



# Investor Presentation



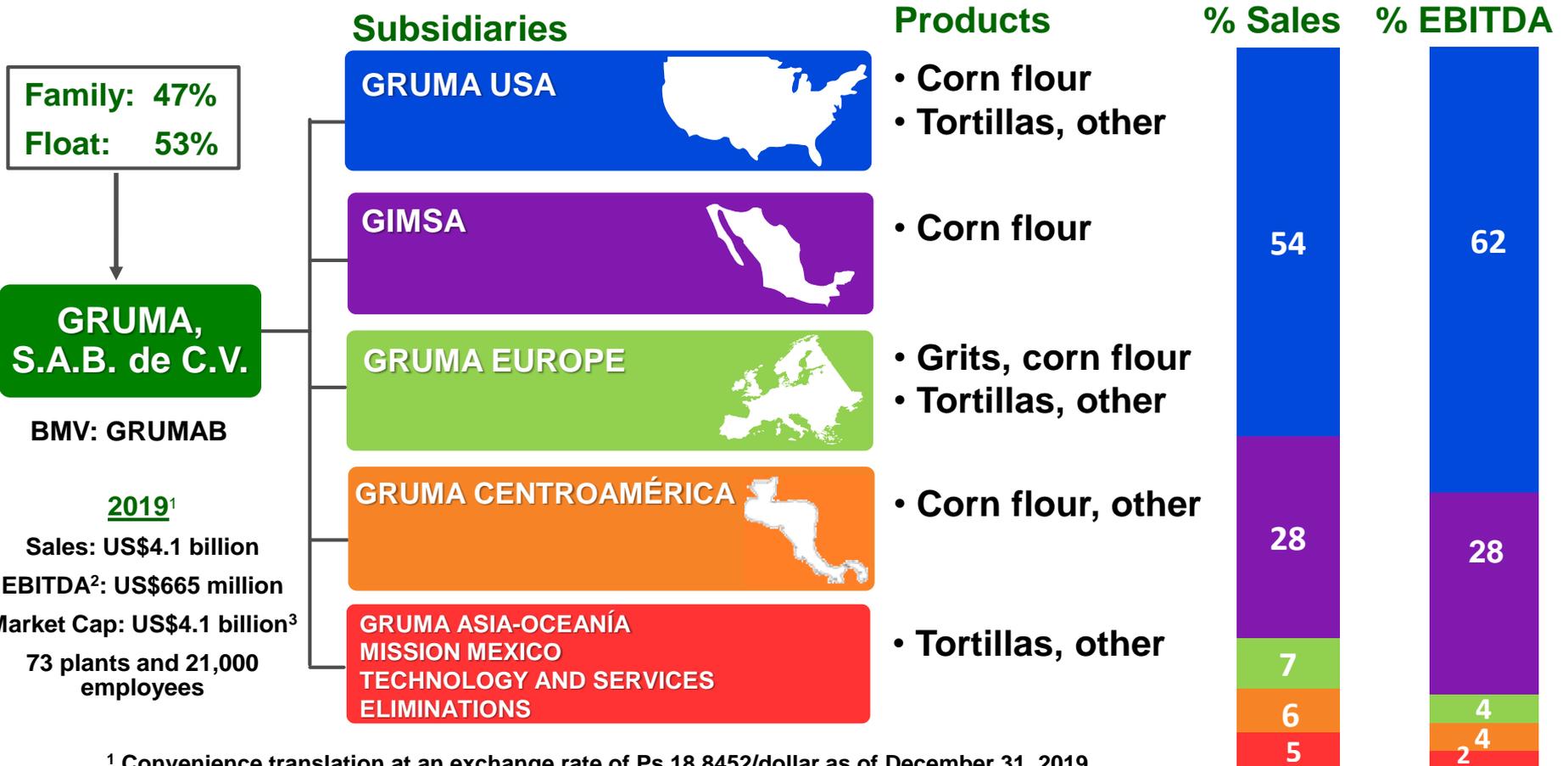


# COMPANY OVERVIEW





# 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.18.8452/dollar as of December 31, 2019.

<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 12, 2020.





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

| REGION          | BRANDS  | PRODUCTS   | POSITION |
|-----------------|---|------------|----------|
| UNITED STATES   |    | CORN FLOUR | 1        |
|                 |    | TORTILLAS  | 1        |
|                 |    | TORTILLAS  | 2        |
| MEXICO          |    | CORN FLOUR | 1        |
| CENTRAL AMERICA |    | CORN FLOUR | 1        |
|                 |   | TORTILLAS  | 1        |
|                 |  | TORTILLAS  | 2        |
| EUROPE          |  | TORTILLAS  | 3        |
| ASIA & OCEANIA  |  | TORTILLAS  | 1        |





# 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
- Gluten-free
- Low-carb
- Protein
- Preservative-free
- Multi-grain
- Fat-free
- Chia and quinoa wraps
- Whole-wheat
- Baked tostadas

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





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



Carb Balance Spinach Wrap



Protein Plant Powered Wrap



GF Spinach Herb



WW Carb Balance



WW Honey Oat



WW Sprouted



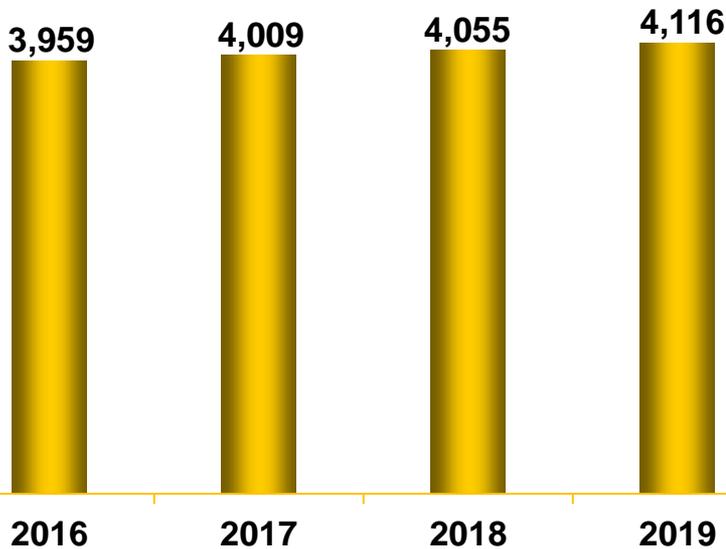
WW Chia & Quinoa



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

**GRUMA  
Volume  
(thousand metric tons)**

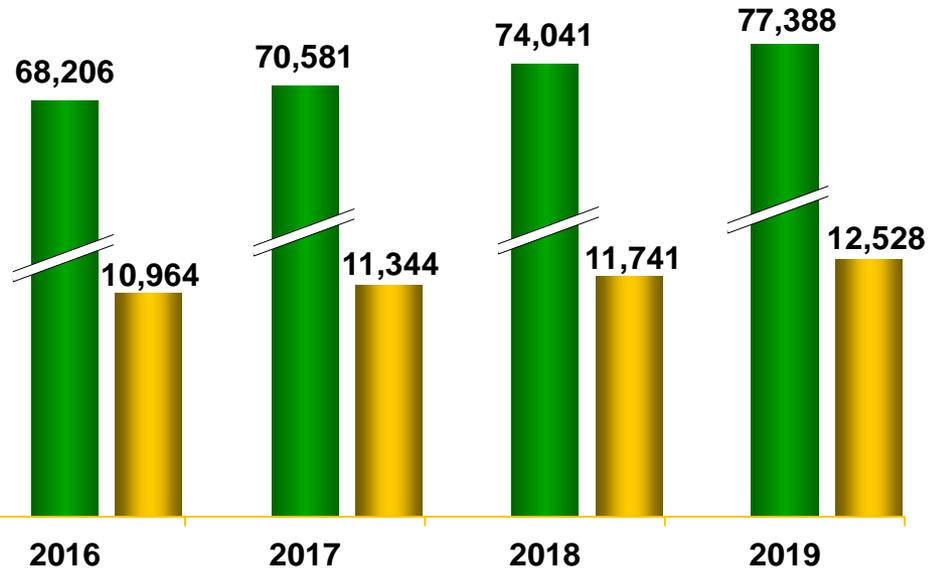
**CAGR:  
'16 – '19: 1%**



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

**CAGR Net Sales:  
'16 – '19: 4%**

**CAGR EBITDA:  
'16 – '19: 5%**



| EBITDA Mg (%) | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|
|               | 16.1 | 16.1 | 15.9 | 16.2 |

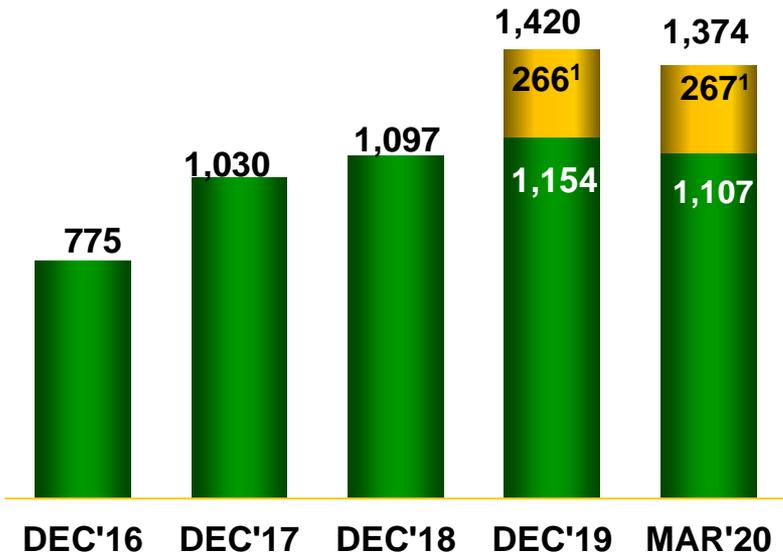
**...WHICH HAS BEEN IN LINE WITH EBITDA EXPANSION**



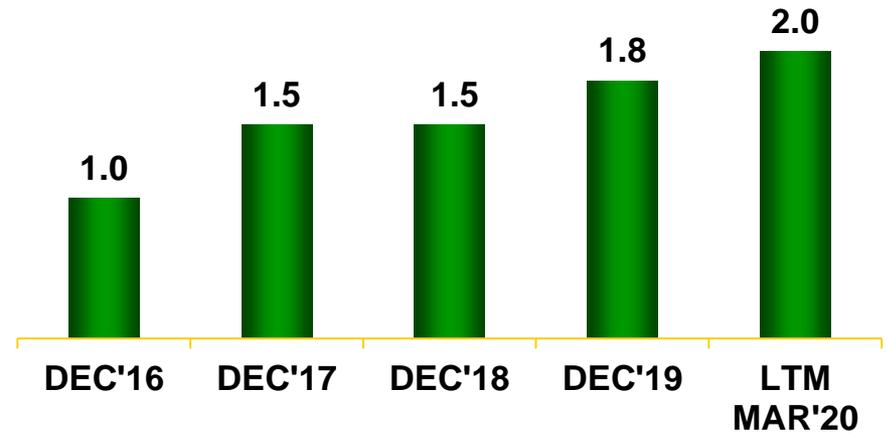


# EBITDA GENERATION HAS CONTRIBUTED TO GRUMA'S SOLID FINANCIAL POSITION...

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



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





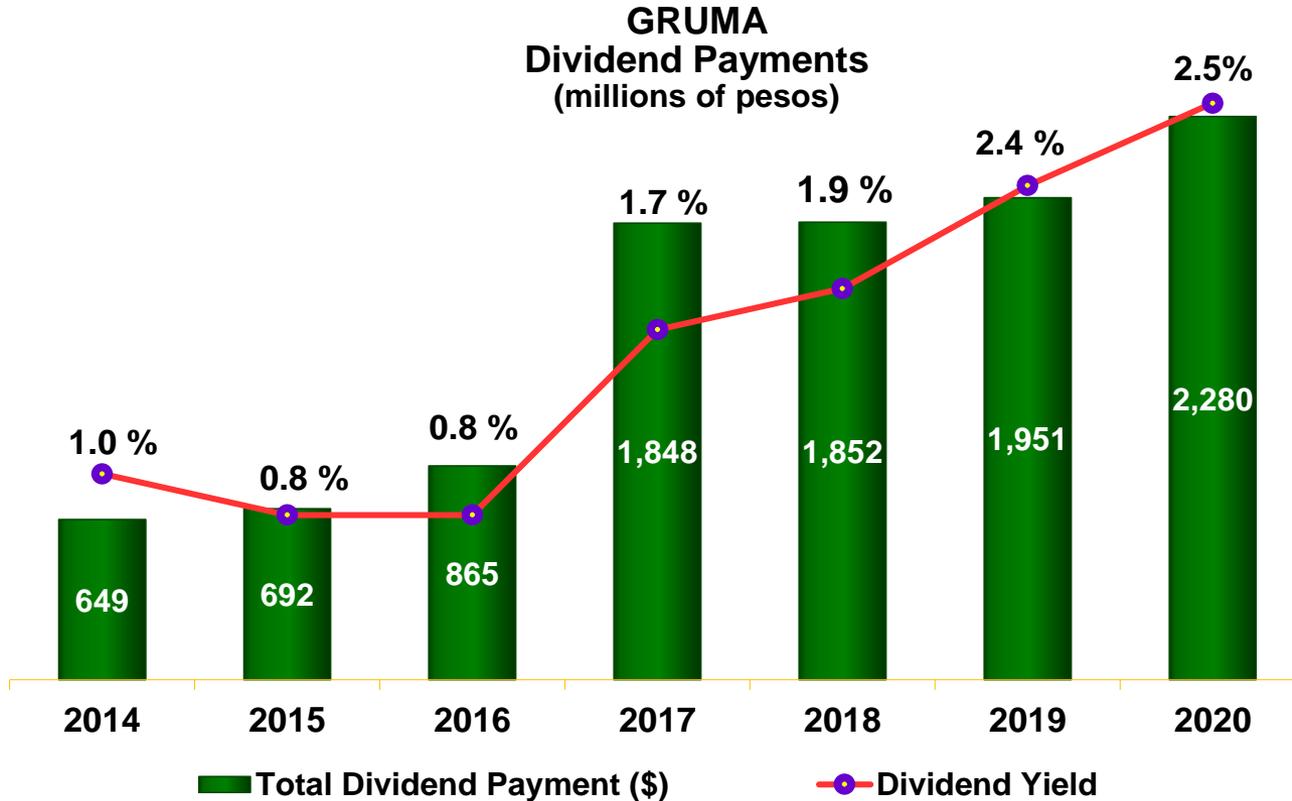
**...WHILE THE COMPANY ENJOYS A HEALTHY DEBT MATURITY PROFILE, WHERE 79% OF DEBT IS DOLLAR-DENOMINATED, BACKED BY ITS U.S. OPERATIONS**

**GRUMA  
Debt Maturity Profile <sup>1</sup>  
As of March 31, 2020  
(millions of US\$)**

|   | Rate                | 2020        | 2021         | 2022         | 2023         | 2024         | 2025         | 2026       | TOTAL          |
|---|---------------------|-------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|
| Senior Notes 2024 (USD)                   | Fixed 4.875%        |             |              |              |              | 400.0        |              |            | 400.0          |
| Scotiabank Term Loan (USD \$250)          | Fixed 2.79%         |             |              |              |              |              | 250.0        |            | 250.0          |
| Rabobank Syndicated Term Loan (USD \$150) | LIBOR + 1%          | 22.5        | 26.3         | 82.5         |              |              |              |            | 131.3          |
| Scotiabank Revolving Facility (USD \$120) | LIBOR + 0.75%       |             |              | 40.0         |              |              |              |            | 40.0           |
| Cebures 2023 (MXN \$3,000)                | Fixed 8.52%         |             |              |              | 127.6        |              |              |            | 127.6          |
| Club Loan (MXN \$2,000)                   | TIE + 0.55%         |             | 85.1         |              |              |              |              |            | 85.1           |
| Other:                                    |                     |             |              |              |              |              |              |            |                |
| USD                                       | 2.47%               | 12.0        |              |              |              |              |              |            | 12.0           |
| EUR                                       | 1.06%               | 3.4         | 2.3          | 12.0         | 11.8         | 11.8         | 9.9          | 9.9        | 61.1           |
| <b>TOTAL</b>                              | <b>4.45% (avg.)</b> | <b>37.9</b> | <b>113.6</b> | <b>134.5</b> | <b>139.4</b> | <b>411.8</b> | <b>259.9</b> | <b>9.9</b> | <b>1,107.0</b> |



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



|                          |     |     |     |      |      |      |      |
|--------------------------|-----|-----|-----|------|------|------|------|
| Dividend per share (Ps.) | 1.5 | 1.6 | 2.0 | 4.27 | 4.28 | 4.65 | 5.64 |
|--------------------------|-----|-----|-----|------|------|------|------|



**...AND BUY BACK SHARES FOR THE BENEFIT OF OUR SHAREHOLDERS**

|   | <b>05/18 –<br/>04/19</b> | <b>04/19 – 04/20</b> | <b>04/20 – TO DATE<sup>1</sup></b> |
|---|--------------------------|----------------------|------------------------------------|
| - OUTSTANDING SHARES<br>(millions)      | 432.7                    | 421                  | 405                                |
| - SHARES REPURCHASED<br>(millions)      | 10.8                     | 17.6                 | 0.1                                |
| - AVERAGE PRICE<br>(pesos)              | \$216.6                  | \$189.8              | \$226.4                            |
| - TOTAL REPURCHASE<br>(million dollars) | US\$119                  | US\$161              | US\$1                              |

**GRUMA HAS CANCELLED 27.3 MILLION SHARES THUS FAR, REPRESENTING 6.4% OF THE OUTSTANDING SHARES AT THE START OF THE BUY-BACK PROGRAM**



# MAIN SUBSIDIARIES





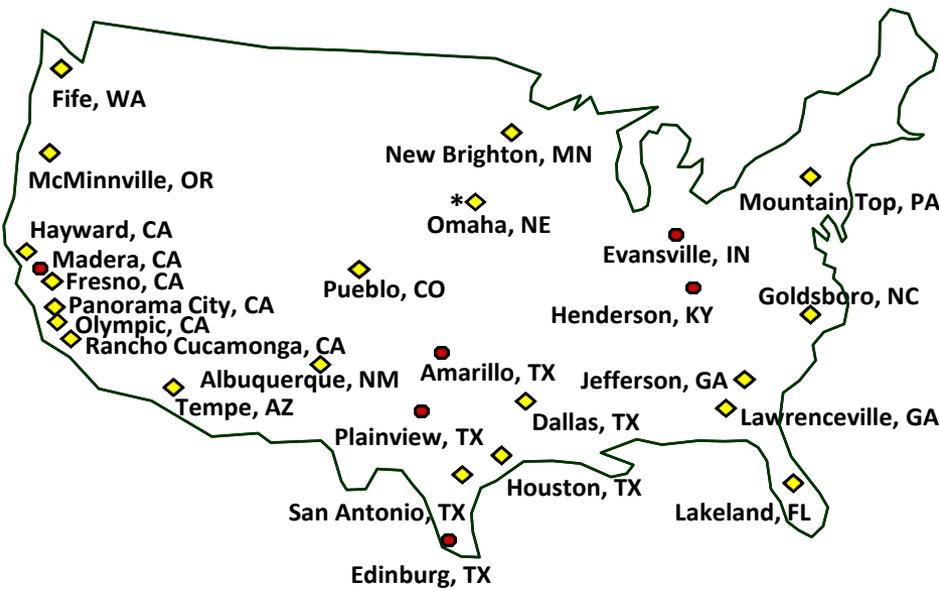
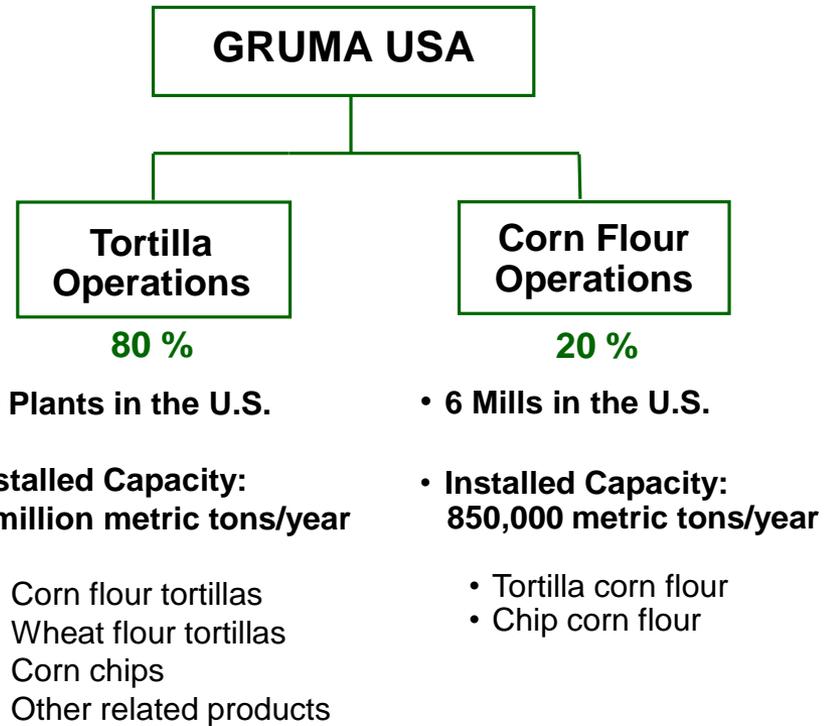
# GRUMA USA





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

Net Sales 2019: **US\$2.2 billion**



● Corn flour mills (6)

◆ Tortilla plants (20)

\* Temporarily closed



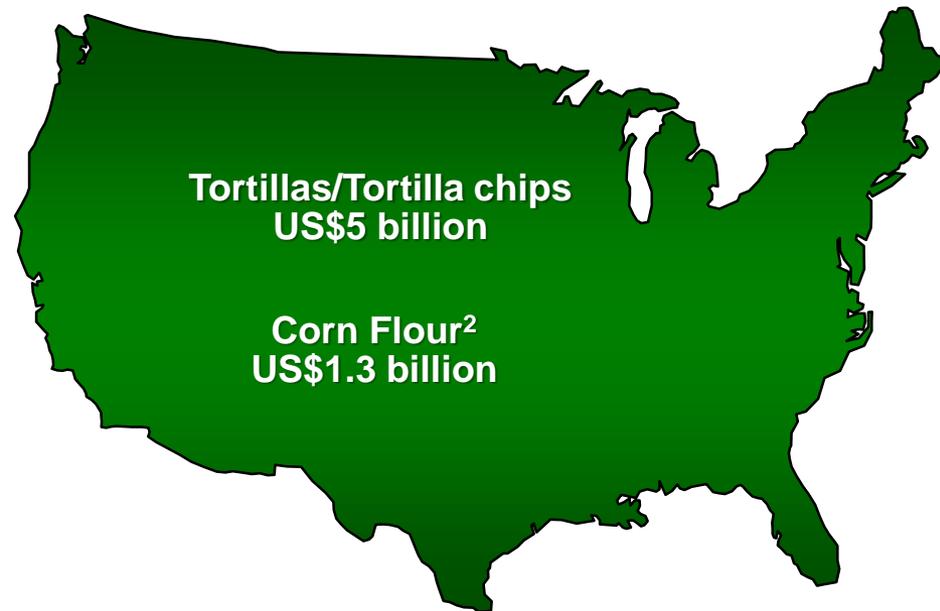


# THERE IS GROWTH POTENTIAL FOR THE U.S. TORTILLA AND CORN FLOUR INDUSTRIES

## 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

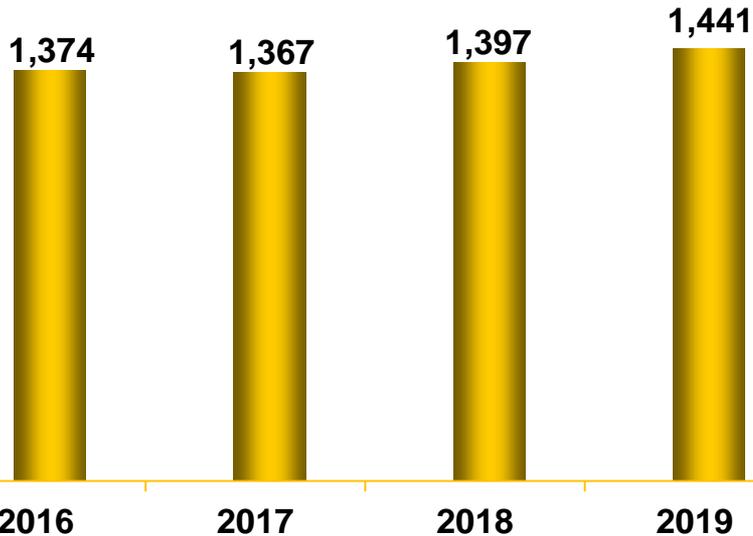




**OVER THE PAST FEW YEARS, SALES VOLUME GROWTH HAS BEEN LOWER DUE TO SIGNIFICANT SKU RATIONALIZATION, WHICH HAS RESULTED IN IMPROVED PROFITABILITY**

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

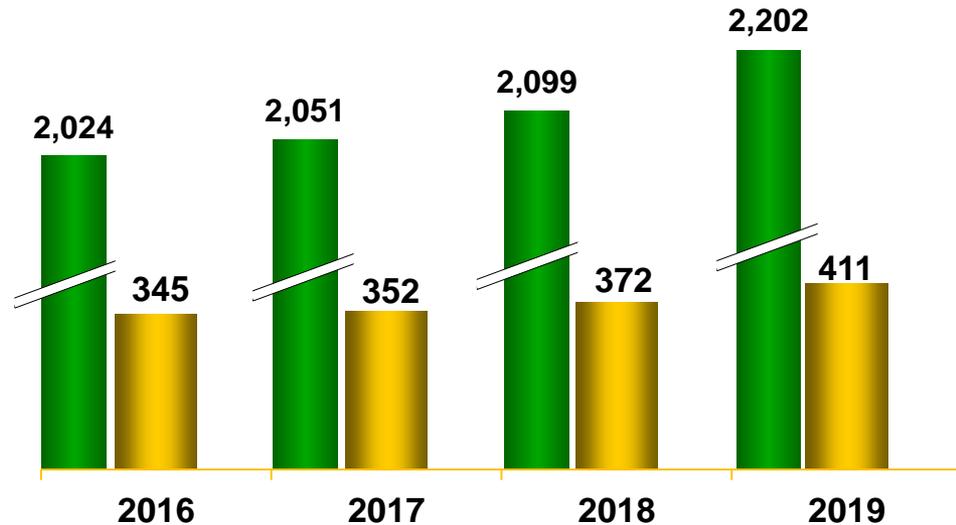
**CAGR:  
'16 – '19: 1%**



**GRUMA USA  
Net Sales and EBITDA  
(millions of dollars)**

**CAGR Net Sales:  
'16 – '19: 3%**

**CAGR EBITDA:  
'16 – '19: 6%**



| Year          | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|
| EBITDA Mg (%) | 17.1 | 17.2 | 17.7 | 18.7 |



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## **GRUMA USA EXPECTS CONTINUED MARGIN IMPROVEMENT BASED PRINCIPALLY ON:**

- **Change of sales mix toward higher margin SKUs**
  - Healthier alternatives
  - More value-added products
  - Smaller counts
- **Efficiencies arising from new plants and capacity expansions**
- **Benefits from information technology projects**

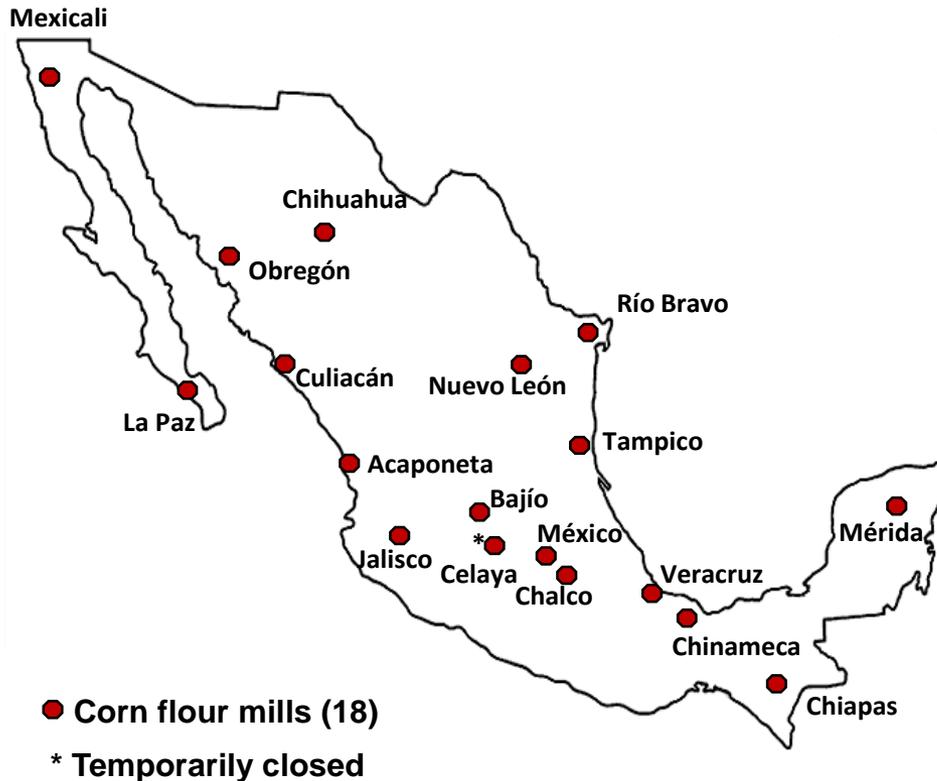


# GIMSA





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



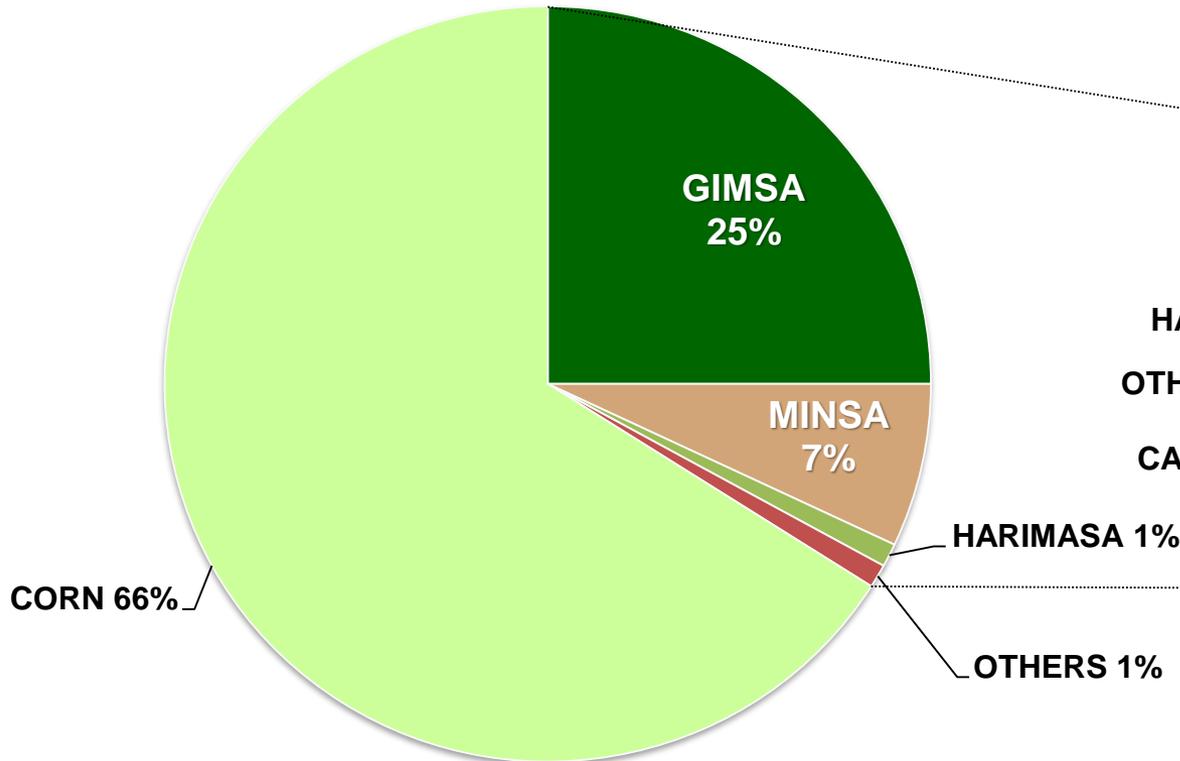
### GIMSA

- Net Sales 2019: **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%

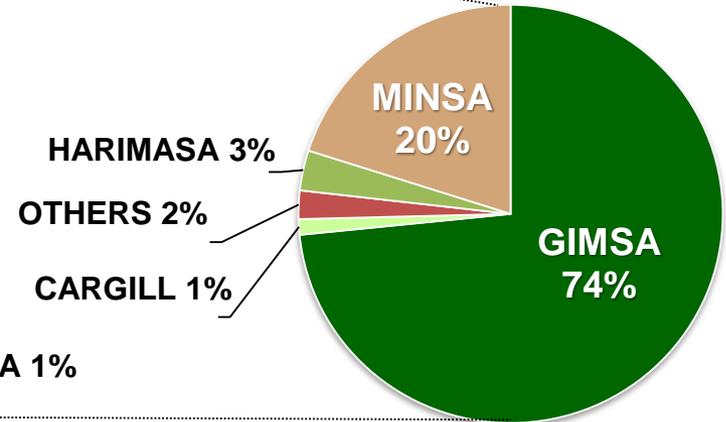


# CORN FLOUR IS ONLY USED TO PRODUCE 34% OF THE TORTILLAS IN MEXICO, THUS THERE IS A GREAT POTENTIAL FOR LONG-TERM GROWTH

**Potential Corn Flour Market in Mexico**  
7.3 Million Metric Tons of Corn Flour<sup>1</sup>  
US\$4 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. Ps.18.8452/dollar as of December 31, 2019.

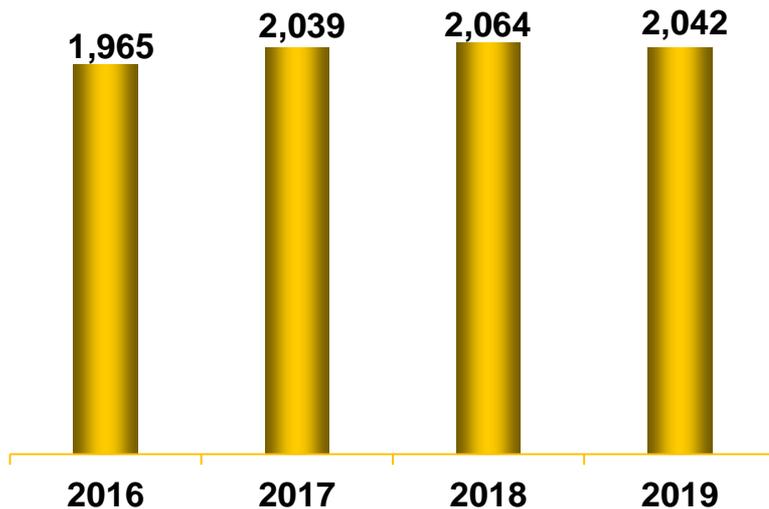




# GIMSA'S SALES GROWTH MAINLY REFLECTS COMMERCIAL INITIATIVES AIMED AT STRENGTHENING CUSTOMER SERVICE

**GIMSA Volume**  
(thousand metric tons)

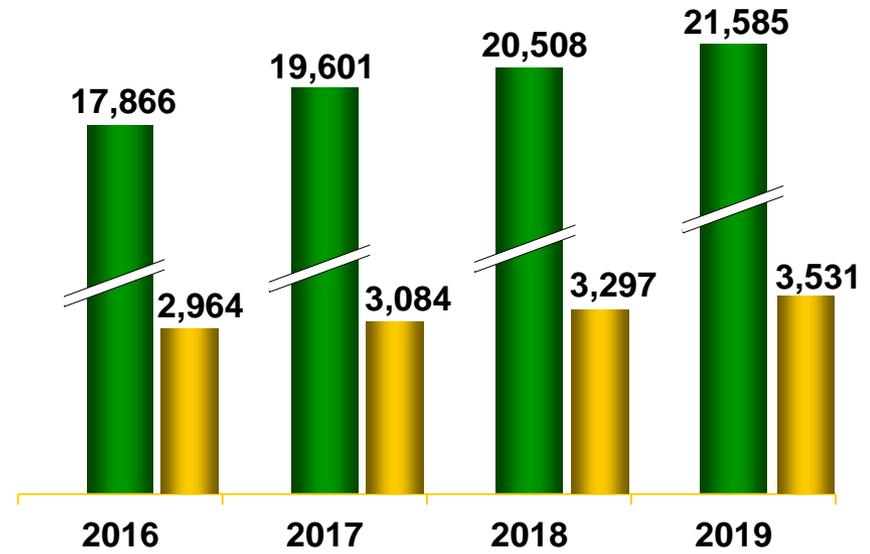
**CAGR:**  
'16 – '19: 1%



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

**CAGR Net Sales:**  
'16 – '19: 7%

**CAGR EBITDA:**  
'16 – '19: 6%



| EBITDA Mg (%) | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|
|               | 16.6 | 15.7 | 16.1 | 16.4 |

## 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





# GRUMA EUROPE





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

Net Sales 2019: **US\$296 million**<sup>1</sup>



- Corn flour mills (3)
- ◆ Tortilla plants (5)

**GRUMA Europe**

**Tortilla Operations**

**77 %**

- **5 Plants in Europe**
  - England (2)
  - Russia
  - Spain (2)
- **Installed Capacity: 159,000 Metric tons/year**
  - Wheat flour tortillas
  - Corn chips
  - Flatbreads
  - Other related products

**Corn Milling Operations**

**23 %**

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

<sup>1</sup> Convenience translation at an exchange rate of Ps.18.8452/dollar as of December 31, 2019.





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

### Growth Drivers

- Adoption of tortillas in non-Mexican dishes (wraps, gyros)
- 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

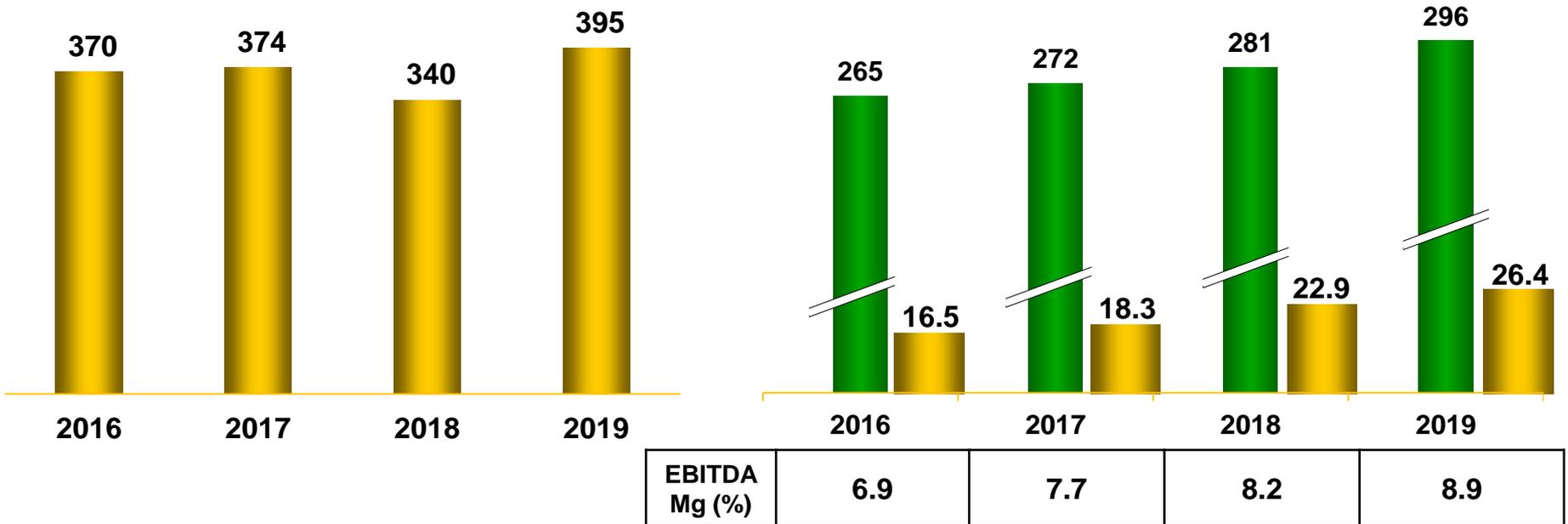
**GRUMA EUROPE  
Volume  
(thousand metric tons)**

**CAGR:  
'16 – '19: 2%**

**GRUMA EUROPE  
Net Sales and EBITDA  
(millions of dollars)**

**CAGR Net Sales:  
'16 – '19: 4%**

**CAGR EBITDA:  
'16 – '19: 17%**





## 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





# ADDITIONAL OPPORTUNITIES FOR GRUMA





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

- Presence in Asia and Oceania with 3 tortilla production facilities and sales close to US\$200 million
- In Mexico, packaged tortilla business represents a huge potential market, where GRUMA has grown from US\$30 million to US\$80 million over the last few years
  - Product portfolio has expanded to corn and wheat tortilla, tostada, snacks, corn chips, and related products, including healthier alternatives
  - Construction of a plant in central Mexico to expand capacity and coverage was recently concluded





## **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**
- **Margin improvements expected at Gruma USA, Europe and Asia-Oceania**
- **Solid financial position, supported by low debt leverage**



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