



GRUPO HERDEZ REPORTS FOURTH QUARTER AND FULL YEAR 2016 RESULTS

Highlights from the year:

- Consolidated net sales rose 11.2% to Ps.18,180 million on solid growth in Mexico core and strong performance in Frozen.
- Consolidated EBIT and EBITDA margins were 13.0% and 15.5%, respectively.
- Consolidated net income was Ps.1,593 million, 23.2% higher than in 2015.

Mexico City, Mexico, February 23, 2017 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ, OTC: GUZBY) today announced results for the fourth quarter and full year ended December 31, 2016.

“Exceptional commercial execution, brand repositioning, channel expansion, and effective pricing strategies enabled us to achieve double-digit sales growth in the year. The above in combination with the Company’s hedging strategy, helped to partially offset gross margin pressure,” said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

NET SALES

Net sales in the fourth quarter rose 9.8% over the year ago period to Ps. 4,879 million. In Mexico core sales grew 9.5% on a balanced mix between pricing and volume performance. The Frozen division generated Ps. 530 million in sales, 16.4% higher than in the fourth quarter of last year. This resulted from increased sales of Helados Nestlé and sequential improvement in traffic and sales figures at Nutrisa. Exports grew 3.9% due to low volumes reflecting inventory adjustments among certain clients.

Net sales by channel reflected balanced growth, with club stores and foodservice outperforming; while canned vegetables, home-style salsa, mayonnaise, and tea, also surpassed average growth.

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.

Grupo Herdez consolidates 100% of the Frozen division, Herdez Del Fuerte, 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.

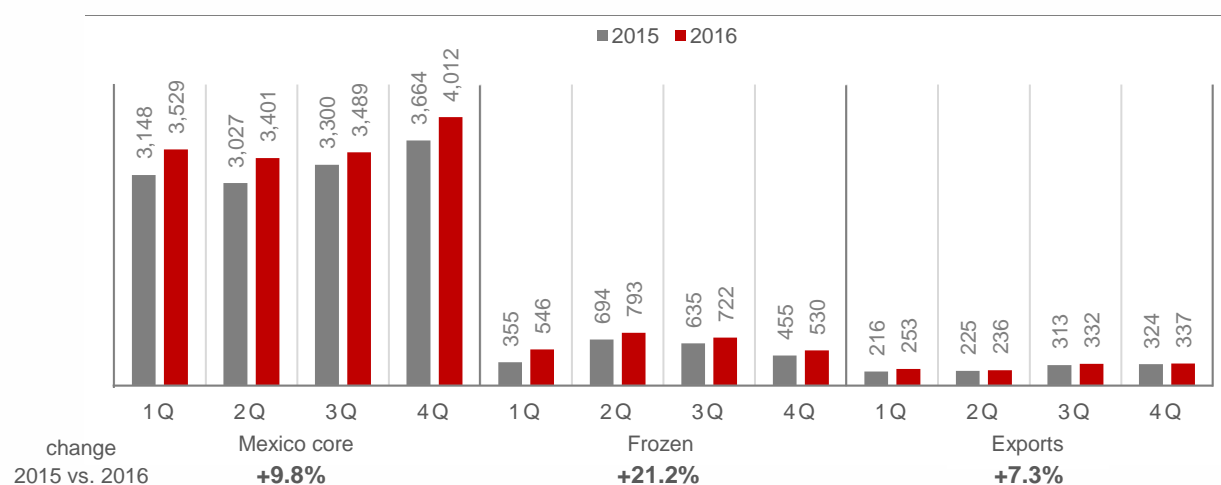
For the full year, consolidated net sales grew 11.2%. In Mexico core, sales rose 9.8% on a balanced combination of pricing and volume performance. The Frozen division rose 21.2% mainly due to an optimized product portfolio, growth in all sales channels, new products and two additional months of sales at Helados Nestlé. Exports grew 7.3% affected by the inventory adjustments registered in the fourth quarter.

At year end Mexico core represented 79% of total sales, the Frozen segment 14% and Exports 7%.

NET SALES	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated	4,879	4,444	9.8	18,180	16,356	11.2
Mexico Core	4,012	3,664	9.5	14,431	13,139	9.8
Frozen	530	455	16.4	2,592	2,139	21.2
Exports	337	324	3.9	1,158	1,079	7.3

Figures in million pesos

NET SALES



GROSS PROFIT

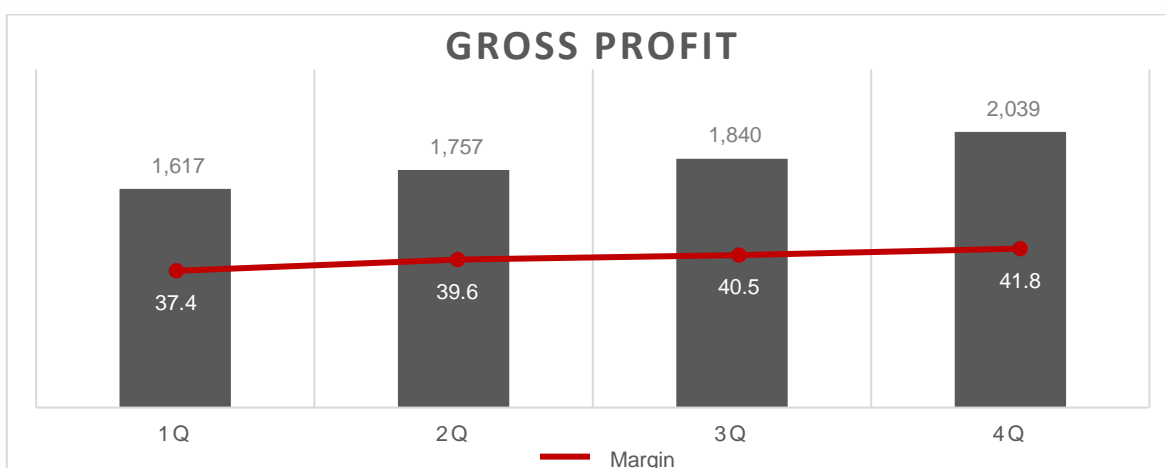
Consolidated gross margin in the quarter was 41.8%, 2.2 percentage points higher than in the same period of 2015, reflecting a better sales mix at Mexico core and Frozen, as well as production efficiencies in the canned vegetables plants located in Los Mochis, Sinaloa.

On a cumulative basis, the margin was 39.9%, a decline of 1.6 percentage points compared to 2015, as a result of the impact of higher dollar-denominated costs that was partially offset by pricing actions implemented throughout the year.

GROSS PROFIT	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated	2,039	1,758	15.9	7,252	6,779	7.0
Mexico Core	1,662	1,425	16.6	5,483	5,206	5.3
Frozen	339	287	18.0	1,642	1,440	14.0
Exports	38	46	(17.8)	127	133	(4.6)

Figures in million pesos

GROSS MARGIN	4Q16	4Q15	pp Chg	2016	2015	pp Chg
Consolidated	41.8	39.6	2.2	39.9	41.4	(1.5)
Mexico Core	41.4	38.9	2.5	38.0	39.6	(1.6)
Frozen	63.9	63.1	0.8	63.4	67.3	(3.9)
Exports	11.1	14.1	(3.0)	10.9	12.3	(1.4)



SALES, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

In the fourth quarter, consolidated SG&A as a proportion of net sales was 28.3%, compared to 25.9% registered in the year ago period. This is the result of a 3.5 percentage point increase in Mexico core, mainly due to higher advertising and sales expenses. It is important to highlight that at the Frozen division, SG&A as a proportion of sales declined 8.1 percentage points due to the restructuring process at Nutrisa.

On a cumulative basis, SG&A represented 27.2% of net sales, one percentage point higher than the year ago figure due to the increase in Mexico core explained previously.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT in the quarter totaled Ps. 690 million, with a margin of 14.1%, 11 percentage points higher than in 2015 attributable to the write-off of long-term assets registered last year. Excluding this effect, EBIT would have risen 17.3% with a margin expansion of 90 basis points.

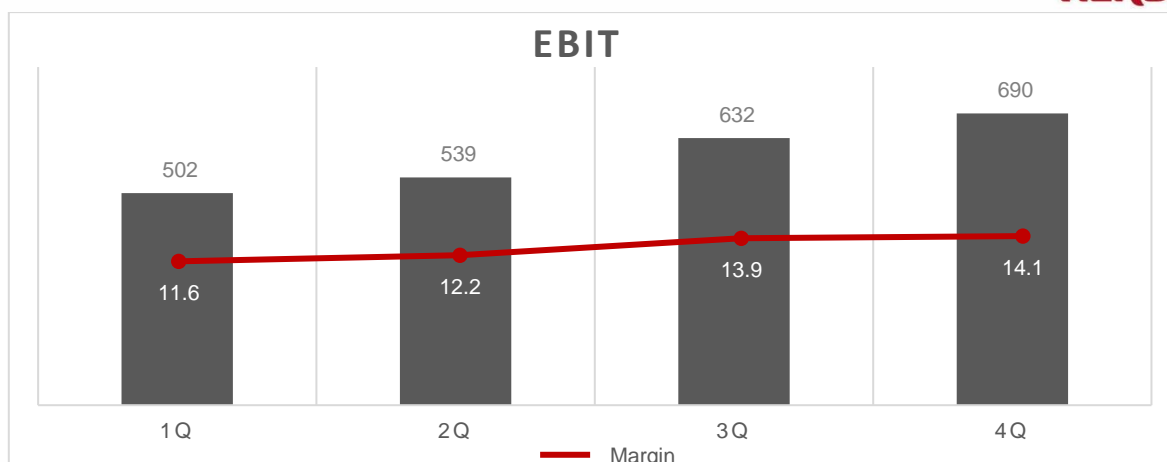
In Mexico core EBIT grew 7.0% with a margin of 18.9%, 40 basis points lower than in the same period of last year, affected by the decline in the gross margin and higher SG&A mentioned previously. In Frozen, the EBIT loss narrowed in the year as a result of top line improvements and aggressive expense reduction initiatives at Nutrisa.

For the year, consolidated EBIT totaled Ps. 2,363 million with a margin of 13.0%, 60 basis points higher than in 2015. Excluding the impact of the write-off registered in 2015, EBIT margin would have declined 2.2 percentage points mainly due to gross margin pressure.

EBIT	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated	690	138	401.0	2,363	2,036	16.1
Mexico Core	757	707	7.0	2,378	2,435	(2.3)
Frozen	(81)	(138)	41.5	(61)	(2)	N.A.
Exports	13	18	(26.5)	46	53	(13.5)

Figures in million pesos

EBIT MARGIN (%)	4Q16	4Q15	pp Chg	2016	2015	pp Chg
Consolidated	14.1	3.1	11.0	13.0	12.4	0.6
Mexico Core	18.9	19.3	(0.4)	16.5	18.5	(2.0)
Frozen	-15.2	-30.3	15.1	-2.3	-0.1	(2.2)
Exports	4.0	5.6	(1.6)	4.0	5.0	(1.0)



COMPREHENSIVE FINANCING RESULT

In the quarter the Company registered a net financing cost of Ps. 146 million, 16.9% lower than in the same period of last year. This primarily reflects a net foreign exchange gain of Ps. 30 million compared to a loss of Ps. 26 million in the same quarter of 2015.

For the year, net financing cost totalled Ps. 465 million, practically unchanged when compared to 2015.

EQUITY INVESTMENT IN ASSOCIATES

In the quarter, equity investment in associates totaled Ps. 181 million, 48.0% higher than the year ago figure. On a cumulative basis, equity investment in associates was Ps. 599 million, 34.4% higher than in 2015, due to solid performance at MegaMex.

EQUITY INVESTMENT IN ASSOCIATES	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated	181	122	48.0	599	446	34.4
MegaMex	178	118	50.8	577	418	37.9
Others	2	4	(50.0)	22	28	(20.1)

Figures in million pesos

MEGAMEX CONSOLIDATED RESULTS (100%)

For the year, MegaMex sales totalled Ps. 10,840 million, 22.1% higher than the same period of last year, due to: i) outstanding performance of the salsa category, which grew double-digit rate compared to 2.5% for the category in the market; ii) strong growth at Don Miguel, driven by product innovation and food service penetration; iii) improved commercial execution and; iv) the benefit from a stronger dollar.

EBIT and EBITDA margins for the year expanded 2.4 and 2.1 percentage points respectively, mainly driven by a better sales mix and positive results from operating efficiencies.

MEGAMEX	Income Statement				
	2016	%	2015	%	% Chg
Net Sales	10,840	100.0	8,875	100.0	22.1
EBIT	1,375	12.7	918	10.3	49.8
EBITDA	1,772	16.3	1,262	14.2	40.4
Net Income	1,155	10.7	837	9.4	38.0

Figures in million pesos

CONSOLIDATED NET INCOME

Consolidated net income totaled Ps. 434 million in the quarter with a margin of 8.9%, 8.5 percentage points higher than in the same period of last year, as a result of the write-off mentioned previously. On a comparable basis, consolidated net income would have decreased 7.7%.

For the year, consolidated net income was Ps. 1,593 million with a margin of 8.8%, 90 basis points higher than in 2015. Excluding the effect of the write-off, consolidated net income would have lowered 8.6%.

MAJORITY NET INCOME

Majority net income was Ps. 166 million in the quarter, while the margin was 3.6%. For the year, majority net income was Ps. 717 million with a margin of 3.9%, 1.5 percentage points higher than in 2015.

Excluding the write-off, majority net income for the year would have decreased 14.5%, with a margin contraction of 1.2 percentage points.

NET INCOME	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated Net Income	434	20	2,106.0	1,593	1,293	23.2
Consolidated Mg.(%)	8.9	0.4	8.5 pp	8.8	7.9	0.9 pp
Minority Interest	268	294	(8.8)	875	904	(3.1)
Majority Net Income	166	(274)	160.5	717	389	84.6
Majority Mg. (%)	3.6	(6.2)	9.6 pp	3.9	2.4	1.5 pp

Figures in million pesos

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

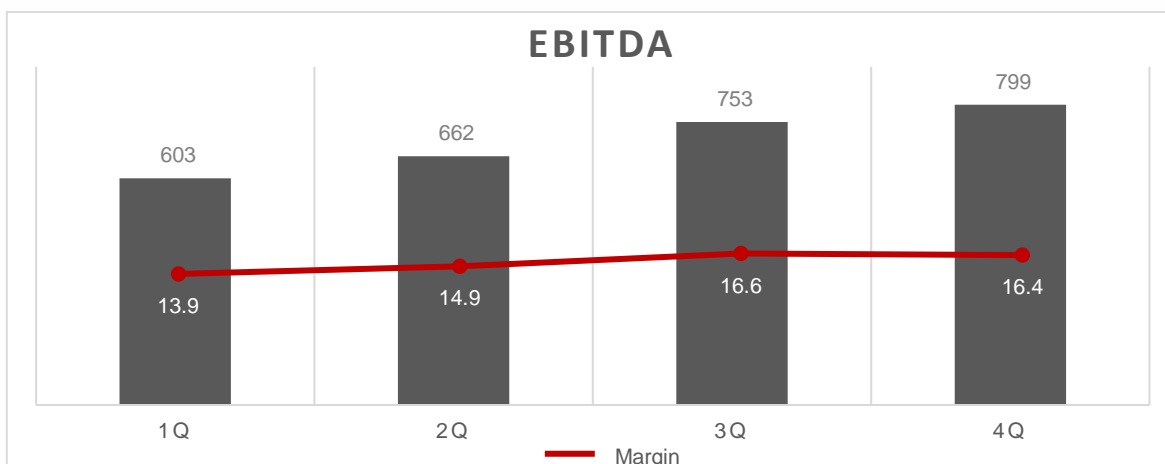
EBITDA in the quarter totaled Ps. 799 million, 15.8% higher than in the year ago period, while on a cumulative basis it declined 2.5% to Ps. 2,816 million.

For the full year, the margin declined 2.2 percentage points to 15.5% reflecting consolidated gross margin pressure and lower margins at the Frozen division.

EBITDA	4Q16	4Q15	% Change	2016	2015	% Change
Consolidated	799	690	15.8	2,816	2,887	(2.5)
Mexico Core	819	765	7.0	2,634	2,668	(1.3)
Frozen	(43)	(101)	57.7	103	136	(24.0)
Exports	23	25	(11.1)	79	83	(4.9)

Figures in million pesos

EBITDA MARGIN (%)	4Q16	4Q15	pp Chg	2016	2015	pp Chg
Consolidated	16.4	15.5	0.9	15.5	17.7	(2.2)
Mexico Core	20.4	20.9	(0.5)	18.3	20.3	(2.0)
Frozen	(8.0)	(22.1)	14.1	4.0	6.3	(2.3)
Exports	6.7	7.8	(1.1)	6.8	7.7	(0.9)



CAPITAL EXPENDITURES (CAPEX)

Net CAPEX in the quarter was Ps. 370 million, and Ps.872 million for the full year. Funds were mainly allocated to new freezers for Helados Nestlé, new stores at Nutrisa, ongoing investments in the distribution center in Los Mochis, and expansion of the salsa line in San Luis Potosí.

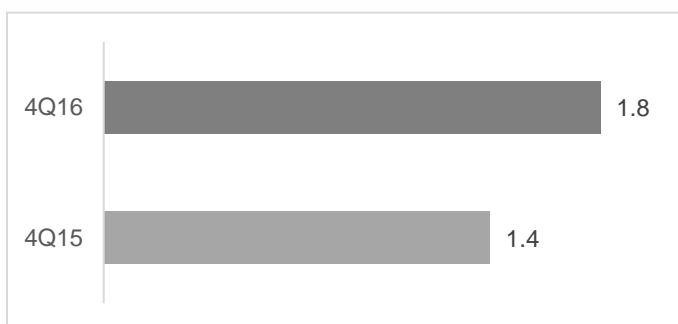
FINANCIAL STRUCTURE

At December 31, 2016, the Company's consolidated cash position totaled Ps.920 million. Interest-bearing liabilities, excluding corporate debt¹, were Ps. 6,046 million.

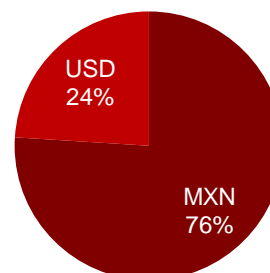
Consolidated net debt to EBITDA was 1.8 times while net debt to consolidated stockholder's equity was 0.36 times.

After year end, the Company secured derivative financial instruments to increased the fixed rate portion of debt, that currently accounts for 89% of the total.

NET DEBT / EBITDA



CURRENCY MIX



4Q AND FULL 2016 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, February 24, 2017

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

To participate, please dial:

- Toll-Free US and Canada: +1 (888) 715 1393
- Toll International: +1 (913) 312 1475
- Conference ID#: 8624180

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=121225>

If you are unable to participate live, a replay of the conference call will be available from February 24 until March 4, 2017. To access the replay, please dial domestic US and Canada +1 (844) 512 2921, or from other countries +1 (412) 317 6671; conference ID: 8624180.

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¹ Corporate debt includes interest-bearing liabilities of the associated company Herdez Del Fuerte that cannot be eliminated since its results are consolidated fully into Grupo Herdez financial statements.



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 Kikkoman[®], Ocean Spray[®] and Reynolds[®]. Grupo Herdez has 15 plants, 20 distribution centers, 8 tuna vessels, 493 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 <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 reflects 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	Fourth Quarter					As of December 31				
	2016	%	2015	%	% Chg	2016	%	2015	%	% Chg
Net Sales	4,879	100.0	4,444	100.0	9.8	18,180	100.0	16,356	100.0	11.2
Mexico Core	4,012	100.0	3,664	100.0	9.5	14,431	100.0	13,139	100.0	9.8
Frozen	530	100.0	455	100.0	16.4	2,592	100.0	2,139	100.0	21.2
Exports	337	100.0	324	100.0	3.9	1,158	100.0	1,079	100.0	7.3
Cost of Goods Sold	2,840	58.2	2,685	60.4	5.8	10,929	60.1	9,577	58.6	14.1
Mexico Core	2,350	58.6	2,239	61.1	5.0	8,948	62.0	7,933	60.4	12.8
Frozen	191	36.1	168	36.9	13.7	949	36.6	698	32.7	35.9
Exports	300	88.9	279	85.9	7.5	1,031	89.1	946	87.7	9.0
Gross Profit	2,039	41.8	1,758	39.6	15.9	7,252	39.9	6,779	41.4	7.0
Mexico Core	1,662	41.4	1,425	38.9	16.6	5,483	38.0	5,206	39.6	5.3
Frozen	339	63.9	287	63.1	18.0	1,642	63.4	1,440	67.3	14.0
Exports	38	11.1	46	14.1	(17.8)	127	10.9	133	12.3	(4.6)
Operating Expenses	1,382	28.3	1,151	25.9	20.1	4,945	27.2	4,290	26.2	15.3
Mexico Core	931	23.2	720	19.7	29.3	3,168	22.0	2,806	21.4	12.9
Frozen	426	80.4	403	88.5	5.8	1,696	65.5	1,405	65.7	20.7
Exports	24	7.2	27	8.5	(12.0)	80	6.9	79	7.3	1.5
EBIT before Other Income and Expenses	657	13.5	608	13.7	8.1	2,307	12.7	2,488	15.2	(7.3)
Mexico Core	731	18.2	705	19.2	3.7	2,315	16.0	2,400	18.3	(3.5)
Frozen	-88	(16.5)	-116	(25.4)	24.3	-54	(2.1)	35	1.7	N.A.
Exports	13	4.0	18	5.6	(26.5)	46	4.0	53	5.0	(13.5)
Other Income/Expenses, Net	(33)	(0.7)	470	10.6	N.A.	(57)	(0.3)	452	2.8	N.A.
EBIT	690	14.1	138	3.1	N.A.	2,363	13.0	2,036	12.4	16.1
Mexico Core	757	18.9	707	19.3	7.0	2,378	16.5	2,435	18.5	(2.3)
Frozen	-81	(15.2)	-138	(30.3)	41.5	(60.9)	(2.3)	-2	(0.1)	
Exports	13	4.0	18	5.6	(26.5)	46	4.0	53	5.0	(13.5)
Comprehensive Financing Result	-146	(3.0)	-125	(2.8)	(16.9)	-465	(2.4)	-463	(2.8)	(0.4)
Interest Earned and Paid, Net	-116	(2.4)	-99	(2.2)	(17.5)	-434	(2.4)	-374	(2.3)	(16.0)
Exchange Loss (Gain)	(30)	(0.6)	-26	(0.6)	-14.7	-31	(0.2)	-89	(0.5)	65.1
Equity Investment in Associates	181	3.7	122	2.7	48.0	599	3.3	446	2.7	34.4
MegaMex	178	3.6	118	2.7	50.8	577	3.2	418	2.6	37.9
Others	2	0.0	4	0.1	(50.0)	22	0.1	28	0.2	(20.1)
Income Before Income Taxes	724	14.8	135	3.0		2,497	13.7	2,019	12.3	23.7
Income Tax Provision	290	5.9	115	2.6	152.1	904	5.0	726	4.4	24.4
Consolidated Net income	434	8.9	20	0.4		1,593	8.8	1,293	7.9	23.2
Minority Interest	268	5.5	294	6.6	(8.8)	875	4.8	904	5.5	(3.1)
Majority Net Income	166	3.4	-274	(6.2)	160.5	717	3.9	389	2.4	84.6
EBITDA	799	16.4	690	15.5	15.8	2,816	15.5	2,887	17.7	(2.5)
Mexico Core	819	20.4	765	20.9	7.0	2,634	18.3	2,668	20.3	(1.3)
Frozen	-43	(8.0)	-101	(22.1)	57.7	103	4.0	136	6.3	(24.0)
Exports	23	6.7	25	7.8	(11.1)	79	6.8	83	7.7	(4.9)

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	Dec 31 2016	%	Sep 30 2016	%	Change	
					\$	%
TOTAL ASSETS	26,348	100.0	25,983	100.0	365	1.4
Domestic	24,692	93.7	24,398	92.6	294	1.2
USA	1,656	6.3	1,586	6.0	70	4.4
Current Assets	6,895	26.2	7,042	27.1	-147	(2.1)
Cash and Equivalents	920	3.5	1,378	5.3	-458	(33.2)
Accounts Receivable	1,973	7.5	1,817	7.0	156	8.6
Other Accounts Receivable	133	0.5	110	0.4	23	20.9
Inventories	3,037	11.5	2,900	11.2	137	4.7
Other Current Assets	832	3.2	838	3.2	-6	(0.7)
Non-Current Assets	19,455	73.8	18,941	72.9	514	2.7
Property, Plant and Equipment, Net	5,552	21.1	5,329	20.5	223	4.2
Investment In Subsidiaries	6,449	24.5	6,113	23.5	336	5.5
Intangible Assets	6,837	25.9	6,814	26.2	23	0.3
Other Assets	617	2.3	685	2.6	-68	(9.9)
TOTAL LIABILITIES	11,720	44.5	11,484	44.2	236	2.1
Domestic	10,994	41.7	10,827	41.7	167	1.5
USA	726	2.8	658	2.5	69	10.4
Current Liabilities	3,948	15.0	3,676	14.1	272	7.4
Accounts Payable	1,671	6.3	1,524	5.9	147	9.6
Short-Term Debt	950	3.6	900	3.5	50	5.6
Other Short-Term Liabilities	1,327	5.0	1,252	4.8	75	6.0
Long-Term Liabilities	7,772	29.5	7,808	30.1	-36	(0.5)
Long-Term Debt	5,096	19.3	5,196	20.0	-100	(1.9)
Other Liabilities	1,428	5.4	1,392	5.4	36	2.6
Other Long-Term Liabilities w/o Cost	1,248	4.7	1,220	4.7	28	2.3
TOTAL STOCKHOLDERS' EQUITY	14,628	55.5	14,499	55.8	129	0.9
Minority Stockholder's Equity	7,280	27.6	7,417	28.5	-137	(1.8)
Majority Stockholder's Equity	7,348	27.9	7,082	27.3	266	3.7

Figures expressed in millions of Mexican pesos