

GRUPO BIMBO¹

In the spring of 2022, Grupo Bimbo, S.A.B. de C.V. was the largest baking company in the world and a significant player in the snacks segment. It operated 206 plants and more than 1,600 sales centers strategically located across 33 countries in the Americas, Europe, Asia, and Africa. Grupo Bimbo's main product lines included sliced bread, toasted bread, sweet baked goods, pastries, snack cakes, cookies, English muffins, bagels, tortillas, flatbreads, and salty snacks, among others. The company produced over 10,000 products and maintained one of the largest distribution networks globally, with more than three million points of sale, 54,000 routes, and 137,000 employees. Its shares were listed on the Mexican Stock Exchange (BMV). The following video illustrates the evolution of Grupo Bimbo throughout its history.



Bimbo's sales in 2021 reached an all-time high of 348,887 million MXN² (USD 17.1 billion), a 5.4% increase over 2020. The company also delivered record results, with net income of 15,916 million pesos (USD 780.2 million), representing a 74.7% increase compared to 2020 (see Exhibit 1). Grupo Bimbo's EBITDA reached 49,178 million MXN (USD 2.41 billion), an 8.8% increase relative to 2020. The company planned to invest approximately USD 1.5 billion throughout 2022, more than half of which was to be allocated to Mexico.

For the company's Chairman and CEO, Daniel Servitje, these results reflected the hard work of its teams, the strong execution of its plans and strategies, as well as the broad diversification and strength of its brands. Grupo Bimbo held a 3% share of the global baking industry—valued at approximately USD 532 billion—which, in the company's view, represented a significant growth opportunity going forward. In the Mexican market, although Grupo Bimbo was the industry leader, it competed with a network of 170,000 traditional bakeries and tortilla shops that produced fresh bread and tortillas³ daily. At the same time, Gruma, a Mexican company primarily engaged in the

¹ This is a case of the Research Division of San Telmo Business School, Spain. It has been written by Professor Miguel Ángel Llano Irusta and is intended as a basis for in-class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation.

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² On Friday, December 31, 2021, the average exchange rate of the U.S. dollar in Mexico was 1 USD = 20.4 MXN.

³ A corn tortilla is a type of flatbread made from dough prepared with nixtamalized corn and cooked on a griddle. It

production of corn flour, tortillas, and wraps, reported revenues of USD 5.6 billion in 2021 and an EBITDA margin of 14%. By 2022, it operated across the Americas, Europe, Asia, and Oceania, with 73 plants and a presence in more than 110 countries through global brands such as Maseca and Mission.

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Following the death of his father, Lorenzo Servitje (originally from Catalonia, Spain), he assumed responsibility for managing the El Molino pastry shop, founded in 1928. In 1945, Servitje and his partners (an uncle, a brother, and his brother-in-law) were the first to establish an industrial baking operation and a distribution system for sliced bread, which quickly expanded across Mexico. Bimbo fired up its ovens for the first time on December 2, 1945. At that time, it only sold sliced bread—large and small loaves—and toasted bread.

At the beginning of the 20th century, Mexico was just starting to embrace bread. Traditionally, it consumed and continued to consume corn tortillas. Moreover, most sliced bread was imported from the United States. The contrast with the situation in 2020 was striking: according to a market study conducted by the Government of Canada, Mexico ranked as the eighth-largest retail market for baked goods globally and the second in Latin America.

Bakeries such as El Molino and La Vasconia, along with pastry shops like La Ideal and Pastelería Madrid, laid the foundations for what would become one of the country's largest job-generating industries. These were primarily ventures established by Spanish immigrants who recognized the opportunity and put their prior expertise to work.

Bimbo held a 90% market share in the sliced bread segment in Mexico (including the Bimbo brand and other company-owned brands such as Wonder, Oroweat, Vital, and Nature's Select). However, consumer trends and needs were evolving.

Both the study conducted by the Canadian government and the data reported by Mexico's National Chamber of the Baking Industry (Canaimpa) on baked goods consumption in the country showed that, in just over a decade, concepts such as "low-fat," "multigrain," "healthy," and "artisanal" had gained traction. At the same time, campaigns to raise awareness about obesity, both globally and nationally, were on the rise. By 2020, more than two billion people worldwide were affected by obesity (out of a global population of 7.5 billion), with four million deaths attributed to the condition and a 300% increase in prevalence since 1975.

Daniel Servitje had led Grupo Bimbo for more than two decades, during which he consolidated the company founded by his father, Lorenzo Servitje, as the largest

is a preparation of Mesoamerican origin and a staple in the daily diet of Mexico, Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. It is consumed as a source of carbohydrates to accompany meals. Tortillas vary in thickness, diameter, and the type of corn used (red, yellow, white, or fresh corn).

baking company in the world. The founder's son had demonstrated an ability to adapt to changing market conditions. Perhaps the most recent example was Grupo Bimbo's reformulation of its product portfolio to comply with the new labeling regulations and avoid warning labels highlighting excessive sugar, sodium, fat, or calorie content in several of its best-selling products.

In 1984, under the leadership of Roberto Servitje, Grupo Bimbo expanded its commercial reach beyond Mexico to Houston, Texas, through its first export shipment of Marinela products. Among them was the Gansito snack cake, which at the time debuted a new metallic wrapper. With the creation of Bimbo Central America in 1989 and the construction of its first plant in Guatemala, the company's internationalization process was set in motion.

Daniel Servitje was the third leader of the family business, following his uncle Roberto and his father. He was born in Mexico City on April 1, 1959, and earned a bachelor's degree in Business Administration from Universidad Iberoamericana. He later obtained an MBA from Stanford University. In 1997, he assumed the role of CEO of Grupo Bimbo, and as of July 2013, he was also appointed as his uncle Roberto's successor as Chairman of the company's Board of Directors.

Daniel Servitje, who had begun working alongside his father while still in high school, was widely recognized for transforming Bimbo into a multinational company. Under his leadership, the expansion into global markets reinforced the strategy set by his father and uncle, who had first taken the brand into Latin America, i.e., markets like Mexico, before moving into Spain and the United States, where competition was far more intense.

Under Daniel's leadership as CEO, the company completed the acquisition of the U.S. bakery Mrs. Baird's, founded in 1908 by the legendary Ninnie L. Baird in Fort Worth, Texas. The company operated eleven plants, employed 3,000 people, and was the leading baking company in Texas. Grupo Bimbo also entered the Argentine and Chilean markets, and later expanded into Brazil, where it launched new bread product lines.

The new millennium marked a shift toward new commercialization models, supported by the addition of brands such as Plus Vita, Nutrella, and Pullman in Brazil. This period of major expansion also coincided with a significant entry into the Asian market through the acquisition of the Panrico bakery in Beijing, China.

However, Bimbo's most significant and far-reaching acquisition was the 2002 purchase of the western U.S. assets of the Canadian company George Weston Ltd., owner of brands such as Oroweat, Entenmann's, Thomas', and Boboli.

In 2011, Grupo Bimbo became the world's leading baking company following the acquisition of Sara Lee North American Fresh Bakery in the United States, Fargo in Argentina, and Bimbo Iberia in Spain and Portugal.