



NOURISHING A BETTER WORLD

BIMBO DAY → 2019 ←



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# Safety Short



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## AGENDA

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### Plant visit

**1:00 pm** Depart to Greenwich, CT plant  
**5:30 pm** Back at Manhattan

#### Bus #1



**1<sup>st</sup> Stop:** Grand Central  
**2<sup>nd</sup> Stop:** Skadden

#### Bus #2



**One Stop:** Penn Station

#### Speakers

|                                     |                  |
|-------------------------------------|------------------|
| Introduction                        | Estefanía Poucel |
| Strategy                            | Daniel Servitje  |
| Our People                          | Juan Muldoon     |
| Transformation                      | Raúl Obregón     |
| Mexico                              | Javier González  |
| Latin America                       | Rafael Pamias    |
| <b>Q&amp;A 1<sup>st</sup> block</b> |                  |
| <b>Break</b>                        |                  |
| Marketing                           | Mike Ponter      |
| EAA                                 | Daniel Servitje  |
| Bimbo QSR                           | Mark Bendix      |
| North America                       | Fred Penny       |
| Financial Overview                  | Diego Gaxiola    |
| <b>Q&amp;A 2<sup>nd</sup> block</b> |                  |
| Closing Remarks                     | Daniel Servitje  |



# Our Strategy

## Daniel Servitje

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# An unusual name...

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1945



...growing up in a LatAm economy, we  
have lived through **cycles**

And **learned to be:**



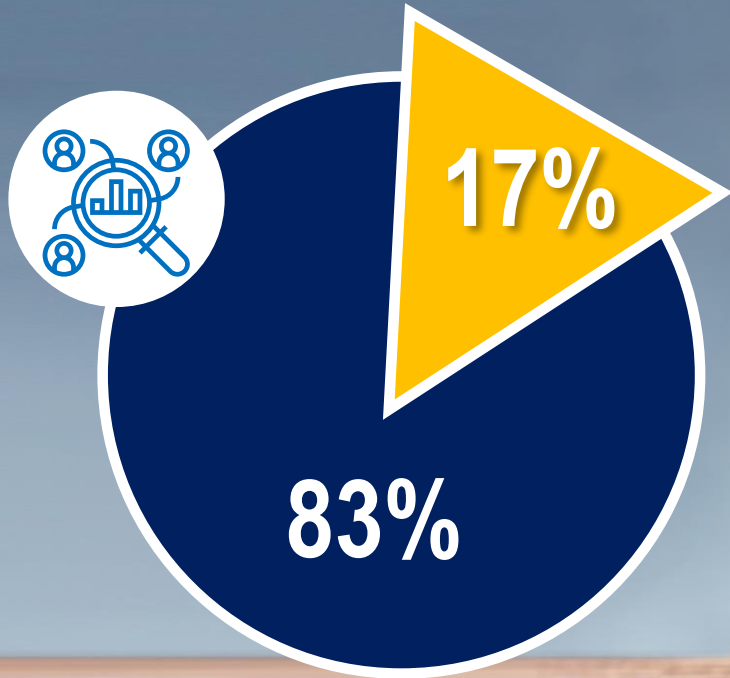
**But mostly...**



...to have a long-term focus



## Long-term view & high reinvestment



On average, **83%** of our **earnings** have been **reinvested** in the company



## OUR MISSION

**Delicious and  
nutritious baked  
goods and snacks  
in the hands of all.**



Today, we are present in 32 countries

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# #1 Global Player in the Baking Industry



**+100** brands



**+13,000**  
products



presence  
In **32**  
countries



**197**  
plants



**+ 56,000**  
routes



leading the  
way in  
**sustainability**



**+135,000**  
associates



**+3.1 million**  
points of sale

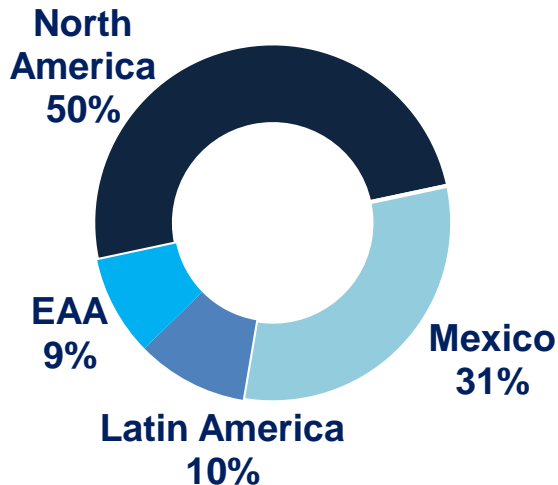


# Our strong presence and diversification



## By Geography

### Sales by Geographic Region



## By Categories & Products

### 10+ Different Categories



### Over 100 Brands



## By Channel

- ✓ **Modern**  
Supermarkets, convenience stores, among others
- ✓ **Traditional**  
“Mom & pops”
- ✓ **QSR**  
Quick Service Restaurants
- ✓ **Other**  
Foodservice, vending machines, wholesale, e-commerce, etc.

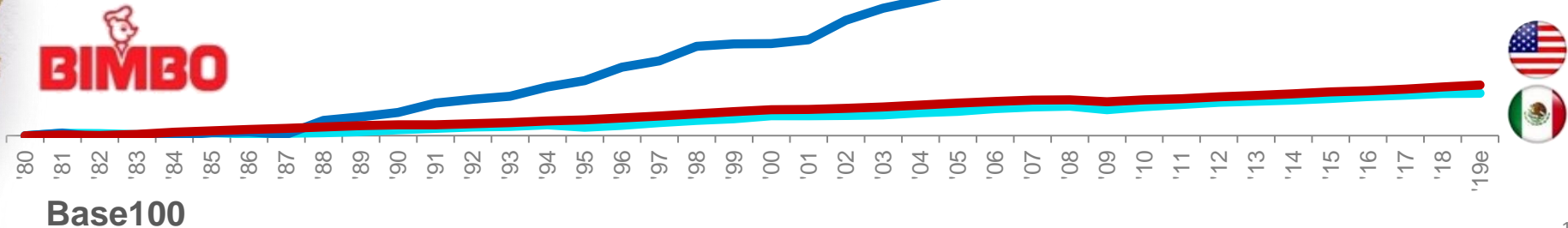
Has enabled us to outpace **our host countries' growth**



## Grupo Bimbo Revenue

**7.3x** Mexico's GDP

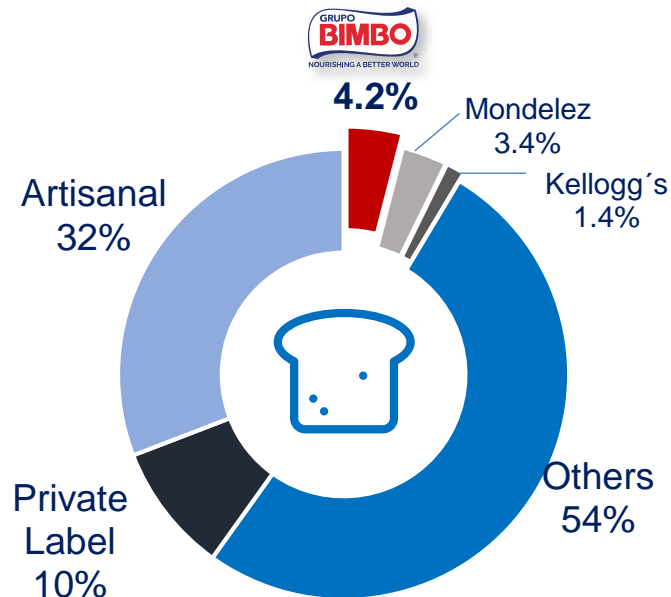
**6.6x** USA GDP



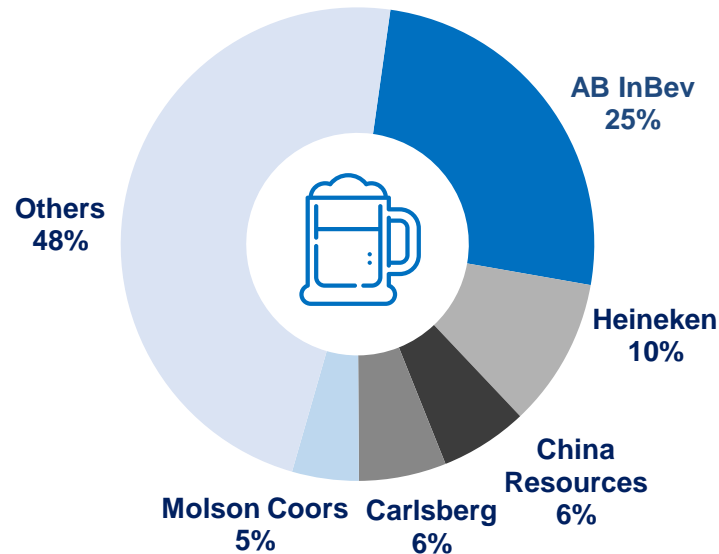
# A leading position in the Industry, with significant opportunities ahead



We only represent **4.2%** of the **\$481B** Global Baking Industry<sup>1</sup>



## Global Beer Industry<sup>2</sup>

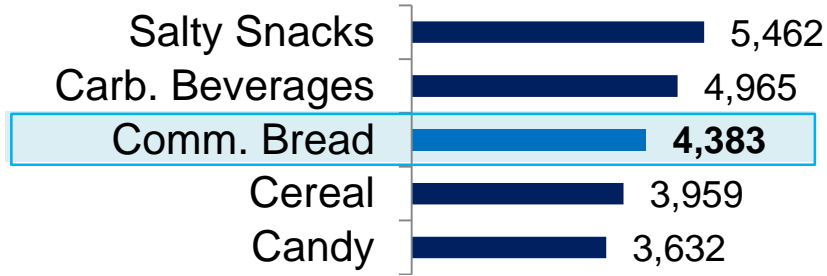


(1) GlobalData as of 2018, includes Bread and Rolls, Sweet Biscuits (cookies), Savory Biscuits (crackers), Cereal and Energy Bars, Morning Goods, Cakes and Pastries. (2) Euromonitor, Packaged Food 2020 edition, Snacks, current price, retail value sales (RSP). (2) Source: GlobalData, 2018

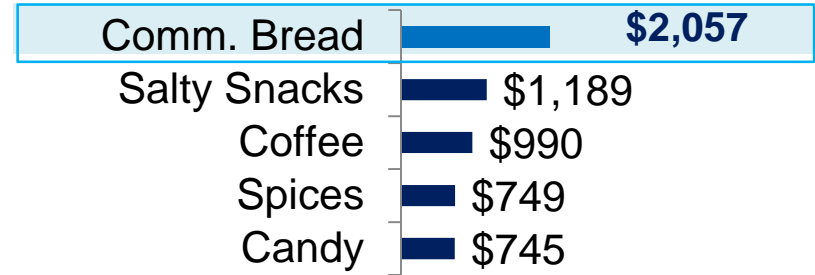
# And Bread is the most profitable grocery category



## Top 3 in average: weekly movement



## Almost 2x more profitable than the second category



### ZERO LABOR



### ZERO SHRINK

### HIGH TURNS





# Nevertheless, we face some challenges



## 1 Market

- Low Global Growth
- Strong Competitors
- New Entrants
- Customer Dynamics

## 2 Health Trends

- Consumers are demanding healthier products

## 3 Sustainability Concerns

- Plastics
- Food waste
- CO<sub>2</sub> footprint

## 4 Mexico

- Uncertain political environment
- Economic growth

## 5 Turnaround Markets

## OUR VISION

**To transform  
the baking  
industry and  
expand our  
global leadership  
to better serve  
more consumers.**

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# Our recipe for Growth and Transformation

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Serve our consumers with  
**Great Products**



Expand our **Brand Penetration**



Capture Large and Actionable **Growth Opportunities**



Scale-up our **Go-to-Market Strategy**



Streamline our Supply Chain **Costs**



**SG&A Reduction**



**Nourishing a Better World**



# Serve our consumers with Great Products

# Delivering **Winning Products**



**Gold standard:** superior quality always

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Replicating **successful products**

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**Agile consumer driven innovation**

# Growing our **Health & Wellness** portfolio



**1**

**New nutritional guidelines** and **clean label** solutions



**2**

**Larger offering of brands & healthy products**



**3**

**Innovation** focused on **whole grains** and **plant-based** solutions





# Expand our Brand Penetration

# Building and growing our Global Brands

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6  
Brands

sales >US \$1  
billion



2  
Brands

sales >US \$500  
million



4  
Brands

sales >US \$250  
million



Artesano



8  
Brands

sales >US \$100  
million



MRS BAIRD'S

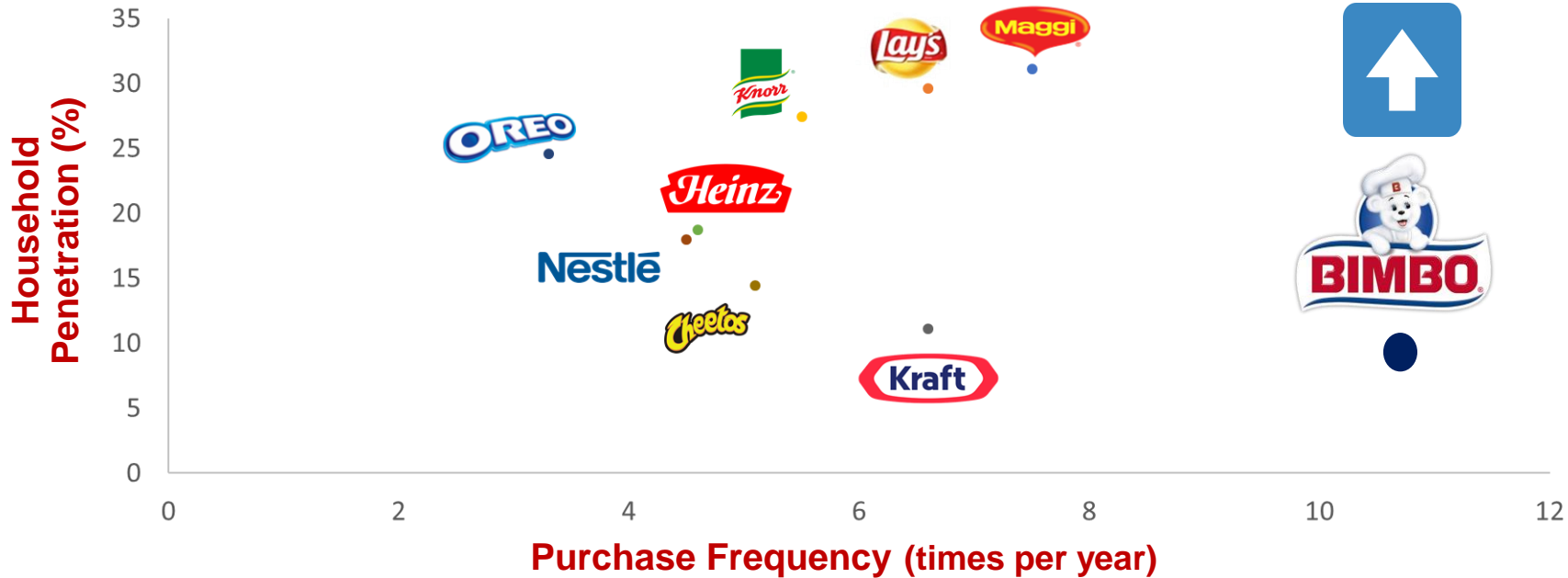
donuts





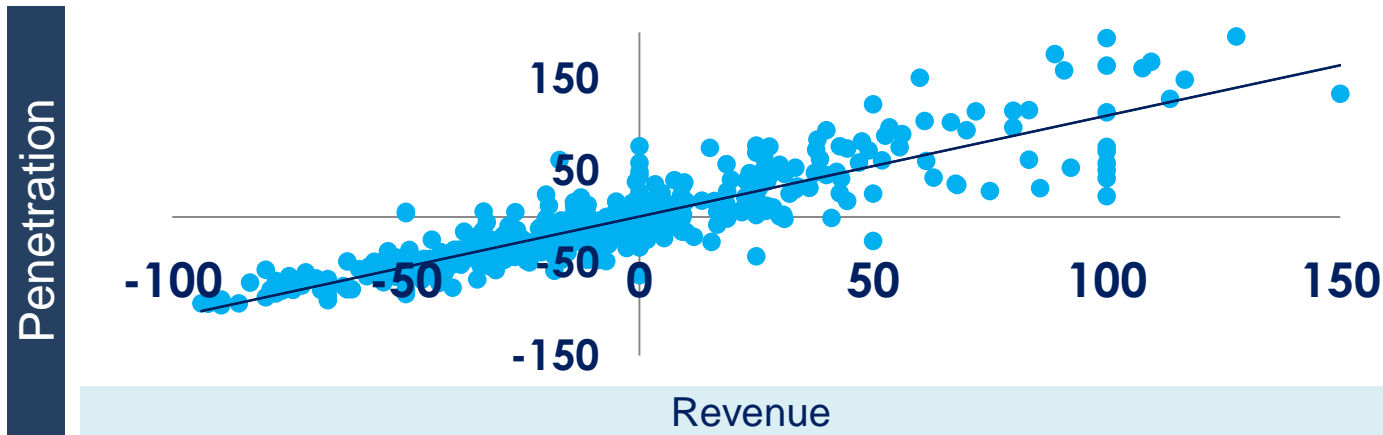


# Ranked #5 among Global Food Brands<sup>(1)</sup>



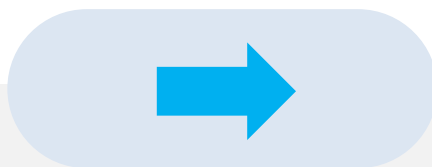
(1) Source: Kantar Worldpanel: Brand Footprint May 2019. The graph represents 9 of the top 10 food brands, excluding Indomie due to high purchase frequency generating weak comparability.

# Penetration is the KPI most **Correlated with Growth**



**Mental Availability**

Advertising



**Physical Availability**

Penetration



**Right Portfolio**

Global Brands



# Capture Large and Actionable Growth Opportunities

1



The QSR Industry is **growing rapidly** and we are well poised to **take advantage of it**

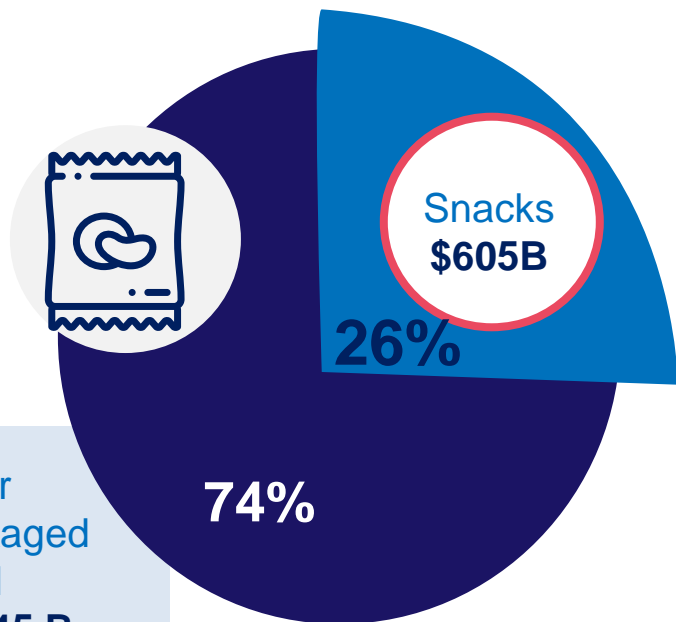


# 2

## Macro Snacking: Our Highest Growth Category

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Total Global Packaged Food  
Snack Sales %



Other  
Packaged  
Food  
\$1,745 B

In the late 70's, ~40% of U.S.  
adults didn't snack at all



Now, 95% of U.S. adults consume  
at least one snack daily



# 3

## Disciplined approach to uncover growth opportunities



### Mexico & LATAM



### USA



### Europe & ROW



# 4

## Enhancing our presence and profitability through Strategic bolt-on acquisitions



### Paterna plant from Cerealto Siro Foods<sup>1</sup>

- Produces bread and buns for Mercadona, the leading retailer in Spain
- Complements our **customer reach and manufacturing footprint**



- Leading producer of **sweet baked goods in Chile**
- Complements our portfolio and expands our **distribution reach**



- Second largest producer of **baking products in China**
- Expanded our footprint and enabled us to **significantly transform our profile**



- The **largest refrigerated** English muffins producer in the U.S.
- Added important brand to our portfolio and expanded our frozen capabilities

1. The acquisition has been signed and is still subject to regulatory approvals.

# 5

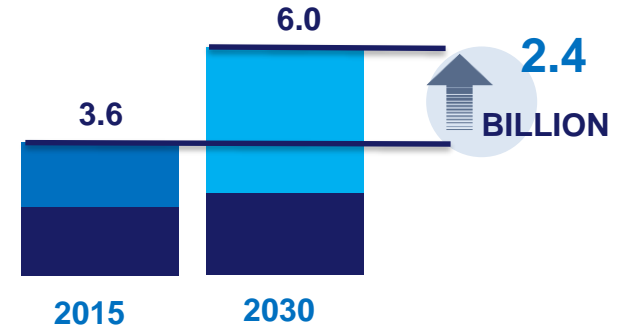
## Big Markets in India & China



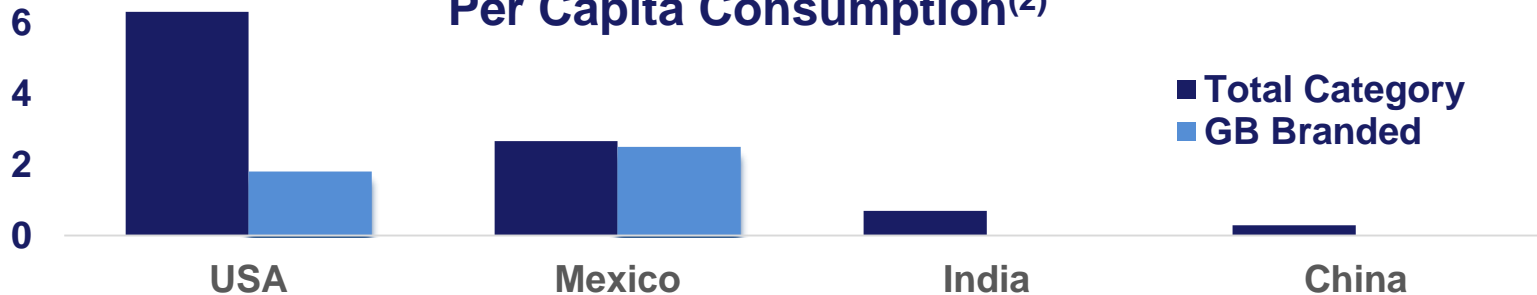
There will be **2.4 billion new middle class consumers** by 2030<sup>(1)</sup>

ASIA-PACIFIC & AFRICA

REST OF THE WORLD



### Sliced Bread Per Capita Consumption<sup>(2)</sup>



(1) United Nations World Population Prospects; McKinsey Global Institute Cityscope. (2) Internal estimates based on GB Sales and projections from Market Share and/or HH Penetration, Annual disposable income \$3,600 and over



And yet, growing and being  
**global** is not enough...

Now more than ever, we need to  
**TRANSFORM OURSELVES**



# Scale-up our Go-to-Market Strategy

# One of the largest distribution networks globally

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New profitable channels

Different ways of distributing



**DISCOUNT**

Sales  
Channel



**SMALL STOPS**

Convenience  
Outlets



**OMNICHANNEL**



**DIGITAL**

E-commerce  
Click & Collect

**+56,000** Routes

**+3.1MM** Direct  
Customers served

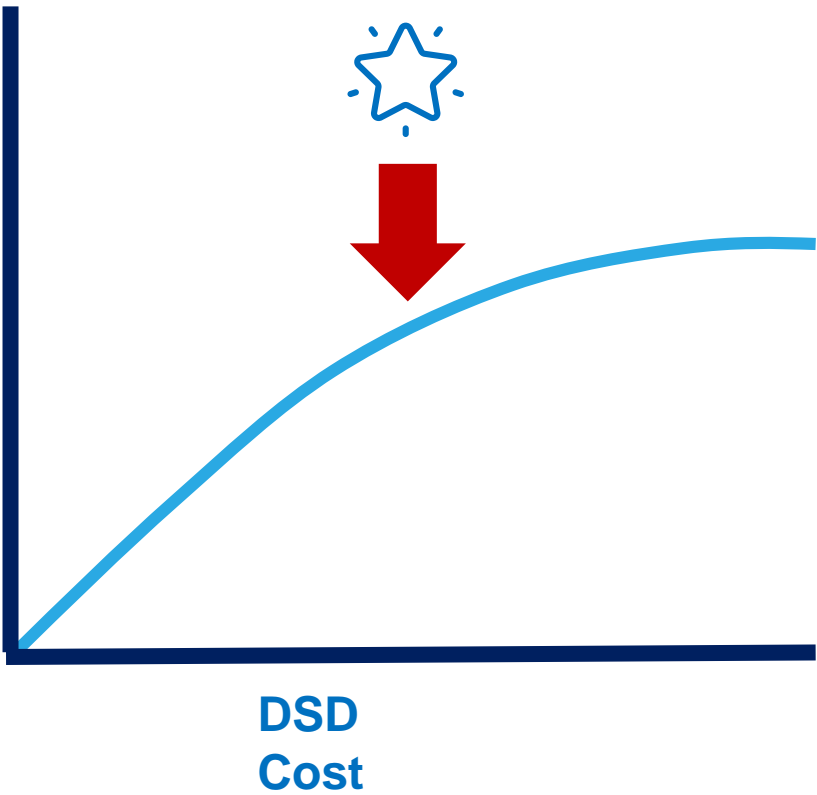
**+1.7 Bn** Consumers  
reached



# Obsessed With Reaching the “Sweet Spot”



Sales Increase  
+ Distribution + Activity POS



Maximize the advantages of direct distribution (DSD) at the lowest possible cost

# Building our scale, while driving granular growth



## 1) Route-to-Market Platform

Streamlining our **productivity** and **execution** at points of sale



## 2) Revenue Growth Management

**Maximizing** our **revenue** and **market share**, through:

- ✓ Diversified portfolio
- ✓ Competitive pricing
- ✓ Efficient promotional strategy
- ✓ Commercial investment optimization

## 3) Advanced Analytics Capabilities



Commercial **analysis & data-driven** decisions



# Streamline our Supply Chain Costs

# Continuously Investing to Achieve **World Class Efficiency**



## New Distribution Centers

Mexico & Latin America



## Five new plants

EAA & Latin America



Connecting multiple solutions to **transfer** and **analyze supply chain process data in real time**, to enable **strategic decision making**



# Implementing Automation & Robotics Solutions



## STYX, Greenwich



## LITTLE BITES, Cicero







# SG&A Reduction

# Focused on **Improved Profitability**



**Reinforce Zero Based Budgeting Program**



**Scale-up Global Procurement**



**Expand our Global Shared Services model**



**Proactively invest in restructuring opportunities**



**Aggressively deploy IT Tools**

- Robotic Process Automation
- Oracle Cloud



# Nourishing a Better World

# OUR PURPOSE

**Building a  
sustainable,  
highly productive  
and deeply  
humane company.**



# Our Actions Give Our Company & Brands a Stronger Meaning

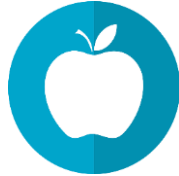


## Planet



We Protect  
Our Planet

## Health & Wellness



We Care  
About the  
Well-Being of  
All People

## Community



We Support  
the  
Communities  
Where We Live  
and Work

## Associates



We Value the  
Person



**We understand and appreciate our role as leaders and always act with integrity**



has a bright future,  
full of **opportunities**

With the talent and dedication of  
our +135K associates, we are  
aligned and confident we will  
capture them



# Our People

Juan Muldoon

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We ensure our **people's**  
**commitment** to our Vision....





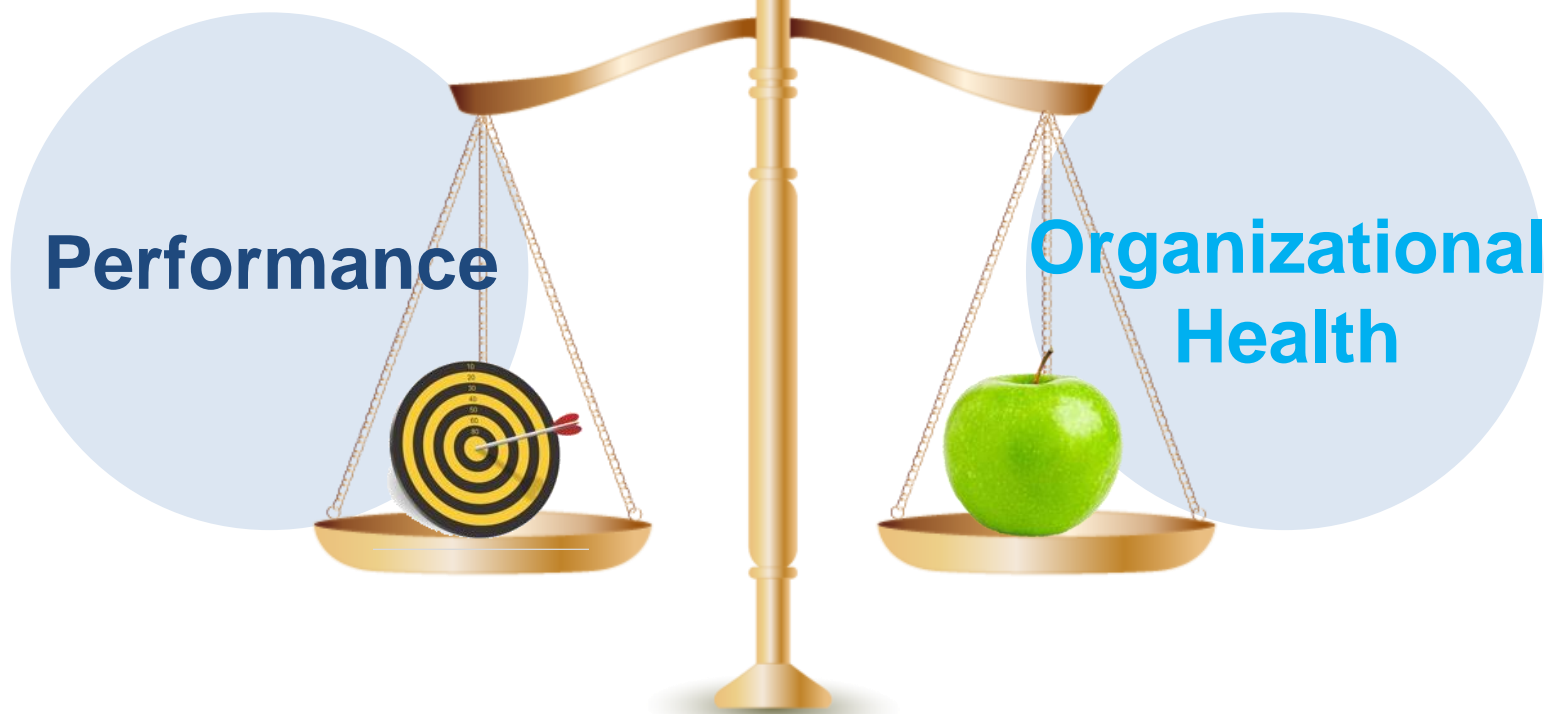
We are a **people-intensive** operation



**Our people are central** to our operation to execute and sustain our competitive advantage



We believe there is no long-term performance without good **organizational health...**



And we are investing to measure, identify gaps and improve our **organizational health**



We are **in the superior quartile of global companies** that execute the business model of “**Continuous Improvement Engine**”

「**MCKINSEY & CO - 2018**」

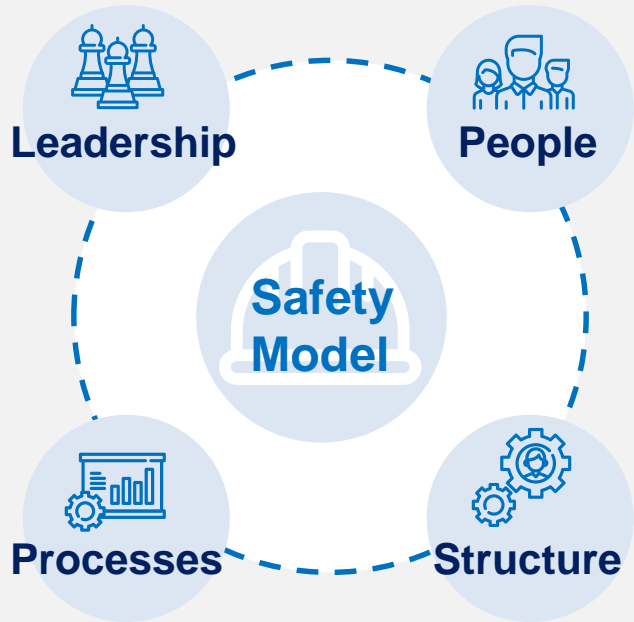


ORGANIZATIONAL  
HEALTH  
INDEX

# Safety is our Top Priority



Grupo Bimbo Safety Model has four pillars



That aim to achieve three objectives



**ZERO** injuries



Consolidate a **culture of safety and wellness**



**Interdependence**... caring for each other

# Safety is our Top Priority

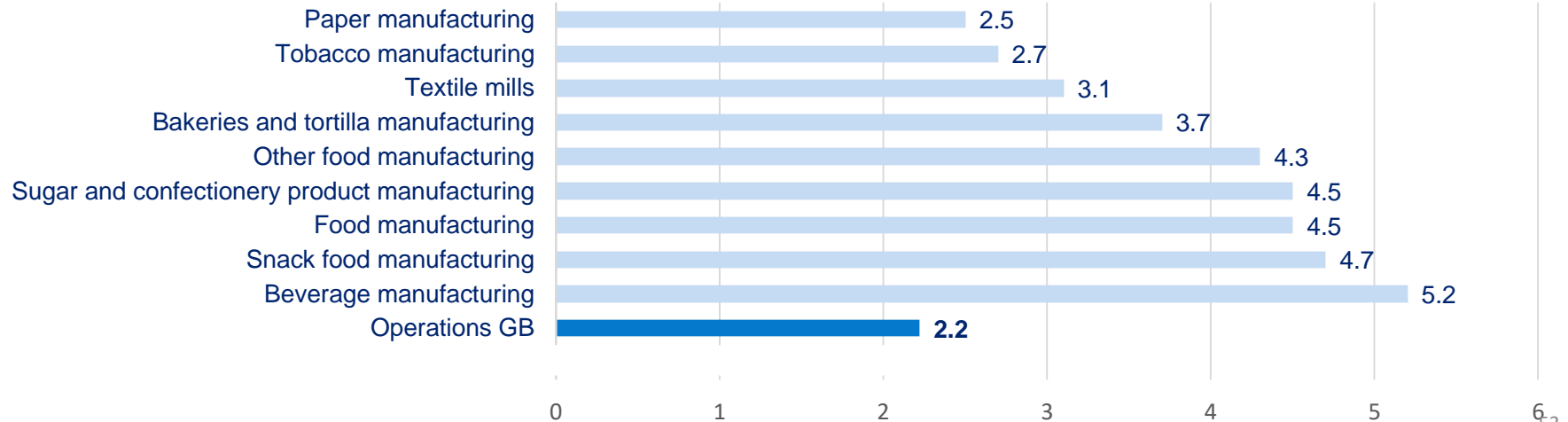


We are also reducing the **TRIR** (Total Recordable Incident Rate).

The benchmark with the industry shows we are well ahead. **TRIR** =  $\frac{\text{Total recordable injuries} \times 200,000}{\text{Total of hours worked}}$



## TRIR comparison in Manufacturing industry (USA)



# Valuing the person means a well-rounded talent approach

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## Talent approach



### Performance

We provide quarterly feedback to associates. Performance is linked to compensation.



### Potential

We actively identify and develop our associates to prepare a talent bench for higher/more complex functions.



### Development

GB University has a strong offering to develop our people through learning, stretch assignments and mentoring.

# Valuing the person means we invest in training our associates



**Average  
training hours  
by associate**



**And doing so  
more effectively**

- 58% Instructor-led training
- 42% online

# The People Vision of the Future





# 01

## Focus on the role of the leader



**Develop inspiring leaders**, empowered to make decisions



**Emphasis on front line supervisors**  
(sales & operations)

*“The company is what their associates are, and the associates are what their leaders are.”*

*Don Lorenzo Servitje*



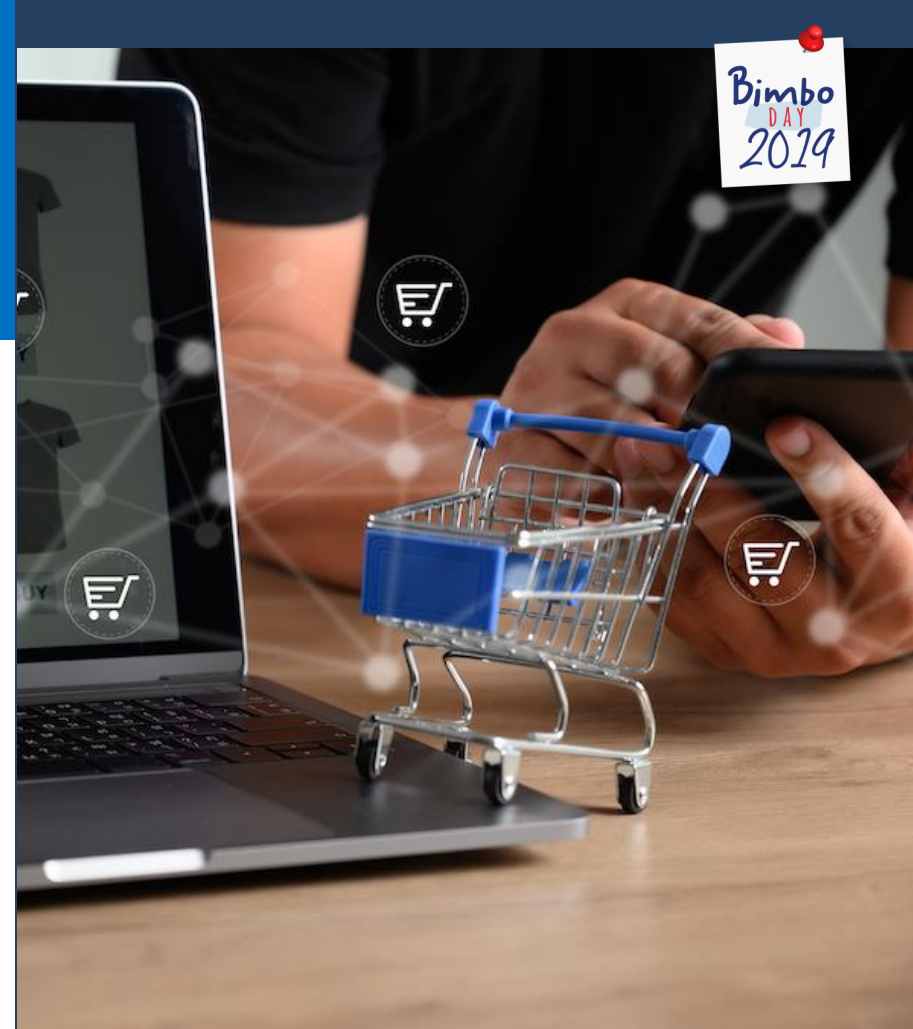
# 02 Develop the competencies of the future



**By function/geography,** experimentation and piloting



**Centrally,** consolidate best practices on new competencies



# 03 Workplace of the future



**Automate management HR processes (Hire-to-Retire) via RPA, chatbot, etc.**



**Leverage multiple data sources to find strategic insights on talent & compensation & labor**



# 04

## Culture champions



**Be the execution advisors:** ask the tough questions: will the culture allow GB to do that?



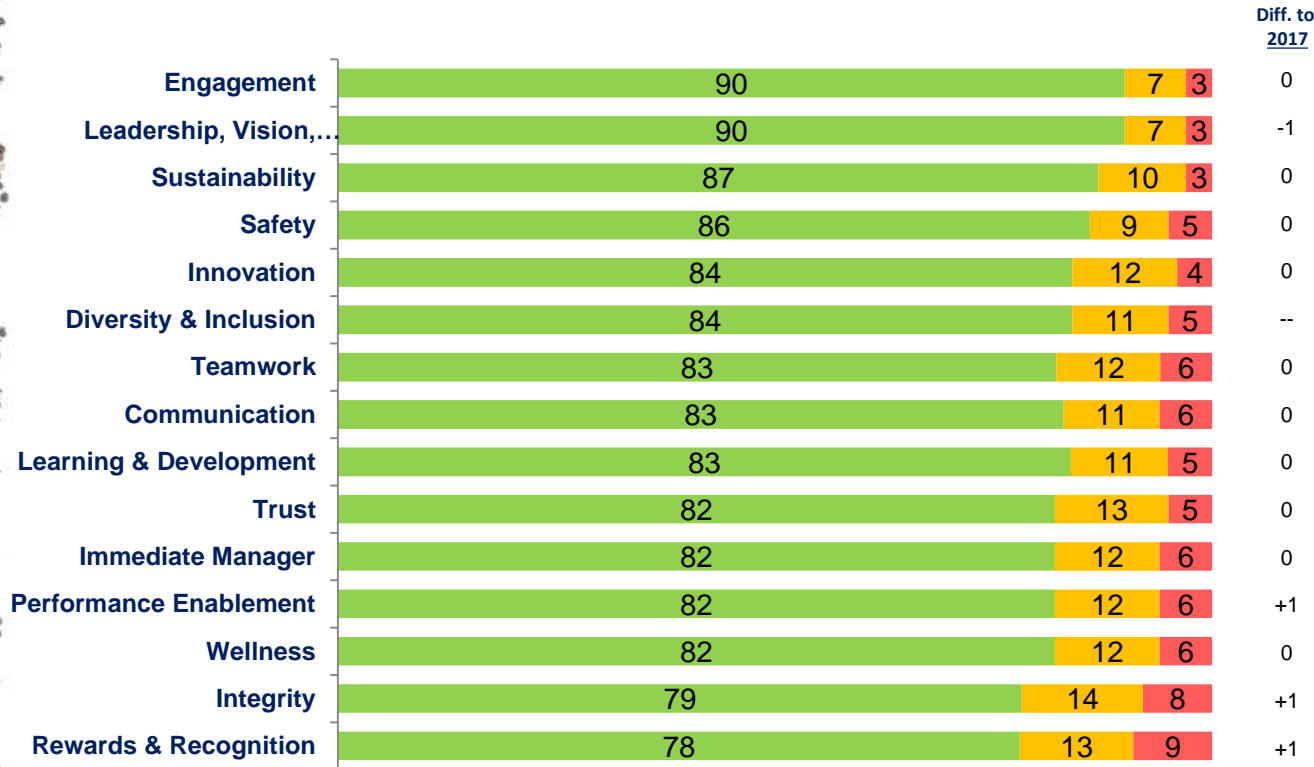
**Enable the human side of transformation:** mindsets, behaviors, processes and symbols that need to shift and enable the transformation



**Why we think  
we will  
achieve it?**



# We have earned our associates' commitment...



According to our engagement survey, our core strengths are:

1. Clear understanding of Grupo Bimbo's **mission, vision, purpose and beliefs** (96%)
2. **Pride of working** for Grupo Bimbo (94%)

# ...because we are committed to them



## Grupo Bimbo's Associate Value Proposition



The pride to work for a company that is grounded on a **superior purpose**



**Doing good is good business:**  
We want to be a force of good in the  
lives of our associates.





# Transformation

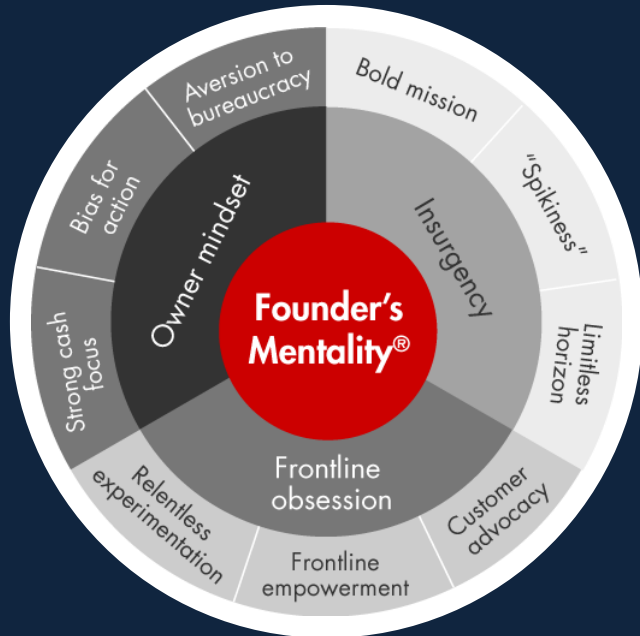
Raúl Obregón

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# Our Inspiration came from **Two Fronts**

## Founders Mentality

Bain & Co



## Exponential Organizations

Salim Ismail/Singularity



“Today, if you’re not disrupting yourself, someone else is; your fate is to be either the disrupter or the disrupted. There is no middle ground.”

# Transformation became an important Engine of our Vision

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## OUR VISION

To transform  
the baking  
industry and  
expand our  
global leadership  
to better serve  
more consumers.

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## KEY CAPABILITIES

### OUR MISSION

DELICIOUS AND NUTRITIOUS BAKED GOODS  
AND SNACKS IN THE HANDS OF ALL.

- 1 OUR ASSOCIATES' ENGAGEMENT  
AND COMMITMENT TO OUR VISION
- 2 ENDURING MEANINGFUL  
BRANDS
- 3 UNIVERSAL PRESENCE  
WITH SUPERIOR EXECUTION
- 4 WINNING INNOVATION  
IN PRODUCTS  
AND PROCESSES
- 5 OUR CULTURE  
OF CONTINUOUS  
IMPROVEMENT

GRUPO  
**BIMBO**

# What is Transformation for Grupo Bimbo?



**“We must make big changes to remain relevant in our dynamic environment, increasing our value to our consumers and customers by satisfying their needs better than any of our competitors, resulting in accelerated growth and improved financial performance.”**



# Transformational Objectives

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We are the **preferred place to work** in our industry, with **leading safety and organizational health**

Grow **Global Brands** sales to scale-up our Go-to-market

**Superior quality always:** Every product, every plant, every day

Reach profitably **points of sale** in **all channels**

Reinvent our **DSD model** to improve **productivity** and **expand** our distribution network

Implement the new **GB Innovation Model** across all Organizations, to increase **revenue from innovation**

Be a **key proactive player** in the **H&W food market**

**Lead in world class efficiency**, by improving labor productivity and reducing product waste

Our **innovative Exponential Digital platform** radically **changes** the way we work



# The journey began in early 2016...



## 2016

### POINT OF DEPARTURE



- What were those **key strengths** we **MUST MASTER** to beat our competitors?
- We wanted to **reignite** Grupo Bimbo's **insurgency** in **every market**: **CURRENT** and **FUTURE ONES**.

### AMBITION



- Statement that describes **point of arrival** and includes a clearly defined **goal**



- **Ambitious Transformational Initiatives** with specific actions, owners and deadlines



- Clearly defined baseline of **where we start**, in order to measure progress

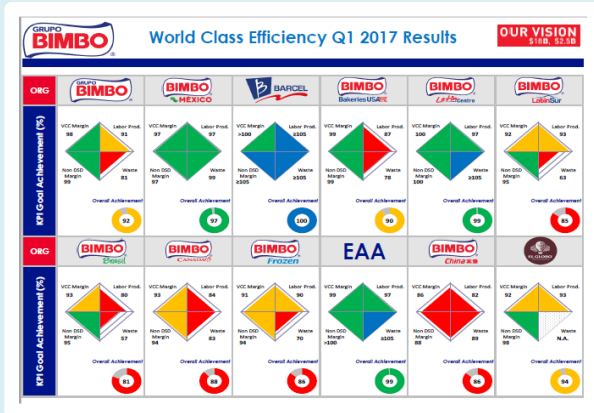
# The Transformation Office was born!



## 2017

### PROGRESS METRICS

- Periodically measured **KPIs** towards goals, broken down **by Organization**
- Planning & alignment / **Conviction & commitment**



### GOVERNANCE MODEL



**Governance:** Structure, responsibilities, operating model and decisions



**Meeting Cadence:** To speed up implementation and overcome roadblocks



**Accountability:** For visibility & tracking, as well as collaboration between key stakeholders

# Transformation as a dimension of our Business Plan

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## 2018

### BUSINESS PLAN

- Inclusion of **TOs** within **Grupo Bimbo Business Plan**
- **Alignment** with all **Organizations**
- Allocation in **planning** and **budgeting** processes



### CHANGE MANAGEMENT



- **Governance Model** for Change Management initiatives
- Birth of **Bimbo Change School** and **TOs Communication Campaign**
- Reinforce **sense of urgency**, build **confidence** and address **key risks**
- Drive and maintain **commitment**

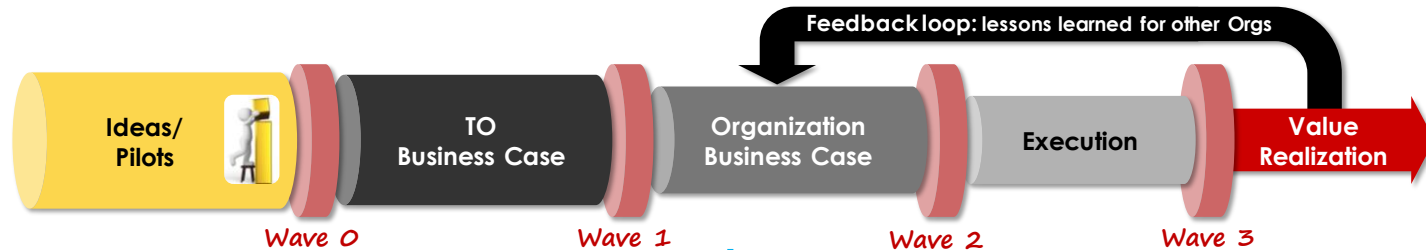


# We accelerated the Transformation value capture

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## 2019

### FOLLOW-UP & VALUE CAPTURE



- Strengthen **synergies** between **Global Team** and **Organizations** to ensure execution



- **KPIs** aligned with **real benefits** quantification



- **Initiatives** with clear **Value Targeting**: Incremental Sales and EBITDA



- **Integrated process & teamwork** to get results

# We have graduated several initiatives from PoC to scalable digital solutions aligned to our capabilities



Associates Engagement



Meaningful Brands



Universal Presence



Winning Innovation

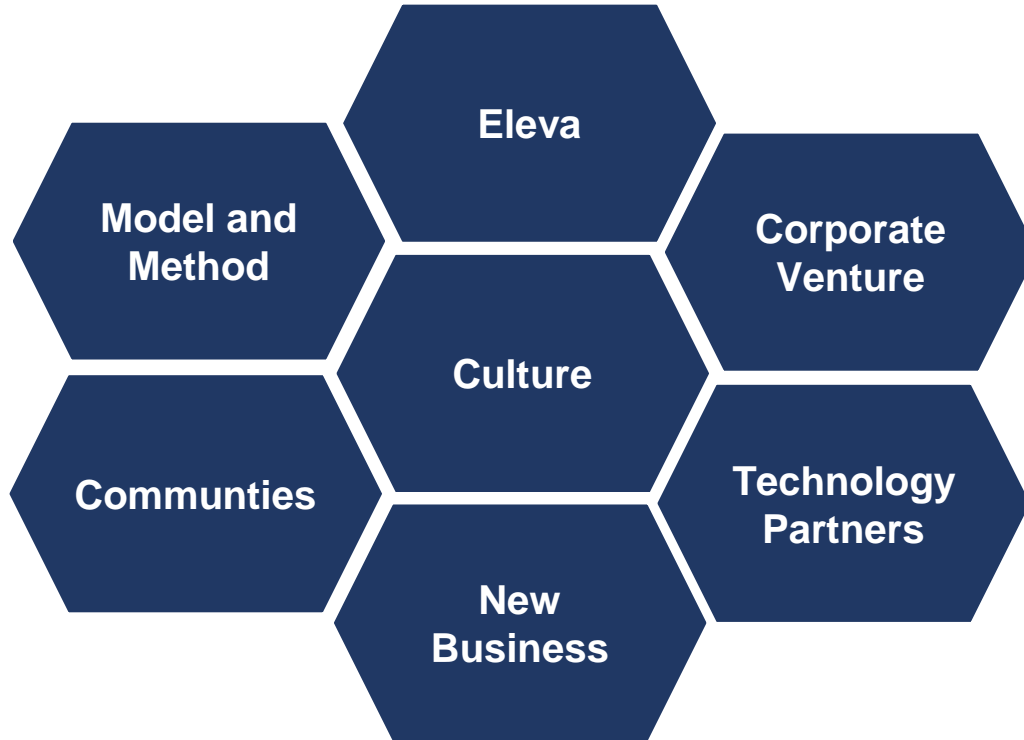


Continuous Improvement



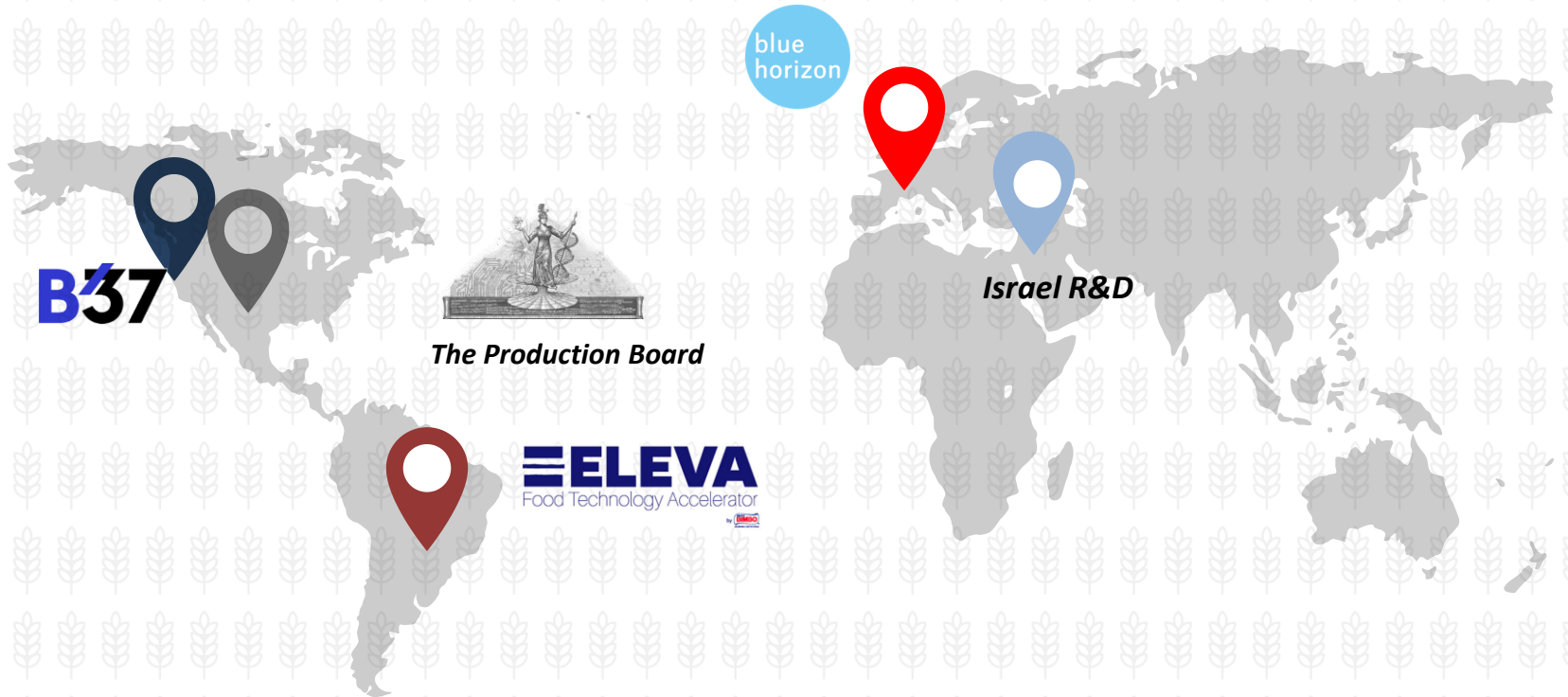


Innovation is a path that has required us to work on **several fronts**

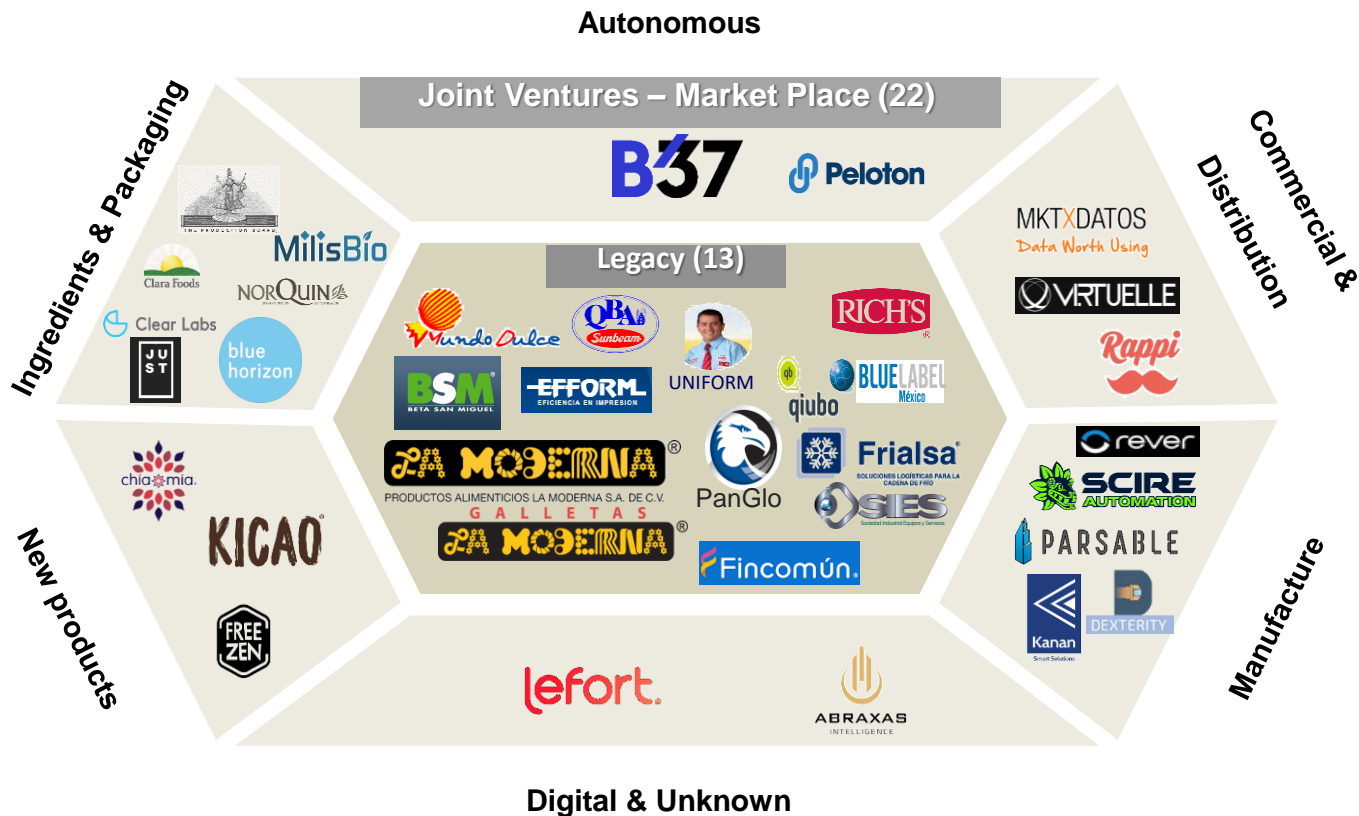


# We have grown our **Corporate Venture** footprint to fuel growth and enhance our **Innovation Ecosystem**

Bimbo  
DAY  
2019



# Leveraging innovation to fuel growth



# Going Forward



## EXECUTE OUR TRANSFORMATION



- Deploy our transformation initiatives



- Expand our **Analytics capabilities**: Deep and Data Lab
- Grow our **Innovation Ecosystem**



- Bimbo Ventures Ecosystem to fuel our **Engine 2**

## EXPAND OUR RECIPE FOR GROWTH



- Ignite our **Capabilities**



- Boost our **Brand Penetration**
- **Scale-Up** our **Go-to-Market Strategy**



- **Streamline and Digitize** our **Supply Chain**



# Mexico

Javier González

BIMBO DAY → 2019 ←

# Mexico Region

Bimbo  
DAY  
2019

LTM 3Q19

Sales: US \$5.3Bn

Adj. EBITDA: US \$937 M



+ 76,000  
Associates



38  
Plants







ranked #1 among **Latam Food Brands**<sup>(1)</sup>



**Strong brand awareness and solid market presence in the region<sup>(2)</sup>:**



1<sup>st</sup>

Bread &  
Sweet Baked Goods



2<sup>nd</sup>

Cakes  
& Cookies



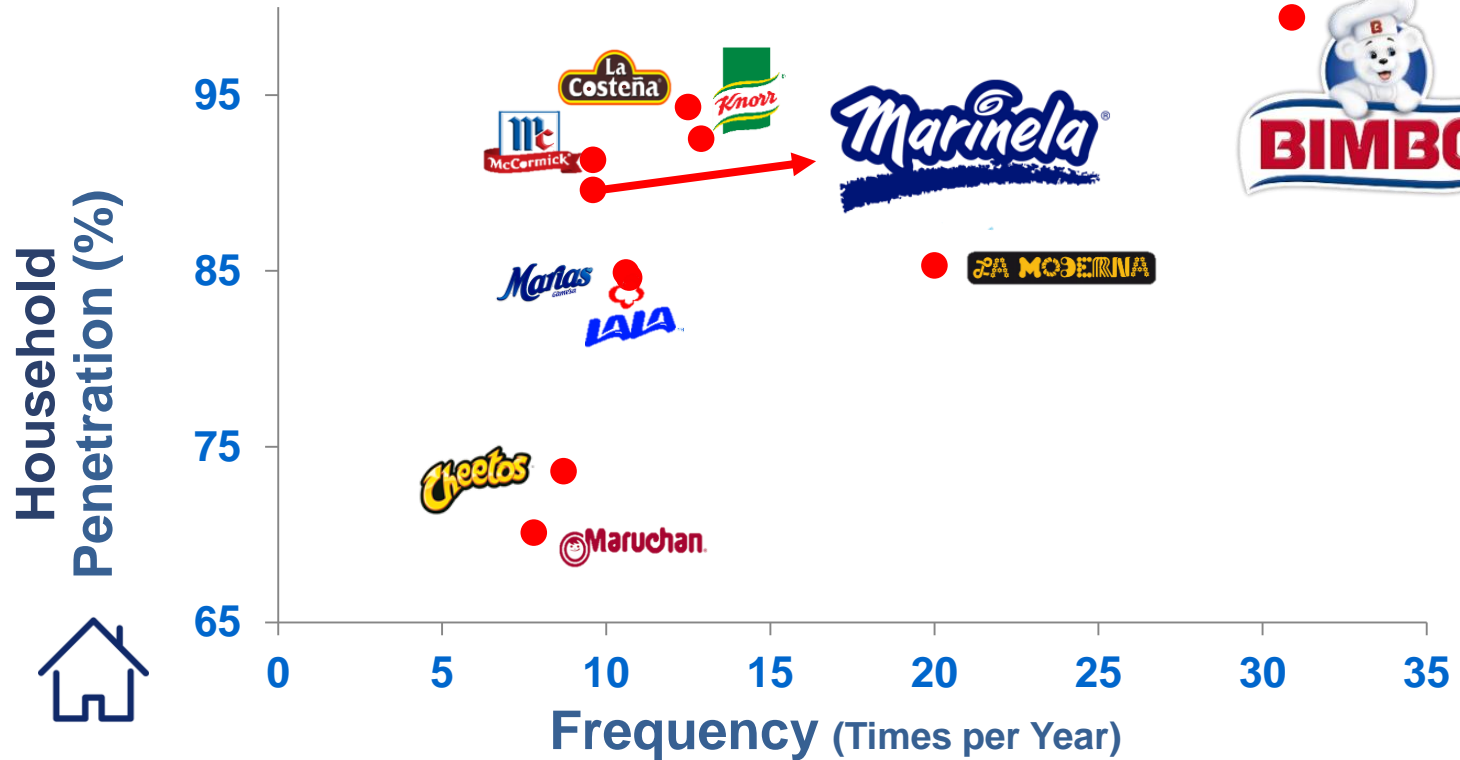
2<sup>nd</sup>

Sweet Baked Goods

**Diversified** portfolio  
which enables  
flexibility

Counter-cyclical  
**products** to maintain  
volume growth  
despite seasonalities

# Bimbo and Marinela among Top Ten brands in Mexico



# With opportunity for Continued Growth



## Macro Snacking

Capitalize on **new consumer demands**

**Product innovation and differentiation** to drive volume growth

Scale-up our **confectionery presence**



**Top 2**  
position in snacks  
category in  
Mexico<sup>(1)</sup>



(1) Source: Nielsen 2018

# We have developed **Unique Capabilities**



## Volume growth strategy

Extensive **distribution** network in all channels

**Capitalize synergies** between brands and categories

**Strong presence** in points of sales

Target different **price points** for each consumer



## Cost Management

Use of **advanced analytics** in our supply chain

**Zero Based Budgeting** as enabler for cost-cut initiatives

**Productivity** in our manufacturing footprint and distribution network

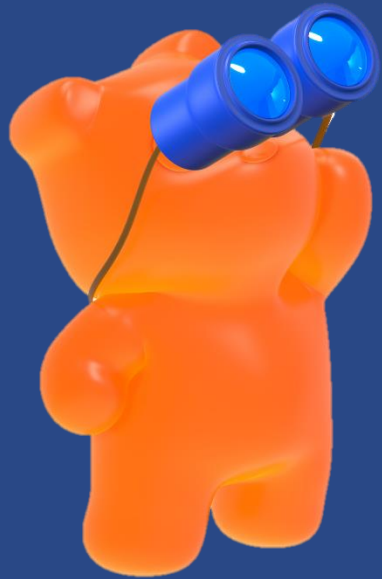


# Always committed to the Environment and Society



**Largest distribution center in Latin America within the Baking Industry**

- Solar panels roof
- Renewable energy from windfarm
- Rainwater harvesting & purifying as drinking water
- Soundproof wall & vertical garden
- Zero waste to landfill
- High technology in primary transportation
- Highly automated
- Leadership in Energy & Environmental Design- LEED
- Good neighbor program in alliance with communities



# Our next steps



# Continuously reinforcing our position

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-99 calories per piece

Portion control and low-calorie presentations



Product reformulations



Investments in our points of sale to improve our presence

# Agile consumer driven Innovation

Bimbo  
DAY  
2019



Clean label solutions, more natural ingredients and **whole grains-based** breads



Replicate **winning products**



Innovation for **on-the-go** products



**Compostable Packaging**  
1st company in LatAm launching it





# Transforming Ourselves



**Digitalizing commercial platform for customer segmentation and enhance value proposition**



**Our new distribution center** will improve logistics costs

Consolidation of sales centers



**Developing new sustainable technologies** through our **Global Technological Development lab**

# Going Forward



## Gold Standard

Superior quality always



## Consumer oriented

Continue diversifying our portfolio



## Be a leader in Innovation

Clean label, more natural products, simple recipes



## Suitable portions by channel

Leveraged by our leading brands



## Prioritize

Volume growth

**Deliver consistent products that satisfy and nurture**



# Latin America

## Rafael Pamias

BIMBO DAY → 2019 ←

# Latin America Region



LTM 3Q19

**Sales:** US \$1.5Bn

**Adj. EBITDA:** US \$9.4M



+ 20,000  
Associates










33  
Plants



# Bimbo leads the Baking Industry with strong positions in all geographies



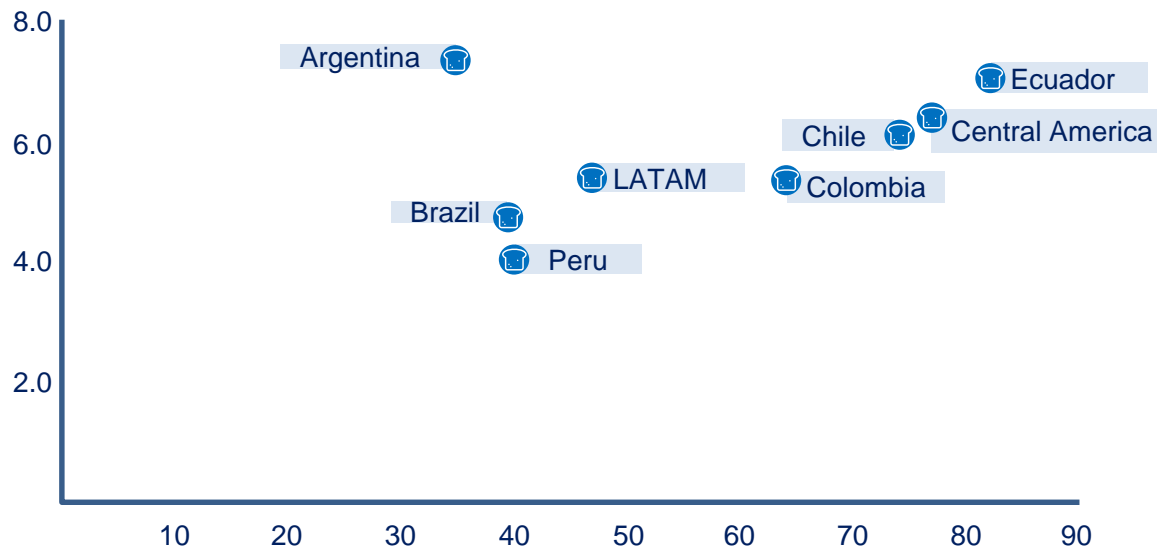
| Market Share (YTD)   | <br>Bread | <br>Buns & rolls | <br>Tortillas | <br>Cakes* |
|--|--|--|--|---|
|   | 68%  | 64%  | 70%  | 29%   |
|   | 60%  | 54%  | 65%  | 64%   |
|  | 25%  | 8%   | 99%  | 32%   |

# Bimbo brands are household names across LatAm



## GRUPO BIMBO: STRONG PENETRATION (Sliced Bread)

PURCHASE FREQUENCY



HOUSEHOLD PENETRATION (%)

# A diverse geography with different performance profiles



## Strong performance



- Latin *Centro*
- Chile
- Peru

## Challenging



- Brazil
- Argentina

All in, a strong sequential improvement in 2019

|                    | % vs YAG | Q1    | Q2    | Q3   |
|--------------------|----------|-------|-------|------|
| Net Sales          |          | -5.9% | -3.8% | 7.4% |
| Adj. Ebitda Margin |          | 0.4%  | 0.6%  | 0.9% |

## Strategic Pillars

1

Play the whole field with **superior brands & technologies**

2

Continue to grow our **small stops distribution**

3

Manage **challenges in Argentina** & complete **Brazil turnaround**

4

Expand **pockets of growth**



# Play the whole **field aggressively**



Capitalize on our multibrand portfolio to occupy all relevant price points



Increase inter LatAm exports to complete our portfolio



Take advantage of our Frozen manufacturing footprint to grow in-store bakery & food service



Grow our share in snacks with a differentiated offering

# Case study: **Argentina**



**Our bread portfolio successfully covers all price points & consumer needs**

**1**

Identify relevant price points in basic food basket



**2**

Change our presentations to cover key price points with our brands



**3**

Early results are quite promising

Our differentiated portfolio of snacks is growing at double-digits across the region



## Strategic Pillars

1

Play the whole field with **superior brands & technologies**

2

Continue to grow our **small stops distribution**

3

Manage **challenges in Argentina** & complete **Brazil turnaround**

4

Expand **pockets of growth**

# We plan to grow our reach by 2020



- Accelerate growth in key geographies
- Dedicated routes to develop snack portfolio



- Keep growing our distributors network
- Dedicated routes to develop snack portfolio



- Explore Food Service Opportunity
- Move to profitable pre-sales system

## Strategic Pillars

1

Play the whole field with **superior brands & technologies**

2

Continue to grow our **small stops distribution**

3

Manage **challenges in Argentina** & complete **Brazil turnaround**

4

Expand **pockets of growth**

# Manage challenges in **Argentina** & complete **Brazil** turnaround



- Lactal & Valente brands to reach all pockets
- Focus all initiatives inside the triangle (Buenos Aires – Rosario – Cordoba)
- Multiply exports of our main products
- Leverage our size to control cost inflation



- Accelerate roll out of our new go-to-market model
- Innovate our bread offering to extend reach profitably
- Improve our operational model

## Strategic Pillars

1

Play the whole field with **superior brands & technologies**

2

Continue to grow our **small stops distribution**

3

Manage **challenges in Argentina** & complete **Brazil turnaround**

4

Expand **pockets of growth**

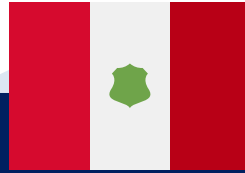


# Expand pockets of growth



## Chile

Extend Nutra Bien  
across channels &  
LatAm



## Peru

Distribute beyond  
Lima



## Latin Centro

Accelerate Snack  
portfolio

# In Summary



1

Play the whole field with **superior brands & technologies**

2

Continue to grow our **small stops distribution**

3

Manage **challenges in Argentina** & complete **Brazil turnaround**

4

Expand **pockets of growth**

Current figures confirm that **LatAm strategy is working** in our more challenging geographies

# Q&A

## 1st Block



# 15 min. BREAK





NOURISHING A BETTER WORLD

# Marketing

Mike Ponter

BIMBO DAY → 2019 ←

At Grupo Bimbo we have a portfolio of **beloved consumer brands** spanning multiple categories and countries

Bimbo  
DAY  
2019

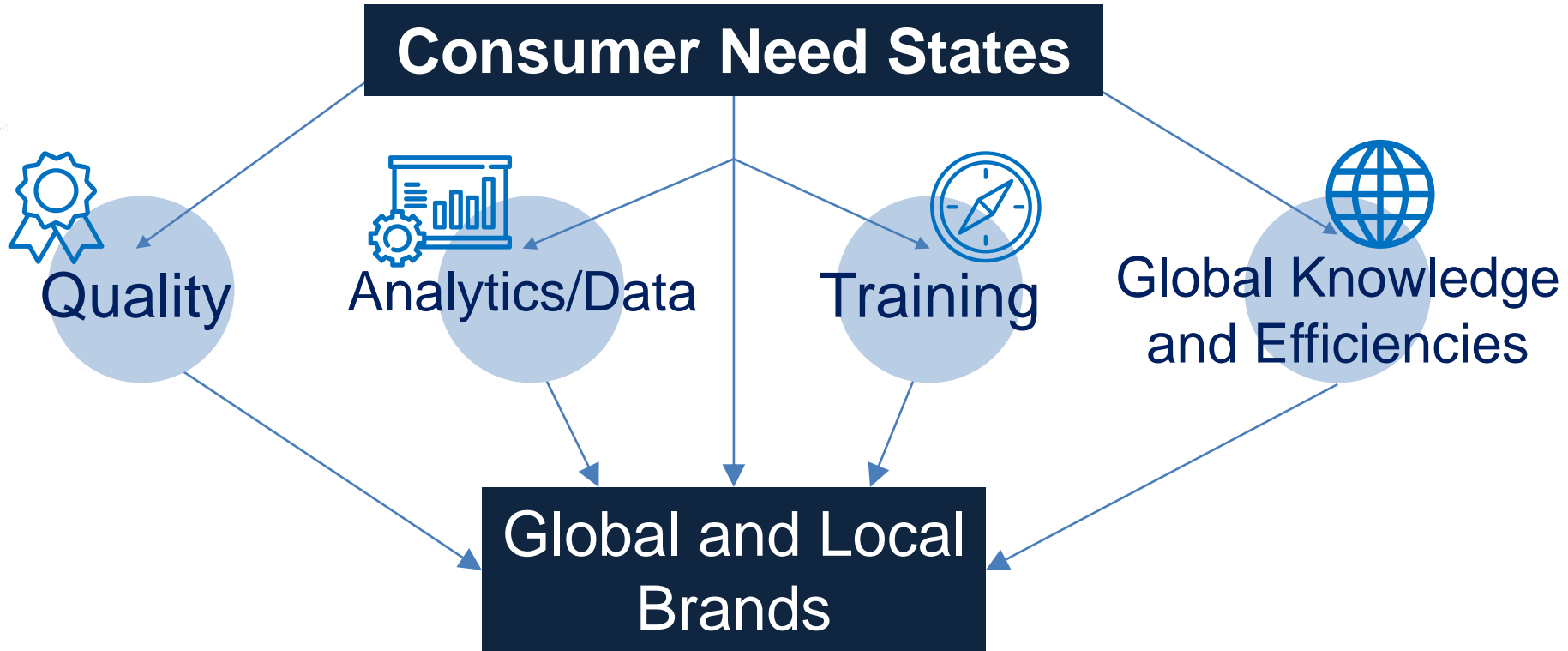
## Power Brands



## Emerging Brands



The consumer's needs are the DNA of **Grupo Bimbo Marketing**



# Six Macrotrends Clearly Identified

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DAY  
2019

## 1 TOTAL EXPERIENCE DRIVEN

INDULGENT MOMENTS      IMMERSIVE WORLD  
SENSATIONAL      PREPARATION RITUALS  
INSTAFOOD      FOOD CURIOSITY

## 2 NAVIGATING HEALTH & WELLNESS

HYPER PERSONALIZATION      RESTRICTIVE DIET COMPANIONS  
PACKAGE HEADSPACE      HEALTHIER SUBSTITUTES  
MOOD FOOD

## 3 HYPER CONVENIENCE

LIFE SUPPORT HUBS      SMART EVERYTHING  
OUTSOURCED CHOICES      SINGULAR FOCUS  
TIME TAILORED DESIGN

## 4 DEMANDING RESPONSIBILITY

LOVE FOR LOCAL      POSITIVE COMMUNITY  
REDUCING WASTE  
SEARCHING TRANSPARENCY      NEW SOURCES

## 5 CONNECTED LIVES

ALLEGIANCES  
PEER TO PEER CURRENCIES  
NURTURING RELATIONSHIPS

## 6 EVOLVING IDENTITIES

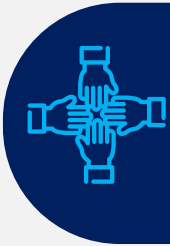
CULTURAL CURIOSITY      PUTTING SINGLE FIRST  
MIXING CULTURES      NEW AGING  
REGENERATING      RECLAIMING TRADITIONS





## Quality

# Consumer Preference of our Grupo Bimbo products



### Purpose:

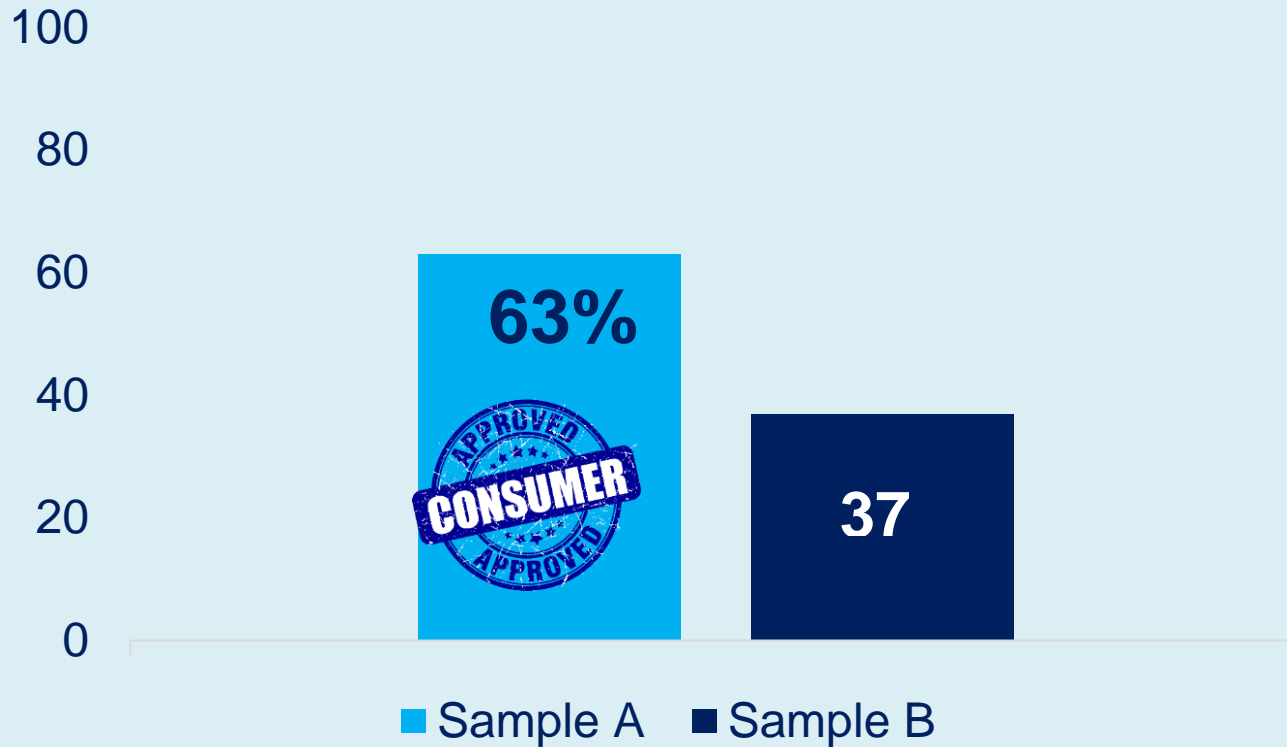
- **Consumer preference (likability)** is vital to the success of our brands
- Testing focuses on **understanding what consumers like** about the product



### Actions:

- **Testing** of new product launches and flagship **products on a regular basis**
- **Leverage gold standard recipes** across countries

# Forced Choice



Appearance

Scent

Taste

Sweetness

Texture

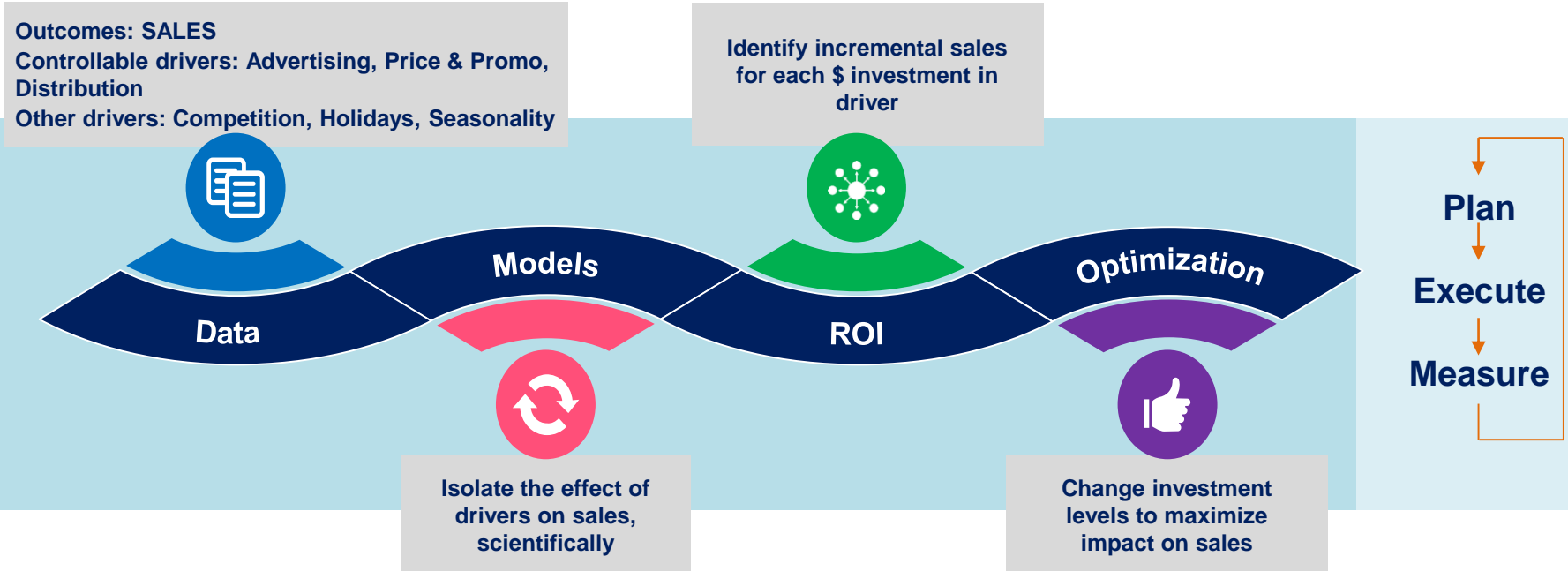
Overall liking



## Marketing Mix Modelling process



MMM is a statistical analysis that helps attribute the impact of various drivers (marketing & others) on sales



# We can now access data that allows for the highest levels of personalization and segmentation



## Business Marketing Personalization @Scale



**RIGHT PERSON**



**RIGHT CHANNEL**



**RIGHT MOMENT**



**RIGHT MESSAGE**



**RIGHT RESULT**



**RIGHT PRICE**



**Without digital**

ID 40%

Gen: Male  
Age: 25 - 34  
Income: High



ID 60%

Gen: Male  
Age: 25 - 34  
Income: High  
Relationship Status: Single  
Device: Desktop  
Parental Status: No Children  
Interest: News  
Purchase Intention: TV + Car



ID 80%

Gen: Male  
Age: 28  
Income: Medium/High  
Relationship Status: Single  
Device: Desktop/Mobile  
Parental Status: No Children  
Interest: News + Music + Gaming  
Purchase Intention: TV + Car + eDelivery  
PII OptIn: ForMe  
Geo: CDMX, México



**With digital**

# Bimbo Rapiditas in Argentina is a good example of leveraging analytics



Traditional research told us that Rapiditas  
appealed to 2 main groups:



**PRACTICALITY**



**DELICIOUS**

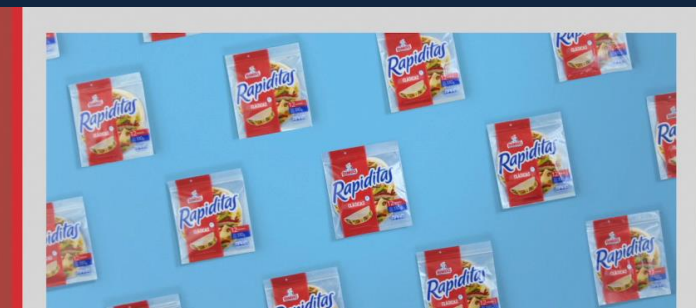
We then used analytics to develop dozens of **in-depth profiles**



For example, a **woman who is aged 35-55** that is interested in **running** who at the end of her **weekend of exercising** is interested in a **healthy but great tasting meal**



We could then serve her an ad on a Sunday evening through social media featuring a great tasting Rapiditas tortilla with tuna





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2019

This campaign delivered excellent results including an increase in:



Sales

Household **penetration**



Training

# BIMBO Marketing School



## THE MARKETINGSCHOOL

### What is the Purpose of Marketing School?



Developing the **Bimbo way** of doing Marketing leveraging the knowledge of Marketers from all countries



Nurture and develop the **marketing skills** at all levels of the Marketing Organization



A set of **practical tools** and guidelines to make strategic and tactical decisions to drive growth

# Bimbo still solid as one of the top brands



Ranked **#5** among  
**Global Food**  
Brands



Ranked **#1** among  
**Mexico Food**  
Brands



Ranked **#1** among  
**LatAm Food**  
Brands

# Fuchs, a focus on mental and physical availability



**Mental Availability**

Advertising



**Physical Availability**

Penetration



# Our Category Boards are a competitive advantage for Grupo Bimbo



Global Knowledge  
and Efficiencies

## Overview:

- A Category board is a compilation of marketing leaders from various countries along with cross-functional experts who meet several times per year



## The Category Boards are accountable for:

- Sharing best practices
- Driving efficiencies

***SYNERGY***  
**1+1=3**

# Replicating successful products in other markets



Iberia



Canada & Chile



Canada



Mexico



US

Now that we have taken you through the how, lets look at some examples of **consumer communication** for our iconic brands:

The logo for Entenmann's, featuring the brand name in a white, cursive script with a blue outline, set against a dark blue circular background with a play button icon.

Little Bites

The logo for Sara Lee, featuring the brand name in a white, cursive script on a red ribbon-like banner, set against a dark blue circular background with a play button icon.

Sara Lee sandwich

The logo for Marinela, featuring the brand name in a white, cursive script with a white brushstroke underline, set against a dark blue circular background with a play button icon.

Pingüinos

The logo for Takis, featuring the brand name in a bold, yellow, sans-serif font, set against a dark blue circular background with a play button icon.

Don't eat the Takis

**In Summary:**  
**The culmination of consumer needs**  
**overlayed with a focus on quality,**  
**analytics, training and global**  
**knowledge is a portfolio of consumer**  
**loved brands**







**EAA**

Daniel Servitje

**BIMBO DAY** → **2019** ←

# Europe, Asia & Africa Region



LTM 3Q19

**Sales:** US \$1.4Bn

**Adj. EBITDA:** US \$55 M



+ 12,000  
Associates



44  
Plants



14 countries

# Bimbo Iberia Snapshot



Successful Integration → Profitable Business



Synergies of € 40 – 50 million

# Strong Market Position Across Iberia



## Market Share Leadership



Commercial Bread



Sweet Baked Goods



35% <sup>1st</sup>

17% <sup>1st</sup>



42% <sup>1st</sup>

37% <sup>1st</sup>



Leadership in key categories through Top Brands

# Focused on Innovation to Drive Growth



## Leading Innovation



Bread ➤ Sweet Baked Goods

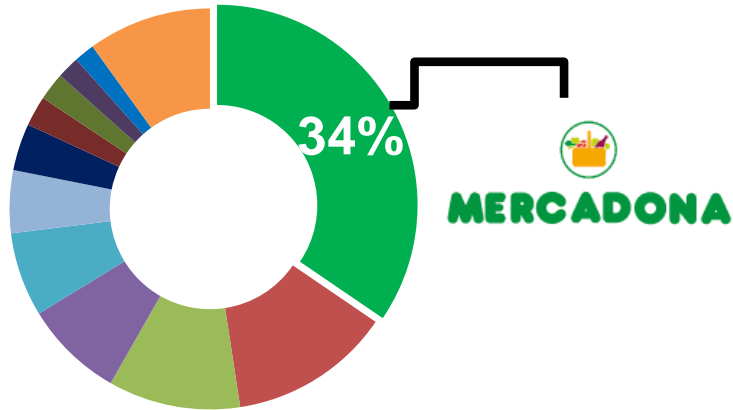


# Creation of new segments in key categories

# Enhancing our presence in Spain



**Retail Value Share\***  
Total Food (w/o perishable products)



- ✓ Agreement to acquire one plant in Valencia
- ✓ Producer of sliced bread and buns



Hacendado brand

\*Source: Kantar Worldpanel – Spain Information

# One of our Avenues of Growth: Bimbo China



**6.6%** average GDP **Growth**

**1st** most populated **country**

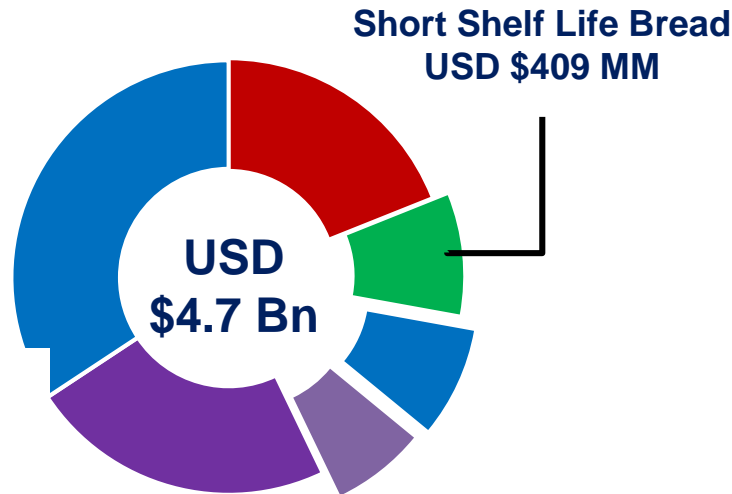
**#2 world economy**

# Huge Potential to **Serve new Consumers**



## Potential Market

- Biscuits
- Short Shelf Bread
- Long Shelf Bread
- Cakes
- Chinese Pastry



**Baking industry expected to grow at 12% CAGR** for the next 5 years, remarkably higher than other food categories



# Bimbo China Snapshot



**Integrating  
Bimbo & Mankattan**



**Serving the largest  
QSR clients in the  
country**

**From a Regional Business to a  
Nationwide leading player**

# We are The Challenger Player



Commercial Bread



Sweet Baked Goods

Beijing

23% **2<sup>nd</sup>**

14% **2<sup>nd</sup>**

Shanghai

22% **2<sup>nd</sup>**

9% **2<sup>nd</sup>**

Guangzhou

8% **2<sup>nd</sup>**

2% **2<sup>nd</sup>**



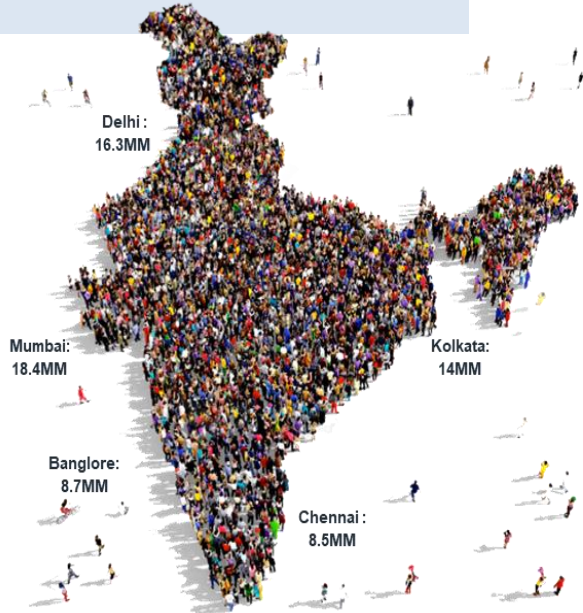
Portfolio Synergies



# One of our **Avenues of Growth**: Bimbo India



## The new Frontier



**7.2%** average GDP Growth

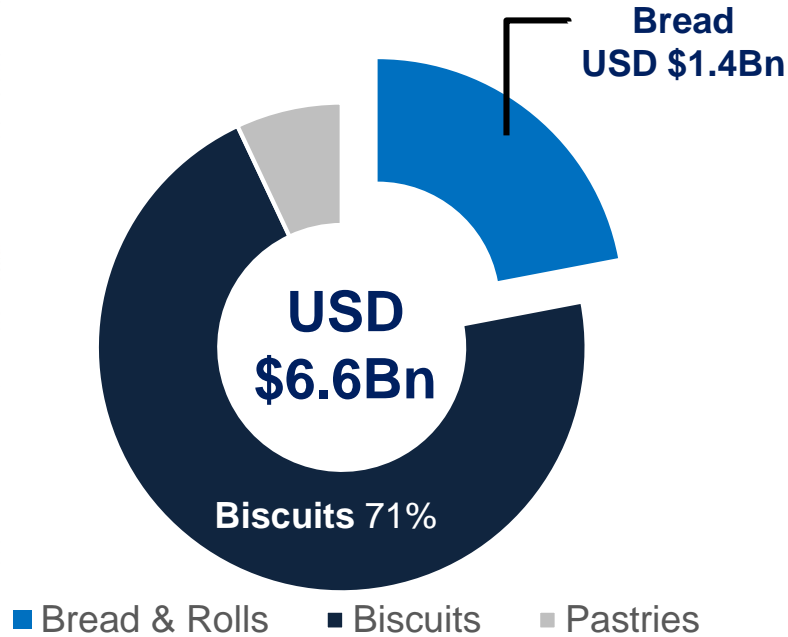
**2nd most** populated country

**#7** world economy

**#3** largest **consumer market** by 2025

Middle class **growing rapidly**

# Great Market Potential in India



Bread expected to grow at a **10% CAGR** over the next 5 years

**Bread → \$1.9 Bn USD by 2021**

# Bimbo India Operations



## Top 1 Player in Delhi NCR

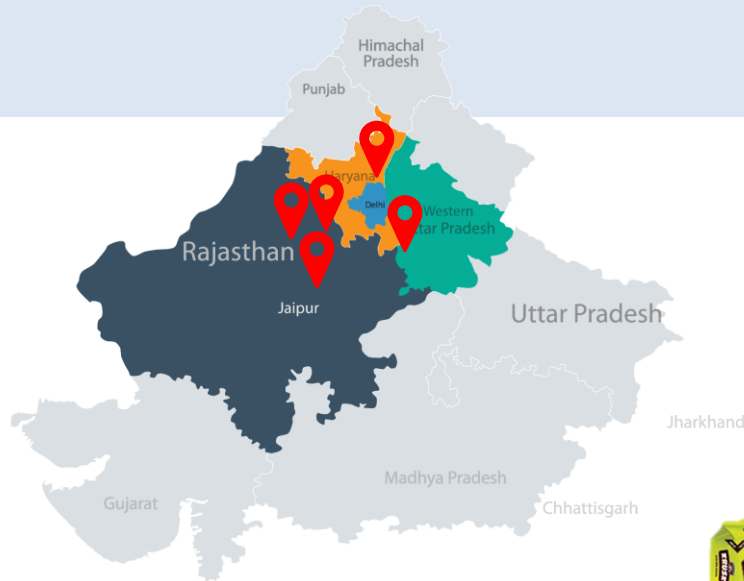


Most Trusted  
Bread Brand of India



Power of Trust

TRA's Brand Trust  
Report India Study 2019



**EK DESH, EK SUBAH, EK SABKI BREAD**

# Bimbo UK Snapshot



## Core Business & Category Diversification



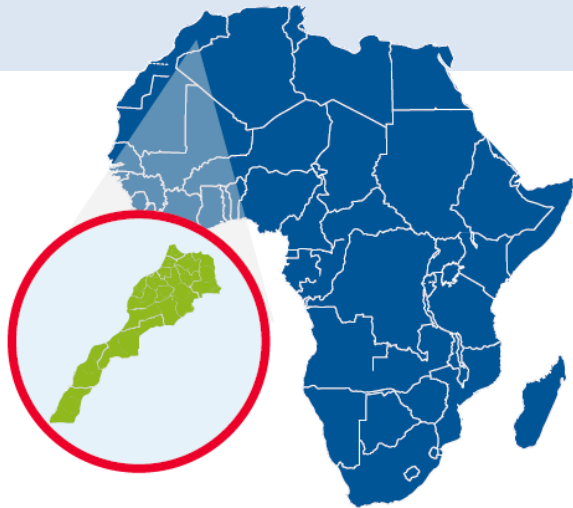
#1 in Bagels  
#1 in Fresh Croissants

Looking forward:  
Diversify our product portfolio

# Bimbo Morocco Snapshot



## Entry point to Africa



## Player in Sweet Baked Goods and Bread categories



# Key Takeaways



## Gold Standard

Superior quality always



## Innovation

Offer the best products



## Leading position

Expand our reach  
and leading  
position across  
every category



## Improve Efficiency

by optimizing the use of  
technology



## Talent

Invest in talent and training of  
local leaders

**Boost Growth and Improve Profitability**





# Bimbo QSR

Mark Bendix

BIMBO DAY → 2019 ←

# QSR Industry Overview

# Quick Service Restaurants “QSR”



## QSR definition

Selling food to be consumed on or off-site

Food is readily available or takes minimal preparation

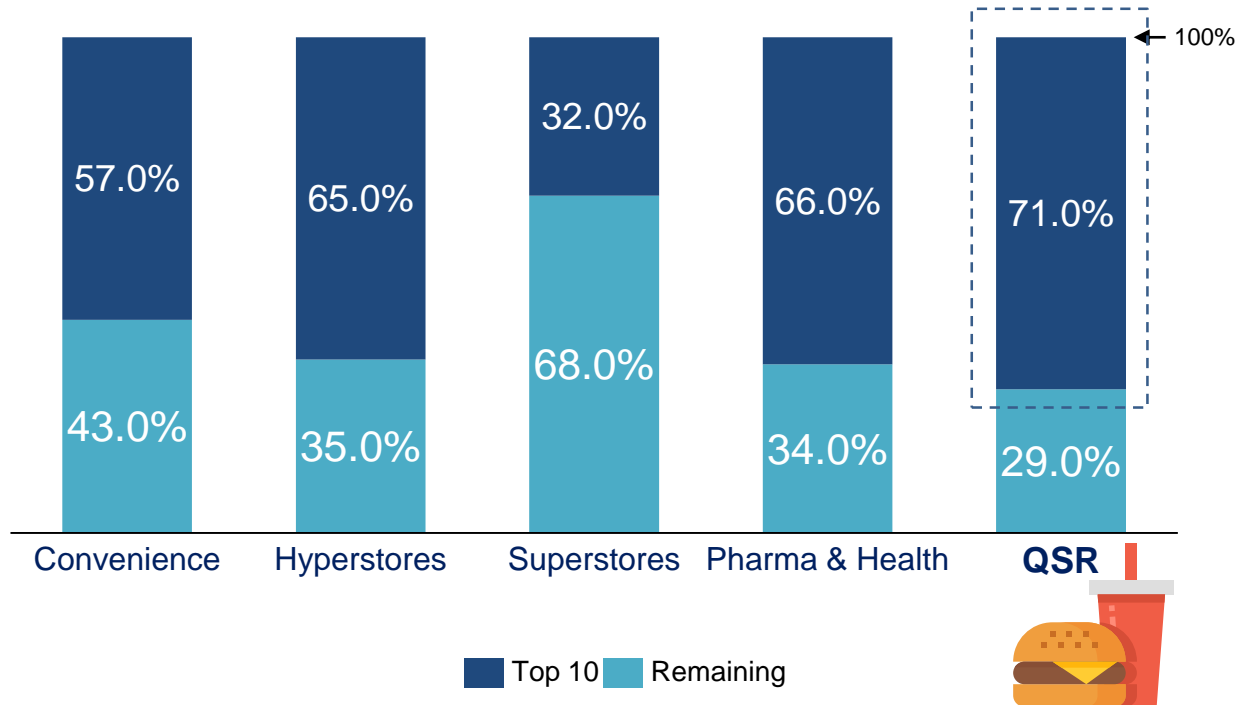
Limited table service for on-site dining



# QSR is a highly consolidated industry



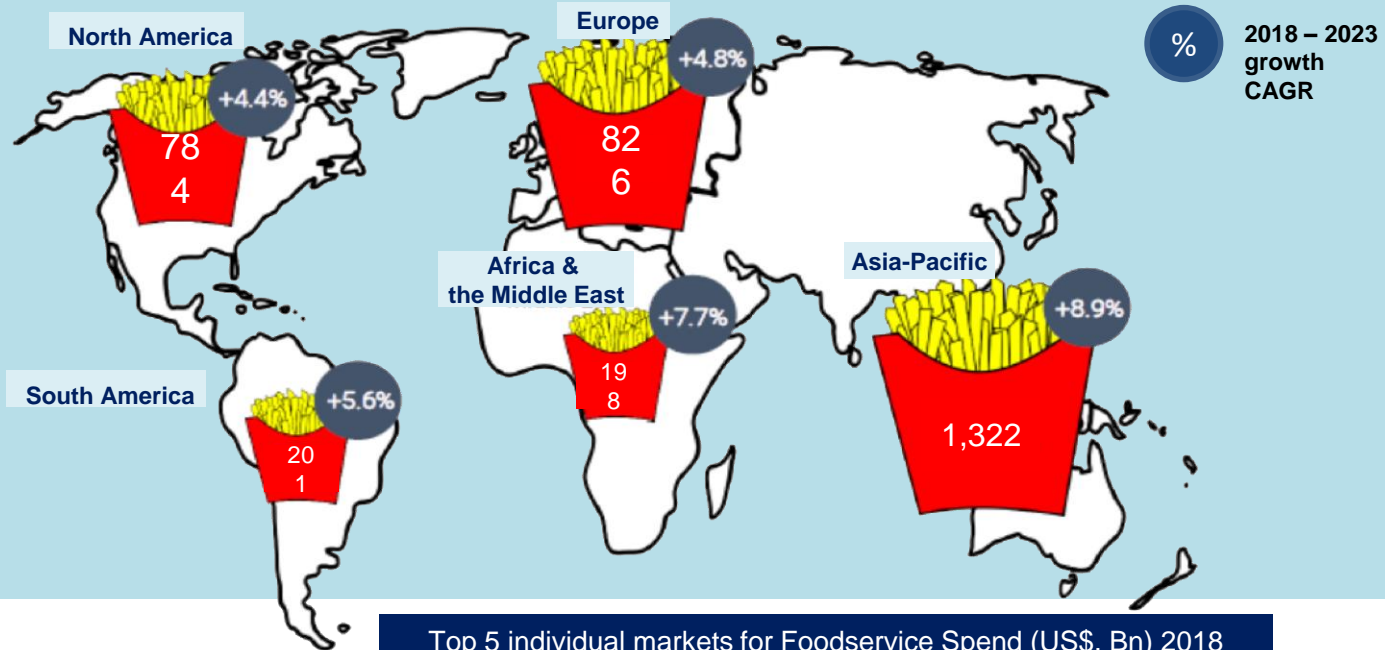
## Sale Share of Top 10 Retailers by Channel (%) 2018 - 2023



# Foodservice is growing around the world



## Consumer Spending on Foodservice (US\$ Bn) 2018

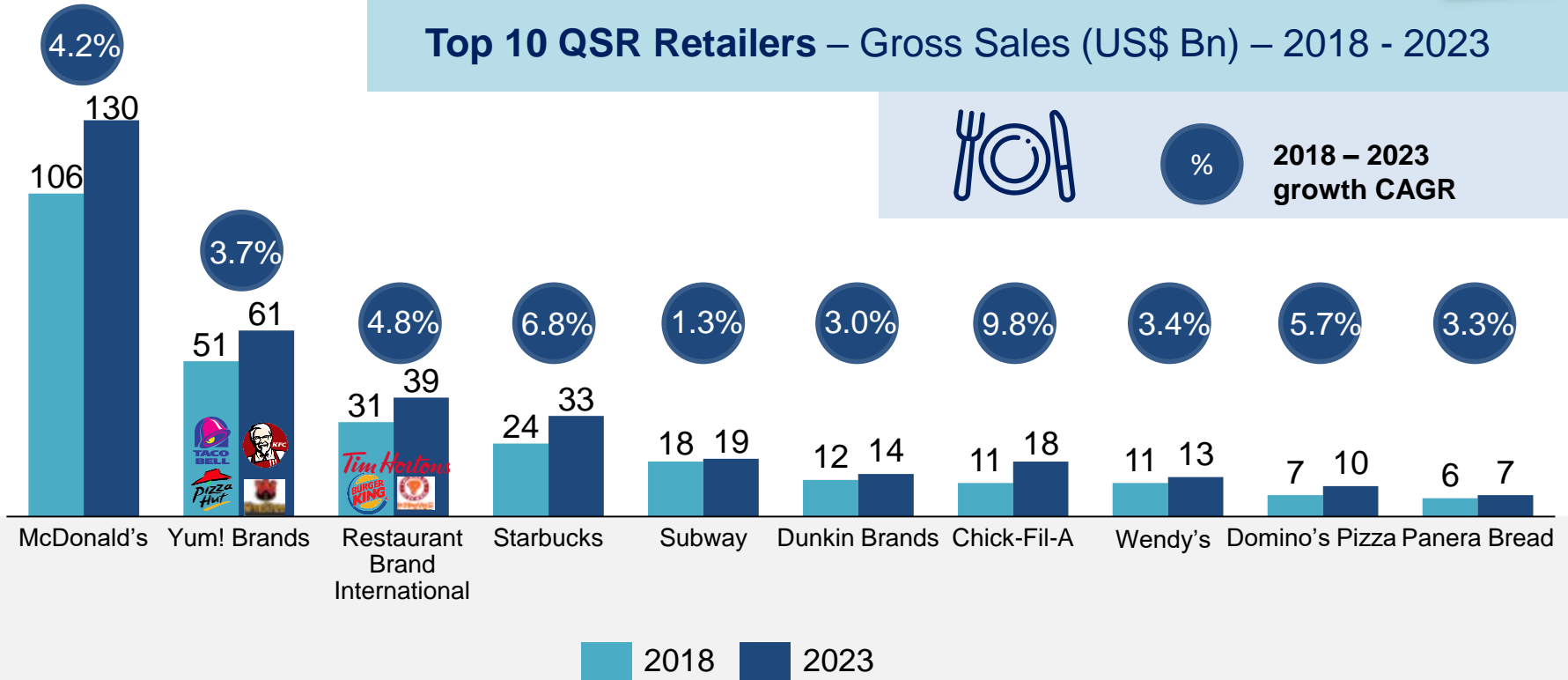


Source: Edge by Ascential Retail Insight, 2019.  
 Figures reference consumer spending on the broader foodservice universe (including hotels, private caterers and restaurants).

# Similar growth rates in main QSR customers



## Top 10 QSR Retailers – Gross Sales (US\$ Bn) – 2018 - 2023





# Bimbo

# QSR

# Bimbo QSR at a glance

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## Product Portfolio

Traditional Buns and English Muffins



Rolls, Tortillas, Bagels, among others

## Main Customers



Wendy's



SUBWAY



YumChina



41

Plants

22

Countries

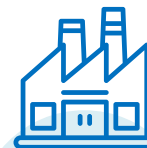


2,200

Associates

150

New Developments



10

Millions buns  
Baked daily



# Global Presence



QSR®



**22** Countries

**41** Plants



*We have a presence in all continents except for Australia & Antarctica!*

# A value proposition that is **highly customer centric**



## Innovation

Proprietary products that meet customer's value proposition to target its customers



## Best Class Quality

Processes, metrics and team that guarantee consistent and reliable quality products



## Assured Supply

Long-term investments & robust contingency plans



## Food Safety

World class standards of manufacturing that guarantee food safety



## Competitive Cost

Operational excellence and strategic assets that offer highly competitive cost



## Sustainability

Sustainability efforts that align with scale for good programs of our customers

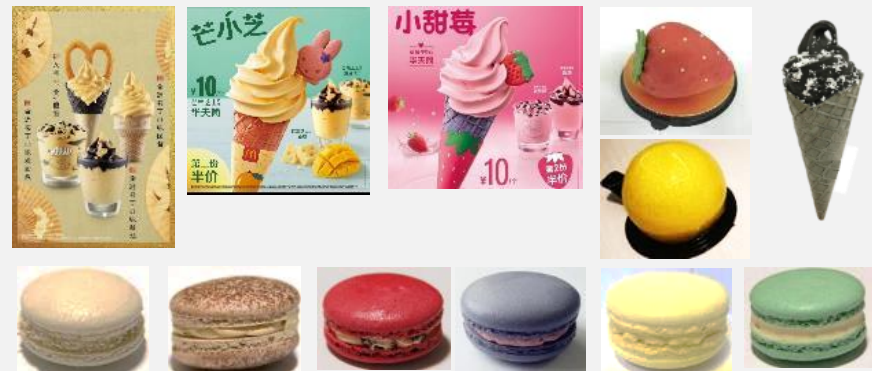
# Innovation



## Core categories



## Sweet goods



# Competitive Advantage



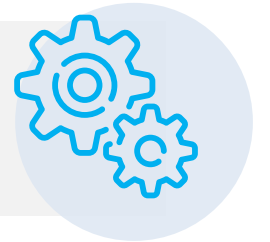
**Economies  
of Scale**

**Global Customer  
Relationship**



**Diversity**

**Strategic  
Locations**

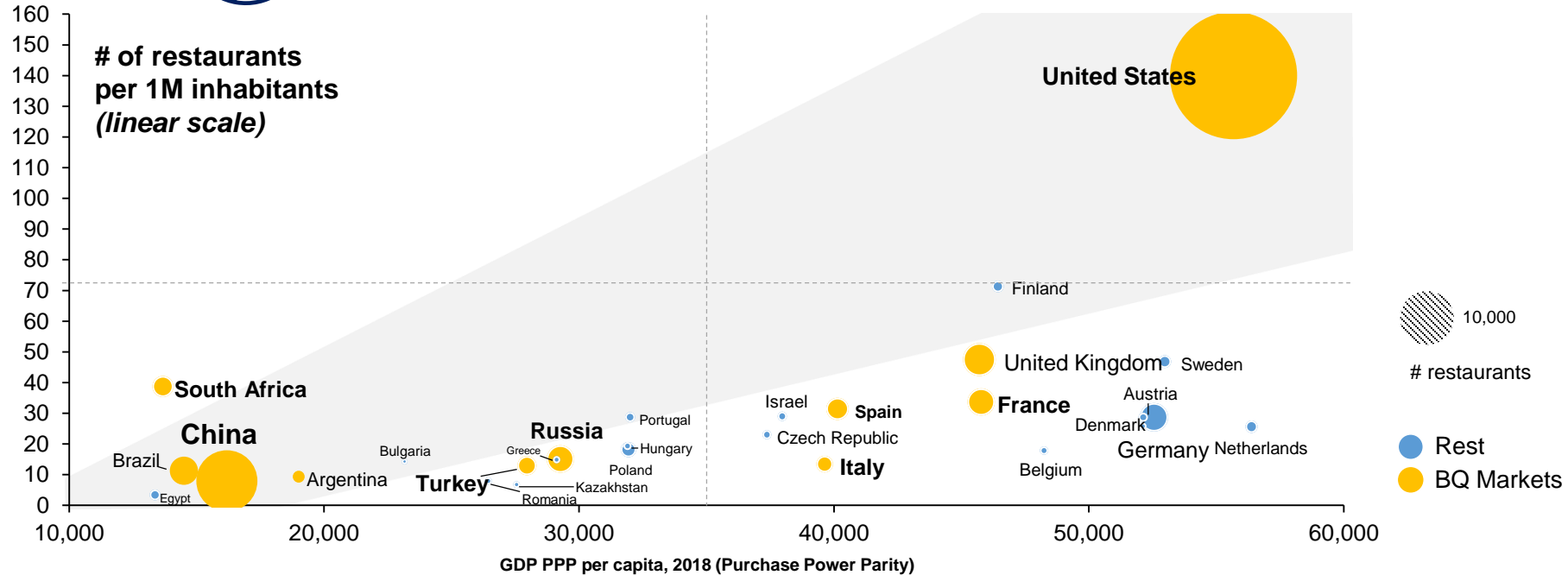


**Focus**

# Bimbo QSR is in the countries with more **growth potential**



## Western QSR Brand Penetration by Country



# The QSR paradox



Aspirational in lower GDP economies  
Anti-cyclical in the higher GDP economies

# Our Global Approach

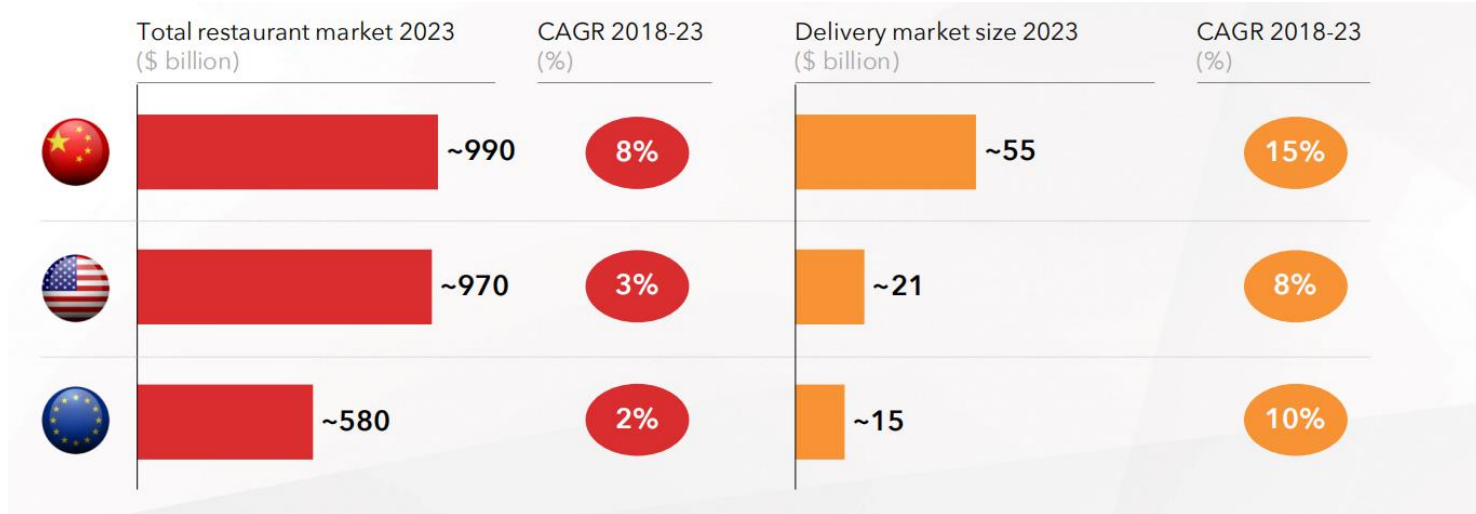


| Countries | Competitive Position                        | Strategic Approach  |
|-----------|---|---|
|           | <p><b>Very Strong</b></p> <p>10  65% </p>   | Taking advantage of our leading position and scale            |
|           | <p><b>Strong</b></p> <p>5  70% </p>         | Take advantage of emerging markets with first mover advantage |
|           | <p><b>Strong</b></p> <p>5  94% </p>         | Customer first & Operational excellence                       |
|           | <p><b>Differentiated</b></p> <p>3  14% </p> | Integrated Strategy between Bimbo QSR and North America       |
|           | <p><b>Strong</b></p> <p>5  60% </p>         | Grow with Bimbo QSR standards                                 |

# China QSR Market Potential



## Top three restaurant markets: Growth outlook 2018-2023



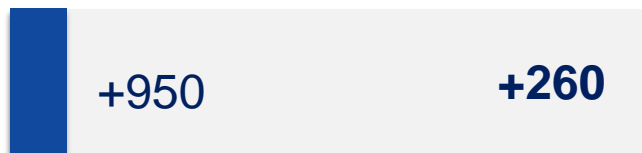
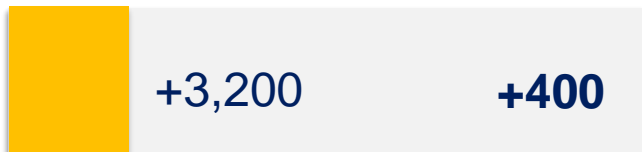
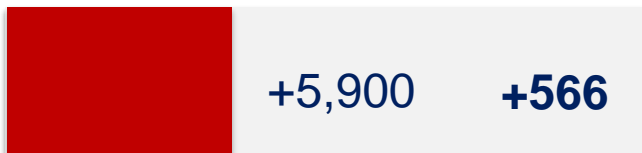


# China Key QSR Players

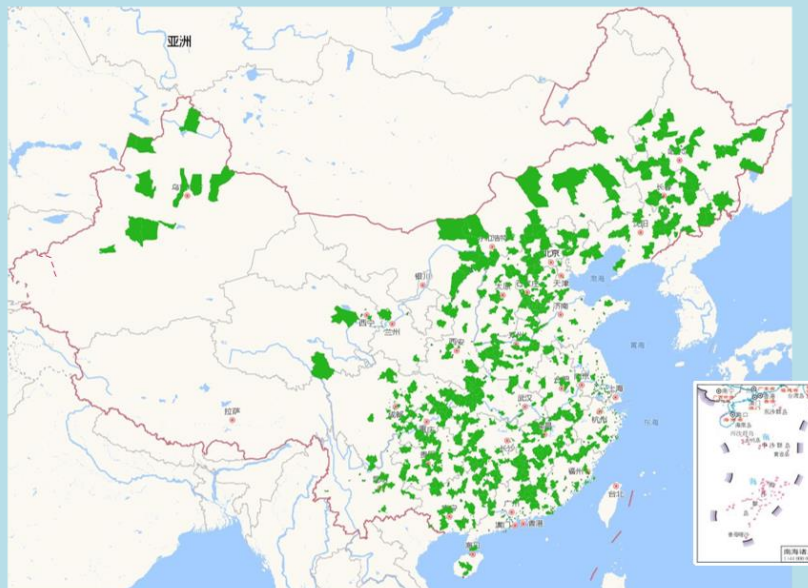
Bimbo  
DAY  
2019

Stores

New Stores  
(2018)



~1,000 more cities to penetrate



# Key Takeaways



## Top Quality

The foundation of everything we do is in quality standards



## Our Regional Approach

Tailored investments and assets for each region



## Strategic Partnerships

Easy and reliable partner for our customers to help them further expand into other areas



## Our Global Approach

Take advantage of the expanding QSR industry

**Significant opportunity around the globe in a resilient and high growth industry**



NOURISHING A BETTER WORLD

# North America

Fred Penny

BIMBO DAY → 2019 ←

# North America Region



LTM 3Q19

**Sales:** US \$7.5Bn

**Adj. EBITDA:** US \$740 M



25,000 +  
Associates



78  
Plants



# BBU Serves Every City, Town and Village in America



*We are the **Largest and Only National Baking Company***



**BIMBO**  
Bakeries USA

**BBU brands** cover all 50 states,  
and are in 82% of American  
households

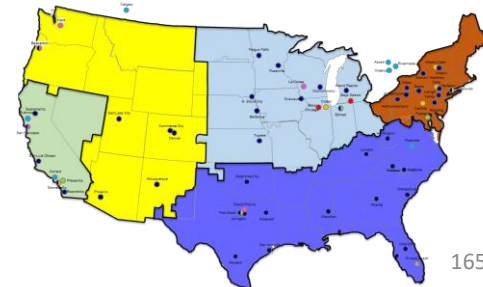
## Distribution Capabilities

- *DSD*
- *Warehouse*
- *Fresh*
- *Refrigerated*
- *Frozen*

## Channels Served




- *Grocery/Mass*
- *Natural/Organic*
- *Club & Dollar/C-Store*
- *E-Commerce*
- *Food Service*

**57 Bakeries**







# We Are Proud to Lead the U.S. Baking Industry

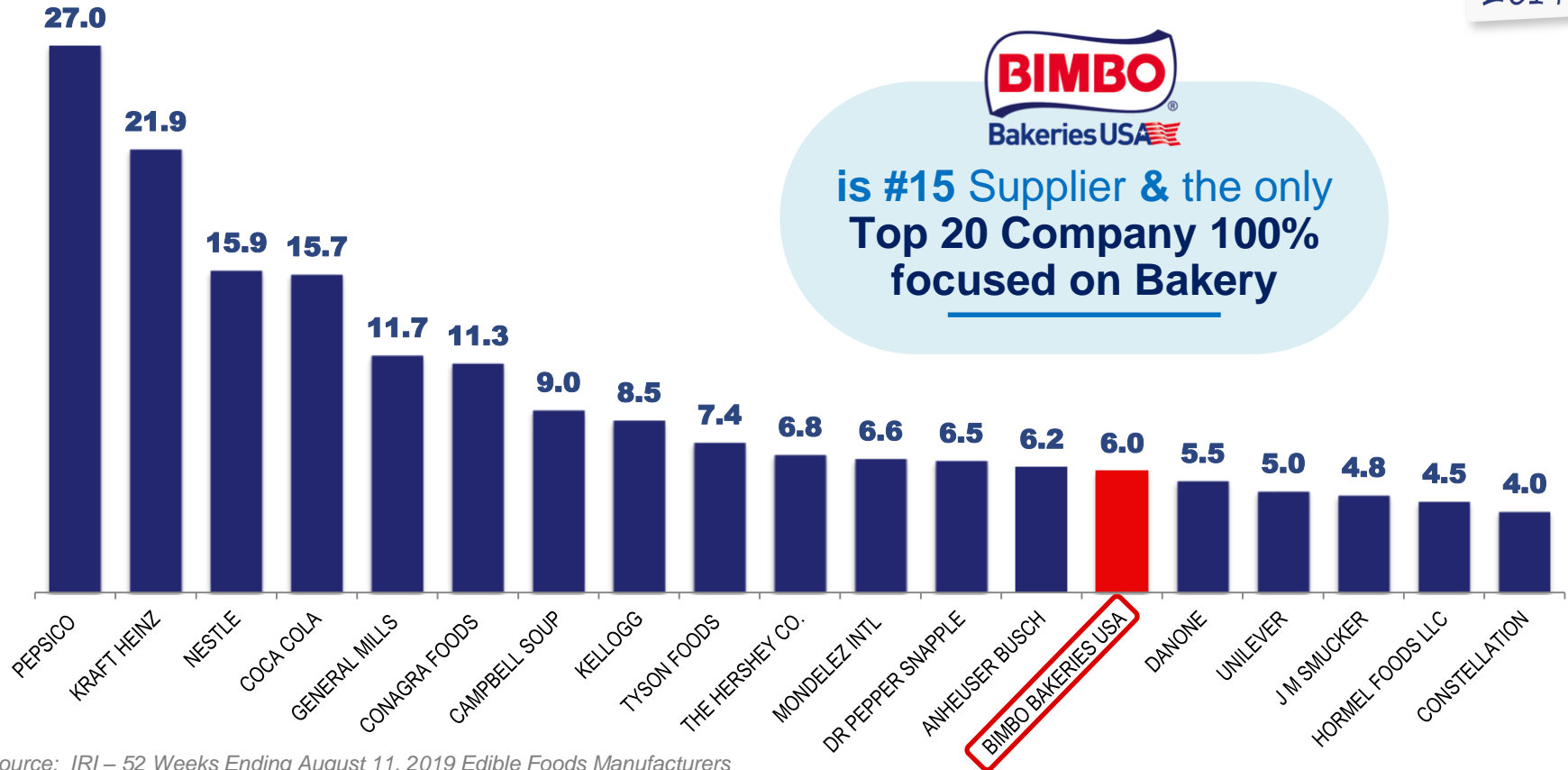


|   | Total Commercial Bread | Premium Bread     | Mainstream Bread  | Buns & Rolls      | Breakfast         |
|---|------------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>1st</b><br>34%      | <b>1st</b><br>38% | <b>2nd</b><br>29% | <b>2nd</b><br>21% | <b>1st</b><br>62% |
|  | 19%                    | 19%               | 33%               | 10%               | 6%                |
|  | 7%                     | 22%               | NA                | 8%                | 8%                |
| Private Label   | 17%                    | 6%                | 20%               | 25%               | 8%                |
| All Others  | 23%                    | 15%               | 18%               | 36%               | 16%               |

## Sweet Baked Goods

|   |     |
|---|-----|
|  | 33% |
|  | 22% |
|  | 20% |
|  | 8%  |
| All Others  | 17% |

# BBU is a Major Player in Consumer Packaged Goods



Source: IRI – 52 Weeks Ending August 11, 2019 Edible Foods Manufacturers  
– Total US MULO. Figures in millions of USD

# We Have Products for Every Eating Occasion

Bimbo  
DAY  
2019

## BREAD & BUNS



#1 Premium



#2 Mainstream

Artesano

#2 White



#1 Buns & Rolls

## BREAKFAST



#1 English Muffin

#1 Bagel  
(Fresh Packaged)



## SWEET BAKED GOODS

Entenmann's

#2 Sweet Baked Goods



Marinela

## PRIVATE LABEL, FOOD SERVICE, SNACKS

Private Label



Food Service





# BBU has America's Leading Brands

Bimbo  
DAY  
2019

| BRAND              | \$MM            |
|--------------------|-----------------|
| HERSHEY'S          | \$ 2,578        |
| DANNON             | \$ 2,073        |
| LAYS               | \$ 1,906        |
| DORITOS            | \$ 1,899        |
| M&M                | \$ 1,515        |
| OREO               | \$ 1,407        |
| CHOBANI            | \$ 1,332        |
| <b>THOMAS</b>      | <b>\$ 1,149</b> |
| <b>ENTENMANN'S</b> | <b>\$ 1,002</b> |
| <b>ABO</b>         | <b>\$ 1,002</b> |
| CHEERIOS           | \$ 998          |
| <b>SARA LEE</b>    | <b>\$ 988</b>   |
| POP TARTS          | \$ 758          |
| HELLMANN'S         | \$ 795          |

4 Brands in the Top 100 Edible Brands in the US!



Entenmann's became a \$1B brand in September '19: 5+ consecutive years of sales growth

Source: IRI – Retail Sales \$ 52 wks ending 9-8-19

# We Have Been on a Journey of Growth and Consolidation



Strategic acquisitions enabled sales growth of 10x and synergy realization, improving EBITDA margin by more than 6 points



2008

**Bakeries: 13**

Weston Acquisition



2009

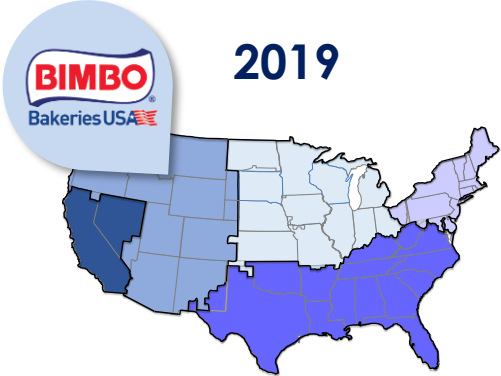
**Bakeries: 33**  
**Associates: 15,000+**

Sara Lee Acquisition



2012

**Bakeries: 75**  
**Associates: 27,000+**



2019

**Bakeries: 57**  
**Associates: 19,000+**

# Looking Forward

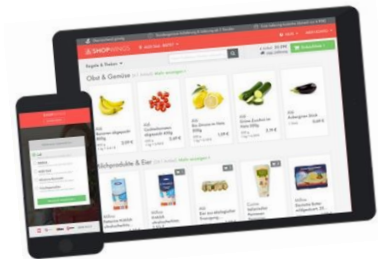
## OUR MISSION

**Delicious and nutritious baked goods and snacks in the hands of all.**

## STRATEGIC PILLARS

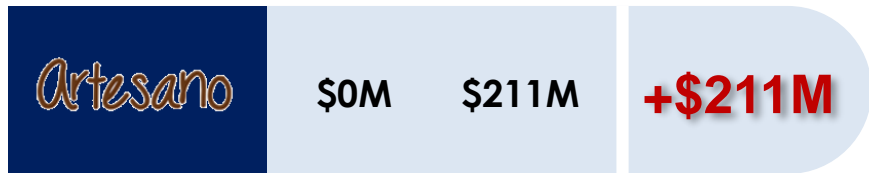
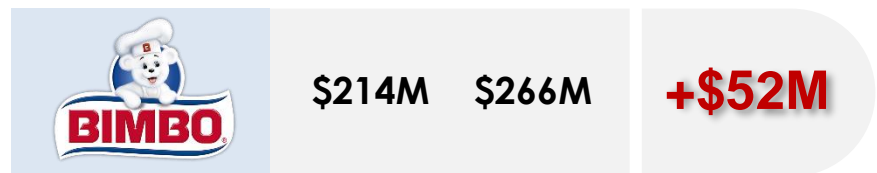
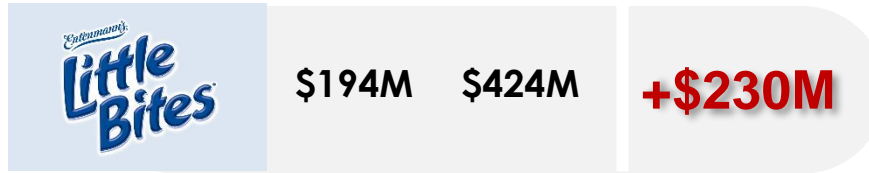
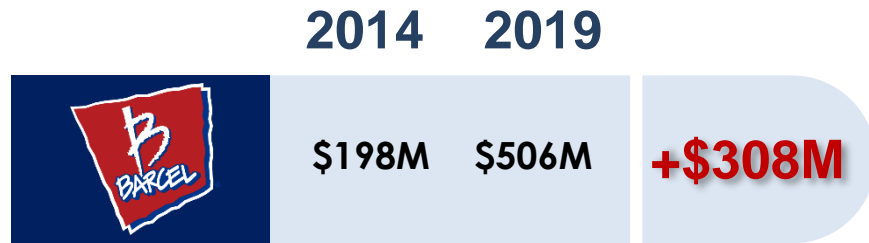


# We are Committed to Growth and Innovation



- Grow and invest in our most important brands
- Leverage Revenue Growth Management to optimize trade promotion
- Expand brand reach through new points of sale
- Lead the category in e-commerce growth
- Bring meaningful innovation to the market

# We Have a Strong Track Record of Innovation



# BBU is an Innovation Leader with a Strong Product Pipeline

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DAY  
2019



GROWTH

## CONVENIENCE



## REFORMULATION/ CLEAN LABEL



## INDULGENCE & SNACKING



## ELEVATING FLAVORS & VARIETIES



# We are Transforming our Supply Chain



PRODUCTIVITY

- Automate bakeries and distribution
- Improve DSD efficiency and effectiveness
- Simplify processes and add automation to reduce administrative costs
- Build and renew our assets through strategic capital investment

## Since 2009:

- Closed 27 Bakeries
- Eliminated 1,100+ Routes
- Closed 300+ Sales Centers
- Built 4 New Bakeries – Elkhart, Topeka, Rockwall, Lehigh Valley



# Our Culture is our Competitive Advantage



- Achieve an Injury-Free Workplace
- Accelerate Diversity and Inclusion progress
- Achieve First Quartile Organizational Health
- Continue commitment to Sustainability & Community Partnerships





# We are Well-Positioned to Compete and Win



**Executing strategies to grow and improve our profitability**



GROWTH



**Engaging and developing our associates and communities**



PRODUCTIVITY



ORGANIZATIONAL  
EFFECTIVENESS



**Expanding industry leadership through innovation, efficiency and effectiveness**

**We have a demonstrated track record of delivering improved performance**



# Financial Overview

Diego Gaxiola

BIMBO DAY → 2019 ←

# Agenda



1

**Our  
Performance**



2

**Capital  
Structure**



3

**Going  
Forward**

# A Path of growth and diversification

Last 10 years



2008

LTM 3Q19<sup>(1)</sup>

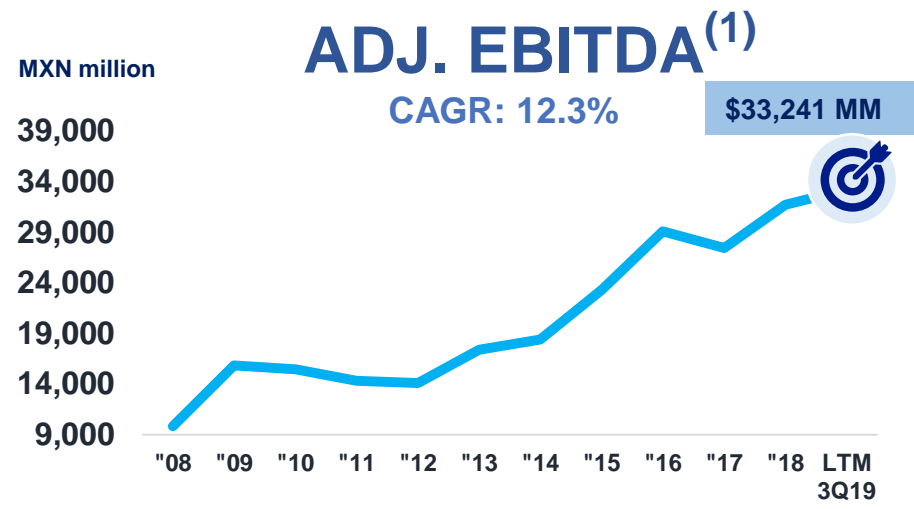
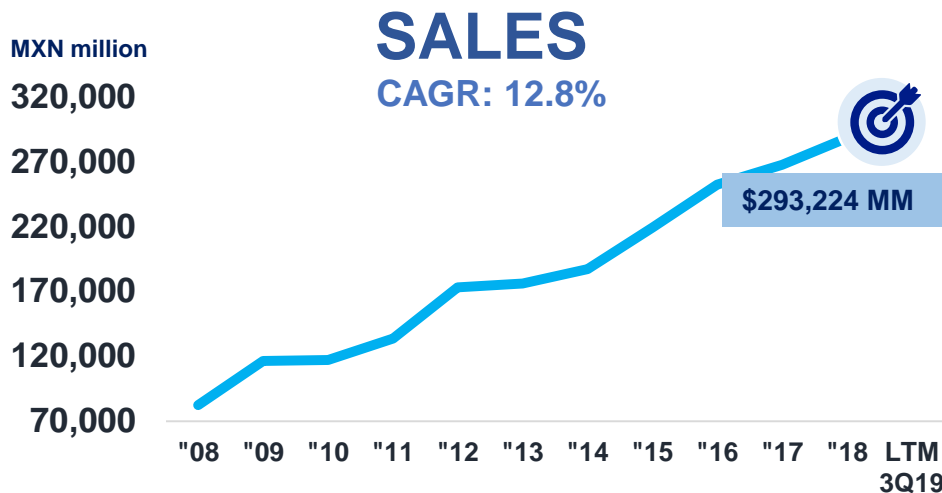
|                            | 2008   | LTM 3Q19 <sup>(1)</sup> |
|----------------------------|--------|-------------------------|
| Revenues (MXN Bn)          | \$82.3 | \$293.2                 |
| Adj. EBITDA (MXN Bn)       | \$9.8  | \$33.2                  |
| Number of countries        | 18     | 32                      |
| Plants                     | 83     | 197                     |
| Points of Sale (MM)        | ~1.8   | ~3.1                    |
| Geographic Diversification |        |                         |
| Acquisitions               |        |                         |

**3.4x**  
**12% CAGR**

- North America ●
- Mexico ●
- Latin America ●
- EAA ●

(1) Figures for the last twelve months ended as of September 30<sup>th</sup>, 2019. (2) Leverage ratio pro-forma Weston Foods, Sara Lee, Canada Bread and East Balt Bakeries acquisitions.

# With potential to continue growing and increasing profitability



**Consistent organic growth** in Mexico, with potential to continue growing

**Record margins** in North America and EAA

(1) Operating income plus depreciation, amortization, impairment of long-lived assets and provision for multi-employer pension plans and other non-cash items.

# Focus on return on capital

## ROIC<sup>(1)</sup>

8.0% 7.8% 8.1%

2017 2018 LTM 3Q19

## ROE<sup>(2)</sup>

6.6% 7.2% 8.5%

2017 2018 LTM 3Q19

## Leverage

3.1  
2.9  
2.7  
2.5  
2.3

3.0 2.6 2.6

2017 2018 LTM 3Q19

## Adj. EBITDA Margin

11.8%  
11.4%  
11.0%  
10.6%  
10.2%  
9.8%

10.3% 11.0% 11.3%

2017 2018 LTM 3Q19

(1) ROIC: Operating Income \* (1- Tax Rate) / Avg. Invested Capital. (2) ROE: Net Income / Avg. Equity

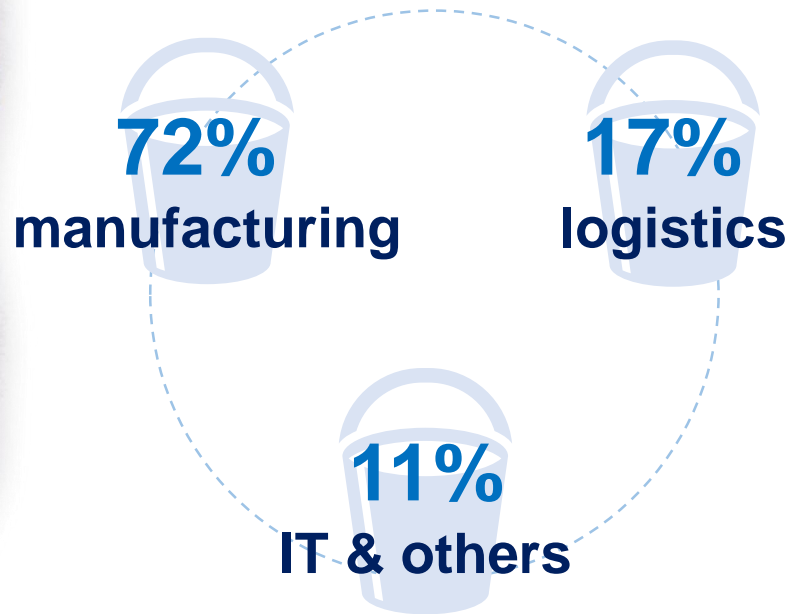
# Allocating capital for a sustainable future

1

## CAPEX

US \$711 M

Average from 2017 to 2019E



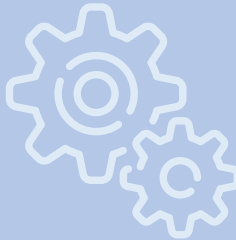
2

## Restructuring Expenses

From 2017 to LTM 3Q19

### Improving our manufacturing footprint

- 15 plant closures
- 3 new plants
- Opening and closure of sales centers
- Margin expansion



### Productivity Initiatives

- VSP in North America
- Synergies in Iberia
- Route and portfolio optimization in the U.S.

# Strong and consistent cash flow generation

Bimbo  
DAY  
2019

## Free Cash Flow<sup>(1)</sup>

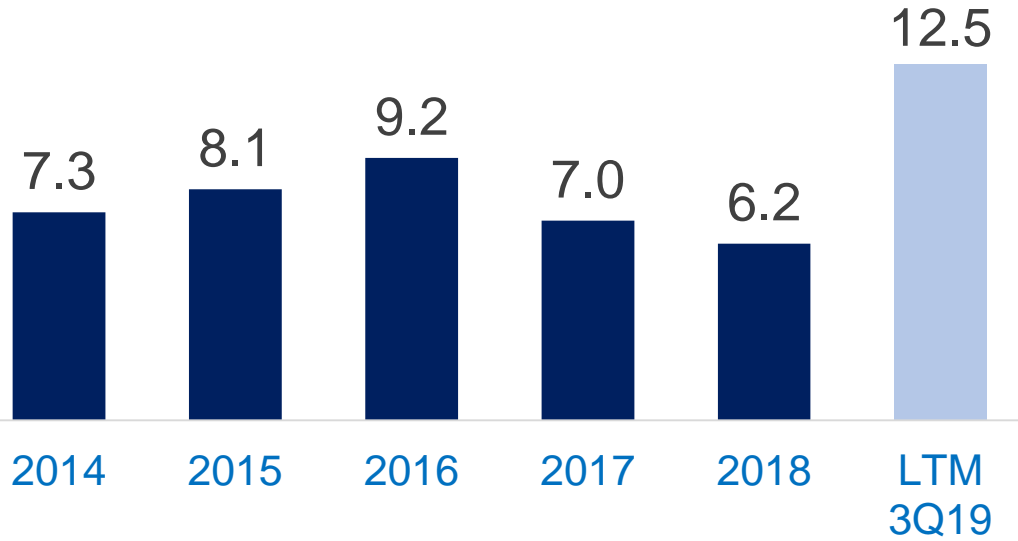
MXN Billion



## Focus on Reinvestment

5 Year Snapshot<sup>(2)</sup>

MXN Billion



- FCF: +47 Bn
- CAPEX: 66+ Bn<sup>(3)</sup>
- Dividends: 10 Bn<sup>(4)</sup>

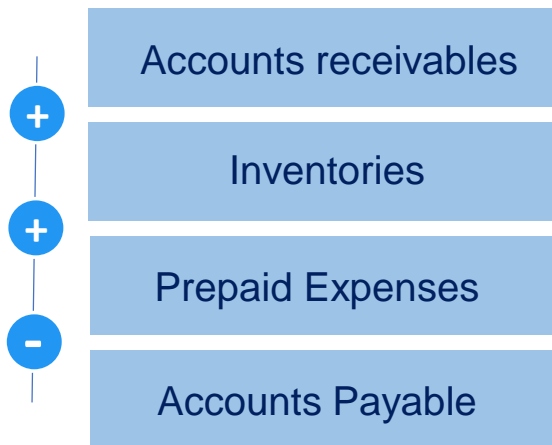
<sup>(1)</sup> Free cash flow= Adj. EBITDA – CAPEX (excluding acquisitions) – taxes – net interest – working capital. <sup>(2)</sup> Figures in billions of Mexican pesos, using a 5.75 year period. <sup>(3)</sup> Excludes acquisitions. <sup>(4)</sup> Includes Buyback Program



# Improve **working capital** positioning



## Our definition of Operating Working Capital



## Enhancing cash flow generation

\$12,065



Sep-18

\$9,537



Sep-19

3.7 days = US \$130 M<sup>(1)</sup>

# Conservative debt profile and ample liquidity

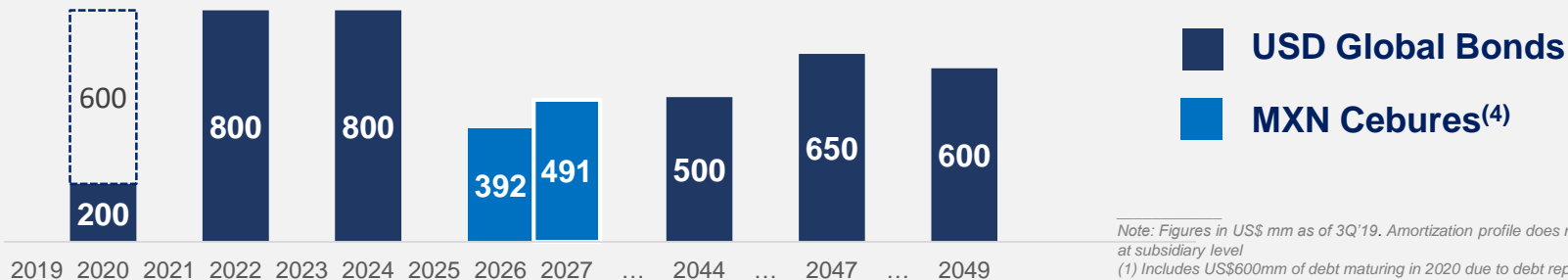
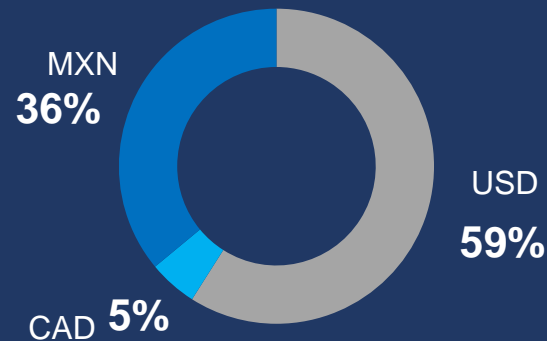


**Total Debt: US\$5.2 Bn<sup>(1)</sup>**  
**Avg. Tenor: 13.8 yrs.**  
**Avg. Cost: 6.0%<sup>(2)</sup>**  
**100% Fixed Rate**  
**Ratings: BBB/Baa2/BBB**

**S&P/Moody's/Fitch**

**US\$2.0 Bn**  
 in undrawn  
 committed revolver  
 facilities

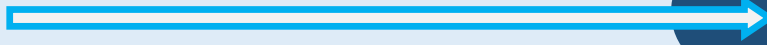
## Proforma Debt Split by Currency <sup>(3)</sup>



*Note: Figures in US\$ mm as of 3Q'19. Amortization profile does not include US\$ 190mm debt at subsidiary level*

*(1) Includes US\$600mm of debt maturing in 2020 due to debt repayment in Oct-08. (2) Does not include the withholding tax. (3) Proforma figures for the 2049 bond issuance. (4) "Certificados Bursátiles or Mexican Law Bonds"*

# Looking forward



**2020**



**Top line growth**

**Adj. EBITDA growth**

**Tax Rate**

**Capex**



**Low-to mid-single digit**

**Mid-to high-single digit**

**High 30's**

**\$700 – 800 USD**



# Q&A

## 2<sup>nd</sup> Block





# Thank You!

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