



GRUPO HERDEZ

FIRST QUARTER 2020 EARNINGS RELEASE

CONSOLIDATED HIGHLIGHTS FOR THE QUARTER

- Net sales increased 10.4% to MXN 5.7 billion, driven by the Preserves segment.
- EBIT and EBITDA margins increased 2.7 and 2.4 percentage points, to 14.9% and 18.3%, respectively, explained by extraordinary income from the sale of three tuna vessels.
- Consolidated net income grew 28.8% over last year, to MXN 666 million.



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Mexico City, Mexico, April 23, 2020 – Grupo Herdez, S.A.B. DE C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the first quarter 2020, ended March 31, 2020.

"In the context of the current global and local health crisis, we have taken safety measures along the entire value chain to protect the health of our associates, to guarantee the availability of our products, and to support our commercial partners and suppliers. I want to thank everyone who is part of Grupo Herdez, including our allies in our value chain for their commitment and hard work ensuring that our products are available to all Mexicans," said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer of Grupo Herdez.

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

Grupo Herdez consolidates 100 percent of its Frozen division, Barilla Mexico, Herdez Del Fuerte - Mexico, and McCormick de Mexico in its financial statements. The proportional stake of Herdez Del Fuerte in MegaMex is registered in Equity Investments in Associated Companies.

Financial Results of Cielito Querido Café, acquired in the fourth quarter of 2019, are registered in “Equity Investment in Associated Companies” and “Intangible Assets” on the Balance Sheet.

NET SALES

Net sales in the first quarter increased 10.4% to MXN 5.7 billion, mainly driven by increased sales in the Preserves division. Net sales in the Preserves division grew 12.2%, pushed by higher sales in Mexico of mayonnaise, pasta, tomato purée and vegetable categories during the last two weeks of March, a consequence of the health pandemic.

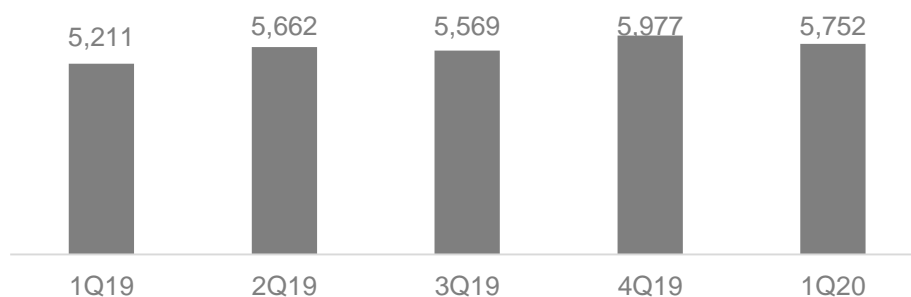
The Frozen division reported MXN 721 million in net sales, unchanged from the previous year. Sales were mainly affected by a decrease in the number of visits to stores during the last two weeks of the quarter, as well as by a decrease in sales in the traditional channel that affected Helados Nestlé.

Net sales in Exports were MXN 379 million, 9.6% higher than in the same period of 2019. The increase was explained by double-digit growth in mayonnaise and mole.

NET SALES	1Q20	1Q19	% change
Consolidated	5,752	5,211	10.4
Preserves	4,653	4,145	12.2
Frozen	721	720	0.0
Exports	379	346	9.6

Figures in millions of MXN.

NET SALES PERFORMANCE



GROSS PROFIT

Consolidated gross margin in the quarter was 37.8%, unchanged from the same period in 2019. In Preserves, gross margin remained stable, which offset the 80 basis point drop in the margin of the Frozen division due to an unfavorable sales mix between channels.



Gross margin in the Exports division increased 5.4 percentage points to 19.4% during the quarter, due to the strengthening of the US dollar.

GROSS PROFIT	1Q20	1Q19	% change
Consolidated	2,174	1,975	10.1
Preserves	1,652	1,471	12.3
Frozen	450	455	(1.2)
Exports	73	49	50.9

Figures in millions of MXN.

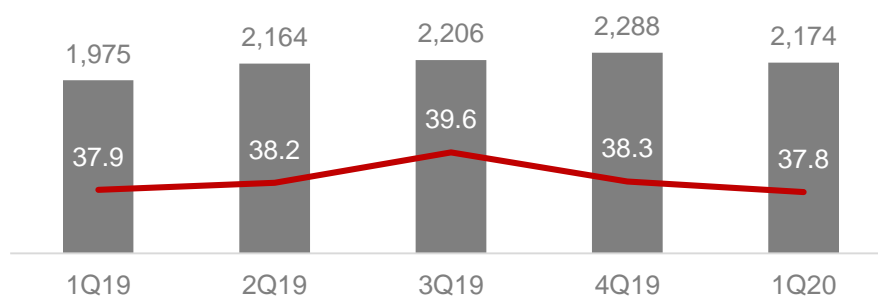
GROSS MARGIN	1Q20	1Q19	pp change
Consolidated	37.8	37.9	(0.1)
Preserves	35.5	35.5	0.0
Frozen	62.4	63.2	(0.8)
Exports	19.4	14.0	5.4

Figures in percentages.



GROSS PROFIT PERFORMANCE

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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated SG&A relative to net sales was 26.2% in the first quarter, 20 basis points higher than last year. This increase is explained by higher expenses in the Frozen segment due to increased advertising and marketing expenses at Helados Nestlé to support product launches, which could not be offset by a decrease of 30 basis points in the Preserves segment. SG&A in Exports declined 70 basis points to 6.9% as a result of lower advertising expenses.

EARNINGS BEFORE INTERESTS AND TAXES BEFORE OTHER INCOME

EBIT before other income was \$665 million, 7.2% higher than in the same period of the previous year. Operating margin before other income in the Preserves segment increased 30 basis points to 14.8%, mainly as a result of the increase in sales.

The Frozen segment registered an operating loss of \$72 million. In addition to the unfavorable seasonality effect, it was impacted by the less-than-ideal sales mix and higher advertising expenses. In the Exports segment, operating margin was 12.4%.

OTHER INCOME

During the quarter, net other income was MXN 168 million, explained by the accounting income related to the sale of the tuna vessels El Duque, the Bonnie, and the Nair II.

EARNINGS BEFORE INTERESTS AND TAXES (EBIT)

EBIT in the first quarter increased 34.6% to MXN 859 million, with a margin of 14.9%, which was 2.7 percentage points higher than in the same period in 2019, due to the other revenues mentioned previously.

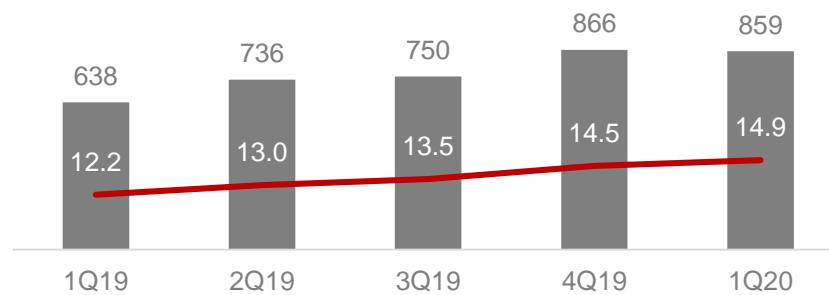
EBIT	1Q20	1Q19	% change
Consolidated	859	638	34.6
Preserves	869	618	40.5
Frozen	(56)	(2)	NA
Exports	47	22	111.6

Figures in millions of MXN.

EBIT MARGIN (%)	1Q20	1Q19	pp change
Consolidated	14.9	12.2	2.7
Preserves	18.7	14.9	3.8
Frozen	(7.8)	(0.3)	(7.5)
Exports	12.4	6.4	6.0

Figures in percentages.

EBIT PERFORMANCE



COMPREHENSIVE FINANCING RESULT

During the first quarter, net financing costs were MXN 56 million, 59.7% lower than during the same period in 2019. This decrease resulted mainly from a currency exchange rate gain of MXN 102 million that offset an increase of MXN 20 million in interest paid. The latter came as a result of using MXN 1.5 billion, or 50% of our committed lines of credit, on March 27, 2020.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

Equity investments in associated companies totaled MXN 137 million during the quarter, which is 40.2% lower than in 2019, due to a decrease of 28.2% at MegaMex, mainly due to higher input costs. The results of Cielito Querido Café are included in Others.

EQUITY INVESTMENT IN ASSOCIATED COMPANIES	1Q20	1Q19	% change
Consolidated	137	229	(40.2)
MegaMex	160	223	(28.2)
Others	(23)	7	(439.6)

Figures in millions of MXN.

MEGAMEX CONSOLIDATED RESULTS (100%)

Net sales totaled MXN 3.3 billion in the quarter, a 1.9% decrease compared to the same period of last year. This was due to a 1.6% decrease in sales volume, mainly in frozen products.

During the quarter, gross margin was 30.2%, 5.2 percentage points lower than during the same quarter of 2019. EBIT and EBITDA margins decreased 5.0 and 4.6 percentage points, respectively, as a result of higher costs of goods at Don Miguel, as well as higher avocado prices. Consequently, net income decreased 28.2% to MXN 319 million.

MEGAMEX INCOME STATEMENT

MEGAMEX	1Q20	%	1Q19	%	% change
Net Sales	3,309	100.0	3,372	100.0	(1.9)
Gross profit	998	30.2	1,195	35.4	(16.5)
EBIT	346	10.5	522	15.5	(33.6)
EBITDA	441	13.3	605	17.9	(27.1)
Net Income	319	9.7	445	13.2	(28.2)

Figures in millions of MXN

NET INCOME

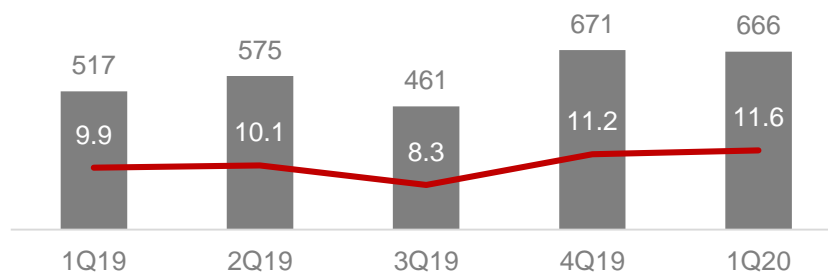
Consolidated net income for the first quarter totaled MXN 666 million, 28.8% higher than in the same period of 2019. Consolidated net margin was 11.6%, which represents an expansion of 1.7 percentage points. Excluding extraordinary income, consolidated net income would have been MXN 529 million and the margin would have been 9.2%.

Majority net income totaled MXN 246 million in the quarter, 6.7% higher than in the same period in 2019.

NET INCOME	1Q20	1Q19	% change
Consolidated Net Income	666	517	28.8
Cons. net margin (%)	11.6	9.9	1.7
Minority interest	420	286	46.9
Majority Net Income	246	231	6.7
Maj. net margin (%)	4.3	4.4	(0.1)

Figures in millions of MXN.

CONSOLIDATED NET INCOME PERFORMANCE



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

Consolidated EBITDA totaled MXN 1.05 billion in the quarter, with an 18.3% margin. Excluding extraordinary income from the tuna vessels, EBITDA would have been MXN 857 million, 3.7% higher compared to last year and a margin of 14.9%, 1.0 percentage point lower than in 2019.

EBITDA	1Q20	1Q19	% change
Consolidated	1,051	827	27.2
Preserves	938	702	33.5
Frozen	54	91	(40.8)
Exports	60	34	76.8

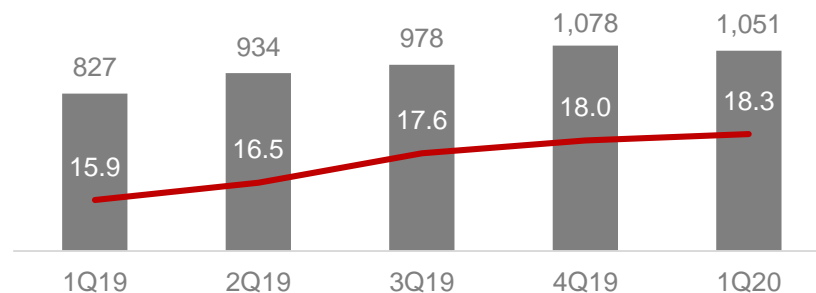
Figures in millions of MXN.

EBITDA MARGIN (%)	1Q20	1Q19	pp change
Consolidated	18.3	15.9	2.4
Preserves	20.2	16.9	3.3
Frozen	7.5	12.6	(5.1)
Exports	15.8	9.8	6

Figures in percentages.

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EBITDA PERFORMANCE



CAPITAL EXPENDITURES (CAPEX)

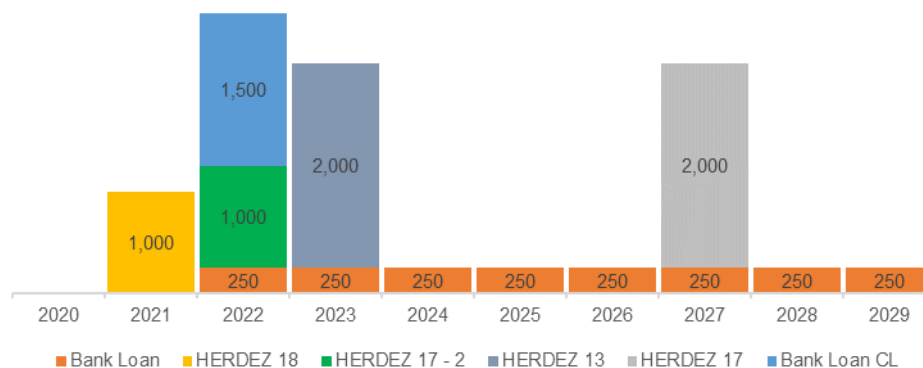
Net CAPEX in the quarter was MXN 105 million and was allocated mainly towards improvement projects, acquisition of freezers for the traditional channel, and an increase in capacity for tomato uptake.

FINANCIAL STRUCTURE

As of March 31, 2020, consolidated cash totaled MXN 4.2 billion, 106.5% higher than in 2019. Excluding the MXN 1.5 billion obtained from the credit lines, the Company's cash position would have increased 18.7%. Interest-bearing liabilities were MXN 10.4 billion, while financial debt increased to MXN 9.5 billion.

Consolidated net debt to EBITDA was 1.5 times at the close of the quarter, and the net debt to consolidated stockholders' equity ratio was 0.32 times. Consolidated net debt includes the effect of short- and long-term leases due to adoption of IFRS16 since 2019.

DEBT PROFILE



RECENT EVENTS

- On March 5, 2020, the Company sold three tuna vessels in a transaction valued at USD 29.1 million.
- On March 27, 2020, the Company tapped into MXN 1.5 billion in credit lines, which is 50% of the committed amount in the three lines, with a term of two years and payable upon maturity.
- On April 20, 2020, MegaMex temporarily closed its Don Miguel facility in Dallas, TX. This closure was in response to the spread of COVID-19 in the area, and the impact on the production facility. It is expected to resume production on May 4, 2020.

FIRST QUARTER 2020 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, April 24, 2020

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

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (855) 327 6837
- Toll International: +1 (631) 891 4304
- Conference ID#: 10009025

To access the call, please go to <http://public.viavid.com/index.php?id=138809>

If you are unable to participate live, a replay of the conference call will be available from April 24, 2020 through May 8, 2020. To access the replay, please dial domestic U.S. and Canada +1 (844) 512 2921, or from other countries +1 (412) 317 6671; conference ID: 10009025.

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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 the fastest growing company in the Mexican food category in the United States. The Company participates in a wide range of categories including home-style salsas, organic foods, honey, ice cream, jams, mayonnaise, mole, mustard, pasta, spices, tea, tomato purée, and tuna fish, among others. These products are sold through an exceptional portfolio of brands, which includes Aires de Campo, Barilla, Blasón, Búfalo, Cielito Querido Café, Del Fuerte, Doña María, Embasa, Helados Nestlé®, Herdez, McCormick, Moyo, Nutrisa, Wholly Guacamole and Yemina. Additionally, the Company has distribution agreements in Mexico for Frank's, French's, Kikkoman, Ocean Spray and Reynolds. Grupo Herdez has 14 manufacturing facilities, 24 distribution centers, three tuna vessels, more than 600 points of sale under the brands Cielito Querido Café, Lavazza, Moyo and Nutrisa, as well as a workforce of more than 10,000 employees. The Company was founded in 1914, and has been listed on the Mexican Stock Exchange since 1991. For more information, visit <http://www.grupoherdez.com.mx/>

FORWARD-LOOKING STATEMENTS

The information contained herein (the "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 reflect Grupo Herdez's current expectations and views, which may differ materially due to various 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 foregoing, no warranty is given as to the accuracy of the statements or future variations of the Information, or any other written or oral Information issued by Grupo Herdez. The Information has been provided solely for informational purposes. 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.



INCOME STATEMENT	First Quarter				
	2020	%	2019	%	% Chg
Net Sales	5,752	100.0	5,211	100.0	10.4
Preserves	4,653	80.9	4,145	79.5	12.2
Frozen	721	12.5	720	13.8	0.0
Exports	379	6.6	346	6.6	9.6
Cost of Goods Sold	3,578	62.2	3,236	62.1	10.6
Preserves	3,001	64.5	2,674	64.5	12.2
Frozen	271	37.6	265	36.8	2.2
Exports	305	80.6	297	86.0	2.8
Gross Profit	2,174	37.8	1,975	37.9	10.1
Preserves	1,652	35.5	1,471	35.5	12.3
Frozen	450	62.4	455	63.2	(1.2)
Exports	73	19.4	49	14.0	50.9
Operating Expenses	1,509	26.2	1,354	26.0	11.5
Preserves	961	16.7	870	16.7	10.5
Frozen	522	9.1	457	8.8	14.0
Exports	26	0.5	26	0.5	(0.2)
EBIT before Other Income and Expenses	665	11.6	621	11.9	7.2
Preserves	690	12.0	601	11.5	14.9
Frozen	(72)	(1.3)	(2)	(0.0)	NM
Exports	47	0.8	22	0.4	111.6
Other Income/Expenses, Net	(194)	(3.4)	(17)	(0.3)	NM
EBIT	859	14.9	638	12.2	34.6
Preserves	869	18.7	618	14.9	40.5
Frozen	(56)	(7.8)	(2)	(0.3)	NA
Exports	47	12.4	22	6.4	111.6
All-in Result of Financing	(56)	(1.0)	(139)	(2.7)	(59.7)
Interest Earned and (Paid), Net	(158)	(2.8)	(138)	(2.7)	14.3
Exchange (Loss) Gain	102	1.8	(1)	(0.0)	NM
Equity Investment in Associated Companies	137	2.4	229	4.4	(40.2)
MegaMex	160	2.8	223	4.3	(28.2)
Others	(23)	(0.4)	7	0.1	(439.6)
Income Before Income Taxes	940	16.3	728	14.0	29.1
Taxes	274	4.8	211	4.1	29.7
Consolidated Net Income	666	11.6	517	9.9	28.8
Minority Interest	420	7.3	286	5.5	46.7
Majority Net Income	246	4.3	231	4.4	6.7
EBITDA	1,051	18.3	827	15.9	27.2
Preserves	938	20.2	702	16.9	33.5
Frozen	54	7.5	91	12.6	(40.8)
Exports	60	15.8	34	9.8	76.8

Figures expressed in millions of MXN.

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

STATEMENT OF FINANCIAL POSITION	31 mar 2020	%	31 dec 2019	%	Change	
					\$	%
TOTAL ASSETS	36,535	100.0	33,081	100.0	3,454	10.4
Domestic	34,363	94.1	30,481	92.1	3,881	12.7
USA	2,172	5.9	2,600	7.9	(427)	(16.4)
Current Assets	13,486	36.9	10,975	33.2	2,511	22.9
Cash and cash equivalents	4,241	11.6	2,310	7.0	1,931	83.6
Accounts receivable	3,262	8.9	3,173	9.6	89	2.8
Other accounts receivable	229	0.6	141	0.4	88	62.2
Inventories	4,065	11.1	3,991	12.1	74	1.8
Other current assets	1,689	4.6	1,360	4.1	330	24.2
Non-Current Assets	23,049	63.1	22,107	66.8	943	4.3
Property, Plant and Equipment, net	5,123	14.0	5,540	16.7	(417)	(7.5)
Right-of-use assets	892	2.4	865	2.6	27	3.2
Investment in subsidiaries	8,550	23.4	7,186	21.7	1,364	19.0
Intangible assets	7,350	20.1	7,373	22.3	(23)	(0.3)
Other assets	1,134	3.1	1,143	3.5	(9)	(0.8)
TOTAL LIABILITIES	17,186	47.0	14,833	44.8	2,353	15.9
Domestic	16,547	45.3	14,084	42.6	2,462	17.5
USA	640	1.8	749	2.3	(109)	(14.6)
Current Liabilities	5,600	15.3	4,628	14.0	973	21.0
Accounts Payable	3,021	8.3	2,455	7.4	566	23.1
Short-Term Debt	0	0.0	0	0.0	0	NA
Short-Term leases	402	1.1	304	0.9	99	32.6
Other Short-Term Liabilities	2,177	6.0	1,869	5.6	308	16.5
Long-Term Liabilities	11,586	31.7	10,205	30.8	1,380	13.5
Long-Term Debt	9,500	26.0	8,000	24.2	1,500	18.8
Long-Term Leases	573	1.6	587	1.8	(14)	(2.3)
Other Liabilities	(26)	(0.1)	(32)	(0.1)	6	19.2
Other Long-Term Liabilities w/o Cost	1,538	4.2	1,651	5.0	(112)	(6.8)
TOTAL STOCKHOLDERS' EQUITY	19,349	53.0	18,248	55.2	1,101	6.0
Minority stockholder's equity	10,711	29.3	10,274	31.1	437	4.3
Majority stockholder's equity	8,638	23.6	7,974	24.1	664	8.3

Figures expressed in millions of Mexican pesos