

Stock Listing Information  
MSE or BMV: Herdez\*  
OTC: Guzby (ADR Level 1)

Mexico City, October 28, 2008. Grupo Herdez, S.A.B de C.V. today announced its results for the third quarter of 2008. All financial information contained in this report is submitted in accordance to NIF dispositions issued by CINIF.

### HIGHLIGHTS:

- Since the 1Q08, Herdez Del Fuerte has been registered as a 50% joint venture.

### Net Sales

#### Pesos

During the third quarter of the year, net sales totaled \$ 1,772.6 million, which represented a 7.6% increase resulting largely from an effective pricing policy carried out in the first half of the period.

Regarding this particular aspect, the "Pasta" segment showed a 20.0% growth driven by price increases, as well as by an intense promotional activity at the point of sale, mainly with regional clients.

"Sauces and Dressings," "Meat and Seafood" and "Vegetables" are segments which include several Herdez Del Fuerte lines which consolidate proportionally at a 50%; therefore, they are not fully comparable. However, increases in home-style sauces, ketchup, mayonnaise, coffee and tuna stood out during the period.

NET SALES (Nominal million pesos)										
Third Quarter					Segment	Six months ended September 30				
2008	%	2007	%	cambio %		2008	%	2007	%	cambio %
888.2	50.1%	844.4	51.3%	5.2%	Sauces and Dressings	2,495.2	49.5%	2,344.8	50.9%	6.4%
109.6	6.2%	190.3	11.6%	-42.4%	Juices, Fruits and Desserts	338.3	6.7%	500.9	10.9%	-32.5%
209.8	11.8%	145.3	8.8%	44.4%	Vegetables	604.8	12.0%	406.5	8.8%	48.8%
150.4	8.5%	165.2	10.0%	-8.9%	Meat and Seafood	434.7	8.6%	468.7	10.2%	-7.3%
208.8	11.8%	174.0	10.6%	20.0%	Pastas	579.1	11.5%	489.0	10.6%	18.4%
4.6	0.3%	43.9	2.7%	-89.6%	Other	46.7	0.9%	73.4	1.6%	-36.4%
1,571.4	88.7%	1,563.1	94.9%	0.5%	Domestic Sales	4,498.7	89.2%	4,283.3	93.0%	5.0%
201.1	11.3%	83.7	5.1%	140.3%	Exports	544.6	10.8%	323.6	7.0%	68.3%
1,772.6	100.0%	1,646.8	100.0%	7.6%	Total Sales	5,043.3	100.0%	4,606.9	100.0%	9.5%



Likewise, with a wider portfolio of brands targeted to U.S. consumers due to the incorporation of Herdez Del Fuerte, sales abroad reached \$201.1 million pesos, that is, 140.3% more compared to the same period last year.

### Volume

In terms of volume, total sales increased 6.3%, from 11.0 million cases in the 3Q07 to 11.7 million cases in the 3Q08.

The most remarkable growth was recorded in Exports, rising from 720 thousand cases in the 3Q07 to 1.3 million cases in the 3Q08, an 82.8% increase which was able to offset the declines in other segments:

"Juices, Fruits and Desserts" fell 50.5% during the 3Q08, considering the proportional record of Herdez Del Fuerte's sales in most of its lines, while the "Meat and Seafood" segment dropped 24.9% due to no sardine sales, business which was sold last year. It is worth mentioning that both comparison effects will prevail for the remainder of the year.

SALES VOLUME (Thousand Cases)										
Third Quarter					Segment	Six months ended September 30				
2008	%	2007	%	cambio %		2008	%	2007	%	cambio %
4,286	36.4%	4,739	42.8%	-9.6%	Sauces and Dressings	13,153	37.9%	13,006	40.9%	1.1%
710	6.0%	1,435	13.0%	-50.5%	Juices, Fruits and Desserts	2,224	6.4%	3,886	12.2%	-42.8%
2,388	20.3%	984	8.9%	142.7%	Vegetables	6,552	18.9%	2,722	8.6%	140.7%
450	3.8%	599	5.4%	-24.9%	Meat and Seafood	1,345	3.9%	1,661	5.2%	-19.1%
2,577	21.9%	2,548	23.0%	1.1%	Pastas	7,745	22.3%	7,724	24.3%	0.3%
32	0.3%	36	0.3%	-11.1%	Other	119	0.3%	102	0.3%	16.3%
10,443	88.8%	10,341	93.5%	1.0%	Domestic Sales	31,137	89.7%	29,101	91.6%	7.0%
1,316	11.2%	720	6.5%	82.8%	Exports	3,565	10.3%	2,665	8.4%	33.8%
11,759	100.0%	11,061	100.0%	6.3%	Total Sales	34,703	100.0%	31,766	100.0%	9.2%

### Costs and Expenses

During the third quarter of the year, cost as a percentage of sales increased 30 basis points, remaining pressured by increases in the prices of raw materials such as tuna, vegetable oils and packaging materials. These rises were partially offset by procurement synergies obtained at Herdez Del Fuerte.

Operating expenses for the quarter as well as cumulative, represented 22.4% of sales, a reduction of 130 basis points benefited also by supply-chain and distribution synergies.



### Operating Income and EBITDA<sup>1</sup>

Operating leverage as well as a general reduction in expenses, increased operating income by 16.3%, representing a 12.7% operating margin, or 90 basis points more than in the 3Q07.

In cumulative terms, this item rose 3.0%, with a reduction of 80 basis points in its margin, to reach 12.8% of sales for the nine months ended September 2008.

Similarly, EBITDA grew 18.2% from \$233.3 million during the 3Q07 to \$264.0 million during the 3Q08, reaching a margin of 14.9% of sales.

Grupo Herdez, S.A.B de C.V. and Subsidiaries										
Consolidated Income Statement										
For the period ended September 30, 2008 and 2007 (Nominal million pesos)										
	Third Quarter					Nine months as of September 30				
	2008	%	2007	%	% Change	2008	%	2007	%	% Change
Net Sales	1,772.6	100.0%	1,646.8	100.0%	7.6%	5,043.3	100.0%	4,606.9	100.0%	9.5%
Cost of Goods Sold	1,149.9	64.9%	1,063.2	64.6%	8.2%	3,266.2	64.8%	2,889.1	62.7%	13.1%
Gross Profit	622.7	35.1%	583.5	35.4%	6.7%	1,777.1	35.2%	1,717.8	37.3%	3.5%
Operating Expenses	397.7	22.4%	390.0	23.7%	2.0%	1,131.1	22.4%	1,090.4	23.7%	3.7%
Operating Income	225.0	12.7%	193.5	11.8%	16.3%	646.0	12.8%	627.4	13.6%	3.0%
Comprehensive Financing Cost	24.8	1.4%	18.7	1.1%	32.6%	78.1	1.5%	69.0	1.5%	13.2%
Other expenses (Income)	8.2	0.5%	(13.3)	-0.8%	-161.7%	(164.8)	-3.3%	6.2	0.1%	NC
Income before income taxes	192.0	10.8%	188.1	11.4%	2.1%	732.7	14.5%	552.2	12.0%	32.7%
Income tax provision	50.9	2.9%	48.6	3.0%	4.7%	141.1	2.8%	136.6	3.0%	3.3%
Income from unconsolidated affiliates	10.8	0.6%	5.0	0.3%	116.0%	25.5	0.5%	11.9	0.3%	114.2%
Income before discontinued ops.	151.9	8.6%	144.5	8.8%	5.1%	617.1	12.2%	427.5	9.3%	44.3%
Discontinued Operations	-	0.0%	47.8	2.9%	NC	0.0	0.0%	47.8	1.0%	NC
Consolidated net income	151.9	8.6%	96.7	5.9%	57.1%	617.1	12.2%	379.7	8.2%	62.5%
Minority Interest	51.5	2.9%	49.7	3.0%	3.6%	144.0	2.9%	154.9	3.4%	-7.0%
Net Income	100.4	5.7%	47.0	2.9%	113.6%	473.1	9.4%	224.8	4.9%	110.4%
EBITDA	264.0	14.9%	223.3	13.6%	18.2%	739.1	14.7%	722.0	15.7%	2.4%

NC: Not comparable

### Comprehensive Financing Cost

The comprehensive financing cost in the third quarter of 2008 totaled \$24.8 million, compared with \$18.7 million registered during the same period last year, resulting mainly from a less favorable monetary position due to the application of non-inflationary accounting in accordance to NIF B-10.

Similarly, the accumulated cost was \$78.1 million, 13.2% higher than the comprehensive financing cost registered during 2007.



### Net Income

Consolidated net income before tax provisions reached \$192.0 million in the quarter and \$732.7 in the first nine months of 2008, which meant an increase of 2.1% and 32.7% respectively, in comparison to the same periods of 2007. This includes items recorded as "Other Expenses (Income)" related to the integration of Herdez Del Fuerte, as well as a non-recurring net gain on the sale of shares due to this Company.

Majority net income reached \$100.4 million, increasing 113.6% during the third quarter of the year, while net margin expanded 280 basis points, from 2.9% in the 3Q07 to 5.7% in the 3Q08.

Grupo Herdez, S.A.B de C.V. and Subsidiaries						
Consolidated Balance Sheet						
At September 30, 2008 and 2007 (Nominal million pesos)						
	2008	%	2007	%	Change	
					\$	%
<b>TOTAL ASSETS</b>	<b>5,198.2</b>	<b>100.0%</b>	<b>4,606.9</b>	<b>100.0%</b>	<b>591.3</b>	<b>12.8%</b>
<b>Current Assets</b>	<b>2,689.6</b>	<b>51.7%</b>	<b>2,248.4</b>	<b>48.8%</b>	<b>441.2</b>	<b>19.6%</b>
Cash and cash equivalents	266.4	5.1%	104.5	2.3%	161.9	154.9%
Accounts receivable, net	1,349.4	26.0%	1,010.4	21.9%	339.0	33.6%
Inventories	1,120.9	21.6%	1,110.0	24.1%	10.9	1.0%
Other current assets	(47.1)	-0.9%	23.5	0.5%	(70.6)	-300.4%
Property, Plant and Equipment, net	1,570.9	30.2%	2,009.9	43.6%	(439.0)	-21.8%
Intangible Assets	937.7	18.0%	348.7	7.6%	589.1	169.0%
<b>TOTAL LIABILITIES</b>	<b>2,313.1</b>	<b>44.5%</b>	<b>1,940.7</b>	<b>42.1%</b>	<b>372.4</b>	<b>19.2%</b>
<b>Current Liabilities</b>	<b>1,333.4</b>	<b>25.7%</b>	<b>1,174.2</b>	<b>25.5%</b>	<b>159.2</b>	<b>13.6%</b>
Accounts payable	582.9	11.2%	443.8	9.6%	139.1	31.3%
Short-Term Debt	519.7	10.0%	422.4	9.2%	97.3	23.0%
Other Short-Term liabilities	230.8	4.4%	308.0	6.7%	(77.2)	-25.1%
<b>Non-Current Liabilities</b>	<b>979.7</b>	<b>18.8%</b>	<b>766.5</b>	<b>16.6%</b>	<b>213.2</b>	<b>27.8%</b>
Bank-Debt	758.7	14.6%	599.9	13.0%	158.8	26.5%
Other Debt with cost	134.2	2.6%	-	0.0%	134.2	NC
Other Liabilities and Deferred taxes	86.8	1.7%	166.6	3.6%	(79.8)	-47.9%
Minority Stockholder's equity	631.4	12.1%	701.7	15.2%	(70.3)	-10.0%
Majority Stockholder's equity	2,253.7	43.4%	1,964.6	42.6%	289.2	14.7%
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>2,885.1</b>	<b>55.5%</b>	<b>2,666.3</b>	<b>57.9%</b>	<b>218.9</b>	<b>8.2%</b>



### Cash Flow

During the first nine months of the year, the operation required resources for a total of \$332.0 million for working capital related to the incorporation of Herdez Del Fuerte as well as investments in fixed assets for the operations' strategy of said Company.

### Interest-bearing Liabilities

Consolidated bank-debt net of cash at September 30, 2008 totaled \$1.01 billion pesos, registering an increase of \$94.3 million or 10.3 percent, compared with the balance recorded during the same period of last year. Net bank-debt-to-stockholder's-equity ratio was 0.35 times, which meant a slight increase from 0.34 times recorded during the 3Q07.

Lastly, 59.4% of bank loans have long-term maturities, 97.1% are denominated in local currency (Mexican pesos) and 97.4% of the debt is at variable rates.

### Note:

- **Grupo Herdez S.A.B. de C.V.**, taking into account the recent events occurred in the financial markets worldwide, considers it appropriate to inform that the Company uses financial derivative instruments on exchange rates and raw materials exclusively as hedging, with the sole purpose of managing variation risks in the international prices of the Group's major raw materials.

The fair market value (mark-to-market) of its financial derivatives at September 30, 2008, shows an unrealized loss of approximately \$69.0 million pesos, representing less than 1% of annual sales. This valuation is presented in the stockholders' equity as comprehensive income, according to the NIF C-10 "Financial Derivative Instruments and Hedging Operations".

### About the Company:

GRUPO HERDEZ is a leader in the food industry, with more than 90 years of experience. Through its associates, manufactures and distributes products under brands such as Herdez, Del Fuerte, McCormick, Búfalo, Doña María, Nair, Barilla, Yemina, La Gloria, Embasa, La Victoria, Carlota, Blason and Solo, among others. GRUPO HERDEZ operates 11 plants and 8 distribution centers with a workforce of over 5,000 people.



Note: The statements contained in this report regarding the financial and operating performance of Grupo Herdez, S.A.B de C.V. and its affiliates ("The Company") are based on financial information, operating levels and market conditions as of today's date. The Company's results may vary from those expressed in this report due to a number of factors beyond the Company's control, such as: price adjustments, changes in raw material costs, legal and regulatory changes, or unanticipated economic and political conditions of countries where the Company operates. The Company does not assume responsibility for changes in information and recommends that readers view such statements with caution. Furthermore, the Company is not obligated to publicly release revisions to these statements arising from any such factors after the publication date of this document.

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<sup>1</sup> EBITDA: Earnings before interest, taxes, depreciation and amortization.

