



## Industrias Bachoco Announces Second Quarter 2011 Results

**Celaya, Guanajuato, Mexico - July 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 and food products, announced today its unaudited results for the second quarter (“2Q11”) and first half periods (“1H11”) ended June 30, 2011. All figures have been prepared in accordance with Mexico’s Generally Accepted Accounting Principles (“GAAP”), and are presented in nominal Mexican pesos per Mexican GAAP.

### Highlights (2Q11 vs. 2Q10):

- Net sales for 2Q11 rose 6.7% to Ps. 6,616.8 million
- Chicken sales rose 6.9% in 2Q11
- Table egg sales declined 4.9% in 2Q11
- EBITDA margin was 4.9% for 2Q11, compared to 15.4% reported for 2Q10
- Earnings per share in 2Q11 reached Ps. 0.23 (USD\$ 0.24 per ADS), compared to Ps. 1.03 (USD\$1.06 per ADS) in 2Q10

### Comments from the Chief Executive Officer:

Rodolfo Ramos, Bachoco’s CEO, stated: “Our second quarter results were characterized by the challenge facing the poultry industry worldwide, higher grain costs. Given this is the largest component of the Company’s cost of sales, margins and profitability were affected despite efficiency improvements and hedging strategies.

“Even with the increase in our cost of sales, the operating results for our business during the second quarter were positive. We capitalized on the higher demand for chicken and balanced feed products in the Mexican market, thereby achieving greater sales volume and revenues from these business lines.

“The Company’s egg business continued to be affected by a large oversupply in the Mexican market; therefore egg sales volume and prices declined in the second quarter.

“Bachoco is focused on factors that will enable the Company to maximize its results. Through strict cost and expense controls, productivity improvements and enhanced sales efforts, the Company continues to work towards maintaining a healthy financial position while remaining the leader in the Mexican poultry industry. Furthermore, we believe that our hedging policy has helped us mitigate the effects of grain price increases and we expect to continue with the same strategy for the rest of the year. “

## SECOND QUARTER 2011 RESULTS

### Net Sales

Net sales for 2Q11 reached Ps. 6,616.8 million, an increase of 6.7% when compared to Ps. 6,204.1 million reported in 2Q10. This was driven by the strong performance in the chicken and balanced feed businesses, partially offset by declines in sales of egg, swine and other business lines.

### Operating Results

Gross profit totaled Ps. 865.1 million for 2Q11, 40.4% below the Ps. 1,453.2 million reported for 2Q10. Gross margin was 13.1% in 2Q11 compared to 23.4% in 2Q10, due to a 21.1% increase in cost of sales.

The Company's operating profit for 2Q11 totaled Ps. 149.5 million, which represented a sharp decrease from the Ps. 783.1 million reported for 2Q10. The operating margin for 2Q11 was 2.3%, compared to 12.6% in 2Q10, due to the aforementioned factors.

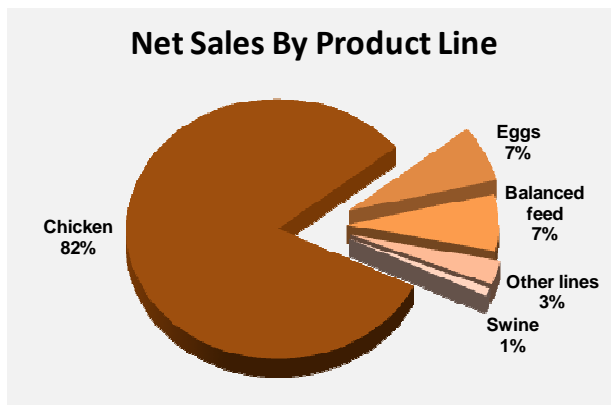
EBITDA reached Ps. 326.6 million for a margin of 4.9%, which reflects a decrease from the Ps. 953.7 million and 15.4% EBITDA margin reported in 2Q10.

### Net Income

Net income for 2Q11 was PS. 138.6 million, or Ps. 0.23 per share (US\$0.24 per ADS), compared to Ps. 618.0 million, or Ps. 1.03 per share (US\$1.06 per ADS) reported in 2Q10.

## QUARTERLY RESULTS BY BUSINESS LINE

The following chart illustrates Bachoco's sales by business line as a percentage of Total Net Sales:



### Chicken

Chicken products sales for 2Q11 increased 6.9% compared to 2Q10 which resulted from a 6.5% increase in sales volume and 0.4% higher prices as demand for chicken products remained strong during the period.

### Eggs

Sales of table eggs declined 4.9% during 2Q11 driven by a 3.1% drop in sales volume and 1.8% lower prices. This weaker performance reflects the oversupply that continues to affect the Mexican egg market.

### Balanced Feed

The balanced feed business experienced strong growth during 2Q11 with a 32.3% increase in sales when compared to 2Q10, driven by a 13.0% increase in balanced feed prices and 17.0% greater sales volume.

### Swine

Swine sales volume increased 2.8%, however, given the increasing supply present in the Mexican market, the price of swine dropped 6.8% which led to a decrease of 4.2% in swine sales when compared to 2Q10.

### **Other Business Lines**

Sales of other business lines declined 12.9% when compared to 2Q10. By-product sales continued to decline during the period.

## **FIRST HALF 2011 RESULTS**

### **Net Sales**

Net sales for 1H11 totaled Ps. 12,659.1 million; representing 4.3% increase over 1H10. The growth in sales was driven by increases of 31.1% in balanced feed sales, 5.3% in chicken sales, and 0.9% in swine sales volume. This was slightly offset by a 12.0% decline in table egg sales, as well as an 18.6% decrease in other business sales.

### **Operating Results**

Gross profit totaled Ps. 1,728.3 million, 30.1% below Ps. 2,473.1 million reported for 1H10. Gross margin reached 13.7% in 1H11 compared to 20.4% in 1H10. This result was attributed to a 13.1% increase in total cost of sales.

The Company's operating profit for 1H11 totaled Ps. 335.5 million, less than Ps. 1,125.0 million in 1H10. The operating margin for the first half of 2011 was 2.7%, compared to 9.3% in 1H10.

EBITDA for 1H11 amounted to Ps. 689.1 million, 53.0% below Ps. 1,465.7 million reported for 1H10. EBITDA margin declined from 12.1% to 5.4% 1H11.

### **Comprehensive Financial Result**

During the first half of 2011, financial income of Ps. 63.2 million was reported, 48.4% higher than Ps. 32.6 million in 1H10. The result is mainly attributed to greater interest income.

### **Taxes**

Total taxes for 1H11 reached Ps. 77.2 million.

### **Net Income**

Net income for the 1H11 totaled PS. 293.7 million, or Ps. 0.49 per share (US\$0.50 per ADS), compared to a net income of Ps. 894.0 million, or Ps. 1.49 per share (US\$1.53 per ADS) reported in 1H10.

### **Balance Sheet**

Total cash and cash equivalents amounted to Ps. 4,337.2 million as of June 30, 2011, compared to Ps. 3,590.6 million at June 30, 2010. The total debt outstanding in 2011 was Ps. 735.4 million compared to Ps. 790.3 million as of June 30, 2010.

### **Capital Expenditures**

CAPEX for 1H11 amounted to Ps. 285.8 million, and was financed entirely by internal resources.

### **Recent Events**

*Bachoco Declared Cash Dividend* – On April 28, 2011, Industrias Bachoco, S.A.B. de C.V. announced that during the Company's Annual Shareholder Meeting, The Board of Directors approved a cash dividend payment for 2011 for the amount of Ps. 0.50 per share outstanding and Ps. 6.00 per ADS (equal to 12 Shares).

## **FINANCIAL TABLES FOLLOW**

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

-unaudited-

	U.S.D. 2011 <sup>(1)</sup>	Mexican Pesos	
		2011 <sup>(2)</sup> As of June 30,	2010 <sup>(2)</sup> As of June 30,
<b>ASSETS</b>			
Cash and cash equivalents	\$ 370	Ps 4,337	Ps 3,591
Total accounts receivable	130	1,524	1,578
Inventories	388	4,545	4,012
Other current assets	-	-	-
<b>Total current assets</b>	<b>889</b>	<b>10,406</b>	<b>9,181</b>
Net property, plant and equipment	902	10,557	10,789
Other non current assets	34	395	418
<b>TOTAL ASSETS</b>	<b>\$ 1,824</b>	<b>Ps 21,358</b>	<b>Ps 20,388</b>
<b>LIABILITIES</b>			
Notes payable to banks	26	307	465
Accounts payable	143	1,676	1,457
Other taxes payable and other accruals	39	458	734
<b>Total current liabilities</b>	<b>208</b>	<b>2,441</b>	<b>2,656</b>
Long-term debt	37	429	325
Labor obligations	11	127	106
Deferred income taxes and others	171	1,999	2,017
<b>Total long-term liabilities</b>	<b>218</b>	<b>2,555</b>	<b>2,449</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 427</b>	<b>Ps 4,995</b>	<b>Ps 5,106</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	196	2,295	2,295
Paid-in capital	64	745	745
Reserve for repurchase of shares	13	155	159
Retained earnings	1,095	12,822	11,139
Net majority income of the year	25	292	893
Deficit from restatement of stockholder's equity	-	-	-
Derivate financial instruments	-	-	-
<b>Total majority stockholder's equity</b>	<b>1,393</b>	<b>16,309</b>	<b>15,231</b>
Minority interest	5	53	52
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,397</b>	<b>16,363</b>	<b>15,282</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,824</b>	<b>Ps 21,358</b>	<b>Ps 20,388</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.71

Source: Mexico's National Bank, as of June 30, 2011.

(2) Millions of Mexican nominal pesos

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

**Consolidated Statements of Income**

-unaudited-

	SECOND QUARTER			FIRST HALF		
	U.S.D.	Mexican Pesos		U.S.D.	Mexican Pesos	
	2011 <sup>(1)</sup>	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>	2011 <sup>(1)</sup>	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>
<b>Net sales</b>	\$ 565	Ps 6,617	Ps 6,204	US 1,081	Ps 12,659	Ps 12,135
Cost of sales	491	5,752	4,751	933	10,931	9,662
<b>Gross profit (loss)</b>	<b>74</b>	<b>865</b>	<b>1,453</b>	<b>148</b>	<b>1,728</b>	<b>2,473</b>
Selling, general and administrative expenses	61	716	670	119	1,393	1,348
<b>Operating income (loss)</b>	<b>13</b>	<b>150</b>	<b>783</b>	<b>29</b>	<b>336</b>	<b>1,125</b>
Other income (expense) net	0	1	(30)	(2)	(28)	(30)
<b>Comprehensive financing (cost) income</b>	<b>3</b>	<b>34</b>	<b>35</b>	<b>5</b>	<b>63</b>	<b>33</b>
Interest income	5	55	39	9	107	73
Interest expense and financing expenses	(2)	(18)	(19)	(2)	(25)	(39)
Foreign exchange gain (loss), net	(0)	(3)	(0)	(1)	(6)	4
Other financial income (expense) net	-	-	16	(1)	(13)	(6)
<b>Income before income tax, asset tax</b>	<b>16</b>	<b>185</b>	<b>789</b>	<b>32</b>	<b>371</b>	<b>1,127</b>
<b>Total income taxes</b>	<b>4</b>	<b>46</b>	<b>171</b>	<b>7</b>	<b>77</b>	<b>233</b>
Income tax, asset tax	1	14	202	10	120	248
Deferred income taxes	3	32	(32)	(4)	(43)	(15)
<b>Net income</b>	<b>\$ 12</b>	<b>Ps 139</b>	<b>Ps 618</b>	<b>25</b>	<b>294</b>	<b>894</b>
Minority net income	0	0	0	0	1	1
<b>Majority net income</b>	<b>12</b>	<b>138</b>	<b>618</b>	<b>25</b>	<b>292</b>	<b>893</b>
weighted average shares outstanding (in thousands)	600	600	600	600	600	600
<b>Net majority Income per share (in U.S.D per ADS)</b>	<b>0.24</b>	<b>0.23</b>	<b>1.03</b>	<b>0.50</b>	<b>0.49</b>	<b>1.49</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.71

Source: Mexico's National Bank, as of June 30, 2011.

(2) Millions of Mexican nominal pesos

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

-Unaudited-

	Mexican Pesos		
	U.S.D. 2011 <sup>(1)</sup>	2011 <sup>(2)</sup> As of June 30,	2010 <sup>(2)</sup> As of June 30,
<b>NET MAJORITY INCOME BEFORE INCOME TAX</b>	\$ 32	Ps. 371	Ps. 1,127
ITEMS THAT DO NOT REQUIRE CASH:	(20)	(232)	(61)
<b>ITEMS RELATING TO INVESTING ACTIVITIES:</b>	<b>32</b>	<b>378</b>	<b>330</b>
Depreciation and others	30	354	341
Income (loss) on sale of plant and equipment	2	25	(9)
Other Items	(0)	(1)	(1)
<b>ITEMS RELATING TO FINANCING ACTIVITIES:</b>	<b>11</b>	<b>132</b>	<b>112</b>
Interest income (expense)	2	25	39
Other Items	9	107	73
<b>NET CASH GENERATED FROM NET INCOME BEFORE TAXES</b>	<b>\$ 55</b>	<b>Ps. 648</b>	<b>Ps. 1,508</b>
CASH GENERATED OR USED IN THE OPERATION:	2	28	384
Decrease (increase) in accounts receivable	7	85	77
Decrease (increase) in inventories	(1)	(11)	501
Decrease (increase) in accounts payable	4	43	(264)
Decrease (increase) in other liabilities	(8)	(89)	71
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>\$ 58</b>	<b>Ps. 676</b>	<b>Ps. 1,892</b>
<b>INVESTING ACTIVITIES</b>			
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(26)</b>	<b>(306)</b>	<b>(382)</b>
Acquisition of property, plant and equipment	(24)	(286)	(203)
Proceeds from sales of property plant and equipment	(5)	(62)	(7)
Other Items	4	42	(171)
<b>CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES</b>	<b>\$ 32</b>	<b>Ps. 370</b>	<b>Ps. 1,510</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash provided by financing activities:</b>	<b>(18)</b>	<b>(210)</b>	<b>(422)</b>
Proceeds from loans	13	154	770
Principal payments on loans	(6)	(65)	(944)
Dividends paid	(13)	(150)	(125)
Other items	(13)	(148)	(124)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>14</b>	<b>160</b>	<b>1,088</b>
<b>CASH AND INVESTMENTS AT THE BEGINNING OF YEAR</b>	<b>357</b>	<b>4,177</b>	<b>2,503</b>
<b>CASH AND INVESTMENTS AT END OF PERIOD</b>	<b>\$ 370</b>	<b>Ps. 4,337</b>	<b>Ps. 3,591</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$11.71

Source: Mexico's National Bank, as of June 30, 2011.

(2) Millions of Mexican nominal pesos

## Derivatives Position Report

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

Thousands of Mexican Pesos, as of June 30, 2011

Quarter: 2

Table 1

Type of Financial Instrument	Objective of the Instrument	Notional	Value of the Related Commodity		Reasonable Value		Amounts Due by Year	Guaranties Required
			2Q-2011	1Q-2011	2Q-2011	1Q-2011		
Put spread, knock out forwards and puts	Hedge and negotiation	\$ 217,644	\$11.71	\$11.89	-\$ 988	\$ 5,830	89% 2011 and 11% 2012	The deals consider the possibility of margin calls but not another kind of guarantee
Futures for corn and soybean meal	Hedge	\$ -	Corn: \$6.29 USD/bushel for Jul 2011. Soybean meal: \$334.50 USD/ton for Aug 2011.	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	\$ -	\$ 3,319	2011	
Options for corn and soybean meal	Hedge and negotiation	\$ 12,143	Soybean meal: \$334.50 USD/ton for Aug 2011.		-\$ 853	\$ 141	2011	

-None of the financial instruments exceed 5% of total assets as of June 30, 2011.

-A negative value means an unfavorable effect for the Company.

-The notional value represents the net position as of June 30, 2011 at the exchange rate of Ps. 11.71 per USD.

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

Thousands of Mexican Pesos, as of June 30, 2011

Quarter: 2

Table 2

Type of Financial Instrument	Reasonable Value as of June 30, 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*	-\$ 988	\$11.42	\$ 12.00	\$ 12.30	Direct	-\$9,678	\$ 9,851	\$ 18,448
		-5%	5%	10%		-5%	5%	10%
Futures for corn and, soybean**	\$ -	\$ 5.9755 \$ 316.39	\$ 6.6045 \$ 353.25	\$ 6.9190 \$ 367.37	The effect will materialize as the inventory is consumed	\$ -	\$ -	\$ -
Options for soybean meal	-\$ 853	\$316.39	\$ 353.25	\$367.37		-\$1,547	-\$ 226	\$ 304

A negative value means an unfavorable effect for the Company.

\* The reference value is the exchange rate of Ps. 11.71 per USD as of June 30, 2011

\*\* The reference value is the Futures of corn for Jul 2011, \$6.29 USD/bushel and soybean meal for Aug 2011, \$334.50 USD/ton.

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

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



**Company Description:**

Industrias Bachoco is the leader of the Mexican poultry industry and an important player in Mexico's food industry. Its main product lines are chicken, table eggs, balanced feed and swine. Founded in 1952, Bachoco is headquartered in Celaya, in the state of Guanajuato in central Mexico with operations that span the country including 60 distribution centers, and a growing export business. Bachoco trades on both the Mexican and New York Stock Exchanges under the ticker IBA and BACHOCOB.MX For the year ended December 31, 2010, the Company reported Net Sales of over US\$ 2 billion.

**Disclaimer:**

*The document contains certain information that could be considered forward looking statements concerning anticipated future events and performance of the Company. The statements reflect management's current beliefs based on information currently available and are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described in our Annual Information Form, which could cause our actual results to differ materially from the forward-looking statements contained in this document. Those risks and uncertainties include risks associated with ownership in the poultry industry, competition for investments within the poultry industry, shareholder liability, governmental regulation, and environmental matters. As a result, there can be no assurance that actual results will be consistent with these forward-looking statements. Except as required by applicable law, Industrias Bachoco, S.A.B. de C.V. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

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