

INDUSTRIAS BACHOCO SA DE CV
Form 6-K
January 31, 2007

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 January 2007

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__.)

BACHOCO ANNOUNCES FOURTH QUARTER 2006 RESULTS

CELAYA, Mexico, Jan. 30 /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 fourth quarter ended December 31, 2006. All figures have been prepared in accordance with Mexican GAAP and are stated in constant Mexican pesos as of December 31, 2006.

Highlights:

- * Sales for fourth quarter increased 17.4% to Ps. 3,995.3 million;
- * Gross profit was Ps. 1,047.8 million for the quarter;
- * Fourth quarter operating margin was 13.14%;
- * EBITDA reached Ps. 656.7 million, the highest in a fourth quarter for the company, representing an EBITDA margin of 16.4%;
- * Volume of balanced feed increased by 14.6%, compared to fourth quarter of 2005;
- * Achieved an EPS of Ps. 0.18 (US \$0.20 per ADS) for the fourth quarter compared to an EPS of Ps. 0.10 (US \$0.11 per ADS) in the same period last

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year.

Comments from the CEO:

Cristobal Mondragon, CEO of Bachoco stated, "We achieved significant results in the fourth quarter in a challenging environment. The effects of hurricane Lane on our northwestern complex and the increase in price of grain, one of our main feed ingredients, were offset by a strong level of demand and consistent supply in our chicken and table egg markets.

"Our efficiency, flexibility, rapid response and coordinated efforts to mitigate the effects of the hurricane enabled us to satisfy the robust level of demand we foresaw in the quarter and achieve strong operating results compared to the same quarter of 2005.

"Bachoco's balanced feed business also continued to grow significantly during the quarter.

"Capital expenditures continue to be internally financed through our operations.

"We continue to execute on our growth strategies. During the quarter we announced the acquisition of farms and the leasing of a processing plant and feed mill from "Del Mezquital" located in northern Mexico, as a first step for a complex, based in Hermosillo, Sonora.

"In addition, we recently announced that the Company is in the process of negotiating a business agreement with "Grupo Libra", a poultry company located in the state of Nuevo Leon in Northeast Mexico."

FOURTH QUARTER 2006 RESULTS

Net Sales

Net sales for the quarter reached Ps. 3,995.3 million, an increase of 17.4% compared to the Ps. 3,403.1 million reported for 4Q05. This increase was mainly driven by increases of 18.4% in chicken sales, 15.0% in table egg sales and 20.5% in balanced feed sales; which were slightly offset by an 8.7% decrease in swine sales.

| Net Sales by Product Line | 4Q05 | 4Q06 |
|---------------------------|---------|---------|
| ----- | ----- | ----- |
| | % | % |
| CHICKEN | 77.41 | 78.04 |
| EGGS | 9.58 | 9.38 |
| BALANCED FEED | 8.55 | 8.78 |
| SWINE AND OTHER LINES | 4.46 | 3.80 |
| TOTAL COMPANY | 100.00% | 100.00% |

Operating Results

Bachoco's fourth quarter gross margin was 26.2%, compared to 18.2% in 4Q05, mainly due to a 21.3% increase in the price of chicken and a 13.3% increase in the price of table eggs. The Company's operating margin was 13.1%, compared to 2.9% for the same quarter of 2005. EBITDA during the quarter reached Ps. 656.7 million.

Taxes

Taxes recognized by the Company during the quarter were Ps. 109.0 million.

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Net Income

Net income for 4Q06 was Ps. 109.2 million, or Ps. 0.18 per share (US \$0.20 per ADS), compared to net income of Ps. 57.5 million, or Ps. 0.10 per share (US \$0.11 per ADS) reported in the same period of 2005. The Company recognized a one-time Ps. 322.6 million deferred tax effect in the fourth quarter, as a result of the change in the rate of income tax for the agricultural sector in Mexico that will take effect in 2007. This effect does not affect the cash flow of the Company.

RESULTS BY BUSINESS SEGMENT

Chicken

Chicken sales increased 18.4% during 4Q06 as a result of a 21.4% increase in prices compared with 4Q05. Increase in pricing was mainly due to normalized supply and strong demand conditions, while a 2.5% decrease in volume was mainly due to the effects of hurricane Lane on the southern part of the State of Sinaloa.

Table Eggs

Sales of table eggs increased by 15.0% and volume improved by 1.5% during 4Q06 as a result of a 13.3% increase in prices compared to 4Q05. Prices and supply continued to be normalized in the market during the quarter.

Balanced Feed

Sales of balanced feed increased 20.5% when compared to the fourth quarter of last year, as a result of a 14.6% increase in volume and 5.1% increase in pricing.

Swine and Other Lines

Sales of swine decreased 8.7% in the fourth quarter. This decline is mainly the result of a 12.5% reduction in the price of swine compared to 4Q05, due to larger supplies in the Mexican market, and was offset in part by a volume increase of 4.3%.

FULL YEAR 2006 RESULTS

Net Sales

Net sales for fiscal 2006 reached Ps. 14,974.6 million, compared to Ps. 15,022.6 million reported for fiscal 2005, representing a decrease of 0.3%. This decrease was mainly the result of decreases in sales of 3.5% in chickens and 18.5% in swine, which were partially offset by increases of 25.4% in balanced feed and 5.9% in table eggs.

| Net Sales by Product Line | Year 2005 | Year 2006 |
|---------------------------|-----------|-----------|
| ----- | ----- | ----- |
| | % | % |
| CHICKEN | 80.12 | 77.58 |
| EGGS | 8.68 | 9.22 |
| BALANCED FEED | 7.16 | 9.01 |
| SWINE AND OTHER LINES | 4.04 | 4.19 |
| TOTAL COMPANY | 100.00% | 100.00% |

Operating Results

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Bachoco's gross margin reached 22.4% during fiscal 2006, which is lower than the 27.92% gross margin reported for 2005. This decrease was primarily due to a reduction in sales and pricing of chickens and swine and a 7.3% increase in cost of sales. Bachoco's operating margin was 9.1%, compared with a 15.1% operating margin for 2005. EBITDA for the year reached Ps. 1,737.5 million.

Taxes

Taxes recognized by the Company during the year were Ps. 318.1 million.

Net Income

Net income for the year ended December 31, 2006, was Ps. 891.7 million, or Ps. 1.49 per share, (U.S. \$1.65 per ADS), compared to net income of Ps. 1,847.9 million, or Ps. 3.08 per share (U.S. \$3.42 per ADS) reported in 2005. This result includes a one-time Ps. 322.6 million deferred tax effect, resulting from the change in the rate of income tax for the agricultural sector in Mexico that will take effect in 2007. This effect does not affect the cash flow of the Company.

Balance Sheet

The Company maintained a healthy financial structure at the end of the year. Liquidity remained solid with cash and cash equivalents of Ps. 3,455.1 million as of December 31, 2006. Debt was Ps. 43.6 million as of December 31, 2006.

Capital expenditures during the year were Ps. 943.3 million, financed entirely through resources generated by 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 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 Bachoco B, and on the New York Stock Exchange (NYSE) under the ticker symbol IBA.

The Company posted net sales of \$1.39 billion USD for 2006, divided among the Company's four main product lines as follows: 77.6% chicken, 9.2% table eggs, 9.0% balanced feed, and 4.2% 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.

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INDUSTRIAS BACHOCO, S.A. DE C.V. AND SUBSIDIARIES
 Condensed Consolidated Statements of Income
 (millions of constant pesos as of December 31, 2006, and millions of
 U.S. dollars, except per share data)

| | Fourth Quarter | | | Full Year | |
|--|--------------------|-----------------|-----------------|--------------------|-----------------|
| | Dec. 31 2006(1) | Dec. 31 2006 | Dec. 31 2005 | Dec. 31 2006(1) | Dec. 31 2006 |
| Net Sales | US 370 | Ps 3,995 | Ps 3,403 | US 1,387 | Ps 14,975 |
| Cost of Sales | 273 | 2,947 | 2,783 | 1,076 | 11,616 |
| Gross Profit | 97 | 1,048 | 620 | 311 | 3,358 |
| Selling, general and administrative expenses | 48 | 523 | 520 | 185 | 1,997 |
| Operating Income | 49 | 525 | 100 | 126 | 1,361 |
| Comprehensive Financing Cost (income) | | | | | |
| Interest Expense (Income) | 1 | 9 | 39 | (4) | (39) |
| Foreign Exchange Loss (gain) | (5) | (57) | (38) | (16) | (177) |
| Gain from Monetary Position | 3 | 30 | 29 | 7 | 76 |
| Total Comprehensive Financing Cost (income) | (2) | (18) | 30 | (13) | (140) |
| Other Income Net | (2) | (18) | (6) | 1 | 15 |
| Income before Provisions for Income Tax, Employee Profit Sharing and Minority Interest | 49 | 525 | 63 | 140 | 1,516 |
| Provisions for: Income Tax, Asset Tax & Employee Profit Sharing | (7) | (76) | (20) | (23) | (246) |
| Deferred Income Taxes | (33) | (355) | (6) | (36) | (388) |
| Income before Minority Interest | 9 | 94 | 36 | 82 | 882 |
| Minority Interest | 0 | 1 | (1) | (0) | (1) |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Net Income | 9 | 95 | 36 | 82 | 881 |
| Effects of Bulletin E-1 | 1 | 15 | 22 | 1 | 11 |
| Net income after Bulletin e-1 | 10 | 109 | 57 | 83 | 892 |
| Weighted Average Units Outstanding (Thousand) | 600,000 | 600,000 | 599,080 | 599,571 | 599,571 |
| Net Income per Share | 0.20 | 0.18 | 0.10 | 1.65 | 1.49 |
| Dividend per Share | -- | -- | -- | 0.06 | 0.61 |

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.7995 per U.S. dollar, the noon buying rate at December 29, 2006.

INDUSTRIAS BACHOCO, S.A. DE C.V. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(millions of constant pesos as of December 31, 2006, and millions of U.S. dollars)

| | Dec '31 2006(1) | Dec '31 2006 | Dec '31 2005 |
|--|--------------------|-----------------|-----------------|
| | ----- | ----- | ----- |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | US 320 | Ps 3,455 | Ps 3,296 |
| Accounts Receivable less allowance for Doubtful Accounts | 45 | 489 | 493 |
| Inventories | 264 | 2,849 | 1,878 |
| Other Current Assets | 31 | 335 | 380 |
| Total Current Assets | 660 | 7,127 | 6,047 |
| Net Property, Plant and Equipment | 877 | 9,472 | 9,541 |
| Other Non Current Assets | 35 | 377 | 344 |
| Total Non Current Assets | 912 | 9,849 | 9,885 |
| TOTAL ASSETS | 1,572 | 16,977 | 15,932 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Notes Payable to Banks | 1 | 9 | 96 |
| Trade Accounts Payable | 77 | 835 | 456 |
| Other Accrued Liabilities | 31 | 337 | 461 |
| Total Current Liabilities | 109 | 1,181 | 1,013 |
| Long-Term Debt | 3 | 34 | 54 |
| Labor Obligations | 6 | 63 | 88 |
| Deferred Income Taxes and Others | 196 | 2,119 | 1,763 |
| Total Long-Term Liabilities | 205 | 2,216 | 1,905 |
| TOTAL LIABILITIES | 315 | 3,397 | 2,918 |
| STOCKHOLDERS' EQUITY | | | |
| Capital stock | 203 | 2,189 | 2,212 |

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| | | | |
|--|-------|---------|---------|
| Premium in Public Offering of Shares | 59 | 636 | 700 |
| Retained Earnings | 1,350 | 14,575 | 13,100 |
| Net Income for the Year | 83 | 892 | 1,839 |
| Deficit from Restatement of Stockholders' Equity | (336) | (3,627) | (3,668) |
| Reserve for Repurchase of Shares | 22 | 235 | 154 |
| Minimum Seniority Premium Liability Adjustment | -- | -- | (3) |
| Effect of Deferred Income Taxes | (126) | (1,364) | (1,364) |
| Total Majority Stockholder's Equity | 1,253 | 13,535 | 12,969 |
| Minority Interest | 4 | 44 | 45 |
| TOTAL STOCKHOLDERS' EQUITY | 1,257 | 13,579 | 13,014 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 1,572 | 16,977 | 15,932 |

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.7995 per U.S. dollar, the noon buying rate at December 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 December 31, 2006, and millions of U.S. dollars)

| | Dec '31 2006(1) | Dec '31 2006 | Dec '31 2005 |
|--|--------------------|-----------------|-----------------|
| | ----- | ----- | ----- |
| Operating Activities: | | | |
| Net Income | US\$ 83 | Ps. 893 | Ps. 1,850 |
| Adjustments to Reconcile Net Income to Resources Provided by Operating Activities: | | | |
| Depreciation and Others | 48 | 519 | 478 |
| Changes in Operating Assets and Liabilities | (18) | (194) | (486) |
| Deferred Income Taxes | 33 | 356 | 121 |
| Resources Provided by Operating Activities | 146 | 1,573 | 1,963 |
| Financing Activities: | | | |
| Increase of Capital Stock Proceeds from Long-term Debt | 0 | 0 | (0) |
| Proceeds from Short-term Debt | -- | -- | (0) |
| Repayment of Long-term Debt and Notes Payable | 4 | 42 | 170 |
| Decrease in Long-term Debt in Constant Pesos | (14) | (149) | (205) |
| Cash Dividends Paid | -- | -- | -- |
| Resources Provided by (Used in) Financing Activities | (34) | (365) | (254) |
| Financing Activities | (44) | (471) | (289) |

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| | | | |
|-----------------------------|----------|-----------|-----------|
| Investing Activities: | | | |
| Acquisition of Property, | | | |
| Plant and Equipment | (86) | (926) | (833) |
| Minority Interest | (0) | (1) | 0 |
| Others | (1) | (16) | (59) |
| Resources Used in Investing | | | |
| Activities | (87) | (943) | (892) |
| Net (Decrease) Increase | | | |
| in Cash and Cash | | | |
| Equivalents | 15 | 159 | 782 |
| Cash and Cash Equivalents | | | |
| at Beginning of Period | 305 | 3,296 | 2,514 |
| Cash and Cash Equivalents | | | |
| at End of Period | US\$ 320 | Ps. 3,455 | Ps. 3,296 |

(1) Peso amounts have been translated into U.S. dollars, solely for the convenience of the reader, at the rate of Ps. 10.7995 per U.S. dollar, the noon buying rate at December 29, 2006.

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

-0- 01/30/2007

/CONTACT: Investors, Daniel Salazar F., CFO, or Claudia Cabrera, IRO, +011-52-461-61-835-55, or inversionistas@bachoco.net , both of Industrias Bachoco, or Rachel Levine, +1-646-284-9439, or fax, +1-646-284-9494, or rlevine@hfgcg.com , for Industrias Bachoco/
 /Web site: <http://www.bachoco.com.mx> /
 (IBA)

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: January 30, 2007

By /s/ Daniel Salazar Ferrer, CFO
