

Industrias Bachoco S.A.B. de C.V.
Form 6-K
February 05, 2010

CONFORMED

Securities and Exchange Commission
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 Or 15d-16
Of The
Securities Exchange Act of 1934

For the month of February 4, 2010

BACHOCO INDUSTRIES
(Translation of Registrant's name into English)

Avenida Tecnológico No. #401
38010 Celaya, Guanajuato
(Address of principal office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g-3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82__.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Industrias Bachoco, S.A. de C.V.
(Registrant)

Date: February 4, 2010

By /s/ Daniel Salazar Ferrer, CFO__

Industrias Bachoco Announces Fourth Quarter and 2009
Full Year Results

Celaya, Gto., Mexico, - February 4, 2010 - Industrias Bachoco S.A.B. de C.V. (“Bachoco” or “the Company”) (NYSE: IBA; BMV: Bachoco), Mexico’s leading producer and processor of poultry products, announced today its unaudited results for the fourth quarter and full year ended December 31st, 2009. All figures have been prepared in accordance with Mexican GAAP. In line with the Mexican Accounting Principles, data is presented in nominal Mexican pesos.

Highlights:

- Total sales for the fourth quarter rose 2.2% and 15.7% during 2009
 - The Company continued to record historic chicken volume sales
 - EBITDA margin was 3.5% for 4Q09 and 8.9% in 2009, up from 4.2% in 2008.
- Earnings per ADS in 2009 reached \$1.23 USD compared to a net loss of \$0.84 USD in 2008. Loss per ADS in 4Q09 at \$0.17 USD was better than the loss recorded in the same year-ago period.
 - In the fourth quarter, the Company recorded a one time charge related to deferred taxes following the changes in the Mexican income tax rate

CEO’s Comments:

Cristóbal Mondragón, Bachoco’s CEO, stated, “During the fourth quarter, we observed lower raw materials prices, which coupled with our efficiency strategy, allowed us to improve the cost of sales.

“The chicken industry was also stable during the quarter; there was a good level in the supply and demand balance, especially around the holiday season. However, prices remained under pressure, and were mainly attributed to a weaker purchasing power of the Mexican population as the economy slowed down. We expect prices to improve as the Mexican economy shows signs of recovery.

“Our egg business line was strong during the year given that eggs are the lowest-cost animal protein in Mexico. Also, our balanced feed business line results improved during the year, even when the sales volume continued to be affected.

“At the year end, the balance was positive, reaching significant improvements from last year: we recorded the highest chicken volume sales, and positive operating and net margins, while we increased our chicken market share as a result of our latest business acquisition. Our leadership in Mexico remains solid as well as our financial position,” concluded Mr. Mondragón.

FOURTH QUARTER 2009 RESULTS

| Net sales | 4Q09 (%) | 4Q08 (%) |
|---------------|----------|----------|
| Chicken | 77.2 | 77.7 |
| Eggs | 10.4 | 10.0 |
| Balanced feed | 6.1 | 6.4 |
| Swine | 1.1 | 1.1 |
| Other lines | 5.2 | 4.8 |
| Total Sales | 100.00% | 100.00% |

Net Sales

Net sales for the fourth quarter amounted to Ps. 5,800.3 million, 2.2% above the Ps. 5,674.3 million reported in 4Q08. This increase was mainly driven by a 1.6% increase in chicken sales, a 6.3% increase in table eggs sales, and a 2.8% increase in swine sales; which were partially offset by a 2.3% decrease in balanced feed sales.

Operating Results

Bachoco's fourth quarter gross margin was 12.2%, above the 9.8% registered in the same 2008 quarter. The increase in the gross margin is attributed to the 5.5% increase in sales volume, which was partially offset by a 3.2% decrease in the sale prices.

The Company had an operating profit of Ps. 38.0 million, compared to an operating loss of Ps. 79.1 million in the same 2008 quarter. The operating margin for 4Q09 was 0.7%.

EBITDA amounted to Ps. 205.3 million, compared with Ps. 76.8 million reported in the same 2008 quarter.

Taxes

Total taxes for the fourth quarter were Ps. 188.2 million. This amount includes a one-time charge of Ps 188.4 million related to deferred taxes, which resulted from the change in the rate of income tax for the agricultural sector in Mexico that took effect as of January 1st, 2010. This effect does not affect the Company's cash flow.

Comprehensive Financial Income (Cost)

The Company's financial comprehensive cost was Ps. 0.3 million during the quarter, compared to a financial comprehensive cost of Ps. 1,056.0 million reported in the same last year-ago quarter.

Net Majority Income (loss)

Net majority loss for the fourth quarter was PS. 109.5 million, or Ps. 0.18 per share (US\$0.17 per ADS), compared to a net majority loss of Ps. 873.5 million, or Ps. 1.46 per share (US\$1.34 per ADS) reported in the same 2008 period.

RESULTS BY BUSINESS SEGMENT

Chicken

Sales of chicken products increased 1.6%, while chicken prices decreased 6.2% during the quarter and chicken volume grew 8.4%. Even when the sales and sales volume increased during the quarter, chicken prices remained affected, and declined significantly from 4Q08, mainly due to the weaker purchasing power of Mexican consumers.

Table Eggs

Demand for table egg products remained strong during the fourth quarter. Sales of table eggs increased by 6.3% during the quarter as egg volume rose 6.4% from the previous year; this result was partially offset by a slight decrease in egg prices of 0.1%.

Balanced Feed

Sales of balanced feed decreased by 2.3%, mainly due to a 0.3% increase in prices and 2.0% decrease in balanced feed volume. This business line remained affected by higher costs and decreased demand.

Swine

The swine business line was stable during the 4Q09. Sales rose 2.8% during the fourth quarter, as a result of a 2.4% gain in swine prices and a 0.4% increase in swine volumes when compared to the same 2008 quarter.

Other Lines

Sales of other lines increased 9.5% when compared with 4Q08. The main products sold were turkey and by-products.

| Net sales | YEAR 2009 | |
|---------------|-----------|----------|
| | 2009 (%) | 2008 (%) |
| Chicken | 78.3 | 76.9 |
| Eggs | 10.1 | 10.6 |
| Balanced feed | 6.3 | 7.3 |
| Swine | 1.0 | 1.0 |
| Other lines | 4.3 | 4.2 |
| Total Sales | 100.00% | 100.00% |

Net Sales

Net sales for the year 2009 amounted to Ps. 23,271.8 million, 15.7% above the Ps. 20,109.6 million reported in 2008. The increase was mainly driven by the 17.8% increase in chicken sales, 11.8% in table eggs sales and 11.7% in swine sales; which were partially offset by a slight decrease in balanced feed sales of 0.4%.

Operating Results

The Company's gross margin for 2009 was 16.9%, higher than the 13.1% recorded in 2008, and was attributed to higher sales in most of our business lines, mainly in chicken and table eggs products. The Company's operating profit, of Ps. 1,426.7 million, compares favorably to an operating profit of Ps. 233.2 million recorded in 2008. EBITDA, of Ps. 2,079.5 million, was well above the Ps. 837.8 million recorded in 2008. EBITDA margin for year 2009 was 8.9%.

Taxes

Total taxes registered for the year amounted to Ps. 412.2 million.

Net Majority Income

Net majority income for the year was Ps. 807.0 million, or Ps. 1.35 per share (US\$1.23 per ADS), compared to net loss of Ps. 548.5 million, or Ps. 0.91 per share (US\$0.84 per ADS) reported in 2008.

Balance Sheet

Liquidity is solid with cash and cash equivalents amounting to Ps. 2,502.7 million as of December 31, 2009. The total debt outstanding for the same period was Ps. 963.8 million.

Capital Expenditures

CAPEX during the year 2009 amounted to Ps.835.7 million.

Exhibits:

- A.- Consolidated Balance Sheets
- B.- Consolidated Statement of Income
- C.- Consolidated Statement of Cash Flows
- D.- Derivatives Position Report

Company Description

Industrias Bachoco S.A.B. de C.V. is the largest poultry company in Mexico, with over 800 production and distribution facilities currently organized in nine complexes throughout the country. Bachoco's main business lines are: chicken, eggs, and balanced feed, among others. The Company is also present in other businesses like swine, beef, margarine and turkey in Mexico. The Company's headquarters are located in Celaya, Guanajuato, Mexico.

For more information, please visit Bachoco's website at <http://www.bachoco.com.mx> or contact our IR department.

This press release contains certain forward-looking statements that are subject to a number of uncertainties, assumptions and risk factors that may influence its accuracy. Actual results may differ. Factors that could cause these projections to differ include, but are not limited to: supply and demand, industry competition, environmental risks, economic and financial market conditions in Mexico and operating cost estimates. For more information regarding Bachoco and its outlook, please contact the Company's Investor Relations Department.

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Exhibit A: Consolidated Balance Sheets

Industrias Bachoco, S.A.B. de C.V.
Condensed Consolidated Balance Sheets

| | U.S.D. 2009(1) | | Mexican Pesos 2009(2) As of December 31, | | Mexican Pesos 2008(2) As of December 31, |
|---|-------------------|-----------|--|-----------|--|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 191 | Ps | 2,503 | Ps | 1,972 |
| Total accounts receivable | 114 | | 1,498 | | 1,568 |
| Inventories | 346 | | 4,519 | | 5,157 |
| Other current assets | - | | - | | - |
| Total current assets | 651 | | 8,519 | | 8,698 |
| Net property, plant and equipment | 834 | | 10,910 | | 10,689 |
| Other non current assets | 31 | | 409 | | 366 |
| TOTAL ASSETS | \$ 1,517 | Ps | 19,838 | Ps | 19,753 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Notes payable to banks | 45 | | 592 | | 229 |
| Accounts payable | 132 | | 1,723 | | 1,942 |
| Other taxes payable and other accruals | 28 | | 361 | | 365 |
| Total current liabilities | 205 | | 2,675 | | 2,536 |
| Long-term debt | 28 | | 372 | | 397 |
| Labor obligations | 8 | | 104 | | 78 |
| Deferred income taxes and others | 156 | | 2,040 | | 2,686 |
| Total long-term liabilities | 192 | | 2,515 | | 3,162 |
| TOTAL LIABILITIES | \$ 397 | Ps | 5,191 | Ps | 5,698 |
| STOCKHOLDERS' EQUITY | | | | | |
| Majority stockholder's equity: | | | | | |
| Capital stock | 175 | | 2,295 | | 2,295 |
| Paid-in capital | 57 | | 745 | | 744 |
| Reserve for repurchase of shares | 12 | | 159 | | 159 |
| Retained earnings | 810 | | 10,591 | | 11,418 |
| Net majority income of the year | 62 | | 807 | | (549) |
| Deficit from restatement of stockholder's equity | - | | - | | - |
| Derivate financial instruments | - | | - | | (55) |
| Total majority stockholder's equity | 1,116 | | 14,598 | | 14,013 |
| Minority interest | 4 | | 50 | | 43 |
| TOTAL STOCKHOLDERS' EQUITY | 1,120 | | 14,648 | | 14,056 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,517 | Ps | 19,838 | Ps | 19,753 |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.08 Source: Mexico's National Bank, as of December 31, 2009.

(2) Millions of Mexican nominal pesos

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Exhibit B: Consolidated Statement of Income

INDUSTRIAS BACHOCO, S.A.B. DE C.V.
Consolidated Statements of Income
-unaudited-

| | FOURTH QUARTER | | | FULL YEAR | | |
|--|-------------------|--------------------------|--------------------------|-------------------|--------------------------|--------------------------|
| | U.S.D. 2009(1) | Mexican Pesos 2009(2) | Mexican Pesos 2008(2) | U.S.D. 2009(1) | Mexican Pesos 2009(2) | Mexican Pesos 2008(2) |
| Net sales | \$ 443 | Ps 5,800 | Ps 5,674 | \$ 1,779 | Ps 23,272 | Ps 20,110 |
| Cost of sales | 389 | 5,093 | 5,118 | 1,478 | 19,331 | 17,482 |
| Gross profit (loss) | 54 | 708 | 556 | 301 | 3,941 | 2,628 |
| Selling, general and administrative expenses | 51 | 670 | 635 | 192 | 2,514 | 2,395 |
| Operating income (loss) | 3 | 38 | (79) | 109 | 1,427 | 233 |
| Other income (expense) net | 3 | 43 | 13 | (5) | (63) | (14) |
| Comprehensive financing (cost) income | (0) | (0) | (1,056) | (10) | (134) | (1,308) |
| Interest income | 2 | 24 | (539) | 10 | 131 | - |
| Interest expense and financing expenses | (2) | (25) | (672) | (7) | (96) | (853) |
| Foreign exchange gain (loss), net | (0) | (2) | 155 | (3) | (39) | 160 |
| Other financial income (expense) net | 0 | 3 | - | (10) | (130) | (615) |
| Income before income tax, asset tax | 6 | 81 | (1,122) | 94 | 1,230 | (1,090) |
| Total income taxes | 14 | 188 | (247) | 32 | 412 | (543) |
| Income tax, asset tax | 2 | 31 | 9 | 8 | 103 | 78 |
| Deferred income taxes | 12 | 157 | (256) | 24 | 309 | (621) |
| Net income | \$ (8) | Ps (107) | Ps (875) | 63 | 818 | (546) |
| Minority net income | 0 | 2 | (2) | 1 | 11 | 2 |
| Majority net income | (8) | (109) | (873) | 62 | 807 | (549) |
| weighted average shares outstanding (in thousands) | 599,995 | 599,995 | 600,000 | 599,946 | 599,946 | 600,000 |
| Net majority Income per share (in U.S.D per ADS) | (0.17) | (0.18) | (1.46) | 1.23 | 1.35 | (0.91) |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.08 Source: Mexico's National Bank, as of December 31, 2009.

(2) Millions of Mexican nominal pesos

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Exhibit C: Consolidated Statement of Cash Flows

Industrias Bachoco, S.A.B. de C.V.
Consolidated Statement of Cash Flows

| | U.S.D. 2009(1) | | Mexican Pesos 2009(2) As of December 31 | | Mexican Pesos 2008(2) As of December 31, |
|--|-------------------|-----|---|-----|--|
| NET MAJORITY INCOME BEFORE INCOME TAX | \$ 94 | Ps. | 1,230 | Ps. | (1,090) |
| ITEMS THAT DO NOT REQUIRE CASH: | 31 | | 407 | | 559 |
| Other Items | 31 | | 407 | | 559 |
| ITEMS RELATING TO INVESTING ACTIVITIES: | 48 | | 626 | | 648 |
| Depreciation and others | 50 | | 653 | | 605 |
| Income (loss) on sale of plant and equipment | (1) | | (16) | | 46 |
| Other Items | (1) | | (11) | | (2) |
| ITEMS RELATING TO FINANCING ACTIVITIES: | 17 | | 227 | | 238 |
| Interest income (expense) | 7 | | 96 | | 853 |
| Other Items | 10 | | 131 | | (615) |
| NET CASH GENERATED FROM NET INCOME BEFORE TAXES | \$ 190 | Ps. | 2,489 | Ps. | 355 |
| CASH GENERATED OR USED IN THE OPERATION | (33) | | (430) | | (474) |
| Decrease (increase) in accounts receivable | (0) | | (2) | | (115) |
| Decrease (increase) in inventories | 46 | | 599 | | (1,298) |
| Increase (decrease) in accounts payable | (20) | | (260) | | 777 |
| Income taxes paid | (59) | | (768) | | 161 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | \$ 157 | Ps. | 2,059 | Ps. | (119) |
| INVESTING ACTIVITIES | | | | | |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (62) | | (812) | | (1,096) |
| Acquisition of property, plant and equipment | (64) | | (836) | | (1,053) |
| Proceeds from sales of property plant and equipment | (2) | | (21) | | 53 |
| Other Items | 3 | | 45 | | (96) |
| CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES | \$ 95 | Ps. | 1,246 | Ps. | (1,215) |
| FINANCING ACTIVITIES | | | | | |
| Net cash provided by financing activities: | 7 | | 98 | | 147 |
| Proceeds from loans | 154 | | 2,016 | | 976 |

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| | | | |
|--|---------------|------------------|------------------|
| Principal payments on loans | (128) | (1,678) | (459) |
| Dividends paid | (19) | (250) | (354) |
| Other items | 1 | 10 | (16) |
| NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS | 41 | 530 | (1,068) |
| CASH AND INVESTMENTS AT THE BEGINNING OF YEAR | 151 | 1,972 | 3,040 |
| CASH AND INVESTMENTS AT END OF PERIOD | \$ 191 | Ps. 2,503 | Ps. 1,972 |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$13.08

Source: Mexico's National Bank, as of December 31, 2009.

(2) Millions of Mexican nominal pesos

Exhibit D: Derivatives Position Report

Industrias Bachoco, S.A.B. de C.V.
Thousands of Mexican Pesos, as of December 31, 2009

Quarter: 4

Table 1

| Type of Financial Instrument | Objective of the Instrument | Value of the Related Commodity | Notional | 4Q-2009 | 3Q-2009 | 4Q-2009 | 3Q-2009 | Reasonable Value | Amounts Due by Year | Guaranties Required |
|---|-----------------------------|--------------------------------|------------|--|--|-----------|------------|------------------|---------------------|--|
| Forwards, knock out forwards, puts, collars and others under different amounts and conditions | Hedge and negotiation | | \$ 300,840 | \$ 13.08 | \$ 13.50 | \$ 2,004 | \$ 27,246 | | | |
| Futures for corn | Hedge | | \$ 29,054 | Corn of March 2010: \$4.145 USD/bushel | Corn of December and March: \$3.4400 and \$3.5675 USD/bushel respectively. | \$ -1,404 | \$ -32,870 | | 2010 and 2009 | The deals consider the possibility of margin calls but not another kind of guarantee |
| Options for corn | Hedge and negotiation | | \$ 1,651 | Corn of March 2010: \$4.145 USD/bushel | Corn: \$3.4400 USD/ bushel for December and for January 2010. | \$ 1,651 | \$ 699 | | | |

None of the financial instruments exceed 5% of total assets as of December 31, 2009.

A negative value means an unfavorable effect for the Company.

The notional value represents the net position as of December 31, 2009 at the exchange rate of Ps.13.08 per USD.

All the instruments will be due in 2010.

Industrias Bachoco, S.A.B. de C.V.
Thousands of Mexican Pesos, as of December 31, 2009

Quarter: 4

Table 2

| Type of Financial Instrument | Reasonable Value as Of | | | Value of the Related Commodity-reference value | Effect on the Income Statement | Effect on the Cash Flow *** | | |
|--|------------------------|-----------|-----------|--|--------------------------------|-----------------------------|-----------|-----------|
| | December 31, 2009 | -5.0% | 2.5% | | | 5.0% | -5.0% | 2.5% |
| Forwards, knock out forwards, puts, collars and others under different amounts and conditions* | \$ 2,004 | \$ 12.43 | \$ 13.41 | \$ 13.73 | Direct | \$ - 2,332 | \$ 15,582 | \$ 42,336 |
| | | -5% | 5% | 10% | | -5% | 5% | 10% |
| Futures for corn** | \$ - 1,404 | \$ 3.9378 | \$ 4.3523 | \$ 4.5595 | The effect will materialize | \$ - 2,786 | \$ - 21 | \$ 1,361 |
| Options for corn** | \$ 1,651 | \$ 3.94 | \$ 4.35 | \$ 4.56 | as the inventory is consumed | \$ 2,129 | \$ 1,620 | \$ 1,886 |

A negative value means an unfavorable effect for the Company.

*The notional value represents the net position as of December 31, 2009 at an exchange rate of Ps.13.08 per USD.

** The reference value is the Futures and Options of corn for March 2010. \$4.145 USD per bushel.

*** The company has credit lines with the majority of its counterparts, so that the effect in cash flow is lower than the amount shown