

Industrias Bachoco S.A.B. de C.V.  
Form 20-F  
April 30, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20-F**

**..REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
<sup>X</sup>1934  
For the fiscal year ended December 31, 2012**

**OR**

**..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
OR**

**..SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
Date of event requiring this shell company report \_\_\_\_\_**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 333-7480**

**INDUSTRIAS BACHOCO, S.A.B. DE C.V.**

**(Exact name of Registrant as specified in its charter)**

**Bachoco Industries**

(Translation of Registrant's name into English)

**The United Mexican States  
(Jurisdiction of incorporation  
or organization)**

**Avenida Tecnologico No. 401**

**Ciudad Industrial C.P. 38010**

**Celaya, Guanajuato, Mexico.  
(Address of principal executive offices)**

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**(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)**

**Securities registered or to be registered pursuant to Section 12(b) of the Act:**

**Title of each class**

American Depositary Shares, each  
representing twelve Series B Shares.

**Name of each exchange on which  
registered**

New York Stock Exchange

**Securities registered or to be registered pursuant to Section 12(g) of the Act:** None

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:** None

Indicate the number of outstanding Shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Series B Capital Stock: 600,000,000 Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes  No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statements item the registrant has elected to follow:

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

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Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 23 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court.

Yes "    No "

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## Introduction

Industrias Bachoco, S.A.B. de C.V. is a holding company with no operations other than holding the stock of its subsidiaries. Our two main subsidiaries are Bachoco, S.A. de C.V. (“BSACV”), located in Mexico, and Bachoco USA, LLC, located in the United States (or U.S.). Bachoco USA, LLC is a subsidiary we formed on March 2, 2012 to serve as the holding company for O.K. Industries, Inc., the American poultry company we acquired in November 2011.

References herein to “Bachoco,” “we,” “us,” “our,” “its” or the “Company” are, unless the context requires otherwise, to Industrias Bachoco, S.A.B. de C.V. and its consolidated subsidiaries as a whole.

Additionally, references herein to “OK Industries” or “OK Foods” are, unless the context requires otherwise, to Bachoco, USA LLC and its consolidated subsidiaries as a whole.

We are incorporated under the laws of the United Mexican States (“Mexico”), but we have operations in both Mexico and the United States. Our principal executive offices are located in Mexico at Avenida Tecnológico No. 401, Ciudad Industrial, zip code 38010, Celaya, State of Guanajuato, Mexico, and our telephone number is +52 (461) 618 3555.

## Presentation of Information

### *Currency*

Except as otherwise indicated, all data in the financial statements included below in Item 18 (which together with the attached notes constitute our “Audited Consolidated Financial Statements”) and the selected financial information included throughout this Form 20-F (this “Annual Report”) have been presented in millions of nominal pesos unless otherwise indicated. References herein to “pesos” or “Ps.” are to the lawful currency of Mexico.

References herein to “dollars”, “U.S. dollars”, “U.S.\$” or “\$” are to the lawful currency of the United States of America, except that “\$” is also used for pesos in the Audited Consolidated Financial Statements.

This Annual Report contains translations of certain peso amounts into dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, such dollar amounts have been translated from pesos at an exchange rate of Ps 12.87 to \$1.00 dollar, the exchange rate on December 31, 2012, according to the *Banco de Mexico* (or the “Central Bank”).

#### *Accounting Practices*

In January 2009, the *Comision Nacional Bancaria y de Valores* (Mexican Banking and Securities Commission or “CNBV”) published certain amendments to the Rules for Public Companies and other participants in the Mexican Securities Market that require public companies to report financial information in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), effective as of January 1, 2012.

Following these amendments, on January 1, 2012, we adopted IFRS, meeting the CNBV requirements. At the same time, our financial statements as of and for the fiscal year ended December 31, 2011, and the opening balance as of January 1, 2011, were converted from Mexican Financial Reporting Standards (MFRS) to IFRS to make them comparable to our financial statements for fiscal year 2012.

Our Audited Consolidated Financial Statements included elsewhere in this Annual Report have been prepared in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

Bachoco prepared its opening statement of financial position under IFRS as of January 1, 2011, following the guidance set forth by IFRS 1, First time adoption (“IFRS 1”). The options selected by Bachoco in the migration to IFRS and the effects on its opening statement of financial position as of January 1, 2011, according to IFRS 1, as well as the effects on its statement of financial position as of December 31, 2011, and its statements of comprehensive income for the year ended December 31, 2011, as compared to Bachoco’s previously reported amounts under MFRS, are described in note 33 to our Audited Consolidated Financial Statements included elsewhere in this annual report.

The rules and regulations of the Securities and Exchange Commission, or SEC, do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by the IASB) to reconcile such financial statements to U.S. GAAP. As such, while Industrias Bachoco, S.A.B. de C.V. has in the past reconciled its consolidated financial statements prepared in accordance with MFRS to U.S. GAAP, those reconciliations are no longer presented in Bachoco’s filings with the SEC.

#### *Other References*

Bachoco’s production volume is measured in “tons”, which term refers to metric tons of 1,000 kilograms, equal to 2,204.6 pounds; the term “billion” refers to one thousand million (1,000,000,000).

#### *Non-GAAP Financial Measures*

The body of generally accepted accounting principles is commonly referred to as “GAAP.” For this purpose, a non-GAAP financial measure is generally defined by the Securities and Exchange Commission (the “SEC”) as a numerical measure of a company’s historical or financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of comprehensive income, statement of financial position or statement of cash flows (or equivalent statements) of the company; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

The Company discloses in this Annual Report the so-called non-GAAP financial measures, EBITDA result, Adjusted EBITDA result, EBITDA margin, Adjusted EBITDA margin and Net debt. EBITDA result is defined as profit before income tax expense (benefit), comprehensive financial income (expense), net and depreciation and amortization. Adjusted EBITDA result is defined as profit before income tax expense (benefit), comprehensive financial income (expense), net, depreciation and amortization and other expense (income), net. EBITDA margin is defined as EBITDA result divided by total net revenues. Adjusted EBITDA margin is defined as Adjusted EBITDA result divided by total net revenues. Net debt is defined as long-term debt (including the current portion) minus cash and cash equivalents. The non-GAAP financial measures of EBITDA result, Adjusted EBITDA result, EBITDA margin and Adjusted EBITDA margin are not a substitute for the GAAP measure of net income. Rather, these measures are provided as additional information to complement the GAAP measure of net income by providing further understanding of the Company's results of operations from management's perspective. Additionally, the non-GAAP financial measure of Net debt is not a substitute for the GAAP measure of Total debt. Rather, this measure is provided as additional information to contemplate the GAAP measure of Total debt by providing further understanding of the Company's debt obligations. Accordingly, they should not be considered in isolation nor as a substitute for an analysis of the Company's financial performance, liquidity or debt obligations.

Company management believes that disclosure of these non-GAAP measures are an important supplemental measure of the Company's operating performance and debt obligations because investors, financial analysts and other interested parties frequently use EBITDA, Adjusted EBITDA and Net debt in the evaluation of other companies in the same industry in which the Company operates.

## Market Data

This Annual Report contains certain statistical information regarding the Mexican chicken, egg and balanced feed (or "feed") markets. We have obtained this information from a variety of sources, including but not limited to; *Union Nacional de Avicultores* (the National Poultry Union or "UNA"), the *Consejo Nacional de Fabricantes de Alimentos Balanceados y de la Nutricion Animal, A.C.* (or "CONAFAB"), the U.S. Department of Agriculture (or "USDA"), and the *Banco the Mexico*, among others.

Other sources of statistical information used by the Company include *Consejo Mexicano de Porcicultura* (the Mexican Pork Council or "CMP"), *Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentos* ("Ministry of Agriculture, Livestock, Rural Development, Fishing and Food" or "SAGARPA"), among others.

The producers' associations rely principally on data provided by their members. Information for which no source is cited was prepared by us on the basis of our knowledge of the Mexican chicken, egg, feed, turkey and swine markets and the wide variety of information available regarding these markets. The methodology and terminology used by different sources are not always consistent, and data from different sources are not readily comparable.

## Forward-looking Statements

We may from time to time make written or oral forward-looking statements in our periodic reports to the SEC on Forms 20-F and 6-K, in our annual report to stockholders, in offering circulars and prospectuses, in press releases and other written materials and in oral statements made by one of our officers, directors or employees to analysts, institutional investors, representatives of the media and others.

Examples of such forward-looking statements include, but are not limited to: (i) projections of revenues, income (or loss), earnings (or loss) per share, capital expenditures, dividends, capital structure or other financial items or ratios; (ii) statements of our plans, objectives or goals or those of our management, including those relating to new contracts; (iii) statements about future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guidel

and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties, and a number of unexpected changes could cause actual results to deviate from our plans, objectives, expectations, estimates and intentions. We recognize that the accuracy of our predictions and our ability to follow through on our intentions depend on factors beyond our control. The potential risks are many and varied, but include unexpected changes in: economic, weather and political conditions; raw material prices; competitive conditions; and demand for chicken, eggs, turkey, balanced feed, beef and swine.

## PART I

### ITEM 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### ITEM 2. Offer Statistics and Expected Timetable

Not applicable.

### ITEM 3. Key Information

#### A. Selected Financial Data

The financial information set forth below is derived from our Audited Consolidated Financial Statements, which are included in Item 18. We provide details on the figures and year-to-year changes in our Audited Consolidated Financial Statements.

The tables below present our key financial information for the fiscal years indicated. Except as otherwise indicated, the amounts are presented in millions of nominal pesos, except per share amounts, which are presented in pesos in accordance with IFRS.

**INCOME STATEMENT DATA**

In millions of pesos	As of December 31,		In millions of U.S. dollars 2012
	2011	2012	
Net revenues	Ps. <b>J7,735.0</b>	Ps. <b>39,367.4</b>	\$ 3,058.8
Cost of sales	24,797.0	33,318.2	2,588.8
Gross profit	2,938.0	6,049.2	470.0
General, selling and administrative expenses	2,974.7	3,396.7	263.9
Other income (expenses), net	1,000.0	(23.8 )	(1.9 )
Operating income	963.2	2,628.8	204.3
Net finance income	177.6	165.0	12.8
Income tax	(38.6 )	602.0	46.8
Controlling interest	1,177.3	2,184.6	155.3
Non-controlling interest	2.1	7.2	0.6
Profit for the year	1,179.4	2,191.8	170.3
Basic and diluted earnings per share <sup>(1)</sup>	1.96	3.65	0.28
Basic and diluted earnings per ADR <sup>(2)</sup>	23.52	43.80	3.40
Dividends per Share <sup>(3)</sup>	0.50	0.50	0.04
Weighted average Shares outstanding (thousands)	599,822	598,960	598,960

(1) Net income per basic and diluted share has been computed based on the weighted average number of basic and diluted shares.

(2) Each ADR represents twelve shares.

(3) Dividends per share have been computed by dividing the total amount of dividends paid by the weighted average shares outstanding.

<b>MARGINS</b>	As of	
	December 31,	
	2011	2012
Gross margin	10.6%	15.4%
Operating margin	3.5 %	6.7 %
Margin for the year	4.3 %	5.6 %

**STATEMENT OF FINANCIAL POSITION DATA**

In millions of pesos	As of January 1,		As of December 31,		In millions of U.S. dollars 2012
	2011	2011	2011	2012	
Total assets	Ps. <b>21,197.8</b>	Ps. <b>24,717.3</b>	Ps. <b>24,717.3</b>	Ps. <b>19,088.7</b>	\$ 2,178.7
Cash and cash equivalents	3,967.9	2,625.7	2,625.7	4,179.5	324.7
Primary financial instruments	209.3	410.7	410.7	962.0	74.7
Total liabilities	Ps. <b>L,767.8</b>	Ps. <b>7,337.5</b>	Ps. <b>7,337.5</b>	Ps. <b>8,951.5</b>	\$ 695.5
Short-term debt <sup>(1)</sup>	139.9	1,453.0	1,453.0	1,197.1	93.0
Long-term debt	507.1	384.4	384.4	1,526.6	118.6
Total stockholders' equity	Ps. <b>16,430.0</b>	Ps. <b>17,379.8</b>	Ps. <b>17,379.8</b>	Ps. <b>19,088.7</b>	\$ 1,483.2
Capital Stock	1,174.4	1,174.4	1,174.4	1,174.4	91.3

(1) Includes notes payable to banks and current portion of long-term debt.

*Other Indicators*

The tables set below present key indicators for the fiscal years ended December 31, 2008 to 2012.

**VOLUME SOLD BY BUSINESS LINE**

	As of December 31,				
	2008	2009	2010	2011	2012
Sales volume (thousands of tons):	1,411.2	1,418.4	1,473.3	1,606.3	1,861.6
Chicken	878.1	918.1	983.9	1,072.7	1,341.7
Eggs	143.6	143.4	141.9	133.2	143.5
Balanced feed	370.7	337.9	327.5	378.8	351.4
Other business lines	18.8	19.0	20.0	21.6	25.0

**TOTAL EMPLOYEES**

	As of December 31,				
	2008	2009	2010	2011	2012
Total employees:	23,248	24,065	23,473	25,326	25,272

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In Mexico	23,248	24,065	23,473	22,473	22,048
In the U.S.	0	0	0	2,853	3,224

*Gross Domestic Product, Inflation Rate and CETES*

The chart below includes Mexican gross domestic product (“GDP”) and Inflation Rate data from 2008 to 2012, and the average interest rates on 28-day Mexican treasury bills (“CETES”), as provided by the Central Bank.

GDP, INFLATION RATE AND  
CETES DATA

Year	GDP	Inflation Rate	CETES
2008	1.3 %	6.50 %	7.6 %
2009	(6.5)%	3.57 %	5.4 %
2010	5.5 %		