

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

INDUSTRIAS BACHOCO SA DE CV

Form 6-K

October 23, 2006

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 October 2006

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

Avenida Tecnologico 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__.)

UPDATED WITH TABULAR INFORMATION: BACHOCO ANNOUNCES ITS THIRD QUARTER RESULTS

CELAYA, Mexico, Oct. 23 /PRNewswire-FirstCall/ -- Industrias Bachoco S.A. de C.V. ("Bachoco" or "the Company") (NYSE: IBA; BMV: Bachoco B), Mexico's leading producer and processor of poultry products, today announced its unaudited results for the third quarter ended September 30, 2006. All figures have been prepared in accordance with Mexican GAAP and are stated in constant Mexican pesos as of September 30, 2006.

Highlights:

- During the third quarter the Company achieved sales of Ps. 3,576.2 million;
- Gross profit was Ps. 733.8 million for the quarter;
- Third quarter operating margin was 6.9%;
- EBITDA reached Ps. 377.2 million, representing an EBITDA margin of 10.5%;
- Volume of balanced feed and table eggs sold increased by 33.4% and 4.5%,

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

respectively, compared to third quarter of 2005;
-- Achieved an EPS of Ps. 0.38 (US \$0.41 per ADS) for the third quarter.

Comments from the CEO:

Cristobal Mondragon, CEO of Bachoco stated, "The third quarter is historically the weakest of the year for our company, so the results we achieved in this quarter are in line with our expectations.

"The cost of our main raw materials was stable for most of the quarter with an increase towards the end.

"In Chicken, we have continued our efforts to better serve all of our distribution channels and are specifically focusing on enhancing the demand of our value-added products, which we believe have significant growth potential within the Mexican poultry industry.

"Prices of table eggs were strong, increasing 15.6% when compared with third quarter of 2005. These gains also reflect the Company's efforts to be innovative in this business line, and as we launch our enrichment type egg, we expect to quickly position this product with our customers.

"The company continues to increase its market share in Balance feed where volume sold grew 33.4% versus the same period of last year.

"On September, 20th, we announced the impact of hurricane Lane on our Northwest complex, located in the state of Sinaloa. As a result of our coordination efforts, we were able to maintain a steady supply to our customers in that region, and we are close the reestablishment of almost all of our production facilities that were affected by the hurricane.

"The Company's financial profile remains strong, with cash and cash equivalents of Ps. 3,474.3 million, and debt capitalization remains at historically low levels. Our CAPEX continues to be internally financed through our operations."

THIRD QUARTER 2006 RESULTS

Net Sales

Net sales for the quarter reached Ps. 3,576.2 million, a decrease of 6.7% compared to the Ps. 3,834.3 million reported for the 3Q05. This decline was mainly due to revenue decreases of 12.9% in chicken and 10.5% in swine, which were partially offset by increases of 34.5% in balanced feed and 16.5% in eggs sales.

Net Sales by Product Line	3Q05 %	3Q06 %
CHICKEN	81.75	76.33
EGGS	8.00	9.99
BALANCED FEED	6.64	9.58
SWINE AND OTHER LINES	3.60	4.10
TOTAL COMPANY	100.00%	100.00%

Operating Results

Bachoco's gross margin was 20.5% in 3Q06, compared to 30.8% in 3Q05, mainly due to 12.0% decrease in the price of chicken and 10.3% in swine price. The Company's operating margin was 6.9%, compared to 18.4% in the same quarter of 2005. EBITDA during the quarter reached Ps. 377.2 million.

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

Taxes

Taxes recognized by the Company during the quarter were Ps. 57.2 million.

Net Income

Net income for 3Q06 was Ps. 277.1 million, while Earnings per share reached Ps. 0.38 (US \$0.41 per ADS) compared to Ps. 0.90 (US \$0.99 per ADS) reported in the same period of 2005.

RESULTS BY BUSINESS SEGMENT

Chicken

Chicken sales decreased by 12.9% during 3Q06 as a result of a 12.0% decrease in prices and 1.1% decrease in volume compared with 3Q05. The decline in prices was mainly due to more normalized market conditions, while the decrease in volume was due primarily to a reduction in yield as the Company moves to offering more value-added products.

Table Eggs

Sales of table eggs increased by 16.5% and volume improved by 4.5% during the 3Q06 as a result of an 11.5% increase in prices when compared to the same quarter in 3Q05. Prices and supply for this segment were more normalized in the market during the quarter.

Balanced Feed

Sales of balanced feed increased 34.5% when compared to third quarter of last year, as a result of a 33.4% increase in volume. Balanced feed prices remained similar to the same quarter of 2005.

Swine and Other Lines

Volume sold decreased 0.3%, while sales of swine decreased 10.5%. These declines are mainly a result of the 10.3% reduction in prices of swine compared to 3Q05 due to larger supplies in the Mexican market.

NINE MONTHS 2006 RESULTS

Net Sales

Net sales for the first nine months of 2006 reached Ps. 10,811.9 million, compared to Ps. 11,442.4 million reported for the same period of 2005, representing a decrease of 5.5%. This was mainly due to sales decreases of 9.6% in chicken and 21.8% in swine, which were partially offset by an increase of 27.2% in balanced feed and 2.8% in table eggs sales.

Net Sales by Product Line	Nine months 2005	Nine months 2006
	%	%
-----	-----	-----
CHICKEN	80.91	77.41
EGGS	8.42	9.16
BALANCED FEED	6.76	9.09
SWINE AND OTHER LINES	3.91	4.34
TOTAL COMPANY	100.00%	100.00%

Operating Results

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

Bachoco's gross margin reached 21.0% during the first nine months of 2006, lower than the 30.8% gross margin reported in the same period of 2005. The decrease was primarily due to a reduction in sales and price of sales for the Company's main product lines, and a 7.8% increase in cost of sales. Bachoco's operating margin was 7.6%, compared with the 18.7% operating margin reached in the same period of 2005. EBITDA during this period reached Ps. 1,205.7 million.

Taxes

The taxes recognized by the Company during the first half of the year were Ps. 206.0 million.

Net Income

Net income for the nine-month period ended September 30, 2006, was Ps. 770.6 million. Earnings per share reached Ps. 1.29, (U.S. \$1.41 per ADS), compared to Ps. 2.94 (U.S. \$3.21 per ADS) reported for the same period of 2005.

Balance Sheet

The Company maintained a healthy financial structure at the end of the third quarter of 2006. Liquidity remained solid with cash and cash equivalents of Ps. 3,474.3 million as of September 30, 2006. Debt was Ps. 120.7 million as of September 30, 2006.

Capex during the nine-month period was Ps. 590.5 million, financed entirely through resources generated by the operations.

Company Description

Industrias Bachoco S.A. de C.V. -- also referred to in this report as Bachoco or the Company--was founded by the Robinson Bours family in 1952, in the state of Sonora. Since then, it has grown into the largest poultry company in Mexico, with over 700 production and distribution facilities currently organized in seven complexes throughout the country. Bachoco's main business lines are: chicken, eggs, swine, and the Company also is an important player in the balanced feed industry in Mexico. The Company's headquarters are based in the city of Celaya, Guanajuato, located in Mexico's central region.

Industrias Bachoco made an initial public stock offering in September, 1997. Its securities are listed and traded on the Mexican Stock Exchange (Bolsa Mexicana de Valores or BMV) under the ticker symbol BACHOCOB, and on the New York Stock Exchange (NYSE) under the ticker symbol IBA.

The Company posted net sales of \$1.36 billion USD for 2005 divided among the Company's four main product lines as follows: 80.1% chicken and chicken-related products, 8.7% table eggs, 7.2% balanced feed, and 4.0% swine and other lines.

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

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.

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

INDUSTRIAS BACHOCO, S.A. DE C.V. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(millions of constant pesos as of September 30, 2006,
and millions of U.S. dollars, except per share data)

	Third Quarter					
	Sept 30 2006(1)		Sept 30 2006		Sept 30 2005	
Net Sales	US	326	Ps	3,576	Ps	3,834
Cost of Sales		259		2,842		2,653
Gross Profit		67		734		1,181
Selling, general and administrative expenses		44		486		475
Operating Income		23		248		706
Comprehensive Financing Cost (Income)						
Interest Expense (Income)		1		8		25
Foreign Exchange Loss (Gain)		(4)		(46)		(35)
Gain from Monetary Position		3		34		17
Total Comprehensive Financing Cost (Income)		(0)		(4)		7
Other Income Net		0		4		(8)
Income before Provisions for Income Tax, Employee Profit Sharing and Minority Interest		23		256		691
Provisions for:						
Income Tax, Asset Tax and Employee Profit Sharing		(2)		(20)		(123)
Deferred Income Taxes		(3)		(36)		(0)
Income before Minority Interest		18		199		568
Minority Interest		(0)		(1)		(0)
Net Income		18		198		567
Effects of Bulletin E-1		3		29		(25)
Net income after Bulletin e-1		21		227		542
Weighted Average Units Outstanding (Thousand)		599,704		599,704		599,990
Net Income per Share		0.41		0.38		0.90
Dividend per Share		--		--		--

	Nine Months					
	Sept 30 2006(1)		Sept 30 2006		Sept 30 2005	
Net Sales	US	985	Ps	10,812	Ps	11,442
Cost of Sales		778		8,537		7,922

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

Gross Profit	207	2,275	3,520
Selling, general and administrative expenses	132	1,452	1,384
Operating Income	75	823	2,137
Comprehensive Financing Cost (Income)			
Interest Expense (Income)	(4)	(48)	87
Foreign Exchange Loss (Gain)	(11)	(118)	(131)
Gain from Monetary Position	4	46	26
Total Comprehensive Financing Cost (Income)	(11)	(120)	(17)
Other Income Net	3	36	(25)
Income before Provisions for Income Tax, Employee Profit Sharing and Minority Interest	89	979	2,129
Provisions for:			
Income Tax, Asset Tax and Employee Profit Sharing	(15)	(170)	(295)
Deferred Income Taxes	(3)	(33)	(73)
Income before Minority Interest	71	776	1,762
Minority Interest	(0)	(2)	(1)
Net Income	71	774	1,761
Effects of Bulletin E-1	(0)	(4)	3
Net income after Bulletin e-1	70	771	1,763
Weighted Average Units Outstanding (Thousand)	599,427	599,427	599,900
Net Income per Share	1.41	1.29	2.94
Dividend per Share	0.05	0.60	0.42

(1) Peso amounts have been translated in to U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.9775 per U.S. dollar, the noon buying rate at September 29, 2006.

INDUSTRIAS BACHOCO, S.A. DE C.V. AND SUBSIDIARIES Condensed Consolidated Balance Sheets (millions of constant pesos as of September 30, 2006, and millions of U.S. dollars)

	Sept 30 2006(1)	Sept 30 2006	Dec 30 2005
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and Cash Equivalents	US 316	Ps 3,474	Ps 3,246
Accounts Receivable less Allowance for Doubtful Accounts	41	455	486
Inventories	237	2,607	1,849
Other Current Assets	26	285	374
Total Current Assets	621	6,822	5,955
Net Property, Plant and Equipment	829	9,099	9,395
Other Non Current Assets	35	382	339
Total Non Current Assets	864	9,482	9,734
TOTAL ASSETS	1,485	16,304	15,689

LIABILITIES

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

Current Liabilities:			
Notes Payable to Banks	8	86	95
Trade Accounts Payable	56	609	449
Other Accrued Liabilities	44	480	454
Total Current Liabilities	107	1,176	998
Long-Term Debt	3	34	53
Labor Obligations	6	70	86
Deferred Income Taxes and Others	161	1,772	1,736
Total Long-Term Liabilities	171	1,877	1,876
TOTAL LIABILITIES	278	3,052	2,874
STOCKHOLDERS' EQUITY			
Capital stock	196	2,148	2,178
Premium in Public Offering of Shares	57	626	689
Retained Earnings	1,307	14,352	12,900
Net Income for the Year	70	771	1,811
Deficit from Restatement of Stockholders' Equity	(326)	(3,577)	(3,612)
Reserve for Repurchase of Shares	21	231	151
Minimum Seniority Premium			
Liability Adjustment	--	--	(3)
Effect of Deferred Income Taxes	(122)	(1,343)	(1,343)
Total Majority Stockholder's Equity	1,203	13,208	12,771
Minority Interest	4	43	44
TOTAL STOCKHOLDERS' EQUITY	1,207	13,251	12,815
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
	1,485	16,304	15,689

- (1) Peso amounts have been translated in to U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.9775 per U.S. dollar, the noon buying rate at September 29, 2006.

INDUSTRIAS BACHOCO, S.A. DE C.V. AND SUBSIDIARIES Condensed Consolidated Statements of Changes in Financial Position (millions of constant pesos as of September 30, 2006, and millions of U.S. dollars)

	Sept 30 2006(1)	Sept 30 2006	Sept 30 2005
	-----	-----	-----
Operating Activities:			
Net Income	US\$ 70	Ps. 772	Ps. 1,764
Adjustments to Reconcile Net Income to Resources			
Provided by Operating Activities:			
Depreciation and Others	35	381	348
Changes in Operating Assets and Liabilities	1	16	(77)
Deferred Income Taxes	3	36	143
Resources Provided by Operating Activities	110	1,205	2,178
Financing Activities:			
Increase of Capital Stock	0	0	0
Proceeds from Long-Term Debt	--	--	(0)

Edgar Filing: INDUSTRIAS BACHOCO SA DE CV - Form 6-K

Proceeds from Short-Term Debt	4	43	128
Repayment of Long-Term Debt and Notes Payable	(6)	(70)	(195)
Decrease in Long-Term Debt in Constant Pesos	--	--	--
Cash Dividends Paid	(33)	(359)	(250)
Resources Provided by (Used in) Financing Activities	(35)	(386)	(317)
Investing Activities:			
Acquisition of Property, Plant and Equipment	(51)	(563)	(569)
Minority Interest	(0)	(1)	(0)
Others	(2)	(27)	(47)
Resources Used in Investing Activities	(54)	(590)	(616)
Net (Decrease) Increase in Cash and Cash Equivalents	21	228	1,245
Cash and Cash Equivalents at Beginning of Period	296	3,246	2,476
Cash and Cash Equivalents at End of Period	US\$ 316	Ps. 3,474	Ps. 3,721

(1) Peso amounts have been translated in to U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.9775 per U.S. dollar, the noon buying rate at September 29, 2006.

SOURCE Industrias Bachoco, S.A. de C.V.

-0-

10/23/2006

/CONTACT: Investor Relations, Daniel Salazar F., CFO, or Claudia Cabrera, IRO, +011-52-461-61-835-55, or inversionistas@bachoco.net, or, in New York, Lauren Puffer, +1-646-284-9404, Fax: +1-646-284-9494, or lpuffer@hfgcg.com, all for Industrias Bachoco, S.A. de C.V./

/Web site: <http://www.bachoco.com.mx> /

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: October 23, 2006

By /s/ Daniel Salazar Ferrer, CFO

Daniel Salazar Ferrer, CFO