

Industrias Bachoco S.A.B. de C.V.
Form 6-K
July 27, 2010

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 July 26, 2010

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

Avenida Tecnológico 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__.)

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: July 26, 2010

By /s/ Daniel Salazar Ferrer, CFO

Industrias Bachoco Announces its 2010 Second Quarter Results

Celaya, Gto., Mexico, - July 26, 2010 - Industrias Bachoco S.A.B. de C.V. (“Bachoco” or “the Company”) (NYSE: IBA; BMV: Bachoco), Mexico’s leading producer and processor of poultry products, announced today its unaudited results for the second quarter ended June 30th, 2010. All figures have been prepared in accordance with Mexican GAAP. In line with the Mexican Accounting Principles, all data is presented in nominal Mexican pesos.

Highlights:

- The Company registered a 3.6% increase in total sales when compared with the same quarter of 2009.
- Bachoco’s EBITDA totaled Ps. 953.7 million, with a margin of 15.4% in 2Q10 vs. an EBITDA margin of 17.0% in 2Q09.
 - Chicken, eggs and swine volume sold increased 14.3%, 0.5% and 10.0%, respectively.
- EPS for the quarter were Ps. 1.03 (US\$ 0.96 per ADS) versus Ps. 1.16 (US\$ 1.08 per ADS) in 2Q09.

CEO’s Comments:

Cristobal Mondragon, Bachoco’s CEO, stated, “The second quarter of the year is typically affected by seasonal effects, it used to be good for the Mexican poultry industry, and this year was no exception.

“We saw an adequate demand for our chicken products, our main product line, and by keeping a close control of expenses and productivity improvements it allowed us to achieve sound results during the quarter.

“In addition, we obtained good results in the swine, balance feed and other lines businesses, but weaker results in our egg business line.

“Since the second quarter of last year, we have had extraordinary strong prices and results, which affect comparisons; however, we reached a two-digit EBITDA and net margin for the second quarter.

“Following the business agreement made during the second half of last year, our Northeast operation is practically integrated and well coordinated with the rest of the company,” concluded Mr. Mondragon.

SECOND QUARTER 2010 RESULTS

| Net sales | 2Q09 (%) | 2Q10 (%) |
|---------------|----------|----------|
| Chicken | 77.7% | 81.4% |
| Eggs | 10.2% | 8.2% |
| Balanced feed | 6.8% | 5.9% |
| Swine | 0.9% | 1.2% |
| Other lines | 4.3% | 3.3% |
| Total Sales | 100.0% | 100.0% |

Net Sales

Net sales for the second quarter amounted to Ps. 6,204.1 million, and were 3.6% above the Ps. 5,991.1 million reported in the same 2009 quarter. This increase was mainly driven by higher chicken and swine sales, which were partially offset by a decrease in eggs and balance feed sales.

Operating Results

Bachoco's second quarter gross margin, of 23.4%, was lower than 24.3% reported in 2Q09. This result is directly attributed to lower sale prices of Bachoco's main line products.

The Company registered an operating profit of Ps. 783.1 million, which is lower than the operating profit of Ps. 858.6 million registered in the same 2009 quarter. The operating margin for the quarter was 12.6%.

EBITDA amounted to Ps. 953.7 million, below the Ps. 1,019.3 million reported in the same 2009 quarter.

Net Majority Income (loss)

Net majority income for the second quarter amounted to PS. 617.7 million, or Ps. 1.03 per share (US\$0.96 per ADS), compared to a net majority income of Ps. 695.7 million, or Ps. 1.16 per share (US\$1.08 per ADS) reported in the same 2009 period.

RESULTS BY BUSINESS SEGMENT

Chicken

Sales of chicken products increased 8.5%, when compared to 2Q09, producing as a result a 14.3% increase in volume, which is mainly attributed to the business arrangement made during the second half of last year. This increase in volume was partially offset by the 5.1% decline in chicken prices.

Table Eggs

Sales of table eggs products decreased by 16.6% during the second quarter, due to a 17.0% decrease in eggs prices. However, lower prices were partially offset by a 0.5% increase in the volume sold.

Balanced Feed

Sales of balanced feed decreased 11.0% mainly due to the 1.9% decrease in prices and 9.3% decrease in balance feed volume sold.

Swine

The swine business line was stable during the second quarter. Sales were strong and rose 33.8%, as a result of a 21.6% gain in swine prices and 10.0% increase in volume sold.

Other Lines

Sales of other lines decrease 20.6% when compared with the same quarter of 2009, as sales of by-products declined.

FIRST HALF OF 2009

Net Sales

Net sales for the first half of 2010 amounted to Ps. 12,135.3 million, and were 2.3% above the Ps. 11,857.9 million reported in 1H09. The increase was mainly driven by the 5.3% increase in chicken sales, 24.4% in swine sales, which were partially offset by the 8.3% decrease in table eggs sales and 7.8% decrease in balanced feed sales.

| | Net sales | 1H10 (%) | 1H09 (%) |
|---------------|-----------|----------|----------|
| Chicken | | 80.6% | 78.3% |
| Eggs | | 9.1% | 10.2% |
| Balanced feed | | 5.7% | 6.3% |
| Swine | | 1.2% | 1.0% |
| Other lines | | 3.4% | 4.2% |
| Total Sales | | 100.0% | 100.0% |

Operating Results

Bachoco's gross margin for the first half of the year was 20.4%, lower than 21.6% in 1H09, which was mainly attributed to lower eggs and balanced feed sales. The Company's operating profit was Ps. 1,125.0 million, compared to an operating profit of Ps. 1,353.4 million reached in the same period of 2009. EBITDA was Ps. 1,465.7 million, 12.4% lower than the Ps. 1,673.6 million recorded in the 1H09. EBITDA margin for the first half of 2010 was 12.1%.

Taxes

Taxes for the first half of the year were Ps. 233.3 million.

Net Majority Income

Net majority income for first half of the year was Ps. 892.6 million, or Ps. 1.49 per share (US\$1.38 per ADS), compared to net income of Ps. 969.7 million, or Ps. 1.62 per share (US\$1.50 per ADS) reported in the same 2009 period.

Balance Sheet

Liquidity is solid with cash and cash equivalents amounting to Ps. 3,590.6 million as of June 30, 2010. The total debt outstanding was Ps. 790.3 million as of June 30, 2010.

Capital Expenditures

CAPEX during the first half of 2010 amounted to Ps. 203.2 million, and was entirely financed with internally generated resources.

Exhibits:

- A.- Consolidated Balanced Sheets
 - B.- Consolidated Statement of Income
 - C.- Consolidated Statement Cash Flow
 - D.- Derivatives Position Report
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A.- Consolidated Balance Sheets

Industrias Bachoco, S.A.B. de C.V.
Condensed Consolidated Balance Sheets

| | U.S.D. | | Mexican Pesos | | |
|---|-----------------|-----------|---------------|----------------|---------------|
| | 2010(1) | | 2010(2) | 2009(2) | |
| | | | As of June | As of June 30, | |
| | | | 30, | 30, | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 279 | Ps | 3,591 | Ps | 2,802 |
| Total accounts receivable | 122 | | 1,578 | | 1,353 |
| Inventories | 311 | | 4,012 | | 4,039 |
| Other current assets | - | | - | | 202 |
| Total current assets | 712 | | 9,181 | | 8,396 |
| Net property, plant and equipment | 837 | | 10,789 | | 10,620 |
| Other non current assets | 32 | | 418 | | 336 |
| TOTAL ASSETS | \$ 1,582 | Ps | 20,388 | Ps | 19,352 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Notes payable to banks | 36 | | 465 | | 405 |
| Accounts payable | 113 | | 1,457 | | 1,261 |
| Other taxes payable and other accruals | 57 | | 734 | | 507 |
| Total current liabilities | 206 | | 2,656 | | 2,172 |
| Long-term debt | 25 | | 325 | | 236 |
| Labor obligations | 8 | | 106 | | 91 |
| Deferred income taxes and others | 157 | | 2,017 | | 2,047 |
| Total long-term liabilities | 190 | | 2,449 | | 2,374 |
| TOTAL LIABILITIES | \$ 396 | Ps | 5,106 | Ps | 4,546 |
| STOCKHOLDERS' EQUITY | | | | | |
| Majority stockholder's equity: | | | | | |
| Capital stock | 178 | | 2,295 | | 2,295 |
| Paid-in capital | 58 | | 745 | | 744 |
| Reserve for repurchase of shares | 12 | | 159 | | 159 |
| Retained earnings | 864 | | 11,139 | | 10,591 |
| Net majority income of the year | 69 | | 893 | | 970 |
| Deficit from restatement of stockholder's equity | - | | - | | - |
| Derivate financial instruments | - | | - | | - |
| Total majority stockholder's equity | 1,182 | | 15,231 | | 14,759 |
| Minority interest | 4 | | 52 | | 47 |
| TOTAL STOCKHOLDERS' EQUITY | 1,186 | | 15,282 | | 14,807 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,582 | Ps | 20,388 | Ps | 19,352 |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$12.89

Source: Mexico's National Bank, as of June 30, 2010.

(2) Millions of Mexican nominal pesos

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B.- Consolidated Statement of Income

INDUSTRIAS BACHOCO, S.A.B. DE C.V.
Consolidated Statements of Income
-unaudited-

| | SECOND QUARTER | | | FIRST HALF | | |
|--|-------------------|--------------------------|--------------------------|-------------------|--------------------------|--------------------------|
| | U.S.D. 2010(1) | Mexican Pesos 2010(2) | Mexican Pesos 2009(2) | U.S.D. 2010(1) | Mexican Pesos 2010(2) | Mexican Pesos 2009(2) |
| Net sales | \$ 481 | Ps 6,204 | Ps 5,991 | US 941 | Ps 12,135 | Ps 11,858 |
| Cost of sales | 369 | 4,751 | 4,536 | 750 | 9,662 | 9,301 |
| Gross profit (loss) | 113 | 1,453 | 1,455 | 192 | 2,473 | 2,557 |
| Selling, general and administrative expenses | 52 | 670 | 597 | 105 | 1,348 | 1,204 |
| Operating income (loss) | 61 | 783 | 859 | 87 | 1,125 | 1,353 |
| Other income (expense) net | (2) | (30) | (3) | (2) | (30) | (35) |
| Comprehensive financing (cost) income | 3 | 35 | 14 | 3 | 33 | (106) |
| Interest income | 3 | 39 | 23 | 6 | 73 | 73 |
| Interest expense and financing expenses | (1) | (19) | (21) | (3) | (39) | (44) |
| Foreign exchange gain (loss), net | (0) | (0) | (23) | 0 | 4 | (18) |
| Other financial income (expense) net | 1 | 16 | 35 | (0) | (6) | (117) |
| Income before income tax, asset tax | 61 | 789 | 869 | 87 | 1,127 | 1,212 |
| Total income taxes | 13 | 171 | 169 | 18 | 233 | 236 |
| Income tax, asset tax | 16 | 202 | 28 | 19 | 248 | 51 |
| Deferred income taxes | (2) | (32) | 141 | (1) | (15) | 184 |
| Net income | \$ 48 | Ps 618 | Ps 700 | 69 | 894 | 976 |
| Minority net income | 0 | 0 | 5 | 0 | 1 | 6 |
| Majority net income | 48 | 618 | 696 | 69 | 893 | 970 |
| weighted average shares outstanding (in thousands) | 600,000 | 600,000 | 599,891 | 600,000 | 600,000 | 599,918 |
| Net majority Income per share (in U.S.D per ADS) | 0.96 | 1.03 | 1.16 | 1.38 | 1.49 | 1.62 |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$12.89

Source: Mexico's National Bank, as of June 30, 2010.

(2) Millions of Mexican nominal pesos

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C.- Consolidated Statement Cash Flow

Industrias Bachoco, S.A.B. de C.V.
Consolidated Statement of Cash Flows

| | U.S.D. | | Mexican Pesos | | |
|--|---------|------|---------------|------|----------------|
| | 2010(1) | | 2010(2) | | 2009(2) |
| | | | As of June | | As of June 30, |
| | | | 30, | | |
| NET MAJORITY INCOME BEFORE INCOME TAX | \$ 61 | Pes. | 789 | Pes. | 869 |
| ITEMS THAT DO NOT REQUIRE CASH: | (7) | | (88) | | (262) |
| Other Items | (7) | | (88) | | (262) |
| ITEMS RELATING TO INVESTING ACTIVITIES: | 26 | | 330 | | 296 |
| Depreciation and others | 26 | | 341 | | 320 |
| Income (loss) on sale of plant and equipment | (1) | | (9) | | (17) |
| Other Items | (0) | | (1) | | (6) |
| ITEMS RELATING TO FINANCING ACTIVITIES: | 9 | | 112 | | 117 |
| Interest income (expense) | 3 | | 39 | | 44 |
| Other Items | 6 | | 73 | | 73 |
| NET CASH GENERATED FROM NET INCOME BEFORE TAXES | \$ 89 | Pes. | 1,142 | Pes. | 1,021 |
| CASH GENERATED OR USED IN THE OPERATION | 30 | | 384 | | 16 |
| Decrease (increase) in accounts receivable | 6 | | 77 | | 145 |
| Decrease (increase) in inventories | 39 | | 501 | | 1,079 |
| Increase (decrease) in accounts payable | (21) | | (264) | | (722) |
| Income taxes paid | 5 | | 71 | | (487) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | \$ 118 | Pes. | 1,527 | Pes. | 1,037 |
| INVESTING ACTIVITIES | | | | | |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (30) | | (382) | | (320) |
| Acquisition of property, plant and equipment | (16) | | (203) | | (223) |
| Proceeds from sales of property plant and equipment | (1) | | (7) | | (11) |
| Other Items | (13) | | (171) | | (87) |
| CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES | \$ 89 | Pes. | 1,145 | Pes. | 717 |
| FINANCING ACTIVITIES | | | | | |
| Net cash provided by financing activities: | (33) | | (422) | | (229) |
| Proceeds from loans | 60 | | 770 | | 588 |
| Principal payments on loans | (73) | | (944) | | (573) |
| Dividends paid | (10) | | (125) | | (125) |

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| | | | |
|---|--------|-----------|-----------|
| Other items | (10) | (124) | (119) |
| NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS | 84 | 1,088 | 830 |
| CASH AND INVESTMENTS AT THE BEGINNING OF YEAR | 194 | 2,503 | 1,972 |
| CASH AND INVESTMENTS AT END OF PERIOD | \$ 279 | Ps. 3,591 | Ps. 2,802 |

(1) For reference, in millions of U.S. dollars using an exchange rate of \$12.89

Source: Mexico's National Bank, as of June 30, 2010.

(2) Millions of Mexican nominal pesos

D.- Derivatives Position Report

Industrias Bachoco, S.A.B. de C.V.
Thousands of Mexican Pesos, as of June 30, 2010
TABLE 1

Quarter: 2

| Type of Financial Instrument | Objective of the Instrument | Notional | Value of the Related Commodity | | | | Reasonable Value | Amounts Due by Year | Guaranties Required |
|--|-----------------------------|------------|--|--|----------|-------------|--------------------------------|---|---------------------|
| | | | 2Q-2010 | 1Q-2010 | 2Q-2010 | 1Q-2010 | | | |
| Forwards, knock out forwards, puts, collares and others under different amounts and conditions | Hedge and negotiation | \$ 269,530 | \$ 12.89 | \$ 12.36 | \$ 2,450 | \$ - 24,664 | 99.3% in 2010 and 0.7% in 2011 | | |
| Derivatives for corn and Soybean meal | Hedge | \$ 70,580 | Corn for September 2010: \$3.6275 USD/bushel; meal; \$259.40 USD/ton for December 2010 . | Corn for May 2010: \$3.45 USD/bushel. Soybean meal; \$265.8 and \$248.6 USD/ton for May and December 2010 respectively | \$ 3,634 | \$ - 2,068 | 2010 | The deals consider the possibility of margin calls but no another kind of guarantee | |
| Options for corn | Hedge and negotiation | \$ - | - | - | \$ - | \$ - | - | | |

None of the financial instruments exceed 5% of total assets as of June 30, 2010.

A negative value means an unfavorable effect for the Company.

The notional value represents the net position as of June 30, 2010 at the exchange rate of Ps.12.89 per USD.

Industrias Bachoco, S.A.B. de C.V.
Thousands of Mexican Pesos, as of June 30, 2010
Table 2

Quarter: 2

| Type of Financial Instrument | Reasonable Value as of June 30, 2010 | Value of the Related Commodity-reference value | | | Effect on the Income Statement | Effect on the Cash Flow *** | | |
|------------------------------|--------------------------------------|--|------|------|--------------------------------|-----------------------------|------|------|
| | | -2.5% | 2.5% | 5.0% | | -2.5% | 2.5% | 5.0% |
| | | | | | | | | |

| | | | | | | | | |
|---|----------|-----------|-----------|-----------|--|----------|----------|-----------|
| Forwards, knock out forwards, puts, collares and others under different amounts and conditions* | \$ 2,450 | \$ 12.57 | \$ 13.21 | \$ 13.53 | Direct | \$ - 561 | \$ 9,141 | \$ 15,935 |
| | - | -5% | 5% | 10% | | -5% | 5% | 10% |
| Futures for corn and Soybean | \$ 3,634 | \$ 3.4461 | \$ 3.8089 | \$ 3.9903 | The effect will materialize as the inventory is consumed | \$ - 77 | \$ 7,345 | \$ 11,055 |
| Options for corn** | \$ - | | | | | \$ - | \$ - | \$ - |

A negative value means an unfavorable effect for the Company.

**The reference value is the Futures of corn for September, \$3.6275 USD for bushel and of soybean meal for December 2010, \$259.40 USD/ton.

***The Company has credit lines with the majority of its counterparts, so that the effect in cash flow is lower than the amount shown.

Company Description

Industrias Bachoco S.A.B. de C.V. is the largest poultry company in Mexico, with over 800 production and distribution facilities currently organized in nine complexes throughout the country. Bachoco's main business lines are: chicken, eggs, and balanced feed, among others. The Company is also present in other businesses like swine, beef, margarine and turkey in Mexico. The Company's headquarters are located in Celaya, Guanajuato, Mexico. For more information, please visit Bachoco's website at <http://www.bachoco.com.mx> or contact our IR department.