

mabe

Q3, 2014

Q3, 2014 Results

CONTROLADORA MABE, S.A. DE C.V.

Mabe's net sales in the third quarter of 2014 were US\$743 million, an increase of 8% compared to 2013. Mabe continued being favored by the positive trends in the US Market with exports to the US up 12% compared to the same quarter of 2013. Exports outside of the Americas increased 43% during this period due to a more comprehensive market coverage.

Operating profit was US\$43 million or 49.6% more than in 2013 driven by improvements in US economy. Fixed costs and expenses decreased 7.3% compared to 2013 due to the execution of efficiency plans.



US\$ Millions	Q3 2014	% vs LY B/(W)	YTD 2014	% vs LY B/(W)
Net Sales	743	8	2,061	0.2
Operating Profit	43	49.6	103	13.3
EBITDA	70	16.3	180	(4.0)
Net Interest Expense	17	(15.9)	53	(4.8)
Net Income	(8)	UNFAV	(2)	FAV
Net Leverage*	2.81	(0.11x)	2.81	(0.11x)
Net Worth	430	5.2	430	5.2
Net Interest Coverage Ratio **	3.57	(0.26x)	3.57	(0.26x)
Capex	20.2	24.6	54.4	28.7
Unit Sales ('000s)	2,434	2.3	7,205	(0.9)

(*) Net leverage = Net debt / LTM EBITDA

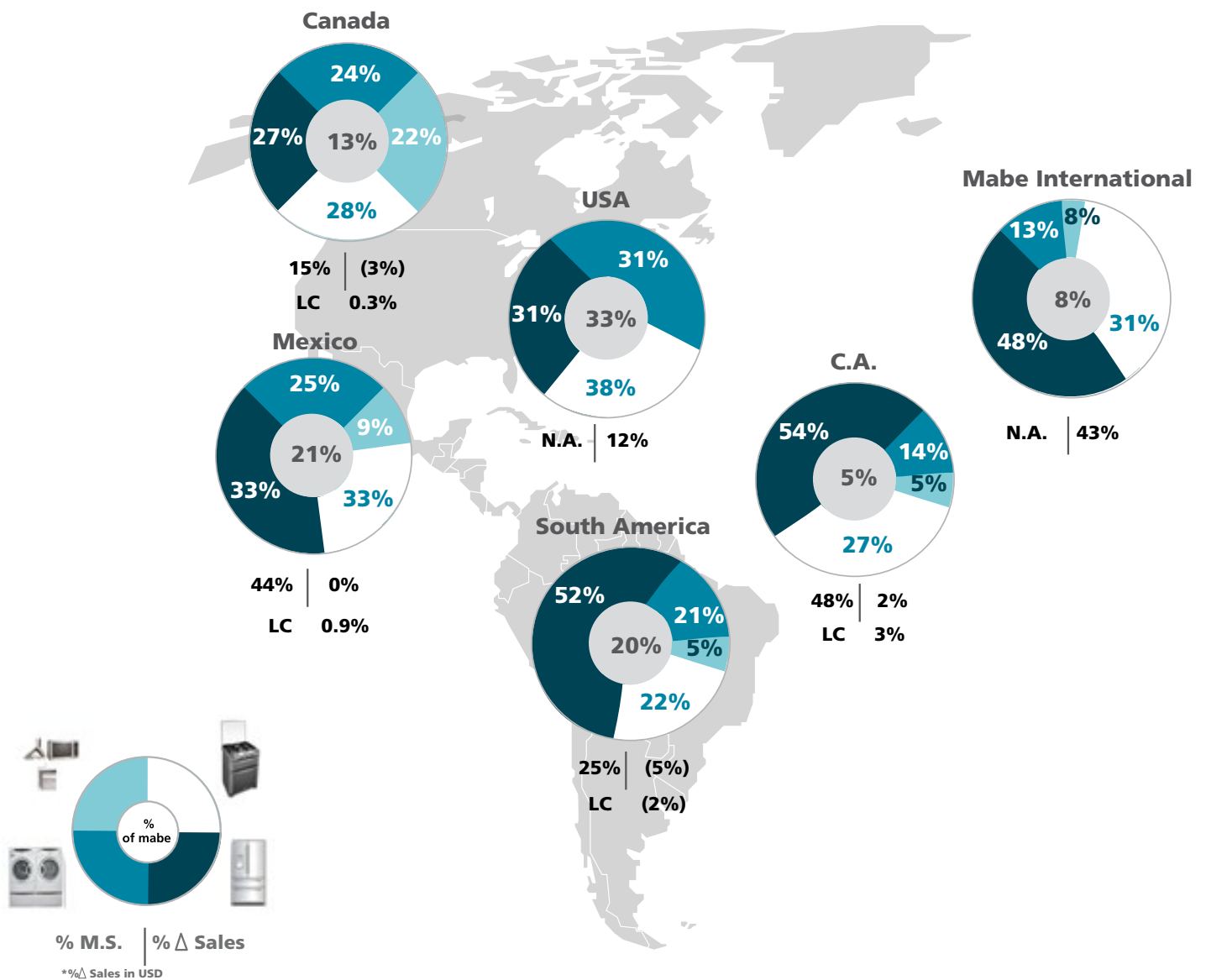
(**) Net interest coverage ratio = LTM EBITDA / Net interest expense

Results of operations for the three months ended September 30th, 2014 (Unaudited)

Net sales:

Top-line results during Q3 2014 were US\$743 million or 7.7% better compared to Q3 2013, US sales represented 33% of the total sales. The number of units sold during the quarter was 2.434 million, 3% up compared to the same period of 2013. Exports to the US continue to grow as evidenced by a 12% increase versus a year ago. Exports outside the Americas grew 43% due to a broader coverage. Net sales year to date were US\$ 2.06 billion, 0.2% down compared to same period of 2013.

Q3 2014 Market Share and Sales Growth by Region



Contribution Margin:

The contribution margin generated in Q3 2014 was US\$130 million or 17.4% of net sales versus 17.7% in Q3 2013. Year to date, the contribution margin generated was US\$365 million or 8.4% less than the same period of 2013.

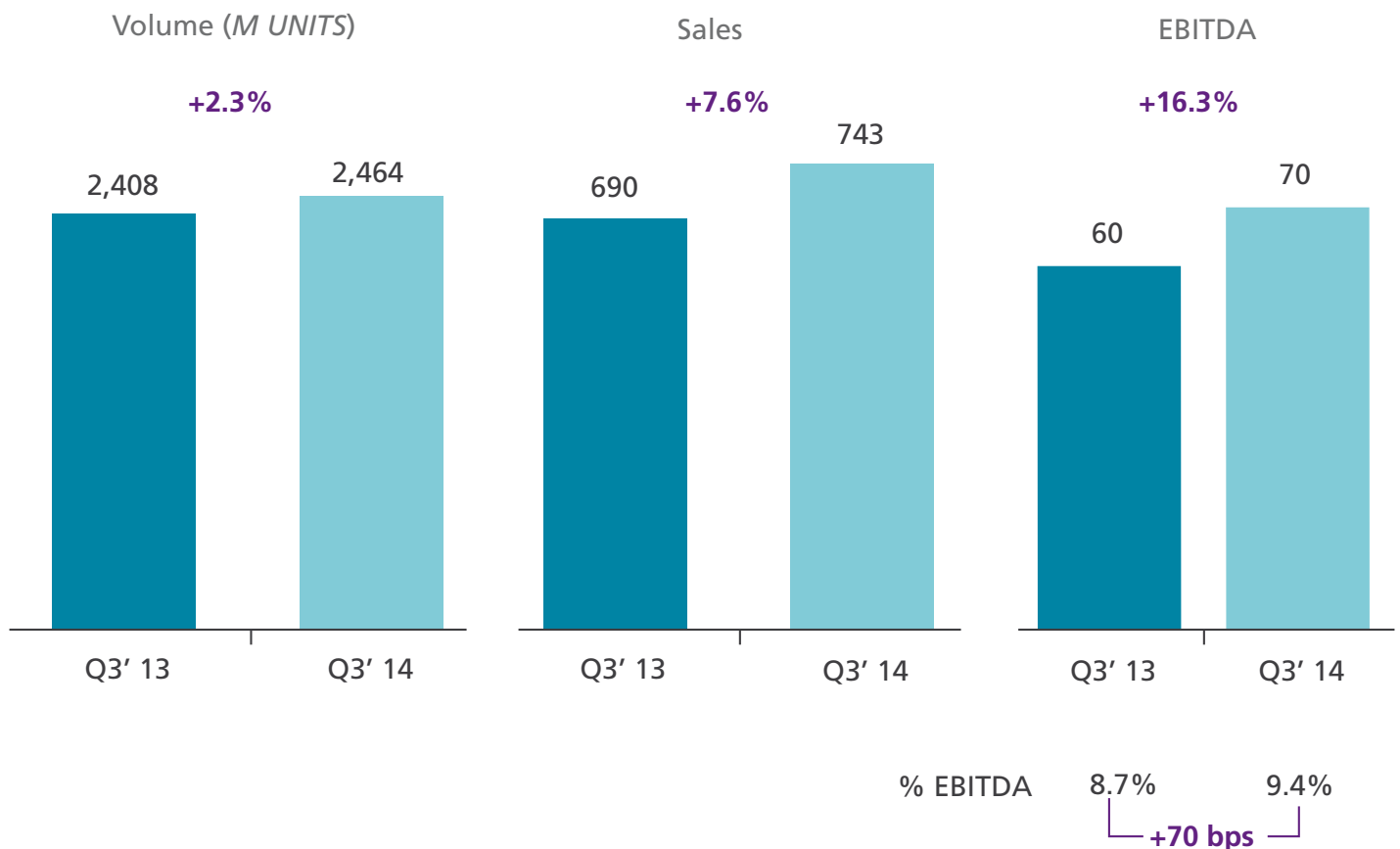
Fixed Costs and Expenses:

Fixed costs and expenses decreased 7.3% compared to the third quarter of 2013 for a total of US\$87 million. Fixed costs and expenses represented 11.6% of Q3 2014 net sales versus 13.5% of Q3 2013. Year to date, fixed costs and expenses totaled US\$262 million, improving 14.7% versus the same period of 2013.

Operating Profit and EBITDA:

Operating profit increased 49.6% compared to Q3 2013 to reach US\$43 million. Operating profit margin improved 161 basis points standing at 5.7%, due to higher sales driven by improvements in US economy. EBITDA was US\$70 million or 16.3% more than the same quarter of 2013. EBITDA margin stood at 9.4%.

Volumes ('000 units) Sales (US\$ million) and EBITDA Margin (%)



Cost of Financing:

Net comprehensive financing cost increased 55.8% in the third quarter of 2014 to a total of US\$28 million.

Net interest expense and commissions were US\$18.7, 13.1% less compared to third quarter of one year ago, however, depreciation of local currencies, mainly Mexico, had a negative impact on the Exchange (gain)/loss.

Other Expenses & Restructuring Charges:

Other Expenses & Restructuring charges were US\$16 million or US\$2 million more than a year ago. This variation is primarily explained by restructuring costs, mainly driven by Montreal Plant Closing.

Capex:

During the third quarter of 2014, Mabe's capex was US\$20.2 million. This expenditure focused on several key projects. Mabe invested US\$5.5 in new projects in the Saltillo laundry facility. In the Celaya refrigeration facility Mabe spent US\$3.1 million on project Pangea, a continental program to improve refrigeration design and features.

Mabe invested US\$2.2 million in Q3 in the organizational initiative "Mabe Way".

Working Capital:

Mabe reached as of the end of the third quarter, a working capital level of US\$114 million. This represents an improvement of US\$31 million compared with December 2013. The breakdown is as follows: 1) Accounts receivable increased US\$18 million, to US\$416 million; 2) Inventories decreased 1.8% or US\$6 million, to US\$327 million; and 3) Accounts payable increased US\$43 million, to US\$629 million. Mabe successfully negotiated new terms with its suppliers in order to improve the Working Capital.

Controladora Mabe, S.A. de C.V.
 Consolidated Condensed Statements of Income (Unaudited)
 Millions of U.S. Dollars

	Three months ended September 30 th		Nine months ended September 30 th	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net Sales	743	690	2,061	2,057
Variable costs and expenses	<u>614</u>	<u>568</u>	<u>1,696</u>	<u>1,658</u>
Contribution Margin	130	122	365	398
Fixed costs and expenses	<u>87</u>	<u>94</u>	<u>262</u>	<u>308</u>
Operating profit	43	29	103	90
Interest (income)/expense, net	17	20	53	56
Commissions	2	1	4	5
Exchange (gain)/loss	<u>10</u>	<u>(3)</u>	<u>10</u>	<u>14</u>
Net comprehensive financing cost	28	18	68	75
Restructuring & other charges, net	<u>15</u>	<u>12</u>	<u>26</u>	<u>18</u>
Income/(loss) before provisions for income tax	(2)	(3)	5	(11)
Provisions for income tax expense/(benefit)	<u>6</u>	<u>0</u>	<u>7</u>	<u>8</u>
Income/(loss) after provisions for income tax	(8)	(4)	(3)	(19)
Consolidated net income / (loss)	(8)	(3)	(2)	(18)

Controladora Mabe, S.A. de C.V.
 Consolidated Condensed Balance Sheets (Unaudited)
 Millions of U.S. Dollars

	September 30 th <u>2014</u>	September 30 th <u>2013</u>
Assets		
Current assets:		
Cash and temporary investments	82	56
Accounts receivable– net	416	399
Tax receivables	135	119
Inventories – net	327	364
Prepaid expenses	<u>6</u>	<u>8</u>
Total current assets	<u>965</u>	<u>945</u>
Property, plant and equipment, net	832	801
Goodwill	213	221
Other assets, net	<u>271</u>	<u>312</u>
Total assets	<u>2,281</u>	<u>2,278</u>
Liabilities and stockholders' equity		
Current liabilities:		
Bank loans and short term debt	10	138
Notes and accounts payable to suppliers	629	560
Other accounts payable and accrued liabilities	<u>230</u>	<u>230</u>
Total current liabilities	<u>869</u>	<u>928</u>
Long-term debt	820	695
Employee retirement obligations	24	72
Financial Instruments	36	39
Other long-term liabilities	<u>102</u>	<u>136</u>
Total liabilities	<u>1,851</u>	<u>1,870</u>
Total stockholders' equity	<u>430</u>	<u>409</u>
Total	<u>2,281</u>	<u>2,278</u>

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COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of September 30th, 2014 and September 30st, 2013. Since January 1st, 2010 we have prepared our condensed financial statements in U.S. Dollars, which represent the functional currency applicable to Controladora Mabe. Other periods were translated by using the average foreign exchange rate of the reported period for income statement accounts. Furthermore, since January 1st, 2012, our financial statements are reported in accordance with the International Financial Reporting Standards, referred to as "IFRS". EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA should be reviewed in conjunction, with net income and cash flow from operating activities, investing activities and financing activities, when trying to understand our operating performance.

INDUSTRY & MARKET DATA:

Certain data and other statistical information used throughout this Press Release are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Other data is based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Our estimates for South America and Central America are based exclusively on our beliefs and information we have obtained ourselves and not from independent sources. Although we believe our sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. All market share information presented in this press release is based on unit sales.