



GRUPO HERDEZ

SECOND QUARTER 2020

EARNINGS RELEASE

CONSOLIDATED HIGHLIGHTS FOR THE QUARTER

- Net sales increased 7.6% to MXN 6.1 billion, driven by the Preserves segment.
- EBIT and EBITDA rose to MXN 647 and MXN 936 million, respectively.
- Consolidated net income was MXN 493 million.



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Mexico City, Mexico, July 23, 2020 – Grupo Herdez, S.A.B. DE C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the second quarter 2020, ended June 30, 2020.

“In this extremely complex environment in which we are living as Mexicans and humanity as a whole, the commitment and professionalism of our team stands out. I am very proud and grateful with everyone that makes Grupo Herdez’s family. The results of the second quarter show the strength and diversification of our portfolio, as well as the effectiveness of our sales force. At Grupo Herdez, we will continue to focus on ensuring the safety of our employees, and the continuity of our operations,” 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.

As of this quarter, the financial results of Cielito Querido Café are recorded in the Frozen segment and correspond to the first six months of the year.

NET SALES

Net sales in the second quarter increased to MXN 6.1 billion, 7.6% higher than in 2019, while cumulative net sales rose to MXN 11.8 billion, 8.9% higher than last year.

Net sales in the Preserves division grew to MXN 4.8 billion, an increase of 11.6% over the same period in 2019 due to higher sales mainly on the supermarket channel due to the COVID-19 pandemic in Mexico. Year to date, net sales rose by 11.9% to 9.4 billion. The outstanding categories were tuna, tomato purée, jams, home-style salsa, mole and tea.

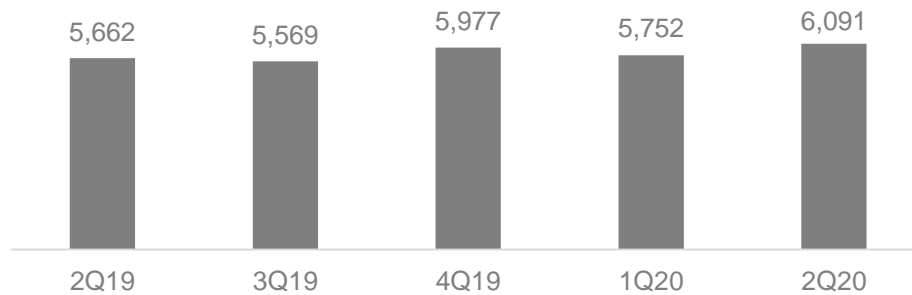
The Frozen division reported MXN 684 million in net sales during the quarter, which is a 30.5% drop over last year; while year to date the decrease was 17.6%. Note that as of the second quarter the results of Cielito Querido Café (CQC) are consolidated into this segment. Excluding the above, net sales of this segment in the quarter and on a cumulative basis would have decreased by 39.3% and 24.2%, respectively. These results are due to the mandated close of all stores of Cielito Querido Café, Lavazza, Moyo and Nutrisa as of April 1. Sales of Helados Nestlé remained in line with the same quarter of the previous year due to a good performance of the modern channel, which offset the fall in the traditional channel.

Exports were MXN 619 million in net sales during the quarter, 60.2% higher than in the same period of last year, benefiting from the combined effect of higher volumes and depreciation in the exchange rate. As of June 30, net sales increased 36.3% to MXN 998 million.

NET SALES	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated	6,091	5,662	7.6	11,844	10,874	8.9
Preserves	4,789	4,293	11.6	9,442	8,438	11.9
Frozen	684	983	(30.5)	1,404	1,703	(17.6)
Exports	619	387	60.2	998	732	36.3

Figures in millions of MXN

NET SALES PERFORMANCE



GROSS PROFIT

Consolidated gross margin in the quarter was 37.6%, which is a margin decrease of 0.6 percentage points compared to last year. In the Preserves segment, the margin increased 2.2 percentage points mainly as a result of fixed costs absorption due to higher sales. Frozen had a margin decrease of 9.6 percentage points due to mandated total store closure and an unfavorable sales mix in Helados Nestlé.

Year to date, the margin dropped 0.4 percentage points to 37.7%. In Preserves, the margin expanded 1.2 percentage points, while in Exports it increased 9.2 percentage points. However, the Frozen margin decreased 5.2 percentage points to 58.4%.

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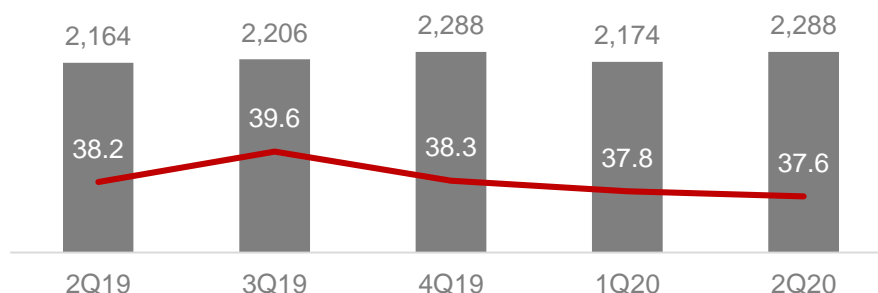
GROSS PROFIT	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated	2,288	2,164	5.7	4,462	4,139	7.8
Preserves	1,763	1,486	18.7	3,415	2,957	15.5
Frozen	371	628	(40.9)	821	1,083	(24.2)
Exports	154	51	202.1	227	99	128.3

Figures in millions of MXN

GROSS MARGIN	2Q20	2Q19	pp chg	6M20	6M19	pp chg
Consolidated	37.6	38.2	(0.6)	37.7	38.1	(0.4)
Preserves	36.8	34.6	2.2	36.2	35.0	1.2
Frozen	54.3	63.9	(9.6)	58.4	63.6	(5.2)
Exports	24.8	13.2	11.6	22.8	13.6	9.2

Figures in percentages

GROSS PROFIT PERFORMANCE



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

During the quarter, consolidated SG&A represented 26.8% of net sales, 1.1 percentage point higher than last year. For the Preserves segment, SG&A as a percentage of net sales decreased 0.5 percentage points due to the absorption of fixed costs; nevertheless, in the Frozen segment SG&A was 86.3%, a consequence of lower income and the expenses related to the incorporation of Cielito Querido Café.

Cumulatively, the ratio of general expenses to net sales was 26.5%, 0.7 percentage points higher than last year due to the behavior of expenses in the Frozen segment.

EARNINGS BEFORE INTEREST AND TAXES BEFORE OTHER INCOME

EBIT before other income was MXN 655 million, 7.4% lower than in the second quarter of the previous year. The above is a result of a margin expansion of 2.7 percentage points in the Preserves segment and an operating loss of MXN 219 million in Frozen. In Exports, the operating margin was 17.4%, an increase of 11.7 percentage points over last year.

Year to date operating income before other income was MXN 1.3 billion, in line with the previous year. Operating income before other income in Preserves increased 24.3% over last year, while the operating loss in Frozen was MXN 291 million. In the Exports division, operating income before other income increased to MXN 155 million.

OTHER INCOME

During the quarter, net other expenses were MXN 9 million mainly as a result of adjustments to guarantee the safety of our employees due to the health contingency, as well as the divestment of the last three tuna vessels. As of June 30, the Company no longer owns tuna vessels.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT in the quarter increased to MXN 647 million, 12.2% lower than that registered in the previous year. The margin was 10.6%, which was 2.4 percentage points lower than in the same period of 2019. Year to

date, however operating income increased 9.6% to MXN 1.5 billion, with a margin of 12.7%, which was in line with the previous year.

Excluding the results of CQC, EBIT would have been MXN 717 million with a margin of 11.9%. Year to date, before the integration of CQC operating income would have been MXN 1.4 billion and with margin of 11.8% which is 1.2 percentage points higher than in 2019.

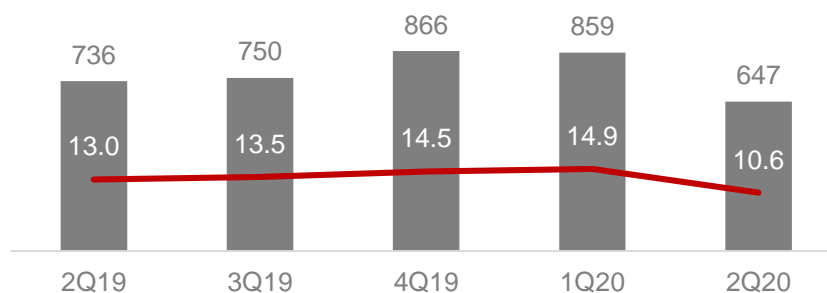
EBIT	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated	647	736	(12.2)	1,506	1,374	9.6
Preserves	776	596	30.3	1,645	1,214	35.5
Frozen	(238)	118	(301.0)	(294)	116	(353.5)
Exports	108	22	385.2	155	44	248.4

Figures in millions of MXN

EBIT MARGIN (%)	2Q20	2Q19	pp chg	6M20	6M19	pp chg
Consolidated	10.6	13.0	(2.4)	12.7	12.6	0.1
Preserves	16.2	13.9	2.3	17.4	14.4	3.0
Frozen	(34.7)	12.0	(46.7)	(20.9)	6.8	(27.7)
Exports	17.4	5.7	11.7	15.5	6.1	9.4

Figures in percentages

EBIT PERFORMANCE



COMPREHENSIVE FINANCING RESULT

During the second quarter, net financing costs were MXN 174 million, 22.7% higher than during the same period in 2019. This increase is mainly explained by higher interest paid due to an increase in debt. Year to date the comprehensive financing cost was MXN 230 million, 18.1% lower than in the previous year due to higher interest expenses, which were partially offset by an exchange rate gain of MXN 112 million.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

Equity investments in associated companies totaled MXN 208 million during the quarter, practically unchanged compared to last year, while on a cumulative basis it was MXN 345 million, which was 20.4% lower than 2019 due to lower results at MegaMex.

EQUITY INVESTMENT IN ASSOCIATES	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated	208	205	1.7	345	434	(20.4)
MegaMex	194	197	(1.8)	354	420	(15.8)
Others	14	7	94.6	(8)	14	(158.2)

Figures in millions of MXN

MEGAMEX CONSOLIDATED RESULTS (100%)

Net sales totaled MXN 3.9 billion in the quarter, a 12.8% increase compared to the same period of last year. This was due to a combined effect of higher volumes in the retail channel and exchange rate appreciation. Year to date net sales increased 5.6% to MXN 7.3 billion.

During the quarter, gross margin was 28.4%, 2.9 percentage points lower than during the same quarter of 2019; similarly, the decrease was 4.1 percentage points on a cumulative basis to 29.2%. EBIT and EBITDA margins in the quarter decreased 2.7 and 2.2 percentage points, respectively, while year to date they fell by 3.8 and 3.4 percentage points. The margin decreases are due to increases in the cost of sales at Don Miguel due to low productivity at the plant, as well as the impact caused by plant closure. As a result of the aforementioned, net income decreased 1.8% to MXN 388 million, and year-to-date the decrease was 15.8%, to MXN 707 million.

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MEGAMEX INCOME STATEMENT										
MEGAMEX	2Q20	%	2Q19	%	% change	6M20	%	6M19	%	% change
Net Sales	3,980	100.0	3,530	100.0	12.8	7,289	100.0	6,902	100.0	5.6
Gross Profit	1,132	28.4	1,106	31.3	2.3	2,130	29.2	2,301	33.3	(7.4)
EBIT	390	9.8	440	12.5	(11.5)	736	10.1	962	13.9	(23.5)
EBITDA	499	12.5	520	14.7	(4.2)	940	12.9	1,125	16.3	(16.5)
Net Income	388	9.7	395	11.2	(1.8)	707	9.7	840	12.2	(15.8)

Figures in millions of MXN

NET INCOME

Consolidated net income for the quarter totaled MXN 493 million, 14.2% lower than in the same period of last year. However, year-to-date consolidated net income increased to MXN 1.2 billion, 6.2% higher than 2019.

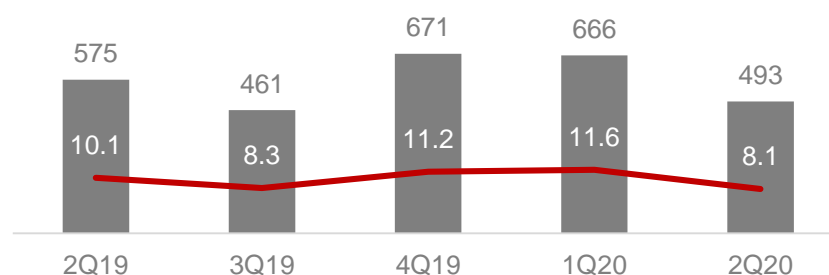
Consolidated net margin was 8.1%, which is a contraction of 2.0 percentage points compared to the previous year, caused by higher interest expenses. Year-to-date the margin remained practically unchanged over the previous year.

Majority Net Income dropped 56.2% and 29.1% during the quarter and year to date, respectively, mainly due to the performance of the Frozen segment.

NET INCOME	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated Net Income	493	575	(14.2)	1,160	1,092	6.2
Con. Net Margin (%)	8.1	10.1	(2.0)	9.8	10.0	(0.2)
Minority Interest	360	269	33.5	780	556	40.3
Majority Net Income	134	305	(56.2)	380	536	(29.1)
Maj. Net Margin (%)	2.2	5.4	(3.2)	3.2	4.9	(1.7)

Figures in millions of MXN

CONSOLIDATED NET INCOME PERFORMANCE



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

EBITDA was MXN 936 million in the quarter, with a 15.4% margin, in line with the same period of last year. Year to date EBITDA increased to MXN 1.9 billion, 12.8% higher than in the previous year, with a margin of 16.8%, which is 0.6 percentage points higher than in 2019.

EBITDA on a cumulative basis without the effects of extraordinary income would have been MXN 1.8 billion, 4.7% higher compared to last year, but with a margin contraction of 0.5 percentage points.

EBITDA	2Q20	2Q19	% change	6M20	6M19	% change
Consolidated	936	934	0.2	1,987	1,761	12.8
Preserves	890	686	29.7	1,828	1,388	31.7
Frozen	(77)	212	(136.5)	(23)	302	(107.8)
Exports	123	37	235.9	183	70	159.7

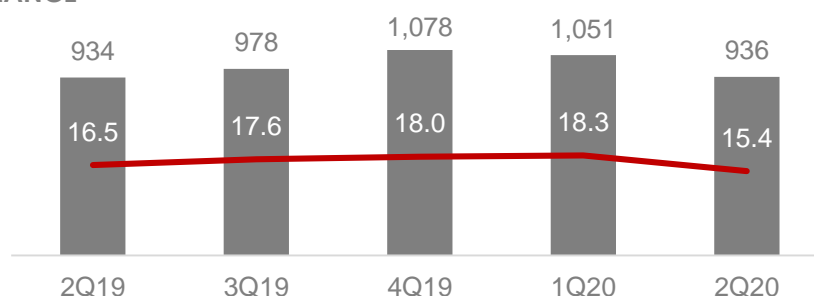
Figures in millions of MXN

EBITDA MARGIN (%)	2Q20	2Q19	pp chg	6M20	6M19	pp chg
Consolidated	15.4	16.5	(1.1)	16.8	16.2	0.6
Preserves	18.6	16.0	2.6	19.4	16.5	2.9
Frozen	(11.3)	21.5	(32.8)	(1.7)	17.7	(19.4)
Exports	19.9	9.5	10.4	18.3	9.6	8.7

Figures in percentages



EBITDA PERFORMANCE



CAPITAL EXPENDITURES (CAPEX)

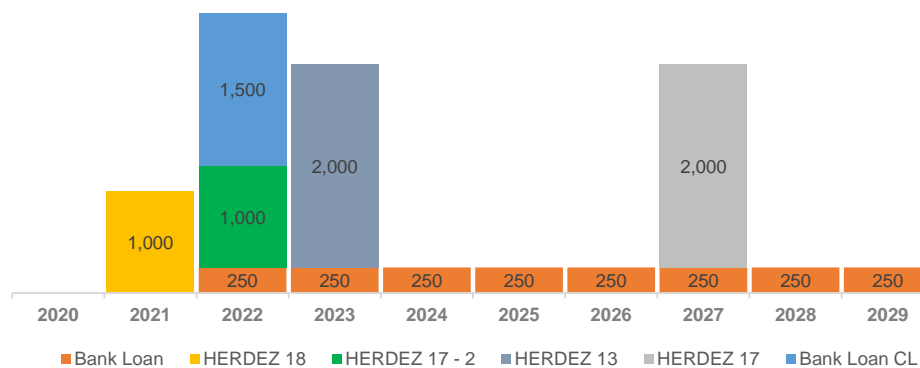
Net CAPEX in the quarter was MXN 63 million, not considering the incorporation of CQC, mainly allocated towards acquisition of freezers for the traditional channel and mole packaging equipment. Additionally, CAPEX registered revenues of MXN 21 million related to the divestment of certain assets of our tuna business.

FINANCIAL STRUCTURE

As of June 30, 2020, consolidated cash totaled MXN 3.5 billion, 16.6% lower than the first quarter of 2020. On the other hand, interest-bearing liabilities were MXN 10.4 billion, including the effects of IFRS 16, while financial debt remained at MXN 9.5 billion compared to the first quarter of the year.

Consolidated net debt to EBITDA was 1.7 times at the close of the quarter, and net debt to consolidated stockholders' equity ratio was 0.38 times. Consolidated net debt includes the effect of short- and long-term leases due to adoption of IFRS16 since 2019, in the amount of MXN 955 million.

DEBT PROFILE



SECOND QUARTER 2020 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, July 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#: 10010082

To access the call, please go to <http://public.viavid.com/index.php?id=140422>

If you are unable to participate live, a replay of the conference call will be available from July 24, 2020 through August 7, 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: 10010082.

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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, 25 distribution centers, 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	Second Quarter				
	2020	%	2019	%	% Change
Net Sales	6,091	100.0	5,662	100.0	7.6
Preserves	4,789	78.6	4,293	75.8	11.6
Frozen	684	11.2	983	17.4	(30.5)
Exports	619	10.2	387	6.8	60.2
Cost of Goods Sold	3,804	62.4	3,498	61.8	8.7
Preserves	3,026	63.2	2,807	65.4	7.8
Frozen	313	45.7	355	36.1	(12.0)
Exports	465	75.2	336	86.8	38.6
Gross Profit	2,288	37.6	2,164	38.2	5.7
Preserves	1,763	36.8	1,486	34.6	18.7
Frozen	371	54.3	628	63.9	(40.9)
Exports	154	24.8	51	13.2	202.1
Operating Expenses	1,632	26.8	1,457	25.7	12.1
Preserves	996	16.4	914	16.1	9.0
Frozen	590	9.7	514	9.1	14.7
Exports	46	0.8	29	0.5	60.3
EBIT before Other Income and Expenses	655	10.8	707	12.5	(7.4)
Preserves	767	12.6	572	10.1	34.1
Frozen	(219)	(3.6)	113	2.0	(293.3)
Exports	108	1.8	22	0.4	385.2
Other Income/Expenses, Net	9	0.1	(29)	(0.5)	(131.0)
EBIT	647	10.6	736	13.0	(12.2)
Preserves	776	16.2	596	13.9	30.3
Frozen	(238)	(34.7)	118	12.0	(301.0)
Exports	108	17.4	22	5.7	385.2
All-in Result of Financing	(174)	(2.9)	(142)	(2.5)	22.7
Interest Earned and (Paid), Net	(184)	(3.0)	(135)	(2.4)	36.3
Exchange (Loss) Gain	10	0.2	(7)	(0.1)	(250.7)
Equity Investment in Associated Companies	208	3.4	205	3.6	1.7
MegaMex	194	3.2	197	3.5	(1.8)
Others	14	0.2	7	0.1	94.6
Income Before Income Taxes	681	11.2	799	14.1	(14.8)
Income Tax Provision	188	3.1	225	4.0	(16.4)
Consolidated Net Income	493	8.1	575	10.1	(14.2)
Minority Interest	360	5.9	269	4.8	33.5
Majority Net Income	134	2.2	305	5.4	(56.2)
EBITDA	936	15.4	934	16.5	0.2
Preserves	890	18.6	686	16.0	29.7
Frozen	(77)	(11.3)	212	21.5	(136.5)
Exports	123	19.9	37	9.5	235.9

Figures expressed in millions of Mexican Pesos

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

INCOME STATEMENT	6M2020				
	2020	%	2019	%	% Change
Net Sales	11,844	100.0	10,874	100.0	8.9
Preserves	9,442	79.7	8,438	77.6	11.9
Frozen	1,404	11.9	1,703	15.7	(17.6)
Exports	998	8.4	732	6.7	36.3
Cost of Goods Sold	7,382	62.3	6,735	61.9	9.6
Preserves	6,027	63.8	5,481	65.0	10.0
Frozen	584	41.6	620	36.4	(5.9)
Exports	771	77.2	633	86.4	21.8
Gross Profit	4,462	37.7	4,139	38.1	7.8
Preserves	3,415	36.2	2,957	35.0	15.5
Frozen	821	58.4	1,083	63.6	(24.2)
Exports	227	22.8	99	13.6	128.3
Operating Expenses	3,142	26.5	2,811	25.8	11.8
Preserves	1,958	16.5	1,784	16.4	9.7
Frozen	1,112	9.4	972	8.9	14.4
Exports	72	0.6	55	0.5	31.3
EBIT before Other Income and Expenses	1,321	11.2	1,328	12.2	(0.6)
Preserves	1,457	12.3	1,173	10.8	24.3
Frozen	(291)	(2.5)	111	1.0	(362.4)
Exports	155	1.3	44	0.4	248.4
Other Income/Expenses, Net	(185)	(1.6)	(46)	(0.4)	302.5
EBIT	1,506	12.7	1,374	12.6	9.6
Preserves	1,645	17.4	1,214	14.4	35.5
Frozen	(294)	(20.9)	116	6.8	(353.5)
Exports	155	15.5	44	6.1	248.4
All-in Result of Financing	(230)	(1.9)	(281)	(2.6)	(18.1)
Interest Earned and (Paid), Net	(342)	(2.9)	(273)	(2.5)	25.2
Exchange (Loss) Gain	112	0.9	(7)	(0.1)	NM
Equity Investment in Associated Companies	345	2.9	434	4.0	(20.4)
MegaMex	354	3.0	420	3.9	(15.8)
Others	(8)	(0.1)	14	0.1	(158.2)
Income Before Income Taxes	1,621	13.7	1,527	14.0	6.1
Income Tax Provision	461	3.9	436	4.0	5.9
Consolidated Net Income	1,160	9.8	1,092	10.0	6.2
Minority Interest	780	6.6	556	5.1	40.3
Majority Net Income	380	3.2	536	4.9	(29.1)
EBITDA	1,987	16.8	1,761	16.2	12.8
Preserves	1,828	19.4	1,388	16.5	31.7
Frozen	(23)	(1.7)	302	17.7	(107.8)
Exports	183	18.3	70	9.6	159.7

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	30 jun 2020	%	31 dec 2019	%	Change	
					\$	%
TOTAL ASSETS	34,737	100.0	33,081	100.0	1,656	5.0
Domestic	31,797	91.5	30,481	92.1	1,315	4.3
USA	2,940	8.5	2,600	7.9	341	13.1
Current Assets	12,350	35.6	10,975	33.2	1,375	12.5
Cash and Cash Equivalents	3,537	10.2	2,310	7.0	1,228	53.2
Accounts Receivable	2,859	8.2	3,173	9.6	(314)	(9.9)
Other Accounts Receivable	190	0.5	141	0.4	48	34.1
Inventories	3,874	11.2	3,991	12.1	(117)	(2.9)
Other Current Assets	1,890	5.4	1,360	4.1	530	39.0
Non-Current Assets	22,388	64.4	22,107	66.8	281	1.3
Property, Plant and Equipment, Net	4,990	14.4	5,540	16.7	(551)	(9.9)
Right-of-Use Assets	867	2.5	865	2.6	3	0.3
Investments In Subsidiaries	8,154	23.5	7,186	21.7	967	13.5
Intangible Assets	7,171	20.6	7,373	22.3	(202)	(2.7)
Other Assets	1,206	3.5	1,143	3.5	64	5.6
TOTAL LIABILITIES	16,680	48.0	14,833	44.8	1,847	12.5
Domestic	15,788	45.4	14,084	42.6	1,703	12.1
USA	892	2.6	749	2.3	143	19.2
Current Liabilities	6,127	17.6	4,628	14.0	1,499	32.4
Accounts Payable	2,762	8.0	2,455	7.4	307	12.5
Short-Term Debt	1,000	2.9	0	0.0	1,000	NM
Short-Term Leases	259	0.7	304	0.9	(44)	(14.6)
Other Short-Term Liabilities	2,105	6.1	1,869	5.6	236	12.6
Long-Term Liabilities	10,553	30.4	10,205	30.8	348	3.4
Long-Term Debt	8,500	24.5	8,000	24.2	500	6.3
Long-Term Leases	696	2.0	587	1.8	109	18.6
Other Liabilities	(25)	(0.1)	(32)	(0.1)	7	23.2
Other Long-Term Liabilities w/o Cost	1,382	4.0	1,651	5.0	(269)	(16.3)
TOTAL STOCKHOLDERS' EQUITY	18,057	52.0	18,248	55.2	(191)	(1.0)
Minority Stockholder's Equity	10,307	29.7	10,274	31.1	33	0.3
Majority Stockholder's Equity	7,750	22.3	7,974	24.1	(224)	(2.8)

Figures expressed in millions of Mexican pesos