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## GIMSA REPORTS THIRD QUARTER 2016 RESULTS

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### RESULTS OF OPERATIONS

3Q16 versus 3Q15

**Sales volume** rose 6% to 491 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 wholesalers driven especially by improved customer service and direct contact; and (3) higher sales to our U.S. operations. Commercial initiatives continue to focus on increased distribution and availability, product quality and additional promotion of corn flour types, some of them resembling the traditional method, among various other initiatives.

**Net sales** grew 15% to Ps.4,513 million in connection with (1) the aforementioned sales volume growth; (2) price increases implemented during December 2015 and June 2016 to reflect higher corn costs; and, to a lesser extent, (3) extraordinary corn sales of Ps.47 million to Gruma Centroamérica. These corn sales are reported under net sales, but not as part of sales volume.

**Cost of sales** as a percentage of net sales rose to 72.6% from 68.7% mainly because of (1) higher corn costs driven by peso weakness; and (2) higher transportation, energy and packaging costs, most of it also resulting from peso weakness. In absolute terms, cost of sales rose 21% to Ps.3,274 million due to the aforementioned higher costs and volume growth.

The increase in cost of sales as a percentage of net sales was fully offset through gains on corn and exchange rate hedging, which are not reported under cost of sales. These hedging activities have been undertaken in connection with changes in the way corn is procured in our Mexican corn flour operations aimed at reducing volatility in corn prices and exchange rate.

**Selling, General & Administrative expenses (SG&A)** as a percentage of net sales was flat at 16.2% as higher expenses were fully absorbed by the increase in net sales. In absolute terms, SG&A rose 15% to Ps.731 million due mainly to the strengthening of the company's commercial initiatives to enhance customer service, and higher freight expenses, which have helped volume growth. Higher freight expenses reflected higher tariffs, increased intercompany shipments and from plants to distribution centers.

**Other income, net**, was Ps.135 million, a benefit of Ps.170 million related mostly to (1) the reversal of an impairment loss in connection with the reopening of a plant in Central Mexico; and (2) gains on corn and natural gas hedging.

**Operating income** grew 15% to Ps.642 million driven by the aforementioned benefit from other income. Operating margin was flat at 14.2%.

**EBITDA** increased 2% to Ps.754 million. EBITDA margin declined to 16.7% from 18.9%, due primarily to the increase in the cost of corn, which was compensated by gains in foreign exchange hedging, reported under net comprehensive financing income.

**Net comprehensive financing income** was Ps.165 million, an increase of Ps.127 million in connection with (1) lower foreign exchange losses resulting from lower trade accounts payable; and (2) higher gains on foreign exchange hedging also related to corn procurement.

**Income taxes** were Ps.249 million, Ps.216 million more due to the use of tax losses in 3Q15 and higher pre-tax income. The effective tax rate was 30.9%.

**Majority net income** was Ps.554 million, a decrease of 1% and as a percentage of net sales, majority net income declined to 12.3% from 14.3%. The increase in operating income and net comprehensive financing income were offset by higher taxes.

## **CAPITAL EXPENDITURES**

GIMSA's capital expenditures for 3Q16 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**

September 2016 versus June 2016

### **Balance Sheet Highlights**

**Total assets** increased 3% to Ps.15,566 million due primarily to higher cash balances.

**Total liabilities** decreased 4% to Ps.4,635 million largely due to lower trade accounts payable.

**Shareholders' equity** increased 6% to Ps.10,931 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<sup>®</sup> 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 SEPTEMBER		
	3Q16	3Q15	VAR (%)	2016	2015	VAR (%)
SALES VOLUME (METRIC TONS IN THOUSANDS)	<b>491</b>	463	6	<b>1,443</b>	1,362	6
CORN FLOUR	<b>487</b>	458	6	<b>1,428</b>	1,334	7
OTHERS	<b>4</b>	5	(11)	<b>14</b>	28	(48)
NET SALES	<b>4,513</b>	3,928	15	<b>13,005</b>	11,696	11
COST OF SALES	<b>3,274</b>	2,697	21	<b>9,325</b>	8,114	15
GROSS PROFIT	<b>1,238</b>	1,231	1	<b>3,679</b>	3,582	3
GROSS MARGIN (%)	27.4%	31.3%		28.3%	30.6%	
SELLING AND ADMINISTRATIVE EXPENSES	<b>731</b>	636		<b>2,113</b>	1,854	
OTHER EXPENSE(INCOME), NET	<b>(135)</b>	36		<b>(176)</b>	65	
OPERATING INCOME	<b>642</b>	559	15	<b>1,742</b>	1,663	5
OPERATING MARGIN (%)	14.2%	14.2%		13.4%	14.2%	
NET COMPREHENSIVE FINANCING COST (INCOME)	<b>(165)</b>	(38)		<b>(410)</b>	(133)	
INTEREST EXPENSE	4	3		12	12	
INTEREST INCOME	(29)	(12)		(65)	(32)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	(153)	(102)		(437)	(283)	
FOREIGN EXCHANGE LOSS (GAIN)	13	74		79	170	
INCOME TAXES	<b>249</b>	33		<b>677</b>	413	
NET INCOME	<b>558</b>	564	(1)	<b>1,476</b>	1,383	7
MAJORITY NET INCOME	<b>554</b>	561	(1)	<b>1,463</b>	1,372	7
EARNINGS PER SHARE <sup>1</sup>	<b>0.60</b>	0.61	(1)	<b>1.59</b>	1.49	7
DEPRECIATION AND AMORTIZATION	<b>190</b>	183		<b>566</b>	552	
IMPAIRMENT OF LONG LIVED ASSETS	<b>(78)</b>	0		<b>(78)</b>	0	
EBITDA <sup>2</sup>	<b>754</b>	743	2	<b>2,230</b>	2,215	1
CAPITAL EXPENDITURES	<b>188</b>	135		<b>516</b>	338	

BALANCE SHEET SUMMARY	Sep-16	Sep-15	VAR (%)	Jun-16	VAR (%)
CASH AND CASH EQUIVALENTS	<b>577</b>	100	478	446	29
TRADE ACCOUNTS RECEIVABLE	<b>1,046</b>	907	15	1,020	2
OTHER ACCOUNTS RECEIVABLE	<b>3,068</b>	1,141	169	2,067	48
INVENTORIES	<b>4,020</b>	3,638	11	4,810	(16)
CURRENT ASSETS	<b>8,830</b>	5,828	52	8,435	5
PROPERTY, PLANT, AND EQUIPMENT, NET	<b>4,691</b>	4,200	12	4,522	4
TOTAL ASSETS	<b>15,566</b>	12,383	26	15,134	3
SHORT-TERM DEBT	<b>0</b>	0	0	0	0
CURRENT LIABILITIES	<b>4,104</b>	2,805	46	4,300	(5)
LONG-TERM DEBT	<b>0</b>	0	0	0	0
TOTAL LIABILITIES	<b>4,635</b>	3,465	34	4,814	(4)
SHAREHOLDERS' EQUITY	<b>10,931</b>	8,918	23	10,320	6
MAJORITY SHAREHOLDERS' EQUITY	<b>10,661</b>	8,653	23	10,054	6
CURRENT ASSETS/CURRENT LIABILITIES	<b>2.15</b>	2.08		1.96	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	<b>0.42</b>	0.39		0.47	
BOOK VALUE PER SHARE <sup>1</sup>	<b>11.61</b>	9.42		10.95	

<sup>1</sup> Based on 918,405,000 shares outstanding as of September 30, 2016 and 2015 and June 30, 2016.

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