

## GRUPO HERDEZ REPORTS SECOND QUARTER 2015 RESULTS

### Highlights from the quarter:

- Consolidated net sales rose 18.9% primarily driven by the integration of Helados Nestlé.
- EBIT and EBITDA grew 34.6% and 35.7% respectively due to solid results in Mexico core and the incorporation of Helados Nestlé.
- Consolidated net income increased 22.5% to Ps. 405 million.

**Mexico City, Mexico, July 23, 2015 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”)** (MSE: HERDEZ, OTC: GUZBY) today announced results for the second quarter ended June 30, 2015.

“Growth in the quarter reflected continued momentum in Mexico core and the contribution of Helados Nestlé. Despite a cautious outlook on the rising US dollar, we expect to deliver our full year guidance,” said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

### Net Sales

Net sales in the second quarter rose 18.9% from the year ago period to Ps. 3,946 million, primarily reflecting the integration of a full quarter of Helados Nestlé.

Net sales in Mexico core grew 7.7% driven by volume gains and tactic pricing actions implemented in April. Export sales increased 11.3%, where the strengthening of the US dollar was not enough to offset continuous inventory adjustments at MegaMex. In the Frozen division, sales grew 127.5% due to the integration of Helados Nestlé, as the pace of sales decline at Nutrisa slowed to a single digit.

On a cumulative basis, consolidated net sales rose 16.7% to Ps. 7,665 million, resulting primarily from the incorporation of Helados Nestlé as of March 2015 and solid volume performance in Mexico core.

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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. Results reflect the incorporation of Helados Nestlé, registered in the Frozen line, as of March 1, 2015.

Net Sales	2Q15	2Q14	% Change	2015	2014	% Change
Consolidated	3,946	3,318	18.9	7,665	6,569	16.7
Mexico Core	3,027	2,811	7.7	6,175	5,515	12.0
Frozen	694	305	127.5	1,049	614	70.7
Exports	225	202	11.3	441	439	0.4

Figures in million pesos.

### Gross Profit

Consolidated gross margin in the quarter expanded 4.1 percentage points from the same period of last year to 43.4%, while on a cumulative basis, the margin was 42.4%, 4.0 percentage points higher than in 2014. These expansions are primarily the result of: i) higher margins in the Frozen division, ii) lower prices for soybean oil, and iii) the US dollar hedging strategy. In the Frozen division, gross margin expansion reflected a better sales mix following the restructuring process at Nutrisa over the last 12 months, as well as the absorption of fixed costs at Helados Nestlé arising from the business seasonality.

Gross Profit	2Q15	2Q14	% Change	2015	2014	% Change
Consolidated	1,713	1,304	31.4	3,252	2,523	28.9
Mexico Core	1,208	1,082	11.7	2,485	2,088	19.0
Frozen	479	200	139.2	717	392	82.8
Exports	27	22	23.5	50	43	15.0

Figures in million pesos.

Gross Margin	2Q15	2Q14	pp Chg	2015	2014	pp Chg
Consolidated	43.4	39.3	4.1	42.4	38.4	4.0
Mexico Core	39.9	38.5	1.4	40.2	37.8	2.4
Frozen	69.0	65.7	3.3	68.4	63.8	4.6
Exports	11.9	10.7	1.2	11.3	9.8	1.5

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

SG&A in the quarter increased 3.2 percentage points as a proportion of net sales, to 28.1% mainly due to a 2.3 percentage point increase in the Frozen division. The above reflected the incorporation of Helados Nestlé, which has a higher SG&A structure than the average of the Company, and the impact of soft sales at Nutrisa that were unable to absorb fixed expenses arising from 37 additional net stores opened during the last twelve months.

On a cumulative basis, SG&A increased 2.2 percentage points to 26.7% of net sales due to the aforementioned factors.

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

EBIT Before Other Income and Expenses totaled Ps. 606 million in the quarter, 27.4% higher than in the same period of last year, while the margin expanded 1.1 percentage points to 15.4%. This performance is attributable to gross margin expansion in Mexico core and the 11.6% margin of the Frozen division, which is 1.0 percentage point higher than in 2014.

On a cumulative basis, EBIT Before Other Income and Expenses rose 32.6% to Ps. 1,209 million while the margin expanded 1.9 percentage points to 15.8%.

### **Other Income and Expenses**

During the second quarter and first half, the Company registered other expenses of Ps. 4 and Ps.11 million, respectively. These figures included integration costs of Helados Nestlé.

### **Earnings Before Interest and Taxes (EBIT)**

EBIT in the quarter rose 34.6% to Ps. 602 million, while the margin increased 1.8 percentage points to 15.3%. This expansion reflects solid performance at Mexico core and the incorporation of Helados Nestlé.

On a cumulative basis, consolidated EBIT totaled Ps. 1,219 million, a 39.4% increase when compared with the same period of last year, while the margin expanded 2.6 percentage points to 15.9%

<b>EBIT</b>	<b>2Q15</b>	<b>2Q14</b>	<b>% Change</b>	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Consolidated	602	447	34.6	1,219	875	39.4
Mexico Core	523	406	28.8	1,119	795	40.8
Frozen	67	33	102.6	80	63	25.4
Exports	12	8	50.7	21	16	29.4

Figures in million pesos

<b>EBIT Margin (%)</b>	<b>2Q15</b>	<b>2Q14</b>	<b>pp Chg</b>	<b>2015</b>	<b>2014</b>	<b>pp Chg</b>
Consolidated	15.3	13.5	1.8	15.9	13.3	2.6
Mexico Core	17.3	14.5	2.8	18.1	14.4	3.7
Frozen	9.7	10.9	(1.2)	7.6	10.3	(2.7)
Exports	5.3	3.9	1.4	4.7	3.7	1.0

### **Comprehensive Financing Result**

The Company registered a net financing cost of Ps. 116 million in the quarter, comprised of net interest expense of Ps. 93 million and an exchange loss of Ps. 23 million.

### Equity Investment in Associates

In the quarter, equity investment in associates totaled Ps. 112 million, 8.3% higher than the year-ago figure as a result of a stronger US dollar. For the first six months of the year, equity investment in associates rose 14.4% to Ps. 230 million. Performance at MegaMex reflected a strong competitive environment that pressured sales in dollar terms and supply chain headwinds.

Equity Investment in Associates	2Q15	2Q14	% Change	2015	2014	% Change
Consolidated	112	104	8.3	230	201	14.4
MegaMex	105	96	9.6	213	181	17.6
Others	7	8	(7.4 )	17	20	(15.4 )

Figures in million pesos.

### Consolidated Net Income

Consolidated net income totaled Ps. 405 million in the quarter, 22.5% higher than in the same period of last year. Net margin expanded 30 basis points to 10.3%. These increases are mainly the result of the incorporation of Helados Nestlé and solid performance in Mexico core.

On a cumulative basis, consolidated net income rose 30.0% to Ps. 840 million, while the margin rose 1.2 percentage points to 11.0% for the aforementioned factors.

### Majority Net Income

Majority net income for the quarter totaled Ps. 220 million, an increase of 23.7% when compared to last year, while the margin increased 20 basis points to 5.6%.

In the first six months of the year, majority net income rose 26.5% with a margin expansion of 50 basis points to 5.8%.

Net Income	2Q15	2Q14	Change	2015	2014	Change
Net Consolidated Income	405	330	22.5%	840	646	30.0%
Net Consolidated Margin (%)	10.3	10.0	0.3 pp	11.0	9.8	1.2 pp
Minority Interest	185	153	21.2%	397	296	34.1%
Net Majority Income	220	178	23.7%	444	351	26.5%
Net Majority Margin (%)	5.6	5.4	0.2 pp	5.8	5.3	0.5 pp

Figures in million pesos.

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

EBITDA in the quarter rose 35.7% to Ps. 713 million, with a 2.3 percentage point expansion in the margin to 18.1%. This mainly reflects strong operating results in Mexico core as well as the incorporation of Helados Nestlé.

On a cumulative basis, EBITDA totaled Ps. 1,411 million, while the margin was 18.4%, 2.8 percentage points higher than in the same period of last year.

EBITDA	2Q15	2Q14	% Change	2015	2014	% Change
Consolidated	713	525	35.7	1,411	1,028	37.3
Mexico Core	586	466	25.8	1,235	911	35.6
Frozen	108	45	139.2	141	86	64.2
Exports	20	15	33.5	34	31	11.1

Figures in million pesos.

EBITDA Margin (%)	2Q15	2Q14	pp Chg	2015	2014	pp Chg
Consolidated	18.1	15.8	2.3	18.4	15.6	2.8
Mexico Core	19.3	16.6	2.7	20.0	16.5	3.5
Frozen	15.5	14.7	0.8	13.5	14.0	(0.5)
Exports	8.7	7.3	1.4	7.8	7.1	0.7

### Capital Expenditures (CAPEX)

Net CAPEX in the quarter totaled Ps. 224 million, mainly allocated to the new tuna vessel and the ongoing expansion of the distribution center in Sinaloa.

### Nutrisa Stores

During the quarter, openings net of closures were 16. As of June 30, 2015, Nutrisa total stores were 449.

### Financial Structure

At June 30, 2015, the Company's cash position totaled Ps. 1,368 million. The debt was Ps. 6,202 million. Leverage ratios remain strong at 1.7x net debt to consolidated EBITDA and 0.37x net debt to consolidated stockholder's equity.

## **2Q15 Earnings Conference Call Information**

Date: Friday, July 24th, 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) 481 2877
- Toll International: +1 (719) 457 2628
- Conference ID#: 5187305

To access on the internet, follow the link available at [www.grupoherdezir.mx](http://www.grupoherdezir.mx) or go directly to <http://public.viaavid.com/index.php?id=115136>

- If you are unable to participate live, a replay of the conference call will be available from July 24<sup>th</sup> until August 5<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: 5187305

### **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, 449 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

### **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 or any of their respective officers, employees or agents, have no responsibility or liability for such differences in the Information. In particular, but without prejudice to the generality of the foregoing, no warranty is given as to the achievement or success of any future variation of such Information or other written or oral Information. This Information has been delivered only for informative purposes. The issue 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	Second Quarter					As of June 30				
	2015	%	2014	%	% Chg	2015	%	2014	%	% Chg
Net Sales	3,946	100.0	3,318	100.0	18.9	7,665	100.0	6,569	100.0	16.7
Mexico Core	3,027	100.0	2,811	100.0	7.7	6,175	100.0	5,515	100.0	12.0
Frozen	694	100.0	305	100.0	127.5	1,049	100.0	614	100.0	70.7
Exports	225	100.0	202	100.0	11.3	441	100.0	439	100.0	0.4
Cost of Goods Sold	2,232	56.6	2,015	60.7	10.8	4,413	57.6	4,046	61.6	9.1
Mexico Core	1,819	60.1	1,730	61.5	5.2	3,690	59.8	3,428	62.2	7.6
Frozen	215	31.0	105	34.3	105.1	332	31.6	222	36.2	49.3
Exports	198	88.1	180	89.3	9.9	392	88.7	396	90.2	(1.1)
Gross Profit	1,713	43.4	1,304	39.3	31.4	3,252	42.4	2,523	38.4	28.9
Mexico Core	1,208	39.9	1,082	38.5	11.7	2,485	40.2	2,088	37.8	19.0
Frozen	479	69.0	200	65.7	139.2	717	68.4	392	63.8	82.8
Exports	27	11.9	22	10.7	23.5	50	11.3	43	9.8	15.0
Operating Expenses	1,107	28.1	828	24.9	33.7	2,043	26.7	1,612	24.5	26.8
Mexico Core	694	22.9	646	23.0	7.4	1,389	22.5	1,256	22.8	10.6
Frozen	398	57.4	168	55.1	137.0	626	59.7	329	53.5	90.3
Exports	15	6.6	14	6.8	7.9	29	6.5	27	6.2	6.4
EBIT before Other Income and Expenses	606	15.4	476	14.3	27.4	1,209	15.8	911	13.9	32.6
Mexico Core	514	17.0	436	15.5	17.9	1,096	17.8	832	15.1	31.8
Frozen	81	11.6	32	10.6	150.4	91	8.7	63	10.3	43.8
Exports	12	5.3	8	3.9	50.7	21	4.7	16	3.7	29.4
Other Income/Expenses, Net	4	0.1	28	0.9	N.A.	-11	(0.1)	37	0.6	N.A.
EBIT	602	15.3	447	13.5	34.6	1,219	15.9	875	13.3	39.4
Mexico Core	523	17.3	406	14.5	28.8	1,119	18.1	795	14.4	40.8
Frozen	67	9.7	33	10.9	102.6	80	7.6	63	10.3	25.4
Exports	12	5.3	8	3.9	50.7	21	4.7	16	3.7	29.4
Comprehensive Financing Result	116	2.9	89	2.7	30.3	212	2.4	184	2.8	(1.8)
Interest Earned and Paid, Net	93	2.4	94	2.8	(0.5)	180	2.4	186	2.8	-
Exchange Loss (Gain)	23	0.6	-4	(0.1)	-	31	0.4	-2	(0.0)	-
Others Loss (Gain)	0	0.0	0	0.0	-	0	0.0	0	0.0	-
Equity Investment in Associates	112	2.8	104	3.1	8.3	230	3.0	201	3.1	14.4
MegaMex	105	2.7	96	2.9	9.6	213	2.8	181	2.8	17.6
Others	7	0.2	8	0.2	(7.4)	17	0.2	20	0.3	(15.4)
Income Before Income Taxes	598	15.2	462	13.9	29.5	1,238	16.1	892	13.6	38.8
Income Tax Provision	193	4.9	131	4.0	47.1	397	5.2	245	3.7	61.9
Income Before Discontinued Operations	405	10.3	330	10.0	22.5	840	11.0	646	9.8	30.0
Discontinued Operations	0	0.0	0	0.0	-	0	0.0	0	0.0	-
Consolidated Net income	405	10.3	330	10.0	22.5	840	11.0	646	9.8	30.0
Minority Interest	185	4.7	153	4.6	21.2	397	5.2	296	4.5	34.1
Majority Net Income	220	5.6	178	5.4	23.7	444	5.8	351	5.3	26.5
EBITDA	713	18.1	525	15.8	35.7	1,411	18.4	1,028	15.6	37.3
Mexico Core	586	19.3	466	16.6	25.8	1,235	20.0	911	16.5	35.6
Frozen	108	15.5	45	14.7	139.2	141	13.5	86	14.0	64.2
Exports	20	8.7	15	7.3	33.5	34	7.8	31	7.1	11.1



BALANCE SHEET	Jun 30 2015	%	Mar 31 2015	%	Change \$	%
<b>TOTAL ASSETS</b>	<b>24,177</b>	<b>100.0</b>	<b>24,170</b>	<b>100.0</b>	<b>7</b>	<b>0.0</b>
Domestic	22,895	94.7	22,850	94.5	46	0.2
USA	1,282	5.3	1,320	5.5	-39	(2.9)
Current Assets	6,092	25.2	6,338	26.2	-246	(3.9)
Cash and Equivalents	1,368	5.7	1,752	7.3	-384	(21.9)
Accounts Receivable	1,615	6.7	1,562	6.5	54	3.4
Other Accounts Receivable	130	0.5	131	0.5	-2	(1.3)
Inventories	2,233	9.2	2,136	8.8	97	4.5
Other Current Assets	746	3.1	757	3.1	-11	(1.4)
Non-Current Assets	18,085	74.8	17,832	73.8	253	1.4
Property, Plant and Equipment, Net	4,822	19.9	4,695	19.4	128	2.7
Investment In Subsidiaries	5,537	22.9	5,462	22.6	75	1.4
Intangible Assets	7,235	29.9	7,244	30.0	-8	(0.1)
Other Assets	490	2.0	432	1.8	59	13.6
<b>TOTAL LIABILITIES</b>	<b>10,597</b>	<b>43.8</b>	<b>10,474</b>	<b>43.3</b>	<b>123</b>	<b>1.2</b>
Domestic	10,557	43.7	10,442	43.2	115	1.1
USA	41	0.2	33	0.1	8	24.6
Current Liabilities	2,595	10.7	2,557	10.6	38	1.5
Accounts Payable	1,060	4.4	1,174	4.9	-114	(9.7)
Short-Term Debt	569	2.4	563	2.3	6	1.0
Other Short-Term Liabilities	966	4.0	820	3.4	146	17.8
Long-Term Liabilities	8,002	33.1	7,918	32.8	85	1.1
Long-Term Debt	5,633	23.3	5,612	23.2	21	0.4
Other Liabilities	1,152	4.8	1,117	4.6	35	3.1
Other Long-Term Liabilities w/o Cost	1,217	5.0	1,188	4.9	29	2.4
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>13,580</b>	<b>56.2</b>	<b>13,695</b>	<b>56.7</b>	<b>-116</b>	<b>(0.8)</b>
Minority Stockholder's Equity	6,972	28.8	7,107	29.4	-134	(1.9)
Majority Stockholder's Equity	6,607	27.3	6,589	27.3	19	0.3