



GRUPO HERDEZ REPORTS THIRD QUARTER 2017 RESULTS

Highlights from the quarter:

- Consolidated net sales increased 6.0 percent to MXN 4,816 million.
- Consolidated EBIT and EBITDA margins were 12.8 and 15.7 percent, respectively.
- Majority net income reached MXN 172 million, with a margin of 3.6 percent.

Mexico City, Mexico, October 26, 2017 – 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, 2017.

“Our performance in the third quarter remained positive despite the natural disasters that stroke our nation. The resiliency of our business model and our industry, together with the strategic measures and initiatives we are implementing, are allowing us to cope with the disruptions, while also prevailing during uncertain times. We remain confident about meeting our guidance for this year”, said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer.

NET SALES

Net sales in the third quarter increased 6.0 percent compared to the same period of last year to MXN 4,816 million. Net sales in the Preserves division grew 7.2 percent, showing a slowdown when compared to the first six months of the year. This is explained by the distribution disruptions as a consequence of Mexico’s earthquake and floods that affected several regions of the country.

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 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.



The Frozen division reached MXN 753 million in sales, 4.3 percent higher than the third quarter of 2016. This slight increase was due to the strong sales in Helados Nestlé recorded in the third quarter last year, as well as extreme cold climate conditions that occurred this quarter. Nutrisa sales in September were affected by the temporary closure of 30 stores and lower traffic following the earthquake. Despite the above, same-store sales in the quarter increased by 12 percent mainly driven by traffic in July and August.

Exports reached MXN 323 million, 2.6 percent lower than the same quarter of last year due to the soft performance among our client base, excluding MegaMex.

Net sales outperformed in the modern channel formats, despite inventory adjustments at certain clients. Volumes in the traditional channel were affected by fleet shortages due to operational disruption resulting from the earthquakes. By category, canned vegetables, homestyle salsa, pasta, tea and tomato purée sales surpassed average growth boosted by price increases and innovation initiatives.

On a cumulative basis, consolidated net sales rose 9.0 percent to MXN 14,500 million, primarily driven by price increases and the solid performance of the Frozen segment.

NET SALES	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated	4,816	4,543	6.0	14,500	13,302	9.0
Preserves	3,739	3,489	7.2	11,365	10,420	9.1
Frozen	753	722	4.3	2,281	2,062	10.6
Exports	323	332	(2.6)	854	820	4.1

Figures in million MXN

GROSS PROFIT

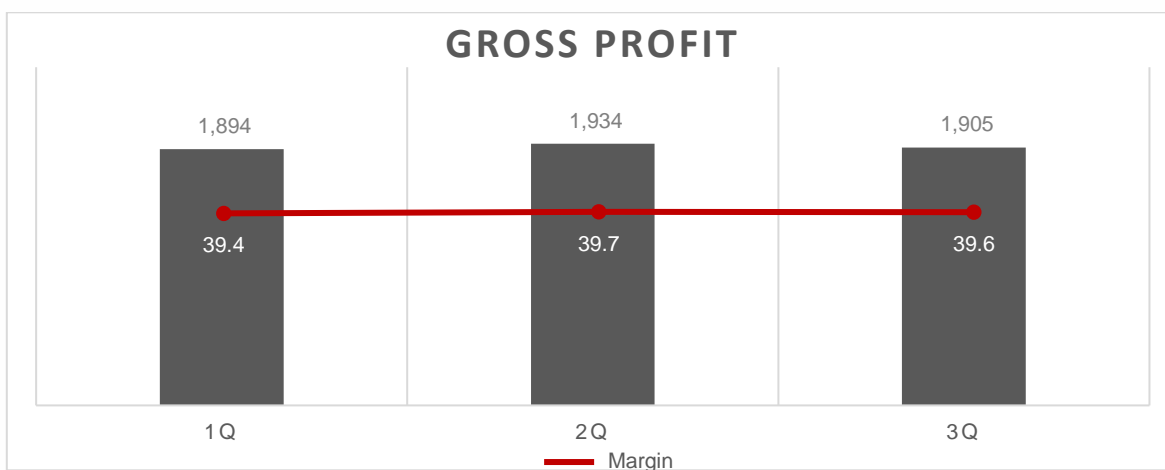
Consolidated gross margin in the quarter reached 39.6 percent, a 0.9 percentage point decline when compared to the same period in 2016. This decline resulted from the impact of higher costs in raw materials and packaging, coupled with a higher U.S. dollar exchange rate.

On a cumulative basis, the consolidated gross margin reached 39.5 percent, a 30 basis points increase when compared to the same period last year due to the margin expansion of the Preserves segment in the first half of the year.

GROSS PROFIT	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated	1,905	1,840	3.5	5,732	5,213	9.9
Preserves	1,392	1,352	2.9	4,197	3,821	9.9
Frozen	475	455	4.5	1,422	1,303	9.1
Exports	38	32	16.6	113	89	26.9

Figures in million MXN

GROSS MARGIN	3Q17	3Q16	pp Chg	9M17	9M16	pp Chg
Consolidated	39.6	40.5	(0.9)	39.5	39.2	0.3
Preserves	37.2	38.8	(1.6)	36.9	36.7	0.2
Frozen	63.1	63.0	0.1	62.3	63.2	(0.9)
Exports	11.7	9.8	1.9	13.2	10.9	2.3



SALES, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated SG&A relative to net sales reached 27.0 percent in the quarter compared to 26.6 percent in the same quarter last year. This margin difference resulted from a 40 and 70 basis points increase in the Preserves and Frozen segments, respectively, due to extraordinary expenses related to the earthquakes. These extraordinary expenses involved the need to change routes and delivery routines in order to serve our main clients directly to their stores and the temporary closing of Nutrisa stores in the days following the earthquakes.

On a cumulative basis, SG&A represented 26.2 percent of net sales, a 60 basis points improvement from the same period of last year mainly explained by the SG&A reduction at Nutrisa.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

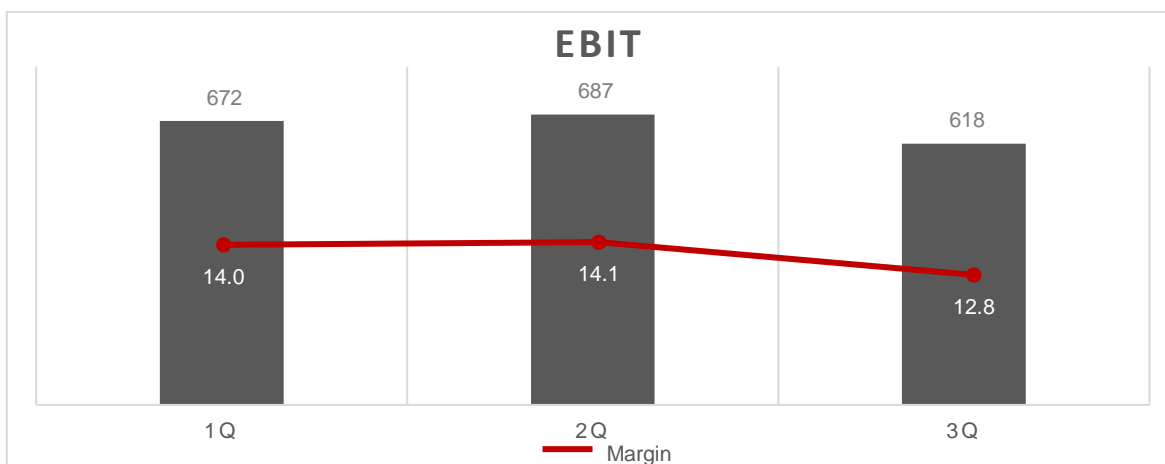
EBIT in the quarter totaled MXN 618 million, with a margin of 12.8 percent, or 1.1 percentage points lower than the same period in 2016. EBIT margins in the Preserves and Frozen segments decreased by 1.6 and 0.7 percentage points, respectively, mainly due to the extraordinary expenses explained previously.

On a cumulative basis, EBIT totaled MXN 1,976 million or an 18.1 percent growth when compared to the same period last year, with an EBIT margin expansion of 1.0 percentage points to 13.6 percent.

EBIT	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated	618	633	(2.3)	1,976	1,674	18.1
Preserves	572	590	(3.1)	1,803	1,621	11.2
Frozen	26	30	(14.3)	106	20	N.A.
Exports	20	12	68.1	67	33	102.9

Figures in million MXN

EBIT MARGIN (%)	3Q17	3Q16	pp Chg	9M17	9M16	pp Chg
Consolidated	12.8	13.9	(1.1)	13.6	12.6	1.0
Preserves	15.3	16.9	(1.6)	15.9	15.6	0.3
Frozen	3.5	4.2	(0.7)	4.7	1.0	3.7
Exports	6.3	3.7	2.6	7.8	4.0	3.8



COMPREHENSIVE FINANCING RESULT

Net financing cost totaled MXN 108 million, 8.0 percent higher compared to the third quarter of last year mainly due to the increase in the cost of debt resulting from the debt restructure that took place over the last six months.

EQUITY INVESTMENT IN ASSOCIATES

Equity investment in associates totaled MXN 82 million, 33.0 percent lower than the same period of last year, since MegaMex experienced its highest level of avocado prices in the quarter.

EQUITY INVESTMENT IN ASSOCIATES	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated	82	123	(33.0)	459	419	9.6
MegaMex	72	117	(38.3)	421	399	5.4
Others	10	6	71.1	39	20	93.8

Figures in million MXN

MegaMex Consolidated Results (100%)

Net sales in the quarter totaled MXN 2,997 million, a 12.5 percent increase compared to the same quarter last year driven by strong performance across categories and sales channels.

Regarding brand performance, Herdez Salsa continues to be the fastest growing brand in the category in the United States; Don Miguel exceeded expected sales mainly due to new products at convenience stores; and Wholly Guacamole outperformed in retail and food service.

Gross margin reached 21.9 percent, 6.2 percentage points lower than the same period of last year due to a 54 percent increase in avocado prices when compared to the same period of 2016. EBIT margin decreased by 4.5 percentage points to 4.4 percent, and EBITDA margin reached 7.4 percent.

MegaMex	Income Statement									
	3Q17	%	3Q16	%	%Chg	9M17	%	9M16	%	% Chg
Net Sales	3,004	100.0	2,669	100.0	12.5	9,134	100.0	7,751	100.0	17.9
Gross Profit	657	21.9	751	28.1	(12.4)	2,649	29.0	2,522	32.5	5.0
EBIT	134	4.4	237	8.9	(43.6)	923	10.1	952	12.3	(3.0)
EBITDA	223	7.4	341	12.8	(34.6)	1,209	13.2	1,254	16.2	(3.6)
Net Income	144	4.8	232	8.7	(37.8)	841	9.2	796	10.3	5.6

Figures in million MXN

NET INCOME

Consolidated net income totaled MXN 379 million, a 10.9 percent decline compared to the third quarter of last year, with a margin of 7.9 percent which represented a decline of 1.5 percentage points mainly due to MegaMex and the consolidated gross margin decline.

Majority net income totaled MXN 172 million in the quarter, 19.1 percent lower than in the same period of last year. Majority net margin declined by 1.1 percentage points to 3.6 percent when compared to the same period in 2016.

NET INCOME	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated Net Income	379	426	(10.9)	1,343	1,159	15.8
Consolidated Net Mg (%)	7.9	9.4	(1.5) pp	9.3	8.7	0.6 pp
Minority Interest	208	213	(2.6)	692	608	14.0
Majority Net Income	172	212	(19.1)	650	552	17.9
Majority Net Mg (%)	3.6	4.7	(1.1) pp	4.5	4.1	0.4 pp

Figures in million MXN

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

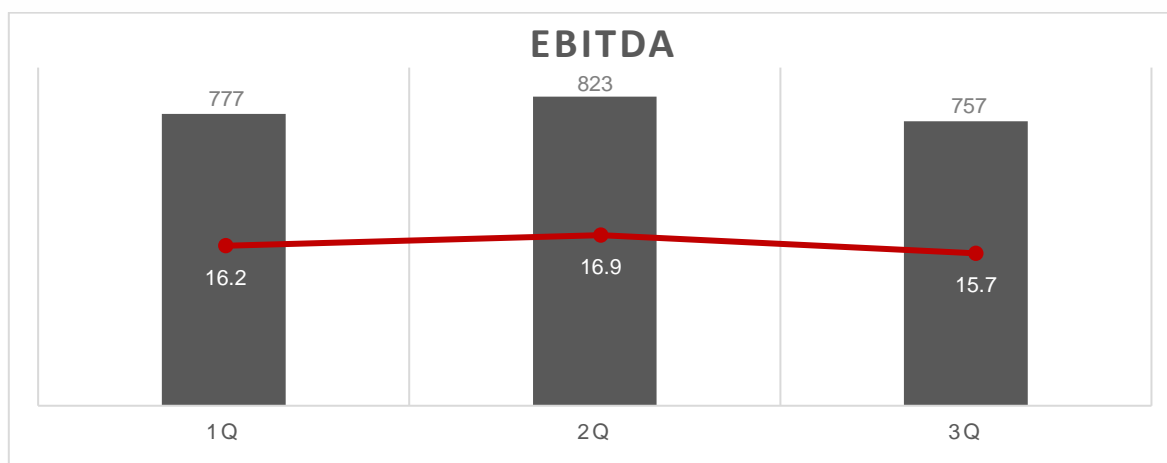
EBITDA totaled MXN 757 million in the quarter, practically flat when compared to the same period in 2016. This performance was mainly attributable to the 1.5 percentage points decline in the Preserves margin, and partially offset by a 7.0 percent increase in the EBITDA of the Frozen segment.

On a cumulative basis, EBITDA totaled MXN 2,357 million, a 16.8 percent growth with a margin of 16.3 percent. The above represents an increase of 1.1 percentage points in the margin compared to 2016.

EBITDA	3Q17	3Q16	% Change	9M17	9M16	% Change
Consolidated	757	753	0.6	2,357	2,018	16.8
Preserves	647	657	(1.4)	2,011	1,816	10.8
Frozen	78	73	7.0	254	146	74.4
Exports	32	23	39.2	92	57	62.0

Figures in million MXN

EBITDA MARGIN (%)	3Q17	3Q16	pp Chg	9M17	9M16	pp Chg
Consolidated	15.7	16.6	(0.9)	16.3	15.2	1.1
Preserves	17.3	18.8	(1.5)	17.7	17.4	0.3
Frozen	10.4	10.2	0.2	11.1	7.1	4.0
Exports	9.8	6.8	3.0	10.7	6.9	3.8



CAPITAL EXPENDITURES (CAPEX)

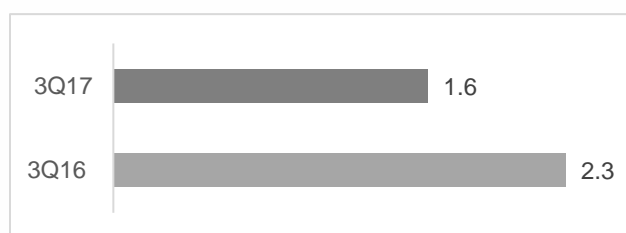
Net CAPEX in the quarter totaled MXN 37 million, mainly allocated to the expansion of the tea production capacity in San Luis Potosí.

FINANCIAL STRUCTURE

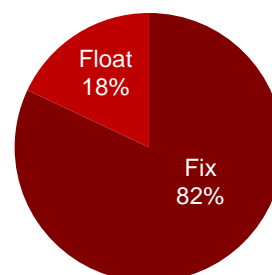
As of September 30, 2017, consolidated cash totaled MXN 1,233 million, and interest-bearing liabilities reached MXN 6,156 million. As a result of the debt restructure occurred in the last six months, average debt maturity stands at 6.3 years and 97% is long-term.

Consolidated net debt to EBITDA remained at 1.6 times, while net debt to consolidated stockholder's equity reached 0.32 times.

NET DEBT / EBITDA



INTEREST RATE MIX



CASH FLOW

On a cumulative basis, cash flow from operations totaled MXN 489 million. It is important to highlight that working capital required MXN 500 million as a result of arrears on VAT receivables.

3Q 2017 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, October 27, 2017

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

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (877) 795 3635
- Toll International: +1 (719) 325 4915
- Conference ID#: 7498377

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=126516>

If you are unable to participate live, a replay of the conference call will be available from October 28 through November 11, 2017. 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: 7498377.

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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, 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 16 plants, 22 distribution centers, 7 tuna vessels, 474 Nutrisa stores and a workforce of more than 9,100 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	Third Quarter					As of Sep 30				
	2017	%	2016	%	% Chg	2017	%	2016	%	% Chg
Net Sales	4,816	100.0	4,543	100.0	6.0	14,500	100.0	13,302	100.0	9.0
Preserves	3,739	100.0	3,489	100.0	7.2	11,365	100.0	10,420	100.0	9.1
Frozen	753	100.0	722	100.0	4.3	2,281	100.0	2,062	100.0	10.6
Exports	323	100.0	332	100.0	(2.6)	854	100.0	820	100.0	4.1
Cost of Goods Sold	2,911	60.4	2,703	59.5	7.7	8,768	60.5	8,088	60.8	8.4
Preserves	2,347	62.8	2,136	61.2	9.9	7,168	63.1	6,599	63.3	8.6
Frozen	278	36.9	267	37.0	4.0	859	37.7	758	36.8	13.4
Exports	286	88.3	300	90.2	(4.6)	741	86.8	731	89.1	1.3
Gross Profit	1,905	39.6	1,840	40.5	3.5	5,732	39.5	5,213	39.2	9.9
Preserves	1,392	37.2	1,352	38.8	2.9	4,197	36.9	3,821	36.7	9.9
Frozen	475	63.1	455	63.0	4.5	1,422	62.3	1,303	63.2	9.1
Exports	38	11.7	32	9.8	16.6	113	13.2	89	10.9	26.9
Operating Expenses	1,299	27.0	1,208	26.6	7.5	3,801	26.2	3,564	26.8	6.7
Preserves	836	22.4	766	22.0	9.2	2,431	21.4	2,237	21.5	8.7
Frozen	445	59.1	422	58.4	5.5	1,324	58.0	1,270	61.6	4.2
Exports	17	5.4	20	6.1	(14.2)	46	5.4	56	6.9	(17.5)
EBIT before Other Income and Expenses	606	12.6	632	13.9	(4.1)	1,931	13.3	1,650	12.4	17.1
Preserves	555	14.8	586	16.8	(5.3)	1,767	15.5	1,584	15.2	11.6
Frozen	30	4.0	33	4.6	(8.4)	98	4.3	33	1.6	193.7
Exports	20	6.3	12	3.7	68.1	67	7.8	33	4.0	102.9
Other Income/Expenses, Net	(12)	(0.3)	-1	(0.0)	N.A.	(45)	(0.3)	(24)	(0.2)	(89.7)
EBIT	618	12.8	633	13.9	(2.3)	1,976	13.6	1,674	12.6	18.1
Preserves	572	15.3	590	16.9	(3.1)	1,803	15.9	1,621	15.6	11.2
Frozen	26	3.5	30	4.2	(14.3)	106	4.7	20	1.0	N.A.
Exports	20	6.3	12	3.7	68.1	67	7.8	33	4.0	102.9
Comprehensive Financing Result	(108)	(2.2)	(100)	(2.2)	8.0	-408	(2.7)	-319	(2.4)	(27.9)
Interest Earned and (Paid), Net	(128)	(2.7)	(108)	(2.4)	18.5	-391	(2.7)	-318	(2.4)	(23.0)
Exchange (Loss) Gain	20	0.4	8	0.2	N.A.	-17	(0.1)	-1	(0.0)	N.A.
Equity Investment in Associates	82	1.7	123	2.7	-33.0	459	3.2	419	3.2	9.6
MegaMex	72	1.5	117	2.6	-38.3	421	2.9	399	3.0	5.4
Others	10	0.2	6	0.1	71.1	39	0.3	20	0.2	93.8
Income Before Income Taxes	592	12.3	655	14.4	(9.6)	2,027	14.0	1,773	13.3	14.3
Income Tax Provision	213	4.4	230	5.1	(7.3)	685	4.7	614	4.6	11.5
Consolidated Net income	379	7.9	426	9.4	(10.9)	1,343	9.3	1,159	8.7	15.8
Minority Interest	208	4.3	213	4.7	(2.6)	692	4.8	608	4.6	14.0
Majority Net Income	172	3.6	212	4.7	(19.1)	650	4.5	552	4.1	17.9
EBITDA	757	15.7	753	16.6	0.6	2,357	16.3	2,018	15.2	16.8
Preserves	647	17.3	657	18.8	(1.4)	2,011	17.7	1,816	17.4	10.8
Frozen	78	10.4	73	10.2	7.0	254	11.1	146	7.1	74.4
Exports	32	9.8	23	6.8	39.2	92	10.7	57	6.9	62.0

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 30		Jun 30		Change	
	2017	%	2017	%	\$	%
TOTAL ASSETS	26,784	100.0	27,132	100.0	-348	(1.3)
Domestic	24,924	93.1	25,670	95.8	-746	(2.9)
USA	1,860	6.9	1,462	5.5	398	27.2
Current Assets	7,789	29.1	8,057	29.7	-268	(3.3)
Cash and Equivalents	1,233	4.6	1,862	6.9	-629	(33.8)
Accounts Receivable	2,080	7.8	2,057	7.6	23	1.1
Other Accounts Receivable	1,099	4.1	896	3.3	203	22.7
Inventories	3,301	12.3	3,089	11.4	212	6.9
Other Current Assets	76	0.3	153	0.6	-77	(50.3)
Non-Current Assets	18,995	70.9	19,075	70.3	-80	(0.4)
Property, Plant and Equipment, Net	5,543	20.7	5,632	20.8	-89	(1.6)
Investment In Subsidiaries	6,004	22.4	6,005	22.1	-1	(0.0)
Intangible Assets	6,828	25.5	6,789	25.0	39	0.6
Other Assets	620	2.3	649	2.4	-29	(4.5)
TOTAL LIABILITIES	10,632	39.7	11,273	41.6	-641	(5.7)
Domestic	10,124	37.8	10,860	40.0	-736	(6.8)
USA	508	1.9	413	1.5	95	23.0
Current Liabilities	3,488	13.0	4,023	14.8	-535	(13.3)
Accounts Payable	1,650	6.2	1,672	6.2	-22	(1.3)
Short-Term Debt	200	0.7	900	3.3	-700	(77.8)
Other Short-Term Liabilities	1,638	6.1	1,451	5.3	187	12.9
Long-Term Liabilities	7,144	26.7	7,250	26.7	-106	(1.5)
Long-Term Debt	5,930	22.1	5,980	22.0	-50	(0.8)
Other Liabilities	26	0.1	31	0.1	-5	(16.1)
Other Long-Term Liabilities w/o Cost	1,188	4.4	1,239	4.6	-51	(4.1)
TOTAL STOCKHOLDERS' EQUITY	16,152	60.3	15,859	58.5	293	1.8
Minority Stockholder's Equity	8,837	33.0	8,732	32.2	105	1.2
Majority Stockholder's Equity	7,315	27.3	7,127	26.3	188	2.6

Figures expressed in millions of Mexican pesos