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## GIMSA REPORTS SECOND QUARTER 2017 RESULTS

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### RESULTS OF OPERATIONS

2Q17 versus 2Q16

**Sales volume** rose 4% to 506 thousand metric tons driven mainly by wholesalers who are increasing the distribution of certain varieties of corn flour; exports to our U.S. operations; and higher demand from the largest snack producers in Mexico.

**Net sales** grew 10% to Ps.4,828 million primarily in connection with (1) the effect of price increases implemented during 2016 and the beginning of 2017, to reflect higher corn costs and other inputs arising from peso weakness, as well as to reflect higher energy costs; and (2) the aforementioned sales volume growth.

**Cost of sales** as a percentage of net sales was flat at 72.3%. The effect of higher costs related to corn, energy and other inputs was offset by the aforementioned price increases. In absolute terms, cost of sales rose 10% to Ps.3,490 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 15.4% from 16.1% due to better absorption. In absolute terms, SG&A rose 5% to Ps.743 million mostly in connection with higher freight tariffs, resulting from gasoline price increases, and higher sales volume for the retail segment, where the company absorbs this expense.

**Other income, net**, of Ps.7 million, represents a decline of Ps.55 million, mostly related to lower gains on corn hedging, and natural gas hedging gains last year.

**Operating income** rose 6% to Ps.602 million principally driven by the sale volume growth. Operating margin declined to 12.5% from 13% in connection with the aforementioned reductions in other income.

**EBITDA** increased 5% to Ps.797 million. EBITDA margin declined to 16.5% from 17.3%.

**Net comprehensive financing cost** was Ps.202 million, resulting mostly from losses on foreign exchange hedging related to corn needs for the second half of 2017.

**Income taxes** were Ps.125 million, 52% less in connection with the aforementioned foreign exchange hedging losses. The effective tax rate was 31.1%.

**Majority net income** was Ps.267 million, a decrease of 52%, and as a percentage of net sales, majority net income declined to 5.5% from 12.6%. This was primarily due to losses on foreign exchange rate hedging related to corn procurement.

## **CAPITAL EXPENDITURES**

GIMSA's capital expenditures for 2Q17 were US\$7 million, primarily allocated to general technology upgrades.

## **FINANCIAL POSITION**

June 2017 versus March 2017

### **Balance Sheet Highlights**

**Total assets** decreased 1% to Ps.15,798 million due primarily to lower cash balances.

**Total liabilities** decreased 8% to Ps.4,106 million largely due to lower accounts payable.

**Shareholders' equity** increased 2% to Ps.11,692 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<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 4,900 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 JUNE		
	2Q17	2Q16	VAR (%)	2017	2016	VAR (%)
SALES VOLUME (METRIC TONS IN THOUSANDS)	<b>506</b>	486	4	<b>986</b>	952	4
CORN FLOUR	501	480	4	978	942	4
OTHERS	5	6	(5)	9	10	(14)
NET SALES	<b>4,828</b>	4,382	10	<b>9,527</b>	8,492	12
COST OF SALES	<b>3,490</b>	3,167	10	<b>6,977</b>	6,051	15
GROSS PROFIT	<b>1,337</b>	1,215	10	<b>2,550</b>	2,441	4
GROSS MARGIN (%)	27.7%	27.7%		26.8%	28.7%	
SELLING AND ADMINISTRATIVE EXPENSES	<b>742</b>	708		<b>1,480</b>	1,383	
OTHER EXPENSE(INCOME), NET	<b>(7)</b>	(63)		<b>(93)</b>	(41)	
OPERATING INCOME	<b>602</b>	570	6	<b>1,163</b>	1,100	6
OPERATING MARGIN (%)	12.5%	13.0%		12.2%	13.0%	
NET COMPREHENSIVE FINANCING COST (INCOME)	<b>202</b>	(250)		<b>626</b>	(245)	
INTEREST EXPENSE	4	4		9	8	
INTEREST INCOME	(25)	(21)		(43)	(36)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	238	(302)		710	(284)	
FOREIGN EXCHANGE LOSS (GAIN)	(15)	69		(50)	66	
INCOME TAXES	<b>125</b>	262		<b>169</b>	427	
NET INCOME	<b>276</b>	559	(51)	<b>368</b>	918	(60)
MAJORITY NET INCOME	<b>267</b>	554	(52)	<b>359</b>	910	(61)
EARNINGS PER SHARE <sup>1</sup>	<b>0.29</b>	0.60	(52)	<b>0.39</b>	0.99	(61)
DEPRECIATION AND AMORTIZATION	<b>194</b>	189		<b>389</b>	376	
EBITDA <sup>2</sup>	<b>797</b>	759	5	<b>1,552</b>	1,476	5
CAPITAL EXPENDITURES	<b>119</b>	169		<b>253</b>	331	

BALANCE SHEET SUMMARY	Jun-17	Jun-16	VAR (%)	Mar-17	VAR (%)
CASH AND CASH EQUIVALENTS	<b>694</b>	446	55	1,260	(45)
TRADE ACCOUNTS RECEIVABLE	<b>1,257</b>	1,020	23	1,221	3
OTHER ACCOUNTS RECEIVABLE	<b>1,503</b>	2,101	(28)	1,876	(20)
INVENTORIES	<b>5,395</b>	4,810	12	4,681	15
CURRENT ASSETS	<b>8,924</b>	8,435	6	9,103	(2)
PROPERTY, PLANT, AND EQUIPMENT, NET	<b>5,084</b>	4,522	12	5,059	0
TOTAL ASSETS	<b>15,798</b>	15,134	4	15,896	(1)
SHORT-TERM DEBT	<b>0</b>	0	0	0	0
CURRENT LIABILITIES	<b>3,560</b>	4,300	(17)	4,049	(12)
LONG-TERM DEBT	<b>0</b>	0	0	0	0
TOTAL LIABILITIES	<b>4,106</b>	4,814	(15)	4,457	(8)
SHAREHOLDERS' EQUITY	<b>11,692</b>	10,320	13	11,439	2
MAJORITY SHAREHOLDERS' EQUITY	<b>11,373</b>	10,054	13	11,151	2
CURRENT ASSETS/CURRENT LIABILITIES	<b>2.51</b>	1.96		2.25	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	<b>0.35</b>	0.47		0.39	
BOOK VALUE PER SHARE <sup>1</sup>	<b>12.38</b>	10.95		12.14	

<sup>1</sup> Based on 918,405,000 shares outstanding as of June 30, 2017 and 2016 and March 31, 2017.

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