



## FIRST QUARTER RESULTS FOR 2011

### ➤ Grupo Bafar reports strong start to 2011

#### First Quarter 2011 versus First Quarter 2010

- Sales volumes increased by 6.8%
- Sales increased by 7.2% (13.7% in dollars) and amounted to \$1,476 million in pesos (U.S. \$122.4)
- Operating income increased by 7.7% (14.2% in dollars)
- EBITDA increased by 11% (18% in dollars)

**Chihuahua, Chih., Mexico, April 28, 2011** – Grupo Bafar, S.A.B. de C.V., published results for first quarter, 2011.

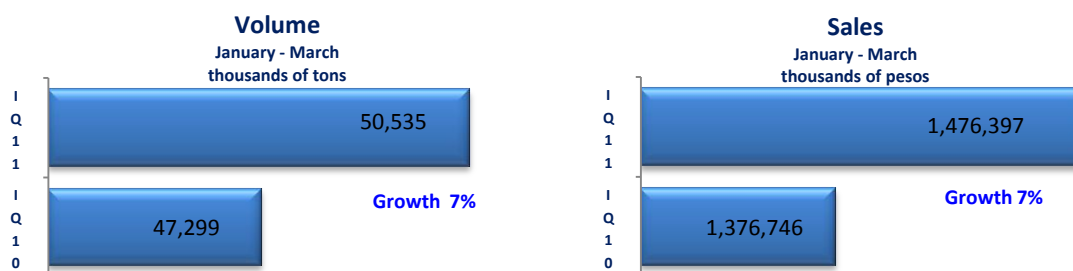
#### Comments from Management

Eugenio Baeza Fares, Grupo Bafar's CEO, expressed his comments about the results attained: I am pleased to see the beginning of 2011 with very good results, attaining a growth in net sales and operating income for over 7%, and an increase of more than 11% in operating cash flow (EBITDA). At two years of the financial crisis, we have focused on attaining our commercial strategies, maintaining a firm expense control, this has resulted in outstanding figures that not only allowed us to mitigate the impact of the slowdown in the economy, but also compared to the same period before the crisis (IQ08), we reached a sales growth of 37%, an increase of 48% in operating profit, we doubled the net majority income, and we increased the operating flow in more than 60%; with results that are so outstanding, we anticipate to have a 2011 as leaders again in the meat products sector.

#### Financial and Operating Results

##### Net Sales

Sales for the first quarter of 2011 amounted to \$1,476 million pesos (U.S. \$122.4), compared to \$1,376 million pesos (U.S. \$107.6) from the same period last year, a growth of 7.2% (13.7% in USD). This growth was driven by the 6.8% increase in sales volume.



### Cost of sales

Cost of sales in the first quarter of 2011 was 954.2 million pesos (U.S. \$79.1) and accounted for 64.6% of sales, slightly less than the figure attained in the first quarter of 2010 (64.9%). Gross profit for the first quarter in 2011 was \$522.1 million pesos (U.S. \$43.3) while in 2010 it was \$482.2 million pesos (U.S. \$37.7), resulting in a growth of 8.2% (14.8% in dollars).

### General Expenses

General expenses were \$417.8 million pesos (U.S. \$34.6) in the first quarter of 2011, compared to \$385.4 million pesos (U.S. \$30.1) in the first quarter of 2010, and the percentage in relation to sales was 28.3% for 2011 and 28.0% for 2010.

### Operating Income

The operating income for the first quarter of 2011 increased by 7.7% (14.2% in USD), in comparison with the same time period the previous year, and totaled \$104.2 million pesos (U.S. \$8.6) or 7.06% of sales, compared to \$96.7 million pesos (U.S. \$7.5), or 7.02% of sales.

### Operating Cash Flow - EBITDA

The EBITDA for the first quarter of 2011 was \$153 million pesos (U.S. \$12.6), an increase of 11% (18% in dollars) in comparison with the same period last year.

### Comprehensive Financing Cost -CFC

The comprehensive financing cost for the first quarter in 2011 reached \$2.4 million pesos, compared to the (\$8) million pesos generated during the same time period the previous year. The breakdown is as follows:

	January - March 2011		January - March 2010	
	million pesos	U.S.	million pesos	U.S.
Net Interest	12.57	1.04	10.04	0.79
Exchange (gain) loss – net	(10.08 )	(0.84 )	(18.14 )	(1.42 )
Comprehensive financing cost	2.49	0.21	(8.10 )	(0.63 )

## Net Majority Income

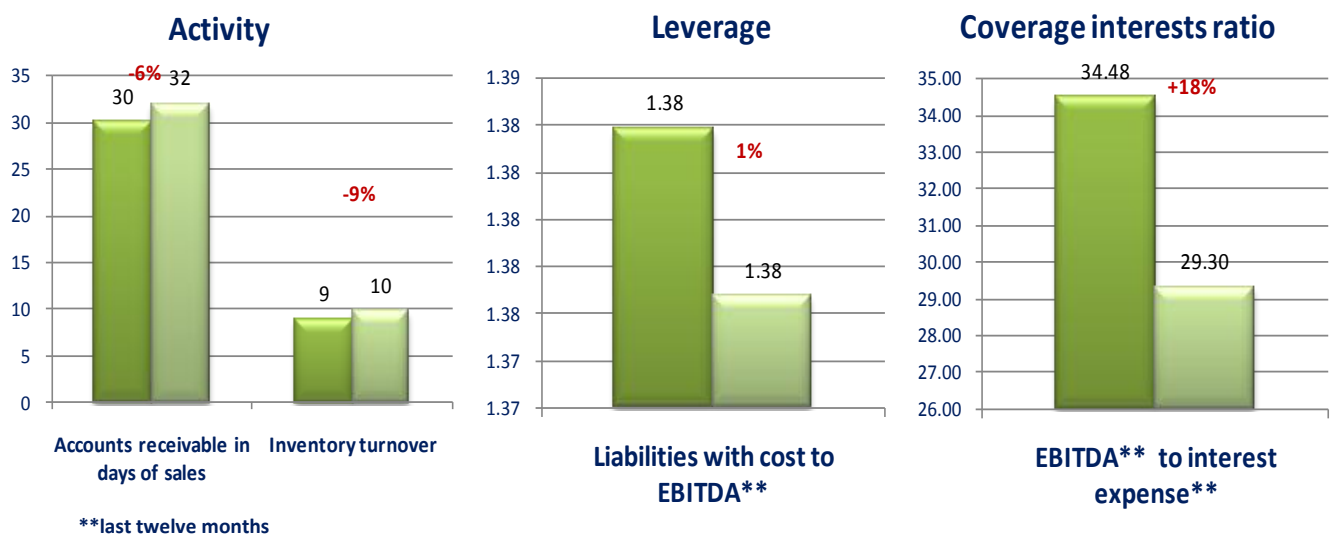
The net majority income for the first quarter of 2011 was \$78.1 million pesos (U.S. \$6.7) which, compared to the \$85.7 million pesos (U.S. \$6.7) from the first quarter of 2010, decreased by 8.8% (3.3% in dollars), mainly due to the impact of the exchange rate.

## Ratios

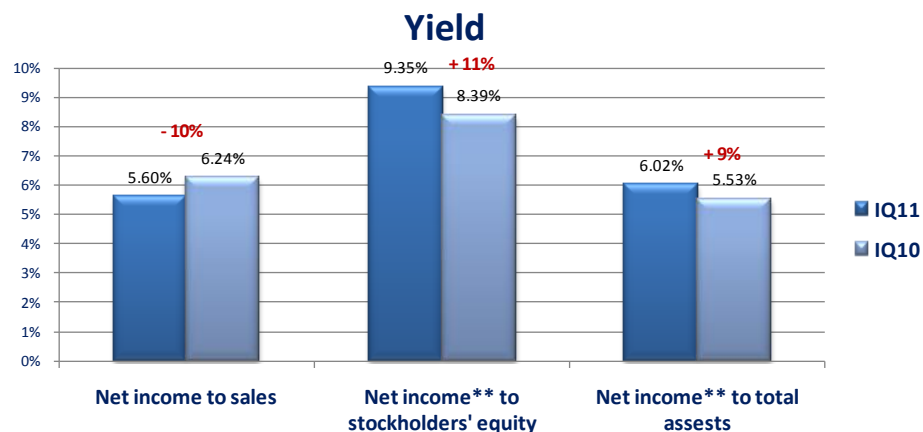
The ratio of current assets to current liabilities was 1.49 with an increase of 2% in comparison with 2010, while the portfolio stood at 30 days, 6% less than the previous year. Moreover, inventory turnover was at 8.9 times, 9% less than the previous year.

Bank debt increased by \$146.5 million (U.S. \$17.3) with regards to 2010, due to the financing obtained for the financing operation of third parties; if this financing is not included, the bank debt decreased compared to 2010, in 52 millions. Levering levels (debt charged to EBITDA) increased 2% and interest coverage improved 18% compared to 2010.

■ IQ11 ■ IQ10



Performance rates had good results because net profit attained in the last twelve months. The following graph shows the variance percentages compared to the first quarter of the previous year. Net profit figures are:



\*\* last twelve months



**GRUPO BAFAR**

**Grupo Bafar, S.A.B. de C.V.**  
**Balance Sheet**  
**To March 31th of 2011 and 2010**  
(In thousands of Mexican pesos)



CONCEPTS	March 2011		March 2010	
	Amount	%	Amount	%
<b>ASSETS</b>	<b>4,470,565</b>	<b>100%</b>	<b>4,066,655</b>	<b>100%</b>
<b>CURRENT ASSETS</b>	<b>1,471,626</b>	<b>33%</b>	<b>1,149,555</b>	<b>28%</b>
Cash and available investments	139,147	3%	141,494	3%
Accounts and notes receivable (net)	496,620	11%	480,621	12%
Other accounts and notes receivable (net)	375,236	8%	159,140	4%
Inventories	448,687	10%	361,378	9%
Other current assets	11,936	0%	6,924	0%
<b>PROPERTY, PLANT AND EQUIPMENT (NET)</b>	<b>1,662,103</b>	<b>37%</b>	<b>1,645,209</b>	<b>40%</b>
Land and buildings	995,362	22%	994,277	24%
Machinery and industrial equipment	1,010,093	23%	921,037	23%
Other equipment	527,368	12%	502,931	12%
Accumulated depreciation	963,845	22%	789,136	19%
Construction in progress	93,124	2%	16,100	0%
<b>OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)</b>	<b>313,662</b>	<b>7%</b>	<b>250,925</b>	<b>6%</b>
<b>OTHER ASSETS</b>	<b>1,023,174</b>	<b>23%</b>	<b>1,020,964</b>	<b>25%</b>
<b>TOTAL LIABILITIES</b>	<b>1,589,924</b>	<b>100%</b>	<b>1,389,148</b>	<b>100%</b>
<b>CURRENT LIABILITIES</b>	<b>976,740</b>	<b>61%</b>	<b>821,356</b>	<b>59%</b>
Suppliers	316,715	20%	368,588	27%
Bank loans	509,611	32%	329,672	24%
Other loans with cost	75,879	5%	53,718	4%
Taxes payable	18,828	1%	15,881	1%
Other current liabilities without cost	55,706	4%	53,497	4%
<b>LONG-TERM LIABILITIES</b>	<b>174,500</b>	<b>11%</b>	<b>217,500</b>	<b>16%</b>
Bank loans	174,500	11%	217,500	16%
<b>OTHER NON CURRENT LIABILITIES WITHOUT COST</b>	<b>438,684</b>	<b>28%</b>	<b>354,469</b>	<b>26%</b>
<b>CONSOLIDATED STOCKHOLDERS EQUITY</b>	<b>2,880,642</b>	<b>100%</b>	<b>2,677,506</b>	<b>100%</b>
<b>COUNTABLE CAPITAL OF THE PARTICIPATION NOT CONTROLADORA</b>	<b>8,689</b>	<b>0%</b>	<b>7,868</b>	<b>0%</b>
<b>COUNTABLE CAPITAL OF THE PARTICIPATION CONTROLADORA</b>	<b>2,871,952</b>	<b>100%</b>	<b>2,669,639</b>	<b>100%</b>
<b>CONTRIBUTED CAPITAL</b>	<b>528,317</b>	<b>18%</b>	<b>544,316</b>	<b>20%</b>
Capital stock	147,979	5%	149,976	6%
Premium on issuance of shares	380,338	13%	394,340	15%
<b>EARNED CAPITAL</b>	<b>2,343,635</b>	<b>81%</b>	<b>2,125,323</b>	<b>79%</b>
Retained earnings and capital reserves	2,527,282	88%	2,308,970	86%
Other accumulated comprehensive result	(183,647)	-6%	(183,647)	-7%

CONCEPTS	First Quarter 2011		First Quarter 2010		Variation	% increase / (decrease)
	Amount	%	Amount	%		
Sales Volume (thousands of tons)	50,535		47,299		3,236	7%
Net sales	<b>1,476,397</b>	<b>100%</b>	<b>1,376,746</b>	<b>100%</b>	<b>99,651</b>	<b>7%</b>
Cost of sales	954,294	65%	894,544	65%	59,750	7%
Gross profit	522,103	35%	482,202	35%	39,901	8%
General expenses	417,896	28%	385,492	28%	32,404	8%
Income (loss) from operation	104,207	7%	96,710	7%	7,497	8%
Other income and (expense), net	1,562	0%	1,153	0%	409	35%
Comprehensive financing result	2,493	0%	( 8,098 )	-1%	10,592	-131%
Income before income taxes	100,152	7%	103,656	8%	(3,503 )	-3%
Income taxes	17,493	1%	17,726	1%	( 233 )	-1%
Income (loss) before discontinued operations	82,659	6%	85,930	6%	- 3,271	-4%
Discontinued operations						
Net consolidated income	<b>82,659</b>	<b>6%</b>	<b>85,930</b>	<b>6%</b>	<b>- 3,271</b>	<b>-4%</b>
Net income of participation not controladora	( 4,502 )	0%	( 192 )	0%	- 4,310	2243%
Net income of participation controladora	<b>78,157</b>	<b>5%</b>	<b>85,738</b>	<b>6%</b>	<b>- 7,581</b>	<b>-9%</b>



**GRUPO BAFAR**

**Grupo Bafar, S.A.B. de C.V.**  
**State of Cash Flow (Indirect Method)**  
**From January the 1st to March 31th of 2011 and 2010**  
(In thousands of Mexican pesos)



CONCEPTS	Current Year	Previous Year	Variation	% increase / (decrease)
	Amount	Amount		
<b>ACTIVITIES OF OPERATION</b>				
Income (loss) before income taxes	100,152	103,656	- 3,504	-3%
+ (-)items not requiring cash	( 4,342 )	1,777	( 6,119 )	-344%
+ (-)items related to investing activities	42,845	40,797	2,048	5%
+ (-)items related to financing activities	15,928	8,811	7,116	81%
Cash flow before income tax	154,583	155,041	- 458	0%
Cash flow provided or used in operation	256,289	( 53,729 )	310,018	-577%
Net cash flows provided of operating activities	410,872	101,312	309,560	306%
<b>INVESTMENT ACTIVITIES</b>				
Net cash flow from investing activities	( 42,141 )	( 90,743 )	48,601	-54%
Financing activities	368,730	10,569	358,161	3389%
<b>FINANCING ACTIVITIES</b>				
Net cash from financing activities	( 333,268 )	26,057	( 359,325 )	-1379%
Net (decrease) increase in cash and cash equivalents	35,462	36,626	(1,164 )	-3%
Translation differences in cash and cash equivalents	(1,131 )	(689 )	(442 )	64%
Cash and cash equivalents at the begining of period	104,816	105,557	( 741 )	-1%
Cash and cash equivalents at end of period	139,147	141,494	(2,346 )	-2%