



GRUPO HERDEZ REPORTS SECOND QUARTER 2018 RESULTS

Highlights for the quarter:

- Consolidated net sales increased by 7.0 percent to MXN 5,217 million due to volume growth in Preserves and Exports divisions.
- Consolidated EBIT and EBITDA margins expanded 80 and 50 basis points to 14.9 and 17.4 percent, respectively.
- Consolidated net income totaled MXN 665 million, 54.0 percent higher than the same quarter in 2017, with margin growth of 3.9 percentage points to 12.8 percent.

Mexico City, Mexico, July 26, 2018 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the second quarter ending June 30, 2018.

"Our strength in commercial execution allowed us to lever a strong June month which drove our performance in the second quarter," said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer at Grupo Herdez. "The adjustments made in the past years in anticipation of today's market uncertainties continue to strengthen our leadership position," he added.

NET SALES

Net sales in the second quarter increased 7.0 percent compared to the same period of last year to MXN 5,217 million. Net sales in the Preserves division grew 5.1 percent, with outperformance in the ketchup, mayonnaise, mustard, tea and tomato purée categories.

The Frozen division reached MXN 873 million in net sales, 0.7 percent lower than the second quarter of 2017, mainly explained by the relocation of freezers of Helados Nestlé, lower traffic at Nutrisa and a tough comparison base. Lower traffic figures were driven by unfavorable weather conditions in the quarter. Same store sales grew 3.0 percent due to average ticket growth. It is important to highlight that this indicator continues to show increases on a sequential basis since the third quarter of 2017.

The information contained in this document is prepared in accordance with International Financial Reporting Standards (IFRS) and expressed in 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.



Exports reached MXN 415 million, 60.1 percent higher than 2017 due to a 69.7 and 30.4 percent growth in homestyle salsa and mayonnaise, respectively.

On a cumulative basis, consolidated net sales grew 2.4 percent to MXN 9,919 million impacted by the sales decline experienced in Preserves in the first quarter.

NET SALES	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated	5,217	4,876	7.0	9,919	9,684	2.4
Preserves	3,929	3,736	5.1	7,626	7,626	(0.0)
Frozen	873	880	(0.7)	1,547	1,528	1.3
Exports	415	259	60.1	746	530	40.6

Figures in million MXN

GROSS PROFIT

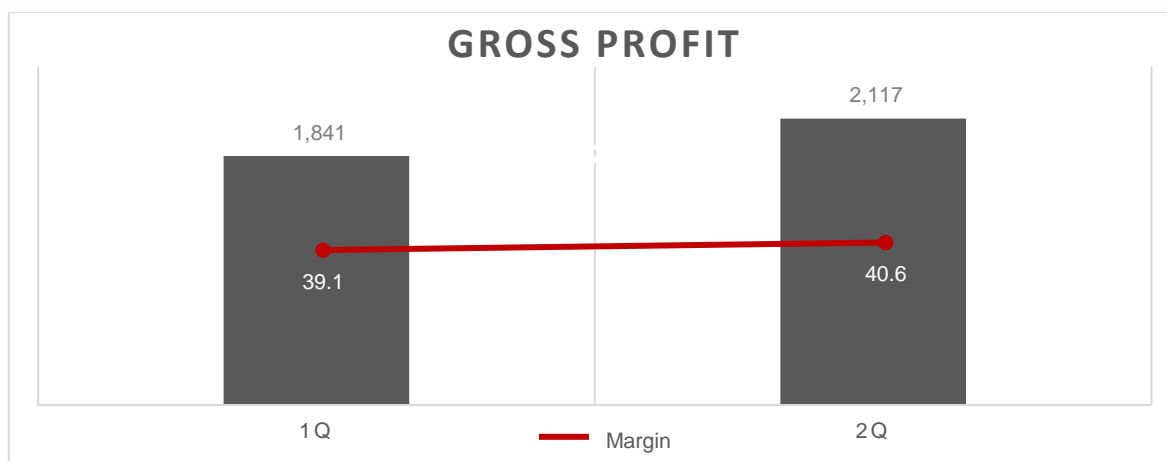
Consolidated gross margin in the quarter reached 40.6 percent, a 90 basis points expansion when compared to the same period in 2017, mainly explained by a favorable sales mix and a better cost absorption due to pricing increases implemented in the past twelve months.

For the first half of the year, gross margin reached 39.9 percent, an improvement of 40 basis points when compared to the same period of last year, as a result of the aforementioned factors.

GROSS PROFIT	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated	2,117	1,934	9.5	3,957	3,827	3.4
Preserves	1,491	1,357	9.9	2,861	2,806	2.0
Frozen	553	542	2.1	982	946	3.8
Exports	72	35	107.4	114	75	51.3

Figures in million MXN

GROSS MARGIN	2Q18	2Q17	pp Chg	1H18	1H17	pp Chg
Consolidated	40.6	39.7	0.9	39.9	39.5	0.4
Preserves	38.0	36.3	1.7	37.5	36.8	0.7
Frozen	63.4	61.6	1.8	63.5	61.9	1.6
Exports	17.3	13.3	4.0	15.3	14.2	1.1



SALES, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated SG&A relative to net sales reached 26.2 percent, 30 basis points higher than in the second quarter of last year. The above resulted from an increase in warehousing and distribution expenses for the Preserves division due to high inventory levels. For the Frozen division, SG&A relative to net sales increased 1.7 percentage points to 52.7 percent due to the soft volume performance in the quarter.

On a cumulative basis, SG&A represented 26.2 percent of net sales, a 40 basis points increase when compared to the same period of last year explained by higher distribution expenses in the second quarter and the lower absorption of fixed costs and expenses in the Preserves division in the first quarter.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT in the quarter rose 12.9 percent to MXN 775 million, with a margin of 14.9 percent, or 80 basis points higher than the same period in 2017.

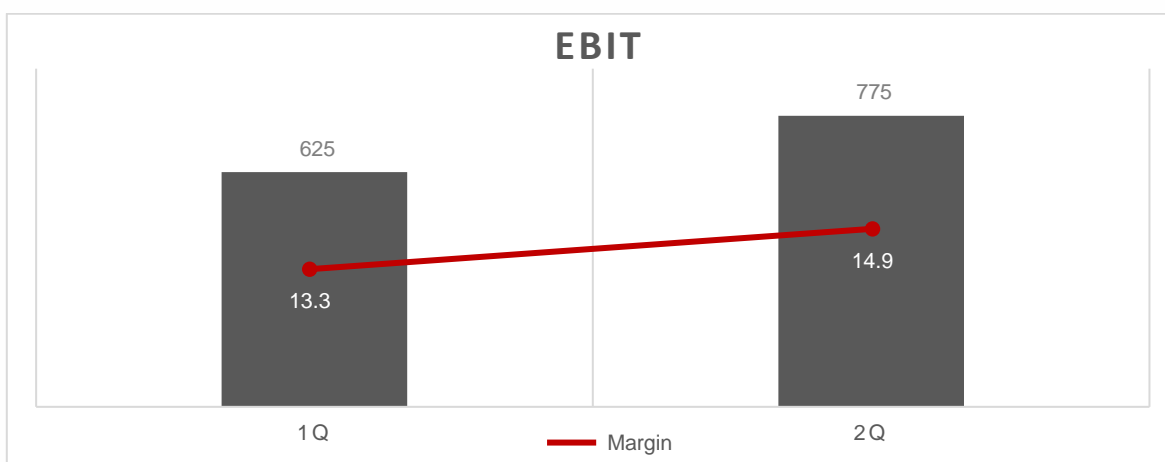
EBIT margin in the Preserves segment increased by 1.0 percentage point to 16.2 percent, mainly benefited from an improved sales mix and price increases. In the Frozen segment, EBIT margin reached 10.8 percent compared to 11.5 percent in the same quarter of last year, affected by the sales decline registered in the quarter.

For the first six months of the year, EBIT margin remained relatively unchanged at 14.1 percent.

EBIT	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated	775	687	12.9	1,401	1,358	3.1
Preserves	635	566	12.2	1,215	1,232	(1.3)
Frozen	94	101	(7.1)	113	80	40.9
Exports	46	19	141.0	72	46	56.2

Figures in million MXN

EBIT MARGIN (%)	2Q18	2Q17	pp Chg	1H18	1H17	pp Chg
Consolidated	14.9	14.1	0.8	14.1	14.0	0.1
Preserves	16.2	15.2	1.0	15.9	16.2	(0.3)
Frozen	10.8	11.5	(0.7)	7.3	5.3	2.0
Exports	11.0	7.3	3.7	9.7	8.7	1.0



COMPREHENSIVE FINANCING RESULT

Net financing cost totaled MXN 98 million in the quarter, 46.2 percent lower than in the same period in 2017. This decrease is explained by the elimination of corporate debt in the second quarter of 2017, and a currency exchange gain of MXN 24 million compared to a loss of MXN 31 million registered in the same quarter of last year.

EQUITY INVESTMENT IN ASSOCIATES

Equity investment in associates totaled MXN 245 million in the quarter and MXN 495 million for the first six months of the year, 61.2 percent and 31.3 percent higher than in the respective periods of 2017. These increases are explained by a double-digit growth in net sales in MegaMex and a lower tax rate in the U.S.



EQUITY INVESTMENT IN ASSOCIATES	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated	245	152	61.2	495	377	31.3
MegaMex	237	138	71.7	474	349	35.8
Others	8	14	(42.9)	21	28	(25.0)

Figures in million MXN

MegaMex Consolidated Results (100%)

Net sales totaled MXN 3,355 million in the quarter, an 11.9 percent increase compared to last year driven by a balanced mix of price and volume growth, and a better sales mix. Guacamole and homestyle salsa categories continue to outperform the rest of the portfolio in volume terms.

For the same period, gross margin reached 36.8 percent, 8.6 percentage points higher than last year due to higher sales and lower avocado prices. EBIT margin increased by 8.8 percentage points to 18.2 percent, and EBITDA margin reached 21.0 percent, 8.6 percentage points higher than the same period of last year.

Net income rose 73.3 percent due to higher sales, gross margin expansion and a lower tax rate in the U.S.

MegaMex	Income Statement									
	2Q18	%	2Q17	%	%Chg	2018	%	2017	%	% Chg
Net Sales	3,355	100.0	2,997	100.0	11.9	6,548	100.0	6,130	100.0	6.8
Gross Profit	1,236	36.8	846	28.2	46.1	2,411	36.8	1,992	32.5	21.0
EBIT	611	18.2	281	9.4	117.5	1,155	17.6	790	12.9	46.3
EBITDA	704	21.0	373	12.4	88.8	1,342	20.5	986	16.1	36.1
Net Income	475	14.2	274	9.1	73.3	949	14.5	697	11.4	36.1

Figures in million MXN

NET INCOME

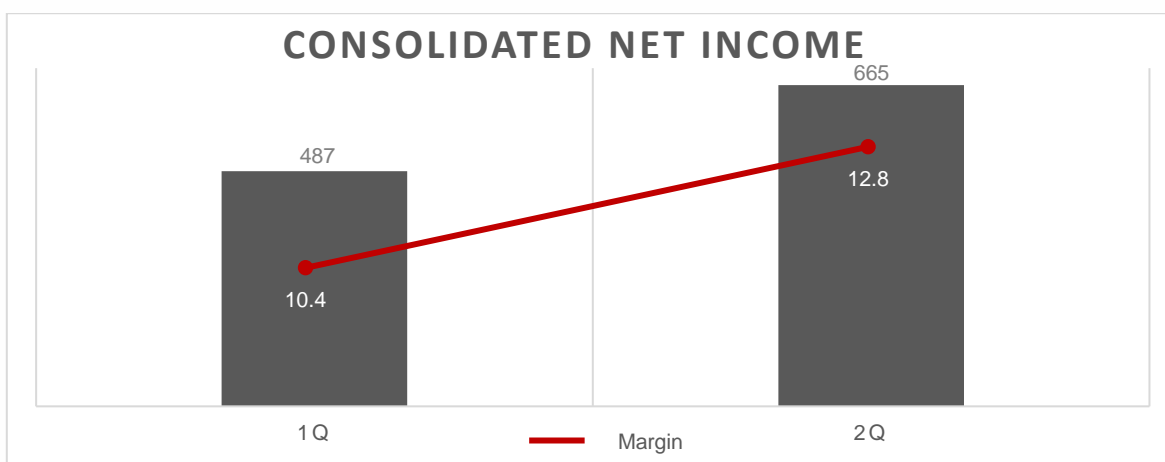
For the quarter, consolidated net income totaled MXN 665 million, a 54.0 percent increase compared to the same period of last year. Consolidated net margin reached 12.8 percent, representing a gain of 3.9 percentage points, mainly benefited by higher income from associates, and a solid top line and operating performance in the Preserves division.

Majority net income totaled MXN 344 million in the quarter with a margin of 6.6 percent, 2.1 percentage points higher than the same period in 2017.

For the first half of the year, consolidated net margin grew 1.7 percentage points to 11.6 percent, while majority net margin grew 80 basis points to 5.7 percent when compared to the same period of last year.

NET INCOME	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated Net Income	665	432	54.0	1,153	963	19.7
Consolidated Net Mg (%)	12.8	8.9	3.9 pp	11.6	9.9	1.7 pp
Minority Interest	321	212	51.6	592	485	22.1
Majority Net Income	344	220	56.3	561	479	17.2
Majority Net Mg (%)	6.6	4.5	2.1 pp	5.7	4.9	0.8 pp

Figures in million MXN



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

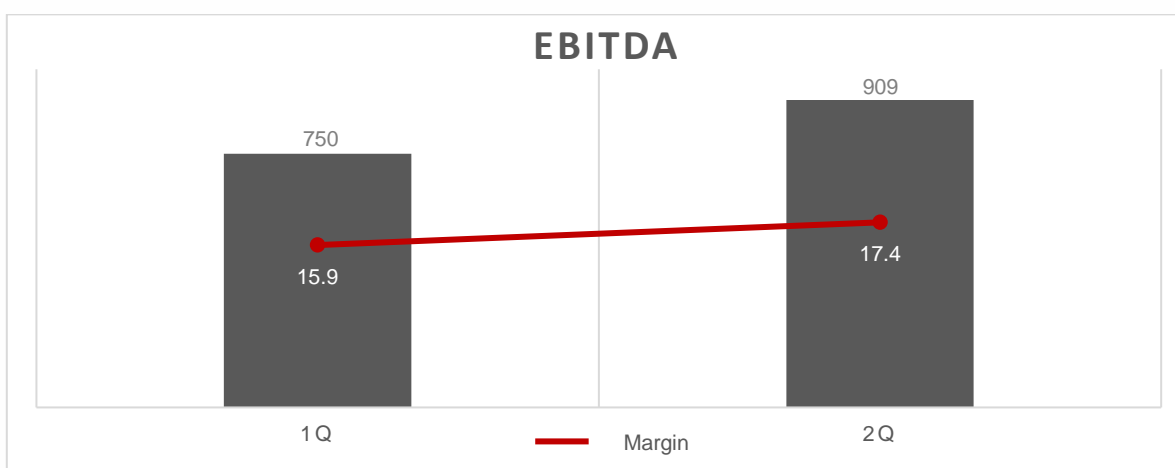
EBITDA totaled MXN 909 million in the quarter, 10.4 percent higher than the same period in 2017. The margin was 17.4 percent or 50 basis points higher than the same period of last year benefited by a better sales mix and a lower cost structure.

On a cumulative basis, EBITDA margin remained practically flat at 16.7 percent.

EBITDA	2Q18	2Q17	% Change	1H18	1H17	% Change
Consolidated	909	823	10.4	1,659	1,600	3.7
Preserves	712	641	11.0	1,360	1,364	(0.3)
Frozen	138	155	(10.6)	204	176	16.0
Exports	59	27	115.2	95	60	57.9

Figures in million MXN

EBITDA MARGIN (%)	2Q18	2Q17	pp Chg	1H18	1H17	pp Chg
Consolidated	17.4	16.9	0.5	16.7	16.5	0.2
Preserves	18.1	17.2	0.9	17.8	17.9	(0.1)
Frozen	15.8	17.6	(1.8)	13.2	11.5	1.7
Exports	14.1	10.5	3.6	12.7	11.3	1.4



CAPITAL EXPENDITURES (CAPEX)

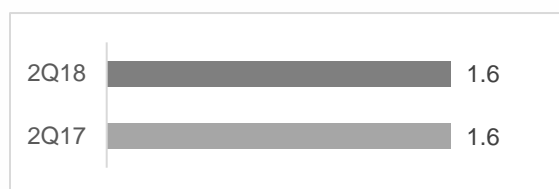
Net CAPEX in the quarter totaled MXN 52 million which was primarily allocated in maintenance projects.

FINANCIAL STRUCTURE

As of June 30, 2018, consolidated cash totaled MXN 1,764 million and interest-bearing liabilities reached MXN 7,030 million, 7.6 percent or MXN 500 million higher than the first quarter of 2018. The above is explained by the issuance of a MXN 1 billion long-term bonds. Half of the proceedings of these long-term bonds were used to pay down debt and the rest remained in cash.

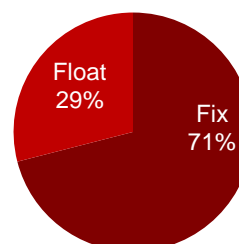
Consolidated net debt to EBITDA ratio in the quarter totaled 1.6 times, while net debt to consolidated stockholder's equity ratio reached 0.31 times, practically unchanged when compared to the 1Q18.

NET DEBT / EBITDA



*Interest rate mix considering hedges.

INTEREST RATE MIX*



CASH FLOW

Cash flow from operations totaled MXN 57 million in the quarter.

RECENT EVENTS

On June 14, the Company issued MXN 1 billion in long-term bonds (Certificados Bursátiles) with a maturity of 3 years in the Mexican Securities Market. The transaction was 2.6 times oversubscribed and was allocated among a diversified investor base.

The proceeds were used to pay down MXN 500 million of a bank loan and the rest remained in the cash position.

2Q 2018 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, July 27, 2018

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

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (888) 204 4368
- Toll International: +1 (323) 794 2423
- Conference ID#: 6220577

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=130198>

If you are unable to participate live, a replay of the conference call will be available from July 27 through Aug 10, 2018. 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: 6220577.

Contact information:

Andrea Amozurrutia/Grecia Domínguez /Fernando Acevedo

+52 (55) 5201 5602

invrel@herdez.com



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 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 Frank's, French's, Kikkoman, Ocean Spray and Reynolds. Grupo Herdez has 15 manufacturing facilities, 22 distribution centers, 7 tuna vessels, 477 Nutrisa stores and a workforce of more than 9,400 associates. 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 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	Second Quarter					As of June 30				
	2018	%	2017	%	% Chg	2018	%	2017	%	% Chg
Net Sales	5,217	100.0	4,876	100.0	7.0	9,919	100.0	9,684	100.0	2.4
Preserves	3,929	100.0	3,736	100.0	5.1	7,626	100.0	7,626	100.0	(0.0)
Frozen	873	100.0	880	100.0	(0.7)	1,547	100.0	1,528	100.0	1.3
Exports	415	100.0	259	100.0	60.1	746	100.0	530	100.0	40.6
Cost of Goods Sold	3,101	59.4	2,942	60.3	5.4	5,962	60.1	5,857	60.5	1.8
Preserves	2,437	62.0	2,380	63.7	2.4	4,765	62.5	4,820	63.2	(1.1)
Frozen	320	36.6	338	38.4	(5.3)	565	36.5	582	38.1	(2.8)
Exports	344	82.7	225	86.7	52.8	632	84.7	455	85.8	38.9
Gross Profit	2,117	40.6	1,934	39.7	9.5	3,957	39.9	3,827	39.5	3.4
Preserves	1,491	38.0	1,357	36.3	9.9	2,861	37.5	2,806	36.8	2.0
Frozen	553	63.4	542	61.6	2.1	982	63.5	946	61.9	3.8
Exports	72	17.3	35	13.3	107.4	114	15.3	75	14.2	51.3
Operating Expenses	1,366	26.2	1,265	25.9	8.0	2,598	26.2	2,502	25.8	3.9
Preserves	880	22.4	801	21.4	9.9	1,684	22.1	1,594	20.9	5.6
Frozen	460	52.7	448	51.0	2.7	873	56.4	879	57.5	(0.6)
Exports	26	6.3	16	6.0	66.8	42	5.6	29	5.5	43.5
EBIT before Other Income and Expenses	750	14.4	669	13.7	12.2	1,359	13.7	1,325	13.7	2.5
Preserves	611	15.6	556	14.9	10.0	1,178	15.4	1,211	15.9	(2.8)
Frozen	93	10.7	94	10.7	(0.5)	109	7.1	68	4.4	61.1
Exports	46	11.0	19	7.3	141.0	72	9.7	46	8.7	56.2
Other Income/Expenses, Net	(25)	(0.5)	(18)	(0.4)	(37.3)	(42)	(0.4)	(33)	(0.3)	(26.9)
EBIT	775	14.9	687	14.1	12.9	1,401	14.1	1,358	14.0	3.1
Preserves	635	16.2	566	15.2	12.2	1,215	15.9	1,232	16.2	(1.3)
Frozen	94	10.8	101	11.5	(7.1)	113	7.3	80	5.3	40.9
Exports	46	11.0	19	7.3	141.0	72	9.7	46	8.7	56.2
Comprehensive Financing Result	(98)	(1.9)	(182)	(3.7)	(46.2)	(248)	(2.4)	(300)	(3.1)	17.5
Interest Earned and (Paid), Net	(122)	(2.3)	(151)	(3.1)	(19.5)	(237)	(2.4)	(264)	(2.7)	10.1
Exchange (Loss) Gain	24	0.5	(31)	(0.6)	N.A.	-11	(0.1)	(37)	(0.4)	70.8
Equity Investment in Associates	245	4.7	152	3.1	61.2	495	5.0	377	3.9	31.3
MegaMex	237	4.5	138	2.8	71.7	474	4.8	349	3.6	35.8
Others	8	0.2	14	0.3	(42.9)	21	0.2	28	0.3	(25.0)
Income Before Income Taxes	922	17.7	656	13.5	40.5	1,648	16.6	1,435	14.8	14.8
Income Tax Provision	256	4.9	224	4.6	14.4	495	5.0	472	4.9	5.0
Consolidated Net income	665	12.8	432	8.9	54.0	1,153	11.6	963	9.9	19.7
Minority Interest	321	6.2	212	4.4	51.6	592	6.0	485	5.0	22.1
Majority Net Income	344	6.6	220	4.5	56.3	561	5.7	479	4.9	17.2
EBITDA	909	17.4	823	16.9	10.4	1,659	16.7	1,600	16.5	3.7
Preserves	712	18.1	641	17.2	11.0	1,360	17.8	1,364	17.9	(0.3)
Frozen	138	15.8	155	17.6	(10.6)	204	13.2	176	11.5	16.0
Exports	59	14.1	27	10.5	115.2	95	12.7	60	11.3	57.9

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	June 31 2018	%	Mar 31 2018	%	Change \$	%
TOTAL ASSETS	29,522	100.0	28,083	100.0	1,439	5.1
Domestic	27,034	91.6	26,119	88.5	915	3.5
USA	2,488	8.4	1,964	6.7	524	26.7
Current Assets	9,626	32.6	8,621	30.7	1,005	11.7
Cash and Equivalents	1,764	6.0	1,504	5.4	260	17.3
Accounts Receivable	2,756	9.3	2,586	9.2	170	6.6
Other Accounts Receivable	1,225	4.1	1,022	3.6	203	19.9
Inventories	3,698	12.5	3,382	12.0	316	9.3
Other Current Assets	183	0.6	127	0.5	56	44.0
Non-Current Assets	19,896	67.4	19,462	69.3	434	2.2
Property, Plant and Equipment, Net	5,469	18.5	5,542	19.7	-73	(1.3)
Investment In Subsidiaries	6,982	23.6	6,463	23.0	519	8.0
Intangible Assets	6,763	22.9	6,773	24.1	-10	(0.1)
Other Assets	682	2.3	684	2.4	-2	(0.3)
TOTAL LIABILITIES	11,866	40.2	10,841	38.6	1,025	9.5
Domestic	11,191	37.9	10,315	36.7	877	8.5
USA	675	2.3	526	1.9	148	28.2
Current Liabilities	3,984	13.5	3,452	12.3	532	15.4
Accounts Payable	1,943	6.6	1,672	6.0	271	16.2
Short-Term Debt	400	1.4	400	1.4	0	0.0
Other Short-Term Liabilities	1,641	5.6	1,379	4.9	262	19.0
Long-Term Liabilities	7,883	26.7	7,389	26.3	493	6.7
Long-Term Debt	6,630	22.5	6,130	21.8	500	8.2
Other Liabilities	8	0.0	22	0.1	-13	(61.0)
Other Long-Term Liabilities w/o Cost	1,244	4.2	1,238	4.4	6	0.5
TOTAL STOCKHOLDERS' EQUITY	17,656	59.8	17,242	61.4	414	2.4
Minority Stockholder's Equity	9,682	32.8	9,332	33.2	349	3.7
Majority Stockholder's Equity	7,974	27.0	7,910	28.2	65	0.8

Figures expressed in millions of Mexican pesos