

Grupo BIMBO

Sept 23, 2021 | Company Update

Limited Upside

Downgrading To 'Mkt Perform'. Introducing 2022 PT MX\$57.84

- BIMBO is a high-profile global company aiming to transform the baking industry and to consolidate its position as one of the world's top food companies. While we like the company's fundamentals, since February 22, BIMBO's stock has risen 57% vs. the IPC index's 14% return in the same period, and now the discount in valuation has disappeared. At current prices, BIMBO trades at 8.1x EV/EBITDA, in line with its 3-year average (P/E LTM is 19.3x and P/BV 3.4x). Therefore, we believe upside risks and downside risks are now balanced at the current valuation level.**

Increasing Estimates 2021-2022. In this note, we argue that despite a softer growth for the global bakery industry ahead (p. 8), BIMBO will be able to deliver faster growth in revenues, thicker EBITDA margins, and lower financial leverage than what we had expected previously.

Quarterly Estimates. We are forecasting BIMBO's EBITDA to grow 4.0%YoY in Q3 2021, on the back of resilient volumes and further efficiency improvements that should more than offset cost pressures in the quarter.

Introducing PT YE2022 At MX\$57.84 /Share. Our updated valuation implies a limited potential return of 2% including dividends. We determined our 2022 price target through the average of the fair values reached in two models with different scenarios: (1) central and (2) alternate, to which we applied different macro and operating assumptions.

Estimates and Valuation	2020 A	2021 E	2022 E	2023 E
Revenues (MX\$ M)	331,051	333,806	348,841	367,204
EBITDA (MX\$ M)	45,193	48,026	50,174	53,958
EBITDA Margin (%)	13.7%	14.4%	14.4%	14.7%
Maj. Net Income (MX\$ M)	9,110	13,419	12,783	13,793
EPS (MX\$)	1.96	2.97	2.83	3.05
ROIC (%)	9.1%	10.5%	10.1%	10.5%
P/E (x)	29.7x	19.6x	20.6x	19.1x
EV/EBITDA (x)	8.4x	7.9x	7.6x	7.1x
P/BV (x)	3.16x	3.08x	2.74x	2.53x
Net Debt/EBITDA (x)	2.32x	2.22x	2.05x	1.93x

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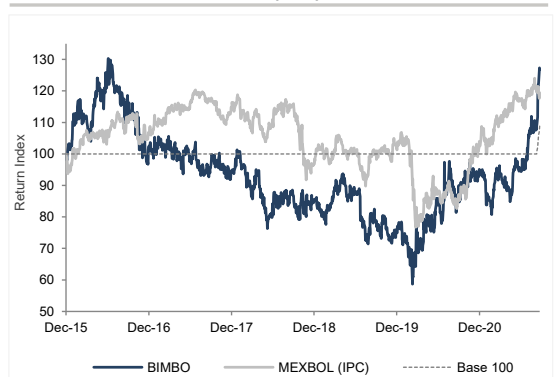
BIMBO

Market Perform

Local Ticker:	BIMBO A
Last Price:	58.28
Price Target YE2022:	57.84
Expected Return:	-0.62%
Dividend Yield 2021E:	1.72%
Total Potential Return:	1.10%

Liquidity:	High
Market Cap. (MX\$ M)	263,212
Enterprise Value (MX\$ M):	381,417
52-Week Price Range (MX\$):	36.99 — 58.8
Free Float:	30.5%

Share Price vs. MEXBOL (IPC)



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Investment Thesis

BIMBO is a high-profile global company, aiming to transform the baking industry (p. 9) and to consolidate its position as one of the world's top food companies. While we like company's fundamentals, since February 22, BIMBO's stock has risen 56% vs the IPC index' 13% return in the same period, and now we see limited upside. Moreover, at this moment we believe there are better risk-reward investment opportunities within Mexico's food & beverage sector.

The discount in valuation has disappeared. At current prices, BIMBO trades at 8.0x EV/EBITDA, in line with its 3-year average (P/E LTM is 19.2x and P/BV 3.4x). We believe upside risks and downside risks are now balanced at current valuation level.

Risks For Our Rating And Price Target

Upside risks

We expect increases of 23% and 1% in the average wheat prices for 2021E and 2022E respectively. The final outcome could be materially lower or BIMBO's hedging strategies could prove better than what we had estimated. On the other hand, BIMBO might continue to deliver product mixes with better prices and profits.

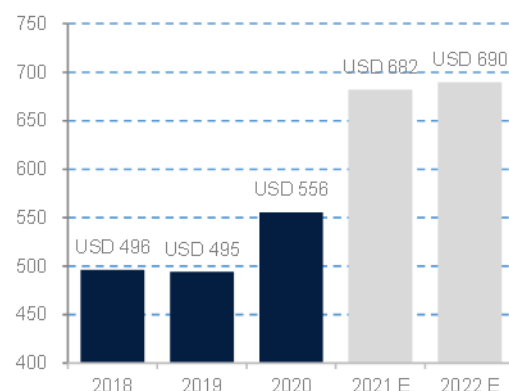
As BIMBO is increasing its market share in key regions, we could have underestimated its market power to improve cash flows from working capital sources, either with bargaining power to suppliers or with more revenues from retail clients.

Downside risks

As investors search for opportunities in stocks that should benefit from the end of the pandemic, the market might demand lower valuations to participate in defensive players like BIMBO.

While we are forecasting further market share and better profit margins, we could have underestimated the potential competitive environment in developed countries like USA, Canada or Europe, that might force BIMBO to make additional investments or to accept lower profit margins.

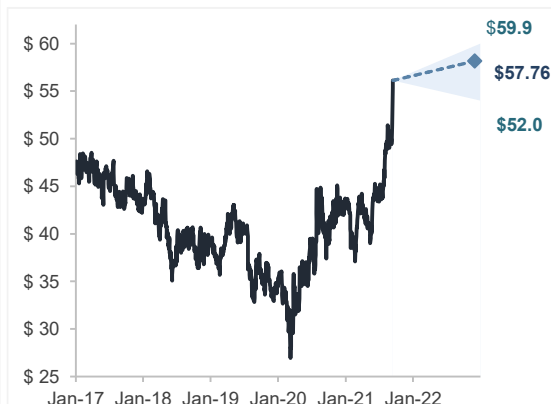
Wheat Average Prices | Exhibit 1
Chicago SRW Wheat Futures. US\$/bu.



Source: Chicago Board Of Trade.

Valuation Methodology, Key Assumptions, & Scenarios

BIMBO: Valuation Sensitivity & Price Target

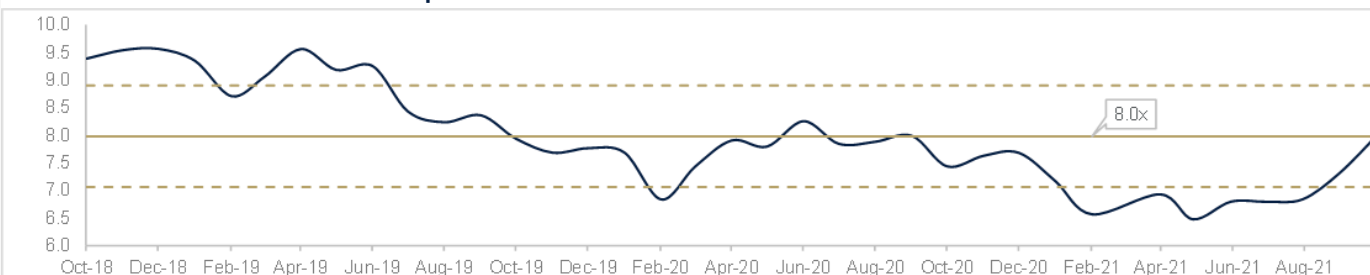


Our BIMBO's year-end 2022 price target of **MX\$57.8 /share** was determined through the average of the fair values reached in each of 2 models: central (80% probability) and alternate (20% probability) to which we applied different macro and operating assumptions.

In each model, we used a blended valuation methodology consisting of i) discounted cash flows (DCF) and ii) target multiple (EV/EBITDA). For each method, a 50% and 50% weight, respectively, was applied for the calculation of their independent fair values (central and alternate).

With an 80% weight on the central scenario's MX\$58.7 /shr. fair value and a 20% weight on the alternate's MX\$54.0 /shr. fair value, we obtained our BIMBO's year-end 2021 price target of MX\$57.8 /share. Note that the highest and lowest values delivered by our independent valuation methods (total of 4) are MX\$59.8 and MX\$52.0, respectively.

BIMBO's Historical EV/EBITDA Multiple



Source: Actinver Research

Central Scenario (80% Probability)

Macro forecasts: Mexico's GDP of +6.2% in 2021 and +3.1% in 2022; U.S. GDP of +6.3% in 2021 and +4.2% in 2022; year-end local inflation at 6.3% in 2021 and 3.5% in 2022; year-end FX at MX\$20.15 /US\$ in 2021 and MX\$20.70 in 2022; local reference rate at 5.00% YE2021 and 5.75% YE2022.

Qualitative input: While global economy might decelerate in the short-term, we assume the positive outlook should remain ahead. In terms of inflation we assume commodity prices to stabilize at current levels, and high levels of liquidity in global financial markets to prevail in coming years.

Valuation assumptions: We are using a 9.8% cost of equity (Ke) based on Damodaran's model: i) adjusted risk-free rate (RFR) of 3.46% based on a 5.41% RFR (Mx 10-YR sovereign bond adjusted for CDS premium) and a country risk premium (CRP) of 2.0% for Mexico, a 2.0% RFR for the USA and Canada, and 10.0% for other countries; ii) adjusted equity risk premium (adj. ERP) of 7.2% based on an Mx ERP of 6.72% in US\$, 4.72% for the USA and Canada, and 8.2% for other countries, and long-term inflation spread of 1.30% between Mexico and the USA; and iii) a 0.88 adjusted Beta. Our DCF model considers a WACC of 7.35% with a 5-year explicit period and a 5-year holding period. In our relative valuation methodology, we applied a 7.5x target EV/EBITDA to our 2022E forecast.

Alternate Scenario (20% Probability)

Macro forecasts: Mexico's GDP of +4.0% in 2021 and +2.5% in 2022; U.S. GDP of +5.6% in 2021 and +3.9% in 2022; year-end local inflation at 3.6% in 2021 and 3.4% in 2022; year-end FX at MX\$21.00 /US\$ in 2021 and MX\$21.50 in 2022; local reference rate at 3.75% YE2021, unchanged throughout YE2022.

Qualitative input: We assume a deeper deceleration in the global economy, with uncertainty for liquidity conditions in global markets and volatility in commodity prices like wheat and corn. In this scenario investors in equity markets demand lower valuation levels for some quarters.

Discounted Cash Flows

Key Valuation Assumptions

Beta Calculation	Base Cost of Equity	Growth Assumptions	Base WACC Calculation
Levered	Risk Free Rate [Rf]	LT Growth Rate -P\$	Cost of Equity (Ke)
BIMBO 0.884	Relevered Beta 0.884	2.50%	Weight of Equity 41.3%
	Market Risk Premium 7.19%		Cost of Debt 8.02%
	EQR Disc. Rate 9.81%		Eff. Cash Tax Rate 30.0%
			After-Tax Cost of Debt 5.61%
			Weight of Debt 58.69%
			WACC 7.35%

Period Code	0	1	2	3	4	5	5
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Discounted Cash Flows (DCF) Model (P\$ '000)

Explicit Model 2021-2027

	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Perpetuity
Operating Income (EBIT)	\$ 20,419	\$ 25,408	\$ 31,732	\$ 30,515	\$ 32,332	\$ 34,343	\$ 36,249	\$ 43,258	\$ 46,249	
Depreciation of Fixed Assets & Amortization	\$ 9,837	\$ 11,302	\$ 12,071	\$ 12,976	\$ 14,334	\$ 15,785	\$ 17,224	\$ 18,626	\$ 19,959	
Depreciation Related to Leases (IFRS16)	\$ 4,536	\$ 4,949	\$ 6,048	\$ 6,997	\$ 8,133	\$ 9,496	\$ 11,130	\$ 13,089	\$ 15,177	
EBITDAR	\$ 37,872	\$ 45,193	\$ 48,026	\$ 50,174	\$ 53,958	\$ 57,313	\$ 60,495	\$ 63,615	\$ 68,013	
Changes in Working Capital (ΔWC)	-\$ 170	\$ 1,321	\$ 994	\$ 648	\$ 702	\$ 759	\$ 774	\$ 798	\$ 828	
Operating Cash Flow	\$ 37,702	\$ 46,514	\$ 49,020	\$ 50,822	\$ 54,660	\$ 58,072	\$ 61,269	\$ 64,413	\$ 68,841	
Lease Payments	-\$ 4,784	-\$ 5,544	-\$ 6,603	-\$ 7,658	-\$ 8,923	-\$ 10,439	-\$ 12,258	-\$ 14,306	-\$ 16,559	
SUM	\$ 32,918	\$ 40,970	\$ 42,418	\$ 43,165	\$ 45,737	\$ 47,632	\$ 49,011	\$ 50,107	\$ 52,282	
Taxes	-\$ 6,126	-\$ 7,622	-\$ 9,520	-\$ 9,154	-\$ 9,700	-\$ 10,303	-\$ 10,875	-\$ 12,977	-\$ 13,875	
tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	
CapEx	-\$ 13,117	-\$ 13,218	-\$ 17,818	-\$ 19,249	-\$ 19,411	-\$ 19,270	-\$ 18,902	-\$ 16,852	-\$ 17,552	
Free Cash Flow to the Firm (FCFF)	\$ 13,675	\$ 20,130	\$ 15,080	\$ 14,761	\$ 16,626	\$ 18,060	\$ 19,234	\$ 20,278	\$ 20,856	\$ 20,856
			-25.09%	-2.12%	12.64%	8.62%	6.50%	5.43%	2.85%	

DCF Valuation 2022

Central Scenario	
Present Value Of FCFFs	\$ 85,114
Present Value Of Terminal Value	\$ 301,724
Implied Adj. Enterprise Value	\$ 386,838
Net Debt	\$ 102,725
Non-Controlling Interest	\$ 4,778
Perpetual Bonds	\$ 8,902
Implied Equity Value	\$ 270,434
Outstanding Shares Est. ('000)	4,516
Implied Equity Value /Shr. (P\$)	\$ 59.90

Relative Valuation 2022

Central Scenario	
Target Adj. EV/EBITDAR	7.50x
EBITDAR	\$ 50,174
Implied Adj. Enterprise Value	\$ 376,307
Net Debt	\$ 102,725
Non-Controlling Interest	\$ 4,778
Perpetual Bonds	\$ 8,902
Implied Equity Value	\$ 259,903
Outstanding Shares Est. ('000)	4,516
Implied Equity Value /Shr. (P\$)	\$ 57.50

Blended Valuation 2022

Central Scenario	
Discounted Cash Flows (DCF)	\$ 59.90
Weight (%)	50%
Relative Valuation	\$ 57.50
Weight (%)	50%
Fair Value /Shr. (P\$) Central	\$ 58.70
Alternate Scenario	
Discounted Cash Flows (DCF)	\$ 56.00
Weight (%)	50%
Relative Valuation	\$ 52.00
Weight (%)	50%
FV /Shr. (P\$) Alternate	\$ 54.00
FV /Shr. (P\$)	\$ 57.76

Sum of the Parts Valuation 2022

Mexico	7.7x	\$ 174,752
North America	7.2x	\$ 168,787
Latin America	4.5x	\$ 10,063
EAA	4.5x	\$ 14,287
Implied Enterprise Value		\$ 367,889
Net Debt		\$ 102,725
Non-Controlling Interest		\$ 4,778
Perpetual Bonds		\$ 8,902
Implied Equity Value		\$ 260,387
Outstanding Shares Est. ('000)		4,516
Implied Equity Value /Shr. (P\$)		\$ 57.70

Peers Valuation Tables

Valuation																
Company Name	Country	Industry	Last Price Local \$	Market Cap US\$ M	EV /EBITDA				P/E				P/BV			
					Current	2021	2022	2023	Current	2021	2022	2023	Current	2021	2022	2023
Nestle	SZ	Consumer, Non-cyclical	\$ 114.78	\$ 349,742	21.0x	19.6x	18.6x	17.6x	26.3x	25.9x	24.1x	22.5x	7.1x	7.3x	7.5x	6.9x
Unilever	GB	Consumer, Non-cyclical	\$ 3,935.00	\$ 141,962	14.7x	12.8x	12.3x	11.7x	22.6x	19.0x	17.8x	16.8x	7.2x	8.6x	8.1x	7.3x
Danone	FR	Consumer, Non-cyclical	\$ 59.78	\$ 48,182	15.1x	11.9x	11.4x	10.8x	19.4x	18.2x	16.8x	15.8x	2.3x	2.4x	2.2x	2.1x
Average Global Diversified Consumer Staples				\$ 179,962	16.9x	14.8x	14.1x	13.4x	22.8x	21.0x	19.6x	18.3x	5.5x	6.1x	5.9x	5.4x
Median Global Diversified Consumer Staples				\$ 141,962	15.1x	12.8x	12.3x	11.7x	22.6x	19.0x	17.8x	16.8x	7.1x	7.3x	7.5x	6.9x
George Weston	CA	Consumer, Non-cyclical	\$ 134.14	\$ 15,425	6.9x	7.0x	7.2x	7.1x	18.6x	17.0x	15.2x	11.7x	2.7x	1.6x	1.4x	N.A.
Flower Foods	US	Consumer, Non-cyclical	\$ 23.16	\$ 4,900	11.2x	11.6x	11.4x	10.9x	18.4x	19.5x	19.2x	17.8x	3.4x	3.5x	3.5x	3.4x
Hostess Brands	US	Consumer, Non-cyclical	\$ 16.07	\$ 2,153	12.6x	11.5x	11.2x	10.8x	21.1x	19.6x	17.9x	16.9x	1.3x	1.3x	1.2x	1.2x
Aryzta	SZ	Consumer, Non-cyclical	\$ 1.27	\$ 1,381	46.2x	16.1x	13.3x	11.6x	N.A.	N.A.	34.9x	19.4x	2.8x	0.9x	0.8x	0.8x
Average Bakery Products				\$ 5,965	19.2x	11.6x	10.8x	10.1x	19.4x	18.7x	21.8x	16.4x	2.6x	1.8x	1.7x	1.8x
Median Bakery Products				\$ 3,527	11.9x	11.5x	11.3x	10.9x	18.6x	19.5x	18.6x	17.3x	2.8x	1.4x	1.3x	1.2x
Bimbo	MX	Consumer, Non-cyclical	\$ 55.71	\$ 13,002	7.7x	7.8x	7.5x	7.0x	19.3x	19.3x	21.1x	19.7x	2.7x	3.0x	2.7x	2.5x
Gruma	MX	Consumer, Non-cyclical	\$ 236.85	\$ 4,661	7.8x	7.8x	7.5x	7.1x	16.3x	16.1x	15.3x	14.0x	3.4x	2.8x	2.5x	2.1x
Average Mexican Food Producers				\$ 8,832	7.8x	7.8x	7.5x	7.0x	17.8x	17.7x	18.2x	16.8x	3.0x	2.9x	2.6x	2.3x
Median Mexican Food Producers				\$ 8,832	7.8x	7.8x	7.5x	7.0x	17.8x	17.7x	18.2x	16.8x	3.0x	2.9x	2.6x	2.3x
Grupo Nutresa	CO	Consumer, Non-cyclical	\$ 21,550	\$ 2,571	9.3x	9.3x	8.3x	7.1x	16.1x	15.9x	15.0x	11.7x	1.3x	1.2x	1.2x	1.1x
M Dias Branco	BZ	Consumer, Non-cyclical	\$ 30.69	\$ 2,000	15.1x	14.6x	10.7x	8.2x	16.9x	19.1x	15.7x	11.4x	1.6x	1.5x	1.5x	1.5x
Alicorp	PE	Consumer, Non-cyclical	\$ 4.80	\$ 985	6.3x	6.0x	5.5x	5.5x	9.8x	8.3x	7.5x	6.6x	1.1x	1.1x	1.0x	0.9x
Camil Alimentos	BZ	Consumer, Non-cyclical	\$ 9.51	\$ 666	6.2x	N.A.	N.A.	N.A.	7.4x	N.A.	N.A.	N.A.	1.3x	N.A.	N.A.	N.A.
Average South American Food Producers				\$ 1,556	9.2x	10.0x	8.2x	6.9x	12.5x	14.4x	12.7x	9.9x	1.3x	1.3x	1.2x	1.2x
Median South American Food Producers				\$ 1,493	7.8x	9.3x	8.3x	7.1x	12.9x	15.9x	15.0x	11.4x	1.3x	1.2x	1.2x	1.1x
Average Total				\$ 49,079	13.3x	11.0x	10.1x	9.4x	18.1x	18.0x	18.1x	15.4x	3.1x	3.0x	2.9x	2.7x
Median Total				\$ 3,527	9.8x	10.4x	9.8x	9.0x	18.2x	18.3x	18.0x	16.8x	2.9x	2.2x	1.9x	1.7x

Profitability

Company Name	Country	Industry	Last Price Local \$	Market Cap US\$ M	EBITDA Margin				Net Margin				ROE Current
					2020	2021	2022	2023	2020	2021	2022	2023	
Nestle	SZ	Consumer, Non-cyclical	\$ 114.78	\$ 349,742	21.7%	21.5%	21.7%	21.9%	14.5%	14.4%	14.5%	14.8%	27.4%
Unilever	GB	Consumer, Non-cyclical	\$ 3,935.00	\$ 141,962	20.3%	22.2%	22.2%	22.5%	11.0%	12.4%	12.5%	12.7%	33.2%
Danone	FR	Consumer, Non-cyclical	\$ 59.78	\$ 48,182	18.0%	18.5%	18.7%	19.1%	8.3%	8.9%	9.3%	9.6%	12.2%
Average Global Diversified Consumer Staples				\$ 179,962	20.0%	20.7%	20.8%	21.2%	11.3%	11.9%	12.1%	12.3%	24.3%
Median Global Diversified Consumer Staples				\$ 141,962	20.3%	21.5%	21.7%	21.9%	11.0%	12.4%	12.5%	12.7%	27.4%
George Weston	CA	Consumer, Non-cyclical	\$ 134.14	\$ 15,425	9.7%	11.1%	10.6%	10.3%	14.5%	14.4%	14.5%	14.8%	9.0%
Flower Foods	US	Consumer, Non-cyclical	\$ 23.16	\$ 4,900	12.1%	11.1%	11.1%	11.4%	11.0%	12.4%	12.5%	12.7%	16.5%
Hostess Brands	US	Consumer, Non-cyclical	\$ 16.07	\$ 2,153	19.3%	23.9%	23.8%	23.9%	8.3%	8.9%	9.3%	9.6%	6.4%
Aryzta	SZ	Consumer, Non-cyclical	\$ 1.27	\$ 1,381	-15.9%	11.1%	12.2%	13.3%	-37.2%	-5.8%	1.7%	3.3%	-57.6%
Average Bakery Products				\$ 5,965	6.3%	14.3%	14.4%	14.7%	-0.9%	7.5%	9.5%	10.1%	-6.4%
Median Bakery Products				\$ 3,527	10.9%	11.1%	11.6%	12.3%	9.6%	10.6%	10.9%	11.1%	7.7%
Bimbo	MX	Consumer, Non-cyclical	\$ 55.71	\$ 13,002	12.6%	14.1%	13.6%	13.7%	2.8%	4.0%	3.6%	3.7%	15.8%
Gruma	MX	Consumer, Non-cyclical	\$ 236.85	\$ 4,661	16.5%	16.2%	15.7%	16.0%	5.9%	6.7%	6.5%	6.7%	21.1%
Average Mexican Food Producers				\$ 8,832	14.5%	15.2%	14.7%	14.9%	4.3%	5.3%	5.0%	5.2%	18.5%
Median Mexican Food Producers				\$ 8,832	14.5%	15.2%	14.7%	14.9%	4.3%	5.3%	5.0%	5.2%	18.5%
Grupo Nutresa	CO	Consumer, Non-cyclical	\$ 21,550	\$ 2,571	12.8%	11.9%	12.2%	12.5%	5.2%	5.0%	4.9%	5.4%	8.1%
M Dias Branco	BZ	Consumer, Non-cyclical	\$ 30.69	\$ 2,000	N/A	10.1%	12.8%	15.3%	N/A	7.4%	8.3%	10.5%	9.8%
Alicorp	PE	Consumer, Non-cyclical	\$ 4.80	\$ 985	11.2%	12.0%	12.3%	12.2%	3.2%	4.3%	4.5%	5.1%	11.3%
Camil Alimentos	BZ	Consumer, Non-cyclical	\$ 9.51	\$ 666	10.6%	N/A	N/A	N/A	6.2%	N/A	N/A	N/A	18.7%
Average South American Food Producers				\$ 1,556	11.5%	11.4%	12.4%	13.3%	4.9%	5.6%	5.9%	7.0%	12.0%
Median South American Food Producers				\$ 1,493	11.2%	11.9%	12.3%	12.5%	5.2%	5.0%	4.9%	5.4%	10.6%
Average Total				\$ 49,079	13.1%	15.4%	15.6%	16.0%	4.9%	7.6%	8.1%	8.7%	12.1%
Median Total				\$ 3,527	12.9%	13.5%	13.5%	13.7%	7.4%	8.0%	8.0%	8.2%	14.5%

Growth

Company Name	Country	Industry	Last Price Local \$	Market Cap US\$ M	Sales Growth			EBITDA Growth			Earnings Growth		
					2021	2022	2023	2021	2022	2023	2021	2022	2023
Nestle	SZ	Consumer, Non-cyclical	\$ 114.78	\$ 349,742	1.8%	4.6%	4.3%	1.1%	5.5%	5.5%	1.0%	5.7%	6.0%
Unilever	GB	Consumer, Non-cyclical	\$ 3,935.00	\$ 141,962	1.1%	4.6%	3.6%	10.4%	4.5%	5.1%	14.0%	5.4%	5.1%
Danone	FR	Consumer, Non-cyclical	\$ 59.78	\$ 48,182	0.7%	3.6%	3.1%	3.3%	4.8%	5.4%	8.1%	8.2%	6.4%
Average Global Diversified Consumer Staples				\$ 179,962	1.2%	4.3%	3.7%	4.9%	4.9%	5.3%	7.7%	6.4%	5.8%
Median Global Diversified Consumer Staples				\$ 141,962	1.1%	4.6%	3.6%	3.3%	4.8%	5.4%	8.1%	5.7%	6.0%
George Weston	CA	Consumer, Non-cyclical	\$ 134.14	\$ 15,425	0.3%	1.8%	3.6%	14.2%	-2.4%	1.0%	22.7%	8.0%	32.3%
Flower Foods	US	Consumer, Non-cyclical	\$ 23.16	\$ 4,900	-2.6%	1.6%	1.7%	-10.8%	1.2%	4.9%	65.9%	0.9%	6.5%
Hostess Brands	US	Consumer, Non-cyclical	\$ 16.07	\$ 2,153	9.2%	3.5%	3.4%	35.5%	3.0%	3.6%	81.1%	9.9%	4.9%
Aryzta	SZ	Consumer, Non-cyclical	\$ 1.27	\$ 1,381	-48.8%	10.7%	5.5%	-135.8%	21.5%	14.9%	-92.1%	-133.2%	101.7%
Average Bakery Products				\$ 5,965	-10.5%	4.4%	3.5%	-24.2%	5.8%	6.1%	19.4%	-28.6%	36.3%
Median Bakery Products				\$ 3,527	-1.2%	2.6%	3.5%	1.7%	2.1%	4.2%	44.3%	4.5%	19.4%
Bimbo	MX	Consumer, Non-cyclical	\$ 55.71	\$ 13,002	1.3%	4.6%	3.5%	13.8%	0.5%	4.6%	47.2%	-6.3%	8.2%
Gruma	MX	Consumer, Non-cyclical	\$ 236.85	\$ 4,661	0.1%	7.1%	3.8%	-1.7%	3.7%	5.9%	13.5%	3.6%	8.2%
Average Mexican Food Producers				\$ 8,832	0.0x	0.1x	0.0x	0.1x	0.0x	0.1x	0.3x	0.0x	0.1x
Median Mexican Food Producers				\$ 8,832	0.0x	0.1x	0.0x	0.1x	0.0x	0.1x	0.3x	0.0x	0.1x
Grupo Nutresa	CO	Consumer, Non-cyclical	\$ 21,550	\$ 2,571	0.3%	11.3%	17.0%	0.3%	11.3%	17.0%	5.1%	6.1%	24.6%
M Dias Branco	BZ	Consumer, Non-cyclical	\$ 30.69	\$ 2,000	-22.1%	36.7%	30.6%	-22.1%	36.7%	30.6%	-26.8%	21.1%	38.1%
Alicorp	PE	Consumer, Non-cyclical	\$ 4.80	\$ 985	18.9%	10.2%	-0.7%	18.9%	10.2%	-0.7%	46.9%	12.8%	13.0%
Camil Alimentos	BZ	Consumer, Non-cyclical	\$ 9.51	\$ 666	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average South American Food Producers				\$ 1,556	-1.0%	19.4%	15.6%	-1.0%	19.4%	15.6%	8.4%	13.3%	25.2%
Median South American Food Producers				\$ 1,493	0.3%	11.3%	17.0%	0.3%	11.3%	17.0%	5.1%	12.8%	24.6%
Average Total				\$ 49,079	-2.4%	8.5%	6.6%	-3.5%	8.1%	8.1%	16.5%	-2.5%	18.9%
Median Total				\$ 3,527	0.5%	5.2%	3.6%	2.5%	3.4%	5.3%	19.2%	5.1%	13.8%

III. Global Bakery Should Face Slowdown

INDUSTRY OUTLOOK

The global bakery industry is part of the food-processing industry and comprises the firms that primarily manufacture breads, cakes, pastries, cookies, crackers, and tortillas. Participants acquire raw materials, such as flour, starch, sugar, meat, dried fruit, emulsifiers, flavorings, preservatives, additives, gluten, vitamins, and food acids, and processes them into consumer food products. IBISWorld estimates the industry's 2021E market size at US\$367Bn with 148,164 businesses participating. IBIS says that demand for bakery products has risen slowly in Western Europe and North America's mature markets, so manufacturers seek opportunities in other regions.

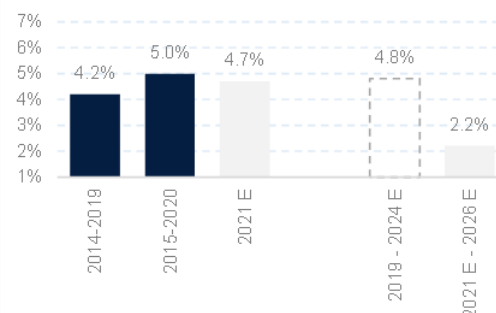
Expecting 2.2% CAGR for 2021-2026E. Having grown at an annualized rate of 4.2% over the five years to 2019 (e. 2), IBIS forecasts the industry revenues to grow 4.7% in 2021E, but for the next years, the average pace of increase should lower to 2.2% per year reaching US\$408.8Bn in 2026. As in previous years, IBIS expects most growth from rising demand in emerging markets, specifically Latin America, Asia, and Eastern Europe. Growth in mature markets will depend on high-priced and premium baked goods, including organic and gluten-free options.

Industry Remains Fragmented And Competitive. According to Global Data, the industry remains highly competitive and fragmented, and most players consist of small local bakeries. The three major global players are estimated to account for less than 10.0% of the market, with no single player controlling more than 5.0% of the global market (e. 4). Industry leaders are driving the industry's consolidation through acquisition strategies. Hence, competition should remain focused on price & quality. Bimbo, the largest player, considers that quality and price continue to be two main factors for competition in the industry. The largest companies are driven mainly by brand recognition and product differentiation.

Key Growth Drivers Unchanged. According to IBISWorld (March 2021), the key drivers for the global industry are i) GDP of BRIC countries: an increase in the demand for bread and other baking products, ii) global consumer spending: from an increase in disposable income, and iii) world price of sugar and wheat that producers will try to pass on to consumers.

Global Bakery Industry

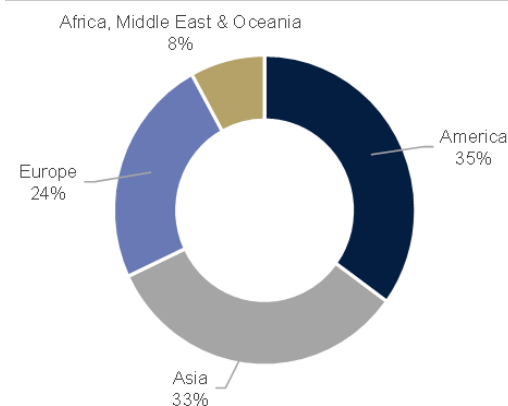
Average Revenue Growth per Year | Exhibit 2



Source: IBISWorld, "Global Bakery Goods Manufacturing"

Market Size 2021E US\$ 367 Bn

Revenue Breakdown by Region (March 2021), % of total | Exhibit 3



Source: IBISWorld, "Global Bakery Goods Manufacturing"

Global Bakery Industry

Estimated Market Share

Exhibit 4

Global Players	2018	2019
Grupo Bimbo SAB	4.4%	4.3%
Mondelez International	3.5%	3.4%
Campbells Soup Company	1.2%	1.2%

Source: Global Data

IV. Committed To Transforming The Bakery Industry

CORPORATE PROFILE

BIMBO is a high-profile global company with a strong sense of purpose — building a sustainable, highly productive, and deeply humane company. The group is committed to transforming the bakery industry by implementing innovative, efficient, and sound business practices to consolidate its position as the largest baking and snacks company in the world in terms of sales and one of the world's top food companies.

Company's Key Strategies:

- **Enduring Meaningful Brands.** While price-based competition has become more intense in many markets, BIMBO considers competitive factors beyond price, such as brand equity. BIMBO seeks to continue developing a solid portfolio of brands, products, and categories that lead megatrends. Through targeted marketing campaigns, BIMBO intends to increase its strategic global brands' recognition and national and regional brands. BIMBO also plans to diversify its product portfolio further to add more value to its sales and distribution channels, creating additional consumption occasions. BIMBO expects to ensure that its brands are the global reference.
- **Global Presence.** In developed markets, BIMBO seeks to increase penetration. In emerging markets seeks high growth opportunities as a result of rising income trends, reduced assortment, and low penetration. BIMBO expects to capture opportunities from its global presence and become the preferred supplier to its customers by leveraging its brand equity and experience in the markets, improving its distribution capabilities to enhance efficiency and penetration. In addition, BIMBO plans to invest in new technologies further to achieve superior execution at the point of sale. BIMBO also intends to continue focusing on promising opportunities like the foodservice industry. BIMBO wants to reinforce its identity as a global company with a strong local character.

Becoming the World's Largest Bread Company

BRIEF HISTORY

1945	Founded as Panificacion Bimbo in Mexico City.
1947	Started distribution to the states of Veracruz, Morelos, Hidalgo and Puebla.
1952	4 plants were already installed in Mexico City.
1984	Started the export market introducing Marinela products into the USA.
1986	Acquired Wonder, a direct competitor amid an economic crisis in Mexico.
1990	Acquired a bread producer in Guatemala.
1992	Acquired Alesa and Cena in Chile and Panificadora Holsum de Venezuela.
1993	Production plants were installed in Argentina, Colombia, Costa Rica, El Salvador and Peru.
94–96	Acquired production plants and companies in the USA near the border with Mexico.
1998	Acquired Mrs. Baird's baking company, a market leader in Texas. In Germany, BIMBO established Park Lane Confectionery
1999	For US\$140.6M BIMBO sold its six wheat mills to a group of investors represented by Mr. Roberto Servitje Achútegui
2001	Acquired Plus Vita, Ltda., one of the largest baking companies in Brazil.
2002	Acquired, in the USA, the baking operations of George Weston Limited in the western region of the US for US\$610M with brands like Oroweat®, the cakes of Entenmann's®, English muffins and bagels Thomas'®, as well as Boboli® pizza dough, 5 plants in Texas, Colorado, California and Oregon, and a direct distribution system.
2005	Acquired 'El Globo', in Mexico, venturing into retail sales of fine pastries.
2006	Acquired Beijing Panrico Food Processing Center, subsidiary of the Spanish company Panrico, S.A., located in China, for €9.2 M and assuming a €1.3M net debt.
2009	Acquired the baking business in the United States of WFI, a subsidiary of George Weston Limited (TSX: WN), located in Toronto for US\$2,505M through a financing of US\$2,300M. The consolidated operation in the United States, known as BBU became one of the largest baking companies in the country.
2011	Acquired the fresh baking business of Sara Lee, one of the largest food processing and distribution companies at a worldwide level. Earthgrains was Sara Lee's fresh baking business in the USA, for US\$749 M including copyrights of the Sara Lee brand, for its use in certain fresh baking products in America, Asia, Africa and some European countries. Acquired Bimbo Iberia, Sara Lee's business in Spain and Portugal, for €115M .
2012	Completed divestitures required by the DOJ (Sara Lee Baking acquisition in 2011). Opened "Piedra Larga", the largest wind farm in the food industry worldwide, generating the electricity consumed in Mexico. (capacity of 90 megawatts).
2014	Acquired Canada Bread, one of the leading companies in the production and distribution of bread products in Canada, for US\$1,710 M , financed by a revolving credit line. In this way, BIMBO expanded in the USA and Europe, reaching a new customer base in Canada and the UK, and including a new line of frozen bread.
2017	BIMBO QSR. acquired East Balt Bakeries for US\$650 million , free of cash and debt. East Balt was founded in 1955, world leader in the high-speed manufacture of bread products. East Balt had 21 plants located in 11 countries in America, Europe, Asia and Africa. East Balt provided relationships with the main customers in the fast food industry (McDonald's, KFC, Burger King, among others).
2020	On January 2, 2020, BBU, acquired the frozen bagels business of the Lender's a Conagra Brands brand. On June 30, 2020, the Company completed the acquisition of the Paterna plant from Cerealto Siro Foods in Valencia, Spain. This plant produces packed bread and buns for Mercadona, under the brand Hacendado. The acquisition strengthened Grupo Bimbo's profile in the country.

The Foundation

Lorenzo Servitje Sendra and Lorenzo Sendra Grimaú, with experience in the baking industry, decided to create an American-style packaged bread factory. They invited Alfonso Velasco, Jaime Jorba Sendra and José T. Mata to participate as industrial partners. Roberto Servitje Sendra, collaborated since the inception as a sales supervisor. Roberto Servitje later purchased BIMBO shares and, subsequently, became Chief Executive Officer, a position he left in 1994 when he was appointed chairman of the Board of Directors, replacing Lorenzo Servitje, who held that position since its foundation.

On December 2, 1945, Panificación Bimbo was formally founded in Mexico City. For creating the packaged bread factory, the founding partners mainly addressed timely and quality attention to the clients, and product freshness. The company established a direct distribution system and took the policy of replacing unsold products every two days.

BIMBO Offers Exposure to North America

North America is the most important unit for BIMBO. It contributes 53% of its revenues and 54% of its EBITDA (e 6). The North America segment attends the United States & Canada.

- **The United States.** BBU, with headquarters in Horsham Pennsylvania is the largest player in the country. BBU operates with 59 production plants and a nationwide distribution network. Among its leading brands are ABO (premium bread), Ball Park (buns and rolls) and Thomas (English muffins). Barcel USA, located in Copell Texas, has 1 production plant and it offers snacks, some of them imported from Mexico.
- **Canada.** Bimbo Canada (former Canada Bread), is headquartered in Ontario and holds 18 production plants.

Foodservice & Traditional Channels Are To Take The Growth Baton

Bimbo's sales channels are: i) Traditional ("Mom & Pops"); ii) Modern (supermarkets and convenience stores); iii) Foodservice and Quick Service Restaurants, including wholesale, vending machines, and other retail locations.

Bimbo highlights that in mature markets, supermarkets account for most of the sales. On the other hand, emerging markets, such as South America, North Asia and Eastern Europe, rely more on traditional channels. Bimbo mentions that the distribution network is becoming wider with recent advances in bakery products' durability and the possibility of being delivered over longer distances.

The Global Foodservice and Quick Service Restaurant Channels.

According to IBISWorld, the foodservice and QSR industry revenue will grow at an average annual rate of 2.4% to USD\$965 Bn over the next five years through 2024. Burgers account for 34.3% market share, sandwiches with 11.3%, chicken with 10.5%, and pizza and pasta with 8.8%.

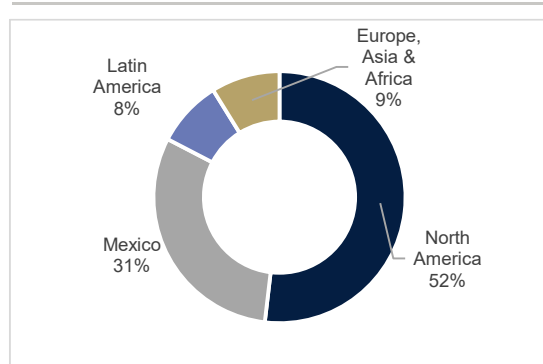
The Snacks Industry. The segment considers confectionery, salad snacks and candy. According to GlobalData, snacks have global sales of US\$128 Bn. With urbanization and longer working hours, consumers eat snacks for convenience, increasingly replacing meals.

Bimbo's Bakeries & Plants, YE 2020

Total	203
America (Western H.)	148
North America	78
United States	60
Canada	18
Mexico	38
Latam	17
Brazil	6
Argentina	5
Others	6
Central America	15
Colombia	7
Ecuador	2
Venezuela	1
Guatemala	1
Others	4
Europe, Asia & Africa	55
Europe	25
Spain	11
United Kingdom	3
France	3
Portugal	2
Italy	2
Others	4
Asia	24
India	12
China	10
Others	2
Africa	6
Morocco	4
South Africa	2

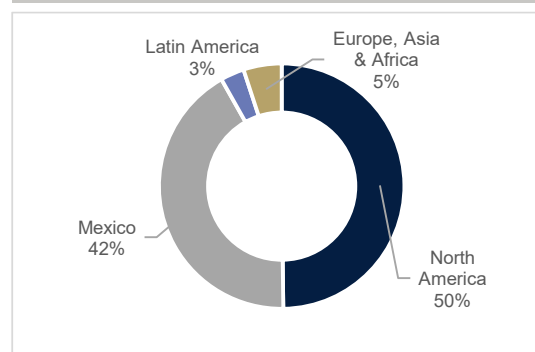
Source: Company Data.

Revenue Breakdown | Exhibit 5
Grupo BIMBO. 2020



Source: Company Data.

EBITDA Breakdown | Exhibit 6
Grupo BIMBO. 2020



Source: Company Data.

V) What Has Changed?

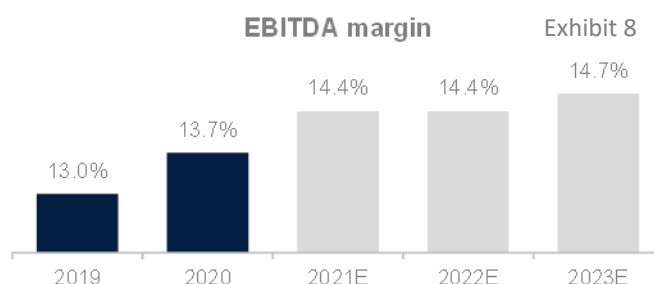
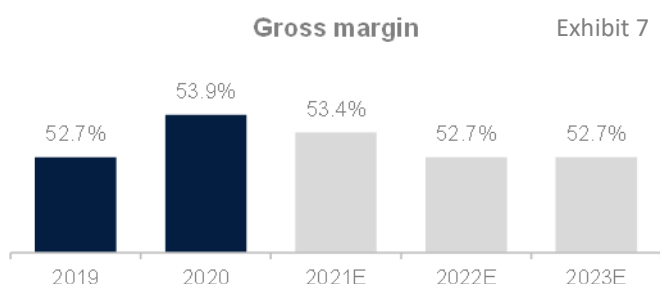
KEY CHANGES TO OUR PROFIT FORECAST

Now we expect stronger growth in revenues, thicker EBITDA margins and lower financial leverage. For the full year 2021, we estimate BIMBO sales to grow 1% in 2021E. While we expect North America's segment to reflect similar revenues to the previous year during the second half of 2021, Mexico, Latam & EEA sales should deliver double-digit growth figures in local currency. For 2022, we estimate a 5% increase, supported by a 1.5% growth in North America, 5.3% in Mexico, 6.0% in LatAm and 4.5% in EAA. The revenue growth should reflect recovery in the foodservice, traditional and snacks sales channels.

On the other hand, BIMBO's profit margins exceeded our expectations during the first half of 2021. For the next quarters, while we expect cost increases to pressure BIMBO's gross margins, the effect should be offset by further efficiency improvements and stronger operating leverage.

GRUPO BIMBO

	2020 A			2021 E			2022 E			2023 E
	Estimate	Actual	Δ	Old	New		Old	New		New
Revenues	328,491	331,051	0.8%	320,529	333,806	4.1%	339,131	348,841	2.9%	367,204
y-o-y growth	12.5%	13.4%		-2.4%	0.8%		5.8%	4.5%		5.3%
EBITDA	43,339	45,193	4.3%	42,991	48,026	11.7%	46,184	50,174	8.6%	53,958
y-o-y growth	14.4%	19.3%		-0.8%	6.3%		7.4%	4.5%		7.5%
% of revenues	13.2%	13.7%		13.4%	14.4%		13.6%	14.4%		14.7%
Net Income	7,703	9,110	18.3%	7,979	13,419	68.2%	10,950	12,783	16.7%	13,793
y-o-y growth	21.9%	27.1%		3.6%	47.3%		37.2%	-4.7%		7.9%
EPS	1.65	1.96		1.76	2.97	68.6%	2.42	2.83	17.0%	3.05
y-o-y growth	22.8%	45.9%		6.7%	51.6%		37.5%	-3.9%		8.4%
Net Debt/EBITDA	2.58	2.32x		2.49	2.22x		2.28	2.05x		1.93x



VI. Growing Profits Despite High Comparisons

FINANCIAL ANALYSIS

BIMBO sales to grow 1% in 2021 and by 5% in 2022

During 2020, revenues increased 13.4% in peso sales as BIMBO enjoyed currency tailwinds. The 2.0% increase in dollar sales, primarily reflects favorable price mixes and strong volume performance across all regions. BIMBO's peso sales increased 6.6% YoY in the first quarter of 2021 but declined 2.9% (+6.6% YoY on a currency-neutral basis) in Q2 2021. The strong growth reflected good volume performance, especially in North America, Latin America and EAA. We highlight the sharp increase in the second quarter despite difficult comparisons due to prior year's peak in panic-buying.

Grupo Bimbo | Exhibit 9

ΔYoY	2020 A	Q2 A	Q3 E	Q4 E	2021 E	2022 E
MX\$	13.4%	-2.9%	-1.6%	2.0%	0.8%	4.5%
US\$	2.0%	12.2%	9.7%	4.7%	7.5%	3.5%
Currency neutral		6.6%				

Source: Company Data, Actinver Estimates

For the full year 2021, we estimate BIMBO sales to grow 1% in 2021 E. While we expect North America's segment to reflect similar revenues to the previous year during the second half of 2021, Mexico, Latam & EEA sales should deliver double-digit growth figures in local currency.

For 2022, we estimate a 5% increase, supported by a 1.5% growth in North America, 5.3% in Mexico, 6.0% in LatAm and 4.5% in EAA. The revenue growth should reflect recovery in the foodservice, traditional and snacks sales channels.

14.4% EBITDA margin in 2021 and proving resilient during 2022

During 2020, BIMBO's operating income grew 24.4% and the margin expanded 70 basis points, reflecting the strong sales performance, lower cost of sales and lower general, restructuring and integration expenses. This was partially offset by a non-cash charge related to the adjustment of the MEPPs liability applied during the year. Adjusted EBITDA, which includes the effect of the implementation of IFRS16 for both periods, increased 19.3% and the margin expanded 70 basis points on the back of the strong operating performance primarily in North America, EAA and Latin America.

For the next quarters, while we expect cost increases to pressure BIMBO's gross margins, the effect should be offset by further efficiency improvements and stronger operating leverage.

Macro assumptions Exhibit 10

Central Scenario	2021 E	2022 E
GDP Mexico	6.2%	3.1%
GDP USA	6.3%	4.2%
MX/US (EoP)	20.15	20.70
Mexico's inflation	6.3%	3.5%
Mexico's policy rate	5.0%	5.75%

VI.1) North America's sales to grow 1.5% in 2022E

During 2020, net sales in North America climbed +22.5% ~+9.8% in dollar sales primarily driven by continued branded growth across all key categories, as well as throughout the retail channel, which more than offset the weak results in the foodservice and convenience channels due to the pandemic.

Despite the high comparison base, during the Q2 2021 the North American segment managed to grow by 0.9% in dollar sales because the branded business kept showing strong performance. Bimbo Bakeries USA (BBU) reflected market share gains across multiple categories. In addition, the foodservice channel showed recovery.

For the next quarters, we expect flat revenues in dollar terms. While branded business will reflect difficult comparisons, the effect should be fully offset by the recovery in the foodservice channel and further gains in market share.

For the next quarters, while branded business will reflect difficult comparisons, the effect should be fully offset by the foodservice channel's recovery and further gains in market share.

North America | Exhibit 11

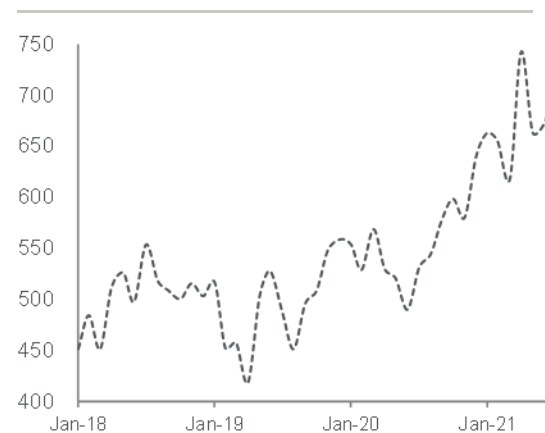
ΔYoY	2020 A	Q2 2021 A	Q3 2021 E	Q4 2021 E	2021 E	2022 E
US\$	9.8%	0.9%	flat	flat	1.1%	1.5%
MX\$	22.5%	-13.5%	-10.3%	-2.6%	-5.5%	2.6%

Source: Company Data, Actinver Estimates

North America's gross margin expanded 260bps in 2020. In the first quarter of 2021 the improvement decelerated to 146bp but the segment's gross margin shrank 64bps in the second quarter. While wheat prices climbed 12.4% on average for the 2020, we believe BIMBO made the most of the lower prices registered in 2019 (e. xx) to hedge its exposure to wheat during 2020. However, as grain prices continued to grow in 2020, the rollover effect is starting to erode gross margins.

Considering YTD average monthly prices at US\$ 673.8 p/bu. The average increase is approaching 21.3%. However, the cost pressures should be partially offset by the Mexican peso depreciation — the average increase in peso terms is 14.2%. Moreover, as we believe branded products have limited space to grow, the product mix should face some headwinds; hence, we expect North America's gross margin to shrink 60 bps in the full year 2021 and 70 bps in 2022.

Wheat Prices | Exhibit 12
Chicago SRW Wheat Futures. US\$/bu.



Source: Chicago Board Of Trade.

NA's EBITDA to rose 6% in 2022E (after -2% in 2021E)

North America's EBITDA for 2020 climbed 40%. On top of gross profits growing by 28%YoY, despite certain COVID-19 related expenses, productivity savings helped the segment to control SG&A expenses, growing 24%, less than gross profits.

NA's peso EBITDA climbed 32% YoY in the first quarter of 2021 but declined 11% in Q2 2021. The double-digit decline in the second quarter follows the 15% decrease in gross profits that was partially offset by productivity savings, distribution efficiencies, cost-cutting projects, and fewer expenses related to the pandemic

As we expect declines in gross profits over the next quarters, we believe that further productivity gains and fewer COVID-19 related expenses shouldn't be enough to prevent EBITDA from falling 2.1% in the full year 2021 E but should support a 6% increase in 2022 E.

North America	2019	2020	2021 E	2022 E	2023 E
Net Sales MX\$ M	144,005	176,395	166,704	171,043	178,124
y-o-y growth	0.0%	22.5%	-5.5%	2.6%	4.1%
	USD	USD	USD	USD	USD
Net Sales USD M	7,429	8,158	8,246	8,371	8,516
y-o-y growth	-0.6%	9.82%	1.1%	1.5%	1.7%
Cost of Goods Sold	67,110	77,626	74,354	77,484	80,377
y-o-y growth	0.0%	15.7%	-4.2%	4.2%	3.6%
% of revenues	46.6%	44.0%	44.6%	45.3%	45.1%
GROSS PROFIT	76,895	98,769	92,349	93,558	97,747
y-o-y growth	0.06%	28.4%	-6.5%	1.3%	4.5%
Gross Margin	53.40%	55.99%	55.4%	54.7%	54.9%
SG&A Expenses	70,802	87,574	76,919	78,119	80,458
y-o-y growth		23.7%	-12.2%	1.6%	3.0%
% of revenues	49.17%	49.65%	46.43%	45.67%	45.17%
Operating Income	6,093	11,195	15,430	15,439	17,289
y-o-y growth		83.7%	37.8%	0.1%	12.0%
Operating Margin	4.2%	6.35%	9.26%	9.03%	9.71%
Deprec, Am & Others	10,123	11,499	6,792	8,004	8,333
y-o-y growth		13.6%	-40.9%	17.8%	4.1%
% of revenues	7.03%	6.52%	4.07%	4.68%	4.68%
% of SG&A exp	14.3%	13.1%	8.83%	10.25%	10.36%
EBITDA	16,216	22,694	22,222	23,443	25,622
y-o-y growth		39.9%	-2.1%	5.5%	9.3%
EBITDA Margin	11.26%	12.87%	13.33%	13.71%	14.38%

Exhibit 13

North America | EBITDA margin

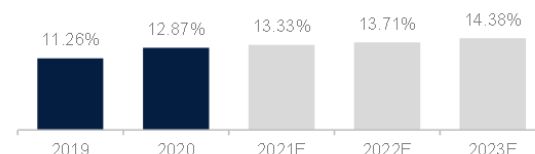


Exhibit 14

Mexico | EBITDA margin

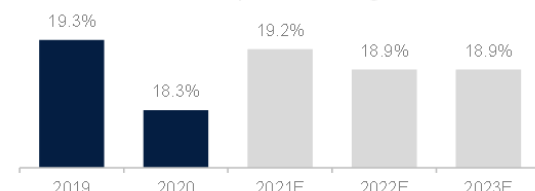


Exhibit 15

LatAm | EBITDA margin

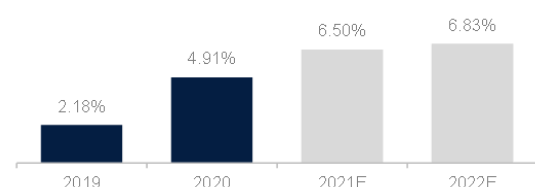
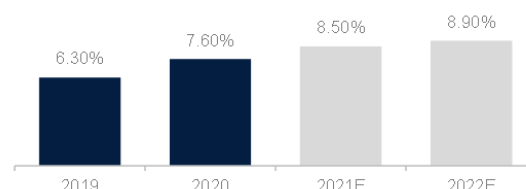


Exhibit 16

EAA | EBITDA margin



VI.2) Mexico sales +9% in 2021E and +5% in 2022E

During 2020, net sales in Mexico increased 1.9%, mainly due to an improved price mix; the traditional and retail channels outperformed, as did the snack cakes and cookies categories. Volumes were pressured by the pandemic, especially across the wholesale, convenience, and foodservice channels.

During Q2 2021, the Mexico segment's sales climbed by 14.7%, as volumes enjoyed easier comparisons, but the segment also achieved better product mixes and price increases. While the traditional channel reflected solid growth, the convenience and vending channels recovered, boosting revenues.

For the next quarters, we expect double-digit growth in revenues due to easy comparisons in volumes and supported by further recoveries in wholesale, convenience and foodservice channels.

Mexico's gross margin shrunk 103bps in 2020, by –115bps in the first quarter of 2021 and –11bps in the second quarter. We highlight that average wheat prices rose 12.4% in dollar terms but climbed 21.1% in pesos. On the other hand, as we have mentioned earlier, the average wheat prices have grown 21.3% YTD in dollars but 14.2% in pesos.

We expect Mexico's gross margin to shrink by 39 bps in the full year 2021 and 43 bps in 2022, mainly explained by the higher grain prices and a slight depreciation in the Mexican peso.

On top of the 8.1% growth that we expect for Mexico's gross profit in 2021, we estimate an increase of 14% in EBITDA due to further productivity benefits across the distribution network.

Mexico	2019	2020	2021 E	2022 E	2023 E
Net Sales MX\$ M	102,688	104,592	113,925	120,012	126,024
y-o-y growth	2.47%	1.85%	8.92%	5.34%	5.01%
Cost of Goods Sold	45,407	47,327	51,995	55,295	57,589
y-o-y growth	3.31%	4.23%	9.9%	6.3%	4.1%
% of revenues	44.2%	45.2%	45.6%	46.1%	45.7%
GROSS PROFIT	57,281	57,265	61,930	64,717	68,434
y-o-y growth	1.81%	-0.03%	8.1%	4.5%	5.7%
Gross Margin	55.8%	54.8%	54.4%	53.9%	54.3%
SG&A Expenses	41,314	42,289	44,646	46,705	49,340
y-o-y growth		2.36%	5.6%	4.6%	5.6%
% of revenues	40.2%	40.4%	39.2%	38.9%	39.2%
Operating Income	15,967	14,976	17,283	18,012	19,094
y-o-y growth		-6.21%	15.4%	4.2%	6.0%
Margin	15.5%	14.3%	15.2%	15.0%	15.2%
Deprec + Amort	3,872	4,189	4,583	4,683	4,734
y-o-y growth		8.19%	9.4%	2.2%	1.1%
% of revenues	3.8%	4.0%	4.0%	3.9%	3.8%
% of SG&A exp	9.4%	9.9%	10.3%	10.0%	9.6%
EBITDA	19,839	19,165	21,866	22,695	23,828
y-o-y growth		-3.4%	14.1%	3.8%	5.0%
Margin	19.32%	18.32%	19.19%	18.9%	18.9%

We expect double-digit growth in revenues for the next quarters, due to easy comparisons in volumes and supported by further recoveries in wholesale, convenience and foodservice channels.

Mexico | Exhibit 17

ΔYoY	2020 A	Q2 A	Q3 E	Q4 E	2021 E	2022 E
MX\$	1.9%	14.7%	10.5%	9.5%	8.9%	5.3%

Source: Company Data, Actinver Estimates

VI.3) Latin America +16.0% in 2021 and +1.3% in 2022

During 2020, net sales in Latin America grew by +7.1% (+24% in reais sales). Every region posted sales growth in local currencies, especially Brazil, the Latin Centro division and the retail channel, despite the soft performance in Argentina.

In Q2 2021, revenues in LatAm climbed by 12.7%YoY in reais sales due to strong volumes and higher prices. Chile, Peru and Brazil reflected strong sales, partially offsetting the social unrest in Colombia and a fire incident in an Argentinian plant.

We expect strong volumes and higher prices to continue over the coming quarters in local currencies.

Latin America | Exhibit 18

ΔYoY	2020 A	Q2 2021 A	Q3 2021 E	Q4 2021 E	2021 E	2022 E
Local \$	24.1%	12.7%	13.0%	11.0%	16.0%	6.0%
MX\$	7.1%	-1.7%	5.0%	4.6%	3.9%	8.1%

Source: Company Data, Actinver Estimates

Latin America	2019	2020	2021 E	2022 E	2023 E
Net Sales	27,144	29,081	30,224	32,723	36,096
y-o-y growth	-4.2%	7.1%	3.9%	8.3%	10.3%
Local Currency					
y-o-y growth	2.1%	24.3%	16.8%	6.0%	6.0%
Cost of Goods Sold	15,121	15,991	16,708	18,096	19,959
y-o-y growth	-0.2%	5.8%	4.5%	8.3%	10.3%
% of revenues	55.71%	54.99%	55.28%	55.30%	55.29%
GROSS PROFIT	12,023	13,090	13,516	14,627	16,137
y-o-y growth	-6.8%	8.9%	3.3%	8.2%	10.3%
Gross Margin	44.29%	45.01%	44.72%	44.70%	44.71%
SG&A Expenses	13,360	13,492	13,470	14,407	15,890
y-o-y growth	-0.4%	1.0%	-0.2%	7.0%	10.3%
% of revenues	49.22%	46.39%	44.57%	44.03%	44.02%
Operating Income	(1,337)	(402)	46	220	246
y-o-y growth	155.6%	-68.1%	n.s.	382.8%	11.7%
Margin	-4.93%	-1.38%	0.15%	0.67%	0.68%
Deprec + Amort	1,929	1,830	1,920	2,016	2,117
y-o-y growth	57.3%	-5.1%	4.9%	5.0%	5.0%
% of revenues	7.11%	6.29%	6.35%	6.16%	5.86%
% of SG&A expenses	14.44%	13.56%	14.25%	13.99%	13.32%
EBITDA	592	1,428	1,965	2,236	2,363
y-o-y growth	-15.8%	141.2%	37.6%	13.8%	5.7%
Margin	2.18%	4.91%	6.50%	6.83%	6.55%

VI.4) EAA +17% in 2021E, +3% in 2022E

During 2020, net sales in EAA rose 12.7% (flat in euro sales), mainly driven by strong results in Iberia and the UK, but offset by the weak results in the QSR business related to the pandemic.

In Q2 2021, revenues in the region climbed by 26%YoY in euro sales reflecting the acquisitions of the Medina and Paterna plants, but also organic growth in the UK, as well as a recovery of the QSR channel across the region.

EAA | Exhibit 19

ΔYoY	2020 A	Q2 2021 A	Q3 2021 E	Q4 2021 E	2021 E	2022 E
€	flat	25.7%	15.0%	14.0%	18.1%	4.5%
MX\$	12.7%	13.2%	5.8%	8.3%	11.2%	6.1%

Source: Company Data, Actinver Estimates

Europe, Asia & Africa (EAA)	2019	2020	2021 E	2022 E	2023 E
Net Sales	26,654	30,030	33,412	35,483	37,927
y-o-y growth	3.3%	12.7%	11.3%	6.2%	6.9%
Net Sales EUR M	EUR 1,179	EUR 1,179	EUR 1,392	EUR 1,454	EUR 1,511
y-o-y growth	0.3%	0.0%	18.1%	4.5%	3.9%
Cost of Goods Sold	16,975	19,096	21,627	23,086	24,715
y-o-y growth	3.7%	12.5%	13.3%	6.7%	7.1%
% of revenues	63.7%	63.6%	64.7%	65.1%	65.2%
GROSS PROFIT	9,679	10,934	11,785	12,397	13,212
y-o-y growth	2.6%	13.0%	7.8%	5.2%	6.6%
Gross Margin	36.3%	36.4%	35.3%	34.9%	34.8%
SG&A Expenses	9,543	10,766	11,211	11,547	12,153
y-o-y growth	-12.6%	12.8%	4.1%	3.0%	5.2%
% of revenues	35.8%	35.9%	33.6%	32.5%	32.0%
Operating Income	136	168	574	850	1,059
y-o-y growth	-109.2%	23.5%	241.6%	48.1%	24.6%
Margin	0.5%	0.6%	1.7%	2.4%	2.8%
Deprec + Amort	1,532	2,127	2,262	2,325	2,395
y-o-y growth	-3.9%	38.8%	6.3%	2.8%	3.0%
% of revenues	5.75%	7.08%	6.8%	6.6%	6.3%
% of SG&A exp	16.1%	19.8%	20.2%	20.1%	19.7%
EBITDA	1,668	2,295	2,836	3,175	3,454
y-o-y growth	1363.2%	37.6%	23.6%	12%	8.8%
Margin	6.3%	7.6%	8.5%	8.9%	9.1%

VII. Earning Estimates

Income Statement

Grupo Bimbo	2019	2020	2021 E	2022 E	2023 E
Net Sales	291,925	331,051	333,806	348,841	367,204
y-o-y growth	1.1%	13.4%	0.83%	4.50%	5.26%
Cost of Goods Sold	138,182	152,608	155,717	165,004	173,691
y-o-y growth	2.12%	10.44%	2.04%	5.96%	5.26%
% of revenues	47.3%	46.1%	46.6%	47.3%	47.3%
GROSS PROFIT	153,743	178,443	178,089	183,837	193,513
y-o-y growth	0.2%	16.1%	-0.2%	3.2%	5.3%
Gross Margin	52.7%	53.9%	53.4%	52.7%	52.7%
SG&A Expenses	133,324	153,035	146,357	153,322	161,181
y-o-y growth	-1.1%	14.8%	-4.4%	4.8%	5.1%
% of revenues	45.7%	46.2%	43.8%	44.0%	43.9%
Operating Income	20,419	25,408	31,732	30,515	32,332
y-o-y growth	10.3%	24.4%	24.9%	-3.8%	6.0%
Margin	7.0%	7.7%	9.5%	8.7%	8.8%
Deprec, Amort, Imp & Others	17,453	19,785	16,294	19,660	21,626
y-o-y growth	32.4%	13.4%	-17.6%	20.7%	10.0%
% of revenues	6.0%	6.0%	4.9%	5.6%	5.9%
EBITDA	37,872	45,193	48,026	50,174	53,958
y-o-y growth		19.3%	6.27%	4.47%	7.54%
Margin	13.0%	13.7%	14.4%	14.4%	14.7%
Comprehensive Financ Result	8,559	8,859	8,448	8,943	9,034
Results form JVs	249	194	214	280	280
Profit Before Taxes	12,109	16,743	23,498	21,852	23,578
Taxes	4,733	6,193	8,800	7,648	8,252
tax rate	39.1%	37.0%	37.5%	35.0%	35.0%
Consolidated Profits	7,377	10,550	14,698	14,204	15,326
Minority Participation	1,057	1,440	1,279	1,420	1,533
Net Profit (controlling)	6,320	9,110	13,419	12,783	13,793
Margin	2.2%	2.8%	4.0%	3.7%	3.8%
y-o-y growth	7.3%	27.1%	46.1%	-8.8%	2.5%
EPS	1.34	1.96	2.97	2.83	3.05
y-o-y growth	8.5%	45.9%	51.4%	-4.6%	7.9%
Shares outstanding (EoP)	4,703	4,534	4,516	4,516	4,516
average	4,703	4,682	4,523	4,516	4,516

Balance Sheet & Leverage Figures

Grupo Bimbo	2019	2020	2021 E	2022 E	2023 E
Total Assets	279,081	307,650	313,028	325,310	335,157
Current Assets	44,197	50,602	52,221	56,489	57,887
Cash & Equivalents	6,251	9,268	11,987	13,583	13,816
Quick Ratio	0.594x	0.597x	0.50x	0.50x	0.51x
Receivables	26,198	27,487	24,153	25,106	26,461
average	22,580	24,276	25,150	24,849	26,157
Inventories	9,819	10,893	12,370	14,089	13,900
average	9,337	11,222	12,024	12,515	13,157
Long Term Assets	234,884	257,048	260,807	268,821	277,270
Property, Plant & Equipment	84,341	91,248	92,703	99,176	105,834
average	86,860	93,290	93,043	95,939	102,505
Intangible Assets	118,600	127,419	129,020	129,020	129,020
average	118,322	132,253	129,559	129,020	129,020
Right of Use Assets LT	25,550	29,163	30,495	32,036	33,827
Total Liabilities	200,770	219,640	223,336	224,404	225,999
Current Liabilities	54,620	61,593	72,280	77,378	78,973
Suppliers	24,169	28,013	28,038	33,136	34,731
average	21,097	25,873	27,563	29,234	30,185
Consolidated Equity	78,311	88,011	89,692	100,906	109,158
Controlling Interest Including Perp B	73,737	83,713	85,443	96,129	103,987
Net Income, cumulative	6,320	9,110	13,419	12,783	13,793
Perpetual subordinated (5.95%)	8,931	8,995	8,902	8,902	8,902
Contr Int excl Perpetual B	64,806	74,718	76,541	87,227	95,085
Minority Equity	4,575	4,298	4,249	4,778	5,171
Liabilities + Equity	279,081	307,651	313,028	325,310	335,157
Gross Debt (excl. Lease Liabilities)	86,672	85,229	88,462	84,432	84,432
Lease Liabilities	25,340	29,089	30,343	31,876	33,658
Gross Debt + Lease Liabilities	112,012	114,318	118,805	116,308	118,090
Net Debt	105,761	105,050	106,818	102,725	104,275
EBITDA, LTM	37,872	45,193	48,026	50,174	53,958
Net Debt/EBITDA	2.79	2.32	2.22	2.05	1.93
DPS	0.45	0.50	1.00	1.03	1.41

Quarterly Results

BIMBO, MX\$ M	2Q21	2Q20	Δ YoY	1Q21	Δ QoQ
Net revenues	\$ 83,789	\$ 86,308	-2.9%	\$79,136	5.9%
Cost of goods sold	\$ 38,760	\$ 39,371	-1.6%	\$36,591	5.9%
% of revenues	46.3%	45.6%	0.64p	46.2%	
Gross profit	\$ 45,029	\$ 46,937	-4.1%	\$ 42,545	5.8%
% of revenues	53.7%	54.4%	-0.64p	53.8%	
Operating expenses	\$ 37,972	\$ 40,049	-5.2%	\$ 33,753	12.5%
% of revenues	45.3%	46.4%	-1.08p	42.7%	
Operating income	\$ 7,058	\$ 6,888	2.5%	\$ 8,792	-19.7%
% of revenues	8.4%	8.0%	0.44p	11.1%	
Net Income	\$ 3,065	\$2,584	18.6%	\$ 4,075	-24.8%
% of revenues	3.7%	3.0%	0.66p	5.1%	
EPS	\$ 0.68	\$ 0.55	23.0%	\$ 0.90	-24.8%
EBITDA	\$ 12,056	\$ 11,384	5.9%	\$ 10,653	13.2%
% of revenues	14.4%	13.2%	1.20p	13.5%	
CAPEX	-\$4,769	-\$2,872	66.1%	-\$ 2,786	71.2%
% of revenues	-5.7%	-3.3%	-2.36p	-3.5%	

	6M21 E	6M20	Δ YoY
Net revenues	\$ 162,925	\$ 160,478	1.5%
Cost of goods sold	\$ 75,351	\$ 73,774	2.1%
% of revenues	46.2%	46.0%	0.28p
Gross profit	\$ 87,574	\$ 86,699	1.0%
% of revenues	53.8%	54.0%	-0.28p
Operating expenses	\$ 71,72	\$ 77.753	-7.8%
% of revenues	44.0%	48.5%	-4.43p
Operating income	\$ 15,850	\$ 8,946	77.2%
% of revenues	9.7%	5.6%	4.15p
Net Income	\$ 7,140	\$ 2,641	170.4%
% of revenues	4.4%	1.6%	2.74p
EPS	\$ 1.5749	\$ 0.5616	180.9%
EBITDA	\$ 22,709	\$ 20,307	11.8%
% of revenues	13.9%	12.7%	1.28p

Quarterly Estimates

BIMBO, MX\$ M	3Q21 E	3Q20	Δ YoY	2Q21	Δ QoQ
Net revenues	\$ 84,440	\$ 85,800	-1.6%	\$ 83,789	0.8%
Cost of goods sold	\$39,629	\$ 39,609	0.1%	\$38,760	2.2%
% of revenues	46.9%	46.2%	0.77p	46.3%	
Gross profit	\$44,811	\$ 46,191	-3.0%	\$45,029	-0.5%
% of revenues	53.1%	53.8%	-0.77p	53.7%	
Operating expenses	\$36,549	\$ 38,246	-4.4%	\$ 37,972	-3.7%
% of revenues	43.3%	44.6%	-1.29p	45.3%	
Operating income	\$ 8,262	\$7,945	4.0%	\$7,058	17.1%
% of revenues	9.8%	9.3%	0.52p	8.4%	
Net Income	\$ 3,325	\$3,579	-7.1%	\$ 3,065	8.5%
% of revenues	3.9%	4.2%	-0.23p	3.7%	
EPS	\$0.74	\$ 0.76	-3.3%	\$ 0.68	8.5%
EBITDA	\$12,927	\$12,110	4.0%	\$12,056	7.2%
% of revenues	15.3%	14.1%	0.15p	14.4%	
CAPEX	-\$ 4,644	-\$ 2,702	71.9%	-\$ 4,769	-2.6%
% of revenues	-5.5%	-3.1%	-2.35p	-5.7%	

	9M21 E	9M20	Δ YoY
Net revenues	\$ 247,365	\$ 246,273	0.4%
Cost of goods sold	\$ 114,980	\$ 113,383	1.4%
% of revenues	46.5%	46.0%	0.44p
Gross profit	\$ 132,385	\$ 132,890	-0.4%
% of revenues	53.5%	54.0%	-0.44p
Operating expenses	\$ 117,066	\$ 118,057	-0.8%
% of revenues	47.3%	47.9%	-0.61p
Operating income	\$ 24,111	\$ 16,891	42.7%
% of revenues	9.7%	6.9%	2.89p
Net Income	\$ 10,465	\$ 6,220	68.3%
% of revenues	4.2%	2.5%	1.71p
EPS	\$ 2.3138	\$ 1.3225	75.0%
EBITDA	\$ 35,632	\$ 32,417	9.9%
% of revenues	14.4%	13.2%	1.24p

Quarterly Estimates (2)

BIMBO, MX\$ M	4Q21 E	4Q20	Δ YoY	3Q21	Δ QoQ
Net revenues	\$ 86,441	\$ 84,778	2.0%	\$ 84,440	2.4%
Cost of goods sold	\$ 40,737	\$39,225	3.9%	\$ 39,629	2.8%
% of revenues	47.1%	46.3%	0.86p	46.9%	
Gross profit	\$ 45,704	\$ 45,553	0.3%	\$ 44,811	2.0%
% of revenues	52.9%	53.7%	-0.86p	53.1%	
Operating expenses	\$ 38,083	37,036	2.8%	\$ 37,754	4.2%
% of revenues	44.1%	43.7%	0.37p	44.7%	
Operating income	\$7,621	\$8,517	-10.5%	\$ 8,262	-7.8%
% of revenues	8.8%	10.0%	-1.23p	9.8%	
Net Income	\$ 2,973	\$ 2,890	2.9%	\$ 3,325	-10.6%
% of revenues	3.4%	3.4%	0.03p	3.9%	
EPS	\$ 0.66	\$ 0.64	3.3%	\$ 074	-10.6%
EBITDA	\$ 12,391	\$ 12,776	-5.5%	\$ 12,927	-4.1%
% of revenues	14.0%	15.1%	-1.10p	15.3%	
CAPEX	-\$ 5,619	-\$5,271	6.6%	-\$4,644	21.0%
% of revenues	-6.5%	-6.2%	-0.28p	-5.5%	

	12M21 E	12M20	Δ YoY
Net revenues	\$ 333,806	\$ 331,051	0.8%
Cost of goods sold	\$ 155,717	\$ 152,608	2.0%
% of revenues	46.6%	46.1%	0.55p
Gross profit	\$ 178,089	\$ 178,443	-0.2%
% of revenues	53.4%	53.9%	-0.55p
Operating expenses	\$ 146,357	\$ 153,035	106.2%
% of revenues	89.8%	95.4%	-5.53p
Operating income	\$ 31,732	\$ 25,408	24.9%
% of revenues	9.5%	7.7%	1.83p
Net Income	\$ 13,438	\$ 9,110	47.5%
% of revenues	4.0%	2.8%	1.27p
EPS	\$ 2.97	\$ 1.96	51.6%
EBITDA	\$ 48,026	\$ 45,193	4.8%
% of revenues	14.4%	13.7%	0.54p