

**mabe**

**Q1, 2016**

## Q1, 2016 Results

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

During the first quarter of 2016, Mabe delivered a solid top line performance in local currencies compensating part of the FX devaluation.

In USD Mabe's net sales were US\$ 537 million, 7% below the same period of 2015, however sales grew 4% at a constant exchange rate vs Q1 2015. Mabe had an operating profit of US\$25 million with an increase of 1%. The EBITDA margin was 9.2% which is the best EBITDA margin for Q1 of the last three years. The company also surpassed the 2015 cash flow generation in Q1.

Additionally we have a healthy debt and interest ratios with a well-planned maturity profile, driven by good results.



US\$ Millions	Q1 2016	Q1 2015	Δ vs 2015
Net Sales	537	580	(7)%
Unit Sales ('000s)	2,171	2,252	(4)%
Operating Profit	25	25	(1)%
EBITDA	49	48	3%
Net Interest Expense	17	15	2
Net Income	(28)	3	UNFAV
Net Debt	762	853	(11)%
Net Leverage*	2.57x	3.09x	(0.52x)
Net Interest Coverage **	4.40x	4.13x	0.27x
Capex	27	20	38%
Net Worth	393	418	(6)%

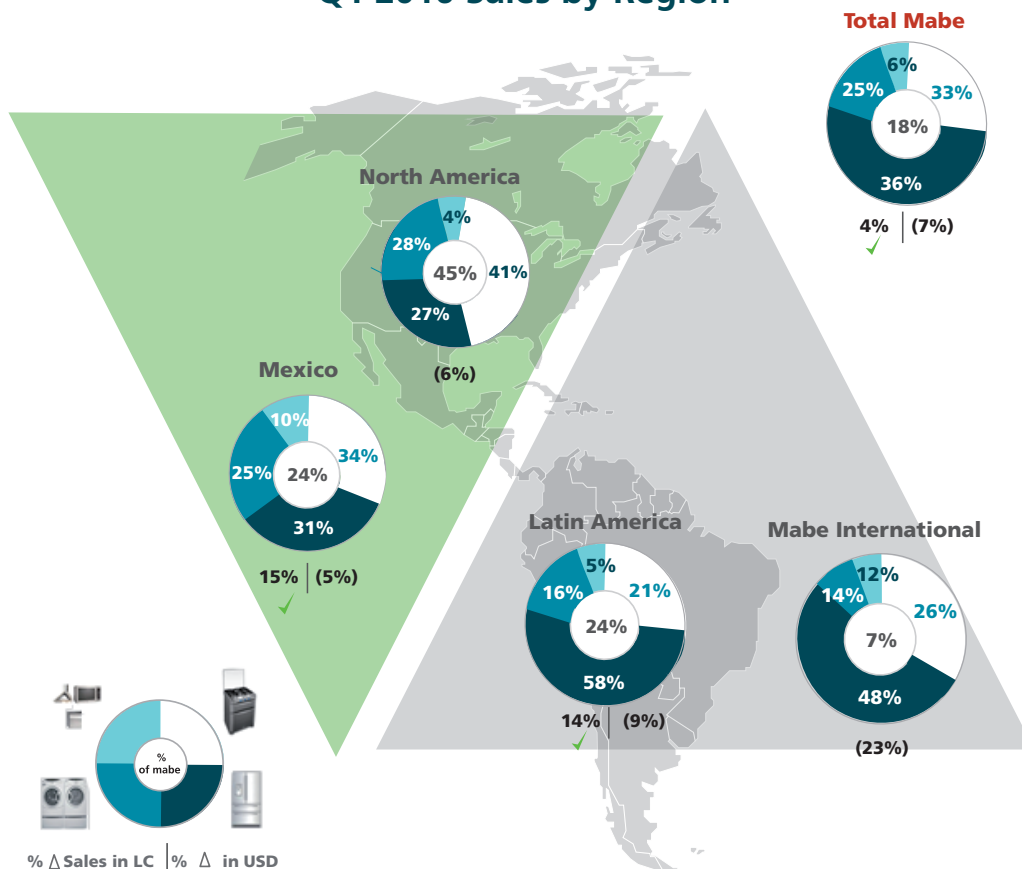
(\*) Net leverage = Net debt / LTM EBITDA

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

## Results of operations ended on March, 2016 (Unaudited)

Mabe's first quarter 2016 ended on March 25th. Also the easter holiday was on FW13 celebrated in most of the Latin America region; last year these holidays affected April results.

### Q1 2016 Sales by Region



### Net sales:

Top line results during Q1 2016 were US\$537 million a 7% decrease compared to Q1 2015. At a constant exchange rate, sales for Q1 would have totaled \$605 MM or an increase of 4% vs last year. Units sold during the quarter decrease 4% vs 2015. Cooking products were down 3%, laundry was virtually flat and refrigeration was 9% above last year. Global products such as microwaves, hoods, air conditioning, heaters, etc. had a major impact in units.

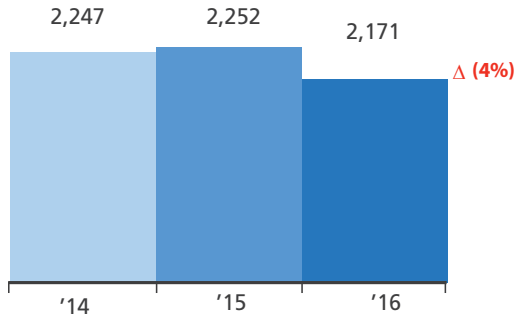
The North America region decreased 6% in USD vs Q1 2015; Canada was affected by a devaluation and had experienced a market contraction, that resulted in a 1% increase of sales in local currency vs prior year. Our exports to the US decreased 5% vs. last year.

Mexico represented 24% of Mabe sales during Q1 2016. Results in local currency were 15% higher than last year however, currency devaluation affected more than the increase in local currency and resulted in a 5% decrease in US dollar vs. 2015.

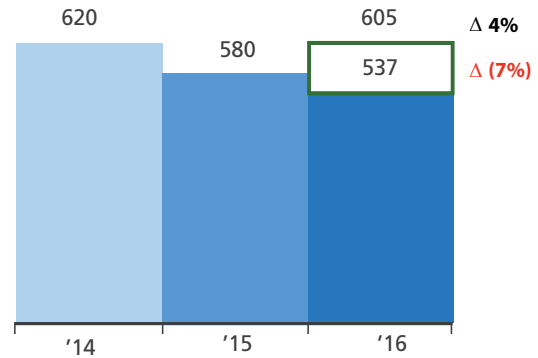
Latin America region had a decrease of 9% in USD vs the 1st quarter of 2015; Central America sales had a 2% increase vs Q1 2015. Argentina and Colombia were the most affected by devaluation. Both countries finished the quarter with double digit growths in \$LC vs last year.

## Q1 2014-2016

**Volume**  
(k UNITS)



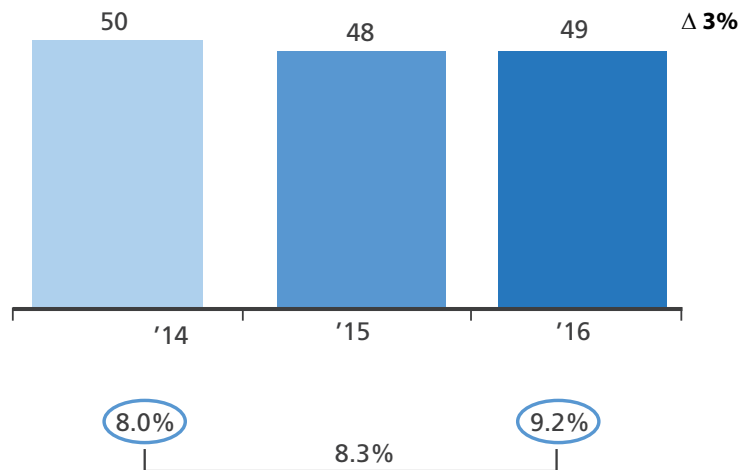
**Sales**  
(M \$USD)



Constant Dollars

## Q1 2014-2016

**EBITDA**  
(M \$USD)



**Contribution Margin:**

The contribution margin for Q1 2016 was US\$101 million, virtually flat vs Q1 2015. Contribution margin represented 19% of sales, an increase of 100 basis points vs. prior year due to commodity price reduction.

**Fixed Costs and Expenses:**

Fixed costs and expenses decreased 1% compared to Q1 2015 standing at US\$77 million which represents 14% of net sales.

**Operating Profit and EBITDA:**

Operating profit was US\$25 million in Q1 2016, an increase of 1% compared to Q1 2015. Operating profit margin was up 100 basis points to reach 5%. EBITDA was US\$49 million in Q1 2016, 3% higher than the same period of last year. EBITDA margin stood at 9.2%. EBITDA Margin continues to show a solid trend, improving 88 bps since March 2015.

**Cost of Financing:**

Net comprehensive financing cost stood at US\$46 million, representing an increase vs Q1 2016. Net interest expense and commissions were US\$18 million. Foreign exchange loss during Q1 2016 was US\$28 million vs US\$2 million in 2015.

**Restructuring and other Charges:**

Restructuring expenses were US\$6 million for Q1 2016. These expenses are severance payments related to the manufacturing footprint strategy.

**Capex:**

We invested US\$27 million on CAPEX, of which approximately 39% was on Maintenance and 61% on new product development projects; these projects were focused on our 3 main products categories: 54% in cooking, 24% in refrigeration and 21% in laundry.

**Working Capital:**

As of the end of first quarter 2016 Mabe's working capital variation vs December 2015 reflects 2 important changes. First we increased our inventories by 13 M USD in preparation for the high season of April and second, our accounts payable and accounts receivable had a variation due to seasonality.

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

	Q1	
	<u>2016</u>	<u>2015</u>
<b>Net Sales</b>	<b>537</b>	<b>580</b>
Variable costs and expenses	<u>436</u>	<u>478</u>
<b>Contribution Margin</b>	<b>101</b>	<b>102</b>
Fixed costs and expenses	<u>76</u>	<u>77</u>
<b>Operating profit</b>	<b>25</b>	<b>25</b>
Interest (income)/expense, net	17	15
Commissions	1	1
Exchange (gain)/loss	<u>28</u>	<u>2</u>
<b>Net comprehensive financing cost</b>	<b>46</b>	<b>18</b>
Restructuring & other charges	<u>5</u>	<u>4</u>
<b>Income/(loss) before provisions for income tax</b>	<b>(26)</b>	<b>3</b>
Provisions for income tax expense	<u>2</u>	<u>-</u>
<b>Income/(loss) after provisions for income tax</b>	<b>(28)</b>	<b>3</b>
<b>Consolidated net income / (loss)</b>	<b>(28)</b>	<b>3</b>

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

	March <u>2016</u>	March <u>2015</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and temporary investments	43	62
Accounts receivable– net	325	391
Tax receivables	66	147
Inventories – net	309	308
<b>Total current assets</b>	<u>743</u>	<u>908</u>
Property, plant and equipment, net	799	833
Goodwill	210	210
Deferred taxes	131	60
Other assets, net	273	268
<b>Total assets</b>	<u><u>2,156</u></u>	<u><u>2,279</u></u>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Bank loans and short term debt	30	211
Notes and accounts payable to suppliers	643	625
Other accounts payable and accrued liabilities	124	134
Income tax payable	34	14
<b>Total current liabilities</b>	<u>831</u>	<u>984</u>
Long-term debt	775	705
Employee retirement obligations	31	31
Financial Instruments	29	34
Other long-term liabilities	97	107
<b>Total liabilities</b>	<u>1,763</u>	<u>1,861</u>
<b>Total stockholders' equity</b>	<u>393</u>	<u>418</u>
<b>Total</b>	<u><u>2,156</u></u>	<u><u>2,279</u></u>

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The following material is submitted by way of general information regarding Controladora Mabe, S.A. de C.V., "Mabe", as it stands to date. Said information is presented in a summarized fashion and is not intended to be comprehensive. Nor does it constitute a recommendation for potential investors. This presentation is strictly confidential and shall not be divulged to any other person.

No representation or guarantee, either expressed or implied, is intentional, and its exactness, precision or comprehensive information herein presented shall not be emphasized. This presentation may contain declarations that express the expectations of management regarding future events or results in lieu of historic events. These forward-looking declarations imply risk and uncertainty that may cause the real results to differ materially from those forecast, and Mabe cannot ensure that said declarations will prove to be correct. These risks and uncertainties include factors related to the Mexican economy, which in turn may show volatility and may be adversely affected by factors pertaining to other countries, related to the business of retail sales, that by its very nature is cyclical and linked to the highly competitive industry of which Mabe is a part and in which it operates.

## COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of March 25th, 2016 and March 27th, 2015. 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.