



GRUPO HERDEZ

FIRST QUARTER 2019 EARNINGS RELEASE

CONSOLIDATED HIGHLIGHTS FOR THE QUARTER

- Net sales increased by 10.8 percent to MXN 5.2 billion, mainly driven by volume growth in the Preserves segment.
- EBIT and EBITDA margins were 12.2 and 15.9 percent, respectively.
- Consolidated net income totaled MXN 517 million, 6.1 percent higher than the same quarter in 2018, with a margin of 9.9 percent.



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Mexico City, Mexico, April 25, 2019 – Grupo Herdez, S.A.B. DE C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the first quarter ended March 31, 2019.

“First quarter results are the outcome of the continuous improvement model that we have been implementing in our commercial model, as well as the investments made in innovation, both in products and in our communication,” 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. As of January 1, the financial statements reflect the implementation of IFRS 16 “Leases”.

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

IMPACT OF THE IMPLEMENTATION OF IFRS 16 IN THE FINANCIAL STATEMENTS OF THE FIRST QUARTER

The adoption of IFRS 16 had a negative effect on the Income Statement of MXN 5 million, which represents 1.0 percent of consolidated net income. On the other hand, EBITDA experienced a positive effect of MXN 83 million, which represents 10.0 percent of EBITDA. The statement of financial position reflects a right of use of MXN 737 million and a lease liability of MXN 744 million.

NET SALES

Net sales in the quarter increased 10.8 percent compared to the same period of last year to MXN 5.2 billion, driven by volume growth in the Preserves segment. Net sales in Preserves grew 12.1 percent, with outperformance in canned vegetables, canned tuna, ketchup, home-style salsa, jams, mayonnaise, pasta and tomato purée.

In the same period, the Frozen division reported MXN 720 million in net sales, which is 6.8 percent higher than during the same quarter of last year, driven by price increases at Helados Nestlé, as well as volume growth across the portfolio. Performance at Nutrisa benefited from a slight increase in store traffic.

Exports were MXN 346 million in the period, 4.6 percent higher than in the same period of 2018, benefited by a stronger U.S. dollar, double-digit price increases in home-style salsa, and volume growth in the mole category.

NET SALES	1Q19	1Q18	% change
Consolidated	5,211	4,702	10.8
Preserves	4,145	3,697	12.1
Frozen	720	674	6.8
Exports	346	330	4.6

Figures in millions of MXN.

GROSS PROFIT

Consolidated gross margin in the quarter was 37.9 percent, a 1.2 percentage point decline over the same period of 2018, as a result of an unfavorable sales mix.

In the Preserves segment, gross margin ended at 35.5 percent, a 1.5 percentage point decline when compared to the same quarter of last year. This is explained by the aforementioned impact of the sales mix, mainly due to volume growth in the canned tuna and canned vegetables categories.

Gross margin in the Frozen segment decreased 40 basis points to 63.2 percent due to double-digit price increase in whey and lower absorption of fixed costs.



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Gross margin for Exports rose 1.3 percentage points due to price increases in the home-style salsa category.

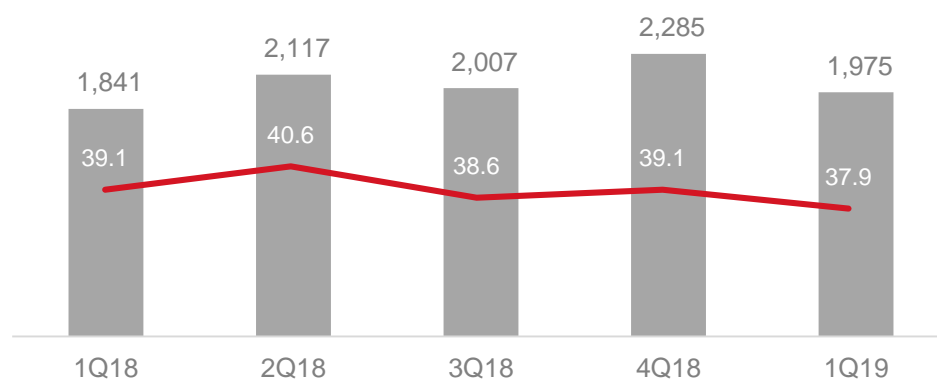
GROSS PROFIT	1Q19	1Q18	% change
Consolidated	1,975	1,841	7.3
Preserves	1,471	1,370	7.4
Frozen	455	429	6.1
Exports	49	42	15.8

Figures in millions of MXN.

GROSS MARGIN	1Q19	1Q18	pp chg
Consolidated	37.9	39.1	(1.2)
Preserves	35.5	37.0	(1.5)
Frozen	63.2	63.6	(0.4)
Exports	14.0	12.7	1.3

Figures in percentages.

GROSS PROFIT PERFORMANCE



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SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated SG&A totaled MXN 1.3 billion. This represented 26.0 percent of net sales, which resulted in a decrease of 20 basis points compared to the same period of 2018. The above is explained by the implementation of IFRS 16, since excluding that effect, SG&A would have been 25.7% of net sales.

In the Frozen segment, SG&A as a proportion of sales rose 2.2 percentage points to 63.5 percent due to higher sales expenses at Helados Nestlé. The above resulted from the increase in point of sale advertising expenses in Helados Nestlé aimed at growing visibility, as well as freezer maintenance and logistics expenses.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT in the first quarter rose 2.0 percent to MXN 638 million, with a margin of 12.2 percent, or 1.1 percentage points lower than in the same period of last year. Excluding the effect of the implementation of IFRS 16 on EBIT, it would have totaled MXN 625 million, which translates to a 12.0 percent margin, 1.3 percentage points lower than in the same period of last year.

EBIT margin in the Preserves segment decreased by 80 basis points to 14.9 percent, driven mainly by the unfavorable sales mix of the quarter.

In the Frozen division, EBIT registered a loss of MXN 2 million, which was explained by higher sales expenses, mentioned previously. In the Exports front, EBIT margin decreased by 1.6 percentage points to 6.4 percent, also affected by higher expenses.

Excluding the effects from IFRS16, consolidated EBIT would have been MXN 625 million, practically flat when compared to the first quarter of 2018.

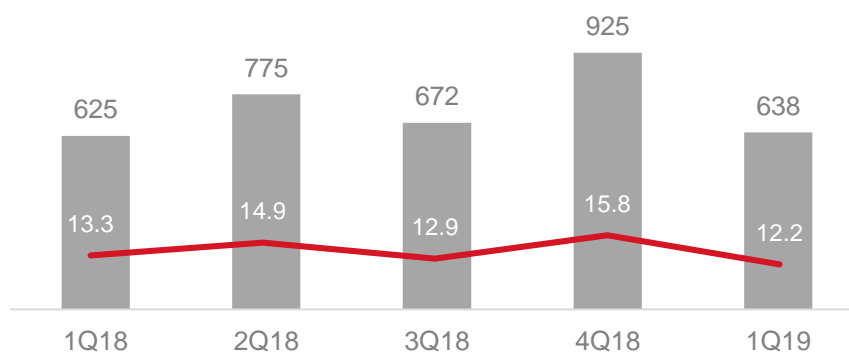
EBIT	1Q19	1Q18	% change
Consolidated	638	625	2.0
Preserves	618	580	6.6
Frozen	(2)	19	(111.7)
Exports	22	26	(16.1)

Figures in millions of MXN.

EBIT MARGIN (%)	1Q19	1Q18	pp chg
Consolidated	12.2	13.3	(1.1)
Preserves	14.9	15.7	(0.8)
Frozen	(0.3)	2.8	(3.1)
Exports	6.4	8.0	(1.6)

Figures in percentages.

EBIT PERFORMANCE



ALL-IN RESULT OF FINANCING

The all-in result of financing was MXN 139 million in the first quarter, 7.1 percent lower than in the same period in 2018. This decline is attributable to a lower currency exchange loss than that recorded in the same period of last year of MXN 33 million. This partially offset the additional MXN 20 million recorded in interest paid as a result of the implementation of IFRS 16, which registers leases as short- and long-term liabilities.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

Equity investments in associated companies totaled MXN 229 million during the quarter, which is 8.4 percent lower than in 2018, mainly explained by higher costs and expenses at MegaMex. This was partially offset by the strengthening of the U.S. dollar in the period.

EQUITY INVESTMENT IN ASSOCIATED COMPANIES	1Q19	1Q18	% change
Consolidated	229	250	(8.4)
MegaMex	223	237	(6.1)
Others	7	13	(50.1)

Figures in millions of MXN

MEGAMEX CONSOLIDATED RESULTS (100%)

Net sales totaled MXN 3.4 billion in the quarter, a 5.6 percent increase compared to the same period of last year; driven by the home-style salsa category.

Gross margin was 35.4 percent, 1.4 percentage points lower than during the same quarter of last year due to higher raw material prices, mainly avocado, and lower absorption of fixed costs at the guacamole production plant. EBIT margin declined by 1.5 percentage points to 15.5 percent, due to higher distribution expenses related to the Electronic Logging Devices rule, which requires the installation of monitoring devices for service hours and driver breaks. EBITDA margin was 17.9 percent, 2.1 percentage points lower than in the same period of 2018. Net income decreased 6.1 percent or 1.6 percentage points to 13.2 percent, as a result of the aforementioned factors.

MEGAMEX INCOME STATEMENT					
MEGAMEX	1Q19	%	1Q18	%	% change
Net Sales	3,372	100.0	3,194	100.0	5.6
Gross Profit	1,195	35.4	1,175	36.8	1.7
EBIT	522	15.5	544	17.0	(4.1)
EBITDA	605	17.9	639	20.0	(5.3)
Net Income	445	13.2	474	14.8	(6.1)

Figures in millions of MXN.



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NET INCOME

Consolidated net income for the first quarter totaled MXN 517 million, a 6.1 percent increase compared to the same period of last year. Consolidated net margin was 9.9 percent, or a contraction of 50 basis points, affected by lower income from equity investments in associated companies and an unfavorable sales mix.

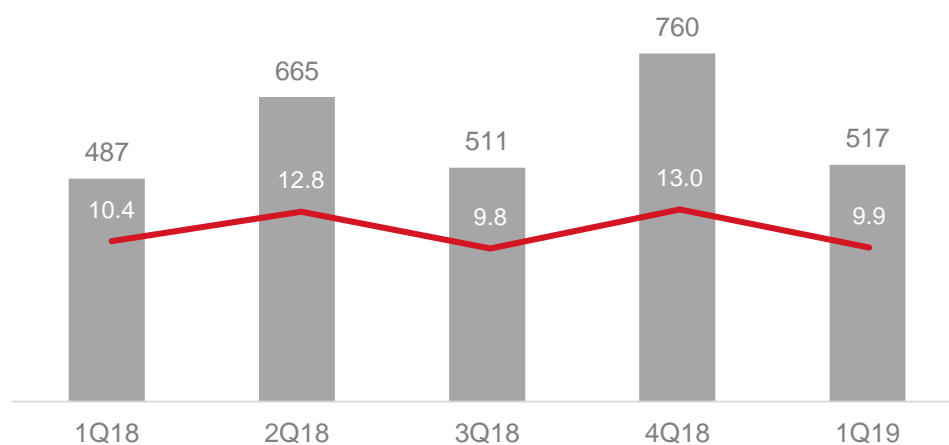
Majority net income totaled MXN 231 million in the quarter with a margin of 4.4 percent, or 20 basis points lower than in the same period of 2018.

The implementation of IFRS 16 resulted in a net impact of MXN 5 million in the consolidated net income and MXN 4 million in the majority net income. Excluding this effect, the consolidated net income would have been MXN 522 million with a margin of 10.0 percent, and the majority net income would have totaled MXN 235 million with a margin of 4.5 percent.

NET INCOME	1Q19	1Q18	% change
Consolidated Net Income	517	487	6.1
Con. Net Margin (%)	9.9	10.4	(0.5)
Minority Interest	286	270	5.9
Majority Net Income	231	217	6.4
Maj. Net Margin (%)	4.4	4.6	(0.2)

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 827 million in the quarter, 10.2 percent higher than in the same period of 2018, while consolidated EBITDA margin was 15.9 percent, unchanged when compared to last year. The above is explained by the benefit attained by the implementation of IFRS 16, which was MXN 83 million during the quarter.

Excluding this effect, consolidated EBITDA would have been MXN 744 million and the margin would have declined 1.7 percentage points when compared to the first quarter of 2018, which is explained by the unfavorable sales mix and higher operating expenses.

It is important to mention that approximately 60 per cent of the MXN 83 million benefit registered as a result of the implementation of IFRS 16 corresponded to the Frozen segment and the rest to Preserves.

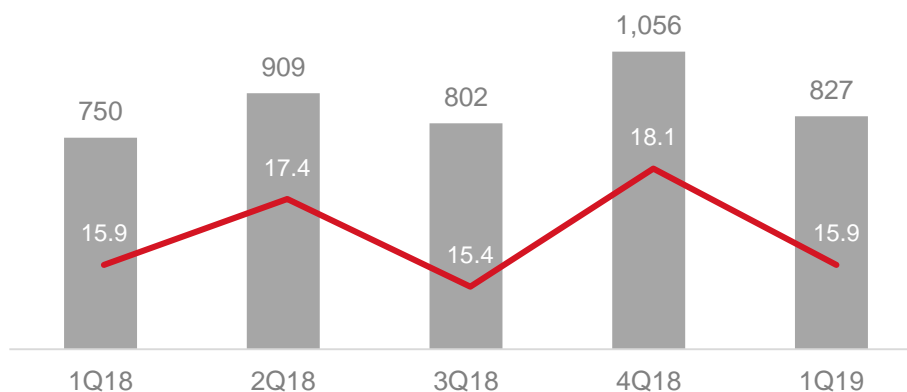
EBITDA	1Q19	1Q18	% change
Consolidated	827	750	10.2
Preserves	702	648	8.3
Frozen	91	65	38.6
Exports	34	36	(6.4)

Figures in millions of MXN.

EBITDA MARGIN (%)	1Q19	1Q18	pp chg
Consolidated	15.9	15.9	0.0
Preserves	16.9	17.5	(0.6)
Frozen	12.6	9.7	2.9
Exports	9.8	10.9	(1.1)

Figures in percentages.

EBITDA PERFORMANCE



CAPITAL EXPENDITURES (CAPEX)

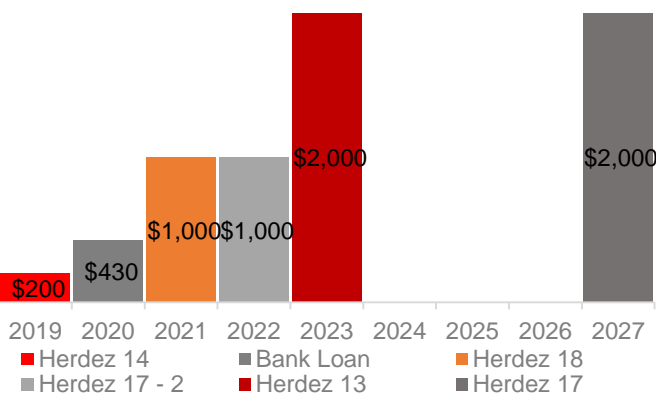
Net CAPEX during the first quarter was MXN 143 million, mainly allocated to new freezers, Nutrisa stores, and higher capacity in the capture and processing of fresh tomatoes.

FINANCIAL STRUCTURE

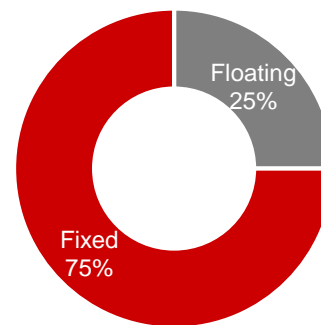
As of March 31, 2019, consolidated cash totaled MXN 2.0 billion, practically unchanged when compared to the same quarter of last year as a result of the improvement in working capital. Interest-bearing liabilities totaled MXN 6.6 billion with an average life of 4.8 years and an average cost of 8.6 percent. These indicators did not change when compared with 2018.

Consolidated net debt to EBITDA was 1.5 times, and 1.3 times excluding the effect of IFRS 16. The net debt to consolidated stockholder's equity ratio was 0.29 times.

DEBT STRUCTURE



INTEREST RATE MIX



CASH FLOW

Cash flow from operations totaled MXN 421 million in the quarter.

It is important to consider that the implementation of IFRS 16 does not have an impact in the Company's cash flow.

1Q 2019 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, April 26, 2019

Time: 1:00 p.m. ET / 12:00 p.m. CT

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (866) 548 4713
- Toll International: +1 (323) 794 2093
- Conference ID: 4076224



To access the call online, go to <http://public.viavid.com/index.php?id=133732>

If you are unable to participate live, a replay of the conference call will be available from April 26, 2019 through May 10, 2019. 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: 4076224.

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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, home-style salsas, honey, ice cream, ketchup, marmalade, mayonnaise, mole, mustard, organic foods, pasta, spices, tea, tomato purée, and tuna fish, among others. These products are commercialized through an exceptional portfolio of brands, which includes 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, Lavazza, Ocean Spray, and Reynolds. Grupo Herdez has 15 manufacturing facilities, 24 distribution centers, 7 tuna vessels, 483 Nutrisa stores and a workforce of more than 9,864 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 subsidiaries and/or affiliated companies ("Grupo Herdez"), and may contain forward-looking statements that reflect Grupo Herdez's current expectations and views, which may vary materially due to various factors, risks and uncertainties. Therefore, Grupo Herdez and/or its officers, employees or agents, assume no responsibility or liability for any such variations in the Information. In particular, and notwithstanding the foregoing, no guarantee is given as to possible future variations of the Information. Information has been provided solely for informational purposes. The issuance of this Information shall not be taken as any form of commitment of Grupo Herdez to proceed with any transaction.



INCOME STATEMENT	First Quarter				
	2019	%	2018	%	% Chg
Net Sales	5,211	100.0	4,702	100.0	10.8
Preserves	4,145	100.0	3,697	100.0	12.1
Frozen	720	100.0	674	100.0	6.8
Exports	346	100.0	330	100.0	4.6
Cost of Goods Sold	3,236	62.1	2,861	60.9	13.1
Preserves	2,674	64.5	2,328	63.0	14.9
Frozen	265	36.8	245	36.4	8.1
Exports	297	86.0	288	87.3	3.0
Gross Profit	1,975	37.9	1,841	39.1	7.3
Preserves	1,471	35.5	1,370	37.0	7.4
Frozen	455	63.2	429	63.6	6.1
Exports	49	14.0	42	12.7	15.8
Operating Expenses	1,354	26.0	1,232	26.2	9.9
Preserves	870	21.0	803	21.7	8.3
Frozen	457	63.5	413	61.3	10.8
Exports	26	7.6	15	4.7	70.3
EBIT before Other Income and Expenses	621	11.9	609	12.9	2.0
Preserves	601	14.5	566	15.3	6.1
Frozen	(2)	(0.3)	16	2.4	(114.7)
Exports	22	6.4	26	8.0	(16.1)
Other Income/Expenses, Net	(17)	(0.3)	(17)	(0.4)	2.9
EBIT	638	12.2	625	13.3	2.0
Preserves	618	14.9	580	15.7	6.6
Frozen	(2)	(0.3)	19	2.8	(111.7)
Exports	22	6.4	26	8.0	(16.1)
All-in Result of Financing	(139)	(2.7)	(150)	(3.2)	(7.1)
Interest Earned and (Paid), Net	(138)	(2.7)	(116)	(2.5)	19.9
Exchange (Loss) Gain	(1)	(0.0)	(34)	(0.7)	(98.0)
Equity Investment in Associated Companies	229	4.4	250	5.3	(8.4)
MegaMex	223	4.3	237	5.0	(6.1)
Others	7	0.1	13	0.3	(50.1)
Income Before Income Taxes	728	14.0	726	15.4	0.3
Income Tax Provision	211	4.1	239	5.1	(11.6)
Consolidated Net Income	517	9.9	487	10.4	6.1
Minority Interest	286	5.5	270	5.7	5.9
Majority Net Income	231	4.4	217	4.6	6.4
EBITDA	827	15.9	750	15.9	10.2
Preserves	702	16.9	648	17.5	8.3
Frozen	91	12.6	65	9.7	38.6
Exports	34	9.8	36	10.9	(6.4)

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	Mar 31 2018	%	Dec 31 2018	%	Change	
					\$	%
TOTAL ASSETS	31,248	100.0	29,640	100.0	1,608	5.4
Domestic	29,168	93.3	27,541	92.9	1,627	5.9
USA	2,080	6.7	2,099	7.1	-19	(0.9)
Current Assets	10,191	32.6	9,804	33.1	387	3.9
Cash and Cash Equivalents	2,054	6.6	2,027	6.8	27	1.3
Accounts Receivable	2,973	9.5	2,895	9.8	78	2.7
Other Accounts Receivable	1,295	4.1	1,117	3.8	178	15.9
Inventories	3,741	12.0	3,627	12.2	113	3.1
Other Current Assets	128	0.4	138	0.5	-10	(7.1)
Non-Current Assets	19,896	63.7	19,836	66.9	60	0.3
Property, Plant and Equipment, Net	5,446	17.4	5,449	18.4	-3	(0.1)
Right-of-Use Assets	737	2.4	0	0.0	737	
Investment In Subsidiaries	7,179	23.0	6,972	23.5	207	3.0
Intangible Assets	6,751	21.6	6,752	22.8	-1	(0.0)
Other Assets	944	3.0	663	2.2	282	42.5
TOTAL LIABILITIES	12,895	41.3	11,390	38.4	1,505	13.2
Domestic	12,313	39.4	10,836	36.6	1,477	13.6
USA	582	1.9	554	1.9	28	5.0
Current Liabilities	4,565	14.6	3,704	12.5	861	23.3
Accounts Payable	2,622	8.4	2,158	7.3	464	21.5
Short-Term Debt	200	0.6	200	0.7	0	0.0
Short-Term Leases	254	0.8	0	0.0	254	
Other Short-Term Liabilities	1,489	4.8	1,346	4.5	143	10.6
Long-Term Liabilities	8,330	26.7	7,687	25.9	644	8.4
Long-Term Debt	6,430	20.6	6,430	21.7	0	0.0
Long-Term Leases	490	1.6	0	0.0	490	
Other Liabilities	-13	0.0	8	0.0	-22	(262.7)
Other Long-Term Liabilities w/o Cost	1,423	4.6	1,248	4.2	175	14.0
TOTAL STOCKHOLDERS' EQUITY	18,353	58.7	18,250	61.6	103	0.6
Minority Stockholder's Equity	9,959	31.9	9,900	33.4	59	0.6
Majority Stockholder's Equity	8,394	26.9	8,350	28.2	44	0.5

Figures expressed in millions of Mexican pesos