





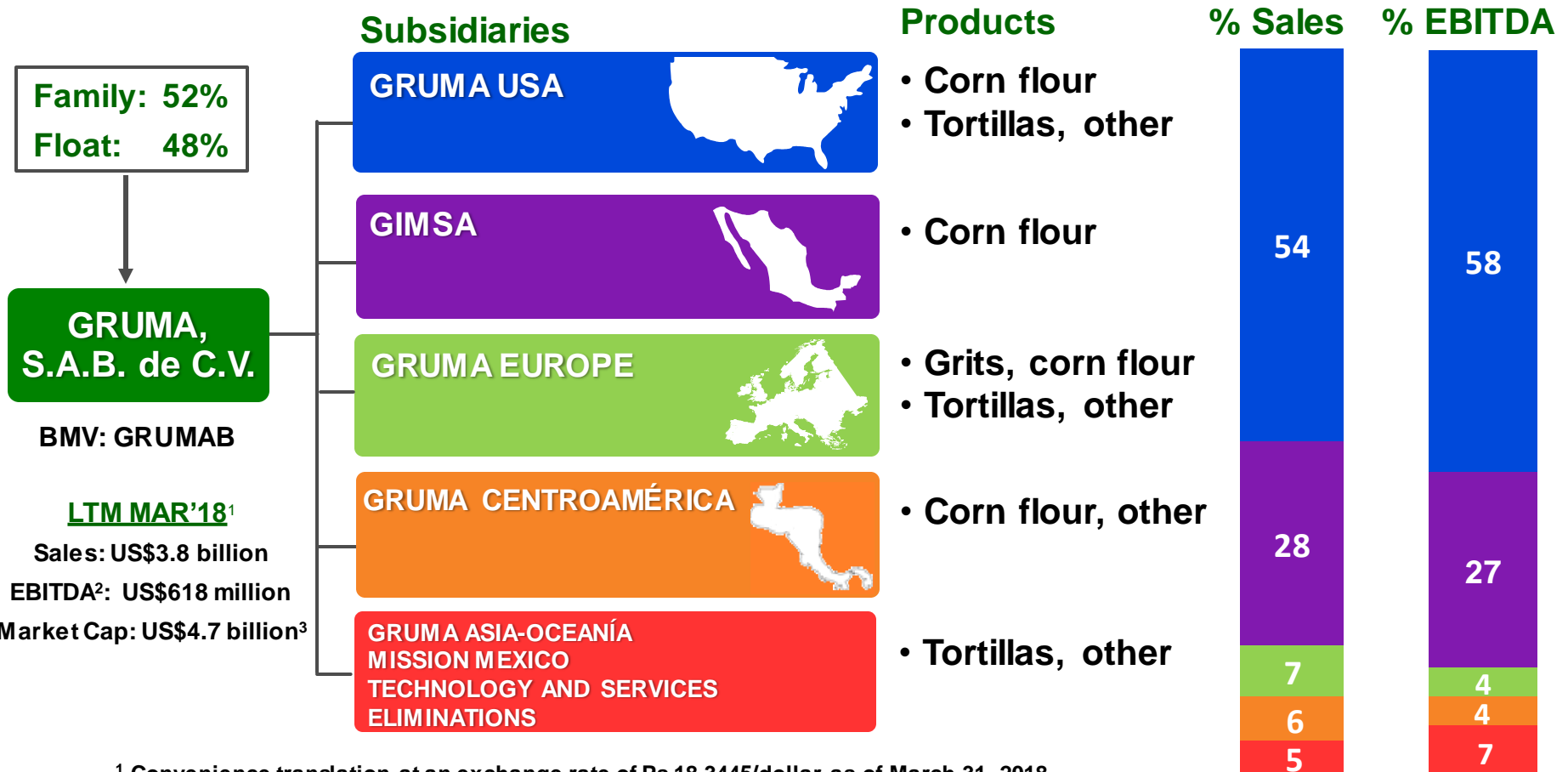


# COMPANY OVERVIEW





# GRUMA IS THE WORLD'S LARGEST CORN FLOUR AND TORTILLA PRODUCER, WITH OPERATIONS IN THE UNITED STATES, MEXICO, CENTRAL AMERICA, EUROPE, ASIA AND OCEANIA



<sup>1</sup> Convenience translation at an exchange rate of Ps.18.3445/dollar as of March 31, 2018.

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

<sup>3</sup> As of May 23, 2018





# GRUMA'S LEADING BRANDS SHOW STRONG AWARENESS AND CONSUMER LOYALTY

REGION	BRANDS	PRODUCTS	POSITION
UNITED STATES		CORN FLOUR	FIRST
		TORTILLAS	FIRST
		TORTILLAS	SECOND
MEXICO		CORN FLOUR	FIRST
CENTRAL AMERICA		CORN FLOUR	FIRST
		TORTILLAS	FIRST
		TORTILLAS	SECOND
EUROPE		TORTILLAS	THIRD
ASIA & OCEANIA		TORTILLAS	FIRST







# GRUMA IS LEADING IMPORTANT PRODUCT INNOVATION TO SATISFY THE GROWING MARKET OF HEALTH-ORIENTED CONSUMERS



- Consumers replacing breads with wraps
- Increased popularity of healthier snack options, such as gluten-free organic corn chips



To satisfy these megatrends, GRUMA offers a line of healthier alternatives, such as:

- Organic
- Multi-grain
- Gluten-free
- Fat-free
- Carb-balance
- Chia and quinoa wraps
- Preservative-free
- Baked tostadas
- Whole-wheat

As a result, our healthier product lines are generating low double-digit sales growth





## NEW PRODUCT LAUNCHINGS AND COLORFUL IN-STORE DISPLAYS ENHANCE SALES OF VALUE-ADDED AND HIGHER-MARGIN PRODUCTS

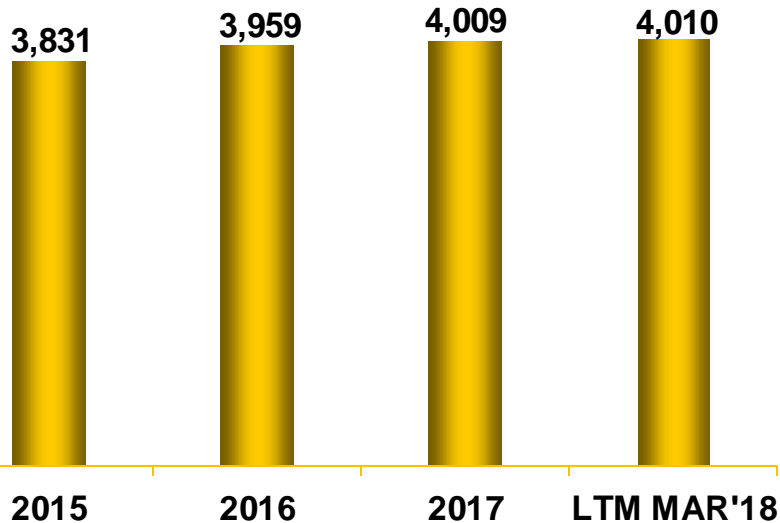




# GRUMA HAS ACHIEVED CONSISTENT GROWTH IN NET SALES DRIVEN MAINLY BY THE U.S. OPERATIONS

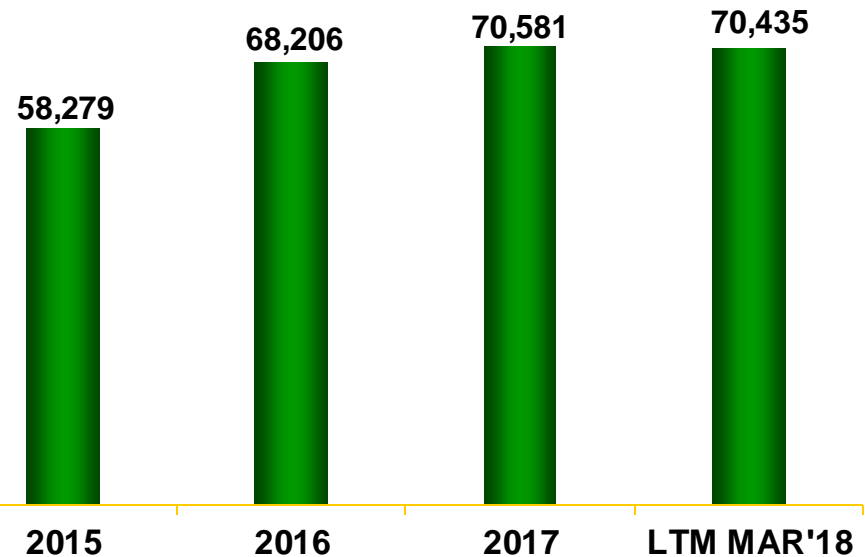
**GRUMA  
Volume**  
(thousand metric tons)

**CAGR:  
'15 – LTM MAR'18: 1%**



**GRUMA  
Net Sales**  
(millions of pesos)

**CAGR:  
'15 – LTM MAR'18: 6%**

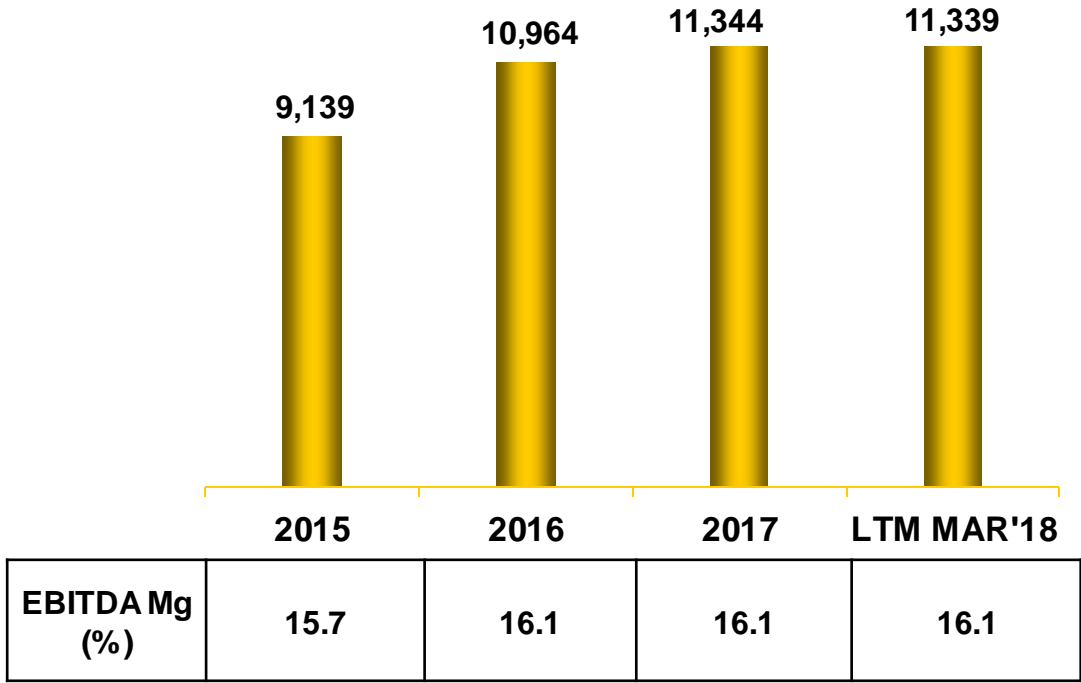




**EBITDA GENERATION HAS INCREASED AT A HIGHER RATE THAN NET SALES BASED PARTIALLY ON MARGIN IMPROVEMENTS, ALSO LARGELY DRIVEN BY THE U.S. OPERATIONS**

**GRUMA  
EBITDA  
(millions of pesos)**

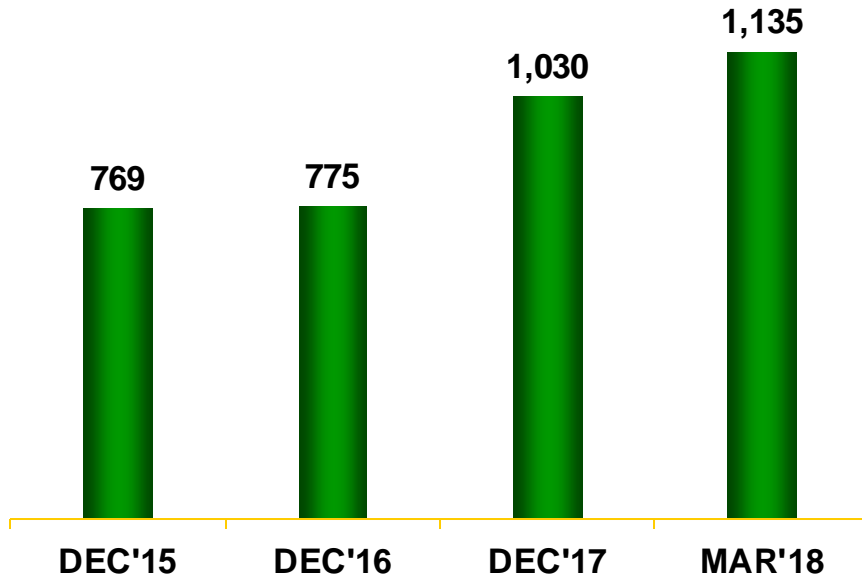
**CAGR:  
'15 – LTM MAR'18: 7%**



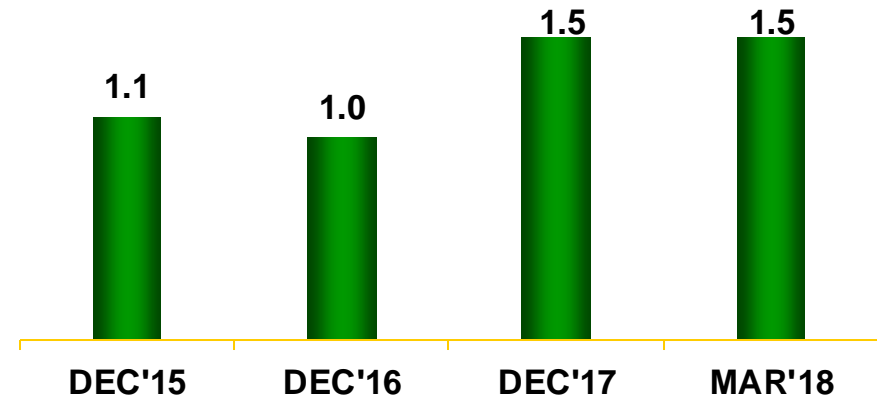


# EBITDA GENERATION HAS CONTRIBUTED TO GRUMA'S SOLID FINANCIAL POSITION

**GRUMA  
Debt  
(millions of US\$)**



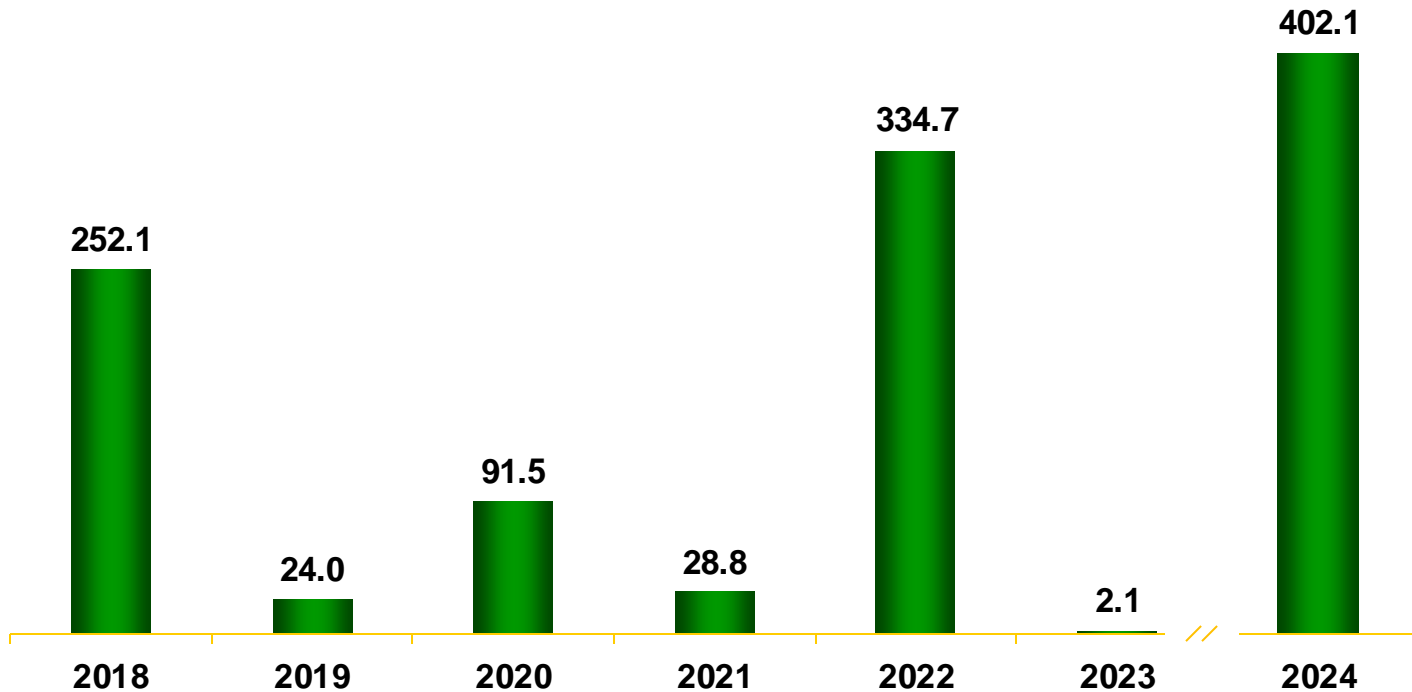
**GRUMA  
Net Debt/EBITDA  
(times)**





# DEBT MATURITY PROFILE

**GRUMA**  
**Debt<sup>1</sup> Maturity Profile**  
**As of March 31, 2018**  
**(millions of US\$)**



<sup>1</sup> Weighted average interest rate as of March 31, 2018 is 4.51%.





# MAIN SUBSIDIARIES







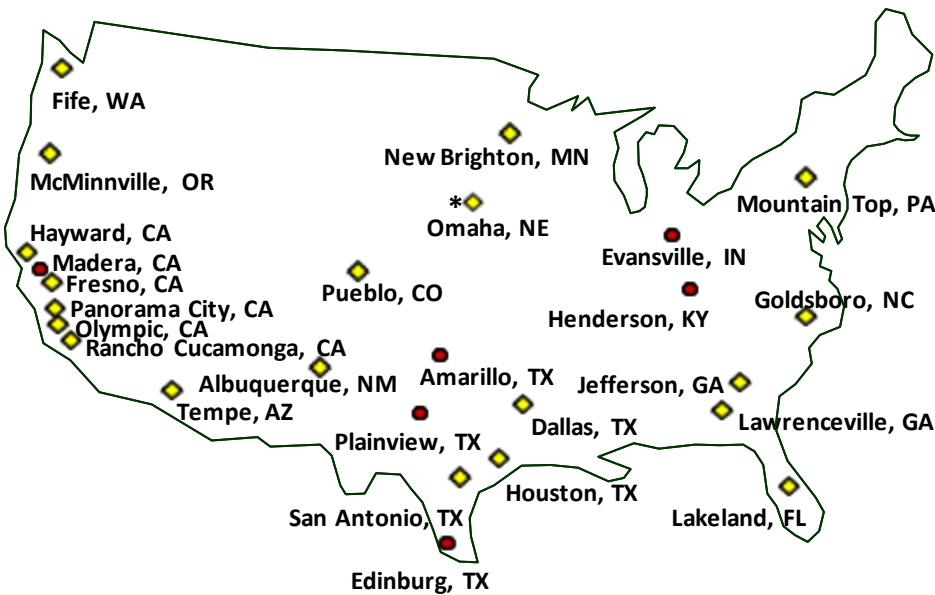
# GRUMA USA





# GRUMA USA IS THE LARGEST SUBSIDIARY, AND THE LEADING CORN FLOUR AND TORTILLA PRODUCER IN THE UNITED STATES

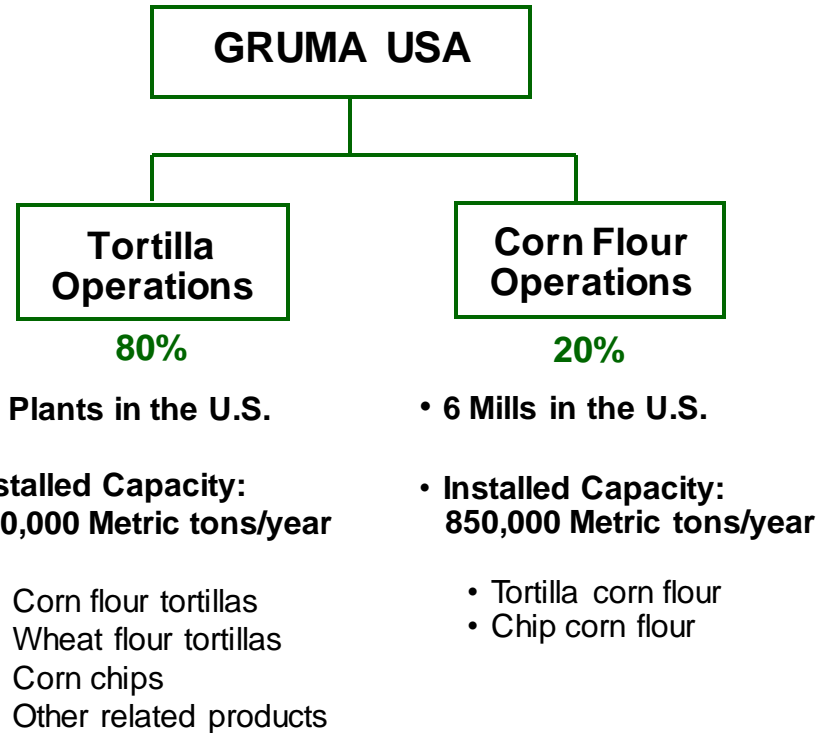
Net Sales LTM MAR'18: **US\$2.1 billion**



● Corn flour mills (6)

◆ Tortilla plants (20)

\* Temporarily closed



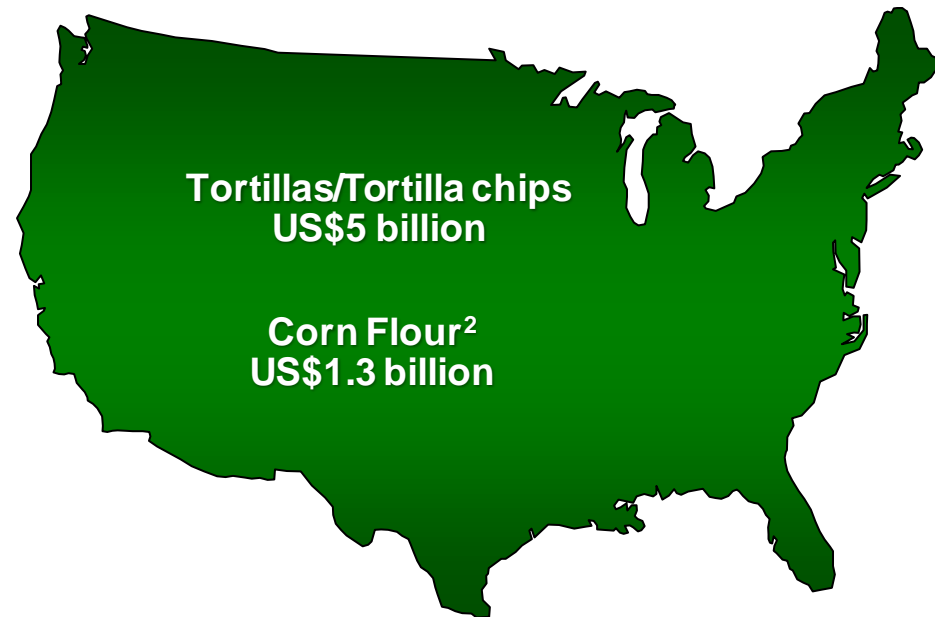


# THERE IS GROWTH POTENTIAL FOR THE U.S. TORTILLA AND CORN FLOUR INDUSTRIES

## Growth Drivers

- **Hispanic Population<sup>1</sup>**
  - 18% of total U.S. population, out of which 63% are Mexican
  - Hispanic population increased 63% between 2000 and 2016, accounting for half of total U.S. population growth
- **Popularity of Mexican Food**
  - Non-Hispanics account for the majority of Mexican food service purchases
  - The number of Mexican food restaurants continues to grow
  - More restaurants are featuring Mexican dishes in their menus
- **Adoption of tortillas in non-Mexican dishes (wraps)**
- **Wraps, burritos, tacos, quesadillas, nachos, etc. becoming mainstream foods**

## Estimated U.S. Markets



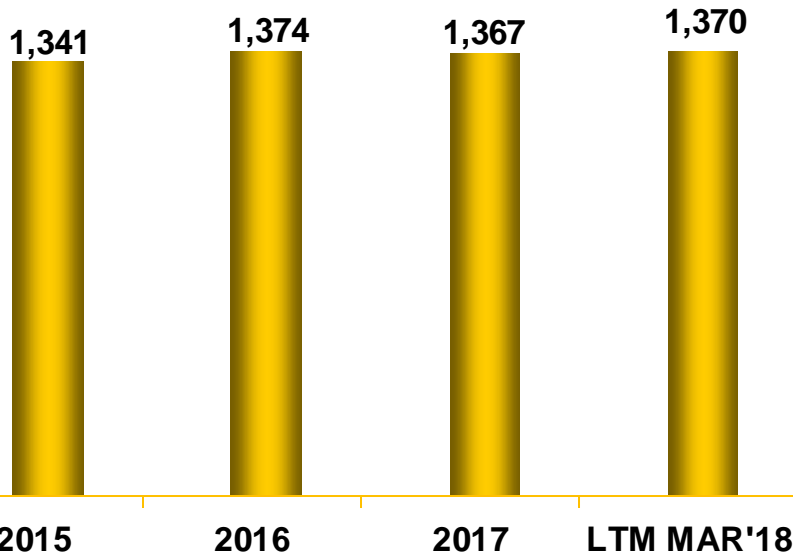




**OVER THE PAST FEW YEARS, SALES VOLUME GROWTH HAS BEEN LOWER DUE TO SIGNIFICANT SKU RATIONALIZATION, WHICH HAS RESULTED IN IMPROVED PROFITABILITY**

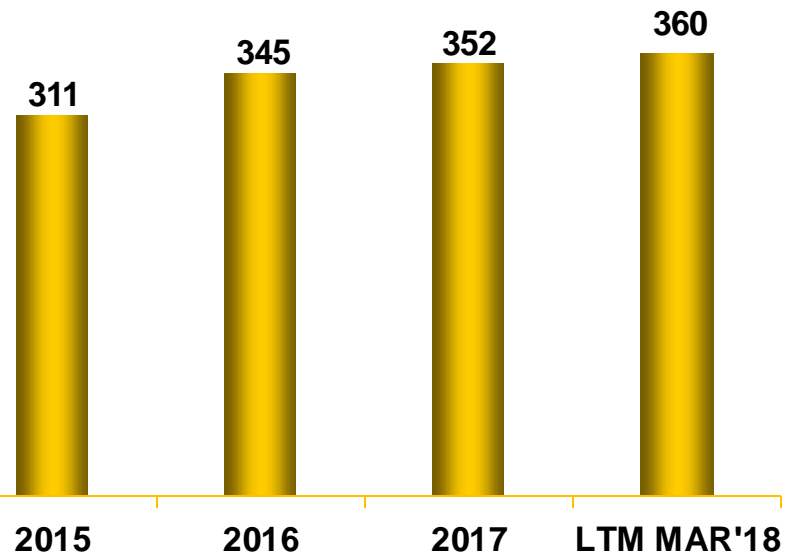
**GRUMA USA  
VOLUME**  
(thousand metric tons)

**CAGR:  
'15 – LTM MAR'18: 1%**



**GRUMA USA  
EBITDA**  
(millions of US\$)

**CAGR:  
'15 – LTM MAR'18: 5%**



EBITDA Mg (%)	2015	2016	2017	LTM MAR'18
	15.6	17.1	17.2	17.5

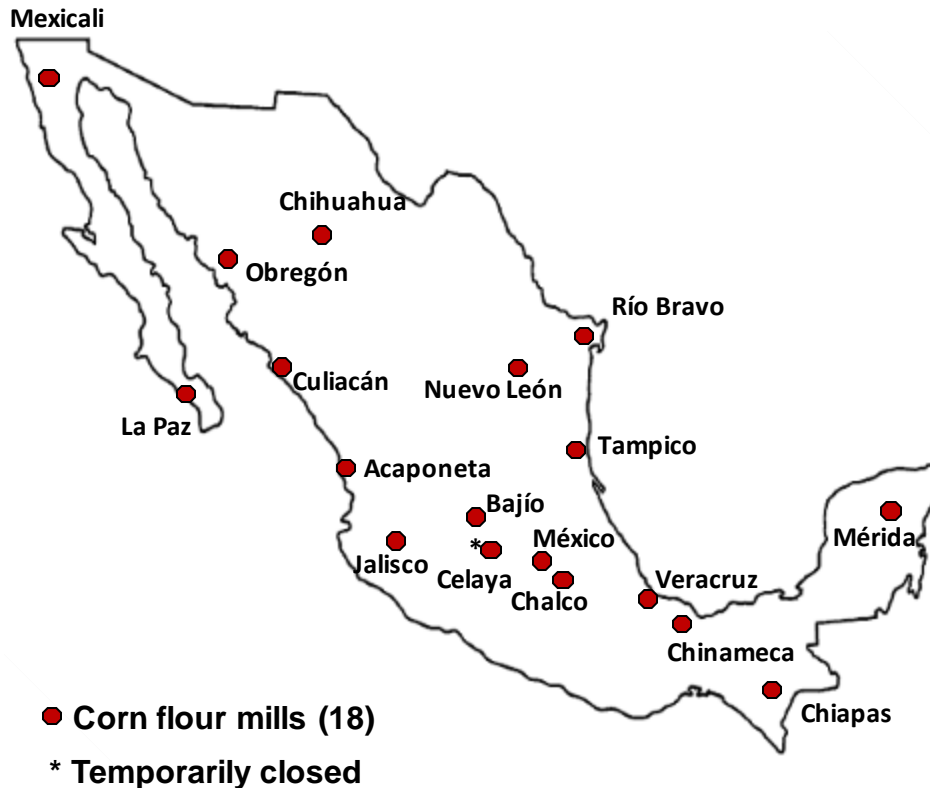


# GIMSA





## GIMSA IS GRUMA'S SECOND LARGEST SUBSIDIARY AND THE LEADER OF THE CORN FLOUR INDUSTRY IN MEXICO



### GIMSA

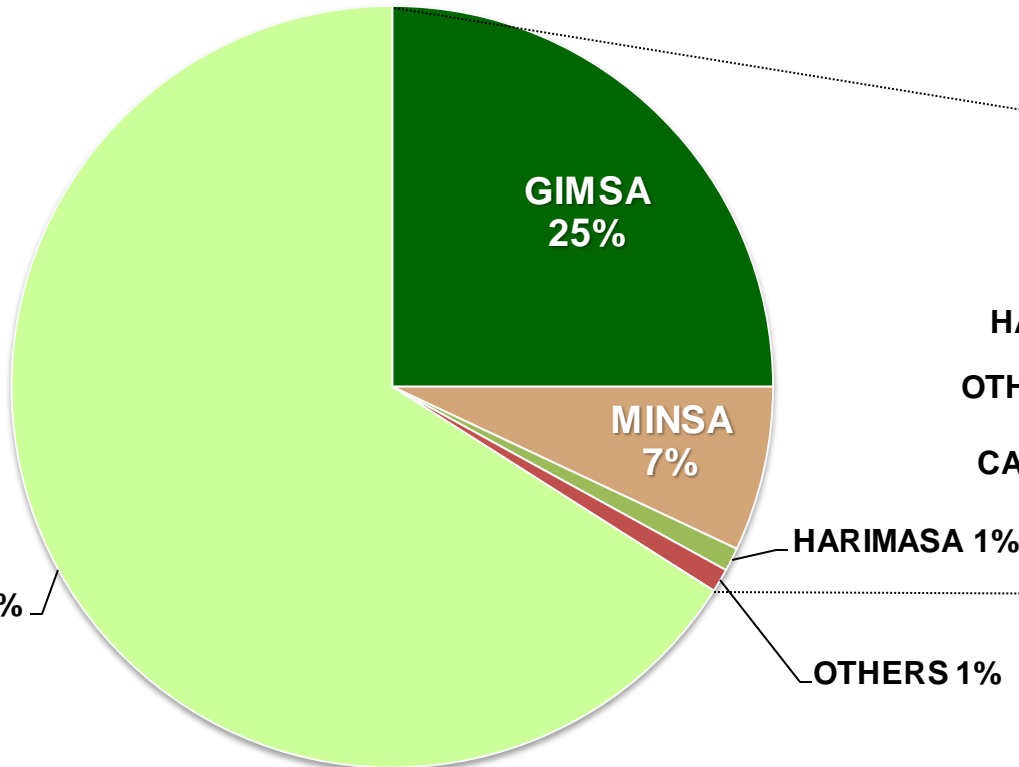
- Net Sales LTM MAR'18: **US\$1.1 billion**<sup>1</sup>
- 18 plants, with total annual capacity of 2.4 million metric tons of corn flour
- GIMSA's market share within the corn flour industry is approximately 74%



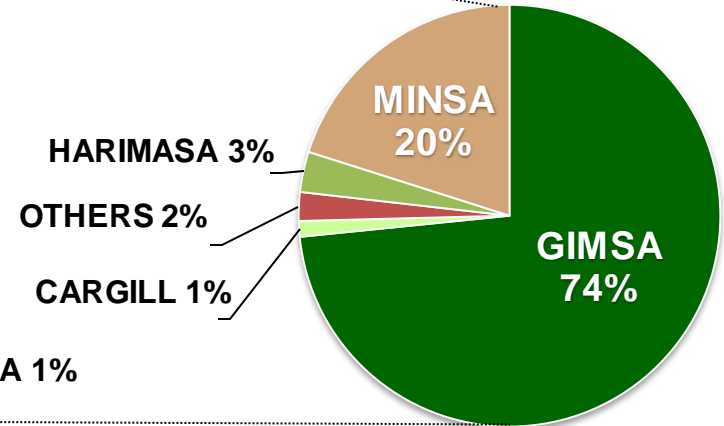


# CORN FLOUR IS ONLY USED TO PRODUCE 34% OF THE TORTILLAS IN MEXICO, THUS THERE IS A GREAT POTENTIAL FOR LONG-TERM GROWTH

**Potential Corn Flour Market in Mexico**  
7.3 Million Metric Tons of Corn Flour<sup>1</sup>  
US\$4.1 billion<sup>2</sup>



**Corn Flour Market in Mexico**  
2.5 Million Metric Tons of Corn Flour<sup>1</sup>  
US\$1.4 billion<sup>2</sup>



1 One corn flour metric ton = 1.8 tortilla metric tons.  
2 Based on an exchange rate of Ps.18.3445/dollar as of March 31, 2018.

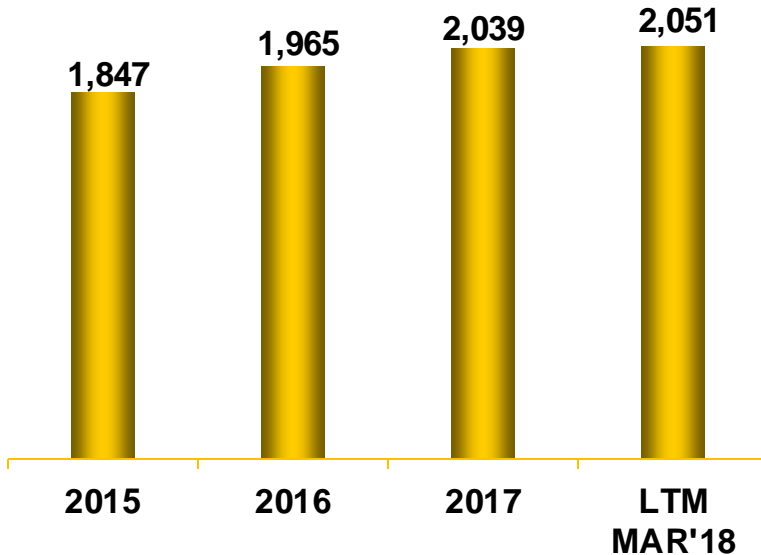




# GIMSA'S SALES GROWTH MAINLY REFLECTS COMMERCIAL INITIATIVES AIMED AT STRENGTHENING CUSTOMER SERVICE...

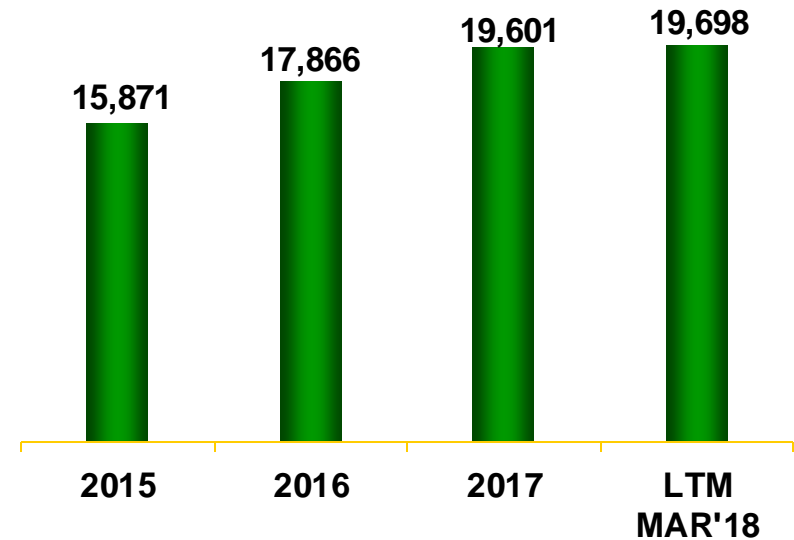
**GIMSA  
VOLUME**  
(thousand metric tons)

**CAGR:  
'15 – LTM MAR'18: 3%**



**GIMSA  
Net Sales**  
(millions of pesos)

**CAGR:  
'15 – LTM MAR'18: 7%**

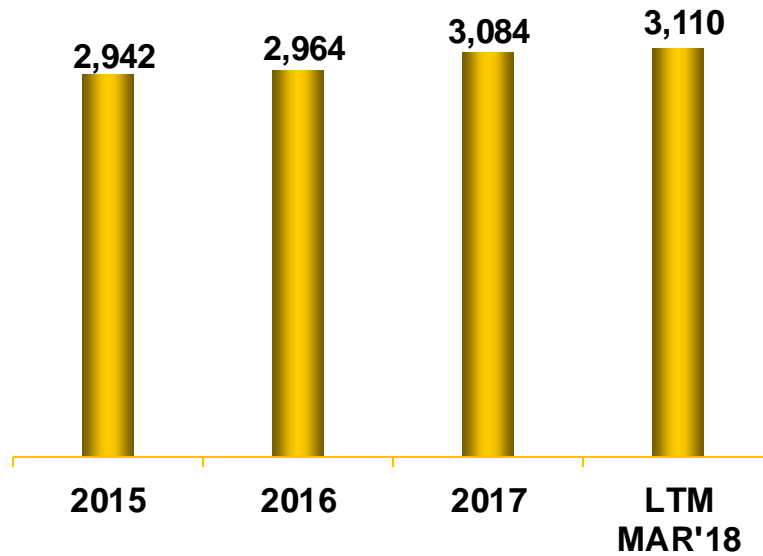




**...TAKING GIMSA TO MARGIN LEVELS WHERE IT CAN GROW AT 2-3% RATES**

**GIMSA  
EBITDA**  
(millions of pesos)

**CAGR:**  
**'15 – LTM MAR'18: 2%**



EBITDA Mg (%)	2015	2016	2017	LTM MAR'18
	18.5	16.6	15.7	15.8





# GRUMA EUROPE





## GRUMA EUROPE IS THE COMPANY'S THIRD LARGEST SUBSIDIARY, FOCUSED MAINLY ON THE TORTILLA BUSINESS

Net Sales LTM MAR'18: **US\$277 million**<sup>1</sup>



- Corn flour mills (3)
- ◆ Tortilla plants (6)

### GRUMA Europe

#### Tortilla Operations

**70%**

- **6 Plants in Europe**
  - England (2)
  - The Netherlands
  - Russia
  - Spain (2)
- **Installed Capacity: 169,000 Metric tons/year**
  - Wheat flour tortillas
  - Corn chips
  - Flatbreads
  - Other related products

#### Corn Milling Operations

**30%**

- **3 Mills in Europe**
  - Italy
  - Ukraine
  - Turkey
- **Installed Capacity: 345,000 Metric tons/year**
  - Tortilla corn flour
  - Chip corn flour
  - Grits



## THERE IS GROWTH POTENTIAL FOR THE TORTILLA MARKET IN EUROPE

### Growth Drivers

- Adoption of tortillas in non-Mexican dishes (wraps)
- Wraps, burritos, tacos, quesadillas, nachos, etc. becoming mainstream foods
- Popularity of Mexican food
  - The number of Mexican food restaurants continues to grow
  - More restaurants are including Mexican dishes in their menus

### Estimated European Markets

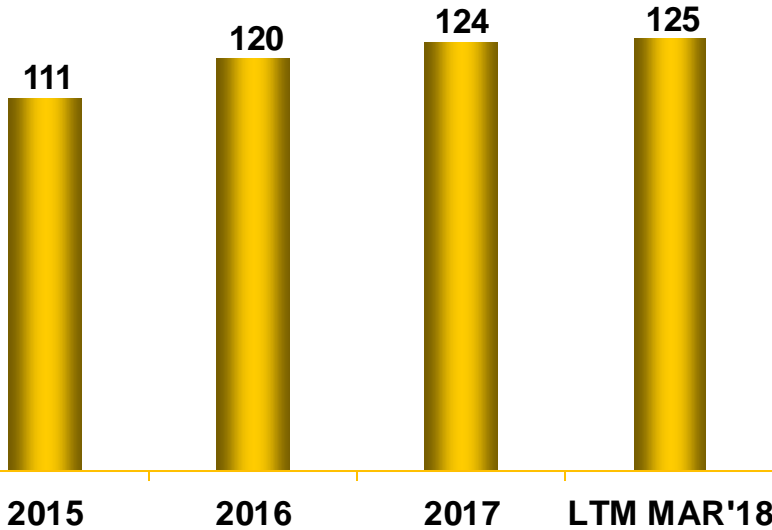




**GROWTH IN GRUMA EUROPE'S RETAIL TORTILLA BUSINESS HAS IMPROVED ITS EBITDA MARGINS, A TREND THAT IS EXPECTED TO CONTINUE**

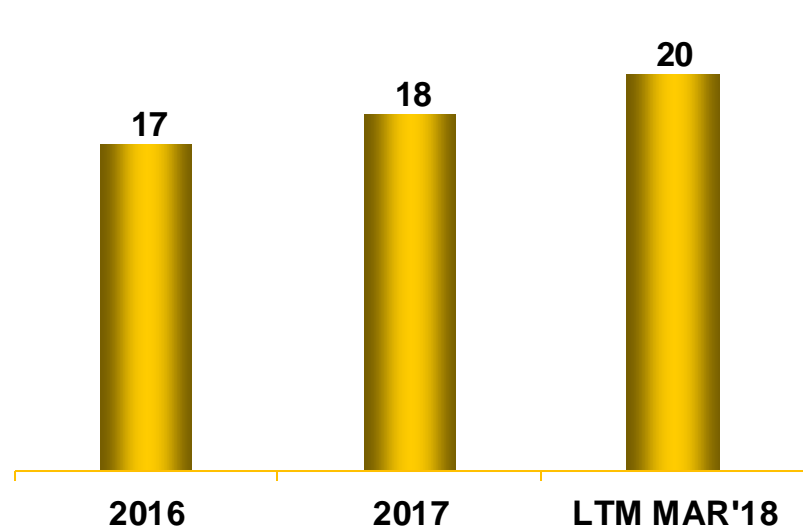
**MISSION EUROPE  
VOLUME**  
(thousand metric tons)

**CAGR:  
'15 – LTM MAR'18: 4%**



**GRUMA EUROPE  
EBITDA**  
(millions of EUR\$)

**CAGR:  
'16 – LTM MAR'18: 7%**



EBITDA Mg (%)	2016	2017	LTM MAR'18
	6.9	7.6	8.3







# OPPORTUNITIES FOR GRUMA





## **AS GRUMA USA CONTINUES TO SEE GROWTH POTENTIAL, ITS LARGEST PLANT IS BEING BUILT IN DALLAS, WHICH WILL BE OPERATIONAL BY 2H18**

- **10% of current tortilla capacity in the first stage, which could be doubled on a second stage when required**
- **Closing of the former plant in Dallas**
- **Production efficiencies through better technology**
- **Transportation and logistic efficiencies**
- **Opportunity to continue adding capacity at lower cost**
- **Capabilities to produce preservative-free tortillas and healthier alternatives**
- **Flexibility to develop new types of products**



## **GRUMA USA EXPECTS TO CONTINUE GROWING ITS SALES VOLUME AND IMPROVE ITS MARGINS BASED PRINCIPALLY ON:**

- **Change of its sales mix toward higher margin SKUs**
  - Healthier alternatives
  - More value-added products
  - Smaller counts
- **SKU rationalization, especially in the food service channel**
- **Efficiencies arising from the new plant expected from 2019 and on**
- **Important benefits resulting from tax reform**

**ONCE SKU RATIONALIZATION AND CHANGES IN THE SALES MIX ARE COMPLETED, GRUMA USA SALES VOLUME IS EXPECTED TO GROW AT HIGHER THAN RECENT RATES**

## EXPECTATIONS FOR GIMSA'S RESULTS ARE BASED ON:

- Stability of its operations arising from the defensive nature of its products, not impacted by economic or political matters
- Sales volume growth coming mainly from the substitution of the traditional method







## IMPROVED PROFITABILITY FOR GRUMA EUROPE WILL RESULT FROM:

- A better sales mix favoring the retail tortilla business, particularly with branded products, supported by enhanced marketing and distribution efforts
- Production efficiencies at tortilla plants, coupled with packaging automation
- Potential M&A of tortilla companies to increase footprint, scale and better absorb marketing and logistic expenses





## ALONG WITH ITS THREE MAIN SUBSIDIARIES, GRUMA SEES OPPORTUNITIES IN OTHER GROWING MARKETS

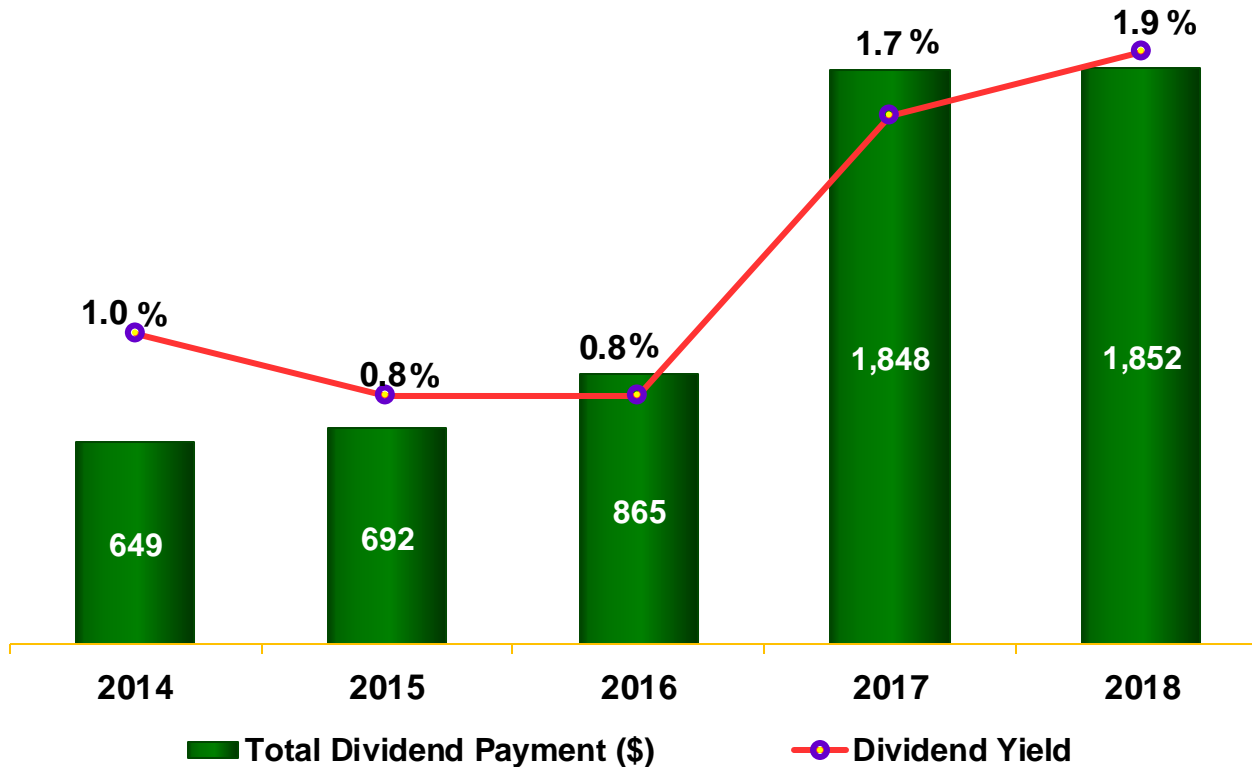
- Presence in Asia and Oceania with three tortilla production facilities and sales close to US\$200 million, growing at a double digit rate
- In Mexico, packaged tortilla business represents a huge potential market, where GRUMA has grown from US\$30 million to US\$70 million over the last three years
  - Product portfolio has expanded to corn and wheat tortilla, tostada, snacks, corn chips, and related products
  - Construction of a plant in central Mexico to expand capacity and coverage





**IMPROVEMENTS IN RESULTS IN ALL SUBSIDIARIES, HIGHER CASH GENERATION AND HEALTHY FINANCIAL STRUCTURE HAS ENABLED GRUMA TO INCREASE ITS DIVIDEND PAYMENT...**

**GRUMA**  
Dividend Payments  
(millions of pesos)





**...AND BUY BACK SHARES, TAKING ADVANTAGE OF THE CURRENT VALUATION**

	<b>2016</b>	<b>2017</b>	<b>MAY 2018</b>
EV/EBITDA	12.4x	10.0x	9.5x
P/E	20.9x	15.4x	14.7x
REPURCHASE FUND	Ps.650 MM	Ps.650 MM	Ps.2,500 MM
SHARES REPURCHASED			
- SHARES	-	-	3.5 MM
- DOLLARS	-	-	US\$40.4 MM





## **GRUMA'S KEY CONSIDERATIONS TO CREATE VALUE**

- **Worldwide leader in an attractive & non-cyclical industry with staple products**
- **Growing markets for its products in all regions**
- **Global footprint with approximately 60% USD EBITDA generation**
- **No impact from NAFTA negotiation outcomes**
- **Margin improvements expected at Gruma USA, Europe and Asia-Oceania**
- **Important tax benefits arising from the U.S. tax reform**
- **Solid financial position, supported by low debt leverage**



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