

Lorenzo and Roberto Servitje

By the end of World War II, sliced white pan bread was an established dietary staple in the United States. But when the Servitje family began operations at Panificación Bimbo in Mexico in December 1945, the loaf bread he began baking was only a niche product.

Not only has pan bread gained a solid foothold in Mexico, Grupo Bimbo S.A.B. de C.V. has now eclipsed in size all its peers "North of the Border," becoming one of the largest baking companies in the world.

Had Lorenzo Servitje followed his career ambitions, he never would have become a baker. Born in November 1918 in Mexico City, Don Lorenzo

Servitje Sendra was the child of immigrants who had come from Spain in search of "broader horizons." Juan Servitje, his father, began working at a bakery and pastry shop and eventually established the El Molino bakery, which remained popular for generations.

While his son, known as Don Lorenzo, began working at the bakery at the age of 16, he decided to study to become a public accountant. When Juan Servitje died suddenly, leaving a wife and four young children, Don Lorenzo quit school and took charge of the family bakery.

Adopting a business philosophy of "Believe — Create," the Servitjes began



The first Santa Maria Insurgentes Co. plant; picture taken a few days before the inauguration.



Proof of the spirit with which Bimbo's legendary distribution network was created.



Lorenzo Servitje celebrating the company's 20th anniversary in 1965.

baking loaf bread at a small plant with 35 employees, 10 delivery trucks and formulas to bake four different types of pan bread. Also partners in the business were his uncle, Jaime Sendra, and his brother, Roberto, who would spend the next half century in a leadership position at Bimbo.

According to the company, the objectives were straightforward — "To bake really good, nutritious, tasty and fresh bread under clean conditions and perfection."

Success did not come easily.

Post World War II economics made the purchase of baking equipment and vehicles difficult, and Bimbo was trying to sell pan bread in a market with very different eating habits.

To make a splash, Bimbo introduced personal service, a cellophane-wrapped loaf and broadcast radio and television advertising. Demand for its products grew.

"It is acknowledged in Mexico that it was Bimbo that made toast bread and sandwich consumption popular," the company said.

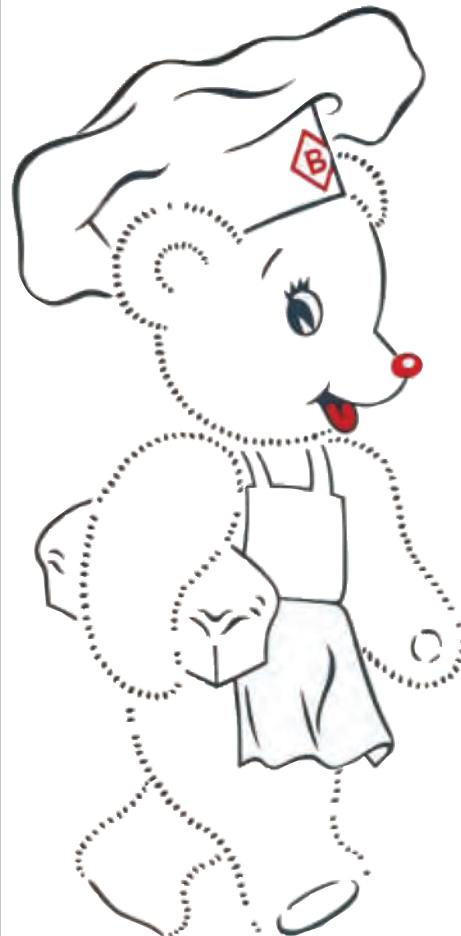
While the objective from the beginning was market penetration throughout Mexico, distribution was limited to the Mexico City area in the early days of the business. Expansion was accomplished through an unusual distribution alliance.

"For some time, Bimbo had an agreement with the shipping companies that delivered newspapers to the rest of the country so that both bread and news left the presses and the baking plant in the

wee hours of the morning to meet the daily appointment with consumers," the company said.

In the late 1940s and 1950s, Bimbo coupled its geographic expansion with the introduction of new products. Pound cake products were introduced in 1947, and hamburger and hot dog buns came five years later. The company's popular donuts were introduced in 1952 as well.

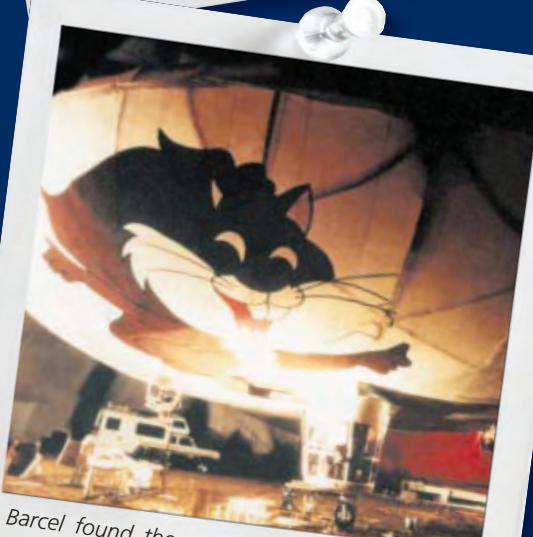
Bimbo, which is the Italian word for "child," is the name for the company's cartoon-character mascot, a little white



The first Bimbo Bear in 1945.



From left to right, Roberto Servitje, Jaime Jorba, Lorenzo Servitje, Jaime Sendra and Jose T. Mata.



Barcel found the market niches it sought and reached great successes such as that of Palomitas Barcel launched in 1975.



Bimbo's bread line.

bear. The word Bimbo is nearly synonymous with bread in Mexico, and the company's products are oriented toward families with children. The little white bear was adopted to symbolize the whiteness of the company's products.

The Servitjes established Productos Marinela in 1956, baking pastries and cookies for the growing population.

With rapid growth in demand for its products, Bimbo built a new baking plant farther north. Bimbo del Norte in Monterrey was opened to serve the northern states of Mexico.

Expansion continued in the years that followed. Bimbo began operations in the northeast, at Hermosillo, in 1966, and in the Gulf of Mexico region, at Veracruz, in 1970. A second Mexico City plant opened in 1972. The company added to its line by introducing a division for sweets and chocolates in 1971.

Product diversification continued in the 1970s, with the introduction of cookies, pies, fine pastries and the move into snack foods and confectionery.

International expansion began in 1989 with the construction of a plant in Guatemala and has continued rapidly since then. In 1991, the company established a Latin American Division, which has managed the expansion of the company's business to the far reaches of South America.

In the United States, Bimbo's initial entry was through the export of product into California and Texas beginning in 1984. Over the next 18 years, Bimbo has built a major U.S. presence with the acquisition of Mrs Baird's Bakeries based in Fort Worth, Texas, adding 1,200 direct-

store delivery routes and seven baking plants, and George Weston's western baking operation, 1,300 routes and five baking plants.

Into the 1990s, Lorenzo Servitje served as Bimbo chairman while Roberto Servitje was president and chief executive officer. Today, the company is headed by Lorenzo's son Daniel Servitje.

Currently, the company operates 14 baking plants and distributes products through 3,000 routes across the Untied States. B.B.U. has annual revenue of \$1.2 billion and has more than 7,000 employees.

Operating as a single business known as Bimbo Bakeries USA, the company serves customers in more than 27 states and has built its D.S.D. system steadily. The company's portfolio of brands includes Oroweat, Mrs Baird's, Bimbo, Tia Rosa, Marinela and Francisco. Additionally, it has the exclusive license to distribute Entenmann's and Thomas' products in the western United States.

The company's U.S. products include sliced traditional and premium bread, buns, cookies, snack cakes, tortillas, cakes, bagels, muffins, English muffins and pizza crust. The company also distributes sweet and salted snacks.

Even after moving into the United States, Bimbo continued expanding its presence in Mexico. Not long after the U.S. entry, the company acquired the Wonder bread operation in Mexico and, in the process, entered the milling business for the first time. Since then the company has built a flour mill in Mexico described by Swiss technical advisers as the most sophisticated on the continent, according to one corporate history.

While the company's entire history

has been one of steady and impressive growth, the last 20 years, which

encompasses the period of the major U.S. expansion, have been particularly

noteworthy for Bimbo. During this period, the company has built its product line to 5,000 products available at 1.3 million points of sale. The company's 30,400 delivery routes traverse mileage equating to 45 times the circumference of the earth.

Grupo Bimbo weathered the storm of severe economic problems in Mexico

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An ad for Bimbo Pound Cake including the list of ingredients used to make it.

during the early 1980s, largely by maintaining a conservative balance sheet. The company's shares have been publicly traded in Mexico since 1982.

In 2006, Grupo Bimbo had sales of NP63,633 million (\$5,822 million), up 9% from the year before. Mexico remains the largest market for Bimbo, accounting for 69% of sales. The United States is next at 23% with Latin America accounting for 8%. Its 74 baking plants are located in countries in the Americas, Europe and Asia and has 83,000 associates.