

GRUPO HERDEZ REPORTS FOURTH QUARTER AND FULL YEAR 2010 RESULTS

Highlights from the quarter

- Sales rose 15.8% reflecting improved volumes in Mexico and a significant increase in the U.S.
- Operating income rose 23.9%, while the margin expanded 1.3 pp to 19.4%
- Net majority income fell 31.9% as a result of one-time gains recorded in 2009 and a foreign exchange loss

Mexico City, Mexico, February 24, 2011 – Grupo Herdez, S.A.B de C.V. (“Grupo Herdez” or “the Company”) (BMV: HERDEZ, OTC: GUZBY), today announced its results for the fourth quarter and year-end 2010.¹

“We are glad to have reached our targets for the full year and attained record sales and profitability levels in 2010. Top-line performance benefited from improved volume performance throughout the year in Mexico and continued growth in our international operations, including the consolidation of Don Miguel in the United States. At the operating level, results were mainly driven by favorable input costs and exchange rate.

For 2011 however, we are already experiencing a very challenging commodity environment, so we expect profitability to return to normalized levels,” said Héctor Hernández Pons Torres, Chairman and Chief Executive Officer of Grupo Herdez.

Net Sales

Net sales in the fourth quarter rose 15.8% to Ps. 2,643 million, reflecting a 7.2% rise on the domestic front and 120.1% in the international operations. On a cumulative basis, net sales totaled Ps. 8.871 billion, an increase of 7.3% when compared to the previous year, as a result of increases of 4.4% and 32.8% in Mexico and the U.S., respectively.

	4Q10	4Q09	% Change	12M 10	12M 09	% Change
Consolidated	2,643	2,284	15.8	8,871	8,266	7.3
Domestic	2,261	2,110	7.2	7,740	7,414	4.4
International	382	174	120.1	1,131	852	32.8

Figures expressed in millions of pesos

¹ All financial information contained in this report is prepared in accordance to Mexican Financial Standards (NIF). All figures are expressed in nominal Mexican pesos.

In Mexico, net sales growth was driven by improved volume performance throughout the year, with outperformance in the *salsas caseras*, condiment and beverage categories. As well, sales growth was benefited by the incorporation of Reynolds sales as of June 2010.

In the U.S., where the majority of sales are comprised of Grupo Herdez's proportional share of MegaMex Foods LLC, the 50% joint venture between Herdez Del Fuerte and Hormel Foods, results were boosted by the integration of Don Miguel into MegaMex as of October 6, 2010, while organic sales continued to register solid growth. Strategic initiatives to expand distribution, combined with market share gains, helped drive organic performance in the period.

Costs and Expenses

In the quarter, the cost of goods sold as a percentage of net sales increased slightly by 0.3 percentage points when compared to the same period of last year, at 61.9%. This was due to a combination of still favorable raw material costs resulting from the Company's risk management strategy, and the appreciation of the Mexican peso. On a cumulative basis, costs of goods sold declined 3.0 percentage points to 61.0% of net sales, due to the same aforementioned benefit experienced in the quarter.

On the operating side, sales and administrative expenses in the quarter declined 1.5 percentage points to 18.8% of net sales, when compared to the same quarter of 2009, mainly as a result of lower promotional spending in favor of higher trade allowances, which are registered before net sales. On a cumulative basis, SG&A remained nearly unchanged, at 20.6% of net sales, as higher advertising and promotional investment made to boost consumption were offset by greater absorption of fixed expenses.

Operating Income

In the quarter, operating income totaled Ps. 512 million, 23.9% higher than in the same period of last year, while the margin expanded 1.3 percentage points to 19.4%. For the year, operating income totaled Ps. 1.632 billion, 27.1% higher than in 2009, while the margin expanded 2.9 percentage points to 18.4%. In both cases, growth is mainly attributed to the aforementioned gross profit improvement.

	4Q10	4Q09	% Change	12M 10	12M 09	% Change
Operating Income	512	413	23.9	1,632	1,284	27.1
Operating Margin	19.4%	18.1%	1.3pp	18.4%	15.5%	2.9pp

Figures expressed in millions of pesos

Net Majority Income

Net majority income in the fourth quarter totaled Ps. 210 million, a decline of 31.9% over the year ago period. This reflects: i) extraordinary income registered in the fourth quarter of 2009 for gains associated with the creation of MegaMex Foods; and ii) increased interest expense related to a higher average debt amount, and iii) a monetary exchange loss when compared to a gain registered in 2009. As a result, net majority margin in the fourth quarter declined from 13.5% in 2009 to 7.9% in the current period.

On a cumulative basis, net majority income rose 5.9% to Ps. 790 million, while the margin remained practically unchanged at 8.9%. The above is mainly explained by higher taxes related to the increased proportion of the U.S. business and the extraordinary income registered in 2009 that combined offset operating margin expansion registered for the year.

	4Q10	4Q09	% Change	12M 10	12M 09	% Change
Consolidated Net income	314	412	-23.9	1,104	1,000	10.4
Minority Interest	104	104	-0.1	313	254	23.4
Net Majority Income	210	308	-31.9	790	746	5.9
Net Majority Margin	7.9%	13.5%	-5.6pp	8.9%	9.0%	-0.1pp

Figures expressed in millions of pesos

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

In the fourth quarter, EBITDA totaled Ps. 547 million, a rise of 22.8% over the year ago period, while the margin expanded 1.2 percentage points, to 20.7%. On a cumulative basis, EBITDA totaled Ps. 1.758 billion, while the margin expanded 2.8 percentage points, to 19.8%. As with operating profit, these increases mainly reflect gross margin expansion.

	4Q10	4Q09	% Change	12M 10	12M 09	% Change
EBITDA	547	445	22.8	1,758	1,405	25.1
EBITDA Margin	20.7%	19.5%	1.2pp	19.8%	17.0%	2.8pp

Figures expressed in millions of pesos

Capital Expenditures

Net capital expenditures in the fourth quarter and full year, excluding acquisitions, totaled Ps. 259 million and Ps. 315 million, respectively, primarily allocated to the ongoing construction of the Teoloyucan distribution center located in the State of Mexico. The new distribution center, which is scheduled to start up operations at the end of the second quarter of 2011, will increase the efficiency of the distribution network in Mexico. It is important to note that the benefits of this project will be fully realized in 2012.

Financial Structure

As of December 31, 2010, consolidated net debt² totaled Ps. 712 million, 6.0% lower than in the year ago period, mainly as a result of a short-term bank loan refinanced with proceeds from the local bond issuance in September of 2010. Average maturity of the Company's debt remained unchanged quarter over quarter, at 6.2 years. It should be noted that after the close of the period, on February 18, 2011, the Company issued a subsequent Ps. 600 million of local bonds to refinance the loan secured for the acquisition of Don Miguel, extending the average maturity of the Company's debt to 6.4 years.

As of December 31, 2010, the Company's leverage ratios remain healthy, with net debt to stockholders' equity at 0.2 times, and net debt to EBITDA of 0.4 times, compared to 0.5 times registered in December 2009.

Recent Events

On February 21, 2011, the Company announced the successful issue of Ps. 600 million of *Certificados Bursatiles* (domestic bonds) in the local debt market. This issue, a 4-year bond with an annual floating rate based on 28-day TIIE plus 60 basis points, strengthened the mix of the Company's funding sources and is consistent with the Company's commitment to the local debt market.

Grupo Herdez will use these proceeds in part to pay down the bridge loan obtained for the acquisition of Don Miguel last October, with the remainder kept in cash balance.

4Q10 Earnings Conference Call Information

Date: Friday, February 25, 2011
Time: 9:30 a.m. Nueva York / 8:30 a.m. Mexico City
Dial-in: +1 (706) 679-3873.
Call ID#: 42671365.

For additional information:

Andrea Amozurrutia
+52 (55) 5201-5636
aac@herdezdel fuerte.com

² Consolidated net debt does not include inter-company loans.

INCOME STATEMENT	Fourth Quarter					Twelve Months as of December 31				
	2010	%	2009	%	% Change	2010	%	2009	%	% Change
Net Sales	2,643	100.0%	2,283	100.0%	15.8%	8,871	100.0%	8,266	100.0%	7.3%
Cost of Goods Sold	1,635	61.9%	1,405	61.6%	16.4%	5,410	61.0%	5,288	64.0%	2.3%
Gross Profit	1,008	38.1%	878	38.4%	14.8%	3,462	39.0%	2,978	36.0%	16.2%
Operating Expenses	496	18.8%	464	20.3%	6.7%	1,830	20.6%	1,694	20.5%	8.0%
Operating Income	512	19.4%	413	18.1%	23.9%	1,632	18.4%	1,284	15.5%	27.1%
Comprehensive Financing Result	31	1.2%	7	0.3%	374.8%	95	1.1%	116	1.4%	-17.8%
Other expenses (Income)	27	1.0%	(96)	-4.2%	-127.9%	21	0.2%	(97)	-1.2%	-121.2%
Income before income taxes	454	17.2%	502	22.0%	-9.6%	1,516	17.1%	1,266	15.3%	19.8%
Income tax provision	139	5.3%	97	4.3%	43.3%	425	4.8%	300	3.6%	41.4%
Income from unconsolidated affiliates	4	0.1%	10	0.4%	-61.7%	24	0.3%	44	0.5%	-44.1%
Income before discontinued ops.	318	12.0%	415	18.2%	-23.3%	1,116	12.6%	1,009	12.2%	10.6%
Discontinued Operations	5	0.2%	3	0.1%	59.2%	12	0.1%	9	0.1%	35.6%
Consolidated Net income	314	11.9%	412	18.0%	-23.9%	1,104	12.4%	1,000	12.1%	10.4%
Minority Interest	104	3.9%	104	4.6%	0.0%	313	3.5%	254	3.1%	23.6%
Net Majority Income	210	7.9%	308	13.5%	-31.9%	790	8.9%	746	9.0%	5.9%
EBITDA	547	20.7%	445	19.5%	22.8%	1,758	19.8%	1,405	17.0%	25.1%

Figures expressed in millions of nominal Mexican pesos

NC: Not comparable

BALANCE SHEET	2010	%	2009	%	Change	
					\$	%
TOTAL ASSETS	7,305	100.0%	5,995	100.0%	1,310	21.9%
Current Assets	3,930	53.8%	3,258	54.3%	673	20.6%
Cash and Cash Equivalents	806	11.0%	424	7.1%	381	89.9%
Accounts Receivable, Net	773	10.6%	745	12.4%	28	3.8%
Inventories	964	13.2%	936	15.6%	28	2.9%
Other Current Assets	200	2.7%	99	1.6%	102	102.7%
Property, Plant and Equipment, Net	1,826	25.0%	1,635	27.3%	192	11.7%
Intangible Assets	1,464	20.0%	1,018	17.0%	446	43.8%
TOTAL LIABILITIES	2,968	40.6%	2,280	38.0%	687	30.1%
Current Liabilities	1,196	16.4%	1,962	32.7%	(766)	-39.0%
Accounts Payable	597	8.2%	464	7.7%	133	28.8%
Short-Term Debt	314	4.3%	1,174	19.6%	(860)	-73.3%
Other Short-Term liabilities	285	3.9%	325	5.4%	(40)	-12.2%
Non-Current Liabilities	1,771	24.2%	318	5.3%	1,453	>100
Long-Term Debt	1,204	16.5%	0	0.0%	1,204	NA
Other Debt with Cost	294	4.0%	133	2.2%	160	120.2%
Other Liabilities	274	3.7%	185	3.1%	89	48.1%
Minority Stockholder's Equity	953	13.0%	808	13.5%	146	18.0%
Majority Stockholder's Equity	3,384	46.3%	2,921	48.7%	463	15.8%
TOTAL STOCKHOLDER'S EQUITY	4,337	59.4%	3,729	62.2%	609	16.3%

Figures expressed in millions of nominal Mexican pesos

NA: Not applicable