

GRUPO BIMBO

REPORTS SECOND QUARTER 2020 RESULTS

MEXICO CITY, JULY 27, 2020



“I am very proud of the remarkable results during the quarter, now more than ever I see the strong benefit of being a diversified global Company. This was only possible due to our teams’ commitment and our frontline associates’ hard work; they have all done an extraordinary job and I want to thank all of them for doing such a great job in these difficult circumstances.”

-Daniel Servitje, Chairman and CEO

“Second quarter results were outstanding; we were able to generate strong free cash flow and record levels of sales and adjusted EBITDA for a second quarter. Our hard-currency revenues represented more than 60% of our revenues and close to 60% of our adjusted EBITDA, reinforcing our global profile.”

-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 30, 2020.¹

HIGHLIGHTS OF THE QUARTER

Grupo Bimbo posted record second quarter Net Sales of Ps. 86,411 million, a 19.9% increase, due to outstanding volume growth in North America and an FX rate benefit

Net Majority Income more than doubled, and the margin expanded 130 basis points

The Company reported record Adjusted EBITDA² for a second quarter, which grew 29.2% and the margin expanded 100 basis points

Cumulative Free Cash Flow³ totaled Ps. 6.8 billion

RECENT EVENTS

- The Company paid its outstanding US\$200 million notes due in June 2020
- Grupo Bimbo prepaid US\$400 million of its committed revolving credit facility
- The Company completed the acquisition of the "Paterna" plant from Cerealto Siro Foods in Valencia, Spain

FINANCIAL SUMMARY

(MILLIONS OF MEXICAN PESOS)

	2Q20	2Q19	Change
Net Sales	86,411	72,094	19.9%
Gross Profit	46,968	38,249	22.8%
Operating Income	6,876	4,312	59.5%
Adjusted EBITDA	11,375	8,805	29.2%
Net Majority Income	2,581	1,242	>100%
Net Debt/Adj. EBITDA ⁴	2.5x	2.6x	-0.1x
ROE ⁵	10.6%	9.3%	1.3pp

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

2. Earnings before interests, taxes, depreciation, amortization and Multiemployer Pension Plans ("MEPPs").

3. Free cash flow for the first six months ended June 30, 2020 before dividends and share buybacks.

4. Does not consider the effect of IFRS16.

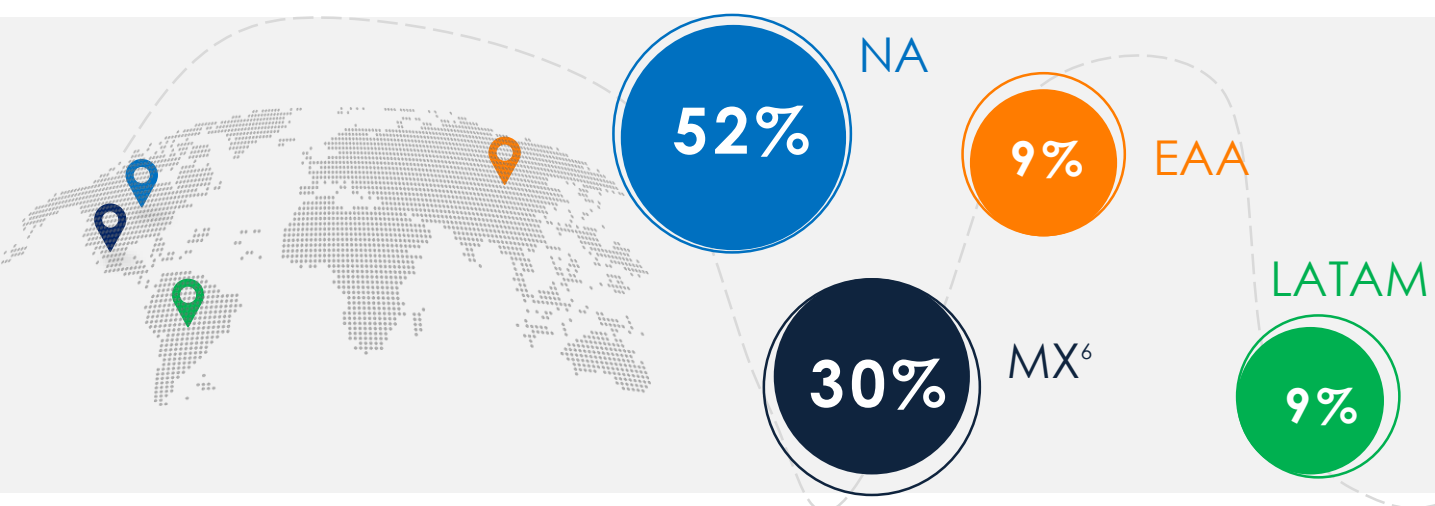
5. Adjusted with the MEPPs non-cash charge.

NET SALES

(MILLIONS OF MEXICAN PESOS)

Net Sales	2Q20	2Q19	% Change
North America	49,412	36,235	36.4
Mexico	24,618	24,917	(1.2)
Latin America	7,552	6,664	13.3
EAA	7,324	6,634	10.4
Grupo Bimbo	86,411	72,094	19.9

Consolidated results exclude inter-company transactions.



Revenue mix for the last twelve months ended June 30, 2020.

Second quarter Net Sales rose 19.9%, primarily due to strong volume growth in North America, as well as an exchange rate benefit.

NORTH AMERICA⁷

Net Sales increased 36.4% primarily reflecting an outstanding volume growth and FX rate benefit; dollar sales increased by 11.5%. The bread, buns & rolls, breakfast, sweet baked goods and snacks categories posted market share gains, while the retail and the e-commerce channels outperformed. This was partially offset by weak volumes across the foodservice business, including QSR and schools which are temporarily closed, and lower traffic in channels such as convenience stores due to the COVID-19 outbreak.



⁶ Inter-company transactions have been removed from Mexico.
⁷ North America region includes operations in the United States and Canada.

Net Sales in Mexico declined 1.2% mainly due to pressure in the convenience, vending, wholesale and foodservice channels, including the temporary closure of schools, related to the coronavirus pandemic. This was offset by good performance at the retail and traditional channels, as well as at the buns, toasted bread and snack cakes categories.



MEXICO

LATIN AMERICA⁸



Second quarter Net Sales grew 13.3% in Latin America mainly due to strong performance of the bread category in Brazil and the Latin Centro division, notably the Central America region and Colombia, mainly driven by the retail channel throughout the region. Results were also benefited by FX rates and were partially offset by weak results in Argentina, primarily in the sweet baked goods and frozen categories.

Sales in EAA for the second quarter rose 10.4%, mainly driven by an FX rate benefit. While sales in local currencies were mainly pressured by the QSR business and the sweet baked goods category, the latter primarily in China and Iberia as the traditional channel has been affected by COVID-19. These was offset by good growth in the bread and buns categories throughout the region helped by the new consumption habits.



EAA⁹

GROSS PROFIT (MILLIONS OF MEXICAN PESOS)

	Gross Profit			Gross Margin (%)		
	2Q20	2Q19	% Change	2Q20	2Q19	Chg. pp.
North America	28,058	19,503	43.9	56.8	53.8	3.0
Mexico	13,453	13,946	(3.5)	54.6	56.0	(1.4)
Latin America	3,454	3,011	14.7	45.7	45.2	0.5
EAA	2,579	2,426	6.3	35.2	36.6	(1.4)
Grupo Bimbo	46,968	38,249	22.8	54.4	53.1	1.3

Consolidated results exclude inter-company transactions.

Consolidated Gross Profit increased 22.8% with a margin expansion of 130 basis points to 54.4%, attributable to strong sales performance and lower raw material costs.

8. Latin America region includes operations in Central and South America.
9. EAA region includes operations in Europe, Asia and Africa.

OPERATING INCOME

(MILLIONS OF MEXICAN PESOS)

	Operating Income			Operating Margin (%)		
	2Q20	2Q19	% Change	2Q20	2Q19	Chg. pp.
North America	4,067	1,276	>100	8.2	3.5	4.7
Mexico	3,187	3,514	(9.3)	12.9	14.1	(1.2)
Latin America	117	(225)	NA	1.5	(3.4)	4.9
EAA	(55)	26	NA	(0.8)	0.4	(1.2)
Grupo Bimbo	6,876	4,312	59.5	8.0	6.0	2.0

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

Operating Income improved by 59.5% from the prior year, with a 200 basis point expansion in the margin due to strong sales performance, lower raw material costs and lower “other income and expenses”, the latter was mainly related to the Multi-Employer Pension Plans (“MEPPs”) charge registered during the second quarter of 2019. These was partially offset by COVID-19 related expenses in every region.

ADJUSTED EBITDA

(MILLIONS OF MEXICAN PESOS)

	Adj. EBITDA			Adj. EBITDA Margin (%)		
	2Q20	2Q19	% Change	2Q20	2Q19	Chg. pp.
North America	6,384	4,123	54.9	12.9	11.4	1.5
Mexico	4,198	4,355	(3.6)	17.1	17.5	(0.4)
Latin America	536	196	>100	7.1	2.9	4.2
EAA	415	410	1.2	5.7	6.2	(0.5)
Grupo Bimbo	11,375	8,805	29.2	13.2	12.2	1.0

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

Adjusted EBITDA, which includes the effect of the implementation of IFRS16 for both periods, increased 29.2%, while the margin expanded 100 basis points due to strong operating performance in North America and Latin America.

NORTH AMERICA

The Adjusted EBITDA margin expansion was mainly due to strong sales performance coupled with productivity savings across the region, this was partially offset by COVID-19 related expenses.

MEXICO

In Mexico, **the margin contracted 40 basis points**, attributable to the abovementioned sales mix performance and one-time expenses related to the coronavirus pandemic, such as donations, labor requirements and safety equipment, among others.

LATIN AMERICA

Latin America Adjusted EBITDA margin expanded 420 basis points mainly on the back of good sales performance, the effective execution of the business' strategies during the pandemic and productivity savings.

EAA

EAA posted a 50 basis points contraction in the margin mostly because of the pressure coming from the QSR business due to the coronavirus.

COMPREHENSIVE FINANCIAL RESULT

(MILLIONS OF MEXICAN PESOS)

Comprehensive Financial Result totaled Ps. 2,014 million in the period, compared to Ps. 1,988 million in the second quarter of last year, the increase mainly reflected higher interest expenses arising from a higher debt level and a higher exchange rate.

NET MAJORITY INCOME

(MILLIONS OF MEXICAN PESOS)

	Net Majority Income			Net Majority Margin (%)		
	2Q20	2Q19	% Change	2Q20	2Q19	Chg. pp.
Grupo Bimbo	2,581	1,242	>100	3.0	1.7	1.3

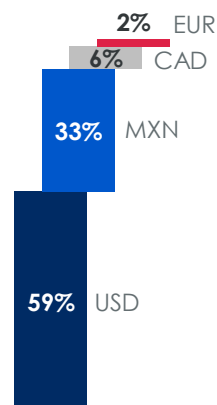
Net Majority Income more than doubled and the margin expanded 130 basis points attributable to the strong operating performance across the Company.

FINANCIAL STRUCTURE

Total debt at June 30, 2020 was Ps. 103 billion, compared to Ps. 87 billion on December 31, 2019. The Ps. 16.5 billion increase was attributable to the depreciation of the Mexican peso.

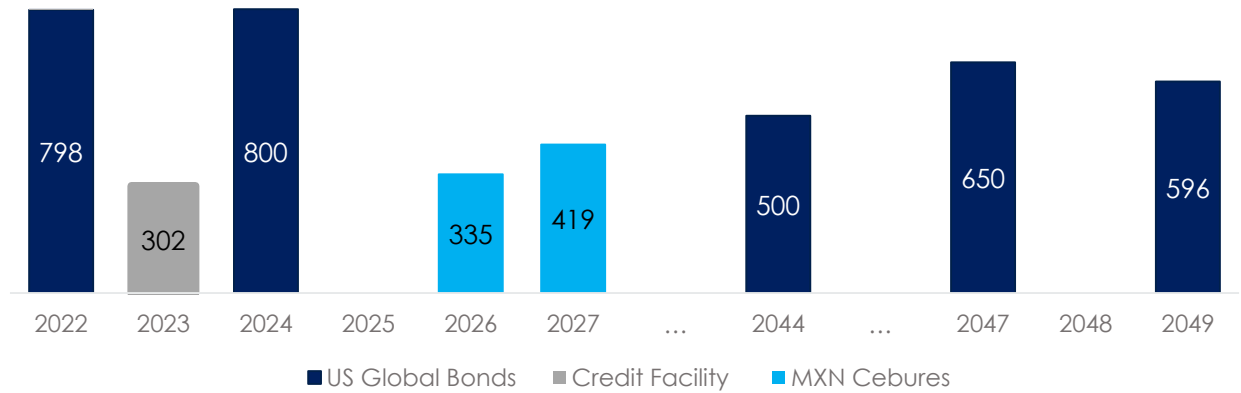
Average debt maturity was 13.1 years with an average cost of 5.6%. Long-term debt comprised 99% of the total; 59% of the debt was denominated in US dollars, 33% in Mexican pesos, 6% in Canadian dollars and 2% in Euros.

The net debt to adjusted EBITDA ratio, which does not consider the effect of IFRS16, was 2.5 times compared to 2.4 times at December 31, 2019.



AMORTIZATION PROFILE¹⁰

(MILLIONS OF US DOLLARS)



RECENT EVENTS

- **On June 30, 2020 the Company paid its outstanding US\$200 million notes, due in 2020.** With this, Grupo Bimbo extended its average maturity to 13.1 years.
- **Grupo Bimbo prepaid US\$400 million of its committed revolving credit facility, maturing on October 7th, 2023.** On March 25, 2020, the Company announced the disposal of US\$720 million of its committed revolving credit facility, from which US\$200 million were used to refinance the 2020 notes maturing in June, while the balance was aimed at increasing liquidity, prioritizing flexibility and financial strength as a preventive measure due to the uncertain environment. However, due to the strong results and solid cash flow generation, coupled with a less uncertain environment, Grupo Bimbo decided to prepay US\$400 million of its outstanding debt.

With this, Grupo Bimbo currently has approximately US\$1.7 billion available in its credit facility.

- **The Company completed the acquisition of the “Paterna” plant from Cerealto Siro Foods in Valencia, Spain.** This plant produces sliced bread and buns for *Mercadona*, under the brand *Hacendado*. This acquisition will further strengthen Grupo Bimbo's profile in the country, complementing its customer reach and its manufacturing footprint to better serve more consumers.

¹⁰. Does not include US\$ 155 million debt at subsidiary level.



CONFERENCE CALL INFORMATION

DIAL-IN

A conference call will be held today Monday, July 27, 2020 at 6:00pm Eastern (5:00pm Central). To access the call, please dial:

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/press-events/events

REPLAY

A replay will be available until August 3, 2020. You can access the replay through Grupo Bimbo's website

www.grupobimbo.com/en/investors/press-events/events or by dialing:

US +1 (877) 344 7529

International +1 (412) 317 0088

Canada +1 (855) 669 9658

Conference ID: 10145623

ABOUT GRUPO BIMBO

Grupo Bimbo is the leader and largest baking Company in the world and a relevant participant in snacks. Grupo Bimbo has 197 plants and around 1,700 sales centers strategically located in 33 countries throughout the Americas, Europe, Asia and Africa. Its main product lines include sliced bread, buns & rolls, pastries, cakes, cookies, English muffins, bagels, tortillas & flatbreads, salty 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 2.8 million points of sale, around 55,000 routes and more than 134,000 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

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CONSOLIDATED BALANCE SHEET

(MILLIONS OF MEXICAN PESOS)

	Jun, 2020	Dec, 2019	Change %
TOTAL ASSETS	331,841	279,081	18.9%
CURRENT ASSETS	52,988	44,197	19.9%
Cash and Equivalents	10,336	6,251	65.3%
Accounts and Notes Receivables, Net	26,622	26,198	1.6%
Inventories	11,941	9,819	21.6%
Other Current Assets	4,089	1,929	>100%
Property, Machinery and Equipment, Net	95,300	84,341	13.0%
Intangible Assets and Deferred Charges, Net and Investment in Shares of Associated Companies	140,790	118,600	18.7%
Right of Use Lease	29,805	25,550	16.7%
Other Assets	12,959	6,392	>100%
TOTAL LIABILITIES	240,915	200,770	20.0%
CURRENT LIABILITIES	60,136	54,620	10.1%
Trade Accounts Payable	25,385	24,169	5.0%
Short-term Debt	1,480	5,408	(72.6%)
Short-term liability for leasing	5,248	4,599	14.1%
Other Current Liabilities	28,023	20,443	37.1%
Long-term Debt	101,713	81,264	25.2%
Long-term liability for leasing	24,243	20,741	16.9%
Other Long-term Non-Financial Liabilities	54,824	44,145	24.2%
STOCKHOLDER'S EQUITY	90,926	78,311	16.1%
Minority Stockholder's Equity	4,506	4,575	(1.5%)
Majority Stockholder's Equity	86,420	73,737	17.2%

CONSOLIDATED INCOME STATEMENT

(MILLIONS OF MEXICAN PESOS)

	2Q20	2Q19	Change %
Net Sales	86,411	72,094	19.9%
Cost of Goods Sold	39,443	33,846	16.5%
GROSS PROFIT	46,968	38,249	22.8%
General Expenses	38,739	31,971	21.2%
Other Expenses (Income), Net	1,353	1,966	(31.2%)
OPERATING PROFIT	6,876	4,312	59.5%
Comprehensive Financing Cost	2,014	1,988	1.3%
Interest Paid Net	2,149	1,857	15.7%
Exchange Rate Loss (Gain)	(127)	106	(>100%)
Monetary Loss (Gain)	(8)	25	(>100%)
Share in Results of Associated Companies	89	(48)	NA
INCOME BEFORE TAXES	4,951	2,276	>100%
Income Taxes	2,082	773	>100%
PROFIT BEFORE DISCONTINUED OPERATIONS	2,869	1,502	91.0%
Net Minority Income	289	260	10.8%
NET MAJORITY INCOME	2,581	1,242	>100%
ADJUSTED EBITDA	11,375	8,805	29.2%