



# Gruma S.A.B. de Gruma S.A.B. de C.V. – The Global Tortilla Monopoly

Investment Analysis: **A Structural Moat** with a **Valuation Dislocation**.



Ticker: BMV: GRUMAB | OTC: GMKKY



## The Moat (Scale & Logistics)

**Unreplicable Infrastructure:** 75 plants, 100 countries, and a Direct-Store-Delivery (DSD) network that creates an impenetrable barrier to entry.



## The Shift (Commodity to CPG)

**Margin Expansion:** Successfully pivoting from low-margin corn flour milling to high-margin, branded 'Better for You' consumer packaged goods (Mission Foods).

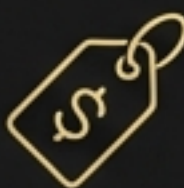


# The Investment Thesis at a Glance



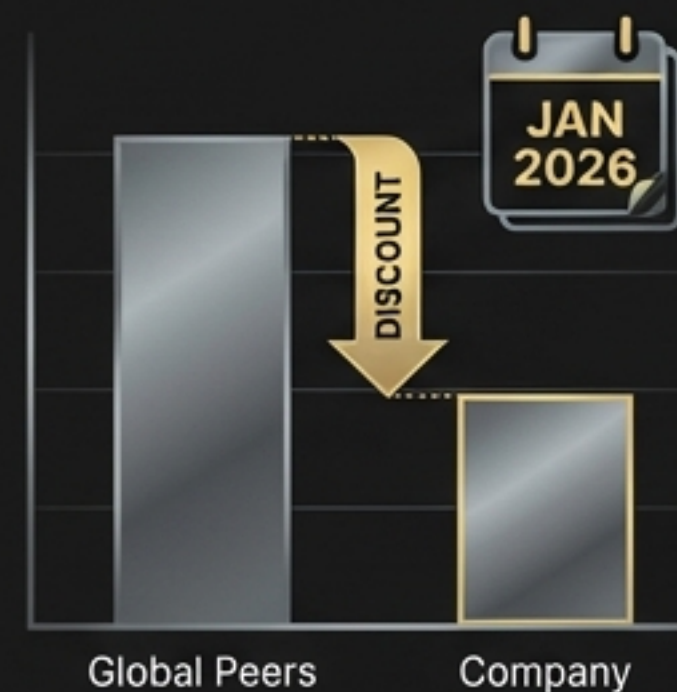
## The Discipline (Capital Allocation)

**Shareholder Alignment:** 1.2x Net Debt/EBITDA, ~16.5% ROIC, and aggressive share repurchases (3.9% of float retired in 2025).



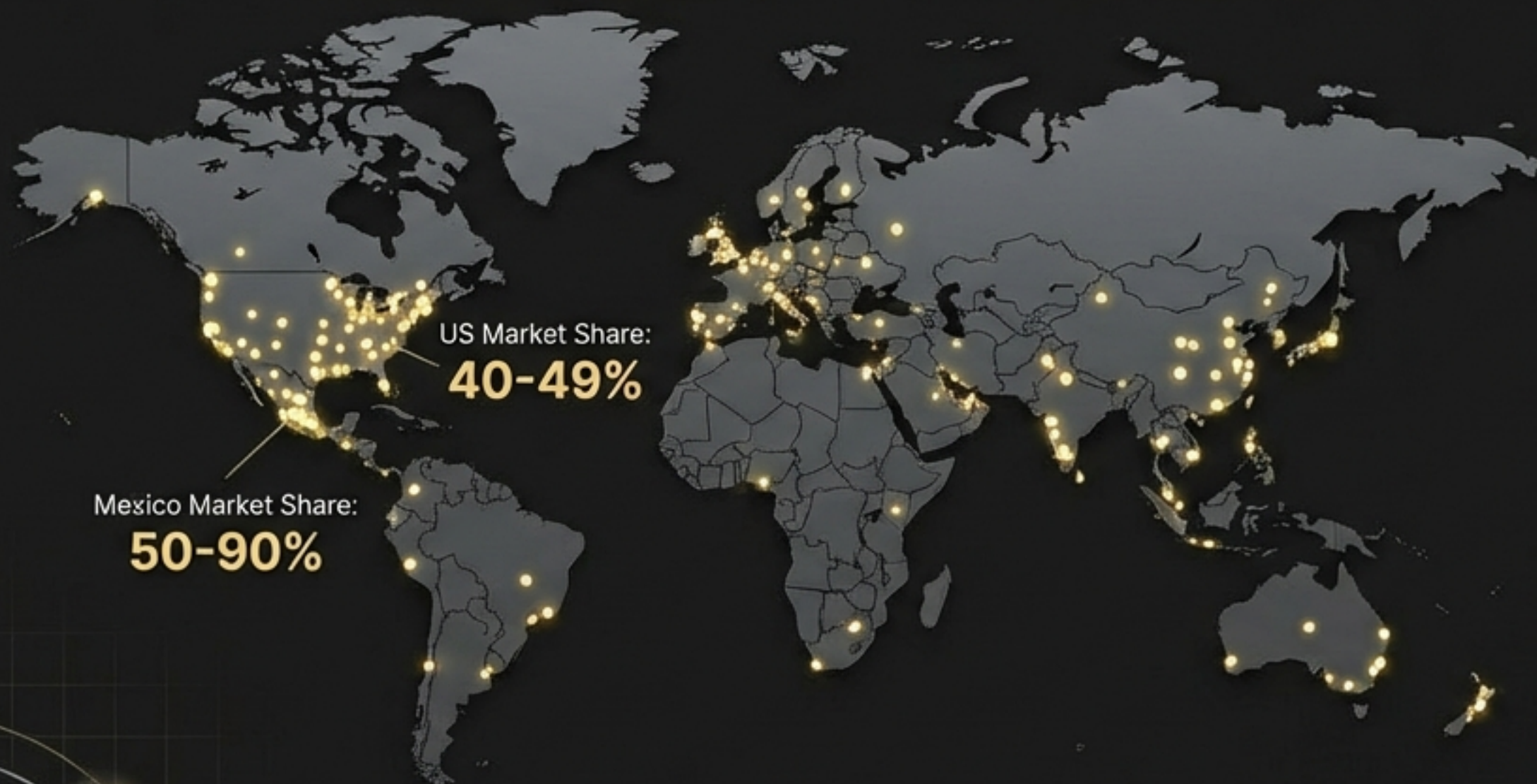
## The Catalyst (Valuation Dislocation)

**The Domicile Discount:** Trading at ~6.7x EV/EBITDA despite US-based unit economics. The Jan 2026 COFECE resolution removes the primary regulatory overhang.

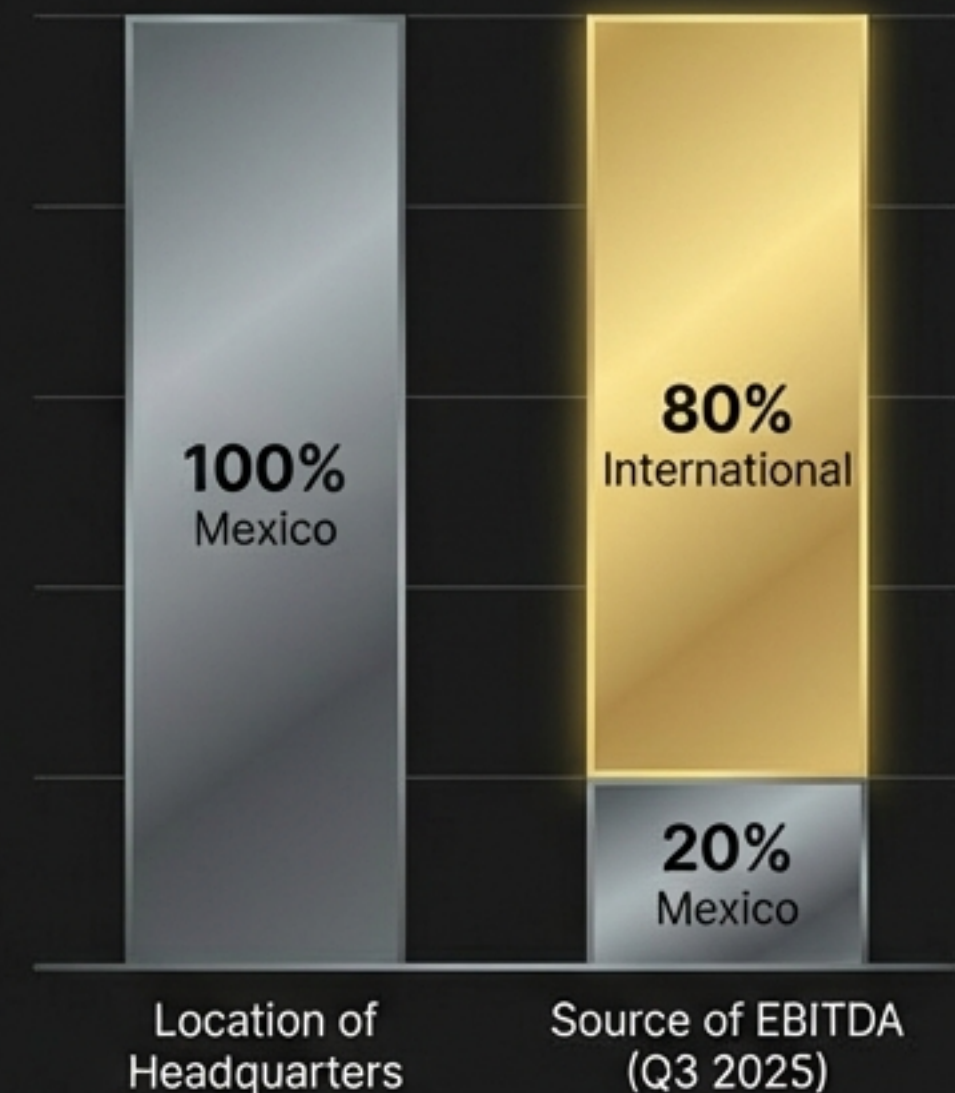


# A Global Consumer Staple Domiciled in Mexico

Global Reach: **25,000+ Employees** | Products in **100+ Countries**



## Geography vs. Economic Reality



Functionally a U.S. and International CPG enterprise, priced as a Mexican industrial.

# A Tale of Two Businesses: Commodity Milling vs. Branded CPG

## GIMSA (Mexico & US Milling)



- **Product:** Nixtamalized Corn Flour
- **Economics:** High volume, lower margin. Constrained by corn prices.
- **Role:** The Cash Cow funding expansion.

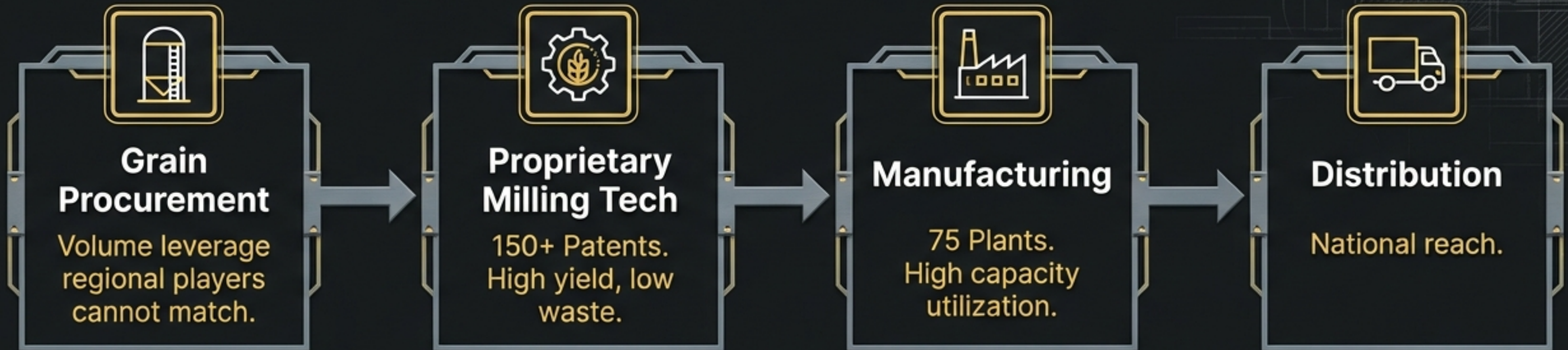
## Gruma USA / Europe (Mission Foods)



- **Product:** Branded Tortillas, Wraps, 'Better for You'.
- **Economics:** High margin, pricing power, brand loyalty.
- **Role:** The Growth Engine (~65-70% of consolidated EBITDA).

The structural margin differential between selling raw flour and selling branded health wraps is the primary driver of ROIC expansion.

# Competitive Advantage I: Scale & Vertical Integration



**\$220M Annual Maintenance CAPEX**

A barrier to entry. Replicating this footprint requires billions in sunk capital.

# Competitive Advantage II: The Direct-Store-Delivery (DSD) Network



**Competitors**  
(Warehouse Model)



Product sits, loses freshness,  
lacks merchandising control.



**Gruma**  
(DSD Model)



Factory to Shelf. Maximum freshness.  
Inventory control. Prime merchandising.



## Why it matters:

In Short-Shelf-Life categories, distribution IS the product.

The Moat: Replicating a national fleet with sufficient route density is economically unviable for new entrants.

# Competitive Advantage II: Brand Equity & The 'Health' Pivot



## Pricing Power in Inflation

Successfully executed price increases (2022-2024) without catastrophic volume loss.

## Litigation as Proof of Value

Competitor lawsuits over nutritional claims (NAD disputes) validate the high stakes and value of the 'Better for You' segment.

**Tortillas are transitioning from a staple carbohydrate to a premiumized health product.**

# The 'Regulatory Proof' of Monopoly Power



Oct  
2024

## COFECE Preliminary Ruling

Investigation confirms Gruma controls 50-90% share in key regions (22x-80x larger than nearest competitor).



Jan  
2026

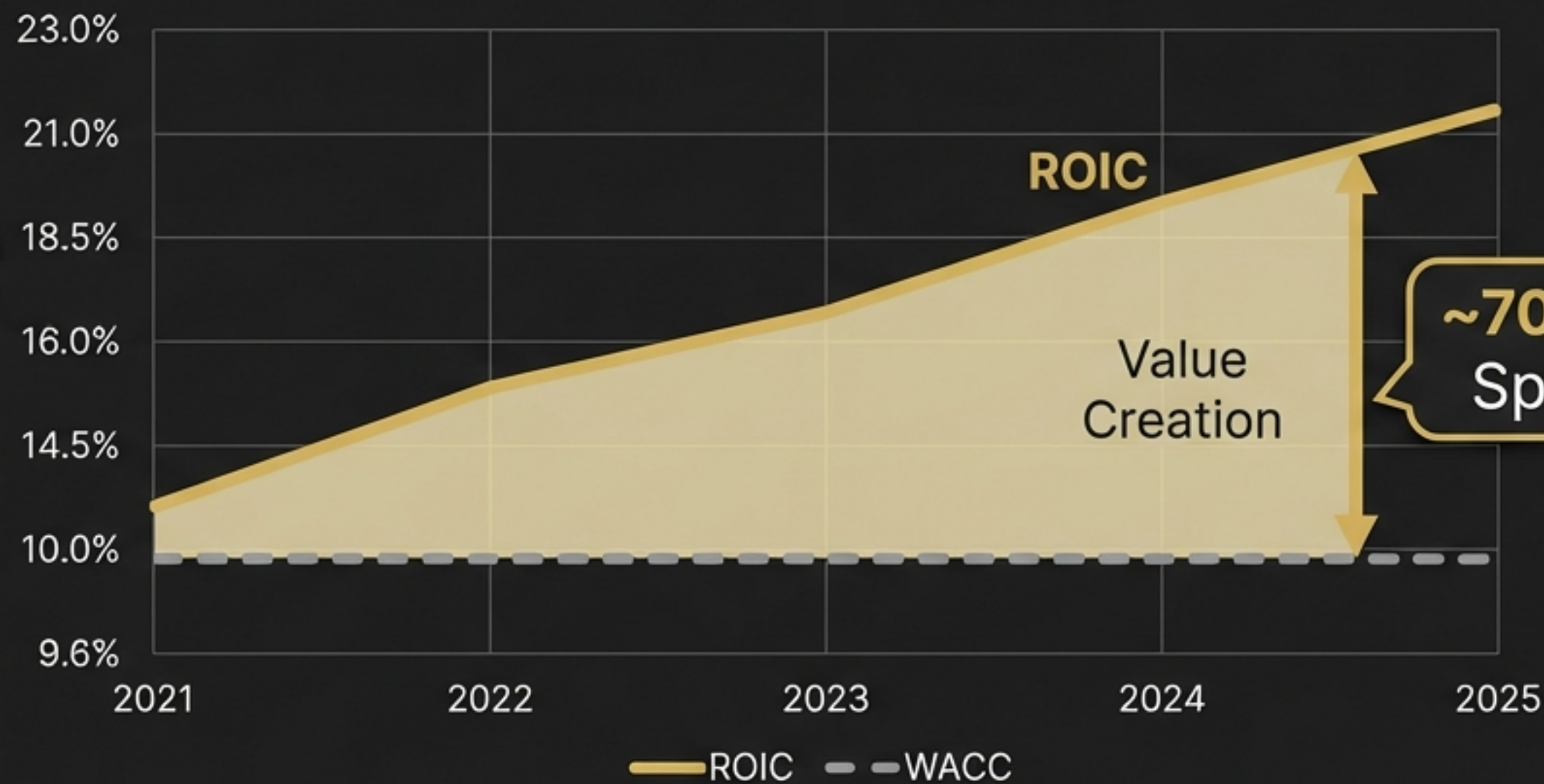
## Final Resolution

No forced divestitures. No plant sales. Behavioral remedies only.

**EXISTENTIAL  
RISK REMOVED**

The investigation proved the moat exists.  
The resolution proved the moat is safe.

# The Financial Verdict: Returns Above Cost of Capital



**14.1%**  
Operating  
Margin (2025)

**27.15%**  
Return on  
Equity (TTM)

Generating a ~700bps spread over cost of capital in a 'commodity' industry is the mathematical proof of a competitive advantage.

# Growth Vectors: Beyond the U.S. Volume

## Global Growth Drivers



### United States (Mature)

Volume maturing. Growth via **Premiumization** and **Pricing power**.

### Europe (High Growth)

**+15%** Net Sales surge (Q3 2025). Wraps replacing bread driving **double-digit expansion**.



### Mexico (Cash Cow)

Mature volume (~1% growth). Focus on **cash generation** for global funding.

### Asia & Oceania (Emerging)

**Strong demand** in China/Australia (+10% volume).



The era of easy demographic volume growth in the US is ending; the era of **global adoption** and **margin premiumization** is beginning.

# Disciplined Capital Allocation

## Sources and Uses

**Operating  
Cash Flow**



### Share Repurchases

14.0m shares retired in 2025 (3.9% of float).



### Dividends

Steady ~1.7% yield, conservative 18% payout.



### CAPEX (Controlled)

Strictly controlled at ~3.5% of sales (\$220M).

## Balance Sheet Strength

- **Net Debt / EBITDA:** 1.2x
- **Debt Structure:** Long-term fixed notes due 2034 & 2054.

**Total Debt: \$1.8 Billion**

Robust Cash  
Balances  
(USD)



# Risk Assessment & Mitigation

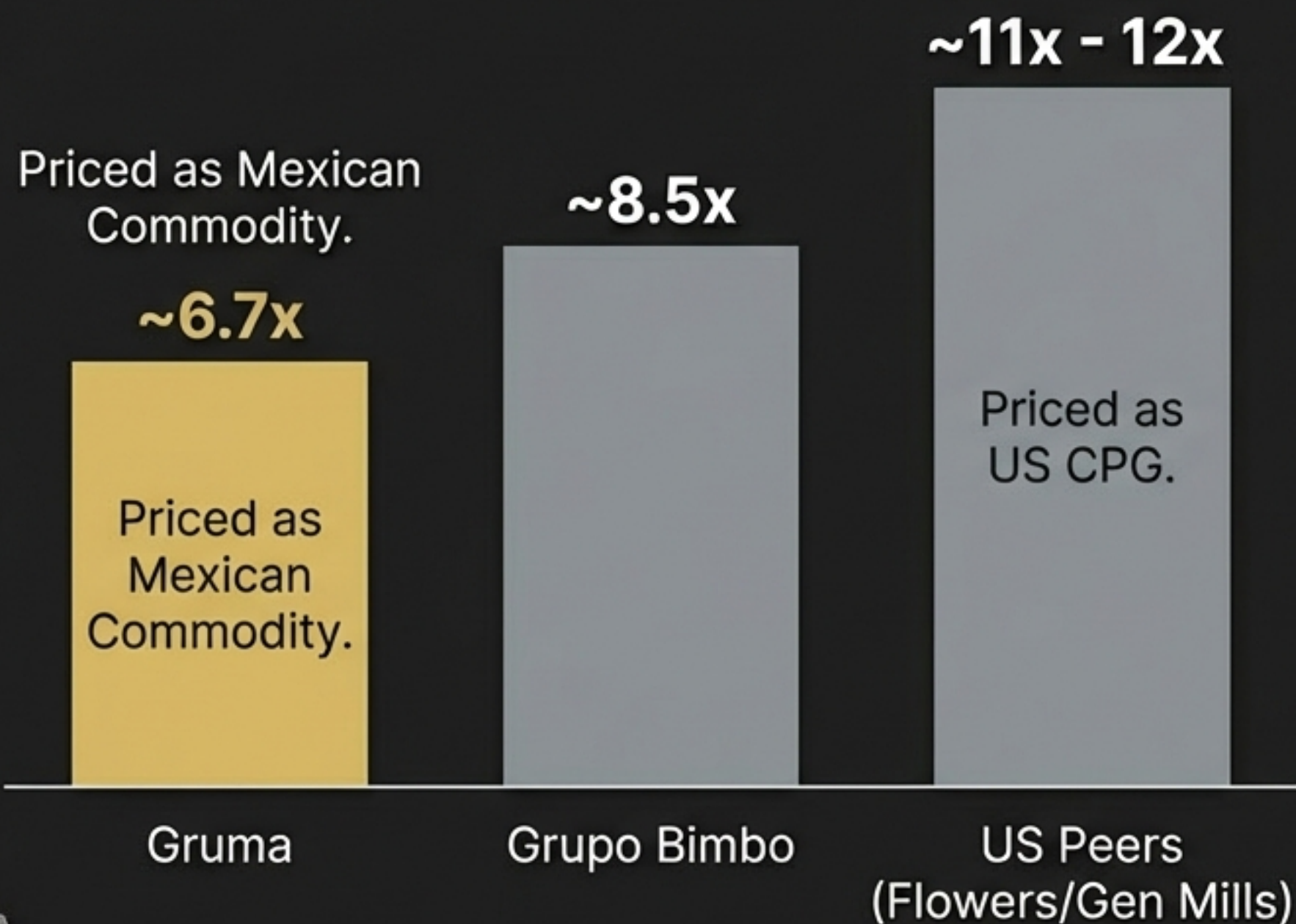
- **US Foodservice Contraction** (-2% Vol)
- **Corn Price Volatility**
- **US-Mexico Trade Policy** (USMCA)



- **Recession Resilience** ("Better for You" retail)
- **Localized Production** (US plants use US corn = Tariff Insulation)
- **Hedging & Pass-through Pricing**

# Valuation: The Domicile Discount

## EV/EBITDA Multiples



Gruma trades at a **~50% discount** to US peers despite superior ROE (27% vs 20%).

The market penalizes the Mexico domicile, ignoring that the cash flows are primarily USD-based.

# Investment Thesis Summary

- ✓ **Wide Economic Moat** (Scale, DSD Network, Brand Equity)
- ✓ **High Quality Financials** (ROIC > WACC spread, 27% ROE)
- ✓ **Shareholder Alignment** (Aggressive buybacks, Family ownership)
- ✓ **Risk Resolved** (COFECE investigation closed, no divestitures)
- ✓ **Asymmetric Valuation** (Quality compounder at ~6.7x EBITDA)

# Quality on Sale.

A high-quality compounder in disguise.



Disclaimer: This presentation is for informational purposes only and does not constitute financial advice. Forward-looking statements involve risks and uncertainties.