

## **GRUPO BIMBO REPORTS THIRD QUARTER 2006 RESULTS**

### **Highlights from the quarter:**

- *Sales increased 9.2% due to solid performance in Mexico and the United States, as well as accelerated growth in Latin America.*
- *Operating income rose 12.0% following a decrease in operating expenses and lower pressure on the cost of goods sold.*
- *Net majority income grew 25.7% fundamentally as a result of other income and lower comprehensive cost of financing.*

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**Mexico City, October 25, 2006. Grupo Bimbo S.A. de C.V. (“Grupo Bimbo” or “the Company”) (BMV: BIMBO) today reported its results for the third quarter of 2006.\***

Sales registered a 9.2% increase in the third quarter of 2006, extending the solid growth trend from the previous quarter. On the one hand, operations in Mexico and the United States maintained their healthy pace of growth as a result of a combination of greater sales volumes and higher prices in the first half of the year. On the other hand, operations in Latin America continued to accelerate their pace of growth, rising 25.1%, primarily as a result of a significant increase in the client base.

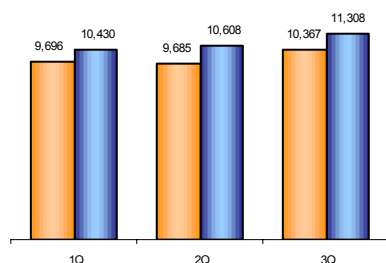
Operating income and EBITDA increased by 12.0% and 9.6% in the quarter, respectively, compared to the same figures from the year ago period. These results reflect a recovery in the gross margin, particularly in the Mexico and Latin American operations, as well as a continued reduction in operating costs as a percentage of sales as recorded in every region.

Net majority income showed strong growth of 25.7%, in comparison to the third quarter of last year, due to the increase in operating income, other income registered, and the continued decrease in the comprehensive cost of financing.

\* Figures included in this document are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in Mexico, and are expressed in constant pesos as of September 30, 2006.

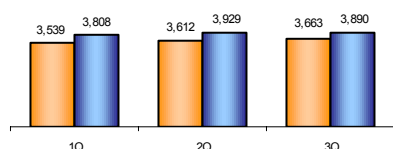
### Mexico

(millions of pesos)



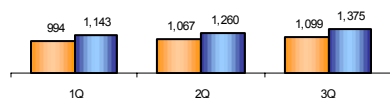
### United States

(millions of pesos)



### Latin America

(millions of pesos)



2005 2006

## Net Sales

3Q06	3Q05	% Change	Net Sales	9M06	9M05	% Change
11,308	10,367	9.1	Mexico	32,347	29,748	8.7
3,890	3,663	6.2	United States	11,627	10,814	7.5
1,375	1,099	25.1	Latin America	3,778	3,160	19.5
<b>16,155</b>	<b>14,795</b>	<b>9.2</b>	<b>Consolidated</b>	<b>46,536</b>	<b>42,739</b>	<b>8.9</b>

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

### Mexico

Sales grew 9.1% and 8.7% in the quarter and on a cumulative basis, respectively. These increases are the combined result of consistent sales volume in most key product categories, higher prices implemented in the second quarter of the year, and to a lesser extent, the integration of El Globo operations, which contributed 2.6 and 3.6 percentage points, respectively, to growth in the quarter and year to date.

### United States

From July to September of 2006, sales continued to grow at a solid rate of 6.2%, with a 7.5% cumulative increase for the year. These results are a combination of higher prices implemented in the first quarter and stable sales volume growth. In addition, the latter reflects the Company's enhanced relationships with its clients, the considerable strength of Mexican branded goods and intensive development of new products. Among the most successful product launches in the quarter was the line of organic breads from *Oroweat*.

### Latin America

For the third consecutive quarter, sales grew at a strong double digit rate in Latin America, rising 25.1% in the July-September period, and 19.5% year to date. It is of note that all operations in the region showed this performance, with Brazil, Chile and Venezuela standing out.

Contributing to these regional results were important increases in the client base as well as the positive results obtained from various commercial projects the Company has promoted in order to offer consumers a greater variety of products. In this regard, the growth of sweet bread and specialty items are notable.

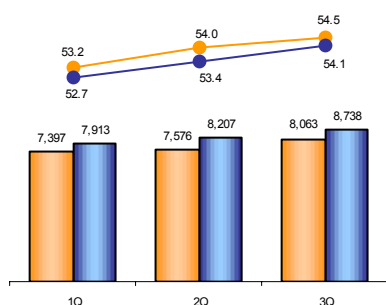
## Gross Profit

In the third quarter of 2006, gross profit represented 54.1% of sales, 0.4 percentage points less than in the July-September 2005 period. On a cumulative basis, this figure was 53.4%, or 0.5 percentage points less than in the year ago period.

These declines are the result of higher average prices in a number of key raw materials. Nonetheless, it is important to note that there was less pressure on the Company's results in the third quarter compared to previous periods, due to: i) higher prices implemented in the Mexico operations during the second quarter, and ii) the absorption of fixed costs in Latin America derived from strong sales growth.

In the United States, gross margin in the quarter declined 1.2 percentage points with respect to the year ago period, due to the lag in product pricing compared to the continued increase in certain raw materials and energy prices.

### Gross Profit



3Q06	3Q05	Change pp	Gross Margin (%)	9M06	9M05	Change pp
56.1	56.4	(0.3)	Mexico	55.2	55.8	(0.7)
45.7	46.9	(1.2)	United States	46.2	46.3	(0.1)
45.0	45.1	(0.1)	Latin America	43.5	45.1	(1.6)
<b>54.1</b>	<b>54.5</b>	<b>(0.4)</b>	<b>Consolidated</b>	<b>53.4</b>	<b>53.9</b>	<b>(0.5)</b>

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

## Operating Expenses

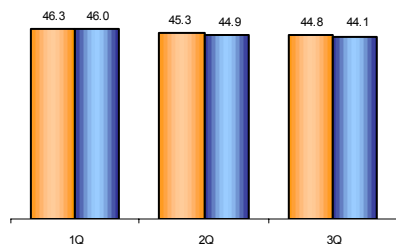
Operating expenses in the quarter and on a cumulative basis represented 44.1% and 45.0% of sales, respectively, which is a reduction of 0.7 and 0.4 percentage points compared to the corresponding periods of 2005.

These decreases are primarily due to: i) administrative expense controls; ii) the absorption of fixed costs resulting from higher sales, and iii) greater efficiency metrics in the distribution network. These factors continue to offset the costs related to the opening of new routes and the increase in fuel prices.

In the case of Latin American operations, it is important to highlight the decrease in operating expenses as a percentage of sales in the quarter and on a cumulative basis by 1.8 and 1.2 percentage points, respectively, in comparison with the same periods of last year. This is primarily due to strong sales growth, and to a lesser extent, changes made to distribution systems in several countries in the region.

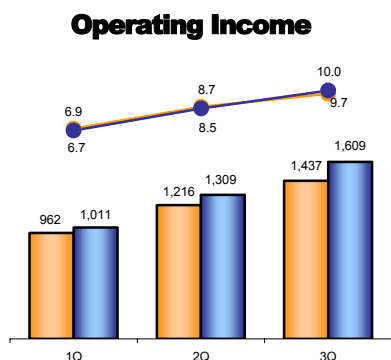
### Operating Expenses

(% of net sales)



## Operating Income

In the July-September period, the trend in the operating margin reversed from that seen in the first half of the year, registering a 0.3 percentage point expansion to reach 10.0%. On a cumulative basis, the margin was 8.4%, only 0.1 percentage points less than in the same period of 2005. This was essentially because of the recovery in the gross margin of Mexico and Latin American operations, as well as lower operating expenses in all regions.



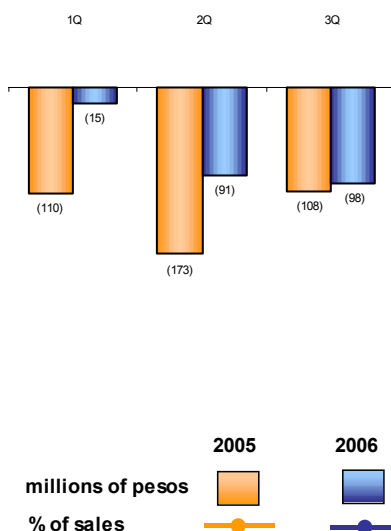
3Q06	3Q05	Change pp	Operating Margin (%)	9M06	9M05	Change pp
13.7	13.3	0.5	Mexico	11.7	11.9	(0.2)
0.4	1.4	(1.0)	United States	1.4	0.6	0.7
2.9	1.2	1.7	Latin America	0.0	0.5	(0.5)
<b>10.0</b>	<b>9.7</b>	<b>0.3</b>	<b>Consolidated</b>	<b>8.4</b>	<b>8.5</b>	<b>(0.1)</b>

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

It is important to note that operations in Latin America registered their best historical performance, attaining a 2.9% margin, while on a cumulative basis the operation broke even. Both results reflect strong sales growth and lower operating expenses, with the highlight of Bimbo do Brazil registering positive results for the first time.

In contrast, operating margin for the quarter in the United States declined 1.0 percentage point to 0.4%, due to gross margin pressure; however, on a cumulative basis, the margin was 1.4%, 0.7 percentage points greater than in the year ago period.

## Comprehensive Cost of Financing



## Comprehensive Cost of Financing

The comprehensive cost of financing in the quarter was Ps. 98 million, 9.3% less than in the same period of last year. On a cumulative basis, this figure totaled Ps. 205 million, 47.6% less than reported in September 2005. This was primarily attributable to the decrease in interest paid and a higher gain from the monetary position.

## Other Income and Expenses

In the third quarter of 2006 other income of Ps. 101 million was registered, principally derived from a ruling favorable to Bimbo, S.A. de C.V. and Barcel, S.A. de C.V. on the deductibility of employee profit sharing plans paid in previous fiscal periods.

On a cumulative basis, other income totaled Ps. 173 million, which was comprised primarily of: i) profits generated by the March sale of Grupo Bimbo's share in Agusa, S.A. de C.V., ii) net income derived as a result of a favorable judicial ruling on the deductibility of labor related expenses from earlier periods, which was registered in the second quarter, and iii) the aforementioned income in the above paragraph.

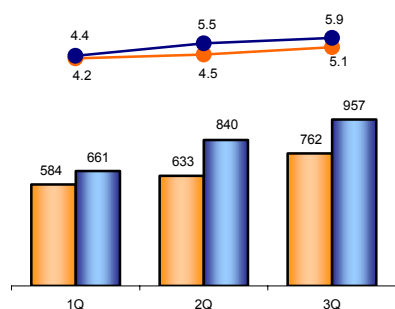
### Net Majority Income

Net majority income in the quarter was Ps. 957 million, 25.7% greater than in the same period of last year. As such, the net margin was 5.9%, 0.8 percentage points more than in the third quarter of 2005.

On a cumulative basis, net majority income totaled Ps. 2,457 million, 24.2% greater than in the period to September 2005, while the net margin expanded by 0.7 percentage points, reaching 5.3%.

These results reflect the increase in operating income, as well as other income registered and the reduction in the comprehensive cost of financing.

#### Net Majority Income

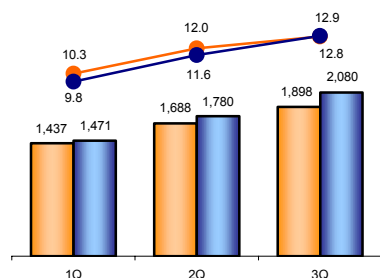


3Q06	3Q05	Change pp	Net Majority Margin (%)	9M06	9M05	Change pp
5.9	5.1	0.8	Consolidated	5.3	4.6	0.7

### Operating Income plus Depreciation and Amortization (EBITDA)

Compared to the same periods in 2005, EBITDA rose 9.6% in the quarter and 6.1% on a cumulative basis. EBITDA margin expanded by 0.1 percentage points in the quarter, while on a cumulative basis this figure declined 0.3 percentage points compared that of September 2005. This is attributable to the negative impact on the gross margin in the first half of the year due to higher raw material costs, which the recovery this quarter was not able to offset.

#### EBITDA



3Q06	3Q05	Change pp	EBITDA Margin (%)	9M06	9M05	Change pp
16.7	16.4	0.3	Mexico	14.7	15.2	(0.5)
2.5	3.5	(1.0)	United States	3.4	2.9	0.5
6.7	6.1	0.6	Latin America	4.6	5.8	(1.2)
12.9	12.8	0.1	Consolidated	11.5	11.8	(0.3)

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



## **Financial Structure**

As of September, the Company's net debt totaled Ps. 2,572 million, or 43.8% less than at the close of the same period in 2005, which was due to the increase in cash position. As such, the ratio of net debt to shareholders' equity declined from 0.24 in the third quarter of 2005 to 0.11 times in September of this year.

## **Recent Announcements**

- On September 11 2006, Grupo Bimbo learned that certain bondholders of the Argentinean company Compania de Alimentos Fargo, S.A. ("Fargo") are attempting to enter Fargo into an involuntary Chapter 11 case in the United States Bankruptcy Court for the Southern District of New York. In related filings with the court, these bondholders have requested discovery proceedings against, amongst others, Grupo Bimbo and certain affiliated entities for the stated purpose of investigating whether Fargo has claims against such entities.

Grupo Bimbo believes that such actions are an improper attempt to interfere with ongoing legal proceedings in Argentina and the exercise of legitimate creditors' rights in that jurisdiction. Accordingly, Grupo Bimbo will oppose the efforts of the bondholder group and will vigorously contest any alleged claims against Grupo Bimbo.

### **Company Description**

Grupo Bimbo is one of the largest baking companies in the world in terms of production and sales volume. As the market leader in the Americas, Grupo Bimbo has more than 70 plants and 900 distribution centers strategically located in 16 countries throughout the Americas, Europe and Asia. Its main product lines include sliced bread, buns, cookies, snack cakes, pre-packaged foods, tortillas, salted snacks and confectionery products, among others.

Grupo Bimbo produces over 5,000 products and has one of the most extensive direct distribution networks in the world, with more than 31,000 routes and 83,000 employees.

Grupo Bimbo's shares have traded on the Mexican Stock Exchange since 1980 under the ticker symbol BIMBO.

### **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	2005						2006												
	1Q	%	2Q	%	3Q	%	4Q	%	ACCUM	%	1Q	%	2Q	%	3Q	%	ACCUM	%	
MILLIONS OF CONSTANT MEXICAN PESOS AS OF SEPTIEMBRE 30 <sup>th</sup> , 2006																			
NET SALES	13,912	100.0	14,032	100.0	14,795	100.0	15,289	100.0	58,028	100.0	15,010	100.0	15,371	100.0	16,155	100.0	46,536	100.0	
MEXICO	9,696	69.7	9,685	69.0	10,367	70.1	10,871	71.1	40,619	70.0	10,430	69.5	10,608	69.0	11,308	70.0	32,347	69.5	
UNITED STATES	3,539	25.4	3,612	25.7	3,663	24.8	3,633	23.8	14,447	24.9	3,808	25.4	3,929	25.6	3,890	24.1	11,627	25.0	
LATIN AMERICA	994	7.1	1,067	7.6	1,099	7.4	1,152	7.5	4,313	7.4	1,143	7.6	1,260	8.2	1,375	8.5	3,778	8.1	
COST OF GOODS SOLD	6,516	46.8	6,456	46.0	6,732	45.5	7,063	46.2	26,766	46.1	7,097	47.3	7,164	46.6	7,417	45.9	21,678	46.6	
GROSS PROFIT	7,397	53.2	7,576	54.0	8,063	54.5	8,227	53.8	31,262	53.9	7,913	52.7	8,207	53.4	8,738	54.1	24,859	53.4	
MEXICO	5,348	55.2	5,411	55.9	5,850	56.4	6,054	55.7	22,662	55.8	5,665	54.3	5,838	55.0	6,343	56.1	17,847	55.2	
UNITED STATES	1,600	45.2	1,684	46.6	1,717	46.9	1,664	45.8	6,666	46.1	1,757	46.1	1,836	46.7	1,776	45.7	5,370	46.2	
LATIN AMERICA	449	45.1	481	45.0	496	45.1	508	44.1	1,933	44.8	490	42.9	533	42.3	619	45.0	1,642	43.5	
OPERATING EXPENSES	6,435	46.3	6,360	45.3	6,626	44.8	6,544	42.8	25,965	44.7	6,902	46.0	6,898	44.9	7,129	44.1	20,929	45.0	
OPERATING PROFIT	962	6.9	1,216	8.7	1,437	9.7	1,683	11.0	5,297	9.1	1,011	6.7	1,309	8.5	1,609	10.0	3,930	8.4	
MEXICO	1,005	10.4	1,151	11.9	1,374	13.3	1,634	15.0	5,164	12.7	978	9.4	1,240	11.7	1,552	13.7	3,770	11.7	
UNITED STATES	(36)	(1.0)	55	1.5	50	1.4	12	0.3	80	0.6	44	1.1	97	2.5	17	0.4	158	1.4	
LATIN AMERICA	(8)	(0.8)	10	0.9	13	1.2	37	3.2	53	1.2	(10)	(0.9)	(28)	(2.2)	40	2.9	2	0.0	
INTEGRAL COST OF FINANCING	(110)	(0.8)	(173)	(1.2)	(108)	(0.7)	23	0.2	(367)	(0.6)	(15)	(0.1)	(91)	(0.6)	(98)	(0.6)	(205)	(0.4)	
INTEREST PAID (NET)	(212)	(1.5)	(149)	(1.1)	(154)	(1.0)	(137)	(0.9)	(651)	(1.1)	(128)	(0.9)	(122)	(0.8)	(130)	(0.8)	(381)	(0.8)	
EXCHANGE (GAIN) LOSS	60	0.4	(35)	(0.2)	(17)	(0.1)	11	0.1	20	0.0	20	0.1	18	0.1	(40)	(0.2)	(1)	(0.0)	
MONETARY (GAIN) LOSS	41	0.3	11	0.1	62	0.4	150	1.0	264	0.5	92	0.6	13	0.1	72	0.4	177	0.4	
OTHER EXPENSES (INCOME) NET	6	0.0	18	0.1	(25)	(0.2)	(137)	(0.9)	(139)	(0.2)	16	0.1	56	0.4	101	0.6	173	0.4	
PROVISION FOR TAXES AND PROFIT SHARING	284	2.0	428	3.1	527	3.6	648	4.2	1,887	3.3	342	2.3	427	2.8	652	4.0	1,420	3.1	
EQUITY IN RESULTS OF ASSOCIATED COMPANIES	5	0.0	18	0.1	13	0.1	22	0.1	58	0.1	3	0.0	10	0.1	21	0.1	35	0.1	
MINORITY INTEREST	14	0.1	18	0.1	17	0.1	27	0.2	76	0.1	13	0.1	18	0.1	24	0.2	55	0.1	
MAJORITY NET INCOME AFTER EXTRAORDINARY CHARGES	564	4.1	633	4.5	772	5.2	916	6.0	2,886	5.0	661	4.4	840	5.5	957	5.9	2,457	5.3	
EXTRAORDINARY EXPENSE (INCOME) NET	20	0.1	0	0.0	(11)	(0.1)	0	0.0	9	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
EFFECT OF CHANGE IN ACCOUNTING NET	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
NET MAJORITY INCOME	584	4.2	633	4.5	762	5.1	916	6.0	2,895	5.0	661	4.4	840	5.5	957	5.9	2,457	5.3	
EARNINGS BEFORE INTERESTS, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)	1,437	10.3	1,688	12.0	1,898	12.8	2,202	14.4	7,225	12.5	1,471	9.8	1,780	11.6	2,080	12.9	5,330	11.5	
MEXICO	1,335	13.8	1,484	15.3	1,703	16.4	1,962	18.0	6,483	16.0	1,304	12.5	1,570	14.8	1,890	16.7	4,765	14.7	
UNITED STATES	51	1.5	138	3.8	128	3.5	191	5.2	508	3.5	121	3.2	175	4.5	97	2.5	393	3.4	
LATIN AMERICA	51	5.1	66	6.2	67	6.1	50	4.3	233	5.4	45	3.9	35	2.7	92	6.7	172	4.6	

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>			
MILLIONS OF CONSTANT MEXICAN PESOS AS OF SEPTIEMBRE 30th, 2006			
	2005	2006	% Change
<b>TOTAL ASSETS</b>	<b>37,265</b>	<b>41,903</b>	<b>12.4</b>
<b>MEXICO</b>	23,997	27,069	12.8
<b>UNITED STATES</b>	10,178	10,824	6.3
<b>LATIN AMERICA</b>	3,090	4,010	29.8
<b>CURRENT ASSETS</b>	9,339	12,478	33.6
<b>PROPERTY, PLANT AND EQUIPMENT NET</b>	18,138	19,677	8.5
<b>TOTAL LIABILITIES</b>	<b>17,946</b>	<b>18,923</b>	<b>5.4</b>
<b>SHORT TERM BANK LOANS</b>	197	3,333	1,589.4
<b>LONG TERM BANK LOANS</b>	8,389	5,294	(36.9)
<b>STOCKHOLDERS' EQUITY</b>	<b>19,319</b>	<b>22,980</b>	<b>18.9</b>

<b>CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION</b>		
MILLIONS OF CONSTANT MEXICAN PESOS AS OF SEPTIEMBRE 30th, 2006		
	2005	2006
<b>CONSOLIDATED NET INCOME</b>	<b>2,028</b>	<b>2,512</b>
+ (-) ITEMS NOT REQUIRING CASH	1,383	1,632
<b>NET RESOURCES OBTAINED FROM RESULTS</b>	<b>3,411</b>	<b>4,144</b>
WORKING CAPITAL FLOW	345	(561)
<b>NET RESOURCES GENERATED BY OPERATIONS</b>	<b>3,756</b>	<b>3,583</b>
EXTERNAL FINANCING	(266)	167
INTERNAL FINANCING	(342)	(369)
<b>TOTAL SOURCES OF CASH</b>	<b>(608)</b>	<b>(201)</b>
<b>INVESTMENTS</b>	<b>(3,118)</b>	<b>(1,542)</b>
NET INCREASE (DECREASE) IN CASH AND MARKETABLE SECURITIES	30	1,840
CASH AND MARKETABLE SECURITIES AT THE BEGINNING OF THE YEAR	3,983	4,215
CASH AND MARKETABLE SECURITIES AT THE END OF THE YEAR	4,013	6,055