



**PAN BREAD**  
**PÃO PAIN 面包**  
**IS...**



SUMMARY INTEGRATED ANNUAL REPORT **2014**

# BREAD IS...

- ➔ ...A GLOBAL STAPLE
- ➔ ...NUTRITIOUS AND DELICIOUS
- ➔ ...THE HEART OF OUR COMPANY
- ➔ ...A REMARKABLE GROWTH OPPORTUNITY
- ➔ ...JUST THE BEGINNING OF OUR ROBUST PORTFOLIO

## WHO WE ARE

Grupo Bimbo is the largest baking company in the world, with US\$14.1 billion\* of sales in 2014. Every day, millions of people enjoy our breads, buns, cookies, snack cakes, english muffins, bagels, salty snacks, tortillas and sweets, among other foods and snacks.

Our operations span 22 countries throughout the Americas, Europe and Asia. Our commitment to social responsibility is a cornerstone of our business model and growth strategy. Grupo Bimbo shares trade on the Mexican Stock Exchange under the ticker symbol BIMBO.

\* US\$1 = Ps. 13.30, 2014 average exchange rate

**OUR MISSION**  
To nourish, delight and serve our world.

**OUR VISION**  
To be the best baking company in the world and a leader in the food industry, where our people make the difference every day.

**OUR VALUES**  
Passion. Teamwork. Trust.  
Quality. Effectiveness.  
Profitability. Person.

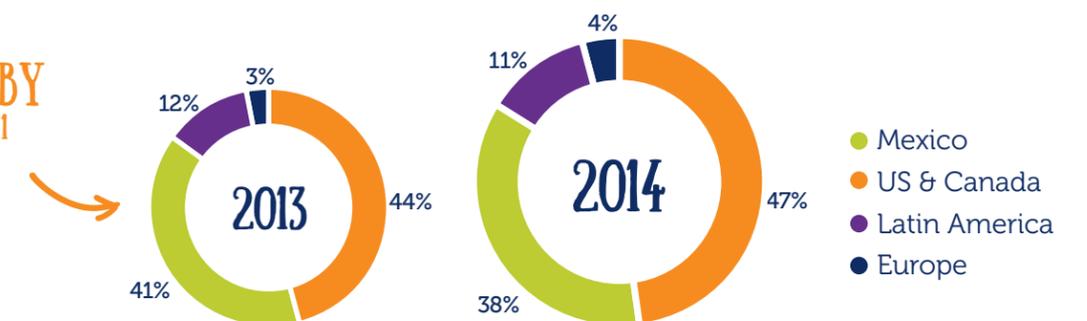
## KEY FIGURES

(Financial data in millions of Mexican pesos; all figures rounded)

	2014	2013	% VAR
Net Sales	187,053	176,041	6.3
Gross Profit	99,137	92,099	7.6
Operating Profit	10,312	10,490	(1.7)
Net Majority Income	3,518	4,404	(20.1)
EBITDA	18,420	17,326	6.3

Associates	≈128,000	≈125,000	2.5
Bakeries & plants	167	144	16.0
Points of sale <small>(millions; rounded figures)</small>	≈2.4	≈2.3	6.9

## SALES BY REGION<sup>1</sup>



<sup>1</sup> Consolidated results exclude inter-company transactions

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# BREAD IS...

Bread has been a staple of human consumption for thousands of years and remains the most widely consumed food in the world today. In fact, wheat provides more nourishment for humans than any other food source.\*

Food trends may come and go, but bread— in all its various forms— will always be central to the human diet. It will always be at the heart of Grupo Bimbo's business, driving our growth strategy, even as our portfolio has grown beyond bread into a broad range of baked goods and snacks.

\* United Nations Food & Agriculture Organization



## TOWARDS INTEGRATED REPORTING

This 2014 Integrated Annual report is intended to be a summary document. We encourage you to read our full online report, which adheres to the Global Reporting Initiative's G4 guidelines, at [www.grupobimbo.com/eng/rse/annual-report/](http://www.grupobimbo.com/eng/rse/annual-report/)

We are committed to reporting on –and being held accountable to– the value creation metrics that matter most to our stakeholders, as determined by regular materiality assessments. Our aim is to cover the key issues stake-

holders indicate are vital to understanding the Company's strategy and performance. As we grow and evolve, so will our disclosure and dissemination practices; we recognize that our reporting in many areas is robust, while others are still developing. We welcome your feedback on this process.

For a full understanding of our stakeholder engagement and materiality assessment process and progress, see [www.grupobimbo.com/eng/rse/stakeholders/materiality/](http://www.grupobimbo.com/eng/rse/stakeholders/materiality/)

# INTRODUCTION

## HIGHLIGHTS FROM THE YEAR

### 2014 FINANCIAL HIGHLIGHTS

Consolidated net sales  
**+6.3% TO PS.  
187.1 BILLION,**  
mainly due to Canada Bread acquisition and continued strong performance in Latin America and Europe.

**GROSS MARGIN +68  
BASIS POINTS,**  
reflecting lower raw material costs and our global procurement strategy.

Successfully issued  
**US\$1.3 BILLION OF NOTES**  
under a 144A-RegS offering, including the Company's first  
**30-YR BOND.**

**PROFIT BEFORE OTHER  
INCOME & EXPENSES  
+151%,**

reflecting strict expense controls, synergies and efficiencies initiatives in the US; operating income -1.7% due to restructuring expenses in the US and a non-cash charge in the country, arising from a decline in the US interest rate curve that impacted the present value of the multiemployer pension provision; these charges and a higher effective tax rate led to net majority income -20%.

**EBITDA +6.3%**  
to Ps. 18,420 million.

# 2014 OPERATING HIGHLIGHTS

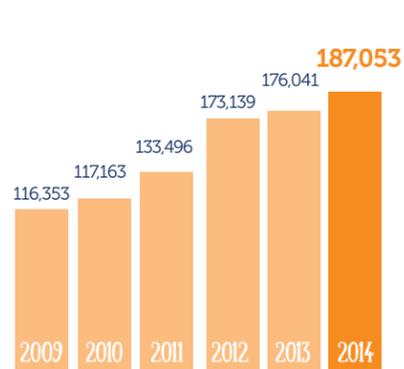
**ACQUIRED CANADA BREAD,** enhancing the Company's North American and European footprint; entered Ecuador via Supan acquisition; announced acquisition of Saputo Bakery in Canada (transaction closed in 1Q15).

Substantially completed the 3yr integration plan with Sara Lee in the US.

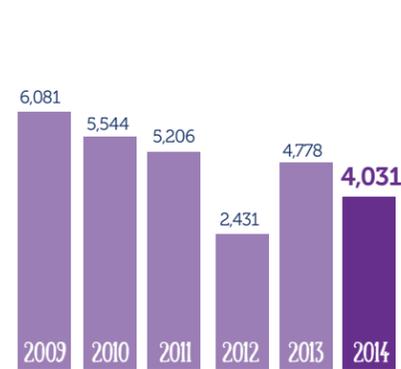
Asset transformation, restructuring and optimization of the distribution network in the US remain on track; Iberia improvements in manufacturing and distribution reduced operating losses by almost 50%; **Brazil's restructuring process continues as planned, with greater market penetration and cost reduction initiatives supporting the turnaround.**

Formally launched "better for you" and "functional" products as category extensions; notable launches include stevia-sweetened products, and the expansion of the Oroweat and Amaranta line, among others.

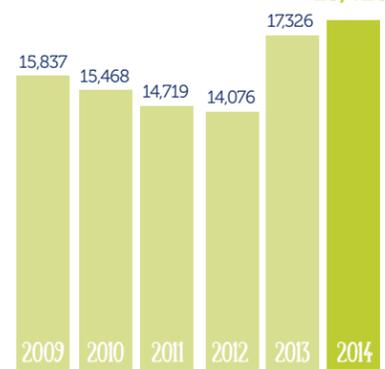
Net Sales



Net Income



EBITDA



Note: Figures in millions of Mexican pesos

# 2014 SOCIAL RESPONSIBILITY HIGHLIGHTS

We embraced the **10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT,**

a set of core values in the areas of Human Rights, Labor Standards, the Environment, and Anti-corruption.

Achieved our **ZERO WASTE TO LANDFILL** target in the United States; replaced 2 million trays at El Globo (Mexico) with corn-starch-based trays.

**CREATED THE GLOBAL DIVERSITY AND INCLUSION COMMITTEE,** with seven regional committees to monitor, evaluate and improve equal opportunity initiatives across the Company.

Product reformulations eliminated **3,061 tons of sugars (100 products), 45 tons of sodium (77 products), and 856 tons of saturated fats (45 products).**

To promote physical activity, we organized **CIRCUITO BIMBO** family fun runs in six countries: Mexico, Guatemala, Costa Rica, El Salvador, Panama and Honduras.

Strengthened our value chain by supporting our clients through the **PESITO PROGRAM,** which provided business improvement loans to over 325,000 mom&pop clients, and the rollout of the Qiubo network which enables 35% of the 75,000 clients, to receive card transactions.

# A CONVERSATION WITH THE CHAIRMAN & CEO

## DANIEL SERVITJE

has served as CEO of Grupo Bimbo since 1997 and as Chairman since 2013. Here he shares his perspective on the Company's performance, strategy and outlook.



## LET'S START WITH THE HIGHLIGHTS: WHAT STANDS OUT FOR YOU IN 2014?

This was quite a pivotal year for us, and a good one in many ways: top line growth, geographic and portfolio diversification, continued progress on our strategic initiatives, participation in the United Nations Global Compact, opening a new state of the art plant in Lehigh Valley (Pennsylvania, USA) and modernizing to revitalize several other facilities all around our operations. All of this took place in the context of some fairly challenging circumstances in our biggest markets, so our associates deserve a lot of credit for these achievements.

In terms of specific highlights in the year, I would start with the process we've been undergoing in the US. While we have substantially completed the 3-year integration of Sara Lee, a complex effort that has taken place at a time of unprecedented change in the US baking industry, we've also been going through a massive and meticulous restructuring process to truly unlock the potential of the new company, shape our company for the future, and position it to deliver long-term shareholder value. This meant drilling deep down into the business at a very granular level:

plant by plant, line by line and route by route. We ultimately went from 12 regional divisions down to a much more agile seven.

The most demanding phase of that process is now behind us – and while there will still be some going forward investment, I'm confident that we are well-positioned to deliver profitable growth, leveraging our integrated systems, renewed and reconfigured asset base, and restructured and optimized distribution network, along with our broad national footprint and robust portfolio.

Of course, another major highlight this year was the acquisition of Canada Bread, giving us entry to the attractive Canadian market with a remarkable portfolio of leading brands, as well as expertise in the frozen category, which is a segment we're looking to grow. The acquisition also included Canada Bread's business in the UK, the leader in bagels in that country, which is uplifting our business in Europe. We also acquired Supan in Ecuador, further diversifying and strengthening our footprint in the Americas. Together, these acquisitions represent 10% of Group sales and 11% of our EBITDA.

I would also point to Latin America, which swung into the black this year. There's the turnaround process in Brazil of course, but we're also

generating manufacturing efficiencies across the region, the product portfolio is better than ever, and we entered new markets like Ecuador. If you look at Europe, along with the addition of the UK business, Iberia is doing quite well despite a lackluster economy.

On a company-wide basis, we're making good progress in global procurement and supply chain productivity, as well as in leveraging internal best practices –everything from product innovation to asset optimization. These are important not just for profitability and resource optimization, but also because of broader social responsibility issues like food safety, ethical sourcing and our environmental footprint. Look at our wind farm, for example. We're using almost entirely renewable energy for our Mexican plants and distribution centers, through a long-term supply agreement that stabilizes the cost and supply of our electricity needs, lowering our greenhouse gas emissions at the same time.

All this really comes down to taking advantage of Grupo Bimbo's size and scale –seeing where we can simplify complex processes, figuring out when a common way of doing things adds value, and making sure that our growth is in line with our values.

## WHAT ABOUT FINANCIAL PERFORMANCE AND HIGHLIGHTS?

Aside from record sales, we generated gross margin and EBITDA improvements, including in business units that had underperformed in the past. We also issued US\$1.3 billion in bonds this past year, US\$800 million notes due in 2024, and US\$500 million in our first-ever 30-year note issue. It met with great response in the international financial markets, and I think our track record of de-levering and disciplined cash management made that possible. The bond issue also served to increase the average tenure of our debt from five to almost nine years, which

aligns the amortization profile of our financial obligations both with the Company's cash flow generation and the funding of long-lived assets.

In terms of the income statement, we took a non-cash charge in the last quarter of the year to reflect a change in the present value of multiemployer pension liabilities in the US. This was in response to a decline in the dollar interest rates, which means that when interest rates rise we'll see the opposite effect on the P&L.

## VOLUMES WERE UNDER PRESSURE IN THE US AND MEXICO IN 2014: WHAT HAPPENED?

Both markets faced significant challenges in the year, but for different reasons. In the US, we were coming off a record year in 2013, and then the competitive environment heated up and the private label business slowed down, all while consumer spending was still soft, so BBU\* had a tough year managing those dynamics in the context of our massive integration, transformation and waste reduction efforts. However, a great example of having a well-diversified portfolio is that our breakfast category had a record year, and momentum in sweet baked goods continued to grow.

In Mexico, starting in 2014, a new consumption tax came into effect that clearly had an impact on consumers' disposable income,

and it didn't help that this was in the middle of a recovery. However, by honing in on consumer- and customer-facing efforts to boost volumes, especially in the categories not affected by the tax, we were able to maintain market share and minimize the impact on sales. We launched a number of new and innovative products that leveraged our strong brand recognition, and offered different presentations so that our products could be affordable to those who wanted them.

Most importantly, we expect volume performance to improve in both markets in 2015, reflecting the benefit of our internal initiatives as well as the macroeconomic factors.

## YOU MENTIONED SPECIAL TAXES: WHAT IS YOUR VIEW ON EFFORTS TO ADDRESS THE OBESITY ISSUE, AND THE ROLE OF FOOD COMPANIES REGARDING HEALTH?

There is no doubt we have to play a role, given the millions of people who consume our products and the fact that bread is a dietary staple. You really don't have to look any further than our mission, which is "to nourish, delight and serve our world". To that end, we've been adding more and more whole grains that contain key nutrients, and at the same time, taking out ingredients like trans fats almost entirely, and reducing sugar, saturated fats and salt levels.

To be honest though, I think that a little indulgence is a basic human desire and we can responsibly provide that as part of a healthy, bal-

anced diet and an active lifestyle. As the world becomes more sedentary, this is particularly important, and that's why we've redoubled our efforts regarding the promotion of physical activity, along with responsible marketing campaigns.

Our job is to provide the best possible products for consumers. To that end, we invest in R&D, partner with universities, and advocate for consumer health through international initiatives of the World Health Organization and United Nations Food & Agriculture Organization, among others.

## WHERE WILL GROWTH COME FROM? DOES THE ROLE OF BREAD CHANGE AS CONSUMER PREFERENCES VARY?

Grupo Bimbo is the biggest baking company in the world and yet we still have less than a 5%\* share of the global baking industry. It means there are lots of opportunities still out there; the main question is how do we prioritize those given our strengths, experience, and current market trends?

The role of bread in daily eating habits is fundamental, as are the essential macronutrients the human body gets from wheat and other whole grain cereals. Bread brings good health, and delight. That's why we're committed to having not only healthy but also tasty choices. In some countries, for example, we're already selling breads with whole grains like quinoa, barley and oats. Because bread will always be the heart of our business, we track new trends in all our markets and develop initiatives accordingly. We are agile enough to give consumers what they are asking for.

Aside from ingredients, the bread category is also evolving in the way it is being prepared, baked and distributed. We expect growth from opportunities such as frozen and artisanal breads, crust-less loaves, sandwich thins, and tortillas, among others.

And keep in mind that beyond bread, our portfolio has many more categories where we see growth opportunities. Snacks, for example, are

\*See chart on page 19

## THE DNA OF OUR BUSINESS MODEL

"OUR GOAL ISN'T TO BE THE BIGGEST BAKING COMPANY, BUT RATHER THE BEST".

This mindset is the DNA of our business model. To be the best baking company, we live by the next simple rules:



We perform every day, with **INTEGRITY**

\*Bimbo Bakeries USA, Inc.

a dynamic and growing category for us. Just think about on-the-go consumers today, and you can see the snack trend is a major one. This is absolutely a category where we are relevant and can further leverage our brands, assets and distribution strength to provide options for evolving needs.

Along with the high-growth segments we're pursuing, like premium breads and snack foods, there's still plenty of room for growth in our markets just by increasing penetration: adding more routes, expanding into different

## WHAT ABOUT M&A?

Acquisitions are not an end by themselves, although they've certainly played an important part of our growth trajectory in recent years. That said, our near term priority is to de-lever the balance sheet and ensure that recent ac-

channels and acquiring new customers. Bottom line, we're looking to provide products for every lifestyle and consumer preference, pursuing "stomach share" at every meal and occasion and in more homes and more markets every day.

Lastly, I should add that because of our scale, especially in places like Mexico, we have the opportunity to create value in a unique way, like testing new products, models and ventures –our Qiubo network, for example– to drive growth and innovation in our business.

quisitions are fully and efficiently integrated. Of course we'll continue to evaluate any opportunities that may arise, bolt-on or otherwise, as we have always done.

## HOW MUCH MORE ROOM IS THERE FOR EFFICIENCY GAINS AND MARGIN IMPROVEMENT?

We strive to be a low-cost producer, in terms of how we deploy our assets and capital. There are multiple opportunities still ahead in terms of streamlining the value chain, optimizing SKUs and pricing, leveraging our brands, improving and expanding distribution and modernizing production. Over the past three years, for example, we've closed 17 plants in the US that were obsolete, and opened two new plants with highly efficient and flexible production capabilities, and closer to the customers we're serving.

Our social responsibility efforts have an important role to play here –reducing waste, minimizing fuel, energy and water consumption, utilizing renewable and alternative green energy sources, and improving productivity through safe workplaces and a commitment to associates' wellbeing. When we say *Sembrando Juntos*, it's more than a social responsibility slogan, it's truly part of our holistic approach to value creation.

## IN THE COMPETITION FOR CAPITAL, HOW DOES GRUPO BIMBO CREATE VALUE AND DISTINGUISH ITSELF AS AN INVESTMENT OPPORTUNITY?

There aren't many "Grupo Bimbos" in the world, so our size and scale alone count for something. We're also unique in this industry in that our portfolio covers almost every category and segment –you may see other players in bread, or cereal bars, or snack cakes, or bagels– but no one really covers it all like we do. But we've always said that our goal isn't to be the biggest baking company, but rather the best.

What does that mean? Well, we aim to drive profit growth at a faster rate than the market as a whole, and on an absolute basis over the

long term. For that, our products have to resonate with the consumer, so that we can create value for customers first. We have to produce efficiently and sustainably, so that we can create value across our supply chain. And then, by reinvesting in the business and managing our resources properly, we can create value for shareholders. I also think that by holding ourselves accountable to our core founding values, of being a deeply humane company and investing in our people and communities, we create a virtuous cycle of value.

## SUPPLEMENTAL INFORMATION

During 2014, the Board of Directors approved several policies to improve Grupo Bimbo's compliance programs around the world. Some of these include the Global Anti-Corruption Policy, which will help the Company adopt a best-in-class program for compliance with international law, and a new Antitrust Policy in Mexico approved by the Executive Committee that will strengthen internal practices and procedures to ensure a fair and competitive market place.

In early 2015 the Board also approved the guidelines, policies and control mechanisms for securities transactions executed by Directors, Officers and Associates of Grupo Bimbo.

The Board of Directors has approved the results of the past fiscal year and the corresponding Auditor's Report; the Board considers Grupo Bimbo's financial statements to have been prepared in accordance with International Financial Reporting Standards (IFRS), and that the policies and accounting principles were applied in a consistent and appropriate manner in line with the Company's circumstances, and that the financial information truly and reasonably reflects the position and the results of the Company.

In addition, alongside the above report, the following documents will be submitted for shareholders' consideration:

- Report of the Audit and Corporate Practices Committee.
- Report on the compliance of tax obligations.
- Report on the accounting and reporting policies and criteria.
- Report on the financial situation of the Company.

# GRUPO BIMBO TODAY

22 COUNTRIES

 MORE THAN  
**128,000**  
ASSOCIATES

 MORE THAN  
**2.4** MILLION  
POINTS OF SALE

 MORE THAN  
**52,000**  
DISTRIBUTION  
ROUTES

 MORE THAN  
**100** BRANDS

NET SALES  
**187,053**  
MILLIONS OF PESOS



US & CANADA	MEXICO	LATIN AMERICA	EUROPE	ASIA
85 PLANTS	39 PLANTS	32 PLANTS	10 PLANTS	1 PLANT

# COMPANY OVERVIEW

## WHAT WE DO

A global consumer products company and the leader in the baked goods space



## CORE CATEGORIES



### COMMERCIAL BREAD:

traditional sliced bread, premium, buns & rolls, breakfast (English muffins & bagels) and frozen bread

### SWEET BAKED GOODS:

cakes and pastries

### COOKIES:

sweet cookies and crackers

### SOLUTIONS:

tortillas, pita, wraps, pizza base, tostadas and totopos

### SALTY SNACKS

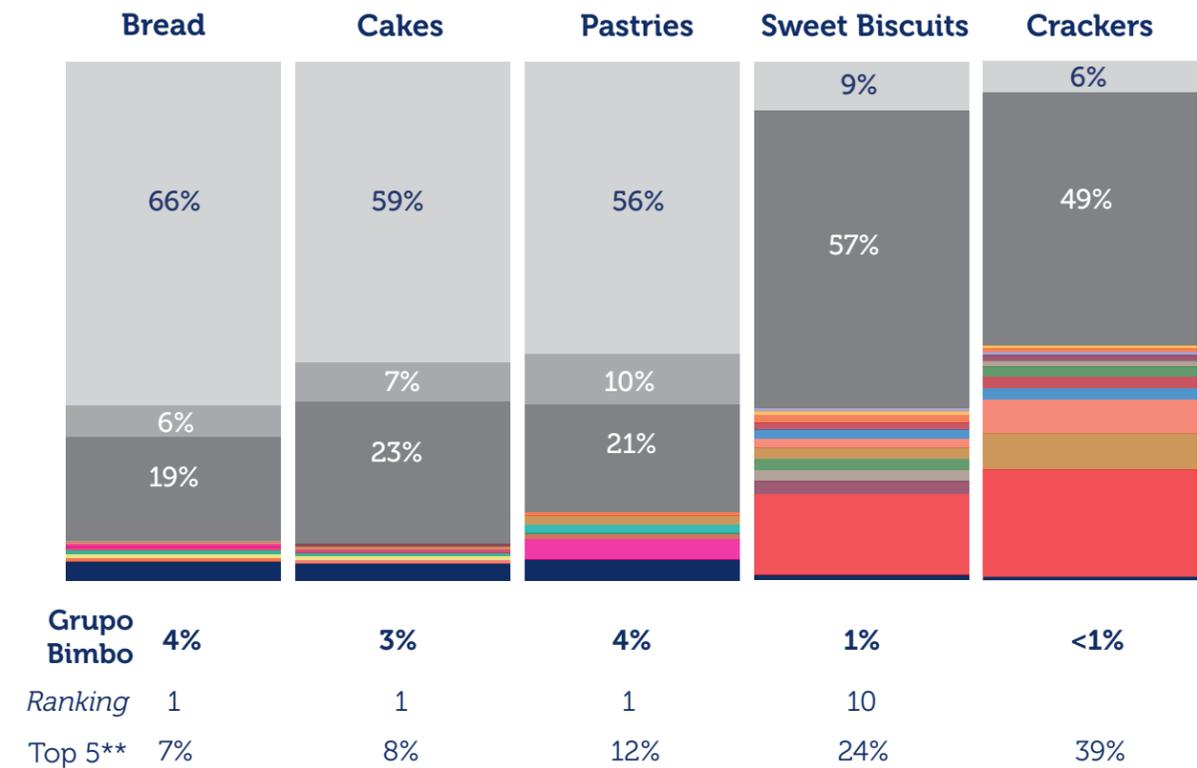
### PREPACKAGED FOODS

### CONFECTIONARY

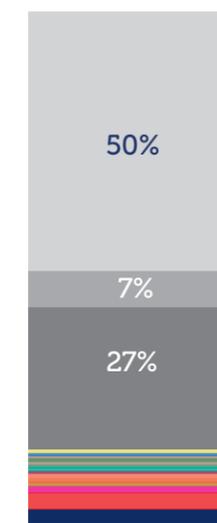
### OTHERS

## THE GROWTH OPPORTUNITY

Retail value baking market share per category\*



### Total



Grupo Bimbo 3%

WE COMPETE IN A LARGE, GROWING AND FRAGMENTED INDUSTRY

- Artisanal
- Private Label
- Others
- Major players
- Grupo Bimbo

\* Does not include Breakfast Cereals, Associated British Foods, M Dias Branco.  
\*\* Market share.



## HOW WE OPERATE

### A HIGHLY PRODUCTIVE AND DEEPLY HUMANE COMPANY

Grupo Bimbo's strategy and business model reflects our values. As such, social responsibility and sustainability policies, programs and practices are fully integrated in our operations, and coordinated under the *Sembrando Juntos* umbrella.

## OUR SEMBRANDO JUNTOS SOCIAL RESPONSIBILITY PLATFORM

In 2012 we created "*Sembrando Juntos*" Grupo Bimbo's social responsibility communication platform, which guides our actions under the principle of joining forces for the benefit of society, the environment and community development.

Through this new concept, we add value to our supply chain, our consumers and the community in general, with programs that support the development of the communities in which we operate; for better working conditions for our associates; for better care, conservation and rehabilitation of the environment; and by continuously improving the nutritional profile of our products.

For more information on our Code of Ethics, our Corporate Governance, and our commitment with Human Rights, which guide and support our operations, please visit [www.grupobimbo.com/eng/sre/corporategovernance/codeofethics/](http://www.grupobimbo.com/eng/sre/corporategovernance/codeofethics/)



#### Wellbeing

- Improving the nutritional profile of our products.
- Promotion of physical activity.
- Promotion of healthy lifestyle.
- Responsible labeling and communications.



#### Planet

- Reduction of our carbon and water footprint.
- Comprehensive waste management.
- Environmental conservation and improvement.



#### Community

- Allocation of resources for social benefit.
- Strategic alliances for educational, environmental and rural development projects.
- Support for the development of our value chain.



#### Associates

- Strengthening our health and safety culture.
- Fostering professional and personal development.
- Promotion of ethical conduct and our Company values.

## OUR COMPETITIVE ADVANTAGES UNIQUELY POSITIONED TO CREATE VALUE



### GLOBAL LEADERSHIP IN BAKING

Size is an advantage in a complex and capital-intensive industry. We benefit from the diversity of our geographic markets, product portfolio and our industry talent, the ability to leverage resources and knowledge, and our capacity to build, buy and re-invest.



### WORLD CLASS DISTRIBUTION

We operate one of the largest fleets in the Americas, delivering to over 2 million points of sale with a direct store distribution model attuned to the needs of each channel, customer and consumer.



### EXCEPTIONAL MANUFACTURING CAPABILITIES

We produce more than 60 million units across the Company daily, ensuring quality and freshness with global reach and local execution; our ongoing focus on low-cost production enhances the efficiency of our operations.



### MARKET-LEADING BRANDS AND AN INNOVATION PIPELINE

Our billion-dollar power brands, such as Bimbo, Marinela, Arnold, Brownberry, Oroweat and Barcel, and highly recognized brands including Thomas', Sara Lee, Entenmann's, Ricolino, Tia Rosa, Plus Vita and Dempster's, among others, enjoy consumer loyalty, top of mind awareness and healthy market positions; significant investment in R&D allows us to innovate and stay ahead of consumer trends.



### SOLID PLATFORM FOR GROWTH

With an almost 70-year track record of consistent growth, we know how to identify and capitalize on the substantial growth opportunities in our industry, whether in our current markets –through innovation and penetration– or in new high potential geographies and categories.



### RESPONSIBLE FINANCIAL POLICIES

We take a conservative approach to risk and pursue disciplined reinvestment and cash management policies; our healthy and flexible balance sheet allows us to invest in growth and optimization while maintaining investment-grade ratings; and we have a track record of financial outperformance and stability.



### SEASONED MANAGEMENT TEAM, SOUND GOVERNANCE AND CITIZENSHIP

We hold ourselves accountable to our organizational values, align our interests with those of our stakeholders, and pursue international standards, certifications and best practices.

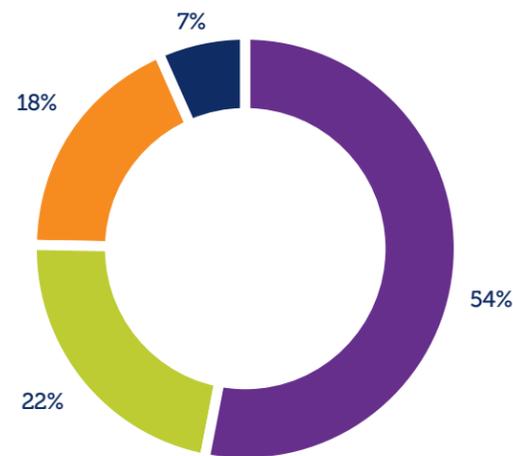
# STRATEGIC REVIEW

## GRUPO BIMBO'S ROLE IN THE BAKING INDUSTRY

### PUTTING OUR STRATEGY IN THE CONTEXT OF INDUSTRY AND MARKET DYNAMICS

#### INDUSTRY SIZE AND SCOPE

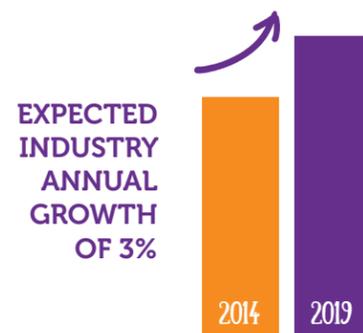
We participate in the global baking industry. Since bread, the largest category within the industry, has historically been a staple food in many markets and generally affordable by all socioeconomic segments, operators in the industry have benefited from steady demand and stable revenue growth. The global baking industry was worth US\$461 billion\* in 2014.



- Fresh and frozen bread and rolls
- Cookies, crackers and pretzels
- Fresh and frozen cakes, pies and pastries
- Tortillas

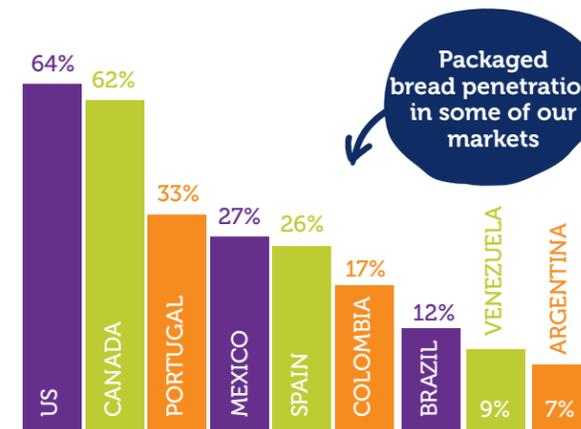
#### THE GROWTH POTENTIAL

According to IBISWorld, the Global Bakery Goods Industry is forecasted to grow more aggressively over the next five years, to 2019, relative to the previous five-year period, with performance varying by region and category. From a geographic perspective, Latin America and Asia in particular have seen more significant growth in recent years due to changing consumer diets that are incorporating more wheat-based products, while rising disposable incomes have allowed consumers to purchase a greater variety of discretionary packaged baked goods. These trends are expected to continue.



\* All industry figures and estimates herein are sourced from independent third party research, primarily IBISWorld.

At the same time, while in the past overall demand has leveled off in more mature bakery markets like the United States and Western Europe, sales today are growing for premium baked goods and nutrient-enhanced products. It is expected that part of the growth in these markets will come from innovation that addresses demand for healthy and premium products, helping boost industry performance.

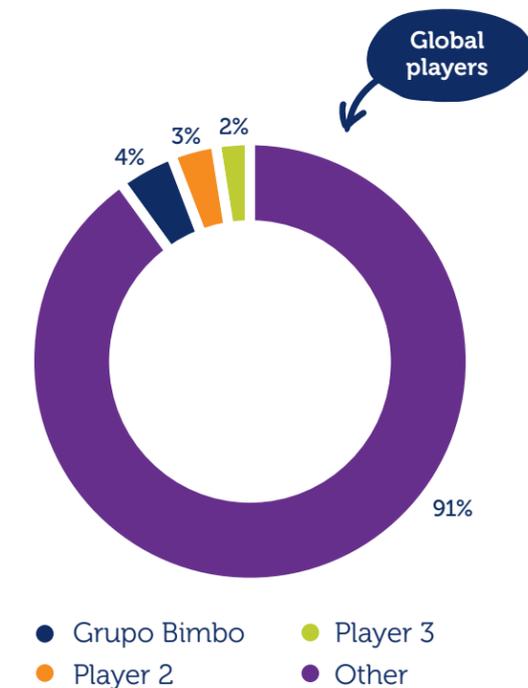


For Grupo Bimbo specifically, the opportunity lies not just in emerging markets and high-growth segments –both of which we are strategically pursuing– but also within our own core markets and products, as well as the potential to increase penetration of packaged bread and adjacent categories in the pursuit of “stomach share”.

#### THE COMPETITIVE ENVIRONMENT: WHERE WE FIT IN

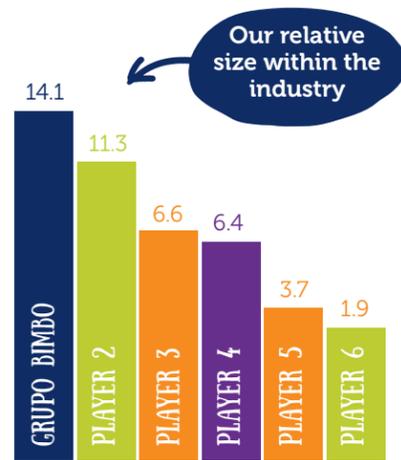
The baking industry is highly competitive and fragmented. Small bakeries dominate the industry, with more than 277,000 companies operating worldwide, including regional family-owned bakeries, supermarkets and grocery stores with in-store bakeries.

The major market participants are Grupo Bimbo, Mondelez International, Yamazaki Baking Company and The Kellogg Company, which combined only account for approximately 10% of the market (Grupo Bimbo having the largest share, at 4%). Over the last five years, these companies have increased their respective market share, largely due to M&A activity, including our own, as well as their capacity to adapt and anticipate market trends.



Source: IBISWorld Industry Report Global Bakery Goods Manufacturing October 2014

The competitive environment differs in each of our core markets; in the US & Canada, where there has been significant consolidation, the major competitors account for approximately 50% of the market, and private label represents 25%. In Mexico, regional and traditional bakeries are still strong, but large international participants compete in the packaged bread, baked goods and snacks categories. The Latin American baking industry is primarily composed of regional and traditional bakeries with limited geographical reach. Western Europe, where we operate in the UK, Spain and Portugal, is the largest global market for bakery products, but private labels and artisanal bakeries have the largest share of market. The bakery manufacturing market in China is extremely fragmented; however, international manufacturers are expected to expand their operations in the region due to rising bread consumption.



Note: Company filings, all figures in US billions  
Figures for Player 2 only include the biscuit business. Figures for Player 3 only include food business. Figures for Player 6 only include the food business

## KEY TRENDS AND DRIVERS IN THE GLOBAL BAKING INDUSTRY

The industry faces a number of common drivers, including changing dietary preferences, with notable growth in healthy and nutrient-enhanced products, growth of premium products, among others.

While price-based competition has become more intense in many markets, we believe that the ability to leverage growth opportunities in our industry relies on competitive factors beyond price, such as: product quality, differentiation, innovation, brand equity, control over the quality of ingredients used, and technology. Companies with local production and robust distribution will always be better positioned to compete given the perishable nature of bakery products and frequent restocking requirements.



## OUR STRATEGY AND KPIs

### HOW WE CREATE VALUE AND MEASURE OUR PROGRESS

Our business strategy links directly to our mission, ensuring that we align our actions and decision-making with the value-creation measures that advance our vision.

VISION	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS*
<b>We are a company with trustworthy, leading brands for our consumers</b>	Develop superior quality products, categories and brands that resonate with consumers, meet their evolving tastes and preferences, support their active and healthy lifestyles and engender top of mind preference and loyalty; improve the nutritional profile of our products, looking at both wellness and delight	Net sales; market share; product portfolio health index; preference indicators
<b>Our customers' preferred supplier</b>	Ensure product availability anytime/anywhere with outstanding point of sale execution; support our customers and value chain with supplemental business improvement services	Preferred supplier index; innovation rate; saturation; Perfect Stores
<b>A forward looking and innovative company</b>	Pursue breakthrough innovations in products and processes by investing in R&D, forging alliances with universities and Non-governmental organizations, and identifying opportunities across the value chain to reduce our carbon and water footprint and eliminate waste, and sharing and implementing those best practices	CO <sub>2</sub> emissions; fuel efficiency; energy consumption; innovation rate
<b>A financially strong and sound company</b>	Seek continuous improvement in our cost and expense structure, with a commitment to a lean and socially responsible value chain providing maximum quality of service and products to our customers and consumers	Operating income; EBITDA; leverage ratio; cost per unit returns
<b>An extraordinary place to work</b>	Foster the commitment of our people by promoting personal and organizational development and ensuring a safe and healthy workplace with a firm commitment to Human Rights, equity and diversity; build a strong process of talent and leadership management throughout the Company	Injury index; surveys; training satisfaction index; diversity and turnover indicators; performance evaluation

\* These indicators include those we publicly disclose to stakeholders as well as internal measures used by management to evaluate the effectiveness of its strategy in creating value

# OPERATIONAL & FINANCIAL REVIEW

## AN IN-DEPTH LOOK AT OUR RESULTS FROM THE YEAR

Year ended December 31, 2014 compared to year ended December 31, 2013



Grupo Bimbo generated sound and positive results during 2014, with top line growth of 6.3% a gross profit increase of 7.6%, and EBITDA around 6.3%.

## FACTORS IMPACTING PERFORMANCE

The key factors and trends that impacted the Company's operating and financial performance in 2014 included:

- The Company acquired Canada Bread, with operations in Canada, the US and UK, and Supan in Ecuador in 2014. These acquisitions diversified and strengthened the Company's footprint in the Americas and together represent 10% of net sales and 11% of EBITDA.
- The consumption environment in Mexico remained weak throughout the year, primarily due to pressure on consumers arising from a new excise tax on certain food categories. The competitive environment in the US, particularly in the mainstream and private label bread categories, pressured prices and volume.
- The Company launched multiple new products during the year, as well as new formula-

tions, packaging innovations and a variety of portion sizes of existing products. Volume and sales of "better for you" and "functional" products continued to grow.

- Average input costs were lower in the year, despite the impact of a stronger dollar in the last months of the year; the Company's procurement strategy and hedging policy provide stability and visibility in this regard.
- We generated significant improvements in key Latin American markets and Iberia due primarily to our market penetration efforts, product innovation, as well as cost reduction initiatives.
- The Company continued to execute its restructuring strategy in the US, including the reconfiguration of manufacturing assets and optimization of the distribution network. While important

synergies and efficiencies have already been generated with the Sara Lee integration process, largely completed in 2014, to a lesser extent, investment in the transformation process is expected for the next years to come.

- A decline in the US interest rate yield curve impacted the present value of the Company's provision for multiemployer pension fund liabilities

in the US, resulting in a non-cash charge to the income statement at year end.

- The impact of a stronger dollar at year-end increased the peso value of the Company's financial liabilities; however, all financial liabilities are tied to the Company's investments, creating a natural hedge that does not affect the income statement.

## NET SALES

Consolidated net sales rose 6.3% from 2013, to Ps. 187,053 million. This primarily reflected the Canada Bread acquisition and continued strong performance in Latin America and Europe.

**MEXICO:** Net sales declined 1.5% to Ps. 72,097 million as a result of pressure on volumes arising from the weak consumption environment and pricing initiatives taken in the fourth quarter of 2013 related to the excise tax.

**US & CANADA:** Net sales rose 13.3% to Ps. 90,375 million, largely reflecting the Canada Bread acquisition and the benefit of the FX rate; organic performance in the US business came under pressure due to challenging marketplace dynamics. Nonetheless, key categories such as sweet baked goods, snacks and breakfast saw continued momentum.

**LATIN AMERICA:** Net sales rose 0.5% to Ps. 21,931 million with growth in local currencies in every country, driven by innovation, new product launches and ongoing market penetration efforts, even though this figure was affected by the restatement from a devaluation in the Venezuelan currency.

**EUROPE:** Net sales grew 29.6% to Ps. 6,897 million, primarily due to the UK operation acquired as part of the Canada Bread transaction and the continued growth in Iberia arising from new product launches and healthy performance across most categories, despite the challenging economic environment.

## GROSS PROFIT

Gross profit rose 7.6% to Ps. 99,137 million, with a 68 basis point margin expansion to 53.0%. This was primarily the result of lower average prices for certain raw materials over the course of the year.

## OPERATING EXPENSES

Operating expenses totaled Ps. 83,635 million, or 44.7% expressed as a percentage of sales, unchanged from the 2013 figure.

## OTHER INCOME AND EXPENSES

The other income and expenses line increased 74.3% to Ps. 5,190 million, primarily due to: i) a Ps. 1,990 million non-cash charge in the US related to multi-employer pension plans ("MEPPs"); and ii) higher restructuring costs in the US in 2014 related to the asset reconfiguration strategy and optimization of the manufacturing and distribution network (Ps. 2,259 million, compared to Ps. 1,680 million in 2013).

## OPERATING INCOME

Operating income decreased 1.7% to Ps. 10,312 million reflecting the aforementioned effect of other income and expenses.

## EBITDA

EBITDA rose 6.3% to Ps. 18,420 million, with a margin of 9.8%, reflecting operational performance plus depreciation and non-cash charges. The MEPPs charge did not affect this line.

## COMPREHENSIVE FINANCING RESULT

Comprehensive financing result increased 16.7% to Ps. 3,265 million primarily as a result of higher interest payments in 2014 arising from the new funding secured to finance the Canada Bread acquisition. This was partially offset by higher exchange and monetary gains.

## INCOME TAXES

Income tax expense in 2014 increased 2.6% to Ps. 2,955 million, while the effective tax rate was 42.3%, compared to 37.6% in 2013. This primarily reflected: i) the lower deductibility of certain fringe benefits in Mexico; ii) a higher taxable base due to inflationary gains related to financial debt; and iii) no longer carrying deferred income tax benefit in Brazil.

## NET MAJORITY INCOME

The Company registered net majority income of Ps. 3,518 million in 2014, a decline of 20.1% from 2013. This was due to the aforementioned non-cash MEPPs charge and a higher effective tax rate.

## FINANCIAL STRUCTURE

The Company's cash position as of December 31, 2014 totaled Ps. 2.6 billion, compared to Ps. 2.5 billion on December 31, 2013.

Total debt at December 31, 2014 was Ps. 62.2 billion, an increase of Ps. 21.9 billion compared to the same period last year, reflecting funding secured for the Canada Bread acquisition as well as the impact of a higher peso / dollar exchange rate at year-end, which increased the peso value of financial liabilities denominated in US and Canadian dollars.

Long-term debt comprised 97% of the total, with an average maturity of 8.9 years. The currency composition was 70% denominated in US dollars, 29% in Canadian dollars and 1% in Mexican pesos. Both the amortization profile and currency composition are aligned with the Company's cash flow generation, maintaining a natural economic and accounting hedge. The average cost of the Company's financial debt was 4.4%.

The total debt to EBITDA ratio was 3.4 times. On a pro-forma basis, taking into account five months of pro-forma EBITDA of Canada Bread, the total debt to EBITDA ratio was 3.2 times. The Company maintains a disciplined approach to cash management in order to de-lever to its target range.



OUR VALUES,  
OUR ENGINE

'Sembrando Juntos' is Grupo Bimbo's social responsibility platform, through which our environmental and community development actions are implemented.



## PRODUCT REFORMULATION AND INNOVATION

We aim to provide consumers with more and better choices for their healthy lifestyles, offering innovations such as products with health-beneficial ingredients like whole grains, fiber, vitamins, and minerals.

In 2014, our leading brands successfully reformulated multiple products, resulting in company-wide reductions of the following ingredients:



less sugar  
(all forms)



less  
saturated fats



less sodium

### PROMOTION OF HEALTHY LIFESTYLES AND PHYSICAL ACTIVITY

Our online tools such as [www.nutriciongrupobimbo.com](http://www.nutriciongrupobimbo.com) and the *Con M de mamá* blog aim to reach modern consumers with the information they need for a healthy and balanced lifestyle. In addition, we sponsor and organize multiple athletic events each year. In 2014, athletic events included:

*Futbolito Bimbo*, a soccer youth league and tournament series in Mexico, Guatemala, Chile and the US, with a total of 41,357 participants in the year.



Diverse races, including *Circuito Bimbo* in Mexico, Guatemala, Panama and Honduras, and family runs in the United States

### RESPONSIBLE COMMUNICATION

We seek to empower consumers' decision-making with simple and accessible front labeling of GDAs (Guideline Daily Amount). These provide nutritional information quickly and easily via product packaging.

Furthermore, all advertising aimed at and produced for children under 12 meets the highest international standards for socially responsible marketing practices.

### ALLIANCES WITH PUBLIC AND PRIVATE INSTITUTIONS

Our international efforts to pursue and promote research in the food sciences, and to strengthen best practices, include alliance partners such as:

- World Health Organization
- Whole Grains Council
- International Food and Beverage Alliance

The Wellbeing Pillar encompasses our strategic initiatives to promote consumer wellness. These include product reformulation and innovation; responsible communication; promotion of healthy lifestyles and physical activity, research and alliances.



The Planet Pillar sets our strategy for environmental stewardship around four main action lines: our carbon footprint, water footprint, waste management and natural capital.

## CARBON FOOTPRINT

We report to the Carbon Footprint Disclosure Project as part of our effort to demonstrate leadership in understanding the risks of climate change and deforestation. Reducing our reliance on fossil fuels and increasing the use of alternative energy also serves to reduce volatility in pricing and supply of this critical input.

### PIEDRA LARGA WINDFARM IN MEXICO

generated 304 GWh (from November 2013 to October 2014) and abated 139 thousand tons of CO<sub>2</sub>e emissions.

1

The total CO<sub>2</sub>e emissions for Grupo Bimbo decreased 3%\*, compared to 2013.

2

There was an estimated reduction of 10%\* of total energy consumption compared to 2013.

#### Improvements to our vehicle fleet:

3

Installed 2,953 speed controllers to improve fuel performance.

4

We are currently running 163 vehicles on compressed natural gas in Mexico and Colombia.

## NATURAL CAPITAL

Grupo Bimbo signed the United Nations New York Declaration on Forests, endorsing a global timeline to cut natural forest loss in half by 2020, and strive to end it by 2030.

- We started focusing efforts on understanding the sustainability challenges in our raw materials supply chain.

Eureka Organic Bread expanded its distribution throughout the east coast of the USA. It uses an innovative and sustainable bread packaging technology.



\*The data shown for 2014 is estimated because it only includes data for 10 months and an approximate calculation for the remaining 2 months.

## WASTE MANAGEMENT

Our goal is to divert all manufacturing waste to recycling or other beneficial reuse, sending no new waste to landfill, and to improve our packaging practices by reducing materials and facilitating packaging collection.

- The percentage of total waste sent to recycling and other beneficial uses is well over 90% and less than 10% of waste going to landfill.

- 14 plants in the US reached the goal of zero waste to landfill.

- More than 1 million packaging pieces were collected through the Terracycle initiative in Mexico and the US.

## WATER FOOTPRINT

We seek to reduce the usage of fresh water at our plants and facilities by harvesting rainfall and increasing our capacity to treat and reuse water for washing vehicles, landscaping and services. Our progress in 2014 included:

- Water consumption was reduced by 135,000m<sup>3</sup>. \*

We are increasing our capacity to reuse water for washing vehicles, services and gardening.

16 PLANTS

harvest and use rainwater in Mexico



The Community Pillar contributes to creating better opportunities for the development of the communities where we operate, on specific topics such as health and physical activity, environment, education and community development.

## VALUE CHAIN

Clients and suppliers are critical to Grupo Bimbo's value creation capabilities. When they prosper and thrive, so can we. Programs for clients included:

- We supported the layout of **34,507 mom & pop stores** in Mexico.
- In Mexico more than 327,000 clients receive credits through the *Pesito* program.
- In Guatemala, we provided support to **811 clients** with *Quetzalito* loans.

Programs for suppliers included:

- 254 suppliers enrolled in the **Supplier Development program** in categories like raw materials, packaging and containers and maintenance services.

- **The Annual Suppliers' Meeting** was held in Mexico City, with participation from multiple commercial partners around the world.
- We launched the **Grupo Bimbo Suppliers' webpage**.

## DONATIONS PROGRAM

Each year we allocate a portion of our profits to support non-profit organizations. In 2014, we donated 2% of net profits from the 2013 fiscal year to support 370 organizations worldwide.

- 72,830 high school students participated in healthy lifestyle talks provided by the Nemi Foundation.
- 1,832 social entrepreneurs supported by Enactus.
- Benefits provided for 500 children with cerebral palsy.
- More than 30,000 people from indigenous communities supported through various projects.
- Almost 1,000 people benefited from *Reforestamos Mexico's* programs that transform the relationship between people and forests, through the creation of productive projects.

## VOLUNTEERING

We provide resources, services and man-hours to support community environmental efforts. These included:

- Nine reforestation projects in different countries, with more than 2,500 volunteers.
- 105,000 volunteers participated in 101 various activities.
- For the 5<sup>th</sup> consecutive year Grupo Bimbo participated in the campaign "*Limpiemos Nuestro México*". This campaign took place in Mexico, Guatemala and El Salvador.

## GOOD NEIGHBOR

Through our Good Neighbor program, our plants and facilities commit to good citizenship practices within their communities. 94 projects completed worldwide.



The Associates Pillar focuses on the people of Grupo Bimbo's people, working to improve our Company and make it a great place to work, while ensuring that we place the highest value on the person.

Our goal is to be a highly productive and deeply humane Company.

**OUR GOLDEN RULE FOR LEADERSHIP:**

To treat ourselves with respect, fairness, trust and affection.

## TRAINING

Each year we invest significant resources on personal and professional development for our associates worldwide. In 2014, the global investment in training totaled more than Ps. \$322 millions.

In addition:

- We provided 107,720 hours of training on human rights.
- We helped associates aged 58 and older prepare for retirement with training, in Mexico, Latin America and Iberia.



## HEALTH AND SAFETY

The wellbeing of our associates is a critical priority. As such, 100% of our workforce is represented in local Safety and Health committees. Advances in 2014 included:

The Rotherham and Maidstone plants in Great Britain were recognized with the British Safety Council International Safety Award.

## DIVERSITY AND EQUAL OPPORTUNITIES

The Global Committee for Diversity and Inclusion was created in 2014, with Diversity and Inclusion seminars conducted in the US, Mexico, Spain and Latin America.



# BOARD OF DIRECTORS

## Daniel Javier Servitje Montull, Chairman

Henry Robert Davis Signoret\*  
 Arturo Manuel Fernández Pérez\*  
 Ricardo Guajardo Touché\*  
 Thomas Stanley Heather Rodríguez\*  
 Agustín Irurita Pérez\*  
 Luis Jorba Servitje  
 Mauricio Jorba Servitje  
 Fernando Francisco Lerdo de Tejada Luna  
 Nicolás Mariscal Servitje  
 José Ignacio Mariscal Torroella  
 María Isabel Mata Torrallardona  
 Raúl Carlos Obregón del Corral  
 Javier de Pedro Espínola  
 Ignacio Pérez Lizaur\*  
 Jorge Pedro Jaime Sendra Mata  
 Edmundo Vallejo Venegas\*  
 Jaime Chico Pardo\*

Independent\*

## AUDIT AND CORPORATE PRACTICES COMMITTEE

### Henry Davis Signoret,\* Chairman

Arturo Manuel Fernández Pérez  
 Thomas Stanley Heather Rodríguez  
 Agustín Irurita Pérez  
 Ignacio Pérez Lizaur  
 Edmundo Miguel Vallejo Venegas

## EVALUATION & RESULTS COMMITTEE

### Raúl Obregón del Corral, Chairman

Thomas Heather Rodríguez  
 Nicolás Mariscal Servitje  
 Edmundo Miguel Vallejo Venegas  
 Daniel Javier Servitje Montull

## FINANCE & PLANNING COMMITTEE

### José Ignacio Mariscal Torroella, Chairman

Javier de Pedro Espínola  
 Ricardo Guajardo Touché  
 Luis Jorba Servitje  
 Raúl Obregón del Corral  
 Daniel Javier Servitje Montull  
 Guillermo Jorge Quiroz Abed

# FINANCIAL HIGHLIGHTS

	2014	2013	%CHANGE
<b>Consolidated Net Sales<sup>1</sup></b>	187,053	176,041	6.3%
<b>Mexico</b>	72,098	73,179	(1.5%)
<b>US &amp; Canada</b>	90,375	79,767	13.3%
<b>Latam</b>	21,931	21,822	0.5%
<b>Europe</b>	6,897	5,323	29.6%
<b>Consolidated EBITDA<sup>1,2</sup></b>	18,420	17,326	6.3%
<b>Mexico</b>	12,049	11,557	4.3%
<b>US &amp; Canada</b>	5,588	5,798	(3.6%)
<b>Latam</b>	856	141	>100
<b>Europe</b>	(63)	(204)	(69.3%)
<b>Consolidated Net Income<sup>1</sup></b>	4,031	4,778	(15.6%)
<b>Net Majority Income<sup>1</sup></b>	3,518	4,404	(20.1%)
<b>Earnings per Share<sup>3</sup></b>	0.75	0.94	(20.2%)
<b>Total Assets</b>	177,761	134,727	31.9%
<b>Total Liabilities</b>	124,159	86,944	42.8%
<b>Shareholders' Equity</b>	53,602	47,783	12.2%
<b>Total Debt / EBITDA</b>	3.4x	2.3x	-
<b>Net Debt / Stockholders' Equity</b>	1.11x	0.79x	-
<b>Return on Assets (ROA)</b>	2.0%	3.3%	-
<b>Return on Equity (ROE)</b>	6.6%	9.2%	-

Note: Figures expressed in millions of Mexican pesos

<sup>1</sup> Consolidated results exclude inter-company transactions

<sup>2</sup> EBITDA: Operating Income plus depreciation, amortization and other non-cash charges

<sup>3</sup> Data in Mexican pesos based on outstanding shares of 4,703,200,000 for 2011, 2012, 2013 and 2014

## EXECUTIVE COMMITTEE

**Daniel Javier Servitje Montull**  
 Chairman & Chief Executive Officer

**Pablo Elizondo Huerta**  
 Senior Executive Vice President

**Javier Augusto González Franco**  
 Senior Executive Vice President

**Alfred Penny**  
 President, BBU, Inc.

**Miguel Ángel Espinoza Ramírez**  
 President, Bimbo, S.A. de C.V.

**Gabino Gómez Carbajal**  
 President, Barcel, S.A. de C.V.

**Guillermo Jorge Quiroz Abed**  
 Chief Financial Officer

**Raúl Argüelles Díaz**  
 Chief Human Relations Officer

**Reynaldo Reyna Rodríguez**  
 Chief Global Services Officer

See [www.grupobimbo.com/eng/sre/corporategovernance/directive](http://www.grupobimbo.com/eng/sre/corporategovernance/directive) for more extensive information on our corporate governance practices, biographical data on members of the Board and Management, and a full description of the functions of each Board Committee.

# AUDIT AND CORPORATE PRACTICES COMMITTEE REPORT

Mexico City, April 10, 2015

To the Board of Directors of Grupo Bimbo, S.A.B. de C.V.

Dear Sirs,

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. (the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee (the "Committee") during the year ended December 31, 2014. In carrying out our work, we abided by the recommendations established in the Code of Best Corporate Practices.

Based on the previously approved work plan, the Committee met seven times during the year, in which it discussed the issues it is legally obligated to consider and carried out the activities described below:

## INTERNAL CONTROLS

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the remarks and observations made by the external and internal auditors in performance of their duties.

The members of Management responsible for such matters presented us with the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

## CODE OF ETHICS

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the associates of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for Group associates, and management informed us of the actions taken in those cases.

## EXTERNAL AUDIT

The independent auditors that provide these services were the same as in preceding years, and a single firm is responsible for auditing the results of all the operations and countries where Grupo Bimbo has a presence.

We approved the fee for these auditing services, including additional fees to account for the growth of the Group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The external auditors presented their approach and work program and areas of interaction with Grupo Bimbo's Internal Audit department, the Committee approved this presentation.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

Finally, we conducted an evaluation of the services of the external auditing firm for the year 2014 and were promptly informed of the preliminary financial statements.

## INTERNAL AUDIT

We reviewed and approved the annual work plan and activities budget for 2015.

In each of this Committee's meetings, we received and approved regular reports on the progress of the approved work plan.

We followed up on the comments and suggestions made by the Internal Audit area, and verified that Management resolved any deviations from the established internal controls, and we therefore consider the status of that system to be reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan; to maintain the members with updated information on the appropriate topics.

We reviewed and approved the transformation program to strengthen the Internal Audit Department.

## FINANCIAL INFORMATION AND ACCOUNTING POLICIES

We reviewed the quarterly and annual financial statements of the Company together with the parties responsible for their preparation, recommended their approval by the Board of Directors, and authorized their publication. Throughout the process we took into account the opinions and remarks of the external auditors.

To arrive at an opinion on the financial statements, we verified, with the support of the internal and external auditors, that the accounting policies and standards and the information used by management in the preparation of the financial statements was appropriate and sufficient and had been applied in a consistent manner with the prior year, taking into account the changes in International Financial Reporting Standard effective both in that year and the preceding year. As a result, the information presented by Management reasonably reflects the financial position, results of operations and cash flows of the Company.

## COMPLIANCE WITH REGULATORY STANDARDS AND LAWS; CONTINGENCIES

With the support of the internal and external auditors, we confirmed the existence and reliability of the controls established by the Company to assure compliance with the various legal provisions to which it is subject, and assured that these were appropriately disclosed in the financial information.

At the close of each quarter, we reviewed the Company's various tax, legal and labor contingencies and confirmed that appropriate procedures were in place and consistently followed, so that Management could identify and address them in an appropriate manner.

The Risk Committee informed us of the methodology it follows to determine and evaluate the risks the group faces, and we verified that the risks were being monitored and mitigated where possible, and that they were considered in the work plans of the Internal Auditors.

Management explained to us the main guidelines that govern the anti-corruption policy, as well as plans for its dissemination and for checking on compliance with that policy, which we found satisfactory.

## COMPLIANCE WITH OTHER OBLIGATIONS

We met with Management executives and officers as we considered necessary to remain abreast of the progress of the Company and any material or unusual activities and events.

We obtained information about significant matters that could involve a possible breach of operating policies, the internal control system and policies on accounting records, and we were also informed of corrective measures taken in each case, and found them satisfactory.

We did not find it necessary to request the support or opinion of independent experts, because the issues raised in each meeting were duly supported by the information on hand, and the conclusions reached were satisfactory to Committee members.

## TRANSACTIONS WITH RELATED PARTIES

We reviewed and recommended for approval by the Board of each and every related party transaction requiring approval by the Board of Directors for fiscal year 2014, as well as for recurring transactions that are expected to be conducted in fiscal year 2015 that require Board approval.

## EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board the designation, evaluation and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2014.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported regularly to the Board of Directors on the activities conducted within the Committee.

The work that we conducted was duly documented in minutes of each meeting, which were reviewed and approved at the time by the Committee members.

Sincerely,



Henry Davis Signoret  
Chairman of the Audit and Corporate Practices Committee  
Grupo Bimbo, S.A.B. de C.V.

Mexico City, April 10, 2015

## TO THE BOARD OF DIRECTORS OF GRUPO BIMBO, S.A.B. DE C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee (the "Committee") of Grupo Bimbo, S.A.B. de C.V. (the "Company"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2014.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2014 and for the year ended on that date.

Sincerely,



Henry Davis Signoret  
Chairman of the Audit and Corporate Practices Committee  
of Grupo Bimbo, S.A.B. de C.V.

## SHAREHOLDER INFORMATION



### Stock exchange:

Mexican Stock Exchange (BMV)

Ticker symbol: BIMBO

### Headquarters:

**Corporativo Bimbo, S.A. de C.V.**

Prolongación Paseo de la Reforma No. 1000

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[twitter.com/Grupo\\_Bimbo](https://twitter.com/Grupo_Bimbo)

[facebook.com/GrupoBimbo](https://facebook.com/GrupoBimbo)



**This document is a summary of the 2014 Integrated Annual Report**

**For the complete version, please go to:**

[www.grupobimbo.com](http://www.grupobimbo.com)

This report is designed to be electronically distributed. Only 500 copies were printed in English and Spanish.

Grupo Bimbo upholds its commitment to the environment by using environmentally-safe materials.

Printed in Mexico

Design and production: Milenio3 / Genera



[www.grupobimbo.com](http://www.grupobimbo.com)