GRUMA

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San Pedro Garza García, N.L., Mexico; April 25, 2018

GRUMA REPORTS FIRST QUARTER 2018 RESULTS

HIGHLIGHTS

GRUMA's performance showed continued improvements in net sales in all regions other than Central America, and expanding margins, notably in the U.S.

Consolidated **sales volume** was flat and **net sales** were 1% lower in connection with the peso appreciation effect on figures for Gruma USA and Gruma Europe, and the adoption of International Financial Reporting Standard 15 ("IFRS 15"), effective January 2018, by which some selling expenses have to be reclassified as a deduction to net sales.

Consolidated **EBITDA** was flat, as increases from Gruma USA were offset by the peso appreciation effect and expenses from information technology projects. EBITDA margin improved 10 basis points.

Sales and EBITDA from non-Mexican operations represented 73% and 74%, respectively, of consolidated figures. The company reported US$1.1 billion of **debt** at quarter-end, US$106 million more than at the end of 4Q17. **Net Debt/EBITDA** ratio was 1.5x.

Consolidated Financial Highlights
(Ps. millions)

	1Q18	1Q17	Var
Sales volume (thousand metric tons)	971	970	0%
Net sales	17,532	17,677	(1)%
Operating income	2,146	2,180	(2)%
Operating margin	12.2%	12.3%	(10) bp
EBITDA	2,692	2,697	0%
EBITDA margin	15.4%	15.3%	10 bp
Majority net income	1,282	1,282	0%

Debt
(US$ millions)

		Var vs Mar'17			Var vs Dec'17	
Mar'18	Mar'17	($)	(%)	Dec'17	($)	(%)
1,135	734	401	55%	1,030	106	10%

CONSOLIDATED RESULTS OF OPERATIONS

1Q18 versus 1Q17

Sales volume was flat at 971 thousand metric tons. Volume growth achieved at all subsidiaries was offset by strong reductions at Gruma Europe, which resulted from volatility in the corn milling business.

Net sales declined 1% to Ps.17,532 million. Net sales were higher at all subsidiaries other than Gruma Centroamérica. However, the peso appreciation effect on Gruma USA and Gruma Europe figures and the adoption of IFRS 15 led to a decline in consolidated net sales. The consolidated impact from the adoption of IFRS 15 for 1Q18 was Ps.128 million.

Cost of sales as a percentage of net sales rose to 62.9% from 62.4%. Excluding the effect from the adoption of IFRS 15, net sales as a percentage of net sales would have been flat. In absolute terms, cost of sales was flat at Ps.11,021 million, mostly in connection with the peso appreciation on Gruma USA and Gruma Europe figures when measured in peso terms.

Selling, general and administrative expenses (SG&A) as a percentage of net sales rose slightly to 25.1% from 25.0%, primarily driven by lower absorption. In absolute terms, SG&A decreased 1% to Ps.4,393 million in line with the peso appreciation impact on Gruma USA figures, and with the aforementioned adoption of IFRS 15.

Other income, net, was Ps.28 million compared to an expense of Ps.48 million. The improvement resulted primarily from gains on natural gas hedging.

Operating income declined 2% to Ps.2,146 million. Operating margin decreased to 12.2% from 12.3%.

EBITDA was flat at Ps.2,692 million. EBITDA margin improved to 15.4% from 15.3%.

Net comprehensive financing cost was Ps.262 million, Ps.190 million less, primarily in connection with lower losses on foreign exchange rate hedging related to corn procurement at GIMSA.

On the **income taxes** line, at Gruma USA there was an effective tax rate reduction from 36% in 1Q17 to 25%; however, consolidated taxes increased due to deferred taxes as compared to 1Q17, when GRUMA had a benefit on deferred taxes from the use of tax-loss-carryforwards. Furthermore, in the first quarter of 2018 taxes were higher as the peso appreciation creates a negative impact on dollar-denominated intercompany loans. This effect would be reversed if the peso depreciates again. The effective tax rate was also affected by losses at the Technology and Corporate Services divisions, in connection with lower construction activities and information technology projects, which could not be deducted during the period, creating tax-loss-carryforwards.

Majority net income was flat at Ps.1,282 million as lower comprehensive financing cost was offset by higher deferred taxes.

FINANCIAL POSITION

March 2018 versus December 2017

Balance Sheet Highlights

Total assets were flat at Ps.60,748 million. There were higher cash balances, but also higher corn inventories in Mexico due to delays in winter corn harvest, which drove most of the procurement to take place in January rather than in December. Property, plant and equipment was lower in connection with the peso appreciation effect on Gruma USA assets.

Total liabilities were flat at Ps.34,769 million. A higher debt level, arising from higher working capital needs particularly at GIMSA, was offset by reductions in other accounts payable related principally to dividend and variable compensation payments.

Shareholders' equity was flat at Ps.25,989 million.

Debt Profile

GRUMA's debt was US$1.1 billion, US$106 million more than at December 2017. Approximately 78% of GRUMA's debt was dollar-denominated.

Debt

(US$ millions)

		Var vs Mar'17			Var vs Dec'17	
Mar'18	**Mar'17**	**($)**	**(%)**	**Dec'17**	**($)**	**(%)**
1,135	734	401	55%	1,030	106	10%

Debt Maturity Profile
(US$ millions)

	Rate	2018	2019	2020	2021	2022	2023	2024	TOTAL
Senior Notes 2024 (USD)	Fixed 4.875%							400	400
Rabobank Syndicated Term Loan (USD)	LIBOR + 1%		18.8	22.5	26.3	82.5			150
Rabobank Syndicated Revolving Facility (USD)	LIBOR + 1%					250			250
Scotiabank Revolving Facility (USD)	LIBOR + 0.75%			65					65
Other:									
MXN	7.85%	229							229
USD	2.50%	18							18
EUR	1.48%	5.1	5.3	4	2.5	2.2	2.1	2.1	23.4
TOTAL	**4.51%** (avg.)	**252.1**	**24.0**	**91.5**	**28.8**	**334.7**	**2.1**	**402.1**	**1,135.3**

CAPITAL EXPENDITURE PROGRAM

GRUMA's capital expenditures totaled US$33 million for 1Q18. During the quarter, capital expenditures were allocated mostly to (1) the United States, in connection with the new tortilla plant in Dallas, and the expansion of the tortilla plant in Florida; (2) Mexico, mostly related to the tortilla plant in Puebla, and technology upgrades at GIMSA; and (3) Europe, in connection with packaging automation at the plant in the Netherlands, and at one of the plants in England.

SUBSIDIARY RESULTS OF OPERATIONS

1Q18 versus 1Q17

Gruma USA

Sales volume rose 1% to 337 thousand metric tons. The **tortilla** business grew 1% driven by the retail channel, where volume benefited primarily from growth at (1) core products such as Super Soft flour tortillas; (2) specialty products such as Street Taco tortilla (a small tortilla especially used for *tacos*); (3) low-count corn tortillas; and (4) healthier alternatives (carb balance, and gluten free in particular). On the other hand, the food service channel was impacted by the company's decision to reduce supply of some SKUs based on profitability. **Corn flour** sales volume rose 1% driven mostly by the retail channel in connection with expanded distribution at club formats, coupled with increased displays and promotions granted by large retailers.

Net sales increased 3% to Ps.9,434 million in connection with (1) sales volume growth; and more importantly from (2) a change in the sales mix within both channels of the tortilla business favoring higher-priced SKUs, most notably at the retail channel; (3) a change in the sales mix favoring the retail tortilla channel as foodservice declined, resulting from the aforementioned reduced supply based on profitability; and (4) a change in the sales mix within the corn flour business favoring the retail channel. Also, better management of promotions at the retail tortilla business contributed to the increase.

Cost of sales as a percentage of net sales increased to 57.5% from 57.4% driven by the adoption of IFRS 15, which resulted in lower cost absorption. In absolute terms, cost of sales rose 3% to Ps.5,422 million in line with volume growth and cost increases largely at the tortilla business in connection with (1) higher wheat flour cost arising mainly from longer traveling distances to get high protein wheat; (2) higher packaging costs for corrugated boxes and plastic bags; (3) higher wages in light of volume growth and the company's effort to retain talent at some particular plants amid a competitive labor market; and (4) higher fringe benefits arising from regulatory changes.

SG&A as a percentage of net sales declined to 28.3% from 29.1% due mainly to better expense absorption. In absolute terms, SG&A was flat.

Other income, net, was Ps.2 million as opposed to other expense, net, of Ps.27 million in 1Q17. The Ps.29 million improvement mostly relates to lower corn hedging losses and gains on natural gas as opposed to losses in 1Q17.

Operating income rose 10% to Ps.1,340 million. Operating margin improved to 14.2% from 13.3%.

EBITDA rose 10% to Ps.1,660 million. EBITDA margin improved to 17.6% from 16.4%.

GIMSA

Sales volume rose 3% to 492 thousand metric tons driven mainly by (1) wholesalers expanding their distribution; (2) higher demand from large snack producers in Mexico; and (3) higher sales of grits.

Net sales grew 2% to Ps.4,796 million in connection with the aforementioned sales volume growth. GIMSA increased prices at the beginning of 2018, however, corn sales for Ps.80 million to Gruma Centroamérica in 1Q17, not reported as sales volume, and lower prices in peso terms on exports sales to Gruma USA in connection with a stronger peso, resulted in lower average prices. Also, the curve of customers' inventory consumption and the change in the sales mix toward the retail channel and toward grits, impacted average prices.

Cost of sales as a percentage of net sales improved to 72.8% from 74.2% reflecting lower cost of corn and energy, mostly in connection with the peso appreciation. Also, the aforementioned corn sales of Ps.80 million to Gruma Centroamérica at minimal margins benefited the comparison versus 1Q17. In absolute terms, cost of sales was flat at Ps.3,491 million due to the aforementioned cost reductions, despite sales volume growth.

SG&A as a percentage of net sales increased to 16.1% from 15.7% due mostly to (1) higher freight expense, resulting from a change in the sales mix favoring sales volume to customers where the company absorbs this expense, and also from higher tariffs; and (2) general inflationary pressures arising from gasoline and labor, among others. In absolute terms, SG&A rose 5% to Ps.774 million.

Other income, net, of Ps.25 million, represented a Ps.61 million reduction, mostly resulting from the sale of GIMSA's Mission brand to Gruma Holding for Ps.94 million in 1Q17.

Operating income decreased 1% to Ps.556 million and operating margin declined to 11.6% from 11.9%.

EBITDA increased 4% to Ps.782 million. EBITDA margin improved to 16.3% from 16.1%.

Gruma Europe

Sales volume decreased 20% to 81 thousand metric tons, driven by the corn milling business. The **tortilla** business rose 2% resulting primarily from (1) increased geographic coverage and expanded distribution at retail and food service channels in Russia due, in part, to the company's enlarged production capacity in this country; and (2) expanded distribution at large supermarket chains in Spain.

The **corn milling** business sales volume declined 29%, affected by (1) lower demand for grits by brewing companies as they switched to other grains, especially amid reductions in barley prices; (2) lower demand for grits by snack producers arising from a difficult economic environment in the Middle East, which has also led some customers to favor competitors that offer lower yields and quality; and (3) lower sales volume of byproducts, in line with the reduction in grits.

Net sales rose 7% to Ps.1,303 million despite the aforementioned decline in sales volume, due mainly to (1) the change in the sales mix toward the tortilla business; and (2) price increases and rationalization of low-price customers.

Cost of sales as a percentage of net sales rose to 77.5% from 76.5% primarily from lower cost absorption in connection with (1) the adoption of IFRS 15, which resulted in lower net sales; and, to a lesser extent, (2) increased distribution of third-party products; and (3) higher sales to food service customers. In absolute terms, cost of sales increased 8% to Ps.1,010 million mostly in connection the growth at the tortilla business, whose products are more value-added that at the corn milling business.

SG&A as a percentage of net sales improved to 20.9% from 23.7% mostly resulting from better expense absorption. In absolute terms, SG&A decreased 6% to Ps.272 million mainly driven by the aforementioned adoption of IFRS 15, which resulted in lower selling expenses, as well as from efficiencies in administrative expenses at both operations, including personnel reduction, and in marketing expenses in the tortilla business.

Operating income was Ps.24 million, compared to an operating loss of Ps.2 million, and operating margin rose to 1.9% from (0.1)%.

EBITDA increased 78% to Ps.81 million, and EBITDA margin improved to 6.2% from 3.7%.

Gruma Centroamérica

Sales volume increased 2% to 48 thousand metric tons due mainly to (1) extraordinary corn flour sales in Honduras related to built-up inventories amid political uncertainty; (2) higher sales of corn taking advantage of market opportunities; (3) higher sales of rice as we gained new costumers; and (4) higher sales of snacks as the last holy week took place in 1Q rather than 2Q; and (5) higher sales of hearts of palm due to resumed sales to France. Part of the aforementioned growth was offset by lower corn flour sales in Guatemala, particularly to government channels.

Net sales declined 10% to Ps.1,045 million in connection with (1) the adoption of IFRS 15; (2) the peso appreciation effect; and (3) a change in the sales mix towards flanker brands in corn flour and the aforementioned sales of corn.

Cost of sales as a percentage of net sales increased to 65.2% from 63.7% mostly driven by (1) lower absorption due the aforementioned adoption of IFRS 15; and (2) the change in the sales mix towards corn flour flanker brands and corn, which report lower margins. In absolute terms, cost of sales decreased 8% to Ps.681 million in connection with the aforementioned peso appreciation and lower cost of raw materials, especially corn.

SG&A as a percentage of net sales improved to 27.4% from 31.3% due mainly to (1) lower selling expenses resulting from the aforementioned adoption of IFRS 15; and (2) savings on salaries from auditing efficiencies and lower marketing expenses. In absolute terms, SG&A declined 21% to Ps.286 million principally resulting from the aforementioned reductions in SG&A and the effect of the peso appreciation.

Operating income as a percentage of net sales increased to 7.4% from 5.2%, and in absolute terms, operating income rose 29% to Ps.78 million.

EBITDA improved 22% to Ps.112 million. EBITDA margin increased to 10.8% from 8%.

Other Subsidiaries and Eliminations

Operating income declined 57% to Ps.148 million. This resulted mainly from (1) the peso appreciation effect largely related to Gruma USA, as figures for this subsidiary are reported under convenience translation; and to (2) reductions at the Technology operations, in connection with lower capital expenditures, and additional expenses at Corporate Services arising from information technology projects. The foreign exchange impact is shown under “Other Subsidiaries and Eliminations”.

CONFERENCE CALL

The first quarter conference call will be held on Thursday, April 26, 2018 at 11:30 am Eastern Time (10:30 am Central/ Mexico City Time). To access the call, please dial: domestic US +1 (855) 327 6837, international +1 (631) 891 4304.

ACCOUNTING PROCEDURES

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

Results for foreign subsidiaries are translated to Mexican pesos applying the historical exchange rate. Nevertheless, under the section Subsidiary Results of Operations and the table of Financial Highlights by Subsidiary of this report, figures for Gruma USA and Gruma Europe were translated to Mexican pesos using a convenience translation with the exchange rate of Ps.18.3445/dollar as of March 31, 2018. The differences between the use of convenience translation and the historical exchange rate are reflected under "Other Subsidiaries and Eliminations”.

ABOUT GRUMA

Since 1949, GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and corn flour producers. With leading brands in most of its markets, GRUMA has operations in the United States, Mexico, Central America, Europe, Asia and Oceania. GRUMA is headquartered in San Pedro Garza García, Mexico, and has approximately 20,500 employees and 74 plants. In 2017, GRUMA had net sales of US$3.7 billion, of which 73% came from non-Mexican operations. For further information, please visit www.gruma.com.

This report may contain certain forward-looking statements and information relating to GRUMA, S.A.B. de C.V., and its subsidiaries (collectively, "GRUMA") that are based on the beliefs of its management as well as assumptions made by and information then available to GRUMA. Such statements reflect the views of GRUMA 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 GRUMA 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, the United States, Latin America, or any other countries in which GRUMA does business, and world corn and wheat 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. GRUMA 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.

GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(MILLIONS OF MEXICAN PESOS)

	QUARTERS		
INCOME STATEMENT SUMMARY	**1Q18**	1Q17	VAR (%)
NET SALES	**17,532**	17,677	(1)
COST OF SALES	**11,021**	11,031	(0)
GROSS PROFIT	**6,511**	6,646	(2)
GROSS MARGIN (%)	**37.1%**	37.6%	
SELLING AND ADMINISTRATIVE EXPENSES	**4,393**	4,418	
OTHER EXPENSE (INCOME) , NET	**(28)**	48	
OPERATING INCOME	**2,146**	2,180	(2)
OPERATING MARGIN (%)	**12.2%**	12.3%	
NET COMPREHENSIVE FINANCING COST	**262**	452	
INTEREST EXPENSE	**243**	167	
INTEREST INCOME	**(16)**	(13)	
(GAIN) LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS	**101**	472	
FOREIGN EXCHANGE LOSS (GAIN)	**(66)**	(175)	
INCOME TAXES	**601**	432	
NET INCOME	**1,284**	1,296	(1)
MAJORITY NET INCOME	**1,282**	1,282	(0)
EARNINGS PER SHARE[1]	**2.97**	2.96	0
DEPRECIATION AND AMORTIZATION	**546**	517	
EBITDA[2]	**2,692**	2,697	(0)
EBITDA MARGIN (%)	**15.4%**	15.3%	
CAPITAL EXPENDITURES (MILLION US$)	**33**	58	

BALANCE SHEET SUMMARY	**Mar-18**	Mar-17	VAR (%)	Dec-17	VAR (%)
CASH AND CASH EQUIVALENTS	**4,104**	3,881	6	3,230	27
TRADE ACCOUNTS RECEIVABLE	**7,065**	6,248	13	7,172	(1)
OTHER ACCOUNTS RECEIVABLE	**2,826**	1,851	53	2,940	(4)
INVENTORIES	**11,701**	9,399	24	10,790	8
CURRENT ASSETS	**26,170**	21,938	19	24,708	6
PROPERTY, PLANT, AND EQUIPMENT, NET	**28,059**	25,324	11	29,327	(4)
TOTAL ASSETS	**60,748**	53,894	13	60,821	(0)
SHORT-TERM DEBT	**4,628**	3,792	22	2,897	60
CURRENT LIABILITIES	**16,048**	14,405	11	14,752	9
LONG-TERM DEBT	**16,093**	9,960	62	17,310	(7)
TOTAL LIABILITIES	**34,769**	28,110	24	34,843	(0)
MAJORITY SHAREHOLDERS' EQUITY	**25,989**	23,949	9	25,984	0
SHAREHOLDERS' EQUITY	**25,979**	25,783	1	25,978	0
CURRENT ASSETS/CURRENT LIABILITIES	**1.63**	1.52		1.67	
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY	**1.34**	1.09		1.34	
DEBT/EBITDA[3]	**1.83**	1.23		1.78	
EBITDA/INTERES EXPENSE[3]	**13.05**	16.67		14.31	
BOOK VALUE PER SHARE[1]	**60.27**	55.34		60.04	

[1] On the basis of 431,221,046 shares as of March 31, 2018 and 432,749,079 shares as of March 31 and December 31, 2017.

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

[3] Last twelve months.

GRUMA, S.A.B. DE C.V., AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS BY SUBSIDIARY

(MILLIONS OF MEXICAN PESOS)

		QUARTERS			
		1Q18	1Q17	VAR ($)	VAR (%)
GRUMA USA[1]	SALES VOLUME[2]	**337**	334	3	1
Corn flour, tortillas, and other	NET SALES	**9,434**	9,162	272	3
	GROSS PROFIT	**4,012**	3,908	104	3
	Gross Margin	**42.5%**	42.6%		
	OPERATING INCOME	**1,340**	1,217	124	10
	Operating Margin	**14.2%**	13.3%		
	EBITDA	**1,660**	1,499	161	11
	EBITDA Margin	**17.6%**	16.4%		
GIMSA	SALES VOLUME	**492**	480	12	2
Corn flour and other	NET SALES	**4,796**	4,699	97	2
	GROSS PROFIT	**1,305**	1,213	92	8
	Gross Margin	**27.2%**	25.8%		
	OPERATING INCOME	**556**	561	(5)	(1)
	Operating Margin	**11.6%**	11.9%		
	EBITDA	**782**	755	26	3
	EBITDA Margin	**16.3%**	16.1%		
GRUMA EUROPE[1]	SALES VOLUME[2]	**81**	101	(21)	(20)
Corn flour, tortillas, and other	NET SALES	**1,303**	1,221	82	7
	GROSS PROFIT	**293**	288	6	2
	Gross Margin	**22.5%**	23.5%		
	OPERATING INCOME	**24**	(2)	26	1,473
	Operating Margin	**1.9%**	(0.1%)		
	EBITDA	**81**	46	36	78
	EBITDA Margin	**6.2%**	3.7%		
GRUMA CENTROAMÉRICA	SALES VOLUME	**48**	47	1	2
Corn flour and other	NET SALES	**1,045**	1,157	(113)	(10)
	GROSS PROFIT	**363**	421	(57)	(14)
	Gross Margin	**34.8%**	36.3%		
	OPERATING INCOME	**78**	60	17	29
	Operating Margin	**7.4%**	5.2%		
	EBITDA	**112**	92	20	22
	EBITDA Margin	**10.8%**	8.0%		
OTHER SUBSIDIARIES & ELIMINATIONS[3]	SALES VOLUME	**14**	7	7	97
	NET SALES	**954**	1,438	(484)	(34)
	GROSS PROFIT	**538**	818	(280)	(34)
	Gross Margin	**56.4%**	56.9%		
	OPERATING INCOME	**148**	344	(196)	(57)
	Operating Margin	**15.5%**	23.9%		
	EBITDA	**56**	305	(249)	(82)
	EBITDA Margin	**5.9%**	21.2%		
CONSOLIDATED	SALES VOLUME	**971**	970	2	0
	NET SALES	**17,532**	17,677	(145)	(1)
	GROSS PROFIT	**6,511**	6,646	(135)	(2)
	Gross Margin	**37.1%**	37.6%		
	OPERATING INCOME	**2,146**	2,180	(34)	(2)
	Operating Margin	**12.2%**	12.3%		
	EBITDA	**2,692**	2,697	(5)	(0)
	EBITDA Margin	**15.4%**	15.3%		

[1] Convenience translation. For further details see "Accounting Procedures".

[2] All sales volume figures are expressed in thousand metric tons.

[3] Effect of the use of convenience translation is reported under Other Subsidiaries & Eliminations.