



GRUPO HERDEZ

THIRD QUARTER 2018

EARNINGS RELEASE

HIGHLIGHTS FOR THE QUARTER

- Consolidated net sales increased by 8.1 percent to MXN 5,204 million driven mainly by volume growth in Preserves and Helados Nestlé.
- Consolidated EBIT and EBITDA margins were 12.9 and 15.4 percent, respectively.
- Majority net income totaled MXN 241 million, 40.3 percent higher than the same quarter in 2017 due to MegaMex, with a margin growth of 1.0 percentage point to 4.6 percent.



Mexico City, Mexico, October 25, 2018 – Grupo Herdez, S.A.B. DE C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the third quarter ending September 30, 2018.

"Our portfolio maintained a solid market share in the third quarter despite lower than expected consumer trends. Our commercial execution combined with our financial strength have allowed us to capitalize on opportunities that will continue to generate value for the business," 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 expressed in Mexican pesos unless otherwise stated.

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

NET SALES

Net sales in the third quarter increased 8.1 percent compared to the same period last year to MXN 5,204 million driven by a mix of volume growth and price increases over the last 12 months. Net sales in the Preserves division grew 7.6 percent, with outperforming volume in the mayonnaise, marmalade, mole, mustard, pasta, tea and tuna categories.

The Frozen division reached MXN 823 million in net sales, 9.3 percent higher than the third quarter of 2017 driven by Helados Nestlé's volume growth in retail and the contribution of new products. For Nutrisa, the increase in average ticket and a sequential improvement in traffic resulted in a 4.0 percent growth in same store sales when compared to the same quarter of last year.

Exports reached MXN 356 million, 10.2 percent higher than the same period of 2017 due to volume increases in homestyle salsa and mayonnaise, as well as the benefit of the strengthening of the US dollar when compared to last year.

For the first nine months of the year, consolidated net sales grew 4.3 percent to MXN 15,123 million. The accumulated growth rate was affected by the sales decline experienced in Preserves in the first quarter and the relocation of freezers that affected the Frozen segment in the second quarter.

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NET SALES	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated	5,204	4,816	8.1	15,123	14,500	4.3
Preserves	4,024	3,739	7.6	11,650	11,365	2.5
Frozen	823	753	9.3	2,371	2,281	3.9
Exports	356	323	10.2	1,102	854	29.1

Figures in million MXN

GROSS PROFIT

Consolidated gross margin in the quarter reached 38.6 percent, a 1.0 percentage point decrease compared to the same period in 2017, explained by an unfavorable sales mix in the Preserves segment.

On a cumulative basis, gross margin reached 39.4 percent, relatively unchanged when compared to the same period of last year mainly due to lower than expected volume performance and the impact of the sales mix in the third quarter, both factors in the Preserves division.

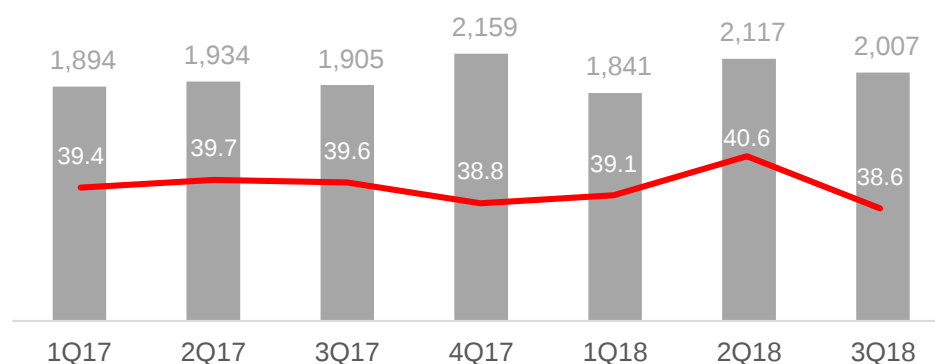
GROSS PROFIT	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated	2,007	1,905	5.4	5,964	5,732	4.0
Preserves	1,458	1,392	4.8	4,319	4,197	2.9
Frozen	515	475	8.3	1,497	1,422	5.3
Exports	34	38	(9.1)	148	113	31.1

Figures in million MXN

GROSS MARGIN	3Q18	3Q17	pp change	9M18	9M17	pp change
Consolidated	38.6	39.6	(1.0)	39.4	39.5	(0.1)
Preserves	36.2	37.2	(1.0)	37.1	36.9	0.2
Frozen	62.5	63.1	(0.6)	63.2	62.3	0.9
Exports	9.6	11.7	(2.1)	13.4	13.2	0.2

Figures in percentages

GROSS PROFIT PERFORMANCE



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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated SG&A as a proportion of net sales declined 80 basis points to 26.2 percent due to absorption of fixed expenses mainly in Helados Nestlé combined with an easy comparison due to the donations for the earthquakes registered in the third quarter of last year. It is worth highlighting that SG&A relative to net sales in the Frozen division decreased 4.5 percentage points to 54.6 percent.

On a cumulative basis, SG&A remained unchanged at 26.2 percent of net sales when compared to the same period of last year. Higher outsourced warehousing fees, electricity and freight costs from inventory construction for the fourth quarter were offset by lower advertising and promotion expenses aligned with sales performance.

EARNINGS BEFORE INTERESTS AND TAXES (EBIT)

EBIT in the quarter rose 8.7 percent to MXN 672 million, with a margin of 12.9 percent or 10 basis points higher than the same period in 2017. EBIT margin in the Preserves segment decreased by 50 basis points to 14.8 percent resulting from the unfavorable sales mix. In the Frozen segment, EBIT margin reached 8.1 compared to 3.5 percent in the same quarter of last year benefited by higher volumes and the resulting absorption of fixed expenses.

For the first nine months of the year, EBIT margin remained practically unchanged at 13.7 percent, benefited by the 2.9 percentage points expansion in the Frozen division that offset the decrease in the Preserves segment.

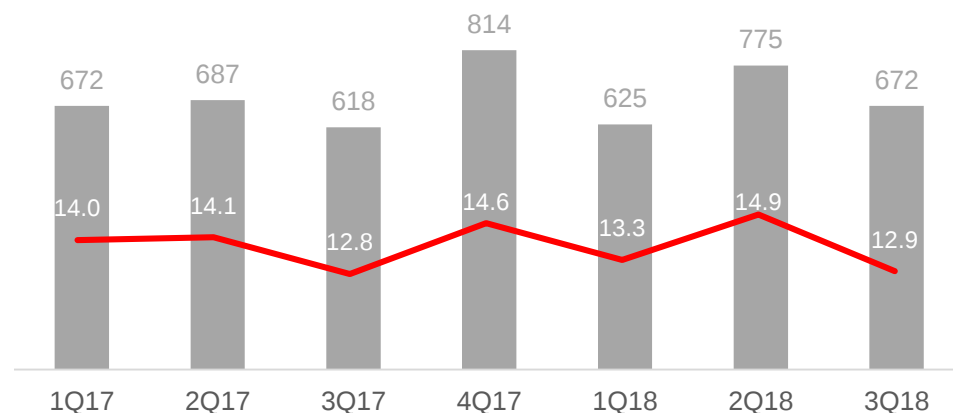
EBIT	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated	672	618	8.7	2,072	1,976	4.9
Preserves	594	572	3.9	1,809	1,803	0.3
Frozen	67	26	156.9	180	106	69.3
Exports	11	20	(47.7)	83	67	24.4

Figures in million MXN

EBIT MARGIN (%)	3Q18	3Q17	pp change	9M18	9M17	pp change
Consolidated	12.9	12.8	0.1	13.7	13.6	0.1
Preserves	14.8	15.3	(0.5)	15.5	15.9	(0.4)
Frozen	8.1	3.5	4.6	7.6	4.7	2.9
Exports	3.0	6.3	(3.3)	7.5	7.8	(0.3)

Figures in percentages

EBIT PERFORMANCE



COMPREHENSIVE FINANCING RESULT

Net financing cost totaled MXN 136 million in the quarter, 25.5 percent higher than in the same period in 2017. This increase resulted mainly from a currency exchange loss of MXN 7 million, compared to a gain of MXN 20 million registered in the same quarter of last year.

EQUITY INVESTMENT IN ASSOCIATES

Equity investment in associates totaled MXN 234 million in the quarter and MXN 729 million for the first nine months of the year, 1.8 times and 58.6 percent higher than the respective periods of 2017. These increases resulted from double-digit growth in MegaMex's net sales, lower avocado prices and a lower tax rate in the U.S.

EQUITY INVESTMENT IN ASSOCIATES	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated	234	82	183.8	729	459	58.6
MegaMex	224	72	210.8	698	421	66.1
Others	10	10	(2.6)	31	39	(20.0)

Figures in million MXN

MEGAMEX CONSOLIDATED RESULTS (100%)

Net sales totaled MXN 3,350 million in the quarter, an 11.5 percent increase compared to last year driven by a balanced mix of price and volume, and a better sales mix. Guacamole and homestyle salsa categories continued to outperform the rest of the portfolio in volume and sales terms.

Gross margin reached 34.4 percent, 12.5 percentage points higher than last year due to lower avocado prices and higher sales. EBIT margin increased by 9.4 percentage points to 13.8 percent, and EBITDA margin reached 16.3 percent, 8.9 percentage points higher than the same period in 2017. Net income grew 2.1 times due to higher sales, gross margin expansion and a lower tax rate in the U.S.

For the first 9 months of the year, net sales increased by 8.4 percent to MXN 9,899 million driven by guacamole and homestyle salsa categories, lower avocado prices and a lower tax rate that resulted in a 66.1 percent growth in net income to MXN 1,397 million.

INCOME STATEMENT										
MEGAMEX	3Q18	%	3Q17	%	% change	9M18	%	9M17	%	% change
Net Sales	3,350	100.0	3,004	100.0	11.5	9,899	100.0	9,134	100.0	8.4
Gross Profit	1,152	34.4	657	21.9	75.3	3,563	36.0	2,649	29.0	34.5
EBIT	461	13.8	134	4.4	245.4	1,617	16.3	923	10.1	75.1
EBITDA	547	16.3	223	7.4	145.4	1,890	19.1	1,209	13.2	56.3
Net Income	448	13.4	144	4.8	210.8	1,397	14.1	841	9.2	66.1

Figures in million MXN

NET INCOME

Consolidated net income for the third quarter totaled MXN 511 million, a 34.8 percent increase compared to the same period of last year. Consolidated net margin reached 9.8 percent, an expansion of 1.9 percentage points benefited by higher income from equity investment in associates and a lower tax rate.

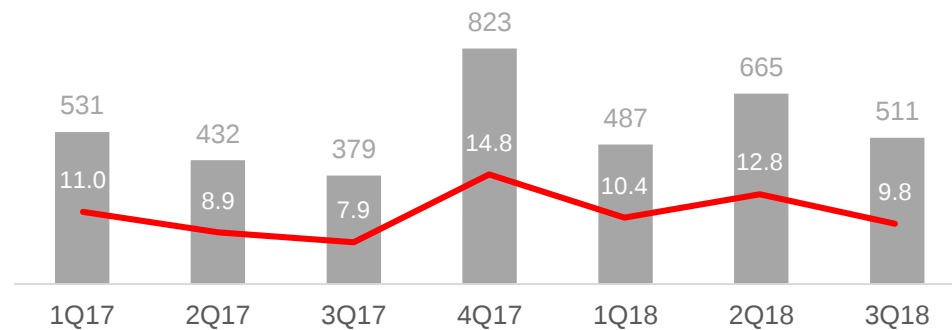
Majority net income totaled MXN 241 million in the quarter with a margin of 4.6 percent or 1.0 percentage points higher than the same period in 2017. This increase is explained by MegaMex's performance, a lower tax rate and the sequential improvement in the Frozen segment.

Consolidated net margin for the first nine months of the year grew 1.7 percentage points to 11.0 percent, while majority net margin grew 80 basis points to 5.3 percent when compared to the same period of last year.

NET INCOME	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated Net Income	511	379	34.8	1,664	1,343	23.9
Con. Net Margin (%)	9.8	7.9	1.9 pp	11.0	9.3	1.7 pp
Minority Interest	271	208	30.3	863	692	24.6
Majority Net Income	241	172	40.3	802	650	23.3
Maj. Net Margin (%)	4.6	3.6	1.0 pp	5	4	0.8 pp

Figures in million MXN unless otherwise stated

CONSOLIDATED NET INCOME PERFORMANCE



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

Consolidated EBITDA totaled MXN 802 million in the quarter, 5.9 percent higher than the same period in 2017. EBITDA margin reached 15.4 percent or 30 basis points lower than the same period of last year mainly affected by the unfavorable sales mix in the Preserves division.

On a cumulative basis, EBITDA margin remained at 16.3 percent. It is worth noting that the Frozen segment registered a 2.0 percentage points expansion to 13.1 percent resulting from solid sales growth and the absorption of fixed cost and expenses.

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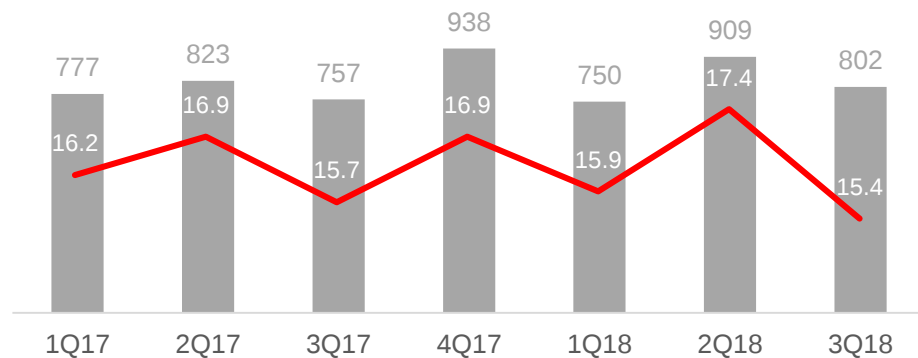
EBITDA	3Q18	3Q17	% change	9M18	9M17	% change
Consolidated	802	757	5.9	2,461	2,357	4.4
Preserves	673	647	3.9	2,033	2,011	1.1
Frozen	107	78	36.2	311	254	22.2
Exports	22	32	(29.4)	117	92	27.8

Figures in million MXN

EBITDA MARGIN (%)	3Q18	3Q17	pp Chg	9M18	9M17	% change
Consolidated	15.4	15.7	(0.3)	16.3	16.3	0.0
Preserves	16.7	17.3	(0.6)	17.5	17.7	(0.2)
Frozen	13.0	10.4	2.6	13.1	11.1	2.0
Exports	6.3	9.8	(3.5)	10.6	10.7	(0.1)

Figures in percentages

EBITDA PERFORMANCE



CAPITAL EXPENDITURES (CAPEX)

Net CAPEX in the quarter totaled MXN 71 million, which was primarily allocated in the Frozen segment for maintenance and new Nutrisa stores.

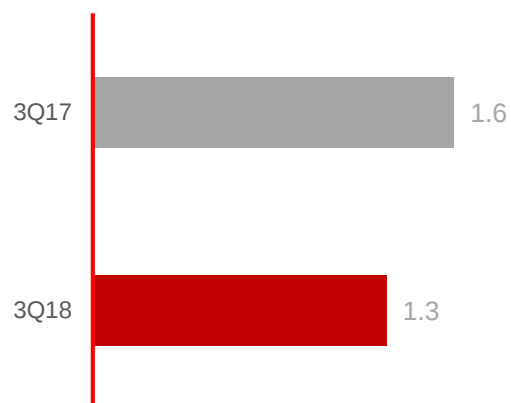
FINANCIAL STRUCTURE

As of September 30, 2018, consolidated cash totaled MXN 2,294 million and interest-bearing liabilities reached MXN 6,830 million, or MXN 200 million lower than the second quarter of 2018.

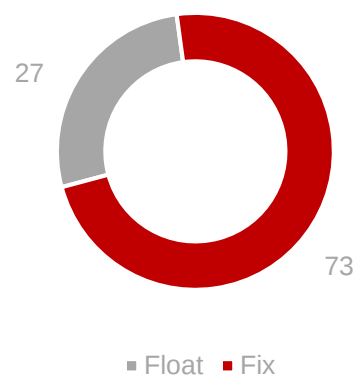
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Consolidated net debt to EBITDA in the quarter totaled 1.3 times, 62.9% lower than current covenant of 3.5 times, while net debt to consolidated stockholder's equity ratio reached 0.26 times.

NET DEBT, EBITDA



INTEREST RATE MIX %



CASH FLOW

Cash flow from operations totaled MXN 797 million in the quarter.

3Q 2018 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, October 26, 2018

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

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (888) 394 8218
- Toll International: +1 (323) 701 0225
- Conference ID#: 1713230

To access the call online, follow the link at <http://grupoherdez.mx/investors/?lang=en>
or go directly to <http://public.viavid.com/index.php?id=131401>

If you are unable to participate live, a replay of the conference call will be available from October 26 through November 9, 2018. 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: 1713230.

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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 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, homestyle salsas, honey, ice cream, ketchup, marmalade, 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 Frank's, French's, Kikkoman, Ocean Spray and Reynolds. Grupo Herdez has 15 manufacturing facilities, 23 distribution centers, 7 tuna vessels, 479 Nutrisa stores and a workforce of more than 9,300 associates. 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 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 reflect 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.



INCOME STATEMENT	Third Quarter				
	2018	%	2017	%	% Chg
Net Sales	5,204	100.0	4,816	100.0	8.1
Preserves	4,024	100.0	3,739	100.0	7.6
Frozen	823	100.0	753	100.0	9.3
Exports	356	100.0	323	100.0	10.2
Cost of Goods Sold	3,197	61.4	2,911	60.4	9.8
Preserves	2,566	63.8	2,347	62.8	9.3
Frozen	309	37.5	278	36.9	11.1
Exports	322	90.4	286	88.3	12.7
Gross Profit	2,007	38.6	1,905	39.6	5.4
Preserves	1,458	36.2	1,392	37.2	4.8
Frozen	515	62.5	475	63.1	8.3
Exports	34	9.6	38	11.7	(9.1)
Operating Expenses	1,363	26.2	1,299	27.0	4.9
Preserves	889	22.1	836	22.4	6.3
Frozen	450	54.6	445	59.1	1.1
Exports	24	6.6	17	5.4	36.2
EBIT before Other Income and Expenses	644	12.4	606	12.6	6.4
Preserves	569	14.1	555	14.8	2.4
Frozen	65	7.9	30	4.0	114.2
Exports	11	3.0	20	6.3	(47.7)
Other Income/Expenses, Net	(27)	(0.5)	(12)	(0.3)	(124.0)
EBIT	672	12.9	618	12.8	8.7
Preserves	594	14.8	572	15.3	3.9
Frozen	67	8.1	26	3.5	156.9
Exports	11	3.0	20	6.3	(47.7)
Comprehensive Financing Result	(136)	(2.6)	(108)	(2.2)	(25.5)
Interest Earned and (Paid), Net	(128)	(2.5)	(128)	(2.7)	(0.3)
Exchange (Loss) Gain	(7)	(0.1)	20	0.4	(136.0)
Associates	234	4.5	82	1.7	183.8
MegaMex	224	4.3	72	1.5	210.8
Others	10	0.2	10	0.2	(2.6)
Income Before Income Taxes	770	14.8	592	12.3	30.0
Income Tax Provision	258	5.0	213	4.4	21.3
Consolidated Net Income	511	9.8	379	7.9	34.8
Minority Interest	271	5.2	208	4.3	30.3
Majority Net Income	241	4.6	172	3.6	40.3
EBITDA	802	15.4	757	15.7	5.9
Preserves	673	16.7	647	17.3	3.9
Frozen	107	13.0	78	10.4	36.2
Exports	22	6.3	32	9.8	(29.4)

As of September 30				
2018	%	2017	%	% Chg
15,123	100.0	14,500	100.0	4.3
11,650	100.0	11,365	100.0	2.5
2,371	100.0	2,281	100.0	3.9
1,102	100.0	854	100.0	29.1
9,159	60.6	8,768	60.5	4.5
7,331	62.9	7,168	63.1	2.3
874	36.8	859	37.7	1.7
954	86.6	741	86.8	28.8
5,964	39.4	5,732	39.5	4.0
4,319	37.1	4,197	36.9	2.9
1,497	63.2	1,422	62.3	5.3
148	13.4	113	13.2	31.1
3,961	26.2	3,801	26.2	4.2
2,573	22.1	2,431	21.4	5.8
1,323	55.8	1,324	58.0	(0.0)
65	5.9	46	5.4	40.8
2,003	13.2	1,931	13.3	3.7
1,746	15.0	1,767	15.5	(1.2)
174	7.4	98	4.3	77.6
83	7.5	67	7.8	24.4
(42)	(0.3)	(45)	(0.3)	7.4
2,072	13.7	1,976	13.6	4.9
1,809	15.5	1,803	15.9	0.3
180	7.6	106	4.7	69.3
83	7.5	67	7.8	24.4
(383)	(2.5)	(408)	(2.8)	6.1
(365)	(2.4)	(391)	(2.7)	6.5
(18)	(0.1)	(17)	(0.1)	(5.4)
729	4.8	459	3.2	58.6
699	4.6	421	2.9	66.1
31	0.2	39	0.3	(20.0)
2,418	16.0	2,027	14.0	19.2
753	5.0	685	4.7	10.1
1,664	11.0	1,343	9.3	23.9
863	5.7	692	4.8	24.6
802	5.3	650	4.5	23.3
2,461	16.3	2,357	16.3	4.4
2,033	17.5	2,011	17.7	1.1
311	13.1	254	11.1	22.2
117	10.6	92	10.7	27.8

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	Sep 31 2018	%	June 31 2018	%	Change	
					\$	%
TOTAL ASSETS	29,606	100.0	29,522	100.0	84	0.3
Domestic	27,592	93.2	27,034	91.6	558	2.1
USA	2,013	6.8	2,488	8.4	-474	(19.1)
Current Assets	9,966	33.7	9,626	32.6	340	3.5
Cash and Equivalents	2,294	7.7	1,764	6.0	530	30.0
Accounts Receivable	2,374	8.0	2,756	9.3	-382	(13.9)
Other Accounts Receivable	1,165	3.9	1,225	4.1	-60	(4.9)
Inventories	4,011	13.5	3,698	12.5	313	8.5
Other Current Assets	122	0.4	183	0.6	-61	(33.3)
Non-Current Assets	19,896	67.2	19,896	67.4	0	0.0
Property, Plant and Equipment, Net	5,419	18.3	5,469	18.5	-49	(0.9)
Investment In Subsidiaries	6,756	22.8	6,982	23.7	-226	(3.2)
Intangible Assets	6,752	22.8	6,763	22.9	-11	(0.2)
Other Assets	711	2.4	682	2.3	29	4.2
TOTAL LIABILITIES	12,075	40.8	11,866	40.2	209	1.8
Domestic	11,526	38.9	11,191	37.9	335	3.0
USA	549	1.9	675	2.3	-126	(18.7)
Current Liabilities	4,236	14.3	3,983	13.5	253	6.3
Accounts Payable	2,074	7.0	1,943	6.6	131	6.7
Short-Term Debt	200	0.7	400	1.4	-200	(50.0)
Other Short-Term Liabilities	1,962	6.6	1,641	5.6	322	19.6
Long-Term Liabilities	7,839	26.5	7,883	26.7	-44	(0.6)
Long-Term Debt	6,630	22.4	6,630	22.5	0	0.0
Other Liabilities	8	0.0	8	0.0	-1	(8.0)
Other Long-Term Liabilities w/o Cost	1,201	4.1	1,244	4.2	-43	(3.5)
TOTAL STOCKHOLDERS' EQUITY	17,531	59.2	17,656	59.8	-125	(0.7)
Minority Stockholder's Equity	9,516	32.1	9,682	32.8	-165	(1.7)
Majority Stockholder's Equity	8,014	27.1	7,974	27.0	40	0.5

Figures expressed in millions of Mexican pesos