QUARTERLY REPORT 4Q09

Total shares outstanding as of 02/24/10: 427,509,963

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

Mexico City, February 25, 2010. Grupo Herdez, S.A.B de C.V. today announced its results for the fourth quarter of 2009. All financial information contained in this report is submitted pursuant to NIF dispositions issued by CINIF.

HIGHLIGHTS:

- **Operating income grew 90.2%, while EBITDA rose 80.1%.**
- **Total net sales rose 3.6% and 14.1% during the quarter and the first nine months of the year, respectively.**
- **Net bank debt totaled $757.8 million, a $314.7 million decrease compared to the balance of the previous year.**

Net Sales

Pesos

During the fourth quarter, sales totaled $ 2,283.0 million, a 3.6% growth over the same period of last year. This behavior was caused by a 5.3% increase in domestic sales, which rose from $ 2,004.3 million during the 4Q08 to $ 2,109.6 million during the 4Q09.

Higher sales of mayonnaise, ketchup and corn oil boosted the sales of “Sauces and Dressings ", segment which grew 7.0% while "Vegetables" increased 3.4% due to the strong performance of tomato paste, product which increased its advertising and promotional activities.

NET SALES
(Nominal million pesos)

Fourth Quarter						Twelve months ended December 31				
2009	%	2008	%	% change	Segment	2009	%	2008	%	% change
1,191.5	52.2%	1,113.2	50.5%	7.0%	Sauces and Dressings	4,161.5	50.3%	3,608.4	49.8%	15.3%
145.6	6.4%	147.6	6.7%	-1.4%	Juices, Fruits and Desserts	517.7	6.3%	485.9	6.7%	6.5%
269.3	11.8%	260.4	11.8%	3.4%	Vegetables	967.4	11.7%	865.3	11.9%	11.8%
183.6	8.0%	202.2	9.2%	-9.2%	Meat and Seafood	736.6	8.9%	636.8	8.8%	15.7%
271.7	11.9%	267.1	12.1%	1.7%	Pasta	940.2	11.4%	846.2	11.7%	11.1%
47.9	2.1%	13.8	0.6%	246.6%	Other	90.5	1.1%	60.5	0.8%	49.5%
2,109.6	92.4%	2,004.3	90.9%	5.3%	Domestic Sales	7,413.9	89.7%	6,503.1	89.7%	14.0%
173.5	7.6%	199.5	9.1%	-13.1%	Foreign Sales	851.7	10.3%	744.1	10.3%	14.5%
2,283.0	100.0%	2,203.9	100.0%	3.6%	Total Sales	8,265.6	100.0%	7,247.2	100.0%	14.1%

Volume

In contrast, unit sales showed a slight decrease of 0.2%, that is 21 thousand cases less than the same period of last year.

This performance was attributable mainly to the 29.0% drop in foreign sales, which include two issues: i) the integration of MegaMex, the joint venture that began operations in October 2009 -reason why sales figures in boxes are not fully comparable- and ii) the fulfillment of certain export rules, which caused delays in the shipping of products to the U.S. but did not affect sales to end customers.

The segments that excelled in domestic sales were "Sauces and Dressings" and "Pastas", which grew 5.4% and 3.7% by greater volume sales of pasta, mayonnaise and homemade style salsas supported by promotional activities at the point of sale.

SALES VOLUME
(Thousand Cases)

Fourth Quarter						Twelve months ended December 31				
2009	%	2008	%	% change	Segment	2009	%	2008	%	% change
5,919	44.7%	5,613	42.4%	5.4%	Sauces and Dressings	20,180	42.0%	18,766	40.4%	7.5%
833	6.3%	857	6.5%	-2.8%	Juices, Fruits and Desserts	3,074	6.4%	3,081	6.6%	-0.2%
2,151	16.3%	2,174	16.4%	-1.0%	Vegetables	7,860	16.4%	7,277	15.6%	8.0%
484	3.7%	566	4.3%	-14.6%	Meat and Seafood	2,000	4.2%	1,911	4.1%	4.6%
3,083	23.3%	2,972	22.4%	3.7%	Pasta	10,728	22.3%	10,716	23.0%	0.1%
29	0.2%	41	0.3%	-29.4%	Other	120	0.2%	159	0.3%	-24.8%
12,498	94.5%	12,223	92.3%	2.3%	Domestic Sales	43,962	91.5%	41,911	90.1%	4.9%
728	5.5%	1,025	7.7%	-29.0%	Foreign Sales	4,086	8.5%	4,591	9.9%	-11.0%
13,227	100.0%	13,248	100.0%	-0.2%	Total Sales	48,048	100.0%	46,502	100.0%	3.3%

Costs and Expenses

A better product mix and greater stability in the prices of inputs -coupled with the fact that during the fourth quarter of 2008 a $49.4 million charge for impairment in the position of financial instruments in commodity derivatives was recorded- caused a 9.1 percentage points decrease in the cost during the 4Q09, going from 70.7% to 61.6% of sales.

Quarterly operating expenses accounted for 20.3% of sales or 0.8 percentage points more than the same period of last year.

Operating Income and EBITDA[1]

Operating income from October to December 2009 showed a 90.2% strong growth totaling $413.2 million, which resulted in an expansion of 8.2 percentage points in the operating margin. Cumulatively, operating income rose 48.8% due to the decrease in prices of key raw materials in the second half of the year, as well as the significant reduction in the level of operating expenses.

Similarly, EBITDA flow grew 80.1%, from $ 247.2 million in the 4Q08 to $445.3 million in the 4Q09, reaching a 19.5% margin on sales. During the year, EBITDA flow increased 43.8% with a 3.5 percentage point expansion on its margin.

Integral Cost of Financing

The integral cost of financing fell 81.4% from October to December of 2009 totaling $6.6 million pesos, compared with $35.4 million recorded in the same quarter of last year. This situation reflected lower net-interest payments due to the lower level of indebtedness of the Company, and the recording of an exchange gain related to the use of derivative financial instruments that were contracted before October 2009.

The cumulative cost of financing totaled $115.7 million, which was 1.9% higher than the cost of financing registered during 2009.

Grupo Herdez, S.A.B de C.V. and Subsidiaries
Consolidated Income Statement
For the period ended December 31, 2009 and 2008 (Nominal million pesos)

	Fourth Quarter					Twelve months as of December 31				
	2009	%	2008	%	% Change	2009	%	2008	%	Cambio %
Net Sales	2,283.0	100.0%	2,203.9	100.0%	3.6%	8,265.6	100.0%	7,247.2	100.0%	14.1%
Cost of Goods Sold	1,405.3	61.6%	1,557.2	70.7%	-9.8%	5,287.5	64.0%	4,823.4	66.6%	9.6%
Gross Profit	877.7	38.4%	646.7	29.3%	35.7%	2,978.1	36.0%	2,423.8	33.4%	22.9%
Operating Expenses	464.5	20.3%	429.5	19.5%	8.1%	1,693.7	20.5%	1,560.6	21.5%	8.5%
Operating Income	413.2	18.1%	217.2	9.9%	90.2%	1,284.4	15.5%	863.2	11.9%	48.8%
Comprehensive Financing Result	6.6	0.3%	35.4	1.6%	-81.4%	115.7	1.4%	113.5	1.6%	1.9%
Other expenses (Income)	(95.7)	-4.2%	7.2	0.3%	NC	-96.9	-1.2%	-156.1	-2.2%	-37.9%
Income before income taxes	502.3	22.0%	174.6	7.9%	187.7%	1,265.6	15.3%	905.8	12.5%	39.7%
Income tax provision	97.3	4.3%	36.9	1.7%	163.7%	300.4	3.6%	177.9	2.5%	68.9%
Income from unconsolidated affiliates	9.9	0.4%	(1.3)	-0.1%	NC	43.8	0.5%	24.2	0.3%	81.0%
Income before discontinued ops.	414.9	18.2%	136.4	6.2%	204.2%	1,009.0	12.2%	752.1	10.4%	34.2%
Discontinued Operations	3.1	0.1%	2.8	0.1%	10.7%	9.2	0.1%	1.5	0.0%	NC
Consolidated net income	411.8	18.0%	133.6	6.1%	208.2%	999.8	12.1%	750.6	10.4%	33.2%
Minority Interest	104.0	4.6%	24.1	1.1%	331.5%	253.7	3.1%	168.2	2.3%	50.8%
Net Income	307.8	13.5%	109.5	5.0%	181.1%	746.1	9.0%	582.4	8.0%	28.1%
EBITDA	445.3	19.5%	247.2	11.2%	80.1%	1,404.9	17.0%	976.9	13.5%	43.8%

NC: Not comparable

Net Income

During the fourth quarter $95.7 million pesos were recorded as “other income” due to items related to MegaMex Foods and the non-recurring net gain for contributing shares for the creation of this society, as well as other provisions. Because of this item, net income before discontinued operations increased 204.2%, from $136.4 million in the 4Q08 to $414.9 million in the 4Q09.

Cumulatively, both the income before discontinued operations and net income showed significant growths of 34.2% and 28.1% respectively.

Grupo Herdez, S.A.B de C.V. and Subsidiaries
Consolidated Balance Sheet
At December 31, 2009 and 2008 (Nominal million pesos)

					Change	
	2009	%	2008	%	$	%
TOTAL ASSETS	6,009.1	100.0%	5,471.0	100.0%	538.1	9.8%
Current Assets	3,257.7	54.2%	2,939.2	53.7%	318.5	10.8%
Cash and cash equivalents	424.2	7.1%	211.6	3.9%	212.6	100.5%
Accounts receivable, net	1,897.4	31.6%	1,755.0	32.1%	142.4	8.1%
Inventories	936.1	15.6%	972.6	17.8%	(36.5)	-3.8%
Property, Plant and Equipment, net	1,733.4	28.8%	1,578.4	28.9%	155.0	9.8%
Intangible Assets	1,018.0	16.9%	953.4	17.4%	64.6	6.8%
TOTAL LIABILITIES	2,280.3	37.9%	2,361.5	43.2%	(81.2)	-3.4%
Current Liabilities	1,962.2	32.7%	1,304.6	23.8%	657.6	50.4%
Accounts payable	463.5	7.7%	595.6	10.9%	(132.1)	-22.2%
Short-Term Debt	1,173.6	19.5%	544.7	10.0%	628.9	115.5%
Other Short-Term liabilities	325.1	5.4%	164.3	3.0%	160.8	97.9%
Non-Current Liabilities	318.1	5.3%	1,056.9	19.3%	(738.8)	-69.9%
Long-Term Debt	8.4	0.1%	739.4	13.5%	(731.0)	-98.9%
Other Debt with cost	125.0	2.1%	134.3	2.5%	(9.3)	NC
Deferred Credits	165.0	2.7%	167.8	3.1%	(2.8)	-1.7%
Other Liabilities	19.7	0.3%	15.4	0.3%	4.3	27.9%
Minority Stockholder's equity	807.6	13.4%	702.0	12.8%	105.6	15.0%
Majority Stockholder's equity	2,921.2	48.6%	2,407.5	44.0%	513.7	21.3%
TOTAL STOCKHOLDER'S EQUITY	3,728.8	62.1%	3,109.5	56.8%	619.3	19.9%

CapEx

The ongoing construction of the “Teoloyucan" distribution center, the expansion of the tuna storage and fishing capacity in Chiapas, and the acquisition of the Litoplas label manufacturing company, were the most representative capital expenditures carried out as of December 31, 2009, totaling $371.0 million pesos.

Cash Flow

As in the first nine months of the year, the company maintained its strong cash generation rate: resources provided by operation totaled $ 1,181.5 million, which represented $940.3 million pesos more in comparison to the year 2008, period characterized by a lower pretax income and higher working capital requirements. Of this amount, 31.4% was allocated to the acquisition of property, plant and equipment, 30.4% went to pay dividends and 11.8% to the payment of liabilities.

Interest-bearing Liabilities

At December 31, 2009 net consolidated bank-debt totaled $757.8 million, being 29.3% lower than the debt reported in the same period of last year. This decline reflected both an increase in the level of cash and a reduction in the consolidated debt of the Group. Therefore, the net debt to equity ratio was reduced from 0.34 times in the 4Q08 to 0.20 times in the 4Q09.

Lastly, all bank loans are denominated in local currency and have short-term maturities, while 80% of that debt is contracted at variable rates.

Recent Events:

- **On January 05, 2010** Grupo Herdez announced that it obtained a Ps $600 million 10-year bank loan with semiannual amortizations starting in the eighth year with the purpose of replacing short-term debt and for other corporate purposes. This transaction significantly enhanced the debt payment schedule and will contribute to finance the Company's growth.

About the Company:
GRUPO HERDEZ is a leading manufacturer, marketer and distributor of processed foods and beverages, as well as pasta, with a comprehensive portfolio comprising high-quality brands such as Herdez, Del Fuerte, McCormick, Búfalo, Doña María, Búfalo, Nair, Barilla, Yemina, La Gloria, Embasa, La Victoria, Carlota and Blasón, among others, which have a high degree of recognition and market value. The infrastructure of the Group consists of ten plants, and nine distribution centers, employing over 6,500 people. For additional information visit: www.grupoherdez.com.mx as well as the corporate responsibility webpage at www.herdeznutre.com.mx

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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[1] EBITDA: Earnings before interest, taxes, depreciation and amortization.