
GIMSA REPORTS FOURTH QUARTER 2016 RESULTS

RESULTS OF OPERATIONS

4Q16 versus 4Q15

Sales volume rose 8% to 522 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, as well as more competitive corn flour prices; (2) higher sales to our U.S. operations; and (3) higher sales to wholesalers driven especially by improved customer service and direct contact.

Net sales grew 16% to Ps.4,861 million in connection with (1) the aforementioned sales volume growth; (2) price increases implemented during December 2015, June 2016 and December 2016, to reflect higher corn costs and other inputs arising from peso weakness; and, to a lesser extent, (3) peso weakness effect on dollar denominated sales to the U.S. operations.

Cost of sales as a percentage of net sales rose to 73.9% from 69.1% mainly because of (1) higher corn costs driven by peso weakness, which were offset through gains on exchange rate hedging, which are reported under net comprehensive financing income; and (2) higher fuel, electricity, additives and packaging costs, in part also resulting from peso weakness. In absolute terms, cost of sales rose 25% to Ps.3,594 million due to the aforementioned higher costs and sales volume growth.

Selling, General & Administrative expenses (SG&A) as a percentage of net sales improved to 15.2% from 17.2% due principally to better absorption. In absolute terms, SG&A rose 3% to Ps.740 million in connection with the aforementioned sales volume growth and higher freight expenses.

Other income, net, was Ps.4 million, mostly related to gains on natural gas hedging. This represents an improvement of Ps.31 million versus last year as there were losses on natural gas hedging in 4Q15.

Operating income decreased 2% to Ps.532 million due mainly to higher corn costs and higher SG&A. Operating margin declined to 10.9% from 13% due primarily to the aforementioned increase in corn costs, which was not fully passed through corn flour prices, but was recovered through gains on foreign exchange rate hedging reported under net comprehensive financing income.

EBITDA increased 1% to Ps.733 million. EBITDA margin declined to 15.1% from 17.4%.

Net comprehensive financing income was Ps.133 million, an increase of Ps.65 million in connection with (1) higher gains on foreign exchange hedging related to corn procurement; and (2) higher interest income resulting from higher cash balances.

Income taxes were Ps.151 million versus a gain from tax-loss-carry-forwards in 4Q15 of Ps.212 million. The effective tax rate was 22.6%.

Majority net income was Ps.497 million, a decrease of 40%, and as a percentage of net sales, majority net income declined to 10.2% from 19.9%. This was primarily in connection with the use of tax-loss-carry-forwards in 4Q15.

CAPITAL EXPENDITURES

GIMSA's capital expenditures for 4Q16 were US\$16 million, primarily allocated to the reopening of a corn flour plant in Central Mexico, increased corn storage capacity at existing plants, and general technology upgrades.

FINANCIAL POSITION

December 2016 versus September 2016

Balance Sheet Highlights

Total assets decreased 1% to Ps.15,440 million due primarily to lower corn inventories.

Total liabilities decreased 13% to Ps.4,038 million largely due to lower trade accounts payable.

Shareholders' equity increased 4% to Ps.11,402 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 4,900 employees and 18 plants. In 2016, GIMSA had net sales of US\$865 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 DECEMBER		
	4Q16	4Q15	VAR (%)	2016	2015	VAR (%)
SALES VOLUME (METRIC TONS IN THOUSANDS)	522	485	8	1,965	1,847	6
CORN FLOUR	517	481	8	1,945	1,815	7
OTHERS	5	5	2	19	32	(41)
NET SALES	4,861	4,176	16	17,866	15,871	13
COST OF SALES	3,594	2,887	25	12,919	11,001	17
GROSS PROFIT	1,268	1,289	(2)	4,947	4,871	2
GROSS MARGIN (%)	26.1%	30.9%		27.7%	30.7%	
SELLING AND ADMINISTRATIVE EXPENSES	740	719		2,853	2,573	
OTHER EXPENSE(INCOME), NET	(4)	27		(180)	92	
OPERATING INCOME	532	542	(2)	2,274	2,205	3
OPERATING MARGIN (%)	10.9%	13.0%		12.7%	13.9%	
NET COMPREHENSIVE FINANCING COST (INCOME)	(133)	(68)		(543)	(202)	
INTEREST EXPENSE	9	3		21	15	
INTEREST INCOME	(22)	(5)		(87)	(38)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	(118)	(59)		(555)	(342)	
FOREIGN EXCHANGE LOSS (GAIN)	(2)	(7)		78	163	
INCOME TAXES	151	(212)		827	201	
NET INCOME	514	822	(37)	1,990	2,205	(10)
MAJORITY NET INCOME	497	831	(40)	1,961	2,203	(11)
EARNINGS PER SHARE ¹	0.54	0.90	(40)	2.13	2.40	(11)
DEPRECIATION AND AMORTIZATION	193	185		759	737	
IMPAIRMENT OF LONG LIVED ASSETS	9	0		(69)	0	
EBITDA ²	733	727	1	2,964	2,942	1
CAPITAL EXPENDITURES	323	279		839	617	

BALANCE SHEET SUMMARY	Dec-16	Dec-15	VAR (%)	Sep-16	VAR (%)
CASH AND CASH EQUIVALENTS	3,019	534	465	577	423
TRADE ACCOUNTS RECEIVABLE	1,209	1,081	12	1,046	16
OTHER ACCOUNTS RECEIVABLE	755	781	(3)	3,068	(75)
INVENTORIES	3,427	3,077	11	4,020	(15)
CURRENT ASSETS	8,505	5,515	54	8,830	(4)
PROPERTY, PLANT, AND EQUIPMENT, NET	4,917	4,347	13	4,691	5
TOTAL ASSETS	15,440	12,302	26	15,566	(1)
SHORT-TERM DEBT	0	0	0	0	0
CURRENT LIABILITIES	3,525	2,088	69	4,104	(14)
LONG-TERM DEBT	0	0	0	0	0
TOTAL LIABILITIES	4,038	2,579	57	4,635	(13)
SHAREHOLDERS' EQUITY	11,402	9,723	17	10,931	4
MAJORITY SHAREHOLDERS' EQUITY	11,115	9,466	17	10,661	4
CURRENT ASSETS/CURRENT LIABILITIES	2.41	2.64		2.15	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	0.35	0.27		0.42	
BOOK VALUE PER SHARE ¹	12.10	10.31		11.61	

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

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