
GIMSA REPORTS FIRST QUARTER 2017 RESULTS

RESULTS OF OPERATIONS

1Q17 versus 1Q16

Sales volume rose 3% to 480 thousand metric tons due mainly to (1) higher sales to wholesalers, driven especially by improved customer service resulting in new accounts; and (2) higher sales to our U.S. operations.

Net sales grew 14% to Ps.4,699 million in connection with the effect of price increases implemented during June 2016, December 2016, and January 2017 to reflect higher corn costs and other inputs arising from peso weakness, as well as to reflect higher energy costs. To a lesser extent, net sales also increased from (1) the aforementioned sales volume growth; (2) corn sales of Ps.80 million to Gruma Centroamérica, not reflected in sales volume; and (3) the peso weakness effect on dollar-denominated sales to our U.S. operations.

Cost of sales as a percentage of net sales rose to 74.2% from 70.2% mainly because part of the price increase related to exchange rate is reflected as a gain in foreign exchange ("FX") hedging activities, while an important part was already reflected as a gain on the mark-to-market valuation related to FX hedging activities in 4Q16, and lastly, another part was offset with price increases. GIMSA reported higher cost for corn, arising from peso weakness, but also for energy and other inputs. Additionally, cost of sales as a percentage of net sales was affected by (1) the aforementioned corn sales of Ps.80 million to Gruma Centroamérica at minimal margins; and (2) the arithmetical effect of having a significantly larger base of net sales with similar profit per ton. In absolute terms, cost of sales rose 21% to Ps.3,486 million due to the aforementioned higher costs and, to a lesser extent, sales volume growth.

Selling, General & Administrative expenses (SG&A) as a percentage of net sales improved to 15.7% from 16.4% due to better absorption. In absolute terms, SG&A rose 9% to Ps.738 million mostly in connection with (1) sales volume growth; and (2) higher gasoline prices, resulting in higher freight tariffs and higher expenses at the sales department for their promotion activities.

Other income, net, of Ps.86 million, which represents an improvement of Ps.107 million versus last year, was mostly related to the sale of GIMSA's Mission brand to Gruma Holding for Ps.94 million.

Operating income rose 6% to Ps.561 million due to the aforementioned sale of the Mission brand. Operating margin declined to 11.9% from 12.9%.

EBITDA increased 5% to Ps.755 million. EBITDA margin declined to 16.1% from 17.4%.

Net comprehensive financing cost was Ps.424 million, an increase of Ps.420 million resulting mostly from the combination of Ps.116 million of FX gains on corn hedging related to positions closed during the quarter, and mark-to-market FX losses of Ps.588 million on positions related to corn needs for the second half of 2017.

Income taxes were Ps.44 million, 73% less in connection with the aforementioned foreign exchange hedging losses. The effective tax rate was 32.5%.

Majority net income was Ps.91 million, a decrease of 74%, and as a percentage of net sales, majority net income declined to 1.9% from 8.7%. This was primarily in connection with the mark-to-market losses on foreign exchange rate hedging related to corn procurement.

CAPITAL EXPENDITURES

GIMSA's capital expenditures for 1Q17 were US\$7 million, primarily allocated to the reopening of a corn flour plant in Central Mexico and, to a lesser extent, to general technology upgrades.

FINANCIAL POSITION

March 2017 versus December 2016

Balance Sheet Highlights

Total assets increased 3% to Ps.15,896 million due primarily to higher corn inventories.

Total liabilities increased 10% to Ps.4,457 million largely due to higher trade accounts payable.

Shareholders' equity was fairly flat at Ps.11,439 million.

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 4,800 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		
	1Q17	1Q16	VAR (%)
SALES VOLUME (METRIC TONS IN THOUSANDS)	480	466	3
CORN FLOUR	477	461	3
OTHERS	3	5	(24)
NET SALES	4,699	4,110	14
COST OF SALES	3,486	2,884	21
GROSS PROFIT	1,213	1,226	(1)
GROSS MARGIN (%)	25.8%	29.8%	
SELLING AND ADMINISTRATIVE EXPENSES	738	675	
OTHER EXPENSE(INCOME), NET	(86)	21	
OPERATING INCOME	561	530	6
OPERATING MARGIN (%)	11.9%	12.9%	
NET COMPREHENSIVE FINANCING COST (INCOME)	424	5	
INTEREST EXPENSE	5	4	
INTEREST INCOME	(18)	(15)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	472	19	
FOREIGN EXCHANGE LOSS (GAIN)	(35)	(3)	
INCOME TAXES	44	166	
NET INCOME	92	359	(74)
MAJORITY NET INCOME	91	356	(74)
EARNINGS PER SHARE ¹	0.10	0.39	(74)
DEPRECIATION AND AMORTIZATION	195	187	
EBITDA ²	755	717	5
CAPITAL EXPENDITURES	133	162	

BALANCE SHEET SUMMARY	Mar-17	Mar-16	VAR (%)	Dec-16	VAR (%)
	CASH AND CASH EQUIVALENTS	1,260	365	245	3,019
TRADE ACCOUNTS RECEIVABLE	1,221	1,028	19	1,209	1
OTHER ACCOUNTS RECEIVABLE	1,876	1,660	13	793	137
INVENTORIES	4,681	2,975	57	3,427	37
CURRENT ASSETS	9,103	6,066	50	8,509	7
PROPERTY, PLANT, AND EQUIPMENT, NET	5,059	4,432	14	5,020	1
TOTAL ASSETS	15,896	12,833	24	15,444	3
SHORT-TERM DEBT	0	0	0	0	0
CURRENT LIABILITIES	4,049	2,236	81	3,529	15
LONG-TERM DEBT	0	0	0	0	0
TOTAL LIABILITIES	4,457	2,743	62	4,041	10
SHAREHOLDERS' EQUITY	11,439	10,090	13	11,402	0
MAJORITY SHAREHOLDERS' EQUITY	11,151	9,829	13	11,115	0
CURRENT ASSETS/CURRENT LIABILITIES	2.25	2.71		2.41	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	0.39	0.27		0.35	
BOOK VALUE PER SHARE ¹	12.14	10.70		12.10	

¹ Based on 918,405,000 shares outstanding as of March 31, 2017 and 2016 and December 31, 2016.

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