
GIMSA REPORTS SECOND QUARTER 2016 RESULTS

RESULTS OF OPERATIONS

2Q16 versus 2Q15

Sales volume increased 8% to 486 thousand metric tons due mainly to (1) increased penetration of corn flour among tortilla makers, especially in Central Mexico, driven by commercial initiatives aimed at improving customer service, and more competitive corn flour prices; (2) higher sales to our U.S. operations; (3) higher sales to medium and small wholesalers driven particularly by improved customer service and direct contact; and (4) higher sales to government channels. Commercial initiatives continue to focus on increased distribution and availability, product quality and additional promotion of corn flour types that resemble the traditional method, among various other initiatives.

Net sales grew 11% to Ps.4,382 million in connection with the aforementioned sales volume growth, and price increases implemented during December 2015 and June 2016 to partially reflect higher corn costs. Also, net sales rose in connection with peso weakness on sales to the U.S. corn flour operations, as those sales are dollar denominated.

Cost of sales as a percentage of net sales rose to 72.3% from 68.9% as a result of (1) higher corn costs; (2) higher transportation costs due to higher freight tariffs and longer distances as GIMSA has been increasing its corn procurement in Northwestern Mexico to continue further improving its corn flour quality; and (3) increases in additives and packaging costs in connection with the weaker peso, changes in formulation and improved packaging for some SKUs. In absolute terms, cost of sales rose 17% to Ps.3,167 million mostly due to the aforementioned volume growth and higher costs.

Selling, General & Administrative expenses (SG&A) as a percentage of net sales improved to 16.1% from 16.2% due to better absorption. In absolute terms, SG&A rose 11% to Ps.708 million due mainly to the strengthening of the company's commercial initiatives aimed at enhancing customer service through the opening of distribution centers, additional company-owned distribution routes, and higher freights, all of which have helped volume growth. Higher freight expenses resulted also from higher tariffs, increased intercompany shipments and from plants to distribution centers, and from increased sales to government channels, where GIMSA usually absorbs the freight expense.

Other income, net, was Ps.63 million related mostly to gains on corn and natural gas hedging. Recently GIMSA has started to implement this kind of instruments for its corn procurement needs.

Operating income decreased 1% to Ps.570 million due mainly to the aforementioned strengthening of the company's commercial initiatives. Operating margin declined to 13% from 14.6% due primarily to the increase in the cost of corn, which was absorbed through gains in corn and foreign exchange hedging, reported under other income and net comprehensive financing income, respectively.

EBITDA remained flat at Ps.759 million. EBITDA margin declined to 17.3% from 19.3%.

Net comprehensive financing income was Ps.250 million, an increase of Ps.179 million in connection with higher gains on foreign exchange hedging related to corn procurement.

Income taxes were Ps.262 million, 30% more due to higher pre-tax income.

Majority net income was Ps.554 million, an increase of 26%, driven mainly by the aforementioned gains on foreign exchange rate hedging. As a percentage of net sales, majority net income rose to 12.6% from 11.2%.

CAPITAL EXPENDITURES

GIMSA's capital expenditures for 2Q16 were US\$9 million, primarily allocated to the reopening of a corn flour plant in Central Mexico, as well as to general technical upgrades.

FINANCIAL POSITION

June 2016 versus March 2016

Balance Sheet Highlights

Total assets increased 18% to Ps.15,134 million due primarily to higher inventories in connection with the summer corn crop in Mexico.

Total liabilities increased 75% to Ps.4,814 million largely due to higher trade accounts payable related to corn procurement from the summer corn crop in Mexico.

Shareholders' equity increased 2% to Ps.10,320 million.

ACCOUNTING PROCEDURES

The consolidated figures have been prepared in accordance with the International Financial Reporting Standards (IFRS).

International Accounting Standard 29 (IAS 29) defines the criteria to consider when a company operates under a hyperinflationary economic environment, which are:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- Interest rates, wages, and prices are linked to a price index; and
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

Based on the foregoing, as GIMSA operates in a non-hyperinflationary environment, the effects of inflation are not recognized in its figures.

ABOUT GIMSA

Founded in 1949, Grupo Industrial Maseca, S.A.B. de C.V. ("GIMSA"), is the world's largest producer of corn flour. GIMSA is engaged principally in the production of corn flour in Mexico under the MASECA[®] brand name. GIMSA's corn flour is used mainly in the preparation of tortillas and other related products. GIMSA is headquartered in San Pedro Garza Garcia, Mexico, and has approximately 4,500 employees and 18 plants. In 2015, GIMSA had net sales of US\$922 million.

This report may contain certain forward-looking statements and information relating to Grupo Industrial Maseca, S.A.B. de C.V., that are based on the beliefs of its management as well as assumptions made by and information then available to GIMSA. Such statements reflect the views of GIMSA 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 GIMSA 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, as well as world and domestic corn 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. GIMSA 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.

GRUPO INDUSTRIAL MASECA, S.A.B. DE C.V., AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS

(MILLIONS OF MEXICAN PESOS)

INCOME STATEMENT SUMMARY	QUARTERS			YTD JUNE		
	2Q16	2Q15	VAR (%)	2016	2015	VAR (%)
SALES VOLUME (METRIC TONS IN THOUSANDS)	486	448	8	952	898	6
CORN FLOUR	480	442	9	942	876	8
OTHERS	6	6	(2)	10	23	(56)
NET SALES	4,382	3,933	11	8,492	7,768	9
COST OF SALES	3,167	2,710	17	6,051	5,417	12
GROSS PROFIT	1,215	1,222	(1)	2,441	2,351	4
GROSS MARGIN (%)	27.7%	31.1%		28.7%	30.3%	
SELLING AND ADMINISTRATIVE EXPENSES	708	638		1,383	1,218	
OTHER EXPENSE(INCOME), NET	(63)	9		(41)	29	
OPERATING INCOME	570	575	(1)	1,100	1,103	(0)
OPERATING MARGIN (%)	13.0%	14.6%		13.0%	14.2%	
NET COMPREHENSIVE FINANCING COST (INCOME)	(250)	(71)		(245)	(95)	
INTEREST EXPENSE	4	4		8	10	
INTEREST INCOME	(21)	(10)		(36)	(20)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	(302)	(90)		(284)	(181)	
FOREIGN EXCHANGE LOSS (GAIN)	69	26		66	97	
INCOME TAXES	262	201		427	380	
NET INCOME	559	445	26	918	819	12
MAJORITY NET INCOME	554	441	26	910	811	12
EARNINGS PER SHARE ¹	0.60	0.48	26	0.99	0.88	12
DEPRECIATION AND AMORTIZATION	189	184		376	368	
EBITDA ²	759	759	0	1,476	1,472	0
CAPITAL EXPENDITURES	166	140		328	203	

BALANCE SHEET SUMMARY	Jun-16	Jun-15	VAR (%)	Mar-16	VAR (%)
CASH AND CASH EQUIVALENTS	446	518	(14)	365	22
TRADE ACCOUNTS RECEIVABLE	1,020	877	16	1,028	(1)
OTHER ACCOUNTS RECEIVABLE	2,067	1,143	81	1,625	27
INVENTORIES	4,810	3,201	50	2,975	62
CURRENT ASSETS	8,435	5,786	46	6,066	39
PROPERTY, PLANT, AND EQUIPMENT, NET	4,522	4,141	9	4,432	2
TOTAL ASSETS	15,134	12,219	24	12,833	18
SHORT-TERM DEBT	0	0	0	0	0
CURRENT LIABILITIES	4,300	3,192	35	2,236	92
LONG-TERM DEBT	0	0	0	0	0
TOTAL LIABILITIES	4,814	3,863	25	2,743	75
SHAREHOLDERS' EQUITY	10,320	8,356	23	10,090	2
MAJORITY SHAREHOLDERS' EQUITY	10,054	8,095	24	9,829	2
CURRENT ASSETS/CURRENT LIABILITIES	1.96	1.81		2.71	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	0.47	0.46		0.27	
BOOK VALUE PER SHARE ¹	10.95	8.81		10.70	

¹ Based on 918,405,000 shares outstanding as of June 30, 2016 and 2015 and March 31, 2016.

² EBITDA = operating income + depreciation, amortization and impairment of long lived asstes +(-) other expenses (income) unrelated to core business operations.