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## INDUSTRIAS BACHOCO SWOT & PESTLE ANALYSIS

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**Company Name :** Industrias Bachoco

**Company Sector :** Poultry and Meat

**Operating Geography :** Mexico, North America, Global

**About the Company :**

Industrias Bachoco is the Mexican poultry industry and a key player in the country's food business. Bachoco was founded in 1952 and is headquartered in Celaya, Guanajuato, Mexico. Bachoco's operations include feed preparation, breeding, hatching, and raising chickens, as well as chicken processing, packing, and distribution. It transports and sells its goods to wholesalers as well as retailers. Industrias Bachoco operates about 600 facilities, including breeding and growing farms, feed plants, processing plants, and cold storage and warehouse facilities. In Mexico and the United States, the Company works in the food industry, mostly in the chicken industry. The Company's main business in Mexico is poultry (chicken and egg products). It also produces and distributes a variety of other products, referred to as other business lines, such as balanced feed, live swine, beef, and turkey products, as well as a vaccine manufacturing facility for the poultry sector and other comparable businesses. Under the symbol BACHOCOB, Bachoco trades on the Mexican Stock Exchange (BMV) and the New York Stock Exchange. Global Quality Certifications (México) awarded Bachoco the "Taste of the Year" quality certification for the food industry in 2021. Industrias Bachoco employs over 31,000 people as of early 2022.

Industrias Bachoco's USP lies in it being Mexico's poultry sector leader and one of the world's top poultry corporations. The mission statement of Industrias reads, "To be a high-performance company, within the context of NAFTA, that sells products of animal origin and that strives to satisfy the needs of customers, employees and shareholders while giving back to the community in a meaningful way".

**Revenue :**

Pesos 81,699 million - FY ending 31st December 2021 (y-o-y growth 18.8%)

Pesos 68,792 million - FY ending 31st December 2020

**SWOT Analysis :**

The SWOT Analysis for Industrias Bachoco is given below:

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. One of the largest and the best poultry producers worldwide with 65 years of experience</li> <li>2. Strong financial performance for the past 5 years, consistent increase in revenue.</li> <li>3. Well defined and diversified product portfolio, it sells protein other than chickens</li> <li>4. The company has AAA credit rating</li> </ol>	<ol style="list-style-type: none"> <li>1. Present only in Mexico and United States.</li> <li>2. A portion of properties are rented which increases costs.</li> <li>3. In the U.S. the company produces and distributes only chicken products.</li> </ol>
Opportunities	Threats
<ol style="list-style-type: none"> <li>1. International expansion through strategic acquisitions</li> <li>2. Participation in other protein businesses in Mexico</li> </ol>	<ol style="list-style-type: none"> <li>1. The company's products are susceptible to infections and contamination.</li> <li>2. Strong variation in exchange rates since mostly purchases made in dollars and sales made in pesos.</li> <li>3. The industry is subject to cyclic fluctuations causing volatility in prices and demand.</li> <li>4. Elimination of tariff barriers can negatively impact the company.</li> </ol>

## PESTLE Analysis :

The PESTLE Analysis for Industrias Bachoco is given below:

<p style="text-align: center;"><b>Political</b></p> <p>1.Any re-negotiation of United States-Mexico-Canada Agreement can materially impact the business</p> <p>2.Change in the policies regarding Mexico by the Biden administration may affect operations of the company</p>	<p style="text-align: center;"><b>Economical</b></p> <p>1.Growth of the Mexican economy directly proportional to the growth of U.S. economy</p>
<p style="text-align: center;"><b>Social</b></p> <p>1.During Covid-19 more Americans were eating chicken</p>	<p style="text-align: center;"><b>Technological</b></p> <p>1.Technology investments to drive innovation and customer experience</p>
<p style="text-align: center;"><b>Legal</b></p> <p>1.Mexican producers are subject to antitrust regulations and are required to notify the Competition Federal Commission</p> <p>2.Subject to animal health and environmental regulations</p>	<p style="text-align: center;"><b>Environmental</b></p> <p>1.The company uses natural gas instead of fuel oil to mitigate emission of gases</p> <p>2.Increased focus on water conservation and sustainability in poultry industry</p> <p>3.To promote sustainability, the company uses biogas in pig farms located in Mexico</p>

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