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## FIRST-QUARTER 2010 RESULTS

### HIGHLIGHTS

- **Majority net income increased** considerably to Ps.261 million versus a majority net loss of Ps.491 million in 1Q09.
- **Sales volume remained flat** as volumes in Gruma Corporation and GIMSA were stable and higher sales volume in Molinera de México was offset by lower volumes in Gruma Venezuela and Gruma Centroamérica.
- **Net sales decreased 13%** as a result of lower net sales in Gruma Corporation due to price reductions, the appreciation of the peso against the dollar, and the devaluation of the Bolivar.
- **EBITDA decreased 30% and EBITDA margin declined to 8.8% from 11.0%.** The peso appreciation and lower margins, mainly in Gruma Venezuela, Gruma Corporation, and GIMSA, drove the consolidated decrease in EBITDA.
- **Debt decreased US\$35 million or 2%** as of March 2010 versus December 2009 in connection with payments made with cash generation. In peso terms debt decreased 8% due to the reduction in debt in dollar terms and the appreciation of the peso against the dollar

#### Consolidated Financial Highlights

(Ps. millions)

	1Q10	1Q09	VAR (%)
Sales volume (thousand metric tons)	1,097	1,097	-
Net sales	11,258	12,888	(13)
Operating income	632	1,024	(38)
Operating margin	5.6%	7.9%	(230) bp
EBITDA	991	1,416	(30)
EBITDA margin	8.8%	11.0%	(310) bp
Majority net income	261	(491)	N/A
ROE (LTM)	25.9%	(81.7)%	N/A

#### Debt

(US\$ millions)

Mar'10	Mar'09	Var	Dec'09	Var
1,667	1,010	65%	1,702	(2)%





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## CONSOLIDATED RESULTS OF OPERATIONS

1Q10 vs. 1Q09

**Sales volume** remained at 1,097 thousand metric tons. Volumes in Gruma Corporation and GIMSA were stable and higher sales volume in Molinera de México was offset by lower volumes in Gruma Venezuela and Gruma Centroamérica.

**Net sales** decreased 13% to Ps.11,258 million in connection with lower net sales in Gruma Corporation due to price reductions, the appreciation of the peso against the dollar, and the devaluation of the Bolivar. Sales from non-Mexican operations constituted 66% of consolidated net sales during the quarter.

**Cost of sales** as a percentage of net sales increased to 66.7% from 65.7%, driven mainly by GIMSA and Gruma Venezuela. In absolute terms, cost of sales fell to Ps.7,508 million as higher cost of sales in GIMSA was offset by reductions in Gruma Venezuela and Gruma Corporation due to the Bolivar devaluation and the appreciation of the peso, respectively.

**Selling, general, and administrative expenses (SG&A)** as a percentage of net sales increased to 27.7% from 26.4%, driven mainly by Gruma Corporation. In absolute terms, SG&A declined 8% to Ps.3,118 million due primarily to Gruma Venezuela in connection with the Bolivar devaluation.

**Operating income** decreased 38%, to Ps.632 million, and operating margin declined to 5.6% from 7.9%; both results were driven by Gruma Venezuela, Gruma Corporation and GIMSA.

**Other expense, net**, was Ps.40 million, Ps.23 million lower than in the same period of 2009.

**Comprehensive financing cost, net**, was Ps.161 million versus Ps.1,104 million in 1Q09. The variation resulted mainly from the losses on currency derivative instruments in 1Q09. Also, the appreciation of the peso generated a positive effect during the quarter.

GRUMA's share of net income in unconsolidated **associated companies** (primarily Banorte) totaled Ps.127 million, 10% lower than in 1Q09.

**Taxes** amounted to Ps.216 million, Ps 128 million lower than in 1Q09, in connection with lower pre-tax income in foreign subsidiaries.

GRUMA's total **net income** was Ps.342 million versus a net loss of Ps.345 million in 1Q09; the difference came mainly from the losses on currency derivative instruments in 1Q09 and a positive effect of the peso appreciation during 1Q10. GRUMA's **majority net income** was Ps.261 million, compared with a majority net loss of Ps.491 million in the same period of 2009.



## FINANCIAL POSITION

March 2010 vs. December 2009

### Balance-Sheet Highlights

**Total assets** were Ps.39,199 million, a decrease of 11%, driven by lower assets in Gruma Venezuela and Gruma Corporation as a result of the Bolívar devaluation and the peso appreciation, respectively.

**Total liabilities** were Ps.28,999 million, 10% lower than at the end of 4Q09, driven by Gruma Venezuela in connection with the Bolívar devaluation , and lower liabilities in pesos terms due to the peso appreciation.

**Stockholders' equity** totaled Ps.10,200 million,14% lower than at the end of 4Q09.

### Debt Profile

GRUMA's debt amounted to US\$1,667 million, of which approximately 75% was dollar denominated.

#### Schedule of Debt Amortizations (US\$ millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020..	TOTAL
Major derivatives	25	50	75	100	100	150	150	18.3				668.3
Minor derivatives	18	32.5	17									67.5
Bancomext facility			6.8	34.1	47.8	27.3	27.3	34.1	54.6	41		273.0
Syndicated loan	30.3	40.4	40.4	40.4	40.4							191.9
7.75% perpetual bond											300	300.0
Gruma Corp's revolving facility		70										70.0
Other	36.6	14.9	18.2	18.6	7.9							96.2
<b>TOTAL</b>	<b>109.9</b>	<b>207.8</b>	<b>157.4</b>	<b>193.1</b>	<b>196.1</b>	<b>177.3</b>	<b>177.3</b>	<b>52.4</b>	<b>54.6</b>	<b>41.0</b>	<b>300.0</b>	<b>1,666.9</b>

## CAPITAL EXPENDITURE PROGRAM

GRUMA's capital expenditures totaled US\$11 million during 1Q10. The largest investments were applied to upgrades in Gruma Corporation.

## SUBSIDIARY RESULTS OF OPERATIONS

1Q10 vs. 1Q09

### Gruma Corporation<sup>1</sup>

**Sales volume** remained flat at 326 thousand tons. Tortilla sales volume in the U.S. remained stable. In corn flour, lower sales volume in the U.S. was related to the non-recurrent effect in inventories of the change in the retail distribution system towards company-owned routes in certain regions. That reduction was offset by higher corn flour volumes in Europe due to an increase in market share in brewing grits and better than expected organic growth in our snacks customer base.

**Net sales** declined 5%, to Ps.5,278 million, due to price reductions in the U.S. corn flour business effective at the beginning of 4Q09 to reflect lower corn prices, and discounts and promotions in the U.S. tortilla business to reflect lower raw material prices.

**Cost of sales** as a percentage of net sales increased to 58.9% from 58.6% due to a change in the product mix and lower cost absorption. In absolute terms, cost of sales decreased 4% due mainly to lower raw material costs, and, to a lesser extent, the product count reduction among the tortilla SKUs.

**SG&A** as a percentage of net sales increased to 34.9% from 33.0% due to a change in the product mix and lower expense absorption. In absolute terms, SG&A increased 1% due to higher transportation costs.

**Operating income** as a percentage of net sales declined to 6.2% from 8.3%. In absolute terms, operating income decreased 29%, to Ps.328 million.

### GIMSA

**Sales volume** remained mainly flat at 470 thousand metric tons during 1Q10 relative to 1Q09, when volume was inflated as customers built up their inventories in anticipation of price increases implemented in 2Q09.

**Net sales** increased 19% to Ps.2,936 million due mainly to price increases implemented during 2009, especially in 4Q.

**Cost of sales** as a percentage of net sales increased to 73.5% from 70.0%. In absolute terms, cost of sales increased 25% to Ps.2,159 million due to higher cost of corn in connection with the elimination of government support to the tortilla industry; this support was replaced by price increases in corn flour.

**SG&A** as a percentage of net sales increased to 16.8% from 16.3% and, in absolute terms, increased 23%, mainly from higher selling expenses resulting from promotion and advertising related to the 2010 FIFA World Cup, and to a lesser extent, higher freight tariffs.

**Operating income** as a percentage of net sales decreased to 9.7% from 13.7% and, in absolute terms, operating income decreased 16% to Ps.285 million due primarily to the aforementioned higher cost of corn and higher SG&A.

<sup>1</sup> Please note that, as GRUMA has always prepared this report, all Gruma Corporation figures are compared in dollar terms in order to avoid exchange-rate distortions. Figures shown here were translated to Mexican pesos using a convenience translation with the exchange rate of Ps.12.33/dollar as of March 31, 2010. The differences versus accounting principles generally accepted in Mexico are reflected in this report in the column entitled "Other and Eliminations".

For additional information, please see GIMSA “First-Quarter 2010 Results”, available through GRUMA’s website, [www.gruma.com](http://www.gruma.com).

### **Gruma Venezuela**

**Sales volume** decreased 2% due mainly to lower sales of corn flour in connection with increased competition and lower sales to government channels.

**Net sales** decreased 49% due primarily to the effect of the devaluation of the Bolívar.

**Cost of sales** as a percentage of net sales increased to 71.0% from 68.7% due to increases in raw materials costs, especially corn and wheat. In absolute terms, cost of sales decreased 47% as a result of the devaluation of the Bolívar.

**SG&A** as a percentage of net sales increased to 20.7% from 19.1% in connection with salary increases. In absolute terms, declined 44% due mainly to the effect of the devaluation of the Bolívar.

**Operating income** decreased 65% to Ps.91 million. Operating margin declined to 8.3% from 12.1% in 1Q09.

### **Molinera de México**

**Sales volume** rose 6% due to more competitive pricing, increased market coverage, and higher sales of flour-based mixes.

**Net sales** decreased 2% to Ps.879 million due to lower prices in connection with a lower cost of wheat.

**Cost of sales** as a percentage of net sales improved to 81.5% from 83.2% and in absolute terms, cost of sales decreased 4% in connection with lower wheat prices.

**SG&A** as a percentage of net sales increased to 16.3% from 14.4% due to lower expense absorption. In absolute terms, SG&A increased 11% due to higher freight expenses in connection with higher volumes.

**Operating income** was Ps.19 million versus Ps.21 million in 1Q09. Operating margin decreased to 2.2% from 2.3%.

### **Gruma Centroamérica**

**Sales volume** decreased 6% mainly as a result of lower corn flour sales volume in Honduras in connection with a corn surplus in the region and more competition from other corn flour producers.

**Net sales** decreased 2% to Ps.648 million due the aforementioned lower sales volume and the effects arising from the restatement of results.

**Cost of sales** as a percentage of net sales improved to 74.0% from 77.0% in connection with higher rice costs and higher fuel costs during 1Q09. In absolute terms, cost of sales decreased 6% due to the decline in sales volume.

**SG&A** as a percentage of net sales increased to 30.6% from 27.5% and in absolute terms, SG&A increased 9% due mainly to higher promotion and advertising expenses coming from (1) a new advertising campaign and (2) promotions at the point of sale as well as investments in shelf space.

**Operating loss** was Ps.30 million, similar to 1Q09. Operating margin was negative 4.6%.

### **Other and Eliminations**

**Operating loss** was Ps.60 million compared with a 1Q09 operating loss of Ps.21 million due to differences between the convenience translation of Gruma Corporation's figures and actual figures according to Mexican GAAP.

## **ACCOUNTING PROCEDURES**

The consolidated figures have been prepared in accordance with accounting principles generally accepted in Mexico.

Starting January 1, 2008, the Financial Reporting Standard B-10 (FRS B-10) became effective. FRS B-10 defines the economic environments that affect an entity, which can be

- inflationary – when the accumulated inflation of three prior years is equal to or greater than 26%, or
- noninflationary – when the accumulated inflation of three prior years is less than 26%.

Based on the foregoing, the consolidated figures are determined as follows:

- The figures for subsidiaries in Central America and Venezuela are restated in period-end constant local currencies following the provisions of FRS B-10 and FRS B-15, applying the general consumer price index from the country in which the subsidiary operates. Once these figures are restated, they are translated into Mexican pesos by applying the exchange rate in effect at the end of last year for figures from that previous year. Figures for the current reported period are translated into Mexican pesos by applying the exchange rate in effect at the end of such reported period.
- The figures for subsidiaries in Mexico, the United States, Europe, Asia, and Oceania operate in a noninflationary environment. Therefore, the effects of inflation are not recognized from January 1, 2008. Results for foreign subsidiaries that operate in a noninflationary environment are translated to Mexican pesos applying the historical exchange rate.

For Gruma Corporation, figures shown in this report were translated to Mexican pesos using a convenience translation with the exchange rate of Ps.12.33/dollar as of March 31, 2010. The differences between the accounting principles generally accepted in Mexico and US GAAP are reflected in the column entitled "Other and Eliminations".



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## ABOUT GRUMA

GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and corn flour producers. GRUMA was founded in 1949 and is engaged primarily in the production, marketing, distribution, and sale of tortillas, corn flour, and wheat flour. With leading brands in most of its markets, GRUMA has operations in the United States, Mexico, Venezuela, Central America, Europe, Asia, and Australia and exports to approximately 70 countries worldwide. GRUMA is headquartered in Monterrey, Mexico, and has approximately 19,000 employees and 92 plants. In 2009, GRUMA had net sales of US\$3.9 billion, of which 73% came from non-Mexican operations.

*This report may contain certain forward-looking statements and information relating to GRUMA, S.A.B. de C.V., and its subsidiaries (collectively, "GRUMA") that are based on the beliefs of its management as well as assumptions made by and information then available to GRUMA. Such statements reflect the views of GRUMA with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or achievements of GRUMA to be materially different from historical results or any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Such factors include, among others, changes in economic, political, social, governmental, business, or other factors globally or in Mexico, the United States, Latin America, or any other countries in which GRUMA does business, and world corn and wheat prices. If one or more of these risks or uncertainties materializes, or underlying assumptions are proven incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, or targeted. GRUMA does not intend, and undertakes no obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.*

**GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES**

(Millions of pesos)

**FINANCIAL HIGHLIGHTS**

INCOME STATEMENT SUMMARY	QUARTERS				
	1Q10	1Q09	VAR (%)	4Q09	VAR (%)
NET SALES	11,258	12,888	(13)	12,770	(12)
GROSS PROFIT	3,750	4,423	(15)	4,369	(14)
GROSS MARGIN (%)	33.3%	34.3%		34.2%	
OPERATING INCOME	632	1,024	(38)	959	(34)
OPERATING MARGIN (%)	5.6%	7.9%		7.5%	
OTHER EXPENSE (INCOME), NET	40	63		37	
COMPREHENSIVE FINANCING COST (INCOME), NET	161	1,104		(71)	
INTEREST EXPENSE	350	302		342	
INTEREST INCOME	10	835		(91)	
FOREIGN EXCHANGE LOSS (GAIN)	(152)	58		(288)	
MONETARY POSITION (GAIN) LOSS	(47)	(91)		(34)	
EQUITY EARNINGS, ASSOCIATED COMPANIES	(127)	(142)		(109)	
TAXES	216	344		238	
NET INCOME	342	(345)	199	863	(60)
MAJORITY NET INCOME	261	(491)	153	644	(60)
EARNINGS PER SHARE <sup>1</sup>	0.46	(0.87)	153	1.14	(60)
EARNINGS PER ADR (US\$) <sup>2</sup>	0.15	(0.28)	153	0.37	(60)
DEPRECIATION AND AMORTIZATION AFFECTING OPERATING INCOME	358	392		386	
EBITDA <sup>3</sup>	991	1,416	(30)	1,346	(26)
CAPITAL EXPENDITURES (MILLIONS US\$)	11	14		38	

BALANCE SHEET SUMMARY	Mar-10	Mar-09	VAR (%)	Dec-09	VAR (%)
CASH AND CASH EQUIVALENTS	2,109	989	113	2,008	5
TRADE ACCOUNTS RECEIVABLE	3,832	4,946	(23)	4,254	(10)
OTHER ACCOUNTS RECEIVABLE	2,093	3,156	(34)	2,133	(2)
INVENTORIES	5,520	6,222	(11)	7,589	(27)
CURRENT ASSETS	14,112	15,834	(11)	16,480	(14)
PROPERTY, PLANT, AND EQUIPMENT, NET	17,712	20,553	(14)	19,958	(11)
<b>TOTAL ASSETS</b>	<b>39,199</b>	<b>43,513</b>	<b>(10)</b>	<b>43,967</b>	<b>(11)</b>
SHORT-TERM DEBT	1,948	2,126	(8)	2,203	(12)
CURRENT LIABILITIES	7,328	18,052	(59)	8,950	(18)
LONG-TERM DEBT	18,602	12,072	54	19,928	(7)
<b>TOTAL LIABILITIES</b>	<b>28,999</b>	<b>34,499</b>	<b>(16)</b>	<b>32,155</b>	<b>(10)</b>
MAJORITY STOCKHOLDERS' EQUITY	6,599	5,348	23	7,701	(14)
<b>STOCKHOLDERS' EQUITY</b>	<b>10,200</b>	<b>9,014</b>	<b>13</b>	<b>11,812</b>	<b>(14)</b>
CURRENT ASSETS/CURRENT LIABILITIES	1.93	0.88		1.84	
TOTAL LIABILITIES/STOCKHOLDERS' EQUITY	2.84	3.83		2.72	
DEBT/(DEBT + STOCKHOLDERS' EQUITY)	0.67	0.61		0.65	
BOOK VALUE PER SHARE <sup>1</sup>	11.71	9.49		13.66	

<sup>1</sup> On the basis of 563,650,709 shares as of March 31, 2010, 563,650,709 shares as of March 31, 2009, and 563,650,709 shares as of December 31, 2009.

<sup>2</sup> Each ADR represents four ordinary shares; the exchange rate used was Ps 12.33 per dollar as of March 31, 2010.

<sup>3</sup> EBITDA = operating income + depreciation and amortization affecting operating income.

**GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES**  
(Millions of pesos)  
**FINANCIAL HIGHLIGHTS BY SUBSIDIARY**

		QUARTERS				
		1Q10	1Q09	VAR (%)	4Q09	VAR (%)
<b>GRUMA CORPORATION</b> <sup>1</sup> Corn flour, tortillas, and other	SALES VOLUME (thousand metric tons)	<b>326</b>	326	(0)	330	(1)
	NET SALES	<b>5,278</b>	5,536	(5)	5,228	1
	GROSS PROFIT	<b>2,168</b>	2,289	(5)	2,127	2
	Gross Margin	<b>41.1%</b>	41.4%		40.7%	
	OPERATING INCOME	<b>328</b>	461	(29)	346	(5)
	Operating Margin	<b>6.2%</b>	8.3%		6.6%	
	EBITDA	<b>527</b>	654	(19)	538	(2)
EBITDA Margin	<b>10.0%</b>	11.8%		10.3%		
<b>GIMSA</b> Corn flour, tortillas, and other	SALES VOLUME (thousand metric tons)	<b>470</b>	472	(0)	469	0
	NET SALES	<b>2,936</b>	2,458	19	2,786	5
	GROSS PROFIT	<b>778</b>	737	6	788	(1)
	Gross Margin	<b>26.5%</b>	30.0%		28.3%	
	OPERATING INCOME	<b>285</b>	337	(16)	315	(10)
	Operating Margin	<b>9.7%</b>	13.7%		11.3%	
	EBITDA	<b>364</b>	411	(12)	389	(6)
EBITDA Margin	<b>12.4%</b>	16.7%		14.0%		
<b>GRUMA VENEZUELA</b> Corn flour, wheat flour, and other	SALES VOLUME (thousand metric tons)	<b>123</b>	126	(2)	107	15
	NET SALES	<b>1,090</b>	2,119	(49)	2,423	(55)
	GROSS PROFIT	<b>317</b>	662	(52)	844	(62)
	Gross Margin	<b>29.0%</b>	31.3%		34.8%	
	OPERATING INCOME	<b>91</b>	257	(65)	330	(73)
	Operating Margin	<b>8.3%</b>	12.1%		13.6%	
	EBITDA	<b>114</b>	295	(61)	377	(70)
EBITDA Margin	<b>10.5%</b>	13.9%		15.5%		
<b>MOLINERA DE MÉXICO</b> Wheat flour	SALES VOLUME (thousand metric tons)	<b>135</b>	127	6	139	(3)
	NET SALES	<b>879</b>	901	(2)	936	(6)
	GROSS PROFIT	<b>163</b>	151	8	191	(15)
	Gross Margin	<b>18.5%</b>	16.8%		20.4%	
	OPERATING INCOME	<b>19</b>	21	(9)	58	(67)
	Operating Margin	<b>2.2%</b>	2.3%		6.2%	
	EBITDA	<b>34</b>	34	(2)	73	(54)
EBITDA Margin	<b>3.8%</b>	3.8%		7.8%		
<b>GRUMA CENTROAMÉRICA</b> Corn flour and other	SALES VOLUME (thousand metric tons)	<b>48</b>	52	(6)	51	(5)
	NET SALES	<b>648</b>	662	(2)	701	(8)
	GROSS PROFIT	<b>168</b>	152	11	190	(11)
	Gross Margin	<b>26.0%</b>	23.0%		27.0%	
	OPERATING INCOME	<b>(30)</b>	(30)	2	(4)	(690)
	Operating Margin	<b>(4.6%)</b>	(4.6%)		(0.5%)	
	EBITDA	<b>(8)</b>	(8)	4	24	(131)
EBITDA Margin	<b>(1.2%)</b>	(1.2%)		3.4%		
<b>OTHER &amp; ELIMINATIONS</b>	SALES VOLUME (thousand metric tons)	<b>(4)</b>	(6)	34	(5)	28
	NET SALES	<b>427</b>	1,211	(65)	696	(39)
	GROSS PROFIT	<b>157</b>	431	(64)	230	(32)
	Gross Margin	<b>36.8%</b>	35.6%		33.0%	
	OPERATING INCOME	<b>(60)</b>	(21)	(186)	(86)	30
	Operating Margin	<b>(14.1%)</b>	(1.7%)		(12.4%)	
	EBITDA	<b>(40)</b>	30	(233)	(55)	27
EBITDA Margin	<b>(9.4%)</b>	2.5%		(7.9%)		
<b>CONSOLIDATED</b>	SALES VOLUME (thousand metric tons)	<b>1,097</b>	1,097	0	1,090	1
	NET SALES	<b>11,258</b>	12,888	(13)	12,770	(12)
	GROSS PROFIT	<b>3,750</b>	4,423	(15)	4,369	(14)
	Gross Margin	<b>33.3%</b>	34.3%		34.2%	
	OPERATING INCOME	<b>632</b>	1,024	(38)	959	(34)
	Operating Margin	<b>5.6%</b>	7.9%		7.5%	
	EBITDA	<b>991</b>	1,416	(30)	1,346	(26)
EBITDA Margin	<b>8.8%</b>	11.0%		10.5%		

<sup>1</sup> Convenience translation. For further details see "Accounting Procedures".