

## GRUPO HERDEZ REPORTS THIRD QUARTER 2015 RESULTS

### Highlights from the quarter:

- Consolidated net sales rose 16.3% primarily driven by the incorporation of Helados Nestlé and 7.4% growth in Mexico core.
- EBITDA margin expanded 2.0 percentage points to 18.5% on better COGS in Mexico core and the Frozen division.
- Consolidated net income increased 16.1% to Ps. 432 million.

**Mexico City, Mexico, October 22, 2015 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”)** (MSE: HERDEZ, OTC: GUZBY) today announced results for the third quarter ended September 30, 2015.

“Strong market execution, healthy growth in our newly acquired ice cream business, and continued gains from production efficiencies propelled performance in the quarter, offsetting the impact on costs of a stronger dollar”, said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

### Net Sales

Net sales in the third quarter rose 16.3% from the year ago period to Ps. 4,248 million, primarily reflecting the incorporation of Helados Nestlé.

Net sales in Mexico core grew 7.4% driven mainly by a better sales mix and price increases implemented in April. By category, mayonnaise, tomato puree and mole outperformed. In addition, in September, the Company implemented another pricing action in order to offset the impact of higher costs associated with dollar-denominated inputs. Export sales remained under pressure in dollar terms due to the impact of raw material shortages in previous quarters and continuous inventory adjustments. In the Frozen division, sales grew 122.7% reflecting the incorporation of Helados Nestlé since March of this year. Sales at this unit have been better than expected due to favorable weather conditions. At Nutrisa, the trend in sales continued to improve; for the first time in 2015, total sales were higher than in the previous period of 2014, reflecting better traffic and a higher average ticket in frozen yogurt.

---

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 in its financial statements 100% of the Frozen Division, Herdez Del Fuerte, Barilla Mexico and McCormick Mexico. While its proportional stake in MegaMex is registered in the Equity Investment in Associates.

On a cumulative basis, consolidated net sales rose 16.5% to Ps. 11,913 million, arising from solid commercial execution in Mexico core and solid growth in the Frozen division.

Net Sales	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated	4,248	3,653	16.3	11,913	10,223	16.5
Mexico Core	3,300	3,072	7.4	9,475	8,588	10.3
Frozen	635	285	122.7	1,683	899	87.2
Exports	313	296	5.6	754	736	2.5

Figures in million pesos

### Gross Profit

Consolidated gross margin in the quarter expanded 3.7 percentage points from the same period of last year to 41.6%, while on a cumulative basis, the margin was 42.1%, 3.9 percentage points higher than in 2014. These expansions are the result of: i) production efficiencies arising from the new mayonnaise and canned vegetables plants; ii) the incorporation of Helados Nestlé, which has a significantly lower cost structure; iii) a better sales mix, both at Mexico core and Nutrisa; and iv) risk management, which limited the adverse impact of the stronger dollar.

Gross Profit	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated	1,769	1,386	27.6	5,021	3,909	28.4
Mexico Core	1,296	1,170	10.7	3,781	3,258	16.0
Frozen	436	181	140.7	1,153	573	101.1
Exports	37	35	6.4	87	78	11.1

Figures in million pesos

Gross Margin	3Q15	3Q14	pp Chg	9M15	9M14	pp Chg
Consolidated	41.6	37.9	3.7	42.1	38.2	3.9
Mexico Core	39.3	38.1	1.2	39.9	37.9	2.0
Frozen	68.7	63.6	5.1	68.5	63.8	4.7
Exports	11.9	11.8	0.1	11.5	10.6	0.9

### Sales, General and Administrative Expenses (SG&A)

SG&A in the quarter increased 2.4 percentage points as a proportion of net sales, to 25.8% mainly due to the incorporation of Helados Nestlé and the opening of 20 Nutrisa stores. In Mexico core, SG&A remained flat as a proportion of net sales due to solid sales growth, which absorbed fixed expenses.

On a cumulative basis, SG&A increased 2.3 percentage points to 26.4% due to the incorporation of the higher expense structure of the Frozen division.

### Earnings Before Interest, Taxes, Other Income and Expenses (EBIT Before Other Income and Expenses)

EBIT Before Other Income and Expenses totaled Ps. 672 million in the quarter, 26.2% higher than in the same period of last year, while the margin expanded 1.2 percentage points to 15.8%. This performance is attributable to gross margin expansion across all segments.

On a cumulative basis, EBIT Before Other Income and Expenses rose 30.2% to Ps. 1,881 million, while the margin expanded 1.7 percentage points to 15.8%.

### Other Income and Expenses

The Company registered Ps. 6 million and Ps. 17 million of other income in the quarter and first nine months of the year, respectively.

### Earnings Before Interest and Taxes (EBIT)

EBIT in the quarter totaled Ps. 679 million, 31.2% higher than in the same period of last year, while the margin increased 1.8 percentage points to 16.0%. This expansion reflects solid performance at Mexico core and a strong quarter for the Frozen division as explained above.

On a cumulative basis, consolidated EBIT rose 36.4% to Ps. 1,898 million, with a 2.3 percentage point margin expansion to 15.9% due to gross margin performance.

EBIT	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated	679	517	31.2	1,898	1,392	36.4
Mexico Core	609	498	22.2	1,728	1,293	33.6
Frozen	56	7	N.A.	135	70	93.1
Exports	14	13	14.1	35	29	22.7

Figures in million pesos

EBIT Margin (%)	3Q15	3Q14	pp Chg	9M15	9M14	pp Chg
Consolidated	16.0	14.2	1.8	15.9	13.6	2.3
Mexico Core	18.4	16.2	2.2	18.2	15.1	3.1
Frozen	8.8	2.3	6.5	8.0	7.8	0.2
Exports	4.6	4.2	0.4	4.7	3.9	0.8

### Comprehensive Financing Result

The Company registered a net financing cost of Ps. 126 million in the quarter, comprised of net interest expense of Ps. 95 million, and a net exchange loss of Ps. 31 million derived from the impact of the stronger US dollar, which impacted dollar denominated loans. In the cumulative figure, net financing cost totaled Ps. 338 million, 8.3% higher than in 2014 due to a currency loss of Ps. 63 million.

### Equity Investment in Associates

In the quarter, equity investment in associates totaled Ps. 94 million, 5.5% higher than the year-ago figure. The strengthening of the US dollar was not able to offset a decline in the pre-tax income of MegaMex, which continued to be impacted by ongoing restructuring at the frozen food business and a soft consumer environment.

On a cumulative basis, equity investment in associates rose 11.7% to Ps. 324 million due to the same aforementioned factors.

Equity Investment in Associates	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated	94	89	5.5	324	290	11.7
MegaMex	87	79	9.5	300	261	15.2
Others	7	10	(29.0)	24	29	(20.0)

### Consolidated Net Income

Consolidated net income totaled Ps. 432 million in the quarter, 16.1% higher than in the same period of last year while the margin remained flat at 10.2% due to the exchange loss and a higher tax provision when compared to last year.

On a cumulative basis, consolidated net income rose 24.9% to Ps. 1,273 million, with a margin expansion of 70 basis points to 10.7%.

### Majority Net Income

Majority net income totaled Ps. 219 million for the quarter and Ps. 663 million year to date, with increases of 12.4% and 21.5%, respectively, when compared to the same periods of last year.

The majority net margin remained practically flat at 5.2% for the quarter, and increased 30 basis points to 5.6% for the first nine months of the year.

Net Income	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated Net Income	432	372	16.1	1,273	1,019	24.9
Consolidated Net Margin (%)	10.2	10.2	-	10.7	10.0	0.7 pp
Minority Interest	213	177	20.1	610	473	28.9
Majority Net Income	219	195	12.4	663	546	21.5
Majority Net Margin (%)	5.2	5.3	(0.1) pp	5.6	5.3	0.3 pp

Figures in million pesos

### Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA in the quarter rose 30.7% to Ps. 787 million, with a 2.0 percentage point margin expansion to 18.5%. This mainly reflects strong operating results in Mexico core as well as higher depreciation and amortization at the Frozen division.

On a cumulative basis, EBITDA totaled Ps. 2,197 million, while the margin was 18.4%, 2.5 percentage points higher than in the same period of last year.

EBITDA	3Q15	3Q14	% Change	9M15	9M14	% Change
Consolidated	787	602	30.7	2,197	1,629	34.9
Mexico Core	668	562	19.0	1,903	1,472	29.3
Frozen	95	18	N.A.	236	104	127.0
Exports	23	22	6.6	58	53	9.2

Figures in million pesos

EBITDA Margin (%)	3Q15	3Q14	pp Chg	9M15	9M14	pp Chg
Consolidated	18.5	16.5	2.0	18.4	15.9	2.5
Mexico Core	20.3	18.3	2.0	20.1	17.1	3.0
Frozen	15.0	6.4	8.6	14.0	11.6	2.4
Exports	7.5	7.4	0.1	7.7	7.2	0.5

### Capital Expenditures (CAPEX)

Net CAPEX in the quarter totaled Ps. 83 million, mainly allocated to the additional fishing capacity, ongoing expansion of the distribution center in Sinaloa, and new freezers and stores for Helados Nestlé and Nutrisa, respectively.

### Cash Flow

During the quarter, consolidated cash flow grew Ps. 536 million on higher consolidated net income. Free cash flow was Ps. 518 million. On a cumulative basis, total cash flow was negative due to the acquisition of Helados Nestlé assets.

### Financial Structure

At September 30, 2015, the Company's consolidated cash position totaled Ps.1,905 million while interest-bearing debt was Ps. 6,193 million. Twelve-month consolidated EBITDA to net debt was 1.4x versus 1.7x registered in the second quarter of the year, while net debt to consolidated stockholder's equity was 0.32x.

### Nutrisa Stores

During the quarter, openings net of closures were 17. As of September 30, 2015, Nutrisa had 466 stores.

### 3Q15 Earnings Conference Call Information

Date: Friday, October 23th, 2015

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

To participate, please dial:

- Toll-Free US and Canada: +1 (888) 329 8862
- Toll International: +1 (719) 325 2361
- Conference ID#: 190912

To access on the internet, follow the link available at [www.grupoherdez.com.mx](http://www.grupoherdez.com.mx) or go directly to <http://public.viavid.com/index.php?id=116246>

- If you are unable to participate live, a replay of the conference call will be available from October 23<sup>th</sup> until November 6<sup>th</sup>, 2015. To access the replay, please dial domestic US and Canada +1 (877) 870 5176, or from other countries +1 (858) 384 5517; conference ID: 190912

### Contact information:

Andrea Amozurrutia Casillas

+52 (55) 5201-5636

Grecia Domínguez Leyva

+52 (55) 5201-5602

[invrel@herdez.com](mailto:invrel@herdez.com)

### 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 Squeeze®, Kikkoman®, Ocean Spray®, Reynolds® and Truvía®. Grupo Herdez has 15 plants, 9 distribution centers, 7 tuna vessels, 466 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.mx](http://www.grupoherdez.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.

FINANCIAL STATEMENT	Third Quarter					As of september 30				
	2015	%	2014	%	% Chg	2015	%	2014	%	% Chg
Net Sales	4,248	100.0	3,653	100.0	16.3	11,913	100.0	10,223	100.0	16.5
Mexico Core	3,300	100.0	3,072	100.0	7.4	9,475	100.0	8,588	100.0	10.3
Frozen	635	100.0	285	100.0	122.7	1,683	100.0	899	100.0	87.2
Exports	313	100.0	296	100.0	5.6	754	100.0	736	100.0	2.5
Cost of Goods Sold	2,479	58.4	2,267	62.1	9.3	6,892	57.9	6,313	61.8	9.2
Mexico Core	2,004	60.7	1,902	61.9	5.4	5,694	60.1	5,330	62.1	6.8
Frozen	199	31.3	104	36.4	91.3	530	31.5	326	36.2	62.7
Exports	276	88.1	261	88.2	5.5	667	88.5	658	89.4	1.5
Gross Profit	1,769	41.6	1,386	37.9	27.6	5,021	42.1	3,909	38.2	28.4
Mexico Core	1,296	39.3	1,170	38.1	10.7	3,781	39.9	3,258	37.9	16.0
Frozen	436	68.7	181	63.6	140.7	1,153	68.5	573	63.8	101.1
Exports	37	11.9	35	11.8	6.4	87	11.5	78	10.6	11.1
Operating Expenses	1,096	25.8	853	23.4	28.5	3,140	26.4	2,465	24.1	27.4
Mexico Core	697	21.1	660	21.5	5.7	2,086	22.0	1,911	22.3	9.1
Frozen	376	59.3	171	60.2	119.4	1,002	59.5	504	56.1	98.6
Exports	23	7.3	22	7.6	2.1	52	6.9	50	6.7	4.4
EBIT before Other Income and Expenses	672	15.8	533	14.6	26.2	1,881	15.8	1,444	14.1	30.2
Mexico Core	598	18.1	511	16.6	17.1	1,695	17.9	1,347	15.7	25.8
Frozen	60	9.4	10	3.4	-	151	9.0	69	7.7	119.1
Exports	14	4.6	13	4.2	14.1	35	4.7	29	3.9	22.7
Other Income/Expenses, Net	-6	(0.2)	16	0.4	N.A.	-17	(0.1)	52	0.5	N.A.
EBIT	679	16.0	517	14.2	31.2	1,898	15.9	1,392	13.6	36.4
Mexico Core	609	18.4	498	16.2	22.2	1,728	18.2	1,293	15.1	33.6
Frozen	56	8.8	7	2.3	-	135	8.0	70	7.8	93.1
Exports	14	4.6	13	4.2	14.1	35	4.7	29	3.9	22.7
Comprehensive Financing Result	126	3.0	71	1.9	79.3	338	2.3	254	2.5	8.3
Interest Earned and Paid, Net	95	2.2	96	2.6	(1.2)	275	2.3	282	2.8	(77.7)
Exchange Loss (Gain)	31	0.7	-26	(0.7)	-	63	0.5	-28	(0.3)	-
Others Loss (Gain)	0	0.0	0	0.0	-	0	0.0	0	0.0	-
Equity Investment in Associates	94	2.2	89	2.4	5.5	324	2.7	290	2.8	11.7
MegaMex	87	2.0	79	2.2	9.5	300	2.5	261	2.6	15.2
Others	7	0.2	10	0.3	(29.0)	24	0.2	29	0.3	(20.0)
Income Before Income Taxes	647	15.2	536	14.7	20.6	1,884	15.8	1,428	14.0	32.0
Income Tax Provision	214	5.0	164	4.5	30.9	611	5.1	409	4.0	49.5
Income Before Discontinued Operations	432	10.2	372	10.2	16.1	1,273	10.7	1,019	10.0	24.9
Discontinued Operations	0	0.0	0	0.0	-	0	0.0	0	0.0	-
Consolidated Net income	432	10.2	372	10.2	16.1	1,273	10.7	1,019	10.0	24.9
Minority Interest	213	5.0	177	4.9	20.1	610	5.1	473	4.6	28.9
Majority Net Income	219	5.2	195	5.3	12.4	663	5.6	546	5.3	21.5
EBITDA	787	18.5	602	16.5	30.7	2,197	18.4	1,629	15.9	34.9
Mexico Core	668	20.3	562	18.3	19.0	1,903	20.1	1,472	17.1	29.3
Frozen	95	15.0	18	6.4	-	236	14.0	104	11.6	127.0
Exports	23	7.5	22	7.4	6.6	58	7.7	53	7.2	9.2

Figures expressed in millions of Mexican pesos

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



BALANCE SHEET	Sep 30 2015	%	Jun 30 2015	%	Change \$	%
<b>TOTAL ASSETS</b>	<b>24,997</b>	<b>100.0</b>	<b>24,177</b>	<b>100.0</b>	<b>820</b>	<b>3.4</b>
Domestic	23,535	94.2	22,895	91.6	640	2.8
USA	1,462	5.8	1,282	5.1	180	14.1
Current Assets	6,816	27.3	6,092	25.2	724	11.9
Cash and Equivalents	1,905	7.6	1,368	5.7	537	39.3
Accounts Receivable	1,488	6.0	1,615	6.7	-128	(7.9)
Other Accounts Receivable	151	0.6	130	0.5	21	16.6
Inventories	2,434	9.7	2,233	9.2	202	9.0
Other Current Assets	838	3.4	746	3.1	92	12.3
Non-Current Assets	18,181	72.7	18,085	74.8	96	0.5
Property, Plant and Equipment, Net	4,820	19.3	4,822	19.9	-2	(0.1)
Investment In Subsidiaries	5,620	22.5	5,537	22.9	83	1.5
Intangible Assets	7,220	28.9	7,235	29.9	-16	(0.2)
Other Assets	522	2.1	490	2.0	31	6.4
<b>TOTAL LIABILITIES</b>	<b>10,940</b>	<b>43.8</b>	<b>10,597</b>	<b>43.8</b>	<b>343</b>	<b>3.2</b>
Domestic	10,885	43.5	10,557	43.7	329	3.1
USA	55	0.2	41	0.2	14	35.3
Current Liabilities	2,909	11.6	2,595	10.7	314	12.1
Accounts Payable	1,257	5.0	1,060	4.4	197	18.6
Short-Term Debt	589	2.4	569	2.4	20	3.5
Other Short-Term Liabilities	1,062	4.2	966	4.0	97	10.0
Long-Term Liabilities	8,032	32.1	8,002	33.1	29	0.4
Long-Term Debt	5,604	22.4	5,633	23.3	-29	(0.5)
Other Liabilities	1,229	4.9	1,152	4.8	76	6.6
Other Long-Term Liabilities w/o Cost	1,199	4.8	1,217	5.0	-18	(1.5)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>14,056</b>	<b>56.2</b>	<b>13,580</b>	<b>56.2</b>	<b>477</b>	<b>3.5</b>
Minority Stockholder's Equity	7,116	28.5	6,972	28.8	144	2.1
Majority Stockholder's Equity	6,940	27.8	6,607	27.3	333	5.0

Figures expressed in millions of Mexican pesos