

## GRUPO HERDEZ REPORTS THIRD QUARTER 2011 RESULTS

### Highlights from the quarter:

- Net sales rose a solid 10.8%, driven by strong growth in the US and steady performance in Mexico
- Operating and EBITDA margins declined by 2.8 and 2.7 pp respectively, reflecting higher input costs
- Net majority margin declined only 20 basis points as a result of a non-recurring foreign exchange gain

**Mexico City, Mexico, October 20, 2011 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”) (BMV: HERDEZ),** today announced its results for the third quarter ended September 30, 2011.<sup>1</sup>

“Strong growth in the United States and solid sequential improvement in the domestic operations indicate that our growth initiatives are on track. Nonetheless, we face challenging headwinds with input costs and FX rates that will continue for the remainder of the year,” said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

### Net Sales

Net sales in the third quarter totaled Ps. 2,347 million, an increase of 10.8% over the 2010 figure reflecting stable growth in Mexico and a strong double-digit increase on the international front. On a cumulative basis, net sales rose 8.9% to Ps. 6,779 million.

| Net Sales     | 3Q11  | 3Q10  | % Change | 9M 11 | 9M 10 | % Change |
|---------------|-------|-------|----------|-------|-------|----------|
| Consolidated  | 2,347 | 2,119 | 10.8     | 6,779 | 6,228 | 8.9      |
| Domestic      | 1,961 | 1,861 | 5.4      | 5,714 | 5,479 | 4.3      |
| International | 386   | 259   | 49.4     | 1,066 | 749   | 42.2     |

Figures in millions of pesos

In Mexico, net sales rose 5.4% in the quarter to Ps. 1,961 million. This was mainly attributable to better sequential volume performance across the portfolio, particularly in the mayonnaise, pasta and tomato puree categories, driven by more targeted and efficient marketing spend. On a cumulative basis, domestic net sales increased 4.3% to Ps. 5,714 million.

<sup>1</sup> All financial information contained in this document is prepared in accordance with Mexican Financial Reporting Standards (NIF). All figures are expressed in nominal Mexican pesos unless otherwise stated.

In the United States, net sales rose 49.4% and 42.2% in the quarter and nine months respectively, reflecting the incorporation of Don Miguel, continued share gains in the largest MegaMex segments, and growth in new categories such as frozen and refrigerated foods. The strengthening of the US dollar at the end of the quarter also benefited current period performance when converting US dollar sales to Mexican pesos. It is important to note that sales from the Fresherized Foods operation, acquired in August 2011, have not been consolidated in this quarter's figures and are registered on the balance sheet as an equity investment.

### Costs and Expenses

As expected, the cost of goods sold as a percentage of net sales in the quarter and nine months rose 3.2 and 2.0 percentage points respectively, compared to 2010, to 63.0% and 62.6% due to higher input costs, particularly soybean oil.

On the operating side, sales, general and administrative expenses as a proportion of net sales declined 40 basis points to 21.9% in the quarter. Similarly, for the first nine months of the year, these expenses comprised 21.2% of net sales, 20 basis points lower than in the same period of last year. In both cases this is primarily due to expense control initiatives.

### Operating Income

Operating income in the third quarter of the year totaled Ps. 355 million, a 6.4% decline compared to 2010, while the margin decreased 2.8 percentage points to 15.1%. This largely reflects the impact of higher input costs on the gross margin and, to a lesser extent, a slight increase in expenses associated with the startup of the new distribution center in Mexico. The above were partially offset by the combination of pricing actions implemented in the second quarter of the year, cost control initiatives and profitable growth in the international operations.

On a cumulative basis, operating income fell 1.8%, while the margin declined 1.8 percentage points to 16.2%.

| Operating Income | 3Q11 | 3Q10 | % Change | 9M 11 | 9M 10 | % Change |
|------------------|------|------|----------|-------|-------|----------|
| Consolidated     | 355  | 380  | (6.4)    | 1,100 | 1,120 | (1.8)    |
| Domestic         | 319  | 354  | (10.0)   | 981   | 1,024 | (4.2)    |
| International    | 36   | 25   | 43.8     | 118   | 96    | 23.6     |

Figures in millions of pesos

| Operating Margin (%) | 3Q11 | 3Q10 | PP Chg | 9M 11 | 9M 10 | PP Chg |
|----------------------|------|------|--------|-------|-------|--------|
| Consolidated         | 15.1 | 17.9 | (2.8)  | 16.2  | 18.0  | (1.8)  |
| Domestic             | 16.3 | 19.0 | (2.8)  | 17.2  | 18.7  | (1.5)  |
| International        | 9.4  | 9.7  | (0.4)  | 11.1  | 12.8  | (1.7)  |

### Comprehensive Result of Financing

The comprehensive result of financing was a Ps. 52 million gain in the quarter, compared to a Ps. 16 million cost in the same period of last year, while the nine month figure declined from Ps. 64 million to Ps. 3 million. In both cases, the change is explained by a non-recurring non-cash FX gain derived from dollar denominated loans between affiliated companies at the Herdez Del Fuerte joint venture.

### Net Majority Income

Net majority income in the third quarter totaled Ps. 207 million, 8.4% higher than in the year ago period, while the margin declined only 20 basis points to 8.8%. For the first nine months, income fell 5.8% to Ps. 547 million with a 1.3 percentage point contraction in the margin reflecting gross margin pressure that was partially offset by the aforementioned FX gain registered in the third quarter.

| Net Majority Income     | 3Q11 | 3Q10 | % Change | 9M 11 | 9M 10 | % Change |
|-------------------------|------|------|----------|-------|-------|----------|
| Consolidated Net Income | 268  | 267  | 0.4      | 747   | 790   | (5.5)    |
| Minority Interest       | 61   | 76   | (19.4)   | 200   | 210   | (4.7)    |
| Net Majority Income     | 207  | 191  | 8.4      | 547   | 581   | (5.8)    |
| Net Majority Margin (%) | 8.8  | 9.0  | (0.2) pp | 8.1   | 9.3   | (1.3) pp |

Figures in millions of pesos

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

EBITDA in the quarter totaled Ps. 392 million, a decline of 4.9% when compared to the same period of last year. The margin declined 2.7 percentage points from 2010, to 16.7%.

On a cumulative basis, EBITDA totaled Ps. 1,204 million, 0.5% higher than in the first nine months of 2010, with a 1.7 percentage point decline in the margin to 17.8%.

| EBITDA        | 3Q11 | 3Q10 | % Change | 9M 11 | 9M 10 | % Change |
|---------------|------|------|----------|-------|-------|----------|
| Consolidated  | 392  | 412  | (4.9)    | 1,204 | 1,211 | (0.5)    |
| Domestic      | 350  | 384  | (8.9)    | 1,064 | 1,108 | (3.9)    |
| International | 43   | 29   | 49.2     | 140   | 103   | 35.9     |

Figures in millions of pesos

| EBITDA Margin (%) | 3Q11 | 3Q10 | PP Chg | 9M 11 | 9M 10 | PP Chg |
|-------------------|------|------|--------|-------|-------|--------|
| Consolidated      | 16.7 | 19.5 | (2.7)  | 17.8  | 19.4  | (1.7)  |
| Domestic          | 17.8 | 20.6 | (2.8)  | 18.6  | 20.2  | (1.6)  |
| International     | 11.0 | 11.0 | (0.0)  | 13.2  | 13.8  | (0.6)  |

### Capital Expenditures

Net capex in the third quarter totaled Ps. 91 million, of which 77% was allocated to final construction and startup operations of the distribution center located in the State of Mexico, and 23% to the initial investment for the reallocation of McCormick's marmalade capacity from Mexico City to San Luis Potosi, Mexico.

### Financial Structure

As of September 30, 2011, the Company's cash position was Ps. 1,081 million, 2.2% lower than in the second quarter of 2011, reflecting cash payments for the acquisitions made during the quarter.

Consolidated net debt<sup>2</sup> totaled Ps. 1,128 million, 60.9% higher than in the previous period, mainly reflecting the bridge loan for the acquisition of Fresherized Foods in the United States. Leverage ratios remain healthy, with net debt to EBITDA at 0.64 times and net debt to equity at 0.25 times, compared to the 0.40 times and 0.17 times registered in June 2011.

It should be noted that Fresherized Foods, acquired in August 2011, is accounted for as an equity investment in the current period; results from that operation will be consolidated as of the fourth quarter of 2011.

### Recent Events

- On July 29, 2011, Grupo Herdez announced it has designated Acciones y Valores Banamex, Casa de Bolsa, as its market maker.
- On August 22, 2011, the Company announced that its associated company MegaMex Foods LLC completed the acquisition of Fresherized Foods, Inc., the word leader in processed avocado and guacamole, based in Texas.
- On September 5, 2011, Grupo Herdez announced that its associated company Herdez Del Fuerte signed a definitive agreement to acquire 50% of Aires de Campo, S.A. de C.V., the leading distributor of organic products in Mexico.

<sup>2</sup> Consolidated debt excludes loans from holding companies to its associates.

**3Q11 Earnings Conference Call Information**

Date: Friday, October 21, 2011  
Time: 12:00 p.m. ET/ 11:00 a.m. CT  
Dial-in: +1 (706) 679 3873  
Call ID: 16298547

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**About Grupo Herdez**

Grupo Herdez is a leading producer of shelf-stable foods and beverages in Mexico, and a leader in the Mexican food category in the United States.

The Company is engaged in the production, distribution and sale of a broad range of categories including *burritos*, catsup, coffee, guacamole, homemade salsas, honey, marmalade, mayonnaise, mole, mustard, pasta, spices, *taquitos*, tea, tomato puree, tuna and vegetables, among others. These products are sold through an exceptional portfolio of brands, including Aires de Campo, Chi-Chi's, Del Fuerte, Don Miguel, Doña María, Embasa, Herdez, La Victoria, McCormick, Wholly Guacamole and Yemina. Grupo Herdez has 14 plants, 9 distribution centers and more than 7,000 employees.

| INCOME STATEMENT                      | Third Quarter |       |       |       |        | Nine months as of September 30 |       |       |       |        |
|---------------------------------------|---------------|-------|-------|-------|--------|--------------------------------|-------|-------|-------|--------|
|                                       | 2011          | %     | 2010  | %     | % Chg  | 2011                           | %     | 2010  | %     | % Chg  |
| Net Sales                             | 2,347         | 100.0 | 2,119 | 100.0 | 10.8   | 6,779                          | 100.0 | 6,228 | 100.0 | 8.9    |
| Cost of Goods Sold                    | 1,479         | 63.0  | 1,267 | 59.8  | 16.7   | 4,246                          | 62.6  | 3,774 | 60.6  | 12.5   |
| Gross Profit                          | 868           | 37.0  | 852   | 40.2  | 1.9    | 2,534                          | 37.4  | 2,454 | 39.4  | 3.3    |
| Operating Expenses                    | 513           | 21.9  | 472   | 22.3  | 8.6    | 1,434                          | 21.2  | 1,334 | 21.4  | 7.5    |
| Operating Income                      | 355           | 15.1  | 380   | 17.9  | (6.4)  | 1,100                          | 16.2  | 1,120 | 18.0  | (1.8)  |
| Other expenses (Income)               | 12            | 0.5   | -1    | (0.1) | NC     | 27                             | 0.4   | -6    | (0.1) | NC     |
| Comprehensive Financing Result        | -52           | (2.2) | 16    | 0.8   | NC     | 3                              | 0.0   | 64    | 1.0   | (94.8) |
| Income from unconsolidated affiliates | 9             | 0.4   | 8     | 0.4   | 15.8   | 25                             | 0.4   | 21    | 0.3   | 19.1   |
| Income before income taxes            | 404           | 17.2  | 373   | 17.6  | 8.5    | 1,094                          | 16.1  | 1,083 | 17.4  | 1.0    |
| Income tax provision                  | 135           | 5.8   | 104   | 4.9   | 30.6   | 345                            | 5.1   | 285   | 4.6   | 20.8   |
| Income before discontinued ops.       | 269           | 11.5  | 269   | 12.7  | (0.0)  | 749                            | 11.0  | 798   | 12.8  | (6.1)  |
| Discontinued Operations               | 1             | 0.0   | 2     | 0.1   | (69.0) | 2                              | 0.0   | 7     | 0.1   | (67.1) |
| Consolidated Net income               | 268           | 11.4  | 267   | 12.6  | 0.4    | 747                            | 11.0  | 790   | 12.7  | (5.5)  |
| Minority Interest                     | 61            | 2.6   | 76    | 3.6   | (19.4) | 200                            | 2.9   | 210   | 3.4   | (4.7)  |
| Net Majority Income                   | 207           | 8.8   | 191   | 9.0   | 8.4    | 547                            | 8.1   | 581   | 9.3   | (5.8)  |
| EBITDA                                | 392           | 16.7  | 412   | 19.5  | (4.9)  | 1,204                          | 17.8  | 1,211 | 19.4  | (0.5)  |

Figures expressed in millions of nominal Mexican pesos

NC: Not comparable

| BALANCE SHEET                        | 2011         | %            | 2010         | %            | Change       |             |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
|                                      |              |              |              |              | \$           | %           |
| <b>TOTAL ASSETS</b>                  | <b>8,524</b> | <b>100.0</b> | <b>6,875</b> | <b>100.0</b> | <b>1,649</b> | <b>24.0</b> |
| Current Assets                       | 4,316        | 50.6         | 4,075        | 59.3         | 242          | 5.9         |
| Cash and Equivalents                 | 1,081        | 12.7         | 1,230        | 17.9         | -149         | (12.1)      |
| Accounts Receivable                  | 712          | 8.4          | 593          | 8.6          | 119          | 20.1        |
| Other Accounts Receivable            | 1,362        | 16.0         | 1,133        | 16.5         | 228          | 20.2        |
| Inventories                          | 1,125        | 13.2         | 1,048        | 15.2         | 77           | 7.3         |
| Other Current Assets                 | 37           | 0.4          | 71           | 1.0          | -34          | (47.8)      |
| Property, Plant and Equipment, Net   | 1,888        | 22.2         | 1,689        | 24.6         | 199          | 11.8        |
| Investment In Subsidiaries           | 278          | 3.3          | 85           | 1.2          | 193          | 227.2       |
| Intangible Assets                    | 2,016        | 23.6         | 1,005        | 14.6         | 1,011        | 100.7       |
| Other Assets                         | 25           | 0.3          | 22           | 0.3          | 4            | 17.1        |
| <b>TOTAL LIABILITIES</b>             | <b>4,072</b> | <b>47.8</b>  | <b>3,026</b> | <b>44.0</b>  | <b>1,046</b> | <b>34.6</b> |
| Current Liabilities                  | 1,361        | 16.0         | 1,389        | 20.2         | -28          | (2.0)       |
| Accounts Payable                     | 648          | 7.6          | 561          | 8.2          | 87           | 15.5        |
| Short-Term Debt                      | 408          | 4.8          | 372          | 5.4          | 35           | 9.5         |
| Other Short-Term Liabilities         | 304          | 3.6          | 455          | 6.6          | -150         | (33.1)      |
| Long-Term Liabilities                | 2,712        | 31.8         | 1,638        | 23.8         | 1,074        | 65.6        |
| Long-Term Debt                       | 1,801        | 21.1         | 1,205        | 17.5         | 596          | 49.4        |
| Other Liabilities                    | 495          | 5.8          | 281          | 4.1          | 214          | 76.2        |
| Other Long-Term Liabilities w/o Cost | 416          | 4.9          | 151          | 2.2          | 264          | 174.6       |
| Minority Stockholder's Equity        | 985          | 11.6         | 834          | 12.1         | 151          | 18.1        |
| Majority Stockholder's Equity        | 3,466        | 40.7         | 3,015        | 43.8         | 451          | 15.0        |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>    | <b>4,451</b> | <b>52.2</b>  | <b>3,849</b> | <b>56.0</b>  | <b>602</b>   | <b>15.7</b> |

Figures expressed in millions of nominal Mexican pesos

NA: Not applicable