



## Industrias Bachoco Announces Third Quarter 2011 Results

**Celaya, Guanajuato, Mexico – October 27, 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 third quarter (“3Q11”) and nine month period ended September 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 (3Q11 vs. 3Q10):

- Net sales in 3Q11 rose 3.5% to Ps. 6,514.7 million
- Chicken sales rose 0.7% in 3Q11
- Table egg sales increased 8.8% in 3Q11
- EBITDA margin was 0.5% in 3Q11, compared to 15.4% reported for 3Q10
- Net majority loss per share in 3Q11 of Ps. 0.178 (USD\$ 0.154 per ADS), compared to net majority income per share of Ps. 1.058 (USD\$0.915 per ADS) in 3Q10

### Comments from the Chief Executive Officer:

Mr. Rodolfo Ramos, Bachoco’s Chief Executive Officer, stated: “The third quarter’s results were sharply affected by several external conditions that lead the Company to post negative net income in the quarter, mainly; the continuous increase in the cost of grain, and oversupply conditions within the Mexican poultry industry, which led to a reduction in our chicken prices while compared with the same quarter of 2010.

“On a positive note, total sales increased across the Company’s main product lines, preserving positive EBITDA for the quarter, while adequate administration of our financial instruments softened the impact of the peso’s depreciation when compares to the U.S. dollar.

Bachoco’s aim is to maintain strict cost and expense controls, productivity improvements, while serving our markets and maintaining a healthy financial position”.

## THIRD QUARTER 2011 RESULTS

### Net Sales

Net sales in 3Q11 reached Ps. 6,514.7 million, an increase of 3.5% when compared to Ps. 6,297.3 million reported in 3Q10. This was result of a strong performance in the balanced feed businesses, eggs and other business lines, as well as a slight increase in chicken products sales, partially offset by a decline in swine sales.

### Operating Results

Gross profit totaled Ps. 557.6 million in 3Q11, 62.6% below the Ps. 1,490.6 million reported in 3Q10. Gross margin was 8.6% in 3Q11 compared to 23.7% in 3Q10, due mainly to a 23.9% increase in cost of sales.

The Company's operating loss in 3Q11 totaled Ps. 150.4 million, which represented a decline from operating profit of Ps. 812.1 million reported in 3Q10.

EBITDA reached Ps. 29.5 million for a margin of 0.5%, a decrease from the Ps. 971.6 million and 15.4% reported in 3Q10.

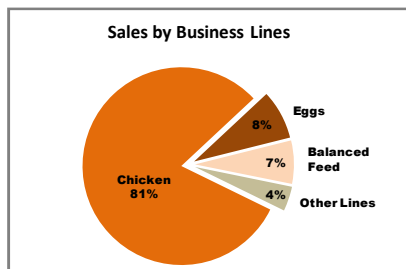
### Taxes

Bachoco reported positive total taxes for the third quarter 2011 of Ps.32.7 million, as a result of positive income tax of Ps. 56.3 million, compensated by a charge in deferred income tax of Ps. 23.6 million.

### Net income (loss)

Bachoco recorded a net majority loss of Ps. 106.9 million, or Ps. 0.178 per share (US\$0.154 per ADS) in 3Q11, compared to a net majority income of Ps. 635.1 million, or Ps. 1.058 per share (US\$0.915 per ADS) reported in 3Q10.

## QUARTERLY RESULTS BY BUSINESS LINE



### Chicken

Chicken products sales in 3Q11 grew 0.7% compared to 3Q10, which resulted from a 3.9% increase in sales volume, partially offset by a 3.1% decrease in chicken prices as industry supply for chicken products rose during the period.

### Eggs

Sales of table eggs increased 8.8% during 3Q11 driven by a 16.3% increase in prices, partially offset by a 6.4% drop in sales volume.

### Balanced Feed

The balanced feed business experienced strong improvement during 3Q11 with a 35.7% increase in sales when compared to 3Q10, driven by a 19.9% increase in balanced feed prices and 13.2% greater sales volume.

### Swine

As a result of a larger supply of swine in the Mexican market, our sales decreased 8.3%, resulted from a 5.9% decrease in prices and 2.5% decrease in sales volume.

### **Other Business Lines**

Sales of other business lines increased 14.8% when compared to 3Q10, as sales of beef products increase during the period.

## **ACCUMULATED 2011 RESULTS**

(January-September 2011 Vs. January-September 2010)

### **Net Sales**

Net sales in the first nine months 2011 totaled Ps. 19,173.8 million; representing a 4.0% increase from the same period in the previous year. The increases in net sales were driven by an increase of 32.6% in balanced feed sales, and 3.7% in chicken sales. This result was offset by a 5.7% decline in table egg sales, as well as 9.1% decrease in other business sales.

### **Operating Results**

Gross profit in the first nine months of 2011 totaled Ps. 2,285.9 million, 42.3% below the Ps. 3,963.7 million reported in the same period 2010. Gross margin in the first nine months 2011 reached 11.9% compared to 21.5% in the same period 2010. This was attributed to a 16.7% increase in total cost of sales.

The Company's operating profit in the first nine months 2011 totaled the Ps. 185.1 million, less than Ps. 1,937.1 million in the same nine month period 2010. The operating margin in the first nine months of 2011 was of 1.0%, compared to 10.5% in the same period 2010.

EBITDA in the first nine months of 2011 amounted to Ps. 718.6 million, 70.7% below the Ps. 2,449.4 million reported in the same period 2010. EBITDA margin declined from 13.3% to 3.7% in 2011.

### **Comprehensive Financial Result**

During the first nine months in 2011, the comprehensive financial result was an income of Ps. 137.8 million, 84.0% higher than the Ps. 74.9 million reported in the same period 2010. The result was mainly attributed to greater interest income.

### **Taxes**

Total taxes as of September 30, 2011 were Ps. 44.6 million.

### **Net Income**

Net majority income for the first nine months of 2011 totaled PS. 185.6 million, or Ps.0.309 per share (US\$0.267 per ADS), compared to a net majority income of Ps. 1,527.7 million, or Ps. 2.55 per share (US\$2.200 per ADS) reported in the same period 2010.

### **Balance Sheet**

Total cash and cash equivalents amounted to Ps. 3,276.8 million as of September 30, 2011, compared to Ps. 3,778.4 million at the same period of 2010. The total debt outstanding in 2011 was Ps. 827.0 million compared to Ps. 763.6 million as of September 30, 2010.

### **Capital Expenditures**

CAPEX for 2011 amounted to Ps. 461.5 million, and was financed entirely by internal resources.

## **Recent Events**

August 23, 2011 “Industrias Bachoco Acquires Further Processed Meats Facility in Northern Mexico”. The Company announced that it reached an agreement with Grupo OSIG to acquire the assets of Trosi de Carnes, S.A. de C.V. This facility is located in Monterrey, Nuevo Leon in Northern Mexico.

## **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.*

## **FINANCIAL TABLES FOLLOW**

## Condensed Consolidated Balance Sheets

**-Unaudited-**

	U.S.D. as of Sep 30, 2011	Mexican Pesos	
		2011 <sup>(2)</sup> As of Sep 30,	2010 <sup>(2)</sup> As of Sep 30,
<b>ASSETS</b>			
Cash and cash equivalents	\$ 236	Ps 3,277	Ps 3,778
Total accounts receivable	109	1,510	1,609
Inventories	390	5,413	4,388
Other current assets	-	-	-
<b>Total current assets</b>	<b>735</b>	<b>10,200</b>	<b>9,775</b>
Net property, plant and equipment	761	10,570	10,661
Other non current assets	27	381	353
<b>TOTAL ASSETS</b>	<b>\$ 1,523</b>	<b>Ps 21,151</b>	<b>Ps 20,790</b>
<b>LIABILITIES</b>			
Notes payable to banks	29	396	215
Accounts payable	118	1,637	1,245
Other taxes payable and other accruals	17	243	650
<b>Total current liabilities</b>	<b>164</b>	<b>2,277</b>	<b>2,110</b>
Long-term debt	31	431	549
Labor obligations	10	137	98
Deferred income taxes and others	148	2,054	2,117
<b>Total long-term liabilities</b>	<b>189</b>	<b>2,621</b>	<b>2,764</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 353</b>	<b>Ps 4,897</b>	<b>Ps 4,874</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	165	2,295	2,295
Paid-in capital	54	745	745
Reserve for repurchase of shares	11	154	159
Retained earnings	924	12,822	11,139
Net majority income of the year	13	186	1,528
Deficit from restatement of stockholder's equity	-	-	-
Derivate financial instruments	-	-	-
<b>Total majority stockholder's equity</b>	<b>1,167</b>	<b>16,202</b>	<b>15,866</b>
Minority interest	4	52	50
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,171</b>	<b>16,254</b>	<b>15,916</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,523</b>	<b>Ps 21,151</b>	<b>Ps 20,790</b>

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.8835

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

(2) Millions of Mexican nominal pesos

## Consolidated Statements of Income

**-Unaudited-**

	THIRD QUARTER			AS OF SEPTEMBER,		
	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>
Net sales	\$ 469	Ps 6,515	Ps 6,297	US 1,381	Ps 19,174	Ps 18,433
Cost of sales	429	5,957	4,807	1,216	16,888	14,469
<b>Gross profit (loss)</b>	<b>40</b>	<b>558</b>	<b>1,491</b>	<b>165</b>	<b>2,286</b>	<b>3,964</b>
Selling, general and administrative expenses	51	708	678	151	2,101	2,027
<b>Operating income (loss)</b>	<b>(11)</b>	<b>(150)</b>	<b>812</b>	<b>13</b>	<b>185</b>	<b>1,937</b>
Other income (expense) net	(5)	(64)	(50)	(7)	(92)	(80)
<b>Comprehensive financing (cost) income</b>	<b>5</b>	<b>75</b>	<b>42</b>	<b>10</b>	<b>138</b>	<b>75</b>
Interest income	4	49	50	11	156	123
Interest expense and financing expenses	(1)	(13)	(18)	(3)	(38)	(57)
Foreign exchange gain (loss), net	3	48	11	3	42	15
Other financial income (expense) net	(1)	(10)	(0)	(2)	(23)	(6)
<b>Income before income tax, asset tax</b>	<b>(10)</b>	<b>(140)</b>	<b>805</b>	<b>17</b>	<b>231</b>	<b>1,932</b>
<b>Total income taxes</b>	<b>(2)</b>	<b>(33)</b>	<b>169</b>	<b>3</b>	<b>45</b>	<b>403</b>
Income tax, asset tax	(4)	(56)	67	5	64	315
Deferred income taxes	2	24	102	(1)	(19)	88
<b>Net income</b>	<b>(8)</b>	<b>(107)</b>	<b>635</b>	<b>13</b>	<b>187</b>	<b>1,529</b>
Minority net income	(0)	(0)	(0)	0	1	1
<b>Majority net income</b>	<b>(8)</b>	<b>(107)</b>	<b>635</b>	<b>13</b>	<b>186</b>	<b>1,528</b>
weighted average shares outstanding	600	600	600	600	600	600
Net majority Income per share	(0.154)	(0.178)	1.058	0.267	0.309	2.546

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.8835

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

(2) Millions of Mexican nominal pesos

## Consolidated Statement of Cash Flows

**-Unaudited-**

	Mexican Pesos				
	U.S.D. 2011 <sup>(1)</sup>		2011 <sup>(2)</sup> As of Sep 30,		2010 <sup>(2)</sup> As of Sep 30,
<b>NET MAJORITY INCOME BEFORE INCOME TAX</b>	\$ 17	Ps.	231	Ps.	1,932
ITEMS THAT DO NOT REQUIRE CASH:	(20)		(275)		(188)
<b>ITEMS RELATING TO INVESTING ACTIVITIES:</b>	<b>40</b>		<b>550</b>		<b>494</b>
Depreciation and others	38		533		512
Income (loss) on sale of plant and equipment	1		18		(17)
Other Items	(0)		(1)		(1)
<b>ITEMS RELATING TO FINANCING ACTIVITIES:</b>	<b>14</b>		<b>194</b>		<b>180</b>
Interest income (expense)	3		38		57
Other Items	11		156		123
<b>NET CASH GENERATED FROM NET INCOME BEFORE TAXES</b>	\$ 50	Ps.	701	Ps.	2,417
CASH GENERATED OR USED IN THE OPERATION:	(69)		(964)		(284)
Decrease (increase) in accounts receivable	10		138		100
Decrease (increase) in inventories	(63)		(879)		125
Decrease (increase) in accounts payable	0		4		(477)
Decrease (increase) in other liabilities	(16)		(227)		(33)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	\$ (19)	Ps.	(263)	Ps.	2,133
<b>INVESTING ACTIVITIES</b>					
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(37)</b>		<b>(518)</b>		<b>(407)</b>
Acquisition of property, plant and equipment	(33)		(462)		(234)
Proceeds from sales of property plant and equipment	(5)		(73)		(13)
Other Items	1		17		(161)
<b>CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES</b>	\$ (56)	Ps.	(781)	Ps.	1,726
<b>FINANCING ACTIVITIES</b>					
<b>Net cash provided by financing activities:</b>	<b>(9)</b>		<b>(120)</b>		<b>(450)</b>
Proceeds from loans	64		895		1,099
Principal payments on loans	(52)		(715)		(1,299)
Dividends paid	(22)		(300)		(250)
Other items	(0)		(0)		0
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(65)</b>		<b>(900)</b>		<b>1,276</b>
<b>CASH AND INVESTMENTS AT THE BEGINNING OF YEAR</b>	<b>301</b>		<b>4,177</b>		<b>2,503</b>
<b>CASH AND INVESTMENTS AT END OF PERIOD</b>	\$ 236	Ps.	3,277	Ps.	3,778

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.8835

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

(2) Millions of Mexican nominal pesos

**Derivatives Position Report**  
**-Unaudited-**

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

Thousands of Mexican Pesos, as of September 30, 2011

Quarter: 3

Table 1

Type of Financial Instrument	Objective of the Instrument	Notional	Value of the Related Commodity		Reasonable Value		Amounts Due by Year	Guaranties Required
			3Q-2011	2Q-2011	3Q-2011	2Q-2011		
Forwards, calls, knock out calls, knock out forwards and puts	Hedge and negotiation	-\$ 96,319	\$13.88	\$11.71	-\$ 3,420	-\$ 988	97.0% in 2011 and 3.0% in 2012	The deals consider the possibility of margin calls but not another kind of guarantee
Futures for corn and soybean meal	Hedge	\$ 12,815	Corn: \$5.9250 USD/bushel for December 2011. Soybean meal: \$308.6 USD/ton for December 2011	Corn: \$6.29 USD/bushel for July 2011. Soybean meal: \$334.50 USD/ton for August 2011	-\$ 3,357	\$ -	2011	
Options for corn and soybean meal	Hedge and negotiation	\$ -			\$ -	-\$ 889	2011	

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

A negative value means an unfavorable effect for the Company.

The notional value represents the net position as of September 30, 2011 at the exchange rate of Ps. 13.88 per USD.

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

Thousands of Mexican Pesos, as of September 30, 2011

Quarter: 3

Table 2

Type of Financial Instrument	Reasonable Value as of September 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%
Forwards, calls, knock out calls, knock out forwards and puts*	-\$ 3,420	\$13.53	\$ 14.23	\$ 14.57	Direct	-\$ 1,012	-\$ 5,828	-\$ 8,236
		-5%	5%	10%		-5%	5%	10%
Futures for corn and, soybean	-\$ 3,357	\$ 5.6288 \$ 293.17	\$ 6.2213 \$ 324.03	\$ 6.5175 \$ 339.46	The effect will materialize as the inventory is consumed	-\$ 3,830	-\$ 2,884	-\$ 2,411
Options for corn and soybean meal**	\$ -					\$ -	\$ -	\$ -

A negative value means an unfavorable effect for the Company.

\* The reference value is the exchange rate of Ps. 13.88 per USD as of September 30, 2011

\*\* The reference value is the Futures of corn for Dec 2011: \$5.9250 USD/bushel and soybean meal for Dec 2011, \$308.6 USD/ton.

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

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

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