



GRUPO HERDEZ REPORTS FIRST QUARTER 2016 RESULTS

Highlights from the quarter:

- Consolidated net sales rose 16.4% primarily driven by strong performance in Mexico core and two additional months of Helados Nestlé.
- EBIT and EBITDA margins were 11.6% and 13.9%, respectively.
- CAPEX in the quarter totaled Ps. 233 million, mainly allocated to the ongoing expansion of the distribution center in Sinaloa.

Mexico City, Mexico, April 21, 2016 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ, OTC: GUZBY) today announced results for the first quarter ended March 31, 2016.

“We are pleased to report double digit sales growth in the quarter, largely reflecting the effectiveness of our focused commercial strategy in Mexico and a positive calendar effect. While margins were under pressure due to higher costs and the greater impact of seasonality in the ice cream category, we are confident that our operating strategy will support performance in the year,” said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

NET SALES

Net sales in the first quarter rose 16.4% from the year ago period to Ps. 4,328 million, primarily driven by Mexico core and two additional months of Helados Nestlé.

Net sales in Mexico core grew a solid 12.1% notwithstanding a strong base of comparison, reflecting a positive calendar effect and the continuous benefit of a more focused commercial strategy. As a result, home-style salsa, jams, ketchup, mole, pasta, tomato purée, tea and tuna grew at double-digit rates during the quarter. To a lesser extent, the pricing actions implemented in the quarter contributed 1.0 percentage point of growth.

The information contained in this document is prepared in accordance with International Financial Reporting Standards (IFRS) and expressed in nominal Mexican pesos unless otherwise stated.

Grupo Herdez consolidates 100% of the Frozen division, Herdez Del Fuerte, Barilla Mexico and McCormick de Mexico in its financial statements. The proportional stake of Herdez Del Fuerte in MegaMex is registered in Equity Investment in Associates.

In the Frozen division, sales grew 53.7% due to two additional months of Helados Nestlé. On a comparable basis, Helados Nestlé grew at double digit rates derived from the new freezers allocated since the acquisition. At Nutrisa, sales growth was mainly driven by 69 net stores opened during the last twelve months. Export sales rose 16.7% reflecting the strengthening of the US dollar.

NET SALES	1Q16	1Q15	% Change
Consolidated	4,328	3,719	16.4
Mexico Core	3,529	3,148	12.1
Frozen	546	355	53.7
Exports	253	216	16.7

Figures in million pesos

GROSS PROFIT

As expected, gross margin declined 4.0 percentage points in the quarter to 37.4% due to the impact of higher dollar-denominated costs and the addition of two low season months of Helados Nestlé.

GROSS PROFIT	1Q16	1Q15	% Change
Consolidated	1,617	1,538	5.1
Mexico Core	1,234	1,277	(3.4)
Frozen	353	238	48.3
Exports	29	23	27.8

Figures in million pesos

GROSS MARGIN	1Q16	1Q15	pp Chg
Consolidated	37.4	41.4	(4.0)
Mexico Core	35.0	40.6	(5.6)
Frozen	64.7	67.1	(2.4)
Exports	11.6	10.6	1.0

SALES, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A as a proportion of net sales at the consolidated level increased 80 basis points to 26.0%. The above is explained by an increase of 6.6 percentage points in the Frozen division due to the incorporation of the two additional months of Helados Nestlé and stores opened for Nutrisa during the last twelve months.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT in the quarter totaled Ps. 502 million, which represented a margin of 11.6%. In Mexico core the impact is related to the contraction of the gross margin while in the Frozen division

it is explained by the aggressive store expansion at Nutrisa and the seasonal effect of Helados Nestlé. The EBIT margin in Exports remained stable at 4.2 percent.

EBIT	1Q16	1Q15	% Change
Consolidated	502	617	(18.7)
Mexico Core	526	596	(11.8)
Frozen	(34)	13	(373.0)
Exports	11	9	18.3

Figures in million pesos

EBIT MARGIN (%)	1Q16	1Q15	pp Chg
Consolidated	11.6	16.6	(5.0)
Mexico Core	14.9	18.9	(4.0)
Frozen	(6.3)	3.5	(9.8)
Exports	4.2	4.1	0.1

COMPREHENSIVE FINANCING RESULT

The Company registered a net financing cost of Ps. 125 million in the quarter, comprised of net interest expense of Ps. 99 million and a net exchange loss of Ps. 26 million derived from the appreciation of the US dollar.

EQUITY INVESTMENT IN ASSOCIATES

In the quarter, equity investment in associates totaled Ps. 150 million, 27.8% higher than the year ago figure driven by organic growth at MegaMex in combination with the strengthening of the US dollar when compared to the first quarter of last year.

EQUITY INVESTMENT IN ASSOCIATES	1Q16	1Q15	% Change
Consolidated	150	118	27.8
MegaMex	144	108	33.0
Others	6	9	(35.5)

Figures in million pesos

CONSOLIDATED NET INCOME

Consolidated net income totaled Ps. 361 million in the quarter, a 17.2% decline compared to the same period of last year, while the margin contracted 3.4 percentage points to 8.3%.

MAJORITY NET INCOME

Majority net income totaled Ps. 163 million in the quarter, a 27.2% decline, while the margin fell 2.2 percentage points to 3.8%.

NET INCOME	1Q16	1Q15	% Change
Consolidated Net Income	360	436	(17.3)
Consolidated Net Margin (%)	8.3	11.7	(3.4) pp
Minority Interest	198	212	(6.6)
Majority Net Income	162	224	(27.4)
Majority Net Margin (%)	3.7	6.0	(2.3) pp

Figures in million pesos

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AMORTIZATION AND OTHER NON-CASH CHARGES (EBITDA)

EBITDA in the quarter totaled Ps. 603 million, 13.6% less than in the year ago period, due to the gross margin contraction in Mexico core and the impact of a full quarter of Helados Nestlé.

EBITDA	1Q16	1Q15	% Change
Consolidated	603	698	(13.6)
Mexico Core	581	649	(10.5)
Frozen	6	34	(81.8)
Exports	16	15	7.0

Figures in million pesos

EBITDA MARGIN (%)	1Q16	1Q15	pp Chg
Consolidated	13.9	18.8	(4.9)
Mexico Core	16.5	20.6	(4.1)
Frozen	1.1	9.5	(8.4)
Exports	6.3	6.8	(0.5)

CAPITAL EXPENDITURES (CAPEX)

Net CAPEX in the quarter was Ps. 233 million. The majority of these funds were allocated to the ongoing expansion of the distribution center in Los Mochis, Sinaloa. This expansion will increase the capacity in 2.3 times.

CASH FLOW FROM OPERATIONS

Cash flow from operations totaled Ps. 278 million in the quarter.

FINANCIAL STRUCTURE

At March 31, 2016, the Company's consolidated cash position totaled Ps. 1,607 million while interest-bearing liabilities, excluding corporate debt¹, was Ps. 6,058 million.

¹ Corporate debt includes interest-bearing liabilities of the associated company Herdez Del Fuerte that cannot be eliminated since its results are consolidated fully into Grupo Herdez financial statements. It is important to note that in the Consolidated Statement of Financial Position, Grupo Herdez recognizes an account receivable of the same amount.



Net debt to consolidated EBITDA remained stable at 1.6 times while net debt to consolidated stockholder's equity was 0.32 times.

NUTRISA STORES

As of March 31, 2016, Nutrisa added 15 net stores for a total of 502.

1Q16 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, April 22th, 2016

Time: 12:00 p.m. E.T. / 11:00 a.m. C.T.

To participate, please dial:

- Toll-Free US and Canada: +1 (888) 337 8198
- Toll International: +1 (719) 457 1512
- Conference ID#: 8946505

To access on the internet, follow the link available at <http://grupoherdez.mx/investors/?lang=en> or go directly to <http://public.viavid.com/index.php?id=118911>

If you are unable to participate live, a replay of the conference call will be available from April 22 until May 6, 2016. To access the replay, please dial domestic US and Canada +1 (877) 870 5176, or from other countries +1 (858) 384 5517; conference ID: 8946505.

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INCOME STATEMENT	First Quarter				
	2016	%	2015	%	% Chg
Net Sales	4,328	100.0	3,719	100.0	16.4
Mexico Core	3,529	100.0	3,148	100.0	12.1
Frozen	546	100.0	355	100.0	53.7
Exports	253	100.0	216	100.0	16.7
Cost of Goods Sold	2,711	62.6	2,181	58.6	24.3
Mexico Core	2,295	65.0	1,870	59.4	22.7
Frozen	193	35.3	117	32.9	64.7
Exports	223	88.4	194	89.4	15.4
Gross Profit	1,617	37.4	1,538	41.4	5.1
Mexico Core	1,234	35.0	1,277	40.6	(3.4)
Frozen	353	64.7	238	67.1	48.3
Exports	29	11.6	23	10.6	27.8
Operating Expenses	1,123	26.0	936	25.2	20.0
Mexico Core	719	20.4	695	22.1	3.5
Frozen	386	70.7	228	64.1	69.5
Exports	19	7.4	14	6.5	33.9
EBIT before Other Income and Expenses	494	11.4	602	16.2	(18.0)
Mexico Core	516	14.6	583	18.5	(11.5)
Frozen	-32	(6.0)	11	3.0	N.A.
Exports	11	4.2	9	4.1	18.3
Other Income/Expenses, Net	-8	(0.2)	-15	(0.4)	N.A.
EBIT	502	11.6	617	16.6	(18.7)
Mexico Core	526	14.9	596	18.9	(11.8)
Frozen	-34	(6.3)	13	3.5	
Exports	11	4.2	9	4.1	18.3
Comprehensive Financing Result	-125	(2.9)	-95	(2.6)	(31.6)
Interest Earned and Paid, Net	-99	(2.3)	-87	(2.3)	(13.8)
Exchange Loss (Gain)	-26	(0.6)	-8	(0.2)	-
Equity Investment in Associates	150	3.5	118	3.2	27.8
MegaMex	144	3.3	108	2.9	33.0
Others	6	0.1	9	0.2	(35.5)
Income Before Income Taxes	527	12.2	639	17.2	(17.6)
Income Tax Provision	167	3.9	204	5.5	(18.1)
Income Before Discontinued Operations	360	8.3	436	11.7	(17.3)
Discontinued Operations	0	0.0	0	0.0	-
Consolidated Net income	360	8.3	436	11.7	(17.3)
Minority Interest	198	4.6	212	5.7	(6.6)
Majority Net Income	162	3.7	224	6.0	(27.4)
EBITDA	603	13.9	698	18.8	(13.6)
Mexico Core	581	16.5	649	20.6	(10.5)
Frozen	6	1.1	34	9.5	(81.8)
Exports	16	6.3	15	6.8	7.0

Figures expressed in millions of Mexican pesos

The proportions of COGS, Gross Profit, Operating Income and EBITDA of the segments are calculated accordingly

STATEMENT OF FINANCIAL POSITION	March 31 2016	%	Dec 31 2015	%	Change \$	%
TOTAL ASSETS	25,263	100.0	24,405	100.0	857	3.5
Domestic	23,960	94.8	22,949	90.8	1,010	4.4
USA	1,304	5.2	1,456	5.8	-152	(10.5)
Current Assets	6,776	26.8	6,198	25.4	578	9.3
Cash and Equivalents	1,607	6.4	1,483	6.1	124	8.4
Accounts Receivable	1,584	6.3	1,433	5.9	151	10.6
Other Accounts Receivable	155	0.6	117	0.5	38	32.7
Inventories	2,435	9.6	2,438	10.0	-3	(0.1)
Other Current Assets	995	3.9	728	3.0	267	36.7
Non-Current Assets	18,487	73.2	18,207	74.6	280	1.5
Property, Plant and Equipment, Net	5,351	21.2	5,205	21.3	145	2.8
Investment In Subsidiaries	5,675	22.5	5,683	23.3	-8	(0.1)
Intangible Assets	6,813	27.0	6,778	27.8	35	0.5
Other Assets	648	2.6	541	2.2	107	19.8
TOTAL LIABILITIES	11,376	45.0	10,498	43.0	877	8.4
Domestic	11,288	44.7	10,452	42.8	836	8.0
USA	88	0.3	47	0.2	42	89.1
Current Liabilities	3,164	12.5	2,630	10.8	534	20.3
Accounts Payable	1,532	6.1	1,254	5.1	278	22.2
Short-Term Debt	350	1.4	543	2.2	-193	(35.5)
Other Short-Term Liabilities	1,282	5.1	834	3.4	448	53.7
Long-Term Liabilities	8,213	32.5	7,868	32.2	345	4.4
Long-Term Debt	5,708	22.6	5,402	22.1	306	5.7
Other Liabilities	1,296	5.1	1,316	5.4	-20	(1.5)
Other Long-Term Liabilities w/o Cost	1,209	4.8	1,150	4.7	59	5.1
TOTAL STOCKHOLDERS' EQUITY	13,887	55.0	13,907	57.0	-20	(0.1)
Minority Stockholder's Equity	6,969	27.6	7,163	29.4	-194	(2.7)
Majority Stockholder's Equity	6,918	27.4	6,744	27.6	174	2.6

Figures expressed in millions of Mexican pesos



About Grupo Herdez

Grupo Herdez is the leading producer of shelf-stable foods and one of the main players in the ice cream category in Mexico, as well as one of the leaders in the Mexican food category in the United States. The Company participates in a wide range of categories including burritos, canned vegetables, frozen yogurt, guacamole, home style salsas, honey, ice cream, jam, ketchup, mayonnaise, mole, mustard, organic foods, pasta, spices, tea, tomato puree, and tuna fish, among others. These products are commercialized through an exceptional portfolio of brands, which include Aires de Campo®, Barilla®, Búfalo®, Chi-Chi's®, Del Fuerte®, Don Miguel®, Doña María®, Embasa®, Helados Nestlé®, Herdez®, La Victoria®, McCormick®, Nutrisa®, Wholly Guacamole® and Yemina®. Additionally, the Company has distribution agreements in Mexico for Herdez GoGo Squeez®, Kikkoman®, Ocean Spray®, Reynolds® and Truvia®. Grupo Herdez has 15 plants, 9 distribution centers, 8 tuna vessels, 502 Nutrisa stores and a workforce of more than 8,500 associates. The Company was founded in 1914 and has been listed in the Mexican Stock Exchange since 1991 and in the OTC market since 1997. For more information, visit www.grupoherdez.com.mx

Forward-Looking Statement

The information herein contained ("Information") has been prepared by Grupo Herdez, S.A.B. de C.V., its associates, subsidiaries and/or affiliated companies ("Grupo Herdez") and may contain forward-looking statements that reflects Grupo Herdez current expectations and views which could differ materially due to different factors, risks and uncertainties. Therefore, Grupo Herdez and/or its respective officers, employees or agents, assume no responsibility or liability for any discrepancy in the Information. In particular, but without prejudice to the generality of the foregoing, no warranty is given as to the accuracy of the statements or the future variation of the Information or any other written or oral Information issued by Grupo Herdez. The Information has been delivered for informative purposes only. The issuance of this Information shall not be taken as any form of commitment on the part of Grupo Herdez to proceed with any transaction.