

mabe

Q1, 2015

Q1, 2015 Results

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

Mabe's net sales in the first quarter of 2015 were US\$580 million, a decrease of 7% compared to 2014. Net sales were primarily impacted by the devaluation of Latin American currencies. Mabe continued being favored by the positive trends in the US Market with exports to the US up 3% compared to the same quarter of 2014. Exports outside of the Americas decreased 10% during this period.

Despite lower net sales, Mabe reported an improvement in the net income result for the first three months of 2015 to reach US\$3million or US\$7million more than a year ago. Operating profit was US\$25 million or 5% less than in 2014 driven by lower sales. Fixed costs and expenses decreased 10% compared to 2014 due to the execution of efficiency plans.



US\$ Millions	Q1 2015	% vs LY B/(W)
Net Sales	580	(7)
Operating Profit	25	(5)
EBITDA	48	(4)
Net Interest Expense	15	14
Net Income	3	FAV
Net Leverage*	3.11x	(0.24x)
Net Worth	418	(0.1)
Net Interest Coverage Ratio **	4.13	0.61x
Capex	19.7	(7.2)
Unit Sales ('000s)	2,257	0.5

(*) Net leverage = Net debt / LTM EBITDA

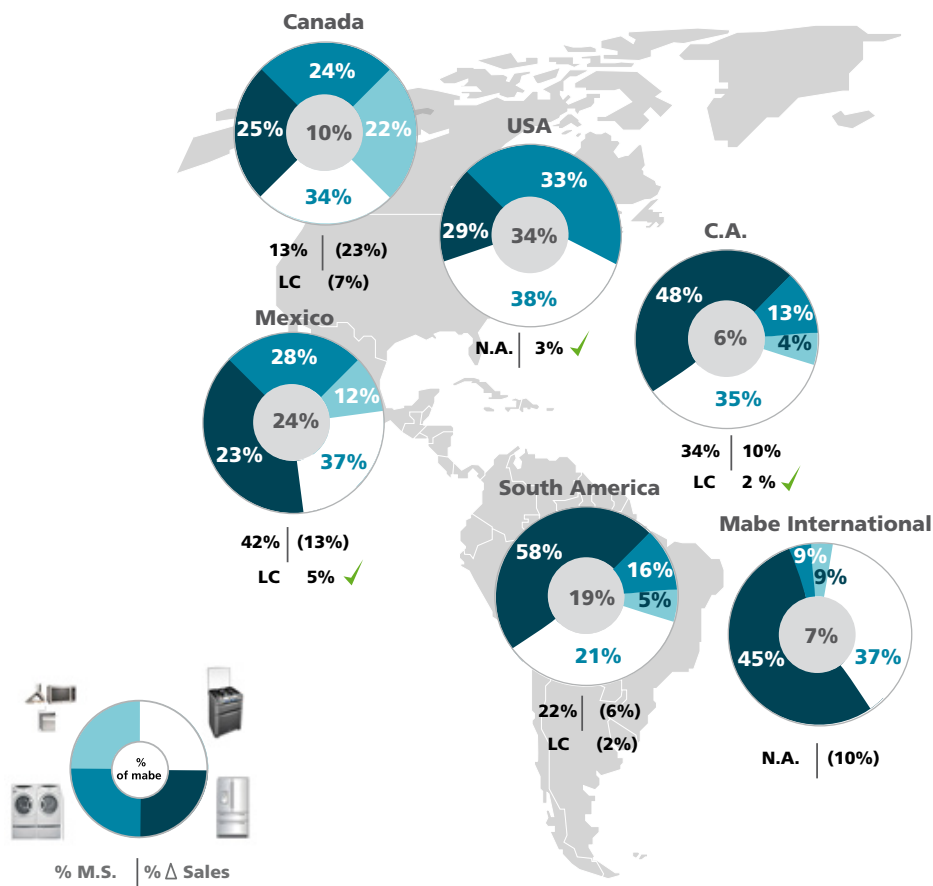
(**) Net interest coverage ratio = LTM EBITDA / Net interest expense

Results of operations for the three months ended March 31st, 2015 (Unaudited)

Net sales:

Top-line results during Q1 2015 were US\$580 million or 7% down compared to Q1 2014, impacted by adverse currency fluctuations. The number of units sold during the quarter was 2.257 million, virtually flat compared to one year ago. Exports to the US maintained momentum as evidenced by a 3% increase versus a year ago. Exports outside the Americas decreased 10%.

Q1 2015 Market Share and Sales Growth by Region



Contribution Margin:

The contribution margin for Q1 2015 was US\$102 million or 9% less than in Q1 2014. Contribution margin represented 17.6% of sales versus 18.1% one year ago. The decrease was primarily driven by currency fluctuations, increasing costs as percentage of sales.

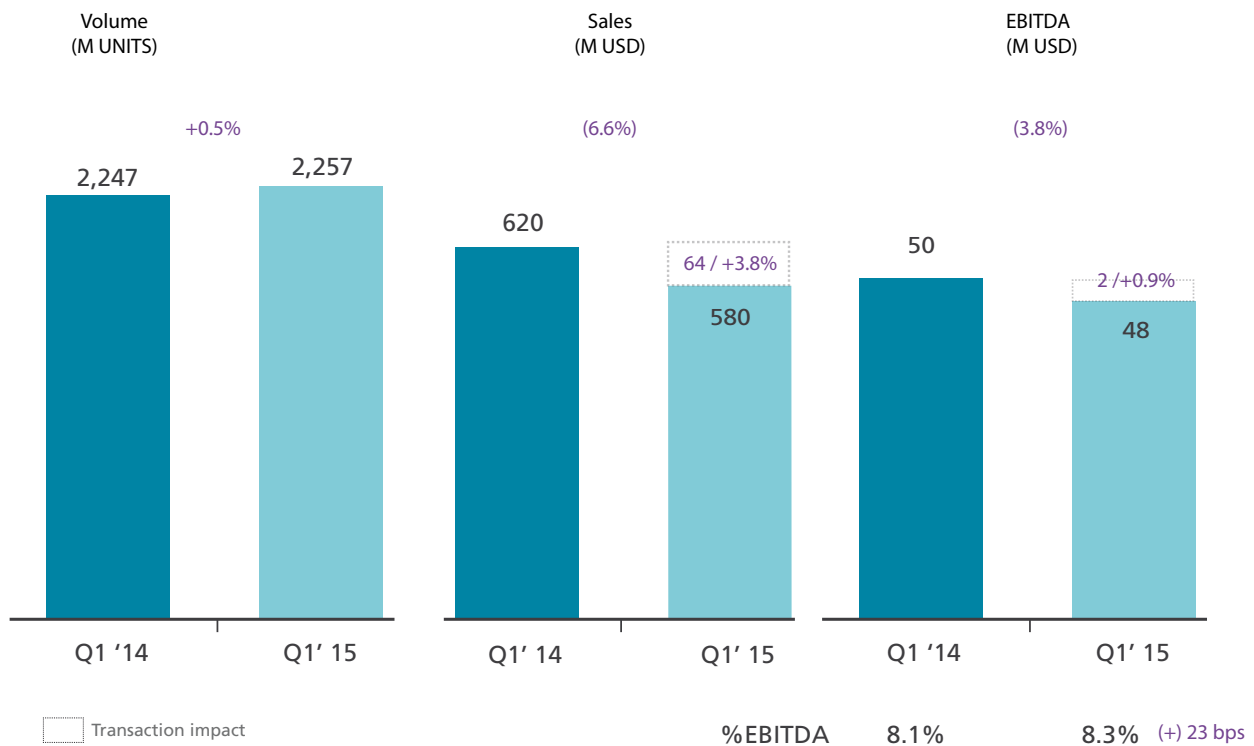
Fixed Costs and Expenses:

Fixed costs and expenses decreased 10% compared to the first three months of 2014 to reach US\$77 million. Fixed costs and expenses represented 13% of Q1 2015 net sales versus the 14% of Q1 2014 net sales. This represents a 57 basis point improvement as a result of productivity plans.

Operating Profit and EBITDA:

Operating profit decreased 5% compared to Q1 2014 to reach US\$25 million in Q1 2015. Operating profit margin was up 6 basis points to reach 4.2%, driven by the reduction in fixed costs and expenses. EBITDA was US\$48 million or 4% less than the same quarter of 2014. EBITDA margin stood at 8.3%, 23 basis point better versus last year despite the negative impact of a strong dollar and adverse sales mix changes. These negative effects were partially offset by middle P&L efficiencies as explained previously.

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



Cost of Financing:

Net comprehensive financing cost decreased 23% in the first three months of 2015 to a total of US\$18 million. Net interest expense and commissions were US\$16 million, US\$3 million less compared to the same period of one year ago. Foreign exchange loss during Q1 2015 was US\$2 million versus US\$4 million in Q1 2014.

Other Expenses & Restructuring Charges:

Other expenses, were almost flat to reach US\$2 million in Q1 2015. Restructuring charges were US\$2 million or US\$3 million less than a year ago. This variation is primarily explained by the Montreal facility closing in 2014

Capex:

In the first quarter of 2015, Mabe's capex was US\$19.7 million this expenditure focused on several key projects. Mabe invested US\$6.3 million in new projects in the Saltillo laundry facility; these projects include the Dryer Update for US Market (US\$3.0 million) and the New Washer for LATAM (US\$2.0 million). In the Celaya refrigeration facility Mabe spent US\$2.8 million in the Bottom Freezer Project, a continental program to improve refrigerator's features and designs. Mabe invested US\$3.1 million in Q1 2015 in new projects in the San Luis Potosi ranges facility.

Working Capital:

Mabe reached as of the end of the first quarter, a working capital level of US\$137 million. This represents a decrease of US\$23 million compared with March 2014. The breakdown is as follows: 1) Accounts receivable decreased US\$2 million, to US\$382 million; 2) Inventories decrease 9% or US\$31 million, to US\$308 million; and 3) Accounts payable decreased 2% or US\$10 million, to US\$553 million.

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

	March 31 st	
	<u>2015</u>	<u>2014</u>
Net Sales	580	620
Variable costs and expenses	<u>478</u>	<u>508</u>
Contribution Margin	102	112
Fixed costs and expenses	<u>77</u>	<u>86</u>
Operating profit	25	26
Interest (income)/expense, net	15	17
Commissions	1	2
Exchange (gain)/(loss)	<u>2</u>	<u>4</u>
Net comprehensive financing cost	18	23
Other expenses, net	2	2
Restructuring & other charges	<u>2</u>	<u>5</u>
Income/(loss) before provisions for income tax	2	(4)
Provisions for income tax expense/(benefit)	<u>(0)</u>	<u>(0)</u>
Income/(loss) after provisions for income tax	3	(4)
Consolidated net income / (loss)	3	(4)

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

	March 31 st <u>2015</u>	March 31 st <u>2014</u>
Assets		
Current assets:		
Cash and temporary investments	62	71
Accounts receivable– net	382	383
Tax receivables	151	135
Inventories – net	308	339
Prepaid expenses	<u>7</u>	<u>6</u>
Total current assets	910	934
Property, plant and equipment, net	833	821
Goodwill	212	212
Other assets, net	<u>272</u>	<u>286</u>
Total assets	<u>2,227</u>	<u>2,253</u>
Liabilities and stockholders' equity		
Current liabilities:		
Bank loans and short term debt	211	29
Notes and accounts payable to suppliers	553	563
Other accounts payable and accrued liabilities	<u>184</u>	<u>209</u>
Total current liabilities	948	800
Long-term debt	709	820
Employee retirement obligations	31	72
Financial Instruments	32	39
Other long-term liabilities	<u>89</u>	<u>104</u>
Total liabilities	<u>1,809</u>	<u>1,835</u>
Total stockholders' equity	<u>418</u>	<u>418</u>
Total	<u>2,227</u>	<u>2,253</u>

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COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of March 31st, 2015 and March 31st, 2014. 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". Before January 1st, 2012 our condensed financial statements were prepared according to the Mexican Financial Reporting Standards, referred to as "MFRS". MFRS differs in certain significant respects from IFRS and from the generally accepted accounting principles applied in the United States, referred to as "U.S. GAAP". The latter might be material to the financial information contained herein. We have not prepared a reconciliation of our financial statements and related notes from IFRS to MFRS, MFRS to U.S. GAAP or IFRS to U.S. GAAP and we have not quantified those differences; therefore, we cannot assure that a reconciliation would not identify material quantitative differences. 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. You should review EBITDA, along 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