9
<b>LATIN AMERICA</b>	363	41.6	364	40.9	384	42.7	408	42.9	1,521	42.1	400	45.1	428	45.0	828	45.1
<b>OPERATING EXPENSES</b>	5,826	46.9	5,743	45.6	5,748	43.8	5,892	43.7	23,208	45.0	6,110	46.3	6,034	45.3	12,144	45.8
<b>OPERATING PROFIT</b>	773	6.2	876	7.0	1,233	9.4	1,276	9.5	4,157	8.1	923	7.0	1,163	8.7	2,086	7.9
<b>MEXICO</b>	885	10.4	999	11.5	1,323	14.4	1,343	14.1	4,550	12.7	964	10.4	1,104	11.9	2,068	11.1
<b>UNITED STATES</b>	(82)	(2.5)	(78)	(2.4)	(73)	(2.2)	(55)	(1.7)	(289)	(2.2)	(34)	(1.0)	51	1.5	18	0.3
<b>LATIN AMERICA</b>	(29)	(3.3)	(45)	(5.1)	(17)	(1.9)	(12)	(1.3)	(103)	(2.9)	(8)	(0.9)	8	0.9	1	0.0
<b>INTEGRAL COST OF FINANCING</b>	83	0.7	241	1.9	52	0.4	85	0.6	462	0.9	105	0.8	165	1.2	270	1.0
<b>INTEREST PAID (NET)</b>	168	1.3	200	1.6	165	1.3	175	1.3	707	1.4	202	1.5	143	1.1	345	1.3
<b>EXCHANGE (GAIN) LOSS</b>	16	0.1	45	0.4	1	0.0	13	0.1	75	0.1	(58)	(0.4)	33	0.2	(25)	(0.1)
<b>MONETARY (GAIN) LOSS</b>	(100)	(0.8)	(4)	(0.0)	(113)	(0.9)	(103)	(0.8)	(320)	(0.6)	(39)	(0.3)	(11)	(0.1)	(50)	(0.2)
<b>OTHER EXPENSES (INCOME) NET</b>	(34)	(0.3)	(53)	(0.4)	(45)	(0.3)	(314)	(2.3)	(445)	(0.9)	7	0.1	18	0.1	25	0.1
<b>PROVISION FOR TAXES AND PROFIT SHARING</b>	235	1.9	243	1.9	489	3.7	252	1.9	1,218	2.4	272	2.1	410	3.1	682	2.6
<b>EQUITY IN RESULTS OF ASSOCIATED COMPANIES</b>	7	0.1	23	0.2	10	0.1	17	0.1	57	0.1	5	0.0	17	0.1	22	0.1
<b>MINORITY INTEREST</b>	15	0.1	12	0.1	16	0.1	18	0.1	62	0.1	14	0.1	17	0.1	31	0.1
<b>MAJORITY NET INCOME AFTER EXTRAORDINARY CHARGES</b>	413	3.3	350	2.8	640	4.9	623	4.6	2,027	3.9	544	4.1	606	4.5	1,149	4.3
<b>EXTRAORDINARY EXPENSE (INCOME) NET</b>	131	1.1	104	0.8	210	1.6	103	0.8	547	1.1	19	0.1	0	0.0	19	0.1
<b>EFFECT OF CHANGE IN ACCOUNTING NET</b>	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>NET MAJORITY INCOME</b>	544	4.4	453	3.6	849	6.5	726	5.4	2,573	5.0	563	4.3	606	4.6	1,169	4.4
<b>EARNINGS BEFORE INTERESTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)</b>	1,175	9.5	1,275	10.1	1,641	12.5	1,710	12.7	5,801	11.2	1,373	10.4	1,611	12.1	2,984	11.3
<b>MEXICO</b>	1,158	9.3	1,264	10.0	1,600	12.2	1,624	12.0	5,646	10.9	1,280	9.7	1,423	10.7	2,703	10.2
<b>UNITED STATES</b>	(1)	(0.0)	2	0.0	5	0.0	41	0.3	47	0.1	48	0.4	129	1.0	178	0.7
<b>LATIN AMERICA</b>	18	0.1	9	0.1	36	0.3	45	0.3	108	0.2	45	0.3	58	0.4	103	0.4

Inter-regional sales are excluded from the consolidated figure operations

Regional percentages of Gross Profit, Operating Profit and EBITDA are calculated as a percentage of sales of each operation





<b>BALANCE SHEET</b>	<b>2004</b>	<b>2005</b>	<b>%</b>
MILLIONS OF CONSTANT MEXICAN PESOS AS OF JUNE 30, 2005			<b>Change</b>
<b>TOTAL ASSETS</b>	<b>33,614</b>	<b>34,148</b>	<b>1.6</b>
<b>MEXICO</b>	20,795	21,842	5.0
<b>UNITED STATES</b>	9,797	9,585	(2.2)
<b>LATIN AMERICA</b>	3,022	2,721	(10.0)
<b>CURRENT ASSETS</b>	7,756	9,275	19.6
<b>PROPERTY, PLANT AND EQUIPMENT NET</b>	16,879	16,957	0.5
<b>TOTAL LIABILITIES</b>	<b>16,572</b>	<b>16,287</b>	<b>(1.7)</b>
<b>SHORT TERM BANK LOANS</b>	258	157	(39.0)
<b>LONG TERM BANK LOANS</b>	8,550	8,112	(5.1)
<b>STOCKHOLDERS' EQUITY</b>	<b>17,042</b>	<b>17,860</b>	<b>4.8</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION</b>	<b>2004</b>	<b>2005</b>
MILLIONS OF CONSTANT MEXICAN PESOS AS OF JUNE 30, 2005		
<b>CONSOLIDATED NET INCOME</b>	<b>1,025</b>	<b>1,200</b>
+ (-) ITEMS NOT REQUIRING CASH	676	996
<b>NET RESOURCES OBTAINED FROM RESULTS</b>	<b>1,701</b>	<b>2,196</b>
WORKING CAPITAL FLOW	588	231
<b>NET RESOURCES GENERATED BY OPERATIONS</b>	<b>2,289</b>	<b>2,428</b>
EXTERNAL FINANCING	(446)	(197)
INTERNAL FINANCING	(291)	(329)
<b>TOTAL SOURCES OF CASH</b>	<b>(736)</b>	<b>(526)</b>
<b>INVESTMENTS</b>	<b>(542)</b>	<b>(970)</b>
NET INCREASE (DECREASE) IN CASH AND MARKETABLE SECURITIES	1,010	931
CASH AND MARKETABLE SECURITIES AT THE BEGINNING OF THE YEAR	1,854	3,802
CASH AND MARKETABLE SECURITIES AT THE END OF THE YEAR	2,864	4,733