



## Industrias Bachoco Announces First Quarter 2011 Results

**Celaya, Gto., Mexico, - April 28, 2011 - Industrias Bachoco S.A.B. de C.V.** ("Bachoco" or "the Company") (NYSE: IBA; BMV: Bachoco), Mexico's leading producer and processor of poultry products, announced today its unaudited results for the first quarter of 2011, ended on March 31<sup>st</sup>, 2011. All figures have been prepared in accordance with Mexican GAAP. Following Mexican Accounting Principles, all data is presented in nominal Mexican pesos.

### Highlights:

- Total sales for the first quarter of 2011 rose 1.9% from the previous year
- Chicken sales rose 3.6% during 2011 compared with the same 2010's quarter
- EBITDA margin was 6.0% for 1Q11, compared to an EBITDA margin of 8.6% recorded in the same quarter of 2010
- Earnings per share in 1Q11 totaled Ps. 0.26 (USD\$ 0.26 per ADS), compared to Ps. 0.46 (USD\$0.46 per ADS) in the same period of 2010

### CEO's Comments:

Rodolfo Ramos, Bachoco's CEO, stated, "The first quarter of 2011 was difficult for our Company. Our main challenge was to mitigate the negative impact caused by high prices of corn and soybean meal during this period, resulting in higher cost of sales.

"Our chicken business line was affected by a slightly lower demand due mainly to seasonal factors; despite this circumstance, we recorded increases in sales when compared to the previous quarter.

"The margins for our eggs business line were affected due to a negative streak of oversupply, impacting volume, sales and prices for these products.

"Our balanced feed products, on the other hand, benefited from stable market conditions; we were able to achieve double-digit increases in both sales and volume sold. The swine business line was also very stable and was supported by a good balance between demand and supply.

"As a result of our successful hedging strategies, strong control of operating expenses, and the optimization of our products mix, we were able to soften the impact of having adverse conditions during this first quarter and keep achieving positive results.

"On a final note, the Company's Market Maker began its operations in January of this year, and as a result we have seen an increase in the liquidity of our shares trading in the Mexican Exchange. We are confident that this contract will contribute to a better performance of our shares in addition to the Company's strategy to reach its goals for 2011."

## FIRST QUARTER 2011 RESULTS

### Net Sales

Net sales during the first quarter amounted to Ps. 6,042.3 million, 1.9% above the Ps. 5,931.2 million reported in the same 2010 quarter. Market conditions were stable for chicken and swine business lines, while conditions improved for balanced feed line. However, results were partially offset by a large decrease in eggs products sales.

Net sales by business lines	1Q-2010 (%)	1Q-2011 (%)
Chicken	79.8	81.1
Eggs	10.1	8.1
Balanced feed	5.5	7.0
Swine	1.2	1.2
Other lines	3.4	2.5
Total Sales	100.0%	100.0%

### Operating Results

Bachoco's gross profit for 1Q11 was Ps. 863.3 million, with a margin of 14.3%, below the Ps. 1,019.9 million and 17.2% margin reported in the same 2010 quarter. This result is attributed to a 5.5% increase in our cost of sales.

Bachoco's operating profit totaled Ps. 186.0 million, less than the operating profit of Ps. 342.0 million recorded in the first quarter of 2010. The operating margin for 1Q11 was 3.1%, compared to an operating margin of 5.8% in 1Q10.

EBITDA for the 1Q11 amounted to Ps. 362.5 million, with a 6.0% margin, below the Ps. 511.9 million and 8.6% margin reported in the same 2010 period.

### Comprehensive Financial Result

During the first quarter of 2011, we recorded a financial income of Ps. 29.3 million, compared with a comprehensive financial cost of Ps. 2.9 million recorded in the same quarter of 2010. The result is mainly attributed to gains in interest income.

### Taxes

Total taxes for the first quarter of 2011 were Ps. 31.0 million.

### Net Majority Income

Net majority income for the first quarter of 2011 totaled PS. 154.0 million, or Ps. 0.26 per share (US\$0.26 per ADS), compared to a net majority income of Ps. 274.9 million, or Ps. 0.46 per share (US\$0.46 per ADS) reported in the same 2010 period.

### Balance Sheet

Total cash and cash equivalents amounted to Ps. 4,465.7 million as of March 31, 2011, compared to Ps. 2,851.9 million at the end of the first quarter of 2010. The total debt outstanding for the same period was Ps. 609.9 million compared to Ps. 863.4 million as of March 31, 2010.

**Capital Expenditures**

The CAPEX of first quarter 2011 amounted to Ps. 75.5 million, and was entirely financed with internally generated resources.

**FIRST QUARTER RESULTS BY BUSINESS LINES**

**Chicken**

Sales of chicken products for the 1Q11 increased 3.6%, compared to the same 2010 quarter. The balance between supply and demand was stable, with a slight slowdown trend by the middle of the quarter.

**Eggs**

Sales of table eggs products decreased by 18.2% during this period of 2011, as egg prices decreased 9.9% and volume fell by 9.2%. These figures are a reflection of a large oversupply period observed within the industry.

**Balanced Feed**

Our balanced feed sales had an improvement from the same quarter of 2010. Sales increased 29.7% as a result of 5.9% increase in prices and a 22.5% increase in volume sold. Market conditions for these products were favorable during this period. Despite the positive performance observed, this business line was also largely affected by increases in corn and soybean meal prices.

**Swine**

This business line was stable during the first quarter. Sales rose 6.4%, as swine prices increased 4.6% and volume sold rose 1.7% in the period.

**Other Lines**

Sales of other lines recorded a decrease, 24.4% lower when compared with the same quarter of 2010, as sales of by-products declined.

**Exhibits:**

- A.- Consolidated Balance Sheets
- B.- Consolidated Statement of Income
- C.- Consolidated Statement Cash Flow
- D.- Derivatives Position Report

A. - Consolidated Balance Sheet

**Industrias Bachoco, S.A.B. de C.V.**  
**Condensed Consolidated Balance Sheets**

	U.S.D. 2011 <sup>(1)</sup>	Mexican Pesos	
		2011 <sup>(2)</sup> As of March 31,	2010 <sup>(2)</sup> As of March 31,
<b>ASSETS</b>			
Cash and cash equivalents	\$ 376	Ps 4,466	Ps 2,852
Total accounts receivable	112	1,333	1,495
Inventories	357	4,239	4,278
Other current assets	-	-	-
<b>Total current assets</b>	<b>844</b>	<b>10,038</b>	<b>8,625</b>
Net property, plant and equipment	884	10,508	10,812
Other non current assets	31	373	417
<b>TOTAL ASSETS</b>	<b>\$ 1,759</b>	<b>Ps 20,918</b>	<b>Ps 19,853</b>
<b>LIABILITIES</b>			
Notes payable to banks	12	142	611
Accounts payable	112	1,337	1,441
Other taxes payable and other accruals	27	324	446
<b>Total current liabilities</b>	<b>152</b>	<b>1,803</b>	<b>2,498</b>
Long-term debt	39	468	253
Labor obligations	10	119	91
Deferred income taxes and others	168	2,003	2,096
<b>Total long-term liabilities</b>	<b>218</b>	<b>2,589</b>	<b>2,441</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 369</b>	<b>Ps 4,392</b>	<b>Ps 4,938</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	193	2,295	2,295
Paid-in capital	63	745	745
Reserve for repurchase of shares	13	157	159
Retained earnings	1,104	13,122	11,389
Net majority income of the year	13	154	275
Deficit from restatement of stockholder's equity	-	-	-
Derivate financial instruments	-	-	-
<b>Total majority stockholder's equity</b>	<b>1,385</b>	<b>16,473</b>	<b>14,863</b>
Minority interest	4	53	51
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,390</b>	<b>16,526</b>	<b>14,914</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,759</b>	<b>Ps 20,918</b>	<b>Ps 19,853</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.89

Source: Mexico's National Bank, as of March 31, 2011.

(2) Millions of Mexican nominal pesos

B. - Consolidated Statement of Income

**INDUSTRIAS BACHOCO, S.A.B. DE C.V.**

**Consolidated Statements of Income**

-unaudited-

	FIRST QUARTER			
	U.S.D. 2011 <sup>(1)</sup>	Mexican Pesos		
		2011 <sup>(2)</sup>	2010 <sup>(2)</sup>	
<b>Net sales</b>	\$ 508	Ps 6,042	Ps 5,931	
Cost of sales	436	5,179	4,911	
<b>Gross profit (loss)</b>	<b>73</b>	<b>863</b>	<b>1,020</b>	
Selling, general and administrative expenses	57	677	678	
<b>Operating income (loss)</b>	<b>16</b>	<b>186</b>	<b>342</b>	
Other income (expense) net	(2)	(29)	(1)	
<b>Comprehensive financing (cost) income</b>	<b>2</b>	<b>29</b>	<b>(3)</b>	
Interest income	4	51	34	
Interest expense and financing expenses	(1)	(12)	(19)	
Foreign exchange gain (loss), net	(0)	(3)	4	
Other financial income (expense) net	(1)	(7)	(22)	
<b>Income before income tax, asset tax</b>	<b>16</b>	<b>186</b>	<b>338</b>	
<b>Total income taxes</b>	<b>3</b>	<b>31</b>	<b>62</b>	
Income tax, asset tax	9	106	46	
Deferred income taxes	(6)	(75)	17	
<b>Net income</b>	\$ <b>13</b>	Ps <b>155</b>	Ps <b>276</b>	
Minority net income	0	1	1	
<b>Majority net income</b>	<b>13</b>	<b>154</b>	<b>275</b>	
weighted average shares outstanding (in thousands)	0	0	0	
<b>Net majority Income per share (in U.S.D per ADS)</b>	<b>0.26</b>	<b>0.26</b>	<b>0.46</b>	

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.89

Source: Mexico's National Bank, as of March 31, 2011.

(2) Millions of Mexican nominal pesos

C. - Consolidated Statement Cash Flow

**Industrias Bachoco, S.A.B. de C.V.**  
**Consolidated Statement of Cash Flows**

	U.S.D. 2011 <sup>(1)</sup>	Mexican Pesos	
		2011 <sup>(2)</sup> As of March 31,	2010 <sup>(2)</sup> As of March 31,
<b>NET MAJORITY INCOME BEFORE INCOME TAX</b>	\$ 211	Ps. 2,512	Ps. 1,230
ITEMS THAT DO NOT REQUIRE CASH:	(12)	(148)	(33)
<b>ITEMS RELATING TO INVESTING ACTIVITIES:</b>	<b>18</b>	<b>213</b>	<b>162</b>
Depreciation and others	15	177	170
Income (loss) on sale of plant and equipment	3	37	(7)
Other Items	(0)	(1)	(1)
<b>ITEMS RELATING TO FINANCING ACTIVITIES:</b>	<b>5</b>	<b>63</b>	<b>53</b>
Interest income (expense)	1	12	19
Other Items	4	51	34
<b>NET CASH GENERATED FROM NET INCOME BEFORE TAXES</b>	<b>\$ 222</b>	<b>Ps. 2,640</b>	<b>Ps. 1,413</b>
CASH GENERATED OR USED IN THE OPERATION:	(7)	(81)	77
Decrease (increase) in accounts receivable	10	117	68
Decrease (increase) in inventories	25	295	235
Decrease (increase) in accounts payable	(25)	(296)	(280)
Decrease (increase) in other liabilities	(17)	(198)	54
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>\$ 215</b>	<b>Ps. 2,559</b>	<b>Ps. 1,489</b>
<b>INVESTING ACTIVITIES</b>			
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>7</b>	<b>89</b>	<b>(142)</b>
Acquisition of property, plant and equipment	(6)	(76)	(61)
Proceeds from sales of property plant and equipment	(5)	(58)	(4)
Other Items	19	223	(78)
<b>CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES</b>	<b>\$ 223</b>	<b>Ps. 2,648</b>	<b>Ps. 1,347</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash provided by financing activities:</b>	<b>(3)</b>	<b>(33)</b>	<b>(99)</b>
Proceeds from loans	0	3	226
Principal payments on loans	(3)	(40)	(326)
Dividends paid	-	-	-
Other items	0	4	1
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>24</b>	<b>288</b>	<b>349</b>
<b>CASH AND INVESTMENTS AT THE BEGINNING OF YEAR</b>	<b>351</b>	<b>4,177</b>	<b>2,503</b>
<b>CASH AND INVESTMENTS AT END OF PERIOD</b>	<b>\$ 376</b>	<b>Ps. 4,466</b>	<b>Ps. 2,852</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.89

Source: Mexico's National Bank, as of March 31, 2011.

(2) Millions of Mexican nominal pesos

## D.- Derivatives Position Report

**Industrias Bachoco, S.A.B. de C.V.**  
Thousands of Mexican Pesos, as of March 31, 2011

Quarter: 1

**Table 1**

Type of Financial Instrument	Objective of the Instrument	Notional	Value of the Related Commodity		Reasonable Value		Amounts Due by Year	Guaranties Required
			1Q-2011	4Q-2010	1Q-2011	4Q-2010		
Put spread, knock out forwards and puts.	Hedge and negotiation	\$ 309,140	\$11.89	\$ 12.37	\$ 5,830	\$ 33	94% 2011 and 6% 2012	
Futures for corn and Soybean meal	Hedge	\$ 67,555	Corn: \$6,9325 USD/bushel for May 2011 and \$7,0100 USD/bushel for July 2011. Soybean meal: \$370.70 USD/ton for May 2011 and \$375.10 USD/ton for July 2011.	Corn: \$6,2900 USD/bushel for March 2011, \$6,3650 USD/bushel for May 2011 and \$6,4000 USD/bushel for July 2011. Soybean meal: \$373.90 USD/ton for March, \$374.50 USD/ton for March 2011 and \$374.80 USD/ton for July 2011.	\$ 3,319	\$ 5,341	2011	The deals consider the possibility of margin calls but not another kind of guarantee
Options for corn and Soybean meal	Hedge and negotiation	\$ 35,141			\$ 141	\$ 1,811	2011	

None of the financial instruments exceed 5% of total assets as of March 31, 2011.

A negative value means an unfavorable effect for the Company.

The notional value represents the net position as of March 31, 2011 at the exchange rate of Ps.11.89 per USD.

**Industrias Bachoco, S.A.B. de C.V.**

Thousands of Mexican Pesos, as of March 31, 2011

**Table 2**

Quarter: 1

Type of Financial Instrument	Reasonable Value as of March 31, 2011	Value of the Related Commodity-reference value			Effect on the Income Statement	Effect on the Cash Flow ***		
		-2.5%	2.5%	5.0%		-2.5%	2.5%	5.0%
Put spread, knock out forwards and puts*	\$ 5,830	\$ 11.59	\$ 12.19	\$ 12.48	Direct	\$ 802	\$ 16,431	\$ 23,835
		-5%	5%	10%		-5%	5%	10%
Futures for corn and Soybean	\$ 3,319	\$ 6,5859	\$ 7,2791	\$ 7,6258	The effect will materialize as the inventory is consumed	-\$ 59	\$ 6,697	\$ 10,074
	\$ 352.17	\$ 389.24	\$ 407.77					
Options for corn and Soybean meal**	\$ 141					-\$ 1,997	\$ 2,218	\$ 3,280

A negative value means an unfavorable effect for the Company.

\* The reference value is the exchange rate of Ps. \$11.89 per USD as of March 31, 2011

\*\* The reference value is the Futures of corn for May 2011, \$6.9325 USD/bushel and Soybean meal for May 2011, \$370.70 USD/ton.

Note: even when table set above shows corn and soybean prices for contracts of May 2011, the effect on the cash flow corresponds to the total positions effects.

\*\*\* The Company has credit lines with the majority of its counterpart, so that the effect in cash flow is lower than the amount shown.